

NAVER Corporation and Subsidiaries
Consolidated Interim Financial Statements
June 30, 2021 and 2020 (Unaudited), and December 31, 2020

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 June 30, 2021, and the related consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, and consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

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

Other Matters

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

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

August 13, 2021

Seoul, Korea

This report is effective as at August 13, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

<i>(in Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		₩ 2,416,648,133,105	₩ 1,600,304,349,922
Short-term financial instruments		223,670,244,976	291,292,142,737
Financial assets at fair value - profit or loss	4	972,564,852,198	922,939,095,062
Trade and other receivables		1,202,381,936,827	986,826,023,076
Inventories		4,006,898,153	4,344,942,323
Current tax asset		6,269,372,163	996,472,888
Other current assets		120,760,123,804	77,702,716,446
Assets held for sale	18	-	6,660,253,457,865
		<u>4,946,301,561,226</u>	<u>10,544,659,200,319</u>
Non-current assets			
Property and equipment	6	2,006,306,028,831	1,684,563,340,866
Right-of-use assets	7	159,837,872,215	129,537,198,819
Intangible assets	8	853,699,137,641	105,136,186,861
Long-term financial instruments		14,255,722,000	14,255,722,000
Financial assets at fair value - profit or loss	4	2,044,737,453,549	1,801,384,240,769
Trade and other receivables		30,599,669,459	28,578,223,832
Financial assets at fair value - other comprehensive income	4	2,052,883,095,656	1,330,951,990,243
Investments in associates and joint ventures	9	19,430,928,568,918	1,199,425,686,734
Deferred tax assets		111,786,678,583	108,572,845,624
Other non-current assets		43,552,043,030	67,174,027,703
		<u>26,748,586,269,882</u>	<u>6,469,579,463,451</u>
Total assets		<u>₩ 31,694,887,831,108</u>	<u>₩ 17,014,238,663,770</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 919,318,104,099	₩ 689,280,186,019
Financial liabilities at fair value - profit or loss	4	17,944,083,416	17,137,640,886
Short-term borrowings	10	586,855,598,897	576,223,326,575
Current tax payables		394,707,781,638	384,340,634,677
Provisions	12	4,906,121,911	31,708,383,889
Current lease liabilities	7	67,298,425,827	53,345,709,463
Other current liabilities		1,644,568,758,117	1,484,474,330,127
Liabilities held for sale	18	-	4,675,241,280,695
		<u>3,635,598,873,905</u>	<u>7,911,751,492,331</u>
Non-current liabilities			
Trade and other payables		111,302,175,922	68,448,327,272
Financial liabilities at fair value - profit or loss	4	73,718,469,556	7,962,264,800
Long-term borrowings	10	1,207,033,939,240	150,678,259,061
Debentures	10	1,591,565,886,964	-
Net defined benefit liabilities	11	500,109,196,975	462,094,245,426
Provisions	12	8,086,323,633	9,186,175,870
Non-current lease liabilities	7	108,950,282,641	92,170,749,140
Deferred tax liabilities		1,194,356,702,442	56,519,491,022
Other non-current liabilities		494,262,829	295,623,635
		<u>4,795,617,240,202</u>	<u>847,355,136,226</u>
Total liabilities		<u>8,431,216,114,107</u>	<u>8,759,106,628,557</u>
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	16,481,339,500	16,481,339,500
Share premium	13	1,432,457,200,890	1,793,273,489,872
Other components of equity		(1,080,783,084,065)	(1,059,479,508,530)
Accumulated other comprehensive loss relating to assets held for sale		-	(37,870,641,018)
Retained earnings		22,450,439,930,059	6,654,814,483,478
		<u>22,818,595,386,384</u>	<u>7,367,219,163,302</u>
Non-controlling interest		<u>445,076,330,617</u>	<u>887,912,871,911</u>
Total equity		<u>23,263,671,717,001</u>	<u>8,255,132,035,213</u>
Total liabilities and equity		<u>₩ 31,694,887,831,108</u>	<u>₩ 17,014,238,663,770</u>

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

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

		Periods Ended June 30							
		2021 (Unaudited)				2020 (Unaudited)			
(in Korean won)		Three months		Six months		Three months		Six months	
Notes									
	5	₩	1,663,549,112,320	₩	3,162,619,182,965	₩	1,276,041,988,441	₩	2,430,736,033,472
Operating revenues									
			(1,327,923,650,435)		(2,538,160,572,666)		(967,958,823,847)		(1,830,870,418,181)
Operating expenses									
Operating profit			335,625,461,885		624,458,610,299		308,083,164,594		599,865,615,291
Other income			5,679,436,055		22,531,856,064		7,083,894,841		22,843,332,135
Other expenses			(26,911,626,558)		(70,218,376,027)		(30,747,279,585)		(42,573,421,231)
Interest income			4,473,847,094		7,958,637,732		4,830,626,731		9,560,211,457
Finance income			290,866,810,225		388,948,524,629		45,247,680,402		172,791,220,545
Finance costs			(75,464,341,030)		(112,707,457,522)		(61,510,565,197)		(81,070,202,878)
Share of net loss of associates and joint ventures accounted for using the equity method	9		112,850,862,771		211,044,610,481		16,362,374,571		27,976,460,898
Profit before income tax			647,120,450,442		1,072,016,405,656		289,349,896,357		709,393,216,217
Income tax expense	14		(106,568,494,811)		(216,837,318,750)		(93,674,110,852)		(217,159,370,958)
Profit from continuing operations			540,551,955,631		855,179,086,906		195,675,785,505		492,233,845,259
Profit (loss) from discontinued operations	19		-		14,999,894,577,525		(104,993,581,695)		(266,677,059,584)
Profit for the period		₩	540,551,955,631	₩	15,855,073,664,431	₩	90,682,203,810	₩	225,556,785,675
Profit for the period is attributable to:									
Owners of the Parent Company									
Profit from continuing operations			527,652,690,704		841,771,490,177		198,102,828,396		493,468,882,385
Profit (loss) from discontinued operations			-		14,996,377,524,381		(50,839,752,472)		(161,401,863,224)
Non-controlling interests			-		-		-		-
Profit from continuing operations			12,899,264,927		13,407,596,729		(2,427,042,891)		(1,235,037,126)
Profit (loss) from discontinued operations			-		3,517,053,144		(54,153,829,223)		(105,275,196,360)
Other comprehensive income (loss)									
Items that may be subsequently reclassified to profit or loss									
Gain (loss) on valuation of debt instruments at fair value - other comprehensive income			-		(483,039,456)		(323,017,423)		(646,993,384)
Exchange differences			22,340,986,426		44,263,642,135		18,549,554,563		148,457,088,254
Share of other comprehensive income of associates and joint ventures	9		(57,883,021,140)		(264,631,643,925)		12,236,918,453		36,241,790,374
Items that will not be reclassified to profit or loss									
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income			40,614,392,251		95,744,444,842		56,040,626,830		(22,595,990,267)
Gain on disposal of equity instruments at fair value - other comprehensive income			23,216,600,808		23,216,600,808		37,675,047,376		37,675,047,376
Share of other comprehensive income of associates and joint ventures	9		2,415,775,985		6,318,653,383		938,412,296		(609,075,349)
Remeasurements of net defined benefit liabilities			-		-		1,575,793		2,387,310
Other comprehensive income for the period, net of tax			30,704,734,330		(95,571,342,213)		125,119,117,888		198,524,254,314
Total comprehensive income for the period		₩	571,256,689,961	₩	15,759,502,322,218	₩	215,801,321,698	₩	424,081,039,989
Total comprehensive income for the period is attributable to:									
Owners of the Parent Company			557,893,087,153		15,741,251,609,621		264,263,751,871		506,666,484,388
Non-controlling interests			13,363,602,808		18,250,712,597		(48,462,430,173)		(82,585,444,399)
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	₩	3,550	₩	5,684	₩	1,363	₩	3,394	
From discontinued operations		-		101,253		(350)		(1,110)	
Diluted earnings (losses) per share									
From continuing operations	₩	3,519	₩	5,634	₩	1,363	₩	3,394	
From discontinued operations		-		100,375		(350)		(1,110)	

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
Six-Month Periods Ended June 30, 2021 and 2020

