

NAVER

1Q24 Earnings Results

2024.5.3

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Earnings Summary

- Revenue grew 10.8% YoY (-0.4% QoQ) with contribution across all major businesses
- Adjusted EBITDA grew 19.0% YoY (+0.2% QoQ) on improved profitability in Contents and operating profit expansion at Poshmark
- Decline in stock-based compensation resulting from negative stock price swing also a factor in operating margin improvement

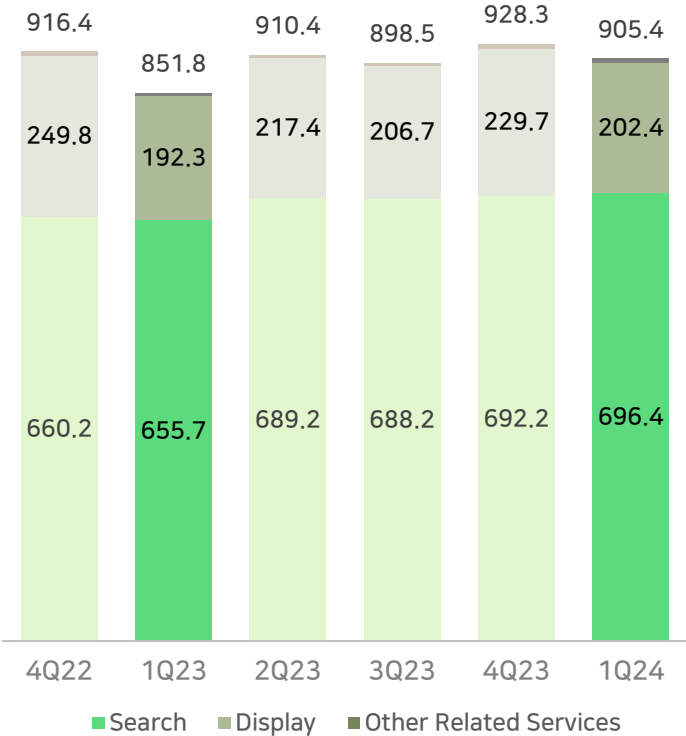
bn KRW	1Q23	2Q23	3Q23	4Q23	1Q24	Y/Y	Q/Q
Revenue	2,280.4	2,407.9	2,445.3	2,537.0	2,526.1	10.8%	-0.4%
Search Platform	851.8	910.4	898.5	928.3	905.4	6.3%	-2.5%
Commerce	605.9	632.9	647.4	660.5	703.4	16.1%	6.5%
Fintech	318.2	339.7	340.8	356.0	353.9	11.2%	-0.6%
Contents	411.3	420.4	434.9	466.3	446.3	8.5%	-4.3%
Cloud and Future R&D	93.2	104.5	123.6	125.9	117.0	25.5%	-7.0%
Operating Expenses	1,950.0	2,035.2	2,065.1	2,131.5	2,086.8	7.0%	-2.1%
Adjusted EBITDA**	488.1	515.1	550.6	580.0	581.0	19.0%	0.2%
Adjusted EBITDA Margin (%)	21.4%	21.4%	22.5%	22.9%	23.0%	1.6%p	0.1%p
Operating Profit	330.5	372.7	380.2	405.5	439.3	32.9%	8.3%
Operating Margin (%)	14.5%	15.5%	15.5%	16.0%	17.4%	2.9%p	1.4%p
Net Profit	43.7	286.7	356.2	298.4	555.8	1,173.2%	86.2%
Net Margin (%)	1.9%	11.9%	14.6%	11.8%	22.0%	20.1%p	10.2%p

** EBITDA + stock-based compensation

Search Platform Search, Display, Other Related Services

Quarterly Revenue

(bn KRW)



