

# IR Presentation

May 2021

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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
<b>Operating Revenue</b>	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%
<b>Operating Expenses</b>	862.9	968.0	1,069.1	1,188.9	1,210.2	40.3%	1.8%
<b>Operating Income</b>	291.8	308.1	291.7	323.8	288.8	-1.0%	-10.8%
<b>Adjusted EBITDA*</b>	356.3	401.9	389.8	419.2	440.6	23.7%	5.1%
<b>Net Income</b>	134.9	90.7	235.3	384.1	15,314.5	-	-

\* EBITDA + stock-based compensation

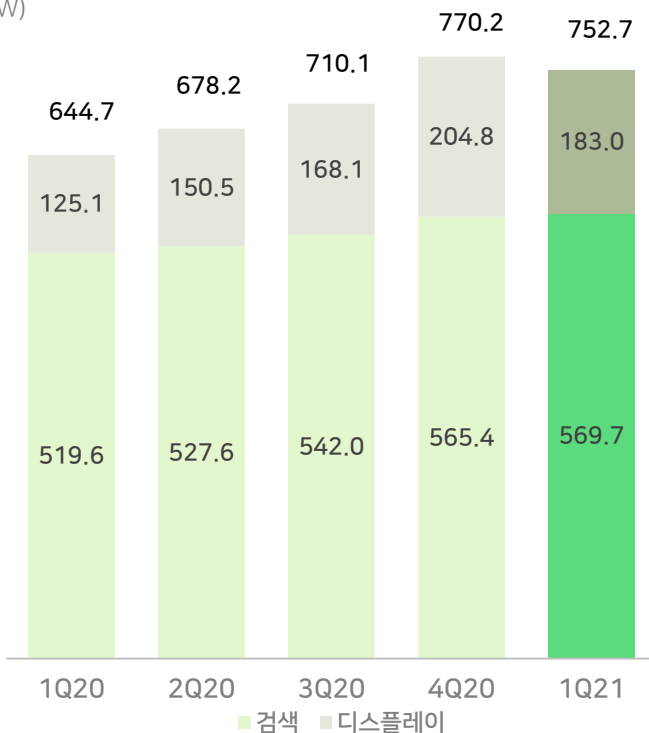
1Q21 YoY 16.8% ↑ / QoQ 2.3% ↓

(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)

