

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the six months ended June 30, 2023 and 2022
with the independent auditor's review report

NAVER Corporation and its subsidiaries

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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 June 30, 2023, and the related interim condensed consolidated statements of comprehensive income (loss), interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the six months ended June 30, 2023 and 2022, and a summary of material accounting policy information and other explanatory information.

Management’s responsibility for the interim condensed consolidated financial statements

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

Auditor’s responsibility

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

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

Conclusion

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

Other matter

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

Ernst & Young Han Young

August 11, 2023

This review report is effective as of August 11, 2023, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

NAVER Corporation and its subsidiaries

Interim condensed consolidated financial statements
for the six months ended June 30, 2023 and 2022

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

Su yeon, Choi
Chief Executive Officer
NAVER Corporation

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of financial position
as of June 30, 2023 and December 31, 2022

(Korean won)

	Notes	June 30, 2023 (Unaudited)	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		₩ 2,861,912,062,352	₩ 2,724,168,321,708
Short-term financial instruments		913,383,235,968	1,216,410,034,221
Financial assets at fair value – profit or loss	4	696,798,946,019	745,584,919,599
Trade and other receivables		1,487,913,664,888	1,540,471,078,134
Inventories		9,944,457,707	8,651,839,041
Other current assets		204,628,064,232	194,039,763,315
Current tax assets		4,352,410,142	10,244,754,725
Assets held for sale	19	<u>315,344,767,502</u>	<u>-</u>
		6,494,277,608,810	6,439,570,710,743
Non-current assets			
Property, plant and equipment	6	₩ 2,640,310,248,394	₩ 2,457,820,240,295
Right-of-use-assets	7	669,217,681,131	738,710,004,475
Intangible assets	8	3,265,466,051,408	1,481,423,637,125
Long-term financial instruments		13,755,872,000	14,255,722,000
Financial assets at fair value – profit or loss	4	2,265,862,404,768	2,427,610,041,051
Financial assets at fair value – other comprehensive income	4	1,311,190,341,132	1,354,122,792,627
Investments in associates and joint ventures	9	17,587,092,280,967	18,541,286,921,720
Deferred tax assets		326,675,716,761	265,767,603,355
Trade and other receivables		95,130,587,997	76,754,808,757
Other non-current assets		<u>85,870,398,240</u>	<u>101,720,406,988</u>
		28,260,571,582,798	27,459,472,178,393
Total assets		<u>₩ 34,754,849,191,608</u>	<u>₩ 33,899,042,889,136</u>
Liabilities			
Current liabilities			
Trade and other payables		₩ 1,064,961,829,163	₩ 1,245,664,499,219
Financial liabilities at fair value - profit or loss	4	63,559,426,245	71,905,225,561
Short-term borrowings	10	1,304,350,333,556	1,381,399,298,786
Current portion of long-term debentures	10	249,837,999,357	-
Current tax liabilities		257,374,657,071	349,087,471,196
Provisions	12	4,012,470,603	5,450,342,335
Lease liabilities	7	202,861,115,785	193,376,317,267
Other current liabilities		<u>2,655,383,540,394</u>	<u>2,233,750,556,485</u>
		5,802,341,372,174	5,480,633,710,849
Non-current liabilities			
Trade and other payables		₩ 87,423,966,181	₩ 69,639,961,691
Financial liabilities at fair value - profit or loss	4	708,120,522,951	684,617,869,427
Debentures	10	1,492,304,723,923	1,704,518,276,546
Long-term borrowings	10	930,445,926,122	328,034,313,380
Net defined benefit liabilities	11	634,758,626,969	577,397,964,363
Provisions	12	17,281,195,455	17,784,624,686
Lease liabilities	7	518,597,832,776	589,253,964,655
Deferred tax liabilities		1,041,486,178,115	985,870,669,008
Other non-current liabilities		<u>138,888,864</u>	<u>10,969,054,080</u>
		5,430,557,861,356	4,968,086,697,836
Total liabilities		<u>₩ 11,232,899,233,530</u>	<u>₩ 10,448,720,408,685</u>

(continued)

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of financial position
as of June 30, 2023 and December 31, 2022

	Notes	June 30, 2023	December 31, 2022
		(Unaudited)	
(cont'd)			
Equity			
Equity attributable to owners of the Parent Company			
Share capital	13	₩ 16,481,339,500	₩ 16,481,339,500
Capital surplus		1,434,838,579,021	1,556,453,389,615
Other components of equity		(2,883,003,555,106)	(2,474,526,129,371)
Retained earnings		<u>23,967,615,068,341</u>	<u>23,645,687,007,296</u>
		22,535,931,431,756	22,744,095,607,040
Non-controlling interests		<u>986,018,526,322</u>	<u>706,226,873,411</u>
Total equity		<u>23,521,949,958,078</u>	<u>23,450,322,480,451</u>
Total liabilities and equity		<u>₩ 34,754,849,191,608</u>	<u>₩ 33,899,042,889,136</u>

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

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of comprehensive income (loss)
for the six months ended June 30, 2023 and 2022

(Korean won)

	Notes	2023 (Unaudited)		2022 (Unaudited)	
		Three months	Six months	Three months	Six months
Operating revenue	5	₩ 2,407,904,484,962	₩ 4,688,347,022,652	₩ 2,045,781,381,874	₩ 3,891,003,362,131
Operating expenses		<u>(2,035,248,025,074)</u>	<u>(3,985,198,500,559)</u>	<u>(1,709,630,326,756)</u>	<u>(3,253,065,093,184)</u>
Operating profit		372,656,459,888	703,148,522,093	336,151,055,118	637,938,268,947
Other income		107,808,593,312	123,579,081,290	32,163,314,537	267,165,359,784
Other expenses		(127,604,015,161)	(276,959,325,749)	(102,015,853,384)	(186,721,946,541)
Interest income		24,016,083,539	44,830,330,528	9,636,894,745	18,215,524,296
Finance income		61,636,150,296	184,824,034,822	229,189,037,867	382,365,717,674
Finance costs		(152,468,393,420)	(337,342,910,268)	(181,860,542,955)	(391,592,663,116)
Share of profit (loss) of associates and joint ventures	9	<u>135,060,029,260</u>	<u>95,610,541,770</u>	<u>(60,086,544,460)</u>	<u>(207,546,475,020)</u>
Profit before income tax		421,104,907,714	537,690,274,486	263,177,361,468	519,823,786,024
Income tax expenses		<u>(134,389,551,881)</u>	<u>(207,319,695,549)</u>	<u>(104,702,950,215)</u>	<u>(209,951,138,117)</u>
Profit for the period		<u>₩ 286,715,355,833</u>	<u>₩ 330,370,578,937</u>	<u>₩ 158,474,411,253</u>	<u>₩ 309,872,647,907</u>
Profit for the period attributable to:					
Owners of the Parent Company		₩ 267,677,984,856	₩ 322,729,488,602	₩ 183,310,814,089	₩ 354,489,951,020
Non-controlling interests		19,037,370,977	7,641,090,335	(24,836,402,836)	(44,617,303,113)
Other comprehensive income (loss):					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences		₩ 73,107,579,385	₩ 159,015,721,964	₩ 90,953,594,219	₩ 142,019,859,788
Share of other comprehensive income (loss) of associates and joint ventures		<u>(1,073,484,620,884)</u>	<u>(594,052,954,864)</u>	<u>(599,798,533,035)</u>	<u>(1,166,968,417,140)</u>
		(1,000,377,041,499)	(435,037,232,900)	(508,844,938,816)	(1,024,948,557,352)
Items that will not be reclassified subsequently to profit or loss:					
Loss on valuation of equity instruments at fair value – other comprehensive income		(15,193,245,818)	(23,843,823,711)	(359,733,657,209)	(411,060,300,707)
Gain (loss) on disposal of equity instruments at fair value – other comprehensive income		696,546,736	(2,536,798,027)	286,643,652	286,643,652
Share of other comprehensive income of associates and joint ventures		(7,682,482,130)	7,951,923,773	(64,793,121,010)	(90,999,026,265)
Remeasurements of net defined benefit liabilities		<u>1,735,370,470</u>	<u>1,735,370,470</u>	<u>29,864,759,620</u>	<u>29,864,759,620</u>
		(20,443,810,742)	(16,693,327,495)	(394,375,374,947)	(471,907,923,700)

(continued)

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of comprehensive income (loss)
for the six months ended June 30, 2023 and 2022

	Notes	2023 (Unaudited)		2022 (Unaudited)	
		Three months	Six months	Three months	Six months
(cont'd)					
Total comprehensive income (loss) for the period, net of tax		<u>₩ (734,105,496,408)</u>	<u>₩ (121,359,981,458)</u>	<u>₩ (744,745,902,510)</u>	<u>₩ (1,186,983,833,145)</u>
Owners of the Parent Company		(749,132,820,785)	(141,931,310,951)	(719,012,745,869)	(1,134,419,544,671)
Non-controlling interest		15,027,324,377	20,571,329,493	(25,733,156,641)	(52,564,288,474)
Earnings per share attributable to the equity holders of the Parent Company					
Basic earnings per share	₩	1,763 ₩	2,113 ₩	1,205 ₩	2,332
Diluted earnings per share		1,735	2,055	1,198	2,319

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 six months ended June 30, 2023 and 2022

(Korean won)

Notes	Equity attributable to owners of the Parent Company				Non-controlling interests	Total
	Share capital	Capital surplus	Other components of equity	Retained earnings		
As of January 1, 2022	₩ 16,481,339,500	₩ 1,490,214,367,768	₩ (1,051,465,837,344)	₩ 23,080,407,824,978	₩ 491,738,654,373	₩ 24,027,376,349,275
Total comprehensive income for the period:						
Profit (Loss) for the period	-	-	-	354,489,951,020	(44,617,303,113)	309,872,647,907
Loss on valuation of equity instruments at fair value – other comprehensive income	-	-	(403,271,871,076)	-	(7,788,429,631)	(411,060,300,707)
Gain on disposal of equity instruments at fair value – other comprehensive income	-	-	-	286,643,652	-	286,643,652
Exchange differences	-	-	143,377,355,296	-	(1,357,495,508)	142,019,859,788
Share of other comprehensive income (loss) of associates and joint ventures	-	-	(1,256,437,549,805)	-	(1,529,893,600)	(1,257,967,443,405)
Remeasurements of net defined benefit liabilities	-	-	-	27,135,926,242	2,728,833,378	29,864,759,620
Transactions with shareholders:						
Dividends	15	-	-	(76,291,766,005)	-	(76,291,766,005)
Transaction of share-based payment	-	47,879,856,832	(7,496,415,272)	-	14,989,933,959	55,373,375,519
Transactions with non-controlling interests	-	(28,812,056,964)	(2,847,452,886)	-	246,404,974,553	214,745,464,703
As of June 30, 2022 (Unaudited)	<u>₩ 16,481,339,500</u>	<u>₩ 1,509,282,167,636</u>	<u>₩ (2,578,141,771,087)</u>	<u>₩ 23,386,028,579,887</u>	<u>₩ 700,569,274,411</u>	<u>₩ 23,034,219,590,347</u>
As of January 1, 2023	₩ 16,481,339,500	₩ 1,556,453,389,615	₩ (2,474,526,129,371)	₩ 23,645,687,007,296	₩ 706,226,873,411	₩ 23,450,322,480,451
Total comprehensive income for the period:						
Profit for the period	-	-	-	322,729,488,602	7,641,090,335	330,370,578,937
Gain (Loss) on valuation of equity instruments at fair value – other comprehensive income	-	-	(25,049,645,574)	-	1,205,821,863	(23,843,823,711)
Loss on disposal of equity instruments at fair value – other comprehensive income	-	-	-	(2,536,798,027)	-	(2,536,798,027)
Exchange differences	-	-	146,417,136,801	-	12,598,585,163	159,015,721,964
Share of other comprehensive income (loss) of associates and joint ventures	-	-	(585,226,863,223)	-	(874,167,868)	(586,101,031,091)
Remeasurements of net defined benefit liabilities	-	-	-	1,735,370,470	-	1,735,370,470
Transactions with shareholders:						
Transaction of share-based payment	13	40,132,586,532	51,941,733,983	-	14,014,402,620	106,088,723,135
Transactions with non-controlling interests	-	(161,747,397,126)	3,440,212,278	-	245,205,920,798	86,898,735,950
As of June 30, 2023 (Unaudited)	<u>₩ 16,481,339,500</u>	<u>₩ 1,434,838,579,021</u>	<u>₩ (2,883,003,555,106)</u>	<u>₩ 23,967,615,068,341</u>	<u>₩ 986,018,526,322</u>	<u>₩ 23,521,949,958,078</u>

