

## Results for the Fiscal Year Ended March 31, 2024 [IFRSs]

May 8, 2024

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Scheduled Ordinary Shareholder's Meeting Date: June 18, 2024

Scheduled Dividend Payment Date: June 4, 2024

Scheduled Securities Report Submission Date: June 17, 2024

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 (April 1, 2023 - March 31, 2024) (Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2023 - March 31, 2024) (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	%
FY 2023	1,814,663	8.5	208,191	(33.8)	181,621	(22.8)	139,073	(26.5)	113,199	(36.7)	170,968	(40.4)
FY 2022	1,672,377	6.7	314,533	66.0	235,219	48.4	189,163	106.4	178,868	131.3	286,927	136.5

	Adjusted EBITDA		Adjusted EPS		Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the parent	Profit before tax ratio to total assets	Operating margin
	Millions of yen	%	Yen	%	Yen	Yen	%	%	%
FY 2023	414,917	24.7	18.93	252.3	15.10	15.04	3.8	2.1	11.5
FY 2022	332,610	0.3	5.37	(50.1)	23.87	23.80	6.4	3.0	18.8

(For reference) Equity in losses of associates and joint ventures: FY2023 [(16,491) million yen] FY2022 [(38,728) million yen]

(Note) Please find the definitions of adjusted EBITDA and adjusted EPS in the following page.

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY 2023	9,043,969	3,446,985	3,037,088	33.6	404.89
FY 2022	8,588,722	3,317,900	2,919,399	34.0	389.43

### (3) Consolidated Cash Flows Status

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	316,477	(444,060)	(81,490)	1,420,430
FY2022	93,051	319,786	105,791	1,651,851

## 2. Dividends

(Record date)	Dividends per share					Total amount (Full year)	Payout ratio (Consolidated)	Dividend ratio to equity attributable to owners of the parent (Consolidated)
	1Q	2Q	3Q	Year end	Full year	Millions of yen	%	%
FY 2022	—	0.00	—	5.56	5.56	41,869	23.3	1.5
FY 2023	—	0.00	—	5.56	5.56	41,888	36.8	1.4
FY 2024 (Estimates)	—	0.00	—	5.56	5.56	—	—	—

### 3. Consolidated Performance Estimates for FY2024 (April 1, 2024 – March 31, 2025)

Fiscal year ending	Revenue		Adjusted EBITDA		Adjusted EPS
	Millions of yen	% Change YoY	Millions of yen	% Change YoY	Yen
March 31, 2025	1,935,000	6.6	430,000	3.6	14.3 – 15.3
			- 440,000	- 6.0	

(Note)

For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025) in (1) Qualitative Information Regarding the Consolidated Business Performance of 1 Analysis of Business Results and Financial Position on page 6 of the Results for the Fiscal Year (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 estimate

1) Changes due to IFRSs: Yes

2) Changes other than 1): None

3) Changes in accounting estimate: None

(3) Number of stocks issued (common stock)

1) Number of stocks issued (including treasury stocks)

As of March 31, 2024 7,637,068,986 shares

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

2) Number of shares of treasury stocks

As of March 31, 2024 136,099,378 shares

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

3) Average number of common stocks outstanding

As of March 31, 2024 7,498,805,722 shares

As of March 31, 2023 7,494,992,237 shares

Note: The number of shares of treasury stocks includes the number of 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 March 31, 2024: 32,948,954 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

(\*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: Changed the definition of Adjusted EBITDA 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 Fiscal Year are not subject to audit 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 performance estimates, 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 Wednesday, May 8, 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.

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## 1 Analysis of Business Results and Financial Position

### (1) Qualitative Information Regarding the Consolidated Business Performance

#### 1. Business Results Summary (April 1, 2023 – March 31, 2024)

##### ■ Highlights

Both revenue and adjusted EBITDA marked a record high for the fourth consecutive fiscal year. Revenue: 1.81 trillion yen (up 8.5% year on year); adjusted EBITDA: 414.9 billion yen (up 24.7% year on year).

	Fiscal year ended Mar. 31, 2023 (billion yen)	Fiscal year ended Mar. 31, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	1,672.3	1,814.6	142.2	8.5%
Adjusted EBITDA	332.6	414.9	82.3	24.7%

The revenue for the consolidated fiscal year ended March 31, 2024 amounted to 1,814.6 billion yen (up 8.5% year on year) resulting in the highest fiscal year revenue. In addition to the impact of the consolidation of PayPay Corporation in October 2022, this was due to an increase in the Strategic Business' revenue as a result of growth in PayPay's consolidated results (including PayPay Corporation and PayPay Card Corporation), an increase in the Commerce Business' revenue as a result of the ASKUL Group and ZOZO Group's growth, and an increase in the Media Business' revenue as a result of growth in account ads.

