

# **NAVER Corporation and its subsidiaries**

Consolidated financial statements  
for the year ended December 31, 2022  
with the independent auditor's report

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**Independent auditor's report**  
(English Translation of a Report Originally Issued in Korean)

**The Shareholders and Board of Directors**  
**NAVER Corporation**

**Opinion**

We have audited the consolidated financial statements of Naver Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

**Basis for opinion**

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

**(1) Revenue recognition of search advertisement service – occurrence**

The Group recognizes search advertisement service revenue when a platform user has searched relevant information and executed related activities on the Group's platform.

We have determined the recognition of revenue from the search advertisement service as a key audit matter because (i) search advertisement service revenue accounts for a significant portion of the Group's total operating revenues and (ii) there is a risk of potential material misstatement related to search advertisement service revenue due to various and complex systems involved in recognition and measurement of such revenue.

The main audit procedures we have performed for this key audit matter are as follows:

- We obtained an understanding on accounting policies, processes, and internal controls relating to the recognition of search advertisement service revenue,
- We evaluated the effectiveness of the design and operation of IT general controls and internal controls relating to the search advertisement services.
- We tested the accuracy and completeness of data transfer process between search-service-related systems and revenue recognition system in respect to data about revenue from search advertisement services.
- We performed analytical review on the recognition of search advertisement service revenue.
- We assessed the evidence of search advertisement occurrence for a sample of data related thereto.

## **(2) Impairment valuation of Investments in Subsidiaries - valuation**

As described in Note 14, investments in A Holdings Corporation, presented in the consolidated financial statements, account for a significant portion of the Group's assets and the Group determined that there is a risk of material misstatement due to the complexity of value-in-use estimation and significant possibility of management's biased judgment involved in such estimation. Therefore, we have decided that the accounting related to the impairment valuation of investments in A Holdings Corporation is a key audit matter.

The main audit procedures we have performed for this key audit matter are as follows:

- We obtained an understanding on accounting policies, processes, and internal controls relating to the impairment valuation of investments in A Holdings Corporation.
- We evaluated the effectiveness of design and operation of internal controls relating to the impairment valuation of investments in A Holdings Corporation.
- We evaluated the appropriateness and independence of external experts whom the Group used after the Group's management reviewed their careers and qualifications relating to the impairment valuation of investments in A Holdings Corporation.
- We compared assumptions applied in the impairment valuation of investments in A Holdings Corporation (e.g., discount rate, growth rate, etc.) with those used in peer industries or past impairment valuation cases.
- We involved internal experts in reviewing methodology of estimating amount recoverable from investments in A Holdings Corporation and performing sensitivity analysis relating thereto.
- We involved internal experts in comparing the discount rate applied by management with the discount rate calculated independently based on observable information.
- We reviewed whether A Holdings Corporation's business plan is consistent with the business plan approved by management of the Group.

## **(3) Impairment valuation of Goodwill - valuation**

### **Reasons why the matter was determined to be a key audit matter**

As described in Note 13, goodwill of Wattpad Corporation, presented in the consolidated financial statements, accounts for a significant portion of the Group's assets and the Group determined that there is a material risk of misstatement due to the complexity of value-in-use estimation and significant possibility of management's biased judgment involved in such estimation. Therefore, we have decided that the accounting related to the impairment valuation of goodwill of Wattpad Corporation is a key audit item.

The main audit procedures we have performed for this key audit matter are as follows.

- We obtained an understanding on accounting policies, processes, and internal controls relating to the impairment valuation of goodwill of Wattpad Corporation.
- We evaluated the effectiveness of design and operation of internal controls relating to the impairment valuation of goodwill of Wattpad Corporation.
- We evaluate the appropriateness and independence of external experts whom the Group used after the Group's management reviewed their careers and qualifications relating to the impairment valuation of goodwill of Wattpad Corporation.
- We compared assumptions applied in impairment valuation of goodwill of Wattpad Corporation (e.g., discount rate, growth rate, etc.) with those used in peer industries or past impairment valuation cases.
- We involved internal experts in reviewing methodology of estimating amount recoverable from the goodwill of Wattpad Corporation and performing sensitivity analysis relating thereto.
- We involved internal experts in comparing the discount rate applied by management with the discount rate calculated independently based on observable information.
- We reviewed whether Wattpad Corporation's business plan is consistent with the business plan approved by management of the Group.

#### **Other matter**

The consolidated statement of financial position as of December 31, 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, presented for comparative purposes, were audited by Samil PricewaterhouseCoopers, in accordance with KSA whose report dated on March 4, 2022 expressed an unqualified opinion.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jung ho, Chae.



March 7, 2023

This audit report is effective as of March 7, 2023 the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

# **NAVER Corporation and its subsidiaries**

Consolidated financial statements  
for the years ended December 31, 2022 and 2021

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

Su yeon, Choi  
Chief Executive Officer  
NAVER Corporation

**NAVER Corporation and its subsidiaries**  
**Consolidated statements of financial position**  
**as of December 31, 2022 and 2021**

(Korean won)

	<u>Notes</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6,7	₩ 2,724,168,321,708	₩ 2,781,395,543,827
Short-term financial instruments	6,7	1,216,410,034,221	673,555,739,311
Financial assets at fair value – profit or loss	5,6,7	745,584,919,599	461,932,777,511
Financial assets at fair value – other comprehensive income	5,6,7	-	24,254,505,540
Trade and other receivables	6,7	1,540,471,078,134	1,454,660,666,688
Inventories	9	8,651,839,041	6,139,904,767
Other current assets	10	194,039,763,315	124,296,250,629
Current tax assets		<u>10,244,754,725</u>	<u>1,643,037,279</u>
		6,439,570,710,743	5,527,878,425,552
<b>Non-current assets</b>			
Property, plant and equipment	11	2,457,820,240,295	2,111,261,659,613
Right-of-use-assets	12	738,710,004,475	290,462,942,745
Intangible assets	13	1,481,423,637,125	932,152,347,274
Long-term financial instruments	6,7	14,255,722,000	14,255,722,000
Financial assets at fair value – profit or loss	5,6,7	2,427,610,041,051	2,407,725,020,317
Financial assets at fair value – other comprehensive income	5,6,7	1,354,122,792,627	2,099,232,986,626
Investments in associates and joint ventures	14	18,541,286,921,720	20,090,304,016,842
Deferred tax assets	27	265,767,603,355	98,430,685,422
Trade and other receivables	6,7	76,754,808,757	46,387,217,185
Other non-current assets	10	<u>101,720,406,988</u>	<u>72,915,733,464</u>
		27,459,472,178,393	28,163,128,331,488
<b>Total assets</b>		<u>₩ 33,899,042,889,136</u>	<u>₩ 33,691,006,757,040</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4,6,15	₩ 1,245,664,499,219	₩ 992,675,127,701
Financial liabilities at fair value - profit or loss	5,6	71,905,225,561	-
Short-term borrowings	4,6,17	1,381,399,298,786	461,321,818,464
Current tax liabilities		349,087,471,196	515,246,293,598
Provisions	18	5,450,342,335	6,657,331,759
Lease liabilities	12	193,376,317,267	105,615,989,665
Other current liabilities	16	<u>2,233,750,556,485</u>	<u>1,841,802,585,465</u>
		5,480,633,710,849	3,923,319,146,652
<b>Non-current liabilities</b>			
Trade and other payables	4,6,15	₩ 69,639,961,691	₩ 118,079,924,927
Financial liabilities at fair value - profit or loss	5,6	684,617,869,427	508,994,104,631
Debentures	4,6,17	1,704,518,276,546	1,636,827,463,521
Long-term borrowings	4,6,17	328,034,313,380	1,552,014,025,878
Net defined benefit liabilities	19	577,397,964,363	554,264,628,196
Provisions	18	17,784,624,686	8,918,100,642
Lease liabilities	12	589,253,964,655	205,661,717,226
Deferred tax liabilities	27	985,870,669,008	1,155,139,324,751
Other non-current liabilities	16	<u>10,969,054,080</u>	<u>411,971,341</u>
		4,968,086,697,836	5,740,311,261,113
<b>Total liabilities</b>		<u>₩ 10,448,720,408,685</u>	<u>₩ 9,663,630,407,765</u>

(continued)



**NAVER Corporation and its subsidiaries**  
**Consolidated statements of financial position**  
**as of December 31, 2022 and 2021**

	<u>Notes</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>(cont'd)</b>			
<b>Equity</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	20	₩ 16,481,339,500	₩ 16,481,339,500
Capital surplus	20	1,556,453,389,615	1,490,214,367,768
Other components of equity	21	(2,474,526,129,371)	(1,051,465,837,344)
Retained earnings	23	<u>23,645,687,007,296</u>	<u>23,080,407,824,978</u>
		22,744,095,607,040	23,535,637,694,902
<b>Non-controlling interests</b>		<u>706,226,873,411</u>	<u>491,738,654,373</u>
<b>Total equity</b>		<u>23,450,322,480,451</u>	<u>24,027,376,349,275</u>
<b>Total liabilities and equity</b>		<u>₩ 33,899,042,889,136</u>	<u>₩ 33,691,006,757,040</u>

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

**NAVER Corporation and its subsidiaries**  
**Consolidated statements of comprehensive income**  
**for the years ended December 31, 2022 and 2021**

(Korean won)

	Notes	2022	2021
<b>Operating revenue</b>	34	₩ 8,220,078,708,810	₩ 6,817,599,707,250
<b>Operating expenses</b>	24	<u>(6,915,414,298,267)</u>	<u>(5,492,121,536,133)</u>
<b>Operating profit</b>		1,304,664,410,543	1,325,478,171,117
Other income	25	310,571,804,200	52,722,438,756
Other expenses	25	(375,658,237,080)	(232,866,247,091)
Interest income		59,164,658,931	20,004,490,256
Finance income	26	619,735,977,200	765,693,953,525
Finance costs	26	(931,522,674,095)	(349,334,091,066)
Share of profit of associates and joint ventures	14	<u>96,761,151,453</u>	<u>544,701,156,204</u>
<b>Profit before tax</b>		1,083,717,091,152	2,126,399,871,701
<b>Income tax expenses</b>	27	<u>(410,536,791,065)</u>	<u>(648,668,889,581)</u>
<b>Profit from continuing operations</b>		673,180,300,087	1,477,730,982,120
Profit of discontinued operations	35	<u>-</u>	<u>14,999,894,577,525</u>
<b>Profit for the period</b>		<u>₩ 673,180,300,087</u>	<u>₩ 16,477,625,559,645</u>
<b>Profit for the period attributable to:</b>			
Owners of the Parent Company			
Profit from continuing operations		₩ 760,260,876,247	₩ 1,493,472,246,748
Profit of discontinued operations		-	14,996,377,524,381
Non-controlling interests			
Loss from continuing operations		(87,080,576,160)	(15,741,264,628)
Profit of discontinued operations		-	3,517,053,144
<b>Other comprehensive income (loss):</b>			
Items that will be reclassified subsequently to profit or loss:			
Loss on valuation of debt instruments at fair value – other comprehensive income		₩ -	₩ (483,039,456)
Exchange differences		122,569,353,269	71,043,967,706
Share of other comprehensive loss of associates and joint ventures		<u>(1,323,645,325,713)</u>	<u>(261,333,066,732)</u>
		(1,201,075,972,444)	(190,772,138,482)
Items that will not be reclassified subsequently to profit or loss:			
Loss on valuation of equity instruments at fair value – other comprehensive income		(484,843,494,849)	(90,787,478,622)
Gain (loss) on disposal of equity instruments at fair value – other comprehensive income		(45,127,813,925)	21,602,409,626
Share of other comprehensive income of associates and joint ventures		274,285,784,800	9,512,437,761
Remeasurements of net defined benefit liabilities		<u>68,746,473,204</u>	<u>(2,119,976,189)</u>
		<u>(186,939,050,770)</u>	<u>(61,792,607,424)</u>
<b>Total comprehensive income (loss) for the period, net of tax</b>		<u>₩ (714,834,723,127)</u>	<u>₩ 16,225,060,813,739</u>
Owners of the Parent Company		(681,315,237,223)	16,233,387,235,875
Non-controlling interest		(33,519,485,904)	(8,326,422,136)
<b>Earnings per share attributable to the equity holders of the Parent Company</b>			
Basic earnings per share			
From continuing operations	28	₩ 5,007	₩ 9,977
From discontinued operations	28	-	100,877
Diluted earnings per share			
From continuing operations	28	4,985	9,887
From discontinued operations	28	-	99,973

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

**NAVER Corporation and its subsidiaries**  
**Consolidated statements of changes in equity**  
**for the years ended December 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		
<b>As of January 1, 2021</b>		₩ 16,481,339,500	₩ 1,793,273,489,872	₩ (1,097,350,149,548)	₩ 6,654,814,483,478	₩ 887,912,871,911	₩ 8,255,132,035,213
Total comprehensive income for the period:							
Profit (loss) for the period		-	-	-	16,489,849,771,129	(12,224,211,484)	16,477,625,559,645
Loss on valuation of debt instruments at fair value – other comprehensive income	6	-	-	(483,039,456)	-	-	(483,039,456)
Loss on valuation of equity instruments at fair value – other comprehensive income	6	-	-	(89,930,381,735)	-	(857,096,887)	(90,787,478,622)
Gain on disposal of equity instruments at fair value – other comprehensive income	6	-	-	-	20,113,624,459	1,488,785,167	21,602,409,626
Exchange differences		-	-	69,361,969,714	-	1,681,997,992	71,043,967,706
Share of other comprehensive income (loss) of associates and joint ventures		-	-	(252,386,900,150)	-	566,271,179	(251,820,628,971)
Remeasurements of net defined benefit liabilities		-	-	-	(3,137,808,086)	1,017,831,897	(2,119,976,189)
Transactions with shareholders:							
Dividends	29	-	-	-	(59,278,532,070)	(531,574,395)	(59,810,106,465)
Transaction of share-based payment	22	-	42,100,214,545	203,998,585,965	-	31,193,147,446	277,291,947,956
Retirement of treasury shares	21	-	-	15,492,077,217	(15,492,077,217)	-	-
Transaction of treasury shares	21	-	332,414,020,979	104,643,917,817	-	-	437,057,938,796
Disposal of subsidiaries	36	-	363,352,647,014	(215,252,060)	(6,461,636,715)	(503,245,404,163)	(146,569,645,924)
Transactions with non-controlling interests		-	(1,040,926,004,642)	(4,596,665,108)	-	84,736,035,710	(960,786,634,040)
<b>As of December 31, 2021</b>		<u>₩ 16,481,339,500</u>	<u>₩ 1,490,214,367,768</u>	<u>₩ (1,051,465,837,344)</u>	<u>₩ 23,080,407,824,978</u>	<u>₩ 491,738,654,373</u>	<u>₩ 24,027,376,349,275</u>
<b>As of January 1, 2022</b>		₩ 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		-	-	-	760,260,876,247	(87,080,576,160)	673,180,300,087
Loss on valuation of equity instruments at fair value – other comprehensive income	6	-	-	(474,353,140,790)	-	(10,490,354,059)	(484,843,494,849)
Loss on disposal of equity instruments at fair value – other comprehensive income	6	-	-	-	(45,127,813,925)	-	(45,127,813,925)
Exchange differences		-	-	63,009,982,513	-	59,559,370,756	122,569,353,269
Share of other comprehensive loss of associates and joint ventures		-	-	(1,048,615,188,657)	-	(744,352,256)	(1,049,359,540,913)
Remeasurements of net defined benefit liabilities		-	-	-	63,510,047,389	5,236,425,815	68,746,473,204
Transactions with shareholders:							
Dividends	29	-	-	-	(213,363,927,393)	-	(213,363,927,393)
Transaction of share-based payment	22	-	67,393,043,440	39,825,657,554	-	34,276,350,905	141,495,051,899
Transactions with non-controlling interests		-	(1,154,021,593)	(2,927,602,647)	-	213,731,354,037	209,649,729,797
<b>As of December 31, 2022</b>		<u>₩ 16,481,339,500</u>	<u>₩ 1,556,453,389,615</u>	<u>₩ (2,474,526,129,371)</u>	<u>₩ 23,645,687,007,296</u>	<u>₩ 706,226,873,411</u>	<u>₩ 23,450,322,480,451</u>

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

**NAVER Corporation and its subsidiaries**  
**Consolidated statements of cash flows**  
**for the years ended December 31, 2022 and 2021**

(Korean won)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Cash generated from operations	₩ 2,298,686,419,871	₩ 2,070,030,950,700
Interest received	20,673,303,127	26,262,580,497
Interest paid	(40,173,810,844)	(58,256,588,522)
Dividends received	34,753,150,218	54,754,937,073
Income tax paid	(860,548,617,382)	(712,886,150,912)
<b>Net cash provided by operating activities</b>	<u>1,453,390,444,990</u>	<u>1,379,905,728,836</u>
<b>Cash flows from investing activities</b>		
Net decrease in short-term financial instruments	(574,934,228,334)	(348,046,243,066)
Acquisition of financial assets at fair value – profit or loss	(5,151,401,634,229)	(6,449,235,633,165)
Proceeds from disposal of financial assets at fair value – profit or loss	4,727,172,598,822	6,505,643,614,364
Decrease of financial liabilities at fair value – profit or loss	(16,016,168,742)	-
Acquisition of property, plant and equipment	(700,733,545,914)	(753,942,606,877)
Proceeds from disposal of property, plant and equipment	12,203,857,538	6,695,944,177
Collection of lease receivables	7,462,366,762	3,773,243,178
Acquisition of intangible assets	(55,500,428,444)	(51,876,515,767)
Proceeds from disposal of intangible assets	923,978,480	167,684,511
Acquisition of financial assets at fair value – other comprehensive income	(46,595,632,596)	(509,090,098,200)
Proceeds from disposal of financial assets at fair value – other comprehensive income	126,380,427,929	229,335,330,042
Acquisition of investments in associates and joint ventures	(257,838,142,800)	(1,005,949,593,054)
Proceeds from disposal of investments in associates and joint ventures	702,978,746,957	440,573,420,629
Net increase (decrease) in cash due to business combination	4,264,026,832	(692,206,904,793)
Net cash flow due to the transfer of subsidiaries to associates	-	(11,244,715,159,430)
Net decrease in short-term loans	(494,633,010)	(115,777,475,728)
Net increase (decrease) in long-term loans	146,412,000	(40,000,000)
Cash inflows (outflows) from other investing activities	6,093,902,790	(14,113,737,895)
<b>Net cash used in investing activities</b>	<u>(1,215,888,095,959)</u>	<u>(13,998,804,731,074)</u>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	139,564,583,333	260,601,900,208
Repayments of short-term borrowings	(358,505,249,749)	(529,248,749,764)
Proceeds from long-term borrowings	106,435,416,667	1,598,040,294,214
Repayments of long-term borrowings	(100,690,379,540)	(2,642,484)
Proceeds from issuance of debentures	-	9,403,866,052,933
Repayment of lease liabilities	(178,551,442,728)	(114,274,687,061)
Increase in financial liabilities at fair value – profit or loss	130,504,106,918	386,482,769,394
Disposal of treasury shares	-	176,145,173,981
Dividends paid	(213,363,927,393)	(59,784,555,522)
Exercise of stock options	61,406,468,500	39,796,328,200
Cash inflows from transactions with non-controlling interests	87,981,692,188	114,530,208,868
Cash outflows from transactions with non-controlling interests	(15,572,499,931)	(350,963,263,102)
Cash inflows from other financing activities	3,916,338,007	1,070,216,109,602
Cash outflows from other financing activities	(2,590,227,224)	(353,078,515,065)
<b>Net cash provided by (used in) financing activities</b>	<u>(339,465,120,952)</u>	<u>11,642,326,424,402</u>
Effects of exchange rate changes on cash and cash equivalents	44,735,549,802	(87,699,641,884)
Net decrease in cash and cash equivalents	(57,227,222,119)	(1,064,272,219,720)
Cash and cash equivalents at the beginning of the period	2,781,395,543,827	3,845,667,763,547
Cash and cash equivalents classified as assets held for sale at the beginning of the period	-	2,245,363,413,625
Cash and cash equivalents in the statements of financial position at the beginning of the period	<u>2,781,395,543,827</u>	<u>1,600,304,349,922</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,724,168,321,708</u>	<u>₩ 2,781,395,543,827</u>

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

**NAVER Corporation and its subsidiaries**  
**Notes to the consolidated financial statements**  
**for the years ended December 31, 2022 and 2021**

**1. General**

NAVER Corporation (the “Company” or “Parent 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 95, Jeongjail-ro, 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 December 31, 2022, the major shareholders of the Company consist of National Pension Service (8.45%) and others

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

**A. Consolidated Subsidiaries**

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

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			December 31, 2022	December 31, 2021	
<b>NAVER Corporation:</b>					
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 SAS	France	Europe IT investment and research and development	100.00	100.00	December
WEBTOON Entertainment Inc	U.S.A	Webtoon service development and management	67.52	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
NW MEDIA CONTENTS INC.	U.S.A	Contents production	100.00	-	December
Wattpad Corporation	Canada	Global web novel platform	100.00	100.00	December
PROTON PARENT, INC	U.S.A	Investment	100.00	-	December
<b>PROTON PARENT, INC:</b>					
PROTON MERGER SUB, INC	U.S.A	Investment	100.00	-	December
<b>Wattpad Corporation:</b>					
Wattsub Corporation	Canada	Global web novel platform support	-	100.00	December

**NAVER Corporation and its subsidiaries**  
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	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			December 31, 2022	December 31, 2021	
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
Wattpad Inc	U.S.A	Global web novel platform support	100.00	100.00	December
<b>NAVER France SAS:</b>					
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
C-FUND Subfund 5	France	Investment	99.75	-	December
<b>NAVER Cloud Corporation:</b>					
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
<b>NAVER I&amp;S Corp:</b>					
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
<b>WEBTOON Entertainment Inc:</b>					
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
Wattpad Webtoon Studios Inc	Canada	Global web novel platform support	100.00	-	December
<b>Wattpad Webtoon Studios Inc:</b>					
Wattpad Webtoon Studios Inc	U.S.A	Global web novel platform support	100.00	-	December
Wattpad Studios Inc	Canada	Global web novel platform support	100.00	100.00	December
<b>LINE Digital Frontier Corporation:</b>					
eBOOK Initiative Japan Co., Ltd.(*4)	Japan	Japan ebook service	100.00	34.35	December
<b>NAVER WEBTOON Ltd.:</b>					
STUDIO LICO Corp. (formerly, 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	100.00	81.43	December
YLAB Japan Co., Ltd	Japan	Contents production and reinforcement	100.00	100.00	December
MUNPIA INC.(*4)	Korea	Web novel platform	61.12	20.17	December
LOCUS CORPORATION	Korea	Animation and VFX production	53.64	-	December
Jakga Company Inc.(*6)	Korea	Contents production	51.33	-	December
<b>MUNPIA INC:</b>					
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
Studio JHS Co., Ltd.(*4)	Korea	Contents production	100.00	-	December
<b>LOCUS CORPORATION:</b>					
Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd.,	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
<b>Sidus Corporation:</b>					
Sidus and Teu Entertainment Joint Stock Company(*3)	Vietnam	Film production	49.00	-	December
<b>NAVER WEBTOON COMPANY Corporation:</b>					
Watong Entertainment Limited	Hongkong	Webtoon service operations	100.00	100.00	December
<b>Watong Entertainment Limited:</b>					
Broccoli Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
<b>Broccoli Entertainment Corporation:</b>					
Dongman Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
<b>Snow Corporation:</b>					
SpringCamp Inc.	Korea	Investments	100.00	100.00	December
SpringCamp Early Stage Fund 4	Korea	Investments	66.24	-	December

**NAVER Corporation and its subsidiaries**  
**Notes to the consolidated financial statements**  
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	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			December 31, 2022	December 31, 2021	
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
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	60.00	75.00	December
KREAM Corporation(*5)	Korea	Sneakers trading platform operations	48.75	53.13	December
Super Labs Corporation	Korea	Mobile service development and operations	100.00	-	December
<b>NAVER Z CO.,LTD.:</b>					
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 JAPAN Corporation.	Japan	Mobile service development and operations	100.00	-	December
<b>NAVER Z Limited:</b>					
Beijing Metaverse China Technology Corporation	China	Mobile service development and operations	100.00	-	December
<b>Beijing Metaverse China Technology Corporation:</b>					
ZaiZai Entertainment Corp.	China	Mobile service development and operations	100.00	-	December
<b>KREAM Corporation:</b>					
Namain Corp.	Korea	Sneakers trading platform operations	100.00	100.00	December
SVA Soda	Korea	Investments	99.52	99.52	December
PAP Corporation	Korea	E-Commerce business	70.00	-	December
<b>SNOW China Limited.:</b>					
SNOW China (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
<b>SNOW China (Beijing) Co., Ltd.:</b>					
Yiruike Information Technology (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
<b>WORKS MOBILE Corporation:</b>					
Works Mobile Japan Corporation	Japan	Groupware service operations and distribution	100.00	100.00	December
NF Insurance Services Corporation	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 is 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. Therefore, Sidus and Teu Entertainment Joint Stock Company is classified as a subsidiary.

(\*4) The investment in associates is reclassified to investment in subsidiary, due to additional acquisition of ownership for the year ended December 31, 2022.

(\*5) Although the Group owns less than 50% ownership of KREAM Corporation, the Group is considered to have control over the entity since the Group has significant influence over the entity considering the composition of shareholders and Board of Directors. Therefore, KREAM Corporation is classified as a subsidiary.

(\*6) Other related party is reclassified to subsidiary, due to additional acquisition of ownership for the years ended December 31, 2022.

**NAVER Corporation and its subsidiaries**  
**Notes to the consolidated financial statements**  
**for the years ended December 31, 2022 and 2021**

**B. Summarized Financial Information**

Summarized financial information for major subsidiaries as of and for the years ended December 31, 2022 and 2021 is as follows : (Korean won in thousands)

	<b>December 31, 2022 and 2022</b>					
	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Operating revenues</b>	<b>Profit (loss) for the year</b>	<b>Total comprehensive income (loss)</b>
NAVER J.Hub Corporation	₩2,084,367,083	₩1,007,116,947	₩1,077,250,136	₩ 411,597	₩ 55,943,938	₩ (23,671,038)
NAVER Financial Corporation	3,252,544,976	2,265,178,771	987,366,205	1,257,280,627	57,901,824	55,159,291
NAVER Cloud Corporation	1,372,865,028	1,015,809,722	357,055,306	1,013,172,545	74,285,314	87,075,820
WEBTOON Entertainment Inc	1,356,680,958	37,278,315	1,319,402,643	103,519,995	(108,860,306)	(43,040,188)
NAVER WEBTOON Ltd.	960,969,534	239,800,717	721,168,817	548,854,455	68,561,824	78,472,233
	<u>₩2,084,367,083</u>	<u>₩1,007,116,947</u>	<u>₩1,077,250,136</u>	<u>₩ 411,597</u>	<u>₩ 55,943,938</u>	<u>₩ (23,671,038)</u>

  

	<b>December 31, 2021 and 2021</b>					
	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Operating revenues</b>	<b>Profit (loss) for the year</b>	<b>Total comprehensive income (loss)</b>
NAVER J.Hub Corporation	₩2,252,827,963	₩1,316,034,618	₩ 936,793,345	₩ 4	₩ (8,283,202)	₩ (31,125,681)
NAVER Financial Corporation	2,747,564,484	1,815,785,795	931,778,689	1,045,307,997	54,277,962	52,759,585
NAVER Cloud Corporation	1,149,708,939	879,856,125	269,852,814	860,259,159	1,654,576	4,680,186
WEBTOON Entertainment Inc	806,224,727	31,923,504	774,301,224	86,497,775	(51,016,425)	1,738,559
NAVER WEBTOON Ltd.	699,088,160	166,070,582	533,017,578	355,326,027	58,543,524	67,904,151
	<u>₩2,252,827,963</u>	<u>₩1,316,034,618</u>	<u>₩ 936,793,345</u>	<u>₩ 4</u>	<u>₩ (8,283,202)</u>	<u>₩ (31,125,681)</u>

**C. Summarized Cash Flow**

Summarized cash flow for major subsidiaries for the years ended December 31, 2022 and 2021 is as follows : (Korean won in thousands)

	<b>2022</b>					
	<b>Cash flows from operating activities</b>	<b>Cash flows from investing activities</b>	<b>Cash flows from financing activities</b>	<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>Cash and cash equivalents at the end of the period</b>
NAVER Financial Corporation	₩ 433,727,483	₩ (482,223,223)	₩ (2,963,650)	₩ (1,727,314)	₩ 940,246,176	₩ 887,059,472
NAVER Cloud Corporation	378,138,710	(244,428,047)	(107,004,665)	(318,166)	57,146,074	83,533,906
NAVER WEBTOON Ltd.	56,043,636	(235,951,248)	127,521,761	(2,053,307)	59,812,204	5,373,046
NAVER J.Hub Corporation	51,720,645	(154,386)	(47,712,162)	(4,328,298)	25,187,016	24,712,815
WEBTOON Entertainment Inc	(98,835,525)	(349,663,490)	573,751,441	12,565,330	15,958,135	153,775,891
	<u>₩ 433,727,483</u>	<u>₩ (482,223,223)</u>	<u>₩ (2,963,650)</u>	<u>₩ (1,727,314)</u>	<u>₩ 940,246,176</u>	<u>₩ 887,059,472</u>



**NAVER Corporation and its subsidiaries**  
**Notes to the consolidated financial statements**  
**for the years ended December 31, 2022 and 2021**

**C. Summarized Cash flow (cont'd)**

	<b>2021</b>					
	<b>Cash flows from operating activities</b>	<b>Cash flows from investing activities</b>	<b>Cash flows from financing activities</b>	<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>Cash and cash equivalents at the end of the period</b>
NAVER Financial Corporation	₩ 199,824,884	₩ 202,221,712	₩ (2,443,107)	₩ (1,964,205)	₩ 542,606,892	₩ 940,246,176
NAVER Cloud Corporation	454,594,771	(341,231,283)	(78,278,713)	29,448	22,031,851	57,146,074
NAVER WEBTOON Ltd.	60,004,911	(357,388,226)	269,382,742	610,713	87,202,064	59,812,204
NAVER J.Hub Corporation	2,534,224	(1,171,692,924)	1,158,309,133	(685,249)	36,721,832	25,187,016
WEBTOON Entertainment Inc	(34,116,575)	(352,204,521)	395,138,705	4,798,676	2,341,850	15,958,135
	<u>₩ 199,824,884</u>	<u>₩ 202,221,712</u>	<u>₩ (2,443,107)</u>	<u>₩ (1,964,205)</u>	<u>₩ 542,606,892</u>	<u>₩ 940,246,176</u>

**D. Changes in Scope of Consolidation**

(1) Subsidiaries newly included in the consolidation for the year ended December 31, 2022 are as follows:

	<b>Subsidiaries</b>
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., Super Labs Corporation, Spring Camp Early Stage Fund 4, NW MEDIA CONTENTS INC., NAVER Z JAPAN Corporation, Wattpad Webtoon Studios Inc.(Canada), Wattpad Webtoon Studios Inc.(U.S.A), C-FUND Subfund 5, PROTON PARENT, INC., PROTON MERGER SUB, INC. eBOOK Initiative Japan Co., Ltd., MUNPIA INC., Mun Pia Webtoon Culture Industry Special Purpose Company Ltd., M Contents Labs Co., Ltd., LOCUS CORPORATION, Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd., Sidus Corporation, LOCUS X CORPORATION (SIDUS STUDIO X Co., Ltd), Locus Shanghai Corporation, Sidus and Teu Entertainment Joint Stock Company, PAP Corporation, Jakga Company Inc., Studio JHS Co., Ltd.
Acquisition of control due to new acquisition	

(2) Subsidiary excluded in the consolidation for the year ended December 31, 2022 is as follows:

	<b>Subsidiaries</b>
Merger	Wattsub Corporation
Disposal	LINE WEBTOON Studio Inc.

