

Results for the Fiscal Year Ended March 31, 2025 [IFRSs]

May 7, 2025

Company Name: LY Corporation

Share Listings: Prime Market of TSE

Code No.: 4689

URL: <https://www.lycorp.co.jp/en/>

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President and Representative Director, CEO

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Scheduled Ordinary Shareholder's Meeting Date: June 19, 2025

Scheduled Dividend Payment Date: June 5, 2025

Scheduled Securities Report Submission Date: June 18, 2025

Financial Results Supplementary Briefing Materials to Be Created: Yes

Financial Results Investors Meeting to Be Held: Yes (for Financial Analysts)

1. Consolidated Results for FY2024 (April 1, 2024 - March 31, 2025)

(Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2024 - March 31, 2025)

(Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2024	1,917,478	5.7	315,033	51.3	274,882	51.3	202,403	45.5	153,465	35.6	167,732	(1.9)
FY 2023	1,814,663	8.5	208,191	(33.8)	181,621	(22.8)	139,073	(26.5)	113,199	(36.7)	170,968	(40.4)

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the parent	Profit before tax ratio to total assets	Operating margin
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen	%	%	%
FY 2024	470,831	13.5	182,062	8.8	24.91	11.7	21.00	20.92	5.1	3.0	16.4
FY 2023	414,917	24.7	167,273	315.4	22.31	315.2	15.10	15.04	3.8	2.1	11.5

(For reference) Equity in losses of associates and joint ventures: FY2024 [(9,677) million yen] FY2023 [(16,491) million yen]

(Note) Please find the definitions of adjusted EBITDA, adjusted net income, and adjusted EPS in the following page.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY 2024	9,158,346	3,418,915	2,998,170	32.7	420.77
FY 2023	9,043,969	3,446,985	3,037,088	33.6	404.89

(3) Consolidated Cash Flows Status

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	519,590	(505,633)	(416,797)	1,043,944
FY2023	316,477	(444,060)	(81,490)	1,420,430

2. Dividends

	Dividends per share					Total amount (Full year)	Payout ratio (Consolidated)	Dividend ratio to equity attributable to owners of the parent (Consolidated)
	1Q	2Q	3Q	Year end	Full year	Millions of yen	%	%
	Yen	Yen	Yen	Yen	Yen			
FY 2023	—	0.00	—	5.56	5.56	41,888	36.8	1.4
FY 2024	—	0.00	—	7.00	7.00	50,075	33.3	1.7
FY 2025 (Estimates)	—	0.00	—	7.00	7.00		—	

3. Consolidated Performance Estimates for FY2025 (April 1, 2025 – March 31, 2026)

	Revenue		Adjusted EBITDA		Adjusted EPS
	Millions of yen	% Change YoY	Millions of yen	% Change YoY	Yen
Fiscal year ending March 31, 2026	2,100,000	9.5	500,000–510,000	6.2–8.3	25.9–26.9

(Note)

For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026) in (1) Qualitative Information Regarding the Consolidated Business Performance of 1 Analysis of Business Results and Financial Position on page 6 of the Results for the Fiscal Year (Attachments).

Notes

(1) Significant changes in scope of consolidation during the period: Yes

Newly consolidated: None

Excluded from consolidation: 1 (ValueCommerce Co., Ltd.)

(2) Changes in the accounting principles and accounting estimates

1) Changes due to IFRSs: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

(3) Number of stocks issued (common stock)

1) Number of stocks issued (including treasury stocks)

As of March 31, 2025 7,154,182,647 shares

As of March 31, 2024 7,637,068,986 shares

2) Number of shares of treasury stocks

As of March 31, 2025 28,775,073 shares

As of March 31, 2024 136,099,378 shares

3) Average number of common stocks outstanding

Fiscal year ended March 31, 2025 7,307,937,444 shares

Fiscal year ended March 31, 2024 7,498,805,722 shares

Note: The number of shares of treasury stocks includes the number of shares of LY Corporation (the "Company") held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust (as of March 31, 2024: 32,948,954 shares; as of March 31, 2025: 28,167,999 shares).

(4) Formula for each management index

• Adjusted EBITDA: Operating income + depreciation & amortization (*1) \pm EBITDA adjustment items (*2)

• Adjusted net income: Net income attributable to owners of the parent \pm EPS adjustment items (*3) \pm tax equivalent on some EPS adjustment items

• Adjusted EPS: Adjusted net income/average number of common stocks outstanding

(*1) Depreciation & amortization: Depreciation, depreciation of right-of-use assets, etc.

(*2) EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses, etc. (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gain on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds.

(*3) EPS adjustment items: \pm EBITDA adjustment items + amortization of identifiable intangible assets arising from business combinations \pm non-recurring gains/losses in non-operating income/expenses

(Note) Starting from the fiscal year ended March 31, 2025, "amortization of identifiable intangible assets arising from business combinations" and "non-recurring gains/losses in non-operating income/expenses" are added to the formula for adjusted net income. Tax equivalent is also adjusted considering such adjustment items.

* The Results for the Fiscal Year are not subject to audit by certified public accountants or audit corporations.

* Explanation of the proper use of performance estimates, and other special notes

• The performance estimates, etc., and other forward-looking statements contained in this document are based on the information currently available to the Company and premised on assumptions that have been deemed reasonable by the management. For a variety of reasons, actual performance estimates, etc., could differ significantly.

• Supplementary materials to the earnings results are published on the Company's website (<https://www.lycorp.co.jp/en/ir.html>) on Wednesday, May 7, 2025.

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1 Analysis of Business Results and Financial Position

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2024 – March 31, 2025)

■ Highlights

Both revenue and adjusted EBITDA marked a record high for the fifth consecutive fiscal year. Revenue: 1.91 trillion yen (up 5.7% year on year); adjusted EBITDA: 470.8 billion yen (up 13.5% year on year).

	Fiscal year ended Mar. 31, 2024 (billion yen)	Fiscal year ended Mar. 31, 2025 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	1,814.6	1,917.4	102.8	5.7%
Adjusted EBITDA	414.9	470.8	55.9	13.5%

The revenue for the consolidated fiscal year ended March 31, 2025 amounted to 1,917.4 billion yen (up 5.7% year on year) resulting in the highest fiscal year revenue. This was due to an increase in the Strategic Business' revenue as a result of growth in PayPay's consolidated results (including PayPay Corporation and PayPay Card Corporation), an increase in the Media Business' revenue mainly as a result of growth in account ads, and an increase in the overall revenue of the Commerce Business, mainly driven by the ZOZO Group and ASKUL Group.

