

NAVER

A Set of Global Challenges

4Q21 Earnings Result

2022.01.27

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Earnings Summary

- 4Q21 operating revenue rose 27.4% YoY as all business segments including contents & fintech delivered solid growth
- 2021 operating revenue increased 28.5% YoY and adjusted EBITDA grew 22.2% YoY

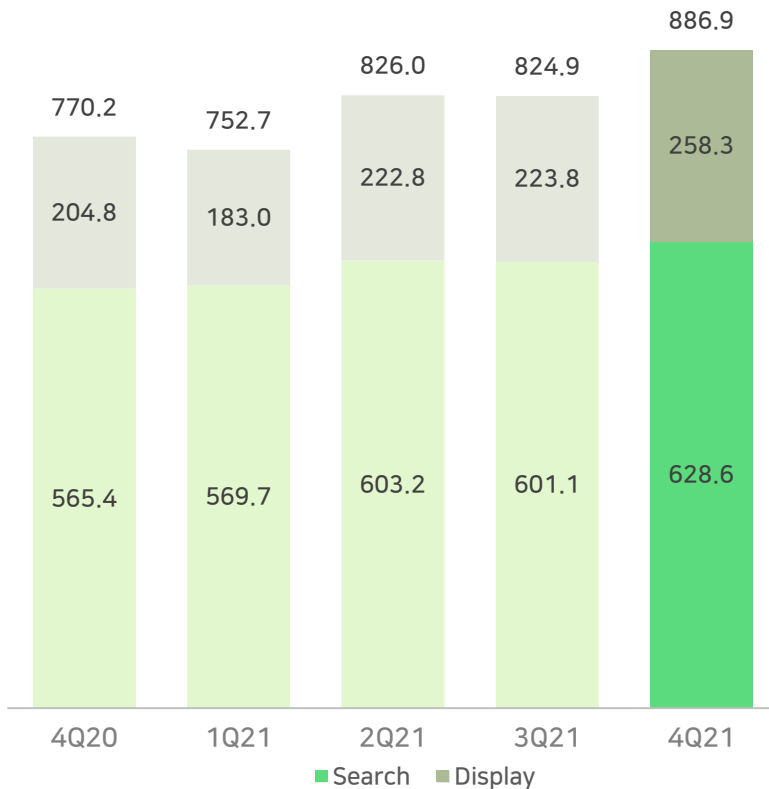
(bn KRW)	4Q20	3Q21	4Q21**	Y/Y	Q/Q	FY2021	Y/Y
Operating Revenue	1,512.6	1,727.3	1,927.7	27.4%	11.6%	6,817.6	28.5%
Search Platform	770.2	824.9	886.9	15.2%	7.5%	3,290.5	17.4%
Commerce	316.8	380.3	405.2	27.9%	6.6%	1,475.1	35.4%
Fintech	201.1	241.7	295.2	46.8%	22.1%	979.0	44.5%
Contents	138.9	184.1	233.3	67.9%	26.7%	692.9	50.6%
Cloud	85.6	96.2	107.2	25.2%	11.4%	380.0	38.9%
Operating Expenses	1,188.9	1,377.5	1,576.5	32.6%	14.4%	5,492.1	34.3%
Operating Income	323.8	349.8	351.2	8.5%	0.4%	1,325.5	9.1%
Adjusted EBITDA*	419.2	510.1	483.5	15.3%	-5.2%	1,914.6	22.2%
Net Income	384.1	322.7	235.7	-38.6%	-27.0%	16,413.5	1,842.4%

* EBITDA + stock-based compensation

* A change in NAVER Plus Membership reward point accounting method led to (+/-) adjustments in Commerce (-W18bn) and Fintech (+W14bn) segments' revenue and operating expense, with no impact to operating income

Quarterly Revenue

(bn KRW)



