

NAVER Corporation and Subsidiaries

Consolidated Interim Financial Statements

**September 30, 2021 and 2020 (Unaudited), and December 31,
2020**

NAVER Corporation and Subsidiaries

Index

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

	Page(s)
Report on Review of Interim Financial Statements	1 - 2
Consolidated Interim Financial Statements	
Consolidated Interim Statements of Financial Position	3
Consolidated Interim Statements of Comprehensive Income	4
Consolidated Interim Statements of Changes in Equity	5
Consolidated Interim Statements of Cash Flows	6
Notes to the Consolidated Interim Financial Statements	7 - 57



Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NAVER Corporation

Reviewed Financial Statements

We have reviewed the accompanying consolidated interim financial statements of NAVER Corporation and its subsidiaries (collectively referred to as the "Group"). These financial statements consist of the consolidated interim statement of financial position of the Group as at September 30, 2021, and the related consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, and consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Other Matters

We have audited the consolidated statement of financial position of the Group as at December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 5, 2021. The consolidated statement of financial position as at December 31, 2020, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2020.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

November 12, 2021
Seoul, Korea

This report is effective as at November 12, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2021 and December 31, 2020

<i>(in Korean won)</i>	Notes	September 30, 2021 (Unaudited)	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		₩ 1,816,042,748,969	₩ 1,600,304,349,922
Short-term financial instruments		486,178,789,311	291,292,142,737
Financial assets at fair value - profit or loss	4	1,022,763,634,570	922,939,095,062
Trade and other receivables		1,354,474,964,045	986,826,023,076
Inventories		4,555,889,352	4,344,942,323
Current tax asset		5,402,721,698	996,472,888
Other current assets		115,942,830,256	77,702,716,446
Assets held for sale	19	-	6,660,253,457,865
		<u>4,805,361,578,201</u>	<u>10,544,659,200,319</u>
Non-current assets			
Property and equipment	6	2,081,500,382,298	1,684,563,340,866
Right-of-use assets	7	200,163,160,778	129,537,198,819
Intangible assets	8	898,336,386,259	105,136,186,861
Long-term financial instruments		14,255,722,000	14,255,722,000
Financial assets at fair value - profit or loss	4	2,245,080,776,746	1,801,384,240,769
Trade and other receivables		27,974,641,793	28,578,223,832
Financial assets at fair value - other comprehensive income	4	2,117,525,280,520	1,330,951,990,243
Investments in associates and joint ventures	9	20,393,105,899,580	1,199,425,686,734
Deferred tax assets		126,329,829,492	108,572,845,624
Other non-current assets		51,244,769,816	67,174,027,703
		<u>28,155,516,849,282</u>	<u>6,469,579,463,451</u>
Total assets		<u>₩ 32,960,878,427,483</u>	<u>₩ 17,014,238,663,770</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 906,850,443,776	₩ 689,280,186,019
Financial liabilities at fair value - profit or loss	4	-	17,137,640,886
Short-term borrowings	10	769,739,514,820	576,223,326,575
Current tax payables		320,629,493,824	384,340,634,677
Provisions	12	5,432,736,118	31,708,383,889
Current lease liabilities	7	79,821,512,753	53,345,709,463
Other current liabilities		1,785,459,674,738	1,484,474,330,127
Liabilities held for sale	19	-	4,675,241,280,695
		<u>3,867,933,376,029</u>	<u>7,911,751,492,331</u>
Non-current liabilities			
Trade and other payables		115,972,025,584	68,448,327,272
Financial liabilities at fair value - profit or loss	4	96,661,822,089	7,962,264,800
Long-term borrowings	10	1,131,031,800,839	150,678,259,061
Debentures	10	1,635,662,775,494	-
Net defined benefit liabilities	11	517,935,957,809	462,094,245,426
Provisions	12	8,875,798,379	9,186,175,870
Non-current lease liabilities	7	135,265,770,208	92,170,749,140
Deferred tax liabilities		1,245,262,566,940	56,519,491,022
Other non-current liabilities		448,655,338	295,623,635
		<u>4,887,117,172,680</u>	<u>847,355,136,226</u>
Total liabilities		<u>8,755,050,548,709</u>	<u>8,759,106,628,557</u>
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	16,481,339,500	16,481,339,500
Share premium	13	1,534,391,543,373	1,793,273,489,872
Other components of equity		(595,810,729,835)	(1,059,479,508,530)
Accumulated other comprehensive loss relating to assets held for sale		-	(37,870,641,018)
Retained earnings		<u>22,780,173,642,883</u>	<u>6,654,814,483,478</u>
		<u>23,735,235,795,921</u>	<u>7,367,219,163,302</u>
Non-controlling interest		<u>470,592,082,853</u>	<u>887,912,871,911</u>
Total equity		<u>24,205,827,878,774</u>	<u>8,255,132,035,213</u>
Total liabilities and equity		<u>₩ 32,960,878,427,483</u>	<u>₩ 17,014,238,663,770</u>

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2021 and 2020

		Periods Ended September 30							
		2021 (Unaudited)				2020 (Unaudited)			
		Three months		Nine months		Three months		Nine months	
(in Korean won)	Notes								
Operating revenues	5	₩	1,727,255,234,995	₩	4,889,874,417,960	₩	1,360,779,374,259	₩	3,791,515,407,731
Operating expenses			(1,377,483,195,536)		(3,915,643,768,202)		(1,069,052,576,255)		(2,899,922,994,436)
Operating profit			349,772,039,459		974,230,649,758		291,726,798,004		891,592,413,295
Other income			6,212,126,065		28,743,982,129		20,622,975,085		43,466,307,220
Other expenses			(71,639,785,232)		(141,858,161,259)		(41,294,427,455)		(83,867,848,686)
Interest income			6,646,767,771		14,605,405,503		3,401,148,620		12,961,360,077
Finance income			185,819,560,054		574,768,084,683		87,701,337,932		260,492,558,477
Finance costs			(27,768,250,831)		(140,475,708,353)		(5,962,597,179)		(87,032,800,057)
Share of net income of associates and joint ventures accounted for using the equity method	9		45,983,247,789		257,027,858,270		5,386,321,610		33,362,782,508
Profit before income tax			495,025,705,075		1,567,042,110,731		361,581,556,617		1,070,974,772,834
Income tax expense	14		(172,299,486,179)		(389,136,804,929)		(117,609,778,744)		(334,769,149,702)
Profit from continuing operations			322,726,218,896		1,177,905,305,802		243,971,777,873		736,205,623,132
Profit (loss) from discontinued operations	19		-		14,999,894,577,525		(8,628,812,174)		(275,305,871,758)
Profit for the period		₩	322,726,218,896	₩	16,177,799,883,327	₩	235,342,965,699	₩	460,899,751,374
Profit for the period is attributable to:									
Owners of the Parent Company									
Profit from continuing operations			331,912,505,745		1,173,683,995,922		246,277,372,013		739,746,254,398
Profit (loss) from discontinued operations			-		14,996,377,524,381		(809,267,953)		(162,211,131,177)
Non-controlling interests									
Profit (loss) from continuing operations			(9,186,286,849)		4,221,309,880		(2,305,594,140)		(3,540,631,266)
Profit (loss) from discontinued operations			-		3,517,053,144		(7,819,544,221)		(113,094,740,581)
Other comprehensive income									
Items that may be subsequently reclassified to profit or loss									
Loss on valuation of debt instruments at fair value - other comprehensive income			-		(483,039,456)		(88,108,239)		(735,101,623)
Exchange differences			7,042,628,416		51,306,270,551		(3,071,364,915)		145,385,723,339
Share of other comprehensive income (loss) of associates and joint ventures	9		575,814,387,642		311,182,743,716		(24,362,312,135)		11,879,478,238
Items that will not be reclassified to profit or loss									
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income			(133,385,570,810)		(37,641,125,968)		89,533,003,256		66,937,012,989
Gain (loss) on disposal of equity instruments at fair value - other comprehensive income			(242,191,091)		22,974,409,717		730,174,895		38,405,222,271
Share of other comprehensive income (loss) of associates and joint ventures	9		(3,483,594,773)		2,835,058,611		(475,633,630)		(1,084,708,978)
Remeasurements of net defined benefit liabilities			3,289,074		3,289,074		(1,575,793)		811,517
Other comprehensive income for the period, net of tax			445,748,948,458		350,177,606,245		62,264,183,439		260,788,437,753
Total comprehensive income for the period		₩	768,475,167,354	₩	16,527,977,489,572	₩	297,607,149,138	₩	721,688,189,127
Total comprehensive income for the period is attributable to:									
Owners of the Parent Company			776,126,546,022		16,517,378,155,643		312,646,275,865		819,312,760,253
Non-controlling interests			(7,651,378,668)		10,599,333,929		(15,039,126,727)		(97,624,571,126)
Earnings (losses) per share from continuing and discontinued operations attributable to the equity holders of the Parent Company									
Basic earnings (losses) per share									
From continuing operations	₩	2,228	₩	7,906	₩	1,694	₩	5,088	
From discontinued operations		-		101,023		(6)		(1,116)	
Diluted earnings (losses) per share									
From continuing operations	₩	2,206	₩	7,836	₩	1,694	₩	5,088	
From discontinued operations		-		100,121		(6)		(1,116)	

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2021 and 2020

Attributable to owners of the parent company												
(in Korean won)	Notes	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest	Total Equity					
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 period												
Profit (loss) for the period		-	-	-	577,535,123,221	(116,635,371,847)	460,899,751,374					
Loss on valuation of debt instruments at fair value - other comprehensive income		-	-	(735,101,623)	-	-	(735,101,623)					
Gain on valuation of equity instruments at fair value - other comprehensive income		-	-	60,928,338,518	-	6,008,674,471	66,937,012,989					
Gain on disposal of equity instruments at fair value - other comprehensive income		-	-	-	38,405,222,271	-	38,405,222,271					
Exchange differences		-	-	134,339,653,250	-	11,046,070,089	145,385,723,339					
Share of other comprehensive income of associates and joint ventures	9	-	-	8,838,931,769	-	1,955,837,491	10,794,769,260					
Remeasurements of net defined benefit liabilities		-	-	-	592,847	218,670	811,517					
Transactions with owners												
Dividends	15	-	-	-	(54,688,370,920)	(261,268,720)	(54,949,639,640)					
Share-based payment expenses		-	-	20,447,975,916	-	26,639,186,126	47,087,162,042					
Acquisition of treasury shares		-	-	(15,516,003,480)	-	-	(15,516,003,480)					
Retirement of treasury shares		-	-	39,758,492,229	(39,758,492,229)	-	-					
Share issuance of subsidiaries		-	785,947,159,081	-	-	274,881,583,802	1,060,828,742,883					
Transactions with non-controlling interests		-	(832,877,508,906)	14,346,414,045	-	64,567,039,694	(753,964,055,167)					
Others		-	(82,262,363,952)	-	-	(15,100,885,401)	(97,363,249,353)					
Balance at September 30, 2020 (Unaudited)	₩	16,481,339,500	₩	1,446,115,130,661	₩	(1,236,244,313,185)	₩	6,233,585,528,332	₩	951,799,529,684	₩	7,411,737,214,992
Balance at January 1, 2021	₩	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
Total comprehensive income for the period												
Profit for the period		-	-	-	16,170,061,520,303	7,738,363,024	16,177,799,883,327					
Loss on valuation of debt instruments at fair value - other comprehensive income		-	-	(483,039,456)	-	-	(483,039,456)					
Loss on valuation of equity instruments at fair value - other comprehensive income		-	-	(35,181,556,112)	-	(2,459,569,856)	(37,641,125,968)					
Gain on disposal of equity instruments at fair value - other comprehensive income		-	-	-	21,034,518,813	1,939,890,904	22,974,409,717					
Exchange differences		-	-	48,638,686,034	-	2,667,584,517	51,306,270,551					
Share of other comprehensive income of associates and joint ventures	9	-	-	313,304,736,987	-	713,065,340	314,017,802,327					
Remeasurements of net defined benefit liabilities		-	-	-	3,289,074	-	3,289,074					
Transactions with owners												
Dividends	15	-	-	-	(59,278,532,070)	(506,023,452)	(59,784,555,522)					
Share-based payment transactions		-	41,591,256,825	75,797,303,849	-	25,687,489,549	143,076,050,223					
Transaction of treasury shares		-	337,307,728,964	104,643,917,817	-	-	441,951,646,781					
Disposal of subsidiaries		-	363,352,647,015	(215,252,060)	(6,461,636,715)	(502,054,355,750)	(145,378,597,510)					
Transactions with non-controlling interests		-	(1,001,133,579,303)	(4,965,377,346)	-	48,952,766,666	(957,146,189,983)					
Balance at September 30, 2021 (Unaudited)	₩	16,481,339,500	₩	1,534,391,543,373	₩	(595,810,729,835)	₩	22,780,173,642,883	₩	470,592,082,853	₩	24,205,827,878,774

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Cash Flows
Nine-Month Periods Ended September 30, 2021 and 2020

