

IR Presentation

March 2021

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Earnings Summary

Operating Revenue

- Increased 28.3% YoY as solid growth continued across all segments including Search Platform, Commerce, Fintech, Contents, and Cloud

(bn KRW)	4Q19	3Q20	4Q20	Y/Y	Q/Q	FY2020	Y/Y
Operating revenue	1,179.0	1,360.8	1,512.6	28.3%	11.2%	5,304.1	21.8%
Search platform	692.0	710.1	770.2	11.3%	8.5%	2,803.1	5.6%
Commerce	219.0	285.4	316.8	44.6%	11.0%	1,089.7	37.6%
Fintech	119.9	174.0	201.1	67.8%	15.6%	677.5	66.6%
Contents	93.4	115.0	138.9	48.8%	20.9%	460.2	48.8%
Cloud	54.8	76.3	85.6	56.3%	12.2%	273.7	41.4%
Operating expenses	903.6	1,069.1	1,188.9	31.6%	11.2%	4,088.8	27.7%
Operating income	275.4	291.7	323.8	17.6%	11.0%	1,215.3	5.2%
Adjusted EBITDA*	341.5	389.8	419.2	22.8%	7.5%	1,567.2	13.5%
Net income	196.2	235.3	384.1	95.8%	63.2%	845.0	112.9%

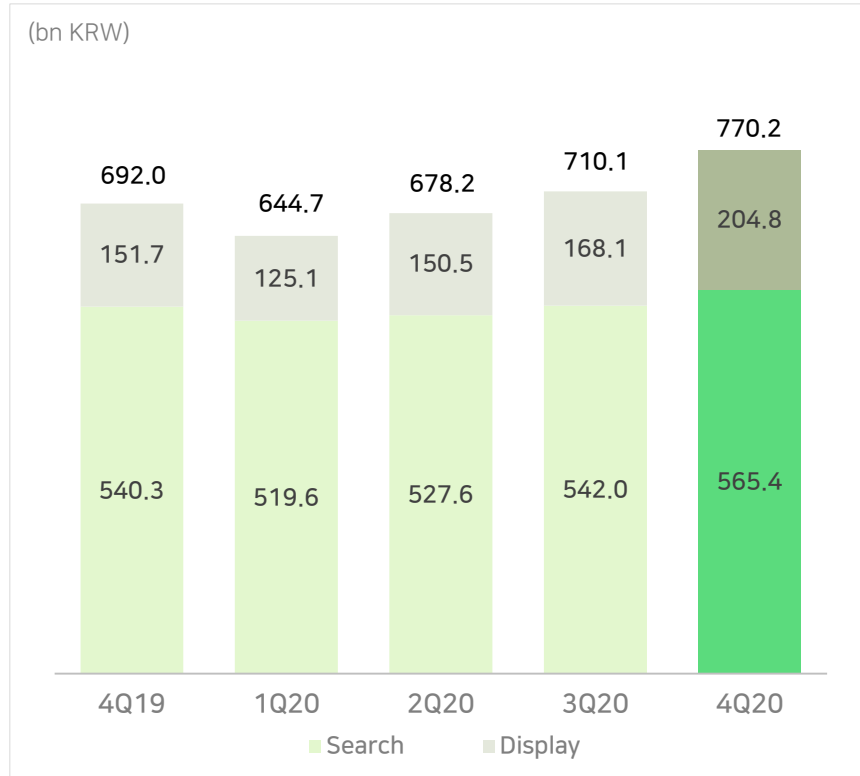
* EBITDA+SBC

4Q20 YoY 11.3% ↑ / QoQ 8.5% ↑ / 2020 YoY 5.6% ↑

(Search) YoY 4.7%, QoQ 4.3% (Display) YoY 35.0%, QoQ 21.8%

- Posted 11.3% YoY growth led by Display Ads, despite the second wave of COVID-19
- Display revenue rose 35.0% YoY on strong performance & impression ads growth

