

LINE Q3 2020

Earnings Results

LINE Corporation

October 28, 2020

Disclaimer

This presentation contains forward-looking statements with respect to the current plans, estimates, strategies and beliefs of LINE Corporation (the “Company”). Forward-looking statements include, but are not limited to, those statements using words such as “anticipate,” “believe,” “continues,” “expect,” “estimate,” “intend,” “project” and similar expressions and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions generally intended to identify forward-looking statements. These forward-looking statements are based on information currently available to the Company, speak only as of the date hereof and are based on the Company’s current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the Company’s control. As a consequence, current plans, anticipated actions and future financial positions and results of operations may differ significantly from those expressed in any forward-looking statements in the presentation. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented and the Company does not intend to update any of these forward-looking statements. Risks and uncertainties that might affect the Company include, but are not limited to:

1. its ability to attract and retain users and increase the level of engagement of its users;
2. its ability to improve user monetization;
3. its ability to successfully enter new markets and manage its business expansion;
4. its ability to compete in the global social network services market;
5. its ability to develop or acquire new products and services, improve its existing products and services and increase the value of its products and services in a timely and cost effective manner
6. its ability to maintain good relationships with platform partners and attract new platform partners;
7. its ability to attract advertisers to the LINE platform and increase the amount that advertisers spend with LINE;
8. its expectations regarding its user growth rate and the usage of its mobile applications;
9. its ability to increase revenues and its revenue growth rate;
10. its ability to timely and effectively scale and adapt its existing technology and network infrastructure;
11. its ability to successfully acquire and integrate companies and assets;
12. its future business development, results of operations and financial condition;
13. the regulatory environment in which it operates;
14. fluctuations in currency exchange rates and changes in the proportion of its revenues and expenses denominated in foreign currencies; and
15. changes in business or macroeconomic conditions.

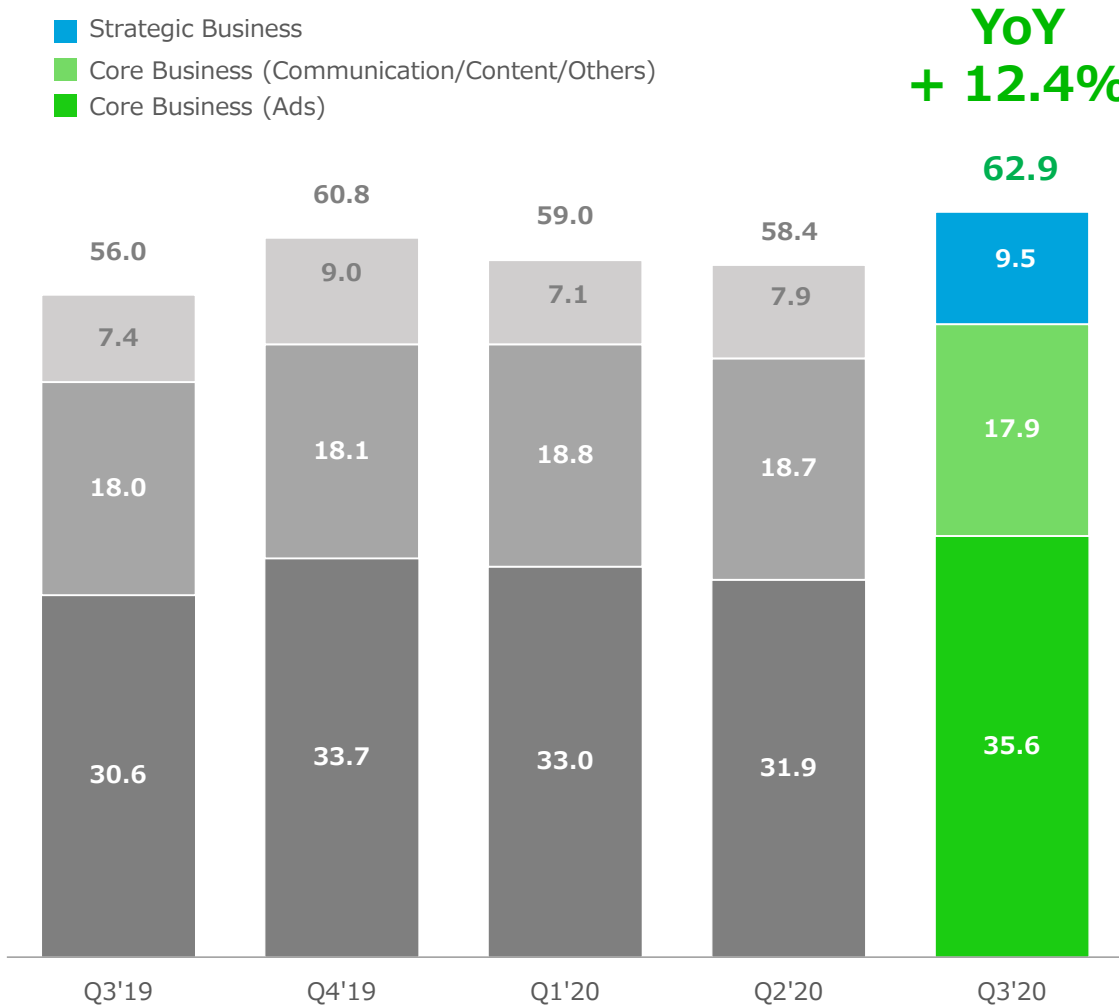
The information contained in this material are preliminary results as of October 28, 2020, and LINE does not guarantee its accuracy or completeness.

