

IR Presentation

August 2021

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Earnings Summary

- Strong performance in all business lines led to 30.4% YoY revenue growth, continuing the five-quarter upward streak
- Portion of non-Search Platform sales exceeded 50% for the first time. Adjusted EBITDA increased 19.5% YoY, reaching another all-time high

| (bn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | Y/Y | Q/Q |
|--------------------|---------|---------|---------|----------|---------|--------|--------|
| Operating Revenue | 1,276.0 | 1,360.8 | 1,512.6 | 1,499.1 | 1,663.5 | 30.4% | 11.0% |
| Search Platform | 678.2 | 710.1 | 770.2 | 752.7 | 826.0 | 21.8% | 9.7% |
| Commerce | 256.2 | 285.4 | 316.8 | 324.4 | 365.3 | 42.6% | 12.6% |
| Fintech | 164.7 | 174.0 | 201.1 | 209.5 | 232.6 | 41.2% | 11.0% |
| Contents | 112.9 | 115.0 | 138.9 | 130.8 | 144.8 | 28.2% | 10.7% |
| Cloud | 64.1 | 76.3 | 85.6 | 81.7 | 94.9 | 48.1% | 16.2% |
| Operating Expenses | 968.0 | 1,069.1 | 1,188.9 | 1,210.2 | 1,327.9 | 37.2% | 9.7% |
| Operating Income | 308.1 | 291.7 | 323.8 | 288.8 | 335.6 | 8.9% | 16.2% |
| Adjusted EBITDA* | 401.9 | 389.8 | 419.2 | 440.6 | 480.4 | 19.5% | 9.0% |
| Net Income | 90.7 | 235.3 | 384.1 | 15,314.5 | 540.6 | 496.1% | -96.5% |

* EBITDA + stock-based compensation

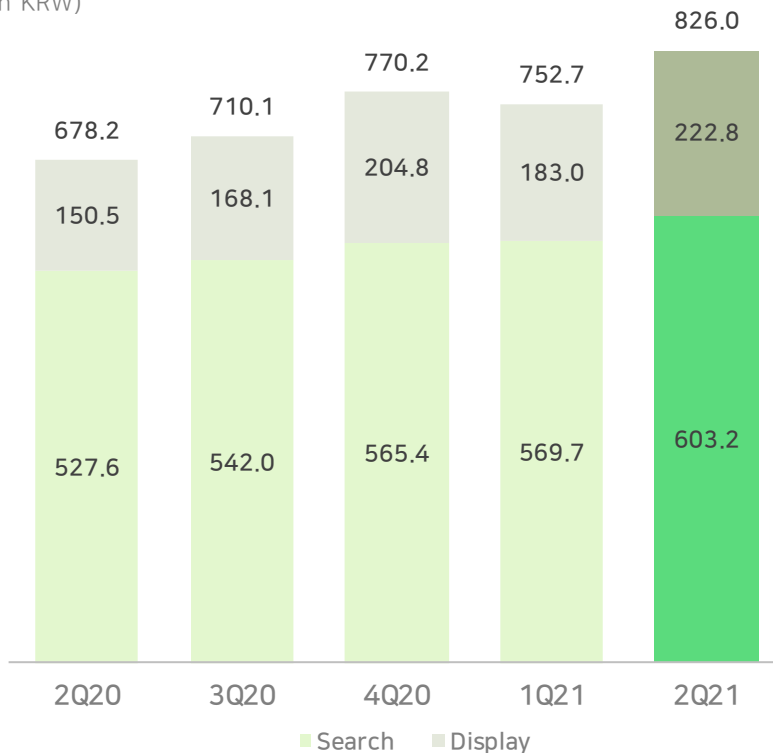
2Q21 YoY 21.8% ↑ / QoQ 9.7% ↑

(Search) YoY 14.3% ↑ / QoQ 5.9% ↑ (Display) YoY 48.0% ↑ / QoQ 21.7% ↑

- Search revenue rose 14.3% YoY as AI tech and UGC enhancement led to improved search quality and ads efficiency
- Display revenue growth remained high at 48.0% YoY from performance ads inventory growth and product upgrades