Quarterly Revenue

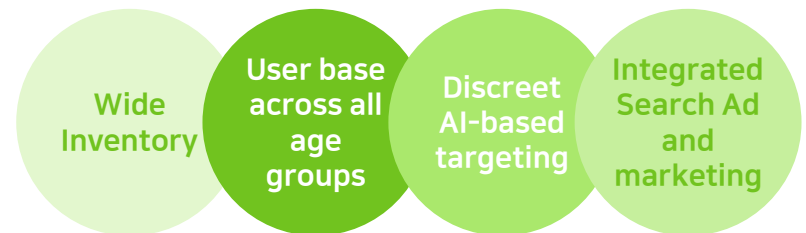


Business Highlights

Display revenue growth driver: Peak seasonality and expansion of performance ads



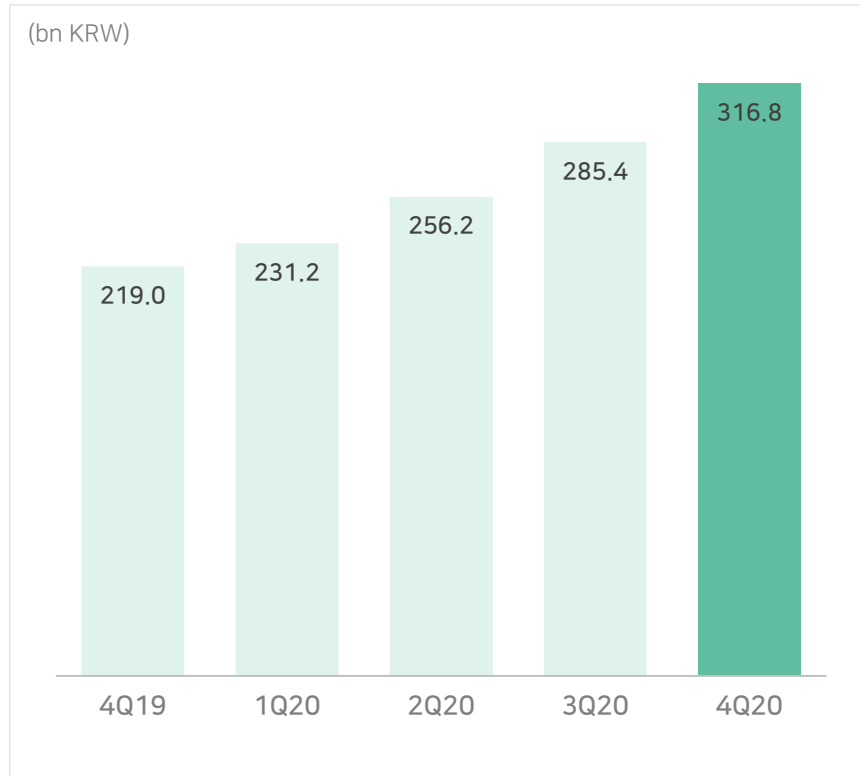
Competitive edge of Performance Display Ads



4Q20 YoY 44.6% ↑ / QoQ 11.0% ↑ / 2020 YoY 37.6% ↑

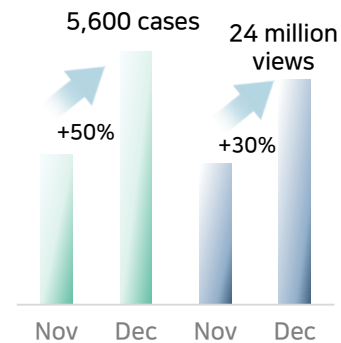
- Smartstore GMV jumped 76% YoY driven by successful online conversion of SMEs
- Number of Smartstores reached 410k thanks to SME support measures including StartZero commission program as well as provisioning of Shopping LIVE training and broadcasting infrastructure