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

NAVER Corporation and its subsidiaries
Interim condensed consolidated statements of cash flows
for the six months ended June 30, 2023 and 2022

(Korean won)

	<u>2023 (Unaudited)</u>	<u>2022 (Unaudited)</u>
Cash flows from operating activities		
Cash generated from operations	₩ 1,142,410,480,190	₩ 1,197,432,717,739
Interest received	49,103,713,528	12,674,790,543
Interest paid	(37,048,413,492)	(24,565,736,521)
Dividends received	35,093,687,244	28,032,929,966
Income tax paid	(374,867,207,695)	(521,644,787,331)
Net cash provided by operating activities	<u>814,692,259,775</u>	<u>691,929,914,396</u>
Cash flows from investing activities		
Net decrease in short-term financial instruments	304,334,012,131	109,856,946,791
Decrease in long-term financial instruments	500,000,000	-
Acquisition of financial assets at fair value – profit or loss	(1,335,232,294,687)	(3,045,643,434,263)
Proceeds from disposal of financial assets at fair value – profit or loss	1,438,604,638,374	2,374,164,752,876
Acquisition of property, plant and equipment	(329,739,800,129)	(295,058,830,800)
Proceeds from disposal of property, plant and equipment	9,430,914,217	2,202,817,423
Collection of lease receivables	3,632,520,569	2,969,826,658
Acquisition of intangible assets	(17,985,833,688)	(25,776,396,964)
Proceeds from disposal of intangible assets	481,497,836	901,912,723
Acquisition of financial assets at fair value – other comprehensive income	(60,000,000)	(37,790,192,894)
Proceeds from disposal of financial assets at fair value – other comprehensive income	8,777,023,683	27,654,177,870
Acquisition of investments in associates and joint ventures	(25,333,477,423)	(133,528,260,998)
Proceeds from disposal of investments in associates and joint ventures	32,696,551,031	427,729,132,232
Net increase (decrease) in cash due to business combination	(1,245,380,063,540)	26,773,060,691
Net cash flow from disposal of subsidiaries	(1,059,104,535)	-
Net decrease in short-term loans	234,121,342	250,664,889
Net decrease in long-term loans	120,580,000	69,496,000
Cash outflows from other investing activities	(4,009,994,327)	(2,168,083,660)
Net cash used in investing activities	<u>(1,159,988,709,146)</u>	<u>(567,392,411,426)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	763,260,000,000	35,000,000,000
Repayments of short-term borrowings	(864,451,496,681)	(50,694,928,000)
Proceeds from long-term borrowings	659,040,000,000	20,000,000,000
Repayments of long-term borrowings	(695,833,334)	(377,132,000)
Repayment of lease liabilities	(102,600,179,586)	(70,594,913,329)
Increase in financial liabilities at fair value – profit or loss	50,600,234,912	10,499,949,904
Dividends paid	-	(76,291,766,005)
Exercise of stock options	19,632,931,500	56,193,955,700
Cash inflows from transactions with non-controlling interests	-	81,079,480,091
Cash inflows from other financing activities	135,729,373	2,744,209,005
Cash outflows from other financing activities	-	(873,062,340)
Net cash provided by financing activities	<u>524,921,386,184</u>	<u>6,685,793,026</u>
Effects of exchange rate changes on cash and cash equivalents	(41,881,196,169)	(15,540,193,162)
Net increase in cash and cash equivalents	137,743,740,644	115,683,102,834
Cash and cash equivalents at the beginning of the period	<u>2,724,168,321,708</u>	<u>2,781,395,543,827</u>
Cash and cash equivalents at the end of the period	<u>₩ 2,861,912,062,352</u>	<u>₩ 2,897,078,646,661</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 six months ended June 30, 2023 and 2022 (Unaudited)

1. General

NAVER Corporation (the “Company”) was established on June 2, 1999 under the Commercial Code of the Republic of Korea to provide internet portal services. The Company’s headquarters 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 June 30, 2023, the major shareholders of the Company consist of National Pension Service (8.57%) and others.

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

A. Consolidated Subsidiaries

Details of the consolidated subsidiaries as of June 30, 2023 and December 31, 2022 are as follows:

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			June 30, 2023	December 31, 2022	
NAVER Corporation:					
NAVER Cloud Corporation	Korea	Cloud service management	100.00	100.00	December
NAVER I&S Corp	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
NAVER WEBTOON COMPANY Corporation	Korea	Webtoon service development and management	100.00	100.00	December
Snow Corporation	Korea	Camera and communication application development service	83.60	82.96	December
Audiensori Corporation	Korea	Audio content production and distribution	100.00	100.00	December
WORKS MOBILE Corporation	Korea	Groupware development and service management	-	89.41	December
N Visions Co., Ltd.	Korea	Exhibition and performance planning business	100.00	100.00	December
NAVER LABS Corporation	Korea	New technology development and research	100.00	100.00	December
NAVER Financial Corporation	Korea	Electronic financial business	89.21	89.21	December
SB Next Media Innovation Fund	Korea	Investment	96.30	96.30	December
TBT Global Growth Fund I	Korea	Investment	89.91	89.91	December
NAVER-KTB Audio Contents Fund	Korea	Investment	99.00	99.00	December
SpringCamp Early Stage Fund 1	Korea	Investment	100.00	100.00	December
SpringCamp Early Stage Fund 2	Korea	Investment	99.22	99.22	December
SVA Content Media Private Equity Fund II	Korea	Investment	99.83	99.83	December
Do Ventures Annex Fund, LP	U.S.A	Investment	99.00	99.00	December
NAVER J.Hub Corporation	Japan	Global business support	100.00	100.00	December
NAVER CHINA CORPORATION	China	Software development and distribution	100.00	100.00	December
NAVER U.Hub Inc	U.S.A	Global business support	100.00	100.00	December
NAVER BAND Inc	U.S.A	North America community service marketing	100.00	100.00	December
NAVER France SAS	France	Europe IT investment and research and development	100.00	100.00	December
WEBTOON Entertainment Inc	U.S.A	Webtoon service development and management	71.20	67.52	December
NAVER VIETNAM COMPANY LIMITED	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	98.81	December
Smart Spring Fund(*2)	Korea	Investment	48.39	48.39	December
NAVER HANDS Corporation	Korea	Standard workplace operation for the disabled	100.00	100.00	December
NAVER WP I, L.P.	U.S.A	Managing local business	100.00	100.00	December
NAVER WP II, LLC	U.S.A	Managing local business	100.00	100.00	December
NW MEDIA CONTENTS INC.	U.S.A	Contents production	100.00	100.00	December
Wattpad Corporation	Canada	Global web novel platform	-	100.00	December
PROTON PARENT, INC.	U.S.A	Investment	99.27	100.00	December
PROTON PARENT, INC.:					
Poshmark, Inc.	U.S.A	Commerce platform	100.00	-	December
PROTON MERGER SUB, INC	U.S.A	Company for the purpose of acquisition	-	100.00	December

NAVER Corporation and its subsidiaries
Notes to the interim condensed consolidated financial statements
for the six months ended June 30, 2023 and 2022 (Unaudited)

	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			June 30, 2023	December 31, 2022	
Poshmark, Inc.:					
Poshmark Canada Inc.	Canada	Commerce platform	100.00	-	December
Poshmark Limited	U.K	Commerce platform	100.00	-	December
Poshmark Pty Ltd.	Australia	Commerce platform	100.00	-	December
Poshmark India Private Limited	India	Commerce platform	99.99	-	December
Poshmark Online Marketplace Private Limited	India	Commerce platform	100.00	-	December
NAVER France SAS:					
C-Fund	France	Investment	99.00	99.00	December
C-FUND Subfund 2	France	Investment	99.00	99.00	December
C-FUND Subfund 3	France	Investment	99.75	99.75	December
C-FUND Subfund 4	France	Investment	99.00	99.00	December
C-FUND Subfund 5	France	Investment	99.75	99.75	December
NAVER Cloud Corporation:					
NAVER Cloud Asia Pacific Pte Ltd	Singapore	IT infrastructure operations	100.00	100.00	December
NAVER CLOUD AMERICA INC	U.S.A	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Europe GmbH	Germany	IT infrastructure operations	100.00	100.00	December
NAVER Cloud Japan Corporation	Japan	IT infrastructure operations	100.00	100.00	December
Chengdu NCC Technology Corporation	China	IT infrastructure operations	100.00	100.00	December
Naver Cloud Trust Services Corp.	Korea	IT infrastructure operations	100.00	-	December
Works Mobile Japan Corporation	Japan	Groupware service operations and distribution	78.95	-	December
NITService Corp.	Korea	Infrastructure operations and security services	100.00	-	December
NAVER I&S Corp:					
InComms Corp	Korea	Customer center operations	100.00	100.00	December
Green Web Service Corp	Korea	Monitoring, advertisement operations	100.00	100.00	December
N Tech Service Corp.	Korea	Software consulting, development and distribution	100.00	100.00	December
NITService Corp.	Korea	Infrastructure operations and security services	-	100.00	December
CommPartners Corp.	Korea	Customer center operations	100.00	100.00	December
WEBTOON Entertainment Inc:					
NAVER WEBTOON Ltd.	Korea	Webtoon service development and operations	100.00	100.00	December
LINE Digital Frontier Corporation	Japan	Japan Webtoon service development and operations	100.00	100.00	December
Wattpad Webtoon Studios Inc.	Canada	Global contents development	100.00	100.00	December
Wattpad Corporation	Canada	Global web novel platform	100.00	-	December
Wattpad Webtoon Studios Inc.:					
Wattpad Webtoon Studios Inc.	U.S.A	Global contents development	100.00	100.00	December
Wattpad Studios Inc	Canada	Global web novel platform support	-	100.00	December
Wattpad Studios (Cell Phone Swap) Inc	Canada	Global web novel platform support	100.00	-	December
Wattpad Coporation:					
WP Technology (UK)	U.K	Global web novel platform support	100.00	100.00	December
WP Technology Corporation	U.S.A	Global web novel platform support	100.00	100.00	December
Wattpad Inc	U.S.A	Global web novel platform support	100.00	100.00	December
Wattpad Studios Inc:					
Wattpad Studios (Cell Phone Swap) Inc	Canada	Global web novel platform support	-	100.00	December
LINE Digital Frontier Corporation:					
eBOOK Initiative Japan Co., Ltd.	Japan	Japan ebook service	100.00	100.00	December
NAVER WEBTOON Ltd.:					
STUDIO LICO Corp.	Korea	Contents production and reinforcement	100.00	100.00	December
Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
YLAB Japan Co., ltd	Japan	Contents production and reinforcement	-	100.00	December
V.DO INC.	Korea	Video searching solution development	-	100.00	December
MUNPIA INC.	Korea	Web novel platform	61.12	61.12	December
LOCUS CORPORATION(*4)	Korea	Animation and VFX production	39.20	53.64	December
Jakga Company Inc.	Korea	Contents production	51.33	51.33	December
MUNPIA INC:					
Mun Pia Webtoon Culture Industry Special Purpose Company Ltd.	Korea	Comics publishing	100.00	100.00	December
M Contents Labs Co., Ltd.	Korea	Database and online information supply	100.00	100.00	December
Studio JHS Co., Ltd.	Korea	Contents production	100.00	100.00	December
LOCUS CORPORATION(*4):					
Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd.,	Korea	Animation film and video production	-	100.00	December

