

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022
with the independent auditor's review report

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Report on review of interim condensed consolidated financial statements

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors NAVER Corporation

We have reviewed the accompanying interim condensed consolidated financial statements of NAVER Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the interim condensed consolidated statement of financial position as of March 31, 2023, and the related interim condensed consolidated statements of comprehensive income (loss), interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the three months ended March 31, 2023 and 2022, and a summary of material accounting policy information and other explanatory information.

Management’s responsibility for the interim condensed consolidated financial statements

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

Auditor’s responsibility

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

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

Conclusion

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

Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2022, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 7, 2023 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2022, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Ernst & Young Han Young

May 12, 2023

This review report is effective as of May 12, 2023, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022

“The accompanying interim condensed 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
Interim condensed consolidated statements of financial position
as of March 31, 2023 and December 31, 2022

(Korean won)

	Notes	March 31, 2023 (Unaudited)	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		₩ 2,955,043,611,306	₩ 2,724,168,321,708
Short-term financial instruments		872,601,132,987	1,216,410,034,221
Financial assets at fair value – profit or loss	4	682,705,422,450	745,584,919,599
Trade and other receivables		1,548,310,881,830	1,540,471,078,134
Inventories		9,087,135,081	8,651,839,041
Other current assets		206,213,048,218	194,039,763,315
Current tax assets		15,863,533,909	10,244,754,725
Assets held for sale	19	<u>385,425,062,000</u>	<u>-</u>
		6,675,249,827,781	6,439,570,710,743
Non-current assets			
Property, plant and equipment	6	2,548,113,462,741	2,457,820,240,295
Right-of-use-assets	7	710,144,115,580	738,710,004,475
Intangible assets	8	3,118,211,323,277	1,481,423,637,125
Long-term financial instruments		13,755,872,000	14,255,722,000
Financial assets at fair value – profit or loss	4	2,305,910,974,933	2,427,610,041,051
Financial assets at fair value – other comprehensive income	4	1,331,973,680,944	1,354,122,792,627
Investments in associates and joint ventures	9	18,597,062,569,458	18,541,286,921,720
Deferred tax assets		283,481,171,772	265,767,603,355
Trade and other receivables		78,891,798,288	76,754,808,757
Other non-current assets		<u>110,538,505,049</u>	<u>101,720,406,988</u>
		29,098,083,474,042	27,459,472,178,393
Total assets		<u>₩ 35,773,333,301,823</u>	<u>₩ 33,899,042,889,136</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 1,239,862,890,432	₩ 1,245,664,499,219
Financial liabilities at fair value - profit or loss	4	98,464,720,393	71,905,225,561
Short-term borrowings	10	1,590,839,959,082	1,381,399,298,786
Current tax liabilities		433,108,730,450	349,087,471,196
Provisions	12	6,845,640,353	5,450,342,335
Lease liabilities	7	203,462,324,672	193,376,317,267
Other current liabilities		2,449,685,639,121	2,233,750,556,485
Current portion of long-term debentures	10	<u>249,776,574,114</u>	<u>-</u>
		6,272,046,478,617	5,480,633,710,849
Non-current liabilities			
Trade and other payables		₩ 92,732,281,195	₩ 69,639,961,691
Financial liabilities at fair value - profit or loss	4	657,520,288,039	684,617,869,427
Debentures	10	1,484,451,411,841	1,704,518,276,546
Long-term borrowings	10	921,685,523,177	328,034,313,380
Net defined benefit liabilities	11	608,363,013,356	577,397,964,363
Provisions	12	17,823,310,504	17,784,624,686
Lease liabilities	7	556,908,226,539	589,253,964,655
Deferred tax liabilities		1,026,949,354,598	985,870,669,008
Other non-current liabilities		<u>10,941,794,607</u>	<u>10,969,054,080</u>
		5,377,375,203,856	4,968,086,697,836
Total liabilities		<u>₩ 11,649,421,682,473</u>	<u>₩ 10,448,720,408,685</u>

(continued)

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of financial position
as of March 31, 2023 and December 31, 2022

	Notes	March 31, 2023	December 31, 2022
		(Unaudited)	
(cont'd)			
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	₩ 16,481,339,500	₩ 16,481,339,500
Capital surplus		1,597,923,049,758	1,556,453,389,615
Other components of equity		(1,908,846,850,555)	(2,474,526,129,371)
Retained earnings		<u>23,697,505,166,279</u>	<u>23,645,687,007,296</u>
		23,403,062,704,982	22,744,095,607,040
Non-controlling interests		<u>720,848,914,368</u>	<u>706,226,873,411</u>
Total equity		<u>24,123,911,619,350</u>	<u>23,450,322,480,451</u>
Total liabilities and equity		<u>₩ 35,773,333,301,823</u>	<u>₩ 33,899,042,889,136</u>

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

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of comprehensive income (loss)
for the three months ended March 31, 2023 and 2022

(Korean won)

	<u>Notes</u>	<u>2023(Unaudited)</u>	<u>2022(Unaudited)</u>
Operating revenue	5	₩ 2,280,442,537,690	₩ 1,845,221,980,257
Operating expenses		<u>(1,949,950,475,485)</u>	<u>(1,543,434,766,428)</u>
Operating profit		330,492,062,205	301,787,213,829
Other income		15,770,487,978	235,002,045,247
Other expenses		(149,355,310,588)	(84,706,093,157)
Interest income		20,814,246,989	8,578,629,551
Finance income		123,187,884,526	153,176,679,807
Finance costs		(184,874,516,848)	(209,732,120,161)
Share of profit of associates and joint ventures	9	<u>(39,449,487,490)</u>	<u>(147,459,930,560)</u>
Profit before tax		116,585,366,772	256,646,424,556
Income tax expenses		<u>(72,930,143,668)</u>	<u>(105,248,187,902)</u>
Profit for the period		<u>₩ 43,655,223,104</u>	<u>₩ 151,398,236,654</u>
Profit for the period attributable to:			
Owners of the Parent Company		₩ 55,051,503,746	₩ 171,179,136,931
Non-controlling interests		(11,396,280,642)	(19,780,900,277)
Other comprehensive income (loss):			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences		₩ 85,908,142,579	₩ 51,066,265,569
Share of other comprehensive income (loss) of associates and joint ventures		<u>479,431,666,020</u>	<u>(567,169,884,105)</u>
		565,339,808,599	(516,103,618,536)
Items that will not be reclassified subsequently to profit or loss:			
Loss on valuation of equity instruments at fair value – other comprehensive income		(8,650,577,893)	(51,326,643,498)
Loss on disposal of equity instruments at fair value – other comprehensive income		(3,233,344,763)	-
Share of other comprehensive income of associates and joint ventures		<u>15,634,405,903</u>	<u>(26,205,905,255)</u>
		<u>3,750,483,247</u>	<u>(77,532,548,753)</u>
Total comprehensive income (loss) for the period, net of tax		<u>₩ 612,745,514,950</u>	<u>₩ (442,237,930,635)</u>
Owners of the Parent Company		607,201,509,834	(415,406,798,802)
Non-controlling interest		5,544,005,116	(26,831,131,833)
Earnings per share attributable to the equity holders of the Parent Company			
Basic earnings per share		₩ 349	₩ 1,127
Diluted earnings per share		320	1,118

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

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of changes in equity
for the three months ended March 31, 2023 and 2022

(Korean won)

	Notes	Equity attributable to owners of the Parent Company				Non-controlling interests	Total
		Share capital	Capital surplus	Other components of equity	Retained earnings		
As of January 1, 2022		₩ 16,481,339,500	₩ 1,490,214,367,768	₩ (1,051,465,837,344)	₩ 23,080,407,824,978	₩ 491,738,654,373	₩ 24,027,376,349,275
Total comprehensive income for the period:							
Profit for the period		-	-	-	171,179,136,931	(19,780,900,277)	151,398,236,654
Loss on valuation of equity instruments at fair value – other comprehensive income		-	-	(47,338,449,781)	-	(3,988,193,717)	(51,326,643,498)
Exchange differences		-	-	53,915,736,518	-	(2,849,470,949)	51,066,265,569
Share of other comprehensive income of associates and joint ventures		-	-	(593,163,222,470)	-	(212,566,890)	(593,375,789,360)
Transactions with shareholders:							
Dividends	15	-	-	-	(76,291,766,005)	-	(76,291,766,005)
Transaction of share-based payment		-	26,450,094,145	9,847,311,491	-	7,092,182,734	43,389,588,370
Transactions with non-controlling interests		-	(47,814,359,772)	(537,374,676)	-	163,229,574,532	114,877,840,084
As of March 31, 2022 (Unaudited)		<u>₩ 16,481,339,500</u>	<u>₩ 1,468,850,102,141</u>	<u>₩ (1,628,741,836,262)</u>	<u>₩ 23,175,295,195,904</u>	<u>₩ 635,229,279,806</u>	<u>₩ 23,667,114,081,089</u>
As of January 1, 2023		₩ 16,481,339,500	₩ 1,556,453,389,615	₩ (2,474,526,129,371)	₩ 23,645,687,007,296	₩ 706,226,873,411	₩ 23,450,322,480,451
Total comprehensive income for the period:							
Profit (loss) for the period		-	-	-	55,051,503,746	(11,396,280,642)	43,655,223,104
Gain (Loss) on valuation of equity instruments at fair value – other comprehensive income		-	-	(10,715,739,677)	-	2,065,161,784	(8,650,577,893)
Loss on disposal of equity instruments at fair value – other comprehensive income		-	-	-	(3,233,344,763)	-	(3,233,344,763)
Exchange differences		-	-	70,916,507,851	-	14,991,634,728	85,908,142,579
Share of other comprehensive income (loss) of associates and joint ventures		-	-	495,182,582,677	-	(116,510,754)	495,066,071,923
Transactions with shareholders:							
Transaction of share-based payment	13	-	31,831,077,829	9,779,369,209	-	4,627,443,625	46,237,890,663
Transactions with non-controlling interests		-	9,638,582,314	516,558,756	-	4,450,592,216	14,605,733,286
As of March 31, 2023 (Unaudited)		<u>₩ 16,481,339,500</u>	<u>₩ 1,597,923,049,758</u>	<u>₩ (1,908,846,850,555)</u>	<u>₩ 23,697,505,166,279</u>	<u>₩ 720,848,914,368</u>	<u>₩ 24,123,911,619,350</u>