Adjusted EBITDA amounted to 414.9 billion yen (up 24.7% year on year), a record-high, due to the abovementioned revenue growth, cost optimization mainly around the Commerce Business, and a selective focus on Strategic Business areas. Operating income and net income attributable to owners of the parent, etc. 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 – March 31, 2024)

### Revenue and Adjusted EBITDA by Segment

	Fiscal year ended Mar. 31, 2023 (billion yen)	Fiscal year ended Mar. 31, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
<b>Media Business</b>				
Revenue	695.1	707.6	12.5	1.8
Adjusted EBITDA	238.0	254.6	16.5	7.0
<b>Commerce Business</b>				
Revenue	792.8	821.5	28.7	3.6
Adjusted EBITDA	114.5	143.2	28.6	25.0
<b>Strategic Business</b>				
Revenue	192.0	289.9	97.9	51.0
Adjusted EBITDA (loss)	(31.8)	11.5	43.3	—
<b>Other</b>				
Revenue	5.7	8.0	2.3	40.4
Adjusted EBITDA (loss)	0	(0.3)	(0.4)	—
<b>Adjustments</b>				
Revenue	(13.3)	(12.6)	—	—
Adjusted EBITDA	11.8	5.9	—	—
<b>Total</b>				
Revenue	1,672.3	1,814.6	142.2	8.5
Adjusted EBITDA	332.6	414.9	82.3	24.7

#### Note:

- From the first quarter of the fiscal year ended 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.
- 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 ended 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.
- Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

### 1) Media Business in the Consolidated Fiscal Year

The revenue of the Media Business amounted to 707.6 billion yen, increasing 1.8% year on year as a result of increased revenue from account ads, etc. Adjusted EBITDA increased 7.0% year on year, to 254.6 billion yen. The revenue of the Media Business accounted for 39.0% of total revenue.

- Account ads: Revenue increased 22.3% 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 0.8% 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 market conditions have shown signs of gradual improvement, revenue decreased year-on-year.

### 2) Commerce Business in the Consolidated Fiscal Year

The revenue of the Commerce Business grew year on year due to revenue increases in the ASKUL Group and ZOZO Group, and growth of the services e-commerce business.

E-commerce transaction value (\*1) amounted to 4,195.4 billion yen, increasing 2.0% year on year despite cost optimization measures and other factors. Out of the e-commerce transaction value, domestic merchandise transaction value amounted to 3,038.0 billion yen, increasing 1.7% year on year.

As a result, the revenue of the Commerce Business of the consolidated fiscal year amounted to 821.5 billion yen, increasing 3.6% year on year. Adjusted EBITDA increased 25.0% year on year, to 143.2 billion yen as a result of the abovementioned revenue growth and cost optimization. The revenue of the Commerce Business accounted for 45.3% of 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 Consolidated Fiscal Year

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 12.5 trillion yen (\*2, 3) (up 22.2% year on year(\*4)) maintaining steady growth. Furthermore, loan balance of PayPay Bank Corporation came to 729.3 billion yen (up 16.8% year on year).

As a result, the revenue of the Strategic Business for the consolidated fiscal year amounted to 289.9 billion yen, increasing 51.0% year on year. In addition, adjusted EBITDA for the Strategic Business turned profitable for the first time for the full fiscal year at an amount of 11.5 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 16.0% 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, ebookjapan, real estate-related services, Yahoo! JAPAN Loco (*5), Yahoo! JAPAN Mail, etc.			
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore (*6), 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 (*7), Yahoo! JAPAN Flea Market (*8)	
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.	
		Other	Other	
	ZOZO, ASKUL	ZOZO	ZUZOTOWN, ZOZOUSED, etc.	
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc.), LOHACO, Charm, etc.	
		Other (*9)	ValueCommerce Affiliate, Value Point Club, STORE’s R <sup>∞</sup> , 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) The Yahoo! JAPAN Loco service has ended on March 27, 2024.

(\*6) MySmartStore is scheduled to terminate its service on July 31, 2024.

(\*7) YAHUOKU! has been renamed as Yahoo! JAPAN Auction on November 1, 2023.

(\*8) PayPay Flea Market has been renamed as Yahoo! JAPAN Flea Market on November 1, 2023.

(\*9) ValueCommerce Co., Ltd. became an equity method affiliate as of May 2, 2024. Thus, the services of ValueCommerce Co., Ltd. are not included from this date.

### 3. Outlook for Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

For the fiscal year ending March 2025, the Group will strengthen its security measures as its utmost priority. Along with this, it will also aim to increase revenue and income by reinforcing products in key growth domains through disciplined cost allocation. The Group expects a consolidated revenue of 1,935.0 billion yen (up 6.6% year on year) and an adjusted EBITDA of 430.0 – 440.0 billion yen (up 3.6 – 6.0% year on year). In addition, the Group recognizes the improvement of capital efficiency as one of its most important management issues and will also start including adjusted EPS in the performance estimates. Adjusted EPS for the fiscal year ending March 31, 2025 is expected to be 14.3 – 15.3 yen.



## (2) Qualitative Information Regarding the Consolidated Financial Position

### 1. Assets, Liabilities, and Equity

#### 1) Assets

Total assets at the end of the consolidated fiscal year ended March 31, 2024 amounted to 9,043,969 million yen, increasing 455,246 million yen, or 5.3%, from the end of the consolidated fiscal year ended March 31, 2023.

The main components of the change in assets were the following:

- The principal reasons for the change in cash and cash equivalents are noted in “Cash Flows” below.
- Loans for credit card business increased from the end of the consolidated fiscal year ended March 31, 2023, mainly due to the increase in the transaction volume of the credit card business.
- Investment securities in banking business increased compared with the end of the consolidated fiscal year ended March 31, 2023 mainly due to the purchase and sales, etc. of investment securities in PayPay Bank Corporation’s asset management activities.

#### 2) Liabilities

Total liabilities at the end of the consolidated fiscal year ended March 31, 2024 were 5,596,983 million yen, increasing 326,161 million yen, or 6.2%, from the end of the consolidated fiscal year ended March 31, 2023.

The major components of the change in liabilities were the following:

- Trade and other payables increased from 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 from 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 the consolidated fiscal year ended March 31, 2024 amounted to 3,446,985 million yen, increasing 129,084 million yen, or 3.9%, from the end of the consolidated fiscal year ended March 31, 2023.