(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, 2020	₩	16,481,339,500	₩	1,575,307,844,438	₩	(1,498,653,013,809)	₩	5,712,091,453,142	₩	698,698,445,309	₩	6,503,926,068,580
Total comprehensive income for the period												
Profit (loss) for the period		-	-	-	-	-	-	332,067,019,161	-	(106,510,233,486)	-	225,556,785,675
Loss on valuation of debt instruments at fair value - other comprehensive income		-	-	-	-	(646,993,384)	-	-	-	-	-	(646,993,384)
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income		-	-	-	-	(28,377,174,359)	-	-	-	5,781,184,092	-	(22,595,990,267)
Gain on disposal of equity instruments at fair value - other comprehensive income		-	-	-	-	-	-	37,675,047,376	-	-	-	37,675,047,376
Exchange differences		-	-	-	-	135,562,609,669	-	-	-	12,894,478,585	-	148,457,088,254
Share of other comprehensive income of associates and joint ventures	9	-	-	-	-	30,384,799,110	-	-	-	5,247,915,915	-	35,632,715,025
Remeasurements of net defined benefit liabilities		-	-	-	-	-	-	1,176,815	-	1,210,495	-	2,387,310
Transactions with owners												
Dividends	15	-	-	-	-	-	-	(54,688,370,920)	-	(119,259,444)	-	(54,807,630,364)
Share-based payment expenses		-	-	-	-	12,531,171,056	-	-	-	18,038,531,694	-	30,569,702,750
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)	-	-	-	-
Business combination	18	-	-	-	-	-	-	-	-	140,099,683,679	-	140,099,683,679
Share issuance of subsidiaries		-	-	-	-	679,656,355,024	-	-	-	259,069,068,084	-	938,725,423,108
Others		-	-	-	-	(20,358,955,823)	-	-	-	11,131,941,031	-	(9,227,014,792)
Balance at June 30, 2020 (Unaudited)	₩	16,481,339,500	₩	2,234,605,243,639	₩	(1,324,956,112,968)	₩	5,987,387,833,345	₩	1,044,332,965,954	₩	7,957,851,269,470
Balance at January 1, 2021	₩	16,481,339,500	₩	1,793,273,489,872	₩	(1,097,350,149,548)	₩	6,654,814,483,478	₩	887,912,871,911	₩	8,255,132,035,213
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	15,838,149,014,558	-	16,924,649,873	-	15,855,073,664,431
Loss on valuation of debt instruments at fair value - other comprehensive income		-	-	-	-	(483,039,456)	-	-	-	-	-	(483,039,456)
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income		-	-	-	-	96,203,131,499	-	-	-	(458,686,657)	-	95,744,444,842
Gain on disposal of equity instruments at fair value - other comprehensive income		-	-	-	-	-	-	23,216,600,808	-	-	-	23,216,600,808
Exchange differences		-	-	-	-	43,056,927,727	-	-	-	1,206,714,408	-	44,263,642,135
Share of other comprehensive income of associates and joint ventures	9	-	-	-	-	(258,891,025,515)	-	-	-	578,034,973	-	(258,312,990,542)
Remeasurements of net defined benefit liabilities		-	-	-	-	-	-	-	-	-	-	-
Transactions with owners												
Dividends	15	-	-	-	-	-	-	(59,278,532,070)	-	-	-	(59,278,532,070)
Share-based payment expenses		-	-	-	-	50,104,529,333	-	-	-	19,961,594,696	-	70,066,124,029
Exercise of stock options		-	-	-	-	19,603,828,088	-	-	-	-	-	28,510,113,828
Disposal of treasury shares	13	-	-	-	-	254,132,068,967	-	-	-	-	-	336,980,598,208
Disposal of subsidiaries		-	-	-	-	363,352,647,015	-	(6,461,636,715)	-	(502,054,355,750)	-	(145,378,597,510)
Transactions with non-controlling interests		-	-	-	-	(997,904,833,052)	-	-	-	21,005,507,163	-	(981,862,346,915)
Balance at June 30, 2021 (Unaudited)	₩	16,481,339,500	₩	1,432,457,200,890	₩	(1,080,783,084,065)	₩	22,450,439,930,059	₩	445,076,330,617	₩	23,263,671,717,001

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
Six-Month Periods Ended June 30, 2021 and 2020

	Notes	Six-Month Period Ended June 30	
		2021 (Unaudited)	2020 (Unaudited)
<i>(in Korean won)</i>			
Cash flows from operating activities			
Cash generated from operations	₩	932,588,151,351	₩ 842,660,506,257
Interest received		11,346,933,006	12,281,249,262
Interest paid		(20,469,551,157)	(19,966,041,175)
Dividends received		35,686,925,228	21,067,681,557
Income taxes paid		(419,091,987,137)	(285,108,603,566)
Net cash inflow from operating activities		540,060,471,291	570,934,792,335
Cash flows from investing activities			
Net decrease (increase) in short-term financial instruments		102,766,999,250	(213,299,780,457)
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		(3,684,834,537,430)	(1,648,526,491,867)
Proceeds from disposal of financial assets at fair value - profit or loss		3,434,628,190,750	749,363,780,505
Payments for property and equipment	6	(492,060,101,917)	(414,685,764,593)
Proceeds from disposal of property and equipment		5,195,314,445	21,684,077,755
Collection of lease receivables		1,523,389,887	144,460,153
Payments for intangible assets	8	(31,750,569,210)	(35,558,929,621)
Proceeds from disposal of intangible assets		349,355,871	1,490,598,152
Payments for financial assets at fair value - other comprehensive income		(215,440,738,135)	(1,025,571,916)
Proceeds from disposal of financial assets at fair value - other comprehensive income		218,552,470,592	193,398,384,243
Payments for investments in associates and joint ventures	9	(504,708,236,594)	(303,953,311,098)
Proceeds from disposal of investments in associates and joint ventures		47,742,125,310	19,598,389,232
Net increase (decrease) in cash due to business combination		(683,510,089,606)	2,260,617,141
Net cash flow due to the transfer of subsidiaries to associates		(11,244,661,283,837)	-
Net increase in short-term loans		-	(34,041,049,217)
Net increase in long-term loans		-	(11,354,566,846)
Cash inflows (outflows) from other investing activities		15,794,965,369	(3,289,537,270)
Net cash outflow from investing activities		(13,030,412,745,255)	(1,670,182,851,633)
Cash flows from financing activities			
Proceeds from short-term borrowings		82,849,671,947	241,811,536,768
Repayment of short-term borrowings		(206,972,694,508)	(51,111,186,773)
Proceeds from long-term borrowings		1,245,182,096,931	-
Proceeds from issuance of debentures		9,403,866,052,933	-
Repayment of lease liabilities		(59,580,494,752)	(80,129,282,270)
Increase in financial liabilities at fair value - profit or loss		65,003,010,860	-
Acquisition of treasury shares		-	(15,516,003,480)
Disposal of treasury shares		176,311,078,889	-
Dividends paid		(59,278,532,070)	(54,807,630,364)
Share issuance of subsidiaries		-	938,725,423,108
Exercise of stock options		35,451,753,700	-
Cash inflows from transactions with non-controlling interest		110,688,341,632	-
Cash outflows from transactions with non-controlling interest		(349,694,956,535)	-
Cash inflows from other financing activities		1,069,724,235,602	-
Cash inflows (outflows) from other financing activities		(352,393,653,974)	26,710,855,894
Net cash inflow from financing activities		11,161,155,910,655	1,005,683,712,883
Effects of exchange rate changes on cash and cash equivalents		(99,823,267,133)	64,156,464,978
Net decrease in cash and cash equivalents		(1,429,019,630,442)	(29,407,881,437)
Cash and cash equivalents at the beginning of the period		3,845,667,763,547	3,740,513,761,418
Cash and cash equivalents classified as assets held for sale at the beginning of the period		2,245,363,413,625	-
Cash and cash equivalents in the statements of financial position at the beginning of the period		1,600,304,349,922	3,740,513,761,418
Cash and cash equivalents at the end of the period	₩	2,416,648,133,105	₩ 3,711,105,879,981

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

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

1. General Information

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

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers’ Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As at June 30, 2021, the major shareholders of the Company consist of National Pension Fund (9.99%) and others.

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

1.1 Consolidated Subsidiaries

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

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				June 30, 2021	December 31, 2020	
NAVER	NAVER CLOUD CORP.	Korea	Cloud service	100.00	100.00	December
	NAVER I&S	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
	NAVER WEBTOON COMPANY Corporation	Korea	Webtoon service	100.00	100.00	December
	SNOW	Korea	Camera and communication application service	80.55	100.00	December
	Drama & Company ^{4,6}	Korea	Business card application service	40.59	81.18	December
	Audiensori	Korea	Audio contents production and distribution	100.00	100.00	December
	Company AI ²	Korea	AI development and research	-	100.00	December
	Search Solution	Korea	Searching solution development	100.00	100.00	December
	Works Mobile	Korea	Groupware development and service	89.41	100.00	December
	N-Visions	Korea	Exhibition and performance planning business	100.00	100.00	December
	NAVER Labs	Korea	New technology development and research	100.00	100.00	December
	NAVER Financial	Korea	Electronic financial business	89.21	81.16	December
	SB Next Media Innovation Fund	Korea	Investment	96.30	96.30	December
	TBT Global Growth Fund I	Korea	Investment	89.91	89.91	December
	NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
	SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
	SpringCamp Early Stage Fund 2	Korea	Investment	97.73	97.00	December
	SVA Content Media	Korea	Investment	99.31	99.31	December
	Do Ventures Annex Fund LP	USA	Investment	99.01	99.01	December
	A-Holdings (formerly, LINE) ^{4,5,6}	Japan	Mobile service development	50.00	78.18	March
NAVER J.Hub	Japan	Global business support	100.00	100.00	December	
NAVER China	China	Software development and	100.00	100.00	December	

