Integrated Report
FY2024

LY Corporation

From the Editors

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

From the editors

By integrating and concisely summarizing financial and non-financial information, this report is intended to serve as a tool for communicating the LY Corporation Group's value creation efforts to a wide range of stakeholders, and to facilitate deeper dialogue. Responding to investor feedback, starting with the FY2024 edition, the report is now published in PDF format.

Period covered

April 1, 2024–March 31, 2025

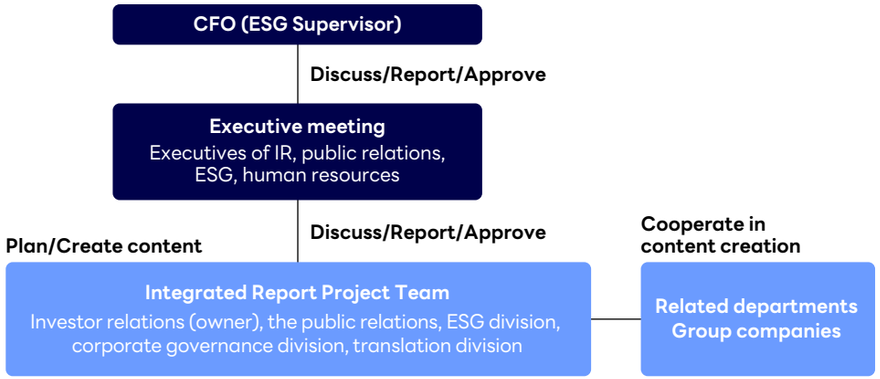
Note: To provide the latest updates on the LY Corporation Group, the report includes information from April 2025 onward, as well as relevant activities prior to the reporting period.

Reference guidelines

- International Integrated Reporting Council (IIRC) framework
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry of Japan)

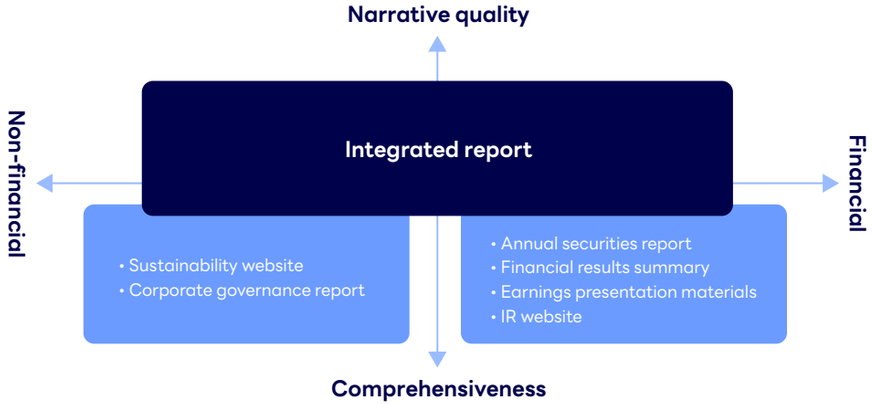
Editorial team

Led by the IR Department, an Integrated Report Project Team comprising the public relations division, ESG division, corporate governance division, and translation division carried out the planning and content production. In the production of content, we also obtain the cooperation of related departments and Group companies. The Project Team confirmed progress and shared information at regular meetings; with consulted and reported to the executives of relevant departments such as IR, public relations, ESG, human resources and Group companies, as necessary; and ultimately obtained approval from the CFO (ESG Supervisor) before issuing the report.



Positioning of the integrated report

The report is designed to help deepen readers' understanding of our business by presenting the overall management strategy in a coherent narrative, including interviews with our leadership.



Notes

Definitions of key financial indicators

- Adjusted EBITDA: Operating income + depreciation and amortization ± EBITDA adjustment items
- Depreciation and amortization: Depreciation expense, right-of-use asset depreciation, etc.
- 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.). Includes gains/losses on sales of shares held by certain funds.
- Adjusted EPS : Adjusted net income /average number of common stocks outstanding during the period
  Adjusted net income: Net income attributable to owners of the parent ± EPS adjustment items ± tax equivalent on some EPS adjustment items
- EPS adjustment items: ± EBITDA adjustment items + amortization of identifiable intangible assets from business combinations ± non-recurring items in non-operating income/expenses

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

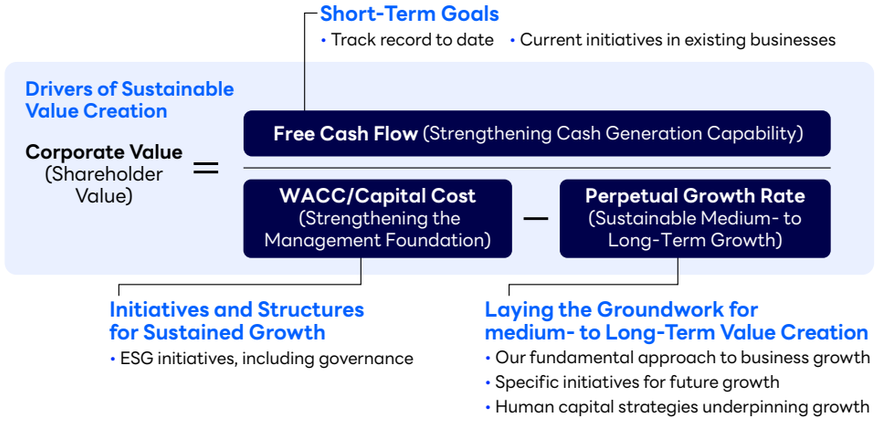
Message from the Editorial Team

Highlights of the 2024 Integrated Report

Following the release of our FY2023 Integrated Report Portal in October 2024, we conducted interviews with 13 representatives from 11 institutional investors to gather their feedback and identify areas for improvement. Based on their valuable input, we have made several improvements in this year's report:

- We have changed the disclosure format from a website to a PDF to help readers more easily grasp the overall narrative.
- The report is structured around our enterprise value formula, enabling readers to better understand how each initiative contributes to value creation.
- We have expanded management message sections, allowing executives to share their perspectives in their own words and making our initiatives more relatable.
- The report highlights our multifaceted approach to embracing the paradigm shift brought about by generative AI and our efforts to leverage AI for enhanced corporate value.

Enterprise value formula (investor perspective)



Browse by category

Management messages	Medium- to long- term growth strategies	Financial strategy and performance trends	AI-related initiatives and their impact on corporate value	Sustainability initiatives and ESG-related efforts	Governance initiatives and organizational oversight structure
• CEO Message (p. 7) • CFO Message (p. 19) • CPO Message (p. 33)	• CEO Message (p. 7) • Growth Strategy (p. 18) • Feature: Cross-Use and Ecosystem Growth (p. 31) • CPO Message (p. 33) • Evolution of LINE App (p. 36)	• CFO Message (p. 19) • Track Record (p. 23) • Business Overview (p. 24) • Financial Data (p. 57)	• CPO Message (p. 33) • Generative AI Executive Message (p. 37) • CDO Message (p. 39)	• Revision of Material Topics (p. 15) • Enhancement of Human Capital (p. 40) • Sustainability Corporate Officer Message (p. 44)	• Feature: Roundtable with Outside Directors (p. 10) • Corporate Governance System (p. 50) • CISO Message (p. 56)

Disclaimer on forward-looking statements, etc.

All forward-looking statements appearing in this document, including but not limited to forecasts, estimates, and future strategies, are based on information available at this point in time and certain assumptions generally deemed reasonable. Such forward-looking statements are subject to various risks and uncertainties, including but not limited to unanticipated changes in the competitive environment, economic trends, market demand, and outcome of pending or future litigation, in addition to indeterminate factors and presuppositions. Should one or more of these risks or uncertainties materialize, our actual results or performance may vary materially from those described in the relevant forward-looking statements. We therefore kindly advise you to refrain from relying completely on these forward-looking statements. The Company assumes no obligation to update or revise these forward-looking statements in light of future developments. This is an English translation of the Japanese website. In case of any discrepancy in interpretation, the original Japanese version shall prevail.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Mission

Create an amazing life platform that brings WOW! to our users.

These values—"WOW" from LINE and "!" from Yahoo Japan—have been cherished long before the merger and now live on together.
"WOW" is "an unprecedented experience that you just have to share with others." "!" represents "astonishment beyond imagination."
As the LY Corporation Group, we provide a wide range of services including search, messaging, media, commerce, and financial solutions—all designed to enhance everyday convenience for users. Our commitment to continuously delivering better experiences, 24 hours a day, 365 days a year, both when users are awake and asleep, is encapsulated in the idea of a "Life Platform."

Value

By "Values," we mean the way we think and act to achieve our Mission.
Three core directions—Users Rule, Get It Done, and Lean & Mean Teams—
set the standard for creating services, working as individuals, and collaborating as part of a team.

01 Users Rule

Because only services that users find interesting and choose to use can survive, let alone become industry leaders, users are the foundation and core of our services. That is why we need to think from the users' perspective at every step of creating a service, from start to end.
We must ensure that the users trust us during every step of the service development process, from pinpointing user needs in advance to releasing distinctive services that embrace those needs.

02 Get It Done

Our job is to always be solving problems. So we must focus on solving those problems with grit and determination, rather than just dwelling on them, and do our best to create solutions. There are always endless reasons why something can't be done, but we need to dig deep and find ways to accomplish our goals.
If you truly do our best—if we give it our all and go beyond our limits—our time and effort will still be meaningful even if we meet failure at the end of the road. Even better, those experiences can serve as valuable lessons for our next challenge. When we finally do succeed after going through all this, we will feel an even greater sense of accomplishment.

03 Lean & Mean Teams

Lean & Mean Teams refers to creating teams that are efficient, with nothing in excess of what is needed, single-minded in their common objective.
A hundred mediocre athletes with middling ambitions cannot beat a team of 10 elite athletes who are determined to win no matter what.
We can only create outstanding results when an organization is optimized for a given task, moving in perfect order like one body, battling with a true fighting spirit.

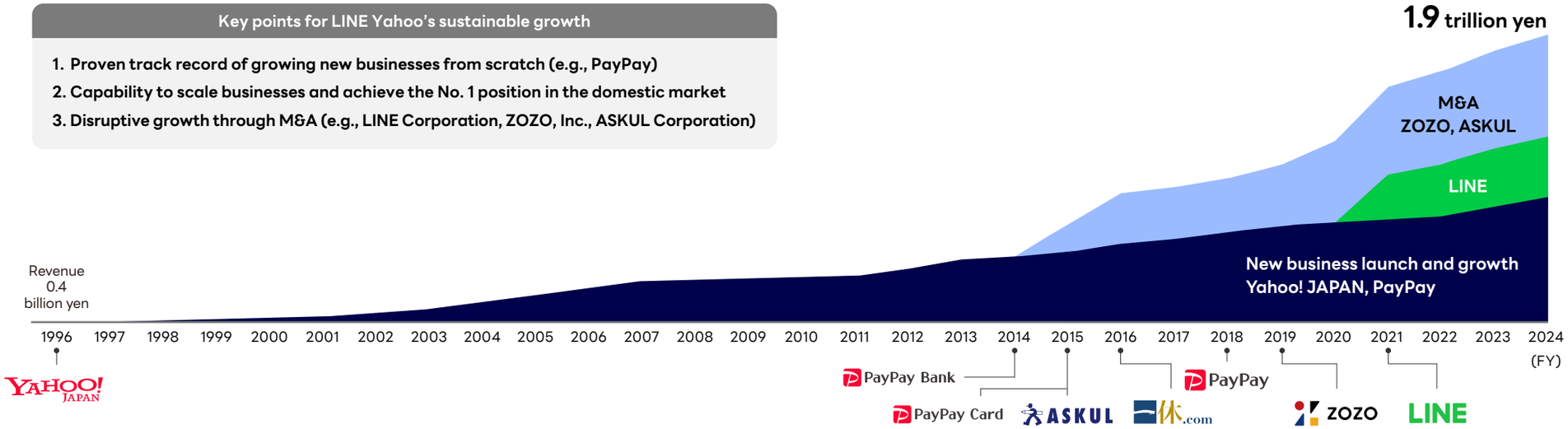
Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Track Record of Value Creation

Key points for LINE Yahoo's sustainable growth

1. **Proven track record of growing new businesses from scratch (e.g., PayPay)**
2. **Capability to scale businesses and achieve the No. 1 position in the domestic market**
3. **Disruptive growth through M&A (e.g., LINE Corporation, ZOZO, Inc., ASKUL Corporation)**



Delivering new value to society through the internet (1996–2007)

In 1996, we launched Yahoo! JAPAN and began offering services that leveraged internet technology to meet user needs such as "accessing up-to-date information essential for daily life" and "enjoying a more convenient and cost-effective lifestyle." These services have become deeply embedded in users' daily lives and have expanded to one of the largest user bases in Japan.

Key milestones:

1996: Launched Yahoo! JAPAN, Yahoo! News, and Yahoo! Weather Information (now Yahoo! Weather & Disaster)
1997: Launched Yahoo! Finance
1998: Launched Yahoo! Transit
1999: Launched Yahoo! Shopping and Yahoo! Auctions

Rapid smartphone adoption and disruptive growth through M&A (2008–2022)

Following the announcement of the iPhone in 2007, smartphone adoption rapidly expanded in Japan. In 2012, Yahoo Japan Corporation provided all employees with iPhones and iPads to deepen understanding of new devices and accelerated the mobile shift across services. Alongside disruptive growth through M&A, we also promoted business diversification by launching new businesses such as PayPay, which has grown into one of Japan's leading code payment services.

Key milestones:

2008: Released Yahoo! JAPAN smartphone app (iOS)
2011: Launched LINE messenger app
2015: Made ASKUL Corporation a consolidated subsidiary
2016: Made Ikyu Corporation a consolidated subsidiary
2018: Launched PayPay
2019: Made ZOZO, Inc. a consolidated subsidiary
2021: Completed the business integration of Z Holdings Corporation and LINE Corporation

Proliferation of generative AI (2023–)

Since the release of ChatGPT by OpenAI in November 2022, generative AI has rapidly gained traction in Japan. In July 2023, LY Corporation provided all employees with a proprietary chat-based AI assistant and has been building a technical foundation and usage environment to leverage generative AI. By integrating generative AI into services to enrich users' daily lives, we aim to deliver experiences that exceed users' expectations.

Key milestones:

2023: Launched LY Corporation by intra-Group reorganization
2024: AI-generated answers introduced in Yahoo! JAPAN search results

Notes: PayPay Bank changed its trade name from Japan Net Bank in 2021. Notes: PayPay Card changed its trade name from YJ Card in 2021.

Contents

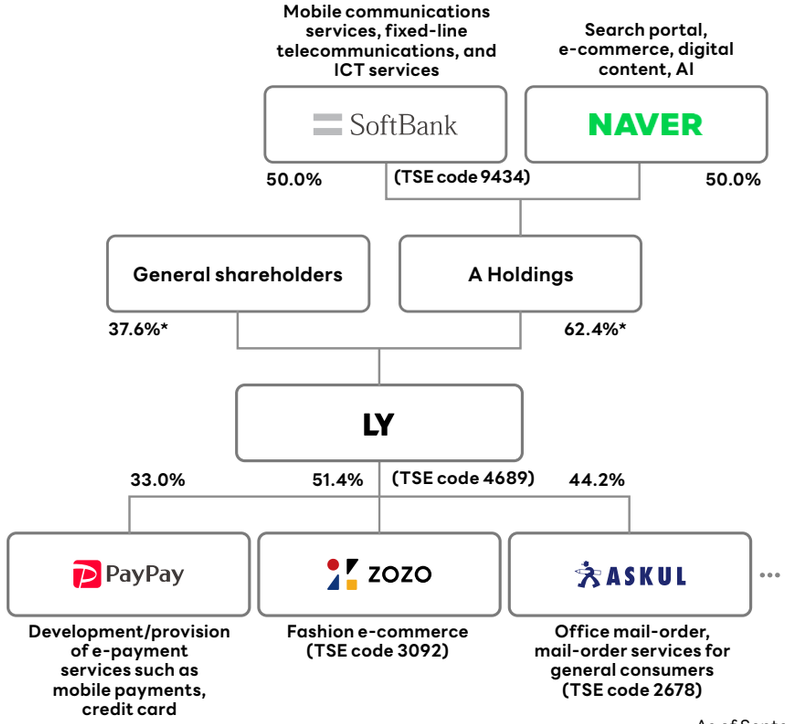
01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Company Overview

Capital structure (ownership ratio)

The parent company of the LY Corporation Group is A Holdings Corporation, whose shareholders are SoftBank Corp., a provider of telecommunication/ICT services in Japan, and NAVER Corporation, a provider of information technology (IT) services such as search portal websites in Korea. As a tech company, LY Corporation has various IT service companies, such as PayPay Corporation, which offers cashless payment services; ZOZO, Inc., one of Japan's largest fashion e-commerce providers; and ASKUL Corporation, which provides mail-order services of office supplies, etc.

Ownership ratio

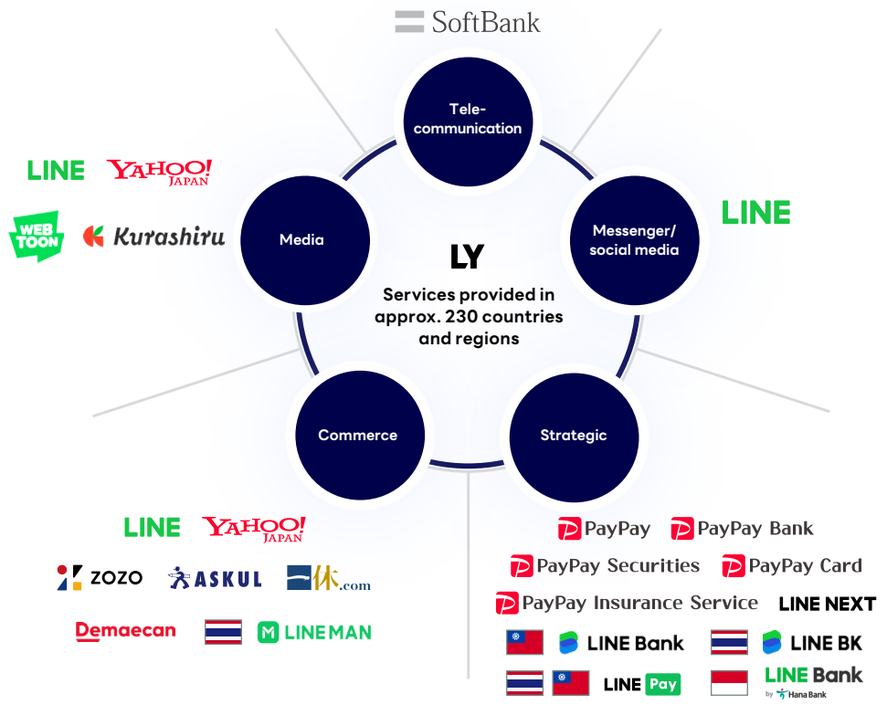


As of September 2025

Business portfolio

The business portfolio of the LY Corporation Group encompasses not only media, commerce, and strategic, but also messaging and telecommunications. The scope and diversity of our portfolio are unique in the world and will be the driving force for value creation. Our goal is not to achieve growth in individual business and service categories, but to create an expanding Group-wide ecosystem by offering seamless user experience across all of our services.

A diverse portfolio covering from media to telecommunications



* Calculated by excluding the Company's treasury stock of 5,439,681 shares. The treasury stock does not include the Company's shares (26,594,981 shares) held by the Stock Delivery Trust (J-ESOP), RSU Plan (Board Incentive Plan Trust), and Stock Delivery ESOP Trust.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Our Group Strengths

Strength 01 Unmatched user coverage in Japan

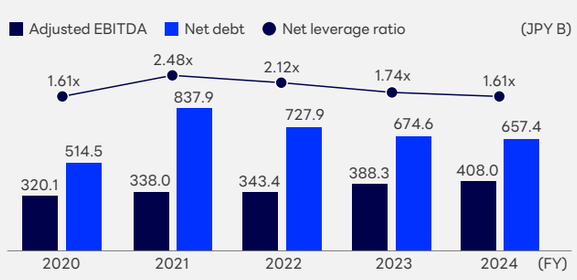
Overwhelming reach in the three fields indispensable to daily life—communication, information, and payment—and the extensive user coverage enabled by over 100 services that span the entire user journey

Communication	Information	Payment
LINE	YAHOO! JAPAN	PayPay
Usage rate of social media*1 **No. 1 in Japan**	Portal site **No. 1 in Japan**	Code-based payment service*4 **No. 1 in Japan**
Monthly active users*2 Over **98 million**	Average monthly users*3 Over **83 million**	Registered users*5 Over **71 million**
LINE users from age 10 to 70 in Japan Over **90%**		Japanese code-based payment market PayPay market share*4 (GMV) Approx. **two-thirds**

Strength 02 Robust financial foundation

Robust financial base for further growth investment

Net leverage ratio (excluding financial businesses)



Credit rating

JCR: AA⁻

R&I: A⁺

Strength 03 Technological excellence

Aiming to achieve unparalleled product-driven excellence and products that inspire users

Research papers (FY2024)	Major awards (FY2024)	Patent achievements
69 international **71** domestic	1. 2024 Commendation for Science and Technology (Development Category) by Ministry of Education, Culture, Sports, Science and Technology of Japan 2. Award for Outstandingly Skilled Workers (Contemporary Master Craftsman) 3. 2024 IPSJ Research and Engineering Award 4. 2025 IPSJ/ACM Award for Early Career Contributions to Global Research	Cumulative total of AI-related patents*6 **393** Cumulative total of patents*2 **4,482**

Engineers	Data volume
4,855 (45% of total employees) Regular organization employees of LY Corp.	Over **1.2 EByte** (equivalent to approx. **200** million years of newspaper content)

Strength 04 Talent

Aiming to maximize the performance of human capital and organizations

Talent development—supporting growth	Talent development—creating the right environment	Culture building
Fostering the growth of individuals who can adapt to rapid societal changes and take initiative Average training hours per employee **35** Average training cost per employee JPY **152,369** Internal hiring rate*7 **17.2%**	Working environment where all employees can perform at their best Female executive ratio **14.3%** Female manager ratio **22.3%** Female new manager appointments **27.6%** Percentage taking childcare leave Men **60.9%** Women **100%** Percentage returning after childcare leave **96.5%**	Establishing a culture in which management and employees work together toward shared goals, pursuing both growth and results Employee engagement survey response rate **88.9%**

*1 Institute for Information and Communications Policy, Ministry of Internal Affairs and Communications "2024 Survey report on usage time of information and communication media and behavior concerning information." Announced in June 2025.
*2 As of March 2025 *3 Nielsen Digital Co., Ltd. "TOPS OF 2024: DIGITAL IN JAPAN"
*4 Aggregation of the ratio of "PayPay" in the disclosure materials of the Cashless Promotion Council (Code Payment Usage Trend Survey, published March 14, 2025), calculated by PayPay *5 As of September 2025
*6 As of July 2025 *7 LY Corp. on a non-consolidated basis. The proportion of positions filled through internal talent utilization programs, including internal recruitment postings and self-initiated transfer systems.

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data



Takeshi Idezawa
President and Representative Director, CEO

Message from the CEO

To thrive in the AI era, we are swiftly building services and a company that can flexibly adapt to change.

Enjoying and growing through change

Among executives in the IT industry, there are many who initiate change themselves and run at the front. By contrast, I acknowledge that, rather than creating change myself, I have grown by placing myself in environments of change and by responding to them.

This approach began at livedoor (livedoor Co., Ltd.), where, as a mid-level manager suddenly appointed as CEO amid a crisis, I rebuilt the company by responding to stakeholder needs and, in the process, broadened my perspective as a leader.

Later, after joining the NAVER Group and encountering their product-driven culture, I learned firsthand the importance of innovation. Through the business integration, I was inspired by colleagues at Yahoo Japan, and from SoftBank's leadership I learned their drive to take on challenges on a global scale, further reinforcing my foundation as an executive.

These experiences convinced me that embracing change and turning challenges into fuel is what drives personal growth. By taking on new missions and encounters—even after setbacks—I found the strength to move forward. This appetite for change has become part of my DNA and is a value the company should uphold.

Today, the greatest shift is the AI revolution. Generative AI is reshaping society and industries at their core, with an impact possibly exceeding the Industrial Revolution. While business models are shaken, opportunities for value creation are expanding.

How we face this transformation and translate it into growth will define our future, one I approach with strong conviction.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Create an organization that fears failure to change, not change itself

To adapt to the AI era, two approaches are essential: creating businesses and services suited for the era, and building an organization that can respond flexibly to change.

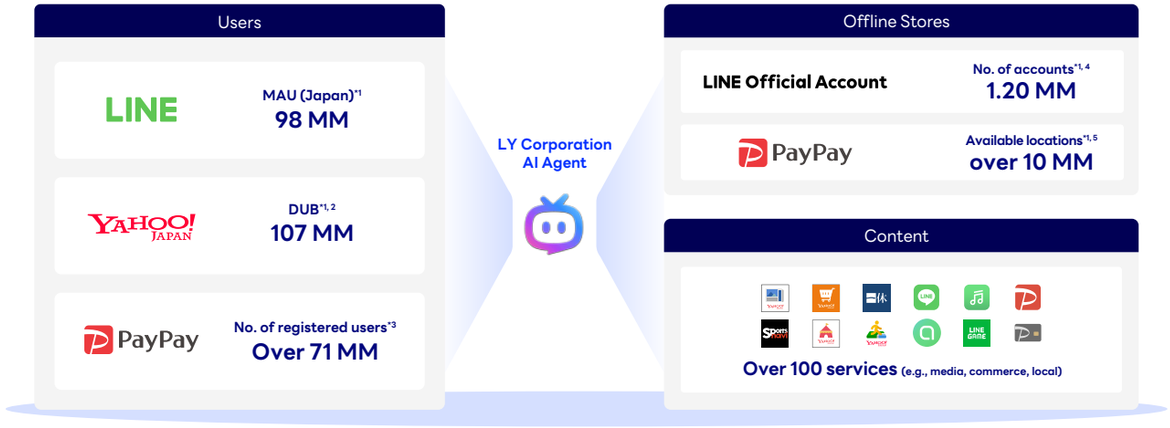
On the first point, internet companies will evolve to deliver more advanced experiences by seamlessly integrating diverse services—such as search, news, commerce, and entertainment—through AI agents. The key is to fuse multiple AI agent services while leveraging long-term, user-specific memory and to provide them in a highly convenient form. This is precisely the direction our Group aims to pursue.

