

Results for the Three Months Ended June 30, 2024 (FY2024-1Q) [IFRSs]

August 2, 2024

Company Name: LY Corporation Share Listings: Prime Market of TSE
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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 FY2024-1Q (April 1, 2024 - June 30, 2024) (Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2024 - June 30, 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	%
Three-month period ended June 30, 2024	463,085	7.6	106,802	79.8	87,699	19.8	60,509	49.4	51,527	38.1	73,740	18.0
Three-month period ended June 30, 2023	430,523	10.2	59,397	19.5	73,198	61.9	40,500	35.6	37,316	47.9	62,503	25.5

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen
Three-month period ended June 30, 2024	121,730	21.7	26,844	(25.6)	3.58	(25.6)	6.87	6.85
Three-month period ended June 30, 2023	99,993	15.6	36,090	35.0	4.81	34.9	4.98	4.96

(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 June 30, 2024	8,968,078	3,463,946	3,077,936	34.3
As of March 31, 2024	9,043,969	3,446,985	3,037,088	33.6

2. Dividends

(Record date)	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	5.56	5.56
Fiscal year ending March 31, 2025	—		—		
Fiscal year ending March 31, 2025 (Estimates)		0.00	—	5.56	5.56

(Note) Revision in dividends previously announced: None

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

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

(Note) Revision in performance estimates previously announced: None

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 on page 6 of the Results for the Three Months (Attachments).

*Notes

(1) Significant changes in scope of consolidation during the period: Yes

Newly consolidated: None

Excluded from consolidation: 1 (ValueCommerce Co., Ltd.)

(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 June 30, 2024 7,637,392,111 shares

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

2) Number of shares of treasury stocks

As of June 30, 2024 135,887,163 shares

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

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

As of June 30, 2024 7,501,140,812 shares

As of June 30, 2023 7,496,752,677 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, 2024: 32,948,954 shares; as of June 30, 2024: 32,653,181 shares).

(4) Formula for each management index

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

• Adjusted net income: Net income attributable to owners of the parent ± EBITDA adjustment items ± tax equivalent on some adjustment items

• Adjusted EPS: Adjusted net income/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, gain on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds.

* Review of the Japanese-language originals of the attached interim consolidated financial statements by certified public accountants or an audit firm: Yes (optional)

* 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 Friday, August 2, 2024.

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1 Qualitative Information Regarding the Consolidated Operating Results

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2024 – June 30, 2024)

■ Highlights

Revenue came to 463.0 billion yen (up 7.6% year on year), and adjusted EBITDA came to 121.7 billion yen (up 21.7% year on year). Both set new records for the highest performance to date in the cumulative consolidated first quarter.

	Three Months Ended June 30, 2023 (billion yen)	Three Months Ended June 30, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	430.5	463.0	32.5	7.6
Adjusted EBITDA	99.9	121.7	21.7	21.7

The revenue for the cumulative consolidated first quarter of the fiscal year ending March 31, 2025 amounted to 463.0 billion yen (up 7.6% year on year), representing the highest cumulative consolidated first quarter revenue to date. This was due to increased revenue in the Strategic Business accompanying the growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), increased revenue in the Commerce Business accompanying the growth of the ASKUL Group, ZOZO Group, Yahoo! JAPAN Shopping, and others, as well as increased revenue in the Media Business accompanying the growth of account ads, and other factors.

Adjusted EBITDA for the cumulative consolidated first quarter of the fiscal year ending March 31, 2025 amounted to 121.7 billion yen (up 21.7% year on year), representing the highest cumulative consolidated first quarter earnings to date. This was due to the increased revenues mentioned above, despite an increase in expenses such as sales promotion expenses for product reinforcement.