1Q24 YoY 6.3% ↑ / QoQ % -2.5% ↓

Search YoY 6.2% / QoQ 0.6%

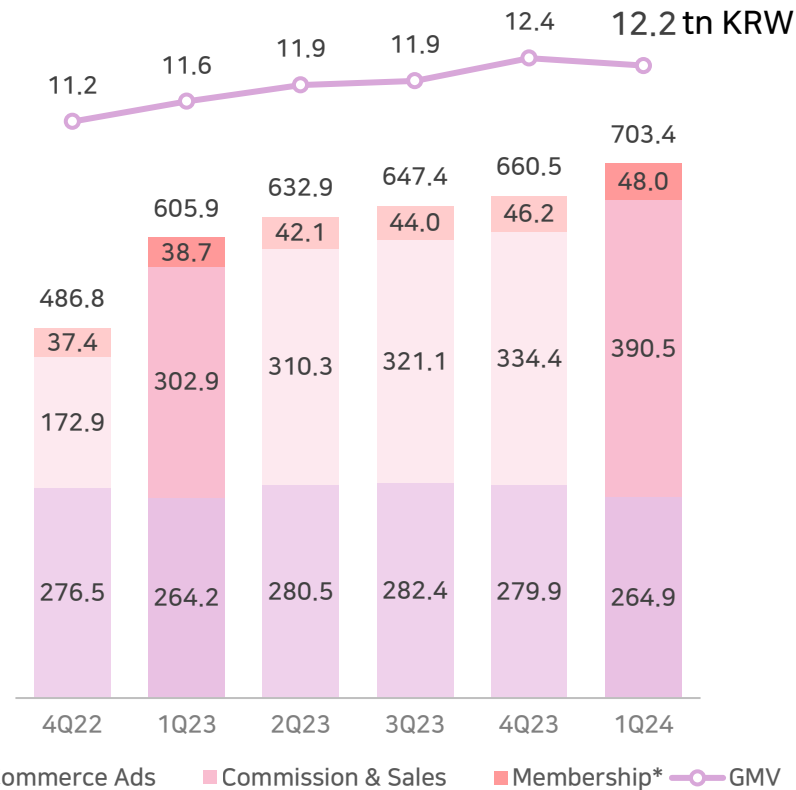
Display YoY 5.3% / QoQ -11.9%

- Search grew 6.2% YoY, supported by efficiency improvement of search ads and introduction of bidding for local ads
- Display grew 5.3% YoY, supported by home feed performance ads as well as new advertiser wins

Commerce Ad, Commission & Sales, Membership

Quarterly Revenue

(bn KRW, tn KRW)



*Subscription revenue

1Q24 YoY 16.1% ↑ / QoQ 6.5% ↑ ¹⁾

Commerce Ad YoY 0.3% / QoQ -5.3%

Commission & Sales YoY 28.9% / QoQ 16.8%²⁾

Membership YoY 24.0% / QoQ 3.9%

- Revenue increased 16.1% YoY, driven by new revenue streams such as Guaranteed Delivery and Brand Solution as well as acquisition of SODA
- GMV (excluding outlink marketplaces) grew 9.4% YoY ³⁾ (-0.4% QoQ) driven by Brandstore and Services segment
- Membership revenue continues to grow on member and active user growth

