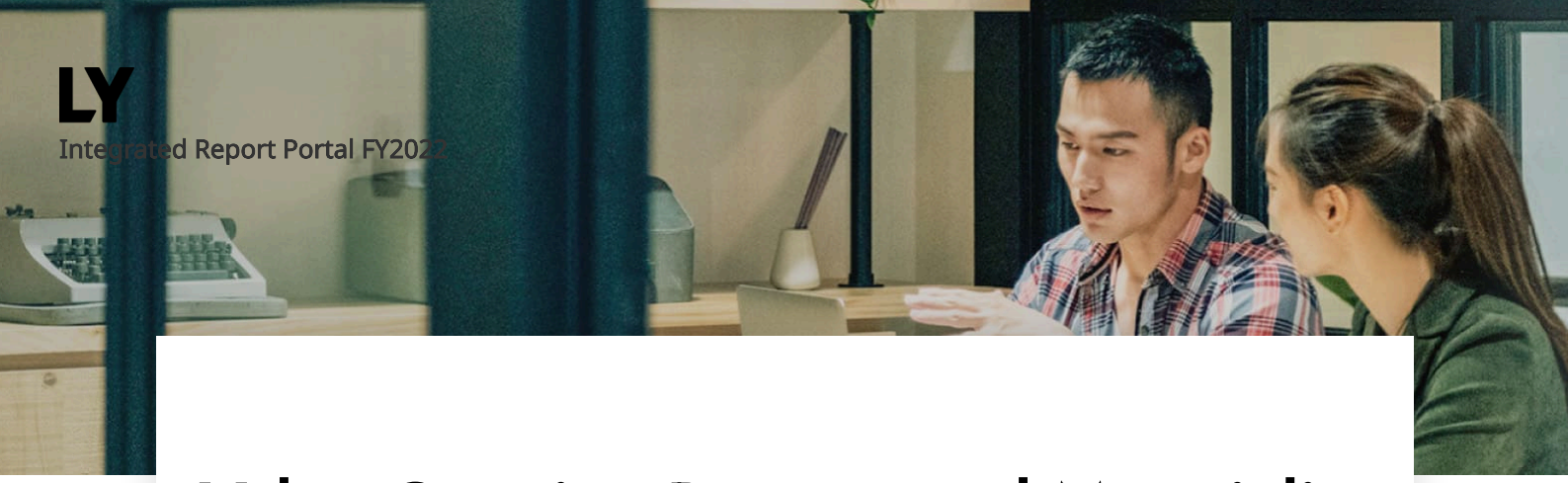


Value Creation Process and Materiality

Last updated: 10/17/2023

Mission

Create an amazing life platform that brings WOW! to our users.

External environment

- Low birthrates and an aging population
- Declining working population
- Work style reform
- Digital transformation
- Advent of 5G
- Uncertain international situation
- Economic growth in Asia
- Climate change
- Spread of infectious diseases

Sources for Value Creation (Inputs)

Human capital
- Group employees 28,385 (as of March 31, 2023)
- Total hours spent on capacity building training 700,000 hours

Financial capital
AA-(JCR) A+(R&I)
- Financial Statement Historical Data
- Financial Information

User base
- Total number of users in Japan Over 300 million (cumulative*)

Intellectual capital
- Cumulative total of patents 4,732 (as of March 31, 2023)
- Technology base, global development capabilities

Diverse Business Portfolio
Number of services provided in Japan Over 200
129 subsidiaries, 36 affiliated companies
- Business Portfolio

Natural capital
Total energy consumption 5,317,059 GJ (FY2022)
Water consumption 605,339 m³ (FY2022)
- ESG Data

Key Issues for Management (Materiality)

- Providing new (WOW!) experiences using data/AI
- Operating safe & secure digital platforms
- Building a resilient social infrastructure
- Reinforcing human capital
- Fulfilling responsibilities for the global environment and future generations
- Reinforcing group governance

Materiality

Business Activities/Outputs

Media
Advertising, Web Portal, Communication, News, Local

Commerce
Shopping, Reuse, Travel/Dining

Strategic
Payment, Credit Card, Bank

Foundations for Business Activities
- Corporate Governance
- Privacy and Security
- Human Capital
- Risk Management
- Compliance
- Internal Control

