BEYOND

CONNECT

NAVER
ANNUAL REPORT
2020

CONTENTS

CONNECTING

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CONNECTING

THE GAP

**Dreams and reality, time and space,
ideas and innovations...
NAVER fills all gaps with technology.**

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CEO Message

BEYOND CONNECT, CONNECTING THE GAP

In 2020, the year of an unprecedented COVID-19 pandemic, we solved user difficulties related to disruptions in daily life by using NAVER technologies and services, and achieved meaningful growth together with creators and small and medium sized enterprises (SMEs) under the philosophy of connection and win-win we have long focused on. The environment surrounding NAVER is evolving faster than ever before; and in response, we are transforming the change into opportunities while also leveraging our innovations, based on which we are taking on challenges of new business development in the global market. Envisioning a better future in a wider world, we will lay another launch pad for NAVER's next leap forward.

Seong-sook Han
President & CEO, NAVER Corporation

The year 2020 saw pandemic-induced uncertainties overwhelming the business environment. Managing risks based on its years-long experience and knowhow, NAVER focused more on securing long-term growth drivers and gaining competitive advantages in the global market through portfolio management based on its can-do spirit.

The Search Platform business continued its stable growth, recording solid business results on the back of South Korea's leading portal site platform. In the Search sector, we continued improving the quality of ad optimizations, developing new products to emerging needs, and increasing media affiliations. In the Display sector, the expansion of performance ads has enabled not only large but also small and medium-sized advertisers to select our products to their business characteristics across the

wide-ranging digital spaces we offer. Going forward, we plan to make our ad platforms more competitive through the steady development and upgrade of products and platforms.

NAVER Smart Store has positioned itself as a more effective tool helping SMEs transform into an e-commerce business and grow. We supply Smart Store merchants with AI technology-based data and analysis tools, acquiring a database of user and merchant attributes on products, sales and other aspects, and based on such a database, we offer advanced recommendation services, thereby developing Smart Store into an ecosystem convenient and easy for both users and merchants. To the pandemic-induced surge of online shoppers, we promptly launched new services such as Brand Store, logistics partnership, and live commerce.

NAVER FINANCIAL strives to upgrade its data-based technologies and to differentiate its financial services in collaboration with existing financial companies, while offering innovative and easy-to-use services to NAVER Shopping users and SME clients. We will expand financial services that can be assessed by more SMEs and thin filers with little or no credit history, and make continuous efforts to connect users and diverse services on NAVER platforms through financial solutions.

We also continued to invest in expanding the content platform of NAVER Webtoon and V LIVE, of which global users further increased in 2020. In January 2021, we finalized the acquisition of Wattpad, the world's largest web fiction platform, with the goal of evolving into the world's largest storytelling platform based on synergies between NAVER Webtoon and Wattpad. We will spur our global intellectual property (IP) business not only by securing original contents but also by producing web novel or webtoon-based films and TV shows. We also plan to integrate V LIVE with the Weverse platform of Weverse Company, a subsidiary of Big Hit Entertainment, and then transform the resultant into a global entertainment platform. Furthermore, in March 2021 NAVER formed a partnership with Shinsegae Group and signed a share swap agreement. The collaboration between two leading companies in the online business and retail business is expected to offer unrivaled and unprecedented shopping experiences and business opportunities to users and merchants.

In addition, we are making continuous efforts to develop next-generation growth engines in the B2B field. NAVER Cloud focused on bringing together technologies and services dispersed among NAVER subsidiaries onto the cloud platform and grafting customer needs onto products and thus offering specialty services for all industries. We will continue to build a foundation for overseas expansion by proactively responding to the increasing demand with global-standard quality and service stability as well as by forming strategic alliances with global leading companies.

On March 1, 2021, LINE and Z Holdings completed their business integration. We will expand cooperation in various areas to create a variety of synergy not only between LINE and Z Holdings, but also among NAVER and SoftBank. As such, NAVER will continue to forge strong ties with various partners in a bid to strengthen its business competitiveness at home, and turn its new business ventures in the U.S. and Japan into an opportunity to leap further.

NAVER is taking the lead in environmental, social, and governance (ESG) management, a new management paradigm geared more toward a sustainable future and long-term corporate value. In October 2020, we launched the ESG Committee under the Board of Directors to better manage ESG risks inherent in

our business and defined major ESG issues facing us. Also, in order to address them, we established seven strategic tasks – establishing an eco-friendly e-commerce ecosystem; supporting employee growth and engagement; expanding support to help partners grow; maintaining and further improving transparency of corporate governance; responding to climate change; minimizing risks related to data protection and cybersecurity; and strengthening fair trade and business ethics management.

NAVER practiced eco-friendly management starting with primary spaces designed to enable stable services and the secure delivery of data deemed valuable to future generations. our Data Center Gak was equipped with cutting-edge green technologies that keep the data servers in optimal operation, harness solar power and thus maximize energy savings. State-of-the-art green technology was also applied to the entire space of the Green Factory as well as our second company building, 1784, which is under construction.

NAVER continues to develop new platforms and technologies together with top-tier talents, thereby connecting and exchanging ideas with users, partners and other key members of stakeholders worldwide on a daily basis. With the stability of social structures is increasingly at risk to pandemic-induced uncertainties, sustainability-oriented management is important more than ever. The business management environment of today is undergoing an ever-more dynamic change with the coming of age of the change-perceptive Generation Z as well as the sweeping transition to a contactless society. To this end, NAVER is creating unique social impact in various areas by reinforcing employee competencies, increasing user satisfaction, assisting with SMEs' digital transformations, supporting creators, and helping future generations improve their digital skills.

In such a context of the growing importance of ESG management, a transparent and sound corporate governance structure can enable sustainable growth. NAVER is the only one among the top ten companies by market capitalization to receive A+ rating in the corporate governance category of the 2020 Corporate Governance Assessment conducted by the Korea Corporate Governance Agency (KCGS). Going forward, we will strive to increase shareholder value and gain market trust through continued communication with shareholders and investors via diverse channels.

In addition to shareholder value, NAVER will do its best to fulfill corporate social responsibilities, including active participation in global initiatives to overcome COVID-19-induced difficulties. I look forward to the continued interest and support of all our stakeholders, including users, employees, shareholders, partners, and local communities.

Key Highlights

NAVER supports the success of SMEs
and creators with all its heart.
Such efforts have been proved by numbers
through challenges of people who have
overcome in designing their future on NAVER
platforms and led to even bigger value.

BEYOND NUMBERS
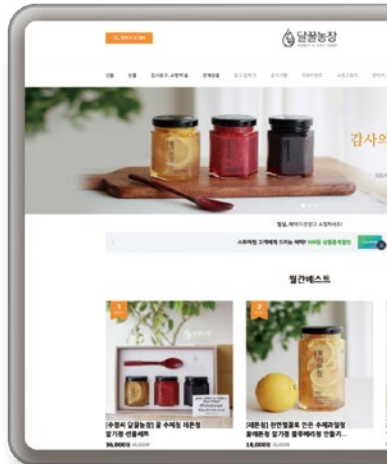
410,000+

Number of NAVER Smart Stores

In 2020, NAVER helped many SMEs overcome COVID-
triggered difficulties and move forward with digital
transformations using such superior technologies and
uncommon services as Live Commerce, Neighborhood
Market Shopping, and NAVER Plus Membership.
A particular emphasis was placed on the expansion of SME
sales online, and as a result, the number of Smart Stores
increased to 410,000, a year-on-year increase of over
40%, mainly driven by SMEs. Going forward, we will lead
the sound development of e-commerce ecosystems,
leveraging all our technologies and platforms to help them
achieve sustainable growth.

165x

Exponential Growth of SME Sales

D-Commerce Program, a NAVER's leading SME support program, has proved its effectiveness in assisting with entrepreneur efforts to start up and grow their business. In particular, the beneficiaries of Start Zero Fee, a fee-waved service for SME startups a year old and younger, were found to have grown 165 times in sales than other peers, as shown in a research report[1]. As such, we promote the digital growth of SMEs, contributing to the development of South Korea's online commerce ecosystems.

[1] Source: NAVER D-Commerce Report 2020

NAVER D-Commerce Report 2020

For Creators

72 million+

NAVER Webtoon's Global MAUs

NAVER Webtoon's global expansion continued in 2020. Its monthly active users (MAUs) exceeded 60 million in 2019 and 72 million in 2020, surpassing the 70 million target set at the beginning of the year. Our cross-border content distributions and webtoon IP-based video productions have been also accelerated of late. In addition, in January 2021 we finalized the acquisition of Wattpad, the world's No. 1 web novel platform, heralded a further acceleration of NAVER Webtoon's global expansions.
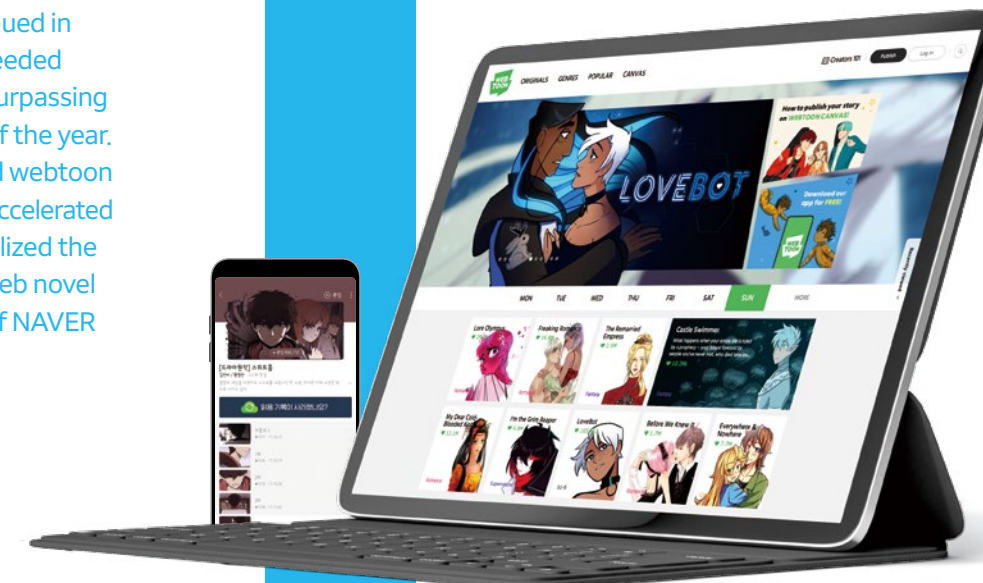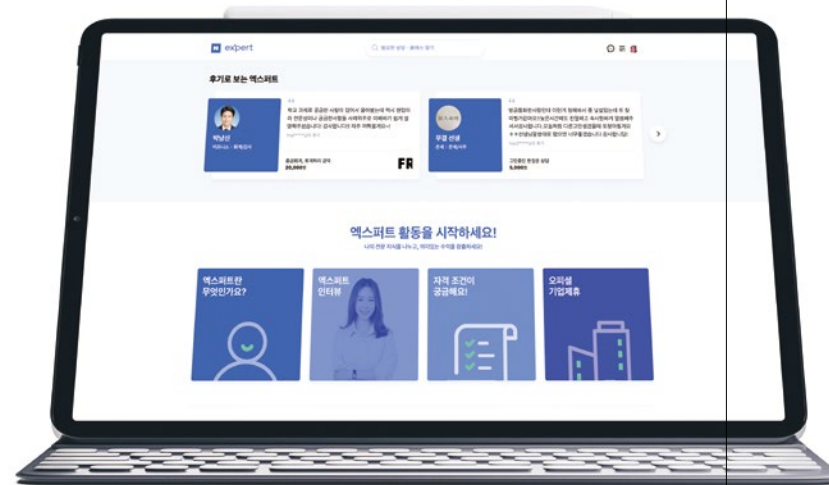
400,000 cases

Number of Knowledge-iN Expert Consultation Sessions

Knowledge-iN Expert, connecting knowledge seekers with experts, has quickly grown into the leading platform for knowledge sharing within one year of its launch. In 2020, about 400,000 knowledge consulting sessions were held on the platform, led by some 6,000 experts sharing their knowledge on over 70 subject matters, attesting the enthusiasm both of knowledge experts and seekers.

For Future Technologies

25.11 %

R&D Expenditure to Sales[1]

NAVER continues to focus on developing cutting-edge technologies that will play a decisive role in shaping the future technological environment to come. Our R&D investments surpassed KRW 1.3 trillion in 2020. Going forward, we will further expand NAVER ecosystems, enhance values for all stakeholders, and continue to grow together with them by developing more advanced technologies based on our R&D investments.

[1] Based on consolidated financial statements

100,000,000+

Cumulative Views of NAVER Shopping Live

NAVER Shopping Live continued to expand its boundaries together with SMEs, enabling users to contact merchants promoting their products using a smartphone. An effective e-commerce tool for merchants backed by NAVER's meticulous program support as well as a convenient shopping app for users driven by the spread of a global pandemic, NAVER Shopping Live set a news-worthy 100 million milestone in number of views within six months of its launch.

4.8 million
Number of SMEs in
NAVER ecosystems

530,000
Number of participants in
D-commerce Program[1]

410,000
Number of NAVER Smart Stores

1.6 million
Number of creators in
NAVER ecosystems

12,000
Number of participants in
Influencer Search service[2]

No. 1
The most profitable webtoon
application in 99 countries[3]

25.11 %
R&D expenditure to sales[4]

36.2 %
R&D personnel to total employees[5]

62
Number of D2SF-invested startups[6]

*   As of December 31, 2020
[1] Cumulative total as of the end of 2020 following the launch in 2018
[2] Cumulative total as of the end of 2020 following the launch in February 2020
[3] Based on Google Play
[4] Based on consolidated financial statements
[5] Based on full-time workers
[6] Cumulative total as of the end of 2020 following the launch in 2015

Behind numerous numbers NAVER makes
lie technologies and platforms that stand.
To create technologies that enrich daily life,
to build platforms that nurture the success
stories of SMEs and creators, we create new
stories and opportunities beyond numbers,
connecting people.

BEHIND THE NUMBERS

SME's Success Partner

Enable small and medium sized enterprise to rise

STEP-BY-STEP SUPPORT FOR SMES

START-UP   SCALE-UP

| Online startup support through Smart Store | Initial funding support through Start Zero Fee and Growth Point programs | Support for sustainable growth based on NAVER data | Liquidity support through fast settlements | Support for growth through Smart Store Loan |

NAVER supports future CEOs dreaming of startup with step-by-step assistance, ensuring that they can successfully start their business. We also offer technology, platform, funding, and other post-startup support programs of diverse NAVER resources and knowhow, and thus create a virtuous cycle in which NAVER and SMEs grow together. In 2020, we helped SMEs shaping their future beyond COVID-induced difficulties, and shared with more people their stories of overcoming challenges through NAVER platforms.

Support and Guide for SMEs, from Launch to Expansion

Small-business owners contribute to 34% of South Korea's GDP and numbered 2.74 million, 67% of total[1]. For the growth of SME, a backbone of the nation's economy, NAVER supports in the areas where it excels. In 2020, we unveiled commercials in series featuring SMEs growing their business through various NAVER platforms, such as Smart Store, Shopping Live, and Neighborhood Market Shopping, highlighting NAVER's wide-ranging services, technologies, and systems, all aimed at enhancing competitiveness, an essential factor for business growth.

In finance support, we help SMEs start and grow their online business through Start Zero Fee and Growth Point programs. We have launched the world's fastest settlement service which deposits 90% of the sales price into Smart Store merchants' bank account a day after the delivery of the product. Behind such a shortened settlement cycle which has improved merchants' cash flows cash flow lies NAVER's own data-based fraud detection system (FDS). In addition, we developed an alternative credit scoring system (ACSS) in collaboration with credit ratings agencies using NAVER data, and thus lowered the threshold for loan to a level unmatched by existing financial services in a bid to help more SMEs grow faster.
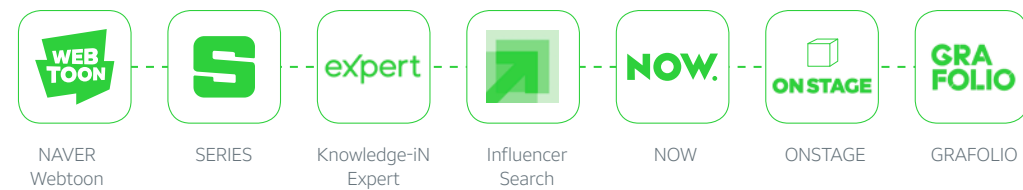

NAVER Ad Campaign for SMEs

[1] Source: Ministry of SMEs and Startups' 2018 Small Business Survey

Growth Platform for Creators

Encourage creators to navigate new possibilities

PLATFORMS FOR CREATORS

| NAVER Webtoon | SERIES | Knowledge-iN Expert | Influencer Search | NOW | ONSTAGE | GRAFOLIO |

NAVER is laying a foundation where creators can reach more users and users can enjoy more diverse high-quality content through the value of connection. We are also building a healthy creator ecosystem in a virtuous cycle linking creators, users, and NAVER. In 2020, in particular, we helped creators transcend COVID-19 disruptions, stay connected with users through our technologies and platforms.
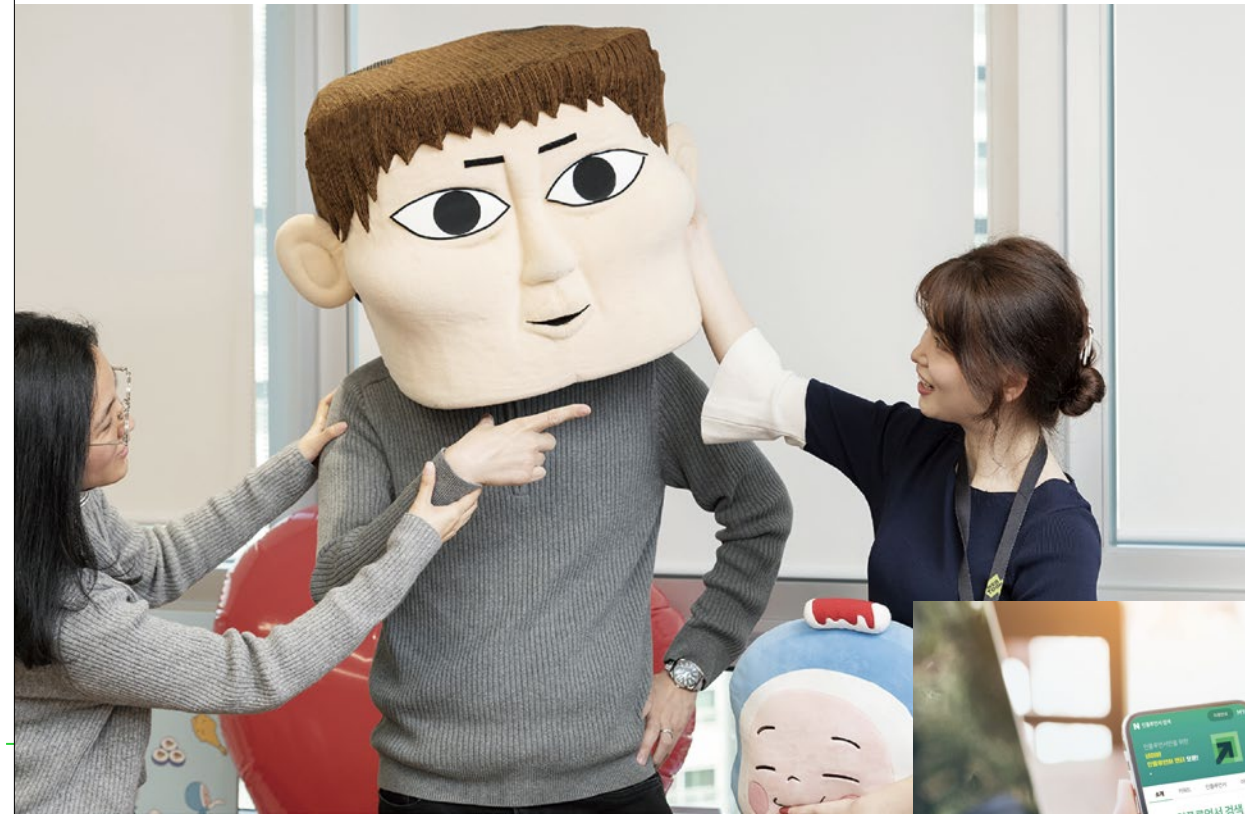
Helping Creators Shine Brighter on a Bigger Stage

NAVER is building healthy and energetic creative ecosystems together with creators and users. Behind the fast and robust growth of NAVER Webtoon, one of the services provided by the NAVER search portal back in 2004, stands a global creative ecosystem we have built up together with creators. Since our very beginning, we have been creating NAVER ecosystems with a focus on discovering and nurturing content creators. "Challenge Webtoon" was created in 2006 offering a space for anyone to debut their creative works, and "Best Challenge" was added in 2008, a collection of popular works of amateur artists. We are applying our creator discovery system, proven successful in South Korea, to overseas markets including the U.S., promoting webtoon, a new content portal, to the global market.

In 2020, we consolidated our Webtoon subsidiaries, which had been scattered around the world, into the US subsidiary, WEBTOON Entertainment. Going forward, we will facilitate the IP of webtoon and expand the base of the global webtoon market, aimed at strengthening webtoon's creative ecosystems, by actively promoting the IP business with global entertainment companies through the US subsidiary.

Enabling Creators to Stay Connected with Users

NAVER supports the connection between creators and users in diverse ways, blowing a breath of fresh innovations into creation and consumption cultures. In 2020, we created an "Influencer Search Tab" to strengthen the connection between users and creators participating in Influencer Search, a creator-centered search service within our search engine. Launched in February 2020 as a new experiment aimed at connecting creators with users, Influencer Search is now growing at a rapid pace, attracting more than 12,000 creators in a year. Continuing to enhance the influencer search service, and thereby helping both proliferate creators reap greater rewards and users enjoy a new experience connected with influencers of their choice, our pursuit of bigger challenges continues.

"Knowledge-iN Expert" is an online service connecting experts and users who seek knowledge in real time. The service began in November 2019 with three knowledge categories – taxation, labor rights, and psychological counseling. In 2020, it expanded the categories to more than 70 everyday topics including fortune-telling, education, nutrition and diet, fitness, and asset management, with the number of participating experts surging to 6,000. In the process, it has established itself as a leading professional counseling platform of a contactless era.
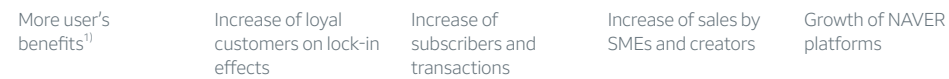
Extended Platform for Users

Transform platforms for new digital experiences

E-COMMERCE VIRTUOUS CYCLE STRUCTURE

NAVER Plus Membership

More membership benefits

| More user's benefits[1] | Increase of loyal customers on lock-in effects | Increase of subscribers and transactions | Increase of sales by SMEs and creators | Growth of NAVER platforms |

In an era brimming with new technologies and changes, NAVER is spurring its global expansions with uncommon competitive advantages by introducing a variety of services and products. We are expanding the range of services from search to commerce and finance, while also creating new user experiences. And through expanded platforms based on the value of connection, we are offering new values to numerous users, creators, and merchants in NAVER ecosystems, shaping the future to come.

[1] Additional benefits such as a maximum 5% of NAVER Pay points and access to various content services on NAVER platforms

New Challenges of Expanding E-commerce Platforms

NAVER Plus Membership is growing rapidly on the back of enhanced user benefits. Since its launch in June 2020, the paid service has been attracting loyal members, and its membership exceeded 2.5 million as of the end of 2020. In particular, shopping transactions conducted by service subscribers amounted to five times those of non-subscribers, indicating that membership strengthens users' loyalty for NAVER platforms. Moreover, membership users are found to increase their purchases upon joining the service, suggesting that NAVER Plus Membership could serve as a solid foundation for us to expand the overall e-commerce ecosystem in the long run. Moreover, this trend naturally leads to increased sales for SMEs and creators operating at NAVER, which in turn further enhances user benefits, thereby completing a virtuous cycle. Moving forward, we will strengthen our support measures to enrich the relationship between users and merchants by further expanding our e-commerce ecosystems, and will leverage our experiences of successes in South Korea to expand our global market presence.
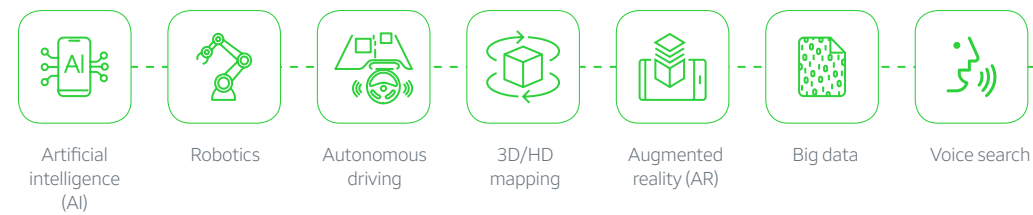
Exploring New Paths Toward Financial Platform

With the launch of NAVER Bankbook, we are accelerating the pace of evolving into a financial platform. Launched in June 2020 in partnership with Mirae Asset Daewoo, NAVER Bankbook is an innovative, easy-to-sign-up financial product with a focus on enabling customers to enjoy various financial benefits accentuated by ongoing low interest rate trends. Opening an account is easy and quick, with the NAVER app and an ID card. In addition to an interest income for their deposits, customers earn points for using NAVER Pay to purchase products and services. In December, with the launch of Mirae Asset Capital Smart Store Loan, we lowered the threshold for Smart Store merchants applying for loans. Exploring various paths toward financial platforms, NAVER will embrace young generations, small-business owners, housewives, and other financially disadvantaged, thus creating new values in the financial market.

Everyday Tools for Everyone

Transcend beyond limits through technology

Artificial intelligence (AI)   Robotics   Autonomous driving   3D/HD mapping   Augmented reality (AR)   Big data   Voice search

NAVER invests 25% of its sales in R&D with a focus on transforming AI, robotics, cloud, and other cutting-edge technologies into everyday tools for everyone. Securing original and outstanding technologies through continuous R&D, we are preparing for tomorrow today.

Live Technologies Adding Value to Every Connection Online

2020 was a year when NAVER's philosophy of connection and win-win transformed crises and uncertainties into meaningful opportunities for growth and hope. In particular, we helped SMEs conduct their business online using NAVER live technologies and thus overcome COVID-induced difficulties, and expanded an online stage where they can shine a brighter light on their creativity and share their arts with a bigger audience of admirers.

