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Takeshi Idezawa

President and Representative Director, CEO

Message from the CEO

To thrive in the AI era,
we are swiftly building services and
a company that can flexibly
adapt to change.

Enjoying and growing through change

Among executives in the IT industry, there are many who initiate change themselves and run at the front. By contrast, I acknowledge that, rather than creating change myself, I have grown by placing myself in environments of change and by responding to them.

This approach began at livedoor (livedoor Co., Ltd.), where, as a mid-level manager suddenly appointed as CEO amid a crisis, I rebuilt the company by responding to stakeholder needs and, in the process, broadened my perspective as a leader.

Later, after joining the NAVER Group and encountering their product-driven culture, I learned firsthand the importance of innovation. Through the business integration, I was inspired by colleagues at Yahoo Japan, and from SoftBank's leadership I learned their drive to take on challenges on a global scale, further reinforcing my foundation as an executive.

These experiences convinced me that embracing change and turning challenges into fuel is what drives personal growth. By taking on new missions and encounters—even after setbacks—I found the strength to move forward. This appetite for change has become part of my DNA and is a value the company should uphold.

Today, the greatest shift is the AI revolution. Generative AI is reshaping society and industries at their core, with an impact possibly exceeding the Industrial Revolution. While business models are shaken, opportunities for value creation are expanding.

How we face this transformation and translate it into growth will define our future, one I approach with strong conviction.

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Create an organization that fears failure to change, not change itself

To adapt to the AI era, two approaches are essential: creating businesses and services suited for the era, and building an organization that can respond flexibly to change.

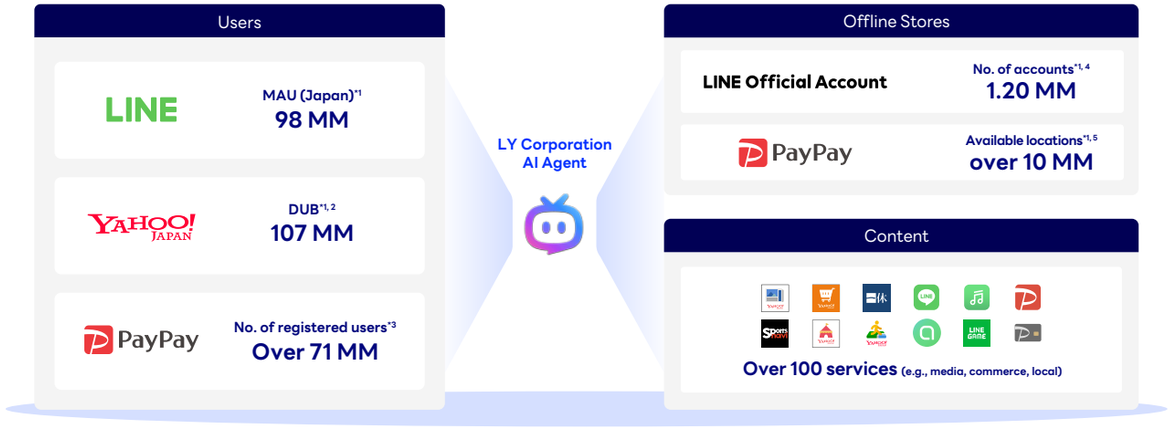
On the first point, internet companies will evolve to deliver more advanced experiences by seamlessly integrating diverse services—such as search, news, commerce, and entertainment—through AI agents. The key is to fuse multiple AI agent services while leveraging long-term, user-specific memory and to provide them in a highly convenient form. This is precisely the direction our Group aims to pursue.

We possess unique strengths absent in major overseas LLM players, including broad user touchpoints covering much of Japan's population and a broad portfolio of services. By integrating these assets accumulated on Yahoo! JAPAN and LINE with LLMs, I believe we can deliver the most useful and convenient AI agent services for users in Japan. Leveraging these advantages to create new value in the AI era defines our growth strategy.

