

# **NAVER Corporation and its subsidiaries**

Interim condensed consolidated financial statements  
for the nine months ended September 30, 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 September 30, 2022, and the related interim condensed consolidated statements of comprehensive income (loss) for the three months and nine months ended September 30, 2022, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory information.

### **Management’s responsibility for the interim condensed consolidated financial statements**

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with 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 (“KSAs”) 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

The interim condensed consolidated statements of comprehensive income (loss) for the three months and nine months ended September 30, 2021, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months then ended, prepared in accordance with KIFRS 1034 and presented for comparative purposes, have been reviewed by Samil PricewaterhouseCoopers whose review report dated November 12, 2021 expressed an unqualified review conclusion.

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



November 14, 2022

This review report is effective as of November 14, 2022, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

# **NAVER Corporation and its subsidiaries**

Interim condensed consolidated financial statements  
for the nine months ended September 30, 2022 and 2021

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

Su yeon, Choi  
Chief Executive Officer  
NAVER Corporation

**NAVER Corporation and its subsidiaries**  
**Interim condensed consolidated statements of financial position**  
**as of September 30, 2022 and December 31, 2021**

(Korean won)

		<b>September 30, 2022</b>	
	<b>Notes</b>	<b>(Unaudited)</b>	<b>December 31, 2021</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		₩ 2,807,828,019,534	₩ 2,781,395,543,827
Short-term financial instruments		724,214,083,491	673,555,739,311
Financial assets at fair value – profit or loss	4	864,513,141,328	461,932,777,511
Financial assets at fair value – other comprehensive income	4	-	24,254,505,540
Trade and other receivables		1,345,566,364,349	1,454,660,666,688
Inventories		7,689,524,072	6,139,904,767
Other current assets		199,892,198,861	124,296,250,629
Current tax assets		<u>20,668,234,595</u>	<u>1,643,037,279</u>
		5,970,371,566,230	5,527,878,425,552
<b>Non-current assets</b>			
Property, plant and equipment	6	2,400,197,314,427	2,111,261,659,613
Right-of-use-assets	7	729,710,632,397	290,462,942,745
Intangible assets	8	1,557,354,108,543	932,152,347,274
Long-term financial instruments		14,255,722,000	14,255,722,000
Financial assets at fair value – profit or loss	4	2,768,971,938,338	2,407,725,020,317
Financial assets at fair value – other comprehensive income	4	1,414,950,426,238	2,099,232,986,626
Investments in associates and joint ventures	9	19,218,501,471,278	20,090,304,016,842
Deferred tax assets		157,701,884,415	98,430,685,422
Trade and other receivables		75,256,087,326	46,387,217,185
Other non-current assets		<u>126,062,067,394</u>	<u>72,915,733,464</u>
		28,462,961,652,356	28,163,128,331,488
<b>Total assets</b>		<u>₩ 34,433,333,218,586</u>	<u>₩ 33,691,006,757,040</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		₩ 1,000,723,661,475	₩ 992,675,127,701
Financial liabilities at fair value - profit or loss	4	9,019,982,790	-
Short-term borrowings	10	1,280,354,246,819	461,321,818,464
Current tax liabilities		47,276,307,424	515,246,293,598
Provisions	12	3,646,066,478	6,657,331,759
Lease liabilities	7	182,526,248,956	105,615,989,665
Other current liabilities		<u>2,281,952,822,920</u>	<u>1,841,802,585,465</u>
		4,805,499,336,862	3,923,319,146,652
<b>Non-current liabilities</b>			
Trade and other payables		₩ 72,580,552,479	₩ 118,079,924,927
Financial liabilities at fair value - profit or loss	4	511,661,883,167	508,994,104,631
Debentures	10	1,836,610,247,961	1,636,827,463,521
Long-term borrowings	10	499,417,049,450	1,552,014,025,878
Net defined benefit liabilities	11	596,674,702,089	554,264,628,196
Provisions	12	17,616,160,962	8,918,100,642
Lease liabilities	7	589,498,856,905	205,661,717,226
Deferred tax liabilities		1,148,590,386,631	1,155,139,324,751
Other non-current liabilities		<u>11,088,442,576</u>	<u>411,971,341</u>
		5,283,738,282,220	5,740,311,261,113
<b>Total liabilities</b>		<u>₩ 10,089,237,619,082</u>	<u>₩ 9,663,630,407,765</u>

(continued)

**NAVER Corporation and its subsidiaries**  
**Interim condensed consolidated statements of financial position**  
**as of September 30, 2022 and December 31, 2021**

		<b>September 30, 2022</b>		<b>December 31, 2021</b>
	<b>Notes</b>	<b>(Unaudited)</b>		
<b>(cont'd)</b>				
<b>Equity</b>				
<b>Equity attributable to owners of the Parent Company</b>				
Share capital	13	₩ 16,481,339,500	₩	16,481,339,500
Capital surplus		1,603,699,159,758		1,490,214,367,768
Other components of equity		(1,569,127,001,765)		(1,051,465,837,344)
Retained earnings		<u>23,593,249,885,586</u>		<u>23,080,407,824,978</u>
		23,644,303,383,079		23,535,637,694,902
<b>Non-controlling interests</b>		<u>699,792,216,425</u>		<u>491,738,654,373</u>
<b>Total equity</b>		<u>24,344,095,599,504</u>		<u>24,027,376,349,275</u>
<b>Total liabilities and equity</b>		<u>₩ 34,433,333,218,586</u>	<u>₩</u>	<u>33,691,006,757,040</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 and nine months ended September 30, 2022 and 2021**

(Korean won)

	Notes	2022 (Unaudited)		2021 (Unaudited)	
		Three months	Nine months	Three months	Nine months
<b>Operating revenue</b>	5	₩ 2,057,332,225,258	₩ 5,948,335,587,389	₩ 1,727,255,234,995	₩ 4,889,874,417,960
<b>Operating expenses</b>		(1,727,088,918,237)	(4,980,154,011,421)	(1,377,483,195,536)	(3,915,643,768,202)
<b>Operating profit</b>		330,243,307,021	968,181,575,968	349,772,039,459	974,230,649,758
Other income		36,250,595,585	303,415,955,369	6,212,126,065	28,743,982,129
Other expenses		(177,209,608,728)	(363,931,555,269)	(71,639,785,232)	(141,858,161,259)
Interest income		15,877,751,793	34,093,276,089	6,646,767,771	14,605,405,503
Finance income		198,740,173,694	520,502,222,861	185,819,560,054	574,768,084,683
Finance costs		(28,221,154,442)	(359,210,149,051)	(27,768,250,831)	(140,475,708,353)
Share of profit (loss) of associates and joint ventures	9	(955,240,892)	(208,501,715,912)	45,983,247,789	257,027,858,270
<b>Profit before income tax</b>		374,725,824,031	894,549,610,055	495,025,705,075	1,567,042,110,731
<b>Income tax expenses</b>		(143,171,416,438)	(353,122,554,555)	(172,299,486,179)	(389,136,804,929)
<b>Profit from continuing operations</b>		231,554,407,593	541,427,055,500	322,726,218,896	1,177,905,305,802
Profit of discontinued operations	19	-	-	-	14,999,894,577,525
<b>Profit for the period</b>		₩ 231,554,407,593	₩ 541,427,055,500	₩ 322,726,218,896	₩ 16,177,799,883,327
<b>Profit for the period attributable to:</b>					
Owners of the Parent Company					
Profit from continuing operations		₩ 256,973,517,775	₩ 611,463,468,795	₩ 331,912,505,745	₩ 1,173,683,995,922
Profit of discontinued operations		-	-	-	14,996,377,524,381
Non-controlling interests					
Profit (loss) from continuing operations		(25,419,110,182)	(70,036,413,295)	(9,186,286,849)	4,221,309,880
Profit of discontinued operations		-	-	-	3,517,053,144
<b>Other comprehensive income (loss):</b>					
Items that may be subsequently reclassified to profit or loss:					
Loss on valuation of debt instruments at fair value – other comprehensive income		₩ -	₩ -	₩ -	₩ (483,039,456)
Exchange differences		107,954,170,782	249,974,030,570	7,042,628,416	51,306,270,551
Share of other comprehensive income (loss) of associates and joint ventures		817,040,566,223	(349,927,850,917)	575,814,387,642	311,182,743,716



**NAVER Corporation and its subsidiaries**
**Interim condensed consolidated statements of comprehensive income (loss)  
for the three months and nine months ended September 30, 2022 and 2021**

(continued)

(cont'd)

Items that will not be subsequently reclassified to profit or loss:

Loss on valuation of equity instruments at fair value – other comprehensive income	(39,389,571,863)	(450,449,872,570)	(133,385,570,810)	(37,641,125,968)
Gain (loss) on disposal of equity instruments at fair value – other comprehensive income	(47,686,846,660)	(47,400,203,008)	(242,191,091)	22,974,409,717
Share of other comprehensive income (loss) of associates and joint ventures	192,109,270,235	101,110,243,970	(3,483,594,773)	2,835,058,611
Remeasurements of net defined benefit liabilities	(2,113,152,206)	27,751,607,414	3,289,074	3,289,074
	1,027,914,436,511	(468,942,044,541)	445,748,948,458	350,177,606,245
<b>Total comprehensive income (loss) for the period, net of tax</b>	<u>₩ 1,259,468,844,104</u>	<u>₩ 72,485,010,959</u>	<u>₩ 768,475,167,354</u>	<u>₩ 16,527,977,489,572</u>
Owners of the Parent Company	1,211,399,200,681	76,979,656,010	776,126,546,022	16,517,378,155,643
Non-controlling interest	48,069,643,423	(4,494,645,051)	(7,651,378,668)	10,599,333,929

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

Basic earnings per share				
From continuing operations	₩	1,698 ₩	4,033 ₩	2,228 ₩
From discontinued operations		-	-	-
				101,023
Diluted earnings per share				
From continuing operations		1,689	4,012	2,206
From discontinued operations		-	-	-
				100,121

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 nine months ended September 30, 2022 and 2021**

(Korean won)

	Notes	Equity attributable to owners of the Parent Company				Non-controlling interests	Total
		Share capital	Capital surplus	Other components of equity	Retained earnings		
<b>As of January 1, 2021</b>		₩ 16,481,339,500	₩ 1,793,273,489,872	₩ (1,097,350,149,548)	₩ 6,654,814,483,478	₩ 887,912,871,911	₩ 8,255,132,035,213
Total comprehensive income for the period:							
Profit for the period		-	-	-	16,170,061,520,303	7,738,363,024	16,177,799,883,327
Loss on valuation of debt instruments at fair value – other comprehensive income		-	-	(483,039,456)	-	-	(483,039,456)
Loss on valuation of equity instruments at fair value – other comprehensive income		-	-	(35,181,556,112)	-	(2,459,569,856)	(37,641,125,968)
Gain on disposal of equity instruments at fair value – other comprehensive income		-	-	-	21,034,518,813	1,939,890,904	22,974,409,717
Exchange differences		-	-	48,638,686,034	-	2,667,584,517	51,306,270,551
Share of other comprehensive income of associates and joint ventures		-	-	313,304,736,987	-	713,065,340	314,017,802,327
Remeasurements of net defined benefit liabilities		-	-	-	3,289,074	-	3,289,074
Transactions with shareholders recognized directly in equity							
Dividends	15	-	-	-	(59,278,532,070)	(506,023,452)	(59,784,555,522)
Transaction of share-based payment		-	41,591,256,825	75,797,303,849	-	25,687,489,549	143,076,050,223
Transaction of treasury shares		-	337,307,728,964	104,643,917,817	-	-	441,951,646,781
Disposal of subsidiaries		-	363,352,647,015	(215,252,060)	(6,461,636,715)	(502,054,355,750)	(145,378,597,510)
Transactions with non-controlling interests		-	(1,001,133,579,303)	(4,965,377,346)	-	48,952,766,666	(957,146,189,983)
<b>As of September 30, 2021 (Unaudited)</b>		₩ 16,481,339,500	₩ 1,534,391,543,373	₩ (595,810,729,835)	₩ 22,780,173,642,883	₩ 470,592,082,853	₩ 24,205,827,878,774
<b>As of January 1, 2022</b>		₩ 16,481,339,500	₩ 1,490,214,367,768	₩ (1,051,465,837,344)	₩ 23,080,407,824,978	₩ 491,738,654,373	₩ 24,027,376,349,275
Total comprehensive loss for the period:							
Profit (loss) for the period		-	-	-	611,463,468,795	(70,036,413,295)	541,427,055,500
Loss on valuation of equity instruments at fair value – other comprehensive income		-	-	(441,737,356,796)	-	(8,712,515,774)	(450,449,872,570)
Loss on disposal of equity instruments at fair value – other comprehensive income		-	-	-	(47,400,203,008)	-	(47,400,203,008)
Exchange differences		-	-	177,599,246,318	-	72,374,784,252	249,974,030,570
Share of other comprehensive loss of associates and joint ventures		-	-	(248,016,060,125)	-	(801,546,822)	(248,817,606,947)
Remeasurements of net defined benefit liabilities		-	-	-	25,070,560,826	2,681,046,588	27,751,607,414
Transactions with shareholders recognized directly in equity							
Dividends	15	-	-	-	(76,291,766,005)	-	(76,291,766,005)
Transaction of share-based payment		-	68,250,540,908	(2,579,391,171)	-	23,478,279,656	89,149,429,393
Transactions with non-controlling interests		-	45,234,251,082	(2,927,602,647)	-	189,069,927,447	231,376,575,882
<b>As of September 30, 2022 (Unaudited)</b>		₩ 16,481,339,500	₩ 1,603,699,159,758	₩ (1,569,127,001,765)	₩ 23,593,249,885,586	₩ 699,792,216,425	₩ 24,344,095,599,504