We possess unique strengths absent in major overseas LLM players, including broad user touchpoints covering much of Japan's population and a broad portfolio of services. By integrating these assets accumulated on Yahoo! JAPAN and LINE with LLMs, I believe we can deliver the most useful and convenient AI agent services for users in Japan. Leveraging these advantages to create new value in the AI era defines our growth strategy.

On the second point, organizations must detect change early and transform to keep delivering value in a rapidly changing society. To take on challenges that do not have clear right answers, it is essential to act swiftly without fearing failure and learn from those experiences. Therefore, it is vital to instill the principle of fearing failure to change, not change itself.

To that end, my role is to personally lead the creation of a lean organization and the thorough adoption of AI across the company, to place top talent in the right roles and build a foundation for them to excel, and as a catalyst, to accelerate the company's self-transformation. Our challenge with generative AI is not only a growth strategy to create new products and services but also an effort to establish a corporate

Unrivaled leader in users, physical offline stores, and content



*1 As of March 31, 2025
*2 Browsers used to access Yahoo! JAPAN services. For smartphones, duplicate counted if accessed through both browser and app
*3 As of September 2025 *4 Number of accounts in Japan utilizing the feature at least once a month
*5 Number of stores and locations where PayPay or PayPay Card can be used



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)

57 Financial Data

culture that adapts to social and technological change and continues to reinvent itself. By responding to technical innovations starting with generative AI, our goal is to become a company capable of continuous change, the greatest factor in enhancing sustainable corporate value. Together with employees, I will embrace change and remain committed to enhancing long-term value.



Delivering multilayered contributions to society through integrated services

The company was established in October 2023 through the reorganization of five companies centered on Yahoo Japan and LINE. As declared at the 2021 business integration, our aim is to realize the vision of becoming a world-leading AI tech company. While the reorganization's benefits are beginning to materialize, the task now is to scale them by increasing profitability and service value. To do so, we will embed generative AI across all Group services, evolving them into widely supported offerings.

Organizational strengthening has delivered results: The AI agent strategy has spread company-wide, service execution has accelerated, the organization has become leaner, and profitability has improved. Information security and governance issues identified during the reorganization have also been addressed through robust systems, establishing a reliable information infrastructure.

Our response to the January 2024 Noto earthquake symbolized the company's evolution. Employees took the initiative to act, fulfilling our role as an information lifeline. By integrating the services of Yahoo! JAPAN and LINE, we made multilayered contributions to society, demonstrating our resilience and the benefits of the reorganization. Despite being distinct services, both share a common DNA—the spirit of contributing to society—which underpins our ability to create social value.

Yahoo! JAPAN has about 30 years of history, and LINE about 15. This legacy is a strength, but it can also hinder our ability to adapt to change. As demonstrated by our response to the January 2024 Noto earthquake, we are becoming a company in which employees unite in emergencies to fulfill their mission. Going forward, we will further articulate our philosophy and strategy, fostering a culture where every employee proactively embraces and acts on change.

Maximizing corporate value through both future-oriented and reality-based thinking

In management, we are often confronted with difficult choices, such as whether to prioritize profitability or innovation. In reality, neither can be sacrificed, so balancing and harmonizing these competing elements to maximize corporate value is also a key responsibility of the CEO.

My approach is to start from the "future." Rather than viewing challenges as extensions of the present, I envision where society, technology, and our business should be in five or ten years and work backward. I also realistically assess the resources and systems needed to ensure execution. By combining such future-oriented and reality-based thinking, my responsibility is to draw out team strengths and generate new value.

We will continue to embrace our DNA of "enjoying change" and our ability to execute, working toward the realization of our vision and the sustained enhancement of corporate value.

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Feature: Roundtable with Outside Directors

We will support management in accelerating the AI agent strategy while maintaining a balance with defensive measures, paving the way for a new growth trajectory.



Tadashi Kunihiro
Outside Director (Independent Director), Audit and Supervisory Committee Member, Chairperson of the Governance Committee

Maiko Hasumi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Yuko Takahashi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Yoshio Usumi
Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member, Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Feature: Roundtable with Outside Directors

Looking back, how do you evaluate the PMI since LY Corporation was formed through the intra-Group reorganization mainly of former LINE and Yahoo Japan?

Hasumi: In the two years since the reorganization, we swiftly consolidated overlapping businesses and optimized personnel, achieving greater cost efficiency, which is becoming visible in the numbers. Still, challenges arose, such as the unauthorized access incident and delays in business collaboration. The real test now is how much growth we can deliver.
Takahashi: I joined as an outside director when management was consumed with the security issue. As the new company had just launched, I worried about our ability to strengthen defenses. Yet countermeasures advanced smoothly. In fact, tackling the issue deepened unity between former LINE and Yahoo Japan.
Kunihiro: Exactly—adversity unites teams. As Ms. Hasumi said, the reorganization has produced benefits through consolidation and cost reductions, but the real question is whether we can generate fundamental synergies by evolving our core businesses.
Hasumi: In that sense, the decision to transform all services into AI agents amid the generative AI shift was highly significant. Also, ending full remote work this April increased in-person communication, producing positive effects. I look forward to seeing what new dynamics emerge.
Usumi: Indeed, with this AI shift policy, LY Corporation—together with subsidiaries and the parent company—is seriously working to create new products and services. I expect the company to deliver standout success stories, leveraging its userbase while protecting personal data.



Tadashi Kunihiro
Outside Director (Independent Director), Audit and Supervisory Committee Member, Chairperson of the Governance Committee

Profile

As a lawyer with broad experience in corporate crisis management and compliance, served as an outside director/auditor at listed companies. Became outside director of LINE in 2015 and assumed current post in March 2021.

What do you believe is the key to achieving success in the AI agent strategy?

Usumi: Our Group holds unmatched user touchpoints through LINE, Yahoo! JAPAN, PayPay, and other services, plus a wealth of data from these diverse offerings. These assets place us in a highly advantageous position in delivering AI agent services for consumers.
Kunihiro: There are two phases in utilizing generative AI: boosting internal productivity and creating new consumer products. In both, it is critical that everyone builds sufficient literacy to use and commercialize AI agents from both creator and user perspectives.
Hasumi: I once assumed that cutting-edge development such as generative AI was driven only by technical experts. Yet, within the SoftBank Group, including our company, initiatives are advanced by inviting ideas from all employees through AI business contests, which is highly effective. At the same time, monitoring global trends in AI agent commercialization is essential. We should look not only to the US and China but also to Southeast Asia, including Singapore, to learn emerging business models while developing services swiftly.
Kunihiro: Indeed, focusing solely on Japan risks narrowing our view. Since our Group also operates in Taiwan and Thailand, I intend to deepen Board discussions on how best to compete in Asia.
Takahashi: Management emphasizes speed in commercializing AI agents. Providing services ahead of competitors is crucial, but rushing with underdeveloped products could disappoint users and



Maiko Hasumi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Profile

After earning an MBA at the Stanford Graduate School of Business, built a career as a financial analyst and fund manager, and became an outside director at multiple IT firms. Assumed current post in March 2021.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

drive them away. Balancing speed with quality and risk is vital, and I will monitor this balance closely as an outside director.

Kunihiro: LINE was launched only months after development began, triggered by the Great East Japan Earthquake. Although the initial version had flaws, it evolved into a high-quality product through constant refinement. Management is pursuing AI agents in the same spirit—pushing forward boldly while balancing safeguards. As outside directors, we will continue to support this approach.

How do you view our capital efficiency and the stock market's evaluation of the company?

Hasumi: When I first joined, focus was on adjusted EBITDA, with little explanation to shareholders about net income. So as outside directors, we urged greater attention to net income. The Board discussed this extensively, including IR policy, which made management more conscious of capital cost. LY Corporation is now reinforcing capital efficiency-focused management while actively disclosing information and engaging with the market.

Usumi: We also disclose targets such as adjusted EPS and our capital allocation policy, making matters clearer to shareholders. Efficiency improvements and rationalization are recognized, so the expectation now is to deliver core business results.

Kunihiro: Yes, the pursuit of efficiency is evident. But to achieve major growth, generating solid earnings from core operations remains essential.

Takahashi: Stock price does not always directly reflect company performance, so we should not be swayed by it. That said, as the AI agent business develops and investors expect growth, market valuation should improve.

Usumi: After the reorganization, we struggled to meet market expectations, but recognition is now growing of our ability to generate stable cash flow. Still, to gain further market trust, we must deliver tangible outcomes through the AI agent strategy.

What kind of Board discussions take place as M&A is being promoted under the capital allocation policy?

Hasumi: We are provided with extensive information and prior briefings, enabling us to conduct in-depth debates. M&A proposals are discussed multiple times before resolution. If the rationale for the purchase price or medium- to long-term business plan is insufficient, we may request reconsideration.

Kunihiro: Management responds promptly and sincerely to such requests. In most cases, convincing explanations and numerical grounds are presented, leading to Board approval. We conduct detailed Q&A not only at formal Board meetings but at prior briefings as well. Having the Board's oversight function working at all times like this is key to strong governance.

Hasumi: In fact, there have been cases where the purchase price was optimized through reconsideration. When we are unconvinced, we repeat discussions to properly fulfill the Board's supervisory role.

Takahashi: Even after thorough review, there are always blind spots that management alone may overlook. If we can help fill those gaps, it fosters the



Yuko Takahashi
Outside Director (Independent Director), Audit and Supervisory Committee Member

Profile

With broad experience as a CPA, served in key finance posts including executive officer and director of Dentsu and Dentsu Group and outsider director/auditor at multiple companies. Assumed current post in June 2024.



Yoshio Usumi
Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member, Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee

Profile

Became Outside Director (Independent Director), Audit and Supervisory Committee Member of the company in June 2019 and assumed current post in June 2020 after key posts at Nomura Research Institute, including representative director of corporate headquarters.

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Feature: Roundtable with Outside Directors



ideal relationship between us and management.

Usumi: All outside directors serve on the Governance Committee, with most on the Audit and Supervisory Committee and Nominating and Remuneration Committee as well. This means we engage in over a dozen discussions each month.

Hasumi: When urgent matters arise, extraordinary meetings are convened even on weekends, allowing for highly agile responses.

What are your thoughts on security governance and management risks going forward?

Kunihiro: For internet businesses, it is imperative that users feel safe in entrusting their data. So, as a platform operator, we cannot compromise on information security or governance. Reports on security incidents, responses, and progress of countermeasures are submitted monthly to the Board. We also convene expert panels to incorporate professional opinions and recommendations. In this manner, management addresses security issues with a strong sense of vigilance.

Usumi: At LY Corporation, the president personally chairs the Security Governance Committee, taking direct control of all measures. Having the top leader actively in charge ensures clear direction and swift implementation.

Takahashi: During a recent business trip to Korea, I visited a development firm and was struck by how the entire organization worked with heightened awareness under the reinforced security framework. It showed the Group's determination.

Usumi: On the other hand, security governance is never-ending. With constant technological innovation and social change, we must remain sensitive and agile, continuing to strengthen both security measures and governance.

Hasumi: This is especially true as we enter the new field of AI agents, where unknown security issues may arise. In such unexplored territory, imagination is crucial—anticipating every possible risk and preparing for it in advance.

Kunihiro: Exactly. Preventing trouble is essential, but we must also be ready to minimize impact and take accountability if issues do occur.

Usumi: Beyond security, another major risk is slowing growth in our core business. While security responses may have caused delays, it is vital for us to regain momentum through the AI agent strategy and new products. Shareholders expect this most, and as outside directors, we strongly support the realization of this growth.

Kunihiro: While slowing growth is indeed a major risk, it is also an opportunity. Strengthening defenses such as security governance is necessary, but that alone does not raise enterprise value. Therefore, our role is to also encourage management to channel more energy into medium- to long-term business growth.

(Interview date: July 15, 2025)

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Value Creation Process

MISSION

Create an amazing life platform that brings WOW! to our users

External Environment
- Low birthrate and aging population
- Declining working population
- Work style reform
- Digital transformation
- Rapid progress of generative AI
- Advent of 5G
- Uncertain international situation
- Economic growth in Asia
- Climate change

Sources for Value Creation (Inputs)

Human Capital
- Group employees 27,003 (as of March 31, 2025)
- Total hours spent on capacity building training Approx. 1.01 million hours

Financial Capital
AA- (JCR), A+ (R&I)
- Financial Statement Historical Data
- Consolidated Statements of Financial Position
- Consolidated Statements of Income

User Base
Cumulative no. of users of the Group 320 million

Intellectual Capital
- Cumulative no. of registered patents 4,482 (as of March 31, 2025)
- Technology base, global development capabilities

Diverse Business Portfolio
No. of services provided in Japan Over 200
104 subsidiaries and 38 affiliates
- Business portfolio

Natural Capital
Total energy consumption 2,116,327 GJ (FY2024)
Total water withdrawal 597,472 m³ (FY2024)
- ESG Data

Key Issues for Management (Materiality)

- Delivering Amazing WOW! Experiences Through Data & AI
- Operating Safe & Secure Digital Platforms
- Addressing Disasters and the Digital Divide
- Establishing Governance to Support Sustainable Growth
- Maximizing Human Capital Value
- Fulfilling Environmental Responsibilities for Future Generations

- Material Topics

Three Core Assets

Communication	Information	Payments
LINE	YAHOO! JAPAN	PayPay
Usage rate of social media	Portal site	Code-based payment service
No. 1 in Japan	No. 1 in Japan	No. 1 in Japan*2
Monthly active users Over 98 million	Average monthly users*1 Over 83 million	Registered users Over 71 million (as of September 2025)

Business Activities / Outputs

Media Business
- Advertising
- Web Portal
- Messaging
- News
- Local
- Membership

Commerce Business
- Shopping
- Reuse
- Travel

Strategic Business
- Payment
- Credit card
- Bank

Value to Be Created (Outcomes)

- Adjusted EBITDA JPY 470.8 billion
- Adjusted EPS JPY 24.9

Social Value Creation
- Delivering convenient and inspiring user experiences
- Providing reliable life infrastructure
- Disaster preparedness, mitigation, and recovery support and pandemic response
- Bridging the digital divide through IT literacy education
- Realizing a circular economy through reuse initiatives
- Using the power of IT to realize a low-carbon society
- Carbon neutrality by 2030 / Net zero by 2050
- 10% reduction in water consumption by FY2030 (vs. FY2022)

Enhancing Corporate Value
- Developing and reinforcing human capital that creates diverse value
- Improvement of employee well-being

Customers
Partners
National and local governments
Employees
Regional communities
Shareholders and other investors

Foundations Supporting Business Activities
Corporate Governance | Privacy & Security | Human Capital | Risk Management | Compliance | Internal Controls

*1 Nielsen Digital Co., Ltd. "TOPS OF 2024: DIGITAL IN JAPAN" *2 Aggregation of the ratio of "PayPay" in the disclosure materials of the Cashless Promotion Council (Code Payment Usage Trend Survey, published March 14, 2025), calculated by PayPay

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Revision of Material Topics

We have defined our material topics as a guiding framework for creating future value by responding to a constantly evolving social and technological landscape. Leveraging our diverse touchpoints with users, we aim to achieve sustainable growth and solve social issues.

View on material topics and their revision

LY Corporation strives to stay close to users and drive positive changes in society under its mission to "Create an amazing life platform that brings WOW! to our users." To realize this mission, we recognize the importance of viewing both social issues and our own management challenges as opportunities to create new value. The material topics serve as a guiding framework for meeting social expectations while achieving medium- to long-term growth, balancing risk mitigation with the generation of new opportunities.

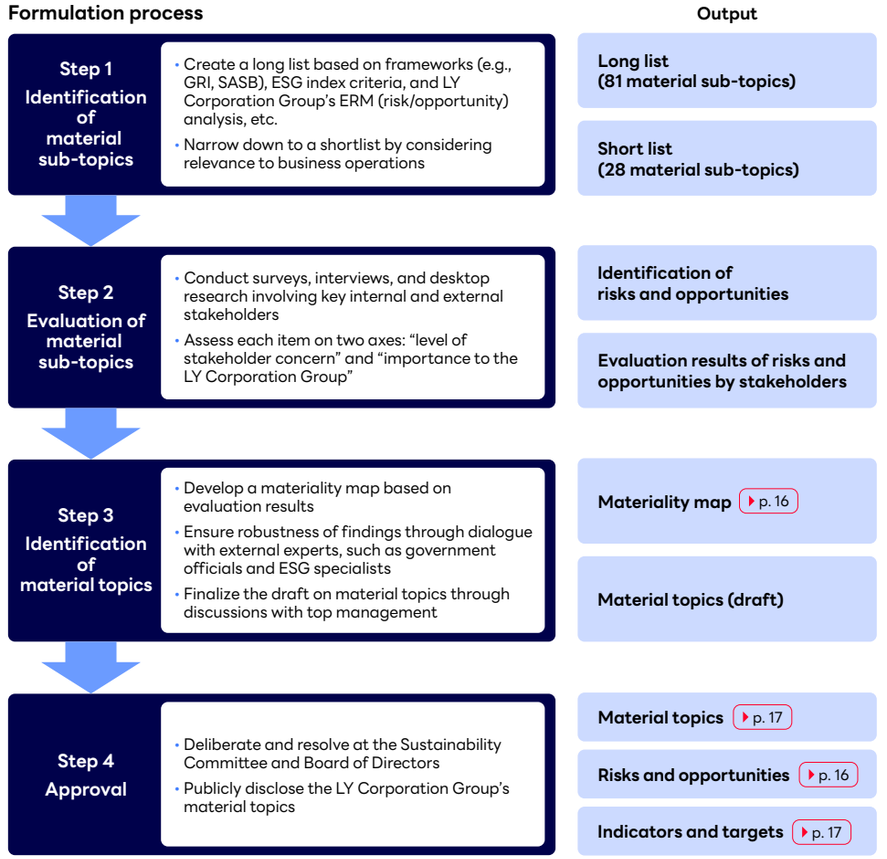
We began reviewing our material topics in FY2024 following the intra-Group reorganization. In September 2025, we updated these topics in response to rapid social and business changes, including accelerated technological innovation such as generative AI, heightened concerns over climate change and information security, and increased uncertainty. Through a review of its business portfolio, we optimized the allocation of our management resources, identifying our broad user touchpoints across services such as search, messaging, commerce, and financial services as core strengths. Leveraging these touchpoints, which play an integral role in users' daily lives, we developed our material topics to deliver sustainable value to society, building a new corporate culture that inherits the values fostered by LINE Corporation and Yahoo Japan Corporation. We recognize that we must not only adapt to medium- to long-term societal shifts—such as rapid AI advancement and climate change—but also take a leading role in addressing them. As a platform operator with diverse user touchpoints, we aim to contribute to both a sustainable society and corporate growth by identifying material topics that reflect these social and environmental challenges from a medium- to long-term perspective.

Material topics formulation process

To ensure a proactive response to social issues and the sustainable enhancement of enterprise value, we systematically identify material topics at the Group-wide level. This process is grounded in an analysis of risks and opportunities based on social expectations and the Group's ERM framework. We consider how social and environmental changes affect our business and how our activities impact society and the environment—across short-, medium-, and long-term horizons—to determine priority topics.

The evaluation process incorporates feedback from executives, business unit leaders, Group companies, and stakeholders such as customers, partners, and employees. It also includes desktop research and multifaceted input from government officials and ESG experts. To ensure objectivity and transparency in the identification and disclosure process, we refer to international reporting standards, including those established by the GRI, SASB, and others.

The identified material topics are integrated into management through discussions by the Sustainability Committee and approval and oversight by the Board of Directors, and they are regularly reviewed to reflect changes in society and business.



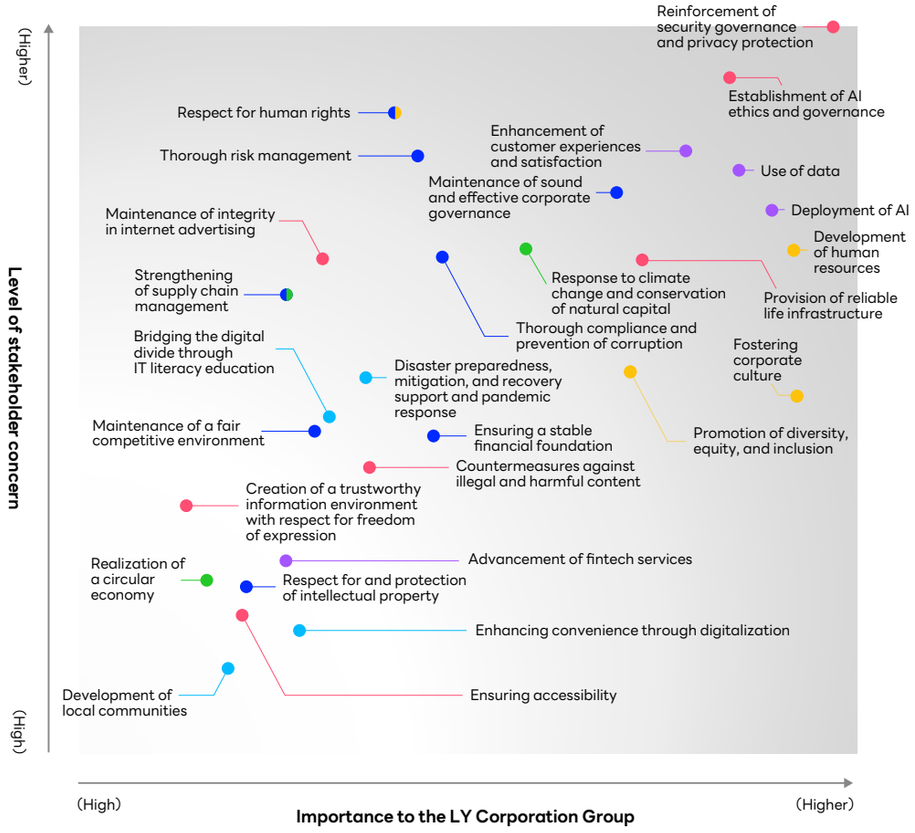
Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Material Topics—Risks and Opportunities

When creating the materiality map, the impact on enterprise value is assessed from both quantitative and qualitative perspectives, based on the relative significance of identified risks and opportunities. The identified material sub-topics are then mapped using two evaluation axes: “level of stakeholder concern” and “importance to the LY Corporation Group.” The assessment considers the scale of impact on stakeholders, the financial impact on the LY Corporation Group, and the likelihood of those impacts occurring.

Materiality map



Delivering Amazing WOW! Experiences Through Data & AI

Risks

- Loss of public trust and user attrition resulting from improper use or management of data and AI
- Decline in competitiveness and customer base due to delays or quality issues in new service development, insufficient improvement of existing services, ineffective use of AI, or poor market acceptance of new or existing services

Opportunities

- Expansion of the customer base, increased market share, and enhanced competitiveness through service personalization and sophistication driven by AI and data
- Improved labor productivity through AI-driven operations, cost optimization through product integration, and accelerated business growth and innovation

Operating Safe & Secure Digital Platforms

Risks

- Loss of social trust and user disengagement due to deficiencies, inappropriate responses, or legal violations related to security, privacy, AI, advertising, or infrastructure
- Increased operational costs arising from responses to security incidents or service outages

Opportunities

- Enhanced brand value and stabilized revenue opportunities through strengthened security governance and AI/data risk management that fosters trust
- Sustained customer relationships and revenue opportunities through enhanced brand value built on ethical and socially responsible practices

Addressing Disasters and the Digital Divide

Risks

- Decline in public trust due to inadequate disaster preparedness, insufficient support—including user support—during disasters or pandemics, and a lack of commitment to nurturing the next generation of talent in the IT and media sectors

Opportunities

- Development of new services and customer acquisition through disaster preparedness and support for disaster and pandemic response
- Enhanced social presence and reputation through support for next-generation talent development

Establishing Governance to Support Sustainable Growth

Risks

- Impeded growth and reputational decline due to ineffective or non-transparent governance, weak compliance and risk management, or lack of accountability in these areas
- Loss of business continuity and erosion of social trust and stability due to deficiencies in risk management systems

Opportunities

- Greater stakeholder trust and expanded funding opportunities achieved through an effective and transparent governance structure, along with a strong commitment to compliance and respect for human rights
- Increased enterprise value and social trust through robust risk response and stable business continuity
- Competitive advantage and market position gained through swift decision-making and strong compliance practices

Maximizing Human Capital Value

Risks

- Loss of opportunities for new business development and growth, along with rising costs, due to insufficient efforts to support talent development
- Decline in employee motivation and performance stemming from a deteriorating work environment and diminished engagement
- Reputational damage and disruption to supply chain partnerships caused by neglect of human rights or improper labor practices

Opportunities

- Maximized performance and accelerated innovation through a culture and capability development framework that empowers employees to learn, take initiative, and grow through hands-on experience
- Enhanced corporate appeal by building a strong reputation as a workplace where individuals can maximize their growth and potential—thereby attracting top talent
- Promotion of employee psychological safety, supply chain stability, and social trust through ethical and transparent human capital management

Fulfilling Environmental Responsibilities for Future Generations

Risks

- Decline in competitiveness due to loss of social trust and weakened stakeholder relationships stemming from delayed or insufficient responses to environmental issues
- Increased BCP-related and regulatory compliance costs due to climate change, along with negative impacts on business continuity from emerging water resource risks

Opportunities

- Strengthened trust with customers and partners and expanded revenue opportunities through advanced environmental initiatives such as green data centers, renewable energy adoption, and biodiversity conservation
- Enhanced business continuity, supply chain stability, and corporate reputation through proactive adaptation to climate and natural capital risks
- Improved operational efficiency through cost optimization and expanded access to green financing driven by environmentally conscious management

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Material Topics—Indicators and Targets

Through our materiality initiatives, we aim to fulfill the mission of LY Corporation, to "Create an amazing life platform that brings WOW! to our users." To this end, we identify risks and opportunities, set indicators and targets, and monitor progress on an ongoing basis from both quantitative and qualitative perspectives. The scope of these indicators and targets may apply to the LY Corporation Group or LY Corporation alone, with achievement timelines set individually based on the progress of each topic.

