

**NAVER Corporation and Subsidiaries**  
**Consolidated Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

# NAVER Corporation and Subsidiaries

## Index

March 31, 2021 and 2020 (Unaudited), and December 31, 2020

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	Page(s)
<b>Report on Review of Interim Financial Statements</b> .....	1 - 2
<b>Consolidated Interim Financial Statements</b>	
Consolidated Interim Statements of Financial Position .....	3
Consolidated Interim Statements of Comprehensive Income .....	4
Consolidated Interim Statements of Changes in Equity .....	5 - 6
Consolidated Interim Statements of Cash Flows .....	7
Notes to the Consolidated Interim Financial Statements .....	8 - 50



## **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 March 31, 2021, and the related consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 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.

May 14, 2021  
Seoul, Korea

This report is effective as at May 14, 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**  
**March 31, 2021 and December 31, 2020**

<i>(in Korean won)</i>	Notes	March 31, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		₩ 2,669,250,967,967	₩ 1,600,304,349,922
Short-term financial instruments		290,877,541,367	291,292,142,737
Financial assets at fair value - profit or loss	4	1,000,825,229,878	922,939,095,062
Trade and other receivables		1,180,023,759,698	986,826,023,076
Inventories		4,575,017,270	4,344,942,323
Current tax asset		3,428,808,449	996,472,888
Other current assets		88,008,022,243	77,702,716,446
Assets held for sale	18	-	6,660,253,457,865
		<u>5,236,989,346,872</u>	<u>10,544,659,200,319</u>
<b>Non-current assets</b>			
Property and equipment	6	1,851,069,468,654	1,684,563,340,866
Right-of-use assets	7	131,606,167,947	129,537,198,819
Intangible assets	8	177,184,143,749	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	1,554,804,992,173	1,801,384,240,769
Trade and other receivables		33,219,954,253	28,578,223,832
Financial assets at fair value - other comprehensive income	4	2,120,477,380,712	1,330,951,990,243
Investments in associates and joint ventures	9	19,169,717,067,258	1,199,425,686,734
Deferred tax assets		100,788,844,595	108,572,845,624
Other non-current assets		40,894,168,271	67,174,027,703
		<u>25,194,017,909,612</u>	<u>6,469,579,463,451</u>
<b>Total assets</b>		<u>₩ 30,431,007,256,484</u>	<u>₩ 17,014,238,663,770</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		₩ 795,348,128,914	₩ 689,280,186,019
Financial liabilities at fair value - profit or loss	4	47,139,303,886	17,137,640,886
Short-term borrowings	10	488,377,485,311	576,223,326,575
Current tax payables		603,547,259,492	384,340,634,677
Provisions	12	4,466,629,613	31,708,383,889
Current lease liabilities	7	57,056,583,172	53,345,709,463
Other current liabilities		1,542,736,193,361	1,484,474,330,127
Liabilities held for sale	18	-	4,675,241,280,695
		<u>3,538,671,583,749</u>	<u>7,911,751,492,331</u>
<b>Non-current liabilities</b>			
Trade and other payables		74,435,727,802	68,448,327,272
Financial liabilities at fair value - profit or loss	4	32,963,085,992	7,962,264,800
Long-term borrowings	10	1,336,211,229,162	150,678,259,061
Debentures	10	1,259,716,249,050	-
Net defined benefit liabilities	11	480,738,886,564	462,094,245,426
Provisions	12	8,613,624,464	9,186,175,870
Non-current lease liabilities	7	89,458,789,438	92,170,749,140
Deferred tax liabilities		1,176,728,941,376	56,519,491,022
Other non-current liabilities		277,076,430	295,623,635
		<u>4,459,143,610,278</u>	<u>847,355,136,226</u>
<b>Total liabilities</b>		<u>7,997,815,194,027</u>	<u>8,759,106,628,557</u>
<b>Equity</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	13	16,481,339,500	16,481,339,500
Share premium	13	1,321,026,407,833	1,793,273,489,872
Other components of equity		(1,151,607,932,915)	(1,059,479,508,530)
Accumulated other comprehensive loss relating to assets held for sale		-	(37,870,641,018)
Retained earnings		21,899,570,638,547	6,654,814,483,478
		<u>22,085,470,452,965</u>	<u>7,367,219,163,302</u>
<b>Non-controlling interest</b>		<u>347,721,609,492</u>	<u>887,912,871,911</u>
<b>Total equity</b>		<u>22,433,192,062,457</u>	<u>8,255,132,035,213</u>
<b>Total liabilities and equity</b>		<u>₩ 30,431,007,256,484</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 Periods Ended March 31, 2021 and 2020**

(in Korean won)

	Notes	Three-Month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
<b>Operating revenues</b>	5	₩ 1,499,070,070,645	₩ 1,154,694,045,031
<b>Operating expenses</b>		<u>(1,210,236,922,231)</u>	<u>(862,911,594,334)</u>
<b>Operating profit</b>		288,833,148,414	291,782,450,697
Other income		16,852,420,009	15,759,437,294
Other expenses		(43,306,749,469)	(11,826,141,646)
Interest income		3,484,790,638	4,729,584,726
Finance income		98,081,714,404	127,543,540,143
Finance costs		(37,243,116,492)	(19,559,637,681)
Share of net profit of associates and joint ventures accounted for using the equity method	9	<u>98,193,747,710</u>	<u>11,614,086,327</u>
<b>Profit before income tax</b>		424,895,955,214	420,043,319,860
Income tax expense	14	<u>(110,268,823,939)</u>	<u>(123,485,260,106)</u>
<b>Profit from continuing operations</b>		<u>314,627,131,275</u>	<u>296,558,059,754</u>
<b>Profit (loss) from discontinued operations</b>	18	<u>14,999,894,577,525</u>	<u>(161,683,477,889)</u>
<b>Profit for the period</b>		<u>₩ 15,314,521,708,800</u>	<u>₩ 134,874,581,865</u>
<b>Profit for the period is attributable to:</b>			
Owners of the Parent Company			
Profit from continuing operations		₩ 314,118,799,473	₩ 295,366,053,989
Profit (loss) from discontinued operations		14,996,377,524,381	(110,562,110,752)
Non-controlling interests			
Profit from continuing operations		508,331,802	1,192,005,765
Profit (loss) from discontinued operations		3,517,053,144	(51,121,367,137)
<b>Other comprehensive income (loss)</b>			
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)	₩ (323,975,961)
Exchange differences		21,922,655,709	129,907,533,691
Share of other comprehensive income (loss) of associates and joint ventures	9	(206,748,622,785)	24,004,871,921
Items that will not be reclassified to profit or loss			
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income		55,130,052,591	(78,636,617,097)
Share of other comprehensive income (loss) of associates and joint ventures	9	3,902,877,398	(1,547,487,645)
Remeasurements of net defined benefit liabilities		-	811,517
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>(126,276,076,543)</u>	<u>73,405,136,426</u>
<b>Total comprehensive income for the period</b>		<u>₩ 15,188,245,632,257</u>	<u>₩ 208,279,718,291</u>
<b>Total comprehensive income (loss) for the period is attributable to:</b>			
Owners of the Parent Company		₩ 15,183,358,522,468	₩ 242,402,732,517
Non-controlling interests		4,887,109,789	(34,123,014,226)
<b>Earnings (losses) per share from continuing and discontinued operations attributable to the owners of the Parent Company</b>			
<b>Basic earnings (losses) per share</b>			
From continuing operations		₩ 2,129	₩ 2,030
From discontinued operations		101,618	(760)
<b>Diluted earnings (losses) per share</b>			
From continuing operations		₩ 2,124	₩ 2,030
From discontinued operations		101,397	(760)

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**  
**Three-Month Periods Ended March 31, 2021 and 2020**

(in Korean won)	Notes	Attributable to owners of the Parent Company						Total Equity				
		Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest						
<b>Balance at January 1, 2020</b>	₩	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
<b>Total comprehensive income for the year</b>												
Profit (loss) for the period		-		-		-		184,803,943,237		(49,929,361,372)		134,874,581,865
Loss on valuation of debt instruments at fair value - other comprehensive income		-		-		(323,975,961)		-		-		(323,975,961)
Gain (loss) on valuation of equity instrument at fair value - other comprehensive income		-		-		(79,886,273,203)		-		1,249,656,106		(78,636,617,097)
Exchange differences		-		-		112,261,974,797		-		17,645,558,894		129,907,533,691
Share of other comprehensive income (loss) of associates and joint ventures		-		-		25,546,471,496		-		(3,089,087,220)		22,457,384,276
Remeasurements of net defined benefit liabilities		-		-		-		592,151		219,366		811,517
<b>Transactions with owners</b>												
Dividends		-		-		-		(54,688,370,920)		(119,259,444)		(54,807,630,364)
Share-based payment expenses		-		-		4,666,328,545		-		7,135,766,596		11,802,095,141
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		-		658,146,816,117		-		-		143,835,109,805		801,981,925,922
Transactions with non-controlling interests		-		424,824,406		-		-		(778,949,868)		(354,125,462)
Others		-		(75,507,614)		-		-		-		(75,507,614)
<b>Balance at March 31, 2020 (Unaudited)</b>	₩	16,481,339,500	₩	2,233,803,977,347	₩	(1,412,145,999,386)	₩	5,802,449,125,381	₩	814,648,098,172	₩	7,455,236,541,014

**NAVER Corporation and Subsidiaries**  
**Consolidated Interim Statements of Changes in Equity**  
**Three-Month Periods Ended March 31, 2021 and 2020**