2. Segment Business Results Summary (April 1, 2024 – June 30, 2024)

Revenue and Adjusted EBITDA by Segment

	Three Months Ended June 30, 2023 (billion yen)	Three Months Ended June 30, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	170.0	177.6	7.5	4.4
Adjusted EBITDA	60.9	69.6	8.6	14.2
Commerce Business				
Revenue	196.0	207.3	11.2	5.8
Adjusted EBITDA	35.7	41.3	5.6	15.7
Strategic Business				
Revenue	65.4	79.1	13.6	20.9
Adjusted EBITDA	0.4	6.0	5.6	—
Other				
Revenue	1.7	2.1	0.4	24.7
Adjusted EBITDA	0.1	0.7	0.5	294.2
Adjustments				
Revenue	(2.8)	(3.2)	—	—
Adjusted EBITDA	2.6	3.9	—	—
Total				
Revenue	430.5	463.0	32.5	7.6
Adjusted EBITDA	99.9	121.7	21.7	21.7

Notes:

- 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, 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 Cumulative Consolidated First Quarter

The revenue of the Media Business for the cumulative consolidated first quarter amounted to 177.6 billion yen (up 4.4% year on year). This was due to increased revenue from account ads and other factors. Furthermore, adjusted EBITDA amounted to 69.6 billion yen (up 14.2% year on year). Revenue of the Media Business accounted for 38.4% of the total revenue.

- Account ads: Revenue increased 21.4% year on year due to an increase in the number of paid accounts and expansion of pay-as-you-go billing in LINE Official Account.
- Search ads: Revenue increased slightly year on year due to product improvements in ads distributed across LY Corporation's websites, despite a decrease in revenue from partners' websites.
- Display ads: Revenue increased slightly year on year due to an increase in revenue from LINE advertising.

2) Commerce Business in the Cumulative Consolidated First Quarter

The revenue of the Commerce Business increased mainly by subsidiaries including the ASKUL Group and ZOZO Group. Furthermore, revenue from Yahoo! JAPAN Shopping increased year on year as a result of the promotion of cross-use via LYP Premium, product improvements, and other factors.

E-commerce transaction value (*1) amounted to 1,028.9 billion yen (up 4.7% year on year) due to growth in domestic merchandise transaction value mainly from the shopping business and steady growth in the transaction value of domestic services. Domestic merchandise transaction value accounted for 745.8 billion yen (up 3.9% 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 first quarter amounted to 207.3 billion yen (up 5.8% year on year). Adjusted EBITDA increased 15.7% year on year, to 41.3 billion yen. The revenue of the Commerce Business accounted for 44.8% 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 First Quarter

The revenue of the Strategic Business grew year on year due to growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation) and other factors.

PayPay consolidated GMV amounted to 3.5 trillion yen (*2, 3) (up 19.4% year on year (*4)) while maintaining a steady increase. Furthermore, the loan balance of PayPay Bank Corporation came to 773.3 billion yen (up 26.1% year on year).

As a result, the revenue of the Strategic Business for the cumulative consolidated first quarter amounted to 79.1 billion yen, representing a 20.9% increase year on year. In addition, adjusted EBITDA amounted to 6.0 billion yen as a result of the increased revenues mentioned above. The revenue of the Strategic Business accounted for 17.1% of the total revenue.

(*2) The use of the "Send/Receive" function of "PayPay Balance" between users is not included. Payments via Alipay and LINE Pay, etc. and payments through "PayPay Credit (formerly Atobarai)" are included. The figures represent the sum of GMVs of PayPay Corporation and PayPay Card Corporation, with internal transactions between the two companies eliminated.

(*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 Mail, etc.			
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore (*5), Yahoo! JAPAN Mart by ASKUL, LIVEBUY (*6), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, etc.)	
		Reuse business	Yahoo! JAPAN Auction, Yahoo! JAPAN Flea Market	
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.	
		Other	Other	
	ZOZO, ASKUL	ZOZO	ZUZOTOWN, ZOZUSED, etc.	
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc), LOHACO, Charm, etc.	
		Other (*7)	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 (*8), LINE Score, LINE Pocket Money, LINE BITMAX, LINE FX, DOSI, etc.	
	Other	Other		

(*5) MySmartStore terminated its service on July 31, 2024.

(*6) LIVEBUY terminated its service on July 31, 2024.

(*7) 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.

(*8) LINE Pay is scheduled to terminate its service in Japan on April 30, 2025.

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. It will also aim to increase revenue and income by reinforcing products in key growth domains through disciplined investments. 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 this consolidated first quarter amounted to 8,968,078 million yen, having decreased 75,891 million yen, or 0.8%, since the end of the consolidated fiscal year ended March 31, 2024.