Live Commerce, first introduced in March 2020, was launched under the name of "NAVER Shopping Live" in July on the strength of positive reviews it received from merchants and users alike. As of the end of 2020, it surpassed 100 million in cumulative views, securing a market dominance just as fast. In particular, we lowered entry barriers, on the back of an easy linkage with Smart Store, and improved market analysis and other business sales management tools, and as a result, SME participants are steadily increasing. NOW, a live audio streaming service, is enjoying rapid growth as well, based on stable NAVER live technologies, recording 20 million cumulative views within one year of its launch in September 2019. Given the increasingly diversified online performance environment, NOW is applying extended reality (XR) technologies to live performances. It is also transforming into a more advanced live platform, experimenting with new content, such as a cooking show run by renowned influencers.

NAVER's AI Technologies Recognized Worldwide

NAVER is focused on researching AI, robotics, autonomous driving, 3D/HD mapping, and AR, led by NAVER Labs. In 2020, we introduced a cloud system for connecting robots, taking the popularization of robots a step forward. At Debut 2020, NAVER Labs unveiled ARC (Artificial Intelligence-Robot-Cloud), a cloud-based multi-robot intelligence system that connects AI, cloud platforms, and robots in real time. By acting as the brain for robots, the system can lower the production cost for, yet improve the collective efficiency of, individual robots. We are planning to apply ARC to a new robot-friendly office building under construction and conduct a full-fledged experiment for the commercialization of robot services.

The competitiveness of NAVER's AI technology is also recognized worldwide. We attracted a considerable academia attention at the CVPR 2020 on our seven AI research papers on computer vision technology which is widely used in various fields. At the CES 2021, the CLOVA Lamp won the "CES Innovation Award", which is reserved for most innovative products at the world's largest IT exhibition. The CLOVA Lamp is a smart light fixture optimized for studying, for it is combined of a number of NAVER's AI technologies, such as OCR, computer vision, speech synthesis, and natural language processing.

Technology Supporting Seamless Growth in a Contactless Era

NAVER re-launched NAVER Business Platform (NBP) under the name of NAVER Cloud in October 2020 in response to diverse corporate client needs and market changes toward contactless economy. Accordingly, we will commercialize all NAVER technologies and services on NAVER Cloud, such as enterprise cloud, AI platform, and business collaboration tools, as well as data and solutions for business. NAVER actively supports the digital transformation of companies and institutions through unified windows and solutions on NAVER Cloud. In addition, we launched "Whale ON", an easy-to-use video conferencing tool, as a package program for the Whale browser, which eliminates the need for a separate operating system. We are developing a Whale-based web education platform in response to the rising trend of online education.

2020 at a Glance

In the era of diminishing technological and industrial boundaries, NAVER is sharpening its global competitive edge through ceaseless challenges of its own and close collaboration with business partners.

#Leadership for future growth

Launching A Holdings, Joint Venture of LINE and Yahoo Japan

On March 1, 2021, the business integration of NAVER's subsidiary LINE and Softbank's Z Holdings was completed, resulting in the creation of A Holdings. The goal of which is to integrate the strengths of LINE and Yahoo Japan into a synergetic foundation for growing into a leading ICT company in Asia. The integration is expected to lead to a substantial expansion of the user base, as LINE and Yahoo Japan catered to the so-called "10-20 generation" and "40-50 generation", respectively.

Also expected are more convenient and comprehensive services, a synergy effect from the integration of 165 million monthly active users (MAUs) of LINE in Japan and Southeast Asia and a 20-year-long portal site supremacy as well as an e-commerce advantage of Yahoo Japan. Leveraging diverse collaborations among the four stakeholders, A Holdings is expected to further expand business opportunities in payment, finance, search, and other key business areas.
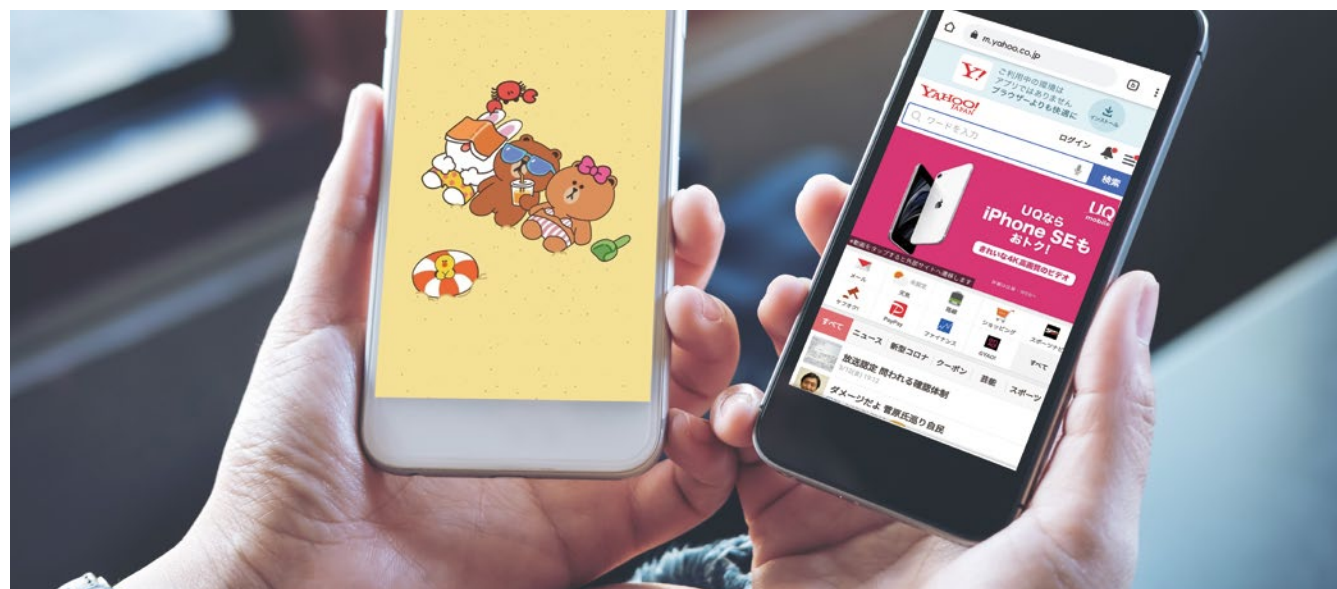
#Partnership for global expansion

Partnership with CJ Group to Strengthen Global Content and Logistics Businesses

In October 2020, NAVER signed a partnership agreement with CJ Group to complete our chain all across from shopping and payment to logistics and to make our global content business more competitive. Accordingly, we exchanged shares worth KRW 150 billion with CJ ENM and Studio Dragon each and KRW 300 billion with CJ Logistics.

Following the agreement, NAVER, CJ ENM, and Studio Dragon are combining their respective intellectual property (IP) rights, platforms, and production capabilities into facilitating creator ecosystems in South Korea and launching content worthy of global competitiveness in the international market. In addition, the participants are planning to join hands in the expansion of support for creators for the common goal of promoting the IPs of all three through creation of joint content investment funds and other measures. In the logistics sector, we are planning on build a long-term logistics model and developing domestic e-commerce and logistics ecosystems to a global scale.

Spurring Global Expansion through NAVER Webtoon and Wattpad Platforms

In January 2021, NAVER signed a contract to acquire web novel platform Wattpad, thus becoming the operator of the world's No.1 webtoon and web novel platforms. Wattpad is the world's largest storytelling platform, with over 90 million users spending 23 billion minutes per month. Given that NAVER Webtoon, the world's No. 1 webtoon platform, has 72 million MAUs, NAVER has now emerged as the world's largest storytelling platform with more than 160 million users[1] as a result the acquisition of Wattpad.

NAVER plans to expand its global content business more stably and effectively on the basis of some 1 billion content works created by 5 million creators being followed by Wattpad users. Also planned are upgrading of the Wattpad platform using the IP business know-how accumulated from the years-long operation of NAVER Webtoon; and conversion of Wattpad's more popular web novels into webtoons, which will further spur the transformation of NAVER into the world's top-notch entertainment company.

[1] Based on the summation of both companies' MAUs
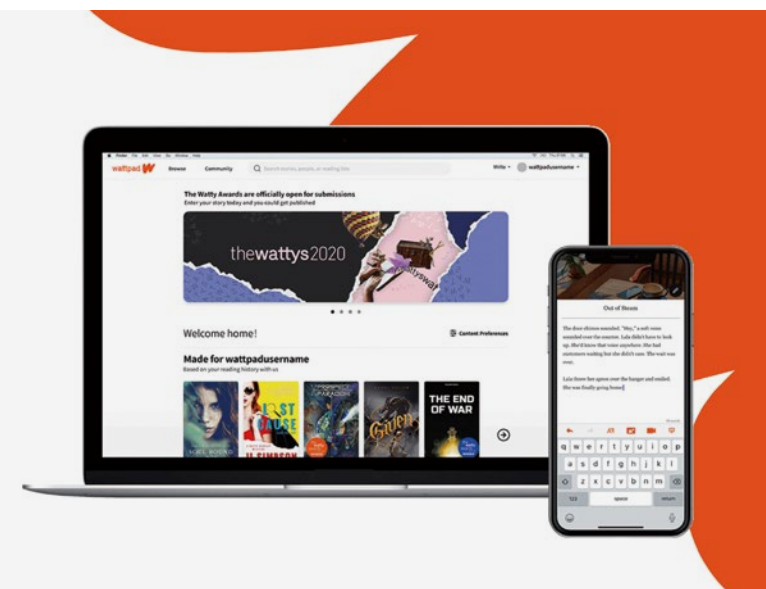
Partnership with Big Hit Entertainment to Become a Global Entertainment Player

NAVER's global live streaming service "V LIVE" and Big Hit Entertainment's fan engagement platform "Weverse" will be reborn as a global fan community platform. In January 2021, NAVER and Big Hit Entertainment agreed to create a new platform through integration of users, content works, and services of V LIVE and Weverse in a bid to avoid the expenses of domestic competition and instead expand resources for a greater global presence. Accordingly, NAVER plans to acquire a 49% stake in BeNX, Big Hit Entertainment's subsidiary operating Weverse.

As the K-Pop wave, driven by the global idol groups including BTS of Big Hit Entertainment, is transforming into a defining culture for Generation MZ worldwide, we will develop unrivaled competitiveness in the global entertainment market by combining Big Hit Entertainment's business capabilities, strengthened through Weverse operations, with NAVER's top-tier technologies in the field of content transmission, live streaming, and community platforms.

Partnership with Shinsegae Group to Provide New Commerce Experience On/Offline

NAVER and Shinsegae Group have joined hands for an ambitious experiment for on/offline integration. In March 2021, NAVER agreed to exchange shares worth KRW 250 billion with Shinsegae Group – E-Mart and Shinsegae International shares, worth KRW 150 billion and KRW 100 billion, respectively – as a way to consolidate ties with Shinsegae Group and thus increase synergies for online and offline commerce. The agreement heralded the coming birth of the country's No. 1 commerce platform ready to handle both online and offline transactions by a total of 450,000 merchants and 54 million users of NAVER and 20 million users of Shinsegae Group.

NAVER and Shinsegae Group plan to focus on strengthening their logistics competitiveness, creating luxury and premium services, and developing new services using new technologies. In the logistics sector, combining the convenience of NAVER Shopping and the leadership of E-Mart in the retail market for fresh food, the two companies are preparing to provide both merchants and users a new experience of irresistible convenience and innumerable benefits. The integration of NAVER's advanced online technology and Shinsegae Group's product planning capabilities is expected to create a shopping experience and various commerce business opportunities few imagined before.

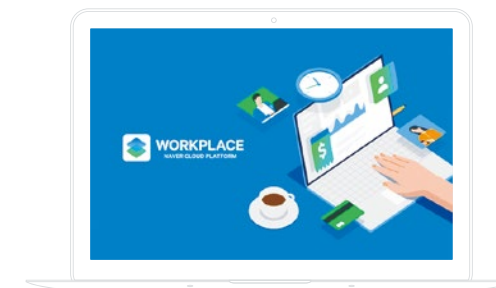# #ESG value for a sustainable future

A+ Rating in the 2020 Corporate Governance Assessment

In the 2020 Corporate Governance Assessment conducted by Korea Corporate Governance Service (KCGS), NAVER was rated A+ in the corporate governance category, two grades higher than in 2019. NAVER was the only one to receive the top grade in the category among the country's top 10 companies by market capitalization. In the overall category, NAVER was rated A, one level higher, a coveted recognition of NAVER's improve transparencies in governance. We will continue to enhance our corporate and shareholder values and fulfill our social responsibilities based on advanced corporate governance amid a fast-changing business environment.

Issuance of NAVER's First ESG Bond

In March 2021, NAVER issued a USD 500 million ESG bond (sustainability bond), a first of its kind among South Korea's tech and internet companies, in order to establish itself as a pioneer of sustainability management. ESG bonds are largely classified into three categories – green, social, and sustainability bonds. Green bond is limited to investment in eco-friendly fields such as renewable energy and electric vehicles; and social bond is used to resolve social issues such as finance support for low-income people, startups, and SMEs; while sustainability bond is a special-purpose bond combined of the earlier two, to be used for more comprehensive purposes. NAVER plans to use proceeds from the sale of ESG bond to strengthen the management of ESG activities, such as eco-friendly construction of internet data center (IDC) and finance support of startups and SMEs.

Diverse Support for Helping SMEs Overcome COVID-induced Crises
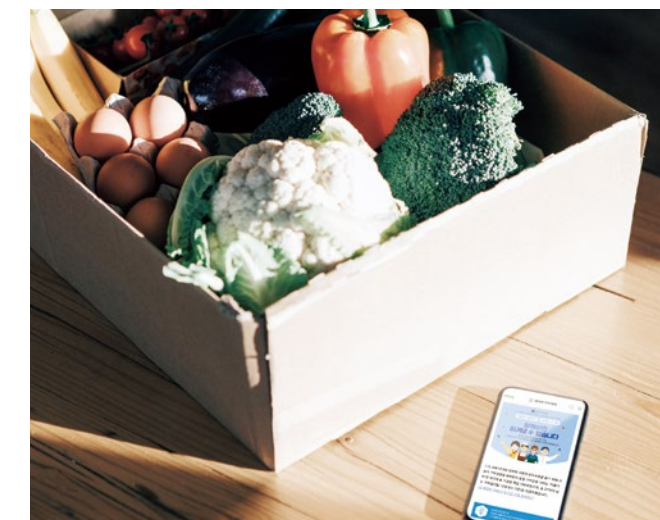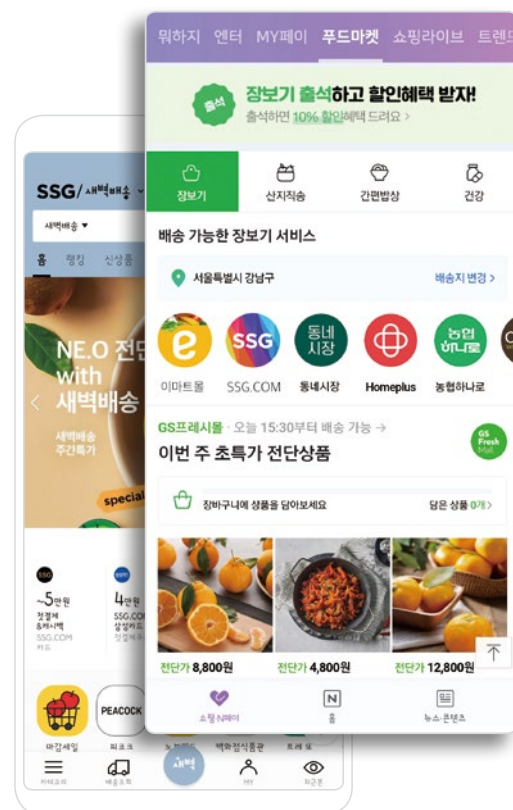
In 2020, NAVER helped SMEs overcome COVID-induced crises and lay the foundation for sustainable growth through data-based technologies and services. In line with an increasing number of companies adopting flexible work systems such as telecommuting, NAVER offered NAVER WORKS Lite, a work coordination tool, free of charge for a limited time. In early 2021, NAVER was selected as supplier of the government's K-online service voucher[1] program, helping SMEs and startups strengthen their online service capabilities. In addition, we are creating new values by developing an ACSS based on Smart Store data, launching the Mirae Asset Capital Smart Store Loan, introducing the Smart Store Fast Settlement service, and through other projects of which only NAVER is capable. In addition, we are expanding our support for SMEs, reducing sales fees and ad rates for those hit by COVID-19 and providing free products to small and medium-sized merchants, including Smart Store merchants.

[1] K-online Service Voucher Program offers vouchers (up to KRW 4 million, including 10% self-pay) which can be used for online services such as video conferencing and telecommuting, as part of an SME support project organized by the Ministry of SMEs and Startups.

Financial Highlights

Amid unprecedented economic, social, and environmental changes due to COVID-19 in 2020, NAVER maintained its solid growth pace by thoroughly managing risks and carefully harnessing opportunities based on its sound financial foundation.

KRW **5,304.1** billion

Operating revenue (year-on-year increase of 21.8%)

KRW **1,215.3** billion

Operating income (year-on-year increase of 5.2%)

KRW **845.0** billion

Net income (year-on-year increase of 113.0%)

KRW **1,567.2** billion

Adjusted EBITDA for the year (29.5% of operating revenue)

KRW **17,014.2** billion

Total assets (year-on-year increase of 38.3%)

KEY FIGURES

|		2018	2019	2020
Summarized Statements of Comprehensive Income (Unit: KRW billion)	Operating Revenue	3,676.3	4,356.2	**5,304.1**
	Operating Expenses	2,632.0	3,201.2	**4,088,8**
	Operating Income	1,044.3	1,155.0	**1,215.3**
	Net Income	627.9	396.8	**845.0**
Summarized Statements of Financial Position (Unit: KRW billion)	Total Assets	9,881.2	12,299.5	**17,014.2**
	Total Liabilities	3,932.1	5,795.6	**8,759.1**
	Total Equity	5,949.1	6,503.9	**8,255.1**
Profitability Ratios (Unit: %)	ROE	13.0	10.6	**15.2**
	Operating Margin	28.4	26.5	**22.9**
	Net Margin	17.1	9.1	**15.9**

* Based on consolidated financial statements

Operating Revenue
(Unit: KRW billion)

2018	3,676.3
2019	4,356.2
2020	**5,304.1**
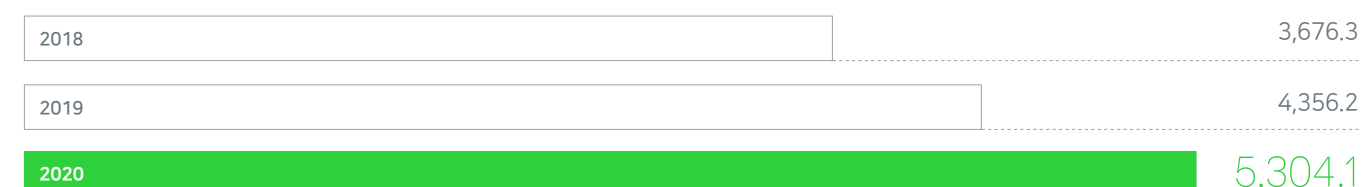
Operating Income
(Unit: KRW billion)

2018	1,044.3
2019	1,155.0
2020	**1,215.3**
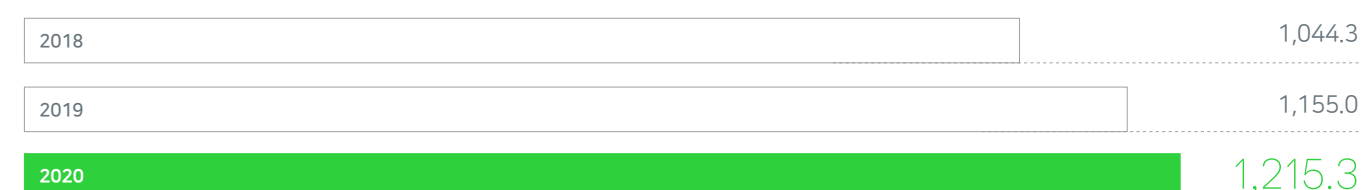
* As of December 31, 2020; and based on consolidated financial statements

STOCK INFORMATION

NAVER makes continuous efforts to build growth momentum and corporate credibility so that the company's growth leads to the enhancement of corporate value, which in turn generates greater shareholder value.

KRW **48,046,995** million

Market capitalization

KRW **339,000**

Highest share price for the year

5.0%

**Payout ratio (separate figure)**

164,263,395

Number of shares issued

AA+ (Stable)

Credit Rating
(Korea Investors Service, NICE Investors Service)

		2018	2019	2020
Share Price Change (Unit: KRW)	High	190,000	186,500	**339,000**
	Low	106,500	108,500	**144,000**
	Year-end	122,000	186,500	**292,500**
	KOSPI Index (year-end)	2,041.04	2,197.67	**2,873.47**
	Market Capitalization (KRW million)	20,107,234	30,737,698	**48,046,995**
Dividend	Net Income (Separate figure, KRW million)	900,423	1,092,525	**1,196,925**
	Cash Dividend (KRW million)	45,901	54,688	**59,279**
	Cash Dividend per Share (KRW)	314	376	**402**
	Payout Ratio (Separate figure, %)	5.1	5.0	**5.0**

Shareholder Composition

	Ownership	Number of shares
Foreigners	56.7%	93,160,410
Domestic institutions	8.6%	14,083,830
Major shareholder (National Pension Service)	11.6%	18,985,923
Haejin Lee	3.7%	6,129,725
Treasury shares[1]	10.2%	16,804,360
Individuals in South Korea and other companies	9.2%	15,099,147
Total	**100.0%**	**164,263,395**
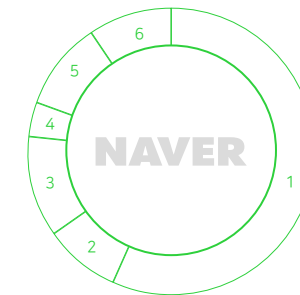
[1] Reference information for shareholders: On October 26, NAVER made a decision to strengthen and maintain strategic business alliance through treasury share exchange and investment in kind with CJ Logistics, CJ ENM, and Studio Dragon. Accordingly, NAVER disposed 2,094,240 treasury shares by November 10, and the number of treasury shares owned by NAVER has changed to 16,804,360 (10.23% of total shares issued) after the disposal.

* As of December 31, 2020

Stock Performance
(Unit: %)
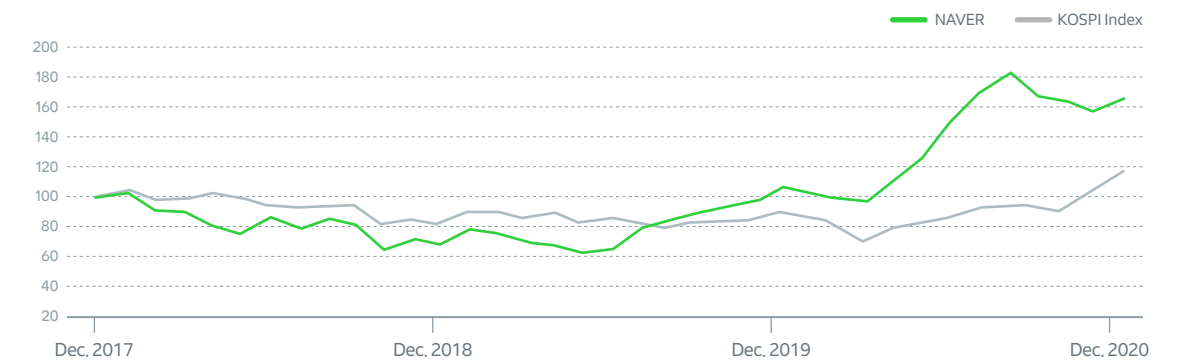
* Indexed 100 at year-start of 2018 for comparison purposes

OPERATION
REVIEW

SERVICE OVERVIEW

REDEFINE THE VALUE OF CONNECTIVITY

NAVER uses cutting-edge technology to provide innovative yet familiar everyday services that anyone can use with ease. We are redefining the value of connection through our safe and easy-to use services.

NAVER's iconic services are the outcome of our concerted efforts to maintain constant communication with users. They include NAVER, the largest search portal service in South Korea that connects 30 million users every day; NAVER Webtoon, a global webtoon platform enjoyed by 72 million users; and NAVER Smart Store which is growing together with 410,000 online SMEs. We are also embracing an increasing number of corporate clients by offering a wide range of B2B services including NAVER Cloud Platform, a service that provides NAVER's technology and experience to companies via cloud.

Based on such differentiated services, we are developing a unique business structure. Equipped with a business structure, with CIC (Company-In-Company) and NAVER subsidiaries playing a central role, we respond to various opportunities and lay the foundations for continuous growth, and based on that, we are evolving into a set of global challenge.

SERVICE
REDEFINE
THE VALUE OF
CONNECTIVITY

OVERVIEW

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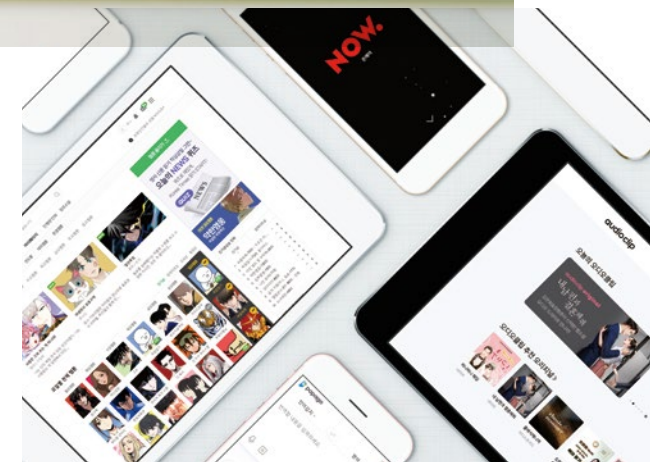
OVERVIEW

NAVER SUBSIDIARIES

NAVER Cloud
- IT infrastructure service
- ● NAVER Cloud Platform

NAVER FINANCIAL
- Financial service platform
- ● NAVER Pay, NAVER Bankbook

WEBTOON Entertainment
- Webtoon content
- ● NAVER Webtoon, SERIES, LINE Manga, LINE Webtoon

Works Mobile
- Enterprise collaboration platform
- ● NAVER WORKS, LINE WORKS

SNOW
- Mobile camera content platform
- ● SNOW, Zepeto, Wit, Cake

OTHER FEATURED SERVICES

Kids & Audio
- Content for kids and audio content
- ● Jr.NAVER, AudioClip

Music
- Music content
- ● Vibe, NAVER NOW

Whale
- Web browser
- ● Whale

NAVER

CIC

Apollo
- UGC and design
- ● NAVER Blog, Knowledge-iN

Forest
- Commerce service
- ● NAVER Shopping

Glace
- Regional information and place-based service
- ● Reservation, NAVER Maps

Group&
- Community service
- ● BAND, V Live, NAVER Café

Biz
- Ad
- ● Power Link, Smart Channel, Biz Site

Search
- Development of global search technology
- ● Search algorithm, AiTEMS, Airs

Clova
- AI service, voice search
- ● CLOVA Lamp, CLOVA Speaker

● Services offered

NAVER

NAVER connects ideas and interests of more than 30 million users every day, with a focus on a search service equipped with deep insight into users' search intentions and contexts. NAVER is also making changes, big and small, in order to become a platform for sustainable growth that will open up new opportunities for SMEs and creators.