## **2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of the consolidated financial statements of the Group are disclosed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **A. Basis of Preparation of Consolidated financial statement**

The Group prepares statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"), enacted by the Act on External Audit of Stock Companies. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The financial statements have been prepared on a historical cost basis, except for the following :

- Certain financial assets and liabilities (including derivative instruments)
- Defined benefit pension plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

### **B. Changes in Accounting Policy and Disclosures**

#### **(1) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for the annual reporting periods beginning on or after January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **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.

These amendments had no impact on the consolidated financial statements of the Group.

## B. Changes in Accounting Policy and Disclosures (cont'd)

### Reference to the Conceptual Framework – Amendments to KIFRS 1103

The amendments replace a reference to a previous version of the International Accounting Standards Board (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 Interpretation 2121 *Levies*, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS Interpretation 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.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the 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.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the 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 consolidation 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 consolidated financial statements of the Group as it is not a first-time adopter.

These amendments had no impact on the consolidated financial statements of the Group as subsidiary of the Group is not first-time adopter.

## **B. Changes in Accounting Policy and Disclosures (cont'd)**

### **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.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the 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 consolidated financial statements of the Group as it did not have assets in scope of KIFRS 1041 as of the reporting date.

#### (2) New standards and interpretations not yet adopted by the Group

The new and amended accounting standards and interpretations that are issued, but not yet effective up to the date of approval on the issuance of the Group's financial statements are disclosed below. These standards and interpretations have not been early adopted by the Group.

### **KIFRS 1117 Insurance Contracts**

In 2021, KIFRS 1117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure was issued. Once effective, KIFRS 1117 will replace KIFRS 1104 *Insurance Contracts* that was issued in 2007. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in KIFRS 1104, which are largely based on grandfathering previous local accounting policies, KIFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of KIFRS 1117 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

KIFRS 1117 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies KIFRS 1109 and KIFRS 1115 on or before the date it first applies KIFRS 1117. These amendments had no impact on the consolidated financial statements of the Group.

## **B. Changes in Accounting Policy and Disclosures (cont'd)**

### **Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current**

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### **Definition of Accounting Estimates - Amendments to KIFRS 1008**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

### **Disclosure of Accounting Policies - Amendments to KIFRS 1001**

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to KIFRS 1012**

The amendments narrow the scope of the initial recognition exception under KIFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Group is currently assessing the impact of the amendments.

## **C. Consolidation**

The Group has prepared the consolidated financial statements in accordance with KIFRS 1110 *Consolidated Financial Statements*.

### (1) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

### (2) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss.

If an associate uses accounting policies other than those of the Group for transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

### **C. Consolidation (cont'd)**

#### (3) Joint arrangements

A joint agreement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator holds direct rights and obligations to the assets, liabilities, revenues and expenses of joint operations and recognizes its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

### **D. Foreign Currency Translation**

#### (1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

#### (2) Transactions in foreign currency and translation at period end

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

#### (3) Translation to the presentation currency

All of the subsidiaries' financial statements that have functional currencies different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expense for each statement of comprehensive income are translated at the average exchange rate.
- equity is translated at the historical exchange rate.
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

## **E. Financial Assets**

### (1) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

### (2) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### ① Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.



## **E. Financial Assets (cont'd)**

- Fair value through other comprehensive income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (and reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income and finance costs' and impairment loss in 'finance costs'.

- Fair value through profit or loss:

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income and finance costs' in the period in which it arises.

### ② Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income and finance costs' in the consolidated statement of comprehensive income as applicable. Impairment loss (and reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

### (3) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract assets, and lease receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. (Note 4 provides more details of how the Group determines whether there has been a significant increase in credit risk.)

## **E. Financial Assets (cont'd)**

### (4) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

### (5) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **F. Derivative Instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other income (expenses)' or 'finance income (costs)' based on the nature of transactions.

## **G. Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

## **H. Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

## **I. Non-current assets (or Disposal Group) Held for sale**

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

## **J. Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<u>Useful life</u>		<u>Useful life</u>
Buildings	30 years	Equipment	3~5 years
Structures	10 years	Machinery	3~5 years
Vehicles	5 years	Others	4~6 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## **K. Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

## **L. Intangible Assets**

Goodwill is measured as described in Note 2.C.(1) and carried at cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Brand usage rights, membership rights and brands that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<u>Useful life</u>		<u>Useful life</u>
Industrial rights	5 years	Customer relationship	3~14 years
Software	5 years	Others	5~30 years

## **M. Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position either by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

## **N. Impairment of Non-financial Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **O. Trade Payables and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within mutually agreed period of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## **P. Financial Liabilities**

### (1) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', 'borrowings', or 'debentures' in the consolidated statement of financial position.

All financial liabilities are initially recognized at fair value, and borrowings, etc. are deducted from directly attributable transaction costs.

Financial liabilities at fair value - profit or loss include short-term trading financial liabilities and financial liabilities designated at fair value through profit or loss at initial recognition

If a financial liability is generated for repurchase within a short period of time, it is classified as a short-term trading item. This category also includes derivatives that are not designated as hedging instruments in the hedging relationship defined in K-IFRS 1109. Separated embedded derivatives are also classified as short-term trading items unless they are designated as effective hedging instruments. Gains and losses arising from financial liabilities held for trading are recognized in profit or loss.

Financial liabilities designated as fair value through profit or loss are designated only at the time of initial recognition if they meet the criteria of K-IFRS 1109.

## **P. Financial Liabilities (cont'd)**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **(2) Derecognition**

Financial liabilities are removed from the consolidated statement of financial position when they are extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## **Q. Compound Financial Instruments**

Compound financial instruments are convertible bonds and redeemable convertible preferred shares that can be converted into equity instruments at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

In accordance with the Interpretation Statements No.00094 issued by the Financial Supervisory Service in Korea, the Company recognized conversion rights of preferred shares as equity. This accounting treatment is applicable within Korean.

In addition, a portion of redeemable convertible preferred shares issued by the Group is measured at fair value by classifying them as financial liabilities at fair value through profit or loss.

## **R. Provisions**

Provision for litigation, loyalty programs, restoration, and greenhouse gas emission obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

## **S. Current and Deferred Income Tax**

The tax expense for the period consists of current and deferred tax. The Company is implementing a consolidated tax payment system to presume that the Parent Company and its subsidiaries in Korea are a single taxpayer. Domestic and overseas subsidiaries that are not included in the consolidated tax payment system measure and pay their tax returns by regarding each entity as a taxation unit. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current Income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis.

## **T. Employee Benefits**

### (1) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments, curtailments and settlements are recognized immediately in profit or loss as past service costs.

### (2) Share-based payments

The Group has granted stock options to employees of the Group, which are settled in the shares of the Parent Company and some subsidiaries. Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium for issuance of shares of the Parent Company and recognized as other capital surplus for issuance of shares of subsidiaries.

Under cash-settled share-based payment plan, the Group compensates the difference of the fair value and exercise price of option as the consideration for employee services received. Total expense that will be recognized over the vesting period is determined by reference to the fair value of the option granted. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

#### **T. Employee Benefits (cont'd)**

##### (3) Long-term employee benefits

The Group provides long-term employee benefits to employees who have worked for more than a certain period of time. Long-term employee benefits are calculated annually by independent actuaries using the projected unit credit method. The Group recognizes service cost, net interest on long-term employee benefits and remeasurements as profit or loss for the year.

#### **U. Revenue Recognition**

The Group engages in providing internet search portal services, and its operating revenues are mainly comprised of advertisement, contents providing services and sales commission.

The Group allocates transaction prices based on relative individual selling prices if several performance obligation is identified in a single contract.

##### (1) Advertisement

The Group has an obligation to provide advertisement services over the contract period. Accordingly, the Group recognizes the allocated transaction price for each performance obligation over the service period as revenue. However, the Group recognizes revenue when it performs its obligation to provide the advertisement service if the contract is to settle the advertisement services based on the total number of services provided, instead of the recognizing over the contract period. In addition, the Group provides the option to additionally select the goods or services when providing advertisement services to its customers, in which the Group identifies this as a separate performance obligation and allocates the transaction price to each performance obligation on the basis of the relative individual selling price. The individual selling price is the price at which the Group would sell a promised good or service separately to the customer. The best evidence of an individual selling price is the observable price of a good or service when the Group sells that good or service separately in similar circumstances and to similar customers.

##### (2) Contents services

The Group provides various digital contents to its customers. The transaction price of digital contents is immediately paid by customers when they purchase contents online. When the Group provides digital contents and there is no unsatisfied performance obligations which could cause the customers to affect on the usage of contents, the Group considers that the right of using of contents has transferred to the customers and recognize revenue when customers uses the contents. However, the Group recognizes revenue over the service period for those exposed to activities that could significantly affect the digital contents provided to customers during their usage period.



## **U. Revenue Recognition (cont'd)**

### (3) Payment services

When the Group has an obligation to provide payment services, the allocated transaction price for the obligation is recognized as revenue when the service is delivered. The Group grants the customers rights to additionally select goods or services to be received in the course of using payment services and identifies this as a separate performance obligation and allocates it based on the relative stand-alone selling price. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to its customers. The best evidence of a stand-alone selling price is the observable price of a good or service when the Group sells that good or service separately in similar circumstances and to similar customers.

### (4) Sales commission

The Group provides brokerage service for the sale of goods and others on the online platforms and receives commissions. Although the Group receives the entire considerations from the transactions, only commissions are recognized as sales since the Group provides the service as an agent.

## **V. Leases**

### ① Lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

### ② Lessee

The Group leases various properties, vehicles and others. Lease contracts are typically made for fixed periods but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

## **V. Leases (cont'd)**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the Group (the lessee) under residual value guarantees
- exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with an interest rate that the Group can be practically financed adjusted for economic circumstances, lease period for leases, credit risk for leases and others, makes adjustments specific to the lease, for example, country, currency and others.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and office furniture.

## **W. Investment properties**

Property held for rental income or for capital gains is classified as investment property. Also, property under construction or development for future use as investment property is also classified as investment property.

Investment property is measured at cost upon initial recognition, including transaction costs incurred on acquisition. After initial recognition, investment property is measured at fair value. Investment properties under construction are measured at fair value, if their fair value can be determined reliably. If the fair value of an investment property under construction cannot be determined reliably at the moment, but is expected to be calculated reliably at the time of completion of construction, such investment property shall be measured at the cost less accumulated impairment loss until the earlier of when the fair value can be reliably calculated and when the construction is completed.

The fair value of investment properties reflects market conditions at the end of the reporting period and, if necessary, is adjusted to reflect the characteristics, condition and location of specific assets. An independent appraiser with certified professional qualifications and recent experience in appraising similar properties in the region in which the investment property is located conducts the fair value evaluation, and based on this appraisal amount, the carrying amount for financial reporting purposes is determined.

Subsequent costs are included in the asset's carrying amount, or recognized as a separate asset if the recognition criteria are met, only when it is probable that the inflow of economic benefits arising from the asset will be generated and the cost of the asset can be measured reliably. The portion of carrying amount replaced by subsequent expenditure is removed. All other repair and maintenance costs are recognized in profit or loss as incurred.

Profit or loss arising from changes in the fair value of an investment property is reflected in profit or loss as incurred. If an investment property is disposed of at fair value through transactions between independent parties, the carrying amount of the investment property before disposal is adjusted to its fair value, and the difference is reflected in gains or losses on valuation of fair value in the consolidated income statement.

## **X. Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 34). The chief operating decision-maker, responsible for making strategic decisions by allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

## **Y. Approval of Issuance of the Financial Statements**

The consolidated financial statements for the year end December 31, 2022 were approved for issue by the Board of Directors on February 2, 2023 and are subject to change with the approval of shareholders at their Annual General Meeting.

### **3. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions 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. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

#### **A. Goodwill impairment**

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (Note 13).

#### **B. Income taxes**

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 27).

If certain portion of taxable income is not used for investments or increase in wages or dividends for certain periods, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax systems. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

#### **C. Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

#### **D. Impairment of financial assets**

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period (Note 4).

#### **E. Net defined benefit liabilities**

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate and wage growth rate (Note 19).

### **3. Critical Accounting Estimates and Assumptions (cont'd)**

#### **F. Provisions**

As of December 31, 2022, the Group recognizes provisions for litigation, restoration and others. These provisions are estimated based on historical experience (Note 18).

#### **G. Share-based payments**

The Group measures the cost of equity-settled share-based payment transaction by reference to the fair value of equity instruments granted at the grant date and the fair value is estimated using valuation models which considers the conditions upon which equity instruments are granted. Also, the Group measures the cost of cash-settled share-based payment transaction based on the fair value of the liability considering vesting conditions. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement (Note 22).

#### **H. Lease**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases held by the Group, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

#### **I. Fair value measurement of assets and liabilities of subsidiaries and associates**

The fair value of identifiable assets and liabilities acquired through business combination is measured based on the management's assumptions such as selection of valuation techniques and inputs.

#### 4. Financial Risk Management

##### A. Financial Risk Management Factor

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policies focuses on the volatility of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

##### (1) Market risk

##### (A) Foreign exchange risk

##### ① Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the US dollar, Japanese yen and Euro. Foreign exchange risk arises from recognized assets and liabilities.

The Group's financial assets and liabilities denominated in currencies other than the functional currency (i.e., US dollar, Japanese yen and Euro) and thus, exposed to foreign currency risk as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	Currency	Translated to Korean won	
		December 31, 2022	December 31, 2021
<b>Financial asset</b>			
Cash and cash equivalents	USD ₩	481,602,035 ₩	211,529,424
	JPY	161,688,300	78,157,718
	EUR	31,927,167	16,456,975
Shor-term financial instruments	USD	253,460,000	118,550,000
Trade and other receivables	USD	9,015,416	5,215,957
	JPY	112,200,416	93,735,665
	EUR	8,461,395	307
Financial assets at fair value - other comprehensive income	USD	51,325,425	39,835,090
	JPY	52,772,711	111,352,049
	EUR	-	111,228,239
Financial assets at fair value - profit or loss	USD	938,307,695	1,134,944,791
	JPY	91,220,772	79,735,266
	EUR	173,375,496	120,341,053
<b>Financial liabilities</b>			
Trade and other payables	USD	1,304,218	12,711,592
	JPY	2,589,120	970,097
	EUR	31,105	9,676
Borrowings and debentures	USD	1,005,646,571	938,457,067
	JPY	300,251,700	324,525,600

**4. Financial Risk Management (cont'd)**

② Sensitivity analysis

The impact of strengthened/weakened in Korean won by 5% against foreign currencies with all other variables held constant on the post-tax profit and equity as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

		<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
		<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
USD / KRW	Strengthened	₩ 25,062,581	₩ 19,240,687	₩ 26,967,055	₩ 20,696,026
	Weakened	(25,062,581)	(19,240,687)	(26,967,055)	(20,696,026)
JPY / KRW	Strengthened	2,310,533	(2,698,666)	4,268,711	1,369,481
	Weakened	(2,310,533)	2,698,666	(4,268,711)	(1,369,481)
EUR / KRW	Strengthened	7,930,748	4,994,154	7,930,748	9,055,097
	Weakened	(7,930,748)	(4,994,154)	(7,930,748)	(9,055,097)

(B) Price risk

The Group is exposed to equity securities price risk that arises from investments held by the Group, all of which are classified either as financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss in the consolidated statement of financial position.

The impact of increases/decreases of the stock index of each country by 5% with all other variables held constant on the Group's post-tax profit and equity as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

		<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
		<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Listed equity security</b>					
Korea	Increase	₩ 849,207	₩ 813,308	₩ 38,541,263	₩ 53,068,837
	Decrease	(849,207)	(813,308)	(38,541,263)	(53,068,837)
U.S.A	Increase	227,671	303,006	227,671	599,128
	Decrease	(227,671)	(303,006)	(227,671)	(599,128)
Japan	Increase	-	-	2,366,278	4,650,428
	Decrease	-	-	(2,366,278)	(4,650,428)
Germany	Increase	-	-	-	4,063,724
	Decrease	-	-	-	(4,063,724)
Indonesia	Increase	-	-	3,130,002	8,039,957
	Decrease	-	-	(3,130,002)	(8,039,957)

Gains and losses generated from financial assets at fair value - profit or loss have impacts on post-tax profit and equity, and financial assets at fair value - other comprehensive income have impacts on equity

The amounts recognized in current profit or loss and other comprehensive income in relation to the various financial instruments held by the Group are disclosed in Note 6.

#### 4. Financial Risk Management (cont'd)

##### (C) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate due to changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings. The Group's objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty from interest rates fluctuations and net interest expense.

As of December 31, 2022, the Group's floating rate borrowings which exceed floating rate deposits, which results in net interest expenses increase when interest rates increase. The Group adequately minimizes risks from interest rate fluctuations through various policies, such as monitoring fluctuations of domestic and foreign interest rates, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

The impact of 10bp increase/decrease in interest rate with all other variables held constant on the Group's post-tax profit and equity as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

	Impact on post-tax profit		Impact on equity	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Increase	₩ (257,752)	₩ 238,082	₩ (257,752)	₩ 238,082
Decrease	257,752	(238,082)	257,752	(238,082)

##### (2) Credit Risk

The Group has four types of financial assets that are subject to the expected credit loss model:

- trade receivables, other receivables at amortized cost and contract assets
- other financial assets at amortized cost
- debt instruments at fair value through other comprehensive income
- lease receivables that is within the scope of KIFRS 1116

While lease receivables and cash equivalents are subject to the impairment requirement, the identified expected credit losses were not material.



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**4. Financial Risk Management (cont'd)**

(A) Trade receivables, other receivables and contract assets

To measure the expected credit losses which is inclusive of forward looking information, the Group has grouped its trade receivables, other receivables and contract assets based on shared credit risk characteristics and the days past due.

The loss allowance as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

<b>December 31, 2022</b>				
	<b>Less than 6 months past due and within due</b>	<b>More than 6 months past due</b>	<b>More than 1 year past due</b>	<b>Total</b>
Trade receivables and other receivables				
Expected loss rate	0.02%	65.14%	78.60%	0.97%
Gross carrying amount	₩ 1,493,273,217	₩ 2,463,628	₩ 16,163,387	₩ 1,511,900,231
Loss allowance provision	335,481	1,604,821	12,703,719	14,644,021
Contract assets				
Expected loss rate	-	-	-	-
Gross carrying amount	3,479,606	-	-	3,479,606
Loss allowance provision	-	-	-	-
<b>December 31, 2021</b>				
	<b>Less than 6 months past due and within due</b>	<b>More than 6 months past due</b>	<b>More than 1 year past due</b>	<b>Total</b>
Trade receivables and other receivables				
Expected loss rate	0.16%	84.77%	99.80%	1.05%
Gross carrying amount	₩ 1,315,378,644	₩ 1,206,483	₩ 10,750,835	₩ 1,327,335,962
Loss allowance provision	2,164,724	1,022,776	10,729,579	13,917,079
Contract assets				
Expected loss rate	-	-	-	-
Gross carrying amount	4,127,156	-	-	4,127,156
Loss allowance provision	-	-	-	-

#### 4. Financial Risk Management (cont'd)

Changes in the loss allowance for trade receivables and other receivables for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 13,917,079	₩ 10,379,972
Increase in loss allowance recognized in profit or loss during the year	136,555	5,258,974
Receivables written off during the year as uncollectible	(123,381)	(292,755)
Other increases/decreases(*)	<u>713,768</u>	<u>(1,429,112)</u>
Ending balance	<u>₩ 14,644,021</u>	<u>₩ 13,917,079</u>

(\*) Include increases/decreases due to changes in scope of consolidation.

The amounts recognized in profit or loss as 'operating expenses' in relation to impaired receivables for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Impairment loss		
Change in loss allowance(*)	₩ 136,555	₩ 5,258,974

(\*) Includes amount recognized in profit or loss in relation to discontinued operations amounting to ₩ 1,468 million for the year ended December 31, 2021.

#### (B) Other financial assets at amortized cost

Other financial assets at amortized cost include long and short-term financial instruments, such as time deposits, and other receivables.

Changes in loss allowance for other financial assets at amortized cost for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 1,558,900	₩ 1,436,498
Reversal of loss allowance recognized in profit or loss during the year	1,087,958	1,584,573
Other increases/decreases(*)	<u>1,019,708</u>	<u>(1,462,171)</u>
Ending balance	<u>₩ 3,666,566</u>	<u>₩ 1,558,900</u>

(\*) Include increases/decreases due to changes in scope of consolidation.

All of these financial assets measured at amortized cost are considered to have low credit risk, and their loss allowance provision are recognized as 12 months expected losses during the year. The Group considers the credit risk to be low when they have a low risk of default and the issuer has a sufficient capability to meet contractual cash flow obligations in the near term.

**4. Financial Risk Management (cont'd)**

(C) Debt instruments at fair value - other comprehensive income

Debt instruments at fair value - other comprehensive income are corporate bonds. The loss allowance provision for debt instruments at fair value - other comprehensive income is recognized in profit or loss and reduces the fair value loss otherwise recognized in other comprehensive income.

Changes in loss allowance for debt instruments at fair value - other comprehensive income for years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ -	₩ -
Increase in loss allowance recognized in profit or loss during the year	-	(50,659)
Other increases/decreases(*)	-	50,659
Ending balance	-	-
Balance in the consolidated statement of financial position	-	-
Amount classified as assets held for sale	<u>₩ -</u>	<u>₩ -</u>

(\*) Include increases/decreases due to changes in scope of consolidation.

All of these financial assets are considered to have low credit risk, and thus the loss allowance provision recognized was limited to 12 months expected credit losses during the year. The Group considers the credit risk to be low when the risk of default is low and the issuer has sufficient capability to meet contractual cash flow obligations in the near term.

(D) Financial assets at fair value – through profit or loss

The Group is exposed to credit risk from financial assets at fair value – through profit or loss. The maximum exposure is the carrying amount of these assets as of December 31, 2022 and 2021.

(E) Impairment loss

Impairment losses recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Trade receivables and other receivables	₩ 136,555	₩ 5,258,974
Other financial assets at amortized cost	1,087,958	1,584,573
Financial assets at fair value - other comprehensive income	-	(50,659)
	<u>₩ 1,224,513</u>	<u>₩ 6,792,888</u>

Includes impairment losses in relation to impaired financial assets of discontinued operations amounting to ₩ 2,739 million for the year ended December 31, 2021.

#### 4. Financial Risk Management (cont'd)

##### (3) Liquidity Risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and external regulatory or legal requirements on internal financial ratio targets and currency restrictions. As of December 31, 2022, the Group has borrowing agreements with a limit of ₩ 1,991,000 million and JPY 128,660 million and USD 1,220 million for managing liquidity risk (Note 31).

Details of liquidity risk analysis as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>December 31, 2022</b>				
	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>
<b>Financial liabilities</b>					
Trade and other payables(*1)	₩ 980,248,803	₩ 981,043,177	₩ 924,312,746	₩ 54,083,372	₩ 2,647,059
Borrowings	1,709,433,612	1,745,529,541	1,406,128,725	339,400,816	-
Debentures	1,704,518,277	1,779,703,850	25,367,667	1,754,336,183	-
Lease liabilities	782,630,282	868,551,912	196,504,550	451,925,349	220,122,013
Financial liabilities at fair value					
- profit or loss	756,523,095	756,523,095	71,905,226	684,617,869	-
Other current liabilities	1,598,753,214	1,598,753,214	1,598,753,214	-	-
Financial guarantee contract	-	45,328,583	45,328,583	-	-
	<u>₩ 7,532,107,283</u>	<u>₩ 7,775,433,372</u>	<u>₩ 4,268,300,711</u>	<u>₩ 3,284,363,589</u>	<u>₩ 222,769,072</u>
Off-balance sheet account(*2)	₩ -	₩ 125,198,897	₩ 125,198,897	₩ -	₩ -

(\*1) Accrued expense related to labor costs are not included.

(\*2) The Group entered in a loan agreement related to the deferred payment service, and the limit for the unused portion (off-balance sheet account) amount to ₩ 125,199 million as of December 31, 2022. Off-balance sheet account was included in the 'less than 1 years' category, the earliest period in which payments can be made upon request (Note 31).

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**4. Financial Risk Management (cont'd)**

	<b>December 31, 2021</b>			
	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>
<b>Financial liabilities</b>				
Trade and other payables (*1) ₩	709,450,242 ₩	709,450,242 ₩	665,155,975 ₩	44,294,267
Borrowings	2,013,335,844	2,064,344,786	486,189,784	1,578,155,003
Debentures	1,636,827,464	1,733,197,183	24,411,892	1,708,785,291
Lease liabilities	311,277,707	324,155,740	106,975,078	217,180,662
Financial liabilities at fair value				
- profit or loss	508,994,105	508,994,105	-	508,994,105
Other current liabilities	1,334,975,436	1,334,975,436	1,334,975,436	-
Financial guarantee contract	-	72,146,598	72,146,598	-
	<u>₩ 6,514,860,798 ₩</u>	<u>₩ 6,747,264,090 ₩</u>	<u>₩ 2,689,854,763 ₩</u>	<u>₩ 4,057,409,328</u>
Off-balance sheet account (*2) ₩	- ₩	50,205,600 ₩	50,205,600 ₩	-

(\*1) Accrued expense related to labor costs are not included.

(\*2) The Group entered in a loan agreement related to the deferred payment service, and the limit for the unused portion (off-balance sheet account) amount to ₩ 50,206 million as of December 31, 2021. Off-balance sheet account was included in the 'less than 1 years' category, the earliest period in which payments can be made upon request (Note 31).

**B. Capital Risk Management**

The Group's objectives when managing capital are to safeguard to maintain a sound capital structure. The Group uses debt to equity ratio for capital management. This ratio is calculated as total debt divided by total equity as shown in the consolidated statements of financial position.

The Group's gearing ratio as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total debt	₩ 10,448,720,409 ₩	9,663,630,408
Total equity	23,450,322,480	24,027,376,349
Gearing ratio	44.56%	40.22%

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**5. 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 year ended December 31, 2022.

**A. Financial Instruments Measured at Fair Value**

Details of financial instruments measured at fair value as of December 31, 2022 and 2021 are as follows:  
(Korean won in thousands)

	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Financial assets at fair value - profit or loss	₩ 3,173,194,961	₩ 3,173,194,961	₩ 2,869,657,798	₩ 2,869,657,798
Financial assets at fair value - other comprehensive income	1,354,122,793	1,354,122,793	2,123,487,492	2,123,487,492
	<u>₩ 4,527,317,754</u>	<u>₩ 4,527,317,754</u>	<u>₩ 4,993,145,290</u>	<u>₩ 4,993,145,290</u>
<b>Financial liabilities</b>				
Financial liabilities at fair value - profit or loss	₩ 756,523,095	₩ 756,523,095	₩ 508,994,105	₩ 508,994,105

The financial assets and liabilities whose book amounts are reasonable approximations of fair value are excluded from the fair value disclosures.

**B. 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 December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value – profit or loss	₩ 29,022,463	₩ 718,526,472	₩ 2,425,646,026	₩ 3,173,194,961
Financial assets at fair value – other comprehensive income	1,163,949,227	-	190,173,566	1,354,122,793
<b>Financial liabilities</b>				
Financial liabilities at fair value – profit or loss	-	-	756,523,095	756,523,095

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**5. Fair Value (cont'd)**

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at fair value – profit or loss	₩ 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
<b>Financial liabilities</b>				
Financial liabilities at fair value – profit or loss	-	-	508,994,105	508,994,105

**C. Transfers between Fair Value Hierarchy Levels of Recurring Fair Value Measurements**

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 recurring fair value measurements for the year ended December 31, 2022.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>			<b>2021</b>		
	<b>Financial assets at fair value - profit or loss</b>	<b>Financial assets at fair value – comprehensive income</b>	<b>Financial liabilities at fair value - profit or loss</b>	<b>Financial assets at fair value - profit or loss</b>	<b>Financial assets at fair value – comprehensive income</b>	<b>Financial liabilities at fair value - profit or loss</b>
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 (*1)	(111,479,706)	-	117,024,883	476,832,601	-	97,411,430
Amounts recognized in other comprehensive income (*2)	-	(55,080,947)	-	-	82,341,611	-
Acquisitions/Borrowings	274,256,494	46,595,633	130,504,107	701,400,834	90,960,148	386,482,769
Disposals/Repayments	(123,188,414)	(24,592,558)	-	(489,933,831)	(18,000,226)	-
Others (*3)	(12,677,896)	(1,912,717)	-	(65,602,716)	23,063,767	-
Transfer into Level 1	(3,599,826)	(1,354,446)	-	(19,406,782)	(3,232,665)	-
Exchange differences	226,522	-	-	(880,199)	(179,527)	-
Sale of disposal group	-	-	-	(200,380,804)	(29,775,587)	-
Ending balance	₩2,425,646,026	₩ 190,173,566	₩ 756,523,095	₩2,402,108,851	₩ 226,518,600	₩ 508,994,105

(\*1) Includes amounts recognized in profit or loss in relation to discontinued operations amounting to ₩ 402 million for the year ended December 31, 2021.

(\*2) Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 344 million for the year ended December 31, 2021.

(\*3) Includes transfers from (to) other account items due to changes in ownership of financial assets at fair value.

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**5. Fair Value (cont'd)**

D. 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 December 31, 2022 and 2021 are as follows: (Korean won in thousands)

<b>December 31, 2022</b>						
	<b>Fair value</b>	<b>Level</b>	<b>Valuation techniques</b>	<b>Major inputs</b>	<b>Unobservable inputs</b>	<b>Range of unobservable inputs</b>
<b>Financial assets at fair value – profit or loss</b>						
Compound financial instruments and equity securities	₩ 1,414,275,802	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	13.50% ~ 70.93%
			Market approach and others	PBR, EV/SALES, PSR, PER recent transaction price, net asset value	EV/SALES, PSR, PER	0.41 ~ 12.13 0.16 ~ 11.64 7.40
	776,460	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.77% ~ 16.32%
Beneficiary certificates and funds	1,011,370,224	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	715,219,287	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	2,530,725	2	Present value method, option pricing model	Forward exchange rate	-	-
<b>Financial assets at fair value – other comprehensive income</b>						
Equity securities	190,173,566	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES, PSR, PBR	1.83 ~ 2.35 0.91 ~ 2.38 4.2
					Discount rate	13.90% ~ 19.20%
<b>Financial liabilities at fair value – profit or loss</b>						
Derivatives	756,523,095	3	Option pricing model	Volatility of underlying assets	Volatility of underlying asset Discount rate	46.70% ~ 79.16% 13.67% ~ 15.58%

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



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**5. Fair Value (cont'd)**

<b>December 31, 2021</b>						
	<b>Fair value</b>	<b>Level</b>	<b>Valuation techniques</b>	<b>Major inputs</b>	<b>Unobservable inputs</b>	<b>Range of unobservable inputs</b>
<b>Financial assets at fair value – profit or loss</b>						
			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	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	416,634,915	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	453,219	2	Present value method and option pricing model	Forward exchange rate	-	-
<b>Financial assets at fair value – other comprehensive income</b>						
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
<b>Financial liabilities at fair value – profit or loss</b>						
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.

