

Results for the Fiscal Year Ended March 31, 2026 [IFRSs]

May 8, 2026

Company Name: LY Corporation

Share Listings: Prime Market of TSE

Code No.: 4689

URL: <https://www.lycorp.co.jp/en/>

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Scheduled Ordinary Shareholder's Meeting Date: June 19, 2026

Scheduled Dividend Payment Date: June 5, 2026

Scheduled Securities Report Submission Date: June 18, 2026

Financial Results Supplementary Briefing Materials to Be Created: Yes

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

1. Consolidated Results for FY2025 (April 1, 2025–March 31, 2026)

(Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2025–March 31, 2026) (Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2025	2,036,366	6.2	341,322	8.3	294,231	7.0	283,090	39.9	193,692	26.2	312,752	86.5
FY2024	1,917,478	5.7	315,033	51.3	274,882	51.3	202,403	45.5	153,465	35.6	167,732	(1.9)

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the parent	Profit before tax ratio to total assets	Operating margin
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen	%	%	%
FY2025	496,681	5.5	198,962	9.3	28.73	15.3	27.97	27.85	6.5	2.9	16.8
FY2024	470,831	13.5	182,062	8.8	24.91	11.7	21.00	20.92	5.1	3.0	16.4

(For reference) Equity in losses of associates and joint ventures: FY2025 [(7,496) million yen] FY2024 [(9,677) million yen]

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2025	11,205,191	3,713,509	2,998,805	26.8	437.23
FY2024	9,158,346	3,418,915	2,998,170	32.7	420.77

(3) Consolidated Cash Flows Status

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2025	662,854	(809,247)	153,309	1,068,032
FY2024	519,590	(505,633)	(416,797)	1,043,944

2. Dividends

	Dividends per share					Total amount (Full year)	Payout ratio (Consolidated)	Dividend ratio to equity attributable to owners of the parent (Consolidated)
	1Q	2Q	3Q	Year end	Full year	Millions of yen	%	%
FY2024	—	0.00	—	7.00	7.00	50,075	33.3	1.7
FY2025	—	0.00	—	7.30	7.30	50,215	26.1	1.7
FY2026 (Estimates)	—	0.00	—	11.00	11.00	—	—	—

3. Consolidated Performance Estimates for FY2026 (April 1, 2026–March 31, 2027)

	Revenue		Adjusted EBITDA		Adjusted EPS
	Millions of yen	% Change YoY	Millions of yen	% Change YoY	Yen
Fiscal year ending March 31, 2027	2,240,000	10.0	585,000	17.8	30.0

(Note)

For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2027 (April 1, 2026 – March 31, 2027) in (1) Qualitative Information Regarding the Consolidated Business Performance of 1 Analysis of Business Results and Financial Position on page 6 of the Results for the Fiscal Year (Attachments).

Notes

- (1) Significant changes in scope of consolidation during the period: Yes
 Newly consolidated: 5 (BEENOS Inc., LINE Bank Taiwan Limited, LINE MAN CORPORATION PTE. LTD., DECACORN CO., LTD., LINE MAN (THAILAND) COMPANY LIMITED)
 Excluded from consolidation: 1 (Z Financial Corporation)
- (2) Changes in the accounting principles and accounting estimates
 1) Changes due to IFRSs: None
 2) Changes other than 1): None
 3) Changes in accounting estimates: None
- (3) Number of stocks issued (common stock)
 1) Number of stocks issued (including treasury stocks)
 As of March 31, 2026 6,884,244,856 shares
 As of March 31, 2025 7,154,182,647 shares
 2) Number of shares of treasury stocks
 As of March 31, 2026 25,635,999 shares
 As of March 31, 2025 28,775,073 shares
 3) Average number of common stocks outstanding
 Fiscal year ended March 31, 2026 6,925,897,950 shares
 Fiscal year ended March 31, 2025 7,307,937,444 shares
 Note: The number of shares of treasury stocks includes the number of shares of LY Corporation (the "Company") held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust (as of March 31, 2025: 28,167,999 shares; as of March 31, 2026: 20,196,214 shares).
- (4) Formula for each management index
 • Adjusted EBITDA: Operating income + depreciation & amortization (*1) ± EBITDA adjustment items (*2)
 • Adjusted net income: Net income attributable to owners of the parent ± EPS adjustment items (*3) ± tax equivalent on some EPS adjustment items
 • Adjusted EPS: Adjusted net income/average number of common stocks outstanding
 (*1) Depreciation & amortization: Depreciation, depreciation of right-of-use assets, etc.
 (*2) EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses, etc. (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gain on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds.
 (*3) EPS adjustment items: ± EBITDA adjustment items + amortization of identifiable intangible assets arising from business combinations ± non-recurring gains/losses in non-operating income/expenses
- * The Results for the Fiscal Year are not subject to audit by certified public accountants or audit corporations.
- * Explanation of the proper use of performance estimates, and other special notes
 • The performance estimates, etc., and other forward-looking statements contained in this document are based on the information currently available to the Company and premised on assumptions that have been deemed reasonable by the management. For a variety of reasons, actual performance estimates, etc., could differ significantly.
 • Supplementary materials to the earnings results are published on the Company's website (<https://www.lycorp.co.jp/en/ir.html>) on Friday, May 8, 2026.

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1 Analysis of Business Results and Financial Position

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2025-March 31, 2026)

■ Highlights

Both revenue and adjusted EBITDA marked a record high for the sixth consecutive fiscal year. Revenue: 2.03 trillion yen (up 6.2% year on year); adjusted EBITDA: 496.6 billion yen (up 5.5% year on year).

	Fiscal year ended Mar. 31, 2025 (billion yen)	Fiscal year ended Mar. 31, 2026 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	1,917.4	2,036.3	118.8	6.2%
Adjusted EBITDA	470.8	496.6	25.8	5.5%

The revenue for the consolidated fiscal year ended March 31, 2026 amounted to 2,036.3 billion yen (up 6.2% year on year) resulting in the highest fiscal year revenue. This was driven mainly by PayPay's consolidated results (PayPay Corporation, PayPay Card Corporation, PayPay Bank Corporation, and others) in the Strategic Business. In addition, the consolidation of BEENOS Inc. and LINE MAN CORPORATION PTE. LTD. in the Commerce Business contributed to the increase, despite the impact of the system outage caused by a ransomware attack at ASKUL Corporation in October 2025.

Adjusted EBITDA for the consolidated fiscal year ended March 31, 2026 amounted to 496.6 billion yen (up 5.5% year on year), a record-high, due to the abovementioned revenue growth, despite an increase in selling, general and administrative expenses mainly due to higher sales promotion costs, personnel expenses, and depreciation and amortization.

In addition, operating income for the consolidated fiscal year ended March 31, 2026 amounted to 341.3 billion yen (up 8.3% year on year). This was mainly due to the recognition of a gain on remeasurement relating to business combinations accompanied by the consolidation of LINE MAN CORPORATION PTE. LTD. in the second quarter of the fiscal year ended March 31, 2026.

2. Segment Business Results Summary (April 1, 2025-March 31, 2026)

Revenue and Adjusted EBITDA by Segment

	Fiscal year ended Mar. 31, 2025 (billion yen)	Fiscal year ended Mar. 31, 2026 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	732.1	735.1	3.0	0.4
Adjusted EBITDA	287.0	280.6	(6.3)	(2.2)
Commerce Business				
Revenue	848.4	857.6	9.1	1.1
Adjusted EBITDA	149.0	129.9	(19.0)	(12.8)
Strategic Business				
Revenue	341.2	445.7	104.5	30.6
Adjusted EBITDA	50.7	93.9	43.1	85.0
Other				
Revenue	7.8	9.8	2.0	26.0
Adjusted EBITDA	0.1	6.8	6.6	—
Adjustments				
Revenue	(12.2)	(12.0)	—	—
Adjusted EBITDA (loss)	(16.1)	(14.7)	—	—
Total				
Revenue	1,917.4	2,036.3	118.8	6.2
Adjusted EBITDA	470.8	496.6	25.8	5.5

Notes:

1. In the first quarter of the fiscal year ended March 31, 2026, the standards for allocating personnel expenses of technology divisions and expenses related to data centers and internal infrastructure were revised. Accordingly, the segment information for the previous consolidated fiscal year has been retroactively revised.
2. In the third quarter of the fiscal year ended March 31, 2026, services have been transferred between segments following an internal reorganization. Accordingly, the segment information for the previous consolidated fiscal year has been retroactively revised.
3. Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Consolidated Fiscal Year

The revenue of the Media Business amounted to 735.1 billion yen (up 0.4% year on year). Adjusted EBITDA amounted to 280.6 billion yen (down 2.2% year on year) due to increases in sales promotion costs, generative AI-related expenses, and others.

