



November 30, 2023

To whom it may concern,

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

Absorption-type Merger of Matsuda Saketen Corporation, a Wholly Owned Subsidiary (Simplified Merger and Short-Form Merger)

LY Corporation (hereinafter the “Company”) hereby announces that at the meeting of the Board of Directors held on November 30, 2023, the Company resolved to carry out an absorption-type merger (hereinafter the “Merger”) of its wholly owned subsidiary, Matsuda Saketen Corporation (hereinafter “Matsuda Saketen”), effective March 1, 2024. 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.

1. Purpose of the Merger

The purpose of the Merger is to achieve integrated and effective business development of the Commerce Business within the LY Corporation Group, as well as to improve management efficiency and maximize the use of management resources.

2. Outline of the Merger

(1) Schedule of the Merger

Date of the resolution of the Board of Directors (the Company):	November 30, 2023
Date of signing of the Merger agreement (each company):	December 6, 2023 (planned)
Effective date of the Merger:	March 1, 2024 (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 Matsuda Saketen, the Merger agreement shall be approved without convening a General Meeting of Shareholders of either company.

The Merger will take effect on the condition that the Company has obtained permission, approval, etc. (including cases handled in accordance with the provisions of Article 9, Paragraph 1-14 of the Notification on Interpretation of the Liquor Tax Act and Laws and Regulations Related to Liquor Administration) from the relevant public agencies, etc., with respect to the succession of the general liquor retail license possessed by Matsuda Saketen by the Company as a result of the Merger.

Disclaimer

This is an English translation of the release. This translation is prepared and provided for the reader's convenience. All readers are recommended to refer to the original version of the release in Japanese for complete information.

(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 Matsuda Saketen is the disappearing company, as a result of which Matsuda Saketen will dissolve.

(3) Details of allotments related to the Merger

As Matsuda Saketen 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

Matsuda Saketen 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	Matsuda Saketen 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) Jungho Shin Representative Director, CPO (Chief Product Officer)	Hideki Nakao Representative Director
(4) Main business	Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations	Sales of alcoholic beverages, and others
(5) Paid-in capital	JPY 247,603 million (as of September 30, 2023)	JPY 37 million (as of March 31, 2023)
(6) Founded	January 31, 1996	May 28, 1964
(7) Number of shares issued	7,635,230,111 shares (as of September 30, 2023)	6,470 shares (as of March 31, 2023)
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratios	A Holdings Corporation 63.6% The Master Trust Bank of Japan, Ltd. (trust account) 5.0% STATE STREET BANK AND TRUST COMPANY 505325 3.1% Custody Bank of Japan, Ltd. (trust account) 2.2% Z Holdings Corporation (currently LY Corporation) 1.4% (As of September 30, 2023)	LY Corporation 100% (As of October 1, 2023)

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(10) Financial position and results of operations for the most recent fiscal year	Surviving company		Disappearing company to be absorbed		
	Fiscal year ended March 31, 2023 (Consolidated: IFRS)		Fiscal year ended March 31, 2023 (Non-consolidated: Japanese GAAP) (*)		<Reference> February 1, 2022 to January 31, 2023
	Total equity	JPY 3,317,900 million	Net assets	JPY 9 million	JPY 9 million
	Total assets	JPY 8,588,722 million	Total assets	JPY 9 million	JPY 10 million
	Equity attributable to owners of the parent per share	JPY 389.43	Net assets per share	JPY 1,414.31	JPY 1,501.20
	Revenue	JPY 1,672,377 million	Revenue	JPY 0 million	JPY 64 million
	Operating income	JPY 314,533 million	Operating income	JPY -0 million	JPY -5 million
	Income before tax	JPY 235,219 million	Ordinary income	JPY -0 million	JPY -2 million
	Net income attributable to owners of the parent	JPY 178,868 million	Net income	JPY -0 million	JPY -1 million
	Basic earnings per share	JPY 23.87	Net income per share	JPY -86.89	JPY -398.03

*The figures for the fiscal year ended March 31, 2023 for Matsuda Saketen are for the period from February 1, 2023 to March 31, 2023, the immediately preceding fiscal year, due to the change in the fiscal year end. For reference, the financial position and results of operations for the period from February 1, 2022 to January 31, 2023 are also partially indicated.

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.

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 April 28, 2023) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2024)	JPY1,900,000 million	JPY356,000 million to JPY366,000 million
Consolidated business performance for previous fiscal year (FY ended March 31, 2023)	JPY1,672,377 million	JPY332,610 million

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