Results for the Three Months Ended June 30, 2026 (FY2026-1Q) [IFRSs]

August 3, 2026

Company Name: LY Corporation
Share Listings: Prime Market of TSE
Code No.: 4689
URL: https://www.lycorp.co.jp/en/
Representative: Takeshi Idezawa, President and Representative Director, CEO
Tel: +81-3-6779-4900
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Scheduled Dividend Payment Date: －
Financial Results Supplementary Briefing Materials to Be Created: Yes
Financial Results Investors Meeting to Be Held: Yes (for Financial Analysts)

1. Consolidated Results for the Three Months Ended June 30, 2026 (April 1, 2026‐June 30, 2026)

(Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2026‐June 30, 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	%
Three-month period ended June 30, 2026	553,987	13.1	101,175	6.4	99,117	13.8	75,387	24.9	58,060	19.2	84,397	11.3
Three-month period ended June 30, 2025	489,631	5.7	95,071	(11.0)	87,070	(0.7)	60,373	(0.2)	48,716	(5.5)	75,839	2.8

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen
Three-month period ended June 30, 2026	154,895	23.1	66,532	54.3	9.70	60.3	8.47	8.44
Three-month period ended June 30, 2025	125,864	3.4	43,119	1.8	6.05	7.1	6.84	6.80

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2026	11,612,455	3,723,854	3,004,765	25.9
As of March 31, 2026	11,205,191	3,713,509	2,998,805	26.8

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	－	0.00	－	7.30	7.30
Fiscal year ending March 31, 2027	－				
Fiscal year ending March 31, 2027 (Estimates)		0.00	－	11.00	11.00

(Note) Revision in dividends previously announced: None

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) Revision in performance estimates previously announced: None
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 on page 6 of the Results for the Three Months (Attachments).

Notes

(1) Significant changes in scope of consolidation during the period: None

Newly consolidated: None

Excluded from consolidation: None

(2) Changes in the accounting principles and accounting estimates

1) Changes due to IFRSs: None
2) Changes other than 1): None
3) Changes in accounting estimates: None

(3) Number of stocks issued (common stock)

1) Number of stocks issued (including treasury stocks)

As of June 30, 2026	6,884,784,536 shares
As of March 31, 2026	6,884,244,856 shares

2) Number of shares of treasury stocks

As of June 30, 2026	25,517,496 shares
As of March 31, 2026	25,635,999 shares

3) Average number of common stocks outstanding (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2026	6,858,892,103 shares
Three months ended June 30, 2025	7,124,599,693 shares

Note: The number of shares of treasury stocks includes the shares of LY Corporation (the "Company") held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust (as of March 31, 2026: 20,196,214 shares; as of June 30, 2026: 20,101,019 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 (cumulative from the beginning of the fiscal year)

(*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 other non-operating income/expenses

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

* Explanation of the proper use of performance estimates, and other special notes

· The performance estimates, etc., and other forward-looking statements contained in this document are based on the information currently available to the Company and premised on assumptions that have been deemed reasonable by the management. For a variety of reasons, actual performances, etc., could differ significantly.

· Supplementary materials to the earnings results are published on the Company's website (https://www.lycorp.co.jp/en/ir.html) on Monday, August 3, 2026.

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1 Qualitative Information Regarding the Consolidated Operating Results

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2026‐June 30, 2026)

■ Highlights

Revenue came to 553.9 billion yen (up 13.1% year on year), and adjusted EBITDA came to 154.8 billion yen (up 23.1% year on year). Both set new records for the highest performance to date in the cumulative consolidated first quarter.

	Three Months Ended June 30, 2025 (billion yen)	Three Months Ended June 30, 2026 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	489.6	553.9	64.3	13.1
Adjusted EBITDA	125.8	154.8	29.0	23.1

The revenue for the cumulative consolidated first quarter of the fiscal year ending March 31, 2027 amounted to 553.9 billion yen (up 13.1% year on year), representing the highest cumulative consolidated first quarter revenue to date. This was due to an increase in revenue from the consolidation of BEENOS Inc., LINE MAN CORPORATION PTE. LTD., and LINE Bank Taiwan Limited implemented in the previous fiscal year, and an increase in revenue mainly from PayPay's consolidated revenue in the Strategic Business, account advertising and LYP Premium in the Media Business, as well as Yahoo! JAPAN Shopping in the Commerce Business, among others.