**E. 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. Fair Value (cont'd)**

F. Sensitivity Analysis for Recurring Fair Value Measurements Categorized Within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	2022				2021			
	Favorable changes		Unfavorable changes		Favorable changes		Unfavorable changes	
	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
<b>Financial assets</b>								
Unlisted equity securities(*1)	₩ 58,709,858	₩ 62,844,029	₩(57,370,162)	₩(61,456,958)	₩ 31,572,356	₩ 32,654,199	₩(31,137,829)	₩(32,216,531)
<b>Financial liabilities</b>								
Derivatives(*2)	20,088,559	20,088,559	(18,360,288)	(18,360,288)	2,451,075	2,451,075	(3,490,904)	(3,490,904)

(\*1) For unlisted equity securities, changes in their fair value are calculated by increasing or decreasing the discount rate, which is significant unobservable inputs, by 1%, and by increasing or decreasing the volatility of underlying assets, PBR, EV/SALES, PSR and others, which are significant unobservable inputs, by 10%. For compound financial instruments, it is calculated by changing the price of underlying asset used for valuation (identical method for unlisted shares) and increasing or decreasing the volatility of the underlying asset price by 10%.

(\*2) It is calculated by increasing or decreasing the volatility of the underlying asset price of financial liabilities valuation by 10%.

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**6. Financial Instruments by Category**

A. Categorizations of financial assets and liabilities as of December 31, 2022, are as follows: (Korean won in thousands)

	<b>Financial assets</b>				<b>Total</b>	
	<b>Financial assets at fair value - Profit or loss</b>	<b>Financial assets at fair value - Other comprehensive income</b>	<b>Financial assets at amortized cost</b>	<b>Other financial assets(*1)</b>		
Cash and cash equivalents(*2)	₩	-	₩	2,724,168,322	₩ -	2,724,168,322
Long and short-term financial instruments(*3)		-	-	1,230,665,756	-	1,230,665,756
Financial assets at fair value - profit or loss	3,173,194,961	-	-	-	-	3,173,194,961
Trade and other receivables	-	-	1,580,768,812	36,457,075	-	1,617,225,887
Financial assets at fair value - other comprehensive income	-	1,354,122,793	-	-	-	1,354,122,793
	<u>₩ 3,173,194,961</u>	<u>₩ 1,354,122,793</u>	<u>₩ 5,535,602,890</u>	<u>₩ 36,457,075</u>	<u>₩</u>	<u>10,099,377,719</u>

(\*1) Other financial assets represent include lease receivables which are not in the scope of financial instruments.

(\*2) Deposits amounting to ₩ 100,925 million are deposited in Shinhan Bank's trust and managed for the purpose of users on advance payments. (Note 31).

(\*3) Long and short-term financial instruments presented above include ₩ 13,760 million of deposits for cooperative growth program, ₩ 500 million of collateral pledged for restoration of leasehold improvements, ₩ 2,653 million of collateral pledged for affiliates' leasehold deposits and ₩ 57,200 million of deposits with restriction on use in order to provide borrowings to employees of the Group. In addition, ₩ 1,700 of collateral pledged to Shinhan bank for payment guarantees in relation to Naver Pay service and others, and ₩ 300 million of collateral pledged to Nonghyup bank for the credit line with Nonghyup Card are included as well (see Note 31).

	<b>Financial liabilities</b>				<b>Total</b>	
	<b>Financial liabilities at fair value - Profit or loss</b>	<b>Financial liabilities at amortized cost</b>	<b>Other financial liabilities (*1)</b>	<b>Total</b>		
Trade and other payables	₩	-	₩	980,248,803	₩ -	980,248,803
Financial liabilities at fair value - profit or loss	756,523,095	-	-	-	-	756,523,095
Borrowings	-	1,709,433,612	-	-	-	1,709,433,612
Debentures	-	1,704,518,277	-	-	-	1,704,518,277
Lease liabilities	-	-	782,630,282	-	-	782,630,282
Other current liabilities	-	1,598,753,214	-	-	-	1,598,753,214
	<u>₩ 756,523,095</u>	<u>₩ 5,992,953,906</u>	<u>₩ 782,630,282</u>	<u>₩</u>	<u>₩</u>	<u>7,532,107,283</u>

(\*1) Other financial liabilities include lease liabilities which are not in the scope of financial instruments.

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**6. Financial Instruments by Category (cont'd)**

B. Categorizations of financial assets and liabilities as of December 31, 2021 are as follows: (Korean won in thousands)

	<b>Financial assets</b>				<b>Total</b>
	<b>Financial assets at fair value - Profit or loss</b>	<b>Financial assets at fair value - Other comprehensive income</b>	<b>Financial assets at amortized cost</b>	<b>Other financial assets(*1)</b>	
Cash and cash equivalents (*2)	₩	-	₩	2,781,395,544	₩ 2,781,395,544
Long and short-term financial instruments (*3)		-	-	687,811,461	687,811,461
Financial assets at fair value - profit or loss	2,869,657,798	-	-	-	2,869,657,798
Trade and other receivables	-	-	1,494,031,452	7,016,432	1,501,047,884
Financial assets at fair value - other comprehensive income	-	2,123,487,491	-	-	2,123,487,491
	<u>₩ 2,869,657,798</u>	<u>₩ 2,123,487,491</u>	<u>₩ 4,963,238,457</u>	<u>₩ 7,016,432</u>	<u>₩ 9,963,400,178</u>

(\*1) Other financial assets represent lease receivables, which are not subject to financial instruments categorization.

(\*2) Deposits amounting to ₩ 91,496 million are deposited in Shinhan Bank's trust for the purpose of protecting users on advance payments.

(\*3) Long and short-term financial instruments presented above include ₩ 13,760 million of deposits for cooperative growth program, ₩ 500 million of collateral pledged for restoration of leasehold facilities and ₩ 37,200 million of deposits with restriction on use in order to provide borrowings to employees of the Group. In addition, ₩ 4,600 of collateral pledged to Shinhan bank for payment guarantees in relation to Naver Pay service and others, and ₩ 300 million of collateral pledged to Nonghyup bank for the credit line with Nonghyup Card are included as well.

	<b>Financial liabilities</b>		
	<b>Financial liabilities at fair value - Profit or loss</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
Trade and other payables	₩	-	₩ 709,450,242
Financial liabilities at fair value - profit or loss	508,994,105	-	508,994,105
Borrowings	-	2,013,335,844	2,013,335,844
Debentures	-	1,636,827,464	1,636,827,464
Other current liabilities	-	1,334,975,436	1,334,975,436
	<u>₩ 508,994,105</u>	<u>₩ 5,694,588,986</u>	<u>₩ 6,203,583,091</u>

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**6. Financial Instruments by Category (cont'd)**

C. Net gains or losses on each category of financial instruments for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
<b>Financial asset at fair value – profit or loss</b>		
Interest income	₩ 7,281,176 ₩	10,289,312
Foreign exchange loss	(3,312,656)	(59,974)
Gain (loss) on valuation	(117,977,461)	469,615,391
Gain on disposal	-	20,020,153
Gain (loss) on derivative trading	(4,309,500)	661,669
Dividend income	27,880,933	58,739,656
<b>Financial asset at fair value – other comprehensive income</b>		
Interest income	-	825,820
Dividend income	20,002,442	11,527,395
Foreign exchange gain	38,113	481,236
Reversal of impairment loss	-	102,108
Loss on valuation – other comprehensive income	(484,843,495)	(91,270,518)
Loss on disposal – profit or loss	-	(331,868)
Gain (loss) on disposal (adjustment for reclassification)	(45,127,814)	21,602,410
<b>Financial assets at amortized cost</b>		
Interest income	50,840,867	9,017,624
Impairment loss	(763,667)	(6,458,908)
Other impairment loss	(4,223,672)	(2,714,256)
Foreign exchange loss	(17,580,567)	(62,610,065)
<b>Financial liabilities at fair value – profit or loss</b>		
Loss on valuation	(133,041,052)	(97,069,620)
Foreign exchange loss	-	(37,132)
<b>Financial liabilities at amortized cost</b>		
Interest expense	(50,646,840)	(43,505,183)
Foreign exchange gain (loss)	(58,238,348)	40,244,201

(\*) Includes amount classified as discontinued operations amounting to ₩ 113 million profits in relation to net profit or losses on each category of financial instruments for the years ended December 31, 2021.

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**7. Financial Assets**

A. Financial Assets at Fair Value – Profit or Loss

(1) Details of financial assets measured at fair value through profit or loss for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Non-current</b>		
Compound financial instruments and equity securities	₩ 1,415,106,133	₩ 1,261,240,507
Beneficiary certificates and funds	1,011,370,224	1,146,176,850
Derivatives	<u>1,133,684</u>	<u>307,663</u>
	<u>2,427,610,041</u>	<u>2,407,725,020</u>
<b>Current</b>		
Compound financial instruments and equity securities	₩ 28,192,131	₩ 25,243,670
Beneficiary certificates and funds, and others	776,460	19,908,636
Debt securities	715,219,287	416,634,915
Derivatives	<u>1,397,042</u>	<u>145,557</u>
	<u>745,584,920</u>	<u>461,932,778</u>
	<u>₩ 3,173,194,961</u>	<u>₩ 2,869,657,798</u>

(2) In relation to financial assets measured at fair value through profit or loss amounts recognized in profit or loss for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Compound financial instruments and equity securities	₩ 27,778,348	₩ 186,311,996
Beneficiary certificates and funds	(151,900,615)	297,879,735
Debt securities	3,647,785	3,795,132
Derivatives	(2,231,994)	909,389
Others	<u>(2,893,141)</u>	<u>1,340,988</u>
	<u>₩ (125,599,617)</u>	<u>₩ 490,237,240</u>

(\*1) Includes amount classified as discontinued operations amounting to ₩ 1,828 million profits in relation to financial assets at fair value – profit or loss for the years ended December 31, 2021

(\*2) Above profit or loss does not include Interest and dividend income.

B. Financial Assets at Fair Value – Other Comprehensive Income

(1) Equity instruments at fair value – other comprehensive income comprises the following individual investments for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Listed equity securities	₩ 1,163,949,227	₩ 1,896,968,891
Unlisted equity securities	<u>190,173,566</u>	<u>226,518,600</u>
	<u>₩ 1,354,122,793</u>	<u>₩ 2,123,487,491</u>

Upon disposal of these equity instruments, any balance within the accumulated other comprehensive income for these equity instruments is reclassified to retained earnings and is not reclassified to profit or loss.

(2) There are no debt instruments at fair value – other comprehensive income from continuing operations as of December 31, 2022 and 2021.

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**7. Financial Assets (cont'd)**

C. Trade Receivables and Other Financial Assets at Amortized Cost

(1) Details of trade receivables and other receivables as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade receivables	₩ 529,577,096	₩ 423,682,585
Other receivables	982,323,135	903,653,377
Less: provision for impairment	<u>(14,644,021)</u>	<u>(13,917,079)</u>
	<u>₩ 1,497,256,210</u>	<u>₩ 1,313,418,883</u>

(2) Details of other financial assets at amortized cost as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Cash equivalents	₩2,724,168,322	₩ -	₩2,724,168,322	₩2,781,395,544	₩ -	₩2,781,395,544
Time deposits	1,216,552,804	14,260,000	1,230,812,804	673,648,409	14,260,000	687,908,409
Loans	21,553,803	6,832,201	28,386,004	126,751,627	560,000	127,311,627
Accrued income	13,008,306	-	13,008,306	1,317,907	-	1,317,907
Leasehold deposits	4,998,540	40,639,269	45,637,809	14,916,968	38,528,019	53,444,987
Other financial assets(*)	<u>5,772,589</u>	<u>30,684,486</u>	<u>36,457,075</u>	<u>4,717,234</u>	<u>2,299,198</u>	<u>7,016,432</u>
	3,986,054,364	92,415,956	4,078,470,320	3,602,747,689	55,647,217	3,658,394,906
Less: provision for impairment	<u>(2,261,140)</u>	<u>(1,405,425)</u>	<u>(3,666,565)</u>	<u>(1,554,622)</u>	<u>(4,278)</u>	<u>(1,558,900)</u>
	<u>₩3,983,793,224</u>	<u>₩ 91,010,531</u>	<u>₩4,074,803,755</u>	<u>₩3,601,193,067</u>	<u>₩ 55,642,939</u>	<u>₩3,656,836,006</u>

(\*) Other financial assets consist of lease receivables and long-term receivables.

(3) Impairment

See Note 4 for the impairment of trade receivables and other financial assets at amortized cost and the Group's exposure to credit risk.

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**8. Contract Assets and Liabilities**

A. Details of contract assets and liabilities as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Contents	₩ 3,479,606	₩ 4,127,156
	<u>₩ 3,479,606</u>	<u>₩ 4,127,156</u>
Customer loyalty programs	₩ 35,653,328	₩ 30,310,467
Contracts related to search platform service	145,856,637	136,535,793
Contracts related to commerce service	45,486,985	41,140,608
Contracts related to contents service	157,443,083	91,211,744
Contracts related to fin-tech service	<u>32,815,656</u>	<u>27,790,410</u>
	<u>₩ 417,255,689</u>	<u>₩ 326,989,022</u>

(\*) Contract assets are included in other assets. Contract liabilities are included in other liabilities (advances from customers, unearned revenues and withholdings).

B. Revenue recognized in relation to contract liabilities

Details of revenue recognized from the contract liabilities as of January 1 for the years ended December 31, 2022 and 2021 are as follows and No amount was recognized as revenue for the year ended December 31, 2022 in relation to performance obligations satisfied for the year ended December 31, 2021 (Korean won in thousands).

	<u>2022</u>	<u>2021</u>
Revenue recognized from the contract liabilities as of January 1 attributable to:	₩ 322,224,532	₩ 216,996,701
Customer loyalty programs	30,310,467	22,156,267
Search platform	136,535,793	107,601,934
Commerce	41,140,608	29,293,889
Contents	86,447,254	32,368,572
Fin-Tech	27,790,410	25,576,039

(\*) The contract liabilities are included in other liabilities (advances from customers, unearned revenues and withholdings).

C. Assets recognized from costs to fulfill a contract

In addition to the contract balances disclosed above, the Group recognized assets in relation to costs to fulfill contracts: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets recognized from costs to fulfill a contract as of December 31	₩ 42,361,610	₩ 17,425,790

The asset is amortized on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.



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**9. Inventories**

A. Details of inventories as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Merchandise	₩ 6,787,878	₩ 5,413,486
Less: Valuation loss	(857,908)	(669,264)
Finished goods	1,401,122	340,155
Less: Valuation loss	(75,710)	(99,173)
Raw materials and others	1,396,457	1,154,701
	<u>₩ 8,651,839</u>	<u>₩ 6,139,905</u>

B. Cost of inventories included in 'operating expenses' amounted to ₩ 87,131 million (2021: ₩ 40,255 million) and the Group recognized ₩ 122 million (2021: ₩ 37 million) of inventory valuation loss as 'operating expenses' for the year ended December 31, 2022.

**10. Other Assets**

Details of other assets as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Prepayment	₩ 89,334,639	₩ 76,043,165	₩ 43,848,600	₩ 40,738,299
Prepaid expenses	89,140,725	23,831,721	69,057,532	32,177,435
Prepaid value added tax	10,901,162	-	5,491,996	-
Others	4,663,237	1,845,521	5,898,123	-
	<u>₩ 194,039,763</u>	<u>₩ 101,720,407</u>	<u>₩ 124,296,251</u>	<u>₩ 72,915,734</u>

**11. Property and Equipment**

A. Details of property and equipment as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Acquisition cost</u>	<u>Accumulated depreciation(*)</u>	<u>Carrying amount</u>	<u>Acquisition cost</u>	<u>Accumulated depreciation(*)</u>	<u>Carrying amount</u>
Land	₩ 323,911,685	₩ -	₩ 323,911,685	₩ 310,636,455	₩ -	₩ 310,636,455
Buildings	1,100,813,973	(181,111,290)	919,702,683	529,244,561	(144,762,180)	384,482,381
Structures	139,206,311	(94,516,931)	44,689,380	113,972,506	(81,936,418)	32,036,088
Machinery	1,619,173,842	(1,077,006,447)	542,167,395	1,449,867,791	(876,051,656)	573,816,135
Vehicles	1,374,600	(978,106)	396,494	1,277,084	(858,119)	418,965
Equipment	291,317,129	(145,551,540)	145,765,589	182,003,102	(111,945,795)	70,057,307
Others	5,930,027	(4,946,006)	984,021	7,421,431	(6,190,428)	1,231,003
Construction in progress	480,202,993	-	480,202,993	738,583,325	-	738,583,325
	<u>₩ 3,961,930,560</u>	<u>₩ (1,504,110,320)</u>	<u>₩ 2,457,820,240</u>	<u>₩ 3,333,006,255</u>	<u>₩ (1,221,744,596)</u>	<u>₩ 2,111,261,659</u>

(\*) Accumulated impairment losses and government grants are included.

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**11. Property and Equipment (cont'd)**

B. Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follows:  
(Korean won in thousands)

	2022								Total
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction in progress	
Beginning balance, net	₩ 310,636,455	₩ 384,482,381	₩ 32,036,088	₩ 573,816,135	₩ 418,965	₩ 70,057,307	₩ 1,231,004	₩ 738,583,325	₩ 2,111,261,660
Acquisition/ capital expenditures	4,556,100	81,970,842	1,601,285	234,202,725	66,664	64,137,507	273,280	320,766,715	707,575,118
Increase due to business combination	-	522,430	-	1,442,969	39,062	1,157,818	612,959	8,771,124	12,546,362
Depreciation	-	(36,040,336)	(12,589,658)	(267,733,423)	(141,711)	(43,282,534)	(609,845)	-	(360,397,507)
Disposals/ Impairment(*1)	-	-	-	(773,480)	(29,239)	(7,534,458)	(442,223)	(1,631,214)	(10,410,614)
Reclassification	10,876,490	491,481,028	23,635,652	-	-	60,874,951	-	(586,868,121)	-
Others(*2)	(2,157,360)	(2,713,662)	6,013	1,212,469	42,753	354,998	(81,154)	581,164	(2,754,779)
Ending balance, net	₩ 323,911,685	₩ 919,702,683	₩ 44,689,380	₩ 542,167,395	₩ 396,494	₩ 145,765,589	₩ 984,021	₩ 480,202,993	₩ 2,457,820,240

(\*1) The amount from disposal of business is ₩ 81 million for the year ended December 31, 2022.

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

	2021								Total
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction in progress	
Beginning balance, net	₩ 310,047,520	₩ 365,234,264	₩ 42,506,283	₩ 506,137,379	₩ 117,920	₩ 62,333,646	₩ 1,696,984	₩ 396,489,345	₩ 1,684,563,341
Acquisition/ capital expenditures	986,102	8,443,890	54,682	337,476,689	416,886	32,847,738	1,074,989	367,050,523	748,351,499
Increase due to business combination	-	-	14,263	-	-	300,636	-	-	314,899
Depreciation	-	(16,963,940)	(10,538,248)	(271,470,869)	(118,979)	(30,062,636)	(818,619)	-	(329,973,291)
Disposals/ Impairment	-	-	-	(189,366)	-	(655,718)	(722,352)	(350,312)	(1,917,748)
Disposal of subsidiaries	-	-	-	-	-	(1,268)	-	-	(1,268)
Reclassification	265,608	28,378,448	-	-	-	5,341,389	-	(33,985,445)	-
Others(*)	(662,775)	(610,281)	(892)	1,862,302	3,138	(46,480)	2	9,379,214	9,924,227
Ending balance, net	₩ 310,636,455	₩ 384,482,381	₩ 32,036,088	₩ 573,816,135	₩ 418,965	₩ 70,057,307	₩ 1,231,004	₩ 738,583,325	₩ 2,111,261,659

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

C. For the year ended December 31, 2022, the Group has capitalized borrowing costs amounting to ₩ 8,601 million (2021: ₩ 8,722 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 1.61% (2021: 1.75%).

D. Depreciation expense is classified as 'operating expenses'.

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**12. Leases**

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Right-of-use assets(*1)</b>		
Properties	₩ 419,242,315	₩ 90,794,139
Vehicles	2,270,583	1,534,468
IDC buildings	99,009,919	77,010,870
Machinery	214,899,912	115,036,533
Leased internet line	3,287,276	6,086,933
	<u>₩ 738,710,005</u>	<u>₩ 290,462,943</u>
<b>Lease receivables</b>	<u>₩ 36,457,075</u>	<u>₩ 7,016,432</u>
<b>Lease liabilities(*2)</b>		
Current	₩ 193,376,317	₩ 105,615,990
Non-current	589,253,965	205,661,717
	<u>₩ 782,630,282</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 year ended December 31, 2022 were ₩ 614,644 million (2021 : ₩ 278,302 million).

B. Details of amounts recognized in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
<b>Depreciation of right-of-use assets</b>		
Properties	₩ 63,186,650	₩ 43,285,159
Vehicles	944,278	749,990
IDC buildings	30,100,441	29,802,010
Machinery	56,625,512	6,335,261
Leased internet line	7,379,115	2,117,681
	<u>₩ 158,235,996</u>	<u>₩ 82,290,101</u>
Interest expense relating to lease liabilities (included in 'finance costs')(*)	20,652,049	6,073,226
Expense relating to short-term leases and leases of low-value assets	3,481,992	7,197,294
Expense relating to variable lease payments not included in lease liabilities	14,805,651	5,886,496

(\*) There is a difference between interest expenses recognized with regard to the leases and interest expenses in the consolidated statement of comprehensive income due to capitalization of borrowing costs.

The total cash outflow for leases for the year ended December 31, 2022, is ₩ 196,839 million (2021: ₩ 109,524 million), and the total cash inflow for leases for the year ended December 31, 2022, is ₩ 7,978 million (2021: ₩ 3,999 million), respectively.

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**13. Intangible Assets**

A. Details of intangible assets as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated amortization(*)	Carrying amount	Acquisition cost	Accumulated amortization(*)	Carrying amount
Industrial rights	₩ 15,833,647	₩ (10,438,598)	₩ 5,395,049	₩ 10,840,756	₩ (9,110,209)	₩ 1,730,547
Brand	299,984,527	-	299,984,527	119,118,744	-	119,118,744
Software	151,620,518	(101,128,558)	50,491,960	125,570,437	(72,303,233)	53,267,204
Goodwill	947,733,200	-	947,733,200	621,323,134	-	621,323,134
Customer relationship	72,791,215	(8,307,724)	64,483,491	67,011,573	(2,832,538)	64,179,035
Others	198,901,425	(85,566,015)	113,335,410	134,244,063	(61,710,380)	72,533,683
	<u>₩ 1,686,864,532</u>	<u>₩ (205,440,895)</u>	<u>₩ 1,481,423,637</u>	<u>₩ 1,078,108,707</u>	<u>₩ (145,956,360)</u>	<u>₩ 932,152,347</u>

(\*) Accumulated impairment losses and government grants are included.

B. Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	2022						
	Industrial rights	Brand(*3)	Software	Goodwill	Customer relationship	Others	Total
Beginning balance, net	₩ 1,730,547	₩ 119,118,744	₩ 53,267,204	₩ 621,323,134	₩ 64,179,035	₩ 72,533,683	₩ 932,152,347
Acquisition/ capital expenditures	736,273	-	3,945,536	-	-	54,379,692	59,061,501
Increase due to business combination	90,257	183,870,158	6,961,509	296,150,905	1,155,815	9,984,589	498,213,233
Amortization	(1,342,886)	-	(16,379,278)	-	(5,361,061)	(19,191,840)	(42,275,065)
Disposals(*1)	(13,694)	-	(103,328)	-	-	(847,456)	(964,478)
Impairment	-	-	-	(7,843,132)	-	(4,501,527)	(12,344,659)
Others(*2)	4,194,552	(3,004,375)	2,800,317	38,102,293	4,509,702	978,269	47,580,758
Ending balance, net	<u>₩ 5,395,049</u>	<u>₩ 299,984,527</u>	<u>₩ 50,491,960</u>	<u>₩ 947,733,200</u>	<u>₩ 64,483,491</u>	<u>₩ 113,335,410</u>	<u>₩ 1,481,423,637</u>

(\*1) The amount from disposal of business is ₩ 14 million for the year ended December 31, 2022.

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

(\*3) Brands are intangible assets with indefinite useful lives, and there is no impairment loss recognized as a result of assessment with recoverable amounts for the year ended December 31, 2022.

	2021						
	Industrial rights	Brand(*3)	Software	Goodwill	Customer relationship	Others	Total
Beginning balance, net	₩ 1,880,077	₩ -	₩ 11,843,387	₩ 34,241,699	₩ -	₩ 57,171,024	₩ 105,136,187
Acquisition/ capital expenditures	459,012	-	9,424,939	-	-	29,359,180	39,243,131
Increase due to business combination	385,578	49,698,379	40,140,270	560,785,763	62,991,918	-	714,001,908
Amortization	(1,017,681)	-	(8,254,902)	-	(2,614,570)	(9,294,242)	(21,181,395)
Disposals(*1)	(13,012)	-	(95,668)	(2,347,716)	-	(575,779)	(3,032,175)
Impairment	-	-	-	(2,603,221)	-	(2,931,036)	(5,534,257)
Others(*2)	36,573	69,420,365	209,178	31,246,609	3,801,687	(1,195,464)	103,518,948
Ending balance, net	<u>₩ 1,730,547</u>	<u>₩ 119,118,744</u>	<u>₩ 53,267,204</u>	<u>₩ 621,323,134</u>	<u>₩ 64,179,035</u>	<u>₩ 72,533,683</u>	<u>₩ 932,152,347</u>

(\*1) Disposals of goodwill are related to liquidated entity for the year ended December 31, 2021.

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

(\*3) Brands are intangible assets with indefinite useful lives, and there is no impairment loss recognized as a result of assessment with recoverable amounts for the year ended December 31, 2021.

**13. Intangible Assets (cont'd)**

C. Amortization cost is classified as 'operating expenses'.

D. Total research and development costs recognized by the Group amount to ₩ 1,809,073 million (2021: ₩ 1,655,015 million), which are expensed as 'operating expenses'.

E. Goodwill is allocated for each cash-generating unit (CGU) or a group of cash-generating units by which goodwill is monitored by management.

Details of investees with goodwill as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wattpad Corporation	₩ 628,815,054	₩ 588,227,134
Namain Corp.	-	7,843,132
NAVER France SAS	20,877,802	20,740,903
MUNPIA INC.	139,359,857	-
eBOOK Initiative Japan Co., Ltd.	62,774,124	-
Others	95,906,363	4,511,965
	<u>₩ 947,733,200</u>	<u>₩ 621,323,134</u>

F. The recoverable amount of CGUs including goodwill have been determined based on value-in-use or fair value less cost of disposal calculations as of December 31, 2022 and 2021. The major assumptions used in the calculation of impairment test of goodwill are as follows: (in percentage)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Sales growth(*)	22.90	22.45
Perpetual growth rate	2.00	2.00
Discount rate	14.05	15.20

(\*)The average annual sales growth over the estimation period.