1) Total revenue excl. SODA consolidation effect: 10.4% YoY, QoQ 1.3%

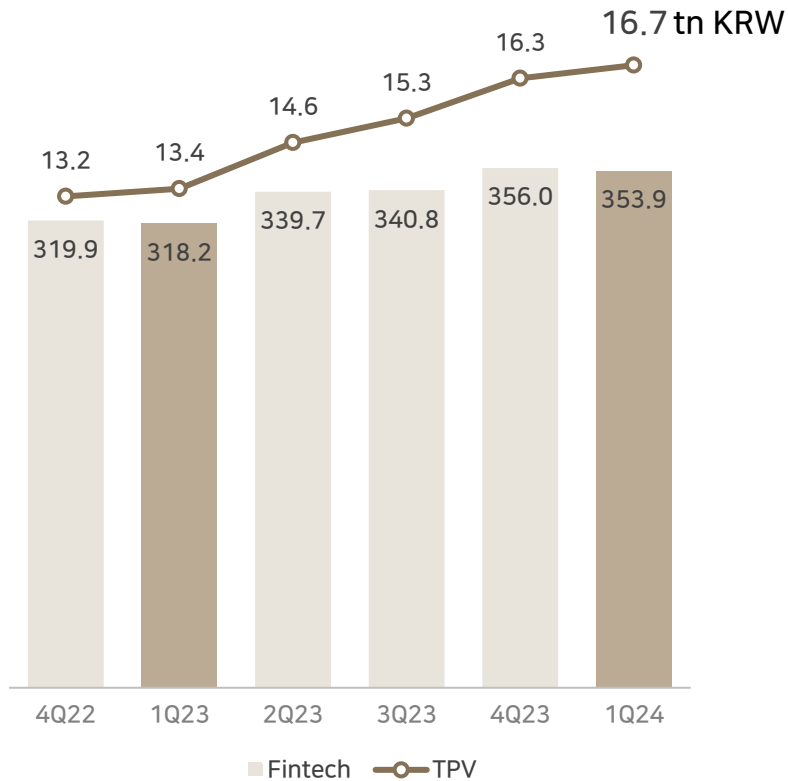
2) Commission & Sales excl. SODA consolidation effect: 17.5% YoY, QoQ 6.5%

3) GMV excl. SODA consolidation effect: 8.0% YoY, QoQ -1.7%

Fintech Payments, Digital Finance, etc.

Quarterly Revenue

(bn KRW, tn KRW)



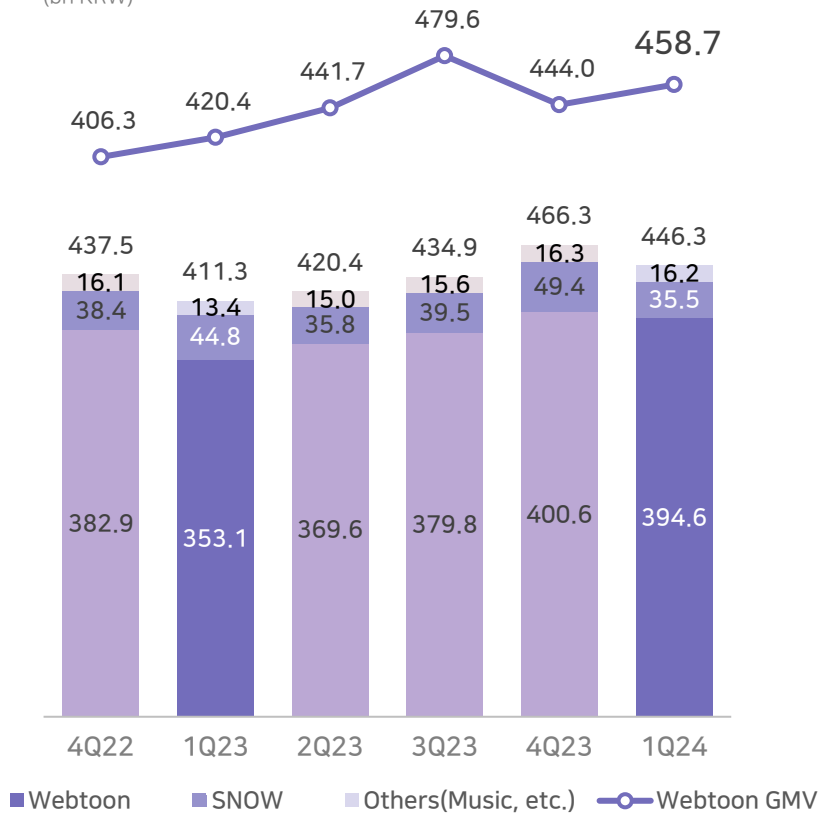
1Q24 YoY 11.2% ↑ / QoQ -0.6% ↓

- 1Q TPV grew 24.8% YoY (+2.2% QoQ) to 16.7tn KRW as 3rd party ecosystem continued to expand
- Non-captive TPV grew 51.8% YoY (+7.3% QoQ) to 8.2tn KRW, supported by holiday and back-to-school promotions
- Offline TPV jumped 174% YoY as QR and MST-based payments continued to increase
- Loan comparison volume tripled QoQ to 1.6tn KRW with increase in integrations across broader Naver platform

