

## Announcement of Additional Information of Summary of Consolidated Financial Results for the Six Months Ended June 30, 2019

LINE Corporation (Headquarters: Shinjuku-ku, Tokyo, Japan; Representative Director and President: Takeshi Idezawa) announces additional information for the “Summary of Consolidated Financial Results for the Six Months Ended June 30, 2019” announced on July 24, 2019, as follows.

The new information consists of following:

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This is an English translation of the original Japanese-language document. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail. All references to the “Company,” “we,” “us” or “our” shall mean LINE Corporation and, unless the context otherwise requires, its consolidated subsidiaries.

July 24, 2019

**LINE Corporation Announces Summary of  
Consolidated Financial Results  
for the Six Months Ended June 30, 2019**  
<Prepared in accordance with the International Financial Reporting Standards (“IFRS”)  
as issued by the International Accounting Standards Board (“IASB”)>

TOKYO — LINE Corporation (NYSE: LN) (TOKYO: 3938) announces the summary of its consolidated financial results for the six months ended June 30, 2019.

Company name: **LINE Corporation** (Stock Code: 3938) (the “Company”)  
 Stock exchange on which the shares are listed: Tokyo Stock Exchange  
 URL: <http://linecorp.com/>  
 Representative: Takeshi Idezawa, Chief Executive Officer  
 Contact: Kokan Ki, Executive Officer and Head of Finance and Accounting  
 Telephone: +81-3-4316-2050  
 Filing date of quarterly securities report: August 9, 2019  
 Payment date of dividends: –  
 Supplemental materials prepared on quarterly financial results: Yes  
 Financial results conference scheduled: Yes (for institutional investors and analysts)

(Yen amounts are rounded to the nearest million, unless otherwise noted.)

**1. Consolidated financial results for the first six months of 2019 (from January 1, 2019 to June 30, 2019)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Revenues		Profit/(Loss) from operating activities		Profit/(Loss) before income taxes		Profit/(Loss) for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended								
June 30, 2019	110,760	11.5	(21,816)	—	(28,490)	—	(28,029)	—
June 30, 2018	99,361	26.3	10,321	(44.6)	6,634	(60.9)	1,907	(81.9)

	Profit/(Loss) attributable to the shareholders of the Company		Comprehensive income/(loss) for the period		Basic earnings/(loss) per share		Diluted earnings/(loss) per share	
	Millions of yen	%	Millions of yen	%	Yen		Yen	
For the six months ended								
June 30, 2019	(26,619)	—	(31,086)	—	(111.44)		(111.44)	
June 30, 2018	2,912	(71.7)	(1,586)	—	12.24		12.11	

## (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to the shareholders of the Company	Ratio of equity attributable to the shareholders of the Company to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2019	541,618	192,539	171,708	31.7
December 31, 2018	486,587	208,514	198,916	40.9

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended December 31, 2018	—	0.00	—	0.00	0.00
For the year ending December 31, 2019	—	0.00	—	—	—
For the year ending December 31, 2019 (Forecast)	—	—	—	—	—

Note: Revisions to the cash dividends forecasts most recently announced: None

Cash dividend forecasts for the year ending December 31, 2019: While the Company has decided not to pay interim dividends, it has not yet made a decision regarding its year-end dividends.

## 3. Consolidated earnings forecasts for 2019 (from January 1, 2019 to December 31, 2019)

Amid rapid international and domestic changes, there is a level of uncertainty within the mobile applications market for smartphones and other mobile devices, the main business of the Company and its subsidiaries (collectively, the “Group”). As the state of this market significantly impacts the Group’s financial results, it is difficult to formulate a precise earnings forecast. Furthermore, as the Company’s shares are listed on the New York Stock Exchange as well as the Tokyo Stock Exchange, we are also carefully considering risks relating to U.S. securities regulations. Accordingly, an announcement concerning earnings forecasts is not made at this time.

### Notes

- (1) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies and estimates
  - a. Changes in accounting policies due to revisions in accounting standards under IFRS: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: Yes

From FY 2019, the Group has adopted IFRS 16 Leases, and has revised the estimated useful lives on some of its property and equipment.

