IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S (AS DEFINED BELOW) UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACCORDINGLY, THE SECURITIES ARE BEING OFFERED, SOLD OR DELIVERED OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S").

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE RELEVANT SECURITIES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be non-U.S. persons outside the United States as defined in Regulation S under the Securities Act. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are non-U.S. persons outside of the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities, you will be doing so pursuant to Regulation S and (3) you consent to delivery of the Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person. If this is not the case, you must return this Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the joint lead managers or any affiliate of the joint lead managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the joint lead managers or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, neither Morgan Stanley & Co. International plc nor Mirae Asset Daewoo Co., Ltd. (collectively, the "Joint Lead Managers") nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR **STRICTLY CONFIDENTIAL**

NAVER Corporation

(a corporation organized under the laws of the Republic of Korea)

US$500,000,000 1.500% Notes due 2026

The US$500,000,000 1.500% notes due 2026 (the "Notes") of NAVER Corporation ("we" or the "Company") will mature on March 29, 2026 (the "Maturity Date"). The Notes will bear interest at the rate of 1.500% per annum from, and including, March 29, 2021 to, but excluding, the Maturity Date. Interest will be payable semi-annually in arrears on March 29 and September 29 of each year, commencing September 29, 2021. We may, at our option, redeem all, but not some only, of the Notes at any time at their principal amount plus accrued and unpaid interest in the event of certain changes in tax law as described under "Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons."

The Notes will be unsecured and will be our direct, unconditional and unsubordinated general obligations and will rank *pari passu* among themselves and at least equally with all of our other outstanding unsecured and unsubordinated general obligations, except as may be required by mandatory provisions of law.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of us or the Notes.

The Notes are expected to be rated "A3" by Moody's Investors Service, Inc. ("Moody's") and "A-" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S") and in compliance with applicable laws, regulations and directives. For further details about eligible offers and resale restrictions, see "Subscription and Sale."

Investing in the Notes involves risks. See "Risk Factors" beginning on page 10 to read about certain risk factors you should consider before investing in the Notes.

Issue Price: 99.794%

(plus accrued interest, if any, from March 29, 2021)

Delivery of the Notes in book-entry form will be made on or about March 29, 2021.

Joint Bookrunners and Lead Managers

MORGAN STANLEY **MIRAE ASSET DAEWOO**

Sole Sustainability Structuring Advisor

MORGAN STANLEY

The date of this Offering Circular is March 22, 2021.

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You should rely only on the information contained in this Offering Circular. We have not authorized anyone to provide you with information that is different. This Offering Circular may only be used where it is legal to sell these securities. The information in this Offering Circular may only be accurate as of the date of this Offering Circular.

IN CONNECTION WITH THIS OFFERING, TO THE EXTENT PERMITTED BY, AND IN ACCORDANCE WITH, APPLICABLE LAWS AND REGULATIONS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AS A STABILIZATION MANAGER (THE "STABILIZATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE SUCH STABILIZATION. ANY STABILIZATION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE REGULATIONS THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE ISSUE AMOUNT OF THE NOTES.

No person has been authorized in connection with any offering of the Notes to give any information or make any representation other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by us, by any Agent (as defined in the "Terms and Conditions of the Notes") or by the Joint Lead Managers (as defined in "Subscription and Sale"). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. No representation or warranty, express or implied, is made by the Joint Lead Managers or any of their affiliates or advisors, or any Agent, as to the accuracy or completeness of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Lead Managers or their affiliates or advisors, or any Agent. Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular shall under any circumstances imply that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs since the date of this Offering Circular. Each Joint Lead Manager and each Agent accordingly disclaims any and all responsibility or liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the information contained in this Offering Circular, any other information provided by us in connection with the offering or any other such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any of their affiliates or advisors in connection with investigation of the accuracy of such information or such person's investment decisions.

The Notes have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense.

MiFID II product governance / Professional investors and ECPs target market — Solely for the purposes of the manufacturer's(/s') product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's(/s') target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's(/s') target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's(/s') product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer's(/s') target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's(/s') target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") — We have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come are required by us and the Joint Lead Managers to inform themselves about and to observe the relevant restrictions. For a description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "Subscription and Sale." No action is being taken in any jurisdiction to permit an offering to the general public of Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering of the Notes, including the merits and risks involved. We are not and no Agent is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.

CERTAIN DEFINED TERMS AND CONVENTIONS

References to "Korea" or the "Republic" are references to The Republic of Korea. References to the "Government" are references to the government of the Republic of Korea. All references to the "Issuer," the "Company," "we," "us" or "our" herein are references to NAVER Corporation or to NAVER Corporation and its subsidiaries, as the context requires.

In this Offering Circular, references to "Won" or "₩" are to the currency of Korea and all references to "U.S. dollars" or "US$" are to the currency of the United States of America. This Offering Circular contains a translation of certain Won amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Won amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise specified, all conversions of Won into U.S. dollars were made at the base rate under the market average exchange rate system, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between U.S. dollars and Won, rounded to the nearest tenth of one Won (the "Market Average Exchange Rate"). Unless otherwise specified, all conversions of Won into U.S. dollars have been made at the Market Average Exchange Rate in effect on December 31, 2020, which was ₩1,088.0 to US$1.00. For a discussion of historical information regarding the rate of exchange between Won and the U.S. dollar, see "Exchange Rate Information." No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Any discrepancies in the tables included herein between totals and sums of the amounts listed are due to rounding.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation organized under the laws of Korea. A majority of our directors and officers and certain other persons named in this Offering Circular reside in Korea, and a significant portion of the assets of the directors and officers and certain other persons named in this Offering Circular and a substantial majority of our assets are located in Korea. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 included in this Offering Circular have been prepared in accordance with the International Financial Reporting Standards as adopted by Korea ("K-IFRS"), which may differ in certain respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States and International Financial Reporting Standards applied in other countries.

All financial information, descriptions and other information regarding us are, unless indicated otherwise, given on a consolidated basis. Any discrepancies in the tables included in this Offering Circular between the listed amounts and totals thereof are due to rounding.

SUMMARY

The following summary highlights information appearing elsewhere in this Offering Circular and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including the financial statements and the related notes, appearing elsewhere in this Offering Circular. You should carefully consider, among other things, the matters discussed in "Risk Factors."

Overview

We are a leading online services company headquartered in Korea that operates NAVER, Korea's leading internet portal, and other innovative applications for the discovery of information, contents and social network services. We provide our users with the means to easily obtain and share information and knowledge, connect with others and build relationships, communicate thoughts and experiences and enjoy a wide range of digital content offerings, while creating value for advertisers by connecting them with their target audience using our platforms. With an increasing amount of activity on the internet being conducted through mobile devices, we strive to provide versatile and user-friendly applications that enable us to pursue expansion into new markets while increasing penetration rates in our existing key markets.

Our comprehensive NAVER platform provides users with access to our integrated search engine, online shopping and communities as well as an array of digital content offerings, while creating value for advertisers by connecting them with their target audiences effectively and efficiently. Our innovations in web search and advertising have made the NAVER internet portal one of Korea's top internet destinations. According to Nielsen KoreanClick, NAVER has consistently had the largest number of monthly unique users in Korea (on an aggregated basis for both personal computers and mobile devices) among all search portals in recent years, at 38 million in December 2019 and 40 million in December 2020. We also offer various other products and services that complement the NAVER platform. According to WiseApp, we had four of the top-ten mobile applications in Korea ranked by the total number of uses in December 2020, including the second-ranked mobile NAVER portal, fourth-ranked NAVER Café, eighth-ranked BAND and tenth-ranked NAVER Webtoon.

We generate our operating revenues primarily from our advertising products and services as well as from fee and commission revenues from our commerce operations, the sale of digital contents offered on the NAVER and its related platforms, fee revenues from the NAVER Pay payment and other fintech products and services and the sale of cloud products and services to corporate and individual users. Our approach is to build a large user base, promote user engagement and introduce and enhance entertainment and other contents and services, all of which lead to enhanced media value for our advertising business and greater monetization opportunities. We plan to continue to invest in research and development, including localization of existing products and services for new markets, to continue to grow our user base and strengthen user loyalty, and explore ways to pursue additional monetization opportunities.

Our broad array of services, combined with our large and highly engaged user base, enable us to accumulate vast user information, including their internet search and spending patterns. We believe that combining data analytics with creative products and services enables us to create a superior user experience as well as enhance monetization opportunities. On a global basis, we continually monitor and analyze such data to better understand the fluctuations in demand for our products and services from various user segments, which contributes to enhancing user experience as well as formulating our marketing strategy. Leveraging such analysis, we also provide a variety of interactive marketing solutions that enable advertisers to promote their brands and amplify their visibility and reach. We believe that our solutions enable the advertiser to direct their efforts in a more targeted manner and therefore increase the probability of reaching a receptive and engaged audience, which in turn generates a higher return on investment.

We were established in June 1999 as Navercom Corporation and launched our NAVER internet portal. We changed our name to NHN Corporation in 2001, listed our common shares on the KRX KOSDAQ Market in 2002 and transferred our listing to KRX KOSPI Market in 2008. Since our incorporation, we have grown both organically and through mergers and acquisitions. In August 2013, we spun off our online game business into NHN Entertainment Corporation and changed our name to NAVER Corporation. In May 2017, we spun off our digital comics business into NAVER Webtoon Corporation, and in November 2019, we spun off our fintech business into NAVER Financial Corp. In August 2020, we further reorganized our webtoon publishing business, pursuant to which our global webtoon business is currently managed by our U.S.-based consolidated subsidiary, Webtoon Entertainment Inc., which controls local webtoon business subsidiaries in Korea and Japan. On March 1, 2021, the businesses of LINE Corporation, our former consolidated subsidiary that was previously listed on the Tokyo Stock Exchange and the New York Stock Exchange, was integrated with the businesses of Yahoo Japan, Japan's leading internet portal, and we currently hold a 50% interest in the combined holding entity. The businesses of LINE Corporation are accordingly accounted for as discontinued operations in our audited consolidated statement of comprehensive income for the years ended December 31, 2020 and 2019. See "Business — Overview — Business Combination of LINE and Yahoo Japan."

Our operating revenue was ₩4,356 billion in 2019 and ₩5,304 billion in 2020, in each case excluding revenue from discontinued operations. We recorded profit for the year of ₩397 billion (including loss for the year from discontinued operations of ₩524 billion) in 2019 and ₩845 billion (including loss for the year from discontinued operations of ₩296 billion) in 2020. We had total assets of ₩12,300 billion and total equity of ₩6,504 billion as of December 31, 2019 and total assets of ₩17,014 billion and total equity of ₩8,255 billion as of December 31, 2020.

THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Terms and Conditions of the Notes" have the same meanings in this summary.

Issuer	NAVER Corporation
Offering	US$500,000,000 1.500% notes due 2026
Issue Price	99.794% of the principal amount of the Notes.
Issue Date	March 29, 2021
Maturity Date	March 29, 2026
Interest	1.500% per annum, from, and including, March 29, 2021 to, but excluding, the Maturity Date, payable semi-annually in arrears on March 29 and September 29 in each year. See "Terms and Conditions of the Notes — Interest."
Ranking of the Notes	The Notes constitute our direct, unconditional, unsubordinated and unsecured obligations and shall at all times rank *pari passu* and without any preference or priority among themselves and with all of our other present and future direct, unconditional, unsubordinated and unsecured obligations, except as may be required by mandatory provisions of law. See "Terms and Conditions of the Notes — Status."
Certain Covenants	The Notes contain certain limitations on our ability to create or permit to be outstanding any mortgage, charge, lien, pledge or other security interest upon the whole or any part of our property, assets or revenues, present or future to secure certain types of indebtedness and to engage in a consolidation, merger or sale of all or substantially all of our assets. See "Terms and Conditions of the Notes — Certain Covenants."
Taxation and Additional Amounts	Payment of principal and interest in respect of the Notes, including payment of any additional amounts, by or on behalf of us, shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction (as defined in Condition 8.2), except as required by applicable law. In that event, we will, subject to certain exceptions and limitations, pay to a holder of any Note such additional amounts as may be necessary in order that every net payment by us or a paying agent of the principal of and interest on the Notes and any other amounts payable on the Notes after withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge imposed or levied by a Relevant Jurisdiction will not be less than the

	amount provided for in the Notes to be then due and payable thereunder. See "Terms and Conditions of the Notes — Taxation" and "Taxation — Korean Taxation."
Redemption for Taxation Reasons	Prior to the Maturity Date, the Notes will be redeemable at our option at any time in whole, but not in part, at 100% of their principal amount plus accrued and unpaid interest, if any, to the date fixed for redemption, in the event of certain changes in the tax law of the Relevant Jurisdiction. See "Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons."
Further Issuances	We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects so that such further issue shall be consolidated and form a single series with the outstanding Notes.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for definitive certificates, we will appoint and maintain a paying agent in Singapore, where the definitive certificates may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.
Use of Proceeds	The net proceeds from the sale of the Notes are estimated to be US$496,470,000 after deduction of underwriting commissions but not estimated offering expenses. An amount equal to the net proceeds from the sale of the Notes will be allocated toward the financing or refinancing, in whole or in part, of the acquisition, construction, development or re-development of new or existing projects from a combination of the Eligible Green Project Categories and the Eligible Social Project Categories (each as defined in "Use of Proceeds") in accordance with our Sustainable Finance Framework, which is in alignment with the GBP, SBP, SBG and GLP (each as defined in "Use of Proceeds"). See "Use of Proceeds."

Ratings	The Notes are expected to be rated “A3” by Moody’s and “A-” by S&P. Such ratings of the Notes do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the rating organizations. Such ratings should be evaluated independently of any other rating of the Notes, of our other securities or of us.
Form and Denomination	The Notes offered hereby will be issued in registered form, without detachable coupons, in the minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes may be held and transferred, and will be offered and sold, in the principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will initially be represented by a Global Note in registered form deposited on the closing date with, and registered in the name of a nominee of, a common depositary (the “Common Depositary”) for Euroclear Bank SA/NV as operator of the Euroclear System (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective account holders. Except as described herein, definitive certificates representing the Notes will not be issued in exchange for beneficial interests in the Global Note. See “The Global Note.”
Delivery of the Notes	Delivery of the Notes, against payment in same-day funds, is expected on or about March 29, 2021.
Risk Factors	See “Risk Factors” for a discussion of certain factors that investors should consider in connection with an investment in the Notes.
Selling Restrictions	There are restrictions on the distribution of this Offering Circular and the making of solicitations pursuant hereto to certain jurisdictions, including, among others, the United States, the European Economic Area, the United Kingdom, Hong Kong, Japan, Singapore, Korea, Italy and Switzerland. See “Subscription and Sale — Selling Restrictions.”
Fiscal Agent, Principal Paying Agent and Registrar	Citicorp International Limited will act as the fiscal agent (the “Fiscal Agent”) and Citibank, N.A., London Branch will act as the principal paying agent, transfer agent and registrar under the Fiscal Agency Agreement for the Notes.
Governing Law	The Notes and the Fiscal Agency Agreement are governed by, and will be construed in accordance with, the laws of the State of New York.
Security Codes	ISIN: XS2315967989 Common Code: 231596798
LEI	988400ULUQYDB2HQYJ61

SUMMARY FINANCIAL DATA

The following tables present our summary financial and other information. The summary financial information as of and for the years ended December 31, 2019 and 2020 are derived from our audited consolidated financial statements appearing elsewhere in this Offering Circular, which have been prepared in accordance with K-IFRS.

Consolidated Statements of Comprehensive Income Data

	For the Year Ended December 31,	
	2019	**2020**
	(In billions of Won)	
Operating revenues	₩ 4,356	₩ 5,304
Operating expenses	(3,201)	(4,089)
Operating profit	1,155	1,215
Other income	49	43
Other expenses	(69)	(119)
Interest income	11	16
Finance income	333	509
Finance costs	(107)	(146)
Share of net profit of associates and joint ventures accounted for using the equity method	18	116
Profit before income tax	1,391	1,634
Income tax expense	(471)	(493)
Profit from continuing operations	921	1,141
Loss from discontinued operations	(524)	(296)
Profit for the year	₩ 397	₩ 845
Profit for the year attributable to:		
Owners of the parent company		
Profit from continuing operations	₩ 934	₩ 1,145
Loss from discontinued operations	(351)	(143)
Non-controlling interests		
Loss from continuing operations	(14)	(4)
Loss from discontinued operations	(173)	(153)

Consolidated Statements of Financial Position Data

	As of December 31, 2019	As of December 31, 2020
	(In billions of Won)	
Assets		
Current assets:		
Cash and cash equivalents	₩ 3,741	₩ 1,600
Short-term financial instruments	290	291
Financial assets at fair value – profit or loss	13	923
Trade and other receivables	1,211	987
Financial assets at fair value – other comprehensive income	64	—
Inventories	55	4
Current tax assets	13	1
Other current assets	258	78
Assets held for sale	—	6,660
	₩ 5,644	₩10,545
Non-current assets:		
Property and equipment	1,596	1,685
Right-of-use assets	697	130
Intangible assets	341	105
Long-term financial instruments	24	14
Financial assets at fair value – profit or loss	1,229	1,801
Trade and other receivables	125	29
Financial assets at fair value – other comprehensive income	676	1,331
Investments in associates and joint ventures	1,558	1,199
Deferred tax assets	381	109
Other non-current assets	28	67
	₩ 6,656	₩ 6,470
Total assets	₩12,300	₩17,014
Liabilities		
Current liabilities:		
Trade and other payables	₩ 1,211	₩ 689
Financial liabilities at fair value – profit or loss	1	17
Short-term borrowings	560	576
Current tax payables	314	384
Provisions	4	32
Current lease liabilities	169	53
Other current liabilities	1,515	1,484
Liabilities held for sale	—	4,675
	₩ 3,773	₩ 7,912

	As of December 31, 2019	As of December 31, 2020
	(In billions of Won)	
Non-current liabilities:		
Trade and other payables	₩ 42	₩ 68
Financial liabilities at fair value – profit or loss	8	8
Long-term borrowings	50	151
Debentures	752	—
Net defined benefit liabilities	473	462
Provisions	59	9
Non-current lease liabilities	555	92
Deferred tax liabilities	80	57
Other non-current liabilities	1	0
	₩ 2,022	₩ 847
Total liabilities	₩ 5,796	₩ 8,759
Equity		
Equity attributable to owners of the parent company:		
Share capital	₩ 16	₩ 16
Share premium	1,575	1,793
Other components of equity	(1,499)	(1,059)
Accumulated other comprehensive loss relating to assets held for sale	—	(38)
Retained earnings	5,712	6,655
Non-controlling interest	699	888
Total equity	₩ 6,504	₩ 8,255
Total liabilities and equity	₩12,300	₩17,014

Other Financial and Supplemental Data

	Jun. 2019	Dec. 2019	Jun. 2020	Dec. 2020
NAVER:				
Monthly unique users[(1)]	37,826,935	38,046,730	37,953,988	40,163,010
Monthly search queries[(2)]	1,955,090	1,738,002	1,744,092	1,535,998

(1) Represents the number of non-overlapping users that use either personal computers or mobile devices to access www.naver.com or m.naver.com at least once during a given month.

(2) Represents the number of search queries made by entering keywords in search boxes on www.naver.com or m.naver.com during that period using personal computers.

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020
	(In billions of Won)	
Capital expenditures[(1)]	₩ 512	₩ 866
Net cash inflow from operating activities	1,357	1,447
Net cash outflow from investing activities	1,078	2,503
Net cash inflow from financing activities	52	1,192
Adjusted EBITDA[(2)]	1,440	1,637
Adjusted EBITA[(2)]	1,194	1,326

(1) Capital expenditures represent cash outflows for acquisition of property and equipment and acquisition of intangible assets.

(2) "Adjusted EBITDA" for a given period is defined as operating profit from continuing operations for such period, excluding depreciation and amortization expenses and share-based compensation, plus interest income. "Adjusted EBITA" for a given period is defined as operating profit from continuing operations for such period, excluding amortization expenses and share-based compensation, plus interest income. Neither Adjusted EBITDA nor Adjusted EBITA is a standard measure under K-IFRS; however, Adjusted EBITDA and Adjusted EBITA are widely used financial indicators of a company's ability to incur and service debt. Neither Adjusted EBITDA nor Adjusted EBITA should be considered in isolation or construed as an alternative to cash flows, profit for the period or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Adjusted EBITDA and Adjusted EBITA have been presented herein because we believe that they provide useful supplements to cash flows data as measures of our performance and our ability to generate cash flows from operations to cover debt service and taxes. Our Adjusted EBITDA and Adjusted EBITA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our Adjusted EBITDA or Adjusted EBITA to measures with the same or similar titles presented by other companies, because not all companies use the same definition of Adjusted EBITDA or Adjusted EBITA.

A reconciliation of our operating profit to Adjusted EBITDA is as follows:

	For the Year Ended December 31,	
	2019	**2020**
	(In billions of Won)	
Operating profit	₩1,155	₩1,215
Depreciation and amortization(1)	255	324
Share-based compensation	19	81
Interest income	11	16
Adjusted EBITDA	₩1,440	₩1,637

(1) Depreciation and amortization includes the depreciation amount in right-of-use assets.

A reconciliation of our operating profit to Adjusted EBITA is as follows:

	For the Year Ended December 31,	
	2019	**2020**
	(In billions of Won)	
Operating profit	₩1,155	₩1,215
Amortization	9	13
Share-based compensation	19	81
Interest income	11	16
Adjusted EBITA	₩1,194	₩1,326

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed below. Investors should carefully consider the following risks as well as the other information contained in this Offering Circular before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, investors may lose all or part of their investment in, and the expected return on, the Notes.

Risks Relating to Our Business

If we fail to retain existing users, add new users or maintain or increase the level of engagement of the user base of the NAVER platform, our operating revenues, financial results and business may be significantly harmed.

Our business is in large part dependent on our ability to attract and retain active users and derive revenue from user traffic, and the size of our user base and our users' level of engagement are critical to our success. The NAVER internet portal is currently Korea's top internet destination. According to Nielsen KoreanClick, NAVER has consistently had the largest number of monthly unique users in Korea (on an aggregated basis for both personal computers and mobile devices) among all internet portals in recent years at 38 million in December 2019 and 40 million in December 2020. However, the market for internet portal operators in Korea has shown signs of saturation in recent years, and a number of providers of internet portal services, mobile applications and online services that achieved early popularity have seen the size of their user bases or levels of engagement subsequently decline, in some cases precipitously. The growth rate of our users, as measured by monthly unique users, has declined over time as the size of our active user base has increased and as we achieved higher penetration rates in our key markets. Our business performance will also become increasingly dependent on our ability to increase levels of user engagement in current and new markets. If our products and services are not perceived as useful, reliable or trustworthy, we may not be able to attract or retain users or otherwise maintain or increase the frequency, duration or level of their engagement.

Any number of factors could negatively affect user retention, growth or engagement, including if:

- we are unable to continue to offer products and services that users find engaging, that work with a variety of mobile operating systems and networks, and that achieve a high level of market acceptance, particularly in markets that we are targeting for expansion;
- users increasingly engage with competing products or services, particularly alternative internet portals, e-commerce platforms or digital contents;
- we are unable to continue to provide a compelling, convenient and intuitive user experience and environment, particularly relating to the quality, volume, design and layout of the contents offered on the NAVER platform;
- we are unable to make new or upgraded products and services available in a timely and reliable manner;
- we fail to provide adequate and satisfactory customer service to users or advertisers or maintain relationships with key business partners, such as publishers, content providers and online retailers;
- user concerns increase in relation to privacy and information sharing, safety or security;
- there are adverse changes in our products or services that are mandated by legislation, regulatory authorities or legal proceedings;
- technical or other problems prevent us from delivering our products and services in a rapid and reliable manner or otherwise negatively affect the user experience; or
- we fail to maintain our brand image or our reputation is damaged.

There is no guarantee that we will not experience erosion of our active user base or decline in engagement levels. A decrease in user retention, growth or engagement could reduce our direct sales to users and render the NAVER platform less attractive to our advertisers and business partners, thereby reducing our operating revenues from them, which may have a material and adverse impact on our business, financial condition and results of operations.

We operate in markets that are highly competitive, and competition presents an ongoing threat to the success of our business.

We face significant competition in almost every aspect of our business. We primarily compete for the time, attention and spending of our users with providers of other forms of online and mobile communication, e-commerce, fintech, entertainment and information services. We also face competition from other online portal and search engine companies, mobile telecommunications companies, cloud computing companies and other internet-related companies that offer products and services that may compete with specific features of our products and services, some of which have greater financial resources and substantially larger user bases. In particular, we compete directly with other major Korean internet platform services, such as Kakao (including its Daum internet portal), to provide comprehensive mobile and online services and content offerings to users. We also compete with international competitors, such as Google and Facebook, which offer a wide range of information and communication services and products as well as online advertising services. In addition, we compete with offline and online media and other businesses for a share of advertisers' budgets and in the development of tools and systems for managing and optimizing advertising campaigns. See "— Business — Competition."

There is intense competition for users, traffic and advertisers in the Korean market for internet portals and related services, as a result of which we may experience difficulty in maintaining or increasing the market share and revenue of our NAVER portal-related services. Competition in the e-commerce, fintech and online and mobile content services markets in Korea is also intense, and it may become more challenging for us to retain existing users and attract new users as competition from other service operators based in Korea as well as overseas is likely to increase in the future. The principal competitors of our commerce business include various e-commerce providers operating in Korea, including online open marketplaces and social commerce operators (such as Coupang, Gmarket, SK Telecom's 11street and Interpark), online and mobile shopping portals of traditional retailers (such as Lotte's Lotte ON and Shinsegae's SSG.com) and home shopping companies (such as CJ O Shopping's CJ Mall, GS Home Shopping's GS Shop and Hyundai Home Shopping's H Mall), and Kakao's mobile platform-based e-commerce businesses. The principal competitors of NAVER Pay include Samsung Pay, Kakao Pay and Toss, as well as services provided by financial institutions such as Kakao Bank. Our content production and distribution businesses compete with other providers of similar services. For example, our webtoon business competes primarily with Kakao Page and Daum Webtoon, which are operated by Kakao, and our online music business mainly competes with KT's Genie, Kakao's Melon and SK Telecom's FLO.

Scale benefits, financial or technological strength, business affiliations or other advantages may allow our competitors to respond more effectively than us to a rapidly evolving environment in the mobile and internet industries, including industry consolidation that may result in increased competition. Our competitors may develop products, features or services that are similar to ours or that achieve greater market acceptance, may undertake more far-reaching and successful product or service development efforts or marketing campaigns, or may adopt more aggressive pricing policies. In addition, business partners that are also our competitors may use information shared by our users through the NAVER platform in order to develop products or features that compete with us. Certain of our competitors could also use strong positions in one or more segments or markets to gain competitive advantages over us in areas where we operate, by integrating competing internet portals, mobile applications or features into products or services that they control, such as search engines, web browsers, social networking services or mobile operating systems for smartphones and tablets; by making strategic acquisitions; or by making access to our products and services more difficult. As a result, our competitors may acquire and engage users at the expense of our user base or our users' engagement with our products and services, which may negatively affect our business, financial condition and results of operations.

We may not be successful if we are not able to develop new products and services in a timely and cost-effective manner that address rapidly evolving user preferences, and any new products and services we develop may expose us to new risks.

We operate in highly competitive industries characterized by rapidly changing consumer demand, evolving industry and regulatory standards and continual improvements in product and service features. Rapidly evolving user preferences may lead to certain products and services becoming less competitive, or even obsolete. Accordingly, our success depends greatly on our ability to anticipate and respond to emerging user demand and market trends by ensuring continuing and timely development of new, as well as enhancements to the quality and user experience of existing, products and services. For example, in recent years, users' preference in terms of accessing online services and content, including music, videos, shopping and news, has shifted from personal computers to mobile and other connected devices, leading to declining user growth and traffic for personal computer-based services and the need to develop increasingly sophisticated services and content, advertising models and payment systems for mobile applications. We intend to continue to invest in product and service development and enhancement, but there is no guarantee that these efforts will be operationally or financially successful.

In order to respond to changes in market preferences and demands, we may develop and introduce new products and services, including in areas where we have little or no prior development or operating experience. For example, in recent years, we have focused our strategy on exploring a variety of new business opportunities related to fintech and artificial intelligence ("AI"), such as expansion of products and services available to our users through NAVER Pay, a payment service that enables registered NAVER users to make online or mobile payments, pursuit of alliances with reputable companies in the financial services industry to offer new digital financial services (as an agent of such financial companies), including cash management accounts and small business loans, and increased utilization of AI technology in an increasing number of products and services we offer to enhance user experience. As many of these strategic initiatives are still in their early stages of operation, there can be no assurance that they will be successful. We expect to continue to expend significant time and resources in developing, launching and marketing these and other strategic initiatives, which may put a significant strain on our management, operations and financial resources.

Some of our strategic initiatives may not directly or immediately generate operating revenues. In addition, our new products and services may bring us into contact, directly or indirectly, with entities that are not within our traditional customer base or result in competing with entities that are our existing business partners. Such business activities expose us to new risks, including additional regulatory scrutiny as well as operational risks. There can be no assurance that we will succeed in developing new or enhanced products and services that eventually become widely accepted, or that we will be able to timely release products and services that are commercially viable. Our inability to do so would have an adverse impact on our business, financial condition and results of operations.

We generate a substantial portion of our operating revenues from our advertising products and services. The loss of our advertisers, reduction in spending by our advertisers or failure to achieve market acceptance of new advertising products and services, could negatively affect our business.

We generate a substantial portion of our operating revenues from our advertising products (including advertising products for search platform and commerce businesses), which accounted for more than a majority of our total operating revenues in 2019 and 2020, respectively. Demand for our advertising products and services is primarily driven by the advertising spending levels of advertising clients in Korea, which are influenced by the level of overall economic activity and business cycles in Korea. Economic uncertainty, volatility in the financial markets or a contraction in the availability of credit may make it more difficult for businesses to meet their working capital requirements and could lead them to seek to change their commercial relationships with their vendors, including us. In the past, some advertisers have responded to weak economic and financial market conditions by reducing their advertising budgets, which include discretionary components that are relatively easier to reduce in the short term than other operating expenses. Unfavorable economic conditions in Korea due to the COVID-19 pandemic have had in 2020, and may continue to have in 2021, a negative impact on the general advertising spending level of Korean companies. See "— The ongoing global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases could adversely affect our business, financial condition or results of operations."

In addition, advertising products and services involving the internet and mobile media, which are subject to continual development and integration of interactive media technologies, are relatively nascent and continue to evolve. As a result, we may need to incur significant development and acquisition costs or hire new personnel in order to keep pace with new technology and market trends in internet and mobile advertising. In addition, some advertisers may view our existing or new advertising products and services as experimental or unproven. If we fail to develop and introduce compelling new advertising products and services on a timely and cost-effective basis, the market acceptance of our advertising products and services may decrease and we may not be able to attract advertisers.

As is customary in the industry, our advertisers typically do not have exclusive or long-term advertising commitments with us, and many of our advertisers spend only a relatively small portion of their overall advertising budget with us. As a result, our advertisers may not continue to do business with us, or they may reduce the prices or spending they are willing to pay to advertise with us, if we do not deliver advertisements and other commercial content in an effective manner, or if they do not believe that their investment in our advertising products and services will generate a competitive return relative to alternative methods of advertising.

In addition, our ability to increase our advertising revenues will depend in large part on our ability to create successful new advertising products as well as products and services on our platform that further enhance the media value for our advertising business. We may introduce new and unproven products and services, using technology with which we have little or no prior development or operating experience. If new advertising products and services fail to engage advertisers, we may fail to generate sufficient revenue to justify investment and our business may be adversely affected.

Our advertising revenues could also be adversely affected by a number of other factors, including:

- decreases in the number of active users of NAVER-related applications and their engagement levels;
- our inability to improve our analytics and measurement solutions that demonstrate the value of advertising on our advertising platforms;
- our inability to adapt to the evolving online and mobile advertising market and create new products or services that sustain or increase the value of advertising on our advertising platforms;
- product or service changes we may make that reduce the frequency or relative prominence of advertisements and other commercial content delivered through our advertising platforms;
- our inability to increase the relevance or delivery of targeted advertisements shown to users;
- our inability to increase advertisers' demand and inventory;
- loss of advertising market share to our competitors;
- adverse legal or regulatory developments relating to online or mobile advertising;
- adverse changes in the way online advertising on mobile devices or personal computers is priced;
- the degree to which users decline or opt out of certain types of targeted advertisements;
- the impact of new technologies that could block or obscure the display of some types of advertisements and other commercial content; and
- the impact of unfavorable macroeconomic conditions or conditions in the advertising industry in general.

The occurrence of any of these or other factors could result in a reduction in demand for our advertising products and services, which may reduce the prices we receive for our advertisements, or cause advertisers to stop advertising with us altogether, either of which would negatively affect our business, financial condition and results of operations.

We may fail to fully realize the anticipated benefits of our mergers, acquisitions, investments or other strategic alliances.

From time to time, we strategically acquire or invest in, or merge with, companies in relevant industries to capitalize on the combined strengths of our existing business and those of the target entities, including in terms of technologies, user base and cost efficiencies, as well as expand into new businesses or markets. For example, on March 1, 2021, we and SoftBank Corp. ("SoftBank"), a leading global telecommunications and information technology company headquartered in Japan, completed a series of corporate transactions (the "LINE JV Transactions") pursuant to which we and SoftBank integrated the businesses of (i) our former consolidated subsidiary LINE Corporation, which operates LINE, Japan's leading mobile messenger application, and various other mobile communications, fintech, contents and e-commerce businesses (collectively, the "LINE Businesses") and (ii) Z Holdings Corporation ("Z Holdings"), a consolidated subsidiary of SoftBank, and a holding company for various subsidiaries that collectively operated Yahoo Japan, Japan's leading internet portal, and an assortment of other online media, e-commerce and membership businesses (collectively, the "Yahoo Japan Businesses"). Following the consummation of such transactions, we and Softbank each currently own a 50% equity interest in the combined holding company (the "LINE/Yahoo Japan JV"), which in turn owns a controlling interest in subsidiaries that operate the wide array of businesses comprising the LINE Businesses and Yahoo Japan Businesses, and the LINE/Yahoo Japan JV became a consolidated subsidiary of SoftBank due to SoftBank's ability to appoint one more director of such company than us. We account for the combined holding entity as an equity method investee in our consolidated financial statements following the completion of the LINE JV Transactions. See "Business — Investments and Strategic Alliances — LINE/Yahoo Japan JV." Although we expect that such consolidation would create synergies between the LINE Businesses and the Yahoo Japan Businesses, which in turn would enhance our results of operations, there is no guarantee that such initiatives would be successful.

From time to time, we also enter into alliances and joint ventures with other companies involved in strategically important businesses and make investments in such companies. For example, in October 2017, we entered into two share sale and purchase agreements with Mirae Asset Daewoo, a leading brokerage and investment services company in Korea, pursuant to which we acquired Mirae Asset Daewoo's treasury shares representing a 7.0% equity interest in the company for Won 500 billion and Mirae Asset Daewoo acquired our treasury shares representing a 1.7% equity interest in us for Won 500 billion. Such cross-investments between Mirae Asset Daewoo and us were made as part of a strategic alliance between the two companies to collaborate in the area of fintech businesses by leveraging our digital platform and AI technologies with Mirae Asset Daewoo's strengths in developing and providing financial products and services as well as financial information contents. See "Business — Investments and Strategic Alliances — Strategic Alliance with Mirae Asset Daewoo." In addition, as part of our strategic alliance with the CJ Group entered into in October 2020, we acquired (i) a 7.85% equity interest in CJ Logistics Corp., a leading provider of logistics and courier delivery services in Korea and an affiliate of the CJ Group, in order to leverage CJ Logistics Corp.'s extensive logistics network and expertise relating to fulfillment and delivery of merchandise; and (ii) a 4.99% equity interest in CJ ENM Co., Ltd. and a 6.26% equity interest in Studio Dragon Corp., two of the leading entertainment content producers in Korea and affiliates of the CJ Group, in order to leverage their strengths in producing entertainment contents with the goal of jointly developing and publishing various types of digital contents to be offered on the NAVER platform. At the same time, such affiliates of the CJ Group also collectively acquired a 1.7% equity interest in us. See "Business — Investments and Strategic Alliances — Strategic Alliance with the CJ Group." In January 2021, as part of our strategy to further expand our contents business into the global entertainment market, we entered into an agreement to acquire a 49% equity interest in Weverse Company Inc. (formerly known as beNX Co., Ltd.), which is a subsidiary of Big Hit Entertainment Co., Ltd., a leading global music-based entertainment company based in Korea, for Won 412 billion. Weverse Company operates Weverse, a global digital community platform for the fans of popular Korean performing artists, including those managed by Big Hit Entertainment such as BTS and GFRIEND. We intend to merge the operations of our V LIVE platform with the Weverse platform to seek synergies between the two platforms by leveraging our strengths in platform technology and operation and Big Hit Entertainment's strengths in talent management and content creation. See "Business — Our Business Segments — Contents."

The success of our mergers, acquisitions, investments and strategic alliances will depend, in part, on our ability to identify and evaluate any material risks involved in any particular transaction and realize the potential growth opportunities and anticipated synergies therefrom. The realization of anticipated benefits from such transactions may be impeded, delayed or reduced as a result of numerous factors, some of which are outside our control, including the following:

- inability to maintain existing users, customers or suppliers of the merged, acquired or invested entity;
- difficulties in managing the integration of the merged, acquired or invested entity, including the harmonization of information technology systems and corporate cultures, as well as in the implementation of a coordinated business plan, including challenges associated with the integration of product and service development and sales and marketing functions;
- inability to eliminate overlapping or redundant businesses, operations, systems, assets and personnel;
- unforeseen or latent risks or liabilities in the operations of the merged, acquired or invested entity;
- diversion of management time and focus from operating our business in order to address merger, acquisition, investment and integration challenges;
- difficulties in integrating management teams and retaining key personnel;
- the possibility of labor unrest;
- unanticipated write-offs or charges; and
- litigation or other claims arising in connection with the transaction, including claims from terminated employees, customers, suppliers, former shareholders or other third parties.

We carry certain amounts of intangible assets on our statement of financial position as a result of mergers, acquisitions and other investments that we have pursued in the past, including goodwill of Won 34 billion as of December 31, 2020. Under K-IFRS, goodwill and other intangible assets that have indefinite useful lives are tested for impairment annually by comparing their recoverable amount to their carrying amount. We also account for certain investments (including the LINE/Yahoo Japan JV, as defined in "Business — Overview — Business Combination of LINE and Yahoo Japan", starting from March 2021) under the equity method and regularly evaluate our investment portfolio to test for impairment of investments.

If we face difficulties in integrating or managing merged, acquired or invested entities, we may not achieve the anticipated benefits in connection with the mergers, acquisitions or investments, and may recognize impairment charges. In turn, if we fail to achieve the anticipated benefits, or if the costs of achieving them are substantially greater than we anticipate, our business, financial condition and results of operations may be adversely affected.

We may not be able to continue to attract retailers to advertise and/or sell their products on the NAVER Shopping platform, which would harm our business and profitability.

We generate advertising and service commission revenues from the NAVER Shopping platform, which allows our users to search and pay for items from a broad selection offered by both online retailers and traditional offline stores. We partner with a wide range of retailers, ranging from established online shopping malls of large retailers to small businesses, and display their products on the NAVER Shopping platform and/or sell their products through utilization of our commerce services such as the Smart Store platform or the "NAVER Shopping Live" or "Jangbogi" services. The future success of our commerce services depends on our ability to attract and retain high-quality retailers that are willing to advertise with, and/or sell their products through, us, while continuing to build a shopping platform that is convenient for our users. If our users do not consider the organization of the product listings of retailers to be easily searchable or if we are unable to continue to offer differentiated value-added services, such as NAVER Plus Membership, our user traffic may decrease. If retailers decide that utilizing our services no longer provides an effective means of attracting new customers or selling their products, they may stop advertising or selling on our platform. If we are unable to attract and retain high-quality retailers in numbers sufficient to optimize our NAVER Shopping platform or if we are unable to offer an attractive and convenient shopping platform for our users, our business, financial condition and results of operations could be adversely affected.

We plan to continue expanding our global operations into markets in which we have limited operating experience and, as a result, may become subject to increased business and economic risks, which could adversely affect our business, financial condition and results of operations.

We plan to continue to expand our global operations into new countries and to provide our offerings in additional languages while also continually increasing the number of products and services we offer outside of Korea. However, expansion of our operations abroad may be difficult due to the presence of established competitors in such markets. In addition, managing our business and expanding our operations globally require considerable management attention and resources and are subject to the particular challenges of supporting a growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems and commercial markets. Global expansion has required and will continue to require us to invest significant funds and other resources, and there can be no assurance that we will successfully achieve our growth objectives.

Operating globally subjects us to new risks and may increase risks that we currently face, including those associated with:

- providing an engaging user experience while operating in different languages and cultures, and localizing our products, services, contents and features to ensure that they are culturally attuned to the markets where they are offered;
- increased competition from mobile applications and internet services that have strong positions in particular markets and may continue to expand their geographic footprint;
- different and potentially lower levels of user growth, user engagement and demand for online advertising in new and emerging geographies, resulting in greater difficulty in monetizing our products and services;
- recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture across all of our offices;
- different levels of telecommunications infrastructure in developing countries that may create challenges in offering our products and services;
- developing or integrating local payment processing systems;
- compliance with applicable foreign laws and regulations, including laws and regulations with respect to economic sanctions and export controls, anti-corruption, anti-bribery and anti-kickback, privacy and consumer protection that may conflict with local customs and practices in some jurisdictions in which we operate and sell our products and services, and the risk of penalties if our practices are deemed not to be in compliance;
- political, social and economic instability in some countries;

- double taxation of our global earnings and potentially adverse tax consequences due to changes in the tax laws of Korea or other jurisdictions in which we operate; and
- higher costs of conducting business globally, including increased accounting, travel, infrastructure and legal compliance costs.

It is also possible that governments or relevant regulators of one or more countries may seek to censor content offered through our platform in their country, restrict access to products and services in their country entirely, or impose other restrictions that may affect the accessibility of products and services in their country for an extended period of time or indefinitely. In the event that access to our products and services is restricted, in whole or in part, in one or more countries, our ability to increase our user base and user engagement may be adversely affected and we may not be able to grow our revenue as anticipated in such country. If we are unable to manage the complexity of our global operations successfully, our business, financial condition and results of operations could be adversely affected.

The ongoing global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases could adversely affect our business, financial condition or results of operations.

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, was declared a "pandemic" by the World Health Organization in March 2020, and has materially and adversely affected the global economy and financial markets in 2020 and the first quarter of 2021. In light of the Government's recommendations for social distancing, we have been implementing remote work arrangements for our employees on a rotation basis. While we do not believe such temporary arrangements to have had a material adverse impact on our business to date, a prolonged outbreak of COVID-19 may result in further disruption in the normal operations of our business, including implementation of further work arrangements requiring employees to work remotely, restrictions on overseas and domestic business travel and/or temporary closures of our offices, which may lead to a reduction in labor productivity.

Other risks associated with a prolonged outbreak of COVID-19 may include:

- an increase in unemployment among, and/or a decrease in disposable income of, our users, who may choose to decrease their spending levels, which in turn may decrease demand for some of our products and services;
- disruptions in operations, and/or a decrease in the demand for products and services, of advertisers, which in turn may decrease such advertisers' demand for our advertising products and services;
- service disruptions, outages and performance problems due to capacity constraints caused by an overwhelming number of people accessing our services simultaneously;
- increased volatility in the global and Korean financial markets, which may adversely affect our ability to meet capital funding needs on a timely and cost-effective basis;
- a decrease in the fair value of our investments in companies that may be adversely affected by the pandemic; and
- disruption in the normal operations of our business resulting from the contraction of the disease by our employees or customers, which may necessitate employees to be quarantined and/or our offices to be temporarily shut down.

It is not possible to predict the duration or full magnitude of harm from COVID-19. In the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition and results of operations may be adversely affected.

We rely on a variety of third-party content providers for our content operations.

We aim to provide our users with an expanding array of products and services that enhance their quality of life by enabling them to conduct more aspects of their daily affairs online, including by using their mobile and other connected devices and personal computers at their convenience. Among other things, we offer users the ability to access entertainment, search for content and shop online, and the breadth and variety of the digital content offered through our platforms are key elements in maintaining and increasing the size and level of engagement of our user base. We also rely on a number of third-party content providers to supply a substantial amount of the digital content and products offered through our platforms. For example, third-party cartoonists and writers supply webtoons and web novels we offer through the NAVER Webtoon and NAVER Series platforms, and we partner with third-party music distributors in Korea and abroad to obtain music contents for our VIBE online music service. We also partner with various publishing companies and audio channels to obtain pod cast and audio book content offered through the Audio Clip platform, and with broadcasting networks, production companies and talent management agencies to obtain video content made available through the NAVER TV and V LIVE platforms.

Accordingly, our business is dependent upon our commercial relationships with business partners, and the loss of key relationships could result in the loss of our exclusive and non-exclusive rights to distribute content or products through our platforms. There can be no assurance that our existing relationships with our business partners will result in successful service offerings with high user traffic on our platforms, that we will be able to sustain such relationships in the long term, or that we will be able to enter into new relationships with additional third-party business partners, on commercially acceptable terms, or at all. For example, a substantial majority of the content and products supplied to us by our third-party business partners is supplied on a non-exclusive basis and are also available to other mobile and internet service providers. If such other service providers offer the same or similar content or products in a manner preferred by users, the user base and traffic on our platforms could decrease.

Our ability to enter into additional business relationships will depend on the availability of suitable business partners on commercially acceptable terms and our ability to attract these partners. The benefits of a business relationship may take considerable time to realize, and we cannot be certain that any particular relationship will produce its intended benefits. Our products and services resulting from such business relationships may fail to gain acceptance among users, and we may not be able to maintain satisfactory relationships with our partners. Any such development could adversely affect our business, financial condition and results of operations.

If we are not able to maintain and enhance our NAVER brand, or if events occur that damage our reputation and brand, our relationships with our users, advertisers and business partners may be harmed, which may negatively affect our business, financial condition and results of operations.

We believe that the NAVER brand has significantly contributed to the success of our business. We also believe that maintaining and enhancing our brand is critical to expanding our user base and obtaining new advertisers and business partners, which will depend largely on our ability to continue to provide simple, user-friendly, reliable and innovative products and services, which we may not be able to do successfully. We may introduce new products and services and changes to our existing products and services, as well as new revenue generation models, that users do not welcome, which may negatively affect our brand. It may also negatively affect our brands if users do not have a positive experience using our partners' applications offered on our platforms as well as websites linked with our products and services.

We have in the past experienced, and may continue to experience, media, legislative or regulatory scrutiny of our decisions regarding user and data privacy or other issues, including measures to prevent anti-competitive market practices, which may adversely affect our reputation and brand. We may also fail to provide adequate customer service, which could erode confidence in our brand. Our brand may also be adversely affected by negative campaigns from our competitors, by negative publicity about the actions of users that are deemed to be hostile, illegal or inappropriate to other users, by third-party content providers acting inappropriately with respect to our platforms, by users acting under false identities, by any regulatory developments designed to address such risks, or due to legal proceedings. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not be successful. If we fail to successfully promote and maintain the

NAVER brand or if we incur excessive expenses in this effort, our business, financial condition and results of operations may be adversely affected.

Our user growth and engagement on mobile and other connected devices and web browsers, which are required to access and use most of our products and services, depend upon effective operation with mobile operating systems and web browsers that we do not control.

We are dependent on the interoperability of our mobile and internet applications with popular mobile operating systems, such as Android and iOS, as well as web browsers, such as those for Windows and Mac OS, that we do not control. Any changes in such operating systems or web browsers that degrade the functionality of our products or services or give preferential treatment to our competitors' products or services could adversely affect usage of our products and services. In addition, if the number of platforms for which we develop our products or services expands, it will result in an increase in our operating expenses. In order to deliver high quality products and services, it is important that our products and services work well with a range of mobile operating systems and web browsers that we do not control.

We may not be successful in developing or maintaining relationships with key participants in the information technology and mobile telecommunications industries or in developing products or services that operate effectively with mobile operating systems, web browsers, networks or standards. In the event that it becomes more difficult for our users to access and use our products and services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business, financial condition and results of operations could be adversely affected.

Certain of our user metrics are subject to inherent uncertainties in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We use our internal data to calculate our NAVER internet portal's page views, search queries and unique visitors, as well as monthly active users ("MAUs") of a variety of NAVER portal-related services and digital content offerings. While these numbers are based on what we believe to be reasonable estimates of our active user and paying user base for the applicable period of measurement, there are inherent challenges in measuring usage of our products and services across large and growing online and mobile populations around the world. For example, NAVER's unique visitors are measured by unique IP addresses of personal computers or mobile devices, and a visitor accessing our NAVER internet portal using multiple devices would be counted as multiple unique visitors.

We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. Our measures of user growth and user engagement may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology. If advertisers, business partners or prospective investors do not perceive our user metrics to be accurate representations of our user base or user engagement, or if we discover material inaccuracies in our user metrics, our reputation may be harmed and business partners and advertisers may be less willing to allocate their budgets or resources to our products and services.

Our business and operating results may be harmed by a disruption in our service due to failures in or changes to our systems or those of third parties, or by our failure to timely and effectively expand and upgrade our technology and infrastructure.

Our reputation and ability to attract, retain and serve our users, advertisers and business partners is dependent in large part upon the reliable performance of our products and services and the underlying technical infrastructure. Our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to our business. We have experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, capacity constraints due to an overwhelming number of people accessing our products and services simultaneously, computer viruses, denial of service, fraud and security attacks. Our technical infrastructure is also vulnerable to the risk of damage from natural and other disasters, such as floods, fires, earthquakes and typhoons, as well as from acts of terrorism or other criminal acts. Our products and services also incorporate software that is highly technical and complex. Our software has contained, and may now or in the future contain, undetected errors, bugs or vulnerabilities. Some errors in our software code may only be discovered after the relevant product or service has been released.

As the number of our users increases and as our users generate and transmit increasing volumes of content, including photos, videos and music, we may be required to expand and upgrade our technology and infrastructure to continue to reliably store, deliver and service such content on a timely basis. It may become increasingly difficult to maintain and improve the performance of our products and services, especially during peak usage times, as our products and services become more complex and our user traffic increases. In addition, we cannot provide assurance that we will be able to expand and upgrade our data center infrastructure to meet user demand in a timely manner, or on favorable economic terms. If our users are unable to readily access our products and services or access is disrupted, users may seek other service providers instead, and may not return to our products and services or use our products and services as often in the future. This would negatively impact our ability to attract users, advertisers and business partners as well as increase engagement of our users. We expect to continue to make significant investments to maintain and improve the capacity, capability and reliability of our infrastructure. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed or continually develop our technology and infrastructure to accommodate actual and anticipated changes in our users' needs, our business, financial condition and results of operations may be harmed.

In addition, we depend on the ability of our users and advertisers to access mobile telecommunications services and the internet. Currently, this access is provided by companies that have significant market power in the mobile, broadband and internet access marketplaces, including incumbent mobile telecommunications companies, telephone companies, cable companies, government-owned service providers, device manufacturers and operating system providers, any of whom could take actions that degrade, disrupt or increase the cost of user access to our products or services, which would, in turn, negatively impact our business. The adoption of any laws or regulations that adversely affect the growth, popularity or use of mobile devices or the internet or disruption of our services in important markets for any political or other non-technical reasons could decrease the demand for, or the usage of, our products and services, increase our cost of doing business and adversely affect our business, financial condition and results of operations. We also rely on other companies to maintain reliable network systems that provide adequate speed, data capacity and security to us and our users. As mobile devices and the internet continue to experience growth in the number of users, frequency of use and amount of data transmitted, the mobile telecommunications and internet infrastructure that we and our users rely on may be unable to support the demands placed upon them. The failure of the operations of mobile telecommunications or internet infrastructure services that we or our users rely on, even for a short period of time, could undermine our operations, and our business, financial condition and results of operations could be adversely affected.

Privacy concerns relating to our technology could damage our reputation and deter current and potential users from using our products and services.

From time to time, concerns have been expressed about whether our products and services or processes compromise the privacy of users and others. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation and adversely affect our operating results. Regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection, including measures to ensure that our encryption of users' data does not hinder law enforcement agencies' access to that data. In addition, the interpretation and application of consumer and data protection laws in Korea and elsewhere are often uncertain and subject to change. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of regulatory penalties, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

If our security measures are breached, or if our products and services are subject to attacks that disrupt or deny the ability of users to access our products and services, our reputation, business and performance may be harmed.

Our products and services involve the storage and transmission of large amounts of users' and advertisers' confidential information, including credit card, bank account and other financial information, and security breaches expose us to a risk of loss of such information, which may lead to improper use or disclosure of such information, ensuing litigation and regulatory investigations, potential liability and regulatory penalties, any of which could harm our reputation and adversely affect our business. From time to time, we experience cyber-attacks of varying degrees. Although there has been no material instance where an unauthorized party was able to obtain access to our data or our users' or advertisers' data, there can be no assurance that we will not be vulnerable to cyber-attacks in the future. Our security measures may also be breached due to employee error, malfeasance or otherwise. Given the rapid development and scope of the products and services we offer, including those developed in conjunction with third parties, instituting appropriate access controls and safeguards across all of our products and services is challenging. Furthermore, outside parties may attempt to fraudulently induce employees, users or advertisers to disclose sensitive information in order to gain access to our data or our users' or advertisers' data or accounts, or may otherwise obtain access to such data or accounts. In addition, our business partners may store information provided by our users in the course of using our products and services. If these third parties fail to adopt or adhere to adequate data security practices or fail to comply with our terms and policies, or in the event of a breach of their networks, our users' data may be improperly accessed or disclosed.

Since our users and advertisers may use their NAVER accounts to establish and maintain online identities, unauthorized communications from NAVER users' accounts that have been compromised may damage their reputations and brands as well as ours. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation and a loss of confidence in the security of our products and services. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures. If an actual or perceived breach of our security occurs or the market perception of the effectiveness of our security measures is harmed, we could lose users and advertisers and we may incur significant legal and financial exposure, including legal claims and regulatory fines and penalties, which could have an adverse effect on our business, financial condition and results of operations.

We may not be able to effectively manage our growth, which could harm our business and profitability.

We continue to experience rapid growth in certain segments of our operations, both organically and through acquisitions, which will continue to place significant demands on our management and operational and financial infrastructure. We face significant competition for talent, particularly software and systems engineers, developers and designers, from other internet and high-growth technology companies, and we may not be able to hire new employees quickly enough to meet our needs. As we continue to grow, we are subject to the risks of over-hiring, over-compensating our employees and over-expanding our operating infrastructure, and to the challenges of integrating, developing and motivating a rapidly growing employee base in Korea and elsewhere. As our organization continues to grow and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the strengths of our corporate culture, including our ability to quickly develop and launch new products and services. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our employee morale, productivity and retention could suffer.

We also expect to continue to invest in our infrastructure in order to enable us to provide our products and services rapidly and reliably to users around the world, including in countries where we may not achieve significant near-term monetization. Continued growth could strain our ability to maintain reliable service levels for our users, advertisers and business partners, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve and maintain the necessary level of efficiency and productivity in our organization as it grows, our business, financial condition and results of operations could be harmed.

We depend on key senior management to operate our business and execute our business strategy, and if we are unable to attract, retain and motivate our senior management and other key personnel, our operations may be negatively affected.

Our ability to execute our strategy efficiently is dependent upon contributions from our key senior management. Our future success will depend on the continued service of our key executive officers and managers who possess significant expertise and knowledge of our industry. A limited number of individuals have primary responsibility for the management of our business, including our relationships with key business partners. From time to time, there may be changes in our senior management team that may be disruptive to our business, and we may not be able to find replacement key personnel in a timely manner. In addition, acquiring and retaining qualified personnel, such as systems engineers, developers and designers, will be necessary to our achieving sustainable growth. Any loss or interruption of the services of these individuals, whether from retirement, loss to competitors or other causes, or failure to attract and retain other qualified new personnel, could prevent us from effectively executing our business strategy, cause us to lose key business partner relationships, or otherwise materially affect our operations.

Our intellectual property rights are valuable, and our inability to protect them could reduce the value of our products, services and brand.

