

NHN Corporation
2002 3Q Performance Announcement

October 21, 2002
NHN Corporation

NHN 3Q sales 20.2 billion won, operating profit 7.7 billion won

- **Continuous growth of stable profit portfolio; marketing service, transaction, and premium service.**
- **Expected to over achieve the goal for 2002. 60 billion won sales and 20 billion won net profit,**

NHN (Co-CEO Haejin Lee, Beomsu Kim www.nhncorp.com) published that sales for 3Q02 is 20.2 billion won and operating profit is 7.7 billion won.

Total sales of 20.2 billion won is 180% increase compared with 3Q01, 21% increase QoQ. NHN achieved cumulative sales of 49.8 billion won up to 3Q.

Among 3Q sales, marketing service sales (advertisement, coalition, etc) is 5.23 billion won (29.9%), transaction sales (e-commerce, etc) 1.3 billion won (6.5%), premium search sales 4.59 billion won (22.7%), premium game sales 8.61 billion won (42.7%), and other sales 0.44 billion won (2.2%)

Operating profit recorded 7.7 billion won, which makes 21.4 billion won of cumulative profit up to 3Q. Influenced by the performance payment of the first half carried out in 3Q, operating profit margin of 3Q decreased slightly and recorded around 38%. Cumulative operating margin for 2002 is 43%.

- Result summary for 3Q02

(million won)

	3Q02	2Q02	3Q01
Sales	20,169	16,712	7,211
Marketing	5,226	4,012	1,698
Transaction	1,303	1,022	394
Premium search	4,588	3,402	551
Premium game	8,610	7,857	4,297
Others	442	419	271
Operating cost	7,727	7,493	2,716

Marketing service (advertisement, coalition, and etc) sales increased by 30% QoQ, 208% compared with 3Q01. Proportion to total sales increased to 26% in 3Q from 21% in 1Q.

This is due to the increase on demand, because Internet influence as media is increasing, and upward adjusted advertisement price of the second half. Favorable condition on on-line advertisement market is expected to continue.

Absolute amount of our transaction sales is only 6% of total sales because we only appropriate commission fee income as sales. It increased by 27% QoQ and 231% compared with 3Q01

Premium search sales recorded a stunning increase of 733% compared with 3Q01 and 35% increase QoQ, forming a stable axis of premium sales. Proportion to total sales increased from 18% in 1Q to 23% in 3Q.

Search sales based on NAVER Nexearch show bright prospect due to the local information market becoming more on-line and activation of small-sum advertisement market.

Premium game sales increased by 10% QoQ, and 100% compared with 3Q01.

HANGAME recently added various services and is on progress of expanding entertainment channel such as VOD service, music broadcasting, mobile HANGAME. In 4Q, on-line game 'PRISTONTALE', which is being published through HANGAME, will start its service, which is expected to form another revenue source.

Stable portfolio of existing portal format sales such as advertisement and e-commerce, and paid service sales based on premium service show continuous growth. Also, referring to the result until 3Q, NHN is expected to over achieve this year's goal of 60 billion won sales and 20 billion won net profit without difficulty. Taking the opportunity of listing to the KOSDAQ market, NHN will grow to be more valuable professional Internet company.