4Q21 YoY 15.2% ↑ / QoQ 7.5% ↑

2021 YoY 17.4% ↑

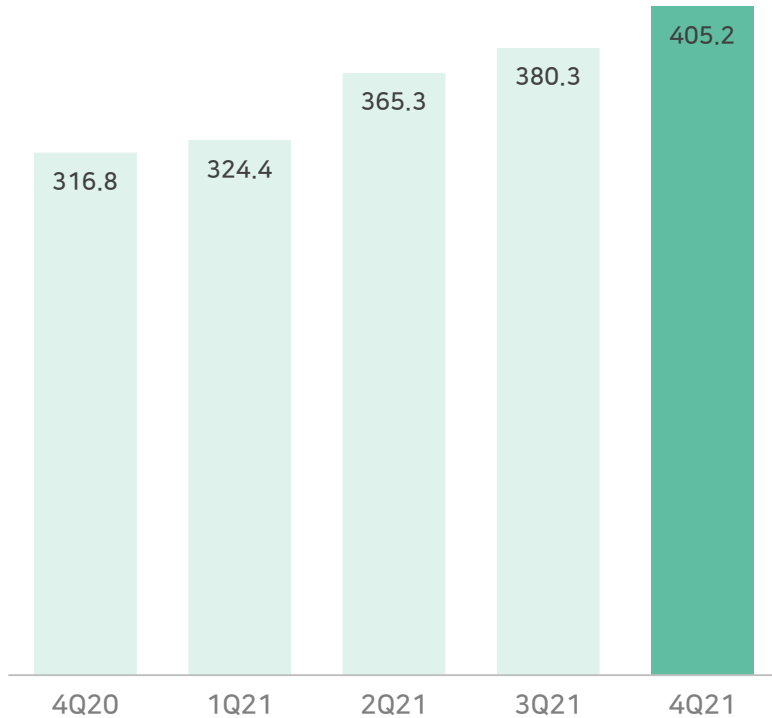
(Search) YoY 11.2% ↑ / QoQ 4.6% ↑

(Display) YoY 26.1% ↑ / QoQ 15.4% ↑

- Search revenue rose as business queries increased with technology improvement and UGC/SmartPlace expansion
- Peak seasonality, continued performance ads growth, and line-up addition including premium video ads for major brands drove Display growth

Quarterly Revenue

(bn KRW)



4Q21 YoY 27.9% ↑ / QoQ 6.6% ↑

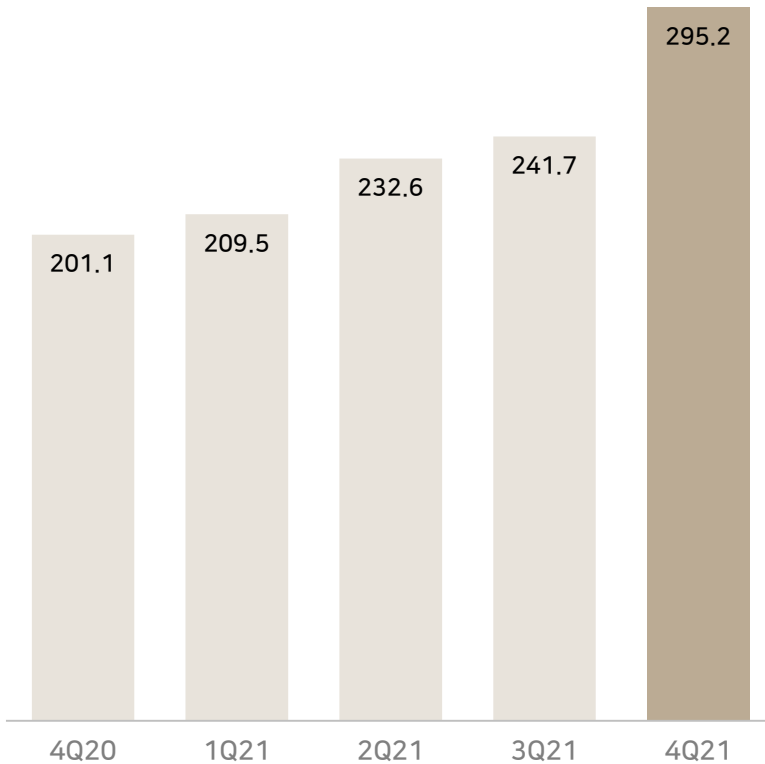
YoY 33.6% ↑ / QoQ 11.3% ↑, excluding the accumulated accounting method change impact

