

Results for the Nine Months Ended December 31, 2023 (FY2023-3Q) [IFRSs]

February 6, 2024

Company Name: LY Corporation Share Listings: Prime Market of TSE
 Code No.: 4689 URL: <https://www.lycorp.co.jp/en/>
 Representative: Takeshi Idezawa, President and Representative Director, CEO Tel: +81-3-6779-4900
 Contact: Ryosuke Sakaue, Executive Corporate Officer, CFO

Scheduled Securities Report Submission Date: February 8, 2024

Scheduled Dividend Payment Date: -

Fiscal Results Supplementary Briefing Materials to Be Created: Yes

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

1. Consolidated Results for FY2023-3Q (April 1, 2023 - December 31, 2023) (Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2023 - December 31, 2023) (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	%
Nine-month period ended Dec. 31, 2023	1,346,840	8.7	174,280	(40.0)	170,179	(25.8)	136,521	(29.0)	122,448	(32.0)	154,883	(46.3)
Nine-month period ended Dec. 31, 2022	1,238,596	6.8	290,260	64.4	229,289	68.3	192,228	139.5	180,151	169.6	288,327	183.9

	Adjusted EBITDA		Adjusted EPS		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	%	Yen	Yen
Nine-month period ended Dec. 31, 2023	313,155	20.1	17.35	253.5	16.33	16.27
Nine-month period ended Dec. 31, 2022	260,762	(8.5)	4.91	(48.5)	24.04	23.97

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of Dec. 31, 2023	8,983,716	3,428,124	3,031,828	33.7
As of March 31, 2023	8,588,722	3,317,900	2,919,399	34.0

2. Dividends

(Record date)	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	5.56	5.56
Fiscal year ending March 31, 2024	—	0.00	—		
Fiscal year ending March 31, 2024 (Estimates)				5.56	5.56

(Note) Revision in dividends previously announced: None

3. Consolidated Performance Estimates for FY2023 (April 1, 2023 – March 31, 2024)

	Revenue		Adjusted EBITDA	
	Millions of yen	% Change YoY	Millions of yen	% Change YoY
Fiscal year ending March 31, 2024	1,820,000	8.8	390,000	17.3

(Note) Revision in performance estimates previously announced: Yes

For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024) in (1) Qualitative Information Regarding the Consolidated Business Performance on page 6 of the Results for the Nine Months (Attachments).

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation): None

(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 December 31, 2023 7,636,212,411 shares

As of March 31, 2023 7,633,501,686 shares

2) Number of shares of treasury stocks

As of December 31, 2023 136,075,894 shares

As of March 31, 2023 136,820,618 shares

3) Average number of common stocks outstanding (quarterly cumulative)

As of December 31, 2023 7,498,201,245 shares

As of December 31, 2022 7,494,460,863 shares

Note: The number of shares of treasury stocks includes the 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, 2023: 33,773,403 shares; as of December 31, 2023: 32,955,893 shares).

(4) Formula for each management index

• Adjusted EBITDA: Operating income + Depreciation & amortization (*1) ± EBITDA adjustment items (*2)

• Adjusted EPS: Adjusted net income (*3) / Average number of common stocks outstanding (quarterly cumulative)

(*1) Depreciation & amortization: Depreciation, depreciation of right-of-use assets, certain rents

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

Note: The definition of Adjusted EBITDA has changed from the third quarter of the fiscal year ended March 31, 2023. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items. Said income and expense for the first and second quarter of the fiscal year ended March 31, 2023 are lumped together and adjusted in the third quarter of the fiscal year ended March 31, 2023.

(*3) Adjusted net income: Net income attributable to owners of the parent ± EBITDA adjustment items ± tax equivalent on some adjustment items

* The Results for the Nine Months are not subject to the quarterly review 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 performances, 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 Tuesday, February 6, 2024.

• The Company has changed its trade name from Z Holdings Corporation to its current name (LY Corporation) after conducting a group reorganization centered around Z Holdings Corporation and its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, on the effective date of October 1, 2023.