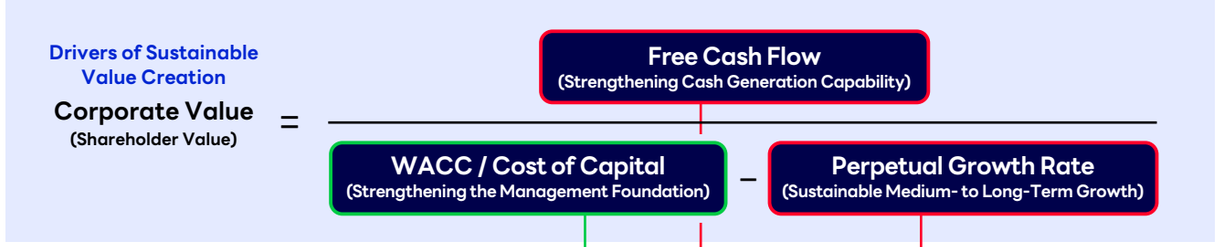
New Material Topics	Explanation	Indicators	Targets	FY2024 Results	Related Pages
Delivering Amazing WOW! Experiences Through Data & AI	The Group aims to enrich people's lives and society by providing life platforms that deliver personalized services and high-quality user experiences through the use of generative AI, data, and other information technologies.	**LINE MAU/Population** Calculated by dividing the number of users who have activated LINE with a valid account within each month by the total population (in Japan)	75% or more	79.4%	p. 25 Media Business p. 27 Commerce Business p. 29 Strategic Business
		Yahoo! JAPAN DUB The number of browsers used to access Yahoo! JAPAN services. If both the browser and the app on a smartphone are used, they are counted as duplicates.	110 million or more	108 million	
Operating Safe & Secure Digital Platforms	The Group is committed to building and operating safe and secure digital platforms that ensure security, privacy, and fairness, creating an environment where everyone can securely access reliable, safe, and fair information every day.	**Number of critical security incidents** Critical cases at LY Corporation involving inquiries or administrative guidance from regulatory authorities	0	1	p. 56 CISO Message
Addressing Disasters and the Digital Divide	The Group will contribute to an inclusive society where everyone can access information and services at any time through digital technology, by working with diverse public and private partners to respond to disasters and bridge the digital divide through IT literacy education.	**Population coverage rate through disaster agreements with local governments** Calculated as the total population of municipalities that have signed disaster agreements with LY Corporation, divided by the total population	95% or more	98.6%	p. 44 Sustainability Corporate Officer Message
		Number of municipalities with LINE Official Accounts Number of municipalities that have launched and are managing a LINE official account under the special municipal plan	1,788 by 2030	1,500 or more	
Establishing Governance to Support Sustainable Growth	The Group strives to build a corporate foundation that earns the trust of society and enables continuous business growth by developing a governance framework that emphasizes both effectiveness and transparency and by ensuring thorough compliance and risk management.	**Board effectiveness assessment results (conducted once a year)** The evaluation was conducted through interviews and questionnaires administered to LY Corporation's directors, with the effectiveness results assessed by the Board	Rating confirming the board's effectiveness	Assessed as maintaining effectiveness	p. 50 Corporate Governance System p. 53 Board Effectiveness Evaluation
		Completion rate of e-learnings on compliance issues Data reflects annual training performance compiled from LY Corporation and its subsidiaries that outsource their training programs to LY Corporation, including information on training topics, intended audiences, and number of participants	90% or more	98%	
Maximizing Human Capital Value	The Group aims to enhance human capital value by strengthening talent and fostering corporate culture, creating a foundation for individual growth through continuous challenges, and developing an environment rooted in understanding and respect for diversity to maximize both individual and organizational performance.	**Changes in items related to "growth support," "environment," and "philosophy strategy" in the engagement survey** Group-wide year-on-year performance in the engagement survey categories of growth support, environment, and philosophy strategy is evaluated using a three-point scale: improvement, maintenance, or no improvement	Maintain or improve compared to previous fiscal year	(Results will be collected from FY2025)	p. 40 Enhancement of Human Capital
		Ratio of females in managerial positions Figure as of March 31, 2025, for LY Corporation managerial positions mean managers, senior managers, general managers, senior general managers, and heads of in-house companies and groups	By 2030, same level as the gender composition of entire employees (33%)	19%	
Fulfilling Environmental Responsibilities for Future Generations	Through the adoption of renewable energy, construction of next-generation data centers, and provision of eco-friendly products, the Group works to address climate change, conserve natural capital, and promote resource circulation through its businesses and services, contributing to a sustainable planet where future generations can thrive.	**Scope 1, 2, & 3 GHG emissions** •Scope 1: GHG emissions generated directly by the Company (e.g., fuel combustion) •Scope 2: GHG emissions generated indirectly by the Company (e.g., use of electricity supplied by other companies); calculated based on the market-based method •Scope 3: GHG emissions from activities such as raw material procurement and post-sale processes	Virtually net-zero by FY2025 (Scope 1 & 2) *LY Corporation (non-consolidated)	8,400 ($mtCO_2e$)	p. 47 Environmental Effort for Future Generations
			Virtually net-zero by FY2030 (Scope 1 & 2)	19,689 ($mtCO_2e$)	
			Virtually net-zero by FY2050 (Scope 1, 2 & 3)	4,004,124 ($mtCO_2e$)	
		Water consumption (per JPY 1 million in revenue)	Reduce by 10% from FY2022 levels by FY2030	0.312 (m^3/JPY MM)	

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Growth Strategy

To enhance our group's corporate value, it is essential to minimize risks and to strengthen our cash generation capability and non-financial capital to enable sustainable growth. We possess a broad range of strong assets, and by integrating AI agents into services such as LINE and Yahoo! JAPAN, we aim to drive greater user traffic to our existing businesses, create multiple monetization opportunities, and differentiate ourselves in the market. We will also leverage the resulting data to deepen our understanding of users and deliver services with improved accuracy and recommendation capabilities, creating experiences that bring "WOW!" to our users and enhance daily convenience.

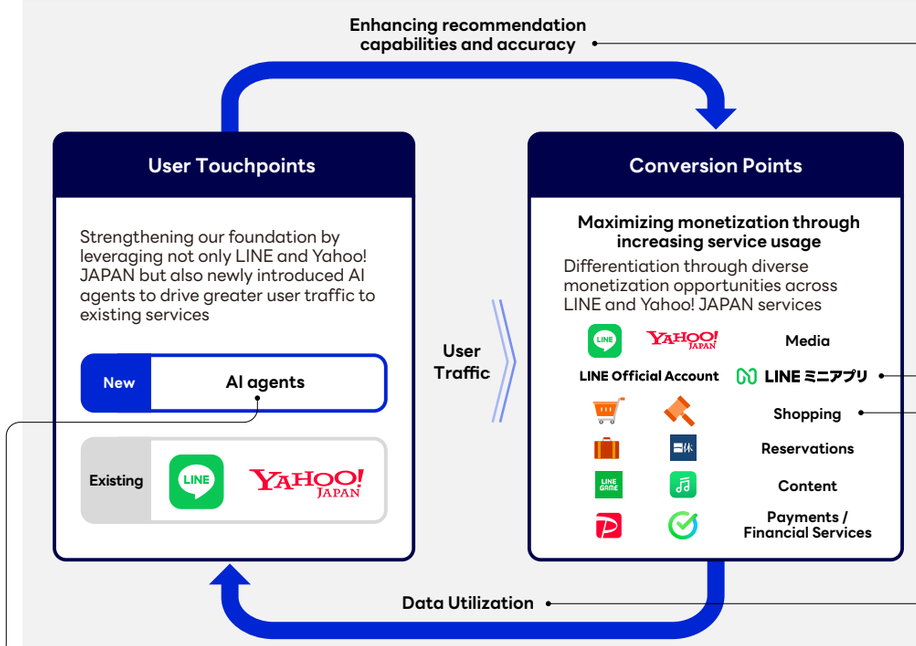


WACC / Cost of Capital

- **Financial Capital:** Driving sustained growth in adjusted EBITDA and EPS over the next three years, while improving management efficiency
  - p. 19 CFO Message
- **Human Capital:** Fostering and developing AI talent, and building a supportive environment for employee growth
  - p. 40 Enhancement of Human Capital
  - p. 37 Generative AI Executive Message
  - p. 42 Feature: Employee Roundtable
- **Technological Capital:** Implementing data strategies and data governance frameworks optimized for the generative AI era
  - p. 39 CDO Message
- **Environmental and Social Capital:** Becoming a trusted platform for daily life and generating positive social impact
  - p. 44 Sustainability Corporate Officer Message
- **Corporate Governance:** Accelerating our AI agent strategy with well-balanced offensive and defensive governance to unlock new growth
  - p. 10 Feature: Roundtable with Outside Directors
- **Security:** Transforming security operations across the Group
  - p. 56 CISO Message

Identifying shifts in user behavior and pursuing optimal solutions — p. 33 CPO Message

Free Cash Flow and Perpetual Growth Rate



Leveraging accumulated data to better understand users and make optimal recommendations
- p. 39 CDO Message

Strengthening conversion points and driving revenue growth through initiatives centered on LINE Official Accounts and MINI Apps
- p. 36 Evolution of LINE App

Investing in marketing for the reuse business and improving service quality, as conversion-based billing is expected to become a key monetization method and major revenue source
- p. 19 CFO Message

Promoting cross-service usage and driving greater service usage through expanding the ecosystem, aiming to deepen user understanding
- p. 31 Feature: Cross-Use and Ecosystem Growth

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message

23 Free Cash Flow (Earnings Power)

33 Perpetual Growth Rate (medium-long term constant growth)

44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Message from the CFO



Ryosuke Sakaue

Executive Corporate Officer,
CFO (Chief Financial Officer)

Drive EPS maximization through disciplined FCF allocation and active business portfolio management.

Enhancing corporate value

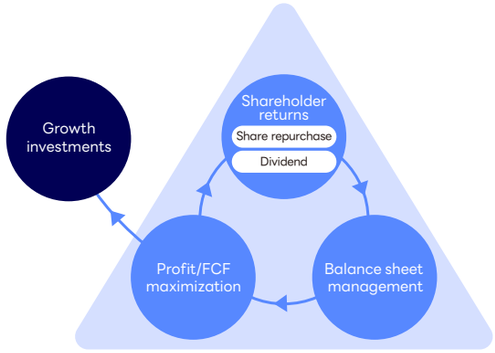
We place great importance on dialogue with our shareholders and investors. In FY2024, we conducted over 500 meetings, with the IR division taking a leading role. Feedback received through these engagements is shared with the Board of Directors, and the IR division regularly discusses updates to disclosure materials and improvements to IR activities with the CFO on a weekly basis, the CEO on a monthly basis, and outside directors on a quarterly basis. In response to market feedback, we also restructured our integrated report to follow the Enterprise Value Formula presented on p. 18, improving the clarity of our value creation initiatives. By clearly demonstrating the linkage between our strategic direction and capital policy, we aim to achieve sustainable enhancement of corporate value.

As a basic approach to our capital policy, we aim to improve capital efficiency by balancing four key priorities: profit and free cash flow (FCF) maximization, growth investment, balance sheet management, and shareholder returns. While continuing to invest in growth areas such as AI agents, we will actively pursue both FCF maximization and shareholder returns to drive sustainable corporate value creation.

In FY2024, our adjusted ROE was 6.1%, exceeding our internally estimated cost of equity of 4.6%. While it is difficult to materially improve adjusted ROE in the short-term given the structural headwind of increased capital surplus from the share issuance at the time of the business integration with LINE, we aim to steadily widen the positive spread between adjusted ROE and the cost of equity by maximizing profits, optimizing the balance sheet, and strengthening shareholder returns.

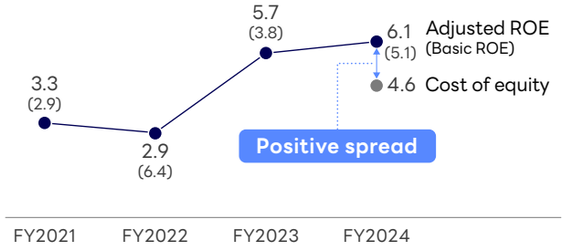
Our approach to capital policy

- Share repurchases
- Stable dividends aligned with **profit growth**
- Aim for **a cumulative total payout ratio of 70% or more** in the next 5 years



- Deliver stable annual growth of **high single digits or more** (next 3 years) in both adjusted EBITDA and adjusted EPS
- Equity-method affiliates **to achieve quarterly profitability by FY2025, maintaining profit growth thereafter**
- Achieve appropriate size and mix of capital and debt **through share repurchases and stable dividends**
- Maintain **a net leverage ratio (excluding financial business) of 3x or less** (1.61x as of FY2024 Q4)

Adjusted ROE (%)



Cash flow creation initiatives

In FY2024, we generated approximately JPY 14.0 billion in FCF, driven mainly by higher operating cash flow resulting from an increase in profit before tax and

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

in operating liabilities and other payables. (Excluding financial business, FCF totaled JPY 236.2 billion.) Although we have decided not to disclose specific medium-term targets due to rapid industry changes—particularly major shifts in the generative AI landscape over the past year, which causes our planning assumptions to evolve—we aim to deliver stable growth of at least the high single digits annually in both adjusted EBITDA and EPS from FY2025 onward. To that end, we will expand revenue from LINE Official Accounts, including LINE MINI Apps, and accelerate the transformation of our financial services into a digital financial platform centered on PayPay, which is preparing for a public listing. We will also continue to evaluate optimization of our ownership stakes in subsidiaries.

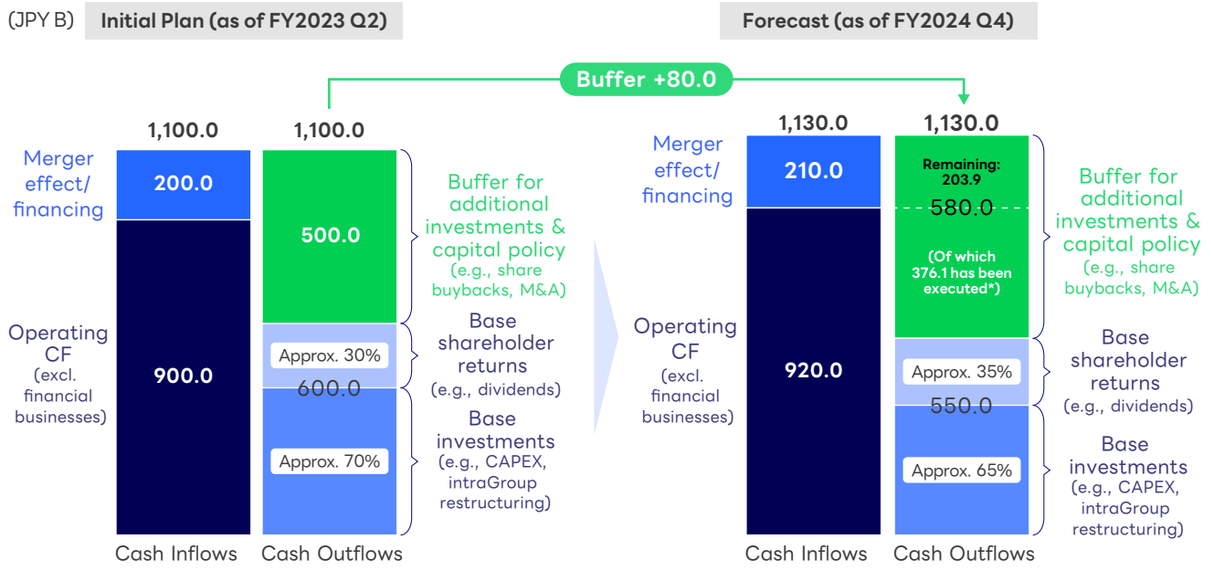
Capital allocation

In FY2023 Q2, in response to investor feedback, we disclosed an estimated cumulative total for our capital allocation policy (excluding the financial business) over the three-year period starting from FY2023. Cash inflows are tracking above plan on higher operating cash flow, while base investments have been held below initial assumptions. As a result, the buffer for additional investments and capital policy—primarily for share repurchases and M&A—has increased by approximately JPY 80.0 billion. We intend to actively utilize this buffer (including the increased portion) for share repurchases and growth-oriented M&A to enhance shareholder returns and capital efficiency, while keeping a net leverage ratio of 3x or less for our non-financial businesses to maintain our credit rating.

Balance sheet management

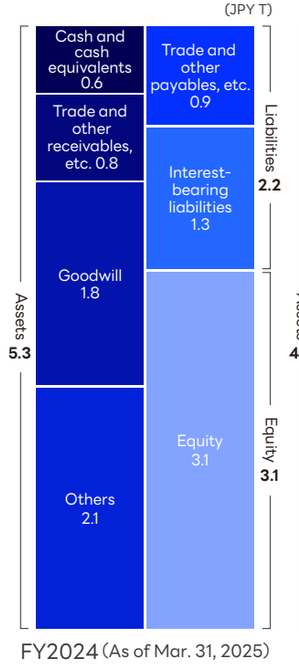
With respect to our consolidated balance sheet, we will achieve an appropriate size and mix of capital and liabilities through share repurchases and stable

Capital Allocation Policy (Cumulative Approximate Value for FY2023-2025/Excluding Financial Business)

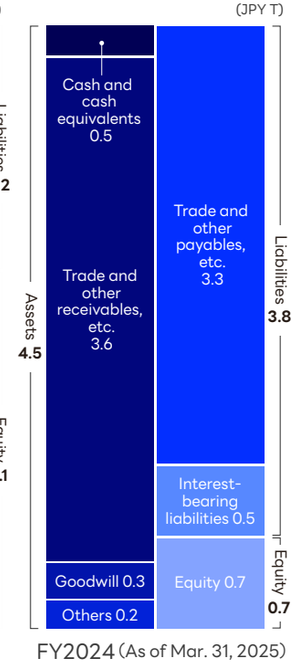


*Share buyback: JPY 150.0 billion; acquisition of BEENOS shares: JPY 54.0 billion. (planned)

Balance Sheets (Excluding Financial Business)



Balance Sheets (Financial Business)



*The financial business includes PayPay Corporation, PayPay Card Corporation, the financial subsidiaries of Z Financial Corporation, such as PayPay Bank Corporation, and financial subsidiaries of LINE Financial Plus Corporation.

Message from the CFO

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

dividends. We aim to improve both PBR and ROE by reducing outstanding shares through buybacks and cancellations, while also growing profit through business expansion.

In our financial business, we are actively leveraging asset-backed financing to diversify fund sources and move toward a self-funding model. The credit card business secures funding through the securitization of receivables, which totaled approximately JPY 125.0 billion as of March 31, 2025. Going forward, we plan to improve our capital adequacy ratio, particularly in the banking business.

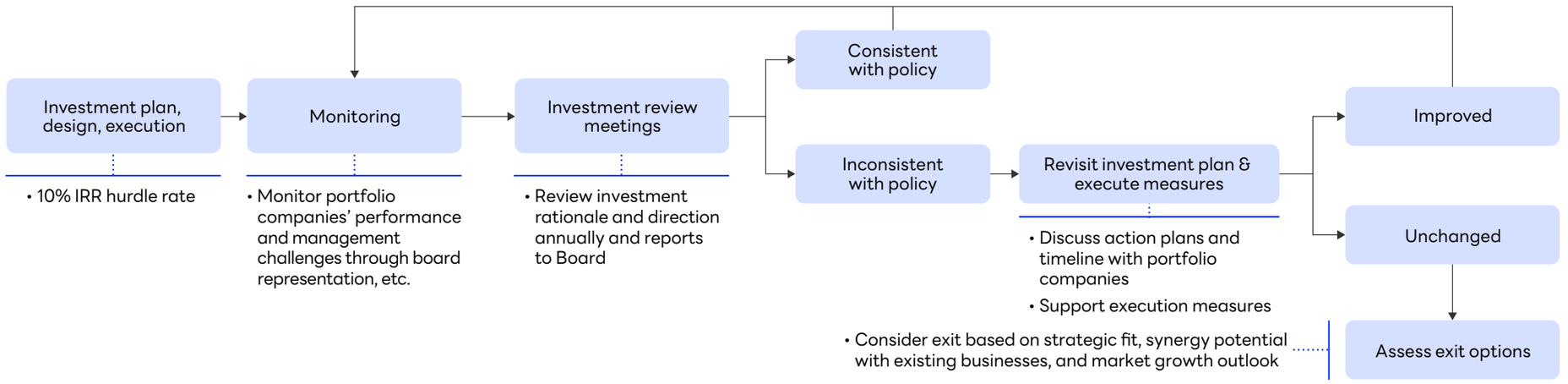
Investment policy

For medium- to long-term growth, we will begin the full-scale introduction of AI agents into our user-facing services in FY2025. In the age of AI agents, we believe our strength lies in our ability to guide users seamlessly to their end goals—grounded in a deep understanding of user needs enabled by our diverse conversion points, local content, and data. To fully leverage this strength, we will enhance our conversion capabilities—particularly in commerce—and improve our services to ensure users choose them. In FY2025, factoring in the expansion of our cross-border e-commerce operations as BEENOS becomes a consolidated subsidiary, we plan to focus on the Reuse business and allocate approximately JPY 10.0 billion for sales promotion in this area. As for direct investments related to generative AI, we plan to invest approximately JPY 10.0 billion in license fees, on the premise of openly adopting third-party LLMs. The introduction of AI agents to our services will be carried out using existing in-house resources, and no incremental hiring is planned. Regarding M&A, we will continue to target No. 1 or unique companies in areas where we can expect synergies with our existing businesses, applying an IRR hurdle rate of 10%.

Portfolio management

In order to maximize net income and EPS, we recognize the need to further optimize our business portfolio. We have segmented our existing businesses into approximately 100 services, each of which is managed based on KPIs and P&L performance. We plot each service on a matrix using two axes: actual contribution profit and year-on-year gross profit growth. Based on this positioning and alignment with our overall business strategy, we implement actions according to each quadrant. Looking ahead, as AI agents progress and users gravitate to No. 1 services, we will allocate investment with clearer focus to increase the number of category leaders. We also hold regular review meetings to evaluate our investment holdings, assessing the strategic rationale for each investee and discussing its future direction. In recent years, prompted by the intra-group reorganization between LINE and Z Holdings, we have

Investment Portfolio



Contents

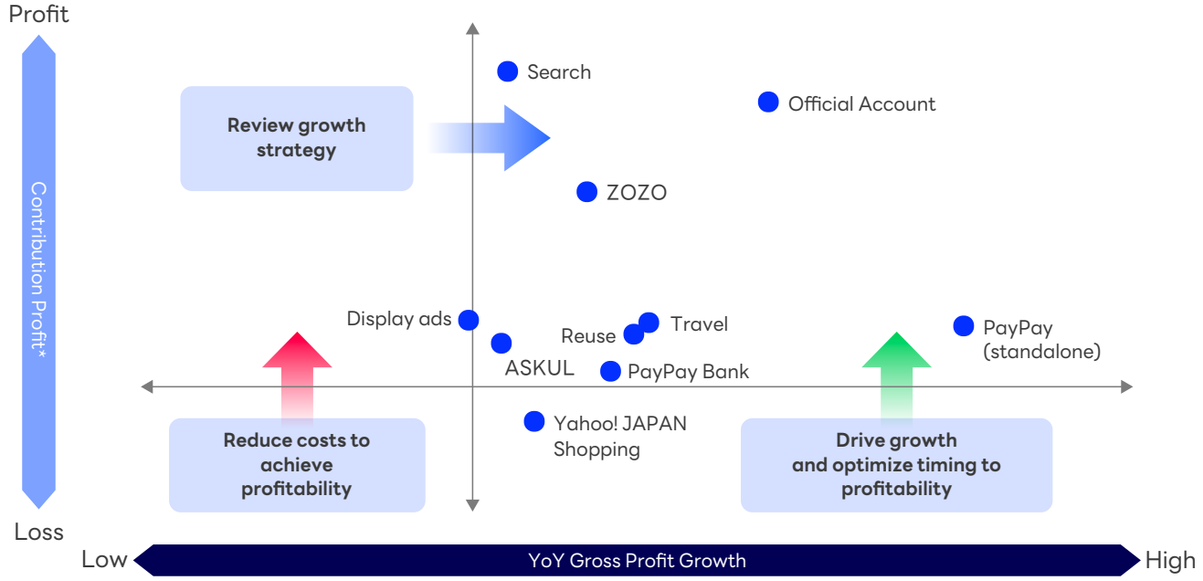
01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

reallocated management resources and strategically focused on selected businesses. This has included consolidating our video-related businesses and streamlining overlapping operations in our financial business through divestitures and exits where appropriate. We will continue to pursue profitability improvements by evaluating all businesses, including equity-method affiliates, and will consider exiting or divesting businesses that are not expected to reach profitability within a target time frame.

Cumulative total payout ratio and dividend policy

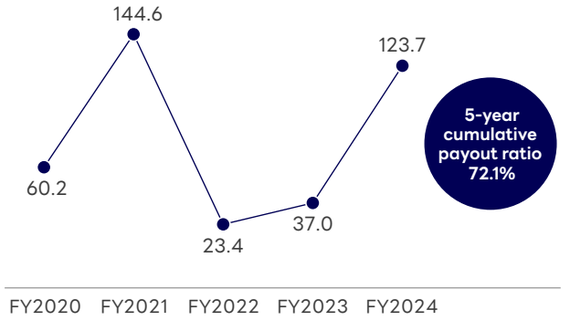
As a publicly listed company, LY Corporation considers it a core responsibility to sustainably enhance corporate value over the medium- to long-term while also returning profits to shareholders and investors through stable dividends and share repurchases. In FY2024, we executed a share repurchase of around JPY 150.0 billion to maintain our listing on the Prime Market and raised our dividend per share from JPY 5.56 to JPY 7.00. These actions reflect our commitment to achieving a cumulative total payout ratio of 70% or more over the five-year period from FY2025 to FY2029. We will continue to provide stable dividends while also considering further increases in line with net income growth, and we will carry out share repurchases at appropriate times to improve capital efficiency, including ROE.

Portfolio Management Matrix



*Contribution profit = Revenue - Variable costs - Direct fixed costs

Total Payout Ratio* (%)



*Total Payout Ratio = (Total dividends + total share buyback amount)/ Net income attributable to owners of the parent

Sustainability initiatives

The LY Corporation Group promotes sustainability initiatives through its business activities, aiming to build a sustainable society and address social issues, while creating a future of mutual growth and prosperity with all stakeholders. To contribute to solving a wide range of societal issues through its operations, we have identified six material topics, for which we monitor progress on related indicators. Among these, we have positioned “Maximizing Human Capital Value” as a future key challenge.