Revenues

Revenues

(bn yen)

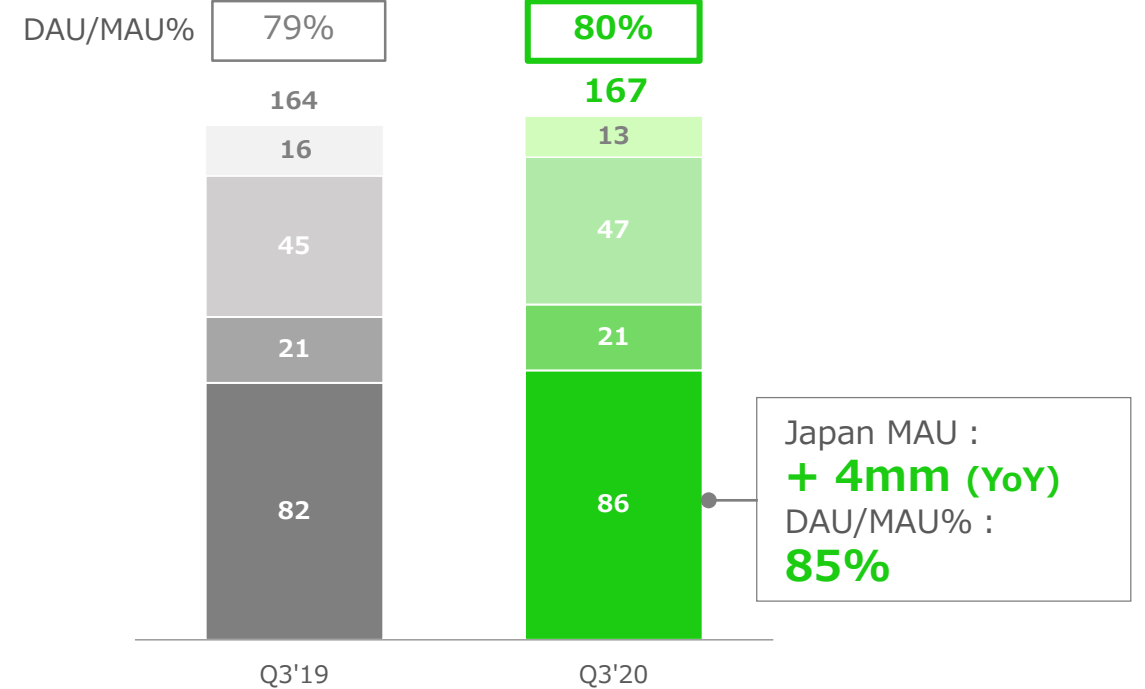
- Strategic Business
- Core Business (Communication/Content/Others)
- Core Business (Ads)



Monthly Active Users | Four Key Markets

(mm users)

- Japan
- Taiwan
- Thailand
- Indonesia



Geographical Revenue Breakdown

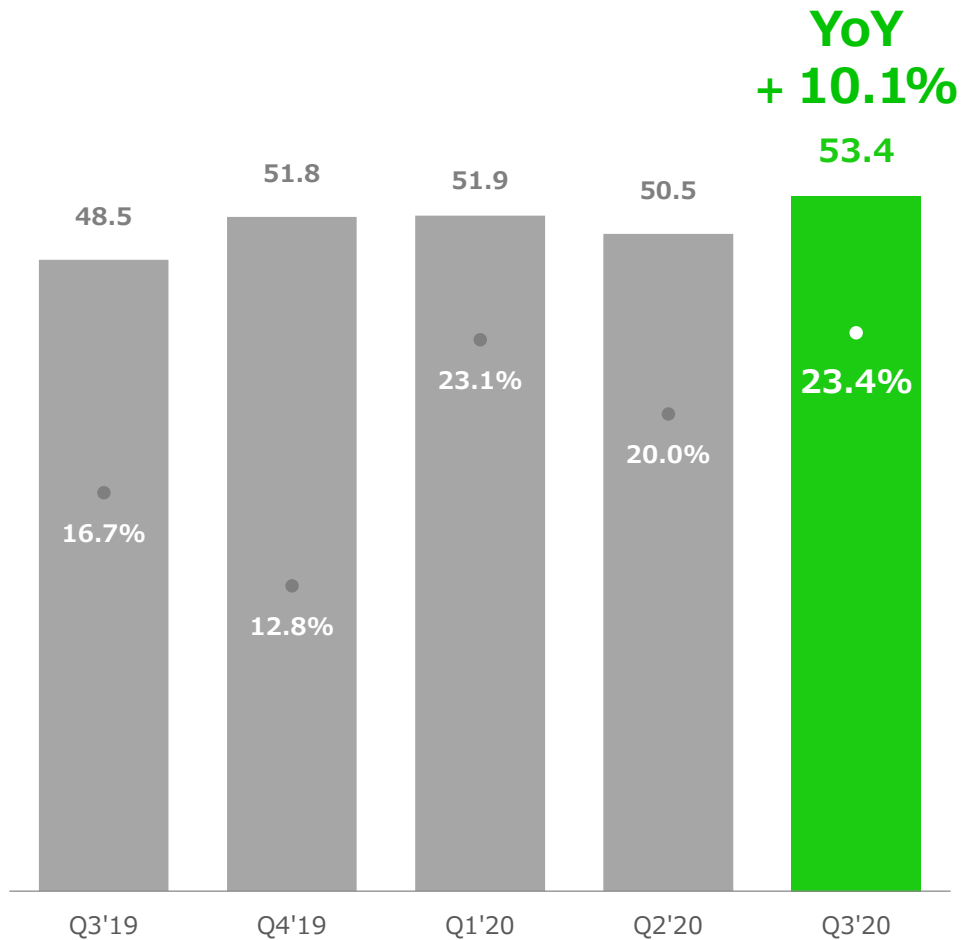
(For Q3 2020)

