

NAVER

A Set of Global Challenges

1Q21 Earnings Result

2021.04.29

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Earnings Summary

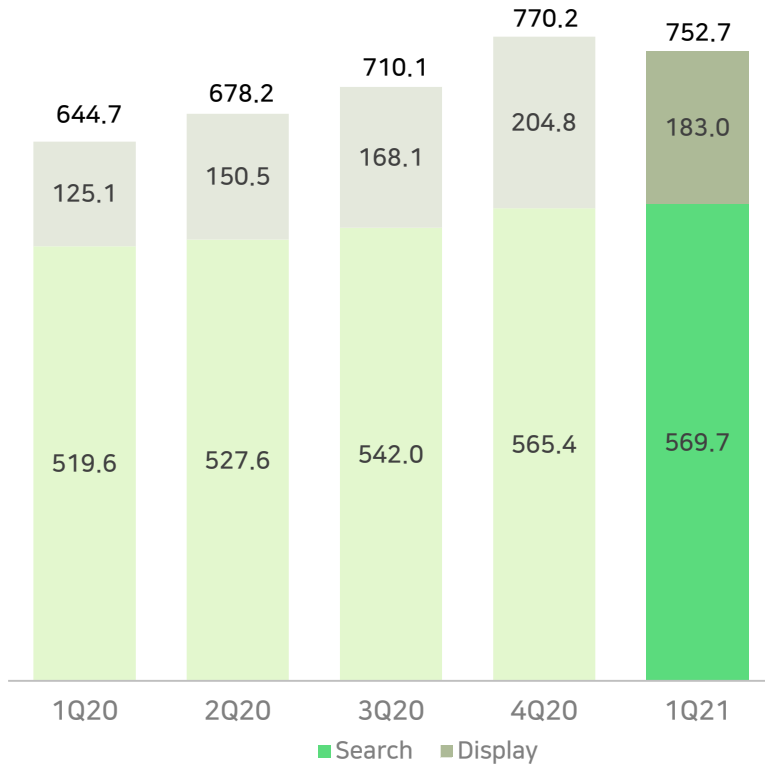
- Operating Revenue increased 29.8% YoY largely due to the recovery of Search Platform as well as continued growth from Commerce and Fintech businesses

(bn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21	Y/Y	Q/Q
Operating Revenue	1,154.7	1,276.0	1,360.8	1,512.6	1,499.1	29.8%	-0.9%
Search Platform	644.7	678.2	710.1	770.2	752.7	16.8%	-2.3%
Commerce	231.2	256.2	285.4	316.8	324.4	40.3%	2.4%
Fintech	137.6	164.7	174.0	201.1	209.5	52.2%	4.2%
Contents	93.4	112.9	115.0	138.9	130.8	40.0%	-5.9%
Cloud	47.7	64.1	76.3	85.6	81.7	71.1%	-4.5%
Operating Expenses	862.9	968.0	1,069.1	1,188.9	1,210.2	40.3%	1.8%
Operating Income	291.8	308.1	291.7	323.8	288.8	-1.0%	-10.8%
Adjusted EBITDA*	356.3	401.9	389.8	419.2	440.6	23.7%	5.1%
Net Income	134.9	90.7	235.3	384.1	15,314.5	-	-

* EBITDA + stock-based compensation

Quarterly Revenue

(bn KRW)

