

Results for the Six Months Ended September 30, 2024 (FY2024-2Q) [IFRSs]

November 5, 2024

Company Name: LY Corporation Share Listings: Prime Market of TSE
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Scheduled Semi-Annual Securities Report Submission Date: November 8, 2024 Scheduled Dividend Payment Date: -

Financial Results Supplementary Briefing Materials to Be Created: Yes

Financial Results Investors Meeting to Be Held: Yes (for Financial Analysts)

1. Consolidated Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

(Amounts less than one million yen are omitted)

(1) Consolidated Business Performance (April 1, 2024 - September 30, 2024) (Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six-month period ended Sep.30, 2024	925,293	6.1	172,659	48.7	144,735	17.3	107,968	6.6	87,254	(6.9)	87,095	(30.8)
Six-month period ended Sep. 30, 2023	871,799	11.1	116,128	16.7	123,420	40.8	101,307	107.0	93,736	132.6	125,918	0.9

	Adjusted EBITDA		Adjusted net income		Adjusted EPS		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	%	Yen	Yen
Six-month period ended Sep. 30, 2024	234,424	15.3	67,946	(27.2)	9.07	(27.1)	11.64	11.60
Six-month period ended Sep. 30, 2023	203,309	21.6	93,305	158.6	12.44	158.5	12.50	12.46

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of Sep. 30, 2024	8,884,696	3,327,206	2,932,209	33.0
As of March 31, 2024	9,043,969	3,446,985	3,037,088	33.6

2. Dividends

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

(Note) Revision in dividends previously announced: None

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

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

(Note) Revision in performance estimates previously announced: Yes

For details, please refer to 3. Outlook for Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025) in (1) Qualitative Information Regarding the Consolidated Business Performance on page 6 of the Results for the Six Months (Attachments).

*Notes

(1) Significant changes in scope of consolidation during the period: Yes

Newly consolidated: None

Excluded from consolidation: 1 (ValueCommerce Co., Ltd.)

(2) Changes in the accounting principles and accounting estimates

1) Changes due to IFRSs: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

(3) Number of stocks issued (common stock)

1) Number of stocks issued (including treasury stocks)

As of September 30, 2024 7,149,601,322 shares

As of March 31, 2024 7,637,068,986 shares

2) Number of shares of treasury stocks

As of September 30, 2024 32,383,697 shares

As of March 31, 2024 136,099,378 shares

3) Average number of common stocks outstanding (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024 7,493,489,719 shares

Six months ended September 30, 2023 7,497,483,863 shares

Note: The number of shares of treasury stocks includes the shares of LY Corporation (the "Company") held by the Stock Delivery Trust (J-ESOP), the Board Incentive Plan Trust, and the Stock Delivery ESOP Trust

(as of March 31, 2024: 32,948,954 shares; as of September 30, 2024: 32,138,725 shares).

(4) Formula for each management index

• Adjusted EBITDA: Operating income + Depreciation & amortization (*1) ± EBITDA adjustment items (*2)

• Adjusted net income: Net income attributable to owners of the parent ± EBITDA adjustment items ± tax equivalent on some adjustment items

• Adjusted EPS: Adjusted net income/Average number of common stocks outstanding (cumulative from the beginning of the fiscal year)

(*1) Depreciation & amortization: Depreciation, depreciation of right-of-use assets, certain rents

(*2) EBITDA adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss on retirement of fixed assets, impairment losses, stock compensation expenses, gain on remeasurement relating to business combinations, other transactions with undetermined cash outflows (one-time provisions, etc.), etc.). Also, gains/losses on sales of shares held by certain funds.

* The Japanese-language originals of the attached Results for the Six Months are exempt from review by certified public accountants or an audit firm.

* Explanation of the proper use of performance estimates, and other special notes

• The performance estimates, etc., and other forward-looking statements contained in this document are based on the information currently available to the Company and premised on assumptions that have been deemed reasonable by the management. For a variety of reasons, actual performances, etc., could differ significantly.