Contents Webtoon, SNOW, Others

Quarterly Revenue

(bn KRW)



1Q24 YoY 8.5% ↑ / QoQ -4.3% ↓ 1)

Webtoon YoY 11.7% / QoQ -1.5%
 SNOW YoY -20.7%* / QoQ -28.1%²⁾
 Others YoY 21.3% / QoQ -0.7%

[Webtoon]

- Global Webtoon GMV grew 9.1% YoY to 458.7bn KRW. EBITDA and operating profit continued to expand
- Growth distributed evenly across content subscription, IP monetization, & ads. Japan, with increase in original contents, led growth in paying users. Ad revenue in Japan also increased threefold YoY with expanded ad line up

[SNOW]

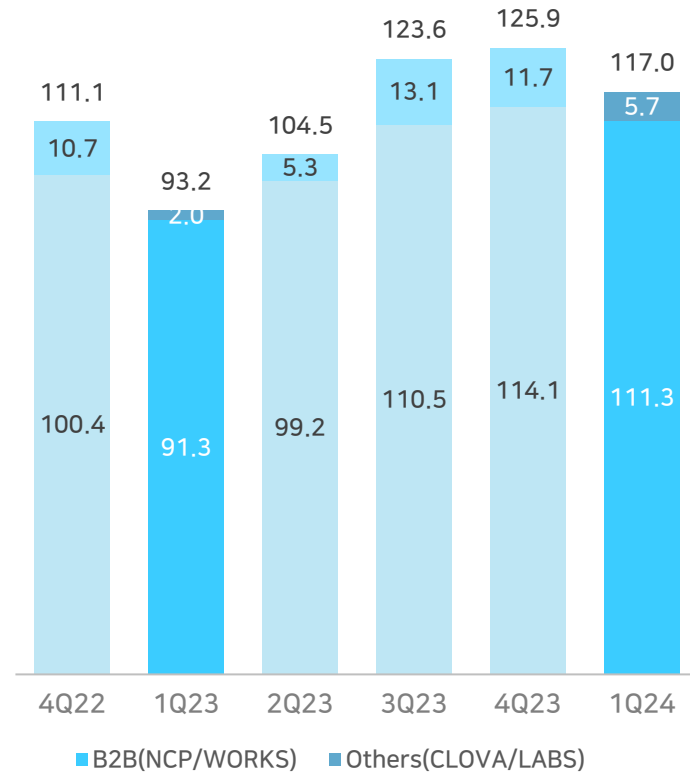
- Deconsolidation of Naver Z in March resulted in revenue decline. Camera App saw continued rise in paying subscribers of AI features

1) Excl. Naver Z deconsolidation effect, total revenue grew YoY 10.2%, QoQ -3.9%
 2) Excl. Naver Z deconsolidation effect,, SNOW revenue grew YoY 4.8%, QoQ -17.3%

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

Quarterly Revenue

(bn KRW)



1Q24 YoY 25.5% ↑ / QoQ -7.0% ↓

B2B YoY 22.0% / QoQ -2.4%

Others YoY 187.5% / QoQ -51.6%

- Revenue from Neurocloud and generative AI model (HCX) monetization as well as increase in paying accounts for Line Works contributed to 25.5% YoY revenue growth to 117 bn KRW
- Bank of Korea (Dec. 2023) and HD Hyundai (Mar. 2024) sign on as new customers of HyperCLOVA X, furthering HCX's adoption across different industries