2021 YoY 35.4% ↑

- The number of Brandstores marked 617, 4Q GMV increased 110% YoY, with annual GMV recording 1.9 trillion KRW
- Shopping LIVE GMV rose 4.7x YoY. Live shows with over 100 million KRW GMV posted 39% QoQ growth
- Monthly average new Smartstore sellers recorded 28k, well above the pre-COVID level

Quarterly Revenue

(bn KRW)



4Q21 YoY 46.8% ↑ / QoQ 22.1% ↑

YoY 39.8% ↑ / QoQ 16.3% ↑, excluding the accumulated accounting method change impact

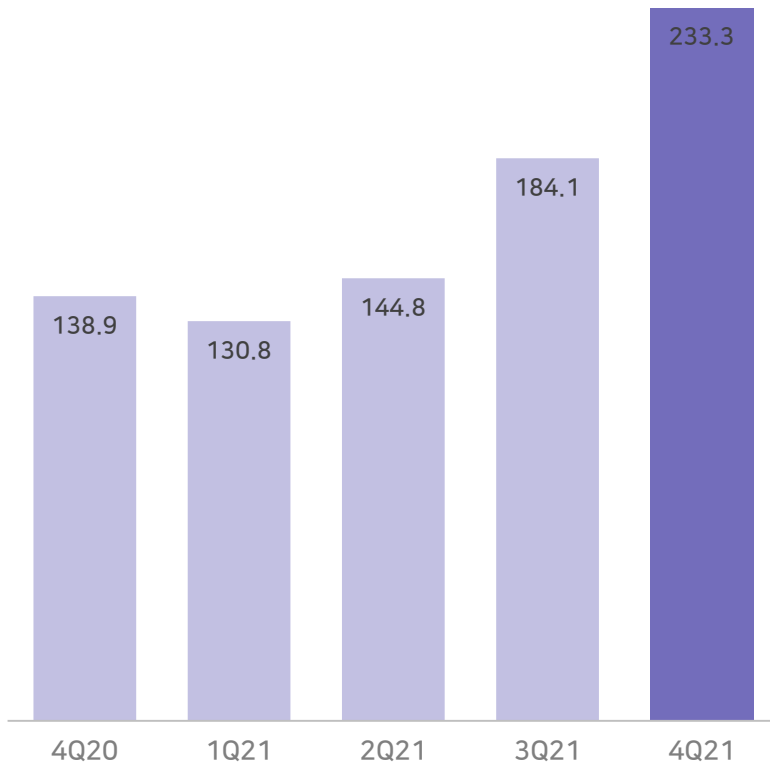
2021 YoY 44.5% ↑

- NAVER Pay TPV* reached 10.9 trillion KRW, as global outside partner expansion led to 60% YoY external TPV growth
- Number of NAVER Smart Order and QR-based offline payment partners reached 230k, while total offline payment volume rose 2.6x YoY
- Smartstore seller loan balance reached 130 billion KRW and key indicators improved with ACSS stabilization

* TPV: Total Payment Volume

Quarterly Revenue

(bn KRW)