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are important assets for us. We rely on, and expect to continue to rely on, a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, trade secret and patent laws, to protect our brand and other intellectual property rights. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, we may fail to obtain effective intellectual property protection, or effective intellectual property protection may not be available in every country in which our products and services are available. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business.

We also rely on non-patented proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. While in certain cases we have agreements in place with employees and third parties that place restrictions on the use and disclosure of such intellectual property, these agreements may be breached, or such intellectual property may otherwise be disclosed or become known to our competitors, which could cause us to lose competitive advantages resulting from such intellectual property. We also pursue registration of trademarks and domain names in Korea and many jurisdictions outside of Korea. Effective protection of trademarks, domain names and other intellectual property is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights.

We are party to numerous agreements that grant licenses to third parties to use our intellectual property, including our trademarks. For example, some third parties distribute their content through our platform, products or services, embed our content in their products and services or make use of our trademarks in connection with their products and services. If the licensees of our trademarks are not using our trademarks properly, it may limit our ability to protect our trademarks and could ultimately result in our trademarks being declared invalid or unenforceable. There can be no assurance that we will be able to protect against the unauthorized use of our brand, trademarks or other intellectual property. There is also a risk that one or more of our trademarks could become generic, which could result in them being declared invalid or unenforceable.

We also seek to obtain patent protection for some of our technology, and we have filed various applications in Korea and elsewhere for protection of certain aspects of our intellectual property and currently hold a number of issued patents in multiple jurisdictions. We may be unable to obtain patent or trademark protection for our technologies and brands, and our existing patents and trademarks, and any patents or trademarks that may be issued in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. In addition, any patents and trademarks may be contested, circumvented, or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting or otherwise violating them. Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs, as well as the costs of defending and enforcing those rights. Significant infringements of our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, could harm our ability to compete and our business, financial condition and results of operations could be adversely affected.

We may become party to intellectual property rights claims in the future that may be expensive and time consuming to defend, and such claims, if resolved adversely, could have a significant impact on our business.

Technology companies own large numbers of patents, copyrights, trademarks, licenses and trade secrets, and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. Many such companies, including many of our competitors, have substantially larger intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for intellectual property infringement. In addition, various “non-practicing entities” that own intellectual property rights often attempt to aggressively assert claims in order to extract payments from technology companies. From time to time we have received, and may receive in the future, claims from third parties which allege that we have infringed upon their intellectual property rights. Furthermore, from time to time we may introduce or acquire new products, services or content, including in areas where we currently do not compete, which could increase our exposure to intellectual property claims from competitors and non-practicing entities. Some of our agreements with advertisers, business partners and other business partners require us to indemnify them for certain intellectual property claims against them, which could require us to incur considerable costs in defending such claims, and may require us to pay significant damages in the event of an adverse ruling or settlement. Such advertisers and business partners may also discontinue use of our products, services and technologies as a result of injunctions or otherwise, which could result in loss of revenue and adversely impact our business.

As we face increasing competition and gain an increasingly high profile, the number and scope of intellectual property claims against us may grow. There may be intellectual property or other rights held by others, including issued or pending patents, that cover significant aspects of our products and services, and we cannot be certain that we are not infringing or violating, and have not infringed or violated, any third-party intellectual property rights or that we will not be held to have done so or be accused of doing so in the future. Any claim or litigation alleging that we have infringed or otherwise violated intellectual property or other rights of third parties, with or without merit, and whether or not settled out of court or determined in our favor, could be time-consuming and costly to address and resolve, and could divert the time and attention of our management and technical personnel. Some of our competitors may have substantially greater resources than we do and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we may be able to. The outcome of any litigation is inherently uncertain, and there can be no assurance that favorable final outcomes will be obtained. In addition, plaintiffs may seek, and we may become subject to, preliminary or provisional rulings in the course of any such litigation, including potential preliminary injunctions requiring us to cease some or all of our operations. We may decide to settle such lawsuits and disputes on terms that are unfavorable to us. Similarly, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that may not be reversed upon appeal. The terms of such a settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. In addition, we may have to seek a license to continue practices found to be in violation of a third party's rights. If we are required or choose to enter into royalty or licensing arrangements, such arrangements may not be available on commercially reasonable terms, or at all, and may significantly increase our operating costs and expenses. As a result, we may also be required to develop or procure alternative non-infringing technology or discontinue use of the technology. The development or procurement of alternative non-infringing technology could require significant effort and expense or may not be feasible. Accordingly, an unfavorable resolution of any intellectual property rights claims could adversely affect our business, financial condition and results of operations.

The listing or sale by merchants using our commerce services of goods and services that allegedly infringe the intellectual property rights of rights owners, including pirated or counterfeit items, may harm our business.

The listing or sale by online retailers and traditional offline stores through the NAVER Shopping portal, or by users on NAVER Cafés, NAVER Blogs or BAND communities, of unlawful, counterfeit or stolen goods or unlawful services, or the sale of products or services in an unlawful manner, may result in allegations of civil or criminal liabilities for unlawful activities against us. Any such allegations relating to infringement of intellectual property rights, including but not limited to counterfeit items, may result in threatened and actual litigation from time to time by rights owners, and we may be required to pay substantial amounts in connection with resolving trademark and copyright claims. Such legal proceedings may also force us to modify our business practices in a manner that increases costs, lowers revenues, makes our products and services less convenient for users or requires us to spend substantial resources to take additional protective measures or discontinue certain service offerings in order to combat these practices. In addition, we may receive significant media attention relating to the listing or sale of illegal or counterfeit items, which could damage our reputation, diminish the value of our brand or make users reluctant to use our products and services.

Apple App Store and Google Play are the primary channels for downloads of some of our mobile applications offered on the NAVER platform as well as the processing of payments for certain of our products and services.

Apple App Store and Google Play, both digital app stores, are the primary channels for downloads of some of our mobile applications offered on the NAVER platform as well as the processing of payments for certain of our products and services. We expect that our users will continue to be routed to Apple App Store and Google Play for downloads of some of our mobile applications as well as the payment processing for certain of our products and services offered on our mobile platforms. Accordingly, we believe that maintaining successful partnerships with Apple and Google, as well as effectively offsetting any increases in digital app store fees charged by Apple and Google, is important to our success.

The operating policies of Apple or Google may have an impact on the accessibility of our products and services on mobile platforms. In addition, our pricing strategy is impacted by changes in the payment processing fees charged by Apple or Google. For example, it is expected that Google will, like Apple, start to enforce rules that will require all in-app purchases on apps distributed on Google Play to be made through Google Play's billing system, which takes 30% of the purchase price as a payment processing fee, commencing in October 2021. While we are continually enhancing and expanding the capabilities of NAVER Pay, our proprietary payment system, given the increased distribution of our mobile applications through digital app stores and strict in-app payment system requirements, we may need to offset these increases in digital app store fees by decreasing traditional marketing expenditures as a percentage of our revenue, increasing user volume or monetization per user or engaging in other efforts to increase revenue or decrease costs generally. Our inability to do so or a decrease in paying user engagement due to a price increase may negatively impact our net revenue or profit margin. If we fail to maintain good relationships with Apple or Google, or we are unable to successfully offset increases in digital app store fees, it may adversely impact our ability to profitably continue to offer our products and services or effect payment processing, which in turn could have a material adverse impact on our business.

We are subject to contingent liabilities, including those associated with litigation, regulatory proceedings and other disputes.

During the course of normal operations, we may become involved in legal and regulatory proceedings. We are subject to claims and actions from our customers, business partners, employees, regulatory authorities and other third parties, alleging operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. These claims, even if successfully disposed of without direct adverse financial consequences, could have a material adverse effect on our reputation and divert our financial and management resources from more beneficial uses. While the final outcome of any of the claims or actions to which we are currently subject may not have a material adverse effect on us, there is no guarantee that this will be the case or that we will not be subject to significant future claims. Successful claims against us may result in substantial costs and business disruptions and adversely affect our business, financial condition and results of operations. See “Business — Legal Proceedings.”

In addition, we are exposed to other contingent liabilities, such as those pursuant to payment and performance guarantees we have provided to creditors and other third parties on behalf of our affiliates and business partners in the ordinary course of business. For a further description of our commitments and contingencies, see Note 31 of the notes to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular. If such contingent liabilities materialize, our business, financial condition and results of operations could be adversely affected.

Labor disruptions could affect our results of operations.

We have a labor union which was formed in 2018. From time to time, the union and our management negotiate and enter into new collective bargaining agreements, which was last entered into in June 2019, and the wage increases of the union members are renegotiated annually. While we have not experienced any material work slowdown, work stoppage or strikes recently, there can be no assurance that a work slowdown, work stoppage or strike will not occur, in particular prior to or upon the expiration of our labor agreements. Work slowdowns, stoppages or other labor-related developments affecting us could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Regulatory Matters

Our business is subject to complex and evolving laws and regulations.

We are subject to a variety of laws and regulations in Korea and elsewhere that involve matters central to our business, including privacy and data protection, rights of publicity, content and pricing regulation, advertising, protection of personal information, intellectual property, competition, protection of minors, consumer protection and taxation. For example, we are subject to regulation in Korea as a value-added telecommunications service provider under the Telecommunications Business Act (the “TBA”), as a location-based service provider under the Act on Protection and Utilization of Location Information (the “PULI Act”), as a content and electronic commerce service provider under the Act on Consumer Protection in Electronic Commerce, etc. (the “E-Commerce Act”) and as a cloud service provider under the Act on Promotion of Cloud Computing and Protection of Its Users (the “Cloud Computing Act”), while our advertising products and services are subject to regulation under the Act on Fair Labeling and Advertising (the “FLL Act”). In addition, certain aspects of our online music services are subject to regulation by the Ministry of Culture, Sports and Tourism, which establishes regulatory guidelines with respect to payments by online music service providers to music distributors (for the benefit of composers, performers and other music industry participants) of specified minimum royalty fees and profit-sharing fees for music downloaded or streamed by subscribers. See "Government Regulation" for a summary of certain laws and regulations in Korea that are applicable to us.

Existing and new laws and regulations in Korea and elsewhere can be costly to comply with and can delay or impede the development of new products and services, result in negative publicity, significantly increase our operating costs, require significant time and attention of management and technical personnel and subject us to inquiries or investigations, claims or other remedies, including fines and demands that we modify or cease existing business practices. In addition, many of these laws and regulations are still evolving and could be interpreted or applied in ways that could limit our business, particularly in the new and rapidly evolving industries in which we operate. The introduction of new products or services in our existing markets and the expansion of our business to other countries may subject us to additional laws and regulations. For example, our operation of NAVER Pay subjects us to a variety of laws and regulations governing money transmission, payment settlement, e-commerce, protection of personal information, anti-money laundering and counter-terrorist financing, and we may become subject to additional regulatory requirements depending on how our products and services as well as payment processes evolve. Additional risks that we face as a result of providing online payment services include those relating to leakage of customers' personal information, including credit card, bank account or other financial information, and concerns over the use and security of collected information, restrictions on the investment of consumer funds used to transact payments and additional disclosure and reporting requirements. In addition, we have partnered with Mirae Asset Daewoo, a leading securities brokerage and investment services company in Korea, and have launched several financial products and services, which subject us to the Financial Investment Services and Capital Markets Act (the "FSCMA"), and we may offer additional financial products and services in the future that are subject to applicable laws and regulations. Continually seeking ways to improve our products and services may from time to time involve upgrades or changes in the technology and infrastructure supporting such products and services and could also result in greater regulation. If we are required to comply with amended, new or additional laws and regulations in Korea or elsewhere, our business could be affected in many ways and areas, including the following:

- the cost and general impact of compliance could be substantial, may require significant investments and organizational changes and may erode or eliminate our pricing advantage over competitors and, potentially, our ability to compete effectively;
- compliance may require us to make certain fundamental and potentially detrimental changes to the products and services we offer and the way we conduct business in certain areas, including ceasing particular businesses or withdrawing from markets; and
- we may need to terminate or restructure partnerships and other commercial agreements.

From time to time, we receive formal and informal inquiries from governmental authorities and regulators regarding our compliance with laws and regulations. We have been, and may become, subject to investigations, inquiries, actions and audits in Korea and other jurisdictions, including in the areas of privacy and data protection and fair trade practices, as we continue to grow and expand our operations. Orders issued by, or inquiries or enforcement actions initiated by, governmental or regulatory authorities could cause us to incur substantial costs, expose us to unanticipated civil and criminal liability or regulatory penalties (including substantial monetary fines), or require us to change our business practices in a manner materially adverse to our business. Additionally, if third parties we work with, such as advertisers and business partners, violate applicable laws or our policies, such violations may result in joint or secondary liability for us. Moreover, an expansion of our collection of personal information from our users may subject us to additional regulation, as governmental regulators have been applying increased scrutiny to social media companies in this respect. Due to these and other factors, there is no guarantee that the laws and regulations to which we are or become subject will not have a material adverse effect on our business, financial condition or results of operations.

In addition, our business may be affected from time to time by changes in laws and regulations applicable to operators of the telecommunications and internet infrastructure through which users access our products and services, including mobile telecommunications companies, telephone, cable and broadband companies and other internet service providers. For example, in December 2017, the U.S. Federal Communications Commission issued a ruling and order reversing the "net neutrality" standards adopted in 2015 that were intended to prevent differential treatment of online content providers, in terms of access to service, access speeds and charging for preferential service, by internet service providers in the United States. In the event that the Government were to similarly scale back or weaken the net neutrality standards currently applicable in Korea, internet service providers may seek to block access to, or slow down access speeds for, our products and services in favor of those of our competitors, or may seek to charge fees to us or our users for providing preferential access to our products and services, which could hurt our competitive position, reduce user demand for our products and services, increase our costs and adversely affect our business, financial condition and results of operations.

Our transactions with our subsidiaries, affiliates and other member companies of the NAVER Group, as well as our business practices generally, are subject to Korean fair trade regulations.

We and a group of companies affiliated with us have been designated as a large business group and as a business group subject to limitations on cross-shareholdings by the Korea Fair Trade Commission. As a result, our business relationships and transactions with our subsidiaries and affiliates within the NAVER Group are subject to ongoing scrutiny by the Korea Fair Trade Commission as to, among other things, whether such relationships and transactions constitute undue financial support among companies of the same business group. We are also subject to fair trade regulations limiting cross-guarantees of debt and cross-shareholdings among member companies of the NAVER Group. See "Government Regulation — Regulation of the Company — Regulations under the Monopoly Regulation and Fair Trade Act." In addition, our material business transactions with our subsidiaries and affiliates within the NAVER Group are subject to approval by our board of directors and require more stringent and expedited public disclosure. Any future determinations by the Korea Fair Trade Commission that we have engaged in transactions that violate Korean fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on our reputation and our business.

Our transactions with related parties are subject to close scrutiny by the Korean tax authorities.

Under Korean tax law, there is an inherent risk that our transactions with our subsidiaries, affiliates or any other person or company that is related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities determine that any of our transactions with related parties was not on an arm's-length basis, we would not be permitted to deduct as expenses, or would be required to include as taxable income, the amount equivalent to such undue financial support, which may have adverse tax consequences for us.

Risks Relating to Korea

If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected.

We are incorporated in Korea, and a substantial majority of our operations are conducted in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea, and our performance and successful fulfillment of our operational strategies are dependent in large part on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and starting in 2020, the overall Korean economy and the economies of Korea's major trading partners have shown signs of deterioration due to the debilitating effects of the COVID-19 pandemic. See "— The ongoing global COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases could adversely affect our business, financial condition or results of operations." As a result, future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices and the increasing weakness of the global economy, in particular due to the COVID-19 pandemic, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of deteriorating global and Korean economic conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index (the "KOSPI"), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of the ongoing global COVID-19 pandemic;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Renminbi), interest rates, inflation rates or stock markets;
- the occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the ongoing trade disputes with Japan);
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, in particular in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;

- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East (including a potential escalation of hostilities between the United States and Iran) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political or social tensions involving Russia and any resulting adverse effects on the global supply of oil or the global financial markets; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on us and the market value of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including ballistic missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between the two Koreas in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the price of the Notes, including a downgrade in our credit rating or of the Notes.

There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances as well as accounting and corporate disclosure standards that differ from those in other jurisdictions.

You should carefully consider the risk factors listed in this section, together with all of the other information included in this Offering Circular, before you decide to purchase the Notes. As we are a Korean company, there are risks associated with investing in our securities, including the Notes, that are not typical for investments in securities of U.S. or European companies. As a Korean company, we operate in a business and cultural environment that is different from that of other countries.

Under the Korean Foreign Exchange Transaction Law, if the Government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other transactions involving foreign exchange.

In addition, we prepare and present our financial statements in accordance with K-IFRS, which differ in many material respects from accounting principles applicable to companies in certain other countries. We also make public disclosures regarding other aspects of our business in accordance with the rules and regulations of the Korea Exchange and accepted practice in Korea. These disclosure rules and practices differ in many material respects from those applicable to companies in certain other countries. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public or non-public companies in other countries. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information contained in this Offering Circular.

We are incorporated in Korea, and it may be more difficult to enforce judgments obtained in courts outside Korea.

We are incorporated in Korea. All of our directors are non-U.S. residents, and a significant portion of the personal assets of our directors and executive officers and a substantial majority of our assets are located outside the United States. As a result, when compared to a U.S. company, it may be more difficult for investors to effect service of process in the United States upon us or to enforce against us, our directors or executive officers, judgments obtained in U.S. courts predicated upon civil liability provisions of the federal or state securities laws of the United States or similar judgments obtained in other courts outside Korea. There is doubt as to the enforceability in Korean courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the United States.

Risks Relating to the Notes

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occurs, our assets may not be sufficient to pay amounts due on the Notes.

The Notes have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market. Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The offer and sale of the Notes is not conditioned on obtaining a listing of the Notes on the SGX-ST or any other securities exchange. Although the Joint Lead Managers have advised us that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice in their sole discretion.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the liquidity and market price of the Notes may be adversely affected. If an active trading market for the Notes were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- our financial condition, results of operations and future prospects;
- the rate of exchange between the Won and the U.S. dollar;
- political and economic developments in and affecting Korea and other regions; and
- the market conditions for similar securities.

Credit ratings are periodically assigned to us and the Notes.

We and our debt securities, including the Notes, are subject to periodic review by independent credit rating agencies. Accordingly, increases in the level of our outstanding indebtedness, a deterioration in our operating performance or other events could cause the rating agencies to downgrade our credit ratings generally and the ratings on the Notes, which could adversely impact the trading prices for, or the liquidity of, the Notes. Any such downgrade could also adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in future debt agreements.

The Notes are expected to be rated "A3" by Moody's and "A-" by S&P. The credit ratings assigned to the Notes are limited in scope and may not reflect the potential impact of all risks that may affect the value of the Notes. Each agency's rating should be evaluated independently of any other agency's rating. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that these ratings will remain in effect for a given period or that these ratings will not be revised by the rating agencies in the future.

The Notes being issued may not be a suitable investment for all investors seeking exposure to green, social or sustainability assets.

An amount equal to the net proceeds from the issue of the Notes will be allocated toward the financing or refinancing, in whole or in part, of the acquisition, construction, development or re-development of new or existing projects from a combination of the Eligible Green Project Categories and the Eligible Social Project Categories (collectively, the "Eligible Projects") as set forth in our Sustainable Finance Framework, for which we have obtained a second party opinion from Sustainalytics, an external consultant, in January 2021. See "Use of Proceeds." The Notes, however, may not be a suitable investment for all investors seeking exposure to sustainability assets. The description of the Eligible Projects provided elsewhere in this Offering Circular is for illustrative purposes only and no assurance can be provided that loans to entities with these specific characteristics will be made by us during the term of the Notes.

There is currently no market consensus on what precise attributes are required for a particular loan or series of notes to be defined as "green," "social" or "sustainability," and therefore no assurance can be provided to investors that selected Eligible Projects will meet all investor expectations regarding environmental or social impact. Although the Eligible Projects will be selected in accordance with the categories recognized under the GBP, SBP, SBG and GLP (each as defined in "Use of Proceeds") and will be developed in accordance with relevant legislation and standards, there can be no guarantee that the loans will deliver the environmental or social benefits as anticipated, or that adverse environmental or social impact will not occur during the term of the Notes. In addition, our use of the proceeds may not comply with all or part of the GBP, SBP, SBG, GLP or any relevant legislation or standards, and where any negative impact is insufficiently mitigated, any loans extended may become controversial and may be criticized by activist groups or other stakeholders.

Moreover, although we have agreed to certain reporting and use of proceeds obligations in connection with certain environmental and social criteria, our failure to comply with such obligations will not constitute a breach or an event of default under the Notes. Any failure by us to use an amount equal to the net proceeds from the issuance of the Notes on the Eligible Projects or to meet or continue to meet the investment requirements of certain environmentally- or socially-focused investors with respect to the Notes may affect the value of the Notes and may have consequences for certain investors with portfolio mandates to invest in green, social or sustainability assets.

No assurance can be provided that the Notes will fulfill the criteria required to qualify as sustainability bonds. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular regarding the use of the net proceeds from the issuance of the Notes and its purchase of the Notes should be based upon such investigation as it deems necessary. Neither our Sustainable Finance Framework nor the second party opinion issued by Sustainalytics is incorporated into, or forms part of, this Offering Circular.

Risks Relating to Forward-Looking Statements

This Offering Circular contains forward-looking statements that are our present expectations of future events and are subject to certain factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

In addition to the risks, uncertainties and assumptions discussed above, additional factors could adversely impact our business and financial performance. The forward-looking statements contained in this Offering Circular involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such factors include:

- our ability to attract and retain users and increase the level of engagement of users;
- our ability to further monetize products and services;

- our ability to attract advertisers and increase the amount that advertisers spend with us;
- our ability to successfully enter new markets and manage business expansion;
- our ability to successfully pursue strategic alliances and operate joint ventures;
- our ability to compete in the internet, mobile and portal services and related industries in Korea and elsewhere;
- our ability to develop or acquire new products and services, improve existing products and services and increase the value of products and services in a timely and cost-effective manner;
- our ability to maintain good relationships with business partners and attract new partners;
- our ability to increase revenue and revenue growth rate;
- our ability to timely and effectively scale and adapt existing technology and network infrastructure;
- our ability to successfully acquire and integrate companies and assets;
- our future business development, results of operations and financial condition; and
- the regulatory environment in which we operate.

We have based the forward-looking statements contained in this Offering Circular largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. New risk factors and uncertainties may emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on us or our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this Offering Circular. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

USE OF PROCEEDS

We will use an amount equal to the net proceeds (after deduction of underwriting commissions to the Joint Lead Managers but before out-of-pocket expenses related to this offering) from the sale of the Notes, which is estimated to amount to approximately US$496,470,000, toward the financing or refinancing, in whole or in part, of the acquisition, construction, development or re-development of new or existing projects from the Eligible Green Project Categories (as defined below) and the Eligible Social Project Categories (as defined below), as set forth in our Sustainable Finance Framework, which is in alignment with the Green Bond Principles 2018 ("GBP"), the Social Bond Principles 2020 ("SBP") and/or the Sustainability Bond Guidelines 2018 ("SBG"), all published by the International Capital Markets Association (the "ICMA"), as well as the Green Loan Principles 2020 ("GLP") as published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association.

An amount equal to the net proceeds from the sale of the Notes, which will be designated as "sustainability" notes, will be aligned primarily with the SBG and allocated to a combination of the Eligible Green Project Categories and the Eligible Social Project Categories (together, the "Eligible Projects"). Re-financing of the Eligible Projects will have a look-back period of no longer than 36 months from the date of the issuance of the Notes. Although we expect that each of the Eligible Projects will meet one or more of the eligibility criteria outlined below, any one of the Eligible Projects receiving an allocation of the net proceeds from the sale of the Notes may or may not include any one or all of the illustrative projects listed below.

Green Eligible Project Categories include projects related to (i) energy efficiency; (ii) green buildings; (iii) renewable energy; (iv) sustainable water management; (v) circular economy and design; and (vi) clean transportation, as more fully explained below:

- energy efficiency: design, construction, operation and maintenance of energy-efficient facilities and infrastructure, including data centers that are expected to achieve Power Usage Effectiveness (PUE) of less than 1.5, heating ventilation and air conditioning (HVAC) upgrades, cooling technology, light-emitting diode lighting upgrades, energy-saving materials and intelligent management technology or other expenditures to improve energy efficiency by at least 15% when compared to the relevant baseline;
- green buildings: new construction, upgrades or build-out of properties that have received or are expected to receive certifications or qualifications such as LEED "Gold" certification or above, Green Standard for Energy and Environmental Design (G-SEED) "Green 2" or above, BREEAM "Very Good" or above or other equivalent internationally and/or nationally recognized certifications;
- renewable energy: construction, installation, operation or maintenance of projects or assets fueled by renewable energy, including on-site facilities of solar power, wind power and geothermal energy or associated energy solutions including battery storage installations;
- sustainable water management: construction, installation, operation or maintenance of systems related to the reduction of the amount of water consumed or wasted, such as rainwater collection systems, water conservation systems and water recycling systems;
- circular economy and design: expenditures related to projects that increase waste diversion from landfill, including research and development related to sustainable packaging that minimizes adverse environmental impact caused by non-biodegradable packaging or over-packaging, and systems that reduce waste generation from construction and operation of offices, data centers and other properties; and
- clean transportation: procurement, maintenance and operation of electric vehicles, electric bicycles and other related infrastructure, including installation of electric vehicle charging stations.

Eligible Social Project Categories include projects related to: (a) digital literacy; (b) COVID-19 crisis response; (c) support for SMEs and start-ups; and (d) employment of women and youths, as more fully explained below:

- digital literacy: support for small- and medium-sized enterprises, start-ups and creators that lack access to essential digital technologies, such as the Internet, e-commerce platforms, electronic payment systems or cloud services, in the form of education programs on digital technologies or assistance through our various platforms to enhance digital skills and adopt digital transformation in various aspects of their operations;
- COVID-19 crisis response: support for entities and individuals negatively impacted by the ongoing COVID-19 pandemic through certain projects, including financing for small- and medium-sized enterprises affected by COVID-19, technical support for small- and medium-sized enterprises, schools, creators and entrepreneurs affected by COVID-19, and purchases and distribution of medical equipment and supplies related to health, safety and hygiene;
- support for SMEs/start-ups: support for small- and medium-sized enterprises and start-ups owned by social minorities, including single mothers, women with career breaks, the disabled and low-income populations and those located in regions with GDP below the national average, through projects that entail participation in funding for such small- and medium-sized enterprises and start-ups, and provision of essential IT infrastructure and office space, consulting and marketing services; and
- employment of women and youths: promotion of employment of software developers and engineers from under-represented communities, such as women and job-seeking youths from suburban and rural regions, through projects that provide training to learn coding and other software-related skills and funding to enhance under-represented communities' access to education, essential equipment and IT infrastructure.

Project Evaluation and Selection Process

Under our project evaluation and selection process, the Eligible Projects will be identified and selected by our Green Impact Group, which is composed of various ESG-related departments as well as our risk management support group, internal audit and legal teams. The Green Impact Group will convene at least once annually to review and select potential Eligible Projects, which are presented to our board of directors and our ESG Committee. See "Management — Committees of the Board of Directors."

Management of Proceeds

An amount equal to the net proceeds from this offering, which will be deposited into our general funding accounts and managed by our finance team, will be earmarked for allocation to Eligible Projects based on the eligibility criteria outlined above. The allocation of the net proceeds will be recorded and monitored by a register, which will track key information regarding the relevant Eligible Projects, as well as details regarding allocation of the proceeds and any remaining balance. Any balance of the net proceeds not yet allocated to Eligible Projects will be managed in accordance with our liquidity guidelines for short-term time deposits or other short-term liquid instruments until allocation to Eligible Projects.

Reporting

We will provide information on the allocation of an amount equal to the net proceeds from this offering in our annual report or on our website on an annual basis until all such amount has been fully allocated. Such information will include allocation information, such as the amounts allocated to the respective Eligible Projects, qualitative descriptions of such Eligible Projects and the remaining balance of unallocated proceeds. Impact reporting will be disclosed where possible and will include relevant impact indicators for the Eligible Projects.

We have engaged Sustainalytics, an external consultant, to provide an external review in the form of a Second Party Opinion on our Sustainable Finance Framework, and to confirm alignment with the ICMA GBP, SBP, SBG and other relevant principles. Such Second Party Opinion, as well as our Sustainable Finance Framework, will be publicly available on our website at https://www.navercorp.com/en/investment/sustainabilityReport.

EXCHANGE RATE INFORMATION

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate, announced by Seoul Money Brokerage Services, Ltd., between Won and U.S. dollars and rounded to the nearest tenth of one Won. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate(1)	High	Low
	(Won per US$1.00)			
2016	1,208.5	1,160.5	1,240.9	1,093.2
2017	1,071.4	1,130.8	1,208.5	1,071.4
2018	1,118.1	1,100.3	1,142.5	1,057.6
2019	1,157.8	1,165.7	1,218.9	1,111.6
2020	1,088.0	1,180.1	1,280.1	1,082.7
September	1,173.5	1,178.8	1,190.2	1,160.6
October	1,133.4	1,144.7	1,169.5	1,127.6
November	1,104.4	1,116.8	1,136.5	1,104.4
December	1,088.0	1,095.1	1,108.9	1,082.7
2021 (through March 22)	1,131.8	1,111.7	1,141.1	1,083.1
January	1,114.6	1,097.5	1,114.6	1,083.1
February	1,108.4	1,111.7	1,124.0	1,099.7
March (through March 22)	1,131.8	1,130.6	1,141.1	1,121.3

Source: Seoul Money Brokerage Services, Ltd.

(1) The average rate for each period is calculated as the average of the Market Average Exchange Rates on each business day during the relevant period (or portion thereof).

CAPITALIZATION

The following table sets forth our capitalization, which represents our long-term debt and equity, (1) as derived from our audited consolidated financial statements as of December 31, 2020 included in this Offering Circular and (2) as adjusted to give effect to the issuance of the Notes offered hereby, after deducting the underwriting commission but not estimated offering expenses payable by us and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. For additional information, see "Summary Financial and Operating Data" and our audited consolidated financial statements and the notes thereto appearing elsewhere in this Offering Circular.

	As of December 31, 2020	
	Actual	**As Adjusted**
	(in billions of Won)	
Long-term debt:		
Long-term borrowings, excluding current portion	₩ 151	₩ 151
Notes offered hereby[(1)]	—	540
Total long-term debt	151	691
Equity:		
Share capital of ₩100 par value;		
Authorized: 300,000,000 shares;		
Issued: 164,263,395 shares	16	16
Share premium	1,793	1,793
Other components of equity	(1,059)	(1,059)
Accumulated other comprehensive loss relating to assets held for sale	(38)	(38)
Retained earnings	6,655	6,655
Non-controlling interest	888	888
Total equity	8,255	8,255
Total capitalization	₩ 8,406	₩8,946

(1) Translated into Won at ₩1,088.0 to US$1.00, the Market Average Exchange Rate in effect on December 31, 2020.

In February 2021, we issued an aggregate principal amount of ₩700 billion of Won-denominated debentures, ₩250 billion of which will mature in February 2024 and ₩450 of which will mature in February 2026.

Except as disclosed herein, there has been no material adverse change in our capitalization since December 31, 2020.

BUSINESS

Overview

We are a leading online services company headquartered in Korea that operates NAVER, Korea's leading internet portal, and other innovative applications for the discovery of information, contents and social network services. We provide our users with the means to easily obtain and share information and knowledge, connect with others and build relationships, communicate thoughts and experiences and enjoy a wide range of digital content offerings, while creating value for advertisers by connecting them with their target audience using our platforms. With an increasing amount of activity on the internet being conducted through mobile devices, we strive to provide versatile and user-friendly applications that enable us to pursue expansion into new markets while increasing penetration rates in our existing key markets.

Our comprehensive NAVER platform provides users with access to our integrated search engine, online shopping and communities as well as an array of digital content offerings, while creating value for advertisers by connecting them with their target audiences effectively and efficiently. Our innovations in web search and advertising have made the NAVER internet portal one of Korea's top internet destinations. According to Nielsen KoreanClick, NAVER has consistently had the largest number of monthly unique users in Korea (on an aggregated basis for both personal computers and mobile devices) among all search portals in recent years, at 38 million in December 2019 and 40 million in December 2020. We also offer various other products and services that complement the NAVER platform. According to WiseApp, we had four of the top-ten mobile applications in Korea ranked by the total number of uses in December 2020, including the second-ranked mobile NAVER portal, fourth-ranked NAVER Café, eighth-ranked BAND and tenth-ranked NAVER Webtoon.

We generate our operating revenues primarily from our advertising products and services as well as from fee and commission revenues from our commerce operations, the sale of digital contents offered on the NAVER and its related platforms, fee revenues from the NAVER Pay payment and other fintech products and services and the sale of cloud products and services to corporate and individual users. Our approach is to build a large user base, promote user engagement and introduce and enhance entertainment and other contents and services, all of which lead to enhanced media value for our advertising business and greater monetization opportunities. We plan to continue to invest in research and development, including localization of existing products and services for new markets, to continue to grow our user base and strengthen user loyalty, and explore ways to pursue additional monetization opportunities.

Our broad array of services, combined with our large and highly engaged user base, enable us to accumulate vast user information, including their internet search and spending patterns. We believe that combining data analytics with creative products and services enables us to create a superior user experience as well as enhance monetization opportunities. On a global basis, we continually monitor and analyze such data to better understand the fluctuations in demand for our products and services from various user segments, which contributes to enhancing user experience as well as formulating our marketing strategy. Leveraging such analysis, we also provide a variety of interactive marketing solutions that enable advertisers to promote their brands and amplify their visibility and reach. We believe that our solutions enable the advertiser to direct their efforts in a more targeted manner and therefore increase the probability of reaching a receptive and engaged audience, which in turn generates a higher return on investment.

We were established in June 1999 as Navercom Corporation and launched our NAVER internet portal. We changed our name to NHN Corporation in 2001, listed our common shares on the KRX KOSDAQ Market in 2002 and transferred our listing to KRX KOSPI Market in 2008. Since our incorporation, we have grown both organically and through mergers and acquisitions. In August 2013, we spun off our online game business into NHN Entertainment Corporation and changed our name to NAVER Corporation. In May 2017, we spun off our digital comics business into NAVER Webtoon Corporation, and in November 2019, we spun off our fintech business into NAVER Financial Corp. In August 2020, we further reorganized our webtoon publishing business, pursuant to which our global webtoon business is currently managed by our U.S.-based consolidated subsidiary, Webtoon Entertainment Inc., which controls local webtoon business subsidiaries in Korea and Japan. On March 1, 2021, the businesses of LINE Corporation, our former consolidated subsidiary that was previously listed on the Tokyo Stock Exchange and the New York Stock Exchange, was integrated with the businesses of Yahoo Japan, Japan's leading internet portal, and we currently hold a 50% interest in the combined holding entity. The businesses of LINE Corporation are accordingly accounted for as discontinued operations in our audited consolidated statement of comprehensive income for the years ended December 31, 2020 and 2019. See "— Business Combination of LINE and Yahoo Japan" below.

Our operating revenue was ₩4,356 billion in 2019 and ₩5,304 billion in 2020, in each case excluding revenue from discontinued operations. We recorded profit for the year of ₩397 billion (including loss for the year from discontinued operations of ₩524 billion) in 2019 and ₩845 billion (including loss for the year from discontinued operations of ₩296 billion) in 2020. We had total assets of ₩12,300 billion and total equity of ₩6,504 billion as of December 31, 2019 and total assets of ₩17,014 billion and total equity of ₩8,255 billion as of December 31, 2020.

Business Combination of LINE and Yahoo Japan

On March 1, 2021, we and SoftBank, a leading global telecommunications and information technology company headquartered in Japan, completed the LINE JV Transactions pursuant to which we and SoftBank integrated the businesses of (i) our former consolidated subsidiary LINE Corporation, which operates LINE, Japan's leading mobile messenger application, and various other mobile communications, fintech, contents and e-commerce businesses (collectively, the "LINE Businesses") and (ii) Z Holdings, a consolidated subsidiary of SoftBank, and a holding company for various subsidiaries that collectively operated Yahoo Japan, Japan's leading internet portal, and an assortment of other online media, e-commerce and membership businesses (collectively, the "Yahoo Japan Businesses"). Following the consummation of such transactions, we and Softbank each currently own a 50% equity interest in the combined holding company named A Holdings Corporation (the "LINE/Yahoo Japan JV"), which in turn owns a controlling interest in subsidiaries that operate the wide array of businesses comprising the LINE Businesses and Yahoo Japan Businesses, and the LINE/Yahoo Japan JV became a consolidated subsidiary of SoftBank due to SoftBank's ability to appoint one more director of such company than us. We expect that the LINE/Yahoo Japan JV will strengthen and pursue synergies among the LINE Businesses and the Yahoo Japan Businesses and make investments to expand into new business areas, such as AI, commerce, fintech, advertising and online-to-offline services, with the aim of growing into a leading internet company in Japan and the rest of Asia.

We account for LINE/Yahoo Japan JV as an equity method investee in our consolidated financial statements following the completion of the LINE JV Transactions. Our former LINE Businesses were accounted for as discontinued operations in our audited consolidated statement of comprehensive income for the years ended December 31, 2020 and 2019. In addition, our assets related to the former LINE Businesses were accounted for as assets held-for-sale in our audited consolidated statement of financial position as of December 31, 2020. See Notes 35 and 37 of the notes to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular. See "— Investments and Strategic Alliances — LINE/Yahoo Japan JV."

Our Business Segments

NAVER Portal-Related Businesses

Our NAVER portal, which is available on mobile and personal computer platforms, enables users to find and access relevant information quickly and easily on the internet, in line with our mission to make knowledge and information easily available to all. The NAVER portal provides a platform through which people can not only readily access relevant information but also easily share thoughts and experiences with others, enjoy diversified content offerings and create value for businesses. On one comprehensive user-friendly NAVER master platform, we provide users with access to its integrated search engine, communities, e-mail accounts and shopping as well as an array of digital content products, while creating value for our advertisers by connecting them with their target audiences effectively and efficiently. As of December 31, 2020, we had approximately 42 million registered NAVER users and over 30 million daily active users on the mobile NAVER platform.

We believe that the integration of our products and services through the NAVER and related platforms provides our users with a smoother and richer connection experience that contributes to higher user loyalty and user base growth, which in turn enhances our ability to accumulate and analyze substantial amounts of user-related data to better understand user preferences and to improve our product and service offerings, including the effectiveness of online advertising through such platforms. Leveraging our user base, product and service offerings and their interconnectivity, our platforms have evolved into diversified online gateways that have become integrated into numerous aspects of our users' daily lives. Users add value to the overall NAVER ecosystem each time they engage with other users, advertisers or content or service providers. Increases in user engagement enable us to grow our scale by attracting more users, advertisers and content and service providers. In turn, growth in scale in terms of the number of users, advertisers and content and service providers and the interactions among them enhances the value we deliver to all of the constituencies of the NAVER and related platforms and leads to greater monetization opportunities.

Operating revenue from our portal-related business (categorized as "search platform business" in our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular), which include search and display advertising revenues other than those relating to our NAVER Shopping portal and other commerce businesses, amounted to Won 2,655 billion, or 60.9% of our operating revenue from continuing operations, in 2019 and Won 2,803 billion, or 52.8% of our operating revenue from continuing operations, in 2020.

NAVER Search Engine

Our proprietary search engine, NAVER Search, which is integrated into the NAVER portal, sorts through a vast and growing amount of information to deliver relevant and useful search results in response to user queries. Search results on the NAVER portal of a particular item not only includes applicable websites but also related images, videos, postings on blogs and "Café" communities, Q&A postings by users on NAVER Knowledge iN, database entries in NAVER Encyclopedia and NAVER Dictionary, links to our advertisers' websites and links to similar items currently being sold on NAVER Shopping and other online shopping malls, as well as relevant news articles and a map showing nearby places that sell similar items offline, among other things. Users may also elect to conduct searches limited to certain categories, websites or time periods.

We maintain the largest online database of Korean-language web contents. We strive to improve the accuracy of our search results through investments in research and development as well as information technology infrastructure, and aim to provide more targeted and context-specific information to our users. In recent years, we have also expanded the application of AI technology to enhance search quality and user convenience by analyzing our vast user database and better matching search keywords with the interests, demographics and locations of individual users.

Online Communities

Through NAVER Café and NAVER Blog, we provide online communities to our NAVER portal users. We also provide a mobile-focused online community application through BAND. Our users can connect with others who share similar interests or seek information or opinions from others. These online communities increase our user engagement, leading to more opportunities and venues for us to generate revenues through advertising.

- **NAVER Café.** NAVER Cafés are online communities created by our users around a common topic of interest, such as sports, travel, fashion, game, cinema, music, politics, academic affiliation or hobby.

Users can create communities that are either open to the public or restricted to a particular group of users. Utilizing online bulletin boards, members of an online community can post messages for general viewing and users who are not registered with a particular community can also access the message board and decide whether to join. As of December 31, 2020, NAVER Café had approximately 25 million MAUs.

- **NAVER Blog.** NAVER Blog is a leading Korean web publishing tool that gives users the ability to publish entries on their "blogs" to share their interests, opinions and experiences. Blogs are web pages usually made up of postings that are generally displayed in reverse chronological order. A typical blog often combines text, images and links to other blogs, webpages and other media. NAVER users can subscribe to blogs and leave comments. As of December 31, 2020, NAVER had approximately 2.1 billion accumulated NAVER Blog postings.
- **BAND.** BAND is a free mobile social community application, which provides a free platform for friends, families and others who share similar interests to group together and provides each community, or "band," a separate online space to convene. Available on iOS- and Android-based smartphones as well as on personal computers, BAND enables people to use multiple profiles, create or join invitation-only bands or public bands centered around similar interests and freely share their thoughts with like-minded people. BAND offers comprehensive group communication tools to facilitate community building, such as group chats, a synchronized to-do list, a group calendar, event reservation functions, polling to collect group member opinions and location sharing, as well as tools that facilitate sharing of files, videos, screenshots and photo albums. As of December 31, 2020, the BAND application recorded over 100 million cumulative downloads worldwide.

Other User Products and Services

We provide other services that further enhance traffic to our portal and provide additional venues for advertising, which include the following notable offerings:

- **NAVER Knowledge iN.** NAVER Knowledge iN is a platform for information sharing that enables NAVER users to ask questions and receive answers from other users. An extensive collection of past responses is available to users free of charge. Since its launch, NAVER Knowledge iN has contributed to expansion of user-generated contents and the amount of information available on the NAVER portal. As of December 31, 2020, approximately 1.0 million questions were answered by NAVER users on the NAVER Knowledge iN platform. NAVER Knowledge iN recommends the response most suited for the question based on predictive analytics performed on our accumulated big data sets. In 2019, we also introduced the "Knowledge iN eXpert" feature, a real-time professional knowledge sharing service that connects users with verified experts for fee-based one-on-one consulting sessions.
- **NAVER Map.** NAVER Map provides links to street maps with street views and satellite images, and offers point-to-point directions for a variety of transportation options, including public bus and subway connection information. NAVER Map calculates route options to the designated destination that take real-time traffic information into account and displays estimated travel time and travel costs, including public transportation fares. The NAVER Map mobile application also features a turn-by-turn voice-guided navigation function.
- **NAVER News.** NAVER News gathers information from various media sources and presents them in searchable formats on a real-time basis. Users may browse different categories of news, from politics and economy to sports and entertainment, and also view the top headlines within each category, which are compiled and sorted based on the number of views. Users may also specify the news publications that they browse. We utilize AI technology to analyze the content consumption patterns of each user and display news contents that has been extensively viewed by people with similar interests, while also reflecting the fidelity of news articles and user feedback. In addition, viewers can view news articles without invasive banner advertisements, unlike on the originating press websites.

- **NAVER Mail.** We offer NAVER Mail, which is a free personal e-mail service, to users who register with NAVER. Each NAVER Mail account comes with five gigabytes of base storage (which may be increased up to 30 gigabytes by re-allocating additional space from the user's Mybox cloud storage space) and is integrated with our other services, such as calendar, contacts and communities. An e-mail notification may be sent to NAVER users about upcoming events planned by the online NAVER communities to which they belong, and the same event details can be reflected in their calendar.
- **WHALE.** Launched in 2017, WHALE is our free-to-use proprietary web browser, which features various additional functions that are designed to enhance user experience and provide a safer browsing environment. Key features include those that allow users to handle all their web browsing tasks in one window, prevent and/or rearrange disorganized pop-up windows and automatically search for meanings of unfamiliar words. WHALE also utilizes strengthened encryption technology to provide increased protection of sensitive user information and functions that automatically block illegal or counterfeit websites and malware.
- **Papago.** Papago is an automated translation application which leverages our advanced technologies, including AI-based neural machine translation, speech and image recognition and speech synthesis. Papago currently offers free translation services for 15 languages, including Korean, English, traditional and simplified Chinese and Japanese. We are constantly seeking to enhance user convenience by continually improving the translation quality as well as adding new features such as expanding the number of languages for which image recognition is available and offline translation capabilities.
- **NAVER Encyclopedia and NAVER Dictionary.** We offer NAVER Encyclopedia to provide objective information on millions of searchable topics of interest to our users. As of December 31, 2020, NAVER Encyclopedia had entries on approximately 4.6 million topics. We also offer NAVER Dictionary providing definitions and/or translations of words and phrases in 46 different languages.

The NAVER portal also offers a gateway to various other services for NAVER users, such as online shopping, local business directories, real estate sale and rental listings and reservation services for accommodations, restaurants and other vendors with location-based recommendations using AI technology. In addition, many of our offerings of various multimedia contents, such as NAVER Webtoon, V LIVE, VIBE and NAVER TV, are directly or indirectly accessible through the NAVER portal. The categories of the numerous contents and other services accessible through the NAVER portal may be customized on the user's home screen for the NAVER portal to tailor such user's personal preferences. See "— Contents."

NAVER Products and Services for Advertisers

We offer a broad range of advertising products and services that are designed to cater to the specific needs of our advertising customers. Our search advertising products and services enable advertisers to cost effectively and efficiently target users who are interested in specific keywords related to the advertisers' product and service offerings. Our display advertising products and services, on the other hand, enable advertisers to display their advertisements to a large number of viewers, leveraging NAVER's position as Korea's leading web portal with the largest user base and its numerous related content and service platforms, and employ a variety of formats to maximize viewer attention. Our search advertising is often the primary advertising tool for many small businesses. While our display advertising has historically been used primarily by large businesses to strengthen their multi-media marketing campaigns, our performance-based display advertising products have become an increasingly important marketing tool for small businesses in recent years. We also offer ancillary services such as online reservation services and business information registration services designed to aid the marketing efforts of our advertisers. Our advertisers can choose to subscribe to a single advertising product or service or a package of multiple products and services on both mobile and personal computer platforms.

Search Advertising. Consumers often use search engines to identify, compare and make purchasing decisions online. Our search advertising products and services, offered through our proprietary search engine, NAVER Search, enable our advertising customers to place their products or services on the search results page, providing them the opportunity to place advertisements tailored to a consumer's specific needs or interests at the precise moment the consumer is searching for related information. Advertisers subscribing to our search advertising products and services may handle advertising campaigns on their own through our online advertisement management system or employ the services of an advertising agency authorized by us.

We offer advertisers the use of our advertisement analytics platform to track and optimize the performance of their advertising campaigns. Advertisers are able to track how many customers visited their sites as a result of a specific advertisement or for a specific keyword, and how much the advertisers paid to bring customers to their site. Such analytics help advertisers make modifications to their advertising campaigns to enhance their results and achieve a higher return on their investment.

Our flagship search advertising product is Power Link advertisements, which are displayed on the search results page of search queries performed on the NAVER search portal and various related sites. Power Link uses a bid-based cost per click ("CPC") pricing model, where an advertiser competes against other advertisers in an auction and bids for a given advertisement spot, typically based on a search keyword. Advertisers can add or delete search keywords, increase or decrease bids for keywords and initiate or discontinue Power Link advertisements at any time. Advertisements are ranked for display based on a combination of the maximum CPC set by the advertiser and click-through rates and other factors used to determine the relevance of the advertisement. This favors the advertisements that are most relevant to users, improving the experience for both NAVER users looking for information and the advertiser looking for interested customers. If an advertisement does not attract sufficient user clicks, it moves to a less prominent position on the page, even if the advertiser offers to pay a higher amount. Because we generate revenues only when users click on the advertisement, we believe that Power Link aligns our interests with those of our advertisers as well as our users.

In addition, we offer various other types of search advertising that specifically target certain types of advertisers, including:

- **Shopping Search**. Shopping Search advertising, which is exclusively available to businesses that are registered on our NAVER Shopping online shopping portal, offers image-based advertisements in the shopping-related search results pages of the NAVER search portal as well as on the NAVER Shopping platform. Shopping Search applies the bid-based CPC pricing model.
- **Power Contents**. Power Contents is our search advertising product suited for advertising products and services that require in-depth research by consumers, such as car purchases or enrollment in a study abroad program. Informative content created by Power Contents advertisers are displayed on the search results page for a relevant keyword search. Power Contents applies the bid-based CPC pricing model.
- **Brand Search**. Brand Search is our content search advertising product that enables an advertiser to showcase its brand and related images to appear at the top of a search results page when the brand keyword or a keyword that is highly associated with the brand is searched. The advertiser pays a fixed price for Brand Search, which price is set based on the type of product or service being advertised, duration of the advertising campaign as well as the number of searches for the applicable keyword during the past 30 days.

Our search advertising products also include specialized products available for certain types of businesses that are optimized for mobile devices, including Click Choice Plus and Click Choice Shopping, which offer enhanced and easily accessible visuals located at the top of the mobile page with a preview screen that contain additional features and information to better attract and target mobile device users. In addition, we offer targeted banner advertisements with convenient features for users, such as the map view function, for small local businesses that are only exposed to users searching within the specified local area of the advertiser. Such specialized advertising products generally apply the bid-based CPC pricing model.

Display Advertising. Display advertising on the NAVER portal and its related platforms encompasses various forms of online advertising, including banner advertisements, video advertisements and rich media advertisements, which are typically visually engaging and designed to reach a large number of consumers within a particular audience segment. Advertisers run display advertising campaigns on NAVER in order to reach NAVER's large user base which spends significant time using various products and services on our numerous platforms.

Our display advertising products are generally categorized into guaranteed-type display advertising products and performance-based display advertising products. Guaranteed-type display advertising products offer a minimum number of impressions to be displayed during a given amount of time. An impression is the display of an advertisement to a user while viewing a web page. For example, Time Board, which is one of our premium banner display advertisement products, displays a large banner advertisement immediately below the NAVER Search window for one hour. We set a different price for each specified time slot so that the time slot with the highest projected user traffic and page view commands the highest price. Advertisers can choose the time slot that is most cost effective for their campaign. Pricing plans for other types of guaranteed-type display advertising products are typically based on cost per time slot (typically in blocks between one and four hours) or cost per thousand impressions ("CPM").

Performance-based display advertising allows advertisers to compete against other advertisers in an auction and bid for a given display advertisement spot. For our performance-based display advertising products, we use the CPM and CPC pricing models. Performance-based display advertising products provide an affordable means of advertising for smaller businesses which are not well-positioned to commit to a fixed cost advertising campaign.

We continually develop and introduce new types of display advertising products and pricing plans for our display advertising in consideration of our evolving ecosystem of various online and mobile platforms and the needs of our advertisers.

Commerce

We aim to provide a seamless, one-stop shopping experience to our users by enabling them to conveniently search and pay for items from a broad selection offered by both online retailers and traditional offline stores. We partner with a wide range of retailers, ranging from established online shopping malls of large retailers to small stores, and display their products and services on the NAVER Shopping platform. NAVER users are able to conveniently search for items by typing in a keyword in our search box or by browsing NAVER Shopping's broad range of merchandise categories including groceries, apparels, luxury goods, beauty and health and electronics items as well as travel services and tickets for concerts, sports and other events. The NAVER Shopping portal enables its shoppers to use filters and conveniently compare products based on price, product features and other criteria, and makes AI-based product recommendations based on a user's gender, age, real-time clicks and purchasing cycles and patterns.

Instead of linking the marketplace to the sellers' own websites, NAVER Shopping stores the database of their products and services in its own servers, which enables NAVER to keep a vast array of records of users' purchasing patterns and preferences as well as enhance their shopping experience with a standardized online retail format and convenient purchase settlements through NAVER Pay. We receive advertising fees from partnering retailers, which are generally based on CPC or a percentage of sales generated through NAVER Shopping. We also offer other commerce services to retailers and NAVER users, including:

- **Smart Store.** NAVER offers a blog-style online shopping mall platform for small businesses seeking to market and sell their products online through an effective and convenient advertising and sales platform. By creating its own Smart Store webpage using our free-to-use web tools and designs, a participating vendor can sell their products and services online, payments for which must be cleared through NAVER Pay. A seller using our Smart Store platform may also link its online shop to NAVER Shopping portal and take advantage of our search advertising services, for which we charge service commissions based on a percentage of the purchases made by customers in addition to the service fee for the use of NAVER Pay. See "— Fintech — NAVER Pay". By working with third-party logistics companies, including those in which we have made minority equity investments, we also provide support to sellers for order fulfillments and deliveries of goods sold on the Smart Store platform. As of December 31, 2020, approximately 439 thousand Smart Stores were in operation. The volume of products sold through our Smart Store platform has grown significantly in recent years, and we estimate that the gross merchandise volume of Smart Store increased by approximately 76% from 2019 to 2020.

- **Brand Store.** We offer separate online shopping mall space within the NAVER Shopping platform to popular brands to market and sell their products through NAVER Shopping. Participating businesses, which include leading brands of designer fashion, consumer electronics, health and beauty products and other consumer products, benefit from our expertise in data analysis and user interface to effectively market their branded contents and products. Qualifying brands must meet our evaluation criteria based on, among other things, the number of searches generated in, and sales made through, the NAVER Shopping portal. We do not charge any additional fees to the participating brands aside from those arising from the purchases of our advertising products and fees charged for the use of NAVER Pay services. As of December 31, 2020, approximately 230 Brand Stores were in operation.

- **NAVER Plus Membership.** In June 2020, we introduced the subscription-based NAVER Plus Membership service. For a nominal monthly subscription fee (currently set at Won 4,900 per month) payable after a one-month free trial period, NAVER Plus members can accumulate bonus NAVER Pay points, which may be used like cash in future transactions using the NAVER Pay service, on eligible purchases made through NAVER Pay. NAVER Plus Membership benefits also include a monthly base allowance of various digital content offerings and cloud storage space on our Mybox cloud server. See "— Cloud." Members may also upgrade their NAVER Plus Membership plans, which allow for additional digital content offerings such as unlimited music streaming or larger storage space on our Mybox cloud server, for a higher monthly subscription fee. As of December 31, 2020, we had over 2.5 million NAVER Plus members.

We are continually adding new service offerings for users and retailers on the NAVER Shopping platform, such as "NAVER Shopping Live," which is an easy-to-use live streaming shopping broadcast hosted by sellers that allow viewers to freely communicate with the host by sending messages through the platform, and the "Jangbogi" service, which is an online fresh produce ordering service utilizing the delivery network of participating operators of leading national grocery store chains. NAVER Shopping Live generated over 100 million views and 1 million purchases in the first six months of service since its launch in July 2020. In January 2020, our subsidiary SNOW Corporation also launched Kream, a mobile platform application for resales of premium shoes by its users.

Operating revenue from our commerce business, including search and display advertising revenue relating to our commerce operations, brokerage fees and certain other items, amounted to Won 792 billion, or 18.2% of our operating revenue from continuing operations, in 2019 and Won 1,090 billion, or 20.5% of our operating revenue from continuing operations, in 2020.

In October 2020, we acquired a 7.85% equity interest in CJ Logistics Corp., a leading provider of logistics and courier delivery services in Korea and an affiliate of the CJ Group, pursuant to our entry into a broader strategic alliance with the CJ Group. By leveraging the extensive logistics network and expertise of CJ Logistics Corp, we plan to actively pursue ways to strengthen our capabilities to offer services relating to order fulfillment and delivery of merchandise sold through the NAVER Shopping platform. See "— Investments and Strategic Alliances — Strategic Alliance with the CJ Group."