○ Table of contents of attachments

1 Qualitative Information Regarding the Consolidated Operating Results	2
(1) Qualitative Information Regarding the Consolidated Business Performance	2
(2) Qualitative Information Regarding the Consolidated Financial Position	7
(3) Significant Contracts	8
2 Interim Condensed Consolidated Financial Statements and Significant Notes	9
(1) Interim Condensed Consolidated Statement of Financial Position	9
(2) Interim Condensed Consolidated Statement of Profit or Loss	11
(3) Interim Condensed Consolidated Statement of Comprehensive Income	12
(4) Interim Condensed Consolidated Statement of Changes in Equity	13
(5) Interim Condensed Consolidated Statement of Cash Flows	15
(6) Notes to Interim Condensed Consolidated Financial Statements	16

1 Qualitative Information Regarding the Consolidated Operating Results

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2023 – December 31, 2023)

<p>■ Highlights</p> <p>Revenue came to 1,346.8 billion yen (up 8.7% year on year), and adjusted EBITDA came to 313.1 billion yen (up 20.1% year on year). Both set new records for the highest performance to date in the cumulative consolidated third quarter.</p>
--

	Nine Months Ended Dec. 31, 2022 (billion yen)	Nine Months Ended Dec. 31, 2023 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	1,238.5	1,346.8	108.2	8.7
Adjusted EBITDA	260.7	313.1	52.3	20.1

The revenue for the cumulative consolidated third quarter of the fiscal year ending March 31, 2024 amounted to 1,346.8 billion yen (up 8.7% year on year), representing the highest cumulative consolidated third quarter revenue to date. This was due to increased revenue in the Strategic Business accompanying the consolidation of PayPay Corporation in October 2022 and growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), and other factors.

Adjusted EBITDA for the cumulative consolidated third quarter of the fiscal year ending March 31, 2024 amounted to 313.1 billion yen (up 20.1% year on year), representing the highest cumulative consolidated third quarter earnings to date. This was due to the improved profitability of the Strategic Business as a result of a selective focus on key business areas and growth in PayPay's consolidated results, along with cost optimization and other factors. Operating income decreased year on year due to gain on remeasurement relating to business combinations recorded in the third quarter of the fiscal year ended March 31, 2023, resulting from the consolidation of PayPay Corporation. However, adjusted EBITDA has not been impacted as gain on remeasurement relating to business combinations is an adjustment item used for its calculation (see Summary "**Notes (4) Formula for each management index**").

2. Segment Business Results Summary (April 1, 2023 – December 31, 2023)

Revenue and Adjusted EBITDA by Segment

	Nine Months Ended Dec. 31, 2022 (billion yen)	Nine Months Ended Dec. 31, 2023 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	513.7	526.8	13.1	2.6
Adjusted EBITDA	178.6	197.3	18.6	10.4
Commerce Business				
Revenue	601.4	611.5	10.1	1.7
Adjusted EBITDA	87.0	102.2	15.1	17.5
Strategic Business				
Revenue	128.5	211.6	83.1	64.7
Adjusted EBITDA (loss)	(12.7)	7.8	20.5	—
Other				
Revenue	4.4	5.6	1.1	26.2
Adjusted EBITDA	0.9	1.3	0.4	49.0
Adjustments				
Revenue	(9.6)	(8.9)	—	—
Adjusted EBITDA	6.8	4.3	—	—
Total				
Revenue	1,238.5	1,346.8	108.2	8.7
Adjusted EBITDA	260.7	313.1	52.3	20.1

Note:

- 1 From the first quarter of the fiscal year ending March 31, 2024, the LY Corporation Group (the "Group") has transferred part of its services and subsidiaries between segments in order to give importance to effective service offering and promptly respond to changes in the market. Major changes include the transfer of Yahoo Japan Corporation's data solution service and the service of dely, Inc., a subsidiary of the Group, from Other to Media Business. In addition, part of the expenses related to LINE Corporation and its subsidiaries which were previously allocated to Other and Adjustments, have been allocated to Media Business, Commerce Business and Strategic Business. Accordingly, the segment information of the same period last year has been retroactively revised.
2. As a result of the intra-Group reorganization on October 1, 2023, some services and costs have been transferred between segments from the third quarter of the fiscal year ending March 31, 2024. The main changes are as follows: Premium Membership (previously under Commerce Business), LINE Search (previously under Strategic Business), and email services (previously under Other) have been moved to Media Business; personnel expenses of back office and technology divisions, as well as expenses related to data centers and internal infrastructure that were classified under Adjustments, are now allocated to Media Business, Commerce Business, and Strategic Business, and Other. Accordingly, segment information for the same period of the previous fiscal year has been retroactively revised.
3. Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Cumulative Consolidated Third Quarter

The revenue of the Media Business for the cumulative consolidated third quarter amounted to 526.8 billion yen (up 2.6% year on year). This was due to increased revenues from account ads and search ads, and the consolidation of LINE MUSIC CORPORATION in September 2022. Furthermore, adjusted EBITDA amounted to 197.3 billion yen (up 10.4% year on year). Revenue of the Media Business accounted for 39.1% of the total revenue.

- Account ads: Revenue increased 21.2% year on year due to an increase in the number of paid accounts of LINE Official Account, which was positively impacted by the revision of membership plan fees enacted in June 2023.
- Search ads: Revenue increased 1.9% 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 showing improvement, revenue decreased year-on-year.

2) Commerce Business in the Cumulative Consolidated Third Quarter

The revenue of the Commerce Business increased year on year due to increased revenue in the ASKUL Group and ZOZO Group.

E-commerce transaction value (*1) amounted to 3,131.9 billion yen (down 0.1% year on year) due to cost optimization and other factors. Domestic merchandise transaction value accounted for 2,270.3 billion yen (down 0.2% year on year) of the total e-commerce transaction value.

As a result of the above factors, the revenue of the Commerce Business for the cumulative consolidated third quarter amounted to 611.5 billion yen (up 1.7% year on year). Adjusted EBITDA increased 17.5% year on year, to 102.2 billion yen. The revenue of the Commerce Business accounted for 45.4% of the total revenue.

(*1) E-commerce transaction value is the total transaction value of shopping business, reuse business, and services e-commerce 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 Cumulative Consolidated Third Quarter

The revenue of the Strategic Business grew year on year due to the consolidation of PayPay Corporation in October 2022 and growth in PayPay's consolidated revenue.

PayPay consolidated GMV amounted to 9.2 trillion yen (*2, 3) (up 23.3% year on year (*4)) while maintaining steady growth. Furthermore, the loan balance of PayPay Bank Corporation came to 676.1 billion yen (up 32.1% year on year).

As a result, the revenue of the Strategic Business for the cumulative consolidated third quarter amounted to 211.6 billion yen, representing a 64.7% increase year on year. In addition, adjusted EBITDA turned profitable at an amount of 7.8 billion yen as a result of continued progress on selectively focusing on key business areas as well as the growth of PayPay's consolidated results. The revenue of the Strategic Business accounted for 15.7% of the total revenue.

(*2) The use of the "Send/Receive" function of "PayPay Balance" between users is not included. From FY2021 Q4 onward, payments via Alipay and LINE Pay, etc. are included. Payments through "Credit (Pay Later)," which launched in February 2022, are included. PayPay Card Corporation's transaction volume is consolidated from the beginning of the fiscal year ended March 31, 2022. Figures are shown after the elimination of internal transactions between PayPay Corporation and PayPay Card Corporation.