Visit our website for more details

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Track Record

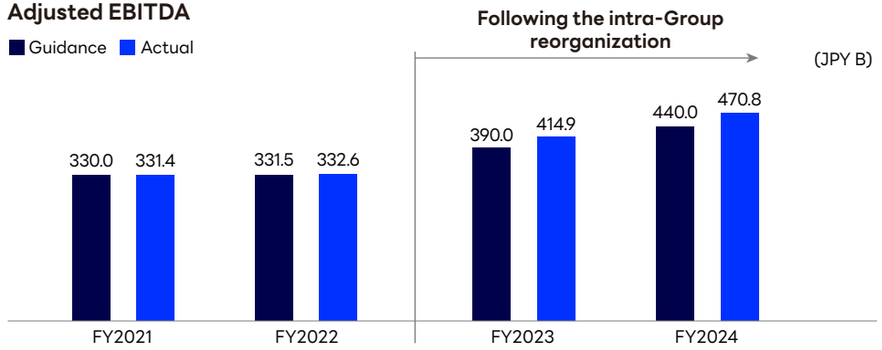
We have accelerated intra-Group reorganization and pursued a strategy of selection and concentration, resulting in steady growth in adjusted EBITDA.

Since FY2021, we have incorporated adjusted EBITDA as a key management indicator, and we have exceeded our guidance for four consecutive years.

In FY2022, we temporarily withdrew our FY2023 profit target due to a downturn in the domestic internet advertising market in the second half of the year. However, in FY2023, we achieved adjusted EBITDA of JPY 414.9 billion—surpassing the previously withdrawn guidance—by streamlining costs and concentrating on core businesses. In FY2024, all three major segments—Media, Commerce, and Strategic—recorded both revenue and profit growth. In particular, PayPay's business expansion and cost efficiency contributed significantly to Strategic segment performance, driving adjusted EBITDA to JPY 470.8 billion, well above guidance.

As a result, our adjusted EBITDA recorded a CAGR of 12.4% from FY2021 to FY2024.

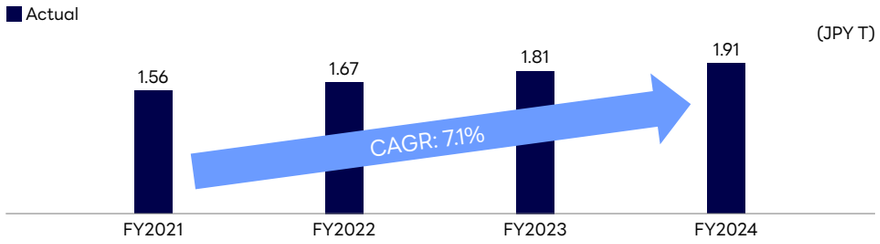
Adjusted EBITDA



POINT 01 Revenue growth

Our revenue has grown steadily through strategic business development. In the Media segment, account ad revenue recorded a CAGR of 19.8% from FY2021 to FY2024, reflecting sustained growth. In the Commerce segment, group companies such as ASKUL Corporation and ZOZO, Inc. made significant contributions to revenue growth. In the Strategic segment, transaction volume at PayPay—consolidated as a subsidiary in the third quarter of FY2022—has increased, contributing significantly to revenue.

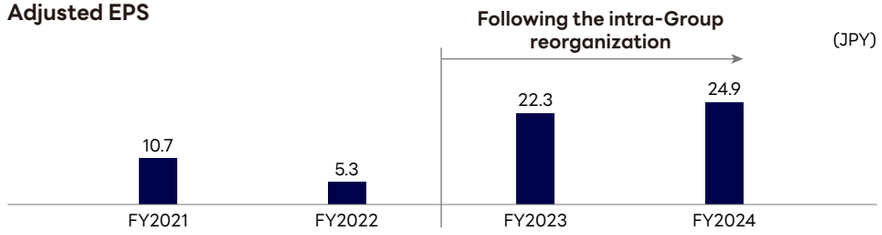
Revenue



POINT 02 Adjusted EPS growth

The business integration of LINE Corp. and Z Holdings Corporation in 2021 resulted in an increase in the number of outstanding shares, leading to a decline in EPS and creating a structural challenge for the Company. In FY2022, adjusted EPS declined further due to a decrease in net income, excluding the impact of PayPay's consolidation. However, in FY2023, adjusted EPS recovered significantly, driven by growth in adjusted EBITDA and merger-related tax benefits. Starting in FY2024, adjusted EPS has been incorporated into our earnings guidance. In line with our capital allocation policy, we also executed a share buyback of JPY 150 billion to enhance capital efficiency. As a result, adjusted EPS has returned to pre-merger levels.

Adjusted EPS



Note: The definition of adjusted EPS was revised in Q4 FY2024, and FY2023 figures have been restated accordingly. Figures for FY2022 and earlier are based on the previous definition and are presented for reference only. Adjusted EPS = Adjusted net income / average number of common stocks outstanding (cumulative during the period). Adjusted net income = Net income attributable to owners of the parent ± EPS adjustment items* ± tax equivalents for certain EPS adjustment items.
*EPS adjustment items = ± EBITDA adjustment items + amortization of identifiable intangible assets arising from business combinations ± non-recurring items in non-operating income/expenses.

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

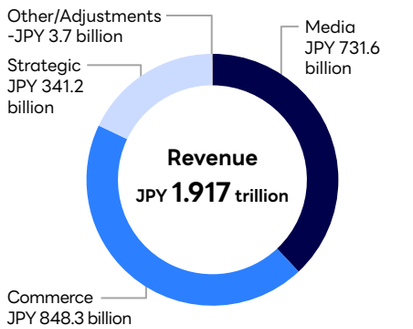
07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

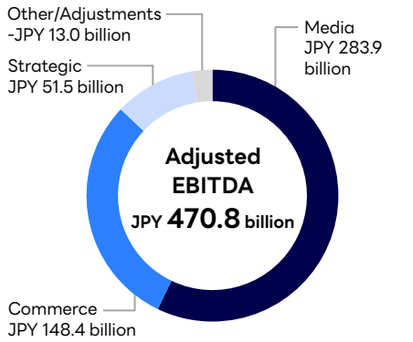
14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- **23 Free Cash Flow (Earnings Power)**
  - 23 Track Record
  - 24 Business Overview
  - 25 Media Business
  - 27 Commerce Business
  - 29 Strategic Business
  - 31 Feature: Cross-Use and Ecosystem Growth
- **33 Perpetual Growth Rate (medium-long term constant growth)**
- **44 WACC/Capital Cost (Business Foundation)**

57 Financial Data

Business Overview

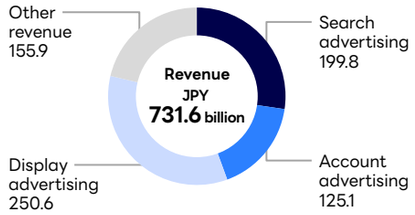
Consolidated



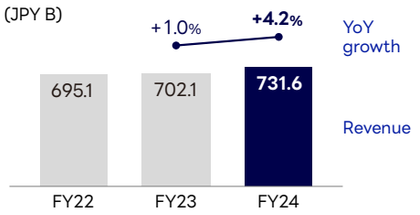


Media

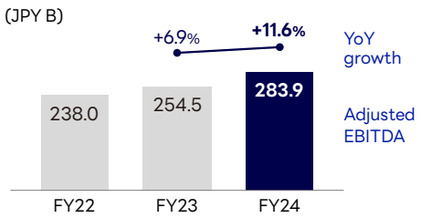
Revenue Breakdown



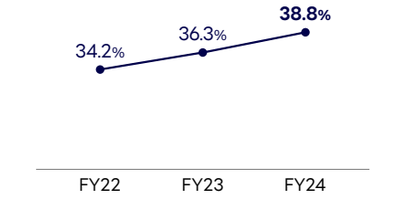
Revenue and YoY Growth



Adjusted EBITDA and YoY Growth

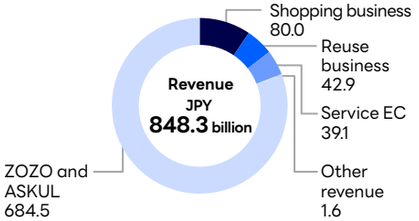


Adjusted EBITDA Margin

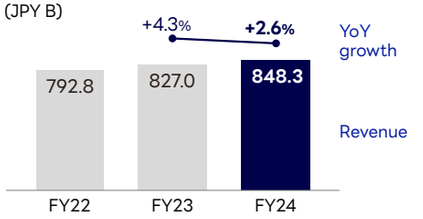


Commerce

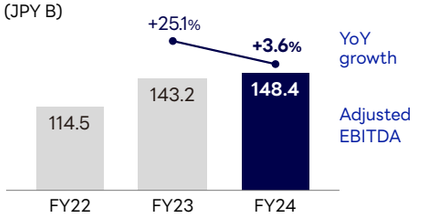
Revenue Breakdown



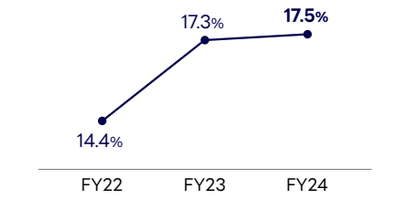
Revenue and YoY Growth



Adjusted EBITDA and YoY Growth

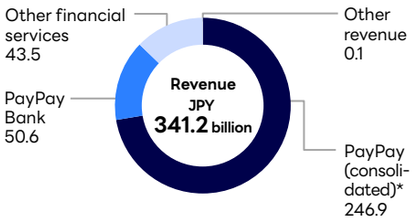


Adjusted EBITDA Margin



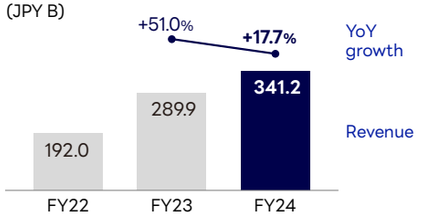
Strategic

Revenue Breakdown

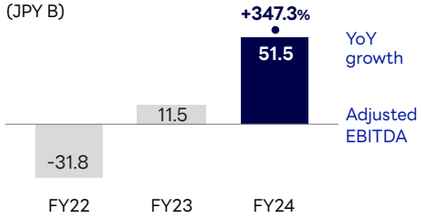


*The total of PayPay Corporation, PayPay Card Corporation, and Credit Engine, Inc. are included.

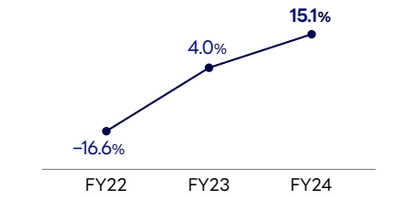
Revenue and YoY Growth



Adjusted EBITDA and YoY Growth



Adjusted EBITDA Margin



Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Growth Strategy: **Media Business**



Business Domain: Advertising (Search Ads, Account Ads, Display Ads), Others

Advertising Revenue in FY2024

JPY 638.0 billion

LINE Monthly Active Users*1

Approx. 98 million

Yahoo! JAPAN Monthly Active Users*2

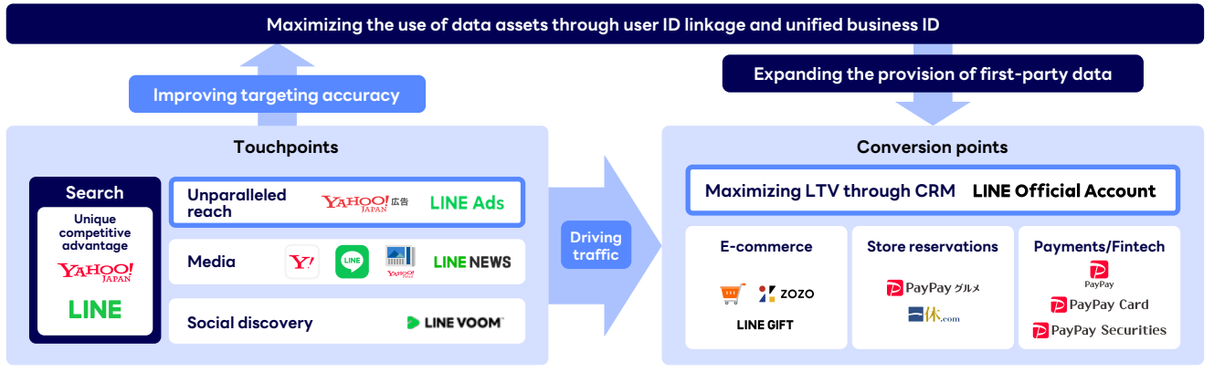
Approx. 83.0 million

*1 As of March 2025, domestic MAUs of LINE apps
*2 Nielsen Digital Co., Ltd. "TOPS OF 2024: DIGITAL IN JAPAN"

By leveraging group assets and enhancing our products, we aim to further grow advertising revenue

Competitive advantages

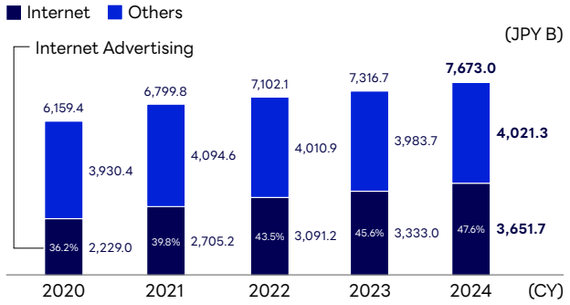
Our Group's uniqueness lies in the abundant first-party data obtained from a diverse range of touchpoints and conversion points.



Market overview

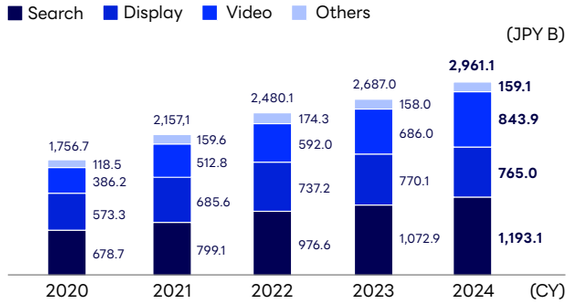
In 2024, internet advertising market in Japan grew steadily on the back of ongoing digitalization, reaching a record high. Internet advertising accounted for 47.6% of total advertising spend in Japan. Media spend—which makes up approximately 80% of all internet advertising—grew by 10.2% year over year to JPY 2.9611 trillion, particularly driven by the rise of video ads, including vertical video ads on social media platforms.

Advertising Expenditures in Japan



Source: 2024 Advertising Expenditures in Japan, DENTSU INC.

Breakdown of Internet Advertising Expenditures by Ad Type



Source: 2024 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media, DENTSU INC.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 **Free Cash Flow (Earnings Power)**
  - 23 Track Record
  - 24 Business Overview
  - 25 Media Business
  - 27 Commerce Business
  - 29 Strategic Business
  - 31 Feature: Cross-Use and Ecosystem Growth
- 33 **Perpetual Growth Rate (medium-long term constant growth)**
- 44 **WACC/Capital Cost (Business Foundation)**

57 Financial Data

Media Business

Recognition of the external environment, and our business strategy

Growth opportunities and risks

Opportunities

- Continued growth in advertising spend due to longer internet usage and new ad formats such as vertical video ads
- Increase in advertising and promotional sales driven by a cross-service advertising and promotional distribution platform built on Japan's largest integrated business ID platform

Risks

- Potential decline in ad revenue due to economic fluctuations or intensifying technological competition
- Risk of losing competitiveness due to delays in generative AI development
- Decline in quality and trust in our services due to the spread of misinformation, disinformation, and harmful/illegal content on our platforms

Business strategy

- Offer DX solutions via LINE Official Accounts and MINI Apps
- Promote the incorporation of AI agents into user-facing services
- Advance the "Connect One" initiative to maximize LTV through LINE Official Accounts and corporate services

Reducing WACC

Sustainability initiatives

Responsible AI practices

LY Corporation has established an Expert Panel on AI Ethics to ensure safe and privacy-conscious use of AI. In 2022, we formulated our Basic Policy on AI Ethics through dialogue with external experts. To mitigate risks associated with generative AI—including data leaks, privacy violations, and hallucinations—our AI Ethics Governance Office serves as a point of contact and coordinates with legal, intellectual property, and security teams to assess and manage risks from a specialized perspective. We are also developing the technical infrastructure to allow employees to use a range of generative AI tools and require all staff to complete e-learning programs covering risks and best practices related to prompt design and AI usage.

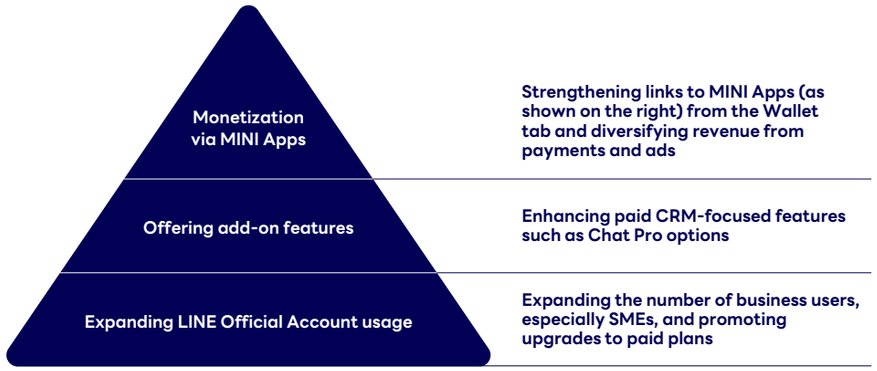
Visit our website for more details

Free cash flow generation **Initiatives for sustainable growth and enhanced corporate value over the medium to long term**

LINE official accounts

LINE Official Accounts serve as key touchpoints between users and companies, shops, and brands. These accounts allow for highly targeted messaging with read rates significantly higher than other promotional tools, making them resilient to changes in the macro-economic environment. As a result, both the number of paid accounts and advertising revenue from account ads have been steadily increasing. While the current revenue model is based on monthly fees and pay-as-you-go messaging volume, we aim to diversify our revenue sources, such as by generating revenue via MINI Apps, to further expand earnings.

Revenue structure / **Key initiatives**





Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Growth Strategy: Commerce Business



Business Domain: Merchandise E-Commerce (Shopping Business, Reuse Business, ASKUL BtoB Business), Service E-Commerce, Digital E-Commerce, Cross-boarder E-Commerce

FY2024 E-Commerce Transaction Value

JPY 4.37 trillion

Yahoo! JAPAN Shopping

Over 400 million items listed
(as of March 31, 2024)

Yahoo! JAPAN Auctions

93 million listings at all times
(as of August 2024)

We aim to balance growth and profitability by leveraging Group assets to expand the Group's ecosystem and improve cost efficiency

Competitive advantages

Offering diverse commerce experiences backed by a wide-ranging business portfolio that reaches a broad user base

LY Group's unparalleled user bases in Japan

LINE	YAHOO! JAPAN	PayPay
Communication	Information	Payments
over 98 million users*1	over 83 million users*2	over 71 million users*3

*1 LINE's monthly domestic active users, as of March 31, 2025
*2 Nielsen Digital Co., Ltd. "TOPS OF 2024: DIGITAL IN JAPAN"
*3 PayPay registered users as of September 2025
*4 LINE Brand Catalogue is a shopping platform where users can earn points when they make purchases at participating stores.

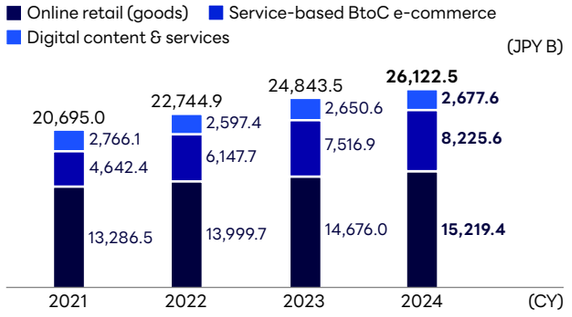
Diverse commerce services

- **Reuse (secondary distribution)**: YAHOO! JAPAN オークション, YAHOO! JAPAN フリマ
- **Specialty e-commerce** (category-specific marketplaces): ASKUL, ZOZO, LOHACO
- **Shopping malls** (broad product selection): YAHOO! JAPAN ショッピング
- **Service e-commerce** (travel, dining reservations): 休べる.com, YAHOO! JAPAN トラベル, PayPay グルメ
- **Other e-commerce*4** (social gifting, quick commerce): LINE GIFT, LINEブランドカタログ

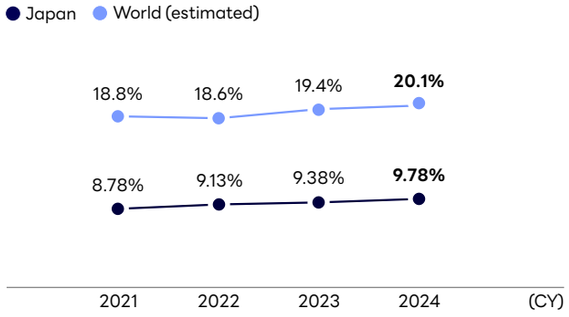
Market overview

According to the Ministry of Economy, Trade and Industry (METI) survey, in 2024, Japan's BtoC e-commerce merchandise market reached JPY 15.2194 trillion (up 3.7% YoY), with an e-commerce penetration rate of 9.78% (up 0.4% YoY).

Domestic BtoC E-Commerce Market Size*



E-Commerce Ratio of the BtoC EC Market



Source: METI: "Market Research Report on Electronic Commerce 2024"

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Commerce Business

Recognition of the external environment, and our business strategy

Growth opportunities and risks

Opportunities

- Continued expansion of the BtoC e-commerce market in Japan
- Growth of the reuse market driven by inflation, shifting consumer behavior, and increased overseas demand for Japanese resale goods
- Growing demand for service e-commerce, particularly in travel, dining, and digital gifts

Risks

- Erosion of market share due to the rise of competing e-commerce platforms
- Declining competitiveness due to delays in adoption of generative AI technologies
- Reduced e-commerce demand as consumers return to offline stores and stay-at-home demand subsides

Business strategy

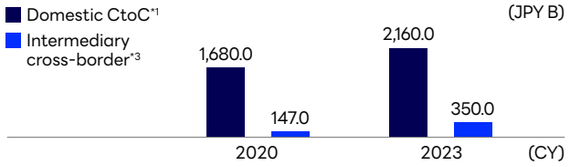
- Expanding the Group's ecosystem by leveraging Group assets
- Strengthening conversion capabilities with a view to AI agent integration (continuous service improvement to enhance user engagement)
- Promoting cross-platform usage of LINE, Yahoo! JAPAN, and PayPay

Free cash flow generation **Initiatives for sustainable growth and enhanced corporate value over the medium to long term**

Strengthening the Reuse Business

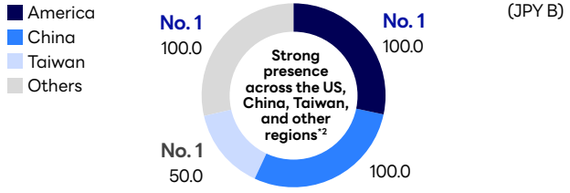
Yahoo! JAPAN Auctions has consistently maintained an adjusted EBITDA margin of over 50%, positioning the reuse business as a stable, high-margin core business within the business segment. To accelerate growth, we acquired BEENOS, a leading company in the high-growth intermediary cross-border e-commerce market. Additionally, to expand the reuse user base, we are planning to promote AI-driven initiatives that make listing on LINE easier. These measures will enhance product competitiveness and enhance conversion points.

3-Year CAGR: Cross-Border EC (Intermediated) 33%*2 vs. Domestic CtoC 9%



*1 Estimate based on the gross merchandise value (GMV) of LY Corporation's reuse business and that of other companies. Includes BtoC transactions conducted via CtoC platforms
*2 CAGR from FY2020 to FY2023 for the Global Commerce Business of BEENOS Inc.
*3 Estimate based on sales performance data from Yahoo! JAPAN Auctions, financial disclosures by BEENOS Inc., and interviews with industry experts

BEENOS Strength: Japan's No. 1 in Annual Transaction Volume for Intermediary Cross-Border E-Commerce



*1 From a BEENOS Inc. press release dated August 2, 2023
*2 Estimate based on Yahoo! JAPAN Auctions sales results

Reducing WACC

Sustainability initiatives

Through Yahoo! JAPAN Shopping, users can easily and safely donate goods via the "Support by Shopping" program, now also supporting children's aid organizations.

LY Corporation has linked Yahoo! JAPAN Shopping with Yahoo! JAPAN Internet Fund Raising to create a new form of support where users can help by purchasing essential goods and having them delivered directly to aid organizations. In July 2024, children's aid groups joined existing partners working in animal protection and disaster relief. For example, children's cafeterias and childcare facilities see growing demand for rice, beverages, and daily necessities, particularly during summer vacation. Through Yahoo! JAPAN Shopping and Yahoo! JAPAN Internet Fund Raising, LY Corporation will continue fostering new ways of mutual support and building an environment that enables support to reach diverse organizations through in-kind donations.

Visit our website for more details



Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Growth Strategy: **Strategic Business**



Business Domain: Fintech (PayPay, PayPay Card, PayPay Bank, Other Financial Services), Others

PayPay Registered Users

Over 71 million
(as of September 2025)

PayPay Transaction Value

JPY 12.5 trillion (FY2024)

PayPay Bank Deposit Balance

JPY 1.91 trillion
(as of March 31, 2025)

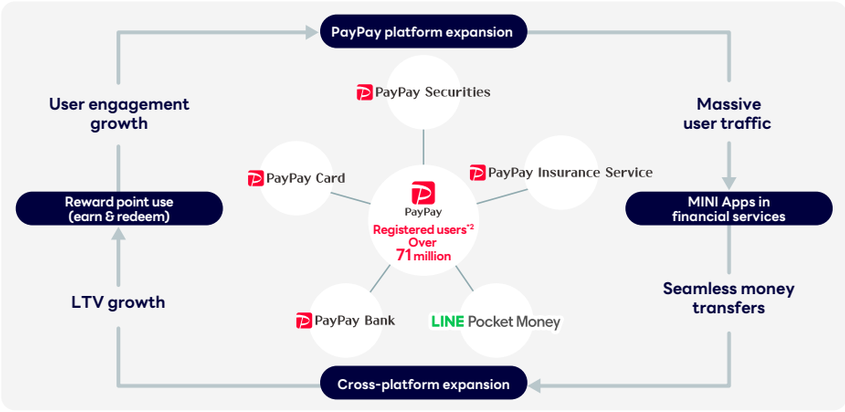
PayPay Card No. of Active Cards Issued

13.81 million
(as of March 31, 2025)

We aim to establish new revenue streams centered on fintech

Competitive advantages

Starting with PayPay, a cashless payment service that holds approximately two-thirds of the domestic QR code payment market share*1, we are building a financial ecosystem encompassing credit cards, banking, securities, and insurance.