Fintech

NAVER Pay

NAVER Pay is a payment service that enables registered NAVER users to store their credit card or bank account information and make online or mobile payments or transfers by simply entering a password or through fingerprint or facial recognition authentication and offline payments by scanning a QR code. After registering with NAVER Pay, users can shop, make payments and track shipping and delivery for online purchases without having to separately register with retailers. Each time a registered user makes payments using NAVER Pay, we award a certain percentage of the amount spent as NAVER Points, which can be used as cash at participating vendors and service providers. We charge a certain percentage of the purchased amounts as a service fee to vendors for transactions cleared through the NAVER Pay service.

We have partnered with a substantial majority of the major credit card companies and commercial banks in Korea for online credit card or check card payments using NAVER Pay and are continually expanding the number of online and offline retailers accepting NAVER Pay as a form of payment. We also offer several types of check cards and credit cards with special discounts and bonus NAVER Pay points in partnership with leading credit card companies in Korea, including Shinhan Card, Woori Card and Lotte Card. As of December 31, 2020, NAVER Pay had approximately 28 million users that were registered as members and approximately 15 million MAUs as well as approximately 1.4 million online and offline vendors using the NAVER Pay service.

In November 2019, we established a new consolidated subsidiary, NAVER Financial Corp., to which we transferred our NAVER Pay operations. In December 2019, Mirae Asset Daewoo, a leading securities brokerage and investment services company in Korea, together with certain of its affiliates, invested Won 800 billion in NAVER Financial Corp. to acquire a minority equity interest therein, as part of an ongoing, broader strategic alliance between us and Mirae Asset Daewoo. As of December 31, 2020, Mirae Asset Daewoo and its affiliates collectively owned a 30% equity interest (on a combined basis including both common and preferred shares) in NAVER Financial Corp. See "Investments and Strategic Alliances — Strategic Alliance with Mirae Asset Daewoo."

Operating revenue from our fintech business, which was primarily attributable to the service fees generated from NAVER Pay and other digital finance services, amounted to Won 407 billion, or 9.3% of our operating revenue from continuing operations, in 2019 and Won 677 billion, or 12.8% of our operating revenue from continuing operations, in 2020.

Other Digital Financial Services

We are actively developing and offering additional digital financial products and services through partnerships and collaborations with leading financial services companies in Korea for whom we serve as an agent, including Mirae Asset Daewoo and its affiliates. For example, in collaboration with Mirae Asset Daewoo as its designated agent, we introduced a cash management deposit account with preferential interest rates and certain additional benefits such as bonus NAVER Pay points in June 2020 and a specialized loan product for small businesses operating online shops on our Smart Store platform in December 2020. We are also continually reviewing opportunities to develop and market additional financial products and services, including those in collaboration with leading companies in the financial sector as potential business partners.

Contents

We provide access to a wide range of digital contents supplied by Korea's leading content providers, which may be accessed online or through mobile applications. Some of our digital contents are also available in over 150 countries globally. We develop and source new and compelling contents to attract new users, expand and enhance our revenue sources by increasing our offerings of paid contents and exploring other monetizing opportunities, and increase user engagement through the development of platforms that optimize the users' experience with such content. NAVER users can customize the content categories that are displayed on their NAVER homepage. Operating revenue from our contents business amounted to Won 309 billion, or 7.1% of our operating revenue from continuing operations, in 2019 and Won 460 billion, or 8.7% of our operating revenue from continuing operations, in 2020. Our notable contents offerings include the following:

- **NAVER Webtoon and NAVER Series.** NAVER Webtoon, which is primarily operated by our U.S.-based subsidiary, Webtoon Entertainment Inc., and its local subsidiaries in Korea and Japan following a corporate reorganization in August 2020, is Korea's leading platform for webtoons, which refer to digital comics published serially online, by professional cartoonists and serialized web novels by novelists that have contracted with NAVER, with a rapidly expanding worldwide user base. Certain titles are available in languages other than Korean, including English, Chinese, Japanese, Thai, Indonesian, French and Spanish for global viewership, and we believe that we are the largest webtoon platform by MAUs in a number of key markets including Korea, Japan, the United States, Indonesia, Thailand and Taiwan. NAVER Webtoon currently offers users approximately 4,700 titles of webtoons by approximately 2,300 professional cartoonists in Korean and other languages. New issues of webtoons are typically released on a weekly basis. NAVER Webtoon is also utilized as a publishing platform by amateur cartoonists and writers to publish their webtoons and web novels, respectively, and a promotional tool for advertisers through product placements in our popular webtoon titles and "Brand Webtoons" dedicated to promote their brands. Users can elect to pay for the premium contents, such as advanced viewing of future episodes or archives of completed series. We also operate NAVER Series, which is a separate platform for the distribution of e-books, published comic books, serial online novels and select webtoons. In recent years, an increasing number of Webtoon and other contents originally published through the NAVER Webtoon have been developed into live and animated movies, television and online series, games and character merchandise, thereby providing additional sources of revenue from our intellectual property rights relating to such contents. In January 2021, as part of our strategy to expand our presence in the global contents market, we entered into an agreement to acquire, directly and indirectly, 100% of the outstanding equity interest in Wattpad, which operates the leading English language-based platform for web novels, in exchange for our treasury shares, thereby further strengthening our platform and content offerings for web novels. As of December 31, 2020, NAVER Webtoon recorded approximately 72 million MAUs globally, which we believe to be the largest number of MAUs among all global webtoon service platforms.

- **VIBE.** VIBE is an AI-based online and mobile music streaming and downloading service, which offers a selection of millions of songs from domestic and international artists. VIBE offers a range of monthly subscription plans for streaming services only or packages that combine streaming services and music downloads that seek to address the individual needs of its subscribers. We continually monitor and analyze user data to better understand demand trends for various user segments. We also develop analytical models based on such customer data to identify and recommend songs of a particular genre or artist to individual users. We obtain music contents for the VIBE online music service from third-party music distributors in Korea and abroad, and pay fees for such contents based on their sales.

- **V LIVE.** V LIVE is a personal broadcasting application that enables users to watch both free and paid video contents of their favorite celebrities on smartphones, including live and recorded broadcasts of concerts, fan meetings and other performances. V LIVE also offers users exclusive videos and celebrity-dedicated merchandise of popular Korean performing artists for purchase, including through the subscription-based V Fanship service, an online community platform for fans to communicate with their favorite celebrities through exclusive live chats and for the celebrities to promote themselves and their contents. During the second half of 2020, we entered into a number of agreements to invest an aggregate amount of Won 105 billion in certain subsidiaries of S.M. Entertainment Co., Ltd., one of the largest entertainment companies in Korea, of which approximately Won 86 billion has been invested as of December 31, 2020, in an effort to continue to grow V LIVE and to strengthen the V Fanship service through continued collaboration and creation of synergy with S.M. Entertainment. In January 2021, as part of our strategy to further expand our contents business into the global entertainment market, we entered into an agreement to acquire a 49% equity interest in Weverse Company (formerly known as beNX), which is a subsidiary of Big Hit Entertainment, a leading global music-based entertainment company based in Korea, for Won 412 billion. Weverse Company operates Weverse, a global digital community platform for the fans of popular Korean performing artists, including those managed by Big Hit Entertainment such as BTS and GFRIEND. We intend to merge the operations of our V LIVE platform with the Weverse platform to seek synergies between the two platforms by leveraging our strengths in platform technology and operation and Big Hit Entertainment's strengths in talent management and content creation.

- **SNOW**. SNOW is a camera application that features filters and animated stickers with face recognition capability, which is operated by our consolidated subsidiary, SNOW Corporation. Users can apply animated graphics, filters and texts to their pictures and videos and share them through various mobile messaging applications. As of December 31, 2020, the global MAUs of the SNOW application exceeded 240 million, a substantial majority of whom were overseas users, demonstrating its global footprint.
- **NAVER TV.** NAVER TV offers users a wide selection of video contents, including short video clips from popular Korean television programs, contents generated by users, live broadcasts of sporting events and news that are offered free of charge but contain advertisements, as well as live performances and other premium contents that may be purchased for streaming or downloading through its associated platform, NAVER Series On. NAVER TV also provides exclusive made-for-web video contents, including original production contents. NAVER users can browse the top ranked video contents within each category, which is continually updated, and also subscribe to specific TV programs and receive alerts when new video contents are uploaded.
- **Audio Clip**. Audio Clip was first launched in 2018 as a fee-based pod cast and audio book service and has since grown to a platform of over 500 thousand audio contents and 4,000 audio channels available in a broad variety of subjects ranging from economy and science to languages and information technology. We have also invested in a number of publishing companies to enhance our sourcing ability to procure distinct and high-quality contents for our audio book offerings. Users can purchase individual content offerings or periodic subscription plans.

We are continually developing and introducing new forms of online and mobile contents and services to increase our user base. For example, in September 2018, we launched Zepeto, a mobile virtual social networking platform that allows users to create personal avatars by using augmented reality and 3D technologies and communicate with other users, which had approximately 190 million users globally as of December 31, 2020. Also in September 2018, we launched NAVER Series On, an over-the-top video content platform offering a wide selection of movies, television, animation and other video programming. In August 2019, we launched NAVER NOW, a live online audio streaming service featuring various music and other entertainment programming. Furthermore, as part of our strategic alliance with the CJ Group entered into in October 2020, pursuant to which we acquired a 5.00% equity interest in CJ ENM Co., Ltd. and a 6.26% equity interest in Studio Dragon Corp., two of the leading entertainment content producers in Korea and affiliates of the CJ Group, we and these CJ Group affiliates plan to collectively invest up to Won 300 billion over the next several years to jointly develop new contents to strengthen our content portfolio. See "— Investments and Strategic Alliances — Strategic Alliance with the CJ Group."

Cloud

We provide various information technology services based on cloud technology, including services related to planning, support and operation of information technology infrastructure as well as enterprise solution services and system operations and information security services.

NAVER Cloud Platform, which is our flagship cloud service platform, leverages our advanced technology and extensive experience in information technology infrastructure to offer more than 173 cloud products and services in 16 different categories to domestic and overseas private businesses and public service customers. For example, in 2020, we were chosen as the primary cloud services provider for the Smart City data collection and processing projects for Busan, which is the second-largest city in Korea, and Sejong, a specially developed self-governing city that serves as a central administrative hub for the Korean government. We also provide comprehensive cloud solutions to leading financial and healthcare institutions in Korea that are tailored to meet the applicable industry and regulatory requirements, and we are actively pursuing the expansion of our NAVER Cloud Platform business to overseas customers to compete with the global cloud service providers. In addition to cloud products and services for corporate customers, we also provide Mybox, a cloud data storage service, to all NAVER users, which is currently provided free of charge for a base space of 30 gigabytes with an option to purchase additional spaces on a monthly subscription plan. NAVER Cloud Platform also operates "Gak," the largest proprietary data center in Korea, and has established a global cloud network with regional data centers in Asia, Europe and the United States and dedicated lines designed to handle large capacity services with optimal speed and stability.

Our other notable cloud-based services include NAVER Works and LINE Works, which are desktop and mobile intra-organizational communication and cloud data sharing applications for corporate customers in Korea and Japan, respectively, each operated by our subsidiary Works Mobile Corp. As of December 31, 2020, LINE Works had over 100 thousand corporate clients globally and was the most-used business communication application in Japan. We also offer CLOVA, an AI-based application designed to provide a comprehensive virtual assistant solution, and produce smart devices using the CLOVA application such as smart speakers, lamps and clocks.

Operating revenue from our cloud business, which was primarily attributable to the sale of our related products and services to corporate customers (including NAVER Cloud Platform, NAVER Works and LINE Works), amounted to Won 194 billion, or 4.5% of our operating revenue from continuing operations, in 2019 and Won 274 billion, or 5.2% of our operating revenue from continuing operations, in 2020.

Investments and Strategic Alliances

LINE/Yahoo Japan JV

On March 1, 2021, we and SoftBank completed a series of corporate transactions pursuant to which we and SoftBank integrated the LINE Businesses formerly operated by LINE Corp. and its subsidiaries and Yahoo Japan Businesses formerly operated by Z Holdings and its subsidiaries to form the LINE/Yahoo Japan JV. Following the consummation of such transactions, we and Softbank each currently own a 50% equity interest in the LINE/Yahoo Japan JV, which in turn owns a controlling interest in subsidiaries that collectively operate a wide array of businesses comprising the LINE Businesses and Yahoo Japan Businesses, and the LINE/Yahoo Japan JV became a consolidated subsidiary of SoftBank due to SoftBank's ability to appoint one more director of such company than us. We expect that the LINE/Yahoo Japan JV will strengthen and pursue synergies among the LINE Businesses and the Yahoo Japan Businesses and make investments to expand into new business areas, such as AI, commerce, fintech, advertising and online-to-offline services, with the aim of growing into a leading internet company in Japan and the rest of Asia.

We account for LINE/Yahoo Japan JV as an equity method investee in our consolidated financial statements following the completion of the LINE JV Transactions. Our former LINE Businesses were accounted for as discontinued operations in our audited consolidated statement of comprehensive income for the year ended December 31, 2020 and 2019. In addition, our assets related to the former LINE Businesses were accounted for as assets held-for-sale in our audited consolidated statement of financial position as of December 31, 2020. See Notes 35 and 37 of the notes to our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular.

LINE Businesses

The LINE/Yahoo JV offers LINE, a simple, easy-to-use mobile messaging application as well as access to a wide range of social and interactive contents on the LINE platform, which enable LINE users to share their interests and have fun with their friends. LINE enables its users to enjoy free instant messaging and voice and video calls with each other using their mobile devices (including smartphones and tablets) or personal computers through mobile networks and internet service providers as well as low-cost VoIP services for domestic and international calls to mobile and fixed-line phone users globally. LINE is the leading messaging platform in Japan with approximately 86 million MAUs as of December 31, 2020 and had over three million business clients. LINE is also one of the leading mobile messaging applications in a number of other markets in Asia, including Thailand, Taiwan and Indonesia.

LINE also serves as a content platform for various other applications for its users, thereby offering users a wide range of entertainment and other useful and interactive tools, including games, comics, virtual communities, music services, live and on-demand videos and news services. In addition, LINE offers various fintech services, including LINE Pay, which is Japan's largest mobile payment service by the number of registered users, as well as e-commerce and AI-based solutions, each leveraging the user base of the LINE platform, and makes selective investments in other companies and service providers to further develop existing services on the LINE platform, to launch new services on the LINE platform and to explore possible synergies, especially for services that have gained popularity in markets where it sees growth potential for the LINE platform.

LINE provides targeted and interactive marketing products and services that enable advertisers of various sizes to promote their brands, products and services, amplify their visibility, better target their reach and enhance their advertising message by leveraging its user base. LINE's advertising products and services consist primarily of display-based advertising on LINE's various communication and content offerings and advertising that utilize the advertisers' and users' LINE messenger accounts. LINE's display advertising products are typically sold through a bid-based CPM or CPC pricing model, depending on the type of advertisement, while the LINE messenger account-based advertisements are generally subject to a pay-as-you-go subscription system or fixed service fees, depending on the type of advertisement.

Yahoo Japan Businesses

Through its portfolio companies, Z Holdings operates Yahoo Japan, Japan's leading internet portal by the number of users, and offers various types of e-commerce, fintech, advertising and membership services. Yahoo Japan, which has adopted Google's search engine for its search functions since 2010, is reported to have the largest market share in terms of MAUs among Japanese internet portals, and it provides a variety of related services such as e-mail accounts, news and maps (including a navigation function) to its users, and search and display advertising products to advertisers. Z Holdings' e-commerce operations mainly include the Yahoo Japan Shopping portal and several other online shopping malls and marketplaces such as Zozotown, a specialty online shopping platform for contemporary fashion and streetwear. Z Holdings also offers PayPay, one of the leading mobile payment services in Japan, and certain other online and offline payment-related services, and subscription-based membership services to its users providing access to premium online contents and services. According to public information, Yahoo Japan had approximately 67 MAUs and over three million business clients as of December 31, 2020.

Strategic Alliance with Mirae Asset Daewoo

In October 2017, we entered into two share sale and purchase agreements with Mirae Asset Daewoo, a leading brokerage and investment services company in Korea, pursuant to which we acquired Mirae Asset Daewoo's treasury shares representing a 7.0% equity interest in the company for Won 500 billion and Mirae Asset Daewoo acquired our treasury shares representing a 1.7% equity interest in us for Won 500 billion. Such cross-investments between Mirae Asset Daewoo and us were made as part of a strategic alliance between the two companies to collaborate in the area of fintech businesses by leveraging our digital platform and AI technologies with Mirae Asset Daewoo's strengths in developing and providing financial products and services as well as financial information contents. In December 2019, Mirae Asset Daewoo and certain of its affiliates invested Won 800 billion in NAVER Financial Corp. to acquire a minority equity interest therein and further strengthen our strategic alliance. As of December 31, 2020, Mirae Asset Daewoo and its affiliates collectively owned a 30% equity interest (on a combined basis including both common and preferred shares) in NAVER Financial Corp. The companies have been actively pursuing the joint development and marketing of new fintech products, including a cash management account introduced in June 2020 and a specialized loan product for small businesses operating online shops on NAVER Smart Store introduced in December 2020.

Strategic Alliance with the CJ Group

In October 2020, we entered into a series of share sale and purchase transactions with certain member companies of the CJ Group, one of the largest conglomerates in Korea with industry-leading affiliated companies engaged in various business sectors, including media contents, logistics, foods, home shopping and specialty retail, pursuant to which:

- we acquired a 7.85% equity interest in CJ Logistics, a leading logistics company in Korea;
- we acquired a 4.99% equity interest in CJ ENM, a leading entertainment and retail company in Korea;
- we acquired a 6.26% equity interest in Studio Dragon, a leading production company for Korean television series and a subsidiary of CJ ENM; and
- CJ Logistics, CJ ENM and Studio Dragon collectively acquired a 1.3% equity interest in us.

Such acquisitions were made as part of a broader strategic alliance between us and the CJ Group. By leveraging the extensive logistics network and expertise of CJ Logistics, we plan to actively pursue ways to strengthen our capabilities to offer services relating to order fulfillment and delivery of merchandise sold through the NAVER Shopping platform. We also plan to collaborate with CJ ENM and Studio Dragon to jointly develop and publish various types of digital contents leveraging the strengths of CJ ENM and Studio Dragon in producing entertainment contents and our leading online and mobile platforms as well as our webtoon and other online contents.

Strategic Alliance with Big Hit Entertainment

In January 2021, as part of our strategy to further expand our contents business into the global entertainment market, we entered into an agreement to acquire a 49% equity interest in Weverse Company (formerly known as beNX), which is a subsidiary of Big Hit Entertainment, a leading global music-based entertainment company based in Korea, for Won 412 billion. Weverse Company operates Weverse, a global digital community platform for the fans of popular Korean performing artists, including those managed by Big Hit Entertainment such as BTS and GFRIEND. We intend to merge the operations of our V LIVE platform with the Weverse platform to seek synergies between the two platforms by leveraging our strengths in platform technology and operation and Big Hit Entertainment's strengths in talent management and content creation.

Other Recent Strategic Alliances

In March 2021, we entered into share sale and purchase transactions with certain member companies of the Shinsegae Group, a leading Korean conglomerate group with demonstrated strengths in traditional retail businesses and growing e-commerce operations, as part of our strategies to continue the growth of our commerce business and explore a broader strategic alliance with the Shinsegae Group. Pursuant to such transactions, we acquired (i) Won 150 billion of treasury shares (representing a 3.0% equity interest) of Emart Co., Ltd., which owns and operates Korea's largest network of hypermarkets, and (ii) Won 100 billion of common shares (representing a 6.8% equity interest) of Shinsegae International Inc., a leading distributor of global premium fashion and beauty brands in Korea, that were held by its parent company, Shinsegae Inc., while Emart Co., Ltd. and Shinsegae Inc. collectively acquired a 0.4% equity interest in us by acquiring an aggregate amount of Won 250 billion of our treasure shares.

Payment Mechanism for Users

NAVER platform users can pay for their purchases through a variety of methods, including NAVER Pay, credit cards, check cards, bank transfers and direct mobile billing that adds the purchase amount to their monthly phone bill. For further details, see "— NAVER Products and Services — Fintech — NAVER Pay." For NAVER applications downloaded on Google Play and Apple App Store, users purchase products primarily through the payment processing systems established by Google Play for Android-based smartphones and Apple App Store for iOS-based smartphones, for which such payment processing systems charge transaction fees based on a fixed percentage of the price paid by users.

Building and Maintaining User Trust

We strive to create products and services that are safe, secure and easy to use. We dedicate significant resources to the goal of building user trust through developing and implementing programs designed to protect user privacy, promote a safe online environment and assure the security of user data.

Privacy and Sharing

Our services involve the storage and transmission of large amounts of confidential private information of users and advertisers, including financial information. Protecting user privacy is a critical consideration in our product and service development process. Our objective is to give users control over what they share and with whom they share. Our efforts regarding user privacy are fundamental to our business and are focused on assuring control, transparency and accountability as follows:

- **Control**. We believe that by providing our users with clear and easy-to-use controls, we will continue to promote trust in our products and services. We have introduced various personal information control tools and techniques. For example, when a user makes a posting on NAVER Café or NAVER Blog, our in-line controls enable the user to limit his or her audience.
- **Transparency**. Our privacy policy relates to our data use practices and privacy features. We also offer a number of tools and features that make disclosure to users on how their information is used on our platforms. For example, our NAVER application settings feature enables users to view each of the applications they have chosen to use, the information generally needed by each application, and the audience with whom users have chosen to share their experiences. In addition, we believe that our transparency efforts enable users to make more informed decisions about their activities on our platforms.
- **Accountability**. We have implemented procedural safeguards as part of our privacy program. These include employing a dedicated team of privacy professionals who are involved in product development from design through launch, conducting ongoing review and monitoring of the way data is handled by existing features and applications and implementing systemic data security practices.

Safety

We generally design our products and services to include safety tools. We take into account the use of our services by underage children and endeavor to employ age-appropriate settings that restrict visibility of adult contents. We also cooperate regularly with mobile network providers and educators as well as law enforcement officers to promote proper and legal use of our platforms.

Security

We invest in technology, processes and people as part of our commitment to safeguarding our users' personal information. We use both third-party developed and proprietary technology to protect our users, including an intrusion detection system to protect the data entrusted to us, and we rely on multiple layers of network segregation using firewalls to protect against attacks or unauthorized access. Our security team actively scans for security vulnerabilities using commercial tools, penetration tests, code security reviews and internal and external audits. Our internal policy is to rigidly implement protective measures to safeguard user information, and we have acquired international certifications in both information security and privacy. For example, NAVER Cloud Platform is the first cloud service provider in Korea to receive the "CSA STAR" certificate from the Cloud Security Alliance's Security, Trust & Assurance Registration Program, which is a globally recognized assurance framework that enables cloud service providers to embed cloud-specific security controls.

Sales and Marketing

The NAVER user communities have grown with users inviting their personal contacts to connect with them and try new products and services, supported by our internal efforts to stimulate user awareness and interest, such as advertising and marketing campaigns on the internet and television. As we continue to increase our global footprint, we engage in active advertising and promotional campaigns to build our brand and further expand our user base. From time to time, we utilize television commercials and internet and mobile advertising as well as product placements in television shows, often targeting younger generation users. We also conduct a variety of online and offline marketing and promotional activities, including joint marketing activities with content developers and distributors. Our advertising expenses from continuing operations were Won 488 billion in 2019 and Won 763 billion in 2020. While we believe that our ability to grow through network effects associated with our platforms will be fundamental to our growth in global markets, we expect to continue to invest significantly in marketing and promotional activities to further promote such growth.

We market our advertising, content, commerce, fintech and cloud services through a dedicated sales force, as well as through third-party agencies in the case of advertising. Our dedicated advertising sales force focuses on providing support to advertisers throughout the stages of the advertising campaign cycle, from pre-purchase decision making to post-campaign analytics. Leveraging our user base, we also offer targeted advertising solutions for our participating online shopping mall and e-commerce merchants to reach their target users and increase online sales. This enables participating merchants to lower their marketing costs and achieve higher returns using our user targeting technology. We also invest in customer support for our users, business partners and advertisers, and we regularly host conferences and other events to promote our latest products and services to our users, advertisers and platform partners.

Technology

We operate a dedicated research and development center through our wholly-owned subsidiary, NAVER LABS, which was split off into a separate company in 2017 and is dedicated towards advanced future technology in various research areas such as AI, augmented reality, internet-of-things, machine learning and autonomous driving. Also in 2017, NAVER LABS acquired Xerox Research Centre Europe, a France-based research institute focused on AI and machine learning, which was subsequently renamed to NAVER LABS Europe, and Epipolar, a Korean tech start-up company that specializes in three-dimensional ("3D") imaging technology used for virtual reality and augmented reality as well as for autonomous driving. Some of NAVER LABS' notable ongoing research and development projects include:

- "ARC" project: a 5G network-based multi-robot intelligence system combining AI, robot and cloud technologies;
- High-definition mapping system: a 3D mobile mapping system for self-driving vehicles; and
- Brainless robots: a robotics system with its control system operating fully within a cloud network.

We have assembled a team of highly skilled engineers and computer scientists whose expertise spans a broad range of technical areas, and approximately one-third of our total employees are engaged in research and development. We compete aggressively for talent, and our engineers and computer scientists drive our innovation, technology development and operations. We strive to hire the best personnel to help us solve significant challenges across systems design, machine learning, data mining, networking, software engineering, distribution systems, cluster design and other areas. In particular, we have made significant investments in web search technology, online advertising technology, scalable infrastructure to support large-scale systems, data management and analysis technology and voice and video call quality solutions.

Web Search Technology

Our web search technology uses a combination of techniques to determine the significance of a web page independent of a particular search query as well as to determine the relevance of that page to a particular search query. In particular, we employ:

- a page ranking technique that determines the significance of a web page by looking at the link structure of the web;
- text-matching techniques that compare search queries with the contents of web pages to help determine relevance. Many aspects of a page's contents are factored into the equation, including the proximity of individual search terms to each other on a given web page; and
- deep learning techniques that improve speech and image recognition, search capabilities, natural-language understanding and personalized search results for individual users.

Online Advertising Technology

We offer advertisers a powerful medium through which they can reach our large user base in a targeted manner. Our online advertising technology enables thousands of relevant, targeted advertisements each day based on search terms our users enter or contents they view on our platforms. The key elements of our advertising technology include:

- advertising auction system technology that enables advertisers to compete against other advertisers in an auction and bid for a given advertisement spot, typically based on a search keyword as well as automatically deliver relevant, targeted advertising;
- contextual advertising technology that employs techniques that consider factors such as keyword analysis, word frequency and the overall link structure of the web to analyze the contents of individual web pages and to match advertisements to them almost instantaneously; and
- AI-assisted systems to better analyze user preferences and content consumption patterns in order to provide more personalized advertisements and product recommendations allowing advertisers to effectively manage their advertising budgets.

Scalable Infrastructure to Support Large-Scale Systems

Many of our products and services are built on distributed computing architecture. We use a combination of off-the-shelf and custom software running on clusters of commodity computers to amass substantial computing capability. We intend to continue to develop server infrastructure that is operationally efficient, scalable and reliable, which is designed to do the following:

- adapt to meet the needs from increasing user base growth and activities on our platforms through decentralized data networks;
- improve the functionality of servers through automated server management technology, thereby reducing costs and improving operational agility;
- automatically detect and respond to errors in our infrastructure components, including application servers, storage infrastructure and system networks; and
- maintain reliable redundant systems for our infrastructure components in Korea and elsewhere to reduce the possibility of service interruptions.

Our infrastructure enables the storage and processing of large datasets and deployment of our services and products to our users on a global basis. As our user base grows and the level of engagement and activities on our platform continues to increase, we will continue to expand our computing infrastructure to sustain and further improve our operating efficiency and to provide our products and services quickly and reliably to all users around the world.

Data Management and Analytics Technology

In order to provide each user with a personalized experience, we process and analyze a vast and growing amount of contents shared by our users, developers and advertisers. Accordingly, we have invested in developing technology and analytics in areas including the following:

- a storage infrastructure that enables us to securely store large amounts of data generated by our users;
- increased storage capacity for more efficient data distribution;
- a high-volume business intelligence system that enables large scale data analysis; and
- a data warehouse infrastructure that provides tools to enable easy data summarization, *ad hoc* querying and analysis of large datasets.

Audio and Video Quality Solutions

We believe that audio and video quality is critical to the enjoyment of the audio and video services offered through our platforms, and we have made significant engineering and development efforts to improve our audio and video quality. Key areas of our investments include the following:

- proprietary audio and video communications technology that can reliably process large amounts of audio/video data transfer; and
- high performance codec and data transmission technology and routing algorithms to improve overall audio/video quality and user experience.

In addition to the above, we are also actively investing in technologies and processes to make our operations more environmentally friendly. As part of such efforts, in November 2020, we announced our strategy to achieve a "carbon negative" status by reducing a greater amount of greenhouse gases than the amount of such gases emitted by us, thereby making the net amount of our greenhouse emissions to less than zero, by 2040.

Intellectual Property

Our success depends in part on our ability to protect our core technology and intellectual property. To establish and protect our proprietary rights, we rely on a combination of patents, trademarks, copyrights, trade secrets (including know-how), license agreements, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other contractual and implicit rights worldwide. We also enter into confidentiality and invention assignment agreements with our employees, contractors and platform partners, and we control access to our proprietary technology and information. Despite our efforts to protect our proprietary technology and information through these efforts, unauthorized parties may still copy or otherwise obtain and misuse our intellectual property.

As of December 31, 2020, we had 1,735 issued patents and 411 filed patent applications in Korea and 1,032 issued patents and 368 filed patent applications in other countries primarily relating to search technology, online advertising and shopping technology, webtoon technology, robotics and AI. We cannot predict whether any of our pending patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, any of our patents may be contested, circumvented or found unenforceable or invalid, and we may not be able to prevent third parties from infringing them. We also pursue registrations of copyrights, domain names, designs, trademarks and service marks in Korea and elsewhere where we deem appropriate. As of December 31, 2020, we had 841 registered trademarks and service marks and 128 trademark and service mark applications in Korea, and 380 registered trademarks and service marks and 85 trademark and service mark applications in other countries. As with patents, we may not be able to prevent third parties from infringing or misappropriating our copyrights, domain names, designs, trademarks and service marks. While most of the intellectual property we use is developed by us, from time to time we acquire certain rights to proprietary intellectual property from third parties.

Competition

We face significant competition in almost every aspect of our business. We primarily compete for the time, attention and spending of our users with providers of other forms of mobile, online and in-home communication, e-commerce, fintech, entertainment and information services. We face competition from other online portal and search engine companies, mobile telecommunications companies, e-commerce companies, music and video service companies, financial service companies, cloud computing companies and other internet-related companies that offer products and services that may compete with specific features of our products and services, some of which have greater financial resources and substantially larger user bases. In particular, we compete directly with other major Korean internet platform services, such as Kakao (including its Daum internet portal), to provide comprehensive mobile and online services and content offerings to users. We also compete with international competitors, such as Google and Facebook, which offer a wide range of information and communication services and products as well as online advertising services. In addition, we compete with offline and online media and advertising businesses for a share of advertisers' budgets and in the development of tools and systems for managing and optimizing advertising campaigns.

There is intense competition for users, traffic and advertisers in the Korean market for internet portals and related services, as a result of which we may experience difficulty in maintaining or increasing the market share and revenue of our NAVER portal-related services. Competition in the e-commerce, fintech and online and mobile content services markets in Korea is also intense, and it may become more challenging for us to retain existing users and attract new users as competition from other service operators based in Korea as well as overseas is likely to increase in the future. The principal competitors of our commerce business include various e-commerce providers operating in Korea, including online open marketplaces and social commerce operators (such as Coupang, Gmarket, SK Telecom's 11street and Interpark), online and mobile shopping portals of traditional retailers (such as Lotte's Lotte ON and Shinsegae's SSG.com) and home shopping companies (such as CJ O Shopping's CJ Mall, GS Home Shopping's GS Shop and Hyundai Home Shopping's H Mall), and Kakao's mobile platform-based e-commerce businesses. The principal competitors of NAVER Pay include Samsung Pay, Kakao Pay and Toss, as well as services provided by financial institutions such as Kakao Bank. Our content production and distribution businesses compete with other providers of similar services. For example, our webtoon business competes primarily with Kakao Page and Daum Webtoon, which are operated by Kakao, and our online music business mainly competes with KT's Genie, Kakao's Melon and SK Telecom's FLO. We may also selectively target new categories and markets outside of Korea to leverage our strengths and exclusive content offerings in order to obtain a competitive advantage.

The key areas in which we compete include:

- ***Users and User Engagement.*** We compete to attract and retain users. We believe that our ability to compete effectively for users depends on many factors, including the utility, ease of use, performance and reliability of our products and services; price; the amount, quality and timeliness of contents consumed and generated by our users; our ability to establish and maintain relationships with platform partners; and our reputation and the strength of our brands. We also compete to attract and retain exclusive digital content providers for our platforms and developers to build a compelling collection of webtoons, audio and video offerings and other applications offered on our platforms, leveraging the size and composition of our user base, as well as our ability to generate significant user traffic for the content providers and the developers' applications.
- ***Advertising.*** A significant portion of our operating revenues is generated from the sale of advertising services, and we face significant competition for advertiser spending. We believe that our ability to

compete effectively for advertiser spending depends on many factors, including the size and composition of our user base; the effectiveness of our advertising targeting capabilities; the timing and market acceptance of our advertising services; our marketing and selling efforts; and the return our advertisers expect to receive from our advertising services.

- ***Personnel.*** We experience significant competition for highly skilled personnel, including senior management, engineers, designers and product managers. Our growth strategy depends in part on our ability to retain our existing personnel and recruit highly skilled employees. Competition for highly skilled personnel is intense and we compete for qualified personnel with online and mobile businesses, other companies in the technology industry and traditional media businesses. We believe that our ability to compete effectively for highly skilled personnel depends on many factors, including a work environment that encourages independence, creativity and innovation; opportunities to work on challenging, meaningful and important products; and attractive compensation packages.

Properties

As of December 31, 2020, we had Won 1,685 billion of property and equipment, which primarily consisted of NAVER Green Factory (our headquarters building) in Bundang, Korea, our second headquarters building adjacent to NAVER Green Factory (which is under construction and is expected to be completed within 2021), an internet data center in Chunchun, Korea, and our servers and networking equipment. As of December 31, 2020, we leased various office facilities in Korea and various other countries, including the United States, Japan, France, China, Singapore, Taiwan, Thailand, Indonesia and Vietnam.

Employees

Our employees are critical to our success. We seek employees who are motivated to develop new products and services for our continually growing and diverse user base around the world as well as for our platform partners and advertisers. A vast majority of our new hires have prior experience in the internet or mobile services or related industries, and we strive to hire and retain employees with diverse backgrounds in addition to relevant work experience in order to achieve our objective to continue to grow globally.

On a consolidated basis, we had 17,888 and 16,138 full-time employees as of December 31, 2020 and 2019, respectively, excluding the employees of our discontinued LINE Businesses. From time to time, we also employ contract-based employees to enhance operational efficiency. The following table sets forth a breakdown of our full-time employees by location as of December 31, 2020, excluding the employees of our discontinued LINE Businesses:

Location	Number of full-time employees
NAVER Corporation	3,978
Consolidated subsidiaries	13,910
Total	17,888

We review the salaries of our full-time employees annually. Salaries are adjusted based on individual and team performance, industry standards and inflation. As an incentive, a discretionary bonus may be paid based on the performance of individuals as well as the overall performance of the company. We also provide a wide range of fringe benefits to our employees, including medical insurance, periodic health examinations, life insurance, subsidies for significant personal events (such as marriage, childbirth or death of a family member) and medical and meal subsidies.

We have a labor union which was formed in 2018. From time to time, the union and our management negotiate and enter into new collective bargaining agreements, which was last entered into in June 2019, and the wage increases of the union members are renegotiated annually. We have not experienced any material work slowdowns, work stoppages or strikes recently. Under applicable Korean labor laws, we are restricted from involuntarily terminating a full-time employee except under certain limited circumstances.

We are required to pay a severance amount to eligible employees who voluntarily or involuntarily cease employment with us, including through retirement. This severance amount is based upon the employee's length of service with us and the employee's salary level at the time of severance. As of December 31, 2020, the net defined benefit obligation, which is the accrued and unpaid retirement and severance benefits, of Won 462 billion for all of our employees are reflected in our consolidated financial statements as a liability, of which a total of Won 16 billion was funded. For further information regarding our retirement pension obligations with respect to our employees, see Note 19 of the notes to our annual consolidated financial statements appearing elsewhere in this Offering Circular.

Legal Proceedings

We are involved in, and may in the future be involved in, various legal proceedings, claims and government investigations in the ordinary course of business. In addition to the foregoing and the intellectual property risks discussed above, the nature of our business exposes us to claims related to defamation, rights of publicity and privacy and personal injury torts resulting from information that is published or made available on our platforms. This risk is enhanced in certain jurisdictions outside Korea where our protection from liability for contents published on our platforms by third parties may be unclear and where we may be less protected under local laws than we are in Korea. Our licenses and best practices may not reduce or eliminate such risks.

In February 2021, the Korea Fair Trade Commission issued a corrective order that imposed on us a civil fine of Won 26.6 billion for allegedly altering the search algorithms for our NAVER Shopping commerce business in order to provide search results that favor those businesses that are registered on our Smart Store platform. In response, we have filed an administrative claim for the revocation of such corrective order in its entirety and, as of the date of this Offering Circular, the outcome of such claim remains uncertain.

Other than as described above, we are not currently involved in any litigation, administrative proceeding or arbitration, the outcome of which would, in the reasonable judgment of its management, have a material adverse effect on its financial condition or results of operations.

GOVERNMENT REGULATION

As a general matter, we and our Korean subsidiaries are subject to rules and regulations applicable to corporations established under the Korean Commercial Code. Our business operations are also regulated by a number of other Korean laws and regulations, including in particular those described below. In addition to the foregoing, we may be subject to government regulations of other jurisdictions where we undertake business activities.

Regulations Relating to Online Services in General

Under the TBA, telecommunications services are divided into two categories: telecommunications services such as telephone and online connection (including the business of leasing telecommunications line facilities) and value-added telecommunications services. The online services and the online content services we provide are classified as value-added telecommunications services under the TBA. Under the TBA, a value-added telecommunications service provider such as us is subject to license and operational regulations. First, we are required to register our services (and any prescribed changes thereto) with the Minister of Science and ICT pursuant to the TBA, and we are registered as a value-added telecommunications services business operator. Furthermore, we are subject to regulations that prohibit unfair and disadvantageous misconduct against consumers or other service providers such as unfair suspension or restriction of service or discrimination.

Value-added telecommunications services we offer are recognized as an online service provider’s value-added telecommunications services for the purpose of transmitting intellectual properties among different individuals and are subject to the Copyright Act. Under the Copyright Act, if requested by the proprietor of the relevant intellectual property, we must take necessary measures including technical measures to block any illegal transmission of the relevant intellectual property.

In addition, a telecommunications business operator is a provider of information and communications services under the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc., under which our telecommunication services are also subject to regulation for online user protection (such as distribution of illegal information or data) and network security (such as infringing or unauthorized access to our system).

Regulations Relating to Online News Services

In order to electronically publish online newspapers or offer online news services, we are required to be registered under the Act on Promotion of Newspapers, Etc. and we have completed our registration in connection with our offering of online news services. As an online news service operator, we are required to, among other things, (i) distinguish between the news we publish or act as an intermediary and the users’ comments or opinion on such news, and (ii) disclose our news placing policy and the responsible officer in charge thereof. Furthermore, if any of the news for which we act solely as an intermediary is re-transmitted to us by the original publisher due to changes in the title, content or other circumstances, we are required to immediately update the news using the re-transmitted versions.

Regulations Relating to Location Information Business

In relation to online mapping and location-based services, we offer services for collecting and providing location information, and location-based services using location information collected, which are subject to the PULI Act, which is a special act enacted for the purpose of protecting sensitive personal location information. Under the PULI Act, we, as a location information service provider and location-based service provider, are subject to license and operational regulations. As such, we are required to register or report our applicable services and any prescribed changes thereto with the Korea Communications Commission. Further, under the PULI Act, we are required to obtain consent from the proprietor (such as the users of the applicable services) of the relevant personal location information through the terms and conditions of such services when processing or providing the personal location information. We are prohibited from utilizing or providing personal location information beyond the scope set out in or as agreed to by the proprietor in the standardized contractual terms and conditions of the applicable services. We must immediately delete all relevant information including personal location information once we have fulfilled the purpose for which we collected such information.

Regulations Relating to Online Advertising Services

We are subject to labeling regulations under the FLL Act in respect of our online advertising services. The FLL Act and related notices issued by the Fair Trade Commission of Korea prohibit applicable service providers from any deceptive, exaggerated or false statement or advertising and also require those service providers to provide material information to protect consumers and maintain fair transactions, requiring business operators to disclose certain information in their advertisements ("Material Information"), including, for example, items that (i) frequently have harmful effects on consumers if absent from the relevant advertisement or (ii) may affect consumers' decisions on the purchasing of goods or have harmful or dangerous effects on the life, body or personal property of the consumer if not properly forewarned. If any of the above is applicable, a business operator is required to include such Material Information in its advertisements.

Regulations Relating to Mobile Content and Mobile Commerce Businesses

Under the E-Commerce Act, we are subject to certain license and operational regulations. In respect of our online retail business to sell goods or services online, we are required to register our business with the district government. Furthermore, we are required to provide prescribed information regarding our business entity, contemplated sales and associated terms and conditions, including information regarding goods or services and refund and payment policies. Making any deceptive or false statement or misleading statement in furtherance of sales is strictly prohibited. In addition, in respect of our payment processing services, we are required to disclose payment conditions and obtain consent from users before settling the payment, as well as to provide notice confirming payment.

Under the Act on Consumer Protection in Electronic Commerce, Etc., a business entity considering providing information on the sale of goods or services by means of mail, electronic communication or similar means and selling such goods or services (with the exception of solicitation by phone which is governed by the Act on Door-to-Door Sales, Etc.) is required to file for registration of a mail order distributorship with any of the Fair Trade Commission of Korea, a relevant provincial governor, a mayor, a municipal governor (*gunsu*) or a head of a borough (*gucheongjang*), as applicable. We have completed the relevant mail order distributorship registration.

In connection with (a) the issuance and management of an electronic prepayment means (i.e., any certificate, or information on such certificate, of transferable monetary values stored and issued in electronic form, which meets all requirements of the following items: (i) to be used to purchase goods or services from a third party and pay the prices thereof and (ii) to be used to purchase goods or services included in not less than two business categories), and (b) electronic payment settlement agency service (i.e., any service rendered to transmit or receive payment settlement information in connection with the purchasing of goods or using services in an electronic form or to undertake duties as an agent or mediate the settlement of prices thereof), Our subsidiary NAVER Financial is registered with the Financial Services Commission of Korea (the "FSC") in accordance with the Electronic Financial Transactions Act (the "EFTA") and is subject to such Act.

The Financial Supervisory Service (the "FSS") monitors electronic financial business operators' compliance with the EFTA or the administrative orders issued pursuant to the EFTA. If the FSS believes that an electronic financial business operator will likely violate the EFTA or the aforementioned administrative orders, the FSS may take any one of the following measures: an order for the remedying of the violation, a warning, a warning to an executive and/or an employee, an order for the reprimanding of an executive and/or an employee or a request for removal of an executive or suspension of duty.

Regulations on Music-Related Businesses

Online music services and related businesses are subject to the Copyright Act and the Music Industry Promotion Act, which were enacted, among others, in order to promote music-related businesses and to protect the rights of music composers and other creators and performers.

The Copyright Act has been amended to adopt the Korea-EU and Korea-U.S. free trade agreements, among others, by: (i) extending the duration of protection of a music writer's property rights from 50 years to 70 years after the death of the music writer; (ii) extending the duration of protection of neighboring rights, such as those relating to musical performance and music recordings, from 50 years to 70 years; and (iii) introducing statutory liquidated damages for a copyright infringement. These amendments have helped enhance the protection of music-related copyrights in Korea and further contribute to the growth of the online music service industry in general.

The Music Industry Promotion Act comprises a legal framework and guidelines for digital music sources and development of relevant technology, and generally encompasses protection of copyrights, promotion of the music industry, online music streaming and musical performances, among others. Under the Music Industry Promotion Act, we are subject to license, operational and labeling obligations in providing online music service, and we have completed our registration as an online music service provider under such act.

In Korea, most copyrights of music artwork are delegated by the music creators or relevant copyright holders to music copyright public trust associations, and a music service provider such as us is required to enter into standard license agreements with those associations in order to use, and provide service based on, such music artwork. These standard license agreements, which include commercial terms and conditions (including those relating to royalty rates), are subject to review and approval by the Ministry of Culture, Sports and Tourism in order to be effective in Korea. Such standard license agreements may be amended from time to time based on discussions among interested parties, subject to the approval by the Ministry of Culture, Sports and Tourism.

Regulations Relating to Mobile Game Services

Among other applicable laws, the Game Industry Promotion Act (the "GIPA") and the Juvenile Protection Act (the "JPA") regulate mobile game businesses. Game production and distribution businesses are regulated under an advance registration scheme, pursuant to which a person who intends to engage in the game production or distribution business must register with the relevant government authority. An amendment of important business matters must also be registered. In addition, the GIPA requires game companies to take certain measures to prevent gamers' excessive preoccupation with, or addiction to, games. We are registered as a game developer and a game distributor under the GIPA.

The JPA requires online game companies to restrict the access of persons under the age of 16 to online game websites between midnight and 6:00 a.m., which is known as the "shutdown" system. In addition, the JPA requires that persons under the age of 16 obtain a parental/guardian consent before purchasing an online game subscription online. The JPA also requires game companies to publish a certain amount of information regarding the games they offer, including the nature, rating, and fee-charging policy, as well as permitted hours of access and payment information.

Regulations Governing Cloud Service Businesses

The Cloud Computing Act applies to cloud computing services in Korea, which covers, among others, the following: (i) the designation of an industrial zone in which to promote cloud computing, (ii) the development of government-initiated guidelines and government-initiated standard terms of service for the cloud service providers, and (iii) obligations imposed on cloud service providers, including the obligations to (a) issue certain notifications in the case of security breaches, leakages of customer information or service discontinuation,

(b) identify the country where data is stored, if requested by customers or end users, (c) implement basic user protection measures (e.g., not to provide or use customer information other than for the prescribed purposes, unless consented to by the relevant customer), (d) return or delete customer information upon the cloud service provider's discontinuation of business or termination of its service contract, unless the relevant customer fails or refuses to receive such information, and (e) accept liability if a customer incurs damages due to the cloud service provider's violation of existing policies unless such cloud service provider can prove that such violation was neither intentional nor negligent.

Additional industry-specific information technology regulations may apply to cloud services to be provided in the corresponding industry. For example, cloud services to be provided to financial institutions as part of their information technology facilities are further subject to the EFTA upon designation by the FSC as ancillary business operators of electronic financial transactions. The FSS may, during the course of its audit of financial institutions or electronic financial business operators, request that an ancillary business operator, such as the cloud service provider contracted with such financial institution subject to the audit, provide certain information and documents relating to the business of the ancillary business operator. If the ancillary business operator fails to provide the requested materials or provides materials lacking the requisite substance, the FSS may initiate an investigation of such ancillary business operator.

Regulations Relating to Protection of Personal Information

We are subject to the Personal Information Protection Act (the "PIPA"), which regulates the collection, processing, review and transfer of documents including personal information in the course of our business. The PIPA is a privacy framework act that regulates the processing of personal information by public and private entities for business purposes. Under the PIPA, consent from the data owner is required for (i) the collection and use of general personal information, (ii) third party transfer of general personal information, (iii) the processing of unique identification information and sensitive information and (iv) other prescribed processing of data. Further, the PIPA and information technology security regulations pertaining thereto set forth detailed technical and organizational security requirements. We are also subject to the Act on Use and Protection of Credit Information, which regulates companies utilizing databases of personal credit information for their businesses, and the above-mentioned PULI Act.

In the course of our business, we acquire a large amount of personal and financial information related to our users. In addition, certain third-party vendors may provide services to us using personal and financial information of their customers. As required by the above-described laws, we take precautionary measures, including the implementation of internal compliance procedures, to prevent and detect misuse or unauthorized disclosure of users' personal information.

Regulations under the Monopoly Regulation and Fair Trade Act

We are subject to certain restrictions, including the following, under the Monopoly Regulation and Fair Trade Act:

- **Restrictions on debt guarantees among affiliates.** We may not guarantee the debt of another domestic affiliate to domestic financial institutions, except for certain guarantees prescribed in the Monopoly Regulation and Fair Trade Act, such as, among others, those relating to the debt of a company acquired for purposes of industrial rationalization, bid deposits for overseas construction work and technology development funds.
- **Restrictions on cross-shareholding.** We may not newly acquire or hold shares in any of our affiliates that owns shares in us except for certain cases prescribed by the Monopoly Regulation and Fair Trade Act, such as the acquisition of shares in the context of a merger of companies or a transfer of business and exercise of security interests. Existing cross-shareholdings are required to be publicly disclosed.

- **Public notice of board resolutions on large-scale transactions with specially-related persons.** If we engage in certain transactions with a specially-related person in the amount of (i) 5% or more of our total capital and paid-in capital, whichever is greater, or (ii) Won 5 billion or more, the transaction must be approved by a resolution of our board of directors in advance, and we must publicly disclose such transaction.
- **Restrictions on unfair subsidies in transactions between certain affiliated group entities.** A company belonging to a business group subject to disclosure (as defined in the Monopoly Regulation and Fair Trade Act) is restricted from providing profits to its specially-related persons (including the de facto controlling person of such company or his or her respective relatives (as defined in the Korean Civil Code)) by, among other things, engaging in the following transactions with its specially-related persons or affiliated companies in which such specially-related person has an ownership interest of, in the case of listed companies, 30% or more or, in the case of non-listed companies, 20% or more:
    - transactions with terms that are significantly more favorable than terms of transactions with non-affiliates;
    - the company passes to such specially-related persons or affiliated companies its business opportunities that would bring substantial profits or other benefits to the company if such transactions were entered into by the company itself or another company under such company's control;
    - transactions with specially-related persons in cash or involving financial instruments under terms that are significantly more favorable than arms' length terms; or
    - transactions of a substantial scale with certain specially-related persons or affiliated companies, unless the company underwent an appropriate arms' length selection process of choosing its counterparty, such as the assessment of business capacity, financial status, credit ratings and quality of products or services of the counterparty as well as the terms and conditions of the transaction. Such restriction does not apply if (i) the aggregate transaction amount for goods and services between the relevant parties in that year neither exceeds Won 20 billion nor 12% of the average revenue of the counterparty or (ii) such affiliated transactions are inevitable in order to achieve certain specific purposes, such as efficiency, security or urgency for the company.

Violation of the above restrictions may subject the company to a corrective order or a fine imposed by the Fair Trade Commission up to 5% of such company's average revenue during the immediately preceding three fiscal years or, in certain cases (including where the company has no revenue), up to Won 2 billion.

MANAGEMENT

Board of Directors

Our board of directors has the ultimate responsibility for the administration of our affairs. Our articles of incorporation currently provide for a board of directors consisting of no less than three and no more than seven directors, and the term of office for our directors is three years. Our board of directors currently comprises two inside directors, one non-executive non-independent director, who serves as the chairman of our board of directors, and four outside directors. Inside directors are executive directors of our company, while outside directors are elected from among those persons who do not have a special relationship with us that would interfere with the exercise of their independent judgment. The representative director is a director elected as such by a majority of the board of directors and is empowered to make decisions regarding our day-to-day business as our president and chief executive officer. Seong-sook Han currently serves as our representative director. Directors are elected at a general meeting of shareholders by a majority vote of those present or represented so long as the affirmative votes also represent no less than 25% of the issued and outstanding shares with voting rights. Our outside directors are elected from among candidates who demonstrate professional knowledge or experience in their relevant areas of expertise and meet the qualifications set forth in the Korean Commercial Code and other relevant laws and regulations.

Directors and Executive Officers

Directors

The table below sets forth information regarding our directors as of the date of this Offering Circular, which may be subject to change based on the results of our annual general meeting of shareholders scheduled to be held in March 2021. The business address of each of our directors, as well as our executive officers, is our registered office at NAVER Green Factory, 6, Buljeong-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, 13561, Korea.

Name	Position	First Elected	End of Term
Dae-gyu Byun	Chairman of the Board; Non-Executive Non-Independent Director	March 2017	March 2023
Seong-sook Han	President and Chief Executive Officer; Inside Director	March 2017	March 2023
In-hyuk Choi(1)	Chief Operating Officer; Inside Director	March 2018	March 2021
Do-jin Jung	Outside Director	March 2019	March 2022
In-moo Lee(1)	Outside Director	March 2018	March 2021
Ui-jong Cheong	Outside Director	March 2013	March 2022
Jun-pyo Hong	Outside Director	March 2013	March 2022

(1) Nominated for re-election at our annual general shareholders' meeting scheduled to be held on March 24, 2021.

Executive Officers

Our senior executive officers as of the date of this Offering Circular are as follows:

Name	Title and Responsibilities	Employed Since
Sang-jin Park	Chief Financial Officer	November 1999
Sun-joo Chae	Chief Communications Officer	July 2000
Hae-jin Lee	Global Investment Officer	June 1999
Kwang-hyun Kim	Company-in-Company ("CIC") Representative; Search CIC	July 2000
Seung-eon Kim	CIC Representative; Apollo CIC	January 2006
Joo-kwan Kim	CIC Representative; Group& CIC	July 2000
Keon-su Lee	CIC Representative; Glace CIC	September 2007
Yoon-sook Lee	CIC Representative; Forest CIC	June 2005
Suk-geun Chung	CIC Representative; Clova CIC	May 2017
Joon-ki Chang	Entertainment Technology Executive	June 2003
Bong-suk Yoo	Service Operations Executive; Service Operations Committee Executive	February 2007

Committees of the Board of Directors

Our articles of incorporation provide for the establishment of an audit committee and other committees required by applicable law, as well as other committees that our board of directors deem necessary, under our board of directors. Our committees and the respective members comprising such committees may be subject to change based on the results of our annual general shareholders' meeting scheduled to be held in March 2021. We currently have the following committees under our board of directors:

- Audit Committee;
- Risk Management Committee;
- Outside Director Nominating Committee;
- Compensation Committee;
- ESG Committee; and
- other committees as deemed necessary by our board of directors.

Audit Committee

Our Audit Committee reviews all audit and compliance-related matters and makes recommendations to our board of directors. Our Audit Committee's primary responsibilities include:

- engaging independent accountants;
- approving independent audit fees;
- approving audit and non-audit services;
- reviewing annual financial statements;
- reviewing audit results and reports, including management comments and recommendations;
- reviewing our system of controls and policies, including those covering conflicts of interest and business ethics;
- considering significant changes in accounting practices; and
- examining improprieties or suspected improprieties.

In connection with the annual general meeting of shareholders, our Audit Committee examines the agenda for, and financial statements and other reports to be submitted by our board of directors at, each annual general meeting of shareholders. Our Audit Committee holds regular meetings on a quarterly basis, but additional meetings may be held on an as-needed basis. Our Audit Committee is currently composed of four members: Do-jin Jung, In-moo Lee, Ui-jong Cheong and Jun-pyo Hong. Do-jin Jung is currently the chairperson of the committee.

Risk Management Committee

Our Risk Management Committee is responsible for establishing policies and strategies aimed at enhancing transparency in our corporate decision-making processes and strengthening our risk management processes through a variety of company-wide systems and protocols. Regular meetings of our Risk Management Committee are held on a quarterly basis. Our Risk Management Committee is currently composed of three members: Ui-jong Cheong, In-moo Lee and Do-jin Jung. Ui-jong Cheong is currently the chairperson of the committee.

Outside Director Nominating Committee

Our Outside Director Nominating Committee is responsible for reviewing and recommending outside director candidates for election at the general meeting of shareholders, and holds regular meetings three times a year. Our Outside Director Nominating Committee currently consists of five members: Dae-gyu Byun, Ui-jong Cheong, In-moo Lee, Jun-pyo Hong and Do-jin Jung. Dae-gyu Byun is currently the chairperson of the committee.