Adjusted EBITDA for the cumulative consolidated first quarter of the fiscal year ending March 31, 2027 amounted to 154.8 billion yen (up 23.1% year on year), representing the highest cumulative consolidated first quarter earnings to date. This was due to the increased revenues mentioned above, despite an increase in selling, general and administrative expenses mainly due to higher sales promotion costs, commission expenses, and personnel expenses.

2. Segment Business Results Summary (April 1, 2026 - June 30, 2026)

Revenue and Adjusted EBITDA by Segment

	Three Months Ended June 30, 2025 (billion yen)	Three Months Ended June 30, 2026 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	177.5	182.0	4.5	2.6
Adjusted EBITDA	66.7	76.1	9.4	14.2
Commerce Business				
Revenue	215.9	242.8	26.9	12.5
Adjusted EBITDA	38.1	42.0	3.9	10.2
Strategic Business				
Revenue	96.5	130.2	33.7	34.9
Adjusted EBITDA	21.3	35.0	13.7	64.4
Other				
Revenue	2.0	1.9	(0.1)	(5.1)
Adjusted EBITDA	0.9	1.3	0.3	38.2
Adjustments				
Revenue	(2.4)	(3.1)	(0.7)	—
Adjusted EBITDA	(1.3)	0.2	1.5	—
Total				
Revenue	489.6	553.9	64.3	13.1
Adjusted EBITDA	125.8	154.8	29.0	23.1

Notes:

1. In the third quarter of the fiscal year ending March 31, 2026, services have been transferred between segments following an internal reorganization. As a result, the financial results for the fiscal year ended March 31, 2025 have been retroactively adjusted.
2. From the first quarter of the fiscal year ending March 31, 2027, services have been transferred between segments following an internal reorganization, and the allocation standards of expenses related to the back office, data centers, and internal infrastructure were revised. Accordingly, the segment information for the previous fiscal year has been revised and restated.
3. Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Cumulative Consolidated First Quarter

The revenue of the Media Business for the cumulative consolidated first quarter amounted to 182.0 billion yen (up 2.6% year on year). Adjusted EBITDA amounted to 76.1 billion yen (up 14.2% year on year) due to an increase in revenue, as well as a decrease in selling, general and administrative expenses which mainly include personnel expenses and generative AI-related expenses.

- Account advertising: Revenue increased 13.3% 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 decreased 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.
- User subscriptions, etc.: Revenue increased 12.5% year on year as "LYP Premium with Netflix," launched in February 2026, continued to perform well, with LYP Premium membership steadily increasing.

2) Commerce Business in the Cumulative Consolidated First Quarter

The revenue of the Commerce Business amounted to 242.8 billion yen (up 12.5% 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 Yahoo JAPAN Shopping and the ZOZO Group.

Adjusted EBITDA increased 10.2% year on year, to 42.0 billion yen, as the increase in revenue absorbed the increase in selling, general and administrative expenses, including sales promotion costs, advertising, and personnel expenses, resulting from the above consolidation of subsidiaries.

3) Strategic Business in the Cumulative Consolidated First Quarter

PayPay consolidated GMV (*1) for the cumulative consolidated first quarter amounted to 5.5 trillion yen (up 23.0% year on year) while maintaining steady growth. Furthermore, the loan balance of PayPay Bank Corporation came to 1,334.8 billion yen (up 37.5% year on year).

The revenue for the cumulative consolidated first quarter amounted to 130.2 billion yen, representing a 34.9% increase year on year, as a result of growth in PayPay consolidated, increased revenue from the consolidation of LINE Bank Taiwan Limited in June 2025, and increased revenue from the expansion of the LINE Pay Taiwan business. In addition, adjusted EBITDA amounted to 35.0 billion yen (up 64.4% year on year), as the increase in revenue absorbed the increase in selling, general and administrative expenses, which were mainly personnel expenses, sales promotion costs, advertising expenses, and commission expenses.