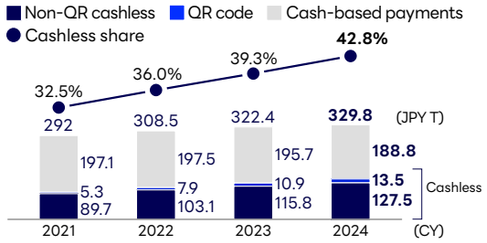
*1 The share of payment transaction volume and number of transactions was derived from PayPay's aggregation of the ratio of "PayPay" in the disclosure materials of the Cashless Promotion Council (Code Payment Usage Trend Survey, published March 14, 2025).
*2 Number of registered users (as of September 2025)

Market overview

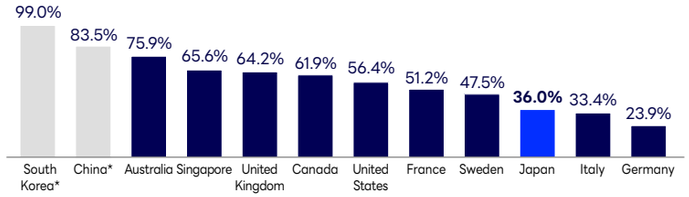
The cashless payment ratio in Japan reached 42.8% in 2024, achieving the government's target of "around 40% by 2025" ahead of schedule*. However, compared with major countries, there is still room for growth. While cash use remains high in Japan, the government has set a future target of 80% cashless penetration, underscoring significant growth potential.

*2024 Ratio of Cashless Payment Among the Total Amount Paid by Consumers Calculated, by The Ministry of International Trade and Industry (METI)

Cashless Payment Share and Breakdown in Japan's Consumer Spending



Comparison of Cashless Payment Ratios by Country (2022)



Source: "Cashless Roadmap 2024"; World Bank, Household Final Consumption Expenditure (2022, June 28, 2023 version); BIS Red Book, calculated from annual non-cash transaction value.
*Figures for China and South Korea are from Euromonitor International.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Strategic Business

Recognition of the external environment, and our business strategy

Growth opportunities and risks

Opportunities

- Rising cashless payment ratio
- Establishment of a legal framework for digital salary payments
- Gaining new users through a digital financial platform centered on PayPay
- Expanding market share through new data-driven financial services

Risks

- Decline in QR code payment usage due to the rise of alternative payment methods (e.g., contactless payment)
- Service restrictions and revenue decline due to stricter government regulations
- Loss of user trust caused by system failures or cyberattacks

Business strategy

- Expand the digital financial platform centered on PayPay

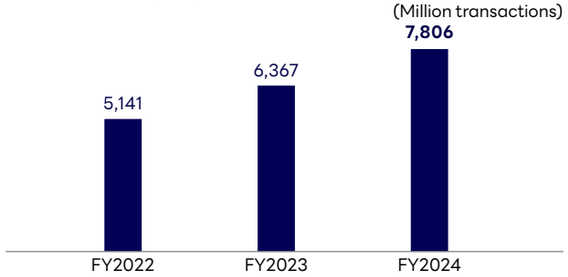
Free cash flow generation **Initiatives for sustainable growth and enhanced corporate value over the medium to long term**

Further expansion of PayPay use

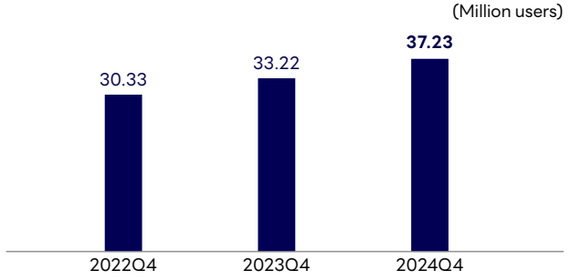
In FY2024, PayPay processed approximately 7.8 billion transactions with over 37 million monthly transacting users (MTU), accounting for about two-thirds* of Japan's QR code payment market. By diversifying payment methods, including PayPay Credit, a payment method allowing users to link their PayPay Cards to their PayPay accounts and make payments via their credit cards, and payments using PayPay Bank balances, we will strengthen PayPay as a key payment method in the AI agent era.

*Aggregation of the ratio of "PayPay" in the disclosure materials of the Cashless Promotion Council (Code Payment Usage Trend Survey, published March 14, 2025), calculated by PayPay.

Number of PayPay Transactions



PayPay MTU



Reducing WACC

Sustainability initiatives

Yahoo! JAPAN Internet Fund Raising now enables online donations via PayPay for all projects

Yahoo! JAPAN Internet Fund Raising, one of Japan's largest online donation services operated by LY Corporation, began accepting PayPay donations for all projects starting in 2024. Users who have completed online identity verification can easily donate from as little as JPY 1 without logging into Yahoo! JAPAN. This has significantly improved user convenience and is helping to further promote a culture of giving. Launched in 2004 in response to the Niigata Chuetsu Earthquake, Yahoo! JAPAN Internet Fund Raising has collected more than JPY 11.5 billion in cumulative donations. It supports around 480 trusted organizations, continuing to help address social issues through donations and creating a system that enables anyone to easily participate in charitable giving.

Visit our website for more details



Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

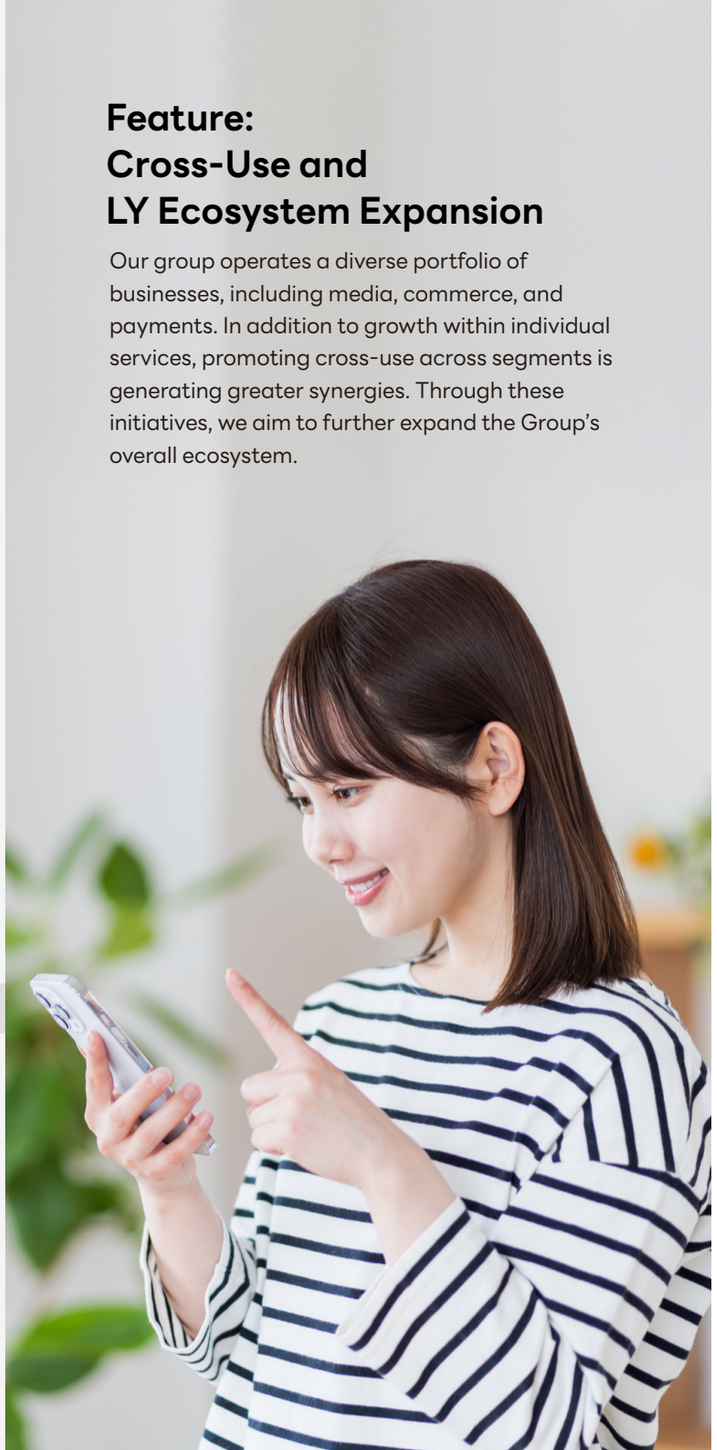
14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Feature: Cross-Use and LY Ecosystem Expansion

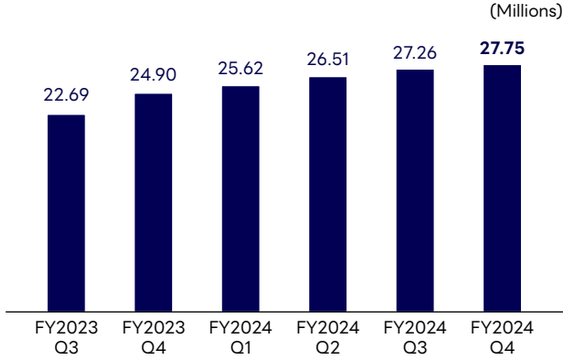
Our group operates a diverse portfolio of businesses, including media, commerce, and payments. In addition to growth within individual services, promoting cross-use across segments is generating greater synergies. Through these initiatives, we aim to further expand the Group's overall ecosystem.



1. Account linkage initiatives

On October 4, 2023, we launched account linkage between LINE and Yahoo! JAPAN, and by the end of March 2025, 27.75 million accounts had been linked. We are also planning to enable account linkage between LINE and PayPay, with the aim of connecting all three services—Yahoo! JAPAN, LINE, and PayPay. This integration will promote cross-use between services and enable more advanced data utilization to further improve features and usability, ultimately enhancing user convenience. These initiatives will lay the foundation for ecosystem expansion and long-term growth.

Number of Linked Accounts



2. Advancing cross-use through Official Accounts

Since FY2021, we have promoted cross-selling to Yahoo! JAPAN Shopping merchants using LINE Official Accounts. Merchants supported through these sales initiatives have achieved message open rates approximately three times higher than average and click-through rates roughly double, enabling more effective communication with users. By having users add merchant accounts as friends, merchants can send promotional messages and campaigns via official accounts, helping to drive both user acquisition and repeat usage. In June 2025, we started offering "Business ID," integrating the former Yahoo! JAPAN and LINE IDs into a unified ID, enabling cross-service advertising and marketing through a new business platform.

Service linkage rates between Yahoo! JAPAN Shopping and LINE Official Accounts

Transaction value via Official Accounts
+57% YoY

Number of orders via Official Accounts
+76% YoY

Number of friends added
+66% YoY

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
23 Track Record
24 Business Overview
25 Media Business
27 Commerce Business
29 Strategic Business
31 Feature: Cross-Use and Ecosystem Growth
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
57 Financial Data



3. Launch of LYP Premium

On November 29, 2023, we launched LYP Premium—an upgraded version of Yahoo! Premium membership. By the end of March 2025, the membership had grown to 23.68 million users. One of its key benefits is enhanced point rewards on Yahoo! JAPAN Shopping, and around 80% of total transaction value on the platform is attributed to LYP Premium members. These users also outperform non-members in average annual spend per user, average purchase frequency, and average order value. To further attract LINE's 98 million MAU, we introduced highly requested features such as multiple profiles and real-time backups. This initiative supports stable revenue growth in Media, drives higher transaction value in Commerce, and establishes a foundation for future growth in the Strategic segment, including PayPay's transaction volume.

LYP Premium member usage on Yahoo! JAPAN Shopping (vs. non-members)

Average annual spend per customer
+300%

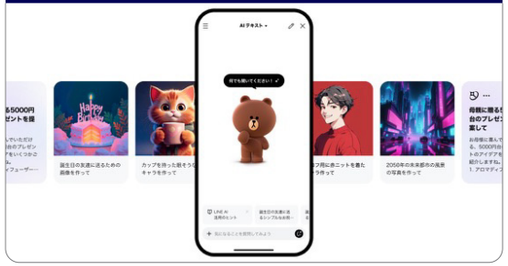
Average annual order frequency
+194%

Average annual order value
+36%

4. Enhancing services through AI

To promote cross-use and grow our ecosystem, strengthening the competitiveness of each service is essential. As AI agents become more widely adopted, superior services are expected to gain even greater attention. Recognizing the importance of AI in expanding our service infrastructure, we are integrating generative AI across our services to enhance functionality. For example, "LINE AI" has gained popularity since launch, while Yahoo! JAPAN Search offers chat-based information exploration and AI-generated search result summaries. Yahoo! JAPAN Shopping also provides AI-assisted product search via user queries, as well as beta features such as review summarization and similar product recommendations. Through company-wide AI adoption, we aim to enhance service appeal, promote cross-use, and make daily life more convenient for users, thereby further accelerating ecosystem expansion.

LINE AI



Yahoo! JAPAN AI Assistant



Product search support on Yahoo! JAPAN Shopping



Product comparison and review summaries on Yahoo! JAPAN Shopping



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
33 CPO Message
36 Evolution of LINE App
37 Generative AI Executive Message
39 CDO Message
40 Enhancement of Human Capital
42 Feature: Employee Roundtable
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

Message from the CPO



Jungho Shin
CPO (Chief Product Officer)

Profile

Graduated from the Korea Advanced Institute of Science and Technology (KAIST). Founded 1noon (now NAVER Corporation) in 2008 as CPO, transferred to NAVER Japan Corporation (integrated with NHN Japan Corporation in 2012), and appointed General Manager of the Corporate Planning Department. In 2014, appointed Director, CGO (Chief Global Officer) of LINE Corporation. In 2023, appointed Representative Director, GCPO (Group Chief Product Officer) of Z Holdings Corporation (now LY Corporation). Since 2024, serves as CPO of LY Corporation, focusing on product development.

By accurately capturing the paradigm shift towards the generative AI era, we will strive for the early provision of agent services that offer both exceptional user value and profitability.

Q. What is your prime focus as the CPO?

As LY Corporation operates under an in-house company system, day-to-day product development and service operations managed by each in-house company are generally carried out at the discretion of each company head. That said, ultimate accountability for all products rests with me as CPO, so I not only provide appropriate oversight for each product, but also personally step in to restructure projects that are not tracking as planned. Meanwhile, for initiatives that create value across multiple in-house companies—such as building business ecosystems, expanding LYP Premium, and strengthening service infrastructure—I oversee the efforts of each in-house company.

As CPO, I focus on how I can best contribute to each project, regardless of its scale. Depending on the situation, it may be more effective to be lightly involved in 10 different projects or to concentrate on a few critical ones. Therefore, I prioritize projects based on how Return on Investment (ROI) can be maximized at the time, with the goal of making the greatest possible impact. While each case is different, successfully redirecting projects that are at risk of failure can generate substantial user value and ROI. For this reason, rather than trying to be involved in everything, I believe my most meaningful contribution lies in joining specific projects and working alongside the team to overcome challenges.

Furthermore, as CPO, I believe it is critical for LY Corporation's services to be "No. 1"—the top choice for users. Across various internet services, only the No. 1 services have meaningfully expanded their user bases. In the era of AI agents, I expect this dynamic to accelerate, and I feel a strong sense of urgency that many of our products have yet to reach No. 1. Achieving true No. 1 status requires clear differentiation from other services. By creating exceptional, clearly differentiated, best-in-class products that go beyond expectations, we can achieve our mission to "Create an amazing life platform that brings WOW! to our users."

Q. What's your approach to AI agent development and the current progress?

I majored in computer science in the 1990s and pursued graduate research on

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
33 CPO Message
36 Evolution of LINE App
37 Generative AI Executive Message
39 CDO Message
40 Enhancement of Human Capital
42 Feature: Employee Roundtable
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

foundational AI technologies such as search and natural language processing. Even at that time, I strongly believed that once devices and hardware advanced enough for neural networks to process large-scale data, AI would surpass human intelligence and eventually become a critical part of social infrastructure. However, I felt that recognition of this paradigm shift toward the generative AI era was not yet fully shared across our Group. So, before we set out to develop AI agents, an internal shift in mindset was essential.

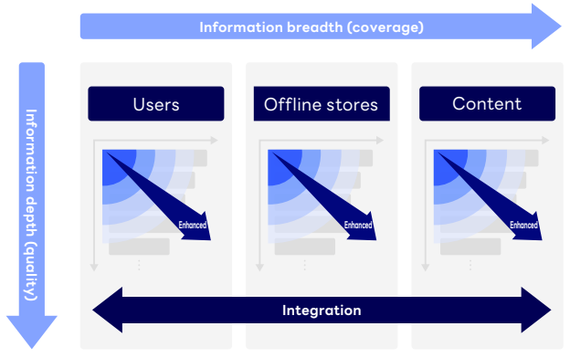
To build a strong foundation for advancing our projects, we first brought together the heads and selected members from each in-house company for intensive discussions, emphasizing the necessity of adapting our mindsets to the AI agent era. As a result, we have made significant progress in transforming internal mindsets, and the division of roles among specialists in each in-house company is becoming increasingly well-defined.

LY Corporation's AI agent is not intended to be just a generative AI engine, but a system that understands users' preferences and traits in order to deliver personalized, optimal services. For example, while today's generative AI engines can search for store information, they cannot complete actions such as making reservations or processing payments. Yet what users truly want is the ability to complete everything—from search to conversion—seamlessly within the AI agent. To make this possible, beyond understanding users, AI agents must be able to access information about offline stores and other diverse content.

LY Corporation's strengths lie in its broad portfolio of services, including LINE, Yahoo! JAPAN, and PayPay, as well as its large user base. The extensive touchpoints with offline stores through LINE and PayPay also provide a unique advantage for AI agents. Moreover, I believe that delivering contents users truly want, such as user-generated reviews and e-commerce product availability, will be a key differentiator. By strengthening both the coverage and quality of information across the three elements of "Users," "Offline Stores," and "Content" and by deepening integration among them, we believe we can build an unrivaled, No. 1 AI agent that competitors cannot easily replicate.

Going forward, we aim to accelerate development and swiftly launch a proprietary AI agent service that fully leverages the strengths of LY Corporation, including its diverse service portfolio spanning search, news, entertainment, shopping, and finance, along with one of the largest user bases in Japan.

Strengthening Core Elements



Expand surface area (breadth x depth)
←Requires stronger services and cross-service integration

Launching a new service quickly may seem challenging, but we have experience doing just that, having released LINE just 1.5 months after starting development. In the aftermath of the Great East Japan Earthquake on March 11, 2011, we keenly recognized the importance of having a communication infrastructure that would allow people to connect anytime, anywhere, and this prompted us to develop a new messenger tool. Even amid the anxiety of ongoing aftershocks, our sense of mission and cohesion drove development forward at remarkable speed. We expeditiously iterated through cycles of internal prototyping, and whenever a concept failed, we immediately pivoted to the next idea. I believe this spirit of repeating the process of failing and making improvements as quickly as possible is the only true path to success.

Of course, speed alone is not enough. Unless we offer AI agents with capabilities and functionalities that truly create value for users, we cannot become a mainstream service chosen by many, nor can we monetize it as a sustainable business. The AI agent is a key product that will drive the future growth of our Group, and I believe its development should not aim for a safe bunt, but rather a bold swing for a home run.

Moving forward, I strive to support project teams in smoothly developing compelling and high-impact products while keeping a close eye on costs and monetization. Our goal is to release AI agents that combine exceptional user value and sustainable profitability.

Q. What is essential to succeed in the rapidly changing global tech industry?

I believe the key is to keep reinventing ourselves through innovation. Just as the giant dinosaurs failed to adapt to shifts in the earth's environment, large organizations often struggle to respond quickly to changes as they grow in size. However, companies with a track record of success, along with established technological and user foundations, should not fear

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 **Free Cash Flow (Earnings Power)**
- 33 **Perpetual Growth Rate (medium-long term constant growth)**
- 33 CPO Message
- 36 Evolution of LINE App
- 37 Generative AI Executive Message
- 39 CDO Message
- 40 Enhancement of Human Capital
- 42 Feature: Employee Roundtable
- 44 **WACC/Capital Cost (Business Foundation)**

57 Financial Data

change but embrace the challenge of trying something new.

When launching a new service, it is crucial to give users a clear reason to actively utilize it, whether through distinct advantages over existing, widely used services or by providing new forms of value. The key idea is not what we want to create, but rather what we should create to be chosen by users. To uncover these potential needs, I have always made an effort to listen directly to users' voices. Conducting focus interviews with local target users has been a consistent practice for me, not only when I first came to Japan, but in every country or region I've visited, including Taiwan, Thailand, Europe, and South America. Users' needs shift day by day, so we often describe internally them as a "moving target." While collecting user information via social media and other digital platforms has become highly efficient, I believe that truly uncovering latent needs and wants, which those users may not even be fully conscious of themselves, still requires in-person conversations and detailed dialogue.

Once we develop a true understanding of what users are thinking and seeking, the next step is to identify what we lack, decide what to change, and act swiftly. For instance, users are far more advanced in their use of generative AI than we often assume, and the technology is becoming as indispensable as today's internet and smartphones. Ultimately, the most important factor is to grasp user trends, align ourselves with the right paradigm shift, and deliver services that provide unmatched value and become the top choice for users.

Q. What is required to build a strong organization?

I believe that the most important factor in building a strong organization, which also applies to product development, is having an optimization-focused mindset. Optimization means finding the single best solution under given constraints of resources and conditions, and in corporate activities, this translates into maximizing ROI.

Similarly, in human resources and organizational management, it is essential to pursue optimization through the lens of ROI, as it leads to maximizing corporate performance and value creation. For instance, in development projects, I always assign roles and select team members flexibly, based on who is best suited for each specific phase. This is because depending on the development theme or project phase, there are times when advanced technical expertise, extensive experience, and know-how may be required and other times when the fresh perspective of a new hire—closer to that of a general user—proves more valuable. In the early trial-and-error stages of development, small, agile teams work best, but when moving to system implementation or service promotion, the right people need to be brought in at the right time. Thus, achieving optimal personnel allocation and organizational management requires carefully considering factors such as the situation at hand and the skills and experiences of each team member.

What must be avoided is overemphasis on titles and authority, which often leads to rigid chains of command that strifle progress. Even with authority, the likelihood of failure increases when supervisors intervene in areas they are not well-versed in. Personally, what I fear most is making a poor decision with irreversible consequences. That is why I do not feel even the slightest shame in retracting my previous statements. I see one of my strengths as the ability to admit and correct my mistakes without hesitation once I realize I was wrong.

Of course, mutual respect is required to collaborate within an organization, but simply bringing together kind and earnest people is not enough to energize an organization. If team members remain silent, prioritizing harmony over voicing doubts or dissenting views, fundamental problems will go unresolved. Even if they are seen as "troublemakers," individuals who can clearly point out risks and issues within an organization may cause some friction in the short term, but ultimately help steer projects in a better direction. The foundation of a strong organization lies in fostering a culture that values diversity, including those who may be seen as unconventional, and building relationships where anyone can openly point out mistakes.

I firmly believe that if we leverage the strengths LY Corporation has developed so far and approach service development the right way, we can create services that make users say "WOW!" and choose us as their No. 1—and that we will continue to grow as a company that not only survives but thrives in the AI era.

(Interview date: May 14, 2025)



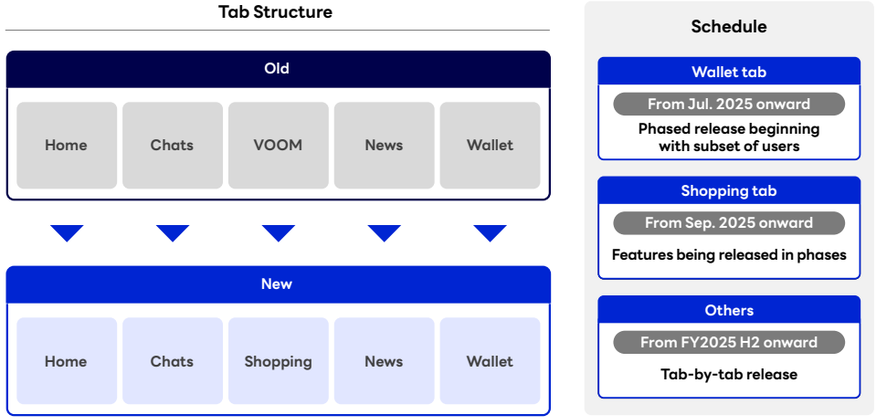
Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
33 CPO Message
36 Evolution of LINE App
37 Generative AI Executive Message
39 CDO Message
40 Enhancement of Human Capital
42 Feature: Employee Roundtable
44 WACC/Capital Cost (Business Foundation)
57 Financial Data

The Evolution of the LINE App

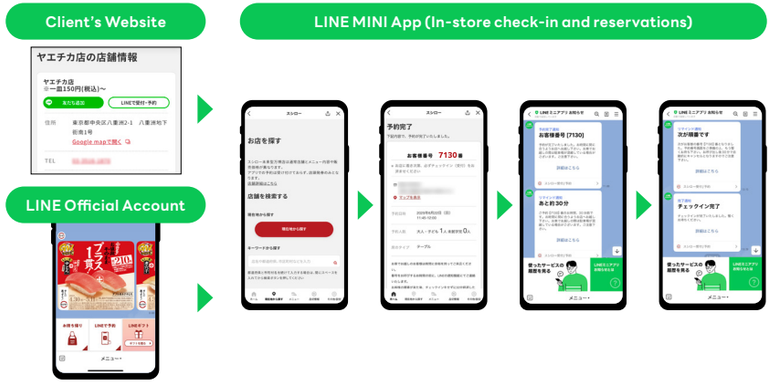
1. LINE app revamp

To promote cross-usage between services such as search and e-commerce provided by the LY Corporation Group, we are revamping the LINE app, including a redesign of its tab structure, starting in July 2025. This revamp aims to optimize user navigation to MINI Apps and e-commerce services. By offering AI agents for individual users on LINE, we will be able to support optimal recommendations and actions that best meet user needs through dialogue with AI. Through these initiatives, we aim to deliver new value and further enhance our competitiveness as a platform. This is an experience that only our company can provide, since we operate across a wide range of service domains, and we aspire to offer AI agents that seamlessly support users in diverse aspects of their daily lives.