• Supplementary materials to the earnings results are published on the Company's website (<https://www.lycorp.co.jp/en/ir.html>) on Tuesday, November 5, 2024.

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1 Qualitative Information Regarding the Consolidated Operating Results

(1) Qualitative Information Regarding the Consolidated Business Performance

1. Business Results Summary (April 1, 2024 – September 30, 2024)

■ Highlights

Revenue came to 925.2 billion yen (up 6.1% year on year), and adjusted EBITDA came to 234.4 billion yen (up 15.3% year on year). Both set new records for the highest performance to date in the cumulative consolidated second quarter.

	Six Months Ended Sep. 30, 2023 (billion yen)	Six Months Ended Sep. 30, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Revenue	871.7	925.2	53.4	6.1
Adjusted EBITDA	203.3	234.4	31.1	15.3

The revenue for the cumulative consolidated second quarter of the fiscal year ending March 31, 2025 amounted to 925.2 billion yen (up 6.1% year on year), representing the highest cumulative consolidated second quarter revenue to date. This was due to factors such as increased revenue in the Strategic Business accompanied by the growth in PayPay's consolidated revenue (including PayPay Corporation and PayPay Card Corporation), increased revenue in the Media Business primarily driven by the growth of account advertising as well as increased revenue in the Commerce Business accompanied by the growth of the ZOZO Group, ASKUL Group, Yahoo! JAPAN Shopping, and others.

Adjusted EBITDA for the cumulative consolidated second quarter of the fiscal year ending March 31, 2025 amounted to 234.4 billion yen (up 15.3% year on year), representing the highest cumulative consolidated second quarter earnings to date. This was due to the increased revenues mentioned above, despite an increase in expenses for sales promotion, security measures, and others.

2. Segment Business Results Summary (April 1, 2024 – September 30, 2024)

Revenue and Adjusted EBITDA by Segment

	Six Months Ended Sep. 30, 2023 (billion yen)	Six Months Ended Sep. 30, 2024 (billion yen)	Year-on-Year Change (billion yen)	Year-on-Year Change (%)
Media Business				
Revenue	344.6	359.4	14.8	4.3
Adjusted EBITDA	126.0	139.7	13.7	10.9
Commerce Business				
Revenue	394.1	407.9	13.7	3.5
Adjusted EBITDA	67.6	76.1	8.5	12.6
Strategic Business				
Revenue	135.0	160.4	25.3	18.8
Adjusted EBITDA	4.3	21.3	17.0	393.3
Other				
Revenue	3.4	3.9	0.4	13.7
Adjusted EBITDA	0.1	0.4	0.2	124.0
Adjustments				
Revenue	(5.5)	(6.4)	—	—
Adjusted EBITDA	5.0	(3.3)	—	—
Total				
Revenue	871.7	925.2	53.4	6.1
Adjusted EBITDA	203.3	234.4	31.1	15.3

Notes:

- As a result of the intra-Group reorganization on October 1, 2023, some services and costs have been transferred between segments from the third quarter of the fiscal year ended March 31, 2024. The main changes are as follows: Premium Membership (previously under Commerce Business), LINE Search (previously under Strategic Business), and email services (previously under Other) have been moved to Media Business; personnel expenses of back office and technology divisions, as well as expenses related to data centers and internal infrastructure that were classified under Adjustments, are now allocated to Media Business, Commerce Business, Strategic Business, and Other. Accordingly, segment information for the same period of the previous fiscal year has been retroactively revised.
- Figures in Adjustments represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

1) Media Business in the Cumulative Consolidated Second Quarter

The revenue of the Media Business for the cumulative consolidated second quarter amounted to 359.4 billion yen (up 4.3% year on year). This was due to increased revenue from account advertising and other factors. Furthermore, adjusted EBITDA amounted to 139.7 billion yen (up 10.9% year on year). Revenue of the Media Business accounted for 38.8% of the total revenue.

