

Results for the Nine Months Ended December 31, 2024 (FY2024-3Q) [IFRSs]

February 6, 2025

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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 Nine Months Ended December 31, 2024

(April 1, 2024 - December 31, 2024)

(Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2024 - December 31, 2024) (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	%
Nine-month period ended Dec. 31, 2024	1,428,759	6.1	254,765	46.2	224,033	31.6	165,581	21.3	127,677	4.3	158,858	2.6
Nine-month period ended Dec. 31, 2023	1,346,840	8.7	174,280	(40.0)	170,179	(25.8)	136,521	(29.0)	122,448	(32.0)	154,883	(46.3)

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen
Nine-month period ended Dec. 31, 2024	363,488	16.1	113,578	(12.7)	15.41	(11.2)	17.33	17.25
Nine-month period ended Dec. 31, 2023	313,155	20.1	130,099	253.7	17.35	253.5	16.33	16.27

(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 Dec. 31, 2024	9,451,486	3,407,671	2,994,685	31.7
As of March 31, 2024	9,043,969	3,446,985	3,037,088	33.6

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	5.56	5.56
Fiscal year ending March 31, 2025	—	0.00	—		
Fiscal year ending March 31, 2025 (Estimates)				7.00	7.00

(Notes)

1. Revision in dividends previously announced: Yes

2. Please refer to "Revision of the Forecast on Dividend Payment" announced today (February 6, 2025) for details on the revision in dividends forecast.

3. Consolidated Performance Estimates for FY2024 (April 1, 2024–March 31, 2025)

	Revenue		Adjusted EBITDA		Adjusted EPS
	Millions of yen	% Change YoY	Millions of yen	% Change YoY	Yen
Fiscal year ending March 31, 2025	1,935,000	6.6	450,000–460,000	8.5–10.9	18.5–19.4

(Notes)

1. Revision in performance estimates previously announced: None

2. For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025) in (1) Qualitative Information Regarding the Consolidated Business Performance on page 5 of the Results for the Nine Months (Attachments).

* Notes

- (1) Significant changes in scope of consolidation during the period: Yes
Newly consolidated: None
Excluded from consolidation: 1 (ValueCommerce Co., Ltd.)
- (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 December 31, 2024	7,152,008,897 shares
As of March 31, 2024	7,637,068,986 shares
 - 2) Number of shares of treasury stocks

As of December 31, 2024	30,850,212 shares
As of March 31, 2024	136,099,378 shares
 - 3) Average number of common stocks outstanding (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	7,368,155,805 shares
Nine months ended December 31, 2023	7,498,201,245 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, 2024: 32,948,954 shares; as of December 31, 2024: 30,293,284 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 ± EBITDA adjustment items ± tax equivalent on some 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, certain rents

(*2) EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (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.

* 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 Thursday, February 6, 2025.

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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, 2024–December 31, 2024)

■ Highlights

Revenue came to 1,428.7 billion yen (up 6.1% year on year), and adjusted EBITDA came to 363.4 billion yen (up 16.1% year on year). Both set new records for the highest performance to date in the cumulative consolidated third quarter.

	Nine Months Ended Dec. 31, 2023 (billion yen)	Nine Months Ended Dec. 31, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	1,346.8	1,428.7	81.9	6.1
Adjusted EBITDA	313.1	363.4	50.3	16.1

The revenue for the cumulative consolidated third quarter of the fiscal year ending March 31, 2025 amounted to 1,428.7 billion yen (up 6.1% year on year), representing the highest cumulative consolidated third quarter revenue to date. This was due to an increased revenue in the Strategic Business accompanied by the growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), increased revenue in the Media Business primarily driven by the growth of account advertising as well as increased revenue in the Commerce Business accompanied by the favorable performance of the ZOZO Group and ASKUL Group, and services e-commerce business, and others.

Adjusted EBITDA for the cumulative consolidated third quarter of the fiscal year ending March 31, 2025 amounted to 363.4 billion yen (up 16.1% year on year), representing the highest cumulative consolidated third quarter earnings to date. This was due to the increased revenues mentioned above, despite an increase in expenses for sales promotion, security measures, and others.