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.
- Investment securities in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, due to the purchase and sale of investment securities, etc. as part of the fund management activities of PayPay Bank Corporation.
- Other financial assets decreased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to the distribution of long-term trade receivables to assets with higher profitability.
- Investments accounted for using the equity method increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly because the LINE NEXT Group (LINE NEXT Corporation and its subsidiaries) and the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) became an equity-method affiliate and the IPX Group (IPX Corporation and its subsidiaries) became a jointly controlled enterprise of the Company.

2) Liabilities

Total liabilities at the end of this consolidated first quarter amounted to 5,504,131 million yen, having decreased 92,851 million yen, or 1.7%, since the end of the consolidated fiscal year ended March 31, 2024.

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

- Trade and other payables decreased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to a decrease in accounts payable owed to PayPay Corporation’s merchants.
- Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, due to an increase in deposits from customers.
- Interest-bearing liabilities decreased compared with the end of the consolidated fiscal year ended March 31, 2024 as a result of a decrease due to the repayment of short-term borrowings, and decrease due to the redemption of commercial papers, despite an increase mainly in long-term borrowings.

3) Equity

Total equity at the end of this consolidated first quarter amounted to 3,463,946 million yen, having increased 16,960 million yen, or 0.5%, since the end of the consolidated fiscal year ended March 31, 2024.

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, 2024, due to the increase resulting from the recognition of the profit for the quarter attributable to owners of the parent, despite a decrease due to payment of dividends.

2. Cash Flows

At the end of this consolidated first quarter, cash and cash equivalents amounted to 1,262,738 million yen, down 157,691 million yen from the end of the consolidated fiscal year ended March 31, 2024, out of which deposits with the Bank of Japan for the banking business amounted to 292,898 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 87,343 million yen, primarily owing to the recognition of profit before tax for the period under review, an increase in customer deposits in the banking business, and the refund of income taxes, despite a decrease in trade and other payables, an increase in loans for the banking business, and the payment of income taxes.

Cash flows from investing activities amounted to a total cash outflow of 176,817 million yen, primarily due to the purchase of investment securities in the 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 proceeds from sales and redemption of investments.

Cash flows from financing activities amounted to a cash outflow of 106,486 million yen, primarily due to the issuance and redemption of commercial papers, decrease in short-term borrowings, payment of dividends, 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 first quarter of the fiscal year ending March 31, 2025.

2 Interim Condensed Consolidated Financial Statements and Significant Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2024	As of June 30, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,420,430	1,262,738	(157,691)	(11.1)
Call loans in banking business	116,082	126,000	9,917	8.5
Trade and other receivables	684,011	702,473	18,461	2.7
Inventories	35,028	33,312	(1,716)	(4.9)
Loans in credit card business	783,869	789,827	5,957	0.8
Investment securities in banking business	655,075	727,544	72,469	11.1
Loans in banking business	723,167	766,268	43,100	6.0
Other financial assets	456,812	394,260	(62,551)	(13.7)
Property and equipment	238,399	257,323	18,923	7.9
Right-of-use assets	189,292	186,750	(2,541)	(1.3)
Goodwill	2,067,862	2,067,915	53	0.0
Intangible assets	1,248,923	1,243,269	(5,653)	(0.5)
Investments accounted for using the equity method	240,342	302,930	62,588	26.0
Deferred tax assets	29,030	30,450	1,419	4.9
Other assets	155,640	77,012	(78,628)	(50.5)
Total assets	9,043,969	8,968,078	(75,891)	(0.8)

(Millions of yen)

