

NAVER Corporation and Subsidiaries
Consolidated Interim Financial Statements
September 30, 2020 and 2019 (Unaudited), and December 31,
2019

NAVER Corporation and Subsidiaries

Index

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NAVER Corporation

Reviewed Financial Statements

We have reviewed the accompanying consolidated interim financial statements of NAVER Corporation and its subsidiaries (collectively referred to as the "Group"). These financial statements consist of the consolidated interim statement of financial position of the Group as at September 30, 2020, and the related consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, and consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2020 and 2019, 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, 2019, 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 11, 2020. The consolidated statement of financial position as at December 31, 2019, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2019.

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

November 13, 2020
Seoul, Korea

This report is effective as at November 13, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2020 and December 31, 2019

<i>(in Korean won)</i>	Notes	September 30, 2020 (Unaudited)	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		₩ 1,441,410,060,661	₩ 3,740,513,761,418
Short-term financial instruments		440,362,563,181	289,910,618,872
Financial assets at fair value - profit or loss	4	790,805,727,684	12,920,430,454
Trade and other receivables		904,778,477,693	1,211,072,909,858
Financial assets at fair value - other comprehensive income	4	-	63,916,531,256
Inventories		2,458,121,578	55,114,731,809
Current tax asset		11,719,185,388	12,717,980,739
Other current assets		79,517,086,897	257,547,495,258
Assets held for sale	19	6,535,889,840,635	-
		<u>10,206,941,063,717</u>	<u>5,643,714,459,664</u>
Non-current assets			
Property and equipment	6	1,623,556,270,506	1,596,271,317,726
Right-of-use assets	7	138,006,101,709	697,351,304,664
Intangible assets	8	98,183,859,144	341,442,833,327
Long-term financial instruments		14,255,722,000	24,034,591,006
Financial assets at fair value - profit or loss	4	1,460,307,712,293	1,229,097,428,653
Trade and other receivables		30,299,958,054	124,821,356,161
Financial assets at fair value - other comprehensive income	4	629,069,887,021	675,602,433,315
Investments in associates and joint ventures	9	1,103,902,668,069	1,558,268,184,714
Deferred tax assets		107,124,177,977	381,279,417,985
Other non-current assets		40,912,377,419	27,643,793,571
		<u>5,245,618,734,192</u>	<u>6,655,812,661,122</u>
Total assets		<u>₩ 15,452,559,797,909</u>	<u>₩ 12,299,527,120,786</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 700,032,473,515	₩ 1,211,070,361,564
Financial liabilities at fair value - profit or loss	4	-	649,038,368
Short-term borrowings	10	1,306,060,037,460	559,584,776,483
Current tax payables		136,579,375,288	313,781,745,056
Provisions	12	29,873,771,257	3,822,401,193
Lease liabilities	7	52,991,359,243	168,937,301,210
Other current liabilities		1,316,278,831,467	1,515,273,206,866
Liabilities held for sale	19	3,730,411,544,323	-
		<u>7,272,227,392,553</u>	<u>3,773,118,830,740</u>
Non-current liabilities			
Trade and other payables		65,122,345,846	42,469,680,072
Financial liabilities at fair value - profit or loss	4	5,353,308,800	8,339,734,792
Long-term borrowings	10	158,939,222,556	50,039,880,125
Debentures	10	-	752,270,184,693
Net defined benefit liabilities	11	423,311,017,244	473,437,955,422
Provisions	12	10,192,767,290	59,046,834,258
Lease liabilities	7	92,763,669,317	555,287,968,236
Deferred tax liabilities		12,592,245,685	80,453,751,124
Other non-current liabilities		320,613,626	1,136,232,744
		<u>768,595,190,364</u>	<u>2,022,482,221,466</u>
Total liabilities		<u>8,040,822,582,917</u>	<u>5,795,601,052,206</u>
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	16,481,339,500	16,481,339,500
Share premium	13	1,446,115,130,661	1,575,307,844,438
Other components of equity		(1,301,897,312,890)	(1,498,653,013,809)
Accumulated other comprehensive relating to assets held for sale	19	65,652,999,705	-
Retained earnings		6,233,585,528,332	5,712,091,453,142
Non-controlling interest		951,799,529,684	698,698,445,309
Total equity		<u>7,411,737,214,992</u>	<u>6,503,926,068,580</u>
Total liabilities and equity		<u>₩ 15,452,559,797,909</u>	<u>₩ 12,299,527,120,786</u>

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2020 and 2019

(in Korean won)	Notes	Periods Ended September 30			
		2020 (Unaudited)		2019 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Operating revenues	5	₩ 1,360,779,374,259	₩ 3,791,515,407,731	₩ 1,095,855,323,057	₩ 3,177,220,656,295
Operating expenses		(1,069,052,576,255)	(2,899,922,994,436)	(809,366,385,542)	(2,297,598,978,481)
Operating profit		291,726,798,004	891,592,413,295	286,488,937,515	879,621,677,814
Other income		20,622,975,085	43,466,307,220	13,503,852,432	20,816,489,498
Other expenses		(41,294,427,455)	(83,867,848,686)	(22,333,793,457)	(47,819,411,291)
Interest income		3,401,148,620	12,961,360,077	2,948,732,344	8,419,872,592
Finance income		87,701,337,932	260,492,558,477	95,055,563,784	180,230,923,806
Finance costs		(5,962,597,179)	(87,032,800,057)	(5,834,615,886)	(66,387,408,650)
Share of net profit (loss) of associates and joint ventures accounted for using the equity method	9	5,386,321,610	33,362,782,508	(21,790,999,544)	(29,512,277,258)
Profit before income tax		361,581,556,617	1,070,974,772,834	348,037,677,188	945,369,866,511
Income tax expense	14	(117,609,778,744)	(334,769,149,702)	(108,555,495,432)	(287,476,061,218)
Profit from continuing operations		243,971,777,873	736,205,623,132	239,482,181,756	657,893,805,293
Loss from discontinued operations	19	(8,628,812,174)	(275,305,871,758)	(154,214,128,668)	(457,282,995,940)
Profit for the period		₩ 235,342,965,699	₩ 460,899,751,374	₩ 85,268,053,088	₩ 200,610,809,353
Profit for the period is attributable to:					
Owners of the Parent Company					
Profit from continuing operations		246,277,372,013	739,746,254,398	241,712,946,749	667,281,708,425
Loss from discontinued operations		(809,267,953)	(162,211,131,177)	(116,284,519,794)	(332,940,345,767)
Non-controlling interests					
Loss from continuing operations		(2,305,594,140)	(3,540,631,266)	(2,230,764,993)	(9,387,903,132)
Loss from discontinued operations		(7,819,544,221)	(113,094,740,581)	(37,929,608,874)	(124,342,650,173)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Gain (loss) on valuation of debt instruments at fair value - other comprehensive income		(88,108,239)	(735,101,623)	479,661,109	991,005,024
Exchange differences		(3,071,364,915)	145,385,723,339	80,122,195,171	217,232,613,400
Share of other comprehensive income (loss) of associates and joint ventures	9	(24,362,312,135)	11,879,478,238	26,050,438,313	49,961,637,893
Loss on valuation of derivatives for cash flow hedge		-	-	(424,683,615)	(424,683,615)
Items that will not be reclassified to profit or loss					
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income		89,533,003,256	66,937,012,989	(17,046,582,870)	18,401,893,175
Gain on disposal of equity instruments at fair value - other comprehensive income		730,174,895	38,405,222,271	1,000,001	7,494,168,002
Share of other comprehensive loss of associates and joint ventures	9	(475,633,630)	(1,084,708,978)	(10,201,703)	(896,910)
Remeasurements of net defined benefit liabilities		(1,575,793)	811,517	-	(300,554,937)
Other comprehensive income for the period, net of tax		62,264,183,439	260,788,437,753	89,171,826,406	293,355,182,032
Total comprehensive income for the period		₩ 297,607,149,138	₩ 721,688,189,127	₩ 174,439,879,494	₩ 493,965,991,385
Total comprehensive income for the period is attributable to:					
Owners of the Parent Company		312,646,275,865	819,312,760,253	158,745,690,603	502,475,999,597
Non-controlling interests		(15,039,126,727)	(97,624,571,126)	15,694,188,891	(8,510,008,212)
Earnings (losses) per share from continuing and discontinued operations attributable to the equity holders of the Parent Company					
Basic earnings (losses) per share					
From continuing operations	₩	1,694	₩ 5,088	₩ 1,661	₩ 4,584
From discontinued operations		(6)	(1,116)	(799)	(2,288)
Diluted earnings (losses) per share					
From continuing operations	₩	1,694	₩ 5,088	₩ 1,661	₩ 4,584
From discontinued operations		(6)	(1,116)	(799)	(2,288)

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2020 and 2019

(in Korean won)	Notes	Attributable to owners of the parent company						Non-controlling Interest	Total Equity			
		Share Capital	Share Premium	Other Components of Equity	Retained Earnings							
Balance at January 1, 2019	W	16,481,339,500	W	1,540,985,517,982	W	(1,546,389,664,299)	W	5,229,202,813,045	W	708,860,507,065	W	5,949,140,513,293
Changes in accounting policies		-		-		-		(200,802,631)		(71,478,344)		(272,280,975)
Restated total equity at the beginning of the financial period		16,481,339,500		1,540,985,517,982		(1,546,389,664,299)		5,229,002,010,414		708,789,028,721		5,948,868,232,318
Total comprehensive income for the period												
Profit (loss) for the period		-		-		-		334,341,362,658		(133,730,553,305)		200,610,809,353
Gain on valuation of debt instruments at fair value - other comprehensive income		-		-		991,005,024		-		-		991,005,024
Gain on valuation of equity instruments at fair value - other comprehensive income		-		-		16,093,138,686		-		2,308,754,489		18,401,893,175
Gain (loss) on disposal of equity instruments at fair value - other comprehensive income		-		-		(113,872,100)		7,608,040,102		-		7,494,168,002
Exchange differences		-		-		103,690,878,595		-		113,541,734,805		217,232,613,400
Share of other comprehensive income (loss) of associates and joint ventures	9	-		-		40,477,615,520		(896,910)		9,484,022,373		49,960,740,983
Remeasurements of net defined benefit liabilities		-		-		-		(300,554,937)		-		(300,554,937)
Loss on valuation of derivatives for cash flow hedge		-		-		(310,717,041)		-		(113,966,574)		(424,683,615)
Transactions with owners												
Dividends	15	-		-		-		(45,901,490,260)		(18,598,448,410)		(64,499,938,670)
Share-based payment expenses		-		-		7,602,260,234		-		12,072,372,905		19,674,633,139
Acquisition of treasury shares	13	-		-		(93,689,325,190)		-		-		(93,689,325,190)
Share issuance of subsidiaries		-		-		70,317,691,288		-		80,112,713,088		150,430,404,376
Others		-		-		1,025,844,433		-		(18,259,033,819)		(17,233,189,386)
Balance at September 30, 2019 (Unaudited)	W	16,481,339,500	W	1,612,329,053,703	W	(1,471,648,680,571)	W	5,524,748,471,067	W	755,606,624,273	W	6,437,516,807,972
Balance at January 1, 2020	W	16,481,339,500	W	1,575,307,844,438	W	(1,498,653,013,809)	W	5,712,091,453,142	W	698,698,445,309	W	6,503,926,068,580
Total comprehensive income for the period												
Profit (loss) for the period		-		-		-		577,535,123,221		(116,635,371,847)		460,899,751,374
Loss on valuation of debt instruments at fair value - other comprehensive income		-		-		(735,101,623)		-		-		(735,101,623)
Gain on valuation of equity instruments at fair value - other comprehensive income		-		-		60,928,338,518		-		6,008,674,471		66,937,012,989
Gain on disposal of equity instruments at fair value - other comprehensive income		-		-		-		38,405,222,271		-		38,405,222,271
Exchange differences		-		-		134,339,653,250		-		11,046,070,089		145,385,723,339
Share of other comprehensive income of associates and joint ventures	9	-		-		8,838,931,769		-		1,955,837,491		10,794,769,260
Remeasurements of net defined benefit liabilities		-		-		-		592,847		218,670		811,517
Transactions with owners												
Dividends	15	-		-		-		(54,688,370,920)		(261,268,720)		(54,949,639,640)
Share-based payment expenses		-		-		20,447,975,916		-		26,639,186,126		47,087,162,042
Acquisition of treasury shares	13	-		-		(15,516,003,480)		-		-		(15,516,003,480)
Retirement of treasury shares	13	-		-		39,758,492,229		(39,758,492,229)		-		-
Share issuance of subsidiaries		-		-		785,947,159,081		-		274,881,583,802		1,060,828,742,883
Transactions with non-controlling interests		-		-		(832,877,508,906)		14,346,414,045		64,567,039,694		(753,964,055,167)
Others		-		-		(82,262,363,952)		-		(15,100,885,401)		(97,363,249,353)
Balance at September 30, 2020 (Unaudited)	W	16,481,339,500	W	1,446,115,130,661	W	(1,236,244,313,185)	W	6,233,585,528,332	W	951,799,529,684	W	7,411,737,214,992