Value to Be Created (Outcomes)

Creation of social value
- Provision of convenient and inspiring user experiences
- Provision of safe and secure IT services
- Disaster prevention/ mitigation, pandemic responses
- DX for municipalities and medical services, online education
- Realization of a recycling-oriented society through reuse initiatives
- Using the power of IT to realize a low-carbon society
- Environmentally friendly service operations
- Achievement of carbon neutrality (Scope 1 & 2) by 2030

Enhancement of corporate value
- Developing and reinforcing human capital that creates diverse value
- Improvement of employee well-being

National and local governments
Employees
Shareholders and other investors
Users
Partners
Future generations
Regional communities

* Total number of registered users of LY Corporation's main consolidated services, including Yahoo! JAPAN annual login IDs, LINE monthly users, and PayPay registered users.

Realizing the Group's Mission by Creating Solutions That Balance Profit Generation with Solving Social Issues

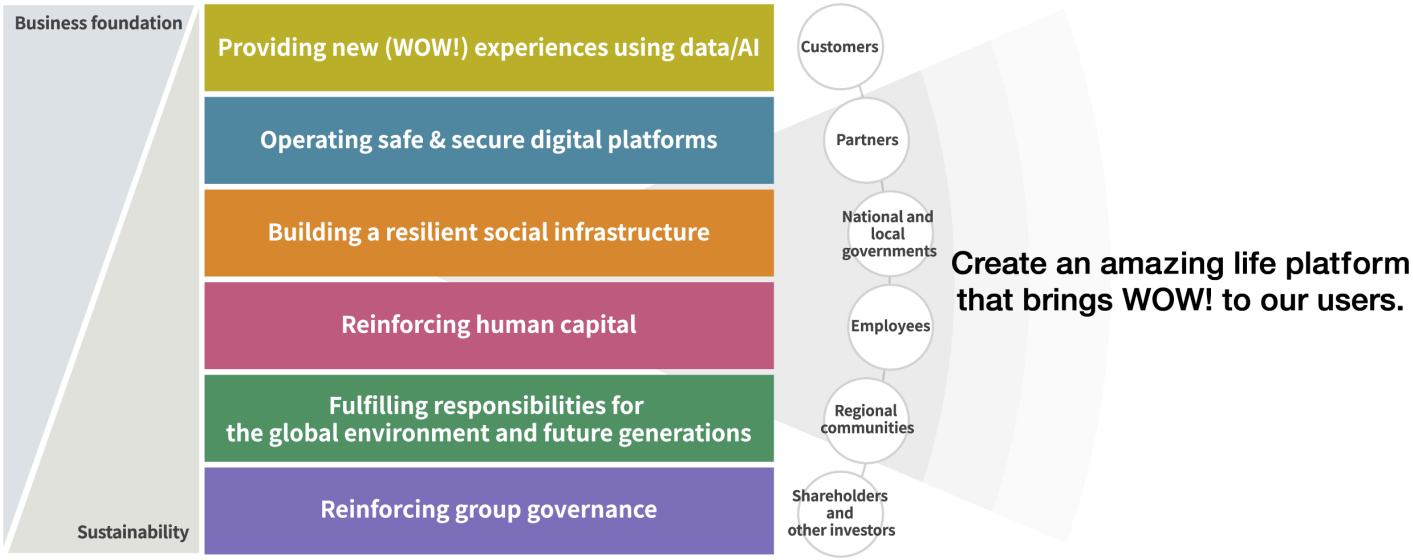
We strive to monitor conditions in our business environment accurately, analyze the risks and opportunities that these present, and then identify the key issues that we need to address to realize sustainable growth.

These key issues are considered as we leverage the Group's strengths—including our diverse business portfolio and one of the largest user bases in Japan—to create new data solutions that not only generate further profits, but also contribute to solving social issues. We think that this will enable us to realize the Group's mission: "Create an amazing life platform that brings WOW! to our users."

Materiality and Mission

The LY Corporation Group established "Six materialities" in order to realize its mission: "Create an amazing life platform that brings WOW! to our users."

By addressing these issues, the Group will build a future with its stakeholders in which everyone can use the power of the Internet with peace of mind.



→ Key issues (materiality) that we need to address to realize sustainable growth

→ Sustainability Initiatives