

3Q23 Earnings Results

2023.11.3

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Earnings Summary

- Revenue grew 18.9% YoY *, 1.6% QoQ driven by growth in Commerce, Fintech and Contents
- Adjusted EBITDA increased 18.7% YoY, 6.9% QoQ to a record KRW 550.6bn, also supported by cost optimization efforts

bn KRW	3Q22	4Q22	1Q23	2Q23	3Q23	Y/Y	Q/Q
Revenue	2,057.3	2,271.7	2,280.4	2,407.9	2,445.3	18.9%	1.6%
Search Platform	896.2	916.4	851.8	910.4	898.5	0.3%	-1.3%
Commerce	458.3	486.8	605.9	632.9	647.4	41.3%	2.3%
Fintech	296.2	319.9	318.2	339.7	340.8	15.1%	0.3%
Contents	311.9	437.5	411.3	420.4	434.9	39.5%	3.5%
Cloud and Future R&D	94.8	111.1	93.2	104.5	123.6	30.3%	18.3%
Operating Expenses	1,727.1	1,935.3	1,950.0	2,035.2	2,065.1	19.6%	1.5%
Adjusted EBITDA**	463.7	486.6	488.1	515.1	550.6	18.7%	6.9%
Adjusted EBITDA Margin (%)	22.5%	21.4%	21.4%	21.4%	22.5%	-0.0%p	1.1%p
Operating Profit	330.2	336.5	330.5	372.7	380.2	15.1%	2.0%
Operating Margin (%)	16.1%	14.8%	14.5%	15.5%	15.5%	-0.5%p	0.1%p
Net Profit	231.6	131.8	43.7	286.7	356.2	53.8%	24.2%
Net Margin (%)	11.3%	5.8%	1.9%	11.9%	14.6%	3.3%p	2.7%p

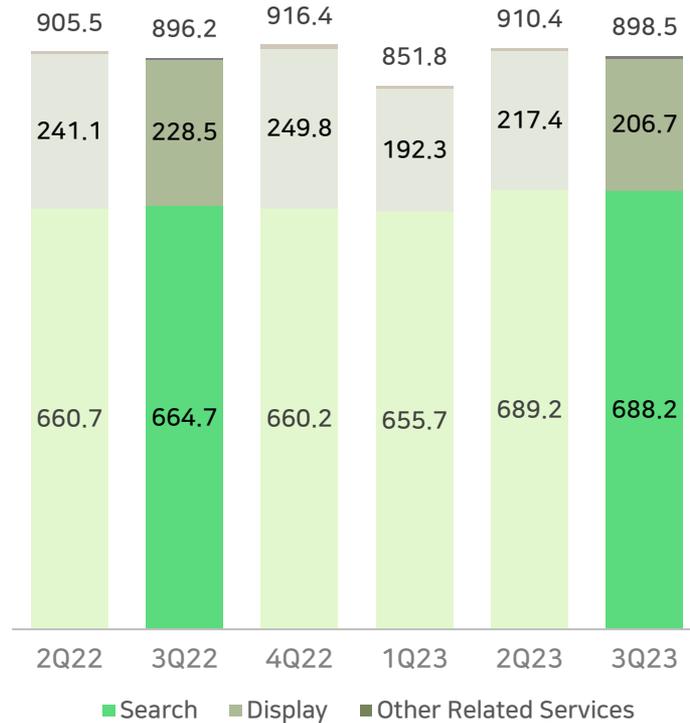
* Excluding Poshmark consolidation impact, revenue was up 12.9% YoY

** EBITDA + stock based compensation

Search Platform Search, Display, Other Related Services

Quarterly Revenue

(bn KRW)