2. Segment Business Results Summary (April 1, 2024–December 31, 2024)

Revenue and Adjusted EBITDA by Segment

	Nine Months Ended Dec. 31, 2023 (billion yen)	Nine Months Ended Dec. 31, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	522.6	543.6	21.0	4.0
Adjusted EBITDA	197.1	214.1	16.9	8.6
Commerce Business				
Revenue	615.8	636.3	20.5	3.3
Adjusted EBITDA	102.4	118.1	15.6	15.3
Strategic Business				
Revenue	211.6	251.5	39.8	18.8
Adjusted EBITDA	7.8	39.4	31.6	403.0
Other				
Revenue	5.6	7.1	1.5	26.5
Adjusted EBITDA	1.3	1.9	0.6	44.1
Adjustments				
Revenue	(8.9)	(9.9)	—	—
Adjusted EBITDA (loss)	4.3	(10.2)	—	—
Total				
Revenue	1,346.8	1,428.7	81.9	6.1
Adjusted EBITDA	313.1	363.4	50.3	16.1

Notes:

- From the third quarter of the fiscal year ending March 31, 2025, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business. Accordingly, the segment information for the previous cumulative consolidated third quarter has been revised and restated.
- Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Cumulative Consolidated Third Quarter

The revenue of the Media Business for the cumulative consolidated third quarter amounted to 543.6 billion yen (up 4.0% year on year). This was due to increased revenue from account advertising and other factors. Furthermore, adjusted EBITDA amounted to 214.1 billion yen (up 8.6% year on year). The revenue of the Media Business accounted for 38.1% of the total revenue.

- Account advertising: Revenue increased 19.6% year on year due to an increase in the number of paid accounts and expansion of pay-as-you-go billing in LINE Official Account.
- Search advertising: Revenue increased year on year as a result of stabilization of the decrease in revenue from partners' websites.
- Display advertising: Revenue slightly decreased year on year despite an increase in revenue from LINE advertising.

2) Commerce Business in the Cumulative Consolidated Third Quarter

The revenue of the Commerce Business increased mainly by subsidiaries including the ZOZO Group and ASKUL Group. In addition, revenue increased year on year as a result of a favorable growth in services e-commerce business and others, despite the impact from the deconsolidation of ValueCommerce Co., Ltd., implemented in May 2024.

E-commerce transaction value (*1) amounted to 3,280.4 billion yen (up 4.8% year on year) due to growth in domestic merchandise transaction value mainly from the shopping business and solid growth in the transaction value of domestic services. Domestic merchandise transaction value accounted for 2,340.7 billion yen (up 3.1% year on year) of the total e-commerce transaction value.

As a result of the above factors, the revenue of the Commerce Business for the cumulative consolidated third quarter amounted to 636.3 billion yen (up 3.3% year on year). Adjusted EBITDA increased 15.3% year on year, to 118.1 billion yen. The revenue of the Commerce Business accounted for 44.5% of the total revenue.

(*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 4.

3) Strategic Business in the Cumulative Consolidated Third Quarter

The revenue of the Strategic Business grew year on year due to growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), PayPay Bank Corporation, and other factors.

PayPay consolidated GMV amounted to 11.3 trillion yen (*2, 3) (up 23.4% year on year (*4)) while maintaining steady growth. Furthermore, the loan balance of PayPay Bank Corporation came to 866.4 billion yen (up 28.1% year on year).

As a result, the revenue of the Strategic Business for the cumulative consolidated third quarter amounted to 251.5 billion yen, representing a 18.8% increase year on year. In addition, adjusted EBITDA amounted to 39.4 billion yen (up 403.0% year on year) as a result of the increased revenues mentioned above. The revenue of the Strategic Business accounted for 17.6% of the total revenue.

(*2) The use of the "Send/Receive" function of "PayPay Balance" between users is not included. Payments via Alipay and LINE Pay, etc. and payments through "PayPay Credit (formerly Atobarai)" are included. The figures represent the sum of GMVs of PayPay Card Corporation and PayPay Corporation, with internal transactions between the two companies eliminated.

(*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.