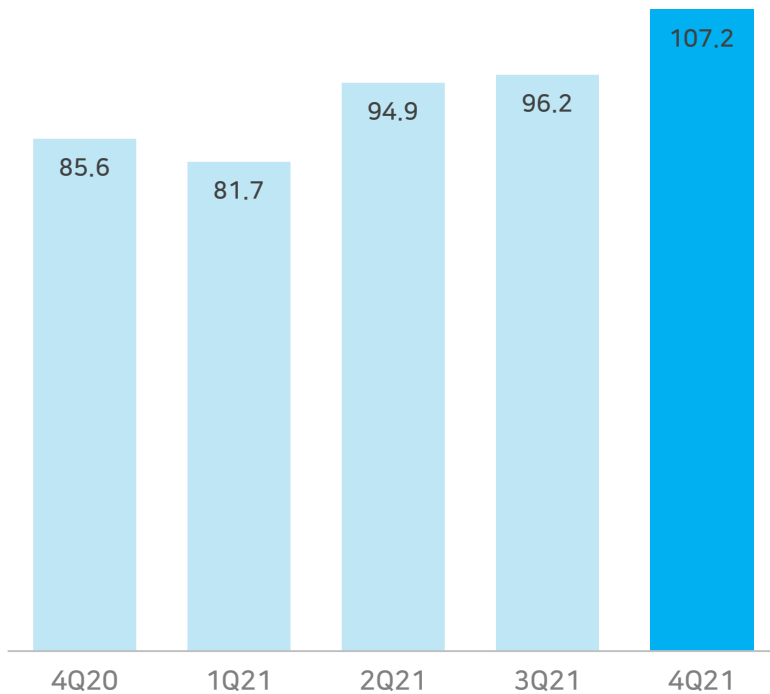


4Q21 YoY 67.9% ↑ / QoQ 26.7% ↑
2021 YoY 50.6% ↑

- Annual GMV surpassed 1 trillion KRW, driven by expansion of original IP, cross-border content, and IP business
- SNOW revenue increased 174% YoY from the growth of ZEPETO creator ecosystem and adoption of SNOW camera subscription model

Quarterly Revenue

(bn KRW)



4Q21 YoY 25.2% ↑ / QoQ 11.4% ↑
2021 YoY 38.9% ↑

- Continued revenue growth with new orders from major clients including Nonghyup Bank, SK Rent A Car, and E1
- NAVER Labs unveils 'ARCVVERSE', a metaverse ecosystem connecting real and virtual worlds using AI, Robot, Cloud technology: to be implemented in NAVER's second headquarters

Operating Expenses/Income

- Operating expenses increased 32.6% YoY, as preemptive developer recruitment led to temporary increase in bonus and retirement benefit payments recognition in 4Q
- 4Q net income fell due to rise in financial product valuation losses and annual tax adjustments

(bn KRW)	4Q20	3Q21	4Q21**	Y/Y	Q/Q	FY2021	Y/Y
Operating Expenses	1,188.9	1,377.5	1,576.5	32.6%	14.4%	5,492.1	34.3%
Development & Operations	312.4	389.0	466.2	49.2%	19.8%	1,629.1	36.1%
Partner	534.9	608.8	714.5	33.6%	17.4%	2,415.0	34.4%
Infrastructure	157.9	178.2	182.9	15.8%	2.6%	686.7	24.9%
Marketing	183.7	201.5	212.9	15.9%	5.7%	761.3	39.5%
Operating Income	323.8	349.8	351.2	8.5%	0.4%	1,325.5	9.1%
Non-cash expenses	95.5	160.3	132.3	38.6%	-17.5%	589.1	67.4%
└ Stock based compensation	19.9	71.0	37.0	86.3%	-47.9%	237.9	192.3%
Adjusted EBITDA*	419.2	510.1	483.5	15.3%	-5.2%	1,914.6	22.2%
Net Income	384.1	322.7	235.7	-38.6%	-27.0%	16,413.5	1,842.4%