Adjusted EBITDA for the consolidated fiscal year ended March 31, 2025 amounted to 470.8 billion yen (up 13.5% year on year), a record-high, due to the abovementioned revenue growth, despite an increase in expenses for sales promotion, security measures, and others.

2. Segment Business Results Summary (April 1, 2024 – March 31, 2025)

Revenue and Adjusted EBITDA by Segment

	Fiscal year ended Mar. 31, 2024 (billion yen)	Fiscal year ended Mar. 31, 2025 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	702.1	731.6	29.4	4.2
Adjusted EBITDA	254.5	283.9	29.4	11.6
Commerce Business				
Revenue	827.0	848.3	21.2	2.6
Adjusted EBITDA	143.2	148.4	5.1	3.6
Strategic Business				
Revenue	289.9	341.2	51.2	17.7
Adjusted EBITDA	11.5	51.5	39.9	347.3
Other				
Revenue	8.0	9.1	1.0	13.3
Adjusted EBITDA (loss)	(0.3)	2.6	3.0	—
Adjustments				
Revenue	(12.6)	(12.8)	—	—
Adjusted EBITDA (loss)	5.9	(15.7)	—	—
Total				
Revenue	1,814.6	1,917.4	102.8	5.7
Adjusted EBITDA	414.9	470.8	55.9	13.5

Notes:

1. From the third quarter of the fiscal year ended March 31, 2025, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business. Accordingly, the segment information for the previous fiscal year has been revised and restated.
2. Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Consolidated Fiscal Year

The revenue of the Media Business amounted to 731.6 billion yen, increasing 4.2% year on year as a result of increased revenue from account ads, etc. Adjusted EBITDA increased 11.6% year on year, to 283.9 billion yen. The revenue of the Media Business accounted for 38.2% of total revenue.

- Account ads: Revenue increased 18.9% year on year due to an increase in the number of paid accounts and expansion of pay-as-you-go billing in LINE Official Account.
- Search ads: Revenue increased 0.8% year on year due to an increase in revenue from ads distributed across LY Corporation's websites, despite a decrease in revenue from partners' websites.
- Display ads: While the overall market continued to grow moderately, revenue decreased year-on-year.

2) Commerce Business in the Consolidated Fiscal Year

The revenue of the Commerce Business grew year on year due to revenue increases in the ZOZO Group and ASKUL Group, as well as growth of e-commerce businesses, mainly the services e-commerce business.

E-commerce transaction value (*1) amounted to 4,376.6 billion yen, increasing 4.3% year on year, of which domestic merchandise transaction value amounted to 3,120.6 billion yen, increasing 2.7% year on year.

As a result, the revenue of the Commerce Business of the consolidated fiscal year amounted to 848.3 billion yen, increasing 2.6% year on year. Adjusted EBITDA increased 3.6% year on year, to 148.4 billion yen as a result of the abovementioned revenue growth and cost optimization. The revenue of the Commerce Business accounted for 44.2% of total revenue.

(*1) E-commerce transaction value is the total transaction value of shopping business, reuse business, and services ecommerce in "LY Corporation," and ZOZO and ASKUL in "ZOZO, ASKUL" under Commerce Business, and paid digital content, etc. included in Other of Media Business listed in "Major services/products of each segment" on page 5.

3) Strategic Business in the Consolidated Fiscal Year

The revenue of the Strategic Business grew year on year due to growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), other fintech's revenue, PayPay Bank Corporation, and other factors.

PayPay consolidated GMV amounted to 15.4 trillion yen (*2, 3) (up 23.4% year on year(*4)) maintaining steady growth. Furthermore, loan balance of PayPay Bank Corporation came to 935.8 billion yen (up 28.3% year on year).

As a result, the revenue of the Strategic Business for the consolidated fiscal year amounted to 341.2 billion yen, increasing 17.7% year on year. Adjusted EBITDA amounted to 51.5 billion yen (up 347.3% year on year) as a result of the increased revenue mentioned above. The revenue of the Strategic Business accounted for 17.8% of the total revenue.

(*2) The use of the "Send/Receive" function of "PayPay Balance" between users is not included. Payments via Alipay and LINE Pay, etc. and payments through "PayPay Credit (formerly Atobarai)" are included. The figures represent the sum of GMVs of PayPay Card Corporation and PayPay Corporation, with internal transactions between the two companies eliminated.

(*3) Figures are rounded down to the nearest billion yen and then rounded off to the nearest JPY100 billion.

(*4) Percentage change in consolidated GMV including the transaction volume of PayPay Card Corporation.

Major services/products of each segment

Media Business	Search advertising	Yahoo! JAPAN Ads "Search advertising"	
	Account advertising	LINE Official Account, LINE Promotion Sticker, LINE de Obo (Participate with LINE), LINE Flyer, etc.	
	Display advertising	Programmatic advertising	Yahoo! JAPAN Ads "Display advertising" (Programmatic-based), LINE VOOM, LINE NEWS, Chat List, Talk Head View, Talk Head View Custom, etc.
		Reservation advertising	Yahoo! JAPAN Ads "Display advertising" (Reservation-based), etc.
		Other LINE advertising	LINE Part Time Jobs, etc.
	Other	LINE STICKERS, LINE GAME, LINE Fortune, LINE MUSIC, LINE Manga, LINE Search, LYP Premium, ebookjapan, real estate-related services, Yahoo! JAPAN Mail, etc.	
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE Brand Catalog (*5), LINE FRIENDS, LINE GIFT, MySmartStore (*6), Yahoo! JAPAN Quick Mart (*7), Yahoo! JAPAN Mart by ASKUL (*8), LIVEBUY (*9), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, MyShop, etc.)
		Reuse business	Yahoo! JAPAN Auction , Yahoo! JAPAN Flea Market
		Services e-commerce	Yahoo! JAPAN Travel, lkyu.com, LINE TRAVEL (Taiwan), etc.
		Other	Other
	ZOZO, ASKUL	ZOZO	ZOZOTOWN, ZOZOUSED, etc.
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc.), LOHACO, Charm, etc.
		Other (*10)	ValueCommerce Affiliate, Value Point Club, STORE's R [∞] , StoreMatch, B-Space, etc.
Strategic Business	Fintech	PayPay (Consolidated)	PayPay, PayPay Card, Credit Engine Group (*11)
		PayPay Bank	—
		Other fintech	PayPay Asset Management (*12), PayPay Insurance, LINE Pay (*13), LINE Score, LINE Pocket Money, LINE BITMAX, LINE FX, DOSI, etc.
	Other		Other

(*5) LINE Shopping in Japan was renamed to LINE Brand Catalog from August 20, 2024.