On the second point, organizations must detect change early and transform to keep delivering value in a rapidly changing society. To take on challenges that do not have clear right answers, it is essential to act swiftly without fearing failure and learn from those experiences. Therefore, it is vital to instill the principle of fearing failure to change, not change itself.

To that end, my role is to personally lead the creation of a lean organization and the thorough adoption of AI across the company, to place top talent in the right roles and build a foundation for them to excel, and as a catalyst, to accelerate the company's self-transformation. Our challenge with generative AI is not only a growth strategy to create new products and services but also an effort to establish a corporate

Unrivaled leader in users, physical offline stores, and content



*1 As of March 31, 2025
*2 Browsers used to access Yahoo! JAPAN services. For smartphones, duplicate counted if accessed through both browser and app
*3 As of September 2025 *4 Number of accounts in Japan utilizing the feature at least once a month
*5 Number of stores and locations where PayPay or PayPay Card can be used

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culture that adapts to social and technological change and continues to reinvent itself. By responding to technical innovations starting with generative AI, our goal is to become a company capable of continuous change, the greatest factor in enhancing sustainable corporate value. Together with employees, I will embrace change and remain committed to enhancing long-term value.

Delivering multilayered contributions to society through integrated services

The company was established in October 2023 through the reorganization of five companies centered on Yahoo Japan and LINE. As declared at the 2021 business integration, our aim is to realize the vision of becoming a world-leading AI tech company. While the reorganization's benefits are beginning to materialize, the task now is to scale them by increasing profitability and service value. To do so, we will embed generative AI across all Group services, evolving them into widely supported offerings.

Organizational strengthening has delivered results: The AI agent strategy has spread company-wide, service execution has accelerated, the organization has become leaner, and profitability has improved. Information security and governance issues identified during the reorganization have also been addressed through robust systems, establishing a reliable information infrastructure.

Our response to the January 2024 Noto earthquake symbolized the company's evolution. Employees took the initiative to act, fulfilling our role as an information lifeline. By integrating the services of Yahoo! JAPAN and LINE, we made multilayered contributions to society, demonstrating our resilience and the benefits of the reorganization. Despite being distinct services, both share a common DNA—the spirit of contributing to society—which underpins our ability to create social value.

Yahoo! JAPAN has about 30 years of history, and LINE about 15. This legacy is a strength, but it can also hinder our ability to adapt to change. As demonstrated by our response to the January 2024 Noto earthquake, we are becoming a company in which employees unite in emergencies to fulfill their mission. Going forward, we will further articulate our philosophy and strategy, fostering a culture where every employee proactively embraces and acts on change.

Maximizing corporate value through both future-oriented and reality-based thinking

In management, we are often confronted with difficult choices, such as whether to prioritize profitability or innovation. In reality, neither can be sacrificed, so balancing and harmonizing these competing elements to maximize corporate value is also a key responsibility of the CEO.

My approach is to start from the "future." Rather than viewing challenges as extensions of the present, I envision where society, technology, and our business should be in five or ten years and work backward. I also realistically assess the resources and systems needed to ensure execution. By combining such future-oriented and reality-based thinking, my responsibility is to draw out team strengths and generate new value.

We will continue to embrace our DNA of "enjoying change" and our ability to execute, working toward the realization of our vision and the sustained enhancement of corporate value.

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Feature: Roundtable with Outside Directors

We will support management in accelerating the AI agent strategy while maintaining a balance with defensive measures, paving the way for a new growth trajectory.

Tadashi Kunihiro
Outside Director (Independent Director), Audit and Supervisory Committee Member, Chairperson of the Governance Committee

Maiko Hasumi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Yuko Takahashi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Yoshio Usumi
Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member, Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee

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Feature: Roundtable with Outside Directors

Looking back, how do you evaluate the PMI since LY Corporation was formed through the intra-Group reorganization mainly of former LINE and Yahoo Japan?