### (3) Number of shares issued and outstanding (common stock)

- a. Total number of common shares issued and outstanding at the end of the period (including treasury shares)

As of June 30, 2019	240,883,642 shares
As of December 31, 2018	240,524,642 shares

- b. Number of treasury shares at the end of the period

As of June 30, 2019	1,576,987 shares
As of December 31, 2018	1,979,775 shares

c. Average number of common shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the six months ended June 30, 2019	238,856,268 shares
For the six months ended June 30, 2018	237,816,702 shares

Quarterly financial results reports are exempt from review procedures conducted by certified accountants or an audit firm.

For purposes of fair disclosure in connection with the release of the financial statements by NAVER Corporation, the Company's parent company, and timely disclosure of the Company's Summary of Consolidated Financial Results, the Company discloses the Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Profit or Loss and segment information in advance, and other information will be released as soon as it has been prepared. Supplementary information to this earnings release, including the Group's profit and loss by segment, will be available today at the following IR website: <https://linecorp.com/en/ir/top>.

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## 1. Interim Condensed Consolidated Financial Statements and selected Notes

### (1) Interim Condensed Consolidated Statement of Financial Position - Unaudited

(In millions of yen)

	December 31, 2018	June 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	256,978	226,038
Trade and other receivables	37,644	39,188
Other financial assets, current	15,915	24,022
Contract assets	339	397
Inventories	4,887	3,855
Other current assets	9,751	10,333
<b>Total current assets</b>	<u>325,514</u>	<u>303,833</u>
<b>Non-current assets</b>		
Property and equipment	24,726	25,926
Right-of-use assets	—	56,247
Goodwill	17,095	16,976
Other intangible assets	5,298	8,803
Investments in associates and joint ventures	53,921	65,657
Other financial assets, non-current	42,287	44,780
Deferred tax assets	17,107	18,518
Other non-current assets	639	878
<b>Total non-current assets</b>	<u>161,073</u>	<u>237,785</u>
<b>Total assets</b>	<u>486,587</u>	<u>541,618</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	34,985	42,291
Other financial liabilities, current	36,726	43,590
Accrued expenses	18,405	17,966
Income tax payables	4,855	826
Lease liabilities, current	—	11,044
Contract liabilities	24,637	25,572
Provisions, current	2,581	3,060
Other current liabilities	1,037	1,682
<b>Total current liabilities</b>	<u>123,226</u>	<u>146,031</u>
<b>Non-current liabilities</b>		
Corporate bonds	142,132	142,488
Other financial liabilities, non-current	527	518
Lease liabilities, non-current	—	46,620
Deferred tax liabilities	503	726
Provisions, non-current	3,309	4,275
Post-employment benefits	6,943	7,610
Other non-current liabilities	1,433	811
<b>Total non-current liabilities</b>	<u>154,847</u>	<u>203,048</u>
<b>Total liabilities</b>	<u>278,073</u>	<u>349,079</u>
<b>Shareholders' equity</b>		
Share capital	96,064	96,448
Share premium	118,626	118,884
Treasury shares	(8,205)	(6,605)
Accumulated deficit	(5,556)	(32,128)
Accumulated other comprehensive income	(2,013)	(4,891)
<b>Equity attributable to the shareholders of the Company</b>	<u>198,916</u>	<u>171,708</u>
<b>Non-controlling interests</b>	<u>9,598</u>	<u>20,831</u>
<b>Total shareholders' equity</b>	<u>208,514</u>	<u>192,539</u>
<b>Total liabilities and shareholders' equity</b>	<u>486,587</u>	<u>541,618</u>

## (2) Interim Condensed Consolidated Statement of Profit or Loss - Unaudited

(In millions of yen)

