

# **Z Holdings Corporation Business Results**

## **FY2020 Q2 (July – September)**

**October 30, 2020**

**Z HOLDINGS**

# FY2020 Q2 Financial Results – Topics

## Q2 Financial results

Revenue **YoY +15.4%**; operating income **YoY +20.5%**

- Leveraged our diversified business portfolio, taking advantage of various group companies and services
- Results for H1 (Apr - Sep): Revenue YoY +15.1%; op. income YoY +29.8%

## Business topics

- Out of EC transaction value, services and digital contents **YoY +51.2%** due to “Go To” campaigns\*
- Total advertising revenue **YoY +2.0%** due to increased traffic in media services

## Full year guidance

Actively invest mainly in Commerce business in H2, with financial guidance target for:  
Revenue **JPY1.14 T (YoY+8.3%)**; op. income **JPY160 B (YoY+5.1%)**

\* Japanese government’s campaigns to revitalize industries hit by COVID-19 (tourism and dining)

**1 | FY2020 Q2 Financial Results**

**2 | Business Topics**

**3 | Investment Policy and Measures in H2**

# **Consolidated Results**

## Increase in revenue and operating income

Item	FY2019 Q2	FY2020 Q2	YoY
Revenue	245.5 (¥B)	283.3 (¥B)	+15.4 %
Operating income	39.4 (¥B)	47.6 (¥B)	+20.5 %
EBITDA	57.8 (¥B)	71.7 (¥B)	+24.0 %
Equity in earnings of associates and joint venture <sup>*1</sup>	-5.0 (¥B)	-3.4 (¥B)	n.a.
Net income attributable to owners of the parent	23.7 (¥B)	23.0 (¥B)	-3.0 %
Diluted EPS	¥5.00	¥4.85	-3.0 %
Net leverage ratio <sup>*2</sup>	0.59 X	1.98 X	n.a.

\*1 Mainly due to PayPay Corporation

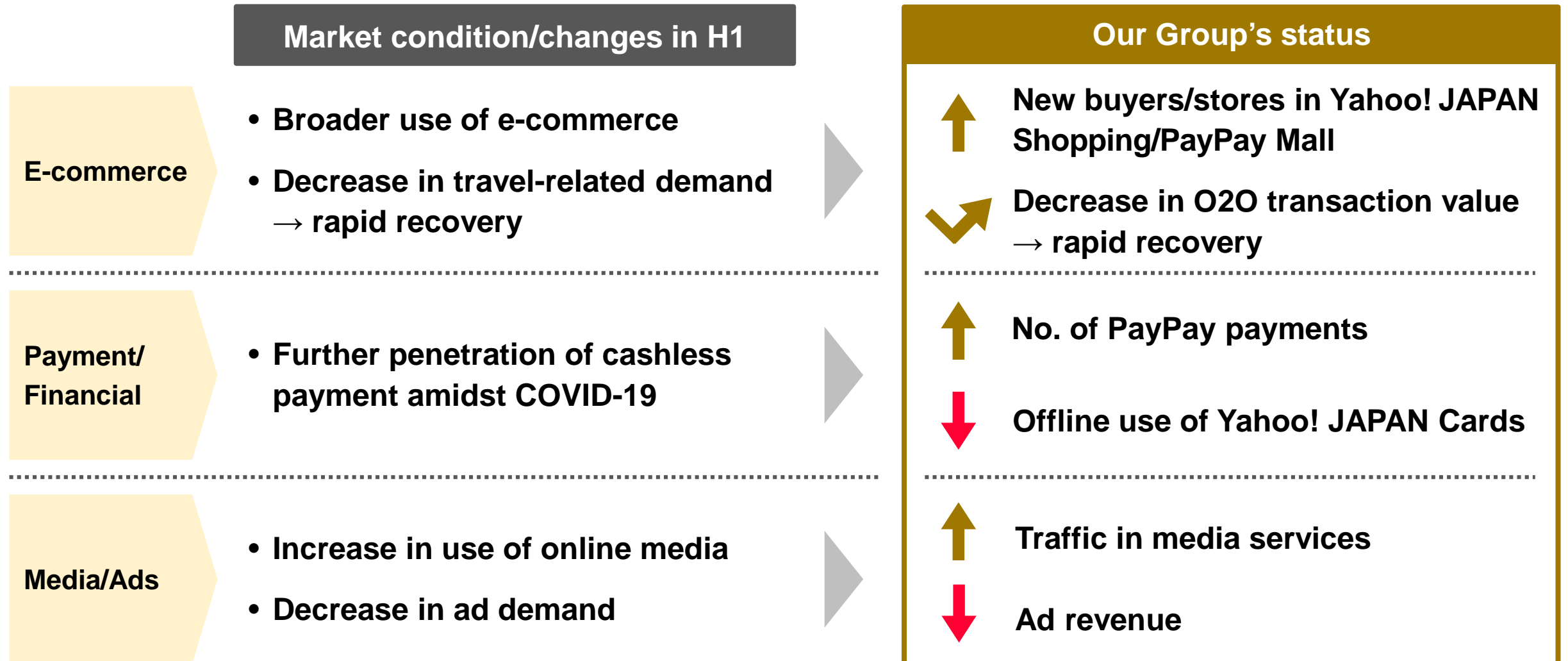
\*2 Net leverage ratio = Net interest-bearing debt/EBITDA Excludes banking business. Figures for the last 12 months used for calculating EBITDA.