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 nine months ended September 30, 2022 and 2021**

(Korean won)

	<b>2022 (Unaudited)</b>	<b>2021 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	₩ 1,774,127,483,933	₩ 1,535,698,978,583
Interest received	15,249,898,141	18,979,751,668
Interest paid	(36,414,994,540)	(43,775,977,329)
Dividends received	30,294,832,747	42,710,916,694
Income tax paid	(853,427,959,104)	(683,906,653,440)
<b>Net cash provided by operating activities</b>	<b>929,829,261,177</b>	<b>869,707,016,176</b>
<b>Cash flows from investing activities</b>		
Net increase in short-term financial instruments	(44,326,620,530)	(162,897,648,771)
Acquisition of financial assets at fair value – profit or loss	(4,277,026,832,634)	(5,055,637,845,403)
Proceeds from disposal of financial assets at fair value – profit or loss	3,667,879,306,003	4,645,357,910,877
Acquisition of property, plant and equipment	(507,500,991,047)	(680,080,761,292)
Proceeds from disposal of property, plant and equipment	2,036,742,875	43,840,692,836
Collection of lease receivables	5,355,559,187	2,633,582,941
Acquisition of intangible assets	(48,376,637,495)	(38,201,680,403)
Proceeds from disposal of intangible assets	924,118,988	506,866,886
Acquisition of financial assets at fair value – other comprehensive income	(43,692,562,454)	(446,572,761,212)
Proceeds from disposal of financial assets at fair value – other comprehensive income	84,565,119,205	225,309,102,703
Acquisition of investments in associates and joint ventures	(223,074,767,304)	(699,867,432,503)
Proceeds from disposal of investments in associates and joint ventures	650,516,725,499	149,382,395,178
Net increase (decrease) in cash due to business combination	4,264,026,832	(691,504,151,307)
Net cash flow due to the transfer of subsidiaries to associates	-	(11,244,661,283,837)
Net increase in short-term loans	(32,008,010)	(114,064,606,870)
Net decrease (increase) in long-term loans	146,412,000	(40,000,000)
Cash inflows from other investing activities	4,121,067,224	12,602,985,577
<b>Net cash used in investing activities</b>	<b>(724,221,341,661)</b>	<b>(14,053,894,634,600)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	99,564,583,333	260,601,900,208
Repayments of short-term borrowings	(270,116,508,731)	(328,125,798,677)
Proceeds from long-term borrowings	56,335,416,667	1,245,182,096,931
Repayments of long-term borrowings	(104,391,870,889)	(2,642,484)
Proceeds from issuance of debentures	-	9,403,866,052,933
Repayment of lease liabilities	(185,474,365,827)	(84,309,964,738)
Increase in financial liabilities at fair value – profit or loss	10,499,949,904	75,001,549,094
Disposal of treasury shares	-	176,145,173,981
Dividends paid	(76,291,766,005)	(59,784,555,522)
Exercise of stock options	59,794,282,700	37,757,774,700
Cash inflows from transactions with non-controlling interests	86,223,692,188	114,368,178,868
Cash outflows from transactions with non-controlling interests	(203,797,761)	(350,198,540,278)
Cash inflows from other financing activities	2,908,177,005	1,069,784,235,602
Cash outflows from other financing activities	(1,364,910,940)	(352,801,751,065)
<b>Net cash provided by (used in) financing activities</b>	<b>(322,517,118,356)</b>	<b>11,207,483,709,553</b>
Effects of exchange rate changes on cash and cash equivalents	143,341,674,547	(52,921,105,707)
Net increase (decrease) in cash and cash equivalents	26,432,475,707	(2,029,625,014,578)
Cash and cash equivalents at the beginning of the period	2,781,395,543,827	3,845,667,763,547
Cash and cash equivalents classified as assets held for sale at the beginning of the period	-	2,245,363,413,625
Cash and cash equivalents in the statements of financial position at the beginning of the period	<u>2,781,395,543,827</u>	<u>1,600,304,349,922</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,807,828,019,534</u>	<u>₩ 1,816,042,748,969</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 nine months ended September 30, 2022 and 2021 (Unaudited)**

**1. General**

NAVER Corporation (the “Company”) was established on June 2, 1999 under the Commercial Code of the Republic of Korea to provide internet portal services. The Company’s headquarter is located at 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 September 30, 2022, the major shareholders of the Company consist of National Pension Service (8.03%) and others

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

**1.1 Consolidated Subsidiaries**

Details of the consolidated subsidiaries as of September 30, 2022 and December 31, 2021 are as follows:

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			September 30, 2022	December 31, 2021	
<b>NAVER Corporation:</b>					
NAVER Cloud Corporation	Korea	Cloud service management	100.00	100.00	December
NAVER I&S Corp	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
NAVER WEBTOON COMPANY Corporation	Korea	Webtoon service development and management	100.00	100.00	December
Snow Corporation	Korea	Camera and communication application development service	82.96	80.55	December
Audiensori Corporation	Korea	Audio content production and distribution	100.00	100.00	December
WORKS MOBILE Corporation	Korea	Groupware development and service management	89.41	89.41	December
N Visions Co., Ltd.	Korea	Exhibition and performance planning business	100.00	100.00	December
NAVER LABS Corporation	Korea	New technology development and research	100.00	100.00	December
NAVER Financial Corporation	Korea	Electronic financial business	89.21	89.21	December
SB Next Media Innovation Fund	Korea	Investment	96.30	96.30	December
TBT Global Growth Fund I	Korea	Investment	89.91	89.91	December
NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
SpringCamp Early Stage Fund 2	Korea	Investment	99.22	99.22	December
SVA Content Media Private Equity Fund II	Korea	Investment	99.83	99.83	December
Do Ventures Annex Fund, LP	U.S.A	Investment	99.00	99.00	December
NAVER J.Hub Corporation	Japan	Global business support	100.00	100.00	December
NAVER CHINA CORPORATION	China	Software development and distribution	100.00	100.00	December
NAVER U.Hub Inc	U.S.A	Online streaming service	100.00	100.00	December
NAVER BAND Inc	U.S.A	North America community service marketing	100.00	100.00	December
NAVER France SAS	France	Europe IT investment and research and development	100.00	100.00	December
WEBTOON Entertainment Inc	U.S.A	Webtoon service development and management	67.52	67.88	December
NAVER VIETNAM COMPANY LIMITED	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	98.81	December
Smart Spring Fund(*2)	Korea	Investment	48.39	48.39	December
NAVER HANDS Corporation	Korea	Standard workplace operation for the disabled	100.00	100.00	December
NAVER WP I, L.P.	U.S.A	Managing local business	100.00	100.00	December
NAVER WP II, LLC	U.S.A	Managing local business	100.00	100.00	December
NW MEDIA CONTENTS INC.	U.S.A	Contents production	100.00	-	December
Wattpad Corporation	Canada	Global web novel platform	100.00	100.00	December
<b>Wattpad Corporation:</b>					
Wattsub Corporation	Canada	Global web novel platform support	-	100.00	December
Wattpad Studios Inc	Canada	Global web novel platform support	100.00	100.00	December
WP Technology (UK)	U.K	Global web novel platform support	100.00	100.00	December
WP Technology Corporation	U.S.A	Global web novel platform support	100.00	100.00	December

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			September 30, 2022	December 31, 2021	
Wattpad Inc	U.S.A	Global web novel platform support	100.00	100.00	December
<b>Wattpad Studios Inc:</b>					
Wattpad Studios (Cell Phone Swap) Inc	Canada	Global web novel platform support	100.00	100.00	December
<b>NAVER France SAS:</b>					
C-Fund	France	Investment	99.00	99.00	December
C-FUND Subfund 2	France	Investment	99.00	99.00	December
C-FUND Subfund 3	France	Investment	99.75	99.75	December
C-FUND Subfund 4	France	Investment	99.00	99.00	December
<b>NAVER Cloud Corporation:</b>					
NAVER Cloud Asia Pacific Pte Ltd	Singapore	IT infrastructure operations	100.00	100.00	December
NAVER CLOUD AMERICA INC	U.S.A	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Europe GmbH	Germany	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Japan Corporation	Japan	IT infrastructure operations	100.00	100.00	December
Chengdu NCC Technology Corporation	China	IT infrastructure operations	100.00	-	December
<b>NAVER I&amp;S Corp:</b>					
InComms Corp	Korea	Customer center operations	100.00	100.00	December
Green Web Service Corp	Korea	Monitoring, advertisement operations	100.00	100.00	December
N Tech Service Corp.	Korea	Software consulting, development and distribution	100.00	100.00	December
NITService Corp.	Korea	Infrastructure operations and security services	100.00	100.00	December
CommPartners Corp.	Korea	Customer center operations	100.00	100.00	December
<b>WEBTOON Entertainment Inc:</b>					
NAVER WEBTOON Ltd.	Korea	Webtoon service development and operations	100.00	100.00	December
LINE Digital Frontier Corporation	Japan	Japan Webtoon service development and operations	100.00	100.00	December
<b>LINE Digital Frontier Corporation:</b>					
eBOOK Initiative Japan Co., Ltd.(*4)	Japan	Japan ebook service	100.00	34.35	December
LINE WEBTOON STUDIO Inc.	Japan	Japan webtoon service	80.00	-	December
<b>NAVER WEBTOON Ltd.:</b>					
STUDIO LICO Corp. (formerly, Lico Corp.)	Korea	Contents production and reinforcement	100.00	100.00	December
Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
V.DO INC.	Korea	Video searching solution development	81.43	81.43	December
YLAB Japan Co., Ltd	Japan	Contents production and reinforcement	100.00	100.00	December
MUNPIA INC.(*4)	Korea	Web novel platform	53.65	20.17	December
LOCUS CORPORATION	Korea	Animation and VFX production	53.64	-	December
Jakga Company Inc.	Korea	Contents production	51.33	-	December
<b>MUNPIA INC:</b>					
Mun Pia Webtoon Culture Industry Special Purpose Company Ltd.	Korea	Comics publishing	100.00	-	December
M Contents Labs Co., Ltd.	Korea	Database and online information supply	100.00	-	December
Studio JHS Co., Ltd.	Korea	Contents production	100.00	-	December
<b>LOCUS CORPORATION:</b>					
Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd.,	Korea	Animation film and video production	100.00	-	December
Sidus Corporation	Korea	Film production and distribution	91.90	-	December
SIDUS STUDIO X Co., Ltd.	Korea	Content production and marketing solution supply	100.00	-	December
Locus Shanghai Corporation	China	Animation and VFX production	100.00	-	December
<b>Sidus Corporation:</b>					
Sidus and Teu Entertainment Joint Stock Company(*3)	Vietnam	Film production	49.00	-	December
<b>NAVER WEBTOON COMPANY Corporation:</b>					
Watong Entertainment Limited	Hongkong	Webtoon service operations	100.00	100.00	December
<b>Watong Entertainment Limited:</b>					
Broccoli Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
<b>Broccoli Entertainment Corporation:</b>					
Dongman Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
<b>Snow Corporation:</b>					
SpringCamp Inc.	Korea	Investments	100.00	100.00	December
SpringCamp Early Stage Fund 4	Korea	Investments	66.24	-	December
Playlist Corporation	Korea	Web contents production and distribution	58.04	58.04	December
Amuse Co.,Ltd.	Korea	Cosmetics manufacturing, distribution, sales	77.59	100.00	December