		Nine-Month Period Ended September 30	
	Notes	2021 (Unaudited)	2020 (Unaudited)
(in Korean won)			
Cash flows from operating activities			
Cash generated from operations	₩	1,535,698,978,583	₩ 1,462,432,464,301
Interest received		18,979,751,668	16,431,469,876
Interest paid		(43,775,977,329)	(29,407,098,785)
Dividends received		42,710,916,694	23,622,093,332
Income taxes paid		(683,906,653,440)	(526,733,144,791)
Net cash inflow from operating activities		869,707,016,176	946,345,783,933
Cash flows from investing activities			
Net increase in short-term financial instruments		(162,897,648,771)	(167,754,668,312)
Increase in long-term financial instruments		-	(2,560,000,000)
Decrease in long-term financial instruments		-	10,171,844,071
Payments for financial assets at fair value - profit or loss		(5,055,637,845,403)	(3,239,589,230,735)
Proceeds from disposal of financial assets at fair value - profit or loss		4,645,357,910,877	2,156,423,319,525
Payments for property and equipment		(680,080,761,292)	(595,432,512,846)
Proceeds from disposal of property and equipment		43,840,692,836	6,694,770,753
Collection of lease receivables		2,633,582,941	172,162,626
Payments for intangible assets		(38,201,680,403)	(67,354,560,752)
Proceeds from disposal of intangible assets		506,866,886	1,226,727,865
Payments for financial assets at fair value - other comprehensive income		(446,572,761,212)	(84,188,388,090)
Proceeds from disposal of financial assets at fair value - other comprehensive income		225,309,102,703	223,993,534,461
Payments for investments in associates and joint ventures		(699,867,432,503)	(323,928,420,729)
Proceeds from disposal of investments in associates and joint ventures		149,382,395,178	22,875,716,475
Net increase (decrease) in cash due to business combination		(691,504,151,307)	2,260,617,141
Net cash flow due to the transfer of subsidiaries to associates		(11,244,661,283,837)	(20,383,308,053)
Net increase in short-term loans		-	(33,848,215,831)
Net increase in long-term loans		-	(11,354,566,846)
Cash outflows from other investing activities		(101,501,621,293)	(21,580,514,836)
Net cash outflow from investing activities		(14,053,894,634,600)	(2,144,155,694,113)
Cash flows from financing activities			
Proceeds from short-term borrowings		260,601,900,208	1,054,247,843,058
Repayment of short-term borrowings		(328,125,798,677)	(51,118,672,635)
Proceeds from long-term borrowings		1,245,182,096,931	159,925,817,610
Proceeds from issuance of debentures		9,403,866,052,933	5,960,669,395
Repayment of lease liabilities		(84,309,964,738)	(126,169,953,807)
Increase in financial liabilities at fair value - profit or loss		75,001,549,094	-
Acquisition of treasury shares		-	(15,516,003,480)
Disposal of treasury shares		176,145,173,981	-
Dividends paid		(59,784,555,522)	(54,949,639,641)
Share issuance of subsidiaries		-	1,005,963,669,035
Exercise of stock options		37,757,774,700	-
Cash inflows from transactions with non-controlling interest		114,368,178,868	26,847,037,029
Cash outflows from transactions with non-controlling interest		(350,198,540,278)	(942,370,328,409)
Cash inflows from other financing activities		1,069,784,235,602	7,733,365,525
Cash outflows from other financing activities		(352,804,393,549)	(4,351,928,014)
Net cash inflow from financing activities		11,207,483,709,553	1,066,201,875,666
Effects of exchange rate changes on cash and cash equivalents		(52,921,105,707)	41,056,394,524
Net decrease in cash and cash equivalents		(2,029,625,014,578)	(90,551,639,990)
Cash and cash equivalents at the beginning of the period		3,845,667,763,547	3,740,513,761,418
Cash and cash equivalents classified as assets held for sale at the beginning of the period		2,245,363,413,625	-
Cash and cash equivalents in the statements of financial position at the beginning of the period		1,600,304,349,922	3,740,513,761,418
Cash and cash equivalents at the end of the period	₩	1,816,042,748,969	₩ 3,649,962,121,428

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

1. General Information

NAVER Corporation (the “Company”) was established on June 2, 1999, under the Commercial Code of the Republic of Korea to provide online search portal services. The Company’s headquarters is located at Buljeong-ro 6, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea.

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers’ Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As at September 30, 2021, the major shareholders of the Company consist of National Pension Fund (9.17%) and others.

The Company and its subsidiaries (collectively the “Group”) engage in providing online search portal and mobile messenger platform services.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of September 30, 2021 and December 31, 2020, are as follows:

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2021	December 31, 2020	
NAVER	NAVER CLOUD	Korea	Cloud service	100.00	100.00	December
	NAVER I&S	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
	NAVER WEBTOON COMPANY	Korea	Webtoon service	100.00	100.00	December
	SNOW	Korea	Camera and communication application service	80.55	100.00	December
	Drama & Company ^{4,6}	Korea	Business card application service	40.59	81.18	December
	Audiensori	Korea	Audio contents production and distribution	100.00	100.00	December
	Company AI ²	Korea	AI development and research	-	100.00	December
	Search Solution	Korea	Searching solution development	100.00	100.00	December
	Works Mobile	Korea	Groupware development and service	89.41	100.00	December
	N-Visions	Korea	Exhibition and performance planning business	100.00	100.00	December
	NAVER Labs	Korea	New technology development and research	100.00	100.00	December
	NAVER Financial	Korea	Electronic financial business	89.21	81.16	December
	SB Next Media Innovation Fund	Korea	Investment	96.30	96.30	December
	TBT Global Growth Fund I	Korea	Investment	89.91	89.91	December
	NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
	SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
	SpringCamp Early Stage Fund 2	Korea	Investment	99.21	97.00	December
	SVA Content Media	Korea	Investment	99.31	99.31	December
	Do Ventures Annex Fund LP	USA	Investment	99.00	99.00	December
	A-Holdings (formerly, LINE) ^{4,5,6}	Japan	Mobile service development	50.00	78.18	March
	NAVER J.Hub	Japan	Global business support	100.00	100.00	December

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2021	December 31, 2020	
	NAVER China	China	Software development and distribution	100.00	100.00	December
	V Live	USA	Online streaming service	100.00	100.00	December
	NAVER BAND	USA	North America community service and marketing	100.00	100.00	December
	NAVER France	France	Europe IT investment and research and development	100.00	100.00	December
	WEBTOON Entertainment	USA	Webtoon service	66.60	100.00	December
	NAVER VIETNAM	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
	SVA Soda	Japan	Investment	99.52	99.52	December
	Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	98.81	December
	Smart Spring Fund ³	Korea	Investment	48.39	48.39	December
	NAVER Hands	Korea	Standard workplace for the disabled	100.00	100.00	December
Wattpad	NAVER WP I, L.P	USA	Managing local business	100.00	-	December
	NAVER WP II, LLC	USA	Managing local business	100.00	-	December
	Wattpad	Canada	Global web novel platform	100.00	-	December
	Wattsub	Canada	Global web novel platform support	100.00	-	December
	Wattpad Studios	Canada	Global web novel platform support	100.00	-	December
	WP Technology (UK)	UK	Global web novel platform support	100.00	-	December
	WP Technology	USA	Global web novel platform support	100.00	-	December
	Wattpad Inc.	USA	Global web novel platform support	100.00	-	December
	Wattpad Studios (Cell Phone Swap)	Canada	Global web novel platform support	100.00	-	December
	NAVER France C-Fund	France	Investment	99.00	99.75	December
	C-Fund sub fund 2	France	Investment	99.00	-	December
	C-Fund sub fund 3	France	Investment	99.75	-	December
NAVER CLOUD	NAVER Cloud Asia Pacific	Singapore	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud America	USA	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Europe	Germany	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Japan	Japan	IT infrastructure operations	100.00	100.00	December
NAVER I&S	Incomms	Korea	Customer center operations	100.00	100.00	December
	Greenweb Service	Korea	Monitoring and advertisement operations	100.00	100.00	December
	N Tech Service	Korea	Software consulting, development and distribution	100.00	100.00	December
	NIT Service	Korea	Infrastructure operations and security services	100.00	100.00	December
WEBTOON Entertainment Naver Webtoon LLC	CommPartners	Korea	Customer center operations	100.00	100.00	December
	Naver Webtoon LLC	Korea	Webtoon service	100.00	100.00	December
	LINE Digital Frontier	Japan	Webtoon service in Japan	100.00	100.00	December
	Lico	Korea	Contents production	100.00	100.00	December
	Studio N	Korea	Film production and distribution	100.00	100.00	December
	V.DO	Korea	Video searching solution development	66.57	66.57	December

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2021	December 31, 2020	
LINE Digital Frontier	YLAB Japan	Japan	Contents production	100.00	100.00	December
	LINE Book Distribution	Japan	Cartoon and contents distribution	52.00	52.00	December
NAVER WEBTOON COMPANY	Watong Entertainment	Hong Kong	Webtoon service	100.00	100.00	December
Watong Entertainment	Broccoli Entertainment	China	Webtoon service	100.00	100.00	December
Broccoli Entertainment	Dongman Entertainment	China	Webtoon service	100.00	100.00	December
Snow	Spring Camp	Korea	Investment	100.00	100.00	December
	Playlist	Korea	Web contents production and distribution	58.04	93.99	December
	Amuse	Korea	Cosmetics manufacturing, distribution and sales	100.00	100.00	December
	HEART IT ²	Korea	Online commerce platform operations	-	100.00	December
	Semicolon Studio	Korea	Video contents production and distribution	100.00	100.00	December
	NAVER Z	Korea	Mobile service development and operations	86.62	88.99	December
	SNOW China	Hong Kong	Mobile service operations	96.22	96.22	December
	SNOW Japan	Japan	Mobile service operations	100.00	100.00	December
	SNOW USA	USA	Mobile service operations	100.00	100.00	December
	SNOW Vietnam	Vietnam	Mobile service operations	99.00	99.00	December
	Cake	Korea	Language learning application service	75.00	100.00	December
NAVER Z	KREAM	Korea	Sneakers trading platform	71.73	-	December
	NAVER Z USA	USA	Mobile service development and operations	100.00	-	December
KREAM	NAMAIN	Korea	Sneakers trading platform	100.00	-	December
SNOW China	SNOW China (Beijing)	China	Mobile service operations	100.00	100.00	December
	Xiaying Entertainment	China	Mobile service operations	100.00	100.00	December
SNOW China (Beijing)	Yiruike Information Technology (Beijing)	China	Mobile service operations	100.00	100.00	December
Xiaying Entertainment	Shine Interactive	China	Mobile service operations	100.00	100.00	December
Drama & Company	myBridge ⁴	Japan	Business card application service operations	-	100.00	December
Works Mobile	Works Mobile Japan	Japan	Groupware service operations and distribution	100.00	100.00	December
A-Holdings (formerly, LINE)	NF Insurance Services	Korea	Insurance brokerage	100.00	100.00	December
	LINE SOUTHEAST ASIA ⁴	Singapore	Mobile billing system planning and development	-	100.00	March
	LFG HOLDINGS ⁴	Hong Kong	Character and doll wholesale and retail	-	100.00	March
	LINE Ventures ⁴	Japan	Investment	-	100.00	March
	LINE Fukuoka ⁴	Japan	Mobile service operations	-	100.00	March
	Gatebox ⁴	Japan	IoT products planning and development	-	55.09	March
	LINE Growth Technology ⁴	Japan	Mobile service development	-	100.00	March

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2021	December 31, 2020	
	LINE Conomi ^{4,6}	Japan	Global restaurant review service	49.90	100.00	March
	LINE TICKET ⁴	Japan	E-Ticket service operations	-	51.00	March
	Next Library ⁴	Japan	Internet information services	-	100.00	March
	LINE Pay ⁴	Japan	Mobile billing system planning and development	-	100.00	March
	LINE Financial ⁴	Japan	Financial business	-	100.00	March
	LINE Ventures Global ⁴	Japan	Investment	-	100.00	March
	LINE Ventures Japan ⁴	Japan	Investment	-	100.00	March
	LVC ⁴	Japan	Financial business	-	90.00	March
	LINE Healthcare ⁴	Japan	Telemedicine services	-	51.00	March
	LINE Business Support ⁴	Japan	Business support and workforce supply	-	100.00	March
	HOP ⁴	Japan	Matching service operations	-	60.00	March
	LINE TECHNOLOGY VIETNAM ⁴	Vietnam	Local service and marketing	-	100.00	March
	LINE Split Preparation ⁴	Japan	Strategic alliance and service integration	-	100.00	March
DEMAE-CAN LINE Split Preparation	DEMAE-CAN ⁴	Japan	Delivery application service	7.91	60.93	August
	SATSUMAEBISUDO ⁴	Japan	Food processing	-	100.00	August
	LINE Friends ^{4,6}	Korea	Character and doll wholesale and retail	30.00	100.00	March
	LINE Plus ⁴	Korea	Portal and internet information services	-	100.00	March
LINE Plus	LINE Up ⁴	Korea	Mobile game software development and distribution	-	100.00	March
	LINE Studio ⁴	Korea	Mobile game software development and distribution	-	100.00	March
	LINE Play ⁴	Korea	Avatar development and service operation	-	100.00	March
	Nemustech ⁴	Korea	Software development	-	100.00	March
	Grayhash ⁴	Korea	Software development	-	76.99	March
	LINE Euro-Americas ⁴	USA	Mobile service marketing	-	100.00	March
	LINE Digital Technology (Shanghai) ⁴	China	Mobile service marketing	-	100.00	March
	LINE Taiwan ⁴	Taiwan	Mobile service operations	-	100.00	March
	LINE Company (Thailand) ⁴	Thailand	Mobile service operations	-	99.95	March
	PT.LINE PLUS INDONESIA ⁴	Indonesia	Mobile service operations	-	99.99	March
LINE Digital Technology (Shanghai)	Beijing Wangzhongwenda Technology ⁴	China	Mobile service operations	-	100.00	March
LINE Taiwan	SHINEWANT TECHNOLOGY ⁴	Taiwan	Internet information services	-	100.00	March
	JDW ⁴	Taiwan	Internet information services	-	81.20	March
JDW	JDW Taxi ⁴	Taiwan	Internet information services	-	62.50	March
LINE SOUTHEAST ASIA	LINE VIETNAM JOINT STOCK COMPANY ⁴	Vietnam	Online information distribution business	-	99.11	March
LINE Ventures	LINE Investment Technologies ⁴	Japan	Investment	-	100.00	March
LINE Friends	Markt ⁴	Korea	Software development and wholesale and retail	-	51.00	March
	LINE Friends Japan ⁴	Japan	Character and doll wholesale and retail	-	100.00	March
	LINE Friends ⁴	USA	Character and doll wholesale and	-	100.00	March

