

4Q22 Earnings Results

2023.2.3

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Earnings Summary

- Driven by growth in key segments, revenue increased 17.8% YoY, 10.4% QoQ despite continued macroeconomic uncertainty
- Operating profit decreased 4.2% YoY, yet increased 1.9% QoQ on SBC high base effect, year-end bonus recognition and one-time content segment related procurement expenses; excluding impact of accounting method changes* in Webtoon, operating margin would have been 15.7% for Q4 and 16.2% for FY2022
- Adjusted EBITDA (which excludes stock-based compensation impact) increased 0.6% YoY and 4.9% QoQ

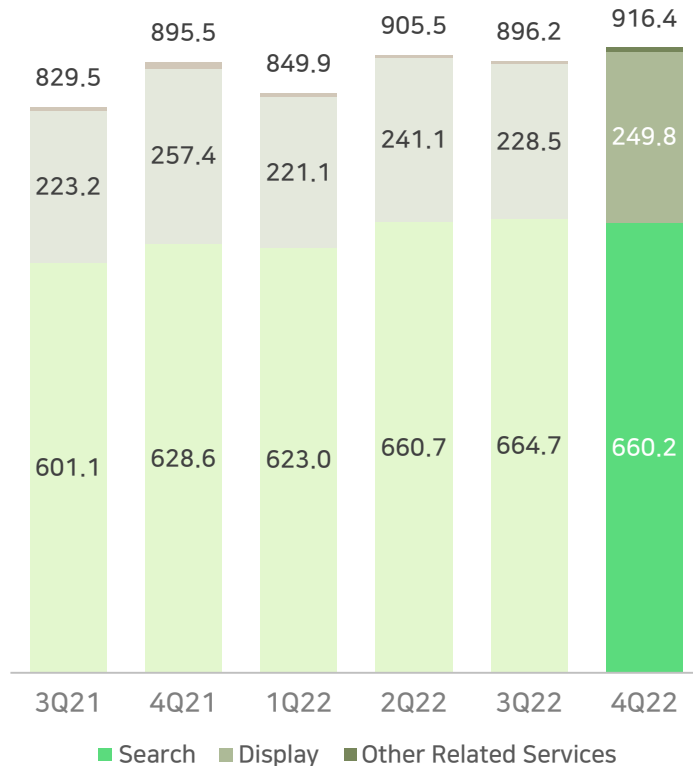
| (bn KRW) | 4Q21 | 3Q22 | 4Q22 | Y/Y | Q/Q | FY2021 | FY2022 | Y/Y |
|----------------------------|---------|---------|-------------------|---------|--------|------------|-------------------|----------|
| Revenue | 1,927.7 | 2,057.3 | 2,271.7 | 17.8% | 10.4% | 6,817.6 | 8,220.1 | 20.6% |
| Search Platform | 895.5 | 896.2 | 916.4 | 2.3% | 2.3% | 3,307.8 | 3,568.0 | 7.9% |
| Commerce | 411.5 | 458.3 | 486.8 | 18.3% | 6.2% | 1,488.5 | 1,801.1 | 21.0% |
| Fintech | 295.2 | 296.2 | 319.9 | 8.4% | 8.0% | 979.0 | 1,186.6 | 21.2% |
| Contents* | 218.7 | 311.9 | 437.5 | 100.1% | 40.3% | 659.6 | 1,261.5 | 91.3% |
| Cloud&Others | 106.9 | 94.8 | 111.1 | 3.9% | 17.1% | 382.6 | 402.9 | 5.3% |
| Operating Expenses | 1,576.5 | 1,727.1 | 1,935.3 | 22.8% | 12.1% | 5,492.1 | 6,915.4 | 25.9% |
| Operating Profit | 351.2 | 330.2 | 336.5 | -4.2% | 1.9% | 1,325.5 | 1,304.7 | -1.6% |
| Operating Margin (%) | 18.2% | 16.1% | 14.8% (*15.7%) | -3.4%p | -1.2%p | 19.4% | 15.9% (*16.2%) | -3.6%p |
| Adjusted EBITDA | 483.5 | 463.7 | 486.6 | 0.6% | 4.9% | 1,914.6 | 1,802.8 | -5.8% |
| Adjusted EBITDA Margin (%) | 25.1% | 22.5% | 21.4% (*22.7%) | -3.7%p | -1.1%p | 28.1% | 21.9% (*22.4%) | -6.2%p |
| Net Profit | 299.8 | 231.6 | 122.6 | -59.1% | -47.0% | 16,477.6** | 664.0 | -96.0% |
| Net Margin (%) | 15.6% | 11.3% | 5.4% (*5.7%) | -10.2%p | -5.9%p | 241.7% | 8.1% (*8.2%) | -233.6%p |

* Auditor imposed changes toward gross revenue accounting recognition and Studio N revenue recognition resulted in increase of 136.8 bn KRW(revenue) and 134.9 bn KRW(expense) in Q4. Excluding such effects, 4Q22 total revenue increased YoY 12.3%, QoQ 4.8%

** Line-Z Holdings merger related gains of 15.0 trn KRW(fair value of AHD and Line joint investment securities after tax) was booked as non-cash accounting gains in Q1 2021

Quarterly Revenue

(bn KRW)