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			September 30, 2022	December 31, 2021	
Semicolon Studio Corp.	Korea	Video contents production and distribution	100.00	100.00	December
NAVER Z CO.,LTD.	Korea	Mobile service development and operations	70.51	70.51	December
SNOW China Limited.	Hongkong	Mobile service operations	96.22	96.22	December
SNOW Japan Corporation	Japan	Mobile service operations	100.00	100.00	December
SNOW Inc.	U.S.A	Mobile service operations	100.00	100.00	December
SNOW VIETNAM COMPANY LIMITED	Vietnam	Mobile service operations	99.00	99.00	December
Cake Corporation	Korea	Language learning application development and operations	60.00	75.00	December
KREAM Corporation	Korea	Sneakers trading platform operations	53.13	53.13	December
Super Labs Corporation	Korea	Mobile service development and operations	100.00	-	December
<b>NAVER Z CO.,LTD.:</b>					
NAVER Z USA, INC.	U.S.A	Mobile service development and operations	100.00	100.00	December
NAVER Z Limited	Hongkong	Mobile service development and operations	100.00	-	December
NAVER Z JAPAN Corporation.	Japan	Mobile service development and operations	100.00	-	December
<b>NAVER Z Limited:</b>					
Beijing Metaverse China Technology Corporation	China	Mobile service development and operations	100.00	-	December
<b>Beijing Metaverse China Technology Corporation:</b>					
ZaiZai Entertainment Corp.	China	Mobile service development and operations	100.00	-	December
<b>KREAM Corporation:</b>					
Namain Corp.	Korea	Sneakers trading platform operations	100.00	100.00	December
SVA Soda	Korea	Investments	99.52	99.52	December
PAP Corporation	Korea	E-Commerce business	70.00	-	December
<b>SNOW China Limited.:</b>					
SNOW China (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
<b>SNOW China (Beijing) Co., Ltd.:</b>					
Yiruike Information Technology (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
<b>WORKS MOBILE Corporation:</b>					
Works Mobile Japan Corporation	Japan	Groupware service operations and distribution	100.00	100.00	December
NF Insurance Services Corporation	Korea	Insurance brokerage	100.00	100.00	December

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

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

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

(\*4) The investment in associates is reclassified to subsidiary, due to additional acquisition of ownership for the nine months ended September 30, 2022.

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## 1.2 Changes in Scope of Consolidation

(1) Subsidiaries newly included in the consolidation for the nine months ended September 30, 2022 are as follows:

	<u>Subsidiaries</u>
Acquisition of control due to new establishment	NAVER Z Limited, Beijing Metaverse China Technology Corporation, ZaiZai Entertainment Corp., Chengdu NCC Technology Corporation, LINE WEBTOON STUDIO Inc., Super Labs Corporation, SpringCamp Early Stage Fund 4, NW MEDIA CONTENTS INC.
Acquisition of control due to new acquisition	eBOOK Initiative Japan Co., Ltd., MUNPIA INC., Mun Pia Webtoon Culture Industry Special Purpose Company Ltd., M Contents Labs Co., Ltd., LOCUS CORPORATION, Rokeoseu Theater Aeni 2015Culture Industry PROFESSIONAL Company, Sidus Corporation, SIDUS STUDIO X Co., Ltd, Locus Shanghai Corporation, Sidus and Teu Entertainment Joint Stock Company, PAP Corporation, Jakga Company Inc., Studio JHS Co., Ltd.

(2) Subsidiary excluded in the consolidation for the nine months ended September 30, 2022 is as follows:

	<u>Subsidiaries</u>
Merger	Wattsub Corporation

## 2. Significant Accounting Policies

### 2.1 Basis of Preparation

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

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

### 2.2 New standard, interpretations and amendments adopted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### KIFRS 1041 *Agriculture* – Taxation in fair value measurements

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



## **2.3 Accounting Policies**

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

### **2.3.1 Income tax expense**

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

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

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

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

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

#### 4. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the nine months ended September 30, 2022.

##### 4.1 Fair Value Hierarchy

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

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

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands):

		September 30, 2022			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets at fair value – profit or loss	₩	23,684,670	₩ 842,026,332	₩ 2,767,774,078	₩ 3,633,485,080
Financial assets at fair value – other comprehensive income		1,200,335,093	-	214,615,333	1,414,950,426
<b>Financial liabilities</b>					
Financial liabilities at fair value – profit or loss		-	1,187,811	519,494,055	520,681,866
		December 31, 2021			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets at fair value – profit or loss	₩	30,552,177	₩ 436,996,770	₩ 2,402,108,851	₩ 2,869,657,798
Financial assets at fair value – other comprehensive income		1,896,968,892	-	226,518,601	2,123,487,492
<b>Financial liabilities</b>					
Financial liabilities at fair value – profit or loss		-	-	508,994,105	508,994,105

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

The Group recognizes transfers between levels of the fair value at the end of the reporting period. There were no transfers between level 1 and level 2 for the nine months ended September 30, 2022.

The following table presents the changes in level 3 financial instruments for the nine months ended September 30, 2022 and 2021 (Korean won in thousands):

	2022			2021		
	Financial assets at fair value - profit or loss	Financial assets at fair value - comprehensive income	Financial liabilities at fair value - profit or loss	Financial assets at fair value - profit or loss	Financial assets at fair value - comprehensive income	Financial liabilities at fair value - profit or loss
Beginning balance	₩2,402,108,852	₩ 226,518,601	₩ 508,994,105	₩2,000,079,748	₩ 81,341,079	₩ 25,099,906
Total profit or loss						
Amounts recognized in profit or loss	154,706,461	-	-	401,551,522	-	1,559,636
Amounts recognized in other comprehensive income	-	(28,983,905)	-	-	3,186,449	-
Acquisitions/Borrowings	229,507,976	43,692,562	10,499,950	581,620,040	51,361,304	70,002,280
Disposals/Repayments	(11,045,480)	(24,676,654)	-	(450,670,230)	(13,947,387)	-
Transfer into Level 1	(1,122,998)	(1,354,446)	-	(19,406,782)	(3,232,665)	-
Others (*)	(18,336,271)	(580,825)	-	(56,218,748)	-	-
Exchange differences	11,955,539	-	-	3,685,574	(179,954)	-
Sale of disposal group	-	-	-	(200,380,804)	(29,775,586)	-
Ending balance	₩2,767,774,078	₩ 214,615,333	₩ 519,494,055	₩2,260,260,320	₩ 88,753,240	₩ 96,661,822

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

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#### 4.3 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements of financial instruments categorized in levels 2 and level 3 of the fair value hierarchy as of September 30, 2022 and December 31, 2021, are as follows (Korean won in thousands):

##### 4.3.1 As of September 30, 2022

		Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
<b>Financial assets at fair value – profit or loss</b>							
				Option pricing model	Underlying assets price, Volatility of underlying assets	Volatility of the underlying assets	5.10% ~ 71.03%
Compound financial instruments and equity securities	₩	1,348,681,282	3	Market approach and others	PBR, EV/SALES, PSR, PER, Recent transaction price, Net asset value	EV/SALES, PSR, PER, PBR	0.72 ~ 8.06, 0.69 ~ 11.30, 21.77, 2.06 ~ 9.04
		4,466,959	2	Present value method	Credit risk adjusted discount rate	Discount rate	12.54% ~ 18.90%
Beneficiary certificates and funds		1,419,092,796	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities		828,295,355	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives		9,264,018	2	Present value method and option pricing model	Forward exchange rate	CD interest rate and others	0.98% ~ 1.01%
<b>Financial assets at fair value – other comprehensive income</b>							
Equity securities		214,615,333	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES, PSR, PBR, Discount rate	2.60 ~ 14.27, 0.97 ~ 3.18, 2.16, 16.68%
<b>Financial liabilities at fair value – profit or loss</b>							
Derivatives		1,187,811	2	Option pricing model	Underlying asset price, volatility of underlying assets	-	-
Derivatives		519,671,687	3	Option pricing model	Volatility of underlying assets	Volatility of the underlying assets, Discount rate	32.68% ~ 39.34%, 15.07% ~ 17.23%

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

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**4.3 Valuation Techniques and the Inputs (cont'd)**

**4.3.2 As of December 31, 2021**

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

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

**4.4 Valuation Processes for Fair Value Measurements Categorized Within Level 3**

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

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**5. Operating Segment Information**

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

(2) Operating revenues by service types for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>		<b>2021</b>	
	<b>Operating revenue</b>	<b>Ratio (%)</b>	<b>Operating revenue</b>	<b>Ratio (%)</b>
Search platform (*1)	₩ 2,651,545,120	44.58	₩ 2,412,384,325	49.33
Commerce (*2)	1,314,231,261	22.09	1,076,991,155	22.02
Fintech (*3)	866,690,669	14.57	683,859,095	13.99
Contents (*4)	824,061,926	13.85	440,945,137	9.02
Cloud (*5)	291,806,611	4.91	275,694,706	5.64
Continuing operations	5,948,335,587	100.00	4,889,874,418	100.00
Discontinued operations	-		472,178,882	
	<u>₩ 5,948,335,587</u>		<u>₩ 5,362,053,300</u>	

(\*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 nine months ended September 30, 2021 according to the service categories of the consolidated financial statements for the nine months ended September 30, 2022. The reclassification had no impact on the reported net asset or the profit for the nine months ended September 30, 2021.

(3) The revenue from external customers by region for the nine months ended September 30, 2022 and 2021 and non-current assets as of September 30, 2022 and December 2021 are as follows (Korean won in thousands):

	<b>Revenue from external customers</b>		<b>Non-current assets (*)</b>	
	<b>2022</b>	<b>2021</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Domestic	₩ 5,473,688,037	₩ 4,650,808,741	₩ 3,682,492,461	₩ 2,630,607,286
Japan	315,098,407	120,092,789	293,807,561	75,667,968
Others	159,549,143	118,972,888	837,024,101	694,168,445
Continuing operations	5,948,335,587	4,889,874,418	4,813,324,123	3,400,443,699
Discontinued operations/assets held for sale	-	472,178,882	-	-
	<u>₩ 5,948,335,587</u>	<u>₩ 5,362,053,300</u>	<u>₩ 4,813,324,123</u>	<u>₩ 3,400,443,699</u>

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

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**5. Operating Segment Information (cont'd)**

(4) The revenue from contracts with customers by category for the nine months ended September 30, 2022 and 2021 is as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
<b>By timing of revenue recognition</b>		
Recognized at a point in time	₩ 4,361,565,951	₩ 3,483,656,994
Recognized over time	<u>1,586,769,636</u>	<u>1,406,217,424</u>
Continuing operations	5,948,335,587	4,889,874,418
Discontinued operations	-	<u>472,178,882</u>
	<u>₩ 5,948,335,587</u>	<u>₩ 5,362,053,300</u>

**6. Property, Plant and Equipment**

(1) Changes in property, plant and equipment for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
Beginning balance	₩ 2,111,261,660	₩ 1,684,563,341
Acquisition and capital expenditures and others (*1)	538,868,052	666,426,409
Acquisition from business combination	12,497,748	314,899
Depreciation	(263,448,961)	(245,966,124)
Disposals, retirement and impairment (*2)	(5,154,728)	(38,541,192)
Others (*3)	<u>6,173,543</u>	<u>14,703,049</u>
Ending balance	<u>₩ 2,400,197,314</u>	<u>₩ 2,081,500,382</u>

(\*1) Capitalization of borrowing costs are included.

(\*2) The amount from disposal of business is ₩ 81 million for the nine months ended September 30, 2022.

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

(2) For the nine months ended September 30, 2022, the Group has capitalized borrowing costs amounting to ₩ 6,140 million (2021: ₩ 5,949 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 1.55% (2021: 1.67%).