Japan : 73% / Overseas : 27%

Segment Revenues and Operating Margin

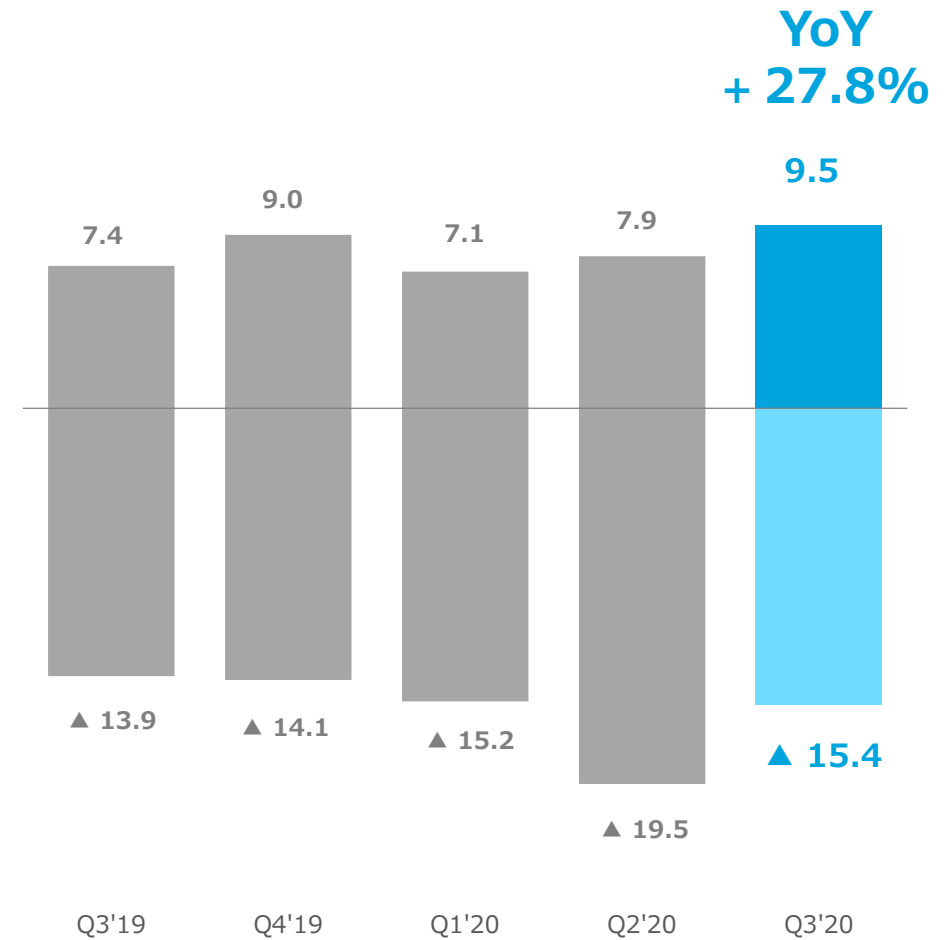
Core | Revenues / Operating Margin

(bn yen)



Strategic | Revenues / Operating Income

(bn yen)



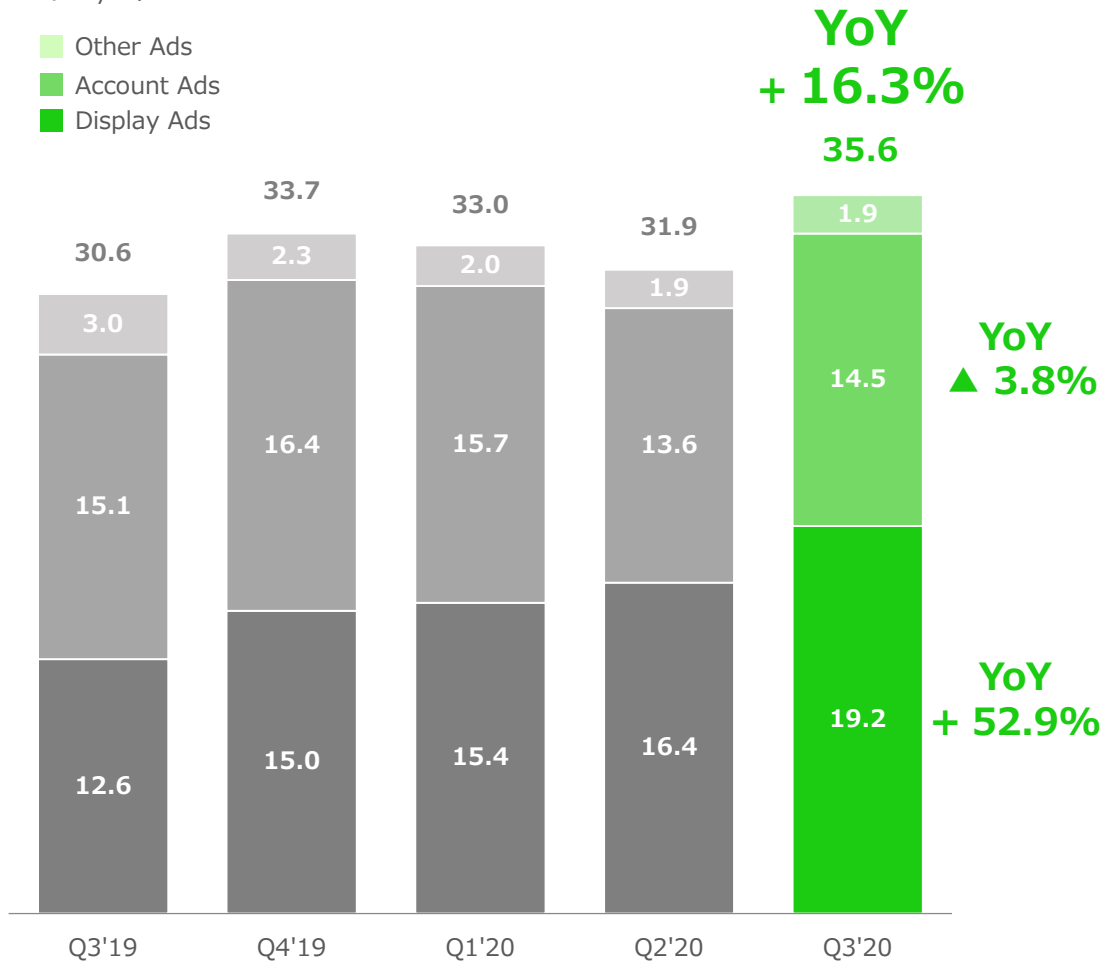
Core Business

Core | Ads

Revenues

(bn yen)

