



October 25, 2023

To whom it may concern,

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

### **Absorption-type Merger of GYAO 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 October 25, 2023, the Company resolved to carry out an absorption-type merger (hereinafter the "Merger") of its wholly owned subsidiary, GYAO Corporation (hereinafter "GYAO"), effective January 1, 2024. Details are as follows.

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

#### 1. Purpose of the Merger

GYAO is a consolidated subsidiary of the Company, and its main business was the operation of entertainment services centered on the free video distribution service, "GYAO!" In order to maximize the utilization of the management resources of the LY Corporation Group in the video services domain, GYAO's major businesses, "GYAO!" and "GYAO! Store," were terminated as of March 31, 2023. Accordingly, the Company has decided to carry out an absorption-type merger of GYAO for the purposes of liquidation and integration.

#### 2. Outline of the Merger

##### (1) Schedule of the Merger

|  |                            |
|--|----------------------------|
| Date of the resolution of the Board of Directors (each company): | October 25, 2023           |
| Date of signing of the Merger agreement (each company):          | October 26, 2023 (planned) |
| Effective date of the Merger:                                    | January 1, 2024 (planned)  |

As the 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 GYAO, the Merger agreement shall be approved without convening a General Meeting of Shareholders of either company.

##### (2) Method of the Merger

The Merger will be implemented by way of an absorption-type merger in which the Company is the surviving company and GYAO is the disappearing company, as a result of which GYAO will dissolve.

#### Disclaimer

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(3) Details of allotments related to the Merger

As GYAO is a wholly owned subsidiary of the Company, no shares or money will be allotted as a result of the Merger.

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

GYAO has not issued share options or bonds with share options.

3. Overview of the companies involved in the Merger

|   | Surviving company  | Disappearing company to be absorbed   |                   |
|---|--|---|-------------------|
| (1) Trade name  | LY Corporation   | GYAO Corporation  |                   |
| (2) Location  | 1-3 Kioicho, Chiyoda-ku, Tokyo   | 1-3 Kioicho, Chiyoda-ku, Tokyo  |                   |
| (3) Names and titles of representatives   | Kentaro Kawabe<br>Chairperson and Representative Director<br>Takeshi Idezawa<br>President and Representative Director, CEO<br>(Chief Executive Officer)<br>Jungho Shin<br>Representative Director, CPO (Chief Product Officer)   | Takuma Ashida<br>President and Representative Director  |                   |
| (4) Main business   | Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations  | Internet-based content distribution service business, information provision service business, advertising business, and investment in the production of movies, and animated dramas, etc. |                   |
| (5) Paid-in capital   | JPY 247,603 million (as of September 30, 2023)   | JPY 10 million (as of March 31, 2023)   |                   |
| (6) Founded   | January 31, 1996   | October 22, 2008  |                   |
| (7) Number of shares issued   | 7,635,230,111 shares (as of September 30, 2023)  | 18,946 shares (as of March 31, 2023)  |                   |
| (8) Fiscal year end   | March 31   | March 31  |                   |
| (9) Major shareholders and shareholding ratios                                    | A Holdings Corporation 63.6%<br>The Master Trust Bank of Japan, Ltd. (trust account) 5.0%<br>STATE STREET BANK AND TRUST COMPANY 505325 3.1%<br>Custody Bank of Japan, Ltd. (trust account) 2.2%<br>Z Holdings Corporation (currently LY Corporation) 1.4%<br>(As of September 30, 2023) | LY Corporation 100%<br>(As of October 1, 2023)  |                   |
| (10) Financial position and results of operations for the most recent fiscal year | Fiscal year ended March 31, 2023   |   |                   |
|   | (Consolidated: IFRS)   |   |                   |
|   | Total equity   | JPY 3,317,900 million   | Net assets        |
| Total assets  | JPY 8,588,722 million  | Total assets  | JPY 3,615 million |

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|   |                       |                      |                   |
|---|-----------------------|----------------------|-------------------|
| Equity attributable to owners of the parent per share | JPY 389.43            | Net assets per share | JPY -169,643.62   |
| Revenue   | JPY 1,672,377 million | Revenue              | JPY 3,945 million |
| Operating income                                      | JPY 314,533 million   | Operating income     | JPY 537 million   |
| Income before tax                                     | JPY 235,219 million   | Ordinary income      | JPY 507 million   |
| Net income attributable to owners of the parent       | JPY 178,868 million   | Net income           | JPY 370 million   |
| Basic earnings per share                              | JPY 23.87             | Net income per share | JPY 19,580.27     |

#### 4. Status after the 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.

#### 5. Future prospects

Since this is a merger of a wholly owned subsidiary of the Company, the effect of the Merger on the Company's consolidated financial statements of operations is immaterial.

(Reference) Consolidated business performance forecast for current fiscal year (as announced on April 28, 2023) and consolidated business performance for previous fiscal year

|   | Revenue              | Adjusted EBITDA                          |
|---|----------------------|--|
| Consolidated business performance forecast for current fiscal year (FY ending March 31, 2024) | JPY1,900,000 million | JPY356,000 million to JPY366,000 million |
| Consolidated business performance for previous fiscal year (FY ended March 31, 2023)          | JPY1,672,377 million | JPY332,610 million                       |

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