**G. Emission permits**

(1) The quantities of expected emission permits which are allocated free of charge for the 3rd planning period (2021~2025) are as follows: (in KAU)

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
76,726	68,467	68,467	67,825	67,825	349,310

(2) Changes in the allocated emission quantity and book amount for the years ended December 31, 2022 and 2021 are as follows: (in KAU, Korean won in thousands)

	<u>2022</u>		<u>2021</u>	
	<u>Quantity</u>	<u>Amount</u>	<u>Quantity</u>	<u>Amount</u>
Beginning balance	5,000	₩ 150,000	15,382	₩ 512,321
Allocation with nil consideration	76,726	-	63,350	-
Purchase	-	-	-	-
Surrendered to the government	(78,884)	(64,740)	(73,176)	(345,697)
Disposal	(955)	(28,650)	(556)	(16,624)
Ending balance	<u>1,887</u>	<u>₩ 56,610</u>	<u>5,000</u>	<u>₩ 150,000</u>

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**14. Investments in Associates and Joint Ventures**

A. Details of investments in associates and joint ventures of the Group as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	Primary business	Location	Closing month	December 31, 2022		December 31,
				Ownership (%)	Carrying amount	2021 Carrying amount
<b>Associates</b>						
A Holdings Corporation(*13)	Mobile service development	Japan	March	50.00	₩ 15,825,770,829	₩ 17,055,166,390
IPX Corporation(formerly, LINE friends corporation)(*13)	Character and doll wholesale and retail	Korea	March	30.00	53,568,620	71,593,000
LINE Conomi Corporation(*8)	Global restaurant review service	Japan	March	49.90	-	2,547,781
Netmania Co., Ltd.	Software development and distribution	Korea	December	27.17	1,069,427	1,024,479
SYNAP SOFT CORP.	Software development and distribution	Korea	December	26.41	7,977,089	6,760,669
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	2,893,929	3,366,324
Korea Contents Mutual Aid Association(*1)	Mutual Aid Association	Korea	December	53.41	9,602,510	9,486,620
Arointech inc	Software development and distribution	Korea	December	29.85	496,389	635,098
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	2,861,897	2,991,762
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	4,784,055	6,146,285
NAVER-BSK Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	7,449,744	11,651,697
N Space Co., Ltd.(*13)	Space service business	Korea	December	49.04	1,912,318	1,421,943
K-Fund I(*1)	Investment	France	December	74.81	314,407,579	358,740,139
Mirae Asset-NAVER New Growth Fund I	Investment	Korea	December	50.00	110,000,359	43,795,009
YG NAVER Contents & Lifestyle Fund(*1)(*13)	Investment	Korea	December	90.91	47,153,809	49,716,578
Digital Media Partners II, L.P.(*13)	Investment	Cayman Islands	December	26.88	2,491,566	2,514,313
Soran Media Venture Fund(*1)	Investment	Korea	December	66.67	658,741	708,971
Mirae Asset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	446,980,895	422,050,705
Mirae Asset-Naver Asia Growth Fund (*3)(*13)	Investment	Korea	December	16.67	76,599,964	113,919,783
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.(*13)	Investment	Singapore	December	40.00	312,256,950	460,866,589
Alliance Internet Corp.	Revenue support for internet business start-up	Korea	December	23.53	2,154,452	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	142,134	171,274
Artificial Intelligence Research Institute (*3)(*11)	AI technology investment	Korea	December	14.29	-	2,112,698
SMEJ Plus INC	Global fanship related investment	Japan	December	30.07	9,944,321	13,361,774
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	5,521,636	3,778,068
Carousell Pte Ltd(*3)(*13)	Platform Investment	Singapore	December	8.26	57,356,356	61,229,525
Do Ventures Fund I, I-A	Investment	Cayman Islands	December	22.34	9,832,731	5,453,206
Onestore Co., Ltd. (*13)	E-Commerce business	Korea	December	25.10	39,156,811	48,048,257
China Ventures Fund I, Limited Partnership(*1)(*13)	Investment	Canada	December	70.33	250,451,653	254,385,809
YN CULTURE & SPACE	Record production and planning	Korea	December	23.88	11,494,674	7,714,374
WEVERSE COMPANY Inc (*9)(*13)	Content production	Korea	December	44.55	282,807,558	219,182,017
Cafe24 Corp (*3)(*11)(*13)	Hosting and related service	Korea	December	14.81	30,217,790	116,245,149
K-Fund II	Investment	France	December	46.90	33,817,412	989,118
FUTURE INNOVATION PRIVATE EQUITY FUND III	Investment	Korea	December	25.38	47,894,586	45,652,076
CHINA VENTURES FUND II, L.P.(*1)	Investment	Cayman Islands	December	50.04	123,479,644	75,450,379
Paramark KB Fund I(*4)	Investment	Korea	December	16.77	-	1,972,000
ICART GROUP PTE. LTD.(*3)(*11)(*13)	Online daily necessities and fresh food platforms	Singapore	December	10.89	-	21,096,244
Mirae Asset Partnership Growth Fund I (*1)	Investment	Korea	December	90.00	3,661,310	-
Makma	Content distribution	France	December	22.00	770,745	754,336
LINE NEXT Inc.(*3)	Applied software development and distribution	U.S.A	December	13.84	2,521,275	-
AXIS Co.,LTD (*7)	Software development and distribution	Korea	December	23.65	-	-
Studio Horang Co., Ltd.	Webtoon production	Korea	December	41.50	418,339	529,524
The Grimm entertainment Co.,Ltd.	Webtoon production	Korea	December	34.98	1,676,219	1,768,038
Big Picture Comics Co., Ltd.	Webtoon production	Korea	December	35.00	1,636,978	1,523,761
Studio JHS Co., Ltd. (*5)	Webtoon production	Korea	December	100.00	-	1,148,699
JQ COMICS Co., Ltd.	Webtoon production	Korea	December	35.06	242,913	136,582
ZK Studio Co., Ltd.	Webtoon production	Korea	December	40.00	351,729	265,554
Su Comics Co., Ltd.	Webtoon production	Korea	December	40.00	338,945	345,384
Studio Mul Co., Ltd.	Content production	Korea	December	35.00	3,526,159	3,342,137

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A2Z Inc (*13)	Content distribution	Korea	December	26.67	45,157,899	39,962,338
Sam Studio Co., Ltd.	Content production	Korea	December	35.00	1,015,442	951,798
Only Won Entertainment Co., Ltd.	Content distribution	Korea	December	35.00	346,460	220,071
Studio hohoe Co.,Ltd.	Content distribution	Korea	December	33.02	687,555	738,091
GEULGGUN	Content distribution	Korea	December	22.22	258,114	170,815
Studio 389 Co., Ltd.	Content distribution	Korea	December	30.02	146,403	83,359
Yumistudio Co., Ltd.	Content distribution	Korea	December	35.00	2,058,896	1,660,472
J Peul Media Co., Ltd.	Content distribution	Korea	December	25.00	14,177,758	13,949,317
MUNPIA INC.(*5)	Web novel platform	Korea	December	61.12	-	60,736,765
Cinamon. Inc(*3)	Visual novel game development and service	Korea	December	19.97	227,459	1,348,953
Studio Paran Inc.	Publishing	Korea	December	35.06	686,119	-
BY4M Studio Co., Ltd. (*3)(*13)	Content distribution	Korea	December	1.63	3,085,437	-
A2Z-IP Fund(*11)	Investment	Korea	December	20.00	1,888,205	3,288,742
SHINE PARTNERS CO., LTD.(*3)	Webtoon production	Japan	December	5.00	808,954	848,514
Vi-Frost(*3)(*11)(*13)	Webtoon and web novel production	Korea	December	15.87	1,408,994	1,961,819
Studio Ppuri Co., Ltd.	Animation production and distribution	Korea	December	20.00	2,972,009	-
XTORM CO., LTD	Animation production and distribution	Korea	December	25.00	69,595	-
SGRSOFT Co., Ltd. (*3)	Software development	Korea	December	10.88	495,525	-
Cutting Edge Inc. (*11)	Advertising film and video production	Korea	December	39.98	-	-
eBOOK Initiative Japan Co., Ltd.(*5)	Japan ebook service	Japan	December	100.00	-	101,601,682
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,059,335	1,210,651
LaiQu Technology (ShenZhen) Company Limited(*10)	Software development and distribution	China	December	21.30	-	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	2,781,583	2,010,285
Pala Inc.	Software development and distribution	Korea	December	48.78	99,884	452,921
Seno Corporation	Content production	China	December	45.00	108,890	102,596
Sasom Company Limited	Platform investment	Thailand	December	30.00	2,370,546	741,884
SODA inc.	Sneakers trading platform operations	Japan	May	33.93	108,882,537	109,108,961
Gorilla NCORE Metaverse 1	Investment	Korea	December	37.68	21,144,446	22,017,790
VerseWork Co., Ltd.(*8)	Content distribution	Korea	December	46.25	-	745,482
ZEP Co.,Ltd.	Meta verse service development	Korea	December	26.68	719,349	400,000
Pinokio, Inc.	Game content development	Korea	December	33.33	1,396,540	-
Chicment Co., Ltd.	E-Commerce business	Korea	December	30.00	2,978,651	-
Quokka Industries Inc.	Software development	Korea	December	33.33	3,185,938	-
Murple, Inc.	AI solution development	Korea	December	29.99	1,821,388	-
TAIL Start-up Fund I	Investment	Korea	December	40.00	1,949,064	391,702
CravingCollector Inc.	Second-hand fashion trading platform	Korea	December	42.53	3,377,498	-
Contrau ventures fund no.1	Investment	Korea	December	24.69	1,992,704	-
TBT Global Growth Fund III	Investment	Korea	December	39.84	7,351,154	-
Purpleduck Corp.	Animation production and distribution	Korea	December	26.78	454,716	-
Studio 1991	Animation production and distribution	Korea	December	30.07	158,842	-
Studio Dragon Japan CO., LTD.	Content production	Japan	December	30.00	8,558,839	-
Toonimotion Corp(*4).	Animation production and distribution	Korea	December	19.97	-	-
Bidansoop(*4)	Publishing	Korea	December	19.90	-	-
STUDIO YELL Co.	Animation production and distribution	Korea	December	35.00	101,859	-
Goodus Data, Inc. (*3)	Cloud services	Korea	December	7.50	3,006,169	-
Shake Hands Sdn Bhd(*13)	Sneakers trading platform operations	Malaysia	December	22.47	2,150,556	-
STL 18th Private Equity Fund	Investment	Korea	December	22.20	20,000,000	-
YLAB Corporation(*3)	Content production	Korea	December	12.02	5,165,081	-
PT Karunia International Citra Kencana(*3)	Sneakers trading platform operations	Indonesia	December	19.73	1,916,321	-
Silicon Cube Co.,Ltd (*10)(*12)	Applied software development and distribution	Korea	December	41.89	-	-
Baecom Co., LTD.(*6)	Academy/education operation management and service	Korea	December	37.54	1,773,116	-
Havit Corporation	Mobile service development	Korea	December	28.57	2,857	2,857
					18,428,512,883	19,878,651,870
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*2)(*13)	Investment	Japan	December	90.00	90,745,402	191,172,090
Cineplay Co., Ltd	Online information service and online advertising	Korea	December	49.00	401,536	773,054
China Lab Co.,Ltd.	Database and online information service	Korea	December	49.00	901,951	746,262
Designpress Co., Ltd.(*13)	Online information service and internet contents business	Korea	December	49.00	1,118,154	1,033,196
DaNaA Data Co., Ltd.	Software development and distribution	Korea	December	49.00	5,031,444	4,998,958
Inter Biz Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	960,874	1,118,536
Artition Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	130,100	346,223
Agro Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	962,424	980,539
Sseom Lab Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,070,554	1,043,056
Tech Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,183,491	1,321,285
Animal and Human Story Inc.	Online information service and internet contents business	Korea	December	49.00	71,191	346,534
Law&Media Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	213,688	207,297
Yeopeul Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	2,340,312	2,365,331

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School Jaem Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	591,720	638,940
Baecom Co., LTD(*6)	Academy/education operation management and service	Korea	December	-	-	2,198,751
Studio TooN Corp	Animation production and distribution	Korea	December	49.00	4,880,643	-
jobsN CO., Ltd	Online information service	Korea	December	49.00	2,170,555	2,362,095
					<u>112,774,039</u>	<u>211,652,147</u>
					<u>₩ 18,541,286.922</u>	<u>₩ 20,090,304.017</u>

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

(\*2) Although the Group has more than 50% ownership in the investees. The Group has a joint control in accordance with the agreement and classifies them as an investment in joint venture.

(\*3) Although the Group has less than 20% ownership in the investees, the Group has significant influence over the entities by virtue of agreements and classified as associates.

(\*4) The investment in associates is reclassified to financial instrument due to the decrease in the portion of ownership for the year ended December 31, 2022.

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

(\*6) The investment in joint venture is reclassified to associate for the year ended December 31, 2022 due to the loss of joint control over the entity.

(\*7) 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.

(\*8) . 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 for the year ended December 31, 2022.

(\*9) For the year ended December 31, 2022, the Group acquired 15.09% ownership as a consideration for business transfer, but the Group's share of ownership decreased due to paid-in capital increase by allotment to third-parties.

(\*10) The Group recognized impairment loss before the previous period for the entities as carrying amounts exceeded their recoverable amounts.

(\*11) For the year ended December 31, 2022, the Group recognized impairment loss for the entities as carrying amounts exceeded their recoverable amounts.

(\*12) As the Group's plan to partially dispose interests in the entity has cancelled, interests in the entity are reclassified from financial instruments to investments in associates for the year ended December 31, 2022.

(\*13) Applied based on their consolidated financial statements. The related subsidiaries of the associates and joint ventures are as follows

<u>Subsidiaries of associates and joint ventures</u>	
A Holdings Corporation	Z Holdings Corporation
IPX Corporation(formerly, LINE friends corporation)	MARKT Co.,Ltd., LINE Friends Inc., LINE Friends Japan, LINE Friends(Shanghai) Commercial Trade Co., Ltd, LINE Friends Taiwan Limited
Carousell Pte Ltd	Carousell Trust Pte, Ltd., Revo Financial Pte, Ltd., Agensi Pekerjaan Mjobs Sdn Bhd, Carousell Limited, Carousell Ltd, Carousell Technology Ltd, Share Possible, Inc., Mint Square Pte Ltd, Carousell Technology Private Limited, 701Search Pte Ltd, OneShift Pte Ltd, One In Shoe Pte Ltd, Ox Luxe Pte Ltd, Refash Pte Ltd, Lyra SPV Pte Ltd, Orion SPV Pte Ltd
Digital Media Partners II, L.P.	Medical Departures Inc., STV Fund, LP
Onestore Co., Ltd.	ROKMEDIA, ONESTORE GLOBAL PTE.LTD.
WEVERSE COMPANY Inc	WEVERSE JAPAN, INC., WEVERSE AMERICA, INC.
Cafe24 Corp	Cafe24 Philippines INC., YANJI SIMPLEX Scientific Technology Co.Ltd., SSIC Co., Ltd., CAFE24 JAPAN INC., JC Apparel Corp, Fastbox Corp, FASTBOX JAPAN INC., PIMZ Corp, Feelway Corp, Luxury Loan Corp, CAFE24 VIETNAM COMPANY LIMITED, CAFE24 INC., Simplexi Hangzhou Co.Ltd., CAFE24 CHINA CO.,LTD., CAFE24 INDIA PRIVATE LIMITED, CAFE24 AMERICA INC, CAFE24 COMMERCE EUROPE GMBH
ICART GROUP PTE. LTD.	PT Icart Group Indonesia, Icart Malaysia, HappyFresh (Thailand), Icart Venture Philippines
China Ventures Fund I, Limited Partnership	China Ventures Fund I, PTE, LTD.
Mirae Asset-Naver Asia Growth Fund	Mirae Asset - Naver Asia Growth Investment Pte. Ltd.
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	LogisValley BacNinh Company Limited, LogisValley Vina Co., Ltd.
Mirai Fund Limited Liability Partnership	Mission Worldwide Group Limited
A2Z Inc.	Redeye Studio, Studio EEK Co., LTD, 3B2S Co., LTD, Reverse Corp, Studio Swing Bat Co., Ltd., NEMOZIUM E&M Co., Ltd, Red Seven Corporation
Vi-Frost	Breathe the Company Corporation
BY4M Studio Co., Ltd.	BY4M FNT Corp., Moving Pictures Company Co., Ltd, BY4M I&C, STUDIO GSTAR, Major Nine Co., Ltd, REVIVECONTENTS CO., LTD, BY4M H&B Co., LTD, UtopiaM Co., Ltd
Shake Hands Sdn Bhd	Sneakerlah Sdn Bhd
N Space Co., Ltd.	Indie Workers Inc.
Designpress Co., Ltd	DFleek Co., Ltd
YG NAVER Contents & Lifestyle Fund	GREEN WORKS
CHINA VENTURES FUND II, L.P.	China Ventures Fund II Pte. Ltd.



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

B. Details of valuation of investments in associates and joint ventures that are accounted for using the equity method for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	2022							Ending balance
	Valuation of equity method							
	Beginning balance	Acquisition/ Disposal/ refund of investment	Share of Profit or loss	Share of Other comprehensive income (loss)	Dividends	Impairment	Others	
<b>Associates</b>								
A Holdings Corporation	₩ 17,055,166,390	₩ -	₩ 272,255,674	₩ (1,010,608,651)	₩ (491,042,584)	₩ -	₩ -	₩ 15,825,770,829
IPX Corporation(formerly, LINE friends corporation)	71,593,000	-	(16,517,795)	(1,506,585)	-	-	-	53,568,620
LINE Conomi Corporation	2,547,781	-	(2,432,035)	(115,745)	-	-	-	-
Netmania Co., Ltd.	1,024,479	-	44,948	-	-	-	-	1,069,427
SYNAP SOFT CORP.	6,760,669	-	1,308,928	14,635	(107,142)	-	-	7,977,089
BonAngels Pacemaker Fund	3,366,324	-	633,883	393,722	(1,500,000)	-	-	2,893,929
Korea Contents Mutual Aid Association	9,486,620	82,000	27,105	-	-	-	6,785	9,602,510
Arointech Inc	635,098	-	(130,709)	-	(8,000)	-	-	496,389
NAVER KIP Cheer up! Gamers Fund	2,991,762	-	189,191	(319,057)	-	-	-	2,861,897
Future Creation NAVER-SB Startup Investment Fund	6,146,285	(381,702)	927,804	(832,652)	(1,075,680)	-	-	4,784,055
NAVER-BSK Youth Foundation No.5 Investment Fund	11,651,697	(1,144,021)	(235,613)	(2,822,320)	-	-	-	7,449,744
N Space Co., Ltd.	1,421,943	-	490,375	-	-	-	-	1,912,318
K-Fund I	358,740,139	(9,887,959)	(23,085,887)	2,930,201	(14,288,915)	-	-	314,407,579
Mirae Asset-NAVER New Growth Fund I	43,795,009	(717,000)	66,922,349	-	-	-	-	110,000,359
YG NAVER Contents & Lifestyle Fund	49,716,578	-	(517,506)	(2,045,262)	-	-	-	47,153,809
Digital Media Partners II, L.P.	2,514,313	-	(190,374)	167,627	-	-	-	2,491,566
Soran Media Venture Fund	708,971	-	(50,229)	-	-	-	-	658,741
Mirae Asset MAPS Private Placement Real Estate 62	422,050,705	-	33,301,860	-	(8,371,671)	-	-	446,980,895
Mirae Asset-Naver Asia Growth Fund	113,919,783	(20,755,381)	(23,732,422)	7,167,983	-	-	-	76,599,964
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	460,866,589	(85,851,699)	(86,829,957)	24,072,016	-	-	-	312,256,950
Alliance Internet Corp.	2,022,731	-	131,722	-	-	-	-	2,154,452
CONG TY CO PHAN RBW VIETNAM	161,156	-	-	-	-	-	-	161,156
DHP private equity fund 3	171,274	(39,102)	9,962	-	-	-	-	142,134
Artificial Intelligence Research Institute(*1)	2,112,698	-	(358,727)	-	-	(1,753,971)	-	-
SMEJ Plus INC	13,361,774	-	(789,369)	(2,628,085)	-	-	-	9,944,321
Smart Korea Naver-Stonebridge Rising Investment Association	3,778,068	2,000,000	(256,432)	-	-	-	-	5,521,636
Carousell Pte Ltd	61,229,525	-	(8,431,752)	4,558,583	-	-	-	57,356,356
Do Ventures Fund I, I-A	5,453,206	2,625,800	1,142,445	377,078	-	-	234,202	9,832,731
Onestore Co., Ltd.	48,048,257	-	(9,145,476)	247,907	-	-	6,123	39,156,811
China Ventures Fund I, Limited Partnership	254,385,809	5,273,101	(27,249,464)	18,042,207	-	-	-	250,451,653
YN CULTURE & SPACE	7,714,374	3,923,080	(122,280)	(20,500)	-	-	-	11,494,674
WEVERSE COMPANY INC.	219,182,017	199,999,533	(60,558,790)	(83,401,908)	-	-	7,586,705	282,807,558
Cafe24 Corp.(*1)	116,245,149	-	(4,050,882)	(213,911)	-	(81,763,020)	454	30,217,790
K-Fund II	989,118	34,298,334	(2,347,382)	18,845	-	-	858,497	33,817,412
FUTURE INNOVATION PRIVATE EQUITY FUND III	45,652,076	-	(2,857,559)	5,100,069	-	-	-	47,894,586
CHINA VENTURES FUND II, L.P.	75,450,379	29,754,834	12,131,149	6,143,282	-	-	-	123,479,644
Paramark KB Fund I(*2)	1,972,000	9,622,133	(509,143)	-	-	-	(11,084,990)	-
ICART GROUP PTE. LTD.(*1)	21,096,244	-	(3,146,090)	1,825,350	-	(19,775,505)	-	-
Mirae Asset Partnership Growth Fund I	-	4,500,000	(838,690)	-	-	-	-	3,661,310
Makma	754,336	-	71,116	3,955	(58,662)	-	-	770,745
LINE NEXT Inc.	-	6,181,209	(3,456,753)	(203,180)	-	-	-	2,521,275
AXIS Co.,LTD	-	-	-	-	-	-	-	-
Studio Horang Co., Ltd.	529,524	-	(111,184)	-	-	-	-	418,339
The Grimm entertainment Co.,Ltd.	1,768,038	-	(91,819)	-	-	-	-	1,676,219
Big Picture Comics Co., Ltd.	1,523,761	-	113,217	-	-	-	-	1,636,978
Studio JHS Co., Ltd. (*3)	1,148,699	-	216,714	-	-	-	(1,365,413)	-
JQ COMICS Co., Ltd.	136,582	-	106,330	-	-	-	-	242,913
ZK Studio Co., Ltd.	265,554	-	86,175	-	-	-	-	351,729
Su Comics Co., Ltd.	345,384	-	(6,439)	-	-	-	-	338,945
Studio Mul Co., Ltd.	3,342,137	-	184,021	-	-	-	-	3,526,159
A2Z Inc.	39,962,338	-	3,158,801	2,036,760	-	-	-	45,157,899
Sam Studio Co., Ltd.	951,798	-	63,644	-	-	-	-	1,015,442
Only Won Entertainment Co., Ltd.	220,071	-	126,389	-	-	-	-	346,460
Studio hohoe Co.,Ltd.	738,091	-	(50,536)	-	-	-	-	687,555
GEULGGUN	170,815	-	(112,508)	-	-	-	199,807	258,114
Studio 389 Co., Ltd.	83,359	-	63,045	-	-	-	-	146,403
Yumistudio Co., Ltd.	1,660,472	-	398,424	-	-	-	-	2,058,896
J Peul Media Co., Ltd.	13,949,317	-	228,441	-	-	-	-	14,177,758
MUNPIA INC.(*3)	60,736,765	-	-	(70,397)	-	-	(60,666,368)	-
Cinamon. Inc	1,348,953	-	(1,151,765)	10,998	-	-	19,273	227,459
Studio Paran Inc.	-	700,000	(13,881)	-	-	-	-	686,119
BY4M Studio Co., Ltd.	-	2,999,672	(16,545)	(3,811)	-	-	106,121	3,085,437
A2Z-IP Fund (*1)	3,288,742	-	(56,066)	-	-	(1,344,471)	-	1,888,205

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SHINE PARTNERS CO., LTD.	848,514	-	15,176	(54,737)	-	-	-	808,954
Vi-Frost (*1)	1,961,819	-	137,803	-	-	(690,628)	-	1,408,994
Studio Ppuri Co., Ltd.	-	2,750,000	222,009	-	-	-	-	2,972,009
XTORM CO., LTD	-	150,000	(106,629)	-	-	-	26,224	69,595
SGRSOFT Co., Ltd.	-	499,960	(4,435)	-	-	-	-	495,525
Cutting Edge Inc.	-	279,621	-	-	-	-	(279,621)	-
eBOOK Initiative Japan Co., Ltd.(*3)	101,601,682	-	-	-	-	-	(101,601,682)	-
Fast Cowell Private Equity Fund	1,210,651	(659,283)	556,750	-	(48,783)	-	-	1,059,335
LaiQu Technology (ShenZhen) Company Limited	-	-	-	-	-	-	-	-
Famous Studio Corp.	2,010,285	-	771,297	-	-	-	-	2,781,583
Pala Inc	452,921	2,682,928	(2,996,306)	-	-	-	(39,659)	99,884
Seno Corporation	102,596	-	(765)	7,059	-	-	-	108,890
Sasom Company Limited	741,884	2,578,426	(899,273)	(50,491)	-	-	-	2,370,546
SODA inc.	109,108,961	-	(2,522,068)	(2,311,318)	-	-	4,606,962	108,882,537
Gorilla NCORE Metaverse 1	22,017,790	-	(880,142)	-	-	-	6,798	21,144,446
VerseWork Co., Ltd.	745,482	300,000	(1,045,482)	-	-	-	-	-
ZEP Co.,Ltd.	400,000	934,000	(921,515)	-	-	-	306,865	719,349
Pinokio, Inc.	-	4,000,000	(2,603,460)	-	-	-	-	1,396,540
Chicment Co., Ltd.	-	3,000,000	(21,349)	-	-	-	-	2,978,651
Quokka Industries Inc.	-	4,000,000	(814,062)	-	-	-	-	3,185,938
Murple, Inc.	-	1,799,000	22,388	-	-	-	-	1,821,388
TAIL Start-up Fund I	391,702	1,600,000	(42,638)	-	-	-	-	1,949,064
CravingCollector Inc.	-	5,599,984	(2,222,486)	-	-	-	-	3,377,498
Contrau ventures fund no.1	-	2,000,000	(7,296)	-	-	-	-	1,992,704
TBT Global Growth Fund III	-	7,500,000	(154,930)	-	(9,637)	-	15,721	7,351,154
Purpleduck Corp.	-	473,846	(19,130)	-	-	-	-	454,716
Studio 1991	-	149,984	8,858	-	-	-	-	158,842
Studio Dragon Japan CO., LTD.	-	8,734,770	(19,974)	(155,956)	-	-	-	8,558,839
Toonimotion Corp (*2)	-	281,000	-	-	-	-	(281,000)	-
Bidansoop (*2)	-	100,004	-	-	-	-	(100,004)	-
STUDIO YELL Co.	-	107,700	(5,841)	-	-	-	-	101,859
Goodus Data, Inc	-	2,999,952	6,217	-	-	-	-	3,006,169
Shake Hands Sdn Bhd	-	2,216,898	(9,150)	(57,192)	-	-	-	2,150,556
STL 18th Private Equity Fund	-	20,000,000	-	-	-	-	-	20,000,000
YLAB Corporation	-	5,120,404	(52,584)	-	-	-	97,261	5,165,081
PT Karunia International Citra Kencana	-	1,962,744	-	(46,422)	-	-	-	1,916,321
Silicon Cube Co.,Ltd	-	-	-	-	-	-	-	-
Baecom Co., LTD (*4)	-	-	(653,117)	-	-	-	2,426,233	1,773,116
Havit Corporation	2,857	-	-	-	-	-	-	2,857
<b>Joint ventures</b>	<b>19,878,651,870</b>	<b>264,344,769</b>	<b>100,619,519</b>	<b>(1,034,349,901)</b>	<b>(516,511,074)</b>	<b>(105,327,595)</b>	<b>(158,914,705)</b>	<b>18,428,512,883</b>
Mirai Fund Limited Liability Partnership	191,172,090	-	(1,993,324)	(98,433,364)	-	-	-	90,745,402
Cineplay Co., Ltd	773,054	-	(371,518)	-	-	-	-	401,536
China Lab Co.,Ltd.	746,262	-	155,689	-	-	-	-	901,951
Designpress Co., Ltd.	1,033,196	-	84,958	-	-	-	-	1,118,154
DaNaA Data Co., Ltd.	4,998,958	-	32,487	-	-	-	-	5,031,444
Inter Biz Co., Ltd.	1,118,536	-	(157,662)	-	-	-	-	960,874
Artition Co., Ltd.	346,223	-	(216,123)	-	-	-	-	130,100
Agro Plus Co., Ltd.	980,539	-	(18,114)	-	-	-	-	962,424
Sseom Lab Co., Ltd.	1,043,056	-	27,498	-	-	-	-	1,070,554
Tech Plus Co., Ltd.	1,321,285	-	(137,794)	-	-	-	-	1,183,491
Animal and Human Story Inc.	346,534	-	(275,343)	-	-	-	-	71,191
Law&Media Co., Ltd.	207,297	-	6,391	-	-	-	-	213,688
Yeopeul Co., Ltd.	2,365,331	-	(25,018)	-	-	-	-	2,340,312
School Jaem Co., Ltd.	638,940	-	(47,221)	-	-	-	-	591,720
Baecom Co., LTD.(*4)	2,198,751	-	(614,375)	-	-	-	(1,584,377)	-
Studio TooN Corp	-	4,998,000	(117,357)	-	-	-	-	4,880,643
jobsN CO., Ltd	2,362,095	-	(191,540)	-	-	-	-	2,170,554
	<u>211,652,147</u>	<u>4,998,000</u>	<u>(3,858,366)</u>	<u>(98,433,364)</u>	<u>-</u>	<u>-</u>	<u>(1,584,377)</u>	<u>112,774,039</u>
	<u>₩ 20,090,304,017</u>	<u>₩ 269,342,769</u>	<u>₩ 96,761,153</u>	<u>₩ (1,132,783,265)</u>	<u>₩ (516,511,074)</u>	<u>₩ (105,327,595)</u>	<u>₩ (160,499,082)</u>	<u>₩ 18,541,286,922</u>

(\*1) An impairment loss is recognized as the carrying amount exceeded the recoverable amount due to continuous operating loss and others during the year. The recoverable amount is measured on the value in use or the fair value less the costs of disposal which were estimated using an income approach. An assumed discount rate used is 14.26% and perpetual growth rate used is 1.0%.

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

(\*3) The investment in associates is reclassified to subsidiary due to additional acquisition of ownership for the year ended December 31, 2022.

(\*4) The investment in joint venture is reclassified to associate for the year ended December 31, 2022 due to the loss of joint control over the entity.