- Other Ads
- Account Ads
- Display Ads



Key KPI

of Official Accounts*

(accounts in thousands)

Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
11,005	11,460	11,889	12,681	13,385

*The number of accounts are the sum of original Official Accounts and LINE@ Accounts

of LINE Ads Impressions

(impressions in millions)

Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
44,208	54,583	63,136	80,594	76,796

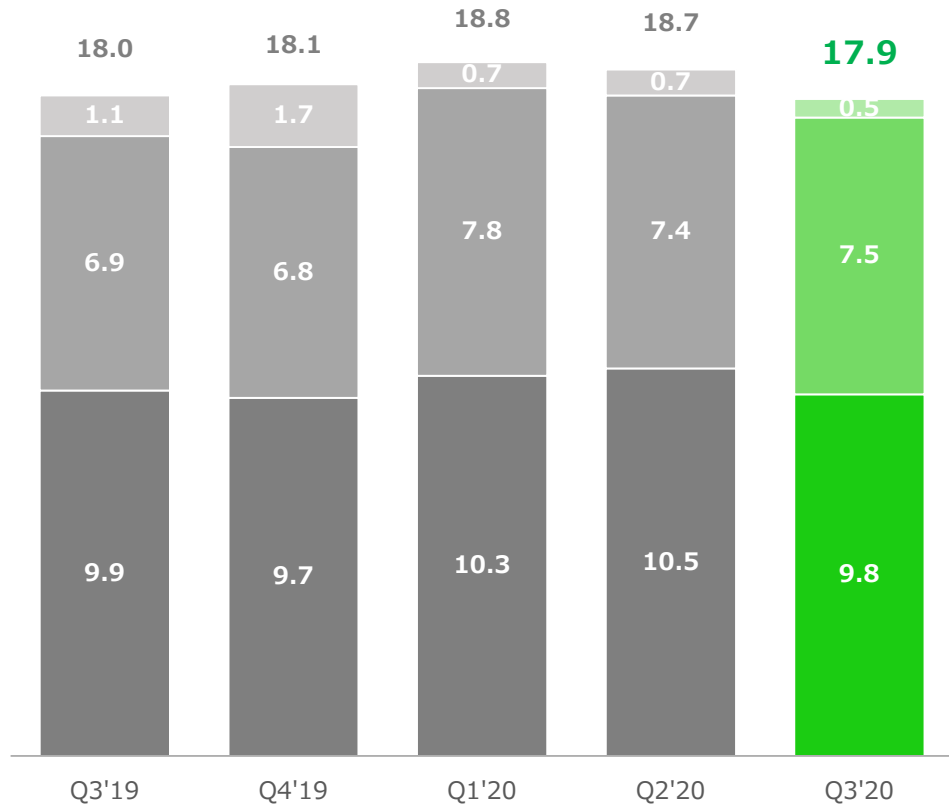
Note: Other Ads include ad revenues mainly from Livedoor Blog, NAVER Matome (NAVER Matome ended service at the end of September 2020) and LINE Part Time Jobs

Core | Communication / Content / Others

Revenues

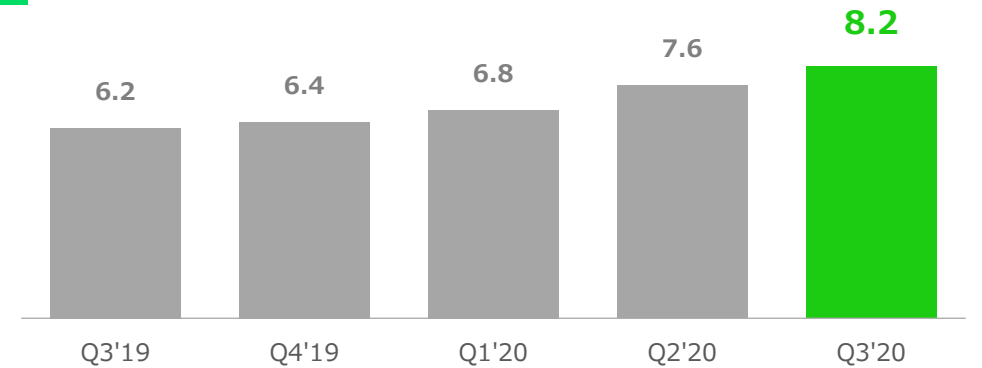
(bn yen)

- Others
- Communication
- Content



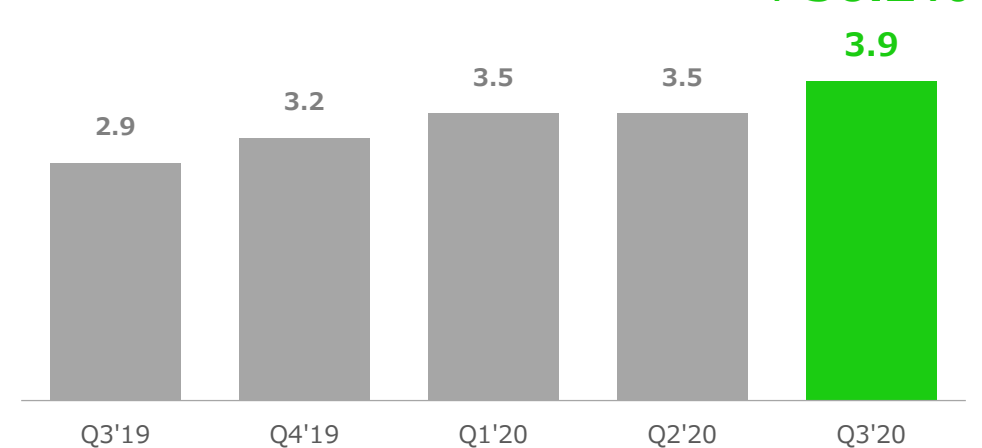
LINE Manga Transaction Volume

(bn yen)



LINE MUSIC Transaction Volume

(bn yen)



Note: LINE Digital Frontier, operator of LINE Manga service, became an equity method affiliate since August 2020

