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LY Corporation

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<https://www.lycorp.co.jp/en>

The corporate governance of LY Corporation (the "Company") is described below.

1. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The LY Corporation Group (the "Group") regards corporate governance as an indispensable function for enhancing corporate value over the medium to long-term. As stated in the "LY Corporation Group Code of Conduct," each director and employee fully understands his or her required role, maintains proper corporate governance to earn the trust and understanding of all, and conducts efficient corporate activities.

<LY Corporation Group Code of Conduct>

<https://www.lycorp.co.jp/en/company/codeofconduct/>

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] [Updated]

[Supplementary Principle 4.1.3: Establishment and implementation of a succession plan by the board]

As an advisory body to the Board of Directors, the Company establishes a Nominating and Remuneration Committee, chaired by an independent outside director (including a director serving on the Audit and Supervisory Committee), and the majority of whose members are independent outside directors (including directors serving on the Audit and Supervisory Committee). The succession plan for the Representative Director and directors is discussed as one of the most important issues in this Nominating and Remuneration Committee. The Company will continue these discussions and work on formulating a succession plan from FY2026 onward.

[Principle 5.2: Establishing and disclosing business strategies and business plans]

The evolution of IT technologies is remarkable, and forecast is hard to make even in a medium term. Therefore, the Company currently does not disclose medium- to long-term management plans. However, when considering the direction of future revenue expansion, the Company takes cost of capital into account to consider the revision of business portfolio and allocation of management resources, and explains such deliberations at the earnings results briefings and shareholders meetings.

[Disclosure Based on the Principles of the Corporate Governance Code] [Updated]

[Principle 1.4: Cross-shareholdings]

■ Policy on acquisition/possession and results of assessment

The Company does not have any so-called mutual shareholdings. The Company decides the policy of shareholding and its rationale based on the judgement on whether or not the collaboration with the companies to which shareholding investments are made will lead to the development of the Company's business and the improvement of the corporate value of the Group. More specifically, the shareholding policy and its rationale are examined in the Top Management Committee, Board of Directors meetings, and other forums, verifying the profitability of the shareholding from the viewpoints of risks, costs and returns associated and evaluating the business effects derived from business collaborations, etc., with the invested companies. As a result, comprehensive judgements are made on whether or not the shareholding will lead to the development of the Company's business and the improvement of the corporate value of the Group.

■ Basis of exercising voting rights

The Company makes individual judgements on the exercise of voting rights of shares of listed companies held by the Company. The Company considers the details of the agenda and based on the invested company's management policy and business plans, etc., makes a comprehensive judgement on whether the agenda will lead to the increase in the corporate value of the invested company and to the common interest of the shareholders. The Company also considers whether the agenda will create business opportunities between the invested company and the Company, or will have the effect of building, maintaining or strengthening the transaction/collaboration relationship between the two companies to improve the corporate value of the Company.

[Principle 1.7: Framework for appropriate procedures in proportion to the importance and characteristics of the transaction with related parties]

The Company stipulates in its Regulations of the Board of Directors Meetings that a person having a special interest in the resolution of the Board of Directors cannot exercise their voting rights. In judging whether a person's special interest conflicts or not, the Company endeavors to make the right judgments by seeking the opinion of external experts as necessary and so forth.

The Company's Board of Directors is composed of six directors, four of whom are independent outside directors, ensuring independence. In addition, as an advisory body to the Board of Directors, the Company establishes a Governance Committee composed of three independent outside directors. The aforementioned Committee conducts deliberations on transactions between the Company and related parties such as SoftBank Group Corp., SoftBank Corp., A Holdings Corporation, NAVER Corporation, and their subsidiaries (the "Related Party Transactions") from the perspectives of fairness, economic rationality, and legality.

Furthermore, the division responsible for governance conducts a review of Related Party Transactions that do not require deliberation by the Governance Committee. Transactions that meet specified criteria are subject to prior review by an independent outside director serving as a full-time Audit and Supervisory Committee member, who has been authorized by the Governance Committee to conduct such review based on the same perspectives as those applied by the Governance Committee.

[Principle 2.4.1: Ensuring diversity, including in the appointment of core human resources]

The LY Corporation Group believes that the growth of its people and organizations, together with maximizing their performance, serves as the foundation for enhancing human capital value. Based on this belief, the Group has identified "Facilitating & fueling employee growth" and "Recruiting and supporting exceptional talent" as priority areas of its human capital strategy and is pursuing initiatives in these areas. In recent years, driven by advances in generative AI, the Group has sought to achieve further growth by improving operational efficiency and productivity and reallocating human resources to more creative areas. To address these efforts comprehensively, the Group has established "human capital reinforcement" and "fostering a unique culture" as material sub-topics and monitors employee engagement as a key indicator of progress. In addition, the Group conducts annual surveys of its subsidiaries, including a survey of HR and labor practices and a survey of human capital-related areas. The Group also regularly convenes meetings of HR leaders from major Group companies and hosts conferences for personnel responsible for human capital initiatives across the Group. Through these activities, the Group shares initiatives and challenges, confirms its overall direction as a Group, and promotes improvements in the human capital domain.

Furthermore, the Group recognizes that enabling diverse talent to thrive is an important factor in enhancing human capital value through the creation of innovative ideas and strategies and actively promotes diversity across the organization.

■ Permeating DE&I in the organizational culture

The LY Corporation Group has established the "LY Corporation Group Human Rights Policy" and is dedicated to creating an environment where all employees can maximize their potential, regardless of differences or attributes such as political beliefs, ideology, religion, sex, gender identity, sexual orientation, physical characteristics, illness, age, national origin, race, ethnicity, social origin, family or marital status, background, or life stage, while respecting human rights. The Company believes that, in order to realize its management strategy, it is essential to foster an environment in which individuals with diverse perspectives and expertise can fully demonstrate their potential and take on new challenges.

Additionally, the Company has developed "The Basic Concept of DE&I at LY Corporation," and is actively engaging in various initiatives based on this concept. Specifically, the Company promotes initiatives aimed at enhancing understanding of and respect for diversity, including the regular implementation of the company-wide DE&I Awareness Survey for all employees, hosting of the annual DE&I Week awareness event, and the development of the Workforce Composition Report, which enables monthly monitoring of employee demographics by attribute.

The Company recruits and appoints talented individuals who can immediately contribute to the business needs, regardless of age, experience, nationality, or race, taking into consideration future business development, business environment, and optimization of our talent portfolio. The Company ensures optimal placement of employees to maximize their experience, knowledge, and skills, and create an environment where all individuals can demonstrate their abilities regardless of their attributes or life stages. Therefore, while specific numerical targets are not set for foreign nationals or mid-career hires, the Company aims to achieve sustainable growth for both employees and products through diversity.

Furthermore, the Company places importance on sound and transparent management, aiming to connect diversity to the enhancement of corporate value. For more information, please refer to the following websites:

- LY Corporation Group Human Rights Policy

<https://www.lycorp.co.jp/en/company/humanrights/>

- Human Capital Strategy (Reinforcing Talent and Fostering a Culture)

<https://www.lycorp.co.jp/en/sustainability/esg/social/human-capital/>

- DE&I, Work Style, Well-Being

<https://www.lycorp.co.jp/en/sustainability/esg/social/human-capital2/>

- Fostering a Unique Culture & Monitoring for Better Performance

<https://www.lycorp.co.jp/en/sustainability/esg/social/human-capital3/>

- Facilitating Human Capital Growth

<https://www.lycorp.co.jp/en/sustainability/esg/social/human-capital1/>

■ Females in managerial positions

The ratio of females in managerial positions in the Company was approximately 19% (as of March 31, 2026). While this exceeds the national average of 13.1%, the Company aims to increase this to a level comparable to the proportion of female employees in its workforce (approximately 32% as of March 31, 2026) by 2030.

In light of future changes in the employee gender ratio, the Company plans to regularly review target values and create opportunities for re-confirmation and discussion of policies.

Reference: The proportion of females in managerial positions (equivalent to section chief or higher) according to the Basic Survey of Gender Equality in Employment Management for the fiscal year 2024: 13.1%

[Principle 2.6: Roles of corporate pension funds as asset owners]

Although the Company does not have a corporate pension fund system, it has introduced a corporate defined contribution pension plan for the purpose of providing asset building opportunities for its employees, and the Company contributes a certain amount of premiums to eligible employees and provides education and training on the system and asset management.

[Principle 3.1 i): Company objectives (e.g., business principles), business strategies and business plans]

(1) Fundamental Business Management Policies

The Group has established "WOW Our Users!" as its new mission and is working toward its realization. In recent years, advancements in digital technologies, including AI, have enabled people to access a wide range of knowledge and information via the internet and to share information with audiences around the world. The Group believes that the continued use of these technologies will further transform people's lives and society, creating new value.

By consistently maintaining a user-first approach, the Group will strive to enhance its services to achieve sustainable growth, contribute to solving the issues faced by people and society, and increase the corporate value of the Group.

(2) Management Performance Indicators Used for Goals

As its core management performance indicators, the Group gives priority to revenue, adjusted EBITDA, and adjusted EPS* for the overall Group. The reasons for setting these indicators are as follows:

Revenue: This indicator was chosen because it is the source of all earnings and can also represent growth and profitability, as well as business size.

Adjusted EBITDA: This indicator was chosen as an indicator that can capture recurring profitability by excluding non-recurring and non-cash gains and losses, such as impairment losses and remeasurement gains and losses from business combinations, in addition to depreciation and amortization.

Adjusted EPS: This indicator was chosen as an indicator that can capture recurring profitability of net income by excluding depreciation and amortization, non-recurring and non-cash gains and losses (such as impairment losses, remeasurement gains and losses from business combinations), amortization of identifiable intangible assets arising from business combinations, and non-recurring gains and losses included in non-operating income and expenses. This indicator has been designated as a key financial metric from FY2025, as it is included in the KPIs used to evaluate executive remuneration and is also announced in the Company's earnings forecasts.

