

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the three months ended March 31, 2022
with the independent auditor's review report

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Report on review of interim condensed consolidated financial statements

The Shareholders and Board of Directors NAVER Corporation

We have reviewed the accompanying interim condensed consolidated financial statements of NAVER Corporation and its subsidiaries (collectively the “Group”), which comprise the interim condensed consolidated statement of financial position as of March 31, 2022, and the related interim condensed consolidated statement of comprehensive income (loss), interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the interim condensed consolidated financial statements

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

Auditor’s responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the review standards for interim financial statements in 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 Auditing Standards (“KGAAS”) 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 that the accompanying interim condensed consolidated financial statements are not presented, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

The interim condensed consolidated statement of comprehensive income (loss), interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months ended March 31, 2021, prepared in accordance with KIFRS 1034 and presented for comparative purposes, have been reviewed by Samil PricewaterhouseCoopers whose report dated May 14, 2021 expressed an unqualified review conclusion.

Moreover, the consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended which have been audited by Samil PricewaterhouseCoopers (not presented herein), in accordance with KGAAS, whose report dated March 4, 2022, expressed an unqualified opinion. The accompanying consolidated statement of financial position as of December 31, 2021, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.



May 13, 2022

This review report is effective as of May 13, 2022, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the three months ended March 31, 2022 and 2021

“The accompanying interim condensed consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Su yeon, Choi
Chief Executive Officer
NAVER Corporation

NAVER Corporation
Interim condensed consolidated statements of financial position
as of March 31, 2022 and December 31, 2021

(Korean won)

	Notes	March 31, 2022 (Unaudited)	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		₩ 2,941,877,624,742	₩ 2,781,395,543,827
Short-term financial instruments		557,288,803,695	673,555,739,311
Financial assets at fair value – profit or loss	4	772,806,649,213	461,932,777,511
Financial assets at fair value – other comprehensive income	4	-	24,254,505,540
Trade and other receivables		1,521,428,568,741	1,454,660,666,688
Inventories		5,543,303,267	6,139,904,767
Other current assets		200,169,892,140	124,296,250,629
Current tax assets		<u>2,739,721,126</u>	<u>1,643,037,279</u>
		6,001,854,562,924	5,527,878,425,552
Non-current assets			
Property, plant and equipment	6	2,176,042,950,453	2,111,261,659,613
Right-of-use-assets	7	351,856,637,558	290,462,942,745
Intangible assets	8	1,327,878,771,661	932,152,347,274
Long-term financial instruments		14,255,722,000	14,255,722,000
Financial assets at fair value – profit or loss	4	2,436,415,767,174	2,407,725,020,317
Financial assets at fair value – other comprehensive income	4	2,077,760,272,850	2,099,232,986,626
Investments in associates and joint ventures	9	19,064,509,126,228	20,090,304,016,842
Deferred tax assets		128,133,870,986	98,430,685,422
Trade and other receivables		46,294,145,598	46,387,217,185
Other non-current assets		<u>67,478,717,241</u>	<u>72,915,733,464</u>
		27,690,625,981,749	28,163,128,331,488
Total assets		<u>₩ 33,692,480,544,673</u>	<u>₩ 33,691,006,757,040</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 1,039,529,801,486	₩ 992,675,127,701
Financial liabilities at fair value - profit or loss	4	8,009,803,647	-
Short-term borrowings	10	527,166,275,864	461,321,818,464
Debentures	10	2,555,027,266	-
Current tax liabilities		633,313,042,867	515,246,293,598
Provisions	12	5,885,483,525	6,657,331,759
Lease liabilities	7	123,377,144,006	105,615,989,665
Other current liabilities		<u>2,051,086,629,130</u>	<u>1,841,802,585,465</u>
		4,390,923,207,791	3,923,319,146,652
Non-current liabilities			
Trade and other payables		₩ 67,518,357,772	₩ 118,079,924,927
Financial liabilities at fair value - profit or loss	4	511,661,883,167	508,994,104,631
Debentures	10	1,657,543,157,563	1,636,827,463,521
Long-term borrowings	10	1,452,268,831,070	1,552,014,025,878
Net defined benefit liabilities	11	584,712,920,191	554,264,628,196
Provisions	12	9,888,182,540	8,918,100,642
Lease liabilities	7	248,085,272,072	205,661,717,226
Deferred tax liabilities		1,091,473,924,899	1,155,139,324,751
Other non-current liabilities		<u>11,290,726,519</u>	<u>411,971,341</u>
		5,634,443,255,793	5,740,311,261,113
Total liabilities		<u>₩ 10,025,366,463,584</u>	<u>₩ 9,663,630,407,765</u>

LG Energy Solution Ltd. and its subsidiary
Consolidated statements of financial position
as of March 31, 2021 and December 31, 2020

		March 31, 2022	
	Notes	(Unaudited)	December 31, 2021
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	₩ 16,481,339,500	₩ 16,481,339,500
Capital surplus		1,468,850,102,141	1,490,214,367,768
Other components of equity		(1,628,741,836,262)	(1,051,465,837,344)
Retained earnings		<u>23,175,295,195,904</u>	<u>23,080,407,824,978</u>
		23,031,884,801,283	23,535,637,694,902
Non-controlling interests		<u>635,229,279,806</u>	<u>491,738,654,373</u>
Total equity		<u>23,667,114,081,089</u>	<u>24,027,376,349,275</u>
Total liabilities and equity		<u>₩ 33,692,480,544,673</u>	<u>₩ 33,691,006,757,040</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NAVER Corporation
**Interim condensed consolidated statement of comprehensive income (loss)
for the three months ended March 31, 2022 and 2021**

(Korean won)

	<u>Notes</u>	<u>2022 (Unaudited)</u>	<u>2021 (Unaudited)</u>
Operating revenue	5	₩ 1,845,221,980,257	₩ 1,499,070,070,645
Operating expenses		<u>(1,543,434,766,428)</u>	<u>(1,210,236,922,231)</u>
Operating profit		301,787,213,829	288,833,148,414
Other income		235,002,045,247	16,852,420,009
Other expenses		(84,706,093,157)	(43,306,749,469)
Interest income		8,578,629,551	3,484,790,638
Finance income		153,176,679,807	98,081,714,404
Finance costs		(209,732,120,161)	(37,243,116,492)
Share of profit (loss) of associates and joint ventures	9	<u>(147,459,930,560)</u>	<u>98,193,747,710</u>
Profit before income tax		256,646,424,556	424,895,955,214
Income tax expenses		<u>(105,248,187,902)</u>	<u>(110,268,823,939)</u>
Profit from continuing operations		151,398,236,654	314,627,131,275
Profit of discontinued operations	19	-	<u>14,999,894,577,525</u>
Profit for the period		<u>₩ 151,398,236,654</u>	<u>₩ 15,314,521,708,800</u>
Profit for the period attributable to:			
Owners of the Parent Company			
Profit from continuing operations		₩ 171,179,136,931	₩ 314,118,799,473
Profit of discontinued operations		-	14,996,377,524,381
Non-controlling interests			
Profit (loss) from continuing operations		(19,780,900,277)	508,331,802
Profit of discontinued operations		-	3,517,053,144
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss			
Loss on valuation of debt instruments at fair value – other comprehensive income		₩ -	₩ (483,039,456)
Exchange differences		51,066,265,569	21,922,655,709
Share of other comprehensive loss of associates and joint ventures		(567,169,884,105)	(206,748,622,785)
Items that will not be subsequently reclassified to profit or loss			
Gain (loss) on valuation of equity instruments at fair value – other comprehensive income		(51,326,643,498)	55,130,052,591
Share of other comprehensive income (loss) of associates and joint ventures		<u>(26,205,905,255)</u>	<u>3,902,877,398</u>
		(593,636,167,289)	(126,276,076,543)
Total comprehensive income (loss) for the period, net of tax		<u>₩ (442,237,930,635)</u>	<u>₩ 15,188,245,632,257</u>
Owners of the Parent Company		(415,406,798,802)	15,183,358,522,468
Non-controlling interest		(26,831,131,833)	4,887,109,789

Earnings per share attributable to the equity holders of the Parent Company

NAVER Corporation**Interim condensed consolidated statement of comprehensive income (loss)
for the three months ended March 31, 2022 and 2021**

	<u>Notes</u>	<u>2022 (Unaudited)</u>	<u>2021 (Unaudited)</u>
Basic earnings per share			
From continuing operations	₩	1,127 ₩	2,129
From discontinued operations		-	101,618
Diluted earnings per share			
From continuing operations		1,118	2,124
From discontinued operations		-	101,397

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NAVER Corporation

**Interim condensed consolidated statement of changes in equity
for the three months ended March 31, 2022 and 2021**

(Korean won)

	Notes	Equity attributable to owners of the Parent Company				Non-controlling interests	Total
		Share capital	Capital surplus	Other components of equity	Retained earnings		
As of 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		-	-	-	15,310,496,323,854	4,025,384,946	15,314,521,708,800
Loss on valuation of debt instruments at fair value – other comprehensive income		-	-	(483,039,456)	-	-	(483,039,456)
Gain (loss) on valuation of equity instruments at fair value – other comprehensive income		-	-	55,428,668,592	-	(298,616,001)	55,130,052,591
Exchange differences		-	-	21,339,555,341	-	583,100,368	21,922,655,709
Share of other comprehensive income (loss) of associates and joint ventures		-	-	(203,422,985,864)	-	577,240,476	(202,845,745,388)
Transactions with shareholders recognized directly in equity							
Dividends	15	-	-	-	(59,278,532,070)	-	(59,278,532,070)
Share-based payment expenses		-	-	23,983,113,512	-	14,467,718,029	38,450,831,541
Exercise of stock option		-	14,241,790,399	6,551,811,101	-	-	20,793,601,500
Disposal of treasury shares		-	148,150,763,933	47,517,181,267	-	-	195,667,945,200
Disposal of subsidiaries		-	363,352,647,015	(215,252,060)	(6,461,636,715)	(502,054,355,750)	(145,378,597,510)
Transactions with non-controlling interests		-	(997,992,283,386)	(4,956,835,800)	-	(57,491,734,487)	(1,060,440,853,673)
As of March 31, 2021 (Unaudited)		<u>₩ 16,481,339,500</u>	<u>₩ 1,321,026,407,833</u>	<u>₩(1,151,607,932,915)</u>	<u>₩ 21,899,570,638,547</u>	<u>₩ 347,721,609,492</u>	<u>₩ 22,433,192,062,457</u>
As of January 1, 2022		₩ 16,481,339,500	₩ 1,490,214,367,768	₩(1,051,465,837,344)	₩ 23,080,407,824,978	₩ 491,738,654,373	₩ 24,027,376,349,275
Total comprehensive loss for the period:							
Profit (loss) for the period		-	-	-	171,179,136,931	(19,780,900,277)	151,398,236,654
Loss on valuation of equity instruments at fair value – other comprehensive income		-	-	(47,338,449,781)	-	(3,988,193,717)	(51,326,643,498)
Exchange differences		-	-	53,915,736,518	-	(2,849,470,949)	51,066,265,569
Share of other comprehensive loss of associates and joint ventures		-	-	(593,163,222,470)	-	(212,566,890)	(593,375,789,360)
Transactions with shareholders recognized directly in equity							
Dividends	15	-	-	-	(76,291,766,005)	-	(76,291,766,005)
Transaction of share-based payment	13	-	26,450,094,145	9,847,311,491	-	7,092,182,734	43,389,588,370
Transactions with non-controlling interests		-	(47,814,359,772)	(537,374,676)	-	163,229,574,532	114,877,840,084
As of March 31, 2022 (Unaudited)		<u>₩ 16,481,339,500</u>	<u>₩ 1,468,850,102,141</u>	<u>₩(1,628,741,836,262)</u>	<u>₩ 23,175,295,195,904</u>	<u>₩ 635,229,279,806</u>	<u>₩ 23,667,114,081,089</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NAVER Corporation
**Interim condensed consolidated statements of cash flows
for the three months ended March 31, 2022 and 2021**