Major services/products of each segment

Media Business	Search advertising	Yahoo! JAPAN Ads "Search Ads"		
	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)," LINE VOOM, LINE NEWS, Chat List, Talk Head View, Talk Head View Custom, etc.	
		Reservation advertising	Yahoo! JAPAN Ads "Display Ads (Guaranteed)," 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 (*5), LINE FRIENDS, LINE GIFT, MySmartStore (*6), Yahoo! JAPAN Quick Mart (*7), Yahoo! JAPAN Mart by ASKUL (*8), LIVEBUY (*9), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, etc.)	
		Reuse business	Yahoo! JAPAN Auction, Yahoo! JAPAN Flea Market	
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu.com, LINE TRAVEL (Taiwan), etc.	
		Other	Other	
	ZOZO, ASKUL	ZOZO	ZUZOTOWN, ZOZOUSED, etc.	
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc), LOHACO, Charm, etc.	
		Other (*10)	ValueCommerce Affiliate, Value Point Club, STORE's R [∞] , StoreMatch, B-Space, etc.	
Strategic Business	Fintech	PayPay (Consolidated)	PayPay, PayPay Card, Credit Engine Group	
		PayPay Bank	—	
		Other fintech	PayPay Asset Management (*11), PayPay Insurance, LINE Pay (*12), LINE Score, LINE Pocket Money, LINE BITMAX, LINE FX, DOSI, etc.	
	Other	Other		

(*5) LINE Shopping in Japan was renamed to LINE Brand Catalog from August 20, 2024.

(*6) MySmartStore terminated its service on July 31, 2024.

(*7) Yahoo! JAPAN Quick Mart launched its services on August 13, 2024.

(*8) Yahoo! JAPAN Mart by ASKUL has ended its services on August 31, 2024.

(*9) LIVEBUY terminated its service on July 31, 2024.

(*10) ValueCommerce Co., Ltd. became an equity method affiliate as of May 2, 2024. Thus, the services of ValueCommerce Co., Ltd. are not included from this date.

(*11) PayPay Asset Management is planning to terminate its business by around the end of September 2025.

(*12) LINE Pay is scheduled to terminate its service in Japan on April 30, 2025.

3. Outlook for Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

In the consolidated third quarter of the fiscal year ending March 31, 2025, the Company has made active investments mainly in the Commerce Business. The Company expects to also make active investments mainly in the Commerce and Strategic Businesses in the consolidated fourth quarter of the fiscal year ending March 31, 2025. As a result, the Company anticipates a consolidated revenue of 1,935.0 billion yen (up 6.6% year on year) and an adjusted EBITDA of 450.0–460.0 billion yen (up 8.5%–10.9% year on year) for the fiscal year ending March 31, 2025. The adjusted EPS is anticipated to be 18.5–19.4 yen (down 2.3%–up 2.5% year on year).

(2) Qualitative Information Regarding the Consolidated Financial Position

1. Assets, Liabilities, and Equity

1) Assets

Total assets at the end of this consolidated third quarter amounted to 9,451,486 million yen, having increased 407,517 million yen, or 4.5%, since the end of the consolidated fiscal year ended March 31, 2024.

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 credit card business increased compared with the end of the consolidated fiscal year ended March 31, 2024, 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, 2024, due to the purchase and sale of investment securities, etc. as part of the fund management activities of PayPay Bank Corporation.
- Loans in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to the increase in housing loans.
- Other financial assets decreased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to the distribution of long-term trade receivables to assets with higher profitability.
- Investments accounted for using the equity method increased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly because the LINE NEXT Group (LINE NEXT Corporation and its subsidiaries) and the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) became an equity-method affiliate of the Company and the IPX Group (IPX Corporation and its subsidiaries) became a jointly controlled enterprise of the Company.

2) Liabilities

Total liabilities at the end of this consolidated third quarter amounted to 6,043,815 million yen, having increased 446,832 million yen, or 8.0%, since the end of the consolidated fiscal year ended March 31, 2024.

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, 2024, mainly due to 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, 2024, due to an increase in deposits from customers.
- Interest-bearing liabilities decreased compared with the end of the consolidated fiscal year ended March 31, 2024 as a result of a decrease due to the repayments of short-term and long-term borrowings despite an increase mainly in short-term and long-term borrowings.

3) Equity

Total equity at the end of this consolidated third quarter amounted to 3,407,671 million yen, having decreased 39,314 million yen, or 1.1%, since the end of the consolidated fiscal year ended March 31, 2024.

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

- Capital surplus decreased from the end of the consolidated fiscal year ended March 31, 2024 due to the cancellation of treasury stocks.
- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2024, 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.