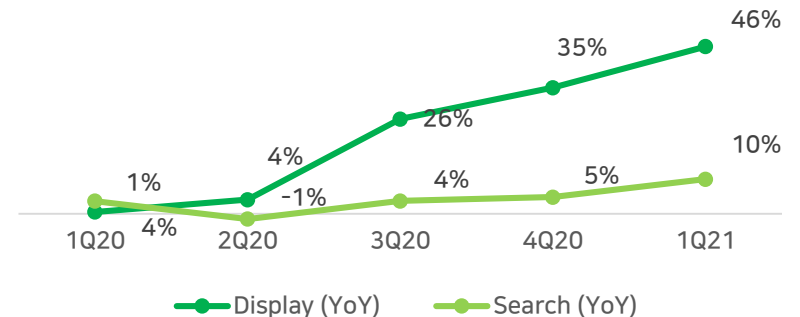


## Business Highlights

Performance ads expansion accelerating display revenue growth



PPC, optimization, and new products also driving search revenue growth

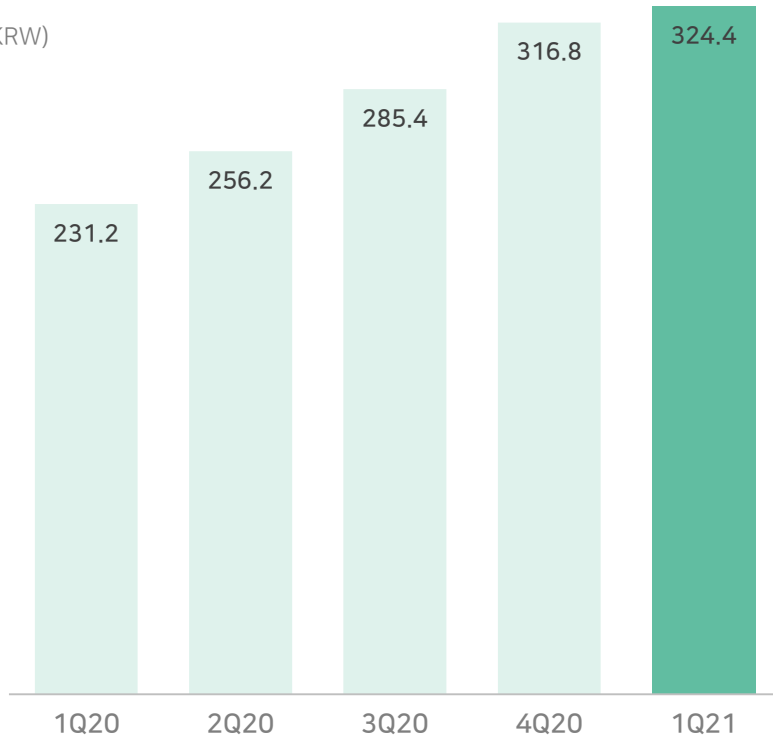


1Q21 YoY 40.3% ↑ / QoQ 2.4% ↑

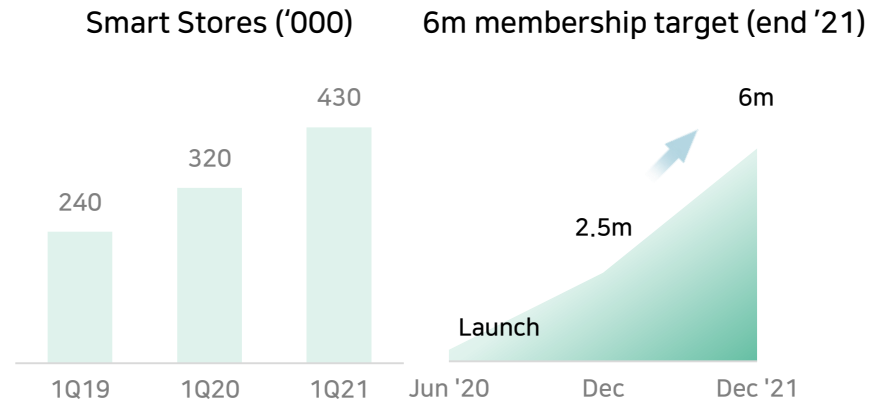
- Despite high base, Smartstore GMV was up 53% YoY driven by online conversion and growth of SMEs
- Due to various SME supports, number of Smart Stores and Brand Stores reached 450k (April) and 324, respectively
- Shopping LIVE GMV more than doubled QoQ

## Quarterly Revenue

(bn KRW)



## Business Highlights



## Key Strategies for 2021

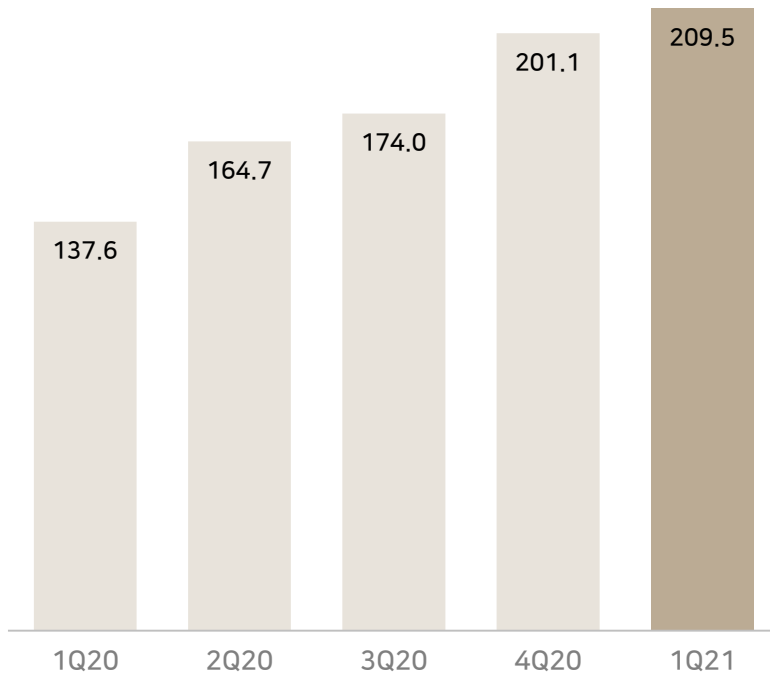
- ✓ Expand Brand Stores and introduce new merchant solutions
- ✓ Strengthen logistics through new partnerships (e.g. CJ Logistics/ Emart)
- ✓ Increase global commerce foot print with start of Smart Store in Japan