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	Location	Primary business	Ownership interest held by the Group (%) (*1)		Closing month
			June 30, 2023	December 31, 2022	
Sidus Corporation	Korea	Film production and distribution	-	91.90	December
Locus X Co., Ltd.	Korea	Content production and marketing solution supply	-	100.00	December
Locus Shanghai Corporation	China	Animation and VFX production	-	100.00	December
Sidus Corporation:					
Sidus and Teu Entertainment Joint Stock Company	Vietnam	Film production	-	49.00	December
NAVER WEBTOON COMPANY Corporation:					
Watong Entertainment Limited	Hongkong	Webtoon service operations	100.00	100.00	December
Watong Entertainment Limited:					
Broccoli Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Broccoli Entertainment Corporation:					
Dongman Entertainment Corporation	China	Webtoon service operations	100.00	100.00	December
Shanghai Binge-reading Jinqiu Entertainment Corporation	China	Webtoon service operations	100.00	-	December
Snow Corporation:					
SpringCamp Inc.	Korea	Investments	100.00	100.00	December
SpringCamp Early Stage Fund 4	Korea	Investments	66.24	66.24	December
Playlist Corporation(*4)	Korea	Web contents production and distribution	50.00	58.04	December
Amuse Co.,Ltd.	Korea	Cosmetics manufacturing, distribution, sales	77.59	77.59	December
Semicolon Studio Corp.	Korea	Video contents production and distribution	100.00	100.00	December
NAVER Z CO.,LTD.	Korea	Mobile service development and operations	70.51	70.51	December
SNOW China Limited.	China	Mobile service operations	96.22	96.22	December
SNOW Japan Corporation	Japan	Mobile service operations	100.00	100.00	December
SNOW Inc.	U.S.A	Mobile service operations	100.00	100.00	December
SNOW VIETNAM COMPANY LIMITED	Vietnam	Mobile service operations	99.00	99.00	December
Cake Corporation	Korea	Language learning application development and operations	60.00	60.00	December
KREAM Corporation(*3)	Korea	Sneakers trading platform operations	49.67	48.75	December
Super Labs Corporation	Korea	Mobile service development and operations	100.00	100.00	December
NAVER Z CO.,LTD.:					
NAVER Z USA, INC.	U.S.A	Mobile service development and operations	100.00	100.00	December
NAVER Z Limited	Hongkong	Mobile service development and operations	100.00	100.00	December
NAVER Z JAPAN Corporation.	Japan	Mobile service development and operations	100.00	100.00	December
SPRINGCAMP COLLABORATIVE FUND II	Korea	Investments	100.00	-	December
NAVER Z Limited:					
Beijing Metaverse China Technology Corporation	China	Mobile service development and operations	100.00	100.00	December
Beijing Metaverse China Technology Corporation:					
ZaiZai Entertainment Corp.	China	Mobile service development and operations	100.00	100.00	December
KREAM Corporation:					
Namain Corp.	Korea	Sneakers trading platform operations	100.00	100.00	December
SVA Soda	Korea	Investments	99.52	99.52	December
PAP Corporation	Korea	E-Commerce business	70.00	70.00	December
SPRINGCAMP COLLABORATIVE FUND I	Korea	Investments	100.00	-	December
SNOW China Limited.:					
SNOW China (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
SNOW China (Beijing) Co., Ltd.:					
Yiruike Information Technology (Beijing) Co., Ltd.	China	Mobile service operations	100.00	100.00	December
WORKS MOBILE Corporation:					
Works Mobile Japan Corporation	Japan	Groupware service operations and distribution	-	100.00	December
NF Insurance Services Corporation	Korea	Insurance brokerage	-	100.00	December

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1. General (cont'd)

- (*1) The ownership interest held by the Group is a sum of ownership interests with voting right.
(*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 KREAM Corporation, the Group is considered to have control over the entity since the Group has significant influence over the entity considering the composition of shareholders and Board of Directors. Therefore, KREAM Corporation is classified as a subsidiary.
(*4) During the six months ended June 30, 2023, the Group changed the entity's classification from subsidiary to associate, due to the decrease in ownership interest.

B. Changes in Scope of Consolidation

(1) Subsidiaries newly included in the consolidation for the six months ended June 30, 2023 are as follows:

	<u>Subsidiaries</u>
Obtained control due to new acquisition	Poshmark, Inc., Poshmark Canada Inc., Poshmark Limited, Poshmark Pty Ltd., Poshmark India Private Limited, Poshmark Online Marketplace Private Limited, Shanghai Binge-reading Jinjiqu Entertainment Corporation
Obtained control due to new establishment	Naver Cloud Trust Services Corp., SPRINGCAMP COLLABORATIVE FUND I, SPRINGCAMP COLLABORATIVE FUND II

(2) Subsidiaries excluded from the consolidation for the six months ended June 30, 2023 are as follows:

	<u>Subsidiaries</u>
Merger	Wattpad Studios Inc, PROTON MERGER SUB, INC., WORKS MOBILE Corporation
Liquidation	Locus Shanghai Corporation, NF Insurance Services Corporation, V.DO INC., YLAB Japan Co., Ltd.
Disposal	Playlist Corporation(*), LOCUS Corporation, Locus Theater Ani 2015 Culture Industry Special Purpose Company Ltd., Sidus Corporation, LOCUS X Co., Ltd., Sidus and Teu Entertainment Joint Stock Company

(*) During the six months ended June 30, 2023, the issuance of new shares to third parties resulted in the decrease in the Group's ownership interest and the exclusion from the consolidation.

2. Material Accounting Policies

A. Basis of Preparation

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

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

2. Material Accounting Policies (cont'd)

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

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

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

KIFRS 1117 *Insurance Contracts*

KIFRS 1117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, replaces KIFRS 1104 *Insurance Contracts* that was issued in 2005. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in KIFRS 1104, which are largely based on grandfathering previous local accounting policies, KIFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. KIFRS 1117 is based on a general model, supplemented by:

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

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

Definition of Accounting Estimates - Amendments to KIFRS 1008

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

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

Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments to KIFRS 1001 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

2. Material Accounting Policies (cont'd)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to KIFRS 1012

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

C. Accounting Policies

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

(1) Income tax expense

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

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. Material Accounting Estimates and Assumptions

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

The Group changed the estimated useful life of some machineries from 4 years to 5 years for the six months ended June 30, 2023. This is a change in accounting estimates, and the Group prospectively recognized the effect of such change.

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

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4. Fair Value

There are no significant changes in the business and economic environments that affect the fair value of financial assets and liabilities of the Group for the six months ended June 30, 2023.

A. Fair Value Hierarchy

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

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

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value – profit or loss	₩ 20,815,017	₩ 677,494,051	₩ 2,264,352,283	₩ 2,962,661,351
Equity instrument at fair value – other comprehensive income	1,134,175,476	-	177,014,865	1,311,190,341
Financial liabilities				
Financial liabilities at fair value – profit or loss	-	-	771,679,949	771,679,949
December 31, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value – profit or loss	₩ 29,022,463	₩ 718,526,472	₩ 2,425,646,026	₩ 3,173,194,961
Equity instrument at fair value – other comprehensive income	1,163,949,227	-	190,173,566	1,354,122,793
Financial liabilities				
Financial liabilities at fair value – profit or loss	-	-	756,523,095	756,523,095

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4. Fair Value (cont'd)

B. Fair Value Measurement, Using Significant Unobservable Input (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 six months ended June 30, 2023.

The following table presents the changes in level 3 financial instruments for the six months ended June 30, 2023 and 2022 (Korean won in thousands):

	2023			2022		
	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss	Financial assets at fair value - profit or loss	Financial assets at fair value – comprehensive income	Financial liabilities at fair value - profit or loss
Beginning balance	₩2,425,646,026	₩ 190,173,566	₩ 756,523,095	₩2,402,108,852	₩ 226,518,601	₩ 508,994,105
Total profit or loss						
Amounts recognized in profit or loss	(133,744,942)	-	(537,507)	(6,424,612)	-	-
Amounts recognized in other comprehensive income	-	(7,866,230)	-	-	(31,034,252)	-
Acquisitions/Borrowings	116,285,524	60,000	50,600,235	161,733,803	37,790,193	10,499,950
Disposals/Repayments	(152,555,917)	(1,198,387)	-	(8,581,786)	(27,654,178)	-
Transfer into level 1	-	(4,761,680)	-	(448,308)	(607,279)	-
Others (*)	(7,512,682)	607,596	(34,905,874)	7,424,473	1,882,140	177,632
Exchange differences	16,234,274	-	-	1,132,701	-	-
Sale of disposal group	-	-	-	-	-	-
Ending balance	<u>₩2,264,352,283</u>	<u>₩ 177,014,865</u>	<u>₩ 771,679,949</u>	<u>₩2,556,945,123</u>	<u>₩ 206,895,225</u>	<u>₩ 519,671,687</u>

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

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4. Fair Value (cont'd)

C. 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 June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

June 30, 2023						
	Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value – profit or loss						
Compound financial instruments and equity securities	₩ 1,488,325,424	3	Option pricing model	Underlying assets price, Volatility of underlying assets	Volatility of the underlying assets	13.00% ~ 72.00%
			Market approach and others	PBR, EV/SALES, PSR, PER, Recent transaction price, Net asset value	EV/SALES, PSR, PER, PBR	0.42 ~ 12.15 0.15 ~ 9.14 8.54 1.93 ~ 10.37
Beneficiary certificates and funds	834,179	2	Present value method	Credit risk adjusted discount rate	Discount rate	12.09% ~ 17.72%
	776,026,860	3	Present value method	Credit risk adjusted discount rate	-	-
	776,026,860	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	675,648,963	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	1,010,909	2	Present value method and option pricing model	Forward exchange rate	-	-
Financial assets at fair value – other comprehensive income						
Equity securities	177,014,865	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES, PSR, PBR, Discount rate	1.84 ~ 2.38 1.07 ~ 2.09 4.2 15.18% ~ 19.20%
Financial liabilities at fair value – profit or loss						
Derivatives	771,679,949	3	Option pricing model	Volatility of underlying assets	Volatility of the underlying assets, Discount rate	46.70% ~ 79.16% 13.67% ~ 15.58%

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

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

December 31, 2022						
	Fair value	Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
Financial assets at fair value – profit or loss						
Hybrid financial instruments and equity securities	₩ 1,414,275,802	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	13.50% ~ 70.93%
			Market approach and others	PBR, EV/SALES, PSR, PER recent transaction price, net asset value	EV/SALES PSR PER PBR	0.41 ~ 12.13 0.16 ~ 11.64 7.40 1.89 ~ 13.17
Beneficiary certificates and funds	776,460	2	Present value method	Credit risk adjusted discount rate	Discount rate	13.77% ~ 16.32%
	1,011,370,224	3	Present value method	Credit risk adjusted discount rate	-	-
	1,011,370,224	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	715,219,287	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	2,530,725	2	Present value method, option pricing model	Forward exchange rate	-	-
Financial assets at fair value – other comprehensive income						
Equity securities	190,173,566	3	Present value method, market approach	EV/SALES, PSR and others	EV/SALES PSR PBR Discount rate	1.83 ~ 2.35 0.91 ~ 2.38 4.2 13.90% ~ 19.20%
Financial liabilities at fair value – profit or loss						
Derivatives	756,523,095	3	Option pricing model	Volatility of underlying assets	Volatility of underlying asset Discount rate	46.70% ~ 79.16% 13.67% ~ 15.58%

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

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

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

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5. Operating Segment Information

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

B. Operating revenues by service types for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	2023		2022	
	Operating revenue	Ratio (%)	Operating revenue	Ratio (%)
Search platform (*1)	₩ 1,762,209,989	37.59	₩ 1,755,379,270	45.11
Commerce (*2)	1,238,787,932	26.42	855,975,799	22.00
Fintech (*3)	657,903,934	14.03	570,485,851	14.66
Contents (*4)	831,722,118	17.74	512,195,439	13.16
Cloud (*5)	197,723,050	4.22	196,967,003	5.07
	₩ 4,688,347,023	100.0	₩ 3,891,003,362	100.0

(*1) Search and display and others

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

(*3) Pay service and digital financing

(*4) Webtoon, Zepeto, SNOW and others

(*5) NCP, Works, Clova and others

For easier comparison, the Group reclassified the service categories of the consolidated financial statements for the six months ended June 30, 2022 according to the service categories of the consolidated financial statements for the six months ended June 30, 2023. The reclassification had no impact on the reported net asset or the profit for the six months ended June 30, 2022.