As non-financial key indicators, the Yahoo! JAPAN portal website focuses on the daily unique browsers (DUB), etc., while the LINE communication app focuses on the monthly active users (MAU), DAU/MAU ratio (ratio of daily active users to monthly active users; active ratio), etc. Other key indicators by business segment are as follows:

Media Business: total advertising revenue, number of paid accounts of LINE Official Account, etc.

Commerce Business: e-commerce transaction value, etc.

Strategic Business: Consolidated GMV and number of PayPay payments of PayPay Corporation; credit card transaction volume of PayPay

Card of PayPay Card Corporation; number of PayPay Bank Accounts of PayPay Bank Corporation, etc.

*Although adjusted EBITDA and adjusted EPS are not financial indicators as defined in IFRS, the Company has adopted these indicators in order to enhance understanding of the Group's performance and to use them as key indicators in assessing the current performance. Therefore, it is possible that other companies may use different calculation methods or use the indicator for different purposes from this Group.

(3) Medium- to Long-Term Business Strategies

(a) Business environment

In recent years, the information and communications industry has experienced rapid growth, driven by advances in digital technologies and the spread of networks, and its role as a foundation of society and the economy has become increasingly important. In addition to the internet and mobile communications, the advancement of cutting-edge technologies such as generative AI has significantly expanded the distribution and use of information, contributing to the advancement of industrial activities, the creation of new markets, and improved convenience in daily life. At the same time, alongside intensifying competition in the information and communications market and changes in industrial structures, various challenges have become more apparent, including the need for frameworks in line with the advancement of data utilization, as well as the need to ensure security and fairness.

Under these circumstances, the Group will further promote initiatives to ensure that information and communications function stably and effectively as social infrastructure, while broadly returning the benefits of technological innovation to society.

The businesses of the Group can be largely classified into Media Business, Commerce Business, and Strategic Business.

The Media Business provides a variety of media services and generates revenue through advertising placed by companies and other entities. According to Dentsu Inc., total advertising expenditures in Japan was 8.0623 trillion yen for 2025 (YoY +5.1%), marking five consecutive years of growth since 2021 and a fourth consecutive year of record highs. Out of the total advertising expenditures, internet advertising spending recorded 4.0459 trillion yen (YoY +10.8%), maintaining a continuously high growth rate against the backdrop of the digitalization of society and driving the growth of the entire advertising expenditures in Japan.

Internet advertising media expenditures, which constitute approximately 80% of internet advertising spending amounted to 3.3093 trillion yen (YoY +11.8%), due to the growth of video advertising, especially social media vertical video ads. By type, paid search advertising and display advertising accounted for approximately slightly over 60% of the total, while video advertising grew 21.8% from the year before, accounting for over 30% of the total.

The Commerce Business provides a wide array of services, mainly around e-commerce. According to research by the Ministry of Economy, Trade and Industry ("METI") of Japan, the BtoC e-commerce market is around 26.1 trillion yen (YoY +5.1%) in 2024, and the e-commerce ratio in the merchandising sector is 9.78%. Amid changes in the market environment driven by factors such as consumers returning to brick-and-mortar stores and the maturation of smartphone adoption, the use of e-commerce in the merchandise sector continues to expand, although the growth has moderated compared with previous levels. Meanwhile, e-commerce has become established as a routine purchasing channel for consumers, and the role of physical stores is being redefined and initiatives that integrate e-commerce with brick-and-mortar operations are being promoted in the retail industry. Furthermore, as the use of digital technologies such as AI expands, customer experiences are expected to become more sophisticated, and new purchasing experiences that integrate online and offline channels are expected to further develop.

The Strategic Business offers various services, mainly around fintech. According to a research by METI, Japan's cashless payment ratio in 2025 solidly increased to 58.0% (up 5.2 points YoY). As METI aims to promote the adoption of cashless payments at small businesses such as restaurants and clinics and increase the cashless payment ratio to 65% by 2030 and to 80% over the longer term, the cashless payment market in Japan is expected to continue expanding. Furthermore, in June 2026, PayPay Corporation entered into an agreement to acquire shares of T&D Financial Life Insurance Company, and is advancing initiatives to expand its financial services offerings, including in the life insurance sector.

(b) Strategy

The LY Corporation Group is a globally unique corporate group that covers from online to offline services in a comprehensive manner. The abundance of data collected through its extensive lineup of services provides the Group with an important competitive edge in the creation of new and unique services.

By leveraging data across services, the Group aims to deliver optimized services for each individual user while also providing higher-quality user experience. In addition, by proactively leveraging rapidly advancing AI technologies, the Group will promote more sophisticated data analysis as well as the advancement and automation of its services, thereby creating added value and improving operational efficiency.

Moreover, as one of the largest data holders in Japan with a vast and diverse range of data assets, the Group will engage in the creation of new value through the integration of AI and data, while maximizing these capabilities and striving to contribute to the enhancement of value across society as a whole.

Basic Policy of Major Business Segments

■ Media Business

The Media Business provides various media services that are indispensable to the daily lives of users. These services are used by many, and the major source of revenue for the Media Business is advertising. Based on the user-first principle, the LY Corporation Group constantly endeavors to provide needed services at the right time.

The Group believes that enhancing its credibility as a media platform will lead to an increase in the number of users over the medium- to long-term, and to an increase in advertising revenue.

The Group promotes the "Connect One" concept, a platform that connects LINE Official Account with various services that the Company provides for businesses, seamlessly integrating all customer touchpoints across both online and offline channels. Through this initiative, the Group aims to support the building of ongoing customer relationships, maximize LTV (lifetime value), and expand revenue opportunities beyond advertising.

In particular, by promoting LINE MINI App, the Group will strengthen service integration across reservations, ordering, payments, and membership, and establish a new revenue base by providing an integrated experience from customer touchpoints to transactions.

The Group also strives to promote cross-use through LYP Premium, a cross-Group paid membership program. In addition to benefits previously offered under the former Yahoo! JAPAN Premium, the Group will expand its offerings to include benefits that make the LINE app more enjoyable and convenient, thereby acquiring new members and promoting greater use of services offered by the LY Corporation Group.

■ Commerce Business

The Group's Commerce Business provides e-commerce-related services. The LY Corporation Group will aim for a sustainable growth in earnings by connecting the three action points, LINE, Yahoo! JAPAN and PayPay, each of which has one of the largest user bases in Japan. Through this connection, the Group will promote the cross-use of services within the Group and expand the Group's ecosystem. Using LYP Premium, which combines the benefits of the Group's services, the Group will aim to increase its e-commerce transaction value as well as increase membership and GMV/transaction volume for PayPay, PayPay Card, and other services.

In addition, the LINE app has been revamped in stages starting from the second half of FY2025. By adding a "Shopping" tab in the app, a new purchase experience will be provided to users via the communication app. Through the revamp, the Group will work to improve the convenience of LINE and accelerate the promotion of cross-use.

■ Strategic Business

The Strategic Business offers various services, mainly around fintech. Beginning with PayPay, a cashless payment service that accounts for approximately two thirds of the code payment market in Japan, the LY Corporation Group will expand various financial services such as credit cards, banking, securities, and insurance. In addition, in March 2026, American depository shares (ADSs) representing common shares of PayPay Corporation were listed on the Nasdaq Global Select Market. PayPay Corporation also commenced discussions with Visa Inc. toward jointly pursuing PayPay Corporation's expansion into the United States while strengthening collaboration across their businesses in Japan. Through these efforts, PayPay Corporation is enhancing its initiatives to realize a comprehensive digital financial platform both in Japan and overseas.

[Principle 3.1 ii): Basic views and guidelines on corporate governance]

The Group regards corporate governance as an essential function for enhancing corporate value over the medium to long term. To this end, as clearly stated in its "LY Corporation Group Code of Conduct," the directors and employees fully understand their expected and required roles, will maintain sound corporate governance and will practice efficient corporate activities in order to earn the trust and support of the Company's stakeholders.

[Principle 3.1 iii): Board policies and procedures in determining the remuneration of the senior management and directors]

The Company has positioned executive remuneration as one of the key management strategies to encourage the top management team to exercise their leadership. The "Policy for Determining the Remuneration, Etc., for Individual Directors" (the "Remuneration Policy") was established to encourage bold risk-taking by the top management team through executive remuneration and to enable the Company to achieve sustainable growth.

The establishment of the Remuneration Policy has been deliberated by the Nominating and Remuneration Committee.

<Remuneration Policy>

<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc8>

[Principle 3.1 iv): Board policies and procedures in the appointment and dismissal of the senior management and the nomination of director candidates]

The suitable person for director candidate is nominated by the Board of Directors. The criteria which are taken into consideration include performance, experience, knowledge, reputation, etc. in the Company or in other companies. If a director, etc. falls under the reasons for dismissal as prescribed in the internal regulations, the Board of Directors shall be consulted as to whether or not to submit the dismissal of such director as an agenda item for the shareholders meeting. A Nominating and Remuneration Committee, chaired by an independent outside director (including a director serving on the Audit and Supervisory Committee), and the majority of whose members are independent outside directors (including directors serving on the Audit and Supervisory Committee), will discuss and propose the nomination of director candidates and dismissal of directors, etc. to the Board of Directors. In addition, when making nominations for director candidates in particular, the Nominating and Remuneration Committee pays attention to ensuring diversity in terms of gender, age, internationality, and so forth to prevent membership from gravitating towards all members having similar characteristics.

[Principle 3.1 v): Explanations with respect to the individual appointments, dismissals and nominations on the appointments and dismissals of senior management and nomination of director candidates, based on "Principle 3.1 iv)"]

The Company discloses the reasons for the nomination of director candidates in the notice of the meeting of the shareholders when a proposal for the election is presented to the meeting of the shareholders.

<https://www.lycorp.co.jp/en/ir/stock/agm.html>

[Supplementary Principle 3.1.3: Initiatives, etc. on sustainability]

The Group upholds "WOW Our Users!" as its mission. The Group will bring positive impact to society through its businesses and promote sustainability management that takes responsibility for future generations by addressing social issues, including the global environment and human rights.