	As of Mar. 31, 2024	As of June 30, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,551,611	1,489,647	(61,963)	(4.0)
Customer deposits in banking business	1,672,746	1,721,073	48,327	2.9
Interest-bearing liabilities	1,882,752	1,833,539	(49,212)	(2.6)
Other financial liabilities	27,054	26,697	(357)	(1.3)
Income taxes payable	38,361	30,963	(7,397)	(19.3)
Provisions	25,630	32,496	6,865	26.8
Deferred tax liabilities	190,614	196,669	6,054	3.2
Other liabilities	208,211	173,044	(35,166)	(16.9)
Total liabilities	5,596,983	5,504,131	(92,851)	(1.7)
Equity				
Equity attributable to owners of the parent				
Common stock	248,144	248,239	95	0.0
Capital surplus	2,060,766	2,077,255	16,488	0.8
Retained earnings	723,884	733,618	9,733	1.3
Treasury stock	(70,037)	(69,894)	143	—
Accumulated other comprehensive income	74,329	88,717	14,388	19.4
Total equity attributable to owners of the parent	3,037,088	3,077,936	40,848	1.3
Non-controlling interests	409,897	386,009	(23,888)	(5.8)
Total equity	3,446,985	3,463,946	16,960	0.5
Total liabilities and equity	9,043,969	8,968,078	(75,891)	(0.8)

(2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Three Months ended June 30, 2023	Three Months ended June 30, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	430,523	463,085	32,562	7.6
Cost of sales	127,674	132,026	4,352	3.4
Selling, general and administrative expenses	243,450	267,311	23,860	9.8
Gain on loss of control of subsidiary	—	43,055	43,055	—
Operating income	59,397	106,802	47,405	79.8
Other non-operating income	23,817	5,398	(18,419)	(77.3)
Other non-operating expenses	6,113	6,768	654	10.7
Loss on valuation of options	—	(13,751)	(13,751)	—
Equity in losses of associates and joint ventures	(3,903)	(3,981)	(77)	—
Profit before tax	73,198	87,699	14,500	19.8
Income tax expense	32,698	27,189	(5,508)	(16.8)
Profit for the period	40,500	60,509	20,009	49.4
Attributable to:				
Owners of the parent	37,316	51,527	14,211	38.1
Non-controlling interests	3,184	8,982	5,798	182.1
Profit for the period	40,500	60,509	20,009	49.4
Earnings per share attributable to owners of the parent				
Basic (yen)	4.98	6.87	1.89	38.0
Diluted (yen)	4.96	6.85	1.89	38.1

(3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three Months ended June 30, 2023	Three Months ended June 30, 2024
Profit for the period	40,500	60,509
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(110)	7
Equity financial assets measured at FVTOCI	2,016	(1,956)
Share of other comprehensive income of associates	90	(77)
Subtotal	1,996	(2,025)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	267	(1,715)
Exchange differences on translating foreign operations	19,739	16,971
Subtotal	20,006	15,256
Other comprehensive income, net of tax	22,003	13,230
Total comprehensive income	62,503	73,740
Total comprehensive income attributable to:		
Owners of the parent	58,532	65,852
Non-controlling interests	3,970	7,888
Total comprehensive income	62,503	73,740

(4) Interim Condensed Consolidated Statement of Changes in Equity

Three Months ended June 30, 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, 2023	247,094	2,046,696	647,347	(70,436)	48,697	2,919,399	398,501	3,317,900
Profit for the period			37,316			37,316	3,184	40,500
Other comprehensive income, net of tax					21,216	21,216	786	22,003
Total comprehensive income for the period	—	—	37,316	—	21,216	58,532	3,970	62,503
Transactions with owners and other transactions								
Issue of common stock	33	42				76		76
Payment of dividends			(41,855)			(41,855)	(6,500)	(48,355)
Transfer of accumulated other comprehensive income to retained earnings			1,634		(1,634)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries						—	(6,283)	(6,283)
Changes in ownership interests in subsidiaries without losing control		2,717				2,717	5,001	7,718
Share-based payment transactions		4,010				4,010		4,010
Other		(212)	0	149		(62)	829	766
Total	33	6,557	(40,221)	149	(1,634)	(35,115)	(6,952)	(42,067)
Balance at June 30, 2023	247,127	2,053,253	644,442	(70,286)	68,279	2,942,816	395,520	3,338,336