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2021	December 31, 2020	
			retail			
	LINE Friends Taiwan ⁴	Taiwan	Character and doll wholesale and retail	-	100.00	March
	LINE Friends(Shanghai) Commercial Trade ⁴	China	Character and doll wholesale and retail	-	100.00	March
LINE Pay	Line Biz Plus ⁴	Korea	Software development and distribution	-	100.00	March
	BALIE ⁴	Japan	Searching advertising service business	-	100.00	March
	Webpay Holdings ⁴	Japan	Mobile billing system planning and development	-	100.00	March
	LINE Pay hokkaido ⁴	Japan	Mobile billing system planning and development	-	70.00	March
	LINE Pay Taiwan ⁴	Taiwan	Mobile billing system planning and development	-	70.01	March
Webpay Holdings	Webpay ⁴	Japan	Mobile billing system planning and development	-	100.00	March
LINE Financial	LINE Financial Plus ⁴	Korea	Financial business	-	100.00	March
	LINE Credit ⁴	Japan	Financial business	-	51.00	March
	LINE Securities ⁴	Japan	Financial business	-	51.00	March
	LINE Bank Preparatory ⁴	Japan	Financial business	-	51.00	March
	LINE Financial Asia ⁴	Hong Kong	Financial business	-	100.00	March
LINE Financial Asia	LINE Financial Taiwan ⁴	Taiwan	Financial business	-	100.00	March
LVC	Unblock ⁴	Korea	Software development and distribution	-	100.00	March
	Unchain	Korea	Software development and distribution	-	50.98	March
	LVC USA ⁴	USA	Financial business	-	100.00	March
	LINE TECH PLUS ⁴	Singapore	Financial business	-	100.00	March
	Unblock Ventures ⁴	Hong Kong	Financial business	-	100.00	March
NAVER J.Hub	Mirai Fund ^{4,6}	Japan	Investment	90.00	100.00	December
Mirai Fund LLP	Mission Worldwide Group Limited ⁴	Virgin Islands	Software development and distribution	-	68.28	December
Mission Worldwide Group Limited	CHOCO Media ⁴	Taiwan	Mobile service operations	-	100.00	December

¹ Ownership interest, with voting rights held by the Group, includes share held by subsidiaries (the entities classified as assets held for sale were included as at December 31, 2020).

² Its liquidation has been completed during the nine-month period ended September 30, 2021.

³ Although the Group owns less than 50% ownership of Smart Spring Fund as at September 30, 2021, the Group considers to have control over this entity because Spring Camp, a subsidiary, has significant influence over investment decision-makings as a general partner of the fund.

⁴ Classified as assets held for sale during the year ended December 31, 2020 as the result of the business integration of LINE and SoftBank Corp. They are excluded from the consolidation as

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

governance restructuring was reorganized during the nine-month period ended September 30, 2021.

⁵ LINE, which was a subsidiary of the Group until December 31, 2020, changed its name to A-Holdings as the business integration completed during the nine-month period ended September 30, 2021. During the nine-month period ended September 30, 2021, the existing division and investment securities of LINE were transferred to LINE corp, a subsidiary of A-Holdings.

⁶ Classified from investments in subsidiaries to associates and joint ventures due to the decreased Group's ownership in these entities during the nine-month period ended September 30, 2021 (Note 9).

1.2 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the nine-month period ended September 30, 2021, are as follows:

Reason	Subsidiaries
Newly established	NAVER WP I L.P, NAVER WP II LLC, C-fund sub fund2, C-Fund sub fund 3, NAVER Z USA
Established through split-off	KREAM
Newly acquired	Wattpad, Wattsub, Wattpad Studios, WP Technology (UK), WP Technology, Wattpad Inc., Wattpad Studios (Cell Phone Swap), NAMAIN

Subsidiaries excluded from the consolidation for the nine-month period ended September 30, 2021, are as follows:

Reason	Subsidiaries
Liquidation	Company AI, HEART IT Drama & Company, A-Holdings(formerly, LINE), myBridge, LINE Plus, LINE SOUTHEAST ASIA, LFG HOLDINGS, LINE Ventures, LINE Fukuoka, Gatebox, LINE Growth Technology, LINE Conomi, LINE TICKET, Next Library, LINE Pay, LINE Financial, LINE Ventures Global, LINE Ventures Japan, LVC, LINE Healthcare, LINE Business Support, HOP, LINE TECHNOLOGY VIETNAM, LINE Split Preparation, DEMA-E-CAN, SATSUMAEBISUDO, LINE Up, LINE Studio, LINE Play, Nemustech, Grayhash, LINE Euro-Americas, LINE Digital Technology (Shanghai), LINE Taiwan, LINE Company (Thailand), PT. LINE PLUS INDONESIA, Beijing Wangzhongwenda Technology, SHINEWANT TECHNOLOGY, JDW, JDW Taxi, LINE VIETNAM JOINT STOCK COMPANY, LINE Investment Technologies, LINE Friends, Markt, LINE Friends Japan, LINE Friends, LINE Friends Taiwan, LINE Friends(Shanghai) Commercial Trade, Line Biz Plus, BALIE, Webpay Holdings, LINE Pay hokkaido, LINE Pay Taiwan, Webpay, LINE Financial Plus, LINE Credit, LINE Securities, LINE Bank Preparatory, LINE Financial Asia, LINE Financial Taiwan, Unblock, Unchain, LVC USA, LINE TECH PLUS, Unblock Ventures, Mirai Fund, Mission Worldwide Group, CHOCO Media
Reorganization of governance restructuring	

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed consolidated interim financial statements for the nine-month period ended September 30, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective as at September 30, 2021.

2.1.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2021.

- *Amendments to Korean IFRS 1116 Lease – Practical expedient for COVID-19 - Related Rent Concessions*

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The amendment does not have a significant impact on the consolidated financial statements.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform (Phase 2 amendments)*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendment does not have a significant impact on the consolidated financial statements.

2.1.2 New standards and interpretations not yet adopted by the Group

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

The following is new accounting standards and interpretations that have been published that are not mandatory for September 30, 2021 reporting period and have not been early adopted by the Group.

- Amendment to Korean IFRS 1116 - Covid-19 - Related Rent Concessions beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Enactment of Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* will replace Korean IFRS 1104 *Insurance Contracts*. This Standard estimate future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 *Financial Instruments*. The Group does not expect that these enactments have a significant impact on the consolidated financial statements.

- Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

2.2 Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2020, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.1 and the one described below.

2.2.1 Income tax expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective tax rate is applied to the pre-tax income.

The Group implemented consolidated tax payment scheme which presumes the Parent Company and its subsidiaries in Korea as a single taxpayer. The Group calculated the estimated average annual effective tax rate based on the taxable unit per the consolidated tax payment scheme.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2020, except for the estimates used to determine income tax expense.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

4. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the nine-month period ended September 30, 2021.

4.1 Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. Financial instruments that are measured at fair value are categorized by the fair value hierarchy, and the defined levels are as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, unlisted derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value as at September 30, 2021 and December 31, 2020:

(in thousands of Korean won)		September 30, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value -					
profit or loss	₩	24,659,877	₩ 982,924,214	₩ 2,260,260,320	₩ 3,267,844,411
Equity instruments at fair					
value - other comprehensive					
income		2,028,772,041	-	88,753,240	2,117,525,281
Financial liabilities					
Financial liabilities at fair					
value - profit or loss	₩	-	₩ -	₩ 96,661,822	₩ 96,661,822

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

<i>(in thousands of Korean won)</i>		December 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value -					
profit or loss	₩	24,117,384	₩ 898,821,711	₩ 1,801,384,241	₩ 2,724,323,336
Equity instruments at fair					
value - other comprehensive					
income		1,279,220,720	-	51,731,270	1,330,951,990
Financial liabilities					
Financial liabilities at fair					
value - profit or loss	₩	-	₩ -	₩ 25,099,906	₩ 25,099,906

The following table presents the Group's financial assets and financial liabilities classified as assets and liabilities held for sale as at December 31, 2020:

<i>(in thousands of Korean won)</i>		December 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value -					
profit or loss	₩	-	₩ 35,106,733	₩ 198,695,507	₩ 233,802,240
Debt instruments at fair value					
- other comprehensive					
income		-	76,288,580	467,037	76,755,617
Equity instruments at fair					
value - other comprehensive					
income		1,078,048	-	29,142,772	30,220,820
Financial liabilities					
Financial liabilities at fair					
value - profit or loss	₩	999,955	₩ -	₩ -	₩ 999,955

4.2 Fair value measurements using significant unobservable inputs

The Group recognizes transfers between levels of the fair value at the end of the reporting period. There are no transfers between level 1 and level 2 for fair value measurements during the nine-month period ended September 30, 2021.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

The following table presents the changes in level 3 financial instruments for the nine-month periods ended September 30, 2021 and 2020:

(in thousands of Korean won)	2021			2020		
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivative financial liabilities	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivative financial liabilities
Beginning balance	₩ 2,000,079,748	₩ 81,341,079	₩ 25,099,906	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735
Total profit or loss						
Amounts recognized in profit or loss ¹	401,551,522	-	1,559,636	153,863,742	-	485,111
Amounts recognized in other comprehensive income ²	-	3,186,449	-	-	13,002,948	-
Acquisitions	581,620,040	51,361,304	70,002,280	327,195,411	84,188,386	-
Disposals	(450,670,230)	(13,947,387)	-	(25,848,927)	(11,725,933)	-
Transfer into Level 1	(19,406,782)	(3,232,665)	-	-	-	-
Others ³	(56,218,748)	-	-	(5,085,460)	(10,183,677)	-
Exchange differences	3,685,574	(179,954)	-	6,815,652	1,226,919	85,569
Sale of disposal group ⁴	(200,380,804)	(29,775,586)	-	-	-	-
Ending balance	₩ 2,260,260,320	₩ 88,753,240	₩ 96,661,822	₩ 1,664,040,912	₩ 149,401,052	₩ 8,910,415
Amount in the consolidated financial statements	2,260,260,320	88,753,240	96,661,822	1,460,307,713	118,022,950	5,353,309
Amount classified as assets and liabilities held for sale	₩ -	₩ -	₩ -	₩ 203,733,199	₩ 31,378,102	₩ 3,557,106

¹ Includes amounts recognized in profit or loss in relation to discontinued operations for ₩ 402 million as gain and for ₩ 2,246 million as gain during the nine-month periods ended September 30, 2021 and 2020, respectively.

² Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 344 million and ₩ 4,147 million during the nine-month periods ended September 30, 2021 and 2020 respectively.

³ Includes reclassifications arising from changes in ownership of financial assets held at fair value.