2. LINE MINI App

The LINE MINI App platform allows users to access services without the need to download additional apps. As of 2025, the number of services has exceeded 20,000 and monthly active users (MAU) has surpassed 14 million. In this renewal, the Wallet tab will be revamped with a UI/UX designed to drive the broader adoption of LINE MINI Apps, with the aim of expanding their usage and increasing advertising revenue. In fiscal 2025, we will focus on enhancing the service infrastructure to strengthen traffic from LINE and Yahoo! JAPAN, with full-scale monetization to begin in fiscal 2026 and beyond.



3. LINE Commerce

As part of this revamp, a new Shopping tab will be introduced as the gateway to LINE's e-commerce services. This initiative aims to enhance the overall shopping experience and deepen user engagement. For example, users will be able to send gifts to friends via LINE Gift and receive personalized product recommendations through LINE Shopping. LINE is also developing new types of e-commerce services beyond traditional mall-style platforms. In the future, AI will play a key role in offering personalized product suggestions. These efforts aim not only to boost transaction volume on our platform but also to contribute to the overall growth of e-commerce penetration in Japan.



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
  - 33 CPO Message
  - 36 Evolution of LINE App
  - 37 Generative AI Executive Message
  - 39 CDO Message
  - 40 Enhancement of Human Capital
  - 42 Feature: Employee Roundtable
- 44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Message from the Officer in Charge of Generative AI



Gen Miyazawa

Executive Corporate Officer, Senior General Manager, Generative AI Group

Profile

Founded Cirius Technologies, Inc., where he launched businesses focused on mobile SEO and location-based advertising, after graduating from The University of Tokyo's Faculty of Úgriculture in 2004. Joined Yahoo Japan Corporation in 2010 following Yahoo Japan's acquisition of Cirius. Served as Corporate Officer, President of Search Services Company (2014), President of Media Company (2015), Managing Corporate Officer (2018), and Director, President of Corporate Group (2020). Since October 2023, serving as Executive Corporate Officer and Head of the Generative AI Group at LY Corporation.

From a tool to a partner: We will forge a new era together with generative AI.

Everything began with a deep sense of urgency: "If we don't act, this company won't survive"

In the spring two years ago, I was stunned by the emergence of GPT-3.5. Over my 20 years in the IT industry, I've witnessed many technological shifts, but the paradigm shift brought by generative AI was on another level. It was the most profound thing I had ever encountered. At that moment, I became convinced that this technology would fundamentally reshape not only LINE and Yahoo! JAPAN's services, but also how our employees work.

That conviction stemmed from a hard-learned lesson. Back in the Yahoo! JAPAN days, I led the media business through the transition to smartphones. I saw firsthand how users were moving away from PCs to smartphones and from our services to competitors. It made me acutely aware that responding quickly during times of dramatic change is vital. From this experience, I came to feel a powerful sense of urgency: "If we don't act, this company won't survive." Even if we had to start before everything was perfect, I realized that taking action early was the only way forward.

So I proposed to CEO Idezawa and CPO Shin that we establish a Generative AI Group. Their response was, "You're right. And you're the one to lead it." That is how I came to take on this pivotal role.

Since then, we have signed a direct agreement with OpenAI, applied the technology to our services, and created an environment where every employee can experience and explore the potential of AI. We knew that generative AI would drive a profound transformation. Rather than simply treating it as a technology deployment, we chose to revisit the very foundations of our business and pursue new value creation. Looking back, I believe that decision was the right one.

Leveraging 200 million users and 200 services: Our multi-vendor strategy

Developing large language models (LLMs) is a capital-intensive game. From the outset, we anticipated a rapid shift toward price competition. And as development progressed, it became increasingly difficult to differentiate based on LLM capabilities alone. We quickly concluded that competing in this arena with just our own resources would be unfeasible.

That is why we adopted a multi-vendor strategy, leveraging our competitive edge of 200 services and nearly 200 million users, to differentiate ourselves above the model layer rather than the model itself, and opted to use external models. Multiple model providers means an increase in choices, and, we believe this approach is optimal over the long term. What truly matters is transforming user experience and providing a better internet experience. We therefore prioritize selecting the best AI models for each service so users can enjoy greater convenience and efficiency.

In parallel, we are also developing in-house AI models. Especially for use cases such as customer support, where secure data handling is critical, we plan to deploy internal models to manage data and ensure security.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 **Free Cash Flow (Earnings Power)**
- 33 **Perpetual Growth Rate (medium-long term constant growth)**
  - 33 CPO Message
  - 36 Evolution of LINE App
  - 37 Generative AI Executive Message
  - 39 CDO Message
  - 40 Enhancement of Human Capital
  - 42 Feature: Employee Roundtable
- 44 **WACC/Capital Cost (Business Foundation)**

57 Financial Data

Message from the Officer in Charge of Generative AI

AI will inevitably be part of our future work

We expect all employees to be proficient in using AI. Given the variety of user data we handle, it is crucial that we protect this data while making the most of generative AI. To this end, we provide mandatory training on critical topics such as data handling precautions and key risks when using generative AI.

Whether in work styles or service implementation, we need to integrate AI with agility so that every individual can keep innovating. With the aim of encouraging all employees to engage with this change proactively and with enthusiasm, we instituted company-wide rules for the use of generative AI to lift productivity across roles.

Past studies show that roughly 30% of work time is spent on "research and search," "document creation," and "meetings"—areas with significant potential for AI-driven efficiency. We aim to redefine how we work by setting rules such as using internal apps to pre-structure meeting topics and assigning AI to automatically generate meeting minutes.

Although all employees already have access to generative AI, we deliberately instituted usage rules because we believe the future of work will inevitably involve AI. Company-wide rules help ensure that the benefits reach everyone and encourage everyone to use AI.

We see AI as a "partner" that supports our work, so we want employees to become adept at delegating tasks to AI. Managers who are good at assigning tasks to their team are likely to delegate well to AI. Likewise, those who excel at teamwork will likely thrive in AI collaboration. These are the kinds of capabilities we aim to cultivate.

Our present focus is on increasing the number of AI agents, and, in time, an individual employee may use 200 to 300 agents —or even thousands. In the future, we will likely see mechanisms in which AI agents learn and autonomously proliferate.

These new rules will promote even further AI use by all employees and are a significant step toward embedding AI across the organization. Through this transformation, we aim to boost productivity and accelerate the launch of new features and services.

Creating new values that will fundamentally transform people's lives

As Sam Altman noted at a recent conference, people in their 40s and above tend to use AI as a substitute for search engines. Those in their 30s are turning to AI for major life decisions, such as careers and marriage. Meanwhile, university students and those in their 20s are using AI almost like an operating system.

We, too, must explore how to fully leverage AI, not just as a search substitute, but as an operating system. This naturally raises the question, "What kind of AI works best for me?" The key is choosing AI tools specialized for specific tasks. Once people discover the AI that makes their work dramatically more efficient, or the one that's best for creating PowerPoint slides, they can maximize the impact of AI in their day-to-day work.

We believe that time is coming when our portfolio of services will truly shine. We foresee a future where AI agents connect our diverse services to support people in their daily lives. Tasks such as shopping and payments, performed manually, will increasingly be managed by AI agents, ushering in a new level of convenience.

This is something only we can offer. We believe our corporate group is among the world's best at



demonstrating just how convenient life can become when service providers fully leverage AI. Together with generative AI, we will create new value that will fundamentally transform people's lives.

(Interview date: May 26, 2025)

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
33 CPO Message
36 Evolution of LINE App
37 Generative AI Executive Message
39 CDO Message
40 Enhancement of Human Capital
42 Feature: Employee Roundtable
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Message from the CDO



Kiyoshi Sasaki

Executive Corporate Officer, CDO
Head of Data Group

Profile

After working on OS development at an IT firm, joined Yahoo! Inc. in 2008, where he worked on search engine development. Returned to Japan in 2009 and joined the former Yahoo Japan Corporation. After engaging in R&D in the marketing business, he held leadership roles, including Vice President of a data-dedicated division and President of Z Data Corporation. Now serves as Head of the Data Group at LY Corporation, overseeing group-wide policies, strategies, and organizational development.

We will establish and enforce data strategy and governance frameworks tailored to the generative AI era.

Toward a new era of data utilization

During my time at the former Yahoo Japan Corporation, I led the turnaround of our display advertising business and saw how leveraging data and science greatly enhanced ad performance and revenue—an experience that drove me to pursue data even more deeply. Subsequently, while leading the data-science work on projects such as the redesign of the smartphone version of the Yahoo! JAPAN homepage, I witnessed firsthand the significant impact that data and science can have on a business. These experiences convinced me of the potential of data utilization in business growth, and I have since been involved in data science.

Currently, we are working to integrate the data platforms of the former LINE and Yahoo Japan. During the process, we encountered an unauthorized access incident and devoted a period to strengthening governance, but we now have a clear line of sight to completing the integration.

Both former companies run data platforms of over 100 petabytes, among the largest in Japan. By integrating them seamlessly, we expect to accelerate more flexible and advanced data utilization going forward.

Evolving our foundations and insight to instantly solve user issues

As part of our FY2025 roadmap, LY Corporation announced its AI Agent Strategy, aiming to become a cutting-edge AI company. A key focus in achieving this strategy is refining and enhancing the data itself. Our greatest strength is the breadth of touchpoints embedded in users' daily lives and the diverse, large-scale user, product, and content data. However, to fully leverage these data in an AI agent-driven environment, we must further advance and enrich our data.

For instance, compared to conventional data like search or purchase histories, conversation-based interactions with AI agents yield information that expresses user needs far more richly. By creating a system that integrates this new data with existing datasets without losing depth, we will be able to deliver more accurate recommendations and support, further enhancing our competitive edge.

That said, our objective remains unchanged: to resolve users' issues instantly. In this sense, the rise of generative AI and AI agents has not shifted the goal of the Data Group, but rather marked a new phase—one where we deepen and advance the foundations and expertise we have built.

At the same time, we must now more seriously address the ethical dimensions of AI, a shared challenge across the industry. What AI learns and outputs is heavily influenced by the data and algorithms used. Biased input can lead to biased outcomes, so ethical considerations must be embedded from the design stage and operate with an emphasis on transparency and fairness. Most importantly, users must be able to use our services with confidence.

Looking ahead, we will continue to listen closely to advances in technology, societal expectations, industry dynamics, and user feedback and carefully consider how best to provide trusted services.

(Interview date: June 4, 2025)

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
  - 33 CPO Message
  - 36 Evolution of LINE App
  - 37 Generative AI Executive Message
  - 39 CDO Message
  - 40 Enhancement of Human Capital
  - 42 Feature: Employee Roundtable
- 44 WACC/Capital Cost (Business Foundation)

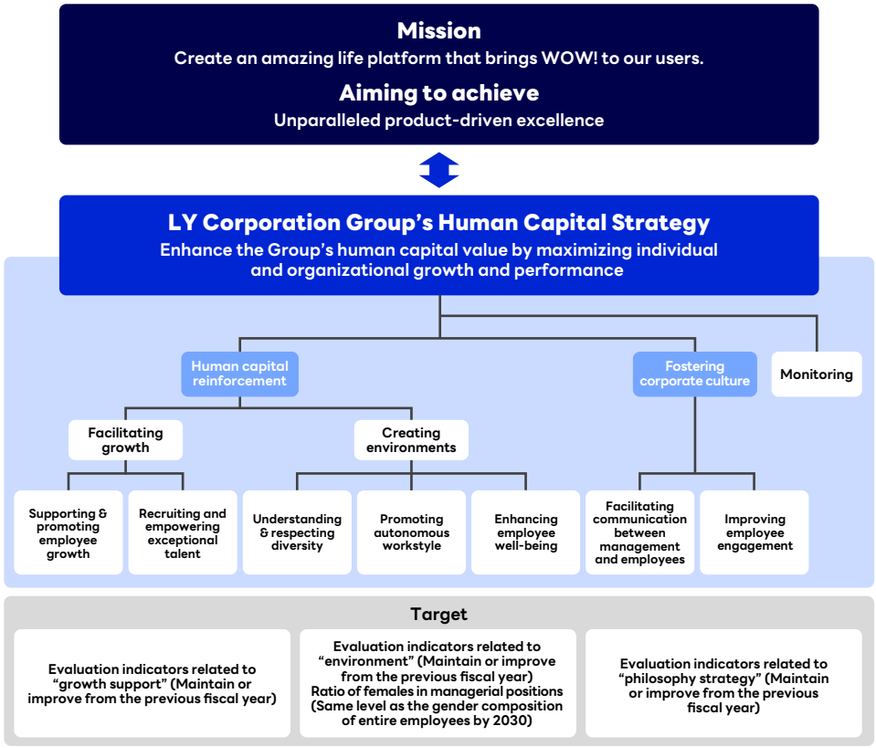
57 Financial Data

Enhancement of Human Capital (1)

Human capital strategy to enhance corporate value

The LY Corporation Group is committed to creating new value that surprises and inspires people, under its mission “Create an amazing life platform that brings WOW! to our users.” We believe that our employees, who create our diverse services, are the driving force behind sustainable value creation and competitiveness. Therefore, creating an environment where employees can realize their full potential and continue to take on challenges and grow contributes to enhancing the corporate value of the Group as a whole. Our human capital initiatives target two areas: developing human resources and fostering corporate culture, both defined as our material sub-topics. We promote two-way communication between management and employees, strengthen employee engagement, and foster a supportive work environment to enhance organizational vitality and, ultimately, corporate value.

LY Corporation Group’s human capital strategy overview



Company-wide development of AI talent

Developing AI talent across our entire workforce is one of our top priorities. Since 2023, all employees have access to our proprietary, chat-type AI assistant powered by OpenAI’s API, with ChatGPT Enterprise added in June 2025. Our internal audio program “Product Voice” features dialogue among the CPO, officer in charge of generative AI, and officers of each domain to communicate AI updates company-wide. We also engage in AI contests hosted by the SoftBank Group as well as our LY Corporation ChatAI Challenge, applying award-winning ideas in services and operations to invigorate AI use. In July 2025, we implemented a policy requiring all employees to use generative AI in all types of work, aiming to double productivity over the next three years and continuously drive innovation.

Visit our website for more details

Reinforcing human capital (1)—Supporting growth

In the fast-evolving and innovative internet industry, adaptive and self-driven individuals are key to creating new values. To build a solid foundation for growth, we are revamping our evaluation system to better reflect individual contributions to outcomes, products, and organizations and to maximize performance. Differentiated evaluations aim to foster personal growth and energize teams. Leadership development programs, including the Break through Leaders Program for future executives and those for new managers and female leaders, show our commitment to developing diverse talent. We are hiring diverse individuals to lead an AI-driven company through internships and recruitment and have introduced stock-based remuneration to align management with investors in the long-term value creation.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 33 CPO Message
- 36 Evolution of LINE App
- 37 Generative AI Executive Message
- 39 CDO Message
- 40 Enhancement of Human Capital
- 42 Feature: Employee Roundtable
- 44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Enhancement of Human Capital (2)

Reinforcing human capital (2)—Fostering a supportive environment

We strive to create an environment where employees can perform at their best. To strengthen product development, LY Corporation updated its working style starting in April 2025.*1 We believe communication quality is key to innovation. While keeping flexible work styles, we promote collaboration to build agile, responsive teams. Respect for diversity is vital to sustainable growth. Upholding “Users Rule” as a core value, we incorporate diverse user perspectives in development and embrace differences in attributes, values, and backgrounds. These efforts earned us recognition as a “Best Workplace” in the D&I AWARD 2024 and PRIDE INDEX 2024 certification. The ratio of women in managerial positions is one of the materiality indicators for our Group, and we have set a goal of achieving the same level as the gender composition of all employees by 2030. In terms of health and productivity management, we are enhancing our systems and workplace to support long-term employee well-being.*2

*1 In-house company employees generally work on-site weekly; others in engineering, corporate, etc., work on-site monthly.
*2 Selected in the large enterprise category (White 500) of the 2025 Certified KENKO Investment for Health Outstanding Organizations Recognition Program by Japan’s Ministry of Trade and Industry and Nippon Kenko Kaigi.

Fostering corporate culture



To strengthen our long-term competitiveness, we aim to build a culture where diverse talent grows with a future-focused mindset. LY Corporation Values encourage adaptability, respect for diversity, and high performance toward shared goals. These guidelines are regularly communicated by top management, including their principles and rationale. From 2025, the Global Values Awards will honor employees who embody these values and help make behavioral guidelines and best practices more visible by sharing exemplary actions across the organization.

Monitoring

At LY Corporation, we prioritize early detection of changes and accurate analysis for sustainable growth and maximization of human capital value. We use People Analytics to quantitatively monitor organizational health and support better decision-making. A key initiative is our monthly engagement survey. By collecting data on employee input and work conditions, we detect early signs of issues and act on them with both management and frontline teams. Monthly feedback boosts employee motivation and improves effectiveness of measures.

Goals, results, and initiatives

Target areas	Target	Results for FY2024	Initiatives
Growth support	Maintain or improve from the previous fiscal year	Maintained	We aim to foster an environment that supports both individual and organizational growth while maximizing performance. We continue to prioritize AI talent development and offer diverse opportunities and challenges that help employees take ownership of their careers and create new value.
Environment		No maintenance or improvement observed	We enhance communication initiatives to build an agile, responsive organization. In addition, we create a workplace culture where employees can work together by embracing their differences, grounded in a strong respect for diversity. We will also improve our systems to support both physical and mental well-being.
Philosophy strategy		No maintenance or improvement observed	To deepen understanding and promote the wider dissemination of our management policies and shared values, we strengthen organizational unity and the foundation for co-creation through company-wide meetings, internal communications, and cross-functional exchange initiatives. We also regularly conduct engagement surveys to continuously monitor employee engagement.

Indicators	Target	Results for FY2024	Initiatives
Ratio of females in managerial positions	Aim to achieve the same level as the gender composition of entire employees by 2030	19%	We analyze the disparity between the gender composition of employees and that of management using multifaceted data, including gender pay differences. Alongside training programs for female managers, we also provide training for their supervisors and DE&I programs for executives, supporting female leadership development and broader perceptional change.

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
33 CPO Message
36 Evolution of LINE App
37 Generative AI Executive Message
39 CDO Message
40 Enhancement of Human Capital
42 Feature: Employee Roundtable
44 WACC/Capital Cost (Business Foundation)

57 Financial Data



Shota Ueda
Sales Team 1, Partner Sales Department 1
After working as a pre-hire intern at former LINE, joined LY Corporation in 2024. As an AI evangelist within the sales division, spearheads the use of generative AI to enhance operational efficiency and elevate the quality of sales proposals.

Naho Yamada
Sales Team 1, Partner Sales Department 3
Joined former Yahoo Japan in 2023. Assigned to her current team following the intra-Group reorganization and has proactively learned the products of both LINE and Yahoo Japan.
Recieved the Rookie of the Year award in the sales division's recognition program.

Takeru Akaoseki
Manager, Sales Team 1, Partner Sales Department 1
Since joining former Yahoo Japan in 2019, has led a blended team of members from both former LINE and Yahoo Japan. Also plays a key role in promoting AI utilization within the Corporate Business Company (CBC) and leads efforts to integrate generative AI into sales operations.

Keita Sugawara
Senior Manager, Partner Sales Department 3 and Sales Promotion Department
Joined former Yahoo Japan in 2015 and has overseen advertising agency sales since his fourth year at the company. As a senior manager, responsible for designing sales KPIs, driving the adoption of key products, and fostering talent to strengthen the sales organization.

Feature

Employee Roundtable

Redesigning LY Corporation by combining knowledge

Formed through the integration of former LINE and Yahoo Japan ad agency teams, the members of the Marketing Partner Division reflect on the two years since the reorganization and share their future goals.

Two years of mutual learning: bridging gaps in knowledge and understanding

Akaoseki: Looking back two years after the intra-Group reorganization, I didn't find cultural differences to be a major hurdle. That said, managing a blended team required bridging gaps in product knowledge and familiarity, since each had worked with different offerings.
Yamada: I joined my current team at the same time and had to learn both LINE and Yahoo! JAPAN products simultaneously, which was quite tough. With so much information and frequent updates, it's hard to fully grasp each product's strengths and pitch them effectively—and that remains a challenge for me.
Ueda: Senior colleagues from LINE often told me they felt uneasy selling Yahoo! JAPAN Ads "Search Ads," since LINE didn't have an equivalent product.

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 **Free Cash Flow (Earnings Power)**
- 33 **Perpetual Growth Rate (medium-long term constant growth)**
  - 33 CPO Message
  - 36 Evolution of LINE App
  - 37 Generative AI Executive Message
  - 39 CDO Message
  - 40 Enhancement of Human Capital
  - 42 Feature: Employee Roundtable
- 44 **WACC/Capital Cost (Business Foundation)**

57 Financial Data

Feature : Employee Roundtable

Sugawara: To address those challenges, we created an open environment where colleagues across departments could ask product questions, like “What should I do in this case?” or “What does this feature do?” The initiative quickly gained momentum, and daily questions and knowledge sharing evolved into regular study sessions.
Yamada: The open atmosphere really helps. When I don’t know something, I can easily ask someone who does, and I really value that.
Sugawara: From the client’s perspective, there is no “former LINE” or “former Yahoo Japan,” only LY Corporation products. We all knew internal issues must never affect our partners or clients. So we treated each other like new hires, learning from scratch together, and that accelerated knowledge sharing.

Aiming for a sales style unique to LY Corporation to deliver more value

Sugawara: To be honest, knowledge gaps remain and some parts of the organization are not fully integrated. Even so, I feel our joint efforts are steadily bringing us together.
Yamada: I agree. With LINE and Yahoo Japan joining forces to bring vast data and powerful platforms together, I see endless opportunities. With more products and increasingly complex data, there is always more to learn.
Ueda: Now in my second year, I have gained a deeper understanding of LY Corporation’s broad product portfolio and features. Being part of a company with such diverse services and data, I want to leverage these assets to better support our clients.
Yamada: As each product’s possibilities expand, presenting them as LY Corporation’s unified data and products will make our work even more exciting.
Sugawara: We are getting better at bringing real market feedback into our conversations with agency partners. Previously we could lead only Yahoo! JAPAN Ads, but now we can also propose LINE Official Account and LINE Ads, enabling more comprehensive solutions. It reminds me of how much untapped potential we have as a company.
Akaoseki: That is why we must use AI to amplify what only people can do—needs discovery and articulation of issues. As more colleagues at LY Corporation take on unprecedented challenges, I believe combining generative AI with human capabilities will enable us to meet client and partner expectations.
Ueda: I completely agree. As AI becomes part of daily workflow, I want to leverage it to sharpen my skills and deliver more valuable proposals.
Sugawara: I believe the possibilities created by the intra-Group reorganization of LINE and Yahoo Japan are limitless. If we execute, we can win. Even in a competitive market, LY Corporation can be the trusted go-to partner, where clients and agencies say, “It’s easiest to work with LY Corporation.” That is how we will grow stronger as a company.

(Interview date: July 15, 2025)



Message from the Corporate Officer in Charge of Sustainability

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)
- 44 Sustainability Corporate Officer Message
- 46 Sustaibability Initiatives
- 47 Environmental Effort for Future Generations
- 48 Supply Chain Management and Human Rights
- 49 Evolution of Governance
- 50 Corporate Governance System
- 52 Directors' Skills Matrix
- 53 Board Effectiveness Evaluation
- 54 Remuneration Policy
- 55 Security Governance Framework
- 56 CISO Message

57 Financial Data



Shuichi Nishida
Corporate Officer,
Senior General Manager of
Sustainability Group

Profile

Joined Yahoo Japan Corporation (now LY Corporation) in 2004. Managed Yahoo! JAPAN Top Page and Yahoo! JAPAN Search. Appointed Corporate Officer for sustainability, CSR, etc. in 2017. Since October 2023, serves as Corporate Officer and Senior General Manager of Sustainability Group, LY Corporation.

We strive to be a trusted life platform, creating positive social impact.

Material topics revised to reflect the intra-Group reorganization and business changes

In September 2025, LY Corporation updated its material topics, reflecting the intra-Group reorganization of October 2023. As we foster a new corporate culture uniting the legacies of LINE Corporation and Yahoo Japan Corporation, we recognized the need to review our material topics as LY Corporation. Other drivers included rapid business changes such as the rise of AI and forthcoming compliance with new Sustainability Standards Board of Japan (SSBJ) disclosure standards.

In revising our material topics, we thoroughly discussed risks and opportunities, drawing on feedback from customers, partners, and Group employees. The new topics were finalized through collaboration among relevant departments, including Corporate Planning and Risk Management, and senior management.

Through this revision, we reaffirmed that our top priority is “reinforcement of security governance and privacy protection,” positioning it as the most critical topic. In line with our mission to serve as a “life platform” providing the information infrastructure that supports daily life, we regard secure, reliable management of user data as essential. With copyright infringement and mis/disinformation from generative AI becoming major concerns, we must operate responsibly under an ethical framework that adapts to new technologies.

We also reviewed our approach to human resources. To create diverse services in the era of AI agents, we require expertise in data analytics, generative AI, and information security, as well as talent who can enhance organizational and business operations by applying varied specializations. Accordingly, we included “Maximizing human capital” as a material topic linking individual growth with organizational growth.

In this revision, we set indicators and targets for each topic and will monitor progress through the PDCA cycle to ensure continuous improvement.

Developing a diverse emissions reduction portfolio toward carbon neutrality

We have set short-, medium-, and long-term targets to guide our greenhouse gas reductions. In the short term, LY Corporation is on track to achieve net-zero Scope 1 and 2 emissions on a standalone basis by FY2025. In the medium term, we aim for net-zero Scope 1 and 2 emissions across the Group by 2030, with steady progress already underway. In the long term, we target net-zero Scope 1, 2, and 3 emissions across the Group by FY2050. As global Scope 3 methodology remains under development, we will begin with careful estimation.

To advance carbon neutrality in today’s changing world, we are developing a multifaceted portfolio of emission reduction measures. Past energy crises driven by geopolitical risks, such as the wars in Ukraine and the Middle East, highlight uncertainties in energy conditions. Securing renewable energy and environmental certificates may not always be straightforward. By diversifying reduction measures,

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Message from the Corporate Officer in Charge of Sustainability

we aim to minimize external impacts and steadily progress toward carbon neutrality.