To promote sustainability management, the LY Corporation Group establishes the following Basic Policy on Sustainability and identifies six material topics.

1. Promote sustainability from the standpoints of both society and business
2. Work collectively to address sustainability while taking advantage of the unique characteristics of each Group company
3. Take on challenges without being bound by precedents, and strive to continuously generate innovation

Details are available on the Company's sustainability website.

<Sustainability website>

<https://www.lycorp.co.jp/en/sustainability/>

(a) Human capital and intellectual properties

- Human capital

The LY Corporation Group believes that the growth of its people and organizations, together with maximizing their performance, serves as the foundation for enhancing human capital value. Based on this belief, the Group has identified "Facilitating & fueling employee growth" and "Recruiting and supporting exceptional talent" as priority areas of its human capital strategy and is pursuing initiatives in these areas. In recent years, driven by advances in generative AI, the Group has sought to achieve further growth by improving operational efficiency and productivity and reallocating human resources to more creative areas. To address these efforts comprehensively, the Group has established "human capital reinforcement" and "fostering a unique culture" as material sub-topics and monitors employee engagement as a key indicator of progress. Efforts to maximize human capital value are discussed, decided upon, and monitored by the Sustainability Committee.*

Details of the initiative is disclosed and explained on the Company's sustainability website, in the securities report, and other publications.

<Sustainability website>

<https://www.lycorp.co.jp/en/sustainability/esg/social/human-capital/>

<Securities Report> (Japanese only)

<https://data.swcms.net/file/lycorp-ir/dam/jcr:37e7640a-6aa4-4125-ac17-9d4e8fed0b14/S100YBXD.pdf>

For details on the Sustainability Committee, please refer to the following website:

<https://www.lycorp.co.jp/en/sustainability/management/#anc2>

- Intellectual Property

Based on the basic policy of appropriately protecting intellectual property rights, which are important assets to the Group's business, as well as respecting the intellectual property rights of third parties, the Company has established an intellectual property portfolio in each of the various fields in which it operates. In particular, AI is regarded as the key technology for the success of new services, and research and development on technologies to create new value is continuously conducted, by combining AI with a variety of big data. To ensure that the results can be used safely and securely in its services, the Company actively creates an intellectual property portfolio. Details are available on the Company's sustainability website.

<Intellectual Property>

<https://www.lycorp.co.jp/en/sustainability/esg/social/intellectual-property/>

(b) Tackling climate change

(1) Governance

The Company has established an executive structure centered on the Sustainability Committee, chaired by the President and Representative Director under the supervision of the Board of Directors, to promote initiatives to address various sustainability issues across the Group companies. Regarding the supervisory structure, the Board of Directors receives proposals and reports on important matters from the Sustainability Committee as needed, and also receives reports on company-wide risks, including sustainability-related risks, from the Risk Management Committee once every six months in principle.

(2) Strategy

The Company addresses its material topic of fulfilling environmental responsibilities for future generations by working towards a decarbonized society through the conversion to renewable energy sources for electricity, among others, in collaboration with partners within the Group and across the supply chain. Additionally, in pursuing the natural capital agenda, which has a nexus with climate-related agenda, the Company promotes initiatives such as the conservation of water resources and biodiversity. The Company views these efforts to address climate-related and natural capital issues as business opportunities to deepen collaboration with a wide range of stakeholders in society and will continue to take on these challenges.

- Identification of risks and opportunities:

Support for TCFD Recommendations

The Company recognizes that risks and opportunities associated with climate change can impact business strategy. In June 2020, the Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD). With reference to the TCFD recommendations, the Company conducted scenario analyses based on multiple scenarios developed by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), including a 1.5°C scenario, and identified climate-related risks and opportunities over the short, medium, and long term. The Company discloses these climate-related risks and opportunities together with risks and opportunities associated with natural capital.

- Response to risks and opportunities:

In February 2022, the Group announced its "2030 Carbon Neutrality Declaration," a commitment to reduce greenhouse gas emissions ("GHG emissions") from the business activities of the entire Group to net-zero by FY2030, as a policy to address climate-related risks and opportunities. Efforts are underway to improve energy efficiency and promote the adoption of renewable energy at data centers and business sites to realize carbon neutrality. During FY2025, the period covered by this report, the Company achieved its "2025 Carbon Neutrality Declaration" target by attaining virtually 100% renewable energy usage and reducing its Scope 1 and Scope 2 GHG emissions on a non-consolidated basis to net zero. Going forward, the Company aims to increase the renewable energy adoption rate across the Group to 100% through initiatives such as corporate PPAs and the use of environmental value certificates, thereby achieving its "2030 Carbon Neutrality Declaration."

(3) Risk management

The Company has established an Enterprise Risk Management (ERM) system under the supervision of the Board of Directors, with the President and Representative Director, being the Chief Executive of Risk Management. More specifically, it has set in place a comprehensive company-wide risk management system to accurately identify and respond to management and business-related risks at the Company and its Group companies. Risks related to sustainability are also integrated into the ERM system. With respect to climate change, the Company uses the results of its scenario analyses to collect and identify risks and opportunities through its ERM framework and also conducts assessments of climate resilience.

(4) Metrics and targets

One of the Group's main businesses is the operation of internet media and services, which is heavily reliant on water resources as they are essential for electricity and cooling servers required for data center operations. In addition, as the Group collaborates with a wide variety of companies, the Group's entire supply chain has a tremendous impact on the environment. Therefore, GHG emissions and water consumption issues across the supply chain are prioritized in particular, with specific metrics and targets established. Resource circulation and environmental investment amounts are also monitored using defined evaluation indicators.

Detailed information on climate change initiatives is disclosed and explained in the securities report and on the Company's sustainability website.

<Securities Report> (Japanese only)

<https://data.swcms.net/file/lycorp-ir/dam/jcr:37e7640a-6aa4-4125-ac17-9d4e8fed0b14/S100YBXD.pdf>

<Realizing a Decarbonized Society>

<https://www.lycorp.co.jp/en/sustainability/esg/environment/carbon/>

<Legal Compliance and Fulfillment of Responsibilities in the International Community>

<https://www.lycorp.co.jp/en/sustainability/esg/environment/initiatives/>

[Supplementary Principle 4.1.1: Scope of the delegation of tasks to the management staff]

The Board of Directors makes decisions regarding the Company's management policies, management strategies, business plans, acquisition and disposal of important assets, and important organizational and personnel matters, and supervises the execution of duties by the directors. Specifically, items such as high value transactions, investments and loans, and the acquisition or liquidation of high value assets are within the purview of items to be resolved by the Board of Directors. Decisions regarding other individual business matters are, as a rule, to be handled by the management staff in accordance with the Regulations of the Board of Directors Meetings.

[Principle 4.9: Independence standards for independent outside directors]

The Company adheres to the independence criteria set by Tokyo Stock Exchange, Inc.

[Supplementary Principle 4.10.1: Policy regarding the independence of the composition of the committees]

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, an independent outside director serving as a full-time Audit and Supervisory Committee member. The other members are Genichi Tamatsuka, an independent outside director; Yuko Takahashi and Aki Shimizu, independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Committee is ensured by the fact that a majority of its members are independent outside directors. In addition, the decision-making process is also designed to ensure independence, as decisions are made by a majority of the attending Committee members, provided that a majority of members who are eligible to vote are in attendance at the time of voting and so forth.

The Nominating and Remuneration Committee also discusses the diversity of the Board of Directors and will continue to discuss the skills and experience required of directors and the composition of directors, etc., taking into consideration factors such as future changes in the business environment as well as the future image of the Company.

[Supplementary Principle 4.11.1: View on the appropriate balance between knowledge, experience, skills, diversity, and size of the Board as a whole]

The Company takes the following into consideration regarding the composition and scale of its Board of Directors.

Paying heed to ensuring diversity in terms of gender, age, internationality, and so forth, the Board of Directors of the Company is constituted by not only directors with deep knowledge and diverse experience in the field of the internet service business; but also by individuals with experience of management from other industries and those with extensive, specialized knowledge in fields such as corporate planning, finance, accounting, investment, and law.

Four non-executive directors

Three with experience of management from industries outside of internet service

Four seasoned specialists in corporate planning, finance, accounting, investment, law, etc.

Two females

The Nominating and Remuneration Committee also discusses the diversity and necessary skills of the Board of Directors, including independent outside directors, and will continue to discuss how to ensure the diversity of the Board of Directors in the future, including future changes in the business environment as well as the skills, experience, etc., required of directors.

<Directors' skills matrix>

<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc14>

[Supplementary Principle 4.11.2: Directors who hold concurrent posts in other listed companies]

■ Major titles in other companies

- Takeshi Idezawa: SoftBank Corp., Board Director, PayPay Corporation, Director

- Ryosuke Sakaue: Demae-can Co., Ltd., Outside Director

- Genichi Tamatsuka: transcosmos inc., Outside Director

- Yuko Takahashi: Hulic Co., Ltd., External Director; Microwave Chemical Co., Ltd., External Director (Audit & Supervisory Committee Member)

- Aki Shimizu: EBARA JITSUGYO CO., LTD., Outside Director (Audit and Supervisory Committee Member); ISB Corporation, Outside Director (Audit and Supervisory Committee Member)

[Supplementary Principle 4.11.3: Analysis and evaluation of the effectiveness of the Board of Directors as a whole]

The Company conducted an evaluation of the effectiveness of the Board of Directors with the aim of further improving the governance of the Company and the Group. A summary of the evaluation results for FY2025 is as follows.

■ Summary of evaluation results

As a result of the evaluation, it has been concluded that the Company's Board of Directors, as a whole, maintains sufficient effectiveness.

<Key points>

- The Company's Board of Directors consists of six directors, including four outside directors, with outside directors accounting for a majority of the Board. This structure has enabled faster decision-making, promoted a clearer separation between management oversight and execution, and enhanced the diversity of expertise represented on the Board, resulting in more substantive and productive discussions.