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Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹		Closing month
				June 30, 2021	December 31, 2020	
			distribution			
	V Live	USA	Online streaming service	100.00	100.00	December
	NAVER BAND	USA	North America community service and marketing	100.00	100.00	December
	NAVER France	France	Europe IT investment and research and development	100.00	100.00	December
	WEBTOON Entertainment ⁵	USA	Webtoon service	66.60	100.00	December
	NAVER VIETNAM	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
	SVA Soda	Japan	Investment	99.52	99.52	December
	Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	98.81	December
	Smart Spring Fund ³	Korea	Investment	48.39	48.39	December
	NAVER Hands	Korea	Standard workplace for the disabled	100.00	100.00	December
	NAVER WP I, L.P	USA	Managing local business	100.00	-	December
	NAVER WP II, LLC	USA	Managing local business	100.00	-	December
Wattpad Corp	Wattpad Corp.	Canada	Global web novel platform	100.00	-	December
	Wattsub	Canada	Global web novel platform support	100.00	-	December
	Wattpad Studios	Canada	Global web novel platform support	100.00	-	December
	WP Technology (UK)	UK	Global web novel platform support	100.00	-	December
	WP Technology	USA	Global web novel platform support	100.00	-	December
	Wattpad Inc.	USA	Global web novel platform support	100.00	-	December
Wattpad Studios	Wattpad Studios (Cell Phone Swap)	Canada	Global web novel platform support	100.00	-	December
NAVER France	C-Fund	France	Investment	99.00	99.75	December
	C-Fund sub fund 2	France	Investment	98.97	-	December
	C-Fund sub fund 3	France	Investment	99.75	-	December
NAVER CLOUD CORP.	NAVER Cloud Asia Pacific	Singapore	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud America	USA	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Europe	Germany	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Japan	Japan	IT infrastructure operations	100.00	100.00	December
NAVER I&S	Incomms	Korea	Customer center operations	100.00	100.00	December
	Greenweb Service	Korea	Monitoring and advertisement operations	100.00	100.00	December
	N Tech Service	Korea	Software consulting, development and distribution	100.00	100.00	December
	NIT Service	Korea	Infrastructure operations and security services	100.00	100.00	December
	CommPartners	Korea	Customer center operations	100.00	100.00	December
WEBTOON Entertainment	Naver Webtoon LLC	Korea	Webtoon service	100.00	100.00	December
	LINE Digital Frontier	Japan	Webtoon service in Japan	100.00	100.00	December
Naver Webtoon LLC	Lico	Korea	Contents production	100.00	100.00	December
	Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
	V.DO	Korea	Video searching solution development	66.57	66.57	December
	YLAB Japan	Japan	Contents production	100.00	100.00	December

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				June 30, 2021	December 31, 2020	
LINE Digital Frontier	LINE Book Distribution	Japan	Cartoon and contents distribution	52.00	52.00	December
NAVER WEBTOON COMPANY Corporation	Watong Entertainment	Hong Kong	Webtoon service	100.00	100.00	December
Watong Entertainment	Broccoli Entertainment	China	Webtoon service	100.00	100.00	December
Broccoli Entertainment	Dongman Entertainment	China	Webtoon service	100.00	100.00	December
Snow	Spring Camp	Korea	Investment	100.00	100.00	December
	Playlist	Korea	Web contents production and distribution	58.04	93.99	December
	Amuse	Korea	Cosmetics manufacturing, distribution and sales	100.00	100.00	December
	HEART IT ²	Korea	Online commerce platform operations	-	100.00	December
	Semicolon Studio	Korea	Video contents production and distribution	100.00	100.00	December
	NAVER Z Corporation	Korea	Mobile service development and operations	88.99	88.99	December
	SNOW China	Hong Kong	Mobile service operations	96.22	96.22	December
	SNOW Japan	Japan	Mobile service operations	100.00	100.00	December
	SNOW USA	USA	Mobile service operations	100.00	100.00	December
	SNOW Vietnam	Vietnam	Mobile service operations	99.00	99.00	December
	Cake	Korea	Language learning application service	75.00	100.00	December
	KREAM	Korea	Sneakers trading platform	71.73	-	December
	SNOW China	SNOW China (Beijing)	China	Mobile service operations	100.00	100.00
SNOW China (Beijing)	Yiruike Information Technology (Beijing)	China	Mobile service operations	100.00	100.00	December
	Xiaying Entertainment	China	Mobile service operations	100.00	100.00	December
Xiaying Entertainment	Shine Interactive	China	Mobile service operations	100.00	100.00	December
Drama & Company	myBridge ⁴	Japan	Business card application service operations	-	100.00	December
Works Mobile	Works Mobile Japan	Japan	Groupware service operations and distribution	100.00	100.00	December
	NF Insurance Services Corporation	Korea	Insurance brokerage	100.00	100.00	December
A-Holdings (formerly, LINE)	LINE SOUTHEAST ASIA ⁴	Singapore	Mobile billing system planning and development	-	100.00	March
	LFG HOLDINGS ⁴	Hong Kong	Character and doll wholesale and retail	-	100.00	March
	LINE Ventures ⁴	Japan	Investment	-	100.00	March
	LINE Fukuoka ⁴	Japan	Mobile service operations	-	100.00	March
	Gatebox ⁴	Japan	IoT products planning and development	-	55.09	March
	LINE Growth Technology ⁴	Japan	Mobile service development	-	100.00	March
	LINE Conomi ^{4,6}	Japan	Global restaurant review service	49.90	100.00	March
	LINE TICKET ⁴	Japan	E-Ticket service operations	-	51.00	March

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

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

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

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

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

⁴ Classified as assets held for sale during the year ended December 31, 2020 as the result of the business integration of LINE and SoftBank Corp. They are excluded from the consolidation as governance restructuring was reorganized during the six-month period ended June 30, 2021.

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

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

1.2 Changes in Scope of Consolidation

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

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

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

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

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2. Significant Accounting Policies

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

2.1 Basis of Preparation

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

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

2.1.1 New and amended standards and interpretations adopted by the Group

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

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

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

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

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

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mandatory for June 30, 2021 reporting period and have not been early adopted by the Group.

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

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

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

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

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

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

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

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

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if

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compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- *Enactment of Korean IFRS 1117 Insurance Contract*

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

- *Annual improvements to Korean IFRS 2018-2020*

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

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

2.2 Accounting Policies

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

2.2.1 Income tax expense

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

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

3. Critical Accounting Estimates and Assumptions

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

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

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 six-month period ended June 30, 2021.

4.1 Fair Value Hierarchy

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

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

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

(in thousands of Korean won)

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value - profit or loss	₩ 33,295,597	₩ 929,705,302	₩ 2,054,301,407	₩ 3,017,302,306
Equity instruments at fair value - other comprehensive income	2,005,405,704	-	47,477,392	2,052,883,096
Financial liabilities				
Financial liabilities at fair value - profit or loss	₩ -	₩ -	₩ 91,662,553	₩ 91,662,553

(in thousands of Korean won)

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

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

(in thousands of Korean won)

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

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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 six-month period ended June 30, 2021.

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

<i>(in thousands of Korean won)</i>	2021			2020		
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivative financial liabilities	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivative financial liabilities
Beginning balance	₩ 2,000,079,748	₩ 81,341,079	₩ 25,099,906	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735
Total profit or loss						
Amounts recognized in profit or loss ¹	252,489,568	-	1,559,636	45,256,003	-	213,457
Amounts recognized in other comprehensive income ²	-	(4,125,003)	-	-	7,570,909	-
Acquisitions / borrowings	386,411,680	10,916,512	65,003,011	148,300,202	1,025,572	-
Disposals / repayments	(374,385,462)	(7,468,348)	-	(23,212,930)	(4,440,360)	-
Transfer into Level 1	(8,106,794)	(3,232,665)	-	-	-	-
Others ³	(1,578,285)	-	-	7,684,978	(8,288,497)	-
Exchange differences	(228,244)	(178,597)	-	8,841,413	1,448,662	96,072
Sale of disposal group ⁴	(200,380,804)	(29,775,586)	-	-	-	-
Ending balance	<u>₩ 2,054,301,407</u>	<u>₩ 47,477,392</u>	<u>₩ 91,662,553</u>	<u>₩ 1,393,970,160</u>	<u>₩ 70,208,695</u>	<u>₩ 8,649,264</u>

¹ Includes amounts recognized in profit or loss in relation to discontinued operations for ₩ 402 million as gain and for ₩ 445 million as gain during the six-month periods ended June 30, 2021 and 2020, respectively.

² Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 344 million and ₩ 2,559 million during the six-month periods ended June 30, 2021 and 2020 respectively.

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

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

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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 June 30, 2021 and December 31, 2020, are as follows:

(in thousands of Korean won)		June 30, 2021					
		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Continuing operations							
Financial assets at fair value - profit or loss							
Compound financial instruments	₩	1,097,647,112	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	13.47% ~ 72.06%
				Market approach and others	PBR, EV/SALES, PSR, PER, recent transaction price, net asset value	EV/SALES PSR PER PBR	1.02 ~ 15.44 0.31 ~ 10.51 2.40 ~ 25.44 1.71 ~ 10.34
				Present value method	Credit risk adjusted discount rate	Discount rate	12.42% ~ 16.90%
Beneficiary certificates and funds		16,849,852	2	Present value method	Credit risk adjusted discount rate	-	-
Beneficiary certificates and funds		956,654,295	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities		912,855,450	2	Present value method	Credit risk adjusted discount rate	-	-
Equity instruments at fair value – other comprehensive income							
Equity securities		47,477,392	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	2.47 ~ 12.13 1.47 ~ 4.68
Financial liabilities at fair value - profit or loss							
Derivatives		91,662,553	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	24.17% ~ 35.04%

(in thousands of Korean won)		December 31, 2020						
		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs	
		Continuing operations	Discontinued operations					
Financial assets at fair value - profit or loss								
Compound financial instruments	₩	1,093,394,279	₩ 93,395,569	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	24.50% ~ 115.70%
					Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR EV/SALES PSR	1.19 ~ 11.70 1.30 ~ 20.12 0.44 ~ 11.20
					Present value method	Credit risk adjusted discount rate	Discount rate	10.82% ~ 16.90%

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	Fair value		Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
	Continuing operations	Discontinued operations					
	Beneficiary certificates and funds	16,623,508					
Beneficiary certificates and funds	707,989,962	105,299,938	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	882,198,203	1,000,000	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	-	857	2	Present value method, option pricing model	Forward exchange rate	-	-
Debt instruments at fair value – other comprehensive income							
Debt securities	-	76,288,580	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-
Debt securities	-	467,037	3	Present value method	-	-	-
Equity instruments at fair value – other comprehensive income							
Equity securities	51,731,270	29,142,772	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	1.93 ~ 11.10 1.28 ~ 5.3
Financial liabilities at fair value - profit or loss							
Derivatives	25,099,906	-	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	27.82%~32.17%