3Q23 YoY 0.3% ↑ / QoQ % 1.3% ↓

Search YoY 3.5% / QoQ -0.1%

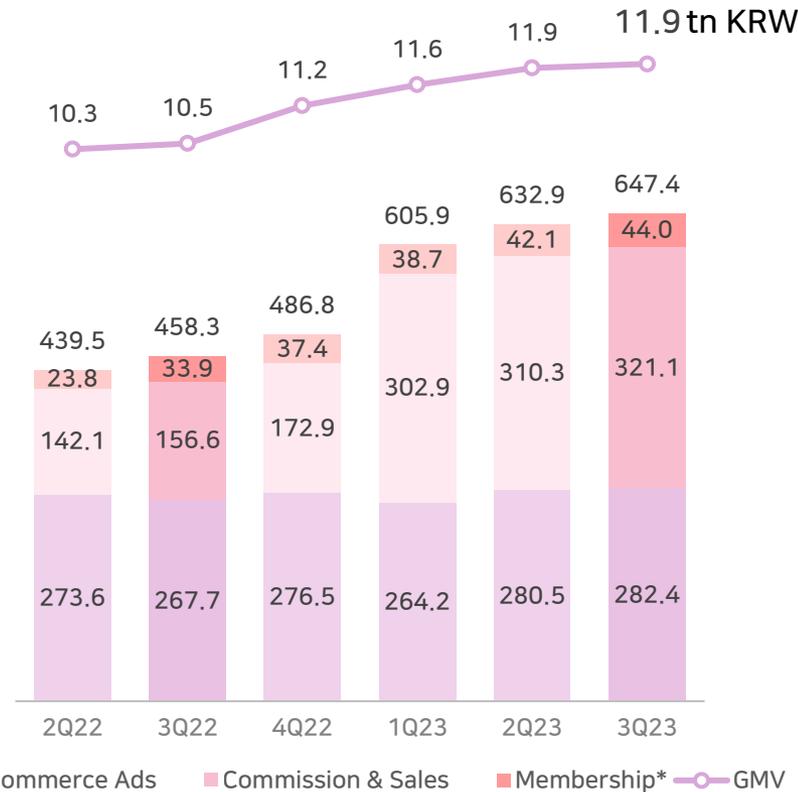
Display YoY -9.5% / QoQ -4.9%

- Despite continued weakness in online ads market, Search Ads grew 3.5% YoY
- Display Ads declined 9.5% YoY; platform enhancements and expansion of premium ad products planned for 4Q
- Place Ads grew 69.7% YoY on seasonal tailwinds and enhancements in ads efficiency, with the number of advertisers reaching 130k

Commerce Ads, Commission & Sales, Membership

Quarterly Revenue

(bn KRW, tn KRW)



*Subscription revenue

3Q23 YoY 41.3%¹⁾ ↑ / QoQ 2.3% ↑

Commerce Ads YoY 5.5% / QoQ 0.7%

Commission & Sales YoY 105.0%²⁾ / QoQ 3.5%

Membership YoY 29.7% / QoQ 4.3%

- Commerce Ads revenue growth rebounded to 5.5% YoY, 0.7% QoQ, further supported by automated optimization of ad slots
- Commission & Sales revenue increase also driven by higher contribution from services with higher take rates such as Brandstore, Travel, and KREAM
- GMV increased 14.3% YoY³⁾, 0.7% QoQ driven by rise in Service GMV
 - ▶ Product GMV grew 15.9% YoY with Brandstore growth (excl. outlinked marketplaces)
 - ▶ Service GMV grew 46.5% YoY on increased spending during the long holiday season and summer break