- Account advertising: Revenue increased 15.3% year on year, maintaining a high growth, due to an increase in the number of paid accounts and expansion of pay-as-you-go billing in LINE Official Account.
- Display advertising: Revenue increased year on year from both programmatic advertising and reservation advertising.
- Search advertising: Revenue decreased year on year from both LY Corporation's websites and partners' websites.

2) Commerce Business in the Consolidated Fiscal Year

The revenue of the Commerce Business amounted to 857.6 billion yen (up 1.1% year on year) due to increased revenue from the consolidation of BEENOS Inc. and LINE MAN CORPORATION PTE. LTD., as well as increased revenue from the ZOZO Group and the shopping business, despite the impact of the system outage at ASKUL Corporation as result of a ransomware attack in October 2025.

Adjusted EBITDA decreased 12.8% year on year, to 129.9 billion yen, due to the impact of the system outage at ASKUL Corporation mentioned above, an increase in expenses such as sales promotion costs and advertising and promotional expenses, and the absence of gains recorded in the first quarter of the fiscal year ended March 31, 2025 following the loss of control of ValueCommerce Co. Ltd., among others.

E-commerce transaction value (*1) amounted to 4,672.9 billion yen (up 7.1% year on year) due to growth in domestic merchandise transaction value mainly from the shopping business, increase in the number of consolidated subsidiaries in the reuse business and overseas e-commerce business, growth in the transaction value of domestic services, and others. Domestic merchandise transaction value accounted for 3,316.1 billion yen (up 6.3% year on year) of the total e-commerce transaction value.

(*1) E-commerce transaction value is the total transaction value of shopping business, reuse business, and services e-commerce in "LY Corporation," and ZOZO and ASKUL in "ZOZO, ASKUL" under Commerce Business, and paid digital content, etc. included in Other of Media Business listed in "Major services/products of each segment" on page 5.

3) Strategic Business in the Consolidated Fiscal Year

The consolidated GMV of PayPay Corporation (*2, 3) amounted to 19.3 trillion yen (up 22.9% year on year) (*4) while maintaining steady growth. Furthermore, the loan balance of PayPay Bank Corporation came to 1,238.6 billion yen (up 33.6% year on year).

The revenue of the Strategic Business amounted to 445.7 billion yen, representing a 30.6% increase year on year, as a result of growth in PayPay consolidated and the consolidation of LINE Bank Taiwan Limited in June 2025. In addition, adjusted EBITDA amounted to 93.9 billion yen (up 85.0% year on year), due to the absence of expenses related to the termination of the LINE Pay service in Japan recorded in the previous fiscal year, despite increases in sales promotion costs and commission expenses.

(*2) Payments via "PayPay Balance," "PayPay Debit," "PayPay Balance Card," "PayPay Credit," "PayPay Card (physical card)," "VISA Debit Card," "Alipay," "LINE Pay," etc. are included. The use of the "Send/Receive" function of "PayPay Balance" between users and ATM withdrawals using the cash card function of the "VISA Debit Card" are not included. The figures represent the sum of GMVs of PayPay Corporation, PayPay Card Corporation, and PayPay Bank Corporation, with internal transactions eliminated. The figures for the previous fiscal year have been retroactively revised to reflect the consolidation of PayPay Bank Corporation by PayPay Corporation in the first quarter of fiscal year ended March 31, 2026.

(*3) Figures are rounded down to the nearest billion yen and then rounded off to the nearest 100 billion yen.

(*4) Percentage change in consolidated GMV including the transaction volume of PayPay Card Corporation and PayPay Bank Corporation.

Major services/products of each segment

Media Business	Search advertising	Yahoo! JAPAN Ads "Search Ads" (*5)		
	Account advertising	LINE Official Account, LINE Promotion Sticker, LINE de Obo (Participate with LINE), LINE Flyer, etc.		
	Display advertising	Programmatic advertising	Yahoo! JAPAN Ads "Display Ads (Auction)" (*5), LINE VOOM, LINE NEWS, Chat List, Talk Head View Custom, etc.	
		Reservation advertising	Yahoo! JAPAN Ads "Display Ads (Guaranteed)" (*5), Talk Head View, etc.	
		Other LINE advertising	LINE Part Time Jobs, etc.	
Other	LINE Stickers, LINE GAME, LINE Fortune, LINE MUSIC, LINE Manga, LINE Search, LYP Premium, ebookjapan, real estate-related services, Yahoo! JAPAN Mail, etc.			
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE Brand Catalog, LINE FRIENDS, LINE GIFT, LINE SHOPPING (*6), Yahoo! JAPAN Quick Mart (*7), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, MyShop, etc.)	
		Reuse business	Yahoo! JAPAN Auction, Yahoo! JAPAN Flea Market, BEENOS (*8)	
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu.com, LINE TRAVEL (Taiwan), LINE MAN (*9), etc.	
		Other	Other	
	ZOZO, ASKUL	ZOZO	ZUZOTOWN, ZOZUSED, Lyst (*10), etc.	
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc.), LOHACO, Charm, etc.	
Strategic Business	Fintech	PayPay (Consolidated) (*11)	PayPay, PayPay Card, Credit Engine, PayPay Bank, PayPay Securities	
		Other fintech	PayPay Asset Management (*12), PayPay Insurance, LINE Pay (*13), LINE Bank Taiwan (*14), LINE Score, LINE Pocket Money, LINE BITMAX (*15), LINE FX, DOSI (*16), etc.	

(*5) In April 2026, Yahoo! JAPAN Ads "Search Ads," Yahoo! JAPAN Ads "Display Ads (Auction)," and Yahoo! JAPAN Ads "Display Ads (Guaranteed)" have been renamed to LY Ads Search Ads, LY Ads Display Ads (Auction), and LY Ads Display Ads (Guaranteed).

(*6) LINE SHOPPING in Japan is scheduled to terminate its service in June 2026.

(*7) Yahoo! JAPAN Quick Mart terminated its service on August 31, 2025.

(*8) On May 14, 2025, BEENOS Inc. became a consolidated subsidiary of the Company.

(*9) On September 30, 2025, LINE MAN CORPORATION PTE. LTD. became a consolidated subsidiary of the Company.

(*10) On April 18, 2025, ZOZO, Inc. made LYST LTD, the operator of "Lyst," a wholly-owned subsidiary.

(*11) PayPay Corporation made PayPay Bank Corporation and PayPay Securities Corporation consolidated subsidiaries in April 2025.

(*12) PayPay Asset Management Corporation terminated its business at the end of September 2025.

(*13) LINE Pay terminated its service in Japan on April 30, 2025.

(*14) On June 17, 2025, LINE Bank Taiwan Limited became a consolidated subsidiary of the Company.

(*15) LINE BITMAX is scheduled to terminate its services on June 1, 2026.

(*16) DOSI terminated its service on December 30, 2025.

3. Outlook for Fiscal Year Ending March 31, 2027 (April 1, 2026-March 31, 2027)

For the fiscal year ending March 31, 2027, the Group will aim to increase revenue and income by continuing to reinforce products in key growth domains through disciplined investments. The Group expects a revenue of 2,240.0 billion yen (up 10.0% year on year), an adjusted EBITDA of 585.0 billion yen (up 17.8% year on year), and an adjusted EPS of 30.0 yen (up 4.4% year on year).

(2) Qualitative Information Regarding the Consolidated Financial Position

1. Assets, Liabilities, and Equity

1) Assets

Total assets at the end of the consolidated fiscal year ended March 31, 2026 amounted to 11,205,191 million yen, having increased 2,046,845 million yen, or 22.3%, since the end of the consolidated fiscal year ended March 31, 2025.