South Korea's No. 1 Internet Search Portal

naver.com

Number of daily mobile unique visitors

30 million +

Strengthening support for the ecosystem of SMEs and creators

Our search service is centered on user-generated content (UGC) created by the participation of a huge number of people through NAVER Blog, NAVER Café, and Knowledge-iN. Good business operators and creators are the foundation of in-depth content, and this is why we focus on building a solid ecosystem for SMEs and creators. As SMEs and creators grow within the NAVER platform, satisfaction level of users increases, which contributes to improving our competitiveness, which in turn enables us to offer SMEs and creators more growth opportunities, thereby serving as a driving force for building a virtuous cycle ecosystem.

In 2020, the contactless trend due to the COVID-19 crisis led to the launch of a large number of e-commerce businesses. Amid such environment, based on its technology and data, NAVER made continuous efforts to grow together with SMEs through such innovative services as NAVER Shopping Live, where sellers and buyers meet through live mobile broadcasting; Biz Advisor which is a Smart Store's data analysis tool; the AI-based place recommendation service Smart Around, and NAVER Receipt Review which has exceeded 100 million cases stored in its database. Our SME support measures also include Start Zero Fee, Growth Point Program, and Quick Escrow programs which are funding support as part of our D-Commerce Program, as well as providing an education and broadcasting infrastructure to support Shopping Live. As a result, the number of NAVER Smart Stores surpassed 410,000 in 2020, emerging as a leading commerce platform in South Korea.

We plan to further strengthen our platform ecosystem by connecting 4.8 million SMEs and 1.6 million creators who operate on the NAVER platform and by taking up new challenges such as "Expert for SMEs" and "Brand Connect Platform". Expert for SMEs is a service that connects Smart Store merchants with Knowledge-iN experts, thus enabling merchants to receive expert assistance tailored to their business growth stage while helping experts to secure clients. Brand Connect Platform provides data on the latest content and activity status of creators, including influencers, in a bid to help brands and creators discover each other according to their unique marketing concepts and characteristics. NAVER will make the most of the platform to further strengthen the link between SMEs and creators.

* As of the end of 2020

Expanding the commerce ecosystem

To provide a seamless and complete flow of purchases and sales from search to payment, NAVER has launched various tools and solutions designed especially for merchants, such as Smart Store, Brand Store, and Shopping Live. We are also enhancing user benefits in a drive to increase user loyalty to SMEs and brands doing business in the NAVER ecosystem. Brand Store, opened in 2019 to promote shared growth and closer cooperation with brands, steadily grew throughout 2020, emerging as an iconic e-commerce channel for many brands.

Amid the rapid increase in online demand for daily necessities due to the spread of COVID-19, 30 brand stores, including LG Household & Health Care, were opened in the first quarter of 2020. In addition, beauty brands such as Amorepacific, and famous home appliance brands such as Samsung Electronics, LG Electronics, and Apple were opened, and as of the end of 2020, a total of 250 stores had joined Brand Store, far exceeding the target of 200 set at the beginning of the year, with the transaction amount also steadily increasing. Going forward, we will continue to seek ways of growing together with SMEs and brands with the aim of providing them with total solutions designed to comprehensively support their online business.

Enhancing user benefits

NAVER Plus Membership, a paid membership service launched in June 2020, has received positive reviews from NAVER Live Commerce and NAVER users, and is expanding the scope and target of benefits. NAVER Plus Membership not only accumulates 5% of NAVER Pay's payment amount to NAVER users who pay a certain monthly fee, but also offers benefits of using various digital contents. On the back of such distinctive benefits, it is growing rapidly, securing 2.5 million subscribers within just six months of its launch, with the transaction amount increasing rapidly in line with subscribers' satisfaction with the service. The subscribers' average purchase amount increases with their joining of membership. In particular, while more than half of all the subscribers buy less than KRW 200,000 worth of goods per month, their sales contribution has grown by more than three times, working positively for our commerce growth. We will continue expanding the benefits of NAVER Plus Membership while steadily promoting collaboration with various affiliates in order to further develop the membership.

Expanding support for digital transformation of SMEs and creators

NAVER is expanding the value of connection by assisting SMEs and creators with their digital transformation based on its advanced technological prowess. We reconnected customers to traditional markets, having hard time due to the spread of the COVID-19 virus in 2020, via Neighborhood Market Shopping, added live commerce functions to support SMEs' online sales, and promoted online activities by experts and influencers through the Knowledge-iN Expert service. Launched in January 2019, Neighborhood Market Shopping is a delivery service for food and foodstuff from nearby traditional markets within two hours, whose popularity is being driven by its instant online reviews among other factors. Aside from the ongoing changes in traditional markets, NAVER plans to accelerate its support for the digital transformation of offline SMEs.

Knowledge-iN Expert is a service that provides fee-based expert consultations. In March 2020 it expanded the scope of its services to include legal services, which as followed by the addition of "Class" which offers curricula organized by experts in August. In early 2021, under a partnership with the online class service ViBLE, it launched "Master Class" lectures provided by leading specialists from diverse fields. Knowledge-iN Expert now offers 6,700 classes covering a wide range of topics, including business, sports and hobbies, in multiple formats such as one-on-one live classes and video on demand (VOD) training courses for easy and convenient non-face-to-face education.

NAVER Webtoon

Launched in 2004, NAVER Webtoon has positioned itself as the cradle of numerous star artists in South Korea, and has been expanding its global presence to grow into a global webtoon platform with 72 million users from all over the world, including Asia, the U.S., and Europe.

Global Webtoon Content Service
comic.naver.com

Number of global monthly active users

72 million +
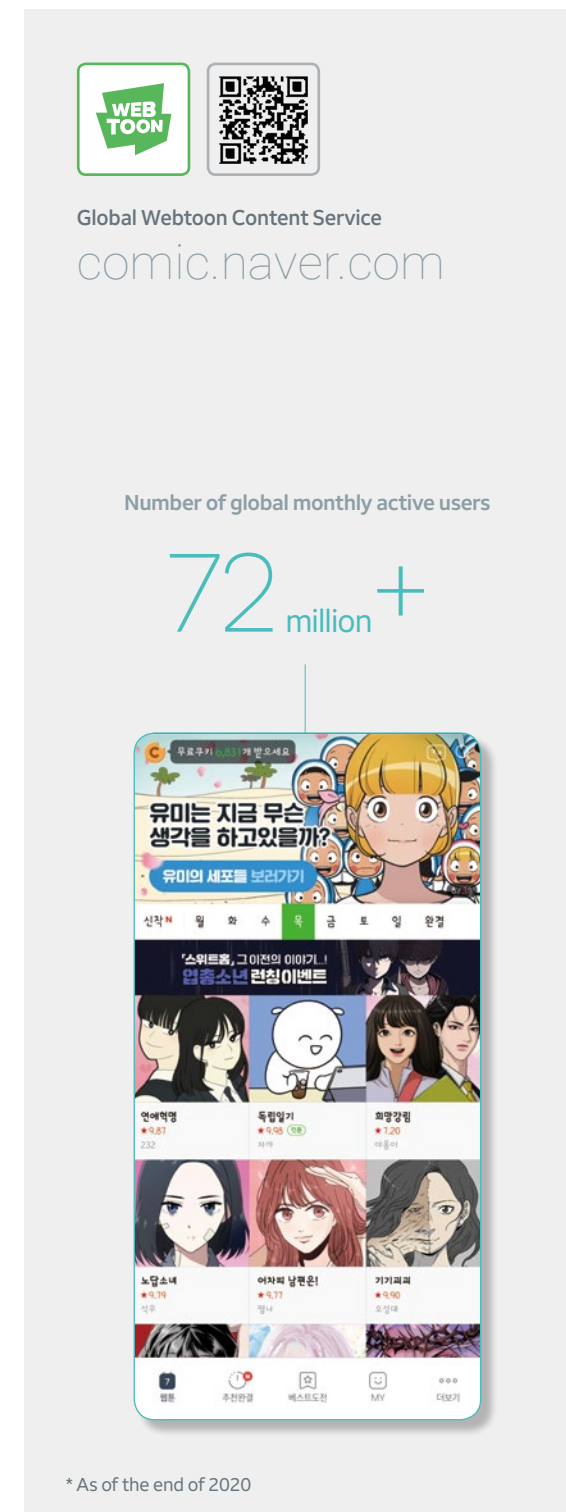
* As of the end of 2020

Expanding the global webtoon ecosystem

In 2020, NAVER Webtoon grew into a global webtoon platform as it entered a growth phase in the global market. Following the launch of language services in French and Spanish at the end of 2019, it achieved remarkable growth in Europe and Latin America. In North America, it achieved rapid growth on the back of the vitalization of its creator ecosystem, Canvas, coupled with the increased loyalty of Generation Z, its major users. Since August 2020, we have channeled Webtoon's excellent planning and development capabilities into LINE Manga in a bid to shift our focus from the publication of separate volumes to whole series. To boost the number of users, we are also enhancing our marketing efforts in addition to enriching our contents.

Behind the growth of NAVER Webtoon lies a creator-centered webtoon ecosystem that has been firmly established based on a three-stage promotional system that consists in selecting, nurturing, and publishing webtoons. The system has been well received in various countries including the U.S., Taiwan, and Thailand. As a result, the average number of monthly active users (MAUs) of NAVER Webtoon exceeded 72 million in 2020.

Evolving into a global storytelling platform

Based on its intellectual property (IP) rights, NAVER Webtoon is expanding into various other industries such as publishing, movies, shows, and games. In particular, as NAVER Webtoon has gained widespread recognition in the global market, we are now focusing on expanding our presence in the market for secondary contents of webtoon. In 2020, Sweet Home, a NAVER Webtoon-based show, was serviced through Netflix in nine languages, including English, Japanese, and French, to approximately 22 million households around the world, with the number of cumulative global views reaching 1.2 billion, thus proving that IPs can be a worldwide hit. The global success of our webtoon-based shows has led to an increase in the consumption of our original works as well, creating a virtuous cycle in which many users are being drawn to NAVER Webtoon.

In line with its increased presence in the global market, NAVER Webtoon is actively working to secure original contents. As part of this attempt, it concluded a contract for the acquisition of "Wattpad" in the early 2021. Established in 2006, Wattpad is North America's largest online fiction platform, reaching 90 million MAUs worldwide and supporting more than 50 languages. As such, NAVER Webtoon has secured a wider variety of global storytelling IPs by having both the world's No. 1 webtoon platform and No. 1 online fiction platform, taking one step closer to becoming a top-notch global entertainment company.
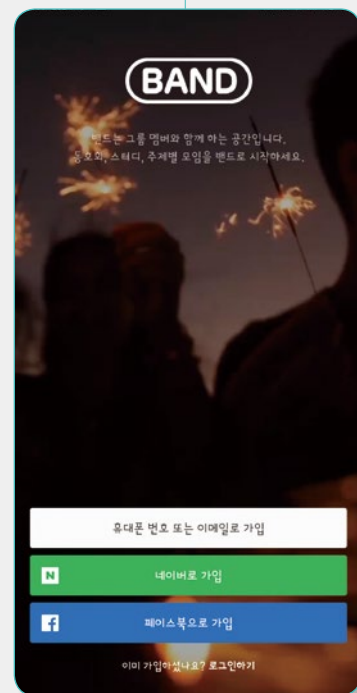
BAND

BAND, a group-type social media network service (SNS), is a meeting app that supports various types of group activities. Continuing its pursuit of global challenges through various experimental services based on users' usage patterns and activities, BAND is now evolving into an expanded form of mobile community service.

Mobile Community Platform
band.us/home

Number of groups operated on BAND

25 million +

Group-type remote communication tool

In 2020, the number of BAND users surged as the need for online communication in schools, private institutes, and churches expanded due to social distancing. The number of daily live broadcasts within BAND increased by about 40 times in South Korea and 20 times in the U.S. compared to the pre-COVID-19 era. In South Korea, MAUs of teenage users sharply increased from 350,000-400,000 in 2019 to 1-1.1 million in 2020. In the U.S., where after-school activities are more active, MAUs rose by 17 times compared to the figure in 2016 to exceed 2.5 million as of 2020 year-end. Going forward, we will focus on technological advances and usability improvements so that BAND can grow into a more convenient global group communication tool.

Platform optimized for online learning environment

BAND is recognized as a platform that supports distance learning seamlessly and provides an optimized service for online learning environment. Teachers can manage their classes with ease by checking attendance, carrying out live broadcasts, and collecting assignments, as well as engaging in instant communication between students, not to mention between teachers and students, on one platform. For the spring semester of 2020, BAND recorded cumulative total of 78,000 groups and 1.35 million subscribers. In 2020, we also launched "BAND for Kids" targeting children and teenagers as the COVID-19 virus continued to spread and the demand for tools to support non-face-to-face classes and meetings surged. Public use of the service is expected to increase in schools and private institutes not only for classes but also for club activities and small-scale events.

* As of the end of 2020

SNOW

SNOW is a mobile AR camera content platform that allows users to add various effects to faces recognized through smartphone cameras. Since its launch in September 2015, the service has received a great response from teenage users, and its content continues to be innovated in line with their trends.

AR Camera Content Platform
snow.me

Number of global monthly active users

240 million +

Laboratory for developing new user experiences

Boasting the world's best camera app technology, SNOW is leading the change of the global generation through its leadership of teen communication trends. As of 2020 year-end, SNOW reached 240 million in its global MAUs of whom more than 90% was overseas users, consolidating its position as a global service. SNOW is a NAVER's laboratory that creates new user experiences through new augmented reality (AR) virtual platforms such as Zepeto, SNOW, B612, FOODY, and other camera apps, along with apps that respond to users' latest service needs, such as Cake, an English conversation app.

Launched in 2018, Zepeto is an AR virtual platform, and its subscribers surpassed 190 million, thus proving that the new experiment was a success, and spun off to NAVER Z. In the meanwhile, SNOW went on to a new experiment by establishing a joint venture called "place_a" with Alchera, an AI image recognition company. The company is developing body and object recognition technology with the goal of creating a human-like AI that will make everyone's daily life easier and more enjoyable, with a real-time full-body recognition technology that precisely duplicates even the fastest movements in a virtual environment instantly planned for use in Zepeto.

스마트 뷰티
나에게 딱 맞는 얼굴형 추천받기

FACE SHAPE

Original　Baby　Slim　Crazy　Natural

ZEPETO

* As of the end of 2020

V LIVE

V LIVE is a live video platform where users can watch celebrities' real-time personal broadcasts. It provides a special experience for both celebrities and fans around the world by transmitting video contents of various topics, such as K-Pop, web drama, beauty, and fashion, using advanced video technology.

Global Live Streaming Platform
vlive.tv
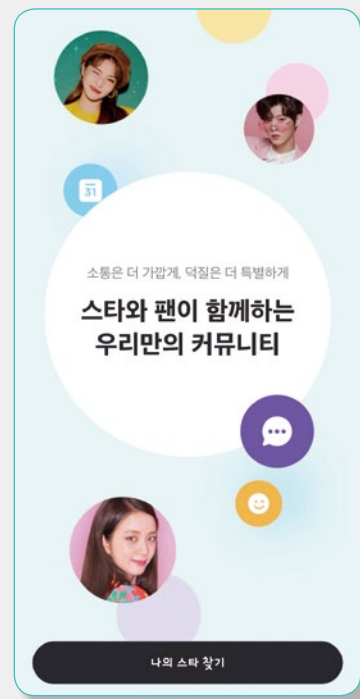
Global entertainment platform

In December 2020, number of global cumulative downloads of V LIVE exceeded 100 million, establishing itself as a global entertainment platform. V LIVE is receiving a great response from users all over the world, with the percentage of overseas users reaching 90%, mainly in the U.S., Indonesia, and Japan. In 2020, its usability increased significantly as the contactless trend was accelerated due to the COVID-19 pandemic. The number of artists' live performances increased by 1.4 times year-on-year, while the number of paid performances and fan meetings surged by 2.6 times, leading to a 190% increase in number of purchasers of paid content including performances and membership subscriptions. Global fans' activities also surged in 2020, with the number of new subscribers increasing by 1.5 times, the number of video playback doubling, and the number of comments growing by 2.5 times, year-on-year.

The rapid growth of V LIVE is largely attributable to NAVER's advanced technological competitiveness, which supports high-quality live performances and fan community platforms. V LIVE has developed its own transmission and media streaming server to provide quality live broadcasting in various network environments. For instance, it built its own multi-CDN and VAM (VLive API Manager, a server request control function) in 2020, in order to further enhance the quality of its live performances and customer services. V LIVE makes continuous efforts to upgrade its platform aimed at connecting celebrities and fans in the digital space and providing them with vivid entertainment contents.

In early 2021, we signed an agreement with Big Hit Entertainment to create a new global fan community platform by integrating V LIVE and Weverse, Big Hit Entertainment's K-Pop platform. Accordingly, NAVER invested in BeNX, a subsidiary of Big Hit Entertainment that operates Weverse. Going forward, we will make sure that V LIVE continues to grow into an entertainment platform that leads contactless performances by delivering new entertainment experiences for celebrities and fans through unrivaled technology, differentiated business models, and expanded cooperation.

VIBE

VIBE is a next-generation AI music service that adds NAVER's advanced AI technology to its music content. Since its launch in 2018, it has been pioneering a new market with a new concept service that considers users' tastes and a user-centered sound source settlement method.

Music Streaming Platform
vibe.naver.com

Strengthening connections between artists and fans

VIBE is making efforts to connect artists and fans more closely by introducing a new settlement method, the VIBE Payment System (VPS), and building an AI recommendation system. As a new concept of user-centered settlement in which streaming charges are settled only for the music actually heard by the user, VPS is expected to revitalize the music ecosystem by solving the problems caused by sound source stocking. NOW, a live audio streaming service launched in September 2019, has grown rapidly, surpassing 20 million cumulative viewers within just one year after its launch. Also, in consideration of diversified contactless performance environments of recent, VIBE has endeavored to become a new kind of high-quality live music platform that applies next-generation XR and multi-view technologies. In September 2020, it launched Party B, a live broadcast equipped with those technologies. NAVER will continue to focus on music contents designed to expand the contact point between artists and fans and seek new ways of delivering a special communication experience centered on artists and fans.

AudioClip

AudioClip was launched by NAVER in response to the growth potential of the market for "content to listen" which has grown rapidly alongside the development of ICT. It exceeded 250,000 cumulative users within just one year after its official launch as a paid audiobook service in 2018, leading the growth of the market.

Audio Content Platform
audioclip.naver.com

Diversifying audio content genres

AudioClip is leading the diversification of audio content genres by experimenting with various contents such as audio cinema, audio drama, and audio entertainment shows. In 2020, it unveiled three audio cinemas for the first time in South Korea, followed by an audio counseling center, audio lessons, and a star bookstore. The audio cinema, which was unveiled in June 2020, was produced based on NAVER's webtoons and web novels. Famous Korean actors, music directors, and staff participated in the production to enhance the completeness of the work. Audio dramas based on popular web novels have also gained great popularity, with the cumulative number of plays of the most representative works reaching 2.8 million.

Growth potential of audio contents is very high because they enable flexible response to future platforms, such as connected cars and AI speakers, and they also have high content utilization. We will therefore strive to develop more competitive and interesting audio contents by expanding collaboration with various cultural contents and creators, which will in turn provide new experiences to users and new growth opportunities to audio creators.

NAVER WORKS

NAVER WORKS is an enterprise collaboration tool based on NAVER's IT technology and security know-how. Thanks to its competitiveness in ease of use, fast and convenient communication, and mobile-optimized functions, NAVER WORKS is expanding its presence in the global market, with 100,000 corporate clients around the world.

Enterprise Collaboration Platform
naver.worksmobile.com

Number of NAVER WORKS corporate clients

100,000 +

* As of the end of 2020

Global enterprise collaboration platform

Works Mobile, a subsidiary of NAVER, utilizes NAVER Cloud's global infrastructure to offer NAVER WORKS – a service for corporate clients with the highest level of security and network quality. For the last ten years or so, all of NAVER subsidiaries across the globe have been using NAVER WORKS, and it has also secured more than 100,000 corporate clients in Japan, China, Europe, and the U.S. in addition to South Korea.

With the prolonged COVID-19 pandemic, telecommuting has become normal, and needs for enterprise collaboration tools optimized for mobile environments is increasing. Amid such an environment, NAVER WORKS has been growing as a collaborative solution with excellent usability and security systems. In Japan, where it is being serviced as LINE WORKS brand, it has maintained a solid No. 1 position for four consecutive years, and is being increasingly applied to such diverse industries as education, securities, insurance, and healthcare.

Accelerating growth in the domestic market

In October 2020, Works Mobile rebranded LINE WORKS as NAVER WORKS to make it more familiar to Korean users, and has since increased experience and awareness of the collaboration solution NAVER WORKS. Most notably, in order to support the operation of SMEs during the COVID-19 pandemic, it offered "Lite" product free of charge, launched a "Free" product for Smart Store merchants and other SMEs. Meanwhile, Works Mobile has been selected as a supplier of the government's K-online service voucher program to help SMEs respond to the new non-face-to-face business environment.

The biggest strengths of NAVER WORKS are its stability and its ease of use, as it enables most work to be carried out on a mobile app. It embodies NAVER's unique competitiveness in that it provides a variety of services such as Mail, Messenger, Calendar, and Drive in the cloud in the safest way. Based on these strengths, NAVER WORKS is consolidating its dominance in the domestic market.
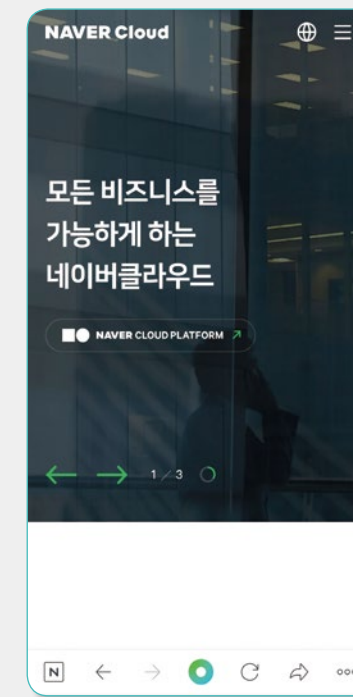
NAVER Cloud Platform

NAVER Cloud Platform is a one-stop service that provides NAVER's technologies and platforms on a cloud basis. NAVER operates global Regions at its major overseas bases and is expanding them continuously to secure an even faster, more stable service.

Enterprise Cloud Service
ncloud.com

Launching NAVER Cloud

In October 2020, NAVER Business Platform (NBP) was relaunched as NAVER Cloud by integrating all of NAVER's enterprise business capabilities. Accordingly, all the technologies and services secured by NAVER, and all its B2B products, such as enterprise cloud, AI platform, and enterprise collaboration tools, will be commercialized and distributed based on cloud.

In 2017, NAVER Cloud launched the NAVER Cloud Platform, a cloud service which has released more than 170 competitive products and enjoyed annual growth of more than 200% over the last three years. It is now a leading cloud company in South Korea that is chosen by many domestic and foreign companies and government agencies. In 2020, it focused on securing clients from public agencies and financial institutions. Neurocloud, a hybrid cloud service launched in July 2020, has drawn an enthusiastic response from the market for the outstanding flexibility of its cloud services optimized for public agencies and financial institutions. While many companies are shifting their business towards the cloud, NAVER Cloud Platform is expected to lead market trends on the back of its strength in addressing client needs.

Expanding markets and client base

The demand for online business solutions is spreading to diverse fields far beyond enterprise collaboration tools. Furthermore, cloud services which serve as a robust foundation for such solutions are also seeing an accelerated increase in demand. NAVER Cloud, which has pioneered the domestic market, is responding well to this trend and expanding its business areas to education and medical care. It provides consulting services and solutions designed to enable universities and other educational institutions to build video lecture systems and link them with existing learning management systems. It secured new opportunities in the education market by providing services to the e-Learning Center run by the Korea Education and Research Information Service (KERIS) for 5.5 million students, and signed a new service supply agreement with Educational Broadcasting System (EBS), another axis of distance learning in South Korea, at the end of 2020. In the medical cloud field, it has supplied cloud services to the three hospitals run by the Korea University Medicine. It now aims to preemptively promote the future direction of telemedicine, including medical infrastructure provision, big data analysis, and diagnosis and prescription solutions.

In addition, it will expand its market share by attracting companies – especially those whose transition to cloud has been somewhat constrained – through Neurocloud, a hybrid system that can organically connect NAVER's cloud services to the servers and databases used by companies. It has helped to curb the spread of the COVID-19 by establishing a cloud-based telecommuting environment for call centers, with its application to the NAVER Customer Center verifying the efficiency of the system. NAVER Cloud now plans to expand the customer base of its cloud-based call center solutions in various industries.

Whale

NAVER Whale is a web browser that NAVER introduced after five years of development with the goal of making it easy for anyone to use. It provides new web experiences based on various proprietary technologies and elegant designs.

Completely New Web Browser
whale.naver.com

Collaborating for safe and convenient web experience

NAVER is expanding collaboration with others aimed at providing a convenient and safe web experience through Whale. In May 2020, NAVER signed a memorandum of understanding (MoU) with Korea Fair Trade Commission (KFTC) to install the KFTC certificate cloud service on Whale. As a result, users can now log in with a Whale browser without having to install a separate security program or plug-in. In January 2020, we signed an MOU with Korea Internet PC Culture Association (IPCA) to build a safe PC security environment. IPCA, which represents about 10,000 Internet PC rooms nationwide, has agreed to get Whale installed as a default browser for its member businesses. Whale's safe browsing function, which blocks the installation of illegal programs in advance and prevents users from looking at other people's monitors, ensures a safer and more comfortable web experience. Whale is also making efforts to improve the domestic Internet environment even in areas that are neglected by other browsers. NAVER will continue to promote cooperation and innovation so that its users can enjoy convenient and innovative Internet services through its web browsers.

