

NAVER

A Set of Global Challenges

1Q22 Earnings Result

2022.04.21

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Earnings Summary

- OP revenue rose 23.1% YoY on strong performance across all segments, yet fell 4.3% QoQ from seasonality and accounting method change impact from the previous quarter
- OP profit increased 4.5% YoY, while OP margin fell on higher labor and marketing expenses, as well as temporary rise in content sourcing costs

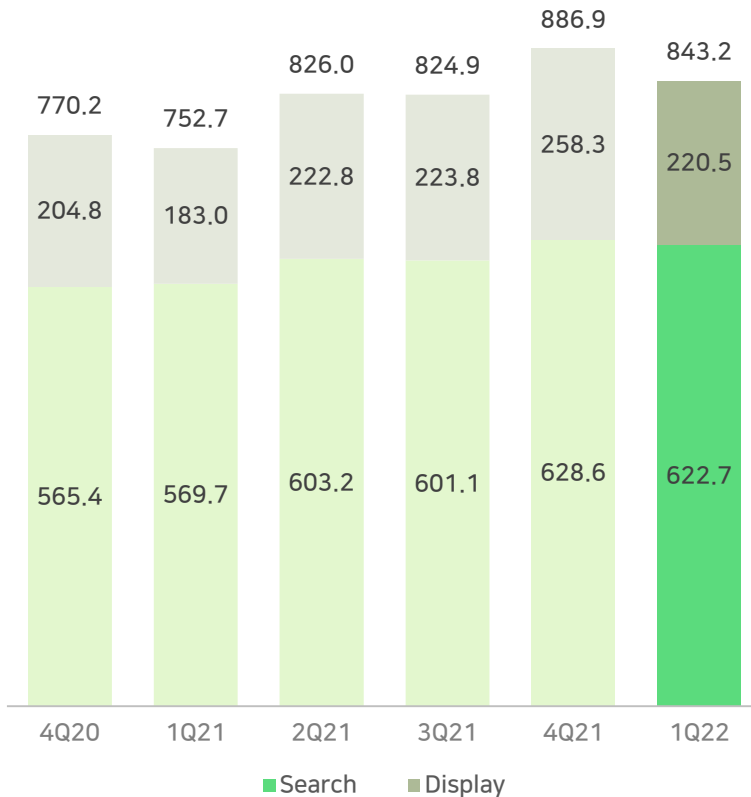
(bn KRW)	1Q21	2Q21	3Q21	4Q21	1Q22**	Y/Y	Q/Q
Operating Revenue	1,499.1	1,663.5	1,727.3	1,927.7	1,845.2	23.1%	-4.3%
Search Platform	752.7	826.0	824.9	886.9	843.2	12.0%	-4.9%
Commerce	324.4	365.3	380.3	405.2	416.1	28.3%	2.7%
Fintech	209.5	232.6	241.7	295.2	274.8	31.1%	-6.9%
Contents	130.8	144.8	184.1	233.3	217.0	65.9%	-7.0%
Cloud	81.7	94.9	96.2	107.2	94.2	15.3%	-12.1%
Operating Expenses	1,210.2	1,327.9	1,377.5	1,576.5	1,543.4	27.5%	-2.1%
Operating Profit	288.8	335.6	349.8	351.2	301.8	4.5%	-14.1%
Operating Margin (%)	19.3%	20.2%	20.3%	18.2%	16.4%	-2.9%p	-1.9%p
Adjusted EBITDA*	440.6	480.4	510.1	483.5	419.9	-4.7%	-13.1%
Adjusted EBITDA Margin (%)	29.4%	28.9%	29.5%	25.1%	22.8%	-6.6%p	-2.3%p
Net Income	15,314.5	540.6	322.7	299.8	151.4	-99.0%	-49.5%
Net Income Margin (%)	1,021.6%	32.5%	18.7%	15.6%	8.2%	N/A	-7.3%p

* EBITDA + stock-based compensation

** KREAM(C2C Platform) and AMUSE(Beauty) reclassified from Contents(SNOW) to Commerce from 1Q22

Quarterly Revenue

(bn KRW)