(*1) Payments via "PayPay Balance," "PayPay Debit," "PayPay Balance Card," "PayPay Credit," "PayPay Card (physical card)," "VISA Debit Card," "Alipay," 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. Figures are rounded down to the nearest billion yen and then rounded off to the nearest 100 billion yen.

Major services/products of each segment

<table>
<tr><td rowspan="6">Media Business</td><td>Search advertising</td><td colspan="2">LY Ads Search Ads</td></tr>
<tr><td>Account advertising</td><td colspan="2">LINE Official Account, LINE Promotion Sticker, LINE de Obo (Participate with LINE), LINE Flyer</td></tr>
<tr><td rowspan="3">Display advertising</td><td>Programmatic advertising</td><td>LY Ads Display Ads (Auction)</td></tr>
<tr><td>Reservation advertising</td><td>LY Ads Display Ads (Guaranteed)</td></tr>
<tr><td>Other</td><td>LINE Part Time Jobs</td></tr>
<tr><td>User subscriptions, etc.</td><td colspan="2">LINE STICKERS, LINE GAME, LINE Fortune, LINE MUSIC, LINE Manga, LYP Premium, ebookjapan, Yahoo! JAPAN Mail</td></tr>
<tr><td rowspan="5">Commerce Business</td><td rowspan="3">LY Corporation</td><td>Shopping business</td><td>Yahoo! JAPAN Shopping, LINE Brand Catalog, LINE GIFT, LINE SHOPPING (*2), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, MyShop)</td></tr>
<tr><td>Reuse business</td><td>Yahoo! JAPAN Auction, Yahoo! JAPAN Flea Market, Buyee</td></tr>
<tr><td>Services e-commerce</td><td>Yahoo! JAPAN Travel, Ikyu.com, LINE TRAVEL (Taiwan), LINE MAN</td></tr>
<tr><td rowspan="2">ZOZO, ASKUL</td><td>ZOZO</td><td>ZOZOTOWN, ZOZOUSED, Lyst</td></tr>
<tr><td>ASKUL</td><td>ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL), LOHACO, Charm</td></tr>
<tr><td rowspan="2">Strategic Business</td><td rowspan="2">Fintech</td><td>PayPay (Consolidated)</td><td>PayPay, PayPay Card, Credit Engine, PayPay Bank, PayPay Securities</td></tr>
<tr><td>Other fintech</td><td>PayPay Insurance, LINE Pay Taiwan, LINE Bank Taiwan, LINE Score, LINE Pocket Money, LINE BITMAX (*3), LINE FX</td></tr>
</table>

(*2) LINE SHOPPING in Japan terminated its service on June 1, 2026.
(*3) LINE BITMAX terminated its service on June 1, 2026.

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 aims 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

Assets, Liabilities, and Equity

1. Assets

Total assets at the end of this consolidated first quarter amounted to 11,612,455 million yen, having increased 407,263 million yen, or 3.6%, since the end of the consolidated fiscal year ended March 31, 2026.

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.
・Loans in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2026, mainly due to the increase in housing loans.

2. Liabilities

Total liabilities at the end of this consolidated first quarter amounted to 7,888,600 million yen, having increased 396,918 million yen, or 5.3%, since the end of the consolidated fiscal year ended March 31, 2026.

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

・Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2026, mainly due to an increase in deposits from customers.
・Interest-bearing liabilities increased compared with the end of the consolidated fiscal year ended March 31, 2026 mainly due to an increase in borrowings.

3. Equity

Total equity at the end of this consolidated first quarter amounted to 3,723,854 million yen, having increased 10,345 million yen, or 0.3%, since the end of the consolidated fiscal year ended March 31, 2026.

