

LY Corporation Earnings

FY2025 Q1

August 4, 2025

Security Code: 4689

LINEヤフー

FY2025 Q1 Earnings Highlights

1

Performance tracking with full-year guidance

- FY2025 Q1 Result: Consolidated revenue JPY489.6 B (YoY+5.7%)
Consolidated adjusted EBITDA JPY125.8 B (YoY+3.4%)

2

Progress on mid/long-term growth initiatives

- Phased LINE revamp began in July 2025; continued upgrades to mini app features and sales capabilities
- Phased rollout of AI features into key services to accelerate Gen AI uptake in Japan

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1 Financial Results – Consolidated

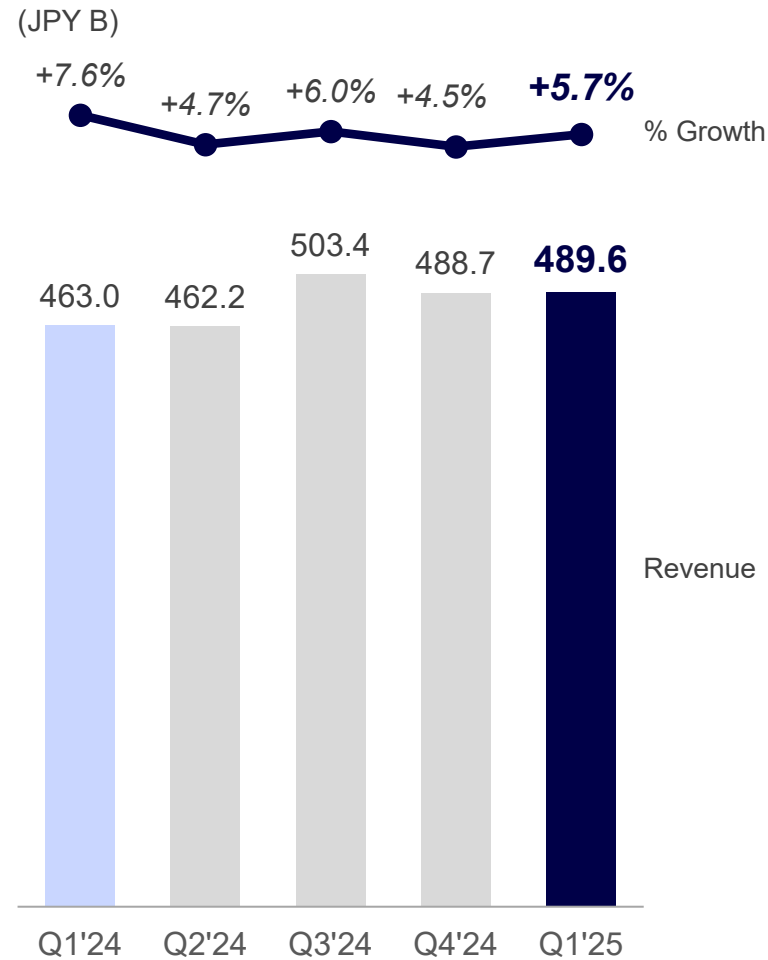
2 Financial Results/Topics – by Segment

Overall progress remains aligned with full-year guidance

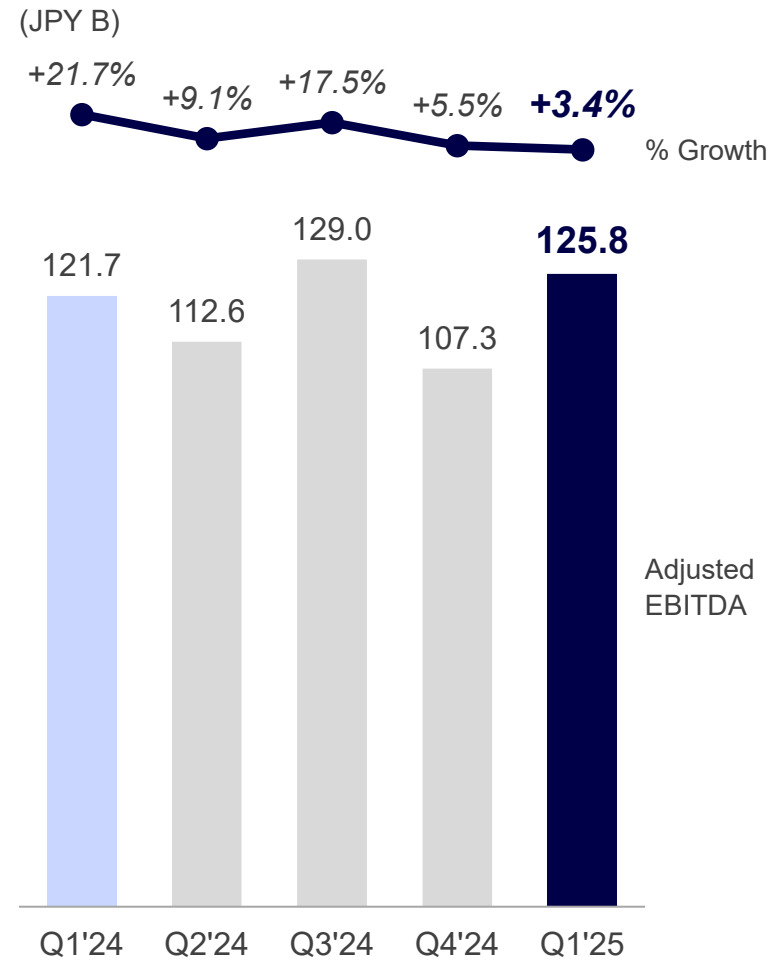
Segment	Item	FY2025 Q1	% YoY Change	Progress Against Guidance
Consolidated	Revenue	JPY489.6 B	+5.7 %	23.3 %
	Adjusted EBITDA	JPY125.8 B	+3.4 %	24.7 to 25.2 %
	Adjusted EPS	JPY6.05	+7.1 %	22.5 to 23.4 %
Media	Revenue	JPY177.2 B	+0.6 %	-
	Adjusted EBITDA	JPY65.2 B	-7.4 %	23.0 %
Commerce	Revenue	JPY215.9 B	+3.5 %	-
	Adjusted EBITDA	JPY37.1 B	-10.5 %	24.2 %
Strategic	Revenue	JPY96.6 B	+22.1 %	-
	Adjusted EBITDA	JPY20.9 B	+264.0 %	35.0 %
Other/Adjustments	Adjusted EBITDA	JPY2.4 B	-	

Strong performance led by account ads and PayPay consolidated

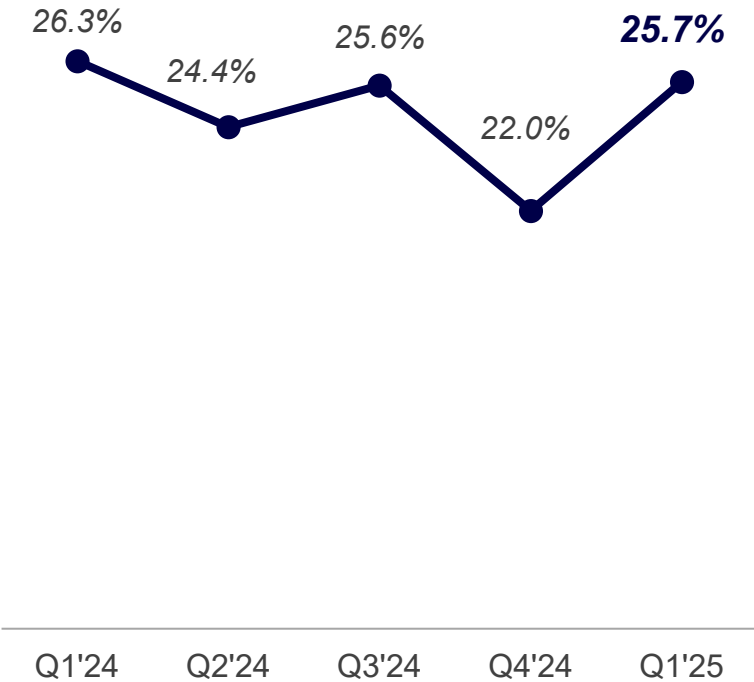
Revenue/ %YoY Growth



Adjusted EBITDA/ %YoY Growth



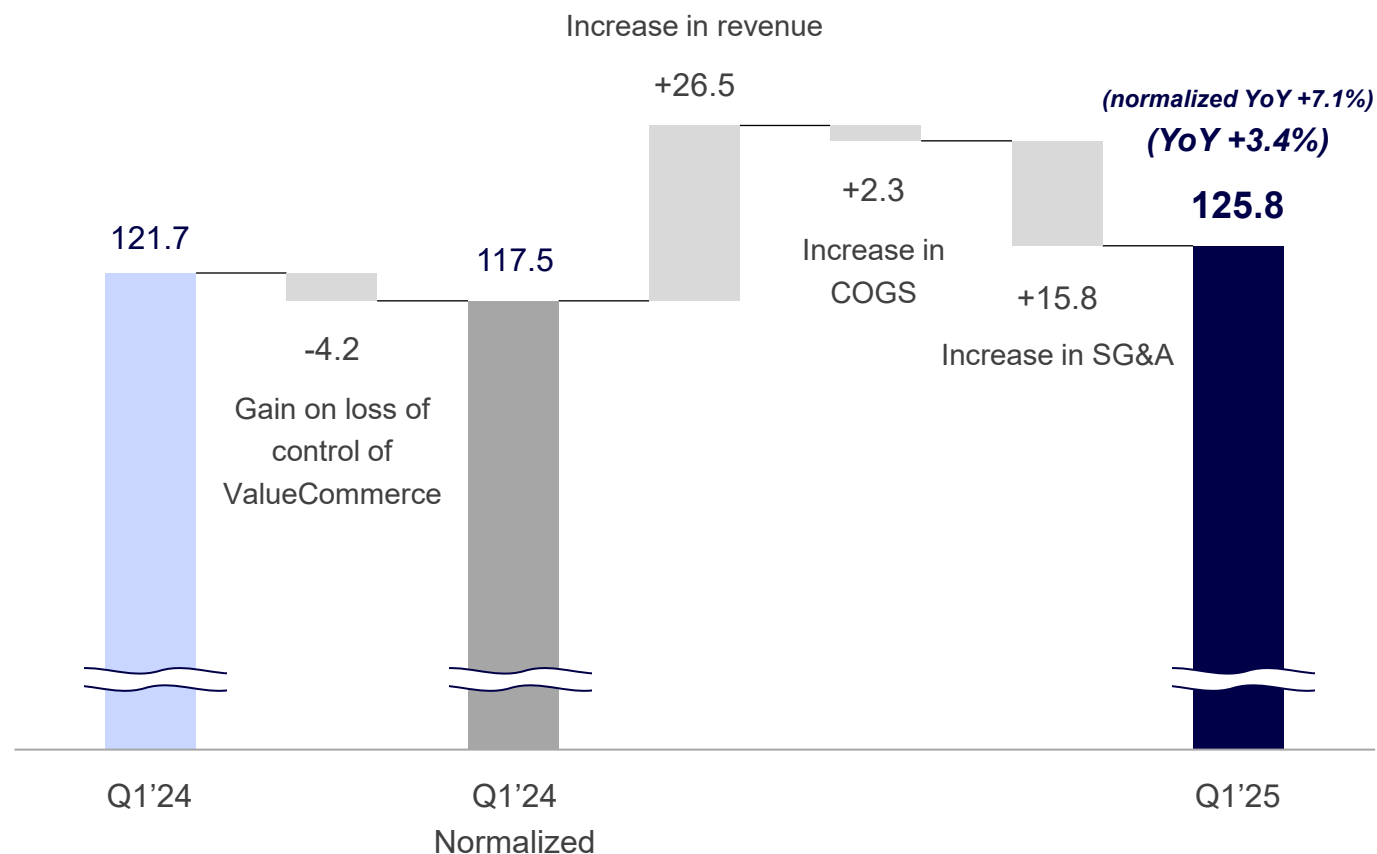
Adjusted EBITDA Margin



Normalized profit rose 7.1% YoY, excluding FY24 one-time gains

Change in Adjusted EBITDA¹

(JPY B)



Revenue: +JPY26.5 billion

- Media (+JPY1.0 B): Growth in account advertising.
- Commerce (+JPY7.2 B): Growth in ZOZO, ASKUL, and Yahoo! JAPAN Shopping.
- Strategic (+JPY17.4 B): Growth in PayPay Consolidated.

COGS: +JPY2.3 billion

- Media (-JPY0.5 B): Decrease mainly in search advertising.
- Commerce (+JPY0.6 B): Increase mainly in ASKUL.
- Strategic (+JPY2.1 B): Increase mainly in PayPay Bank.