- Extensive discussions have been held over multiple sessions regarding strategic projects and priority issues to reach a consensus, ensuring thorough deliberations by the Board of Directors and the effective functioning of its management oversight.

- Security incidents at Group companies are also reported on an ongoing basis, and the Board provides oversight of incident and risk management across the Group companies, including the Company.

Please refer to the Company's corporate website for more details.

<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc4>

[Supplementary Principle 4.14.2: Training policy for directors]

The Company ensures that the directors have opportunities to deepen their understanding of the business through explanations of the business and systems when they are newly appointed, as well as through advance explanations of proposals for Board of Directors meetings.

[Principle 5.1: Policies for constructive dialogue with shareholders]

The Company discloses information to capital market participants (shareholders, investors, analysts, etc.) and all other stakeholders in a timely, accurate, and fair manner in accordance with the Financial Instruments and Exchange Act and the rules set forth by Tokyo Stock Exchange, Inc. The Company has adopted the following policies in order to engage in constructive dialogue with its shareholders:

(i) Appointment of managers or directors to oversee the dialogue with shareholders

The President and Representative Director supervises the dialogue with shareholders, and the Chief Financial Officer (CFO) is placed in charge of the disclosure of information. A division which specializes in investor relations is established, and the division shares and discusses the status of dialogue with shareholders regarding the Company's growth strategy and management information with the President and Representative Director, CFO, corporate officers in charge of major businesses, and others.

(ii) Measures to ensure positive cooperation between internal divisions such as investor relations, business management, corporate finance, accounting, and legal/governance with the aim of supporting dialogue

The division in charge of investor relations coordinates not only with the business management, financial affairs, accounting, and legal/governance divisions, but also with divisions in charge of businesses, risk management, security, human resources, and ESG, to create documents suitable for disclosure and help realize constructive dialogue with shareholders, investors, analysts, and so forth. In addition, to deepen understanding on the viewpoints of capital markets within the Company, the division in charge of investor relations takes the lead in strengthening internal and intra- Group cooperation by compiling and regularly sharing opinions and proposals from shareholders and investors with relevant internal divisions and Group companies, etc., as well as promoting attendance at meetings with shareholders and investors.

(iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities)

The Company holds earnings results briefings in which the results are explained by the President and Representative Director, CFO, and others. Leveraging live streaming, on-demand videos and teleconference systems, etc., the Company proactively shares the content of the earnings results briefings. In addition, archives of the meetings are available on the Company's website so that investors and analysts in Japan and overseas who are unable to attend in real time can review the content of the financial results announcements. Individual interviews and group meetings are also held for the research analysts of securities companies and institutional investors, in which the President and Representative Director or the management speak proactively about the growth strategies and share operational information about the Group. For IR activities targeting foreign investors, the Company creates the majority of the disclosure publications in English. In addition, the Company visits its overseas investors through "Overseas Roadshows" in North America and other regions. In recent years, the Company also provides opportunities for ongoing dialogue with a wide variety of foreign investors through videoconferencing and other means. In regard to IR publications, since immediately after the Company's initial public offering in 1997, the Company has continued to publish a detailed overview of its financial and business operations as a quarterly financial report to ensure timely disclosure. In addition, along with these reports, the Company summarizes and discloses information on potential risks to the Company. Current publications, as well as an archive of all past ones, are published on the Company website.

(iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the Board

The division in charge of investor relations compiles the opinions and proposals of shareholders and investors, the status of shareholdings, analyst reports, stock market, stock price trends and capital policies of the Company and its competitors, and other information obtained through dialogue with shareholders and investors into reports, and reports them regularly to directors including independent outside directors, CFO, corporate officers in charge of major businesses, and relevant internal departments at meetings such as the Board of Directors, the Top Management Committee, and the Audit and Supervisory Committee. In addition, depending on the content of the report, the IR Department uses e-mail and internal communication tools to immediately share and disseminate information, thereby strengthening the activities to provide feedback of capital market opinions within the Company and the Group.

(v) Measures to control insider information when engaging in dialogue

In keeping with the “Regulations on the Prevention of Insider Trading” of the Company, material facts which have not yet been officially announced are thoroughly controlled and appropriately handled. In order to prevent leaks in information and preserve impartiality, the Company has instated a quiet period regarding information on its business results. Company representatives refrain from answering any questions or providing any comments related to the business results for the relevant period.

Action to implement management that is conscious of cost of capital and stock price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update [Updated]	June 30, 2026

Explanation for Applicable Items **[Updated]**

The Company regards generating returns that exceed its cost of equity as a key management goal. To achieve this, it has established its capital allocation policy and aims to enhance capital efficiency through initiatives such as strengthening shareholder returns, managing the balance sheet appropriately, and maximizing profit and cash flow.

(1) Strengthening shareholder returns: The Company will implement flexible share repurchases and dividend payments aligned with profit growth, aiming for a cumulative total payout ratio of 70% or more over the five-year period from fiscal 2025 to fiscal 2029.

(2) Managing an appropriate balance sheet: Through share repurchases and dividend payments aligned with profit growth, the Company will achieve an appropriate size and mix of capital and debt and maintain a net leverage ratio (excluding the financial business) of three times or less.

(3) Maximizing profit and cash flow: The Company aims for a continued increase in profit in the high single digits or higher in both adjusted EBITDA and adjusted EPS, while expanding free cash flow.

Through these initiatives, the Company aims to improve ROE to 8% or higher by FY2030 and achieve sustainable expansion of its positive spread. For more details, please refer to the following disclosures.

- FY2025 Full Year & Q4 Financial Results Presentation Materials (P.31–P.32): Disclosure of capital policy and approach to shareholder returns based on the Company’s capital allocation policy and medium-term targets for enhancing corporate value

<https://www.lycorp.co.jp/en/ir/library/presentations/main/015/teaserItems2/02/linkList/04/link/en2025q4_presentation.pdf>

2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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Status of Major Shareholders **[Updated]**

Name or Company Name	Number of Shares Owned	Percentage (%)
A Holdings Corporation	4,291,576,205	62.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	448,151,300	6.51
Custody Bank of Japan, Ltd. (Trust account)	147,740,500	2.15
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	89,386,072	1.30
STATE STREET BANK AND TRUST COMPANY 505001	72,593,924	1.06
STATE STREET BANK AND TRUST COMPANY 505103	66,322,623	0.96
STATE STREET BANK AND TRUST COMPANY 505223	51,786,772	0.75
THE CHASE MANHATTAN BANK, N.A. LONDON	40,554,256	0.59
JP MORGAN CHASE BANK 385781	38,082,587	0.55
JP Morgan Securities Japan Co., Ltd.	32,196,886	0.47

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
Name of Parent Company, if applicable	SoftBank Corp. (Listed Stock Exchange: Tokyo) (Code: 9434)

Supplementary Explanation **[Updated]**

- Status of major shareholders is as of March 31, 2026. In addition to the above, the Company has treasury stock of 5,439,785 shares as of March 31, 2026. Please note that the treasury stock does not include the Company's shares (20,196,214 shares) held by the Stock Delivery Trust (J-ESOP), RSU Plan (Board Incentive Plan Trust), and Stock Delivery ESOP Trust.

- A Holdings Corporation, the largest shareholder, is a subsidiary of SoftBank Corp., and SoftBank Corp. is the parent company, etc. that has the greatest influence on the Company.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	JPY1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more and fewer than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder **[Updated]**

The Company's Board of Directors is composed of six directors, four of whom are independent outside directors, ensuring independence. In addition, as an advisory body to the Board of Directors, the Company establishes a Governance Committee composed of three independent outside directors. The aforementioned Committee conducts deliberations on Related Party Transactions from the perspectives of fairness, economic rationality, and legality.

Furthermore, the division responsible for governance conducts a review of Related Party Transactions that do not require deliberation by the Governance Committee. Transactions that meet specified criteria are subject to prior review by an independent outside director serving as a full-time Audit and Supervisory Committee member, who has been authorized by the Governance Committee to conduct such review based on the same perspectives as those applied by the Governance Committee.

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance **[Updated]**

(1) Basic view and policy underlying group management

With its numerous publicly listed subsidiaries and affiliates, the Company operates a wide range of businesses to realize its mission statement "WOW Our Users!"

Under the goal of maximizing the Group's value, the Group respects the autonomy of its Group companies and ensures their independence to work together to create synergies and to continuously evolve and grow.

(2) Measures to ensure effective governance structure for listed Group companies

The Company recognizes that it is important for its listed subsidiaries and affiliates to enhance their value in the medium and long term and thereby maximize the joint interest of all shareholders, including minority shareholders and the Company. In this light, the Company exercises its voting rights for proposals of its listed subsidiaries and affiliates. In addition, for the purpose of managing the companies to which the Company invests, the Company has set forth the Regulations for the Management of Affiliated Companies, based on which it asks its subsidiaries and affiliates to seek its prior approval or inform it with respect to important decision-makings, etc. However, the Company refrains from imposing prior approval requirements on its listed subsidiaries and affiliates that would affect their independence, and gives consideration not to unduly constrain decision-making of each company.

Furthermore, the Company's outside directors regularly meet with the outside directors, etc. of individual listed subsidiaries to confirm that the Company is not unfairly restraining the decision-making of each company.

(3) Significance of having listed Group companies

The Top Management Committee discusses capital policies for listed Group companies based on the strategic position of each company within the Group and taking into consideration the significance of being listed i.e., that it would lead to greater business growth and enhanced value of each company, and would consequently better contribute to the Group's overall value, if the companies operated under constant scrutiny of the stock market, while maintaining good relationships with their customers, business partners, employees, and other stakeholders, and pursue their autonomous business management that respects the interest of their minority shareholders. The discussions are reported to the Board of Directors, which determines the ownership policy of each listed Group company based on these discussions. The significance of having listed Group companies is as stated below.

Listed subsidiaries

■ ASKUL Corporation and AlphaPurchase Co., Ltd.