The major components of the change in equity were the following:

- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2023 due to the increase resulting from the recognition of net income attributable to owners of the parent, despite a decrease due to payment of dividends.
- 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 the consolidated fiscal year ended March 31, 2024, cash and cash equivalents amounted to 1,420,430 million yen, down 231,420 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 was 231,807 million yen.

The following are 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 cash inflow of 316,477 million yen mainly because of the increase in trade and other payables, the recognition of profit before tax for the period under review, and increase in customer deposits for the banking business, despite the increase in loans for the credit card business, the payment of income taxes, and the increase in loans in banking business.

Cash flows from investing activities amounted to a cash outflow of 444,060 million yen, chiefly due to purchase of investment securities in banking business, purchase of other investments, 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 81,490 million yen, primarily due to the redemption of corporate bonds, repayments of long-term borrowings, payment of dividends, repayment of lease liabilities, and issuance and

redemption of commercial papers, despite proceeds from long-term borrowings.

(3) Basic Policy Regarding Profit Distribution and Dividend Payments for Fiscal 2023 and 2024

LY Corporation aims to achieve sustained growth in corporate value over the medium- to long-term. For that purpose, the Company recognizes the importance of actively pursuing upfront investments to the Group's services, capital expenditures, and capital and business alliances for future growth. At the same time, the Company recognizes its responsibility as a listed company to recompense shareholders by returning profits to them.

Guided by the above policy, the dividend of the fiscal year ended March 31, 2024 is expected to be 5.56 yen per share (total dividend amount: 41.8 billion yen).

The dividend for the fiscal year ending March 31, 2025, is scheduled to remain the same at 5.56 yen per share.

(4) Significant Contracts

The following are the significant contracts for the LY Corporation Group.

Business alliance contract with Google Asia Pacific Pte Ltd.

Contract name	GOOGLE SERVICES AGREEMENT
Contract date	May 29, 2020 (initial contract date: July 27, 2010)
Contract term end	March 31, 2027
Counterparty	Google Asia Pacific Pte Ltd.
Main details	<p>1) Non-exclusive provision of search and paid search advertising distribution technologies by counterparty The counterparty shall provide its search and paid search advertising distribution technologies to LY Corporation on a non-exclusive basis, which will be used by LY Corporation to offer its own brand of services.</p> <p>2) Differentiation of search services Both parties are entitled to freely develop and use additional functions for the search results in order to differentiate their search results. LY Corporation may decide on its own whether to display the search results provided by the counterparty.</p> <p>3) LY Corporation's payment for counterparty's services The consideration for the counterparty's services received by LY Corporation shall be the sum of an amount calculated using a method determined on an annual basis based on the revenue of the website of LY Corporation. The consideration for the services used by LY Corporation on a partner site shall be the amount calculated by multiplying the revenue derived from the partner site by a rate determined on an annual basis.</p>

## 2 Management Policy

The matters related to the future in the text were determined by the LY Corporation Group as of the end of this consolidated fiscal year.

### (1) Fundamental Business Management Policies

LY Corporation, the core company of the Group, made a fresh start as a new company in October 2023 after a merger centered around LINE Corporation and Yahoo Japan Corporation.

Accordingly, the Group has renewed its mission and is now endeavoring to “Create an amazing life platform that brings WOW! to our users.” It aims to make this into a reality. With the development of information technology, we are now able to acquire all kinds of knowledge and information through the internet and to disseminate information around the world. Using the power of information technology, the Group believes that mankind will be liberated from various restrictions and that a new future will be created.

The Group aims to enhance its corporate value by constantly striving to improve its services, focusing on maintaining a user-first approach and sustainable growth, and by contributing to solving the various issues faced by people and society.

### (2) Management Performance Indicators Used for Goals

As its core management performance indicators, the LY Corporation Group gives priority to the revenue and adjusted EBITDA\* for the overall Group. The reasons for setting these indicators are as follows:

Revenue: This indicator was chosen because it is the source of all earnings and can also represent growth and profitability, as well as business size.

Adjusted EBITDA: This indicator was chosen as an indicator that can capture recurring profitability by excluding non-recurring and non-cash gains and losses, such as impairment losses and remeasurement gains and losses from business combinations, in addition to depreciation and amortization.

As non-financial key indicators, the Yahoo! JAPAN portal website focuses on the number of monthly logged-in user IDs, time spent by logged-in users, etc., while the LINE communication app focuses on the monthly active users (MAU), DAU/MAU ratio (ratio of daily active users to monthly active users; active ratio), etc.

Other key indicators by business segment are as follows:

Media Business: total advertising revenue, number of LINE Official Accounts, etc.

Commerce Business: e-commerce transaction value, etc.

Strategic Business: PayPay GMV and number of PayPay payments of PayPay Corporation; credit card transaction volume of PayPay Card of PayPay Card Corporation; number of PayPay Bank Accounts of PayPay Bank Corporation, etc.

\*Although adjusted EBITDA is not a financial measure as defined in IFRS, the Company has adopted this indicator in order to enhance understanding of the Group’s performance and to use it as a key indicator in assessing the current performance.

Therefore, it is possible that other companies may use different calculation methods or use the indicator for different purposes from this Group.

### (3) Medium- to Long-Term Business Strategies

#### 1) Business environment

Due to the recent development of information technology, the distinction between the online and offline worlds has been rapidly disappearing in various sectors of society. With the potential of the internet broadening dramatically, the value of big data is growing exponentially. There is also a demand for enterprises that use data to create services and businesses that balance economic development and the solving of social issues, as the Japanese government’s “Society 5.0” strategy points out.