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

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**7. Leases**

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

Details of amounts recognized in the interim condensed consolidated statements of financial position as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Right-of-use assets (*1)</b>		
Properties	₩ 430,649,564	₩ 90,794,139
Vehicles	2,167,021	1,534,468
IDC buildings	73,103,535	77,010,870
Machinery	219,352,000	115,036,533
Leased internet line	4,438,512	6,086,933
	<u>₩ 729,710,632</u>	<u>₩ 290,462,943</u>
<b>Lease receivables</b>	<u>₩ 38,026,330</u>	<u>₩ 7,016,432</u>
<b>Lease liabilities (*2)</b>		
Current	₩ 182,526,249	₩ 105,615,990
Non-current	589,498,857	205,661,717
	<u>₩ 772,025,106</u>	<u>₩ 311,277,707</u>

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

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

Additions to the right-of-use assets for the nine months ended September 30, 2022 were ₩ 560,646 million (2021 : ₩ 184,988 million).



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**7. Leases (cont'd)**

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

Details of amounts recognized in the interim condensed consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
<b>Depreciation of right-of-use assets</b>		
Properties	₩ 45,186,233	₩ 31,084,300
Vehicles	650,915	546,726
IDC buildings	21,412,990	16,455,905
Machinery	40,176,759	1,100,425
Leased internet line	1,960,384	1,239,187
	₩ 109,387,281	₩ 50,426,543
Interest expense relating to lease liabilities (included in 'finance costs') (*)	13,828,794	3,727,780
Expense relating to short-term leases and leases of low-value assets	2,587,812	4,580,778
Expense relating to variable lease payments not included in lease liabilities	9,858,714	2,991,569

(\*) There is a difference between interest expenses recognized with regard to the leases and interest expenses in the interim condensed consolidated statement of comprehensive income due to capitalization of borrowing costs for the nine months ended September 30, 2021.

The total cash outflow for leases for the nine months ended September 30, 2022, is ₩ 197,921 million (2021: ₩ 68,711 million), and the total cash inflow for leases for the nine months ended September 30, 2022, is ₩ 5,750 million (2021: ₩ 2,797 million), respectively.

**8. Intangible Assets**

(1) Changes in intangible assets for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
Beginning balance	₩ 932,152,347	₩ 105,136,187
Acquisition and capital expenditures	51,584,811	24,410,468
Acquisition from business combination	447,122,046	672,723,761
Amortization	(31,094,933)	(9,931,306)
Disposals, retirement and impairment (*1)	(2,207,595)	(2,985,907)
Others (*2)	159,797,433	108,983,183
Ending balance	₩ 1,557,354,109	₩ 898,336,386

(\*1) The amount from disposal of business is ₩ 14 million for the nine months ended September 30, 2022.

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

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

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

(1) Details of investments in associates and joint ventures as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands):

Associate:	Primary business	Location	Closing month	Ownership (%)	September 30, 2022	December 31, 2021
					Carrying amount	
A Holdings Corporation	Mobile service development	Japan	March	50.00	₩ 16,205,129,520	₩ 17,055,166,387
IPX Corporation(formerly, LINE friends corporation)	Character and doll wholesale and retail	Korea	March	30.00	64,041,765	71,593,000
LINE Conomi Corporation	Global restaurant review service	Japan	March	49.90	384,821	2,547,781
Netmania Co., Ltd.	Software development and distribution	Korea	December	27.17	1,123,569	1,024,479
SYNAP SOFT CORP.	Software development and distribution	Korea	December	26.41	7,340,571	6,760,669
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	2,364,915	3,366,324
Korea Contents Mutual Aid Association(*1)	Mutual Aid Association	Korea	December	53.19	9,826,008	9,486,620
Arointech inc	Software development and distribution	Korea	December	29.85	510,394	635,098
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	2,954,242	2,991,762
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	4,785,632	6,146,285
NAVER-BSK Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	6,357,386	11,651,697
N Space Co., Ltd.	Space service business	Korea	December	49.04	1,759,322	1,421,943
K-Fund I(*1)	Investment	France	December	74.81	377,019,938	358,740,139
Mirae Asset-NAVER New Growth Fund I	Investment	Korea	December	50.00	87,077,477	43,795,009
YG NAVER Contents & Lifestyle Fund(*1)	Investment	Korea	December	90.91	47,309,461	49,716,578
Digital Media Partners II, L.P.	Investment	Cayman Islands	December	26.88	2,835,938	2,514,313
Soran Media Venture Fund (*1)	Investment	Korea	December	66.67	662,193	708,971
Mirae Asset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	425,823,080	422,050,705
Mirae Asset-Naver Asia Growth Fund(*4)	Investment	Korea	December	16.67	85,826,109	113,919,783
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	Investment	Singapore	December	40.00	348,957,175	460,866,589
Alliance Internet Corp.	Revenue support for internet business start-up	Korea	December	23.53	2,169,175	2,022,731
CONG TY CO PHAN RBW VIETNAM	Content production	Vietnam	December	35.36	161,156	161,156
DHP private equity fund 3	Investment	Korea	December	25.16	142,356	171,274
Artificial Intelligence Research Institute(*4)	AI technology investment	Korea	December	14.29	1,753,971	2,112,698
SMEJ Plus INC	Global fanship related investment	Japan	December	30.07	11,370,757	13,361,774
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	5,584,714	3,778,068
Carousell Pte Ltd(*4)	Platform Investment	Singapore	December	8.26	70,078,019	61,229,525
Do Ventures Fund I, I-A	Investment	Cayman Islands	December	20.81	10,726,455	5,453,206
Onestore Co., Ltd.	E-Commerce business	Korea	December	25.10	44,320,191	48,048,257
China Ventures Fund I, Limited Partnership(*1)	Investment	Canada	December	70.33	277,929,773	254,385,809
YN CULTURE & SPACE	Record production and planning	Korea	December	23.88	11,527,672	7,714,374
WEVERSE COMPANY Inc.(*7)	Content production	Korea	December	44.55	335,046,070	219,182,017
Cafe24 Corp.(*4)	Hosting and related service	Korea	December	14.81	112,558,100	116,245,149
K-Fund II(*1)	Investment	France	December	57.52	44,505,295	989,118
FUTURE INNOVATION PRIVATE EQUITY FUND III	Investment	Korea	December	25.38	54,636,841	45,652,076

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	Primary business	Location	Closing month	September 30, 2022		December 31, 2021
				Ownership (%)	Carrying amount	
CHINA VENTURES FUND II, L.P.	Investment	Cayman Islands	December	50.00	139,499,555	75,450,379
Paramark KB Fund I	Investment	Korea	December	20.00	13,323,857	1,972,000
ICART GROUP PTE. LTD.(*4) (*10)	Online daily necessities and fresh food platforms	Singapore	December	10.89	-	21,096,244
Mirae Asset Partnership Growth Fund I (*1)	Investment	Korea	December	90.00	3,876,675	-
Makma	Content distribution	France	December	22.00	757,391	754,336
LINE NEXT Inc.(*4)	Software development and distribution	U.S.A	December	13.84	6,181,209	-
AXIS Co.,LTD.(*3)	Software development and distribution	Korea	December	23.65	-	-
Studio Horang Co., Ltd.	Webtoon production	Korea	December	41.50	428,306	529,524
The Grimm entertainment Co.,Ltd.	Webtoon production	Korea	December	34.98	2,255,657	1,768,038
Bik Picture Comic Seu Co., Ltd.	Webtoon production	Korea	December	35.00	1,645,251	1,523,761
Studio JHS Co., Ltd. (*5)	Webtoon production	Korea	December	-	-	1,148,699
JQ COMICS Co., Ltd.	Webtoon production	Korea	December	35.06	172,704	136,582
ZK Studio Co., Ltd.	Webtoon production	Korea	December	40.00	378,845	265,554
Suko Mix Co., Ltd.	Webtoon production	Korea	December	40.00	344,768	345,384
Studio Mul Co., Ltd.	Content production	Korea	December	35.00	3,528,930	3,342,137
A2Z Inc.	Content distribution	Korea	December	26.67	43,851,914	39,962,338
Sam Studio Co., Ltd.	Content production	Korea	December	35.00	1,013,256	951,798
Only Won Entertainment Co., Ltd.	Content distribution	Korea	December	35.00	268,410	220,071
Studio hohoe Co.,Ltd.	Content distribution	Korea	December	33.02	691,724	738,091
GEULGGUN	Content distribution	Korea	December	22.22	332,981	170,815
Studio 389 Co., Ltd.	Content distribution	Korea	December	30.02	224,044	83,359
Yumistudio Co., Ltd.	Content distribution	Korea	December	35.00	1,996,741	1,660,472
J Peul Media Co., Ltd.	Content distribution	Korea	December	25.00	14,219,272	13,949,317
MUNPIA INC.(*5)	Web novel platform	Korea	December	-	-	60,736,765
Cinamon. Inc(*4)	Visual novel game development and service	Korea	December	19.97	487,718	1,348,953
Studio Paran Inc.	Publishing	Korea	December	35.06	688,979	-
BY4M Studio Co., Ltd. (*4)	Content distribution	Korea	December	1.63	2,999,672	-
A2Z-IP Fund	Investment	Korea	December	20.00	3,231,471	3,288,742
SHINE PARTNERS CO., LTD.(*4)	Webtoon production	Japan	December	5.00	848,942	848,514
Vi-Frost(*4)	Webtoon and web novel production	Korea	December	15.87	2,141,772	1,961,819
Studio Ppuri Co., Ltd.	Animation production and distribution	Korea	December	20.00	2,831,611	-
XTORM CO., LTD	Animation production and distribution	Korea	December	25.00	114,755	-
SGRSoft Co., Ltd. (*4)	Software development	Korea	December	8.62	489,287	-
Cutting Edge Inc. (*10)	Advertising film and video production	Korea	December	39.98	-	-
eBOOK Initiative Japan Co., Ltd.(*5)	Japan ebook service	Japan	March	-	-	101,601,682
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,064,248	1,210,651
LaiQu Technology (ShenZhen) Company Limited(*8)	Software development and distribution	China	December	21.30	-	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	2,499,309	2,010,285
Pala Inc.	Software development and distribution	Korea	December	48.78	1,089,872	452,921
Seno Corporation	Content production	China	December	45.00	122,441	102,596
Sasom Company Limited	Platform investment	Thailand	December	20.10	308,482	741,884
SODA inc.	Sneakers trading platform operations	Japan	May	33.93	92,499,580	109,108,961
Gorilla NCORE Metaverse 1	Investment	Korea	December	37.68	21,296,852	22,017,790
VerseWork Co., Ltd.	Content distribution	Korea	December	46.25	26,955	745,482
ZEP Co.,Ltd.	Meta verse service development	Korea	December	40.00	800,142	400,000
Pinokio, Inc.	Game content development	Korea	December	33.33	2,358,196	-
Chicment Co., Ltd.	E-Commerce business	Korea	December	30.00	3,005,399	-
Quokka Industries Inc.	Software development	Korea	December	33.33	3,754,248	-

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					September 30, 2022		December 31, 2021
	Primary business	Location	Closing month	Ownership (%)	Carrying amount		
Murple, Inc.	AI solution development	Korea	December	29.99	1,643,331	-	
TAIL Start-up Fund I	Investment	Korea	December	40.00	1,458,509	391,702	
CravingCollector Inc.	Second-hand fashion trading platform	Korea	December	42.53	3,910,454	-	
Contrau ventures fund no.1	Investment	Korea	December	24.69	1,993,005	-	
TBT Global Growth Fund III (*1)	Investment	Korea	December	54.23	7,444,987	-	
Purpleduck Corp.	Animation production and distribution	Korea	December	26.78	473,846	-	
Studio 1991	Animation production and distribution	Korea	December	30.07	149,984	-	
Studio Dragon Japan CO., LTD.	Content production	Japan	December	30.00	8,734,770	-	
Toonimotion Corp.	Animation production and distribution	Korea	December	20.00	281,000	-	
Bidansoop	Publishing	Korea	December	29.90	100,004	-	
STUDIO YELL Co.	Animation production and distribution	Korea	December	35.00	107,700	-	
Goodus Data, Inc. (*4)	Cloud services	Korea	December	7.50	2,999,952	-	
Shake Hands Sdn Bhd	Sneakers trading platform operations	Malaysia	December	22.47	2,216,898	-	
Silicon Cube Co.,Ltd.(*2)	Applied software development and distribution	Korea	December	-	-	-	
Baecom Co., LTD.(*9)	Academy/education operation management and service	Korea	December	37.54	2,150,715	-	
Havit Corporation	Mobile service development	Korea	December	28.57	2,857	2,857	
					19,075,919,494	19,878,651,870	
Joint venture:							
Mirai Fund Limited Liability Partnership(*6)	Investment	Japan	December	90.00	119,530,289	191,172,090	
Cineplay Co., Ltd	Online information service and online advertising	Korea	December	49.00	652,410	773,054	
China Lab Co.,Ltd.	Database and online information service	Korea	December	49.00	1,188,049	746,262	
Designpress Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,133,668	1,033,196	
DaNaA Data Co., Ltd.	Software development and distribution	Korea	December	49.00	5,019,667	4,998,958	
Inter Biz Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	961,290	1,118,536	
Artition Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	309,407	346,223	
Agro Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,063,259	980,539	
Sseom Lab Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,028,808	1,043,056	
Tech Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,192,441	1,321,285	
Animal and Human Story Inc.	Online information service and internet contents business	Korea	December	49.00	83,339	346,534	
Law&Media Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	207,586	207,297	
Yeopeul Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	2,319,550	2,365,331	
School Jaem Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	550,130	638,940	
Baecom Co., LTD.(*9)	Academy/education operation management and service	Korea	December	-	-	2,198,751	

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				September 30, 2022		December 31, 2021
				Ownership	Carrying amount	
				(%)		
	Primary business	Location	Closing month			
Studio Toon Corp	Animation production and distribution	Korea	December	49.00	4,975,530	-
jobsN CO., Ltd	Online information service	Korea	December	49.00	2,366,554	2,362,096
					142,581,977	211,652,147
					<u>₩ 19,218,501,471</u>	<u>₩ 20,090,304,017</u>

(\*1) As of September 30, 2022, although the Group owns more than 50% ownership in the investees, the Group does not have control over these entities by virtue of agreements and classifies them as associates.