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

2) Commerce Business in the Cumulative Consolidated Second Quarter

The revenue of the Commerce Business increased mainly by subsidiaries including the ZOZO Group and ASKUL Group. Furthermore, revenue from Yahoo! JAPAN Shopping increased year on year as a result of an increase in transaction value from sales promotion measures mainly for LYP Premium.

E-commerce transaction value (*1) amounted to 2,096.4 billion yen (up 4.2% year on year) due to growth in domestic merchandise transaction value mainly from the shopping business and solid growth in the transaction value of domestic services. Domestic merchandise transaction value accounted for 1,482.1 billion yen (up 2.4% year on year) of the total e-commerce transaction value.

As a result of the above factors, the revenue of the Commerce Business for the cumulative consolidated second quarter amounted to 407.9 billion yen (up 3.5% year on year). Adjusted EBITDA increased 12.6% year on year, to 76.1 billion yen. The revenue of the Commerce Business accounted for 44.1% of the total revenue.

(*1) E-commerce transaction value is the total transaction value of shopping business, reuse business, and services e-commerce in "LY Corporation," and ZOZO and ASKUL in "ZOZO, ASKUL" under Commerce Business, and paid digital content, etc. included in Other of Media Business listed in "Major services/products of each segment" on page 5.

3) Strategic Business in the Cumulative Consolidated Second Quarter

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

PayPay consolidated GMV amounted to 7.2 trillion yen (*2, 3) (up 21.6% year on year (*4)) while maintaining a steady increase. Furthermore, the loan balance of PayPay Bank Corporation came to 819.3 billion yen (up 26.1% year on year).

As a result, the revenue of the Strategic Business for the cumulative consolidated second quarter amounted to 160.4 billion yen, representing a 18.8% increase year on year. In addition, adjusted EBITDA amounted to 21.3 billion yen (up 393.3% year on year) as a result of the increased revenues mentioned above. The revenue of the Strategic Business accounted for 17.3% of the total revenue.

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

(*3) Figures are rounded down to the nearest billion yen and then rounded off to the nearest 100 billion yen.

(*4) Percentage change in consolidated GMV including the transaction volume of PayPay Card Corporation.

Major services/products of each segment

Media Business	Search advertising	Yahoo! JAPAN Ads “Search Ads”			
	Account advertising	LINE Official Account, LINE Promotion Sticker, LINE de Obo (Participate with LINE), LINE Flyer, etc.			
	Display advertising	Programmatic advertising	Yahoo! JAPAN Ads “Display Ads (Auction),” LINE VOOM, LINE NEWS, Chat List, Talk Head View, Talk Head View Custom, etc.		
		Reservation advertising	Yahoo! JAPAN Ads “Display Ads (Guaranteed),” etc.		
		Other LINE advertising	LINE Part Time Jobs, etc.		
Other	LINE Stickers, LINE GAME, LINE Fortune, LINE MUSIC, LINE Manga, LINE Search, LYP Premium, ebookjapan, real estate-related services, Yahoo! JAPAN Mail, etc.				
Commerce Business	LY Corporation	Shopping business	Yahoo! JAPAN Shopping, LINE Brand Catalog (*5), LINE FRIENDS, LINE GIFT, MySmartStore (*6), Yahoo! JAPAN Quick Mart (*7), Yahoo! JAPAN Mart by ASKUL (*8), LIVEBUY (*9), overseas e-commerce (LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, etc.)		
		Reuse business	Yahoo! JAPAN Auction, Yahoo! JAPAN Flea Market		
		Services e-commerce	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.		
		Other	Other		
	ZOZO, ASKUL	ZOZO	Zozotown, ZOZUSED, etc.		
		ASKUL	ASKUL BtoB business (ASKUL, SOLOEL ARENA, APMRO, FEED DENTAL, etc), LOHACO, Charm, etc.		
		Other (*10)	ValueCommerce Affiliate, Value Point Club, STORE’s R [∞] , StoreMatch, B-Space, etc.		
	Strategic Business	Fintech	PayPay (Consolidated)	PayPay, PayPay Card	
			PayPay Bank	—	
			Other fintech	PayPay Asset Management (*11), PayPay Insurance, LINE Pay (*12), LINE Score, LINE Pocket Money, LINE BITMAX, LINE FX, DOSI, etc.	
Other		Other			

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

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

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

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

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

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

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

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

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

The Company has revised its consolidated performance estimates for the fiscal year ending March 31, 2025, based on performance in this cumulative consolidated second quarter and other factors.