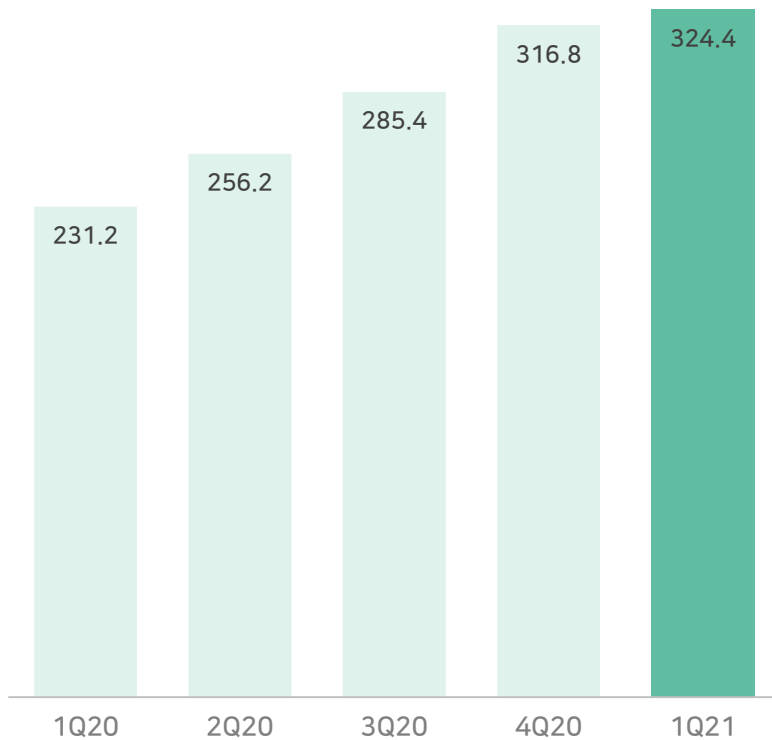


1Q21 YoY 16.8% ↑ / QoQ 2.3% ↓
(Search) YoY 9.6% ↑ / QoQ 0.8% ↑
(Display) YoY 46.4% ↑ / QoQ 10.6% ↓

- Revenue rose 16.8% YoY from more advertisers, inventory expansion, improved matching technology, and etc.
- Display revenue increased 46.4% YoY on the back of continued performance ads growth

Quarterly Revenue

(bn KRW)

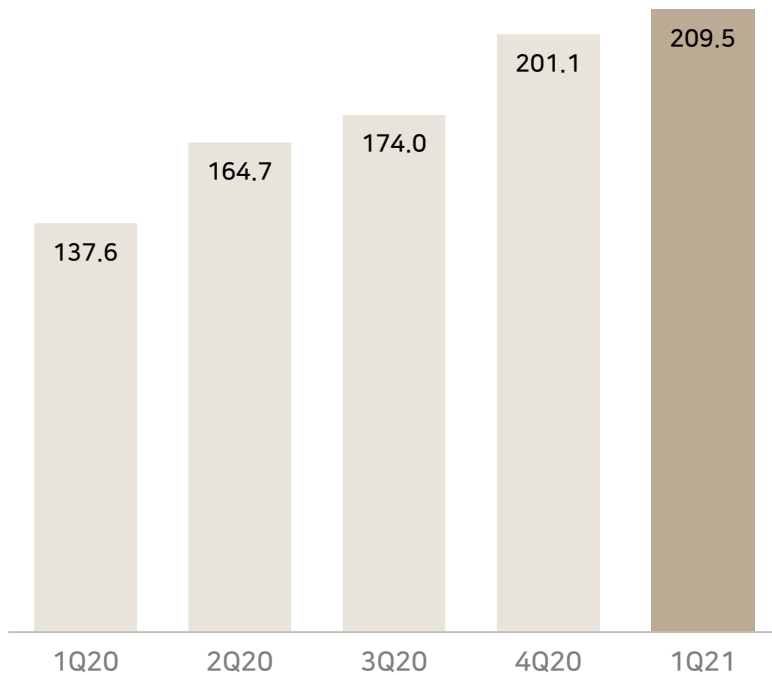


1Q21 YoY 40.3% ↑ / QoQ 2.4% ↑

- Despite high base, Smartstore GMV was up 53% YoY driven by online conversion and growth of SMEs
- Due to various SME supports, the number of Smartstores and Brandstores reached 450k and 320+, respectively
- Shopping LIVE GMV more than doubled QoQ

Quarterly Revenue

(bn KRW)