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

	2021							Ending balance
	Valuation of equity method							
	Beginning balance	Acquisition/ Disposal/ refund of investment	Share of Profit or loss	Share of Other comprehensive income (loss)	Dividends	Impairment	Others	
<b>Associates</b>								
A Holdings Corporation	₩	₩ 17,282,498,427	₩ 34,929,328	₩ (166,187,734)	₩ (96,073,631)	₩	₩	₩ 17,055,166,390
IPX Corporation(formerly, LINE friends corporation(*1))	-	85,000,048	(2,222,522)	288,190	-	(11,472,716)	-	71,593,000
LINE Conomi Corporation	-	5,856,115	(3,269,068)	(39,266)	-	-	-	2,547,781
Netmania Co., Ltd.	995,211	-	29,268	-	-	-	-	1,024,479
SYNAP SOFT CORP.	5,799,825	-	963,977	(1,166)	-	-	(1,967)	6,760,669
BonAngels Pacemaker Fund	3,123,103	(3,000,000)	3,243,221	-	-	-	-	3,366,324
Korea Contents Mutual Aid Association	9,361,132	-	96,264	-	-	-	29,224	9,486,620
Arointech inc	756,726	-	(99,628)	-	(22,000)	-	-	635,098
NAVER KIP Cheer up! Gamers Fund	2,077,009	(1,185,000)	8,621,731	2,028,718	(8,550,696)	-	-	2,991,762
Future Creation NAVER-SB Startup Investment Fund	9,544,595	(851,850)	(381,894)	(2,478,792)	314,226	-	-	6,146,285
NAVER-BSK Youth Foundation No.5 Investment Fund	6,580,164	(2,158,361)	2,887,685	5,443,141	(1,100,932)	-	-	11,651,697
N Space Co., Ltd.	1,060,944	-	360,999	-	-	-	-	1,421,943
K-Fund I	172,921,916	24,331,507	162,086,350	(599,634)	-	-	-	358,740,139
Mirae Asset-NAVER New Growth Fund I	44,130,666	-	(335,657)	-	-	-	-	43,795,009
YG NAVER Contents & Lifestyle Fund	48,348,016	-	1,365,457	3,105	-	-	-	49,716,578
Digital Media Partners II, L.P.	2,249,591	(49,734)	(22,598)	212,089	-	-	124,965	2,514,313
Soran Media Venture Fund	818,947	(252,827)	142,851	-	-	-	-	708,971
Mirae Asset MAPS Private Placement Real Estate 62	208,270,709	-	359,266,024	-	(145,486,028)	-	-	422,050,705
Mirae Asset-Naver Asia Growth Fund	59,177,234	25,134,506	22,511,301	7,096,742	-	-	-	113,919,783
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	240,051,940	101,236,064	96,120,482	23,458,103	-	-	-	460,866,589
Alliance Internet Corp.	1,148,343	-	874,388	-	-	-	-	2,022,731
CONG TY CO PHAN RBW VIETNAM	328,609	-	(170,131)	2,678	-	-	-	161,156
DHP private equity fund 3	171,603	-	(329)	-	-	-	-	171,274
Artificial Intelligence Research Institute	2,615,481	-	(502,783)	-	-	-	-	2,112,698
SMEJ Plus INC(*1)	36,838,066	-	(774,640)	(1,195,124)	-	(21,506,528)	-	13,361,774
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	3,905,332	(1,200,000)	7,899,947	-	(10,364,499)	-	(240,780)	-
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	2,000,000	(221,932)	-	-	-	-	3,778,068
Carouseil Pte Ltd	66,408,113	-	(10,739,025)	5,560,437	-	-	-	61,229,525
Do Ventures Fund I, I-A	5,026,657	-	102,436	425,936	-	-	(101,823)	5,453,206
Onestore Co., Ltd.	41,840,201	-	(1,826,145)	(69,535)	-	-	8,103,736	48,048,257
China Ventures Fund I, Limited Partnership	195,108,242	(44,267,584)	77,353,062	26,192,089	-	-	-	254,385,809
YN CULTURE & SPACE	1,873,943	5,871,205	(67,575)	(42,054)	-	-	78,855	7,714,374
WEVERSE COMPANY Inc.	-	211,884,516	2,802,165	4,495,336	-	-	-	219,182,017
Cafe24 Corp.	-	116,603,359	(776,970)	57,467	-	-	361,293	116,245,149
K-Fund II	-	2,174,976	(952,755)	(233,103)	-	-	-	989,118
FUTURE INNOVATION PRIVATE EQUITY FUND III	-	45,831,000	-	-	(178,924)	-	-	45,652,076
CHINA VENTURES FUND II, L.P.	-	75,450,379	-	-	-	-	-	75,450,379
Paramark KB Fund I	-	1,972,000	-	-	-	-	-	1,972,000
ICART GROUP PTE. LTD.	-	21,946,677	(859,720)	9,287	-	-	-	21,096,244
Makma	-	750,660	16,051	(12,375)	-	-	-	754,336
Drama & Company	-	(10,611,532)	(1,553,656)	(14,104)	-	-	12,179,292	-
AXIS Co.,LTD	-	-	-	-	-	-	-	-
Studio Horang Co., Ltd. (*1)	420,153	1,000,000	(108,943)	-	-	(781,686)	-	529,524
The Grimm entertainment Co.,Ltd.	1,697,935	-	70,103	-	-	-	-	1,768,038
Big Picture Comics Co., Ltd.	1,358,322	-	165,439	-	-	-	-	1,523,761
Studio JHS Co., Ltd.	491,363	-	657,336	-	-	-	-	1,148,699
JQ COMICS Co., Ltd.	205,450	-	(68,868)	-	-	-	-	136,582
ZK Studio Co., Ltd. (*1)	364,841	-	(17,557)	-	-	(81,730)	-	265,554
Su Comics Co., Ltd.	379,585	-	(10,277)	-	-	(23,924)	-	345,384
Studio Mul Co., Ltd.	2,956,470	-	385,667	-	-	-	-	3,342,137
A2Z Inc.	-	40,000,000	(37,662)	-	-	-	-	39,962,338
Sam Studio Co., Ltd.	-	700,033	251,765	-	-	-	-	951,798
Only Won Entertainment Co., Ltd.	-	250,012	(29,941)	-	-	-	-	220,071
Studio hohoe Co.,Ltd.	-	400,000	338,091	-	-	-	-	738,091
GEULGGUN	-	200,000	(29,185)	-	-	-	-	170,815
Studio 389 Co., Ltd.	-	100,000	(16,641)	-	-	-	-	83,359
Yumistudio Co., Ltd.	-	1,000,005	660,467	-	-	-	-	1,660,472
J Peul Media Co., Ltd.	-	13,805,000	144,317	-	-	-	-	13,949,317
MUNPIA INC.	-	60,518,848	147,520	70,397	-	-	-	60,736,765
Cinamon Games	723,446	(88,219)	(635,227)	-	-	-	-	-
Cinamon. Inc(*1)	-	1,761,554	(311,143)	-	-	(226,690)	125,232	1,348,953
A2Z-IP Fund	-	3,300,000	(11,258)	-	-	-	-	3,288,742
SHINE PARTNERS CO., LTD.	-	848,514	-	-	-	-	-	848,514
Vi-Frost	-	1,999,620	(37,801)	-	-	-	-	1,961,819
eBOOK Initiative Japan Co., Ltd.	-	101,601,682	-	-	-	-	-	101,601,682

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Fast Cowell Private Equity Fund	1,243,933	(31,433)	(1,849)	-	-	-	-	1,210,651
LaiQu Technology (ShenZhen) Company Limited(*1)	536,497	-	(291,668)	26,239	-	(477,239)	206,171	-
Famous Studio Corp.	602,585	-	1,407,700	-	-	-	-	2,010,285
Pala Inc	2,430	487,805	(37,314)	-	-	-	-	452,921
Seno Corporation	-	97,038	(23)	5,581	-	-	-	102,596
Sasom Company Limited	-	1,012,861	(256,976)	(14,001)	-	-	-	741,884
SODA inc.(*2)	-	89,973,169	19,318,241	(182,449)	-	-	-	109,108,961
Gorilla NCORE Metaverse 1	-	22,050,000	(32,210)	-	-	-	-	22,017,790
VerseWork Co., Ltd.	-	799,992	(54,510)	-	-	-	-	745,482
ZEP Co.,Ltd.	-	400,000	-	-	-	-	-	400,000
TAIL Start-up Fund I	-	400,000	(8,298)	-	-	-	-	391,702
Silicon Cube Co.,Ltd	-	-	-	-	-	-	-	-
Havit Corporation	2,857	-	-	-	-	-	-	2,857
	<u>1,183,518,185</u>	<u>18,287,551,032</u>	<u>778,445,254</u>	<u>(95,693,802)</u>	<u>(261,462,484)</u>	<u>(34,570,513)</u>	<u>20,864,198</u>	<u>19,878,651,870</u>
<b>Joint ventures</b>								
Mirai Fund Limited Liability Partnership	-	573,687,781	(235,854,326)	(146,661,365)	-	-	-	191,172,090
Cineplay Co., Ltd	656,154	-	116,900	-	-	-	-	773,054
China Lab Co.,Ltd.	558,452	-	187,810	-	-	-	-	746,262
Designpress Co., Ltd.	896,395	-	136,801	-	-	-	-	1,033,196
DaNaA Data Co., Ltd.	4,961,445	-	37,513	-	-	-	-	4,998,958
Inter Biz Co., Ltd.	829,410	-	289,126	-	-	-	-	1,118,536
Artition Co., Ltd.	279,564	-	66,659	-	-	-	-	346,223
Agro Plus Co., Ltd.	704,929	-	275,610	-	-	-	-	980,539
Sseom Lab Co., Ltd.	804,861	-	238,195	-	-	-	-	1,043,056
Tech Plus Co., Ltd.	983,593	-	337,692	-	-	-	-	1,321,285
Animal and Human Story Inc.	368,339	-	(21,805)	-	-	-	-	346,534
Law&Media Co., Ltd.	201,055	-	6,242	-	-	-	-	207,297
Yeopeul Co., Ltd.	2,033,387	-	331,944	-	-	-	-	2,365,331
School Jaem Co., Ltd.	501,444	-	137,496	-	-	-	-	638,940
Baecomm Co., LTD.	-	2,499,995	(263,580)	(37,664)	-	-	-	2,198,751
jobsN CO., Ltd	2,128,476	-	233,619	-	-	-	-	2,362,095
	<u>15,907,504</u>	<u>576,187,776</u>	<u>(233,744,104)</u>	<u>(146,699,029)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,652,147</u>
	<u>₩ 1,199,425,689</u>	<u>₩ 18,863,738,808</u>	<u>₩ 544,701,150</u>	<u>₩ (242,392,831)</u>	<u>₩ (261,462,484)</u>	<u>₩ (34,570,513)</u>	<u>₩ 20,864,198</u>	<u>₩ 20,090,304,017</u>

(\*1) An impairment loss is recognized as the carrying amount exceeded the recoverable amount due to continuous operating loss and others during the year. The recoverable amount is measured on the value in use or the fair value less the costs of disposal which were estimated using an income approach. An assumed discount rate used is 15.5% and perpetual growth rate used is 1.0%.

(\*2) Portion of shares owned by the Group was measured at fair value and classified as financial assets at fair value through profit or loss. The assessed amount is ₩ 78,044 million as of December 31, 2021 and gain on valuation recognized for the year ended December 31, 2021 amount to ₩ 24,380 million.

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

C. Summarized financial information for those associates and joint ventures that are material to the Group and received dividends from the associates and joint ventures as of December 31, 2022 and 2021 for the years ended December 31, 2022 and 2021 is as follow: (Korean won in thousands)

	<b>December 31, 2022</b>					
	<b>Summarized financial position</b>					
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>	
<b>Associates</b>						
A Holdings Corporation(*)	₩ 31,714,988,171	₩ 53,177,953,202	₩ 37,200,423,592	₩ 14,073,059,105	₩ 24,516,911,088	
MiraeAsset MAPS Private Placement Real Estate 62	58,844,074	1,772,932,535	21,413,238	824,132,660	986,230,711	
K-Fund I	74,537,386	345,835,423	114,678	-	420,258,131	
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	42,582,422	763,615,122	8,257,689	19,581,706	779,193,587	
WEVERSE COMPANY Inc (*)	265,628,967	318,195,927	201,648,538	9,724,675	365,693,049	
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*)	14,340,445	168,536,113	3,787,554	5,773,864	170,251,917	
DANAA Data	10,243,512	31,273	1,845	4,687	10,268,254	
<b>2022</b>						
	<b>Revenue</b>	<b>Operating income</b>	<b>Net income</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income (loss)</b>	<b>Dividend received</b>
<b>Associates</b>						
A Holdings Corporation(*)	₩ 16,186,194,411	₩ 2,309,607,509	₩ 1,336,559,841	₩ (30,509,496)	₩ 1,306,050,345	₩ 491,042,584
MiraeAsset MAPS Private Placement Real Estate 62	94,299,332	72,256,385	72,256,385	-	72,256,385	8,371,671
K-Fund I	5,168,432	(1,104,179)	(1,104,179)	-	(1,104,179)	14,288,915
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	4,788,530	(230,917,803)	(231,547,627)	-	(231,547,627)	-
WEVERSE COMPANY Inc (*)	327,436,664	(2,588,036)	61,865,544	(16,109,435)	45,756,109	-
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*)	11,467,997	(5,417,023)	(3,798,481)	-	(3,798,481)	-
DANAA Data	-	(121,852)	66,499	-	66,499	-

(\*) Based on the consolidated financial statements and equity and profit for the year only includes profit attributable to the controlling shareholders.

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

<b>December 31, 2021</b>						
<b>Summarized financial position</b>						
	<b>Current assets</b>	<b>Non-current assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Equity</b>	
<b>Associates</b>						
China Ventures Fund I, Limited Partnership(*)	₩ 8,956,453	₩ 353,164,007	₩ 423,224	₩ -	₩ 361,697,236	
K-Fund I	5,678,637	473,947,494	110,145	-	479,515,986	
MiraeAsset MAPS Private Placement Real Estate 62	30,226,222	1,727,835,677	11,957,006	815,176,514	930,928,379	
Mirae Asset - Naver Asia Growth Investment Pte. Ltd. (*)	205,736,094	976,829,240	4,878,583	27,246,682	1,150,717,686	
A Holdings Corporation(*)	24,808,499,085	53,494,625,169	28,752,484,811	15,153,613,819	26,311,526,659	
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*)	19,228,303	178,535,712	3,259,587	6,765,204	183,605,710	
DANAA Data	10,173,433	31,973	3,452	-	10,201,955	

<b>2021</b>						
	<b>Revenue</b>	<b>Operating income</b>	<b>Net income</b>	<b>Other comprehensive income</b>	<b>Total comprehensive income (loss)</b>	<b>Dividend received</b>
<b>Associates</b>						
China Ventures Fund I, Limited Partnership(*)	₩ 1,144	₩ (9,103,064)	₩ 104,925,448	₩ -	₩ 104,925,448	₩ 113,028,413
K-Fund I	-	(21,103)	(5,773,982)	-	(5,773,982)	307,033
MiraeAsset MAPS Private Placement Real Estate 62	801,565,820	792,385,305	792,385,305	-	792,385,305	145,486,028
Mirae Asset - Naver Asia Growth Investment Pte. Ltd. (*)	215,599,303	209,412,484	209,149,410	-	209,149,410	-
A Holdings Corporation(*)	13,518,180,762	1,504,936,365	69,858,650	165,450,406	235,309,056	96,073,631
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*)	10,641,389	(5,224,234)	(2,138,643)	-	(2,138,643)	-
DANAA Data	-	(8,749)	76,557	-	76,557	-

(\*) Based on the consolidated financial statements and equity and profit for the year only includes profit attributable to the controlling shareholders.

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

D. Details of adjustments from financial information of associates and joint ventures to the book amount of investments in associates and joint ventures as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>December 31, 2022</b>					<b>Carrying amount</b>
	<b>Net asset(a)</b>	<b>Group's Ownership(%) (b)</b>	<b>Group's share of net asset(a*b)</b>	<b>Goodwill</b>	<b>Others(*1)</b>	
<b>Associates</b>						
A Holdings Corporation(*1)(*3) IPX	₩ 24,516,911,088	50.00	₩ 12,258,455,544	₩ 3,567,315,285	₩ -	₩ 15,825,770,829
Corporation(formerly, LINE friends corporation)(*1)	42,350,526	30.00	12,705,158	52,336,178	(11,472,716)	53,568,620
LINE Conomi Corporation	(9,433,252)	49.90	(4,707,193)	4,707,193	-	-
Netmania Co., Ltd.	3,935,476	27.17	1,069,427	-	-	1,069,427
SYNAP SOFT CORP.	28,303,419	26.41	7,475,601	501,488	-	7,977,089
BonAngels Pacemaker Fund	12,605,400	22.73	2,864,864	29,066	-	2,893,929
Korea Contents Mutual Aid Association	16,866,365	53.41	9,008,142	594,369	-	9,602,510
Arointech inc	1,414,244	29.85	422,162	74,227	-	496,389
NAVER KIP Cheer up! Gamers Fund	5,723,794	50.00	2,861,897	-	-	2,861,897
Future Creation NAVER-SB Startup Investment Fund	12,317,670	37.04	4,562,100	221,955	-	4,784,055
NAVER-BSK Youth Foundation No.5 Investment Fund	14,899,488	50.00	7,449,744	-	-	7,449,744
N Space Co., Ltd. K-Fund I	2,500,255	49.04	1,226,240	1,082,057	(395,978)	1,912,318
Mirae Asset-NAVER New Growth Fund I	420,258,131	74.81	314,407,579	-	-	314,407,579
YG NAVER Contents & Lifestyle Fund	219,990,051	50.00	109,995,026	5,333	-	110,000,359
Digital Media Partners II, L.P.	51,869,190	90.91	47,153,809	-	-	47,153,809
Soran Media Venture Fund	9,269,039	26.88	2,491,566	-	-	2,491,566
Mirae Asset MAPS Private Placement Real Estate 62	988,112	66.67	658,741	-	-	658,741
Mirae Asset-Naver Asia Growth Fund (*1)	986,230,711	45.08	444,590,988	2,389,907	-	446,980,895
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.(*1)	459,599,783	16.67	76,599,964	-	-	76,599,964
Alliance Internet Corp.	779,193,587	40.00	311,677,435	579,515	-	312,256,950
CONG TY CO PHAN RBW VIETNAM	8,863,387	23.53	2,085,503	68,950	-	2,154,452
DHP private equity fund 3	(220,098)	35.36	(77,820)	238,976	-	161,156
Artificial Intelligence Research Institute	564,984	25.16	142,134	-	-	142,134
SMEJ Plus INC	5,233,236	14.29	747,605	1,006,366	(1,753,971)	-
	33,001,157	30.07	9,923,425	21,527,424	(21,506,528)	9,944,321

**NAVER Corporation and its subsidiaries**  
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Smart Korea Naver-Stonebridge Rising Investment Association	14,632,336	37.74	5,521,636	-	-	5,521,636
Carousell Pte Ltd>(*1)	224,047,406	8.26	18,506,316	41,937,052	(3,087,011)	57,356,356
Do Ventures Fund I, I-A	44,020,484	22.34	9,832,731	-	-	9,832,731
Onestore Co., Ltd. (*1)	147,118,589	25.10	36,920,005	2,236,806	-	39,156,811
China Ventures Fund I, Limited Partnership(*1)	356,103,476	70.33	250,451,653	-	-	250,451,653
YN CULTURE & SPACE WEVERSE COMPANY Inc.(*1)	48,105,533	23.88	11,488,554	6,120	-	11,494,674
Cafe24 Corp. (*1)	89,449,043	14.81	13,249,096	98,731,713	(81,763,019)	30,217,790
K-Fund II FUTURE INNOVATION PRIVATE EQUITY FUND III	71,978,209	46.90	33,824,505	-	(7,093)	33,817,412
CHINA VENTURES FUND II, L.P.	188,704,669	25.38	47,894,586	-	-	47,894,586
ICART GROUP PTE. LTD.(*1)	246,754,613	50.04	123,479,644	-	-	123,479,644
Mirae Asset Partnership Growth Fund	(1,588,526)	10.89	(172,918)	19,775,505	(19,602,586)	-
Makma	4,068,123	90.00	3,661,310	-	-	3,661,310
LINE NEXT Inc.	949,696	22.00	208,961	561,784	-	770,745
AXIS Co.,LTD	18,221,052	13.84	2,521,275	-	-	2,521,275
Studio Horang Co., Ltd.	(2,038,493)	23.65	(482,103)	-	482,103	-
The Grimm entertainment Co.,Ltd.	1,007,965	41.50	418,339	-	-	418,339
Big Picture Comics Co., Ltd.	2,840,037	34.98	993,459	682,760	-	1,676,219
JQ COMICS Co., Ltd.	3,449,267	35.00	1,207,300	429,678	-	1,636,978
ZK Studio Co., Ltd.	19,722	35.06	6,914	235,998	-	242,913
Su Comics Co., Ltd.	483,295	40.00	193,318	158,411	-	351,729
Studio Mul Co., Ltd.	304,834	40.00	121,934	217,011	-	338,945
A2Z Inc.(*1)	4,392,950	35.00	1,537,604	1,988,555	-	3,526,159
Sam Studio Co., Ltd.	59,350,169	26.67	15,826,712	29,331,188	-	45,157,899
Only Won Entertainment Co., Ltd.	2,239,509	35.00	783,865	231,578	-	1,015,442
Studio hohoe Co.,Ltd.	489,345	35.00	171,279	175,181	-	346,460
GEULGGUN	2,082,189	33.02	687,555	-	-	687,555
Studio 389 Co., Ltd.	652,699	22.22	145,044	113,070	-	258,114
Yumistudio Co., Ltd.	300,437	30.02	90,194	56,209	-	146,403
J Peul Media Co., Ltd.	5,882,288	35.00	2,058,896	-	-	2,058,896
Cinamon. Inc	4,884,015	25.00	1,221,004	12,956,754	-	14,177,758
BY4M Studio Co., Ltd. (*1)	1,139,010	19.97	227,459	226,690	(226,690)	227,459
A2Z-IP Fund	649,224	35.06	227,650	458,468	-	686,119
SHINE PARTNERS CO., LTD.	59,776,022	1.63	972,346	2,113,091	-	3,085,437
Vi-Frost (*1)	16,163,384	20.00	3,232,677	-	(1,344,471)	1,888,205
Studio Ppuri Co., Ltd.	2,487,756	5.00	124,402	684,552	-	808,954
	158,918	15.87	25,220	2,074,402	(690,628)	1,408,994
	9,190,203	20.00	1,838,041	1,133,969	-	2,972,009



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XTORM CO., LTD	94,777	25.00	23,694	45,901	-	69,595
SGRSOFT Co., Ltd.	(264,005)	10.88	(28,722)	524,247	-	495,525
Cutting Edge Inc.(*1)	(26,743)	39.98	(10,691)	-	10,691	-
Fast Cowell Private Equity Fund	4,993,617	21.13	1,054,990	4,345	-	1,059,335
LaiQu Technology (ShenZhen) Company Limited	1,239,882	21.30	264,077	-	(264,077)	-
Famous Studio Corp.	6,344,748	33.33	2,114,916	401,723	264,944	2,781,583
Pala Inc	204,763	48.78	99,884	-	-	99,884
Seno Corporation	120,722	45.00	54,325	54,565	-	108,890
Sasom Company Limited	1,895,821	30.00	568,661	802,841	999,044	2,370,546
SODA inc.	22,302,611	33.93	7,567,607	12,924,380	88,390,550	108,882,537
Gorilla NCORE Metaverse 1	56,109,976	37.68	21,144,446	-	-	21,144,446
VerseWork Co., Ltd.	6,496,489	46.25	3,004,789	588,951	(3,593,740)	-
ZEP Co.,Ltd.	2,696,212	26.68	719,349	-	-	719,349
Pinokio, Inc.	1,396,540	33.33	465,513	2,650,887	(1,719,860)	1,396,540
Chicment Co., Ltd.	690,363	30.00	207,109	2,771,542	-	2,978,651
Quokka Industries Inc.	3,185,938	33.33	1,061,979	2,634,720	(510,761)	3,185,938
Murple, Inc.	1,873,655	29.99	561,878	1,264,560	(5,050)	1,821,388
TAIL Start-up Fund I	4,872,660	40.00	1,949,064	-	-	1,949,064
CravingCollector Inc.	3,377,498	42.53	1,436,551	3,208,736	(1,267,789)	3,377,498
Contrau ventures fund no.1	7,972,821	24.69	1,968,598	24,106	-	1,992,704
TBT Global Growth Fund III	18,451,574	39.84	7,351,225	-	(71)	7,351,154
Purpleduck Corp.	179,247	26.78	48,007	406,709	-	454,716
Studio 1991	236,545	30.07	71,129	87,713	-	158,842
Studio Dragon Japan CO., LTD.	28,529,465	30.00	8,558,839	-	-	8,558,839
STUDIO YELL Co.	86,141	35.00	30,151	71,708	-	101,859
Goodus Data, Inc	13,882,879	7.50	1,041,203	1,964,966	-	3,006,169
Shake Hands Sdn Bhd(*1)	1,692,171	22.47	380,199	1,770,357	-	2,150,556
STL 18th Private Equity Fund	90,043,803	22.20	19,987,526	-	12,474	20,000,000
YLAB Corporation	9,730,838	12.02	1,169,425	3,995,656	-	5,165,081
PT Karunia International Citra Kencana	479,937	19.73	94,697	1,821,624	-	1,916,321
Silicon Cube Co.,Ltd	750,227	41.36	310,308	-	(310,308)	-
Baecom Co., LTD	4,723,591	37.54	1,773,116	-	-	1,773,116
Havit Corporation	10,000	28.57	2,857	-	-	2,857
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*1)	170,146,383	90.00	153,131,745	-	(62,386,343)	90,745,402
Cineplay Co., Ltd	819,461	49.00	401,536	-	-	401,536
China Lab Co.,Ltd.	1,840,716	49.00	901,951	-	-	901,951
Designpress Co., Ltd.	2,281,947	49.00	1,118,154	-	-	1,118,154
DaNaA Data Co., Ltd.	10,268,254	49.00	5,031,444	-	-	5,031,444
Inter Biz Co., Ltd.	1,960,967	49.00	960,874	-	-	960,874
Artition Co., Ltd.	265,511	49.00	130,100	-	-	130,100
Agro Plus Co., Ltd.	1,964,131	49.00	962,424	-	-	962,424
Sseom Lab Co., Ltd.	2,184,803	49.00	1,070,554	-	-	1,070,554
Tech Plus Co., Ltd.	2,415,288	49.00	1,183,491	-	-	1,183,491

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Animal and Human Story Inc.	145,288	49.00	71,191	-	-	71,191
Law&Media Co., Ltd.	436,098	49.00	213,688	-	-	213,688
Yeopeul Co., Ltd.	4,776,148	49.00	2,340,312	-	-	2,340,312
School Jaem Co., Ltd.	1,207,591	49.00	591,720	-	-	591,720
Studio TooN Corp	9,907,036	49.00	4,854,448	26,195	-	4,880,643
jobsN CO., Ltd	4,429,705	49.00	2,170,555	-	-	2,170,555

(\*1) Based on the consolidated financial statements and therefore, the net asset represents amount attributable to the controlling shareholders.

(\*2) Others include recognized amounts for preferred shares, recognition of impairment loss and others.

(\*3) The Group recognized fair value of identifiable intangible assets of associates amounting to ₩ 3,588 billion for equity method procedure on investments in associates upon acquisition, and the balance of intangible assets included in net assets is ₩ 2,086 billion as of December 31, 2022.

	December 31, 2021					Carrying amount
	Net asset(a)	Group's Ownership(%) (b)	Group's share of net asset(a*b)	Goodwill	Others(*1)	
<b>Associates</b>						
A Holdings Corporation(*2)(*4)	₩ 26,311,526,659	50.00	₩ 13,155,763,329	₩ 3,899,403,058	₩	₩ 17,055,166,387
IPX Corporation(formerly, LINE friends corporation)(*2)	97,648,140	30.00	29,294,442	42,298,558	-	71,593,000
LINE Conomi Corporation	(5,079,149)	49.90	(2,534,495)	5,082,276	-	2,547,781
Netmania Co., Ltd.	3,770,070	27.17	1,024,479	-	-	1,024,479
SYNAP SOFT CORP.	23,697,923	26.41	6,259,181	501,488	-	6,760,669
BonAngels Pacemaker Fund	14,683,938	22.73	3,337,259	29,066	-	3,366,324
Korea Contents Mutual Aid Association	16,542,865	53.75	8,892,101	594,519	-	9,486,620
Arointech inc	1,878,918	29.85	560,871	74,227	-	635,098
NAVER KIP Cheer up! Gamers Fund	5,983,524	50.00	2,991,762	-	-	2,991,762
Future Creation NAVER-SB Startup Investment Fund	15,995,692	37.04	5,924,330	221,955	-	6,146,285
NAVER-BSK Youth Foundation No.5 Investment Fund	23,303,394	50.00	11,651,697	-	-	11,651,697
N Space Co., Ltd. K-Fund I	1,566,717	49.04	768,390	1,082,057	(428,503)	1,421,943
Mirae Asset-NAVER New Growth Fund I	479,515,986	74.81	358,740,139	-	-	358,740,139
YG NAVER Contents & Lifestyle Fund	87,579,352	50.00	43,789,676	5,333	-	43,795,009
Digital Media Partners II, L.P.	54,688,236	90.91	49,716,578	-	-	49,716,578
Soran Media Venture Fund	9,353,662	26.88	2,514,313	-	-	2,514,313
Mirae Asset MAPS Private Placement Real Estate 62	1,063,456	66.67	708,971	-	-	708,971
Mirae Asset-Naver Asia Growth Fund	930,928,379	45.08	419,660,799	2,389,907	-	422,050,705
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.(*2)	683,518,700	16.67	113,919,783	-	-	113,919,783
Alliance Internet Corp.	1,150,717,686	40.00	460,287,073	579,516	-	460,866,589
	8,303,570	23.53	1,953,781	68,950	-	2,022,731

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CONG TY CO PHAN RBW VIETNAM	(220,098)	35.36	(77,820)	238,976	-	161,156
DHP private equity fund 3	680,815	25.16	171,274	-	-	171,274
Artificial Intelligence Research Institute	8,254,162	14.29	1,179,166	933,532	-	2,112,698
SMEJ Plus INC	35,996,461	30.07	10,824,111	2,537,663	-	13,361,774
Smart Korea Naver-Stonebridge Rising Investment Association	10,011,881	37.74	3,778,068	-	-	3,778,068
Carousell Pte Ltd	503,857,459	8.39	42,274,075	39,230,155	(20,274,704)	61,229,525
Do Ventures Fund I, I-A	24,024,127	22.70	5,453,206	-	-	5,453,206
Onestore Co., Ltd. (*2)	182,540,384	25.10	45,811,348	2,236,909	-	48,048,257
China Ventures Fund I, Limited Partnership(*2)	361,697,236	70.33	254,385,809	-	-	254,385,809
YN CULTURE & SPACE	33,478,134	23.04	7,714,374	-	-	7,714,374
WEVERSE COMPANY Inc.	190,044,814	33.91	64,437,113	154,744,904	-	219,182,017
Cafe24 Corp.(*3)	115,366,636	14.81	17,087,983	99,157,166	-	116,245,149
K-Fund II	1,458,348	67.89	989,118	-	-	989,118
FUTURE INNOVATION PRIVATE EQUITY FUND III	182,556,347	25.38	45,652,076	-	-	45,652,076
CHINA VENTURES FUND II, L.P.(*2)	151,170,218	30.00	75,450,379	-	-	75,450,379
Paramark KB Fund I	8,939,745	20.00	1,972,000	-	-	1,972,000
ICART GROUP PTE. LTD.	24,411,560	10.83	2,642,952	18,123,595	329,697	21,096,244
Makma	891,900	22.00	196,244	558,091	-	754,336
AXIS Co.,LTD	(3,822,629)	28.21	(1,078,316)	-	1,078,316	-
Studio Horang Co., Ltd.	1,275,857	41.50	529,524	-	-	529,524
The Grimm entertainment Co.,Ltd.	3,102,522	34.98	1,085,278	682,760	-	1,768,038
Big Picture Comics Co., Ltd.	3,125,805	35.00	1,094,083	429,678	-	1,523,761
Studio JHS Co., Ltd. (*3)	1,857,633	35.00	650,202	498,498	-	1,148,699
JQ COMICS Co., Ltd.	(283,559)	35.06	(99,416)	235,998	-	136,582
ZK Studio Co., Ltd.	267,857	40.00	107,143	158,411	-	265,554
Su Comics Co., Ltd.	320,932	40.00	128,373	217,011	-	345,384
Studio Mul Co., Ltd.	3,867,199	35.00	1,353,582	1,988,555	-	3,342,137
A2Z Inc.	39,865,954	26.67	10,630,921	29,331,417	-	39,962,338
Sam Studio Co., Ltd.	2,057,678	35.00	720,221	231,578	-	951,798
Only Won Entertainment Co., Ltd.	128,249	35.00	44,889	175,181	-	220,071
Studio hohoe Co.,Ltd.	2,235,233	33.02	738,091	-	-	738,091
Geulbitneun Iyakiggun	89,038	28.57	25,439	145,376	-	170,815
Studio 389 Co., Ltd.	90,435	30.02	27,149	56,209	-	83,359
Yumistudio Co., Ltd.	4,743,986	35.00	1,660,472	-	-	1,660,472
J Peul Media Co., Ltd.	12,767,031	25.00	3,191,758	10,757,560	-	13,949,317
MUNPIA INC	37,243,651	20.17	7,513,240	53,223,524	-	60,736,765
Cinamon. Inc	6,744,759	20.00	1,348,953	-	-	1,348,953
A2Z-IP Fund	16,443,712	20.00	3,288,742	-	-	3,288,742

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SHINE PARTNERS CO., LTD.	2,507,525	5.00	848,514	-	-	848,514
Vi-Frost (*2) Fast Cowell Private Equity Fund	1,453,092	14.15	205,577	1,756,242	-	1,961,819
LaiQu Technology (ShenZhen) Company Limited	5,709,848	21.13	1,206,306	4,345	-	1,210,651
Famous Studio Corp.	1,291,280	21.30	275,024	-	(275,024)	-
Pala Inc	4,030,856	33.33	1,343,619	401,723	264,944	2,010,285
Seno Corporation	928,489	48.78	452,921	-	-	452,921
Sasom Company Limited	114,584	45.00	51,563	51,033	-	102,596
SODA inc.	627,201	20.10	126,080	346,329	269,476	741,884
eBOOK Initiative Japan Co., Ltd.	41,399,813	36.87	15,263,931	14,069,049	79,775,981	109,108,961
Gorilla NCORE Metaverse 1	51,369,566	34.35	17,714,800	83,886,882	-	101,601,682
VerseWork Co., Ltd.	46,095,565	47.77	22,017,790	-	-	22,017,790
ZEP Co.,Ltd.	670,248	40.00	268,098	477,384	-	745,482
TAIL Start-up Fund I	1,000,000	40.00	400,000	-	-	400,000
Silicon Cube Co.,Ltd	979,256	40.00	391,702	-	-	391,702
Havit Corporation	503,154	41.89	210,772	-	(210,772)	-
	10,000	28.57	2,857	-	-	2,857
<b>Joint ventures</b>						
Mirai Fund Limited Liability Partnership(*2)	183,605,710	90.00	165,245,139	25,926,950	-	191,172,090
Cineplay Co., Ltd	1,577,661	49.00	773,054	-	-	773,054
China Lab Co.,Ltd.	1,522,984	49.00	746,262	-	-	746,262
Designpress Co., Ltd.	2,108,563	49.00	1,033,196	-	-	1,033,196
DaNaA Data Co., Ltd.	10,201,955	49.00	4,998,958	-	-	4,998,958
Inter Biz Co., Ltd.	2,282,726	49.00	1,118,536	-	-	1,118,536
Artition Co., Ltd.	706,577	49.00	346,223	-	-	346,223
Agro Plus Co., Ltd.	2,001,099	49.00	980,539	-	-	980,539
Sseom Lab Co., Ltd.	2,128,686	49.00	1,043,056	-	-	1,043,056
Tech Plus Co., Ltd.	2,696,500	49.00	1,321,285	-	-	1,321,285
Animal and Human Story Inc.	707,211	49.00	346,534	-	-	346,534
Law&Media Co., Ltd.	423,055	49.00	207,297	-	-	207,297
Yeopeul Co., Ltd.	4,827,205	49.00	2,365,331	-	-	2,365,331
School Jaem Co., Ltd.	1,303,960	49.00	638,940	-	-	638,940
Baecom Co., LTD	4,397,512	50.00	2,198,751	-	-	2,198,751
jobsN CO., Ltd	4,820,605	49.00	2,362,096	-	-	2,362,096

(\*1) Others include recognized amounts for preferred shares, recognition of impairment loss and others.