In addition, through the use of the internet, the Group has seen the birth of numerous innovative and highly convenient services around the world, such as cashless payment, IoT and big data, which are becoming the new standard of living.

Moreover, the evolution and spread of generative AI (artificial intelligence) has resulted in fiercer developmental competition around the world, with digital transformation (DX) also expected to continue speeding up.

The businesses of the LY Corporation Group can be largely classified into Media Business, Commerce Business and Strategic Business.

The Media Business provides a variety of media services and generates revenue through advertising placed by companies and other entities. According to Dentsu Inc., total advertising expenditures in Japan was JPY7.3167 trillion for 2023 (YoY +3.0%).

This figure was the highest since the company began its estimates in 1947. Out of the total advertising expenditures, internet advertising spending recorded JPY3.3330 trillion (YoY +7.8%), maintaining a continuously high growth rate against the backdrop of the digitalization of society and driving the growth of the entire advertising expenditures in Japan. Internet advertising media expenditures, which constitute approximately 80% of internet advertising spending amounted to JPY2.6870 trillion (YoY +8.3%) due to the growths of paid search advertising and video advertising. By type, paid search advertising and display advertising accounted for approximately 70% of the total, while video advertising grew 15.9% from the year before, accounting for more than 20% of the total.

The Commerce Business provides a wide array of services, mainly around e-commerce. According to research by the Ministry of Economy, Trade and Industry ("METI") of Japan, the BtoC e-commerce market is around JPY22.7 trillion (YoY +9.9%) in 2022, and the e-commerce ratio in the merchandising sector is 9.13%. The social impact stemming from the spread of COVID-19 from 2020 has shown signs of settling down as consumers returned to brick-and-mortar stores in 2022 but the merchandising e-commerce market continued to expand in 2023. On the other hand, the decline in demand due to rising sales prices, etc., particularly for durable consumer goods, has slowed down the growth rate of the merchandising e-commerce market. This has resulted in the lowest growth rate since 2014, when comparisons were first possible.

The Strategic Business offers various services, mainly around fintech. According to METI, Japan's cashless payment ratio in 2023 is steadily increasing to 39.3% (up 3.3 points YoY), but the level remains low compared to other countries in the world. METI aims to hike the ratio of cashless payment to around 40% by 2025, and further to 80% in the future, the highest level in the world. Therefore, the cashless payment market in Japan is expected to continue to grow.

## 2) Management strategy

The LY Corporation Group is a globally unique corporate group that covers from online to offline services in a comprehensive manner. The abundance of data collected through its extensive lineup of services provides the Group with an important competitive edge in the creation of new and unique services. The Group aims to provide optimal services for each and every user, and to provide even higher-quality user experiences through the cross-use of data received from each service. In addition, as a Group that has one of the largest data assets in Japan, both in volume and in variety, it will maximize the capabilities of its data and will aim to become an enterprise that enhances the value of the whole society.

## 3) Basic policy of major business segments

### Media Business

The Media Business provides various media services that are indispensable to the daily lives of users. These services are used by many, and the major source of revenue for the Media Business is advertising. Based on the user-first principle, the LY Corporation Group constantly endeavors to provide needed services at the right time. The Group believes that its enhanced credibility as a media platform, will lead to an increase in the number of users over the medium- to long-term, and to an increase in advertising revenue.

By utilizing the Group's technologies and assets, the Group will realize a new marketing solution that comprehensively supports not only the "funnel for acquiring new customers" from recognition to interest, but also the "funnel for boosting customer loyalty" from purchase to CRM.

In November 2023, a new LINE and Yahoo! JAPAN membership service called LYP Premium was launched as a cross-use measure. In addition to providing benefits that were offered in the former Yahoo! JAPAN Premium, the Group aims to acquire new members and expand the use of LY Corporation Group's services through services with benefits that make the LINE app more fun and convenient.

### Commerce Business

The Group's Commerce Business provides e-commerce-related services. The LY Corporation Group will aim for a sustainable growth in earnings by connecting the three action points, LINE, Yahoo! JAPAN and PayPay, each of which has one of the largest user bases in Japan. Through this connection, the Group will promote the cross-use of services within the Group and expand the Group's ecosystem. Using LYP Premium, which combines the benefits of the Group's services, the Group will aim to increase its e-commerce transaction value as well as increase membership and GMV/transaction volume for PayPay, PayPay Card, and other services. In addition, the LINE app is planned to be revamped as part of the Group's future efforts. By adding a "Shopping" tab in the app, a new purchase experience will be provided to users via the communication app. Through this initiative, the Group will work to improve the convenience of LINE and accelerate the promotion of cross-use.

## Strategic Business

The Strategic Business offers various services, mainly around fintech. Beginning with PayPay, a cashless payment service that accounts for more than 60% of the QR code payment market in Japan, the LY Corporation Group will expand various financial services such as credit cards, banking, securities, and insurance.

### (4) Major Business Issues

In executing the Group's management strategy noted in (3) 2), the Group gives top priority to reinforcing security, including protecting the personal information of individuals (hereinafter "personal data"). In promoting the cross-sectional use of multi-big data, the Group believes that the most important and basic stance is to respect the personal data of its users. For this, the LY Corporation Group has established the Privacy Policy and strives to appropriately protect personal data in accordance with this policy.