SG&A: +JPY15.8 billion

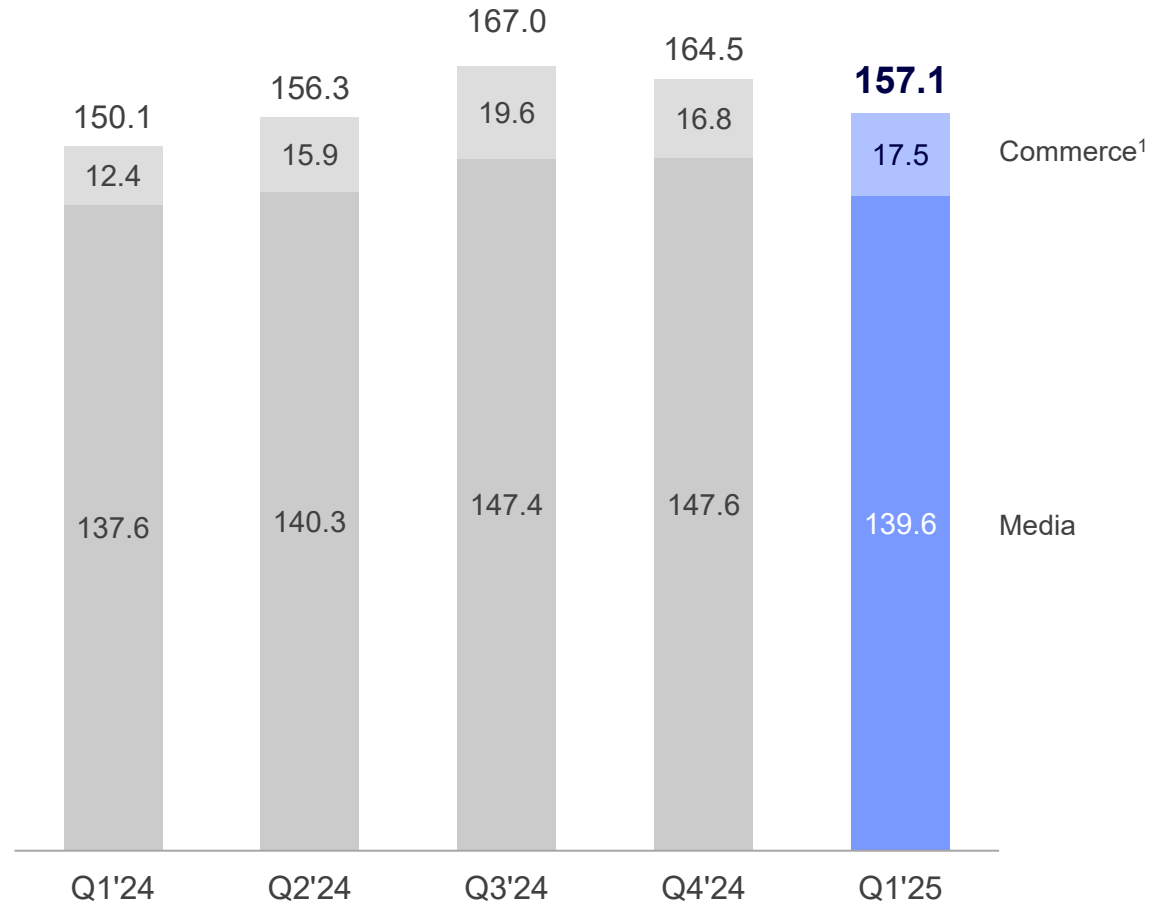
- Sales promotion costs/advertising & promotional expenses (+JPY7.4 B): Increase mainly in Yahoo! JAPAN Shopping, Yahoo! JAPAN Flea Market, LYP Premium, and PayPay-related expenses.
- Other SG&A (+JPY2.4 B): Increase mainly in commission expenses, business commissions, and communication charges.

1. Adjusted EBITDA: Operating income + depreciation & amortization ± EBITDA adjustment items. EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gains on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds. Definitions changed from FY2022 Q3. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items.

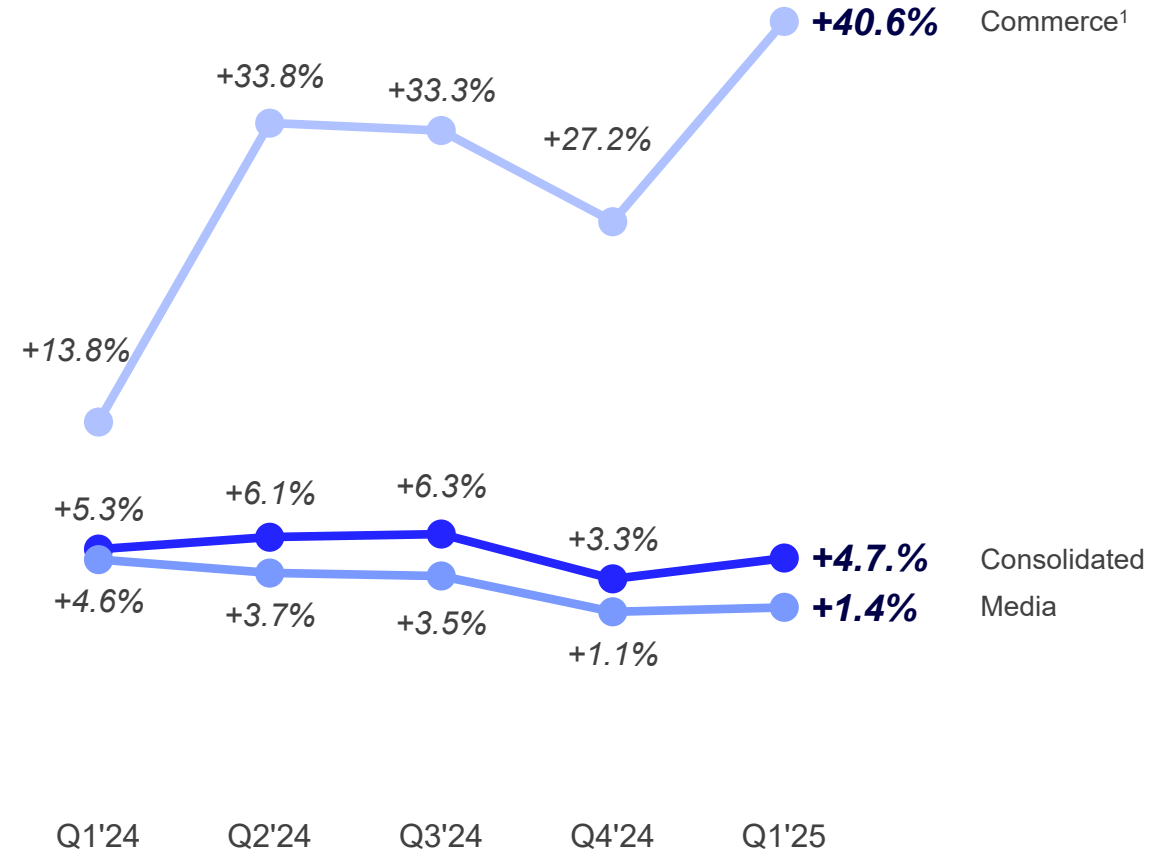
Strong growth in commerce ads fueled by higher Shopping GMV

Consolidated – Total Advertising Revenue¹

(JPY B)



Consolidated – Total Advertising Revenue % YoY Growth



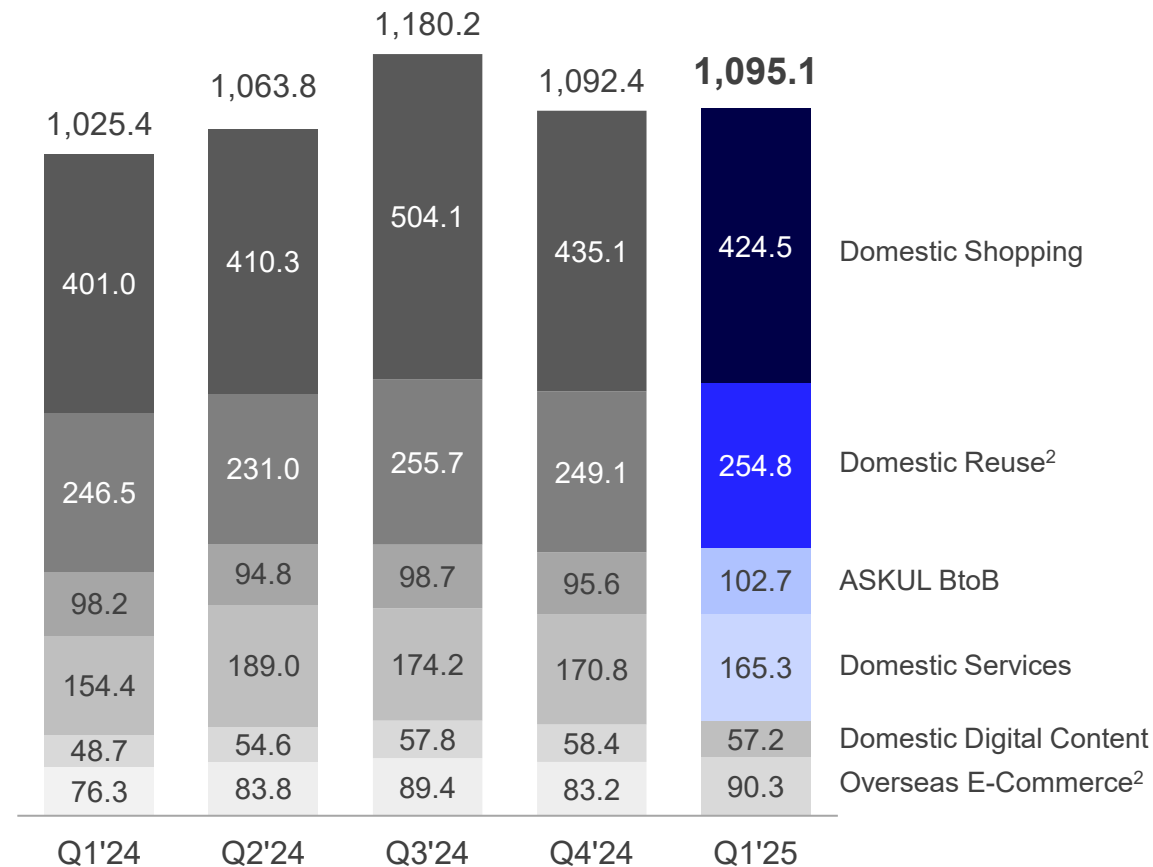
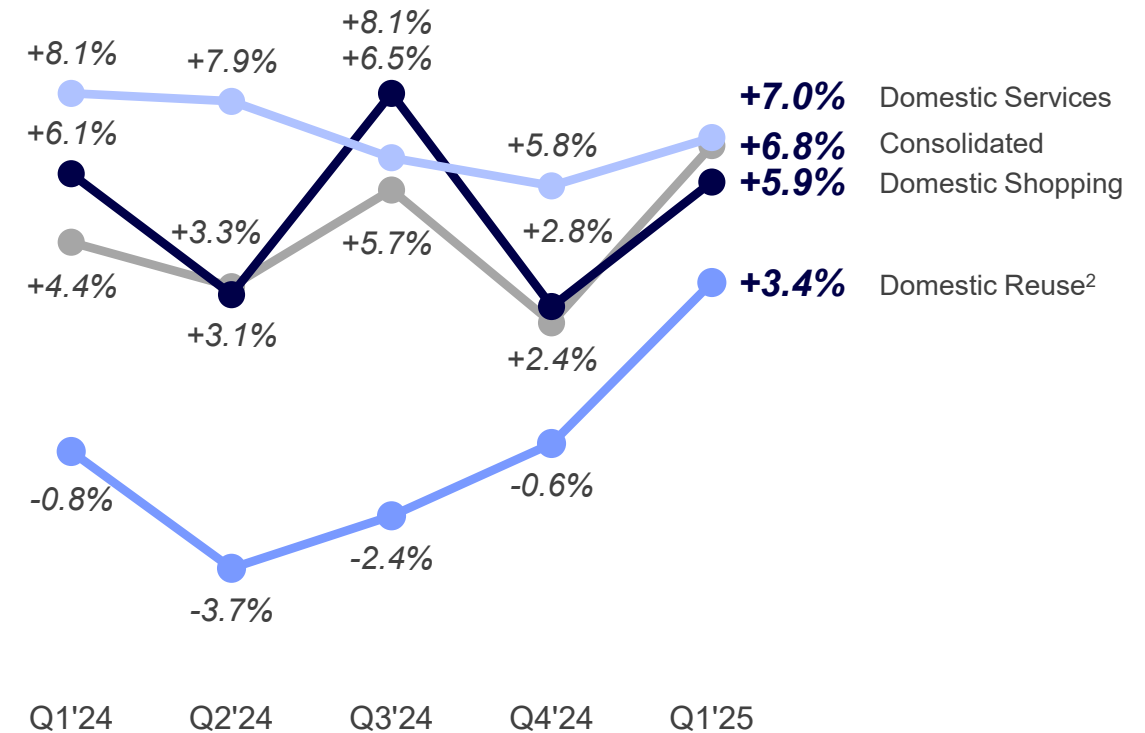
1. Revenue for commerce ads are recorded in the Commerce Business segment.

Consolidated – E-Commerce Transaction Value

Shopping and service-related businesses drove growth

Consolidated – E-Commerce Transaction Value¹

(JPY B)

Consolidated – E-Commerce Transaction Value % YoY Growth¹

1. Please refer to P. 26 of the Appendix for definition of transaction value.

2. From FY2025 Q1, Domestic Reuse includes "BEENOS" and Overseas E-Commerce includes "Lyst."

Share Repurchase and Cancellation of Treasury Shares

Ongoing share repurchase and cancellation totaling approx. JPY150bn under capital allocation policy

Announced on May 7, 2025

Total Number of Shares Repurchased	218,064,491 shares
Total Repurchase Amount	Approx. JPY116.2 billion
Method	Tender offer
Period of Tender Offer	From May 8, 2025 to June 4, 2025
Total Number of Shares Canceled	213,264,491 shares
Date of Cancellation	July 1, 2025