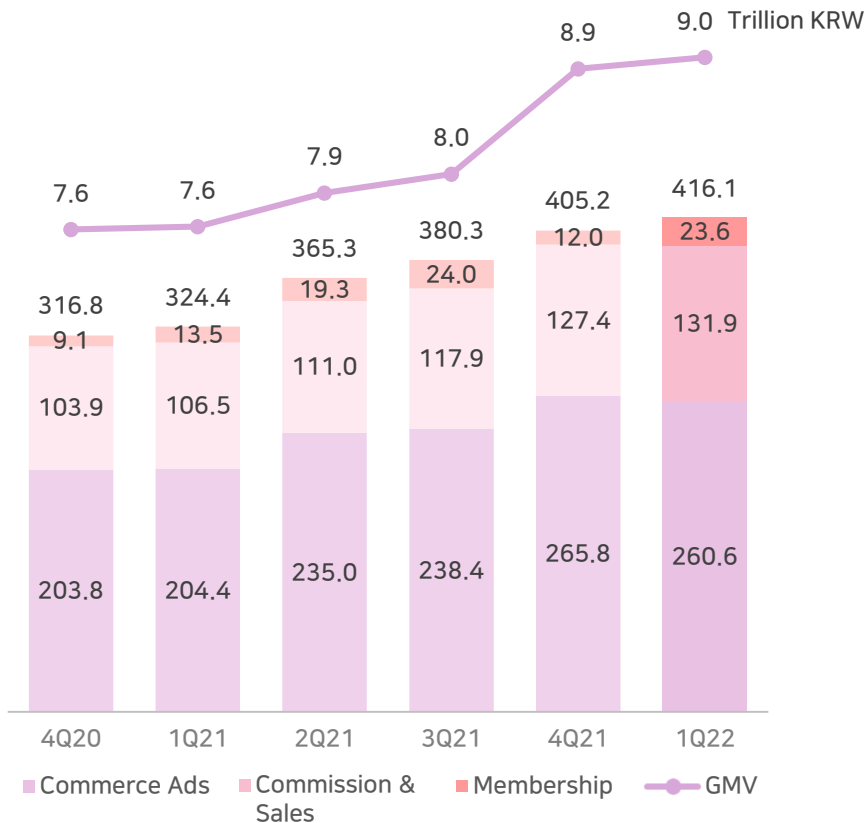


1Q22 YoY 12.0% ↑ / QoQ -4.9% ↓

- Search Platform revenue increased from improved search quality and performance ads growth
- Local/shopping business query growth continued, led by higher coverage of 'Smart Block' search reflecting user intent and preference
- Ongoing development of new ad products and platform improvement

Quarterly Revenue

(bn KRW, tr KRW)



1Q22 YoY 28.3% ↑ / QoQ 2.7% ↑

YoY 29.9% ↑ / QoQ -0.2% ↓, excluding the accumulated accounting method change* impact

- Commerce GMV rose 18.8% YoY, continuing robust growth (13.9% YoY excluding KREAM/AMUSE)
New Vertical Services** GMV grew 78% YoY
Strong KREAM and AMUSE*** also drove total GMV growth
- Despite the strike in delivery sector and seasonality, Commerce revenue maintained 4Q21 level on the back of solid business model
- Membership revenue jumped 74.7% YoY.
Contributing to GMV growth and surpassed 7 million accumulated user base