Cash Flows

At the end of this consolidated first quarter, cash and cash equivalents amounted to 1,200,934 million yen, up 132,902 million yen from the end of the consolidated fiscal year ended March 31, 2026, out of which deposits with the central bank for the banking business amounted to 411,030 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 outflow of 25,220 million yen, primarily owing to an increase in loans in the banking business, increase in investment securities in the securities business, and payment of income taxes, despite the recognition of profit before tax for the period under review and an increase in customer deposits in the banking business.
Cash flows from investing activities amounted to a total cash outflow of 64,194 million yen, primarily due to the purchase of investment securities in the banking business and purchase of other investments, despite proceeds from sales/redemption of investment securities in the banking business.
Cash flows from financing activities amounted to a total cash inflow of 218,123 million yen, primarily due to the net increase in short-term borrowings and proceeds from long-term borrowings, despite outflows mainly due to payment of dividends.

2 Interim Condensed Consolidated Financial Statements and Significant Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2026	As of June 30, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,068,032	1,200,934	132,902	12.4
Call loans in banking business	52,788	23,643	(29,144)	(55.2)
Trade and other receivables	539,360	572,465	33,105	6.1
Inventories	32,335	31,714	(620)	(1.9)
Loans in credit card business	1,252,928	1,274,116	21,188	1.7
Investment securities in banking business	1,550,844	1,560,105	9,261	0.6
Loans in banking business	1,615,955	1,750,419	134,463	8.3
Other financial assets	714,667	763,859	49,191	6.9
Property and equipment	259,634	255,318	(4,316)	(1.7)
Right-of-use assets	198,026	215,616	17,590	8.9
Goodwill	2,191,690	2,197,888	6,198	0.3
Intangible assets	1,309,654	1,303,561	(6,092)	(0.5)
Investments accounted for using the equity method	192,262	221,575	29,313	15.2
Deferred tax assets	119,529	115,749	(3,780)	(3.2)
Other assets	107,481	125,486	18,004	16.8
Total assets	11,205,191	11,612,455	407,263	3.6

(Millions of yen)

	As of Mar. 31, 2026	As of June 30, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	2,218,513	2,239,268	20,754	0.9
Customer deposits in banking business	2,701,160	2,799,901	98,741	3.7
Interest-bearing liabilities	1,961,998	2,283,191	321,192	16.4
Other financial liabilities	92,274	94,928	2,654	2.9
Income taxes payable	43,127	28,693	(14,434)	(33.5)
Provisions	37,180	36,787	(393)	(1.1)
Deferred tax liabilities	191,944	184,476	(7,467)	(3.9)
Other liabilities	245,482	221,353	(24,129)	(9.8)
Total liabilities	7,491,682	7,888,600	396,918	5.3
Equity				
Equity attributable to owners of the parent				
Common stock	252,134	252,287	153	0.1
Capital surplus	1,699,597	1,678,946	(20,651)	(1.2)
Retained earnings	996,061	1,014,900	18,838	1.9
Treasury stock	(13,338)	(13,272)	65	—
Accumulated other comprehensive income	64,350	71,904	7,553	11.7
Total equity attributable to owners of the parent	2,998,805	3,004,765	5,959	0.2
Non-controlling interests	714,704	719,089	4,385	0.6
Total equity	3,713,509	3,723,854	10,345	0.3
Total liabilities and equity	11,205,191	11,612,455	407,263	3.6

(2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Three Months ended June 30, 2025	Three Months ended June 30, 2026	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	489,631	553,987	64,356	13.1
Cost of sales	134,348	152,549	18,200	13.5
Selling, general and administrative expenses	260,212	300,263	40,051	15.4
Operating income	95,071	101,175	6,103	6.4
Other non-operating income	1,926	6,089	4,162	216.0
Other non-operating expenses	7,135	6,569	(566)	(7.9)
Equity in profit (loss) of associates and joint ventures	(2,792)	(1,576)	1,215	—
Profit before tax	87,070	99,117	12,047	13.8
Income tax expense	26,696	23,729	(2,966)	(11.1)
Profit for the period	60,373	75,387	15,014	24.9
Profit for the period attributable to:				
Owners of the parent	48,716	58,060	9,344	19.2
Non-controlling interests	11,657	17,326	5,669	48.6
Profit for the period	60,373	75,387	15,014	24.9
Earnings per share attributable to owners of the parent				
Basic (yen)	6.84	8.47	1.63	23.8
Diluted (yen)	6.80	8.44	1.64	24.1