4Q22 YoY 2.3% ↑ / QoQ 2.3% ↑

Search YoY 5.0% / QoQ -0.7%

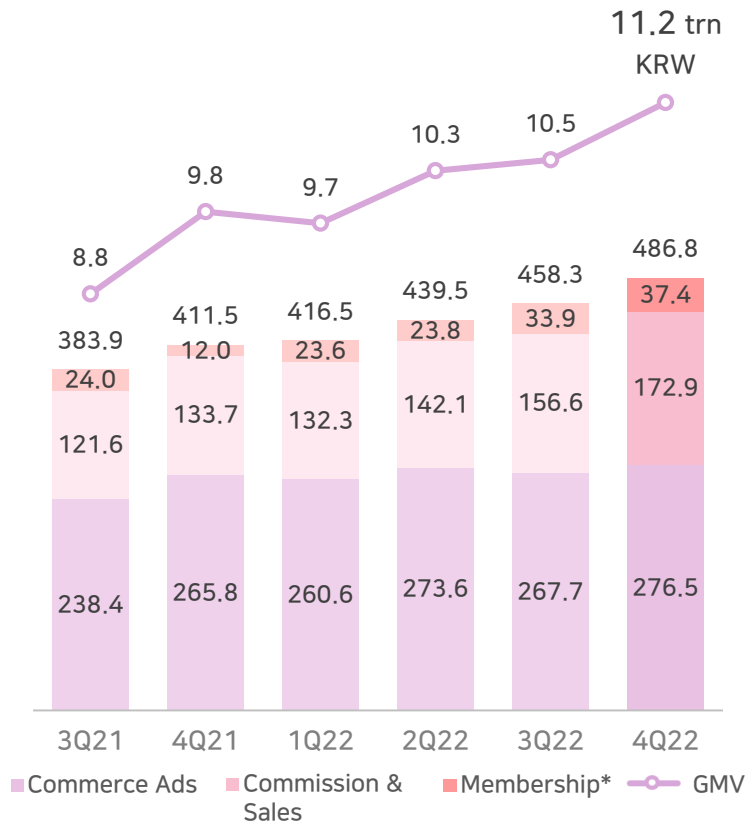
Display YoY -2.9% / QoQ 9.3%

2022 YoY 7.9% ↑

- Search ads revenue increased 5.0% YoY while Display ads decreased 2.9% YoY on negative impact from the Itaewon tragedy in Q4 and advertiser spend slowdown driven by challenging macro climate
- Continue to pursue revenue growth powered by increases in business queries, new inventory offerings and new search and display ad product releases
- Naver technology-driven Shopping search service on Yahoo Japan to launch in 1H23, with introduction of ad product to follow

Quarterly Revenue

(bn KRW, tn KRW)



4Q22 YoY 18.3% ↑ / QoQ 6.2% ↑

Commerce Ads YoY 4.0% / QoQ 3.3%

Commission & Sales YoY 29.4% / QoQ 10.4%

Membership** YoY 211.7% / QoQ 10.4%

2022 YoY 21.0% ↑

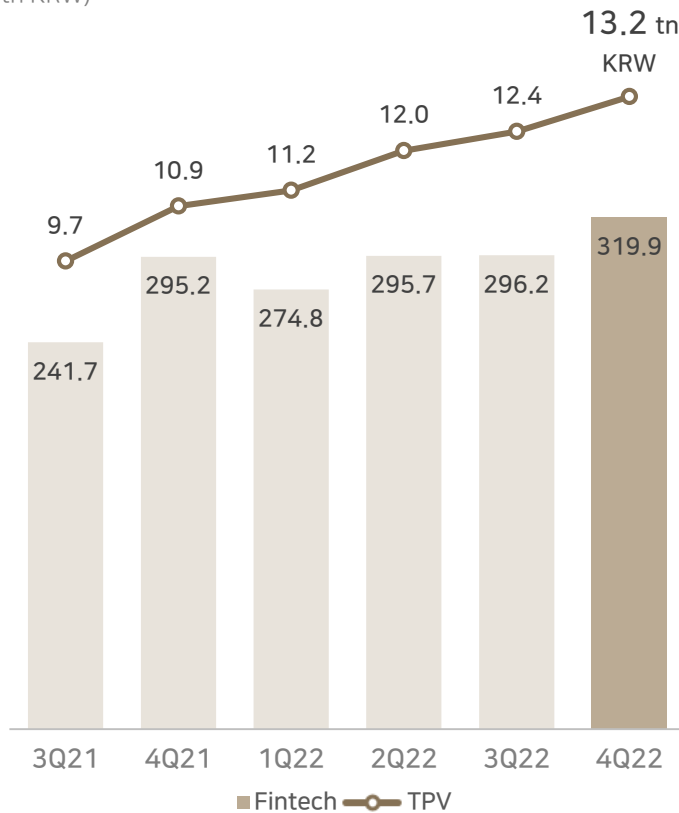
- Commerce Ads increase driven by 5.8% YoY growth in commerce related search ads, offsetting decrease in commerce related display ads
- GMV rose 13.7% YoY on elevated growth levels in Brandstore, Travel/Booking, and KREAM, and posted 6.8% gain QoQ driven by year-end peak seasonality
 - ▶ Brandstore GMV grew 59% YoY
 - ▶ Travel/Booking GMV grew 2x YoY to 1.3 tn KRW
 - ▶ KREAM GMV grew 86% YoY
- Commission & Sales revenue continued to grow faster than GMV, driven by increased contribution from higher take-rate segments including Brandstore, Travel, and KREAM
- Membership related sales & GMV growth driven by growth in subscribers