(in Korean won)	Notes	Attributable to owners of the Parent Company						Total Equity				
		Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest						
<b>Balance at January 1, 2021</b>	₩	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
<b>Total comprehensive income for the year</b>												
Profit for the period		-		-		-		15,310,496,323,854		4,025,384,946		15,314,521,708,800
Loss on valuation of debt instruments at fair value - other comprehensive income		-		-		(483,039,456)		-		-		(483,039,456)
Gain (loss) on valuation of equity instrument at fair value - other comprehensive income		-		-		55,428,668,592		-		(298,616,001)		55,130,052,591
Exchange differences		-		-		21,339,555,341		-		583,100,368		21,922,655,709
Share of other comprehensive income (loss) of associates and joint ventures		-		-		(203,422,985,864)		-		577,240,476		(202,845,745,388)
<b>Transactions with owners</b>												
Dividends		-		-		-		(59,278,532,070)		-		(59,278,532,070)
Share-based payment expenses		-		-		23,983,113,512		-		14,467,718,029		38,450,831,541
Exercise of stock options		-		14,241,790,399		6,551,811,101		-		-		20,793,601,500
Disposal of treasury shares		-		148,150,763,933		47,517,181,267		-		-		195,667,945,200
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		-		(997,992,283,386)		(4,956,835,800)		-		(57,491,734,487)		(1,060,440,853,673)
<b>Balance at March 31, 2021 (Unaudited)</b>	₩	16,481,339,500	₩	1,321,026,407,833	₩	(1,151,607,932,915)	₩	21,899,570,638,547	₩	347,721,609,492	₩	22,433,192,062,457

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**  
**Three-Month Periods Ended March 31, 2021 and 2020**

(in Korean won)	Note	Three-Month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	₩	241,491,586,103	₩ 322,111,354,255
Interest received		5,593,231,602	5,914,128,860
Interest paid		(11,878,189,033)	(11,918,411,918)
Dividends received		11,204,053,745	7,329,000,697
Income taxes paid		(49,711,669,987)	(45,490,962,699)
<b>Net cash inflow from operating activities</b>		<b>196,699,012,430</b>	<b>277,945,109,195</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase) in short-term financial instruments		12,208,842,240	(145,421,600,000)
Increase in long-term financial instruments		-	(2,560,000,000)
Payments for financial assets at fair value - profit or loss		(2,003,933,300,546)	(38,476,443,791)
Proceeds from disposal of financial assets at fair value - profit or loss		1,996,188,172,481	19,560,962,236
Acquisition of property and equipment	6	(256,206,449,315)	(166,361,619,913)
Disposal of property and equipment		3,389,836,787	19,747,646,472
Collection of lease receivables		397,596,349	79,032,836
Acquisition of intangible assets	8	(24,007,061,767)	(19,205,779,611)
Disposal of intangible assets		63,713,922	-
Acquisition of financial assets at fair value			
- other comprehensive income		(212,289,798,154)	(11,719,450,591)
Disposal of financial assets at fair value			
- other comprehensive income		70,652,419,184	16,430,117,152
Acquisition of investments in associates and joint ventures	9	(284,296,214,417)	(276,932,884,448)
Disposal of investments in associates and joint ventures		36,326,040,210	3,862,755,005
Net cash flow due to the transfer of subsidiaries to associates		(11,244,661,283,837)	-
Cash inflows (outflows) from other investing activities		15,847,567,081	(22,159,762,573)
<b>Net cash outflow from investing activities</b>		<b>(11,890,319,919,782)</b>	<b>(623,157,027,226)</b>
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowings		52,849,671,947	75,232,104,250
Repayment of short-term borrowings		(153,419,606,336)	(1,103,624,631)
Proceeds from long-term borrowings		1,245,182,096,931	-
Proceeds from issuance of debentures		9,067,393,364,761	-
Repayment of lease liabilities		(37,797,122,398)	(41,134,151,589)
Increase in financial liabilities at fair value - profit or loss		55,002,484,192	-
Acquisition of treasury shares		-	(15,516,003,480)
Dividends paid		-	(79,259,444)
Share issuance of subsidiaries		-	801,946,242,329
Exercise of stock options		26,079,692,500	-
Cash inflows from transactions with non-controlling interest		6,996,131,840	-
Cash outflows from transactions with non-controlling interest		(349,694,956,535)	-
Cash inflows from other financing activities		1,069,516,888,369	-
Cash outflows from other financing activities		(352,257,203,046)	(1,186,356,622)
<b>Net cash inflow from financing activities</b>		<b>10,629,851,442,225</b>	<b>818,158,950,813</b>
Effects of exchange rate changes on cash and cash equivalents		(112,647,330,453)	116,884,396,681
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,176,416,795,580)</b>	<b>589,831,429,463</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
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
		3,845,667,763,547	3,740,513,761,418
<b>Cash and cash equivalents at the end of the period</b>	₩	<b>2,669,250,967,967</b>	₩ <b>4,330,345,190,881</b>

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

### March 31, 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 March 31, 2021, the major shareholders of the Company consist of National Pension Fund (10.30%) 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 at March 31, 2021 and December 31, 2020, are as follows:

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) <sup>1</sup>		Closing month
				March 31, 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 Corporation	Korea	Webtoon service	100.00	100.00	December
	SNOW	Korea	Camera and communication application service	80.55	100.00	December
	Drama & Company <sup>4,6</sup>	Korea	Business card application service	40.59	81.18	December
	Audiensori	Korea	Audio contents production and distribution	100.00	100.00	December
	Company AI <sup>2</sup>	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	97.00	97.00	December
	SVA Content Media	Korea	Investment	99.31	99.31	December
	Do Ventures Annex Fund LP	USA	Investment	99.01	99.01	December
	A-Holdings (formerly, LINE) <sup>4,5,6</sup>	Japan	Mobile service development	50.00	78.18	March
NAVER J.Hub	Japan	Global business support	100.00	100.00	December	
NAVER China	China	Software development and	100.00	100.00	December	

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

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) <sup>1</sup>		Closing month
				March 31, 2021	December 31, 2020	
			distribution			
	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 <sup>5</sup>	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 <sup>3</sup>	Korea	Investment	48.39	48.39	December
	NAVER Hands	Korea	Standard workplace for the disabled	100.00	100.00	December
	NAVER WP I, L.P	USA	Managing local business	100.00	-	December
	NAVER WP II, LLC	USA	Managing local business	100.00	-	December
NAVER France	C-Fund	France	Investment	99.75	99.75	December
	C-Fund sub fund 2	France	Investment	99.98	-	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
	CommPartners	Korea	Customer center operations	100.00	100.00	December
WEBTOON	Naver Webtoon	Korea	Webtoon service	100.00	100.00	December
Entertainment	LINE Digital Frontier	Japan	Webtoon service in Japan	100.00	100.00	December
Naver Webtoon	Lico	Korea	Contents production	100.00	100.00	December
	Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
	V.DO	Korea	Video searching solution development	66.57	66.57	December
	YLAB Japan	Japan	Contents production	100.00	100.00	December
LINE Digital Frontier	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

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

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) <sup>1</sup>		Closing month
				March 31, 2021	December 31, 2020	
	HEART IT	Korea	Online commerce platform operations	100.00	100.00	December
	Semicolon Studio	Korea	Video contents production and distribution	100.00	100.00	December
	NAVER Z	Korea	Mobile service development and operations	88.99	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	83.33	100.00	December
	KREAM	Korea	Sneakers trading platform	71.73	-	December
SNOW China	SNOW China (Beijing)	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	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 <sup>4</sup>	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
	NF Insurance Services	Korea	Insurance brokerage	100.00	100.00	December
A-Holdings (formerly, LINE)	LINE SOUTHEAST ASIA <sup>4</sup>	Singapore	Mobile billing system planning and development	-	100.00	March
	LFG HOLDINGS <sup>4</sup>	Hong Kong	Character and doll wholesale and retail	-	100.00	March
	LINE Ventures <sup>4</sup>	Japan	Investment	-	100.00	March
	LINE Fukuoka <sup>4</sup>	Japan	Mobile service operations	-	100.00	March
	Gatebox <sup>4</sup>	Japan	IoT products planning and development	-	55.09	March
	LINE Growth Technology <sup>4</sup>	Japan	Mobile service development	-	100.00	March
	LINE Conomi <sup>4,6</sup>	Japan	Global restaurant review service	49.90	100.00	March
	LINE TICKET <sup>4</sup>	Japan	E-Ticket service operations	-	51.00	March
	Next Library <sup>4</sup>	Japan	Internet information services	-	100.00	March
	LINE Pay <sup>4</sup>	Japan	Mobile billing system planning and development	-	100.00	March
	LINE Financial <sup>4</sup>	Japan	Financial business	-	100.00	March
	LINE Ventures Global <sup>4</sup>	Japan	Investment	-	100.00	March
	LINE Ventures Japan <sup>4</sup>	Japan	Investment	-	100.00	March
	LVC <sup>4</sup>	Japan	Financial business	-	90.00	March
	LINE Healthcare <sup>4</sup>	Japan	Telemedicine services	-	51.00	March
	LINE Business Support <sup>4</sup>	Japan	Business support and workforce supply	-	100.00	March
	HOP <sup>4</sup>	Japan	Matching service operations	-	60.00	March
	LINE TECHNOLOGY VIETNAM <sup>4</sup>	Vietnam	Local service and marketing	-	100.00	March
	LINE Split Preparation <sup>4</sup>	Japan	Strategic alliance and service integration	-	100.00	March
	DEMAE-CAN <sup>4</sup>	Japan	Delivery application service	-	60.93	August
DEMAE-CAN	SATSUMAEBISUDO <sup>4</sup>	Japan	Food processing	-	100.00	August