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

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of cash flows
for the three months ended March 31, 2023 and 2022

(Korean won)

	<u>2023 (Unaudited)</u>	<u>2022 (Unaudited)</u>
Cash flows from operating activities		
Cash generated from operations	₩ 480,672,806,640	₩ 359,455,293,889
Interest received	25,965,142,329	7,657,055,720
Interest paid	(33,952,411,158)	(17,778,827,893)
Dividends received	17,713,800,734	2,806,967,729
Income tax paid	(44,272,476,937)	(31,871,887,078)
Net cash provided by operating activities	<u>446,126,861,608</u>	<u>320,268,602,367</u>
Cash flows from investing activities		
Net decrease in short-term financial instruments	347,318,817,778	117,033,148,444
Decrease in long-term financial instruments	500,000,000	-
Acquisition of financial assets at fair value – profit or loss	(540,097,293,788)	(1,708,876,511,793)
Proceeds from disposal of financial assets at fair value – profit or loss	676,769,241,263	1,318,897,508,227
Acquisition of property, plant and equipment	(145,076,046,867)	(153,447,722,995)
Proceeds from disposal of property, plant and equipment	6,441,503,459	232,678,893
Collection of lease receivables	1,818,329,834	1,204,335,828
Acquisition of intangible assets	(8,276,921,569)	(10,943,607,567)
Proceeds from disposal of intangible assets	17,659,102	267,283,033
Acquisition of financial assets at fair value – other comprehensive income	(60,000,000)	(31,878,390,456)
Proceeds from disposal of financial assets at fair value – other comprehensive income	5,586,854,093	24,254,505,540
Acquisition of investments in associates and joint ventures	(6,570,080,557)	(79,404,703,925)
Proceeds from disposal of investments in associates and joint ventures	10,971,585,289	351,922,695,802
Net increase (decrease) in cash due to business combination	(1,245,194,038,318)	26,093,775,163
Net increase in short-term loans	898,840,111	-
Net decrease (increase) in long-term loans	96,000,000	-
Cash inflows from other investing activities	(129,373,963)	(8,166,078,084)
Net cash used in investing activities	<u>(894,984,924,133)</u>	<u>(152,811,083,890)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	509,765,777,778	34,000,000,000
Repayments of short-term borrowings	(370,609,028,894)	(20,900,000,000)
Proceeds from long-term borrowings	609,865,777,778	-
Repayments of long-term borrowings	(695,833,334)	-
Repayment of lease liabilities	(74,980,636,028)	(31,456,745,379)
Increase in financial liabilities at fair value – profit or loss	-	10,499,949,904
Exercise of stock options	7,517,849,500	11,079,679,700
Cash inflows from transactions with non-controlling interests	-	95,474,787
Cash inflows from other financing activities	-	118,989,378
Cash outflows from other financing activities	-	(741,263,340)
Net cash provided by (used in) financing activities	<u>680,863,906,800</u>	<u>2,696,085,050</u>
Effects of exchange rate changes on cash and cash equivalents	(1,130,554,677)	(9,671,522,612)
Net increase (decrease) in cash and cash equivalents	230,875,289,598	160,482,080,915
Cash and cash equivalents at the beginning of the period	<u>2,724,168,321,708</u>	<u>2,781,395,543,827</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,955,043,611,306</u>	<u>₩ 2,941,877,624,742</u>

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

NAVER Corporation and its subsidiaries
Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022 (Unaudited)

1. General

NAVER Corporation (the “Company”) was established on June 2, 1999 under the Commercial Code of the Republic of Korea to provide internet portal services. The Company’s headquarter is located at 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 March 31, 2023, the major shareholders of the Company consist of National Pension Service (8.83%) and others

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

A. Consolidated Subsidiaries

Details of the consolidated subsidiaries as of March 31, 2023 and December 31, 2022 are as follows:

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			March 31, 2023	December 31, 2022	
NAVER Corporation:					
NAVER Cloud Corporation	Korea	Cloud service management	100.00	100.00	December
NAVER I&S Corp	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
NAVER WEBTOON COMPANY Corporation	Korea	Webtoon service development and management	100.00	100.00	December
Snow Corporation	Korea	Camera and communication application development service	82.96	82.96	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	Global business support	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	67.52	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	100.00	December
Wattpad Corporation	Canada	Global web novel platform	100.00	100.00	December
PROTON PARENT, INC.	U.S.A	Investment	99.27	100.00	December
PROTON PARENT, INC.:					
PROTON MERGER SUB, INC	U.S.A	Company for the purpose of acquisition	-	100.00	December
Poshmark, Inc.	U.S.A	Commerce platform	100.00	-	December

NAVER Corporation and its subsidiaries
Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022 (Unaudited)

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			March 31, 2023	December 31, 2022	
Poshmark, Inc.:					
Poshmark Canada Inc.	Canada	Commerce platform	100.00	-	December
Poshmark Limited	U.K	Commerce platform	100.00	-	December
Poshmark Pty Ltd.	Australia	Commerce platform	100.00	-	December
Poshmark India Private Limited	India	Commerce platform	99.99	-	December
Poshmark Online Marketplace Private Limited	India	Commerce platform	100.00	-	December
Wattpad Corporation:					
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
NAVER France SAS:					
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	99.75	December
NAVER Cloud Corporation:					
NAVER Cloud Asia Pacific Pte Ltd	Singapore	IT infrastructure operations	100.00	100.00	December
NAVER CLOUD AMERICA INC	U.S.A	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Europe GmbH	Germany	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Japan Corporation	Japan	IT infrastructure operations	100.00	100.00	December
Chengdu NCC Technology Corporation	China	IT infrastructure operations	100.00	100.00	December
NAVER I&S Corp:					
InComms Corp	Korea	Customer center operations	100.00	100.00	December
Green Web Service Corp	Korea	Monitoring, advertisement operations	100.00	100.00	December
N Tech Service Corp.	Korea	Software consulting, development and distribution	100.00	100.00	December
NITService Corp.	Korea	Infrastructure operations and security services	100.00	100.00	December
CommPartners Corp.	Korea	Customer center operations	100.00	100.00	December
WEBTOON Entertainment Inc:					
NAVER WEBTOON Ltd.	Korea	Webtoon service development and operations	100.00	100.00	December
LINE Digital Frontier Corporation	Japan	Japan Webtoon service development and operations	100.00	100.00	December
Wattpad Webtoon Studios Inc.	Canada	Global web novel platform support	100.00	100.00	December
Wattpad Webtoon Studios Inc.:					
Wattpad Webtoon Studios Inc.	U.S.A	Global web novel platform support	100.00	100.00	December
Wattpad Studios Inc	Canada	Global web novel platform support	-	100.00	December
Wattpad Studios Inc:					
Wattpad Studios (Cell Phone Swap) Inc	Canada	Global web novel platform support	100.00	100.00	December
LINE Digital Frontier Corporation:					
eBOOK Initiative Japan Co., Ltd.	Japan	Japan ebook service	100.00	100.00	December
NAVER WEBTOON Ltd.:					
STUDIO 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	December
YLAB Japan Co., Ltd	Japan	Contents production and reinforcement	100.00	100.00	December
MUNPIA INC.	Korea	Web novel platform	61.12	61.12	December
LOCUS CORPORATION	Korea	Animation and VFX production	53.64	53.64	December
Jakga Company Inc.	Korea	Contents production	51.33	51.33	December
MUNPIA INC:					
Mun Pia Webtoon Culture Industry Special Purpose Company Ltd.	Korea	Comics publishing	100.00	100.00	December
M Contents Labs Co., Ltd.	Korea	Database and online information supply	100.00	100.00	December
Studio JHS Co., Ltd.	Korea	Contents production	100.00	100.00	December
LOCUS CORPORATION:					
Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd.,	Korea	Animation film and video production	100.00	100.00	December
Sidus Corporation	Korea	Film production and distribution	91.88	91.88	December
Locus X Co., Ltd.	Korea	Content production and marketing solution supply	100.00	100.00	December
Locus Shanghai Corporation	China	Animation and VFX production	-	100.00	December
Sidus Corporation:					
Sidus and Teu Entertainment Joint Stock Company(*3)	Vietnam	Film production	48.99	48.99	December