* Membership: User subscription revenue

** Excluding the accumulated accounting method change impact from 4Q21, Membership grew YoY 24.7%, Commerce grew YoY 13.4%

Quarterly Revenue

(bn KRW, tn KRW)



4Q22 YoY 8.4% ↑ / QoQ 8.0% ↑

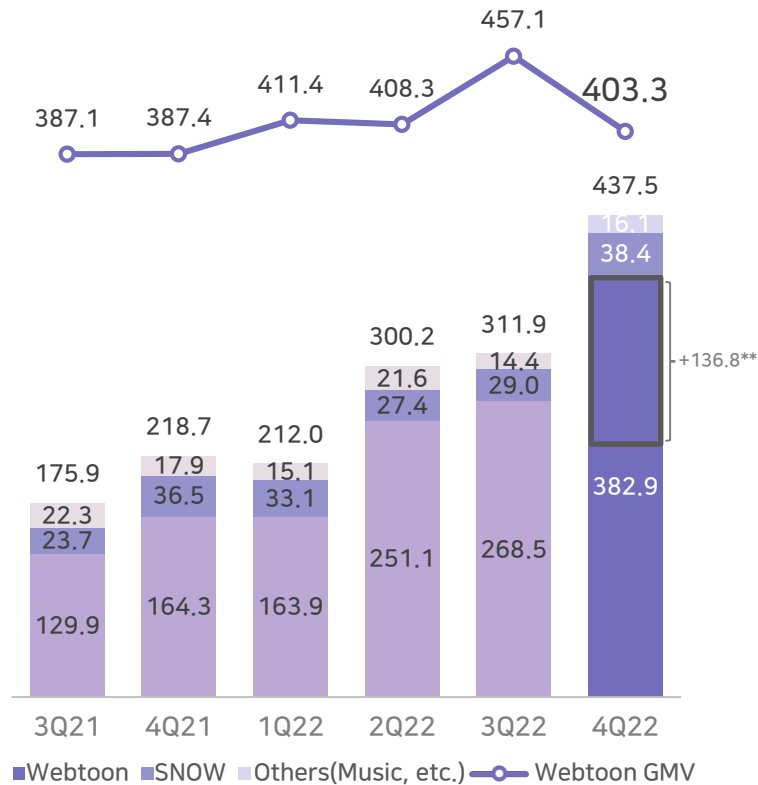
** Excluding the accumulated accounting method change impact from 4Q21, YoY 13.8%

2022 YoY 21.2% ↑

- 4Q TPV grew 21.0% YoY, 5.8% QoQ to 13.2 tn KRW
- Non-captive TPV grew 37.9% YoY, 7.3% QoQ to 5.1 tn KRW, driving total TPV growth
- Offline TPV grew 68% YoY to 680 bn KRW, driven by addition of affiliated stores, increases in booking related payments, and expansion of Naver membership program benefits to offline partner sites
- Retail loan comparison service became the 4th largest player in the industry (based on GMV, inquiries) within one month of its release on Nov 30th

Quarterly Revenue

(bn KRW)



4Q22 YoY 100.1% ↑ / QoQ 40.3% ↑

Webtoon YoY 133.1% / QoQ 42.6%

SNOW YoY 5.2% / QoQ 32.4%

Others* YoY -9.7% / QoQ 12.0%

2022 YoY 91.3% ↑

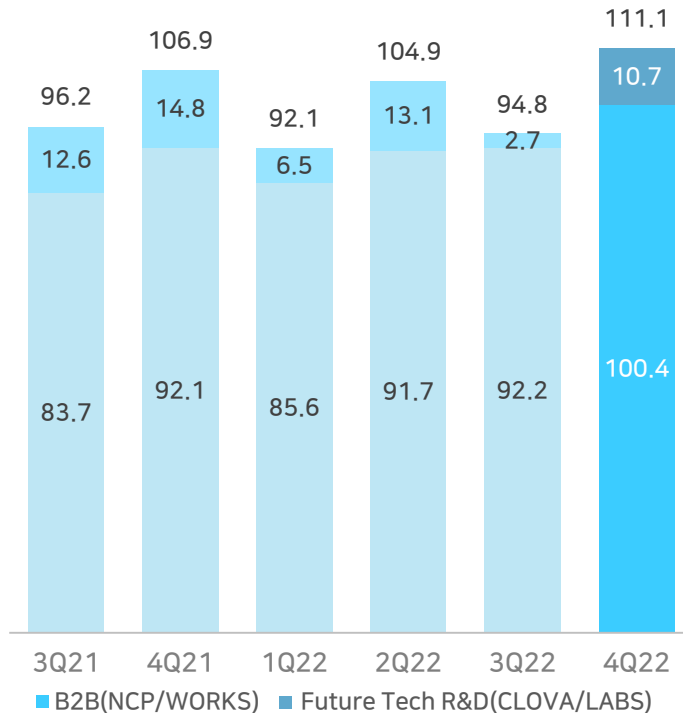
- Excluding impact of accounting method changes**, global Webtoon revenue increased 79.7% YoY, while declining 0.9% QoQ
- Global Webtoon GMV grew 4.1% YoY to 403.3 bn KRW, but fell 11.8% QoQ due to high base effect from promotional sales in Q3
- Paying user count in Japan grew 25% YoY, driving continued global growth