One approach is long-term renewable energy agreements known as power purchase agreements (PPAs). As onsite plants near our facilities are impractical, we plan to use offsite virtual PPAs. We have signed a 20-year agreement to annually purchase 85 GWh of renewable energy with additionality from the Maniwa Solar Project, Japan's largest single-unit solar project for VPPAs. Operations are scheduled to begin in August 2026, with an expected reduction of 740,000 tons of emissions over 20 years. We also purchase J-Credits from forests owned by forestry operators and local governments.

While credit purchases are important, it is vital that we pursue tangible activities ourselves. Our employees participate in tree planting to contribute to greenhouse gas reductions over the next 20–30 years. Because forest management also supports water replenishment and biodiversity, we will expand such efforts into broader environmental areas, building on our carbon neutrality efforts.

Quantifying our social impact to demonstrate the LY Corporation Group's new enterprise value

I believe that Creating Shared Value (CSV)—solving social issues through business while balancing social and economic value—is the cornerstone of our sustainability strategy. To advance this, we are quantifying our business's social impact. One example is the "Impact Assessment of Municipalities' Consultation Services Using LINE," conducted with the Public Management and Social Strategy Institute Inc. Covering 20 local government projects from FY2017 to FY2023, the study converted outcomes into monetary terms, estimating JPY 1.1 billion in value created and a Social Return on Investment of 1.89. Although still at a preliminary stage, we also assessed the social value generated by Yahoo! JAPAN Internet Fund Raising. We estimated donations that would not have occurred without this platform, averaging JPY 830 million per year. This reflects users' trust in the platform and the ease of donating during disasters—factors that encouraged donations. Quantifying and clearly presenting our social impact is vital, and if recognized by investors and reflected in higher market value, it will strongly motivate us to create even greater social value.

Visit our website for more details

Of course, it is also essential to reinforce our safeguards as a company, particularly respect for human rights across our operations and supply chain. To this end, we must follow global standards such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. In 2024, we revised our Group Human Rights Policy and established a Human Rights Working Group under the Sustainability Committee, with representatives from across the Group, strengthening our unified approach to human rights.

We also emphasize ESG disclosure, enhancing transparency through responses to CDP on Climate Change and Water Security, and alignment with SSBJ standards. As a Prime Market-listed company, we seek to improve transparency and enterprise value, thereby fulfilling our responsibilities to society.

(Interview date: June 16, 2025)



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Sustainability Initiatives of the LY Corporation Group

Basic Policy on Sustainability

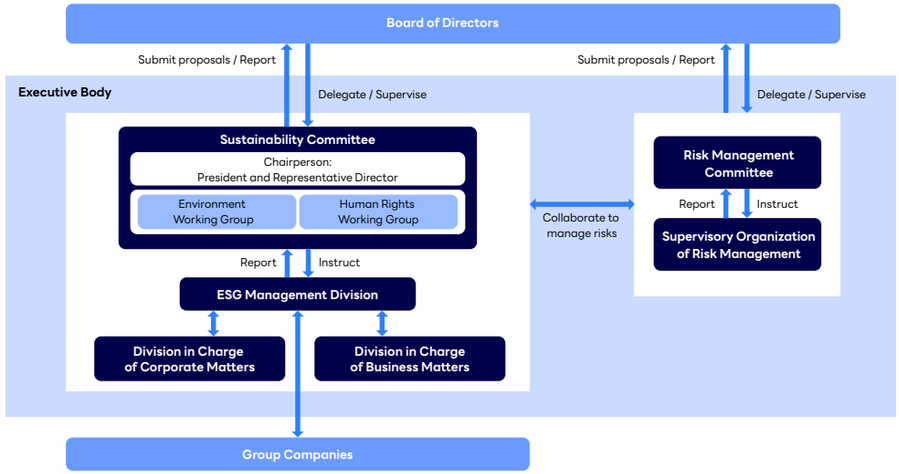
The LY Corporation Group upholds "Create an amazing life platform that brings WOW! to our users." as its mission. The Group will bring positive impact to society through its businesses and promote sustainability management that takes responsibility for future generations by addressing social issues, including the global environment and human rights.

To promote sustainability management, the LY Corporation Group establishes the following Basic Policy on Sustainability and identifies six material topics.

1. Promote sustainability from the standpoints of both society and business
2. Work collectively to address sustainability while taking advantage of the unique characteristics of each Group company
3. Take on challenges without being bound by precedents, and strive to continuously generate innovation

Sustainability management structure

We have established the Sustainability Committee as the executive body under the supervision of the Board of Directors to promote initiatives to address various sustainability issues across our Group companies. The Sustainability Committee includes two groups: the Environment Working Group and the Human Rights Working Group, each responsible for examining and promoting measures to address specific issues. In addition, the organization related to risk management and responsible for overseeing ERM*1 collaborates with sustainability-related organization to identify, assess, and mitigate sustainability-related risks.



Regarding the supervisory structure, the Board of Directors receives proposals and reports on important matters from the Sustainability Committee as needed, and it also receives reports on company-wide risks, including sustainability-related risks, from the Risk Management Committee once every six months in principle. The Board of Directors oversees sustainability-related risks and their management through deliberation and resolution of the important matters brought up for discussion. In addition, in order to ensure that the directors*2 are committed to promoting sustainability, we have incorporated sustainability evaluation as an indicator for determining cash bonuses for their executive remuneration within the range of ±5%. The sustainability evaluation indicator (±5%) is resolved by the Nominating and Remuneration Committee, the majority of whose members are independent outside directors. Visit our website for more details

Organization	Roles	Composition	Frequency of meetings
Sustainability Committee	The executive body promoting the sustainability initiatives of our Group	[Chair] President and Representative Director [Members] Executive Corporate Officer (CFO and Governance) , Corporate Officer (Sustainability), Senior General Manager (Human Capital & General Affairs) , Independent Outside Director	Four times a year in principle
Environment Working Group	Discussion and promotion of our Group's environmental policies and initiatives	[Chair] Corporate Officer (Sustainability) [Members] Environmental officers from each Group company	Three times a year in principle
Human Rights Working Group	Discussion and promotion of our Group's human rights policies and initiatives	[Chair] Senior General Manager (Human Capital & General Affairs) [Members] Human rights officers from each Group company	Twice a year in principle
Risk Management Committee	Policy decisions related to identifying and managing significant risks of our Group	[Chair] President and Representative Director [Members] Directors (excluding Outside Directors), Person designated by the Chief Executive of Risk Management, Corporate Officer (Risk Management)	Twice a year in principle

Risk management related to sustainability

We identify risks that could affect the achievement of our Group's mission and business goals through risk assessments conducted under our ERM framework. These risks are then analyzed from two angles: (i) how severe the impact would be if the risk materializes (i.e., how much it would affect our ability to achieve goals), and (ii) the likelihood of the risk materializing (i.e., how likely and frequently it would occur). From this, the Company assesses the risk level based on impact × likelihood and prepares measures accordingly.

*1 Enterprise Risk Management
*2 Excluding directors who serve on the Audit and Supervisory Committee

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Identifying key risks related to climate change and natural capital

We consider risks related to climate change and natural capital as critical factors in ensuring business continuity and competitiveness. To identify these risks, we collect the results of risk assessments conducted by business units and Group companies and use them to identify, prioritize, and monitor risks, after which we hold discussions and take actions accordingly.

Visit our website for more details

Identification process	Anticipated scenarios and key risks
• Scenario analysis based on IEA/IPCC frameworks • Risk analysis using the LEAP approach	• Cost increase stemming from the introduction of carbon taxes and emissions trading • Cost increase due to increased power and energy consumption • Data center performance degradation or data loss caused by intensifying extreme weather • Reputational impact due to growing demands for monitoring and disclosure of water usage and waste management, etc.

Key indicators and progress

Recognizing our reliance on energy and water resources, as well as the environmental impact of our entire supply chain, the LY Corporation Group has identified greenhouse gas reduction and sustainable use of water resources as key issues and has established corresponding targets and indicators.

Visit our website for more details

		FY2022 (Base year)	FY2023	FY2024
Amount of GHG emissions	**Short-term target** By FY2025, reduce LY Corporation's GHG emissions subject to Scopes 1 and 2 to net-zero ($mtCO_2e$)	99,433	79,698	8,400
	Medium-term target By FY2030, reduce the LY Corporation Group's GHG emissions subject to Scopes 1 and 2 to net-zero ($mtCO_2e$)	117,759	92,567	19,689
	Long-term target By FY2050, reduce the LY Corporation Group's GHG emissions subject to Scopes 1, 2 and 3 to net-zero ($mtCO_2e$)	3,396,196	3,382,376	4,004,124
Water consumption	By FY2030, reduce the LY Corporation Group's water consumption by 10% from FY2022 levels (m^3 per JPY 1 million in revenue)	0.285	0.289	0.312

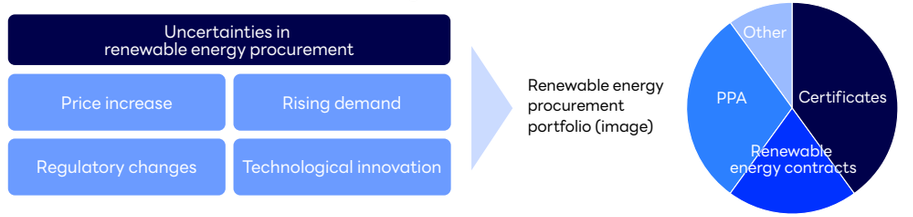
Strategies for risk mitigation

As the Group offers a wide range of internet services, a significant portion of our total energy consumption is attributed to our data centers. We therefore view improving data center efficiency and transitioning to renewable energy as key to risk mitigation.

In particular, maintaining a stable shift to renewable energy over the medium to long term is essential. To achieve this, it is necessary to build a diverse procurement portfolio to mitigate risks such as rising renewable energy prices and procurement shortfalls over the medium to long term. In addition to our existing procurement methods, we have introduced renewable energy with additionality through a PPA, creating a genuine and stable procurement portfolio. With this, we aim to achieve carbon neutrality, while also contributing to the widespread adoption of renewable energy and the realization of a decarbonized society.

Visit our website for more details

To address uncertainties, we aim to build a renewable energy procurement portfolio that diversifies sourcing methods and reduces risks.



We also address issues related to natural capital by considering both risks and opportunities from multiple perspectives, implementing appropriate measures, and promoting dialogue and collaboration with stakeholders to help build a sustainable society.

Visit our website for more details

Major recognitions from external evaluators

LY Corporation has been included for the first time in the Climate Change A List, a top rating, in the FY2024 survey by CDP, a global non-profit organization for environmental information disclosure.

Visit our website for more details

Climate CDP A List 2024

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)
- 44 Sustainability Corporate Officer Message
- 46 Sustaibability Initiatives
- 47 Environmental Effort for Future Generations
- 48 Supply Chain Management and Human Rights
- 49 Evolution of Governance
- 50 Corporate Governance System
- 52 Directors' Skills Matrix
- 53 Board Effectiveness Evaluation
- 54 Remuneration Policy
- 55 Security Governance Framework
- 56 CISO Message

57 Financial Data

Supply Chain Management and Respect for Human Rights

Strengthening supply chain management

Our Group has established a Basic Policy on Procurement to promote sustainable and fair trading with suppliers, covering legal compliance, fair partner selection, environmental conservation, respect for human rights, and other matters. In July 2024, we formed an organization to strengthen supplier management and launched a new risk assessment process for procurement. This includes pre-transaction investigations into anti-corruption, economic security, information security, and compliance to ensure safe business dealings. In principle, we also include ESG-related terms such as human rights and environmental responsibilities in contracts with suppliers to which work is outsourced to ensure shared values and responsible trading across the supply chain. Visit our website for more details

Human rights initiatives

Our Group conducts business in line with international human rights standards, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We advance human rights due diligence through our enterprise risk management framework to respect the rights of all individuals involved and sustainably enhance corporate value.

Human rights due diligence process

Policy commitment
LY Corporation Group Human Rights Policy

1. Identification/assessment of human rights risks
- Implementation of assessments to identify human rights risks
- Implementation of risk assessments of business partners
- Implementation of assessments of human rights risks taking into account social conditions

2. Prevention/mitigation measures of human rights risks
- Impremention of measures to prevent/mitigate human rights risks
- Impremention of human rights awareness activities, including those at Group companies

3. Implementation/monitoring
- Implementation of follow-up checks when potential adverse impacts on human rights are identified

4. Information disclosure/ communication
- Regular disclosure of the status of human rights due diligence on the website
- Establishment of contact point for consultation
- Awareness raising of human rights among young users

Stakeholder engagement

Grievance mechanism

Risk identification and mitigation

Since FY2021, we surveyed Group companies to assess the status of their business and human rights initiatives and human rights risks in detail. From FY2024, we introduced scores for the survey results and followed up with companies that fell below the standard in the previous fiscal year. As a result, all evaluated companies exceeded the standard, with no apparent human rights impacts. For ongoing concerns, we collaborate with each company to identify and mitigate risks, thereby enhancing the Group's business and human rights initiatives.

Results of human rights assessments

Fiscal year	No. of target companies (Japan, overseas)	No. of companies surveyed (Japan, overseas)	Survey coverage	Companies requiring risk mitigation	Ratio	Companies that implemented mitigation plans	Implementation ratio
FY2024*1	5 (4, 1)	5 (4, 1)	100%	0	0%	–	–
FY2023*2	53 (33, 20)	53 (33, 20)	100%	6	11%	6	100%
FY2022	77 (48, 29)	77 (48, 29)	100%	0	0%	–	–

*1 In FY2024, among the six companies that were subject to risk mitigation in FY2023, two were excluded due to business reorganizations, etc., leaving four. Adding one new company to that group, a total of five companies (four in Japan, one overseas) were assessed.
*2 In FY2022–FY2023, the number of assessed companies fluctuated due to the merger.

Measures taken in FY2024

Outline of potential risks	Mitigation and corrective measures
• Fundamental approach to human rights (awareness of human rights-related laws)	Conducted hearings on the status of measures and implemented the following actions, alongside continuous monitoring: • Sharing of educational and awareness-raising content • Provision of response procedures and know-how at LY Corporation • Consideration of specific countermeasures
• Measures towards business partners, including the supply chain (efforts to respect human rights, compliance with prohibitions on forced labor, human trafficking, and child labor)	

Grievance mechanism

We established a consultation desk for all stakeholders (customers, suppliers, supply chain workers, employees, etc.) to ensure that human rights issues related to our business activities are known and addressed. A whistleblowing system is also in place to report compliance violations, including human rights issues like discrimination and harassment.

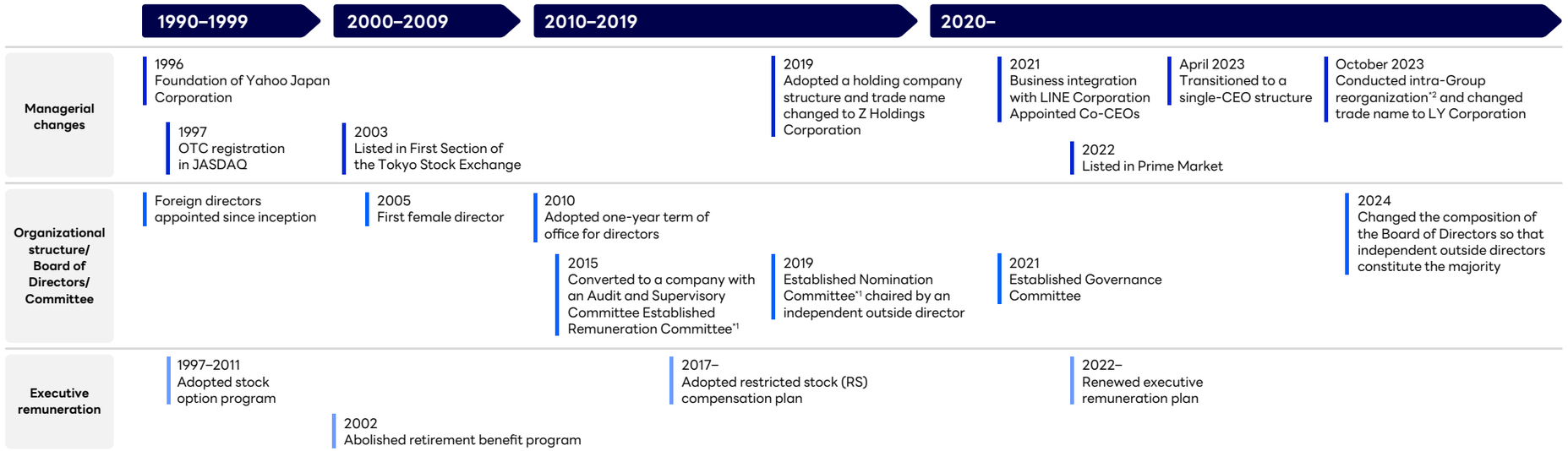
Visit our website for more details

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Evolution of Governance

Our corporate governance continues to evolve against the backdrop of changes in the market for digital platform operators and the expansion of our Group's business. Following the 2021 business integration of Z Holdings Corporation and LINE Corporation, we revised our institutional design. In addition to the existing voluntary Nominating and Remuneration Committee, we established the Governance Committee, a voluntary committee composed entirely of independent outside directors. In June 2024, the Board of Directors was restructured so that independent outside directors form the majority. We will continue to strengthen the Board's supervisory function and further improve corporate governance.

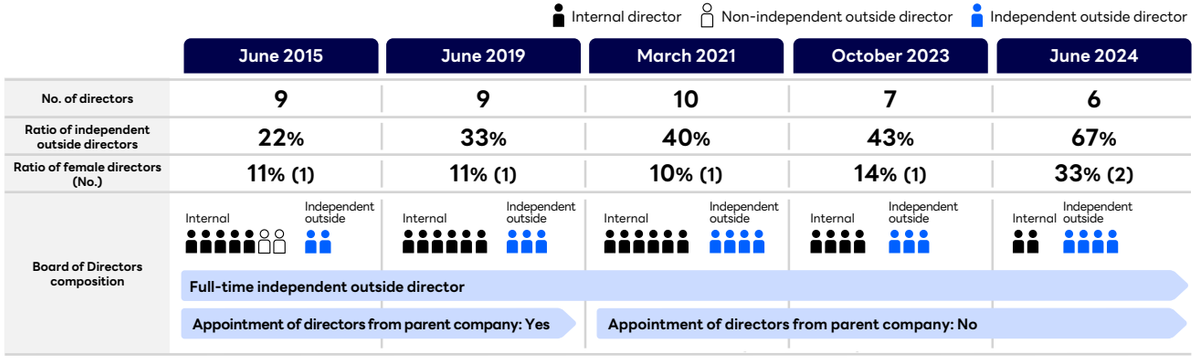


*1 Reorganized to Nominating and Remuneration Committee in 2020, chaired by an independent outside director.
*2 As of October 1, 2023, Z Holdings Corporation conducted an intra-Group reorganization mainly around the core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, integrating the companies to one company with Z Holdings Corporation as the surviving company.

Changes in Board of Directors*

We have strengthened the Board's supervisory function by appointing a full-time independent outside director, and since June 2024, we changed its composition so that independent outside directors form the majority. Following the March 2021 business integration between Z Holdings Corporation and LINE Corporation, directors invited from the parent company have retired, and since June 2023, no director has concurrently served as a director of the parent company.

*Status after transition to a company with an Audit and Supervisory Committee



	June 2015	June 2019	March 2021	October 2023	June 2024
No. of directors	9	9	10	7	6
Ratio of independent outside directors	22%	33%	40%	43%	67%
Ratio of female directors (No.)	11% (1)	11% (1)	10% (1)	14% (1)	33% (2)
Board of Directors composition	Internal / Independent outside	Internal / Independent outside	Internal / Independent outside	Internal / Independent outside	Internal / Independent outside
	Full-time independent outside director				
	Appointment of directors from parent company: Yes		Appointment of directors from parent company: No		

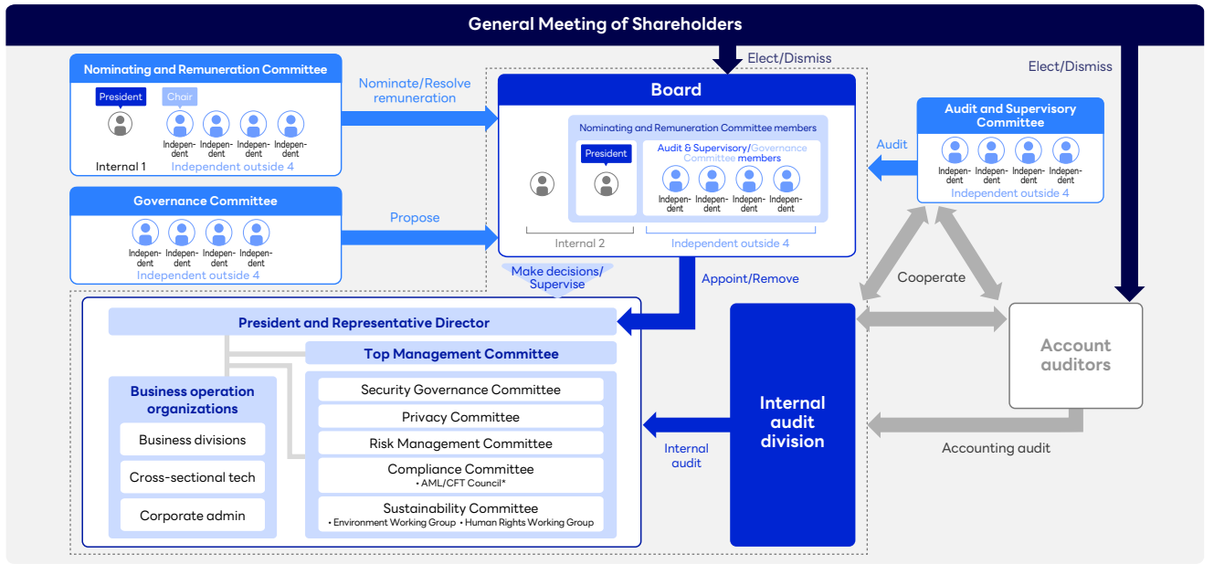
Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Corporate Governance System

We regard corporate governance as a vital function to enhance medium- to long-term enterprise value and conduct appropriate, effective management. To ensure swift, transparent, and fair decision-making that reflects the nature of the internet industry, we have adopted a system with an Audit and Supervisory Committee and established the Nominating and Remuneration Committee and Governance Committee as voluntary committees.
As of June 18, 2024, we have changed the composition of our Board to six directors (of which four are independent outside directors, accounting for the majority) to separate management from business operations and reinforce corporate governance.

*The AML/CFT Council reports and discusses initiatives to combat money laundering and financing of terrorism. (AML stands for Anti-Money Laundering, while CFT stands for Combating the Financing of Terrorism.)

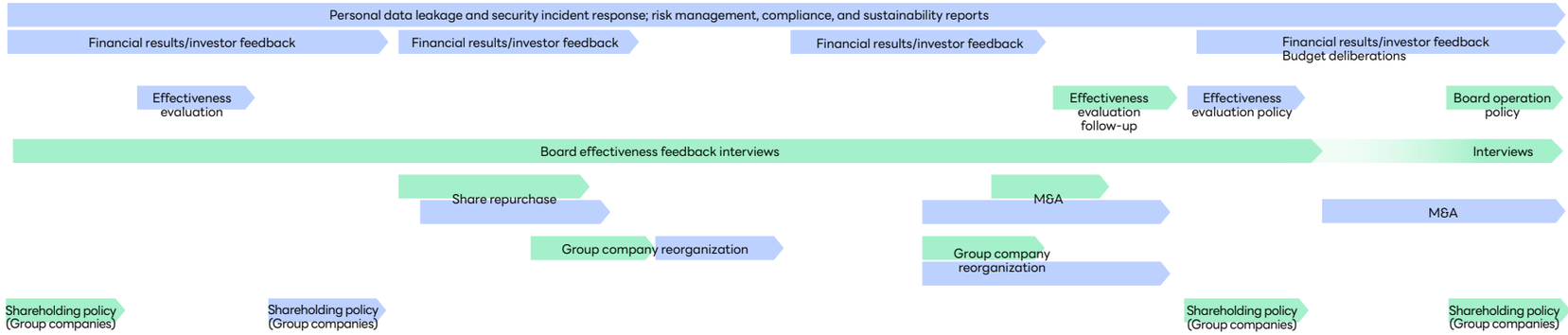


FY2024 meetings overview

(No. of sessions)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Board of Directors	1	1	2	1	2	1	1	1	4	1	1	2
Governance Committee	1	1	2	4	2	1	—	1	3	2	1	3
Audit and Supervisory Committee	1	2	2	1	1	1	1	1	1	1	1	1
Nominating and Remuneration Committee	1	2	1	1	—	—	—	1	—	1	1	—

Key Board and Governance Committee topics



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Board of Directors

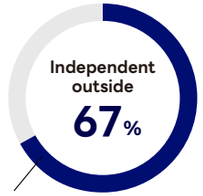
Chair Takeshi Idezawa **FY2024 meeting** 18

The Board decides on management policies/strategies, business plans, key asset transactions, and organizational and HR matters, and it oversees directors' performance.

FY2024 agenda

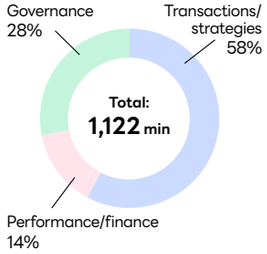
- Transactions/strategies
  - PMI of intra-Group reorganization (updates per in-house company)
  - Group company reorganization
  - Large-scale transactions by the company and subsidiaries (e.g. M&A, share buyback under capital allocation policy)
- Performance/Finance
  - Quarterly earnings, disclosure policy, investor feedback
  - Budget deliberations
- Governance
  - Responses to personal data leakage, security incidents
  - Risk management, compliance, sustainability reports
  - FY2024 board effectiveness evaluation

Composition



Independent outside directors: 4
Internal directors: 2

Deliberation time by agenda (FY2024)



Audit and Supervisory Committee

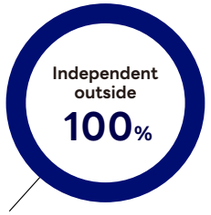
Chair Yoshio Usumi **FY2024 meeting** 14

The committee audits and oversees the validity of all business policies, plans, and procedures as well as operational effectiveness and legal compliance. Based on audit plans and results from accounting auditors and the internal audit division, it also shares opinions with non-Committee directors.