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

NAVER Corporation and Subsidiaries
Consolidated Interim Statements of Cash Flows
Nine-Month Periods Ended September 30, 2020 and 2019

(in Korean won)	Notes	Nine-Month Period Ended September 30	
		2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	₩	1,462,432,464,301	₩ 1,283,173,578,098
Interest received		16,431,469,876	16,048,484,888
Interest paid		(29,407,098,785)	(26,476,445,496)
Dividends received		23,622,093,332	18,138,412,476
Income taxes paid		(526,733,144,791)	(472,466,728,614)
Net cash inflow from operating activities		946,345,783,933	818,417,301,352
Cash flows from investing activities			
Net increase in short-term financial instruments		(167,754,668,312)	(131,956,858,868)
Increase in long-term financial instruments		(2,560,000,000)	-
Decrease in long-term financial instruments		10,171,844,071	-
Payments for financial assets at fair value - profit or loss		(3,239,589,230,735)	(205,750,219,236)
Proceeds from disposal of financial assets at fair value - profit or loss		2,156,423,319,525	91,549,156,580
Payments for property and equipment	6	(595,432,512,846)	(362,142,698,407)
Proceeds from disposal of property and equipment		6,694,770,753	4,492,482,275
Collection of lease receivables		172,162,626	137,795,037
Payments for intangible assets	8	(67,354,560,752)	(78,258,320,200)
Proceeds from disposal of intangible assets		1,226,727,865	2,467,064,709
Payments for financial assets at fair value - other comprehensive income		(84,188,388,090)	(33,900,920,000)
Proceeds from disposal of financial assets at fair value - other comprehensive income		223,993,534,461	80,627,994,795
Payments for investments in associates and joint ventures	9	(323,928,420,729)	(504,743,022,061)
Proceeds from disposal of investments in associates and joint ventures		22,875,716,475	10,080,061,438
Net increase in cash due to business combination		2,260,617,141	-
Proceeds from disposal of subsidiaries		(20,383,308,053)	26,647,955,884
Net increase in short-term loans		(33,848,215,831)	-
Net increase in long-term loans		(11,354,566,846)	-
Cash outflows from other investing activities		(21,580,514,836)	(35,068,541,784)
Net cash outflow from investing activities		(2,144,155,694,113)	(1,135,818,069,838)
Cash flows from financing activities			
Proceeds from short-term borrowings		1,054,247,843,058	164,020,719,403
Repayment of short-term borrowings		(51,118,672,635)	(76,155,908,889)
Proceeds from long-term borrowings		159,925,817,610	28,482,112,216
Repayment of long-term borrowings		-	(5,704,387)
Proceeds from issue of debentures		5,960,669,395	-
Repayment of lease liabilities		(126,169,953,807)	(95,454,413,546)
Acquisition of treasury shares	13	(15,516,003,480)	(93,689,325,190)
Dividends paid	15	(54,949,639,641)	(64,499,938,670)
Share issuance of subsidiaries		1,005,963,669,035	150,430,404,376
Net decrease in transactions with non-controlling interests		(915,523,291,380)	-
Cash inflows from other financing activities		3,381,437,511	7,762,829,332
Net cash inflow from financing activities		1,066,201,875,666	20,890,774,645
Effects of exchange rate changes on cash and cash equivalents		41,056,394,524	228,228,362,486
Net decrease in cash and cash equivalents		(90,551,639,990)	(68,281,631,355)
Cash and cash equivalents at the beginning of the period		3,740,513,761,418	3,322,884,102,567
Cash and cash equivalents at the end of the period		3,649,962,121,428	3,254,602,471,212
Cash and cash equivalents classified as held for sale	19	(2,208,552,060,767)	-
Cash and cash equivalents at the end of the period	₩	1,441,410,060,661	₩ 3,254,602,471,212

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

NAVER Corporation and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2020 and 2019 (Unaudited), and December 31, 2019

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 headquarter is located at Buljeong-ro 6, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea.

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers’ Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As at September 30, 2020, the major shareholders of the Company consist of National Pension Fund (12.29%) 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 September 30, 2020 and December 31, 2019, are as follows:

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2020	December 31, 2019	
NAVER	NAVER Business Platform	Korea	Online information distribution business	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 (formerly, NAVER Webtoon) ⁶	Korea	Software development and distribution	100.00	100.00	December
	SNOW	Korea	Software development and distribution	100.00	100.00	December
	Drama & Company ⁴	Korea	Software development and distribution	81.24	81.24	December
	Audiensori	Korea	Software development and distribution	100.00	100.00	December
	Company AI	Korea	Software development and distribution	91.30	73.90	December
	Search Solution	Korea	Software development and distribution	100.00	100.00	December
	Works Mobile	Korea	Application software development and distribution	100.00	100.00	December
	N-Visions	Korea	Exhibition and performance planning business	100.00	100.00	December
	NAVER Labs	Korea	Information services and electrical equipment manufacturing	100.00	100.00	December
	NAVER Financial	Korea	Electronic financial business	81.16	100.00	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

NAVER Corporation and Subsidiaries
Notes to the Consolidated Interim Financial Statements
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Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				September 30, 2020	December 31, 2019	
	SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
	SpringCamp Early Stage Fund 2	Korea	Investment	97.00	-	December
	SVA Content Media	Korea	Investment	99.31	-	December
	Do Ventures Annex Fund LP	USA	Investment	99.01	-	December
	LINE ^{2, 4}	Japan	Mobile service development	78.23	73.07	December
	NAVER J.Hub	Japan	Global business support	100.00	100.00	December
	NAVER China	China	Software development and distribution	100.00	100.00	December
	V Live	USA	Mobile service development	100.00	100.00	December
	NAVER BAND (formerly, Camp Mobile)	USA	Mobile service operations	100.00	100.00	December
	NAVER France	France	Investment and information services	100.00	100.00	December
	WEBTOON Entertainment ⁵	USA	Mobile service development	100.00	-	December
	NAVER VIETNAM	Vietnam	Mobile service operations	99.00	99.00	December
NAVER Business Platform	NAVER Business Platform Asia Pacific	Singapore	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform America	USA	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform Europe	Germany	IT infrastructure operations	100.00	100.00	December
	NAVER Business Platform Japan	Japan	IT infrastructure operations	100.00	100.00	December
NAVER I&S	Incomms	Korea	Outsourcing services	100.00	100.00	December
	Greenweb Service	Korea	Outsourcing services	100.00	100.00	December
	N Tech Service	Korea	Software consulting, development and distribution	100.00	100.00	December
	NIT Service	Korea	Software development and consulting	100.00	100.00	December
	CommPartners	Korea	Portal and other Internet services	100.00	100.00	December
WEBTOON Entertainment	Naver Webtoon LLC (formerly, Webtoon Entertainment Korea) ⁶	Korea	Mobile service development	100.00	-	December
	LINE Digital Frontier ⁵	Japan	Software development and distribution	100.00	-	December
Naver Webtoon LLC (formerly, Webtoon Entertainment Korea)	Lico	Korea	Online information distribution business	100.00	100.00	December
	Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
	V.DO	Korea	Software development and distribution	51.71	51.71	December
LINE Digital Frontier	YLAB Japan ³	Japan	Mobile service operations	100.00	25.21	December
	LINE Book Distribution	Japan	Mobile service development	52.00	52.00	December
NAVER WEBTOON COMPANY Corporation (formerly, NAVER Webtoon)	Watong Entertainment	Hong Kong	Mobile service operations	100.00	100.00	December
	WEBTOON Entertainment ⁵	USA	Mobile service development	-	100.00	December

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				September 30, 2020	December 31, 2019	
Watong Entertainment Snow	Broccoli Entertainment	China	Mobile service operations	100.00	100.00	December
	Dongman Entertainment	China	Mobile service operations	100.00	100.00	December
	Spring Camp	Korea	Investment	100.00	100.00	December
	Playlist	Korea	Information and communication service	81.53	83.73	December
	Amuse	Korea	Cosmetics manufacturing, distribution and sales	100.00	100.00	December
	HEART IT	Korea	Mobile service development	100.00	100.00	December
	Semicolon Studio	Korea	Information and communication service	100.00	100.00	December
	NAVER Z Corporation ⁷	Korea	Mobile service development	100.00	-	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 China (Beijing)	SNOW Inc.	USA	Mobile service operations	100.00	100.00	December
	SNOW Vietnam	Vietnam	Mobile service operations	99.00	99.00	December
	SNOW China (Beijing)	China	Mobile service operations	100.00	100.00	December
	Yiruike Information Technology (Beijing)	China	Mobile service operations	100.00	100.00	December
	Xiaying Entertainment	China	Mobile service operations	100.00	100.00	December
	Shine Interactive	China	Mobile service operations	100.00	100.00	December
	myBridge ⁴	Japan	Mobile service operations	100.00	100.00	December
	Works Mobile Japan	Japan	Mobile service operations	100.00	100.00	December
	NF Insurance Services Corporation	Korea	Insurance brokerage	100.00	-	December
	LINE	LINE Plus ⁴	Korea	Portal and internet information services	100.00	100.00
LINE SOUTHEAST ASIA ⁴		Singapore	Mobile billing system planning and development	100.00	100.00	December
LFG HOLDINGS ⁴		Hong Kong	Character and doll wholesale and retail	100.00	100.00	December
FIVE		Japan	Mobile advertising service	-	100.00	December
LINE Ventures ⁴		Japan	Investment	100.00	100.00	December
LINE Fukuoka ⁴		Japan	Mobile service operations	100.00	100.00	December
Gatebox ⁴		Japan	Mobile service development	55.09	55.09	December
LINE Growth Technology ⁴		Japan	Mobile service development	100.00	100.00	December
LINE Digital Frontier ⁵		Japan	Software development and distribution	-	100.00	December
LINE Conomi (formerly, LINE Tapas) ⁴		Japan	Software development and distribution	100.00	100.00	December
LINE TICKET ⁴		Japan	Internet information services	51.00	51.00	December
Next Library ⁴		Japan	Internet information services	100.00	100.00	December
LINE Pay ⁴		Japan	Mobile billing system planning and development	100.00	100.00	December
LINE Financial ⁴		Japan	Financial business	100.00	100.00	December
LINE Ventures Global ⁴		Japan	Investment	100.00	100.00	December
LINE Ventures Japan ⁴		Japan	Investment	100.00	100.00	December
LVC ⁴		Japan	Financial business	90.00	90.00	December
LINE Healthcare ⁴	Japan	Telemedicine services	51.00	51.00	December	
LINE Business Support ⁴	Japan	Business support and workforce	100.00	100.00	December	