* Others decreased YoY due to deconsolidation of V LIVE in 1Q22

** Auditor imposed changes toward gross revenue accounting recognition and Studio N revenue recognition resulted in increase of 136.8 bn KRW(revenue)

Quarterly Revenue

(bn KRW)



4Q22 YoY 3.9% ↑ / QoQ 17.1% ↑

B2B YoY 9.0% / QoQ 8.9%

Future Tech R&D YoY -27.8% / QoQ 298.2%

2022 YoY 5.3% ↑

- B2B revenue posted 9.0% YoY growth on the back of new projects including Sejong National Pilot Smart City
- Future Tech R&D revenue increased as temporary shipment suspension for certain CLOVA devices lapsed
- We continue to pursue competitive edge gains based on Hyperscale AI, while seeking market expansion in Enterprise, Finance, etc.

Operating Expenses/Profit

- Development & Operations YoY growth trend slowed as a result of head count growth deceleration, but increased QoQ due to high-base effect of SBC and recognition of year-end bonuses
- Partner expenses increased 40.7% YoY and 24.3% QoQ on World Cup broadcasting rights related fees and Webtoon accounting method changes
- Marketing costs decelerated YoY as a result of reward program optimization initiatives, and declined 2.8% QoQ

| (bn KRW) | 4Q21 | 3Q22 | 4Q22 | Y/Y | Q/Q | FY2021 | FY2022 | Y/Y |
|-----------------------------|----------------|----------------|--------------------|---------------|---------------|-----------------|--------------------|---------------|
| Operating Expenses | 1,576.5 | 1,727.1 | 1,935.3 | 22.8% | 12.1% | 5,492.1 | 6,915.4 | 25.9% |
| Development & Operations | 494.9 | 521.7 | 561.5 | 13.5% | 7.6% | 1,752.6 | 2,070.3 | 18.1% |
| └ Labor cost | 431.0 | 433.5 | 469.5 | 8.9% | 8.3% | 1,545.2 | 1,736.7 | 12.4% |
| └ Others* | 63.9 | 88.2 | 92.1 | 44.1% | 4.4% | 207.4 | 333.6 | 60.9% |
| Partner | 638.3 | 722.2 | 897.9 | 40.7% | 24.3% | 2,171.7 | 2,963.9 | 36.5% |
| Infrastructure | 139.5 | 152.2 | 154.2 | 10.6% | 1.3% | 496.1 | 580.6 | 17.0% |
| Marketing | 303.8 | 331.0 | 321.6 | 5.9% | -2.8% | 1,071.7 | 1,300.6 | 21.4% |
| Operating Profit | 351.2 | 330.2 | 336.5 | -4.2% | 1.9% | 1,325.5 | 1,304.7 | -1.6% |
| Operating margin (%) | 18.2% | 16.1% | 14.8% (**15.7%) | -3.4%p | -1.2%p | 19.4% | 15.9% (**16.2%) | -3.6%p |
| Depreciation & Amortization | 95.3 | 103.4 | 108.1 | 13.5% | 4.6% | 351.2 | 402.7 | 14.7% |
| Stock-based compensation | 37.0 | 30.1 | 41.9 | 13.3% | 39.5% | 237.9 | 95.5 | -59.9% |
| Adjusted EBITDA | 483.5 | 463.7 | 486.6 | 0.6% | 4.9% | 1,914.6 | 1,802.8 | -5.8% |
| Adjusted EBITDA margin (%) | 25.1% | 22.5% | 21.4% (**22.7%) | -3.7%p | -1.1%p | 28.1% | 21.9% (**22.4%) | -6.2%p |
| Net Profit | 299.8 | 231.6 | 122.6 | -59.1% | -47.0% | 16,477.6 | 664.0 | -96.0% |
| Net margin (%) | 15.6% | 11.3% | 5.4% (**5.7%) | -10.2%p | -5.9%p | 241.7% | 8.1% (**8.2%) | -233.6%p |

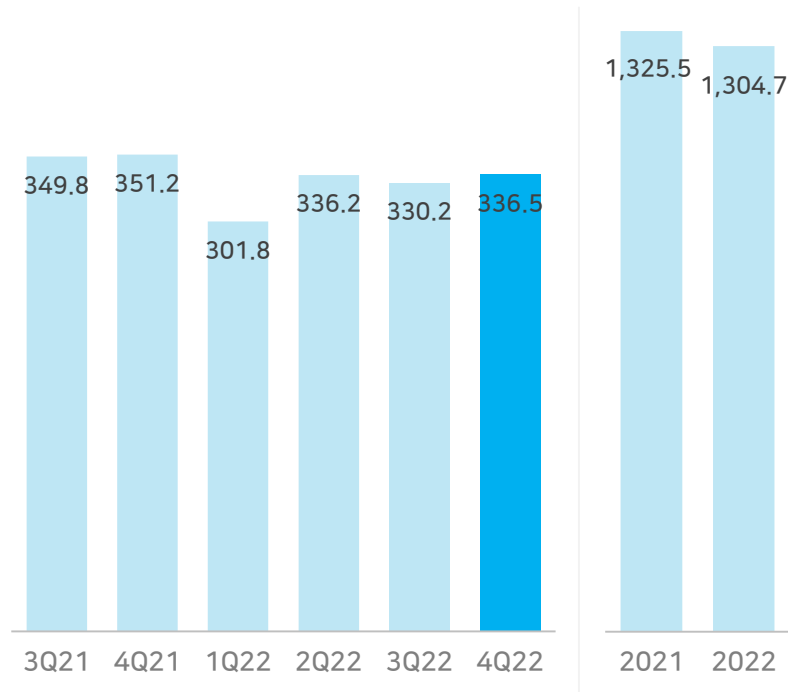
* Others: space-related expenses (depreciation, rent expense), utility costs, etc.