⁴ Financial assets at fair value - profit or loss and financial assets at fair value - other comprehensive income classified as assets held for sale as at December 31, 2020, were included in the sale of disposal group and disposed during the nine-month period ended September 30, 2021.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

4.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements of major financial instruments that are categorized as levels 2 and level 3 of the fair value hierarchy as at September 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)		September 30, 2021					
		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Continuing operations							
Financial assets at fair value - profit or loss							
Compound financial instruments	₩	1,172,913,825	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	13.47% ~ 83.30%
				Market approach and others	PBR, EV/SALES, PSR, PER, recent transaction price, net asset value	EV/SALES	1.06~14.97%
						PSR	0.6 ~ 10.19%
						PER	2.40 ~ 27.53%
						PBR	1.84 ~ 10.34%
	Present value method	Credit risk adjusted discount rate	Discount rate	12.42% ~ 16.90%			
Beneficiary certificates and funds		18,852,899	2	Present value method	Credit risk adjusted discount rate	-	-
		1,087,346,495	3	Market approach and others	Underlying asset price	¹	¹
Debt securities		964,071,315	2	Present value method	Credit risk adjusted discount rate	-	-
Equity instruments at fair value – other comprehensive income							
Equity securities		88,753,240	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	2.55 ~ 13.24% 1.32 ~ 5.62%
Financial liabilities at fair value - profit or loss							
Derivatives		96,661,822	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	24.17% ~ 35.04%

¹ Various inputs are used in the measurements of underlying asset price and thus, further disclosure has not been provided.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of
Korean won)

December 31, 2020

		Fair value		Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
	Continuing operations	Discontinued operations						
Financial assets at fair value - profit or loss								
Compound financial instruments	₩ 1,093,394,279	₩ 93,395,569	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	24.50% ~ 115.70%	
				Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR	1.19 ~ 11.70%	
						EV/SALES	1.30 ~ 20.12%	
				Present value method	Credit risk adjusted discount rate	PSR	0.44 ~ 11.20%	
						Discount rate	10.82% ~16.90%	
Beneficiary certificates and funds	16,623,508	34,105,876	2	Present value method	Credit risk adjusted discount rate	-	-	
Beneficiary certificates and funds	707,989,962	105,299,938	3	Market approach and others	Underlying asset price	¹	¹	
Debt securities	882,198,203	1,000,000	2	Present value method	Credit risk adjusted discount rate	-	-	
Derivatives	-	857	2	Present value method, option pricing model	Forward exchange rate	-	-	
Debt instruments at fair value – other comprehensive income								
Debt securities	-	76,288,580	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-	
Debt securities	-	467,037	3	Present value method	-	-	-	
Equity instruments at fair value – other comprehensive income								
Equity securities	51,731,270	29,142,772	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES	1.93 ~ 11.10%	
						PSR	1.28 ~ 5.3%	
Financial liabilities at fair value - profit or loss								
Derivatives	25,099,906	-	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	27.82%~32.17%	

¹ Various inputs are used in the measurements of underlying asset price and thus, further disclosure has not been provided.

4.4 Valuation Processes for Fair Value Measurements Categorized Within Level 3

The Group's investment management team and treasury team performs the fair value measurements required for financial reporting purposes, including level 3 fair values. These teams report directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and these teams at least once every quarter, in line with the Group's quarterly reporting schedule.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

5. Operating Segment Information

The Group consists of a single operating segment. Operating information by service types is reported to chief operating decision-maker. Such reported segment information does not differ from the amount presented in the consolidated statements of comprehensive income.

Operating revenues by service types for the nine-month periods ended September 30, 2021 and 2020, are as follows:

The Group changed the classification of operating information by service types during the year ended December 31, 2020, and the comparatives of the prior period have been restated accordingly.

(in thousands of Korean won)	2021		2020	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Search Platform ¹	₩ 2,403,615,031	49.15	₩ 2,032,962,605	53.62
Commerce ²	1,069,880,880	21.88	772,840,665	20.38
FinTech ³	683,859,095	13.99	476,341,300	12.56
Contents ⁴	459,659,993	9.40	321,272,170	8.47
Cloud ⁵	272,859,419	5.58	188,098,668	4.97
Continued operations	4,889,874,418	100.00	3,791,515,408	100.00
Discontinued operations	472,178,882		1,902,777,407	
	₩ 5,362,053,300		₩ 5,694,292,815	

¹ Search and Display advertising

² Shopping Search & Display, brokerage fees and others

³ Pay Services and Digital Finance

⁴ Webtoon, Music, V LIVE, SNOW and others

⁵ Cloud, Works and others

The revenue from external customers by region for the nine-month periods ended September 30, 2021 and 2020 and non-current assets as at September 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)	Revenue from external customers		Non-current assets ¹	
	2021	2020	September 30, 2021	December 31, 2020
Domestic	₩ 4,650,808,741	₩ 3,674,542,920	₩ 2,307,573,669	₩ 1,838,775,695
Japan	120,092,789	93,541,270	82,388,893	72,396,600
Others	118,972,888	23,431,218	841,282,137	75,238,459
Continuing operations	4,889,874,418	3,791,515,408	3,231,244,699	1,986,410,754
Discontinued operations				
/assets held for sale	472,178,882	1,902,777,407	-	1,477,570,645
	₩ 5,362,053,300	₩ 5,694,292,815	₩ 3,231,244,699	₩ 3,463,981,399

¹ Excludes financial instruments and deferred tax assets.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

The revenue from contracts with customers by category for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	2020
By timing of revenue recognition		
Recognized at a point in time	₩ 3,483,656,994	₩ 2,769,944,954
Recognized over time	1,406,217,424	1,021,570,454
Continuing operations	4,889,874,418	3,791,515,408
Discontinued operations	472,178,882	1,902,777,407
	<u>₩ 5,362,053,300</u>	<u>₩ 5,694,292,815</u>

6. Property and Equipment

Changes in property and equipment for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	2020³
Beginning balance	₩ 1,684,563,341	₩ 1,596,271,318
Acquisition and capital expenditures	666,426,409	581,497,273
Acquisition from business combination (Note18)	314,899	2,031,133
Depreciation ¹	(245,966,124)	(256,153,796)
Disposals, retirement and impairment	(38,541,192)	(11,969,816)
Disposal of a subsidiary	-	(298,257)
Others ²	14,703,049	20,863,020
Reclassified to held for sale	-	(308,684,604)
Ending balance	<u>₩ 2,081,500,382</u>	<u>₩ 1,623,556,271</u>

¹ Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 70,226 million during the nine-month period ended September 30, 2020.

² Others include capitalized borrowing costs and effects of changes in foreign currency exchange rates.

³ The amounts include changes in property and equipment in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in property and equipment before being classified to assets held for sales.

During the nine-month period ended September 30, 2021, the Group has capitalized borrowing costs amounting to ₩ 5,949 million (2020, 3Q: ₩ 1,324 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 1.67% (2020, 3Q: 2.99%).

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

7. Leases

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases from continuing operations:

<i>(in thousands of Korean won)</i>	September 30, 2021	December 31, 2020
Right-of-use assets		
Properties	₩ 93,842,538	₩ 84,121,347
Vehicles	1,250,589	1,055,010
IDC buildings	66,517,695	40,754,925
Machinery	34,460,115	-
Leased internet line	4,092,224	3,605,917
	<u>₩ 200,163,161</u>	<u>₩ 129,537,199</u>
Lease receivables	₩ 8,155,614	₩ 64,717

<i>(in thousands of Korean won)</i>	September 30, 2021	December 31, 2020
Lease liabilities		
Current	₩ 79,821,513	₩ 53,345,709
Non-current	135,265,770	92,170,749
	<u>₩ 215,087,283</u>	<u>₩ 145,516,458</u>

The consolidated statement of financial position shows following amounts as the assets and liabilities held for sale relating to leases as at December 31, 2020:

<i>(in thousands of Korean won)</i>	December 31, 2020
Right-of-use assets	₩ 683,421,336
Lease receivables	60,237

<i>(in thousands of Korean won)</i>	December 31, 2020
Lease liabilities	
Current	₩ 128,173,147
Non-current	553,338,423
	<u>₩ 681,511,570</u>

Additions to the right-of-use assets during the nine-month period ended September 30, 2021 were ₩ 184,988 million (from continuing operations: ₩ 114,944 million, discontinued operations: ₩ 70,044 million).

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(b) Amounts recognized in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases from continuing operations:

<i>(in thousands of Korean won)</i>	2021	2020
Depreciation of right-of-use assets		
Properties	₩ 31,084,300	₩ 29,859,647
Vehicles	546,726	476,636
IDC buildings	16,455,905	9,283,310
Machinery	1,100,425	-
Leased internet line	1,239,187	1,067,127
	<u>₩ 50,426,543</u>	<u>₩ 40,686,720</u>
Interest expense relating to lease liabilities (included in 'finance costs') ¹	₩ 3,727,780	₩ 2,059,076
Expense relating to short-term leases and leases of low-value assets	4,580,778	1,606,171

¹ There is a difference between interest expenses recognized with regards to the leases and interest expenses in the consolidated statement of comprehensive income due to capitalization of borrowing costs.

The consolidated statement of comprehensive income shows the following amounts relating to leases from discontinued operations:

<i>(in thousands of Korean won)</i>	2021	2020
Depreciation of right-of-use assets	₩ -	₩ 83,825,534
Interest expense relating to lease liabilities (included in 'finance costs')	2,254,531	9,986,202
Expense relating to short-term leases and leases of low-value assets	575,373	3,358,582
Expense relating to variable lease payments not included in lease liabilities	8,163,436	37,214,116

The total cash outflows from continuing and discontinued operations for leases were ₩ 68,711 million and ₩ 34,904 million, respectively, and the total cash inflow from continuing and discontinued operations for leases was ₩ 2,797 million and ₩ 21 million, respectively, for the nine-month period ended September 30, 2021.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

8. Intangible Assets

Changes in intangible assets for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>		2021		2020³
Beginning balance	₩	105,136,187	₩	341,442,833
Acquisition and capital expenditures		24,410,468		55,498,710
Acquisition from business combination (Note 18)		672,723,761		215,636,475
Amortization ¹		(9,931,306)		(26,839,378)
Disposals, retirement, and impairment		(2,985,907)		(31,471,982)
Disposal of a subsidiary		-		(1,116,466)
Others ²		108,983,183		(1,530,478)
Reclassified to held for sale (Note 19)		-		(453,435,855)
Ending balance	₩	<u>898,336,386</u>	₩	<u>98,183,859</u>

¹ Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 17,890 million during the nine-month period ended September 30, 2020.

² Others include effects of changes in foreign currency exchange rates.

³ The amounts include changes in intangible assets in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in intangible assets before being classified to assets held for sales.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

9. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures of the Group as at September 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	September 30, 2021		December 31, 2020	
				Percentage of ownership (%)	Book amount	Book amount	Book amount
Associates							
NetMania	Software development and distribution	Korea	December	27.17	₩ 980,730	₩ 995,211	
Synapsoft	Software development and distribution	Korea	December	26.43	6,163,633	5,799,825	
ARO In Tech	Software development and distribution	Korea	December	29.85	574,439	756,726	
Silicon Cube ²	Applied software development and distribution	Korea	December	41.89	-	-	
NSPACE	Space service business	Korea	December	49.04	1,329,870	1,060,944	
One Store	E-Commerce business	Korea	December	25.10	48,702,248	41,840,201	
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	3,045,944	3,123,103	
Korea Contents Mutual Aid Association ¹	Mutual Aid Association	Korea	December	54.78	9,641,110	9,361,132	
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	1,139,439	3,905,332	
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	8,779,741	9,544,595	
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	4,472,608	2,077,009	
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	5,099,473	6,580,164	
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	44,019,657	44,130,666	
YG NAVER Contents & Lifestyle Fund ⁷	Investment	Korea	December	90.91	49,004,147	48,348,016	
Soran Media Venture Fund I ¹	Investment	Korea	December	66.67	712,632	818,946	
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	203,365,162	208,270,708	
MiraeAsset-Naver Asia Growth Fund ^{4,5}	Investment	Korea	December	16.67	101,770,140	59,177,234	
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT ⁵	Investment	Singapore	December	40.00	411,995,974	240,051,940	
Digital Media Partners II	Investment	Cayman Islands	December	26.88	2,562,666	2,249,591	
K-Fund I ^{1,10}	Investment	France	December	74.81	362,464,217	226,308,396	
China Ventures Fund I, L.P. ^{1,5}	Investment	Canada	December	70.33	381,028,496	195,108,242	
The Grim Ent.	Webtoon production	Korea	December	34.98	1,772,402	1,697,935	
Studio Horang	Webtoon production	Korea	December	41.50	1,354,021	420,153	
Bigpicture Comics	Webtoon production	Korea	December	35.00	1,490,791	1,358,322	

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

				September 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Name of entity	Primary business	Location	Closing month			
Studio JHS	Webtoon production	Korea	December	35.00	942,952	491,363
JQ COMICS	Webtoon production	Korea	December	35.06	140,348	205,450
ZK Studio	Webtoon production	Korea	December	40.00	348,492	364,841
Soo COMICS	Webtoon production	Korea	December	40.00	358,486	379,585
AXIS ³	Software development and distribution	Korea	December	28.21	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,216,228	1,243,933
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	21.30	477,239	536,497
LINE Games ^{5,6}	Software development and distribution	Korea	December	-	-	65,277,244
Epic Voyage ⁶	Mobile service development	Japan	December	-	-	26,340
LINE Music ⁶	Mobile service development	Japan	December	-	-	55,220
Transcosmos Online Communication ⁶	Business customer support	Japan	December	-	-	899,160
LENSA. ⁶	Mobile advertising service business	Japan	December	-	-	1,170,140
LINE Mobile ⁶	Telecommunications service	Japan	December	-	-	72,002,818
Venture Republic ^{5,6}	Online information distribution business	Japan	December	-	-	5,596
PT. Bank KEB HANA Indonesia ⁶	Bank and financial business	Indonesia	December	-	-	159,229,649
FOLIO Holdings ^{5,6}	Financial business	Japan	December	-	-	13,062,312
iPASS ⁶	Mobile billing system planning and development	Taiwan	December	-	-	10,488,306
Connection Labs ^{2,6}	Software development and distribution	Taiwan	December	-	-	-
Alliance Internet	Online company revenue support	Korea	December	23.53	1,619,274	1,148,343
CONG TY CO PHAN RBW VIETNAM	Contents production	Vietnam	December	35.36	161,156	328,609
Famous Studio	Clothes, accessories, news distribution	Korea	December	33.33	1,707,860	602,585
VRex Lab ²	Programming service	Korea	December	27.99	-	-
DHP private equity fund 3	Investment	Korea	December	25.16	171,274	171,603
Japan Food Delivery ⁶	Mobile service development	Japan	December	-	-	1,086,193
AIRI, Inc. ⁴	AI technology research and investment	Korea	December	14.29	2,218,285	2,615,481
Studio Mul	Contents production	Korea	December	35.00	3,142,482	2,956,470
Do Ventures Fund I-A, L.P	Investment	Cayman Islands	December	27.74	5,072,788	5,026,657
PLACE A INC.	Software development and	Korea	December	48.78	603,215	2,430