Hasumi: In the two years since the reorganization, we swiftly consolidated overlapping businesses and optimized personnel, achieving greater cost efficiency, which is becoming visible in the numbers. Still, challenges arose, such as the unauthorized access incident and delays in business collaboration. The real test now is how much growth we can deliver.
Takahashi: I joined as an outside director when management was consumed with the security issue. As the new company had just launched, I worried about our ability to strengthen defenses. Yet countermeasures advanced smoothly. In fact, tackling the issue deepened unity between former LINE and Yahoo Japan.
Kunihiro: Exactly—adversity unites teams. As Ms. Hasumi said, the reorganization has produced benefits through consolidation and cost reductions, but the real question is whether we can generate fundamental synergies by evolving our core businesses.
Hasumi: In that sense, the decision to transform all services into AI agents amid the generative AI shift was highly significant. Also, ending full remote work this April increased in-person communication, producing positive effects. I look forward to seeing what new dynamics emerge.
Usumi: Indeed, with this AI shift policy, LY Corporation—together with subsidiaries and the parent company—is seriously working to create new products and services. I expect the company to deliver standout success stories, leveraging its userbase while protecting personal data.

Tadashi Kunihiro
Outside Director (Independent Director), Audit and Supervisory Committee Member, Chairperson of the Governance Committee

Profile

As a lawyer with broad experience in corporate crisis management and compliance, served as an outside director/auditor at listed companies. Became outside director of LINE in 2015 and assumed current post in March 2021.

What do you believe is the key to achieving success in the AI agent strategy?

Usumi: Our Group holds unmatched user touchpoints through LINE, Yahoo! JAPAN, PayPay, and other services, plus a wealth of data from these diverse offerings. These assets place us in a highly advantageous position in delivering AI agent services for consumers.
Kunihiro: There are two phases in utilizing generative AI: boosting internal productivity and creating new consumer products. In both, it is critical that everyone builds sufficient literacy to use and commercialize AI agents from both creator and user perspectives.
Hasumi: I once assumed that cutting-edge development such as generative AI was driven only by technical experts. Yet, within the SoftBank Group, including our company, initiatives are advanced by inviting ideas from all employees through AI business contests, which is highly effective. At the same time, monitoring global trends in AI agent commercialization is essential. We should look not only to the US and China but also to Southeast Asia, including Singapore, to learn emerging business models while developing services swiftly.
Kunihiro: Indeed, focusing solely on Japan risks narrowing our view. Since our Group also operates in Taiwan and Thailand, I intend to deepen Board discussions on how best to compete in Asia.
Takahashi: Management emphasizes speed in commercializing AI agents. Providing services ahead of competitors is crucial, but rushing with underdeveloped products could disappoint users and

Maiko Hasumi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Profile

After earning an MBA at the Stanford Graduate School of Business, built a career as a financial analyst and fund manager, and became an outside director at multiple IT firms. Assumed current post in March 2021.

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Feature: Roundtable with Outside Directors

drive them away. Balancing speed with quality and risk is vital, and I will monitor this balance closely as an outside director.

Kunihiro: LINE was launched only months after development began, triggered by the Great East Japan Earthquake. Although the initial version had flaws, it evolved into a high-quality product through constant refinement. Management is pursuing AI agents in the same spirit—pushing forward boldly while balancing safeguards. As outside directors, we will continue to support this approach.

How do you view our capital efficiency and the stock market's evaluation of the company?

Hasumi: When I first joined, focus was on adjusted EBITDA, with little explanation to shareholders about net income. So as outside directors, we urged greater attention to net income. The Board discussed this extensively, including IR policy, which made management more conscious of capital cost. LY Corporation is now reinforcing capital efficiency-focused management while actively disclosing information and engaging with the market.

Usumi: We also disclose targets such as adjusted EPS and our capital allocation policy, making matters clearer to shareholders. Efficiency improvements and rationalization are recognized, so the expectation now is to deliver core business results.