In FY2023, the Company received i) an administrative guidance from Japan's Ministry of Internal Affairs and Communications and recommendation, etc. from the Personal Information Protection Commission of Japan in regard to the incident of an information leakage due to unauthorized access, etc. that was announced in November 2023, and ii) guidance from the Personal Information Protection Commission in regard to a defect in the Company's internet auction service that was announced in August 2023. The Company takes this matter seriously as a grave situation that undermines its credibility as a platform operator with a large userbase and will work to prevent such incidents from happening again. The specific details and progress of the recurrence prevention measures taken are being reported to the Ministry of Internal Affairs and Communications and the Personal Information Protection Commission, and will be announced in a timely and appropriate manner on a dedicated page\* of the Company's corporate website.

Dedicated page:

- Link: <https://www.lycorp.co.jp/en/privacy-security/recurrence-prevention/>
- Page content: Details of the administrative guidance/recommendation etc., recurrence prevention measures and their progress, progress on reviewing security governance, and the latest information on other matters (to be updated as necessary)

The Group is also committed to thorough risk management in terms of facilities and operations in the event of unexpected accidents or natural disasters. In today's society, the internet is an indispensable infrastructure for daily life and business, and the Company believes that the public responsibility that the Group bears in this context is increasing every year. Furthermore, the Group regards corporate governance as a vital function for the expansion of corporate value over the medium to long term. The Group strives to strengthen its governance system so that management can be carried out in the best interests of all shareholders, including minority shareholders. Additionally, the Group is further strengthening its efforts to fulfill its corporate social responsibility and to establish and operate an internal control system to address risks in corporate management. Moreover, maximizing the performance of its human resources, which is the source for creating the Group's value, is also one of the important issues. For this, the Group continues to create systems and frameworks that will raise the standard of employees' awareness towards work and work quality. The LY Corporation Group believes that maintaining good physical and mental conditions of those working in the Group is directly linked to their optimal work performance and that this leads to the happiness of the employees and their families. Guided by these beliefs, the Company's President and Representative Director proclaimed the Good Condition Declaration.

As a result of these initiatives, the Company was selected in the large enterprise category (White 500) of the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Group will continue to create a work environment where all employees can work in their best physical and mental conditions.

Note: "Kenkokeiei (KENKO Investment for Health)" is a registered trademark of the Nonprofit Organization Kenkokeiei.

### **3 Basic Stance on Selecting Accounting Standards**

The LY Corporation Group adopted IFRSs beginning with the fiscal year ended March 31, 2015.

## 4 Consolidated Financial Statements and Significant Notes

### (1) Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Assets</b>				
Cash and cash equivalents	1,651,851	1,420,430	(231,420)	(14.0)
Call loans in banking business	98,000	116,082	18,082	18.5
Trade and other receivables	623,300	684,011	60,710	9.7
Inventories	31,690	35,028	3,338	10.5
Loans in credit card business	593,058	783,869	190,810	32.2
Investment securities in banking business	414,719	655,075	240,356	58.0
Loans in banking business	620,383	723,167	102,783	16.6
Other financial assets	447,841	456,812	8,970	2.0
Property and equipment	213,839	238,399	24,560	11.5
Right-of-use assets	221,221	189,292	(31,929)	(14.4)
Goodwill	2,074,779	2,067,862	(6,917)	(0.3)
Intangible assets	1,267,738	1,248,923	(18,815)	(1.5)
Investments accounted for using the equity method	191,048	240,342	49,294	25.8
Deferred tax assets	44,477	29,030	(15,446)	(34.7)
Other assets	94,772	155,640	60,867	64.2
<b>Total assets</b>	<b>8,588,722</b>	<b>9,043,969</b>	<b>455,246</b>	<b>5.3</b>



(Millions of yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Trade and other payables	1,351,794	1,551,611	199,817	14.8
Customer deposits in banking business	1,495,629	1,672,746	177,116	11.8
Interest-bearing liabilities	1,913,799	1,882,752	(31,047)	(1.6)
Other financial liabilities	14,729	27,054	12,325	83.7
Income taxes payable	31,616	38,361	6,745	21.3
Provisions	23,136	25,630	2,494	10.8
Deferred tax liabilities	240,772	190,614	(50,157)	(20.8)
Other liabilities	199,345	208,211	8,866	4.4
<b>Total liabilities</b>	<b>5,270,822</b>	<b>5,596,983</b>	<b>326,161</b>	<b>6.2</b>
<b>Equity</b>				
Equity attributable to owners of the parent				
Common stock	247,094	248,144	1,050	0.4
Capital surplus	2,046,696	2,060,766	14,070	0.7
Retained earnings	647,347	723,884	76,537	11.8
Treasury stock	(70,436)	(70,037)	399	—
Accumulated other comprehensive income	48,697	74,329	25,631	52.6
Total equity attributable to owners of the parent	2,919,399	3,037,088	117,688	4.0
Non-controlling interests	398,501	409,897	11,396	2.9
<b>Total equity</b>	<b>3,317,900</b>	<b>3,446,985</b>	<b>129,084</b>	<b>3.9</b>
<b>Total liabilities and equity</b>	<b>8,588,722</b>	<b>9,043,969</b>	<b>455,246</b>	<b>5.3</b>