	For the six-month period ended June 30,	
	2018	2019
<b>Revenues and other operating income:</b>		
Revenues	99,361	110,760
Other operating income	11,129	1,404
<b>Total revenues and other operating income</b>	<b>110,490</b>	<b>112,164</b>
<b>Operating expenses:</b>		
Payment processing and licensing expenses	(15,143)	(17,170)
Sales commission expenses	(6,950)	(8,624)
Employee compensation expenses	(27,378)	(33,775)
Marketing expenses	(8,587)	(20,608)
Infrastructure and communication expenses	(5,083)	(5,298)
Outsourcing and other service expenses	(14,913)	(20,118)
Depreciation and amortization expenses	(4,949)	(10,570)
Other operating expenses	(17,166)	(17,817)
<b>Total operating expenses</b>	<b>(100,169)</b>	<b>(133,980)</b>
<b>Profit/(loss) from operating activities</b>	<b>10,321</b>	<b>(21,816)</b>
Finance income	195	272
Finance costs	(33)	(942)
Share of loss of associates and joint ventures	(4,219)	(6,676)
Loss on foreign currency transactions, net	(256)	(503)
Other non-operating income	643	1,401
Other non-operating expenses	(17)	(226)
<b>Profit/(loss) before tax from continuing operations</b>	<b>6,634</b>	<b>(28,490)</b>
Income tax (expenses)/benefits	(4,734)	461
<b>Profit/(loss) for the period from continuing operations</b>	<b>1,900</b>	<b>(28,029)</b>
Profit from discontinued operations, net of tax	7	0
<b>Profit/(loss) for the period</b>	<b>1,907</b>	<b>(28,029)</b>
Attributable to:		
The shareholders of the Company	2,912	(26,619)
Non-controlling interests	(1,005)	(1,410)
		<i>(In yen)</i>
<b>Earnings per share</b>		
Basic profit/(loss) for the period attributable to the shareholders of the Company	12.24	(111.44)
Diluted profit/(loss) for the period attributable to the shareholders of the Company	12.11	(111.44)
Earnings per share from continuing operations		
Basic profit/(loss) from continuing operations attributable to the shareholders of the Company	12.21	(111.44)
Diluted profit/(loss) from continuing operations attributable to the shareholders of the Company	12.09	(111.44)
Earnings per share from discontinued operations		
Basic profit from discontinued operations attributable to the shareholders of the Company	0.03	0.00
Diluted profit from discontinued operations attributable to the shareholders of the Company	0.02	0.00

## (3) Interim Condensed Consolidated Statement of Comprehensive Income - Unaudited

*(In millions of yen)*

	<b>For the six-month period ended June 30,</b>	
	<b>2018</b>	<b>2019</b>
<b>Profit/(loss) for the period</b>	1,907	(28,029)
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Net changes in fair value of equity instruments at FVOCI	(108)	(163)
Income tax relating to items that will not be reclassified to profit or loss	90	52
<b>Items that may be reclassified to profit or loss:</b>		
Debt instruments at FVOCI:		
Net changes in fair value of debt instruments at FVOCI	3	30
Reclassification to profit or loss of debt instruments at FVOCI	—	2
Exchange differences on translation of foreign operations:		
Loss arising during the period	(3,323)	(3,432)
Reclassification to profit or loss	(107)	1
Proportionate share of other comprehensive income of associates and joint ventures	14	105
Reclassification to profit or loss	(8)	—
Income tax relating to items that may be reclassified subsequently to profit or loss	(54)	348
<b>Total other comprehensive loss for the period, net of tax</b>	<u>(3,493)</u>	<u>(3,057)</u>
<b>Total comprehensive loss for the period, net of tax</b>	<u>(1,586)</u>	<u>(31,086)</u>
Attributable to:		
The shareholders of the Company	(327)	(29,451)
Non-controlling interests	(1,259)	(1,635)



## (4) Interim Condensed Consolidated Statement of Change in Equity - Unaudited

(In millions of yen)