## Increase in revenue and op. income also in H1

Item	FY2019 H1	FY2020 H1	YoY
Revenue	484.1 (¥B)	557.2 (¥B)	+15.1 %
Operating income	75.6 (¥B)	98.2 (¥B)	+29.8 %
EBITDA	111.9 (¥B)	147.1 (¥B)	+31.5%
Equity in earnings of associates and joint venture*	-10.9 (¥B)	-7.2 (¥B)	n.a.
Net income attributable to owners of the parent	51.1 (¥B)	45.8 (¥B)	-10.4 %
Diluted EPS	¥10.41	¥9.62	-7.6 %

\* Mainly due to PayPay Corporation

# Offset impact of COVID-19 by various services



# FY2020 H1 – Summary

 ワイズ・インシュアランス株式会社

 dely

 Magne-Max Capital Management

 ebook  
japan

 ジャパンネット銀行

 carview™

 Sportsnavi

 ZOZO

 YAHOO!  
JAPAN

 PayPay

**Leveraged our diverse business portfolio, taking advantage of various group companies and services**

 ASKUL

Z financial

 体.com

ワイジェイカード株式会社

 VALUE  
COMMERCE

 GYAO  
Entertainment Company

 YJ Capital

 スタンプバム

 アストマックス投信投資顧問株式会社

 YJFX!  
from YAHOO!  
JAPAN

mybest



# Aim to further improve operational productivity under the new work style

Ad placed in nation-wide newspapers (July 16)

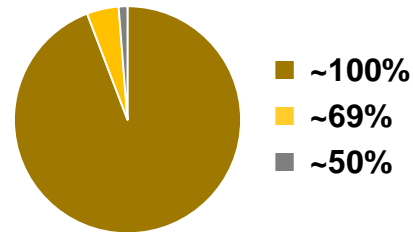


## Approx. 90% working from home\*1

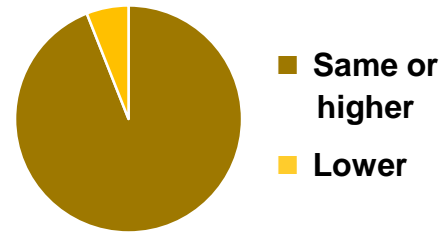
### Operational productivity\*2

Results of employee survey

Productivity



Performance



Compared to normal health/before, **same or higher operational productivity**

Progressive implementation of **new security measures** that suit remote working environment

\*1 \*2 Survey conducted to Yahoo Japan employees in September 2020 (n=6,796)