ASKUL Corporation is the Company's consolidated subsidiary listed on the Tokyo Stock Exchange (Prime Market). Its main business includes e-commerce business operating BtoB e-commerce websites, ASKUL and SOLOEL ARENA and BtoC e-commerce website, LOHACO, as well as logistics business. Utilizing its strengths of having a diverse product lineup such as office supplies and a unique logistics know-how and network, ASKUL continues to grow mainly through its BtoB e-commerce business, which is its core business, and also develops BtoC e-commerce services in cooperation with the Company and the Group. As a subsidiary, it plays a key role in driving the growth of the Group's commerce business and the diversity of its services, as well as in creating synergies within the Group. While maintaining independence and autonomy as a listed subsidiary, the Company believes that ASKUL's growth and continued pursuit of Group synergies will contribute to the enhancement of the corporate value of ASKUL and the Group as a whole. AlphaPurchase Co., Ltd. is a consolidated subsidiary of ASKUL and the Company indirectly holds the shares of AlphaPurchase Co., Ltd. through ASKUL.

For more information on AlphaPurchase Co., Ltd., please refer to the Corporate Governance Report of ASKUL.

History

November 2000	Listed on JASDAQ
April 2004	Listed on First Section of Tokyo Stock Exchange (Transferred to the Prime Market in April 2022)
May 2012	Became an affiliated company of the Company (then Yahoo Japan Corporation) based on a business and capital alliance agreement for the purpose of launching a BtoC e-commerce

business through collaboration between the two companies, and through a third-party allotment to Yahoo Japan Corporation.

August 2015

Became a consolidated subsidiary of the Company (then Yahoo Japan Corporation) as a result of an increase in the ratio of voting rights held by Yahoo Japan Corporation through ASKUL's acquisition of its own shares.

■ ZOZO, Inc.

ZOZO, Inc. is a consolidated subsidiary of the Company listed on the Prime Market of Tokyo Stock Exchange. The main business of the company is the operation of a fashion e-commerce website, ZOZOTOWN, and fashion media "WEAR" and others. ZOZO is a technology company in the fashion domain that develops a fashion coordination app, WEAR, and a website that handles brand-named used clothing, ZOZUSED, in addition to its core business of fashion mail order website ZOZOTOWN. In addition to driving growth in the domestic market as a leading company in this field, ZOZO also plays an important role in creating Group synergies in the commerce field by leveraging its advanced business know-how in the fashion field, such as opening ZOZOTOWN store on Yahoo! JAPAN Shopping. The Company believes that continuing to pursue ZOZO's growth and Group synergies while maintaining its independence and autonomy as a listed subsidiary will contribute to the enhancement of the corporate value of ZOZO and the Group as a whole.

History

December 2007 Listed on Tokyo Stock Exchange (Mothers) (Transferred to the Prime Market in April 2022)

November 2019 Became a consolidated subsidiary of the Company (then Z Holdings Corporation) as a result of a tender offer by Z Holdings Corporation as well as the conclusion of a capital and business alliance agreement for the purpose of strengthening the e-commerce business and generation of synergies.

■ Kurashiru, Inc. ("Kurashiru")

Kurashiru is a consolidated subsidiary of the Company listed on the Tokyo Stock Exchange (Growth Market). Its main business activities include the operation of the recipe video platform "kurashiru" and money-saving app, "Receipt Challenge." Kurashiru plays an important role in the growth of the Group and creation of Group synergies, mainly in the Media Business, through the enhancement of digital promotions that mainly utilize the user base cultivated by "kurashiru." The Company believes that continuing to pursue Kurashiru's growth and Group synergies while maintaining Kurashiru's independence and autonomy as a listed subsidiary will contribute to the enhancement of the corporate value of Kurashiru and the Group as a whole.

History

July 2018 Became a consolidated subsidiary of the Company (then Yahoo Japan Corporation) through the acquisition of shares from existing shareholders.

December 2024 Listed on the Tokyo Stock Exchange (Growth Market).

Listed affiliates

■ Demae-can Co., Ltd.

Demae-can Co., Ltd. is the Company's equity-method affiliate listed on the Tokyo Stock Exchange (Standard Market). Its main business is the operation, etc. of a delivery website "Demae-can." As a listed affiliate, the Company will continue to work toward maximizing the corporate value of both companies while maintaining the independence and autonomy of Demae-can Co., Ltd.

History

June 2006 Listed on Osaka Stock Exchange (Hercules Market)

October 2010 Changed market to Tokyo Stock Exchange (JASDAQ). (Transferred to the Standard Market in April 2022)

October 2016 Became an affiliate of the Group (then LINE Corporation) through a capital and business alliance for the purpose of strengthening tie-ups. Thereafter, increased the Group's ownership through third-party allotments in 2020 and 2021.

(4) Ensuring independence from the parent company, etc.

(i) Parent company's approach and policies regarding group management

Please refer to the Corporate Governance Report of SoftBank Corp. for SoftBank Corp.'s approach and policies on group management.

(ii) Approach and measures to ensure independence from the parent company that are necessary to protect minority shareholders

Among the Company's six directors, one concurrently serves as a Board Director of the parent company; however, there are no directors who were appointed at the request of the parent company and concurrently serve as officers or employees of the parent company. Also, the Company relies very little on its parent company or other members of its company group for its business transactions. Most of its partners in its transactions are consumers or corporations with no investment relationship with the Company. Furthermore, the Company has enacted "Regulations for Appropriate Business Transactions and Practices With Affiliates, Etc." In these regulations, the Company has expressly stipulated the prohibition of: transactions with the parent companies which are clearly unfair in that they are advantageous or disadvantageous compared to transactions with third parties or to comparable transactions; and transactions for the purpose of shifting profits, losses, or risks. The Company has stipulated in the Regulations of the Board of Directors Meetings that a person having a special interest in the resolution of the Board of Directors cannot exercise his/her voting rights. In addition, the Company endeavors to make an accurate judgment when determining whether a person falls under a person having a special interest by seeking advice of external experts as necessary. The Company's Board of Directors is composed of six directors, four of whom are independent outside directors, ensuring independence. In addition, as an advisory body to the Board of Directors, the Company establishes a Governance Committee composed of three independent

outside directors. The aforementioned Committee conducts deliberations on Related Party Transactions from the perspectives of fairness, economic rationality, and legality. Furthermore, the division responsible for governance conducts a review of Related Party Transactions that do not require deliberation by the Governance Committee. Transactions that meet specified criteria are subject to prior review by an independent outside director serving as a full-time Audit and Supervisory Committee member, who has been authorized by the Governance Committee to conduct such review based on the same perspectives as those applied by the Governance Committee.

(iii) Agreement related to parent company's approach and policies regarding group management

The Company entered into a capital alliance agreement with A Holdings Corporation on December 23, 2019, primarily to create synergies through business integration across the Company's various business domains. Subsequently, due to changes in the composition of the Board of Directors, a memorandum of amendment was executed on May 16, 2025. As this agreement and the memorandum of amendment are contracts with the Company's parent company, careful deliberations were conducted by the Governance Committee, which serves as an advisory body to the Board of Directors and is composed of independent outside directors, to ensure that the interests of all shareholders, including minority shareholders, are not harmed. The agreement was concluded following deliberation and resolution by the Board of Directors. For an overview of the agreement, please refer to the Company's securities report.

<Securities Report> (Japanese only)

<https://data.swcms.net/file/lycorp-ir/dam/jcr:37e7640a-6aa4-4125-ac17-9d4e8fed0b14/S100YBXD.pdf>

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) **[Updated]**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Genichi Tamatsuka	From another company								○			
Yoshio Usumi	From another company								△			
Yuko Takahashi	Certified Public Accountant								△			
Aki Shimizu	Attorney											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a Person who executes business for the Company or a subsidiary
- b Person who executes business for a parent company or is a non-executive director of the parent company
- c Person who executes business for a fellow subsidiary
- d Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e Major client of the Company or a person who executes business for such client
- f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k Other

Outside Directors' Relationship with the Company (2) [Updated]

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Genichi Tamatsuka		○	<p>While the Company has business transactions relating to advertising and other services with Lotte Holdings Co., Ltd., where Genichi Tamatsuka serves as Representative Director, President and CEO, the amount involved is insignificant, accounting for less than 1% of the Company's revenue.</p> <p>While the Company pays membership fees and other expenses to the Japan Association of Corporate Executives, where he served as Vice Chairperson until April 2026, the amount involved is insignificant, accounting for less than 1% of the association's annual operating revenue.</p> <p>The Company has business transactions relating to advertising and other services with Lawson, Inc., where he served as Representative Director until May 2017. Furthermore, the Company also makes payments to Lawson, Inc. for sales promotion activities and other services; however, the amount involved is insignificant, accounting for less than 1% of both the Company's revenue and Lawson Inc.'s revenue.</p>	<p>Genichi Tamatsuka has extensive management experience, having served as president and representative director at multiple operating companies. He currently leads the management of a corporate group that develops diversified businesses both in Japan and overseas, and possesses deep insight into group management and global business expansion. The Company has elected him as an outside director so that, based on this experience and expertise, he can provide valuable advice and recommendations that will contribute to the medium- to long-term enhancement of the Group's corporate value.</p> <p>In addition, he has been designated as an independent director as the Company has determined that he satisfies the Company's independence standards and poses no risk of conflicts of interest with general shareholders.</p>
Yoshio Usumi	○	○	<p>While the Company makes payments for consulting and other services to Nomura Research Institute, Ltd., where Yoshio Usumi served as a director until June 2020, the amount involved is insignificant, accounting for less than 1% of the company's revenue.</p>	<p>Yoshio Usumi has many years of business execution experience and track record in corporate administration. He also has abundant knowledge and track record in corporate management and corporate governance as well as deep insight in the IT business. Since he assumed his post as Outside Director (Independent Director) serving on the Audit and Supervisory Committee, he has provided appropriate advice, now as the Chairperson of the Audit and Supervisory Committee and the Nominating and Remuneration Committee. The Company has continued to elect him as an outside director serving on the Audit and Supervisory Committee based on the judgement that he is best suited to further enhance the governance system going forward.</p> <p>In addition, he has been designated as an independent director as the Company has determined that he satisfies the Company's independence standards and poses no risk of conflicts of interest with general shareholders.</p>
Yuko Takahashi	○	○	<p>Yuko Takahashi served as a director of Dentsu Group Inc. until March 2023. There is no special relationship between the Company and Dentsu Group Inc.</p>	<p>Yuko Takahashi has many years of experience and achievements in business execution as a certified public accountant, and has extensive knowledge of finance and accounting, including being responsible for the accounting department at a company. She also has experience overseeing management as an outside director and outside auditor at multiple companies. Since assuming office as an Outside Director (Independent Director) serving on the Audit and Supervisory Committee of the Company in June 2024, she has provided useful advice and recommendations on overall management, including finance and accounting, from a professional and multifaceted perspective based on her knowledge and experience. Therefore, the Company has continued to elect her as an outside director serving on the Audit and Supervisory Committee of the Company.</p> <p>In addition, she has been designated as an independent director as the Company has determined that she satisfies the Company's independence standards and poses no risk of</p>