* B2B: includes fees from using HyperCLOVA(LLM)

Operating Expenses/Profit

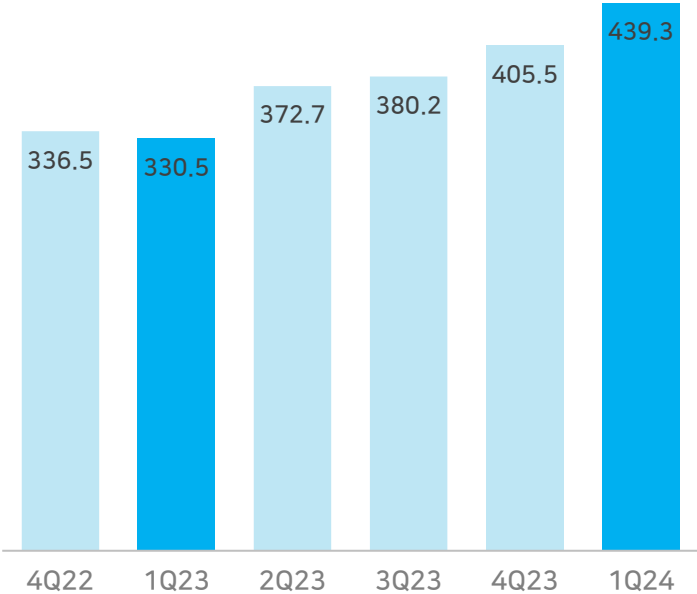
- Adjusted EBITDA increased 19.0% YoY to KRW 581 billion. Enhanced productivity resulted in labor cost decline and overall Development & Operations expense remaining roughly flat YoY
- Marketing expense growth decelerated, driven by marketing efficiency improvement in Contents
- Infrastructure expense increased 28.1% YoY following opening of new datacenter in Sejong and temporary impact of roll out of new services such as CHZZK

(bn KRW)	1Q23	2Q23	3Q23	4Q23	1Q24	Y/Y	Q/Q
Operating Expenses	1,950.0	2,035.2	2,065.1	2,131.5	2,086.8	7.0%	-2.1%
Development & Operations	635.5	644.3	631.4	661.5	636.0	0.1%	-3.9%
└ Labor cost	536.0	546.0	533.9	560.0	529.2	-1.3%	-5.5%
└ Others	99.5	98.3	97.6	101.5	106.8	7.3%	5.2%
Partner	831.9	865.5	886.4	949.8	913.5	9.8%	-3.8%
Infrastructure	132.6	142.0	157.3	163.7	169.9	28.1%	3.7%
Marketing	349.9	383.4	389.9	356.5	367.5	5.0%	3.1%
Operating Profit	330.5	372.4	380.2	405.5	439.3	32.9%	8.3%
Operating margin (%)	14.5%	15.5%	15.5%	16.0%	17.4%	2.9%p	1.4%p
Depreciation & Amortization	82.5	88.2	95.7	106.7	107.7	30.5%	0.9%
Stock-based compensation	75.0	54.3	74.8	67.7	34.0	-54.7%	-49.8%
Adjusted EBITDA	488.1	515.1	550.6	580.0	581.0	19.0%	0.2%
Adjusted EBITDA margin (%)	21.4%	21.4%	22.5%	22.9%	23.0%	1.6%p	0.1%p
Net Profit	43.7	286.7	356.2	301.8	555.8	1,173.2%	86.2%
Net margin (%)	1.9%	11.9%	14.6%	11.9%	22.0%	20.1%p	10.2%p