(Korean won)

	2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	₩ 359,455,293,889	₩ 241,491,586,103
Interest received	7,657,055,720	5,593,231,602
Interest paid	(17,778,827,893)	(11,878,189,033)
Dividends received	2,806,967,729	11,204,053,745
Income tax paid	(31,871,887,078)	(49,711,669,987)
Net cash provided by operating activities	320,268,602,367	196,699,012,430
Cash flows from investing activities		
Net decrease in short-term financial instruments	117,033,148,444	12,208,842,240
Acquisition of financial assets at fair value – profit or loss	(1,708,876,511,793)	(2,003,933,300,546)
Proceeds from disposal of financial assets at fair value – profit or loss	1,318,897,508,227	1,996,188,172,481
Acquisition of property, plant and equipment	(153,447,722,995)	(256,206,449,315)
Proceeds from disposal of property, plant and equipment	232,678,893	3,389,836,787
Collection of lease receivables	1,204,335,828	397,596,349
Acquisition of intangible assets	(10,943,607,567)	(24,007,061,767)
Proceeds from disposal of intangible assets	267,283,033	63,713,922
Acquisition of financial assets at fair value – other comprehensive income	(31,878,390,456)	(212,289,798,154)
Proceeds from disposal of financial assets at fair value – other comprehensive income	24,254,505,540	70,652,419,184
Acquisition of investments in associates and joint ventures	(79,404,703,925)	(284,296,214,417)
Proceeds from disposal of investments in associates and joint ventures	351,922,695,802	36,326,040,210
Net cash flow due to the transfer of subsidiaries to associates		- (11,244,661,283,837)
Net increase in cash due to business combination	26,093,775,163	-
Cash inflows (outflows) from other investing activities	(8,166,078,084)	15,847,567,081
Net cash used in investing activities	(152,811,083,890)	(11,890,319,919,782)
Cash flows from financing activities		
Proceeds from short-term borrowings	34,000,000,000	52,849,671,947
Repayments of short-term borrowings	(20,900,000,000)	(153,419,606,336)
Proceeds from long-term borrowings	-	1,245,182,096,931
Proceeds from issuance of debentures	-	9,067,393,364,761
Repayment of lease liabilities	(31,456,745,379)	(37,797,122,398)
Increase in financial liabilities at fair value – profit or loss	10,499,949,904	55,002,484,192
Exercise of stock options	11,079,679,700	26,079,692,500
Cash inflows from transactions with non-controlling interests	95,474,787	6,996,131,840
Cash outflows from transactions with non-controlling interests	-	(349,694,956,535)
Cash inflows from other financing activities	118,989,378	1,069,516,888,369
Cash outflows from other financing activities	(741,263,340)	(352,257,203,046)
Net cash provided by financing activities	2,696,085,050	10,629,851,442,225
Effects of exchange rate changes on cash and cash equivalents	(9,671,522,612)	(112,647,330,453)
Net increase (decrease) in cash and cash equivalents	160,482,080,915	(1,176,416,795,580)
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents classified as assets held for sale at the beginning of the period		-
Cash and cash equivalents in the statements of financial position at the beginning of the period	<u>2,781,395,543,827</u>	<u>1,600,304,349,922</u>
	<u>2,781,395,543,827</u>	<u>3,845,667,763,547</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,941,877,624,742</u>	<u>₩ 2,669,250,967,967</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NAVER Corporation

Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

1. General

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

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers’ Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As of March 31, 2022, the major shareholders of the Company consist of National Pension Service (8.62%) and others

The Company and its subsidiaries (collectively the “Group”) engage in providing online search portal and online information service.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of March 31, 2022 and December 31, 2021 are as follows:

	Location	Primary business	Ownership interest held by the Group (%)		Closing month
			March 31, 2022	December 31, 2021	
NAVER Corporation:					
NAVER Cloud Corporation	Korea	Cloud service management	100.00	100.00	December
NAVER I&S Corp	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
NAVER WEBTOON COMPANY Corporation	Korea	Webtoon service development and management	100.00	100.00	December
Snow Corporation	Korea	Camera and communication application development service	82.96	80.55	December
Audiensori Corporation	Korea	Audio content production and distribution	100.00	100.00	December
WORKS MOBILE Corporation	Korea	Groupware development and service management	89.41	89.41	December
N Visions Co., Ltd.	Korea	Exhibition and performance planning business	100.00	100.00	December
NAVER LABS Corporation	Korea	New technology development and research	100.00	100.00	December
NAVER Financial Corporation	Korea	Electronic financial business	89.21	89.21	December
SB Next Media Innovation Fund	Korea	Investment	96.30	96.30	December
TBT Global Growth Fund I	Korea	Investment	89.91	89.91	December
NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
SpringCamp Early Stage Fund 2	Korea	Investment	99.22	99.22	December
SVA Content Media Private Equity Fund II	Korea	Investment	99.83	99.83	December
Do Ventures Annex Fund, LP	U.S.A	Investment	99.00	99.00	December
NAVER J.Hub Corporation	Japan	Global business support	100.00	100.00	December
NAVER CHINA CORPORATION	China	Software development and distribution	100.00	100.00	December
NAVER U.Hub Inc	U.S.A	Online streaming service	100.00	100.00	December
NAVER BAND Inc	U.S.A	North America community service marketing	100.00	100.00	December
NAVER France	France	Europe IT investment and research and development	100.00	100.00	December
WEBTOON Entertainment Inc	U.S.A	Webtoon service development and management	66.60	67.88	December
NAVER VIETNAM COMPANY LIMITED	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	98.81	December
Smart Spring Fund(*2)	Korea	Investment	48.39	48.39	December
NAVER HANDS Corporation	Korea	Standard workplace operation for the disabled	100.00	100.00	December
NAVER WP I, L.P.	U.S.A	Managing local business	100.00	100.00	December
NAVER WP II, LLC	U.S.A	Managing local business	100.00	100.00	December
Wattpad Corporation	Canada	Global web novel platform	100.00	100.00	December
Wattpad Corporation:					
Wattsub Corporation	Canada	Global web novel platform support	100.00	100.00	December
Wattpad Studios Inc	Canada	Global web novel platform support	100.00	100.00	December
WP Technology (UK)	U.K	Global web novel platform support	100.00	100.00	December
WP Technology Corporation	U.S.A	Global web novel platform support	100.00	100.00	December

NAVER Corporation

Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

	Location	Primary business	Ownership interest held by the Group (%)		Closing month
			March 31, 2022	December 31, 2021	
Wattpad Inc	U.S.A	Global web novel platform support	100.00	100.00	December
Wattpad Studios Inc:					
Wattpad Studios (Cell Phone Swap) Inc	Canada	Global web novel platform support	100.00	100.00	December
NAVER France:					
C-Fund	France	Investment	99.00	99.00	December
C-FUND Subfund 2	France	Investment	99.00	99.00	December
C-FUND Subfund 3	France	Investment	99.75	99.75	December
C-FUND Subfund 4	France	Investment	99.00	99.00	December
NAVER Cloud Corporation:					
NAVER Cloud Asia Pacific Pte Ltd	Singapore	IT infrastructure operations	100.00	100.00	December
NAVER CLOUD AMERICA INC	U.S.A	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Europe GmbH	Germany	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Japan Corporation	Japan	IT infrastructure operations	100.00	100.00	December
Chengdu NCC Technology Corporation	China	IT infrastructure operations	100.00	-	December
NAVER I&S Corp:					
InComms Corp	Korea	Customer center operations	100.00	100.00	December
Green Web Service Corp	Korea	Monitoring, advertisement operations	100.00	100.00	December
N Tech Service Corp.	Korea	Software consulting, development and distribution	100.00	100.00	December
NITService Corp.	Korea	Infrastructure operations and security services	100.00	100.00	December
CommPartners Corp.	Korea	Customer center operations	100.00	100.00	December
WEBTOON Entertainment Inc:					
NAVER WEBTOON Ltd.	Korea	Webtoon service development and operations	100.00	100.00	December
LINE Digital Frontier Corporation	Japan	Japan Webtoon service development and operations	100.00	100.00	December
LINE Digital Frontier Corporation:					
eBOOK Initiative Japan Co., Ltd.(*4)	Japan	Japan ebook service	100.00	34.35	December
LINE WEBTOON STUDIO Inc.	Japan	Japan webtoon service	80.00	-	December
NAVER WEBTOON Ltd.:					
Lico Corp.	Korea	Contents production and reinforcement	100.00	100.00	December
Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
V.DO INC.	Korea	Video searching solution development	81.43	81.43	December
YLAB Japan Co., Ltd	Japan	Contents production and reinforcement	100.00	100.00	December
MUNPIA INC.(*4)	Korea	Web novel platform	56.26	20.17	December
LOCUS CORPORATION	Korea	Animation and VFX production	52.19	-	December
MUNPIA INC:					
Mun Pia Webtoon Culture Industry Special Purpose Company Ltd.	Korea	Comics publishing	100.00	-	December
M Contents Labs Co., Ltd.	Korea	Database and online information supply	100.00	-	December
LOCUS CORPORATION:					
Rokeoseu Theater Aeni 2015Culture Industry PROFESSIONAL Company	Korea	Animation film and video production	100.00	-	December
Sidus Corporation	Korea	Film production and distribution	91.90	-	December
SIDUS STUDIO X Co., Ltd.	Korea	Content production and marketing solution supply	100.00	-	December
Locus Shanghai Corporation	China	Animation and VFX production	100.00	-	December
Sidus Corporation:					
Sidus and Teu Entertainment Joint Stock Company(*3)	Vietnam	Film production	49.00	-	December
NAVER WEBTOON COMPANY Corporation:					
Watong Entertainment Limited	Hongkong	Webtoon service operations	100.00	100.00	December
Watong Entertainment Limited:					
Broccoli Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Broccoli Entertainment Corporation:					
Dongman Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Snow Corporation:					
SpringCamp Inc.	Korea	Investments	100.00	100.00	December
Playlist Corporation	Korea	Web contents production and distribution	58.04	58.04	December
Amuse Co.,Ltd.	Korea	Cosmetics manufacturing, distribution, sales	77.59	100.00	December
Semicolon Studio Corp.	Korea	Video contents production and distribution	100.00	100.00	December

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	Location	Primary business	Ownership interest held by the Group (%)		Closing month
			March 31, 2022	December 31, 2021	
NAVER Z CO.,LTD.	Korea	Mobile service development and operations	70.51	70.51	December
SNOW China Limited.	Hongkong	Mobile service operations	96.22	96.22	December
SNOW Japan Corporation	Japan	Mobile service operations	100.00	100.00	December
SNOW Inc.	U.S.A	Mobile service operations	100.00	100.00	December
SNOW VIETNAM COMPANY LIMITED	Vietnam	Mobile service operations	99.00	99.00	December
Cake Corporation	Korea	Language learning application development and operations	75.00	75.00	December
KREAM Corporation NAVER Z CO.,LTD.:	Korea	Sneakers trading platform operations	53.13	53.13	December
NAVER Z USA, INC.	U.S.A	Mobile service development and operations	100.00	100.00	December
NAVER Z Limited	Hongkong	Mobile service development and operations	100.00	-	December
NAVER Z Limited: Beijing Metaverse China Technology Corporation Beijing Metaverse China Technology Corporation:	China	Mobile service development and operations	100.00	-	December
ZaiZai Entertainment Corp.	China	Mobile service development and operations	100.00	-	December
KREAM Corporation: Namain Corp. SVA Soda	Korea	Sneakers trading platform operations	100.00	100.00	December
SNOW China Limited.: SNOW China (Beijing) Co., Ltd. SNOW China (Beijing) Co., Ltd.: Yiruike Information Technology (Beijing) Co., Ltd.	Korea	Investments	99.52	99.52	December
WORKS MOBILE Corporation: Works Mobile Japan Corporation	China	Mobile service operations	100.00	100.00	December
NF Insurance Services Corporation	China	Mobile service operations	100.00	100.00	December
	Japan	Groupware service operations and distribution	100.00	100.00	December
	Korea	Insurance brokerage	100.00	100.00	December

(*1) Ownership interest, with voting rights held by the Group, includes share held by subsidiaries.