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

- The principal reasons for the change in cash and cash equivalents are as stated in "Cash Flows" below.
- Trade and other receivables decreased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly because deposits related to the trust requirement under the Payment Services Act in connection with PayPay Corporation were changed to placements through trust agreements and are now managed and operated as other financial assets in the banking business.
- Loans in the credit card business increased compared with the end of the consolidated fiscal year ended March 31, 2025, primarily due to an increase in the transaction volume of the credit card business.
- Investment securities in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2025, due to the purchase of investment securities as part of the fund management activities of PayPay Bank Corporation, and consolidation of LINE Bank Taiwan Limited.
- Loans in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the consolidation of LINE Bank Taiwan Limited.
- Other financial assets increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the consolidation of the PayPay Securities Group (PayPay Securities Corporation and its subsidiaries).
- Goodwill and intangible assets increased compared with the end of the consolidated fiscal year ended March 31, 2025 mainly due to the consolidation of LINE MAN CORPORATION PTE. LTD. and BEENOS Inc.
- Investments accounted for using the equity method decreased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the change in status of LINE Bank Taiwan Limited and LINE MAN CORPORATION PTE. LTD. from equity method affiliates to consolidated subsidiaries of the Company.
- Deferred tax assets increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly as a result of a reassessment of the recoverability of said assets associated with PayPay Corporation.

2) Liabilities

Total liabilities at the end of the consolidated fiscal year ended March 31, 2026 amounted to 7,491,682 million yen, having increased 1,752,250 million yen, or 30.5%, since the end of the consolidated fiscal year ended March 31, 2025.

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

- Trade and other payables increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the consolidation of the PayPay Securities Group (PayPay Securities Corporation and its subsidiaries) and an increase in accounts payable owed to PayPay Corporation's merchants.
- Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the consolidation of LINE Bank Taiwan Limited and an increase in deposits from customers.
- Interest-bearing liabilities increased compared with the end of the consolidated fiscal year ended March 31, 2025 mainly due to an increase in borrowings.

3) Equity

Total equity at the end of the consolidated fiscal year ended March 31, 2026 amounted to 3,713,509 million yen, having increased 294,594 million yen, or 8.6%, since the end of the consolidated fiscal year ended March 31, 2025.

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

- Capital surplus decreased compared with the end of the consolidated fiscal year ended March 31, 2025 due to the cancellation of treasury stocks.
- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2025, due to the increase resulting from the recognition of the net income attributable to owners of the parent, despite a decrease due to payment of dividends.
- Non-controlling interests increased compared with the end of the consolidated fiscal year ended March 31, 2025, mainly due to the consolidation of LINE Bank Taiwan Limited and LINE MAN CORPORATION PTE. LTD., as well as PayPay Corporation's paid-in capital increase.

2. Cash Flows

At the end of the consolidated fiscal year ended March 31, 2026, cash and cash equivalents amounted to 1,068,032 million yen, up 24,087 million yen from the end of the consolidated fiscal year ended March 31, 2025, out of which deposits with the central bank for the banking business amounted to 305,473 million yen.

The following is a description of the movements in the main components of cash flow and the factors contributing to the changes for the period under review:

Cash flows from operating activities amounted to a total cash inflow of 662,854 million yen, primarily owing to an increase in customer deposits in the banking business, an increase in trade and other payables, the recognition of profit before tax for the period under review, and a decrease in trade and other receivables, despite mainly an increase in loans in the banking business, an increase in loans for the credit card business, and the payment of income taxes.

Cash flows from investing activities amounted to a total cash outflow of 809,247 million yen, primarily due to purchase of investment securities in the banking business.

Cash flows from financing activities amounted to a total cash inflow of 153,309 million yen, primarily due to a net increase in short-term borrowings, capital contribution from non-controlling interests, and proceeds from long-term borrowings, despite outflows mainly due to the purchase of treasury stock and repayments of long-term borrowings.

(3) Basic Policy Regarding Profit Distribution and Dividend Payments for FY2025 and FY2026

To achieve sustained growth in corporate value over the medium- to long-term, LY Corporation recognizes the importance of pursuing upfront investments in the Group's services and capital expenditures for future growth, as well as rewarding the shareholders through profit distribution.

Based on this belief, the Company has established a shareholder return policy of aiming for a cumulative total payout ratio of 70% or more in the five years from FY2025 and has implemented and considered flexible share repurchases and dividend increases based on a comprehensive assessment of performance and other factors. As a result, the year-end dividend for the fiscal year ended March 31, 2026 is expected to total 50.2 billion yen, or 7.30 yen per share. Furthermore, taking into account the sustained trend of earnings growth since the business integration and other factors, the Company plans to increase the year-end dividend for the fiscal year ending March 31, 2027 by 3.70 yen per share to 11.00 yen per share.

While the Company has formerly maintained a policy of stable dividend payments, it will shift to a policy of paying dividends in line with profit growth. The Company will continue to strive to improve capital efficiency and enhance corporate value by maintaining an appropriate balance between growth investments and shareholder returns in accordance with the capital allocation policy it announces.

2 Management Policy

(1) Fundamental Business Management Policies

The LY Corporation Group (the "Group") has established "WOW Our Users!" as its new mission and is working toward its realization.

In recent years, advancements in digital technologies, including AI, have enabled people to access a wide range of knowledge and information via the internet and to share information with audiences around the world. The Group believes that the continued use of these technologies will further transform people's lives and society, creating new value. By consistently maintaining a user-first approach, the Group will strive to enhance its services to achieve sustainable growth, contribute to solving the issues faced by people and society, and increase the corporate value of the LY Corporation Group.

(2) Management Performance Indicators Used for Goals

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

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

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

Adjusted EPS: This indicator was chosen as an indicator that can capture recurring profitability of net income by excluding depreciation and amortization, non-recurring and non-cash gains and losses (such as impairment losses, remeasurement gains and losses from business combinations), amortization of identifiable intangible assets arising from business combinations, and non-recurring gains and losses included in non-operating income and expenses. This indicator has been designated as a key financial metric from this consolidated fiscal year, as it is included in the KPIs used to evaluate executive remuneration and is also announced in the Company's earnings forecasts.

As non-financial key indicators, the Yahoo! JAPAN portal website focuses on the daily unique browsers (DUB), etc., while the LINE communication app focuses on the monthly active users (MAU), DAU/MAU ratio (ratio of daily active users to monthly active users; active ratio), etc. Other key indicators by business segment are as follows:

Media Business: total advertising revenue, number of paid accounts of LINE Official Account, etc.

Commerce Business: e-commerce transaction value, etc.

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

*Although adjusted EBITDA and adjusted EPS are not financial indicators as defined in IFRS, the Company has adopted these indicators in order to enhance understanding of the Group's performance and to use them as key indicators in assessing the current performance. Therefore, it is possible that other companies may use different calculation methods or use the indicators for different purposes from this Group.

(3) Medium- to Long-Term Business Strategies

1) Business environment

In recent years, the information and communications industry has experienced rapid growth, driven by advances in digital technologies and the spread of networks, and its role as a foundation of society and the economy has become increasingly important. In addition to the internet and mobile communications, the advancement of cutting-edge technologies such as generative AI has significantly expanded the distribution and use of information, contributing to the advancement of industrial activities, the creation of new markets, and improved convenience in daily life.

At the same time, alongside intensifying competition in the information and communications market and changes in industrial structures, various challenges have become more apparent, including the need for frameworks in line with the

advancement of data utilization, as well as the need to ensure security and fairness.

Under these circumstances, the Group will further promote initiatives to ensure that information and communications function stably and effectively as social infrastructure, while broadly returning the benefits of technological innovation to society.