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	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			March 31, 2023	December 31, 2022	
NAVER WEBTOON COMPANY Corporation:					
Watong Entertainment Limited	Hongkong	Webtoon service operations	100.00	100.00	December
Watong Entertainment Limited:					
Broccoli Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Broccoli Entertainment Corporation:					
Dongman Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Shanghai Binge-reading Jinqiu Entertainment Corporation	China	Webtoon service operations	100.00	-	December
Snow Corporation:					
SpringCamp Inc.	Korea	Investments	100.00	100.00	December
SpringCamp Early Stage Fund 4	Korea	Investments	66.24	66.24	December
Playlist Corporation	Korea	Web contents production and distribution	58.04	58.04	December
Amuse Co.,Ltd.	Korea	Cosmetics manufacturing, distribution, sales	77.59	77.59	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	60.00	December
KREAM Corporation(*4)	Korea	Sneakers trading platform operations	48.75	48.75	December
Super Labs Corporation	Korea	Mobile service development and operations	100.00	100.00	December
NAVER Z CO.,LTD.:					
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	100.00	December
NAVER Z JAPAN Corporation.	Japan	Mobile service development and operations	100.00	100.00	December
NAVER Z Limited:					
Beijing Metaverse China Technology Corporation	China	Mobile service development and operations	100.00	100.00	December
Beijing Metaverse China Technology Corporation:					
ZaiZai Entertainment Corp.	China	Mobile service development and operations	100.00	100.00	December
KREAM Corporation:					
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	70.00	December
SNOW China Limited.:					
SNOW China (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
SNOW China (Beijing) Co., Ltd.:					
Yiruike Information Technology (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
WORKS MOBILE Corporation:					
Works Mobile Japan Corporation	Japan	Groupware service operations and distribution	100.00	100.00	December
NF Insurance Services Corporation	Korea	Insurance brokerage	-	100.00	December

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

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

(*3) Although the Group owns less than 50% ownership of Sidus and Teu Entertainment Joint Stock Company, the Group considers having control over the entity because the Group has significant influence over the entity considering the composition of shareholders and Board of Directors.

(*4) 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.

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B. Changes in Scope of Consolidation

(1) Subsidiaries newly included in the consolidation for the three months ended March 31, 2023 are as follows:

	<u>Subsidiaries</u>
Obtained control due to new acquisition	Poshmark, Inc., Poshmark Canada Inc., Poshmark Limited, Poshmark Pty Ltd., Poshmark India Private Limited, Poshmark Online Marketplace Private Limited, Shanghai Binge-reading Jinqiu Entertainment Corporation

(2) Subsidiary excluded in the consolidation for the three months ended March 31, 2023 is as follows:

	<u>Subsidiaries</u>
Merger	Wattpad Studios Inc, PROTON MERGER SUB, INC
Disposal	Locus Shanghai Corporation, NF Insurance Services Corporation, V.DO INC.

2. Material Accounting Policies

A. Basis of Preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2022.

B. New standard, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

KIFRS 1117 Insurance Contracts

In May 2017, the IASB issued KIFRS 1117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. KIFRS 1117 replaces KIFRS 1104 *Insurance Contracts* that was issued in 2005. 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. KIFRS 1117 is based on a general model, supplemented by:

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

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to KIFRS 1008

The amendments to KIFRS 1008 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments to KIFRS 1001 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 had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to KIFRS 1012

The amendments to KIFRS 1012 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

C. Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim condensed consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2022, except for the changes due to the application of amendment and enactments of standards and interpretations described in Note 2.2 and below.

(1) Income tax expense

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

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

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3. Critical Accounting Estimates and Assumptions

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

The Group changed the estimated useful life of some machineries from 4 years to 5 years from the three months ended March 31, 2023. This is a change in accounting estimates, and the Group prospectively recognized the effect of such change.

Significant accounting estimates and assumptions applied in the preparation of these interim condensed consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2022, except for the changes in the estimation of useful life of fixed assets and the estimates used to determine income tax expense.

4. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the three months ended March 31, 2023.

A. Fair Value Hierarchy

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

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

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value – profit or loss	₩ 39,232,422	₩ 644,937,824	₩ 2,304,446,152	₩ 2,988,616,398
Equity instrument at fair value – other comprehensive income	1,144,107,652	-	187,866,029	1,331,973,681
Financial liabilities				
Financial liabilities at fair value – profit or loss	-	-	755,985,008	755,985,008

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

B. 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 the three months ended March 31, 2023.

The following table presents the changes in level 3 financial instruments for the three months ended March 31, 2023 and 2022 (Korean won in thousands):

	2023			2022		
	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss
Beginning balance	₩2,425,646,026	₩ 190,173,566	₩ 756,523,095	₩2,402,108,852	₩ 226,518,601	₩ 508,994,105
Total profit or loss						
Amounts recognized in profit or loss	(77,951,822)	-	(537,507)	(65,303,071)	-	-
Amounts recognized in other comprehensive income	-	(1,994,202)	-	-	4,518,159	-
Acquisitions/Borrowings	90,560,395	60,000	-	86,648,309	31,878,390	10,499,950
Disposals/Repayments	(150,218,000)	-	-	(4,929,936)	(24,254,506)	-
Others (*)	-	(373,335)	(580)	9,254,153	249,905	177,632
Exchange differences	16,409,553	-	-	2,358,906	-	-
Ending balance	<u>₩2,304,446,152</u>	<u>₩ 187,866,029</u>	<u>₩ 755,985,008</u>	<u>₩2,430,137,213</u>	<u>₩ 238,910,549</u>	<u>₩ 519,671,687</u>

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

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C. Valuation Techniques and the Inputs(cont'd)

Valuation techniques and inputs used in the fair value measurements of financial instruments categorized in levels 2 and level 3 of the fair value hierarchy as of March 31, 2023 and December 31, 2022, are as follows (Korean won in thousands):

							March 31, 2023	
		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs	
Financial assets at fair value – profit or loss								
				Option pricing model	Underlying assets price, Volatility of underlying assets	Volatility of the underlying assets	38.04% ~ 71.17%	
Compound financial instruments and equity securities	₩	1,522,795,708	3	Market approach and others	PBR, EV/SALES, PSR, PER, Recent transaction price, Net asset value	EV/SALES, PSR, PER	0.41 ~ 11.77 0.16 ~ 11.64 7.68	
		822,593	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.77% ~ 16.32%	
Beneficiary certificates and funds		781,650,443	3	Market approach and others	Underlying asset price	(*)	(*)	
Debt securities		641,243,407	2	Present value method	Credit risk adjusted discount rate	-	-	
Derivatives		2,871,824	2	Present value method and option pricing model	Forward exchange rate	-	-	
Financial assets at fair value – other comprehensive income								
Equity securities		187,866,029	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES, PSR, PBR	1.74 ~ 2.98 1.18 ~ 2.47 4.2	
						Discount rate	13.90% ~ 19.20%	
Financial liabilities at fair value – profit or loss								
Derivatives		755,985,008	3	Option pricing model	Volatility of underlying assets	Volatility of the underlying assets	46.70% ~ 79.16%	
						Discount rate	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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C. Valuation Techniques and the Inputs (cont'd)

December 31, 2022						
	Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value – profit or loss						
Hybrid 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	EV/SALES	0.41 ~ 12.13
				recent transaction price, net asset value	PSR	0.16 ~ 11.64
				PBR	PER	7.40
Beneficiary certificates and funds	776,460	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.77% ~ 16.32%
	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	-	-
Financial assets at fair value – other comprehensive income						
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%
Financial liabilities at fair value – profit or loss						
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.

D. Valuation Processes for Fair Value Measurements Categorized Within Level 3

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

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5. Operating Segment Information

A. The Group consists of a single operating segment. Operating information by service types is reported to Chief Operating Decision Maker. Such reported segment information does not differ from the amount presented in the consolidated statement of comprehensive income.

B. Operating revenues by service types for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	2023		2022	
	Operating revenue	Ratio (%)	Operating revenue	Ratio (%)
Search platform (*1)	₩ 851,760,467	37.4	₩ 849,858,336	46.1
Commerce (*2)	605,877,292	26.6	416,479,408	22.5
Fintech (*3)	318,245,996	13.9	274,752,142	14.9
Contents (*4)	411,318,812	18.0	212,042,509	11.5
Cloud (*5)	93,239,971	4.1	92,089,585	5.0
	₩ 2,280,442,538	100.0	₩ 1,845,221,980	100.0

(*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 three months ended March 31, 2022 according to the service categories of the consolidated financial statements for the three months ended March 31, 2023. The reclassification had no impact on the reported net asset or the profit for the three months ended March 31, 2022.