\*2 Productivity: Productivity of the most recent month when productivity in normal health is 100%; Performance: Comparison between the most recent month and the month before

# **Business Topics**

# **| Commerce Business**

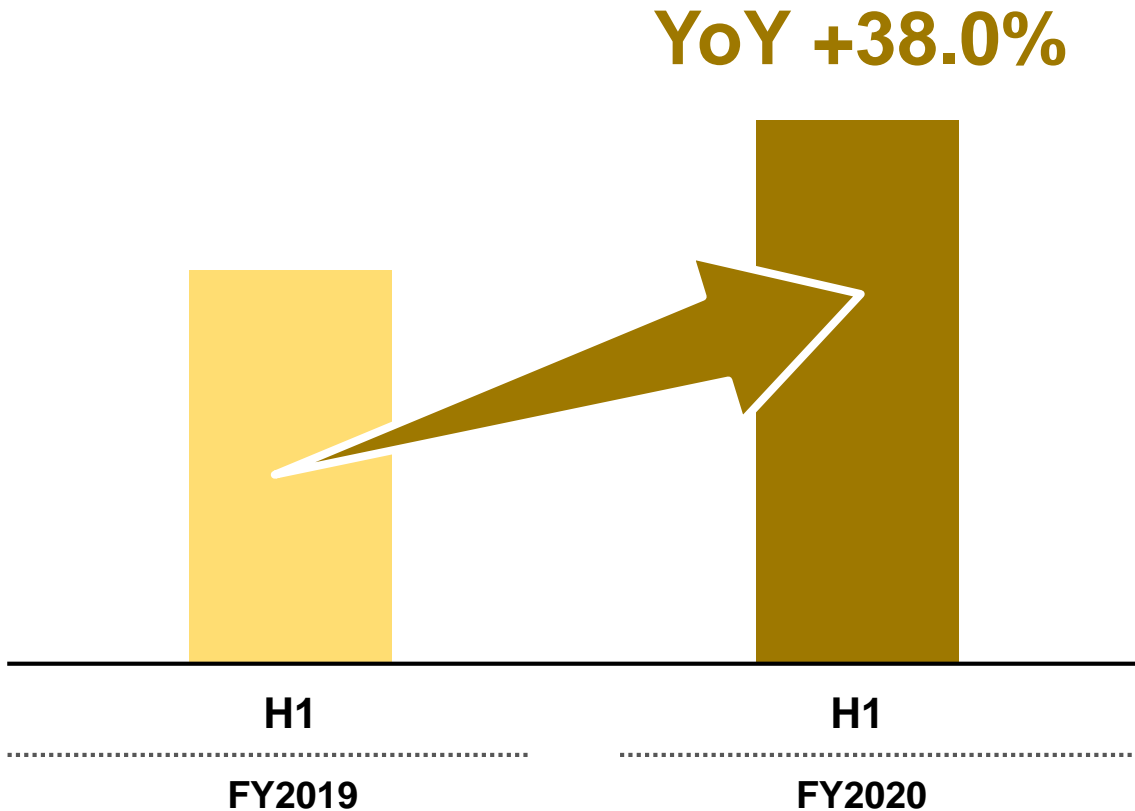
## FY2020 Q2 Commerce business – KPI results