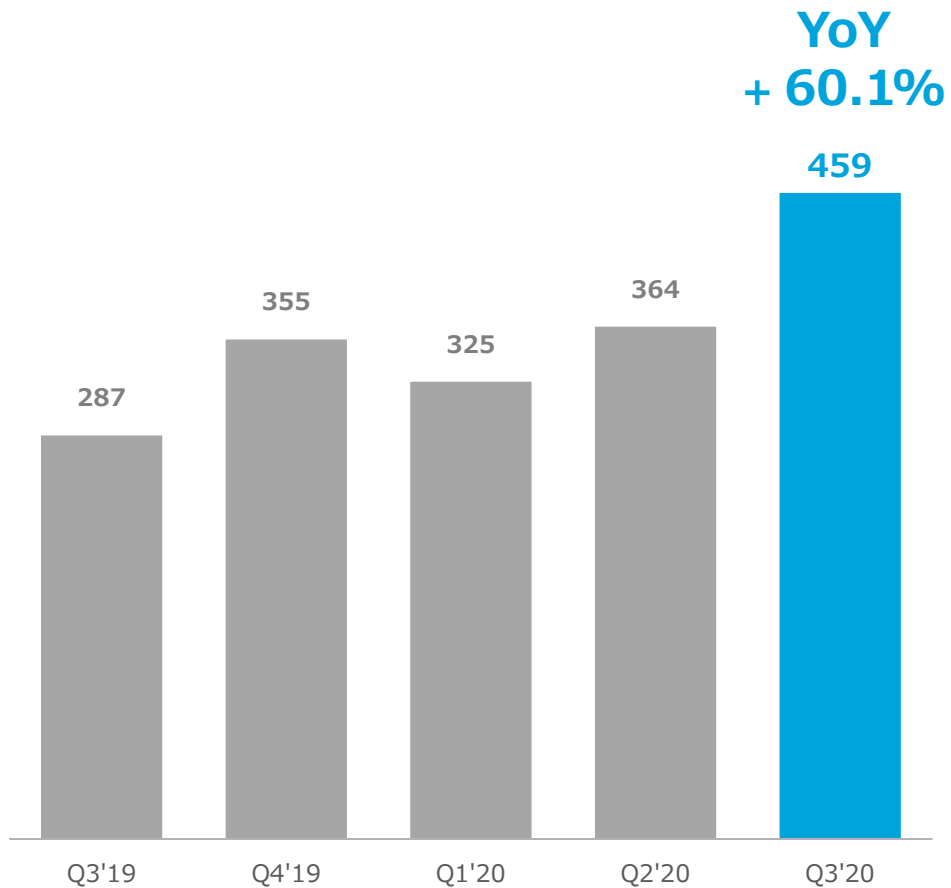
Strategic Business

Strategic | LINE Pay

LINE Pay Global Transaction Volume

(bn yen)

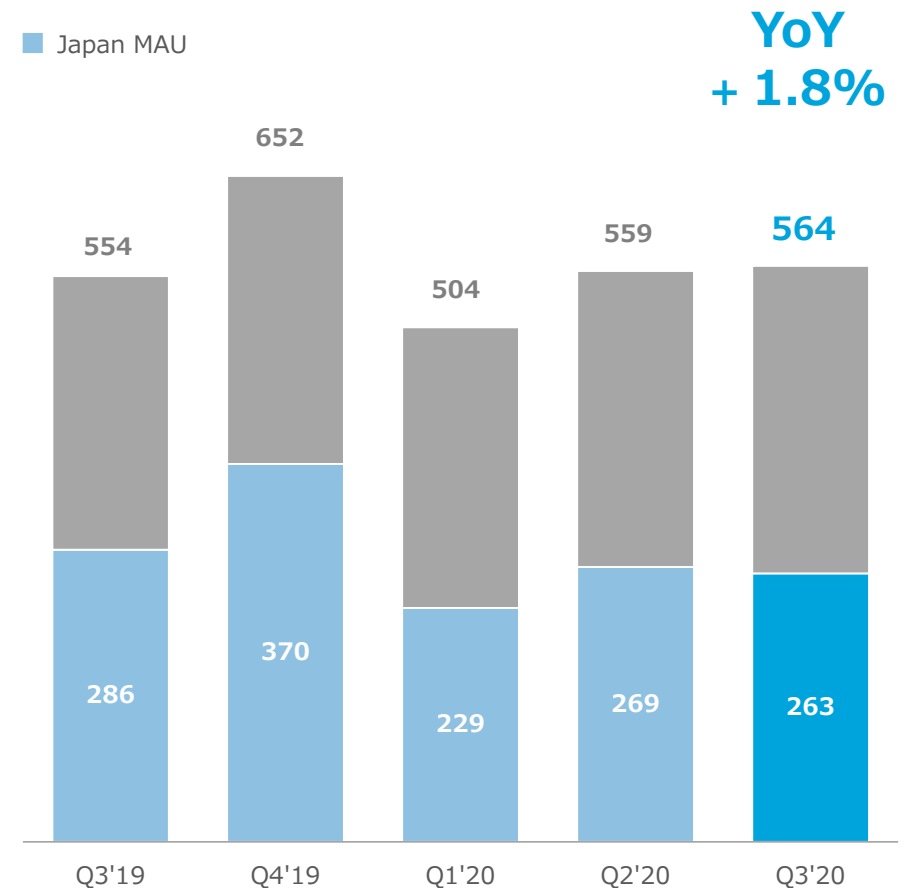
LINE Pay



LINE Pay Global MAU

(10k users)