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

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) <sup>1</sup>		Closing month
				March 31, 2021	December 31, 2020	
LINE Split Preparation	LINE Friends <sup>4,6</sup>	Korea	Character and doll wholesale and retail	30.00	100.00	March
	LINE Plus <sup>4</sup>	Korea	Portal and internet information services	-	100.00	March
LINE Plus	LINE Up <sup>4</sup>	Korea	Mobile game software development and distribution	-	100.00	March
	LINE Studio <sup>4</sup>	Korea	Mobile game software development and distribution	-	100.00	March
	LINE Play <sup>4</sup>	Korea	Avatar development and service operation	-	100.00	March
	Nemustech <sup>4</sup>	Korea	Software development	-	100.00	March
	Grayhash <sup>4</sup>	Korea	Software development	-	76.99	March
	LINE Euro-Americas <sup>4</sup>	USA	Mobile service marketing	-	100.00	March
	LINE Digital Technology (Shanghai) <sup>4</sup>	China	Mobile service marketing	-	100.00	March
	LINE Taiwan <sup>4</sup>	Taiwan	Mobile service operations	-	100.00	March
	LINE Company (Thailand) <sup>4</sup>	Thailand	Mobile service operations	-	99.95	March
	PT.LINE PLUS INDONESIA <sup>4</sup>	Indonesia	Mobile service operations	-	99.99	March
LINE Digital Technology (Shanghai)	Beijing Wangzhongwenda Technology <sup>4</sup>	China	Mobile service operations	-	100.00	March
LINE Taiwan	SHINEWANT TECHNOLOGY <sup>4</sup>	Taiwan	Internet information services	-	100.00	March
	JDW <sup>4</sup>	Taiwan	Internet information services	-	81.20	March
JDW	JDW Taxi <sup>4</sup>	Taiwan	Internet information services	-	62.50	March
LINE SOUTHEAST ASIA	LINE VIETNAM JOINT STOCK COMPANY <sup>4</sup>	Vietnam	Online information distribution business	-	99.11	March
LINE Ventures	LINE Investment Technologies <sup>4</sup>	Japan	Investment	-	100.00	March
LINE Friends	Markt <sup>4</sup>	Korea	Software development and wholesale and retail	-	51.00	March
	LINE Friends Japan <sup>4</sup>	Japan	Character and doll wholesale and retail	-	100.00	March
	LINE Friends <sup>4</sup>	USA	Character and doll wholesale and retail	-	100.00	March
	LINE Friends Taiwan <sup>4</sup>	Taiwan	Character and doll wholesale and retail	-	100.00	March
	LINE Friends(Shanghai) Commercial Trade <sup>4</sup>	China	Character and doll wholesale and retail	-	100.00	March
LINE Pay	Line Biz Plus <sup>4</sup>	Korea	Software development and distribution	-	100.00	March
	BALIE <sup>4</sup>	Japan	Searching advertising service business	-	100.00	March
	Webpay Holdings <sup>4</sup>	Japan	Mobile billing system planning and development	-	100.00	March
	LINE Pay hokkaido <sup>4</sup>	Japan	Mobile billing system planning and development	-	70.00	March
	LINE Pay Taiwan <sup>4</sup>	Taiwan	Mobile billing system planning and development	-	70.01	March
Webpay Holdings	Webpay <sup>4</sup>	Japan	Mobile billing system planning and development	-	100.00	March
LINE Financial	LINE Financial Plus <sup>4</sup>	Korea	Financial business	-	100.00	March

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

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) <sup>1</sup>		Closing month
				March 31, 2021	December 31, 2020	
	LINE Credit <sup>4</sup>	Japan	Financial business	-	51.00	March
	LINE Securities <sup>4</sup>	Japan	Financial business	-	51.00	March
	LINE Bank Preparatory <sup>4</sup>	Japan	Financial business	-	51.00	March
	LINE Financial Asia <sup>4</sup>	Hong Kong	Financial business	-	100.00	March
LINE Financial Asia	LINE Financial Taiwan <sup>4</sup>	Taiwan	Financial business	-	100.00	March
LVC	Unblock <sup>4</sup>	Korea	Software development and distribution	-	100.00	March
	Unchain <sup>4</sup>	Korea	Software development and distribution	-	50.98	March
	LVC USA <sup>4</sup>	USA	Financial business	-	100.00	March
	LINE TECH PLUS <sup>4</sup>	Singapore	Financial business	-	100.00	March
	Unblock Ventures <sup>4</sup>	Hong Kong	Financial business	-	100.00	March
NAVER J.Hub	Mirai Fund <sup>4,6</sup>	Japan	Investment	90.00	100.00	December
Mirai Fund LLP	Mission Worldwide Group Limited <sup>4</sup>	Virgin Islands	Software development and distribution	-	68.28	December
Mission Worldwide Group Limited	CHOCO Media <sup>4</sup>	Taiwan	Mobile service operations	-	100.00	December

<sup>1</sup> 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).

<sup>2</sup> Its liquidation has been completed during the three-month period ended March 31, 2021.

<sup>3</sup> Although the Group owns less than 50% ownership of Smart Spring Fund as at March 31, 2021, the Group is considered 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.

<sup>4</sup> 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 governance restructuring was reorganized during the three-month period ended March 31, 2021.

<sup>5</sup> 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 three-month period ended March 31, 2021. During the three-month period ended March 31, 2021, the existing division and investment securities of LINE were transferred to LINE Corp, a subsidiary of A-Holdings.

<sup>6</sup> Classified from investments in subsidiaries to associates and joint ventures due to the decreased Group's ownership in these entities during the three-month period ended March 31, 2021 (Note 9).

## 1.2 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the three-month period ended March 31, 2021, are as follows:

Reason	Subsidiaries
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**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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Newly established	NAVER WP I L.P, NAVER WP II LLC, C-fund sub fund2
Established through split-off	KREAM

Subsidiaries excluded from the consolidation for the three-month period ended March 31, 2021, are as follows:

Reason	Subsidiaries
Liquidation	Company AI 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, DEMAЕ-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	

## 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 three-month period ended March 31, 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

# NAVER Corporation and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2021 and 2020 (Unaudited), and December 31, 2020

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Korean IFRS which is effective as at March 31, 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 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 adjusted 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 financial statements.

#### **2.1.2 New standards and interpretations not yet adopted by the Group**

The following is new accounting standards and interpretations that have been published that are not mandatory for March 31, 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 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



# NAVER Corporation and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2021 and 2020 (Unaudited), and December 31, 2020

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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 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 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 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 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

#### *- 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 include 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,

# **NAVER Corporation and Subsidiaries**

## **Notes to the Consolidated Interim Financial Statements**

### **March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

#### **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**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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**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 three-month period ended March 31, 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.

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

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

*(in thousands of Korean won)*

	<b>March 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at fair value - profit or loss	₩ 13,895,061	₩ 986,930,169	₩ 1,554,804,992	₩ 2,555,630,222
Equity instruments at fair value - other comprehensive income	2,073,405,609	-	47,071,772	2,120,477,381
<b>Financial liabilities</b>				
Financial liabilities at fair value - profit or loss	-	-	₩ 80,102,390	₩ 80,102,390

*(in thousands of Korean won)*

	<b>December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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:

*(in thousands of Korean won)*

	<b>December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				

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

Financial liabilities at fair value - profit or loss	₩	999,955	₩	-	₩	-	₩	999,955
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**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 three-month period ended March 31, 2021.

The following table presents the changes in level 3 financial instruments for the three-month periods ended March 31, 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	Financial liabilities at fair value - profit or loss	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Financial liabilities at fair value - profit or loss
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 <sup>1</sup>	42,938,331	-	-	45,963,815	-	-
Amounts recognized in other comprehensive income <sup>2</sup>	-	(1,277,706)	-	-	4,351,054	-
Acquisitions / borrowings	90,237,043	7,765,572	55,002,484	38,476,444	357,141	-
Disposals / repayments	(370,912,772)	(7,565,459)	-	(19,560,962)	-	-
Transfer into Level 1	(6,999,999)	(3,232,665)	-	-	-	-
Others <sup>3</sup>	(35,928)	-	-	7,788,497	(8,288,497)	-
Exchange differences	(120,627)	(183,463)	-	11,825,541	1,988,718	150,712
Sale of disposal group <sup>4</sup>	(200,380,804)	(29,775,586)	-	-	-	-
Ending balance	₩ 1,554,804,992	₩ 47,071,772	₩ 80,102,390	₩ 1,291,593,829	₩ 71,300,825	₩ 8,490,447

<sup>1</sup> Includes amounts recognized in profit or loss in relation to discontinued operations for ₩ 368 million as gain and for ₩ 352 million as loss during the three-month periods ended March 31, 2021 and 2020 respectively.

<sup>2</sup> Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 349 million and ₩ 1,714 million during the three-month periods ended March 31, 2021 and 2020 respectively.

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

<sup>4</sup> 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 three-month period ended March 31, 2021.

**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 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 March 31, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)		March 31, 2021					
		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
<b>Continuing operations</b>							
<b>Financial assets at fair value - profit or loss</b>							
Compound financial instruments	₩	768,953,021	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	24.50% ~ 72.70%
				Market approach and others	PBR, EV/SALES, PSR, PER, recent transaction price, net asset value	EV/SALES PSR PER PBR	1.30 ~ 20.12 0.43 ~ 13.07 2.40 ~ 25.51 0.78 ~ 11.70
				Present value method	Credit risk adjusted discount rate	Discount rate	12.42% ~ 16.90%
Beneficiary certificates and funds		26,848,339	2	Present value method	Credit risk adjusted discount rate	-	-
Beneficiary certificates and funds		785,851,971	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities		960,081,830	2	Present value method	Credit risk adjusted discount rate	-	-
<b>Equity instruments at fair value – other comprehensive income</b>							
Equity securities		47,071,772	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	1.93 ~ 11.10 1.31 ~ 5.30
<b>Financial liabilities at fair value - profit or loss</b>							
Derivatives		80,102,390	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	27.82% ~ 32.17%

(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					
<b>Financial assets at fair value - profit or loss</b>								
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 EV/SALES PSR	1.19 ~ 11.70 1.30 ~ 20.12 0.44 ~ 11.20
					Present value method	Credit risk adjusted	Discount rate	10.82% ~ 16.90%

**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 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					
					discount rate		
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	(*)	(*)
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	-	-
<b>Debt instruments at fair value – other comprehensive income</b>							
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	-	-	-
<b>Equity instruments at fair value – other comprehensive income</b>							
Equity securities	51,731,270	29,142,772	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	1.93 ~ 11.10 1.28 ~ 5.3
<b>Financial liabilities at fair value - profit or loss</b>							
Derivatives	25,099,906	-	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	27.82%~32.17%

(\*) 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.