Collaborating to provide future mobility services

Whale is expanding the scope of its collaboration in order to evolve into an expanded platform. In October 2020, NAVER agreed to cooperate with Dream Ace, a company specializing in in-vehicle infotainment (IVI) solutions, and Continental Automotive Korea, a global technology company, to facilitate the web-based IVI service ecosystem. In December, we signed an MOU for business cooperation with leading companies in the domestic mobility market, including Dream Ace, Team Wiper, Carang, and Last30min. NAVER will continue seeking opportunities for cooperation on the construction of a service ecosystem and improvement of the user experience in the future mobility market.
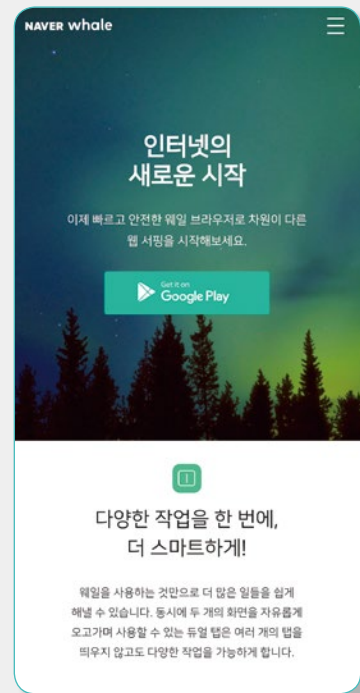
Papago

Developed with NAVER's in-house technology, Papago is an automatic interpretation app that integrates various state-of-the-art technologies. It provides more accurate translation services thanks to AI-based neural network translation technology.

Reliable Translation Platform
papago.naver.com

Making continuous efforts to improve quality

In our efforts to help users cross the language barriers, NAVER is enhancing quality by utilizing technology and data. In 2020, we improved convenience by introducing a new image-oriented "direct translation" function that translates a text into an image directly on top of the image. For example, after taking a picture of a sign or menu on the street with the Papago app, users can select "Instant Translation" and check the direction of the sign in the image and the translation along with pictures of food. This has been made possible by the application of a deep learning model, high throughput screening (HTS), which is based on NAVER's vast language data and language processing technology. As a platform that will lead translation technology in the future, Papago is currently focused on the development of core technologies to further enhance the quality of its translations.

NAVER CLOVA

NAVER CLOVA is an integrated AI platform that combines technologies which use the five senses, such as voice and image recognition. Through its in-house developed AI technology, NAVER is creating unprecedented new technologies, services, and products.

New Platform for the Future
clova.ai

Expanding the application of AI solutions

Launched in February 2020, CLOVA Dubbing allows users to put AI voices on videos without a voice recording. It has grown rapidly in line with the increasing demand for non-face-to-face video contents, exceeding 100,000 subscribers within four months after its launch. CLOVA Lamp, launched in October, is a smart device that integrates AI technologies offered by NAVER CLOVA, such as character recognition, image recognition, speech synthesis, speech recognition, and natural language processing. It won the CES Innovation Award for its excellence. In July, we launched CLOVA Clock+, a smart clock that offers users a completely new experience by combining our cutting-edge AI technology with the appearance of a table clock, followed by CLOVA Notes, a voice recording service that converts recorded voices into text, in November, and AI Vision/OCR Platform, a document reading automation solution based on optical character reading (OCR) technology, in cooperation with Shinhan Bank, in December. NAVER CLOVA aims to create a more convenient and smarter life by expanding its services designed to provide users with practical help in their everyday life as well as for business purposes.

BUSINESS

REVIEW
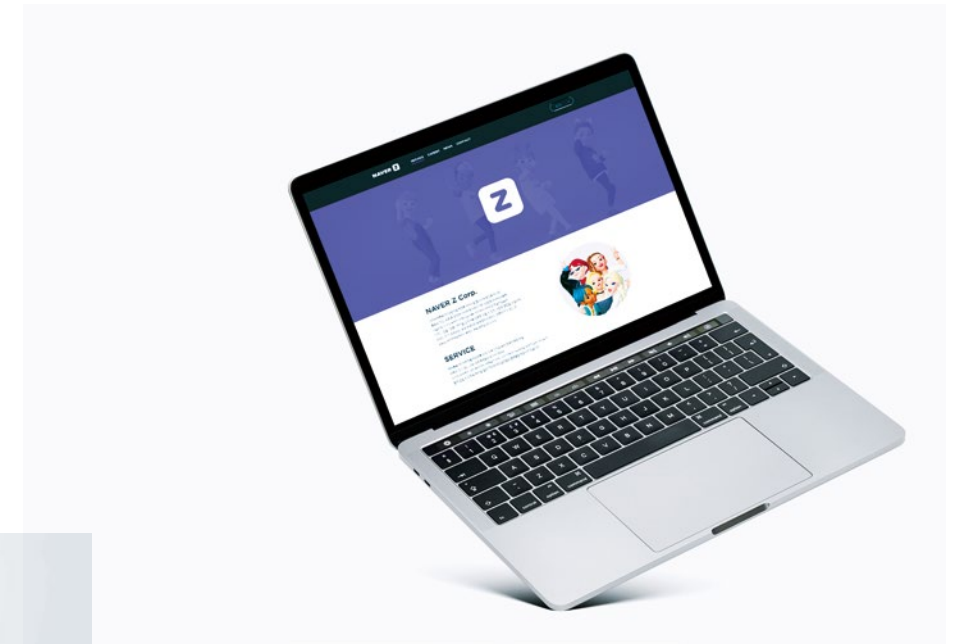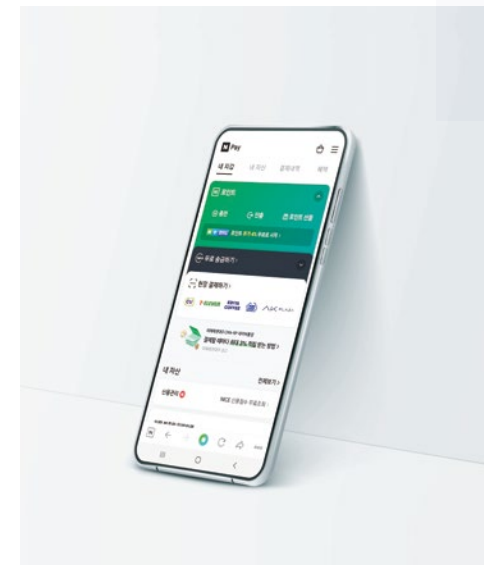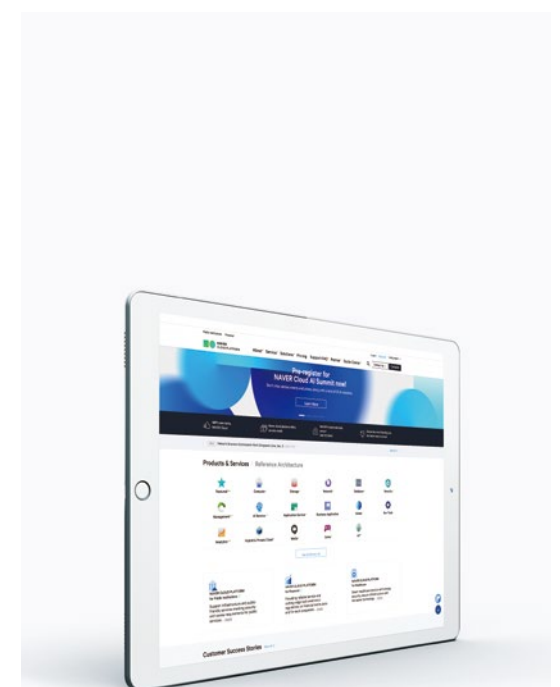
RETHINK
OUR BUSINESS
EXCELLENCE

NAVER is exploiting its outstanding technological prowess based on sound financial structure, creating new opportunities. We are also pursuing constant innovation and change to grow together with all of our stakeholders.

As unpredictable difficulties due to the global spread of COVID-19 plagued the business environment, NAVER carefully managed risks based on the capabilities we had accumulated over the years, while actively responding to newly discovered opportunities. Despite the challenging situation, we continued to invest in new growth opportunities, and we expanded our support for SMEs and creators that are working with us in order to help them overcome the crisis.

As a result of such efforts, we were able to quickly normalize our advertising and cloud business in the second quarter. Growth in the commerce, pay, content, and B2B businesses, in which NAVER had proactively invested, also accelerated thanks to the spread of the contactless trend. We changed our business category starting from the third quarter of 2020, reflecting our mid- to long-term strategies and business direction to be Search Platform, Commerce, Fintech, Contents, and Cloud. Going forwards, we will further develop our virtuous cycle structure between the existing businesses and fast-growing new businesses, and we will also make sure that our corporate growth will lead to shareholder value. In addition, we will strive to build a future in which SMEs and creators within our ecosystem can transform crisis into opportunities and thrive with NAVER.
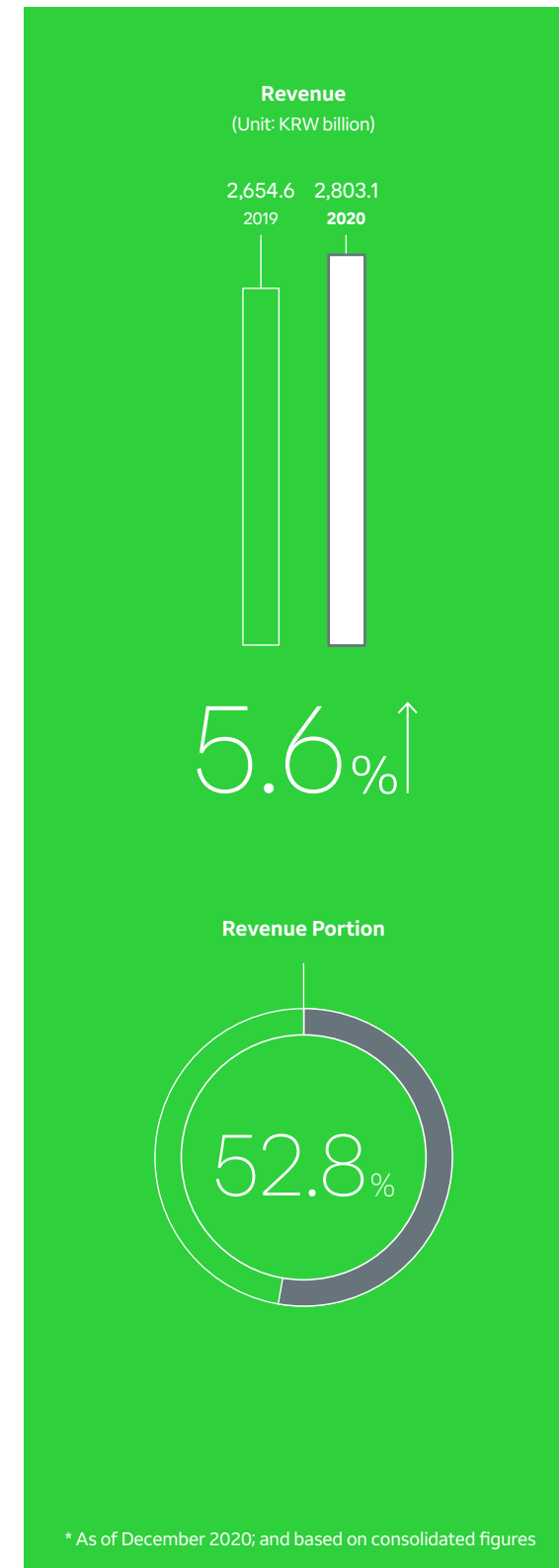
BUSINESS

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OVERVIEW

Search Platform
- Search
- Display

Commerce
- Shopping
- Commission
- Membership

NAVER

Cloud
- Cloud
- WORKS
- Clova

Fintech
- Pay service
- Digital finance

- Webtoon
- Music
- V LIVE
- SNOW

Contents

Search Platform

Leveraging our technologies and platforms, we ensure seamless flow of information, our asset and growth driver, from generation to distribution, thereby maintaining a solid growth pace.

Revenue
(Unit: KRW billion)

2,654.6
2019

2,803.1
2020

5.6%↑

Revenue Portion

52.8%

* As of December 2020; and based on consolidated figures

In line with the reorganization of our business structure in 2020, commerce sales have been separated from advertising revenues, while search and display advertising has been integrated into the Search Platform, the backbone of NAVER. We accommodated the marketing needs of various brands and SMEs and strived to provide products that naturally converge with users' consumption trends, searches, and shopping flows. As a result, our Search Platform Business maintained its solid growth in 2020 with sales of KRW 2,803.1 billion, a year-on-year increase of 5.6%.

Reorganizing advertising product system

NAVER has been carrying out an extensive reorganization of its product system to better respond to changes in the online marketing environment. In particular, performance ads drove the growth of our Search Platform business in 2020 by minimizing the negative impact of COVID-19, following the successful pilot project conducted in 2019 to confirm its growth potential. Performance ads refer to a system whereby advertisers pay for advertising costs according to the number of clicks made by users. Starting with the Smart Channel launched in NAVER Mobile in May of last year, it has been continuously expanding the scope. Situated at the top of NAVER Mobile's main screen, the Smart Channel commands attention, while advertisers can choose between performance ads and impression guaranteed ads according to their budget and schedule. It is been received well by small and medium-sized advertisers as it enables them to execute their marketing expenses more flexibly. In July, we applied the Smart Channel to the BAND app to broaden the coverage of performance ads while also boosting our platform competitiveness, in our efforts to improve advertising effectiveness and enhance advertisers' satisfaction. Thanks to the expansion of performance ads and our efforts to improve advertising efficiency, our Search Platform sales, which began to recover in the second quarter of 2020, increased by 8.2% and 11.3% year-on-year in the third and fourth quarter of 2020, respectively, attesting a clear upward turn.

Making continuous efforts to upgrade services

NAVER offers user generated contents (UGC) services such as Knowledge-iN Expert and Influencer Search to help boost the growth of creators who provide good contents to users and to open up new business opportunities for them. In 2020, we expanded the counseling category within Knowledge -iN Expert and augmented it with video and audio counseling functions to create a more convenient knowledge sharing environment.

Influencer Search is a creator search service that attracted some 12,000 participating influencers as of the end of 2020, following its official launch in February 2020. We have created a separate tab for the Influencer Search in the main NAVER portal to support closer connection between influencers and users. NAVER will continue to develop its existing services in line with new technologies and trends, while striving to discover new business opportunities not only in South Korea but also in the global market.

Commerce

NAVER is committed to creating a commerce ecosystem that will allow numerous users and diverse SMEs and brands to connect with one another to form a robust relationship, thereby developing growth drivers for continued growth.
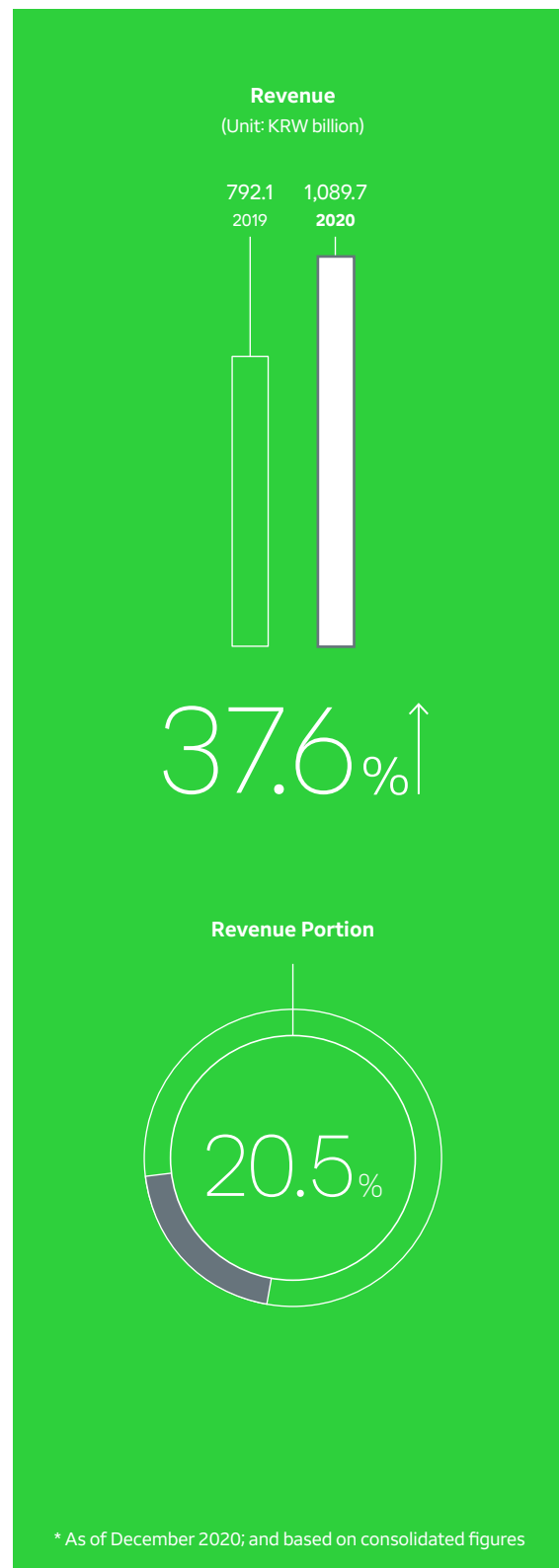
We have accelerated our growth pace by providing both merchants and users with highly satisfying new services such as NAVER Plus Membership and Shopping Live. Amid the protracted COVID-19 pandemic, the demand for online shopping and the number of merchants increased rapidly, leading to an increase in the transaction volume of NAVER Smart Store, Brand Store, and Neighborhood Market Shopping platforms. In 2020, our Commerce sales rose sharply throughout the year to record KRW 1,089.7 billion, year-on-year increase of 37.6%.

Achieving shared growth with SMEs

NAVER has been leveraging its technologies and services to help SMEs thrive. Our efforts include Partner Square, an offline base of Project Flower which helps anyone easily and quickly start a new business online; Biz Advisor which provides sales data to Smart Store merchants to help them with their marketing efforts; and AiTEMS, an AI-based product recommendation system. These served as the key growth engine for SMEs and NAVER alike in 2020, when online startups and the digital transformation of SMEs surged as contactless consumption increased due to the spread of COVID-19. The number of Smart Store buyers that had showed a slow growth rate, hovering around 8 million per month in January 2020, surged to 10 million in March, with the number of first-time buyers in their 20s and 40s increasing significantly. In the second quarter, the number of new Smart Stores reached a monthly average of 33,000, and as of the end of 2020, the total number of Smart Stores reached 410,000, with the number of merchants with monthly transactions of KRW 100 million or more increasing to 4,000, more than double figure recorded in the previous year. The growth of SMEs is leading to user expansion through synergy with NAVER Plus Membership, which has expanded user benefits significantly. In 2020, the number of Smart Store payers exceeded 20 million, and the number of payments per person and customer unit price increased by 43% and 47%, respectively, indicating growth in both size and loyalty.

Expanding the shopping ecosystem

In 2020, NAVER expanded the shopping ecosystem by enhancing user benefits by introducing "NAVER Plus Membership", increasing support for merchants based on "NAVER Shopping Live", and forming a strategic partnership with CJ Logistics. In March 2020, Live Commerce, which was introduced as a new concept of sales tool to offline sellers amid the COVID-19 crisis, was officially launched as NAVER Shopping Live in July, thanks to the positive response from both merchants and users. Since then, it has rapidly gained market dominance on the back of its rapid growth in the number of merchants and Shipping Live views, as well as its overall transaction volume. Launched in June 2020, the NAVER Plus Membership also grew rapidly, securing 2.5 million members, far exceeding the target of 2 million set for the end of the year, showing steady growth in both the number of subscribers and the number and amount of transactions per subscriber. Along with the expansion of its commerce ecosystem, NAVER will strengthen its support in a bid to strengthen the relationship between users and merchants, while striving to expand its presence in the global market based on its success in South Korea.

Revenue
(Unit: KRW billion)

792.1 **1,089.7**
2019 **2020**

37.6%↑

Revenue Portion

20.5%

* As of December 2020; and based on consolidated figures

Fintech

In the fintech market where new growth is anticipated, NAVER will achieve solid growth based on user satisfaction in its own way, which cannot be guaranteed by existing financial institutions, based on its advanced technology and win-win philosophy.
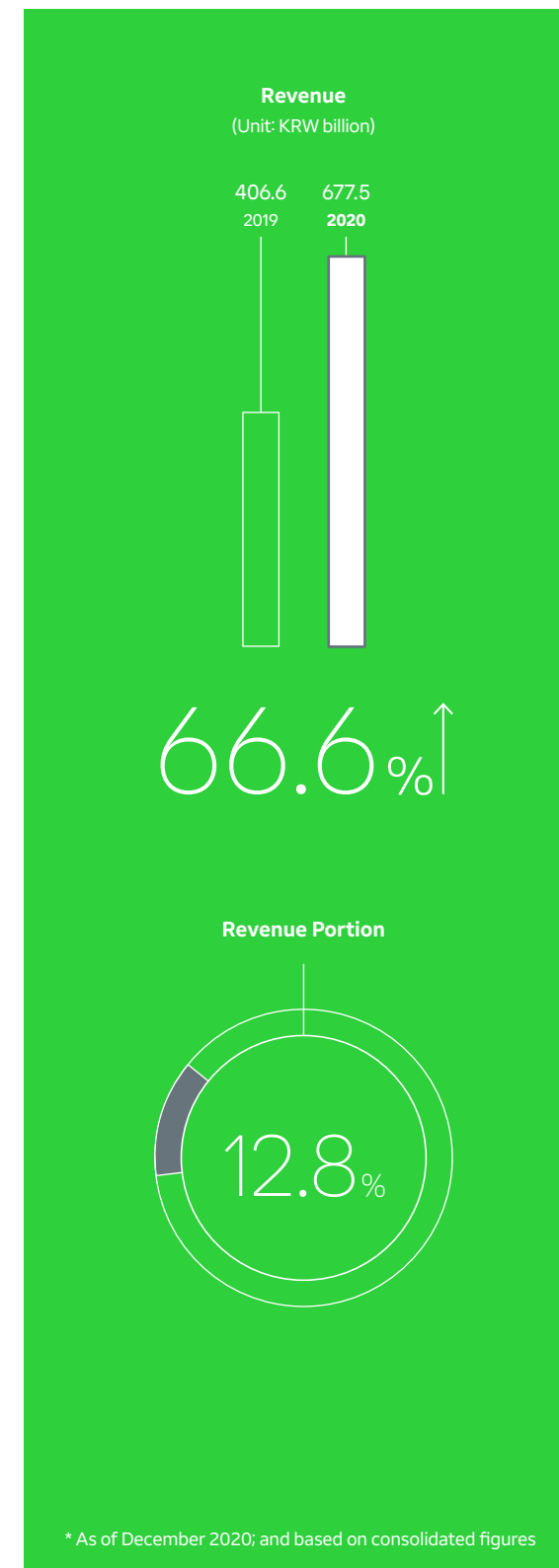
According to the new revenue classification, our Fintech business consists of NAVER Pay service and digital finance-related sales. Such an arrangement is aimed at sharing the process of our business expansion and development in the fintech area more clearly. In 2020, NAVER Pay's transaction volume increased steadily, and our fintech services for SMEs began in earnest. As a result, we posted revenue of KRW 677.5 billion in our Fintech business, recording a year-on-year growth of 66.6%.

Marinating the growth pace of NAVER Pay

In 2020, NAVER Pay, our simple payment service, continued to grow, surpassing KRW 5 trillion in transaction amount for the first time in the first quarter, exceeding KRW 6 trillion in the second quarter, and recording KRW 7.8 trillion in the fourth quarter. As of the end of the year, the number of active users increased by 29.8% year-on-year to 14.7 million, with the percentage of people aged 50 and older showing a significant increase. Such a striking achievement is the result of a combination of the rapid growth of online shopping trends and our constant efforts to expand external payment destinations. In the fourth quarter, major brands in various fields, including KTX, KT, Lotte Duty Free, and Nike, adopted NAVER Pay. In November, in a partnership with BC Card, we launched a service whereby users can pay with NAVER Pay points using QR codes at 70,000 offline stores nationwide, expanding the points-based ecosystem and increasing the convenience of NAVER Pay service users. Going forward, we will focus on expanding our alliances with top payment destinations by industry, including shopping malls, restaurants, and financial institutions, in order to expand the scope of our business by increasing the size of payments and strengthening the linkage between shopping and payment flows.

Offering fintech services to SMEs

In 2020, NAVER began to offer fintech services to SMEs in earnest in an effort to reduce blind spots in society by connecting the financially underprivileged through technology and data and by supporting the growth of SMEs, which form the backbone of our society in particular. NAVER FINANCIAL, a financial subsidiary of NAVER, in partnership with Mirae Asset Capital, launched the Mirae Asset Capital's Smart Store Loan in December 2020 on the basis of the alternative credit scoring system (ACSS) it had developed on its own. ACSS is a credit rating system which NAVER created by adding its own Smart Store data to the financial data of credit rating companies after analyzing the Smart Store data with AI machine learning and big data technology. It supports thin filers that existing financial institutions were not able to help, based not only on simple sales performance or financial history but also on wider and more in-depth data, such as stable sales growth, the percentage of regular customers, and reviews of purchasing customers, thereby lowering the thresholds for SME loans. Such funding will lead to the growth of Smart Store SMEs, as well as NAVER Shopping and NAVER Pay, while the accumulation of data is expected to enable us to create a virtuous cycle, our unique competitiveness.