Three Months ended June 30, 2024

(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, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985
Profit for the period			51,527			51,527	8,982	60,509
Other comprehensive income, net of tax					14,324	14,324	(1,094)	13,230
Total comprehensive income for the period	—	—	51,527	—	14,324	65,852	7,888	73,740
Transactions with owners and other transactions								
Issue of common stock	95	123				218		218
Payment of dividends			(41,705)			(41,705)	(8,656)	(50,361)
Transfer of accumulated other comprehensive income to retained earnings			(63)		63	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries		14,929				14,929	(21,801)	(6,872)
Changes in ownership interests in subsidiaries without losing control		(629)				(629)	(1,829)	(2,458)
Share-based payment transactions		2,222				2,222		2,222
Other		(158)	(24)	143		(39)	510	471
Total	95	16,488	(41,793)	143	63	(25,003)	(31,776)	(56,779)
Balance at June 30, 2024	248,239	2,077,255	733,618	(69,894)	88,717	3,077,936	386,009	3,463,946

(5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three Months ended June 30, 2023	Three Months ended June 30, 2024
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	73,198	87,699
Depreciation and amortization	42,363	40,372
Gain on loss of control of subsidiary	—	(43,055)
Loss on valuation of options	—	13,751
Equity in losses of associates and joint ventures	3,903	3,981
(Increase) decrease in call loans in banking business	(34,000)	(9,917)
(Increase) decrease in trade and other receivables	49,804	(21,024)
Increase (decrease) in trade and other payables	(58,587)	(56,986)
(Increase) decrease in loans in banking business	11,292	(43,100)
Increase (decrease) in customer deposits in banking business	62,759	48,327
Other	(91,845)	53,562
Subtotal	58,889	73,610
Interest and dividends received	703	3,823
Interest paid	(2,843)	(3,019)
Income taxes—paid	(40,301)	(30,387)
Income taxes—refunded	15,792	43,316
Net cash inflow (outflow) from operating activities	32,240	87,343
Cash flows from investing activities:		
Purchase of investment securities in banking business	(91,031)	(116,153)
Proceeds from sales/redemption of investment securities in banking business	50,505	38,040
Purchase of other investments	(26,860)	(36,479)
Proceeds from sales and redemption of investments	4,404	8,348
Purchase of property and equipment	(26,307)	(26,474)
Cash outflow from loss of control of subsidiary	(9,750)	(23,125)
Other	(22,538)	(20,973)
Net cash inflow (outflow) from investing activities	(121,577)	(176,817)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(39,099)	(48,730)
Proceeds from long-term borrowings	53,328	73,491
Proceeds from issuance of commercial papers	153,000	116,000
Redemption of commercial papers	(174,000)	(175,000)
Dividends paid	(41,879)	(41,708)
Repayment of lease liabilities	(9,574)	(10,769)
Other	(95,247)	(19,769)
Net cash inflow (outflow) from financing activities	(153,471)	(106,486)
Effects of exchange rate changes on cash and cash equivalents	6,640	5,257
Net increase (decrease) in cash and cash equivalents arising from transfer to assets classified as held for sale	—	33,011
Net increase (decrease) in cash and cash equivalents	(236,167)	(157,691)
Cash and cash equivalents at the beginning of the period	1,651,851	1,420,430
Cash and cash equivalents at the end of the period	1,415,683	1,262,738

(6) Notes to Interim Condensed Consolidated Financial Statements

1. Reporting Entity

LY Corporation (the "Company") was incorporated and is domiciled in Japan. A Holdings Corporation is the parent company of the Company and its subsidiaries (collectively, the "Group"). The ultimate parent company of the Group is SoftBank Group Corp. The registered address of the Company's head office is 1-3 Kioicho, Chiyoda-ku, Tokyo, Japan. The nature of the Group's principal businesses is described in "6. Segment Information."

2. Basis of Preparation

Compliance with International Financial Reporting Standards

The Group's interim condensed consolidated financial statements have been prepared in accordance with Article 5, Paragraph (2) of the standards for preparing quarterly financial statements established by Tokyo Stock Exchange, Inc. Based on Article 5, Paragraph (5) of said standards, certain items that are required to be disclosed according to IAS 34 of the International Financial Reporting Standards ("IFRS") have been omitted from the financial statements.

3. Going Concern Assumption

Not applicable.

4. Material Accounting Policy Information

The Group's material accounting policy information in preparing the interim condensed consolidated financial statements is the same as those applied to consolidated financial statements for the previous consolidated fiscal year.