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

The Media Business provides a variety of media services and generates revenue through advertising placed by companies and other entities. According to Dentsu Inc., total advertising expenditures in Japan was 8.0623 trillion yen for 2025 (YoY +5.1%), marking five consecutive years of growth since 2021 and a fourth consecutive year of record highs. Out of the total advertising expenditures, internet advertising spending recorded 4.0459 trillion yen (YoY +10.8%), maintaining a continuously high growth rate against the backdrop of the digitalization of society and driving the growth of the entire advertising expenditures in Japan. Internet advertising media expenditures, which constitute approximately 80% of internet advertising spending amounted to 3.3093 trillion yen (YoY +11.8%), due to the growth of video advertising, especially social media vertical video ads. By type, paid search advertising and display advertising accounted for approximately slightly over 60% of the total, while video advertising grew 21.8% from the year before, accounting for over 30% of the total.

The Commerce Business provides a wide array of services, mainly around e-commerce. According to research by the Ministry of Economy, Trade and Industry ("METI") of Japan, the BtoC e-commerce market is around 26.1 trillion yen (YoY +5.1%) in 2024, and the e-commerce ratio in the merchandising sector is 9.78%. Amid changes in the market environment driven by factors such as consumers returning to brick-and-mortar stores and the maturation of smartphone adoption, the use of e-commerce in the merchandise sector continues to expand, although the growth has moderated compared with previous levels.

Meanwhile, e-commerce has become established as a routine purchasing channel for consumers, and the role of physical stores is being redefined and initiatives that integrate e-commerce with brick-and-mortar operations are being promoted in the retail industry. Furthermore, as the use of digital technologies such as AI expands, customer experiences are expected to become more sophisticated, and new purchasing experiences that integrate online and offline channels are expected to further develop.

The Strategic Business offers various services, mainly around fintech. According to a research by METI, Japan's cashless payment ratio in 2025 solidly increased to 58.0% (up 5.2 points YoY). As METI aims to promote the adoption of cashless payments at small businesses such as restaurants and clinics and increase the cashless payment ratio to 65% by 2030 and to 80% over the longer term, the cashless payment market in Japan is expected to continue expanding.

2) Management strategy

The LY Corporation Group is a globally unique corporate group that covers from online to offline services in a comprehensive manner. The abundance of data collected through its extensive lineup of services provides the Group with an important competitive edge in the creation of unique services.

By leveraging data across services, the Group aims to deliver optimized services for each individual user while also providing higher-quality user experience. In addition, by proactively leveraging rapidly advancing AI technologies, the Group will promote more sophisticated data analysis as well as the advancement and automation of its services, thereby creating added value and improving operational efficiency.

Moreover, as one of the largest data holders in Japan with a vast and diverse range of data assets, the Group will engage in the creation of new value through the integration of AI and data, while maximizing these capabilities and striving to contribute to the enhancement of value across society as a whole.

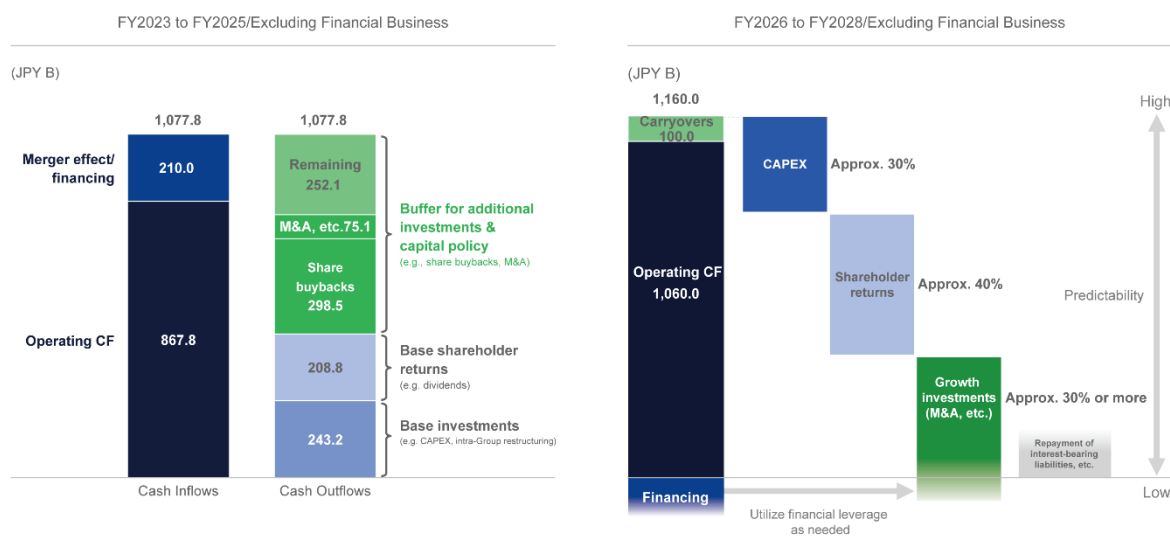
In the internet domain, to which many of the LY Corporation Group's services belong, the competition is becoming increasingly fierce as industry peers are making active investments and launching competitive services by applying cutting-edge technologies such as AI. In order to achieve sustainable growth and continuously expand the Group's services in this environment, strategic allocation of management resources is important. During the three-year period

from FY2023 to FY2025, based on the capital allocation policy, the Group strengthened shareholder returns through measures such as implementing CAPEX investments for business growth, carrying out intra-group reorganizations and M&A, executing share repurchases of approximately 300.0 billion yen, and increasing the dividend per share from 5.56 yen to 7.30 yen.

Furthermore, during the three-year period from FY2026 to FY2028, the Group will continue to make investments aimed at business growth with the aim of maximizing corporate value as in prior periods, and will pursue shareholder returns through dividends in line with profit growth and flexible share repurchases

Capital Allocation Policy (Cumulative Approximate Value for FY2026-2028/ Excluding Financial Business)

- Capital allocation based on operation cash flow, etc.: approximately 1.160.0 trillion yen
 - Capital expenditures (approx. 30%): Funding for capital investments (CAPEX) and other investments aimed at sustaining the growth of existing businesses
 - Shareholder returns (approx. 40%): Funding for dividends and additional returns (share repurchases, etc.)
 - Growth investments (approx. 30% or more): Funding for M&A and other initiatives to achieve non-linear growth
- Financing and financial management
 - While using operating cash flow, etc. as the foundation, the Company will flexibly utilize financial leverage as needed to execute growth investments.
 - The Company will seek to enhance capital efficiency while maintaining financial soundness, including through the use of interest-bearing debt.



3) Basic policy of major business segments

Media Business

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

The Group promotes the "Connect One" concept, a platform that connects LINE Official Account with various services that the Company provides for businesses, seamlessly integrating all customer touchpoints across both online and offline channels. Through this initiative, the Group aims to support the building of ongoing customer relationships, maximize LTV (lifetime value), and expand revenue opportunities beyond advertising. In particular, by promoting LINE MINI App, the Group will strengthen service integration across reservations, ordering, payments, and membership, and establish a new revenue base by providing an integrated experience from customer touchpoints to transactions.

The Group also strives to promote cross-use through LYP Premium, a cross-Group paid membership program. In addition to benefits previously offered under the former Yahoo! JAPAN Premium, the Group will expand its offerings to include benefits that make the LINE app more enjoyable and convenient, thereby acquiring new members and promoting greater use of services offered by the LY Corporation Group.

Commerce Business

The Group's Commerce Business provides e-commerce-related services. The LY Corporation Group will aim for a sustainable growth in earnings by connecting the three action points, LINE, Yahoo! JAPAN and PayPay, each of which has one of the largest user bases in Japan. Through this connection, the Group will promote the cross-use of Group services and expand its ecosystem. Using LYP Premium, which combines the benefits of the Group's services, the Group will aim to increase its e-commerce transaction value as well as increase membership and GMV/transaction volume for PayPay, PayPay Card, and other services. In addition, the LINE app has been revamped in stages starting from the second half of FY2025. By adding a "Shopping" tab in the app, a new purchase experience will be provided to users via the communication app. Through the revamp, the Group will work to improve the convenience of LINE and accelerate the promotion of cross-use.

Strategic Business

The Strategic Business offers various services, mainly around fintech. Beginning with PayPay, a cashless payment service that accounts for more than two thirds of the code payment market in Japan, the LY Corporation Group will expand various financial services such as credit cards, banking, securities, and insurance. In addition, in March 2026, American depository shares (ADSs) representing common shares of PayPay Corporation were listed on the Nasdaq Global Select Market. PayPay Corporation also commenced discussions with Visa Inc. toward jointly pursuing PayPay Corporation's expansion into the United States while strengthening collaboration across their businesses in Japan. Through these efforts, PayPay Corporation is enhancing its initiatives to realize a comprehensive digital financial platform both in Japan and overseas.