Revenue
(Unit: KRW billion)

406.6 **677.5**
2019 **2020**

66.6%↑

Revenue Portion

12.8%

* As of December 2020; and based on consolidated figures

Contents

NAVER is growing together on the global scale by connecting innovative ideas and new contents from creators in diverse fields with users around the world through its cutting-edge technology and platforms.
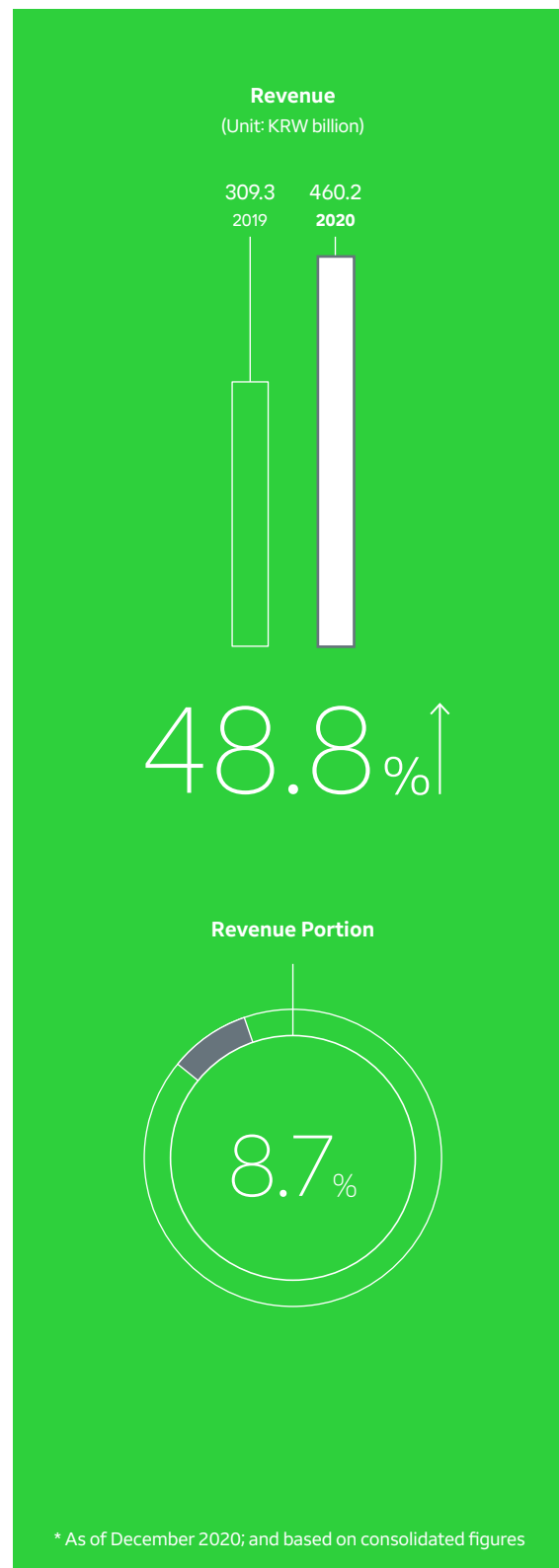
NAVER offers such content services as webtoon, music, V LIVE, and Snow, which share interesting contents created by global creators and provide users with enjoyment in their everyday lives. Our Contents business has been growing extensively on the back of our advanced technology and the ongoing increase of global users. In 2020, the growth pace was further accelerated thanks to the emerging contactless trends. In particular, the volume of NAVER Webtoon's annual global transactions exceeded an initial target and reached KRW 820 billion, leading the overall growth of our Contents business, resulting in revenues of KRW 460.2 billion, a year-on-year growth of 48.8%.

Building a global webtoon ecosystem

Number of global users and the transaction volume of NAVER Webtoon have been increasing markedly as we provide differentiated contents and services based on our state-of-the-art technology. In 2020, the number of NAVER Webtoon's monthly active users (MAUs) exceeded 72 million, mainly attributable to steady growth in the U.S., its flagship market, rising number of users in new markets such as France and Latin America, and the expansion of series-type services in Japan, its largest market. In the U.S. of particular note, the spread of COVID-19 encouraged numerous offline artists to join webtoon artist discovery program called "Canvas", resulting in a year-on-year increase of 60% in the number of both works in English and creators on Canvas. This in turn has led to an increase in the payment conversion rate and the payment amount per person, driving the growth of the total transaction amount. Moreover, contents recognized for their quality in the U.S., which has considerable impacts, ranked at the top in new markets such as Europe and Latin America, driving NAVER Webtoon's worldwide growth. To maximize these effects, we restructured our webtoon governance with our US subsidiary playing a central role, based on which we plan to increase synergy between the US, Korean, and Japanese platforms in order to seize a wider range of opportunities in the global market and take a leap forward as a global content company.

Expanding into the global entertainment market

NAVER is creating new business models by strengthening ties with leading entertainment companies in South Korea, while also contributing to meeting the cultural needs of domestic and foreign consumers in the contactless era. In August 2020, NAVER agreed to invest KRW 100 billion in SM Entertainment's subsidiary to support its live and community platforms technologically. In October and November of the same year, NAVER Z, which offers Zepeto, an augmented reality (AR) avatar service, attracted a total of KRW 12 billion in investments from Big Hit Entertainment and YG Entertainment, and KRW 5 billion from JYP Entertainment. Based on this collaboration, we will secure new business opportunities across the entertainment business value chain by adding our technology to entertainment companies' K-Pop business know-how and intellectual property (IP) rights.

Revenue
(Unit: KRW billion)

309.3 — 2019
460.2 — **2020**

48.8% ↑

Revenue Portion

8.7%

* As of December 2020; and based on consolidated figures

Cloud

We will gain an unrivaled competitive advantage in the B2B business by leveraging our advanced technological prowess, vast amount of data, as well as expertise and experiences, thereby driving the growth of our own and our corporate clients.

Amid the COVID-19 pandemic, demand for non-face-to-face services has been rapidly growing in many fields of society. As a result, NAVER's B2B services, including Cloud, NAVER Works, and Clova, have achieved a steady increase of sales. In 2020, LINE Works in Japan grew steadily as well, attracting attention as a collaborative solution equipped with outstanding usability and security systems, and as a result, we generated KRW 273.7 billion in Cloud business, a year-on-year increase of 41.4%.
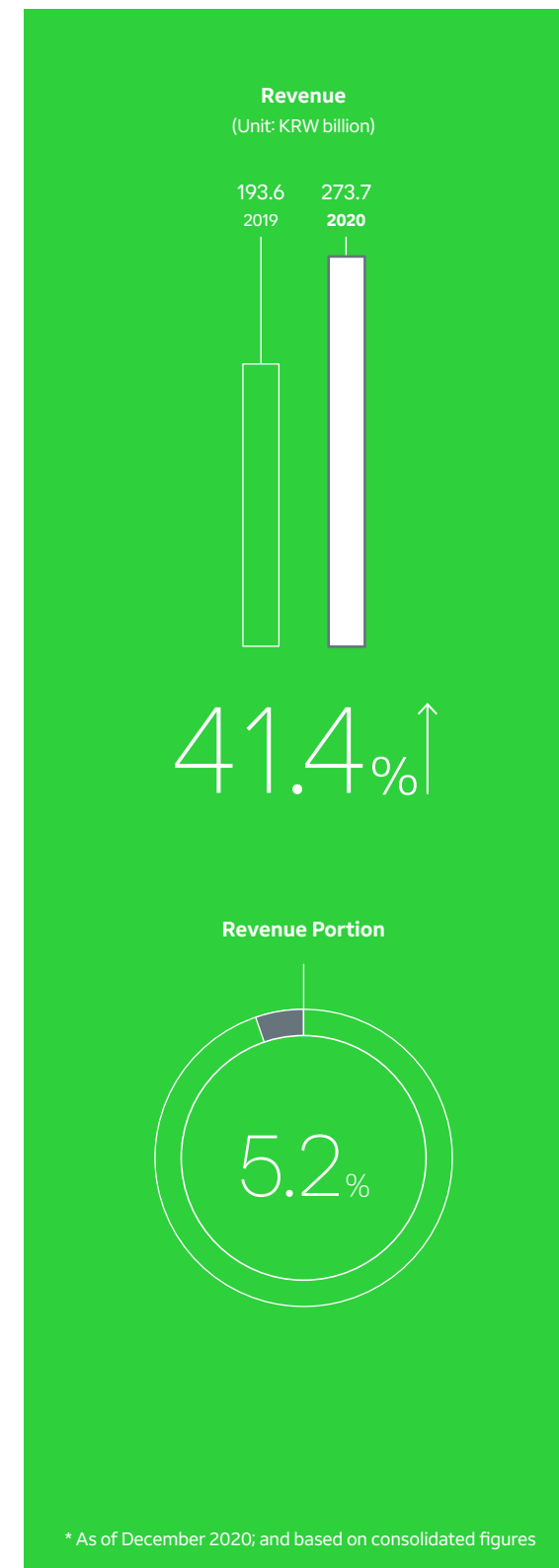
Establishing a unified B2B sales counter

In 2020, NAVER has decided to commercialize all of its business technologies and services on cloud as a way to strengthen its unique competitiveness in the B2B business. We have changed the company name of NBP (NAVER Business Platform) to NAVER Cloud which has a more intuitive meaning. In the near future, we will integrate our services, technologies, data, and know-how in order to build a layer of vertical solutions tailored for each sector, such as education, commerce, and games. We have also announced a plan to share the data we have accumulated over the past 20 years through our own cloud for the government's Digital New Deal Data Dam project. We hope that the data will be used in the country's AI research and various industries to spur on the Fourth Industrial Revolution in Korea.

Expanding client base and markets

The prolonged COVID-19 crisis is changing our working and learning environments. Our B2B solutions offer stable and convenient working/learning environment online, and on the back of such strengths, we are expanding our client base and entering into new markets. In March 2020, when normal school opening was impossible due to the spread of COVID-19, we quickly built the "e-Learning Center", run by Korea Education and Research Information Service (KERIS), in a cloud environment, and provided support so that distant learning could be conducted efficiently even when millions of students were connected at the same time. We also ran a campaign to provide the enterprise collaboration tool "NAVER Works" free of charge to companies pursuing digital transformation, while also offering it for free to Smart Store merchants.

These efforts not only increased sales but also boosted the popularity of the service. For example, NAVER won a contract for the Sejong City Smart City Project in October 2020, followed by its selection as a main cloud service provider for the Busan Smart City Project in December, thus laying the groundwork for its proactive response to the national initiatives to innovate the country's infrastructure and administrative services. Furthermore, we renewed our cloud supply contract with KERIS and signed a service supply contract with EBS, thereby securing leadership in the country's public and education sectors. NAVER's subsidiary, Works Mobile, has also responded quickly to market changes amid the COVID-19 crisis by offering businesses a free messenger service and helping SMEs with product development, and as a result, it secured more than 100,000 corporate clients overseas, including in Japan, China, Europe, and the U.S.

Revenue
(Unit: KRW billion)

193.6 — 2019
273.7 — **2020**

41.4% ↑

Revenue Portion

5.2%

* As of December 2020; and based on consolidated figures

ESG

REVIEW

REFRAME
THE WAY WE
VALUE ESG

Recognizing that environmental, social, and governance (ESG) management is essential for enhancing corporate value, NAVER strives to manage ESG factors systematically while building up its fundamental ESG capabilities.

Based on a firm belief that sound and transparent governance is the foundation for sustainable growth, we strive to run our business in an economically, socially, and environmentally responsible way based on our advanced corporate governance structure. We also make continuous efforts to turn our services and platforms into a tool for daily life that is easy enough for anyone to use the technologies. NAVER's technology platform is evolving in such a way that more individuals can grow and create opportunities in a wider world, thereby enabling future generations to safely use data and enjoy a clean natural environment.

NAVER is well aware of that ESG management is essential for us in enhancing our corporate value and achieving sustainable growth. In 2020, under the ESG leadership of the BOD and top management, we established a company-wide ESG strategy that reasserted our commitment to ESG. In this context, NAVER's technology platform is headed toward the realization of a sustainable future that can only be achieved through ESG management.

Please refer to
NAVER ESG Report 2020
for more information

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Please refer to
NAVER ESG Report 2020
for more information98

Sustainability Framework

In order to achieve sustainable growth in the rapidly changing business environment, NAVER has established an ESG management system and is striving to enhance its long-term corporate value.

NAVER is focused on creating sustainable value with its various stakeholders including users, employees, shareholders, partners, and local communities. In 2020, based on the ESG leadership of the BOD and top management, we launched the ESG Committee and an ESG-dedicated organization (Green Impact Team) while setting our mid-to long-term ESG directions as a way to lay solid foundations for systematic ESG management.

ESG Implementation Strategy

NAVER is seeking ways to increase its corporate value from an ESG perspective. To this end, in 2020, we held discussions with our key investor groups at home and abroad, ESG expert groups, major business partners, and other external stakeholders on our ESG issues that we should significantly manage over the long term, as well as our response measures. We also gathered opinions from all the relevant departments, management, and the BOD. Based on the results of these discussions, we established a strategy for enhancing our corporate value based on ESG, with a focus on the key areas in which our stakeholders expressed a keen interest and on which NAVER should concentrate in the mid to long term, thereby establishing our ESG directions. We will continue to publish the ESG Report, first issued in 2020, as a way to share information transparently and faithfully on the ESG issues which may have a significant impact on our corporate value.

ESG Organization

ESG Committee under the Board of Directors   In October 2020, NAVER launched the ESG Committee, which is composed of the CEO and three independent outside directors. We extended the function of Risk Management Committee (former Transparency Committee) which made decisions on environmental and social issues, and formed the company's top level organization tasked with the management of ESG risks and the expansion of business opportunities. In 2020, the Committee reviewed and made decisions on NAVER's mid- to long-term climate change response directions and the 2040 Carbon Negative targets. Starting in 2021, it will hold quarterly meetings in order to check the strategic directions of NAVER's ESG initiatives, approve major actions, and perform its management and supervision functions. The ESG Committee meeting held in the first quarter of 2021 reviewed the progress of the 2021 ESG improvement tasks and the issuance of 2020 Annual Report and the ESG Report, aimed at sharing more detailed ESG information with the company's shareholders.

ESG-dedicated Organization   In December 2020, we launched an ESG-dedicated organization (Green Impact Team) under the CFO to promote ESG management to a global level. The ESG-dedicated organization (Green Impact) manages individual ESG projects conducted by departments across the company, presents guidance based on the requirements of external stakeholders, and presents agenda items to the ESG Committee under the BOD four times a year based on the progress of relevant tasks. In February 2021, we launched an environment-dedicated organization (Environment Team) under the CFO to come up with measures for responding preemptively to any movement to strengthen the existing environmental regulations at home and abroad, while preparing for the adoption of a strategic system and an effective environmental management system for the successful implementation of the "2040 Carbon Negative[1]" strategy.

[1] NAVER's eco-friendly strategy newly established in 2020, aimed at offsetting its greenhouse gas (GHG) emissions by reducing GHG more than the GHG amount that is emitted, thus making the net emissions amount 0 or less by 2040.

Strategies to Enhance Corporate Value based on ESG

MAXIMIZING BUSINESS VALUE	Establish an eco-friendly e-commerce ecosystem	Support employee growth and engagement	Expand support to help partners grow	Maintain and further improve transparency of corporate governance
	• Continue to increase investments in eco-friendly packaging • Promote eco-friendly product branding • Induce partner participation	• Strengthen the employee education system • Give stock options to all employees	• Expand social value creation through NAVER Partner Square • Expand the win-win growth fund for shared growth	• Establish and offer transparent and predictable shareholder return policy • Maintain top-level governance transparency

MINIMIZING OPERATIONAL RISK	Achieve 2040 Carbon Negative	Minimize risks related to data protection and cybersecurity	Strengthen fair trade and business ethics management
	• Manage and improve energy efficiency of data centers • Increase use of new and renewable energy • Identify eco-friendly businesses and increase investments in low carbon solutions	• Operate a data security management system led by internal and external experts and top management • Continually upgrade risk management solutions for data protection and cybersecurity	• Upgrade the anti-corruption risk management system and information disclosure • Continually reduce the occurrence of risks related to business ethics and compliance, and strengthen measures to be taken

Management

NAVER's management, with vast expertise and high ethical standard, plays a pivotal role in operating the company, always striving to enhance corporate value as well as value of shareholders and other stakeholders.

Han Seong-sook
- President & CEO of NAVER Corp.
- Joined NAVER in 2007

Key Professional Background
- Director of Search Business Division, EMPAS
- General Director of Service Management Committee, NAVER Corp.
- Currently President & CEO of NAVER Corp.

Choi In-hyuk
- Chief Operating Officer (COO) of NAVER Corp.
- Joined NAVER in 2000

Key Professional Background
- Samsung SDS
- General Director of NAVER Business Committee
- Currently COO, NAVER Corp.
- Currently CEO, NAVER FINANCIAL

Park Sang-jin
- Chief Financial Officer (CFO) of NAVER Corp.
- Joined NAVER in 1999

Key Professional Background
- Samsung SDS
- Team Leader of NAVER Business Management
- Currently CFO, NAVER Corp.

Chae Sun-joo
- Chief Communication & Culture Officer (CCO) of NAVER Corp.
- Joined NAVER in 2000

Key Professional Background
- Daewoo Motor Sales Corporation
- Currently CCO, NAVER Corp.

Lee Hae-jin
- Global Investment Officer (GIO) & Founder of NAVER Corp.
- Founded NAVER in 1999

Key Professional Background
- Samsung SDS
- Chairman of the BOD, NAVER Corp.
- Currently GIO, NAVER Corp.

* As of December 31, 2020

Governance

CORPORATE GOVERNANCE

Sound corporate governance is a foundation of a company's sustainable growth.
NAVER is therefore committed to advancing its governance structure while also paying
close attention to all of its stakeholders.

NAVER Investor Relations

Shareholder Value

Protecting Shareholder Rights and Interests   NAVER provides shareholders with sufficient information prior to the holding of an annual general meeting (AGM) to allow them to exercise their rights. We decide to convene an AGM at least three weeks in advance, and then issue both a public announcement and a written or electronic document notice no later than two weeks before the AGM. We actively recommend a proxy's exercise of voting rights to shareholders and encourage them to exercise their voting rights using a written power of attorney so that they can exercise their voting rights conveniently.

As part of our efforts to boost shareholders' convenience, we introduced the electronic voting system in 2021, and comply with the "four weeks before an AGM notice" suggested by the Corporate Governance Code of Practice. In 2021, we implemented a distributed meeting of shareholders for their convenience, and also conducted live streaming due to the COVID-19 situation.

Shareholder Return Policy   In order to increase the predictability and transparency of shareholder return, we established and announced a three-year shareholder return policy in 2019. NAVER pays cash dividends and implements stock repurchases every year. We also set the shareholder return at 30% of the average of the consolidated free cash flows for the previous two years so as to stabilize returns by reducing fluctuations caused by the changing business environment[1]. Furthermore, the dividend payout ratio has been maintained at 5% of the separate net income, while changes have been made to buy back treasury shares by using the remaining funds after dividends, and then to immediately cancel them, thereby increasing direct returns.

In addition to the aforementioned shareholder return policy, NAVER decided in 2020 on a special cancellation of 83,000 treasury shares, which had been acquired by using remaining funds after dividends, and 467,000 previously-acquired treasury shares, leading to the cancellation of 550,000 shares in total. Accordingly, we paid cash dividends of KRW 376 per share along with shareholder returns totaling KRW 152.9 billion. NAVER has not implemented unequal dividends, quarterly dividends, or interim dividends in the last three years, but it will continually examine its shareholder return policy, including dividends, to ensure adequate shareholder returns on a yearly basis.

[1] Consolidated free cash flow is calculated by adding non-cash expenditures (including tangible and intangible depreciation, impairment loss, post-employment benefit costs-amount paid in the year, and share-based payment expenses) to the corresponding year's consolidated operating income, and then deducting from the sum thus obtained the consolidated income tax payment amount and consolidated CAPEX. In addition, as each given business year's detailed method of execution may change according to the business environment and the prevailing market conditions, it will be determined through a BOD resolution.

Board of Directors

Corporate Governance Principle   NAVER has established a sound governance structure under a system of professional managers that separates the CEO and the Board Chairman. In addition to securing independence and transparency by increasing the proportion of independent external directors, we operate a BOD centered on independent external directors with the requisite expertise and diversity. We transparently and faithfully disclose information related to corporate governance – such as regulations related to the BOD and changes to its composition, and the details of annual board activities – through the company's website, the Financial Supervisory Service's electronic disclosure system, and the corporate governance reports.

Composition of the BOD   According to the Commercial Law of the Republic of Korea, listed corporations with total assets of KRW 2 trillion or more must appoint a majority of external directors among the total number of directors of the BOD. Accordingly, since 2012, NAVER has appointed a majority of the board from among outside directors who have been reviewed by the Outside Director Nominating Committee to ensure the proper checks and balances. As of the end of December 2020, the BOD consists of seven members, including four outside directors.

For more professional and systematic operation of the BOD, it has established five BOD sub-committees in accordance with the Articles of Incorporation and the Board's operation regulations. Four out of the five BOD sub-committees (Audit Committee, Outside Director Nominating Committee, Risk Management Committee, Compensation Committee, and ESG Committee), excluding the ESG Committee, are entirely composed of independent outside directors. Independent outside directors compose a majority of the ESG Committee, and CEO is a member of the Committee, reinforcing its execution power.

Composition of the Board

Position	Name (Gender)	Date of birth	Area of expertise	Professional & educational background		Term
Non-Executive Non-Independent Director (Chairman of the Board)	Byun Dae-gyu (Male)	Mar. 1960	Business	• Ph. D. in Control and Measurement Engineering, Graduate School of Seoul National University • President & CEO, Humax • Outside Director, SK Telecom • Outside Director, POSCO	• Vice President, The National Academy of Engineering of Korea • Currently President & CEO, Humax Holdings • Currently Chairman of the Board of Directors, Humax	Mar. 2017-Mar. 2023 Reappointed (1)
Independent Outside Directors	Cheong Ui-jong (Male)	Aug. 1963	Law	• M.A in Law, Seoul National University • LL.M., Columbia University • Member of Economic Policy Consultation Committee, Ministry of Strategy and Finance	• Member of Financial Dispute Consultation Committee, Financial Supervisory Service • Currently Lawyer, BAE, KIM & LEE LLC	Mar. 2013-Mar. 2022 Reappointed (2)
	Lee In-moo (Male)	Jun. 1966	Investment & Finance	• Ph.D. Finance, University of Illinois at Urbana-Champaign • Associate Professor, Korea University & National University of Singapore • Vice President, Dimensional Fund Advisors • Member of Risk Management Committee, National Pension Service	• Currently Professor, Korea Advanced Institute of Science and Technology & Head, School of Management Engineering • Currently Member of Corporate Governance Committee, Korea Corporate Governance Service	Mar. 2018-Mar. 2024 Reappointed (1)
	Jung Do-jin (Male)	Jan. 1969	Accounting & Audit	• Ph.D. in Accounting, Kentucky University • Team Leader of Accounting Administration Department, Financial Supervisory Service • Member of Evaluation Team for Management Performance of public corporation or quasi-governmental institution, Ministry of Strategy and Finance • Accounting Oversight Deliberation Committee, Financial Services Commission	• Deliberative Committee on National Accounting System, Ministry of Strategy and Finance • Member of International Public Sector Accounting Standards Board (IPSASB) • Currently Member of Listing Committee, Korea Exchange • Currently Professor, Chung-Ang University Business School	Mar. 2019-Mar. 2022
	Lee Keon-hyok (Male)	Jul. 1963	Economy & Communication	• M./Ph.D. in Economics, London School of Economics and Political Science • Senior Researcher, International Monetary Fund, Development Bureau, Policy Analysis	• Senior Economist, J.P Morgan • Vice President, Samsung Global Communications Group • Currently CEO, Shinhan Financial Group Future Strategy Research Institute	Mar. 2021-Mar. 2024
President & CEO	Han Seong-sook (Female)	Jun. 1967	Business	• B.A. in English Literature at Sookmyung Womens University • Mincom Company • Nanum Technologies • PC Line	• Director of Search Business Division, EMPAS • General Director of Service Management Committee, NAVER Corp. • Currently President & CEO, NAVER Corp.	Mar. 2017-Mar. 2023 Reappointed (1)
Inside Director (COO)	Choi In-hyuk (Male)	Nov. 1971	Technology	• M.D. Control and Measurement Engineering, Seoul National University • Samsung SDS	• General Director of NAVER Business Committee • Currently COO, NAVER Corp. • Currently CEO, NAVER FINANCIAL	Mar. 2018-Mar. 2024 Reappointed (1)

* As of March 2021
** In case of a reappointed candidate, detailed information is disclosed on the background of appointment as well as BOD and committee activity details in regular business disclosures to faithfully provide shareholders with relevant information.
*** Independent outside directors include outside directors and non-executive directors

BOD Activities   NAVER holds a regular BOD meeting once a month in accordance with the Articles of Incorporation, the BOD regulations, and the guidelines on overall BOD operations. When necessary, it holds temporary board meetings to resolve key management issues and manage and supervise the executive's job execution. Each of the committees under the BOD must notify the directors of its resolutions, and the directors thus notified may request the BOD Chairman to convene a BOD meeting on matters pertaining to any of the resolutions that are considered objectionable or erroneous. In such a case, the Chairman of the BOD must comply with the convocation request; the BOD may re-determine the resolutions via committees other than the Audit Committee. In 2020, the BOD held a total of 14 meetings, including 12 regular meetings and 2 extraordinary meetings to make decisions on 36 resolution items and 23 report items.

Outside Auditor   As a listed company, NAVER appoints an outside auditor in order to ensure that wholly reliable accounting information is prepared and disclosed. Outside auditor's duties are to impartially undertake audit work independently from the management and controlling shareholders, and to conduct audits on financial statements, supplementary schedules, and other statutory releases. From 2015 to 2020, we appointed Samil PwC as our outside auditor, and the audit opinion for the 22nd business year (2020) is "Unqualified", and there were no other special notes.

The outside auditor reports directly to the Audit Committee immediately upon becoming aware of any BOD member's misconduct in their performance, important violations of the laws of Korea or the Articles of Incorporation, or any breach by the company of its own accounting standards. When notified of such violation by the outside auditor, the Audit Committee appoints an external expert at the company's expense to investigate the violation and request corrective action from the CEO according to the results of the investigation.

Sub-committees under the BOD

● Chair | ○ Member

Committee	Functions	Byun Dae-gyu	Cheong Ui-jong	Lee In-moo	Jung Do-jin	Lee Keon-hyok	Han Seong-sook
Audit Committee	• Supervises the work of directors and the management • Gives approval for the selection of an outside auditor • Other matters stipulated in the Articles of Incorporation or internal regulations in relation to audit work		○	○	●	○	
Outside Director Nominating Committee	• Establishes, examines and complements the principles of outside director appointment • Recommends candidates for outside directors who will be appointed at the AGM • Manages a pool of outside director candidates at all times and verify them	○	○	○	○	●	
Risk Management Committee	• Establishes basic principles and strategies regarding company-wide integrated risk management • Diagnoses reasons of risk after occurrence of risks and discusses measures to be taken for improvement		●	○	○		
Compensation Committee	• Matters related to determination of compensation for the management and payments method • Matters related to designing and operating of a compensation system for the management, and evaluating the adequacy of the design and operations • Matters related to the decision-making process regarding compensation policy	●	○	○			
ESG Committee	• Makes investment decisions based on ESG • Manages key ESG risks such as climate change response • Makes final deliberation on non-financial information disclosure	○	○	●			○

* As of March 2021

BOD Activities in 2020

Number of meetings held	Number of agenda items	Average participation rate of outside directors
14	59	100

BUSINESS ETHICS & COMPLIANCE

As a transparent and trusted company, NAVER strives to enhance the value of its various stakeholders by fulfilling its ethical responsibilities beyond the boundaries of existing laws and systems.