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

				September 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Name of entity	Primary business	Location	Closing month			
	distribution					
Cinamon Games	Software development and distribution	Korea	December	20.00	88,219	723,446
LINE MAN ^{5,6}	Applied software development and distribution	Singapore	December	-	-	210,083,387
YN Culture & Space	Record production and planning	Korea	December	37.37	5,114,966	1,873,943
SMEJ Plus	Global fanship related investment	Japan	December	30.07	36,380,154	36,838,066
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	3,810,033	2,000,000
Carousell Pte ⁴	Platform investment	Singapore	December	8.50	64,347,567	66,408,113
HAVIT	Mobile service development	Korea	December	28.57	2,857	2,857
A-Holdings ^{5,7}	Mobile service development	Japan	March	50.00	17,553,090,732	-
Drama & Company ^{5,8}	Business card application service	Korea	December	40.59	45,343,845	-
LINE Friends ^{5,8}	Character and doll wholesale and retail	Korea	March	30.00	83,178,384	-
LINE Conomi ⁸	Global restaurant review service	Japan	March	49.90	3,683,230	-
Seno	Contents production	China	December	45.00	102,704	-
AtoZ	Contents distribution	Korea	December	26.67	39,981,180	-
Sam studio	Contents production	Korea	December	35.00	898,393	-
WEVERSE Company	Contents production	Korea	December	33.91	213,893,750	-
Sasom Company	Platform investment	Thailand	December	20.10	796,902	-
Studio Ohohoe	Contents distribution	Korea	December	33.02	728,290	-
Geulbitneun Iyakiggun	Contents distribution	Korea	December	28.57	189,283	-
389 Studio 389	Contents distribution	Korea	December	30.02	90,421	-
Only One Entertainment	Contents distribution	Korea	December	35.00	234,713	-
Cafe24 ⁴	Hosting and related services	Korea	December	14.99	137,164,280	-
K-Fund II ¹	Investment	France	December	67.90	2,174,976	-
Makma	Contents distribution	France	December	22.00	756,001	-
YUMI studio	Contents distribution	Korea	December	35.00	1,418,024	-
JAYPLEMEDIA	Contents distribution	Korea	December	25.00	13,805,000	-
Munpia Inc.	Contents distribution	Korea	December	20.17	60,518,848	-
SODA	Sneakers trading platform	Japan	December	36.87	88,377,791	-
VerseWork	Contents distribution	Korea	December	40.00	799,992	-
					20,026,620,154	1,770,291,028

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

					September 30, 2021	December 31, 2020
					Percentage of ownership (%)	Book amount
Name of entity	Primary business	Location	Closing month		Book amount	Book amount
Joint ventures						
Mirai Fund ^{5,9}	Investment	Japan	December	90.00	345,934,873	-
China Lab	Database and online information service	Korea	December	49.00	770,901	558,452
JobsN	Online information service	Korea	December	49.00	2,362,096	2,128,476
YEOPEUL	Online information service and internet contents business	Korea	December	49.00	2,362,388	2,033,387
Cineplay	Online information service and online advertising	Korea	December	49.00	832,497	656,154
Designpress	Online information service and internet contents business	Korea	December	49.00	1,014,942	896,395
Interbiz (Dong-A JV)	Online information service and internet contents business	Korea	December	49.00	1,013,588	829,410
Artitian (Kyunghyang Daily News JV)	Online information service and internet contents business	Korea	December	49.00	322,534	279,564
Schooljam (EBS JV)	Online information service and internet contents business	Korea	December	49.00	606,695	501,444
Agroplus (Korea Business JV)	Online information service and internet contents business	Korea	December	49.00	943,781	704,929
Sumlab (Munhwa Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	955,643	804,861
Techplus (Electronic Times JV)	Online information service and internet contents business	Korea	December	49.00	1,260,862	983,593
Animal and Human Story (Hankook Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	388,969	368,339
Law and Media (Money Today JV)	Online information service and internet contents business	Korea	December	49.00	233,557	201,055
DANAA Data	Software development and distribution	Korea	December	49.00	4,982,424	4,961,445
Baecom	Operation management services of academy and education			50.00	2,499,996	-
LINE Project ⁶	Investment	Japan	December	-	-	-
Lantu Games ⁶	Mobile service development	Hong Kong	December	-	-	-
RABBIT-LINE PAY COMPANY ⁶	Online payment service	Thailand	December	-	-	7,207,359
Collab+LINE ⁶	Investment	USA	December	-	-	1,661,831

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	September 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Kasikorn LINE ⁶	Software development and distribution	Thailand	December	-	-	45,829,583
LINE Bank Taiwan Limited ⁶	Financial business	Taiwan	December	-	-	186,479,181
					366,485,746	257,085,458
					₩ 20,393,105,900	₩ 2,027,376,486
Assets held for sale					₩ -	₩ 827,950,799
Continuing operations					20,393,105,900	1,199,425,687

¹ Although the Group has more than 50% ownership in the investees, the Group does not have controls over these entities by virtue of agreements and classifies them as associates.

² Recognized impairment loss before the previous period for the entities as book amounts exceeded their recoverable amounts.

³ Stopped applying equity method due to accumulated deficits.

⁴ Although the Group has less than 20% ownership in the investees, the Group has significant influence over the entities by virtue of agreements and classified as associates.

⁵ Prepared based on the investees' consolidated financial statements.

⁶ Classified to assets held for sale as at December 31, 2020 and disposed as the business integration was completed during the nine-month period ended September 30, 2021.

⁷ Interests in A-holdings, which were received in exchange for the sale of the disposal group during the nine-month period September 30, 2021, are classified as an investment in associate.

⁸ Classified to investments in associates as the Group lost control due to the decreased Group's ownership in the entity during the nine-month period ended September 30, 2021.

⁹ The Group lost control during the nine-month period ended September 30, 2021. Although the Group has more than 50% ownership in the investees. The Group has a joint control in accordance with the agreement and classifies them as an investment in joint venture.

¹⁰ The shares held by the subsidiaries included in the disposal group were disposed during the nine-month period ended September 30, 2021.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Changes in investments in associates and joint ventures for the nine-month periods ended September 30, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 1,183,518,183	₩ 15,907,504	₩ 1,199,425,687
Acquisition	18,141,280,253	576,187,776	18,717,468,029
Valuation of investment using the equity method			
· Share of profit (loss) of associates and joint ventures	490,422,368	(233,394,510)	257,027,858
· Share of other comprehensive loss of associates and joint ventures	328,830,979	7,784,976	336,615,955
· Dividends	(125,604,739)	-	(125,604,739)
· Other changes	8,173,110	-	8,173,110
Ending balance	₩ 20,026,620,154	₩ 366,485,746	₩ 20,393,105,900

¹ The Group is in the process of performing a valuation of identifiable intangible assets of certain associates and joint ventures including A-Holdings. As at September 30, 2021, the valuation is in progress and the equity method result will be adjusted based on the final valuation result.

(in thousands of Korean won)

	2020		
	Investments in associates	Investments in joint ventures	Total ³
Beginning balance	₩ 1,482,017,959	₩ 76,250,226	₩ 1,558,268,185
Acquisition	155,756,427	201,463,737	357,220,164
Disposal	(41,748,177)	-	(41,748,177)
Valuation of investment using the equity method			
· Share of loss of associates and joint ventures ¹	(3,145,298)	(9,466,722)	(12,612,020)
· Share of other comprehensive income of associates and joint ventures ²	22,437,934	710,842	23,148,776
· Dividends	(22,875,714)	-	(22,875,714)
· Other changes	(109,718,368)	(10,363,848)	(120,082,216)
Reclassified to held for sale	(394,060,460)	(243,355,870)	(637,416,330)
Ending balance	₩ 1,088,664,303	₩ 15,238,365	₩ 1,103,902,668

¹ Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 45,975 million during the nine-month period ended September 30, 2020.

² Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 11,254 million during the nine-month period ended September 30, 2020.

³ The amounts include changes in investments in associates and joint venture in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in investments in associates and joint ventures before being classified to assets held for sales.

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

The Group has stopped recognizing its share of losses in AXIS using the equity method as its book amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 1,387 million as at September 30, 2021.

10. Borrowings and Debentures

Borrowings as at September 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won, in thousands of Japanese yen, in thousands of Hong Kong dollar and in thousands of US dollar)

	Lender	Maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
Short-term borrowings					
Foreign currency	Sumitomo Mitsui Banking Corporation ²	-	-	₩ -	₩ 21,085,200 (JPY 2,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	105,426,000 (JPY 10,000,000)
	Resona Bank Co. Ltd ²	-	-	-	10,542,600 (JPY 1,000,000)
	DAG Ventures VI, L.P. ¹	-	10.00	2,384,345 (HKD 15,667)	2,198,849 (HKD 15,667)
	Goodwater Capital II, L.P. ¹	-	10.00	1,191,005 (HKD 7,825)	1,098,348 (HKD 7,825)
	Mistletoe Singapore Pte. Ltd. ¹	-	10.00	2,384,385 (HKD 15,667)	2,198,886 (HKD 15,667)
	SCC Growth IV Holdco A, Ltd. ¹	-	10.00	35,548,044 (HKD 233,577)	32,782,495 (HKD 233,577)
	SenseView Investment Limited ¹	-	10.00	5,961,245 (HKD 39,170)	5,497,475 (HKD 39,170)
	SNOW Limited Liability Partnership ¹	-	10.00	23,734,599 (HKD 155,954)	21,888,107 (HKD 155,954)
Local currency	Woori Bank	February 03, 2022	1.91	299,998,167	299,998,167
Foreign currency	Citibank	April 15, 2022	0.40	52,909,000 (JPY 5,000,000)	52,713,000 (JPY 5,000,000)
	Citibank	-	-	-	3,264,000 (USD 3,000)
	Citibank	-	-	-	17,408,000 (USD 16,000)
	Citibank	-	-	-	2,176,000 (USD 2,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	52,713,000 (JPY 5,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	52,713,000 (JPY 5,000,000)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	780,971,268 (JPY 74,077,672)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	59,528,453 (JPY 5,646,468)
	Shinsei Bank, Limited ²	-	-	-	10,542,600 (JPY 1,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won, in thousands of Japanese yen, in thousands of Hong Kong dollar and in thousands of US dollar)

	Lender	Maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
Local currency	Shinhan Bank	-	-	-	30,000,000
	Hana Bank	-	-	-	10,000,000
Foreign currency	BNP Paribas	September 28, 2022	0.91	158,727,000 (JPY 15,000,000)	-
Local currency	Hana Bank	February 25, 2022	2.66	20,000,000	-
Current portion of long-term borrowings					
Local currency	Shinhan Bank	October 31, 2021	2.21	45,000,000	45,000,000
Foreign currency	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.86	63,490,800 (JPY 6,000,000)	-
	SMBC Corporation	September 23, 2025	0.88	58,410,925 (JPY 5,519,942)	-
Local currency	Sunny Solution 3 rd	-	-	-	50,000,000
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	-	-	-	15,814 (JPY 1,500)
				769,739,515 (JPY 31,519,942) (HKD 467,860)	1,748,830,762 (JPY 116,225,640) (USD 21,000) (HKD 467,860)
Long-term borrowings					
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	-	-	-	23,721 (JPY 2,250)
	Mizuho Corporate Bank, Ltd.	September 25, 2023	0.74	75,619,258 (JPY 7,146,162)	75,339,129 (JPY 7,146,162)
	SMBC	September 25, 2023	0.78	75,619,259 (JPY 7,146,162)	75,339,130 (JPY 7,146,162)
	Diverse Inc. ²	-	-	-	759,067 (JPY 72,000)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	707,130,617 (JPY 67,073,646)
	Resona Bank Co. Ltd. ²	-	-	-	5,383,541 (JPY 510,646)
	Amuse, Inc. ²	-	-	-	969,919 (JPY 92,000)
Local currency	S-Force No.2	February 01, 2023	2.28	50,000,000	-
Foreign currency	Mizuho Corporate Bank, Ltd.	September 25, 2023	0.76	294,743,741 (JPY 27,853,838)	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.86	113,142,491 (JPY 10,692,178)	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.86	51,930,535 (JPY 4,907,533)	-
	SMBC Corporation	September 25, 2023	0.77	294,743,741 (JPY 27,853,838)	-
	SMBC Corporation	September 23, 2025	0.88	123,302,241 (JPY 11,652,294)	-
	SMBC Corporation	September 23, 2025	0.88	51,930,535 (JPY 4,907,533)	-
				1,131,031,801 (JPY 102,159,538)	864,945,124 (JPY 82,042,866)
				₩ 1,900,771,316 (JPY 133,679,480) (HKD 467,860)	₩ 2,613,775,886 (JPY 198,268,506) (USD 21,000) (HKD 467,860)

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

¹ SNOW China, a subsidiary of the Group, issued Redeemable Convertible Preferred Stock ("RCPS"). If an event that cannot be controlled by the Group, such as changes in the regulatory environment, occurs, the holder of RCPS can request a repayment to the Group at an amount that is calculated by applying a compounded annual interest rate of 10% to the issue amount. Accordingly, the Group classified this RCPS as borrowings.