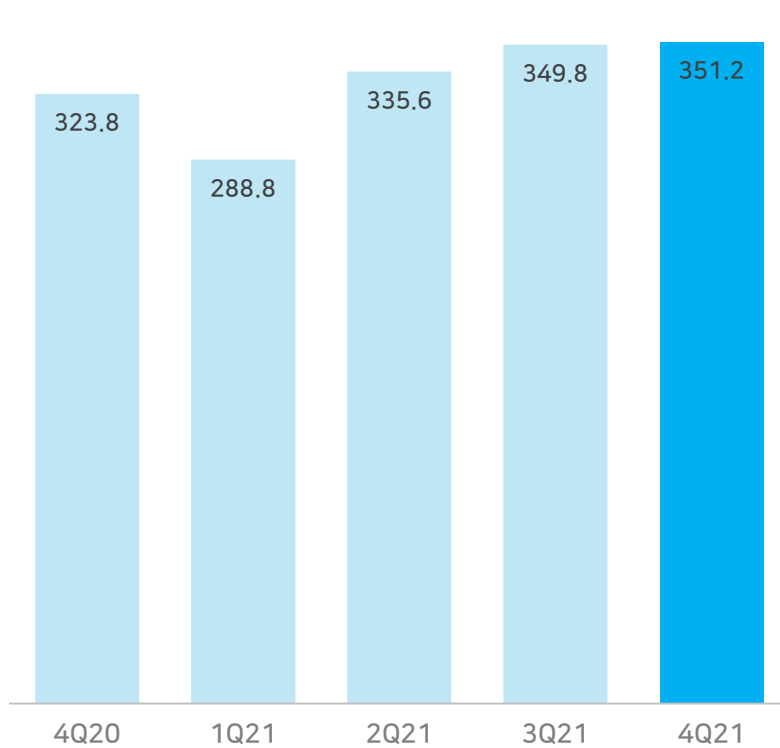
* EBITDA + stock-based compensation

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Operating Income, Adjusted EBITDA

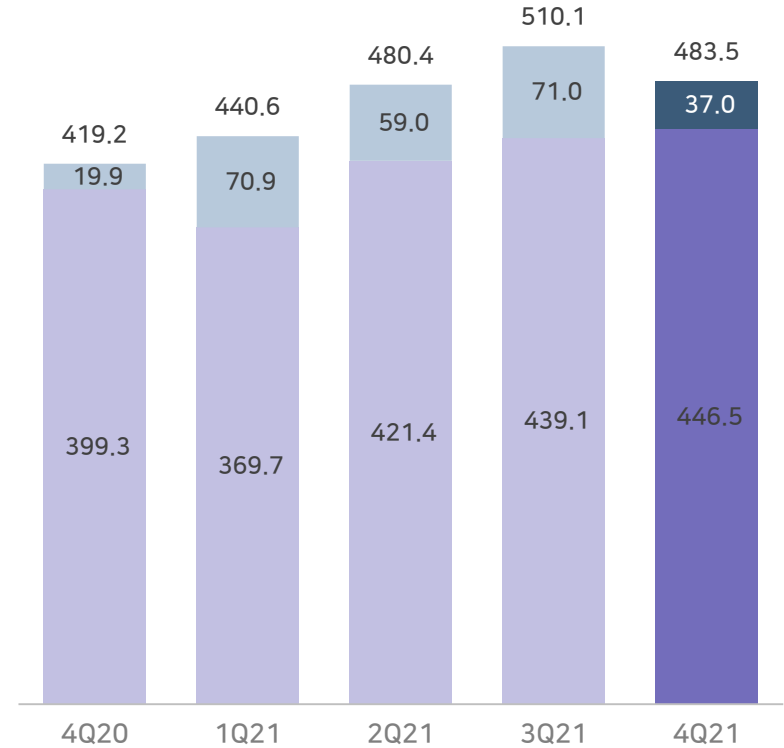
Operating Income

(bn KRW)



Adjusted EBITDA

(bn KRW)