(*6) MySmartStore terminated its service on July 31, 2024.

(*7) Yahoo! JAPAN Quick Mart launched its services on August 13, 2024.

(*8) Yahoo! JAPAN Mart by ASKUL has ended its services on August 31, 2024.

(*9) LIVEBUY terminated its service on July 31, 2024.

(*10) ValueCommerce Co., Ltd. became an equity method affiliate as of May 2, 2024. Thus, the services of ValueCommerce Co., Ltd. are not included from this date.

(*11) Credit Engine Group changed its name to Credit Engine, Inc. as of April 1, 2025.

(*12) PayPay Asset Management is planning to terminate its business by around the end of September 2025.

(*13) LINE Pay terminated its service in Japan on April 30, 2025.

3. Outlook for Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

For the fiscal year ending March 31, 2026, the Group will aim to increase revenue and income by continuing to reinforce products in key growth domains through disciplined investments. The Group expects a revenue of 2,100.0 billion yen (up 9.5% year on year), an adjusted EBITDA of 500.0 – 510.0 billion yen (up 6.2 – 8.3% year on year), and an adjusted EPS (new definition) of 25.9 – 26.9 yen (up 4.0 – 7.9 % year on year).

The Group currently does not expect any direct impact of the recent U.S. tariff measures on the Group's business or performance. On the other hand, the Group will continue to closely monitor the indirect impact from macroeconomic ripple effects, and will promptly make an announcement if there is an expected impact that should be disclosed.

(2) Qualitative Information Regarding the Consolidated Financial Position

1. Assets, Liabilities, and Equity

1) Assets

Total assets at the end of the consolidated fiscal year ended March 31, 2025 amounted to 9,158,346 million yen, having increased 114,377 million yen, or 1.3%, since the end of the consolidated fiscal year ended March 31, 2024.

The major components of the change in assets were as follows:

- The principal reasons for the change in cash and cash equivalents are as stated in "Cash Flows" below.
- Loans in the credit card business increased compared with the end of the consolidated fiscal year ended March 31, 2024, primarily due to an increase in the transaction volume of the credit card business.
- Investment securities in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, due to the purchase and sale of investment securities, etc. as part of the fund management activities of PayPay Bank Corporation.
- Loans in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to the increase in housing loans.
- Other financial assets decreased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to the distribution of long-term trade receivables to assets with higher profitability.
- Investments accounted for using the equity method increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly because the LINE NEXT Group (LINE NEXT Corporation and its subsidiaries) and the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) became an equity-method affiliate of the Company and the IPX Group (IPX Corporation and its subsidiaries) became a jointly controlled enterprise of the Company.

2) Liabilities

Total liabilities at the end of the consolidated fiscal year ended March 31, 2025 amounted to 5,739,431 million yen, having increased 142,448 million yen, or 2.5%, since the end of the consolidated fiscal year ended March 31, 2024.

The major components of the change in liabilities were as follows:

- Trade and other payables increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to an increase in accounts payable owed to PayPay Corporation's merchants.
- Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024 due to an increase in deposits from customers.
- Interest-bearing liabilities decreased compared with the end of the consolidated fiscal year ended March 31, 2024, as a result of a decrease due to the repayments of short-term and long-term borrowings despite an increase mainly in short-term and long-term borrowings.

3) Equity

Total equity at the end of the consolidated fiscal year ended March 31, 2025 amounted to 3,418,915 million yen, having decreased 28,070 million yen, or 0.8%, since the end of the consolidated fiscal year ended March 31, 2024.

The major components of the change in equity were the following:

- Capital surplus decreased from the end of the consolidated fiscal year ended March 31, 2024 due to the cancellation of treasury stocks.
- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2024 due to the increase resulting from the recognition of net income attributable to owners of the parent, despite a decrease due to payment of dividends.

2. Cash Flows

At the end of the consolidated fiscal year ended March 31, 2025, cash and cash equivalents amounted to 1,043,944 million yen, down 376,485 million yen from the end of the consolidated fiscal year ended March 31, 2024, out of which deposits with the Bank of Japan for the banking business amounted to 212,257 million yen.

The following is a description of the movements in the main components of cash flow and the factors contributing to the changes for the period under review:

Cash flows from operating activities amounted to a total cash inflow of 519,590 million yen primarily owing to the recognition of profit before tax for the period under review, an increase in trade and other payables, and an increase in customer deposits in the banking business, despite an increase in loans in the banking business and the increase in loans for the credit card business.

Cash flows from investing activities amounted to a total cash outflow of 505,633 million yen, primarily due to purchase of investment securities in the banking business, purchase of property and equipment, and purchase of other investments, despite proceeds from the sales/redemption of investment securities in the banking business.

Cash flows from financing activities amounted to a total cash outflow of 416,797 million yen, primarily due to the decrease in short-term borrowings, purchase of treasury stock, and repayments of long-term borrowings, despite proceeds from long-term borrowings.

(3) Basic Policy Regarding Profit Distribution and Dividend Payments for Fiscal 2024 and 2025

To achieve sustained growth in corporate value over the medium- to long-term, LY Corporation recognizes the importance of pursuing upfront investments in the Group's services and capital expenditures for future growth, as well as rewarding the shareholders through profit distribution.

Based on this belief, the Company has established a shareholder return policy of aiming for a cumulative total payout ratio of 70% or more in the five years from Fiscal 2025. After comprehensively considering factors such as this shareholder return policy and the Company's performance, the year-end dividend for the fiscal year ended March 31, 2025 is expected to be a total of 50.0 billion yen, or 7.00 yen per share. The year-end dividend for the fiscal year ending March 31, 2026 is planned to remain the same, with a total of 50.0 billion yen, or 7.00 yen per share. The dividend per share is calculated based on the total dividend amount and the number of shares obtained by subtracting the number of shares of treasury stocks as of March 31, 2025 (607,074 shares) from the total number of stocks issued as of the same date (7,154,182,647 shares), which is 7,153,575,573 shares. The Company plans to conduct a share repurchase in the fiscal year ending March 31, 2026 as stated in the "Notice Regarding Share Repurchase, Tender Offer of Own Shares, and Cancellation of Treasury Shares" published today; therefore, depending on the result of such share repurchase, the dividend per share is expected to increase.