C. The revenue from external customers by region for the six months ended June 30, 2023 and 2022 and non-current assets as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	Revenue from external customers		Non-current assets (*)	
	2023	2022	June 30, 2023	December 31, 2022
Domestic	₩ 4,000,312,078	₩ 3,596,365,318	₩ 3,651,031,412	₩ 3,874,372,738
Japan	326,942,574	182,746,083	386,847,260	167,352,989
U.S.A	287,553,814	47,035,359	2,528,607,823	640,270,983
Others	73,538,557	64,856,602	94,377,884	97,677,579
	₩ 4,688,347,023	₩ 3,891,003,362	₩ 6,660,864,379	₩ 4,779,674,289

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

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5. Operating Segment Information (cont'd)

D. The revenue from contracts with customers by category for the six months ended June 30, 2023 and 2022 is as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
By timing of revenue recognition		
Recognized at a point in time	₩ 3,473,529,106	₩ 2,835,408,750
Recognized over time	1,214,817,917	1,055,594,612
	<u>₩ 4,688,347,023</u>	<u>₩ 3,891,003,362</u>

6. Property, Plant and Equipment

A. Changes in property, plant and equipment for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 2,457,820,240	₩ 2,111,261,659
Acquisition and capital expenditures and others (*1)	331,926,381	278,064,879
Acquisition from business combination	4,100,017	6,728,935
Depreciation	(143,451,521)	(173,011,438)
Disposals, retirement and impairment (*2)	(6,039,809)	(3,024,507)
Disposal of subsidiaries	(1,829,437)	-
Others (*3)	(2,215,623)	19,147,841
Ending balance	<u>₩ 2,640,310,248</u>	<u>₩ 2,239,167,369</u>

(*1) Capitalization of borrowing costs are included.

(*2) The amount from disposal of business for the six months ended June 30, 2022, ₩ 81 million, is included.

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

B. For the six months ended June 30, 2023, the Group has capitalized borrowing costs amounting to ₩ 4,418 million (2022: ₩ 4,184 million) on property, plant 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 1.64% (2022: 1.61%).

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

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7. Leases

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

Details of amounts recognized in the interim condensed consolidated statements of financial position as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets (*1)		
Properties	₩ 381,068,752 ₩	419,242,315
Vehicles	2,516,333	2,270,583
IDC buildings	87,707,575	99,009,919
Machinery	195,446,318	214,899,912
Leased internet line	<u>2,478,703</u>	<u>3,287,276</u>
	<u>₩ 669,217,681 ₩</u>	<u>738,710,005</u>
Lease receivables	<u>₩ 34,730,256 ₩</u>	<u>36,457,075</u>
Lease liabilities (*2)		
Current	₩ 202,861,116 ₩	193,376,317
Non-current	<u>518,597,833</u>	<u>589,253,965</u>
	<u>₩ 721,458,949 ₩</u>	<u>782,630,282</u>

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

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

The amount of increase in the right-of-use assets for the six months ended June 30, 2023 was ₩ 37,336 million (2022 : ₩ 547,538 million).

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7. Leases (cont'd)

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

Details of lease amounts recognized in the interim condensed consolidated statements of comprehensive income (loss) for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Depreciation of right-of-use assets		
Properties	₩ 32,739,060	₩ 27,810,754
Vehicles	547,548	408,209
IDC buildings	19,702,312	11,724,555
Machinery	34,945,420	23,952,567
Leased internet line	1,414,846	3,846,537
	<u>₩ 89,349,186</u>	<u>₩ 67,742,622</u>
Interest expense relating to lease liabilities (included in 'finance costs')	12,422,251	7,535,593
Expense relating to short-term leases and leases of low-value assets	1,073,199	2,195,222
Expense relating to variable lease payments not included in lease liabilities	18,441,452	5,398,481

The total cash outflow for leases for the six months ended June 30, 2023 is ₩ 122,115 million (2022: ₩ 78,189 million), and the total cash inflow for leases for the six months ended June 30 2023, is ₩ 4,186 million (2022: ₩ 3,061 million), respectively.

8. Intangible Assets

A. Changes in intangible assets for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 1,481,423,637	₩ 932,152,347
Acquisition and capital expenditures	17,994,293	24,399,166
Acquisition from business combination	1,754,518,061	389,335,868
Amortization	(27,179,801)	(18,124,462)
Disposals, retirement and impairment	(17,167,046)	(1,390,119)
Disposal of subsidiaries	(1,199,258)	-
Others (*)	57,076,165	45,832,532
Ending balance	<u>₩ 3,265,466,051</u>	<u>₩ 1,372,205,332</u>

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

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

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9. Investments in Associates and Joint Ventures

A. Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

Associate:	Primary business	Location	Closing month	Ownership (%)	December 31, 2022	
					June 30, 2023	Carrying amount
A Holdings Corporation	Mobile service development	Japan	March	50.00	₩ 15,176,565,607	₩ 15,825,770,829
IPX Corporation	Character and doll wholesale and retail	Korea	March	25.62	53,561,633	53,568,620
LINE Conomi Corporation(*7)	Global restaurant review service	Japan	March	-	-	-
Netmania Co., Ltd.	Software development and distribution	Korea	December	27.17	1,121,698	1,069,427
SYNAP SOFT CORP.	Software development and distribution	Korea	December	26.38	8,491,256	7,977,089
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	1,898,307	2,893,929
Korea Contents Mutual Aid Association(*1)	Mutual Aid Association	Korea	December	52.75	9,826,296	9,602,510
Arointech inc	Software development and distribution	Korea	December	29.85	565,265	496,389
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	3,548,848	2,861,897
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	4,780,827	4,784,055
NAVER-BSK Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	3,887,849	7,449,744
N Space Co., Ltd.	Space service business	Korea	December	49.04	2,108,500	1,912,318
K-Fund I(*1)	Investment	France	December	74.81	303,790,067	314,407,579
Mirae Asset-NAVER New Growth Fund I	Investment	Korea	December	50.00	110,034,315	110,000,359
YG NAVER Contents & Lifestyle Fund(*1)	Investment	Korea	December	90.91	46,681,541	47,153,809
Digital Media Partners II, L.P.	Investment	Cayman Islands	December	26.88	2,422,260	2,491,566
Soran Media Venture Fund (*1)	Investment	Korea	December	66.67	599,098	658,741
Mirae Asset MAPS Private Placement Real Estate 62(*4)	Investment	Korea	December	45.08	-	446,980,895
Mirae Asset-Naver Asia Growth Fund(*3)	Investment	Korea	December	16.67	84,597,702	76,599,964
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	Investment	Singapore	December	41.04	354,996,059	312,256,950
Alliance Internet Corp.	Revenue support for internet business start-up	Korea	December	23.53	2,540,064	2,154,452
CONG TY CO PHAN RBW VIETNAM(*6)	Content production	Vietnam	December	-	-	161,156
DHP private equity fund 3	Investment	Korea	December	25.16	142,133	142,134
Artificial Intelligence Research Institute(*3)(*10)	AI technology investment	Korea	December	14.29	-	-
SMEJ Plus INC	Global fanship related investment	Japan	December	30.07	9,041,213	9,944,321
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	7,394,938	5,521,636
Carousell Pte Ltd(*3)	Platform Investment	Singapore	December	8.26	54,062,767	57,356,356
Do Ventures Fund I, I-A	Investment	Cayman Islands	December	23.04	12,890,857	9,832,731
Onestore Co., Ltd.	E-Commerce business	Korea	December	25.10	39,522,504	39,156,811
China Ventures Fund I, Limited Partnership(*1)	Investment	Canada	December	70.33	257,758,409	250,451,653
YN CULTURE & SPACE	Record production and planning	Korea	December	23.88	11,440,904	11,494,674
WEVERSE COMPANY Inc.	Content production	Korea	December	44.53	282,658,001	282,807,558
Cafe24 Corp.(*3)(*10)	Hosting and related service	Korea	December	14.81	27,228,595	30,217,790
K-Fund II	Investment	France	December	46.90	45,341,312	33,817,412
FUTURE INNOVATION PRIVATE EQUITY FUND III	Investment	Korea	December	25.38	62,948,550	47,894,586

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	Primary business	Location	Closing month	June 30, 2023		December 31, 2022
				Ownership (%)	Carrying amount	
CHINA VENTURES FUND II, L.P.(*1)	Investment	Cayman Islands	December	50.05	156,161,002	123,479,644
ICART GROUP PTE. LTD.(*3)(*10)	Online daily necessities and fresh food platforms	Singapore	December	10.89	-	-
Mirae Asset Partnership Growth Fund I (*1)	Investment	Korea	December	90.00	3,238,677	3,661,310
TBT Global Growth Fund III	Investment	Korea	December	36.76	7,118,813	7,351,154
STL 18th Private Equity Fund	Investment	Korea	December	22.20	19,781,476	20,000,000
Makma	Content distribution	France	December	22.00	903,237	770,745
LINE NEXT Inc.(*3)(*9)	Software development and distribution	U.S.A	December	13.84	-	2,521,275
AXIS Co.,LTD.(*8)	Software development and distribution	Korea	December	23.65	-	-
Studio Horang Co., Ltd.	Webtoon production	Korea	December	41.50	337,205	418,339
The Grimm entertainment Co.,Ltd.	Webtoon production	Korea	December	34.98	280,677	1,676,219
Big Picture Comics Co., Ltd.	Webtoon production	Korea	December	35.00	1,711,661	1,636,978
JQ COMICS Co., Ltd.	Webtoon production	Korea	December	35.06	288,627	242,913
ZK Studio Co., Ltd.	Webtoon production	Korea	December	40.00	450,861	351,729
Su Comics Co., Ltd.	Webtoon production	Korea	December	40.00	326,656	338,945
Studio Mul Co., Ltd.	Content production	Korea	December	35.00	3,534,687	3,526,159
A2Z Inc.	Content distribution	Korea	December	26.67	46,997,692	45,157,899
Sam Studio Co., Ltd.	Content production	Korea	December	35.00	999,947	1,015,442
Only Won Entertainment Co., Ltd.	Content distribution	Korea	December	35.00	361,989	346,460
Studio hohoe Co.,Ltd.	Content distribution	Korea	December	33.02	634,867	687,555
GEULGGUN	Content distribution	Korea	December	22.22	189,280	258,114
Studio 389 Co., Ltd.	Content distribution	Korea	December	30.02	89,816	146,403
Yumi studio Co., Ltd.	Content distribution	Korea	December	35.00	1,965,875	2,058,896
J Peul Media Co., Ltd.	Content distribution	Korea	December	25.00	14,237,899	14,177,758
Cinnamon. Inc.(*3)(*9)	Visual novel game development and service	Korea	December	19.97	-	227,459
Studio Paran Inc.	Publishing	Korea	December	35.06	676,587	686,119
BY4M Studio Co., Ltd.(*3)	Content distribution	Korea	December	1.63	3,148,231	3,085,437
A2Z-IP Fund(*10)	Investment	Korea	December	20.00	1,831,955	1,888,205
SHINE PARTNERS CO., LTD.(*3)	Webtoon production	Japan	December	5.56	766,452	808,954
Vi-Frost(*3)(*10)	Webtoon and web novel production	Korea	December	15.87	1,318,771	1,408,994
Studio Ppuri Co., Ltd.	Animation production and distribution	Korea	December	20.00	3,147,996	2,972,009
XTORM CO., LTD	Animation production and distribution	Korea	December	25.00	36,212	69,595
SGRSoft Co., Ltd.(*3)	Software development	Korea	December	10.88	464,139	495,525
Cutting Edge Inc.(*7)	Advertising film and video production	Korea	December	-	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	964,461	1,059,335
LaiQu Technology (ShenZhen) Company Limited(*10)	Software development and distribution	China	December	21.30	-	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	2,874,548	2,781,583
Pala Inc.(*9)	Software development and distribution	Korea	December	43.22	-	99,884
Seno Corporation	Content production	Hongkong	December	45.00	110,089	108,890
Sasom Company Limited	Platform investment	Thailand	December	30.00	2,107,726	2,370,546
SODA inc.	Sneakers trading platform operations	Japan	May	33.93	109,726,019	108,882,537
Gorilla N CORE Metaverse 1	Investment	Korea	December	37.68	20,923,854	21,144,446
VerseWork Co., Ltd.(*8)	Content distribution	Korea	December	46.25	-	-
ZEP Co.,Ltd.	Meta verse service development	Korea	December	26.68	823,127	719,349
Pinokio, Inc.(*9)	Game content development	Korea	December	33.33	-	1,396,540
Chicment Co., Ltd.	E-Commerce business	Korea	December	30.00	2,969,953	2,978,651
Quokka Industries Inc.	Software development	Korea	December	33.33	2,316,659	3,185,938
Murple, Inc.	AI solution development	Korea	December	29.99	1,543,760	1,821,388
TAIL Start-up Fund I	Investment	Korea	December	40.00	1,926,143	1,949,064