### 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 three-month periods ended March 31, 2021 and 2020, are as follows:

(in thousands of Korean won)	2021		2020	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)

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

Search Platform <sup>1</sup>	₩	752,720,039	50.2	₩	644,696,418	55.9
Commerce <sup>2</sup>		324,360,979	21.6		231,249,506	20.0
FinTech <sup>3</sup>		209,509,941	14.0		137,616,601	11.9
Contents <sup>4</sup>		130,768,155	8.7		93,381,854	8.1
Cloud <sup>5</sup>		81,710,957	5.5		47,749,666	4.1
Continued operations		<u>1,499,070,071</u>	<u>100.0</u>		<u>1,154,694,045</u>	<u>100.0</u>
Discontinued operations		<u>472,178,882</u>			<u>577,370,417</u>	
	₩	<u>1,971,248,953</u>		₩	<u>1,732,064,462</u>	

<sup>1</sup> Search and Display

<sup>2</sup> Shopping Search & Display, brokerage fees and others

<sup>3</sup> Pay Services and Digital Finance

<sup>4</sup> Webtoon, Music, V LIVE, SNOW and others

<sup>5</sup> Cloud, Works and others

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.

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

<i>(in thousands of Korean won)</i>	Revenue from external customers		Non-current assets <sup>1</sup>	
	2021	2020	March 31, 2021	December 31, 2020
Domestic	₩ 1,435,362,889	₩ 1,118,607,672	₩ 2,052,305,218	₩ 1,838,775,695
Japan	36,969,842	28,914,138	76,334,577	72,396,600
Others	<u>26,737,340</u>	<u>7,172,235</u>	<u>72,114,153</u>	<u>75,238,459</u>
Continuing operations	<u>1,499,070,071</u>	<u>1,154,694,045</u>	<u>2,200,753,948</u>	<u>1,986,410,754</u>
Discontinued operations				
/assets held for sale	<u>472,178,882</u>	<u>577,370,417</u>	-	<u>1,477,570,645</u>
	<u>₩ 1,971,248,953</u>	<u>₩ 1,732,064,462</u>	<u>₩ 2,200,753,948</u>	<u>₩ 3,463,981,399</u>

<sup>1</sup> Excludes financial instruments (including investments in associates and joint ventures) and deferred tax assets.

The revenue from contracts with customers by category for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	2020
<b>By timing of revenue recognition</b>		
Recognized at a point in time	₩ 1,086,486,556	₩ 849,451,548
Recognized over time	<u>412,583,515</u>	<u>305,242,497</u>
Continuing operations	<u>1,499,070,071</u>	<u>1,154,694,045</u>
Discontinued operations	<u>472,178,882</u>	<u>577,370,417</u>
	<u>₩ 1,971,248,953</u>	<u>₩ 1,732,064,462</u>



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

**6. Property and Equipment**

Changes in property and equipment for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<b>2021</b>	<b>2020</b>
Beginning balance	₩ 1,684,563,341	₩ 1,596,271,318
Acquisition and capital expenditures	239,796,296	158,322,596
Depreciation <sup>1</sup>	(77,001,155)	(84,524,017)
Disposals, retirement and impairment	(651,468)	(19,997,742)
Others <sup>2</sup>	4,362,455	20,570,380
Ending balance	<u>₩ 1,851,069,469</u>	<u>₩ 1,670,642,535</u>

<sup>1</sup> Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 27,915 million during the three-month period ended March 31, 2020.

<sup>2</sup> Others include effects of changes in foreign currency exchange rates.

During the three-month period ended March 31, 2021, the Group has capitalized borrowing costs amounting to ₩ 1,481 million (2020, 1Q: ₩ 455 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 2.12% (2020, 1Q: 3.47%).

**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>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Right-of-use assets		
Properties	₩ 86,364,407	₩ 84,121,347
Vehicles	1,075,273	1,055,010
IDC buildings	39,989,484	40,754,925
Leased internet line	4,177,004	3,605,917
	<u>₩ 131,606,168</u>	<u>₩ 129,537,199</u>
Lease receivables	₩ 10,215,540	₩ 64,717
<i>(in thousands of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>

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

Lease liabilities				
Current	₩	57,056,583	₩	53,345,709
Non-current		89,458,789		92,170,749
	₩	<u>146,515,372</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>		<b>December 31, 2020</b>
Right-of-use assets	₩	683,421,336
Lease receivables		60,237

<i>(in thousands of Korean won)</i>		<b>December 31, 2020</b>
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 three-month period ended March 31, 2021 were ₩ 86,221 million (from continuing operations: ₩ 16,176 million, discontinued operations: ₩ 70,044 million).

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

The consolidated statement of comprehensive income shows the following amounts relating to leases for the three-month periods ended March 31, 2021 and 2020:

<i>(in thousands of Korean won)</i>		<b>2021</b>		<b>2020</b>
Depreciation of right-of-use assets				
Properties	₩	9,801,923	₩	9,764,696
Vehicles		165,092		171,468
IDC buildings		2,535,118		3,310,706
Leased internet line		437,825		315,929
	₩	<u>12,939,958</u>	₩	<u>13,562,800</u>
Interest expense relating to lease liabilities (included in 'finance costs') <sup>1</sup>	₩	1,012,776	₩	973,844
Expense relating to short-term leases and leases of low-value assets		2,059,031		704,592

<sup>1</sup> 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.

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

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The consolidated statement of comprehensive income shows the following amounts relating to leases from discontinued operations for the three-month periods ended March 31, 2021 and 2020:

<i>(in thousands of Korean won)</i>	<b>2021</b>	<b>2020</b>
Depreciation of right-of-use assets	₩ -	₩ 36,436,404
Interest expense relating to lease liabilities (included in 'finance costs')	2,254,531	3,517,551
Expense relating to short-term leases and leases of low-value assets	575,373	848,081
Expense relating to variable lease payments not included in lease liabilities	8,163,436	12,517,700

The total cash outflows from continuing and discontinued operations for leases were ₩ 16,958 million and ₩ 34,904 million, respectively, and the total cash inflow from continuing and discontinued operations for leases was ₩ 407 million and 21 million, respectively, for the three-month period ended March 31, 2021.

## **8. Intangible Assets**

Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<b>2021</b>	<b>2020</b>
Beginning balance	₩ 105,136,187	₩ 341,442,833
Acquisition and capital expenditures	9,822,205	99,027,157
Amortization <sup>1</sup>	(3,804,626)	(9,233,528)
Disposals, retirement and impairment	(61,346)	(72,185,775)
Others <sup>2</sup>	66,091,724	12,720,541
Ending balance	<u>₩ 177,184,144</u>	<u>₩ 371,771,228</u>

<sup>1</sup> Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 7,007 million during the three-month period ended March 31, 2020.

<sup>2</sup> Others include effects of changes in foreign currency exchange rates.

**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 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 March 31, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	March 31, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
<b>Associates</b>						
NetMania	Software development and distribution	Korea	December	27.17	₩ 988,664	₩ 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	635,772	756,726
Silicon Cube <sup>2</sup>	Applied software development and distribution	Korea	December	41.89	-	-
NSPACE	Space service business	Korea	December	49.04	1,060,699	1,060,944
One Store	E-Commerce business	Korea	December	25.58	46,549,304	41,840,201
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	5,237,685	3,123,103
Korea Contents Mutual Aid Association <sup>1</sup>	Mutual Aid Association	Korea	December	57.94	9,502,142	9,361,132
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	6,712,967	3,905,332
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	12,751,049	9,544,595
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	4,890,434	2,077,009
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	7,028,003	6,580,164
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	44,159,066	44,130,666
YG NAVER Contents & Lifestyle Fund <sup>1</sup>	Investment	Korea	December	90.91	48,930,755	48,348,016
Soran Media Venture Fund I <sup>1</sup>	Investment	Korea	December	66.67	815,060	818,946
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	207,999,779	208,270,708
MiraeAsset-Naver Asia Growth Fund <sup>4,5</sup>	Investment	Korea	December	16.67	72,398,152	59,177,234
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT <sup>5</sup>	Investment	Singapore	December	40.00	293,076,335	240,051,940
Digital Media Partners II	Investment	Cayman Islands	December	26.09	2,343,669	2,249,591
K-Fund I <sup>1,10</sup>	Investment	France	December	74.81	214,982,483	226,308,396
China Ventures Fund I, L.P. <sup>1,5</sup>	Investment	Canada	December	70.33	297,911,333	195,108,242
The Grim Ent.	Webtoon production	Korea	December	34.98	1,584,732	1,697,935
Studio Horang	Webtoon production	Korea	December	35.00	393,161	420,153
Bigpicture Comics	Webtoon production	Korea	December	35.00	1,334,043	1,358,322