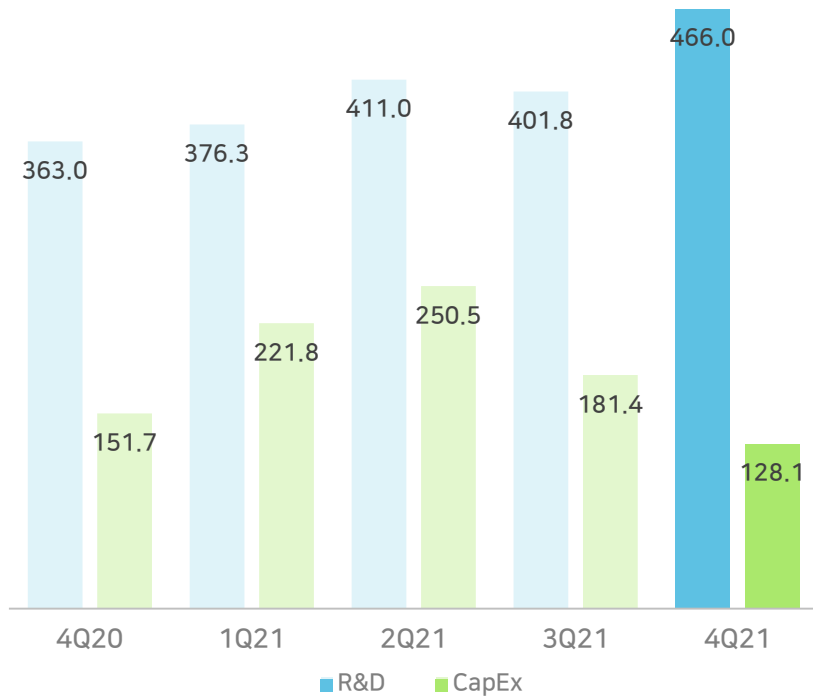


■ EBITDA ■ Stock-based compensation

R&D/CapEx, Net Income

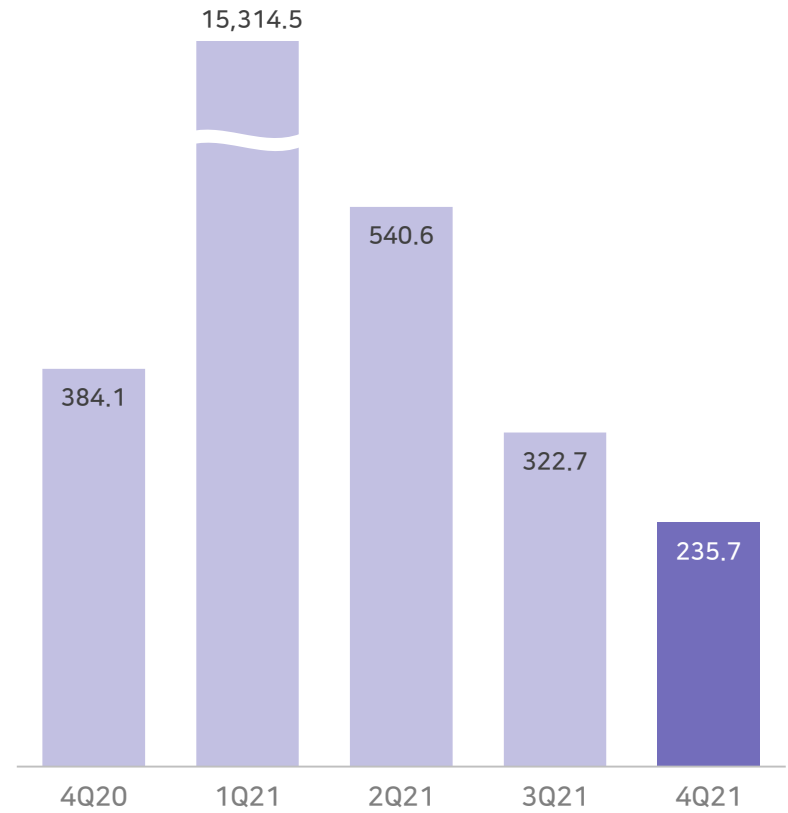
R&D/CapEx

(bn KRW)



Net Income

(bn KRW)



FCF (Consolidated)