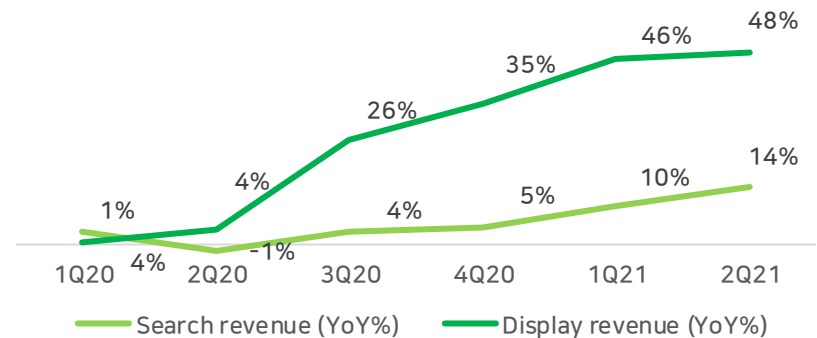
Quarterly Revenue

(bn KRW)



Business Highlights

Performance ads expansion accelerating display revenue growth

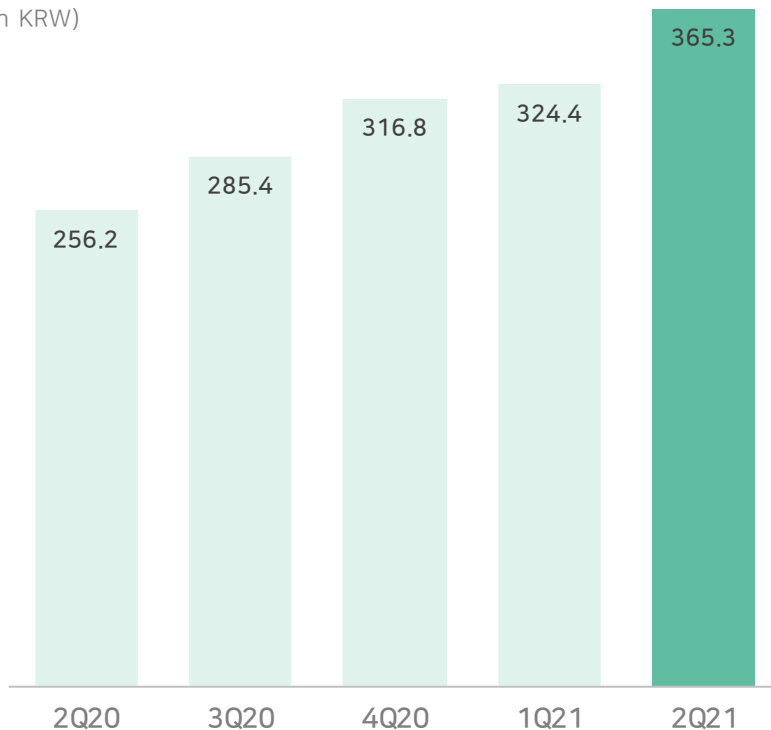


2Q21 YoY 42.6% ↑ / QoQ 12.6% ↑

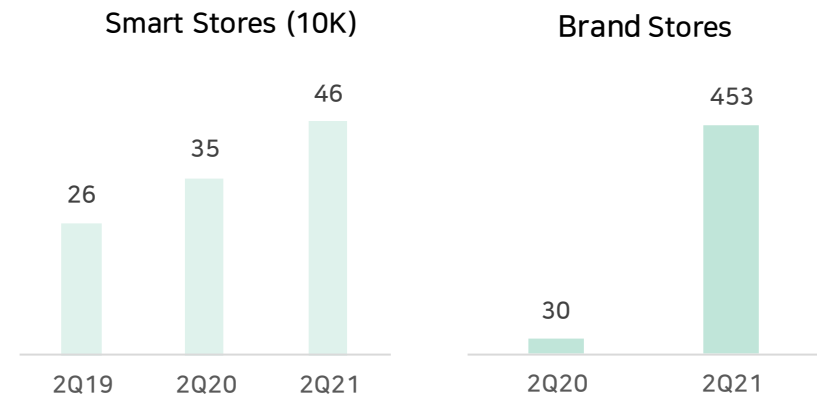
- The number of Brand Stores rose to 450+ with GMV growing 5x YoY
- Launch of Brand Shopping Search Ads in late March drove continued growth in revenue
- Shopping LIVE revenue rose 17x YoY backed by market leading technology and SME pool

Quarterly Revenue

(bn KRW)