LINE Pay



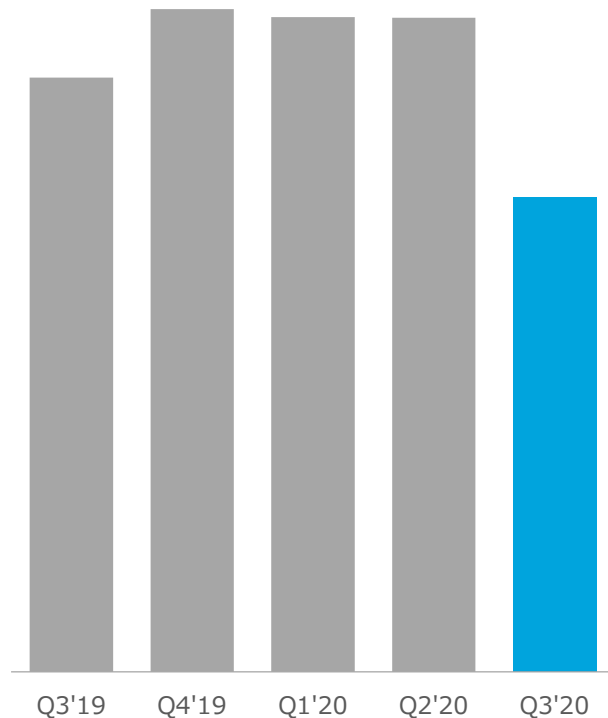
Note: Transaction Volume and MAU excludes Visa LINE Pay credit card transaction

Strategic | O2O/commerce

Shopping-related Transaction Volume



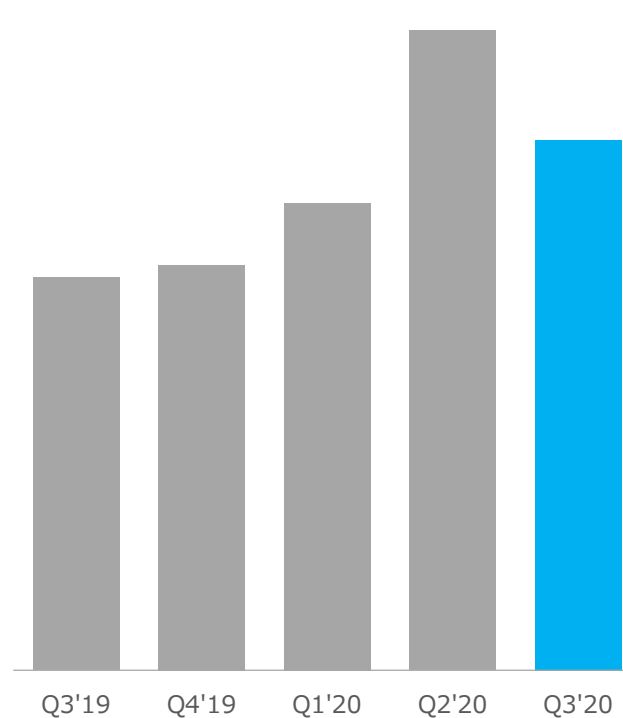
YoY
▲ 20.1%



Gourmet-related Transaction Volume



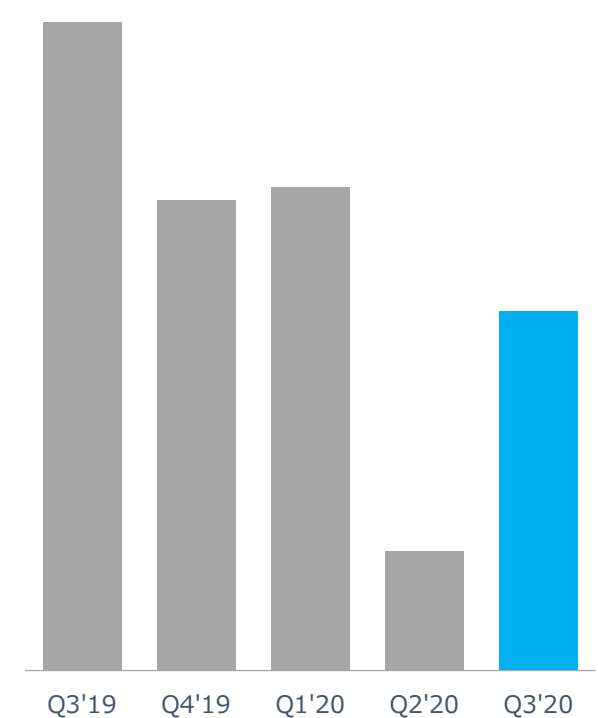
YoY
+ 34.9%



Travel-related Transaction Volume



YoY
▲ 44.7%



Note: The shopping-related transaction volume includes LINE Shopping and SHOPPING GO (SHOPPING GO service ended at the end of August 2020)

The gourmet-related transaction volume includes LINE Delima and LINE Pockeo

The travel-related transaction volume is the sum of past reservations and estimates based on past reservations. Transaction volume in Q3'20 excludes the number of September due to the service transition to Web browser version

Finance Section

Earnings Summary (Q3 2020)

(mm yen)	Q3'19	Q2'20	Q3'20	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	57,435	59,903	90,864	58.2%	51.7%
Revenues	55,942	58,378	62,894	12.4%	7.7%
Operating income	-5,705	-9,594	21,119	N/M	N/M
Margin(%)	-9.9%	-16.0%	23.2%	N/M	N/M
Core Revenue	48,526	50,526	53,415	10.1%	5.7%
Core Operating income	8,098	10,112	12,479	54.1%	23.4%
Margin(%)	16.7%	20.0%	23.4%	6.7%p	3.3%p
Strategic Revenue	7,416	7,852	9,479	27.8%	20.7%
Strategic Operating income	-13,929	-19,524	-15,364	N/M	N/M
Common Revenue	1,493	1,525	27,970	N/M	N/M
Common Operating expense	1,367	1,707	3,966	190.1%	132.3%

Note: Common revenue includes other revenues. Common operating expense is mainly share-based compensations