² Borrowings classified as liabilities held for sale as at December 31, 2020 were included in the sales of disposal group and disposed during the nine-month period ended September 30, 2021.

³ A syndicated loan agreement in which Mizuho Bank participates as an agent and lender and 22 financial institutions are participating as lenders.

Debentures as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in thousands of Korean won, in thousands of US dollar and in thousands of Taiwan dollar)</i>	Issuer	Maturity date	Annual interest rate (%)	September 30, 2021	December 31, 2020
Convertible bonds in foreign currency ¹	CHOCO Media ¹	-	-	₩ -	₩ 5,690,291 (TWD 147,150)
Debentures in won (4 th -1)		February 25, 2024	1.24	250,000,000	-
Debentures in won (4 th -2)	Naver Corporation	February 25, 2026	1.60	450,000,000	-
Unsubordinated unsecured bonds in foreign currency		March 29, 2026	1.50	947,920,000 (USD 800,000)	-
				(12,257,225)	-
				(USD 8,864)	-
Less: Discount on bonds payable				₩ 1,635,662,775 (USD 791,136)	₩ 5,690,291 (TWD 147,150)

¹ Classified as liabilities held for sale as at December 31, 2020. There were included in the sales of disposal group and disposed during the nine-month period ended September 30, 2021.

The details of conditions of issuance of debentures as at September 30, 2021, are as follows:

	Payment of principal and interest	Financial ratios maintenance	Limitation on settlement of security rights	Limit on the sale of assets	Limitation on changes in governance
Debentures in won (4 th -1, 4 th -2)	Interest paid quarterly and lump-sum repayment at maturity for principal	Debt ratio below 300%	Equity capital below 500%	Within 100% of total assets	Change in largest shareholder
Unsubordinated unsecured bonds in foreign currency	Interest paid semiannually and lump-sum repayment at maturity for principal	-	Restrictions on the settlement of security rights over a certain amount under contractual terms	Restrictions on the sale of important property in the contract.	Restriction on the merger and others under contractual terms

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

¹ The above financial ratio maintenance, restrictions on the settlement of security rights, and limits on the sale of assets are applied based on the consolidated financial statements.

11. Net Defined Benefit Liabilities

The amounts recognized in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
	Three months	Nine months	Three months	Nine months
Current service cost	₩ 22,776,959	₩ 68,209,466	₩ 22,207,515	₩ 58,959,204
Net interest cost	3,395,511	10,259,722	1,490,637	7,769,391
Total expenses included in employee benefits ¹	<u>₩ 26,172,470</u>	<u>₩ 78,469,188</u>	<u>₩ 23,698,152</u>	<u>₩ 66,728,595</u>

¹ Includes total expenses included in employee benefits in relation to discontinued operations amounting to ₩ 5,401 million and ₩ 25,659 million during the nine-month periods ended September 30, 2021 and 2020.

Details of net defined benefit liabilities recognized in the statements of financial position as at September 30, 2021 and December 31, 2020, are as follows:

<i>(in thousands of Korean won)</i>	September 30, 2021	December 31, 2020
Present value of funded defined benefit liabilities	₩ 14,735,803	₩ 16,230,725
Present value of unfunded defined benefit liabilities	516,599,114	459,546,712
Sub total	531,334,917	475,777,437
Fair value of plan assets	(13,398,959)	(13,683,192)
Net defined benefit liabilities	<u>₩ 517,935,958</u>	<u>₩ 462,094,245</u>

The balance of net defined benefit liabilities classified as liabilities held for sale is ₩ 108,624 million as at December 31, 2020 (Note 19).

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

12. Provisions

Details and changes in provisions for the nine-month periods ended September 30, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021			
	Provision for litigation	Provision for restoration	Others	Total
Beginning balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
Charged / (credited) to the statement of profit or loss:				
Additional provisions	-	185,975	485,714	671,689
Unused amounts reversed	-	2,714	(1,929,305)	(1,926,591)
Charged during the period	-	1,660,739	-	1,660,739
Used during the period	-	(195,424)	(29,917,352)	(30,112,776)
Others ¹	-	(42,346)	3,163,259	3,120,913
Ending balance	₩ 927,938	₩ 13,083,395	₩ 297,201	₩ 14,308,534
Current	₩ 927,938	₩ 4,275,265	₩ 229,533	₩ 5,432,736
Non-current	-	8,808,130	67,668	8,875,798

¹ Others include effects of changes in foreign currency exchange rates.

(in thousands of Korean won)

	2020			
	Provision for litigation	Provision for restoration	Others	Total
Beginning balance	₩ 1,210,878	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Charged / (credited) to the statement of profit or loss:				
Additional provisions ¹	184,467	58,132	34,730,605	34,973,204
Unused amounts reversed ¹	(112,596)	(937,295)	(683,955)	(1,733,846)
Charged during the period	-	5,955,156	73,278	6,028,434
Used during the period	(157,206)	(518,377)	(291,350)	(966,933)
Others ²	13,380	1,051,604	171,131	1,236,115
Reclassified to held for sale	(210,984)	(54,884,371)	(7,244,315)	(62,339,670)
Ending balance	₩ 927,939	₩ 10,721,511	₩ 28,417,089	₩ 40,066,539
Current	₩ 927,939	₩ 560,200	₩ 28,385,633	₩ 29,873,772
Non-current	-	10,161,311	31,456	10,192,767

¹ Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 7,198 million and ₩ 318 million, respectively, during the nine-month period ended September 30, 2020.

² Others include effects of changes in foreign currency exchange rates.

The balance of provisions classified as liabilities held for sale is ₩ 64,627 million (provision for litigation: ₩ 231 million, provision for restoration: ₩ 63,855 million, other provisions: ₩ 541 million) as at

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

December 31, 2020 (Note 19).

13. Issuance and Acquisition of Shares

The Company's total number of authorized shares is 300,000,000 shares. As at September 30, 2021, the Group has issued 164,263,395 ordinary shares (₩ 100 per share) and 14,980,255 treasury shares (excludes retired shares). The Company's share capital and share premium as at September 30, 2021, amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,426,340 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

The Group disposed of 1,824,105 treasury shares through treasury shares exchange transaction and exercise of stock options, and recognized gain on disposal of treasury shares amounting to ₩ 378,892 million.

14. Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As at September 30, 2021, the estimated average annual effective income tax rate used for the year ending December 31, 2021, is 24.83% (the estimated tax rate for the nine-month period ending September 30, 2020: 31.26%).

15. Dividends

A dividend in respect of the year ended December 31, 2020, amounting to ₩ 59,279 million, was paid by the Parent Company in April 2021. Details of the dividends are as follows:

<i>(in thousands of Korean won and in shares)</i>	2021	2020
Shares eligible for dividends	147,459,035	145,447,795
Dividends per share <i>(in Korean won)</i>	402	376
Cash dividends	₩ 59,278,532	₩ 54,688,371

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

16. Commitments and Contingencies

As at September 30, 2021, the Group has borrowing agreements with eight Korean financial institutions, including KB Kookmin bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,470,998 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 300,000 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation and Mizuho Corporate Bank with an aggregated credit limit up to JPY 130,000 million.

As at September 30, 2021, the Group is provided with guarantees of ₩ 206,584 million from Seoul Guarantee Insurance, Korea Software Financial Cooperative and others in relation to the performance guarantee, and of ₩ 22,200 million (available up to ₩ 37,200 million) from Shinhan bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,164 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

As at September 30, 2021, customers' advance payments of ₩ 79,298 million, classified as cash and cash equivalents, are trusted to Shinhan Bank in accordance with the 'Guidelines for electronic financial service provider to protect user funds'.

As at September 30, 2021, the Group has entered into an agreement to compensate for some of the losses due to uncollected loans in relation to MIRAE ASSET CAPITAL's loans to small business owners.

As at September 30, 2021, the Group has entered a construction contract amounting to ₩ 403,511 million (outstanding amount: ₩ 296 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group. Also, the Group has entered a construction supply contract amounting to ₩ 144,527 million (outstanding amount: ₩ 102,641 million) for construction of cloud data and others. As at September 30, 2021, the Group has entered contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

As at September 30, 2021, the Group is a defendant in 19 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amounts of cases: ₩ 2,540 million), and the Group is a plaintiff in six lawsuit cases filed with regard to compensation for damages (aggregate amount of the cases: ₩ 1,894 million). The outcome of these cases is uncertain as at the reporting date and the Group's management recognizes the provision in relation to the potential loss if these cases meet the condition for the recognition of the provision.

Details of significant capital commitments contracted in relation to funds owned by the Group as at September 30, 2021, are as follows:

(in thousands of Korean won)

	Total commitment to invest	Accumulated investment	Unexecuted amount
General Atlantic LLC	₩ 177,735,000	₩ 30,521,167	₩ 147,213,833
K-Fund II	109,944,800	2,174,976	107,769,824
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT ¹	500,000,000	431,984,431	68,015,569
Sequoia Capital Global Growth Fund III	159,961,500	121,228,687	38,732,813
K-Fund I	206,146,500	170,950,177	35,196,323

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2021 and 2020 (Unaudited), and December 31, 2020

¹ Contract amount in relation with investment in associate MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT and MIRAE ASSET-NAVER ASIA GROWTH FUND.

As at September 30, 2021, the Group has entered executives and employees' group injury insurance with KB insurance.

As at September 30, 2021, the Group holds shares of CJ Logistics Corporation, CJ ENM CO., Ltd., and Studio Dragon Corporation to reinforce and maintain strategic partnership with CJ corporate group affiliates. The shares acquired by the Group are restricted on disposal for a certain period and the Group has preferential purchase right and sale claim right in accordance with the mutual share exchange agreement.

With the resolution of the Board of Directors on March 16, 2021, the Group conducted an exchange of treasury shares (SHINSEGAE INTERNATIONAL Inc. and E-MART Inc.) to reinforce and maintain strategic partnership with SHINSEGAE corporate group affiliates. In connection with this exchange, the Group entered into a mutual agreement for preferential purchase right and sale claim right. The shares acquired by the Group are restricted on disposal for a certain period.

With the resolution of the Board of Directors on August 10, 2021, the Group entered into a contract for contribution in kind using treasury shares to reinforce and maintain strategic partnership with Cafe24 Corp. In connection with this contract, the Group entered into an agreement for preferential purchase right and right to nominate directors. The shares acquired by the Group are restricted on disposal for a certain period.

As at September 30, 2021, the Group provides time deposits of ₩ 37,200 million as collaterals for the employees' loans from financial institutions.

The Group grants put options that give investors the right to sell all or part of their shares to the Group in the event of a significant negative impact on the Group due to significant breach of contract or law in relation to certain Redeemable Convertible Preferred Stock (issue price: ₩ 50,303 million) issued by the Group.

In relation to the acquisition of shares of WEVERSE COMPANY Inc., an associate, the Group plans to complete the acquisition of the final cumulative 49% shares at the earlier of the completion date of the integrated platform development or the date after one year from the signed date of the agreement, January 27, 2021 according to the shareholders' agreement.

The Group provided a loan amounting to ₩ 108,249 million to another entity in connection with the acquisition of Munpia Inc., an associate. In accordance with the terms of the contract, the loan will be repaid as part of the shares of Munpia Inc. acquired by other corporations.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

17. Related Party Transactions

Details of subsidiaries and associates and joint ventures as at September 30, 2021 and December 31, 2020, are described in Notes 1.1 and 9, respectively.

Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as at September 30, 2021 and December 31, 2020, are as follows:

Type	September 30, 2021	December 31, 2020
Others ¹	Espresso Media, LunaSoft, Jakga Company, Bravepops, Mystic story, Studio Pot, HD junction, Contents First, Happybean foundation, Naver Cultural foundation, Naver Connect, LINE Games, PIG	Fandom, Orpeo Sound Works, Bravepops, Studio Pot, ITSB, Espresso Media, LunaSoft, ICART GROUP, Meshkorea, Mystic story, Jakga Company, Happybean foundation, Naver Cultural foundation, Naver Connect

¹ Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same enterprise group according to the Monopoly Regulation and Fair-Trade Act, or the entities issuing compound financial instruments that the group are determined to be able to exercise significant influences.