## (2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	1,672,377	1,814,663	142,285	8.5
Cost of sales	511,131	520,449	9,318	1.8
Selling, general and administrative expenses	1,001,881	1,095,832	93,950	9.4
Impairment losses	3,036	15,147	12,110	398.9
Gain on remeasurement relating to business combinations	156,501	—	(156,501)	—
Gain on transfer from business divestiture	—	10,458	10,458	—
Compensation received for damage	—	9,426	9,426	—
Gain on loss of control of subsidiary	1,703	5,071	3,368	197.7
Operating income	314,533	208,191	(106,342)	(33.8)
Other non-operating income	10,609	14,386	3,776	35.6
Other non-operating expenses	25,235	20,892	(4,342)	(17.2)
Gain on change in equity interest	5,343	19,262	13,919	260.5
Equity in losses of associates and joint ventures	(38,728)	(16,491)	22,236	—
Impairment loss on investments in associates and joint ventures	31,303	22,834	(8,468)	(27.1)
Profit before tax	235,219	181,621	(53,597)	(22.8)
Income tax expense	46,055	42,548	(3,507)	(7.6)
Profit for the period	189,163	139,073	(50,090)	(26.5)
Attributable to:				
Owners of the parent	178,868	113,199	(65,668)	(36.7)
Non-controlling interests	10,295	25,873	15,578	151.3
Profit for the period	189,163	139,073	(50,090)	(26.5)
Earnings per share attributable to owners of the parent				
Basic (yen)	23.87	15.10	(8.77)	(36.7)
Diluted (yen)	23.80	15.04	(8.76)	(36.8)

## (3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024
Profit for the period	189,163	139,073
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	3,190	(336)
Equity financial assets measured at FVTOCI	80,563	2,950
Share of other comprehensive income of associates	801	485
Subtotal	84,556	3,099
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(598)	(1,071)
Exchange differences on translating foreign operations	13,806	29,867
Subtotal	13,207	28,795
Other comprehensive income, net of tax	97,763	31,895
Total comprehensive income	286,927	170,968
Total comprehensive income attributable to:		
Owners of the parent	276,542	144,347
Non-controlling interests	10,384	26,621
Total comprehensive income	286,927	170,968

## (4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

(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			178,868			178,868	10,295	189,163
Other comprehensive income, net of tax					97,674	97,674	88	97,763
Total comprehensive income for the period	—	—	178,868	—	97,674	276,542	10,384	286,927
Transactions with owners and other transactions								
Issue of common stock	9,114	9,246				18,360		18,360
Payment of dividends			(43,535)			(43,535)	(12,263)	(55,799)
Transfer of accumulated other comprehensive income to retained earnings			110,753		(110,753)	—		—
Purchase of treasury stock				(16,405)		(16,405)		(16,405)
Changes attributable to obtaining or losing control of subsidiaries		(11,519)				(11,519)	94,933	83,413
Changes in ownership interests in subsidiaries without losing control		(733)				(733)	7,294	6,561
Share-based payment transactions		13,184				13,184		13,184
Others		(866)	(62)	56		(872)	333	(538)
Total	9,114	9,311	67,156	(16,349)	(110,753)	(41,521)	90,297	48,776
Balance at March 31, 2023	247,094	2,046,696	647,347	(70,436)	48,697	2,919,399	398,501	3,317,900

	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			113,199			113,199	25,873	139,073
Other comprehensive income, net of tax					31,147	31,147	747	31,895
Total comprehensive income for the period	—	—	113,199	—	31,147	144,347	26,621	170,968
Transactions with owners and other transactions								
Issue of common stock	1,050	1,361				2,411		2,411
Payment of dividends			(41,855)			(41,855)	(16,526)	(58,381)
Transfer of accumulated other comprehensive income to retained earnings			5,515		(5,515)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries		—				—	(6,111)	(6,111)
Changes in ownership interests in subsidiaries without losing control		(2,939)				(2,939)	6,288	3,349
Share-based payment transactions		17,586				17,586		17,586
Others		(1,938)	(323)	399		(1,862)	1,123	(738)
Total	1,050	14,070	(36,662)	399	(5,515)	(26,658)	(15,225)	(41,883)
Balance at March 31, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985

## (5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before tax	235,219	181,621
Depreciation and amortization	148,776	162,917
Impairment loss	3,036	15,147
Gain on remeasurement relating to business combinations	(156,501)	—
Gain on transfer from business divestiture	—	(10,458)
Gain on loss of control of subsidiary	(1,703)	(5,071)
Gain on change in equity interest	(5,343)	(19,262)
Equity in losses of associates and joint ventures	38,728	16,491
Impairment loss on investments in associates and joint ventures	31,303	22,834
(Increase) decrease in call loans in banking business	(18,000)	(18,082)
(Increase) decrease in trade and other receivables	7,689	(63,849)
Increase (decrease) in trade and other payables	191,988	215,616
(Increase) decrease in loans for credit card business	(117,530)	(190,810)
(Increase) decrease in loans in banking business	(205,763)	(102,783)
Increase (decrease) in customer deposits in banking business	64,454	177,116
Other	(5,770)	48,558
Subtotal	210,583	429,984
Interest and dividends received	2,819	4,313
Interest paid	(10,787)	(12,155)
Income taxes—paid	(111,200)	(132,548)
Income taxes—refunded	1,636	26,883
Net cash generated by operating activities	93,051	316,477
<b>Cash flows from investing activities:</b>		
Purchase of investment securities in banking business	(188,222)	(383,014)
Proceeds from sales/redemption of investment securities in banking business	234,870	150,020
Purchase of other investments	(53,561)	(79,806)
Proceeds from collection of loans receivable	7,067	55,274
Purchase of property and equipment	(92,842)	(71,009)
Other	412,474	(115,525)
Net cash generated by (used in) investing activities	319,786	(444,060)
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	213,477	229,008
Repayments of long-term borrowings	(71,455)	(93,990)
Capital contribution from non-controlling interests	9,712	29,309
Purchase of treasury shares of subsidiaries	(1,513)	(10,330)
Redemption of corporate bonds	(85,000)	(110,000)
Proceeds from issuance of commercial papers	620,000	416,000
Redemption of commercial papers	(647,000)	(437,000)
Dividends paid	(43,554)	(41,881)
Dividends paid to non-controlling interests	(12,257)	(16,519)
Repayment of lease liabilities	(33,928)	(40,561)
Other	157,311	(5,524)
Net cash generated by (used in) financing activities	105,791	(81,490)
Effects of exchange rate changes on cash and cash equivalents	5,698	10,664
Net increase (decrease) in cash and cash equivalents arising from transfer to assets classified as held for sale	—	(33,011)