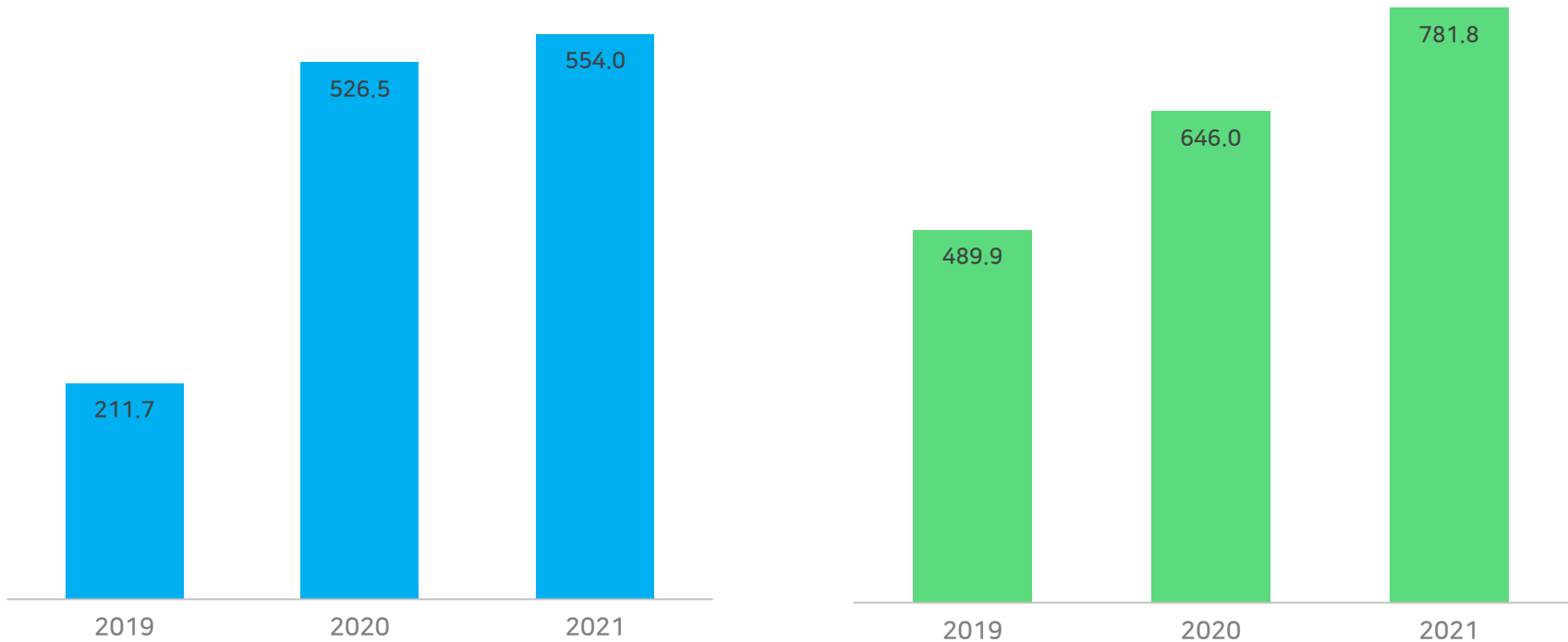
- FCF: Operating Income + Non-cash Items¹⁾ – CapEx²⁾ – Tax³⁾

Free Cash Flow

(bn KRW)

CapEx

(bn KRW)



1) Non-cash Items: Tangible & intangible asset depreciation cost, bad debt expenses, retirement benefit(excluding net payment), SBC, etc.