Operating Income, Adjusted EBITDA

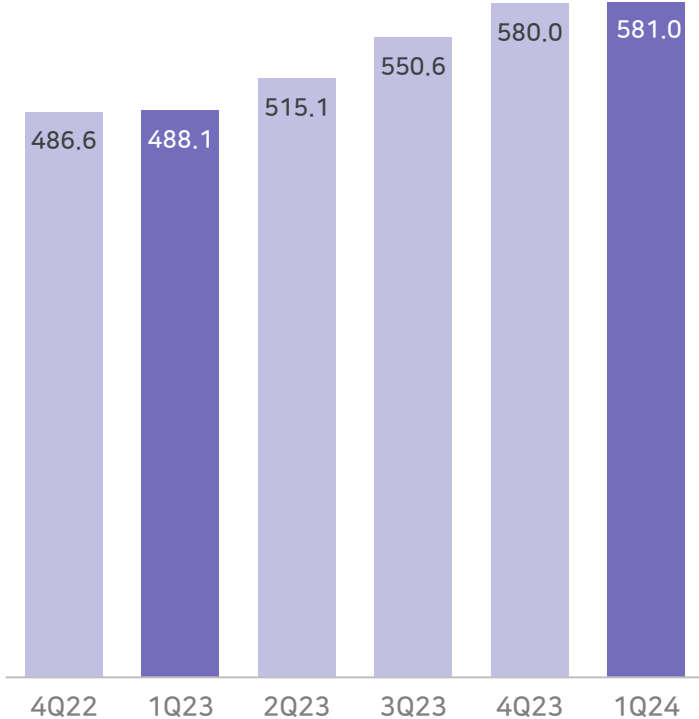
Operating Income

(bn KRW)



Adjusted EBITDA

(bn KRW)



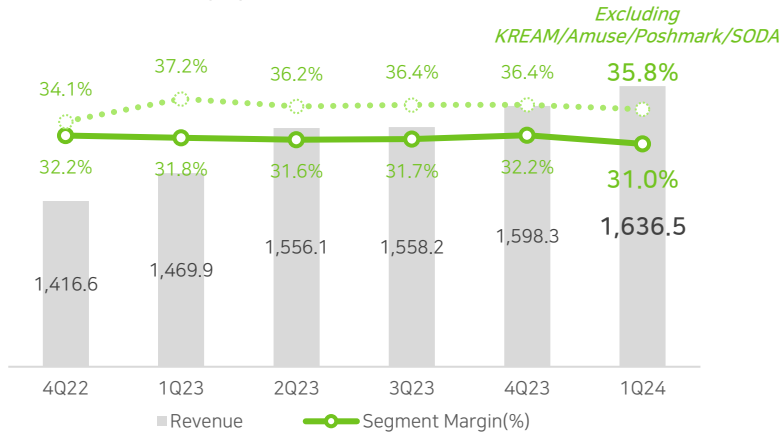
1Q24 P&L by Segment

(bn KRW, %)	Reporting Segment					Adjustment*	Total (Consolidated)
	Search Platform	Commerce	Fintech	Contents	Cloud		
1Q Segment Revenue (A)	935.1	701.4	390.3	502.5	137.8	(141.0)	2,526.1
- External revenue	905.4	703.5	353.9	446.3	117.0	-	2,526.1
- Internal revenue	29.8	(2.1)	36.4	56.2	20.8	(141.0)	-
1Q Segment Profit/Loss (B)	507.1		26.1	(9.7)	(67.2)	(17.1)	439.3
1Q Segment Margin (C) [C = B / A]	31.0%		6.7%	-	-	-	17.4%