Compensation Committee

Our Compensation Committee is responsible for reviewing the performance, compensation scheme and compensation levels of our senior management. Regular meetings of our Compensation Committee are held three times a year but may also be held more often on an as-needed basis. Our Compensation Committee is currently composed of three members: Dae-gyu Byun, Ui-jong Cheong and In-moo Lee. Dae-gyu Byun is currently the chairperson of the committee.

ESG Committee

Our ESG Committee is responsible for establishing and enforcing policies and strategies relating to non-financial aspects of our business, which consist of the environment, social responsibility and corporate governance, in order to promote sustainable development and enhance our corporate value. The committee holds regular meetings on a quarterly basis, but additional meetings may be held on an as-needed basis. Our ESG Committee currently consists of four members: In-moo Lee, Dae-gyu Byun, Ui-jong Cheong and Seong-sook Han. In-moo Lee is currently the chairperson of the committee.

Compensation of Directors

The aggregate remuneration paid and benefits in kind granted to our directors, including directors who also held executive officer positions, were approximately ₩4.8 billion in 2019 and ₩6.4 billion in 2020. As of December 31, 2020, there were no loans granted by us to any of our directors or executive officers.

Stock Option Plan

Our articles of incorporation provide that we may, by special resolution of our shareholders, grant to our officers and employees stock options exercisable for up to 15% of the total number of our issued shares. Our board of directors may also grant stock options, which may be linked to management performance or our share price index, to officers and employees exercisable for up to 3% of our issued shares, provided that such grant must be approved by a resolution of the subsequent general meeting of shareholders. Commencing in 2019, we have granted stock options to our executive officers, directors and employees pursuant to a new share-based compensation plan adopted by our board of directors in January 2019. As of December 31, 2020, stock options exercisable into 2,885,277 of our common shares remained outstanding. For more information, see Note 22 of the notes to our annual financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular.

Interests of Directors and Executive Officers

As of December 31, 2020, there were no outstanding transactions other than in the ordinary course of business undertaken by us in which our directors or executive officers were interested parties.

Other than as set forth in "— Stock Option Plan" and "Share Ownership," none of our directors or executive officers has direct or beneficial interests in our preferred shares and common shares. Certain of our directors and executive officers have direct or beneficial interests in companies with which we have engaged in transactions, including those in the ordinary course of business. As a result, potential conflicts of interest between their duties to us and their private interests could arise.

SHARE OWNERSHIP

The following table sets forth information relating to our shareholder composition as of December 31, 2020:

Shareholder	Number of Common Shares	Ownership Percentage
National Pension Service	18,985,923	11.6%
BlackRock Fund Advisors	8,283,195	5.0%
Treasury shares	16,804,360	10.2%
Others[(1)]	120,189,917	73.2%
Total issued common shares	164,263,395	100.0%

(1) Includes (i) Mr. Hae-jin Lee, our co-founder, the former chairman of our board of directors and our current global investment officer, who owned 6,129,725 of our common shares, representing 3.7% of our total issued common shares as of December 31, 2020 and (i) certain of our other directors and officers, who collectively owned 32,900 of our common shares, representing 0.02% of our total issued common shares, as of December 31, 2020.

Except as described above, no other person or entity known by us to be acting in concert, directly or indirectly, jointly or severally, owned 5% or more of our issued common shares or exercised control or could exercise control over us as of the date of this Offering Circular.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We engage from time to time in various transactions with related parties, which include associates and joint ventures. We believe that we have conducted our transactions with related parties as we would in comparable arm's-length transactions with a non-related party, on a basis substantially as favorable to us as would be obtainable in such transactions.

Under the Korean Commercial Code, any transaction between us and any of our directors, major shareholders or certain related parties of such directors or major shareholders must be approved by our board of directors (by the affirmative vote of two-thirds or more of the directors).

In addition, in the event that we enter into a transaction with our specially-related parties such as our affiliates, we are required to (i) obtain approval from our board of directors and (ii) disclose such transaction pursuant to the Monopoly Regulation and Fair Trade Act. The transactions that require approval from our board of directors and disclosure pursuant to the Monopoly Regulation and Fair Trade Act are those where the transaction value (the aggregate amount incurred over a fiscal quarter in case of the fourth item below) (i) exceeds 5% of the greater of our total equity or paid-in capital or (ii) exceeds ₩5 billion, in the following four categories:

- providing funds for or dealing with provisional payment or loan payment;
- providing or dealing with securities such as stocks or corporate bonds;
- providing or dealing with assets such as real estate or intangible assets; and
- providing services or products for or dealing with certain affiliates which satisfy the requirements under the Enforcement Decree of the Monopoly Regulation and Fair Trade Act, as a counterpart or on behalf of such affiliate.

For further information relating to our transactions with related parties, see Note 32 of the notes to our annual financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The following is a description of the Terms and Conditions of the Notes, which (subject to modification and except for the paragraphs in italics) will be endorsed on the Notes in definitive form (if issued).

The Notes, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes of the Company, will be issued by the Company (or any successor to the Company) subject to and with the benefit of a Fiscal Agency Agreement dated March 29, 2021 (such agreement as amended and/or supplemented and/or restated from time to time, the "Fiscal Agency Agreement") made among the Company, Citicorp International Limited as the Fiscal Agent (the "Fiscal Agent"), Citibank, N.A., London Branch as the principal paying agent (in such capacity, the "Principal Paying Agent"), transfer agent (in such capacity, the "Transfer Agent") and registrar (in such capacity, the "Registrar") and any other agent or agents appointed from time to time with respect to the Notes.

The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours (being between 9:00 am to 3:00 pm) by the holders of the Notes following prior written request and satisfactory proof of holding at the specified office of the Principal Paying Agent or any other paying agent that the Company may appoint, as may be required from time to time (references herein to "Paying Agents" shall refer to the Principal Paying Agent and any paying agents so appointed). The holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. In these Terms and Conditions, references to the Agents (as defined below) shall include any successor appointed under the Fiscal Agency Agreement, and references to the Company shall include any successor company or business entity succeeding to obligations under the Notes.

In acting under the Fiscal Agency Agreement the agents appointed by the Company (the "Agents" and each an "Agent") thereunder are acting solely as agents for the Company and do not assume any obligation or relationship of agency or trust for or with the Noteholders except as specifically described in the Fiscal Agency Agreement or below.

1 FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form, without detachable coupons, in the minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof. A Certificated Note (as defined below) will be issued to each Holder (as defined below) in respect of its registered holding of the Notes. Each Certificated Note will be numbered serially with an identifying number which will be recorded on the relevant Certificated Note and in the register of Holders (the "Register") which the Company will procure to be kept by the Registrar. Upon issuance, the Notes will initially be represented by a global note (the "Global Note") deposited with and registered in the name of a nominee of a common depositary (the "Common Depositary") for Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). The Notes shall be tradeable only in principal amounts of at least US$200,000 and integral multiples of US$1,000 in excess thereof. For so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000. Except in the limited circumstances described in Condition 1.3 below, owners of beneficial interests in the Global Note will not be entitled to receive physical delivery of certificates representing their Notes. The laws of certain jurisdictions require that certain purchasers of the Notes take physical delivery of such Notes in certificated form. Accordingly, the ability of beneficial owners to own, transfer or pledge beneficial interests in the Global Note may be limited by such laws.

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificated Notes (as defined below) issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Holder" and (in relation to a Note) "holder" and "Noteholder" means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first named thereof).

1.3 Certificated Notes

The Company will execute and deliver to the Registrar, and the Registrar will authenticate, physical definitive certificates representing the Notes (the "Certificated Notes") in exchange for the Global Note, if: (i) either Euroclear or Clearstream or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or (ii) an Event of Default (as defined below) has occurred and is continuing.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for Certificated Notes, the Company will appoint and maintain a paying agent in Singapore (the "Singapore Paying Agent"), where the Certificated Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for Certificated Notes, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the Singapore Paying Agent.

2 STATUS

The Notes constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves and, subject to the provisions of Condition 3, with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company, except as may be required by mandatory provisions of law.

3 CERTAIN COVENANTS

3.1 Limitation on Liens

So long as any of the Notes are outstanding, the Company will not itself, and will not permit any Principal Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any mortgage, charge, pledge, encumbrance or other security interest (a "Lien") on any Restricted Property without in any such case effectively providing that the Notes (together with, if the Company shall so determine, any other indebtedness of the Company or such Principal Subsidiary then existing or thereafter created which is not subordinate to the Notes) shall be secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus Attributable Debt of the Company and its Principal Subsidiaries in respect of Sale/Leaseback Transactions entered into after the date of the Fiscal Agency Agreement (other than such Sale/Leaseback Transactions as are permitted by paragraph (b) of Condition 3.2 below), would not exceed 15% of Net Tangible Assets; *provided* that nothing contained in this Condition 3.1 shall prevent, restrict or apply to, and there shall be excluded from secured External Indebtedness in any computation under this Condition 3.1, External Indebtedness secured by:

(a) any Lien existing on the date of the Fiscal Agency Agreement or any Lien existing on any Restricted Property prior to the acquisition thereof by the Company or any of its Principal Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(b) any Lien on any Restricted Property securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof; provided that such Lien attaches to such Restricted Property concurrently with or within twelve months after the acquisition thereof or completion of construction, improvement or repair thereof;

(c) any Lien existing on any Restricted Property of any Principal Subsidiary prior to the time such Subsidiary becomes a Subsidiary of the Company or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;

(d) any Lien securing External Indebtedness owing to the Company or to a Principal Subsidiary; or

(e) any Lien arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Lien permitted by any of the foregoing clauses, to the extent of the amount of such External Indebtedness; provided that such External Indebtedness is not secured by any additional Relevant Property.

For the purposes of this Condition 3.1 and Condition 3.2, the giving of a guarantee which is secured by a Lien on any Restricted Property, and the creation of a Lien on any Restricted Property to secure External Indebtedness which existed prior to the creation of such Lien, will be deemed to involve the creation of indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of indebtedness secured by Liens on Restricted Properties shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

3.2 Limitation on Sale and Leaseback Transactions

So long as any of the Notes are outstanding, the Company will not itself, and will not permit any Principal Subsidiary to, enter into any Sale/Leaseback Transaction after the date of the Fiscal Agency Agreement unless, either:

(a) the Attributable Debt of the Company and its Principal Subsidiaries in respect of such Sale/Leaseback Transaction and all other Sale/Leaseback Transactions entered into after the date of the Fiscal Agency Agreement (other than such Sale/Leaseback Transactions as are permitted by paragraph (b) below), plus the aggregate principal amount of External Indebtedness secured by Liens on Restricted Properties then outstanding (excluding any such External Indebtedness secured by Liens covered in paragraphs (a) through (e) in Condition 3.1) without equally and ratably securing the Notes, would not exceed 15% of Net Tangible Assets; or

(b) the Company, within twelve months after such Sale/Leaseback Transaction, applies or causes a Principal Subsidiary, as the case may be, to apply an amount equal to the net proceeds of such sale or transfer of the Restricted Property which is the subject of such Sale/Leaseback Transaction to the retirement of External Indebtedness of the Company or a Principal Subsidiary, as the case may be, which is not subordinate to the Notes; provided that the amount to be so applied shall be reduced by (i) the principal amount of Notes delivered within twelve months after such Sale/Leaseback Transaction to the Fiscal Agent for retirement and cancellation, and (ii) the principal amount of External Indebtedness of the Company or a Principal Subsidiary, other than the Notes, voluntarily retired by the Company or a Principal Subsidiary within twelve months after such Sale/Leaseback Transaction. Notwithstanding the foregoing, no retirement referred to in this clause may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where the Company or any Principal Subsidiary is the lessee in any Sale/Leaseback Transaction, Attributable Debt shall not include any External Indebtedness resulting from the guarantee by the Company or any other Principal Subsidiary of the lessee's obligation thereunder. The restrictions in this Condition 3.2 shall not apply to any transaction between the Company and a Subsidiary or between a Principal Subsidiary and a Subsidiary.

3.3 Consolidation, Merger and Sale of Assets

The Company will not consolidate with, or merge or amalgamate into, or sell, transfer, lease or convey all or substantially all of its property or assets to any person, except as provided herein. The Company, without the consent of the holders of any of the Notes, may consolidate with, or merge into, or sell, transfer, lease or convey all or substantially all of its property as an entirety to any corporation or business entity organized under the laws of the Republic of Korea; *provided that* (a) any successor corporation or business entity expressly assumes the Company's obligations under the Notes and the Fiscal Agency Agreement, (b) immediately after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (c) if, as a result of any such transaction, the properties or assets of the Company or any successor corporation or business entity would become subject to any Security Interest which would not be permitted by the Notes, the Company or such successor corporation or business entity, as the case may be, shall take such steps as shall be necessary to secure the Notes equally and ratably with (or prior to) all indebtedness secured thereby, and (d) the Company has delivered to the Fiscal Agent a certificate executed by a duly authorized officer of the Company and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if any supplemental agreement(s) is/are required in connection with such transaction, such supplemental agreement(s) comply with the Fiscal Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with. The Fiscal Agent shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient and conclusive evidence of such compliance and the Fiscal Agent shall be protected and shall have no liability to any holder or any person for so accepting and relying on such certificate or opinion.

3.4 Interpretation

The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of the Fiscal Agency Agreement and the Notes shall have the respective meanings specified in this Condition. All accounting terms used herein and not expressly defined shall have the meanings given to them in accordance with K-IFRS, and the term "K-IFRS" shall mean International Financial Reporting Standards as adopted by Korea:

"Attributable Debt" means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the Restricted Property subject to such transaction and (y) the present value (discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with K-IFRS) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges) during the term of the lease.

"External Indebtedness" means any obligation for the payment or repayment of money borrowed which is payable to a person other than a bank located in Korea, a governmental institution of Korea or a branch outside Korea of a bank incorporated in Korea.

"Long-term Debt" means any obligation for payment or repayment of money borrowed having a maturity of more than one year from the date such indebtedness was incurred or having a maturity of less than or equal to one year but by its terms being renewable or extendible, at the option of the borrower, beyond one year from the date such indebtedness was incurred.

"Net Tangible Assets" means, at any date, the total amount of assets of the Company and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible at the option of the Company or the consolidated Subsidiary in question, as the case may be),

(b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, and (c) all write-ups of fixed assets, net of accumulated depreciation thereon, after December 31, 2020, other than as permitted by the laws of Korea applicable to the Company, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with K-IFRS.

"person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Restricted Property" means (a) any facility, whether owned at the date of issuance of the Notes or thereafter acquired, used for the internet portal, e-commerce, fintech, digital contents and cloud computing business operations of the Company or any Subsidiary, including any land, buildings, structures or machinery and other fixtures that constitute any such facility, or portion thereof, other than any such facility, or portion thereof, reasonably determined by the board of directors of the Company not to be of material importance to the total business conducted by the Company and its Subsidiaries as a whole, and (b) any share of common stock or participating preferred stock of a Subsidiary.

"Sale/Leaseback Transaction" means any arrangement with any person which provides for the leasing by the Company or any Principal Subsidiary, for an initial term of three years or more, of any Restricted Property, whether owned at the date of issuance of the Notes or thereafter acquired, which is to be sold or transferred by the Company or any Principal Subsidiary after the date of issuance of the Notes to such person for a sale price of US$10,000,000 (or the equivalent thereof) or more where the rental payments are denominated in a currency other than the currency of Korea.

"Principal Subsidiary" means:

(a) any Subsidiary of the Company under K-IFRS:

(i) whose revenue, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary but net of any consolidation adjustments for revenue derived from the Company and its other consolidated subsidiaries, constitute at least 3% of the consolidated revenue of the Company as shown by the then latest audited consolidated accounts of the Company; or

(ii) whose total assets, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary, constitute at least 3% of the total consolidated assets of the Company as shown by the then latest audited consolidated accounts of the Company,

provided that:

(A) in the case of a Subsidiary acquired, or a company becoming a Subsidiary, after the end of the financial period to which the latest audited consolidated accounts of the Company relate, the reference to the then latest audited consolidated accounts of the Company for the purposes of the calculation above shall, until audited consolidated accounts of the Company for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Company adjusted to consolidate the latest audited accounts (consolidated where applicable) of such Subsidiary in such accounts;

(B) if at any relevant time in relation to the Company or any Subsidiary in respect of which financial consolidation is relevant, no consolidated accounts are prepared and audited, revenue and total assets of the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose as of the date of the latest audited accounts of the Company by the auditors for the time being of the Company;

(C) if at any relevant time in relation to any Subsidiary no accounts are audited, its revenue and total assets (consolidated where applicable) shall be determined on the basis of pro forma accounts (consolidated where applicable) of the relevant Subsidiary prepared for this purpose as of the date of the latest audited accounts of the Company by the auditors for the time being of the Company; and

(D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Company, then the determination of whether or not such a Subsidiary is a Principal Subsidiary shall be based on pro forma consolidation of its accounts (consolidated where applicable) with the then latest consolidated audited accounts (determined on the basis of the foregoing) of the Company; or

(b) any Subsidiary of the Company to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

4 INTEREST

4.1 Interest Payment Dates

The Notes will be issued in an initial aggregate principal amount of US$500,000,000 and will mature at a price equal to 100% of the principal amount on March 29, 2026 (the "Maturity Date"). The Notes will bear interest at a rate of 1.500% per annum from and including March 29, 2021 or from the most recent interest payment date to which interest has been paid or provided for. Interest on the Notes will be payable semi-annually in arrears on March 29 and September 29 of each year (each an "Interest Payment Date") with the first interest payment to be made on September 29, 2021.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

Interest in respect of any Note shall be calculated per US$1,000 in principal amount of the Notes (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5 PAYMENTS

5.1 Payment

Payments of principal and interest in respect of each Note will be made by transfer to the registered account of the Holder. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the "record date") being the fifteenth day before the due date for the payment of interest; provided that, the record date for any Interest Payment Date will be, with respect to Notes represented by a Global Note, the close of business on the Clearing System Business Day immediately prior to the Interest Payment Date, where "Clearing System Business Day" means Monday to Friday inclusive except December 25 and January 1.

For the purposes of this Condition 5.1, a Holder's "registered account" means the U.S. dollar account maintained by or on behalf of it with a bank in the United States that processes payments in U.S. dollar, details of which appear on the Register at the close of business on the relevant record date, and a Holder's "registered address" means its address appearing on the Register at that time.

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day (defined below), for value the first following day which is a Payment Business Day) will be initiated on the due date for payment, or if that is not a Payment Business Day, on the next succeeding Payment Business Day, without any interest or payment in respect of such delay.

5.2 Agents

The names of the initial Agents and their specified offices are set out in the Fiscal Agency Agreement. The Company reserves the right under and in accordance with the terms of the Fiscal Agency Agreement at any time to remove any Agent, and to appoint other or further agents or a replacement Registrar, *provided that* it will at all times maintain (i) a Fiscal Agent, (ii) a Principal Paying Agent, (iii) a Registrar, (iv) a Transfer Agent and (v) a Singapore Paying Agent (for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for Certificated Notes). Notice of any such removal or appointment and of any change in the specified office of any Agent will be given promptly by the Company to Noteholders in accordance with Condition 12.

5.3 Payment subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

5.4 Payment date convention

If any Interest Payment Date or the Maturity Date would fall on a day that is not a Payment Business Day, that Interest Payment Date or the Maturity Date will be postponed to the following day that is a Payment Business Day, and no interest shall be payable in respect of any such delay.

5.5 Payment Business Day

In these Conditions, "Payment Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and financial institutions are generally open for business in New York City, London, Seoul, the city where the specified office of the Fiscal Agent is located and (for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST require the Company to maintain a Singapore Paying Agent) Singapore and, in the case of the surrender of a Certificated Note, in the place of the Transfer Agent or Registrar where the Certificated Note is surrendered.

6 TRANSFERS OF NOTES

6.1 Transfers

Subject as provided in Condition 6.2, a Note may be transferred by depositing the Certificated Note issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Transfer Agent (or, in the case of a Note represented by a Global Note, delivery of a duly executed form of transfer as set forth in the Fiscal Agency Agreement), together with such evidence as the Registrar or the Transfer Agent may require to prove title to the Notes that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. Legal title to the Notes will pass upon registration of such transfer in the Register.

All transfers of Notes and entries in the Register will be made subject to the terms concerning transfers of the Notes provided in the Fiscal Agency Agreement.

6.2 Closed Periods

If Certificated Notes are to be issued in exchange for the Global Note, no Noteholder may require the transfer of a Certificated Note to be registered (i) during the period of 15 days preceding the due date for any payment of principal of, or interest (if any) on, the Notes or (ii) after such Note has been selected or deposited for redemption pursuant to Condition 7.2.

6.3 Regulations

All transfers of Certificated Notes will be made subject to the detailed provisions concerning transfer of Notes set forth in the Fiscal Agency Agreement. The provisions may be changed by the Company with the prior written approval of the Registrar.

7 REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless the Notes have been previously redeemed or repurchased and cancelled as provided below, the Company will redeem the Notes at 100% of their principal amount in U.S. dollars on the Maturity Date. The Notes may be redeemed prior to that date only as provided in Condition 7.2 below, but without prejudice to Condition 10.

7.2 Redemption for Taxation Reasons

At any time, the Company may, having given not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice shall be irrevocable and delivered in accordance with Condition 12), redeem the Notes in whole, but not in part, at 100% of their principal amount plus accrued and unpaid interest, if any, to the date fixed for redemption, *provided that* prior to the delivery of any notice of redemption pursuant to this Condition 7.2, the Company shall deliver to the Fiscal Agent (1) a certificate signed by an authorized officer stating that the obligation to pay Additional Amounts (as defined in Condition 8.1) is as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2), or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective after March 22, 2021 cannot be avoided by the Company taking reasonable measures available to it and (2) an opinion addressed to the Fiscal Agent by an independent law firm of recognized standing admitted to practice in the Republic of Korea to the effect that the Company has or will become obliged to pay such Additional Amounts as a result of a change or amendment referred to above, and the Fiscal Agent shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient and conclusive evidence of the conditions precedent referred to in this Condition 7.2, in which event it shall be conclusive and binding on the holders of the Notes and the Fiscal Agent shall be protected and shall have no liability to any holder or any person for so accepting and relying on such certificate or opinion.

7.3 Purchases

The Company or any of its subsidiaries may at any time and from time to time repurchase Notes in the open market or otherwise at any price. Such Notes may be held by the Company, resold or surrendered to the Registrar for cancellation. If purchases are made by tender, tenders must be available to all Noteholders alike.

7.4 Cancellations

All Notes that are redeemed, repurchased or converted and surrendered to the Registrar for cancellation shall forthwith be cancelled. Notes cancelled may not be reissued or resold.

7.5 Redemption Procedures

In the event that the Company is required to deliver a notice to the holders of the Notes under this Condition 7, the Company shall provide, or procure the provision by the Fiscal Agent of, the notice to each holder of the Notes in accordance with Condition 12 and the provisions of the Fiscal Agency Agreement, which notice shall state, to the extent applicable:

(a) the date fixed for redemption;

(b) the applicable redemption price of a Note on the redemption date; and

(c) the names and addresses of all Paying Agents and Registrar.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 above, the Company shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

8 TAXATION

8.1 Additional Amounts

All payments of principal and interest in respect of the Notes, including any Additional Amounts (as defined below), by or on behalf of the Company shall be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, as defined in Condition 8.2 below, except as required by applicable law. The Company will, subject to the exceptions and limitations set forth below, pay to a holder of any Note such additional amounts (the "Additional Amounts") as may be necessary in order that every net payment by the Company or a Paying Agent of the principal of and interest on the Note and any other amounts payable on the Note after withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge imposed or levied by a Relevant Jurisdiction, as defined in Condition 8.2 below, will not be less than the amount provided for in the Note to be then due and payable under the Notes.

However, the obligation to pay Additional Amounts shall not apply:

(a) to the holder or beneficial owner of the Notes who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Company to make such a declaration or claim, such holder or beneficial owner of the Notes fails to do so within 30 days; or

(b) to the holder or beneficial owner of the Notes who is subject to Taxes in respect of the Notes by reason of the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of the holder, if the holder is an estate, a trust, a partnership, a limited liability company or a corporation) and a Relevant Jurisdiction, other than merely holding a Note or receiving a payment in respect of a Note, including, without limitation, the holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident of a Relevant Jurisdiction or being or having been engaged in a trade or business or present in a Relevant Jurisdiction or having, or having had, a permanent establishment in a Relevant Jurisdiction; or

(c) to the holder or beneficial owner of the Notes who presents the relevant Notes, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later; or

(d) to any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property tax or any similar tax, duty, assessment or governmental charge; or

(e) to any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments on or in respect of any Note; or

(f) to any tax, duty, assessment or other governmental charge that would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of that Note, if compliance is required by statute or by regulation of a Relevant Jurisdiction as a precondition to relief or exemption from the tax, duty, assessment or other governmental charge, and proper notice has been sent to the holder; or

(g) to any tax, duty, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of the principal of, or interest on any Note, to the extent such tax, duty, assessment or other governmental charge results from the presentation (where presentation is required) of any Note for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment by at least one other Paying Agent; or

(h) to any combination of the items listed above.

Nor will Additional Amounts be paid with respect to any payment on a Note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Relevant Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interestholder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member, interestholder or beneficial owner been the holder.

References in these Conditions to payments in respect of the Notes shall be deemed to refer to any Additional Amounts that may be payable in respect thereof under this Condition 8.1.

The Agent shall in no event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Company or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment.

8.2 Interpretation

For purposes of these Conditions:

(a) "Relevant Date" in relation to any Notes means (i) the due date for payment in respect thereof or (ii) if the full amount of the moneys payable on such due date has not been received by the Fiscal Agent or the Principal Paying Agent on or prior to such due date, the date on which notice is duly given to the holders of the Notes that such moneys have been so received; and

(b) "Relevant Jurisdiction" means the Republic of Korea or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Company becomes subject in respect of payments made by it of principal and interest on the Notes.

9 PRESCRIPTION

Claims against the Company in respect of the payment of principal and interest on the Notes shall be prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8).

10 EVENTS OF DEFAULT

The holder of any Note may give written notice addressed to the Company and delivered to the Company with a copy to the Fiscal Agent that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (an "Event of Default") shall have occurred and be continuing:

(a) the Company fails to pay the principal or interest, if any, on, any of the Notes, and in the case of principal, the failure continues for a period of 5 days and in the case of interest, the failure continues for a period of 10 days; or

(b) the Company fails to perform or observe any of its other obligations under these Conditions or in the Fiscal Agency Agreement and the failure continues for a period of 30 days following the service by any Noteholder on the Company of a notice requiring the same to be remedied; or

(c) any External Indebtedness of the Company in the aggregate outstanding principal amount of US$30,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Company or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Company in respect of External Indebtedness of any other person in the aggregate principal amount of US$30,000,000 or more not being honored when, and remaining dishonored after becoming, due and called, provided that, in the case of (i) above, if any such default under any such External Indebtedness shall be cured or waived, then the default hereunder by reason thereof shall be deemed to have been cured and waived; or

(d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Company; or

(e) the Company ceases or threatens to cease to carry on the whole or a substantial part of its business save for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganization permitted by Condition 3.3; or

(f) if (i) proceedings are initiated against the Company under any applicable liquidation, insolvency, composition, reorganization or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Company or, as the case may be, in relation to the whole or any part of its undertaking or assets or an encumbrancer takes possession of the whole or any part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of its undertaking or assets and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 60 days; or

(g) if the Company initiates or consents to juridical proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganization or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) any event occurs which under the laws of the Republic of Korea has an analogous effect to any of the events referred to in (a) through (g) above.

11 REPLACEMENT OF CERTIFICATES

If any Certificated Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or such Transfer Agent upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Company, Registrar or Transfer Agent may require. Mutilated or defaced Certificated Note must be surrendered before replacements will be issued.

12 NOTICES

All notices to holders of the Notes shall be validly given if mailed to them at their respective addresses in the record of holders of the Notes maintained by the Registrar and deemed to have been given on the fifth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and by the participants, or published in a leading newspaper having general circulation in Asia (which is expected to be *the Asian Wall Street Journal*). Notwithstanding the foregoing, so long as the Notes are represented by the Global Note and the Global Note is held on behalf of Euroclear and Clearstream, notice to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, for communication by them to entitled accountholders in substitution for notification as required by the foregoing sentence. The Company shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the date of such publication.

13 MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

13.1 Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution (as defined below) of any of these Conditions or any of the provisions of the Fiscal Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 10% of the principal amount of the Notes then outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% of the principal amount of the Notes then outstanding, or at any adjourned meeting, one or more persons present holding or representing more than 25% of the principal amount of the Notes then outstanding; *provided, however*, that no such meeting shall consider the modification, amendment or waiver to the Fiscal Agency Agreement or any Note to (i) change the stated maturity of the Notes or the scheduled dates for payment of principal of or interest on any Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on such Note; or (iv) reduce the above-stated percentage of the aggregate principal amount of the Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action, in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

"Extraordinary Resolution" means a resolution duly passed by either (i) a majority in aggregate principal amount of the Notes then outstanding pursuant to a written resolution of the Noteholders or (ii) 75% in aggregate principal amount of the Notes represented and voting at a duly convened meeting of the Noteholders.

13.2 Modification

The Company shall only permit any modification, without the consent of the Noteholders, to these Conditions or any of the provisions of the Fiscal Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition shall be made by the Company and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Noteholders and shall be notified by the Company to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14 FURTHER ISSUANCES

The Company may from time to time, without notice to or the consent of the holders of the Notes, create and issue further debt securities ranking *pari passu* with the Notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the additional Notes or except for the first payment of interest following the issue date of the additional Notes). The Company may consolidate such further debt securities with the outstanding Notes to form a single series to the extent permitted under the applicable laws. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Notes.

15 GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Fiscal Agency Agreement and the Notes are governed by, and shall be construed in accordance with, the laws of the State of New York.

15.2 Jurisdiction

The Company agrees that any legal suit, action or proceeding arising out of or based upon the Fiscal Agency Agreement or the Notes may be instituted in any state or federal court in the Borough of Manhattan, the State and City of New York.

The Company, to the fullest extent it is permissible to do so under applicable law, (a) waives any objection which it may have now or hereafter to the laying of the venue of any such suit, action or proceeding in any such court and (b) irrevocably submits to the non-exclusive jurisdiction of any such court in any suit, action or proceeding.

15.3 Appointment of Process Agent

The Company has agreed to irrevocably appoint Capitol Services, Inc., located at 1218 Central Avenue, Suite 100, Albany, NY 12205, as its authorized agent in the State of New York to receive service of process in any proceedings in the State of New York based on any of the Notes or the Fiscal Agency Agreement. The Company agrees that in the event of such agent ceasing so to act it will appoint such other person as its agent for that purpose.

16 Currency Indemnity

The Company's obligations under the Notes to make all payments in U.S. dollars will not be satisfied by any payment, recovery or any other realization of proceeds in any currency other than the U.S. dollar. If pursuant to any such judgment, conversion shall be made on a date (the "Substitute Date") other than the date of entry of judgment (the "Judgment Date") and there shall occur a change between the market exchange rate for the U.S. dollar as in effect on the Substitute Date and the market exchange rate as in effect on the Judgment Date, the Company agrees to pay such additional amounts (if any) in U.S. dollars as may be necessary to ensure that the amount paid is equal to the amount in such other currency or currency unit which, when converted at the market exchange rate as in effect on the Judgment Date, is the amount due under any Notes. To the extent permitted by applicable law, any amount due from the Company under this Condition shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due in respect of any Notes. In no event, however, shall the Company be required to pay more in U.S. dollars due under the Notes at the market exchange rate as in effect on the Judgment Date than the amount of U.S. dollars stated to be due under the Notes so that in any event the Company's obligations under the Notes will be effectively maintained as obligations in U.S. dollars and the Company shall be entitled to withhold (or be reimbursed for, as the case may be) any excess of the amount actually realized upon any such conversion on the Substitute Date over the amount due on the Judgment Date.

THE GLOBAL NOTE

Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes."

The Notes will initially be represented by the Global Note. The Global Note will be deposited with and registered in the name of a nominee of the Common Depositary, and Euroclear and Clearstream will credit their respective account holders with the respective principal amounts of the individual interests represented by such Global Note. Such accounts will be designated initially by or on behalf of the representative of the Joint Lead Managers. Ownership of beneficial interests in the Global Note will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through such account holders. Ownership of beneficial interests in the Global Note will be shown on, and the transfer of that ownership will be effected only through, the records maintained by Euroclear and Clearstream (with respect to interests of their respective account holders) and the records of such account holders (with respect to interests of persons other than such account holders).

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and described under "Subscription and Sale." Except in the limited circumstances described in the terms and conditions of the Notes, owners of beneficial interests in the Global Note will not be entitled to receive physical delivery of definitive certificates representing their Notes.

Payments in respect of the Notes represented by the Global Note will be made to the Common Depositary or its nominee as the registered owner thereof. None of us, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility or liability for the accuracy of any of the records relating to, or payments made on account of, beneficial interests in the Global Note or for any notice permitted or required to be given to persons with beneficial interests in the Global Note or any consent given or actions taken by such persons. We expect that the Common Depositary, upon receipt of any payment in respect of any Notes represented by the Global Note held by it or its nominee, will promptly credit the accounts of the participants of Euroclear and Clearstream with payments proportionate to their respective interests in the principal amount of the Notes represented by the Global Note as shown on its records.

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants and account holders of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility for the performance by Euroclear, Clearstream or their respective participants, indirect participants or account holders, of their respective obligations under the rules and procedures governing their operations.

Euroclear and Clearstream each holds the Notes for participating organizations and facilitates the clearance and settlement of Note transactions between its respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Participants of Euroclear and Clearstream are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a participant of Euroclear or Clearstream, either directly or indirectly.

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-Korean corporations ("Non-Residents") depends on whether they have a "permanent establishment" (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Notes paid to Non-Residents, being foreign currency denominated bonds issued outside of Korea, is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the "STTCL").

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14% of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10% of the income tax or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income. The relevant tax treaties are discussed below.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents with or without permanent establishments in Korea from the transfer taking place outside Korea of the Notes are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax would be the lower of 11% (including local income tax) of the gross realization proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22% (including local income tax) of the realized gain (i.e., the excess of the gross realization proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Notes issued by Korean companies. The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty or on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the instruments being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the gross realization proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the competent Korean tax office. The purchaser or withholding agent must pay any withholding tax no later than the tenth day of the month following the month in which the payment for the purchase of the relevant instruments occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws.

Inheritance and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or had resided in Korea continuously for at least 183 days immediately prior to his death and (b) all property located in Korea that passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% based on the value of the relevant property. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, bonds issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance and gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the holders of the Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by us. No securities transaction tax will be imposed upon the transfer of the Notes.

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 10 and 15% (including local income tax), and the tax on capital gains is often eliminated.

Each holder of the Notes should inquire whether such holder is entitled to the benefit of a tax treaty with respect to any transaction involving the Notes. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the payer or us a certificate as to his tax residence. In the absence of sufficient proof, we or the payer must withhold taxes in accordance with the above discussion.

In order to claim the benefit of a tax rate reduction or tax exemption available under the applicable tax treaties, a non-resident holder should submit to the payer of such Korean source income an application (for a reduced withholding tax rate, the “application for entitlement to reduced tax rate”, and for an exemption from withholding tax, the “application for exemption” under a tax treaty along with a certificate of the non-resident holder’s tax residence issued by a competent authority of the non-resident holder’s residence country) as the beneficial owner of such Korean source income (“BO Application”). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) (“OIV”), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (as well as the BO applications collected from each beneficial owner, if such beneficial owner is applying for a tax exemption) to the withholding agent prior to the payment date of such income. Effective January 1, 2020, an OIV that was not established for the purpose of unjustifiably reducing income tax liabilities in Korea and bears tax liabilities in the country of its residence is deemed to be a beneficial owner of Korean source income for income tax purposes. The benefits under a tax treaty between Korea and the country of such OIV's residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax or Individual Income Tax Law of Korea. In the case of a tax exemption application, the withholding agent is required to submit such application (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income.

Withholding and Gross Up

As mentioned above, interest on the Notes paid to Non-Residents without a permanent establishment in Korea is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL if the Notes are deemed to be issued outside Korea under the STTCL. However, in the event that we or the payer is required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in "Terms and Conditions of the Notes — Taxation") we have agreed to pay (subject to the customary exceptions as set out in "Terms and Conditions of the Notes — Taxation") such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

Proposed Financial Transaction Tax

The European Commission has published a proposal (the "Commission's Proposal") for a Directive for a common financial transaction tax ("FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (the "Participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a broad scope and could, if introduced in its current form, apply to certain dealings in the Notes in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. The FTT remains subject to negotiation between the Participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc and Mirae Asset Daewoo Co., Ltd. (the "Joint Lead Managers") have, pursuant to a Purchase Agreement (the "Purchase Agreement") dated March 22, 2021, agreed to purchase the Notes subject to certain conditions contained therein.

We have agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue and sale of the Notes. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to us.

The initial issue price is set forth on the cover of this Offering Circular. After the Notes are released for sale, the Joint Lead Managers may change the issue price and other selling terms. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers' right to reject any order in whole or in part.

The Joint Lead Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking, commercial banking and advisory services for us or our affiliates for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve our securities and instruments.

The Joint Lead Managers or their affiliates may subscribe for the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes or other securities or other securities of us or our subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be subscribers of the Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or its affiliate on behalf of us in such jurisdiction.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. Each Joint Lead Manager has represented and agreed that it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area, each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation (as defined below);

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes shall require us or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA — We have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Korea

Each Joint Lead Manager severally but not jointly has represented, warranted and agreed that the Notes have not been and will not be registered with the Financial Services Commission of Korea (the "FSC") under the Financial Investment Services and Capital Markets Act of Korea (the "FSCMA"), as amended, and accordingly the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof) at the time of issuance of the Notes, except (i) if Article 2-2-2, Paragraph 2, Item 3 of the Regulation on the Issuance of Securities and Public Disclosure, etc. of Korea is applicable, the Notes may be offered, sold or delivered to Korean Qualified Institutional Buyers as specified in Article 2-2, Paragraph 2, Item 4 of the above-mentioned regulation, provided that at least 80% of the aggregate principal amount of the Notes shall be allocated to non-residents of Korea (as such term is defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof) (which applies only to the Notes acquired from us or any Joint Lead Manager at the time of issuance of the Notes), and the other requirements as set forth in Article 2-2-2, Paragraph 2, Item 3 referred to above are satisfied, or (ii) as otherwise permitted by applicable Korean laws and regulations. Each Joint Lead Manager severally but not jointly has undertaken to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Joint Lead Manager that it will comply with the restrictions described above.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA"), and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of February 24, 1998 (the "Financial Services Act") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of May 14, 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraph (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of February 15, 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer Restrictions under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, warranted and agreed as follows:

(a) The Notes have not been and will not be registered with the FSC under the FSCMA, as amended. Accordingly, the Notes may not be offered, sold, delivered or transferred directly or indirectly, in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof) for a period of one year from the date of issuance of the Notes, except (i) in the case where, pursuant to Article 2-2-2, Paragraph 2, Item 3 of the Regulation on the Issuance of Securities and Public Disclosure, etc. of Korea, if the Notes are issued as straight bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, the Notes may be offered, sold, delivered or transferred to, between or among Korean Qualified Institutional Buyers as specified in Article 2-2-, Paragraph 2, Item 4 of the above-mentioned regulation, provided that all of the following requirements are satisfied: (1) the Notes shall be issued in a currency other than Won and the principal and interest thereof shall be paid in a currency other than Won, (2) at least 80% of the aggregate principal amount of the Notes shall be allocated to non-residents of Korea (as such term is defined in the Foreign Exchange Transaction Act of Korea and the Enforcement Decree thereof) (which applies only to the Notes acquired from us or any Joint Lead Manager at the time of issuance of the Notes), (3) the Notes shall be those listed on a major overseas securities market specified by the governor of the Financial Supervisory Service of Korea, those registered with or reported to a foreign financial investment supervisory agency of the country in which the above securities market is established, or those for which any other procedure that may be deemed a public offering is completed, (4) measures shall be taken to state the condition that the Notes shall not be transferred to any Korean resident other than Korean Qualified Institutional Buyers at the time of issuance or within one year from the date of issuance of the Notes on the face of such Notes (limited to the case where any physical instrument is issued), the purchase agreement and offering documents and (5) we and the manager(s) (limited to the case where any manager is appointed) shall take measures under foregoing items (1) through (4) and we and the managers shall severally or jointly preserve evidential documents in relation thereto, or (ii) as otherwise permitted by applicable Korean laws and regulations.

(b) The Notes will bear legends to the effect described in paragraph (d) below under "— Other Transfer Restrictions Applicable to the Notes."

Other Transfer Restrictions Applicable to the Notes

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Note. Such interests in the Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream and their respective direct and indirect participants. See "Terms and Conditions of the Notes" and "The Global Note."

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used in this Offering Circular as defined in the Securities Act):

(a) The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.

(b) Until forty (40) days after the commencement of offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

(c) Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(d) The Notes will bear legends to the following effect, unless we determine otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY (THE "NOTES") OF NAVER CORPORATION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND ITS ENFORCEMENT DECREE) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENTS OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A "QUALIFIED INSTITUTIONAL BUYER" (A "KOREAN QIB," AS DEFINED IN THE REGULATION ON ISSUANCE, PUBLIC DISCLOSURE, ETC. OF SECURITIES OF KOREA) WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE ISSUE AMOUNT OF THE NOTES.

LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, our U.S. counsel, and Linklaters LLP, U.S. counsel to the Joint Lead Managers, will pass upon certain legal matters as to United States law relating to the Notes. Kim & Chang, our Korean counsel, will pass upon certain matters as to Korean law for us. Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP may rely as to all matters of Korean law on Kim & Chang. Kim & Chang may rely on Cleary Gottlieb Steen & Hamilton LLP as to all matters of U.S. law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 appearing elsewhere in this Offering Circular have been audited by Samil PricewaterhouseCoopers, independent auditors, as stated in their report included in this Offering Circular.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements

Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
NAVER Corporation

Opinion

We have audited the accompanying consolidated financial statements of NAVER Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

Basis for Opinion

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

Key Audit Matters

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

(1) Revenue recognition of search advertisement service

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

The Group recognizes search advertisement service revenue when a platform user has searched relevant information and executed related activities on the Group's platform (Note 2). For the year ended December 31, 2020, total operating revenues and search advertisement revenue are ₩ 5,304 billion and ₩ 2,817 billion, respectively.

The principal considerations for our determination that revenue recognition (occurrence) of the search advertisement service is a key audit matter are (i) search advertisement service revenue represents a significant portion of the Group's total operating revenues and (ii) there is a risk of potential material misstatement related to search advertisement service revenue due to various and complex systems involved in recognition and measurement of such revenue.

How our audit addressed the key audit matter
Our main audit procedures performed on the Group's revenue recognition of the search advertisement service are as follows:

- Obtained an understanding of the Group's accounting policies, processes, and internal controls relating to the search advertisement service revenue recognition
- Evaluated the design and operating effectiveness of IT general controls and internal controls relating to the search advertisement service revenue recognition
- Tested the accuracy and completeness of the revenue related data transfer between/to search service related systems and accounting system
- Tested the occurrence of revenue transactions by examining related underlying data on a sample basis

(2) Fair value measurement of financial assets categorized as level 3

Reasons why the matter was determined to be a key audit matter
As at December 31, 2020, the Group's financial assets measured at fair value amount to ₩ 4,396 billion, of which ₩ 2,081 billion were categorized as level 3 financial assets measured based on unobservable valuation inputs (Note 5).

The principal considerations for our determination that fair value measurement of financial assets categorized as level 3 is a key audit matter are (i) book value of the financial assets categorized as level 3 is material to the Group's consolidated financial statements and (ii) the significant judgment and estimation by management when determining valuation models and inputs used to measure the fair value of financial assets.

How our audit addressed the key audit matter
Our main audit procedures performed on the Group's fair value measurement of financial assets categorized as level 3 are as follows:

- Obtained an understanding of the Group's accounting policies, processes, and internal controls relating to the fair value measurement of financial assets based on the risk assessment.
- Evaluated the design and operating effectiveness of the internal controls on the fair value measurement of financial assets
- Reviewed the competency and independence of valuation expert engaged by the Group
- Evaluated the appropriateness of the valuation methods and the reasonableness of input assumptions used in the valuation by management on a sample basis

(3) Presentation and disclosure of assets and liabilities held for sale and discontinued operations

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

As at December 31, 2020, a business integration of LINE, a subsidiary of the Group, and Z-Holdings Corp., a subsidiary of SoftBank Corp., is in process. Accordingly, the Group presented the assets and liabilities related to LINE as assets and liabilities held for sale in the consolidated statements of financial position, and the profit and loss on the related operations as discontinued operations in the consolidated statements of comprehensive income. As at December 31, 2020, assets and liabilities held for sale amount to ₩ 6,660 billion and ₩ 4,675 billion, respectively, and loss of discontinued operations for the years ended December 31, 2020 and 2019, amounts to ₩ 296 billion and ₩ 524 billion, respectively (Note 35).

As the effect of the presentation and disclosure of assets and liabilities held for sale and discontinued operation financial assets is material to the consolidated financial statements, we determined the presentation and disclosure of assets and liabilities held for sale and discontinued operation as a key audit matter.

How our audit addressed the key audit matter

Our main audit procedures performed on the accounting for assets and liabilities held for sale and classification of discontinued operation are as follows:

- Obtained an understanding of the business integration of LINE and Z-Holdings Corp.
- Obtained an understanding and evaluated the Group's accounting policies for classification of assets and liabilities held for sale and discontinued operations
- Evaluated the accuracy and sufficiency in presentation and disclosure of the assets and liabilities held for sale and discontinued operations.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chang-Ik Kim, Certified Public Accountant.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 5, 2021

This report is effective as at March 5, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NAVER Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2020 and 2019

(in Korean won)	Notes	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	6,7	₩ 1,600,304,349,922	₩ 3,740,513,761,418
Short-term financial instruments	6,7	291,292,142,737	289,910,618,872
Financial assets at fair value - profit or loss	5,6,7	922,939,095,062	12,920,430,454
Trade and other receivables	6,7	986,826,023,076	1,211,072,909,858
Financial assets at fair value - other comprehensive income	5,6,7	-	63,916,531,256
Inventories	9	4,344,942,323	55,114,731,809
Current tax asset		996,472,888	12,717,980,739
Other current assets	10	77,702,716,446	257,547,495,258
Assets held for sale	35	6,660,253,457,865	-
		10,544,659,200,319	5,643,714,459,664
Non-current assets			
Property and equipment	11	1,684,563,340,866	1,596,271,317,726
Right-of-use assets	12	129,537,198,819	697,351,304,664
Intangible assets	13	105,136,186,861	341,442,833,327
Long-term financial instruments	6,7	14,255,722,000	24,034,591,006
Financial assets at fair value - profit or loss	5,6,7	1,801,384,240,769	1,229,097,428,653
Trade and other receivables	6,7	28,578,223,832	124,821,356,161
Financial assets at fair value - other comprehensive income	5,6,7	1,330,951,990,243	675,602,433,315
Investments in associates and joint ventures	14	1,199,425,686,734	1,558,268,184,714
Deferred tax assets	27	108,572,845,624	381,279,417,985
Other non-current assets	10	67,174,027,703	27,643,793,571
		6,469,579,463,451	6,655,812,661,122
Total assets		₩ 17,014,238,663,770	₩ 12,299,527,120,786
Liabilities			
Current liabilities			
Trade and other payables	4,6,15	₩ 689,280,186,019	₩ 1,211,070,361,564
Financial liabilities at fair value - profit or loss	5,6	17,137,640,886	649,038,368
Short-term borrowings	4,6,17	576,223,326,575	559,584,776,483
Current tax payables		384,340,634,677	313,781,745,056
Provisions	18	31,708,383,889	3,822,401,193
Current lease liabilities	12	53,345,709,463	168,937,301,210
Other current liabilities	16	1,484,474,330,127	1,515,273,206,866
Liabilities held for sale	35	4,675,241,280,695	-
		7,911,751,492,331	3,773,118,830,740
Non-current liabilities			
Trade and other payables	4,6,15	68,448,327,272	42,469,680,072
Financial liabilities at fair value - profit or loss	5,6	7,962,264,800	8,339,734,792
Long-term borrowings	4,6,17	150,678,259,061	50,039,880,125
Debentures	4,6,17	-	752,270,184,693
Net defined benefit liabilities	19	462,094,245,426	473,437,955,422
Provisions	18	9,186,175,870	59,046,834,258
Non-current lease liabilities	12	92,170,749,140	555,287,968,236
Deferred tax liabilities	27	56,519,491,022	80,453,751,124
Other non-current liabilities	16	295,623,635	1,136,232,744
		847,355,136,226	2,022,482,221,466
Total liabilities		8,759,106,628,557	5,795,601,052,206

NAVER Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2020 and 2019

(in Korean won)	Notes	December 31, 2020	December 31, 2019
Equity			
Equity attributable to owners of the Parent Company			
Share capital	20	16,481,339,500	16,481,339,500
Share premium	20	1,793,273,489,872	1,575,307,844,438
Other components of equity	21	(1,059,479,508,530)	(1,498,653,013,809)
Accumulated other comprehensive loss relating to assets held for sale	21,35	(37,870,641,018)	-
Retained earnings	23	6,654,814,483,478	5,712,091,453,142
Non-controlling interest		887,912,871,911	698,698,445,309
Total equity		8,255,132,035,213	6,503,926,068,580
Total liabilities and equity		₩ 17,014,238,663,770	₩ 12,299,527,120,786

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2020 and 2019

(in Korean won)	Notes	2020	2019
Operating revenues	34	₩ 5,304,145,900,386	₩ 4,356,239,667,491
Operating expenses	24	(4,088,803,443,113)	(3,201,214,223,612)
Operating profit		1,215,342,457,273	1,155,025,443,879
Other income	25	43,356,685,840	49,155,181,402
Other expenses	25	(118,822,813,655)	(68,575,887,239)
Interest income		15,997,193,160	11,465,169,998
Finance income	26	508,563,848,219	333,130,417,324
Finance costs	26	(146,432,800,279)	(107,368,331,367)
Share of net profit of associates and joint ventures accounted for using the equity method	14	115,554,340,355	18,424,132,130
Profit before income tax		1,633,558,910,913	1,391,256,126,127
Income tax expense	27	(492,534,781,634)	(470,550,410,267)
Profit from continuing operations		1,141,024,129,279	920,705,715,860
Loss from discontinued operations	35	(296,027,152,130)	(523,884,653,395)
Profit for the year		₩ 844,996,977,149	₩ 396,821,062,465
Profit for the year is attributable to:			
Owners of the Parent Company			
Profit from continuing operations		₩ 1,144,888,651,236	₩ 934,306,914,911
Loss from discontinued operations		(142,801,884,857)	(351,255,010,262)
Non-controlling interests			
Loss from continuing operations		(3,864,521,957)	(13,601,199,051)
Loss from discontinued operations		(153,225,267,273)	(172,629,643,133)

NAVER Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2020 and 2019

(in Korean won)	Notes		2020		2019
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss					
Gain on valuation of debt instruments at fair value - other comprehensive income		₩	(730,019,603)	₩	248,538,199
Exchange differences			76,248,398,266		139,029,178,403
Share of other comprehensive income of associates and joint ventures			(58,076,804,924)		6,699,339,351
Items that will not be reclassified to profit or loss					
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income			168,450,037,860		50,343,180,326
Gain (loss) on disposal of equity instruments at fair value - other comprehensive income			37,778,484,516		(4,611,398,596)
Share of other comprehensive income (loss) of associates and joint ventures			(1,084,708,978)		14,147,944
Remeasurements of net defined benefit liabilities			(1,384,540,226)		(52,992,040,208)
Other comprehensive income for the year, net of tax			221,200,846,911		138,730,945,419
Total comprehensive income for the year		₩	1,066,197,824,060	₩	535,552,007,884
Total comprehensive income (loss) for the year is attributable to:					
Owners of the Parent Company		₩	1,219,788,331,559	₩	659,506,460,173
Non-controlling interests			(153,590,507,499)		(123,954,452,289)
Earnings (losses) per share from continuing and discontinued operations attributable to the owners of the Parent Company					
Basic earnings (losses) per share					
From continuing operations	28	₩	7,857	₩	6,420
From discontinued operations	28		(980)		(2,414)
Diluted earnings (losses) per share					
From continuing operations	28	₩	7,813	₩	6,420
From discontinued operations	28		(980)		(2,414)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2020 and 2019

		Attributable to owners of the Parent Company					
(in Korean won)	Notes	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest	Total Equity
Balance at January 1, 2019, as previously reported		₩ 16,481,339,500	₩ 1,540,985,517,982	₩ (1,546,389,664,299)	₩ 5,229,202,813,045	₩ 708,860,507,065	₩ 5,949,140,513,293
Changes in accounting policies		-	-	-	(200,802,631)	(71,478,344)	(272,280,975)
Balance at January 1, 2019, as adjusted		16,481,339,500	1,540,985,517,982	(1,546,389,664,299)	5,229,002,010,414	708,789,028,721	5,948,868,232,318
Total comprehensive income for the year							
Profit for the year		-	-	-	583,051,904,649	(186,230,842,184)	396,821,062,465
Gain on valuation of debt instruments at fair value - other comprehensive income	6	-	-	248,538,199	-	-	248,538,199
Gain on valuation of equity instrument at fair value - other comprehensive income	6	-	-	39,580,419,489	-	10,762,760,837	50,343,180,326
Loss on disposal of equity instruments at fair value - other comprehensive income	6	-	-	(115,033,900)	(4,496,364,696)	-	(4,611,398,596)
Exchange differences		-	-	87,748,199,609	-	51,280,978,794	139,029,178,403
Share of other comprehensive income of associates and joint ventures		-	-	3,053,460,941	14,147,944	3,645,878,410	6,713,487,295
Remeasurements of net defined benefit liabilities		-	-	-	(49,578,754,909)	(3,413,285,299)	(52,992,040,208)
Gain (loss) on valuation of derivatives for cash flow hedge		-	-	(57,153)	-	57,153	-
Transactions with owners							
Dividends	29	-	-	-	(45,901,490,260)	(960,046,676)	(46,861,536,936)
Share-based payment expenses	22	-	-	10,910,448,495	-	18,722,674,912	29,633,123,407
Acquisition of treasury shares	20	-	-	(93,689,325,190)	-	-	(93,689,325,190)
Decrease due to business combination		-	-	-	-	(474,386,383)	(474,386,383)
Share issuance of subsidiaries		-	36,319,313,514	-	-	142,867,090,522	179,186,404,036
Others		-	(1,996,987,058)	-	-	(46,291,463,498)	(48,288,450,556)
Balance at December 31, 2019		₩ 16,481,339,500	₩ 1,575,307,844,438	₩ (1,498,653,013,809)	₩ 5,712,091,453,142	₩ 698,698,445,309	₩ 6,503,926,068,580

NAVER Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2020 and 2019

(in Korean won)	Notes	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Non-controlling Interest	Total Equity
		Attributable to owners of the Parent Company					
Balance at January 1, 2020		₩ 16,481,339,500	₩ 1,575,307,844,438	₩ (1,498,653,013,809)	₩ 5,712,091,453,142	₩ 698,698,445,309	₩ 6,503,926,068,580
Total comprehensive income for the year							
Profit for the year		-	-	-	1,002,086,766,379	(157,089,789,230)	844,996,977,149
Gain on valuation of debt instruments at fair value - other comprehensive income	6	-	-	(730,019,603)	-	-	(730,019,603)
Gain on valuation of equity instrument at fair value - other comprehensive income	6	-	-	158,566,524,618	-	9,883,513,242	168,450,037,860
Loss on disposal of equity instruments at fair value - other comprehensive income	6	-	-	-	37,778,484,516	-	37,778,484,516
Exchange differences		-	-	84,163,969,896	-	(7,915,571,630)	76,248,398,266
Share of other comprehensive income of associates and joint ventures		-	-	(59,070,748,325)	-	(90,765,577)	(59,161,513,902)
Remeasurements of net defined benefit liabilities		-	-	-	(3,006,645,922)	1,622,105,696	(1,384,540,226)
Transactions with owners							
Dividends	29	-	-	-	(54,688,370,920)	(261,268,720)	(54,949,639,640)
Share-based payment expenses	22	-	-	28,211,760,128	-	44,667,256,627	72,879,016,755
Acquisition of treasury shares	20	-	-	(15,516,003,480)	-	-	(15,516,003,480)
Retirement of treasury shares	20	-	-	39,758,492,229	(39,758,492,229)	-	-
Disposal of treasury shares	21	-	328,485,240,566	151,388,772,301	-	-	479,874,012,867
Share issuance of subsidiaries		-	787,962,203,141	-	-	290,070,044,722	1,078,032,247,863
Transactions with non-controlling interests		-	(812,763,446,847)	14,530,116,497	-	43,978,130,648	(754,255,199,702)
Others		-	(85,718,351,426)	-	311,288,512	(35,649,229,176)	(121,056,292,090)
Balance at December 31, 2020		₩ 16,481,339,500	₩ 1,793,273,489,872	₩ (1,097,350,149,548)	₩ 6,654,814,483,478	₩ 887,912,871,911	₩ 8,255,132,035,213

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

NAVER Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

(in Korean won)	Note		2020		2019
Cash flows from operating activities					
Cash generated from operations	30	₩	2,041,772,594,491	₩	1,835,912,025,978
Interest received			20,014,015,757		17,559,981,761
Interest paid			(71,543,208,626)		(39,296,364,906)
Dividends received			30,187,486,156		20,742,864,205
Income taxes paid			(573,218,670,138)		(478,075,026,619)
Net cash inflow from operating activities			1,447,212,217,640		1,356,843,480,419
Cash flows from investing activities					
Net decrease (increase) in short-term financial instruments			(25,654,808,271)		162,122,479,766
Increase in long-term financial instruments			(2,560,000,000)		-
Decrease in long-term financial instruments			21,200,000,000		-
Payments for financial assets at fair value - profit or loss			(5,243,104,789,547)		(362,880,751,518)
Proceeds from disposal of financial assets at fair value - profit or loss			3,894,138,692,719		192,427,912,981
Acquisition of property and equipment			(759,403,180,962)		(435,908,502,083)
Disposal of property and equipment			8,987,856,807		6,743,736,986
Collection of lease receivables			1,417,837,269		257,941,120
Acquisition of intangible assets			(106,290,121,972)		(75,729,758,448)
Disposal of intangible assets			3,304,588,760		4,766,029,881
Acquisition of financial assets at fair value - other comprehensive income			(50,971,937,342)		(40,967,500,755)
Disposal of financial assets at fair value - other comprehensive income			232,310,319,161		97,789,083,542
Acquisition of investments in associates and joint ventures			(504,730,950,380)		(621,718,974,099)
Disposal of investments in associates and joint ventures			104,952,900,033		18,714,872,614
Increase (decrease) in cash due to business combination			2,260,617,141		(4,991,454,614)
Net cash flow due to the disposal of subsidiaries			(20,383,308,053)		9,787,731,685
Net increase (decrease) in short-term loans			(35,244,144,863)		3,807,864,455
Net increase (decrease) in long-term loans			(11,864,566,845)		90,000,000
Cash outflows from other investing activities			(11,567,279,691)		(32,439,553,937)
Net cash outflow from investing activities			(2,503,202,276,036)		(1,078,128,842,424)
Cash flows from financing activities					
Proceeds from short-term borrowings			2,116,540,667,363		220,649,373,194
Repayment of short-term borrowings			(915,187,873,624)		(76,172,581,572)
Proceeds from long-term borrowings			886,562,480,808		-
Proceeds from issuance of debentures			5,960,669,395		-
Repayment of debentures			(789,055,599,548)		-
Repayment of lease liabilities			(174,107,173,293)		(138,021,891,444)
Acquisition of treasury shares			(15,516,003,480)		(93,689,325,190)
Dividends paid			(54,949,639,640)		(46,861,536,936)
Share issuance of subsidiaries			1,023,167,174,015		179,186,404,036
Cash inflows from transactions with non-controlling interest			46,060,159,984		13,072,761,459
Cash outflows from transactions with non-controlling interest			(945,751,987,650)		(5,921,420,442)
Cash inflows from other financing activities			8,410,804,648		94,783,280
Net cash inflow from financing activities			1,192,133,678,978		52,336,566,385
Effects of exchange rate changes on cash and cash equivalents			(30,989,618,453)		86,578,454,471
Net increase in cash and cash equivalents			105,154,002,129		417,629,658,851
Cash and cash equivalents at the beginning of the year			3,740,513,761,418		3,322,884,102,567
Cash and cash equivalents at the end of the year			3,845,667,763,547		3,740,513,761,418
Cash and cash equivalents classified as held for sale			(2,245,363,413,625)		-
Cash and cash equivalents at the end of the year		₩	1,600,304,349,922	₩	3,740,513,761,418

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

1. General Information

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

On October 29, 2002, the Company listed its shares on the Korean Securities Dealers' Automated Quotations market. On November 28, 2008, the Company transferred its share listing to the Korea Composite Stock Price Index market. As at December 31, 2020, the major shareholders of the Company consist of National Pension Fund (11.56%) and others.