Transactions with related parties including operating revenues and expenses for the nine-month periods ended September 30, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021	
	Operating revenues and others	Operating expenses and others
Associates		
LINE Corp ⁵	₩ 69,574,172	₩ 5,861,556
LINE Plus ⁵	5,045,024	430,708
LINE Music ²	2,957,614	17,490
Transcosmos Online Communication ²	2,193,193	67,133
Line Biz Plus ⁵	1,919,786	6,486
LINE Pay ⁵	973,494	158,174
LINE Friends ⁵	877,637	2,461,062
LINE Financial Plus ⁵	546,141	8,229
Markt ⁵	531,004	21,117,000
LINE Conomi	506,122	-
LINE Games ^{1,4}	268,557	-
LINE PLAY ⁵	242,150	-
Drama & Company ⁵	167,018	35,470
LINE Man (THAILAND) ²	163,795	14,446
LINE MAN ²	131,145	-
LINE Company (Thailand) ⁵	128,975	297,135
LINE Studio ⁵	113,698	2,014
LINE Taiwan ⁵	76,907	349,456

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

	2021	
	Operating revenues and others	Operating expenses and others
Cafe24	42,257	6,538,676
Famous Studio	16,570	15,293,977
LINE VIETNAM JOINT STOCK COMPANY ⁵	337	1,058,389
PLACE A INC.	223	295,500
LINE Fukuoka ⁵	182	2,996,434
ARO In Tech	180	638,034
Munpia, Inc.	-	2,359,756
Sam Studio	-	1,057,326
Studio Mul	-	1,048,644
Synapsoft	-	648,356
JAYPLEMEDIA	-	588,570
Studio Ohohoe	-	551,967
YUMI studio	-	326,498
Studio 389	-	261,087
A-Holdings (formerly, LINE)	-	214,725
Makma	-	187,040
Others	204,159	63,707
Joint ventures		
JobsN	970,290	1,835,570
KASIKORN LINE ³	665,366	-
Cineplay	661,143	1,441,589
YEOPEUL	469,571	1,444,622
RABBIT-LINE PAY COMPANY ³	365,442	65,953
Sumlab (Munhwa Ilbo JV)	253,714	1,119,730
Interbiz (Dong-A JV)	235,229	1,295,247
Animal and Human Story (Hankook Ilbo JV)	228,714	1,189,083
Agroplus (Korea Business JV)	183,107	975,162
Designpress	141,900	1,039,725
China Lab	36,000	1,033,051
Law and Media (Money Today JV)	26,000	778,379
Schooljam (EBS JV)	5,000	795,918
Techplus (Electronic Times JV)	-	1,164,657
Artitian (Kyunghyang Daily News JV)	-	862,179
Others		
Naver Connect ¹	4,328,794	13,062,900
Happybean foundation ¹	1,319,682	10,033,658
LINE Games ^{1,4}	217,247	-
NAVER Cultural foundation ¹	51,060	-
Contents First	9,840	-
Bravepops	392	-
PIG ^{1,4}	127	-
Jakga Company	-	4,803,944

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

	2021	
	Operating revenues and others	Operating expenses and others
Espresso Media	-	490,792
LunaSoft	-	86,533
Studio Pot	-	747
Mystic story	-	219

¹ Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

² Entity was excluded from associates due to the sale of disposal group during the nine-month period ended September 30, 2021. The amount represents transactions prior to the exclusion from associates.

³ Entity was excluded from joint ventures due to the sale of disposal group during the nine-month period ended September 30, 2021. The amount represents transactions prior to the exclusion from joint ventures.

⁴ Entity was excluded from associates due to the sale of disposal group during the nine-month period ended September 30, 2021. After the sale, they were included in the same large enterprise group with the Group and classified as other related parties.

⁵ They are subsidiaries of associates.

(in thousands of Korean won)

	2020	
	Operating revenues and others	Operating expenses and others
Associates		
KG Allat ²	₩ -	₩ 107,132
Synapsoft	-	650,000
ARO In Tech	60	1,087,614
Alchera ⁴	-	100,378
Bigpicture Comics	-	581,474
Studio JHS	-	1,516,638
YLAB Japan ³	-	195,642
LINE Music ⁵	12,598,589	11,317,844
DEMAE-CAN ^{3,5}	1,059,718	1,473,499
Transcosmos Online Communication ⁵	7,017,142	71,412
LINE Mobile ⁵	12,666,155	2,388,084
Venture republic ⁵	1,668,402	1,725
LINE Games ⁵	1,470,478	5,031
iPASS ⁵	609,655	52,953
The Grim Ent.	-	2,912,615
AXIS	-	427,052
Others	402,170	2,270

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

	2020	
	Operating revenues and others	Operating expenses and others
Joint ventures		
JobsN	767,929	1,652,962
RABBIT-LINE PAY COMPANY	1,789,524	678,027
YEOPEUL	156,214	1,210,671
Techplus (Electronic Times JV)	-	1,229,303
Cineplay	4,400	975,200
Interbiz (Dong-A JV)	346,343	1,271,986
Schooljam (EBS JV)	-	800,757
Sumlab (Munhwa Ilbo JV)	36,857	1,043,252
China Lab	25,500	939,455
Designpress	146,670	999,402
Agroplus (Korea Business JV)	211,188	980,901
Artitian (Kyunghyang Daily News JV)	-	864,409
Animal and Human Story (Hankook Ilbo JV)	-	964,943
Law and Media (Money Today JV)	24,000	877,821
Lantu Games ⁵	41,293	1,177,833
Others	9,597	39,353
Others¹		
Happybean foundation ¹	1,331,651	8,124,789
NAVER Cultural foundation ^{1,5}	22,423	256
Naver Connect (formerly, Connect foundation) ^{1,5}	662,600	7,003,278
Espresso Media	-	144,214
Meshkorea	-	76
LunaSoft.	-	35,522
Bravepops	441	-

¹ Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

² Entity was excluded from associates due to the disposal of shares during the nine-month period ended September 30, 2020. The amount represents transactions prior to the exclusion from associates.

³ Entities were excluded from associates due to the additional acquisition of shares during the nine-month period ended September 30, 2020. The amount represents transactions prior to the exclusion from associates.

⁴ Entity was excluded from associates as the Group lost significant influence over the entity during the nine-month period ended September 30, 2020. The amount represents transactions prior to the exclusion from related parties.

⁵ Includes transactions from discontinued operations classified as held for sale.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Outstanding balances of receivables due from and payables due to related parties as at September 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)

	September 30, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others ³	Other payables	Accrued expenses and others ⁴
Associates				
LINE Corp	₩ 53,925,936	₩ 31,277,116	₩ 36,824,272	₩ 1,150,079
LINE Plus	1,108,532	918,648	224,608	684,039
LINE Conomi	523,978	-	-	-
Line Biz Plus	302,683	2,213,425	-	700,761
LINE Pay	195,572	41,199	180,068	4,808
LINE Friends	154,772	17,351	924,721	-
LINE Company (Thailand)	115,633	-	198,493	-
LINE Financial Plus	80,634	4,898,254	-	1,496,986
LINE Fukuoka	37,475	-	383,715	316,357
Drama & Company	16,475	3,207,189	-	-
LINE Taiwan	13,910	-	421,703	-
LINE Up	11,665	131,152	-	71,680
Markt	6,860	7,450,821	281,450	-
Cafe24	515	-	1,771,279	-
Famous Studio	-	6,016,570	-	-
JAYPLEMEDIA	-	791,887	446,316	-
HAVIT	-	200,000	485,391	-
Studio 389	-	200,000	39,406	-
PLACE A INC.	-	46,672	591,000	14,149
A-Holdings (formerly, LINE)	-	35,928	163,000	-
Munpia, Inc.	-	-	1,590,729	-
Synapsoft	-	-	420,000	-
Studio Mul	-	-	275,759	-
YUMI studio	-	-	177,206	-
Others	79,632	16,921	176,834	10,024
Joint ventures				
Cineplay	66,000	-	306,271	-
YEOPEUL	49,500	-	145,306	-
Sumlab (Munhwa Ilbo JV)	29,700	-	337,101	-
Agroplus	25,850	200	114,761	-
China Lab	19,800	-	418,563	-
Techplus (Electronic Times JV)	-	-	149,010	-
Others	155,822	-	376,320	-
Others				
Naver Connect ¹	1,202,826	13,449	5,208	37,014
Happybean foundation ¹	123,169	14,772	1,369,849	-
LINE Games ¹	40,409	-	-	-
NAVER Cultural foundation ¹	15,836	-	-	-
Bravepops	54	-	-	-

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

	September 30, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others ³	Other payables	Accrued expenses and others ⁴
PIG ¹	19	-	-	-
Studio Pot	-	299,179	228	-
Jakga Company	-	120,236	1,139,119	-
Espresso Media	-	-	349,400	-
LunaSoft	-	-	4,069	-

¹ Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair-Trade Act.

² The outstanding balance of other receivables and others of AXIS does not include the allowance of ₩ 1,400 million.

³ Includes lease receivables.

⁴ Includes lease liabilities.

(in thousands of Korean won)

	December 31, 2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Associates				
LINE Music ^{2,5}	₩ 3,129,630	₩ 475,576	₩ 5,769,437	₩ -
iPASS ⁵	2,909,554	136,345	83,146	-
Transcosmos Online Communication ⁵	2,642,474	3,472	-	111,772
LINE Mobile ⁵	2,286,839	532,751	294,094	45,441
LINE Man ⁵	610,077	157,861	-	65,824,401
LINE Man (THAILAND) Company ⁵	208,444	125,607,863	796,881	-
Venture republic ⁵	77,530	46,483	-	26,915
LINE Games ⁵	50,720	33,576,518	-	-
China Ventures Fund I,L.P.	-	27,303,478	-	-
HAVIT	-	813,649	485,391	-
K-Fund I ⁵	-	407,993	-	-
AXIS ³	-	-	-	-
Others	36,241	-	435,970	-
Joint ventures				
RABBIT-LINE PAY ⁵	223,922	9,537	171,651	543,391
JobsN	110,128	-	25,683	-
Sumlab (Munhwa Ilbo JV)	23,100	-	212,193	-
Agroplus (Korea Business JV)	22,000	200	36,412	-
Designpress	19,800	-	49,431	-
Interbiz (Dong-A JV)	3,850	-	81,235	-
Lantu Games Limited ^{4,5}	-	141,020	-	-

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

	December 31, 2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Techplus (Electronic Times JV)	-	-	274,444	-
China Lab	-	-	256,453	-
Artitian (Kyunghyang Daily News JV)	-	-	29,361	-
Others	145,750	-	237,908	912
Others				
Happybean foundation ¹	120,932	27,574	1,630,449	-
NAVER Cultural foundation ¹	6,928	522	-	-
Bravepops	54	-	-	-
Jakga Company	-	-	491,819	-
Espresso Media	-	-	349,400	-
LunaSoft	-	-	17,561	-
Naver Connect ^{1,5}	-	-	165	-

¹ Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair-Trade Act.

² The outstanding balance of other receivables and others of LINE Music does not include the allowance of ₩ 11,121 million.

³ The outstanding balance of other receivables and others of AXIS does not include the allowance of ₩ 1,400 million.

⁴ The outstanding balance of other receivables and others of Lantu Games are presented net of loss allowance of ₩ 1,148 million.

⁵ Includes transactions with the entities that were reclassified to assets held for sale.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Fund transactions with related parties for the nine-month periods ended September 30, 2021 and 2020, are as follows:

		(in thousands of Korean won)				2021			
		Contributions in cash		Dividends received and others		Repayments ²		Collections: ²	
Associates	A-Holdings (formerly, LINE)	₩	103,055,033	₩	96,073,631	₩	-	₩	-
	WEVERSE COMPANY		211,884,516		-		-		-
	Cafe24 ³		137,164,280		-		-		-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT		85,151,683		-		-		-
	Munpia, Inc.		60,518,848		-		-		-
	AtoZ		40,000,000		-		-		-
	Soda Inc.		36,309,421		-		-		-
	LINE Bank Preparatory ¹		33,547,704		-		-		-
	China Ventures Fund I, L.P.		26,864,037		-		-		-
	K-Fund I		23,243,475		307,032		-		-
	MiraeAsset-Naver Asia Growth Fund		21,162,056		-		-		-
	JAYPLEMEDIA		13,805,000		-		-		-
	Famous Studio Corp. ⁴		6,000,000		-		-		-
	YN Culture & Space		3,275,000		-		-		-
	Baecom		2,499,995		-		-		-
	K-Fund II		2,174,976		-		-		-
	Smart Korea Naver-Stonebridge Rising Investment Association		2,000,000		-		-		-
	Sasom Company		1,012,861		-		-		-
	YUMI studio		1,000,005		-		-		-
	Studio Horang		1,000,000		-		-		-
	VerseWork		799,992		-		-		-
	Makma		750,660		-		-		-
	Sam Studio		700,033		-		-		-
	PLACE A INC.		487,805		-		-		18,794
	Studio Ohohoe		400,000		-		-		-
	Only One Entertainment		250,012		-		-		-
	Geulbitneun Iyakiggun		200,000		-		-		-
	Studio 389		100,000		-		-		-
	Seno		97,038		-		-		-
	NAVER KIP Cheer up! Gamers Fund		-		9,735,696		-		-
	Future Creation NAVER-Stonebridge Early Stage Start-up Fund		-		7,040,000		-		-
	MiraeAsset MAPS Private Placement Real Estate 62		-		6,581,591		-		-
	BonAngels Pacemaker Fund		-		3,000,000		-		-
	NAVER-Suprema Youth Foundation No.5 Investment Fund		-		2,807,293		-		-
	Soran Media Venture Fund		-		252,827		-		-

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

	Fast Cowell Private Equity Fund	-	31,433	-	-
	ARO In Tech	-	22,000	-	-
	LINE Corp	-	-	503,437	-
	LINE Financial Plus	-	-	-	1,549,064
	Line Biz Plus	-	-	-	694,924
	HAVIT ⁵	-	-	-	300,000
	LINE Plus	-	-	-	288,078
	LINE Up	-	-	-	228,941
Joint ventures	Kasikorn LINE ¹	27,577,283	-	-	-
Others	Contents First	33,422,061	-	-	-
	HD junction	2,900,005	-	-	-

¹ Entity was excluded from associates and joint ventures as they were included in the sale of disposal group during the nine-month period ended September 30, 2021. The amount represents transactions prior to the exclusion from associates and joint ventures.