C. The revenue from external customers by region for the three months ended March 31, 2023 and 2022 and non-current assets as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	Revenue from external customers		Non-current assets (*)	
	2023	2022	March 31, 2023	December 31, 2022
Domestic	₩ 1,938,276,361	₩ 1,731,474,758	₩ 3,664,929,539	₩ 3,874,372,738
Japan	157,645,306	51,844,893	505,644,816	167,352,989
Others	184,520,871	61,902,329	2,316,433,051	737,948,562
	₩ 2,280,442,538	₩ 1,845,221,980	₩ 6,487,007,406	₩ 4,779,674,289

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

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5. Operating Segment Information (cont'd)

D. The revenue from contracts with customers by category for the three months ended March 31, 2023 and 2022 is as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
By timing of revenue recognition		
Recognized at a point in time	₩ 1,702,220,655	₩ 1,335,487,306
Recognized over time	<u>578,221,883</u>	<u>509,734,674</u>
	<u>₩ 2,280,442,538</u>	<u>₩ 1,845,221,980</u>

6. Property, Plant and Equipment

A. Changes in property, plant and equipment for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 2,457,820,240	₩ 2,111,261,659
Acquisition and capital expenditures and others (*1)	156,513,404	150,064,710
Acquisition from business combination	4,100,017	3,578,876
Depreciation	(70,562,498)	(86,335,512)
Disposals, retirement and impairment (*2)	(4,557,081)	(573,545)
Others (*3)	<u>4,799,381</u>	<u>(1,953,238)</u>
Ending balance	<u>₩ 2,548,113,463</u>	<u>₩ 2,176,042,950</u>

(*1) Capitalization of borrowing costs are included.

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

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

B. For the three months ended March 31, 2023, the Group has capitalized borrowing costs amounting to ₩ 2,229 million (2022: ₩ 2,069 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings that are directly attributable to the acquisition used to determine the amount of borrowing costs to be capitalized is 1.66% (2022: 1.60%).

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

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7. Leases

A. Amounts recognized in the interim condensed consolidated statements of financial position

Details of amounts recognized in the interim condensed consolidated statements of financial position as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets (*1)		
Properties	₩ 410,063,924	₩ 419,242,315
Vehicles	2,459,271	2,270,583
IDC buildings	95,709,509	99,009,919
Machinery	199,059,415	214,899,912
Leased internet line	2,851,997	3,287,276
	<u>₩ 710,144,116</u>	<u>₩ 738,710,005</u>
Lease receivables	<u>₩ 36,279,995</u>	<u>₩ 36,457,075</u>
Lease liabilities (*2)		
Current	₩ 203,462,325	₩ 193,376,317
Non-current	556,908,226	589,253,965
	<u>₩ 760,370,551</u>	<u>₩ 782,630,282</u>

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

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

Additions to the right-of-use assets for the three months ended March 31, 2023 were ₩ 11,905 million (2022 : ₩ 95,497 million).

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7. Leases (cont'd)

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

Details of amounts recognized in the interim condensed consolidated statements of comprehensive income (loss) for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Depreciation of right-of-use assets		
Properties	₩ 15,872,148	₩ 12,387,314
Vehicles	264,377	196,252
IDC buildings	9,798,290	5,835,823
Machinery	17,102,381	10,696,624
Leased internet line	435,278	2,179,915
	<u>₩ 43,472,474</u>	<u>₩ 31,295,928</u>
Interest expense relating to lease liabilities (included in 'finance costs') (*)	6,256,766	2,513,091
Expense relating to short-term leases and leases of low-value assets	531,538	3,519,057
Expense relating to variable lease payments not included in lease liabilities	8,961,023	2,388,793

(*) 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 three months ended March 31, 2023, is ₩ 84,473 million (2022: ₩ 37,365 million), and the total cash inflow for leases for the three months ended March 31, 2023, is ₩ 2,102 million (2022: ₩ 1,246 million), respectively.

8. Intangible Assets

A. Changes in intangible assets for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 1,481,423,637	₩ 932,152,347
Acquisition and capital expenditures	8,601,052	13,004,921
Acquisition from business combination	1,575,519,121	372,542,391
Amortization	(11,980,322)	(8,220,205)
Disposals, retirement and impairment (*1)	(1,603,159)	(497,864)
Others (*2)	66,250,994	18,897,182
Ending balance	<u>₩ 3,118,211,323</u>	<u>₩ 1,327,878,772</u>

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

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

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

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9. Investments in Associates and Joint Ventures

A. Details of investments in associates and joint ventures as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

Associate:	Primary business	Location	Closing month	Ownership (%)	March 31, 2023	December 31, 2022
					Carrying amount	
A Holdings Corporation	Mobile service development	Japan	March	50.00	₩ 16,264,207,763	₩ 15,825,770,829
IPX Corporation	Character and doll wholesale and retail	Korea	March	30.00	50,681,344	53,568,620
LINE Conomi Corporation(*6)	Global restaurant review service	Japan	March	49.90	-	-
Netmania Co., Ltd.	Software development and distribution	Korea	December	27.17	1,092,312	1,069,427
SYNAP SOFT CORP.	Software development and distribution	Korea	December	26.41	8,475,924	7,977,089
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	2,400,750	2,893,929
Korea Contents Mutual Aid Association(*1)	Mutual Aid Association	Korea	December	53.79	9,686,800	9,602,510
Arointech inc	Software development and distribution	Korea	December	29.85	530,262	496,389
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	3,527,120	2,861,897
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	4,782,453	4,784,055
NAVER-BSK Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	9,690,719	7,449,744
N Space Co., Ltd.	Space service business	Korea	December	49.04	1,978,181	1,912,318
K-Fund I(*1)	Investment	France	December	74.81	325,553,048	314,407,579
Mirae Asset-NAVER New Growth Fund I	Investment	Korea	December	50.00	109,861,378	110,000,359
YG NAVER Contents & Lifestyle Fund(*1)	Investment	Korea	December	90.91	47,555,393	47,153,809
Digital Media Partners II, L.P.	Investment	Cayman Islands	December	26.88	2,563,298	2,491,566
Soran Media Venture Fund (*1)	Investment	Korea	December	66.67	601,596	658,741
Mirae Asset MAPS Private Placement Real Estate 62(*4)	Investment	Korea	December	45.08	-	446,980,895
Mirae Asset-Naver Asia Growth Fund(*3)	Investment	Korea	December	16.67	78,502,947	76,599,964
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	Investment	Singapore	December	41.02	320,629,579	312,256,950
Alliance Internet Corp.	Revenue support for internet business start-up	Korea	December	23.53	2,321,075	2,154,452
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	142,134
Artificial Intelligence Research Institute(*3)(*8)	AI technology investment	Korea	December	14.29	-	-
SMEJ Plus INC	Global fanship related investment	Japan	December	30.07	11,113,233	9,944,321
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	5,458,568	5,521,636
Carousell Pte Ltd(*3)	Platform Investment	Singapore	December	8.26	56,525,969	57,356,356
Do Ventures Fund I, I-A	Investment	Cayman Islands	December	22.27	10,263,446	9,832,731
Onestore Co., Ltd.	E-Commerce business	Korea	December	25.10	39,768,016	39,156,811
China Ventures Fund I, Limited Partnership(*1)	Investment	Canada	December	70.33	261,106,995	250,451,653
YN CULTURE & SPACE	Record production and planning	Korea	December	23.88	11,455,138	11,494,674
WEVERSE COMPANY Inc.	Content production	Korea	December	44.54	282,486,837	282,807,558
Cafe24 Corp.(*3)(*8)	Hosting and related service	Korea	December	14.81	28,354,963	30,217,790
K-Fund II	Investment	France	December	46.99	35,031,922	33,817,412
FUTURE INNOVATION PRIVATE EQUITY FUND III	Investment	Korea	December	25.38	63,091,115	47,894,586