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				September 30, 2020	December 31, 2019	
			supply			
	LDI Corporation ⁴	Japan	Internet information services	60.00	60.00	December
	LINE TECHNOLOGY VIETNAM ⁴	Vietnam	Mobile service operations	100.00	100.00	December
	LINE Split Preparation ⁴	Japan	Mobile service development	100.00	100.00	December
	DEMAE-CAN ^{3,4}	Japan	Mobile service operations	60.79	21.60	August
DEMAE-CAN	SATSUMAEBISUDO ^{3,4}	Japan	Food processing	100.00	100.00	August
LINE Plus	LINE Up ⁴	Korea	Mobile game software development and distribution	100.00	100.00	December
	LINE Studio ⁴	Korea	Mobile game software development and distribution	100.00	100.00	December
	LINE Play ⁴	Korea	Software development	100.00	100.00	December
	Nemustech ⁴	Korea	Software development	100.00	100.00	December
	Grayhash Co., Ltd. ⁴	Korea	Software development	58.51	58.51	December
	LINE Euro-Americas ⁴	USA	Mobile service marketing	100.00	100.00	December
	LINE Digital Technology (Shanghai) ⁴	China	Mobile service marketing	100.00	100.00	December
	LINE Taiwan ⁴	Taiwan	Mobile service operations	100.00	100.00	December
	LINE Company (Thailand) ⁴	Thailand	Mobile service operations	99.95	99.95	December
	PT.LINE PLUS INDONESIA ⁴	Indonesia	Mobile service operations	99.99	99.99	December
LINE Digital Technology (Shanghai)	Beijing Wangzhongwenda Technology ⁴	China	Mobile service operations	100.00	100.00	December
LINE Taiwan	SHINEWANT TECHNOLOGY ⁴	Taiwan	Internet information services	100.00	100.00	December
	JDW ⁴	Taiwan	Internet information services	81.20	81.20	December
JDW	JDW Taxi ⁴	Taiwan	Internet information services	62.50	62.50	December
LINE SOUTHEAST ASIA	LINE VIETNAM JOINT STOCK COMPANY ⁴	Vietnam	Online information distribution business	99.11	99.11	December
	LINE MAN ⁴	Singapore	Application software development and distribution	47.36	100.00	December
LINE MAN	LINE Man (THAILAND) Company ⁴	Thailand	Information and communication service	100.00	100.00	December
LINE Ventures LFG HOLDINGS	LINE Investment Technologies ⁴	Japan	Investment	100.00	100.00	December
	LINE Friends ⁴	Korea	Character and doll wholesale and retail	100.00	100.00	December
	LINE Friends Japan ⁴	Japan	Character and doll wholesale and retail	100.00	100.00	December
	LINE Friends Inc. ⁴	USA	Character and doll wholesale and retail	100.00	100.00	December
	LINE Friends Taiwan ⁴	Taiwan	Character and doll wholesale and retail	100.00	100.00	December
	LINE Friends(Shanghai) Commercial Trade ⁴	China	Character and doll wholesale and retail	100.00	100.00	December
LINE Friends	Markt ⁴	Korea	Software development and wholesale and retail	51.00	51.00	December
LINE Pay	Line Biz Plus ⁴	Korea	Software development and distribution	100.00	100.00	December
	BALIE ⁴	Japan	Searching advertising service business	100.00	100.00	December
	Webpay Holdings ⁴	Japan	Mobile billing system planning	100.00	100.00	December

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				September 30, 2020	December 31, 2019	
	LINE Pay hokkaido ⁴	Japan	and development Mobile billing system planning and development	70.00	70.00	December
	LINE Pay Taiwan (formerly, LINE BIZ+ Taiwan) ⁴	Taiwan	Mobile billing system planning and development	70.01	70.01	December
Webpay Holdings	Webpay ⁴	Japan	Mobile billing system planning and development	100.00	100.00	December
LINE Financial	LINE Financial Plus ⁴	Korea	Financial business	100.00	100.00	December
	LINE Credit ⁴	Japan	Financial business	51.00	51.00	December
	LINE Securities Preparatory ⁴	Japan	Financial business	51.00	51.00	December
	LINE Bank Preparatory ⁴	Japan	Financial business	51.00	51.00	December
	LINE Financial Asia ⁴	Hong Kong	Financial business	100.00	100.00	December
LINE Financial Asia	LINE Financial Taiwan ⁴	Taiwan	Financial business	100.00	100.00	December
LVC	Unblock ⁴	Korea	Software development and distribution	100.00	100.00	December
	Unchain Corporation ⁴	Korea	Software development and distribution	50.98	50.98	December
	LVC USA ⁴	USA	Financial business	100.00	100.00	December
	LINE TECH PLUS ⁴	Singapore	Financial business	100.00	100.00	December
	Unblock Ventures ⁴	Hong Kong	Financial business	100.00	100.00	December
NAVER J.Hub	Mirai Fund ⁴	Japan	Investment	100.00	100.00	December
Mirai Fund LLP	Mission Worldwide Group Limited ⁴	Virgin Islands	Software development and distribution	59.06	59.06	December
Mission Worldwide Group Limited	CHOCO Media ⁴	Taiwan	Mobile service operations	100.00	100.00	December

¹ Ownership interest with voting rights held by the Group includes share held by subsidiaries.

² The Group acquired additional non-controlling interest of LINE as part of the business integration in accordance with the transaction agreement and others with SoftBank Corp.

³ Entities were reclassified from associates to subsidiaries due to additional acquisition of shares during the nine-month period ended September 30, 2020.

⁴ As anti-monopoly reviews in relevant countries for the business integration between LINE and Z-Holdings Corp. have been completed, related assets, liabilities and profit or loss of the subsidiary were classified as assets and liabilities held for sale and discontinued operations during the nine-month period ended September 30, 2020 (Note 19).

⁵ The Parent Company has changed due to equity transaction within the Group.

⁶ NAVER WEBTOON COMPANY Corporation (formerly, Naver Webtoon) spun off its business divisions except for the Chinese business division, and merged the spin-off divisions with Naver Webtoon LLC (formerly, Webtoon Entertainment Korea).

⁷ Established through a split-off.

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1.2 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the nine-month period ended September 30, 2020, are as follows:

Reason	Subsidiaries
Newly established	NF Insurance Services Corporation, Naver Webtoon LLC (formerly, Webtoon Entertainment Korea), SpringCamp Early Stage Fund 2, SVA Content Media, Do Ventures Annex Fund LP
Newly acquired	DEMAE-CAN, SATSUMAEBISUDO, YLAB Japan
Established through split-off	NAVER Z Corporation

Subsidiaries excluded from the consolidation for the nine-month period ended September 30, 2020, are as follows:

Reason	Subsidiaries
Merged ¹	Five
External investment ²	LINE MAN, LINE MAN (Thailand)

¹ For the nine-month period ended September 30, 2020, Five was merged with LINE.

² Percentage of ownership has decreased due to external investment.

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 (Hangeul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed consolidated interim financial statements for the nine-month period ended September 30, 2020, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective as at September 30, 2020.

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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, 2020.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

The amendments clarify the explanation of the definition of material and amended Korean IFRS 1001 and Korean IFRS 1008 in accordance with the clarified definitions. Materiality is assessed by reference to omission or misstatement of material information as well as effects of immaterial information, and to the nature of the users when determining the information to be disclosed by the Group. The amendment does not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1103 Business Combination – Definition of a Business

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, an optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset or a group of similar assets, the assets acquired would not represent a business. The amendment does not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement and Korean IFRS 1107 Financial Instruments: Disclosure – Interest Rate Benchmark Reform

The amendments allow to apply the exceptions when forward-looking analysis is performed in relation the application of hedge accounting while uncertainties arising from interest rate benchmark reform exist. The exceptions require the Group assumes that the interest rate benchmark on which the hedged items and the hedging instruments are based on is not altered as a result of interest rate benchmark reform, when determining whether the expected cash flows are highly probable, whether an economic relationship between the hedged item and the hedging instrument exists, and when assessing the hedging relationship is highly effective. The amendments do not have a significant impact on the consolidated 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 September 30, 2020 reporting period and have not been early adopted by the Group.

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- Amendments to Korean IFRS 1116 Leases – Practical expedient for COVID-19-Related Rent Exemption, Concessions, Suspension

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. These amendments should be applied for annual periods beginning on or after June 1, 2020. The Group does not expect that these amendments have a significant impact on the consolidated 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, 2019, 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, 2019, except for the estimates used to determine income tax expense.

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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 nine-month period ended September 30, 2020.

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.

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The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value as at September 30, 2020 and December 31, 2019:

<i>(in thousands of Korean won)</i>	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value				
- profit or loss	₩ 28,826,076	₩ 761,979,651	₩ 1,460,307,713	₩ 2,251,113,440
Equity instruments at fair value - other comprehensive income	511,046,937	-	118,022,950	629,069,887
Financial liabilities				
Financial liabilities at fair value - profit or loss	₩ -	₩ -	₩ 5,353,309	₩ 5,353,309
<i>(in thousands of Korean won)</i>	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value				
- profit or loss	₩ 1,013,228	₩ 33,904,137	₩ 1,207,100,494	₩ 1,242,017,859
Debt instruments at fair value - other comprehensive income	-	191,590,570	471,117	192,061,687
Equity instruments at fair value - other comprehensive income	475,035,986	-	72,421,292	547,457,278
Financial liabilities				
Financial liabilities at fair value - profit or loss	₩ 649,038	₩ -	₩ 8,339,735	₩ 8,988,773

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The following table presents the Group's financial assets and financial liabilities classified as assets and liabilities held for sale as at September 30, 2020:

(in thousands of Korean won)

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value				
- profit or loss	₩ 1,454,006	₩ 34,590,575	₩ 203,733,199	₩ 239,777,779
Debt instruments at fair value				
- other comprehensive income	-	97,112,593	492,643	97,605,236
Equity instruments at fair value - other comprehensive income	1,117,623	-	30,885,459	32,003,082
Financial liabilities				
Financial liabilities at fair value - profit or loss	₩ 712,591	₩ -	₩ 3,557,106	₩ 4,269,697

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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 nine-month period ended September 30, 2020.

The following table presents the changes in level 3 financial instruments for the nine-month periods ended September 30, 2020 and 2019:

<i>(in thousands of Korean won)</i>	2020			2019		
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivatives liabilities	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivatives liabilities
Beginning balance	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735	₩ 731,579,660	₩ 118,046,299	₩ 2,947,566
Total profit or loss						
Amounts recognized in profit or loss ¹	153,863,742	-	485,111	40,274,948	-	(509,519)
Amounts recognized in other comprehensive income ²	-	13,002,948	-	-	29,299,871	-
Acquisitions	327,195,411	84,188,386	-	188,988,531	3,824,888	316,903
Disposals	(25,848,927)	(11,725,933)	-	(66,903,889)	(30,429,161)	-
Others ³	(5,085,460)	(10,183,677)	-	-	-	-
Exchange differences	6,815,652	1,226,919	85,569	12,354,273	6,829,572	446,401
Ending balance	<u>₩ 1,664,040,912</u>	<u>₩ 149,401,052</u>	<u>₩ 8,910,415</u>	<u>₩ 906,293,523</u>	<u>₩ 127,571,469</u>	<u>₩ 3,201,351</u>
Balance in the consolidated interim statement of financial position	₩ 1,460,307,713	₩ 118,022,950	₩ 5,353,309	₩ 906,293,523	₩ 127,571,469	₩ 3,201,351
Amount classified as assets and liabilities held for sale	203,733,199	31,378,102	3,557,106	-	-	-

¹ Includes amounts recognized in profit or loss in relation to discontinued operations amounting to ₩ 2,246 million and ₩ 15,813 million during the nine-month periods ended September 30, 2020 and 2019.

² Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 4,147 million and ₩ 8,149 million during the nine-month periods ended September 30, 2020 and 2019.

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

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4.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements of major financial instruments that are categorized as levels 2 and level 3 of the fair value hierarchy as at September 30, 2020 and December 31, 2019, are as follows:

(in thousands of Korean won)	September 30, 2020						
	Fair value		Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
	Continuing operations	Discontinued operations					
Financial assets at fair value - profit or loss							
Compound financial instruments	₩ 881,288,523	₩ 102,784,319	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	15.20% ~ 68.30%
				Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR EV/SALES PSR	1.20 ~ 8.57 1.10 ~ 28.07 2.53 ~ 11.09
				Present value method	Credit risk adjusted discount rate	Discount rate	12.42% ~ 16.59%
Beneficiary certificates and funds	1,408,726	34,552,688	2	Present value method	Credit risk adjusted discount rate	-	-
Beneficiary certificates and funds	579,019,190	100,948,880	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	760,570,925	-	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	-	37,887	2	Present value method, option pricing model	Forward exchange rate, contract exchange rate	-	-
Debt instruments at fair value – other comprehensive income							
Debt securities	-	97,112,593	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-
Debt securities	-	492,643	3	Present value method	-	-	-
Equity instruments at fair value – other comprehensive income							
Equity securities	118,022,950	30,885,459	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	5.71 ~ 11.11 1.4 ~ 4.8
Financial liabilities at fair value - profit or loss							
Derivatives	5,353,309	3,557,106	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	44.30%

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December 31, 2019

	Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value - profit or loss						
Securities linked derivative	₩ 9,982,479	3	Option pricing model	Underlying asset, CDS spread, KRW IRS Curve, recovery rate	Correlation coefficient CDS SPREAD KRW IRS Curve Recovery rate	0.00 ~ 1.00 0.201% ~ 0.544% 1.34% ~ 1.47% 40.00%
Compound financial instruments	766,646,406	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	8.60% ~ 53.30%
			Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR EV/SALES PSR	1.86 ~ 9.30 0.98 ~ 22.40 1.81 ~ 11.97
			Present value method	Credit risk adjusted discount rate	Discount rate	9.86% ~ 12.42%
Beneficiary certificates and funds	33,799,243	2	Present value method	Credit risk adjusted discount rate	-	-
Beneficiary certificates and funds	430,471,609	3	Market approach and others	Underlying asset price	(*)	(*)
Derivatives	104,894	2	Present value method, option pricing model	Forward exchange rate	-	-
Debt instruments at fair value – other comprehensive income						
Debt securities	191,590,570	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-
Debt securities	471,117	3	Present value method	-	-	-
Equity instruments at fair value – other comprehensive income						
Equity securities	72,421,292	3	Present value method, market approach	EV/SALES, PSR, etc	EV/SALES PSR	1.37 ~ 12.08 1.37 ~ 13.3
Financial liabilities at fair value - profit or loss						
Derivatives	8,339,735	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	42.8% ~ 43.6%

(*) 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 measurement 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 periods.

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5. Operating Segment Information

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

Operating revenues by service types for the nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020		2019	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Search Platform ¹	₩ 2,032,962,605	53.62	₩ 1,962,639,145	61.77
Commerce ²	772,840,665	20.38	573,093,086	18.04
FinTech ³	476,341,300	12.56	286,698,769	9.02
Contents ⁴	321,272,170	8.47	215,932,405	6.80
Cloud ⁵	188,098,668	4.97	138,857,252	4.37
Continued operations	3,791,515,408	100.00	3,177,220,657	100.00
Discontinued operations	1,902,777,407		1,628,731,118	
	₩ 5,694,292,815		₩ 4,805,951,775	

¹ Search and Display

² Shopping Search & Display, brokerage fees and others

³ Pay Services and Digital Finance

⁴ Webtoon, Music, V LIVE and others

⁵ Cloud, Works and others

The Group changed the classification of operating information by service types during the nine-month period ended September 30, 2020, and the comparatives of the prior period have been restated accordingly.

Revenue from external customers by region for the nine-month periods ended September 30, 2020 and 2019 and non-current assets as at September 30, 2020 and December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	Revenue from external customers		Non-current assets¹	
	2020	2019	September 30, 2020	December 31, 2019
Domestic	₩ 3,674,542,920	₩ 3,092,477,392	₩ 2,178,900,945	₩ 2,518,702,653
Japan	93,541,270	69,723,146	77,961,405	913,544,202
Others	23,431,218	15,020,119	747,698,927	788,730,579
Continuing operations	3,791,515,408	3,177,220,657	3,004,561,277	4,220,977,434
Discontinued operations				
/assets held for sale	1,902,777,407	1,628,731,118	2,236,183,813	-
	₩ 5,694,292,815	₩ 4,805,951,775	₩ 5,240,745,090	₩ 4,220,977,434

¹ Excludes financial instruments and deferred tax assets.

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The revenue from contracts with customers by category for the nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020	2019
By timing of revenue recognition		
Recognized at a point in time	₩ 2,769,944,954	₩ 2,282,626,872
Recognized over time	1,021,570,454	894,593,785
Continuing operations	<u>3,791,515,408</u>	<u>3,177,220,657</u>
Discontinued operations	1,902,777,407	1,628,731,118
	<u>₩ 5,694,292,815</u>	<u>₩ 4,805,951,775</u>

6. Property and Equipment

Changes in property and equipment for the nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020³	2019
Beginning balance	₩ 1,596,271,318	₩ 1,457,302,209
Acquisition and capital expenditures	581,497,273	342,682,121
Increase due to business combination (Note 18)	2,031,133	-
Depreciation ¹	(256,153,796)	(219,060,851)
Disposals, retirement and impairment	(11,969,816)	(4,329,449)
Disposal of subsidiaries	(298,257)	-
Others ²	20,863,020	27,834,859
Reclassified to held for sale	<u>(308,684,604)</u>	<u>-</u>
Ending balance	<u>₩ 1,623,556,271</u>	<u>₩ 1,604,428,889</u>

¹ Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 70,226 million and ₩ 74,051 million during the nine-month periods ended September 30, 2020 and 2019.

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

³ Includes changes in property and equipment in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in property and equipment that had been reclassified to assets held for sale up to the point of reclassification.

During the nine-month period ended September 30, 2020, the Group has capitalized borrowing costs amounting to ₩ 1,324 million (2019, 3Q: ₩ 940 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 2.99% (2019, 3Q: 3.07%).

The balance of property and equipment classified as assets held for sale is ₩ 309,036 million as at September 30, 2020 (Note 19).

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7. Leases

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

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

<i>(in thousands of Korean won)</i>	September 30, 2020	December 31, 2019
Right-of-use assets		
Properties	₩ 98,759,232	₩ 402,473,068
Vehicles	1,086,792	1,189,745
IDC buildings	35,506,053	290,850,644
Leased internet line	2,654,025	2,837,848
	<u>₩ 138,006,102</u>	<u>₩ 697,351,305</u>
Lease receivables	₩ 70,645	₩ 263,404

<i>(in thousands of Korean won)</i>	September 30, 2020	December 31, 2019
Lease liabilities		
Current	₩ 52,991,359	₩ 168,937,301
Non-current	92,763,669	555,287,968
	<u>₩ 145,755,029</u>	<u>₩ 724,225,269</u>

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

<i>(in thousands of Korean won)</i>	September 30, 2020	
Right-of-use assets	₩	614,223,369
Lease receivables		91,701

<i>(in thousands of Korean won)</i>	September 30, 2020	
Lease liabilities		
Current	₩	144,542,354
Non-current		516,216,395
	₩	<u>660,758,749</u>

Additions to the right-of-use assets during the nine-month period ended September 30, 2020 were ₩ 190,113 million (from continuing operations: ₩ 42,811 million, discontinued operations: ₩ 147,302 million).

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

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

<i>(in thousands of Korean won)</i>	2020		2019	
Depreciation of right-of-use assets				
Properties	₩	29,859,647	₩	17,831,024
Vehicles		476,636		465,013
IDC buildings		9,283,310		10,441,553
Leased internet line		1,067,127		473,391
	₩	<u>40,686,720</u>	₩	<u>29,210,981</u>
Interest expense relating to lease liabilities (included in 'finance costs') ¹	₩	2,059,076	₩	2,628,312
Expense relating to short-term leases and leases of low-value assets		1,606,171		1,018,356

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

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

<i>(in thousands of Korean won)</i>	2020	2019
Depreciation of right-of-use assets	₩ 83,825,534	₩ 79,254,265
Interest expense relating to lease liabilities (included in 'finance costs')	9,986,202	9,026,730
Expense relating to short-term leases and leases of low-value assets	3,358,582	5,958,912
Expense relating to variable lease payments not included in lease liabilities	37,214,116	64,789,911

For the nine-month period ended September 30, 2020, the Group recognized impairment loss of ₩ 46,815 million in relation to right-of-use assets classified as discontinued operations. The recoverable amount of right-of-use assets was calculated by using value in use discounted at 8.17%~12.9%.

The total cash outflows from continuing and discontinued operations for leases were ₩ 44,832 million and ₩ 136,114 million, respectively, and the total cash inflow for leases was ₩ 175 million for the nine-month period ended September 30, 2020.

8. Intangible Assets

Changes in intangible assets for the nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020³	2019
Beginning balance	₩ 341,442,833	₩ 306,963,470
Acquisition and capital expenditures	55,498,710	78,229,803
Increase due to business combination (Note 18)	215,636,475	-
Amortization ¹	(26,839,378)	(25,760,972)
Disposals, retirement and impairment	(31,471,982)	(3,005,872)
Disposal of subsidiaries	(1,116,466)	-
Others ²	(1,530,478)	(6,427,363)
Reclassified to held for sale	(453,435,855)	-
Ending balance	<u>₩ 98,183,859</u>	<u>₩ 349,999,066</u>

¹ Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 17,890 million and ₩ 19,538 million during the nine-month periods ended September 30, 2020 and 2019.

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

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³ Includes changes in intangible assets in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in intangible assets that had been reclassified to assets held for sale up to the point of reclassification.

The balance of intangible assets classified as assets held for sale is ₩ 459,959 million as at September 30, 2020 (Note 19).

9. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures of the Group as at September 30, 2020 and December 31, 2019, are as follows:

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	September 30, 2020		December 31, 2019
				Percentage of ownership (%)	Book amount	Book amount
Associates						
KG Allat ⁴	Internet commerce payment service	Korea	December	-	₩ -	₩ 3,106,638
NetMania	Software development and distribution	Korea	December	27.17	1,035,834	1,006,434
Synapssoft	Software development and distribution	Korea	December	26.44	5,427,732	4,954,775
ARO In Tech	Software development and distribution	Korea	December	29.85	664,124	642,003
Silicon Cube	Applied software development and distribution	Korea	December	41.89	995,959	2,448,616
NSPACE	Space service business	Korea	December	49.04	979,564	450,563
One Store	E-Commerce business	Korea	December	27.53	41,851,977	41,732,881
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	2,472,482	3,197,462
Korea Contents Mutual Aid Association ¹	Mutual Aid Association	Korea	December	58.58	9,300,476	9,048,019
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	4,158,476	5,059,696
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	8,978,418	10,728,698
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	2,091,588	4,186,612
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	6,618,390	8,043,445
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	33,520,739	37,735,406
YG NAVER Contents & Lifestyle Fund ¹	Investment	Korea	December	90.91	47,450,432	47,949,009
Soran Media Venture Fund I ¹	Investment	Korea	December	66.67	822,321	836,605
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	184,254,909	187,936,912

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Name of entity	Primary business	Location	Closing month	September 30,		December 31,
				2020	2019	
				Percentage of ownership (%)	Book amount	Book amount
MiraeAsset-Naver Asia Growth Fund ^{5,6}	Investment	Korea	December	16.67	57,060,099	50,924,712
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT ⁶	Investment	Singapore	December	40.00	230,808,470	205,600,678
Digital Media Partners II	Investment	Cayman Islands	December	30.00	2,589,621	2,676,544
K-Fund I ^{1,10}	Investment	France	December	99.75	218,671,769	187,786,461
China Ventures Fund I, L.P. ^{1,6}	Investment	Canada	December	99.99	260,327,133	142,469,646
The Grim Ent.	Webtoon production	Korea	December	34.98	1,475,669	1,003,722
Studio Horang	Webtoon production	Korea	December	35.00	337,568	337,964
Bigpicture Comics	Webtoon production	Korea	December	35.00	1,261,166	1,143,373
Studio JHS	Webtoon production	Korea	December	35.00	463,550	503,209
JQ COMICS	Webtoon production	Korea	December	35.06	220,793	296,404
ZK Studio	Webtoon production	Korea	December	40.00	372,950	395,573
Soo COMICS	Webtoon production	Korea	December	40.00	382,741	395,039
YLAB Japan ⁷	Software development and distribution	Japan	December	-	-	274,626
Alchera ¹¹	Software consulting, development and distribution	Korea	December	-	-	3,187,753
AXIS ³	Software development and distribution	Korea	December	28.41	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,247,281	1,417,999
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	23.85	838,944	857,360
LINE Games ^{2,6,9}	Software development and distribution	Korea	December	48.39	65,277,244	154,366,934
Epic Voyage ⁹	Mobile service development	Japan	December	30.00	27,784	26,867
LINE Music ^{3,9}	Mobile service development	Japan	December	36.72	23,394	-
DEMAE-CAN ^{7,9}	Mobile service development	Japan	December	-	-	36,821,281
Transcosmos Online Communication ⁹	Business customer support	Japan	December	37.06	948,456	1,174,358
LENSA, LTD. ⁹	Mobile advertising service business	Japan	December	49.00	1,234,293	1,160,065
LINE Mobile ⁹	Telecommunications service	Japan	December	40.05	75,936,711	85,600,720
Venture Republic ^{2,6,9}	Online information distribution business	Japan	December	33.98	2,279	8,901,244
PT. Bank KEB HANA Indonesia ⁹	Bank and financial business	Indonesia	December	20.00	162,109,772	167,427,011
FOLIO Holdings ^{2,6,9}	Financial business	Japan	December	41.40	13,778,456	42,654,911
iPASS ⁹	Mobile billing system planning and development	Taiwan	December	29.82	10,877,500	11,773,661

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				September 30,		December 31,
				2020		2019
				Percentage of ownership		
Name of entity	Primary business	Location	Closing month	(%)	Book amount	Book amount
Connection Labs Ltd ^{2,9}	Software development and distribution	Taiwan	December	31.10	-	2,982,980
Alliance Internet	Online company revenue support	Korea	December	23.53	1,096,161	793,090
CONG TY CO PHAN RBW VIETNAM	Contents production	Vietnam	December	35.36	362,439	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	662,298	-
VRex Lab Co.,Ltd.	Programming service	Korea	December	27.99	552,163	-
DHP private equity fund 3	Investment	Korea	December	25.16	171,557	-
Japan Food Delivery Co.,Ltd ^{8,9}	Mobile service development	Japan	December	31.31	1,086,193	-
AIRI, Inc. ⁵	AI technology research and investment	Korea	December	14.29	2,727,497	-
Studio Mul	Contents production	Korea	December	35.00	3,000,140	-
Do Ventures Fund I-A, L.P	Investment	Cayman Islands	December	36.02	5,926,500	-
Lano Co.,Ltd.	Software development and distribution	Korea	December	48.78	119,546	-
Cinamon Games ¹²	Software development and distribution	Korea	December	20.00	144,500	-
LINE MAN ^{6,13}	Applied software development and distribution	Singapore	December	47.36	210,007,458	-
YN Culture & Space	Record production and planning	Korea	December	47.50	474,950	-
					1,683,228,466	1,482,017,959
Joint ventures						
China Lab	Database and online information service	Korea	December	49.00	417,201	318,303
JobsN	Online information service	Korea	December	49.00	2,085,086	1,735,840
YEOPEUL	Online information service and internet contents business	Korea	December	49.00	1,933,746	1,777,646
Cineplay	Online information service and online advertising	Korea	December	49.00	643,712	601,901
Designpress	Online information service and internet contents business	Korea	December	49.00	831,294	730,586
Interbiz (Dong-A JV)	Online information service and internet contents business	Korea	December	49.00	702,783	614,424
Artitian (Kyunghyang Daily News JV)	Online information service and internet contents business	Korea	December	49.00	238,279	211,327

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Name of entity	Primary business	Location	Closing month	September 30,		December 31,
				2020	2019	
				Percentage of ownership (%)	Book amount	Book amount
Schooljam (EBS JV)	Online information service and internet contents business	Korea	December	49.00	461,956	390,201
Agroplus (Korea Business JV)	Online information service and internet contents business	Korea	December	49.00	677,389	538,696
Sumlab (Munhwa Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	732,620	623,586
Techplus (Electronic Times JV)	Online information service and internet contents business	Korea	December	49.00	968,955	692,285
Animal and Human Story (Hankook Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	359,571	301,103
Law and Media (Money Today JV)	Online information service and internet contents business	Korea	December	49.00	235,340	184,048
DANAA Data	Software development and distribution	Korea	December	49.00	4,950,433	4,893,200
Cinamon Games ¹²	Software development and distribution	Korea	December	-	-	1,979
LINE Project ^{3,9}	Investment	Japan	December	49.95	-	-
Lantu Games ^{3,6,9}	Mobile service development	Hong Kong	December	50.00	-	-
RABBIT-LINE PAY COMPANY ^{2,9}	Online payment service	Thailand	December	33.33	7,358,090	19,081,211
Collab+LINE ⁹	Investment	USA	December	50.00	1,792,426	1,693,966
Kasikorn LINE ⁹	Software development and distribution	Thailand	December	49.99	46,591,650	41,859,924
LINE Bank Taiwan Limited ⁹	Financial business	Taiwan	December	49.90	194,162,182	-
					<u>265,142,713</u>	<u>76,250,226</u>
					₩ 1,948,371,179	₩ 1,558,268,185
Assets held for sale					₩ 844,468,511	₩ -
Continuing operations					1,103,902,668	1,558,268,185

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

² Recognized impairment loss for the entities as their recoverable amounts were below the book amounts for the nine-month period ended September 30, 2020.

³ Stopped applying equity method due to accumulated deficits.

⁴ Excluded from investments in associates due to the decreased Group's ownership in these entities during the nine-month period ended September 30, 2020.

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⁵ 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.

⁶ Applied based on their consolidated financial statements. The related subsidiaries of the associates and joint ventures are as follows:

Associates and joint ventures	Subsidiaries of the associates and joint ventures
LINE Games	PIG, Stairs, Msquared Management, MFC, InnoAG inc., Oozoo, Studio 4LEAF, Meerkat Games, PIG BKK, ZeroGames
Venture Republic	VENTURE REPUBLIC GLOBAL, Trip101
FOLIO Holdings	FOLIO, FOLIO Asset Management
Lantu Games	Beijing Lantu Times Technology Company
MiraeAsset-Naver Asia Growth Fund	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT
China Ventures Fund I, L.P.	China Ventures Fund I, PTE.LTD.
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	LogisValley BacNinh Joint Stock Company
LINE MAN	LINE Man (THAILAND) Company, Wongnai Media

⁷ Excluded from investments in associates as the Group acquired control over the entity due to the Group's additional acquisition of shares during the nine-month period ended September 30, 2020.

⁸ The Group acquired an associate of DEMA-E-CAN, over which the Group acquired control during the nine-month period ended September 30, 2020.

⁹ Reclassified to assets held for sale during the nine-month period ended September 30, 2020.

¹⁰ The shares held by the subsidiaries included in the disposal group were classified as assets held for sale.

¹¹ Excluded from investments in associates as the Group lost significant influence over the entities during the nine-month period ended September 30, 2020.

¹² Classified from investments in joint ventures to associates due to the decreased Group's ownership in these entities during the nine-month period ended September 30, 2020.

¹³ Classified to investments in associates as the Group lost control due to the decreased Group's ownership in the entity during the nine-month period ended September 30, 2020, and classified as assets held for sale as at September 30, 2020.

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Changes in investments in associates and joint ventures for the nine-month periods ended September 30, 2020 and 2019, are as follows:

(in thousands of Korean won)

	2020		
	Investments in associates	Investments in joint ventures	Total³
Beginning balance	₩ 1,482,017,959	₩ 76,250,226	₩ 1,558,268,185
Acquisition	155,756,427	201,463,737	357,220,164
Disposal	(41,748,177)	-	(41,748,177)
Valuation of investment using the equity method			
· Share of loss of associates and joint ventures ¹	(3,145,298)	(9,466,722)	(12,612,020)
· Share of other comprehensive income of associates and joint ventures ²	22,437,934	710,842	23,148,776
· Dividends	(22,875,714)	-	(22,875,714)
· Other changes	(109,718,368)	(10,363,848)	(120,082,216)
Reclassified to held for sale	(394,060,460)	(243,355,870)	(637,416,330)
Ending balance	<u>₩ 1,088,664,303</u>	<u>₩ 15,238,365</u>	<u>₩ 1,103,902,668</u>

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

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

³ Includes changes in investments in associates and joint ventures in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in investments in associates and joint ventures that had been reclassified to assets held for sale up to the point of reclassification.

(in thousands of Korean won)

	2019		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 958,634,702	₩ 42,727,420	₩ 1,001,362,122
Acquisition	463,929,811	40,813,211	504,743,022
Disposal	-	(5,150,834)	(5,150,834)
Valuation of investment using the equity method			
· Share of loss of associates and joint ventures ¹	(84,668,601)	(3,992,479)	(88,661,080)
· Share of other comprehensive income of associates and joint ventures ²	47,292,217	2,668,524	49,960,741
· Dividends	(6,893,259)	-	(6,893,259)
· Other changes	7,100,662	-	7,100,662
Ending balance	<u>₩ 1,385,395,532</u>	<u>₩ 77,065,842</u>	<u>₩ 1,462,461,374</u>

¹ Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 59,149 million during the nine-month period ended September 30, 2019.

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² Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 28,082 million during the nine-month period ended September 30, 2019.

The Group has stopped recognizing its share of losses in LINE Music and three others using the equity method as their respective book amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 10,806 million as at September 30, 2020, of which ₩ 9,047 million relates to the entities classified as discontinued operations.