2. Cash Flows

At the end of this consolidated third quarter, cash and cash equivalents amounted to 1,328,203 million yen, down 92,227 million yen from the end of the consolidated fiscal year ended March 31, 2024, out of which deposits with the Bank of Japan for the banking business amounted to 476,196 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 550,808 million yen, primarily owing to an increase in trade and other payables, the recognition of profit before tax for the period under review, and an increase in customer deposits in the banking business despite an increase in loans for the credit card business and an increase in loans in the banking business.

Cash flows from investing activities amounted to a total cash outflow of 399,325 million yen, primarily due to purchase of investment securities in the banking business, purchase of property and equipment, and purchase of other investments, despite proceeds from the sales/redemption of investment securities in the banking business.

Cash flows from financing activities amounted to a cash outflow of 278,547 million yen, primarily due to the purchase of treasury stock, decrease in short-term borrowings, redemption of corporate bonds, repayments of long-term borrowings, and payment of dividends, despite proceeds from long-term borrowings and proceeds from issuance of corporate bonds.

(3) Significant Contracts

There were no significant contracts, etc., that were concluded or revised in the consolidated third quarter of the fiscal year ending March 31, 2025.

2 Interim Condensed Consolidated Financial Statements and Significant Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,420,430	1,328,203	(92,227)	(6.5)
Call loans in banking business	116,082	78,000	(38,082)	(32.8)
Trade and other receivables	684,011	776,770	92,759	13.6
Inventories	35,028	34,603	(425)	(1.2)
Loans in credit card business	783,869	976,147	192,277	24.5
Investment securities in banking business	655,075	839,523	184,447	28.2
Loans in banking business	723,167	857,638	134,471	18.6
Other financial assets	456,812	400,756	(56,056)	(12.3)
Property and equipment	238,399	268,783	30,383	12.7
Right-of-use assets	189,292	180,339	(8,952)	(4.7)
Goodwill	2,067,862	2,073,217	5,355	0.3
Intangible assets	1,248,923	1,237,839	(11,083)	(0.9)
Investments accounted for using the equity method	240,342	284,971	44,628	18.6
Deferred tax assets	29,030	39,490	10,460	36.0
Other assets	155,640	75,200	(80,439)	(51.7)
Total assets	9,043,969	9,451,486	407,517	4.5

(Millions of yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,551,611	1,854,456	302,845	19.5
Customer deposits in banking business	1,672,746	1,890,112	217,366	13.0
Interest-bearing liabilities	1,882,752	1,819,242	(63,509)	(3.4)
Other financial liabilities	27,054	29,949	2,894	10.7
Income taxes payable	38,361	37,211	(1,149)	(3.0)
Provisions	25,630	29,416	3,785	14.8
Deferred tax liabilities	190,614	192,454	1,840	1.0
Other liabilities	208,211	190,970	(17,241)	(8.3)
Total liabilities	5,596,983	6,043,815	446,832	8.0
Equity				
Equity attributable to owners of the parent				
Common stock	248,144	249,483	1,338	0.5
Capital surplus	2,060,766	1,879,107	(181,659)	(8.8)
Retained earnings	723,884	809,323	85,438	11.8
Treasury stock	(70,037)	(12,733)	57,304	—
Accumulated other comprehensive income	74,329	69,503	(4,825)	(6.5)
Total equity attributable to owners of the parent	3,037,088	2,994,685	(42,402)	(1.4)
Non-controlling interests	409,897	412,986	3,088	0.8
Total equity	3,446,985	3,407,671	(39,314)	(1.1)
Total liabilities and equity	9,043,969	9,451,486	407,517	4.5

(2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine Months ended Dec. 31, 2023	Nine Months ended Dec. 31, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	1,346,840	1,428,759	81,919	6.1
Cost of sales	384,237	395,252	11,014	2.9
Selling, general and administrative expenses	793,393	821,797	28,403	3.6
Gain on loss of control of subsidiary	5,071	43,055	37,983	748.9
Operating income	174,280	254,765	80,484	46.2
Other non-operating income	24,966	9,026	(15,939)	(63.8)
Other non-operating expenses	16,857	19,267	2,410	14.3
Loss on valuation of options	—	(13,766)	(13,766)	—
Equity in losses of associates and joint ventures	(12,209)	(6,724)	5,485	—
Profit before tax	170,179	224,033	53,853	31.6
Income tax expense	33,658	58,451	24,793	73.7
Profit for the period	136,521	165,581	29,060	21.3
Attributable to:				
Owners of the parent	122,448	127,677	5,228	4.3
Non-controlling interests	14,072	37,903	23,831	169.3
Profit for the period	136,521	165,581	29,060	21.3
Earnings per share attributable to owners of the parent				
Basic (yen)	16.33	17.33	1.00	6.1
Diluted (yen)	16.27	17.25	0.98	6.0