² Includes transaction resulting from leases.

³ Made contribution in kind with its treasury shares.

⁴ Amounts of loans from KREAM to Famous Studio Corp.

⁵ Amounts collected for loans on HAVIT CORPORATION from SNOW, a subsidiary.

(in thousands of Korean won)

(in thousands of Korean won)

		2020				
		Contributions in cash		Dividends received and others		Loans
Associates	K-Fund I	₩	12,160,040	₩	-	₩ -
	MiraeAsset-Naver Asia Growth Fund		8,443,450		2,630,000	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT		35,174,023		11,724,434	-
	China Ventures Fund I, L.P.		83,429,148		-	-
	Lano		200,000		-	-
	Famous Studio Corp.		1,000,000		-	-
	VRex Lab		613,925		-	-
	Studio Mul		3,000,140		-	-
	Do Ventures Fund I-A, L.P		5,926,500		-	-
	DHP private equity fund 3		200,000		-	-
	CONG TY CO PHAN RBW VIETNAM		575,300		-	-
	LINE Games		-		-	33,481,500
	LINE Music		-		-	11,160,500
	NAVER-Suprema Youth Foundation					
	No.5 Investment Fund		-		1,161,077	-
	NAVER KIP Cheer up! Gamers Fund		-		2,050,000	-
	Future Creation NAVER-SB Startup Investment Fund		-		651.676	

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

	Future Creation Naver-Stonebridge			
	Early Stage Start-up Fund	-	960,000	-
	BonAngels Pacemaker Fund	-	250,000	-
	ARO In Tech	-	21,200	-
	Fast Cowell Private Equity Fund	-	150,000	-
	YN Culture & Space	474,950	-	-
	Cinamon Games	380,635	-	-
Joint ventures	LINE Bank Taiwan Limited	201,446,300	-	-
	Kasikorn LINE	9,337,004	-	-
Others	Studio Pot	1,000,000	-	-
	ITSB	9,337,004	-	-
	Espresso Media	958,257	-	-
	ICART GROUP	1,203,750	-	-

The compensation paid or payable to key management (executive directors) for their services for the nine-month periods ended September 30, 2021 and 2020, consists of:

<i>(in thousands of Korean won)</i>		2021		2020
Short-term employee benefits	₩	4,765,750	₩	3,416,872
Post-employment benefits		322,612		(587,665)
Share-based payment expenses		1,063,419		361,999

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

18. Business Combination

In May 2021, the Group acquired 100% shares of Wattpad Corp. Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Amount	
Purchase consideration		
Cash and cash equivalent	₩	697,414,380
		<u>697,414,380</u>
Recognized amounts of identifiable assets acquired and liabilities assumed ¹		
Assets		
Cash and cash equivalents		13,904,291
Short-term financial instruments		21,320,055
Trade and other receivables		11,568,592
Inventories		224,112
Property and equipment		296,906
Other assets		<u>2,845,107</u>
		<u>50,159,063</u>
Liabilities		
Trade and other payables		7,670,300
Income taxes payable		7,258,788
Other liabilities		<u>2,696,224</u>
		<u>17,625,312</u>
Total identifiable net assets		<u>32,533,751</u>
Goodwill	₩	<u>664,880,629</u>

¹ As at September 30, 2021, the fair value measurements of identifiable assets and liabilities are in progress and the amounts may be adjusted in accordance with the valuation results.

The operating revenue included in the consolidated statement of comprehensive income since the acquisition date, contributed by Wattpad Corp. was ₩ 24,772 million. Wattpad Corp. and subsidiaries also contributed loss of ₩ 1,536 million over the same period. Had Wattpad Corp. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would have shown an operating revenue of ₩ 5,386,106 million and profit of ₩ 16,150,270 million.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

In September 2021, the Group acquired 100% shares of NAMAIN Corporation. Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Amount
Purchase consideration	
Cash and cash equivalent	₩ 8,000,000
	<u>8,000,000</u>
Recognized amounts of identifiable assets acquired and liabilities assumed ¹	
Assets	
Cash and cash equivalents	5,938
Trade and other receivables	137,268
Property and equipment	17,993
Other assets	<u>3,611</u>
	<u>164,810</u>
Liabilities	
Trade and other payables	591
Other liabilities	<u>7,351</u>
	<u>7,942</u>
Total identifiable net assets	<u>156,868</u>
Goodwill	₩ <u>7,843,132</u>

¹ The fair value of identifiable assets and liabilities are tentative amounts that may be adjusted in accordance with the valuation results.

Had NAMAIN Corporation been consolidated from January 1, 2021, the consolidated statement of comprehensive income would have shown an operating revenue of ₩ 5,362,254 million and profit of ₩ 16,177,826 million.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

19. Discontinued Operation

On December 23, 2019, the Group entered into a transaction agreement, a joint venture agreement and a capital alliance agreement with SoftBank Corp., under which the Group and SoftBank Corp., agreed for a business integration of LINE, a subsidiary of the Group, and Z-Holdings Corp., a subsidiary of SoftBank Corp. As at August 4, 2020, all registration, licensing and other clearances and permits required by laws and regulations, including the competition laws and the investment control regulations, of the applicable countries, including Japan and the United States, are completed. Accordingly, the Group expects to lose control in LINE and the assets and liabilities related to LINE are presented as assets and liabilities held for sale, and the profit and loss on the related operations are presented as discontinued operations in the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020. The transaction has been completed on March 1, 2021.

(a) The Group acquired ordinary shares issued by LINE, a subsidiary of the Group, from non-controlling shareholders as part of business integration. The amount paid to the non-controlling shareholders is ₩ 1,054,541 million (2020: ₩ 934,405 million) during the nine-month period ended September 30, 2021.

Details of assets and liabilities classified as held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)

December 31, 2020

Assets held for sale

Current assets	₩	3,674,580,150
Cash and cash equivalents		2,245,363,414
Short-term financial instruments		79,480,389
Financial assets at fair value through profit or loss		1,000,857
Trade and other receivables		899,169,025
Financial assets at fair value through other comprehensive income		31,693,758
Inventories		143,032,381
Current tax assets		7,628,849
Other current assets		267,211,477
Non-current assets		2,985,673,308
Property and equipment		324,522,184
Right-of-use assets		683,421,336
Intangible assets		458,492,585
Long-term financial instruments		739,684
Financial assets at fair value through profit or loss		232,801,383
Trade and other receivables		98,892,223
Financial assets at fair value through other comprehensive income		75,282,679
Investments in associates and joint ventures		827,950,799
Deferred tax assets		272,435,895
Other non-current assets		11,134,540
	₩	<u>6,660,253,458</u>

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(in thousands of Korean won)

December 31, 2020

Liabilities held for sale		
Current liabilities	₩	3,128,344,220
Trade and other payables		854,500,441
Financial liabilities at fair value through profit or loss		999,955
Short-term borrowings		1,172,607,435
Current tax liabilities		92,389,346
Provisions		29,501,161
Lease liabilities		128,173,147
Other current liabilities		850,172,735
Non-current liabilities		1,546,897,061
Trade and other payables		1,851,490
Long-term borrowings		714,266,865
Debentures		5,690,291
Net defined benefit liabilities		108,623,749
Provisions		35,126,035
Lease liabilities		553,338,423
Deferred tax liabilities		127,522,671
Other non-current liabilities		477,537
	₩	<u>4,675,241,281</u>

In accordance with Korean IFRS 1105, the assets and liabilities held for sale were measured at the lower of net fair value or book amount, and there is no impairment loss or reversal of impairment loss recognized due to reclassification to held for sale.

(b) Cumulative income or loss recognized as other comprehensive income relates to the assets and liabilities classified as held for sale until December 31, 2020, are as follows:

(in thousands of Korean won)

December 31, 2020

Loss on valuation of financial assets at fair value through other comprehensive income	₩	(5,844,985)
Share of other comprehensive loss of associates and joint ventures		(38,186,574)
Exchange differences		6,160,976
Others		(58)
	₩	<u>(37,870,641)</u>

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(c) Profit (loss) from discontinued operations for the three-month and nine-month periods ended September 30, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021¹	
	Three months	Nine months
Operating revenues	₩ -	₩ 472,178,882
Operating expenses	-	(403,526,388)
Operating profit	-	68,652,494
Other income ²	-	16,182,471,289
Other expenses	-	(15,257,468)
Interest income	-	377,493
Finance income	-	7,651,595
Finance costs	-	(13,310,394)
Share of net income of associates and joint ventures accounted for using the equity method	-	-
Profit before income tax	-	16,230,585,009
Income tax expense ³	-	(1,230,690,431)
Profit for the period of discontinued operations	₩ -	₩ 14,999,894,578

(in thousands of Korean won)

	2020	
	Three months	Nine months
Operating revenues	₩ 698,981,021	₩ 1,902,777,407
Operating expenses	(682,440,453)	(2,034,009,803)
Operating profit (loss)	16,540,568	(131,232,396)
Other income ²	216,989,576	285,191,009
Other expenses	(187,741,341)	(293,693,693)
Interest income	514,628	2,142,698
Finance income	13,368,124	(1,205,492)
Finance costs	(12,778,853)	(57,353,567)
Share of net loss of associates and joint ventures accounted for using the equity method	(9,262,899)	(45,974,803)
Profit (loss) before income tax	37,629,803	(242,126,244)
Income tax expense ³	(46,258,615)	(33,179,628)
Loss for the period of discontinued operations	₩ (8,628,812)	₩ (275,305,872)

¹ The amount represents profit or loss before the sale.

² Includes gain on disposal of discontinued operation amounting to ₩ 16,120,144 million.

³ Includes income tax expense of ₩ 1,185,549 million in relation to disposal of discontinued operation.

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

(d) Summarized cash flows from discontinued operations for the nine-month periods ended September 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	2020
Cash flows from operating activities	₩ (179,631,570)	₩ (125,942,034)
Cash flows from investing activities	38,542,477	(301,088,183)
Cash flows from financing activities	9,245,652,989	341,106,778
Effects of foreign currency translation on cash and cash equivalents	(124,151,562)	80,451,088
Net cash inflow (outflow) from discontinued operations	8,980,412,334	(5,472,351)
Cash and cash equivalents at the beginning of the year	2,245,363,414	2,214,024,412
Cash and cash equivalents at the disposal date ¹	<u>₩ 11,225,775,748</u>	<u>₩ 2,208,552,061</u>

¹ The balances are related to discontinued operations as at September 30, 2020.

(e) Details of gain or loss on disposal of subsidiaries

<i>(in thousands of Korean won)</i>	Amounts
I. Total disposal consideration	₩ 17,993,953,976
Investments in associates	17,993,953,976
II. Carrying amount of net assets sold	1,906,782,177
Disposal assets	15,946,954,397
Current assets	12,864,446,457
Cash and cash equivalents	11,225,775,748
Short-term financial instruments	68,186,184
Financial assets at fair value through profit or loss	1,115,400
Trade and other receivables	960,153,083
Financial assets at fair value through other comprehensive income	40,000
Inventories	290,580,619
Current tax assets	7,636,040
Other current assets	310,959,383
Non-current assets	3,082,507,940
Property and equipment	335,178,154
Right-of-use assets	748,104,905
Intangible assets	464,778,744
Long-term financial instruments	735,934
Financial assets at fair value through profit or loss	204,883,480
Trade and other receivables	89,749,708
Financial assets at fair value through other comprehensive income	43,431,516
Investments in associates and joint ventures	918,503,212
Deferred tax assets	265,699,025
Other non-current assets	11,443,262

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2021 and 2020 (Unaudited), and December 31, 2020

Disposal liabilities	14,040,172,222
Current liabilities	12,392,455,566
Trade and other payables	2,259,554,716
Financial liabilities at fair value through profit or loss	644,197
Short-term borrowings	1,150,686,936
Current portion of debentures	7,717,696,576
Current tax liabilities	80,475,517
Provisions	75,497,411
Lease liabilities	117,932,509
Other current liabilities	989,967,704
Non-current liabilities	1,647,716,656
Trade and other payables	4,049,356
Financial liabilities at fair value through profit or loss	392,374
Long-term borrowings	736,078,077
Debentures	5,819,234
Net defined benefit liabilities	112,881,071
Provisions	43,886,823
Lease liabilities	599,832,907
Deferred tax liabilities	144,776,814
III. Non-controlling interest ¹	491,812,457
IV. Accumulated other comprehensive income	6,741,118
V. Changes in controlling interest ¹	363,352,647
VI. Cash paid	102,228,700
VII. Gain on disposal (I - II + III + IV - V - VI)	16,120,144,029
VIII. Income tax expense	1,185,549,417
X. Post-tax gain on disposal classified as profit from discontinued operations	<u>₩ 14,934,594,612</u>

¹ Includes the amount in relation with the increase in the non-controlling interest rate of subsidiaries that maintain control after the disposal of discontinued operations.