(\*2) The investment in associates is reclassified to financial instrument due to the decrease in the portion of ownership for the nine months ended September 30, 2022.

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

(\*4) As of September 30, 2022, 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.

(\*5) The investment in associates is reclassified to subsidiary due to additional acquisition of ownership for the nine months ended September 30, 2022.

(\*6) As of September 30, 2022, although the Group has more than 50% ownership in the investee, the Group has joint control over the entity by virtue of agreements and classifies it as joint venture.

(\*7) For the nine months ended September 30, 2022, the Group acquired 15.09% ownership as a consideration for business transfer, but the Group's share of ownership decreased due to paid-in capital increase by allotment to third-parties.

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

(\*9) The investment in joint venture is reclassified to associate for the nine months ended September 30, 2022, due to the loss of joint control over the entity.

(\*10) For the nine months ended September 30, 2022, the Group recognized impairment loss for the entities as carrying amounts exceeded their recoverable amounts.

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

(2) Changes in investments in associates and joint ventures for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>		
	<b>Investment in associates</b>	<b>Investment in joint ventures</b>	<b>Total</b>
Beginning balance	₩ 19,878,651,870	₩ 211,652,147	₩ 20,090,304,017
Acquisition (*1)	419,043,920	4,998,000	424,041,920
Disposals	(156,094,592)	-	(156,094,592)
Transfer to subsidiary (*2)	(163,485,943)	-	(163,485,943)
Transfer to associate (*3)	2,426,233	(2,426,233)	-
<b>Valuation of investment using the equity method</b>			
Share of loss of associates and joint ventures (*2)	(206,177,108)	(2,324,608)	(208,501,716)
Share of other comprehensive loss of associates and joint ventures	(196,585,987)	(70,159,187)	(266,745,174)
Dividends	(494,506,527)	-	(494,506,527)
Impairments(*4)	(20,055,126)	-	(20,055,126)
Others	12,702,754	841,858	13,544,612
Ending balance	₩ 19,075,919,494	₩ 142,581,977	₩ 19,218,501,471

(\*1) The ownership of WEVERSE COMPANY Inc. amounting to ₩ 200,000 million is acquired as a consideration for business transfer for the nine months ended September 30, 2022.

(\*2) The Group transferred MUNPIA INC and eBook Initiative Japan Co., Ltd. that was the investments in associates to subsidiaries for the nine months ended September 30, 2022.

(\*3) The investment in Baecomm Co., LTD. is reclassified from joint venture to associate for the nine months ended September 30, 2022, due to the loss of joint control over the entity.

(\*4) For the nine months ended September 30, 2022, the Group recognized impairment loss for Cutting Edge Inc. and ICART GROUP PTE. LTD., as carrying amounts exceeded their recoverable amounts.

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

	<b>2021</b>		
	<b>Investment in associates</b>	<b>Investment in joint ventures</b>	<b>Total</b>
Beginning balance	₩ 1,183,518,183	₩ 15,907,504	₩ 1,199,425,687
Acquisition	18,141,280,253	576,187,776	18,717,468,029
<b>Valuation of investment using the equity method</b>			
Share of profit of associates and joint ventures	490,422,368	(233,394,510)	257,027,858
Share of other comprehensive loss of associates and joint ventures	328,830,979	7,784,976	336,615,955
Dividends	(125,604,739)	-	(125,604,739)
Others	8,173,110	-	8,173,110
Ending balance	₩ 20,026,620,154	₩ 366,485,746	₩ 20,393,105,900

(3) The Group has stopped recognizing its share of losses in AXIS Co.,LTD. using the equity method as its carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 881 million as of September 30, 2022.

(4) The Group has stopped recognizing its share of losses in LaiQu Technology (ShenZhen) Company Limited using the equity method as its carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 47 million as of September 30, 2022.

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**10. Borrowings and Debentures**

(1) Details of borrowings as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands and foreign currency in thousands):

				September 30, 2022		December 31, 2021		
	Financial Institution	Latest maturity	Interest rate (%)		Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Short-term borrowings								
Foreign currency	DAG Ventures VI, L.P.(*)	-	10.00	₩	2,863,596	HKD 15,667	₩ 2,381,838	HKD 15,667
Foreign currency	Goodwater Capital II, L.P.(*)	-	10.00		1,430,396	HKD 7,825	1,189,753	HKD 7,825
Foreign currency	Mistletoe Singapore Pte. Ltd.(*)	-	10.00		2,863,596	HKD 15,667	2,381,878	HKD 15,667
Foreign currency	SCC Growth IV Holdco A, Ltd.(*)	-	10.00		42,693,156	HKD 233,577	35,510,672	HKD 233,577
Foreign currency	SenseView Investment Limited(*)	-	10.00		7,159,447	HKD 39,170	5,954,977	HKD 39,170
Foreign currency	SNOW Limited Liability Partnership (*)	-	10.00		28,505,224	HKD 155,954	23,709,647	HKD 155,954
Local currency	Shinhan Bank	2022.12.31	5.50		15,000,000	-	-	-
Local currency	Woori Bank	2022.11.11	5.80		20,000,000	-	-	-
Local currency	Shinhan Bank	2026.08.19	4.46		1,562,500	-	-	-
Local currency	Woori Bank	2023.07.10	2.22		100,000,000	-	-	-
Local currency	HSBC	2026.08.19	4.50		8,002,083	-	-	-
Local currency	Woori Bank	-	-		-	-	199,998,000	-
Foreign currency	Citi Bank Japan	2023.04.15	0.40		49,662,500	JPY 5,000,000	51,512,000	JPY 5,000,000
Local currency	KEB Hana Bank	-	-		-	-	20,000,000	-
Local currency	KEB Hana Bank	2023.01.15	4.80		20,000,000	-	-	-
Local currency	KEB Hana Bank	2022.10.29	3.30		1,000,000	-	-	-
Local currency	KEB Hana Bank	2022.12.30	4.00		1,000,000	-	-	-
Local currency	Shinhan Bank	2023.02.24	4.60		10,000,000	-	-	-
Local currency	Individual	2022.12.31	1.00		366,958	-	-	-
Local currency	IBK	2023.03.31	3.13		5,100,000	-	-	-
Local currency	IBK	2023.03.28	4.93		1,000,000	-	-	-
Current portion of long-term borrowings								
Local currency	IBK	2023.06.30	5.14		300,000	-	-	-
Local currency	IBK	2023.03.29	4.45		900,000	-	-	-
Local currency	IBK	2023.03.29	4.90		300,000	-	-	-
Local currency	IBK	2023.03.24	5.31		300,000	-	-	-
Local currency	IBK	2023.03.28	6.12		300,000	-	-	-
Local currency	S-Force No.2	2023.02.01	2.28		50,000,000	-	-	-
Local currency	Woori Bank	2023.07.10	2.22		100,000,000	-	-	-
Local currency	HSBC	2026.08.19	4.50		347,917	-	-	-
Foreign currency	Mizuho Bank	-	-		-	-	61,814,400	JPY 6,000,000
Foreign currency	SMBC Corporation	-	-		-	-	56,868,653	JPY 5,519,942
Foreign currency	Mizuho Bank	2023.09.23	0.75		70,979,256	JPY 7,146,162	-	-



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	Financial Institution	Latest maturity	Interest rate (%)	September 30, 2022		December 31, 2021	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Foreign currency	Mizuho Bank	2023.09.23	0.77	276,658,244	JPY 27,853,838	-	-
Foreign currency	SMBC Corporation	2023.09.23	0.79	70,979,256	JPY 7,146,162	-	-
Foreign currency	SMBC Corporation	2023.09.23	0.80	276,658,244	JPY 27,853,838	-	-
Foreign currency	Mizuho Bank	2025.09.23	0.81	59,595,000	JPY 6,000,000	-	-
Foreign currency	SMBC Corporation	2025.09.23	0.84	54,826,827	JPY 5,519,942	-	-
				1,280,354,247	JPY 86,519,942 HKD 467,860	461,321,818	JPY 16,519,942 HKD 467,860
<b>Long-term borrowings</b>							
Local currency	Kookmin Bank	2023.10.01	2.50	₩ 30,000,000	- ₩	10,000,000	-
Foreign currency	BNP Paribas	2024.12.26	0.60	148,987,500	JPY 15,000,000	154,536,000	JPY 15,000,000
Foreign currency	Mizuho Bank	2023.11.15	0.59	163,886,250	JPY 16,500,000	169,989,600	JPY 16,500,000
Local currency	Shinhan Bank	2025.12.03	2.99	15,000,000	-	15,000,000	-
Local currency	Shinhan Bank	2026.08.19	4.46	10,937,500	-	-	-
Local currency	HSBC Seoul	2026.08.19	4.50	24,702,083	-	-	-
Local currency	S-Force No.2	-	-	-	-	50,000,000	-
Local currency	Woori Bank	-	-	-	-	100,000,000	-
Foreign currency	Mizuho Bank	-	-	-	-	73,622,621	JPY 7,146,162
Foreign currency	Mizuho Bank	-	-	-	-	286,961,379	JPY 27,853,838
Foreign currency	Mizuho Bank	-	-	-	-	110,155,096	JPY 10,692,178
Foreign currency	Mizuho Bank	2025.09.23	0.81	45,686,633	JPY 4,599,711	50,559,370	JPY 4,907,533
Foreign currency	SMBC Corporation	-	-	-	-	73,622,621	JPY 7,146,162
Foreign currency	SMBC Corporation	-	-	-	-	286,961,379	JPY 27,853,838
Foreign currency	SMBC Corporation	2025.09.23	0.84	11,247,079	JPY 1,132,351	120,046,590	JPY 11,652,294
Foreign currency	SMBC Corporation	2025.09.23	0.84	48,744,074	JPY 4,907,533	50,559,370	JPY 4,907,533
Local currency	KOSME	2025.08.26	2.25	145,600	-	-	-
Local currency	KOSME	2025.02.17	2.00	80,330	-	-	-
				499,417,049	JPY 42,139,595	1,552,014,026	JPY 133,659,538
					JPY 128,659,537		JPY 150,179,480
				₩ 1,779,771,296	HKD 467,860	₩ 2,013,335,844	HKD 467,860

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

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

(2) Details of debentures as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands and foreign currency in thousands):

				September 30, 2022		December 31, 2021	
	Issue date	Latest maturity date	Interest rate (%)	Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Debentures	NAVER Corporation	2021.02.25	2024.02.25	1.24	₩ 250,000,000	- ₩ 250,000,000	-
		2021.02.25	2026.02.25	1.60	450,000,000	- 450,000,000	-
		2021.03.29	2026.03.29	1.50	1,147,840,000	USD 800,000	948,400,000 USD 800,000
		2021.05.12					
Less: Discount on debentures				(11,229,752)	USD (6,952)	(11,572,536)	USD (8,387)
				₩ 1,836,610,248	USD 793,048	₩ 1,636,827,464	USD 791,613

(3) Details of conditions of issuance of debentures as of September 30, 2022 are as follows:

	<u>Payment of principal and interest</u>	<u>Financial ratios maintenance (*)</u>	<u>Limitation on settlement of security right (*)</u>	<u>Limit on the sale of assets (*)</u>	<u>Limitation on changes in governance</u>
Debentures in won(4 <sup>th</sup> -1)	Interest paid quarterly and lump-sum repayment at maturity for principal	Debt ratio below 300%	Equity capital below 500%	Within 100% of total assets	Change in largest shareholder
Debentures in won(4 <sup>th</sup> -2)					
Unsubordinated unsecured 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.