Integrity Code & Ethical Management Policies

NAVER clarifies its CEO's commitment to practicing ethical management on its website, with each of its members complying with corporate ethics in their respective position, as pledged. We have also established and declared NAVER Integrity Code to implement systematic ethical management, as well as introducing a system designed to protect all stakeholders in the NAVER value chain. To ensure the fair use of NAVER services, we post our search ad operation policies among others to protect advertisers and users, and also sign an agreement to uphold ethical practices when entering into a contract with our partners, thus pursuing shared growth through transparent, fair trade and mutual cooperation as an ethical business partner.

Ethical Management Activities

Internalization of Ethical Management   NAVER is making concerted efforts to ensure that its ethical management policy is fully internalized and integrated into its corporate culture. Each year, all our employees pledge to understand and abide by NAVER Integrity Code, while new recruits receive compulsory training on corporate ethics. We also conduct separate ethics training through annual workshops for Leaders, and regularly seek feedback from our employees in order to identify any problems or issues with such efforts.

Self-Check Monitoring   NAVER runs a system aimed at preventing corruption risks in advance or detect them afterwards. The Self-Check System is designed to prevent corruption through the creation of a culture in which employees take precautionary measures by themselves so as to prevent their involvement in any corrupt incidents, acts, or practices.

 Business Ethics Consulting Center

This round-the-clock self-check system monitors unusual activities across individuals, management support, business, and technology, and if any abnormal data are detected, e-mails are sent to the relevant employees to give them an opportunity to provide an explanation, followed by necessary actions by the company. In addition, we are enhancing the effectiveness of our monitoring efforts by improving monitoring scenarios and expanding the scope of their application to further enhance systematic countermeasures to corruption risks. We also conduct a due diligence survey on all employees of NAVER and our subsidiaries in order to check their level of ethics on a periodic basis, and we regularly conduct audits related to ethics regulations. We strive to detect any irrational situations in and outside the company by conducting surveys, for instance, on all our partners including those that have failed bidding.

Business Ethics Consulting and Report   NAVER operates the Business Ethics Consulting Center in order to allow employees as well as third parties to receive consultation and make reports on such matters as the unfair handling of work; abuse of one's position, such as making unreasonable or illegal demands; provision or receipt of money and goods, entertainment, and convenience; interference in the business of partners; complaints related to payment; leakage of confidential information; and/or any other corrupt or unlawful conduct. The Business Ethics Consulting Center can be freely accessed via NAVER website in Korean and English, and reports can be made using a pseudonym or anonymously. In addition, a report can be made via email and regular mail. We run a whistleblower protection program so that anyone can consult and report suspected acts of corruption with confidence. The whistleblower protection program stipulates "protection of the reporter's identity and confidentiality of counseling contents", "prohibition of disadvantages and discrimination against reporters", and "compensation and immunity for reporters". In 2020, there were a total of 21 reports, 100% of which were processed according to our internal procedures.

Measures Taken for Internal Ethical Regulation Violation

(Unit: Cases)

Classification	2018	2019	2020
Total	13	9	12
Wage cut	2	4	2
Indemnification	0	0	0
Dismissal	0	0	0
Others	11	5	10

RISK & OPPORTUNITY

In an era of change and uncertainty, NAVER is transforming crises into opportunities and strengthening the organization's resilience by analyzing and proactively responding to risks in the economic, social, and environmental spheres.

Risk Management System

In 2019, in order to upgrade its risk management system at the company level, NAVER identified types of risk, checked management categories and methods of risk management, designed a framework to diagnose and manage risks by taking into account the core values of NAVER's services and platforms, and developed follow-up control and improvement plans for each process. We manage company-wide risk issues through the Risk Management Working Group and a dedicated support organization under the Service Sustainability Committee. We share enterprise risk management (ERM) issues with each risk organization at regular meetings, and proactively derive effective measures for improving our risk management.

In 2020, we redefined the roles and functions of risk management at the Board level, and reorganized the previous Transparency Committee into the Risk Management Committee and expanded its roles to include the establishment and management of basic policies and strategies for enterprise-wide risk management.

Integrated Risk Response

Although the risks surrounding the business environment threaten companies' survival and growth, they also provide opportunities for the creation of new businesses and new values. In 2020, NAVER categorized its major risks into five types – emerging, strategic, operational, regulatory, and financial risks – and identified the positive and negative aspects of each one's potential impact in order to respond to and manage them systematically and preemptively[1]. We will continue our efforts to internalize sustainability in our overall management by constantly identifying risks and methods of managing them in consideration of the changes in our internal/external business environment, while striving to manage risks with an integrated perspective and approach.

[1] Refer to pages 45-46 of NAVER ESG Report 2020 for more information on our management and response by risk type

DATA SECURITY & PRIVACY

Data must be managed safely as both an asset and a competitive edge of a company. NAVER pledges to protect its users' privacy to the global level with a profound sense of responsibility and by leveraging its technological prowess.

Data Protection System

NAVER has established rules for its data protection system, and is striving to unify the data protection management systems of NAVER and its subsidiaries by categorizing into common company-wide, service step, global advancement, security/infrastructure, and other areas. To comply with domestic and overseas personal information protection and privacy protection laws, we have established the Global Privacy Compliance regulations to the global level and are now expanding their scope. By acquiring reputable information protection certifications from home and abroad, we receive regular verifications of the credibility of our services' stability and operation systems. Our principle is 24/7 security, including internal vulnerability diagnosis, error management, and mock hacking.

In order to comply with the Act on the Promotion of Information and Communications Network Utilization and Information Protection, Etc.[2]

amended in 2020 and to strengthen our expertise and accountability, we operate an information protection organization divided into the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO). We are also managing the Privacy Committee, which is composed of the main members of top management, including the CCO and COO, with the CEO acting as chairperson, in order to manage related risks at the company level. For matters that have a company-wide impact, the BOD requires direct participation by the CISO and CPO, in order to receive a briefing about serious issues and provide them with advice.

Data Protection Certification

- **ISO/IEC 27001, 27017, 27018, 27701:** International certification for data protection management system
- **ISMS:** Certification for data protection management system
- **ISMS-P:** Certification for data protection and personal information protection management system
- **SOC:** Certification for reliability in providing and operating services

[2] Article 45-3 of the Act on the Promotion of Information and Communications Network Utilization and Information Protection, Etc. (Designation of Chief Information Security Officers)

Protection of Personal Information and Privacy

Personal Information Protection System   NAVER strictly applies the principle of "privacy by design" to protect and keep safe the privacy and data of its users throughout the entire lifecycle of its services. As advance control procedures to protect personal information, we have established and operate the Privacy Impact Assessment (PIA) and the Privacy Information Management System (nPIMS) for constant advice. We also conduct an annual assessment of the status of personal information protection of users of both our services, including location-based services, and our mobile app, and the outsourcing of personal information.

Disclosure of Personal Information Protection Activities   NAVER opened South Korea's first Privacy Center in 2013 and began to transparently disclose the personal information protection principles that are applied to all NAVER services as well as each separate service operation policy. We publish a biannual Transparency Report to regularly disclose the personal information statistics that we provide to investigative agencies in accordance with the relevant laws and regulations. We also publish an annual personal information protection report as well as a Privacy White Paper containing the results of our preemptive research on privacy issues. We are also expanding our channels of communication with our users through social media channels and NAVER Privacy TV.

Enhancement of Information Accessibility   NAVER is committed to expanding information access with the goal of providing safe and convenient services to everyone. In particular, we are striving to ensure information accessibility under the four key operational principles of easy-to-recognize, easy-to-use, easy-to-understand, and robustness, with the aim of ensuring that all our users can access and use the information provided through NAVER's services or platforms equally, regardless of their specific environment or physical disability.

NAVER Privacy Center

Establishing a Data Protection Culture

Employee Training for Data Protection   NAVER provides data protection training to all its employees every year according to its own internal regulations. Furthermore, we offer lectures on a broad range of subjects, allowing employees to choose and take the necessary training. We provided live training online using the company's intranet in 2020, with a particular focus on the background to and main contents of the amendments to the three data-related laws, as well as main contents of the amendment to the Personal Information Protection Act and its impact.

Efficient, Transparent Management of Security Threat Factors   We apply the principles of "security by design" and "usable security" to all service areas.We have established a security review process for service planning and design, and a security check process that is implemented upon completion of development, in addition to developing and operating DevSecOps support system, based on open source software (OSS), which minimizes developer intervention in outputs that are being developed and enables automatic code security review. We are internally operating the security Bug Bounty program, which enables us to receive help from outside analysts and take measures against unknown security bugs before an incident occurs. In 2018, NAVER was registered as a CVE Numbering Authority (CNA) with the authority to issue vulnerabilities of its software under the international standard management number – Common Vulnerabilities and Exposures (CVE).

Privacy Enhancement Reward for Users   To strengthen the levels of our user personal information and privacy protection, NAVER launched the Privacy Enhancement Reward (PER)[1] system in 2016 for the first time among domestic enterprises. In 2020, we received a total of 90 opinions, of which 37 were reflected in our services and the relevant improvements were made. In addition, NAVER Pay points worth a total of KRW 6.28 million were provided. More details can be found on the official NAVER personal information protection blog.[2]

[1] Privacy Enhancement Reward (PER): A system that collects opinions on privacy from users and rewards their contribution.

[2] Infographics on 2020 PER system operation results: https://blog.naver.com/n_privacy/222219030782

Security Improvements

Classification		2017	2018	2019	2020
No. of security improvement points that were discovered	Cases	1,006	1,128	1,344	1,158
Percentage of mitigation	%	100	99.82 (Unhandled: 2)	95.38 (Unhandled:62)	88.25 (Unhandled:136)
Mitigation within the given deadline	Cases	742	728	744	694
Mitigation after the given deadline	Cases	233	370	513	293
Mitigation with no specific deadline	Cases	31	28	25	35

Bug Bounty Statistics

Classification		2017	2018	2019	2020
No. of reported bugs	Bugs	166	208	533	314
No. of persons who made a report	Persons	18	31	129	154
Reward	KRW 10,000	4,220	4,425	11,900	8,089

Named Common Vulnerabilities and Exposures (CVE)

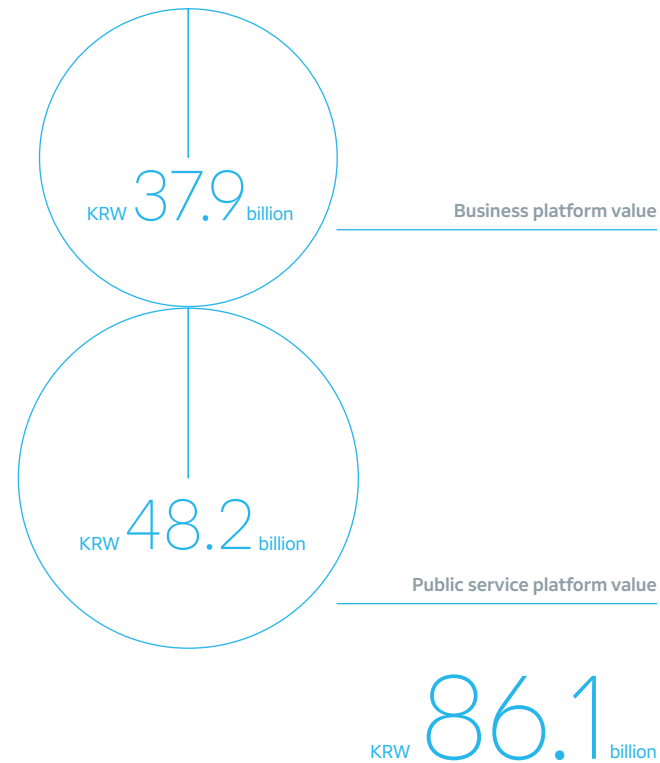| Classification	2017	2018	2019	2020
No. of cases of named CVE	1	4	2	3

Social

PROJECT FLOWER

NAVER is scaling social impact by leveraging its capabilities with a goal of promoting SMEs' digital transformation, supporting creators and facilitating cultural contents, and enhancing the digital literacy of future generations.

NAVER Project Flower

네이버 프로젝트 꽃

NAVER Fountain Fund

NAVER Project Flower is NAVER's core campaign to discover the value of SMEs and creators who are connected through NAVER's platforms and to support their sustainable success. In 2017, the year following the launch of the campaign, NAVER created the NAVER Fountain Fund to facilitate the project and systematically manage NAVER's social impact. Although 2020 was a difficult year due to the COVID-19 pandemic, NAVER formed the Fountain Fund worth KRW 86.1 billion, an increase of KRW 17.2 billion over the previous year, and donated it to public interest organizations, and also supported the digital transformation of SMEs and creators. We strived to strengthen the resilience of SMEs and creators amid the ongoing impact of COVID-19 by laying the groundwork for growth and thus enabled them to create various "fountain" effects through our platforms and technologies.

Size of the Foundation Fund

KRW **37.9** billion — Business platform value

KRW **48.2** billion — Public service platform value

KRW **86.1** billion

* As of December 31, 2020

D-commerce

Smart Store   NAVER Smart Store enables businesses without a shopping mall or individuals without any business experience to operate a shopping mall business with ease. In 2020, we helped SMEs which suffered from the COVID-19 crisis to expand their customer bases and markets by reducing their commission and marketing costs as well as assisting them with digital transformation. In 2020, the annual Smart Store transaction volume rose by about 68% year-on-year, with the number of stores with a monthly transaction amount of KRW 100 million or more exceeding 4,000, at a growth rate of 200% year-on-year.

NAVER Partner Square   NAVER Partner Square is an offline growth foothold that helps SMEs and creators to advance online. Since opening "Partner Square Yeoksam", the first Partner Square, in 2013, we have opened six more Partner Squares in Busan and Gwangju, meeting with 520 thousand SMEs and creators over seven years as of the end of 2020. In 2020, we improved our online live education and our contents for small businesses suffering from difficulties and inconveniences due to the spread of COVID-19, and offered some 300 online education programs through NAVER TV's Partner Square TV channel, which received an enthusiastic response as proven by the more than 2.1 million plays.

D-commerce Program   D-commerce Program is a start-up and growth support program that helps business operators to grow at each stage based on data with the aim of accelerating the success of SMEs and the fountain effects generated by their success. As of 2020 year-end, a total of 530 thousand business owners received direct support by participating in D-Commerce Program since the program's launch in 2018, including fee support, consulting, and on/offline education.

In particular, we operate a funding program for scaling up at each business growth stage of SMEs, including Start Zero Fee, Growth Point, and Quick Escrow programs, while also striving to accelerating the solid growth of SMEs and the fountain effects that their growth will bring about.

NAVER Culture Foundation

NAVER Culture Foundation is a non-profit public foundation established in 2010 to support artists and creators and to promote cultural content by using NAVER platforms. Its flagship programs include ONSTAGE, launched in 2010 as the only underground music record in South Korea and as a K-Music support project; Open Town Hall Meeting: Inside and Outside Culture, a humanities lecture project led by scholars representing Korean intelligence, which has been attracting attention as a venue for intellectual discourse about diverse social issues every year since 2014; and the NAVER Hangeul Campaign, which was launched in 2008 to promote the excellence of Hangeul (Korean alphabet).

As part of the Hangeul Campaign, NAVER Cultural Foundation launched the Maru Project in 2018 with the aim of creating a high-quality Buri font (Myeongjo font) to promote diversity in digital font environments, which are largely dominated by sans-serif fonts at present. The Maru Project is currently creating Maru Buri fonts with users for the first time in the font industry. On Hangeul Day in 2020, we disclosed a pilot edition of "Maru Buri", the first font created with users. We will distribute five types of Buri fonts in 2021 for the first time in the industry after collecting user opinions and reflecting them.

Performance of the D-Commerce Program
(Unit: Persons)

Participation in D-Commerce Day	Point programs, Zero payment gateway fee	Participation in on/offline education	Participation in consulting
20,000	160,000	100,000 Offline education	50,000
		200,000 Online education	1:1 tailored consulting 2,885
		(Real-time live education: 930,000 views)	AudioClip consulting 50,930
			Knowledge-iN consulting 483

Total **530,000**

* Accumulated figures as of the end of December 2020 since its launch in June 2018

NAVER Connect Foundation

NAVER Connect Foundation is a non-profit educational organization established by NAVER in 2011 to carry out public education programs in a transparent, highly professional manner. Our software education platform "entry", which is designed for elementary and middle school students, and our software education campaign "Let's Play Software" have been providing data and AI education since 2020 to help children develop the knowledge and competencies that will be required of them in the future. In South Korea, software education has become mandatory since 2019, and all elementary school students are now receiving software education through entry. In 2020, it set a record of 2 million subscribers, thereby confirming that it is leading the popularization of software education.

The Foundation also operates various IT education programs for adults. Since 2016 it has been running Boost Camp, a practical intensive software training program, and in 2020, it also launched Boost Camp AI Tech, which is focused on AI education. In addition, amid prolonged COVID-19 pandemic, it offered the online education platform "edwith Online Class" free of charge to universities and public institutions.

Happybean

Happybean is an online platform established by NAVER to serve various public interest projects aimed at building a better society. It started as an online donation portal in July 2005 and has since been expanded to comprise Funding, Happybean Empathy Store, and Shall We Go. It is creating the value of sustainable growth by connecting users with SMEs and social ventures that have social values and philosophies.

Donation service has grown into a venue where approximately 3,300 public interest organizations interact with around a million donors online per year, and as of 2019, the accumulated amount of donations collected exceeded KRW 100 billion. In 2020, the amount of donations collected reached KRW 24.7 billion as a result of heartwarming participation by 1.9 million donors. Happybean Funding was started in 2015 in order to raise social interest in projects promoted by SMEs and creators pursuing social values, and based on collaboration with various companies and organizations, the accumulated amount of support funds stood at KRW 16.2 billion as of 2020 year-end, with 528,000 participators. We are also running Happybean Empathy Store in connection with NAVER Smart Store to ensure that users' interest will still lead to purchase even when funding is terminated. In 2019, we launched the Shall We Go which connects online users to offline community service projects. Shall We Go uses the reservation service of NAVER to take part in volunteering activities and other community service projects, hosted by social enterprises or cooperatives. As of 2020 year-end, the number of public interest organizations and social ventures, which have been with Shall We Go, stood at 145.

Donations and Funding through Happybean

KRW **136.2** billion — Accumulated total amount of donations

11.38 million — Accumulated total number of donors

KRW **16.2** billion — Accumulated total value of funding support

528 thousand — Accumulated total number of funding supporters
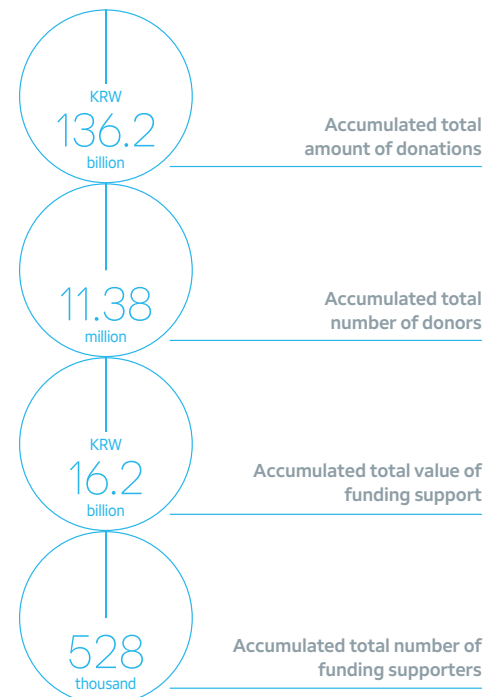
* As of December 31, 2020

Total Donations by Year
(Unit: KRW 100 million)

2016	2017	2018	2019	2020
106.4	129.9	162.5	162.4	247.8
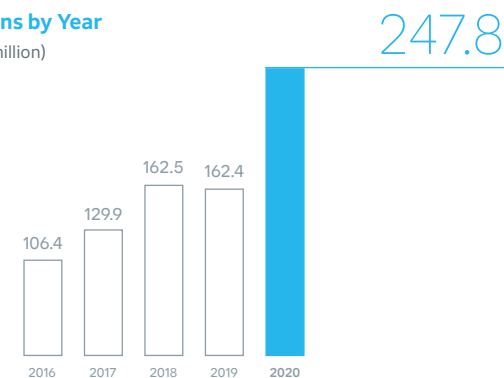
Funding Support by Year
(Unit: KRW 100 million)

2016	2017	2018	2019	2020
16.9	22.7	25.0	51.0	45.0
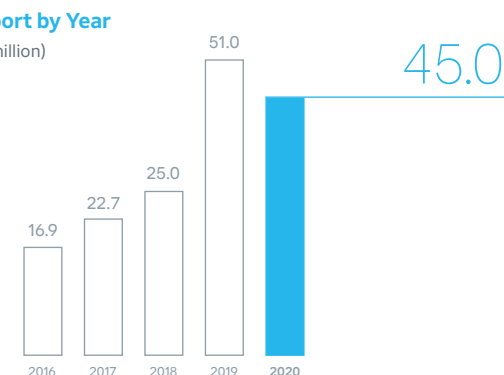
EMPLOYEE VALUE PROPOSITION

NAVER strives to protect and promote the human rights of all employees and everyone within the NAVER value chain. We also value talented individuals, invest in their potential, and grow together with them.
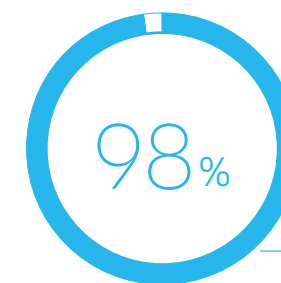
Respect for Human Rights

Human Rights Policy NAVER supports the Universal Declaration of Human Rights and the International Labour Organization (ILO) Conventions. We have established and complied with policies to protect and promote the human rights of our employees and all third parties with which we have business relations based on the UN Guiding Principles on Business and Human Rights (UNGPs). We do not discriminate against our employees for any reason, and we strictly prohibit workplace harassment, abuse of one's superior position or authority, high-handed speech or behavior, forced labor, and child labor. In order to raise awareness of human rights among our employees, we provide compulsory education such as sexual harassment prevention education, awareness improvement education for the disabled, and workplace bullying prevention education every year.

Investment in Human Resources

Efforts to Attract Outstanding Talent NAVER operates a variety of recruitment programs for each job category, such as open classes, seminars (Tech Talk/Meet-up), internship programs, and competitions, as part of its drive to recruit talented individuals. Open classes, which are run prior to the official recruitment season, constitute NAVER's unique recruiting campaign and are designed to explain the recruitment process and the typical daily life and career path that employees can expect after joining NAVER. In 2020, we hosted open classes for developers on six occasions from July to August for 6,068 participants, six times larger than the previous year's figure and 4 times bigger than our initial target.

Support for Employee Competency Development NAVER offers employees opportunities to engage in internal and external training and study programs at home and abroad. Those in development positions, accounting for over 60% of the entire workforce, are eligible for approximately 400 hours of technical training per year and can choose any courses essential to the execution of their duties or the development of their competencies. For those in leadership positions, we have been running "Leader Class" on such various topics as performance management leadership since 2019.

Participating Status of Human Rights Training in 2020

98% — Workplace sexual harassment/bullying prevention training

98% — Training on improving awareness of the disabled
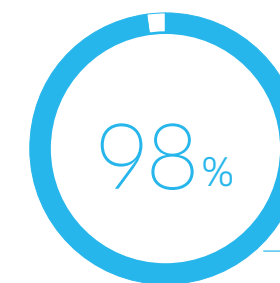
Operation of Competency Development Programs

(Unit: Persons)

Classification	2018	2019	2020
Language programs	501	1,357	1,323
External training	296	370	239
Study programs	276	290	44
Developer training	3,441	4,674	1,875[1]

* Including double count

[1] Due to the COVID-19 pandemic, we conducted the 208-hour training for 75 courses online for 1,875 people, with an average of 25 persons per class and a running total of 5,200 hours

Respect for Diversity   NAVER respects employee diversity. NAVER's male-to-female ratio is 64:36 as of the end of 2020 with female leaders accounting for approximately 24.5% of overall leader positions which is showing a gradual increase each year. Furthermore, female C-level executives including the director for CIC account for 30% of overall C-level positions. NAVER recruits its employees from diverse backgrounds, including nationality and values, with millennials accounting for more than half of the entire workforce.

NAVER is also taking the lead in hiring people with disabilities, creating an opportunity for people to view disability simply as a difference rather than a source of prejudice. Following the establishment of the social enterprise N-Visions in 2009, we launched NAVER Hands in 2020. In cooperation with the companies, we recruit youth with developmental disabilities for various jobs such as café baristas, convenience store cashiers, and gardeners.

Employee Welfare   To increase its employee satisfaction and engagement, NAVER provides them with various welfare benefits. We are striving to build a healthy balance between work and family by introducing various types of flexible work systems, including the selective work hour plan and the reduced work hour system. Our family-friendly programs include the introduction of maternity leave with an additional one year added to what is stipulated by law, and five[1] daycare centers around Seoul and Gyeonggi areas. As a result of these efforts, all employees who used their parental leave returned to work in 2020 among those whose leave had expired in the year.

[1] Humax daycare center was added as of March 2, 2021

Employees

(Unit: Persons, %)

		2018	2019	2020
Employment				
Total number of employees		3,611	3,523	4,103
By employment type	Full time	3,523	3,376	3,904
	Part time	88	147	199
By job	Office	1,573	1,540	1,717
	Technical	2,038	1,983	2,386
By gender	Male	2,309	2,262	2,639
	Female	1,302	1,261	1,464
By age	Under 30 years old	926	799	1,109
	Over 30 to under 40 years old	1,930	1,861	1,946
	Over 40 to under 50 years old	739	839	1,015
	Over 50 years old	16	24	33
By nationality	Foreigners	34	25	32
Respect for Diversity				
Female	Percentage of female employees	35.9	35.7	35.7
	Percentage of female managers	23.3	24.6	24.5
Special employment and minority	Employees with disabilities	8	6	8
	Patriots and veterans	27	25	23

TECHNOLOGICAL INNOVATION
NAVER envisions a future in which people, space, and data are connected in daily life.
In order to turn ideas into innovations, we are increasing investments in the development of state-of-the-art technologies and promising tech companies.

NAVER Labs

A-CITY – a Future City that NAVER Envisions   NAVER Labs, a NAVER subsidiary specializing in R&D launched in 2017, unveiled A-CITY in June 2019, presenting a concrete vision of the type of future city that NAVER plans to achieve using its cutting-edge technology. In A-CITY, where spaces are connected by autonomous machines, AI analyzes and extrapolates vast amounts of spatial data, classifies and regularly updates such data, and ultimately automates even logistic services. To that end, NAVER Labs is developing high definition (HD) maps for machines with data collected from a wide range of spaces, and an intelligent autonomous machine platform that can be modified according to places, environments, and purposes. NAVER's second office building, which is scheduled for completion in 2021, is a robot-friendly building that will become A-CITY's first reference space.