(*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 Membership, ebookjapan, real estate-related services, Yahoo! JAPAN Loco, Yahoo! JAPAN Mail, etc.			
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY, overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, etc.)	
		Reuse business	Yahoo! JAPAN Auction (*5), Yahoo! JAPAN Flea Market (*6)	
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.	
		Other	Other	
	ZOZO, ASKUL	ZOZO	ZOTOTOWN, ZOZOUSED, etc.	
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc), LOHACO, Charm, etc.	
		Other	ValueCommerce Affiliate, Value Point Club, STORE's R [∞] , StoreMatch, B-Space, etc.	
Strategic Business	Fintech	PayPay (Consolidated)	PayPay, PayPay Card	
		PayPay Bank	—	
		Other fintech	PayPay Asset Management, PayPay Insurance, LINE Pay, LINE Score, LINE Pocket Money, LINE BITMAX, LINE FX, DOSI, etc.	
	Other	Other		

(*5) YAHUOKU! has been renamed as Yahoo! JAPAN Auction on November 1, 2023.

(*6) PayPay Flea Market has been renamed as Yahoo! JAPAN Flea Market on November 1, 2023.

3. Outlook for Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

Based on performance in the cumulative consolidated third quarter, the Company revises its consolidated performance estimates for the fiscal year ending March 31, 2024. The revenue outlook announced on April 28, 2023 of 1,900.0 billion yen has been revised to 1,820.0 billion yen (up 8.8% year on year). For adjusted EBITDA, the previously announced amount of 356.0 – 366.0 billion yen has been revised upward to over 390.0 billion yen (up 17.3% year on year) as a result of the steady progress being made in selectively focusing on key business areas.

	Revenue	Adjusted EBITDA
	(Millions of yen)	(Millions of yen)
Previously announced outlook (A) (Announced on April 28, 2023)	1,900,000	356,000 - 366,000
Revised outlook (B)	1,820,000	390,000
Change (B – A)	(80,000)	24,000 - 34,000
Change (%)	(4.2)	6.6 - 9.6
(Reference) Actual results in the previous consolidated fiscal year (Fiscal year ended March 31, 2023)	1,672,377	332,610

(2) Qualitative Information Regarding the Consolidated Financial Position

1. Assets, Liabilities, and Equity

1) Assets

Total assets at the end of this consolidated third quarter amounted to 8,983,716 million yen, having increased 394,993 million yen, or 4.6%, since the end of the consolidated fiscal year ended March 31, 2023.

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, 2023, 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, 2023, due to the purchase and sale of investment securities, etc. as part of the fund management activities of PayPay Bank Corporation.

2) Liabilities

Total liabilities at the end of this consolidated third quarter amounted to 5,555,591 million yen, having increased 284,769 million yen, or 5.4%, since the end of the consolidated fiscal year ended March 31, 2023.

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, 2023, mainly due to an increase in accounts payable owed to PayPay Corporation’s merchants and an increase in deposits received from PayPay users.
- Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2023, due to an increase in deposits from customers.

3) Equity

Total equity at the end of this consolidated third quarter amounted to 3,428,124 million yen, having increased 110,223 million yen, or 3.3%, since the end of the consolidated fiscal year ended March 31, 2023.

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

- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2023, despite a decrease due to payment of dividends, due to the increase resulting from the recognition of net income attributable to owners of the parent.
- Accumulated other comprehensive income increased compared with the end of the consolidated fiscal year ended March 31, 2023, primarily due to an increase in exchange differences on translating foreign operations as a result of the depreciation of the yen.

2. Cash Flows

At the end of this consolidated third quarter, cash and cash equivalents amounted to 1,525,728 million yen, down 126,122 million yen from the end of the consolidated fiscal year ended March 31, 2023, out of which deposits with the Bank of Japan for the banking business amounted to 343,241 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 293,405 million yen, primarily owing to an increase in trade and other payables, the recognition of profit before tax for the period under review, and an increase in customer deposits in the banking business despite an increase in loans for the credit card business, the payment of income taxes, and an increase in trade and other receivables.

Cash flows from investing activities amounted to a total cash outflow of 358,132 million yen, primarily due to purchase of investment securities in the banking business and purchase of property and equipment, despite proceeds from the sales/redemption of investment securities in the banking business as well as the collection of loans receivable.

