



February 27, 2024

To whom it may concern,

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

Absorption-type Merger of Netrust, Ltd. 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 February 27, 2024, the Company resolved to carry out an absorption-type merger (hereinafter the “Merger”) of its wholly owned subsidiary, Netrust, Ltd. (hereinafter “Netrust”), effective May 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

Netrust is a consolidated subsidiary of the Company, and provides the payment service for the Company's e-commerce services such as Yahoo! JAPAN Shopping. The Company has decided to carry out the Merger for the purpose of improving the management efficiency and maximizing the use of management resources.

2. Outline of the Merger

(1) Schedule of the Merger

Date of the resolution of the Board of Directors (each company): February 27, 2024
Date of signing of the Merger agreement (each company): March 6, 2024 (planned)
Effective date of the Merger: May 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 Netrust, the Merger agreement shall be approved without convening a General 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 Netrust is the disappearing company, as a result of which Netrust will dissolve.

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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.

(3) Details of allotments related to the Merger

As Netrust 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

Netrust 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	Netrust, Ltd.		
(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)	Ihote Okaniwa President and 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	Development and provision of infrastructure for online payment system used in e-commerce business		
(5) Paid-in capital	JPY 247,603 million (as of September 30, 2023)	JPY 243 million (as of March 31, 2023)		
(6) Founded	January 31, 1996	September 13, 2000		
(7) Number of shares issued	7,635,230,111 shares (as of September 30, 2023)	7,170 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 December 31, 2023)		
(10) Financial position and results of operations for the most recent fiscal year	Fiscal year ended March 31, 2023 (Consolidated: IFRS)		Fiscal year ended March 31, 2023 (Non-consolidated: Japanese GAAP)	
	Total equity	JPY 3,317,900 million	Net assets	JPY 2,666 million
	Total assets	JPY 8,588,722 million	Total assets	JPY 2,763 million
	Equity attributable	JPY 389.43	Net assets per	JPY 464,864.86

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	to owners of the parent per share		share	
	Revenue	JPY 1,672,377 million	Revenue	JPY 750 million
	Operating income	JPY 314,533 million	Operating income	JPY 325 million
	Income before tax	JPY 235,219 million	Ordinary income	JPY 325 million
	Net income attributable to owners of the parent	JPY 178,868 million	Net income	JPY 225 million
	Basic earnings per share	JPY 23.87	Net income per share	JPY 39,232.78

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 February 6, 2024) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2024)	JPY1,820,000 million	JPY390,000 million
Consolidated business performance for previous fiscal year (FY ended March 31, 2023)	JPY1,672,377 million	JPY332,610 million

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