	Equity attributable to the shareholders of the Company							
	Share capital	Share premium	Treasury shares	Accumulated deficit	Accumulated other comprehensive income			Total
					Foreign currency translation reserve	Financial assets at FVOCI	Defined benefit plan reserve	
<b>Balance at January 1, 2018</b>	92,369	93,560	(4,000)	(4,294)	3,158	3,928	354	185,075
Adjustment on adoption of new accounting standards	—	—	—	177	—	(1,258)	—	(1,081)
<b>Balance at January 1, 2018 (adjusted)</b>	92,369	93,560	(4,000)	(4,117)	3,158	2,670	354	183,994
<b>Comprehensive income</b>								
Profit for the period	—	—	—	2,912	—	—	—	2,912
Other comprehensive loss	—	—	—	—	(3,229)	(10)	—	(3,239)
<b>Total comprehensive income/(loss) for the period</b>	—	—	—	2,912	(3,229)	(10)	—	(327)
Recognition of share-based payments	—	1,131	—	—	—	—	—	1,131
Forfeiture of stock options	—	(3)	—	3	—	—	—	—
Exercise of stock options	584	(147)	—	—	—	—	—	437
Changes in interest in subsidiaries	—	80	—	—	(6)	—	—	74
Acquisition of subsidiaries	—	—	—	—	—	—	—	—
Issuance of common shares and acquisition of treasury shares under Employee Stock Ownership Plan	2,500	2,488	(5,000)	—	—	—	—	(12)
Disposal of treasury shares	—	(133)	686	—	—	—	—	553
Purchase of treasury shares	—	—	(2)	—	—	—	—	(2)
<b>Balance at June 30, 2018</b>	<u>95,453</u>	<u>96,976</u>	<u>(8,316)</u>	<u>(1,202)</u>	<u>(77)</u>	<u>2,660</u>	<u>354</u>	<u>185,848</u>
		<b>Non-controlling interests</b>	<b>Total shareholders' equity</b>					
<b>Balance at January 1, 2018</b>	4,902	189,977						
Adjustment on adoption of new accounting standards	(85)	(1,166)						
<b>Balance at January 1, 2018 (adjusted)</b>	4,817	188,811						
<b>Comprehensive income</b>								
Profit for the period	(1,005)	1,907						
Other comprehensive loss	(254)	(3,493)						
<b>Total comprehensive income/(loss) for the period</b>	(1,259)	(1,586)						
Recognition of share-based payments	—	1,131						
Forfeiture of stock options	—	—						
Exercise of stock options	—	437						
Changes in interest in subsidiaries	(336)	(262)						
Acquisition of subsidiaries	251	251						
Issuance of common shares and acquisition of treasury shares under Employee Stock Ownership Plan	—	(12)						
Disposal of treasury shares	—	553						
Purchase of treasury shares	—	(2)						
<b>Balance at June 30, 2018</b>	<u>3,473</u>	<u>189,321</u>						

(In millions of yen)