(3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three Months ended June 30, 2025	Three Months ended June 30, 2026
Profit for the period	60,373	75,387
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(1,646)	(70)
Equity financial assets measured at FVTOCI	3,861	788
Share of other comprehensive income of associates	6	(67)
Subtotal	2,221	650
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	783	(44)
Exchange differences on translating foreign operations	12,460	8,403
Subtotal	13,243	8,359
Other comprehensive income, net of tax	15,465	9,009
Total comprehensive income	75,839	84,397
Total comprehensive income attributable to:		
Owners of the parent	60,535	65,008
Non-controlling interests	15,303	19,389
Total comprehensive income	75,839	84,397

(4) Interim Condensed Consolidated Statement of Changes in Equity

Three Months ended June 30, 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, 2025	250,128	1,880,031	838,017	(11,704)	41,696	2,998,170	420,745	3,418,915
Profit for the period			48,716			48,716	11,657	60,373
Other comprehensive income, net of tax					11,819	11,819	3,646	15,465
Total comprehensive income for the period	—	—	48,716	—	11,819	60,535	15,303	75,839
Transactions with owners and other transactions								
Issue of common stock	869	1,095				1,965		1,965
Payment of dividends		(10,260)	(39,617)			(49,877)	(8,829)	(58,707)
Transfer of accumulated other comprehensive income to retained earnings			(2,294)		2,294	—		—
Purchase of treasury stock				(116,228)		(116,228)		(116,228)
Changes attributable to obtaining or losing control of subsidiaries						—	46,363	46,363
Changes in ownership interests in subsidiaries without losing control		(1,018)				(1,018)	78,019	77,001
Share-based payment transactions		1,040				1,040		1,040
Other		(1,067)	(26)	172		(921)	188	(733)
Total	869	(10,210)	(41,938)	(116,055)	2,294	(165,040)	115,741	(49,299)
Balance at June 30, 2025	250,997	1,869,821	844,796	(127,760)	55,810	2,893,665	551,789	3,445,454

Three Months ended June 30, 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, 2026	252,134	1,699,597	996,061	(13,338)	64,350	2,998,805	714,704	3,713,509
Profit for the period			58,060			58,060	17,326	75,387
Other comprehensive income, net of tax					6,947	6,947	2,062	9,009
Total comprehensive income for the period	—	—	58,060	—	6,947	65,008	19,389	84,397
Transactions with owners and other transactions								
Issue of common stock	153	195				348		348
Payment of dividends		(11,933)	(38,133)			(50,067)	(10,316)	(60,383)
Transfer of accumulated other comprehensive income to retained earnings			(606)		606	—		—
Purchase of treasury stock				(11)		(11)		(11)
Changes in ownership interests in subsidiaries without losing control		(9,071)				(9,071)	(4,597)	(13,669)
Share-based payment transactions		357				357		357
Other		(198)	(482)	76		(604)	(89)	(693)
Total	153	(20,651)	(39,222)	65	606	(59,049)	(15,003)	(74,052)
Balance at June 30, 2026	252,287	1,678,946	1,014,900	(13,272)	71,904	3,004,765	719,089	3,723,854