Cash flows from financing activities amounted to a cash outflow of 67,500 million yen, primarily due to the redemption of corporate bonds, repayments of long-term borrowings, payment of dividends, issuance and redemption of commercial papers, and repayment of lease liabilities, despite proceeds from long-term borrowings.

(3) Significant Contracts

There were no significant contracts, etc., that were concluded or revised in the consolidated third quarter of the fiscal year ending March 31, 2024.

2 Interim Condensed Consolidated Financial Statements and Significant Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,651,851	1,525,728	(126,122)	(7.6)
Call loans in banking business	98,000	98,106	106	0.1
Trade and other receivables	623,300	689,294	65,993	10.6
Inventories	31,690	33,393	1,703	5.4
Loans in credit card business	593,058	760,617	167,558	28.3
Investment securities in banking business	414,719	617,617	202,897	48.9
Loans in banking business	620,383	670,930	50,546	8.1
Other financial assets	447,841	402,319	(45,522)	(10.2)
Property and equipment	213,839	231,466	17,627	8.2
Right-of-use assets	221,221	231,206	9,985	4.5
Goodwill	2,074,779	2,069,328	(5,450)	(0.3)
Intangible assets	1,267,738	1,257,521	(10,217)	(0.8)
Investments accounted for using the equity method	191,048	250,946	59,898	31.4
Deferred tax assets	44,477	26,477	(18,000)	(40.5)
Other assets	94,772	118,760	23,987	25.3
Total assets	8,588,722	8,983,716	394,993	4.6

(Millions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,351,794	1,535,731	183,936	13.6
Customer deposits in banking business	1,495,629	1,652,035	156,405	10.5
Interest-bearing liabilities	1,913,799	1,928,637	14,838	0.8
Other financial liabilities	14,729	11,394	(3,334)	(22.6)
Income taxes payable	31,616	26,394	(5,221)	(16.5)
Provisions	23,136	23,955	819	3.5
Deferred tax liabilities	240,772	194,266	(46,505)	(19.3)
Other liabilities	199,345	183,175	(16,169)	(8.1)
Total liabilities	5,270,822	5,555,591	284,769	5.4
Equity				
Equity attributable to owners of the parent				
Common stock	247,094	247,892	797	0.3
Capital surplus	2,046,696	2,059,624	12,928	0.6
Retained earnings	647,347	733,604	86,257	13.3
Treasury stock	(70,436)	(70,040)	395	—
Accumulated other comprehensive income	48,697	60,748	12,050	24.7
Total equity attributable to owners of the parent	2,919,399	3,031,828	112,429	3.9
Non-controlling interests	398,501	396,295	(2,205)	(0.6)
Total equity	3,317,900	3,428,124	110,223	3.3
Total liabilities and equity	8,588,722	8,983,716	394,993	4.6

(2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine Months ended Dec. 31, 2022	Nine Months ended Dec. 31, 2023	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	1,238,596	1,346,840	108,243	8.7
Cost of sales	378,077	384,237	6,160	1.6
Selling, general and administrative expenses	728,475	803,852	75,377	10.3
Gain on remeasurement relating to business combinations	156,501	—	(156,501)	—
Gain on transfer from business divestiture	—	10,458	10,458	—
Gain on loss of control of subsidiary	1,714	5,071	3,357	195.8
Operating income	290,260	174,280	(115,979)	(40.0)
Other non-operating income	5,198	5,703	504	9.7
Other non-operating expenses	44,998	16,857	(28,140)	(62.5)
Gain on change in equity interest	5,343	19,262	13,919	260.5
Equity in losses of associates and joint ventures	(26,513)	(12,209)	14,303	—
Profit before tax	229,289	170,179	(59,110)	(25.8)
Income tax expense	37,061	33,658	(3,403)	(9.2)
Profit for the period	192,228	136,521	(55,706)	(29.0)
Attributable to:				
Owners of the parent	180,151	122,448	(57,702)	(32.0)
Non-controlling interests	12,076	14,072	1,996	16.5
Profit for the period	192,228	136,521	(55,706)	(29.0)
Earnings per share attributable to owners of the parent				
Basic (yen)	24.04	16.33	(7.71)	(32.1)
Diluted (yen)	23.97	16.27	(7.70)	(32.1)