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

4.4 Valuation Processes for Fair Value Measurements Categorized Within Level 3

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

5. Operating Segment Information

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

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

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

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<i>(in thousands of Korean won)</i>	2021		2020	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Search Platform ¹	₩ 1,578,706,912	49.92	₩ 1,322,852,524	54.42
Commerce ²	689,617,038	21.81	487,438,598	20.05
FinTech ³	442,131,021	13.98	302,306,989	12.44
Contents ⁴	275,540,004	8.71	206,318,612	8.49
Cloud ⁵	176,624,208	5.58	111,819,310	4.60
Continued operations	<u>3,162,619,183</u>	<u>100.00</u>	<u>2,430,736,033</u>	<u>100.00</u>
Discontinued operations	<u>472,178,882</u>		<u>1,203,796,387</u>	
	<u>₩ 3,634,798,065</u>		<u>₩ 3,634,532,420</u>	

¹ Search and Display

² Shopping Search & Display, brokerage fees and others

³ Pay Services and Digital Finance

⁴ Webtoon, Music, V LIVE, SNOW and others

⁵ Cloud, Works and others

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

<i>(in thousands of Korean won)</i>	Revenue from external customers		Non-current assets¹	
	2021	2020	June 30, 2021	December 31, 2020
Domestic	₩ 3,021,098,207	₩ 2,355,593,803	₩ 2,236,201,357	₩ 1,838,775,695
Japan	74,979,662	60,804,971	78,663,392	72,396,600
Others	<u>66,541,314</u>	<u>14,337,259</u>	<u>748,530,333</u>	<u>75,238,459</u>
Continuing operations	<u>3,162,619,183</u>	<u>2,430,736,033</u>	<u>3,063,395,082</u>	<u>1,986,410,754</u>
Discontinued operations				
/assets held for sale	<u>472,178,882</u>	<u>1,203,796,387</u>	<u>-</u>	<u>1,477,570,645</u>
	<u>₩ 3,634,798,065</u>	<u>₩ 3,634,532,420</u>	<u>₩ 3,063,395,082</u>	<u>₩ 3,463,981,399</u>

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

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

<i>(in thousands of Korean won)</i>	2021	2020
By timing of revenue recognition		
Recognized at a point in time	₩ 2,267,314,305	₩ 1,776,773,202
Recognized over time	<u>895,304,878</u>	<u>653,962,831</u>
Continuing operations	<u>3,162,619,183</u>	<u>2,430,736,033</u>
Discontinued operations	<u>472,178,882</u>	<u>1,203,796,387</u>
	<u>₩ 3,634,798,065</u>	<u>₩ 3,634,532,420</u>

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6. Property and Equipment

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

<i>(in thousands of Korean won)</i>	2021		2020	
Beginning balance	₩	1,684,563,341	₩	1,596,271,318
Acquisition and capital expenditures		476,823,775		425,606,878
Acquisition from business combination (Note18)		296,906		2,031,133
Depreciation ¹		(160,292,188)		(177,521,039)
Disposals, retirement and impairment		(1,491,419)		(24,859,700)
Others ²		6,405,614		16,788,969
Ending balance	₩	<u>2,006,306,029</u>	₩	<u>1,838,317,559</u>

¹ Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 59,075 million during the six-month period ended June 30, 2020.

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

During the six-month period ended June 30, 2021, the Group has capitalized borrowing costs amounting to ₩ 4,788 million (2020, 2Q: ₩ 903 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 1.83% (2020, 2Q: 3.47%).

7. Leases

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

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

<i>(in thousands of Korean won)</i>	June 30, 2021		December 31, 2020	
Right-of-use assets				
Properties	₩	82,053,439	₩	84,121,347
Vehicles		1,418,272		1,055,010
IDC buildings		71,725,905		40,754,925
Leased internet line		4,640,256		3,605,917
	₩	<u>159,837,872</u>	₩	<u>129,537,199</u>
Lease receivables	₩	9,090,785	₩	64,717

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<i>(in thousands of Korean won)</i>	June 30, 2021	December 31, 2020
Lease liabilities		
Current	₩ 67,298,426	₩ 53,345,709
Non-current	108,950,282	92,170,749
	<u>₩ 176,248,708</u>	<u>₩ 145,516,458</u>

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

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

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

Additions to the right-of-use assets during the six-month period ended June 30, 2021 were ₩ 133,088 million (from continuing operations: ₩ 63,044 million, discontinued operations: ₩ 70,044 million).

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

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

<i>(in thousands of Korean won)</i>	2021	2020
Depreciation of right-of-use assets		
Properties	₩ 20,030,244	₩ 18,597,757
Vehicles	340,279	319,300
IDC buildings	11,014,873	5,924,308
Leased internet line	923,977	671,147
	<u>₩ 32,309,373</u>	<u>₩ 25,512,512</u>
Interest expense relating to lease liabilities (included in 'finance costs') ¹	₩ 2,441,630	₩ 2,147,838
Expense relating to short-term leases and leases of low-value assets	3,884,969	1,266,518

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>	2021	2020
Depreciation of right-of-use assets	₩ -	₩ 72,369,016
Interest expense relating to lease liabilities (included in 'finance costs')	2,254,531	6,752,041
Expense relating to short-term leases and leases of low-value assets	575,373	2,606,543
Expense relating to variable lease payments not included in lease liabilities	8,163,436	24,731,385

The total cash outflows from continuing and discontinued operations for leases were ₩ 41,996 million and ₩ 34,904 million, respectively, and the total cash inflow from continuing and discontinued operations for leases was ₩ 1,502 million and 21 million, respectively, for the six-month period ended June 30, 2021.

8. Intangible Assets

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

<i>(in thousands of Korean won)</i>	2021	2020
Beginning balance	₩ 105,136,187	₩ 341,442,833
Acquisition and capital expenditures	17,158,304	36,842,171
Acquisition from business combination (Note18)	664,880,629	215,636,475
Amortization ¹	(6,268,423)	(19,270,317)
Disposals, retirement, and impairment	(2,835,179)	(7,280,840)
Others ²	75,627,620	16,674,366
Ending balance	<u>₩ 853,699,138</u>	<u>₩ 584,044,688</u>

¹ Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 14,553 million during the six-month period ended June 30, 2020.

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

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9. Investments in Associates and Joint Ventures

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

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	June 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Associates						
NetMania	Software development and distribution	Korea	December	27.17	₩ 993,226	₩ 995,211
Synapsoft	Software development and distribution	Korea	December	26.43	6,163,633	5,799,825
ARO In Tech	Software development and distribution	Korea	December	29.85	525,776	756,726
Silicon Cube ²	Applied software development and distribution	Korea	December	41.89	-	-
NSPACE	Space service business	Korea	December	49.04	1,144,529	1,060,944
One Store	E-Commerce business	Korea	December	25.10	49,780,289	41,840,201
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	3,022,633	3,123,103
Korea Contents Mutual Aid Association ¹	Mutual Aid Association	Korea	December	57.13	9,623,378	9,361,132
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	978,923	3,905,332
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	12,025,011	9,544,595
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	5,538,285	2,077,009
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	5,637,460	6,580,164
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	43,459,465	44,130,666
YG NAVER Contents & Lifestyle Fund ¹	Investment	Korea	December	90.91	48,601,241	48,348,016
Soran Media Venture Fund I ¹	Investment	Korea	December	66.67	813,140	818,946
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	203,749,306	208,270,708
MiraeAsset-Naver Asia Growth Fund ^{4,5}	Investment	Korea	December	16.67	71,496,649	59,177,234
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT ⁵	Investment	Singapore	December	40.00	290,340,063	240,051,940
Digital Media Partners II	Investment	Cayman Islands	December	26.88	2,465,761	2,249,591
K-Fund I ^{1,10}	Investment	France	December	74.81	261,640,577	226,308,396
China Ventures Fund I, L.P. ^{1,5}	Investment	Canada	December	70.33	326,010,302	195,108,242
The Grim Ent.	Webtoon production	Korea	December	34.98	1,677,926	1,697,935
Studio Horang	Webtoon production	Korea	December	41.50	1,391,002	420,153
Bigpicture Comics	Webtoon production	Korea	December	35.00	1,356,778	1,358,322

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Name of entity	Primary business	Location	Closing month	June 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Studio JHS	Webtoon production	Korea	December	35.00	716,902	491,363
JQ COMICS	Webtoon production	Korea	December	35.06	140,285	205,450
ZK Studio	Webtoon production	Korea	December	40.00	351,671	364,841
Soo COMICS	Webtoon production	Korea	December	40.00	366,365	379,585
AXIS ³	Software development and distribution	Korea	December	28.21	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,225,179	1,243,933
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	21.30	464,933	536,497
LINE Games ^{5,6}	Software development and distribution	Korea	December	-	-	65,277,244
Epic Voyage ⁶	Mobile service development	Japan	December	-	-	26,340
LINE Music ⁶	Mobile service development	Japan	December	-	-	55,220
Transcosmos Online Communication ⁶	Business customer support	Japan	December	-	-	899,160
LENSA, LTD. ⁶	Mobile advertising service business	Japan	December	-	-	1,170,140
LINE Mobile ⁶	Telecommunications service	Japan	December	-	-	72,002,818
Venture Republic ^{5,6}	Online information distribution business	Japan	December	-	-	5,596
PT. Bank KEB HANA Indonesia ⁶	Bank and financial business	Indonesia	December	-	-	159,229,649
FOLIO Holdings ^{5,6}	Financial business	Japan	December	-	-	13,062,312
iPASS ⁶	Mobile billing system planning and development	Taiwan	December	-	-	10,488,306
Connection Labs Ltd ^{2,6}	Software development and distribution	Taiwan	December	-	-	-
Alliance Internet	Online company revenue support	Korea	December	23.53	1,498,486	1,148,343
CONG TY CO PHAN RBW VIETNAM	Contents production	Vietnam	December	35.36	161,156	328,609
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	1,568,651	602,585
VReX Lab Co.,Ltd. ²	Programming service	Korea	December	27.99	-	-
DHP private equity fund 3	Investment	Korea	December	25.16	171,385	171,603
Japan Food Delivery Co.,Ltd ⁶	Mobile service development	Japan	December	-	-	1,086,193
AIRI, Inc. ⁴	AI technology research and investment	Korea	December	14.29	2,326,523	2,615,481
Studio Mul	Contents production	Korea	December	35.00	2,944,290	2,956,470
Do Ventures Fund I-A, L.P	Investment	Cayman Islands	December	27.74	4,785,802	5,026,657
PLACE A INC.	Software development and	Korea	December	48.78	155,100	2,430