Announced on June 30, 2025

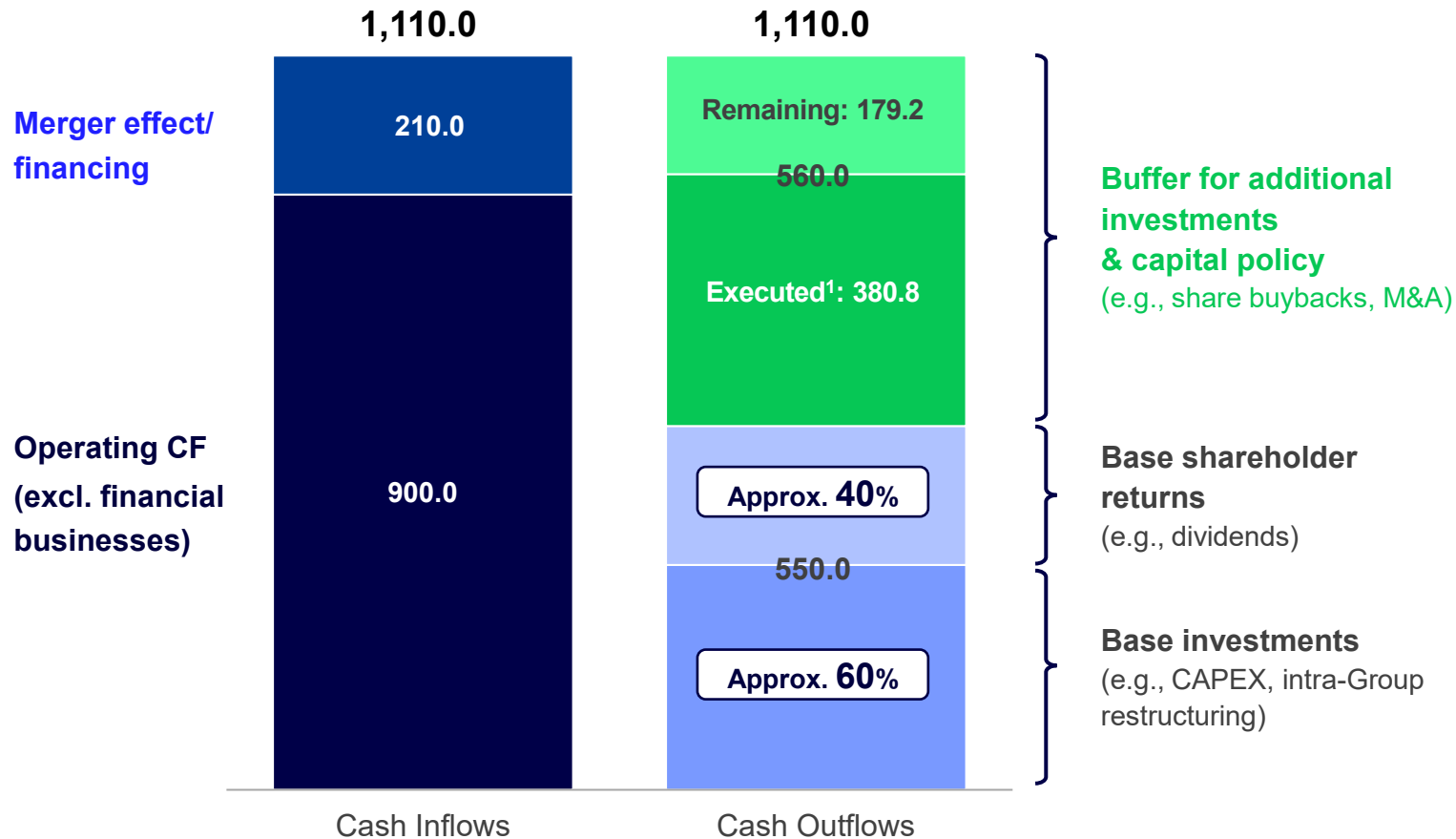
Total Number of Shares for Repurchase	63,400,000 shares (max)
Total Repurchase Amount	JPY38.5 billion (max)
Method	Market purchase through the Tokyo Stock Exchange based on a discretionary trading contract
Period of Repurchase	From July 1, 2025 to September 30, 2025
Total Number of Shares to Be Canceled	All shares repurchased under this program
Scheduled Date of Cancellation	October 31, 2025

Balancing growth investments and shareholder returns to drive positive spread

Capital Allocation Policy (Cumulative Approximate Value for FY2023-2025/ Excluding Financial Business)

Cost of Equity

(JPY B)



Cost of Equity
(last 12 months)

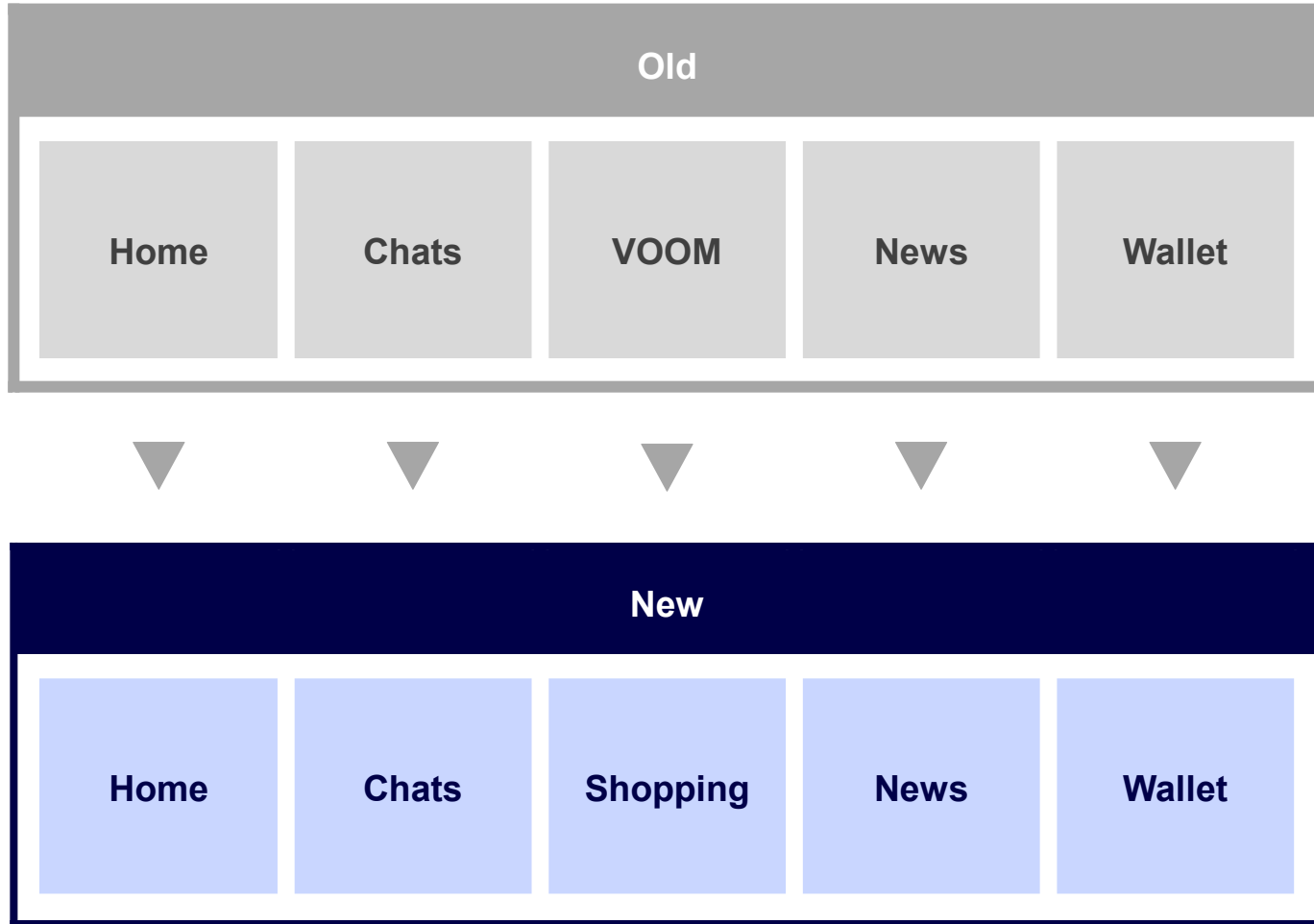
4.1 to 5.5%

Aim further expansion of
positive spread

1. Share buyback: JPY150.0 B (August 5 – September 5, 2024), JPY116.2 B (May 8 – June 4, 2025), max JPY38.5 B (July 1 – September 30, 2025); acquisition of BEENOS shares: JPY54.0 B (planned); acquisition of LYST LTD shares: approx. JPY22.1 B.

Phased release starting with Shopping and Wallet Tabs

Tab Structure



Schedule

Shopping Tab

From Sep. 2025 onward

Phased release beginning with
subset of users

Wallet Tab

Features being released in phases

Others

From FY2025 H2 onward

Tab-by-tab release

Reinforce traffic to commerce/mini apps and drive LINE user engagement

Shopping

- Portal for LINE Commerce services*
- To be personalized using data, with AI suggested products

*LINE Commerce

LINE GIFT (Gift)

Reinforcing existing service

LINE SHOPPING¹ (Personal use)

Pursuing a new recommendation-driven e-commerce service tailored to user attributes, distinct from traditional mall-type platforms. Integration with Group assets also planned.

Expected outcomes

Increased shopping transaction value and higher e-commerce ratio in Japan

Wallet

- Revamping UI/UX with a focus on MINI Apps to reinforce traffic

Next steps

Initially, list frequently used MINI Apps

Strengthen sales across various industries to expand both variety and no. of MINI Apps

Encourage usage through user-focused promotional campaign

Drive MINI App entry points, with wallet feature enhancements also in scope

Expected outcomes

Wider use of LINE MINI Apps and higher advertising revenue

1. A new online shopping service in early access since May 2025. Unlike LINE Brand Catalog (an affiliate program with performance-based compensation based on sales), provides a one-stop shopping experience from purchase to payment within the LINE app.

Accelerating Gen AI uptake in Japan through offering AI-enabled services

14 Services and Features Utilizing Gen AI Released in FY2025 (April-July)

Yahoo! JAPAN AI Assistant



Yahoo! JAPAN News AI Topics



Yahoo! JAPAN Shopping Product Comparison/ Review Summary



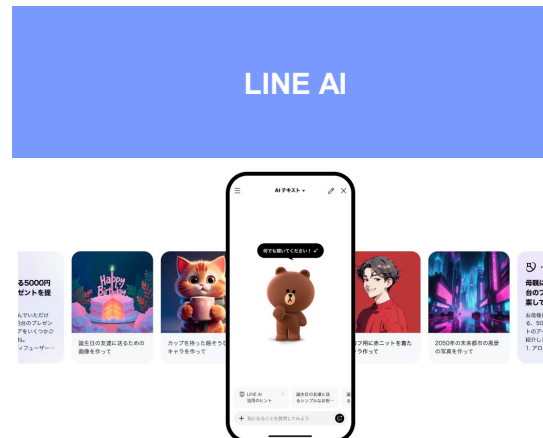
Yahoo! JAPAN Shopping Product Search Assistant



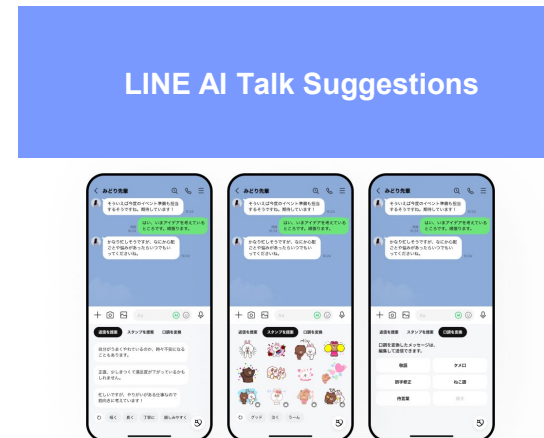
Yahoo! JAPAN Search Accommodation Review Summary



LINE AI



LINE AI Talk Suggestions



Yahoo! JAPAN Kids Create Your Own Games with AI



Capital Structure of PayPay (as of June 30, 2025)