** Excluding impact of auditor-imposed change toward gross revenue accounting method and Studio N contract revenue recognition changes

Operating Income, Adjusted EBITDA

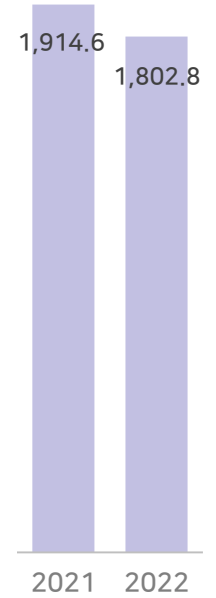
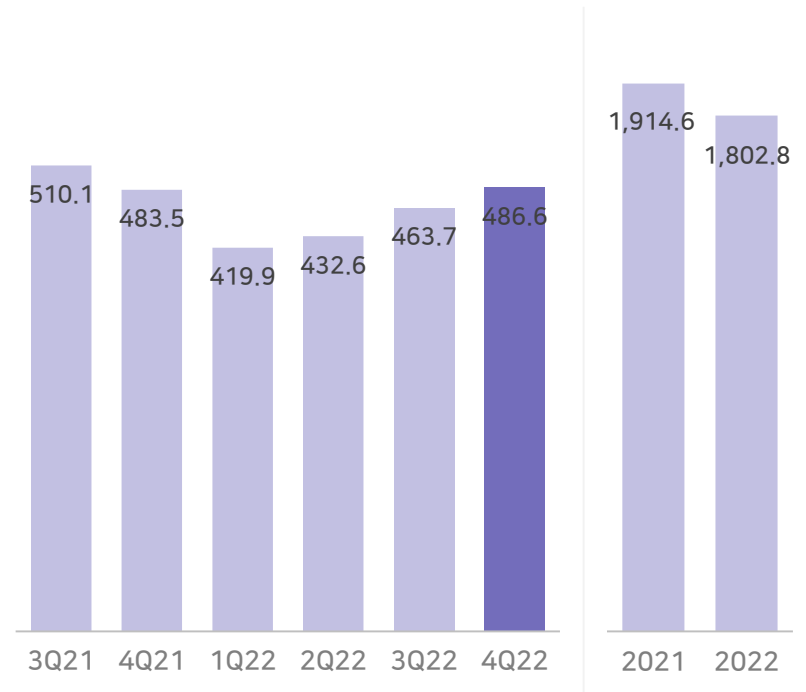
Operating Income

(bn KRW)



Adjusted EBITDA

(bn KRW)



4Q22 P&L by Segment

| (bn KRW, %) | Reporting Segment | | | | | Adjustment* | Total (Consolidated) |
|--------------------------------------|--------------------|----------|---------|----------|------------------|-------------|-------------------------|
| | Search Platform | Commerce | Fintech | Contents | Cloud &Others | | |
| 4Q Segment Revenue (A) | 929.6 | 487.0 | 357.8 | 539.7 | 131.8 | (174.1) | 2,271.7 |
| └ External revenue | 916.4 | 486.8 | 319.9 | 437.5 | 111.1 | - | 2,271.7 |
| └ Internal revenue | 13.2 | 0.2 | 37.8 | 102.2 | 20.7 | (174.1) | - |
| 4Q Segment Income/Loss (B) | 445.5 | | 23.2 | (77.8) | (55.7) | 1.3 | 336.5 |
| 4Q Segment Margin (C) [C = B / A] | 31.4% | | 6.5% | - | - | - | 14.8% |

* Adjustments: Accounting adjustments including consolidating accounts regarding affiliate transactions

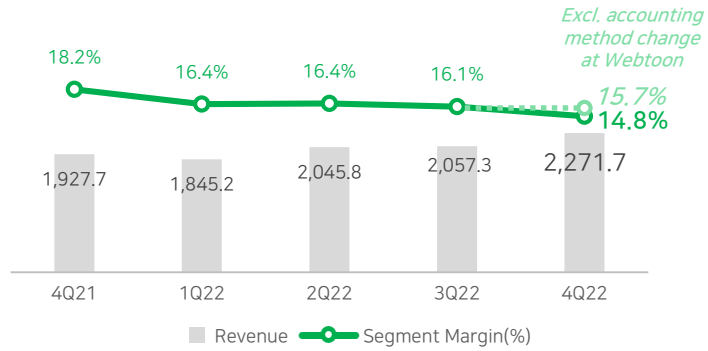
FY2022 P&L by Segment

| (bn KRW, %) | Reporting Segment | | | | | Adjustment* | Total (Consolidated) |
|---|--------------------|----------|---------|----------|------------------|-------------|-------------------------|
| | Search Platform | Commerce | Fintech | Contents | Cloud &Others | | |
| 2022 Segment Revenue (A) | 3,623.2 | 1,801.7 | 1,327.9 | 1,559.8 | 486.5 | (579.1) | 8,220.1 |
| └ External revenue | 3,568.0 | 1,801.1 | 1,186.6 | 1,261.5 | 402.9 | - | 8,220.1 |
| └ Internal revenue | 55.2 | 0.6 | 141.3 | 298.3 | 83.6 | (579.1) | - |
| 2022 Segment Income/Loss (B) | 1,789.3 | | 96.1 | (369.9) | (200.6) | (10.2) | 1,304.7 |
| 2022 Segment Margin (C) [C = B / A] | 33.0% | | 7.2% | - | - | - | 15.9% |