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	Primary business	Location	Closing month	June 30, 2023		December 31, 2022
				Ownership (%)	Carrying amount	
CravingCollector Inc.	Second-hand fashion trading platform	Korea	December	42.53	2,078,838	3,377,498
Contrau ventures fund no.1	Investment	Korea	December	24.69	1,954,009	1,992,704
Purpleduck Corp.	Animation production and distribution	Korea	December	49.15	975,135	454,716
Studio 1991	Animation production and distribution	Korea	December	30.07	168,638	158,842
Studio Dragon Japan CO., LTD.	Content production	Japan	December	30.00	8,129,988	8,558,839
STUDIO YELL Co.	Animation production and distribution	Korea	December	35.00	84,353	101,859
Goodus Data, Inc.(*3)	Cloud services	Korea	December	7.50	3,058,566	3,006,169
Shake Hands Sdn Bhd	Sneakers trading platform operations	Malaysia	December	22.47	2,096,207	2,150,556
YLAB Corporation(*3)	Content production	Korea	December	12.02	5,141,827	5,165,081
Genius studio Corp.	Content production	Korea	December	35.00	193,599	-
PT Karunia International Citra Kencana(*3)	Sneakers trading platform operations	Indonesia	December	19.73	1,958,297	1,916,321
Teamplus Corp.	Online ticket sales	Korea	December	43.13	4,369,999	-
BravoBeaver Incheon Corp.	Stationery production	Korea	December	26.00	254,550	-
Silicon Cube Co.,Ltd.(*10)	Applied software development and distribution	Korea	December	41.36	-	-
Baecom Co., LTD.	Academy/education operation management and service	Korea	December	37.54	379,477	1,773,116
LOCUS CORPORATION(*5)	Animation and VFX production	Korea	December	39.20	17,639,148	-
Playlist Corporation(*5)	Web contents production and distribution	Korea	December	50.00	38,111,665	-
Havit Corporation(*9)	Mobile service development	Korea	December	28.57	-	2,857
					17,486,329,297	18,428,512,883
Joint venture:						
Mirai Fund Limited Liability Partnership(*2)	Investment	Japan	December	90.00	81,970,673	90,745,402
Cineplay Co., Ltd	Online information service and online advertising	Korea	December	49.00	411,682	401,536
China Lab Co.,Ltd.	Database and online information service	Korea	December	49.00	971,843	901,951
Designpress Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,033,900	1,118,154
DaNaA Data Co., Ltd.	Software development and distribution	Korea	December	49.00	5,022,221	5,031,444
Inter Biz Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	938,358	960,874
Artition Co., Ltd.(*6)	Online information service and internet contents business	Korea	December	-	-	130,100
Agro Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	863,060	962,424
Sseom Lab Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,060,828	1,070,554
Tech Plus Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	1,076,724	1,183,491
Animal and Human Story Inc.(*9)	Online information service and internet contents business	Korea	December	49.00	-	71,191
Law&Media Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	216,586	213,688
Yeopeul Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	2,070,677	2,340,312
School Jaem Co., Ltd.	Online information service and internet contents business	Korea	December	49.00	525,773	591,720

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	Primary business	Location	Closing month	June 30, 2023		December 31, 2022
				Ownership (%)	Carrying amount	
Studio Toon Corp	Animation production and distribution	Korea	December	49.00	4,600,659	4,880,643
jobsN CO., Ltd(*6)	Online information service	Korea	December	-	-	2,170,555
					<u>100,762,984</u>	<u>112,774,039</u>
					<u>₩ 17,587,092,281</u>	<u>₩ 18,541,286,922</u>

(*1) As of June 30, 2023, although the Group owns more than 50% ownership in the investees, the Group does not have control over these entities by virtue of agreements and classifies them as associates.

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

(*3) As of June 30, 2023, although the Group has less than 20% ownership in the investees, the Group has significant influence over the entity by virtue of agreements and classifies them as associates.

(*4) As of June 30, 2023, the Group changed the entity's classification from associate into held-for-sale asset due to its possibility to be sold within a year.

(*5) During the six months ended June 30, 2023, the Group changed the classification from subsidiary to associate, due to the loss of control.

(*6) Excluded from investments in associates and joint ventures due to liquidation during the six months ended June 30, 2023.

(*7) Excluded from investments in associates due to disposal during the six months ended June 30, 2023.

(*8) The Group has stopped recognizing its share of losses using the equity method as its carrying amount is less than nil (0) due to accumulated losses before January 1, 2022.

(*9) The Group has stopped recognizing its share of losses using the equity method as its carrying amount is less than nil (0) due to accumulated losses for the six months ended June 30, 2023.

(*10) The Group recognized impairment loss before January 1, 2022 for the entities as carrying amounts exceeded their recoverable amounts.

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

B. Changes in investments in associates and joint ventures for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	2023		
	Investment in associates	Investment in joint ventures	Total
Beginning balance	₩ 18,428,512,883	₩ 112,774,039	₩ 18,541,286,922
Acquisition	25,333,477	-	25,333,477
Disposals	(33,666,148)	(2,300,655)	(35,966,803)
Reclassified into asset held-for sale(*1)	(446,980,895)	-	(446,980,895)
Reclassified into associate (*2)	55,750,814	-	55,750,814
Valuation of investment using the equity method			
Share of profit (loss) of associates and joint ventures	97,134,822	(1,524,281)	95,610,541
Share of other comprehensive loss of associates and joint ventures	(623,050,864)	(8,186,119)	(631,236,983)
Dividends	(24,305,947)	-	(24,305,947)
Others	7,601,155	-	7,601,155
Ending balance	<u>₩ 17,486,329,297</u>	<u>₩ 100,762,984</u>	<u>₩ 17,587,092,281</u>

(*1) During the six months ended June 30, 2023, the entire shares in Mirae Asset Maps Private Real Estate Investment Trust No. 62 were reclassified into assets held-for-sale.

(*2) During the six months ended June 30, 2023, the Group changed the entity's classification from subsidiary to associate, due to the loss of control.

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

	2022		
	Investment in associates	Investment in joint ventures	Total
Beginning balance	₩ 19,878,651,870	₩ 211,652,147	₩ 20,090,304,017
Acquisition (*1)	334,004,415	-	334,004,415
Disposals	(148,504,834)	-	(148,504,834)
Transfer to subsidiary (*2)	(162,120,530)	-	(162,120,530)
Reclassified into associate (*3)	2,426,233	(2,426,233)	-
Valuation of investment using the equity method			
Share of loss of associates and joint ventures(*4)	(205,615,800)	(1,930,675)	(207,546,475)
Share of other comprehensive loss of associates and joint ventures	(1,264,852,056)	(98,358,657)	(1,363,210,713)
Dividends	(309,575,995)	-	(309,575,995)
Impairments	(279,621)	-	(279,621)
Others	4,559,078	841,856	5,400,934
Ending balance	₩ 18,128,692,760	₩ 109,778,438	₩ 18,238,471,198

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

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

(*3) The investment in Baecomm Co., LTD. was reclassified from investment in joint venture to associate due to the loss of joint control over the entity.

(*4) As of June 30, 2022, the Group was evaluating the value of identifiable intangible assets of some associates, including Cafe24 Co., Ltd. The result of equity method evaluation would be adjusted according to the final valuation result.

C. The Group has stopped recognizing its share of losses in AXIS, VerseWork Co., Ltd and other six investments using the equity method as their carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 3,819 million as of June 30, 2023.

D. The Group has stopped recognizing its share of losses in Silicon Cube , LaiQu Technology (ShenZhen) Company Limited, AIRI, Inc using the equity method as their carrying amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 737 million as of June 30, 2023.

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10. Borrowings and Debentures

A. Details of borrowings as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands and foreign currency in thousands):

	Financial Institution	Latest maturity	Interest rate (%)	June 30, 2023		December 31, 2022	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Short-term borrowings							
Foreign currency	DAG Ventures VI, L.P.(*)	-	10.00	₩ 2,623,892	HKD 15,667	₩ 2,546,654	HKD 15,667
Foreign currency	Goodwater Capital II, L.P.(*)	-	10.00	1,310,661	HKD 7,825	1,272,080	HKD 7,825
Foreign currency	Mistletoe Singapore Pte. Ltd.(*)	-	10.00	2,623,936	HKD 15,667	2,546,697	HKD 15,667
Foreign currency	SCC Growth IV Holdco A, Ltd.(*)	-	10.00	39,119,432	HKD 233,577	37,967,899	HKD 233,577
Foreign currency	SenseView Investment Limited(*)	-	10.00	6,560,150	HKD 39,170	6,367,043	HKD 39,170
Foreign currency	SNOW Limited Liability Partnership(*)	-	10.00	26,119,132	HKD 155,954	25,350,280	HKD 155,954
Local currency	Shinhan Bank	2026.12.19	4.46	7,812,500	-	3,125,000	-
Local currency	Woori Bank	2023.07.10	2.22	100,000,000	-	100,000,000	-
Local currency	HSBC	2026.08.10	4.50	26,789,583	-	17,395,833	-
Local currency	KEB Hana Bank	-	-	-	-	100,000	-
Foreign currency	Citi Bank Japan	2024.04.15	TORF 3M+0.4	45,348,500	JPY 5,000,000	47,659,000	JPY 5,000,000
Local currency	Shinhan Bank	-	-	-	-	10,000,000	-
Local currency	KEB Hana Bank	-	-	-	-	1,000,000	-
Local currency	IBK	-	-	-	-	5,100,000	-
Local currency	IBK	-	-	-	-	1,000,000	-
Current portion of long-term borrowings							
Local currency	S-Force No.2	-	-	-	-	50,000,000	-
Local currency	Shinhan Bank	2023.12.19	4.46	7,812,500	-	-	-
Local currency	Woori Bank	2023.07.10	2.49	100,000,000	-	100,000,000	-
Local currency	HSBC	2026.08.10	4.50	19,135,417	-	3,479,167	-
Foreign currency	Mizuho Bank	2023.09.23	TIBOR 6M+0.65	64,813,547	JPY 7,146,162	68,115,789	JPY 7,146,162
Foreign currency	Mizuho Bank	2023.09.23	TIBOR 6M+0.65	252,625,953	JPY 27,853,838	265,497,211	JPY 27,853,838
Foreign currency	Mizuho Bank	2025.09.23	TIBOR 6M+0.75	54,418,200	JPY 6,000,000	57,190,800	JPY 6,000,000
Foreign currency	SMBC Corporation	2023.09.23	TIBOR 6M+0.7	64,813,547	JPY 7,146,162	68,115,789	JPY 7,146,162
Foreign currency	SMBC Corporation	2023.09.23	TIBOR 6M+0.7	252,625,953	JPY 27,853,838	265,497,211	JPY 27,853,838
Foreign currency	SMBC Corporation	2025.09.23	TIBOR 6M+0.53	50,064,221	JPY 5,519,942	52,614,986	JPY 5,519,942
Foreign currency	Mizuho Bank	2023.11.15	TIBOR 6M+0.45	149,650,050	JPY 16,500,000	157,274,700	JPY 16,500,000
Local currency	Kookmin Bank	2023.10.01	2.50	30,000,000	-	30,000,000	-
Local currency	IBK	-	-	-	-	300,000	-
Local currency	IBK	-	-	-	-	900,000	-
Local currency	IBK	-	-	-	-	300,000	-

