



September 29, 2017

Company: LINE Corporation

Representative Director and CEO: Takeshi Idezawa

Stock Code: 3938 (First Section of the Tokyo Stock Exchange)

Notice of the Establishment of New Subsidiary by Company Split
(Simplified Incorporation-Type Company Split)

LINE Corporation (Headquarters: Shinjuku-ku, Tokyo, Japan; Representative Director and CEO: Takeshi Idezawa; the “Company”) announced that the Company has decided at the board of directors meeting held today to establish a new subsidiary, Next Library Corporation (the “New Company”), by a simplified incorporation-type company split (“the Split”) to succeed the Company’s businesses relating to the NAVER Matome related business (the “Business”).

Since this is a simplified incorporation-type company split solely involving the Company, certain information is omitted from this announcement.

1. Purpose of the Company Split

The LINE Group operates a user participation-type search service within Japan called NAVER Matome, which allows general users to create webpages by compiling images, links, and videos on a specific topic.

To accelerate the decision-making process and execution thereof for the Business, the Company has decided to convert the Business into a wholly owned subsidiary by means of a company split. Through these means, the Company aims to improve the corporate value of the entire LINE Group by promoting greater mobility for the Business and expanding beyond the NAVER Matome service to branch out into various other user-participation services.

2. Summary of the Company Split

(1) Company Split Schedule

Date of approval of the incorporation-type company split plan: September 29, 2017

Date of the Company Split: November 8, 2017 (scheduled)

Note: The Split will be performed without the approval of the general shareholders’ meeting as it fulfills the requirements for a simplified split per Article 805 of the Companies Act.

(2) Method of the Company Split

The method of the contemplated company split is a simplified incorporation-type company split, with the Company as the company to be split and the New Company as the newly established company.

(3) Allotment of Shares Related to the Company Split

The New Company will issue 10,000 shares of common stock to the Company upon completion of the Split.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the splitting company

There will be no changes to the treatment of stock acquisition rights issued by the Company upon the completion of the Split.

(5) Increase or decrease of share capital upon the Company Split

There will be no increase or decrease of share capital of the Company upon the completion of the Split.

(6) Rights and Obligations to be Succeeded to the New Company

The New Company will succeed to certain rights and obligations for assets, liabilities, and contractual commitments (excluding employment contracts) pertaining to the Business.

(7) Expectation of the fulfillment of the Company's Obligations

The Company and New Company expect that there will be no issues as to the certainty of fulfilling their respective obligations upon the completion of the Split.

3. Outline of Companies Involved in the Company Split

| | Splitting Company (as of June 30, 2017) | Formed and Successor Company (Planning to be established November 8, 2017) |
|---|--|---|
| (1) Name | LINE Corporation | Next Library Corporation |
| (2) Location | 4-1-6 Shinjuku, Shinjuku-ku Tokyo | 4-1-6 Shinjuku, Shinjuku-ku Tokyo |
| (3) Name and title of representative | Takeshi Idezawa, Representative Director and CEO | Takeshi Shimamura, Representative Director and CEO |
| (4) Business | Development of LINE business and portal business via the LINE mobile messaging app | Operation of businesses relating to the “NAVER Matome” user participation-type search service |
| (5) Total capitalization | 79,919 million yen | 100 million yen (scheduled) |
| (6) Date of establishment | September 4, 2000 | November 8, 2017 (scheduled) |
| (7) Total number of issued shares | 219,407,000 shares | 10,000 shares (scheduled) |
| (8) Fiscal year end | December 31 | December 31 |
| (9) Major | NAVER Corporation: 79.75% | LINE Corporation: 100% |

| | | |
|--|---|---------------|
| shareholders and ownership percentage | Moxley & Co. LLC: 4.48% Korea Securities Depository - Samsung: 0.96% | |
| (10) Operating results and financial position of company subject to split for the latest fiscal year (consolidated) (Unless otherwise specified, the table is shown in units of million yen) | Fiscal year | December 2016 |
| | Net assets attributable to owners of the parent | 160,834 |
| | Total assets | 256,089 |
| | Net assets per share (yen) | 738.53 |
| | Sales revenue | 140,704 |
| | Operating profit | 19,897 |
| | Profit before tax from continuing operations | 17,990 |
| | Profit for the year attributable to owners of the parent | 6,763 |
| | Basic profit per share (yen) | 34.84 |

Note: Consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

(11) Outline of Business Division to be Split

(1) Business of Division to be Split

Operation of businesses relating to the “NAVER Matome” user participation-type search service

(2) Operating Results of Business Division to be Split

Revenue for the year ended December 2016: 2,150,739 thousand yen

(3) Items and Book Values of Assets and Liabilities to be Split (As of June 30, 2017)

| Asset | | Liability | |
|----------------|------------------------------|---------------------|------------------------------|
| Item | Book value (thousand yen) | Item | Book value (thousand yen) |
| Current assets | 534,933 | Current liabilities | 111,911 |
| Fixed assets | — | Fixed liabilities | — |
| Total | 534,933 | Total | 111,911 |

Note: Final figures for the assets/liabilities to be split will be determined by adjustment of increases and decreases accrued up to the effective date of the Split.

4. Status after the Company Split

There will be no changes to the Company’s name, location, name and title of representative, business, capital and fiscal year-end upon the completion of the Split.

5. Future Outlook

No impact on the Company's consolidated financial results for the fiscal year ending December 31, 2017 is anticipated as a result of the completion of the Split.

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.