10. Borrowings and Debentures

Borrowings as at September 30, 2020 and December 31, 2019, are as follows:

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

	Lender	Maturity date	Annual interest rate (%)	September 30, 2020	December 31, 2019	
Short-term borrowings						
Foreign currency	Sumitomo Mitsui Banking Corporation ²	September 30, 2021	0.07	₩ 133,447,200 (JPY 12,000,000)	₩ 127,616,400 (JPY 12,000,000)	
	Mizuho Corporate Bank, Ltd. ²	September 30, 2021	0.13	111,206,000 (JPY 10,000,000)	106,347,000 (JPY 10,000,000)	
	Resona Bank Co. Ltd ²	June 30, 2021	0.25	11,120,600 (JPY 1,000,000)	10,634,700 (JPY 1,000,000)	
	Mizuho Corporate Bank, Ltd.	-	-	- (JPY -)	1,063,470 (JPY 100,000)	
	DAG Ventures VI, L.P. ¹	-	10.00	2,372,282 (HKD 15,666)	2,329,041 (HKD 15,666)	
	Goodwater Capital II, L.P. ¹	-	10.00	1,184,978 (HKD 7,826)	1,163,380 (HKD 7,826)	
	Mistletoe Singapore Pte. Ltd. ¹	-	10.00	2,372,321 (HKD 15,667)	2,329,080 (HKD 15,667)	
	SCC Growth IV Holdco A, Ltd. ¹	-	10.00	35,368,190 (HKD 233,577)	34,723,518 (HKD 233,577)	
	SenseView Investment Limited ¹	-	10.00	5,931,084 (HKD 39,170)	5,822,975 (HKD 39,170)	
	SNOW Limited Liability Partnership ¹	-	10.00	23,614,515 (HKD 155,954)	23,184,083 (HKD 155,954)	
	Individuals ²	December 2, 2020	2.62	1,048,060 (TWD 26,000)	1,000,480 (TWD 26,000)	
	Local currency	Woori Bank	-	-	-	50,000,000
		Woori Bank	February 3, 2021	1.91	299,998,167	143,345,881
	Foreign currency	Sendai Bank	-	-	- (JPY -)	1,595 (JPY 150)
		Mizuho Corporate Bank, Ltd. ²	September 24, 2021	0.48	55,603,000 (JPY 5,000,000)	- (JPY -)
Citibank		October 15, 2020	1.35	1,173,500 (USD 1,000)	- (USD -)	
Citibank		April 15, 2021	0.40	55,603,000 (JPY 5,000,000)	- (JPY -)	
Mizuho Corporate Bank, Ltd. ³		September 23, 2021	0.72	389,221,000 (JPY 35,000,000)	- (JPY -)	
SMBC ³		September 23, 2023	0.74	389,221,000 (JPY 35,000,000)	- (JPY -)	

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	Lender	Maturity date	Annual interest rate (%)	September 30, 2020	December 31, 2019
Current portion of long-term borrowings					
Local currency	Shinhan Bank	October 31, 2020	2.21	50,000,000	50,000,000
	Sunny Solution 3 rd	April 30, 2021	3.16	50,000,000	-
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	June 15, 2023	1.00	16,681	15,952
				(JPY 1,500)	(JPY 1,500)
	Japan Finance Corporation	-	-	-	7,221
				(JPY -)	(JPY 679)
				1,618,501,578	559,584,776
				(JPY 103,001,500)	(JPY 23,102,329)
				(HKD 467,860)	(HKD 467,860)
				(USD 1,000)	(USD -)
				(TWD 26,000)	(TWD 26,000)
Long-term borrowings					
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	June 15, 2023	1.00	29,192	39,880
				(JPY 2,625)	(JPY 3,750)
	Mizuho Corporate Bank, Ltd.	September 23, 2023	0.77	79,469,611	-
				(JPY 7,146,162)	(JPY -)
	SMBC	September 23, 2023	0.74	79,469,611	-
				(JPY 7,146,162)	(JPY -)
Local currency	Sunny Solution 3 rd	April 30, 2021	3.16	-	50,000,000
				158,968,414	50,039,880
				(JPY 14,294,949)	(JPY 3,750)
				₩ 1,777,469,992	₩ 609,624,656
				(JPY 117,296,449)	(JPY 23,106,079)
				(HKD 467,860)	(HKD 467,860)
				(USD 1,000)	(USD -)
				(TWD 26,000)	(TWD 26,000)

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

² The entire amount was reclassified to liabilities held for sale during the nine-month period ended September 30, 2020. The borrowings reclassified to liabilities held for sale amount to ₩ 312,471 million (JPY 28,004,125 thousand, TWD 26,000 thousand) as at September 30, 2020 (Note 19).

³ The Group plans to borrow from financial institutions during the nine-month period ended September 30, 2020 in order to make an early repayment on convertible bonds issued by LINE, a subsidiary of the Group, in September 2018. If the borrowings do occur, it is committed to repay borrowings of Mizuho Corporation Bank and SMBC. Accordingly, the Group classified the respective borrowings as current liabilities.

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Debentures as at September 30, 2020 and December 31, 2019, are as follows and are classified as liabilities held for sale for the nine-month period ended September 30, 2020:

<i>(in thousands of Korean won, in thousands of Japanese yen and in thousands of Taiwan dollar)</i>	Issuer	Maturity date	Annual interest rate (%)		September 30, 2020		December 31, 2019
Convertible bonds in foreign currency ¹	LINE ¹	September 20, 2023	-	₩	406,791,548	₩	389,017,326
					(JPY 36,580,000)		(JPY 36,580,000)
		September 19, 2025	-		406,791,548		389,017,326
					(JPY 36,580,000)		(JPY 36,580,000)
	CHOCO Media	September 11, 2027	-		5,931,617		-
					(TWD 147,150)		(TWD -)
					(22,692,382)		(25,764,467)
Less: Discount on bonds payable					(JPY 2,040,572)		(JPY 2,422,679)
				₩	796,822,331	₩	752,270,185
					(JPY 71,119,428)		(JPY 70,737,321)
					(TWD 147,150)		

¹ During the period, the Group expects to make an early repayment on convertible bonds issued by LINE, a subsidiary of the Group, in September 2018, and therefore, the Group classified the debentures as current liabilities (Note 19).

11. Net Defined Benefit Liabilities

The amounts recognized in the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020		2019	
	Three months	Nine months	Three months	Nine months
Current service cost	₩ 32,021,613	₩ 83,348,524	₩ 20,036,781	₩ 60,243,689
Net interest cost	1,912,640	9,039,041	2,199,831	6,840,155
Total expenses included in employee benefits ¹	₩ 33,934,253	₩ 92,387,565	₩ 22,236,612	₩ 67,083,844

¹ Includes total expenses included in employee benefits in relation to discontinued operations amounting to ₩ 25,659 million and ₩ 20,108 million during the nine-month periods ended September 30, 2020 and 2019.

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Details of net defined benefit liabilities recognized in the statements of financial position as at September 30, 2020 and December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	September 30, 2020		December 31, 2019	
Present value of funded defined benefit liabilities	₩	14,576,289	₩	86,625,373
Present value of unfunded defined benefit liabilities		422,539,819		403,503,893
Sub total		437,116,108		490,129,266
Fair value of plan assets		(13,805,091)		(16,691,311)
Net defined benefit liabilities	₩	423,311,017	₩	473,437,955

The balance of net defined benefit liabilities classified as liabilities held for sale is ₩ 117,467 million as at September 30, 2020 (Note 19).

12. Provisions

Details and changes in provisions for the nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020			
	Provision for litigation	Provision for restoration	Others	Total³
Beginning balance	₩ 1,210,878	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Charged / (credited) to the statement of profit or loss:				
Additional provisions ¹	184,467	58,132	34,730,605	34,973,204
Unused amounts reversed ¹	(112,596)	(937,295)	(683,955)	(1,733,846)
Charged during the period	-	5,955,156	73,278	6,028,434
Used during the period	(157,206)	(518,377)	(291,350)	(966,933)
Others ²	13,380	1,051,604	171,131	1,236,115
Reclassified to held for sale	(210,984)	(54,884,371)	(7,244,315)	(62,339,670)
Ending balance	₩ 927,939	₩ 10,721,511	₩ 28,417,089	₩ 40,066,539
Current	₩ 927,939	₩ 560,200	₩ 28,385,633	₩ 29,873,772
Non-current	-	10,161,311	31,456	10,192,767

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

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

³ Includes changes in provisions in relation to continuing operations for the nine-month period ended September 30, 2020 and changes in provisions that had been classified to liabilities held for sale up to the point of reclassification.

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	2019				
	Provision for litigation	Provision for customer loyalty program	Provision for restoration	Others	Total
Beginning balance	₩ 926,439	₩ 249,054	₩ 43,139,637	₩ 571,513	₩ 44,886,643
Charged / (credited) to the statement of profit or loss:					
Additional provisions ¹	-	-	-	8,041,143	8,041,143
Unused amounts reversed ¹	-	-	(29,969)	(5,387,183)	(5,417,152)
Charged during the period	-	-	13,467,305	-	13,467,305
Used during the period	-	-	(471,234)	(677,648)	(1,148,882)
Others ²	-	-	2,824,767	(351,379)	2,473,388
Ending balance	<u>₩ 926,439</u>	<u>₩ 249,054</u>	<u>₩ 58,930,506</u>	<u>₩ 2,196,446</u>	<u>₩ 62,302,445</u>
Current	₩ 926,439	₩ 249,054	₩ 840,603	₩ 2,149,978	₩ 4,166,074
Non-current	-	-	58,089,903	46,468	58,136,371

¹ Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 7,303 million and ₩ 5,417 million, respectively, during the nine-month period ended September 30, 2019.

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

The balance of provisions classified as liabilities held for sale is ₩ 68,932 million (provision for litigation: ₩ 438 million, provision for restoration: ₩ 61,272 million, other provisions: ₩ 7,222 million) as at September 30, 2020 (Note 19).

13. Issuance and Acquisition of Shares

The Group's total number of authorized shares is 300,000,000 shares. As at September 30, 2020, the Group has issued 164,263,395 ordinary shares (₩ 100 per share) and 18,898,600 treasury shares (excludes retired shares). The Group's share capital and share premium as at September 30, 2020, 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 acquired 83,000 shares (2019, 3Q: 735,295 shares) of treasury shares amounting to ₩ 15,516 million (2019, 3Q: ₩ 93,689 million) and retired 550,000 treasury shares for the nine-month period ended September 30, 2020, which are accounted for as other components of equity.

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14. Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As at September 30, 2020, the estimated average annual effective income tax rate from continuing operations used for the year ending December 31, 2020, is 31.26% (the estimated tax rate for the nine-month period ended September 30, 2019: 30.41%).

15. Dividends

A dividend in respect of the year ended December 31, 2019, amounting to ₩ 54,688 million, was paid by the Parent Company in April 2020. Details of the dividends are as follows:

<i>(in thousands of Korean won and in shares)</i>	2020	2019
Shares eligible for dividends	145,447,795	146,183,090
Dividend rate per share (%)	376	314
Cash dividends	<u>₩ 54,688,371</u>	<u>₩ 45,901,490</u>

16. Commitments and Contingencies

As at September 30, 2020, the Group has borrowing agreements with six Korean financial institutions, including Kookmin bank, and Sunny Solution 3rd, with an aggregated credit limit up to ₩ 1,236,000 million. And the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and others, with an aggregated credit limit up to JPY 393,280 million and USD 40 million.

As at September 30, 2020, the Group has been provided with guarantees of ₩ 112,080 million from Seoul Guarantee Insurance, Korea Software Financial Cooperative and others in relation to the performance guarantee, and ₩ 7,502 million from Shinhan bank in relation to the payment guarantee.

As at September 30, 2020, the Group has entered into a construction contract amounting to ₩ 403,511 million (outstanding amount: ₩ 214,672 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group. Also, the Group has entered into contracts to acquire land amounting to ₩ 72,249 million (outstanding amount: nil) and ₩ 51,000 million (outstanding amount: ₩ 100 million) for construction of cloud data center and others.

As at September 30, 2020, the Group is a defendant in 35 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amounts of cases: ₩ 13,641 million), and the Group is a plaintiff in seven lawsuit cases filed with regard to compensation for damages (aggregate amount of the cases: ₩ 923 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.

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The Japanese Payment Services Act requires non-banking entities that engage in business activities involving advance payments from end users using virtual credits to secure a certain amount of money equal to the unused balance of virtual credits purchased by the end users, either by depositing or entrusting a cash reserve or government bonds with the Legal Affairs Bureau, or by concluding a guarantee contract with a financial institution. In accordance with the Japanese Payment Services Act, the Group had deposited investments in Japanese government bonds of JPY 280 million as at September 30, 2020, which are recognized as long-term financial instruments. In addition, the Group had credit guarantee contracts for JPY 35,929 million with Sumitomo Mitsui Banking Corporation and Mizuho Corporate Bank and three other financial institutions as at September 30, 2020, to comply with the Japanese Payment Services Act.