Quarterly Revenue

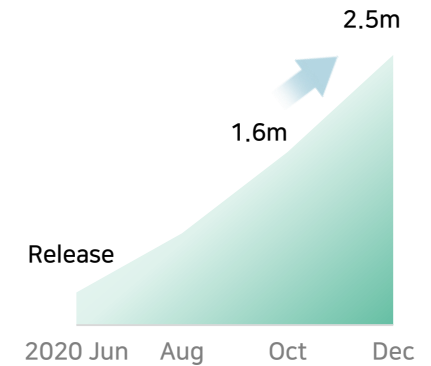


Business Highlights

Shopping LIVE



Membership Growth



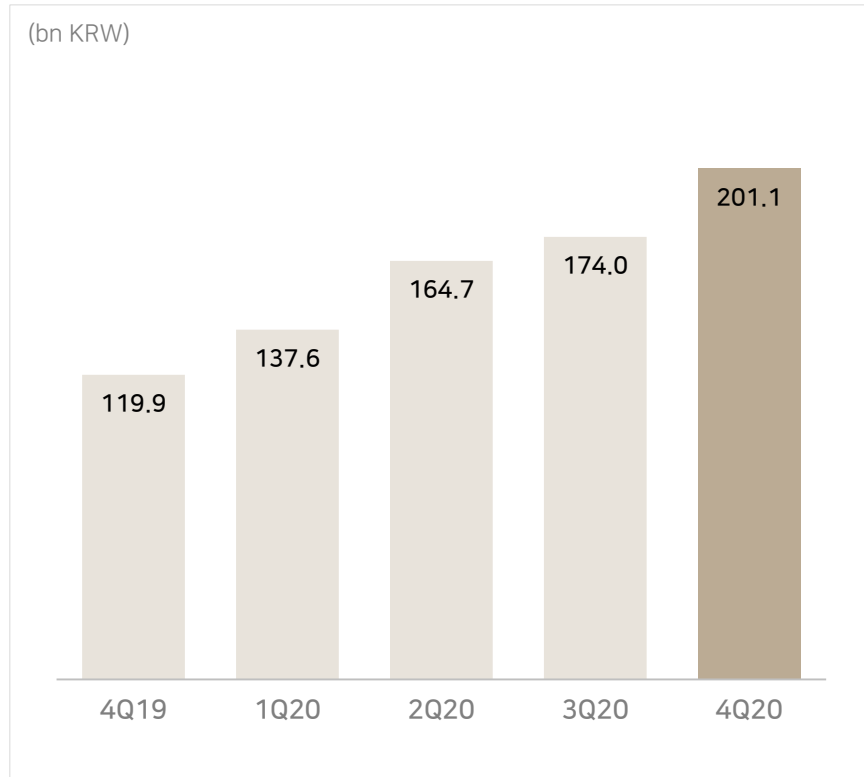
Key Strategies for 2021

- ✓ Continue to add Brandstores and various marketing solutions
- ✓ Strengthen global logistics via strong partnerships including CJ Logistics
- ✓ Expand partnerships, lock-in users via membership-only shopping zones

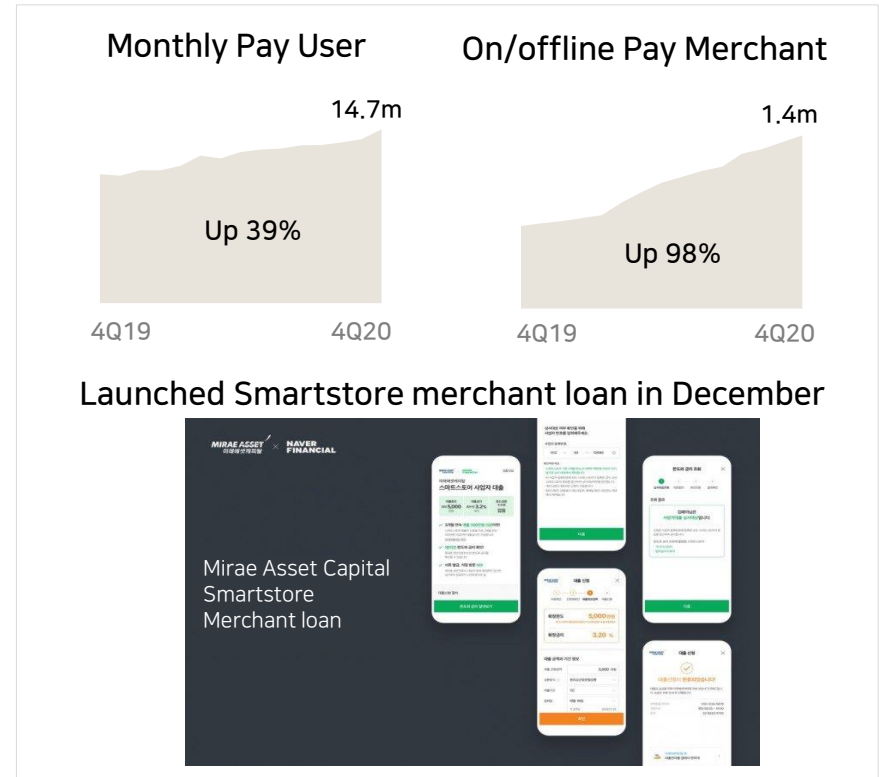
4Q20 YoY 67.8% ↑ / QoQ 15.6% ↑ / 2020 YoY 66.6% ↑

- NAVER Pay GMV increased 68% YoY to 7.8 trn KRW driven by Smartstore growth and partnerships
- Launched “Quick Settlement” service enabling +1D post-delivery settlement to support SMEs
- Full-scale entry into Fintech business for thin-filers and SMEs by launching Smartstore merchant loans