2 Management Policy

(1) Fundamental Business Management Policies

The LY Corporation Group strives to achieve its mission to "Create an amazing life platform that brings WOW! to our users." With the development of information technology, we are now able to acquire all kinds of knowledge and information through the internet and to disseminate information around the world. Using the power of information technology, the Group believes that mankind will be liberated from various restrictions and that a new future will be created.

The Group aims to enhance its corporate value by constantly striving to improve its services, focusing on maintaining a user-first approach and sustainable growth, and by contributing to solving the various issues faced by people and society.

(2) Management Performance Indicators Used for Goals

As its core management performance indicators, the LY Corporation Group gives priority to the revenue and adjusted EBITDA* for the overall Group. The reasons for setting these indicators are as follows:

Revenue: This indicator was chosen because it is the source of all earnings and can also represent growth and profitability, as well as business size.

Adjusted EBITDA: This indicator was chosen as an indicator that can capture recurring profitability by excluding non-recurring and non-cash gains and losses, such as impairment losses and remeasurement gains and losses from business combinations, in addition to depreciation and amortization.

As non-financial key indicators, the Yahoo! JAPAN portal website focuses on the daily unique browsers (DUB), etc., while the LINE communication app focuses on the monthly active users (MAU), DAU/MAU ratio (ratio of daily active users to monthly active users; active ratio), etc.

Other key indicators by business segment are as follows:

Media Business: total advertising revenue, number of paid accounts of LINE Official Account, etc.

Commerce Business: e-commerce transaction value, etc.

Strategic Business: PayPay GMV and number of PayPay payments of PayPay Corporation; credit card transaction volume of PayPay Card of PayPay Card Corporation; number of PayPay Bank Accounts of PayPay Bank Corporation, etc.

*Although adjusted EBITDA is not a financial measure as defined in IFRS, the Company has adopted this indicator in order to enhance understanding of the Group's performance and to use it as a key indicator in assessing the current performance. Therefore, it is possible that other companies may use different calculation methods or use the indicator for different purposes from this Group.

(3) Medium- to Long-Term Business Strategies

1) Business environment

Due to the rapid advancement of AI and other digital technologies in recent years, data is starting to serve as a source of value in every domain of society. In particular, advanced technologies such as generative AI have evolved remarkably, and are growing its significance in our work, learning, daily lives, and other diverse areas. Looking ahead, these technologies are expected to impact not only the internet industry, but also various other industries, including healthcare and education. At the same time, AI will be used for a wide range of purposes, from alleviating traffic congestion and improving energy efficiency to preventing crimes, fundamentally transforming the fabric of society.

The businesses of the LY Corporation Group can be largely classified into Media Business, Commerce Business and Strategic Business.

The Media Business provides a variety of media services and generates revenue through advertising placed by companies and other entities. According to Dentsu Inc., total advertising expenditures in Japan was JPY7.6730 trillion for 2024 (YoY +4.9%). This figure was the highest since the company began its estimates in 1947. Out of the total advertising expenditures, internet advertising spending recorded JPY3.6517 trillion (YoY +9.6%), maintaining a continuously high growth rate against the backdrop of the digitalization of society and driving the growth of the entire advertising expenditures in Japan. Internet advertising media expenditures, which constitute approximately 80% of internet advertising spending amounted to JPY2.9611 trillion (YoY +10.2%) due to the growth of video advertising, especially social media vertical video ads. By type, paid search advertising and display advertising accounted for

approximately 60% of the total, while video advertising grew 23.0% from the year before, accounting for just under 30% of the total.

The Commerce Business provides a wide array of services, mainly around e-commerce. According to research by the Ministry of Economy, Trade and Industry ("METI") of Japan, the BtoC e-commerce market is around JPY24.8 trillion (YoY +9.2%) in 2023, and the e-commerce ratio in the merchandising sector is 9.38%. The stay-at-home demand is still facing a slowdown that started last year as consumers returned to brick-and-mortar stores, but the market showed solid growth. On the other hand, the role of brick-and-mortar stores is evolving, and the efforts to integrate e-commerce with physical store operations are advancing further, indicating that the movement toward these integrations, which leverage the features of physical stores, and trends such as improving customer experience, are expected to accelerate.

The Strategic Business offers various services, mainly around fintech. According to METI, Japan's cashless payment ratio in 2024 increased to 42.8% (up 3.5 points YoY), achieving the government goal of 40% ahead of schedule. However, the level remains low compared to other countries in the world. As METI aims to hike the ratio of cashless payment to 80%, the cashless payment market in Japan is expected to continue to grow.

2) Management strategy

The LY Corporation Group is a globally unique corporate group that covers from online to offline services in a comprehensive manner. The abundance of data collected through its extensive lineup of services provides the Group with an important competitive edge in the creation of new and unique services. The Group aims to provide optimal services for each and every user, and to provide even higher-quality user experiences through the cross-use of data received from each service. In addition, as a Group that has one of the largest data assets in Japan, both in volume and in variety, it will maximize the capabilities of its data and will aim to become an enterprise that enhances the value of the whole society.

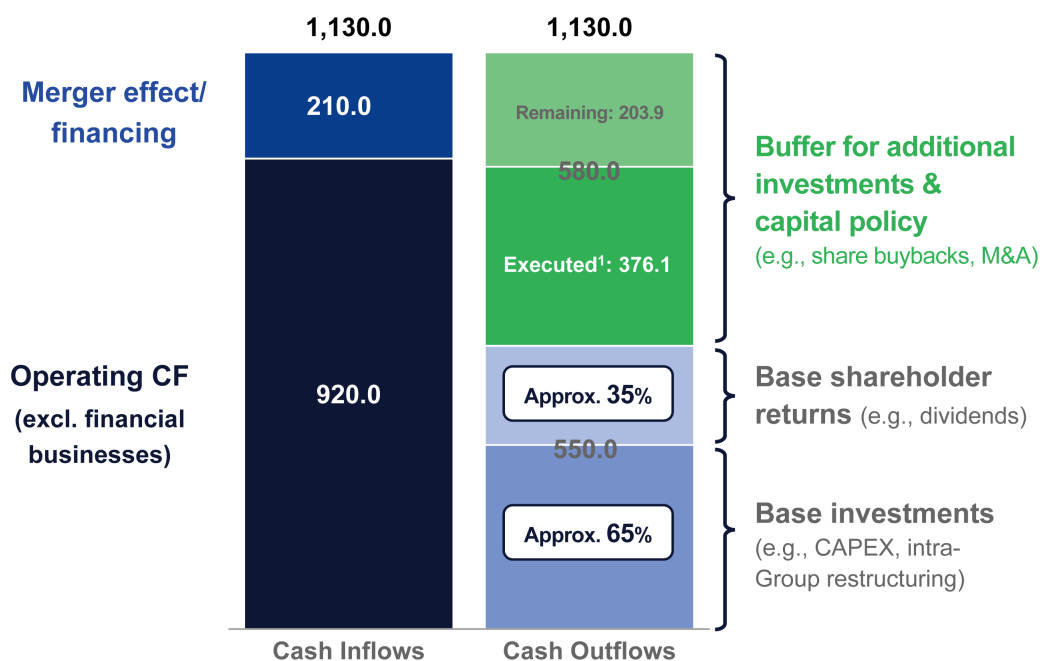
In the internet domain, to which many of the LY Corporation Group's services belong, the competition is getting fiercer as the industry peers are making active investments and launching competitive services by applying cutting-edge technologies such as AI. In order to achieve sustainable growth and continuously expand the Group's services in this environment, strategic allocation of management resources is important. The Company will make capital investments and implement intra-Group reorganizations and M&As to grow its business, according to the following capital allocation policy. The Company will also enhance shareholder returns through stable dividend payments and flexible share buybacks, aiming to maximize corporate value.