1Q21 YoY 52.2% ↑ / QoQ 4.2% ↑

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

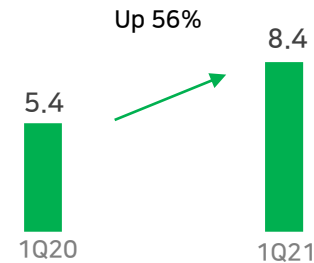
## Quarterly Revenue

(bn KRW)

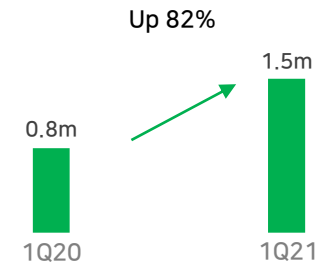


## Business Highlights

Naver Pay GMV (trn KRW)



On/offline Pay Merchants



## Pay Later beta test (mid April)

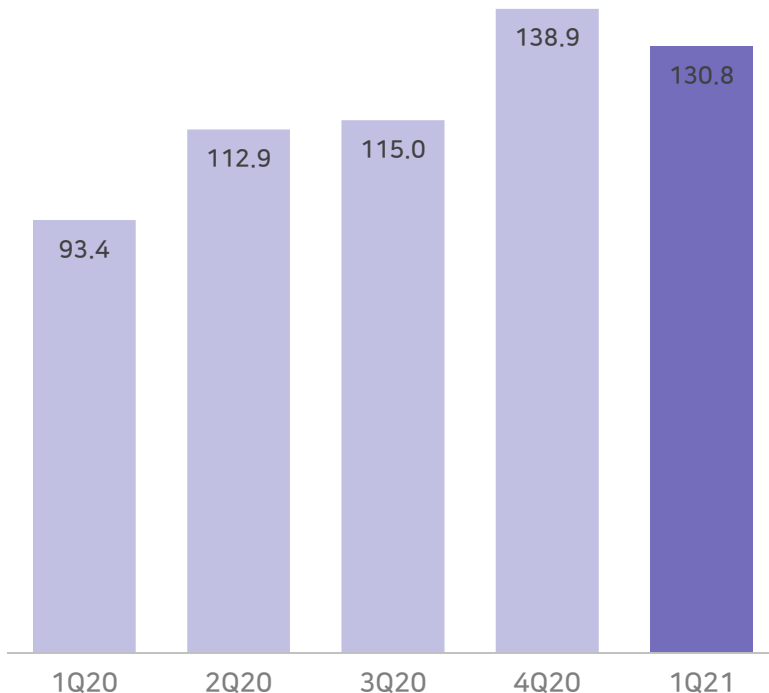
- ✓ Pay Later beta test launched for select thin filers and active users
- ✓ Building a fintech portfolio that encompasses end to end transaction flow
- ✓ Fast settlement, loans to Smart Stores, offline QR code payment, and etc

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 completed in May. A focus on creating global IP ecosystem, leveraging advanced technology and content diversity

## 분기 매출 추이

단위: 십억원



## Business Highlights

Wattpad – leading global webnovel platform (600m USD acquisition)

- ✓ Integration of global #1 webtoon and webnovel platform
- ✓ Addition of 94m Wattpad users and 5m creator pool to Webtoon

Weverse – partnership for global content market



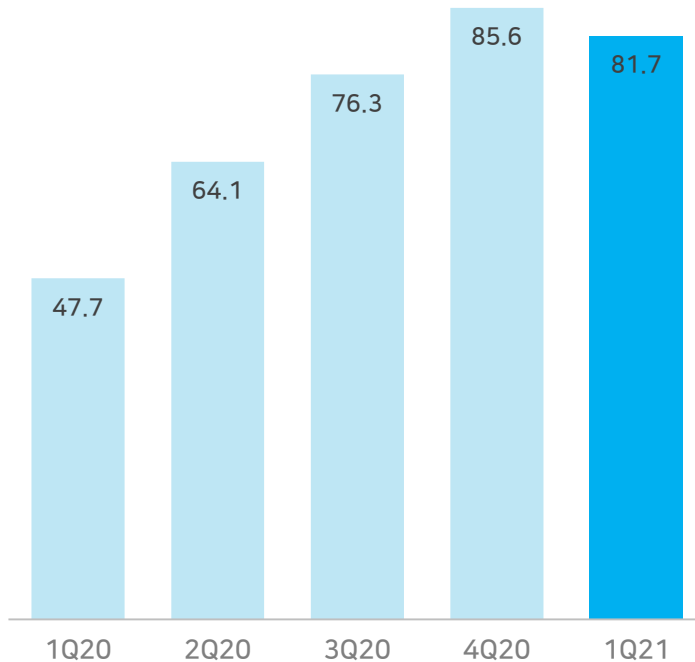
- ✓ Planning to integrate V LIVE and Weverse platforms within 1 year
- ✓ Target global market via unrivaled technology and content power