Quarterly Revenue



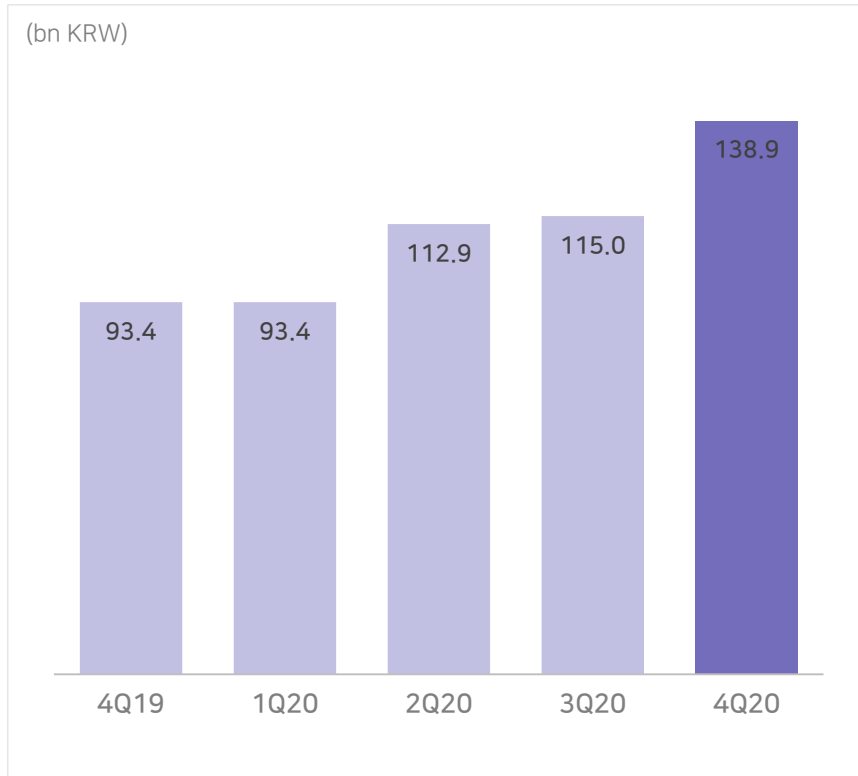
Business Highlights



4Q20 YoY 48.8% ↑ / QoQ 20.9% ↑ / 2020 YoY 48.8% ↑

- Exceeded initial targets by achieving Global Webtoon MAU of 72 mn and annual Global GMV of 820 bn KRW
- Transformed into No.1 Global Webtoon & Webnovel platform
- Targeting global entertainment market by strengthening partnerships with YG, SM Entertainment, followed by HIVE (ex-Big Hit Entertainment)

Quarterly Revenue



Business Highlights

Acquired Webnovel platform 'Wattpad' for 600mn USD

- ✓ Added 90 mn Wattpad users and 5 mn creator pool
- ✓ Became the world's largest storytelling platform post merger

Strengthened partnership with HIVE via BeNX investment

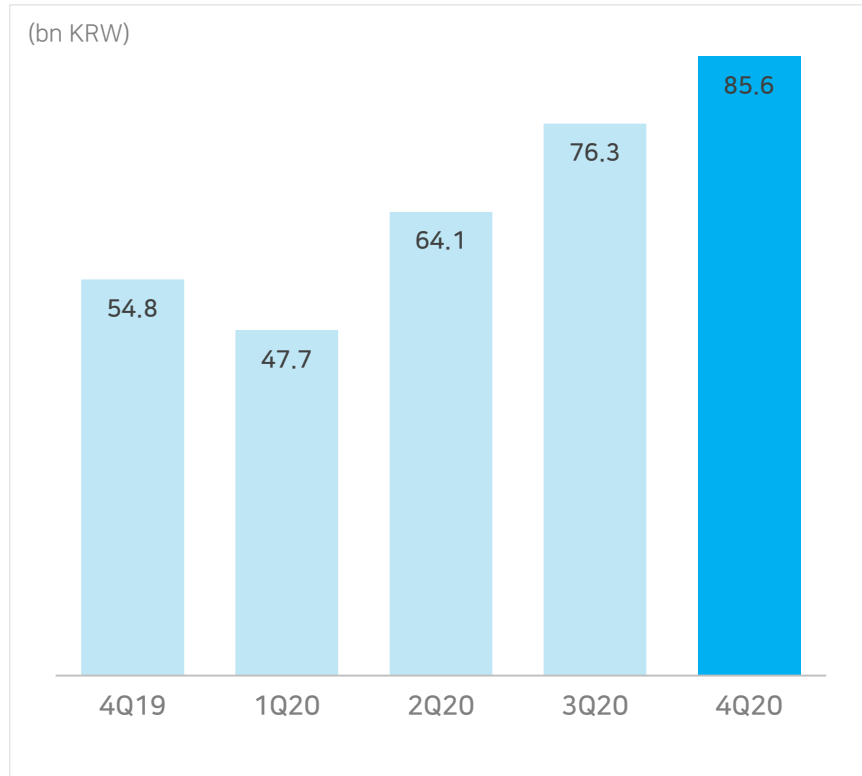


- ✓ Planning to integrate V LIVE and Weverse platforms within 1 year
- ✓ Target global market via unrivaled technology and content power