Adjusted EBITDA for the fiscal year ending March 31, 2025, announced on May 8, 2024, of 430.0 – 440.0 billion yen has been revised upward to 450.0 – 460.0 billion yen (up 8.5% – 10.9% year on year), as a result of the favorable growth of account advertising and search advertising in the Media Business as well as PayPay Corporation and PayPay Card Corporation in the Strategic Business. Consequently, for adjusted EPS, the previously announced amount of 14.3 – 15.3 yen has been revised to 18.5 – 19.4 yen (down 2.3% – up 2.5% year on year). In regards to revenue, there is no change from the previously announced consolidated performance estimates.

	Adjusted EBITDA	Adjusted EPS
	(Millions of yen)	(Yen)
Previously announced outlook (A) (Announced on May 8, 2024)	430,000 – 440,000	14.3 – 15.3
Revised outlook (B)	450,000 – 460,000	18.5 – 19.4
Change (B – A)	20,000	4.1 – 4.2
Change (%)	4.5 – 4.7	26.8 – 29.4
(Reference) Actual results in the previous consolidated fiscal year (Fiscal year ended March 31, 2024)	414,917	18.93

(2) Qualitative Information Regarding the Consolidated Financial Position

1. Assets, Liabilities, and Equity

1) Assets

Total assets at the end of this consolidated second quarter amounted to 8,884,696 million yen, having decreased 159,272 million yen, or 1.8%, since the end of the consolidated fiscal year ended March 31, 2024.

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

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

2) Liabilities

Total liabilities at the end of this consolidated second quarter amounted to 5,557,490 million yen, having decreased 39,493 million yen, or 0.7%, since the end of the consolidated fiscal year ended March 31, 2024.

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

- Trade and other payables decreased compared with the end of the consolidated fiscal year ended March 31, 2024, mainly due to a decrease in accounts payable owed to PayPay Corporation’s merchants.
- Customer deposits in the banking business increased compared with the end of the consolidated fiscal year ended March 31, 2024, due to an increase in deposits from customers.
- Interest-bearing liabilities decreased compared with the end of the consolidated fiscal year ended March 31, 2024 as a result of a decrease due to the repayment of short-term borrowings, and decrease due to the redemption of commercial papers, despite an increase mainly in long-term borrowings and the issuance of commercial papers.

3) Equity

Total equity at the end of this consolidated second quarter amounted to 3,327,206 million yen, having decreased 119,779 million yen, or 3.5%, since the end of the consolidated fiscal year ended March 31, 2024.

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

- Capital surplus decreased from the end of the consolidated fiscal year ended March 31, 2024 due to the cancellation of treasury stocks.
- Retained earnings increased compared with the end of the consolidated fiscal year ended March 31, 2024, due to the increase resulting from the recognition of the net income attributable to owners of the parent, despite a decrease due to payment of dividends.

2. Cash Flows

At the end of this consolidated second quarter, cash and cash equivalents amounted to 1,201,696 million yen, down 218,733 million yen from the end of the consolidated fiscal year ended March 31, 2024, out of which deposits with the Bank of Japan for the banking business amounted to 327,635 million yen.

The following is a description of the movements in the main components of cash flow and the factors contributing to the changes for the period under review:

Cash flows from operating activities amounted to a total cash inflow of 266,894 million yen, primarily owing to the recognition of profit before tax for the period under review, an increase in customer deposits in the banking business, and the refund of income taxes, despite an increase in loans for the banking business, a decrease in trade and other payables, and the payment of income taxes.