5. Use of Estimates and Judgments

In preparing the interim condensed consolidated financial statements, 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.

6. 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 the Company 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. Segment income is adjusted with the operating income in the interim condensed 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.

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 cumulative consolidated first quarter has been retroactively adjusted to the current segments.

The Group's segment information is as follows:

Previous cumulative consolidated first quarter of the fiscal year ended March 31, 2024 (April 1, 2023 – June 30, 2023):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	168,221	195,685	64,898	428,805	1,717	—	430,523
Intersegment sales	1,875	387	565	2,827	43	(2,871)	—
Total	170,096	196,072	65,463	431,633	1,760	(2,871)	430,523
Segment income/(loss)	44,052	17,782	2,512	64,347	(476)	(4,472)	59,397
Other non-operating income							23,817
Other non-operating expenses							6,113
Equity in losses of associates and joint ventures							(3,903)
Profit before tax							73,198

This cumulative consolidated first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – June 30, 2024):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	175,776	206,856	78,766	461,399	1,686	—	463,085
Intersegment sales	1,884	503	373	2,761	510	(3,271)	—
Total	177,661	207,359	79,139	464,160	2,196	(3,271)	463,085
Segment income (loss) (*1) (*2)	52,665	49,634	8,990	111,289	(80)	(4,406)	106,802
Other non-operating income							5,398
Other non-operating expenses							6,768
Loss on valuation of options							(13,751)
Equity in losses of associates and joint ventures							(3,981)
Profit before tax							87,699

(*1) Segment income of the Commerce Business includes a gain on loss of control of subsidiary of 29,718 million yen. (Please refer to 10. Gain on Loss of Control of Subsidiary).

(*2) Segment income of the Strategic Business includes a gain on loss of control of subsidiary of 13,336 million yen. (Please refer to 10. Gain on Loss of Control of Subsidiary).

7. Interest-Bearing Liabilities

The components of interest-bearing liabilities are as follows:

	(Millions of yen)	
	As of Mar. 31, 2024	As of June 30, 2024
Borrowings	1,097,605	1,113,458
Corporate bonds	469,270	469,337
Lease liabilities	213,204	207,137
Other	102,671	43,605
Total	1,882,752	1,833,539

8. Purchase Commitments

Commitments to purchase major property and equipment and intangible assets under a new contract concluded in this consolidated first quarter amounted to 9,730 million yen (6,612 million yen in the previous consolidated first quarter). The commitments are mainly attributable to executory contracts of purchase of assets to be used in data centers.

9. Dividends

The total amount of dividends was as follows:

Three Months ended June 30, 2023 (April 1, 2023 – June 30, 2023)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 18, 2023	41,869	5.56	March 31, 2023	June 2, 2023

Three Months ended June 30, 2024 (April 1, 2024 – June 30, 2024)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2024	41,888	5.56	March 31, 2024	June 4, 2024

10. Gain on Loss of Control of Subsidiary

This cumulative consolidated first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – June 30, 2024):

The IPX Group (IPX Corporation and its subsidiaries), a subsidiary of the Company, newly became the Company's jointly controlled enterprise as a result of concluding a modification agreement on the shareholders' agreement. Consequently, the Company recognized a gain on loss of control of subsidiary of 22,751 million yen.

Furthermore, the LINE NEXT Group (LINE NEXT Corporation, hereinafter "LINE NEXT," and its subsidiaries) newly became the Company's equity method affiliate as a result of third-party investment in the Company's subsidiary, LINE NEXT, which had the effect of the Group's voting rights in LINE NEXT to fall below the majority. Consequently, the Company recognized a gain on loss of control of subsidiary of 13,336 million yen.

Lastly, as a result of applying for the tender offer conducted by ValueCommerce Co., Ltd., the Company's subsidiary, for its own shares, the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) newly became the Company's equity method affiliate. Consequently, the Company recognized a gain on loss of control of subsidiary of 6,967 million yen.