4Q20 YoY 56.3% ↑ / QoQ 12.2% ↑ / 2020 YoY 41.4% ↑

- Cloud platform revenue delivered 163% YoY growth from solid Cloud service demand
- Selected as main Cloud service provider for gov't' Smart City business and remote education infra projects
- Continued increase in the number of paying IDs from nationwide TV promotion of LINE Works

Quarterly Revenue



Business Highlights

NAVER Cloud's main new contracts

- ✓ Selected as main Cloud provider for Busan Smartcity business
- ✓ Won all contracts from KERIS and EBS (remote learning)
- ✓ NH Bank, Mirae Asset/Tongyang Life adopted Cloud & AiCall



Operating Expenses/Income

Details

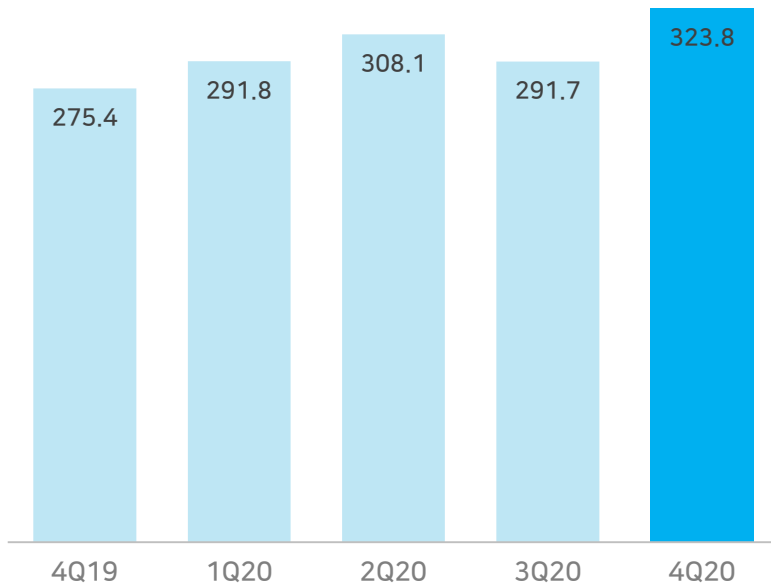
- Development & Operation: QoQ decline in stock-based compensation expense from share price correction
- Partner: Increase in variable costs such as payment/sales commission and basic Pay reward points
- Infrastructure: Rise in depreciation cost from increased CAPEX and outsourcing for Cloud business
- Marketing: Higher Pay reward points and global marketing expenses for Webtoon

(bn KRW)	4Q19	3Q20	4Q20	Y/Y	Q/Q	FY2020	Y/Y
Operating Expenses	903.6	1,069.1	1,188.9	31.6%	11.2%	4,088.8	27.7%
Development & Operations	291.1	311.7	312.4	7.3%	0.2%	1,196.6	16.3%
Partner	392.2	457.0	534.9	36.4%	17.1%	1,796.6	29.0%
Infrastructure	117.3	144.8	157.9	34.6%	9.1%	549.8	30.5%
Marketing	103.0	155.6	183.7	78.3%	18.0%	545.9	52.5%
Operating Income	275.4	291.7	323.8	17.6%	11.0%	1,215.3	5.2%
Pre-tax Income	445.9	361.6	562.6	26.2%	55.6%	1,633.6	17.4%
Tax	183.1	117.6	157.8	-13.8%	34.1%	492.5	4.7%
Net Income from Continuing Operations	262.8	244.0	404.8	54.0%	65.9%	1,141.0	23.9%
Net Income	196.2	235.3	384.1	95.8%	63.2%	845.0	112.9%