2) CapEx: Tangible & intangible asset acquisition cost

3) Tax(actual payment amount): 2021 estimated tax is 626.9 bn KRW

Financial Statements Summary

Consolidated Income Statement

(mn KRW)	4Q20	1Q21	2Q21	3Q21	4Q21
Operating Revenue	1,512,630	1,499,070	1,663,549	1,727,255	1,927,725
Operating Expenses	1,188,880	1,210,237	1,327,924	1,377,483	1,576,478
Operating Income	323,750	288,833	335,625	349,772	351,248
Non-operating Revenue	334,941	252,271	388,747	489,510	443,302
Non-operating Expenses	96,107	116,208	77,252	344,256	321,033
Pre-tax Income	562,584	424,896	647,120	495,026	473,517
Tax	157,766	110,269	106,568	172,299	237,774
Net Income from Continuing Operations	404,819	314,627	540,552	322,726	235,743
Net gain/loss from Discontinued Operations	-20,721	14,999,895	-	-	-
Net Income	384,097	15,314,522	540,552	322,726	235,743
Controlling Interests	424,552	15,310,496	527,653	331,913	256,088
Non-controlling Interests	-40,454	4,025	12,899	-9,186	-20,345

Consolidated Statement of Financial Position

(mn KRW)	4Q20	1Q21	2Q21	3Q21	4Q21
Current Assets	10,544,659	5,236,989	4,946,302	4,805,362	5,513,969
Assets held for sale	6,660,253	-	-	-	-
Non-current Assets	6,469,579	25,194,018	26,748,586	28,155,517	28,105,538
Total Assets	17,014,239	30,431,007	31,694,888	32,960,878	33,619,507
Current Liabilities	7,911,751	3,538,672	3,635,599	3,867,933	3,904,888
Liabilities held for sale	4,675,241	-	-	-	-
Non-current Liabilities	847,355	4,459,144	4,795,592	4,887,117	5,738,401
Total Liabilities	8,759,107	7,997,815	8,431,191	8,755,051	9,643,289
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	1,793,273	1,321,026	1,432,457	1,534,392	1,491,856
Other Components of Equity	-1,097,350	-1,151,608	-1,080,783	-595,811	-1,040,611
Retained Earnings	6,654,814	21,899,571	22,450,465	22,780,174	23,017,971
Non-controlling Interests	887,913	347,722	445,076	470,592	490,520
Total Equity	8,255,132	22,433,192	23,263,697	24,205,828	23,976,218

Income Statement

(mn KRW)	4Q20	1Q21	2Q21	3Q21	4Q21
Operating Revenue	1,158,862	1,135,808	1,245,246	1,264,534	1,373,079
Operating Expenses	772,494	763,814	865,940	866,174	964,834
Operating Income	386,368	371,993	379,307	398,360	408,245
Non-operating Revenue	182,503	113,348	162,254	284,081	283,876
Non-operating Expenses	115,263	74,632	55,946	90,910	136,167
Pre-tax Income	453,608	410,710	485,615	591,531	555,953
Tax	139,833	111,179	111,868	153,346	172,805
Net Income from Continuing Operations	313,775	299,530	373,746	438,185	383,148
Net gain/loss from Discontinued Operations	-	-	-	-	-
Net Income	313,775	299,530	373,746	438,185	383,148

Statement of Financial Position

(mn KRW)	4Q20	1Q21	2Q21	3Q21	4Q21
Current Assets	958,003	2,089,381	1,546,778	1,349,026	1,779,776
Non-current Assets	7,865,548	8,682,741	9,950,165	10,729,440	11,149,544
Total Assets	8,823,551	10,772,123	11,496,943	12,078,466	12,929,320
Current Liabilities	1,269,469	1,435,298	1,180,211	1,264,659	1,334,671
Non-current Liabilities	291,955	1,525,012	1,891,369	1,935,663	2,295,467
Total Liabilities	1,561,424	2,960,310	3,071,580	3,200,322	3,630,138
Paid-in Capital	16,481	16,481	16,481	16,481	16,481
Capital Surplus	675,892	838,284	949,628	1,054,791	1,055,717
Other Components of Equity	-1,233,773	-1,158,420	-981,487	-1,066,004	-1,000,336
Retained Earnings	7,803,527	8,115,468	8,440,741	8,872,876	9,227,320
Total Equity	7,262,126	7,811,813	8,425,364	8,878,143	9,299,182