(4) Major Business Issues

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

In FY2023, the Company received an administrative guidance from Japan's Ministry of Internal Affairs and Communications ("MIC") and recommendation, etc. from the Personal Information Protection Commission of Japan in regard to the incident of an information leakage due to unauthorized access announced in November 2023. The Company also received an additional administrative guidance from the MIC in FY2024. As announced in the following corporate website, the Company has implemented various measures to prevent recurrence. As of March 31, 2026, the Company has completed the key measures formulated to prevent recurrence, including the separation of systems and private networks from NAVER Corporation and NAVER Cloud Corporation.

Details and latest status:

Information and Progress on Measures to Prevent a Recurrence of Information Leakage Due to Unauthorized Access

Link: <https://www.lycorp.co.jp/en/privacy-security/recurrence-prevention/>

In addition, recent trends in cyber threats have seen increasingly severe damage caused by ransomware and similar

attacks, which have become threats directly impacting business continuity. In October 2025, a system outage caused by a ransomware attack occurred at ASKUL Corporation, a consolidated subsidiary of the Company, affected certain business operations. The Company and the Group take these developments in the threat landscape and the incident at a Group company very seriously. In addition to its existing comprehensive security measures, the Company is working closely with its Group companies to prioritize initiatives such as safeguarding data in anticipation of system outages caused by ransomware and other attacks, as well as verifying effective recovery procedures. ASKUL Corporation is currently working to restore normal operations while also promoting enhancements to its governance and security framework, and has disclosed its measures to prevent recurrence on its corporate website below.

ASKUL Corporation's Cybersecurity

Link: <https://www.askul.co.jp/corp/security/> (in Japanese)

The Group is also committed to thorough risk management in terms of facilities and operations in the event of unexpected accidents or natural disasters. In today's society, the internet is an indispensable infrastructure for daily life and business, and the Company believes that the public responsibility that the Group bears in this context is increasing every year. Furthermore, the Group regards corporate governance as a vital function for the expansion of corporate value over the medium to long term, and strives to strengthen its governance system so that management can be carried out in the best interests of all shareholders, including minority shareholders. Additionally, the Group is further strengthening its efforts to fulfill its corporate social responsibility and to establish and operate an internal control system to address risks in corporate management.

Moreover, maximizing the performance of its human resources, which is the source for creating the Group's value, is also one of the important issues. For this, the Group continues to create systems and frameworks that will raise the standard of employees' awareness towards work and work quality. The LY Corporation Group believes that maintaining good physical and mental conditions of those working in the Group is directly linked to their optimal work performance and that this leads to the happiness of the employees and their families. Guided by these beliefs, and based on the Good Condition Declaration proclaimed by the Company's President and Representative Director, the Company has established a division to support the employees' autonomous wellness management and promotes health and productivity management. As a result of these initiatives, the Company was selected in the large enterprise category (White 500) of the 2026 Certified KENKO Investment for Health Outstanding Organizations Recognition Program by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. The Group will continue to create a work environment where all employees can work in their best physical and mental conditions.

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

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

3 Basic Stance on Selecting Accounting Standards

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

4 Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2025	As of Mar. 31, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,043,944	1,068,032	24,087	2.3
Call loans in banking business	63,000	52,788	(10,211)	(16.2)
Trade and other receivables	673,275	539,360	(133,915)	(19.9)
Inventories	32,436	32,335	(101)	(0.3)
Loans in credit card business	983,790	1,252,928	269,138	27.4
Investment securities in banking business	908,887	1,550,844	641,956	70.6
Loans in banking business	926,334	1,615,955	689,621	74.4
Other financial assets	398,510	714,667	316,157	79.3
Property and equipment	262,172	259,634	(2,537)	(1.0)
Right-of-use assets	178,673	198,026	19,353	10.8
Goodwill	2,073,470	2,191,690	118,219	5.7
Intangible assets	1,233,421	1,309,654	76,232	6.2
Investments accounted for using the equity method	265,599	192,262	(73,336)	(27.6)
Deferred tax assets	44,238	119,529	75,291	170.2
Other assets	70,592	107,481	36,889	52.3
Total assets	9,158,346	11,205,191	2,046,845	22.3

(Millions of yen)

	As of Mar. 31, 2025	As of Mar. 31, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,712,145	2,218,513	506,367	29.6
Customer deposits in banking business	1,830,293	2,701,160	870,866	47.6
Interest-bearing liabilities	1,694,398	1,961,998	267,599	15.8
Other financial liabilities	26,610	92,274	65,664	246.8
Income taxes payable	50,060	43,127	(6,932)	(13.8)
Provisions	29,544	37,180	7,636	25.8
Deferred tax liabilities	188,084	191,944	3,859	2.1
Other liabilities	208,293	245,482	37,188	17.9
Total liabilities	5,739,431	7,491,682	1,752,250	30.5
Equity				
Equity attributable to owners of the parent				
Common stock	250,128	252,134	2,005	0.8
Capital surplus	1,880,031	1,699,597	(180,434)	(9.6)
Retained earnings	838,017	996,061	158,044	18.9
Treasury stock	(11,704)	(13,338)	(1,633)	—
Accumulated other comprehensive income	41,696	64,350	22,653	54.3
Total equity attributable to owners of the parent	2,998,170	2,998,805	635	0.0
Non-controlling interests	420,745	714,704	293,959	69.9
Total equity	3,418,915	3,713,509	294,594	8.6
Total liabilities and equity	9,158,346	11,205,191	2,046,845	22.3

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended Mar. 31, 2025	Fiscal year ended Mar. 31, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	1,917,478	2,036,366	118,887	6.2
Cost of sales	529,522	530,095	573	0.1
Selling, general and administrative expenses	1,072,922	1,220,903	147,980	13.8
Gain on remeasurement relating to business combinations	—	61,445	61,445	—
System failure response costs	—	5,490	5,490	—
Operating income	315,033	341,322	26,289	8.3
Other non-operating income	9,338	7,894	(1,443)	(15.5)
Other non-operating expenses	38,002	38,667	665	1.8
Equity in profit (loss) of associates and joint ventures	(9,677)	(7,496)	2,180	—
Impairment loss on investments in associates and joint ventures	1,910	19,574	17,663	924.7
Gain (loss) on sale of investments in associates and joint ventures	100	10,752	10,651	—
Profit before tax	274,882	294,231	19,348	7.0
Income tax expense	72,478	11,140	(61,338)	(84.6)
Profit for the period	202,403	283,090	80,686	39.9
Profit for the period attributable to:				
Owners of the parent	153,465	193,692	40,227	26.2
Non-controlling interests	48,938	89,397	40,459	82.7
Profit for the period	202,403	283,090	80,686	39.9
Earnings per share attributable to owners of the parent				
Basic (yen)	21.00	27.97	6.97	33.2
Diluted (yen)	20.92	27.85	6.93	33.1

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended Mar. 31, 2025	Fiscal year ended Mar. 31, 2026
Profit for the period	202,403	283,090
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,517	3,967
Equity financial assets measured at FVTOCI	(4,916)	(3,191)
Share of other comprehensive income of associates	103	640
Subtotal	(2,296)	1,416
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(3,804)	(3,105)
Exchange differences on translating foreign operations	(28,570)	31,351
Subtotal	(32,375)	28,245
Other comprehensive income, net of tax	(34,671)	29,662
Total comprehensive income	167,732	312,752
Total comprehensive income attributable to:		
Owners of the parent	123,420	219,949
Non-controlling interests	44,312	92,803
Total comprehensive income	167,732	312,752