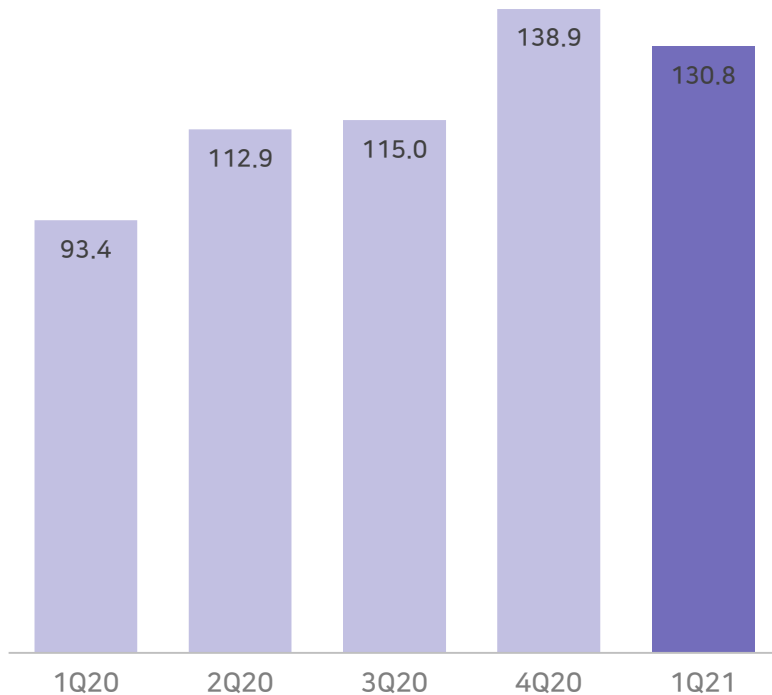


1Q21 YoY 52.2% ↑ / QoQ 4.2% ↑

- NAVER Pay GMV grew 56% YoY to 8.4 trillion KRW with outside partner expansions including Nexon, Samsung F&M, and etc.
- Fintech portfolio for thin-filers and SMEs expanded with the beta launch of Pay Later

Quarterly Revenue

(bn KRW)

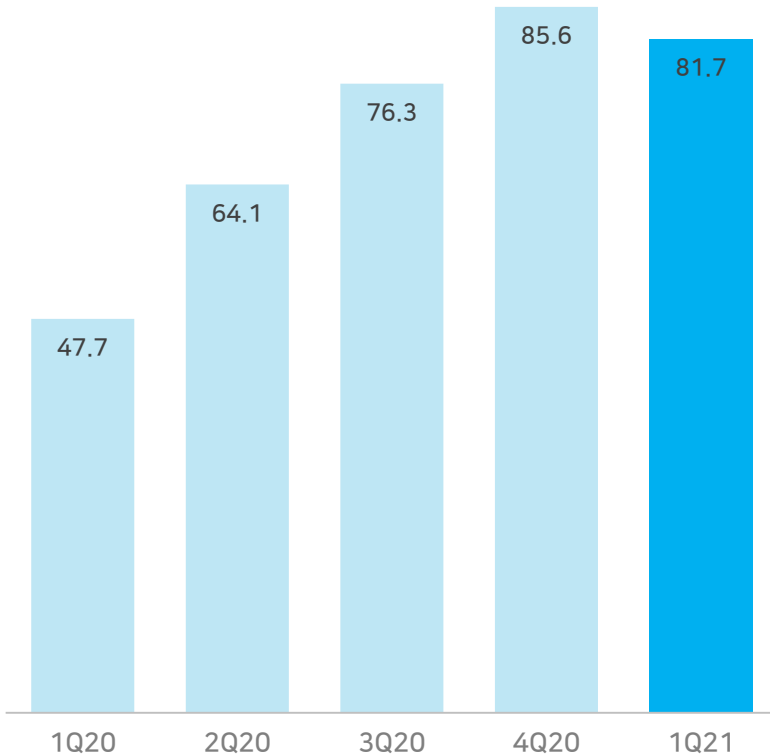


1Q21 YoY 40.0% ↑ / QoQ 5.9% ↓

- Webtoon revenue rose 43% YoY on the back of improved user loyalty which led to higher paying user conversion
- Wattpad acquisition expected to be completed within 1H21. To focus on creating global IP ecosystem, leveraging advanced technology and diversity

Quarterly Revenue

(bn KRW)



1Q21 YoY 71.1% ↑ / QoQ 4.5% ↓

- Outbound cloud platform revenue grew 168% YoY on rising demand; in particular, public sector revenue increased nearly tenfold YoY
- First to migrate a Personalized Hospital Information System to a cloud infrastructure for a general hospital (Korea University Anam Hospital)

Operating Expenses/Income

- Operating expenses rose 40.3% YoY from increased Pay reward points and stock-based compensation
- Adjusted EBITDA increased 23.7% YoY, showing improvement in earnings capacity
- Net income was up 15.1 trn KRW YoY from recognizing Line-Z Holdings merger related gains of 14.9 trn KRW