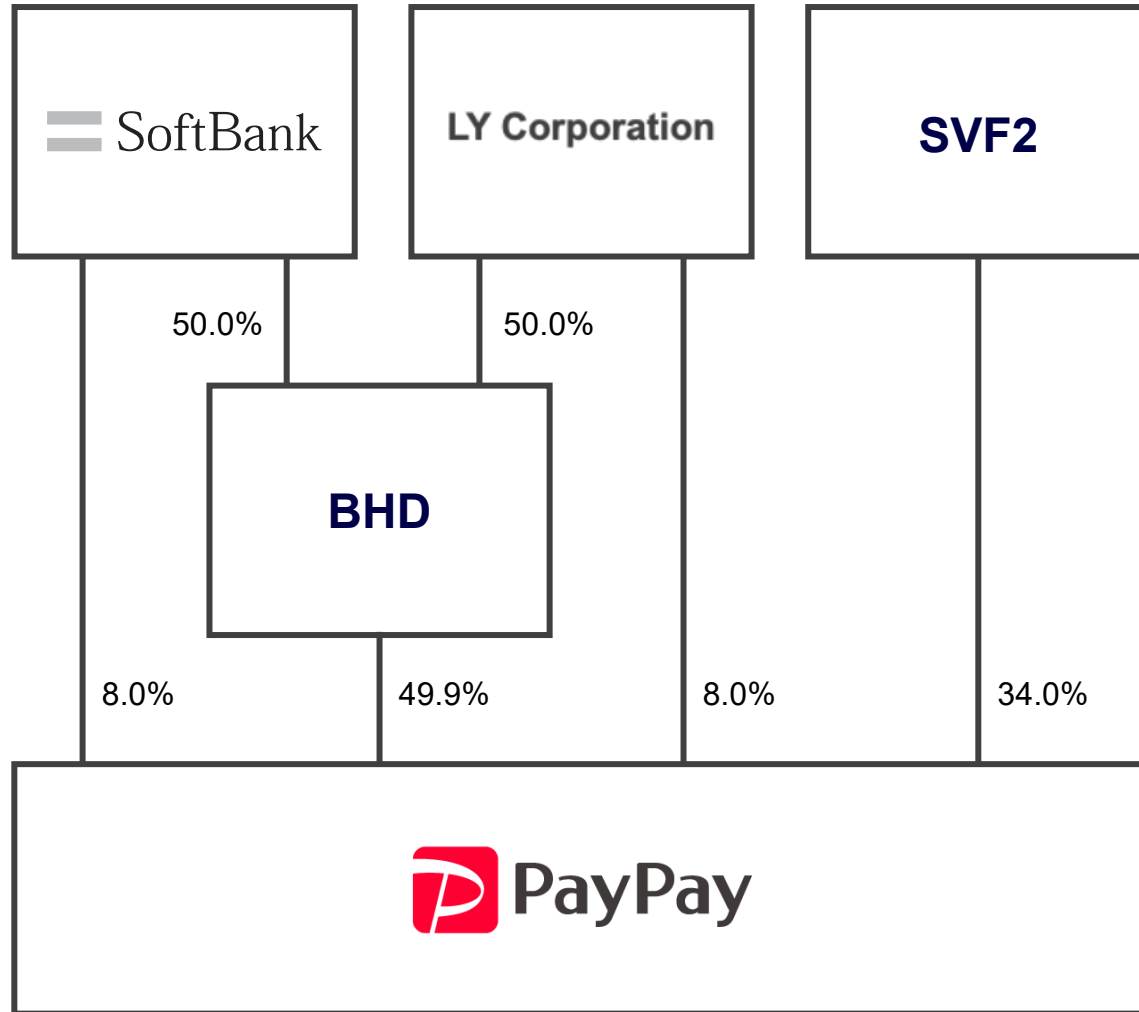
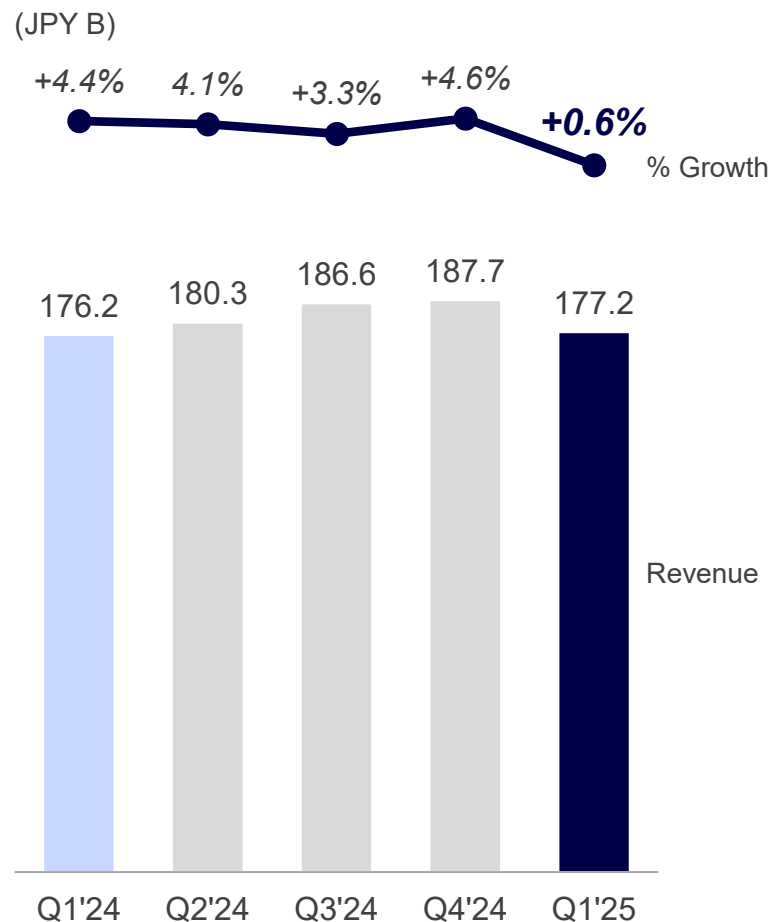
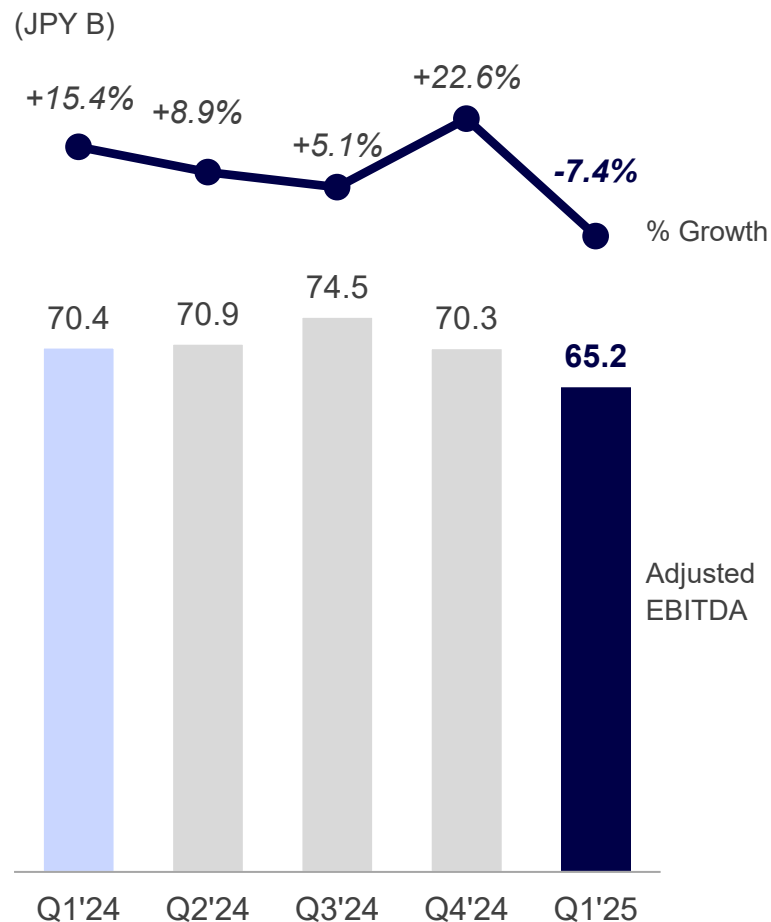
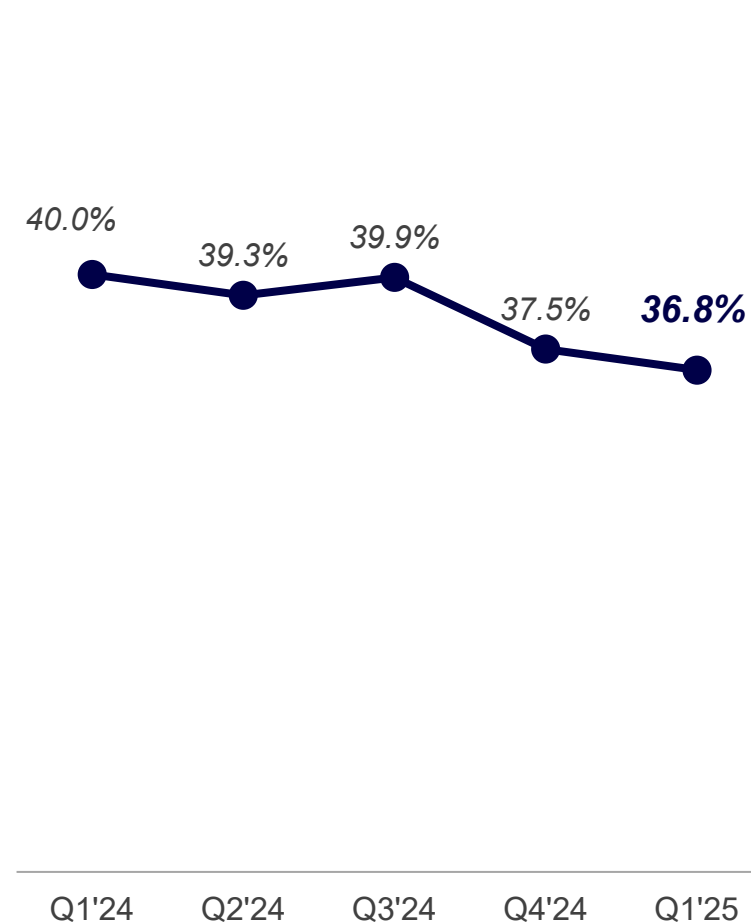
**LY Corporation's Position on PayPay's IPO****Maintain existing capital structure(consolidated) post-IPO****LY Corporation, together with other stakeholders,
remains committed to supporting PayPay's business
and enterprise value growth following its IPO**

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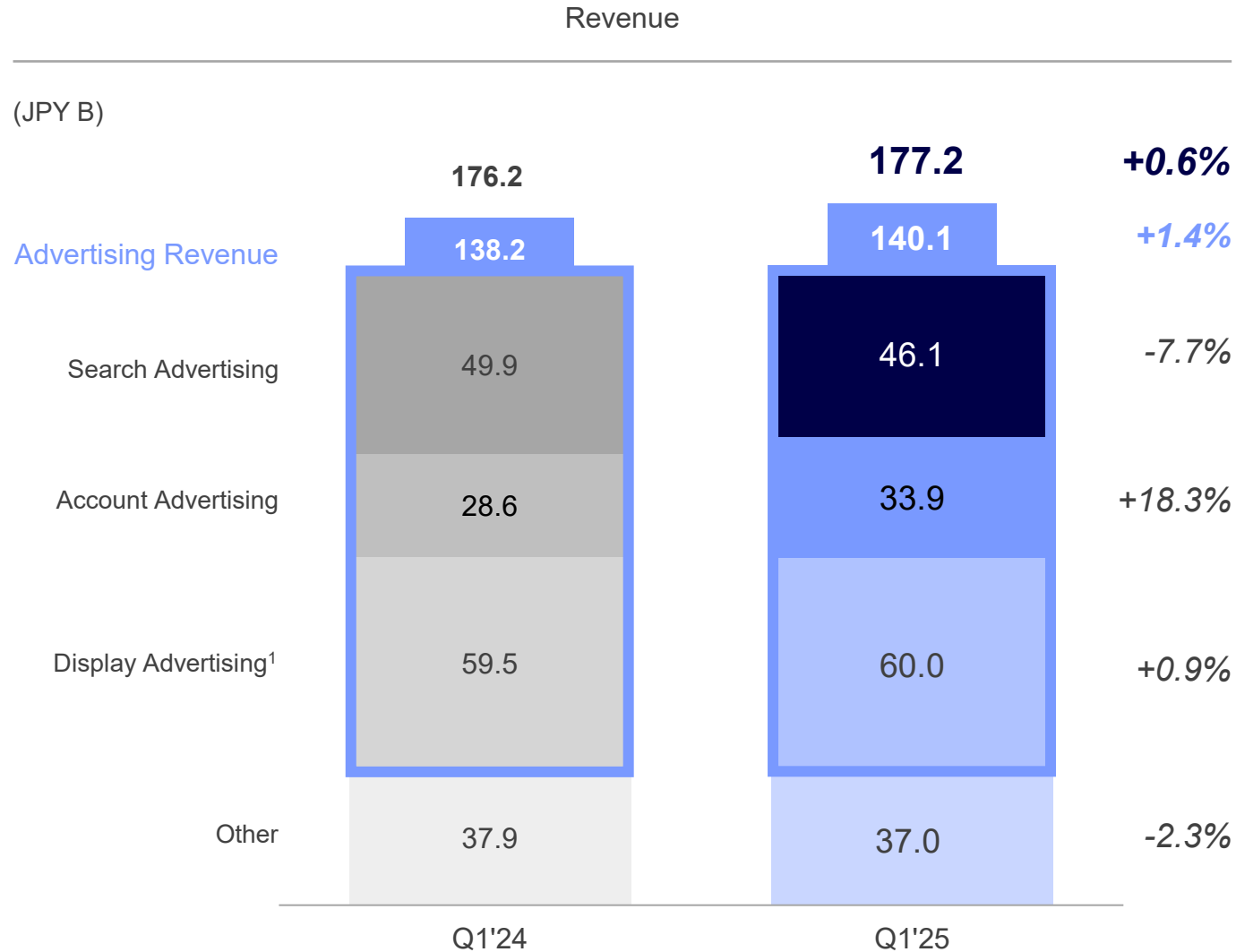
Revenue up on strong performance in account ads. Profit decline due to higher SG&A expenses

Revenue/ % YoY Growth^{1, 2}Adjusted EBITDA/ % YoY Growth^{1, 2}Adjusted EBITDA Margin^{1, 2}

1. In FY2024 Q3, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business. As a result, figures for FY2023, FY2024 Q1, and FY2024 Q2 have been retroactively revised.

2. In FY2025 Q1, the standards for allocating personnel expenses of technology divisions and expenses related to data centers and internal infrastructure were revised. As a result, figures for FY2024 have been retroactively adjusted.

Ad revenue saw net growth, with account ads compensating for decline in search ads



Consolidated total advertising revenue: +JPY1.9 billion

Search advertising: -JPY3.8 billion

- Impact of slowdown in advertising demand.

Account advertising: +JPY5.2 billion

- Number of paid accounts and pay-as-you-go billing increased.

Display advertising: +JPY0.5 billion

- Impression increased, ad spending growth in selected industries.

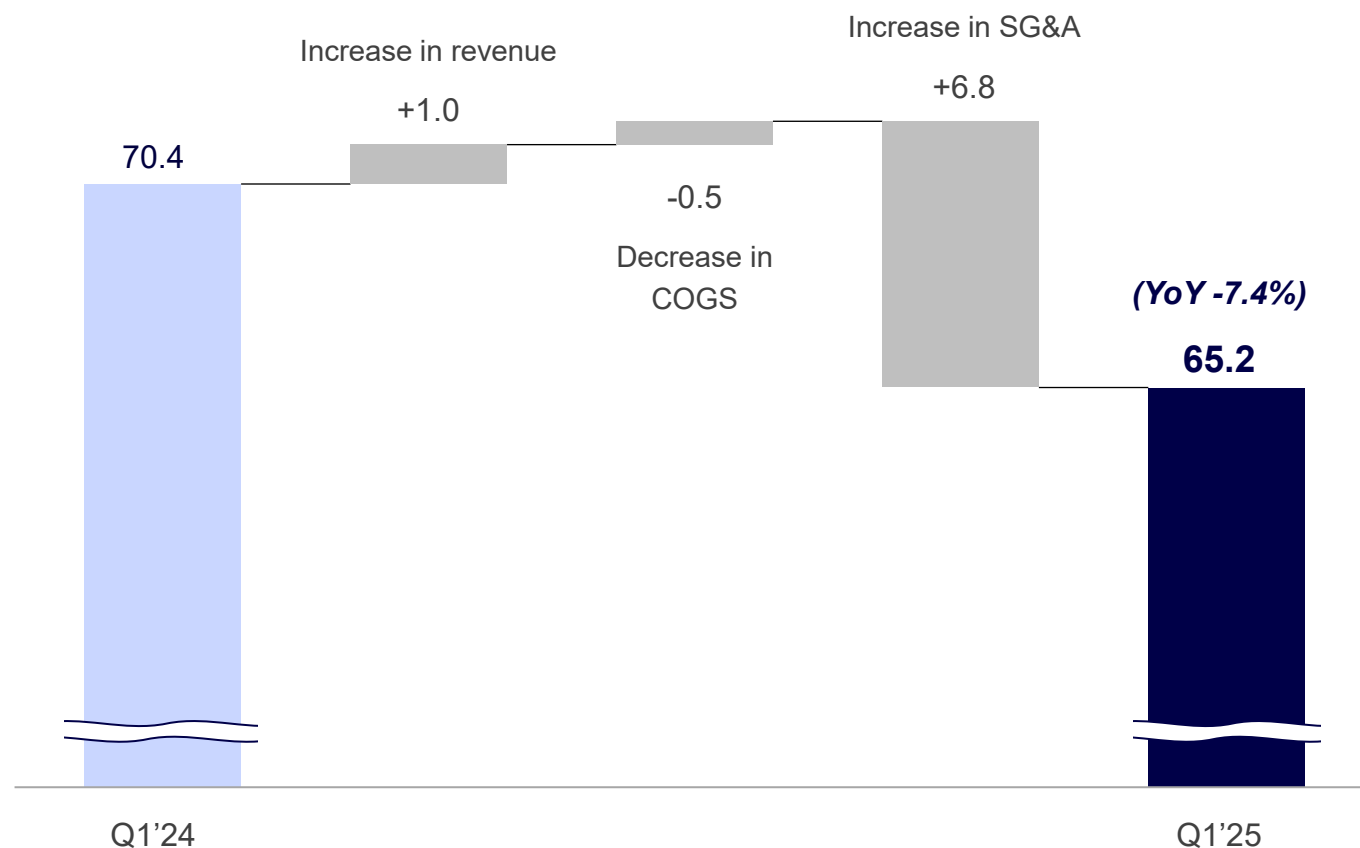
Other: -JPY0.8 billion

1. Display advertising revenue includes revenue from other LINE ads

Profit declined as higher platform-related investments outweighed gains from revenue and COGS improvements

Factors of Change in Adjusted EBITDA¹

(JPY B)



Revenue: +JPY1.0 billion

- Increase in account advertising.