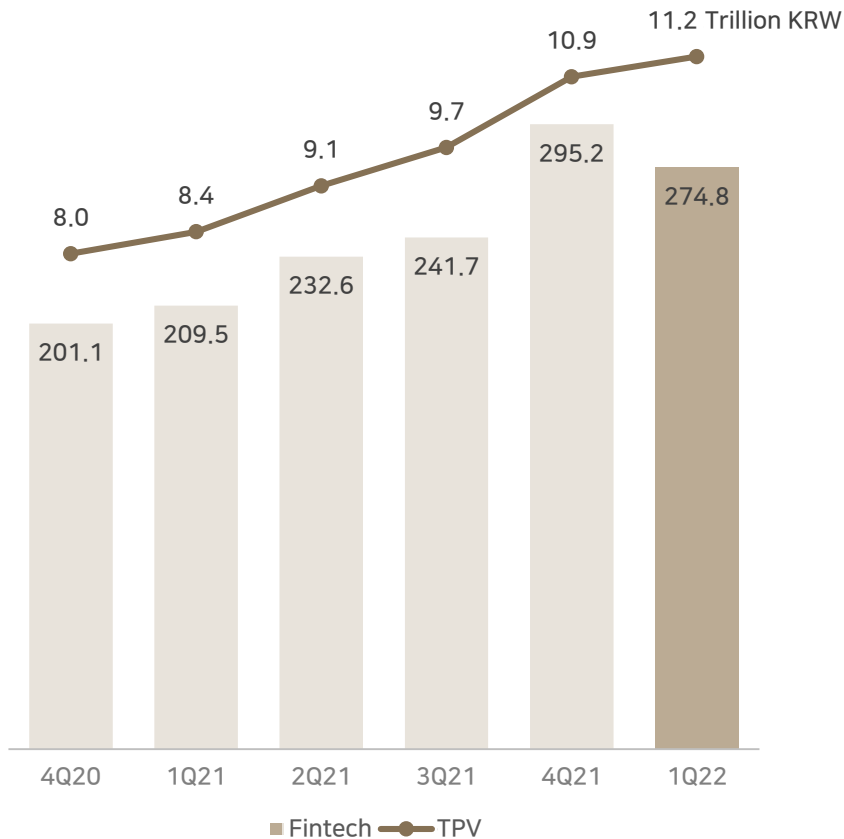
* Change in Plus Membership reward point accounting method

** Vertical Service: Brandstore, Shopping LIVE, Groceries, Gifts etc.

*** KREAM(C2C Platform) and AMUSE(Beauty) reclassified from Contents(SNOW) to Commerce from 1Q22
KREAM & AMUSE GMV of 371.4bn KRW and revenue of 9.3bn KRW included in 'Commission & Sales'

Quarterly Revenue

(bn KRW, tr KRW)



1Q22 YoY 31.1% ↑ / QoQ -6.9% ↓

YoY 29.0% ↑ / QoQ -2.7% ↓, excluding the accumulated accounting method change* impact

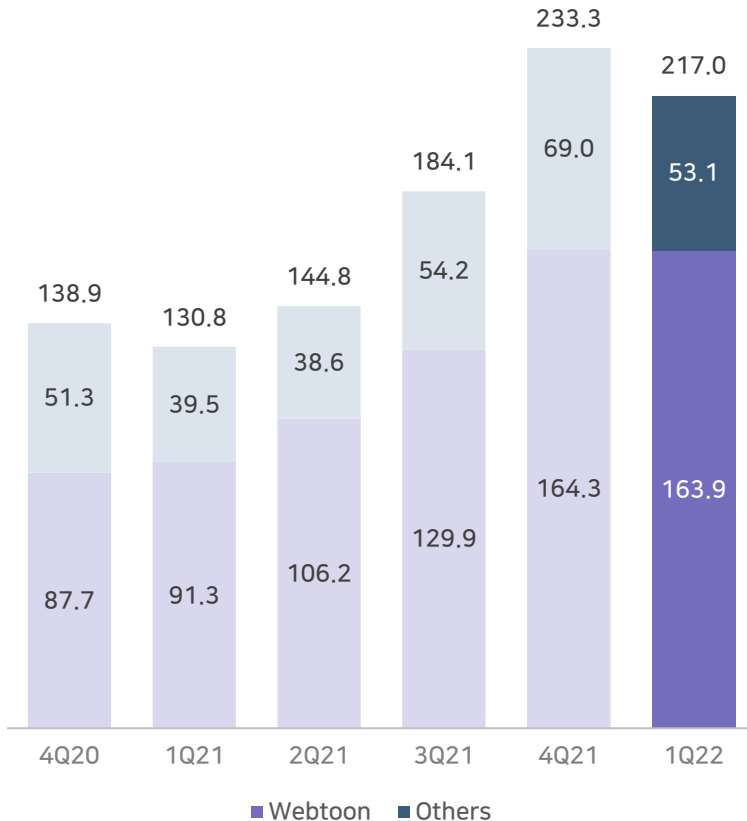
- 1Q TPV** rose 33.9% YoY to 11.2 trillion KRW. Non-captive TPV surpassed 4 trillion KRW (YoY 64.4%, QoQ 11.5%), driving total volume growth
- Revenue fell QoQ on NAVER Pay commission cut in January and accounting method changes, yet TPV maintained uptrend with QoQ growth of 3.0%