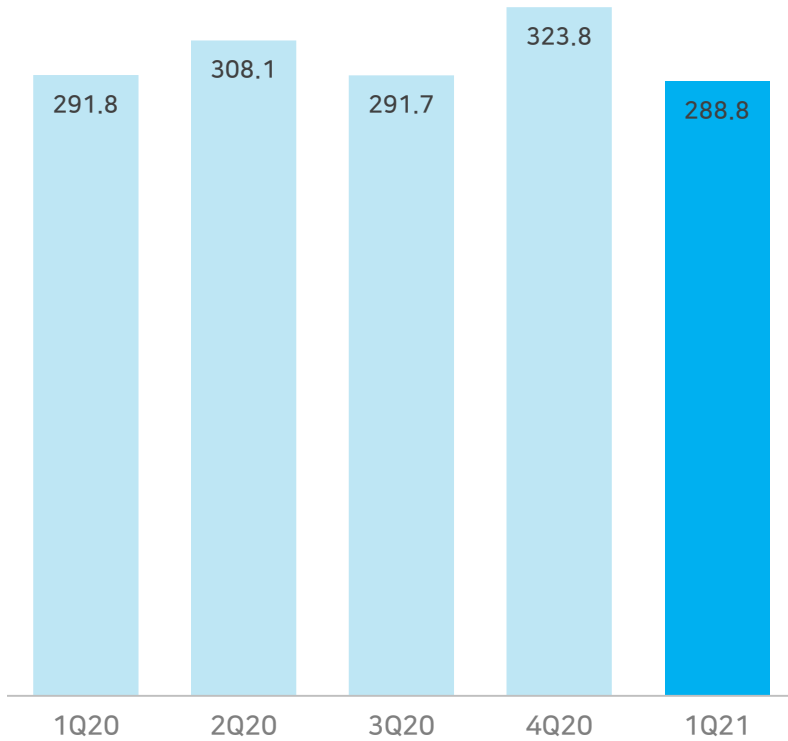
(bn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21	Y/Y	Q/Q
Operating Expenses	862.9	968.0	1,069.1	1,188.9	1,210.2	40.3%	1.8%
Development & Operations	282.9	289.7	311.7	312.4	374.3	32.3%	19.8%
Partner	377.2	427.5	457.0	534.9	510.0	35.2%	-4.7%
Infrastructure	110.9	136.1	144.8	157.9	155.0	39.7%	-1.9%
Marketing	91.9	114.7	155.6	183.7	171.0	86.1%	-6.9%
Operating Income	291.8	308.1	291.7	323.8	288.8	-1.0%	-10.8%
Non-cash expenses	64.5	93.8	98.1	95.5	151.8	135.3%	59.0%
└ Stock based compensation	5.7	29.5	26.4	19.9	70.9	1,152.4%	256.9%
Adjusted EBITDA	356.3	401.9	389.8	419.2	440.6	23.7%	5.1%
Net Income*	134.9	90.7	235.3	384.1	15,314.5	-	-

* Line-Z Holdings merger related gains of 14.9 trn KRW (fair value of AHD and investment securities minus existing book value, taxes, and etc.) was booked as non-cash accounting gains

Operating Income, Adjusted EBITDA

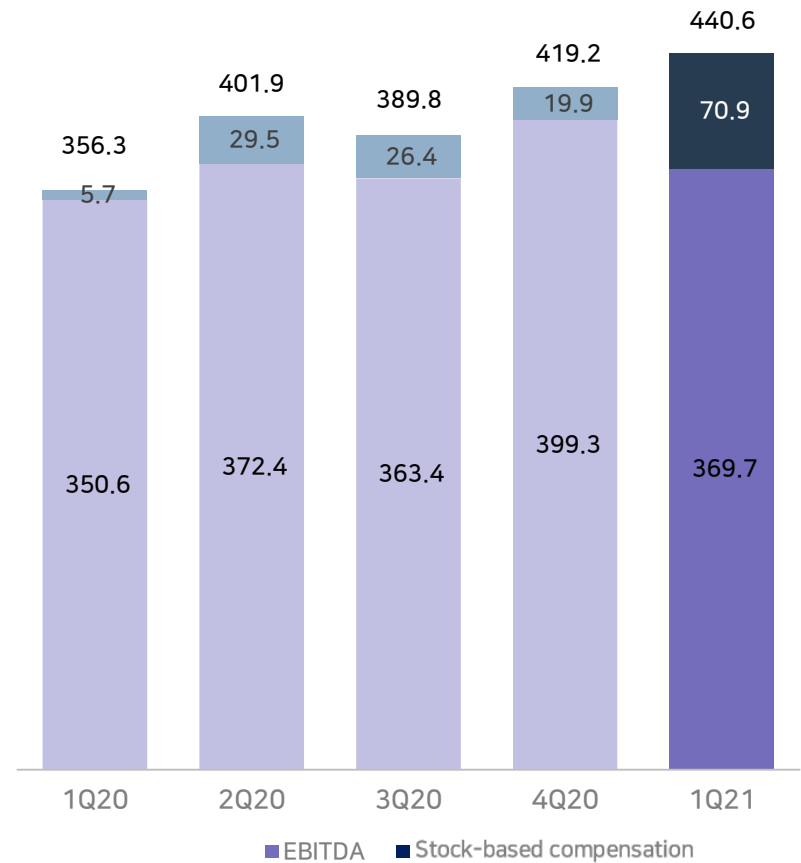
Operating Income

(bn KRW)