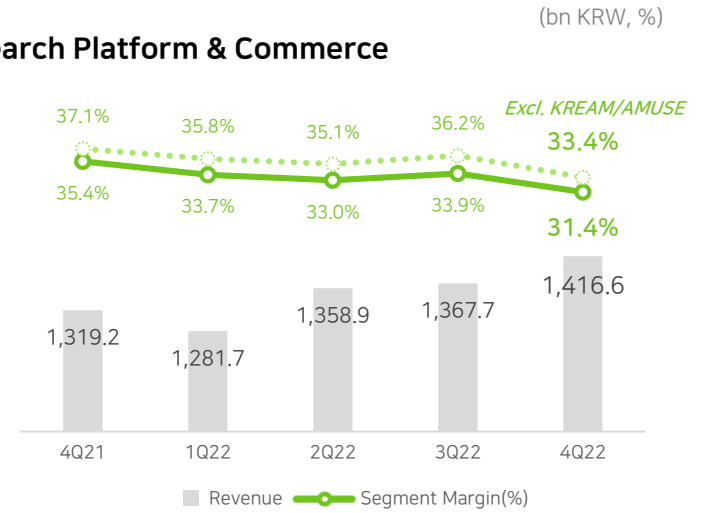
* Adjustments: Accounting adjustments including consolidating accounts regarding affiliate transactions