(*2) Although the Group owns less than 50% ownership of Smart Spring Fund, the Group is considered to have control over this entity since SpringCamp Inc., a subsidiary of Group, has significant influence over investment decision-making as a general partner. As a result, Smart Spring Fund has been classified as a subsidiary.

(*3) Although the Group owns less than 50% ownership of Sidus and Teu Entertainment Joint Stock Company, the Group considers having control over the entity because the Group has significant influence over the entity considering the composition of shareholders and Board of Directors.(*4) The investment in associates is reclassified to subsidiary, due to additional acquisition of ownership for the three months ended March 31, 2022.

1.2 Changes in Scope of Consolidation

(1) Subsidiaries newly included in the consolidation for the three months ended March 31, 2022 are as follows:

	<u>Subsidiaries</u>
Acquisition of control due to new establishment	NAVER Z Limited, Beijing Metaverse China Technology Corporation, ZaiZai Entertainment Corp., Chengdu NCC Technology Corporation, LINE WEBTOON STUDIO Inc.
Acquisition of control due to new acquisition	eBOOK Initiative Japan Co., Ltd., MUNPIA INC., Mun Pia Webtoon Culture Industry Special Purpose Company Ltd., M Contents Labs Co., Ltd., LOCUS CORPORATION, Rokeoseu Theater Aeni 2015Culture Industry PROFESSIONAL Company, Sidus Corporation, SIDUS STUDIO X Co., Ltd , Locus Shanghai Corporation, Sidus and Teu Entertainment Joint Stock Company

(2) There is no subsidiary excluded from the consolidation for the three months ended March 31, 2022.

2. Significant Accounting Policies

2.1 Basis of Preparation

The Group prepares statutory interim condensed consolidated financial statements in the Korean language in accordance with KIFRS 1034 *Interim Financial Reporting* enacted by the *Act on External Audit of Stock Companies*. The accompanying interim condensed consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2021.

2.2 New standard, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to KIFRS 1037

An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

2.2 New standard, interpretations and amendments adopted by the Group (cont'd)

Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of KIFRS 1103 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* or KIFRS 2121 *Levies*, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS 2121, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to KIFRS 1016

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

KIFRS 1101 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to KIFRS, if no adjustments were made for consolidated procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as the Group's subsidiaries is not a first-time adopter.

KIFRS 1109 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for KIFRS 1039 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

KIFRS 1041 *Agriculture* – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of KIFRS 1041 as at the reporting date.

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2.3 Accounting Policies

Significant accounting policies and method of computation used in the preparation of the interim condensed consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2021, except for the changes due to the application of amendment and enactments of standards and interpretations described in Note 2.2 and below.

2.3.1 Income tax expense

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

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

3. Critical Accounting Estimates and Assumptions

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

Significant accounting estimates and assumptions applied in the preparation of these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2021, except for the estimates used to determine income tax expense.

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4. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the three months ended March 31, 2022.

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. The instrument is included in level 1.
- Level 2 : The fair value of financial instruments that are not traded in an active market (e.g., 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.

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value – profit or loss	₩ 8,077,956	₩ 771,007,247	₩ 2,430,137,213	₩ 3,209,222,416
Financial assets at fair value – other comprehensive income	1,838,849,724	-	238,910,549	2,077,760,273
Financial liabilities				
Financial liabilities at fair value – profit or loss	-	-	519,671,687	519,671,687
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value – profit or loss	₩ 30,552,177	₩ 436,996,770	₩ 2,402,108,851	₩ 2,869,657,798
Financial assets at fair value – other comprehensive income	1,896,968,892	-	226,518,601	2,123,487,492
Financial liabilities				
Financial liabilities at fair value – profit or loss	-	-	508,994,105	508,994,105

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4.2 Fair Value Measurements using Significant Unobservable Inputs (Level 3)

The Group recognizes transfers between levels of the fair value at the end of the reporting period. There were no transfers between level 1 and level 2 for the three months ended March 31, 2022.

The following table presents the changes in level 3 financial instruments for the three months ended March 31, 2022 and 2021 (Korean won in thousands):

	2022			2021		
	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss
Beginning balance	₩2,402,108,852	₩ 226,518,601	₩ 508,994,105	₩2,000,079,748	₩ 81,341,079	₩ 25,099,906
Total profit or loss						
Amounts recognized in profit or loss	(65,303,071)	-	-	42,938,331	-	-
Amounts recognized in other comprehensive income	-	4,518,159	-	-	(1,277,706)	-
Acquisitions/Borrowings	86,648,309	31,878,390	10,499,950	90,237,043	7,765,572	55,002,484
Disposals/Repayments	(4,929,936)	(24,254,506)	-	(370,912,772)	(7,565,459)	-
Transfer into Level 1	-	-	-	(6,999,999)	(3,232,665)	-
Others (*)	9,254,153	249,905	177,632	(35,928)	-	-
Exchange differences	2,358,906	-	-	(120,627)	(183,463)	-
Sale of disposal group	-	-	-	(200,380,804)	(29,775,586)	-
Ending balance	<u>₩2,430,137,213</u>	<u>₩ 238,910,549</u>	<u>₩ 519,671,687</u>	<u>₩1,554,804,992</u>	<u>₩ 47,071,772</u>	<u>₩ 80,102,390</u>

(*) Reclassifications arising from changes in ownership of financial assets held at fair value are included.

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4.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements of financial instruments categorized in levels 2 and level 3 of the fair value hierarchy as of March 31, 2022 and December 31, 2021, are as follows (Korean won in thousands):

4.3.1 As of March 31, 2022

	<u>Fair value</u>	<u>Level</u>	<u>Valuation techniques</u>	<u>Major inputs</u>	<u>Unobservable inputs</u>	<u>Range of unobservable inputs</u>
Financial assets at fair value – profit or loss						
			Option pricing model	Underlying assets price, Volatility of underlying assets	Volatility of the underlying assets	12.30% ~ 65.64%
Compound financial instruments and equity securities	₩ 1,266,265,055	3	Market approach and others	PBR, EV/SALES, PSR, PER, Recent transaction price, Net asset value	EV/SALES, PSR, PER	1.31 ~ 11.20 0.71 ~ 21.03 30.65
	12,717,593	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.44% ~ 21.67%
Beneficiary certificates and funds	1,163,872,158	3	Present value method	Credit risk adjusted discount rate	-	-
	1,163,872,158	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	757,148,185	2	Present value method	Credit risk adjusted discount rate	-	-
	1,141,469	2	Present value method and option pricing model	Forward exchange rate	CD interest rate and others	-
Derivatives						
Financial assets at fair value – other comprehensive income						
			Present value method, market approach	EV/SALES, PSR and others	EV/SALES, PSR, PBR	2.75 ~ 17.55 1.02 ~ 4.56 2.16
Equity securities	238,910,549	3			Discount rate	16.68%
Financial liabilities at fair value – profit or loss						
			Option pricing model	Volatility of underlying assets	Volatility of the underlying assets	32.68% ~ 39.34%
Derivatives	519,671,687	3			Discount rate	15.07% ~ 17.23%

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

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4.3 Valuation Techniques and the Inputs (cont'd)

4.3.2 As of December 31, 2021

	<u>Fair value</u>	<u>Level</u>	<u>Valuation techniques</u>	<u>Major inputs</u>	<u>Unobservable inputs</u>	<u>Range of unobservable inputs</u>
Financial assets at fair value – profit or loss						
			Option pricing model	Underlying assets price, Volatility of underlying assets	Volatility of the underlying assets	12.30% ~ 68.16%
Compound financial instruments and equity securities	₩ 1,255,932,001	3	Market approach and others	PBR, EV/SALES, PSR, Recent transaction price, Net asset value	EV/SALES PSR PER PBR	1.00 ~ 15.54 0.57 ~ 21.03 26.41 1.72 ~ 21.54
	19,908,636	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.44% ~ 21.67%
Beneficiary certificates and funds	1,146,176,850	3	Present value method	Credit risk adjusted discount rate	-	-
	416,634,915	2	Market approach and others	Underlying asset price	(*)	(*)
Debt securities			Present value method	Credit risk adjusted discount rate	-	-
	453,219	2	Present value method and option pricing model	Forward exchange rate	-	-
Derivatives						
Financial assets at fair value – other comprehensive income						
Equity securities	226,518,601	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES PSR	2.63 ~ 13.69 1.21 ~ 4.27
Financial liabilities at fair value – profit or loss						
Derivatives	508,994,105	3	Option pricing model	Volatility of underlying assets	Volatility of the underlying assets Discount rate	32.68% ~ 39.34% 15.07% ~ 17.23%

(*) 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 perform the fair value measurements required for financial reporting purposes, including level 3 fair values. These teams report directly to the director in financial department("director"). Discussions of valuation processes and results are held between the director and these teams at least once every quarter, in line with the Group's quarterly reporting schedule.

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5. Operating Segment Information

(1) 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 statement of comprehensive income.

(2) Operating revenues by service types for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		2021	
	Operating revenue	Ratio (%)	Operating revenue	Ratio (%)
Search platform (*1)	₩ 843,156,381	45.7	₩ 752,720,039	50.2
Commerce (*2)	416,126,168	22.5	324,360,979	21.6
Fintech (*3)	274,752,142	14.9	209,509,941	14.0
Contents (*4)	216,972,077	11.8	130,768,155	8.7
Cloud (*5)	94,215,212	5.1	81,710,957	5.5
Continuing operations	1,845,221,980	100.0	1,499,070,071	100.0
Discontinued operations	-		472,178,882	
	₩ 1,845,221,980		₩ 1,971,248,953	

(*1) Search and display

(*2) Commerce advertising, brokerage, sales and membership

(*3) Pay service and digital financing

(*4) Webtoon, Zepeto, SNOW and others

(*5) NCP, Works, Clova and others

(3) The revenue from external customers by region for the three months ended March 31, 2022 and 2021 and non-current assets as of March 31, 2022 and December 2021 are as follows (Korean won in thousands):

	Revenue from external customers		Non-current assets (*)	
	2022	2021	March 31, 2022	December 31, 2021
Domestic	₩ 1,731,474,758	₩ 1,435,362,889	₩ 2,942,127,232	₩ 2,630,607,286
Japan	51,844,893	36,969,842	261,185,140	75,667,968
Others	61,902,329	26,737,340	719,944,705	694,168,445
Continuing operations	1,845,221,980	1,499,070,071	3,923,257,077	3,400,443,699
Discontinued operations/assets held for sale	-	472,178,882	-	-
	₩ 1,845,221,980	₩ 1,971,248,953	₩ 3,923,257,077	₩ 3,400,443,699

(*) Financial instruments (including investments in associates and joint ventures) and deferred tax assets are not included.

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5. Operating Segment Information (cont'd)

(4) The revenue from contracts with customers by category for the three months ended March 31, 2022 and 2021 is as follows (Korean won in thousands):

	<u>2022</u>	<u>2021</u>
By timing of revenue recognition		
Recognized at a point in time	₩ 1,335,487,306	₩ 1,086,486,556
Recognized over time	<u>509,734,674</u>	<u>412,583,515</u>
Continuing operations	1,845,221,980	1,499,070,071
Discontinued operations	-	<u>472,178,882</u>
	<u>₩ 1,845,221,980</u>	<u>₩ 1,971,248,953</u>

6. Property, Plant and Equipment

(1) Changes in property, plant and equipment for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 2,111,261,659	₩ 1,684,563,341
Acquisition and capital expenditures and others (*1)	150,064,710	239,796,296
Acquisition from business combination	3,578,876	-
Depreciation	(86,335,512)	(77,001,155)
Disposals, retirement and impairment (*2)	(573,545)	(651,468)
Others (*3)	<u>(1,953,238)</u>	<u>4,362,455</u>
Ending balance	<u>₩ 2,176,042,950</u>	<u>₩ 1,851,069,469</u>

(*1) Capitalization of borrowing costs are included.