Business Highlights



Key Strategies for 2H21

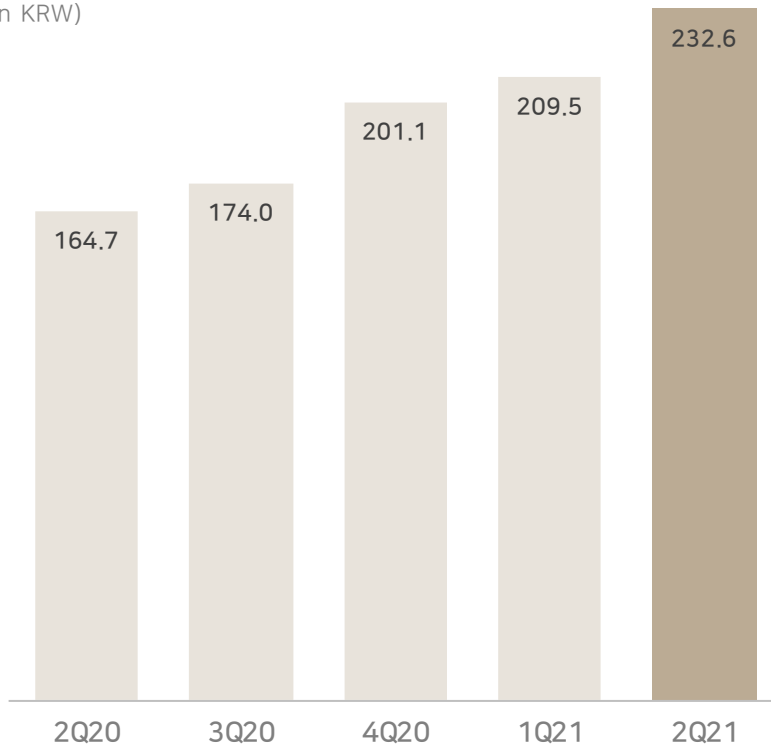
- ✓ Beta test for merchant solutions launched
- ✓ Strengthen NFA & fresh food categories via new partnerships (e.g. CJ Logistics and Emart)
- ✓ Increase global commerce foot print with launch of Smart Store in Japan

2Q21 YoY 41.2% ↑ / QoQ 11.0% ↑

- NAVER Pay GMV grew 47% YoY to 9.1 trillion KRW with continued outside partner expansion, growth of existing account transactions, as well as increased user base and per customer spending
- Beta testing of Pay Later service in 2Q21 has been running smoothly. Official launch to take place after strengthening payment experience and credit assessment capabilities

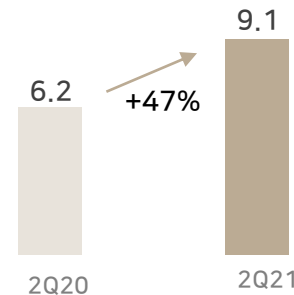
Quarterly Revenue

(bn KRW)

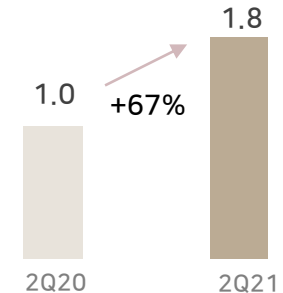


Business Highlights

Naver Pay GMV (trn KRW)



On/offline Pay Merchants (mn)