Upgrading AI and Robotics Technologies   NAVER Labs focuses on developing robotics technologies that can coexist with people and help people to thrive in their daily spaces. In 2019, we took one step closer toward the popularization of self-driving service robots by introducing AROUND C, an advanced model of AROUND Platform, NAVER Labs' proprietary solution. AROUND C, a café delivery robot, is unique in that it moves among groups of people while maintaining a comforting distance from them and communicates in a fast and comfortable non-verbal way. Robot arm "AMBIDEX" was developed through industry-academia cooperation with KOREATECH and enables safe interaction with people. NAVER Labs successfully demonstrated a 5G brainless robot, the first of its kind in the world, at the Consumer Electronics Show (CES) 2019. The new technology enables the relocation of the computer serving as a robot's brain to a cloud platform and connection through a 5G network. Furthermore, we are developing "ARC", which will serve as the brain of robots together with NAVER Cloud by using advanced AI and robot technologies. ARC, which stands for AI, Robot, and Cloud, is a 5G network-based, multi-robot intelligence system viewed as the core system for leading the popularization of robots sought by NAVER. The hallmark of ARC is that robots are constantly updated and hence become ever smarter as they connect via an ultra-low latency network and continue to learn with AI technology. ARC, which combines various technologies of NAVER Labs and NAVER Cloud, will be applied to NAVER's second office building and commercialized for the first time.

Establishing an Innovation Ecosystem

D2 Startup Factory   NAVER D2 Startup Factory (NAVER D2SF) is a business accelerator established by NAVER in May 2015. It discovers and invests in startups with a technological edge in the early stages and supports their growth, while placing particular emphasis on promoting joint growth with them. We provide them with assistance, such as an exclusive business space, a cloud infrastructure, PR/marketing, and follow-up investments, as well as promoting opportunities for cooperation with NAVER technologies and businesses. As of the end of 2020, we had invested in 62 technology startup teams, 73% of which are discussing ways to cooperate with NAVER after identifying opportunities for collaboration. 73% of startups with more than one year of investment has succeeded in attracting follow-up investment, while three teams have been acquired by NAVER or its subsidiaries.

In addition, we are focusing on building a technology startup community centered on D2SF. We play host to the D2SF Campus Technology Startup Competition to promote technology startups for undergraduate/graduate students, and TECH MEETS STARTUP, a conference designed to share the unique problem-solving experiences of technology startups. We also provide free spaces where technology startups and prospective entrepreneurs can interact with one another. In recognition of these efforts, NAVER was selected as the top company for providing positive support for startups for four consecutive years in a 2020 survey of startup founders[1] in South Korea.

DEVIEW   DEVIEW, launched as an in-house developer technology sharing event in 2006, has grown into the country's largest developer conference. In November 2020, we held the 13th DEVIEW for three days as a non-face-to-face live event due to COVID-19 crisis. The conference featured 81 presentations, the largest number to date, and was participated by 9,716 people, the largest audience yet. Real-time communication with speakers was enabled through a chat window during the presentation, attracting an enthusiastic response. The event started with a keynote speech which disclosed that ARC will serve as the brain of all robots in the second NAVER office building, followed by an introduction to NAVER technologies that enables SMEs and creators to be connected with users in the contactless era.

[1] Start-up Trend Report which is announced every year after a joint survey by OPENSURVEY and Startup Alliance

Investment Portfolio of NAVER D2SF

62 teams — Investment
45 teams — Identifying opportunities for collaboration
21 teams — Technology/business collaboration
30 teams — Follow-up investment

* As of December 31, 2020

Environment

ENVIRONMENTAL IMPACT MANAGEMENT

Technology that preserves nature is a promise for future generations. NAVER is opening up a sustainable future by making its utmost to ensure eco-friendly operations of its data center where data, the company's key asset, is stored.

NAVER TCFD Report 2020

Eco-friendly Strategy

NAVER's energy consumption and resulting greenhouse gas (GHG) emissions are forecast to increase over the next decade due to construction of our second data center and a rise in data use in the contactless/5G era, and this can become a major risk to respond to climate change. In addition, it can have a substantial negative impact on securing sustainable business competitiveness. In order to minimize such operational risks and secure mid- to long-term business opportunities, NAVER established its new eco-friendly strategy, "2040 Carbon Negative", in 2020.

Carbon Negative is a strategy reducing GHG by more than the GHG amount that is emitted, thereby reducing the net emissions amount to 0 or less. We have chosen the reduction of our operational environmental impact, the development of product/service solutions, and the expansion of our external partnerships as our specific strategic directions. In the process, we will expand our eco-friendly ecosystem in close collaboration with our various partners through NAVER platforms, and we will strive to achieve our 2040 goal by continuing to expand our investment in eco-friendly commerce while striving to reduce the impact of our facilities on the environment internally.

Eco-friendly Operations of Business Sites

Data Center GAK   Our Data Center Gak Chuncheon, which opened in 2013, is equipped with various eco-friendly technologies such as Snow Melting[1], photovoltaic and solar thermal power generation[2], and a natural cooling system using outside air. The data center has developed the Air Misting Unit (AMU) and the NAVER Air Membrane Unit (NAMU) as eco-friendly technologies that can reduce server room temperatures using cold air and underground water, and expanded the scope of their application to maximize energy savings. Energy efficiency has been further enhanced through the automatic detection and adjustment of the temperature via the 30,000 sensors installed in the center. We are adopting new environmentally-friendly technologies on a continuous basis in order to reduce our power consumption, and have been able to maintain our power usage effectiveness (PUE)[3] level at close to 1.

Data Center GAK uses photovoltaic energy, and also invests in relevant businesses. We radically improved the photovoltaic power generation facility at the building in 2018, and as a result, 213 MWh of power were saved in 2020, along with about 95 tons of GHG emissions. In addition, to reduce our water consumption, we are increasing the use of water recycling facilities and water-saving plumbing fixtures, and improving our water-cooling operation policies.

NAVER Office Building   NAVER's Green Factory office building is specifically designed to save energy on a constant ongoing basis. Furthermore, we are making continuous investments in eco-friendly facilities such as heat-insulated partitions, LED lights, and inverters. We have succeeded in achieving energy savings of more than 5% per year thanks to our efforts to conserve energy, such as by reducing electricity consumption in summer using geothermal facilities and improving our operational efficiency. We also encourage employees to take stairs, have designed parking lot with bike racks for those who commute to walk using bicycles, and expanded the electric vehicle-charging facilities to 22 in a drive to encourage the use of eco-friendly means of transportation. As a result of such efforts to improve energy efficiency and reduce energy consumption, the Green Factory has seen its energy consumption decline over the last three years. In 2020, the office building reduced its energy consumption by 5.89% and its GHG emissions by 6.24% year-on-year.

Scheduled for completion in 2021, the second office building, "1784", is designed in a way that combines NAVER's eco-friendly philosophy with its cutting-edge eco-friendly technology. Despite the shortage of space in which to install new and renewable energy facilities due to the nature of the project site, we have installed a geothermal system with an additional investment designed to make the most of the underground space, and a photovoltaic power generation facility will be installed on the rooftop.
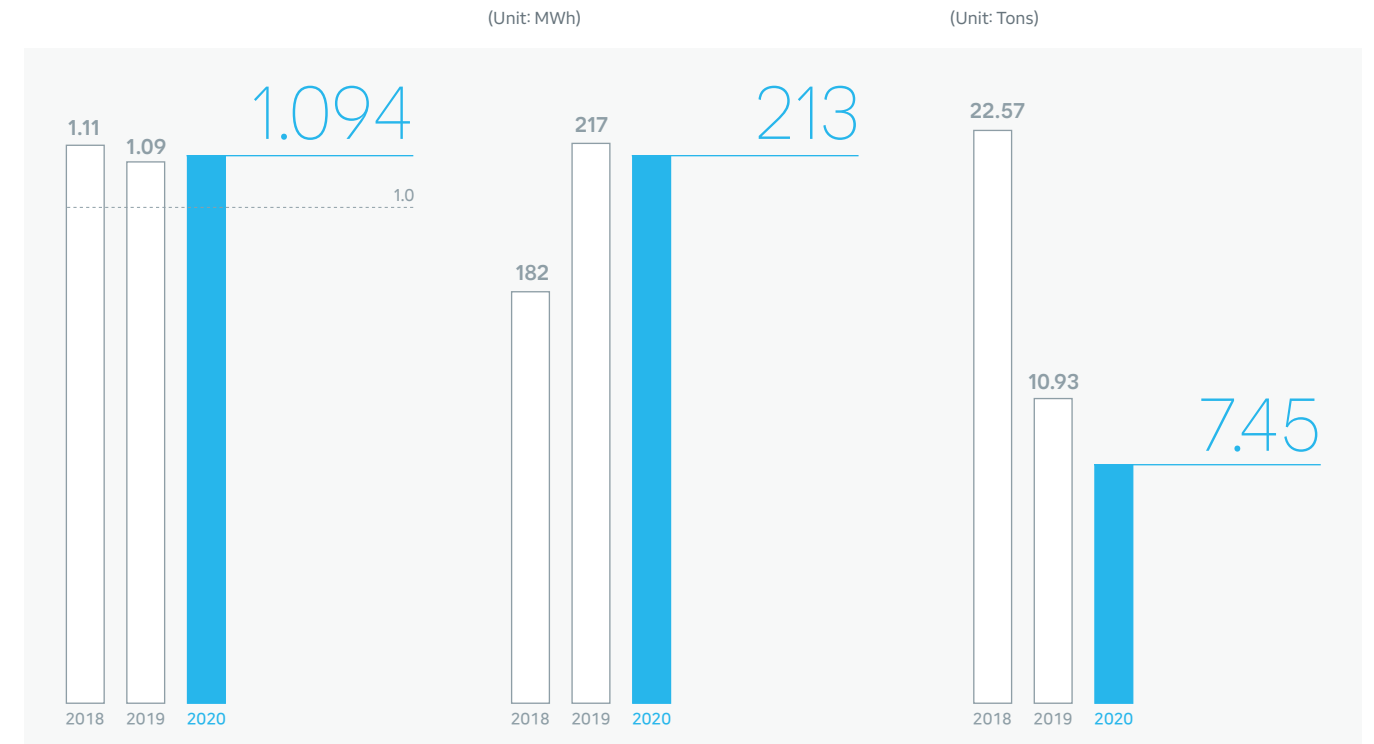
The building is also being fitted with double-layered coverings to reduce energy use, as well as low-reflective glass in consideration of neighbors. It will also be equipped with a radiant cooling system to reduce energy consumption and improve the working environment. The building has been designed specifically to acquire the platinum grade from LEED[4] and grade 1+ in the country's renowned building energy efficiency evaluation system. NAVER is also planning to apply the Building Energy Management System (BEMS) as a way of consistently improving the efficiency of its building operations. NAVER is managing the on-site environment by complying with LEED's eco-friendly construction standards, with more than 98% of construction waste from the site being recycled.

[1] A road heating system which uses waste heat in the wintertime
[2] Used for outdoor lighting and greenhouse heating
[3] PUE: Power Usage Effectiveness. The ratio of total amount of energy consumption of a data center facility to the energy consumed by IT equipment, it is generally used as a measure of the efficiency of data centers. An ideal PUE is 1.0.
[4] LEED: Leadership in Energy and Environmental Design, Environmentally-friendly building certification developed by the U.S. Green Building

Power Usage Effectiveness (PUE)

1.11 (2018)
1.09 (2019)
1.094 (2020)
1.0

Solar Power Generation
(Unit: MWh)

182 (2018)
217 (2019)
213 (2020)

Domestic Waste Disposal
(Unit: Tons)

22.57 (2018)
10.93 (2019)
7.45 (2020)

APPENDIX

Consolidated Statements of Financial Position

NAVER Corporation and Subsidiaries
December 31, 2020 and 2019
(in Korean won)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	₩ 1,600,304,349,922	₩ 3,740,513,761,418
Short-term financial instruments	291,292,142,737	289,910,618,872
Financial assets at fair value - profit or loss	922,939,095,062	12,920,430,454
Trade and other receivables	986,826,023,076	1,211,072,909,858
Financial assets at fair value - other comprehensive income	–	63,916,531,256
Inventories	4,344,942,323	55,114,731,809
Current tax asset	996,472,888	12,717,980,739
Other current assets	77,702,716,446	257,547,495,258
Assets held for sale	6,660,253,457,865	–
	10,544,659,200,319	5,643,714,459,664
Non-current assets		
Property and equipment	1,684,563,340,866	1,596,271,317,726
Right-of-use assets	129,537,198,819	697,351,304,664
Intangible assets	105,136,186,861	341,442,833,327
Long-term financial instruments	14,255,722,000	24,034,591,006
Financial assets at fair value - profit or loss	1,801,384,240,769	1,229,097,428,653
Trade and other receivables	28,578,223,832	124,821,356,161
Financial assets at fair value - other comprehensive income	1,330,951,990,243	675,602,433,315
Investments in associates and joint ventures	1,199,425,686,734	1,558,268,184,714
Deferred tax assets	108,572,845,624	381,279,417,985
Other non-current assets	67,174,027,703	27,643,793,571
	6,469,579,463,451	6,655,812,661,122
Total assets	₩ **17,014,238,663,770**	₩ **12,299,527,120,786**

NAVER Corporation and Subsidiaries
December 31, 2020 and 2019
(in Korean won)

	December 31, 2020	December 31, 2019
Liabilities		
Current liabilities		
Trade and other payables	₩ 689,280,186,019	₩ 1,211,070,361,564
Financial liabilities at fair value - profit or loss	17,137,640,886	649,038,368
Short-term borrowings	576,223,326,575	559,584,776,483
Current tax payables	384,340,634,677	313,781,745,056
Provisions	31,708,383,889	3,822,401,193
Current lease liabilities	53,345,709,463	168,937,301,210
Other current liabilities	1,484,474,330,127	1,515,273,206,866
Liabilities held for sale	4,675,241,280,695	–
	7,911,751,492,331	3,773,118,830,740
Non-current liabilities		
Trade and other payables	68,448,327,272	42,469,680,072
Financial liabilities at fair value - profit or loss	7,962,264,800	8,339,734,792
Long-term borrowings	150,678,259,061	50,039,880,125
Debentures	–	752,270,184,693
Net defined benefit liabilities	462,094,245,426	473,437,955,422
Provisions	9,186,175,870	59,046,834,258
Non-current lease liabilities	92,170,749,140	555,287,968,236
Deferred tax liabilities	56,519,491,022	80,453,751,124
Other non-current liabilities	295,623,635	1,136,232,744
	847,355,136,226	2,022,482,221,466
Total liabilities	**8,759,106,628,557**	**5,795,601,052,206**
Equity		
Equity attributable to owners of the Parent Company		
Share capital	16,481,339,500	16,481,339,500
Share premium	1,793,273,489,872	1,575,307,844,438
Other components of equity	(1,059,479,508,530)	(1,498,653,013,809)
Accumulated other comprehensive loss relating to assets held for sale	(37,870,641,018)	–
Retained earnings	6,654,814,483,478	5,712,091,453,142
Non-controlling interest	887,912,871,911	698,698,445,309
Total equity	**8,255,132,035,213**	**6,503,926,068,580**
Total liabilities and equity	₩ **17,014,238,663,770**	₩ **12,299,527,120,786**

Consolidated Statements of Comprehensive Income

NAVER Corporation and Subsidiaries
Years Ended December 31, 2020 and 2019 (in Korean won)

	2020	2019
Operating revenues	₩ 5,304,145,900,386	₩ 4,356,239,667,491
Operating expenses	(4,088,803,443,113)	(3,201,214,223,612)
Operating profit	1,215,342,457,273	1,155,025,443,879
Other income	43,356,685,840	49,155,181,402
Other expenses	(118,822,813,655)	(68,575,887,239)
Interest income	15,997,193,160	11,465,169,998
Finance income	508,563,848,219	333,130,417,324
Finance costs	(146,432,800,279)	(107,368,331,367)
Share of net profit of associates and joint ventures accounted for using the equity method	115,554,340,355	18,424,132,130
Profit before income tax	1,633,558,910,913	1,391,256,126,127
Income tax expense	(492,534,781,634)	(470,550,410,267)
Profit from continuing operations	1,141,024,129,279	920,705,715,860
Loss from discontinued operations	(296,027,152,130)	(523,884,653,395)
Profit for the year	₩ 844,996,977,149	₩ 396,821,062,465
Profit for the year is attributable to:		
Owners of the Parent Company		
Profit from continuing operations	₩ 1,144,888,651,236	₩ 934,306,914,911
Loss from discontinued operations	(142,801,884,857)	(351,255,010,262)
Non-controlling interests		
Loss from continuing operations	(3,864,521,957)	(13,601,199,051)
Loss from discontinued operations	(153,225,267,273)	(172,629,643,133)
Other comprehensive income (loss)		
Items that may be subsequently reclassified to profit or loss		
Gain on valuation of debt instruments at fair value - other comprehensive income	₩ (730,019,603)	₩ 248,538,199
Exchange differences	76,248,398,266	139,029,178,403
Share of other comprehensive income of associates and joint ventures	(58,076,804,924)	6,699,339,351
Items that will not be reclassified to profit or loss		
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income	168,450,037,860	50,343,180,326
Gain (loss) on disposal of equity instruments at fair value - other comprehensive income	37,778,484,516	(4,611,398,596)
Share of other comprehensive income (loss) of associates and joint ventures	(1,084,708,978)	14,147,944
Remeasurements of net defined benefit liabilities	(1,384,540,226)	(52,992,040,208)
Other comprehensive income for the year, net of tax	221,200,846,911	138,730,945,419
Total comprehensive income for the year	₩ 1,066,197,824,060	₩ 535,552,007,884
Total comprehensive income (loss) for the year is attributable to:		
Owners of the Parent Company	₩ 1,219,788,331,559	₩ 659,506,460,173
Non-controlling interests	(153,590,507,499)	(123,954,452,289)
Earnings (losses) per share from continuing and discontinued operations attributable to the owners of the Parent Company		
Basic earnings (losses) per share		
From continuing operations	₩ 7,857	₩ 6,420
From discontinued operations	(980)	(2,414)
Diluted earnings (losses) per share		
From continuing operations	₩ 7,813	₩ 6,420
From discontinued operations	(980)	(2,414)

Consolidated Statements of Changes in Equity

NAVER Corporation and Subsidiaries
Years Ended December 31, 2020 and 2019 (in Korean won)

	Attributable to owners of the Parent Company				Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Other Components of Equity	Retained Earnings		
Balance at January 1, 2019, as previously reported	₩ 16,481,339,500	₩ 1,540,985,517,982	₩(1,546,389,664,299)	₩ 5,229,202,813,045	₩ 708,860,507,065	₩ 5,949,140,513,293
Changes in accounting policies	-	-	-	(200,802,631)	(71,478,344)	(272,280,975)
Balance at January 1, 2019, as adjusted	16,481,339,500	1,540,985,517,982	(1,546,389,664,299)	5,229,002,010,414	708,789,028,721	5,948,868,232,318
Total comprehensive income for the year						
Profit for the year	-	-	-	583,051,904,649	(186,230,842,184)	396,821,062,465
Gain on valuation of debt instruments at fair value - other comprehensive income	-	-	248,538,199	-	-	248,538,199
Gain on valuation of equity instrument at fair value - other comprehensive income	-	-	39,580,419,489	-	10,762,760,837	50,343,180,326
Loss on disposal of equity instruments at fair value - other comprehensive income	-	-	(115,033,900)	(4,496,364,696)	-	(4,611,398,596)
Exchange differences	-	-	87,748,199,609	-	51,280,978,794	139,029,178,403
Share of other comprehensive income of associates and joint ventures	-	-	3,053,460,941	14,147,944	3,645,878,410	6,713,487,295
Remeasurements of net defined benefit liabilities	-	-	-	(49,578,754,909)	(3,413,285,299)	(52,992,040,208)
Gain (loss) on valuation of derivatives for cash flow hedge	-	-	(57,153)	-	57,153	-
Transactions with owners						
Dividends	-	-	-	(45,901,490,260)	(960,046,676)	(46,861,536,936)
Share-based payment expenses	-	-	10,910,448,495	-	18,722,674,912	29,633,123,407
Acquisition of treasury shares	-	-	(93,689,325,190)	-	-	(93,689,325,190)
Decrease due to business combination	-	-	-	-	(474,386,383)	(474,386,383)
Share issuance of subsidiaries	-	36,319,313,514	-	-	142,867,090,522	179,186,404,036
Others	-	(1,996,987,058)	-	-	(46,291,463,498)	(48,288,450,556)
Balance at December 31, 2019	₩ 16,481,339,500	₩ 1,575,307,844,438	₩(1,498,653,013,809)	₩ 5,712,091,453,142	₩ 698,698,445,309	₩ 6,503,926,068,580

NAVER Corporation and Subsidiaries
Years Ended December 31, 2020 and 2019   (in Korean won)

	Attributable to owners of the Parent Company				Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Other Components of Equity	Retained Earnings		
Balance at January 1, 2020	₩ 16,481,339,500	₩ 1,575,307,844,438	₩(1,498,653,013,809)	₩ 5,712,091,453,142	₩ 698,698,445,309	₩ 6,503,926,068,580
Total comprehensive income for the year						
Profit for the year	-	-	-	1,002,086,766,379	(157,089,789,230)	844,996,977,149
Gain on valuation of debt instruments at fair value - other comprehensive income	-	-	(730,019,603)	-	-	(730,019,603)
Gain on valuation of equity instrument at fair value - other comprehensive income	-	-	158,566,524,618	-	9,883,513,242	168,450,037,860
Loss on disposal of equity instruments at fair value - other comprehensive income	-	-	-	37,778,484,516	-	37,778,484,516
Exchange differences	-	-	84,163,969,896	-	(7,915,571,630)	76,248,398,266
Share of other comprehensive income of associates and joint ventures	-	-	(59,070,748,325)	-	(90,765,577)	(59,161,513,902)
Remeasurements of net defined benefit liabilities	-	-	-	(3,006,645,922)	1,622,105,696	(1,384,540,226)
Transactions with owners						
Dividends	-	-	-	(54,688,370,920)	(261,268,720)	(54,949,639,640)
Share-based payment expenses	-	-	28,211,760,128	-	44,667,256,627	72,879,016,755
Acquisition of treasury shares	-	-	(15,516,003,480)	-	-	(15,516,003,480)
Retirement of treasury shares	-	-	39,758,492,229	(39,758,492,229)	-	-
Disposal of treasury shares	-	328,485,240,566	151,388,772,301	-	-	479,874,012,867
Share issuance of subsidiaries	-	787,962,203,141	-	-	290,070,044,722	1,078,032,247,863
Transactions with non-controlling interests	-	(812,763,446,847)	14,530,116,497	-	43,978,130,648	(754,255,199,702)
Others	-	(85,718,351,426)	-	311,288,512	(35,649,229,176)	(121,056,292,090)
Balance at December 31, 2020	₩ 16,481,339,500	₩ 1,793,273,489,872	₩(1,097,350,149,548)	₩ 6,654,814,483,478	₩ 887,912,871,911	₩ 8,255,132,035,213

Consolidated Statements of Cash Flows

NAVER Corporation and Subsidiaries
Years Ended December 31, 2020 and 2019   (in Korean won)

	2020	2019
Cash flows from operating activities		
Cash generated from operations	₩ 2,041,772,594,491	₩ 1,835,912,025,978
Interest received	20,014,015,757	17,559,981,761
Interest paid	(71,543,208,626)	(39,296,364,906)
Dividends received	30,187,486,156	20,742,864,205
Income taxes paid	(573,218,670,138)	(478,075,026,619)
Net cash inflow from operating activities	1,447,212,217,640	1,356,843,480,419
Cash flows from investing activities		
Net decrease (increase) in short-term financial instruments	(25,654,808,271)	162,122,479,766
Increase in long-term financial instruments	(2,560,000,000)	-
Decrease in long-term financial instruments	21,200,000,000	-
Payments for financial assets at fair value - profit or loss	(5,243,104,789,547)	(362,880,751,518)
Proceeds from disposal of financial assets at fair value - profit or loss	3,894,138,692,719	192,427,912,981
Acquisition of property and equipment	(759,403,180,962)	(435,908,502,083)
Disposal of property and equipment	8,987,856,807	6,743,736,986
Collection of lease receivables	1,417,837,269	257,941,120
Acquisition of intangible assets	(106,290,121,972)	(75,729,758,448)
Disposal of intangible assets	3,304,588,760	4,766,029,881
Acquisition of financial assets at fair value - other comprehensive income	(50,971,937,342)	(40,967,500,755)
Disposal of financial assets at fair value - other comprehensive income	232,310,319,161	97,789,083,542
Acquisition of investments in associates and joint ventures	(504,730,950,380)	(621,718,974,099)
Disposal of investments in associates and joint ventures	104,952,900,033	18,714,872,614
Increase (decrease) in cash due to business combination	2,260,617,141	(4,991,454,614)
Net cash flow due to the disposal of subsidiaries	(20,383,308,053)	9,787,731,685
Net increase (decrease) in short-term loans	(35,244,144,863)	3,807,864,455
Net increase (decrease) in long-term loans	(11,864,566,845)	90,000,000
Cash outflows from other investing activities	(11,567,279,691)	(32,439,553,937)
Net cash outflow from investing activities	(2,503,202,276,036)	(1,078,128,842,424)

NAVER Corporation and Subsidiaries
Years Ended December 31, 2020 and 2019

(in Korean won)

	2020	2019
Cash flows from financing activities		
Proceeds from short-term borrowings	2,116,540,667,363	220,649,373,194
Repayment of short-term borrowings	(915,187,873,624)	(76,172,581,572)
Proceeds from long-term borrowings	886,562,480,808	–
Proceeds from issuance of debentures	5,960,669,395	–
Repayment of debentures	(789,055,599,548)	–
Repayment of lease liabilities	(174,107,173,293)	(138,021,891,444)
Acquisition of treasury shares	(15,516,003,480)	(93,689,325,190)
Dividends paid	(54,949,639,640)	(46,861,536,936)
Share issuance of subsidiaries	1,023,167,174,015	179,186,404,036
Cash inflows from transactions with non-controlling interest	46,060,159,984	13,072,761,459
Cash outflows from transactions with non-controlling interest	(945,751,987,650)	(5,921,420,442)
Cash inflows from other financing activities	8,410,804,648	94,783,280
Net cash inflow from financing activities	1,192,133,678,978	52,336,566,385
Effects of exchange rate changes on cash and cash equivalents	(30,989,618,453)	86,578,454,471
Net increase in cash and cash equivalents	105,154,002,129	417,629,658,851
Cash and cash equivalents at the beginning of the year	3,740,513,761,418	3,322,884,102,567
Cash and cash equivalents at the end of the year	3,845,667,763,547	3,740,513,761,418
Cash and cash equivalents classified as held for sale	(2,245,363,413,625)	–
Cash and cash equivalents at the end of the year	₩ 1,600,304,349,922	₩ 3,740,513,761,418

NAVER 2020 Consolidated Financial State

Subsidiaries

LARGEST SHAREHOLDER
Subsidiaries / Ownership interest held by the Group (%)[1]
The number of our subsidiaries for consolidated reporting was 133 as of the end of December 2020.