1Q21 YoY 71.1% ↑ / QoQ 4.5 % ↓

- Outbound cloud platform revenue grew 163% YoY on rising demand; in particular, public sector increased nearly tenfold YoY
- First to migrate a Personalized Hospital Information System to a cloud infrastructure for a general hospital (Korea University Anam Hospital)

## Quarterly Revenue

(bn KRW)



## Business Highlights

NAVER Cloud's main new contracts

- ✓ Enterprise - GS Retail, Hancm, and others
- ✓ Public - South Gyeongsang Province Digital Twin Project and others
- ✓ Financials - Tong Yang Life, Hanwha Asset Management, and others

Groundbreaking of "Gak Sejong" - the biggest data center in Asia





# 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

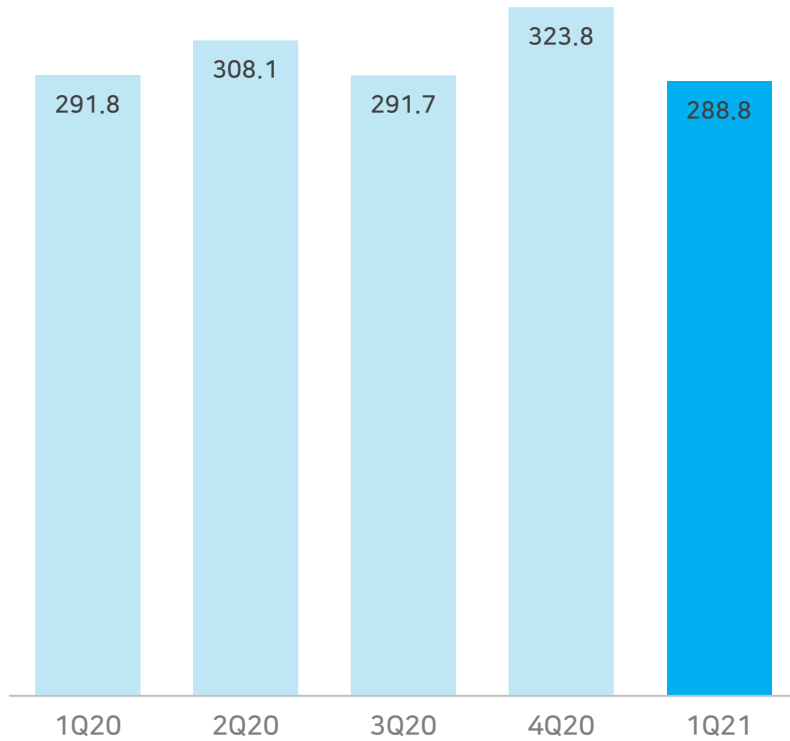
(bn KRW)	1Q20	2Q20	3Q20	4Q20	1Q21	Y/Y	Q/Q
<b>Operating Expenses</b>	862.9	968.0	1,069.1	1,188.9	1,210.2	40.3%	1.8%
Development & Operations	282.9	289.7	311.7	312.4	374.3	32.3%	19.8%
Partner	377.2	427.5	457.0	534.9	510.0	35.2%	-4.7%
Infrastructure	110.9	136.1	144.8	157.9	155.0	39.7%	-1.9%
Marketing	91.9	114.7	155.6	183.7	171.0	86.1%	-6.9%
<b>Operating Income</b>	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%
<b>Adjusted EBITDA</b>	356.3	401.9	389.8	419.2	440.6	23.7%	5.1%
<b>Net Income*</b>	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

