



February 6, 2024

To whom it may concern,

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

**Recording of an Extraordinary Loss (Loss on Extinguishment of Tie-In Shares)
Accompanying the Absorption-Type Mergers of Subsidiaries
and Absorption-Type Company Splits (Non-Consolidated Financial Statements)**

As announced in “(Update) Completion of Intra-Group Reorganization and Change in Trade Name,” dated October 2, 2023, LY Corporation (hereinafter the “Company”) completed the intra-Group reorganization (hereinafter the “Reorganization”) on October 1, 2023, which consists of: absorption-type mergers in which the Company became the surviving company and the former wholly-owned subsidiaries of the Company (Yahoo Japan Corporation, Z Entertainment Corporation, and Z Data Corporation; hereinafter collectively, “Yahoo Japan and Other Disappearing Companies”) became the disappearing companies; an absorption-type company split in which LINE Corporation (currently, Z Intermediate Global Corporation), a wholly-owned subsidiary of the Company, became the split company and the Company became the successor company; and an absorption-type company split in which the Company became the split company and Z Financial Corporation, a wholly-owned subsidiary of the Company, became the successor company. The Company also changed its trade name to LY Corporation.

The Company hereby announces that it is expected to record an extraordinary loss in the Company's non-consolidated financial statements as a result of the accounting treatment of the Reorganization.

Please note that there is no impact on the Company's consolidated financial results, since this extraordinary loss is eliminated in the consolidated financial statements.

1. Details

The Company is expected to record a loss on extinguishment of tie-in shares as an extraordinary loss in the non-consolidated financial statements for the fiscal year ending March 31, 2024 as a result of the Reorganization that consisted of the absorption-type mergers in which Yahoo Japan and Other Disappearing Companies became the disappearing companies and an absorption-type company split in which LINE Corporation became the split company.

- (1) Approximate amount of extraordinary loss: JPY71.9 billion
- (2) Effective date: October 1, 2023

Please note that the amount is currently being examined and will be disclosed as soon as any matters that need to be announced become known.

2. Impact on the consolidated financial results.

The extraordinary loss will be eliminated in the consolidated financial statements, thus will not impact the Company's consolidated financial results.

Disclaimer

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