Equity attributable to the shareholders of the Company								
	Share capital	Share premium	Treasury shares	Accumulated deficit	Accumulated other comprehensive income			Total
					Foreign currency translation reserve	Financial assets at FVOCI	Defined benefit plan reserve	
<b>Balance at January 1, 2019</b>	96,064	118,626	(8,205)	(5,556)	(659)	(1,417)	63	198,916
Adjustment on adoption of new accounting standards	—	—	—	(26)	—	—	—	(26)
<b>Balance at January 1, 2019 (adjusted)</b>	96,064	118,626	(8,205)	(5,582)	(659)	(1,417)	63	198,890
<b>Comprehensive income</b>								
Loss for the period	—	—	—	(26,619)	—	—	—	(26,619)
Other comprehensive loss	—	—	—	—	(2,808)	(24)	—	(2,832)
<b>Total comprehensive loss for the period</b>	—	—	—	(26,619)	(2,808)	(24)	—	(29,451)
Recognition of share-based payments	—	573	—	—	—	—	—	573
Forfeiture of stock options	—	(51)	—	51	—	—	—	—
Exercise of stock options	384	(117)	—	—	—	—	—	267
Changes in interest in subsidiaries	—	293	—	—	—	—	—	293
Acquisition of subsidiaries	—	—	—	—	—	—	—	—
Disposal of treasury shares	—	(440)	1,600	—	—	—	—	1,160
Purchase of treasury shares	—	—	0	—	—	—	—	0
Transfer of accumulated other comprehensive income to accumulated deficit	—	—	—	46	—	(46)	—	—
Other	—	—	—	(24)	—	—	—	(24)
<b>Balance at June 30, 2019</b>	<u>96,448</u>	<u>118,884</u>	<u>(6,605)</u>	<u>(32,128)</u>	<u>(3,467)</u>	<u>(1,487)</u>	<u>63</u>	<u>171,708</u>
		<b>Non-controlling interests</b>	<b>Total shareholders' equity</b>					
<b>Balance at January 1, 2019</b>	9,598	208,514						
Adjustment on adoption of new accounting standards	—	(26)						
<b>Balance at January 1, 2019 (adjusted)</b>	9,598	208,488						
<b>Comprehensive income</b>								
Loss for the period	(1,410)	(28,029)						
Other comprehensive loss	(225)	(3,057)						
<b>Total comprehensive loss for the period</b>	(1,635)	(31,086)						
Recognition of share-based payments	—	573						
Forfeiture of stock options	—	—						
Exercise of stock options	—	267						
Changes in interest in subsidiaries	12,782	13,075						
Acquisition of subsidiaries	86	86						
Disposal of treasury shares	—	1,160						
Purchase of treasury shares	—	0						
Transfer of accumulated other comprehensive income to accumulated deficit	—	—						
Other	—	(24)						
<b>Balance at June 30, 2019</b>	<u>20,831</u>	<u>192,539</u>						

## (5) Notes to Interim Condensed Consolidated Financial Statements - Unaudited

### Notes for changes in significant accounting policies

The significant accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new and revised IFRS standards effective as of January 1, 2019.

The impacts of the adoption of new and revised IFRS issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after January 1, 2019 on the Group's unaudited interim condensed consolidated financial statements as of and for the six-month periods ended June 30, 2018 and 2019 and annual consolidated financial statements for the year ended December 31, 2018 are as follows:

#### IFRS16 Leases

The Group has adopted IFRS 16 *Leases* from the fiscal year beginning January 1, 2019. The Group has applied the modified retrospective method permitted by IFRS 16 and recognized the cumulative amount of the impact as of January 1, 2019 upon adoption of the standard. As a result, the Group has not restated the amounts in the comparative reporting period prior to adoption of IFRS 16.

IFRS 16 sets out the principal for the recognition, measurement, presentation and disclosure of lease contracts for lessees and lessors. Under IFRS 16, lessees no longer make a distinction between finance and operating leases as required under IAS 17, and apply a single accounting model. At the commencement date of a lease, lessees recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use assets). Subsequently, lessees are required to recognize separately the interest expense on the lease liability and the depreciation expense on the right-of-use assets. The right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the assets or the lease term. Lessors accounting under IFRS 16 remains substantially unchanged from IAS 17.

Upon the adoption of IFRS 16, the Group recognized lease liabilities for its leases previously classified as operating lease under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate used for the lease liabilities as of January 1, 2019 was 2.21%.

The Group applied the following practical expedients permitted by IFRS 16 when applying IFRS 16:

- Relied on its assessment of whether leases are onerous applying IAS 37 immediately before the date of initial application as an alternative to an impairment review.
- Accounted operating leases with less than 12 months of lease term remaining as of January 1, 2019 for as short-term leases.
- Used hindsight when determining the lease term of contract including extension options and/or termination options.

The Group elected not to apply IFRS 16 to the agreements that were not identified as containing a lease component applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(In millions of yen)

Commitments for operating lease as of December 31, 2018 as disclosed in the Group's consolidated financial statements	58,688
(Less) Short-term leases recognized as an expense on a straight-line basis	(545)
(Less) Leases of low-value assets recognized as an expense on a straight-line basis	(29)
(Less) Lease contracts start on or after January 1, 2019	(3,092)
Lease liabilities before discounts	55,022
Discounts using the Group's incremental borrowing rate	(7,009)
Lease liabilities recognized at January 1, 2019	48,013

As a result of above, the Group recognized 46,279 million yen and 48,013 million yen for the right-of-use assets and lease liabilities, respectively, in the Consolidated Statement of Financial Position as of January 1, 2019.