Operating Expenses

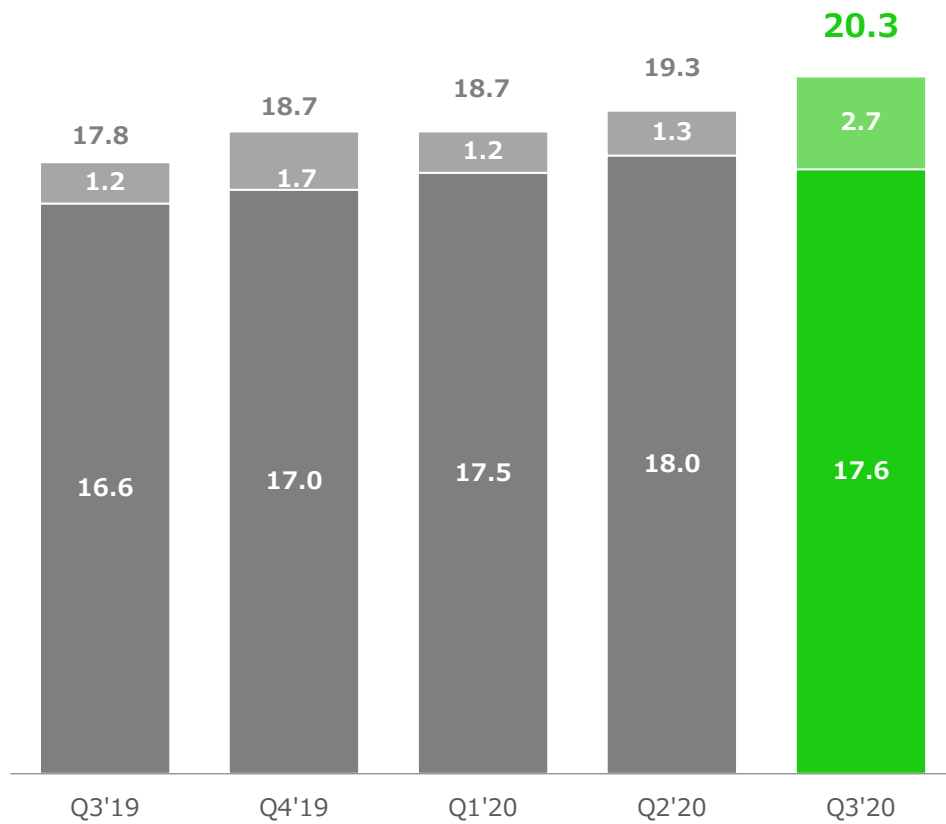
(mm yen)	Q3'19	Q2'20	Q3'20	Growth rate	
				Y/Y	Q/Q
Revenues and other operating income	57,435	59,903	90,864	58.2%	51.7%
Operating expenses	63,140	69,497	69,745	10.5%	0.4%
Payment processing and licensing	9,236	10,314	10,242	10.9%	-0.7%
Sales commission	3,573	2,023	2,199	-38.5%	8.7%
Employee compensation	17,797	19,306	20,310	14.1%	5.2%
Marketing	4,958	6,342	7,131	43.8%	12.4%
Infrastructure and communication	2,765	2,902	2,942	6.4%	1.4%
Outsourcing expense	10,501	11,669	10,973	4.5%	-6.0%
Depreciation and amortization	5,754	6,622	6,672	16.0%	0.8%
Other operating expenses	8,556	10,319	9,276	8.4%	-10.1%
Operating income	-5,705	-9,594	21,119	N/M	N/M
<i>Margin(%)</i>	-9.9%	-16.0%	23.2%	N/M	N/M
Pre-tax income	-7,734	-13,526	-541	N/M	N/M
Corporate tax	-1,070	-422	-10,785	N/M	N/M
Net income from continuing operations	-8,804	-13,948	-11,326	N/M	N/M
Net income	-8,805	-13,948	-11,326	N/M	N/M

Employee Compensation & Marketing

Employee Compensation

(bn yen)

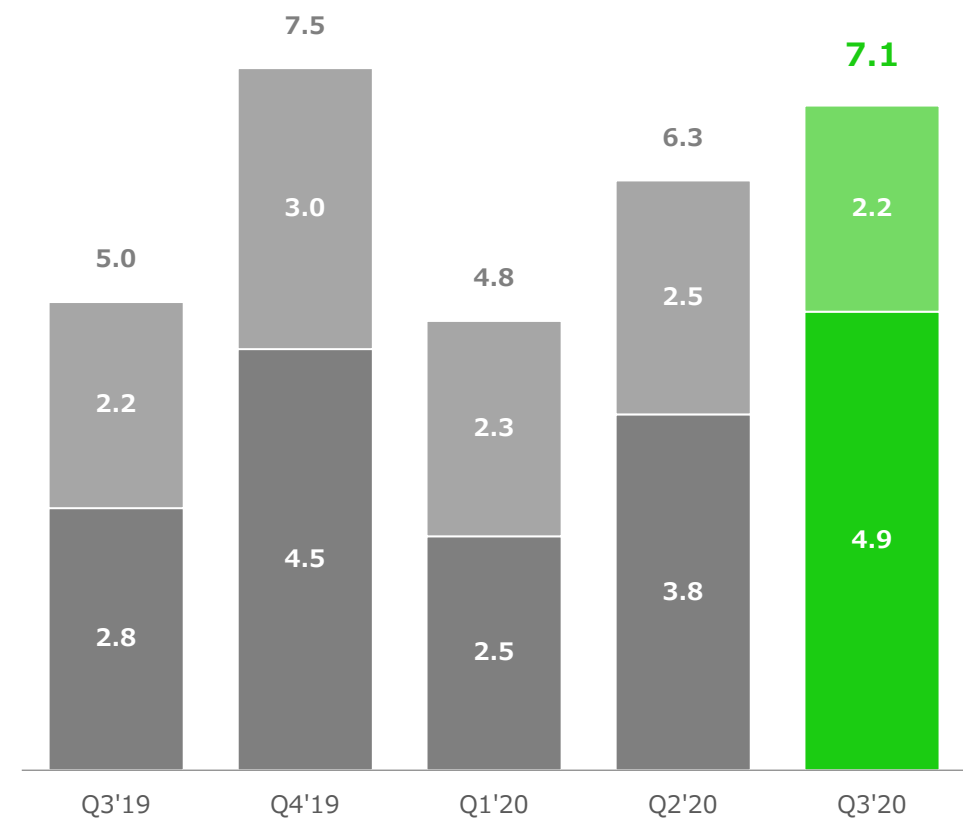
- SBC
- Salary · Others



Marketing

(bn yen)