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

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	March 31, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Studio JHS	Webtoon production	Korea	December	35.00	615,589	491,363
JQ COMICS	Webtoon production	Korea	December	35.06	179,959	205,450
ZK Studio	Webtoon production	Korea	December	40.00	355,976	364,841
Soo COMICS	Webtoon production	Korea	December	40.00	375,514	379,585
AXIS <sup>3</sup>	Software development and distribution	Korea	December	28.21	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,231,517	1,243,933
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	22.42	513,909	536,497
LINE Games <sup>5,6</sup>	Software development and distribution	Korea	December	-	-	65,277,244
Epic Voyage <sup>6</sup>	Mobile service development	Japan	December	-	-	26,340
LINE Music <sup>6</sup>	Mobile service development	Japan	December	-	-	55,220
Transcosmos Online Communication <sup>6</sup>	Business customer support	Japan	December	-	-	899,160
LENSA, LTD. <sup>6</sup>	Mobile advertising service business	Japan	December	-	-	1,170,140
LINE Mobile <sup>6</sup>	Telecommunications service	Japan	December	-	-	72,002,818
Venture Republic <sup>5,6</sup>	Online information distribution business	Japan	December	-	-	5,596
PT. Bank KEB HANA Indonesia <sup>6</sup>	Bank and financial business	Indonesia	December	-	-	159,229,649
FOLIO Holdings <sup>5,6</sup>	Financial business	Japan	December	-	-	13,062,312
iPASS <sup>6</sup>	Mobile billing system planning and development	Taiwan	December	-	-	10,488,306
Connection Labs Ltd <sup>2,6</sup>	Software development and distribution	Taiwan	December	-	-	-
Alliance Internet	Online company revenue support	Korea	December	23.53	1,331,841	1,148,343
CONG TY CO PHAN RBW VIETNAM	Contents production	Vietnam	December	35.36	328,609	328,609
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	1,409,546	602,585
VReX Lab Co.,Ltd. <sup>2</sup>	Programming service	Korea	December	27.99	-	-
DHP private equity fund 3	Investment	Korea	December	25.16	171,381	171,603
Japan Food Delivery Co.,Ltd <sup>6</sup>	Mobile service development	Japan	December	-	-	1,086,193
AIRI, Inc. <sup>4</sup>	AI technology research and investment	Korea	December	14.29	2,475,667	2,615,481
Studio Mul	Contents production	Korea	December	35.00	2,910,613	2,956,470
Do Ventures Fund I-A, L.P	Investment	Cayman Islands	December	32.30	4,937,310	5,026,657
PLACE A INC.	Software development and	Korea	December	48.78	213,810	2,430

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

				March 31, 2021		December 31, 2020
<i>(in thousands of Korean won)</i>				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	483,832	723,446
LINE MAN <sup>5,6</sup>	Applied software development and distribution	Singapore	December	-	-	210,083,387
YN Culture & Space	Record production and planning	Korea	December	49.37	1,863,991	1,873,943
SMEJ Plus	Global fanship related investment	Japan	December	30.07	36,111,700	36,838,066
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	1,937,345	2,000,000
Carousell Pte <sup>4</sup>	Platform investment	Singapore	December	8.13	67,620,911	66,408,113
HAVIT CORPORATION	Mobile service development	Korea	December	28.57	2,857	2,857
A-Holdings <sup>5,7</sup>	Mobile service development	Japan	March	50.00	16,999,546,631	-
Drama & Company <sup>5,8</sup>	Business card application service	Korea	December	40.59	46,686,800	-
LINE Friends <sup>5,8</sup>	Character and doll wholesale and retail	Korea	March	30.00	83,007,518	-
LINE Conomi <sup>8</sup>	Global restaurant review service	Japan	March	49.90	5,593,116	-
Seno	Contents production	China	December	45.00	98,385	-
AtoZ	Contents distribution	Korea	December	26.67	40,000,000	-
Sam studio	Contents production	Korea	December	35.00	700,033	-
					18,588,153,280	1,770,291,028
<b>Joint ventures</b>						
Mirai Fund <sup>5,9</sup>	Investment	Japan	December	90.00	565,259,761	-
China Lab	Database and online information service	Korea	December	49.00	553,660	558,452
JobsN	Online information service	Korea	December	49.00	2,211,459	2,128,476
YEOPEUL	Online information service and internet contents business	Korea	December	49.00	2,089,099	2,033,387
Cineplay	Online information service and online advertising	Korea	December	49.00	704,962	656,154
Designpress	Online information service and internet contents business	Korea	December	49.00	877,949	896,395
Interbiz (Dong-A JV)	Online information service and internet contents business	Korea	December	49.00	836,720	829,410
Artitian (Kyunghyang Daily News JV)	Online information service and internet contents business	Korea	December	49.00	284,646	279,564

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

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	March 31, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Schooljam (EBS JV)	Online information service and internet contents business	Korea	December	49.00	513,077	501,444
Agroplus (Korea Business JV)	Online information service and internet contents business	Korea	December	49.00	769,681	704,929
Sumlab (Munhwa Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	851,471	804,861
Techplus (Electronic Times JV)	Online information service and internet contents business	Korea	December	49.00	1,064,991	983,593
Animal and Human Story (Hankook Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	348,220	368,339
Law and Media (Money Today JV)	Online information service and internet contents business	Korea	December	49.00	227,851	201,055
DANAA Data	Software development and distribution	Korea	December	49.00	4,970,240	4,961,445
LINE Project <sup>6</sup>	Investment	Japan	December	-	-	-
Lantu Games <sup>6</sup>	Mobile service development	Hong Kong	December	-	-	-
RABBIT-LINE PAY COMPANY <sup>6</sup>	Online payment service	Thailand	December	-	-	7,207,359
Collab+LINE <sup>6</sup>	Investment	USA	December	-	-	1,661,831
Kasikorn LINE <sup>6</sup>	Software development and distribution	Thailand	December	-	-	45,829,583
LINE Bank Taiwan Limited <sup>6</sup>	Financial business	Taiwan	December	-	-	186,479,181
					581,563,787	257,085,458
					₩ 19,169,717,067	₩ 2,027,376,486
Assets held for sale					₩ -	₩ 827,950,799
Continuing operations					19,169,717,067	1,199,425,687

<sup>1</sup> 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.

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

<sup>3</sup> Stopped applying equity method due to accumulated deficits.

<sup>4</sup> 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.

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

<sup>5</sup> Prepared based on the investees' consolidated financial statements.

<sup>6</sup> Classified to assets held for sale as at December 31, 2020 and disposed as the business integration was completed during the three-month period ended March 31, 2021.

<sup>7</sup> Interests in A-holdings, which were received in exchange for the sale of the disposal group during the three-month period March 31, 2021, are classified as an investment in associate.

<sup>8</sup> Classified to investments in associates as the Group lost control due to the decreased Group's ownership in the entity during the three-month period ended March 31, 2021.

<sup>9</sup> The Group lost control during the three-month period ended March 31, 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.

<sup>10</sup> The shares held by the subsidiaries included in the disposal group were disposed during the three-month period ended March 31, 2021.

Changes in investments in associates and joint ventures for the three-month periods ended March 31, 2021 and 2020, are as follows:

*(in thousands of Korean won)*

	<b>2021</b>		
	<b>Investments in associates</b>	<b>Investments in joint ventures</b>	<b>Total</b>
Beginning balance	₩ 1,183,518,183	₩ 15,907,504	₩ 1,199,425,687
Acquisition	17,537,381,002	573,687,781	18,111,068,783
Valuation of investment using the equity method			
· Share of profit of associates and joint ventures	98,034,985	158,763	98,193,748
· Share of other comprehensive loss of associates and joint ventures	(222,724,803)	(8,190,261)	(230,915,064)
· Dividends	(12,548,384)	-	(12,548,384)
· Other changes	4,492,297	-	4,492,297
Ending balance	<u>₩ 18,588,153,280</u>	<u>₩ 581,563,787</u>	<u>₩ 19,169,717,067</u>

*(in thousands of Korean won)*

	<b>2020</b>		
	<b>Investments in associates</b>	<b>Investments in joint ventures</b>	<b>Total</b>
Beginning balance	₩ 1,482,017,959	₩ 76,250,226	₩ 1,558,268,185
Acquisition	75,602,482	201,830,402	277,432,884
Disposal	(3,106,638)	-	(3,106,638)
Valuation of investment using the equity method			
· Share of loss of associates and joint ventures <sup>1</sup>	(4,463,460)	(1,008,990)	(5,472,450)
· Share of other comprehensive income (loss) of associates and joint ventures <sup>2</sup>	23,891,422	(1,434,038)	22,457,384
· Dividends	(3,862,753)	-	(3,862,753)



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

· Other changes	(4,415,444)	14,028	(4,401,416)
Ending balance	₩ 1,565,663,568	₩ 275,651,628	₩ 1,841,315,196

<sup>1</sup> Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 17,087 million during the three-month period ended March 31, 2020.

<sup>2</sup> Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 9,720 million during the three-month period ended March 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 ₩ 1,598 million as at March 31, 2021.

## 10. Borrowings and Debentures

Borrowings as at March 31, 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 (%)	March 31, 2021	December 31, 2020
<b>Short-term borrowings</b>					
Foreign currency	Sumitomo Mitsui Banking Corporation <sup>2</sup>	-	-	₩ -	₩ 21,085,200 (JPY 2,000,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	105,426,000 (JPY 10,000,000)
	Resona Bank Co. Ltd <sup>2</sup>	-	-	-	10,542,600 (JPY 1,000,000)
	DAG Ventures VI, L.P. <sup>1</sup>	-	10.00	2,284,077 (HKD 15,667)	2,198,849 (HKD 15,667)
	Goodwater Capital II, L.P. <sup>1</sup>	-	10.00	1,140,920 (HKD 7,825)	1,098,348 (HKD 7,825)
	Mistletoe Singapore Pte. Ltd. <sup>1</sup>	-	10.00	2,284,115 (HKD 15,667)	2,198,886 (HKD 15,667)
	SCC Growth IV Holdco A, Ltd. <sup>1</sup>	-	10.00	34,053,153 (HKD 233,577)	32,782,495 (HKD 233,577)
	SenseView Investment Limited <sup>1</sup>	-	10.00	5,710,558 (HKD 39,170)	5,497,475 (HKD 39,170)
	SNOW Limited Liability Partnership <sup>1</sup>	-	10.00	22,736,495 (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, 2021	0.40	51,366,500 (JPY 5,000,000)	52,713,000 (JPY 5,000,000)
	Citibank	April 05, 2021	1.30	3,400,500 (USD 3,000)	3,264,000 (USD 3,000)
	Citibank	April 16, 2021	1.31	18,136,000 (USD 16,000)	17,408,000 (USD 16,000)
	Citibank	April 30, 2021	1.31	2,267,000 (USD 2,000)	2,176,000 (USD 2,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	52,713,000 (JPY 5,000,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	52,713,000 (JPY 5,000,000)