	Fiscal year ended Mar. 31, 2023	Fiscal year ended Mar. 31, 2024
Net increase (decrease) in cash and cash equivalents	524,327	(231,420)
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	1,651,851	1,420,430

(6) Going Concern Assumption

Not applicable.

(7) Notes to Consolidated Financial Statements

1. Material Accounting Policy Information

Excluding the items below, the LY Corporation Group's material accounting policy information in preparing the statements is the same as those applied to Consolidated Financial Statements for the previous fiscal year.

(Changes in accounting policies)

From fiscal 2023, the Group applies the following standards and interpretations.

Standards	Standard Name	Summary of amended provisions
IAS 12 (amended)	Income Taxes (amended May 2021)	Clarification of accounting for deferred tax related to assets and liabilities arising from a single transaction.

The application of the amendments to IAS 12 Income Taxes has no significant impact on the consolidated financial statements for fiscal 2022 and fiscal 2023.

2. Use of Estimates and Judgments

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

3. Segment Information

The Group's reporting segments are business segments for which it is possible to obtain financial information separate from the overall compositional structure of the Group. The Board of Directors of LY Corporation regularly examines this information in order to decide on allocation of business resources and to evaluate business performance.

The Group's reporting segments comprise three business segments, the Media Business, the Commerce Business and the Strategic Business.

The Media Business mainly plans and operates each service for the purpose of planning, sales, and placement of advertising products, provides information listing services, and provides other corporate services.

The Commerce Business mainly sells products, plans and provides services via the internet to small and medium-sized business enterprises and to individuals.

The Strategic Business mainly offers payment and finance-related services.

The Other segment contains business segments not covered in the reporting segments, including services related to cloud, etc.

The accounting policies adopted for each reporting segment are the same as the Group's accounting policies referred to in 1. Material Accounting Policy Information. Segment income is adjusted with the operating income in the Consolidated Statement



of Profit or Loss. The adjustment figures for segment income are general corporate expenses not belonging to each reporting segment. General corporate expenses principally comprise general and administrative expenses not belonging to any reporting segment. Inter-segment revenue is based on actual market prices.

From the first quarter of the fiscal year ended March 31, 2024, 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.

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 ended 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.

Along with this, segment information of the previous consolidated fiscal year has been retroactively adjusted to the current segments.

The Group's segment information is as follows:

Previous Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	686,454	791,003	189,220	1,666,677	5,699	—	1,672,377
Intersegment sales	8,651	1,840	2,812	13,304	34	(13,339)	—
Total	695,105	792,843	192,033	1,679,982	5,734	(13,339)	1,672,377
Segment income/(loss) (*3, 4)	179,156	46,732	98,550	324,439	(2,294)	(7,611)	314,533
Other non-operating income							10,609
Other non-operating expenses							25,235
Gain on change in equity interest							5,343
Equity in losses of associates and joint ventures							(38,728)
Impairment loss on investments in associates and joint ventures							31,303
Profit before tax							235,219
Others							
Depreciation and amortization (*1, 2)	27,668	52,012	17,698	97,378	1,370	43,274	142,023

\*1 Includes the amortization of the right-of-use assets

\*2 As a result of the intra-Group reorganization on October 1, 2023, figures for depreciation and amortization have been retroactively adjusted due to a change in the policy for transferring items among segments.

\*3 Segment income of the Media Business includes gain on remeasurement relating to business combinations of 9,180 million yen (Please refer to 5. Gain on Remeasurement Relating to Business Combinations).

\*4 Segment income of the Strategic Business includes gain on remeasurement relating to business combinations of 147,321 million yen (Please refer to 5. Gain on Remeasurement Relating to Business Combinations).

Current Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	699,906	819,663	288,220	1,807,790	6,872	—	1,814,663
Intersegment sales	7,768	1,892	1,768	11,429	1,180	(12,609)	—
Total	707,674	821,556	289,989	1,819,220	8,052	(12,609)	1,814,663
Segment income (loss) (*2,3,4, 5)	187,350	76,671	(31,514)	232,507	(3,143)	(21,172)	208,191
Other non-operating income							14,386
Other non-operating expenses							20,892
Gain on change in equity interest							19,262
Equity in losses of associates and joint ventures							(16,491)
Impairment loss on investments in associates and joint ventures							22,834
Profit before tax							181,621
Others							
Depreciation and amortization (*1)	28,755	57,337	31,941	118,034	1,621	38,122	157,778

\*1 Includes the amortization of the right-of-use assets

\*2 Segment loss of the Strategic Business includes an impairment loss of 12,242 million yen (Please refer to 4. Impairment Loss).

\*3 Segment loss of the Strategic Business includes gain on transfer from business divestiture of 10,458 million yen (Please refer to 6. Gain on Transfer from Business Divestiture).