The Company and its subsidiaries (collectively the "Group") engage in providing online information via search portal services.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2020 and 2019, are as follows:

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	Ownership interest held by the Group (%)[1] December 31, 2019	Year end
NAVER	NAVER CLOUD CORP. (formerly, NAVER Business Platform)	Korea	Cloud service	100.00	100.00	December
	NAVER I&S	Korea	Business support, workforce supply, and employee dispatch	100.00	100.00	December
	NAVER WEBTOON COMPANY Corporation (formerly, NAVER Webtoon)[6]	Korea	Webtoon service	100.00	100.00	December
	SNOW	Korea	Camera and communication application service	100.00	100.00	December
	Drama & Company[4]	Korea	Business card application service	81.18	81.24	December
	Audiensori	Korea	Audio contents production and distribution	100.00	100.00	December
	Company AI[8]	Korea	AI development and research	100.00	73.90	December
	Search Solution	Korea	Searching solution development	100.00	100.00	December
	Works Mobile	Korea	Groupware development and service	100.00	100.00	December
	N-Visions	Korea	Exhibition and performance planning business	100.00	100.00	December
	NAVER Labs	Korea	New technology development and research	100.00	100.00	December
	NAVER Financial	Korea	Electronic financial business	81.16	100.00	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	97.00	-	December
	SVA Content Media	Korea	Investment	99.31	-	December

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	December 31, 2019	Year end
	Do Ventures Annex Fund LP	USA	Investment	99.01	-	December
	LINE[2, 4]	Japan	Mobile service development	78.18	73.07	December
	NAVER J.Hub	Japan	Global business support	100.00	100.00	December
	NAVER China	China	Software development and distribution	100.00	100.00	December
	V Live	USA	Online streaming service	100.00	100.00	December
	NAVER BAND (formerly, Camp Mobile)	USA	North America community service and marketing	100.00	100.00	December
	NAVER France	France	Europe IT investment and research and development	100.00	100.00	December
	WEBTOON Entertainment[5]	USA	Webtoon service	100.00	-	December
	NAVER VIETNAM	Vietnam	Online live broadcast service and local marketing	99.00	99.00	December
	SVA Soda	Japan	Investment	99.52	-	December
	Naver-Quantum Contents 1 Fund	Korea	Investment	98.81	-	December
	Smart Spring Fund [9]	Korea	Investment	48.39	-	December
	NAVER Hands	Korea	Standard workplace for the disabled	100.00	-	December
NAVER France	C-Fund		Investment	99.75	-	December
NAVER CLOUD CORP. (formerly, NAVER Business Platform)	NAVER Cloud Asia Pacific (formerly, NAVER Business Platform Asia Pacific)	Singapore	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud America (formerly, NAVER Business Platform America)	USA	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Europe (formerly, NAVER Business Platform Europe)	Germany	IT infrastructure operations	100.00	100.00	December
	NAVER Cloud Japan (formerly, NAVER Business Platform Japan)	Japan	IT infrastructure operations	100.00	100.00	December
NAVER I&S	Incomms	Korea	Customer center operations	100.00	100.00	December
	Greenweb Service	Korea	Monitoring and advertisement operations	100.00	100.00	December
	N Tech Service	Korea	Software consulting, development and distribution	100.00	100.00	December
	NIT Service	Korea	Infrastructure operations and security services	100.00	100.00	December
	CommPartners	Korea	Customer center operations	100.00	100.00	December
WEBTOON Entertainment	Naver Webtoon LLC (formerly, Webtoon Entertainment Korea)[6]	Korea	Webtoon service	100.00	-	December
	LINE Digital Frontier[5]	Japan	Webtoon service in Japan	100.00	-	December
Naver Webtoon LLC (formerly, Webtoon Entertainment Korea)	Lico	Korea	Contents production	100.00	100.00	December
	Studio N Corporation	Korea	Film production and distribution	100.00	100.00	December
	V.DO[8]	Korea	Video searching solution development	66.57	51.71	December
	YLAB Japan[3]	Japan	Contents production	100.00	25.21	December
LINE Digital Frontier	LINE Book Distribution	Japan	Cartoon and contents distribution	52.00	52.00	December

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	December 31, 2019	Year end
NAVER WEBTOON COMPANY Corporation (formerly, NAVER Webtoon)	Watong Entertainment	Hong Kong	Webtoon service	100.00	100.00	December
	WEBTOON Entertainment[5]	USA	Webtoon service in USA	-	100.00	December
Watong Entertainment	Broccoli Entertainment	China	Webtoon service	100.00	100.00	December
	Dongman Entertainment	China	Webtoon service	100.00	100.00	December
Snow	Spring Camp	Korea	Investment	100.00	100.00	December
	Playlist	Korea	Web contents production and distribution	93.99	83.73	December
	Amuse	Korea	Cosmetics manufacturing, distribution and sales	100.00	100.00	December
	HEART IT	Korea	Online commerce platform operations	100.00	100.00	December
	Semicolon Studio	Korea	Video contents production and distribution	100.00	100.00	December
	NAVER Z Corporation[7]	Korea	Mobile service development and operations	100.00	-	December
	SNOW China	Hong Kong	Mobile service operations	96.22	96.22	December
	SNOW Japan	Japan	Mobile service operations	100.00	100.00	December
	SNOW Inc.	USA	Mobile service operations	100.00	100.00	December
	SNOW Vietnam	Vietnam	Mobile service operations	99.00	99.00	December
	Cake[7]	Korea	Language learning application service	100.00	-	December
SNOW China	SNOW China (Beijing)	China	Mobile service operations	100,00	100.00	December
SNOW China (Beijing)	Yiruike Information Technology (Beijing)	China	Mobile service operations	100.00	100.00	December
	Xiaying Entertainment	China	Mobile service operations	100.00	100.00	December
Xiaying Entertainment	Shine Interactive	China	Mobile service operations	100.00	100.00	December
Drama & Company	myBridge[4]	Japan	Business card application service operations	100.00	100.00	December
Works Mobile	Works Mobile Japan	Japan	Groupware service operations and distribution	100.00	100.00	December
	NF Insurance Services Corporation	Korea	Insurance brokerage	100.00	-	December
LINE	LINE Plus[4]	Korea	Portal and internet information services	-	100.00	December
	LINE SOUTHEAST ASIA[4]	Singapore	Mobile billing system planning and development	100.00	100.00	December
	LFG HOLDINGS[4]	Hong Kong	Character and doll wholesale and retail	100.00	100.00	December
	FIVE[10]	Japan	Mobile advertising service	-	100.00	December
	LINE Ventures[4]	Japan	Investment	100.00	100.00	December
	LINE Fukuoka[4]	Japan	Mobile service operations	100.00	100.00	December
	Gatebox[4]	Japan	IoT products planning and development	55.09	55.09	December
	LINE Growth Technology[4]	Japan	Mobile service development	100.00	100.00	December

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	December 31, 2019	Year end
	LINE Digital Frontier[5]	Japan	Webtoon service in Japan	-	100.00	December
	LINE Conomi (formerly, LINE Tapas)[4]	Japan	Global restaurant review service	100.00	100.00	December
	LINE TICKET[4]	Japan	E-Ticket service operations	51.00	51.00	December
	Next Library[4]	Japan	Internet information services	100.00	100.00	December
	LINE Pay[4]	Japan	Mobile billing system planning and development	100.00	100.00	December
	LINE Financial[4]	Japan	Financial business	100.00	100.00	December
	LINE Ventures Global[4]	Japan	Investment	100.00	100.00	December
	LINE Ventures Japan[4]	Japan	Investment	100.00	100.00	December
	LVC[4]	Japan	Financial business	90.00	90.00	December
	LINE Healthcare[4]	Japan	Telemedicine services	51.00	51.00	December
	LINE Business Support[4]	Japan	Business support and workforce supply	100.00	100.00	December
	HOP (formerly, LDI Corporation)[4]	Japan	Matching service operations	60.00	60.00	December
	LINE TECHNOLOGY VIETNAM[4]	Vietnam	Local service and marketing	100.00	100.00	December
	LINE Split Preparation[4]	Japan	Strategic alliance and service integration	100.00	100.00	December
	DEMAE-CAN[3, 4]	Japan	Delivery application service	60.93	21.60	August
DEMAE-CAN	SATSUMAEBISUDO[3, 4]	Japan	Food processing	100.00	100.00	August
LINE Split Preparation	LINE Friends[4,5]	Korea	Character and doll wholesale and retail	100.00	-	December
	LINE Plus[4,5]	Korea	Portal and internet information services	100.00	-	December
LINE Plus	LINE Up[4]	Korea	Mobile game software development and distribution	100.00	100.00	December
	LINE Studio[4]	Korea	Mobile game software development and distribution	100.00	100.00	December
	LINE Play[4]	Korea	Avatar development and service operation	100.00	100.00	December
	Nemustech[4]	Korea	Software development	100.00	100.00	December
	Grayhash Co., Ltd.[4]	Korea	Software development	76.99	58.51	December
	LINE Euro-Americas[4]	USA	Mobile service marketing	100.00	100.00	December
	LINE Digital Technology (Shanghai)[4]	China	Mobile service marketing	100.00	100.00	December
	LINE Taiwan[4]	Taiwan	Mobile service operations	100.00	100.00	December
	LINE Company (Thailand)[4]	Thailand	Mobile service operations	99.95	99.95	December
	PT.LINE PLUS INDONESIA[4]	Indonesia	Mobile service operations	99.99	99.99	December
LINE Digital Technology (Shanghai)	Beijing Wangzhongwenda Technology[4]	China	Mobile service operations	100.00	100.00	December
LINE Taiwan	SHINEWANT TECHNOLOGY[4]	Taiwan	Internet information services	100.00	100.00	December
	JDW[4]	Taiwan	Internet information services	81.20	81.20	December
JDW	JDW Taxi[4]	Taiwan	Internet information services	62.50	62.50	December

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	December 31, 2019	Year end
LINE SOUTHEAST ASIA	LINE VIETNAM JOINT STOCK COMPANY[4]	Vietnam	Online information distribution business	99.11	99.11	December
	LINE MAN[4,11]	Singapore	Application software development and distribution	47.36	100.00	December
LINE Ventures	LINE Investment Technologies[4]	Japan	Investment	100.00	100.00	December
LFG HOLDINGS	LINE Friends[4,5]	Korea	Character and doll wholesale and retail	-	100.00	December
	LINE Friends Japan[4,5]	Japan	Character and doll wholesale and retail	-	100.00	December
	LINE Friends Inc.[4,5]	USA	Character and doll wholesale and retail	-	100.00	December
	LINE Friends Taiwan[4,5]	Taiwan	Character and doll wholesale and retail	-	100.00	December
	LINE Friends(Shanghai) Commercial Trade[4,5]	China	Character and doll wholesale and retail	-	100.00	December
LINE Friends	Markt[4]	Korea	Software development and wholesale and retail	51.00	51.00	December
	LINE Friends Japan[4,5]	Japan	Character and doll wholesale and retail	100.00	-	December
	LINE Friends[4,5]	USA	Character and doll wholesale and retail	100.00	-	December
	LINE Friends Taiwan[4,5]	Taiwan	Character and doll wholesale and retail	100.00	-	December
	LINE Friends(Shanghai) Commercial Trade[4,5]	China	Character and doll wholesale and retail	100.00	-	December
LINE Pay	Line Biz Plus[4]	Korea	Software development and distribution	100.00	100.00	December
	BALIE[4]	Japan	Searching advertising service business	100.00	100.00	December
	Webpay Holdings[4]	Japan	Mobile billing system planning and development	100.00	100.00	December
	LINE Pay hokkaido[4]	Japan	Mobile billing system planning and development	70.00	70.00	December
	LINE Pay Taiwan (formerly, LINE BIZ+ Taiwan)[4]	Taiwan	Mobile billing system planning and development	70.01	70.01	December
Webpay Holdings	Webpay[4]	Japan	Mobile billing system planning and development	100.00	100.00	December
LINE Financial	LINE Financial Plus[4]	Korea	Financial business	100.00	100.00	December
	LINE Credit[4]	Japan	Financial business	51.00	51.00	December
	LINE Securities (formerly, LINE Securities Preparatory)[4]	Japan	Financial business	51.00	51.00	December
	LINE Bank Preparatory[4]	Japan	Financial business	51.00	51.00	December
	LINE Financial Asia[4]	Hong Kong	Financial business	100.00	100.00	December
LINE Financial Asia	LINE Financial Taiwan[4]	Taiwan	Financial business	100.00	100.00	December

Largest shareholder	Subsidiaries	Location	Primary business	Ownership interest held by the Group (%)[1] December 31, 2020	December 31, 2019	Year end
LVC	Unblock[4]	Korea	Software development and distribution	100.00	100.00	December
	Unchain Corporation[4]	Korea	Software development and distribution	50.98	50.98	December
	LVC USA[4]	USA	Financial business	100.00	100.00	December
	LINE TECH PLUS[4]	Singapore	Financial business	100.00	100.00	December
	Unblock Ventures[4]	Hong Kong	Financial business	100.00	100.00	December
NAVER J.Hub	Mirai Fund[4]	Japan	Investment	100.00	100.00	December
Mirai Fund LLP	Mission Worldwide Group Limited[4]	Virgin Islands	Software development and distribution	68.28	59.06	December
Mission Worldwide Group Limited	CHOCO Media[4]	Taiwan	Mobile service operations	100.00	100.00	December

[1] Ownership interest with voting rights held by the Group includes share held by subsidiaries (including those classified as assets held for sale).

[2] The Group acquired additional non-controlling interest of LINE as part of the business integration in accordance with the transaction agreement and others with SoftBank Corp.

[3] Entities were reclassified from associates to subsidiaries due to additional acquisition of shares during the year ended December 31, 2020.

[4] As anti-monopoly reviews in relevant countries for the business integration between LINE and Z-Holdings Corp. have been completed, related assets, liabilities and profit or loss of the subsidiary were classified as assets and liabilities held for sale and discontinued operations during the year ended December 31, 2020 (Note 35).

[5] The Parent Company has changed due to equity transaction within the Group.

[6] NAVER WEBTOON COMPANY Corporation (formerly, Naver Webtoon) spun off its business divisions except for the Chinese business division, and merged the spin-off divisions with Naver Webtoon LLC (formerly, Webtoon Entertainment Korea).

[7] Established through a split-off from SNOW

[8] Ownership interest has been increased as the Group acquired additional shares during the year ended December 31, 2020.

[9] Although the Group owns less than 50% ownership of Smart Spring Fund as at December 31, 2020, the Group is considered to have control over this entity because Spring Camp, a subsidiary, has significant influence over investment decision-makings as a general partner of the fund.

[10] Merged to LINE during the year ended December 31, 2020.

[11] Classified from investments in subsidiaries to associates due to the decreased Group's ownership in these entities during the year ended December 31, 2020.

1.2 Summarized Financial Information

Summarized financial information for consolidated subsidiaries as at and for the years ended December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	2020					
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Operating revenues**	**Profit (loss) for the year**	**Total comprehensive income (loss)**
NAVER Financial	₩2,293,220,293	₩ 1,414,633,126	₩ 878,587,167	₩ 704,391,480	₩ 54,893,061	₩ 55,519,488
NAVER J.Hub	1,147,740,381	293,986,683	853,753,698	6,823	(10,794,579)	(12,185,125)
NAVER CLOUD CORP. (formerly, NAVER Business Platform)	939,082,507	672,406,197	266,676,310	622,121,155	2,579,608	217,953
WEBTOON Entertainment	379,534,080	32,343,132	347,190,948	9,057,157	(25,389,658)	(59,305,131)
NAVER France	328,525,295	11,441,363	317,083,932	28,886,090	4,689,219	14,053,264
Naver Webtoon LLC	317,994,800	127,498,861	190,495,939	132,287,706	(5,914,444)	(10,590,337)
SNOW	211,863,579	82,159,677	129,703,902	6,697,346	(74,372,471)	(2,401,073)
Works Mobile	202,623,947	44,997,050	157,626,897	63,248,401	(8,825,757)	(9,244,638)
SB Next Media Innovation Fund	191,318,667	3,522,972	187,795,695	-	16,613,623	16,613,623
LINE Digital Frontier	172,789,203	93,436,454	79,352,749	79,572,617	(33,417,625)	(32,898,831)
TBT Global Growth Fund Ⅰ	108,925,152	11,000	108,914,152	-	2,890,395	2,890,395
Works Mobile Japan	71,483,235	14,845,800	56,637,435	46,046,934	(8,535,807)	(11,741,638)

(in thousands of Korean won)	2019					
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Operating revenues (expenses)**	**Profit (loss) for the year**	**Total comprehensive income (loss)**
LINE	₩5,386,752,128	₩ 3,025,361,507	₩ 2,361,390,621	₩1,780,631,286	₩ 8,049,591	₩ 151,818,570
NAVER Financial	851,847,263	828,784,636	23,062,627	86,787,790	(4,592,069)	(5,451,587)
LINE Financial	799,422,763	8,575,629	790,847,134	3,835,598	(23,006,703)	(8,852,057)
NAVER CLOUD CORP. (formerly, NAVER Business Platform)	702,504,833	436,046,476	266,458,357	492,580,515	11,528,999	1,855,249
LINE Plus	682,110,036	205,174,788	476,935,248	413,795,341	(44,892,711)	(19,746,559)
LINE Pay	456,346,447	323,514,060	132,832,387	67,148,247	(220,357,990)	(212,593,395)
LINE Financial Asia	419,604,442	2,152,982	417,451,460	-	(4,834,389)	(3,957,340)
Naver France	313,691,402	10,660,734	303,030,668	26,023,946	1,933,190	5,364,696

(in thousands of Korean won)	2019					
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Operating revenues (expenses)**	**Profit (loss) for the year**	**Total comprehensive income (loss)**
NAVER WEBTOON COMPANY Corporation (formerly, NAVER Webtoon)	290,286,395	84,564,304	205,722,091	161,023,510	(33,492,765)	(35,196,838)
LINE BIZ+ Taiwan	272,110,014	94,648,293	177,461,721	29,938,953	(5,755,034)	3,181,102
SB Next Media Innovation Fund	213,276,762	1,115,244	212,161,518	-	11,287,995	11,287,995
LINE Financial Taiwan	198,759,976	1,927,840	196,832,136	-	(1,922,640)	(3,048,918)
LINE Digital Frontier	192,224,450	80,513,729	111,710,721	65,940,968	17,197,434	21,642,026
LINE Securities Preparatory	188,337,199	21,974,496	166,362,703	(504,656)	(42,487,523)	(34,297,749)
LFG HOLDINGS	160,096,919	15,170,803	144,926,116	12,169,914	(2,732,711)	2,122,901

1.3 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2020, are as follows:

Reason	Subsidiaries
Newly established	NF Insurance Services Corporation, Naver Webtoon LLC (formerly, Webtoon Entertainment Korea), NAVER Hands, SpringCamp Early Stage Fund 2, SVA Content Media, Do Ventures Annex Fund LP, C-Fund, Naver-Quantum Contents 1 Fund, SVA Soda, Smart Spring Fund
Newly acquired	DEMAE-CAN, SATSUMAEBISUDO, YLAB Japan
Established through split-off	NAVER Z Corporation, Cake

Subsidiaries excluded from the consolidation for the year ended December 31, 2020, are as follows:

Reason	Subsidiaries
Merged	Five
External investment[1]	LINE MAN, LINE MAN (Thailand)

[1] Percentage of ownership has decreased due to capital increasement by external investors.

2. Significant Accounting Policies

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

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.
The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

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

- certain financial assets and liabilities (including derivative instruments)
- defined benefit pension plans – plan assets measured at fair value, and
- assets held for sale – measured at fair value less costs to sell

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

2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020.

- Amendments to Korean IFRS 1001 *Presentation of Financial Statements and Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors – Definition of Material*

The amendments clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1103 *Business Combination – Definition of a Business*

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and the definition of output excludes the returns in the form of lower costs and other economic benefits. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity may elect to apply an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS 1109 *Financial Instruments,* Korean IFRS 1039 *Financial Instruments: Recognition and Measurement* and Korean IFRS 1107 *Financial Instruments: Disclosure – Interest Rate Benchmark Reform*

The amendments allow to apply the exceptions in relation the application of hedge accounting while uncertainties arising from interest rate benchmark reform exist. The exceptions require the Group assumes that the interest rate benchmark on which the hedged items and the hedging instruments are based on is not altered as a result of interest rate benchmark reform, when determining whether the expected cash flows are highly probable, whether an economic relationship between the hedged item and the hedging instrument exists, and when assessing the hedging relationship is highly effective. The amendments do not have a significant impact on the financial statements.

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

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Group.

- Amendments to Korean IFRS 1116 *Lease – Practical expedient for COVID-19 - Related Rent Exemption, Concessions, Suspension*

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognized in profit or loss as a result of applying this exemption should be disclosed. The amendments should be applied for annual periods beginning on or after June 1, 2020, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1109 *Financial Instruments,* Korean IFRS 1039 *Financial Instruments: Recognition and Measurement,* Korean IFRS 1107 *Financial Instruments: Disclosure, K*orean IFRS 1104 *Insurance Contracts* and Korean IFRS 1116 *Lease – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1103 *Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1016 *Property, Plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

- Amendments to Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability include the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in the process of evaluating for the impact of these amendments on the financial statements.

2.3 Consolidation

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

(a) Subsidiaries

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

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

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

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

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

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

(b) Associates

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

(c) Joint arrangements

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

2.4 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions in foreign currency and translation at period end

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

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

(c) Translation to the presentation currency

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expense for each statement of comprehensive income are translated at the average exchange rate.
- equity is translated at the historical exchange rate.
- all resulting exchange differences are recognized in other comprehensive income.
- and, goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

2.5 Financial Assets

(a) Classification

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

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

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

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

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

(b) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

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

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

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

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

B. Equity instruments

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

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income and finance costs' in the consolidated statement of comprehensive income as applicable.

Impairment loss (and reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

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

(Note 4 provides more details of how the Group determines whether there has been a significant increase in credit risk.)

(d) Recognition and derecognition

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

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

(e) Offsetting of financial instruments

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

2.6 Derivative Instruments

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

2.7 Trade Receivables

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

2.8 Inventories

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

2.9 Non-current assets (or Disposal Group) Held for sale

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

2.10 Property and Equipment

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

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

	Useful life
Buildings	30 years
Structures	10 years
Vehicles	5 years
Equipment	3 – 5 years
Machinery	3 – 4 years
Others	4 – 6 years

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

2.11 Borrowing Costs

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

2.12 Intangible Assets

Goodwill is measured as described in Note 2.3 (a), and carried at cost less accumulated impairment losses.

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

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

	Useful lives
Industrial rights	5 years
Software	5 years
Others	5 - 30 years

2.13 Government Grants

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

2.14 Impairment of Non-financial Assets

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

2.15 Trade Payables and Other Payables

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

2.16 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.
The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', 'borrowings', or 'debentures' in the consolidated statement of financial position.

(b) Derecognition

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

2.17 Compound Financial Instruments

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

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

In accordance with the Interpretation Statements No.00094 issued by the Financial Supervisory Service in Korea, the Company recognized conversion rights of preferred shares as equity. This accounting treatment is applicable within Korean IFRS as defined in item1 of paragraph1 of Article 13 of Acts on External Audit for Stock Companies.

2.18 Provisions

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

2.19 Current and Deferred Income Tax

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

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

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

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

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

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

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

2.20 Employee Benefits

(a) Post-employment benefits

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

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

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

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

(b) Share-based payments

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

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

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

(c) Long-term employee benefits

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

2.21 Revenue Recognition

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

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

(a) Advertisement

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

(b) Contents services

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

(c) Payment services

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

2.22 Leases

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

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

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

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

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

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

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

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

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

2.23 Segment Reporting

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

2.24 Approval of Issuance of the Financial Statements

The consolidated financial statements for the year end December 31, 2020 were approved for issue by the Board of Directors on January 27, 2021 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

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

(a) Goodwill impairment

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

(b) Income taxes

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

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

(c) Fair value of financial instruments

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

(d) Impairment of financial assets

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

(e) Net defined benefit liabilities

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

(f) Provisions

As at December 31, 2020, the Group recognizes provisions for litigation, restoration and others. These provisions are estimated based on historical experience (Note 18).

(g) Stock option

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

(h) Lease

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

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

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

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

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

4. Financial Risk Management

4.1 Financial Risk Factors

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

4.1.1 Market risk

(a) Foreign exchange risk

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

The Group's financial assets and liabilities denominated in currencies other than the functional currency (i.e., US dollar and Japanese yen) and thus, exposed to foreign currency risk as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		2020		2019	
			Korean won		**Korean won**
Financial asset					
Cash and cash equivalents	USD	₩	82,253,554	₩	112,249,565
	JPY		14,830,066		38,329,477
Shor-term financial instruments	USD		-		5,789,761
Trade and other receivables	USD		29,481,100		34,863,708
	JPY		9,628,014		5,626,932
Financial assets at fair value - other comprehensive income	USD		10,867,566		25,711,841
Financial assets at fair value - profit or loss	USD		733,088,041		311,266,539
	JPY		21,982,914		1,990,271
Financial liabilities					
Trade and other payables	USD		6,752,626		14,572,080
	JPY		319,593		5,560,885
Derivatives liabilities (held for trading)	USD		-		420,760

The Group's financial assets and liabilities classified as held for sale denominated in US dollar and Japanese yen, other than the functional currency that are exposed to foreign currency risk as at the end of the reporting period are as follows:

(in thousands of Korean won)		2020
		Korean won
Financial asset		
Cash and cash equivalents	USD	₩ 48,166,536
	JPY	2,207,662
Trade and other receivables	USD	80,916,694
	JPY	163,629
Financial assets at fair value - other comprehensive income	USD	16,869,417
Financial assets at fair value - profit or loss	USD	47,654,899
Other current assets	USD	514,163
Financial liabilities		
Trade and other payables	USD	24,300,517
	JPY	8,838,632

The impact of weakened/strengthened Korean won by 5% against foreign currencies with all other variables held constant on the post-tax profit for the years ended and equity as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)		**Impact on post-tax profit**		**Impact on equity**	
		2020	**2019**	**2020**	**2019**
USD	Strengthened	₩ 37,475,316	₩ 17,283,017	₩ 38,439,646	₩ 18,193,470
	Weakened	(37,475,316)	(17,283,017)	(38,439,646)	(18,193,470)
JPY	Strengthened	1,876,448	1,452,511	2,786,375	1,452,511
	Weakened	(1,876,448)	(1,452,511)	(2,786,375)	(1,452,511)

(b) Price risk

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

The impact of increases/decreases of the stock index of each country by 5% with all other variables held constant on the Group's post-tax profit for the years ended and equity as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)

		Impact on post-tax profit		Impact on equity	
		2020	**2019**	**2020**	**2019**
Korea	Increase	₩ 920,934	₩ -	₩ 43,616,952	₩ 14,773,130
	Decrease	(920,934)	-	(43,616,952)	(14,773,130)
Japan	Increase	-	-	949,986	2,460,167
	Decrease	-	-	(949,986)	(2,460,167)

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

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

(c) Interest rate risk

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

As at December 31, 2020, the Group's floating rate borrowings which exceed floating rate deposits, which results in net interest expenses increase when interest rates increase. The Group adequately minimizes risks from interest rate fluctuations through various policies, such as avoiding high rate borrowings, reforming capital structure, monitoring fluctuations of domestic and foreign interest rates on a daily, weekly and monthly basis, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

The impact of 10bp increase/decrease in interest rate with all other variables held constant on the Group's post-tax profit for the years ended and equity as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	**Impact on post-tax profit**		**Impact on equity**	
	2020	**2019**	**2020**	**2019**
Increase	₩ (517,774)	₩ 1,244,089	₩ (517,774)	₩ 1,244,089
Decrease	517,774	(1,244,089)	517,774	(1,244,089)

4.1.2 Credit Risk

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

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

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

(a) Trade receivables, other receivables and contract assets

To measure the expected credit losses which is inclusive of forward looking information, the Group has grouped its trade receivables, other receivables and contract assets based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at December 31, 2020 and 2019, was determined as follows for trade receivables, other receivables and contract assets:

(in thousands of Korean won)	**2020**			
	Less than 6 months past due and within due	**More than 6 months past due**	**More than 1 year past due**	**Weighted average loss rate /Total**
Trade and other receivables				
Expected loss rate	0.10%	50.64%	99.75%	1.05 %
Gross carrying amount	₩ 982,663,442	₩ 1,687,299	₩ 8,609,759	₩ 992,960,500
Loss allowance provision	₩ 937,604	₩ 854,422	₩ 8,587,946	₩ 10,379,972
Contract assets				
Expected loss rate	-	-	-	-
Gross carrying amount	₩ -	₩ -	₩ -	₩ -
Loss allowance provision	₩ -	₩ -	₩ -	₩ -

(in thousands of Korean won)	2019			
	Less than 6 months past due and within due	**More than 6 months past due**	**More than 1 year past due**	**Weighted average loss rate /Total**
Trade and other receivables				
Expected loss rate	0.15%	39.05%	95.52%	1.39%
Gross carrying amount	₩ 1,144,334,176	₩ 2,927,745	₩ 13,840,072	₩ 1,161,101,993
Loss allowance provision	₩ 1,741,406	₩ 1,143,265	₩ 13,219,390	₩ 16,104,061
Contract assets				
Expected loss rate	0.02%	0.00%	0.00%	0.02%
Gross carrying amount	₩ 2,564,320	₩ -	₩ -	₩ 2,564,320
Loss allowance provision	₩ 462	₩ -	₩ -	₩ 462

The loss allowance as at December 31, 2020 was determined as follows for trade receivables, other receivables, and contract assets classified as assets held for sale:

(in thousands of Korean won)	2020			
	Less than 6 months past due and within due	**More than 6 months past due**	**More than 1 year past due**	**Weighted average loss rate /Total**
Trade and other receivables				
Expected loss rate	0.38%	20.96%	29.65%	1.57%
Gross carrying amount	₩ 615,283,542	₩ 7,049,757	₩ 21,150,524	₩ 643,483,823
Loss allowance provision	₩ 2,328,249	₩ 1,477,842	₩ 6,271,949	₩ 10,078,040
Contract assets				
Expected loss rate	0.09%	0.00%	0.00%	0.09%
Gross carrying amount	₩ 2,325,787	₩ -	₩ -	₩ 2,325,787
Loss allowance provision	₩ 1,994	₩ -	₩ -	₩ 1,994

Movements in the loss allowance provision for trade receivables and other receivables for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Beginning balance	₩	16,104,061	₩	12,660,257
Increase in loss allowance recognized in profit or loss during the year[1]		5,549,967		4,660,388
Receivables written off during the year as uncollectible		(1,300,176)		(1,429,288)
Other increases/decreases		104,160		212,704
Ending balance	₩	20,458,012	₩	16,104,061
Balance in the consolidated statement of financial position	₩	10,379,972	₩	16,104,061
Amount classified as assets held for sale		10,078,040		-

[1] Includes increase in loss allowance recognized in profit or loss in relation to discontinued operations amounting to ₩ 4,013 million and ₩ 3,585 million during the years ended December 31, 2020 and 2019.

The entire movement in loss allowance of contract assets for the years ended December 31, 2020 and 2019, were recognized as profit or loss and related to discontinued operations.

The amounts recognized in profit or loss as 'operating expenses' in relation to impaired receivables for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Impairment loss				
Movement in loss allowance[1]	₩	5,549,967	₩	4,660,388

[1] Includes amount recognized in profit or loss in relation to discontinued operations amounting to ₩ 4,013 million and ₩ 3,585 million during the years ended December 31, 2020 and 2019.

(b) Other financial assets at amortized cost

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

Movements in loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Beginning balance	₩	1,786,984	₩	83,103
Increase in loss allowance recognized in profit or loss during the year[1]		20,095,031		1,713,533
Other increases/decreases		(1,059,367)		(9,652)
Ending balance	₩	20,822,648	₩	1,786,984
Balance in the consolidated statement of financial position	₩	1,436,498	₩	1,786,984
Amount classified as assets held for sale		19,386,150		-

[1] Includes increase in loss allowance recognized in profit or loss in relation to discontinued operations amounting to ₩ 19,680 million and ₩ 769 million during the years ended December 31, 2020 and 2019.

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

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

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

Movements in loss allowance provision for debt instruments at fair value - other comprehensive income for years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Beginning balance	₩	293,249	₩	384,794
Increase in loss allowance recognized in profit or loss during the year[1]		(177,977)		(107,526)
Other increases/decreases		7,202		15,981
Ending balance	₩	122,474	₩	293,249
Balance in the consolidated statement of financial position	₩	-	₩	293,249
Amount classified as assets held for sale		122,474		-

[1] Includes reversal of loss allowance recognized in profit or loss in relation to discontinued operations during the years ended December 31, 2020 and 2019.

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

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

The Group is exposed to credit risk from financial assets at fair value – through profit or loss. The maximum exposure is the carrying amount of these assets as at December 31, 2020 and 2019.

(e) Impairment loss

Impairment losses recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**2020**	**2019**
Trade receivables and other receivables	₩ 5,549,967	₩ 4,660,388
Other financial assets at amortized cost	20,095,031	1,713,533
Financial assets at fair value - other comprehensive income	(177,977)	(107,526)
Net impairment loss	₩ 25,467,021	₩ 6,266,395

Includes impairment losses in relation to impaired financial assets of discontinued operations amounting to ₩ 23,515 million and ₩ 4,247 million during the years ended December 31, 2020 and 2019.

4.1.3 Liquidity Risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and external regulatory or legal requirements on internal financial ratio targets and currency restrictions. As at December 31, 2020, the Group has borrowing agreements with a limit of ₩ 1,231,000 million and JPY 313,464 million and $ 40 million for managing liquidity risk (Note 31).

Details of the Group's liquidity risk analysis as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**2020**				
	Book amount	**Contractual cash flow**	**Less than 1 years**	**Between 1 and 5 years**	**Over 5 years**
Trade and other payables	₩ 471,803,720	₩ 471,803,720	₩ 449,479,373	₩ 22,324,347	₩ -
Borrowings	726,901,586	751,635,043	599,055,224	152,579,819	-
Lease liabilities	145,516,458	152,486,364	54,177,371	97,592,483	716,510
Financial liabilities at fair value - profit or loss	25,099,906	25,099,906	17,137,641	7,962,265	-
Other current liabilities	1,056,295,290	1,056,295,290	1,056,295,290	-	-
Financial guarantee contract	-	9,410,308	9,410,308	-	-
	₩ 2,425,616,960	₩ 2,466,730,631	₩ 2,185,555,207	₩ 280,458,914	₩ 716,510

(in thousands of Korean won)	2019				
	Book amount	Contractual cash flow	Less than 1 years	Between 1 and 5 years	Over 5 years
Trade and other payables	₩ 975,373,679	₩ 975,373,679	₩ 932,903,999	₩ 42,469,680	₩ -
Borrowings	609,624,656	620,610,471	570,431,091	50,179,380	-
Debentures	752,270,185	778,034,653	-	389,017,327	389,017,326
Lease liabilities	724,225,269	831,914,085	170,335,530	326,781,114	334,797,441
Financial liabilities at fair value - profit or loss	8,988,773	8,988,773	649,038	8,339,735	-
Other current liabilities	622,851,038	622,851,038	622,851,038	-	-
	₩ 3,693,333,600	₩ 3,837,772,699	₩ 2,297,170,696	₩ 816,787,236	₩ 723,814,767

Details of the Group's liquidity risk analysis in relation with liabilities classified as held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020				
	Book amount	Contractual cash flow	Less than 1 years	Between 1 and 5 years	Over 5 years
Trade and other payables	₩ 762,495,429	₩ 762,495,429	₩ 761,985,657	₩ 509,772	₩ -
Borrowings	1,886,874,300	1,909,119,082	1,183,327,704	725,791,378	-
Debentures	5,690,291	5,690,291	-	-	-
Lease liabilities	681,511,570	776,542,787	129,099,040	314,995,850	332,447,897
Financial liabilities at fair value - profit or loss	999,955	999,955	999,955	-	-
Other current liabilities	113,846,507	113,846,507	113,846,507	-	-
	₩ 3,451,418,052	₩ 3,568,694,051	₩ 2,189,258,863	₩ 1,041,297,000	₩ 338,138,188

4.2 Capital Risk Management

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

The Group's gearing ratio as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)		**2020**		**2019**
Total debt	₩	8,759,106,629	₩	5,795,601,052
Total equity		8,255,132,035		6,503,926,069
Gearing ratio		106.10%		89.11%

5. Fair Value

5.1 Financial Instruments Measured at Fair Value

Details of financial instruments measured at fair value as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		2019	
	Book amount	**Fair value**	**Book amount**	**Fair value**
Financial assets				
Financial assets at fair value - profit or loss	₩ 2,724,323,336	₩ 2,724,323,336	₩ 1,242,017,859	₩ 1,242,017,859
Financial assets at fair value - other comprehensive income	1,330,951,990	1,330,951,990	739,518,965	739,518,965
	₩ 4,055,275,326	₩ 4,055,275,326	₩ 1,981,536,824	₩ 1,981,536,824
Financial liabilities				
Financial liabilities at fair value - profit or loss	₩ 25,099,906	₩ 25,099,906	₩ 8,988,773	₩ 8,988,773

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

5.2 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 (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are 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 at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value - profit or loss	₩ 24,117,384	₩ 898,821,711	₩ 1,801,384,241	₩ 2,724,323,336
Debt instruments at fair value - other comprehensive income	-	-	-	-
Equity instruments at fair value - other comprehensive income	1,279,220,720	-	51,731,270	1,330,951,990
Financial liabilities				
Financial liabilities at fair value - profit or loss	-	-	25,099,906	25,099,906

(in thousands of Korean won)	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value - profit or loss	₩ 1,013,228	₩ 33,904,137	₩ 1,207,100,494	₩ 1,242,017,859
Debt instruments at fair value - other comprehensive income	-	191,590,570	471,117	192,061,687
Equity instruments at fair value - other comprehensive income	475,035,986	-	72,421,292	547,457,278
Financial liabilities				
Financial liabilities at fair value - profit or loss	649,038	-	8,339,735	8,988,773

The following table presents the Group's financial assets and financial liabilities classified as assets and liabilities held for sale as at December 31, 2020:

(in thousands of Korean won)	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value - profit or loss	₩ -	₩ 35,106,733	₩ 198,695,507	₩ 233,802,240
Debt instruments at fair value - other comprehensive income	-	76,288,580	467,037	76,755,617
Equity instruments at fair value - other comprehensive income	1,078,048	-	29,142,772	30,220,820
Financial liabilities				
Financial liabilities at fair value - profit or loss	999,955	-	-	999,955

5.3 Transfers between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Group recognizes transfers between levels of the fair value at the end of the reporting period. There were no transfers between level 1 and level 2 for recurring fair value measurements during the year ended December 31, 2020.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020			2019		
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivatives liabilities	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Derivatives liabilities
Beginning balance	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735	₩ 731,579,660	₩ 118,046,299	₩ 2,912,741
Total profit or loss						
Amounts recognized in profit or loss[1]	372,698,556	-	2,748,532	253,294,221	-	(456,246)
Amounts recognized in other comprehensive income[2]	-	11,966,199	-	-	50,579,668	-
Acquisitions	461,762,517	13,178,955	16,998,065	329,466,806	8,888,501	5,616,939
Disposals	(28,429,066)	(5,494,295)	-	(139,160,586)	(22,175,938)	-
Others[3]	(6,140,862)	(10,684,958)	-	27,242,604	(13,736,084)	213,445
Transfer into Level 1	-	-	-	-	(71,784,182)	-
Exchange differences	(6,911,891)	(517,231)	(2,986,426)	4,677,789	3,074,145	52,856
Ending balance	₩ 2,000,079,748	₩ 81,341,079	₩ 25,099,906	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735
Balance in the consolidated statement of financial position	₩ 1,801,384,241	₩ 51,731,270	₩ 25,099,906	₩ 1,207,100,494	₩ 72,892,409	₩ 8,339,735
Amount classified as assets and liabilities held for sale	198,695,507	29,609,809	-	-	-	-

[1] Includes amounts recognized in profit or loss in relation to discontinued operations amounting to ₩ 4,371 million and ₩ 22,673 million during the years ended December 31, 2020 and 2019.

[2] Includes amounts recognized in other comprehensive income in relation to discontinued operations amounting to ₩ 4,091 million and ₩ 37,704 million during the years ended December 31, 2020 and 2019.

[3] Includes reclassifications arising from changes in ownership of financial assets held at fair value.

5.4 Valuation Techniques and the Inputs

Valuation techniques and inputs used in the fair value measurements of major financial instruments that are categorized as levels 2 and level 3 of the fair value hierarchy as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020						
	Fair value		Level	Valuation techniques	Major inputs	Unobservable inputs	Range of unobservable inputs
	Continuing operations	Discontinued operations					
Financial assets at fair value - profit or loss							
Compound financial instruments	₩ 1,093,394,279	₩ 93,395,569	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	24.50% ~ 115.70%
				Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR EV/SALES PSR	1.19 ~ 11.70 1.30 ~ 20.12 0.44 ~ 11.20
				Present value method	Credit risk adjusted discount rate	Discount rate	10.82% ~16.90%
Beneficiary certificates and funds	16,623,508	34,105,876	2	Present value method	Credit risk adjusted discount rate	-	-
Beneficiary certificates and funds	707,989,962	105,299,938	3	Market approach and others	Underlying asset price	(*)	(*)
Debt securities	882,198,203	1,000,000	2	Present value method	Credit risk adjusted discount rate	-	-
Derivatives	-	857	2	Present value method, option pricing model	Forward exchange rate, contract exchange rate	-	-
Debt instruments at fair value – other comprehensive income							
Debt securities	-	76,288,580	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-
Debt securities	-	467,037	3	Present value method	-	-	-
Equity instruments at fair value – other comprehensive income							
Equity securities	51,731,270	29,142,772	3	Present value method, market approach	EV/SALES, PSR, etc.	EV/SALES PSR	1.93 ~ 11.10 1.28 ~ 5.3
Financial liabilities at fair value - profit or loss							
Derivatives	25,099,906	-	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	27.82%~32.17%

(in thousands of Korean won)	2019					
	Fair value	**Level**	**Valuation techniques**	**Major inputs**	**Unobservable inputs**	**Range of unobservable inputs**
Financial assets at fair value - profit or loss						
Securities linked derivative	₩ 9,982,479	3	Option pricing model	Underlying asset, CDS spread, KRW IRS Curve, recovery rate	Correlation coefficient	0.00 ~ 1.00
					CDS SPREAD	0.201% ~ 0.544%
					KRW IRS Curve	1.34% ~ 1.47%
					Recovery rate	40.00%
Compound financial instruments	766,646,406	3	Option pricing model	Underlying asset price, volatility of underlying asset	Volatility of the underlying assets	8.60% ~ 53.30%
			Market approach and others	PBR, EV/SALES, PSR, recent transaction price, net asset value	PBR	1.86 ~ 9.30
					EV/SALES	0.98 ~ 22.40
					PSR	1.81 ~ 11.97
			Present value method	Credit risk adjusted discount rate	Discount rate	9.86% ~ 12.42%
Beneficiary certificates and funds	33,799,243	2	Present value method, option pricing model	Forward exchange rate	-	-
Beneficiary certificates and funds	430,471,609	3	Market approach and others	Underlying asset price	(*)	(*)
Derivatives	104,894	2	Present value method	Credit risk adjusted discount rate	-	-
Debt instruments at fair value – other comprehensive profit or loss						
Debt securities	191,590,570	2	Present value method	Credit risk adjusted discount rate, recent transaction price	-	-
Debt securities	471,117	3	Present value method	-	-	-
Equity instruments at fair value – other comprehensive profit or loss						
Equity securities	72,421,292	3	Present value method, market approach	EV/SALES, PSR, etc	EV/SALES	1.37 ~ 12.08
					PSR	1.37 ~ 13.3
Financial liabilities at fair value - profit or loss						
Derivatives	8,339,735	3	Option pricing model	Volatility of underlying asset	Volatility of underlying asset	42.8% ~ 43.6%

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

5.5 Valuation Processes for Fair Value Measurements Categorized Within Level 3

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

5.6 Sensitivity Analysis for Recurring Fair Value Measurements Categorized Within Level 3

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

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

(in thousands of Korean won)	**2020**			
	Favorable changes		**Unfavorable changes**	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
Financial assets				
Derivatives-linked securities [1]	₩ -	₩ -	₩ -	₩ -
Unlisted equity securities [2]	51,402,829	38,928,074	(47,316,421)	(38,760,661)
Financial liabilities				
Derivatives	1,293,722	1,293,722	(1,688,400)	(1,688,400)

(in thousands of Korean won)	**2019**			
	Favorable changes		**Unfavorable changes**	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
Financial assets				
Derivatives-linked securities [1]	₩ 36	₩ 36	₩ (29)	₩ (29)
Unlisted equity securities [2]	16,933,666	18,568,188	(16,067,724)	(17,702,246)
Financial liabilities				
Derivatives	624,709	624,709	(554,194)	(554,194)

[1] For derivative-linked securities related to stocks (index), foreign exchange rate and interest rate, changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets and/or correlation which are significant unobservable inputs, by 10%. For derivative-linked securities related to credit events, changes in fair value are calculated by increasing or decreasing the CDS SPREAD by 10bp.

[2] For unlisted equity securities, changes in their fair value are calculated by increasing or decreasing the discount rate, which is significant unobservable inputs, by 1%, and by increasing or decreasing the volatility of underlying assets, PBR, EV/SALES, PSR and others, which are significant unobservable inputs, by 10%.

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as at December 31, 2020 and 2019, are as follows:

(a) Financial assets

(in thousands of Korean won)	2020				
	Financial assets at fair value - profit or loss	Financial assets at fair value - other comprehensive income	Financial assets at amortized cost	Other financial assets[1]	Total
Cash and cash equivalents[2]	₩ -	₩ -	₩ 1,600,304,350	₩ -	₩ 1,600,304,350
Long and short-term financial instruments[3]	-	-	305,547,865	-	305,547,865
Financial assets at fair value - profit or loss	2,724,323,336	-	-	-	2,724,323,336
Trade and other receivables	-	-	1,015,339,530	64,717	1,015,404,247
Financial assets at fair value - other comprehensive income	-	1,330,951,990	-	-	1,330,951,990
	₩ 2,724,323,336	₩ 1,330,951,990	₩ 2,921,191,745	₩ 64,717	₩ 6,976,531,788

[1] Other financial assets represent lease receivables, which are not subject to financial instruments categorization.

[2] Deposits amounting to ₩ 57,614 million are deposited in Shinhan Bank's trust for the purpose of protecting users on advance payments.

[3] As at December 31, 2020, long and short-term financial instruments amounting to ₩ 13,760 million are restricted as deposits for shared corporate growth program, ₩ 500 million are pledged for restoration of leasehold facilities and ₩ 4,000 million are restricted for the borrowings for the Group's employees. In addition, long and short-term financial instruments amounting to ₩ 3,100 million are pledged to Shinhan bank for payment guarantees in relation to Naver Pay service and others, and ₩ 300 million are pledged to Nonghyup bank for the credit line with Nonghyup Card.

(in thousands of Korean won)	2019				
	Financial assets at fair value - profit or loss	**Financial assets at fair value - other comprehensive income**	**Financial assets at amortized cost**	**Other financial assets[1]**	**Total**
Cash and cash equivalents	₩ -	₩ -	₩ 3,740,513,761	₩ -	₩ 3,740,513,761
Long and short-term financial instruments[2]	-	-	313,945,210	-	313,945,210
Financial assets at fair value - profit or loss	1,242,017,859	-	-	-	1,242,017,859
Trade and other receivables	-	-	1,335,630,862	263,404	1,335,894,266
Financial assets at fair value - other comprehensive income	-	739,518,965	-	-	739,518,965
	₩ 1,242,017,859	₩ 739,518,965	₩ 5,390,089,833	₩ 263,404	₩ 7,371,890,061

[1] Other financial assets represent lease receivables, which are not subject to financial instruments categorization.

[2] As at December 31, 2020, long and short-term financial instruments amounting to ₩ 21,200 million are restricted as deposits for shared corporate growth program, ₩ 500 million are pledged for restoration of leasehold facilities and ₩ 6,254 million are restricted for the borrowings for the Group's employees. In addition, ₩ 1,600 million are pledged to Shinhan bank for payment guarantees in relation to Naver Pay service and others, and ₩ 2,979 million of long-term financial instrument are pledged for the business operation of LINE, a subsidiary of the Group.

(b) Financial liabilities

(in thousands of Korean won)	2020	
	Financial liabilities at fair value - profit or loss	**Financial liabilities at amortized cost**
Trade and other payables	₩ -	₩ 471,803,720
Financial liabilities at fair value - profit or loss	25,099,906	-
Borrowings	-	726,901,586
Other current liabilities	-	1,056,295,290
	₩ 25,099,906	₩ 2,255,000,596

(in thousands of Korean won)	2019	
	Financial liabilities at fair value - profit or loss	**Financial liabilities at amortized cost**
Trade and other payables	₩ -	₩ 975,373,679
Financial liabilities at fair value - profit or loss	8,988,773	-
Borrowings	-	609,624,656
Debentures	-	₩ 752,270,185
Other current liabilities		622,851,038
	₩ 8,988,773	2,960,119,558

Financial instruments classified as assets and liabilities held for sale as at December 31, 2020, are as follows:

(a) Financial assets

(in thousands of Korean won)	2020				
	Financial assets at fair value - profit or loss	**Financial assets at fair value - other comprehensive income**	**Financial assets at amortized cost**	**Other financial assets[1]**	**Total**
Cash and cash equivalents[2]	₩ -	₩ -	₩ 2,245,363,414	₩ -	₩ 2,245,363,414
Long and short-term financial instruments[3]	-	-	80,220,073	-	80,220,074
Financial assets at fair value - profit or loss	233,802,240	-	-	-	233,802,240
Trade and other receivables	-	-	998,001,011	60,237	998,061,247
Financial assets at fair value - other comprehensive income	-	106,976,437	-	-	106,976,437
Other current assets			180,407,526		180,407,526
	₩ 233,802,240	₩ 106,976,437	₩ 3,503,992,024	₩ 60,237	₩ 3,844,830,938

[1] Other financial assets represent lease receivables, which are not subject to financial instruments

categorization.
[2] As at December 31, 2020, cash and cash equivalent amounting to ₩ 1,054 million are restricted for the payment guarantee related to LINE Securities.
[3] As at December 31, 2020, long and short-term financial instruments amounting to ₩ 2,100 million are restricted for the borrowings for the Group's employees and ₩ 1,887 million are restricted for the payment guarantee related to Line Pay service. In addition, ₩ 2,953 million of long and short-term financial instrument are pledged for the business of LINE, a subsidiary of the Group(Note 31).