NAVER
- NAVER Cloud / 100.0
  Cloud service operation

NAVER I&S / 100.0
- Business support, workforce supply, employee dispatch, and software development

- LINE[2] / 78.18
  Mobile service development

- NAVER China / 100.0
  Software development and distribution

- Search Solutions / 100.0
  Software development and distribution

- N-Visions / 100.0
  Exhibition and performance planning business

- Works Mobile / 100.0
  Groupware development and service operation

- V Live Inc. / 100.0
  Online livestreaming service and local marketing

- SNOW / 100.0
  Camera and community app development and distribution

- SB Next Media Innovation Fund / 96.3
  Investment

- NAVER Labs / 100.0
  New technology research and development

- NAVER Webtoon / 100.0
  Webtoon service development and operation

- NAVER France / 100.0
  IT investment and R&D in Europe

- Company AI / 100.0
  AI service research and development

- Drama & Company / 81.2
  Name card app development and operation

- NAVER-KTB Audio Contents Fund / 99.0
  Investment

- SpringCamp Early Stage Fund 1 / 100.0
  Investment

- SpringCamp Early Stage Fund 2 / 97.0
  Investment

- NAVER BAND (formerly Camp Mobile) / 100.0
  Community service and marketing in North America

- NAVER J.Hub / 100.0
  Global business support

- TBT Global Growth Fund I / 89.9
  Investment

- Audiensori / 100.0
  Audio content development and distribution

- NAVER VIETNAM COMPANY LIMITED / 100.0
  Online livestreaming service and local marketing

- NAVER FINANCIAL / 100.0
  Digital finance

- NAVER Webtoon Company
  (formerly NAVER Webtoon) / 100.0
  Webtoon service development and operation

- SVA Content Media / 99.31
  Investment

- Do Ventures Annex Fund LP / 99.01
  Investment

- SVA Soda Private Equity Fund / 99.52
  Investment

- NAVER Quantum Content Fund 1 / 48.39
  Investment

- NAVER Hands / 100
  Standard workplaces for the disabled operation

NAVER France
- C-Fund / 99.75
  Investment

NAVER Cloud
- NAVER Cloud Asia Pacific / 100.0
  IT infrastructure operation

- NAVER Cloud America / 100.0
  IT infrastructure operation

- NAVER Cloud Europe / 100.0
  IT infrastructure operation

- NAVER Cloud Japan / 100.0
  IT infrastructure operation

NAVER I&S
- Incomms / 100.0
  Customer center operation

- Greenweb Service / 100.0
  Monitoring and ad operation

- N Tech Service (formerly NHN Technology Service) / 100.0
  Software consulting, development and distribution

- NIT Service / 100.0
  Infrastructure operation and security service

- CommPartners / 100.0
  Customer center operation

WEBTOON Entertainment
- NAVER Webtoon (formerly WEBTOON Entertainment Korea) / 100.0
  Webtoon service development and operation

- LINE Digital Frontier /100.0
  Webtoon service development and operation in Japan

NAVER Webtoon
(formerly WEBTOON Entertainment Korea)
- Lico / 100.0
  Content production and enforcement

- Studio N / 100.0
  Film production and distribution

- Vdotdo / 66.57
  Video search solution development

- YLAB Japan / 100.0
  Content production and enforcement

LINE Digital Frontier
- LINE Book Distribution / 52.0
  Manga and content distribution

NAVER Webtoon Company
(formerly NAVER Webtoon)
- Watong Entertainment / 100.0
  Webtoon service operation

Watong Entertainment
- Broccoli Entertainment / 100.0
  Webtoon service operation

- Dongman Entertainment / 100.0
  Webtoon service operation

SNOW
- SNOW China / 96.22
  Mobile service operation

- SNOW Japan / 100.0
  Mobile service operation

- SNOW Inc. / 100.0
  Mobile service operation

- Spring Camp / 100.0
  Investment

- Amuse / 100.0
  Cosmetics manufacturing, distribution and sales

- HEART IT / 100.0
  Online commerce platform operation

- SNOW Vietnam / 99.0
  Mobile service operation

- NAVER Z / 100.0
  Mobile service development and operation

- Cake / 100.0
  Language learning app development and operation

NAVER Webtoon & SNOW
- Playlist / 93.9
  Information and communication service

- Semicolon Studio / 100.0
  Information and communication service

SNOW China
- SNOW China (Beijing) / 100.0
  Mobile service operation

SNOW China (Beijing)
- Yiruike Information Technology (Beijing) / 100.0
  Mobile service operation

- Xiaying Entertainment / 100.0
  Mobile service operation

Xiaying Entertainment
- Shine Interactive / 100.0
  Mobile service operation

Works Mobile
- Works Mobile Japan / 100.0
  Groupware service operation and distribution

- NF Insurance Service / 100.0
  Insurance service

NAVER J.Hub
- Mirai Fund LLP / 100.0
  Investment

Mirai Fund LLP
- Mission World Group / 68.3
  Software development and distribution

Mission World Group
- CHOCO Media / 100.0
  Mobile service operation

LINE Plus
- LINE PLAY / 100.0
  Avatar development and establishment

- LINE Euro-Americas / 100.0
  Mobile service marketing

- LINE Taiwan / 100.0
  Mobile service operation

- LINE Company (Thailand) / 99.95
  Mobile service operation

- LINE Digital Technology (Shanghai) / 100.0
  Mobile service marketing

- PT.LINE PLUS INDONESIA / 100.0
  Mobile service operation

- LINE Up / 100.0
  Mobile game software development and distribution

- LINE Studio / 100.0
  Mobile game software development and distribution

- Nemustech / 100.0
  Software development

- GrayHash / 76.9
  Software development

Drama & Company
- myBridge / 100.0
  Name card app service operation

LINE Taiwan
- SHINEWANT TECHNOLOGY / 100.0
  Internet information service

- JDW / 81.2
  Internet information service

JDW
- JDW Taxi / 62.5
  Internet information service

LINE
- LINE Fukuoka / 100.0
  Mobile service operation

- LINE SOUTHEAST ASIA (formerly LINE BIZ+) / 100.0
  Mobile billing planning and development

- LINE Ventures / 100.0
  Investment

- Gatebox / 55.1
  IoT product planning and development

- LINE TICKET / 51.0
  e-Ticket service operation

- Next Library / 100.0
  Internet information service

- LFG HOLDINGS / 100.0
  Character and doll wholesale and retail

- LINE Pay / 100.0
  Mobile billing planning and development

- LINE Financial / 100.0
  Financial service

- LINE Growth Technology / 100.0
  Mobile service development

- LINE Ventures Global Limited Liability Partnership / 100.0
  Financial service

- LINE Ventures Japan Limited Liability Partnership / 100.0
  Financial service

- LVC / 90.0
  Financial service

- LINE Conomi / 100.0
  Software development and distribution

- LINE Business Support / 100.0
  Business support and workforce supply

- LINE Healthcare / 51.0
  Remote healthcare service

- HOP (formerly LDI Corporation) / 60.0
  Matching service operation

- LINE Split Preparation / 100.0
  Strategic alliance and service integration

- LINE TECHNOLOGY VIETNAM / 100.0
  Local service and marketing

- DEMAE-CAN / 60.93
  Delivery app service

DEMAE-CAN
- SATSUMAEBISUDO / 100.0
  Food processing

LINE SOUTHEAST ASIA
- LINE VIETNAM JOINT STOCK COMPANY / 99.1
  Online information supply

LINE Ventures
- LINE Investment Technologies Corporation / 100.0
  Investment

LINE Split Preparation
- LINE Friends / 100.0
  Character and doll wholesale and retail

- LINE Plus / 100.0
  Portal and internet information service

LINE Friends
- Markt / 51.0
  Software development and wholesale and retail

- LINE Friends Japan / 100.0
  Character and doll wholesale and retail

- LINE Friends / 100.0
  Character and doll wholesale and retail

- LINE Friends(Shanghai) Commercial Trade / 100.0
  Character and doll wholesale and retail

- LINE Friends Taiwan Limited / 100.0
  Character and doll wholesale and retail

LINE Pay
- Webpay Holdings / 100.0
  Mobile billing planning and development

- LINE BIZ+ / 100.0
  Software development and distribution

- BALIE / 100.0
  Search ad service

- LINE Pay Taiwan (formerly LINE BIZ+ Taiwan) / 70.0
  Mobile billing planning and development

- LINE Pay Hokkaido Corporation / 70.0
  Digital financial service

Webpay Holdings
- Webpay / 100.0
  Mobile billing planning and development

LINE Digital Technology (Shanghai)
- Beijing Wangzhongwenda Technology / 100.0
  Mobile service operation

LINE Financial
- LINE Financial Plus / 100.0
  Financial service

- LINE Credit / 51.0
  Financial service

- LINE Securities / 51.0
  Financial service

- LINE Financial Asia / 100.0
  Financial service

- LINE Bank Preparatory / 51.0
  Financial service

LINE Financial Asia
- LINE Financial Taiwan / 100.0
  Financial service

LVC
- LVC USA / 100.0
  Financial service

- LINE TECH PLUS / 100.0
  Financial service

- Unblock Ventures / 100.0
  Financial service

- Unblock / 100.0
  Software development and distribution

- Unchain / 51.0
  Software development and distribution

[1] Ownership interest held by the Group represents the aggregate ownership held by subsidiary companies.
[2] Ownership for the year increased due to additional acquisition of shares.

Awards & Accolades

2000. 02. Awarded for Excellence in the field of Digital Information Technology (Hankyoreh Daily)

05. NAVER was selected as Korea's top search portal by Korea Management Association Consulting (KMAC)

12. Awarded the Internet Grand Prize for Top Search Portal (Chosun Ilbo)

2001. 06 Awarded the Internet Grand Prix of Entertainment Award (New Business Management)

2002. 05. Won the 1st place for The Best Web Awards, Game Division for 3 years in a row (KMAC)

10. Awarded for excellence in privacy protection by the Korea Association of Information and Telecommunication (KAIT)

12. Certified as a model company using genuine software (Software Database Certification)

Awarded the Grand Prize for Best Internet Company of Year (Korea Internet Corporations Association, Journalist Association of Korea)

2003. 03. NAVER ranked No.1 among search portals by National Customers Satisfaction Index (NCSI)

07. Awarded the Grand Prize among 2003 Korean Technology Fast 50 (Deloitte Consulting)

08. Ranked No.1 search portal in the Korea Service-Quality Index (Korean Standards Association)

12. NAVER's Knowledge-iN service was selected as one of the Hits of the Year (Samsung Economic Research Institute, Joongang Ilbo)

Received Presidential Award for Contribution to the Advancement of Korean Software Industry

2004. 08. Ranked No.1 search portal in the Korea Service-Quality Index (Korean Standards Association)

12. Awarded Gold Prize in the Web Award Korea 2004, Game Division (Web Award Committee)

2005. 03. Awarded Namoo Prize, "I-People Award" (joins.com)

06. Awarded the Grand Prize for Best Internet Company of the year (New Business Management)

Named as Korean Brand Star, Portal Division (Brand Stock)

09. Ranked No.1 search portal in the Korea Service-Quality Index for 3 years in a row (Korean Standards Association)

10. Awarded "CEO Who Brightens Korea", Talent Management Division (Korea Economy, Seoul National University Academics and Industry Cooperation Foundation)

11. Won Grand Prize in the Korean IR Awards (Korea IR Association)

12. Received the Grand Prize in the IMI Management Award, Social Contribution Category (IMI)

Selected as the Internet Company of the Year, Portal Category(Korea Internet Corporations Association)

2006. 06. Awarded the Best KOSDAQ Listed Company Award (KOSDAQ Listed Companies Association)

Acquired "Good Design" mark for the first time in the industry (Korea Institute of Design Promotion)

09. Ranked No.1 search portal in the Korea Service-Quality Index for 4 years in a row (Korean Standards Association)

10. Hangame won the 1st place in the National Brand Competitive Index (NBCI), Game Portal Division for 2 years in a row (Korea Productivity Center)

2007. 04. NHN received the Presidential Citation in the Award for Excellence in Gender Equality Employment (Ministry of Labor)

11. Awarded Presidential Prize in the Korea Internet Awards (Ministry of the Interior)

Awarded Grand Prize in the Korean IR Awards (Korea IR Association)

12. Selected as the Technology Fast 500 Asia Pacific for 5 years in a rwo (Deloitte Consulting)

Awarded Innovation Grand Prize in the Web Award Korea 2007 (Web Award Committee)

Awarded 1st Prize for Cyberethics Index Evaluation, Portal Division (Government Youth Commission)

2008. 02. NHN was named the 60 CMT Shareholder Performance Index (Oliver Wyman)

NHN was named the Korea's Most Admired Companies 2008, All-Star 3 (Korean Management Association Consulting)

03. NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 3 years in a row (Korea Productivity Center)

04. NHN named the Global 2000 (Forbes)

09. NHN named the Asia50 (Businessweek)

10. NHN awarded the 1st prize for 2008 Korea Design Awards, InDesign Management Division (Ministry of Knowledge Economy, Korea Institute of Design Promotion)

12. NHN ranked the 5th in the 2008 Most Profitable Companies in Internet Service (Newsweek)

2009. 04. Hangame ranked 2nd place in web board games (Korea Productivity Center)

NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 4 years in a row (Korea Productivity Center)

06. Awarded the Best Venture Business with Highest Sales in 2009 among venture businesses with sales of KRW 100 billion (Korea Venture Business Association)

10. Ranked No.1 search portal in the Korea Service-Quality Index for 6 years in a row (Korean Standards Association)

11. Ranked 1st place in the 2009 Korean Customer Satisfaction Index for 7 years in a row (Korea Management Association)

NAVER ranked no.5 among worldwide search portals (Comscore)

12. NHN awarded grand prize in mobile web & media/information service category (Web Award Korea)

C9 awarded grand prize at 2009 Game Awards Korea (Ministry of Culture, Sports and Tourism)

NHN listed in the 50 promising Asia-Pacific companies 2009 (Forbes)

Ranked 3rd in the 2009 Top 100 Brands of Korea (Brandstock)

NHN awarded the 2009 Korea Sharing and Volunteer Awards (Hankook Daily News)

NHN received the Minister's Award in the Library Donation Category (Ministry of Culture, Sports and Tourism)

2010. 04. NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 5 years in a row (Korea Productivity Center)

06. NAVER Hangeul campaign "Hangeul, beauty in every letter" won PR Silver Lions at Cannes Lions International Advertising Festival

08. Annual report received gold prize in Internet service, publication/production category and bronze prize in design category (Annual Report Competition 2010 Awards)

NHN won 5 awards for Brand Design (Red Dot Award)

Won 9 design awards including NAVER greenwindow, Dialogue in the dark intro clip (iF Design Award)

12. NAVER listed in Top 10 Tech Companies representing Asia (Business Insider)

Won 15 awards include mobile web & media/information service category (Web Award Korea)

2011. 04. NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 6 years in a row (Korea Productivity Center)

07. NHN awarded The Best Venture Business with Highest Sales in 2011 (Small & Medium Business Administration, Korea Venture Business Association)

08. Annual report received gold prize in Internet service and picture, silver for publishing, and bronze for design (Annual Report Competition 2011 Awards)

10. Green Factory received the Excellence Award in the Korean Architecture Award 2011

11. NAVER App Square and Photo printing package awarded in the Communication Category (iF Design Award)

12. NHN received the Grand Award for 2011 Information Protection (Korea Communications Commission, Korea Intranet & Security Agency)

2012. 04. NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 7 years in a row (Korea Productivity Center)

06. Won 4 awards in brand design including NAVER App Square and NHN Next Identity awarded (Red Dot Award)

07. NAVER Real Estate App, NHN Diary package awarded in 4 categories (IDEA)

10. NHN received the Presidential Citation in the Group Category, 2012 Digital Geo EXPO (Ministry of Land, Transport and Maritime Affairs)

12. NAVER Music awarded the Best Korea TV app. in Daily Life (Korea Communication Commission)

NHN received the Excellence Award in the non-manufacturing category (Citizens' Coalition for Economic Justice)

NHN won seven design awards including for NHN NEXT identity and LINE (iF Design Award)

2013. 04. NHN ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 8 years in a row (Korea Productivity Center)

2014. 02. Received the Lifetime Achievement Award (Korean Bar Association)

Won 4 design awards including for IDC "Gak" (iF Design Award)

04. Received the Minister's Award for Excellence in Employment (Ministry of Labor)

05. Received the Presidential Citation in the 2014 Award for Excellence in Gender Equality Employment (Ministry of Labor)

07. Won 6 design awards including for NAVER Hangeul Campaign (IDEA)

08. Won 5 design awards including the Best of the Best for NAVER SDF Data Square (Red Dot Award)

10. NAVER Green Factory achieved the world's best score (LEED Platinum)

12. Won Gold Prize in donation for education, company section (Ministry of Education)

Received the Lifetime Achievement Award for promoting software industry (Ministry of Science, ICT and Future Planning)

2015. 01. LINE Friends awarded Best Property prizes (LIMA and ALA)

02. Won 8 design awards, including for NAVER Library and TOSS (iF Design Award)

LINE awarded the Best International Startup (Crunchies Award)

08. Won 5 design awards, including the Best of the Best for NAVER Subway map in the social responsibility field (Red Dot Award)

Won 2 design awards, including the Best of the Best for B612, a selfie app of LINE in the communication design field (Red Dot Award)

NAVER Service History Wall at Connect One won gold prize in digital design area (IDEA)

09. Received the Minister's Award for win-win challenge between agriculture and business (Ministry of Agriculture, Food and Rural Affairs)

11. Received the Minister's Award for using genuine software (Ministry of Science, ICT & Future Planning)

2016. 01. NAVER ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 10 years in a row (Korea Productivity Center)

08. Nominated as The World Most Innovative Companies for 3 years in a row (Forbes)

10. Ranked 1st in the Korean Customer Satisfaction Index for 13 consecutive years (Korea Management Association)

Received the Presidential Citation in the 38th Korea Energy Efficiency Awards (Ministry of the Interior)

2017. 03. NAVER ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 11 years in a row (Korea Productivity Center)

05. Ranked Best company of management (CEO SCORE)

11. Data Center "GAK" granted as Energy Champion Company

2018. 06. Chosen as Best in the Win-Win Index Evaluation for 2 years in a row (National Commission for Corporate Partnership)

08. Papago, Whale and NAVER Maps received awards in the Communication Category (Red Dot Award)

09. LICO received the Grand Prize in the New Media Content category at BCWW2018 for its web animation "A Day Before Us"

10. Received awards for 6 types of products, including Clova Friends, in 4 categories (IDEA)

Chosen as sixth place by FORTUNE in The Future 50 (FORTUNE)

11. NAVER·NAVER Labs received awards for 4 products at the CES 2019 Innovation Award

NAVER Business Platform received the Minister's Award at the Grand Cloud Conference (Ministry of Science and ICT) (Commendation from the Minister for merit in developing the cloud industry)

2019. 02. Won 6 design awards (iF Design Award)

Papago won 2 awards (iF Design Award)

V LIVE original live format received an award in the Music Category (Media Excellence Awards)

04. NAVER Labs won awards for 4 products (Red Dot Award)

06. Included in The World's Most Innovative Companies for 5 years in a row and ranked 9th (Forbes)

Chosen as the Best for 3 years in a row in the Win-Win Index Evaluation, and was the first in the Internet platform business to be named the Best Honorary Company (National Commission for Corporate Partnership)

09. Chosen as Korea's Best Job (Ministry of Employment and Labor)

10. Received an appreciation plaque in the 2019 Korea Small Business Contest

6 products, including LINE WORKS and Clova Clock, received Japan's Good Design Award

11. Received the Presidential Citation in the Voluntary Win-Win Cooperation category at the Win-Win Week Ceremony (Ministry of SMEs and Startups, National Commission for Corporate Partnership)

12. Received the Best Company Award in the Win-Win Index Evaluation for 3 years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership)

2020. 02. Won 3 design awards (iF Design Award)

08. Won 3 design awards (Red Dot Award)

Won the Gold Award (LACP Vision Award)

09. Won the Grand Award in the online annual report category (ARC Awards)

Chosen as the Best for 4 years in a row in the Win-Win Index Evaluation

10. Ranked 37th in The World's Best Employers (Forbes)

Ranked 33rd in the Future 50 (Fortune)

12. Recognized with Minister's Commendation for Policy Communication (Ministry of the Interior and Safety)

CLOVA Lamp received CES Innovation Awards

Milestones

1999. 06. Established Navercom; and launched search portal "NAVER"

Launched children's portal "Jr.NAVER"

12. Launched game portal "Hangame"

2000. 07. Merged Hangame Communications and One-Cue; and acquired Search Solutions

09. Established Hangame Japan

2001. 09. Changed the corporate name to NHN (Next Human Network)

2002. 10. Listed on Korean Securities Dealers Automated Quotations (KOSDAQ)

2003. 10. Hangame Japan changed the company name to NHN Japan

12. Acquired digital content transmission technology company Future Valley

2004. 04. Ranked No.1 on KOSDAQ in market capitalization

06. Launched Ourgame joint venture company with Sea Rainbow Holdings Corporation in China

11. Established game development studio "NHN Games"

2005. 07. Launched online donation portal "Happybean"

Incorporated NHN USA

08. Established Internet service management company, NHN Services

2006. 06. Acquired search company. 1noon

10. Acquired data storage management solution company, Datachorus

2007. 05. NHN USA started official services of game portal "ijji.com"

11. Established NAVER Japan

12. Established NHST (Next Human Search Technology)

2008. 11. Transferred to Korea Composite Stock Price Index (KOSPI)

2009. 01. Acquired me2day, a micro blog website

02. Acquired Wingbus, a tour guide website

05. Established the Happybean Foundation, to strengthen online donation culture

NHN Corporation demerged to launch NHN Business Platform (NBP)

07. Acquired ITOPF, a mobile coupon distribution solution company

08. Changed corporate identity (CI) in celebration of the 10th anniversary

2010. 01. NHN signed an Agreement to Promote a Women-Friendly Corporate Culture with Ministry of Gender Equality and Family

04. Established NHN Investment, specializing in asset management and venture investment business

NHN Japan acquired livedoor.com

Moved the company headquarters to Green Factory

05. Established NHN Culture Foundation

07. Merged Wingbus, a tour guide website

NHN Social Enterprise accredited as social enterprise from the Ministry of Labor

2011. 01. NBP started full-fledged autonomous advertisement service

Established the affiliated company Orange Crew, smart device game developer

04. Established NTS (NHN Technology Services)

09. Jointly established Khan Communications with KT, as a local advertising affiliate

2012. 01. Merged three entities, NHN Japan, Naver Japan, Livedoor to establish NHN Japan

04. Established The Sarang, for hiring employees from vulnerable social groups, in partnership with Webzen

08. Established NHN SINGAPORE PTE.LTD

2013. 03. Established LINE Plus, a LINE affiliate for its global business

Established Camp Mobile, a mobile-exclusive subsidiary

04. Changed corporate name of NHN Japan to LINE Corp.

06. Established Gak, a data facility for NAVER Corp.

08. NAVER Corporation and NHN Entertainment demerged

12. Camp Mobile acquired Taiwanese company Gogolook, and its product Whoscall, a spam filtering application

2014. 07. NAVER Corp. acquired NBP's advertising and platform Businesses

2015. 04. Established Works Mobile as a business services subsidiary

06. Acquired software education platform Entry Korea

2016. 07. LINE Corp dual listed on NYSE (New York) and TSE (Tokyo)

08. Established SNOW, Inc.

2017. 01. Established NAVER Labs, Inc., a R&D focused company

05. Established NAVER Webtoon Corp.

06. Opened Space Green, a space for nurturing startups, within France's Station F, the world's largest startup incubator

Acquired Xerox Research Centre Europe (XRCE)

2018. 02. Merged with Camp Mobile

04. Established joint AI research lab with Hong Kong University of Science and Technology

08. NAVER Webtoon established STUDIO N, an IP enterprise

11. NAVER Labs signed an MOU with Qualcomm for cooperation for future technology R&D

2019. 11. Established NAVER Financial

2020. 05. NAVER Z was established through split-off

06. CONNECT Foundation changed name to NAVER CONNECT Foundation

10. Cake was established through split-off

NBP changed name to NAVER Cloud

IR Information

Name of Company	NAVER Corporation (KOSPI 035420)
CEO	Seong-sook Han
Establishment	June 2, 1999
Capital	KRW 16,481,339,500
Head Office	NAVER Green Factory, 6, Buljeong-ro , Bundang-gu, Seongnamsi, Gyeonggi-do, South Korea (Postal code: 13561)
Website	www.navercorp.com

Major Services

Internet

• Internet search portal NAVER	www.naver.com
• Search portal for kids Jr.NAVER	www.jr.naver.com
• On-line donation portal Happybean	https://happybean.naver.com
• NAVER Webtoon	https://comic.naver.com
• V LIVE	www.vlive.tv
• BAND	www.band.us

Mobile

• Mobile NAVER	https://m.naver.com
• Global mobile messenger LINE	https://line.me/ko/
• AR camera content SNOW	www.snow.me

Employees
(As of December 31, 2020)

NAVER Corp.	4,013 (excluding subsidiaries)

Stock Information
(As of December 31, 2020)

Number of common shares outstanding	164,263,395
Market capitalization	KRW 48,047.0 billion

Independent Auditor

Samil PricewaterhouseCoopers

Address	92, Hangang-daero, Yongsan-gu, Seoul, Korea
Website	www.pwc.com/kr/en
Tel	+82-2-3781-3131
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Independent Auditor

The 2020 Annual Report and recent investment information on NAVER Corporation can be found in both Korean and English on NAVER Corporation's website at www.navercorp.com

Contact Information

If you have any questions, please feel free to contact the following:

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Disclaimer

This report does not contain a complete description of NAVER Corporation's business performance. All investments involve an element of risk, and the performances described herein must not be taken as a guarantee of future results. Executives and employees of NAVER Corporation and its affiliates are not liable for losses or damages arising from investments or business decisions made by a third party based on the information contained herein.

NAVER