(*2) The amount from disposal of business is ₩ 81 million for the three months ended March 31, 2022.

(*3) Others include effects of changes in foreign currency exchange rates and others.

(2) For the three months ended March 31, 2022, the Group has capitalized borrowing costs amounting to ₩ 2,069 million (2021: ₩ 1,481 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings that are directly attributable to the acquisition used to determine the amount of borrowing costs to be capitalized is 1.60% (2021: 2.12%).

(3) Depreciation expense is classified as 'operating expenses' in the interim condensed consolidated financial statements.

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7. Leases

(1) Amounts recognized in the interim condensed consolidated statements of financial position

Details of amounts recognized in the interim condensed consolidated statements of financial position as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Right-of-use assets (*1)		
Properties	₩ 87,030,672 ₩	90,794,139
Vehicles	1,470,318	1,534,468
IDC buildings	84,861,370	77,010,870
Machinery	173,098,590	115,036,533
Leased internet line	5,395,687	6,086,933
	<u>₩ 351,856,637 ₩</u>	<u>290,462,943</u>
Lease receivables	<u>₩ 5,761,802 ₩</u>	<u>7,016,432</u>
Lease liabilities (*2)		
Current	₩ 123,377,144 ₩	105,615,990
Non-current	248,085,272	205,661,717
	<u>₩ 371,462,416 ₩</u>	<u>311,277,707</u>

(*1) The outstanding balance of right-of-use assets is net of accumulated depreciation.

(*2) The outstanding balance of lease liabilities is net of present value discount.

Additions to the right-of-use assets for the three months ended March 31, 2022 were ₩ 95,497 million (2021 : ₩ 86,221 million).

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7. Leases (cont'd)

(2) Amounts recognized in the interim condensed consolidated statements of comprehensive income (loss)

Details of amounts recognized in the interim condensed consolidated statements of comprehensive income (loss) for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	<u>2022</u>	<u>2021</u>
Depreciation of right-of-use assets		
Properties	₩ 12,387,314	₩ 9,801,923
Vehicles	196,252	165,092
IDC buildings	5,835,823	2,535,118
Machinery	10,696,624	-
Leased internet line	2,179,915	437,825
	<u>₩ 31,295,928</u>	<u>₩ 12,939,958</u>
Interest expense relating to lease liabilities (included in 'finance costs') (*)	₩ 2,513,091	₩ 1,012,776
Expense relating to short-term leases and leases of low-value assets	3,519,057	2,059,031
Expense relating to variable lease payments not included in lease liabilities	2,388,793	721,475

(*) There is a difference between interest expenses recognized with regard to the leases and interest expenses in the interim condensed consolidated statement of comprehensive income due to capitalization of borrowing costs for the three months ended March 31, 2021.

The total cash outflow for leases for the three months ended March 31, 2022, is ₩ 37,365 million (2021: ₩ 16,958 million), and the total cash inflow for leases for the three months ended March 31, 2022, is ₩ 1,246 million (2021: ₩ 407 million), respectively.

8. Intangible Assets

(1) Changes in intangible assets for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 932,152,347	₩ 105,136,187
Acquisition and capital expenditures	13,004,921	9,822,205
Acquisition from business combination	372,542,391	-
Amortization	(8,220,205)	(3,804,626)
Disposals and retirement (*1)	(497,864)	(61,346)
Others (*2)	18,897,182	66,091,724
Ending balance	<u>₩ 1,327,878,772</u>	<u>₩ 177,184,144</u>

(*1) The amount from disposal of business is ₩ 14 million for the three months ended March 31, 2022.

(*2) Others include changes in scope of consolidation, effects of changes in foreign currency exchange rates and others.

(2) Amortization expense is classified as 'operating expenses' in the interim condensed consolidated financial statements.

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9. Investments in Associates and Joint Ventures

(1) Details of investments in associates and joint ventures as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

Associate:	Primary business	Location	Closing month	Ownership (%)	March 31, 2022	December 31, 2021
					Carrying amount	
A Holdings Corporation	Mobile service development	Japan	March	50.00	₩ 16,065,048,686	₩ 17,055,166,387
IPX Corporation(formerly, LINE friends corporation)	Character and doll wholesale and retail	Korea	March	30.00	66,817,229	71,593,000
LINE Conomi Corporation	Global restaurant review service	Japan	March	49.90	1,801,116	2,547,781
Netmania Co., Ltd.	Software development and distribution	Korea	December	27.17	1,069,386	1,024,479
SYNAP SOFT CORP.	Software development and distribution	Korea	December	26.41	7,244,090	6,760,669
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	3,885,478	3,366,324
Korea Contents Mutual Aid Association(*1)	Mutual Aid Association	Korea	December	53.96	9,542,037	9,486,620
Arointech inc	Software development and distribution	Korea	December	29.85	614,501	635,098
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	2,422,023	2,991,762
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	5,090,343	6,146,285
NAVER-BSK Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	9,376,838	11,651,697
N Space Co., Ltd.	Space service business	Korea	December	49.04	1,475,576	1,421,943
K-Fund I(*1)	Investment	France	December	74.81	423,785,552	358,740,139
Mirae Asset-NAVER New Growth Fund I	Investment	Korea	December	50.00	43,528,086	43,795,009
YG NAVER Contents & Lifestyle Fund(*1)	Investment	Korea	December	90.91	47,240,378	49,716,578
Digital Media Partners II, L.P.	Investment	Cayman Islands	December	26.88	2,393,200	2,514,313
Soran Media Venture Fund (*1)	Investment	Korea	December	66.67	665,095	708,971
Mirae Asset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	420,403,029	422,050,705
Mirae Asset-Naver Asia Growth Fund(*4)	Investment	Korea	December	16.67	100,424,332	113,919,783
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	Investment	Singapore	December	40.00	408,373,917	460,866,589
Alliance Internet Corp.	Revenue support for internet business start-up	Korea	December	23.53	1,922,048	2,022,731
CONG TY CO PHAN RBW VIETNAM	Content production	Vietnam	December	35.36	161,156	161,156
DHP private equity fund 3	Investment	Korea	December	25.16	181,337	171,274
Artificial Intelligence Research Institute(*4)	AI technology investment	Korea	December	14.29	2,112,698	2,112,698
SMEJ Plus INC	Global fanship related investment	Japan	December	30.07	12,426,218	13,361,774
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	5,712,149	3,778,068
Carousell Pte Ltd(*4)	Platform Investment	Singapore	December	8.39	59,269,359	61,229,525
Do Ventures Fund I, I-A	Investment	Cayman Islands	December	20.81	6,002,745	5,453,206
Onestore Co., Ltd.	E-Commerce business	Korea	December	25.10	47,873,355	48,048,257
China Ventures Fund I, Limited Partnership(*1)	Investment	Canada	December	70.33	266,805,243	254,385,809
YN CULTURE & SPACE	Record production and planning	Korea	December	23.04	7,678,074	7,714,374
WEVERSE COMPANY Inc.(*7)	Content production	Korea	December	49.00	322,591,778	219,182,017
Cafe24 Corp.(*4)	Hosting and related service	Korea	December	14.81	115,047,476	116,245,149
K-Fund II(*1)	Investment	France	December	67.89	21,136,818	989,118
FUTURE INNOVATION PRIVATE EQUITY FUND III	Investment	Korea	December	25.38	46,972,792	45,652,076

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	Primary business	Location	Closing month	March 31, 2022		December 31, 2021
				Ownership (%)	Carrying amount	
CHINA VENTURES FUND II, L.P.	Investment	Cayman Islands	December	30.00	96,167,605	75,450,379
Paramark KB Fund I	Investment	Korea	December	20.00	2,242,228	1,972,000
ICART GROUP PTE. LTD.(*4)	Online daily necessities and fresh food platforms	Singapore	December	10.83	19,526,434	21,096,244
Mirae Asset Partnership Growth Fund I (*1)	Investment	Korea	December	90.00	4,323,179	-
Makma	Content distribution	France	December	22.00	829,815	754,336
AXIS Co.,LTD.(*3)	Software development and distribution	Korea	December	23.65	-	-
Studio Horang Co., Ltd.	Webtoon production	Korea	December	41.50	499,616	529,524
The Grimm entertainment Co.,Ltd.	Webtoon production	Korea	December	34.98	2,191,961	1,768,038
Bik Picture Comic Seu Co., Ltd.	Webtoon production	Korea	December	35.00	1,536,454	1,523,761
Studio JHS Co., Ltd.	Webtoon production	Korea	December	35.00	1,239,923	1,148,699
JQ COMICS Co., Ltd.	Webtoon production	Korea	December	35.06	161,288	136,582
ZK Studio Co., Ltd.	Webtoon production	Korea	December	40.00	411,299	265,554
Suko Mix Co., Ltd.	Webtoon production	Korea	December	40.00	342,229	345,384
Studio Mul Co., Ltd.	Content production	Korea	December	35.00	3,305,802	3,342,137
A2Z Inc.	Content distribution	Korea	December	26.67	40,021,991	39,962,338
Sam Studio Co., Ltd.	Content production	Korea	December	35.00	972,710	951,798
Only Won Entertainment Co., Ltd.	Content distribution	Korea	December	35.00	210,558	220,071
Studio hohoe Co.,Ltd.	Content distribution	Korea	December	33.02	774,306	738,091
GEULGGUN	Content distribution	Korea	December	28.57	147,248	170,815
Studio 389 Co., Ltd.	Content distribution	Korea	December	30.02	70,257	83,359
Yumistudio Co., Ltd.	Content distribution	Korea	December	35.00	1,751,979	1,660,472
J Peul Media Co., Ltd.	Content distribution	Korea	December	25.00	14,096,999	13,949,317
MUNPIA INC.(*5)	Web novel platform	Korea	December	-	-	60,736,765
Cinamon. Inc	Visual novel game development and service	Korea	December	20.00	1,160,804	1,348,953
A2Z-IP Fund	Investment	Korea	December	20.00	3,229,627	3,288,742
SHINE PARTNERS CO., LTD.(*4)	Webtoon production	Japan	December	5.00	831,662	848,514
Vi-Frost(*4)	Webtoon and web novel production	Korea	December	14.15	2,080,546	1,961,819
Studio Ppuri Co., Ltd.	Animation production and distribution	Korea	December	20.00	2,750,000	-
XTORM CO., LTD	Animation production and distribution	Korea	December	30.00	150,000	-
Cutting Edge Inc.	Advertising film and video production	Korea	December	39.98	279,621	-
eBOOK Initiative Japan Co., Ltd.(*5)	Japan ebook service	Japan	March	-	-	101,601,682
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,067,891	1,210,651
LaiQu Technology (ShenZhen) Company Limited(*8)	Software development and distribution	China	December	21.30	-	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	2,142,012	2,010,285
Pala Inc.	Software development and distribution	Korea	December	48.78	2,709,473	452,921
Seno Corporation	Content production	China	December	45.00	103,624	102,596
Sasom Company Limited	Platform investment	Thailand	December	20.10	652,176	741,884
SODA inc.	Sneakers trading platform operations	Japan	May	33.93	109,839,778	109,108,961
Gorilla NCORE Metaverse 1	Investment	Korea	December	37.68	21,619,336	22,017,790
VerseWork Co., Ltd.	Content distribution	Korea	December	40.00	680,457	745,482
ZEP Co.,Ltd.	Meta verse service development	Korea	December	40.00	169,821	400,000
Pinokio, Inc.	Game content development	Korea	December	33.33	3,681,954	-
Murple, Inc.	AI solution development	Korea	December	29.99	1,799,000	-
TAIL Start-up Fund I	Investment	Korea	December	40.00	977,198	391,702
Silicon Cube Co.,Ltd.(*2)	Applied software development and distribution	Korea	December	10.47	-	-
Havit Corporation	Mobile service development	Korea	December	28.57	2,857	2,857
					18,883,845,856	19,878,651,870