(\*2) Based on the consolidated financial statements and therefore, the net asset represents amount attributable to the controlling shareholders.

(\*3) The Group is in process of assessing the value of some identifiable intangible assets of associates and joint ventures including Cafe24 Corp. As of December 31, 2021 the assessment is in progress and the result of valuation in equity method may be adjusted in accordance with the final assessment.

(\*4) The Group recognized fair value of identifiable intangible assets of associates amounting to ₩ 3,588 billion for equity method procedure on investments in associates upon acquisition, and the balance of intangible assets included in net assets is ₩ 3,332 billion as of December 31, 2021.

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

E. The Group has stopped recognizing its share of losses in AXIS, VerseWork Co., Ltd, LINE Conomi Corporation using the equity method as its book amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 1,356 million as of December 31, 2022.

F. The Group has stopped recognizing its share of losses in Silicon Cube , LaiQu Technology (ShenZhen) Company Limited, Cutting Edge Inc., AIRI, Inc using the equity method as its carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 141 million as of December 31, 2022.

G. Financial assets at fair value through profit or loss of the Group include the investment where the Group has significant influence over the investee. The investment amounts to ₩ 88,907 million as of December 31, 2022 and net gain on valuation amounts to ₩ (-)51,016 million for the year ended December 31, 2022.

**15. Trade and Other Payables**

Details of trade and other payables as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
<b>Financial liabilities</b>				
Non-trade payables	₩ 899,179,776	₩ 53,703,124	₩ 630,991,575	₩ 42,047,412
Accrued expenses	20,080,590	-	30,779,690	-
Deposits received	5,012,464	2,272,849	3,384,710	2,246,855
	<u>924,272,830</u>	<u>55,975,973</u>	<u>665,155,975</u>	<u>44,294,267</u>
<b>Non-financial liabilities</b>				
Accrued expenses	321,391,669	13,663,989	327,519,153	73,785,658
	<u>₩ 1,245,664,499</u>	<u>₩ 69,639,962</u>	<u>₩ 992,675,128</u>	<u>₩ 118,079,925</u>

**16. Other Liabilities**

Details of other liabilities as of December 31, 2022 and 2021 are as follow: (Korean won in thousands)

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 415,872,253	₩ -	₩ 374,307,203	₩ -
Unearned revenues	128,163,956	164,931	77,137,675	411,971
Withholdings	1,552,091,366	10,804,124	1,275,309,990	-
VAT withholdings	137,622,981	-	115,047,718	-
	<u>₩ 2,233,750,556</u>	<u>₩ 10,969,055</u>	<u>₩ 1,841,802,586</u>	<u>₩ 411,971</u>

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**17. Borrowings and Debentures**

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

	Financial Institution	Latest maturity	Interest rate (%)	December 31, 2022		December 31, 2021	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
<b>Short-term borrowings</b>							
Foreign currency	DAG Ventures VI, L.P.(*)	-	10.00	₩ 2,546,654	HKD 15,667	₩ 2,381,838	HKD 15,667
Foreign currency	Goodwater Capital II, L.P.(*)	-	10.00	1,272,080	HKD 7,825	1,189,753	HKD 7,825
Foreign currency	Mistletoe Singapore Pte. Ltd.(*)	-	10.00	2,546,697	HKD 15,667	2,381,878	HKD 15,667
Foreign currency	SCC Growth IV Holdco A, Ltd.(*)	-	10.00	37,967,899	HKD 233,577	35,510,672	HKD 233,577
Foreign currency	SenseView Investment Limited (*)	-	10.00	6,367,043	HKD 39,170	5,954,977	HKD 39,170
Foreign currency	SNOW Limited Liability Partnership (*)	-	10.00	25,350,280	HKD 155,954	23,709,647	HKD 155,954
Local currency	Shinhan Bank	2026.12.19	4.46	3,125,000	-	-	-
Local currency	Woori Bank	2023.07.10	2.22	100,000,000	-	-	-
Local currency	HSBC	2026.08.19	4.50	17,395,833	-	-	-
Local currency	KEB Hana Bank	2023.01.15	4.80	100,000	-	-	-
Local currency	Woori Bank	-	-	-	-	199,998,000	-
Foreign currency	CitiBank	2023.04.15	0.40	47,659,000	JPY 5,000,000	JPY 51,512,000	JPY 5,000,000
Local currency	KEB Hana Bank	-	-	-	-	20,000,000	-
Local currency	Shinhan Bank	2023.02.24	4.60	10,000,000	-	-	-
Local currency	KEB Hana Bank	2023.10.20	3.35	1,000,000	-	-	-
Local currency	IBK	2023.03.31	3.13	5,100,000	-	-	-
Local currency	IBK	2023.03.28	4.93	1,000,000	-	-	-
<b>Current portion of long-term borrowings</b>							
Local currency	Kookmin Bank	2023.10.01	2.50	30,000,000	-	-	-
Foreign currency	Mizuho Bank	2023.11.15	0.58	157,274,700	JPY 16,500,000	-	-
Local currency	S-Force No.2	2023.02.01	2.48	50,000,000	-	-	-
Local currency	Woori Bank	2023.07.10	2.49	100,000,000	-	-	-
Local currency	HSBC	2026.08.19	4.50	3,479,167	-	-	-
Local currency	KOSME	2025.02.17	2.00	33,240	-	-	-
Local currency	KOSME	2025.08.26	2.25	49,920	-	-	-
Local currency	IBK	2023.06.30	5.14	300,000	-	-	-
Local currency	IBK	2023.03.29	4.45	900,000	-	-	-
Local currency	IBK	2023.03.29	4.90	300,000	-	-	-
Local currency	IBK	2023.03.24	5.31	300,000	-	-	-
Local currency	IBK	2023.03.28	6.12	300,000	-	-	-
Foreign currency	Mizuho Bank	-	-	-	-	JPY 61,814,400	JPY 6,000,000
Foreign currency	SMBC Corporation	-	-	-	-	JPY 56,868,653	JPY 5,519,942
Foreign currency	Mizuho Bank	2023.09.23	0.75	68,115,789	JPY 7,146,162	-	-
Foreign currency	Mizuho Bank	2023.09.23	0.77	265,497,211	JPY 27,853,838	-	-

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				December 31, 2022		December 31, 2021	
	Financial Institution	Latest maturity	Interest rate (%)	Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Foreign currency	Mizuho Bank	2025.09.23	0.81	57,190,800	JPY 6,000,000	-	-
Foreign currency	SMBC Corporation	2023.09.23	0.79	68,115,789	JPY 7,146,162	-	-
Foreign currency	SMBC Corporation	2023.09.23	0.80	265,497,211	JPY 27,853,838	-	-
Foreign currency	SMBC Corporation	2025.09.23	0.84	52,614,986	JPY 5,519,942	-	-
				1,381,399,299	JPY 103,019,942 HKD 467,860	461,321,818	JPY 16,519,942 HKD 467,860
<b>Long-term borrowings</b>							
Local currency	Kookmin Bank	-	-	-	-	10,000,000	-
Foreign currency	BNP Paribas	2024.12.23	0.61	142,977,000	JPY 15,000,000	154,536,000	JPY 15,000,000
Foreign currency	Mizuho Bank	-	-	-	-	169,989,600	JPY 16,500,000
Local currency	Shinhan Bank	2025.12.03	2.99	15,000,000	-	15,000,000	-
Local currency	Shinhan Bank	2026.12.19	4.46	9,375,000	-	-	-
Local currency	HSBC	2026.08.19	4.50	59,145,833	-	-	-
Local currency	S-Force No.2	-	-	-	-	50,000,000	-
Local currency	Woori Bank	-	-	-	-	100,000,000	-
Foreign currency	Mizuho Bank	-	-	-	-	73,622,621	JPY 7,146,162
Foreign currency	Mizuho Bank	-	-	-	-	286,961,379	JPY 27,853,838
Foreign currency	Mizuho Bank	-	-	-	-	110,155,096	JPY 10,692,178
Foreign currency	Mizuho Bank	2025.09.23	0.81	43,843,529	JPY 4,599,711	50,559,370	JPY 4,907,533
Foreign currency	SMBC Corporation	-	-	-	-	73,622,621	JPY 7,146,162
Foreign currency	SMBC Corporation	-	-	-	-	286,961,379	JPY 27,853,838
Foreign currency	SMBC Corporation	2025.09.23	0.84	10,793,346	JPY 1,132,351	120,046,590	JPY 11,652,294
Foreign currency	SMBC Corporation	2025.09.23	0.84	46,777,625	JPY 4,907,533	50,559,370	JPY 4,907,533
Local currency	KOSME	2025.08.26	2.25	83,200	-	-	-
Local currency	KOSME	2025.02.17	2.00	38,780	-	-	-
				328,034,313	JPY 25,639,595	1,552,014,026	JPY 133,659,538
					JPY 128,659,537		JPY 150,179,480
				<u>₩ 1,709,433,612</u>	<u>HKD 467,860</u>	<u>₩ 2,013,335,844</u>	<u>HKD 467,860</u>

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

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**17. Borrowings and Debentures (cont'd)**

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

	Issuer	Issue date	Latest maturity	Interest rate (%)	December 31, 2022		December 31, 2021	
					Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Debentures	NAVER Corporation	2021.02.25	2024.02.25	1.24	₩ 250,000,000	-	₩ 250,000,000	-
		2021.02.25	2026.02.25	1.60	450,000,000	-	450,000,000	-
		2021.03.29	2026.03.29	1.50	1,013,840,000	USD 800,000	948,400,000	USD 800,000
		2021.05.12						
Less: Discount on debentures					(9,321,723)	USD (6,465)	(11,572,536)	USD (8,387)
					<u>₩ 1,704,518,277</u>	<u>USD 793,535</u>	<u>₩ 1,636,827,464</u>	<u>USD 791,613</u>

C. Details of conditions of issuance of debentures as of December 31, 2022 are as follows:

	<u>Payment of principal and interest</u>	<u>Financial ratios maintenance (*)</u>	<u>Restriction on settlement of security right (*)</u>	<u>Limit on the sale of assets (*)</u>	<u>Restriction on changes in governance</u>
Debentures in won(4 <sup>th</sup> -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
Debentures in won(4 <sup>th</sup> -2)					
Unsubordinated unsecured debentures 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 under contractual terms	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.



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**18. Provisions**

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

	<b>December 31, 2022 and 2022</b>			
	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 1,176,943	₩ 13,804,788	₩ 593,701	₩ 15,575,432
<b>Charged/(credited) to statements of comprehensive income (loss):</b>				
Additional provisions	-	393,248	-	393,248
Unused amounts reversed	(1,500)	(4,163,685)	(484,351)	(4,649,536)
Charged during the period	-	11,480,466	3,355,582	14,836,048
Used during the period	(249,004)	(2,332,226)	(1,042,567)	(3,623,797)
Others (*)	-	205,328	498,244	703,572
Ending balance	<u>₩ 926,439</u>	<u>₩ 19,387,919</u>	<u>₩ 2,920,609</u>	<u>₩ 23,234,967</u>
Current	₩ 926,439	₩ 1,603,294	₩ 2,920,609	₩ 5,450,342
Non-current	-	17,784,625	-	17,784,625

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

	<b>December 31, 2021 and 2021</b>			
	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
<b>Charged/(credited) to statements of comprehensive income (loss):</b>				
Additional provisions	250,943	202,045	1,020,761	1,473,749
Unused amounts reversed	-	(804,684)	(1,155,982)	(1,960,666)
Charged during the period	-	2,996,055	-	2,996,055
Used during the period	-	(211,846)	(27,974,496)	(28,186,342)
Others (*)	(1,938)	151,481	208,533	358,076
Ending balance	<u>₩ 1,176,943</u>	<u>₩ 13,804,788</u>	<u>₩ 593,701</u>	<u>₩ 15,575,432</u>
Current	₩ 1,176,943	₩ 4,954,920	₩ 525,469	₩ 6,657,332
Non-current	-	8,849,868	68,232	8,918,100

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

## 19. Post-employment Benefits

### A. Defined benefit pension plans

The Group operates defined benefit pension plans in various countries. The majority of the plans are final salary pension plans, which provide benefit to employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are funded by an external institution.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of funded defined benefit obligations	₩ 20,803,976	₩ 19,636,222
Present value of unfunded defined benefit obligations	<u>569,924,356</u>	<u>547,796,286</u>
	590,728,332	567,432,508
Fair value of plan assets	<u>(13,330,367)</u>	<u>(13,167,880)</u>
Net defined benefit liabilities	<u>₩ 577,397,965</u>	<u>₩ 554,264,628</u>

(2) Changes in net defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 567,432,508	₩ 475,777,437
Current service cost	117,169,702	101,967,606
Interest expense	20,575,773	14,327,163
Remeasurements:		
- Actuarial loss from change in demographic assumptions	8,275,133	2,431,451
- Actuarial gain from change in financial assumptions	(109,184,229)	(3,671,664)
- Actuarial loss (gain) from experience adjustments	16,320,683	3,825,246
Payments from plans:		
- Benefit payments	(31,351,802)	(29,189,904)
Others	<u>1,490,564</u>	<u>1,965,173</u>
Ending balance	<u>₩ 590,728,332</u>	<u>₩ 567,432,508</u>

(3) Changes in plan assets for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Beginning balance	₩ 13,167,880	₩ 13,683,192
Interest income	487,736	400,528
Remeasurements:		
- Return on plan assets (excluding amounts included in interest income)	(303,668)	(304,088)
Contribution:		
- Employee	51,774	-
Payments from plans:		
- Benefit payments	(584,665)	(611,752)
Other	<u>511,310</u>	<u>-</u>
Ending balance	<u>₩ 13,330,367</u>	<u>₩ 13,167,880</u>

## 19. Post-employment Benefits (cont'd)

(4) Details of plan assets as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	December 31, 2022		December 31, 2021	
	Amount	Ratio(%)	Amount	Ratio(%)
Cash and cash equivalents and others	₩ 2,799,183	21.00	₩ 1,888,274	14.34
Securities and others	377,017	2.83	10,995,180	83.50
Others	10,154,167	76.17	284,426	2.16
	₩ 13,330,367	100.00	₩ 13,167,880	100.00

(5) The principal actuarial assumptions as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	5.41%~6.18%	3.37%~3.74%
Salary growth rate	4.00%~18.29%	5.75%~10.54%

(6) The sensitivity analysis of the defined benefit liabilities by changes in the principal assumptions as of December 31, 2022 is as follows: (Korean won in thousands)

	Impact on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1% increase / decrease	₩ (64,761,905)	₩ 77,480,489
Salary growth rate	1% increase / decrease	75,039,535	(64,131,729)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation by changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(7) Effects of defined benefit plans on future cash flows

There are no expected contributions to plan assets for the year ended December 31, 2023, and the weighted average duration of the defined benefit obligation is 2.30~18.84 years.

### B. Defined contribution pension plans

The operating expense recognized in relation to defined contribution plan for the year ended December 31, 2022 was ₩ 1,523 million (2021: ₩ 112 million)

## 19. Post-employment Benefits (cont'd)

### C. Other Short-term and Long-term Employee Benefits

Short-term employee benefit liabilities are the amount of long-term paid leaves that are expected to be settled within 12 months from the end of the period and the amount of paid leaves recognized for the service provided during the current period. Long-term employee benefit liabilities are the amount of long-term paid leaves that are expected to be settled after 12 months from the end of the period.

Details of other short-term and long-term employee benefits as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Short-term employee benefits	₩ 101,157,036	₩ 87,522,429
Other long-term employee benefits	11,593,933	10,806,672
	<u>₩ 112,750,969</u>	<u>₩ 98,329,101</u>

## 20. Issuance and Acquisition of Shares

A. The Company's total number of authorized shares is 300,000,000 shares. As of December 31, 2022, the Company has issued 164,049,085 ordinary shares (par value - ₩ 100 per share) and 14,067,367 treasury shares (excludes retired shares). The Company's share capital and share premium as of December 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.

B. The Company disposed of 682,763 treasury shares through exercise of stock options and recognized gain on disposal of treasury shares amounting to ₩ 67,350 million for the year ended December 31, 2022.

## 21. Other Components of Equity

A. Other components of equity as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Treasury shares	₩ (1,016,904,185)	₩ (1,066,259,871)
Stock options	205,230,238	214,760,267
Loss on valuation of financial assets at fair value - other comprehensive income	(492,134,262)	(17,781,121)
Share of other comprehensive income of associates and joint ventures	(1,341,870,491)	(293,255,303)
Exchange differences	199,224,486	139,142,106
Others	(28,071,915)	(28,071,915)
	<u>₩ (2,474,526,129)</u>	<u>₩ (1,051,465,837)</u>

B. The Group disposed 682,763 treasury shares (acquisition cost: ₩ 49,356 million) as its employees exercise stock options and the Group paid stock grants to employees, and recognized gain on disposal of treasury shares amounting to ₩ 67,350 million for the year ended December 31, 2022.

## 21. Other Components of Equity (cont'd)

C. Changes in treasury shares for the years ended December 31, 2022 and 2021 are as follows: (in number of shares)

	<u>2022</u>	<u>2021</u>
Beginning balance	14,750,130	16,804,360
Disposal (*)	(682,763)	(1,839,920)
Retirement	-	(214,310)
Ending balance	<u>14,067,367</u>	<u>14,750,130</u>

(\*) Exercise of stock options and payment of stock grants to employees are granted through treasury shares.

## 22. Share-Based Payments

As of December 31, 2022, the Group entered into share-based payment agreements for the employees and directors of the Group upon the resolution of shareholders' meetings and the Board of Directors.

### A. Stock option

#### (1) Equity-settled stock option

(A) Details of equity-settled stock options granted to employees as of December 31, 2022 are as follows:

	<u>Granted on 2019.02.27</u>	<u>Granted on 2019.03.22</u>	<u>Granted on 2020.02.26</u>	<u>Granted on 2020.02.26</u>
Granted shares	Shares of Naver corporation			
Vesting condition	More than two years' service from the grant date	More than three years' service from the grant date - Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	More than two years' service from the grant date	More than three years' service from the grant date - Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater
Exercisable period and condition	Five years from the exercisable date		Five years from the exercisable date	
Authorized shares	Registered ordinary shares			
Granting method	Either issuance of shares or distribution of treasury shares			

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**22. Share-Based Payments (cont'd)**

	<b>Granted on 2020.03.27</b>	<b>Granted on 2021.02.23</b>	<b>Granted on 2021.02.23</b>	<b>Granted on 2021.03.24</b>
Granted shares	Shares of Naver corporation			
Vesting condition	More than three years' service from the grant date - Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	More than two years' service from the grant date	More than three years' service from the grant date	More than three years' service from the grant date
Exercisable period and condition		Five years from the exercisable date	Five years from the exercisable date	Five years from the exercisable date
Authorized shares	Registered ordinary shares			
Granting method	Either issuance of shares or distribution of treasury shares			
	<b>Granted on 2020.11.23</b>	<b>Granted on 2021.10.07</b>	<b>Granted on 2022.12.26</b>	<b>Granted on 2022.09.30</b>
Granted shares	Shares of Webtoon Entertainment Inc.			Shares of Naver Financial Corporation
Vesting condition	More than three years' service from the grant date - Initial public opening	More than three years' service from the grant date - Initial public opening	More than three years' service from the grant date - Initial public opening	More than three years' service from the grant date - Initial public opening
Exercisable period and condition	- Within 8 years from the grant date	- Within 8 years from the grant date	- Within 8 years from the grant date	- Within 8 years from the grant date
Authorized shares	Registered ordinary shares			
Granting method	Either issuance of shares or distribution of treasury shares			

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**22. Share-Based Payments (cont'd)**

(B) Changes in the number of equity-settled stock options and weighted average exercise prices for the years ended December 31, 2022 and 2021 are as follows: (in number of shares)

Granted date	2022				Ending unexercised balance
	Beginning unexercised balance	Granted	Exercised	Expired	
Shares of Naver corporation					
2019.02.27	83,701	-	(23,925)	(104)	59,672
2019.03.22	750,000	-	(341,780)	(2,000)	406,220
2020.02.26	144,637	-	(72,846)	(2,014)	69,777
2020.02.26	850,500	-	-	(47,000)	803,500
2020.03.27	610,000	-	-	(8,000)	602,000
2021.02.23	81,324	-	-	(6,210)	75,114
2021.02.23	988,500	-	-	(74,500)	914,000
2021.03.24	765,000	-	-	(40,000)	725,000
	4,273,662	-	(438,551)	(179,828)	3,655,283
Weighted average exercise price (KRW)	₩ 254,945	- ₩	140,021 ₩	308,725 ₩	266,087
Shares of Webtoon Entertainment Inc.					
2020.11.23	253,562	-	-	(2,394)	251,168
2021.10.07	33,051	-	-	(3,184)	29,867
2022.12.26	-	23,425	-	(20)	23,405
	286,613	23,425	-	(5,598)	304,440
Weighted average exercise price (USD)	USD 338	969 USD	- USD	367 USD	386
Shares of Naver Financial Corporation					
2022.09.30	-	426,460	-	(1,000)	425,460
	-	426,460	-	(1,000)	425,460
Weighted average exercise price (KRW)	- ₩	93,250 ₩	- ₩	93,250 ₩	93,250

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**22. Share-Based Payments (cont'd)**

Granted date	2021					Ending unexercised balance
	Beginning unexercised balance	Granted	Exercised	Expired		
Shares of Naver corporation						
2019.02.27	393,024	-	(308,738)	(585)		83,701
2019.03.22	787,000	-	-	(37,000)		750,000
2020.02.26	153,753	-	-	(9,116)		144,637
2020.02.26	881,500	-	-	(31,000)		850,500
2020.03.27	670,000	-	-	(60,000)		610,000
2021.02.23	-	86,643	-	(5,319)		81,324
2021.02.23	-	1,027,500	-	(39,000)		988,500
2021.03.24	-	806,000	-	(41,000)		765,000
	2,885,277	1,920,143	(308,738)	(223,020)		4,273,662
Weighted average exercise price (KRW)	₩ 163,220	₩ 371,735	₩ 128,900	₩ 248,292		₩ 254,945
Shares of Webtoon Entertainment Inc.						
2020.11.23	254,648	-	-	(1,086)		253,562
2021.10.07	-	33,329	-	(278)		33,051
	254,648	33,329	-	(1,364)		286,613
Weighted average exercise price (USD)	USD 331	USD 391	- USD	USD 343		USD 338

(\*) There are no stock options in relation to shares of LINE Corporation since LINE Corporation was excluded from the scope of consolidation for the year ended December 31, 2021.

(C) The Group calculated the compensation costs using binomial model and Least Square Monte-Carlo ("LSMC"), and the assumptions and inputs used for calculation of the compensation costs are as follows: (% , Korean won)

	NAVER Corporation							
	2019.02.27	2019.03.22	2020.02.26	2020.02.26	2020.03.27	2021.02.23	2021.02.23	2021.03.24
Risk-free interest rate	1.98	1.92	1.40	1.40	1.48	1.02	1.19	1.44
Expected maturity	7 years	8 years	7 years	8 years	8 years	3 years	4 years	4 years
Expected price volatility	24.30	24.00	20.40	20.40	24.00	26.12	25.09	25.11
Expected dividend yield	0.2	0.2	0.16	0.16	0.2	0.2	0.2	0.2
Stock price as of granted date	₩ 129,500	₩ 127,000	₩ 190,500	₩ 190,500	₩ 152,500	₩ 386,500	₩ 386,500	₩ 386,000
Fair value as of granted date	₩ 39,906	₩ 19,365	₩ 48,526	₩ 37,580	₩ 18,219	₩ 81,253	₩ 89,003	₩ 79,368
Exercise price	₩ 128,900	₩ 131,000	₩ 186,000	₩ 186,000	₩ 186,000	₩ 362,500	₩ 362,500	₩ 384,500



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**22. Share-Based Payments (cont'd)**

	Webtoon Entertainment Inc			NAVER Financial Corporation
	2020.11.23	2021.10.07	2022.12.26	2022.09.30
Risk-free interest rate	0.45	1.11	3.82	2.75~5.54
Expected maturity	5.5 years	5.5 years	5.5 years	5.5 years
Expected price volatility	61	57.37	31.50	55.00
Expected dividend yield	-	-	-	-
Stock price as of granted date	USD 331 USD	391 USD	969 ₩	81,833
Fair value as of granted date	USD 175.91 USD	200.99 USD	354.14 ₩	12,018
Exercise price	USD 331 USD	391 USD	969 ₩	93,250

In addition to the stock options mentioned above, the Group granted equity-settled stock options in regard to the shares of Snow Corporation, Playlist Corporation, NAVER Z CO.,LTD, Cake Corporation, KREAM Corporation, Amuse Co.,Ltd. which are subsidiaries.

(D) The amount of expenses recognized in relation to equity-settled stock options is ₩ 92,581 million (2021: ₩ 87,773 million) and expenses from discontinued operations amount to ₩ 10,770 million for the year ended December 31, 2021.

(2) Cash-settled stock options

(A) Details of the cash-settled stock options granted as of December 31, 2022 are as the follows:

	Granted on 2019.02.27	Granted on 2019.03.22	Granted on 2020.02.26	Granted on 2020.02.26	Granted on 2020.03.27
Granted shares	Shares of Naver corporation				
Vesting condition	More than two years service from the grant date	More than three years service from the grant date	More than two years service from the grant date	More than three years service from the grant date	More than three years service from the grant date
Exercisable period and condition	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater

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**22. Share-Based Payments (cont'd)**

	<b>Granted on 2020.04.30</b>	<b>Granted on 2020.04.30</b>	<b>Granted on 2021.02.23</b>	<b>Granted on 2021.02.23</b>	<b>Granted on 2021.03.24</b>
Granted shares	Shares of Naver corporation				
Vesting condition	More than two years service from the grant date	More than three years service from the grant date	More than two years service from the grant date	More than three years service from the grant date	More than three years service from the grant date
Exercisable period and condition	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	-Five years from the exercisable date	-Five years from the exercisable date	-Five years from the exercisable date

(B) Changes in the number of cash-settled stock options and weighted average exercise prices for the years ended December 31, 2022 and 2021 are as follows: (in number of shares)

<b>Granted date</b>	<b>2022</b>				<b>Ending unexercised balance</b>
	<b>Beginning unexercised balance</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired</b>	
2019.02.27	76,508	-	(4,627)	-	71,881
2019.03.22	155,000	-	(26,350)	-	128,650
2020.02.26	45,313	-	(6,746)	(212)	38,355
2020.02.26	202,250	-	-	(7,750)	194,500
2020.03.27	118,000	-	-	(8,000)	110,000
2020.04.30	8,056	-	(1,408)	(106)	6,542
2020.04.30	102,922	-	-	(23,871)	79,051
2021.02.23	33,048	-	-	(6,507)	26,541
2021.02.23	371,051	-	-	(92,835)	278,216
2021.03.24	248,000	-	-	(70,000)	178,000
	1,360,148	-	(39,131)	(209,281)	1,111,736
Weighted average exercise price (KRW)	₩ 265,152 ₩	-	₩ 142,212 ₩	₩ 336,175 ₩	₩ 256,109

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**22. Share-Based Payments (cont'd)**

Granted date	2021					Ending unexercised balance
	Beginning unexercised balance	Granted	Exercised	Expired		
2019.02.27	139,578	-	(62,653)	(417)		76,508
2019.03.22	161,500	-	-	(6,500)		155,000
2020.02.26	47,327	-	-	(2,014)		45,313
2020.02.26	212,750	-	-	(10,500)		202,250
2020.03.27	122,000	-	-	(4,000)		118,000
2020.04.30	8,480	-	-	(424)		8,056
2020.04.30	108,134	-	-	(5,212)		102,922
2021.02.23	-	34,452	-	(1,404)		33,048
2021.02.23	-	377,321	-	(6,270)		371,051
2021.03.24	-	252,000	-	(4,000)		248,000
	799,769	663,773	(62,653)	(40,741)		1,360,148
Weighted average exercise price (KRW)	₩ 164,928 ₩	₩ 370,852 ₩	₩ 128,900 ₩	₩ 229,375 ₩		₩ 265,152

(C) The Group calculated the compensation costs using binomial model and Monte-Carlo simulation ("Monte-Carlo"), and the assumptions and inputs used for calculation of the compensation costs are as follows (% and Korean won)

	2019.03.22	2020.02.26	2020.02.26	2020.03.27	2020.04.30
Risk-free interest rate	3.75	3.78	3.78	3.78	3.77
Expected maturity	1.22 years	2.16 years	2.16 years	2.24 years	2.33 years
Expected price volatility	27.41	27.41	27.41	27.41	27.41
Expected dividend yield	0.14	0.14	0.14	0.14	0.14
Share price at the end of period	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500
Fair value of stock options at the end of period	₩ 35,218 ₩	₩ 30,140 ₩	₩ 21,650 ₩	₩ 21,962 ₩	₩ 31,660
Exercise price	₩ 131,000 ₩	₩ 186,000 ₩	₩ 186,000 ₩	₩ 186,000 ₩	₩ 186,000
	2020.04.30	2020.04.30	2021.02.23	2021.02.23	2021.03.24
Risk-free interest rate	3.77	3.77	3.73	3.73	3.74
Expected maturity	2.33 years	2.33 years	3.15 years	3.15 years	3.23 years
Expected price volatility	27.41	27.41	27.41	27.41	27.41
Expected dividend yield	0.14	0.14	0.14	0.14	0.14
Share price at the end of period	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500 ₩	₩ 177,500
Fair value of stock options at the end of period	₩ 22,333 ₩	₩ 22,333 ₩	₩ 5,716 ₩	₩ 5,716 ₩	₩ 4,902
Exercise price	₩ 186,000 ₩	₩ 186,000 ₩	₩ 362,500 ₩	₩ 362,500 ₩	₩ 384,500

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**22. Share-Based Payments (cont'd)**

(D) The amount of expenses recognized in relation to cash-settled stock options is ₩ (-)96,471 million (2021: ₩ 84,945 million) for the year ended December 31, 2022.