				conflicts of interest with general shareholders.
Aki Shimizu	○	○	Not applicable.	<p>Aki Shimizu possesses advanced legal expertise developed through her experience as both a judge and a public prosecutor handling government litigation matters, as well as practical experience across a wide range of corporate legal affairs as an attorney. She also serves as an outside director (Audit and Supervisory Committee member) at multiple listed companies, where she has provided advice and recommendations from an independent standpoint to support supervision and audits at the Board of Directors and other bodies. The Company has elected her as an outside director serving on the Audit and Supervisory Committee so that, based on her expertise and experience, she will strengthen the supervisory functions of the Board of Directors and the Audit and Supervisory Committee and to provide valuable advice and recommendations on overall management from a professional standpoint.</p> <p>In addition, she has been designated as an independent director as the Company has determined that she satisfies the Company's independence standards and poses no risk of conflicts of interest with general shareholders.</p>

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson **[Updated]**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee **[Updated]**

Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers **[Updated]**

In accordance with the "Regulations for Securing an Audit System for the Audit and Supervisory Committee Members," the Company has established an organization to support audit duties of the Audit and Supervisory Committee, with dedicated employees assisting the duties of the Audit and Supervisory Committee members and the duties of the Audit and Supervisory Committee. In addition, the system allows the Audit and Supervisory Committee members or the Audit and Supervisory Committee to independently hire additional employees to support the duties of the Audit and Supervisory Committee members if the Audit and Supervisory Committee wishes to do so. The instructions, orders to and the evaluation of the employee, who supports the duties of the Audit and Supervisory Committee and the Audit and Supervisory Committee member, will be performed by the members of the Audit and Supervisory Committee, and all personnel changes and disciplinary measures targeting the employee must be carried out with the consent of the Audit and Supervisory Committee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee members and accounting auditors hold regular meetings (and additional meetings as necessary) and collaborate to ensure that both parties are properly performing their auditing duties. In addition, the Audit and Supervisory Committee members and the division in charge of internal audit hold regular meetings, and additional meetings as necessary, and collaborate to report on their respective auditing systems, audit planning, audit implementation statuses, and audit results.

Voluntarily Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) **[Updated]**

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating and Remuneration Committee	5	2	1	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nominating and Remuneration Committee	5	2	1	4	0	0	Outside Director

Supplementary Explanation **[Updated]**

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, independent outside director serving as a full-time Audit and Supervisory Committee member. The other members are Genichi Tamatsuka, who is an independent outside director; Yuko Takahashi and Aki Shimizu, who are independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Committee is ensured by the fact that a majority of its members are independent outside directors. In addition, decisions are made by a majority of the attending Committee members, provided that a majority of such members who are eligible to vote are in attendance at the time of voting and so forth, ensuring independence also in the decision-making process.

More specifically, based on the Regulation for the Nominating and Remuneration Committee determined by the Board of Directors, the

Nominating and Remuneration Committee makes proposals, etc. to the Board of Directors on all matters related to the agenda of the shareholders meeting on the election and dismissal of the representative director and directors. The Committee will also consider establishing and implementing the succession plan of the representative director and other matters. Furthermore, based on the Regulations of Remunerations for Directors established by the Board of Directors, the Committee determines the amount of remunerations, etc. of the directors (excluding those serving on the Audit and Supervisory Committee) after careful deliberation, taking into consideration the business performance in each quarter, contributions to the business performance, and other factors. With respect to stock-based remuneration, proposals, etc., are made to the Board of Directors, based on the Committee's resolutions.

Matters Concerning Independent Directors

Number of Independent Directors	4
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Other Matters Concerning Independent Directors

Outside directors who qualify as independent directors are all appointed as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme/Introduction of Stock Options Scheme
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Supplementary Explanation for Applicable Items

Cash bonuses: Incentives to contribute to short-term performance and enhancement of corporate value
 Stock-based remuneration (stock options): Incentive to contribute to the enhancement of shareholder value and corporate value over the medium- to long-term
 Stock-based remuneration (RSU plan): Alignment with shareholders and retention of talented management personnel

Persons Eligible for Stock Options	Inside Directors, Employees, Directors of Subsidiaries, and Employees of Subsidiaries
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Supplementary Explanation for Applicable Items

Intended to share the benefits and risks of stock price fluctuations with shareholders and to motivate the executive directors, etc. more than ever to contribute to raising the stock price and increasing corporate value.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	Individual Disclosure for All Directors
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Supplementary Explanation for Applicable Items **[Updated]**

Please refer to the Company's website on corporate governance for details on fiscal 2025 executive remunerations for the directors of the Company.
 <Corporate Governance>
<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc9>

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The Company has positioned executive remuneration as one of the key management strategies to encourage the top management team to exercise their leadership. The Remuneration Policy was established to encourage bold risk-taking by the top management team through executive remuneration and to enable the Company to achieve sustainable growth. The establishment of the Remuneration Policy has been deliberated by the Nominating and Remuneration Committee.
 <Remuneration Policy>
<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc8>

Support System for Outside Directors

Timely and necessary support is provided to the outside directors, such as providing them with opportunities to receive explanations about the Company's business and systems when they are newly appointed, as well as opportunities to deepen their understanding of the Company's business by offering explanations about the proposals of the Board of Directors meetings in advance.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc. **[Updated]**

Name	Job Title/Position	Responsibilities	Terms and Conditions of Employment Type (Full/part-time, with/without remuneration, etc.)	Date when former role as president/CEO ended	Term
Kentaro Kawabe	Executive Advisor	<ul style="list-style-type: none"> · General advisory services related to the Company's management and business operations · Participation in meetings as designated by the Company · Services incidental to the above · Other services agreed upon by both parties 	No distinction between full-time and part-time employment; with remuneration	June 19, 2026	Until the end of June 2027

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. **[Updated]** 1

Other Related Matters **[Updated]**

Note: The advisory agreement is executed with a corporation established by Kentaro Kawabe, rather than with Kentaro Kawabe in his individual capacity, and Kentaro Kawabe is designated as the individual responsible for the performance of the services contemplated under the agreement.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) **[Updated]**

Corporate Governance System

(1) Board of Directors

The Board of Directors is responsible for corporate management policies, management strategy, business planning, the acquisition and liquidation of important assets, decision making regarding important organization and personnel matters, and the supervision of directors' execution of their duties.

The composition of the Board of Directors, chaired by the President and Representative Director, is presented below.

In order to ensure supervision and decision-making from objective and diverse points of view, four out of the six directors are independent outside directors. In nominating the director candidates, the Board of Directors receives the proposals from the Nominating and Remuneration Committee of which the majority is constituted by independent outside directors, takes the performance, experience, knowledge, reputation, etc. in and out of this Company of the candidates into account to resolve the appropriate candidates, and proposes the candidates to the shareholders meeting.

In addition, in order to ensure the effectiveness and efficacy of decision-making, the Board of Directors analyzes and evaluates the efficiency of meeting operations and the effectiveness and efficacy of resolutions every year and discloses a summary of the results.

<Titles/names>

President and Representative Director, CEO (Chief Executive Officer): Takeshi Idezawa

Director, CFO (Chief Financial Officer): Ryosuke Sakae

Outside Director (Independent Director): Genichi Tamatsuka

Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member: Yoshio Usumi

Outside Director (Independent Director), Audit and Supervisory Committee Member: Yuko Takahashi

Outside Director (Independent Director), Audit and Supervisory Committee Member: Aki Shimizu

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee is responsible for auditing and supervising the entirety of the Company's business activities, including the appropriateness of policy, planning, and procedures; effective business implementation; and compliance to laws and regulations through the perusal of important final decision documents, etc., the inspection of subsidiary companies, and so on. Furthermore, the Audit and Supervisory Committee receives reports on the auditing methods and results from the account auditors and internal audit methods and results from the division in charge of internal audit. Based on these activities, the Audit and Supervisory Committee regularly presents its opinions as an Audit and Supervisory Committee to the directors who are not Audit and Supervisory Committee members.

The Audit and Supervisory Committee is composed of three members, Yoshio Usumi, Yuko Takahashi, and Aki Shimizu, who are all independent outside directors, and is chaired by Yoshio Usumi. The Company's nomination criteria for outside directors are that they must be able to fulfill their social responsibilities in accordance with the LY Corporation Group Code of Conduct, and that they must have sufficient social credibility. In addition, the independent standards set by Tokyo Stock Exchange, Inc. are used as the Company's independence

standards.

Persons with specialist knowledge, experience, and skills in areas such as corporate management, financial affairs, accounting, financing, and governance are chosen as Audit and Supervisory Committee members, and each of them conducts effective audits and supervision by utilizing their abundant work experience and highly professional perspectives.

(3)Nominating and Remuneration Committee

The Company establishes a Nominating and Remuneration Committee as a voluntary committee for the purposes of proposing to the Board of Directors, the nomination of Representative Director, directors and others, and deciding and proposing to the Board of Directors, the remunerations, etc. of directors (excluding those serving on the Audit and Supervisory Committee).