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	Primary business	Location	Closing month	Ownership (%)	March 31, 2022	December 31, 2021
					Carrying amount	
Joint venture:						
Mirai Fund Limited Liability Partnership(*6)	Investment	Japan	December	90.00	160,856,433	191,172,090
Cineplay Co., Ltd	Online information service and online advertising	Korea	December	49.00	709,404	773,054
China Lab Co.,Ltd.	Database and online information service	Korea	December	49.00	774,979	746,262
Designpress Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	943,580	1,033,196
DaNaA Data Co., Ltd.	Software development and distribution	Korea	December	49.00	5,005,429	4,998,958
Inter Biz Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,118,536	1,118,536
Artition Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	328,701	346,223
Agro Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,021,556	980,539
Sseom Lab Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,020,374	1,043,056
Tech Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,265,311	1,321,285
Animal and Human Story Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	241,435	346,534
Law&Media Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	162,027	207,297
Yeopeul Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	2,369,416	2,365,331
School Jaem Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	562,773	638,940
jobsN CO., Ltd	Online information service Academy/education	Korea	December	49.00	2,342,731	2,362,096
Baecom Co., LTD.	operation management and service	Korea	December	50.00	1,940,585	2,198,751
					180,663,270	211,652,147
					<u>₩ 19,064,509,126</u>	<u>₩ 20,090,304,017</u>

(*1) As of March 31, 2022, although the Group owns more than 50% ownership in the investees, the Group does not have control over these entities by virtue of agreements and classifies them as associates.

(*2) The investment in associates is reclassified to financial instrument due to the decrease in the portion of ownership for the three months ended March 31, 2022.

(*3) The Group has stopped recognizing its share of losses using the equity method as its carrying amount is less than nil (0) due to accumulated losses before January 1, 2021.

(*4) As of March 31, 2022, although the Group owns less than 20% ownership in the investees, the Group has significant influence over these entities by virtue of agreements and classified as associates.

(*5) The investment in associates is reclassified to subsidiary due to additional acquisition of ownership for the three months ended March 31, 2022.

(*6) As of March 31, 2022, although the Group has more than 50% ownership in the investee, the Group has joint control over the entity by virtue of agreements and classifies it as joint venture.

(*7) The 15.09% of the ownership, as of March 31, 2022, is acquired as a consideration for business transfer.

(*8) The Group recognized impairment loss before the previous period for the entities as carrying amounts exceeded their recoverable amounts.

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9. Investments in Associates and Joint Ventures (cont'd)

(2) Changes in investments in associates and joint ventures for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		
	Investment in associates	Investment in joint ventures	Total
Beginning balance	₩ 19,878,651,870	₩ 211,652,147	₩ 20,090,304,017
Acquisition (*3)	279,880,858	-	279,880,858
Disposals	(43,661,904)	-	(43,661,904)
Transfer to subsidiary (*1)	(162,120,530)	-	(162,120,530)
Valuation of investment using the equity method			
Share of loss of associates and joint ventures (*2)	(145,920,312)	(1,539,619)	(147,459,931)
Share of other comprehensive loss of associates and joint ventures	(619,497,626)	(29,449,258)	(648,946,884)
Dividends	(307,990,038)	-	(307,990,038)
Others	4,503,538	-	4,503,538
Ending balance	<u>₩ 18,883,845,856</u>	<u>₩ 180,663,270</u>	<u>₩ 19,064,509,126</u>

(*1) The Group transferred MUNPIA INC and eBook Initiative Japan Co., Ltd. that was the investments in associates to subsidiaries for the three months ended March 31, 2022.

(*2) As of March 31, 2022, the Group is evaluating the value of identifiable intangible assets of some associates including WEVERSE COMPANY Inc. The Group will adjust its equity method accounting in accordance with the final valuation result.

(*3) The ownership of WEVERSE COMPANY Inc. amounting to ₩ 200,000 million is acquired as a consideration for business transfer for the three months ended March 31, 2022.

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**Notes to the interim condensed consolidated financial statements
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9. Investments in Associates and Joint Ventures (cont'd)

	2021		
	Investment in associates	Investment in joint ventures	Total
Beginning balance	₩ 1,183,518,183	₩ 15,907,504	₩ 1,199,425,687
Acquisition (*3)	17,537,381,002	573,687,781	18,111,068,783
Valuation of investment using the equity method			
Share of profit of associates and joint ventures	98,034,985	158,763	98,193,748
Share of other comprehensive loss of associates and joint ventures	(222,724,803)	(8,190,261)	(230,915,064)
Dividends	(12,548,384)	-	(12,548,384)
Others	4,492,297	-	4,492,297
Ending balance	<u>₩ 18,588,153,280</u>	<u>₩ 581,563,787</u>	<u>₩ 19,169,717,067</u>

(3) The Group has stopped recognizing its share of losses in AXIS Co.,LTD. using the equity method as its carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 683 million as of March 31, 2022.

(4) The Group has stopped recognizing its share of losses in LaiQu Technology (ShenZhen) Company Limited using the equity method as its carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 74 million as of March 31, 2022.

NAVER Corporation
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10. Borrowings and Debentures

(1) Details of borrowings as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands and foreign currency in thousands):

	Financial Institution	Latest maturity	Interest rate (%)	March 31, 2022		December 31, 2021	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Short-term borrowings							
Foreign currency	DAG Ventures VI, L.P.(*)	-	10.00	₩ 2,423,512	HKD 15,667	₩ 2,381,838	HKD 15,667
Foreign currency	Goodwater Capital II, L.P.(*)	-	10.00	1,210,569	HKD 7,825	1,189,753	HKD 7,825
Foreign currency	Mistletoe Singapore Pte. Ltd.(*)	-	10.00	2,423,553	HKD 15,667	2,381,878	HKD 15,667
Foreign currency	SCC Growth IV Holdco A, Ltd.(*)	-	10.00	36,131,986	HKD 233,577	35,510,672	HKD 233,577
Foreign currency	SenseView Investment Limited(*)	-	10.00	6,059,169	HKD 39,170	5,954,977	HKD 39,170
Foreign currency	SNOW Limited Liability Partnership (*)	-	10.00	24,124,484	HKD 155,954	23,709,647	HKD 155,954
Local currency	Woori Bank	2022.07.11	2.22	199,998,000	-	199,998,000	-
Foreign currency	Citi Bank Japan	2022.04.15	0.40	49,637,000	JPY 5,000,000	51,512,000	JPY 5,000,000
Local currency	KEB Hana Bank	-	-	-	-	20,000,000	-
Local currency	Shinhan Bank	2023.02.24	4.30	15,000,000	-	-	-
Local currency	KEB Hana Bank	2023.03.29	3.05	10,000,000	-	-	-
Local currency	Shinhan Bank	2023.02.11	3.00	8,100,000	-	-	-
Local currency	Industrial Bank of Korea	2022.09.16	6.62	230,000	-	-	-
Local currency	Industrial Bank of Korea	2022.09.16	4.14	950,000	-	-	-
Local currency	Industrial Bank of Korea	2022.09.16	3.66	285,000	-	-	-
Local currency	Industrial Bank of Korea	2022.05.25	3.67	190,000	-	-	-
Local currency	Industrial Bank of Korea	2022.05.25	4.07	475,000	-	-	-
Local currency	Industrial Bank of Korea	2022.05.25	4.02	1,900,000	-	-	-
Local currency	Shinhan Bank	2022.09.16	3.68	475,000	-	-	-
Local currency	Shinhan Bank	2022.09.16	4.44	1,045,000	-	-	-
Local currency	Shinhan Bank	2022.08.28	6.86	280,000	-	-	-
Local currency	Korea EximBank	2022.12.14	3.10	500,000	-	-	-
Local currency	Innocean Worldwide Inc.	2022.12.13	1.00	170,000	-	-	-
Local currency	KEB Hana Bank	2022.10.29	3.35	1,000,000	-	-	-

NAVER Corporation
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			March 31, 2022		December 31, 2021		
	Financial Institution	Latest maturity	Interest rate (%)	Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Current portion of long-term borrowings							
Local currency	S-Force No.2	2023.02.01	2.28	50,000,000	-	-	-
Foreign currency	Mizuho Bank	2022.09.30	0.86	59,564,400 JPY	6,000,000	61,814,400 JPY	6,000,000
Foreign currency	SMBC Corporation Korea SMEs and Startups Agency	2022.09.30	0.88	54,798,675 JPY	5,519,942	56,868,653 JPY	5,519,942
Local currency	Woori Bank	2023.11.14	1.76	69,930	-	-	-
Local currency	Woori Bank	2024.09.09	4.15	124,998	-	-	-
					JPY 16,519,942		JPY 16,519,942
				527,166,276	HKD 467,860	461,321,818	HKD 467,860
Long-term borrowings							
Local currency	Kookmin Bank	2023.10.01	2.50	₩ 10,000,000	- ₩	10,000,000	-
Foreign currency	BNP Paribas	2024.12.23	0.61	148,911,000 JPY	15,000,000	154,536,000 JPY	15,000,000 천
Foreign currency	Mizuho Bank	2023.11.15	0.54	163,802,100 JPY	16,500,000	169,989,600 JPY	16,500,000 천
Local currency	Shinhan Bank	2025.12.03	2.99	15,000,000	-	15,000,000	-
Local currency	S-Force No.2	-	-	-	-	50,000,000	-
Local currency	Woori Bank	2023.07.10	2.49	100,000,000	-	100,000,000	-
Foreign currency	Mizuho Bank	2023.09.25	0.74	70,942,811 JPY	7,146,162	73,622,621 JPY	7,146,162
Foreign currency	Mizuho Bank	2023.09.25	0.76	276,516,189 JPY	27,853,838	286,961,379 JPY	27,853,838
Foreign currency	Mizuho Bank	2025.09.23	0.86	106,145,529 JPY	10,692,178	110,155,096 JPY	10,692,178
Foreign currency	Mizuho Bank	2025.09.23	0.86	48,719,045 JPY	4,907,533	50,559,370 JPY	4,907,533
Foreign currency	SMBC Corporation	2023.09.25	0.78	70,942,811 JPY	7,146,162	73,622,621 JPY	7,146,162
Foreign currency	SMBC Corporation	2023.09.25	0.77	276,516,189 JPY	27,853,838	286,961,379 JPY	27,853,838
Foreign currency	SMBC Corporation	2025.09.23	0.88	115,676,980 JPY	11,652,294	120,046,590 JPY	11,652,294
Foreign currency	SMBC Corporation Korea SMEs and Startups Agency	2025.09.23	0.88	48,719,045 JPY	4,907,533	50,559,370 JPY	4,907,533
Local currency	and Startups Agency	2023.11.14	1.76	85,470	-	-	-
Local currency	Woori Bank	2024.09.09	4.15	291,662	-	-	-
				1,452,268,831	JPY 133,659,538	1,552,014,026	JPY 133,659,538
					JPY 150,179,480		JPY 150,179,480
				₩ 1,979,435,107	HKD 467,860	₩ 2,013,335,844	HKD 467,860

(*) SNOW China Limited, 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 holders 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.