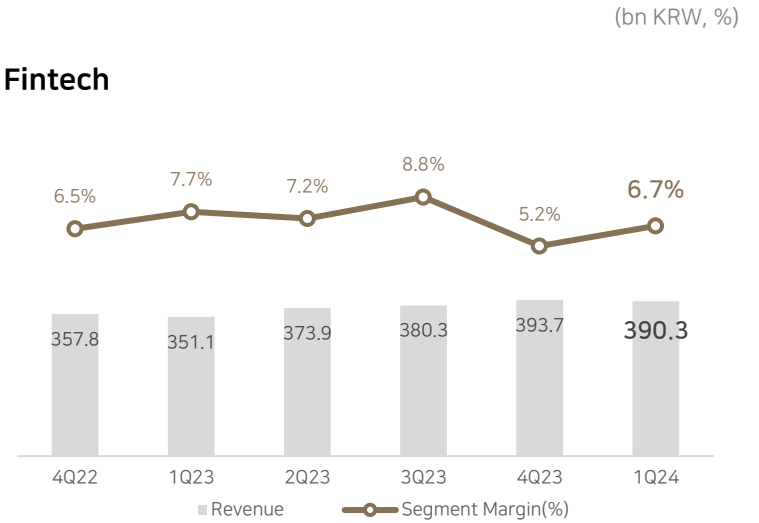
* Adjustments: Accounting adjustments including intercompany transactions

P&L by Segment

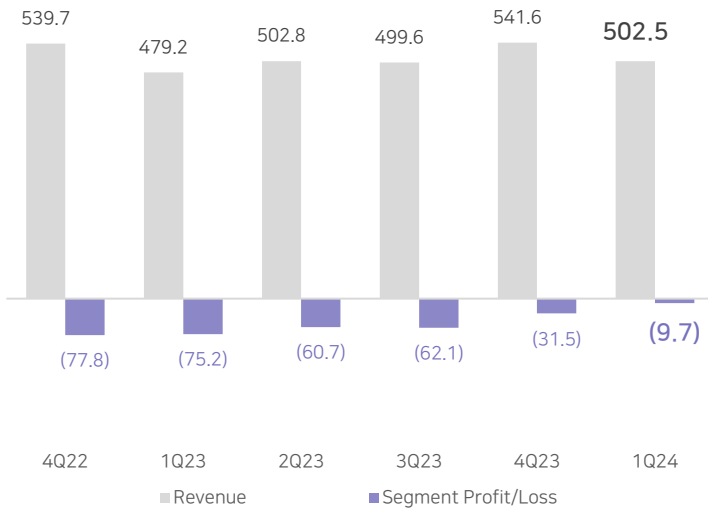
Search Platform & Commerce



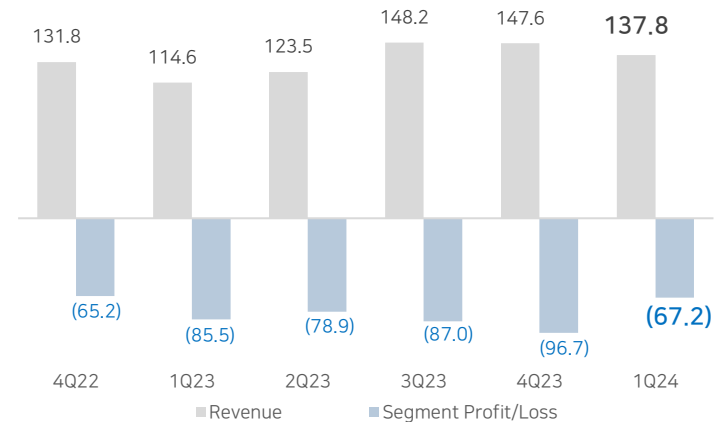
Fintech



Contents*



Cloud



* Deconsolidated NAVER Z as of March, and Webtoon's 1Q24 OP expanded

Cash & Borrowings, Consolidated FCF, Direct and Indirect Investments

Cash & Borrowings

Cash and cash equivalents + Short-term financial instruments

(bn KRW)	3Q23	4Q23	1Q24
Naver(Separate)	1,053.4	1,171.6	1,449.2
Naver(Consolidated)	4,268.2	4,384.7	4,726.5

Borrowings / Debentures(Consolidated)