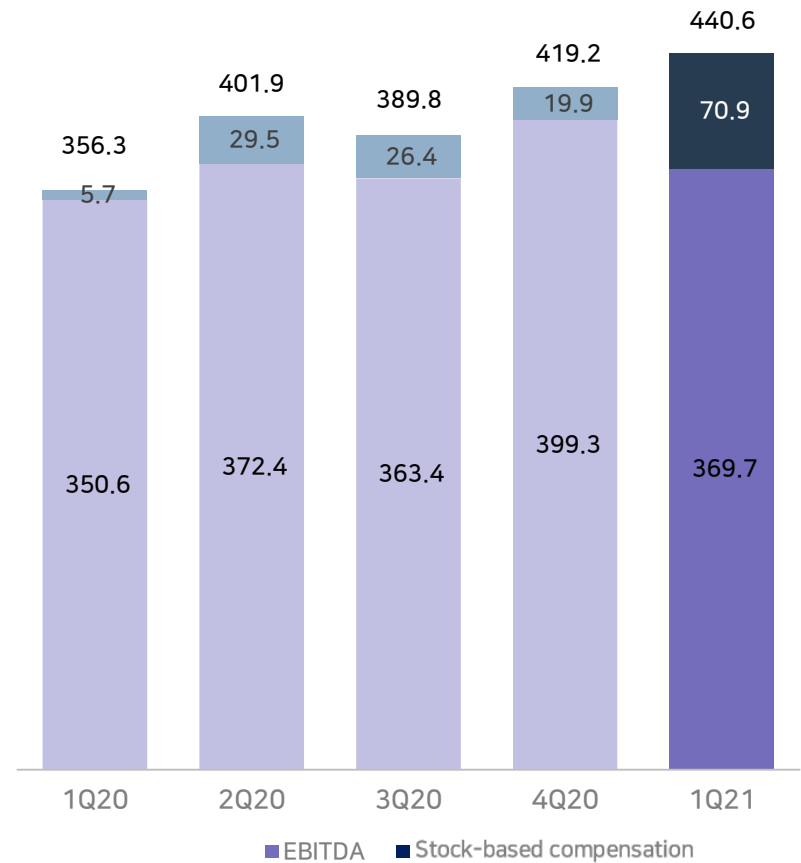
## Operating Income

(bn KRW)



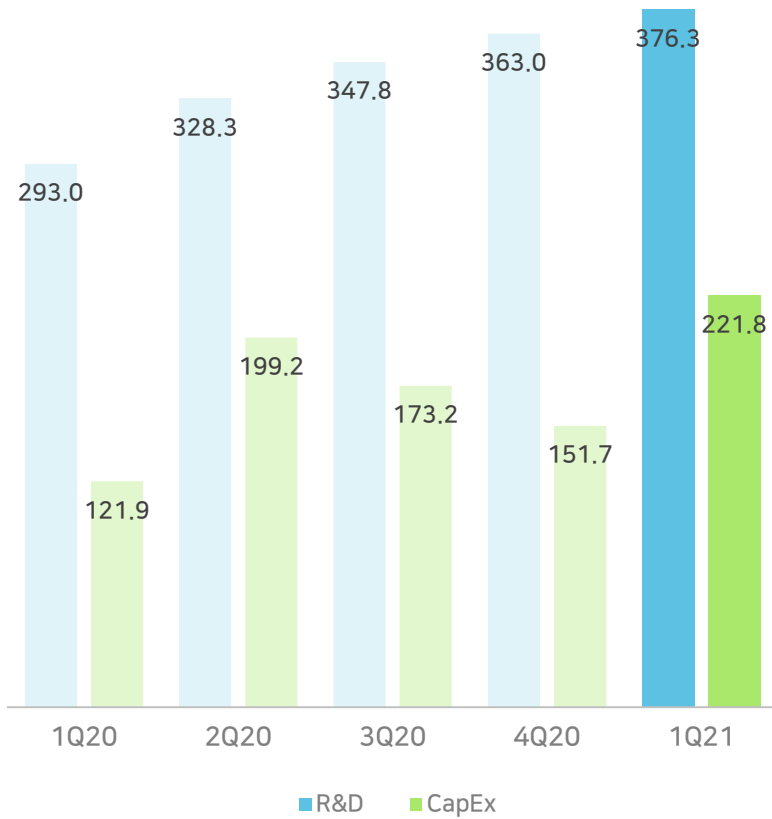
## Adjusted EBITDA

(bn KRW)