**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 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 (%)	March 31, 2021	December 31, 2020
	Mizuho Corporate Bank, Ltd. <sup>2,3</sup>	-	-	-	780,971,268 (JPY 74,077,672)
	Mizuho Corporate Bank, Ltd. <sup>2,3</sup>	-	-	-	59,528,453 (JPY 5,646,468)
	Shinsei Bank, Limited <sup>2</sup>	-	-	-	10,542,600 (JPY 1,000,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. <sup>2</sup>	-	-	-	26,356,500 (JPY 2,500,000)
Local currency	Shinhan Bank	-	-	-	30,000,000
	Hana Bank	-	-	-	10,000,000
<b>Current portion of long-term borrowings</b>					
Local currency	Shinhan Bank	October 31, 2021	2.21	45,000,000	45,000,000
	Sunny Solution 3 <sup>rd</sup>	-	-	-	50,000,000
Foreign currency	Dai Ichi Kangyo Credit Cooperative <sup>2</sup>	-	-	-	15,814
				(JPY -)	(JPY 1,500)
				488,377,485	1,748,830,762
				(JPY 5,000,000)	(JPY 116,225,640)
				(USD 21,000)	(USD 21,000)
				(HKD 467,860)	(HKD 467,860)
<b>Long-term borrowings</b>					
Foreign currency	Dai Ichi Kangyo Credit Cooperative <sup>2</sup>	-	-	-	23,721 (JPY 2,250)
	Mizuho Corporate Bank, Ltd.	September 23, 2023	0.71	73,414,667 (JPY 7,146,162)	75,339,129 (JPY 7,146,162)
	SMBC	September 23, 2023	0.75	73,414,668 (JPY 7,146,162)	75,339,130 (JPY 7,146,162)
	Diverse Inc. <sup>2</sup>	-	-	-	759,067 (JPY 72,000)
	Mizuho Corporate Bank, Ltd. <sup>2,3</sup>	-	-	-	707,130,617 (JPY 67,073,646)
	Resona Bank Co. Ltd. <sup>2</sup>	-	-	-	5,383,541 (JPY 510,646)
	Amuse, Inc. <sup>2</sup>	-	-	-	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 23, 2023	0.77	286,150,834 (JPY 27,853,838)	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.77	233,123,552 (JPY 22,692,178)	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.83	50,416,561 (JPY 4,907,533)	-
	SMBC Corporation	September 23, 2023	0.80	286,150,834 (JPY 27,853,838)	-
	SMBC Corporation	September 23, 2025	0.80	233,123,552 (JPY 22,692,178)	-
	SMBC Corporation	September 23, 2025	0.83	50,416,561 (JPY 4,907,533)	-
				1,336,211,229	864,945,124
				(JPY 125,199,422)	(JPY 82,042,866)

# NAVER Corporation and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 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 (%)	March 31, 2021	December 31, 2020
			₩ 1,824,588,714	₩ 2,613,775,886
			(JPY 130,199,422)	(JPY 198,268,506)
			(USD 21,000)	(USD 21,000)
			(HKD 467,860)	(HKD 467,860)

<sup>1</sup> 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.

<sup>2</sup> Borrowings classified as liabilities held for sale as at December 31, 2020 were included in the sales of disposal group and disposed during the three-month period ended March 31, 2021.

<sup>3</sup> 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 March 31, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won, in thousands of US dollar and in thousands of Taiwan dollar)	Issuer	Maturity date	Annual interest rate (%)	March 31, 2021	December 31, 2020
Convertible bonds in foreign currency <sup>1</sup>	CHOCO Media <sup>1</sup>	-	-	- (TWD -)	5,690,291 (TWD 147,150)
Debentures in Korean won (4 <sup>th</sup> -1)		February 25, 2024	1.24	250,000,000	-
Debentures in Korean won (4 <sup>th</sup> -2)	Naver Corporation	February 25, 2026	1.60	450,000,000	-
Unsubordinated unsecured bonds in foreign currency		March 29, 2026	1.50	566,750,000 (USD 500,000)	- (USD -)
				(7,033,751)	-
Less: Discount on bonds payable				(USD 4,439)	(USD -)
				1,259,716,249 (USD 495,561)	5,690,291 (TWD 147,150)

<sup>1</sup> Classified as liabilities held for sale as at December 31, 2020. There were included in the sales of disposal group and disposed during the three-month period ended March 31, 2021.

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

The details of conditions of issuance of debentures as at March 31, 2021, are as follows:

	<b>Payment of principal and interest</b>	<b>Financial ratios maintenance</b>	<b>Limitation on settlement of security rights</b>	<b>Limit on the sale of assets</b>	<b>Limitation on changes in governance</b>
Debentures in Korean won (4 <sup>th</sup> -1, 4 <sup>th</sup> -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

<sup>1</sup> 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 periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<b>2021</b>		<b>2020</b>	
Current service cost	₩	22,681,674	₩	18,900,181
Net interest cost		3,468,947		2,591,768
Total expenses included in employee benefits <sup>1</sup>	₩	26,150,621	₩	21,491,949

<sup>1</sup> Includes total expenses included in employee benefits in relation to discontinued operations amounting to ₩ 5,401 million and ₩ 8,186 million during the three-month periods ended March 31, 2021 and 2020.

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

<i>(in thousands of Korean won)</i>	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
Present value of funded defined benefit liabilities	₩	15,256,569	₩	16,230,725
Present value of unfunded defined benefit liabilities		478,907,938		459,546,712
Sub total		494,164,507		475,777,437
Fair value of plan assets		(13,425,620)		(13,683,192)
Net defined benefit liabilities	₩	480,738,887	₩	462,094,245

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

The balance of net defined benefit liabilities classified as liabilities held for sale is ₩ 108,624 million as at December 31, 2020 (Note 18).

**12. Provisions**

Details and changes in provisions for the three-month periods ended March 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

	<b>2021</b>			
	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total<sup>3</sup></b>
Beginning balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
Charged / (credited) to the consolidated statement of profit or loss:				
Additional provisions	-	33,139	682,191	715,330
Unused amounts reversed	-	-	(1,155,982)	(1,155,982)
Charged during the period	-	34,878	-	34,878
Used during the period <sup>1</sup>	-	-	(27,732,000)	(27,732,000)
Others <sup>2</sup>	-	(205,309)	528,777	323,468
Ending balance	<u>₩ 927,938</u>	<u>₩ 11,334,445</u>	<u>₩ 817,871</u>	<u>₩ 13,080,254</u>
Current	₩ 927,938	₩ 2,769,937	₩ 768,755	₩ 4,466,630
Non-current	-	8,564,508	49,116	8,613,624

<sup>1</sup> Transferred to other payables during the three-month period ended March 31, 2021.

<sup>2</sup> Others include effects of changes in foreign currency exchange rates.

(in thousands of Korean won)

	<b>2020</b>			
	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total<sup>3</sup></b>
Beginning balance	₩ 1,210,878	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Charged / (credited) to the consolidated statement of profit or loss:				
Additional provisions <sup>1</sup>	102,754	-	1,679,950	1,782,704
Unused amounts reversed <sup>1</sup>	(25,688)	(302,310)	-	(327,998)
Charged during the period	-	4,401,322	7,696	4,409,018
Used during the period <sup>1</sup>	-	(453,400)	(96,630)	(550,030)
Others <sup>2</sup>	12,939	3,222,225	62,823	3,297,987
Ending balance	<u>₩ 1,300,883</u>	<u>₩ 66,864,499</u>	<u>₩ 3,315,534</u>	<u>₩ 71,480,916</u>
Current	₩ 1,300,883	₩ 1,278,842	₩ 3,302,729	₩ 5,882,454
Non-current	-	65,585,657	12,805	65,598,462

<sup>1</sup> Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 17,812 million and ₩ 26 million, respectively, during the three-month period ended March 31, 2020.

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

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<sup>2</sup> Others include effects of changes in foreign currency exchange rates.

**13. Issuance and Acquisition of Shares**

The Group's total number of authorized shares is 300,000,000 shares. As at March 31, 2021, the Group has issued 164,263,395 ordinary shares (₩ 100 per share) and 15,944,705 treasury shares (excludes retired shares). The Group's share capital and share premium as at March 31, 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 859,655 treasury shares (acquisition cost: ₩ 62,143 million) through treasury shares exchange transaction and exercise of stock options, and recognized gain on disposal of treasury shares amounting to ₩ 162,393 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 March 31, 2021, the estimated average annual effective income tax rate from continuing operations used for the year ending December 31, 2021, is 29.95% (the estimated tax rate for the three-month period ended March 31, 2020: 29.40%).

**15. Dividends**

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

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

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

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**16. Commitments and Contingencies**

As at March 31, 2021, the Group has borrowing agreements with nine Korean financial institutions, including KB Kookmin bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,331,000 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and others, with an aggregated credit limit up to JPY 130,000 million and USD 40 million.