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Name of entity	Primary business	Location	Closing month	June 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Cinamon Games	distribution Software development and distribution	Korea	December	20.00	230,819	723,446
LINE MAN ^{5,6}	Applied software development and distribution	Singapore	December	-	-	210,083,387
YN Culture & Space	Record production and planning	Korea	December	37.50	3,254,610	1,873,943
SMEJ Plus	Global fanship related investment	Japan	December	30.07	35,735,063	36,838,066
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	1,873,232	2,000,000
Carousell Pte ⁴	Platform investment	Singapore	December	8.13	64,932,387	66,408,113
HAVIT CORPORATION	Mobile service development	Korea	December	28.57	2,857	2,857
A-Holdings ^{5,7}	Mobile service development	Japan	March	50.00	16,990,661,824	-
Drama & Company ^{5,8}	Business card application service	Korea	December	40.59	46,266,776	-
LINE Friends ^{5,8}	Character and doll wholesale and retail	Korea	March	30.00	84,290,099	-
LINE Conomi ⁸	Global restaurant review service	Japan	March	49.90	4,529,989	-
Seno	Contents production	China	December	45.00	98,223	-
AtoZ	Contents distribution	Korea	December	26.67	39,992,566	-
Sam studio	Contents production	Korea	December	35.00	854,737	-
WEVERSE Company	Contents production	Korea	December	33.91	211,884,515	-
Sasom Company	Platform investment	Thailand	December	20.10	1,012,861	-
Studio Ohohoe	Contents distribution	Korea	December	33.02	400,000	-
Geulbitneun Iyakiggun	Contents distribution	Korea	December	28.57	200,000	-
389 Studio 389	Contents distribution	Korea	December	30.02	100,000	-
Only One Entertainment	Contents distribution	Korea	December	35.00	250,012	-
					<u>18,851,882,651</u>	<u>1,770,291,028</u>
Joint ventures						
Mirai Fund ^{5,9}	Investment	Japan	December	90.00	561,902,914	-
China Lab	Database and online information service	Korea	December	49.00	638,409	558,452
JobsN	Online information service	Korea	December	49.00	2,211,459	2,128,476
YEOPEUL	Online information service and internet contents business	Korea	December	49.00	2,162,872	2,033,387
Cineplay	Online information service and online advertising	Korea	December	49.00	798,990	656,154
Designpress	Online information service and internet contents	Korea	December	49.00	1,040,052	896,395

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Name of entity	Primary business	Location	Closing month	June 30, 2021		December 31, 2020
				Percentage of ownership (%)	Book amount	Book amount
Interbiz (Dong-A JV)	business Online information service and internet contents	Korea	December	49.00	919,916	829,410
Artitian (Kyunghyang Daily News JV)	business Online information service and internet contents	Korea	December	49.00	313,087	279,564
Schooljam (EBS JV)	business Online information service and internet contents	Korea	December	49.00	560,148	501,444
Agroplus (Korea Business JV)	business Online information service and internet contents	Korea	December	49.00	843,903	704,929
Sumlab (Munhwa Ilbo JV)	business Online information service and internet contents	Korea	December	49.00	953,136	804,861
Techplus (Electronic Times JV)	business Online information service and internet contents	Korea	December	49.00	1,147,229	983,593
Animal and Human Story (Hankook Ilbo JV)	business Online information service and internet contents	Korea	December	49.00	369,147	368,339
Law and Media (Money Today JV)	business Online information service and internet contents	Korea	December	49.00	209,671	201,055
DANAA Data	Software development and distribution	Korea	December	49.00	4,974,985	4,961,445
LINE Project ⁶	Investment	Japan	December	-	-	-
Lantu Games ⁶	Mobile service development	Hong Kong	December	-	-	-
RABBIT-LINE PAY COMPANY ⁶	Online payment service	Thailand	December	-	-	7,207,359
Collab+LINE ⁶	Investment	USA	December	-	-	1,661,831
Kasikorn LINE ⁶	Software development and distribution	Thailand	December	-	-	45,829,583
LINE Bank Taiwan Limited ⁶	Financial business	Taiwan	December	-	-	186,479,181
					579,045,918	257,085,458
					₩ 19,430,928,569	₩ 2,027,376,486
Assets held for sale					₩ -	₩ 827,950,799
Continuing operations					19,430,928,569	1,199,425,687

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

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

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³ Stopped applying equity method due to accumulated deficits.

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

⁵ Prepared based on the investees' consolidated financial statements.

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

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

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

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

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

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

(in thousands of Korean won)

	2021		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 1,183,518,183	₩ 15,907,504	₩ 1,199,425,687
Acquisition	17,757,793,024	573,687,781	18,331,480,805
Valuation of investment using the equity method			
· Share of profit of associates and joint ventures	210,740,946	303,664	211,044,610
· Share of other comprehensive loss of associates and joint ventures	(280,964,189)	(10,853,031)	(291,817,220)
· Dividends	(27,232,719)	-	(27,232,719)
· Other changes	8,027,406	-	8,027,406
Ending balance	<u>₩ 18,851,882,651</u>	<u>₩ 579,045,918</u>	<u>₩ 19,430,928,569</u>

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

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	2020		
	Investments in associates	Investments in joint ventures	Total
Beginning balance	₩ 1,482,017,959	₩ 76,250,226	₩ 1,558,268,185
Acquisition	105,127,450	201,840,802	306,968,252
Disposal	(39,214,123)	-	(39,214,123)
Valuation of investment using the equity method			
· Share of loss of associates and joint ventures ¹	(3,379,839)	(5,355,604)	(8,735,443)
· Share of other comprehensive income (loss) of associates and joint ventures ²	34,232,710	1,400,005	35,632,715
· Dividends	(22,875,714)	-	(22,875,714)
· Other changes	(5,777,257)	14,027	(5,763,230)
Ending balance	₩ 1,550,131,186	₩ 274,149,456	₩ 1,824,280,642

¹ Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 36,712 million during the six-month period ended June 30, 2020.

² Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 12,130 million during the six-month period ended June 30, 2020.

The Group has stopped recognizing its share of losses in AXIS using the equity method as its book amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 1,159 million as at June 30, 2021.

10. Borrowings and Debentures

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

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

	Lender	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
Short-term borrowings					
Foreign currency	Sumitomo Mitsui Banking Corporation ²	-	-	₩ -	₩ 21,085,200 (JPY 2,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	105,426,000 (JPY 10,000,000)
	Resona Bank Co. Ltd ²	-	-	-	10,542,600 (JPY 1,000,000)
	DAG Ventures VI, L.P. ¹	-	10.00	2,280,317 (HKD 15,667)	2,198,849 (HKD 15,667)
	Goodwater Capital II, L.P. ¹	-	10.00	1,139,042 (HKD 7,825)	1,098,348 (HKD 7,825)
	Mistletoe Singapore Pte. Ltd. ¹	-	10.00	2,280,356 (HKD 15,667)	2,198,886 (HKD 15,667)
	SCC Growth IV Holdco A, Ltd. ¹	-	10.00	33,997,094 (HKD 233,577)	32,782,495 (HKD 233,577)

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	Lender	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
	SenseView Investment Limited ¹	-	10.00	5,701,157 (HKD 39,170)	5,497,475 (HKD 39,170)
	SNOW Limited Liability Partnership ¹	-	10.00	22,699,066 (HKD 155,954)	21,888,107 (HKD 155,954)
Local currency	Woori Bank	February 03, 2022	1.91	299,998,167	299,998,167
Foreign currency	Citibank	April 15, 2022	0.40	51,106,000 (JPY 5,000,000)	52,713,000 (JPY 5,000,000)
	Citibank			-	3,264,000 (USD 3,000)
	Citibank			-	17,408,000 (USD 16,000)
	Citibank			-	2,176,000 (USD 2,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	52,713,000 (JPY 5,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	52,713,000 (JPY 5,000,000)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	780,971,268 (JPY 74,077,672)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	59,528,453 (JPY 5,646,468)
	Shinsei Bank, Limited ²	-	-	-	10,542,600 (JPY 1,000,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)
	Mizuho Corporate Bank, Ltd. ²	-	-	-	26,356,500 (JPY 2,500,000)
Local currency	Shinhan Bank	-	-	-	30,000,000
	Hana Bank	-	-	-	10,000,000
Current portion of long-term borrowings					
Local currency	Shinhan Bank	October 31, 2021	2.21	45,000,000	45,000,000
Foreign currency	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.83	61,327,200 (JPY 6,000,000)	-
	SMBC Corporation	September 23, 2025	0.83	61,327,200 (JPY 6,000,000)	-
Local currency	Sunny Solution 3 rd	-	-	-	50,000,000
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	-	-	-	15,814
				(JPY -)	(JPY 1,500)
				586,855,599 (JPY 17,000,000) (HKD 467,860)	1,748,830,762 (JPY 116,225,640) (USD 21,000) (HKD 467,860)
Long-term borrowings					
Foreign currency	Dai Ichi Kangyo Credit Cooperative ²	-	-	-	23,721 (JPY 2,250)
	Mizuho Corporate Bank, Ltd.	September 25, 2023	0.73	73,042,353 (JPY 7,146,162)	75,339,129 (JPY 7,146,162)
	SMBC	September 25, 2023	0.77	73,042,354 (JPY 7,146,162)	75,339,130 (JPY 7,146,162)
	Diverse Inc. ²	-	-	-	759,067 (JPY 72,000)
	Mizuho Corporate Bank, Ltd. ^{2,3}	-	-	-	707,130,617

