



January 16, 2024

To whom it may concern,

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

Notice of Update (Change) to Plan to Meet the Continued Listing Requirements

Having previously submitted its plan to meet the continued listing requirements of the Prime Market of the Tokyo Stock Exchange on December 3, 2021, LY Corporation (hereinafter, the “Company”) issued an announcement concerning the progress status of said plan on June 29, 2023. The Company has recently made changes to its plan to meet the requirements for continued listing as explained below.

1. Change in the status of the Company’s compliance with the continued listing requirements and target period

The status of the Company’s compliance with the continued listing requirements for the Prime Market as of March 31, 2023, including recent changes thereto, was as detailed in the announcement issued on June 29, 2023 and entitled “Progress Status Based on the Plan to Meet the Continued Listing Requirements.” However, as the Company’s tradeable share ratio is still not compliant with said requirements as of the date of issuance of this announcement, the Company has determined that the measures taken in accordance with the original plan are unlikely to result in compliance with the continued listing requirements, as described in “2. Status and evaluation of measures that have been taken to meet the continued listing requirements” below. As such, the Company has opted to extend the target period of the plan until March 31, 2025.

		No. of Shareholders	No. of Tradeable Shares (Units)	Tradeable Share Market Cap	Tradeable Share Ratio	Daily Average Trading Value
Company's status and changes thereto	As of June 30, 2021	—	—	—	33.9%	—
	As of March 31, 2023	—	—	—	33.8%	—
Continued listing requirements		800	20,000	JPY10.0B	35%	JPY 20 Mil
Compliance status as of March 31, 2023		Compliant	Compliant	Compliant	Noncompliant	Compliant
Target period noted in original plan		—	—	—	By end of fiscal period ending March 31, 2024	—
<u>Changed target period</u>		—	—	—	<u>By March 31, 2025</u>	—

Note: The Company’s compliance status as indicated above has been calculated based on information concerning the distribution of the Company’s share certificates, etc. available to Tokyo Stock Exchange, Inc. as of the base date. The daily average trading value has been determined by dividing the total trading value during the trading sessions of the Tokyo Stock Exchange from January through December 2022 by the total number of days (excluding holidays) during the same period.

2. Status and evaluation of measures that have been taken to meet the continued listing requirements

In an announcement issued on December 3, 2021 and entitled “Application to Select Prime Market in the New Market Segments and Submission of Plan to Meet the Continued Listing Requirements,” the Company announced that it would aim to meet the continued listing requirements of the Prime Market by raising its tradeable share ratio through the following measures: the Company would acquire a portion of the Company’s common stock owned by its parent company, A Holdings Corporation (hereinafter, “A Holdings”), through a tender offer (hereinafter the “Tender Offer”) and would then dispose of the shares of common stock acquired through the Tender Offer upon the exercise of moving strike warrants (hereinafter “Stock Acquisition Rights”) issued by the Company. In addition to this disposal, a portion of the Company’s treasury stock would be cancelled, subject to the completion of the Tender Offer (hereinafter, the “Cancellation of Treasury Stock”).

In accordance with the plan outlined above, the Company conducted the Tender Offer from December 10, 2021 and acquired 103,000,000 shares of the Company’s common stock from A Holdings. On January 14, 2022, the Company issued 103,000 Stock Acquisition Rights to BofA Securities Japan Co., Ltd. (hereinafter “BofA Securities”) for the same number of the Company’s common stock as acquired through the Tender Offer. On February 14, 2022, 60,172,034 shares of the Company’s common stock were cancelled as a result of the Cancellation of Treasury Stock. Thereafter, worsening conditions in the advertising market combined with slower progress on PMI than stakeholders had anticipated following the business integration of Z Holdings Corporation and LINE Corporation in March 2021 as well as other factors resulted in a situation in which the share price of the Company’s stock remained below the exercise price of the Stock Acquisition Rights in spite of certain positive effects of the business integration. Consequently, BofA Securities did not exercise the Stock Acquisition Rights prior to the final day of the exercise period: January 16, 2024. Thus, the Company acquired the Stock Acquisition Rights in accordance with the issuance guidelines thereof as detailed in the announcement issued on this same date and entitled “Notice Concerning the Acquisition of Z Holdings Corporation 2021 First Stock Acquisition Rights.” As a result of the above circumstances, the Company has not met the continued listing requirement of the Prime Market with regard to its tradeable share ratio as of the date of this announcement.

3. Future issues and measures to be taken with respect to the unfulfilled continued listing requirement

As detailed in “2. Status and evaluation of measures that have been taken to meet the continued listing requirements” above, the Company has determined that the measures taken in accordance with the original plan are unlikely to result in compliance with the continued listing requirements due to the Company’s acquisition of the Stock Acquisition Rights described above as a result of the fact that BofA Securities opted not to exercise said Stock Acquisition Rights.

As the Company considers continued listing on the Prime Market, which imposes higher standards in terms of governance, to be essential for the Company to continue growing and enhancing its corporate value over the mid-to-long-term, the Company is committed to ongoing efforts to meeting the continued listing requirements. Toward this end, the Company will continue to consider various specific measures and timeframes while maintaining an ongoing dialog with major shareholders and other parties during the extended target period, between now and March 31, 2025. The Company will also continue to promptly disclose any important decisions concerning matters that call for disclosure.

Disclaimer

This is an English translation of the original release in Japanese. This translation has been prepared and provided for the sole purpose of the reader’s convenience. All readers are recommended to refer to the original version of the release for complete information.