In the process of issuing convertible bonds by LINE, a subsidiary of the Group, in 2018, the Group has entered into an agreement to lend up to 6,000,000 ordinary shares of LINE held by the Group to Morgan Stanley MUFG Securities Co., Ltd., the acquirer of the convertible bonds. When the convertible bonds matures, the lending agreement for convertible bonds with a five-year maturity will be terminated upon the maturity date (50% of ordinary shares lent) and for convertible bonds with a seven-year maturity will be terminated after five business days from the maturity date (50% of ordinary shares lent). Meanwhile, in the event of an early redemption, conversion and others, the lending agreement will be terminated after five business days from the date of such event.

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. This deal is expected to be closed when the following conditions are met:

- 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; and
- the conditions stated in the finalized agreement are met.

Details of significant capital commitments contracted in relation to funds owned by the Group as at September 30, 2020, are as follows:

(in thousands of Korean won)

	Agreed amount	Accumulated investment	Unexecuted amount
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	₩ 500,000,000	₩ 296,987,675	₩ 203,012,325
Sequoia Capital Global Growth Fund III	158,422,500	65,795,215	92,627,285
K-Fund I	273,884,000	196,102,869	77,781,131
DST Global VII, L.P.	117,350,000	78,879,409	38,470,591
Mirai Fund	222,412,000	196,530,810	25,881,190

The Group's capital expenditures contracted but not been recognized yet as at September 30, 2020, are ₩ 19,364 million in property and equipment and ₩ 1,950 million in leases and other purchases.

As at September 30, 2020, LINE Credit, a subsidiary of the Group, has a business loan agreement with its customer that has an aggregated limit of JPY 5,089 million, and LINE has a revolving agreement with its associate, LINE Music, amounting to JPY 1,000 million.

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As at September 30, 2020, the Group has entered into executives and employees' group injury insurance with KB insurance.

17. Related Party Transactions

Details of subsidiaries and associates and joint ventures as at September 30, 2020 and December 31, 2019, are described in Notes 1.1 and 9, respectively.

Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as at September 30, 2020 and December 31, 2019, are as follows:

Type	September 30, 2020	December 31, 2019
Others ¹	Bravepops, Espresso Media Co., Ltd., LunaSoft Inc., Studio Pot, ITSB, ICART GROUP, Meshkorea, Happybean foundation ¹ , Naver Cultural foundation ¹ , Naver Connect (formerly, Connect foundation) ¹	Orpeo Sound Works, Bravepop, Meshkorea, Happybean foundation ¹ , Naver Cultural foundation ¹ , Naver Connect (formerly, Connect foundation) ¹

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

Transactions with related parties including operating revenues and expenses for the nine-month periods ended September 30, 2020 and 2019, are as follows:

(in thousands of Korean won)

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

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	2020	
	Operating revenues and others	Operating expenses and others
Others	402,170	2,270
Joint ventures		
JobsN	767,929	1,652,962
RABBIT-LINE PAY COMPANY ⁵	1,789,524	678,027
YEOPEUL	156,214	1,210,671
Techplus (Electronic Times JV)	-	1,229,303
Cineplay	4,400	975,200
Interbiz (Dong-A JV)	346,343	1,271,986
Schooljam (EBS JV)	-	800,757
Sumlab (Munhwa Ilbo JV)	36,857	1,043,252
China Lab	25,500	939,455
Designpress	146,670	999,402
Agroplus (Korea Business JV)	211,188	980,901
Artitian (Kyunghyang Daily News JV)	-	864,409
Animal and Human Story (Hankook Ilbo JV)	-	964,943
Law and Media (Money Today JV)	24,000	877,821
Lantu Games ⁵	41,293	1,177,833
Others	9,597	39,353
Others		
Happybean foundation ¹	1,331,651	8,124,789
NAVER Cultural foundation ^{1,5}	22,423	256
Naver Connect (formerly, Connect foundation) ^{1,5}	662,600	7,003,278
Espresso Media Co., Ltd.	-	144,214
Meshkorea	-	76
LunaSoft Inc.	-	35,522
Bravepops	441	-

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

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

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

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

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

(in thousands of Korean won)

	2019	
	Operating revenues and others	Operating expenses and others
Associates		
KG Allat	₩ -	₩ 273,661
Synapsoft	-	458,493
ARO In Tech	-	560,128
Studio Horang	300,900	2,491
Bigpicture Comics	-	848,125
Studio JHS	-	693,887
YLAB Japan	-	486,473
LINE Music ⁴	13,659,530	74,480
DEMAE-CAN ⁴	2,773,194	2,489,336
Transcosmos Online Communication ⁴	1,054,616	4,171
LINE Mobile ⁴	13,978,464	3,082,910
Venture Republic ⁴	2,470,119	-
LINE Games ⁴	927,562	476
AXIS	31,658	274,954
Others	344,789	406,251
Joint ventures		
JobsN	711,787	1,801,048
RABBIT-LINE PAY COMPANY ⁴	2,422,666	247,678
YEOPEUL	118,400	1,829,053
Techplus (Electronic Times JV)	-	1,248,986
Cineplay	-	1,270,877
Interbiz (Dong-A JV)	179,300	1,317,016
YTN PLUS ³	-	716,059
Schooljam (EBS JV)	-	1,239,979
Sumlab (Munhwa Ilbo JV)	-	972,673
China Lab	81,171	917,980
Designpress	132,029	1,016,494
Agroplus (Korea Business JV)	81,349	917,740
Artitian (Kyunghyang Daily News JV)	-	910,483
Animal and Human Story (Hankook Ilbo JV)	-	1,033,529
Law and Media (Money Today JV)	10,829	772,046
Others	50,233	168,738
Others		
Happybean foundation ¹	1,323,344	595,192
NAVER Cultural foundation ^{1,4}	222,480	12,000,000
Naver Connect (formerly, Connect foundation) ^{1,4}	1,904,764	14,000,000
Everyoung Korea ^{1,2}	30,038	-
YTN PLUS ^{1,3}	-	100,000
Orpeo Sound Works	176,801	-
Meshkorea	17,853	-

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	2019	
	Operating revenues and others	Operating expenses and others
Bravepops	441	-

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

² Transaction amount before the entities are excluded from the large enterprise group and the related parties during the nine-month period ended September 30, 2019.

³ The entity was excluded from joint ventures and included in the entities which is classified as others of related party, belonging to the same large enterprise group, due to the disposal of shares during the nine-month period ended September 30, 2019, and transactions at the time of disposal were classified as others.

⁴ Includes transactions with the entities that were reclassified to assets held for sale.

Outstanding balances of receivables due from and payables due to related parties as at September 30, 2020 and December 31, 2019, are as follows:

(in thousands of Korean won)

	September 30, 2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Associates				
LINE Man (THAILAND) Company ⁵	₩ 2,362,910	₩ 57,929,564	₩ 56,640	₩ 52,004
LINE Man ⁵	431,503	-	-	-
LINE Music ^{2,5}	2,963,933	439,933	5,398,898	-
Transcosmos Online Communication ⁵	2,036,130	3,472	-	75,276
LINE Mobile ⁵	2,213,366	748,281	351,291	45,062
Venture republic ⁵	73,450	47,447	1,205	1,745
LINE Games ⁵	49,926	33,475,870	-	-
K-Fund I ⁵	-	417,499	-	-
iPASS ⁵	5,919,812	118,215	114,457	-
AXIS ³	-	386,348	-	-
Others	1,809	-	10	-
Joint ventures				
China Lab	-	-	349,108	-
JobsN	126,632	-	31,600	-
Designpress	23,400	-	4,785	-
Artitian (Kyunghyang Daily News JV)	-	-	47,685	-
Interbiz (Dong-A JV)	33,000	-	68,833	-
Agroplus (Korea Business JV)	14,300	200	121,339	-
Sumlab (Munhwa Ilbo JV)	36,300	-	187,561	-
Techplus (Electronic Times JV)	-	-	115,955	-
Lantu Games Limited ^{4,5}	-	130,589	-	-

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	September 30, 2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
RABBIT-LINE PAY COMPANY ⁵	223,217	8,771	197,986	-
Others	68,450	-	219,038	1,736
Others				
Happybean foundation ¹	136,121	21,395	981,121	-
NAVER Cultural foundation ¹	6,804	1,200	-	-
Naver Connect (formerly, Connect foundation) ¹	-	-	165	-
Espresso Media Co., Ltd.	-	-	349,400	-
LunaSoft Inc.	-	-	7,692	-
Bravepops	54	-	-	-

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

² The outstanding balance of other receivables and others of LINE Music does not include the allowance of ₩ 11,161 million.

³ The outstanding balance of other receivables and others of AXIS does not include the allowance of ₩ 1,014 million.

⁴ The outstanding balance of other receivables and others of Lantu Games are presented net of loss allowance of ₩ 1,173 million.

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

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	December 31, 2019			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Associates				
KG Allat	₩ 51,162	₩ 3,179	₩ -	₩ -
Synapsoft	-	-	220,000	-
ARO In Tech	-	-	82,555	-
FOLIO Holdings	48,941	-	-	-
Bigpicture Comics	-	-	97,439	-
Studio JHS	-	-	59,607	-
AXIS	-	1,436,069	-	-
LINE Music	2,353,111	470,621	4,192,841	-
DEMAE-CAN	-	-	521,529	-
Transcosmos online communications	740,872	3,189	-	-
Line Mobile	2,422,831	367,570	768,165	36,093
Venture republic	512,869	-	1,406	-
LINE Games	55,257	17,086	-	-
iPASS	247,879	128,680	63,917	-
Others	66,939	395,696	53,285	-
Joint ventures				
China Lab	4,400	-	340,175	-
JobsN	117,921	-	27,831	-
Designpress	30,800	-	148,313	-
Interbiz (JV with Dong-A)	50,600	-	152,962	-
Agroplus (JV with Korea Business)	8,800	200	106,403	-
Sumlab (JV with Munhwa Ilbo)	-	-	124,647	-
Techplus (JV with Electronic Times)	-	-	223,682	-
Lantu Games	-	1,246,662	-	-
RABBIT-LINE PAY COMPANY	323,786	529,401	179,993	-
Others	41,500	-	520,394	5,646
Others				
Happybean foundation ¹	144,587	102,547	907,255	-
NAVER Cultural Foundation ¹	36,279	-	-	-
Naver Connect (formerly, Connect foundation) ¹	344,469	2,408	647	37,014
Meshkorea	4,309	-	-	-
Bravepops	54	-	-	-

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

There is no loss allowance recognized in relation to the receivables due from related parties.