Due to the adoption of IFRS 16, the infrastructure and communication expenses which included operating lease expenses, and other operating expenses which also included operating lease expenses decreased by 529 million yen and 4,835 million yen, respectively for the six-month period ended June 30, 2019. The depreciation and amortization expenses which included the depreciation expenses of right-of-use assets, and finance costs which included interest expenses for lease liabilities increased by 4,851 million yen and 567 million yen, respectively for the six-month period ended June 30, 2019.

The accounting policies applied by the Group in accordance with the IFRS 16 *Leases* as of January 1, 2019 are as follows:

The Group, as a lessee, mainly leases properties and data centers. A lease contract is normally entered into for a fixed term from 1 year to 5 years but it may include extension options.

Leases are recognized as right-of-use assets and the corresponding liabilities when the lease assets become available for use by the Group. Each lease payment is apportioned between repayments of the lease liability and finance costs. The finance costs are accounted for as expenses over the lease term and calculated based on constant periodic rate of interest on the remaining balance of the lease liability. The right-of-use assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The assets and liabilities arising from leases are measured at the present value of the lease at the commencement date. The lease liability includes the net present value of the following lease payments:

- fixed payments less any lease incentives
- variable lease payments that depends on an index or a rate
- amounts expected to be payable under a residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are determined using the discount rate as the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate.

The right-of-use assets is measured at cost shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct cost
- cost of restoring the underlying asset to the original condition

As a practical expedient, the Group elects, by class of underlying asset, not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

The lease payments associated with short-term lease and leases of low-value assets are recognized as expenses on a straight-line basis.

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. A lease of low-value asset, for example, comprises low value assets such as office furniture and fixture.

Most of the Group's property leases include extension options and termination options.

An extension option shall be included in the lease term only if the lessee is reasonably certain to exercise that option.

**Notes for changes in accounting estimates**

The Group revised the estimated useful lives of servers to reflect the most recent condition of use. Due to this revision in estimates, loss from operating activities decreased by 818 million yen for the six months ended June 30, 2019 compared to the previous method.

## Notes for segment information

The Group identifies operating segments based on the internal report regularly reviewed by the Group's Chief Operating Decision Maker to determine the allocation of resources to each segment and to assess performance. An operating segment of the Group is a component for which discrete financial information is available. The Chief Operating Decision Maker has been identified as the Company's board of directors. No operating segments have been aggregated to form the reportable segments.

Under the corporate strategy to allocate the resources generated from the Core business to the Strategic business, the Company's board of directors individually assesses the business performance of Core business based on the growth of revenue and profitability and of Strategic business based on profitability as well as important non-financial KPIs such as the expansion of user base.

### (1) Description of Reportable Segments

The Group's reportable segments are as follows:

Core business segment	Core business segment mainly consists of Advertising service, communication and content. Advertising services mainly includes display advertising, accounts advertising, and other advertising. Display advertising provides advertisements on services such as LINE NEWS. Account advertising mainly includes LINE Official Accounts and Sponsored Stickers. Other advertising mainly includes advertisements on the services such as livedoor blog, NAVER Matome and advertisement appears on LINE Part-Time Job. Communication mainly includes LINE Stickers. Content mainly includes LINE GAME.
Strategic business segment	Strategic business segment consists of Fintech services, such as LINE Pay service, AI, LINE Friends, and E-commerce.

### (2) Profit or Loss for the Group's reportable segments

The Group's operating profit or loss for each segment is prepared by the same method as the preparation of consolidated financial statements, except certain items such as other operating income and share-based compensation expenses are included in corporate adjustment. Also, IT development expenses and indirect expenses such as department management fees are allocated based on the information such as the hours of service provided, the number of server infrastructures used to provide the service, or the percentage of revenues. As the Company's board of directors uses information after eliminating intercompany transactions for their performance assessment, there is no adjustments between segments.