(5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three Months ended June 30, 2025	Three Months ended June 30, 2026
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	87,070	99,117
Depreciation and amortization	41,441	47,899
Increase (decrease) in allowance for doubtful accounts	(7,348)	4,583
Equity in (profit) loss of associates and joint ventures	2,792	1,576
(Increase) decrease in call loans in banking business	33,000	29,535
(Increase) decrease in trade and other receivables	(12,442)	(29,353)
Increase (decrease) in trade and other payables	(20,157)	25,870
(Increase) decrease in loans for credit card business	(23,441)	(21,491)
(Increase) decrease in loans in banking business	(44,018)	(125,495)
Increase (decrease) in customer deposits in banking business	160,119	87,283
(Increase) decrease in investment securities in securities business	(24,629)	(54,837)
Other	(43,965)	(43,618)
Subtotal	148,422	21,070
Interest and dividends received	1,112	2,265
Interest paid	(4,346)	(5,696)
Income taxes—paid	(50,164)	(42,860)
Net cash inflow (outflow) from operating activities	95,023	(25,220)
Cash flows from investing activities:		
Purchase of investment securities in banking business	(131,304)	(145,071)
Proceeds from sales/redemption of investment securities in banking business	38,197	137,722
Purchase of other investments	(55,922)	(44,447)
Proceeds from withdrawal of time deposits	13,866	19,525
Other	(82,939)	(31,923)
Net cash inflow (outflow) from investing activities	(218,103)	(64,194)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	172,997	176,380
Proceeds from long-term borrowings	122,140	108,980
Repayments of long-term borrowings	(9,381)	(10,836)
Proceeds from issuance of corporate bonds	—	15,000
Proceeds from issuance of commercial papers	295,500	121,000
Redemption of commercial papers	(236,000)	(107,000)
Dividends paid	(49,879)	(50,069)
Repayment of lease liabilities	(10,356)	(9,831)
Other	(119,269)	(25,500)
Net cash inflow (outflow) from financing activities	165,749	218,123
Effects of exchange rate changes on cash and cash equivalents	9,097	4,193
Net increase (decrease) in cash and cash equivalents	51,766	132,902
Cash and cash equivalents at the beginning of the period	1,043,944	1,068,032
Cash and cash equivalents at the end of the period	1,095,711	1,200,934

(6) Notes to Interim Condensed Consolidated Financial Statements

1. Reporting Entity

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

2. Basis of Preparation

Compliance with International Financial Reporting Standards

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

3. Going Concern Assumption

Not applicable.

4. Material Accounting Policy Information

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

5. Use of Estimates and Judgments

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

6. Segment Information

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

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

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

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

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

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

The accounting policies adopted for each reporting segment are the same as the Group's accounting policies as those referred to in "4. Material Accounting Policy Information." Segment income is adjusted with the operating income in the interim condensed consolidated statement of profit or loss. The adjustment figures for segment income are general corporate expenses not belonging to each reporting segment. General corporate expenses principally comprise general and administrative expenses not belonging to any reporting segment. Inter-segment revenue is based on actual market prices.

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

Furthermore, from the first quarter of the fiscal year ending March 31, 2027, services have been transferred between segments following an internal reorganization, and the allocation standards of expenses related to the back office, data centers, and internal infrastructure were revised.

Accordingly, the segment information for the previous cumulative consolidated first quarter has been revised and restated.

The Group's segment information is as follows:

Previous cumulative consolidated first quarter of the fiscal year ended March 31, 2026 (April 1, 2025‐June 30, 2025):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	176,017	215,424	96,288	487,729	1,902	—	489,631
Intersegment sales	1,549	522	244	2,317	120	(2,438)	—
Total	177,566	215,946	96,532	490,046	2,023	(2,438)	489,631
Segment income	49,184	19,530	29,338	98,054	528	(3,511)	95,071
Other non-operating income							1,926
Other non-operating expenses							7,135
Equity in profit (loss) of associates and joint ventures							(2,792)
Profit before tax							87,070

This cumulative consolidated first quarter of the fiscal year ending March 31, 2027 (April 1, 2026‐June 30, 2026):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	180,802	242,170	129,216	552,189	1,798	—	553,987
Intersegment sales	1,295	726	1,035	3,057	121	(3,179)	—
Total	182,097	242,896	130,252	555,247	1,919	(3,179)	553,987
Segment income	58,265	20,510	24,075	102,850	373	(2,049)	101,175
Other non-operating income							6,089
Other non-operating expenses							6,569
Equity in profit (loss) of associates and joint ventures							(1,576)
Profit before tax							99,117

7. Interest-Bearing Liabilities

The components of interest-bearing liabilities are as follows:

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Borrowings	1,208,219	1,482,241
Corporate bonds	474,344	489,369
Lease liabilities	205,201	223,975
Other	74,232	87,604
Total	1,961,998	2,283,191

8. Dividends

The total amount of dividends was as follows:

Three Months ended June 30, 2025 (April 1, 2025‑June 30, 2025)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 16, 2025	50,075	7.00	March 31, 2025	June 5, 2025

Three Months ended June 30, 2026 (April 1, 2026‑June 30, 2026)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2026	50,215	7.30	March 31, 2026	June 5, 2026

9. Other Non-operating Income

The components of non-operating income are as follows:

(Millions of yen)

	Three Months ended June 30, 2025	Three Months ended June 30, 2026
Gain or loss from financial instruments at FVTPL	—	3,638
Other	1,926	2,450
Total	1,926	6,089

10. Other Non-operating Expenses

The components of non-operating expenses are as follows:

(Millions of yen)

	Three Months ended June 30, 2025	Three Months ended June 30, 2026
Interest expenses	2,657	3,633
Other	4,477	2,935
Total	7,135	6,569

11. Earnings Per Share

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

	Three Months ended June 30, 2025	Three Months ended June 30, 2026
Basic quarterly earnings per share (yen)	6.84	8.47
Profit for the quarter attributable to owners of the parent (million yen)	48,716	58,060
Profit for the quarter not attributable to owners of the parent (million yen)	—	—
Profit for the quarter used in the calculation of basic earnings per share (million yen)	48,716	58,060
Weighted-average number of common stock (1,000 shares)	7,124,599	6,858,892
Diluted quarterly earnings per share (yen)	6.80	8.44
Adjustments on profit for the quarter (million yen)	—	—
Increase in the number of common stock (1,000 shares)	39,256	21,800

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

12. Related Party Transactions

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

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

Related party transactions and outstanding balances

Previous cumulative consolidated first quarter of the fiscal year ended March 31, 2026 (April 1, 2025‐June 30, 2025):

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

This cumulative consolidated first quarter of the fiscal year ending March 31, 2027 (April 1, 2026‐June 30, 2026):

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

13. Contingencies

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

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Remaining balance	10,648,136	10,345,835

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

14. Significant Subsequent Event

(Capital and Business Alliance to Establish a Medium- to Long-Term Strategic Partnership with Seven & i Holdings Co., Ltd.)

On July 31, 2026, the Company, together with its parent company, SoftBank Corp. ("SoftBank"), and the Company's consolidated subsidiary, PayPay Corporation ("PayPay"), entered into a business alliance agreement (the "Business Alliance") with Seven & i Holdings Co., Ltd. ("Seven & i") and SEVEN-ELEVEN JAPAN CO., LTD. ("SEVEN-ELEVEN") to establish a strategic partnership in the digital domain. On the same date, SoftBank and PayPay also entered into a capital alliance agreement (the "Capital Alliance") with Seven & i, and based on this Capital Alliance, decided to subscribe for treasury shares to be disposed of by Seven & i. (the "Disposal of Treasury Shares") through a third-party allotment.

(1) Business Alliance

Through this Business Alliance, PayPay will promote the integration of 7iD into PayPay ID, introduce PayPay Points, undertake the development of the Seven Eleven app and collaborate on promotional initiatives, as well as facilitate the mutual utilization of data held by the parties, etc. Through these initiatives, PayPay aims to enhance the customer experience provided by SEVEN-ELEVEN while expanding opportunities to leverage PayPay's digital financial platform centered on its payment services.

(2) Capital Alliance

Through this Disposal of Treasury Shares, PayPay will acquire 48,309,178 shares of common stock of Seven & i (representing an ownership ratio of 2.13% of the total number of issued shares, excluding treasury shares), for a total acquisition price of 100.0 billion yen. The payment amount for the acquisition of the common stock through this Disposal of Treasury Shares will be 2,070 yen per share, with the payment date scheduled for August 17, 2026. The Disposal of Treasury Shares is subject to the satisfaction of certain conditions precedent, including the effectiveness of the securities registration statement to be filed by Seven & i.

(3) Financial impact

As a result of these alliances, "Other financial assets" in the consolidated statement of financial position is expected to increase by 100.0 billion yen. As of the date of approval of these condensed consolidated financial statements, the financial impact of the alliances cannot be reasonably estimated because the details of the Business Alliance are currently under review.