COGS: -JPY0.5 billion

- Decrease in search advertising.

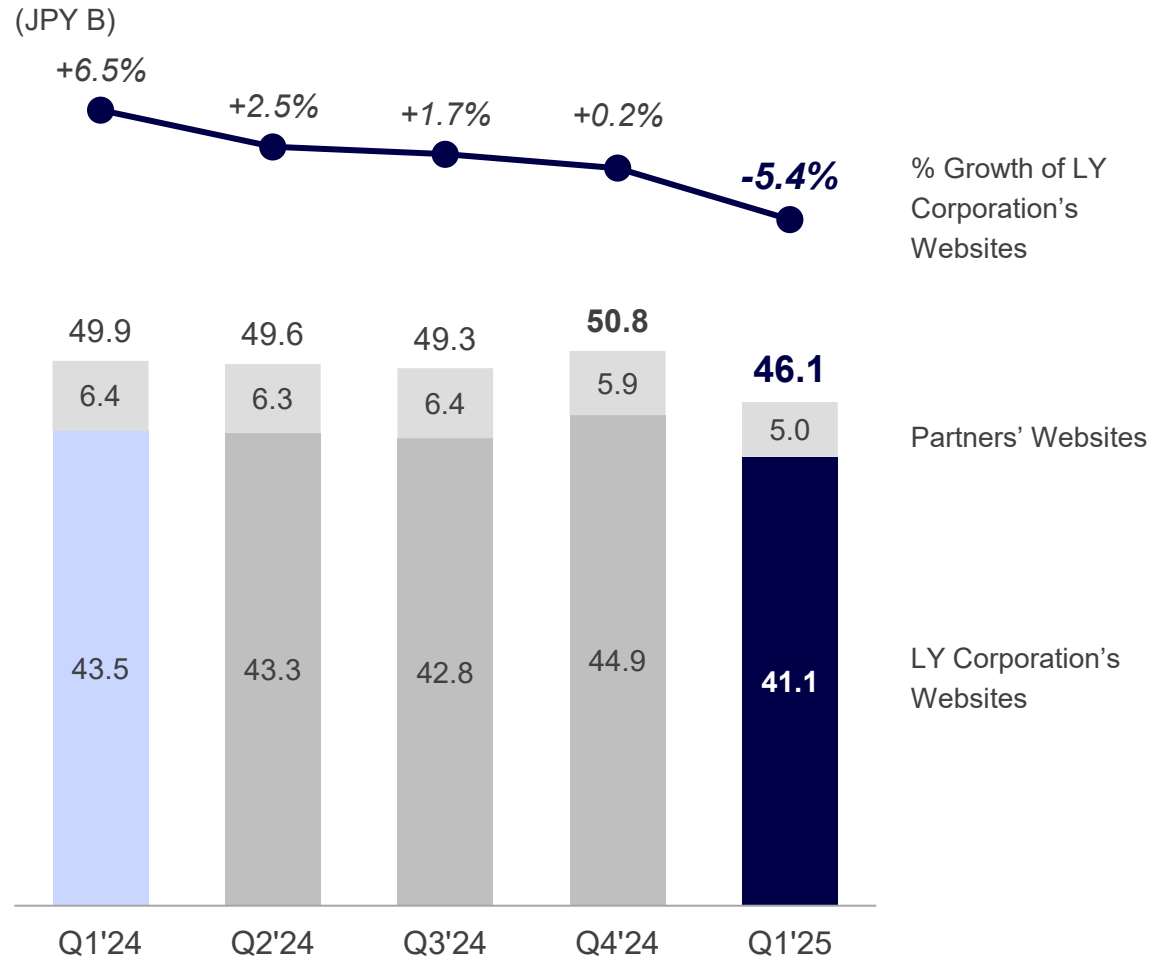
SG&A: +JPY6.8 billion

- Sales promotion costs/advertising & promotional expenses (+JPY1.9 billion): Increase mainly in point costs attributable to increased utilization by LYP Premium members.
- Other SG&A (+JPY5.8 billion): Increase mainly driven by consolidation of ad platforms, AI infrastructure investments, rising labor and Gen AI related expenses.

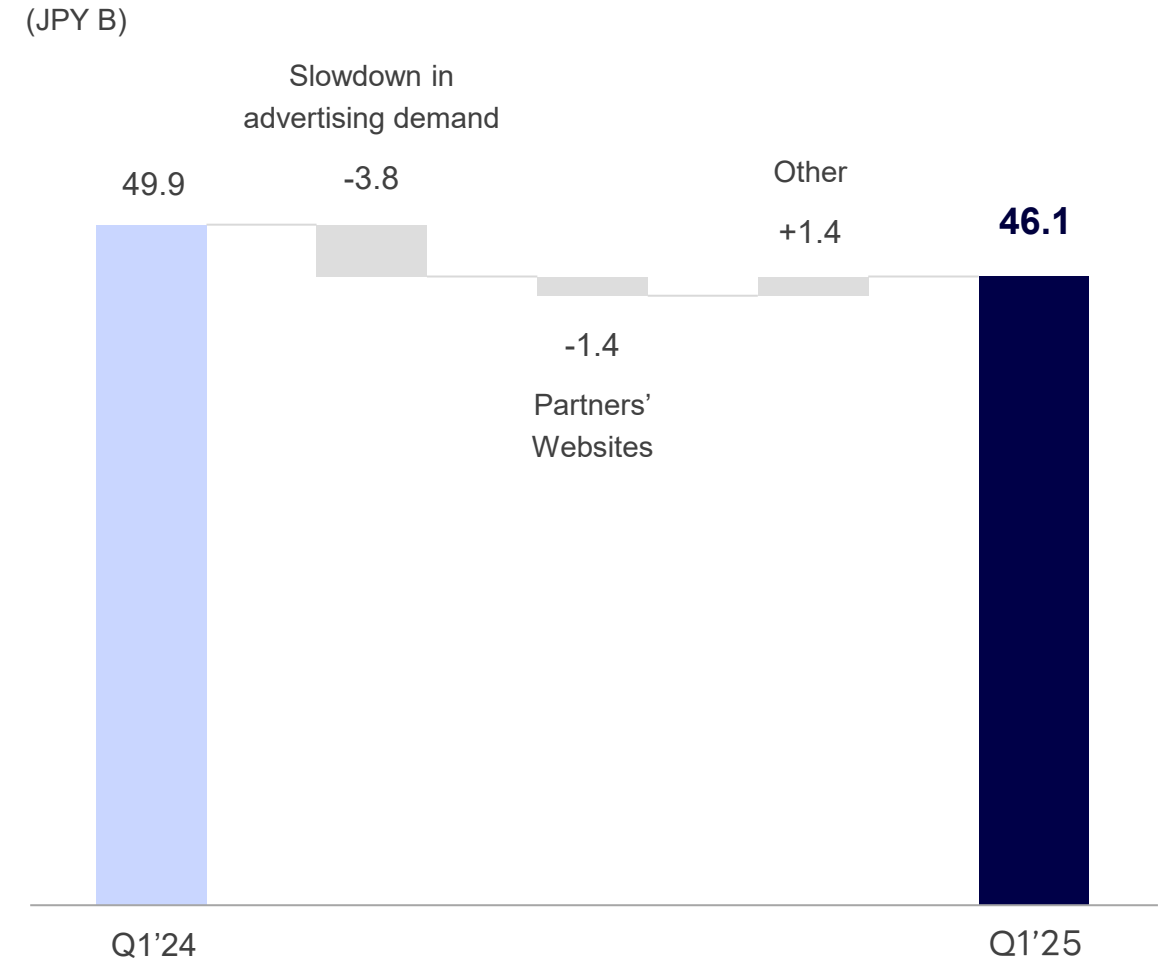
1. Adjusted EBITDA: Operating income + depreciation & amortization ± EBITDA adjustment items. EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gains on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds. Definitions changed from FY2022 Q3. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items.

Revenue decline driven by sector-specific demand slowdowns, unrelated to AI search proliferation

Search Advertising Revenue/ %YoY Growth



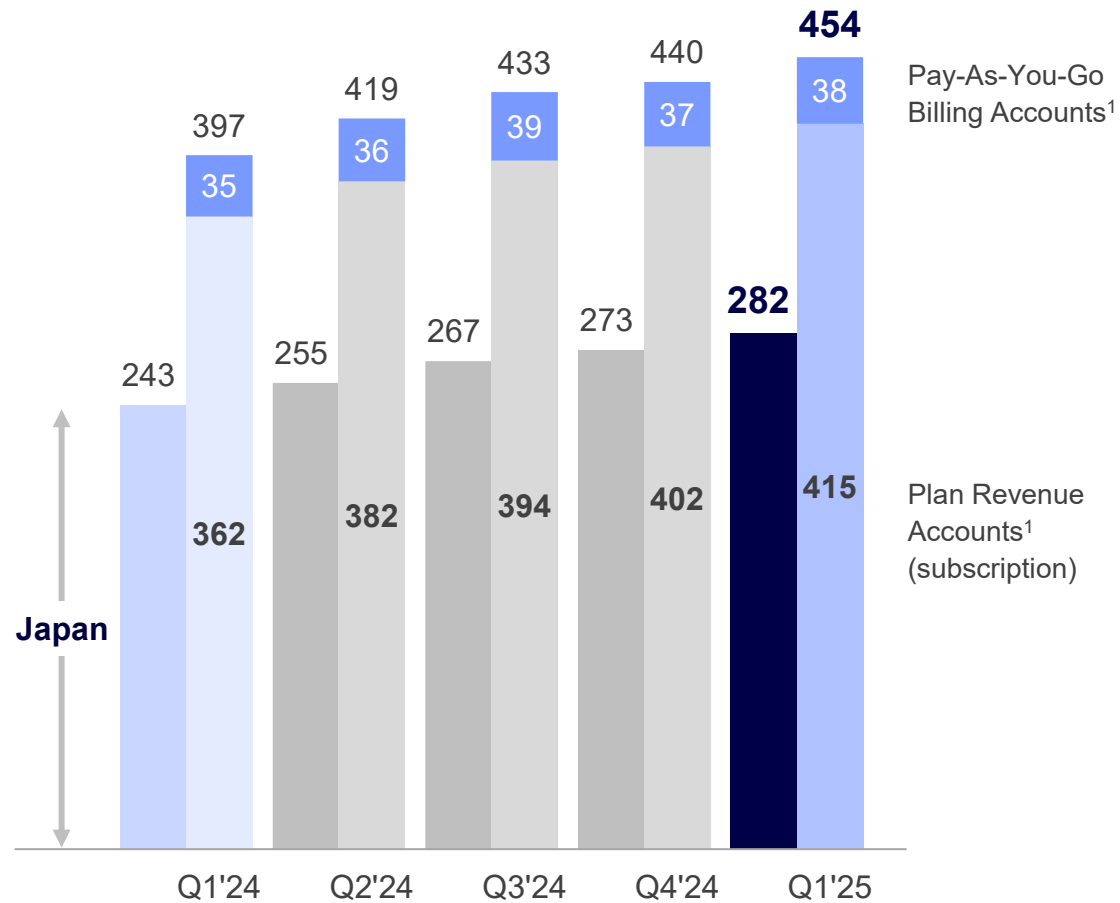
Factors Behind Change in Search Advertising Revenue



High growth backed by increase in paid accounts and expansion of usage-based billing

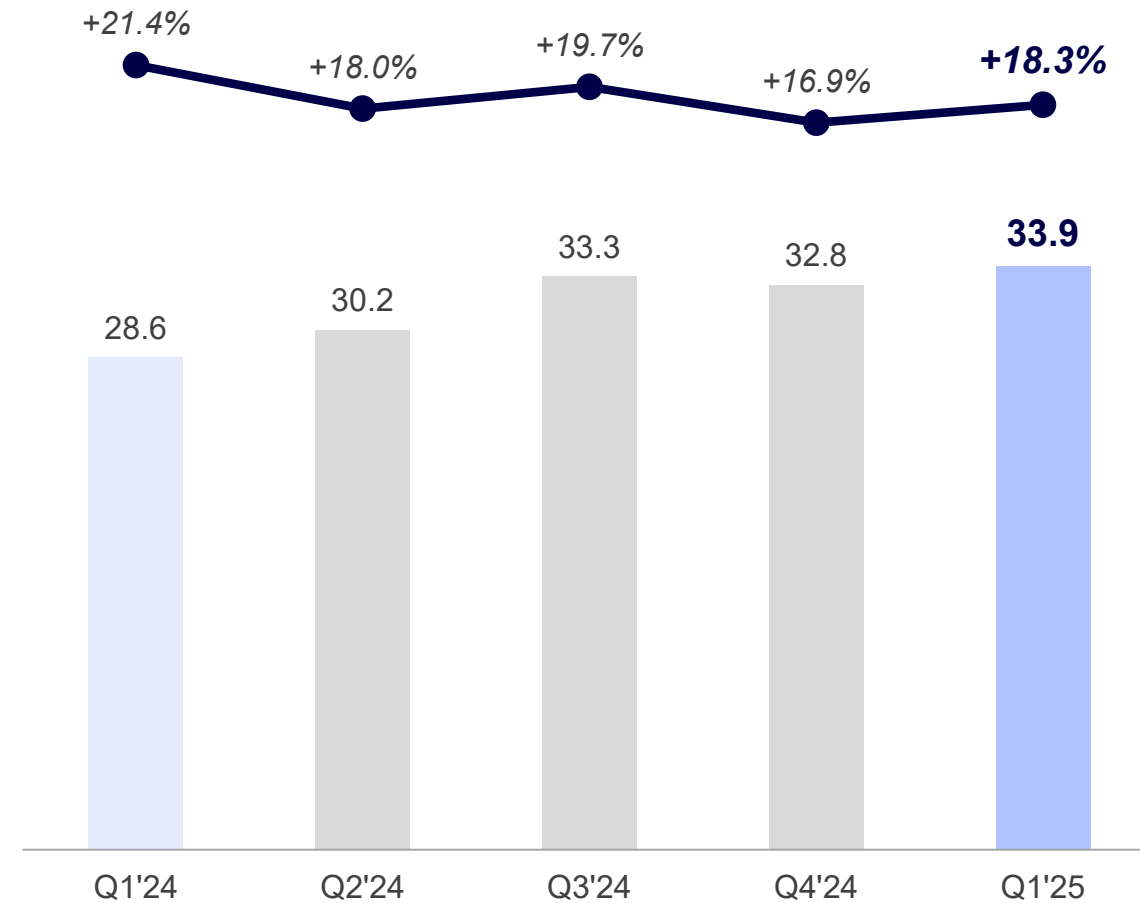
No. of Paid LINE Official Accounts (Global/Japan)¹