Adjusted EBITDA

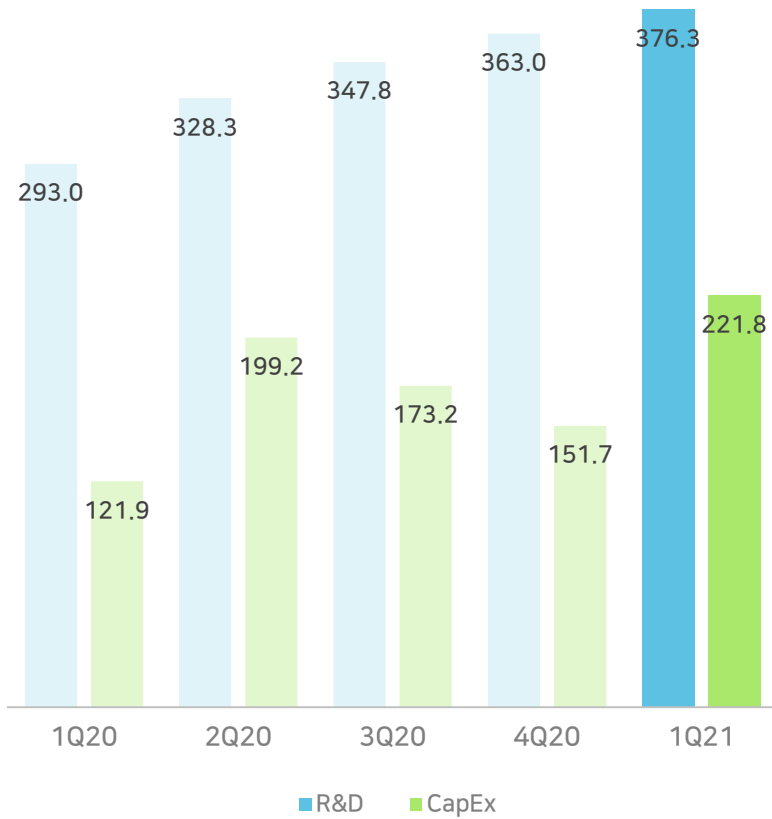
(bn KRW)



R&D/CapEx, Net Income

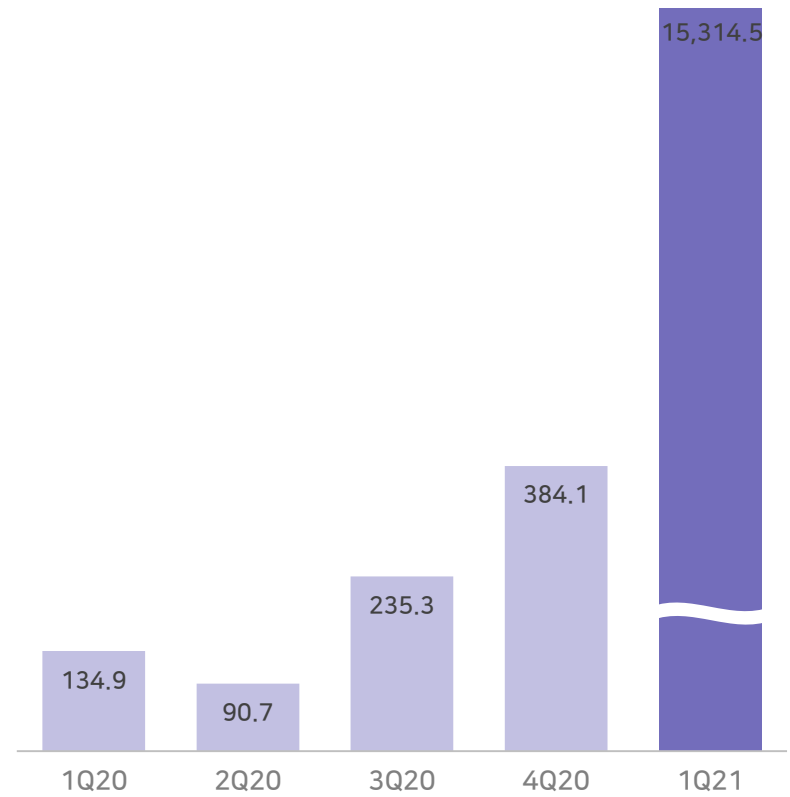
R&D/CapEx

(bn KRW)