Expansion of Pay Later & Smart Store Merchant loans

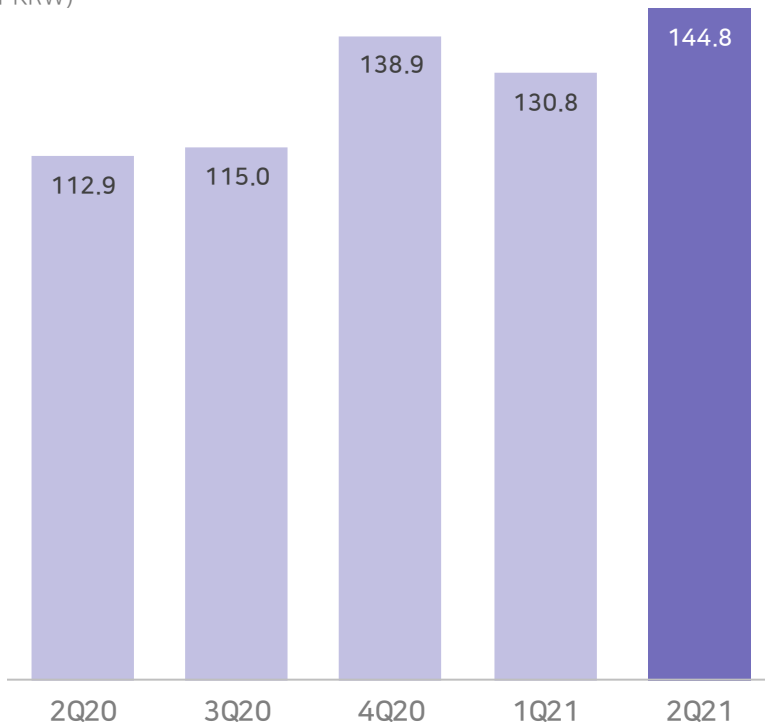
- ✓ Pay Later : To expand user base following beta tests with thin-filers
- ✓ Smart Store Merchant Loan: Added Woori Bank to ease loan eligibility
- ✓ Establishing innovative fintech service portfolios encompassing the entire transaction process

2Q21 YoY 28.2% ↑ / QoQ 10.7% ↑

- Webtoon revenue growth of YoY 52.7% outpaced GMV growth from higher paying user conversion and cross-border content expansion
- Snow revenue more than doubled YoY from introducing camera ads and Zepeto monetization

Quarterly Revenue

(bn KRW)



Business Highlights

Launch of Wattpad/Webtoon studio – start of global IP business



Wattpad WEBTOON Studios

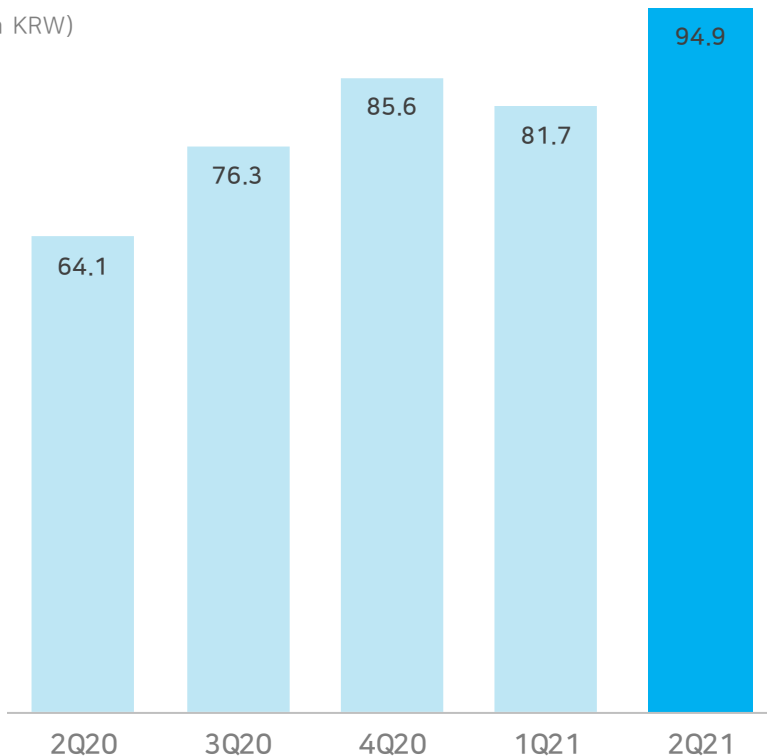
- ✓ #1 story telling platform with over 6 million creators and 167 million users globally
- ✓ Over 1 billion original IP library + KRW 100bn fund launched to improve profitability of the IP business
- ✓ Plan to expand original content line up through collaboration with renowned global IP holders

2Q21 YoY 48.1% ↑ / QoQ 16.2% ↑

- Strong NCP revenue growth continued (77% YoY) from higher cloud conversion demand
- Began in-house test application of next generation B2B solutions including “Hyper Clova (AI model)” and cloud robotics system

Quarterly Revenue

(bn KRW)



Business Highlights

NAVERCloud's main new contracts

- ✓ First public cloud adopted within the Korean banking sector (NH)
- ✓ Securing Samsung Group references (Samsung Life, Engineering)