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			June 30, 2023		December 31, 2022		
	Financial Institution	Latest maturity	Interest rate (%)	Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Local currency	IBK	-	-	-	-	300,000	-
Local currency	IBK	-	-	-	-	300,000	-
Local currency	KOSME	2025.02.17	2.00	33,240	-	33,240	-
Local currency	KOSME	2025.08.26	2.25	49,920	-	49,920	-
					JPY 103,019,942		JPY 103,019,942
				1,304,350,334	HKD 467,860	1,381,399,299	HKD 467,860
Long-term borrowings							
Local currency	Shinhan Bank	2026.12.19	4.46	₩ 39,062,500	-	₩ 9,375,000	-
Local currency	HSBC	2026.08.19	4.50	18,439,583	-	59,145,833	-
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-
Local currency	HSBC	2024.12.31	4.50	16,700,000	-	-	-
Foreign currency	Mizuho Bank	2025.09.23	TIBOR 6M+0.75	41,718,002	JPY 4,599,711	43,843,529	JPY 4,599,711
Foreign currency	SMBC Corporation	2025.09.23	TIBOR 6M+0.53	10,270,087	JPY 1,132,351	10,793,346	JPY 1,132,351
Foreign currency	SMBC Corporation	2025.09.23	TIBOR 6M+0.53	44,509,854	JPY 4,907,533	46,777,625	JPY 4,907,533
Foreign currency	BNP Paribas	2024.12.23	TIBOR 3M+0.55	136,045,500	JPY 15,000,000	142,977,000	JPY 15,000,000
Local currency	Shinhan Bank	2025.12.03	2.99	15,000,000	-	15,000,000	-
Foreign currency	CACIB	2025.01.04	SOFR 3M+0.8	393,840,000	USD 300,000	-	-
Foreign currency	CitiBank	2025.01.04	SOFR 3M+0.8	131,280,000	USD 100,000	-	-
Local currency	KOSME	2025.02.17	2.00	22,160	-	38,780	-
Local currency	KOSME	2025.08.26	2.25	58,240	-	83,200	-
					JPY 25,639,595		JPY 25,639,595
				930,445,926	USD 400,000	328,034,313	JPY 25,639,595
					JPY 128,659,537		JPY 128,659,537
				₩ 2,234,796,260	USD 400,000	₩ 1,709,433,612	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)

B. Details of debentures as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands and foreign currency in thousands):

	Issue date	Maturity date	Interest rate(%)	June 30, 2023		December 31, 2022	
				Carrying amount	Foreign currency amount	Carrying amount	Foreign currency amount
Current portion of long-term debentures in won							
Debentures in won(4 th -1)	2021.02.25	2024.02.25	1.24	₩ 250,000,000	- ₩	-	-
Long-term debentures in won							
Debentures in won(4 th -1)	2021.02.25	2024.02.25	-	-	-	250,000,000	-
Debentures in won(4 th -2)	2021.02.25	2026.02.25	1.60	450,000,000	-	450,000,000	-
Long-term debentures in foreign currency							
Unsubordinated unsecured bonds in foreign currency	2021.03.29 2021.05.12	2026.03.29	1.50	1,050,240,000	USD 800,000	1,013,840,000	USD 800,000
Less: Discount on debentures				(8,097,277)	USD (5,500)	(9,321,723)	USD (6,465)
				<u>₩ 1,742,142,723</u>	<u>USD 794,500</u>	<u>₩ 1,704,518,277</u>	<u>USD 793,535</u>

C. Details of conditions of issuance of debentures as of June 30, 2023 are as follows:

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

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

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11. Net Defined Benefit Liabilities

A. The amounts recognized in the interim condensed consolidated statement of comprehensive income (loss) for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Current service cost	₩ 58,191,907	₩ 59,039,107
Interest cost	16,704,448	9,325,441
	<u>₩ 74,896,355</u>	<u>₩ 68,364,548</u>

B. Details of net defined benefit liabilities as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligations	₩ 20,229,828	₩ 20,803,976
Present value of unfunded defined benefit obligations	627,528,826	569,924,356
	<u>647,758,654</u>	<u>590,728,332</u>
Fair value of plan assets	<u>(13,000,027)</u>	<u>(13,330,367)</u>
	<u>₩ 634,758,627</u>	<u>₩ 577,397,965</u>

12. Provisions

Details of provisions as of June 30, 2023 and 2022 and changes in provisions for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

A. As of June 30, 2023 and for the six months then ended

	<u>Provision for litigation</u>	<u>Provision for restoration</u>	<u>Others</u>	<u>Total</u>
Beginning balance	₩ 926,439	₩ 19,387,919	₩ 2,920,609	₩ 23,234,967
Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):				
Additional provisions	-	277,711	-	277,711
Unused amounts reversed	-	(371,082)	(147,193)	(518,275)
Charged during the period	-	166,297	2,389,013	2,555,310
Used during the period	-	-	(2,108,773)	(2,108,773)
Others (*)	-	(1,516,746)	(630,528)	(2,147,274)
Ending balance	<u>₩ 926,439</u>	<u>₩ 17,944,099</u>	<u>₩ 2,423,128</u>	<u>₩ 21,293,666</u>
Current	₩ 926,439	₩ 673,987	₩ 2,412,045	₩ 4,012,471
Non-current	-	17,270,112	11,083	17,281,195

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

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12. Provisions (cont'd)

B. As of June 30, 2022 and for the six months then ended

	<u>Provision for litigation</u>	<u>Provision for restoration</u>	<u>Others</u>	<u>Total</u>
Beginning balance	₩ 1,176,943	₩ 13,804,788	₩ 593,701	₩ 15,575,432
Charged/(credited) to the interim condensed consolidated statements of comprehensive income (loss):				
Additional provisions	-	142,455	-	142,455
Unused amounts reversed	(1,500)	(3,431,316)	(50,126)	(3,482,942)
Charged during the period	-	10,268,775	963,577	11,232,352
Used during the period	-	(1,607,640)	(250,015)	(1,857,655)
Others (*)	1,430	303,043	45,343	349,816
Ending balance	<u>₩ 1,176,873</u>	<u>₩ 19,480,105</u>	<u>₩ 1,302,480</u>	<u>₩ 21,959,458</u>
Current	₩ 1,176,873	₩ 1,552,432	₩ 1,227,147	₩ 3,956,452
Non-current	-	17,927,673	75,333	18,003,006

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

13. Issuance and Acquisition of Shares

A. The Company's total number of authorized shares is 300,000,000 shares. As of June 30, 2023, the Company has issued 164,049,085 ordinary shares (par value - ₩ 100 per share) and 13,693,217 treasury shares (excludes retired shares). The Company's share capital and share premium as of June 30, 2023 amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,404,909 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

B. The Company disposed of 374,150 treasury shares through exercise of stock options and recognized gain on disposal of treasury shares amounting to ₩ 35,811 million for the six months ended June 30, 2023.

14. Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. As of June 30, 2023, the estimated average annual effective tax rate used for the year ended December 31, 2023 is 38.56% (2022 : 40.39%).

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15. Dividends

There is no common stock dividend for the fiscal period ended December 31, 2022, and details of dividends for the six months ended June 30, 2023 and 2022 are as follows:

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

On August 2, 2023, the board of directors of the Group made a resolution to pay interim common stock dividend of ₩ 62,397,685,000. The details of the dividend calculation are as follows.

	<u>2023 (interim dividends)</u>
Shares eligible for dividends	150,355,868 Shares
Dividends per share (Korean won)	₩ 415
Cash dividends (Korean won in thousands)	₩ 62,397,685

16. Commitments and Contingencies

A. As of June 30, 2023, the Group has borrowing agreements with Kookmin Bank and 9 other Korean financial institutions, and KOSME (Korea SMEs and Startups Agency), with an aggregated credit limit up to ₩ 1,740,164 million and an agreement on leased assets with KB Kookmin Card Co., Ltd. up to ₩ 384,142 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and 6 others with an aggregated credit limit up to JPY 128,960 million and USD 1,180 million.

B. As of June 30, 2023, the Group is provided with guarantees of ₩ 246,518 million from Seoul Guarantee Insurance Company, Korea Software Financial Cooperative and others in relation to the performance guarantee, and guarantees of ₩ 3,405 million (available up to ₩ 7,405 million) from Shinhan Bank in relation to the payment guarantee. Also, the Group provides investments of ₩ 3,313 million as collaterals for payment guarantee from Korea Software Financial Cooperative.

C. As of June 30, 2023, customers' advance payments of ₩ 103,671 million, classified as cash and cash equivalents, are trusted to Shinhan Bank in accordance with the 'Guidelines for electronic financial service provider to protect user funds'.

D. As of June 30, 2023, the Group has entered into an agreement to compensate for some of the losses due to uncollected loans in relation to MIRAE ASSET CAPITAL CO., LTD.'s loans to small business owners.

E. As of June 30, 2023, the Group has entered into an agreement to allow deferred payment to be repaid at a later date only to subscribers of the Group's deferred payment service in accordance with the designation as an innovative finance service by the Financial Services Commission.

F. As of June 30, 2023, the Group has entered into a construction contract amounting to ₩ 471,048 million (outstanding amount: ₩ 63,377 million) with HYUNDAI ENGINEERING & CONSTRUCTION CO., LTD. in relation to a construction of cloud data center and others. Also, the Group has entered into contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million).

G. As of June 30, 2023, the Group is a defendant in 37 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amount of the lawsuits: ₩ 6,801 million), and there is one case in which a motion to dismiss was filed. The Group is a plaintiff in 9 lawsuit cases filed with regard to compensation for damages (aggregate amount of the lawsuits: ₩ 3,036 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.

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16. Commitments and Contingencies(cont'd)

H. Details of material capital commitments contracted in relation to funds owned by the Group as of June 30, 2023 are as follows (Korean won in thousands):

	<u>Agreed amount</u>	<u>Accumulated investment</u>	<u>Outstanding amount</u>
General Atlantic LLC	₩ 196,920,000	₩ 95,892,648	₩ 101,027,352
K-Fund II	142,655,000	65,573,475	77,081,525
China Ventures Fund I, Limited Partnership	262,560,000	210,593,286	51,966,714
K-Fund I	213,982,500	178,655,724	35,326,776
Sequoia Capital Global Growth Fund III	177,228,000	146,785,626	30,442,374

I. As of June 30, 2023, the Group has entered into executives and employees' group injury insurance and others with KB insurance Co., Ltd. and others.

J. As of June 30, 2023, the Group holds shares of CJ Logistics Corporation, CJ ENM Co., Ltd. and Studio Dragon Corporation to reinforce and maintain strategic partnership with CJ corporate group affiliates. The shares acquired by the Group are restricted on disposal for a certain period, and the Group has preferential purchase right and sale claim right in accordance with the mutual share exchange agreement.

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

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

M. As of June 30, 2023, the Group provides time deposits of ₩ 57,200 million as collaterals for the employees' loans from financial institutions. In addition, long and short-term financial instruments amounting to ₩ 13,760 million is deposited for shared corporate growth program, ₩ 2,647 million are pledged for the leasehold deposits of the associates. ₩ 1,700 million are pledged to Shinhan Bank for payment guarantees in relation to Naver Pay service and others; ₩ 500 million are pledged for restoration of leasehold facilities; and ₩ 400 million are pledged to Nonghyup Bank for the credit line with Nonghyup Card.