- Overseas
- Japan

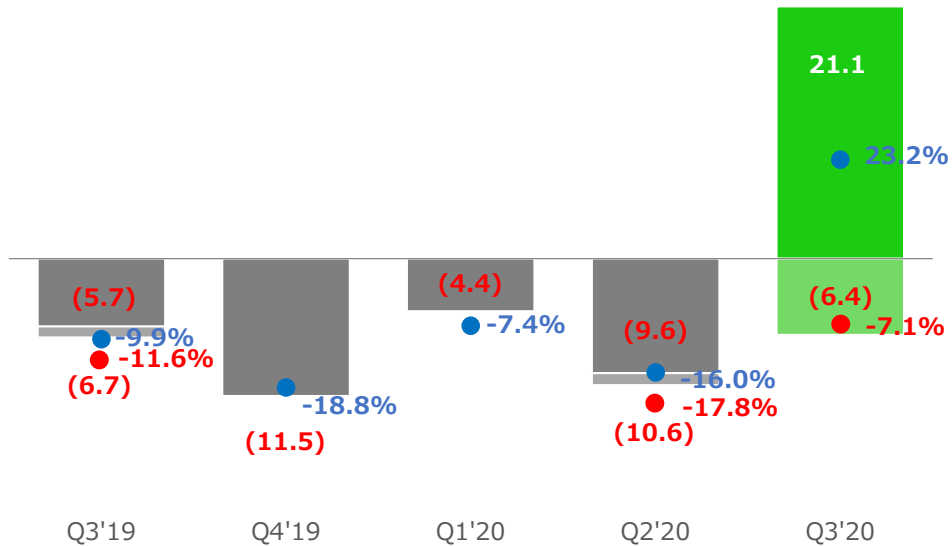


Operating & Net Income

Operating Income (Margin)

(bn yen)

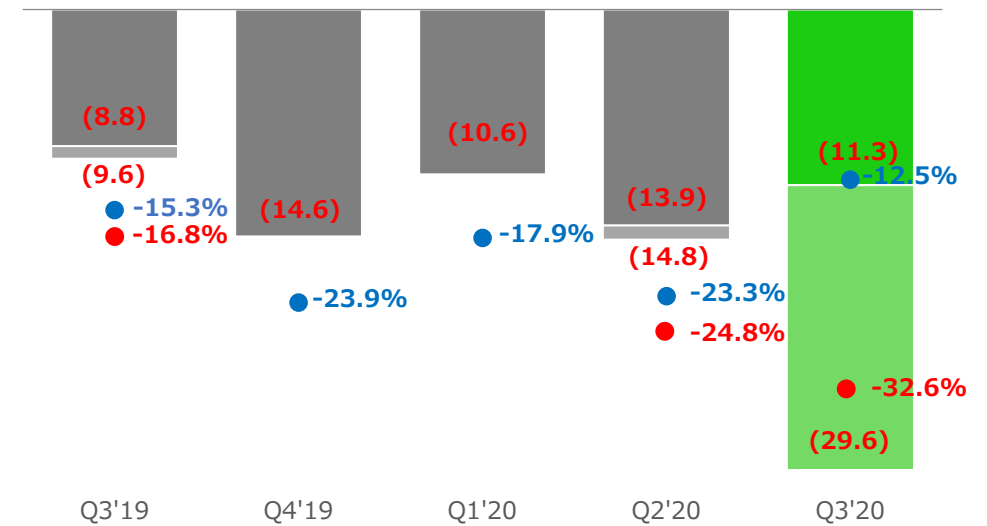
- Operating income
- OP margin (%)
- Operating income (excl. one-time)
- Operating margin (excl. one-time) (%)



Net Income (Margin)

(bn yen)

- Net income
- Net margin (%)
- Net income (excl. one-time income)
- Net margin (excl. one-time income) (%)



Appendix

Revenues and Other Operating Income (past 5 quarters)

(mm yen)	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
Revenues and other operating income	57,435	61,097	59,220	59,903	90,864
Revenues	55,942	60,783	58,968	58,378	62,894
Core Business	48,526	51,830	51,854	50,526	53,415
Ads	30,572	33,741	33,044	31,862	35,551
Account Ads	15,051	16,393	15,665	13,609	14,485
Display Ads	12,560	15,015	15,356	16,370	19,210
Others	2,961	2,333	2,023	1,883	1,856
Communication	6,948	6,770	7,763	7,435	7,529
Content	9,865	9,650	10,340	10,526	9,813
Others	1,141	1,669	707	703	522
Strategic Business	7,416	8,953	7,114	7,852	9,479
LINE FRIENDS	4,911	5,141	2,909	2,489	2,602
Fintech/AI/Commerce	2,505	3,812	4,205	5,363	6,877
Other operating income	1,493	314	252	1,525	27,970

Operating Expenses (past 5 quarters)

(mm yen)	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
Operating expenses by segment	63,140	72,573	63,576	69,497	69,745
Core business	40,428	45,205	39,884	40,414	40,936
Strategic business	21,345	23,098	22,306	27,376	24,843
Common	1,367	4,270	1,386	1,707	3,966
Operating expenses by account	63,140	72,573	63,576	69,497	69,745
Payment processing and licensing	9,236	9,468	10,137	10,314	10,242
Sales commission	3,573	3,798	2,785	2,023	2,199
Employee compensation	17,797	18,693	18,705	19,306	20,310
Marketing	4,958	7,456	4,789	6,342	7,131
Infrastructure and communication	2,765	2,758	2,699	2,902	2,942
Outsourcing expense	10,501	11,273	11,304	11,669	10,973
Depreciation and amortization	5,754	6,413	6,487	6,622	6,672
Other operating expenses	8,556	12,714	6,670	10,319	9,276

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