As at March 31, 2021, the Group is provided with guarantees of ₩ 115,730 million from Seoul Guarantee Insurance, Korea Software Financial Cooperative and others in relation to the performance guarantee, and of ₩ 21,070 million (available up to ₩ 35,700 million) from Shinhan bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 1,667 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

As at March 31, 2021, customers' advance payments of ₩ 55,986 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 March 31, 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 March 31, 2021, the Group has entered into a construction contract amounting to ₩ 403,511 million (outstanding amount: ₩ 97,455 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group. Also, the Group has entered into a construction contract amounting to ₩ 98,590 million (outstanding amount: ₩ 94,589 million) for construction of cloud data center and others. As at March 31, 2021, the Group has entered into contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

As at March 31, 2021, the Group is a defendant in 20 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amounts of cases: ₩ 6,617 million), and the Group is a plaintiff in five lawsuit cases filed with regard to compensation for damages (aggregate amount of the cases: ₩ 1,844 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 March 31, 2021, are as follows:

*(in thousands of Korean won)*

	<b>Total commitment to invest</b>	<b>Accumulated investment</b>	<b>Unexecuted amount</b>
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT <sup>1</sup>	₩ 500,000,000	₩ 364,145,000	₩ 135,855,000
Sequoia Capital Global Growth Fund III	153,022,500	98,509,160	54,513,340
K-Fund I	199,243,500	166,956,725	32,286,776
China Ventures Fund I, L.P.	226,700,000	198,329,705	28,370,295
DST Global VII, L.P.	113,350,000	105,204,458	8,145,542

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

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<sup>1</sup> Contract amount in relation with investment in associate MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT and MIRAE ASSET-NAVER ASIA GROWTH FUND

With the resolution of the Board of Directors on September 23, 2020, the Group has entered into a payment guarantee contract for the borrowings from 22 financial institutions, including SMBC, amounting to JPY 148.6 billion (JPY 74.3 billion for 1 year from the date of initial execution, and up to the completion date of the business integration for the remaining JPY 74.3 billion) to secure early redemption for convertible bonds issued by LINE on September 20, 2018. As the business integration has been completed during the three-month period March 31, 2021, the borrowings were transferred to LINE Corp, a subsidiary of A-Holdings (formerly, LINE)(Note 1). As at March 31, 2021, the remaining payment guarantee amount provided by the Company to LINE Corp is JPY 74.3 billion.

As at March 31, 2021, the Group has entered into executives and employees' group injury insurance with KB insurance.

As at March 31, 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 group affiliates. The shares acquired by the Group are restricted on disposal for a certain period and the both parties have 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 group affiliates. In connection with this exchange, the both parties 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.

As at March 31, 2021, the Group provides time deposits of ₩ 67,200 million as collaterals for the employees' loans from financial institutions.

**17. Related Party Transactions**

Details of subsidiaries and associates and joint ventures as at March 31, 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 March 31, 2021 and December 31, 2020, are as follows:

Type	March 31, 2021	December 31, 2020
Others <sup>1</sup>	Espresso Media, LunaSoft, Jakga Company, Bravepops, Mystic story, Happybean foundation <sup>1</sup> , Naver Cultural foundation <sup>1</sup> , Naver Connect <sup>1</sup> , LINE Games <sup>1</sup> , PIG <sup>1</sup>	Fandom, Orpeo Sound Works, Bravepops, Studio Pot, ITSB, Espresso Media, LunaSoft, ICART GROUP, Meshkorea, Mystic story, Jakga Company Inc., Happybean foundation <sup>1</sup> , Naver Cultural foundation <sup>1</sup> , Naver Connect <sup>1</sup>



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

<sup>1</sup> 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.

Transactions with related parties including operating revenues and expenses for the three-month periods ended March 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

	<b>2021</b>	
	<b>Operating revenues and others</b>	<b>Operating expenses and others</b>
<b>Associates</b>		
LINE Corp <sup>5</sup>	₩ 11,302,470	₩ 1,116,103
LINE Music <sup>2</sup>	2,957,614	17,490
Transcosmos Online Communication <sup>2</sup>	2,193,193	67,133
LINE Conomi	924,597	-
LINE Plus <sup>5</sup>	849,668	286,784
Line Biz Plus <sup>5</sup>	279,092	-
LINE Games <sup>4</sup>	268,557	-
LINE Man (THAILAND) Company <sup>2</sup>	163,795	14,446
LINE Friends	160,895	419,986
LINE Pay <sup>5</sup>	140,855	39,175
LINE MAN <sup>2,5</sup>	131,145	-
LINE Taiwan <sup>5</sup>	32,422	49,251
Markt <sup>5</sup>	3,201	3,109,884
ARO In Tech	60	318,331
LINE VIETNAM JOINT STOCK COMPANY <sup>5</sup>	53	166,511
Synapsoft	-	250,000
Sam Studio	-	261,139
Famous Studio	-	2,907,526
A-Holdings (formerly, LINE)	-	160,286
LINE Fukuoka <sup>5</sup>	-	567,841
Others	243,161	87,475
<b>Joint ventures</b>		
Kasikorn LINE <sup>3</sup>	665,366	-
JobsN	435,620	665,127
RABBIT-LINE PAY COMPANY <sup>3</sup>	365,442	65,953
Cineplay	213,029	451,286
YEOPEUL	196,643	536,661
Interbiz (Dong-A JV)	92,571	566,853
Sumlab (Munhwa Ilbo JV)	92,143	323,841
Agroplus (Korea Business JV)	90,107	341,340
Animal and Human Story (Hankook Ilbo JV)	83,000	530,421
Designpress	48,171	377,231
Law and Media (Money Today JV)	7,857	169,793
China Lab	1,286	321,837
Techplus (Electronic Times JV)	-	390,222
Artitian (Kyunghyang Daily News JV)	-	297,350
Schooljam (EBS JV)	-	261,168

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

(in thousands of Korean won)

	<b>2021</b>	
	<b>Operating revenues and others</b>	<b>Operating expenses and others</b>
Others	8,269	-
<b>Others</b>		
Happybean foundation <sup>1</sup>	448,808	30,200
LINE Games <sup>1,4</sup>	78,542	-
NAVER Cultural foundation <sup>1</sup>	19,094	-
PIG <sup>1,4</sup>	57	-
Bravepops	49	-
Jakga Company	-	1,201,564
Espresso Media	-	209,342
LunaSoft.	-	53,075
Mystic story	-	200
Naver Connect <sup>1</sup>	-	161

<sup>1</sup> 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.

<sup>2</sup> Entity was excluded from associates due to the sale of disposal group during the three-month period ended March 31, 2021. The amount represents transactions prior to the exclusion from associates.

<sup>3</sup> Entity was excluded from joint ventures due to the sale of disposal group during the three-month period ended March 31, 2021. The amount represents transactions prior to the exclusion from joint ventures.

<sup>4</sup> Entity was excluded from associates due to the sale of disposal group during the three-month period ended March 31, 2021. After the sale, they were included in the same large enterprise group with the Group and classified as other related parties.

<sup>5</sup> They are subsidiaries of associates.

(in thousands of Korean won)

	<b>2020</b>	
	<b>Operating revenues and other income</b>	<b>Operating and other expense</b>
<b>Associates</b>		
KG Allat <sup>2</sup>	₩ -	₩ 107,132
Synapsoft	-	250,000
ARO In Tech	-	458,679
Alchera	-	99,000
Bigpicture Comics	-	237,751
Studio JHS	-	479,647
YLAB Japan	-	94,156
LINE Music <sup>3</sup>	3,900,845	24,362
DEMAE-CAN <sup>3</sup>	1,059,718	1,473,499
Transcosmos Online Communication <sup>3</sup>	1,448,705	-
LINE Mobile <sup>3</sup>	2,403,784	300

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

(in thousands of Korean won)

	<b>2020</b>	
	<b>Operating revenues and other income</b>	<b>Operating and other expense</b>
Venture republic <sup>3</sup>	1,274,920	625
LINE Games <sup>3</sup>	141,296	-
iPASS <sup>3</sup>	142,871	7,917
The Grim Ent.	-	1,247,299
AXIS	-	137,246
Others	66,594	1,157
<b>Joint ventures</b>		
JobsN	204,515	547,654
RABBIT-LINE PAY COMPANY <sup>3</sup>	723,490	37,229
YEOPEUL	-	500,407
Techplus (Electronic Times JV)	-	371,414
Cineplay	-	249,657
Interbiz (Dong-A JV)	121,857	364,543
Schooljam (EBS JV)	-	277,007
Sumlab (Munhwa Ilbo JV)	-	322,425
China Lab	5,143	327,339
Designpress	50,000	387,117
Agroplus (Korea Business JV)	57,714	314,951
Artitian (Kyunghyang Daily News JV)	-	319,436
Animal and Human Story (Hankook Ilbo JV)	-	170,107
Law and Media (Money Today JV)	15,000	284,300
Others	20,375	609
<b>Others<sup>1</sup></b>		
Happybean foundation	420,114	202
NAVER Cultural foundation	5,491	-
Naver Connect (formerly, Connect foundation)	554,134	1,690

<sup>1</sup> 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.

<sup>2</sup> Entity was excluded from associates due to the disposal of shares during the three-month period ended March 31, 2020. The amount represents transactions prior to the exclusion from associates.

<sup>5</sup> Includes transactions from discontinued operations.

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

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

(in thousands of Korean won)

	March 31, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others <sup>3</sup>	Other payables	Accrued expenses and others <sup>4</sup>
<b>Associates</b>				
LINE Corp	₩ 47,099,549	₩ 38,772,606	₩ 30,750,742	₩ 1,492,145
LINE Plus	1,237,519	719,208	1,276,712	438,391
LINE Conomi	924,597	-	-	-
Line Biz Plus	307,395	2,909,560	-	700,761
LINE Pay	233,137	39,987	228,015	10,683
LINE Friends	185,618	197,190	1,682,644	-
Markt	169,891	10,540,208	2,642,680	-
LINE Financial Plus	80,784	6,272,581	658	1,496,986
LINE Fukuoka	80,002	-	379,861	343,270
LINE Company (Thailand)	76,965	-	57,575	-
LINE Play	70,523	29,810	1	-
LINE Taiwan	45,791	-	140,739	-
Drama & Company	18,795	3,138,000	-	-
LINE Up	17,244	890,642	-	317,328
LINE VIETNAM JOINT STOCK COMPANY	58	-	167,130	-
China Ventures Fund I	-	28,445,305	-	-
HAVIT	-	500,000	485,391	-
K-Fund I	-	303,720	-	-
A-Holdings (formerly, LINE)	-	19,290	195,398	-
Synapsoft	-	-	220,000	-
Sam Studio	-	-	112,270	-
AXIS <sup>2</sup>	-	-	-	-
Others	49,673	14,848	87,605	-
<b>Joint ventures</b>				
JobsN	172,823	-	40,594	-
Cineplay	155,600	-	244,232	-
Agroplus (Korea Business JV)	34,650	200	123,161	-
Sumlab (Munhwa Ilbo JV)	33,000	-	271,667	-
Interbiz (Dong-A JV)	28,050	-	220,988	-
Animal and Human Story	16,500	-	133,864	-
China Lab	-	-	247,775	-
Techplus (Electronic Times JV)	-	-	202,980	-
Others	80,600	-	98,553	-
<b>Others</b>				
Happybean foundation <sup>1</sup>	135,253	22,995	1,009,407	-
LINE Games <sup>1</sup>	56,246	56,760	-	-
NAVER Cultural foundation <sup>1</sup>	11,849	3	-	-
Naver Connect <sup>1</sup>	7,706	206	160	37,014

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

(in thousands of Korean won)

	March 31, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others <sup>3</sup>	Other payables	Accrued expenses and others <sup>4</sup>
Bravepops	54	-	-	-
PIG <sup>1</sup>	37	-	-	-
Jakga Company	-	90,455	419,675	-
Espresso Media	-	-	349,400	-
LunaSoft	-	-	5,500	-
Mystic story	-	-	220	-

<sup>1</sup> 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.