Net Income

(bn KRW)



Financial Statements Summary

Consolidated Income Statement

(mn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21
Operating Revenue	1,154,694	1,276,042	1,360,779	1,512,630	1,499,070
Operating Expenses	862,912	967,959	1,069,053	1,188,880	1,210,237
Operating Income	291,782	308,083	291,727	323,750	288,833
Non-operating Revenue	163,338	80,380	116,510	334,941	16,366,957
Non-operating Expenses	35,001	99,189	46,655	96,107	116,208
Pre-tax Income	420,119	289,274	361,582	562,584	16,539,582
Tax	123,489	93,670	117,610	157,766	1,295,818
Net Income from Continuing Operations	296,630	195,604	243,972	404,819	15,243,764
Net gain/loss from Discontinued Operations	-161,755	-104,922	-8,629	-20,721	70,758
Net Income	134,875	90,682	235,343	384,097	15,314,522
Controlling Interests	184,804	147,263	245,468	424,552	15,310,496
Non-controlling Interests	-49,929	-56,581	-10,125	-40,454	4,025

Consolidated Statement of Financial Position

(mn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21
Current Assets	6,533,603	7,099,070	10,206,941	10,544,659	5,236,989
Assets held for sale			6,535,890	6,660,253	-
Non-current Assets	7,232,431	7,593,094	5,245,619	6,469,579	25,194,018
Total Assets	13,766,034	14,692,164	15,452,560	17,014,239	30,431,007
Current Liabilities	4,097,112	4,579,566	7,272,227	7,911,751	3,538,672
Liabilities held for sale			3,730,412	4,675,241	-
Non-current Liabilities	2,213,686	2,154,746	768,595	847,355	4,459,144
Total Liabilities	6,310,797	6,734,312	8,040,823	8,759,107	7,997,815
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	2,233,804	2,334,872	1,446,115	1,793,273	1,321,026
Other Components of Equity	-1,412,146	-1,353,565	-1,236,244	-1,097,350	-1,151,608
Retained Earnings	5,802,449	5,944,391	6,233,586	6,654,814	21,899,571
Non-controlling Interests	814,648	1,015,673	951,800	887,913	347,722
Total Equity	7,455,237	7,957,851	7,411,737	8,255,132	22,433,192

Income Statement

(mn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21
Operating Revenue	917,961	993,667	1,056,140	1,158,862	1,135,808
Operating Expenses	592,504	631,532	689,285	772,494	763,814
Operating Income	325,456	362,135	366,855	386,368	371,993
Non-operating Revenue	150,046	43,173	92,083	182,503	113,348
Non-operating Expenses	29,119	59,376	44,557	115,263	74,632
Pre-tax Income	446,383	345,931	414,381	453,608	410,710
Tax	119,318	92,153	112,075	139,833	111,179
Net Income from Continuing Operations	327,065	253,779	302,306	313,775	299,530
Net gain/loss from Discontinued Operations	-	-	-	-	-
Net Income	327,065	253,779	302,306	313,775	299,530

Statement of Financial Position

(mn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21
Current Assets	1,044,023	912,221	1,685,606	958,003	2,089,381
Non-current Assets	5,950,738	6,293,486	6,030,476	7,865,548	8,682,741
Total Assets	6,994,762	7,205,707	7,716,082	8,823,551	10,772,123
Current Liabilities	1,049,880	917,090	1,023,388	1,269,469	1,435,298
Non-current Liabilities	237,392	242,705	247,564	291,955	1,525,012
Total Liabilities	1,287,272	1,159,795	1,270,952	1,561,424	2,960,310
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	362,406	362,406	362,406	675,892	838,284
Other Components of Equity	-1,603,207	-1,521,006	-1,424,433	-1,233,773	-1,158,420
Retained Earnings	6,931,809	7,188,030	7,490,675	7,803,527	8,115,468
Total Equity	5,707,490	6,045,912	6,445,130	7,262,126	7,811,813