Cash flows from investing activities amounted to a total cash outflow of 258,926 million yen, primarily due to the purchase of investment securities in the banking business, purchase of property and equipment, and purchase of other investments, despite proceeds from the sales/redemption of investment securities in the banking business as well as the proceeds from sales and redemption of investments.

Cash flows from financing activities amounted to a cash outflow of 254,934 million yen, primarily due to the purchase of treasury stock, decrease in short-term borrowings, repayment of long-term borrowings, and payment of dividends, despite proceeds from long-term borrowings and the issuance/redemption of commercial papers.

(3) Significant Contracts

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

2 Interim Condensed Consolidated Financial Statements and Significant Notes

(1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Assets				
Cash and cash equivalents	1,420,430	1,201,696	(218,733)	(15.4)
Call loans in banking business	116,082	76,004	(40,078)	(34.5)
Trade and other receivables	684,011	646,747	(37,263)	(5.4)
Inventories	35,028	32,608	(2,420)	(6.9)
Loans in credit card business	783,869	814,386	30,517	3.9
Investment securities in banking business	655,075	769,060	113,984	17.4
Loans in banking business	723,167	811,529	88,361	12.2
Other financial assets	456,812	385,810	(71,001)	(15.5)
Property and equipment	238,399	266,945	28,545	12.0
Right-of-use assets	189,292	186,577	(2,714)	(1.4)
Goodwill	2,067,862	2,067,804	(57)	(0.0)
Intangible assets	1,248,923	1,237,648	(11,274)	(0.9)
Investments accounted for using the equity method	240,342	282,615	42,272	17.6
Deferred tax assets	29,030	34,933	5,903	20.3
Other assets	155,640	70,326	(85,313)	(54.8)
Total assets	9,043,969	8,884,696	(159,272)	(1.8)

(Millions of yen)

	As of	As of	Increase/decrease	
	Mar. 31, 2024	Sep. 30, 2024	Amount	Change (%)
	Amount	Amount	Amount	Change (%)
Liabilities and equity				
Liabilities				
Trade and other payables	1,551,611	1,492,308	(59,302)	(3.8)
Customer deposits in banking business	1,672,746	1,749,090	76,344	4.6
Interest-bearing liabilities	1,882,752	1,847,254	(35,497)	(1.9)
Other financial liabilities	27,054	28,492	1,438	5.3
Income taxes payable	38,361	36,296	(2,065)	(5.4)
Provisions	25,630	31,892	6,262	24.4
Deferred tax liabilities	190,614	192,086	1,471	0.8
Other liabilities	208,211	180,067	(28,144)	(13.5)
Total liabilities	5,596,983	5,557,490	(39,493)	(0.7)
Equity				
Equity attributable to owners of the parent				
Common stock	248,144	248,773	628	0.3
Capital surplus	2,060,766	1,872,380	(188,386)	(9.1)
Retained earnings	723,884	769,259	45,375	6.3
Treasury stock	(70,037)	(13,626)	56,410	—
Accumulated other comprehensive income	74,329	55,422	(18,906)	(25.4)
Total equity attributable to owners of the parent	3,037,088	2,932,209	(104,878)	(3.5)
Non-controlling interests	409,897	394,996	(14,901)	(3.6)
Total equity	3,446,985	3,327,206	(119,779)	(3.5)
Total liabilities and equity	9,043,969	8,884,696	(159,272)	(1.8)

(2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Six Months ended Sep. 30, 2023	Six Months ended Sep. 30, 2024	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	871,799	925,293	53,494	6.1
Cost of sales	253,341	260,085	6,744	2.7
Selling, general and administrative expenses	506,398	535,603	29,205	5.8
Gain on loss of control of subsidiary	4,068	43,055	38,986	958.2
Operating income	116,128	172,659	56,530	48.7
Other non-operating income	24,588	6,466	(18,122)	(73.7)
Other non-operating expenses	10,308	16,603	6,295	61.1
Loss on valuation of options	—	(12,517)	(12,517)	—
Equity in losses of associates and joint ventures	(6,987)	(5,268)	1,719	—
Profit before tax	123,420	144,735	21,314	17.3
Income tax expense	22,113	36,767	14,654	66.3
Profit for the period	101,307	107,968	6,660	6.6
Attributable to:				
Owners of the parent	93,736	87,254	(6,482)	(6.9)
Non-controlling interests	7,571	20,714	13,143	173.6
Profit for the period	101,307	107,968	6,660	6.6
Earnings per share attributable to owners of the parent				
Basic (yen)	12.50	11.64	(0.86)	(6.9)
Diluted (yen)	12.46	11.60	(0.86)	(6.9)