FY2024 agenda

- Progress on enhancing competitiveness
- Review of response status to personal data leakage due to unauthorized access
- Management and internal control validity/effectiveness, etc.

Composition



Independent outside directors: 4

Nominating and Remuneration Committee (voluntary)

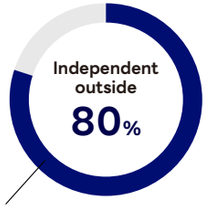
Chair Yoshio Usumi **FY2024 meeting** 8

The committee makes proposals to the Board on matters such as director nominations and sets/provides recommendations on directors' pay (excluding Audit and Supervisory Committee members). To ensure independence, most members are independent outside directors, and resolutions require approval by a majority of attendees, with over half eligible present.

FY2024 agenda

- Directors' pay levels/composition
- Performance metrics and calculation for cash bonus/stock grants
- Future representative director structure and director appointments

Composition



Independent outside directors: 4
Yoshio Usumi (Chair)
Maiko Hasumi
Tadashi Kunihiro
Yuko Takahashi

Internal director: 1
Takeshi Idezawa

Governance Committee (voluntary)

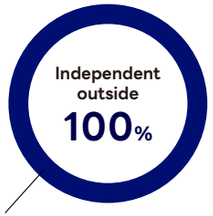
Chair Tadashi Kunihiro **FY2024 meeting** 21

The committee reviews related-party (e.g. parent company) transactions requiring Board discussion, assessing fairness, economic rationale, and legality before submission to the Board. It also checks related-party transactions above a set threshold not submitted to the Board, using the same criteria. Furthermore, by addressing key corporate governance issues, it strengthens Board oversight, improves governance, and protects minority shareholders.

FY2024 agenda

- Transactions with related parties (e.g. SoftBank Group Corp., SoftBank Corp., A Holdings Corp., NAVER Corporation) and their subsidiaries
- Group restructuring
- Major deals (e.g. M&A)
- Dialogue with outside directors of related parties and listed subsidiaries, proposals on Board effectiveness evaluation

Composition



Independent outside directors: 4
Tadashi Kunihiro (Chair)
Yoshio Usumi
Maiko Hasumi
Yuko Takahashi

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Directors' Skills Matrix

		 Kentaro Kawabe (Age: 51)	 Takeshi Idezawa (Age: 52)	 Yoshio Usumi (Age: 67)	 Maiko Hasumi (Age: 51)	 Tadashi Kunihiro (Age: 69)	 Yuko Takahashi (Age: 59)
Position	Gender	Male	Male	Male	Female	Male	Female
	Positions, etc.	Chairperson and Representative Director	President and Representative Director, CEO (Chief Executive Officer)	Outside Director (Independent Director) Full-time Audit and Supervisory Committee Member Experienced corporate executive	Outside Director (Independent Director) Audit and Supervisory Committee Member Financial analyst (MBA)	Outside Director (Independent Director) Audit and Supervisory Committee Member Attorney at law	Outside Director (Independent Director) Audit and Supervisory Committee Member Certified Public Accountant
	Years in office	7 year	4 year	6 year	4 year	4 year	1 year
Expertise, etc.	Corporate management	●	●	●			●
	Industry experience	●	●		●		
	Global management / Internationality		●				
	Investment / Market				●		
	Management / Corporate planning / Finance / Accounting			●			●
	Risk Management / Law					●	
	ESG	●		●		●	

Notes: *This skills matrix does not represent the entirety of each director's knowledge or experience, but highlights their primary areas of expertise and specialization.
*Age and years in office are as of October 31, 2025.

Details of expertise/experience

Corporate management	Experience in corporate management
Industry experience	Expertise in IT industry and digital transformation (e.g. advertising, media, e-commerce, fintech)
Global management/ Internationality	Experience in overseas business development, etc.
Investment/Market	Expertise such as knowledge of financial markets as an analyst

Management/Corporate planning/Finance/Accounting	Expertise in corporate operations (e.g. management accounting, corporate planning, financial accounting, human resources)
Risk management/Law	Expertise in risk management and legal matters
ESG	Expertise in ESG areas represented by environment, social (human resource development, social contribution), and governance (corporate governance, security, privacy)

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Board Effectiveness Evaluation

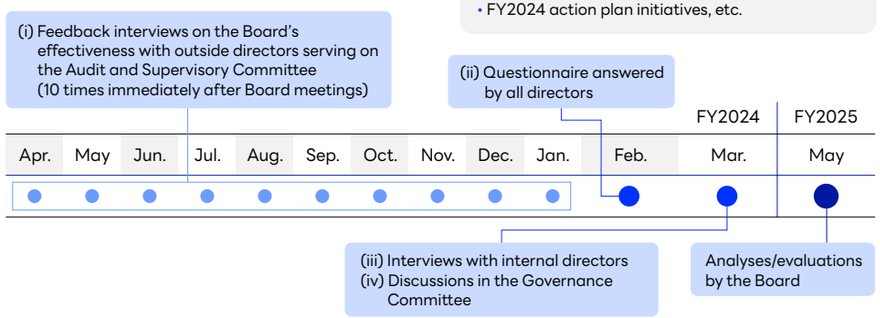
We conduct an annual evaluation of the effectiveness of our Board of Directors to further enhance the governance of our Company and the Group. To strengthen governance through the PDCA cycle, we review the progress made on issues identified in the previous year and establish new priorities and action plans based on the findings. In addition, interviews are conducted with outside directors to gather feedback on the Board's effectiveness after its meetings to enable prompt and detailed improvements throughout the year. The summary for FY2024 is as follows.

Method of evaluation

The Board's effectiveness was analyzed and evaluated mainly by implementing measures (i) to (iv) below.

Key questionnaire items

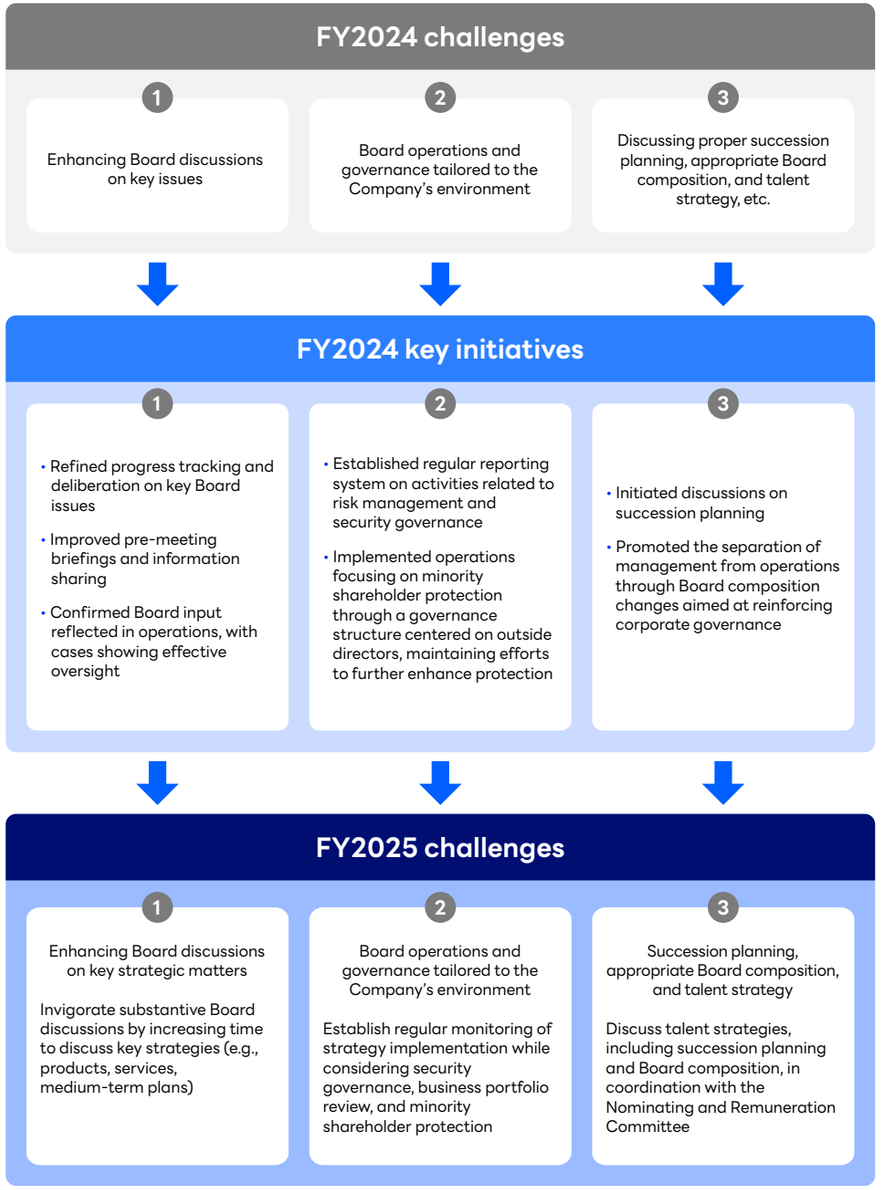
- Board composition and operation
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring
- Evaluation and remuneration of top management
- Dialogue with shareholders
- FY2024 action plan initiatives, etc.



Evaluation results

The Board analyzed and discussed the results of (i) to (iv) and other factors, concluding that it is effective as a whole. Key points are as follows:

- Since June 2024, the Board comprises six directors with a majority of four outside directors. This has facilitated separation of management from operations and diversified directors' expertise, which has enhanced discussions.
- Outside directors have influenced and provided proposals on specific negotiation policies of business operations, effectively demonstrating the Board's supervisory function.
- Progress on key issues is regularly reported and examined at the Board. Furthermore, information on key strategic matters is discussed from early stages, not just when decisions are made, which has deepened deliberations. Meeting materials, including preliminary explanations and background, are being refined to facilitate more thorough discussions.



Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Remuneration Policy

Policies and procedures for deciding directors' remuneration

LY Corporation has positioned executive remuneration as one of the key management strategies to encourage the top management team to exercise their leadership. The "Policy for Determining the New Remuneration, Etc., for Individual Directors" (the "Remuneration Policy") has been established to encourage bold risk-taking by the top management team through executive remuneration and to enable us to achieve sustainable growth.

Director remuneration for fiscal 2024

Directors/Audit and Supervisory Committee members	Total remuneration (millions of yen)	Breakdown of total remuneration (millions of yen)					Number of persons
		Monetary		Non-Monetary			
		Base remuneration	Bonus (Performance-based)	Restricted stocks (Performance-based)	RSU plan (Board Incentive Plan Trust) (Non-performance-based)	Stock option (Non-performance-based)	
Directors (excl. Audit and Supervisory Committee members)	1,536	187	212	52	31	1,051	4
(Of which for outside directors)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Directors (Audit and Supervisory Committee members)	80	78	–	–	2	–	4
(Of which for outside directors)	(80)	(78)	(–)	(–)	(2)	(–)	(4)
Total	1,617	266	212	52	34	1,051	8
(Of which for outside directors)	(80)	(78)	(–)	(–)	(2)	(–)	(4)

Outline of the remuneration plan for directors (excluding those serving on the Audit and Supervisory Committee)

60–80%	Stock-based remuneration		Stock option (80–90%) Incentives to contribute to the enhancement of shareholder value and corporate value over the medium- to long term RSU plan (10–20%) Alignment with shareholders and retention of talented management personnel
10–20%	Cash bonuses	Monetary remuneration	Incentives to contribute to short-term performance and to enhancement of corporate value
10–20%	Base remuneration		Monetary remuneration based on roles and responsibilities

*When each indicator's target achievement is 100%

Upper limit of remunerations, etc.

■ **Directors (excluding those serving on the Audit and Supervisory Committee)**

Type of remuneration		Maximum amount	Maximum no. of shares
Monetary	Base remuneration and cash bonuses	JPY 2.5 billion/year (includes outside directors JPY 300 million)	–
Stock-based	Stock option	JPY 2.4 billion/year	130,000 units/year (equivalent to 13 million shares)
	RSU plan (Board Incentive Plan Trust)	Contribute up to JPY 500 million in trust funds in the first fiscal year of each of the three fiscal years covered	1.1 million shares per eligible period

■ **Directors serving on the Audit and Supervisory Committee**

Type of remuneration		Maximum amount	Maximum no. of shares
Monetary	Base remuneration	JPY 200 million/year	–
Stock-based	RSU plan (Board Incentive Plan Trust)	Contribute up to JPY 50 million in trust funds in the first fiscal year of each of the three fiscal years covered	120,000 shares per eligible period

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths
07 Management Message
07 CEO Message
10 Feature: Roundtable with Outside Directors
14 Growth Strategy
14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)
44 Sustainability Corporate Officer Message
46 Sustaibability Initiatives
47 Environmental Effort for Future Generations
48 Supply Chain Management and Human Rights
49 Evolution of Governance
50 Corporate Governance System
52 Directors' Skills Matrix
53 Board Effectiveness Evaluation
54 Remuneration Policy
55 Security Governance Framework
56 CISO Message
57 Financial Data

Security Governance Framework

LY Corporation has established a security supervisory organization under the Board of Directors, headed by the CISO appointed and delegated authority by the President and Representative Director (CEO). This body sets rules and provides guidance and support to Group companies. To ensure security governance, we have also established a Security Governance Committee that reports directly to the CEO. In addition, the Group CISO Board, comprising our CISO and CISOs from key Group companies relevant to our business, strengthens governance across the Group.

Security Governance Committee

Chair LY Corporation CISO

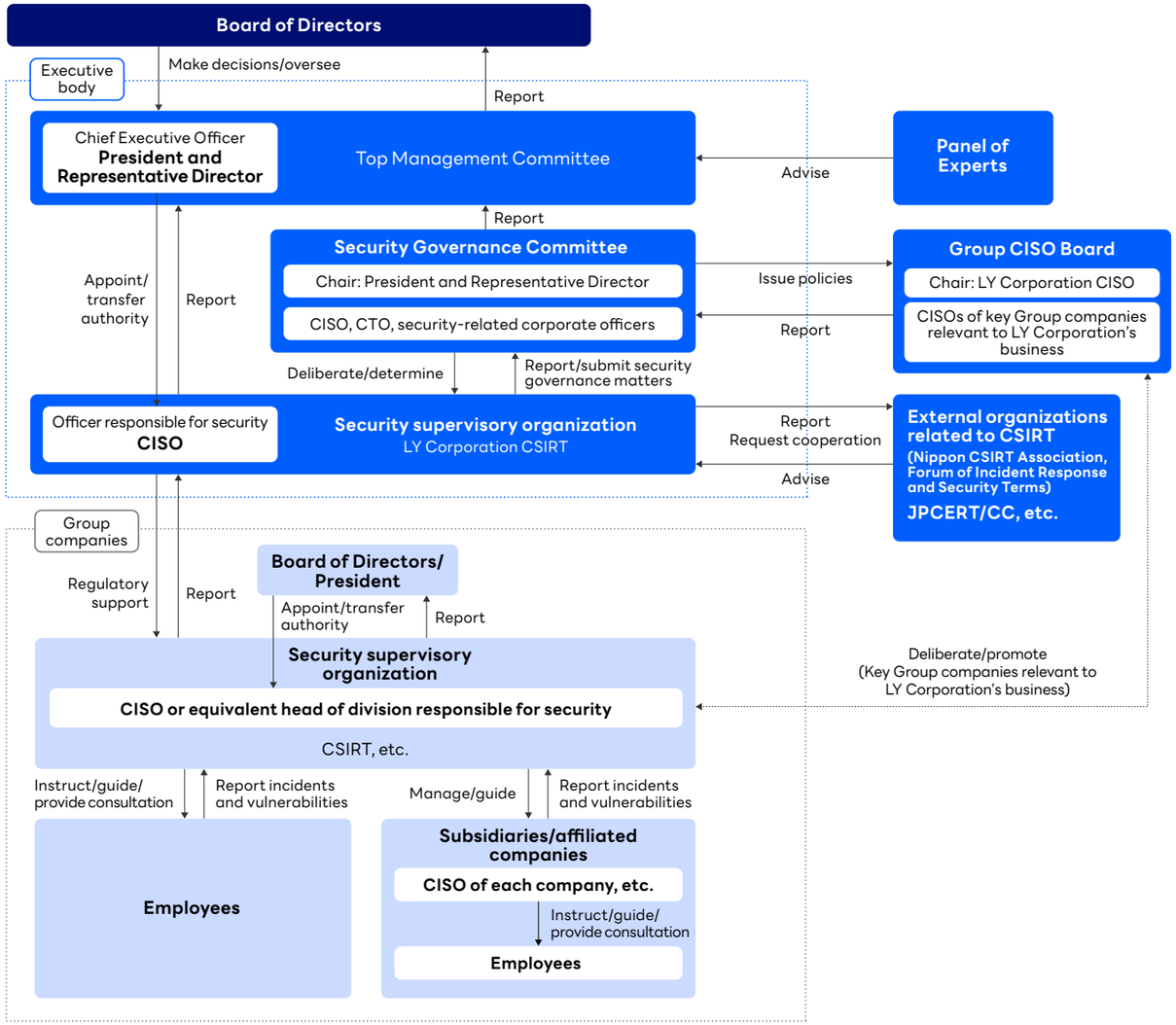
This committee, composed of our CISO, CTO, and others, leads the implementation of measures to prevent the recurrence of the unauthorized access incident and to review outsourcing to NAVER Corporation. It also serves as a forum for discussing robust security governance in our global development structure.

Group CISO Board

Chair LY Corporation CISO

Based on Security Governance Committee policies, the Group CISO Board, which comprises CISOs from key Group companies relevant to our business, discusses and promotes various initiatives, such as developing and operating unified security rules, to strengthen security governance across the Group.

Security governance structure



Note: CSIRT (Computer Security Incident Response Team)

Contents

01 From the Editors
02 Message from the Editorial Team
03 About Us
- 03 Mission & Values
- 04 Track Record of Value Creation
- 05 Company Overview
- 06 Our Group Strengths

07 Management Message
- 07 CEO Message
- 10 Feature: Roundtable with Outside Directors

14 Growth Strategy
- 14 Value Creation Process
- 15 Revision of Material Topics
- 16 Risks and Opportunities
- 17 Indicators and Targets
- 18 Growth Strategy
- 19 CFO Message
- 23 Free Cash Flow (Earnings Power)
- 33 Perpetual Growth Rate (medium-long term constant growth)
- 44 WACC/Capital Cost (Business Foundation)
- 44 Sustainability Corporate Officer Message
- 46 Sustaibability Initiatives
- 47 Environmental Effort for Future Generations
- 48 Supply Chain Management and Human Rights
- 49 Evolution of Governance
- 50 Corporate Governance System
- 52 Directors' Skills Matrix
- 53 Board Effectiveness Evaluation
- 54 Remuneration Policy
- 55 Security Governance Framework
- 56 CISO Message

57 Financial Data

Message from the CISO



Hideyuki Nakahara

Executive Corporate Officer, CISO

Profile

After starting his career in microcomputer development at a semiconductor firm, joined NIFTY Corporation to work closer to users and saw Japan's shift to the internet. Joined Yahoo Japan in 2003 and served as Vice President of Front-end Development Division, R&D and System Management. As CISO, strengthens security to protect users, leveraging his experience.

We drive "security transformation" across the LY Corporation Group.

Overhauling our security framework to restore trust

The 2023 security incident stemmed from the direct connectivity between NAVER and former LINE systems. It resulted from malware infecting a shared contractor's PC and drew serious criticism both internally and externally.

In response, we decided to shift to a more robust and independent system architecture. With a company-wide commitment to identifying and correcting shortcomings, we have set a clear course of action to strengthen security, while carefully considering the impact on global operations and development.

We also established a Security Governance Committee chaired by CEO Takeshi Idezawa to drive strategic decision-making and raise company-wide security awareness. Leveraging expert input, we analyzed issues and developed recurrence-prevention measures, and we built a framework for clearly communicating technical issues to external authorities. We are also enhancing AI-driven log analysis, pairing it with human expertise to deliver more efficient and effective security defenses. In parallel, we conduct regular company-wide cyberattack simulation drills and continually strengthen our security framework to ensure all relevant departments can respond swiftly.

Fostering a security-first culture through dialogue

To raise employee security awareness, we held four sessions of LY Security Dialogue in FY2024. These sessions were not only to share updates—including reports submitted to the Ministry of Internal Affairs and Communications and the Personal Information Protection Commission, along with progress and decisions on security measures—but also to provide a forum for direct dialogue between management and employees. Through active questions and constructive proposals from employees, management earnestly acknowledged frontline challenges, and some ideas were incorporated into our services. We believe this initiative has demonstrated the value of dialogue, by fostering two-way communication, and helped build trust between management and frontline teams.

In addition, nearly all employees have completed our regular security training, a level rarely seen at a company of this scale. This demonstrates that employees have internalized the importance of security, with awareness now guiding daily behavior. As a result, employees are more proactive in ensuring compliance with security rules.

Our goal is to foster a culture in which employees actively raise security questions and concerns and management responds swiftly and appropriately. In addition, as CISO, I am committed not only to strengthening our company's security, but also to safeguarding our users. To that end, our division is instilling a security-by-design mindset so that we deliver services users can trust. Going forward, by working closely with employees to raise awareness, we will continue to build a truly effective security framework.

(Interview date: June 2, 2025)

Contents

01 From the Editors

02 Message from the Editorial Team

03 About Us

03 Mission & Values
04 Track Record of Value Creation
05 Company Overview
06 Our Group Strengths

07 Management Message

07 CEO Message
10 Feature: Roundtable with Outside Directors

14 Growth Strategy

14 Value Creation Process
15 Revision of Material Topics
16 Risks and Opportunities
17 Indicators and Targets
18 Growth Strategy
19 CFO Message
23 Free Cash Flow (Earnings Power)
33 Perpetual Growth Rate (medium-long term constant growth)
44 WACC/Capital Cost (Business Foundation)

57 Financial Data

Financial Data

(JPY MM)

	Yahoo Japan Corporation					Z Holdings Corporation*1				LY Corporation*2	
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	428,487	652,327	853,730	897,185	954,714	1,052,943	1,205,846	1,567,421	1,672,377	1,814,663	1,917,478
Cost of sales	85,501	247,372	373,513	382,467	408,912	424,463	432,446	497,021	511,131	520,449	529,522
SG&A expenses	145,774	239,653	277,430	339,573	406,581	468,032	591,964	902,586	1,007,606	1,110,979	1,115,977
Adjusted EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	294,837	331,486	332,610	414,917	470,831
Adjusted EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	24.50%	21.10%	19.90%	22.90%	24.60%
Operating income	197,212	224,997	192,049	185,810	140,528	152,276	162,125	189,503	314,533	208,191	315,033
Equity in losses of associates and jointventures	1,672	1,317	947	1,045	-17,541	-24,542	-19,418	-46,135	-38,728	-16,491	-9,677
Profit before tax	208,298	226,585	193,475	193,177	123,370	135,676	142,615	158,542	235,219	181,621	274,882
Net income	133,933	172,492	132,634	134,412	77,828	88,020	89,120	91,631	189,163	139,073	202,403
Net income attributable to owners of parent	133,051	171,617	136,589	131,153	78,677	81,675	70,145	77,316	178,868	113,199	153,465
Adjusted EPS (JPY)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.27	10.77	5.37	18.93	24.91
Total assets	1,007,602	1,342,799	1,534,212	2,516,633	2,429,601	3,933,910	6,691,328	7,110,386	8,588,722	9,043,969	9,158,346
Cash and cash equivalents	503,937	449,164	543,067	868,325	546,784	880,100	1,065,726	1,127,523	1,651,851	1,420,430	1,043,944
Loans in credit card business	-	-	129,648	186,711	253,340	342,245	407,955	475,528	593,058	783,869	983,790
Securities in banking business	-	-	-	308,436	419,551	415,809	517,984	464,145	414,719	655,075	908,887
Loans in banking business	-	-	-	76,077	80,942	98,752	247,047	414,620	620,383	723,167	926,334
Goodwill	27,673	156,362	159,505	162,015	175,301	400,034	1,790,487	1,788,481	2,074,779	2,067,862	2,073,470
Intangible assets	32,382	128,711	138,692	167,112	165,293	679,375	1,061,780	1,216,379	1,267,738	1,248,923	1,233,421
Total liabilities	267,048	430,035	535,502	1,394,746	1,519,077	2,886,086	3,701,730	4,128,188	5,270,822	5,596,983	5,739,431
Trade and other payables	158,979	270,766	287,978	348,346	394,545	589,342	616,681	524,989	1,351,794	1,551,611	1,712,145
Customer deposits in banking business	-	-	-	708,054	768,613	903,118	1,186,206	1,431,175	1,495,629	1,672,746	1,830,293
Interest-bearing liabilities	-	24,292	104,546	190,574	215,212	1,086,436	1,389,563	1,666,503	1,913,799	1,882,752	1,694,398
Total equity	740,554	912,764	998,709	1,121,887	910,523	1,047,823	2,989,597	2,982,197	3,317,900	3,446,985	3,418,915
Capital surplus	1,235	-3,081	-4,366	-4,602	-12,545	212,539	2,063,881	2,037,384	2,046,696	2,060,766	1,880,031
Total equity attributable to owners of parent	726,002	844,165	930,820	1,013,368	818,291	771,548	2,682,318	2,684,377	2,919,399	3,037,088	2,998,170
Non-controlling interests	14,551	68,598	67,888	108,518	92,231	276,274	307,279	297,819	398,501	409,897	420,745
Cash flows from operating activities	126,239	105,409	127,023	75,457	149,957	241,578	207,921	266,314	93,051	316,477	519,590
Cash flows from investing activities	-67,864	-110,537	-57,047	232,556	-212,193	-503,734	-12,349	-303,899	319,786	-444,060	-505,633
Free cash flow	58,375	-5,128	69,976	308,013	-62,236	-262,156	195,572	-37,585	412,837	-127,583	13,957
Cash flows from financing activities	-37,166	-49,357	23,996	21,289	-263,305	595,809	-12,070	91,630	105,791	-81,490	-416,797
Net leverage ratio (x)	-	-	-	-	-0.60	2.03	1.81	2.48	2.12	1.74	1.61
Total number of shares outstanding (thousands)	5,694,945	5,695,291	5,695,577	5,696,866	5,151,629	4,822,507	7,655,201	7,596,161	7,633,501	7,637,068	7,154,182

*1 LINE and Z Holdings merged on March 1, 2021. *2 LY Corporation was established on October 1, 2023, following an intra-group reorganization.

LY