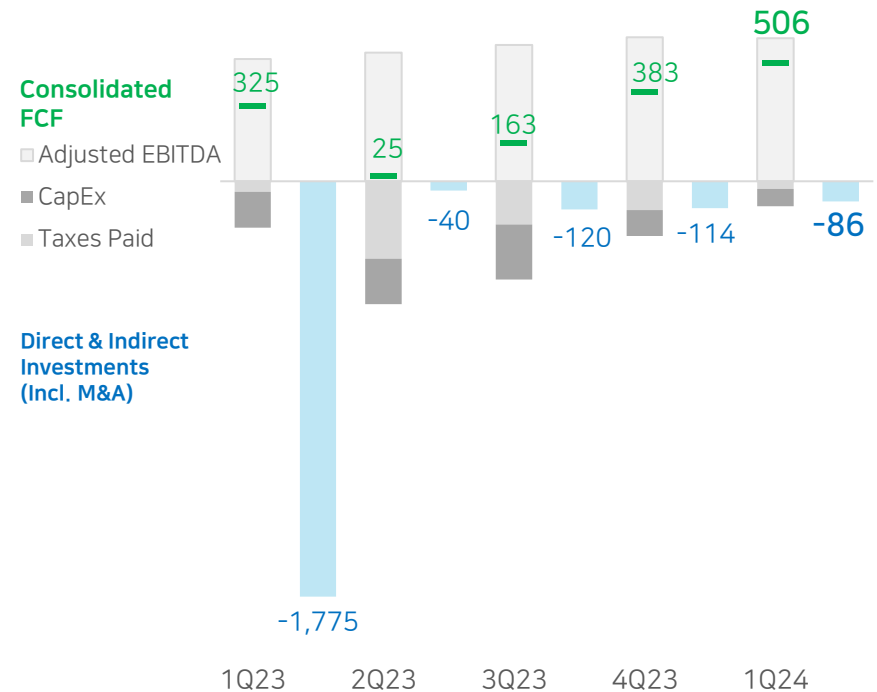
(bn KRW)	3Q23	4Q23	1Q24
Borrowings & Debentures	3,874.6	3,425.2	3,362.9
Short-term Borrowings	1,220.4	775.9*	325.2
Long-term Borrowings	2,654.2	2,649.3	3,037.8
Debentures	1,518.5	1,655.7	1,897.0
Borrowings	1,135.7	993.6	1,140.8

*Paid off all 800mn loan raised in connection with Poshmark acquisition

Consolidated FCF, Direct and Indirect Investments

(bn KRW)

Dividend payment of 119.0 bn KRW completed on Apr. 17th
(790 KRW per share, equivalent to 20% of 2-year average consolidated FCF)



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

Appendix. Net Profit

- 1Q net profit rose 1,173.2% YoY (+86.2% QoQ) further supported by gain on deconsolidation of certain subsidiaries
- Equity method gain/loss: reflects YoY increase in equity method valuation losses
- Other profit/loss: reflects gains on deconsolidation of Naver Z and disposal of Jakga Company

(bn KRW)	1Q23	2Q23	3Q23	4Q23	1Q24	Y/Y	Q/Q
Operating Profit	330.5	372.7	380.2	405.5	439.3	32.9%	8.3%
Operating margin (%)	14.5%	15.5%	15.5%	16.0%	17.4%	2.9%p	1.4%p
Non-operating profit/loss	-213.9	48.4	124.4	33.7	220.9	n/a	555.9%
Equity method gain/loss	-39.4	135.1	119.9	51.0	-85.2	-115.9%	n/a
Financial profit/loss	-40.9	-66.8	60.9	-32.7	-49.4	-20.9%	-51.4%
Other profit/loss	-133.6	-19.8	-56.5	15.3	355.5	n/a	2,220.4%
Pre-tax income	116.6	421.1	504.5	439.2	660.2	466.3%	50.3%
Tax	72.9	134.4	148.3	140.7	104.4	43.1%	-25.8%
Net Profit	43.7	286.7	356.2	298.4	555.8	1,173.2%	86.2%
Net Margin (%)	1.9%	11.9%	14.6%	11.8%	22.0%	20.1%p	10.2%p

Thank You