



January 29, 2020

Company: LINE Corporation

Representative: Takeshi Idezawa, CEO

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

## **Notice Regarding Recognition of Loss on Valuation of Stocks of Subsidiaries and Affiliates and Cost Arisen from Cancellation of System Development**

LINE Corporation (hereinafter “LINE”) announces that it has recognized a loss on valuation of stocks of subsidiaries and affiliates in the separate financial statements as well as a cost arisen from the cancellation of a system development project in the consolidated financial results for the fiscal year ended December 31, 2019, respectively.

### 1. Recognition of loss on valuation of stocks of subsidiaries and affiliates

LINE has recognized a loss on valuation of stocks of subsidiaries and affiliates in the separate financial results for the fiscal year ended December 31, 2019 as below, since the valuation of these stocks has been significantly decreased:

Loss on valuation of stocks of subsidiaries and affiliates	JPY 8,779 million
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### 2. Recognition of cost arisen from cancellation of system development in other operating expenses

The LINE Group has been in negotiations over the burden of cost incurred for a cancelled system development project. Against this backdrop, the LINE Group has recognized a cost in the consolidated financial results for the fiscal year 2019 as below:

Cost arisen from cancellation of system development (Other operating expenses)	JPY 1,655 million
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### 3. Impacts on the financial results

Out of the aforementioned loss on valuation of stocks of subsidiaries and affiliates, JPY 8,129 million is eliminated or adjusted in consolidation and therefore has no impact on the consolidated financial results. Furthermore, the aforementioned cost is incorporated into the “Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2019”, published as of today.