(Thousands)



Revenue

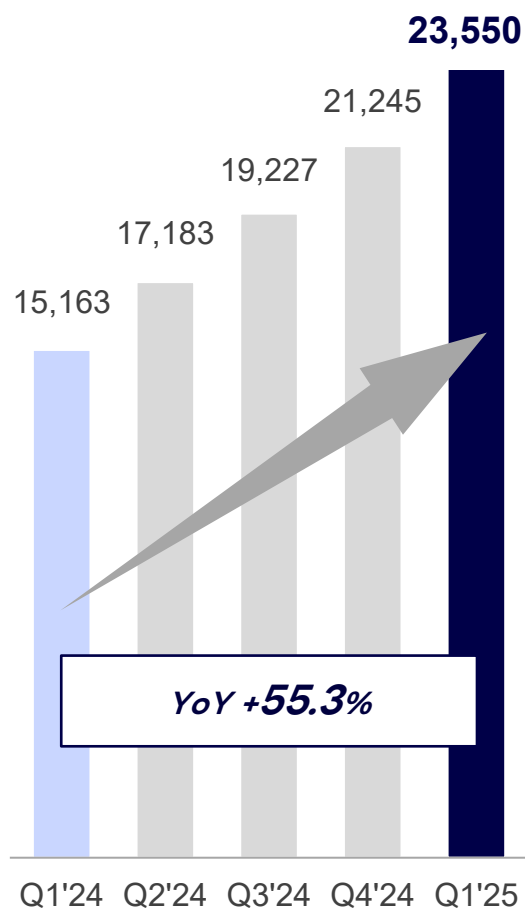
(JPY B)



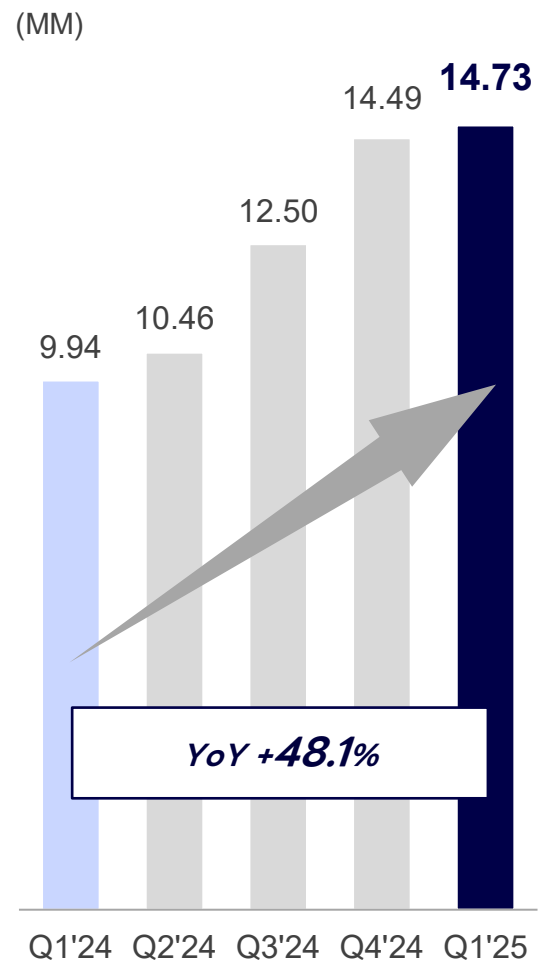
1. Figures provided are the number of paid accounts as of the end of each quarter. Revenue for pay-as-you-go billing accounts comes from pay-as-you-go billing, while plan revenue accounts generate revenue exclusively from monthly fixed fees.

Mini app adoption accelerating; strengthen features and sales to drive further growth

No. of LINE MINI Apps



LINE MINI App MAU



Enhancement Initiatives

Features

Payment

Provide payments using app store payment details or user-registered payment methods within MINI App.

Planned for phased release from August 2025 onward¹

Ad placement

Enable monetization by offering ad placement capabilities within MINI App.

Released in July 2025

Offline retail acquisition

Newly established specialized subsidiary

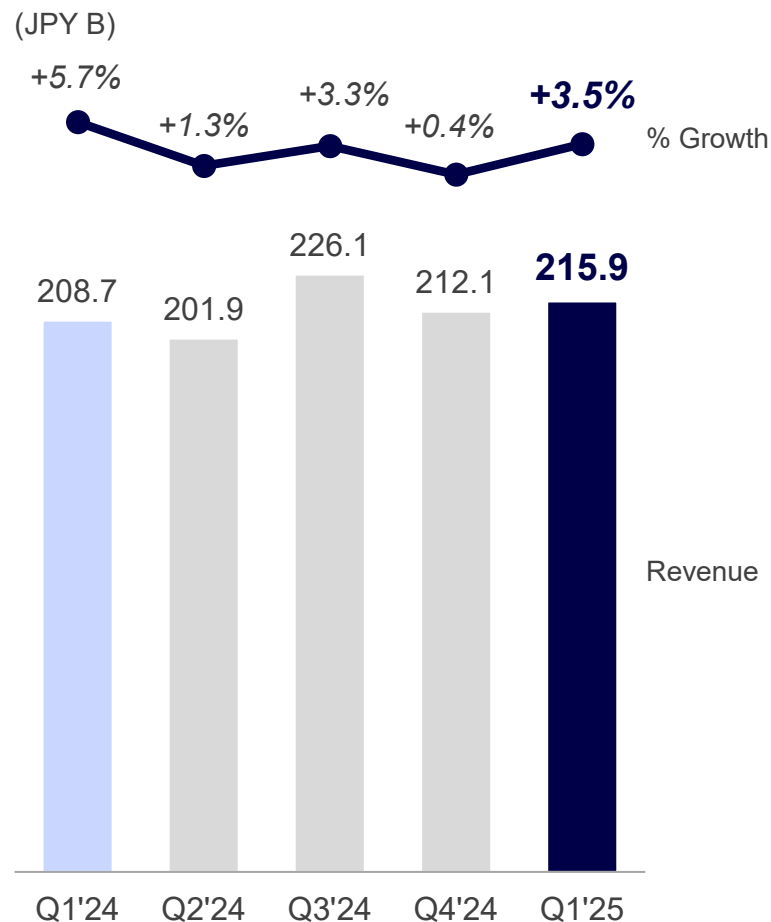
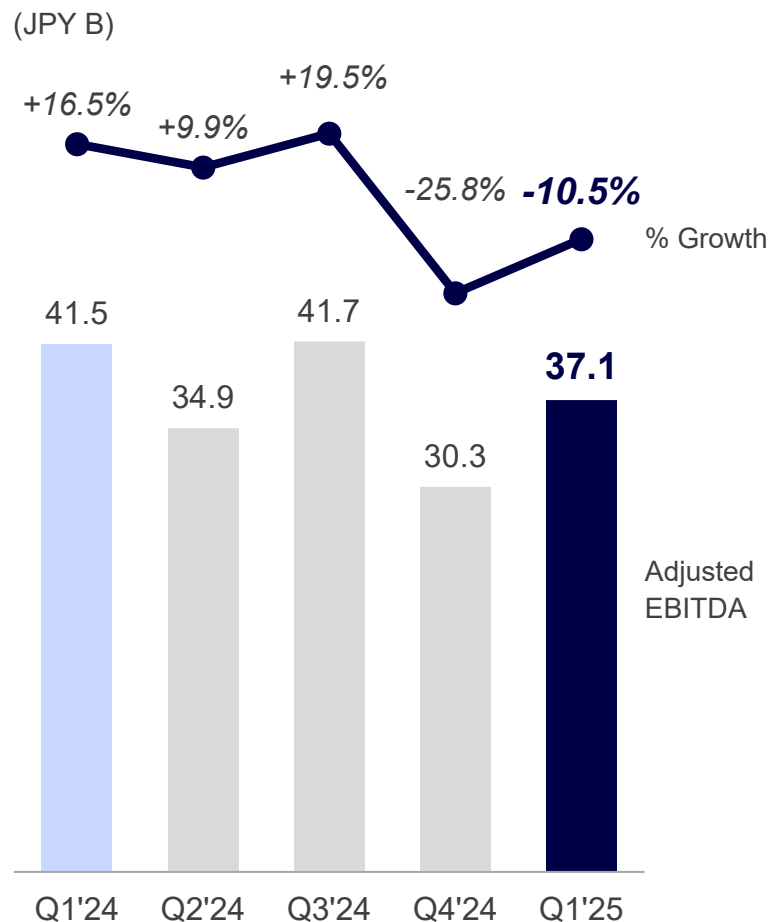
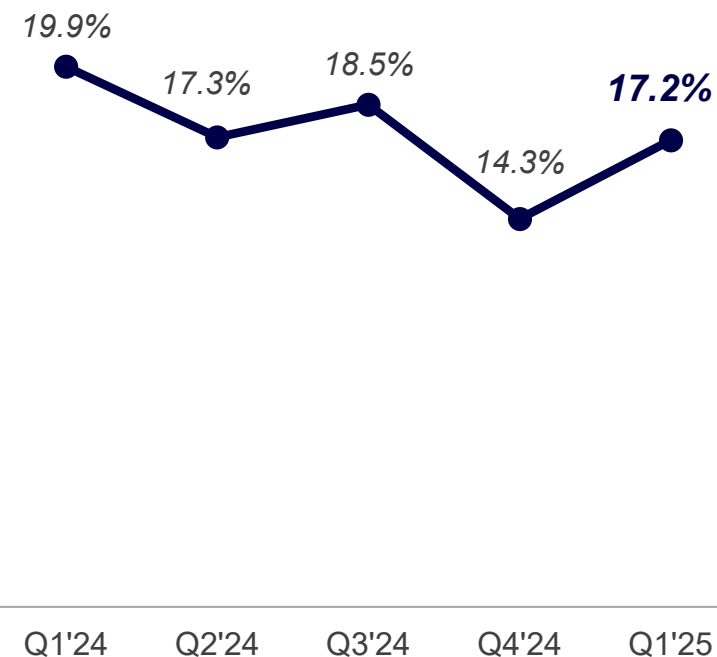
- Established LY Business Partners Corporation, a new sales company specializing in dining and beauty industries, in July.
- Starting with bases in Tokyo and Osaka, to be rolled out in phases nationwide

Service

Consulting services for store operation efficiency, customer acquisition, and customer engagement

1. Payment using app store payment details is scheduled to be released starting with certain companies in or after August 2025, and payment using user-registered payment information in LINE MINI App is scheduled for release in or after 2026.

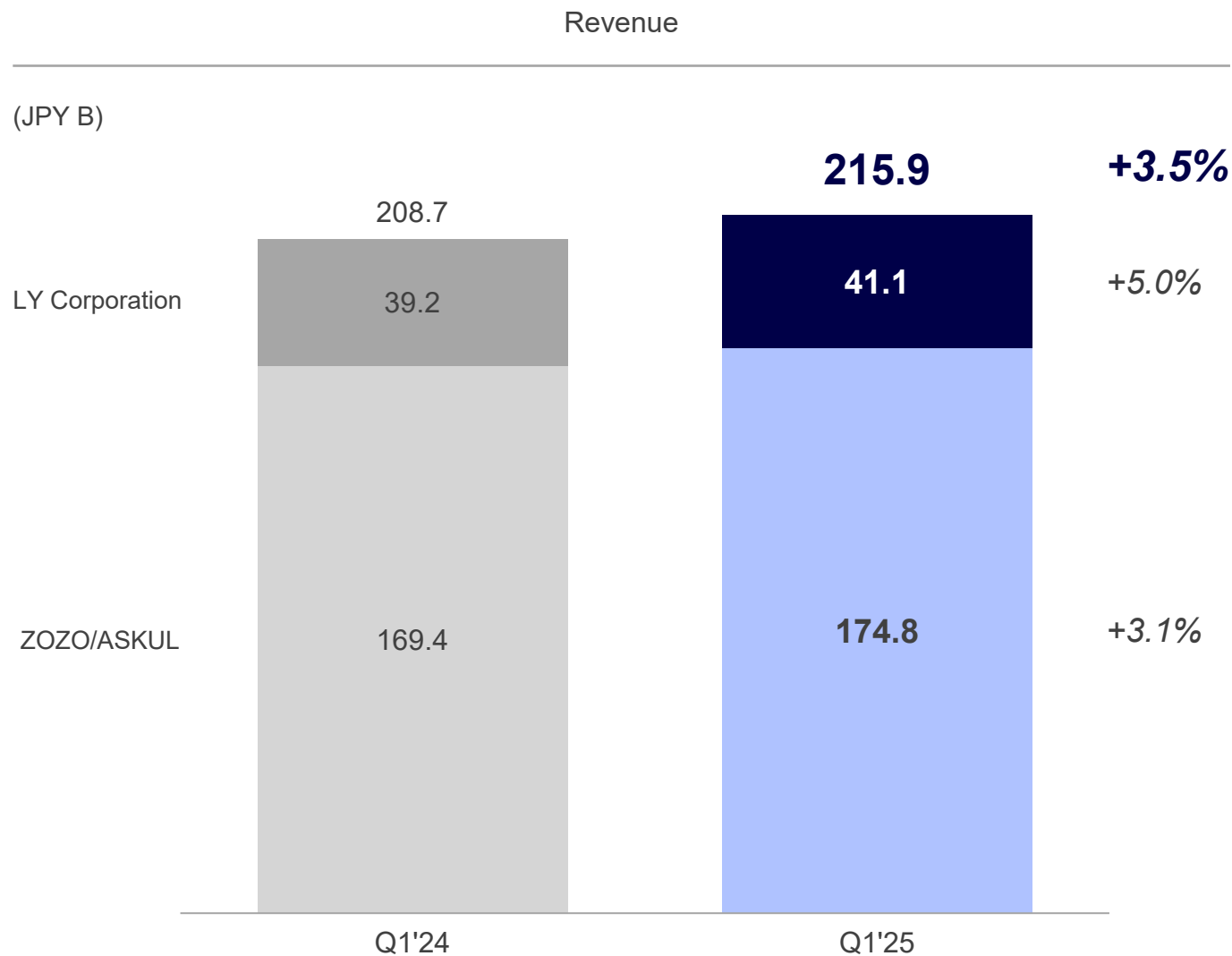
Higher revenue was offset by absence of one-time gains recorded from previous year

Revenue/ %YoY Growth^{1, 2}Adjusted EBITDA/ %YoY Growth^{1, 2}Adjusted EBITDA Margin^{1, 2}

1. In FY2024 Q3, Ikyu.com for Restaurants and PayPay Gourmet services were transferred from Media Business to Commerce Business. As a result, figures for FY2023, FY2024 Q1, and FY2024 Q2 have been retroactively revised.