N. As of June 30, 2023, the Group entered into a mutual agreement for preferential purchase right and sale claim right in relation to the Group's investments in MIRAE ASSET SECURITIES CO., LTD. (exchange of treasury shares).

O. In relation to the investments in Tving Co., Ltd. held by the Group, as of June 30, 2023, the Group has drag-along rights that are exercisable in accordance with the contract terms. The shares held by the Group are restricted on disposal for a certain period.

P. As of June 30, 2023, the Group and WEVERSE COMPANY Inc., which is the associate of the Group, have entered into an agreement on the Right of First Refusal and Tag-along Right in relation to the acquisition of shares of WEVERSE COMPANY Inc. WEVERSE COMPANY Inc. can request the Group to sell its shares if certain conditions are satisfied. The shares held by the Group are restricted on disposal for a certain period.

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16. Commitments and Contingencies(cont'd)

Q. As of June 30, 2023, investments in J Peul Media Co., Ltd., an associate, and 2 other entities held by the Group are restricted on disposal for a certain period.

R. The Group grants put options that give investors the right to sell all or part of their shares to the Group in the event of a significant negative impact on the Group due to significant breach of contract or law in relation to certain RCPS (issue price: ₩ 130,501 million) issued by the Group.

S. Other than those described in Note 16, as of June 30, 2023, the Group may exercise preferential purchase right and drag-along right in relation to investments in associates and joint ventures, such as Carousell Pte Ltd, J Peul Media Co., Ltd., A2Z Inc., and SMEJ Plus INC.

17. Related Party Transactions

A. Details of subsidiaries as of June 30, 2023 and December 31, 2022 are described in Note 1.A, and details of associates and joint ventures as of June 30, 2023 and December 31, 2022 are described in Note 9.A.

B. Details of other related parties that have sales and other transactions or outstanding receivables/payables balances with the Group as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Other (*)	ESPRESO MEDIA CO., LTD., MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., MESHKOREA Co., Ltd., Studio Swing Bat Co., Ltd., DOHANDS Co.,Ltd, Ubob Inc., LINE Games Corporation, THE HAPPYBEAN Foundation, NAVER Cultural Foundation, NAVER Connect Foundation, FASSTO corp, PiG corp	ESPRESO MEDIA CO., LTD., Lunasoft corp., Jakga Company Co., Ltd., MYSTIC Story Inc., Studio Pat Co., Ltd., HD Junction, Inc., Contents First Inc., MESHKOREA Co., Ltd., Studio Swing Bat Co., Ltd., DOHANDS Co.,Ltd Ubob Inc., HUNIVERSE GLOBAL Co., Ltd., LINE Games Corporation, THE HAPPYBEAN FOUNDATION, NAVER Cultural Foundation, NAVER Connect Foundation

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

C. Transaction with related parties including operating revenues and expenses for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	2023			
	Operating revenue and others(*3)	Operating expenses and others	Purchase of non-current assets	Disposal of non-current assets
Associate:				
LINE Corporation(*2)	₩ 54,713,720	₩ 8,887,904	₩ -	-
WEVERSE COMPANY Inc.	3,348,939	36,696	-	-
LINE Plus Corporation(*2)	3,098,327	1,167,877	3,077	-
Goodus Data, Inc.	2,635,736	484,818	-	-
LINE Biz Plus Corporation(*2)	1,145,875	-	3,104	-
LINE Taiwan Limited(*2)	1,095,407	2,589,877	-	-
IPX Corporation(formerly, LINE friends corporation)(*2)	1,078,641	1,368,572	7,600	-
Reverse Corp	840,384	3,264,731	-	-
REDICE Studio Inc.	706,672	3,340,612	115,385	-
Studio Mul Co., Ltd	648,882	1,968,768	-	-
The Grimm entertainment Co.,Ltd	601,735	8,032,961	-	-
Mirae Asset MAPS Private Placement Real Estate 62	342,315	6,231,627	-	-
J Peul Media Co., Ltd.	267,622	5,162,438	-	-
YLAB CORPORATION	265,741	4,628,950	-	-
LINE STUDIO Corporation(*2)	251,393	109,883	-	-

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LINE Financial Plus Corporation(*2)	218,168	-	-	-
Only Won Entertainment Co., Ltd	212,466	1,017,700	-	-
Cafe24 Corp.	212,219	13,050,802	-	-
LINE Pay Plus Corporation(*2)	171,011	-	-	-
LINE Pay Corporation(*2)	167,045	253,991	-	-
LINE Company (Thailand) Limited (*2)	136,001	464,663	-	-
LOCUS CORPORATION	121,123	-	-	-
SHINE PARTNERS CO., LTD.	104,785	1,376,481	-	-
Studio 389 Co., Ltd.	103,606	1,845,268	-	-
Sam Studio Co., Ltd.	82,577	501,834	-	-
Chicment Co., Ltd.	65,329	446,000	-	-
ROKMEDIA	60,616	1,214,890	-	-
SGRSOFT Co., Ltd.	57,350	153,057	-	-
JQ COMICS Co., Ltd.	40,296	991,892	-	-
Vi-Frost	38,688	144,312	-	-
Famous Studio Corp.	38,293	30,993,760	-	-
Yumi studio Co., Ltd.	33,498	310,649	-	-
MARKT Co.,Ltd.(*2)	27,501	5,561,436	-	-
Studio1991	25,233	414,791	-	-
Studio hohoe Co.,Ltd.	23,690	294,453	-	-
Big Picture Comics Co., Ltd.	12,551	744,651	-	-
Su Comics Co., Ltd.	11,125	117,838	-	-
Onestore Co., Ltd.	3,589	220,430	-	-
GEULGGUN	619	114,701	-	-
Line Fukuoka Corp.(*2)	339	3,304,797	-	-
Aointech inc	120	400,859	-	-
ZK Studio Co., Ltd.	-	23,381	475,547	-
Purpleduck Corp.	-	170,087	-	-
LINEVIETNAMCOMPANY LIMITED(*2)	-	205,823	-	-
A Holdings Corporation	-	229,293	-	-
PT.LINE PLUS INDONESIA(*2)	-	237,323	-	-
Breathe Company Corporation	-	256,373	-	-
Makma	-	365,597	-	-
SYNAP SOFT CORP.	-	446,712	-	-
Others	241,468	340,469	-	471
Joint venture:				
Inter Biz Co., Ltd.	345	404,500	-	-
Animal and Human Story Co., Ltd.	136	487,499	-	-
Tech Plus Co., Ltd.	15	331,125	-	-
School Jaem Co., Ltd.	3	403,387	-	-
Sseom Lab Co., Ltd.	-	355,200	-	-
Law&Media Co., Ltd.	-	370,325	-	-
Yeopeul Co., Ltd.	-	390,250	-	-
Designpress Co., Ltd.	-	445,411	-	-
Cineplay Co., Ltd	-	545,700	-	-
Agro Plus Co., Ltd.	-	459,900	-	-
China Lab Co.,Ltd.	-	488,129	-	-
Others	28,000	-	-	-
Other:				
NAVER Connect Foundation(*1)	4,686,168	13,314,755	-	-
THE HAPPYBEAN Foundation(*1)	1,022,684	10,050,206	-	667,463
Contents First Inc.	475,219	149,342	-	-
NAVER Cultural Foundation(*1)	61,320	-	-	259,592
Ubob Inc.	5,703	167,511	-	-
MYSTIC Story Inc.	743	266,577	-	-
Others	140,643	20,720	-	-

(*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 and the amounts herein are the transaction amounts after the entities are designated to belong to large enterprise group.

(*2) They are subsidiaries of associates.

(*3) The amounts above exclude ₩ 6,037 million paid on behalf by the Group for the related parties.

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(cont' d)	2022			
	Operating revenue and others(*3)	Operating expenses and others	Purchase of non-current assets	Disposal of non-current assets
Associate:				
WEVERSE COMPANY Inc.	₩ 194,052,629	₩ 3,239	₩ -	7,604
LINE Corporation(*2)	64,182,495	6,812,055	-	-
LINE Plus Corporation(*2)	3,402,064	1,997,864	78,681	10,856
LINE Biz Plus Corporation(*2)	1,828,125	-	825	2,140
IPX Corporation(formerly, LINE friends corporation) (*2)	767,714	2,262,662	5,016	703
Cafe24 Corp.	327,923	13,134,936	-	-
LINE Financial Plus Corporation(*2)	287,304	-	-	-
MARKT Co.,Ltd.(*2)	187,984	14,367,456	116,450	-
LINE Pay Corporation(*2)	165,321	217,194	-	-
LINE PLAY Corporation (*2)	146,749	-	826	-
LINE Company (Thailand) Limited(*2)	137,603	161,783	-	-
Mirae Asset MAPS Private Placement Real Estate 62	110,736	2,259,908	-	-
LINE STUDIO Corporation(*2)	100,144	-	-	-
Famous Studio Corp.	83,310	22,909,196	-	-
Studio Mul Co., Ltd.	8,000	1,315,942	-	-
LINE Taiwan Limited(*2)	3,911	584,421	-	-
Line Fukuoka Corp.(*2)	225	3,354,244	-	-
Arointech inc	120	400,433	-	-
eBOOK Initiative Japan Co., Ltd.(*4)	-	18,138	-	-
Su Comics Co., Ltd.	-	114,117	-	-
A Holdings Corporation	-	177,534	-	-
Only Won Entertainment Co., Ltd	-	179,100	-	-
AXIS Co.,LTD.	-	200,000	-	-
Studio hohoe Co.,Ltd.	-	371,792	-	-
SYNAP SOFT CORP.	-	446,712	-	-
Makma	-	453,105	-	-
Sam Studio Co., Ltd.	-	571,163	-	-
Murple, Inc.	-	588,679	-	-
Yumi studio Co., Ltd.	-	906,749	-	-
Studio 389 Co., Ltd.	-	1,061,092	-	-
SHINE PARTNERS CO., LTD.	-	1,683,904	-	-
MUNPIA INC.(*4)	-	2,947,170	-	-
J Peul Media Co., Ltd.	-	3,313,441	-	-
ZK Studio Co., Ltd.	-	14,959	201,923	-
LINE NEXT Corporation(*2)	-	-	-	3,287
Others	115,247	363,667	-	-
Joint venture:				
jobsN CO., Ltd	646	546,328	-	-
School Jaem Co., Ltd.	156	568,598	-	-
China Lab Co.,Ltd.	29	522,226	-	-
Sseom Lab Co., Ltd.	22	356,804	-	-
Tech Plus Co., Ltd.	6	382,495	-	-
Inter Biz Co., Ltd.	4	396,484	-	-
Artition Co., Ltd.	-	300,000	-	-
Animal and Human Story Co., Ltd.	-	307,600	-	-
Cineplay Co., Ltd	-	427,800	-	-
Agro Plus Co., Ltd.	-	491,843	-	-
Law&Media Co., Ltd.	-	533,000	-	-
Designpress Co., Ltd.	-	645,268	-	-
Yeopeul Co., Ltd.	-	650,632	-	-
Other:				
NAVER Connect Foundation(*1)	4,325,454	14,302,956	-	250
THE HAPPYBEAN Foundation(*1)	833,094	10,020,872	-	-
Contents First Inc.	352,452	-	-	-
LINE Games Corporation(*1)	123,454	-	-	-
NAVER Cultural Foundation(*1)	29,388	2,000,003	-	-
MYSTIC Story Inc.	27,300	285,880	-	-
Lunasoft corp.	1,139	-	-	-
Studio Pat Co., Ltd.	-	1,939	-	-
HD Junction, Inc.	-	52,295	-	-
Jakga Company Co., Ltd.	-	6,208,578	-	-
Others	3,029	34,900	-	-

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

(*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 and the amounts herein are the transaction amounts after the entities are designated to belong to large enterprise group.

(*2) They are subsidiaries of associates.

(*3) The amounts above exclude ₩ 5,850 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 six months ended June 30, 2022.