## 11. Net Defined Benefit Liabilities

(1) The amounts recognized in the interim condensed consolidated statement of comprehensive income (loss) for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
Current service cost	₩ 87,830,919	₩ 68,209,466
Interest cost	12,719,011	10,259,722
	<u>₩ 100,549,930</u>	<u>₩ 78,469,188</u>

(\*) Includes total expenses included in employee benefits in relation to discontinued operations amounting to ₩ 5,401 million during the nine-month periods ended September 30, 2021.

(2) Details of net defined benefit liabilities as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Present value of funded defined benefit obligations	₩ 26,090,107	₩ 19,636,222
Present value of unfunded defined benefit obligations	584,090,958	547,796,286
	<u>610,181,065</u>	<u>567,432,508</u>
Fair value of plan assets	<u>(13,506,363)</u>	<u>(13,167,880)</u>
	<u>₩ 596,674,702</u>	<u>₩ 554,264,628</u>

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**12. Provisions**

Details of provisions as of September 30, 2022 and 2021 and changes in provisions for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

(1) As of September 30, 2022 and for the nine months ended September 30, 2022

	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 1,176,943	₩ 13,804,788	₩ 593,701	₩ 15,575,432
<b>Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):</b>				
Additional provisions	-	126,082	-	126,082
Unused amounts reversed	(1,500)	(3,564,139)	(117,738)	(3,683,377)
Charged during the period	-	9,989,943	1,388,200	11,378,143
Used during the period	(249,004)	(1,650,570)	(653,748)	(2,553,322)
Others (*)	-	321,662	97,607	419,269
Ending balance	₩ 926,439	₩ 19,027,766	₩ 1,308,022	₩ 21,262,227
Current	₩ 926,439	₩ 1,411,605	₩ 1,308,022	₩ 3,646,066
Non-current	-	17,616,161	-	17,616,161

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

(2) As of September 30, 2021 and for the nine months ended September 30, 2021

	<b>Provision for litigation</b>	<b>Provision for restoration</b>	<b>Others</b>	<b>Total</b>
Beginning balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
<b>Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):</b>				
Additional provisions	-	185,975	485,714	671,689
Unused amounts reversed	-	2,714	(1,929,305)	(1,926,591)
Charged during the period	-	1,660,739	-	1,660,739
Used during the period	-	(195,424)	(29,917,352)	(30,112,776)
Others (*)	-	(42,346)	3,163,259	3,120,913
Ending balance	₩ 927,938	₩ 13,083,395	₩ 297,201	₩ 14,308,534
Current	₩ 927,938	₩ 4,275,265	₩ 229,533	₩ 5,432,736
Non-current	-	8,808,130	67,668	8,875,798

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

### **13. Issuance and Acquisition of Shares**

(1) The Company's total number of authorized shares is 300,000,000 shares. As of September 30, 2022, the Company has issued 164,049,085 ordinary shares (par value - ₩ 100 per share) and 14,079,543 treasury shares (excludes retired shares). The Company's share capital and share premium as of September 30, 2022 amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,404,909 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

(2) The Company disposed of 670,587 treasury shares through exercise of stock options and recognized gain on disposal of treasury shares amounting to ₩ 68,251 million for the nine months ended September 30, 2022.

### **14. Income Tax Expense**

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As of September 30, 2022, the estimated average annual effective tax rate used for the year ending December 31, 2022 is 39.47% (2021 : 24.83%).

### **15. Dividends**

The dividend of ordinary shares for fiscal year ended December 31, 2021 of ₩ 76,292 million was paid in April 2022, and details of dividends for the nine months ended September 30, 2022 and 2021 are as follows:

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

## **16. Commitments and Contingencies**

(1) As of September 30, 2022, the Group has borrowing agreements with 8 Korean financial institutions, except Kookmin Bank, and S-Force No.2, with an aggregated credit limit up to ₩ 1,889,652 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 333,129 million. Also, the Group has borrowing agreements with SMBC Corporation, Mizuho Bank and 3 others with an aggregated credit limit up to JPY 128,660 million and USD 320 million.

(2) As of September 30, 2022, the Group is provided with guarantees of ₩ 210,813 million from Seoul Guarantee Insurance Company, Korea Software Financial Cooperative and others in relation to the performance guarantee, and guarantees of ₩ 36,087 million (available up to ₩ 42,087 million) from Shinhan Bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,225 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

(3) As of September 30, 2022, customers' advance payments of ₩ 102,046 million, classified as cash and cash equivalents, are trusted to Shinhan Bank in accordance with the 'Guidelines for electronic financial service provider to protect user funds'.

(4) As of September 30, 2022, the Group has entered into an agreement to compensate for some of the losses due to uncollected loans in relation to MIRAE ASSET CAPITAL CO., LTD.'s loans to small business owners

(5) As of September 30, 2022, the Group has entered into an agreement to allow deferred payment to be repaid at a later date only to subscribers of the Group's deferred payment service in accordance with the designation of innovative finance by the Financial Services Commission.

(6) As of September 30, 2022, the Group has entered into a construction contract amounting to ₩ 462,241 million (outstanding amount: ₩ 249,885 million) with HYUNDAI ENGINEERING & CONSTRUCTION CO., LTD. in relation to a construction of cloud data center and others. Also, the Group has entered into contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

(7) As of September 30, 2022, the Group is a defendant in 30 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amount of the lawsuits: ₩ 3,439 million), and the Group is a plaintiff in 8 lawsuit cases filed with regard to compensation for damages (aggregate amount of the lawsuits: ₩ 2,977 million). The outcome of these cases is uncertain as at the reporting date, and the Group's management recognizes the provision in relation to the potential loss if these cases meet the condition for the recognition of the provision.

(8) Details of significant capital commitments contracted in relation to funds owned by the Group as of September 30, 2022 are as follows (Korean won in thousands):

	<b>Agreed amount</b>	<b>Accumulated investment</b>	<b>Outstanding amount</b>
General Atlantic LLC	₩ 215,220,000	₩ 70,734,311	₩ 144,485,689
China Ventures Fund I, Limited Partnership	286,960,000	207,922,230	79,037,770
K-Fund II	112,706,400	52,736,567	59,969,833
Sequoia Capital Global Growth Fund III	193,698,000	137,468,398	56,229,602
K-Fund I	211,324,500	172,038,125	39,286,375

**16. Commitments and Contingencies (cont'd)**

(9) As of September 30, 2022, the Group has entered into executives and employees' group injury insurance with KB insurance Co., Ltd.

(10) As of September 30, 2022, the Group holds shares of CJ Logistics Corporation, CJ ENM Co., Ltd. and Studio Dragon Corporation to reinforce and maintain strategic partnership with CJ corporate group affiliates. The shares acquired by the Group are restricted on disposal for a certain period, and the Group has preferential purchase right and sale claim right in accordance with the mutual share exchange agreement.

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

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

(13) As of September 30, 2022, the Group provides time deposits of ₩ 137,200 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. ₩ 1,600 million are pledged to Shinhan Bank for payment guarantees in relation to Naver Pay service and others; ₩ 500 million are pledged for restoration of leasehold facilities; and ₩ 300 million are pledged to Nonghyup Bank for the credit line with Nonghyup Card. As of September 30, 2022, the above financial instruments are restricted in use.

(14) As of September 30, 2022, the Group entered into a mutual agreement for preferential purchase right and sale claim right in relation to the Group's investments in MIRAE ASSET SECURITIES CO., LTD. (exchange of treasury shares).

(15) In relation to the investments in Tving Co., Ltd. held by the Group, as of September 30, 2022, the Group has drag-along rights that are exercisable in accordance with the contract terms. The shares held by the Group are restricted on disposal for a certain period.

(16) As of September 30, 2022, the Group and WEVERSE COMPANY Inc., which is the associate of the Group, have entered into an agreement on the Right of First Refusal and Tag-along Right in relation to the acquisition of shares of WEVERSE COMPANY Inc. WEVERSE COMPANY Inc. can request the Group to sell its shares if certain conditions are satisfied. The shares held by the Group are restricted on disposal for a certain period.

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

(18) The Group grants put options that give investors the right to sell all or part of their shares to the Group in the event of a significant negative impact on the Group due to significant breach of contract or law in relation to certain RCPS (issue price: ₩ 160,802 million) issued by the Group.

(19) Other than those described in Note 16, as of September 30, 2022, the Group may exercise preferential purchase right and drag-along right in relation to investments in associates and joint ventures, such as Carousell Pte Ltd, J Peul Media Co., Ltd., A2Z Inc., and SMEJ Plus INC.

## **17. Related Party Transactions**

(1) Details of subsidiaries as of September 30, 2022 and December 31, 2021 are described in Note 1.1, and details of associates and joint ventures as of September 30, 2022 and December 31, 2021 are described in Note 9.(1).

(2) Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Other (*)	ESPRESO MEDIA CO., LTD., Lunasoft corp., Jakga Company Co., Ltd., MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., MESHKOREA Co., Ltd., Studio Swing Bat Co., Ltd., Ubob Inc., HUNIVERSE GLOBAL Co., Ltd., YLAB CORPORATION, LINE Games Corporation, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation	ESPRESO MEDIA CO., LTD., Lunasoft corp., Jakga Company Co., Ltd., Beureibeu Pop Seu Company, MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., Studio Swing Bat Co., Ltd., DOHANDS Co.,Ltd., YLAB CORPORATION, LINE Games Corporation, PiG corp, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation

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



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

(3) Transaction with related parties including operating revenues and expenses for the nine months ended September 30, 2022, and 2021 are as follows (Korean won in thousands):

	2022			
	Operating revenue and others(*3)	Operating expenses and others	Purchase of non-current assets	Disposal of non-current assets
<b>Associate:</b>				
WEVERSE COMPANY Inc.	₩ 193,906,659	₩ 36,483	₩ -	7,604
LINE Corporation(*2)	95,138,092	9,860,451	3,680	-
LINE Plus Corporation(*2)	5,223,086	2,468,376	103,046	52,770
LINE Biz Plus Corporation(*2)	2,772,705	-	825	5,435
IPX Corporation(formerly, LINE friends corporation)(*2)	1,166,893	3,433,348	5,016	703
Goodus Data, Inc.	1,104,586	275,008	-	-
Cafe24 Corp.	902,810	20,193,061	-	-
LINE Financial Plus Corporation(*2)	366,994	-	-	-
LINE Pay Corporation(*2)	246,433	333,779	-	-
Mirae Asset MAPS Private Placement Real Estate 62	278,090	5,718,549	-	-
LINE PLAY Corporation (*2)	218,645	-	826	-
LINE Company (Thailand) Limited(*2)	210,604	385,757	-	-
MARKT Co.,Ltd.(*2)	203,374	15,594,879	116,450	-
LINE studio Corp. (*2)	152,791	654,700	-	-
Famous Studio Corp.	108,167	37,418,529	-	-
PT.LINE PLUS INDONESIA(*2)	102,636	189,712	-	-
Studio Paran Inc.	8,000	200,000	-	-
LINE Taiwan Limited(*2)	4,236	925,143	-	-
Chicment Co., Ltd.	909	167,391	-	-
Line Fukuoka Corp.(*2)	317	4,965,959	-	-
Pala Inc.	219	194,646	-	-
Arointech inc	180	600,367	-	-
Only Won Entertainment Co., Ltd.	6,000	513,535	-	-
eBOOK Initiative Japan Co., Ltd.(*4)	-	18,138	-	-
ZK Studio Co., Ltd.	-	44,247	259,615	-
Vi-Frost	-	116,937	-	-
Studio1991	-	151,739	-	-
AXIS Co.,LTD.	-	200,000	-	-
Suko Mix Co., Ltd.	-	217,140	-	-
A Holdings Corporation	-	279,511	-	-
Studio hohoe Co.,Ltd.	-	496,858	-	-
SYNAP SOFT CORP.	-	648,356	-	-
Sam Studio Co., Ltd.	-	682,277	-	-
Makma	-	780,226	-	-
Murple, Inc.	-	1,040,000	-	-
Yumistudio Co., Ltd.	-	1,451,528	-	-
Studio 389 Co., Ltd.	-	1,971,419	-	-
Studio Mul Co., Ltd.	-	1,996,293	-	-
SHINE PARTNERS CO., LTD.	-	2,398,464	-	-
MUNPIA INC.(*4)	-	2,947,170	-	-
J Peul Media Co., Ltd.	-	4,970,632	-	-
Studio JHS Co., Ltd (*4)	-	8,380,483	-	-
LINE NEXT Corporation(*2)	-	-	-	4,778
Others	159,600	228,527	-	-
<b>Joint venture:</b>				
Animal and Human Story Co., Ltd.	5,442	473,000	-	-
jobsN CO., Ltd	647	744,998	-	-
School Jaem Co., Ltd.	168	776,461	-	-
Sseom Lab Co., Ltd.	67	543,548	-	-
China Lab Co.,Ltd.	42	745,640	-	-
Inter Biz Co., Ltd.	27	620,784	-	-
Tech Plus Co., Ltd.	9	465,995	-	-
Artition Co., Ltd.	-	450,000	-	-
Agro Plus Co., Ltd.	-	680,943	-	-
Law&Media Co., Ltd.	-	712,200	-	-
Cineplay Co., Ltd	-	761,300	-	-
Yeopeul Co., Ltd.	-	829,482	-	-
Designpress Co., Ltd.	-	1,114,629	-	-
<b>Other:</b>				