Showcasing of the first hyperscale AI in Korea – “NAVERAINOW”



Operating Expenses/Income

- OP expenses rose 37.2% YoY from higher commission fees, Pay reward points, labor cost and stock-based compensation
- Net income rose 5x YoY due to equity method gains from A Holdings, while it fell QoQ on high base effect from LINE-Z Holdings merger related one-off gains

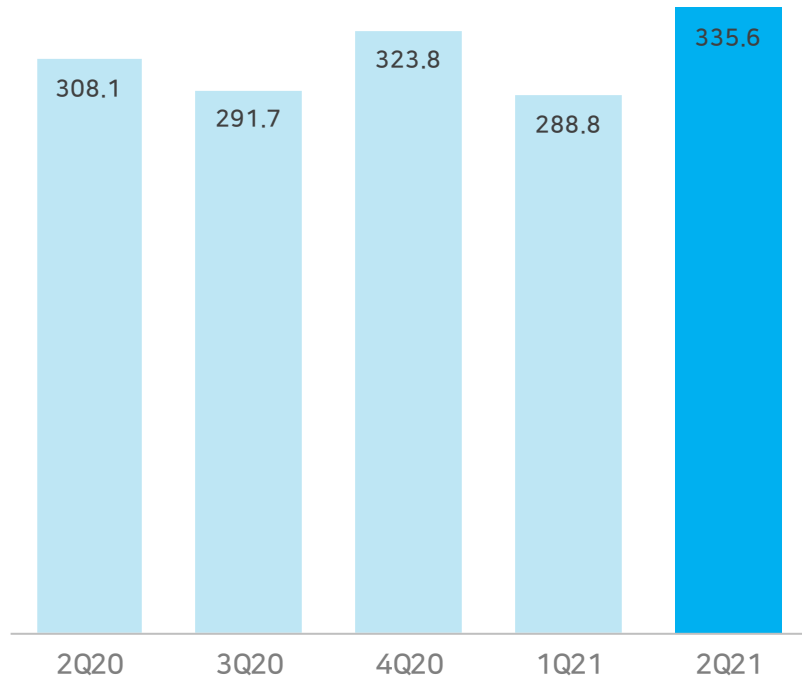
| (bn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | Y/Y | Q/Q |
|----------------------------|-------|---------|---------|----------|---------|--------|--------|
| Operating Expenses | 968.0 | 1,069.1 | 1,188.9 | 1,210.2 | 1,327.9 | 37.2% | 9.7% |
| Development & Operations | 289.7 | 311.7 | 312.4 | 374.3 | 399.6 | 38.0% | 6.8% |
| Partner | 427.5 | 457.0 | 534.9 | 510.0 | 581.7 | 36.1% | 14.1% |
| Infrastructure | 136.1 | 144.8 | 157.9 | 155.0 | 170.6 | 25.3% | 10.1% |
| Marketing | 114.7 | 155.6 | 183.7 | 171.0 | 176.0 | 53.4% | 2.9% |
| Operating Income | 308.1 | 291.7 | 323.8 | 288.8 | 335.6 | 8.9% | 16.2% |
| Non-cash expenses | 93.8 | 98.1 | 95.5 | 151.8 | 144.7 | 54.3% | -4.6% |
| └ Stock based compensation | 29.5 | 26.4 | 19.9 | 70.9 | 59.0 | 100.0% | -16.8% |
| Adjusted EBITDA* | 401.9 | 389.8 | 419.2 | 440.6 | 480.4 | 19.5% | 9.0% |
| Net Income | 90.7 | 235.3 | 384.1 | 15,314.5 | 540.6 | 496.1% | -96.5% |