(b) Financial liabilities

(in thousands of Korean won)	2020	
	Financial liabilities at fair value - profit or loss	**Financial liabilities at amortized cost**
Trade and other payables	₩ -	₩ 762,495,429
Financial liabilities at fair value - profit or loss	999,955	-
Borrowings	-	1,886,874,300
Debentures	-	5,690,291
Other current liabilities		113,846,507
	₩ 999,955	₩ 2,768,906,527

6.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**2020**[1]	**2019**[1]
Financial asset at fair value - profit or loss		
Interest income	₩ 11,990,341	₩ 2,593,219
Foreign exchange loss	(4,016,783)	(5,015,086)
Gain on valuation	369,247,803	214,774,926
Gain on disposal	14,422,629	39,683,934
Gain (loss) on derivative trading	(5,479,420)	7,255,561
Dividend income	17,323,670	8,492,938
Financial asset at fair value - other comprehensive income		
Interest income	1,916,806	2,471,947
Dividend income	12,380,491	10,675,710
Foreign exchange gain (loss)	6,154,415	(1,297,636)
Impairment loss (reversal)	177,977	(5,805)
Gain on valuation - other comprehensive income	167,720,018	50,591,719
Loss on disposal - profit or loss	(38,569)	(556,564)
Gain (loss) on disposal (adjustment for reclassification)	37,778,485	(4,611,399)
Financial assets at amortized cost		
Interest income	4,725,195	11,326,479
Impairment loss	(12,754,277)	(5,467,817)
Other impairment loss	(12,890,721)	(1,254,724)
Foreign exchange loss	(18,382,529)	(12,016,091)
Gain on disposal	-	65,000
Financial liabilities at fair value - profit or loss		
Gain (loss) on valuation	(2,047,128)	456,246
Foreign exchange loss	(6,519,380)	(3,047,688)
Gain on disposal	-	7,256,077
Financial liabilities at amortized cost		
Interest expense	(27,441,459)	(19,502,794)
Foreign exchange gain (loss)	(9,181,252)	7,265,949

[1]Includes amount classified as discontinued operations amounting to ₩ 28,810 million losses and ₩ 31,700 million profits in relation to net profit or losses on each category of financial instruments during the years ended December 31, 2020 and 2019.

7. Financial Assets

7.1 Financial Assets at Fair Value - Profit or Loss

(a) Financial assets at fair value - profit or loss

The consolidated statement of financial position shows the following amounts relating to financial assets at fair value - profit or loss from continuing operations:

(in thousands of Korean won)		2020		2019
Non-current				
Compound financial instruments and equity securities	₩	1,093,394,279	₩	766,646,406
Beneficiary certificates and funds		707,989,962		462,451,023
		1,801,384,241		1,229,097,429
Current				
Securities linked derivatives		-		9,982,479
Beneficiary certificates and funds, and others		16,623,508		1,819,829
Debt securities		882,198,203		-
Compound financial instruments and equity securities		24,117,384		-
Derivatives		-		1,118,122
		922,939,095		12,920,430
	₩	2,724,323,336	₩	1,242,017,859

The consolidated statement of financial position shows following amounts as the assets held for sale relating to financial assets at fair value - profit or loss:

(in thousands of Korean won)		2020
Non-current		
Compound financial instruments and equity securities	₩	93,395,569
Beneficiary certificates and funds		139,405,814
		232,801,383
Current		
Debt securities		1,000,000
Derivatives		857
		1,000,857
	₩	233,802,240

(b) Amounts recognized in profit or loss

Amounts recognized in profit or loss for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020[1]**		**2019[1]**
Compound financial instruments and Equity securities	₩	220,302,005	₩	227,196,474
Beneficiary certificates and funds		148,831,589		26,165,540
Debt securities		6,741,002		897,729
Derivatives compounded securities		25,181		(194,301)
Others		(1,725,548)		7,648,979
	₩	374,174,229	₩	261,714,421

[1] Includes amount classified as discontinued operations amounting to ₩ 5,952 million losses and ₩ 34,447 million profits in relation to financial assets at fair value - profit or loss during the years ended December 31, 2020 and 2019 and above profit or loss does not include Interest and dividend income.

7.2 Financial Assets at Fair Value - Other Comprehensive Income

(a) Equity instruments at fair value - other comprehensive income

Equity instruments at fair value – other comprehensive income form continuing operations are comprised as follows:

(in thousands of Korean won)		**2020**		**2019**
Listed equity securities	₩	1,279,220,720	₩	475,035,986
Unlisted equity securities		51,731,270		72,421,292
	₩	1,330,951,990	₩	547,457,278

Equity instruments at fair value – other comprehensive income form discontinued operations are comprised as follows:

(in thousands of Korean won)		**2020**
Listed equity securities	₩	1,078,048
Unlisted equity securities		29,142,772
	₩	30,220,820

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

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

Debt instruments at fair value – other comprehensive income form continuing operations are comprised as follows:

(in thousands of Korean won)	**2020**	**2019**
Corporate bonds	₩ -	₩ 192,354,936
Less: provision for impairment	-	(293,249)
	₩ -	₩ 192,061,687

Debt instruments at fair value – other comprehensive income form discontinued operations are comprised as follows:

(in thousands of Korean won)	**2020**
Corporate bonds	₩ 76,878,091
Less: provision for impairment	(122,474)
	₩ 76,755,617

Upon disposal of these debt instruments, any balance within the accumulated other comprehensive income for these debt instruments is reclassified to profit or loss.

7.3 Trade Receivables and Other Financial Assets at Amortized Cost

(a) Trade and other receivables

The consolidated statement of financial position shows the following amounts relating to trade and other receivables from continuing operations:

(in thousands of Korean won)		2020		2019
Trade receivables	₩	339,569,837	₩	677,476,161
Other receivables		653,390,663		483,625,832
Less: provision for impairment		(10,379,972)		(16,104,061)
Trade and other receivables - net	₩	982,580,528	₩	1,144,997,932

The consolidated statement of financial position shows following amounts as the assets held for sale relating to trade and other receivables:

(in thousands of Korean won)		2020
Trade receivables	₩	423,568,093
Other receivables		219,915,730
Less: provision for impairment		(10,078,040)
Trade and other receivables - net	₩	633,405,783

(b) Other financial assets at amortized cost

The consolidated statement of financial position shows the following amounts relating to other financial assets at amortized cost from continuing operations:

(in thousands of Korean won)		2020				
		Current		Non-current		Total
Cash equivalents	₩	1,600,304,350	₩	-	₩	1,600,304,350
Time deposits		291,324,363		14,260,000		305,584,363
Government bonds		-		-		-
Loans		1,700,000		520,000		2,220,000
Accrued income		1,373,756		-		1,373,756
Leasehold deposits		2,546,799		28,018,447		30,565,246
Other financial assets		24,940		39,777		64,717
		1,897,274,208		42,838,224		1,940,112,432
Less: provision for impairment		(1,432,220)		(4,278)		(1,436,498)
	₩	1,895,841,988	₩	42,833,946	₩	1,938,675,934

(in thousands of Korean won)	2019		
	Current	Non-current	Total
Cash equivalents	₩ 3,740,513,761	₩ -	₩ 3,740,513,761
Time deposits	289,167,931	21,805,820	310,973,751
Government bonds	744,368	2,235,281	2,979,649
Loans	16,446,549	401,600	16,848,149
Accrued income	7,889,103	-	7,889,103
Leasehold deposits	43,295,693	124,313,185	167,608,878
Other financial assets	205,021	123,977	328,998
	4,098,262,426	148,879,863	4,247,142,289
Less: provision for impairment	(1,780,474)	(6,510)	(1,786,984)
	₩ 4,096,481,952	₩ 148,873,353	₩ 4,245,355,305

The consolidated statement of financial position shows following amounts as the assets held for sale relating to other financial assets at amortized cost:

(in thousands of Korean won)	2020		
	Current	Non-current	Total
Cash equivalents	₩ 2,245,363,414	₩ -	₩ 2,245,363,414
Time deposits	77,898,702	106,343	78,005,045
Government bonds	1,581,687	633,342	2,215,029
Loans	206,254,571	368,110	206,622,681
Accrued income	4,106,723	-	4,106,723
Leasehold deposits	74,705,939	98,546,034	173,251,973
Other current assets	180,407,526		180,407,526
Other financial assets	60,237	-	60,237
	2,790,378,799	99,653,829	2,890,032,628
Less: provision for impairment	(19,386,150)	-	(19,386,150)
	₩ 2,770,992,649	₩ 99,653,829	₩ 2,870,646,478

(c) Impairment

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

8. Contract Assets and Liabilities

(a) Contract assets and liabilities

The contract assets and liabilities that the Group recognizes as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		2020		2019[1]
Contract assets related LINE Sticker	₩	-	₩	2,441,343
Contract assets related to advertisement service		-		122,515
Total contract assets	₩	-	₩	2,563,858
Customer loyalty programs	₩	22,156,267	₩	11,328,753
Contracts related to search platform service		107,601,934		87,659,432
Contracts related to commerce service		29,293,889		19,376,083
Contracts related to contents service		35,978,811		45,379,844
Contracts related to fin-tech service		25,576,039		15,632,928
Contracts related to LINE & other platform services		-		274,883,133
Total contract liabilities	₩	220,606,940	₩	454,260,173

[1]The Group changed the classification of operating information by service types during year ended December 31, 2020, and the comparatives of the prior period have been restated accordingly.

The consolidated statement of financial position shows following amounts as the assets and liabilities held for sale relating to contract assets and liabilities:

(in thousands of Korean won)		2020
Contract assets related LINE Sticker	₩	2,062,682
Contract assets related to advertisement service		261,111
Total contract assets	₩	2,323,793
Contracts related to LINE & other platform services	₩	279,444,653
Total contract liabilities	₩	279,444,653

(b) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in continuing operations for the years ended December 31, 2020 and 2019, related to carried-forward contract liabilities from the prior year. There is no revenue recognized in current year in relation to performance obligations that were satisfied in the prior year.

(in thousands of Korean won)		**2020**		**2019**
Revenue recognized during the current year that was included in the contract liability balance at the beginning of the year				
Customer loyalty programs	₩	11,328,753	₩	1,747,289
Search Platform		87,659,432		81,762,221
Commerce		19,376,083		51,804,515
Contents		32,571,406		17,214,273
Fin-Tech		15,632,928		-
	₩	166,568,602	₩	152,528,298

The following table shows how much of the revenue recognized in discontinued operations for the years ended December 31, 2020 and 2019, related to carried-forward contract liabilities from the prior year. There is no revenue recognized in the current year in relation to performance obligations that were satisfied in the prior year.

(in thousands of Korean won)		**2020**		**2019**
Revenue recognized during the current year that was included in the contract liability balance at the beginning of the year				
Contracts related to LINE & other platform services		239,223,952		229,326,638
	₩	239,223,952	₩	229,326,638

(c) Assets recognized from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group recognized assets in relation to costs to fulfil contracts of LINE Sticker, Theme Shop and Creator's Market Sticker related to discontinued operations. The Group classified the related assets as assets held for sale in the consolidated statement of financial position and the amortization expense is classified as profit or loss from discontinued operations in the consolidated statement of comprehensive income.

(in thousands of Korean won)		**2020**		**2019**
Assets recognized from costs to fulfill a contract as at December 31	₩	21,304,545	₩	19,781,538
Amortization recognized as cost of providing services during the year		19,974,709		18,019,997

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

9. Inventories

(a) Details of inventories as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Merchandise	₩	4,766,602	₩	39,978,112
Less: Valuation loss		(583,329)		(13,895,416)
Finished goods		156,609		211,143
Raw materials and others		5,060		28,820,893
	₩	4,344,942	₩	55,114,732

(b) Details of inventories classified as assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)		**2020**
Merchandise	₩	155,152,339
Less: Valuation loss		(12,119,958)
	₩	143,032,381

(c) Cost of inventories included in 'operating expenses' from continuing operations and discontinued operations amounted to ₩ 29,019 million (2019: ₩ 22,562 million) and ₩ 79,373 million (2019: ₩ 99,071 million), respectively.

(d) The Group recognized ₩ 137 million (2019: ₩ 808 million) and ₩ 389 million (2019: loss of ₩ 1,539 million) of reversal of inventory valuation loss as 'operating expenses' from continuing operations and 'discontinued operations' during the year ended December 31, 2020, respectively.

10. Other Assets

(a) Details of other assets as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		2019	
	Current	Non-current	Current	Non-current
Prepayment	₩ 25,537,734	₩ 42,695,011	₩ 97,906,366	₩ 4,493,171
Prepaid expenses	44,671,106	24,479,017	131,975,742	23,092,799
Prepaid value added tax	5,261,408	-	9,357,629	-
Others	2,232,468	-	18,307,758	57,823
	₩ 77,702,716	₩ 67,174,028	₩ 257,547,495	₩ 27,643,793

(b) Details of other assets classified as assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020	
	Current	Non-current
Prepayment	₩ 13,159,390	₩ 845,605
Prepaid expenses	62,616,956	8,398,746
Prepaid value added tax	3,270,198	-
Others	188,164,933	1,890,189
	₩ 267,211,477	₩ 11,134,540

11. Property and Equipment

(a) Details of property and equipment as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		
	Acquisition cost	Accumulated depreciation[1]	Book amount
Land	₩ 310,047,520	₩ -	₩ 310,047,520
Buildings	493,087,778	(127,853,514)	365,234,264
Structures	113,903,280	(71,396,998)	42,506,282
Machinery	1,144,775,750	(638,638,371)	506,137,379
Vehicles	923,121	(805,201)	117,920
Equipment	150,069,385	(87,735,738)	62,333,647
Others	8,219,570	(6,522,586)	1,696,984
Construction in progress	396,489,345	-	396,489,345
	₩ 2,617,515,749	₩ (932,952,408)	₩ 1,684,563,341

(in thousands of Korean won)	2019		
	Acquisition cost	Accumulated depreciation[1]	Book amount
Land	₩ 309,262,220	₩ -	₩ 309,262,220
Buildings	491,590,977	(112,109,416)	379,481,561
Structures	113,860,438	(60,683,184)	53,177,254
Machinery	1,193,340,276	(680,713,467)	512,626,809
Vehicles	1,080,966	(789,285)	291,681
Equipment	330,918,413	(177,896,649)	153,021,764
Others	55,161,467	(32,460,468)	22,700,999
Construction in progress	165,709,030	-	165,709,030
	₩ 2,660,923,787	₩ (1,064,652,469)	₩ 1,596,271,318

[1] Includes accumulated impairment losses and government grants.

(b) Details of property and equipment classified as assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020		
	Acquisition cost	Accumulated depreciation[1]	Book amount
Machinery	₩ 396,985,483	₩ (194,590,072)	₩ 202,395,411
Vehicles	73,419	(71,387)	2,032
Equipment	226,353,455	(124,863,129)	101,490,326
Others	49,752,015	(34,343,290)	15,408,725
Construction in progress	5,225,690	-	5,225,690
	₩ 678,390,062	₩ (353,867,878)	₩ 324,522,184

[1] Includes accumulated impairment losses and government grants.

(c) Changes in property and equipment for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020								
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction in progress	Total
Beginning balance, net	₩ 309,262,220	₩ 379,481,561	₩ 53,177,254	₩ 512,626,809	₩ 291,681	₩ 153,021,764	₩ 22,700,999	₩ 165,709,030	₩ 1,596,271,318
Acquisition/ capital expenditures	537,047	141,891	44,910	424,916,885	-	39,525,852	17,828	245,256,833	710,441,246
Increase due to business combination	-	13,998	997	-	-	19,548	1,996,590	-	2,031,133
Depreciation[1]	-	(15,526,131)	(10,713,921)	(245,556,935)	(144,717)	(48,660,502)	(6,925,490)	-	(327,527,696)
Disposals	-	-	-	(2,355,616)	(29,336)	(3,321,077)	(122,548)	(790,196)	(6,618,773)
Impairment[2]	-	-	-	-	-	(7,758,831)	-	-	(7,758,831)
Disposal of a subsidiary	-	-	-	-	-	(85,951)	-	(23,792)	(109,743)
Others[3]	248,253	1,122,945	(2,957)	9,314,411	2,324	23,337,826	(65,153)	(7,438,722)	26,518,927
Reclassified to held for sale	-	-	-	(192,808,175)	(2,032)	(93,744,983)	(15,905,242)	(6,223,808)	(308,684,240)
Ending balance, net	₩ 310,047,520	₩ 365,234,264	₩ 42,506,283	₩ 506,137,379	₩ 117,920	₩ 62,333,646	₩ 1,696,984	₩ 396,489,345	₩ 1,684,563,341

[1] Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 70,226 million which was recognized before the classification as assets held for sales during the year ended December 31, 2020.

[2] The entire impairment loss on property and equipment was incurred from discontinued operations.

[3] Others include effects of changes in foreign currency exchange rates.

The amounts above include changes in property and equipment in relation to continuing operations for the year ended December 31, 2020 and changes in property and equipment before being classified to assets held for sales.

(in thousands of Korean won)	2019								
	Land	Buildings	Structures	Machinery	Vehicles	Equipment	Others	Construction in progress	Total
Beginning balance, net	₩ 239,113,704	₩ 369,530,600	₩ 64,431,370	₩ 476,812,733	₩ 532,685	₩ 136,858,688	₩ 28,722,908	₩ 141,299,521	₩ 1,457,302,209
Acquisition/ capital expenditures	26,364,846	24,777,409	1,039,156	230,887,243	-	73,550,332	6,869,425	72,210,620	435,699,031
Depreciation[1]	-	(16,613,196)	(11,473,272)	(200,900,448)	(173,210)	(60,606,792)	(10,760,603)	-	(300,527,521)
Disposals	-	-	(820,000)	(1,531,520)	(72,051)	(4,475,828)	(2,201,355)	(361,280)	(9,462,034)
Disposal of a subsidiary	-	-	-	-	-	(431)	-	-	(431)
Others	43,783,670	1,786,748	-	7,358,801	4,257	7,695,795	70,624	(47,439,831)	13,260,064
Ending balance, net	₩ 309,262,220	₩ 379,481,561	₩ 53,177,254	₩ 512,626,809	₩ 291,681	₩ 153,021,764	₩ 22,700,999	₩ 165,709,030	₩ 1,596,271,318

[1] Includes depreciation of property and equipment in relation to discontinued operations amounting to ₩ 102,412 million during the year ended December 31, 2019.

[2] Others include effects of changes in foreign currency exchange rates translation and others.

During the year ended December 31, 2020, the Group has capitalized borrowing costs amounting to ₩ 1,710 million (2019: ₩ 1,927 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 2.85% (2019: 3.39%).

Depreciation expense is classified as ‘operating expenses’ in the consolidated financial statements.

12. Leases

(a) Amounts recognized in the consolidated statement of financial position

Details of leases from continuing operations are as follows:

(in thousands of Korean won)		December 31, 2020		December 31, 2019
Right-of-use assets				
Properties	₩	84,121,347	₩	402,473,068
Vehicles		1,055,010		1,189,745
IDC buildings		40,754,925		290,850,644
Leased Internet line		3,605,917		2,837,848
	₩	129,537,199	₩	697,351,305
Lease receivables	₩	64,717	₩	263,404

(in thousands of Korean won)		December 31, 2020		December 31, 2019
Lease liabilities				
Current	₩	53,345,709	₩	168,937,301
Non-current		92,170,749		555,287,968
	₩	145,516,458	₩	724,225,269

The amounts of the assets and liabilities held for sale relating to leases are as follows:

(in thousands of Korean won)		December 31, 2020
Right-of-use assets	₩	683,421,336
Lease receivables		60,237
Lease liabilities		
Current	₩	128,173,147
Non-current		553,338,423
	₩	681,511,570

Additions to the right-of-use assets during the year ended December 31, 2020 were ₩ 303,791 million (from continuing operations: ₩ 55,346 million, discontinued operations: ₩ 248,445 million).

(b) Amounts recognized in the consolidated statement of comprehensive income

Details of amounts relating to leases from continuing operations are as follows:

(in thousands of Korean won)		**2020**		**2019**
Depreciation of right-of-use assets				
Properties	₩	39,958,722	₩	32,831,105
Vehicles		631,340		535,943
IDC buildings		11,711,013		14,039,530
Leased internet line		1,663,806		575,881
	₩	53,964,881	₩	47,982,459
Interest expense relating to lease liabilities (included in 'finance costs')[1]	₩	4,495,857	₩	4,718,634
Expense relating to short-term leases and leases of low-value assets		2,377,174		3,175,161
Expense relating to variable lease payments not included in lease liabilities		27,172		-

[1] There is a difference between interest expenses recognized with regards to the leases and interest expenses in the consolidated statement of comprehensive income due to capitalization of borrowing costs.

Details of leases from discontinued operations are as follows:

(in thousands of Korean won)		**2020**		**2019**
Depreciation of right-of-use assets	₩	83,825,535	₩	111,825,199
Interest expense relating to lease liabilities (included in 'finance costs')		13,122,381		12,423,728
Expense relating to short-term leases and leases of low-value assets		4,547,949		6,921,472
Expense relating to variable lease payments not included in lease liabilities		49,712,339		83,330,330

For the year ended December 31, 2020, the Group recognized impairment loss of ₩ 46,815 million in relation to right-of-use assets classified as discontinued operations. The recoverable amount of right-of-use assets was calculated by using value in use discounted at 8.17%~12.9%.

The total cash outflows from continuing and discontinued operations for leases were ₩ 60,518 million and ₩ 187,872 million, respectively, and the total cash inflow from continuing and discontinued operations for leases was ₩ 11 million and 1,449 million, respectively, for the year ended December 31, 2020.

13. Intangible Assets

(a) Details of intangible assets as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		
	Acquisition cost	**Accumulated amortization[1]**	**Book amount**
Industrial rights	₩ 10,010,217	₩ (8,130,140)	₩ 1,880,077
Software	73,405,000	(61,561,613)	11,843,387
Goodwill	34,241,699	-	34,241,699
Others	106,232,082	(49,061,058)	57,171,024
	₩ 223,888,998	₩ (118,752,811)	₩ 105,136,187

(in thousands of Korean won)	2019		
	Acquisition cost	**Accumulated amortization[1]**	**Book amount**
Industrial rights	₩ 14,216,571	₩ (8,505,024)	₩ 5,711,547
Software	130,687,444	(73,120,863)	57,566,581
Goodwill	217,271,120	(5,134,112)	212,137,008
Others	164,206,028	(98,178,331)	66,027,697
	₩ 526,381,163	₩ (184,938,330)	₩ 341,442,833

[1] Includes accumulated impairment losses and government grants.

(b) Details of intangible assets classified as assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020		
	Acquisition cost	**Accumulated amortization[1]**	**Book amount**
Industrial rights	₩ 5,078,603	₩ (1,368,905)	₩ 3,709,698
Software	72,492,708	(19,512,886)	52,979,822
Goodwill	369,171,196	(5,107,581)	364,063,615
Others	105,182,974	(67,443,524)	37,739,450
	₩ 551,925,481	₩ (93,432,896)	₩ 458,492,585

[1] Includes accumulated impairment losses and government grants.

(c) Changes in intangible assets for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020				
	Industrial rights	**Software**	**Goodwill**	**Others**	**Total**
Beginning balance, net	₩ 5,711,547	₩ 57,566,581	₩ 212,137,008	₩ 66,027,697	₩ 341,442,833
Acquisition and capital expenditures	3,654,760	26,761,218	-	58,823,983	89,239,961
Increase due to business combination (Note 33)	-	11,758,469	203,878,006	-	215,636,475
Amortization[1]	(1,079,968)	(12,916,209)	-	(15,963,914)	(29,960,091)
Disposals	(10,377)	(507,408)	-	(1,644,476)	(2,162,261)
Impairment[2]	-	(16,478,027)	-	(20,965,453)	(37,443,480)
Disposal of a subsidiary	-	(93,923)	-	(1,015,462)	(1,109,385)
Others[3]	(2,496,610)	477,167	7,254,012	(5,490,584)	(256,015)
Reclassified to held for sale	(3,899,275)	(54,724,481)	(389,027,327)	(22,600,767)	(470,251,850)
Ending balance, net	₩ 1,880,077	₩ 11,843,387	₩ 34,241,699	₩ 57,171,024	₩ 105,136,187

[1] Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 16,787 million which was recognized before the classification as assets held for sales during the year ended December 31, 2020.

[2] Includes impairment loss on intangible assets in relation to discontinued operations amounting to ₩ 37,227 million during the year ended December 31, 2020.

[3] Others include effects of changes in foreign currency exchange rates.

The amounts above include changes in intangible assets in relation to continuing operations for the year ended December 31, 2020 and changes in intangible assets efore being classified to assets held for sales.

(in thousands of Korean won)	2019				
	Industrial rights	**Software**	**Goodwill**	**Others**	**Total**
Beginning balance, net	₩ 6,713,312	₩ 20,834,258	₩ 204,648,588	₩ 74,767,312	₩ 306,963,470
Acquisition and capital expenditures	4,854,623	41,872,908	-	27,172,728	73,900,259
Increase due to business combination (Note 33)	-	-	8,231,768	-	8,231,768
Amortization[1]	(1,149,554)	(12,005,121)	-	(24,522,017)	(37,676,692)
Disposals	(44,987)	(770,451)	-	(5,490,880)	(6,306,318)
Impairment[2]	-	-	-	(1,985,870)	(1,985,870)
Disposal of a subsidiary	-	-	(4,658,512)	-	(4,658,512)
Others[3]	(4,661,847)	7,634,987	3,915,164	(3,913,576)	2,974,728
Ending balance, net	₩ 5,711,547	₩ 57,566,581	₩ 212,137,008	₩ 66,027,697	₩ 341,442,833

[1] Includes amortization of intangible assets in relation to discontinued operations amounting to ₩ 29,024 million during the year ended December 31, 2019.

[2] Includes impairment loss on intangible assets in relation to discontinued operations amounting to ₩ 1,010 million during the year ended December 31, 2019.

[3] Others include the amount adjusted as a result of final fair valuation of identifiable intangible assets of Mission Worldwide Group acquired through a business combination in 2019, and the effects of changes in foreign currency exchange rates.

(d) Amortization cost is classified as 'operating expenses' in the consolidated financial statements.

(e) Total research and development costs from continuing operations recognized by the Group amount to ₩ 1,332,118 million (2019: ₩ 1,095,874 million), which are expensed as 'operating expenses.

(f) As at December 31, 2020 and 2019, goodwill is allocated for each cash-generating unit (CGU) by which goodwill is monitored by management. The table below summarizes goodwill allocation for each cash-generating unit:

(in thousands of Korean won)		**2020**		**2019**
Naver service[1]	₩	35,791,934	₩	32,818,859
LINE service[1]		359,999,775		176,808,898
Other		2,513,605		2,509,251
	₩	398,305,314	₩	212,137,008

[1] Certain goodwill classified as Naver service and the entire amount of goodwill classified as LINE service are reclassified to assets held for sale.

(g) Impairment tests for goodwill

The Group performs the impairment test on goodwill each year and evaluates the recoverable amounts of each CGU. The recoverable amounts are determined based on the values in use which are calculated based on the discounted future cash flows expected from the continuous use of the assets.

The Group estimates future cash flows of each CGU by considering past experience, operation results and future business plan for the next five years which reflect management's evaluation of internet and mobile industries. In order to estimate the discount rate that reflects the time value of money and the risks specific to the CGU, the Group used the risk-free interest rate that is the average rate of return for one month in the month in which the valuation base date of 10-year government bonds in the country to which each cash-generating unit belongs. The Group also incorporated a risk premium, such as a group specific premium and equity premium, in the discount rate. Key assumptions used in the calculation of value in use are reflective of the management's expectation of the future trends of relevant industries and are determined based on external and internal (i.e., past historical) information.

The major assumptions used in the calculation of values in use of Naver service CGU are as follows:

	2020	2019
Discount rate	8.40%	8.70%
Sales growth rate during the estimation period	6.02%	8.08%
Perpetual growth rate	1.00%	1.30%

There is no impairment loss recognized during the year ended December 31, 2020, based on the recoverable amount which is calculated on the basis of the value in use of each CGU, as the recoverable amounts have considerably exceeded the carrying amounts of each CGU. In validating the value in use determined for the CGU, the sensitivity of key assumptions used in the discounted cash-flow model was evaluated. The outcomes of the impairment tests were not sensitive to reasonably likely changes in any of the assumptions underlying the cash flow projections used for the impairment tests.

(h) Emission permits

Allocated quantity of emission permits for the 2nd phase (2018 to 2020) as at December 31, 2020, is as follows:

(in KAU)	Emission permits allocated with nil consideration
2nd phase	
2018	51,758
2019	58,964
2020	35,453
	146,175

Changes in the allocated emission quantity and book amount during the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won and in KAU)	2020		
	Quantity		Amount
Beginning balance	2,852	₩	77,004
Allocation with nil consideration	58,964		-
Purchase	25,100		905,900
Surrendered to the government	(71,534)		(470,583)
Ending balance	15,382	₩	512,321

(in thousands of Korean won and in KAU)	2019		
	Quantity		Amount
Allocation with nil consideration	51,758	₩	-
Purchase	16,000		432,000
Surrendered to the government	(64,906)		(354,996)
Ending balance	2,852	₩	77,004

14. Investments in Associates and Joint Ventures

(a) Details of investments in associates and joint ventures of the Group as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	2020 Percentage of ownership (%)	2020 Book amount	2019 Book amount
Associates						
KG Allat[4]	Internet commerce payment service	Korea	December	-	₩ -	₩ 3,106,638
NetMania	Software development and distribution	Korea	December	27.17	995,211	1,006,434
Synapsoft	Software development and distribution	Korea	December	26.43	5,799,825	4,954,775
ARO In Tech	Software development and distribution	Korea	December	29.85	756,726	642,003
Silicon Cube[2]	Applied software development and distribution	Korea	December	41.89	-	2,448,616
NSPACE	Space service business	Korea	December	49.04	1,060,944	450,563
One Store	E-Commerce business	Korea	December	27.53	41,840,201	41,732,881
BonAngels Pacemaker Fund	Investment	Korea	December	22.73	3,123,103	3,197,462
Korea Contents Mutual Aid Association[1]	Mutual Aid Association	Korea	December	57.76	9,361,132	9,048,019
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	Investment	Korea	December	40.00	3,905,332	5,059,696
Future Creation NAVER-SB Startup Investment Fund	Investment	Korea	December	37.04	9,544,595	10,728,698
NAVER KIP Cheer up! Gamers Fund	Investment	Korea	December	50.00	2,077,009	4,186,612
NAVER-Suprema Youth Foundation No.5 Investment Fund	Investment	Korea	December	50.00	6,580,164	8,043,445
Mirae Asset-NAVER New Growth Fund 1	Investment	Korea	December	50.00	44,130,666	37,735,406
YG NAVER Contents & Lifestyle Fund[1]	Investment	Korea	December	90.91	48,348,016	47,949,009
Soran Media Venture Fund I[1]	Investment	Korea	December	66.67	818,946	836,605
MiraeAsset MAPS Private Placement Real Estate 62	Investment	Korea	December	45.08	208,270,708	187,936,912
MiraeAsset-Naver Asia Growth Fund[5,6]	Investment	Korea	December	16.67	59,177,234	50,924,712
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[6]	Investment	Singapore	December	40.00	240,051,940	205,600,678
Digital Media Partners II	Investment	Cayman Islands	December	26.09	2,249,591	2,676,544
K-Fund I[1,10]	Investment	France	December	99.75	226,308,396	187,786,461
China Ventures Fund I, L.P.[1,6]	Investment	Canada	December	70.33	195,108,242	142,469,646
The Grim Ent.	Webtoon production	Korea	December	34.98	1,697,935	1,003,722
Studio Horang	Webtoon production	Korea	December	35.00	420,153	337,964

(in thousands of Korean won)

				2020		2019
Name of entity	Primary business	Location	Closing month	Percentage of ownership (%)	Book amount	Book amount
Bigpicture Comics	Webtoon production	Korea	December	35.00	1,358,322	1,143,373
Studio JHS	Webtoon production	Korea	December	35.00	491,363	503,209
JQ COMICS	Webtoon production	Korea	December	35.06	205,450	296,404
ZK Studio	Webtoon production	Korea	December	40.00	364,841	395,573
Soo COMICS	Webtoon production	Korea	December	40.00	379,585	395,039
YLAB Japan[7]	Software development and distribution	Japan	December	-	-	274,626
Alchera[11]	Software consulting, development and distribution	Korea	December	-	-	3,187,753
AXIS[3]	Software development and distribution	Korea	December	28.29	-	-
Fast Cowell Private Equity Fund	Investment	Korea	December	21.13	1,243,933	1,417,999
Laiqu Technology (Shenzhen)	Software development and distribution	China	December	23.85	536,497	857,360
LINE Games[2,6,9]	Software development and distribution	Korea	December	48.39	65,277,244	154,366,934
Epic Voyage[9]	Mobile service development	Japan	December	30.00	26,340	26,867
LINE Music[3,9]	Mobile service development	Japan	December	36.72	55,220	-
DEMAE-CAN[7,9]	Mobile service development	Japan	December	-	-	36,821,281
Transcosmos Online Communication[9]	Business customer support	Japan	December	37.06	899,160	1,174,358
LENSA, LTD.[9]	Mobile advertising service business	Japan	December	49.00	1,170,140	1,160,065
LINE Mobile[9]	Telecommunications service	Japan	December	40.05	72,002,818	85,600,720
Venture Republic[2,6,9]	Online information distribution business	Japan	December	33.98	5,596	8,901,244
PT. Bank KEB HANA Indonesia[9]	Bank and financial business	Indonesia	December	20.00	159,229,649	167,427,011
FOLIO Holdings[2,6,9]	Financial business	Japan	December	41.40	13,062,312	42,654,911
iPASS[9]	Mobile billing system planning and development	Taiwan	December	29.82	10,488,306	11,773,661
Connection Labs Ltd[2,9]	Software development and distribution	Taiwan	December	31.10	-	2,982,980
Alliance Internet	Online company revenue support	Korea	December	23.53	1,148,343	793,090
CONG TY CO PHAN RBW VIETNAM	Contents production	Vietnam	December	35.36	328,609	-
Famous Studio Corp.	Clothes, accessories, news distribution	Korea	December	33.33	602,585	-
VRex Lab Co.,Ltd.[2]	Programming service	Korea	December	27.99	-	-
DHP private equity fund 3	Investment	Korea	December	25.16	171,603	-

(in thousands of Korean won)				2020		2019
Name of entity	**Primary business**	**Location**	**Closing month**	**Percentage of ownership (%)**	**Book amount**	**Book amount**
Japan Food Delivery Co.,Ltd[8,9]	Mobile service development	Japan	December	31.31	1,086,193	-
AIRI, Inc.[5]	AI technology research and investment	Korea	December	14.29	2,615,481	-
Studio Mul	Contents production	Korea	December	35.00	2,956,470	-
Do Ventures Fund I-A, L.P	Investment	Cayman Islands	December	34.17	5,026,657	-
PLACE A INC. (formerly, Lano Co.,Ltd.)	Software development and distribution	Korea	December	48.78	2,430	-
Cinamon Games[12]	Software development and distribution	Korea	December	20.00	723,446	-
LINE MAN[6,9,13]	Applied software development and distribution	Singapore	December	44.50	210,083,387	-
YN Culture & Space	Record production and planning	Korea	December	49.37	1,873,943	-
SMEJ Plus	Global fanship related investment	Japan	December	30.07	36,838,066	
Smart Korea Naver-Stonebridge Rising Investment Association	Investment	Korea	December	37.74	2,000,000	-
Carousell Pte[5]	Platform investment	Singapore	December	8.13	66,408,113	-
HAVIT CORPORATION	Mobile service development	Korea	December	28.57	2,857	-
					1,770,291,028	1,482,017,959
Joint ventures						
China Lab	Database and online information service	Korea	December	49.00	558,452	318,303
JobsN	Online information service	Korea	December	49.00	2,128,476	1,735,840
YEOPEUL	Online information service and internet contents business	Korea	December	49.00	2,033,387	1,777,646
Cineplay	Online information service and online advertising	Korea	December	49.00	656,154	601,901
Designpress	Online information service and internet contents business	Korea	December	49.00	896,395	730,586
Interbiz (Dong-A JV)	Online information service and internet contents business	Korea	December	49.00	829,410	614,424
Artitian (Kyunghyang Daily News JV)	Online information service and internet contents business	Korea	December	49.00	279,564	211,327
Schooljam (EBS JV)	Online information service and internet contents business	Korea	December	49.00	501,444	390,201
Agroplus (Korea Business JV)	Online information service	Korea	December	49.00	704,929	538,696

(in thousands of Korean won)

Name of entity	Primary business	Location	Closing month	2020 Percentage of ownership (%)	2020 Book amount	2019 Book amount
	and internet contents business					
Sumlab (Munhwa Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	804,861	623,586
Techplus (Electronic Times JV)	Online information service and internet contents business	Korea	December	49.00	983,593	692,285
Animal and Human Story (Hankook Ilbo JV)	Online information service and internet contents business	Korea	December	49.00	368,339	301,103
Law and Media (Money Today JV)	Online information service and internet contents business	Korea	December	49.00	201,055	184,048
DANAA Data	Software development and distribution	Korea	December	49.00	4,961,445	4,893,200
Cinamon Games[12]	Software development and distribution	Korea	December	-	-	1,979
LINE Project[3,9]	Investment	Japan	December	49.95	-	-
Lantu Games[3,6,9]	Mobile service development	Hong Kong	December	50.00	-	-
RABBIT-LINE PAY COMPANY[2,9]	Online payment service	Thailand	December	33.33	7,207,359	19,081,211
Collab+LINE[9]	Investment	USA	December	50.00	1,661,831	1,693,966
Kasikorn LINE[9]	Software development and distribution	Thailand	December	49.99	45,829,583	41,859,924
LINE Bank Taiwan Limited[9]	Financial business	Taiwan	December	49.90	186,479,181	-
					257,085,458	76,250,226
					₩ 2,027,376,486	₩ 1,558,268,185
Assets held for sale					₩ 827,950,799	₩ -
Continuing operations					1,199,425,687	1,558,268,185

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

[2] Recognized impairment loss during the current periods for the entities as book amounts exceeded their recoverable amounts.

[3] Stopped applying equity method due to accumulated deficits.

[4] Excluded from investments in associates due to the decreased Group's ownership in these entities during the year ended December 31, 2020.

[5] Although the Group has less than 20% ownership in the investees, the Group has significant influence over the entities by virtue of agreements and classified as associates.

[6] Applied based on their consolidated financial statements. The related subsidiaries of the associates and joint ventures are as follows:

Associates and joint ventures	Subsidiaries of the associates and joint ventures
LINE Games	PIG, Stairs, Msquared Management, MFC, InnoAG inc., Oozoo, Studio 4LEAF, Meerkat Games,PIG BKK, ZeroGames
Venture republic	VENTURE REPUBLIC GLOBAL, Trip101
FOLIO Holdings	FOLIO, FOLIO Asset Management
Lantu Games	Beijing Lantu Times Technology Company
MiraeAsset-Naver Asia Growth Fund	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT
China Ventures Fund I, L.P.	China Ventures Fund I, PTE.LTD.
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	LogisValley BacNinh Joint Stock Company
LINE MAN	LINE Man (THAILAND) Company, Wongnai Media

[7] Excluded from investments in associates as the Group acquired control over the entity due to the Group's additional acquisition of shares during the year ended December 31, 2020.

[8] The Group acquired an associate of DEMAE-CAN, over which the Group acquired control during the year ended December 31, 2020.

[9] Reclassified to assets held for sale during the year ended December 31, 2020.

[10] The shares held by the subsidiaries included in the disposal group were classified as assets held for sale during the year ended December 31, 2020.

[11] Excluded from investments in associates as the Group lost significant influence over the entities during the year ended December 31, 2020.

[12] Classified from investments in joint ventures to associates due to the decreased Group's ownership in these entities during the year ended December 31, 2020.

[13] Classified to investments in associates as the Group lost control due to the decreased Group's ownership in the entity during the year ended December 31, 2020 and classified as assets held for sale as at December 31, 2020.

(b) Details of valuation of investments in associates and joint ventures that are accounted for using the equity method for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)			Valuation of equity method in 2020						
	Beginning balance	Acquisition (Disposal)	Share of profit or loss[1]	Share of other comprehensive income (loss)[2]	Dividends	Impairment	Others	Reclassified to held for sale	Ending balance
Associates									
KG Allat	₩ 3,106,638	₩ -	₩ -	₩ -	₩ -	₩ -	₩ (3,106,638)	₩ -	₩ -
NetMania	1,006,434	-	(11,223)	-	-	-	-	-	995,211
Synapsoft	4,954,775	-	686,991	159,411	-	-	(1,352)	-	5,799,825
ARO In Tech	642,003	-	135,923	-	(21,200)	-	-	-	756,726
Silicon Cube[3]	2,448,616	-	(1,452,657)	-	-	(995,959)	-	-	-
NSPACE	450,563	-	610,381	-	-	-	-	-	1,060,944
One Store	41,732,881	-	129,496	88,563	-	-	(110,739)	-	41,840,201
BonAngels Pacemaker Fund	3,197,462	-	175,641	-	(250,000)	-	-	-	3,123,103
Korea Contents Mutual Aid Association	9,048,019	-	290,075	-	-	-	23,038	-	9,361,132
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	5,059,696	-	1,053,636	-	(2,208,000)	-	-	-	3,905,332
Future Creation NAVER-SB Startup Investment Fund	10,728,698	-	(493,862)	(38,565)	(651,676)	-	-	-	9,544,595
NAVER KIP Cheer up! Gamers Fund	4,186,612	-	(59,603)	-	(2,050,000)	-	-	-	2,077,009
NAVER-Suprema Youth Foundation No.5 Investment Fund	8,043,445	-	286,312	(588,516)	(1,161,077)	-	-	-	6,580,164
Mirae Asset-NAVER New Growth Fund 1	37,735,406	10,000,000	(3,604,740)	-	-	-	-	-	44,130,666
YG NAVER Contents & Lifestyle Fund	47,949,009	-	653,773	(254,766)	-	-	-	-	48,348,016
Soran Media Venture Fund I	836,605	-	(17,659)	-	-	-	-	-	818,946
MiraeAsset MAPS Private Placement Real Estate 62	187,936,912	-	23,611,123	-	(3,277,327)	-	-	-	208,270,708
MiraeAsset-Naver Asia Growth Fund	50,924,712	14,166,162	517,873	(3,801,513)	(2,630,000)	-	-	-	59,177,234
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	205,600,678	58,134,328	4,557,041	(16,515,673)	(11,724,434)	-	-	-	240,051,940
Digital Media Partners II	2,676,544	-	(238,832)	(149,901)	-	-	(38,220)	-	2,249,591
K-Fund I	187,786,461	16,108,250	15,272,069	8,634,906	-	-	-	(54,879,770)	172,921,916
China Ventures Fund I, L.P.	142,469,646	34,923,582	76,134,048	(14,929,044)	(33,471,156)		(10,018,834)	-	195,108,242
The Grim Ent.	1,003,722	-	694,213	-	-	-	-	-	1,697,935
Studio Horang	337,964	-	82,189	-	-	-	-	-	420,153
Bigpicture Comics	1,143,373	-	214,949	-	-	-	-	-	1,358,322
Studio JHS	503,209	-	(11,846)	-	-	-	-	-	491,363
JQ COMICS	296,404	-	(90,954)	-	-	-	-	-	205,450

(in thousands of Korean won)			Valuation of equity method in 2020						
	Beginning balance	Acquisition (Disposal)	Share of profit or loss[1]	Share of other comprehensive income (loss)[2]	Dividends	Impairment	Others	Reclassified to held for sale	Ending balance
ZK Studio	395,573	-	(30,732)	-	-	-	-	-	364,841
Soo COMICS	395,039	-	(15,454)	-	-	-	-	-	379,585
YLAB Japan	274,626	-	(136,111)	124,418	-	-	(262,933)	-	-
Alchera	3,187,753	-	(653,698)	-	-	-	(2,534,055)	-	-
AXIS	-	-	-	-	-	-	-	-	-
Fast Cowell Private Equity Fund	1,417,999	-	(24,066)	-	(150,000)	-	-	-	1,243,933
Laiqu Technology (Shenzhen)	857,360	-	(385,887)	65,024	-	-	-	-	536,497
LINE Games[3]	154,366,934	-	(14,387,525)	97,767	-	(77,339,103)	2,539,171	(65,277,244)	-
Epic Voyage	26,867	-	(313)	1,861	-	-	-	(28,415)	-
LINE Music	-	41,292	(41,292)	-	-	-	-	-	-
DEMAE-CAN (formerly, Yume no machi Souzou Iinkai)	36,821,281	-	(1,875,484)	898,755	-	-	(35,844,552)	-	-
Transcosmos Online Communication	1,174,358	-	(278,223)	73,865	-	-	-	(970,000)	-
LENSA, LTD.	1,160,065	-	20,866	81,398	-	-	-	(1,262,329)	-
LINE Mobile	85,600,720	50,831	(13,662,814)	5,643,391	-	-	-	(77,632,128)	-
Venture Republic[3]	8,901,244	-	(383,992)	(109,978)	-	(8,436,817)	29,543	-	-
PT. Bank KEB HANA Indonesia	167,427,011	-	2,849,053	(2,406,046)	-	-	-	(167,870,018)	-
FOLIO Holdings[3]	42,654,911	-	(5,520,637)	1,194,878	-	(24,237,724)	-	(14,091,428)	-
iPASS	11,773,661	-	(1,406,656)	595,928	-	-	-	(10,962,933)	-
Connection Labs Ltd[3]	2,982,980	-	(773,113)	29,004	-	(2,427,111)	188,240	-	-
Alliance Internet	793,090	-	355,253	-	-	-	-	-	1,148,343
CONG TY CO PHAN RBW VIETNAM	-	575,300	(231,197)	(15,494)	-	-	-	-	328,609
Famous Studio Corp.	-	1,000,000	(397,415)	-	-	-	-	-	602,585
VRex Lab Co.,Ltd[3].	-	613,925	(61,762)	-	-	(552,163)	-	-	-
DHP private equity fund 3	-	200,000	(28,397)	-	-	-	-	-	171,603
Japan Food Delivery Co.,Ltd	-	1,086,193	-	-	-	-	-	(1,086,193)	-
AIRI, Inc.	-	3,000,000	(384,519)	-	-	-	-	-	2,615,481
Studio Mul	-	3,000,140	(43,670)	-	-	-	-	-	2,956,470
Do Ventures Fund I-A, L.P	-	5,926,500	(416,356)	(483,487)	-	-	-	-	5,026,657
PLACE A INC. (formerly, Lano Co.,Ltd.)	-	200,000	(197,570)	-	-	-	-	-	2,430
Cinamon Games	-	1,180,638	(473,197)	1	-	-	16,004	-	723,446
YN Culture & Space	-	1,974,950	(35,210)	(65,797)	-	-	-	-	1,873,943
SMEJ Plus	-	38,366,926	72,977	(1,601,837)	-	-	-	-	36,838,066
Smart Korea Naver-Stonebridge Rising Investment Association	-	2,000,000	-	-	-	-	-	-	2,000,000
Carousell Pte	-	74,862,910	(2,200,098)	(6,254,699)	-	-	-	-	66,408,113
HAVIT CORPORATION	-	2,857	-	-	-	-	-	-	2,857

(in thousands of Korean won)	Beginning balance	Acquisition (Disposal)	Valuation of equity method in 2020: Share of profit or loss[1]	Share of other comprehensive income (loss)[2]	Dividends	Impairment	Others	Reclassified to held for sale	Ending balance
	1,482,017,959	267,414,784	78,377,118	(29,526,146)	(57,594,870)	(113,988,877)	(49,121,327)	(394,060,458)	1,183,518,183
Joint ventures									
China Lab	318,303	-	240,149	-	-	-	-	-	558,452
JobsN	1,735,840	-	392,636	-	-	-	-	-	2,128,476
YEOPEUL	1,777,646	-	255,741	-	-	-	-	-	2,033,387
Cineplay	601,901	-	54,253	-	-	-	-	-	656,154
Designpress	730,586	-	165,809	-	-	-	-	-	896,395
Interbiz (Dong-A JV)	614,424	-	214,986	-	-	-	-	-	829,410
Artitian (Kyunghyang Daily News JV)	211,327	-	68,237	-	-	-	-	-	279,564
Schooljam (EBS JV)	390,201	-	111,243	-	-	-	-	-	501,444
Agroplus (Korea Business JV)	538,696	-	166,233	-	-	-	-	-	704,929
Sumlab (Munhwa Ilbo JV)	623,586	-	181,275	-	-	-	-	-	804,861
Techplus (Electronic Times JV)	692,285	-	291,308	-	-	-	-	-	983,593
Animal and Human Story (Hankook Ilbo JV)	301,103	-	67,236	-	-	-	-	-	368,339
Law and Media (Money Today JV)	184,048	-	17,007	-	-	-	-	-	201,055
DANAA Data	4,893,200	-	68,245	-	-	-	-	-	4,961,445
Cinamon Games	1,979	-	-	-	-	-	(1,979)	-	-
LINE Project	-	-	-	-	-	-	-	-	-
Lantu Games	-	-	-	-	-	-	-	-	-
RABBIT-LINE PAY[3] COMPANY	19,081,211	-	(1,079,016)	(103,736)	-	(10,361,870)	-	(7,536,589)	-
Collab+LINE	1,693,966	-	76,343	49,457	-	-	-	(1,819,766)	-
Kasikorn LINE	41,859,924	-	(3,003,587)	(699,243)	-	-	-	(38,157,094)	-
LINE Bank Taiwan Limited	-	201,463,737	(7,085,680)	1,464,365	-	-	-	(195,842,422)	-
	76,250,226	201,463,737	(8,797,582)	710,843	-	(10,361,870)	(1,979)	(243,355,871)	15,907,504
	₩ 1,558,268,185	₩ 468,878,521	₩ 69,579,536	₩ (28,815,303)	₩ (57,594,870)	₩ (124,350,747)	₩ (49,123,306)	₩ (637,416,329)	₩ 1,199,425,687

[1] Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 45,975 million during the year ended December 31, 2020.

[2] Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 11,254 million during the nine-month period ended December 31, 2020 and does not include the decrease related discontinued operations amounting ₩ 30,346 million occurred after the classification of assets as held for sales.

[3] An impairment loss is recognized as the carrying amount exceeded the recoverable amount due to continuous operating loss and others during the year. The recoverable amount is measured on the value in use or the fair value less the costs of disposal which were estimated using an income approach. An assumed discount rate used is 10.37%.

(in thousands of Korean won)	Beginning balance	Acquisition (Disposal)	Valuation of equity method in 2019: Share of profit or loss[1]	Share of other comprehensive income (loss)[2]	Dividends	Impairment	Others	Ending balance
Associates								
KG Allat	₩ 4,203,279	₩ -	₩ (1,101,567)	₩ 4,926	₩ -	₩ -	₩ -	₩ 3,106,638
NetMania	976,619	-	29,815	-	-	-	-	1,006,434
Synapsoft	4,291,022	-	676,480	(4,669)	-	-	(8,058)	4,954,775
BonAngels Pacemaker Fund	3,134,205	-	63,257	-	-	-	-	3,197,462
Korea Contents Mutual Aid Association	9,247,075	-	(199,056)	-	-	-	-	9,048,019
ARO In Tech	514,709	-	134,094	-	(6,800)	-	-	642,003
Future Creation NAVER Stonebridge Early Stage Start-up Fund	6,109,969	-	(506,273)	-	(544,000)	-	-	5,059,696
Future Creation NAVER-SB Startup Investment Fund	16,194,574	-	1,238,033	(3,085,700)	(3,618,209)	-	-	10,728,698
Epic Voyage	25,708	-	(552)	1,711	-	-	-	26,867
LINE Music	4,933,610	3,323	(4,936,933)	-	-	-	-	-
Digital Media Partners II	2,598,808	-	(14,468)	92,204	-	-	-	2,676,544
NAVER-Suprema Youth Foundation No.5 Investment Fund	8,543,088	-	(1,088,160)	588,517	-	-	-	8,043,445
NAVER KIP Cheer up! Gamers Fund	3,579,691	-	606,921	-	-	-	-	4,186,612
NSPACE	217,094	-	233,469	-	-	-	-	450,563
Silicon Cube	2,291,346	-	134,898	-	-	-	22,372	2,448,616
One Store	19,970,145	-	(1,150,521)	(176,295)	-	-	23,089,552	41,732,881
Transcosmos Online Communication	1,165,315	-	(48,242)	57,285	-	-	-	1,174,358
Alchera	2,294,222	-	(1,205,661)	-	-	-	2,099,192	3,187,753
DEMAE-CAN (formerly, Yume no machi Souzou Iinkai)	38,801,208	-	(3,486,532)	1,792,449	-	-	(285,844)	36,821,281
Mirae Asset-NAVER New Growth Fund 1	18,179,090	20,000,000	(443,684)	-	-	-	-	37,735,406
K-Fund Ⅰ	108,199,648	72,380,103	16,759,296	(4,388,193)	(5,164,393)	-	-	187,786,461
Fandom	-	-	-	-	-	-	-	-
YG NAVER Contents & Lifestyle Fund	50,388,242	-	(1,591,008)	(528,305)	-	-	(319,920)	47,949,009
Orpeo Sound Works	-	-	-	-	-	-	-	-
The Grim Ent.	993,456	-	10,266	-	-	-	-	1,003,722
Meshkorea	13,299,831	-	-	-	-	-	(13,299,831)	-
Studio Horang	323,373	-	14,591	-	-	-	-	337,964
ZK Stuido	-	400,000	(4,427)	-	-	-	-	395,573
Soran Media Venture Fund I	899,296	-	(62,691)	-	-	-	-	836,605
Soo COMICS	-	400,000	(4,961)	-	-	-	-	395,039
Fast Cowell Private Equity Fund	1,464,163	-	(46,164)	-	-	-	-	1,417,999
YLAB Japan	404,054	-	(357,269)	5,693	-	-	222,148	274,626
Laiqu Technology (Shenzhen)	483,202	865,999	(491,045)	(796)	-	-	-	857,360
FOLIO Holdings (formerly, FOLIO)	52,812,854	-	(7,979,921)	(2,178,022)	-	-	-	42,654,911
Bigpicture Comics	961,448	-	181,925	-	-	-	-	1,143,373
iPASS	12,589,324	-	(1,401,550)	585,887	-	-	-	11,773,661
Bravepops	-	-	-	-	-	-	-	-

(in thousands of Korean won)			**Valuation of equity method in 2019**					
	Beginning balance	**Acquisition (Disposal)**	**Share of profit or loss[1]**	**Share of other comprehensive income (loss)[2]**	**Dividends**	**Impairment**	**Others**	**Ending balance**
JQ COMICS	-	350,325	(53,921)	-	-	-	-	296,404
AXIS	2,307,974	-	(2,307,974)	-	-	-	-	-
MiraeAsset MAPS Private Placement Real Estate 62	189,393,769	-	5,133,812	-	(6,590,669)	-	-	187,936,912
LENSA, LTD.	947,502	-	168,212	44,351	-	-	-	1,160,065
LINE Mobile	74,248,707	30,471,315	(30,911,002)	5,107,030	-	-	6,684,670	85,600,720
Studio JHS	649,342	-	(146,133)	-	-	-	-	503,209
Venture republic	16,392,944	-	(3,864,499)	842,039	-	(4,469,240)	-	8,901,244
MiraeAsset-Naver Asia Growth Fund	19,519,948	31,275,000	(625,012)	754,776	-	-	-	50,924,712
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	76,157,930	124,230,514	2,158,873	3,053,361	-	-	-	205,600,678
China Ventures Fund I, L.P.	3,330,600	138,384,629	3,002,678	(2,248,261)	-	-	-	142,469,646
PT. Bank KEB HANA Indonesia	-	159,175,419	6,171,958	2,079,634	-	-	-	167,427,011
Connection Labs Ltd	-	2,982,980	-	-	-	-	-	2,982,980
Alliance Internet	-	200,000	593,090	-	-	-	-	793,090
LINE Games	185,596,318	-	(33,151,885)	1,922,501	-	-	-	154,366,934
	958,634,702	581,119,607	(59,869,443)	4,322,123	(15,924,071)	(4,469,240)	18,204,281	1,482,017,959
Joint ventures								
YTN PLUS	4,852,402	(5,140,000)	289,214	9,223	-	-	(10,839)	-
LINE Project	-	-	-	-	-	-	-	-
Collab+LINE	1,510,946	-	133,630	49,390	-	-	-	1,693,966
Lantu Games	192,498	2,386,200	(2,578,698)	-	-	-	-	-
JobsN	1,447,064	-	288,776	-	-	-	-	1,735,840
RABBIT-LINE PAY COMPANY	22,198,433	-	(4,427,032)	1,309,810	-	-	-	19,081,211
YEOPEUL	1,157,850	-	619,796	-	-	-	-	1,777,646
Cineplay	575,843	-	26,058	-	-	-	-	601,901
China Lab	239,795	-	78,508	-	-	-	-	318,303
Designpress	468,740	-	261,846	-	-	-	-	730,586
Interbiz (Dong-A JV)	285,543	-	328,881	-	-	-	-	614,424
Artitian (Kyunghyang Daily News JV)	173,322	-	38,005	-	-	-	-	211,327
Schooljam (EBS JV)	254,011	-	136,190	-	-	-	-	390,201
Agroplus (Korea Business JV)	334,721	-	203,975	-	-	-	-	538,696
Sumlab (Munhwa Ilbo JV)	365,538	-	258,048	-	-	-	-	623,586
Techplus (Electronic Times JV)	370,102	-	322,183	-	-	-	-	692,285
Animal and Human Story (Hankook Ilbo JV)	138,135	-	162,968	-	-	-	-	301,103
Law and Media (Money Today JV)	182,579	-	1,469	-	-	-	-	184,048
DANAA data	4,866,664	-	26,536	-	-	-	-	4,893,200
Cinamon Games	1,979	-	-	-	-	-	-	1,979
Kasikom LINE	3,111,255	38,427,011	(701,284)	1,022,942	-	-	-	41,859,924
	42,727,420	35,673,211	(4,530,931)	2,391,365	-	-	(10,839)	76,250,226
	₩1,001,362,122	₩616,792,818	₩ (64,400,374)	₩ 6,713,488	₩ (15,924,071)	₩ (4,469,240)	₩ 18,193,442	₩1,558,268,185

[1] Includes share of loss of associates and joint ventures in relation to discontinued operations amounting to ₩ 82,825 million during the year ended December 31, 2019.