Capital Allocation Policy (Cumulative Approximate Value for FY2023-2025/ Excluding Financial Business)

- Base investments and base shareholder returns: 550.0 billion yen
 - Base investments: Funding mainly for capital investments and intra-Group reorganization, etc. for continuous growth of existing businesses
 - Base shareholder returns: Funding for fixed shareholder returns such as dividend payments

- Buffer for additional investments & capital policy: 580.0 billion yen (of which approximately 376.1 billion yen has been allocated or is planned to be allocated to share buybacks, is planned to be allocated to the acquisition of shares in BEENOS Inc., and has been allocated to the acquisition of shares in LYST LTD*)
 - To be allocated to external M&As and additional investments for non-linear business growth, as well as to shareholder return through share buybacks

(JPY B)



1. Share buybacks: 150.0 billion yen (from August 5, 2024, to September 5, 2024) / 150.0 billion yen (scheduled from May 8, 2025 to June 4, 2025)

Acquisition of shares in BEENOS Inc.: 54.0 billion yen (plan); acquisition of shares in LYST LTD: approximately 22.1 billion yen

*A UK-based company that operates an online fashion platform business mainly in Europe and the U.S. The company became a subsidiary of ZOZO, Inc., a LY Corporation Group company, on April 18, 2025.

3) Basic policy of major business segments

Media Business

The Media Business provides various media services that are indispensable to the daily lives of users. These services are used by many, and the major source of revenue for the Media Business is advertising. Based on the user-first principle, the LY Corporation Group constantly endeavors to provide needed services at the right time. The Group believes that enhancing its credibility as a media platform will lead to an increase in the number of users over the medium- to long-term, and to an increase in advertising revenue.

The Group promotes the "Connect One" concept, a platform that connects LINE Official Account with the various services that the Company provides for businesses, seamlessly integrating all customer contact points while maximizing Life Time Value. Going forward, the Group will achieve further evolution to offer services that go beyond business solutions (advertising products).

The Group also strives to promote cross-use through LYP Premium, a cross-Group paid membership program. In addition to providing benefits that were offered in the former Yahoo! JAPAN Premium, the Group aims to acquire new members and expand the use of LY Corporation Group's services through services with benefits that make the LINE app more fun and convenient.

Commerce Business

The Group's Commerce Business provides e-commerce-related services. The LY Corporation Group will aim for a sustainable growth in earnings by connecting the three action points, LINE, Yahoo! JAPAN and PayPay, each of which has one of the largest user bases in Japan. Through this connection, the Group will promote the cross-use of services within the Group and expand the Group's ecosystem. Using LYP Premium, which combines the benefits of the Group's services, the Group will aim to increase its e-commerce transaction value as well as increase membership and GMV/transaction volume for PayPay, PayPay Card, and other services. In addition, the LINE app is planned to be revamped in stages starting from the second half of fiscal 2025. By adding a "Shopping" tab in the app, a new purchase experience will be provided to users via the communication app. Through this initiative, the Group will work to improve

the convenience of LINE and accelerate the promotion of cross-use.

Strategic Business

The Strategic Business offers various services, mainly around fintech. Beginning with PayPay, a cashless payment service that accounts for more than 60% of the QR code payment market in Japan, the LY Corporation Group will expand various financial services such as credit cards, banking, securities, and insurance.

(4) Major Business Issues

In executing the Group's management strategy noted in (3) 2), the Group gives top priority to reinforcing security, including protecting the personal information of individuals (hereinafter "personal data"). In promoting the cross-sectional use of multi-big data, the Group believes that the most important and basic stance is to respect the personal data of its users. For this, the LY Corporation Group has established the Privacy Policy and strives to appropriately protect personal data in accordance with this policy.

The Company received i) in FY2023, an administrative guidance from Japan's Ministry of Internal Affairs and Communications (hereinafter "MIC") and recommendation, etc. from the Personal Information Protection Commission of Japan (hereinafter "PPC") in regard to the incident of an information leakage due to unauthorized access announced in November 2023, and an additional administrative guidance from the MIC in FY2024; and ii) in FY2024, an administrative guidance from the MIC in regard to an error resulting in the incorrect display of thumbnail images in the albums of the LINE app which occurred in November 2024.

The Company takes these matters seriously as a grave situation that undermines its credibility as a platform operator with a large userbase and will work to prevent such incidents from happening again. The specific details and progress of the recurrence prevention measures will continue to be reported to the MIC and the PPC and announced in a timely and appropriate manner on the Company's corporate website.

Details and latest status:

i) Information leakage due to unauthorized access

Link: <https://www.lycorp.co.jp/en/privacy-security/recurrence-prevention/>

ii) An error affecting the albums of the LINE app

Link: <https://www.lycorp.co.jp/en/privacy-security/announcement/016673/>

The Group is also committed to thorough risk management in terms of facilities and operations in the event of unexpected accidents or natural disasters. In today's society, the internet is an indispensable infrastructure for daily life and business, and the Company believes that the public responsibility that the Group bears in this context is increasing every year. Furthermore, the Group regards corporate governance as a vital function for the expansion of corporate value over the medium to long term, and strives to strengthen its governance system so that management can be carried out in the best interests of all shareholders, including minority shareholders. Additionally, the Group is further strengthening its efforts to fulfill its corporate social responsibility and to establish and operate an internal control system to address risks in corporate management.