1) Excluding Poshmark consolidation effect: 14.7% YoY

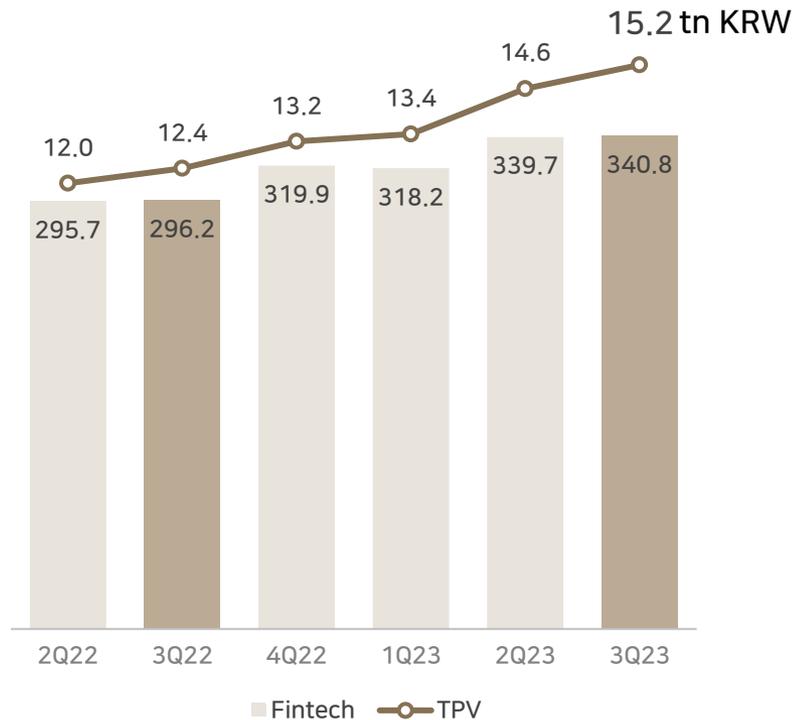
2) Excluding Poshmark consolidation effect: 28.7% YoY

3) Excluding Poshmark consolidation effect: 8.2% YoY

Fintech Payments, Digital Finance, etc.

Quarterly Revenue

(bn KRW, tn KRW)



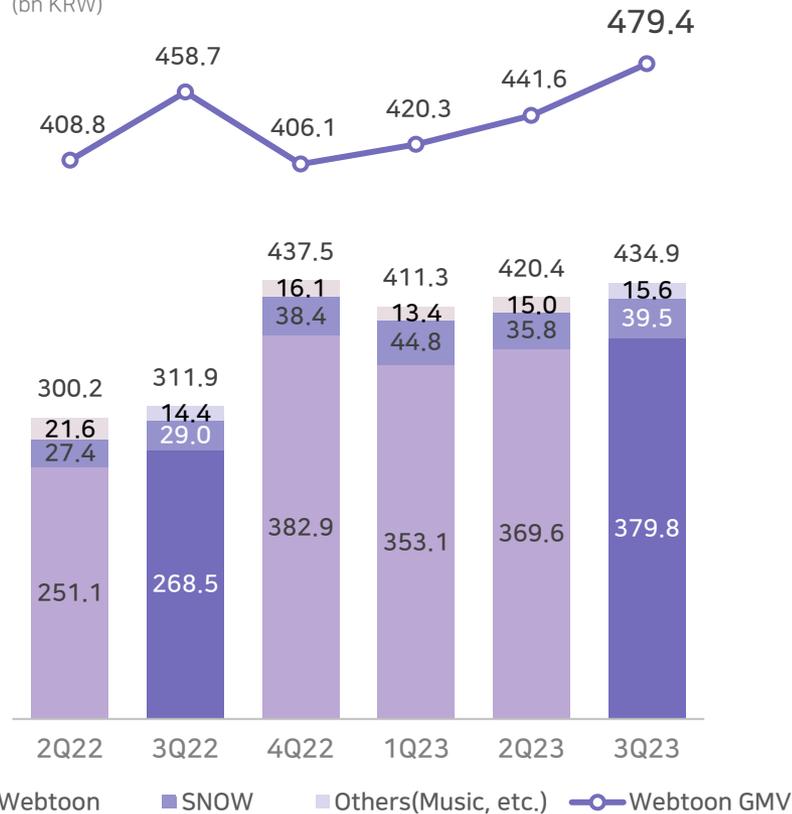
3Q23 YoY 15.1% ↑ / QoQ 0.3% ↑

- 3Q TPV grew 22.5% YoY, 4.4% QoQ to 15.2tn KRW
- Non-captive TPV grew 45.8% YoY, 10.8% QoQ to 6.9tn KRW, furthering expansion of 3rd-party ecosystem
- Offline TPV grew 2X YoY to 1.7tn KRW; Point/Money payment feature added to MST-based NAVER Pay X Samsung Pay
- Strengthened services offering with expansion of loan comparison partners, launch of easy savings/deposit account sign-up and launch of insurance analytics service