**NAVER Corporation and its subsidiaries****Notes to the interim condensed consolidated financial statements  
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NAVER Connect Foundation(*1)	6,008,208	14,329,683	-	250
THE HAPPYBEAN FOUNDATION(*1)	1,211,949	10,024,752	-	-
Contents First Inc.	451,123	1	-	-
LINE Games Corporation(*1)	168,934	-	-	-
NAVER Cultural Foundation(*1)	44,393	2,000,003	-	-
MYSTIC Story Inc.	27,300	1,113,176	-	-
Ubob Inc.	4,309	119,284	-	-
Jakga Company Co., Ltd. (*4)	-	7,548,464	-	-
Others	2,162	55,018	5,062	-

(\*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 ₩ 23,082 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 nine months ended September 30, 2022.

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

	<b>2021</b>	
	<b>Operating revenue and others</b>	<b>Operating expenses and others</b>
<b>Associate:</b>		
LINE Corporation(*5)	₩ 69,574,172	₩ 5,861,556
LINE Plus Corporation(*5)	5,045,024	430,708
LINE Music Corporation(*2)	2,957,614	17,490
Transcosmos Online Communication Inc.(*2)	2,193,193	67,133
LINE Biz Plus Corporation(*5)	1,919,786	6,486
LINE Pay Corporation(*5)	973,494	158,174
IPX Corporation(formerly, LINE friends corporation)(*5)	877,637	2,461,062
LINE Financial Plus(*5)	546,141	8,229
MARKT Co.,Ltd.(*5)	531,004	21,117,000
LINE Conomi Corporation	506,122	-
LINE Games Corporation(*1)(*4)	268,557	-
LINE PLAY Corporation (*5)	242,150	-
Drama & Company Co., Ltd.(*5)	167,018	35,470
LINE MAN (Thailand) Company Limited(*2)	163,795	14,446
LINE MAN Corporation PTE.LTD(*2)	131,145	-
LINE Company (Thailand) Limited(*5)	128,975	297,135
LINE studio Corp.(*5)	113,698	2,014
LINE Taiwan Limited(*5)	76,907	349,456
Cafe24 Corp.	42,257	6,538,676
Famous Studio Corp.	16,570	15,293,977
LINE VIETNAM JOINT STOCK COMPANY(*5)	337	1,058,389
PLACE A Inc.	223	295,500
Line Fukuoka Corp.(*5)	182	2,996,434
Arointech inc	180	638,034
MUNPIA INC.	-	2,359,756
Sam Studio Co., Ltd.	-	1,057,326
Studio Mul Co., Ltd.	-	1,048,644
SYNAP SOFT CORP.	-	648,356
J Peul Media Co., Ltd	-	588,570
Studio hohoe Co.,Ltd.	-	551,967
Yumistudio Co., Ltd	-	326,498
Studio 389 Co., Ltd.	-	261,087
A Holdings Corporation	-	214,725
Makma	-	187,040
Others	204,159	63,707
<b>Joint venture:</b>		
jobsN CO., Ltd	970,290	1,835,570
Kasikorn LINE company Limited(*3)	665,366	-
Cineplay Co., Ltd	661,143	1,441,589
Yeopeul Co., Ltd.	469,571	1,444,622
RABBIT-LINE PAY COMPANY LIMITED(*3)	365,442	65,953
Sseom Lab Co., Ltd.	253,714	1,119,730
Inter Biz Co., Ltd.	235,229	1,295,247
Animal and Human Story Co., Ltd.	228,714	1,189,083
Agro Plus Co., Ltd.	183,107	975,162
Designpress Co., Ltd.	141,900	1,039,725
China Lab Co.,Ltd.	36,000	1,033,051
Law&Media Co., Ltd.	26,000	778,379
School Jaem Co., Ltd.	5,000	795,918
Tech Plus Co., Ltd.	-	1,164,657
Artition Co., Ltd.	-	862,179
<b>Other:</b>		
NAVER Connect Foundation(*1)	4,328,794	13,062,900
THE HAPPYBEAN FOUNDATION(*1)	1,319,682	10,033,658
LINE Games Corporation(*1)(*4)	217,247	-
NAVER Cultural Foundation(*1)	51,060	-
Contents First Inc.	9,840	-
Beureibeu Pop Seu Company	392	-
PiG corp(*1)(*4)	127	-
Jakga Company Co., Ltd.	-	4,803,944
ESPRESSO MEDIA CO., LTD.	-	490,792
Lunasoft corp.	-	86,533
Studio Pat Co., Ltd.	-	747
MYSTIC Story Inc.	-	219

(\*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.

**NAVER Corporation and its subsidiaries**

**Notes to the interim condensed consolidated financial statements  
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(\*2) Entity was excluded from associates due to the sale of disposal group for the nine months ended September 30, 2021. The amount represents transactions prior to exclusion from related parties.

(\*3) Entity was excluded from joint ventures due to the sale of disposal group for the nine months ended September 30, 2021. The amount represents transactions prior to exclusion from related parties.

(\*4) Entity was excluded from associates due to the sale of disposal group for the nine months ended September 30, 2021. After the sale, they were included in the same large enterprise group with the Group and classified as other related parties

(\*5) They are subsidiaries of associates.

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

(4) Outstanding balances of receivables due from and payables due to related parties as of September 30, 2022 and December 31, 2021 are as follows (Korean won in thousands):

	September 30, 2022			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*3)	Other payables	Accrued expenses and others(*4)
<b>Associate:</b>				
LINE Corporation	₩ 60,817,392	₩ 48,449,253	₩ 40,512,215	₩ 285,722
LINE Plus Corporation	980,157	144,021	198,817	552,295
Goodus Data, Inc.	427,949	-	159,604	-
LINE Biz Plus Corporation	337,370	2,881,892	-	1,869,436
IPX Corporation(formerly, LINE friends corporation)	162,923	33,575	937,101	-
LINE Company (Thailand) Limited	61,846	-	373,424	-
LINE Financial Plus Corporation	35,232	579,050	-	291,807
Line Fukuoka Corp.	25,716	-	315,889	472,668
MARKT Co.,Ltd.	6,913	16,876,958	350,296	-
Vi-Frost	4,400	-	21,621	105,899
LINE Taiwan Limited	346	-	565,919	-
Cafe24 Corp.	9	-	1,871,974	-
WEVERSE COMPANY Inc.	-	35,147,459	442	2,652,836
LINE Conomi Corporation	-	3,497,938	-	-
Famous Studio Corp.	-	2,067,805	2,359,399	162,601
China Ventures Fund I, Limited Partnership	-	-	922,606	-
Studio 389 Co., Ltd.	-	709,424	252,982	-
J Peul Media Co., Ltd.	-	708,917	621,027	-
Sasom Company Limited	-	500,430	-	-
Havit Corporation	-	500,000	485,391	-
ZK Studio Co., Ltd.	-	240,385	-	-
Mirae Asset MAPS Private Placement Real Estate 62	-	18,706,526	-	358,227,725
Yumistudio Co., Ltd.	-	-	119,753	-
Only Won Entertainment Co., Ltd	-	-	163,295	-
SHINE PARTNERS CO., LTD.	-	-	209,816	-
Murple, Inc.	-	-	540,000	-
SYNAP SOFT CORP.	-	-	1,220,000	-
AXIS Co.,LTD.(*2)	-	-	-	-
Others	161,227	120,460	387,744	52,786
<b>Joint venture:</b>				
Cineplay Co., Ltd	-	-	105,600	-
Inter Biz Co., Ltd	-	-	118,250	-
China Lab Co.,Ltd.	-	-	435,890	-
Designpress Co., Ltd.	-	-	437,541	-
Others	98	201	449,324	-
<b>Other:</b>				
NAVER Connect Foundation(*1)	1,463,995	16,043	1,789	-
THE HAPPYBEAN FOUNDATION(*1)	116,962	44,403	1,053,723	-
ESPRESSO MEDIA CO., LTD.	-	-	332,504	-
Studio Pat Co., Ltd.	-	296,019	-	-
Others	39,058	107,502	45,890	-

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

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

(\*2) The outstanding balance of other receivables and others of AXIS Co.,LTD. is net of allowance for doubtful accounts of ₩ 1,400 million.

(\*3) Lease receivables are included.

(\*4) Lease liabilities are included.

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

(5) Fund transactions with related parties for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	2022			
	Contributions in cash	Dividends received and others	Repayments(*2)	Collection(*2)
<b>Associate:</b>				
WEVERSE COMPANY Inc.(*1)(*3) ₩	199,999,533 ₩	- ₩	- ₩	1,643,963
K-Fund II	50,561,591	7,958,056	-	-
CHINA VENTURES FUND II, L.P.	28,297,121	-	-	-
China Ventures Fund I, Limited Partnership	9,592,525	5,243,187	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	30,489,343	112,900,641	-	-
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	-	-	8,514
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-
Murple, Inc.	1,799,000	-	-	-
Mirae Asset-Naver Asia Growth Fund	7,823,999	27,768,600	-	-
SYNAP SOFT CORP.	-	107,142	-	-
MiraeAsset MAPS Private Placement Real Estate 62(*3)	-	728,815	16,395,658	-
Paramark KB Fund I	11,861,000	-	-	-
TAIL Start-up Fund I	1,100,000	-	-	-
Studio Dragon Japan CO., LTD.	8,734,770	-	-	-
LINE NEXT Inc.	6,181,209	-	-	-
Do Ventures Fund I, I-A	2,625,800	-	-	-
TBT Global Growth Fund III	7,500,000	3,522	-	-
Studio YELL Co.	107,700	-	-	-
Studio1991	149,984	-	-	-
Goodus Data, Inc.	2,999,952	-	-	-
Purpleduck Corp.	473,846	-	-	-
SHAKE HANDS SDN BHD	2,216,898	-	-	-
Makma	-	58,662	-	-
Future Creation NAVER-SB Startup Investment Fund	-	1,457,382	-	-
A Holdings Corporation	-	491,042,585	-	-
NAVER-BSK Youth Foundation	-	1,144,021	-	-
No.5 Investment Fund	-	-	-	-
Fast Cowell Private Equity Fund	-	708,066	-	-
YN CULTURE & SPACE	3,923,080	-	-	-
Korea Contents Mutual Aid Association	25,000	-	-	-
CravingCollector Inc.	5,499,989	-	-	-
VerseWork Co., Ltd.	300,000	-	-	-
ZEP Co.,Ltd	1,600,000	-	-	-
Contrau ventures fund no.1	2,000,000	-	-	-
Studio Paran Inc.	700,000	-	-	-
BY4M Studio Co., Ltd.	2,999,672	-	-	-
SGRSOFT Co., Ltd.	499,960	-	-	-
Chicment Co., Ltd.	3,000,000	-	-	-
Quokka Industries Inc.	4,000,000	-	-	-
DHP private equity fund 3	-	39,102	-	-
BonAngels Pacemaker Fund	-	1,500,000	-	-
Famous Studio Corp.	-	-	-	16,233
LINE Biz Plus Corporation	-	-	-	2,368,693
LINE Financial Plus Corporation	-	-	-	578,628
LINE Plus Corporation	-	-	-	609,874
LINE UP Corporation	-	-	-	82,887
<b>Joint venture:</b>				
Studio TooN Corp.	4,998,000	-	-	-
<b>Other:</b>				
HUNIVERSE GLOBAL Co., Ltd.	2,000,004	-	-	-
Ubob Inc.	2,000,003	-	-	-

**NAVER Corporation and its subsidiaries**

**Notes to the interim condensed consolidated financial statements  
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(\*1) The ownership of WEVERSE COMPANY Inc. is acquired as consideration for business transfer.

