



May 16, 2025

To whom it may concern,

LY Corporation
Takeshi Idezawa
President and Representative Director, CEO
Stock Code: 4689

**(Update) Absorption-type Merger of Z Financial Corporation, a Wholly Owned Subsidiary
(Simplified Merger and Short-Form Merger) and Change in Specified Subsidiary**

As notified in “Notice Regarding Decision on Basic Policy for Absorption-type Merger of Z Financial Corporation, a Wholly Owned Subsidiary” dated December 17, 2024, LY Corporation (hereinafter the “Company”) has announced its basic policy (hereinafter the “Basic Policy”) to carry out an absorption-type merger (hereinafter the “Merger”). In this Merger, the Company will be the company surviving the absorption-type merger and Z Financial Corporation (hereinafter “ZF”), a wholly owned subsidiary of the Company, will be the disappearing company absorbed in the absorption-type merger. The Company hereby announces that at the meeting of the Board of Directors held on May 16, 2025, the Company resolved to carry out the Merger based on the Basic Policy, effective August 1, 2025. Details are as follows.

The Company has omitted certain disclosure items and details because the Merger is a simplified absorption-type merger of a wholly owned subsidiary.

In addition, ZF will be extinguished as a result of the Merger and will not constitute a specified subsidiary of the Company thereafter.

1. Purpose of the Merger

ZF is the Company's consolidated subsidiary and an intermediate holding company for the domestic financial business areas of the LY Corporation Group (the “Group”). The Company has decided to carry out this Merger with the aim of optimizing the resources of the Group.

2. Outline of the Merger

(1) Schedule of the Merger

Date of the resolution of the Board of Directors (approval of the Basic Policy) (each company): December 17, 2024

Date of the resolution of the Board of Directors (approval of the Merger agreement) (each company): May 16, 2025

Date of signing of the Merger agreement (each company): Late May, 2025 (planned)

Effective date of the Merger: August 1, 2025 (planned)

As the Merger falls under the category of a simplified merger (as prescribed in Article 796, Paragraph 2 of the Companies Act) in relation to the Company, and a short-form merger (as prescribed in Article 784, Paragraph 1 of the same act) in relation to ZF, the Merger agreement shall be approved without convening a General

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Meeting of Shareholders of either company.

(2) Method of the Merger

The Merger will be implemented by way of an absorption-type merger in which the Company is the surviving company and ZF is the disappearing company, as a result of which ZF will dissolve.

(3) Details of allotments related to the Merger

As ZF is a wholly owned subsidiary of the Company, no shares or money will be allotted as a result of the Merger.

(4) Treatment of share options and bonds with share options in connection with the Merger

ZF has not issued share options or bonds with share options.

3. Overview of the companies involved in the Merger

	Surviving company		Disappearing company to be absorbed	
(1) Trade name	LY Corporation		Z Financial Corporation	
(2) Location	1-3 Kioicho, Chiyoda-ku, Tokyo		1-3 Kioicho, Chiyoda-ku, Tokyo	
(3) Names and titles of representatives	Kentaro Kawabe Chairperson and Representative Director Takeshi Idezawa President and Representative Director, CEO (Chief Executive Officer)		Shingo Ogasawara Representative Director, President Corporate Officer, CEO	
(4) Main business	Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations		Managing of group companies and businesses incidental thereto	
(5) Paid-in capital	JPY 250,128 million (as of March 31, 2025)		JPY 39,779 million (as of March 31, 2025)	
(6) Founded	January 31, 1996		May 10, 2019	
(7) Number of shares issued	7,154,182,647 shares (as of March 31, 2025)		1,591,172 shares (as of March 31, 2025)	
(8) Fiscal year end	March 31		March 31	
(9) Major shareholders and shareholding ratios	A Holdings Corporation 62.4% The Master Trust Bank of Japan, Ltd. (trust account) 7.1% STATE STREET BANK AND TRUST COMPANY 505325 3.3% Custody Bank of Japan, Ltd. (trust account) 2.9% STATE STREET BANK AND TRUST COMPANY 505001 1.4% (As of March 31, 2025)		LY Corporation 100% (As of March 31, 2025)	
(10) Financial position and results of operations for the most recent fiscal year	Fiscal year ended March 31, 2025 (Consolidated: IFRS)		Fiscal year ended March 31, 2024 (Non-consolidated: Japanese GAAP)	
	Total equity	JPY 3,418,915 million	Net assets	JPY 124,567 million
	Total assets	JPY 9,158,346 million	Total assets	JPY 124,753 million

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	Equity attributable to owners of the parent per share	JPY 420.77	Net assets per share	JPY 85,076.75
	Revenue	JPY 1,917,478 million	Operating revenue	JPY 1,471 million
	Operating income	JPY 315,033 million	Operating income	JPY 642 million
	Income before tax	JPY 274,882 million	Ordinary income	JPY 685 million
	Net income attributable to owners of the parent	JPY 153,465 million	Net loss	JPY 46 million
	Basic earnings per share	JPY 21.00	Net loss per share	JPY 32.25

4. Status after the Merger

There will be no changes in the trade name, location, name and title of representatives, main business, paid-in capital, or fiscal year end of the Company as a result of the Merger.

5. Future prospects

Since this is a merger of a wholly owned subsidiary of the Company, the effect of the Merger on the Company's consolidated financial statements of operations is immaterial.

(Reference) Consolidated business performance forecast for current fiscal year (as announced on May 7, 2025) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA	Adjusted EPS
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2026)	JPY 2,100,000 million	JPY 500,000 million to JPY 510,000 million	JPY 25.9 to JPY 26.9
Consolidated business performance for previous fiscal year (FY ended March 31, 2025)	JPY 1,917,478 million	JPY 470,831 million	JPY 24.91

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