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985
Profit for the period			153,465			153,465	48,938	202,403
Other comprehensive income, net of tax					(30,044)	(30,044)	(4,626)	(34,671)
Total comprehensive income for the period	—	—	153,465	—	(30,044)	123,420	44,312	167,732
Transactions with owners and other transactions								
Issue of common stock	1,983	2,563				4,547		4,547
Payment of dividends			(41,705)			(41,705)	(18,212)	(59,918)
Transfer of accumulated other comprehensive income to retained earnings			2,588		(2,588)	—		—
Purchase of treasury stock				(150,000)		(150,000)		(150,000)
Cancellation of treasury stock		(206,018)		206,018		—		—
Changes attributable to obtaining or losing control of subsidiaries		14,929				14,929	(21,751)	(6,822)
Changes in ownership interests in subsidiaries without losing control		5,495				5,495	6,026	11,522
Share-based payment transactions		5,609				5,609		5,609
Others		(3,314)	(215)	2,314		(1,215)	472	(742)
Total	1,983	(180,734)	(39,332)	58,332	(2,588)	(162,338)	(33,464)	(195,803)
Balance at March 31, 2025	250,128	1,880,031	838,017	(11,704)	41,696	2,998,170	420,745	3,418,915

Fiscal year ended March 31, 2026

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2025	250,128	1,880,031	838,017	(11,704)	41,696	2,998,170	420,745	3,418,915
Profit for the period			193,692			193,692	89,397	283,090
Other comprehensive income, net of tax					26,256	26,256	3,405	29,662
Total comprehensive income for the period	—	—	193,692	—	26,256	219,949	92,803	312,752
Transactions with owners and other transactions								
Issue of common stock	2,005	2,540				4,545		4,545
Payment of dividends		(10,260)	(39,617)			(49,877)	(17,858)	(67,735)
Transfer of accumulated other comprehensive income to retained earnings			3,603		(3,603)	—		—
Purchase of treasury stock				(148,595)		(148,595)		(148,595)
Cancellation of treasury stock		(143,040)		143,040		—		—
Changes attributable to obtaining or losing control of subsidiaries		(44,286)				(44,286)	73,606	29,319
Changes in ownership interests in subsidiaries without losing control		15,846				15,846	142,898	158,745
Share-based payment transactions		1,816				1,816		1,816
Others		(3,049)	364	3,921		1,236	2,509	3,745
Total	2,005	(180,434)	(35,648)	(1,633)	(3,603)	(219,314)	201,156	(18,158)
Balance at March 31, 2026	252,134	1,699,597	996,061	(13,338)	64,350	2,998,805	714,704	3,713,509

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended Mar. 31, 2025	Fiscal year ended Mar. 31, 2026
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	274,882	294,231
Depreciation and amortization	159,874	176,445
Increase (decrease) in allowance for doubtful accounts	14,919	4,872
Gain on remeasurement relating to business combinations	—	(61,445)
System failure response costs	—	5,490
Equity in (profit) loss of associates and joint ventures	9,677	7,496
Impairment loss on investments in associates and joint ventures	1,910	19,574
(Gain) loss on sale of investments in associates and joint ventures	(100)	(10,752)
(Increase) decrease in call loans in banking business	53,082	26,233
(Increase) decrease in trade and other receivables	10,100	173,552
Increase (decrease) in trade and other payables	178,487	321,440
(Increase) decrease in loans for credit card business	(196,795)	(271,260)
(Increase) decrease in loans in banking business	(203,637)	(362,935)
Increase (decrease) in customer deposits in banking business	157,547	488,587
Other	95,347	(32,571)
Subtotal	555,295	778,960
Interest and dividends received	8,741	6,067
Interest paid	(14,823)	(21,797)
Income taxes—paid	(74,282)	(103,923)
Income taxes—refunded	44,659	3,548
Net cash inflow (outflow) from operating activities	519,590	662,854
Cash flows from investing activities:		
Purchase of investment securities in banking business	(420,067)	(833,591)
Proceeds from sales/redemption of investment securities in banking business	156,256	251,438
Proceeds from sales/redemption of investments	30,864	66,822
Proceeds from withdrawal of time deposits	22,343	40,342
Other	(295,030)	(334,259)
Net cash inflow (outflow) from investing activities	(505,633)	(809,247)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(199,060)	191,500
Proceeds from long-term borrowings	141,008	179,193
Repayments of long-term borrowings	(102,209)	(112,969)
Capital contribution from non-controlling interests	20,351	183,344
Purchase of treasury stock of subsidiaries	(6,384)	(14,797)
Purchase of treasury stock	(150,100)	(148,666)
Proceeds from issuance of corporate bonds	50,000	100,000
Redemption of corporate bonds	(75,000)	(70,000)
Proceeds from issuance of commercial papers	871,000	685,500
Redemption of commercial papers	(864,000)	(720,500)
Dividends paid	(41,722)	(49,860)
Dividends paid to non-controlling interests	(18,213)	(17,876)
Repayment of lease liabilities	(41,311)	(40,915)
Proceeds from sale and leaseback transactions	884	13,043
Other	(2,040)	(23,685)
Net cash inflow (outflow) from financing activities	(416,797)	153,309
Effects of exchange rate changes on cash and cash equivalents	(6,656)	17,170
Net increase (decrease) in cash and cash equivalents arising from transfer to assets classified as held for sale	33,011	—
Net increase (decrease) in cash and cash equivalents	(376,485)	24,087
Cash and cash equivalents at the beginning of the period	1,420,430	1,043,944
Cash and cash equivalents at the end of the period	1,043,944	1,068,032

(6) Going Concern Assumption

Not applicable.

(7) Notes to Consolidated Financial Statements

1. Material Accounting Policy Information

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

2. Use of Estimates and Judgments

In preparing the Consolidated Financial Statements under IFRS, the management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from those projected estimates.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the Consolidated Financial Statements of the LY Corporation Group are consistent with those described in the Consolidated Financial Statements for the previous consolidated fiscal year.

3. Business Combinations

Previous consolidated fiscal year ended March 31, 2025 (April 1, 2024-March 31, 2025):

There were no significant business combinations to be disclosed during the previous consolidated fiscal year ended March 31, 2025.

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

(1) BEENOS Inc.

1) Outline of business combination

With the aim of enhancing corporate value through the creation of business synergies centered around the cross-border e-commerce business, the Company conducted a tender offer for the common shares and share options of BEENOS Inc., as resolved at the Board of Directors meeting held on March 21, 2025. This tender offer was concluded on May 7, 2025, and upon completion of settlement on May 14, 2025, the Company acquired 10,918,182 common shares and share options (target number of shares: 417,540 shares) of BEENOS Inc. for a total cash consideration of 44,674 million yen. Consequently, the Company's voting rights in BEENOS Inc. have amounted to 84.08% (calculated based on the number of voting rights pertaining to issued common shares), making it a consolidated subsidiary.

2) Outline of acquired company

Name	BEENOS Inc.
Business description	Various e-commerce businesses domestically and internationally

3) Date of acquisition

May 14, 2025

4) Fair value of consideration paid, assets acquired and liabilities assumed; non-controlling interests and goodwill; as of the date of acquisition

(Millions of yen)

Fair value of consideration paid	
Cash	44,674
Fair value of assets acquired and liabilities assumed	
Assets	42,376
Cash and cash equivalents	16,908
Trade and other receivables	2,378
Other financial assets	7,648
Intangible assets (*2)	11,188
Others	4,252
Liabilities	(18,968)
Trade and other payables	(9,119)
Interest-bearing liabilities	(4,264)
Deferred tax liabilities	(3,631)
Others	(1,953)
Net assets	23,408
Non-controlling interests (*3)	(3,786)
Goodwill (*4)	25,052
Total	44,674

(*1) The consideration paid is based on the fair value as of the date of acquisition, and is allocated to the amounts of assets acquired and liabilities assumed.

(*2) Intangible assets

Includes identifiable intangible assets of 10,829 million yen. The breakdown is trademarks classified as indefinite-lived intangibles. In addition, the amount of intangible assets recognized from the business combination is measured based on assumptions such as estimated future cash flow, discount rate, future revenue generated from the target trademarks, royalty rate, etc.

(*3) Non-controlling interests

Non-controlling interests were measured at the proportionate interests in the identifiable net assets of the acquiree.

(*4) Goodwill

Goodwill reflects the future excess earning power expected to be derived from future business development and synergies between the Group and the acquired company.