[2] Includes share of other comprehensive income of associates and joint ventures in relation to discontinued operations amounting to ₩ 11,540 million during the year ended December 31, 2019.

(c) The tables below provide summarized financial information for those associates and joint ventures that are material to the Group and received dividends from the associates and joint ventures.

(in thousands of Korean won)	**2020**				
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Equity**
Associates					
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[1]	₩ 17,354,650	₩ 614,370,348	₩ 4,213,205	₩ 28,876,087	₩ 598,681,064
K-Fund I	231,244,322	-	105,361	-	231,138,961
MiraeAsset MAPS Private Placement Real Estate 62	11,435,789	690,324,520	245,057,463	-	456,702,846
Carousell Pte	96,147,998	342,440,313	23,925,141	39,679,792	374,983,378
China Ventures Fund I, L.P.[1]	311,658,513	-	34,244,800	-	277,413,713
Joint ventures					
DANAA Data	10,094,222	32,916	1,741	-	10,125,397
JobsN	4,424,079	324,392	404,643	-	4,343,828

(in thousands of Korean won)	**2020**					
	Revenue	**Operating income**	**Net income**	**Other comprehensive income**	**Total comprehensive income (loss)**	**Dividend received**
Associates						
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[1]	₩ 16,916,509	₩ 3,974,197	₩ 12,715,071	₩ -	₩ 12,715,071	₩ (11,724,434)
K-Fund I	264,651	237,551	19,627,530	-	19,627,530	-
MiraeAsset MAPS Private Placement Real Estate 62	63,748,748	60,311,293	60,311,293	-	60,311,293	(3,277,327)
China Ventures Fund I, L.P.[1]	9,444	(11,591,776)	107,332,838	-	107,332,838	(33,471,156)
Carousell Pte	47,969,604	(49,521,775)	(55,861,111)	-	(55,861,111)	-
Joint ventures						
DANAA Data	-	(18,238)	139,274	-	139,274	-
JobsN	3,763,120	971,846	807,675	-	807,675	-

[1] Based on the consolidated financial statements and equity and profit for the year only includes profit attributable to the controlling shareholders.

(in thousands of Korean won)	2019				
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Equity**
Associates					
PT. Bank KEB HANA Indonesia	₩ 3,659,590,270	₩ 83,669,259	₩ 2,930,035,640	₩ 30,418,449	₩ 782,805,440
LINE Mobile[2]	151,408,981	19,403,296	61,913,788	15,437,196	93,451,063
Mirae Asset-NAVER Asia Growth Fund[1]	502,535,802	23,984,119	4,045,354	10,193,654	305,548,271
One Store[2]	208,526,962	29,263,663	88,841,804	4,782,771	143,705,697
DEMAE-CAN (formerly, Yume no machi Souzou Iinkai)[1]	63,030,254	38,983,739	56,215,073	8,434,821	37,364,099
Mirae Asset-NAVER New Growth Fund 1	18,939,868	56,531,808	11,530	-	75,460,146
K-Fund I	9,073,929	179,649,677	467,679	-	188,255,927
YG NAVER Contents & Lifestyle Fund	17,972,527	34,771,383	-	-	52,743,910
LINE Games[1]	65,109,032	120,753,732	10,734,232	19,652,171	150,732,261
MIRAE ASSE-NAVER ASIA GROWTH INVESTMENT[1]	5,013,979	520,483,291	2,002,252	10,913,772	512,552,908
MiraeAsset MAPS Private Placement Real Estate 62	9,965,041	519,735,305	118,103,710	-	411,596,636
Joint ventures					
RABBIT-LINE PAY COMPANY	32,460,383	7,586,076	13,722,702	165,734	26,158,023
Kasikorn LINE	76,468,325	13,216,711	6,072,720	-	83,612,316

(in thousands of Korean won)	2019					
	Revenue	**Operating income**	**Net income**	**Other comprehensive income**	**Total comprehensive income (loss)**	**Dividend received**
Associates						
PT. Bank KEB HANA Indonesia	₩ 99,084,687	₩ 41,640,411	₩ 31,903,782	₩ 6,375,700	₩ 38,279,482	₩ -
LINE Mobile	140,589,000	(73,266,746)	(72,813,306)	-	(72,813,306)	
Mirae Asset-NAVER Asia Growth Fund[1]	7,777,926	140,501	(528,418)	-	(528,418)	
One Store	135,115,915	(5,150,041)	(5,415,275)	-	(5,415,275)	
DEMAE-CAN (formerly, Yume no machi Souzou Iinkai)[1]	100,900,969	(5,873,994)	(6,469,114)	-	(6,469,114)	
Mirae Asset-NAVER New Growth Fund 1	154,448	(887,368)	(887,368)	-	(887,368)	
K-Fund I	82	(55,012)	16,846,248	-	16,846,248	
YG NAVER Contents & Lifestyle Fund	2,082,588	(2,060,863)	(1,999,634)	-	(1,999,634)	
LINE Games[1]	25,969,205	(52,219,712)	(64,586,198)	837,678	(63,748,520)	
MIRAE ASSE-NAVER ASIA GROWTH INVESTMENT[1]	9,391,689	5,589,824	5,512,702	-	5,512,702	
MiraeAsset MAPS Private Placement Real Estate 62	17,814,920	11,388,273	11,388,273	-	11,388,273	
Joint ventures						
RABBIT-LINE PAY COMPANY	5,765,582	(14,026,007)	(13,665,162)	-	(13,665,162)	
Kasikorn LINE	365,800	(1,368,170)	(1,368,170)	-	(1,368,170)	

[1] Based on the consolidated financial statements and equity and profit for the year only includes profit attributable to the controlling shareholders.

[2] Stock options granted to the employees and directors are excluded from the equity.

(d) Details of adjustments from financial information of associates and joint ventures to the book amount of investments in associates and joint ventures as at December 31, 2020 and 2019, are as follows:

(in millions of Korean won)	2020						
	Net asset (a)	**Group's ownership in % (b)**	**Group's share in net asset (a x b)**	**Goodwill**	**Others[3]**	**Reclassified to held for sale**	**Book amount**
Associates							
NetMania	₩ 3,662,363	27.17%	₩ 995,211	₩ -	₩ -	₩ -	₩ 995,211
Synapsoft	20,043,827	26.43%	5,297,966	501,859	-	-	5,799,825
ARO In Tech	2,286,373	29.85%	682,499	74,227	-	-	756,726
Silicon Cube	109,967	41.89%	46,065	1,006,541	(1,052,606)		-
NSPACE	1,060,944	49.04%	520,336	108,257	432,351	-	1,060,944
One Store	143,080,771	27.53%	39,386,613	2,453,588	-	-	41,840,201
BonAngels Pacemaker Fund	13,613,766	22.73%	3,094,038	29,065	-	-	3,123,103
Korea Contents Mutual Aid Association	15,104,399	57.76%	8,724,311	636,821	-	-	9,361,132
Future Creation NAVER-Stonebridge Early Stage Start-up Fund	9,161,381	40.00%	3,664,552	240,780	-	-	3,905,332
Future Creation NAVER-SB Startup Investment Fund	25,171,130	37.04%	9,322,641	221,954	-	-	9,544,595
NAVER KIP Cheer up! Gamers Fund	4,154,017	50.00%	2,077,009	-	-	-	2,077,009
NAVER-Suprema Youth Foundation No.5 Investment Fund	13,160,328	50.00%	6,580,164	-	-	-	6,580,164
Mirae Asset-NAVER New Growth Fund 1	88,250,666	50.00%	44,125,333	5,333	-	-	44,130,666
YG NAVER Contents & Lifestyle Fund	53,182,818	90.91%	48,348,016	-	-	-	48,348,016
Soran Media Venture Fund I	1,228,420	66.67%	818,946	-	-	-	818,946
MiraeAsset MAPS Private Placement Real Estate 62	456,702,846	45.08%	205,880,802	2,389,906	-	-	208,270,708
MiraeAsset-Naver Asia Growth Fund[1]	355,063,403	16.67%	59,177,234	-	-	-	59,177,234
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[1]	598,681,064	40.00%	239,472,426	579,514	-	-	240,051,940
Digital Media Partners II	8,623,433	26.09%	2,249,591	-	-	-	2,249,591
K-Fund I	231,138,961	99.75%	230,562,555	-	(2,760,869)	(54,879,770)	172,921,916
China Ventures	277,413,713	70.33%	195,108,242	-	-	-	195,108,242

(in millions of Korean won)	2020						
	Net asset (a)	Group's ownership in % (b)	Group's share in net asset (a x b)	Goodwill	Others[3]	Reclassified to held for sale	Book amount
Fund I, L.P.[1]							
The Grim Ent.	2,902,116	34.98%	1,015,175	682,760	-	-	1,697,935
Studio Horang	551,398	35.00%	192,998	227,155	-	-	420,153
Bigpicture Comics	2,653,144	35.00%	928,644	429,678	-	-	1,358,322
Studio JHS	(20,384)	35.00%	(7,135)	498,498	-	-	491,363
JQ COMICS	(87,130)	35.06%	(30,548)	235,998	-	-	205,450
ZK Studio	311,751	40.00%	124,700	240,141	-	-	364,841
Soo COMICS	346,623	40.00%	138,649	240,936	-	-	379,585
AXIS[3]	(3,088,118)	28.29%	(873,629)	1,964,611	(1,090,982)	-	-
Fast Cowell Private Equity Fund	5,867,385	21.13%	1,239,588	4,345	-	-	1,243,933
Laiqu Technology (Shenzhen)	1,299,981	23.85%	310,053	226,444	-	-	536,497
LINE Games[1,3]	134,896,934	48.39%	65,277,244	-	-	(65,277,244)	-
Epic Voyage3	87,800	30.00%	26,340	-	2,075	(28,415)	-
LINE Music[3]	(20,017,566)	36.72%	(7,350,450)	-	7,350,450	-	-
Transcosmos Online Communication[3]	2,426,409	37.06%	899,160	-	70,840	(970,000)	-
LENSA, LTD.[3]	2,388,041	49.00%	1,170,140	-	92,189	(1,262,329)	-
LINE Mobile[3]	60,726,999	40.05%	24,319,742	47,608,992	5,703,394	(77,632,128)	-
Venture Republic[1,3]	(3,993,437)	33.98%	(1,356,791)	9,764,065	(8,407,274)	-	-
PT. Bank KEB HANA Indonesia[3]	746,644,911	20.00%	149,328,982	9,900,667	8,640,369	(167,870,018)	-
FOLIO Holdings[1,3]	31,553,944	41.40%	13,062,312	-	1,029,116	(14,091,428)	-
iPASS[3]	30,769,651	29.82%	9,176,913	1,311,393	474,627	(10,962,933)	-
Connection Labs Ltd[3]	570,162	31.10%	177,344	2,249,767	(2,427,111)	-	-
Alliance Internet	4,587,421	23.53%	1,079,393	68,950	-	-	1,148,343
CONG TY CO PHAN RBW VIETNAM	253,507	35.36%	89,633	238,976	-	-	328,609
Famous Studio Corp.	602,585	33.33%	200,862	-	401,723	-	602,585
DHP private equity fund 3	682,122	25.16%	171,603	-	-	-	171,603
Studio Mul	2,765,344	35.00%	967,915	1,988,555	-	-	2,956,470
Do Ventures Fund I-A, L.P	14,710,536	34.17%	5,026,657	-	-	-	5,026,657
PLACE A INC. (formerly, Lano Co.,Ltd.)	4,982	48.78%	2,430	-	-	-	2,430
AIRI, Inc.	11,773,638	14.29%	1,681,949	933,532	-	-	2,615,481
SMEJ Plus	38,040,677	30.07%	11,438,805	25,399,261	-	-	36,838,066
YN Culture & Space	3,795,423	49.37%	1,873,943	-	-	-	1,873,943
Smart Korea Naver-Stonebridge Rising Investment Association	5,300,000	37.74%	2,000,000	-	-	-	2,000,000
Carousell Pte	374,983,378	8.13%	30,486,149	36,003,718	(81,754)	-	66,408,113
Cinamon Games	3,617,228	20.00%	723,446	-	-	-	723,446
Japan Food Delivery Co.,Ltd[3]	3,469,157	31.31%	1,086,193	-	-	(1,086,193)	-

(in millions of Korean won)	2020						
	Net asset (a)	Group's ownership in % (b)	Group's share in net asset (a x b)	Goodwill	Others[3]	Reclassified to held for sale	Book amount
HAVIT CORPORATION	10,000	28.57%	2,857	-	-	-	2,857
	3,782,281,202		1,420,735,816	148,466,287	8,376,538	(394,060,458)	1,183,518,183
Joint ventures							
China Lab	1,139,697	49.00%	558,452	-	-	-	558,452
JobsN	4,343,828	49.00%	2,128,476	-	-	-	2,128,476
YEOPEUL	4,149,769	49.00%	2,033,387	-	-	-	2,033,387
Cineplay	1,339,090	49.00%	656,154	-	-	-	656,154
Designpress	1,829,378	49.00%	896,395	-	-	-	896,395
Interbiz (Dong-A JV)	1,692,674	49.00%	829,410	-	-	-	829,410
Artitian (Kyunghyang Daily News JV)	570,539	49.00%	279,564	-	-	-	279,564
Schooljam (EBS JV)	1,023,355	49.00%	501,444	-	-	-	501,444
Agroplus (Korea Business JV)	1,438,631	49.00%	704,929	-	-	-	704,929
Sumlab (Munhwa Ilbo JV)	1,642,574	49.00%	804,861	-	-	-	804,861
Techplus (Electronic Times JV)	2,007,332	49.00%	983,593	-	-	-	983,593
Animal and Human Story (Hankook Ilbo JV)	751,713	49.00%	368,339	-	-	-	368,339
Law and Media (Money Today JV)	410,317	49.00%	201,055	-	-	-	201,055
DANAA Data	10,125,397	49.00%	4,961,445	-	-	-	4,961,445
RABBIT-LINE PAY COMPANY[3]	21,622,076	33.33%	7,207,359	-	329,230	(7,536,589)	-
Collab+LINE[3]	3,323,663	50.00%	1,661,832	-	157,934	(1,819,766)	-
Kasikorn LINE[3]	72,877,627	49.99%	36,431,526	53,768	1,671,800	(38,157,094)	-
LINE Bank Taiwan Limited[3]	363,549,415	49.90%	181,411,158	5,048,736	9,382,528	(195,842,422)	-
	493,837,075		242,619,379	5,102,504	11,541,492	(243,355,871)	15,907,504
	₩ 4,276,118,277		₩ 1,663,355,195	₩ 153,568,791	₩ 19,918,030	₩ (637,416,329)	₩ 1,199,425,687

[1] Based on the consolidated financial statements and therefore, the net asset represents amount attributable to the controlling shareholders.

[2] Others include recognized amounts for preferred shares, recognition of impairment loss and others.

[3] Reclassified to assets held for sale during the year ended December 31, 2020 and net asset represents the amount at the time when the Group discontinued the use of equity method.

(in thousands of Korean won)	2019					
	Net asset (a)	Group's ownership in % (b)	Group's share in net asset (a x b)	Goodwill	Others[3]	Book amount
Associates						
KG Allat[2]	₩ 15,533,188	20.00%	₩ 3,106,638	₩ -	₩ -	₩ 3,106,638
NetMania	3,703,663	27.17%	1,006,434	-	-	1,006,434
Synapsoft	16,832,869	26.45%	4,452,544	502,231	-	4,954,775
BonAngels Pacemaker Fund	13,940,945	22.73%	3,168,397	29,065	-	3,197,462
Korea Contents Mutual Aid Association	14,656,144	57.60%	8,442,479	605,540	-	9,048,019
ARO In Tech	1,902,050	29.85%	567,776	74,227	-	642,003
Future Creation NAVER Stonebridge Early Stage Start-up Fund	12,047,289	40.00%	4,818,916	240,780	-	5,059,696
Future Creation NAVER-SB Startup Investment Fund	28,368,207	37.04%	10,506,743	221,955	-	10,728,698
Epic Voyage	89,557	30.00%	26,867	-	-	26,867
LINE Music	(7,840,305)	36.72%	(2,878,960)	1,141,370	1,737,590	-
Digital Media Partners II	8,921,815	30.00%	2,676,544	-	-	2,676,544
NAVER-Suprema Youth Foundation No.5 Investment Fund	16,086,889	50.00%	8,043,445	-	-	8,043,445
NAVER KIP Cheer up! Gamers Fund	8,373,224	50.00%	4,186,612	-	-	4,186,612
NSPACE	450,563	49.04%	220,977	1,082,057	(852,471)	450,563
Silicon Cube	2,510,519	41.89%	1,051,656	1,006,541	390,419	2,448,616
One Store	143,705,697	27.70%	39,813,163	1,919,718	-	41,732,881
Transcosmos Online Communication	3,169,041	37.06%	1,174,358	-	-	1,174,358
Alchera	11,828,752	18.19%	2,151,770	1,035,983	-	3,187,753
DEMAE-CAN (formerly, Yume no machi Souzou Iinkai)[2]	37,364,099	21.60%	8,070,584	28,750,697	-	36,821,281
Mirae Asset-NAVER New Growth Fund 1	75,460,146	50.00%	37,730,073	5,333	-	37,735,406
K-Fund Ⅰ	188,255,927	99.75%	187,786,461	-	-	187,786,461
ZK Stuido	388,580	40.00%	155,432	240,141	-	395,573
YG NAVER Contents & Lifestyle Fund	52,743,910	90.91%	47,949,009	-	-	47,949,009
Soo COMICS	385,258	40.00%	154,103	240,936	-	395,039
The Grim Ent.	917,546	34.98%	320,962	682,760	-	1,003,722
JQ COMICS	172,291	35.06%	60,405	235,999	-	296,404
Studio Horang	316,582	35.00%	110,809	227,155	-	337,964
Soran Media Venture Fund I	1,254,908	66.67%	836,605	-	-	836,605
Fast Cowell Private Equity Fund	6,691,297	21.13%	1,413,654	4,345	-	1,417,999
YLAB Japan	1,089,529	25.21%	274,626	-	-	274,626
Laiqu Technology (Shenzhen)	2,645,285	23.85%	630,916	226,444	-	857,360

(in thousands of Korean won)	2019					
	Net asset (a)	Group's ownership in % (b)	Group's share in net asset (a x b)	Goodwill	Others[3]	Book amount
FOLIO Holdings[2]	44,665,585	41.36%	18,473,173	24,181,738	-	42,654,911
Bigpicture Comics	2,039,034	35.00%	713,695	429,678	-	1,143,373
iPASS	35,079,370	29.82%	10,462,268	1,311,393	-	11,773,661
Connection Labs Ltd[1]	(788,959)	31.10%	(245,366)	3,228,346	-	2,982,980
Alliance Internet	3,077,598	23.53%	724,141	68,949	-	793,090
PT. Bank KEB HANA Indonesia	782,805,440	20.00%	156,561,088	10,865,923	-	167,427,011
AXIS	(638,404)	28.57%	(182,401)	1,964,611	(1,782,210)	-
MiraeAsset MAPS Private Placement Real Estate 62	411,596,636	45.08%	185,547,005	2,389,907	-	187,936,912
Fandom[4]	127,279	20.00%	-	-	-	-
Bravepops[4]	100,822	20.67%	-	-	-	-
Orpeo Sound Works[4]	667,388	27.41%	-	-	-	-
LENSA	2,367,480	49.00%	1,160,065	-	-	1,160,065
LINE Mobile	93,451,063	40.05%	37,424,964	48,165,234	10,522	85,600,720
Studio JHS	13,461	35.00%	4,712	498,497	-	503,209
Venture republic[2]	(2,829,579)	33.98%	(961,365)	9,862,609	-	8,901,244
MiraeAsset-Naver Asia Growth Fund[2]	305,548,271	16.67%	50,924,712	-	-	50,924,712
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[2]	512,552,908	40.00%	205,021,163	579,515	-	205,600,678
China Ventures Fund I, L.P.[2]	142,469,646	99.99%	142,469,646	-	-	142,469,646
LINE Games[2]	150,732,261	49.48%	74,586,354	79,780,580	-	154,366,934
	3,145,002,765		1,260,713,852	221,800,257	(496,150)	1,482,017,959
Joint ventures						
Collab+LINE	3,387,932	50.00%	1,693,966	-	-	1,693,966
Lantu Games[2]	(1,667,578)	50.00%	(833,789)	-	833,789	-
JobsN	3,542,532	49.00%	1,735,840	-	-	1,735,840
RABBIT-LINE PAY COMPANY	26,158,023	33.33%	8,719,340	10,361,871	-	19,081,211
YEOPEUL	3,627,850	49.00%	1,777,646	-	-	1,777,646
Cineplay	1,228,370	49.00%	601,901	-	-	601,901
China Lab	649,598	49.00%	318,303	-	-	318,303
Designpress	1,490,992	49.00%	730,586	-	-	730,586
Interbiz	1,253,926	49.00%	614,424	-	-	614,424
Artitian	431,279	49.00%	211,327	-	-	211,327
Schooljam	796,329	49.00%	390,201	-	-	390,201
Agroplus	1,099,380	49.00%	538,696	-	-	538,696
Sumlab	1,272,624	49.00%	623,586	-	-	623,586
Techplus	1,412,826	49.00%	692,285	-	-	692,285
Animal and Human Story	614,495	49.00%	301,103	-	-	301,103
Law and Media	375,608	49.00%	184,048	-	-	184,048
DANAA Data	9,986,123	49.00%	4,893,200	-	-	4,893,200
Cinamon Games	3,960	49.98%	1,979	-	-	1,979
Kasikorn LINE	83,612,316	49.99%	41,806,156	53,768	-	41,859,924

(in thousands of Korean won)	2019					
	Net asset (a)	**Group's ownership in % (b)**	**Group's share in net asset (a x b)**	**Goodwill**	**Others[3]**	**Book amount**
	139,276,585		65,000,798	10,415,639	833,789	76,250,226
	₩3,284,279,350		₩1,325,714,650	₩232,215,896	₩ 337,639	₩1,558,268,185

[1] Acquired at the end of November 2020 and therefore the acquisition cost was recognized as book amount.

[2] Based on the consolidated financial statements and therefore, the net asset represents amount attributable to the controlling shareholders.

[3] Others include recognized amounts for preferred shares, recognition of impairment loss and others.

[4] Recognized impairment loss during the prior period for the entities as the book amounts exceeded their recoverable amounts.

(e) The Group has stopped recognizing its share of losses in LINE Music and three others using the equity method as their respective book amount is less than nil (0) due to accumulated losses. The unrecognized accumulated losses amount to ₩ 10,731 million as at December 31, 2020, of which ₩ 9,047 million relates to the entities classified as discontinued operations.

15. Trade and Other Payables

(a) Trade and other payables as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		2019	
	Current	**Non-current**	**Current**	**Non-current**
Financial liabilities				
Non-trade payables	₩ 433,541,655	₩ 22,188,402	₩ 758,685,734	₩ 20,294,029
Accrued expenses	13,375,718	-	169,390,748	22,003,795
Deposits received	2,562,000	135,945	4,827,517	171,856
	449,479,373	22,324,347	932,903,999	42,469,680
Non-financial liabilities				
Accrued expenses	239,800,813	46,123,980	278,166,363	-
	₩ 689,280,186	₩ 68,448,327	₩ 1,211,070,362	₩ 42,469,680

(b) Trade and other payables classified as liabilities held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020	
	Current	**Non-current**
Financial liabilities		
Non-trade payables	₩ 614,261,572	₩ 499,934
Accrued expenses	146,346,767	1,956
Deposits received	1,377,318	7,882
	761,985,657	509,772
Non-financial liabilities		
Accrued expenses	92,514,784	1,341,718
	₩ 854,500,441	₩ 1,851,490

16. Other Liabilities

(a) Other liabilities as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		2019	
	Current	**Non-current**	**Current**	**Non-current**
Advances from customers	₩ 281,501,377	₩ -	₩ 364,583,833	₩ -
Unearned revenues	36,719,885	295,624	145,038,052	976,712
Withholdings	1,079,342,932	-	893,983,374	159,521
VAT withholdings	86,910,136	-	98,484,034	-
Others	-	-	13,183,914	-
	₩ 1,484,474,330	₩ 295,624	₩ 1,515,273,207	₩ 1,136,233

(b) Other liabilities classified as liabilities held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	2020	
	Current	**Non-current**
Advances from customers	₩ 153,315,506	₩ -
Unearned revenues	146,041,403	477,537
Withholdings	386,813,461	-
VAT withholdings	37,835,009	-
Others	126,167,356	-
	₩ 850,172,735	₩ 477,537

17. Borrowings and Debentures

(a) Borrowings as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won, in thousands of Japanese yen, in thousands of Hong Kong dollar, in thousands of US dollar and in thousands of Taiwan dollar)

	Lender	Maturity date	Annual interest rate (%)	December 31, 2020	December 31, 2019
Short-term borrowings					
Foreign currency	Sumitomo Mitsui Banking Corporation[2]	September 30, 2021	0.07	₩ 21,085,200 (JPY 2,000,000)	₩ 127,616,400 (JPY 12,000,000)
	Mizuho Corporate Bank, Ltd.[2]	September 30, 2021	0.14	105,426,000 (JPY 10,000,000)	106,347,000 (JPY 10,000,000)
	Resona Bank Co. Ltd[2]	June 30, 2021	0.26	10,542,600 (JPY 1,000,000)	10,634,700 (JPY 1,000,000)
	Mizuho Corporate Bank, Ltd.	-	-	- (JPY -)	1,063,470 (JPY 100,000)
	DAG Ventures VI, L.P.[1]	-	10.00	2,198,849 (HKD 15,667)	2,329,041 (HKD 15,666)
	Goodwater Capital II, L.P.[1]	-	10.00	1,098,348 (HKD 7,826)	1,163,380 (HKD 7,826)
	Mistletoe Singapore Pte. Ltd.[1]	-	10.00	2,198,886 (HKD 233,577)	2,329,080 (HKD 15,667)
	SCC Growth IV Holdco A, Ltd.[1]	-	10.00	32,782,495 (HKD 39,170)	34,723,518 (HKD 233,577)
	SenseView Investment Limited[1]	-	10.00	5,497,475 (HKD 155,954)	5,822,975 (HKD 39,170)
	SNOW Limited Liability Partnership[1]	-	10.00	21,888,107 (HKD 15,667)	23,184,083 (HKD 155,954)
	Individuals	-	-	- (TWD -)	1,000,480 (TWD 26,000)
Local currency	Woori Bank	-	-	-	50,000,000
	Woori Bank	February 3, 2021	1.96	299,998,167	143,345,881
Foreign currency	Sendai Bank	-	-	- (JPY -)	1,595 (JPY 150)
	Citibank	April 15, 2021	0.40	52,713,000 (JPY 5,000,000)	- (JPY -)
	Citibank	February 5, 2021	1.34	3,264,000 (USD 3,000)	- (USD -)
	Citibank	January 28, 2021	1.35	17,408,000 (USD 16,000)	- (USD -)
	Citibank	January 15, 2021	1.35	2,176,000 (USD 3,000)	- (USD -)
	Mizuho Corporate Bank, Ltd. [2]	March 25, 2021	0.11	52,713,000 (JPY 5,000,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2]	January 25, 2021	0.11	52,713,000 (JPY 5,000,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2,3]	December 11, 2021	0.59	780,971,268 (JPY 74,077,672)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2,3]	April 1, 2021	0.59	59,528,453 (JPY 5,646,468)	- (JPY -)
	Shinsei Bank, Limited[2]	February 26, 2021	0.05	10,542,600 (JPY 1,000,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2]	June 17, 2021	0.48	26,356,500 (JPY 2,500,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2]	September 24, 2021	0.49	26,356,500 (JPY 2,500,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd. [2]	December 2,	0.49	26,356,500	-

(in thousands of Korean won, in thousands of Japanese yen, in thousands of Hong Kong dollar, in thousands of US dollar and in thousands of Taiwan dollar)

	Lender	Maturity date	Annual interest rate (%)	December 31, 2020	December 31, 2019
		2021		(JPY 2,500,000)	(JPY -)
Local currency	Shinhan Bank	January 1, 2021	1.71	30,000,000	-
	Hana Bank	January 1, 2021	1.87	10,000,000	-
Current portion of long-term borrowings					
Local currency	Shinhan Bank	October 31, 2020	2.26	45,000,000	50,000,000
	Sunny Solution 3rd	January 30, 2021	3.16	50,000,000	-
Foreign currency	Dai Ichi Kangyo Credit Cooperative[2]	December 15, 2021	1.00	15,814 (JPY 1,500)	15,952 (JPY 1,500)
	Japan Finance Corporation	-	-	- (JPY -)	7,221 (JPY 679)
				1,748,830,762 (JPY 116,225,640) (HKD 467,860) (USD 21,000)	559,584,776 (JPY 23,102,329) (HKD 467,860) (TWD 26,000)
Long-term borrowings					
Foreign currency	Dai Ichi Kangyo Credit Cooperative[2]	June 15, 2023	1.00	23,721 (JPY 2,250)	39,880 (JPY 3,750)
	Mizuho Corporate Bank, Ltd.	September 23, 2023	0.71	75,339,129 (JPY 7,146,162)	- (JPY -)
	SMBC	September 23, 2023	0.75	75,339,130 (JPY 7,146,162)	- (JPY -)
	Diverse Inc.[2]	January 31, 2025	0.50	759,067 (JPY 72,000)	- (JPY -)
	Mizuho Corporate Bank, Ltd.[2,3]	December 11, 2023	0.84	707,130,617 (JPY 67,073,646)	- (JPY -)
	Resona Bank Co. Ltd.[2]	August 31, 2024	0.64	5,383,541 (JPY 510,646)	- (JPY -)
	Amuse, Inc.[2]	August 30, 2022	0.08	969,919 (JPY 92,000)	- (JPY -)
Local currency	Sunny Solution 3rd	-	-	-	50,000,000
				864,945,124 (JPY 82,042,866)	50,039,880 (JPY 3,750)
				₩ 2,613,775,886 (JPY 198,268,506) (HKD 467,860) (USD 21,000)	₩ 609,624,656 (JPY 23,106,079) (HKD 467,860) (TWD 26,000)

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

[2] The entire amount was reclassified to liabilities held for sale during the year ended December 31, 2020. The borrowings reclassified to liabilities held for sale amount to ₩ 1,886,874 million (JPY 178,976,182 thousand) as at December 31, 2020.

[3] A syndicated loan agreement in which Mizuho Bank participates as an agent and lender and 22 financial institutions are participating as lenders.

(b) Debentures as at December 31, 2020 and 2019, are as follows and are classified as liabilities held for sale for the year ended December 31, 2020:

(in thousands of Korean won, in thousands of Japanese yen and in thousands of Taiwan dollar)	**Issuer**	**Maturity date**	**Annual interest rate (%)**	**December 31, 2020**	**December 31, 2019**
Convertible bonds in foreign currency[1]	LINE*	-	-	₩ -	₩ 389,017,326
				(JPY -)	(JPY 36,580,000)
		-	-	-	389,017,326
				(JPY -)	(JPY 36,580,000)
	CHOCO Media	September 11, 2027	-	5,690,291	-
				(TWD 147,150)	(TWD -)
Less: Discount on bonds payable				-	(25,764,467)
				(JPY -)	(JPY 2,422,679)
				₩ 5,690,291	₩ 752,270,185
				(TWD 147,150)	(JPY 70,737,321)

* The entire amount was redeemed early during the year ended December 31, 2020.

18. Provisions

(a) Changes in provisions for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020			
	Provision for litigation	Provision for restoration	Others	Total
Beginning balance	₩ 1,210,878	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Charged / (credited) to the consolidated statement of comprehensive income				
Additional provisions[1]	184,467	326,637	31,599,190	32,110,294
Unused amounts reversed[1]	(112,306)	(1,010,499)	(317,931)	(1,440,736)
Charged during the year	-	6,301,710	3,391,743	9,693,453
Used during the year	(156,801)	(497,460)	(764,195)	(1,418,456)
Others[2]	12,684	1,239,058	168,697	1,420,439
Reclassified to held for sale	(210,984)	(54,884,371)	(7,244,314)	(62,339,669)
Ending balance	₩ 927,938	₩ 11,471,737	₩ 28,494,885	₩ 40,894,560
Current portion	₩ 927,938	₩ 2,323,373	₩ 28,457,073	₩ 31,708,384
Non-current portion	-	9,148,364	37,812	9,186,176

[1] Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 7,198 million and ₩ 318 million, respectively, during the year ended December 31, 2020.

[2] Others include effects of changes in foreign currency exchange rates.
[3] Includes changes in provisions in relation to continuing operations for the year ended December 31, 2020 and changes in provisions that had been classified to liabilities held for sale up to the point of reclassification. The balance of provisions classified as liabilities held for sale is ₩ 64,627 million (provision for litigation: ₩ 231 million, provision for restoration: ₩ 63,855 million, other provisions: ₩ 541 million) as at December 31, 2020 (Note 35).

[4]In relation to certain services provided by the Company, a penalty amounting to ₩ 27,732 million, which had been imposed by the Fair Trade Commission, is recognized as provision at December 31, 2020.

(in thousands of Korean won)	2019				
	Provision for litigation	**Provision for customer loyalty programs**	**Provision for restoration**	**Others**	**Total**
Beginning balance	₩ 926,439	₩ 249,054	₩ 43,139,637	₩ 571,513	₩ 44,886,643
Charged / (credited) to the consolidated statement of comprehensive income					
Additional provisions[1]	285,577	-	-	1,916,942	2,202,519
Unused amounts reversed[1]	-	(249,054)	(1,101,406)	(46,468)	(1,396,928)
Charged during the year	-	-	17,286,252	4,743	17,290,995
Used during the year	-	-	(434,226)	(554,936)	(989,162)
Others[2]	(1,138)	-	1,106,405	(230,099)	875,168
Ending balance	₩ 1,210,878	₩ -	₩ 59,996,662	₩ 1,661,695	₩ 62,869,235
Current portion	₩ 1,210,878	₩ -	₩ 954,552	₩ 1,656,971	₩ 3,822,401
Non-current portion	-	-	59,042,110	4,724	59,046,834

[1] Includes additional provisions and unused amounts reversed in relation to discontinued operations amounting to ₩ 584,322 million and ₩ 200,989 million, respectively, during the year ended December 31, 2019.

[2] Others include effects of changes in foreign currency exchange rates.

19. Post-employment Benefits

19.1 Defined benefit pension plans

The Group operates defined benefit pension plans in various countries. The majority of the plans are final salary pension plans, which provide benefit to employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are funded by trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country.

(a) Details of net defined benefit liabilities recognized in the consolidated statements of financial position as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		2020		2019
Present value of funded defined benefit obligations	₩	16,230,725	₩	86,625,373
Present value of unfunded defined benefit obligations		459,546,712		403,503,893
Sub total		475,777,437		490,129,266
Fair value of plan assets		(13,683,192)		(16,691,311)
Net defined benefit liabilities	₩	462,094,245	₩	473,437,955

The balance of net defined benefit liabilities classified as liabilities held for sale is ₩ 108,624 million as at December 31, 2020 (Note 35).

(b) Changes in the defined benefit obligations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Beginning balance	₩	490,129,266	₩	362,747,300
Current service cost[1]		113,098,944		80,061,382
Interest expense[2]		13,250,733		10,392,837
Remeasurements[3]				
Actuarial gain from change in demographic assumptions		40,890,019		16,583,507
Actuarial gain (loss) from change in financial assumptions		(35,475,075)		30,168,401
Actuarial gain from experience adjustments		(3,015,073)		18,022,063
Payments from plans				
Benefit payments		(28,394,833)		(31,033,587)
Others		(4,717,821)		3,187,363
Ending balance	₩	585,766,160	₩	490,129,266
Balance in the consolidated statement of financial position	₩	475,777,437	₩	490,129,266
Amount classified as assets held for sale		109,988,723		-

[1] Includes current service cost in relation to discontinued operations amounting to ₩ 29,137 million and ₩ 22,411 million during the years ended December 31, 2020 and 2019.

[2] Includes interest expense in relation to discontinued operations amounting to ₩ 2,709 million and ₩ 2,287 million during the years ended December 31, 2020 and 2019.

[3] Includes remeasurements in relation to discontinued operations amounting to ₩ (9,527) million and ₩ 11,692 million during the years ended December 31, 2020 and 2019.

(c) Changes in the fair value of plan assets for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Beginning balance	₩	16,691,311	₩	17,967,039
Interest income[1]		295,527		495,958
Remeasurements[2]:				
Return on plan assets (excluding amounts included in interest income)		(323,216)		(238,634)
Contribution:				
Employee		600,000		-
Transfer in and out		(33,935)		-
Payments from plans:				
Benefit payments		(2,181,521)		(1,533,052)
Ending balance	₩	15,048,166	₩	16,691,311
Balance in the consolidated statement of financial position	₩	13,683,192	₩	16,691,311
Amount classified as assets held for sale		1,364,974		-

[1] Includes interest income in relation to discontinued operations amounting to ₩ 6 million and ₩ 256 million during the years ended December 31, 2020 and 2019.

[2] Includes remeasurements losses in relation to discontinued operations amounting to ₩ 257 million and ₩ 72 million during the years ended December 31, 2020 and 2019.

(d) Plan assets as at December 31, 2020 and 2019, consist of:

(in thousands of Korean won)	**2020**			**2019**		
		Amount	**Ratio (%)**		**Amount**	**Ratio (%)**
Cash and cash equivalents, etc.	₩	1,067,289	7.80	₩	3,633,162	21,77
Securities, etc.		12,535,172	91.61		13,050,942	78.19
Others		80,731	0.59		7,207	0.04
	₩	13,683,192	100.00	₩	16,691,311	100.00

Plan assets classified as assets held for sale as at December 31, 2020, consist of:

(in thousands of Korean won)	2020	
	Amount	**Ratio (%)**
Cash and cash equivalents, etc.	₩ 1,364,974	100.00

(e) The significant actuarial assumptions as at December 31, 2020 and 2019, are as follows:

	2020[1]	**2019**[1]
Discount rate	2.78% ~ 3.28%	1.73% ~ 3.13%
Salary growth rate	3.83% ~ 15.41%	3.28% ~ 18.71%

[1] includes assumption in relation with discontinued operations

(f) The sensitivity analysis of the defined benefit obligation to changes in the principal assumptions is:

(in thousands of Korean won)	**Impact on defined benefit obligation**		
	Changes in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1% increase / decrease	₩ (66,659,837)	₩ 80,065,094
Salary growth rate	1% increase / decrease	76,027,342	(64,947,219)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

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

There are no expected contributions to plan assets for the year ending December 31, 2021, and the weighted average duration of the defined benefit obligation is 5.69 – 18.64 years.

19.2 Defined contribution pension plans

The expense recognized in the current period in relation to defined contribution plan from continuing and discontinued operations was ₩ 147 million (2019: ₩ 74 million) and ₩ 1,157 million (2019: ₩ 44 million), respectively.

19.3 Other Long-term and Short-term Employee Benefits

The short-term employee benefits represent the amount recognized for paid absences in respect of service rendered by employees in the current period and other long-term employee benefits represent the amount recognized for long-term paid absences for which the employees render the related services.

(in thousands of Korean won)		**2020**		**2019**
Short-term employee benefits	₩	50,504,039	₩	51,277,642
Other long-term employee benefits		26,054,963		22,155,452
	₩	76,559,002	₩	73,433,094

(a) The short-term and long-tern employee benefits classified as assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)		**2020**
Short-term employee benefits	₩	15,008,740
Other long-term employee benefits		4,252,890
	₩	19,261,630

20. Issuance and Acquisition of Shares

The Group's total number of authorized shares is 300,000,000 shares. As at December 31, 2020, the Group has issued 164,263,395 ordinary shares (₩ 100 per share) and 16,804,360 treasury shares (excludes retired shares). The Group's share capital and share premium as at December 31, 2020, amount to ₩ 16,481,340 thousand and ₩ 132,920,605 thousand, respectively. The par value of outstanding shares amounting to ₩ 16,426,340 thousand differs from the share capital (₩ 16,481,340 thousand) due to the retirement of shares.

21. Other Components of Equity

(a) Other components of equity as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**2020**	**2019**
Treasury shares	₩ (1,214,756,394)	₩ (1,390,387,655)
Stock options	39,122,209	10,910,448
Loss on valuation of financial assets at fair value - other comprehensive income	72,596,848	(91,084,642)
Share of other comprehensive income of associates and joint ventures	(5,909,351)	14,974,823
Exchange differences	77,539,095	(14,994,015)
Others	(28,071,916)	(28,071,973)
	₩ (1,059,479,509)	₩ (1,498,653,014)

(b) Other components of equity related to assets held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)	**2020**
Loss on valuation of financial assets at fair value - other comprehensive income	₩ (5,844,985)
Share of other comprehensive income of associates and joint ventures	(38,186,574)
Exchange differences	6,160,976
Others	(58)
	₩ (37,870,641)

(c) The Group acquired 83,000 shares (2019: 735,295 shares) of treasury shares amounting to ₩ 15,516 million (2019: ₩ 93,689 million) and retired 550,000 treasury shares for the year ended December 31, 2020, which are accounted for as other components of equity. In addition, the Group disposed of 2,094,240 shares (acquisition cost: ₩ 151,389 million) through treasury shares exchange transaction and recognized gain on disposal of treasury shares amounting to ₩ 328,485 million.

22. Share-based Payment

As at December 31, 2020, the Group entered into share-based payment agreements for the employees and directors of the Group upon the resolution of several shareholders' meetings and the Board of Directors.

22.1 Stock option

(1) Equity-settled stock option

(a) The Group granted equity-settled stock options to its employees during and before the years ended December 31, 2020 and 2019. Details of the equity-settled stock options granted are as the follows:

	Granted on February 27, 2019	**Granted on March 22, 2019**	**Granted on February 26, 2020**	**Granted on February 26, 2020**	**Granted on March 27, 2020**
Granted by	NAVER	NAVER	NAVER	NAVER	NAVER
Vesting condition	More than two years' service from the grant date	More than three years' service from the grant date	More than two years' service from the grant date	More than three years' service from the grant date	More than three years' service from the grant date
Exercisable period and condition	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater
Authorized shares	Registered ordinary shares				
Granting method	Either issuance of shares or distribution of treasury shares				

	Granted on November 23, 2020	**Granted on July 29, 2019**	**Granted on April 28, 2020**	**Granted on November 5, 2020**
Granted by	Webtoon Entertainment Inc	LINE	LINE	LINE
Vesting condition	More than three years' service from the grant date	Vested at 20%, 30% and 50% if completed service for three, four, and five years, respectively, from the grant date	Vested at 20%, 30% and 50% if completed service for 2.2, 3.2, and 4.2 years, respectively, from the grant date	Vested at 20%, 30% and 50% if completed service for three, four, and five years, respectively, from the grant date
Exercisable period and condition	- Within 8 years from the grant date - Initial public opening	From the vesting date to July 8, 2029	From the vesting date to July 8, 2029	From the vesting date to November 5, 2030
Authorized shares	Registered ordinary shares			
Granting method	Either issuance of shares or distribution of treasury shares			

(b) The changes in the number of equity-settled stock options and weighted average exercise prices for the years ended December 31, 2020 and 2019, are as follows:

(in number of shares, in Korean won and in Japanese yen)

	2020					
Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**	**Grated by**
Parent Company						
2019.02.27	407,112	-	-	(14,088)	393,024	NAVER
2019.03.22	812,000	-	-	(25,000)	787,000	NAVER
2020.02.26	-	162,869	-	(9,116)	153,753	NAVER
2020.02.26	-	907,000	-	(25,500)	881,500	NAVER
2020.03.27	-	682,000	-	(12,000)	670,000	NAVER
Total number of stock option	1,219,112	1,751,869	-	(85,704)	2,885,277	
Weighted average exercise price	₩ 130,299	₩ 186,000	₩ -	₩ 160,570	₩ 163,220	
Subsidiaries						
2020.11.23	-	254,648	-	-	254,648	Webtoon Entertainment Inc
Total number of stock option	-	254,648	-	-	254,648	
Weighted average exercise price	USD -	USD 176	USD -	USD -	USD 176	
Subsidiaries						
2013.12.01	309,000	-	(308,500)	(500)	-	LINE
2014.02.01	502,500	-	(502,500)	-	-	LINE
2014.08.01	116,000	-	(116,000)	-	-	LINE
2014.10.01	109,000	-	(109,000)	-	-	LINE
2015.02.01	708,500	-	(704,500)	(4,000)	-	LINE
2017.07.18	1,262,100	-	(946,400)	-	315,700	LINE
2019.07.29	4,673,200	-	-	(86,700)	4,586,500	LINE
2020.04.28	-	4,822,600	-	(212,400)	4,610,200	LINE
2020.11.05	-	3,048,000	-	-	3,048,000	LINE
Total number of stock option	7,680,300	7,870,600	(2,686,900)	(303,600)	12,560,400	
Weighted average exercise price	JPY 3,081	JPY 3,500	JPY 2,224	JPY 3,466	JPY 3,518	

(in number of shares, in Korean won and in Japanese yen)

	2019					
Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**	**Grated by**
Parent Company						
2020.02.27	-	426,167	-	(19,055)	407,112	NAVER
2020.03.22	-	837,000	-	(25,000)	812,000	NAVER
Total number of stock option	-	1,263,167	-	(44,055)	1,219,112	
Weighted average exercise price	₩ -	₩ 130,292	₩ -	₩ 130,092	₩ 130,299	
Subsidiaries						
2013.12.01	544,500	-	(235,500)	-	309,000	LINE
2014.02.01	649,000	-	(146,500)	-	502,500	LINE
2014.08.01	148,500	-	(32,500)	-	116,000	LINE
2014.10.01	122,500	-	(13,500)	-	109,000	LINE
2015.02.01	891,500	-	(180,500)	(2,500)	708,500	LINE
2017.07.18	1,382,300	-	-	(120,200)	1,262,100	LINE
2020.07.29	-	4,702,800	-	(29,600)	4,673,200	LINE
Total number of stock option	3,738,300	4,702,800	(608,500)	(152,300)	7,680,300	
Weighted average exercise price	JPY 2,245	JPY 3,500	JPY 942	JPY 4,021	JPY 3,081	

(c) The Group calculated the compensation costs using binomial model and Least Square Monte-Carlo (“LSMC”), and the assumptions and inputs used for calculation of the compensation costs are as follows:

(in number of shares, in Korean won and in Japanese yen)

	NAVER					Webtoon Entertainment Inc	LINE		
	2019.02.27	**2019.03.22**	**2020.02.26**	**2020.02.26**	**2020.03.27**	**2020.11.23**	**2019.07.29**	**2020.04.28**	**2020.11.05**
Risk-free interest rate (%)	1.98	1.92	1.40	1.40	1.48	0.45	(0.15)	(0.08)	0.04
Expected maturity	7 years	8 years	7 years	8 years	8 years	5.5 years	10 years	9.2 years	10 years
Expected price volatility (%)	24.3	24	20.4	20.4	24	61	36.6	36.1	36.1
Expected dividend yield (%)	0.20	0.20	0.16	0.16	0.20	-	-	-	-
Weighted average share price at grant date	₩129,500	₩127,000	₩190,500	₩190,500	₩152,500	USD 331	JPY 3,500	JPY 5,290	JPY 5,380
Weighted average fair value of stock options granted at grant date	₩ 39,906	₩ 19,365	₩ 48,526	₩ 37,580	₩ 18,219	USD 175.91	JPY 1,105 ~ JPY 1,508	JPY 2,661 ~ JPY 2,741	JPY 2,053 ~ JPY 2,255
Exercise price	₩128,900	₩131,000	₩186,000	₩186,000	₩186,000	USD 331	JPY 3,500	JPY 3,500	JPY 5,647

In addition to the stock options mentioned above, the Group granted equity-settled stock options in regard to the shares of SNOW and Drama & Company, its subsidiaries.

(d) The amount of expenses recognized in relation to equity-settled stock options as continuing and discontinued operations is ₩ 31,050 million (2019: ₩ 11,615 million) and ₩ 35,591 million (2019: ₩ 9,611 million) for the year ended December 31, 2020, respectively.

(2) Cash-settled stock options

(a) The Group granted cash-settled stock options to its employees during the year ended December 31, 2020. Details of the cash-settled stock options granted are as the follows:

	Granted on February 27, 2019	**Granted on March 22, 2019**
Granted by	Certain subsidiaries of NAVER Corporation	
Vesting condition	More than two years service from the grant date	More than three years service from the grant date
Exercisable period and condition	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater

	Granted on February 26, 2020	**Granted on February 26, 2020**	**Granted on March 27, 2020**	**Granted on April 30, 2020**	**Granted on April 30, 2020**
Granted by	Certain subsidiaries of NAVER Corporation				
Vesting condition	More than two years service from the grant date	More than three years service from the grant date	More than three years service from the grant date	More than two years service from the grant date	More than three years service from the grant date
Exercisable period and condition	Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater	-Five years from the exercisable date	- Five years from the exercisable date - If daily closing price for ten consecutive days immediately preceding the exercising date or during the exercisable period are ₩ 192,000 or greater

(b) The changes in the number of cash-settled stock options and weighted average exercise prices for the year ended December 31, 2020, are as follows:

(in number of shares and in Korean won)	**2020**				
Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
2019.02.27	143,959	-	-	(4,381)	139,578
2019.03.22	180,500	-	-	(19,000)	161,500
2020.02.26	-	48,758	-	(1,431)	47,327
2020.02.26	-	213,750	-	(1,000)	212,750
2020.03.27	-	124,000	-	(2,000)	122,000
2020.04.30	-	8,692	-	(212)	8,480
2020.04.30	-	108,187	-	(53)	108,134
Total number of stock option	324,459	503,387	-	(28,077)	799,769
Weighted average exercise price	₩ 130,068	₩ 186,000	₩ -	₩ 139,871	₩ 164,923

(in number of shares and in Korean won)	**2019**				
Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
2020.02.27	-	152,250	-	(8,291)	143,959
2020.03.22	-	181,500	-	(1,000)	180,500
Total number of stock option	-	333,750	-	(9,291)	324,459
Weighted average exercise price	₩ -	₩ 130,042	₩ -	₩ 129,126	₩ 130,068

(c) The Group calculated the compensation costs using the binomial model and Monte-Carlo Simulation, and the assumptions and inputs used for calculation of the compensation costs are as follows:

(in percentage, in years and in Korean won)

	2019.02.27	2019.03.22	2020.02.26	2020.02.26	2020.03.27	2020.11.23	2019.07.29	2020.04.28
Risk-free interest rate (%)	1.40	1.48	1.48	1.57	1.57	1.48	1.57	1.57
Expected maturity	5.16	6.22	6.16	7.16	7.24	6.16	7.16	7.24
Expected price volatility (%)	34.90	34.90	34.90	34.90	34.90	34.90	34.90	34.90
Expected dividend yield (%)	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Share price at the end of period	₩ 292,500	₩ 292,500	₩ 292,500	₩ 292,500	₩ 292,500	₩ 292,500	₩ 292,500	₩ 292,500
Fair value of stock options granted at the end of period	₩ 175,274	₩ 167,026	₩ 144,609	₩ 133,200	₩ 132,400	₩ 144,609	₩ 133,200	₩ 132,400
Exercise price	₩ 128,900	₩ 131,000	₩ 186,000	₩ 186,000	₩ 186,000	₩ 186,000	₩ 186,000	₩ 186,000

The amount of expenses recognized in relation to cash-settled stock options from continuing operations is ₩ 50,569 million (2019: ₩ 6,834 million) for the year ended December 31, 2020.

22.2 Employee stock ownership plan ("ESOP")

(a) Overview of ESOP

In accordance with business integration agreement entered on December 23, 2019, ESOP has been closed for delisting of LINE from "NYSE" and "TSE" and entirely liquidated at its fair value amounting to JPY 5,380.

(b) The changes in the number of points for the years ended December 31, 2020 and 2019, are as follows:

(in number of shares)	2020					
	Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
Equity-settled	2017.07.18	97,139	-	(94,365)	(2,774)	-
Equity-settled	2018.01.01	8,615	-	(446)	(8,169)	-
Equity-settled	2018.07.20	162,392	-	(65,902)	(96,490)	-
Equity-settled	2019.01.23	36,320	-	(4,024)	(32,296)	-
Equity-settled	2019.07.29	156,125	-	(45,277)	(110,848)	-

(in number of shares)	2020					
	Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
Cash-settled	2017.07.18	185,371	-	(183,095)	(2,276)	-
Cash-settled	2018.01.01	16,598	-	(335)	(16,263)	-
Cash-settled	2018.07.20	332,479	-	(136,884)	(195,595)	-
Cash-settled	2019.01.23	59,841	-	(2,946)	(56,895)	-
Cash-settled	2019.07.29	293,298	-	(88,231)	(205,067)	-

(in number of shares)	2019					
	Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
Equity-settled	2017.07.18	179,716	-	(68,468)	(14,109)	97,139
Equity-settled	2018.01.01	17,777	-	(6,857)	(2,305)	8,615
Equity-settled	2018.07.20	247,908	-	(60,805)	(24,711)	162,392
Equity-settled	2019.01.23	-	48,651	(9,449)	(2,882)	36,320
Equity-settled	2019.07.29	-	161,172	-	(5,047)	156,125

(in number of shares)	2019					
	Grant date	**Beginning unexercised balance**	**Granted**	**Exercised**	**Expired**	**Ending unexercised balance**
Cash-settled	2017.07.18	341,465	-	(132,392)	(23,702)	185,371
Cash-settled	2018.01.01	34,634	-	(13,227)	(4,809)	16,598
Cash-settled	2018.07.20	514,525	-	(136,739)	(45,307)	332,479
Cash-settled	2019.01.23	-	90,744	(23,365)	(7,538)	59,841
Cash-settled	2019.07.29	-	306,452	(37)	(13,117)	293,298

(c) The amounts of expenses recognized in relation to equity-settled and cash-settled ESOP from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	Continuing operation	
	2020	**2019**
Equity-settled stock option	₩ (135,521)	₩ 150,296
Cash-settled stock option	(78,457)	26,516

(in thousands of Korean won)	Discontinued operations	
	2020	**2019**
Equity-settled stock option	₩ 6,374,985	₩ 8,257,099
Cash-settled stock option	32,268,131	26,975,428

23. Retained Earnings

Retained earnings as at December 31, 2020 and 2019, consist of:

(in thousands of Korean won)		2020		2019
Legal reserves[1]	₩	8,240,670	₩	8,240,670
Other reserves		13,909,234		13,909,234
Retained earnings before appropriation		6,632,664,579		5,689,941,549
	₩	6,654,814,483	₩	5,712,091,453

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

24. Operating Expenses

Operating expenses from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Salaries and wages	₩	808,589,472	₩	745,198,092
Post-employment benefits		94,940,110		65,914,627
Share-based payment expenses		81,404,402		18,682,301
Employee benefits		138,910,152		116,491,380
Travel		4,221,196		14,297,001
Depreciation		257,301,335		198,114,949
Depreciation of right-of-use assets		53,964,881		47,982,459
Amortization		13,173,494		8,652,386
Communication		145,136,705		126,358,059
Utility		19,162,394		17,963,187
Taxes and dues		16,065,458		14,163,382
Rental		5,763,679		4,725,380
Commission		1,620,893,489		1,280,452,210
Advertising		762,604,197		487,506,373
Insurance		1,123,317		875,048
Freight		4,825,895		1,995,723
Supplies		16,564,435		13,175,246
Training		6,771,265		7,410,803
Others		37,387,567		31,255,618
	₩	4,088,803,443	₩	3,201,214,224

(*) Operating expenses amounting to ₩ 2,718,887 million (2019: ₩ 2,682,116 million) for the year ended December 31, 2020 are included in loss from discontinued operations.