* EBITDA + stock-based compensation

Operating Income, Adjusted EBITDA

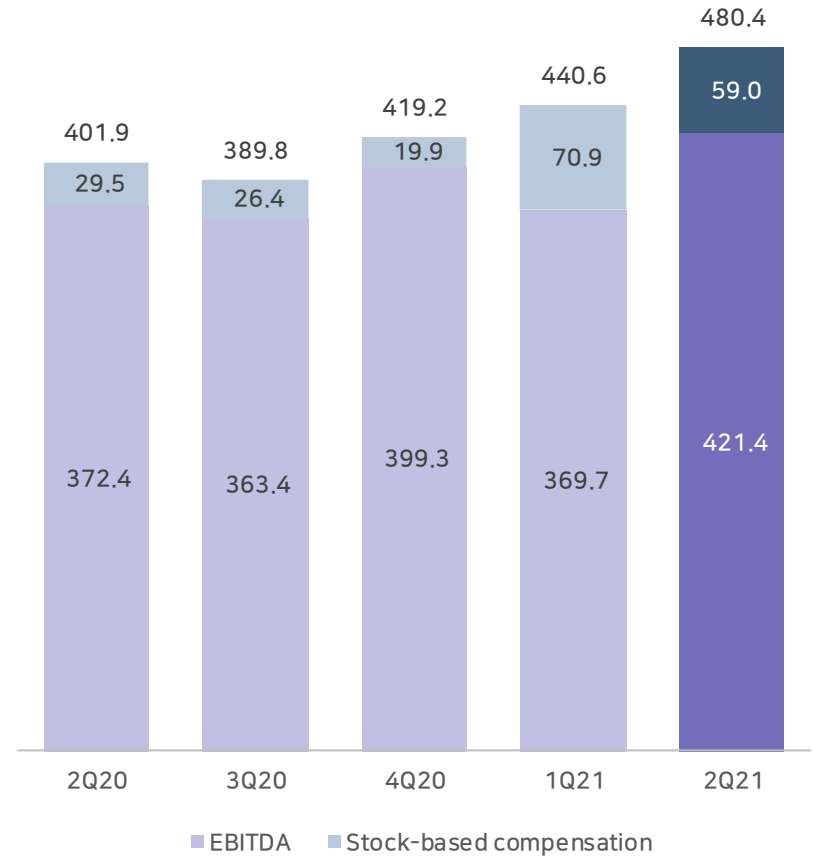
Operating Income

(bn KRW)



Adjusted EBITDA

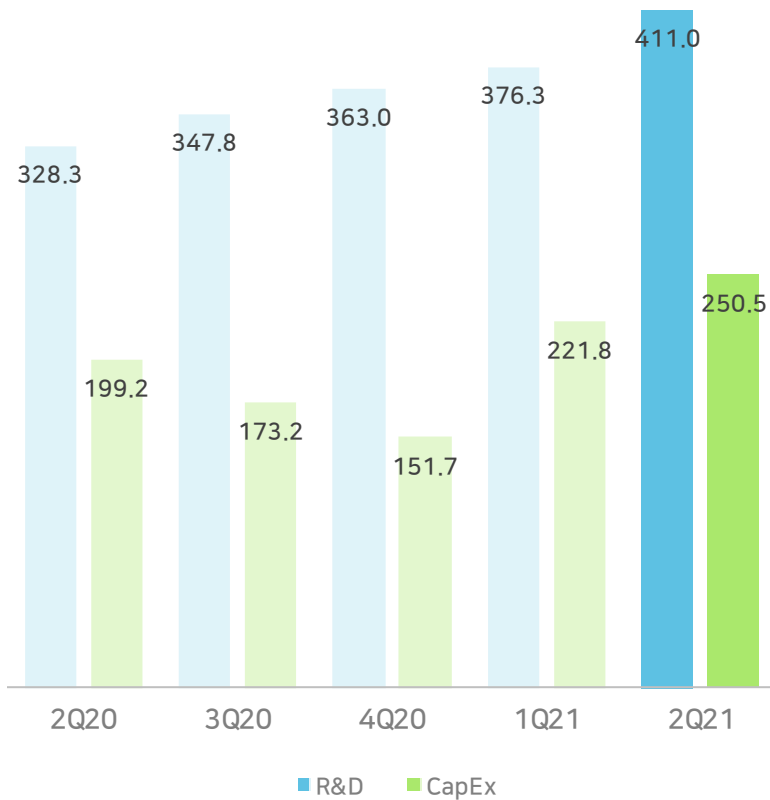
(bn KRW)