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	Primary business	Location	Closing month	March 31, 2023		December 31, 2022
				Ownership (%)	Carrying amount	
CHINA VENTURES FUND II, L.P.(*1)	Investment	Cayman Islands	December	50.05	142,572,194	123,479,644
ICART GROUP PTE. LTD.(*3)(*8)	Online daily necessities and fresh food platforms	Singapore	December	10.89	-	-
Mirae Asset Partnership Growth Fund I (*1)	Investment	Korea	December	90.00	3,451,569	3,661,310
TBT Global Growth Fund III STL 18th Private Equity Fund	Investment	Korea	December	36.76	7,240,379	7,351,154
Makma	Investment	Korea	December	22.20	19,868,724	20,000,000
LINE NEXT Inc.(*3)	Content distribution	France	December	22.00	840,768	770,745
AXIS Co.,LTD.(*6)	Software development and distribution	U.S.A	December	13.84	951,999	2,521,275
Studio Horang Co., Ltd.	Software development and distribution	Korea	December	23.65	-	-
The Grimm entertainment Co.,Ltd.	Webtoon production	Korea	December	41.50	379,939	418,339
Bik Picture Comic Seu Co., Ltd.	Webtoon production	Korea	December	34.98	579,140	1,676,219
JQ COMICS Co., Ltd.	Webtoon production	Korea	December	35.00	1,693,124	1,636,978
ZK Studio Co., Ltd.	Webtoon production	Korea	December	35.06	261,248	242,913
Suko Mix Co., Ltd.	Webtoon production	Korea	December	40.00	485,674	351,729
Studio Mul Co., Ltd.	Webtoon production	Korea	December	40.00	337,273	338,945
A2Z Inc.	Content production	Korea	December	35.00	3,397,553	3,526,159
Sam Studio Co., Ltd.	Content distribution	Korea	December	26.67	43,934,241	45,157,899
Only Won Entertainment Co., Ltd.	Content production	Korea	December	35.00	990,100	1,015,442
Studio hohoe Co.,Ltd.	Content distribution	Korea	December	35.00	392,950	346,460
GEULGGUN	Content distribution	Korea	December	33.02	631,502	687,555
Studio 389 Co., Ltd.	Content distribution	Korea	December	22.22	247,593	258,114
Yumistudio Co., Ltd.	Content distribution	Korea	December	30.02	107,388	146,403
J Peul Media Co., Ltd.	Content distribution	Korea	December	35.00	2,069,110	2,058,896
Cinamon. Inc(*3)	Content distribution	Korea	December	25.00	13,964,202	14,177,758
Studio Paran Inc.	Visual novel game development and service	Korea	December	19.97	48,681	227,459
BY4M Studio Co., Ltd. (*3)	Publishing	Korea	December	35.06	685,458	686,119
A2Z-IP Fund(*8)	Content distribution	Korea	December	1.63	3,020,617	3,085,437
SHINE PARTNERS CO., LTD.(*3)	Investment	Korea	December	20.00	1,830,108	1,888,205
Vi-Frost(*3)(*8)	Webtoon production	Japan	December	5.56	841,902	808,954
Studio Ppuri Co., Ltd.	Webtoon and web novel production	Korea	December	15.87	1,371,313	1,408,994
XTORM CO., LTD	Animation production and distribution	Korea	December	20.00	3,145,056	2,972,009
SGRSOFT Co., Ltd. (*3)	Animation production and distribution	Korea	December	25.00	50,887	69,595
Cutting Edge Inc. (*8)	Software development	Korea	December	10.88	480,901	495,525
Fast Cowell Private Equity Fund	Advertising film and video production	Korea	December	36.08	44,908	-
LaiQu Technology (ShenZhen) Company Limited(*8)	Investment	Korea	December	21.13	970,070	1,059,335
Famous Studio Corp.	Software development and distribution	China	December	21.30	-	-
Pala Inc.	Clothes, accessories, news distribution	Korea	December	33.33	2,375,454	2,781,583
Seno Corporation	Software development and distribution	Korea	December	43.22	504,381	99,884
Sasom Company Limited	Content production	China	December	45.00	109,175	108,890
SODA inc.	Platform investment	Thailand	December	30.00	2,464,354	2,370,546
Gorilla NCORE Metaverse 1	Sneakers trading platform operations	Japan	May	33.93	109,510,976	108,882,537
VerseWork Co., Ltd.(*6)	Investment	Korea	December	37.68	21,038,533	21,144,446
ZEP Co.,Ltd.(*7)	Content distribution	Korea	December	46.25	-	-
Pinokio, Inc.	Meta verse service development	Korea	December	26.68	-	719,349
Chicment Co., Ltd.	Game content development	Korea	December	33.33	203,123	1,396,540
Quokka Industries Inc.	E-Commerce business	Korea	December	30.00	2,952,124	2,978,651
Murple, Inc.	Software development	Korea	December	33.33	2,481,904	3,185,938
TAIL Start-up Fund I	AI solution development	Korea	December	29.99	1,701,940	1,821,388
	Investment	Korea	December	40.00	1,935,632	1,949,064

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	Primary business	Location	Closing month	March 31, 2023		December 31, 2022
				Ownership (%)	Carrying amount	
CravingCollector Inc.	Second-hand fashion trading platform	Korea	December	42.53	2,411,189	3,377,498
Contrau ventures fund no.1	Investment	Korea	December	24.69	1,969,542	1,992,704
Purpleduck Corp.	Animation production and distribution	Korea	December	26.78	455,837	454,716
Studio 1991	Animation production and distribution	Korea	December	30.07	187,386	158,842
Studio Dragon Japan CO., LTD.	Content production	Japan	December	30.00	8,804,274	8,558,839
STUDIO YELL Co.	Animation production and distribution	Korea	December	35.00	94,336	101,859
Goodus Data, Inc. (*3)	Cloud services	Korea	December	7.50	3,010,874	3,006,169
Shake Hands Sdn Bhd	Sneakers trading platform operations	Malaysia	December	22.47	2,222,556	2,150,556
YLAB Corporation(*3)	Content production	Korea	December	12.02	5,221,024	5,165,081
Genius studio Corp.	Content production	Korea	December	35.00	200,015	-
PT Karunia International Citra Kencana(*3)	Sneakers trading platform operations	Indonesia	December	19.73	1,931,735	1,916,321
Teamplus Corp.	Online ticket sales	Korea	December	43.13	4,372,500	-
BravoBeaver Incheon Corp.	Stationery production	Korea	December	26.00	260,000	-
Silicon Cube Co.,Ltd.(*8)	Applied software development and distribution	Korea	December	41.36	-	-
Baecom Co., LTD.	Academy/education operation management and service	Korea	December	37.54	769,474	1,773,116
Havit Corporation	Mobile service development	Korea	December	28.57	2,857	2,857
					18,483,679,200	18,428,512,883
Joint venture:						
Mirai Fund Limited Liability Partnership(*2)	Investment	Japan	December	90.00	94,138,546	90,745,402
Cineplay Co., Ltd	Online information service and online advertising	Korea	December	49.00	398,637	401,536
China Lab Co.,Ltd.	Database and online information service	Korea	December	49.00	930,492	901,951
Designpress Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,139,585	1,118,154
DaNaA Data Co., Ltd.	Software development and distribution	Korea	December	49.00	5,021,514	5,031,444
Inter Biz Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	924,072	960,874
Artition Co., Ltd.(*5)	Online information service and internet contents business	Korea	December	-	-	130,100
Agro Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	919,568	962,424
Sseom Lab Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,055,950	1,070,554
Tech Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,138,841	1,183,491
Animal and Human Story Inc.	Online information service and internet contents business	Korea	December	49.00	27,370	71,191
Law&Media Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	226,932	213,688
Yeopeul Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	2,136,448	2,340,312
School Jaem Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	562,724	591,720
Studio TooN Corp	Animation production and distribution	Korea	December	49.00	4,762,690	4,880,643
jobsN CO., Ltd(*5)	Online information service	Korea	December	-	-	2,170,555
					113,383,369	112,774,039

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**Notes to the interim condensed consolidated financial statements
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<u>Primary business</u>	<u>Location</u>	<u>Closing month</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>
			<u>Ownership (%)</u>	<u>Carrying amount</u>	
				<u>₩ 18,597,062,569</u>	<u>₩ 18,541,286,922</u>

(*1) As of March 31, 2023, although the Group owns more than 50% ownership in the investees, the Group does not have control over these entities by virtue of agreements and classifies them as associates.

(*2) 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) As of March 31, 2023, although the Group has less than 20% ownership in the investee, the Group has significant influence over the entity by virtue of agreements and classifies them as associates.

(*4) As of March 31, 2023, the Group changed its classification from associate into held-for-sale asset due to its possibility to be sold within a year.

(*5) Excluded from associates due to liquidation during the three months ended March 31, 2023.

(*6) 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, 2022.

(*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 for the three months ended March 31, 2023.

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

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

B. Changes in investments in associates and joint ventures for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	2023		
	Investment in associates	Investment in joint ventures	Total
Beginning balance	₩ 18,428,512,883	₩ 112,774,039	₩ 18,541,286,922
Acquisition	6,570,081	-	6,570,081
Disposals	(198,804)	(2,300,655)	(2,499,459)
Reclassified into asset held-for sale(*)	(446,980,895)	-	(446,980,895)
Valuation of investment using the equity method			
Share of loss of associates and joint ventures	(38,736,490)	(712,998)	(39,449,488)
Share of other comprehensive loss of associates and joint ventures	533,268,314	3,622,983	536,891,297
Dividends	(162,616)	-	(162,616)
Others	1,406,727	-	1,406,727
Ending balance	<u>₩ 18,483,679,200</u>	<u>₩ 113,383,369</u>	<u>₩ 18,597,062,569</u>

(*) During the three months ended March 31, 2023, the entire shares in Mirae Asset Maps Private Real Estate Investment Trust No. 62 were reclassified into assets held-for-sale.