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Fund transactions with related parties for the nine-month periods ended September 30, 2020 and 2019, are as follows:

(in thousands of Korean won)

		2020		
		Contributions in cash	Dividends received and others	Loans
Associates	K-Fund I	₩ 12,160,040	₩ -	₩ -
	MiraeAsset-Naver Asia Growth Fund	8,443,450	2,630,000	-
	MIRAE ASSET-NAVER			
	ASIA GROWTH INVESTMENT	35,174,023	11,724,434	-
	China Ventures Fund I, L.P.	83,429,148	-	-
	Lano Co.,Ltd	200,000	-	-
	Famous Studio Corp.	1,000,000	-	-
	VRex Lab Co., Ltd.	613,925	-	-
	Studio Mul	3,000,140	-	-
	Do Ventures Fund I-A, L.P	5,926,500	-	-
	DHP private equity fund 3	200,000	-	-
	CONG TY CO PHAN			
	RBW VIETNAM	575,300	-	-
	LINE Games	-	-	33,481,500
	LINE Music	-	-	11,160,500
	NAVER-Suprema Youth			
	Foundation No.5 Investment Fund	-	1,161,077	-
	NAVER KIP Cheer up! Gamers Fund	-	2,050,000	-
	Future Creation NAVER-SB			
	Startup Investment Fund	-	651,676	-
	Future Creation NAVER-			
	Stonebridge Early Stage Start-up			
	Fund	-	960,000	-
	BonAngels Pacemaker Fund	-	250,000	-
	ARO In Tech	-	21,200	-
Fast Cowell Private Equity Fund	-	150,000	-	
YN Culture & Space	474,950	-	-	
Cinamon Games	380,635	-	-	
Joint ventures	LINE Bank Taiwan Limited	201,446,300	-	-
	Kasikom LINE	9,337,004	-	-
Others	Studio Pot	1,000,000	-	-
	ITSB	9,337,004	-	-
	Espresso Media Co., Ltd.	958,257	-	-
	ICART GROUP	1,203,750	-	-

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(in thousands of Korean won)

		2019	
		Contributions in cash	Dividends received and others
Associates	Mirae Asset-NAVER New Growth Fund 1	₩ 10,000,000	₩ -
	LINE Music	1,364	-
	K-Fund I	57,945,298	-
	Laiqu Technology (Shenzhen)	865,999	-
	LINE Mobile	30,465,117	-
	MiraeAsset-Naver Asia Growth Fund	26,355,000	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	104,953,634	-
	China Ventures Fund I, L.P.	73,017,655	-
	JQ COMICS	350,325	-
	ZK Studio	400,000	-
	Soo COMICS	400,000	-
	PT. Bank KEB HANA Indonesia	159,175,419	-
	ARO In Tech	-	6,800
	Future Creation NAVER-SB Startup Investment Fund	-	3,618,209
	MiraeAsset MAPS Private Placement	-	-
	Real Estate 62	-	3,268,250
	Joint ventures	Lantu Games	2,386,200
Kasikom LINE		38,427,011	-

The compensation paid or payable to key management (executive directors) for their services for the nine-month periods ended September 30, 2020 and 2019, consists of:

<i>(in thousands of Korean won)</i>	2020	2019
Short-term employee benefits	₩ 3,416,872	₩ 3,247,500
Post-employment benefits	(587,665)	963,398
Other long-term benefits	-	422,311
Share-based payment expenses	361,999	101,863

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18. Business Combination

In April 2020, the Group acquired 60.79% shares of DEMAЕ-CAN. Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Amount
Purchase consideration	
Cash and cash equivalent	₩ 344,142,918
Fair value of equity interest held before the business combination	74,362,203
	<u>418,505,121</u>
Non-controlling interest ¹	<u>140,099,684</u>
Recognized amounts of identifiable assets acquired and liabilities assumed ²	
Assets	
Cash and cash equivalents	348,213,975
Trade and other receivables	69,189,111
Inventories	763,011
Property and equipment	1,996,590
Intangible assets	11,758,469
Right-of-use assets	255,571
Deferred tax assets	626,065
Other assets	4,192,484
	<u>436,995,276</u>
Liabilities	
Trade and other payables	77,006,228
Long-term borrowings	14,867
Lease liabilities	128,503
Other liabilities	2,515,658
	<u>79,665,256</u>
Total identifiable net assets	<u>357,330,020</u>
Goodwill	<u>₩ 201,274,785</u>

¹ The non-controlling interest was measured proportionately to the share of the fair value of net identifiable assets.

² The fair values of identifiable assets and liabilities are provisional amounts and may be adjusted in accordance with the final assessment.

The Group recognized a gain of ₩ 36,411 million as a result of measuring at fair value its 21.60% equity interest in DEMAЕ-CAN held before the business combination. The gain is included in other income in the Group's statement of comprehensive income for the nine-month period ended September 30, 2020.

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The loss included in the consolidated statement of comprehensive income since the acquisition date, contributed by DEMAЕ-CAN was ₩ 31,645 million. Had DEMAЕ-CAN been consolidated from January 1, 2020, the consolidated statement of comprehensive income would have shown a profit of ₩ 453,358 million.

The assets and liabilities related to DEMAЕ-CAN are presented as assets and liabilities held for sale, and the profit and loss on the related operations are presented as discontinued operations.

In June 2020, the Group acquired 100.00% shares of YLAB Japan. Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date are as follows:

<i>(in thousands of Korean won)</i>	Amount
Purchase consideration	
Cash and cash equivalents	₩ 2,239,062
Fair value of equity interest held before the business combination	<u>966,324</u>
	<u>3,205,386</u>
Non-controlling interest	<u>-</u>
Recognized amounts of identifiable assets acquired and liabilities assumed ¹	
Assets	
Cash and cash equivalents	428,622
Trade and other receivables	137,817
Property and equipment	34,543
Other assets	<u>87,601</u>
	<u>688,583</u>
Liabilities	
Trade and other payables	65,559
Other liabilities	<u>20,859</u>
	<u>86,418</u>
Total identifiable net assets	<u>602,165</u>
Goodwill	<u>₩ 2,603,221</u>

¹ The fair values of identifiable assets and liabilities are provisional amounts and may be adjusted in accordance with the final assessment.

The Group recognized a gain of ₩ 492 million as a result of measuring at fair value its 25.21% equity interest in YLAB Japan held before the business combination. The gain is included in other income in the Group's statement of comprehensive income for the nine-month period ended September 30, 2020.

The operating revenue included in the consolidated statement of comprehensive income since the acquisition date, contributed by YLAB Japan was ₩ 502 million. YLAB Japan also contributed loss of ₩ 192 million over the same period. Had YLAB Japan been consolidated from January 1, 2020, the consolidated statement of comprehensive income would have shown an operating revenue of ₩ 5,694,482 million and profit of ₩ 460,373 million.

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19. Assets Held for Sale and Discontinued Operation

On December 23, 2019, the Group entered into a transaction agreement, a joint venture agreement and a capital alliance agreement with SoftBank Corp., under which the Group and SoftBank Corp., agreed for a business integration (NAVER Corporation and SoftBank Corp. jointly owns shares in the new entity after the 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. The transaction is expected to be completed in the first quarter of 2021.

The Group acquired ordinary shares of 15,617,335 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 ₩ 934,405 million.

Details of assets and liabilities classified as held for sale as at September 30, 2020, are as follows:

(in thousands of Korean won)

September 30, 2020

Assets held for sale

Current assets	₩	3,524,778,551
Cash and cash equivalents		2,208,552,061
Short-term financial instruments		82,032,575
Financial assets at fair value through profit or loss		1,491,892
Trade and other receivables		800,038,175
Financial assets at fair value through other comprehensive income		27,859,749
Inventories		108,407,895
Current tax assets		9,301,761
Other current assets		287,094,443
Non-current assets		3,011,111,290
Property and equipment		309,036,232
Right-of-use assets		614,223,369
Intangible assets		459,958,596
Long-term financial instruments		779,036
Financial assets at fair value through profit or loss		238,285,887
Trade and other receivables		155,774,795
Financial assets at fair value through other comprehensive income		101,748,569
Investments in associates and joint ventures		844,468,511
Deferred tax assets		278,339,190
Other non-current assets		8,497,105
	₩	<u>6,535,889,841</u>

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	September 30, 2020	
Liabilities held for sale		
Current liabilities	₩	2,930,539,035
Trade and other payables		808,776,633
Financial liabilities at fair value through profit or loss		712,590
Short-term borrowings		312,441,541
Current portion of debentures		790,890,714
Current tax liabilities		63,592,225
Provisions		7,940,244
Lease liabilities		144,542,354
Other current liabilities		801,642,734
Non-current liabilities		799,872,509
Trade and other payables		2,520,571
Financial liabilities at fair value through profit or loss		3,557,107
Long-term borrowings		29,192
Debentures		5,931,617
Net defined benefit liabilities		117,467,148
Provisions		60,991,607
Lease liabilities		516,216,395
Deferred tax liabilities		92,655,155
Other non-current liabilities		503,717
	₩	<u>3,730,411,544</u>

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

Cumulative income or loss recognized as other comprehensive income relates to the assets and liabilities classified as held for sale as at September 30, 2020, are as follows:

<i>(in thousands of Korean won)</i>	September 30, 2020	
Loss on valuation of financial assets at fair value through other comprehensive income	₩	(2,071,139)
Share of other comprehensive loss of associates and joint ventures		(22,231,786)
Exchange differences		89,955,982
Others		(57)
	₩	<u>65,653,000</u>

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Loss from discontinued operations for the three-month and nine-month periods ended September 30, 2020 and 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020		2019 ¹	
	Three months	Nine months	Three months	Nine months
Operating revenues	₩ 698,981,021	₩ 1,902,777,407	₩ 568,959,677	₩ 1,628,731,118
Operating expenses	(682,440,453)	(2,034,009,803)	(653,362,575)	(1,971,687,676)
Operating income (loss)	16,540,568	(131,232,396)	(84,402,898)	(342,956,558)
Other income	216,989,576	285,191,009	8,599,561	72,215,271
Other expenses	(187,741,341)	(293,693,693)	(20,799,396)	(53,310,735)
Interest income	514,628	2,142,698	1,339,329	3,992,200
Finance income	13,368,124	(1,205,492)	(43,292,009)	(50,236,012)
Finance costs	(12,778,853)	(57,353,567)	(14,294,401)	(38,425,505)
Share of net loss of associates and joint ventures accounted for using the equity method	<u>(9,262,899)</u>	<u>(45,974,803)</u>	<u>(15,104,429)</u>	<u>(59,148,803)</u>
Profit (loss) before income tax	37,629,803	(242,126,244)	(167,954,243)	(467,870,142)
Income tax expense (benefit)	<u>(46,258,615)</u>	<u>(33,179,628)</u>	<u>13,740,114</u>	<u>10,587,146</u>
Loss for the period of discontinued operations	<u>₩ (8,628,812)</u>	<u>₩ (275,305,872)</u>	<u>₩ (154,214,129)</u>	<u>₩ (457,282,996)</u>

¹ Loss from discontinued operations for the three-month and nine-month periods ended September 30, 2019 includes MIXRADIO which was presented as discontinued operations.

Summarized cash flows from discontinued operations for the nine-month period ended September 30, 2019, are as follows:

<i>(in thousands of Korean won)</i>	2020	2019 ¹
Cash flows from operating activities	₩ (125,942,034)	₩ (126,201,047)
Cash flows from investing activities	(301,088,183)	(565,869,394)
Cash flows from financing activities	341,106,778	59,905,557
Effects of foreign currency translation on cash and cash equivalents	80,451,088	216,902,287
Net cash outflow from discontinued operations	(5,472,351)	(415,262,597)
Cash and cash equivalents at the beginning of the period	<u>2,214,024,412</u>	<u>2,560,869,408</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,208,552,061</u>	<u>₩ 2,145,606,811</u>

¹ Cash flows from discontinued operations for the nine-month period ended September 30, 2019 include MIXRADIO which was presented as discontinued operations.

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20. Events after the Reporting Period

With the resolution of the Board of Directors on October 26, 2020, the Group decided exchange of treasury shares amounting to ₩ 600 billion (CJ Logistics Corporation and CJ ENM CO., Ltd.) and contributions in kind (Studio Dragon Corporation) to reinforce and maintain strategic partnership with CJ corporate group affiliates. This transaction was completed on November 10, 2020, and the Group acquired the related shares with the disposal of 2,094,240 treasury shares.

With the resolution of the Board of Directors on November 9, 2020, the Group decided to delist the shares of LINE and an American Depositary Receipt listed on the Tokyo Stock Exchange and New York Stock Exchange in accordance with a business integration of LINE, a subsidiary of the Group, and Z-Holdings Corp., a subsidiary of SoftBank Corp.