R&D/CapEx, Net Income

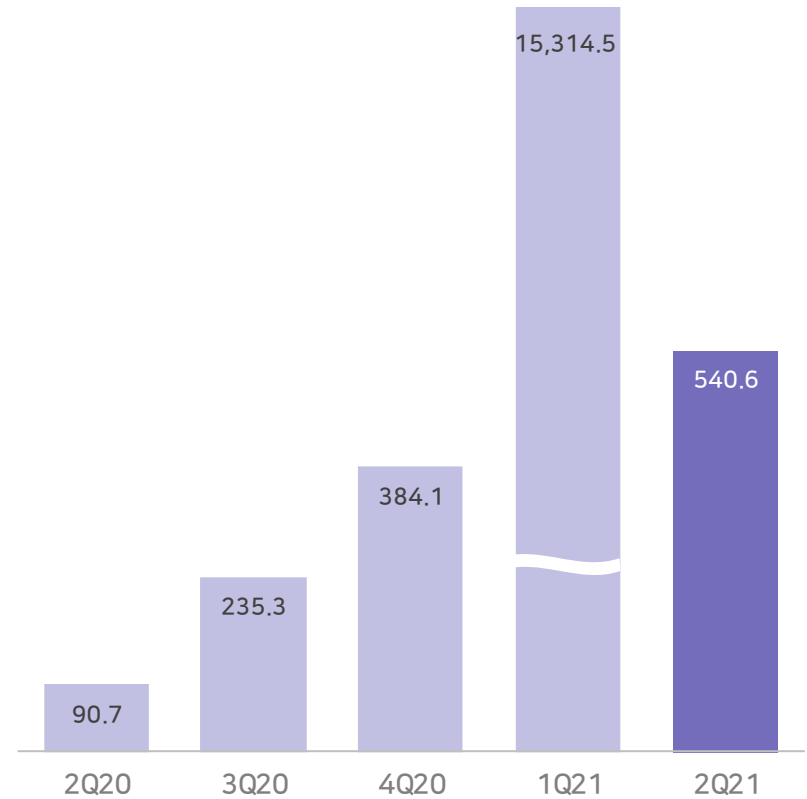
R&D/CapEx

(bn KRW)



Net Income

(bn KRW)



NAVER Fulfillment Alliance launched on July 13th

- Data based fulfillment platform designed to meet the needs of 460,000 sellers on NAVER
- Expanding cooperation with new partners to provide diverse set of logistics data tools and services, starting with cold chain and fulfillment specializing on non brands

NAVER Fulfillment Alliance

Necessities
Fast delivery



Online Food
Fresh delivery



SME
Storage to
delivery



Dongdaemoon
Fashion
Merchandiser



Premium
Luxury
packaging



Strategic partnership with CJ Logistics on nationwide same day delivery NAVER

NAVER



CJ LOGISTICS

Became the third largest share holder of CJ Logistics with a 7.85% stake on Oct. 2020

Acquired 0.64% stake in Naver also on Oct. 2020



- Expand fulfillment service capacity exclusive to Naver sellers by more than 10x to over 200,000 pyeong (over c661,000 sq m)
- To offer next day delivery to over 150 Brand Stores by year end (priority on categories that require fast delivery such as necessities)
- To expand service to Smart Stores (over 460,000 sellers) next year
- Strategic Smart Logistics Center using Naver's AI, robotics, and latest next generation technology
- Lead eco-friendly logistics with eco-friendly packaging

Financial Statements Summary

Consolidated Income Statement

| (mn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 |
|--|-----------|-----------|-----------|------------|-----------|
| Operating Revenue | 1,276,042 | 1,360,779 | 1,512,630 | 1,499,070 | 1,663,549 |
| Operating Expenses | 967,959 | 1,069,053 | 1,188,880 | 1,210,237 | 1,327,924 |
| Operating Income | 308,083 | 291,727 | 323,750 | 288,833 | 335,625 |
| Non-operating Revenue | 80,380 | 116,510 | 334,941 | 252,271 | 388,747 |
| Non-operating Expenses | 99,189 | 46,655 | 96,107 | 116,208 | 77,252 |
| Pre-tax Income | 289,274 | 361,582 | 562,584 | 424,896 | 647,120 |
| Tax | 93,670 | 117,610 | 157,766 | 110,269 | 106,568 |
| Net Income from Continuing Operations | 195,604 | 243,972 | 404,819 | 314,627 | 540,552 |
| Net gain/loss from Discontinued Operations | -104,922 | -8,629 | -20,721 | 14,999,895 | |
| Net Income | 90,682 | 235,343 | 384,097 | 15,314,522 | 540,552 |
| Controlling Interests | 147,263 | 245,468 | 424,552 | 15,310,496 | 527,653 |
| Non-controlling Interests | -56,581 | -10,125 | -40,454 | 4,025 | 12,899 |