2. In FY2025 Q1, the standards for allocating personnel expenses of technology divisions and expenses related to data centers and internal infrastructure were revised. As a result, figures for FY2024 have been retroactively adjusted.

Steady growth across all products

**LY Corporation: +JPY1.9 billion**

- Shopping business (-JPY0.4 B): Decreased due to impact of IPX (LINE FRIENDS business) deconsolidation. Yahoo! JAPAN Shopping's transaction value increased +6.9% YoY due to successful promotional campaigns conducted in May and June.
- Reuse business (+JPY1.5 B): User growth slowed down in Yahoo! JAPAN Auction, while both sellers and successful bidders increased in Yahoo! JAPAN Flea Market. BEENOS is consolidated from FY2025 Q1.
- Services e-commerce (+JPY0.8 B): Travel business transaction value was up YoY+18.9% driven by ongoing promotional measures.

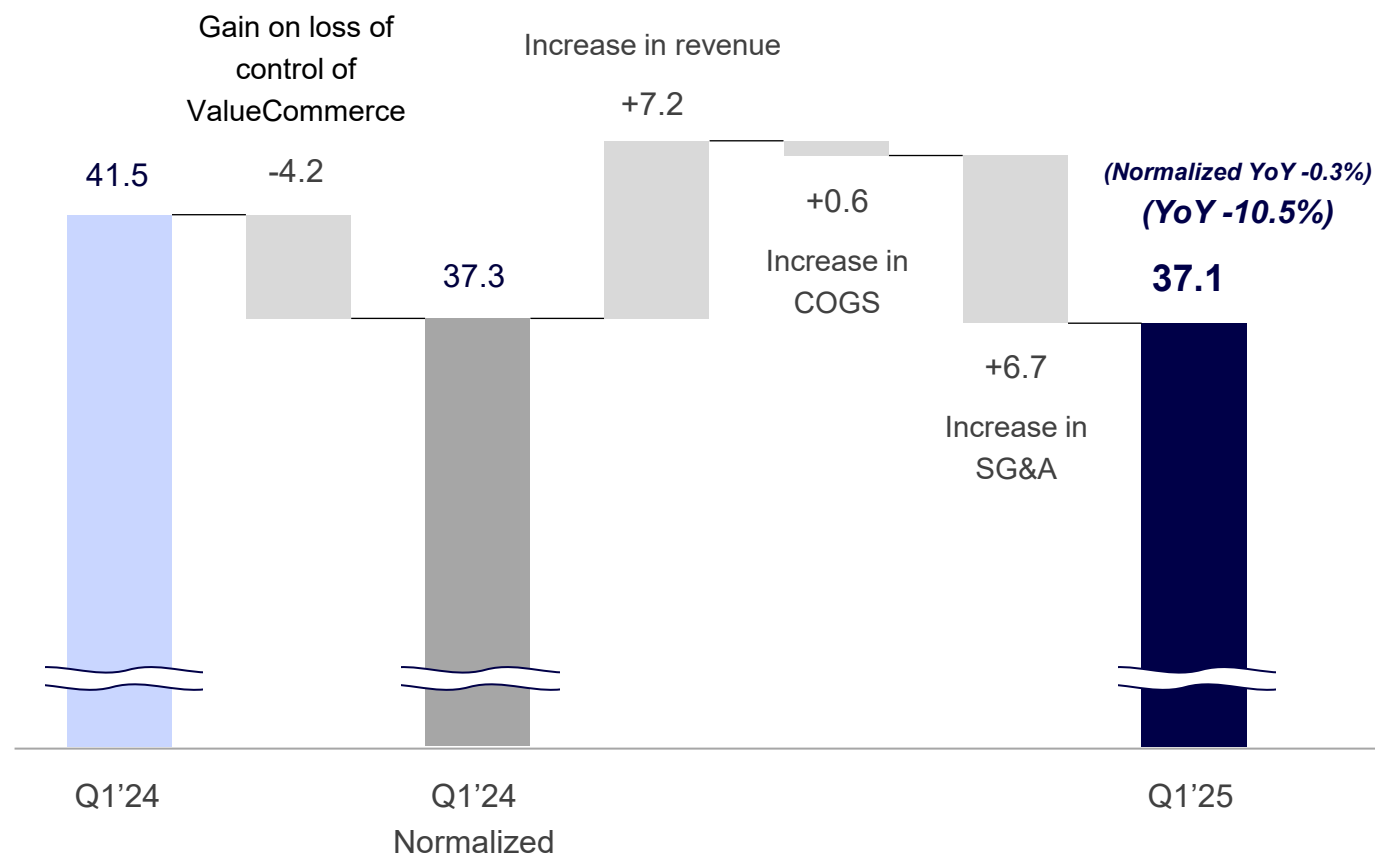
ZOZO/ASKUL: +JPY5.3 billion

- ZOZO: ZOZOTOWN on Yahoo! JAPAN Shopping grew steadily.
- ASKUL: Daily necessities category, including beverages and food, saw solid growth.

Stable YoY on a normalized basis, adjusting for one-time item

Factors of Change in Adjusted EBITDA¹

(JPY B)



Revenue: +JPY7.2 billion

- Increased mainly in ZOZO, ASKUL, and Yahoo! JAPAN Shopping. BEENOS is consolidated from FY2025 Q1.

COGS: +JPY0.6 billion

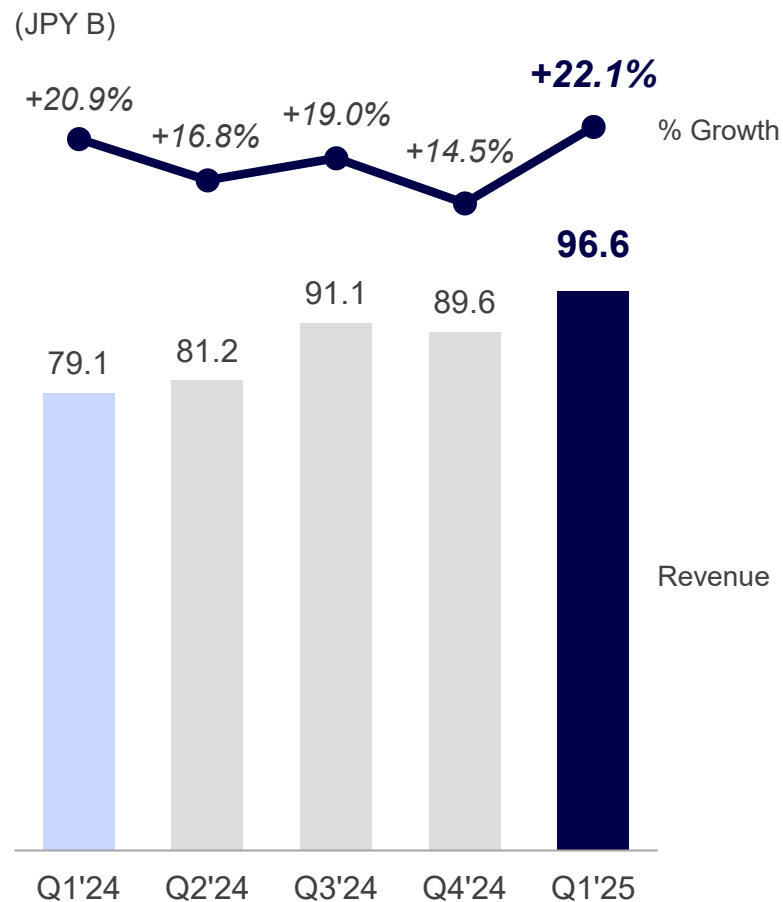
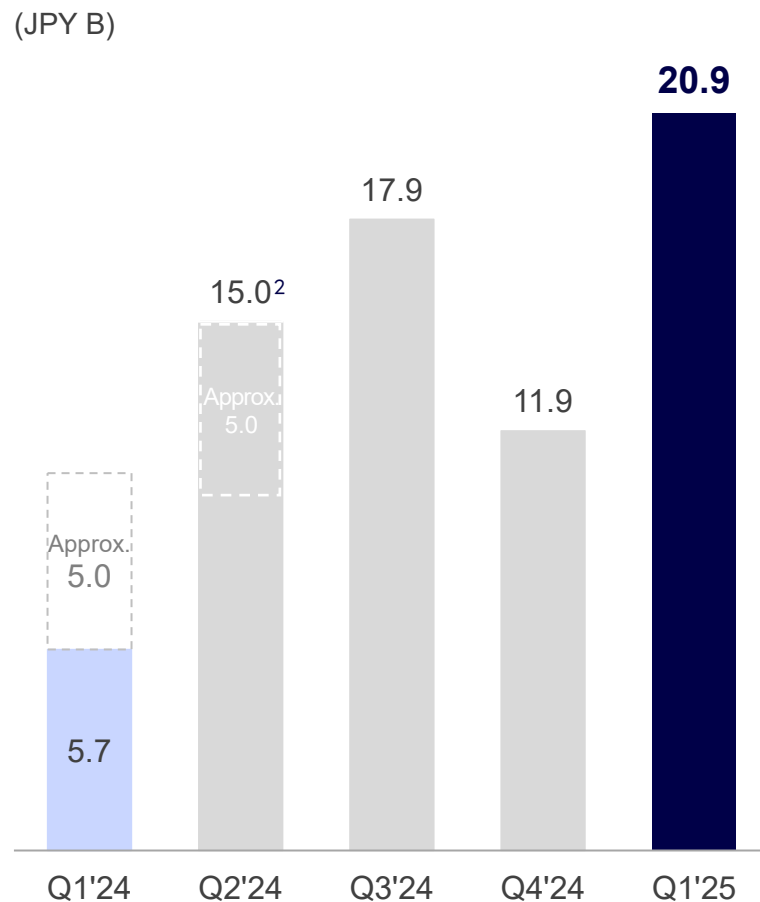
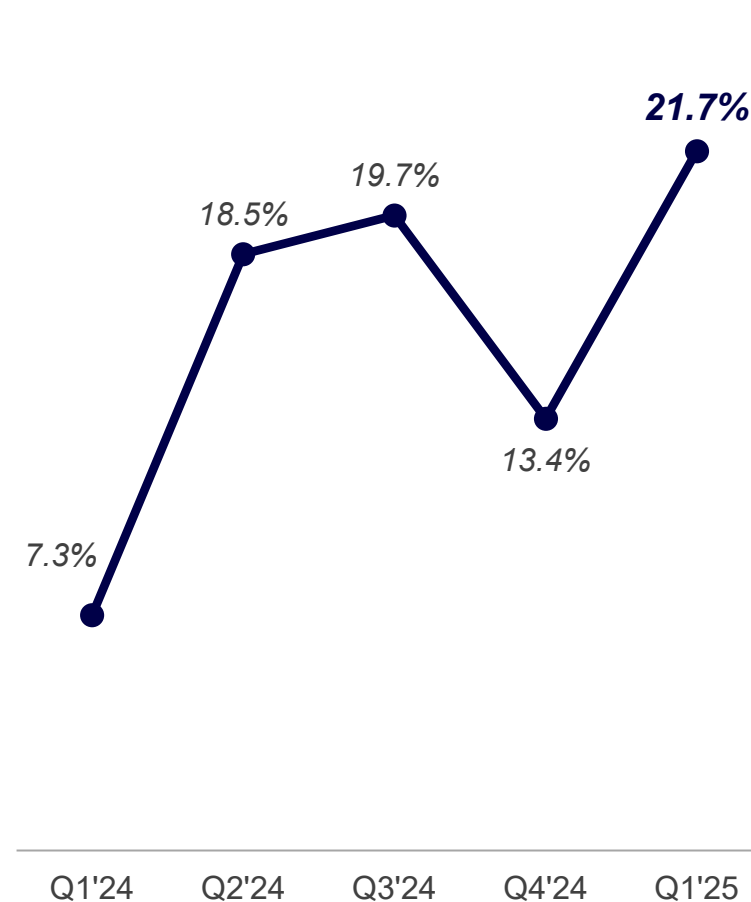
- Despite improvements from deconsolidation of ValueCommerce and IPX, increase was mainly due to ASKUL.

SG&A: +JPY6.7 billion

- Sales promotion costs/advertising & promotional expenses (+JPY4.6 B): Increased mainly in sales promotional expense for Yahoo! JAPAN Shopping, Yahoo! JAPAN Flea Market, ZOZO, and ASKUL.
- Other SG&A (+JPY3.4 B): Business commissions increased mainly in shopping business.

1. Adjusted EBITDA: Operating income + depreciation & amortization ± EBITDA adjustment items. EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gains on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds. Definitions changed from FY2022 Q3. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items.