Moreover, maximizing the performance of its human resources, which is the source for creating the Group's value, is also one of the important issues. For this, the Group continues to create systems and frameworks that will raise the standard of employees' awareness towards work and work quality. The LY Corporation Group believes that maintaining good physical and mental conditions of those working in the Group is directly linked to their optimal work performance and that this leads to the happiness of the employees and their families. Guided by these beliefs, and based on the Good Condition Declaration proclaimed by the Company's President and Representative Director, the Company has established a division to support the employees' autonomous wellness management and promotes health and productivity management.

As a result of these initiatives, the Company was selected in the large enterprise category (White 500) of the 2025 Certified KENKO Investment for Health Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Group will continue to create a work environment where all employees can work in their best physical and mental conditions.

Note: "Kenkokeiei (KENKO Investment for Health)" is a registered trademark of the Nonprofit Organization Kenkokeiei.

Note: The matters related to the future in the text were determined by the LY Corporation Group as of the end of this consolidated fiscal year.

3 Basic Stance on Selecting Accounting Standards

The LY Corporation Group adopted IFRSs beginning with the fiscal year ended March 31, 2015.

4 Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,420,430	1,043,944	(376,485)	(26.5)
Call loans in banking business	116,082	63,000	(53,082)	(45.7)
Trade and other receivables	684,011	673,275	(10,736)	(1.6)
Inventories	35,028	32,436	(2,592)	(7.4)
Loans in credit card business	783,869	983,790	199,920	25.5
Investment securities in banking business	655,075	908,887	253,812	38.7
Loans in banking business	723,167	926,334	203,167	28.1
Other financial assets	456,812	398,510	(58,301)	(12.8)
Property and equipment	238,399	262,172	23,772	10.0
Right-of-use assets	189,292	178,673	(10,618)	(5.6)
Goodwill	2,067,862	2,073,470	5,608	0.3
Intangible assets	1,248,923	1,233,421	(15,501)	(1.2)
Investments accounted for using the equity method	240,342	265,599	25,256	10.5
Deferred tax assets	29,030	44,238	15,208	52.4
Other assets	155,640	70,592	(85,048)	(54.6)
Total assets	9,043,969	9,158,346	114,377	1.3

(Millions of yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,551,611	1,712,145	160,534	10.3
Customer deposits in banking business	1,672,746	1,830,293	157,547	9.4
Interest-bearing liabilities	1,882,752	1,694,398	(188,353)	(10.0)
Other financial liabilities	27,054	26,610	(444)	(1.6)
Income taxes payable	38,361	50,060	11,698	30.5
Provisions	25,630	29,544	3,913	15.3
Deferred tax liabilities	190,614	188,084	(2,530)	(1.3)
Other liabilities	208,211	208,293	82	0.0
Total liabilities	5,596,983	5,739,431	142,448	2.5
Equity				
Equity attributable to owners of the parent				
Common stock	248,144	250,128	1,983	0.8
Capital surplus	2,060,766	1,880,031	(180,734)	(8.8)
Retained earnings	723,884	838,017	114,133	15.8
Treasury stock	(70,037)	(11,704)	58,332	—
Accumulated other comprehensive income	74,329	41,696	(32,632)	(43.9)
Total equity attributable to owners of the parent	3,037,088	2,998,170	(38,917)	(1.3)
Non-controlling interests	409,897	420,745	10,847	2.6
Total equity	3,446,985	3,418,915	(28,070)	(0.8)
Total liabilities and equity	9,043,969	9,158,346	114,377	1.3

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended Mar. 31, 2024	Fiscal year ended Mar. 31, 2025	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	1,814,663	1,917,478	102,815	5.7
Cost of sales	520,449	529,522	9,073	1.7
Selling, general and administrative expenses	1,091,094	1,115,977	24,883	2.3
Gain on loss of control of subsidiary	5,071	43,055	37,983	748.9
Operating income	208,191	315,033	106,841	51.3
Other non-operating income	33,649	9,439	(24,210)	(71.9)
Other non-operating expenses	43,727	27,335	(16,392)	(37.5)
Loss on valuation of options	—	(12,577)	(12,577)	—
Equity in losses of associates and joint ventures	(16,491)	(9,677)	6,814	—
Profit before tax	181,621	274,882	93,261	51.3
Income tax expense	42,548	72,478	29,930	70.3
Profit for the period	139,073	202,403	63,330	45.5
Profit for the period attributable to:				
Owners of the parent	113,199	153,465	40,265	35.6
Non-controlling interests	25,873	48,938	23,065	89.1
Profit for the period	139,073	202,403	63,330	45.5
Earnings per share attributable to owners of the parent				
Basic (yen)	15.10	21.00	5.90	39.1
Diluted (yen)	15.04	20.92	5.88	39.1

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended Mar. 31, 2024	Fiscal year ended Mar. 31, 2025
Profit for the period	139,073	202,403
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(336)	2,517
Equity financial assets measured at FVTOCI	2,950	(4,916)
Share of other comprehensive income of associates	485	103
Subtotal	3,099	(2,296)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(1,071)	(3,804)
Exchange differences on translating foreign operations	29,867	(28,570)
Subtotal	28,795	(32,375)
Other comprehensive income, net of tax	31,895	(34,671)
Total comprehensive income	170,968	167,732
Total comprehensive income attributable to:		
Owners of the parent	144,347	123,420
Non-controlling interests	26,621	44,312
Total comprehensive income	170,968	167,732

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2023	247,094	2,046,696	647,347	(70,436)	48,697	2,919,399	398,501	3,317,900
Profit for the period			113,199			113,199	25,873	139,073
Other comprehensive income, net of tax					31,147	31,147	747	31,895
Total comprehensive income for the period	—	—	113,199	—	31,147	144,347	26,621	170,968
Transactions with owners and other transactions								
Issue of common stock	1,050	1,361				2,411		2,411
Payment of dividends			(41,855)			(41,855)	(16,526)	(58,381)
Transfer of accumulated other comprehensive income to retained earnings			5,515		(5,515)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries						—	(6,111)	(6,111)
Changes in ownership interests in subsidiaries without losing control		(2,939)				(2,939)	6,288	3,349
Share-based payment transactions		17,586				17,586		17,586
Others		(1,938)	(323)	399		(1,862)	1,123	(738)
Total	1,050	14,070	(36,662)	399	(5,515)	(26,658)	(15,225)	(41,883)
Balance at March 31, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985