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

(\*3) During the nine months ended September 30, 2022, the Group recognized ₩ 385,696 million of right-of-use asset at the time of acquisition in accordance with the 10-year office lease contract with MiraeAsset MAPS Private Placement Real Estate 62 and the balance as of September 30, 2022 is ₩ 358,228 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 September 30, 2022 is ₩ 42,863 million.



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

	2021			
	Contributions in cash	Dividends received and others	Repayments(*2)	Collection(*2)
<b>Associate:</b>				
A Holdings Corporation	₩ 103,055,033	₩ 96,073,631	₩ -	-
WEVERSE COMPANY Inc.	211,884,516	-	-	-
Cafe24 Corp.(*3)	137,164,280	-	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	85,151,683	-	-	-
MUNPIA INC.	60,518,848	-	-	-
A2Z Inc.	40,000,000	-	-	-
SODA inc.	36,309,421	-	-	-
LINE Bank Preparatory COMPANY(*1)	33,547,704	-	-	-
China Ventures Fund I, Limited Partnership	26,864,037	-	-	-
K-Fund I	23,243,475	307,032	-	-
Mirae Asset-Naver Asia Growth Fund	21,162,056	-	-	-
J Peul Media Co., Ltd	13,805,000	-	-	-
Famous Studio Corp.(*4)	6,000,000	-	-	-
YN CULTURE & SPACE	3,275,000	-	-	-
Baecom Co., LTD.	2,499,995	-	-	-
K-Fund II	2,174,976	-	-	-
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-
Sasom Company Limited	1,012,861	-	-	-
Yumistudio Co., Ltd.	1,000,005	-	-	-
Studio Horang Co., Ltd.	1,000,000	-	-	-
VerseWork Co., Ltd.	799,992	-	-	-
Makma	750,660	-	-	-
Sam Studio Co., Ltd.	700,033	-	-	-
Pala Inc.	487,805	-	-	18,794
Studio hohoe Co.,Ltd.	400,000	-	-	-
Only Won Entertainment Co., Ltd.	250,012	-	-	-
GEULGGUN	200,000	-	-	-
Studio 389 Co., Ltd.	100,000	-	-	-
Seno Corporation	97,038	-	-	-
NAVER KIP Cheer up! Gamers Fund	-	9,735,696	-	-
Future Creation NAVER- Stonebridge Early Stage Start-up Fund	-	7,040,000	-	-
Mirae Asset MAPS Private Placement Real Estate 62	-	6,581,591	-	-
BonAngels Pacemaker Fund	-	3,000,000	-	-
NAVER-BSK Youth Foundation	-	2,807,293	-	-
No.5 Investment Fund	-	-	-	-
Soran Media Venture Fund	-	252,827	-	-
Fast Cowell Private Equity Fund	-	31,433	-	-
Arointech inc	-	22,000	-	-
LINE Corporation	-	-	503,437	-
LINE Financial Plus Corporation	-	-	-	1,549,064
LINE Biz Plus Corporation	-	-	-	694,924
Havit Corporation(*5)	-	-	-	300,000
LINE Plus Corporation	-	-	-	288,078
LINE UP Corporation	-	-	-	228,941
<b>Joint venture:</b>				
Kasikorn LINE company Limited(*1)	27,577,283	-	-	-
<b>Other:</b>				
Contents First Inc.	33,422,061	-	-	-
HD Junction, Inc.	2,900,005	-	-	-

(\*1) Entity was excluded from associates and joint ventures as they were included in the sale of disposal group for the nine months ended September 30, 2021. The amount represents transactions prior to the exclusion from associates and joint ventures.

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

(\*3) The entity made contribution in kind with its treasury shares.

(\*4) Presents amounts of loans from KREAM Corporation, a subsidiary, to Famous Studio Corp.

**NAVER Corporation and its subsidiaries**  
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(\*5) Presents amounts collected for loans on Havit Corporation from Snow Corporation, a subsidiary.

(6) There are no payment guarantees provided by the Group to the related parties as of September 30, 2022.

(7) The compensation paid or payable to key management (registered directors) for their services for the nine months ended September 30, 2022 and 2021 are as follows (Korean won in thousands):

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	₩ 2,025,230	₩ 4,765,750
Retirement benefits	232,286	322,612
Share-based payment expenses	993,365	1,063,419

## 18. Business Combinations

Significant business combinations of the Group for the nine months ended September 30, 2022 are as follows:

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

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

	<b>Amount</b>
I. Purchase consideration	
Cash and cash equivalents	₩ 108,248,836
Fair value of interests held before business combination	<u>60,518,848</u>
	168,767,684
II. Non-controlling interests (*1)	₩ 22,167,538
III. Recognized amounts of identifiable assets acquired and liabilities assumed	
Assets	
Cash and cash equivalents	₩ 36,631,505
Trade and other receivables	8,196,136
Inventories	31,591
Other assets	2,119,061
Property, plant and equipment	591,622
Right-of-use-assets	554,452
Intangible assets	18,663,767
Financial assets at fair value – profit or loss	10,000
Investments in associates and joint ventures	150,000
Deferred tax assets	<u>314,644</u>
	67,262,779
Liabilities	
Trade and other payables	4,850,969
Current tax liabilities	349,118
Provisions	43,105
Lease liabilities	546,772
Other liabilities	4,823,426
Net defined benefit liabilities	675,720
Deferred tax liabilities	<u>4,398,304</u>
	15,687,414
Total identifiable net assets	<u>₩ 51,575,365</u>
IV. Goodwill	<u>₩ 139,359,857</u>

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

## 18. Business Combinations (cont'd)

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

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

20.17% shares of MUNPIA INC. held before the business combination were measured at fair value, and ₩ 148 million was recognized as other expenses in the interim condensed consolidated statement of comprehensive income (loss) during the nine-month period ended September 30, 2022.

Operating revenue and profit for the period included in the interim condensed consolidated statement of comprehensive income (loss) since the acquisition date contributed by MUNPIA INC. and its subsidiaries was ₩ 31,051 million and ₩ 1,868 million, respectively. Had MUNPIA INC. and its subsidiaries been consolidated from January 1, 2022, operating revenue and profit for the period in the interim condensed consolidated statements of comprehensive income (loss) would have been ₩ 5,957,178 million and ₩ 543,014 million, respectively.

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

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

	<u>Amount</u>
I. Purchase consideration	
Cash and cash equivalents	₩ 59,600,290
Equity securities (Shares of subsidiary : 90,990)	85,607,902
Fair value of interests held before business combination	91,474,908
	₩ 236,683,100
II. Non-controlling interests	₩ -
III. Recognized amounts of identifiable assets acquired and liabilities assumed (*)	
Assets	
Cash and cash equivalents	₩ 71,473,821
Trade and other receivables	63,294,880
Inventories	308,244
Other assets	654,015
Property, plant and equipment	1,251,126
Right-of-use assets	2,528,675
Intangible assets	7,507,469
Financial assets at fair value – profit or loss	50,994
Deferred tax assets	961,713
	148,030,937
Liabilities	
Trade and other payables	₩ 82,880,091
Current tax liabilities	4,223,850
Provisions	1,520,946
Lease liabilities	2,444,705
Other liabilities	1,458,124
	92,527,716
Total identifiable net assets	₩ 55,503,221
IV. Goodwill	₩ 181,179,879

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

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

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

Operating revenue and loss for the period included in the interim condensed consolidated statement of comprehensive income (loss) since the acquisition date contributed by eBook Initiative Japan Co., Ltd. was ₩ 159,669 million and ₩ 5,410 million, respectively. Had eBook Initiative Japan Co., Ltd. been consolidated from January 1, 2022, operating revenue and profit for the period in the interim condensed consolidated statements of comprehensive income (loss) would have been ₩ 6,035,195 million and ₩ 544,560 million, respectively.

**NAVER Corporation and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**for the nine months ended September 30, 2022 and 2021 (Unaudited)**

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**19. Discontinued Operations**

The Group completed the business integration with LINE and Z-Holdings Corp., a subsidiary of SoftBank Corp. for the nine months ended September 30, 2021. The profit(loss) on the related operation of LINE is presented as discontinued operation in the interim condensed consolidated statement of comprehensive income for nine months ended September 30, 2021.

(1) Profit of discontinued operations for the nine months ended September 30, 2021 are as follows (Korean won in thousands):

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

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

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

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

(2) Cash flows from discontinued operations for the nine months ended September 30, 2021 are as follows (Korean won in thousands):

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

**NAVER Corporation and its subsidiaries**  
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**19. Discontinued Operations (cont'd)**

(3) Details of gain on disposal of subsidiaries for the nine months ended September 30, 2021 are as follows (Korean won in thousands):

	<b>2021</b>
I. Total disposal consideration	
Investments in associates	₩ 17,993,953,976
	<u>17,993,953,976</u>
II. Carrying amount of net assets sold	
Disposal assets	
Current assets	
Cash and cash equivalents	₩ 11,225,775,748
Short-term financial instruments	68,186,184
Financial assets at fair value – profit or loss	1,115,400
Trade and other receivables	960,153,083
Financial assets at fair value – other comprehensive income	40,000
Inventories	290,580,619
Current tax assets	7,636,040
Other current assets	310,959,383
	<u>12,864,446,457</u>
Non-current assets	
Property, plant and equipment	335,178,154
Right-of-use-assets	748,104,905
Intangible assets	464,778,744
Long-term financial instruments	735,934
Financial assets at fair value – profit or loss	204,883,480
Trade and other receivables	89,749,708
Financial assets at fair value – other comprehensive income	43,431,516
Investments in associates and joint ventures	918,503,212
Deferred tax assets	265,699,025
Other non-current assets	11,443,262
	<u>3,082,507,940</u>
	<u>15,946,954,397</u>
Disposal liabilities	
Current liabilities	
Trade and other payables	₩ 2,259,554,716
Financial liabilities at fair value - profit or loss	644,197
Short-term borrowings	1,150,686,936
Debentures	7,717,696,576
Current tax liabilities	80,475,517
Provisions	75,497,411
Lease liabilities	117,932,509
Other current liabilities	989,967,704
	<u>12,392,455,566</u>
Non-current liabilities	
Trade and other payables	4,049,356
Financial liabilities at fair value - profit or loss	392,374
Long-term borrowings	736,078,077
Debentures	5,819,234
Net defined benefit liabilities	112,881,071
Provisions	43,886,823
Lease liabilities	599,832,907
Deferred tax liabilities	144,776,814
	<u>1,647,716,656</u>
	<u>14,040,172,222</u>
	<u>₩ 1,906,782,175</u>
III. Non-controlling interests (*)	₩ 491,812,457
IV. Accumulated other comprehensive income	6,741,118
V. Changes in controlling interests (*)	363,352,647
VI. Cash paid	102,228,700
VII. Gain on disposal (I - II + III + IV - V - VI)	16,120,144,029
VIII. Income tax expenses	1,185,549,417
IX. Post-tax gain on disposal classified as profit of discontinued operations (VII - VIII)	<u>₩ 14,934,594,612</u>

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

## **20. Events after the Reporting Period**

Following the resolution of the Board of Directors made on November 2, 2022, the Group decided to pay a total of ₩137.1 billion in dividends within 20 days from the date of the board resolution, while setting September 30, 2022 as the record date.