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10. Borrowings and Debentures (cont'd)

(2) Details of debentures as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands and foreign currency in thousands):

	Issuer	Latest maturity date	Interest rate (%)	March 31, 2022		December 31, 2021	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Convertible bonds	LOCUS CORPORATION (*)	2023.06.21	-	₩ 2,500,000	-	₩ -	-
	Redemption premium (*)			656,192	-	-	-
	Convertible rights adjustments (*)			(601,165)	-	-	-
				2,555,027	-	-	-
Debentures		2024.02.25	1.24	₩ 250,000,000	-	₩ 250,000,000	-
	NAVER Corporation	2026.02.25	1.60	450,000,000	-	450,000,000	-
		2026.03.29	1.50	968,640,000	USD 800,000	948,400,000	USD 800,000
Less: Discount on debentures			(11,096,842)	USD (7,920)	(11,572,536)	USD (8,387)	
			₩ 1,657,543,158	USD 792,080	₩ 1,636,827,464	USD 791,613	
			₩ 1,660,098,185	USD 792,080	₩ 1,636,827,464	USD 791,613	

(*) The convertible bonds were issued on June 21, 2019 by LOCUS CORPORATION, one of the subsidiaries. The Group classified the bonds as current liabilities in that the investors have their rights to claim early redemption by applying an annual compounding interest of 6% every three months.

(3) Details of conditions of issuance of debentures as of March 31, 2022 are as follows:

	Payment of principal and interest	Financial ratios maintenance (*)	Limitation on settlement of security right (*)	Limit on the sale of assets (*)	Limitation on changes in governance
Debentures in won(4 th -1)	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 semi-annually and lump-sum repayment at maturity for principal	-	Restrictions on the settlement of security rights over a certain amount under contractual terms	Restriction on the sale of important property in the contract	Restriction on the merger and others under contractual terms

(*) 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.

NAVER Corporation**Notes to the interim condensed consolidated financial statements
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11. Net Defined Benefit Liabilities

(1) The amounts recognized in the interim condensed consolidated statement of comprehensive income (loss) for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	<u>2022</u>		<u>2021</u>
Current service cost	₩ 28,180,856	₩	22,681,674
Interest cost	4,675,967		3,468,947
	<u>₩ 32,856,823</u>	₩	<u>26,150,621</u>

(2) Details of net defined benefit liabilities as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	<u>March 31, 2022</u>		<u>December 31, 2021</u>
Present value of funded defined benefit obligations	₩ 19,839,729	₩	19,636,222
Present value of unfunded defined benefit obligations	578,485,039		547,796,286
	<u>598,324,768</u>		<u>567,432,508</u>
Fair value of plan assets	<u>(13,611,848)</u>		<u>(13,167,880)</u>
	<u>₩ 584,712,920</u>	₩	<u>554,264,628</u>

NAVER Corporation
Notes to the interim condensed consolidated financial statements
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12. Provisions

Details of provisions as of March 31, 2022 and 2021 and changes in provisions for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

(1) As of March 31, 2022 and for the three months ended March 31, 2022

	<u>Provision for litigation</u>	<u>Provision for restoration</u>	<u>Others</u>	<u>Total</u>
Beginning balance	₩ 1,176,943	₩ 13,804,788	₩ 593,701	₩ 15,575,432
Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):				
Additional provisions	-	47,061	-	47,061
Unused amounts reversed	(1,500)	(602,868)	12,387	(591,981)
Charged during the period	-	862,803	222,673	1,085,476
Used during the period	-	(354,525)	(36,418)	(390,943)
Others (*)	1,631	47,790	(800)	48,621
Ending balance	<u>₩ 1,177,074</u>	<u>₩ 13,805,049</u>	<u>₩ 791,543</u>	<u>₩ 15,773,666</u>
Current	₩ 1,177,074	₩ 3,992,259	₩ 716,150	₩ 5,885,483
Non-current	-	9,812,790	75,393	9,888,183

(*) Others include effects of changes in foreign currency exchange rates and others.

(2) As of March 31, 2021 and for the three months ended March 31, 2021

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

(*1) Transferred to other payables for the three months ended March 31, 2021.

(*2) Others include effects of changes in foreign currency exchange rates and others.

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Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

13. Issuance and Acquisition of Shares

(1) The Company's total number of authorized shares is 300,000,000 shares. As of March 31, 2022, the Company has issued 164,049,085 ordinary shares (par value - ₩ 100 per share) and 14,596,762 treasury shares (excludes retired shares). The Company's share capital and share premium as of March 31, 2022 amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,404,909 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

(2) The Company disposed of 153,368 treasury shares through exercise of stock options and recognized gain on disposal of treasury shares amounting to ₩ 26,450 million for the three months ended March 31, 2022.

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 of March 31, 2022, the estimated average annual effective tax rate used for the year ending December 31, 2022 is 41.01% (2021 : 25.95%).

15. Dividends

The dividend of ordinary shares for fiscal year ended December 31, 2021 of ₩ 59,278 million was paid in April 2022, and details of dividends for the three months ended March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Shares eligible for dividends	149,298,955 Shares	147,459,035 Shares
Dividends per share (Korean won)	₩ 511 ₩	402
Cash dividends (Korean won in thousands)	₩ 76,291,766 ₩	59,278,532

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Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

16. Commitments and Contingencies

(1) As of March 31, 2022, the Group has borrowing agreements with 7 Korean financial institutions, including Kookmin Bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,845,998 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 307,367 million. Also, the Group has borrowing agreements with SMBC Corporation, Mizuho Bank and 2 others with an aggregated credit limit up to JPY 151,679 million and USD 240 million.

(2) As of March 31, 2022, the Group is provided with guarantees of ₩ 190,755 million from Seoul Guarantee Insurance Company, Korea Software Financial Cooperative and others in relation to the performance guarantee, and guarantees of ₩ 35,948 million (available up to ₩ 41,800 million) from Shinhan Bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,225 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

(3) As of March 31, 2022, customers' advance payments of ₩ 94,816 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'.

(4) As of March 31, 2022, the Group has entered into an agreement to compensate for some of the losses due to uncollected loans in relation to MIRAE ASSET CAPITAL CO., LTD.'s loans to small business owners

(5) As of March 31, 2022, the Group has entered into an agreement to allow deferred payment to be repaid at a later date only to subscribers of the Group's deferred payment service in accordance with the designation of innovative finance by the Financial Services Commission.

(6) As of March 31, 2022, the Group has entered into a construction contract amounting to ₩ 452,824 million (outstanding amount: ₩ 32,867 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group, and a construction contract amounting to ₩ 341,914 million (outstanding amount: ₩ 226,262 million) with HYUNDAI ENGINEERING & CONSTRUCTION CO., LTD. in relation to a construction of cloud data center and others. Also, the Group has entered into contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

(7) As of March 31, 2022, the Group is a defendant in 26 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amount of the lawsuits: ₩ 3,994 million), and the Group is a plaintiff in 9 lawsuit cases filed with regard to compensation for damages (aggregate amount of the lawsuits: ₩ 2,442 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.

(8) Details of significant capital commitments contracted in relation to funds owned by the Group as of March 31, 2022 are as follows (Korean won in thousands):

	<u>Agreed amount</u>	<u>Accumulated investment</u>	<u>Outstanding amount</u>
General Atlantic LLC	₩ 181,620,000	₩ 47,880,569	₩ 133,739,431
K-Fund II	108,090,400	22,876,793	85,213,607
Mirae Asset - Naver Asia Growth Investment Pte. Ltd. (*)	500,000,000	459,563,637	40,436,363
China Ventures Fund I, Limited Partnership	242,160,000	206,044,815	36,115,185
K-Fund I	202,669,500	172,038,125	30,631,375

(*) It presents contract amount in respect to associates, Mirae Asset - Naver Asia Growth Investment Pte. Ltd. and Mirae Asset-Naver Asia Growth Fund.

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Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

16. Commitments and Contingencies (cont'd)

(9) As of March 31, 2022, the Group has entered into executives and employees' group injury insurance with KB insurance Co., Ltd.

(10) As of March 31, 2022, 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.

(11) 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.

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

(13) As of March 31, 2022, the Group provides time deposits of ₩ 37,200 million as collaterals for the employees' loans from financial institutions. In addition, long and short-term financial instruments amounting to ₩ 13,760 million is deposited for shared corporate growth program. ₩ 4,600 million are pledged to Shinhan Bank for payment guarantees in relation to Naver Pay service and others; ₩ 500 million are pledged for restoration of leasehold facilities; and ₩ 300 million are pledged to Nonghyup Bank for the credit line with Nonghyup Card. As of March 31, 2022, the above financial instruments are restricted in use.

(14) As of March 31, 2022, the Group entered into a mutual agreement for preferential purchase right and sale claim right in relation to the Group's investments in MIRAE ASSET SECURITIES CO., LTD. (exchange of treasury shares). The shares held by the Group are restricted on disposal for a certain period.

(15) In relation to the investments in Tving Co., Ltd. held by the Group, as of March 31, 2022, the Group has drag-along rights that are exercisable in accordance with the contract terms. The shares held by the Group are restricted on disposal for a certain period.

(16) As of March 31, 2022, the Group and WEVERSE COMPANY Inc., which is the associate of the Group, have entered into an agreement on the Right of First Refusal and Tag-along Right in relation to the acquisition of shares of WEVERSE COMPANY Inc. WEVERSE COMPANY Inc. can request the Group to sell its shares if certain conditions are satisfied. The shares held by the Group are restricted on disposal for a certain period.

(17) Investments in J Peul Media Co., Ltd., an associate, and 2 other entities held by the Group are restricted on disposal for a certain period.

(18) 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 RCPS (issue price: ₩ 160,802 million) issued by the Group.

(19) Other than those described in Note 16, as of March 31, 2022, the Group may exercise preferential purchase right and drag-along right in relation to investments in associates and joint ventures, such as Carousell Pte Ltd, J Peul Media Co., Ltd., A2Z Inc., and SMEJ Plus INC.

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Notes to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 (Unaudited)

17. Related Party Transactions

(1) Details of subsidiaries as of March 31, 2022 and December 31, 2021 are described in Note 1.1, and details of associates and joint ventures as of March 31, 2022 and December 31, 2021 are described in Note 9.(1).

(2) Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as of March 31, 2022 and December 31, 2021 are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Other (*)	ESPRESO MEDIA CO., LTD., Lunasoft corp., Jakga Company Co., Ltd., MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., MESHKOREA Co., Ltd., HUNIVERSE GLOBAL Co.,Ltd., Ubob Inc., LINE Games Corporation, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation	ESPRESO MEDIA CO., LTD., Lunasoft corp., Jakga Company Co., Ltd., Beureibeu Pop Seu Company, MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., Studio Swing Bat Co., Ltd., DOHANDS Co.,Ltd., YLAB CORPORATION, LINE Games Corporation, PiG corp, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation

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

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17. Related Party Transactions (cont'd)

(3) Transaction with related parties including operating revenues and expenses for the three months ended March 31, 2022, and 2021 are as follows (Korean won in thousands):

	2022	
	Operating revenue and others(*3)	Operating expenses and others
Associate:		
WEVERSE COMPANY Inc.	₩ 193,915,098	₩ -
LINE Corporation(*2)	30,421,421	3,263,290
LINE Plus Corporation(*2)	1,673,343	1,579,033
LINE Biz Plus Corporation(*2)	890,177	-
IPX Corporation(formerly, LINE friends corporation)(*2)	366,229	1,976,698
LINE Financial Plus Corporation(*2)	167,791	-
MARKT Co.,Ltd.(*2)	161,144	4,454,247
LINE Pay Corporation(*2)	87,031	108,932
LINE Company (Thailand) Limited(*2)	69,067	134,799
Famous Studio Corp.	41,425	10,986,375
Cafe24 Corp.	30,492	6,198,596
LINE Taiwan Limited(*2)	3,911	242,433
Line Fukuoka Corp.(*2)	146	1,773,891
Arointech inc	60	200,499
eBOOK Initiative Japan Co., Ltd.(*4)	-	18,138
Makma	-	159,393
Studio 389 Co., Ltd.	-	240,069
SYNAP SOFT CORP.	-	247,260
Studio hohoe Co.,Ltd.	-	274,979
Sam Studio Co., Ltd.	-	382,777
Yumistudio Co., Ltd.	-	442,708
ZK Studio Co., Ltd.	-	520,000
Studio Mul Co., Ltd.	-	654,108
SHINE PARTNERS CO., LTD.	-	937,459
J Peul Media Co., Ltd.	-	1,653,944
MUNPIA INC.(*4)	-	2,947,170
Others	182,437	263,708
Joint venture:		
jobsN CO., Ltd	334	174,415
School Jaem Co., Ltd.	140	442,498
China Lab Co.,Ltd.	15	117,216
Law&Media Co., Ltd.	-	119,986
Inter Biz Co., Ltd.	-	119,986
Designpress Co., Ltd.	-	165,566
Yeopeul Co., Ltd.	-	357,618
Others	2	294,354
Other:		
NAVER Connect Foundation(*1)	2,194,588	14,189,214
THE HAPPYBEAN FOUNDATION(*1)	465,923	-
Contents First Inc.	181,573	-
LINE Games Corporation(*1)	71,268	-
MYSTIC Story Inc.	27,300	143,908
NAVER Cultural Foundation(*1)	14,976	3
Lunasoft corp.	1,139	-
Ubob Inc.	597	-
MESHKOREA Co., Ltd.	197	-
Studio Pat Co., Ltd.	-	403
HD Junction, Inc.	-	52,295
Jakga Company Co., Ltd.	-	2,458,133

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

(*2) They are subsidiaries of associates.