Fiscal year ended March 31, 2025

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985
Profit for the period			153,465			153,465	48,938	202,403
Other comprehensive income, net of tax					(30,044)	(30,044)	(4,626)	(34,671)
Total comprehensive income for the period	—	—	153,465	—	(30,044)	123,420	44,312	167,732
Transactions with owners and other transactions								
Issue of common stock	1,983	2,563				4,547		4,547
Payment of dividends			(41,705)			(41,705)	(18,212)	(59,918)
Transfer of accumulated other comprehensive income to retained earnings			2,588		(2,588)	—		—
Purchase of treasury stock				(150,000)		(150,000)		(150,000)
Cancellation of treasury stock		(206,018)		206,018		—		—
Changes attributable to obtaining or losing control of subsidiaries		14,929				14,929	(21,751)	(6,822)
Changes in ownership interests in subsidiaries without losing control		5,495				5,495	6,026	11,522
Share-based payment transactions		5,609				5,609		5,609
Others		(3,314)	(215)	2,314		(1,215)	472	(742)
Total	1,983	(180,734)	(39,332)	58,332	(2,588)	(162,338)	(33,464)	(195,803)
Balance at March 31, 2025	250,128	1,880,031	838,017	(11,704)	41,696	2,998,170	420,745	3,418,915

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended Mar. 31, 2024	Fiscal year ended Mar. 31, 2025
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	181,621	274,882
Depreciation and amortization	162,917	159,874
Increase (decrease) in allowance for doubtful accounts	12,865	14,919
Gain on loss of control of subsidiary	(5,071)	(43,055)
Loss on valuation of options	—	12,577
Equity in losses of associates and joint ventures	16,491	9,677
(Increase) decrease in call loans in banking business	(18,082)	53,082
(Increase) decrease in trade and other receivables	(60,618)	10,100
Increase (decrease) in trade and other payables	215,616	178,487
(Increase) decrease in loans for credit card business	(197,582)	(196,795)
(Increase) decrease in loans in banking business	(102,998)	(203,637)
Increase (decrease) in customer deposits in banking business	177,116	157,547
Other	47,710	127,634
Subtotal	429,984	555,295
Interest and dividends received	4,313	8,741
Interest paid	(12,155)	(14,823)
Income taxes—paid	(132,548)	(74,282)
Income taxes—refunded	26,883	44,659
Net cash inflow (outflow) from operating activities	316,477	519,590
Cash flows from investing activities:		
Purchase of investment securities in banking business	(383,014)	(420,067)
Proceeds from sales/redemption of investment securities in banking business	150,020	156,256
Purchase of other investments	(79,806)	(78,476)
Proceeds from sales and redemption of investments	20,756	30,864
Purchase of property and equipment	(71,009)	(99,740)
Proceeds from withdrawal of time deposits	14,857	22,343
Other	(95,864)	(116,813)
Net cash inflow (outflow) from investing activities	(444,060)	(505,633)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(7,206)	(199,060)
Proceeds from long-term borrowings	229,008	141,008
Repayments of long-term borrowings	(93,990)	(102,209)
Capital contribution from non-controlling interests	29,309	20,351
Purchase of treasury stock	(0)	(150,100)
Proceeds from issuance of corporate bonds	—	50,000
Redemption of corporate bonds	(110,000)	(75,000)
Proceeds from issuance of commercial papers	416,000	871,000
Redemption of commercial papers	(437,000)	(864,000)
Dividends paid	(41,881)	(41,722)
Dividends paid to non-controlling interests	(16,519)	(18,213)
Repayment of lease liabilities	(40,561)	(41,311)
Other	(8,648)	(7,540)
Net cash inflow (outflow) from financing activities	(81,490)	(416,797)
Effects of exchange rate changes on cash and cash equivalents	10,664	(6,656)
Net increase (decrease) in cash and cash equivalents arising from transfer to assets classified as held for sale	(33,011)	33,011
Net increase (decrease) in cash and cash equivalents	(231,420)	(376,485)
Cash and cash equivalents at the beginning of the period	1,651,851	1,420,430
Cash and cash equivalents at the end of the period	1,420,430	1,043,944

(6) Going Concern Assumption

Not applicable.

(7) Notes to Consolidated Financial Statements

1. Material Accounting Policy Information

The LY Corporation Group's material accounting policy information in preparing the statements is the same as those applied to Consolidated Financial Statements for the previous consolidated fiscal year.

2. Use of Estimates and Judgments

In preparing the consolidated financial statements under IFRS, the management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from those projected estimates.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the consolidated financial statements of the LY Corporation Group are consistent with those described in the consolidated financial statements for the previous consolidated fiscal year.

3. Segment Information

The Group's reporting segments are business segments for which it is possible to obtain financial information separate from the overall compositional structure of the Group. The Board of Directors of LY Corporation regularly examines this information in order to decide on allocation of business resources and to evaluate business performance.

The Group's reporting segments comprise three business segments, the Media Business, the Commerce Business, and the Strategic Business.

The Media Business mainly plans and operates each service for the purpose of planning, sales, and placement of advertising products, provides information listing services, and provides other corporate services.

The Commerce Business mainly sells products, plans and provides services via the internet to small and medium-sized business enterprises and to individuals.

The Strategic Business mainly offers payment and finance-related services.

The Other segment contains business segments not covered in the reporting segments, including services related to cloud, etc.

The accounting policies adopted for each reporting segment are the same as the Group's accounting policies referred to in "1. Material Accounting Policy Information." Segment income is adjusted with the operating income in the Consolidated Statement of Profit or Loss. The adjustment figures for segment income are general corporate expenses not belonging to each reporting segment. General corporate expenses principally comprise general and administrative expenses not belonging to any reporting segment. Inter-segment revenue is based on actual market prices.

From the third quarter of the fiscal year ended March 31, 2025, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business.

Accordingly, the segment information for the previous consolidated fiscal year has been revised and restated.

The Group's segment information is as follows:

Previous Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	694,377	825,192	288,220	1,807,790	6,872	—	1,814,663
Intersegment sales	7,768	1,892	1,768	11,429	1,180	(12,609)	—
Total	702,145	827,085	289,989	1,819,220	8,052	(12,609)	1,814,663
Segment income/(loss) (*2)	187,834	76,187	(31,514)	232,507	(3,143)	(21,172)	208,191
Other non-operating income							33,649
Other non-operating expenses							43,727
Equity in losses of associates and joint ventures							(16,491)
Profit before tax							181,621
Others							
Depreciation and amortization (*1)	28,536	57,556	31,941	118,034	1,621	38,122	157,778

*1 Includes the amortization of the right-of-use assets.