Contents Webtoon, SNOW, Others

Quarterly Revenue

(bn KRW)



3Q23 YoY 39.5% ↑ / QoQ 3.5% ↑

Webtoon YoY 41.5% / QoQ 2.8%

SNOW YoY 36.1% / QoQ 10.3%

Others YoY 8.5% / QoQ 4.2%

[Webtoon]

- Webtoon global GMV grew 5% YoY, 9% QoQ to 479.4bn KRW
- Continued success in IP adaptations and continued user engagement growth driven by platform enhancements incorporating AI recommendation

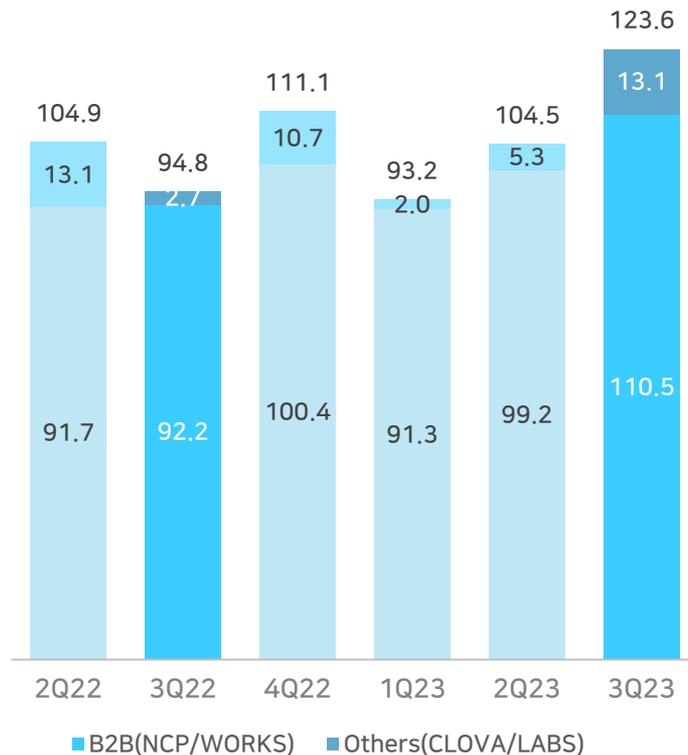
[SNOW]

- Revenue grew 36.1% YoY following the success of new AI products including AI Profile & Yearbook; summer break seasonality for Zepeto further supported 10.3% QoQ revenue growth

Cloud B2B(NCP/Works), Others(CLOVA/LABS, etc.)

Quarterly Revenue

(bn KRW)



3Q23 YoY 30.3% ↑ / QoQ 18.3% ↑

B2B YoY 19.9% / QoQ 11.4%

Others YoY 389.0% / QoQ 148.9%

- B2B grew 19.9% YoY, 11.4% QoQ to 110.5bn KRW, reflecting changes in NCP's revenue recognition method and increase in Line Works paying users
- Others increased over 4X YoY, 148.9% QoQ to 13.1 bn KRW supported by Whale Book contract win with Jeollabukdo Office of Education
- Pursuing digital twin platform project for Saudi Arabia's Ministry of Municipal, Rural Affairs and Housing

Operating Expenses/Profit

- Adjusted EBITDA increased 18.7% YoY to 550.6bn KRW while Development & Operations fell QoQ with continued labor cost controls
- Marketing increased marginally YoY as a result of efforts optimization efforts in Contents business*
- Infrastructure increased QoQ on new AI infrastructure investments and IDC depreciation following the opening of GAK Sejong

