



January 28, 2025

To whom it may concern,

LY Corporation
Takeshi Idezawa
President and Representative Director, CEO
Stock Code: 4689

Update on Company Split with LY Communications Corporation, a Wholly Owned Subsidiary (Simplified Split and Short-Form Split)

As announced in “Decision of Policy to Transfer the Customer Service Functions to LY Communications Corporation, a Wholly Owned Subsidiary, through a Company Split” dated October 29, 2024, LY Corporation (hereinafter the “Company”) resolved at the meeting of the Board of Directors held today, that the Company shall transfer the functions related to customer service and operations for the services that the Company provides (hereinafter “CS”) to LY Communications Corporation (hereinafter “LY Communications”) via a company split effective April 1, 2025, in which the Company is the splitting company and LINE Communications is the succeeding company (hereinafter the “Absorption-Type Split”), in order to strengthen customer support for the Company’s services. Details are as follows.

The Company has omitted certain disclosure items and details because the Absorption-Type Split is a simplified absorption-type split of a wholly owned subsidiary.

1. Purpose of the Absorption-Type Split

The purpose of this Absorption-Type Split is to provide a higher quality user experience by creating a unified organization for the CS departments through a company split, improving efficiency in terms of systems and management. The Company will continue to reinforce its business operations to contribute to the enhancement of corporate value.

2. Outline of the Absorption-Type Split

(1) Schedule of the Absorption-Type Split

Date of the resolution of the Board of Directors (each company): January 28, 2025

Date of signing of the Absorption-Type Split agreement (each company): February 6, 2025
(planned)

Effective date of the Absorption-Type Split: April 1, 2025 (planned)

As the Absorption-Type Split falls under the category of a simplified split (as prescribed in Article 784, Paragraph 2 of the Companies Act) in relation to the Company, and a short-form split (as prescribed in Article 796, Paragraph 1 of the same act) in relation to LY Communications, the Absorption-Type Split agreement shall be implemented without convening a General Meeting of Shareholders of either company for approval.

Disclaimer

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(2) Method of the Absorption-Type Split

The Absorption-Type Split will be implemented by way of an absorption-type split in which the Company is the splitting company and LY Communications is the succeeding company.

(3) Details of allotments related to the Absorption-Type Split

No shares or money will be allotted as a result of the Absorption-Type Split since LY Communications is a wholly owned subsidiary of the Company.

(4) Treatment of share options and bonds with share options in connection with the Absorption-Type Split

The Company has issued share options but they will not be extinguished as a result of the Absorption-Type Split. The Company has not issued any bonds with share options.

(5) Change in capital due to the Absorption-Type Split

There will be no change in the Company's share capital as a result of the Absorption-Type Split.

(6) Rights and obligations to be assumed by the succeeding company

From the Company, LY Communications will succeed to the assets, liabilities, and other rights and obligations related to the Company's CS as of the effective date to the extent provided in the Absorption-Type Split agreement.

(7) Prospects of fulfillment of obligations

The Company has determined that there is no problem in the expected performance of the obligations to be borne by LY Communications on and after the effective date of the Absorption-Type Split.

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3. Overview of the companies involved in the Absorption-Type Split

	Splitting company		Succeeding company	
(1) Trade name	LY Corporation		.LY Communications Corporation	
(2) Location	1-3 Kioicho, Chiyoda-ku, Tokyo		8-1 Hakataekichuogai, Hakata-ku, Fukuoka-shi, Fukuoka	
(3) Names and titles of representatives	Kentaro Kawabe Chairperson and Representative Director Takeshi Idezawa President and Representative Director, CEO (Chief Executive Officer)		Yusuke Suzuki Representative Director, President, and CEO	
(4) Main business	Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations		Operation, customer care, creation, and planning for LY Corporation services	
(5) Paid-in capital	JPY 248,773 million (as of September 30, 2024)		JPY 490 million (as of September 30, 2024)	
(6) Founded	January 31, 1996		November 18, 2013	
(7) Number of shares issued	7,149,601,322 shares (as of September 30, 2024)		88,000 shares (as of September 30, 2024)	
(8) Fiscal year end	March 31		March 31	
(9) Major shareholders and shareholding ratios	A Holdings Corporation 62.5% The Master Trust Bank of Japan, Ltd. (trust account) 6.1% STATE STREET BANK AND TRUST COMPANY 505325 3.3% Custody Bank of Japan, Ltd. (trust account) 2.3% STATE STREET BANK AND TRUST COMPANY 505001 1.2% (As of September 30, 2024)		LY Corporation 100% (As of September 30, 2024)	
(10) Financial position and results of operations for the most recent fiscal year	Fiscal year ended March 31, 2024 (Consolidated: IFRS)		Fiscal year ended March 31, 2024 (Non-consolidated: Japanese GAAP)	
	Total equity	JPY 3,446,985 million	Net assets	JPY 5,505 million
	Total assets	JPY 9,043,969 million	Total assets	JPY 7,684 million
	Equity attributable to owners of the parent per share	JPY 404.89	Net assets per share	JPY 62,553
	Revenue	JPY 1,814,663 million	Revenue	JPY 13,197 million
	Operating income	JPY 208,191 million	Operating income	JPY 197 million
	Income before tax	JPY 181,621 million	Ordinary income	JPY 239 million
	Net income attributable to owners of the parent	JPY 113,199 million	Net income	JPY 121 million
	Basic earnings per share	JPY 15.10	Net income per share	JPY 1,380

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4. Overview of business to be split

(1) Description of the business to be split

System planning and CS operation mainly for Yahoo! JAPAN services, improvement of the productivity of the operation domain, and others

(2) Operating results of the business to be split

The business to be split does not conduct sales activities, thus there are no applicable items to be listed.

(3) Items and amounts of assets and liabilities to be split

There are no assets or liabilities to be split as a result of this Absorption-Type Split. Should any assets or liabilities requiring splitting be identified in the future, both parties will engage in discussions to finalize the details by the effective date of the Absorption-Type Split.

5. Status after the Absorption-Type Split

There will be no changes in the trade name, location, name and title of representatives, main business, paid-in capital, or fiscal year end of the Company and LY Communications as a result of the Absorption-Type Split.

6. Future prospects

Since this is an absorption-type split of a wholly owned subsidiary of the Company, the effect of the Absorption-Type Split on the Company's consolidated financial statements of operations is immaterial.

(Reference) Consolidated business performance forecast for current fiscal year (as announced on November 5, 2024) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA	Adjusted EPS
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2025)	JPY 1,935,000 million	JPY 450,000 million to JPY 460,000 million	JPY 18.5 to JPY 19.4
Consolidated business performance for previous fiscal year (FY ended March 31, 2024)	JPY 1,814,663 million	JPY 414,917 million	JPY 18.93

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