The Nominating and Remuneration Committee consists of five members, and is chaired by Yoshio Usumi, independent outside director serving as a full-time Audit and Supervisory Committee member. The other members are Genichi Tamatsuka, who is an independent outside director; Yuko Takahashi and Aki Shimizu, who are independent outside directors serving on the Audit and Supervisory Committee; and Takeshi Idezawa, President and Representative Director, CEO. The independence of the Committee is ensured by the fact that a majority of its members are independent outside directors. In addition, decisions are made by a majority of the attending Committee members, provided that a majority of such members who are eligible to vote are in attendance at the time of voting and so forth, ensuring independence also in the decision-making process.

More specifically, based on the Regulation for the Nominating and Remuneration Committee established by the Board of Directors, the Nominating and Remuneration Committee makes proposals, etc. to the Board of Directors on all matters related to the agenda of the shareholders meeting on the election and dismissal of the representative director and directors. The Committee will also consider establishing and implementing the succession plan of the representative director and other matters. Furthermore, based on the Regulations of Remunerations for Directors established by the Board of Directors, the Committee determines the amount of remunerations, etc. of the directors (excluding those serving on the Audit and Supervisory Committee) after careful deliberation, taking into consideration the business performance in each quarter, contributions to the business performance, and other factors. With respect to stock-based remuneration, proposals, etc., are made to the Board of Directors, based on the Committee's resolutions.

(4)Governance Committee

The Company establishes a Governance Committee, composed of three independent outside directors, Yoshio Usumi, Yuko Takahashi, and Aki Shimizu, and is chaired by Aki Shimizu.

For Related Party Transactions that require deliberation by the Board of Directors, the Governance Committee deliberates from the perspective of fairness, economic rationality, and legality, prior to the submission of proposals to the Board of Directors. In addition, for Related Party Transactions that exceed a certain amount, even if they do not require deliberation by the Board of Directors, the Governance Committee conducts a preliminary review based on the same perspective. Furthermore, by discussing important matters related to corporate governance, the supervisory function of the Board of Directors is strengthened to further improve corporate governance and protect the Company's minority shareholders.

3. Reasons for Adoption of Current Corporate Governance System **[Updated]**

The Company regards corporate governance as a vital function in order to enhance medium- to long-term corporate value and conducts appropriate and effective corporate management. Meanwhile, the Company has adopted a system in which it has an Audit and Supervisory Committee and established the Nominating and Remuneration Committee and Governance Committee as voluntary committees, in order to establish both: a structure that encourages "aggressive governance" so that timely business decisions can be made in the internet industry; and a structure that promotes the aim of the corporate governance code, namely "transparent, fair, timely, and decisive decision making".

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Shareholders Meeting During Non-Peak Days	Since its foundation, the Company has consistently avoided scheduling its General Meeting of the Shareholders on the days on which those of other companies are frequently held, in order to facilitate the attendance of shareholders.
Electronic Exercise of Voting Rights	In order to allow more shareholders to exercise the right to vote, votes may be cast over the internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	For increased convenience for institutional investors, the Company participates in Electronic Voting Platform for institutional investors.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	For foreign investors, summarized convocation notices and shareholder meeting reference materials are provided in English as well as Japanese, and published on the Company website.
Other	To hold constructive dialogues with shareholders and investors, the Company holds the General Meeting of the Shareholders at the meeting venue as well as via the internet for shareholders who are unable to attend the General Meeting of the Shareholders on the day of the meeting or those who live far from the venue. The General Meeting of the Shareholders is also broadcast live on the internet and archived videos are available at a later date not only for shareholders, but also for all investors, whether individual or institutional, who are considering investing in the Company, so that they can watch the meeting without having to log in.

2. Status of IR-related Activities **[Updated]**

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	Detailed explanations using slides and other means, on recent management conditions, as well as mid- to long-term growth strategies are provided at the Ordinary General Meeting of the Shareholders with the goal of helping individual investors deepen their understanding of the Company's operations. Furthermore, for investors who are not able to attend these meetings on the day, the presentations are streamed live and archived as video files for viewing on a later date.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds earnings results briefings in which the results are explained by the President and Representative Director, CFO, and others. Leveraging live streaming, on-demand videos and teleconference systems, etc., the Company proactively shares the content of the earnings results briefings. Individual interviews and group meetings are also held for the research analysts of securities companies and institutional investors, in which the President and Representative Director or the management explain proactively about the growth strategies and share operational information about the Group.	Held
Regular Investor Briefings held for Overseas Investors	The Company visited its overseas investors, hosting "Overseas Roadshows" in countries and regions such as North America in which it gains the opportunity to directly engage in dialogues with its foreign investors. In recent years, the Company provides opportunities for ongoing dialogue with a wide variety of foreign investors through videoconferencing and other means.	Held
Online Disclosure of IR Information	In regard to IR publications, since immediately after the Company's initial public offering in 1997, the Company has continued to publish a detailed overview of its financial and business operations as a quarterly financial report to ensure timely disclosure. In addition, along with these reports, the Company summarizes and discloses information on potential risks to the Company. Current publications, as well as an archive of all past ones, are published on the Company website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has appointed a CFO (Chief Financial Officer) responsible for the disclosure of information, and has established an IR division as a dedicated division for communicating with analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders **[Updated]**

	Supplementary Explanation
<p>Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders</p>	<p>The Company has established the "LY Corporation Group Code of Conduct" as a set of behavioral standards that its officers and employees must adhere to. With this in place, the Company is committed to respecting the positions of its stakeholders, fulfilling its corporate responsibilities to society, and improving corporate value. Details of the Company's specific initiatives are available on the corporate website (https://www.lycorp.co.jp/en/sustainability/).</p>
<p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p>	<p>To promote initiatives addressing various sustainability issues across the Group companies, the Company has established the Sustainability Committee as the executive body, chaired by the President and Representative Director, so that the Board of Directors takes responsibility for overseeing material topics and ensuring its appropriate assessment and management. In coordination with the Risk Management Committee, the Sustainability Committee reports to the Board of Directors approximately three times a year on the identification of material topics, the status of related initiatives, and progress against relevant metrics and targets. This framework enables the Board of Directors to provide effective oversight.</p> <p>In addition, to enable the Board of Directors to appropriately oversee strategies addressing the material topics, the Company has defined "Expertise and experience in sustainability issues such as environmental and social issues" as a sustainability skill beginning in fiscal year 2026. This skill serves as a fundamental requirement for understanding sustainability-related changes in the external environment as well as risks and opportunities, including those related to climate and human rights. Equipped with a broad range of expertise, including this sustainability skill, the Board of Directors deliberates and makes decisions on important matters based on information provided through the Sustainability Committee and other relevant bodies.</p> <p>Furthermore, the Board of Directors oversees the establishment of targets by receiving reports on metrics related to material topics and targets formulated by the Sustainability Committee and by deliberating on and approving their appropriateness. In addition, progress against established targets is being regularly monitored. To enhance effectiveness, a sustainability evaluation has been incorporated as an indicator for determining executive remuneration (cash bonuses), with an adjustment range of $\pm 5\%$. The sustainability evaluation is conducted to support the achievement of the Company's mission and the enhancement of medium- to long-term corporate value. It is a comprehensive evaluation that takes into account not only performance against metrics related to material topics, but also progress toward established targets, the quality of initiatives implemented, and their societal impact. The evaluation indicator ($\pm 5\%$) is discussed and decided by the Nominating and Remuneration Committee, which is composed of a majority of independent outside directors. For details on the remuneration policy, please refer to the corporate governance page below.</p> <ul style="list-style-type: none"> ■ Corporate Governance https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc8 ■ Sustainability Management (Material Topics) https://www.lycorp.co.jp/en/sustainability/management/#anc3 ■ Human Rights Policy https://www.lycorp.co.jp/en/company/humanrights/ ■ Basic Environmental Policy https://www.lycorp.co.jp/en/sustainability/esg/environment/policy/ <p>The Group endeavors to maintain an accurate understanding of the external environment surrounding its operations and advances initiatives to address the material topics identified through this process.</p> <ul style="list-style-type: none"> ■ Sustainability Management (Material Topics) https://www.lycorp.co.jp/en/sustainability/management/#anc3 ■ Human Rights Policy https://www.lycorp.co.jp/en/company/humanrights/ ■ Basic Environmental Policy https://www.lycorp.co.jp/en/sustainability/esg/environment/policy/ <p>The Company has been selected for inclusion in the Dow Jones Best-in-Class World Index (formerly the Dow Jones Sustainability World Index (DJSI World)), one of the most prestigious global indices of ESG investment, for six consecutive years beginning in 2020.</p> <p>Furthermore, the Company has been selected as a constituent of all six indices* (as of May 2026) adopted for ESG investment by the Government Pension Investment Fund (GPIF), one of the world's largest pension funds.</p> <p>In addition, the Company was selected for the Climate Change A List, the highest rating in the climate change category, for the second consecutive year in the CDP 2025 assessment. The Company also achieved a score ranking in the top 1% of the Interactive Media, Services & Home Entertainment industry (as of February 2026) in S&P Global's sustainability assessment known as The Sustainability Yearbook 2026 Rankings.</p> <p>*MSCI Nihonkabu ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), FTSE JPX Blossom Japan Index, FTSE JPX Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficient Index, and Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM.</p> <ul style="list-style-type: none"> ■ Acknowledgement as a Sustainable Company https://www.lycorp.co.jp/en/sustainability/esg/recognition/ ■ Press Release: LY Corporation Selected for Sixth Consecutive Year as Sustainability Yearbook Member in S&P Global Corporate Sustainability Assessment https://www.lycorp.co.jp/en/news/release/020189/

	<p><Addressing climate change> Please see the section "(b) Tackling climate change" under [Supplementary Principle 3.1.3: Initiatives, etc. on sustainability] for more information.</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company has its own disclosure policy and defines IR as: "strategic managerial obligation whereby finance, communication, and compliance with applicable laws and regulations are integrated and whereby effective bilateral communication between the company and the market is enabled in a fair and proper manner." The Company strives to disclose information in an impartial and detailed manner.</p>
Other	<p>The Group believes that maintaining good physical and mental health of those working in the Group is directly linked to their optimal work performance, and that this leads to the happiness of its employees and their families. Guided by these beliefs, and based on the Good Condition Declaration proclaimed by the Company's President and Representative Director, the Company has established a division to support the employees' autonomous wellness management and promotes health and productivity management.</p> <p>Note: "Kenko-keiei (KENKO Investment for Health)" is a registered trademark of the Nonprofit Organization Kenko-keiei.</p>

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's Board of Directors has adopted resolutions regarding the "Systems for Ensuring Proper Business Activities" as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, and the Company strives to appropriately implement the system.

