



July 29, 2024

To whom it may concern,

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

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

LY Corporation (hereinafter the “Company”) hereby announces that at the meeting of the Board of Directors held on July 29, 2024, the Company resolved to carry out an absorption-type merger (hereinafter the “Merger”) of its wholly owned subsidiary, Z Lab Corporation (hereinafter “Z Lab”), effective October 1, 2024. Details are as follows.

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

1. Purpose of the Merger

Z Lab is the Company’s consolidated subsidiary, and the Company outsources software development and other works to Z Lab. The Company has decided to carry out this Merger with the aim of increasing the efficiency of its development system and maximizing the use of management resources.

2. Outline of the Merger

(1) Schedule of the Merger

Date of the resolution of the Board of Directors (the Company):	July 29, 2024
Date of signing of the Merger agreement (each company):	July 31, 2024 (planned)
Effective date of the Merger:	October 1, 2024 (planned)

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

(2) Method of the Merger

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

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(3) Details of allotments related to the Merger

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

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

Z Lab has not issued share options or bonds with share options.

3. Overview of the companies involved in the Merger

	Surviving company	Disappearing company to be absorbed		
(1) Trade name	LY Corporation	Z Lab Corporation		
(2) Location	1-3 Kioicho, Chiyoda-ku, Tokyo	1-3 Kioicho, Chiyoda-ku, Tokyo		
(3) Names and titles of representatives	Kentaro Kawabe Chairperson and Representative Director Takeshi Idezawa President and Representative Director, CEO (Chief Executive Officer)	Takanari Kou President and Representative Director		
(4) Main business	Internet advertising business, e-commerce business, members services business, and other businesses; and managing of group companies and other operations	Manufacturing and sales of computer hardware and software		
(5) Paid-in capital	JPY 248,144 million (as of March 31, 2024)	JPY 25 million (as of March 31, 2024)		
(6) Founded	January 31, 1996	April 30, 1981		
(7) Number of shares issued	7,637,068,986 shares (as of March 31, 2024)	50,000 shares (as of March 31, 2024)		
(8) Fiscal year end	March 31	March 31		
(9) Major shareholders and shareholding ratios	A Holdings Corporation 64.4% The Master Trust Bank of Japan, Ltd. (trust account) 5.5% STATE STREET BANK AND TRUST COMPANY 505325 3.1% Custody Bank of Japan, Ltd. (trust account) 2.4% SSBTC CLIENT OMNIBUS ACCOUNT 0.7% (As of March 31, 2024)	LY Corporation 100% (As of March 31, 2024)		
(10) Financial position and results of operations for the most recent fiscal year	Fiscal year ended March 31, 2024 (Consolidated: IFRS)		Fiscal year ended March 31, 2024 (Non-consolidated: Japanese GAAP)	
	Total equity	JPY 3,446,985 million	Net assets	JPY 132 million
	Total assets	JPY 9,043,969 million	Total assets	JPY 184 million
	Equity attributable to owners of the parent per share	JPY 404.89	Net assets per share	JPY 2,645.83
	Revenue	JPY 1,814,663 million	Revenue	JPY 315 million
	Operating income	JPY 208,191 million	Operating income	JPY 15 million

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	Income before tax	JPY 181,621 million	Ordinary income	JPY 15 million
	Net income attributable to owners of the parent	JPY 113,199 million	Net income	JPY 11 million
	Basic earnings per share	JPY 15.10	Net income per share	JPY 224.03

4. Status after the Merger

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

5. Future prospects

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

(Reference) Consolidated business performance forecast for current fiscal year (as announced on May 8, 2024) and consolidated business performance for previous fiscal year

	Revenue	Adjusted EBITDA	Adjusted EPS
Consolidated business performance forecast for current fiscal year (FY ending March 31, 2025)	JPY1,935,000 million	JPY430,000 million to JPY440,000 million	JPY14.3 to JPY15.3
Consolidated business performance for previous fiscal year (FY ended March 31, 2024)	JPY1,814,663 million	JPY414,917 million	JPY18.93

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