(3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine Months ended Dec. 31, 2023	Nine Months ended Dec. 31, 2024
Profit for the period	136,521	165,581
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(114)	20
Equity financial assets measured at FVTOCI	1,473	(2,005)
Share of other comprehensive income of associates	359	(114)
Subtotal	1,719	(2,098)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(633)	(2,148)
Exchange differences on translating foreign operations	17,276	(2,475)
Subtotal	16,643	(4,624)
Other comprehensive income, net of tax	18,362	(6,723)
Total comprehensive income	154,883	158,858
Total comprehensive income attributable to:		
Owners of the parent	140,489	122,534
Non-controlling interests	14,394	36,323
Total comprehensive income	154,883	158,858

(4) Interim Condensed Consolidated Statement of Changes in Equity

Nine Months ended December 31, 2023

(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, 2023	247,094	2,046,696	647,347	(70,436)	48,697	2,919,399	398,501	3,317,900
Profit for the period			122,448			122,448	14,072	136,521
Other comprehensive income, net of tax					18,040	18,040	321	18,362
Total comprehensive income for the period	—	—	122,448	—	18,040	140,489	14,394	154,883
Transactions with owners and other transactions								
Issue of common stock	797	1,034				1,832		1,832
Payment of dividends			(41,855)			(41,855)	(16,030)	(57,886)
Transfer of accumulated other comprehensive income to retained earnings			5,989		(5,989)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries						—	(6,110)	(6,110)
Changes in ownership interests in subsidiaries without losing control		2,321				2,321	4,525	6,847
Share-based payment transactions		10,964				10,964		10,964
Other		(1,392)	(326)	395		(1,322)	1,015	(307)
Total	797	12,928	(36,191)	395	(5,989)	(28,059)	(16,600)	(44,659)
Balance at Dec. 31, 2023	247,892	2,059,624	733,604	(70,040)	60,748	3,031,828	396,295	3,428,124

Nine Months ended December 31, 2024

(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			127,677			127,677	37,903	165,581
Other comprehensive income, net of tax					(5,142)	(5,142)	(1,580)	(6,723)
Total comprehensive income for the period	—	—	127,677	—	(5,142)	122,534	36,323	158,858
Transactions with owners and other transactions								
Issue of common stock	1,338	1,734				3,073		3,073
Payment of dividends			(41,705)			(41,705)	(18,212)	(59,918)
Transfer of accumulated other comprehensive income to retained earnings			(317)		317	—		—
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		5,517				5,517	6,381	11,899
Share-based payment transactions		4,644				4,644		4,644
Other		(2,467)	(216)	1,285		(1,398)	347	(1,050)
Total	1,338	(181,659)	(42,238)	57,304	317	(164,937)	(33,235)	(198,172)
Balance at Dec. 31, 2024	249,483	1,879,107	809,323	(12,733)	69,503	2,994,685	412,986	3,407,671