Kunihiro: Yes, the pursuit of efficiency is evident. But to achieve major growth, generating solid earnings from core operations remains essential.

Takahashi: Stock price does not always directly reflect company performance, so we should not be swayed by it. That said, as the AI agent business develops and investors expect growth, market valuation should improve.

Usumi: After the reorganization, we struggled to meet market expectations, but recognition is now growing of our ability to generate stable cash flow. Still, to gain further market trust, we must deliver tangible outcomes through the AI agent strategy.

What kind of Board discussions take place as M&A is being promoted under the capital allocation policy?

Hasumi: We are provided with extensive information and prior briefings, enabling us to conduct in-depth debates. M&A proposals are discussed multiple times before resolution. If the rationale for the purchase price or medium- to long-term business plan is insufficient, we may request reconsideration.

Kunihiro: Management responds promptly and sincerely to such requests. In most cases, convincing explanations and numerical grounds are presented, leading to Board approval. We conduct detailed Q&A not only at formal Board meetings but at prior briefings as well. Having the Board's oversight function working at all times like this is key to strong governance.

Hasumi: In fact, there have been cases where the purchase price was optimized through reconsideration. When we are unconvinced, we repeat discussions to properly fulfill the Board's supervisory role.

Takahashi: Even after thorough review, there are always blind spots that management alone may overlook. If we can help fill those gaps, it fosters the

Yuko Takahashi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Profile

With broad experience as a CPA, served in key finance posts including executive officer and director of Dentsu and Dentsu Group and outsider director/auditor at multiple companies. Assumed current post in June 2024.

Yoshio Usumi
Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member, Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee

Profile

Became Outside Director (Independent Director), Audit and Supervisory Committee Member of the company in June 2019 and assumed current post in June 2020 after key posts at Nomura Research Institute, including representative director of corporate headquarters.

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Feature: Roundtable with Outside Directors

ideal relationship between us and management.
Usumi: All outside directors serve on the Governance Committee, with most on the Audit and Supervisory Committee and Nominating and Remuneration Committee as well. This means we engage in over a dozen discussions each month.
Hasumi: When urgent matters arise, extraordinary meetings are convened even on weekends, allowing for highly agile responses.

What are your thoughts on security governance and management risks going forward?

Kunihiro: For internet businesses, it is imperative that users feel safe in entrusting their data. So, as a platform operator, we cannot compromise on information security or governance. Reports on security incidents, responses, and progress of countermeasures are submitted monthly to the Board. We also convene expert panels to incorporate professional opinions and recommendations. In this manner, management addresses security issues with a strong sense of vigilance.
Usumi: At LY Corporation, the president personally chairs the Security Governance Committee, taking direct control of all measures. Having the top leader actively in charge ensures clear direction and swift implementation.
Takahashi: During a recent business trip to Korea, I visited a development firm and was struck by how the entire organization worked with heightened awareness under the reinforced security framework. It showed the Group's determination.
Usumi: On the other hand, security governance is never-ending. With constant technological innovation and social change, we must remain sensitive and agile, continuing to strengthen both security measures and governance.
Hasumi: This is especially true as we enter the new field of AI agents, where unknown security issues may arise. In such unexplored territory, imagination is crucial—anticipating every possible risk and preparing for it in advance.
Kunihiro: Exactly. Preventing trouble is essential, but we must also be ready to minimize impact and take accountability if issues do occur.
Usumi: Beyond security, another major risk is slowing growth in our core business. While security responses may have caused delays, it is vital for us to regain momentum through the AI agent strategy and new products. Shareholders expect this most, and as outside directors, we strongly support the realization of this growth.
Kunihiro: While slowing growth is indeed a major risk, it is also an opportunity. Strengthening defenses such as security governance is necessary, but that alone does not raise enterprise value. Therefore, our role is to also encourage management to channel more energy into medium- to long-term business growth.

(Interview date: July 15, 2025)