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	Lender	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
					(JPY 67,073,646)
	Resona Bank Co. Ltd. ²	-	-	-	5,383,541
	Amuse, Inc. ²	-	-	-	(JPY 510,646)
					969,919
					(JPY 92,000)
Local currency	S-Force No.2	February 01, 2023	2.28	50,000,000	-
Foreign currency	Mizuho Corporate Bank, Ltd.	September 25, 2023	0.73	284,699,647	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.83	(JPY 27,853,838)	-
	Mizuho Corporate Bank, Ltd.	September 23, 2025	0.83	170,614,091	-
	SMBC Corporation	September 25, 2023	0.74	(JPY 16,692,178)	-
	SMBC Corporation	September 23, 2025	0.83	50,160,878	-
	SMBC Corporation	September 23, 2025	0.83	(JPY 4,907,533)	-
				284,699,647	-
				(JPY 27,853,838)	-
				170,614,091	-
				(JPY 16,692,178)	-
				50,160,878	-
				(JPY 4,907,533)	-
				1,207,033,939	864,945,124
				(JPY 113,199,422)	(JPY 82,042,866)
				₩ 1,793,889,538	₩ 2,613,775,886
				(JPY 130,199,422)	(JPY 198,268,506)
				(HKD 467,860)	(USD 21,000)
					(HKD 467,860)

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

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

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

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

<i>(in thousands of Korean won, in thousands of US dollar and in thousands of Taiwan dollar)</i>	Issuer	Maturity date	Annual interest rate (%)	June 30, 2021	December 31, 2020
Convertible bonds in foreign currency ¹	CHOCO Media ¹	-	-	- (TWD -)	5,690,291 (TWD 147,150)
Debentures in won (4 th -1)		February 25, 2024	1.24	250,000,000	-
Debentures in won (4 th -2)	Naver	February 25, 2026	1.60	450,000,000	-
Unsubordinated unsecured bonds in foreign currency	Corpoaration	March 29, 2026	1.50	904,000,000 (USD 800,000)	- (USD -)
				(12,434,113)	-
Less: Discount on bonds payable				(USD 9,341)	(USD -)
				1,591,565,887 (USD 790,659)	5,690,291 (TWD 147,150)

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

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

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

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

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11. Net Defined Benefit Liabilities

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

<i>(in thousands of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Current service cost	₩ 22,750,833	₩ 45,432,507	₩ 17,851,508	₩ 36,751,689
Net interest cost	<u>3,395,265</u>	<u>6,864,211</u>	<u>3,686,987</u>	<u>6,278,754</u>
Total expenses included in employee benefits	<u>₩ 26,146,098</u>	<u>₩ 52,296,718</u>	<u>₩ 21,538,495</u>	<u>₩ 43,030,443</u>

¹ Includes total expenses included in employee benefits in relation to discontinued operations amounting to ₩ 5,401 million and ₩ 15,423 million during the six-month periods ended June 30, 2021 and 2020.

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

<i>(in thousands of Korean won)</i>	June 30, 2021		December 31, 2020	
Present value of funded defined benefit liabilities	₩	17,167,978	₩	16,230,725
Present value of unfunded defined benefit liabilities		<u>496,392,221</u>		<u>459,546,712</u>
Sub total		513,560,199		475,777,437
Fair value of plan assets		<u>(13,451,002)</u>		<u>(13,683,192)</u>
Net defined benefit liabilities	₩	<u>500,109,197</u>	₩	<u>462,094,245</u>

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

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12. Provisions

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

(in thousands of Korean won)

	2021			
	Provision for litigation	Provision for restoration	Others	Total
Beginning balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
Charged / (credited) to the statement of profit or loss:				
Additional provisions	-	121,835	505,551	627,386
Unused amounts reversed	-	2,714	(1,711,350)	(1,708,636)
Charged during the period	-	182,482	-	182,482
Used during the period	-	(225,737)	(29,825,775)	(30,051,512)
Others ¹	-	89,013	2,959,153	3,048,166
Ending balance	<u>₩ 927,938</u>	<u>₩ 11,642,044</u>	<u>₩ 422,464</u>	<u>₩ 12,992,446</u>
Current	₩ 927,938	₩ 3,613,506	₩ 364,678	₩ 4,906,122
Non-current	-	8,028,538	57,786	8,086,324

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

(in thousands of Korean won)

	2020			
	Provision for litigation	Provision for restoration	Others	Total
Beginning balance	₩ 1,210,878	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Charged / (credited) to the statement of profit or loss:				
Additional provisions ¹	1,500	35,682	7,334,384	7,371,566
Unused amounts reversed ¹	(110,952)	(302,310)	(26,089)	(439,351)
Charged during the period	-	5,704,925	67,931	5,772,856
Used during the period	(154,910)	(528,408)	(290,091)	(973,409)
Others ²	(18,577)	1,569,471	70,851	1,621,745
Ending balance	<u>₩ 927,939</u>	<u>₩ 66,476,022</u>	<u>₩ 8,818,681</u>	<u>₩ 76,222,642</u>
Current	₩ 927,939	₩ 1,443,615	₩ 8,795,187	₩ 11,166,741
Non-current	-	65,032,407	23,494	65,055,901

¹ Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 7,208 million and (-) ₩ 26 million, respectively, during the six-month period ended June 30, 2020.

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

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13. Issuance and Acquisition of Shares

The Company's total number of authorized shares is 300,000,000 shares. As at June 30, 2021, the Group has issued 164,263,395 ordinary shares (₩ 100 per share) and 15,383,240 treasury shares (excludes retired shares). The Company's share capital and share premium as at June 30, 2021, amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,426,340 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

The Group disposed of 1,421,120 treasury shares through treasury shares exchange transaction and exercise of stock options, and recognized gain on disposal of treasury shares amounting to ₩ 273,736 million.

14. Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As at June 30, 2021, the estimated average annual effective income tax rate used for the year ending December 31, 2021, is 20.23% (the estimated tax rate for the six-month period ended June 30, 2020: 30.61%).

15. Dividends

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

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

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16. Commitments and Contingencies

As at June 30, 2021, the Group has borrowing agreements with eight Korean financial institutions, including KB Kookmin bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,451,000 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, and others, with an aggregated credit limit up to JPY 130,000 million and USD 40 million.

As at June 30, 2021, the Group is provided with guarantees of ₩ 175,366 million from Seoul Guarantee Insurance, Korea Software Financial Cooperative and others in relation to the performance guarantee, and of ₩ 22,200 million (available up to ₩ 37,200 million) from Shinhan bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,164 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

As at June 30, 2021, customers' advance payments of ₩ 68,967 million, classified as cash and cash equivalents, are trusted to Shinhan Bank in accordance with the 'Guidelines for electronic financial service provider to protect user funds'.

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

As at June 30, 2021, the Group has entered a construction contract amounting to ₩ 403,511 million (outstanding amount: ₩ 59,762 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group. Also, the Group has entered a construction supply contract amounting to ₩ 144,527 million (outstanding amount: ₩ 125,010 million) for construction of cloud data and others. As at June 30, 2021, the Group has entered contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

As at June 30, 2021, the Group is a defendant in 18 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amounts of cases: ₩ 1,816 million), and the Group is a plaintiff in five lawsuit cases filed with regard to compensation for damages (aggregate amount of the cases: ₩ 1,844 million). The outcome of these cases is uncertain as at the reporting date and the Group's management recognizes the provision in relation to the potential loss if these cases meet the condition for the recognition of the provision.

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

(in thousands of Korean won)

	Total commitment to invest	Accumulated investment	Unexecuted amount
General Atlantic LLC	₩ 169,500,000	₩ 28,355,542	₩ 141,144,458
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT ¹	500,000,000	364,734,962	135,265,038
Sequoia Capital Global Growth Fund III	152,550,000	108,576,587	43,973,413
K-Fund I	201,663,000	166,956,725	34,706,275
China Ventures Fund I, L.P.	226,000,000	201,904,377	24,095,623

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

With the resolution of the Board of Directors on September 23, 2020, the Group has entered a payment guarantee contract for the borrowings from 22 financial institutions, including SMBC, amounting to JPY 148.6 billion (JPY 74.3 billion for 1 year from the date of initial execution, and up to the completion date of the business integration for the remaining JPY 74.3 billion) to secure early redemption for convertible bonds issued by LINE on September 20, 2018. As the business integration has been completed during the six-month period June 30, 2021, the borrowings were transferred to LINE Corp, a subsidiary of A-Holdings (formerly, LINE)(Note 1). As at June 30, 2021, the remaining payment guarantee amount provided by the Company to LINE Corp is JPY 74.3 billion.