\*4 Segment income of the Commerce Business includes compensation received for damage of 9,426 million yen. (Please refer to 7. Compensation Received for Damage).

\*5 Segment income of the Commerce Business includes gain on loss of control of subsidiary of 5,071 million yen (Please refer to 8. Gain on Loss of Control of Subsidiary).

#### 4. Impairment Loss

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024):

At the end of this consolidated fiscal year, the Company reviewed whether there was any indication of impairment, taking into account the business environment, etc. to which each asset group belongs. The Company does not expect to recover its investments mainly in some idle assets due to the low potential for repurposing or selling said assets, and recognizes an impairment loss of JPY 12,242 million after reducing the book value to the recoverable amount in accordance with IAS 36 Impairment of Assets. The recoverable amount is measured based on value in use, with this value being assessed based on residual value, etc.

#### 5. Gain on Remeasurement Relating to Business Combinations

Previous consolidated fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023):

Due to the 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 consolidation of LINE MUSIC CORPORATION on September 29, 2022, a gain on remeasurement relating to business combination of 9,180 million yen was recognized.

#### 6. Gain on Transfer from Business Divestiture

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024):

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.

#### 7. Compensation Received for Damage

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024):

Judgement in a lawsuit filed by ASKUL Corporation claiming compensation for damages related to a fire at its distribution center, ASKUL Logi Park Tokyo Metropolitan, was finalized. As a result, compensation received for damage of 9,426 million yen was recognized.

#### 8. Gain on Loss of Control of Subsidiary

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024):

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.

#### 9. Gain on Change in Equity Interest

Previous consolidated fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023):

Gain on change in equity interest arose mainly from the change in equity ratio of the Group in Webtoon Entertainment Inc.

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024):

Gain on change in equity interest arose mainly from the change in equity ratio of the Group in Webtoon Entertainment Inc.

#### 10. Impairment Loss on Investments in Associates and Joint Ventures

Previous consolidated fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023):

An impairment loss on investments in associates and joint ventures of 31,303 million yen was recognized because the carrying amount of the investments accounted for using the equity method related to Demae-can Co., Ltd. was reduced to its recoverable amount. The Company determined that there were indications of impairment of investments accounted for under the equity method related to Demae-can Co., Ltd., and performed an impairment test. As a result, the carrying amount of the investments accounted for using the equity method with regard to Demae-can Co., Ltd., was reduced to the recoverable amount. The recoverable amount is measured by value in use, which is calculated by applying a pre-tax discount rate of 12.0% to estimated future cash flow.

This consolidated fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024):

An impairment loss on investments in associates and joint ventures of 22,345 million yen was mainly recognized because the carrying amount of the investments accounted for using the equity method related to Demae-can Co., Ltd. was reduced to its recoverable amount. The Company determined that there were indications of impairment of investments accounted for under the equity method related to Demae-can Co., Ltd., and performed an impairment test. As a result, the carrying amount of the investments accounted for using the equity method with regard to Demae-can Co., Ltd., was reduced to the recoverable amount. The recoverable amount is measured by value in use, which is calculated by applying a pre-tax discount rate (taking into consideration the uncertainty of predicting the future of the business) of 34.2% to estimated future cash flow.

## 11. Per Share Information

Basic earnings per share attributable to owners of the parent and diluted earnings per share are calculated on the following basis:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Amount	Amount
Basic earnings per share (yen)	23.87	15.10
Profit for the year attributable to owners of the parent (million yen)	178,868	113,199
Profit for the year not attributable to owners of the parent (million yen)	—	—
Profit for the year used in the calculation of basic earnings per share (million yen)	178,868	113,199
Weighted-average number of common stock (1,000 shares)	7,494,992	7,498,805
Diluted earnings per share (yen)	23.80	15.04
Adjustments on profit for the year (million yen)	—	—
Increase in the number of common stock (1,000 shares)	21,513	29,263
Potential common stock that are anti-dilutive and therefore excluded from the calculation of diluted earnings per share	LINE 28th Stock Options Z Holdings Corporation Fiscal 2022 1st Stock Options	LINE 28th Stock Options Z Holdings Corporation Fiscal 2022 1st Stock Options

(Note) In calculating the basic earnings per share and the diluted earnings per share, shares of the Company held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust are processed as treasury stocks. Thus, the said number of shares are deducted from the number of shares at the end of the period and the weighted average number of shares.

## 12. Significant Subsequent Events

Conclusion of a subscription agreement for LINE NEXT Corporation

Z Intermediate Global Corporation, the Company's subsidiary and owner of the shares of LINE NEXT Corporation (hereinafter "LINE NEXT") and LINE NEXT, have entered into a subscription agreement for the new shares of LINE NEXT on April 24, 2024 with a private equity firm Crescendo Equity Partners Limited and the consortium it leads. The agreement secured an investment of approximately JPY6.0 billion, which will be provided within May 2024. Along with the approximately JPY14.0 billion already raised in March 2024, the total investment to be received by LINE NEXT will amount to around JPY20.0 billion.

In addition, as of the completion date of the investment, Z Intermediate Global Corporation will no longer have the majority of voting rights in LINE NEXT. As a result, the Company will lose control of the LINE NEXT Group (LINE NEXT and its subsidiaries) and the LINE NEXT Group (LINE NEXT and its subsidiaries) will be excluded from the Company's subsidiaries and will newly become its equity method affiliate.

The gains/losses on the loss of control of a subsidiary in relation to LINE NEXT's exclusion from consolidation is currently being calculated and is expected to be recorded in the first quarter of the fiscal year ending March 2025.

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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.