



December 23, 2025

To whom it may concern,

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

Absorption-Type Merger of LINE Pay Corporation, a Wholly Owned Subsidiary (Simplified Merger and Short-Form Merger)

LY Corporation (hereinafter the “Company”) hereby announces that at the meeting of the Board of Directors held on December 23, 2025, the Company resolved to carry out an absorption-type merger (hereinafter the “Absorption-Type Merger”) of its wholly owned subsidiary, LINE Pay Corporation, effective March 31, 2026. Details are as follows.

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

1. Purpose of the Absorption-Type Merger

To enhance group synergies, the LY Corporation Group (hereinafter the “Group”) has reorganized its businesses by consolidating overlapping areas and strategically allocating management resources in its financial operations. As part of these efforts, the Group terminated the provision of the “LINE Pay” service—a mobile send (transfer) money and payment service in Japan—on April 30, 2025, in response to changes in the business environment and other factors. In line with this termination, the Company decided to proceed with this Absorption-Type Merger of LINE Pay Corporation, a wholly owned subsidiary that had been in charge of this business, to streamline the Group management structure.

2. Outline of the Absorption-Type Merger

(1) Schedule of the Absorption-Type Merger

Date of the resolution of the Board of Directors:	December 23, 2025
Date of signing of the merger agreement:	January 15, 2026 (planned)
Effective date of the merger:	March 31, 2026 (planned)

As the Absorption-Type Merger falls under the category of a simplified merger (as prescribed in Article 796, paragraph 2 of the Companies Act) in relation to the Company, and a short-form merger (as prescribed in Article 784, paragraph 1 of the same act) in relation to LINE Pay Corporation, the merger agreement will be approved without convening a General Meeting of Shareholders of either company.

(2) Method of the Absorption-Type Merger

The merger will be implemented by way of an absorption-type merger in which the Company is the surviving company and LINE Pay Corporation is the disappearing company, as a result of which LINE Pay Corporation

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will dissolve.

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

As LINE Pay Corporation is a wholly owned subsidiary of the Company, no shares or money will be allotted as a result of the Absorption-Type Merger.

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

LINE Pay Corporation has not issued share options or bonds with share options.

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

	Surviving company		Disappearing company to be absorbed	
(1) Trade name	LY Corporation		LINE Pay Corporation	
(2) Location	1-3 Kioicho, Chiyoda-ku, Tokyo		1-1-1 Nishi Shinagawa, Shinagawa-ku, Tokyo	
(3) Names and titles of representatives	Kentaro Kawabe Chairperson and Representative Director Takeshi Idezawa President and Representative Director, CEO (Chief Executive Officer)		Takashi Maeda Representative Director and President, CEO	
(4) Main business	Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations		Issuance, sales, and management of prepaid payment instruments, provision of electronic payment systems, funds transfer business and others	
(5) Paid-in capital	JPY 251,525 million (as of September 30, 2025)		JPY 100 million (as of September 30, 2025)	
(6) Founded	January 31, 1996		May 9, 2014	
(7) Number of shares issued	6,882,185,081 shares (as of September 30, 2025)		4,457,000 shares (as of September 30, 2025)	
(8) Fiscal year end	March 31		March 31	
(9) Major shareholders and shareholding ratios	A Holdings Corporation 62.4% The Master Trust Bank of Japan, Ltd. (trust account) 6.4% Custody Bank of Japan, Ltd. (trust account) 2.3% STATE STREET BANK AND TRUST COMPANY 505325 1.8% STATE STREET BANK AND TRUST COMPANY 505001 1.5% (As of September 30, 2025)		LY Corporation 100% (As of September 30, 2025)	
(10) Financial position and results of operations for the most recent fiscal year	Fiscal year ended March 31, 2025 (Consolidated: IFRS)		Fiscal year ended March 31, 2025 (Non-consolidated: Japanese GAAP)*	
	Total equity	JPY 3,418,915 million	Net assets	JPY 3,796 million
	Total assets	JPY 9,158,346 million	Total assets	JPY 15,914 million
	Equity attributable to owners of the	JPY 420.77	Net assets per share	JPY 851.89

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	parent per share			
	Revenue	JPY 1,917,478 million	Net sales	JPY 4,519 million
	Operating income	JPY 315,033 million	Operating income/loss	JPY -611 million
	Income before tax	JPY 274,882 million	Ordinary income	JPY 427 million
	Net income attributable to owners of the parent	JPY 153,465 million	Net income	JPY 1,177 million
	Basic earnings per share	JPY 21.00	Net income per share	JPY 264.30

*LINE Pay Corporation terminated the operation of LINE Pay service as of April 30, 2025. The audit report contains an adverse opinion in this regard; however, this is because LINE Pay Corporation is no longer considered as a going concern following the termination of said service operation.

4. Status after the Absorption-Type Merger

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 as a result of the Absorption-Type Merger.

5. Future prospects

The Company expects a reduction in its tax burden for the current fiscal year as a result of the Absorption-Type Merger, but the impact on the Company's consolidated financial results is immaterial.

(Reference) Consolidated business performance forecast for current fiscal year (as announced on November 4, 2025) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2026)	JPY 2,100,000 million	JPY 500,000 million to JPY 510,000 million
Consolidated business performance for previous fiscal year (FY ended March 31, 2025)	JPY 1,917,478 million	JPY 470,831 million

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