D. Outstanding balances of receivables due from and payables due to related parties as of June 30, 2023 and December 31, 2022 are as follows (Korean won in thousands):

	June 30, 2023			
	Receivables		Payables	
	Trade receivables	Other receivables and others(*2)	Other payables	Accrued expenses and others(*3)
Associate:				
LINE Company (Thailand) Limited ₩	57,549 ₩	-	449,737 ₩	-
LINE Conomi Corporation	2,075	3,187,684	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd	-	3,896,390	-	-
PT.LINE PLUS INDONESIA	-	-	249,441	-
LINE Biz Plus Corporation	124,687	174,220	2,014	1,204,260
LINE Financial Plus Corporation	53,011	45,128	-	284,198
Murple, Inc.	-	-	540,000	-
Mirae Asset MAPS Private Placement Real Estate 62	-	27,379,743	-	338,575,715
IPX Corporation(formerly, LINE friends corporation)	167,486	32,746	2,929	-
Onestore Co., Ltd.	110,034	43,949	80,345	-
J Peul Media Co., Ltd.	-	910,358	945,234	-
Studio 389 Co., Ltd.	224	168,504	50,861	3,000
Studio hohoe Co.,Ltd.	-	100,000	30,731	-
WEVERSE COMPANY Inc.	713,950	33,228,242	15	1,010,954
Pala Inc	-	501,953	-	-
Purpleduck Corp.	-	-	200,000	-
Havit Corporation	-	500,000	-	-
Famous Studio Corp.	-	2,504,308	2,835,142	173,611
Sam Studio Co., Ltd.	-	-	103,243	-
IZE PRESS LLC.	4,569	-	-	272,873
Line Corporation	58,449,690	24,661,529	42,850,215	240,366
Line Fukuoka Corp.	9,505	-	695,232	260,845
LINE Pay Corporation	80,934	-	927,901	61,744
LINE Taiwan Limited	193	-	1,114,004	-
SHINE PARTNERS CO., LTD.	-	-	179,771	-
Goodus Data, Inc.	512,396	-	123,272	-
LINE Plus Corporation	802,104	197,099	794,280	210,409
REDICE Studio Inc.	46,048	1,492,946	508,026	67,385
JQ COMICS Co., Ltd.	-	107,317	250,134	24,000
The Grimm entertainment Co.,Ltd.	7,700	342,932	186,026	6,000
ROKMEDIA	660	6,651	194,961	-
Reverse Corp.	49,294	229,095	505,034	3,000
MARKT Co.,Ltd.	5,471	8,665,580	687,104	-
SYNAP SOFT CORP.	-	-	620,000	-
Studio Mul Co., Ltd.	1,418	-	204,646	-
SGRSOFT Co., Ltd.	17,339	-	302,555	-
Only Won Entertainment Co., Ltd	7,700	-	148,894	3,000
YLAB Corporation	-	2,294,470	332,329	11,375
Cafe24 Corp.	-	-	1,812,191	-
Vi-Frost	22,000	716	51,766	200,094
A Holdings Corporation	-	-	151,053	-
Pinokio, Inc.	-	500,000	-	-
K-Fund I	-	42,881,683	-	-
PT Karunia International Citra Kencana	-	131,300	-	-
Sasom Company Limited	-	131,300	-	-
LINE Pay Plus Corporation	192,668	13,337	-	-
LOCUS CORPORATION	16,537	18,422,079	-	-
Others	128,077	375,758	573,197	51,809
Joint venture:				
China Lab Co.,Ltd.	-	-	162,975	-

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Others	6,600	200	172,699	6,000
Other:				
NAVER Connect Foundation(*1)	1,203,383	36,944	339,167	-
THE HAPPYBEAN Foundation(*1)	144,131	639,573	840,453	37,468
NAVER Cultural Foundation(*1)	14,480	214,294	-	14,573
Studio Pat Co., Ltd.	-	342,016	50,000	-
Others	21,861	48,403	47,194	-

(*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 and the amounts herein are the transaction amounts after the entities are designated to belong to large enterprise group.

(*2) Lease receivables are included.

(*3) Lease liabilities are included.

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

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17. Related Party Transactions (cont'd)

(*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 and the amounts herein are the transaction amounts after the entities are designated to belong to large enterprise group.

(*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.

E. Fund transactions with related parties for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	2023				
	Contributions in cash	Dividends received and others	Loans	Repayments(*1)	Collections(*1)
Associate:					
K-Fund I	₩ 6,617,599	₩ -	₩ -	₩ -	₩ -
K-Fund II	5,496,178	-	-	-	-
Teamplus Corp.	4,372,500	-	-	-	-
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-	-
Do Ventures Fund I, I-A	1,988,400	-	-	-	-
China Ventures Fund I, Limited Partnership	1,747,293	198,804	-	-	-
ZEP Co.,Ltd.	1,334,010	-	-	-	-
CHINA VENTURES FUND II, L.P.	808,252	-	-	-	-
Purpleduck Corp.	509,231	-	-	-	-
BravoBeaver Incheon Corp.	260,000	-	-	-	-
Genius studio Corp.	200,015	-	-	-	-
NAVER-BSK Youth Foundation No.5 Investment Fund	-	5,951,722	-	-	-
LINE Corporation(*2)	-	4,480,522	-	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd	-	2,637,800	-	-	-
Mirae Asset-Naver Asia Growth Fund	-	1,555,690	-	-	-
BonAngels Pacemaker Fund	-	375,000	-	-	-
STL 18th Private Equity Fund	-	304,110	-	-	-
SYNAP SOFT CORP.	-	107,142	-	-	-
TBT Global Growth Fund III	-	9,739	-	-	-
Pala Inc	-	-	1,000,000	-	500,000
PT Karunia International Citra Kencana	-	-	130,380	-	775,740
Sasom Company Limited	-	-	130,380	-	-
MiraeAsset MAPS Private Placement Real Estate 62(*3)	-	-	-	19,250,432	-
WEVERSE COMPANY Inc.(*3)	-	-	-	-	1,930,206
LINE Biz Plus Corporation	-	-	-	-	1,016,439
Chicment Co., Ltd.	-	-	-	-	300,000
LINE Financial Plus	-	-	-	-	238,950
JQ COMICS Co., Ltd.	-	-	-	-	200,000
Famous Studio Corp.	-	-	-	-	98,826
Joint venture:					
jobsN Co., Ltd.	-	2,077,364	-	-	98,000
Artitian Co., Ltd.	-	31,601	-	-	98,000
Other:					
THE HAPPYBEAN Foundation	-	-	-	-	64,998
NAVER Cultural Foundation	-	-	-	-	25,280

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

(*2) It is the amount incurred from the disposal of LINE Conomi Corporation shares.

(*3) The Group recognized ₩ 385,696 million of right-of-use asset at the time of acquisition in accordance with the 10-year office lease contract with MiraeAsset MAPS Private Placement Real Estate 62 and the balance of lease liabilities as of June 30, 2023 is ₩ 338,576 million (2022:₩ 351,595 million). Some of these offices were provided to WEVERSE COMPANY Inc. for 10 years in finance lease contract and the remaining balance of lease contract as of June 30, 2023 is ₩ 39,947 million (2022:₩ 41,877 million).

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17. Related Party Transactions (cont'd)

	2022			
	<u>Contributions in cash</u>	<u>Dividends received and others</u>	<u>Repayments(*2)</u>	<u>Collections(*2)</u>
Associate:				
WEVERSE COMPANY Inc.(*1)(*3)	₩ 199,999,533	₩ -	₩ -	₩ 657,585
K-Fund II	38,461,872	-	-	-
CHINA VENTURES FUND II, L.P.	19,414,073	-	-	-
China Ventures Fund I, Limited Partnership	8,737,740	5,243,187	-	-
Mirae Asset - Naver Asia Growth Investment Pte. Ltd.	11,884,377	82,692,000	-	-
K-Fund I	5,081,400	-	-	-
Mirae Asset Partnership Growth Fund I	4,500,000	-	-	-
Pinokio, Inc.	4,000,000	-	-	-
Studio Ppuri Co., Ltd.	2,750,000	-	-	-
Pala Inc.	2,682,928	-	-	8,514
Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-	-	-
Murple, Inc.	1,799,000	-	-	-
Mirae Asset-Naver Asia Growth Fund	3,054,175	27,768,600	-	-
SYNAP SOFT CORP.	-	107,142	-	-
MiraeAsset MAPS Private Placement Real Estate 62(*3)	-	728,815	6,558,263	-
Paramark KB Fund I	3,915,000	-	-	-
TAIL Start-up Fund I	600,000	-	-	-
A Holdings Corporation	-	307,941,255	-	-
NAVER-BSK Youth Foundation No.5 Investment Fund	-	1,144,021	-	-
Fast Cowell Private Equity Fund	-	708,066	-	-
YN CULTURE & SPACE	3,923,080	-	-	-
Korea Contents Mutual Aid Association	25,000	-	-	-
CravingCollector Inc.	5,599,984	-	-	-
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	-	-
LINE Biz Plus Corporation	-	-	-	1,512,793
LINE Financial Plus Corporation	-	-	-	444,728
LINE Plus Corporation	-	-	-	438,162
LINE UP Corporation	-	-	-	71,046
Other:				
Ubob Inc.	2,000,003	-	-	-

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

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

(*3) During the six months ended June 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 June 30, 2022 is ₩ 364,802 million. Some of these offices were provided to WEVERSE COMPANY Inc. for 5 years in operating lease contract and the remaining balance of lease contract as of June 30, 2022 is ₩ 20,003 million.

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17. Related Party Transactions (cont'd)

F. There are no payment guarantees provided by the Group to the related parties as of June 30, 2023.

G. The compensation paid or payable to key management (registered directors) for their services for the six months ended June 30, 2023 and 2022 are as follows (Korean won in thousands):

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	₩ 1,315,000	₩ 1,330,675
Retirement benefits	190,708	151,389
Share-based payment expenses	1,744,449	668,462

18. Business Combinations

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

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

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

	<u>Amount</u>
I. Purchase consideration	
Cash and cash equivalents	₩ 1,736,865,092
Exchange of Shares for RSU held by the existing management	12,677,999
	<u>₩ 1,749,543,091</u>
II. Recognized amounts of identifiable assets acquired and liabilities assumed(*)	
Assets	
Cash and cash equivalents	₩ 491,671,054
Trade and other receivables	71,243,854
Other assets	19,119,070
Property, plant and equipment	4,100,017
Right-of-use-assets	7,282,352
Intangible assets	354,766,458
Deferred tax assets	151,195
	<u>948,334,000</u>
Liabilities	
Trade and other payables	390,962,192
Current tax liabilities	17,072,916
Lease liabilities	11,352,824
Other liabilities	18
Deferred tax liabilities	93,945,390
	<u>513,333,340</u>
Total identifiable net assets	<u>₩ 435,000,660</u>
III. Goodwill	<u>₩ 1,314,542,431</u>

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

NAVER Corporation and its subsidiaries
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18. Business Combinations (cont'd)

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

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

The operating revenue and net loss of Poshmark, Inc. and its subsidiaries after the acquisition date reflected in the interim condensed consolidated statements of comprehensive income (loss) are ₩ 241,916 million and ₩ 540 million, respectively. If Poshmark, Inc. was consolidated from the beginning of the current period, the Group's operating revenue and net loss, which would have been recorded in the interim condensed consolidated statements of comprehensive income (loss), would be ₩ 4,694,391 million and ₩ 186,516 million, respectively.

The Group has granted the non-controlling shareholders the right to sell all or part of the shares of PROTON PARENT, INC. which is the parent company of Poshmark, Inc. if certain conditions are met.

19. Assets held for sale

A. During the six months ended June 30, 2023, the Group decided to sell its investments in associates of Mirae Asset MAPS Private Placement Real Estate 62, and appointed a sales advisor. As of June 30, 2023, the sale is ongoing and is expected to be completed within a year.

B. The major assets recognized as assets held for sale as of June 30, 2023 are as follows (Korean in thousands):

	<u>Amount</u>
Investments in associates	<u>₩ 315,344,768</u>