Please refer to the Company's website on corporate governance for details.

<Overview of the System and Operational Status for Ensuring Proper Business Activities>

<https://www.lycorp.co.jp/en/sustainability/esg/governance/corporate-governance/#anc10>

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development [Updated]

The Group has a policy to eliminate any and all relationships that the Company might have with anti-social forces that menace the order and safety of civil society, and to resolutely oppose any unreasonable demands.

Based on this policy, the LY Corporation Group Code of Conduct explicitly stipulates the severance of all ties with antisocial forces and similar organizations. In addition, the Company has established the Regulations on the Elimination of Antisocial Forces, which clearly prohibit any involvement with antisocial forces or any conduct that may support or facilitate their activities, thereby ensuring a strict policy of rejecting all relationships with such entities. Moreover, in addition to preparing and disseminating manuals and circulars, as well as carrying out training programs regarding this policy, the Company also cooperates with external specialized organizations such as relevant police and government agencies and legal offices. The Group is a member of the National Center for Removal of Criminal Organizations, etc., and is engaged in collecting information about anti-social forces and the proper way to handle unreasonable demands, thereby strengthening its system for dealing with such scenarios.

V. Other

1. Adoption of Takeover Response Policies (or Anti-Takeover Measures)

Adoption of Takeover Response Policies (or Anti-Takeover Measures)	Not Adopted
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Supplementary Explanation for Applicable Items

The Company considers the risk of a hostile takeover to be low at this time due to its shareholder composition and has not introduced a specific policy against such takeovers (anti-takeover measures), but will consider effective countermeasures against hostile takeovers and their necessity as appropriate.

2. Other Matters Concerning the Corporate Governance System

1. Attitude regarding the timely disclosure of information

The Company carries out timely disclosure of important company information in accordance with the timely disclosure rules of Tokyo Stock Exchange, Inc., the Financial Instruments and Exchange Act and other relevant laws and statutes as well as its own "disclosure policy," which summarizes the Company's stance on the disclosure of information. According to this policy, the Company strives to provide accurate and impartial release of company information once it has been thoroughly investigated and managed. In addition, since immediately after its initial public offering in 1997, the Company has continued to publish a detailed overview of its financial and business operations as a quarterly financial report to ensure timely disclosure. Furthermore, the Company proactively provides this information by publishing all current and past disclosed information and explanatory materials on the investor information page of the Company's website, along with English versions of these documents for easy perusal by anyone. The Company will also continue to consider the further enhancement of disclosures in English.

2. Corporate system related to the timely disclosure of company information

Company-wide initiatives have been adopted to ensure the internal management of company information and its proper and timely disclosure. Multiple divisions dedicated to these tasks have been established under the oversight and instruction of the senior management. In order to increase the accuracy and depth of content of the disclosed information, the documents are checked by individuals in multiple divisions while internal auditors simultaneously and periodically check the competency of the internal control structure. Also, the eligibility and legality of accounting records are regularly reviewed by account auditors. In addition, timely and appropriate information is reported from the subsidiaries to the senior management and individuals in dedicated positions at the Company. In accordance with the Company's disclosure policy, this information is disclosed depending on the importance of said information.

The system related to the disclosure of information in the Company is as follows:

(1) President and Representative Director, personnel responsible for information disclosure

Internal management of important corporate information, supervision of the timely and proper disclosure of such, and giving of instructions regarding within the Company.

(2) Legal/governance division

Management of important company information, acting as the Board of Directors' secretariat office; performance of legal checks; management of internal information (insider trade prevention); understanding of management-related information of subsidiaries; day-to-day management support and information sharing with the administrative business of subsidiaries, etc. Furthermore, in collaboration with the finance division, public relations division, and IR division, the legal division, as the division in charge of information disclosure, is responsible for the preparation of information release materials (IR releases) for publication using TDnet, and disclosure of information to investors and shareholders, etc.

(3) Finance division

Supervision and information management of investment projects; preparation of securities report and others; understanding of financial information of subsidiaries; and cooperation with account auditors.

(4) IR division, public relations division

Organization of the earnings results briefings; preparation of information release materials (IR releases) for publication using TDnet, in collaboration with the legal/governance division; and communications with institutional investors and the press.

(5) Risk management division

Collection and compilation of information regarding new risks to the business of the Group in collaboration with all Group companies, and publishing of the important risk information in securities reports.

3. Work processes related to the timely disclosure of corporate information

(1) Disclosure of facts related to decisions and incidents

Every internal department is to consult with the legal/governance division, finance division, public relations division and IR division regarding relevant information in advance. The legal/governance division and finance division judge each case from a legal standpoint in light of laws such as Financial Instruments and Exchange Act, make judgment based on Cabinet Office Ordinance on Disclosure of Corporate Affairs, and determine if the case is important or not based on the rules of timely disclosure of the securities exchange. Afterwards, based on the content of the case, the legal/governance division and finance division collaborate to create disclosure documents for release after they have been discussed and approved by the Board of Directors or approved by the personnel responsible for the disclosure of information.

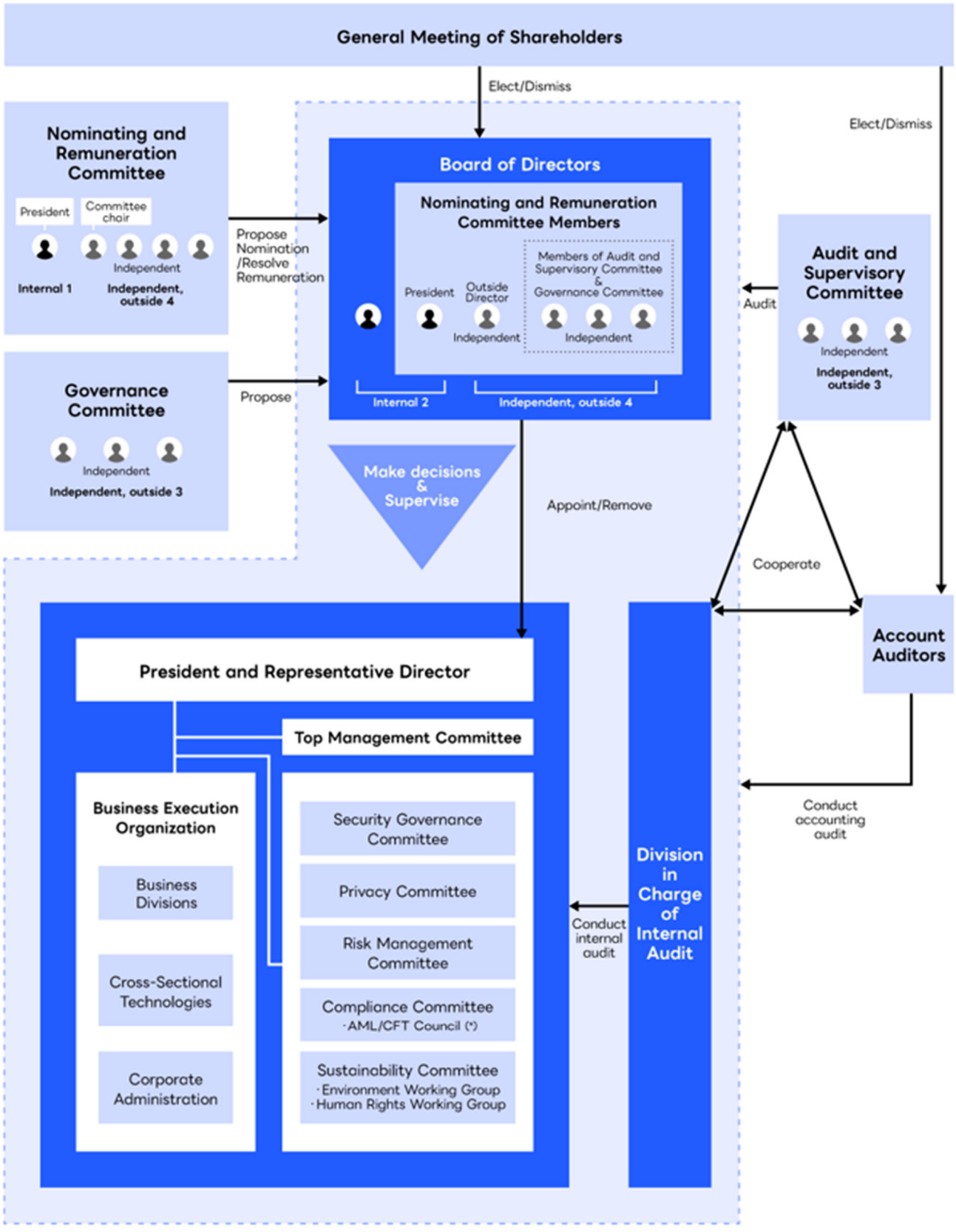
(2) Disclosure of financial information and risk information

The finance division and the legal/governance division collect financial information on the business results of the Company and the companies in the Group, and create materials. The information, including the information related to business risks collected by the risk management division, is released after it has been approved by the President and Representative Director and personnel responsible for the disclosure of information.

Disclaimer

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.

Corporate Governance System



* The AML/CFT Council makes reports and discusses matters on efforts to combat money laundering and financing of terrorism. (AML stands for Anti-Money Laundering and CFT stands for Combating the Financing of Terrorism.)