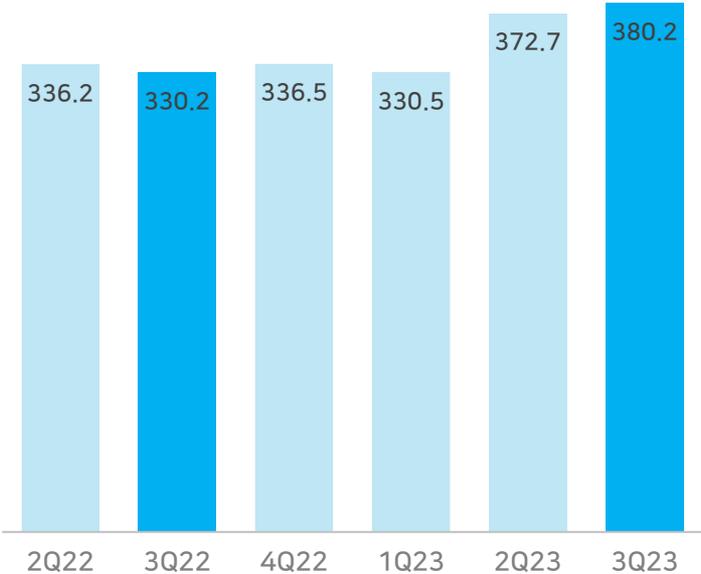
(bn KRW)	3Q22	4Q22	1Q23	2Q23	3Q23	Y/Y	Q/Q
Operating Expenses	1,727.1	1,935.3	1,950.0	2,035.2	2,065.1	19.6%	1.5%
Development & Operations	521.7	561.5	635.5	644.3	631.4	21.0%	-2.0%
└ Labor cost	433.5	469.5	536.0	546.0	533.9	23.2%	-2.2%
└ Others	88.2	92.1	99.5	98.3	97.6	10.6%	-0.7%
Partner	722.2	897.9	831.9	865.5	886.4	22.7%	2.4%
Infrastructure	152.2	154.2	132.6	142.0	157.3	3.3%	10.8%
Marketing	331.0	321.6	349.9	383.4	389.9	17.8%	1.7%
Operating Profit	330.2	336.5	330.5	372.4	380.2	15.1%	2.0%
Operating margin (%)	16.1%	14.8%	14.5%	15.5%	15.5%	-0.5%p	0.1%p
Depreciation & Amortization	103.4	108.1	82.5	88.2	95.7	-7.5%	8.5%
Stock-based compensation	30.1	41.9	75.0	54.3	74.8	148.7%	37.7%
Adjusted EBITDA	463.7	486.6	488.1	515.1	550.6	18.7%	6.9%
Adjusted EBITDA margin (%)	22.5%	21.4%	21.4%	21.4%	22.5%	-0.0%p	1.1%p
Net Profit	231.6	131.8	43.7	286.7	356.2	53.8%	24.2%
Net margin (%)	11.3%	5.8%	1.9%	11.9%	14.6%	3.3%p	2.7%p

* Excluding Poshmark consolidation effect, marketing expense rose 3.9% YoY

Operating Income, Adjusted EBITDA

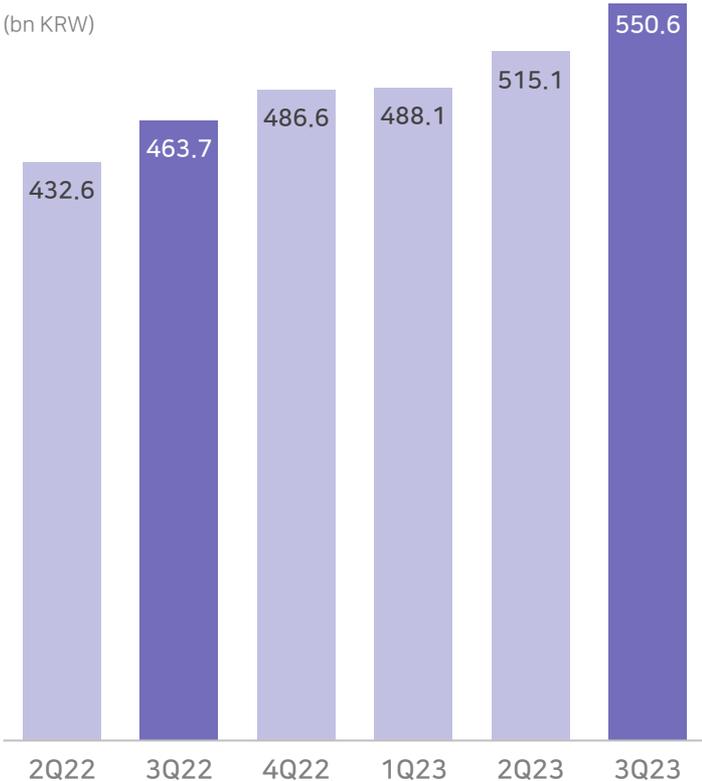
Operating Income

(bn KRW)