5) Profit and loss information after the acquisition date related to the business combination

The revenue and net income of the acquired company after the date of such acquisition of control recognized in the Consolidated Statement of Profit or Loss for this consolidated fiscal year are 16,948 million yen and 557 million yen, respectively.

6) Pro forma information (unaudited)

Pro forma revenue and pro forma net income for the Group would have been 2,039,444 million yen and 283,244 million yen, respectively, assuming that the abovementioned business combination was completed as of the beginning of this consolidated fiscal year ended March 31, 2026.

(2) LINE Bank Taiwan Limited

1) Outline of business combination

The Company has decided on April 10, 2025, to increase the capital of LINE Bank Taiwan Limited (hereinafter "LBT"), an equity method affiliate of the Company, through its consolidated subsidiary, LINE Financial Taiwan Limited (hereinafter "LFT"), by 2.745 billion Taiwan dollars. The capital increase was completed on June 17, 2025. Upon completion of the capital increase, LFT holds 51.15%, or the majority of voting rights in LBT and, accordingly, the Company gained control over LBT. As a result, LBT newly became the Company's consolidated subsidiary.

2) Outline of acquired company

Name	LINE Bank Taiwan Limited
Business description	Internet-only bank

3) Date of acquisition

June 17, 2025

4) Fair value of consideration paid, assets acquired and liabilities assumed; non-controlling interests and goodwill; as of the date of acquisition

(Millions of yen)

Fair value of consideration paid	
Cash	13,477
Fair value at the date of acquisition of shares of the acquired company held immediately before the date of acquisition	36,751
Fair value of assets acquired and liabilities assumed	
Assets	460,081
Call loans in banking business	15,869
Investment securities in banking business	76,251
Loans in banking business	322,585
Intangible assets	9,316
Others	36,058
Liabilities	(381,430)
Trade and other payables	(2,514)
Customer deposits in banking business	(375,141)
Others	(3,774)
Net assets	78,651
Non-controlling interests (*2)	(38,406)
Goodwill (*3)	9,983
Total	50,229

(*1) The consideration paid is based on the fair value as of the date of acquisition, and is allocated to the amounts of assets acquired and liabilities assumed.

(*2) Non-controlling interests

Non-controlling interests were measured at the proportionate interests in the identifiable net assets of the acquiree.

(*3) Goodwill

Goodwill reflects the future excess earning power expected to be derived from future business development and synergies between the Group and the acquired company.

5) Gain on remeasurement relating to business combinations

Please refer to "5. Gain on Remeasurement Relating to Business Combinations."

6) Profit and loss information after the acquisition date related to the business combination

The revenue and net loss of the acquired company after the date of such acquisition of control recognized in the Consolidated Statement of Profit or Loss for this consolidated fiscal year are 15,885 million yen and 143 million yen, respectively.

7) Pro forma information (unaudited)

Pro forma revenue and pro forma net income for the Group would have been 2,039,669 million yen and 282,358 million yen, respectively, assuming that the abovementioned business combination was completed as of the beginning of this consolidated fiscal year ended March 31, 2026. The gain on remeasurement relating to business combinations have been reflected in the pro forma information.

(3) LYST LTD

1) Outline of business combination

On April 9, 2025, the Board of Directors of the Company's subsidiary, ZOZO, Inc., resolved in a written resolution to establish a wholly-owned subsidiary of ZOZO, Inc. and to acquire all shares of LYST LTD, thereby making it a subsidiary. Subsequently, a share transfer agreement was concluded on April 9, 2025.

LYST LTD operates one of the world's largest fashion shopping platforms, handling over 27,000 brands and more than 97 million SKUs globally.

To date, ZOZO, Inc. has focused on market expansion through collaborations with companies in various countries, primarily by licensing its proprietary technology. To accelerate growth in the global market, the acquisition of LYST LTD has been decided as a new strategic initiative.

2) Outline of acquired company

Name	LYST LTD
Business description	Online fashion platform business

3) Date of acquisition

April 18, 2025

4) Percentage of voting rights acquired

100%

5) Fair value of consideration paid, assets acquired and liabilities assumed; non-controlling interests and goodwill; as of the date of acquisition

(Millions of yen)

Fair value of consideration paid	
Cash	22,094
Fair value of assets acquired and liabilities assumed	
Assets	7,213
Cash and cash equivalents	475
Trade and other receivables	2,567
Intangible assets (*1)	3,025
Others	1,145
Liabilities	(5,854)
Trade and other payables	(681)
Interest-bearing liabilities	(3,626)
Others	(1,546)
Net assets	1,358
Non-controlling interests	—
Goodwill (*2)	20,736
Total	22,094

(*1) Intangible assets

Includes identifiable intangible assets of 2,174 million yen, primarily consisting of customer relationships. In addition, the amount of intangible assets recognized from the business combination is measured based on assumptions such as estimated future cash flow and discount rates.

(*2) Goodwill

Goodwill reflects the future excess earning power expected to be derived from future business development and synergies between the Group and the acquired company.

6) Profit and loss information after the acquisition date related to the business combination

The revenue and net loss of the acquired company after the date of such acquisition of control recognized in the Consolidated Statement of Profit or Loss for this consolidated fiscal year are 6,369 million yen and 1,484 million yen, respectively.

7) Pro forma information (unaudited)

Pro forma revenue and pro forma net income for the Group would have been 2,036,925 million yen and 282,944 million yen, respectively, assuming that the abovementioned business combination was completed as of the beginning of this consolidated fiscal year ended March 31, 2026. The increase in amortization expenses of intangible assets newly recognized on the actual date of acquiring control and others have been reflected in the pro forma information.

(4) LINE MAN CORPORATION PTE. LTD.

1) Outline of business combination

To further strengthen collaboration with LINE MAN CORPORATION PTE. LTD. (hereinafter "LMWN"), an equity method affiliate of the Company that operates businesses such as on-demand services (primarily in food delivery) and digital solutions business for merchants in Thailand, the Company, at a Board of Directors meeting held on September 11, 2025, resolved to: (i) acquire a portion of the shares of LMWN held by Apfarm Investment Pte Ltd and Gamnat Pte. Ltd. through LINE SOUTHEAST ASIA CORP. PTE. LTD. (hereinafter "LSEA"), a consolidated subsidiary of the Company; (ii) agree to an amendment to the existing shareholders' agreement with respect to LMWN shares, including changes to each shareholder's rights as stipulated in the agreement; and (iii) have LSEA receive a comprehensive proxy from MIRAI FUND LIMITED LIABILITY PARTNERSHIP (hereinafter "MIRAI Fund") for the future exercise of voting rights associated with LMWN shares held by MIRAI Fund, whereby LSEA would be authorized to exercise said voting rights. The share acquisition and the amendment to the shareholders' agreement were completed on September 30, 2025.

As of the above completion date, the Company obtained control over LMWN, and LMWN has been newly included as a consolidated subsidiary of the Company.

2) Outline of acquired company

Name	LINE MAN CORPORATION PTE. LTD.
Business description	Operation of on-demand services (primarily in food delivery) and digital solutions business for merchants in Thailand, and management of group companies

3) Date of acquisition

September 30, 2025

4) Fair value of consideration paid, assets acquired and liabilities assumed; non-controlling interests and goodwill; as of the date of acquisition

(Millions of yen)

Fair value of consideration paid	
Cash	15,327
Fair value at the date of acquisition of shares of the acquired company held immediately before the date of acquisition	63,239
Fair value of assets acquired and liabilities assumed	
Assets	95,976
Cash and cash equivalents	12,541
Trade and other receivables	4,847
Right-of-use assets	2,001
Intangible assets (*2)	71,891
Others	4,695
Liabilities	(34,836)
Trade and other payables	(8,206)
Interest-bearing liabilities	(8,731)
Deferred tax liabilities	(13,736)
Others	(4,162)
Net assets	61,140
Non-controlling interests (*3)	(30,254)
Goodwill (*4)	47,679
Total	78,566

(*1) Revision to the provisional figures

The consideration paid is based on the fair value as of the date of acquisition, and is allocated to the amounts

of assets acquired and liabilities assumed. The allocation of the consideration paid was completed in the consolidated third quarter of this fiscal year.