P&L by Segment

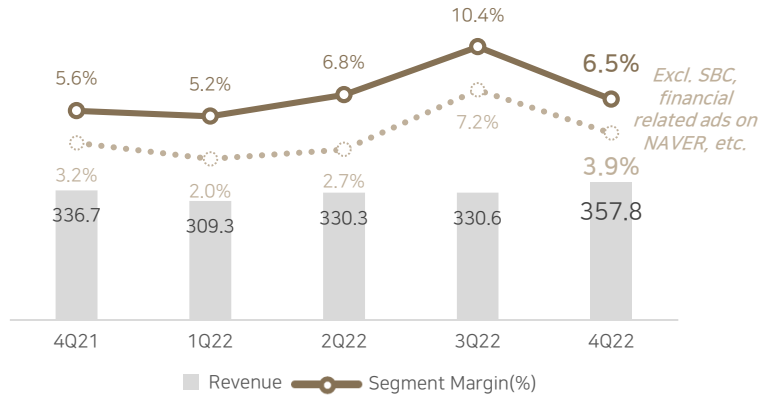
Consolidated



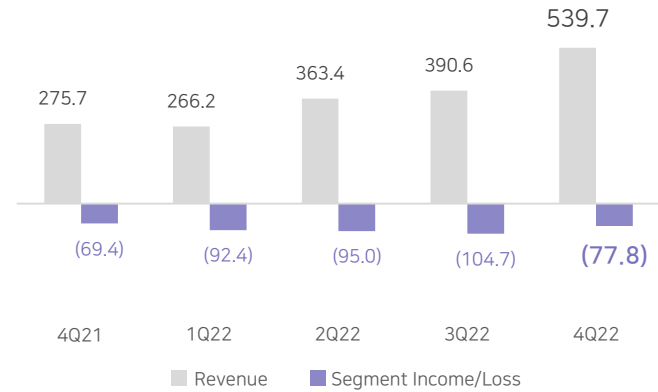
Search Platform & Commerce



Fintech

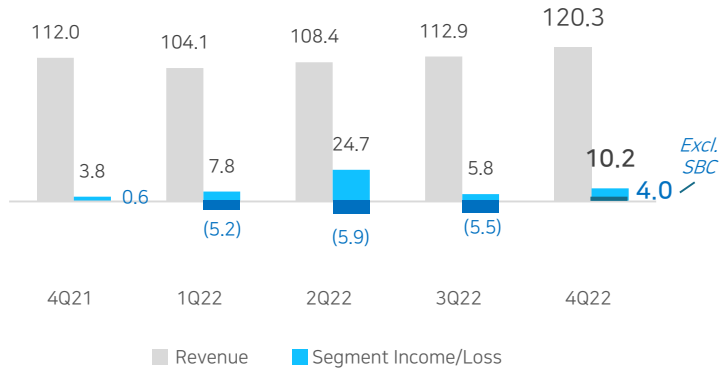


Contents

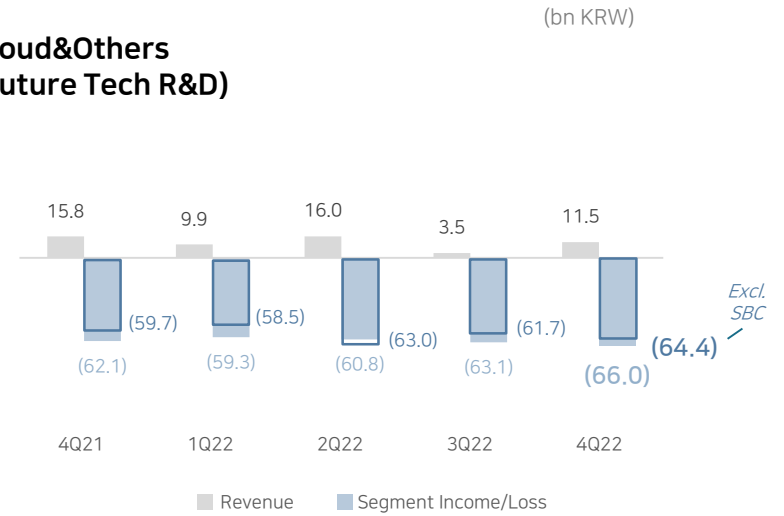


P&L by Segment

Cloud&Others (B2B)



Cloud&Others (Future Tech R&D)



Cash & Borrowings, Consolidated FCF, Direct and Indirect Investments, Shareholder Return

Cash & Borrowings

Cash and cash equivalents + Short-term financial instruments

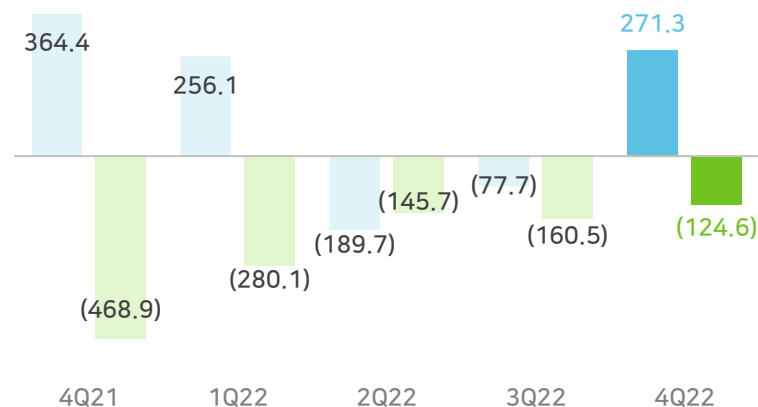
| (bn KRW) | 2Q22 | 3Q22 | 4Q22 |
|----------------------|---------|---------|---------|
| Naver (Separate) | 848.4 | 1,052.0 | 1,355.1 |
| Naver (Consolidated) | 3,463.3 | 3,532.0 | 3,940.6 |

Borrowings / Debentures (Consolidated)

| (bn KRW) | 2Q22 | 3Q22 | 4Q22 |
|-------------------------|---------|---------|---------|
| Borrowings & Debentures | 3,631.5 | 3,616.4 | 3,414.0 |
| Short-term Borrowings | 498.1 | 1,280.4 | 1,381.4 |
| Long-term Borrowings | 3,133.3 | 2,336.0 | 2,032.6 |
| Debentures | 1,723.3 | 1,836.6 | 1,704.5 |
| Borrowings | 1,410.0 | 499.4 | 328.0 |

Consolidated FCF*, Direct and Indirect Investments, Shareholder Return

(bn KRW) ■ Consolidated FCF ■ Direct & Indirect Investments



Special dividend of 137.1 bn KRW paid in Nov. 2022

Includes remaining 85.7 bn KRW of unpaid total shareholder return commitment of 162 bn KRW for FY21, plus deferred 51.4 bn KRW attributable to FY20

New shareholder return program reflecting new business environment and business plan to be announced shortly

* 2019~2021 Shareholder return policy: 30% of last 2-year average consolidated FCF
 - Consolidated FCF : Consolidated operating income + non-cash expenses - CapEx - taxes paid
 - Non-cash expenses: Depreciation & amortization, bad debt expenses, current portion of accrued retirement benefits, stock based compensation

Investment Assets (excl. Consolidated Entities)

FMV of Direct and Indirect Investments

| (Unit: tn KRW) | Item | Fair Market Value (FMV) | Note |
|-----------------------------------|---------------------------------|-------------------------|--|
| Key Affiliate Investments | Z Holdings | 8.82 | Shareholding 32.4% |
| | Weverse | 0.21 | Shareholding 44.6% |
| | Cafe24 | 0.03 | Shareholding 14.8% |
| | Subtotal | 9.07 | Market Price (Listed)*, Acquisition Cost (Unlisted) |
| Key Strategic Investments | Mirae Asset Securities | 0.29 | Shareholding 7.7% |
| | CJ Logistics | 0.17 | Shareholding 7.9% |
| | Emart | 0.08 | Shareholding 3.1% |
| | CJ ENM | 0.11 | Shareholding 5.0% |
| | Studio Dragon | 0.16 | Shareholding 6.3% |
| | Shinsegae International | 0.06 | Shareholding 6.8% |
| | Subtotal | 0.87 | FMV(Listed) |
| | Other Direct Investments | 1.91 | Market Price (Listed)*, Acquisition Cost (Unlisted) |
| | Indirect Investments | 3.29 | Invested Capital |
| Total Value of Investments | | 15.14 tn KRW | |