(5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine Months ended Dec. 31, 2023	Nine Months ended Dec. 31, 2024
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	170,179	224,033
Depreciation and amortization	125,845	119,209
Increase (decrease) in allowance for doubtful accounts	8,580	10,809
Gain on loss of control of subsidiary	(5,071)	(43,055)
Loss on valuation of options	—	13,766
Equity in losses of associates and joint ventures	12,209	6,724
(Increase) decrease in call loans in banking business	(106)	38,082
(Increase) decrease in trade and other receivables	(55,571)	(92,669)
Increase (decrease) in trade and other payables	219,929	312,506
(Increase) decrease in loans for credit card business	(172,874)	(188,278)
(Increase) decrease in loans in banking business	(50,690)	(134,837)
Increase (decrease) in customer deposits in banking business	156,405	217,366
Other	(8,863)	93,209
Subtotal	399,972	576,867
Interest and dividends received	3,623	6,546
Interest paid	(8,816)	(10,310)
Income taxes—paid	(127,074)	(66,758)
Income taxes—refunded	25,701	44,463
Net cash inflow (outflow) from operating activities	293,405	550,808
Cash flows from investing activities:		
Purchase of investment securities in banking business	(326,655)	(298,402)
Proceeds from sales/redemption of investment securities in banking business	127,301	107,244
Purchase of other investments	(47,424)	(67,983)
Proceeds from sales and redemption of investments	16,608	22,724
Purchase of property and equipment	(63,598)	(86,360)
Proceeds from withdrawal of time deposits	14,762	17,633
Other	(79,126)	(94,181)
Net cash inflow (outflow) from investing activities	(358,132)	(399,325)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(20,127)	(121,309)
Proceeds from long-term borrowings	217,508	121,037
Repayments of long-term borrowings	(57,663)	(64,734)
Capital contribution from non-controlling interests	14,960	20,453
Purchase of treasury stock	(0)	(150,100)
Proceeds from issuance of corporate bonds	—	50,000
Redemption of corporate bonds	(95,000)	(75,000)
Proceeds from issuance of commercial papers	319,000	670,000
Redemption of commercial papers	(352,000)	(631,000)
Dividends paid	(41,856)	(41,722)
Dividends paid to non-controlling interests	(15,055)	(17,239)
Repayment of lease liabilities	(30,126)	(31,056)
Other	(7,139)	(7,876)
Net cash inflow (outflow) from financing activities	(67,500)	(278,547)
Effects of exchange rate changes on cash and cash equivalents	6,104	1,826
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	(126,122)	(92,227)
Cash and cash equivalents at the beginning of the period	1,651,851	1,420,430
Cash and cash equivalents at the end of the period	1,525,728	1,328,203

(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 ending March 31, 2025, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business.

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

The Group's segment information is as follows:

Previous cumulative consolidated third quarter of the fiscal year ended March 31, 2024 (April 1, 2023–December 31, 2023):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	517,100	614,411	210,267	1,341,780	5,060	-	1,346,840
Intersegment sales	5,556	1,397	1,379	8,332	601	(8,934)	-
Total	<u>522,657</u>	<u>615,809</u>	<u>211,647</u>	<u>1,350,113</u>	<u>5,661</u>	<u>(8,934)</u>	<u>1,346,840</u>
Segment income/(loss) (*1)	<u>147,734</u>	<u>53,046</u>	<u>(10,429)</u>	<u>190,350</u>	<u>(664)</u>	<u>(15,405)</u>	<u>174,280</u>
Other non-operating income							24,966
Other non-operating expenses							16,857
Equity in losses of associates and joint ventures							(12,209)
Profit before tax							<u>170,179</u>

(*1) Segment income of the Commerce Business includes gain on loss of control of subsidiary of 5,071 million yen (Please refer to 10. Gain on Loss of Control of Subsidiary).

This cumulative consolidated third quarter of the fiscal year ending March 31, 2025 (April 1, 2024–December 31, 2024):

(Millions of yen)

	Reporting segment				Other	Adjustment figures	Consolidated figures
	Media Business	Commerce Business	Strategic Business	Total			
Revenue							
Sales to customers	537,892	634,616	250,502	1,423,010	5,748	-	1,428,759
Intersegment sales	5,776	1,694	1,038	8,509	1,413	(9,922)	-
Total	<u>543,668</u>	<u>636,310</u>	<u>251,541</u>	<u>1,431,519</u>	<u>7,162</u>	<u>(9,922)</u>	<u>1,428,759</u>
Segment income/(loss)(*1)(*2)	<u>163,987</u>	<u>91,017</u>	<u>29,451</u>	<u>284,455</u>	<u>(394)</u>	<u>(29,296)</u>	<u>254,765</u>
Other non-operating income							9,026
Other non-operating expenses							19,267
Loss on valuation of options							(13,766)
Equity in losses of associates and joint ventures							(6,724)
Profit before tax							<u>224,033</u>

(*1) Segment income of the Commerce Business includes a gain on loss of control of subsidiary of 29,718 million yen. (Please refer to 10. Gain on Loss of Control of Subsidiary).

(*2) Segment income of the Strategic Business includes a gain on loss of control of subsidiary of 13,336 million yen. (Please refer to 10. Gain on Loss of Control of Subsidiary).