**B. Treasury share payment (stock grant)**

The Group distributed treasury shares amounting to ₩ 74,568 million without consideration to employees for the year ended December 31, 2022. (in number of shares and Korean won)

	<u>Issued on 2022.07.01</u>	<u>Issued on 2023.01.02</u>
Disposal value per share	₩ 237,000	₩ 179,500
Total number of shares disposed	155,021	210,743

**C. Restricted Stock Unit**

(1) The Group granted restricted stock unit ("RSU") to employees and directors of the Group upon the resolution of the Board of Directors. Details are as the follows:

	<u>Description</u>
Granted shares	Common shares of Naver corporation
Total number of RSU	247,254 shares
Total amount of RSU	₩ 62,603 million (Stock price as of granted date: ₩ 288,000)
Exercise price	Nil (Exercise price under current shared-based payments system: nil)
Grant date	2022.05.31
Vesting condition	Servicing at the exercisable date and meeting some market conditions
Exercisable date	Payment effect of RSU will occur on March 31, 2023, March 31, 2024 and March 31, 2025

(2) The amount of expenses recognized in relation to RSU is ₩ 23,539 million for the year ended December 31, 2022.

**23. Retained Earnings**

Retained earnings as of December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Legal reserves(*)	₩ 8,240,670	₩ 8,240,670
Other reserves	13,909,234	13,909,234
Retained earnings before appropriation	<u>23,623,537,103</u>	<u>23,058,257,921</u>
	<u>₩ 23,645,687,007</u>	<u>₩ 23,080,407,825</u>

(\*) The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

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**24. Operating Expenses**

Details of operating expenses for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>	<b>2021</b>
Salaries and wages(*)	₩ 1,492,548,615	₩ 1,195,875,688
Share-based payment expenses	19,649,528	172,717,678
Employee benefits	240,521,301	176,595,367
Travel	12,562,175	3,936,521
Depreciation	360,397,507	329,973,292
Depreciation of right-of-use assets	158,235,996	82,290,101
Amortization	42,275,065	21,181,395
Communication	206,979,836	174,324,777
Utility	24,688,384	18,689,670
Taxes and dues	25,059,590	14,990,868
Rental	10,930,502	10,836,894
Commission	2,860,524,707	2,131,273,298
Advertising	1,300,591,276	1,071,730,155
Insurance	1,834,114	1,377,477
Freight	20,777,264	9,860,481
Supplies	26,083,234	16,032,396
Training	11,358,887	9,553,785
Others	100,396,317	50,881,693
	<u>₩ 6,915,414,298</u>	<u>₩ 5,492,121,536</u>

(\*) Expenses related to stock grants amounting to ₩ 75,850 million for the year ended December 31, 2022(2021: ₩ 65,440 million) are included.

Operating expenses classified as loss from discontinued operations amount to ₩ 403,526 million for the year ended December 31, 2021 (Note 35).

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**25. Other Income and Other Expenses**

A. Details of other income for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Rental income	₩ 694,977	₩ 334,645
Foreign currency exchange gain	62,812,768	19,251,404
Gain on disposal of property and equipment	4,941,928	2,677,953
Gain on disposal of intangible assets	198,301,511	239
Gain on disposal of investments in subsidiaries and associates	29,743,212	21,492,457
Others	<u>14,077,408</u>	<u>8,965,741</u>
	<u>₩ 310,571,804</u>	<u>₩ 52,722,439</u>

Other income classified from discontinued operations amounts to ₩ 16,182,471 million for the year ended December 31, 2021 (Note 35).

B. Details of other expenses for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Foreign currency exchange loss	₩ 119,618,497	₩ 63,341,222
Social contribution expenses	72,945,341	84,522,206
Miscellaneous loss	14,723,983	20,458,357
Non-operating commission	29,145,614	19,310,913
Impairment loss on investments in associates and joint ventures	105,327,595	34,570,513
Others	<u>33,897,207</u>	<u>10,663,036</u>
	<u>₩ 375,658,237</u>	<u>₩ 232,866,247</u>

Other expenses classified from discontinued operations amount to ₩ 15,257 million for the year ended December 31, 2021 (Note 35).

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**26. Finance Income and Finance Costs**

A. Details of finance income for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Dividend income	₩ 47,883,375	₩ 68,736,438
Foreign currency exchange gain	54,473,526	29,563,155
Gain on valuation of financial assets at fair value - profit or loss	426,760,606	635,846,393
Gain on valuation of financial liabilities at fair value - profit or loss	54,085,801	883,288
Gain on disposal of financial assets at fair value - profit or loss	<u>36,532,669</u>	<u>30,664,680</u>
	<u>₩ 619,735,977</u>	<u>₩ 765,693,954</u>

Finance income classified from discontinued operations amount to ₩ 7,651 million for the year ended December 31, 2021 (Note 35).

B. Details of finance costs for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Interest expenses	₩ 71,692,137	₩ 45,165,688
Foreign currency exchange loss	76,761,257	11,586,409
Loss on valuation of financial assets at fair value - profit or loss	563,676,533	164,163,059
Loss on valuation of financial liabilities at fair value - profit or loss	187,126,853	98,294,717
Loss on disposal of financial assets at fair value - profit or loss	21,903,702	13,881,563
Others	<u>10,362,192</u>	<u>16,242,655</u>
	<u>₩ 931,522,674</u>	<u>₩ 349,334,091</u>

Finance costs classified from discontinued operations amount to ₩ 13,310 million for the year ended December 31, 2021 (Note 35).

**27. Income Tax Expense**

A. Income tax expense for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Current tax		
Current tax on profits for the year	₩ 671,530,871	₩ 700,291,647
Adjustments for current tax attributable to prior years	(82,494)	(11,720,265)
Deferred tax		
Origination and reversal of temporary differences	(267,579,903)	1,193,791,479
Impact of changes in corporate tax rate	<u>6,668,317</u>	<u>(3,003,540)</u>
Income tax expense	<u>₩ 410,536,791</u>	<u>₩ 1,879,359,321</u>
Continuing operations	₩ 410,536,791	₩ 648,668,890
Discontinued operations	-	1,230,690,431

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**27. Income Tax Expense (cont'd)**

B. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group is as follows: (Korean won in thousands)

	<b>2022</b>	<b>2021</b>
Profit before income tax expense	₩ 1,083,717,091	₩ 18,356,984,881
Continuing operations profit before income tax expense	1,083,717,091	2,126,399,872
Discontinued operations loss before income tax expense	-	16,230,585,009
Tax at domestic tax rates applicable to profits in the respective countries	229,679,613	1,785,863,207
Adjustments		
Income not subject to tax	(59,711,369)	(51,031,383)
Expenses not deductible for tax purposes	48,643,311	77,587,875
Tax credits	(4,746,269)	(4,030,364)
Changes in non-recoverable deferred tax asset	118,378,084	95,443,609
Adjustments for current tax attributable to prior years	(82,494)	(11,720,265)
Change in deferred tax attributable to the corporate tax rate	6,668,317	(3,003,540)
Tax effects on recirculation of corporate income	16,916	54,056
Tax effects on consolidated tax return	173,225	(11,125,615)
Others	71,517,457	1,321,741
Income tax expense	<u>₩ 410,536,791</u>	<u>₩ 1,879,359,321</u>
Continuing operations	₩ 410,536,791	₩ 648,668,890
Discontinued operations	-	1,230,690,431

The weighted average applicable tax rate of the Group was 37.88% (2021: 30.51%).

C. Income tax effect relating to components of other comprehensive income (loss) for the years ended December 31, 2022 and 2021 is as follows: (Korean won in thousands)

	<b>2022</b>			<b>2021</b>		
	<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>	<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩ (632,040,133)	₩ 147,196,638	₩ (484,843,495)	₩ (118,733,387)	₩ 27,508,215	₩ (91,225,172)
Remeasurements of the net defined benefit liabilities	84,892,080	(16,145,607)	68,746,473	(2,280,945)	160,969	(2,119,976)
Exchange difference(*) Shares of other comprehensive income of associates and joint ventures(*)	122,569,353	-	122,569,353	65,910,677	-	65,910,677
	<u>(1,135,935,879)</u>	<u>86,576,338</u>	<u>(1,049,359,541)</u>	<u>(262,953,755)</u>	<u>3,155,253</u>	<u>(259,798,502)</u>
	<u>₩(1,560,514,579)</u>	<u>₩ 217,627,369</u>	<u>₩(1,342,887,210)</u>	<u>₩ (318,057,410)</u>	<u>₩ 30,824,437</u>	<u>₩ (287,232,973)</u>

(\*) The Group did not recognize deferred tax assets and liabilities for the exchange differences and share of other comprehensive income of subsidiaries and associates and joint ventures from the investment in subsidiaries and associates as of December 31, 2022 considering the Group has no plan for disposal of those investments.



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**27. Income Tax Expense (cont'd)**

D. Income tax effect relating to components of other comprehensive income (loss) in relation to discontinued operations for the year ended December 31, 2021 is as follows: (Korean won in thousands)

	<b>2021</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩ 176,560	₩ (221,906)	₩ (45,346)
Exchange difference	5,133,291	-	5,133,291
Shares of other comprehensive income of associates and joint ventures	<u>7,977,873</u>	-	<u>7,977,873</u>
	<u>₩ 13,287,724</u>	<u>₩ (221,906)</u>	<u>₩ 13,065,818</u>

E. Income tax effect that are charged or credited directly to equity for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>			<b>2021</b>		
	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax effect</b>	<b>After tax</b>
Gain (loss) on disposal of treasury shares	₩ 92,350,321	₩ (24,957,278)	₩ 67,393,043	₩ 513,957,587	₩ (139,450,734)	₩ 374,506,853
Gain (loss) on disposal of financial assets at fair value through other comprehensive income	(61,850,340)	16,722,526	(45,127,814)	29,412,486	(7,810,076)	21,602,410
Stock options	<u>213,400,947</u>	<u>(86,368,548)</u>	<u>127,032,399</u>	<u>126,496,421</u>	<u>88,263,846</u>	<u>214,760,267</u>
	<u>₩ 243,900,928</u>	<u>₩ (94,603,300)</u>	<u>₩ 149,297,628</u>	<u>₩ 669,866,494</u>	<u>₩ (58,996,964)</u>	<u>₩ 610,869,530</u>

F. The analysis of deferred tax assets and liabilities related to continuing operations as of December 31, 2022 and 2021 is as follows: (Korean won in thousands)

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 150,660,623	₩ 102,333,835
Deferred tax asset to be recovered after more than 12 months	<u>270,964,074</u>	<u>277,752,870</u>
	421,624,697	380,086,705
Deferred tax liabilities		
Deferred tax liability to be within 12 months	(99,356,576)	(17,344,304)
Deferred tax liability to be recovered after more than 12 months	<u>(1,042,371,187)</u>	<u>(1,419,451,041)</u>
	<u>(1,141,727,763)</u>	<u>(1,436,795,345)</u>
Deferred tax assets (liabilities), net	<u>₩ (720,103,066)</u>	<u>₩ (1,056,708,640)</u>

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**27. Income Tax Expense (cont'd)**

G. Changes in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows: (Korean won in thousands)

	<b>2022</b>						
	<b>Beginning balance</b>	<b>Statement of profit or loss(*1)</b>	<b>Other comprehensive income (loss)(*2)</b>	<b>Equity</b>	<b>Business combination and disposal</b>	<b>Difference in exchange rates</b>	<b>Ending balance</b>
<b>Deferred income tax liabilities</b>							
Financial assets at fair value - profit or loss	₩ (189,514,431)	₩ 82,281,789	₩ -	₩ -	₩ -	₩ -	₩ (107,232,642)
Investments in subsidiaries and associates	(1,243,038,285)	176,232,116	86,576,338	-	-	-	(980,229,831)
Financial assets at fair value - other	-	-	-	-	-	-	-
comprehensive income	-	-	-	-	-	-	-
Others	(4,242,629)	6,232,064	-	-	(56,206,938)	(47,787)	(54,265,290)
	(1,436,795,345)	264,745,969	86,576,338	-	(56,206,938)	(47,787)	(1,141,727,763)
<b>Deferred income tax assets</b>							
Financial assets at fair value - other	27,110,215	(69,344)	147,196,638	-	-	-	174,237,509
comprehensive income	-	-	-	-	-	-	-
Provision for impairment	1,406,907	366,543	-	-	102,157	(3)	1,875,604
Intangible assets	5,079,752	3,446,757	-	-	19,615	(429)	8,545,695
Accrued expenses	81,648,425	(18,860,438)	-	-	468,400	(7,065)	63,249,322
Unearned revenues	25,500,465	4,372,421	-	-	-	-	29,872,886
Net defined benefit liabilities	133,019,157	16,972,884	(16,145,607)	-	218,892	-	134,065,326
Tax losses and tax credit carryforward	744,529	2,493,230	-	-	-	(111,675)	3,126,084
Stock options	105,577,255	(12,556,436)	-	(86,368,548)	-	-	6,652,271
Others	-	-	-	-	-	-	-
	380,086,705	(3,834,383)	131,051,031	(86,368,548)	809,064	(119,172)	421,624,697
<b>Deferred income tax assets(liabilities), net</b>							
	<u>₩(1,056,708,640)</u>	<u>₩ 260,911,586</u>	<u>₩ 217,627,369</u>	<u>₩ (86,368,548)</u>	<u>₩ (55,397,874)</u>	<u>₩ (166,959)</u>	<u>₩ (720,103,066)</u>

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**27. Income Tax Expense (cont'd)**

	2021						Ending balance
	Beginning balance	Statement of profit or loss(*1)	Other comprehensive income (loss)(*2)	Equity	Business combination and disposal	Difference in exchange rates	
<b>Deferred income tax liabilities</b>							
Financial assets at fair value - profit or loss	₩ (176,696,303)	₩ (21,064,063)	₩ -	₩ -	₩ 8,199,071	₩ 46,864	₩ (189,514,431)
Investments in subsidiaries and associates	(125,708,891)	(1,239,750,329)	3,155,254	-	119,381,280	(115,599)	(1,243,038,285)
Financial assets at fair value - other	(1,096,159)	-	1,096,159	-	-	-	-
comprehensive income							
Others	-	(4,242,629)	-	-	-	-	(4,242,629)
	<u>(303,501,353)</u>	<u>(1,265,057,021)</u>	<u>4,251,413</u>	<u>-</u>	<u>127,580,351</u>	<u>(68,735)</u>	<u>(1,436,795,345)</u>
<b>Deferred income tax assets</b>							
Financial assets at fair value - other	-	(105,790)	26,190,150	-	1,083,218	(57,363)	27,110,215
comprehensive income							
Provision for impairment	8,528,353	(2,409,591)	-	-	(4,630,983)	(80,872)	1,406,907
Intangible assets	5,892,341	26,748	-	-	(838,756)	(581)	5,079,752
Accrued expenses	79,553,765	14,451,412	-	-	(12,262,055)	(94,697)	81,648,425
Unearned revenues	125,200,643	6,855,559	-	-	(105,330,756)	(1,224,981)	25,500,465
Net defined benefit liabilities	127,571,013	23,453,377	160,969	-	(18,166,486)	284	133,019,157
Tax losses and tax credit carryforward	10,201,178	(1,620,252)	-	-	(8,237,583)	401,186	744,529
Stock options	-	17,313,410	-	88,263,845	-	-	105,577,255
Others	<u>143,520,639</u>	<u>16,304,209</u>	<u>-</u>	<u>-</u>	<u>(158,190,655)</u>	<u>(1,634,193)</u>	<u>-</u>
	<u>500,467,932</u>	<u>74,269,082</u>	<u>26,351,119</u>	<u>88,263,845</u>	<u>(306,574,056)</u>	<u>(2,691,217)</u>	<u>380,086,705</u>
<b>Deferred income tax assets(liabilities), net</b>							
	<u>₩ 196,966,579</u>	<u>₩(1,190,787,939)</u>	<u>₩ 30,602,532</u>	<u>₩ 88,263,845</u>	<u>₩ (178,993,705)</u>	<u>₩ (2,759,952)</u>	<u>₩(1,056,708,640)</u>

(\*1) Among items reflected in the statement of profit or loss, the amount related to discounted operations is income tax benefit amounting to ₩ 1,187,303 million for the year ended December 31, 2021.

(\*2) Among items reflected in other comprehensive income, the amount related to discounted operations is ₩ (-)222 million.

H. The Group did not recognize deferred tax assets and liabilities for the deductible temporary differences amounting to ₩ 2,222,632 million (2021: ₩ 1,602,683 million) and taxable temporary differences amounting to ₩ 603,307 million (2021: ₩ 319,814 million) from the investments in subsidiaries and associates which are not subject to disposal, respectively, and tax losses amounting to ₩ 1,981,489 million (2021: ₩ 1,047,084 million) which are not recoverable because of the uncertainty of future taxable income of the subsidiaries.

**28. Earnings per Share**

A. Basic earnings per share for operating profit for the years ended December 31, 2022 and 2021 are as follows:

(1) Basic earnings per share from continuing operations (Korean won in thousands and in number of shares)

	<u>2022</u>	<u>2021</u>
Profit from continuing operations attributable to the controlling shareholders of the Group	₩ 760,260,876	₩ 1,493,472,247
Less: dividend on preferred shares	<u>(10,361,066)</u>	<u>(10,349,773)</u>
	₩ 749,899,810	₩ 1,483,122,474
Weighted average number of ordinary shares outstanding	149,764,029	148,659,354
Basic earnings per share from continuing operations(in Korean won)	₩ 5,007	₩ 9,977

(2) Basic earnings per share from discontinued operations (Korean won in thousands and in number of shares)

	<u>2022</u>	<u>2021</u>
Profit from discontinued operations attributable to the controlling shareholders of the Group	₩ -	₩ 14,996,377,524
Weighted average number of ordinary shares outstanding	149,764,029	148,659,354
Basic earnings per share from discontinued operations(in Korean won)	₩ -	₩ 100,877

B. Weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021 are calculated as follows: (in number of shares)

	<u>2022</u>	
	<u>Numbers of ordinary shares outstanding</u>	<u>Cumulative shares</u>
Beginning balance	149,298,955	54,494,118,575
Treasury shares disposal	<u>682,763</u>	<u>169,751,868</u>
		<u>54,663,870,443</u>

(\*) Weighted average number of ordinary shares outstanding:  $54,663,870,443 \div 365 \text{ days} = 149,764,029$  shares

	<u>2021</u>	
	<u>Numbers of ordinary shares outstanding</u>	<u>Cumulative shares</u>
Beginning balance	147,459,035	53,822,547,775
Treasury shares disposal	<u>1,839,920</u>	<u>438,116,562</u>
		<u>54,260,664,337</u>

(\*) Weighted average number of ordinary shares outstanding:  $54,260,664,337 \div 365 \text{ days} = 148,659,354$  shares

**28. Earnings per Share (cont'd)**

C. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has stock options granted by the Company as dilutive potential ordinary shares. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options are exercised. (Korean won in thousands and in number of shares)

	<u>2022</u>	<u>2021</u>
Profit from continuing operation attributable to the controlling ordinary shareholders of the Group	₩ 749,899,810	₩ 1,483,122,474
Profit from discontinued operations attributable to the controlling ordinary shareholders of the Group	-	14,996,377,524
	749,899,810	16,479,499,998
Weighted average number of ordinary shares outstanding	149,764,029	148,659,355
Adjustments		
Stock option	654,184	1,344,737
Weighted average number of ordinary shares outstanding to calculate diluted earnings per share	150,418,213	150,004,092
Diluted earnings per share(in Korean won)	₩ 4,985	₩ 109,860
Diluted earnings per share from continuing operations(in Korean won)	4,985	9,887
Diluted earnings per share from discontinued operations(in Korean won)	-	99,973

**29. Dividends**

The dividend of ordinary shares for fiscal year ended December 31, 2021 of ₩ 76,292 million was paid in April 2022, and details of dividends for the years ended December 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

The interim dividend of ordinary shares of ₩ 137,072 million was paid on November 15, 2022, upon a resolution of the Board of Directors made on November 2, 2022, and details of the dividend are as follows:

	<u>2022 (interim dividends)</u>
Shares eligible for dividends	149,969,542 Shares
Dividends per share (Korean won)	₩ 914
Cash dividends (Korean won in thousands)	₩ 137,072,161

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**30. Cash flow statements**

A. Details of cash generated from operations and changes in assets and liabilities due to operations for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Profit for the year	₩ 673,180,300	₩ 16,477,625,560
Adjustments:		
Bad debt expense	676,077	6,458,908
Depreciation	360,397,507	329,973,292
Depreciation of right-of-use assets	158,235,996	82,290,101
Amortization	42,275,065	21,181,395
Gain on foreign currency translation	(85,331,603)	(38,823,177)
Loss on foreign currency translation	165,723,833	68,954,454
Loss on disposal of trade receivables	-	1,307,581
Gain on disposal of property and equipment	(4,941,928)	(2,679,680)
Loss on disposal of property and equipment	3,396,168	3,217,160
Impairment loss on right-of-use assets	-	13,578
Gain on disposal of intangible assets	(198,301,511)	2,040,012
Loss on disposal of intangible assets	70,040	250,923
Impairment loss on intangible assets	13,770,992	5,534,257
Gain on valuation of financial assets and liabilities at fair value - profit or loss	(480,846,408)	(636,711,905)
Loss on valuation of financial assets and liabilities at fair value - profit or loss	750,803,387	264,166,134
Gain on disposal of financial assets at fair value - profit or loss	(36,532,669)	(33,901,716)
Loss on disposal of financial assets at fair value - profit or loss	21,903,702	13,881,563
Gain on disposal of financial assets at fair value - other comprehensive income – debt instruments	-	(56,050)
Loss on disposal of financial assets at fair value - other comprehensive income – debt instruments	-	387,919
Impairment loss on financial assets at fair value - other comprehensive income	-	(102,108)
Gain on disposal of investments in associates and joint ventures	(29,743,212)	(16,171,611,149)
Loss on disposal of investments in associates and joint ventures	11,074,829	2,610,342
Impairment loss on investments in associates and joint ventures	105,327,595	34,570,513
Share of profit of associates and joint ventures	(407,505,415)	(810,996,862)
Share of loss of associates and joint ventures	310,744,263	266,295,706
Share-based payment expenses	95,500,027	247,902,431
Post-employment benefits	138,587,827	121,289,435
Interest income	(59,164,659)	(20,381,983)
Interest expenses	71,692,137	51,716,490
Dividend income	(47,883,375)	(70,267,052)
Income tax expenses	410,536,791	1,869,345,256
Income with no other cash inflows	7,585,757	(5,377,131)
Change in operating assets and liabilities, net:		
Trade receivables	(56,361,554)	(39,572,914)
Other receivables	(44,750,623)	(240,148,990)
Other current assets	(51,828,000)	(185,748,719)
Other non-current assets	(23,662,886)	(33,653,633)
Other payables	133,788,795	68,007,853
Long-term other payables	(1,073,610)	7,555,427
Accrued expenses	9,397,415	34,910,652
Long-term accrued expenses	24,164,559	(32,867,827)
Other current liabilities	370,933,660	483,656,027
Provisions	(8,900,596)	(2,968,783)
Net defined benefit liabilities	(41,748,711)	(30,068,789)
Others	(2,503,542)	(39,173,550)
	<u>₩ 2,298,686,420</u>	<u>₩ 2,070,030,951</u>

(\*) Cash generated from operations and changes in assets and liabilities due to operations from discontinued operations for the year ended December 31, 2021 amounting to ₩ (-)223,228 million is included.

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**30. Cash flow statements (cont'd)**

B. Significant transactions not affecting cash flows for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>	<b>2021</b>
Reclassification of construction in progress	₩ 586,868,121	₩ 33,985,445
Other payables arising from acquisitions of property and equipment	43,777,472	(17,355,014)
Increase in right-of-use assets	614,644,419	348,346,045
Other payables arising from acquisitions of intangible assets	222,475	(1,117,982)
Reclassification of current portion of long-term borrowings and debentures	1,154,446,281	139,053,823

C. Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>							
	<b>Liabilities from financing activities</b>							
	<b>Short-term borrowings</b>	<b>Current portion of long-term borrowings</b>	<b>Long-term borrowings</b>	<b>Debenture</b>	<b>Lease liabilities</b>	<b>Dividend payable</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 342,638,765	₩ 118,683,053	₩ 1,552,014,026	₩ 1,636,827,464	₩ 311,277,707	₩ -	₩ 511,872,420	₩ 4,473,313,435
Cash flows - proceeds	139,564,583	-	106,435,417	-	-	-	134,420,445	380,420,445
Cash flows - repayment	(246,764,958)	(111,740,292)	(100,690,380)	-	(178,551,443)	(213,363,927)	(1,463,130)	(852,574,130)
Recognized for the year	-	-	-	-	619,563,004	213,363,927	-	832,926,931
Current portion reclassification	17,056,250	1,137,390,031	(1,154,446,281)	-	-	-	-	-
Disposal	-	-	-	-	(14,508,429)	-	-	(14,508,429)
Changes in scope of consolidation <sup>1</sup>	7,866,958	194,928	8,827,132	2,555,027	-	-	-	19,444,045
Amortization	-	-	-	2,948,804	20,652,049	-	-	23,600,853
Valuation	-	-	-	-	-	-	117,024,883	117,024,883
Others (*)	1,068,888	(24,558,908)	(84,105,601)	62,186,982	24,197,394	-	(658,846)	(21,870,091)
Ending balance	<u>₩ 261,430,486</u>	<u>₩ 1,119,968,812</u>	<u>₩ 328,034,313</u>	<u>₩ 1,704,518,277</u>	<u>₩ 782,630,282</u>	<u>₩ -</u>	<u>₩ 761,195,772</u>	<u>₩ 4,957,777,942</u>

(\*) Others Include effects of changes in foreign currency exchange rate and interest payments which are presented as operating activities in the statement of cash flows when paid.

	<b>2021</b>							
	<b>Liabilities from financing activities</b>							
	<b>Short-term borrowings</b>	<b>Current portion of long-term borrowings</b>	<b>Long-term borrowings</b>	<b>Debenture</b>	<b>Lease liabilities</b>	<b>Dividend payable</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 1,653,814,947	₩ 95,015,814	₩ 864,945,124	₩ 5,690,291	₩ 827,028,028	₩ -	₩ 25,235,851	₩ 3,471,730,055
Cash flows - proceeds	260,601,900	-	1,598,040,294	9,403,866,053	-	-	387,622,629	11,650,130,876
Cash flows - repayment	(313,095,646)	(216,153,104)	(2,642)	-	(114,274,687)	(59,784,556)	(1,080,589)	(704,391,224)
Recognized for the year	-	-	-	-	343,945,599	59,784,556	-	403,730,155
Current portion reclassification	(100,000,000)	239,051,181	(139,051,181)	-	-	-	-	-
Disposal	-	-	-	-	(7,210,001)	-	-	(7,210,001)
Changes in scope of consolidation(*1)	(1,149,803,119)	(15,647)	(735,261,676)	(7,721,245,572)	(734,085,003)	-	-	(10,340,411,017)
Amortization	-	-	-	(3,951,362)	8,205,214	-	-	4,253,852
Others(*2)	(8,879,317)	784,809	(36,655,893)	(47,531,946)	(12,331,443)	-	100,094,529	(4,519,261)
Ending balance	<u>₩ 342,638,765</u>	<u>₩ 118,683,053</u>	<u>₩ 1,552,014,026</u>	<u>₩ 1,636,827,464</u>	<u>₩ 311,277,707</u>	<u>₩ -</u>	<u>₩ 511,872,420</u>	<u>₩ 4,473,313,435</u>

(\*1) Excluded from scope of consolidation due to discontinued operations for the year ended December 31, 2021.

(\*2) Others include effects of changes in foreign currency exchange rate and interest payments which are presented as operating activities in the statement of cash flows when paid.

### 31. Commitments and Contingencies

A. As of December 31, 2022, the Group has borrowing agreements with 8 Korean financial institutions, except Kookmin Bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,991,000 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 333,129 million. Also, the Group has borrowing agreements with SMBC Corporation, Mizuho Bank and 7 others with an aggregated credit limit up to JPY 128,660 million and USD 1,220 million.

B. As of December 31, 2022, the Group is provided with guarantees of ₩ 255,964 million from Seoul Guarantee Insurance Company, Korea Software Financial Cooperative and others in relation to the performance guarantee and guarantees of ₩ 3,250 million (available up to ₩ 7,250 million) from Shinhan Bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,313 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

C. As of December 31, 2022, customers' advance payments of ₩ 100,925 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'.

D. As of December 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

E. As of December 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. The limit for the unused portion (off-balance sheet account) amount to ₩ 125,199 million as of December 31 2022.

F. As of December 31, 2022, the Group has entered into a construction contract amounting to ₩ 462,241 Korean won in millions (outstanding amount: ₩ 200,374 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).

G. As of December 31, 2022, the Group is a defendant in 29 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amount of the lawsuits: ₩ 6,448 million), there is one case in the stage of applying for dismissal before litigation and the Group is a plaintiff in 8 lawsuit cases filed with regard to compensation for damages (aggregate amount of the lawsuits: ₩ 1,936 million). The outcome of these cases is uncertain as of 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.

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

	<u>Agreed amount</u>	<u>Accumulated investment</u>	<u>Outstanding amount</u>
General Atlantic LLC	₩ 190,095,000	₩ 70,734,311	₩ 119,360,689
K-Fund II	108,096,000	60,077,297	48,018,703
China Ventures Fund I, Limited Partnership	253,460,000	208,845,993	44,614,007
K-Fund I	202,680,000	172,038,125	30,641,875
Sequoia Capital Global Growth Fund III	171,085,500	141,244,782	29,840,718

I. As of December 31, 2022, the Group has entered into executives and employees' group injury insurance and others with KB insurance Co., Ltd. and others.

J. As of December 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.



### **31. Commitments and Contingencies (cont'd)**

K. 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.

L. 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.

M. As of December 31, 2022, the Group provides time deposits of ₩ 57,200 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, ₩ 2,653 million are pledged for the leasehold deposits of the associates. ₩ 1,700 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 December 31, 2022, the above financial instruments are restricted in use.

N. As of December 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).

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

P. As of December 31, 2022, the Group and WEVERSE COMPANY Inc., the associate held by the Group, have entered into an agreement on the right of first refusal and call option 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.

Q. 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.

R. 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.

S. Other than those described in Note 16, as of December 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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**32. Related Party Transactions**

A. Details of subsidiaries as of December 31, 2022 and 2021 are described in Note 1.A, and details of associates and joint ventures as of December 31, 2022 and 2021 are described in Note 14.A.

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
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., Studio Swing Bat Co., Ltd., DOHANDS Co.,Ltd Ubob Inc., HUNIVERSE GLOBAL Co., Ltd., 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.