* Change in NAVER Pay loyalty program accounting method

** TPV: Total Payment Volume

Quarterly Revenue

(bn KRW)



1Q22 YoY 65.9% ↑ / QoQ -7.0% ↓

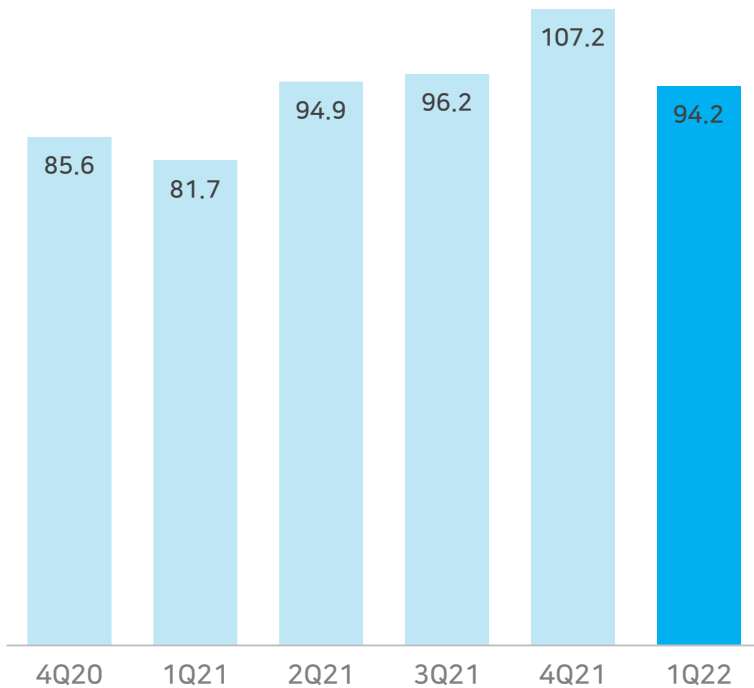
YoY 64.6% ↑ / QoQ -2.1% ↓, excluding the accumulated accounting method change impact

- Contents revenue fell QoQ due to Webtoon accounting method changes*, exclusion of V LIVE from consolidation, and KREAM/AMUSE revenue reclassification
- Global Webtoon GMV grew 31% YoY, 6.4% QoQ. Reached 180 mn global and 15 mn US MAU through SUPER CASTING projects including BTS
- Webtoon revenue grew 78% YoY and 9.8% QoQ, (excluding accounting method change impact)
Domestic OPM of 20% displays its profit-generating potential

* Including changes in ad revenue recognition method and contact structures with Webtoon creator

Quarterly Revenue

(bn KRW)



1Q22 YoY 15.3% ↑ / QoQ -12.1% ↓

- Revenue fell QoQ due to seasonality in the public sector
- Appointed as the infrastructure provider for five sectors of the '2022 Core Industry Cloud Flagship Project', led by the Ministry of Science and ICT and NIPA*. Positioning as leading public cloud services provider to win forthcoming government projects

* NIPA: National IT Industry Promotion Agency

Operating Expenses/Income

- Development & Operation expenses fell QoQ, as the high base effect from 4Q's year-end bonus and retirement benefit payments more than offset a 10% hike in salary reflected in this quarter
- Marketing expenses increased from promotions (ie, Pay reward points and Webtoon SUPERCASTING for global business expansion)
- OP margin fell QoQ, due to one-off recognition of Contents expenses such as the Olympics broadcasting rights and the belated settlement of music copyright commissions in Partner expenses