7. Interest-Bearing Liabilities

The components of interest-bearing liabilities are as follows:

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Borrowings	1,097,605	1,033,557
Corporate bonds	469,270	444,303
Lease liabilities	213,204	199,961
Other	102,671	141,420
Total	1,882,752	1,819,242

8. Purchase Commitments

Commitments to purchase major property and equipment and intangible assets under a new contract concluded in this consolidated third quarter amounted to 10,112 million yen (8,845 million yen in the previous consolidated third quarter). The commitments are mainly attributable to executory contracts of purchase of assets to be used in data centers.

9. Dividends

The total amount of dividends was as follows:

Nine Months ended December 31, 2023 (April 1, 2023–December 31, 2023)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 18, 2023	41,869	5.56	March 31, 2023	June 2, 2023

Nine Months ended December 31, 2024 (April 1, 2024–December 31, 2024)

Resolution	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2024	41,888	5.56	March 31, 2024	June 4, 2024

10. Gain on Loss of Control of Subsidiary

Previous cumulative consolidated third quarter of the fiscal year ended March 31, 2024 (April 1, 2023–December 31, 2023):

JDW Co., Ltd. ceased to be a subsidiary of the Company as a result of a third-party investment in JDW Co., Ltd. conducted on August 31, 2023. Additionally, yutori, Inc. ceased to be a subsidiary of the Company as a result of yutori, Inc.'s public offering accompanying its listing on the stock market and the partial sale of equity owned by ZOZO, Inc. conducted on December 27, 2023. Consequently, the Company recorded a gain on loss of control of subsidiary.

This cumulative consolidated third quarter of the fiscal year ending March 31, 2025 (April 1, 2024–December 31, 2024):

The IPX Group (IPX Corporation and its subsidiaries), a subsidiary of the Company, newly became the Company's jointly controlled enterprise as a result of concluding a modification agreement on the shareholders' agreement. Consequently, the Company recognized a gain on loss of control of subsidiary of 22,751 million yen.

Furthermore, the LINE NEXT Group (LINE NEXT Corporation, hereinafter "LINE NEXT," and its subsidiaries) newly became the Company's equity method affiliate as a result of third-party investment in the Company's subsidiary, LINE NEXT, which had the effect of the Group's voting rights in LINE NEXT to fall below the majority. Consequently, the Company recognized a gain on loss of control of subsidiary of 13,336 million yen.

Lastly, as a result of applying for the tender offer conducted by ValueCommerce Co., Ltd., the Company's subsidiary, for its own shares, the ValueCommerce Group (ValueCommerce Co., Ltd. and its subsidiaries) newly became the Company's equity method affiliate. Consequently, the Company recognized a gain on loss of control of subsidiary of 6,967 million yen.

11. Other Non-operating Income

The components of non-operating income are as follows:

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Gain on change in equity interest	19,262	3,270
Other	5,703	5,756
Total	24,966	9,026

12. Other Non-operating Expenses

The components of non-operating expenses are as follows:

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Interest expenses	5,007	5,819
Other financial costs	2,777	5,128
Other	9,072	8,320
Total	16,857	19,267

13. Gains and Losses on Valuation of Options

This cumulative consolidated third quarter of the fiscal year ending March 31, 2025 (April 1, 2024–December 31, 2024):

Gains and losses are based on the fair value measurement of written put options that have been granted to certain equity holders of equity method affiliates.

14. 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:

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Basic quarterly earnings per share (yen)	16.33	17.33
Profit for the quarter attributable to owners of the parent (million yen)	122,448	127,677
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)	122,448	127,677
Weighted-average number of common stock (1,000 shares)	7,498,201	7,368,155
Diluted quarterly earnings per share (yen)	16.27	17.25
Adjustments on profit for the quarter (million yen)	—	—
Increase in the number of common stock (1,000 shares)	25,806	32,390

(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.

15. 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 third quarter of the fiscal year ended March 31, 2024 (April 1, 2023–December 31, 2023):

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

This cumulative consolidated third quarter of the fiscal year ending March 31, 2025 (April 1, 2024–December 31, 2024):

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

16. 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 total amount and remaining balances are as follows:

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Total amount of committed lines of cash advances	13,424,525	10,776,997
Outstanding balance	1,029,378	1,242,892
Remaining balance	12,395,147	9,534,105

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 up to 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.

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.