**For the six-month period ended June 30, 2018**

(In millions of yen)

	Reportable segments			Corporate adjustments <sup>(1)</sup>	Consolidated
	Core business	Strategic business	Total		
Revenue from external customers	87,258	12,103	99,361	—	99,361
Segment profit/(loss) <sup>(2)</sup>	15,275	(14,048)	1,227	9,094	10,321
Depreciation and amortization expenses	4,114	835	4,949	—	4,949

<sup>(1)</sup> Corporate adjustments mainly include other operating income and share-based compensation expenses.

<sup>(2)</sup> The amount of “Segment profit/(loss)” is equivalent to profit from operating activities on the Interim Condensed Consolidated Statement of Profit or Loss.

**For the six-month period ended June 30, 2019**

(In millions of yen)

	Reportable segments			Corporate adjustments <sup>(1)</sup>	Consolidated
	Core business	Strategic business	Total		
Revenue from external customers	96,355	14,405	110,760	—	110,760
Segment profit/(loss) <sup>(2)</sup>	16,861	(38,483)	(21,622)	(194)	(21,816)
Depreciation and amortization expenses	6,793	3,777	10,570	—	10,570

<sup>(1)</sup> Corporate adjustments mainly include other operating income and share-based compensation expenses.

<sup>(2)</sup> The amount of “Segment profit/(loss)” is equivalent to loss from operating activities on the Interim Condensed Consolidated Statement of Profit or Loss.

The reconciliation of segment profit/(loss) to profit/(loss) before tax from continuing operations is as follows:

**For the six-month periods ended June 30,**

(In millions of yen)

	2018	2019
Segment profit/(loss)	10,321	(21,816)
Finance income	195	272
Finance costs	(33)	(942)
Share of loss of associates and joint ventures	(4,219)	(6,676)
Loss on foreign currency transactions, net	(256)	(503)
Other non-operating income	643	1,401
Other non-operating expenses	(17)	(226)
Profit/(loss) for the period before tax from continuing operations	6,634	(28,490)

The above items are not allocated to individual segments as these are managed on an overall group basis.

(3) Revenues from Major Services

The Group's revenues from continuing operations from its major services for the six-month periods ended June 30, 2018 and 2019 are as follows.

Revenues recognized at a point in time mainly consist of revenues from LINE Friends.

**For the six-month periods ended June 30,**

	<i>(In millions of yen)</i>	
	<b>2018</b>	<b>2019</b>
<b>Core business</b>		
Advertising		
Display advertising <sup>(1)</sup>	18,305	22,080
Account advertising <sup>(2)</sup>	27,467	31,210
Other advertising <sup>(3)</sup>	6,568	7,239
Sub-total	<u>52,340</u>	<u>60,529</u>
Communication, content, and others		
Communication <sup>(4)</sup>	14,728	14,601
Content <sup>(5)</sup>	18,573	18,829
Others	1,617	2,396
Subtotal	<u>34,918</u>	<u>35,826</u>
Core business total	<u>87,258</u>	<u>96,355</u>
<b>Strategic business</b>		
Friends <sup>(6)</sup>	7,482	9,137
Others <sup>(7)</sup>	4,621	5,268
Strategic business total	<u>12,103</u>	<u>14,405</u>
<b>Total</b>	<u>99,361</u>	<u>110,760</u>

(1) Revenues from display advertising primarily consisted of fees from advertisement on services such as Timeline and LINE NEWS.

(2) Revenues from account advertising primarily consisted of fees from LINE Official Accounts, Sponsored Stickers, and LINE Points.

(3) Revenues from other advertising were mainly attributable to advertising revenue from livedoor blog, NAVER Matome, and LINE Part-Time Job.

(4) Revenues from communication were mainly attributable to sales of LINE Stickers and Creator Stickers.

(5) Revenues from content primarily consisted of sales of LINE GAME's virtual items.

(6) Friends primarily consisted of revenues from sales of character goods.

(7) Others primarily consisted of revenues from E-commerce.



**Notes for going concern assumption**

Not applicable.