25. Other Income and Other Expenses

(a) Details of other income from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Rental income	₩	1,883,040	₩	2,214,813
Foreign currency exchange gain		9,080,772		5,603,690
Gain on disposal of property and equipment		2,583,834		1,435,590
Gain on disposal of investments in subsidiaries and associates		22,621,392		25,433,261
Others		7,187,648		14,467,827
	₩	43,356,686	₩	49,155,181

(*) Other income amounting to ₩ 308,705 million (2019: ₩ 78,750 million) for the year ended December 31, 2020 are included in loss from discontinued operations.

(b) Details of other expenses from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Foreign currency exchange loss	₩	17,256,191	₩	6,175,222
Social contribution expenses		52,614,926		50,681,023
Miscellaneous loss		32,190,722		1,078,705
Non-operating commission		8,013,364		7,690,912
Impairment loss on investments in associates and joint ventures		1,548,122		-
Other impairment loss		414,656		1,292,815
Others		6,784,833		1,657,210
	₩	118,822,814	₩	68,575,887

(*) Other expenses amounting to ₩ 321,272 million (2019: ₩ 86,689 million) for the year ended December 31, 2020 are included in loss from discontinued operations.

26. Finance Income and Finance Costs

(a) Details of finance income from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Dividends income	₩	23,770,750	₩	17,143,892
Foreign currency exchange gain		4,510,940		4,675,263
Gain on valuation of financial assets and liabilities at fair value - profit or loss		460,000,178		262,826,486
Gain on disposal of financial assets at fair value - profit or loss		20,281,980		47,929,323
Gain on disposal of financial assets at fair value - other comprehensive income		-		490,453
Gain on disposal of financial assets at value of amortized cost		-		65,000
	₩	508,563,848	₩	333,130,417

(*) Finance income amounting to ₩ 48,366 million (2019: ₩ 62,222 million) for the year ended December 31, 2020 are included in loss from discontinued operations.

(b) Details of finance costs from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**
Interest expenses	₩	21,666,282	₩	16,538,371
Foreign currency exchange loss		8,489,251		11,049,861
Loss on valuation of financial assets and liabilities at fair value - profit or loss		103,183,667		68,857,554
Loss on disposal of financial assets at fair value - profit or loss		2,313,075		989,312
Loss on disposal of financial assets at fair value - other comprehensive income		-		1,047,017
Others		10,780,525		8,886,216
	₩	146,432,800	₩	107,368,331

(*) Finance costs amounting to ₩ 84,221 million (2019: ₩ 58,802 million) for the year ended December 31, 2020 are included in loss from discontinued operations.

27. Income Tax Expense

(a) Income tax expense for the years ended December 31, 2020 and 2019, consists of:

(in thousands of Korean won)		**2020**		**2019**
Current tax				
Current tax on profits for the year	₩	584,977,038	₩	512,089,984
Adjustments for current tax attributable to prior years		(22,275)		2,482,804
Deferred tax				
Origination and reversal of temporary differences		57,712,966		(49,424,176)
Impact of changes in corporate tax rate		1,029,410		1,918,679
Income tax expense (benefit)	₩	643,697,139	₩	467,067,291
Continuing operations	₩	492,534,782	₩	470,550,410
Discontinued operations		151,162,357		(3,483,119)

(b) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(in thousands of Korean won)		**2020**		**2019**
Profit before income tax expense				
Continuing operations profit before income tax expense	₩	1,633,558,911	₩	1,391,256,126
Discontinued operations loss before income tax expense		(144,864,795)		(527,367,772)
		1,488,694,116		863,888,354
Tax at domestic tax rates applicable to profits in the respective countries		465,691,067		296,039,353
Adjustments				
Income not subject to tax		(82,035,931)		(16,501,189)
Expenses not deductible for tax purposes		66,790,236		16,367,866
Tax credits		(7,619,994)		(9,930,814)
Changes in non-recoverable deferred tax asset		189,707,818		165,945,441
Adjustments for current tax attributable to prior years		(22,275)		2,482,804
Change in deferred tax attributable to the corporate tax rate		1,029,410		1,918,679
Tax effects on recirculation of corporate income		9,741,204		9,226,260
Others		415,604		1,518,891
Income tax expense	₩	643,697,139	₩	467,067,291
Continuing operations	₩	492,534,782	₩	470,550,410
Discontinued operations		151,162,357		(3,483,119)

The weighted average applicable tax rate of the Group was 30.15% (2019: 33.82%).

(c) Income tax effect relating to components of other comprehensive income (loss) in relation to continuing operations for the years ended December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	2020					
		Before tax		**Tax effect**		**After tax**
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩	223,251,675	₩	(40,337,193)	₩	182,914,482
Remeasurements of the net defined benefit liabilities		(11,994,003)		2,781,806		(9,212,197)
Exchange difference[1]		69,902,451		-		69,902,451
Shares of other comprehensive income of associates and joint ventures[1]		(40,068,854)		-		(40,068,854)
	₩	241,091,269	₩	(37,555,387)	₩	203,535,882

[1] The Group did not recognize deferred tax assets and liabilities for the exchange differences and share of other comprehensive income of subsidiaries and associates and joint ventures from the investment in subsidiaries and associates as at December 31, 2020, considering the Group has no plan for disposal of those investments.

(in thousands of Korean won)	2019					
		Before tax		**Tax effect**		**After tax**
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩	9,244,981	₩	(3,713,273)	₩	5,531,708
Remeasurements of the net defined benefit liabilities		(53,248,687)		10,847,661		(42,401,026)
Exchange difference		13,066,291		-		13,066,291
Shares of other comprehensive income of associates and joint ventures		(4,826,471)		-		(4,826,471)
	₩	(35,763,886)	₩	7,134,388	₩	(28,629,498)

(d) Income tax effect relating to components of other comprehensive income (loss) in relation to discontinued operations for the years ended December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	2020		
	Before tax	**Tax effect**	**After tax**
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩ 32,302,971	₩ (9,718,950)	₩ 22,584,021
Remeasurements of the net defined benefit liabilities	9,270,917	(1,443,260)	7,827,657
Exchange difference	6,345,948	-	6,345,948
Shares of other comprehensive income of associates and joint ventures	(19,092,660)	-	(19,092,660)
	₩ 28,827,176	₩ (11,162,210)	₩ 17,664,966

(in thousands of Korean won)	2019		
	Before tax	**Tax effect**	**After tax**
Gain (loss) on valuation of financial assets at fair value - other comprehensive income	₩ 58,150,270	₩ (17,701,658)	₩ 40,448,612
Remeasurements of the net defined benefit liabilities	(11,763,918)	1,172,904	(10,591,014)
Exchange difference	125,962,887	-	125,962,887
Shares of other comprehensive income of associates and joint ventures	11,539,958	-	11,539,958
	₩ 183,889,197	₩ (16,528,754)	₩ 167,360,443

(e) Income tax effect that are charged or credited directly to equity for the year ended December 31, 2020, is as follows. There is no income tax effect that are charged or credited directly to equity for the year ended December 31, 2019.

(in thousands of Korean won)	2020		
	Before tax	**Tax effect**	**After tax**
Gain (loss) on disposal of treasury shares	₩ 448,610,988	₩ (120,125,747)	₩ 328,485,241

(f) The analysis of deferred tax assets and liabilities related to continuing operations as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	**2020**	**2019**
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 48,702,727	₩ 222,158,241
Deferred tax asset to be recovered after more than 12 months	187,103,202	234,842,013
	235,805,929	457,000,254
Deferred tax liabilities		
Deferred tax liability to be within 12 months	(2,044,771)	(98,362,999)
Deferred tax liability to be recovered after more than 12 months	(181,707,803)	(57,811,588)
	(183,752,574)	(156,174,587)
Deferred tax assets, net	₩ 52,053,355	₩ 300,825,667

(g) The analysis of deferred tax assets and liabilities related to discontinued operations as at December 31, 2020 and 2019, is as follows:

(in thousands of Korean won)	**2020**
Deferred tax assets	
Deferred tax asset to be recovered within 12 months	₩ 89,763,143
Deferred tax asset to be recovered after more than 12 months	174,898,860
	264,662,003
Deferred tax liabilities	
Deferred tax liability to be within 12 months	(13,692,694)
Deferred tax liability to be recovered after more than 12 months	(106,056,085)
	(119,748,779)
Deferred tax assets, net	₩ 144,913,224

(h) The movement in deferred tax assets and liabilities for the years ended December 31, 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of Korean won)	2020								
	Beginning balance	**Statement of profit or loss[1]**	**Other comprehensive income (loss)[2]**	**Equity[3]**	**Business combination**	**Exchange difference**	**Ending balance**	**Balance in the consolidated financial statement**	**Reclassified to held for sale**
Financial assets at fair value - profit or loss	₩ (90,933,152)	₩ (86,158,302)	₩ -	₩ -	₩ -	₩ 395,151	₩ (176,696,303)	₩ (167,347,523)	₩ (9,348,780)
Convertible bond	(7,429,847)	2,310,068	-	4,407,971	-	711,808	-	-	-
Investments in subsidiaries and associates	(57,811,588)	(69,302,114)	-	-	-	1,404,811	(125,708,891)	(16,159,492)	(109,549,399)
Financial assets at fair value - other comprehensive income	-	22,039,592	(22,691,603)	-	-	(444,148)	(1,096,159)	(245,559)	(850,600)
Deferred income tax liabilities	(156,174,587)	(131,110,756)	(22,691,603)	4,407,971	-	2,067,622	(303,501,353)	(183,752,574)	(119,748,779)
Financial assets at fair value - other comprehensive income	27,364,540	-	(27,364,540)	-	-	-	-	-	-
Provision for impairment	7,953,692	694,834	-	-	-	(120,173)	8,528,353	984,988	7,543,365
Intangible assets	6,829,300	(936,967)	-	-	-	8	5,892,341	5,044,892	847,449
Accrued expenses	65,353,328	14,265,269	-	-	-	(64,832)	79,553,765	59,645,407	19,908,358
Unearned revenues	94,806,911	31,951,107	-	-	-	(1,557,375)	125,200,643	16,949,126	108,251,517
Net defined benefit liabilities	108,152,102	18,080,419	1,338,546	-	-	(54)	127,571,013	109,283,723	18,287,290
Tax losses and tax credit carryforward	6,555,815	3,700,658	-	-	-	(55,295)	10,201,178	735,258	9,465,920
Others	139,984,566	4,613,060	-	-	626,065	(1,703,052)	143,520,639	43,162,534	100,358,104
Deferred income tax assets	457,000,254	72,368,380	(26,025,994)	-	626,065	(3,500,773)	500,467,932	235,805,929	264,662,003
Deferred income tax assets (liabilities), net	₩ 300,825,667	₩ (58,742,376)	₩ (48,717,597)	₩ 4,407,971	₩ 626,065	₩ (1,433,151)	₩ 196,966,579	₩ 52,053,355	₩ 144,913,224

[1] Among items reflected in the statement of profit or loss, the amount related to discounted operations is income tax benefit amounting to ₩ 11,909 million.

[2] Among items reflected in other comprehensive income, the amount related to discounted operations is ₩ 11,162 million.

[3] Among items reflected in equity, the amount related to discounted operations is ₩ 4,408 million.

(in thousands of Korean won)	2019							
	Beginning balance	Change of accounting policies	Statement of profit or loss[1]	Other comprehensive income (loss)[2]	Equity	Business combination	Exchange difference	Ending balance
Financial assets at fair value - profit or loss	₩ (16,912,252)	₩ -	₩ (73,791,201)	₩ -	₩ -	₩ -	₩ (229,699)	₩ (90,933,152)
Convertible bond	(9,070,627)	-	3,020,916	-	-	-	(1,380,136)	(7,429,847)
Investments in subsidiaries and associates	(58,068,160)	-	(1,902,956)	-	-	-	2,159,528	(57,811,588)
Deferred income tax liabilities	(84,051,039)	-	(72,673,241)	-	-	-	549,693	(156,174,587)
Financial liabilities at fair value - profit or loss	1,991,793	-	(1,991,793)	-	-	-	-	-
Financial assets at fair value - other comprehensive income	49,805,365	-	(1,107,819)	(21,414,931)	-	-	81,925	27,364,540
Provision for impairment	6,491,185	-	1,227,983	-	-	-	234,524	7,953,692
Intangible assets	8,730,342	-	(1,737,422)	-	-	-	(163,620)	6,829,300
Accrued expenses	47,364,651	(3,645,919)	21,089,814	-	-	-	544,782	65,353,328
Unearned revenues	79,655,491	-	11,209,142	-	-	-	3,942,278	94,806,911
Net defined benefit liabilities	83,974,947	-	12,156,441	12,020,565	-	-	149	108,152,102
Tax losses and tax credit carryforward	4,367,462	-	1,899,120	-	-	-	289,233	6,555,815
Others	55,603,729	3,769,066	77,433,272	-	-	-	3,178,499	139,984,566
Deferred income tax assets	337,984,965	123,147	120,178,738	(9,394,366)	-	-	8,107,770	457,000,254
Deferred income tax assets (liabilities), net	₩ 253,933,926	₩ 123,147	₩ 47,505,497	₩ (9,394,366)	₩ -	₩ -	₩ 8,657,463	₩ 300,825,667

[1] Among items reflected in the statement of profit or loss, the amount related to discounted operations is income tax benefit amounting to₩ 60,828 million.

[2] Among items reflected in other comprehensive income, the amount related to discounted operations is ₩ 16,529 million.

(i) The Group did not recognize deferred tax assets and liabilities for the deductible temporary differences amounting to ₩ 2,253,417 million (2019: ₩ 1,614,129 million) and taxable temporary differences amounting to ₩ 646,479 million (2019: ₩ 528,815 million) from the investments in subsidiaries and associates which are not subject to disposal, respectively, and tax losses amounting to ₩ 338,687 million (2019: ₩ 79,436 million) which are not recoverable because of the uncertainty of future taxable income of the subsidiaries.

28. Earnings per Share

(a) Basic earnings per share for operating profit from continuing operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won and in number of shares)		**2020**		**2019**
Profit from continuing operations attributable to the controlling ordinary shareholders of the Group	₩	1,144,888,651	₩	934,306,915
Weighted average number of ordinary shares outstanding		145,724,906		145,532,908
Basic earnings per share from continuing operations *(in Korean won)*	₩	7,857	₩	6,420

(b) Basic loss per share for operating loss from discontinued operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won and in number of shares)		**2020**		**2019**
Profit (loss) from discontinued operation attributable to the controlling ordinary shareholders of the Group	₩	(142,801,885)	₩	(351,255,010)
Weighted average number of ordinary shares outstanding		145,724,906		145,532,908
Basic earnings (loss) per share from discontinued operations *(in Korean won)*	₩	(980)	₩	(2,414)

(c) Weighted average number of ordinary shares outstanding for the years ended December 31, 2020 and 2019, are calculated as follows:

(in number of shares)	**2020**	
	Number of ordinary shares outstanding	**Cumulative shares**
Beginning balance	145,447,795	53,233,892,970
Treasury shares acquisition	(83,000)	(26,325,964)
Treasury shares disposal	2,094,240	127,748,640
		53,335,315,646

Weighted average number of ordinary shares outstanding:
53,335,315,646 ÷ 366 days = 145,724,906 shares

(in number of shares)	2019	
	Number of ordinary shares outstanding	**Cumulative shares**
Beginning balance	146,183,090	53,356,827,850
Treasury shares acquisition	(735,295)	(237,316,467)
		53,119,511,383

Weighted average number of ordinary shares outstanding:
53,119,511,383 ÷ 365 days = 145,532,908 shares

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

(in thousands of Korean won and in number of shares)		**2020**		**2019**
Profit (loss) from continuing operation attributable to the controlling ordinary shareholders of the Group	₩	1,144,888,651	₩	934,306,915
Profit (loss) from discontinued operations attributable to the controlling ordinary shareholders of the Group		(142,801,885)		(351,255,010)
Total		1,002,086,766		583,051,905
Weighted average number of ordinary shares outstanding		145,724,906		145,532,908
Adjustments:				
Stock option		805,705		-
Weighted average number of ordinary shares outstanding for calculating diluted earnings (loss) per share		146,530,611		145,532,908
Diluted earnings (loss) per share		6,839		4,006
Diluted earnings (loss) per share from continuing operations *(in Korean won)*		7,813		6,420
Diluted earnings (loss) per share from discontinued operations *(in Korean won)*	₩	(980)	₩	(2,414)

29. Dividends

Dividends in respect of the year ended December 31, 2019, amounting to ₩ 54,688 million, was paid in April 2020. Details of the dividends are as follows:

(in thousands of Korean won and in number of shares)	2020	2019
Shares eligible for dividends	145,447,795	146,183,090
Dividend rate per share (%)	376	314
Cash dividends	₩ 54,688,371	₩ 45,901,490

30. Cash Generated from Operations

(a) Details of cash generated from operations and changes in assets and liabilities due to operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020	2019
Profit for the year	₩ 844,996,977	₩ 396,821,062
Adjustments		
Impairment loss	12,754,277	5,467,817
Depreciation	327,527,696	300,527,521
Depreciation of right-of-use assets	137,790,416	159,807,658
Amortization	29,960,091	37,676,692
Gain on foreign currency translation	(17,855,588)	(29,808,918)
Loss on foreign currency translation	38,077,791	21,269,709
Loss on disposal of trade receivables	3,777,496	-
Gain on disposal of property and equipment	(3,298,594)	(2,112,456)
Loss on disposal of property and equipment	375,522	2,839,943
Impairment loss on property and equipment	7,758,831	603,769
Impairment loss on right-of-use assets	47,212,212	6,615,789
Gain on disposal of intangible assets	(9,890,826)	(716,856)
Loss on disposal of intangible assets	817,166	348,320
Impairment loss on intangible assets	37,443,480	1,985,870
Gain on valuation of financial assets at fair value - profit or loss	(475,693,344)	(292,845,035)
Loss on valuation of financial assets at fair value - profit or loss	108,492,669	77,613,863
Gain on disposal of financial assets at fair value - profit or loss	(39,709,011)	(66,188,911)
Loss on disposal of financial assets at fair value - profit or loss	30,765,802	11,993,339
Gain on disposal of financial assets at fair value - other comprehensive income	(154,005)	(502,080)
Loss on disposal of financial assets at fair value - other comprehensive income	192,574	1,058,644
Impairment loss on financial assets at fair value - other comprehensive income	(177,977)	5,805

(in thousands of Korean won)	2020	2019
Gain on disposal of investments in associates and joint ventures	(276,568,361)	(58,827,119)
Loss on disposal of investments in associates and joint ventures	5,796,410	304,737
Impairment loss on investments in associates and joint ventures	124,350,747	4,469,240
Share of profit of associates and joint ventures	(130,774,584)	(40,487,752)
Share of loss of associates and joint ventures	61,195,046	104,888,126
Share-based payment expenses	155,638,024	63,468,645
Post-employment benefits	120,343,058	91,863,390
Interest income	(18,638,263)	(16,395,674)
Interest expenses	43,446,293	34,886,841
Dividends income	(29,704,161)	(19,168,648)
Income tax expenses	643,697,139	467,067,291
Others	34,694,602	4,865,954
Change in operating assets and liabilities, net		
Increase in trade receivables	(110,445,233)	(55,844,355)
Decrease (increase) in other receivables	(328,618,928)	983,852
Increase in other current assets	(57,417,344)	(65,233,466)
Decrease in other non-current assets	(52,464,881)	(5,297,802)
Increase in other payables	210,023,182	178,321,639
Increase in long-term other payables	4,314,423	-
Increase in accrued expenses	19,174,503	134,650,381
Increase (decrease) in long-term accrued expenses	8,381,371	317,243
Increase in other current liabilities	737,487,232	398,583,922
Increase (decrease) in provisions	(8,363,156)	(5,007,114)
Increase in net defined benefit liabilities	(28,137,253)	(28,577,616)
Others	(166,800,927)	13,618,766
	₩ 2,041,772,594	₩ 1,835,912,026

(*) Includes ₩ 92,062 million (2019: ₩ 22,694 million) of cash generated from operations and changes in assets and liabilities due to operations from discontinued operations for the year ended December 31, 2020.

(b) Significant transactions not affecting cash flows for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020	2019
Reclassification of construction in progress	₩ 9,493,811	₩ 49,891,522
Other payables arising from acquisitions of property and equipment	241,430	209,471
Reclassification of current portion of long-term financial instruments	55,164,117	745,303
Reclassification of current portion of long-term borrowings and debentures	845,816,645	50,024,688
Other receivables arising from disposals of subsidiaries and associates.	27,303,478	26,647,956

(c) Changes in liabilities arising from financing activities for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020				
	Liabilities from financing activities				
	Short-term borrowings	Long-term borrowings	Debenture	Lease liabilities	Total
Beginning balance	₩ 559,584,776	₩ 50,039,880	₩ 752,270,185	₩ 724,225,269	₩ 2,086,120,110
Cash flows - proceeds	2,116,540,668	886,562,481	5,960,669	-	3,009,063,818
Cash flows - repayment	(915,187,874)	-	(789,055,600)	(191,725,411)	(1,895,968,885)
Recognized for the year	-	-	-	291,190,995	291,190,995
Current portion reclassification	50,016,577	(50,016,577)	-	-	-
Disposal	-	-	-	(9,661,778)	(9,661,778)
Amortization[1]	-	-	5,515,160	17,618,238	23,133,398
Others[2]	(62,123,385)	(21,640,660)	30,999,877	(4,619,285)	(57,383,453)
Ending balance	₩ 1,748,830,762	₩ 864,945,124	₩ 5,690,291	₩ 827,028,028	₩ 3,446,494,206
Balance in the consolidated statement of financial position	₩ 576,223,327	₩ 150,678,259	₩ -	₩ 145,516,458	₩ 872,418,045
Amount classified as assets held for sale	1,172,607,435	714,266,865	5,690,291	681,511,570	2,574,076,161

[1] Includes amortization recognized in profit or loss in relation to discontinued operations amounting to ₩ 18,638 million during the year ended December 31, 2020.

[2] Includes effects of changes in foreign currency exchange rate and interest payments which are presented as operating activities in the statement of cash flows when paid.

(in thousands of Korean won)	2019				
	Liabilities from financing activities				
	Short-term borrowings	Long-term borrowings	Debenture	Lease liabilities	Total
Beginning balance	₩ 349,873,009	₩ 100,061,591	₩ 711,561,946	₩ -	₩ 1,161,496,546
Effect of changes in accounting policies	-	-	-	606,341,769	606,341,769
Beginning balance (adjusted)	349,873,009	100,061,591	711,561,946	606,341,769	1,767,838,315
Cash flows – proceeds	220,649,373	-	-	-	220,649,373
Cash flows – repayment	(76,172,582)	-	-	(138,021,891)	(214,194,473)
Recognized for the year	-	-	-	240,889,613	240,889,613
Current portion reclassification	50,024,688	(50,024,688)	-	-	-
Disposal	-	-	-	(2,791,707)	(2,791,707)
Amortization[1]	-	-	5,412,751	17,142,363	22,555,114
Others[2]	15,210,288	2,977	35,295,488	665,122	51,173,875
Ending balance	₩ 559,584,776	₩ 50,039,880	₩ 752,270,185	₩ 724,225,269	₩ 2,086,120,110

[1] Includes amortization recognized in profit or loss in relation to discontinued operations amounting to ₩ 17,851 million during the year ended December 31, 2019.

[2] Others include effects of changes in foreign currency exchange rate.

31. Commitments and Contingencies

(a) As at December 31, 2020, the Group has borrowing agreements with five Korean financial institutions, including KB Kookmin bank, and Sunny Solution 3rd, with an aggregated credit limit up to ₩ 1,231,000 million. Also, the Group has borrowing agreements with Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and others, with an aggregated credit limit up to JPY 313,464 million and USD 40 million.

(b) As at December 31, 2020, the Group is provided with guarantees of ₩ 112,470 million from Seoul Guarantee Insurance, Korea Software Financial Cooperative and others in relation to the performance guarantee, and of ₩ 20,910 million(available up to ₩ 35,700 million) from Shinhan bank in relation to the payment guarantee.

(c) As at December 31, 2020, the Group has entered into a construction contract amounting to ₩ 403,511 million (outstanding amount: ₩ 176,520 million) with Samsung C&T Corporation in relation to a construction of a new building for the Group. Also, the Group has entered into contracts to acquire land amounting to ₩ 51,000 million (outstanding amount: ₩ 100 million) for construction of cloud data center and others.

(d) As at December 31, 2020, the Group is a defendant in 31 lawsuit cases filed with regard to patent infringement and compensation for damages (aggregate amounts of cases: ₩ 24,552 million), and the Group is a plaintiff in three lawsuit cases filed with regard to compensation for damages (aggregate amount of the cases: ₩ 281 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.

(e) The Japanese Payment Services Act requires non-banking entities that engage in business activities involving advance payments from end users using virtual credits to secure a certain amount of money equal to the unused balance of virtual credits purchased by the end users, either by depositing or entrusting a cash reserve or government bonds with the Legal Affairs Bureau, or by concluding a guarantee contract with a financial institution. In accordance with the Japanese Payment Services Act, the Group deposited investments in Japanese government bonds of JPY 280 million as at December 31, 2020, which are recognized as short and long-term financial instruments. In addition, the Group had credit guarantee contracts for JPY 36,069 million with Sumitomo Mitsui Banking Corporation and Mizuho Corporate Bank and three other financial institutions as at December 31, 2020, to comply with the Japanese Payment Services Act.

(f) On December 23, 2019, the Group entered into a transaction agreement, a joint venture agreement and a capital alliance agreement with SoftBank Corp., under which the Group and SoftBank Corp., agreed for a business integration of LINE, a subsidiary of the Group, and Z-Holdings Corp., a subsidiary of SoftBank Corp. This deal is expected to be closed when the following conditions are met:

- all registration, licensing and other clearances and permits required by laws and regulations, including the competition laws and the investment control regulations, of the applicable countries, including Japan and the United States, are completed; and
- the conditions stated in the finalized agreement are met.

(g) With the resolution of the Board of Directors on October 26, 2020, the Group conducted an exchange of treasury shares (CJ Logistics Corporation and CJ ENM CO., Ltd.) and contributions in kind (Studio Dragon Corporation) to reinforce and maintain strategic partnership with CJ 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.

Details of significant capital commitments contracted in relation to funds owned by the Group as at December 31, 2020, are as follows:

(in thousands of Korean won)		**Total commitment to invest**		**Accumulated investment**		**Unexecuted amount**
MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT[1]	₩	500,000,000	₩	325,670,692	₩	174,329,308
Sequoia Capital Global Growth Fund III		146,880,000		81,075,735		65,804,265
K-Fund I		267,648,000		201,395,479		66,252,521
China Ventures Fund I, L.P.		217,600,000		176,674,644		40,925,356
DST Global VII, L.P.		108,800,000		89,419,139		19,380,861

[1] Contract amount in relation with investment in associate MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT and MIRAE ASSET-NAVER ASIA GROWTH FUND

The Group's capital expenditures contracted but not been recognized yet as at December 31, 2020, are ₩ 28,125 million in property and equipment and ₩ 34,794 million in leases and other purchases.

As at December 31, 2020, LINE Credit, a subsidiary of the Group, has a business loan agreement with its customer that has an aggregated limit of JPY 5,502 million, and LINE has a revolving agreement with its associate, LINE Music, amounting to JPY 1,000 million.

32. Related Party Transactions

(a) Details of subsidiaries and associates and joint ventures as at December 31, 2020 and 2019, are described in Notes 1.1 and 14, respectively.

(b) Details of other related parties that have sales and other transactions or outstanding receivables/ payables balances with the Group as at December 31, 2020 and 2019, are as follows:

Type	2020	2019
Others[1]	Fandom, Orpeo Sound Works, Bravepops, Studio Pot, ITSB, Espreso Media Co., Ltd., LunaSoft Inc., ICART GROUP, Meshkorea, Mystic story, Jakga Company Inc., Happybean foundation[1], Naver Cultural foundation[1], Naver Connect (formerly, Connect foundation)[1]	Orpeo Sound Works, Bravepop, Meshkorea, Happybean foundation[1], Naver Cultural foundation[1], Naver Connect (formerly, Connect foundation)[1]

[1] Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

(c) Transactions with related parties including operating revenues and operating expenses for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020	
	Operating revenues and other income	**Operating and other expense**
Associates		
KG Allat[2]	₩ -	₩ 107,132
Synapsoft	-	850,000
ARO In Tech	120	1,307,806
Alchera[4]	-	400,378
Bigpicture Comics	-	582,674
Studio JHS	-	1,518,218
YLAB Japan[3]	-	195,642
LINE Music[5]	17,127,543	11,344,867
DEMAE-CAN[3,5]	1,059,718	1,473,499
Transcosmos Online Communication[5]	10,357,142	173,589
LINE Mobile[5]	17,140,485	3,245,704
Venture republic[5]	1,895,180	1,725
LINE Games[5]	1,862,856	5,031
iPASS[5]	1,103,062	59,944
The Grim Ent.	-	2,912,615
LINE Man (THAILAND) Company[5]	943,765	219,336
LINE MAN[5]	251,319	136,077
AXIS	-	469,052
Others	164,485	2,270

(in thousands of Korean won)	2020	
	Operating revenues and other income	**Operating and other expense**
Joint ventures		
JobsN	1,151,209	2,330,862
RABBIT-LINE PAY COMPANY[5]	2,327,016	697,187
YEOPEUL	456,643	1,744,649
Techplus (Electronic Times JV)	-	1,782,217
Cineplay	24,400	1,289,200
Interbiz (Dong-A JV)	383,271	1,736,390
Schooljam (EBS JV)	-	1,090,539
Sumlab (Munhwa Ilbo JV)	133,714	1,444,181
China Lab	27,214	1,382,810
Designpress	216,527	1,420,045
Agroplus (Korea Business JV)	287,445	1,310,331
Artitian (Kyunghyang Daily News JV)	-	1,155,575
Animal and Human Story (Hankook Ilbo JV)	32,071	1,347,268
Law and Media (Money Today JV)	39,929	1,163,686
Lantu Games[5]	54,221	1,177,833
Others	10,947	43,000
Others		
Happybean foundation[1]	1,734,411	8,137,874
NAVER Cultural foundation[1,5]	32,587	6,000,256
Naver Connect (formerly, Connect foundation)[1,5]	662,600	7,003,728
Espresso Media Co., Ltd.	-	358,208
Meshkorea	-	76
LunaSoft Inc.	-	83,467
Bravepops	588	-
Jakga Company Inc.	-	1,013,332
Mystic Story	-	7,500

[1] Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

[2] Entity was excluded from associates due to the disposal of shares during the year ended December 31, 2020. The amount represents transactions prior to the exclusion from associates.

[3] Entities were excluded from associates due to the additional acquisition of shares during the year ended December 31, 2020. The amount represents transactions prior to the exclusion from associates.

[4] Entity was excluded from associates as the Group lost significant influence over the entity during the year ended December 31, 2020. The amount represents transactions prior to the exclusion from related parties.

[5] Includes transactions from discontinued operations classified as held for sale.

(in thousands of Korean won)	2019	
	Operating revenues and other income	**Operating and other expense**
Associates		
KG Allat	₩ -	₩ 373,708
Synapsoft	-	660,137
ARO In Tech	-	787,863
Studio Horang	351,900	3,330
Bigpicture Comics	-	1,162,026
Studio JHS	-	1,041,362
YLAB Japan	-	578,020
LINE Music[4]	17,317,614	102,986
DEMAE-CAN[4]	2,811,453	2,489,339
Transcosmos Online Communication[4]	1,983,108	4,171
LINE Mobile[4]	17,472,161	3,945,207
Venture Republic[4]	4,012,000	881
LINE Games[4]	1,099,290	2,142
AXIS	47,361	413,708
Others	592,313	591,450
Joint ventures		
JobsN	894,461	2,294,216
RABBIT-LINE PAY COMPANY[4]	3,274,753	289,311
YEOPEUL	153,400	2,437,566
Techplus (Electronic Times JV)	-	1,606,614
Cineplay	-	1,895,688
Interbiz (Dong-A JV)	241,443	1,872,768
YTN PLUS[3]	-	716,059
Schooljam (EBS JV)	-	1,502,507
Sumlab (Munhwa Ilbo JV)	-	1,315,054
China Lab	88,600	1,230,144
Designpress	183,029	1,447,013
Agroplus (Korea Business JV)	104,777	1,204,387
Artitian (Kyunghyang Daily News JV)	-	1,214,017
Animal and Human Story (Hankook Ilbo JV)	-	1,654,875
Law and Media (Money Today JV)	22,400	1,065,100
Others	67,860	177,664
Others		
Happybean foundation[1]	1,838,020	618,672
NAVER Cultural foundation[1,4]	313,445	6,000,000
Naver Connect (formerly, Connect foundation)[1]	2,436,541	7,000,100
Everyoung Korea[1,2]	30,038	-
Orpeo Sound Works	176,801	-
Meshkorea	28,941	-
Bravepops	588	-
YTN PLUS[1,3]	-	100,000

[1] Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

[2] Transaction amount before the entities are excluded from the large enterprise group and the related parties during the year ended December 31, 2019.

[3] The entity was excluded from joint ventures and included in the entities which is classified as others of related party, belonging to the same large enterprise group, due to the disposal of shares during the year ended December 31, 2019, and transactions at the time of disposal were classified as others.

[4] Includes transactions with the entities that were reclassified to assets held for sale.

(d) Outstanding balances of receivables due from and payables due to related parties as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020			
	Receivables		**Payables**	
	Trade receivables	**Other receivables and others**	**Other payables**	**Accrued expenses and others**
Associates				
LINE Man (THAILAND) Company[5]	₩ 208,444	₩ 125,607,863	₩ 796,881	₩ -
LINE Man[5]	610,077	157,861	-	65,824,401
LINE Music[2,5]	3,129,630	475,576	5,769,437	-
Transcosmos Online Communication[5]	2,642,474	3,472	-	111,772
LINE Mobile[5]	2,286,839	532,751	294,094	45,441
Venture republic[5]	77,530	46,483	-	26,915
LINE Games[5]	50,720	33,576,518	-	-
K-Fund I[5]	-	407,993	-	-
China Ventures Fund I,L.P.	-	27,303,478	-	-
iPASS[5]	2,909,554	136,345	83,146	-
AXIS[3]	-	-	-	-
Have It Co., Ltd.	-	813,649	485,391	-
Others	36,241	-	435,970	-
Joint ventures				
China Lab	-	-	256,453	-
JobsN	110,128	-	25,683	-
Designpress	19,800	-	49,431	-
Artitian (Kyunghyang Daily News JV)	-	-	29,361	-
Interbiz (Dong-A JV)	3,850	-	81,235	-
Agroplus (Korea Business JV)	22,000	200	36,412	-
Sumlab (Munhwa Ilbo JV)	23,100	-	212,193	-
Techplus (Electronic Times JV)	-	-	274,444	-
Lantu Games Limited[4,5]	-	141,020	-	-
RABBIT-LINE PAY COMPANY[5]	223,922	9,537	171,651	543,391
Others	145,750	-	237,908	912

(in thousands of Korean won)	2020			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Others				
Happybean foundation[1]	120,932	27,574	1,630,449	-
NAVER Cultural foundation[1]	6,928	522	-	-
Naver Connect (formerly, Connect foundation)[1,5]	-	-	165	-
Espresso Media Co., Ltd.	-	-	349,400	-
Jakga Company Inc.	-	-	491,819	-
LunaSoft Inc.	-	-	17,561	-
Bravepops	54	-	-	-

[1] Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

[2] The outstanding balance of other receivables and others of LINE Music does not include the allowance of ₩ 11,121 million.

[3] The outstanding balance of other receivables and others of AXIS does not include the allowance of ₩ 1,400 million.

[4] The outstanding balance of other receivables and others of Lantu Games are presented net of loss allowance of ₩ 1,148 million.

[5] Includes transactions with the entities that were reclassified to assets held for sale.

(in thousands of Korean won)	2019			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Associates				
KG Allat	₩ 51,162	₩ 3,179	₩ -	₩ -
Synapsoft	-	-	220,000	-
ARO In Tech	-	-	82,555	-
FOLIO Holdings	48,941	-	-	-
Bigpicture Comics	-	-	97,439	-
Studio JHS	-	-	59,607	-
AXIS	-	1,436,069	-	-
LINE Music	2,353,111	470,621	4,192,841	-
DEMAE-CAN	-	-	521,529	-
Transcosmos online communications	740,872	3,189	-	-
Line Mobile	2,422,831	367,570	768,165	36,093
Venture republic	512,869	-	1,406	-
LINE Games	55,257	17,086	-	-
iPASS	247,879	128,680	63,917	-
Others	66,993	395,696	53,285	-

(in thousands of Korean won)	2019			
	Receivables		Payables	
	Trade receivables	Other receivables and others	Other payables	Accrued expenses and others
Joint ventures				
China Lab	4,400	-	340,175	-
JobsN	117,921	-	27,831	-
Designpress	30,800	-	148,313	-
Interbiz (JV with Dong-A)	50,600	-	152,962	-
Agroplus (JV with Korea Business)	8,800	200	106,403	-
Sumlab (JV with Munhwa Ilbo)	-	-	124,647	-
Techplus (JV with Electronic Times)	-	-	223,682	-
Lantu Games	-	1,246,662	-	-
RABBIT-LINE PAY COMPANY	323,786	529,401	179,993	-
Others	41,500	-	520,394	5,646
Others				
Happybean foundation[1]	144,587	102,547	907,255	-
NAVER Cultural Foundation[1]	36,279	-	-	-
Naver Connect (formerly, Connect foundation)[1]	344,469	2,408	647	37,014
Meshkorea	4,309	-	-	-
Bravepops	54	-	-	-

[1] Although these entities are not related parties of the Group in accordance with Korean IFRS 1024, they belong to the same large enterprise group according to the Monopoly Regulation and Fair Trade Act.

There is no loss allowance recognized in relation to the receivables due from related parties.

(e) Fund transactions with related parties for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		2020		
		Contributions in cash	Dividends received and others	Loans
Associates	K-Fund I	₩ 17,452,650	₩ -	₩ -
	MiraeAsset-Naver Asia Growth Fund	14,166,162	2,630,000	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	58,134,328	11,724,434	-
	China Ventures Fund I, L.P.	62,227,060	33,471,156	-
	PLACE A INC. (formerly, Lano Co.,Ltd.)	200,000	-	-
	Famous Studio Corp.	1,000,000	-	-
	VRex Lab Co., Ltd.	613,925	-	-
	Studio Mul	3,000,140	-	-
	Do Ventures Fund I-A, L.P	5,926,500	-	-
	DHP private equity fund 3	200,000	-	-

(in thousands of Korean won)

		2020			
		Contributions in cash	**Dividends received and others**		**Loans**
	CONG TY CO PHAN RBW VIETNAM	575,300	-		-
	LINE Games	-	-		31,627,800
	LINE Music	-	-		10,542,600
	NAVER-Suprema Youth Foundation No.5 Investment Fund	-	1,161,077		-
	NAVER KIP Cheer up! Gamers Fund	-	2,050,000		-
	Future Creation NAVER-SB Startup Investment Fund	-	651,676		-
	Future Creation NAVER-Stonebridge Early Stage Start-up Fund	-	2,208,000		-
	BonAngels Pacemaker Fund	-	250,000		-
	ARO In Tech	-	21,200		-
	Fast Cowell Private Equity Fund	-	150,000		-
	YN Culture & Space	1,974,950	-		-
	Cinamon Games	1,180,638	-		-
	SMEJ Plus	38,366,926	-		-
	Smart Korea Naver-Stonebridge Rising Investment Association	2,000,000	-		-
	Mirae Asset-NAVER New Growth Fund 1	10,000,000	-		-
	Have It Co., Ltd.	2,857	-		300,000
	Japan Food Delivery	1,086,193	-		-
	Carousell Pte	74,862,910	-		-
	MiraeAsset MAPS Private Placement Real Estate 62	-	3,277,327		-
Joint ventures	Lantu Games	-	-		1,088,000
	LINE Bank Taiwan Limited	201,446,300	-		-
	Kasikom LINE	9,337,004	-		-
Others	Studio Pot	400,000	-		-
	ITSB	1,000,000	-		-
	Espreo Media Co., Ltd.	958,257	-		-
	ICART GROUP	1,750,150	-		-
	Luna Soft	810,720	-	-	-
	Mystic Story	12,000,055	-	-	-
	Fandom	174,084	-	-	-
	Jakga Company	933,850	-	-	-

(in thousands of Korean won)		2019		
Type	**Name of entity**	**Contributions in cash**	**Dividends received and others**	**Loans**
Associates	Mirae Asset-NAVER New Growth Fund 1	₩ 20,000,000	₩ -	₩ -
	K-Fund I	72,380,103	5,164,393	-
	Laiqu Technology (Shenzhen)	865,999	-	-
	LINE Mobile	30,460,794	-	-
	MiraeAsset-Naver Asia Growth Fund	31,275,000	-	-
	MIRAE ASSET-NAVER ASIA GROWTH INVESTMENT	124,230,514	-	-
	China Ventures Fund I. L.P	138,384,629	-	-
	JQ Comics	350,325	-	-
	ZK Studio	400,000	-	-
	Soo COMICS	400,000	-	-
	PT. Bank KEB HANA Indonesia	159,175,419	-	-
	Connection Labs Ltd	2,982,980	-	-
	Future Creation NAVER Stonebridge Early Stage Start-up Fund	-	544,000	-
	ARO In Tech	-	6,800	-
	AXIS	-	-	600,000
	Future Creation NAVER-SB Startup Investment Fund	-	3,618,209	-
	MiraeAsset MAPS Private Placement Real Estate 62	-	6,590,669	-
Joint Ventures	Lantu Games	2,386,200	-	-
	Kasikom LINE	38,427,011	-	-

(f) There is no payment guarantees provided by the Group to the related parties as at December 31, 2020.

(g) The compensation paid or payable to key management (executive directors) for their services for the years ended December 31, 2020 and 2019, consists of:

(in thousands of Korean won)	**2020**	**2019**
Short-term employee benefits	₩ 4,564,872	₩ 4,880,000
Post-employment benefits	536,712	1,049,648
Other long-term benefits	5,720	708,390
Share-based payment expenses	472,703	150,673

33. Business Combination

(a) In April 2020, the Group acquired 60.79% shares of DEMAE-CAN. Details of the purchase consideration, the assets acquired and liabilities assumed, and fair value of the non-controlling interest at the acquisition date are as follows:

(in thousands of Korean won)		**Amount**
Purchase consideration		
Cash and cash equivalent	₩	344,142,918
Fair value of equity interest held before the business combination		74,362,203
		418,505,121
Non-controlling interest[1]		140,099,684
Recognized amounts of identifiable assets acquired and liabilities assumed[2]		
Assets		
Cash and cash equivalents		348,213,975
Trade and other receivables		69,189,111
Inventories		763,011
Property and equipment		1,996,590
Intangible assets		11,758,469
Right-of-use assets		255,571
Deferred tax assets		626,065
Other assets		4,192,484
		436,995,276
Liabilities		
Trade and other payables		77,006,228
Long-term borrowings		14,867
Lease liabilities		128,503
Other liabilities		2,515,658
		79,665,256
Total identifiable net assets		357,330,020
Goodwill	₩	201,274,785

[1] The non-controlling interest was measured proportionately to the share of the fair value of net identifiable assets.

[2] The fair values of identifiable assets and liabilities are provisional amounts and may be adjusted in accordance with the final assessment.

The Group recognized a gain of ₩ 36,411 million as a result of measuring at fair value its 21.60% equity interest in DEMAE-CAN held before the business combination. The gain is included in other income in the Group's statement of comprehensive income for the year ended December 31, 2020.

The loss included in the consolidated statement of comprehensive income since the acquisition date, contributed by DEMAE-CAN was ₩ 83,301 million. Had DEMAE-CAN been consolidated from January 1, 2020, the consolidated statement of comprehensive income would have shown a profit of ₩ 837,455 million.

The assets and liabilities related to DEMAE-CAN are presented as assets and liabilities held for sale, and the profit and loss on the related operations are presented as discontinued operations.

(b) In June 2020, the Group acquired 100.00% shares of YLAB Japan. Details of the purchase consideration, the assets acquired and liabilities assumed, and fair value of the non-controlling interest at the acquisition date are as follows:

(in thousands of Korean won)		**Amount**
Purchase consideration		
Cash and cash equivalents	₩	2,239,062
Fair value of equity interest held before the business combination		966,324
		3,205,386
Non-controlling interest		-
Recognized amounts of identifiable assets acquired and liabilities assumed[1]		
Assets		
Cash and cash equivalents		428,622
Trade and other receivables		137,817
Property and equipment		34,543
Other assets		87,601
		688,583
Liabilities		
Trade and other payables		65,559
Other liabilities		20,859
		86,418
Total identifiable net assets		602,165
Goodwill	₩	2,603,221

[1] The fair values of identifiable assets and liabilities are provisional amounts and may be adjusted in accordance with the final assessment.

The Group recognized a gain of ₩ 492 million as a result of measuring at fair value its 25.21% equity interest in YLAB Japan held before the business combination. The gain is included in other income in the Group's statement of comprehensive income for the year ended December 31, 2020.

The operating revenue included in the consolidated statement of comprehensive income since the acquisition date, contributed by YLAB Japan was ₩ 512 million. YLAB Japan also contributed loss of ₩ 229 million over the same period. Had YLAB Japan been consolidated from January 1, 2020, the consolidated statement of comprehensive income would have shown an operating revenue of ₩ 7,970,113 million and profit of ₩ 844,470 million.

34. Operating Segment Information

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

(b) Operating revenues by service types for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	2020		2019	
	Operating revenues	**Ratio (%)**	**Operating revenues**	**Ratio (%)**
Search Platform[1]	₩ 2,803,129,520	52.80	₩ 2,654,595,153	60.90
Commerce[2]	1,089,658,062	20.50	792,131,946	18.20
FinTech[3]	677,463,631	12.80	406,586,914	9.30
Contents[4]	460,206,687	8.70	309,309,639	7.10
Cloud[5]	273,688,000	5.20	193,616,015	4.50
Continued operations	5,304,145,900	100.00	4,356,239,667	100.00
Discontinued operations	2,665,777,895		2,237,160,398	
	₩ 7,969,923,795		₩ 6,593,400,065	

[1] Search and Display

[2] Shopping Search & Display, brokerage fees and others

[3] Pay Services and Digital Finance

[4] Webtoon, Music, V, SNOW and others

[5] Cloud, Works and others

The Group changed the classification of operating information by service types during the year ended December 31, 2020, and the comparatives of the prior period have been restated accordingly.

(c) Revenue from external customers by region for the years ended December 31, 2020 and 2019 and non-current assets as at December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**Revenue from external customers**		**Non-current assets[1]**	
	2020	**2019**	**2020**	**2019**
Domestic	₩ 5,141,302,105	₩ 4,235,749,038	₩ 2,385,139,863	₩ 2,518,702,653
Japan	126,429,646	95,172,805	109,234,666	913,544,202
Others	36,414,149	25,317,824	691,461,912	788,730,579
Continuing operations	5,304,145,900	4,356,239,667	3,185,836,441	4,220,977,434
Discontinued operations /assets held for sale	2,665,777,895	2,237,160,398	2,305,521,443	-
	₩ 7,969,923,795	₩ 6,593,400,065	₩ 5,491,357,884	₩ 4,220,977,434

[1] Excludes financial instruments and deferred tax assets.

(d) The revenue from contracts with customers by category for the years ended December 31, 2019 and 2018, is as follows:

(in thousands of Korean won)	**2020**	**2019**
By timing of revenue recognition		
Recognized at a point in time	₩ 3,841,382,232	₩ 3,126,938,005
Recognized over time	1,462,763,668	1,229,301,662
Continuing operations	5,304,145,900	4,356,239,667
Discontinued operations	2,665,777,895	2,237,160,398
	₩ 7,969,923,795	₩ 6,593,400,065

35. Assets Held for Sale and Discontinued Operations

On December 23, 2019, the Group entered into a transaction agreement, a joint venture agreement and a capital alliance agreement with SoftBank Corp., under which the Group and SoftBank Corp., agreed for a business integration of LINE, a subsidiary of the Group, and Z-Holdings Corp., a subsidiary of SoftBank Corp. As at August 4, 2020, all registration, licensing and other clearances and permits required by laws and regulations, including the competition laws and the investment control regulations, of the applicable countries, including Japan and the United States, are completed. Accordingly, the Group expects to lose control in LINE and the assets and liabilities related to LINE are presented as assets and liabilities held for sale, and the profit and loss on the related operations are presented as discontinued operations. The transaction has been completed on March 1, 2021(Note 37).

(a) The Group acquired ordinary shares of 15,617,335 shares issued by LINE, a subsidiary of the Group, from non-controlling shareholders as part of business integration. The amount paid to the non-controlling shareholders is ₩ 934,405 million.

Details of assets and liabilities classified as held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)		**2020**
Assets held for sale		
Current assets	₩	3,674,580,150
Cash and cash equivalents		2,245,363,414
Short-term financial instruments		79,480,389
Financial assets at fair value through profit or loss		1,000,857
Trade and other receivables		899,169,025
Financial assets at fair value through other comprehensive income		31,693,758
Inventories		143,032,381
Current tax assets		7,628,849
Other current assets		267,211,477
Non-current assets		2,985,673,308
Property and equipment		324,522,184
Right-of-use assets		683,421,336
Intangible assets		458,492,585
Long-term financial instruments		739,684
Financial assets at fair value through profit or loss		232,801,383
Trade and other receivables		98,892,223
Financial assets at fair value through other comprehensive income		75,282,679
Investments in associates and joint ventures		827,950,799
Deferred tax assets		272,435,895
Other non-current assets		11,134,540
	₩	6,660,253,458

(in thousands of Korean won)		**2020**
Liabilities held for sale		
Current liabilities	₩	3,128,344,220
Trade and other payables		854,500,441
Financial liabilities at fair value through profit or loss		999,955
Short-term borrowings		1,172,607,435
Current tax liabilities		92,389,346
Provisions		29,501,161
Lease liabilities		128,173,147
Other current liabilities		850,172,735
Non-current liabilities		1,546,897,061
Trade and other payables		1,851,490
Long-term borrowings		714,266,865
Debentures		5,690,291
Net defined benefit liabilities		108,623,749
Provisions		35,126,035
Lease liabilities		553,338,423
Deferred tax liabilities		127,522,671
Other non-current liabilities		477,537
	₩	4,675,241,281

In accordance with Korean IFRS 1105, the assets and liabilities held for sale were measured at the lower of net fair value or book amount, and there is no impairment loss or reversal of impairment loss recognized due to reclassification to held for sale.

(b) Cumulative income or loss recognized as other comprehensive income relates to the assets and liabilities classified as held for sale as at December 31, 2020, are as follows:

(in thousands of Korean won)		**2020**
Loss on valuation of financial assets at fair value through other comprehensive income	₩	(5,844,985)
Share of other comprehensive loss of associates and joint ventures		(38,186,574)
Exchange differences		6,160,976
Others		(58)
	₩	(37,870,641)

(c) Loss from discontinued operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**[1]
Operating revenues	₩	2,665,777,895	₩	2,237,160,398
Operating expenses		(2,718,886,955)		(2,682,115,802)
Operating loss		(53,109,060)		(444,955,404)
Other income		308,705,325		78,749,801
Other expenses		(321,271,891)		(86,688,554)
Interest income		2,641,070		4,930,504
Finance income		48,365,921		62,221,943
Finance costs		(84,221,357)		(58,801,556)
Share of net loss of associates and joint ventures accounted for using the equity method		(45,974,803)		(82,824,506)
Loss before income tax		(144,864,795)		(527,367,772)
Income tax expense (benefit)		(151,162,357)		3,483,119
Loss for the period of discontinued operations	₩	(296,027,152)	₩	(523,884,653)

[1] Loss from discontinued operations for the year ended December 31, 2019 includes MIXRADIO which was presented as discontinued operations.

(d) Summarized cash flows from discontinued operations for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)		**2020**		**2019**[1]
Cash flows from operating activities	₩	(57,651,277)	₩	(77,695,917)
Cash flows from investing activities		(330,877,636)		(483,675,379)
Cash flows from financing activities		450,589,006		76,676,787
Effects of foreign currency translation on cash and cash equivalents		(30,721,091)		137,849,513
Net cash inflow (outflow) from discontinued operations		31,339,002		(346,844,996)
Cash and cash equivalents at the beginning of the year		2,214,024,412		2,560,869,408
Cash and cash equivalents at the end of the year	₩	2,245,363,414	₩	2,214,024,412

[1] Cash flows from discontinued operations for the year ended December 31, 2019 include MIXRADIO which was presented as discontinued operations.

36. Information for Non-controlling Interests

(a) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2020 and 2019:

(in thousands of Korean won)	2020						
	Non-controlling interest rate (%)	**Accumulated non-controlling interests at the beginning of the year**	**Changes in non-controlling interests by share issuance of subsidiaries**	**Loss allocated to non-controlling interests**	**Other comprehensive income allocated to non-controlling interests**	**Others**	**Accumulated non-controlling interests at the end of the year**
LINE	21.82	₩ 569,266,828	₩ (49,063,536)	₩ (114,704,980)	₩ 4,073,163	₩ 23,812,779	₩ 433,384,254

(in thousands of Korean won)	2019						
	Non-controlling interest rate (%)	**Accumulated non-controlling interests at the beginning of the year**	**Changes in non-controlling interests by share issuance of subsidiaries**	**Loss allocated to non-controlling interests**	**Other comprehensive income allocated to non-controlling interests**	**Others**	**Accumulated non-controlling interests at the end of the year**
LINE	26.93	₩ 630,602,673	₩ 66,203,653	₩ (147,298,420)	₩ 2,240,302	₩ 17,518,620	₩ 569,266,828

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the Parent Company for the years ended December 31, 2020 and 2019, are as follows:

(in thousands of Korean won)	**2020**	**2019**
Acquisition of share of subsidiaries without loss of control[1]	₩ (755,434,980)	₩ -
Disposal of share of subsidiaries without loss of control[2]	₩ 670,864,106	₩ -

[1] As a result of the business integration agreement entered into with SoftBank Corp. on December 23, 2019, the Group acquired non-controlling interests in LINE, which led a decrease Parent Company's percentage of ownership for the year ended December 31, 2020..

[2] The Parent Company's percentage of ownership has increased because NAVER Financial, a subsidiary of the Group, executed a capital increase through third-party allocation in which Mirae Asset Daewoo Co., Ltd. and three other financial institutions participated in.

37. Events after the Reporting Period

(a) With the resolution of the Board of Directors on January 19, 2021, the Group decided to acquire 100% shares of Wattpad Corporation in Canada to diversify the global content business and strengthen its business in North America. The acquisition cost is approximately ₩ 653.3 billion and may subsequently change subject to the purchase price adjustment and final settlement.

(b) With the resolution of the Board of Directors on January 27, 2021, the Group decided to acquire 49% shares of BeNX Co., Ltd., a subsidiary of Big Hit Entertainment Co., Ltd., to accelerate global growth in the entertainment platform market. The acquisition cost is approximately ₩ 411.9 billion.

(c) In accordance with the resolution of the Board of Directors on January 27, 2021, the Company decided to issue non-bearer and non-guaranteed public bonds. The issuance value of the bonds is ₩ 700 billion and the raised funds will be used for facility investment and acquisition of other corporate securities.

(d) The business integration of LINE, a subsidiary of the Group, and SoftBank Corp. has been completed on March 1, 2021. As a result, the Group acquired a 50% stake in A-Holdings Corp. and it is recorded as investment in associates.

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