Operating Income, Adjusted EBITDA

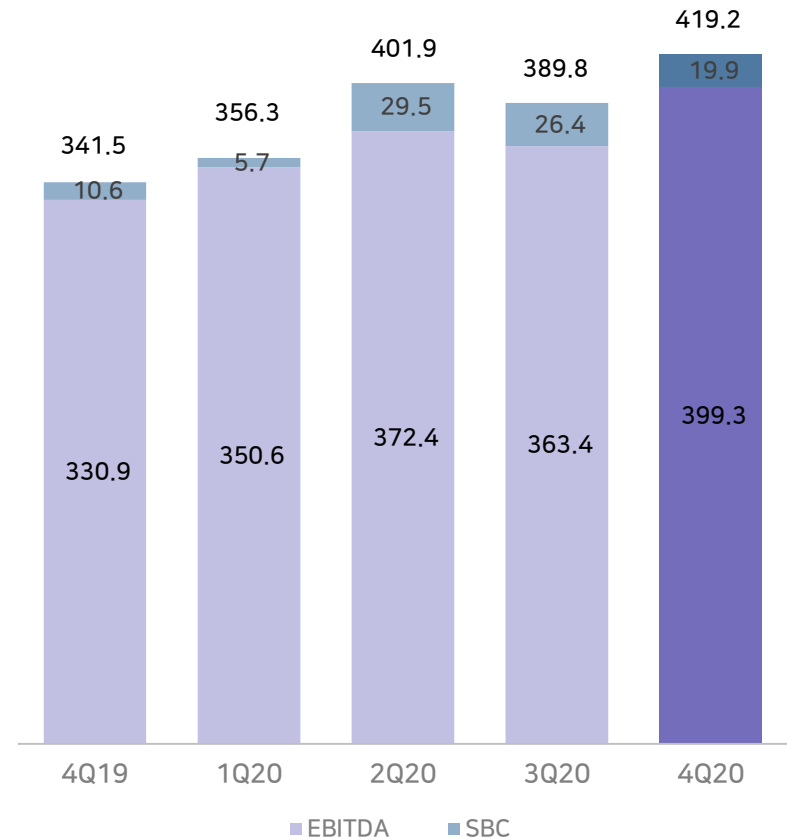
Operating Income

(bn KRW)



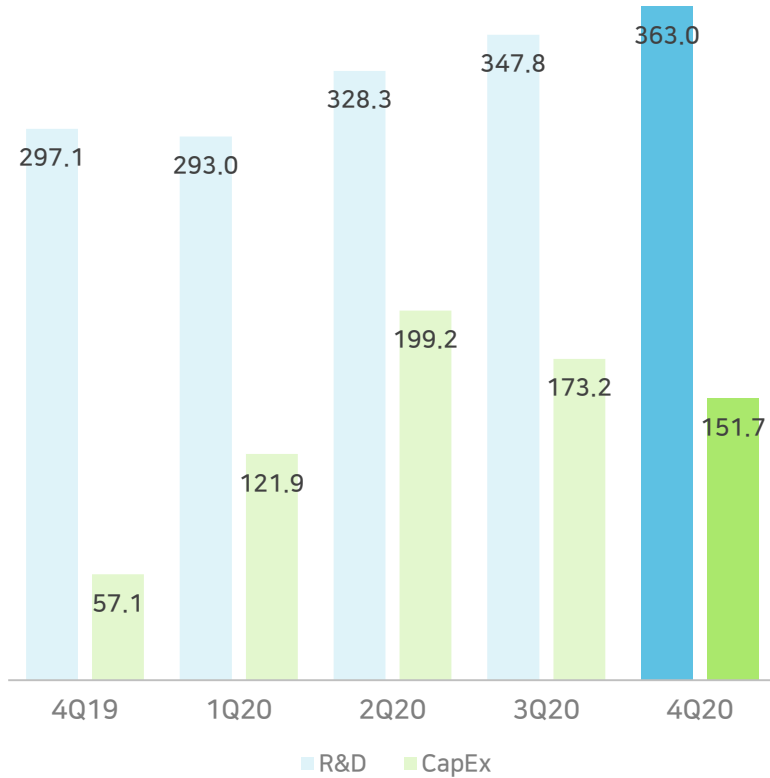
Adjusted EBITDA

(bn KRW)