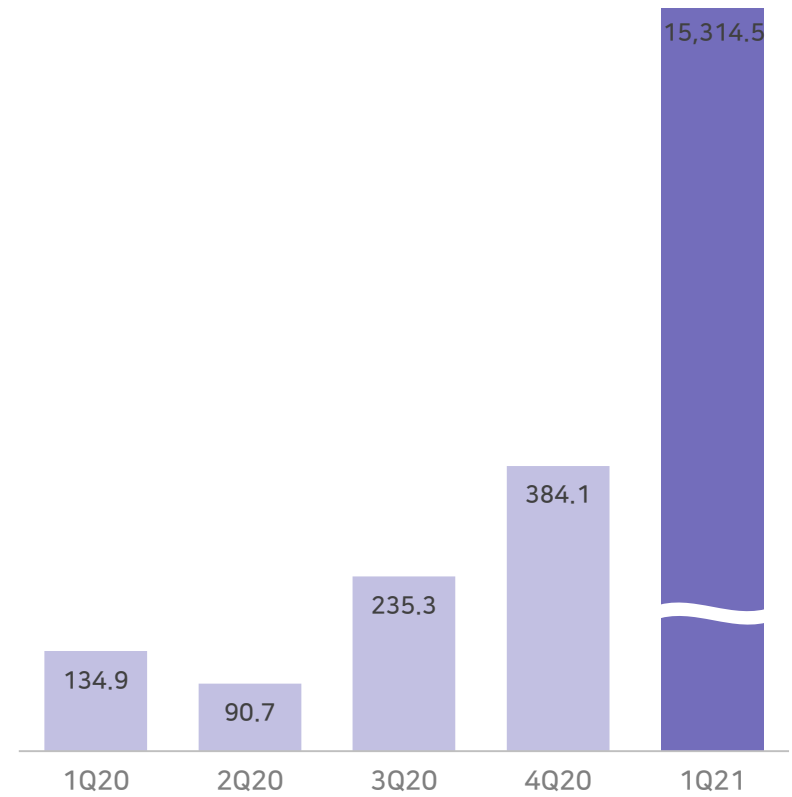
## R&D/CapEx

(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	252,271
Non-operating Expenses	35,001	99,189	46,655	96,107	116,208
<b>Pre-tax Income</b>	<b>420,119</b>	<b>289,274</b>	<b>361,582</b>	<b>562,584</b>	<b>424,896</b>
Tax	123,489	93,670	117,610	157,766	110,269
Net Income from Continuing Operations	296,630	195,604	243,972	404,819	314,627
Net gain/loss from Discontinued Operations	-161,755	-104,922	-8,629	-20,721	14,999,895
<b>Net Income</b>	<b>134,875</b>	<b>90,682</b>	<b>235,343</b>	<b>384,097</b>	<b>15,314,522</b>
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
<b>Total Assets</b>	<b>13,766,034</b>	<b>14,692,164</b>	<b>15,452,560</b>	<b>17,014,239</b>	<b>30,431,007</b>
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
<b>Total Liabilities</b>	<b>6,310,797</b>	<b>6,734,312</b>	<b>8,040,823</b>	<b>8,759,107</b>	<b>7,997,815</b>
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
<b>Total Equity</b>	<b>7,455,237</b>	<b>7,957,851</b>	<b>7,411,737</b>	<b>8,255,132</b>	<b>22,433,192</b>

## 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
<b>Pre-tax Income</b>	<b>446,383</b>	<b>345,931</b>	<b>414,381</b>	<b>453,608</b>	<b>410,710</b>
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	-	-	-	-	-
<b>Net Income</b>	<b>327,065</b>	<b>253,779</b>	<b>302,306</b>	<b>313,775</b>	<b>299,530</b>

## 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
<b>Total Assets</b>	<b>6,994,762</b>	<b>7,205,707</b>	<b>7,716,082</b>	<b>8,823,551</b>	<b>10,772,123</b>
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
<b>Total Liabilities</b>	<b>1,287,272</b>	<b>1,159,795</b>	<b>1,270,952</b>	<b>1,561,424</b>	<b>2,960,310</b>
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
<b>Total Equity</b>	<b>5,707,490</b>	<b>6,045,912</b>	<b>6,445,130</b>	<b>7,262,126</b>	<b>7,811,813</b>