(3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six Months ended Sep. 30, 2023	Six Months ended Sep. 30, 2024
Profit for the period	101,307	107,968
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(112)	7
Equity financial assets measured at FVTOCI	763	(2,040)
Share of other comprehensive income of associates	13	56
Subtotal	663	(1,976)
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	(1,325)	(953)
Exchange differences on translating foreign operations	25,272	(17,943)
Subtotal	23,946	(18,896)
Other comprehensive income, net of tax	24,610	(20,873)
Total comprehensive income	125,918	87,095
Total comprehensive income attributable to:		
Owners of the parent	118,448	68,173
Non-controlling interests	7,470	18,921
Total comprehensive income	125,918	87,095

(4) Interim Condensed Consolidated Statement of Changes in Equity

Six Months ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2023	247,094	2,046,696	647,347	(70,436)	48,697	2,919,399	398,501	3,317,900
Profit for the period			93,736			93,736	7,571	101,307
Other comprehensive income, net of tax					24,711	24,711	(101)	24,610
Total comprehensive income for the period	—	—	93,736	—	24,711	118,448	7,470	125,918
Transactions with owners and other transactions								
Issue of common stock	508	659				1,168		1,168
Payment of dividends			(41,855)			(41,855)	(7,854)	(49,710)
Transfer of accumulated other comprehensive income to retained earnings			1,218		(1,218)	—		—
Purchase of treasury stock				(0)		(0)		(0)
Changes attributable to obtaining or losing control of subsidiaries						—	(5,838)	(5,838)
Changes in ownership interests in subsidiaries without losing control		2,682				2,682	4,940	7,622
Share-based payment transactions		7,819				7,819		7,819
Other		(1,025)	(128)	385		(767)	915	147
Total	508	10,136	(40,764)	385	(1,218)	(30,952)	(7,837)	(38,789)
Balance at Sep. 30, 2023	247,603	2,056,832	700,318	(70,050)	72,190	3,006,895	398,134	3,405,029

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2024	248,144	2,060,766	723,884	(70,037)	74,329	3,037,088	409,897	3,446,985
Profit for the period			87,254			87,254	20,714	107,968
Other comprehensive income, net of tax					(19,080)	(19,080)	(1,792)	(20,873)
Total comprehensive income for the period	—	—	87,254	—	(19,080)	68,173	18,921	87,095
Transactions with owners and other transactions								
Issue of common stock	628	814				1,442		1,442
Payment of dividends			(41,705)			(41,705)	(9,609)	(51,314)
Transfer of accumulated other comprehensive income to retained earnings			(173)		173	—		—
Purchase of treasury stock				(150,000)		(150,000)		(150,000)
Cancellation of treasury stock		(206,018)		206,018		—		—
Changes attributable to obtaining or losing control of subsidiaries		14,929				14,929	(21,751)	(6,822)
Changes in ownership interests in subsidiaries without losing control		(950)				(950)	(3,018)	(3,969)
Share-based payment transactions		3,919				3,919		3,919
Other		(1,080)		392		(688)	557	(130)
Total	628	(188,386)	(41,878)	56,410	173	(173,052)	(33,822)	(206,874)
Balance at Sep. 30, 2024	248,773	1,872,380	769,259	(13,626)	55,422	2,932,209	394,996	3,327,206