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

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

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

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

C. 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 ₩ 3,540 million as of March 31, 2023.

D. The Group has stopped recognizing its share of losses in Silicon Cube , LaiQu Technology (ShenZhen) Company Limited, 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 ₩ 512 million as of March 31, 2023.

NAVER Corporation and its subsidiaries

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10. Borrowings and Debentures

A. Details of borrowings as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands and foreign currency in thousands):

	Financial Institution	Latest maturity	Interest rate (%)	March 31, 2023		December 31, 2022	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Short-term borrowings							
Foreign currency	DAG Ventures VI, L.P.(*)	-	10.00	₩ 2,602,115	HKD 15,667	₩ 2,546,654	HKD 15,667
Foreign currency	Goodwater Capital II, L.P.(*)	-	10.00	1,299,783	HKD 7,825	1,272,080	HKD 7,825
Foreign currency	Mistletoe Singapore Pte. Ltd.(*)	-	10.00	2,602,158	HKD 15,667	2,546,697	HKD 15,667
Foreign currency	SCC Growth IV Holdco A, Ltd.(*)	-	10.00	38,794,761	HKD 233,577	37,967,899	HKD 233,577
Foreign currency	SenseView Investment Limited(*)	-	10.00	6,505,704	HKD 39,170	6,367,043	HKD 39,170
Foreign currency	SNOW Limited Liability Partnership(*)	-	10.00	25,902,356	HKD 155,954	25,350,280	HKD 155,954
Local currency	Shinhan Bank	2026.12.19	4.46	15,625,000	-	3,125,000	-
Local currency	Woori Bank	2023.07.10	2.22	100,000,000	-	100,000,000	-
Local currency	HSBC	2026.08.19	4.50	23,658,333	-	17,395,833	-
Local currency	KEB Hana Bank	-	-	-	-	100,000	-
Foreign currency	Citi Bank Japan	2023.04.15	0.40	49,072,000	JPY 5,000,000	47,659,000	JPY 5,000,000
Local currency	Shinhan Bank	-	-	-	-	10,000,000	-
Local currency	KEB Hana Bank	2023.10.20	3.00	1,000,000	-	1,000,000	-
Foreign currency	HSBC	2024.01.04	5.39	55,411,500	USD 42,500	-	-
Foreign currency	Standard Chartered Bank Korea Ltd	2024.01.04	5.39	83,117,250	USD 63,750	-	-
Foreign currency	CACIB	2024.01.04	5.39	83,117,250	USD 63,750	-	-
Local currency	IBK	-	-	-	-	5,100,000	-
Local currency	IBK	-	-	-	-	1,000,000	-
Current portion of long-term borrowings							
Local currency	S-Force No.2	-	-	-	-	50,000,000	-
Local currency	Woori Bank	2023.07.10	2.49	100,000,000	-	100,000,000	-
Local currency	HSBC	2026.08.19	4.50	9,741,667	-	3,479,167	-
Foreign currency	Mizuho Bank	2023.09.23	0.75	70,135,294	JPY 7,146,162	68,115,789	JPY 7,146,162
Foreign currency	Mizuho Bank	2023.09.23	0.77	273,368,706	JPY 27,853,838	265,497,211	JPY 27,853,838
Foreign currency	Mizuho Bank	2025.09.23	0.81	58,886,400	JPY 6,000,000	57,190,800	JPY 6,000,000
Foreign currency	SMBC Corporation	2023.09.23	0.79	70,135,294	JPY 7,146,162	68,115,789	JPY 7,146,162
Foreign currency	SMBC Corporation	2023.09.23	0.80	273,368,706	JPY 27,853,838	265,497,211	JPY 27,853,838
Foreign currency	SMBC Corporation	2025.09.23	0.84	54,174,922	JPY 5,519,942	52,614,986	JPY 5,519,942
Foreign currency	Mizuho Bank	2023.11.15	0.58	161,937,600	JPY 16,500,000	157,274,700	JPY 16,500,000

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				March 31, 2023		December 31, 2022		
	Financial Institution	Latest maturity	Interest rate (%)	Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount	
Local currency	Kookmin Bank	2023.10.01	2.50	30,000,000	-	30,000,000	-	
Local currency	IBK	2023.06.30	5.14	300,000	-	300,000	-	
Local currency	IBK	-	-	-	-	900,000	-	
Local currency	IBK	-	-	-	-	300,000	-	
Local currency	IBK	-	-	-	-	300,000	-	
Local currency	IBK	-	-	-	-	300,000	-	
Local currency	KOSME	2025.02.17	2.00	33,240	-	33,240	-	
Local currency	KOSME	2025.08.26	2.25	49,920	-	49,920	-	
					JPY	103,019,942	JPY	103,019,942
					HKD	467,860	HKD	467,860
					USD	170,000	USD	170,000
				1,590,839,959		1,381,399,299		
Long-term borrowings								
Local currency	Shinhan Bank	2026.12.19	4.46	₩ 42,968,750	-	₩ 9,375,000	-	
Local currency	HSBC	2026.08.19	4.50	40,358,333	-	59,145,833	-	
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-	
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-	
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-	
Foreign currency	Mizuho Bank	2025.09.23	0.81	45,143,407 JPY	4,599,711	43,843,529 JPY	4,599,711	
Foreign currency	SMBC Corporation	2025.09.23	0.84	11,113,349 JPY	1,132,351	10,793,346 JPY	1,132,351	
Foreign currency	SMBC Corporation	2025.09.23	0.84	48,164,494 JPY	4,907,533	46,777,625 JPY	4,907,533	
Foreign currency	BNP Paribas	2024.12.23	0.61	147,216,000 JPY	15,000,000	142,977,000 JPY	15,000,000	
Local currency	Shinhan Bank	2025.12.03	2.99	15,000,000	-	15,000,000	-	
Foreign currency	CACIB	2025.01.04	5.39	391,140,000 USD	300,000	-	-	
Foreign currency	CitiBank	2025.01.04	5.39	130,380,000 USD	100,000	-	-	
Local currency	KOSME	2025.02.17	2.00	30,470	-	38,780	-	
Local currency	KOSME	2025.08.26	2.25	70,720	-	83,200	-	
					JPY	25,639,595	JPY	25,639,595
					USD	400,000	USD	400,000
					JPY	128,659,537	JPY	128,659,537
					HKD	467,860	HKD	467,860
					USD	570,000	USD	570,000
				₩ 2,512,525,482		₩ 1,709,433,612		

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

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10. Borrowings and Debentures (cont'd)

B. Details of debentures as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands and foreign currency in thousands):

	Issue date	Maturity date	Interest rate(%)	March 31, 2023		December 31, 2022	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Current portion of long-term debentures in won							
Debentures in won(4 th -1)	2021.02.25	2024.02.25	1.24	₩ 250,000,000	-	₩ 250,000,000	-
Long-term debentures in won							
Debentures in won(4 th -2)	2021.02.25	2026.02.25	1.60	450,000,000	-	450,000,000	-
Long-term debentures in foreign currency							
Unsubordinated unsecured bonds in foreign currency	2021.03.29 2021.05.12	2026.03.29	1.50	1,043,040,000	USD 800,000	1,013,840,000	USD 800,000
Less: Discount on debentures				(8,812,014)	USD (5,989)	(9,321,723)	USD (6,465)
				<u>₩ 1,734,227,986</u>	<u>USD 794,011</u>	<u>₩ 1,704,518,277</u>	<u>USD 793,535</u>

C. Details of conditions of issuance of debentures as of March 31, 2023 are as follows:

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

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

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

A. The amounts recognized in the interim condensed consolidated statement of comprehensive income (loss) for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	2023	2022
Current service cost	₩ 27,999,187	₩ 28,180,856
Interest cost	8,429,168	4,675,967
	<u>₩ 36,428,355</u>	<u>₩ 32,856,823</u>

B. Details of net defined benefit liabilities as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	March 31, 2023	December 31, 2022
Present value of funded defined benefit obligations	₩ 22,942,201	₩ 20,803,976
Present value of unfunded defined benefit obligations	598,835,590	569,924,356
	<u>621,777,791</u>	<u>590,728,332</u>
Fair value of plan assets	<u>(13,414,778)</u>	<u>(13,330,367)</u>
	<u>₩ 608,363,013</u>	<u>₩ 577,397,965</u>

NAVER Corporation and its subsidiaries
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12. Provisions

Details of provisions as of March 31, 2023 and 2022 and changes in provisions for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

A. As of March 31, 2023 and for the three months then ended

	<u>Provision for litigation</u>	<u>Provision for restoration</u>	<u>Others</u>	<u>Total</u>
Beginning balance	₩ 926,439	₩ 19,387,919	₩ 2,920,609	₩ 23,234,967
Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):				
Additional provisions	-	137,340	-	137,340
Unused amounts reversed	-	-	(55,490)	(55,490)
Charged during the period	-	67,757	2,844,324	2,912,081
Used during the period	-	-	(907,469)	(907,469)
Others (*)	-	(26,962)	(625,516)	(652,478)
Ending balance	<u>₩ 926,439</u>	<u>₩ 19,566,054</u>	<u>₩ 4,176,458</u>	<u>₩ 24,668,951</u>
Current	₩ 926,439	₩ 1,742,743	₩ 4,176,458	₩ 6,845,640
Non-current	-	17,823,311	-	17,823,311

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

B. As of March 31, 2022 and for the three months then ended

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

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

NAVER Corporation and its subsidiaries
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13. Issuance and Acquisition of Shares

A. The Company's total number of authorized shares is 300,000,000 shares. As of March 31, 2023, the Company has issued 164,049,085 ordinary shares (par value - ₩ 100 per share) and 13,763,483 treasury shares (excludes retired shares). The Company's share capital and share premium as of March 31, 2023 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 303,884 treasury shares through exercise of stock options and recognized gain on disposal of treasury shares amounting to ₩ 31,818 million for the three months ended March 31, 2023.

14. Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As of March 31, 2023, the estimated average annual effective tax rate used for the year ending December 31, 2023 is 62.56% (2022 : 41.01%).

15. Dividends

There are no dividend of common stock for the fiscal period ended December 31, 2022, and details of dividends for the three months ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Shares eligible for dividends	149,981,718 Shares	149,298,955 Shares
Dividends per share (Korean won)	₩	- ₩ 511
Cash dividends (Korean won in thousands)	₩	- ₩ 76,291,766

NAVER Corporation and its subsidiaries**Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022 (Unaudited)****16. Commitments and Contingencies**

A. As of March 31, 2023, the Group has borrowing agreements with 10 Korean financial institutions, including Kookmin Bank, and KOSME(Korea SMEs and Startups Agency), with an aggregated credit limit up to ₩ 1,721,484 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 384,142 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and 6 others with an aggregated credit limit up to JPY 128,960 million and USD 1,180 million.

B. As of March 31, 2023, the Group is provided with guarantees of ₩ 271,878million from Seoul Guarantee Insurance Company, Korea Software Financial Cooperative and others in relation to the performance guarantee, and guarantees of ₩ 3,405 million (available up to ₩ 7,405 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 March 31, 2023, customers' advance payments of ₩ 100,242 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 March 31, 2023, 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 March 31, 2023, 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.

F. As of March 31, 2023, the Group has entered into a construction contract amounting to ₩ 471,048 million (outstanding amount: ₩ 127,968 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 March 31, 2023, the Group is a defendant in 38 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amount of the lawsuits: ₩ 6,704 million), there is one case in the stage of applying for dismissal before litigation and the Group is a plaintiff in 10 lawsuit cases filed with regard to compensation for damages (aggregate amount of the lawsuits: ₩ 3,150 million). The outcome of these cases is uncertain as at the reporting date, and the Group's management recognizes the provision in relation to the potential loss if these cases meet the condition for the recognition of the provision.

H. Details of significant capital commitments contracted in relation to funds owned by the Group as of March 31, 2023 are as follows (Korean won in thousands):

	<u>Agreed amount</u>	<u>Accumulated investment</u>	<u>Outstanding amount</u>
General Atlantic LLC	₩ 195,570,000	₩ 89,281,886	₩ 106,288,114
K-Fund II	142,153,000	60,077,297	82,075,703
China Ventures Fund I, Limited Partnership	260,760,000	209,775,307	50,984,693
K-Fund I	213,229,500	172,038,125	41,191,375
Sequoia Capital Global Growth Fund III	176,013,000	146,183,537	29,829,463

16. Commitments and Contingencies (cont'd)

I. As of March 31, 2023, the Group has entered into executives and employees' group injury insurance with KB insurance Co., Ltd.

J. As of March 31, 2023, 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.

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 March 31, 2023, 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 March 31, 2023, the above financial instruments are restricted in use.

N. As of March 31, 2023, 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 March 31, 2023, the Group has drag-along rights that are exercisable in accordance with the contract terms. The shares held by the Group are restricted on disposal for a certain period.

P. As of March 31, 2023, the Group and WEVERSE COMPANY Inc., which is the associate of the Group, have entered into an agreement on the Right of First Refusal and Tag-along Right in relation to the acquisition of shares of WEVERSE COMPANY Inc. WEVERSE COMPANY Inc. can request the Group to sell its shares if certain conditions are satisfied. The shares held by the Group are restricted on disposal for a certain period.

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 March 31, 2023, 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.

NAVER Corporation and its subsidiaries

**Notes to the interim condensed consolidated financial statements
for the three months ended March 31, 2023 and 2022 (Unaudited)**

17. Related Party Transactions

A. Details of subsidiaries as of March 31, 2023 and December 31, 2022 are described in Note 1.A, and details of associates and joint ventures as of March 31, 2023 and December 31, 2022 are described in Note 9.A.

B. Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as of March 31, 2023 and December 31, 2022 are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Other (*)	ESPRESO MEDIA CO., LTD., Lunasoft corp., 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., LINE Games Corporation, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation, FASSTO corp, PiG corp	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

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

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17. Related Party Transactions (cont'd)

C. Transaction with related parties including operating revenues and expenses for the three months ended March 31, 2023, and 2022 are as follows (Korean won in thousands):

	2023			
	Operating revenue and others(*3)	Operating expenses and others	Purchase of non-current assets	Disposal of non-current assets
Associate:				
LINE Corporation(*2)	₩ 27,841,541	₩ 3,295,292	₩ -	-
WEVERSE COMPANY Inc.	1,833,157	36,647	-	-
LINE Plus Corporation(*2)	1,585,387	442,172	3,077	-
Goodus Data, Inc.	1,261,900	193,370	-	-
LINE Biz Plus Corporation(*2)	746,682	-	1,273	-
LINE Taiwan Limited(*2)	651,238	1,243,276	-	-
IPX Corporation(*2)	645,491	1,130,490	7,600	-
The Grimm entertainment Co.,Ltd	594,735	3,997,160	-	-
Studio Mul Co., Ltd	537,967	981,491	-	-
Reverse Corp	495,849	1,646,447	-	-
REDICE Studio Inc.	422,743	1,800,141	115,385	-
YLAB CORPORATION	229,992	2,341,459	-	-
Mirae Asset MAPS Private Placement Real Estate 62	170,389	3,144,312	-	-
Only Won Entertainment Co., Ltd	162,173	590,709	-	-
Cafe24 Corp.	107,280	6,315,551	-	-
LINE Company (Thailand) Limited (*2)	85,312	220,105	-	-
LINE Pay Corporation (*2)	82,761	125,593	-	-
Sam Studio Co., Ltd.	82,170	313,322	-	-
Studio 389 Co., Ltd.	80,079	865,139	-	-
ROKMEDIA	49,583	612,903	-	-
Yumistudio Co., Ltd.	32,802	188,104	-	-
SHINE PARTNERS CO., LTD.	32,512	647,105	-	-
Chicment Co., Ltd.	32,132	234,200	-	-
Studio1991	25,233	220,829	-	-
Famous Studio Corp.	19,974	14,909,603	-	-
Studio hohoe Co.,Ltd.	19,585	165,400	-	-
MARKT Co.,Ltd.(*2)	15,785	840,103	-	-
Bik Picture Comic Seu Co., Ltd.	12,305	347,174	-	-
J Peul Media Co., Ltd.	2,569	1,973,282	-	-
JQ COMICS Co., Ltd.	1,369	450,724	-	-
Line Fukuoka Corp.(*2)	137	1,522,859	-	-
Aointech inc	60	200,648	-	-
SYNAP SOFT CORP.	-	247,260	-	-
LINE VIETNAM JOINT STOCK COMPANY(*2)	-	156,138	-	-
Makma	-	155,638	-	-
PT.LINE PLUS INDONESIA(*2)	-	142,905	-	-
Breathe Company Corporation	-	137,168	-	-
A Holdings Corporation	-	133,500	-	-
ZK Studio Co., Ltd.	-	13,907	336,658	-
Others	361,539	448,537	-	-
Joint venture:				
Inter Biz Co., Ltd.	165	177,000	-	-
Animal and Human Story Co., Ltd.	109	236,000	-	-
Tech Plus Co., Ltd.	10	182,500	-	-
School Jaem Co., Ltd.	3	261,700	-	-
Designpress Co., Ltd.	-	288,011	-	-
Cineplay Co., Ltd	-	285,700	-	-
Sseom Lab Co., Ltd.	-	258,800	-	-
China Lab Co.,Ltd.	-	235,571	-	-
Agro Plus Co., Ltd.	-	232,800	-	-

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Yeopeul Co., Ltd.	-	230,250	-	-
Law&Media Co., Ltd.	-	185,100	-	-
Others	22,000	-	-	-
Other:				
NAVER Connect Foundation(*1)	2,366,656	26,044	-	-
THE HAPPYBEAN FOUNDATION(*1)	583,103	1,049,376	-	667,463
Contents First Inc.	242,363	73,053	-	-
NAVER Cultural Foundation(*1)	26,953	-	-	259,592
MYSTIC Story Inc.	743	266,577	-	-
Others	66,926	88,498	-	-

(*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 ₩ 4,344 million paid on behalf by the Group for the related parties.