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

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

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

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

The Group grants put options that give investors the right to sell all or part of their shares to the Group in the event of a significant negative impact on the Group due to significant breach of contract or law in relation to certain Redeemable Convertible Preferred Stock (issue price: ₩ 67,301 million) issued by the Group.

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

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17. Related Party Transactions

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

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

Type	June 30, 2021	December 31, 2020
Others ¹	Espresso Media Co., Ltd., LunaSoft Inc., Jakga Company Inc., Bravepops, Mystic story, Studio Pot, Happybean foundation ¹ , Naver Cultural foundation ¹ , Naver Connect ¹ , LINE Games ¹ , PIG ¹	Fandom, Orpeo Sound Works, Bravepops, Studio Pot, ITSB, Espresso Media Co., Ltd., LunaSoft Inc., ICART GROUP, Meshkorea, Mystic story, Jakga Company Inc., Happybean foundation ¹ , Naver Cultural foundation ¹ , Naver Connect 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 six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	
	Operating revenues and others	Operating expenses and others
Associates		
LINE Corp ⁵	₩ 40,834,310	₩ 2,327,497
LINE Plus ⁵	3,161,174	220,361
LINE Music ²	2,957,614	17,490
Transcosmos Online Communication ²	2,193,193	67,133
Line Biz Plus ⁵	1,134,466	-
LINE Conomi	613,272	-
LINE Friends ⁵	527,080	1,366,398
LINE Pay ⁵	507,672	89,657
LINE Financial Plus Corporation ⁵	323,781	-
LINE Games ^{1,4}	268,557	-
Markt ⁵	259,165	12,765,682
LINE Man (THAILAND) Company ²	163,795	14,446
LINE PLAY Corporation. ⁵	163,458	-
LINE MAN ²	131,145	-
LINE Company (Thailand) Limited ⁵	81,437	105,334
LINE Taiwan ⁵	76,907	152,952
LINE Fukuoka ⁵	182	1,231,056
ARO In Tech	120	482,764
LINE VIETNAM JOINT STOCK	110	681,384

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	2021	
	Operating revenues and others	Operating expenses and others
COMPANY⁵		
Famous Studio Corp	-	10,062,100
Sam Studio	-	708,249
Studio Mul	-	539,281
Studio Ohohoe	-	312,381
Synapsoft	-	250,000
A-Holdings (formerly, LINE)	-	178,410
Studio 389	-	166,682
Others	311,874	49,075
Joint ventures		
JobsN	820,811	1,232,577
Kasikorn LINE ³	665,366	-
Cineplay	521,143	862,766
RABBIT-LINE PAY COMPANY ³	365,442	65,953
YEOPEUL	361,857	999,947
Sumlab (Munhwa Ilbo JV)	186,857	719,229
Interbiz (Dong-A JV)	174,571	858,670
Animal and Human Story (Hankook Ilbo JV)	161,571	792,421
Agroplus (Korea Business JV)	142,750	677,108
Designpress	117,171	685,061
Law and Media (Money Today JV)	21,571	425,714
China Lab	1,286	653,491
Techplus (Electronic Times JV)	-	780,211
Artitian (Kyunghyang Daily News JV)	-	568,521
Schooljam (EBS JV)	-	524,516
Others	8,269	-
Others		
Naver Connect ¹	2,190,345	13,050,781
Happybean foundation ¹	878,369	10,033,612
LINE Games ^{1,4}	150,067	-
NAVER Cultural foundation ¹	33,594	-
Bravepops	196	-
PIG ^{1,4}	114	-
Jakga Company Inc.	-	2,822,697
Espresso Media Co., Ltd.	-	421,011
LunaSoft Inc.	-	87,042
Mystic story	-	219
Studio Pot	-	163

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.

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

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

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

⁵ They are subsidiaries of associates.

(in thousands of Korean won)

	2020	
	Operating revenues and others	Operating expenses and others
Associates		
LINE Mobile	₩ 8,304,549	₩ 1,586,763
LINE Music	8,172,763	11,291,326
Transcosmos Online Communication	4,142,821	2,555
Venture republic	1,462,527	625
DEMAE-CAN (formerly, Yume no machi Souzou linkai) ³	1,059,718	1,473,499
LINE Games	534,168	5,031
iPASS	321,266	27,890
The Grim Ent.	-	2,361,627
Studio JHS	-	1,186,998
ARO In Tech	-	679,398
Synapsoft	-	450,000
Bigpicture Comics	-	438,222
AXIS	-	420,539
YLAB Japan ³	-	195,642
KG Allat ²	-	107,132
Alchera	-	100,378
Others	211,597	1,987
Joint ventures		
RABBIT-LINE PAY COMPANY	1,311,441	645,244
JobsN	424,002	1,043,412
Interbiz (Dong-A JV)	246,557	793,689
Agroplus (Korea Business JV)	126,714	638,059
Designpress	84,613	697,130
China Lab	25,500	656,549
Law and Media (Money Today JV)	21,000	515,400
Cineplay	4,400	567,343
YEOPEUL	3,000	804,685
Techplus (Electronic Times JV)	-	934,957
Sumlab (Munhwa Ilbo JV)	-	653,423
Artitian (Kyunghyang Daily News JV)	-	594,425

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	2020	
	Operating revenues and others	Operating expenses and others
Animal and Human Story (Hankook Ilbo JV)	-	578,742
Schooljam (EBS JV)	-	538,607
Others	35,770	34,486
Others¹		
Happybean foundation	824,346	8,124,789
Naver Connect	662,600	7,002,718
NAVER Cultural foundation	12,361	256

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 six-month period ended June 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 six-month period ended June 30, 2020. The amount represents transactions prior to the exclusion from associates.

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

(in thousands of Korean won)

	June 30, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others ³	Other payables	Accrued expenses and others ⁴
Associates				
LINE Corp	₩ 48,313,773	₩ 27,826,637	₩ 481,855	₩ 1,142,597
LINE Plus	1,630,262	638,001	181,927	438,391
LINE Conomi	613,272	-	-	-
Line Biz Plus	327,160	2,479,767	-	700,761
LINE Pay	176,253	40,595	141,693	-
LINE Friends	126,984	12,872	917,690	-
Markt	102,849	5,596,353	288,782	-
LINE Financial Plus	85,989	5,511,563	10,145	1,496,986
LINE Fukuoka	52,677	-	319,790	-
LINE Up	51,742	933,761	-	317,328
LINE Company (Thailand)	49,231	-	137,179	-
LINE Taiwan	20,797	-	248,243	-
Drama & Company	11,485	3,172,405	-	-
LINE VIETNAM JOINT STOCK COMPANY	62	-	170,607	-
MiraeAsset-Naver Asia Growth Fund	-	2,240,000	2,240,000	-
MIRAE ASSET-NAVER ASIA GROWTH		8,970,944	8,956,864	

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	June 30, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others ³	Other payables	Accrued expenses and others ⁴
INVESTMENT				
HAVIT CORPORATION	-	500,000	485,391	-
K-Fund I	-	307,408	-	-
Studio 389	-	200,000	259,121	-
Sam Studio	-	-	379,945	-
Studio Mul	-	-	244,832	-
Studio Ohohoe	-	-	103,241	-
AXIS ²	-	-	-	-
Others	95,462	7,326	148,223	6,000
Joint ventures				
JobsN	109,022	-	26,643	-
YEOPEUL	56,650	-	190,664	-
Cineplay	79,200	-	18,700	-
Sumlab (Munhwa Ilbo JV)	33,000	-	145,401	-
Animal and Human Story	27,500	-	7,201	-
China Lab	-	-	358,073	-
Techplus (Electronic Times JV)	-	-	169,333	-
Others	62,150	200	111,580	-
Others				
Naver Connect ¹	610,445	6,287	4,607	37,014
Happybean foundation ¹	143,302	44,991	1,044,350	-
LINE Games ¹	49,165	15,570	-	-
NAVER Cultural foundation ¹	11,840	190	203	-
Bravepops	54	-	-	-
PIG ¹	21	-	-	-
Studio Pot	-	250,000	199	-
Jakga Company Inc.	-	182,247	1,013,491	-
Espresso Media Co., Ltd.	-	-	349,400	-
LunaSoft Inc.	-	-	6,110	-

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

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

³ Includes lease receivables.

⁴ Includes lease liabilities.