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

<sup>3</sup> Includes lease receivables.

<sup>4</sup> 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
<b>Associates</b>				
LINE Man (THAILAND) Company <sup>5</sup>	₩ 208,444	₩ 125,607,863	₩ 796,881	₩ -
LINE Man <sup>5</sup>	610,077	157,861	-	65,824,401
LINE Music <sup>2,5</sup>	3,129,630	475,576	5,769,437	-
Transcosmos Online Communication <sup>5</sup>	2,642,474	3,472	-	111,772
LINE Mobile <sup>5</sup>	2,286,839	532,751	294,094	45,441
Venture republic <sup>5</sup>	77,530	46,483	-	26,915
LINE Games <sup>5</sup>	50,720	33,576,518	-	-
K-Fund I <sup>5</sup>	-	407,993	-	-
China Ventures Fund I, L.P.	-	27,303,478	-	-
iPASS <sup>5</sup>	2,909,554	136,345	83,146	-
AXIS <sup>3</sup>	-	-	-	-
Have It	-	813,649	485,391	-
Others	36,241	-	435,970	-
<b>Joint ventures</b>				
China Lab	-	-	256,453	-
JobsN	110,128	-	25,683	-
Designpress	19,800	-	49,431	-
Artitian (Kyunghyang Daily News JV)	-	-	29,361	-
Interbiz (Dong-A JV)	3,850	-	81,235	-
Agroplus (Korea Business JV)	22,000	200	36,412	-
Sumlab (Munhwa Ilbo JV)	23,100	-	212,193	-

**NAVER Corporation and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 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	-
Lantu Games Limited <sup>4,5</sup>	-	141,020	-	-
RABBIT-LINE PAY COMPANY <sup>5</sup>	223,922	9,537	171,651	543,391
Others	145,750	-	237,908	912
<b>Others</b>				
Happybean foundation <sup>1</sup>	120,932	27,574	1,630,449	-
NAVER Cultural foundation <sup>1</sup>	6,928	522	-	-
Naver Connect (formerly, Connect foundation) <sup>1,5</sup>	-	-	165	-
Espresso Media	-	-	349,400	-
Jakga Company	-	-	491,819	-
LunaSoft	-	-	17,561	-
Bravepops	54	-	-	-

<sup>1</sup> 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.

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

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

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

<sup>5</sup> Includes transactions with the entities that were reclassified to assets held for sale.

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

Fund transactions with related parties for the three-month periods ended March 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

		<b>2021</b>		
		<b>Contributions in cash</b>	<b>Dividends received and others</b>	
Associates	AtoZ	₩ 40,000,000	₩ -	
	LINE Bank Preparatory <sup>1</sup>	33,547,704	-	
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	30,817,408	-	
	China Ventures Fund I, L.P.	21,655,061	-	
	K-Fund I	19,189,756	246,764	
	MiraeAsset-Naver Asia Growth Fund	7,656,900	-	
	Sam Studio	700,033	-	
	Seno	97,038	-	
	NAVER KIP Cheer up! Gamers Fund	-	8,834,625	
	MiraeAsset MAPS Private Placement Real Estate 62	-	3,313,342	
	NAVER-BSK Youth venture investment No.5	-	153,653	
	Joint ventures	Kasikom LINE <sup>1</sup>	27,577,283	-

<sup>1</sup> Entity was excluded from associates and joint ventures as they were included in the sale of disposal group during the three-month period ended March 31, 2021. The amount represents transactions prior to the exclusion from associates and joint ventures.

(in thousands of Korean won)

		<b>2020</b>	
		<b>Contributions in cash</b>	<b>Dividends received and others</b>
Associates	K-Fund I	₩ 6,779,850	₩ -
	MiraeAsset-Naver Asia Growth Fund	175,000	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	1,350,175	-
	Espresso Media	958,257	-
	Famous Studio	1,000,000	-
	VRex Lab	613,925	-
	Studio Pot	400,000	-
	ITSB	1,000,000	-
	DHP private equity fund 3	200,000	-
	NAVER KIP Cheer up! Gamers Fund	-	2,050,000
	Future Creation NAVER-SB Startup Investment Fund	-	651,676
	CONG TY CO PHAN RBW VIETNAM	575,300	-
	NAVER-BSK Youth venture investment No.5	-	1,161,077
	China Ventures Fund I, L.P.	62,041,677	-
Joint ventures	LINE Bank Taiwan Limited	201,449,767	-
	Cinamon Games	380,635	-

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

Details of payment guarantees provided by the Group to the related parties as at March 31, 2020, are as follows:

<i>(in Japanese yen)</i>	Guaranteed by	Commence-ment date	Maturity date	Currency	Guaranteed amount	Exercised amount
LINE Corp	22 financial institutions including Mizuho Bank	October 24, 2020	December 11, 2021	JPY	74,300,000,000	74,288,375,944

The compensation paid or payable to key management (executive directors) for their services for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in thousands of Korean won)</i>	2021	2020
Short-term employee benefits	₩ 1,257,775	₩ 1,129,333
Post-employment benefits	115,347	(769,140)
Share-based payment expenses	168,038	82,221

**18. Assets Held for Sale and Discontinued Operations**

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 periods ended March 31, 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 three-month period ended March 31, 2021.

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

<i>(in thousands of Korean won)</i>	December 31, 2020	
<b>Assets held for sale</b>		
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



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

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
	₩ 6,660,253,458

*(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
	₩ 4,675,241,281

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

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

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:

<i>(in thousands of Korean won)</i>	<b>December 31, 2020</b>	
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>₩</u>	<u>(37,870,641)</u>

(c) Profit (loss) from discontinued operations for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<b>2021<sup>1</sup></b>		<b>2020</b>	
Operating revenues	₩	472,178,882	₩	577,370,417
Operating expenses		(403,526,388)		(647,657,789)
Operating profit (loss)		68,652,494		(70,287,372)
Other income <sup>2</sup>		16,172,457,224		17,582,662
Other expenses		(15,257,468)		(33,087,386)
Interest income		377,493		1,093,278
Finance income		7,651,595		(35,849,716)
Finance costs		(13,310,394)		(28,538,382)
Share of net loss of associates and joint ventures accounted for using the equity method		-		(17,086,537)
Profit (loss) before income tax		<u>16,220,570,944</u>		<u>(166,173,453)</u>
Income tax benefit (expense) <sup>3</sup>		(1,220,676,366)		4,489,975
Profit (loss) for the period of discontinued operations	<u>₩</u>	<u>14,999,894,578</u>	<u>₩</u>	<u>(161,683,478)</u>

<sup>1</sup> The amount represents profit or loss before the sale.

<sup>2</sup> Includes gain on disposal of discontinued operation amounting to ₩ 16,114,686 million.

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

(d) Summarized cash flows from discontinued operations for three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<b>2021</b>		<b>2020</b>	
Cash flows from operating activities	₩	(179,631,570)	₩	(163,659,479)
Cash flows from investing activities		38,542,477		(207,913,947)
Cash flows from financing activities		9,245,652,989		(27,117,222)
Effects of foreign currency translation on cash and cash equivalents		(124,151,562)		116,203,809

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

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Net cash inflow (outflow) from discontinued operations	8,980,412,334	(282,486,839)
Cash and cash equivalents at the beginning of the year	<u>2,245,363,414</u>	<u>2,214,024,412</u>
Cash and cash equivalents at the disposal date <sup>1</sup>	<u>₩ 11,225,775,748</u>	<u>₩ 1,931,537,573</u>

<sup>1</sup> The balances are related to discontinued operations as at March 31, 2020.

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

*(in thousands of Korean won)*

**Amounts**

<b>I. Total disposal consideration</b>	\	17,993,953,976
Investments in associates		17,993,953,976
<b>II. Carrying amount of net assets sold</b>		1,912,175,820
<b>Disposal assets</b>		15,945,563,223
Current assets		12,867,557,958
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		314,070,884
Non-current assets		3,078,005,265
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		200,380,804
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		11,443,263
<b>Disposal liabilities</b>		14,033,387,403
Current liabilities		12,385,670,747
Trade and other payables		2,254,874,356
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		70,579,196
Provisions		75,497,411
Lease liabilities		125,724,371

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

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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 <sup>1</sup>	491,812,457
IV. Accumulated other comprehensive income	6,676,946
V. Changes in controlling interest <sup>1</sup>	363,352,647
VI. Cash paid	102,228,700
VII. Gain on disposal (I - II + III + IV - V - VI)	16,114,686,212
VIII. Income tax expense	1,185,549,417
X. Post-tax gain on disposal classified as profit from discontinued operations	₩ 14,929,136,795

<sup>1</sup> 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.

**19. Events after the Reporting Period**

With the resolution of the Board of Directors on April 28, 2021, the Group decided to issue additional ESG bonds amounting to USD 300 million.