11. Other Non-operating Income

The components of non-operating income are as follows:

	(Millions of yen)	
	Three Months ended June 30, 2023	Three Months ended June 30, 2024
Gain on change in equity interest	19,137	2,832
Other	4,680	2,566
Total	23,817	5,398

12. Other Non-operating Expenses

The components of non-operating expenses are as follows:

	(Millions of yen)	
	Three Months ended June 30, 2023	Three Months ended June 30, 2024
Interest expenses	1,824	1,826
Other	4,289	4,941
Total	6,113	6,768

13. Gains and Losses on Valuation of Options

This cumulative consolidated first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – June 30, 2024):

Gains and losses are based on the fair value measurement of written put options that have been granted to certain equity holders of equity method affiliates.

14. Earnings Per Share

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

	Three Months ended June 30, 2023	Three Months ended June 30, 2024
Basic quarterly earnings per share (yen)	4.98	6.87
Profit for the quarter attributable to owners of the parent (million yen)	37,316	51,527
Profit for the quarter not attributable to owners of the parent (million yen)	—	—
Profit for the quarter used in the calculation of basic earnings per share (million yen)	37,316	51,527
Weighted-average number of common stock (1,000 shares)	7,496,752	7,501,140
Diluted quarterly earnings per share (yen)	4.96	6.85
Adjustments on profit for the quarter (million yen)	—	—
Increase in the number of common stock (1,000 shares)	22,006	26,253

(Note) In calculating the basic quarterly earnings per share and the diluted quarterly 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, said number of shares are deducted from the number of shares at the end of the period and the weighted average number of shares.

15. Related Party Transactions

The Group's ultimate parent company is SoftBank Group Corp.

Transactions between the Group and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed herein.

Related party transactions and outstanding balances

Previous cumulative consolidated first quarter of the fiscal year ended March 31, 2024 (April 1, 2023 – June 30, 2023):

There are no significant related party transactions or unsettled balances of receivables and payables.

This cumulative consolidated first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – June 30, 2024):

There are no significant related party transactions or unsettled balances of receivables and payables.

16. Contingencies

The committed lines of cash advances mainly consist of the shopping limits and cashing limits that are granted to customers in the Group's credit card business. The total amount and remaining balances are as follows:

	(Millions of yen)	
	As of Mar. 31, 2024	As of June 30, 2024
Total amount of committed lines of cash advances	13,424,525	10,037,915
Outstanding balance	1,029,378	1,143,998
Remaining balance	12,395,147	8,893,917

The remaining balance of the shopping limit and cashing limit do not indicate that the total amount of the balance will be used in the future because (1) customers may use the credit card up to the limit at any time and do not always use the full amount of the limit and (2) the Group may change the limit arbitrarily. The remaining balance of the credit lines becomes due within a year as it is payable on demand.

17. Significant Subsequent Event
(Acquisition and cancellation of own shares)

The Company has resolved, at a meeting of the Board of Directors held on August 2, 2024, to acquire its own shares by conducting a tender offer for own shares pursuant to the provisions of Article 156, Paragraph (1) of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph (3) of the same Act, and the Company's Articles of Incorporation. Furthermore, at a Board of Directors meeting held on August 2, 2024, the Company has also resolved to cancel a portion of its own shares pursuant to the provisions of Article 178 of the Companies Act.

(1) Reason for acquisition and cancellation of own shares

To increase the ratio of tradable shares in order to meet the continued listing requirements of the Tokyo Stock Exchange's Prime Market, to enhance capital efficiency as part of the Company's capital policy, and to return profits to shareholders.

(2) Details of matters related to acquisition

(i) Class of shares to be acquired

Common shares

(ii) Total number of shares that may be acquired

386,598,039 shares (maximum) (5.15% of total number of shares issued (excluding treasury shares))

The number of shares of treasury stocks includes the shares of the Company held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust (as of June 30, 2024: 32,653,181 shares).

(iii) Total amount of share acquisition costs

150.0 billion yen (maximum)

(iv) Period during which acquisition is possible

From August 5, 2024 to September 27, 2024

(v) Acquisition method

Tender offer for own shares

(3) Details of matters related to cancellation

(i) Class of shares to be cancelled

Common stock

(ii) Total number of shares to be cancelled

489,597,939 shares (6.41% of the total numbers of shares issued before the cancellation)

(iii) Scheduled date of cancellation

September 30, 2024

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.