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	December 31, 2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Associates				
LINE Music ^{2,5}	₩ 3,129,630	₩ 475,576	₩ 5,769,437	₩ -
iPASS ⁵	2,909,554	136,345	83,146	-
Transcosmos Online Communication ⁵	2,642,474	3,472	-	111,772
LINE Mobile ⁵	2,286,839	532,751	294,094	45,441
LINE Man ⁵	610,077	157,861	-	65,824,401
LINE Man (THAILAND) Company ⁵	208,444	125,607,863	796,881	-
Venture republic ⁵	77,530	46,483	-	26,915
LINE Games ⁵	50,720	33,576,518	-	-
China Ventures Fund I,L.P.	-	27,303,478	-	-
Have It Co., Ltd.	-	813,649	485,391	-
K-Fund I ⁵	-	407,993	-	-
AXIS ³	-	-	-	-
Others	36,241	-	435,970	-
Joint ventures				
RABBIT-LINE PAY COMPANY ⁵	223,922	9,537	171,651	543,391
JobsN	110,128	-	25,683	-
Sumlab (Munhwa Ilbo JV)	23,100	-	212,193	-
Agroplus (Korea Business JV)	22,000	200	36,412	-
Designpress	19,800	-	49,431	-
Interbiz (Dong-A JV)	3,850	-	81,235	-
Lantu Games Limited ^{4,5}	-	141,020	-	-
Techplus (Electronic Times JV)	-	-	274,444	-
China Lab	-	-	256,453	-
Artitian (Kyunghyang Daily News JV)	-	-	29,361	-
Others	145,750	-	237,908	912
Others				
Happybean foundation ¹	120,932	27,574	1,630,449	-
NAVER Cultural foundation ¹	6,928	522	-	-
Bravepops	54	-	-	-
Jakga Company Inc.	-	-	491,819	-
Espresso Media Co., Ltd.	-	-	349,400	-
LunaSoft Inc.	-	-	17,561	-
Naver Connect ^{1,5}	-	-	165	-

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

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

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

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

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

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

		2021			
		Contributions in cash	Dividends received and others	Repayments ²	Collections: ²
Associates	WEVERSE COMPANY Inc.	₩ 211,884,516	₩ -	₩ -	-
	AtoZ	40,000,000	-	-	-
	LINE Bank Preparatory ¹	33,547,704	-	-	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	31,290,050	-	-	-
	China Ventures Fund I, L.P.	25,229,733	-	-	-
	K-Fund I	19,189,755	246,764	-	-
	MiraeAsset-Naver Asia Growth Fund	7,774,220	-	-	-
	YN Culture & Space	1,400,000	-	-	-
	Sasom Company	1,012,861	-	-	-
	Studio Horang	1,000,000	-	-	-
	Sam Studio	700,033	-	-	-
	Studio Ohohoe	400,000	-	-	-
	Only One Entertainment	250,012	-	-	-
	Geulbitneun Iyakiggun	200,000	-	-	-
	389 Studio 389	100,000	-	-	-
	Seno	97,038	-	-	-
	NAVER KIP Cheer up! Gamers Fund	-	8,834,625	-	-
	Future Creation NAVER-Stonebridge Early Stage Start-up Fund	-	7,040,000	-	-
	MiraeAsset MAPS Private Placement Real Estate 62	-	3,313,342	-	-
	BonAngels Pacemaker Fund	-	3,000,000	-	-
	NAVER-Suprema Youth Foundation No.5 Investment Fund	-	1,507,738	-	-
	ARO In Tech	-	22,000	-	-
	LINE Corp	-	-	215,759	-
	LINE Plus	-	-	-	125,424
	Line Biz Plus	-	-	-	394,283
	LINE Financial Plus	-	-	-	878,901
	LINE Up	-	-	-	202,568
Joint ventures	Kasikorn LINE ¹	27,577,283	-	-	-

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

² Includes transaction resulting from leases.

(in thousands of Korean won)

		2020				
		Contributions in cash		Dividends received and others		Loans
Associates	China Ventures Fund I, L.P.	₩	80,289,130	₩	-	₩ -
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT		8,345,664		11,724,434	-
	K-Fund I		6,779,850		-	-
	MiraeAsset-Naver Asia Growth Fund		1,964,250		2,630,000	-
	Famous Studio Corp.		1,000,000		-	-
	ITSB		1,000,000		-	-
	Espresso Media Co., Ltd.		958,257		-	-
	VRex Lab Co., Ltd.		613,925		-	-
	CONG TY CO PHAN RBW VIETNAM		575,300		-	-
	Studio Pot		400,000		-	-
	DHP private equity fund 3		200,000		-	-
	NAVER KIP Cheer up! Gamers Fund		-		2,050,000	-
	NAVER-Suprema Youth Foundation No.5 Investment Fund		-		1,161,077	-
	Future Creation NAVER-Stonebridge Early Stage Start-up Fund		-		960,000	-
	Future Creation NAVER-SB Startup Investment Fund		-		651,676	-
	BonAngels Pacemaker Fund		-		250,000	-
	Fast Cowell Private Equity Fund		-		150,000	-
	ARO In Tech		-		21,200	-
	LINE Games		-		-	33,481,500
	LINE Music		-		-	11,160,500
Joint ventures	LINE Bank Taiwan Limited		201,446,300		-	-
	Cinamon Games		380,635		-	-

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Details of payment guarantees provided by the Group to the related parties as at June 30, 2021, are as follows:

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

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

<i>(in thousands of Korean won)</i>		2021	2020
Short-term employee benefits	₩	2,578,383	₩ 2,277,333
Post-employment benefits		230,696	(678,898)
Share-based payment expenses		528,917	221,346

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18. Business Combination

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

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

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

The operating revenue included in the consolidated statement of comprehensive income since the acquisition date, contributed by Wattpad Corp. was ₩ 5,617 million. Wattpad Corp. also contributed loss of ₩ 138 million over the same period. Had Wattpad Corp. been consolidated from January 1, 2021, the consolidated statement of comprehensive income would have shown an operating revenue of ₩ 3,658,851 million and profit of ₩ 15,893,740 million.

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19. Discontinued Operation

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

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

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

(in thousands of Korean won)

December 31, 2020

Assets held for sale

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

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(in thousands of Korean won)

December 31, 2020

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

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

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

(in thousands of Korean won)

December 31, 2020

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

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

(in thousands of Korean won)

	2021¹	
	Three months	Six months
Operating revenues	₩ -	₩ 472,178,882
Operating expenses	-	(403,526,388)
Operating profit	-	68,652,494
Other income ²	-	16,172,457,224
Other expenses	-	(15,257,468)
Interest income	-	377,493
Finance income	-	7,651,595
Finance costs	-	(13,310,394)
Share of net loss of associates and joint ventures accounted for using the equity method	-	-
Profit before income tax	-	16,220,570,944
Income tax expense ³	-	(1,220,676,366)
Profit for the period of discontinued operations	₩ -	₩ 14,999,894,578

(in thousands of Korean won)

	2020	
	Three months	Six months
Operating revenues	₩ 626,425,969	₩ 1,203,796,386
Operating expenses	(703,911,560)	(1,351,569,350)
Operating loss	(77,485,591)	(147,772,964)
Other income ²	50,618,770	68,201,433
Other expenses	(72,864,966)	(105,952,352)
Interest income	534,792	1,628,070
Finance income	21,276,100	(14,573,616)
Finance costs	(16,036,332)	(44,574,714)
Share of net loss of associates and joint ventures accounted for using the equity method	(19,625,367)	(36,711,904)
Loss before income tax	(113,582,594)	(279,756,047)
Income tax benefit ³	8,589,012	13,078,987
Loss for the period of discontinued operations	₩ (104,993,582)	₩ (266,677,060)

¹ The amount represents profit or loss before the sale.

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

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

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

<i>(in thousands of Korean won)</i>	2021	2020
Cash flows from operating activities	₩ (179,631,570)	₩ (118,350,047)
Cash flows from investing activities	38,542,477	(219,570,472)
Cash flows from financing activities	9,245,652,989	267,171,837
Effects of foreign currency translation on cash and cash equivalents	(124,151,562)	94,044,371
Net cash inflow from discontinued operations	8,980,412,334	23,295,689
Cash and cash equivalents at the beginning of the year	2,245,363,414	2,214,024,412
Cash and cash equivalents at the disposal date ¹	<u>₩ 11,225,775,748</u>	<u>₩ 2,237,320,101</u>

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

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

<i>(in thousands of Korean won)</i>	Amounts
I. Total disposal consideration	₩ 17,993,953,976
Investments in associates	17,993,953,976
II. Carrying amount of net assets sold	1,912,175,820
Disposal assets	15,945,563,223
Current assets	12,867,557,958
Cash and cash equivalents	11,225,775,748
Short-term financial instruments	68,186,184
Financial assets at fair value through profit or loss	1,115,400
Trade and other receivables	960,153,083
Financial assets at fair value through other comprehensive income	40,000
Inventories	290,580,619
Current tax assets	7,636,040
Other current assets	314,070,884
Non-current assets	3,078,005,265
Property and equipment	335,178,154
Right-of-use assets	748,104,905
Intangible assets	464,778,744
Long-term financial instruments	735,934
Financial assets at fair value through profit or loss	200,380,804
Trade and other receivables	89,749,708
Financial assets at fair value through other comprehensive income	43,431,516
Investments in associates and joint ventures	918,503,212
Deferred tax assets	265,699,025
Other non-current assets	11,443,263

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Disposal liabilities	14,033,387,403
Current liabilities	12,385,670,747
Trade and other payables	2,254,874,356
Financial liabilities at fair value through profit or loss	644,197
Short-term borrowings	1,150,686,936
Current portion of debentures	7,717,696,576
Current tax liabilities	70,579,196
Provisions	75,497,411
Lease liabilities	125,724,371
Other current liabilities	989,967,704
Non-current liabilities	1,647,716,656
Trade and other payables	4,049,356
Financial liabilities at fair value through profit or loss	392,374
Long-term borrowings	736,078,077
Debentures	5,819,234
Net defined benefit liabilities	112,881,071
Provisions	43,886,823
Lease liabilities	599,832,907
Deferred tax liabilities	144,776,814
III. Non-controlling interest ¹	491,812,457
IV. Accumulated other comprehensive income	6,676,946
V. Changes in controlling interest ¹	363,352,647
VI. Cash paid	102,228,700
VII. Gain on disposal (I - II + III + IV - V - VI)	16,114,686,212
VIII. Income tax expense	1,185,549,417
X. Post-tax gain on disposal classified as profit from discontinued operations	₩ 14,929,136,795

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

20. Events after the Reporting Period

With the resolution of the Board of Directors on August 10, 2021, the Group decided to acquire 14.99% shares of Cafe24 Corp. to strengthen and maintain strategic business partnerships. The Group will pay the acquisition cost through investments in kind using the treasury shares.