(3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine Months ended Dec. 31, 2022	Nine Months ended Dec. 31, 2023
Profit for the period	192,228	136,521
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	835	(114)
Equity financial assets measured at FVTOCI	82,610	1,473
Share of other comprehensive income of associates	181	359
Subtotal	83,627	1,719
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(2,012)	(633)
Exchange differences on translating foreign operations	14,484	17,276
Subtotal	12,471	16,643
Other comprehensive income, net of tax	96,098	18,362
Total comprehensive income	288,327	154,883
Total comprehensive income attributable to:		
Owners of the parent	277,163	140,489
Non-controlling interests	11,163	14,394
Total comprehensive income	288,327	154,883

(4) Interim Condensed Consolidated Statement of Changes in Equity

Nine Months ended December 31, 2022

(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, 2022	237,980	2,037,384	401,322	(54,086)	61,776	2,684,377	297,819	2,982,197
Profit for the period			180,151			180,151	12,076	192,228
Other comprehensive income, net of tax					97,011	97,011	(912)	96,098
Total comprehensive income for the period	—	—	180,151	—	97,011	277,163	11,163	288,327
Transactions with owners and other transactions								
Issue of common stock	9,084	9,206				18,290		18,290
Payment of dividends			(43,535)			(43,535)	(11,813)	(55,348)
Transfer of accumulated other comprehensive income to retained earnings			108,120		(108,120)	—		—
Purchase of treasury stock				(16,381)		(16,381)		(16,381)
Changes attributable to obtaining or losing control of subsidiaries		(11,519)				(11,519)	94,579	83,059
Changes in ownership interests in subsidiaries without losing control		74				74	7,844	7,919
Share-based payment transactions		9,639				9,639		9,639
Other		(848)	(29)			(878)	83	(794)
Total	9,084	6,552	64,555	(16,381)	(108,120)	(44,309)	90,694	46,384
Balance at Dec. 31, 2022	247,064	2,043,937	646,029	(70,468)	50,667	2,917,230	399,678	3,316,909

	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			122,448			122,448	14,072	136,521
Other comprehensive income, net of tax					18,040	18,040	321	18,362
Total comprehensive income for the period	—	—	122,448	—	18,040	140,489	14,394	154,883
Transactions with owners and other transactions								
Issue of common stock	797	1,034				1,832		1,832
Payment of dividends			(41,855)			(41,855)	(16,030)	(57,886)
Transfer of accumulated other comprehensive income to retained earnings			5,989		(5,989)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries						—	(6,110)	(6,110)
Changes in ownership interests in subsidiaries without losing control		2,321				2,321	4,525	6,847
Share-based payment transactions		10,964				10,964		10,964
Other		(1,392)	(326)	395		(1,322)	1,015	(307)
Total	797	12,928	(36,191)	395	(5,989)	(28,059)	(16,600)	(44,659)
Balance at Dec. 31, 2023	247,892	2,059,624	733,604	(70,040)	60,748	3,031,828	396,295	3,428,124