Adjusted EBITDA

(bn KRW)



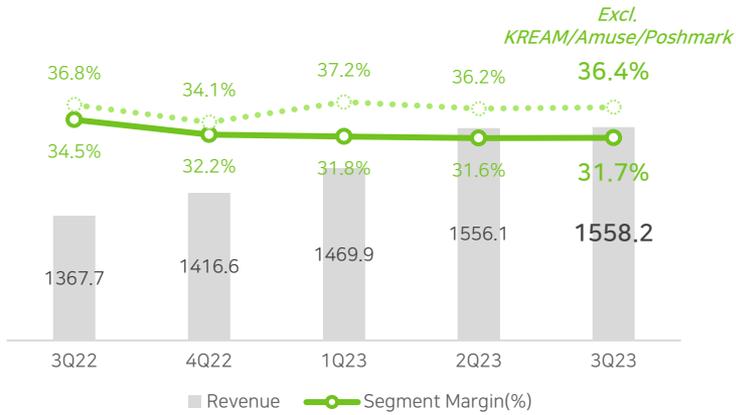
3Q23 P&L by Segment

(bn KRW, %)	Reporting Segment					Adjustment*	Total (Consolidated)
	Search Platform	Commerce	Fintech	Contents	Cloud		
3Q Segment Revenue (A)	913.0	645.2	380.3	499.6	148.2	(140.9)	2,445.3
- External revenue	898.5	647.4	340.8	434.9	123.6	-	2,445.3
- Internal revenue	14.5	(2.2)	39.5	64.6	24.5	(140.9)	-
3Q Segment Profit/Loss (B)	493.3		33.4	(62.1)	(87.0)	2.5	380.2
3Q Segment Margin (C) [C = B / A]	31.7%		8.8%	-	-	-	15.5%

* Adjustments: Accounting adjustments including intercompany transactions

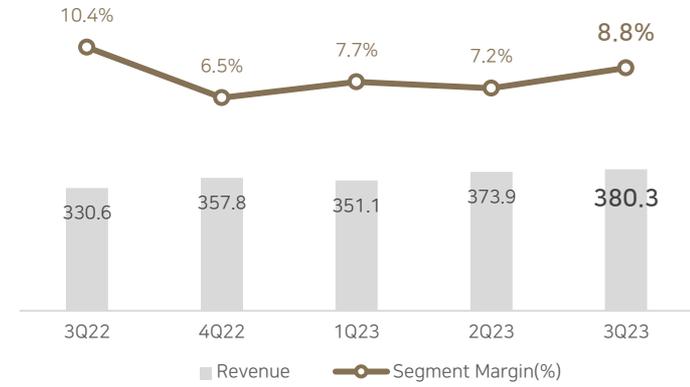
P&L by Segment

Search Platform & Commerce



Fintech

(bn KRW, %)



Contents



Cloud



*3Q23 Webtoon losses: 17.5 bn KRW (27 bn KRW reduction YoY)

Cash & Borrowings, Consolidated FCF, Direct and Indirect Investments

Cash & Borrowings

Cash and cash equivalents + Short-term financial instruments

(bn KRW)	1Q23	2Q23	3Q23
Naver (Separate)	947.7	689.7	1,053.4
Naver (Consolidated)	3,827.6	3,775.2	4,268.2

Borrowings / Debentures (Consolidated)