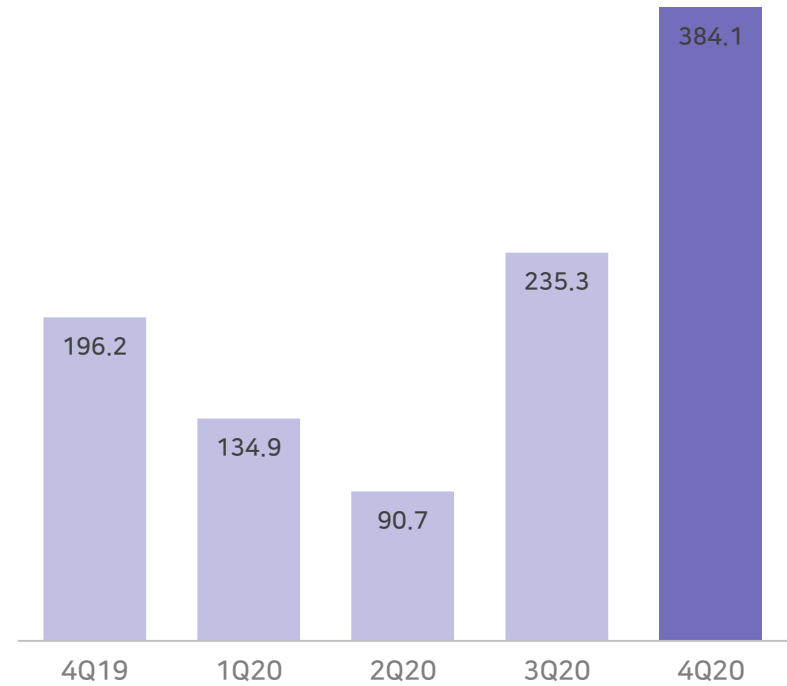
R&D/CapEx

(bn KRW)



Net Income

(bn KRW)

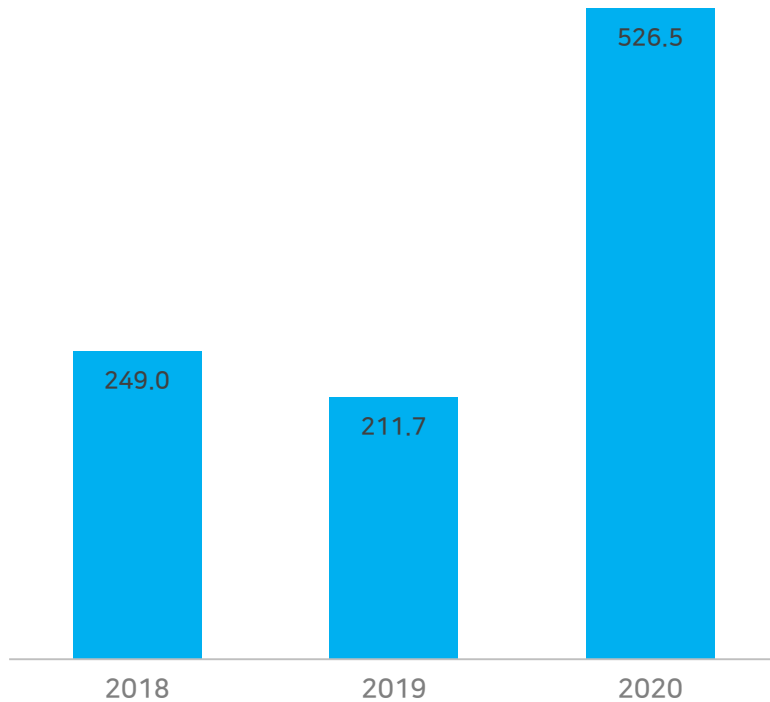


FCF (Consolidated)

- FCF: Operating Income + Non-cash Expenses¹⁾ – CapEx²⁾ – Payments of Income Taxes³⁾

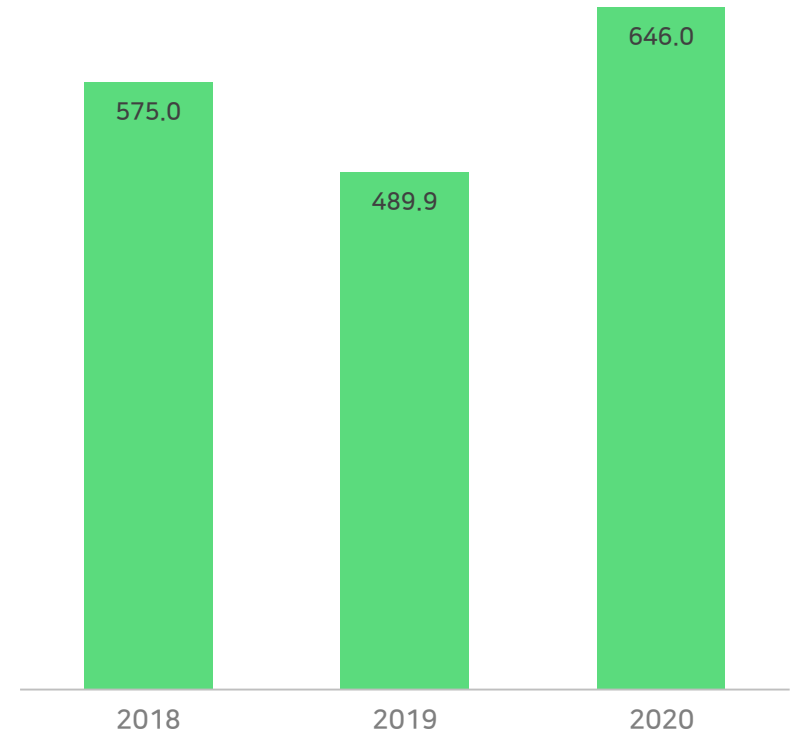
Free Cash Flow

(bn KRW)