*2 Segment income of the Commerce Business includes gain on loss of control of subsidiary of 5,071 million yen (Please refer to 4. Gain on Loss of Control of Subsidiary).

Current Consolidated Fiscal Year (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	723,768	846,116	339,886	1,909,771	7,707	—	1,917,478
Intersegment sales	7,851	2,256	1,331	11,439	1,414	(12,853)	—
Total	731,620	848,372	341,218	1,921,210	9,121	(12,853)	1,917,478
Segment income/(loss) (*2,3)	216,809	103,817	34,017	354,644	(645)	(38,965)	315,033
Other non-operating income							9,439
Other non-operating expenses							27,335
Loss on valuation of options							(12,577)
Equity in losses of associates and joint ventures							(9,677)
Profit before tax							274,882
Others							
Depreciation and amortization (*1)	30,036	59,736	26,431	116,204	1,603	42,066	159,874

*1 Includes the amortization of the right-of-use assets.

*2 Segment income of the Commerce Business includes a gain on loss of control of subsidiary of 29,718 million yen. (Please refer to 4. Gain on Loss of Control of Subsidiary).

*3 Segment income of the Strategic Business includes a gain on loss of control of subsidiary of 13,336 million yen. (Please refer to 4. Gain on Loss of Control of Subsidiary).

4. Gain on Loss of Control of Subsidiary

Previous consolidated fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024):

JDW Co., Ltd. ceased to be a subsidiary of the Company as a result of a third-party investment in JDW Co., Ltd. conducted on August 31, 2023. Additionally, yutori, Inc. ceased to be a subsidiary of the Company as a result of yutori, Inc.'s public offering accompanying its listing on the stock market and the partial sale of equity owned by ZOZO, Inc. conducted on December 27, 2023. Consequently, the Company recorded a gain on loss of control of subsidiary.

This consolidated fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025):

The IPX Group (IPX Corporation and its subsidiaries), a subsidiary of the Company, newly became the Company's jointly controlled enterprise as a result of concluding a modification agreement on the shareholders' agreement. Consequently, the Company recognized a gain on loss of control of subsidiary of 22,751 million yen.

Furthermore, the LINE NEXT Group (LINE NEXT Corporation, hereinafter "LINE NEXT," and its subsidiaries) newly became the Company's equity method affiliate as a result of third-party investment in the Company's subsidiary, LINE NEXT, which had the effect of the Group's voting rights in LINE NEXT to fall below the majority. Consequently, the Company recognized a gain on loss of control of subsidiary of 13,336 million yen.

Lastly, as a result of applying for the tender offer conducted by ValueCommerce Co., Ltd., the Company's subsidiary, for its own shares, the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) newly became the Company's equity method affiliate. Consequently, the Company recognized a gain on loss of control of subsidiary of 6,967 million yen.

5. Gains and Losses on Valuation of Options

This consolidated fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025):

Gains and losses are based on the fair value measurement of written put options that have been granted to certain equity holders of equity method affiliates.

6. Per Share Information

Basic earnings per share attributable to owners of the parent and diluted earnings per share are calculated on the following basis:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Amount	Amount
Basic earnings per share (yen)	15.10	21.00
Profit for the year attributable to owners of the parent (million yen)	113,199	153,465
Profit for the year not attributable to owners of the parent (million yen)	—	—
Profit for the year used in the calculation of basic earnings per share (million yen)	113,199	153,465
Weighted-average number of common stock (1,000 shares)	7,498,805	7,307,937
Diluted earnings per share (yen)	15.04	20.92
Adjustments on profit for the year (million yen)	—	—
Increase in the number of common stock (1,000 shares)	29,263	29,148
Potential common stock that are anti-dilutive and therefore excluded from the calculation of diluted earnings per share	LINE 28th Stock Options Z Holdings Corporation Fiscal 2022 1st Stock Options	LINE 28th Stock Options Z Holdings Corporation Fiscal 2022 1st Stock Options

(Note) In calculating the basic earnings per share and the diluted earnings per share, shares of the Company held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust are processed as treasury stocks. Thus, said number of shares is deducted from the number of shares at the end of the period and the weighted average number of shares.

7. Significant Subsequent Events

(Capital increase in LINE Bank Taiwan Limited)

LY Corporation has decided on April 10, 2025, to increase the capital of LINE Bank Taiwan Limited (hereinafter "LBT"), an equity method affiliate of the Company, through its consolidated subsidiary, LINE Financial Taiwan Limited (hereinafter "LFT"), by 2.745 billion Taiwan dollars. The capital increase is scheduled to be completed in June 2025.

Upon completion of the capital increase, LFT will hold the majority of voting rights in LBT and, accordingly, the Company will gain control over LBT. As a result, LBT will newly become the Company's consolidated subsidiary.

Gain on remeasurement relating to business combinations are still being calculated and are expected to be recorded in the first quarter of the fiscal year ending March 31, 2026.

(Acquisition and cancellation of own shares)

The Company has resolved, at a meeting of the Board of Directors held on May 7, 2025, to acquire its own shares by conducting a tender offer for own shares pursuant to the provisions of Article 156, Paragraph (1) of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph (3) of the same Act, and the Company's Articles of Incorporation. Furthermore, at a Board of Directors meeting held on May 7, 2025, the Company has also resolved to cancel a portion of its own shares pursuant to the provisions of Article 178 of the Companies Act.

(1) Reason for acquisition and cancellation of own shares

To enhance capital efficiency as part of the Company's capital policy, and to return profits to shareholders.

(2) Details of matters related to acquisition

(i) Class of shares to be acquired

Common shares

(ii) Total number of shares that may be acquired

281,425,992 shares (maximum) (3.95% of total number of shares issued (excluding treasury shares))

The number of shares of treasury stocks includes the shares of the Company held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust (as of March 31, 2025: 28,167,999 shares).

(iii) Total amount of share acquisition costs

150.0 billion yen (maximum)

(iv) Period during which acquisition is possible

From May 8, 2025 to June 30, 2025

(v) Acquisition method

Tender offer for own shares

(3) Details of matters related to cancellation

(i) Class of shares to be cancelled

Common shares

(ii) Total number of shares to be cancelled

The total number of shares of treasury stock acquired in accordance with (2) above minus 4,800,000 shares

(iii) Scheduled date of cancellation

July 1, 2025

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents,

the Japanese-language documents will prevail.