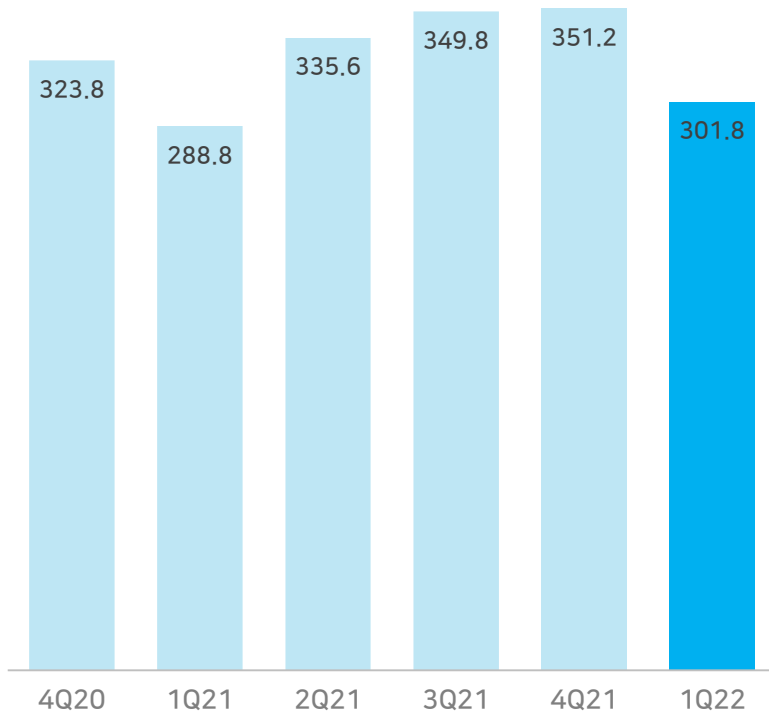
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Operating Expenses	1,210.2	1,327.9	1,377.5	1,576.5	1,543.4	27.5%	-2.1%
Development & Operations	374.3	399.6	389.0	466.2	448.2	19.8%	-3.9%
└ Labor cost/ employee benefits	331.0	359.7	341.3	406.6	381.2	15.2%	-6.2%
Partner	510.0	581.7	608.8	714.5	698.3	36.9%	-2.3%
Infrastructure	155.0	170.6	178.2	182.9	174.5	12.6%	-4.6%
Marketing	171.0	176.0	201.5	212.9	222.4	30.0%	4.5%
Operating Profit	288.8	335.6	349.8	351.2	301.8	4.5%	-14.1%
Operating Profit margin (%)	19.3%	20.2%	20.3%	18.2%	16.4%	-2.9%p	-1.9%p
Non-cash expenses	151.8	144.7	160.3	132.3	118.2	-22.1%	-10.7%
Depreciation & Amortization	80.8	85.7	89.3	95.3	94.6	17.0%	-0.7%
Stock-based compensation	70.9	59.0	71.0	37.0	23.6	-66.7%	-36.2%
Adjusted EBITDA *	440.6	480.4	510.1	483.5	419.9	-4.7%	-13.1%
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* EBITDA + stock-based compensation

Operating Income, Adjusted EBITDA

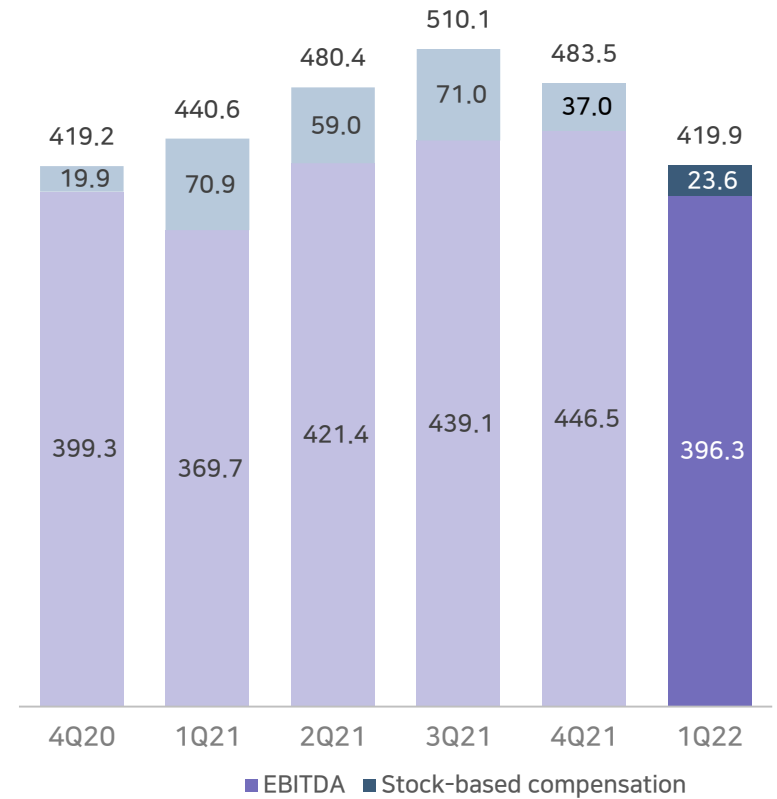
Operating Income

(bn KRW)