PayPay Consolidated drove strong revenue growth of +22% YoY; Margins exceed 20%

Revenue/ %YoY Growth^{1,2}Adjusted EBITDA^{1,2}Adjusted EBITDA Margin^{1,2}

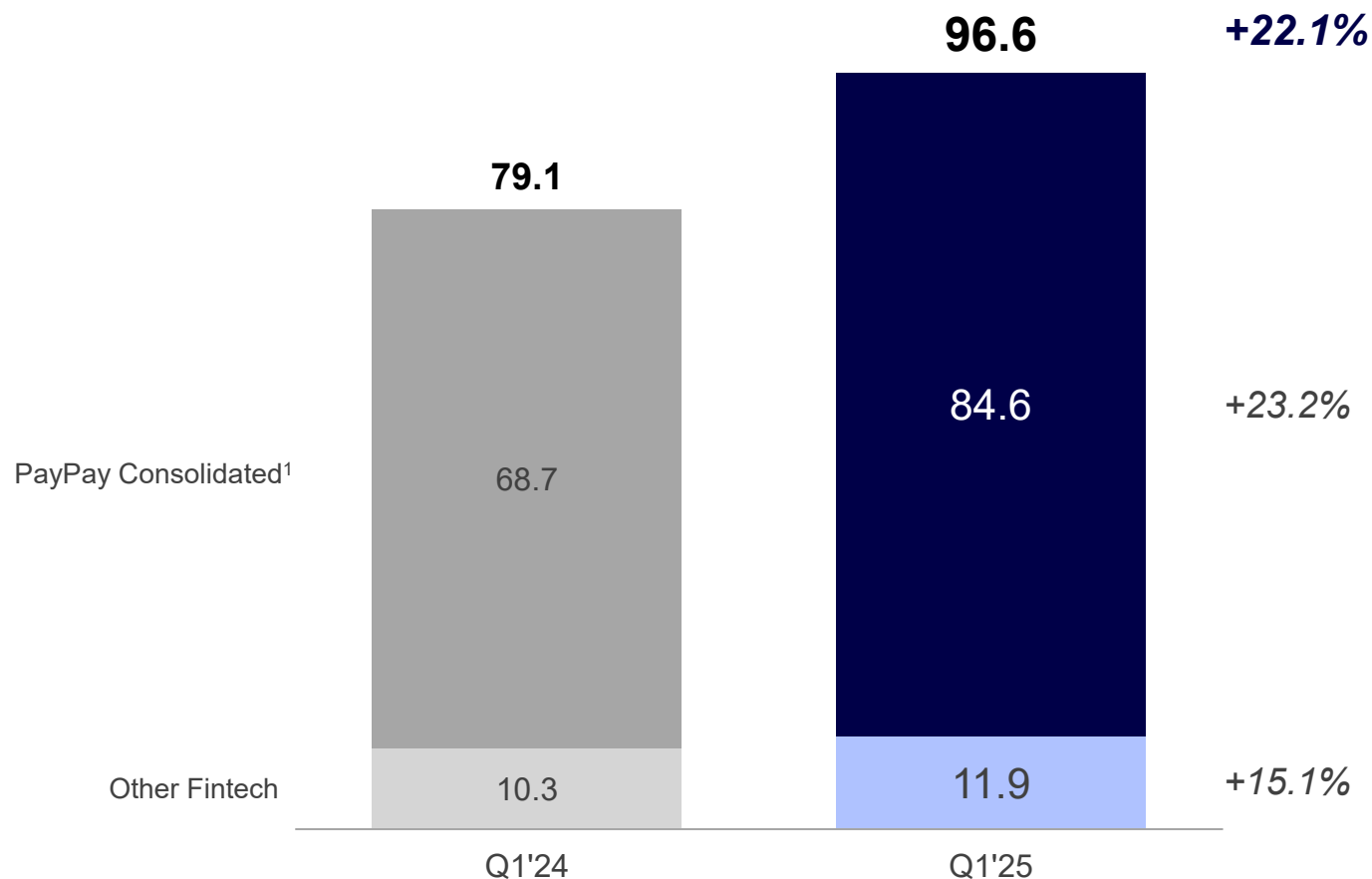
1. Security countermeasures and other expenses, which were recorded in Strategic segment in FY2024 Q1, has been changed to Adjustments (Company-wide expenses) in FY2024 Q2. Consequently, said security countermeasure expenses, etc. recorded in FY2024 Q1 has been reallocated to Adjustments in FY2024 Q2 and the adjusted EBITDA of the Strategic Business for FY2024 Q2 increased by approximately JPY5.0 billion.

2. In FY2025 Q1, the standards for allocating personnel expenses of technology divisions and expenses related to data centers and internal infrastructure were revised. As a result, figures for FY2024 have been retroactively adjusted.

PayPay leads growth; Other Fintech businesses also expanding

Revenue

(JPY B)

**PayPay Consolidated¹: +JPY 15.9 billion**

- For PayPay, revenue from payment fees increased along with growth of consolidated GMV, while interest revenue also grew accompanying the increase in revolving payment balances.
For PayPay Bank, loan balance increased due to steady growth of mortgages.

Other Fintech: +JPY1.5 billion

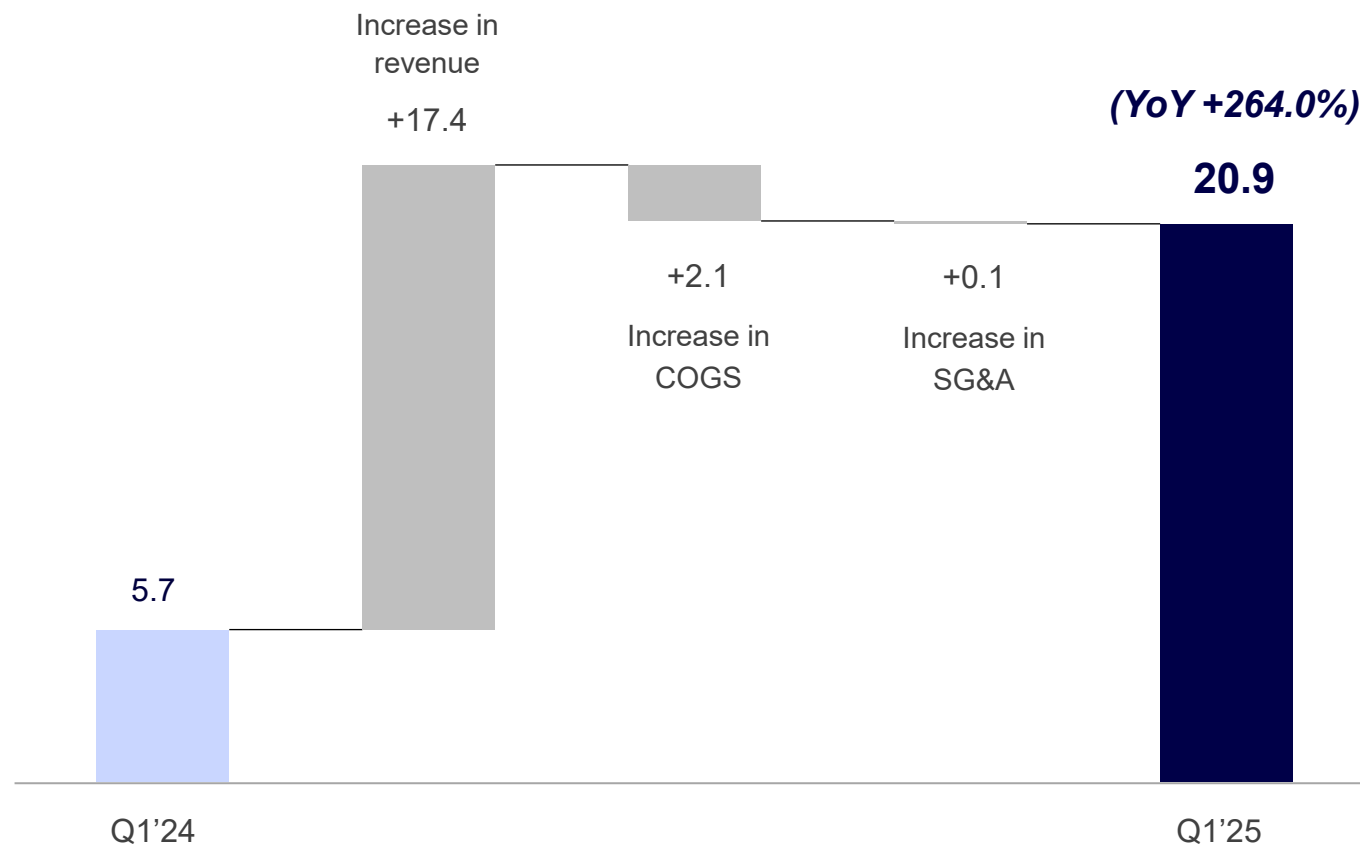
- LINE Credit's loan balances increased.

1. Figure for FY2024 Q1 is the total of PayPay Corporation, PayPayCard Corporation, and PayPay Bank Corporation. For FY2025 Q1, PayPay Securities Corporation and Credit Engine, Inc. are also included. Figures are shown after the elimination of internal transactions between the companies and have been independently calculated following relevant IFRS adjustments.

Strong earnings from revenue growth and SG&A improvement

Factors of Change in Adjusted EBITDA¹

(JPY B)



COGS: +JPY2.1 billion

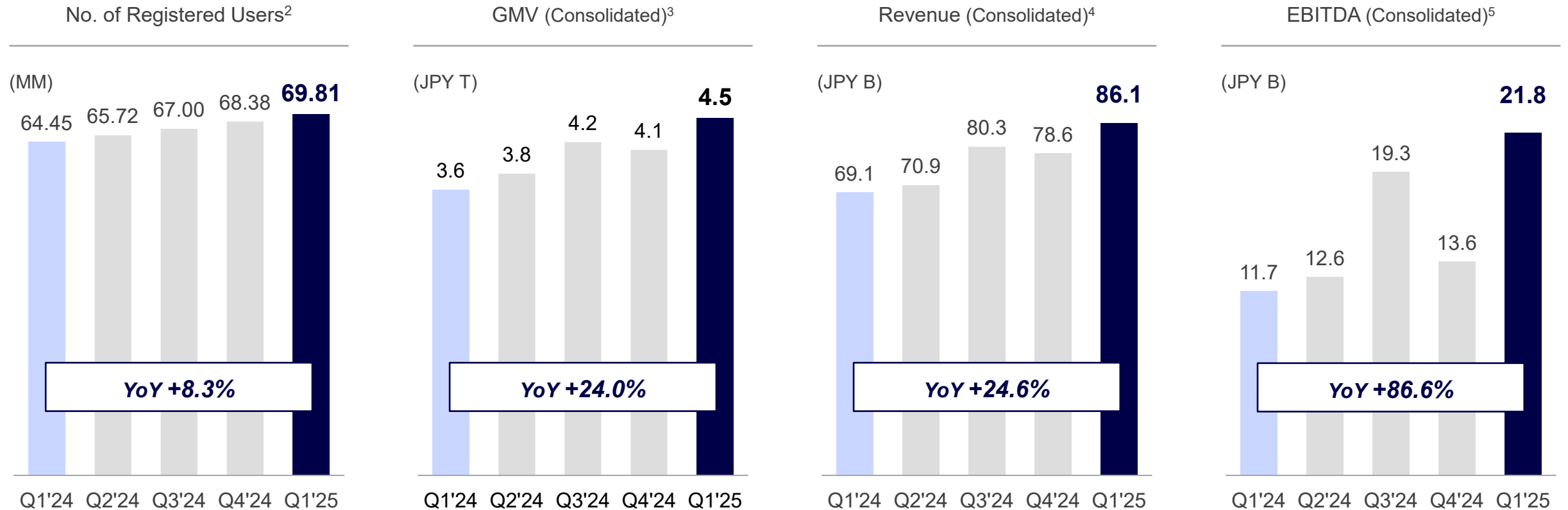
- Increased mainly in PayPay Bank due to higher procurement costs resulting from interest rate hikes.

SG&A: +JPY0.1 billion

- Sales promotion costs/advertising & promotional expenses (+JPY1.2 B): Increased mainly in point provision expense accompanying the increase in PayPay GMV.
- Other SG&A (-JPY2.5 B): Decreased due to the absence of expenses related to the termination of LINE Pay service in Japan recorded in FY2024 Q1, despite increased costs mainly by PayPay Consolidated.

1. Adjusted EBITDA: Operating income + depreciation & amortization ± EBITDA adjustment items. EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gains on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds. Definitions changed from FY2022 Q3. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items.

Strong GMV; PayPay posts +20% revenue growth and profit surge



1. Number of users who have registered to a PayPay account as of the end of each quarter.

2. Payments via "PayPay Balance," "PayPay Debit," "PayPay Balance Card," "PayPay Credit," "PayPay Card (physical card)," "VISA Debit Card," Alipay, LINE Pay, etc. are included. The use of the "Send/Receive" function of "PayPay Balance" between users and ATM withdrawals using the cash card function of the "VISA Debit Card" are not included. The figures represent the sum of GMVs of PayPay Corporation, PayPay Card Corporation, and PayPay Bank Corporation, with internal transactions eliminated. PayPay Bank Corporation became a subsidiary of PayPay Corporation in FY25 Q1. In accordance with this change, the figures from FY22 onward have been retrospectively adjusted. Figures are rounded down to the nearest billion yen and then rounded off to the nearest JPY100 billion.

3. The financial statements of PayPay Bank Corporation and PayPay Securities Corporation have been consolidated with PayPay Corporation from the beginning of FY2022, and those of PayPay Card Corporation have been consolidated with PayPay Corporation from the beginning of FY2021, by applying the pooling-of-interests method. IFRS. Non-audited.

4. The financial statements of PayPay Bank Corporation and PayPay Securities Corporation have been consolidated with PayPay Corporation from the beginning of FY2022, and those of PayPay Card Corporation have been consolidated with PayPay Corporation from the beginning of FY2021, by applying the pooling-of-interests method. EBITDA is calculated by adding depreciation and amortization, impairment losses, and loss on retirement of fixed assets, etc. to operating income, IFRS. Non-audited.

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The Company cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Such factors include, but are not limited to, the items mentioned in “Risk Factors” in “Consolidated Financial Statements and Independent Auditor's Report” (Japanese only). Unauthorized use of the information or the data in this document is not permitted.

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If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

LY Corporation

Create an amazing life platform that brings WOW! to our users.