(*3) The amounts above exclude ₩ 2,421 million paid on behalf by the Group for the related parties.

(*4) The amount represents transactions before the reclassification from an associate to a subsidiary due to the additional acquisition of control for the three months ended March 31, 2022.

NAVER Corporation
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17. Related Party Transactions (cont'd)

	2021	
	Operating revenue and others	Operating expenses and others
Associate:		
LINE Corporation(*5)	₩ 11,302,470	₩ 1,116,103
LINE Music Corporation(*2)	2,957,614	17,490
Transcosmos Online Communication Inc.(*2)	2,193,193	67,133
LINE Conomi Corporation	924,597	-
LINE Plus Corporation(*5)	849,668	286,784
LINE Biz Plus Corporation(*5)	279,092	-
LINE Games Corporation(*4)	268,557	-
LINE MAN (Thailand) Company Limited(*2)	163,795	14,446
IPX Corporation(formerly, LINE friends corporation)(*5)	160,895	419,986
LINE Pay Corporation(*5)	140,855	39,175
LINE MAN Corporation PTE.LTD(*2)(*5)	131,145	-
LINE Taiwan Limited(*5)	32,422	49,251
MARKT Co.,Ltd.(*5)	3,201	3,109,884
Arointech inc	60	318,331
LINE VIETNAM JOINT STOCK COMPANY(*5)	53	166,511
SYNAP SOFT CORP.	-	250,000
Sam Studio Co., Ltd.	-	261,139
Famous Studio Corp.	-	2,907,526
A Holdings Corporation	-	160,286
Line Fukuoka Corp.(*5)	-	567,841
Others	243,161	87,475
Joint venture:		
Kasikorn LINE company Limited(*3)	665,366	-
jobsN CO., Ltd	435,620	665,127
RABBIT-LINE PAY COMPANY LIMITED(*3)	365,442	65,953
Cineplay Co., Ltd	213,029	451,286
Yeopeul Co., Ltd.	196,643	536,661
Inter Biz Co., Ltd.	92,571	566,853
Sseom Lab Co., Ltd.	92,143	323,841
Agro Plus Co., Ltd.	90,107	341,340
Animal and Human Story Co., Ltd.	83,000	530,421
Designpress Co., Ltd.	48,171	377,231
Law&Media Co., Ltd.	7,857	169,793
China Lab Co.,Ltd.	1,286	321,837
Tech Plus Co., Ltd.	-	390,222
Artition Co., Ltd.	-	297,350
School Jaem Co., Ltd.	-	261,168
Others	8,269	-
Other:		
THE HAPPYBEAN FOUNDATION(*1)	448,808	30,200
LINE Games Corporation(*1)(*4)	78,542	-
NAVER Cultural Foundation(*1)	19,094	-
PiG corp(*1)(*4)	57	-
Beureibeu Pop Seu Company	49	-
Jakga Company Co., Ltd.	-	1,201,564
ESPRESSO MEDIA CO., LTD.	-	209,342
Lunasoft corp.	-	53,075
MYSTIC Story Inc.	-	200
NAVER Connect Foundation(*1)	-	161

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

(*2) Entity was excluded from associates due to the sale of disposal group for the three months ended March 31, 2021. The amount represents transactions prior to exclusion from related parties.

(*3) Entity was excluded from joint ventures due to the sale of disposal group for the three months ended March 31, 2021. The amount represents transactions prior to exclusion from related parties.

(*4) Entity was excluded from associates due to the sale of disposal group for the three months ended March 31, 2021. After the sale, they were included in the same large enterprise group with the Group and classified as other related parties

(*5) They are subsidiaries of associates.

NAVER Corporation
**Notes to the interim condensed consolidated financial statements
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17. Related Party Transactions (cont'd)

(4) Outstanding balances of receivables due from and payables due to related parties as of March 31, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	March 31, 2022			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
Associate:				
LINE Corporation	₩ 57,809,552	₩ 30,630,107	₩ 38,748,853	₩ 242,954
LINE Plus Corporation	1,155,061	638,615	119,794	679,510
LINE Biz Plus Corporation	319,536	4,606,170	-	1,905,940
IPX Corporation(formerly, LINE friends corporation)	169,634	33,851	1,960,816	-
LINE Financial Plus Corporation	71,750	1,397,340	-	291,807
LINE Pay Corporation	67,160	40,777	310,576	43,878
LINE Company (Thailand) Limited	56,302	-	122,466	-
Line Fukuoka Corp.	24,475	-	364,324	442,954
MARKT Co.,Ltd.	6,684	11,054,776	281,511	-
Cafe24 Corp.	310	-	2,049,863	-
Famous Studio Corp.	-	6,100,340	-	-
LINE Conomi Corporation	-	3,482,206	-	-
J Peul Media Co., Ltd.	-	647,118	568,497	-
Havit Corporation	-	500,000	485,391	-
Studio 389 Co., Ltd.	-	320,222	83,865	-
WEVERSE COMPANY Inc.	-	7,604	725,704	-
A Holdings Corporation	-	-	156,358	-
Studio Mul Co., Ltd.	-	-	156,748	-
Sam Studio Co., Ltd.	-	-	158,576	-
LINE Taiwan Limited	-	-	172,848	-
SHINE PARTNERS CO., LTD.	-	-	178,998	-
SYNAP SOFT CORP.	-	-	1,620,000	-
AXIS Co.,LTD.(*2)	-	-	-	-
Others	73,410	147,878	206,753	166,352
Joint venture:				
Yeopeul Co., Ltd.	-	-	150,033	-
Cineplay Co., Ltd	-	-	160,000	-
Sseom Lab Co., Ltd.	-	-	160,000	-
China Lab Co.,Ltd.	-	-	170,000	-
School Jaem Co., Ltd.	-	-	435,069	-
Designpress Co., Ltd.	-	-	800,001	-
Others	123	200	350,134	-
Other:				
NAVER Connect Foundation(*1)	2,201,505	14,603	198,353	37,014
THE HAPPYBEAN FOUNDATION(*1)	118,703	53,025	4,091,436	-
MYSTIC Story Inc.	30,030	-	-	-
LINE Games Corporation(*1)	27,476	-	-	-
NAVER Cultural Foundation(*1)	3,365	-	-	-
Ubob Inc.	25	-	-	-
HUNIVERSE GLOBAL Co.,Ltd.	-	1,333,339	1,333,339	-
Studio Pat Co., Ltd.	-	298,392	-	-
Jakga Company Co., Ltd.	-	157,903	778,011	-
ESPRESSO MEDIA CO., LTD.	-	-	332,504	-

(*1) Although these entities are not related parties of the Group in accordance with KIFRS 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 Co.,LTD. is net of allowance for doubtful accounts of ₩ 1,400 million.

(*3) Lease receivables are included.

(*4) Lease liabilities are included.

NAVER Corporation
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17. Related Party Transactions (cont'd)

	December 31, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
Associate:				
LINE Corporation	₩ 63,407,178	₩ 27,618,927	₩ 39,965,844	₩ 266,613
LINE Plus Corporation	1,104,964	883,345	102,323	241,909
LINE Biz Plus Corporation	343,179	1,918,789	-	29,200
IPX Corporation(formerly, LINE friends corporation)	174,099	31,654	931,107	-
LINE Pay Corporation	128,937	41,918	264,071	11,505
LINE Financial Plus Corporation	126,839	4,260,930	-	-
LINE Company (Thailand) Limited	50,932	-	117,939	-
LINE STUDIO Corporation	26,624	12,675	999,944	-
Line Fukuoka Corp	13,845	-	415,119	435,596
LINE UP Corporation	12,348	102,150	-	-
FEELWAY Co., Ltd	9,999	-	417,921	-
MARKT Co.,Ltd.	6,369	12,729,125	1,423,212	-
Cafe24 Corp.	560	-	2,544,373	12,397
LINE VIETNAM JOINT STOCK COMPANY	62	-	113,571	-
Famous Studio Corp.	-	6,058,915	1,576,975	-
LINE Conomi Corporation	-	3,606,630	-	-
J Peul Media Co., Ltd.	-	702,531	587,123	-
Havit Corporation	-	500,000	485,391	-
Studio 389 Co., Ltd.	-	107,597	33,560	-
ROKMEDIA Co., LTD	-	50,900	208,387	-
Pala Inc.	-	40,482	295,500	-
MUNPIA INC.	-	2,071	1,602,830	-
SYNAP SOFT CORP.	-	-	220,000	-
Yumistudio Co., Ltd.	-	-	194,172	-
Studio Mul Co., Ltd.	-	-	189,346	-
LINE Taiwan Limited	-	-	139,982	-
Makma	-	-	137,239	-
AXIS Co.,LTD.(*2)	-	-	-	-
Others	39,846	48,818	290,841	10,861
Joint venture:				
Cineplay Co., Ltd	70,400	-	158,117	-
Sseom Lab Co., Ltd.	36,300	-	141,389	-
Animal and Human Story Co., Ltd.	30,250	-	140,442	-
China Lab Co.,Ltd.	26,400	-	217,900	-
Agro Plus Co., Ltd.	15,800	200	327,101	-
Tech Plus Co., Ltd.	-	-	385,876	-
Others	177,473	-	175,863	-
Other:				
NAVER Connect Foundation(*1)	1,862,481	14,179	5,286	-
THE HAPPYBEAN FOUNDATION(*1)	142,209	61,444	1,719,319	-
LINE Games Corporation(*1)	19,980	73	-	-
NAVER Cultural Foundation(*1)	12,410	750	-	-
PiG corp(*1)	19	-	-	-
Studio Pat Co., Ltd.	-	298,834	15	-
Jakga Company Co., Ltd.	-	120,451	917,780	-
ESPRESO MEDIA CO., LTD.	-	-	349,400	-

(*1) Although these entities are not related parties of the Group in accordance with KIFRS 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 Co.,LTD. is net of allowance for doubtful accounts of ₩ 1,400 million.

(*3) Lease receivables are included.

(*4) Lease liabilities are included.