C. Transactions with related parties including operating revenues and operating expenses for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>			
	<b>Operating revenue and others(*3)</b>	<b>Operating expenses and others</b>	<b>Purchase of non-current assets</b>	<b>Disposal of non-current assets</b>
<b>Associate:</b>				
A Holdings Corporation	₩ -	₩ 328,604	₩ -	-
LINE Company (Thailand) Limited(*2)	289,757	590,297	-	-
LINE Corporation(*2)	123,247,333	12,511,767	6,207	-
LINE Taiwan Limited(*2)	8,580	1,408,761	-	-
LINE NEXT Corporation(*2)	-	-	-	6,055
Makma	-	1,178,822	-	-
PT.LINE PLUS INDONESIA(*2)	102,636	189,712	-	-
LINE Biz Plus Corporation(*2)	3,724,956	-	825	5,606
LINE studio Corp. (*2)	256,751	654,700	-	-
J Peul Media Co., Ltd.	-	8,042,338	-	-
MARKT Co.,Ltd.(*2)	218,725	23,590,146	116,450	-
Sam Studio Co., Ltd.	-	1,067,435	-	-
Su Comics Co., Ltd.	-	305,225	-	-
Studio 389 Co., Ltd.	-	3,192,287	-	-
Studio Mul Co., Ltd.	-	2,390,288	-	-
Arointech inc	220	800,301	-	-
ZK Studio Co., Ltd.	-	44,247	394,231	-
Cafe24 Corp.	1,288,199	27,064,365	-	-
Famous Studio Corp.	160,739	49,684,429	-	-
LINE Plus Corporation(*2)	7,197,080	5,189,907	105,375	91,780
LINE PLAY Corporation (*2)	287,530	-	826	-
LINE Pay Corporation(*2)	329,094	447,484	-	-
LINE Financial Plus (*2)	459,673	-	-	-
IPX Corporation(formerly, LINE friends corporation)(*2)	1,588,423	4,689,959	5,016	703
Line Fukuoka Corp.(*2)	522	6,474,801	-	-
Pala Inc.	219	194,646	-	-
Yumistudio Co., Ltd.	-	2,032,818	-	-
Vi-Frost	-	251,014	-	-
Studio hohoe Co.,Ltd.	-	633,266	-	-
SHINE PARTNERS CO., LTD.	-	3,118,799	-	-
Only Won Entertainment Co., Ltd.	6,000	1,190,027	-	-
WEVERSE COMPANY Inc	194,235,890	53,861	-	7,604
SYNAP SOFT CORP	-	850,000	-	-
MUNPIA INC (*4)	-	2,947,170	-	-

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eBOOK Initiative Japan Co., Ltd.(*4)	-	18,138	-	-
Studio Paran Inc.	8,000	200,000	-	-
Murple, Inc.	-	1,040,000	-	-
Chicment Co., Ltd.	15,494	242,391	-	-
AXIS Co.,LTD.	10,000	200,000	-	-
Mirae Asset MAPS Private Placement Real Estate 62 Goodus Data, Inc	2,319,914	580,004	-	-
Studio1991	-	333,664	-	-
Studio JHS Co., Ltd (*4)	-	8,380,483	-	-
REDICE Studio Inc.(*2)	-	2,998,128	554,615	-
Reverse Corp.(*2)	-	5,307,685	-	-
GEULGGUN	-	120,601	-	-
The Grimm entertainment Co.,Ltd.	-	14,338,360	-	-
Big Picture Comics Co., Ltd.	-	1,591,396	-	-
JQ COMICS Co., Ltd.	-	1,674,752	-	-
YLAB CORPORATION (*5)	-	12,772,612	5,062	-
Other	280,550	339,176	-	-
<b>Joint venture:</b>				
Designpress Co., Ltd.	-	1,688,189	-	-
Cineplay Co., Ltd	-	965,200	-	-
Yeopeul Co., Ltd	-	1,002,082	-	-
jobsN CO., Ltd	647	896,998	-	-
Animal and Human Story Co., Ltd.	7,899	611,632	-	-
Law&Media Co., Ltd	-	881,800	-	-
School Jaem Co., Ltd	168	970,693	-	-
Sseom Lab Co., Ltd.	90	657,160	-	-
Agro Plus Co., Ltd.	-	843,143	-	-
Artition Co., Ltd.	-	600,000	-	-
Inter Biz Co., Ltd	54	814,990	-	-
Tech Plus Co., Ltd.	11	627,005	-	-
China Lab Co.,Ltd	53	964,036	-	-
<b>Other:</b>				
LINE Games Corporation(*1)	168,934	-	-	-
THE HAPPYBEAN FOUNDATION(*1)	1,564,315	10,027,491	-	-
NAVER Connect Foundation(*1)	8,128,423	14,550,431	-	99,067
MYSTIC Story Inc	27,300	1,868,102	-	-
NAVER Cultural Foundation(*1)	65,781	2,000,323	-	-
Jakga Company Co., Ltd. (*4)	-	7,548,464	-	-
Contents First Inc.	612,359	944	-	-
Ubob Inc.	6,384	258,466	-	-
Other	2,641	163,341	-	-

(\*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 ₩ 40,874 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 year ended December 31, 2022.

(\*5) The amount represents the total transaction amount of the entity reclassified from other related party to associate due to the conversion of ordinary shares.

	<b>2021</b>	
	<b>Operating revenue and others</b>	<b>Operating expenses and others</b>
<b>Associate:</b>		
LINE Corporation(*5)	₩ 110,785,904	₩ 10,446,475
LINE Plus Corporation(*5)	7,054,162	547,900
LINE Music Corporation(*2)	2,957,614	17,490
LINE Biz Plus Corporation(*5)	2,769,458	-
Transcosmos Online Communication Inc.(*2)	2,193,193	67,133
LINE Pay Corporation(*5)	1,281,851	320,897
IPX Corporation(formerly, LINE friends corporation)(*5)	1,265,418	3,599,498
LINE Financial Plus(*5)	817,702	-
MARKT Co.,Ltd(*5)	751,439	29,964,705
LINE Conomi Corporation(*5)	506,913	-
LINE PLAY Corporation(*5)	327,546	-
Feelway Co., Ltd.	303,677	-
LINE Games(*2)(*4)	268,557	-
Drama & Company(*5)	236,205	52,070
Cafe24 Corp	222,312	10,951,186

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	<b>2021</b>	
	<b>Operating revenue and others</b>	<b>Operating expenses and others</b>
LINE Company (Thailand) Limited(*5)	208,086	427,173
LINE studio Corp(*5)	170,605	909,040
LINE MAN (Thailand) Company Limited(*2)	163,795	14,446
LINE MAN Corporation PTE.LTD(*2)	131,145	-
AXIS Co., Ltd	128,976	-
LINE Up(*5)	115,561	-
Famous Studio Corp	58,915	23,468,432
Munpia, Inc.	-	6,146,430
Line Fukuoka Corp.(*5)	455	5,048,075
Studio Mul Co., Ltd	-	1,990,874
ROKMEDIA	-	1,702,793
LINE VIETNAM JOINT STOCK COMPANY(*5)	568	1,618,183
J Peul Media Co., Ltd.	-	1,551,419
Yumistudio Co., Ltd.	-	1,319,358
Sam Studio Co., Ltd	-	1,246,781
Synapsoft Corp	-	850,000
Studio hohoe Co.,Ltd.	-	666,770
LINE Taiwan Limited(*5)	64,135	621,833
Pala Inc	419	590,921
Makma	-	498,441
A Holdings Corporation	-	473,664
Studio 389 Co., Ltd.	-	394,996
Arointech inc	240	198,626
Others	443,853	232,632
<b>Joint venture:</b>		
jobsN Co., Ltd.	1,222,918	2,341,213
Cineplay Co., Ltd	884,000	1,891,560
Yeopeul Co., Ltd.	686,307	1,780,715
Kasikorn LINE company Limited(*3)	665,366	-
Interbiz Co., Ltd.	398,286	1,780,824
Sseom lab Co., Ltd.	382,286	1,518,465
RABBIT-LINE PAY COMPANY LIMITED(*3)	365,442	65,953
Animal and Human Story Inc	324,429	1,695,019
Agro Plus Co., Ltd.	241,079	1,391,737
Designpress Co., Ltd.	191,186	1,454,175
China Lab Co., Ltd.	85,294	1,374,871
Law&Media Co., Ltd.	43,071	952,546
School Jaem Co., Ltd.	13,516	714,196
Tech Plus Co., Ltd.	1	1,573,718
Artitian Co., Ltd.	-	1,178,346
Others	10,455	2,366
<b>Other:</b>		
Naver Connect (formerly, Connect)(*1)	6,833,387	13,172,393
Happybean foundation(*1)	1,755,514	10,033,658
LINE Games(*1)(*4)	324,243	-
Contents First	92,968	-
NAVER Cultural foundation(*1)	82,028	3
LunaSoft	8,858	67,464
DOHANDS	2,304	12
Bravepops	449	-
PIG(*1)(*4)	178	-
Jakga Company	-	8,035,391
Espresso Media	-	490,792
Mystic story	-	20,219
Studio Pot	-	1,133

(\*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) Entity was excluded from associates due to the sale of disposal group during the year ended December 31, 2021. The amount represents transactions prior to the exclusion from associates.

(\*3) Entity was excluded from joint ventures due to the sale of disposal group during the year ended December 31, 2021. The amount represents transactions prior to the exclusion from joint ventures.

(\*4) Entity was excluded from associates due to the sale of disposal group during the year ended December 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.

(\*6) The amount above does not include payments and receipts on behalf of either party amounting to ₩ 6,286 million.

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**32. Related Party Transactions (cont'd)**

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

	December 31, 2022			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
<b>Associate:</b>				
A Holdings Corporation	₩ -	₩ 17,963	₩ 158,623	₩ -
LINE Company (Thailand) Limited	60,544	-	186,755	-
LINE Conomi Corporation	-	3,336,861	-	-
LINE Corporation	56,856,561	54,303,934	38,221,708	203,429
LINE Taiwan Limited	1,783	-	252,025	-
LINE Biz Plus Corporation	409,271	1,284,074	-	1,184,576
Mirae Asset MAPS Private Placement Real Estate 62	-	18,875,390	-	351,594,520
J Peul Media Co., Ltd.	-	730,206	572,267	-
MARKT Co.,Ltd	6,828	12,099,024	121,599	-
Studio 389 Co., Ltd.	-	550,746	19,736	-
AXIS Co.,LTD. (*2)	-	-	-	-
HAVIT CORPORATION	-	500,000	485,391	-
Cafe24 Corp.	193	-	1,891,436	-
Famous Studio Corp.	-	2,019,638	2,189,493	204,978
LINE Plus Corporation	900,999	944,238	2,060,112	215,864
IPX Corporation(formerly, LINE friends corporation)	156,910	85,704	1,960,812	-
WEVERSE COMPANY Inc	-	40,350,088	5,132	1,892,601
LINE Pay Corporation	91,142	47,659	1,960,722	52,331
LINE Financial Plus Corporation	63,415	315,164	-	279,062
Line Fukuoka Corp.	23,369	-	324,623	341,604
Only Won Entertainment Co., Ltd.	-	-	139,543	-
SYNAP SOFT CORP.	-	-	1,020,000	-
Vi-Frost	-	26,188	31,471	105,421
ZK Studio Co., Ltd.	-	105,769	-	-
Murple, Inc.	-	-	540,000	-
SGRSOFT Co., Ltd.	-	-	300,350	-
Chicment Co., Ltd.	5,161	301,213	15,000	-
Goodus Data, Inc	453,242	-	219,958	-
YLAB CORPORATION	-	565,087	203,405	-
REDICE Studio Inc.	17,854	57,692	648,039	48,000
Reverse Corp.	47,323	137,244	423,652	-
The Grimm entertainment Co.,Ltd.	-	-	225,467	-
JQ COMICS Co., Ltd.	-	202,247	189,757	-
PT Karunia International Citra	-	774,379	-	-
Kencana				
Other	104,533	237,472	547,871	36,612
<b>Joint venture:</b>				
Designpress Co., Ltd.	-	-	391,341	-
China Lab Co.,Ltd.	-	-	146,890	-
Other	-	200	84,678	-
<b>Other:</b>				
NAVER Connect Foundation (*1)	865,805	8,525	206,274	-
THE HAPPYBEAN FOUNDATION (*1)	113,265	45,830	1,142,725	-
Studio Pot	-	293,613	222	-
Others	18,940	64,871	66,144	-

(\*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 does not include the allowance of ₩ 1,400 million.

(\*3) Lease receivables are included.

(\*4) Lease liabilities are included.

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**32. Related Party Transactions (cont'd)**

	December 31, 2021			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
<b>Associate:</b>				
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
<b>Joint venture:</b>				
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	-
<b>Other:</b>				
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	-
ESPRESSO 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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**32. Related Party Transactions (cont'd)**

E. Fund transactions with related parties for the years ended December 31, 2022 and 2021 are as follows:  
(Korean won in thousands)

	2022			
	Contributions in cash	Dividends received and others	Repayments(*2)	Collection(*2)
<b>Associate:</b>				
WEVERSE COMPANY Inc.(*1)(*4) ₩	199,999,533 ₩	-	-	2,630,341
K-Fund II	57,902,321	23,603,987	-	-
CHINA VENTURES FUND II, L.P.	29,754,834	-	-	-
China Ventures Fund I, Limited Partnership	10,516,288	5,243,187	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	30,489,343	116,341,041	-	-
K-Fund I	5,081,400	29,258,274	-	-
Mirae Asset-NAVER New Growth Fund I	4,500,000	-	-	-
Pinokio, Inc.	4,000,000	-	-	-
Studio Ppuri Co., Ltd.	2,750,000	-	-	-
Pala Inc	2,682,928	-	-	8,514
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-
Murple, Inc.	1,799,000	-	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	7,823,999	28,579,380	-	-
SYNAP SOFT CORP.	-	107,142	-	-
Mirae Asset MAPS Private Placement Real Estate 62 (*4)	-	8,371,671	26,233,052	-
Paramark KB Fund I (*3)	11,861,000	2,238,867	-	-
TAIL Start-up Fund I	1,600,000	-	-	-
Studio Dragon Japan CO., LTD.	8,734,770	-	-	-
LINE NEXT Inc.	6,181,209	-	-	-
Do Ventures Fund I, I-A	2,625,800	-	-	-
TBT Global Growth Fund III	7,500,000	9,637	-	-
STUDIO YELL Co.	107,700	-	-	-
Studio 1991	149,984	-	-	-
Goodus Data, Inc	2,999,952	-	-	-
Purpleduck Corp.	473,846	-	-	-
SHAKE HANDS SDN BHD	2,216,898	-	-	-
Makma	-	58,662	-	-
Future Creation NAVER-SB Startup Investment Fund	-	1,457,382	-	-
A Holdings Corporation	-	491,042,585	-	-
NAVER-BSK Youth Foundation	-	1,144,021	-	-
No.5 Investment Fund	-	-	-	-
Fast Cowell Private Equity Fund	-	708,066	-	-
YN CULTURE & SPACE	3,923,080	-	-	-
Korea Contents Mutual Aid Association	25,000	-	-	-
CravingCollector Inc.	5,499,989	-	-	-
VerseWork Co., Ltd.	300,000	-	-	-
ZEP Co.,Ltd.	1,600,000	666,000	-	-
Contrau ventures fund no.1	2,000,000	-	-	-
Studio Paran Inc.	700,000	-	-	-
BY4M Studio Co., Ltd.	2,999,672	-	-	-
SGRSOFT Co., Ltd.	499,960	-	-	-
Chicment Co., Ltd.	3,000,000	-	-	-
Quokka Industries Inc.	4,000,000	-	-	-
DHP private equity fund 3	-	39,102	-	-
BonAngels Pacemaker Fund	-	1,500,000	-	-
Famous Studio Corp.	-	-	-	64,932
PT Karunia International Citra Kencana	1,962,744	-	-	-
Sasom Company Limited	2,578,426	-	-	-
STL 18th Private Equity Fund	20,000,000	-	-	-
Mirae Asset-NAVER New Growth Fund I	-	717,000	-	-
Arointech inc	-	8,000	-	-
LINE Biz Plus Corporation	-	-	-	3,015,351
LINE Financial Plus	-	-	-	745,893
LINE Plus Corporation	-	-	-	609,874

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LINE UP Corporation	-	-	-	82,887
<b>Joint venture:</b>				
Studio Toon Corp.	4,998,000	-	-	-
<b>Other:</b>				
HUNIVERSE GLOBAL Co., Ltd.	2,000,004	-	-	-
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.

(\*3) The investment in associates is reclassified to financial instrument due to the decrease in the portion of ownership for the year ended December 31, 2022

(\*4) During the year ended December 31, 2022, the Group recognized ₩ 385,696 million of right-of-use asset at the time of acquisition in accordance with the 10-year office lease contract with MiraeAsset MAPS Private Placement Real Estate 62 and the balance as of December 31, 2022 is ₩ 351,595 million. Some of these offices were provided to WEVERSE COMPANY Inc. for 10 years in finance lease contract and the remaining balance of lease contract as of December 31, 2022 is ₩ 41,877 million.

	2021				
	Contributions in cash	Dividends received and others	Loans	Repayments(*2)	Collections(*2)
<b>Associate:</b>					
WEVERSE COMPANY	₩ 211,884,516	₩ -	₩ -	₩ -	-
Cafe24(*3)	137,164,280	-	-	-	-
A Holdings Corporation	103,055,033	96,073,631	-	-	-
eBOOK Initiative Japan Co., Ltd.	101,601,682	-	-	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	101,236,064	-	-	-	-
CHINA VENTURES FUND II, L.P.	75,450,379	-	-	-	-
Munpia Inc.	60,518,848	-	-	-	-
FUTURE INNOVATION PRIVATE EQUITY FUND III	45,831,000	178,924	-	-	-
China Ventures Fund I, Limited Partnership	41,457,351	113,028,413	-	-	-
A2Z Inc	40,000,000	-	-	-	-
SODA inc.	36,309,421	-	-	-	-
LINE Bank Preparatory COMPANY(*1)	33,547,704	-	-	-	-
K-Fund I	27,332,895	307,033	-	-	-
MiraeAsset-Naver Asia Growth Fund	25,134,506	-	-	-	-
Gorilla NCORE Metaverse 1	22,050,000	-	-	-	-
J Peul Media Co., Ltd	13,805,000	-	-	-	-
ICART GROUP	9,219,861	-	-	-	-
YN Culture & Space	5,871,205	-	-	-	-
BIFROST	4,191,120	-	-	-	-
A2Z-IP Fund	3,300,000	-	-	-	-
SHINE PARTNERS	2,545,543	-	-	-	-
Baecom	2,499,995	-	-	-	-
K-Fund II	2,174,976	-	-	-	-
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-	-
Paramark KB Fund I	1,972,000	-	-	-	-
CINNAMON	1,673,335	-	-	-	-
Sasom Company	1,012,861	-	-	-	-
Yumistudio Co., Ltd	1,000,005	-	-	-	-
Studio Horang	1,000,000	-	-	-	-
VerseWork Co., Ltd	799,992	-	-	-	-
Makma	750,660	-	-	-	-
Sam Studio Co., Ltd	700,033	-	-	-	-
Pala Inc	487,805	-	-	-	25,179
TAIL Start-up Fund I	400,000	-	-	-	-
ZEP	400,000	-	-	-	-
Studio hohoe Co., Ltd.	400,000	-	-	-	-
Only One Entertainment	250,012	-	-	-	-
Geulbitneun Iyakiggun	200,000	-	-	-	-
Studio 389	100,000	-	-	-	-
Seno Corporation	97,038	-	-	-	-
MiraeAsset MAPS Private Placement Real Estate 62	-	145,486,028	-	-	-



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Future Creation NAVER- Stonebridge Early Stage Start-up Fund	-	11,564,499	-	-	-
NAVER KIP Cheer up! Gamers Fund	-	9,735,696	-	-	-
NAVER-BSK Youth Foundation No.5 Investment Fund	-	3,259,293	-	-	-
BonAngels Pacemaker Fund	-	3,000,000	-	-	-
Future Creation Naver-SB Startup Investment Fund	-	537,623	-	-	-
Soran Media Venture Fund	-	252,827	-	-	-
Digital Media Partners II, L.P.	-	49,734	-	-	-
Fast Cowell Private Equity Fund	-	31,433	-	-	-
ARO In Tech	-	22,000	-	-	-
Famous Studio Corp.	-	-	6,000,000	-	-
LINE Conomi Corporation	-	-	3,664,640	-	-
LINE Corporation	-	-	-	647,277	-
LINE Financial Plus	-	-	-	-	2,224,719
Line Biz Plus	-	-	-	-	998,029
LINE Plus	-	-	-	-	455,671
HAVIT	-	-	-	-	300,000
LINE Up	-	-	-	-	256,115
<b>Joint venture:</b>					
Kasikorn LINE company Limited(*1)	27,577,283	-	-	-	-
<b>Other:</b>					
Contents First	33,422,061	-	-	-	-
Jakga Company	5,000,000	-	-	-	-
HD junction	2,900,005	-	-	-	-
DOHANDS	2,699,998	-	-	-	-
YLAB	411,626	-	-	-	-
Studioswingbat	180,000	-	-	-	-

(\*1) Entity was excluded from associates and joint ventures as they were included in the sale of disposal group during the year ended December 31, 2021. The amount represents transactions prior to the exclusion from associates and joint ventures.

(\*2) Collections includes collection from loans and transaction resulting from leases, and repayments include transaction resulting from leases.

(\*3) Made contribution in kind with its treasury shares.

F. There is no payment guarantees provided by the Group to the related parties as of December 31, 2022.

G. Compensation to key management

The compensation paid or payable to key management (executive directors) for their services for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	₩ 2,919,785	₩ 5,459,519
Post-employment benefits	370,230	449,672
Other long-term benefits	-	420,078
Share-based payment expenses	1,698,389	1,423,922

### 33. Business Combinations

Significant business combinations of the Group for the years ended December 31, 2022 are as follows:

A. 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.

The Group held 20.17% shares of MUNPIA INC. as of December 31, 2021 and acquired additional shares (36.09%) by recollecting loans to existing shareholders in shares of MUNPIA INC. for the year ended December 31, 2022.

(1) Summary of related accounting is 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(*)	₩ 22,167,538
III. Recognized amounts of identifiable assets acquired and liabilities assumed	
Assets	
Cash and cash equivalents	₩ 36,631,505
Trade and other receivables	8,196,136
Inventories	31,591
Other assets	2,119,061
Property, plant and equipment	591,622
Right-of-use-assets	554,452
Intangible assets	18,663,767
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>
	67,262,779
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	675,720
Deferred tax liabilities	<u>4,398,304</u>
	<u>15,687,414</u>
Total identifiable net assets	<u>₩ 51,575,365</u>
IV. Goodwill	<u>₩ 139,359,857</u>

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

**33. Business Combinations (cont'd)**

(2) 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 consolidated statement of comprehensive income (loss) for the year ended December 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 ₩ 34,164 million and ₩ 10,001 million, respectively. Had MUNPIA INC. and its subsidiaries been consolidated from January 1, 2022, operating revenue and profit for the period in the consolidated statements of comprehensive income (loss) would have been ₩ 8,228,921 million and ₩ 674,768 million, respectively.

**33. Business Combinations (cont'd)**

B. 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)

The Group held 34.35% shares of eBook Initiative Japan Co., Ltd. as of December 31, 2021 and obtained control over the entity by acquiring 65.65% of shares through stock exchange for the year ended December 31, 2022.

(1) Summary of related accounting is 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	63,294,880
Inventories	308,244
Other assets	654,015
Property, plant and equipment	1,251,126
Right-of-use assets	2,528,675
Intangible assets	174,414,977
Financial assets at fair value – profit or loss	50,994
Deferred tax assets	<u>961,713</u>
	314,938,446
Liabilities	
Trade and other payables	₩ 82,880,091
Current tax liabilities	4,223,850
Provisions	1,520,946
Lease liabilities	2,444,705
Other liabilities	<u>51,107,080</u>
Deferred tax liabilities	143,634,796
Total identifiable net assets	<u>₩ 171,303,650</u>
IV. Goodwill	₩ 65,379,450

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

(2) 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 inflow	<u>₩ 11,873,531</u>

Operating revenue and loss for the period included in the interim condensed consolidated statement of comprehensive income (loss) since the acquisition date contributed by eBook Initiative Japan Co., Ltd. was ₩ 231,391 million and ₩ 5,923 million, respectively. 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 ₩ 8,306,938 million and ₩ 676,313 million, respectively.

### 34. Operating Segment Information

A. The chief operating decision-maker of the Group is the Board of Directors who makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis. Accordingly, the Group have determined that they have a single reportable segment and operating segment structure. Operating information by service types is reported to the chief operating decision-maker and such reported segment information does not differ from the amount reported in the consolidated statements of comprehensive income.

B. Operating revenues by service types for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	2022		2021	
	Operating revenue	Ratio (%)	Operating revenue	Ratio (%)
Search platform (*1)	₩ 3,567,963,990	43.4	₩ 3,307,835,131	48.5
Commerce (*2)	1,801,079,126	21.9	1,488,477,880	21.8
Fintech (*3)	1,186,634,550	14.4	979,045,518	14.4
Contents (*4)	1,261,512,589	15.3	659,613,614	9.7
Cloud (*5)	402,888,454	4.9	382,627,564	5.6
Continuing operations	8,220,078,709	100.0	6,817,599,707	100.0
Discontinued operations	-		472,178,882	
	₩ 8,220,078,709		₩ 7,289,778,589	

(\*1) Search and display and others

(\*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

For easier comparison, the Group reclassified the service categories of the consolidated financial statements for the year ended December 31, 2021 according to the service categories of the consolidated financial statements for the year ended December 31, 2022. The reclassification had no impact on the reported net asset or the profit for the year ended December 31, 2021.

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

	Revenue from external customers		Non-current assets (*)	
	2022	2021	December 31, 2022	December 31, 2021
Domestic	₩ 7,550,646,710	₩ 6,484,787,087	₩ 3,874,372,738	₩ 2,630,607,286
Japan	436,846,390	166,688,754	167,352,989	75,667,968
Others	232,585,609	166,123,866	737,948,562	694,168,445
Continuing operations	8,220,078,709	6,817,599,707	4,779,674,289	3,400,443,699
Discontinued operations/assets held for sale	-	472,178,882	-	-
	₩ 8,220,078,709	₩ 7,289,778,589	₩ 4,779,674,289	₩ 3,400,443,699

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

### 34. Operating Segment Information (cont'd)

D. The revenue from contracts with customers by category for the years ended December 31, 2022 and 2021 is as follows: (Korean won in thousands)

	<u>2022</u>	<u>2021</u>
<b>By timing of revenue recognition</b>		
Recognized at a point in time	₩ 6,004,966,956	₩ 4,883,587,767
Recognized over time	<u>2,215,111,753</u>	<u>1,934,011,940</u>
Continuing operations	8,220,078,709	6,817,599,707
Discontinued operations	-	<u>472,178,882</u>
	<u>₩ 8,220,078,709</u>	<u>₩ 7,289,778,589</u>

### 35. Discontinued Operations

The Group completed the business integration with LINE and Z-Holdings Corp., a subsidiary of SoftBank Corp. for the year ended December 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 the year ended December 31, 2021.

A. Profit of discontinued operations for the year ended December 31, 2021 are as follows: (Korean won in thousands)

	<u>2021(*1)</u>
I. Operating revenue	₩ 472,178,882
II. Operating expenses	<u>(403,526,388)</u>
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	<u>(13,310,394)</u>
IV. Profit before income tax from discontinued operations	16,230,585,009
Income tax expenses from discontinued operations (*3)	<u>(1,230,690,431)</u>
V. Profit for the period of discontinued operations	<u>₩ 14,999,894,578</u>

(\*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.

B. Cash flows from discontinued operations for the year ended December 31, 2021 are as follows (Korean won in thousands):

	<u>2021</u>
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	<u>2,245,363,414</u>
VII. Cash and cash equivalents at the disposal date	<u>₩ 11,225,775,748</u>

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**35. Discontinued Operations (cont'd)**

C. Details of gain on disposal of subsidiaries for the year ended December 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	310,959,383
	<u>12,864,446,457</u>
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	11,443,262
	<u>3,082,507,940</u>
	<u>15,946,954,397</u>
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	989,967,704
	<u>12,392,455,566</u>
Non-current liabilities	
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	144,776,814
	<u>1,647,716,656</u>
	<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	102,228,700
VII. Gain on disposal (I - II + III + IV - V - VI)	16,120,144,029
VIII. Income tax expenses	1,185,549,417
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.

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**36. Information for Non-controlling Interests**

A. The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2022 and 2021: (Korean won in thousands)

	<b>2022</b>					
	<b>Non-controlling Interest rate(%)</b>	<b>Accumulated Non-controlling Interests at the beginning of the year</b>	<b>Loss allocated To non-controlling interests</b>	<b>Other comprehensive income allocated to non-controlling interests</b>	<b>Changes in non-controlling Interests by share issuance of subsidiaries</b>	<b>Accumulated non-controlling interests at the end of the year</b>
Naver Financial Corporation	10.79 ₩	302,904,513 ₩	29,148,789 ₩	(836,326) ₩	- ₩	331,216,975

  

	<b>2021</b>					
	<b>Non-controlling Interest rate(%)</b>	<b>Accumulated Non-controlling Interests at the beginning of the year</b>	<b>Loss allocated To non-controlling interests</b>	<b>Other comprehensive income allocated to non-controlling interests</b>	<b>Changes in non-controlling Interests by share issuance of subsidiaries</b>	<b>Accumulated non-controlling interests at the end of the year</b>
Naver Financial Corporation	10.79 ₩	268,630,408 ₩	26,043,761 ₩	(470,696) ₩	8,701,040 ₩	302,904,513

B. Effects of transactions with non-controlling interests on the equity attributable to owners of the Parent Company for the years ended December 31, 2022 and 2021 are as follows: (Korean won in thousands)

	<b>2022</b>	<b>2021</b>
Acquisition of shares of subsidiaries(*1)	₩ -	₩ (776,081,695)
Disposal of share of subsidiaries without loss of control(*2)	(17,987,623)	-

(\*1) The Group's ownership stake in LINE Corporation has been reduced due to the management integration.  
(\*2) As LINE Corporation and others participated in the paid-in capital increase of WEBTOON Entertainment Inc., a subsidiary of the group, the Parent Company's stake in WEBTOON Entertainment Inc. decreased for the year ended December 31, 2022.

C. Summarized financial information before inter-company eliminations for each subsidiary that has non-controlling interests that are material to the Group is as follows:

1) Summarized statements of financial position

	<b>Naver Financial Corporation</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	₩ 3,096,323,881 ₩	₩ 2,637,141,209
Non-current assets	156,221,095	110,423,275
Current liabilities	2,232,993,599	1,779,650,986
Non-current liabilities	32,185,172	36,134,809
Equity	987,366,205	931,778,689

2) Summarized statements of comprehensive income

	<b>Naver Financial Corporation</b>	
	<b>2022</b>	<b>2021</b>
Revenue	₩ 1,257,280,627 ₩	₩ 1,045,307,997
Profit for the year	57,901,824	54,277,962
Other comprehensive income (loss)	(2,742,533)	(1,518,377)
Total comprehensive income	₩ 55,159,291 ₩	₩ 52,759,585



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**36. Information for Non-controlling Interests (cont'd)**

3) Summarized statements of cash flows

	<b>Naver Financial Corporation</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	₩ 433,727,483	₩ 199,824,884
Cash flows from investing activities	(482,223,223)	202,221,712
Cash flows from financing activities	(2,963,650)	(2,443,107)
Effects of exchange rate changes on cash and cash equivalents	(1,727,314)	(1,964,205)
	(53,186,704)	397,639,284
Cash and cash equivalents at beginning of year	940,246,176	542,606,892
Cash and cash equivalents at end of year	₩ 887,059,472	₩ 940,246,176

**37. Events after the Reporting Period**

In accordance with the resolution of the Board of Directors made on October 3, 2022, the Group decided to acquire a 100% stake in Poshmark, Inc., a U.S.-based company, to secure management rights to enter the U.S. commerce market. As of January 5, 2023, the Group acquired the stake in Poshmark, Inc. and incorporated the entity as a subsidiary. Therefore, the joint responsibility for the merger payment obligation under the merger contract that occurred on October 4, 2022 has been resolved as of January 5, 2023.