(5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine Months ended Dec. 31, 2022	Nine Months ended Dec. 31, 2023
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	229,289	170,179
Depreciation and amortization	108,068	125,845
Gain on remeasurement relating to business combinations	(156,501)	—
Gain on transfer from business divestiture	—	(10,458)
Gain on loss of control of subsidiary	(1,714)	(5,071)
Gain on change in equity interest	(5,343)	(19,262)
Equity in losses of associates and joint ventures	26,513	12,209
(Increase) decrease in call loans in banking business	—	(106)
(Increase) decrease in trade and other receivables	(24,310)	(59,105)
Increase (decrease) in trade and other payables	270,243	219,929
(Increase) decrease in loans for credit card business	(94,042)	(167,558)
(Increase) decrease in loans in banking business	(93,981)	(50,546)
Increase (decrease) in customer deposits in banking business	42,411	156,405
Other	41,376	27,512
Subtotal	342,009	399,972
Interest and dividends received	2,353	3,623
Interest paid	(7,641)	(8,816)
Income taxes—paid	(92,067)	(127,074)
Income taxes—refunded	1,636	25,701
Net cash inflow from operating activities	246,290	293,405
Cash flows from investing activities:		
Purchase of investment securities in banking business	(93,474)	(326,655)
Proceeds from sales/redemption of investment securities in banking business	192,454	127,301
Collection of loans receivable	6,329	53,264
Purchase of property and equipment	(71,619)	(63,598)
Other	386,419	(148,444)
Net cash inflow (outflow) from investing activities	420,109	(358,132)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	76,734	(20,127)
Proceeds from long-term borrowings	108,199	217,508
Repayments of long-term borrowings	(38,795)	(57,663)
Capital contribution from non-controlling interests	9,713	14,960
Redemption of corporate bonds	(85,000)	(95,000)
Proceeds from issuance of commercial papers	479,000	319,000
Redemption of commercial papers	(466,000)	(352,000)
Dividends paid	(43,552)	(41,856)
Dividends paid to non-controlling interests	(10,950)	(15,055)
Repayment of lease liabilities	(25,534)	(30,126)
Other	57,553	(7,139)
Net cash inflow (outflow) from financing activities	61,369	(67,500)
Effects of exchange rate changes on cash and cash equivalents	4,993	6,104
Net increase (decrease) in cash and cash equivalents	732,763	(126,122)
Cash and cash equivalents at the beginning of the period	1,127,523	1,651,851
Cash and cash equivalents at the end of the period	1,860,286	1,525,728

(6) Notes to Interim Condensed Consolidated Financial Statements

1. Going Concern Assumption

Not applicable.

2. Use of Estimates and Judgments

In preparing the interim condensed 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 interim condensed consolidated financial statements of the Group are consistent with those described in the consolidated financial statements for the previous consolidated fiscal year.

3. Gain on Remeasurement Relating to Business Combinations

Previous cumulative consolidated third quarter of the fiscal year ended March 31, 2023 (April 1, 2022 - December 31, 2022): Due to the Company's consolidation of PayPay Corporation on October 1, 2022, the previously held equity interest of the company was remeasured based on the acquisition-date fair value. As a result, a gain on remeasurement relating to business combination of 147,321 million yen was recognized. In addition, due to the Company's consolidation of LINE MUSIC CORPORATION in the consolidated second quarter of the fiscal year ended March 31, 2023, a gain on remeasurement relating to business combination of 9,180 million yen was recognized.

4. Gain on transfer from business divestiture

This cumulative consolidated third quarter of the fiscal year ending March 31, 2024 (April 1, 2023 – December 31, 2023): AI Company business operated by LINE Corporation was transferred to WORKS MOBILE Japan Corp. through a company split and the shares of WORKS MOBILE Japan Corp. were acquired as consideration. The difference between the consideration of the company split and the net assets related to the transferred business was recorded as gain on transfer from business divestiture.

5. Gain on loss of control of subsidiary

This cumulative consolidated third quarter of the fiscal year ending March 31, 2024 (April 1, 2023 – December 31, 2023): 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.

6. Gain on change in equity interest

Previous cumulative consolidated third quarter of the fiscal year ended March 31, 2023 (April 1, 2022 – December 31, 2022): Gain on change in equity interest arose mainly from the change in equity ratio of the Group in Webtoon Entertainment Inc.

This cumulative consolidated third quarter of the fiscal year ending March 31, 2024 (April 1, 2023 – December 31, 2023): Gain on change in equity interest arose mainly from the change in equity ratio of the Group in Webtoon Entertainment Inc.

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.