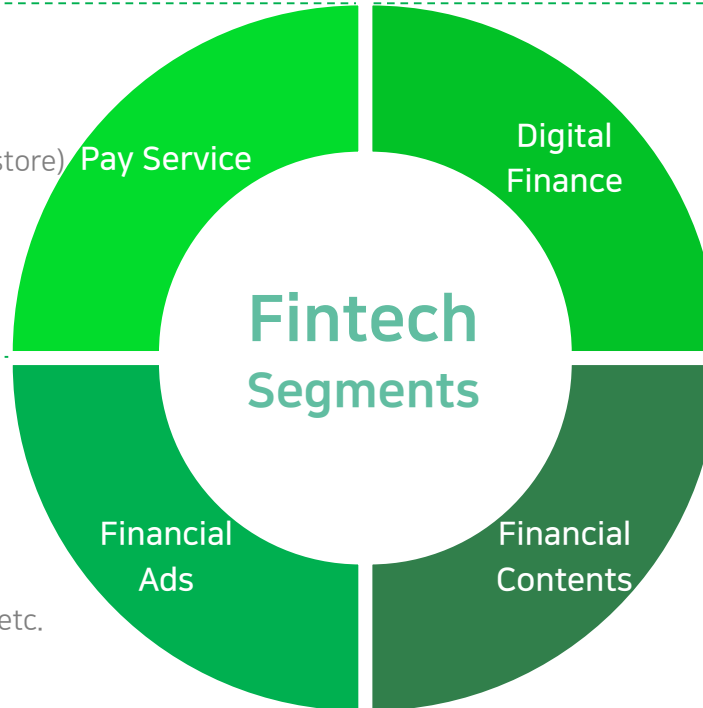
* Market value of publicly-listed companies as of December 30th

Pay Service

- Online payments
- O2O payments (Booking·Order·In-store)
- Offline payments
- Buy Now Pay Later (BNPL)
- Money transfer

Financial Ads

- Pay reward·benefit ads
- Credit card issuance ads
- Financial query related search ads, etc.



Digital Finance

- Loan comparison service (retail·business)
- Affiliated business loan products (Smartstore·SmartPlace)
- Affiliated deposit products (Mirae Asset·Hana)
- Housing rent deposit insurance (K-HUG), etc.
- Affiliated refund·loan insurance

Financial Contents

- MyData ("My Asset Service")
- Naver Economy (macro indices·news)
- Naver Finance
- Naver Real Estate

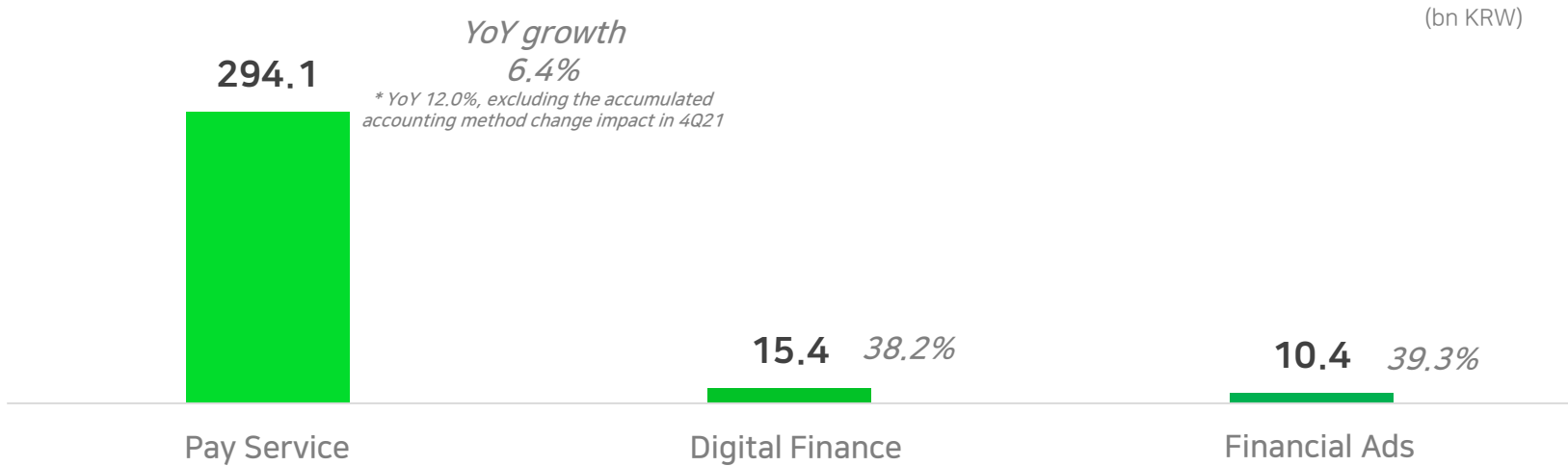
Expansion of Naver Pay Point ecosystem

Data technology based innovative financial platform

User friendly UI·UX and financial consumer protection

Appendix) Fintech revenue / TPV breakdown

4Q22 Fintech revenue by segment



4Q22 Pay Service TPV breakdown

| Item | Detail | Total Payment Volume (tn KRW) | YoY growth (%) |
|-------------|---|-------------------------------|----------------|
| Captive | Smartstore, booking, order, digital contents | 8.1 | 12.2% |
| Non-captive | Non-captive malls, on-site payments | 5.1 | 37.9% |
| Online | Smartstore, non-captive malls, digital contents | 12.5 | 19.2% |
| Offline | On-site payments, booking, order | 0.7 | 67.9% |

Thank You