Adjusted EBITDA

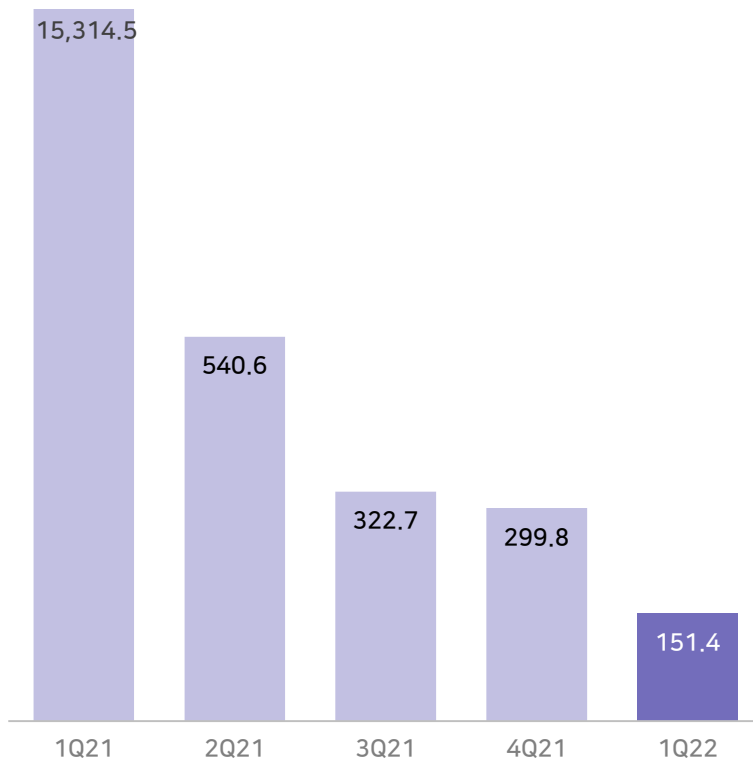
(bn KRW)



Net Income, Consolidated FCF, Direct & Indirect investments

Net Income

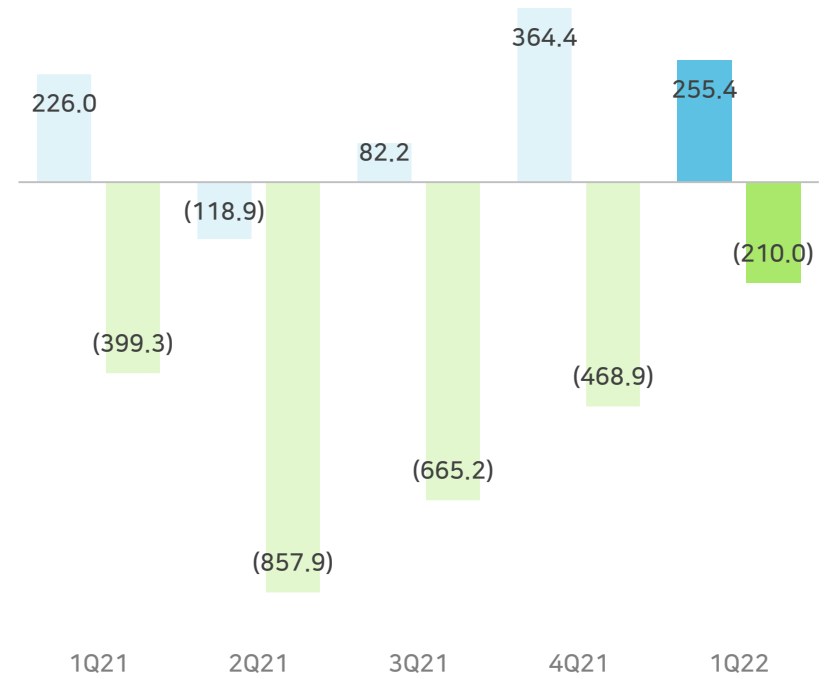
(bn KRW)



Consolidated FCF, Direct & Indirect investments

(bn KRW)

* FCF: Operating profit + Non-cash Expenses - CapEx - Corporate Tax



■ Consolidated FCF ■ Direct & Indirect investments