Consolidated Statement of Financial Position

| (mn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 |
|----------------------------|------------|------------|------------|------------|------------|
| Current Assets | 7,099,070 | 10,206,941 | 10,544,659 | 5,236,989 | 4,946,302 |
| Assets held for sale | | 6,535,890 | 6,660,253 | | |
| Non-current Assets | 7,593,094 | 5,245,619 | 6,469,579 | 25,194,018 | 26,748,586 |
| Total Assets | 14,692,164 | 15,452,560 | 17,014,239 | 30,431,007 | 31,694,888 |
| Current Liabilities | 4,579,566 | 7,272,227 | 7,911,751 | 3,538,672 | 3,635,599 |
| Liabilities held for sale | | 3,730,412 | 4,675,241 | | |
| Non-current Liabilities | 2,154,746 | 768,595 | 847,355 | 4,459,144 | 4,795,592 |
| Total Liabilities | 6,734,312 | 8,040,823 | 8,759,107 | 7,997,815 | 8,431,191 |
| Paid-in Capital | 16,481 | 16,481 | 16,481 | 16,481 | 16,481 |
| Capital Surplus | 2,334,872 | 1,446,115 | 1,793,273 | 1,321,026 | 1,432,457 |
| Other Components of Equity | -1,353,565 | -1,236,244 | -1,097,350 | -1,151,608 | -1,080,783 |
| Retained Earnings | 5,944,391 | 6,233,586 | 6,654,814 | 21,899,571 | 22,450,465 |
| Non-controlling Interests | 1,015,673 | 951,800 | 887,913 | 347,722 | 445,076 |
| Total Equity | 7,957,851 | 7,411,737 | 8,255,132 | 22,433,192 | 23,263,697 |

Income Statement

| (mn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 |
|--|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 993,667 | 1,056,140 | 1,158,862 | 1,135,808 | 1,245,246 |
| Operating Expenses | 631,532 | 689,285 | 772,494 | 763,814 | 865,940 |
| Operating Income | 362,135 | 366,855 | 386,368 | 371,993 | 379,307 |
| Non-operating Revenue | 43,173 | 92,083 | 182,503 | 113,348 | 162,254 |
| Non-operating Expenses | 59,376 | 44,557 | 115,263 | 74,632 | 55,946 |
| Pre-tax Income | 345,931 | 414,381 | 453,608 | 410,710 | 485,615 |
| Tax | 92,153 | 112,075 | 139,833 | 111,179 | 111,868 |
| Net Income from Continuing Operations | 253,779 | 302,306 | 313,775 | 299,530 | 373,746 |
| Net gain/loss from Discontinued Operations | - | - | - | - | - |
| Net Income | 253,779 | 302,306 | 313,775 | 299,530 | 373,746 |

Statement of Financial Position

| (mn KRW) | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 |
|----------------------------|------------|------------|------------|------------|------------|
| Current Assets | 912,221 | 1,685,606 | 958,003 | 2,089,381 | 1,546,778 |
| Non-current Assets | 6,293,486 | 6,030,476 | 7,865,548 | 8,682,741 | 9,950,165 |
| Total Assets | 7,205,707 | 7,716,082 | 8,823,551 | 10,772,123 | 11,496,943 |
| Current Liabilities | 917,090 | 1,023,388 | 1,269,469 | 1,435,298 | 1,180,211 |
| Non-current Liabilities | 242,705 | 247,564 | 291,955 | 1,525,012 | 1,891,369 |
| Total Liabilities | 1,159,795 | 1,270,952 | 1,561,424 | 2,960,310 | 3,071,580 |
| Paid-in Capital | 16,481 | 16,481 | 16,481 | 16,481 | 16,481 |
| Capital Surplus | 362,406 | 362,406 | 675,892 | 838,284 | 949,628 |
| Other Components of Equity | -1,521,006 | -1,424,433 | -1,233,773 | -1,158,420 | -981,487 |
| Retained Earnings | 7,188,030 | 7,490,675 | 7,803,527 | 8,115,468 | 8,440,741 |
| Total Equity | 6,045,912 | 6,445,130 | 7,262,126 | 7,811,813 | 8,425,364 |