CapEx

(bn KRW)



1) Non-cash expenses: Depreciation, amortization, expenses of allowance for doubtful account, severance and retirement benefits - quarterly cash out, and SBC

2) CapEx: Increase in property, equipment, and intangible assets

3) 2020 Payment of income taxes recorded 472.5 bn KRW

4) 2018-2019 FCF & CapEx include LINE as consolidated affiliates

Financial Statements Summary

Consolidated Income Statement

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Operating Revenue	1,179,019	1,154,694	1,276,042	1,360,779	1,512,630
Operating Expenses	903,615	862,912	967,959	1,069,053	1,188,880
Operating Income	275,404	291,782	308,083	291,727	323,750
Non-operating Revenue	208,559	163,338	80,380	116,510	334,941
Non-operating Expenses	38,076	35,001	99,189	46,655	96,107
Pre-tax Income	445,886	420,119	289,274	361,582	562,584
Tax	183,074	123,489	93,670	117,610	157,766
Net Income from Continuing Operations	262,812	296,630	195,604	243,972	404,819
Net Income from Discontinued Operations	-66,602	-161,755	-104,922	-8,629	-20,721
Net Income	196,210	134,875	90,682	235,343	384,097
Controlling Interests	248,711	184,804	147,263	245,468	424,552
Non-controlling Interests	-52,500	-49,929	-56,581	-10,125	-40,454

Consolidated Statement of Financial Position

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Current Assets	5,643,714	6,533,603	7,099,070	10,206,941	10,544,659
Assets held for sale				6,535,890	6,660,253
Non-current Assets	6,655,813	7,232,431	7,593,094	5,245,619	6,469,579
Total Assets	12,299,527	13,766,034	14,692,164	15,452,560	17,014,239
Current Liabilities	3,773,119	4,097,112	4,579,566	7,272,227	7,911,751
Liabilities held for sale				3,730,412	4,675,241
Non-current Liabilities	2,022,482	2,213,686	2,154,746	768,595	847,355
Total Liabilities	5,795,601	6,310,797	6,734,312	8,040,823	8,759,107
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,575,308	2,233,804	2,334,872	1,446,115	1,793,273
Other Components of Equity	-1,498,653	-1,412,146	-1,353,565	-1,236,244	-1,097,350
Retained Earnings	5,712,091	5,802,449	5,944,391	6,233,586	6,654,814
Non-controlling Interests	698,698	814,648	1,015,673	951,800	887,913
Total Equity	6,503,926	7,455,237	7,957,851	7,411,737	8,255,132

Income Statement

(mn KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
Operating Revenue	990,995	917,961	993,667	1,056,140	1,158,862
Operating Expenses	629,554	592,504	631,532	689,285	772,494
Operating Income	361,441	325,456	362,135	366,855	386,368
Non-operating Revenue	88,182	150,046	43,173	92,083	182,503
Non-operating Expenses	40,669	29,119	59,376	44,557	115,263
Pre-tax Income	408,953	446,383	345,931	414,381	453,608
Tax	163,322	119,318	92,153	112,075	139,833
Net Income from Continuing Operations	245,631	327,065	253,779	302,306	313,775
Net Income from Discontinued Operations	-	-	-	-	-
Net Income	245,631	327,065	253,779	302,306	313,775

Statement of Financial Position

(mn KRW)	4Q20	1Q20	2Q20	3Q20	4Q20
Current Assets	880,762	1,044,023	912,221	1,685,606	958,003
Non-current Assets	5,790,825	5,950,738	6,293,486	6,030,476	7,865,548
Total Assets	6,671,587	6,994,762	7,205,707	7,716,082	8,823,551
Current Liabilities	908,933	1,049,880	917,090	1,023,388	1,269,469
Non-current Liabilities	233,108	237,392	242,705	247,564	291,955
Total Liabilities	1,142,040	1,287,272	1,159,795	1,270,952	1,561,424
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	362,406	362,406	362,406	362,406	675,892
Other Components of Equity	-1,548,532	-1,603,207	-1,521,006	-1,424,433	-1,233,773
Retained Earnings	6,699,191	6,931,809	7,188,030	7,490,675	7,803,527
Total Equity	5,529,547	5,707,490	6,045,912	6,445,130	7,262,126