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**Notes to the interim condensed consolidated financial statements
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17. Related Party Transactions (cont'd)

(5) Fund transactions with related parties for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022		
	Contributions in cash	Dividends received and others	Collection (*2)
Associate:			
WEVERSE COMPANY Inc.(*1)	₩ 199,999,533	₩ -	-
K-Fund II	20,701,817	-	-
CHINA VENTURES FUND II, L.P.	19,414,073	-	-
China Ventures Fund I, Limited Partnership	7,715,110	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	5,982,375	33,488,000	-
K-Fund I	5,081,400	-	-
Mirae Asset Partnership Growth Fund I	4,500,000	-	-
Pinokio, Inc.	4,000,000	-	-
Studio Ppuri Co., Ltd.	2,750,000	-	-
Pala Inc.	2,682,928	-	6,386
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-
Murple, Inc.	1,799,000	-	-
Mirae Asset-Naver Asia Growth Fund	1,540,000	8,370,600	-
Paramark KB Fund I	638,000	-	-
TAIL Start-up Fund I	600,000	-	-
A Holdings Corporation	-	307,941,255	-
NAVER-BSK Youth Foundation No.5 Investment Fund	-	1,144,021	-
Fast Cowell Private Equity Fund	-	708,066	-
LINE Biz Plus Corporation	-	-	665,738
LINE Financial Plus Corporation	-	-	313,022
LINE Plus Corporation	-	-	219,081
LINE UP Corporation	-	-	35,523
Other:			
Ubob Inc.	2,000,003	-	-

(*1) The ownership of WEVERSE COMPANY Inc. is acquired as consideration for business transfer.

(*2) The amounts in relation to lease transaction are included.

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**Notes to the interim condensed consolidated financial statements
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17. Related Party Transactions (cont'd)

	2021	
	Contributions in cash	Dividends received and others
Associate:		
A2Z Inc.	₩ 40,000,000	₩ -
LINE Bank Preparatory COMPANY(*)	33,547,704	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	30,817,408	-
China Ventures Fund I, Limited Partnership	21,655,061	-
K-Fund I	19,189,756	246,764
Mirae Asset-Naver Asia Growth Fund	7,656,900	-
Sam Studio Co., Ltd.	700,033	-
Seno Corporation	97,038	-
NAVER KIP Cheer up! Gamers Fund	-	8,834,625
Mirae Asset MAPS Private Placement Real Estate 62	-	3,313,342
NAVER-BSK Youth Foundation No.5 Investment Fund	-	153,653
Joint venture:		
Kasikorn LINE company Limited(*)	27,577,283	-

(*) Entity was excluded from associates and joint ventures as they were included in the sale of disposal group for the three months ended March 31, 2021. The amount represents transactions prior to the exclusion from associates and joint ventures.

(6) There are no payment guarantees provided by the Group to the related parties as of March 31, 2022.

(7) The compensation paid or payable to key management (registered directors) for their services for the three months ended March 31, 2022 and 2021 are as follows (Korean won in thousands):

	2022	2021
Short-term employee benefits	₩ 695,527	₩ 1,257,775
Retirement benefits	70,492	115,347
Share-based payment expenses	347,092	168,038

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Notes to the interim condensed consolidated financial statements
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18. Business Combinations

Significant business combinations of the Group for the three months ended March 31, 2022 are as follows:

(1) In February 2022, the Group acquired 56.26% shares of MUNPIA INC., which is unlisted company whose main business is operating a web novel platform in Korea. The acquisition was made to provide users with a wider variety of works in the web novel service and to promote opportunities for related businesses.

Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interests at the acquisition date are as follows (Korean won in thousands):

	<u>Amount</u>
I. Purchase consideration	
Cash and cash equivalents	₩ 108,248,836
Fair value of interests held before business combination	<u>60,518,848</u>
	168,767,684
II. Non-controlling interests (*1)	₩ 16,141,236
III. Recognized amounts of identifiable assets acquired and liabilities assumed (*2)	
Assets	
Cash and cash equivalents	₩ 36,631,505
Trade and other receivables	8,196,136
Inventories	31,592
Other assets	2,119,061
Property, plant and equipment	591,622
Right-of-use-assets	554,452
Intangible assets	488,957
Financial assets at fair value – profit or loss	10,000
Investments in associates and joint ventures	150,000
Deferred tax assets	<u>314,644</u>
	49,087,969
Liabilities	
Trade and other payables	4,850,969
Current tax liabilities	349,118
Provisions	43,105
Lease liabilities	546,772
Other liabilities	4,823,426
Net defined benefit liabilities	<u>675,720</u>
	11,289,110
Total identifiable net assets	<u>₩ 37,798,859</u>
IV. Goodwill	<u>₩ 147,110,061</u>

(*1) The non-controlling interests were measured proportionately to the share of the fair value of net identifiable assets.

(*2) The fair value of identifiable assets and liabilities are provisional amount that may be adjusted as a result of the valuation.

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**Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2022 and 2021 (Unaudited)**

18. Business Combinations (cont'd)

Cash flows from business combination are as follows (Korean won in thousands):

	<u>Amount</u>
Net cash flows from acquisition of subsidiary	₩ 36,631,505
Cash and cash equivalents paid	<u>(108,248,836)</u>
Net cash and cash equivalents paid	<u>₩ (71,617,331)</u>

20.17% shares of MUNPIA INC. held before the business combination were measured at fair value, and ₩ 148 million was recognized as other expenses in the interim condensed consolidated statement of comprehensive income (loss) during the three-month period ended March 31, 2022.

Operating revenue and profit for the period included in the interim condensed consolidated statement of comprehensive income (loss) since the acquisition date contributed by MUNPIA INC. and its subsidiaries was ₩ 4,296 million and ₩ 403 million, respectively. Had MUNPIA INC. and its subsidiaries been consolidated from January 1, 2022, operating revenue and profit for the period in the interim condensed consolidated statements of comprehensive income (loss) would have been ₩ 1,854,064 million and ₩ 152,985 million, respectively.

NAVER Corporation**Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2022 and 2021 (Unaudited)****18. Business Combinations (cont'd)**

(2) In March 2022, the Group acquired 100% shares of eBook Initiative Japan Co., Ltd., which is unlisted company whose main business is operating e-book platform in Japan. The acquisition was made to expand the scope of overseas webtoon and web novel services and to increase the number of related works. Details of the purchase consideration and the assets and liabilities recognized as a result of the acquisition are as follows (Korean won in thousands):

	<u>Amount</u>
I. Purchase consideration	
Cash and cash equivalents	₩ 59,600,290
Equity securities (Shares of subsidiary : 90,990)	85,607,902
Fair value of interests held before business combination	<u>91,474,908</u>
	₩ 236,683,100
II. Non-controlling interests	₩ -
III. Recognized amounts of identifiable assets acquired and liabilities assumed (*)	
Assets	
Cash and cash equivalents	₩ 71,473,821
Trade and other receivables	64,596,171
Inventories	117,566
Other assets	719,231
Property, plant and equipment	1,404,788
Intangible assets	7,507,469
Financial assets at fair value – profit or loss	50,994
Deferred tax assets	<u>479,864</u>
	146,349,904
Liabilities	
Trade and other payables	82,609,721
Current tax liabilities	4,609,038
Provisions	358,998
Other liabilities	<u>2,372,154</u>
	<u>89,949,911</u>
Total identifiable net assets	<u>₩ 56,399,993</u>
IV. Goodwill	<u>₩ 180,283,107</u>

(*) The fair value of identifiable assets and liabilities are provisional amount that may be adjusted as a result of the valuation.

Cash flows from business combination are as follows (Korean won in thousands):

	<u>Amount</u>
Net cash flows from acquisition of subsidiary	₩ 71,473,821
Cash and cash equivalents paid	<u>(59,600,290)</u>
Net cash and cash equivalents paid	<u>₩ 11,873,531</u>

Had eBook Initiative Japan Co., Ltd. been consolidated from January 1, 2022, operating revenue and profit for the period in the interim condensed consolidated statements of comprehensive income (loss) would have been ₩ 1,932,082 million and ₩ 154,531 million, respectively.

NAVER Corporation**Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2022 and 2021 (Unaudited)****19. Discontinued Operations**

The Group completed the business integration with LINE and Z-Holdings Corp., a subsidiary of SoftBank Corp. for the three months ended March 31, 2021. The profit(loss) on the related operation of LINE is presented as discontinued operation in the interim condensed consolidated statement of comprehensive income for three months ended March 31, 2021.

(1) Profit of discontinued operations for the three months ended March 31, 2021 are as follows (Korean won in thousands):

	2021(*1)
I. Operating revenue	₩ 472,178,882
II. Operating expenses	(403,526,388)
III. Operating profit	68,652,494
Other income (*2)	16,182,471,289
Other expenses	(15,257,468)
Interest income	377,493
Finance income	7,651,595
Finance costs	(13,310,394)
IV. Profit before income tax from discontinued operations	16,230,585,009
Income tax expenses from discontinued operations (*3)	(1,230,690,431)
V. Profit for the period of discontinued operations	₩ 14,999,894,578

(*1) The amount represents profit or loss before the sale.

(*2) Gains on discontinued operations of ₩ 16,120,144 million are included.

(*3) Income tax expenses of ₩ 1,185,549 million in relation to disposal of discontinued operations are included.

(2) Cash flows from discontinued operations for the three months ended March 31, 2021 are as follows (Korean won in thousands):

	2021
I. Cash flows from operating activities	₩ (179,631,570)
II. Cash flows from investing activities	38,542,477
III. Cash flows from financing activities	9,245,652,989
IV. Effects of exchange rate changes on cash and cash equivalents	(124,151,562)
V. Cash flows from discontinued operations	8,980,412,334
VI. Cash and cash equivalents from discontinued operations	2,245,363,414
VII. Cash and cash equivalents at the disposal date	₩ 11,225,775,748

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Notes to the interim condensed consolidated financial statements
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19. Discontinued Operations (cont'd)

(3) Details of gain on disposal of subsidiaries for the three months ended March 31, 2021 are as follows (Korean won in thousands):

	<u>2021</u>
I. Total disposal consideration	
Investments in associates	₩ 17,993,953,976
	<u>17,993,953,976</u>
II. Carrying amount of net assets sold	
Disposal assets	
Current assets	
Cash and cash equivalents	₩ 11,225,775,748
Short-term financial instruments	68,186,184
Financial assets at fair value – profit or loss	1,115,400
Trade and other receivables	960,153,083
Financial assets at fair value – other comprehensive income	40,000
Inventories	290,580,619
Current tax assets	7,636,040
Other current assets	<u>310,959,383</u>
	12,864,446,457
Non-current assets	
Property, plant 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 – profit or loss	204,883,480
Trade and other receivables	89,749,708
Financial assets at fair value – 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	<u>11,443,262</u>
	<u>3,082,507,940</u>
	15,946,954,397
Disposal liabilities	
Current liabilities	
Trade and other payables	₩ 2,259,554,716
Financial liabilities at fair value - profit or loss	644,197
Short-term borrowings	1,150,686,936
Debentures	7,717,696,576
Current tax liabilities	80,475,517
Provisions	75,497,411
Lease liabilities	117,932,509
Other current liabilities	<u>989,967,704</u>
	12,392,455,566
Non-current liabilities	1,647,716,656
Trade and other payables	4,049,356
Financial liabilities at fair value - 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	<u>144,776,814</u>
	1,647,716,656
	<u>14,040,172,222</u>
	<u>₩ 1,906,782,175</u>
III. Non-controlling interests (*)	₩ 491,812,457
IV. Accumulated other comprehensive income	6,741,118
V. Changes in controlling interests (*)	363,352,647
VI. Cash paid	<u>102,228,700</u>
VII. Gain on disposal (I - II + III + IV - V - VI)	16,120,144,029
VIII. Income tax expenses	<u>1,185,549,417</u>
IX. Post-tax gain on disposal classified as profit of discontinued operations (VII - VIII)	<u>₩ 14,934,594,612</u>

(*) The amount in relation to the increase in the non-controlling interest rate of subsidiaries that maintain control after the disposal of discontinued operations is included.