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

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

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

(*2) They are subsidiaries of associates.

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

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

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17. Related Party Transactions (cont'd)

D. Outstanding balances of receivables due from and payables due to related parties as of March 31, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	March 31, 2023			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
Associate:				
LINE Company (Thailand) Limited ₩	111,392 ₩	-	205,179 ₩	-
LINE Conomi Corporation	3,800	3,442,569	-	-
PT.LINE PLUS INDONESIA	-	-	155,023	-
LINE Biz Plus Corporation	329,325	714,564	878	1,194,376
LINE Financial Plus Corporation	41,517	171,919	-	281,618
Murple, Inc.	-	-	540,000	-
Mirae Asset MAPS Private Placement Real Estate 62	-	19,045,779	-	344,901,437
IPX Corporation	92,226	100,672	949,364	-
Onestore Co., Ltd.	100,709	28,839	43,327	-
J Peul Media Co., Ltd.	-	767,731	567,626	-
Studio 389 Co., Ltd.	133	10,575	207,712	6,000
AXIS Co.,LTD.(*2)	-	-	-	-
Studio hohoe Co.,Ltd.	-	107,565	14,550	-
WEVERSE COMPANY Inc.	628,342	33,845,272	-	1,001,909
Pala Inc	-	503,781	-	-
Havit Corporation	-	500,000	485,391	-
Famous Studio Corp.	-	2,534,336	2,688,609	172,420
IZE PRESS LLC.	293,342	-	-	272,873
Line Corp	64,652,216	456,820	41,142,722	268,545
Line Fukuoka Corp.	23,168	-	278,908	341,188
LINE Pay Corporation	117,947	-	977,128	81,692
LINE Taiwan Limited	26,963	-	591,489	-
SHINE PARTNERS CO., LTD.	-	-	192,413	-
Goodus Data, Inc.	756,219	-	162,422	-
LINE UP Corporation	116,721	-	-	-
LINE Plus Corporation	925,460	420,297	892,708	210,409
REDICE Studio Inc.	55,396	-	775,781	69,000
JQ COMICS Co., Ltd.	-	82,511	218,807	32,370
The Grimm entertainment Co.,Ltd.	7,700	-	735,820	3,000
ROKMEDIA	634	16,993	170,883	-
Reverse Corp.	35,770	122,152	413,821	-
MARKT Co.,Ltd.	7,221	12,099,024	41,989	-
SYNAP SOFT CORP.	-	-	820,000	-
Studio Mul Co., Ltd.	-	-	235,194	2,000
SGRSOFT Co., Ltd.	7,978	-	300,000	-
Only Won Entertainment Co., Ltd	-	-	108,441	-
YLAB Corporation	-	3,883,096	206,284	9,800
ZK Studio Co., Ltd.	-	236,111	-	-
Cafe24 Corp.	-	-	1,954,656	-
Vi-Frost	66,000	13,006	30,651	141,932
Others	164,916	349,190	464,641	109,194
Joint venture:				
Designpress Co., Ltd.	-	-	115,241	-
China Lab Co.,Ltd.	-	-	114,000	-
Others	-	200	152,214	-
Other:				
NAVER Connect Foundation(*1)	907,869	43,895	9,316	-
THE HAPPYBEAN FOUNDATION(*1)	150,488	831,358	1,065,183	-
NAVER Cultural Foundation(*1)	12,426	312,211	-	-
Studio Pat Co., Ltd.	-	292,635	-	-
Others	28,070	63,310	78,484	-

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

	December 31, 2022			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
Associate:				
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 Kencana	-	774,379	-	-
Other	104,533	237,472	547,871	36,612
Joint venture:				
Designpress Co., Ltd.	-	-	391,341	-
China Lab Co.,Ltd.	-	-	146,890	-
Other	-	200	84,678	-
Other:				
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 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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17. Related Party Transactions (cont'd)

E. Fund transactions with related parties for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	2023				
	Contributions in cash	Dividends received and others	Loans	Repayments	Collections
Associate:					
China Ventures Fund I, Limited Partnership	₩ 929,314	₩ 198,804	₩ -	₩ -	-
CHINA VENTURES FUND II, L.P.	808,252	-	-	-	-
Genius studio Corp.	200,015	-	-	-	-
Teamplus Corp.	4,372,500	-	-	-	-
STL 18th Private Equity Fund	-	152,877	-	-	-
BravoBeaver Incheon Corp.	260,000	-	-	-	-
TBT Global Growth Fund III	-	9,739	-	-	-
MiraeAsset MAPS Private Placement Real Estate 62(*)	-	-	-	9,837,395	-
Pala Inc	-	-	500,000	-	-
PT Karunia Internasional Citra Kencana	-	-	-	-	775,740
JQ COMICS Co., Ltd.	-	-	-	-	200,000
Chicment Co., Ltd.	-	-	-	-	300,000
LINE Biz Plus Corporation	-	-	-	-	508,219
LINE Financial Plus	-	-	-	-	119,475
WEVERSE COMPANY Inc.	-	-	-	-	986,378
Famous Studio Corp.	-	-	-	-	49,413
Joint venture:					
jobsN Co., Ltd.	-	2,175,364	-	-	-
Artitian Co., Ltd.	-	129,601	-	-	-
Other:					
NAVER Connect Foundation	-	-	-	-	7,763
THE HAPPYBEAN FOUNDATION	-	-	-	-	19,960

(*) 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 of lease liabilities as of March 31, 2023 is ₩ 344,901 million(2022:₩ 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 March 31, 2023 is ₩ 40,891 million(2022:₩ 41,877 million)

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17. Related Party Transactions (cont'd)

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

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

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

F. There are no payment guarantees provided by the Group to the related parties as of March 31, 2023.

G. The compensation paid or payable to key management (registered directors) for their services for the three months ended March 31, 2023 and 2022 are as follows (Korean won in thousands):

	2023	2022
Short-term employee benefits	₩ 657,500	₩ 695,527
Retirement benefits	95,354	70,492
Share-based payment expenses	429,785	347,092

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18. Business Combinations

In January 2023, the Group acquired 100% shares of Poshmark, Inc., whose main business is operating the largest secondhand market platform in North America.

The acquisition was made to aim at expanding the global C2C portfolio to the North American market, entering full-fledged into global market competition, and establishing the foundation for C2C to grow into a major revenue source.

Summary of related accounting is as follows: (Korean won in thousands)

	<u>Amount</u>
I. Purchase consideration	
Cash and cash equivalents	₩ 1,736,865,092
Exchange of Shares for RSU held by the existing management	<u>12,677,999</u>
	<u>₩ 1,749,543,091</u>
II. Recognized amounts of identifiable assets acquired and liabilities assumed(*)	
Assets	
Cash and cash equivalents	₩ 491,671,054
Trade and other receivables	71,243,854
Other assets	19,119,070
Property, plant and equipment	4,100,017
Right-of-use-assets	7,282,352
Intangible assets	13,146,858
Deferred tax assets	<u>151,195</u>
	606,714,400
Liabilities	
Trade and other payables	390,962,192
Current tax liabilities	17,072,916
Lease liabilities	11,352,824
Other liabilities	<u>18</u>
	419,387,950
Total identifiable net assets	<u>₩ 187,326,450</u>
III. Goodwill	<u>₩ 1,562,216,641</u>

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

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18. Business Combinations (cont'd)

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

	<u>Amount</u>
Net cash flows from acquisition of subsidiary	₩ 491,671,054
Cash and cash equivalents paid	<u>(1,736,865,092)</u>
Net cash and cash equivalents paid	<u>₩ (1,245,194,038)</u>

The operating revenue and net loss of Poshmark, Inc. and its subsidiaries after the acquisition date reflected in the interim condensed consolidated statements of comprehensive income (loss) are ₩ 119,691 million and ₩ 2,465 million, respectively. If Poshmark, Inc. was consolidated from the beginning of the current period, the Group's operating revenue and net loss, which would have been recorded in the interim condensed consolidated statements of comprehensive income (loss), would be ₩ 2,286,486 million and ₩ 125,986 million, respectively.

The Group has granted the right to sell all or part of the shares of PROTON PARENT, INC. held by the CEO of Poshmark to the Group if certain conditions are met.

19. Assets held for sale

A. During the three months ended March 31, 2023, the Group decided to sell its investments in associates of Mirae Asset MAPS Private Placement Real Estate 62, and appointed a sales advisor. As of March 31, 2023, the sale is ongoing and is expected to be completed within a year.

B. The major assets recognized as assets held for sale as of March 31, 2023 are as follows (Korean in thousands):

	<u>Amount</u>
Investments in associates	<u>₩ 385,425,062</u>