(5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six Months ended Sep. 30, 2023	Six Months ended Sep. 30, 2024
	Amount	Amount
Cash flows from operating activities:		
Profit before tax	123,420	144,735
Depreciation and amortization	85,942	79,366
Increase (decrease) in allowance for doubtful accounts	3,579	7,848
Gain on loss of control of subsidiary	(4,068)	(43,055)
Loss on valuation of options	—	12,517
Equity in losses of associates and joint ventures	6,987	5,268
(Increase) decrease in call loans in banking business	(22,000)	40,078
(Increase) decrease in trade and other receivables	660	37,010
Increase (decrease) in trade and other payables	5,225	(57,928)
(Increase) decrease in loans in banking business	(24,483)	(88,579)
Increase (decrease) in customer deposits in banking business	81,834	76,344
Other	(126,762)	50,961
Subtotal	130,336	264,568
Interest and dividends received	2,492	5,336
Interest paid	(5,956)	(6,777)
Income taxes—paid	(49,045)	(40,836)
Income taxes—refunded	25,591	44,603
Net cash inflow (outflow) from operating activities	103,420	266,894
Cash flows from investing activities:		
Purchase of investment securities in banking business	(230,412)	(195,488)
Proceeds from sales/redemption of investment securities in banking business	102,701	75,563
Purchase of other investments	(37,633)	(48,822)
Proceeds from sales and redemption of investments	6,005	14,223
Purchase of property and equipment	(39,033)	(57,820)
Other	(51,676)	(46,582)
Net cash inflow (outflow) from investing activities	(250,049)	(258,926)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(72,699)	(146,132)
Proceeds from long-term borrowings	151,408	121,037
Repayments of long-term borrowings	(49,748)	(54,763)
Purchase of treasury stock	(0)	(150,100)
Proceeds from issuance of corporate bonds	—	50,000
Redemption of corporate bonds	(80,000)	(50,000)
Proceeds from issuance of commercial papers	235,000	313,000
Redemption of commercial papers	(249,000)	(262,000)
Dividends paid	(41,852)	(41,717)
Repayment of lease liabilities	(19,767)	(21,027)
Other	577	(13,230)
Net cash inflow (outflow) from financing activities	(126,080)	(254,934)
Effects of exchange rate changes on cash and cash equivalents	8,168	(4,777)
Net increase (decrease) in cash and cash equivalents arising from transfer to assets classified as held for sale	—	33,011
Net increase (decrease) in cash and cash equivalents	(264,540)	(218,733)
Cash and cash equivalents at the beginning of the period	1,651,851	1,420,430
Cash and cash equivalents at the end of the period	1,387,310	1,201,696

(6) Notes to Interim Condensed Consolidated Financial Statements

1. Going Concern Assumption

Not applicable.

2. Use of Estimates and Judgments

In preparing the interim condensed consolidated financial statements, the management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from those projected estimates.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the interim condensed consolidated financial statements of the Group are consistent with those described in the consolidated financial statements for the previous consolidated fiscal year.

3. Gain on Loss of Control of Subsidiary

Previous cumulative consolidated second quarter of the fiscal year ended March 31, 2024 (April 1, 2023 – September 30, 2023): On August 31, 2023, JDW Co.,Ltd. ceased to be a subsidiary of the Company and newly became an equity method affiliate as a result of a third-party investment in JDW Co.,Ltd., which had the effect of decreasing the Group's equity ratio in JDW Co.,Ltd.

This cumulative consolidated second quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – September 30, 2024): The IPX Group (IPX Corporation and its subsidiaries), a subsidiary of the Company, newly became the Company's jointly controlled enterprise as a result of concluding a modification agreement on the shareholders' agreement. Consequently, the Company recognized a gain on loss of control of subsidiary of 22,751 million yen.

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

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

4. Gains and Losses on Valuation of Options

This cumulative consolidated second quarter of the fiscal year ending March 31, 2025 (April 1, 2024 – September 30, 2024): Gains and losses are based on the fair value measurement of written put options that have been granted to certain equity holders of equity method affiliates.

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.