(*2) Intangible assets

Includes identifiable intangible assets of 67,622 million yen, the breakdown of which is as follows. The estimated useful lives of the customer base range from 13 to 19 years. Trademarks are classified as indefinite-lived intangibles. In addition, the amount of intangible assets recognized from the business combination is measured based on assumptions such as estimated future cash flow, discount rate, future revenue generated from the target trademarks, royalty rate, etc.

	(Millions of yen)
Trademarks	41,644
Customer base	22,984
Other	2,993
Total	67,622

(*3) Non-controlling interests

Non-controlling interests were measured at the proportionate interests in the identifiable net assets of the acquiree.

(*4) Goodwill

Goodwill reflects the future excess earning power expected to be derived from future business development and synergies between the Group and the acquired company.

5) Gain on remeasurement relating to business combinations

Please refer to "5. Gain on Remeasurement Relating to Business Combinations."

6) Profit and loss information after the acquisition date related to the business combination

The revenue and net loss of the acquired company after the date of such acquisition of control recognized in the Consolidated Statement of Profit or Loss for this consolidated fiscal year are 44,234 million yen and 2,370 million yen, respectively.

7) Pro forma information (unaudited)

Pro forma revenue and pro forma net income for the Group would have been 2,075,246 million yen and 281,270 million yen, respectively, assuming that the abovementioned business combination was completed as of the beginning of this consolidated fiscal year ended March 31, 2026. The gain on remeasurement relating to business combinations, the increase in amortization expenses of intangible assets newly recognized on the actual date of acquiring control, and others have been reflected in the pro forma information.

4. Segment Information

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

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

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

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

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

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

The accounting policies adopted for each reporting segment are the same as the Group's accounting policies as those referred to in "1. Material Accounting Policy Information." Segment income is adjusted with the operating income in the Consolidated Statement of Profit or Loss. The adjustment figures for segment income are general corporate expenses not belonging to each reporting segment. General corporate expenses principally comprise general and administrative expenses not belonging to any reporting segment. Inter-segment revenue is based on actual market prices.

From the first quarter of the fiscal year ended March 31, 2026, the standards for allocating personnel expenses of technology divisions and expenses related to data centers and internal infrastructure were revised.

Furthermore, from the third quarter of the fiscal year ended March 31, 2026, services have been transferred between segments following an internal reorganization.

Accordingly, the segment information for the previous consolidated fiscal year has been revised and restated.

The Group's segment information is as follows:

Previous Consolidated Fiscal Year (April 1, 2024-March 31, 2025)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	724,901	846,293	339,870	1,911,064	6,414	—	1,917,478
Intersegment sales	7,279	2,191	1,331	10,802	1,414	(12,216)	—
Total	732,180	848,485	341,201	1,921,867	7,828	(12,216)	1,917,478
Segment income/(loss)	218,970	104,196	33,307	356,474	(1,664)	(39,777)	315,033
Other non-operating income							9,338
Other non-operating expenses							38,002
Equity in profit (loss) of associates and joint ventures							(9,677)
Impairment loss on investments in associates and joint ventures							1,910
Gain (loss) on sale of investments in associates and joint ventures							100
Profit before tax							274,882
Others							
Depreciation and amortization (*1)	30,479	59,818	26,449	116,747	1,603	41,524	159,874

(*1) Includes the amortization of the right-of-use assets.

This Consolidated Fiscal Year (April 1, 2025-March 31, 2026)

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	729,339	854,892	442,277	2,026,509	9,857	—	2,036,366
Intersegment sales	5,857	2,729	3,495	12,083	3	(12,086)	—
Total	735,197	857,622	445,772	2,038,592	9,861	(12,086)	2,036,366
Segment income/(loss) (*2,3,4)	210,838	87,390	68,424	366,653	6,154	(31,486)	341,322
Other non-operating income							7,894
Other non-operating expenses							38,667
Equity in profit (loss) of associates and joint ventures							(7,496)
Impairment loss on investments in associates and joint ventures							19,574
Gain (loss) on sale of investments in associates and joint ventures							10,752
Profit before tax							294,231
Others							
Depreciation and amortization (*1)	31,012	66,039	34,952	132,004	1,886	42,554	176,445

(*1) Includes the amortization of the right-of-use assets.

(*2) Segment income of the Commerce Business includes a gain on remeasurement relating to business combinations of 44,377 million yen. (Please refer to 5. Gain on Remeasurement Relating to Business Combinations).

(*3) Segment income of the Strategic Business includes a gain on remeasurement relating to business combinations of 17,068 million yen. (Please refer to 5. Gain on Remeasurement Relating to Business Combinations).

(*4) Segment income of the Commerce Business includes system failure response costs of 5,490 million yen. (Please refer to 6. System Failure Response Costs).

5. Gain on Remeasurement Relating to Business Combinations

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

Mainly due to the consolidation of LINE Bank Taiwan Limited on June 17, 2025, through LINE Financial Taiwan Limited, a consolidated subsidiary of the Company, the previously held equity interest of the company was remeasured based on the acquisition-date fair value. As a result, a gain on remeasurement relating to business combinations of 14,501 million yen was recognized.

In addition, due to the consolidation of LINE MAN Group (LINE MAN CORPORATION PTE. LTD. and its subsidiaries) on September 30, 2025, mainly through LINE SOUTHEAST ASIA CORP. PTE. LTD., a consolidated subsidiary of the Company, the previously held equity interest of the company was remeasured based on the acquisition-date fair value. As a result, a gain on remeasurement relating to business combinations of 44,377 million yen was recognized. For details, please refer to "3. Business Combinations."

6. System Failure Response Costs

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

Expenses of 5,490 million yen incurred in response to the system outage caused by the ransomware attack that occurred at ASKUL Corporation, a consolidated subsidiary of the Company, have been recorded as "System failure response costs." The main components include costs to maintain the logistics infrastructure and other facilities in preparation for service restoration, system investigation and restoration expenses, and valuation losses on products with expired shipping deadlines.

7. Impairment Loss on Investments in Associates and Joint Ventures

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

As a result of reducing the carrying amounts of the investments accounted for using the equity method, primarily related to Demae-can Co., Ltd. and LINE NEXT Corporation, to their recoverable amounts, impairment losses on investments in associates and joint ventures of 7,168 million yen and 11,315 million yen were recognized, respectively. The Company determined that there were indications of impairment of investments accounted for under the equity method related to both companies and performed impairment tests. As a result, the carrying amount of the investments accounted for using the equity method with regard to the companies were reduced to the recoverable amount. The recoverable amounts are measured by value in use, which are calculated by applying a pre-tax discount rate of 13.8% and 13.9% respectively to estimated future cash flow.

8. Gain on Sale of Investments in Associates and Joint Ventures

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

A gain on the sale of 12,497 million yen was recognized mainly due to the transfer of shares in Remember & Company Co., Ltd, an equity method affiliate of the Company.

9. Income Tax Expense

This consolidated fiscal year ended March 31, 2026 (April 1, 2025-March 31, 2026):

A review of the recoverability of deferred tax assets at PayPay Corporation, a consolidated subsidiary of the Company, was conducted for this consolidated fiscal year. This resulted in a reduction of income taxes in the amount of 57,535 million yen.

10. Earnings Per Share

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

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	Amount	Amount
Basic earnings per share (yen)	21.00	27.97
Profit for the year attributable to owners of the parent (million yen)	153,465	193,692
Profit for the year not attributable to owners of the parent (million yen)	—	—
Profit for the year used in the calculation of basic earnings per share (million yen)	153,465	193,692
Weighted-average number of common stock (1,000 shares)	7,307,937	6,925,897
Diluted earnings per share (yen)	20.92	27.85
Adjustments on profit for the year (million yen)	—	—
Increase in the number of common stock (1,000 shares)	29,148	29,342
Potential common stock that are anti-dilutive and therefore excluded from the calculation of diluted earnings per share	LINE 28th Stock Options, Z Holdings Corporation FY2022 1st Stock Options	LINE 28th Stock Options, LY Corporation FY2025 1st Stock Options, LY Corporation FY2025 2nd Stock Options

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

11. Significant Subsequent Events

Not applicable.

Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.