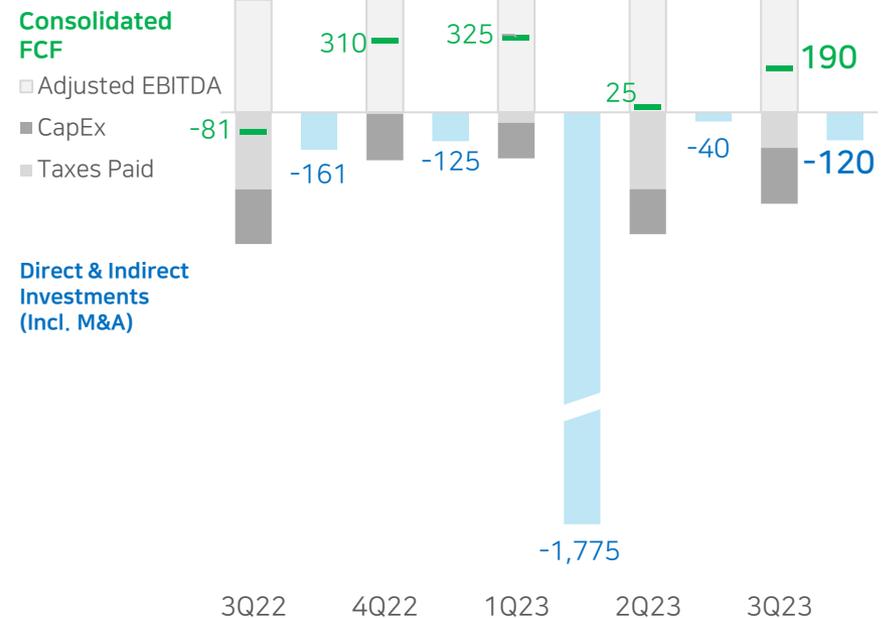
(bn KRW)	1Q23	2Q23	3Q23
Borrowings & Debentures	4,246.8	3,976.9	3,874.6
Short-term Borrowings	1,840.6	1,554.2	1,220.4
Long-term Borrowings	2,406.1	2,422.8	2,654.2
Debentures	1,484.5	1,492.3	1,518.5
Borrowings	921.7	930.4	1,135.7

*Cumulative 480 mn USD paid down YTD among initial 800 mn loan raised in connection with Poshmark acquisition

Consolidated FCF, Direct and Indirect Investments

(bn KRW)

Dividend payment of 62.4 bn KRW completed in Aug. 22nd
 (415 KRW per share, equivalent to 15% of 2-year avg. consolidated FCF)
 Cancellation of treasury shares(1% of issued shares) to be effective Nov. 7th
 (equivalent to 305.3bn KRW based on closing price as of October 30th)



* Consolidated FCF : Consolidated operating Income + non-cash expenses - CapEx - taxes paid

Appendix. Net Profit

- 3Q net profit rose 53.8% YoY, 24.2% QoQ on increases in equity method valuation gains and financial profits
- Equity method gain/losses: reflects YoY increase in equity method valuation gains
- Financial profit/loss: reflects QoQ increase in valuation gains and base effect of prior quarter fund investment losses

(bn KRW)	3Q22	4Q22	1Q23	2Q23	3Q23	Y/Y	Q/Q
Operating Profit	330.2	336.5	330.5	372.7	380.2	15.1%	2.0%
Operating margin (%)	16.1%	14.8%	14.5%	15.5%	15.5%	-0.5%p	0.1%p
Non-operating profit/loss	44.5	-147.3	-213.9	48.4	124.4	179.6%	156.7%
Equity method gain/loss	-1.0	305.3	-39.4	135.1	119.9	n/a	-11.2%
Financial profit/loss	186.4	-448.0	-40.9	-66.8	60.9	-67.3%	n/a
Other profit/loss	-141.0	-4.6	-133.6	-19.8	-56.5	59.9%	-185.2%
Pre-tax income	374.7	189.2	116.6	421.1	504.5	34.6%	19.8%
Tax	143.2	57.4	72.9	134.4	148.3	3.6%	10.4%
Net Profit	231.6	131.8	43.7	286.7	356.2	53.8%	24.2%
Net Margin (%)	11.3%	5.8%	1.9%	11.9%	14.6%	3.3%p	2.7%p

Thank You