Item	Q2 Actual results (¥B)	YoY	Major measures/Major factors of change
<b>EC transaction value</b>	<b>784.9</b>	<b>+29.8 %</b>	
<b>Merchandise transaction value</b>	<b>599.9</b>	<b>+24.4 %</b>	
<b>Shopping business transaction value</b>	<b>320.3</b>	<b>+51.3 %</b>	<ul style="list-style-type: none"> <li>Expanded due to consolidation of ZOZO (Excluding ZOZOTOWN Main Store: YoY+12.0%)</li> <li>Slow down of rapidly increased cocooning consumption</li> <li>Absence of last minute demand before consumption tax hike in FY19 Q2</li> </ul>
<b>Reuse business transaction value</b>	<b>201.8</b>	<b>+5.0 %</b>	<ul style="list-style-type: none"> <li>Expansion of PayPay Flea Market</li> <li>Cocooning consumption increased in August (normally a slow month)</li> </ul>
<b>Services and digital contents transaction value</b>	<b>184.9</b>	<b>+51.2 %</b>	<ul style="list-style-type: none"> <li>Rapid recovery in O2O services due to end of state of emergency and impact of "Go To Travel" campaign</li> </ul>
<b>Credit card transaction value</b>	<b>583.3</b>	<b>+26.6 %</b>	<ul style="list-style-type: none"> <li>Increased due to synergies with PayPay</li> <li>Decreased use offline due to restraint from going out (decrease due to lower consumption from COVID-19)</li> </ul>

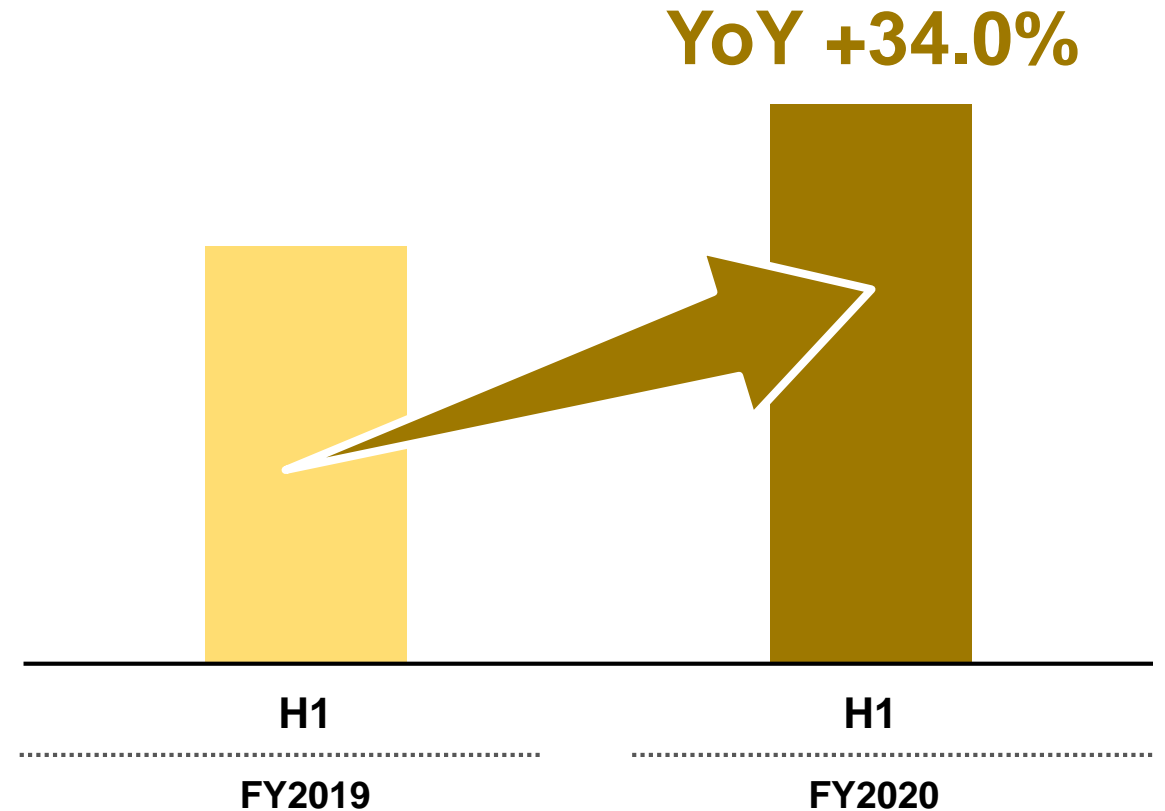
**YAHOO!**  
**JAPAN**

## Large increase in no. of new buyers and new stores amidst COVID-19

  **New buyers\***



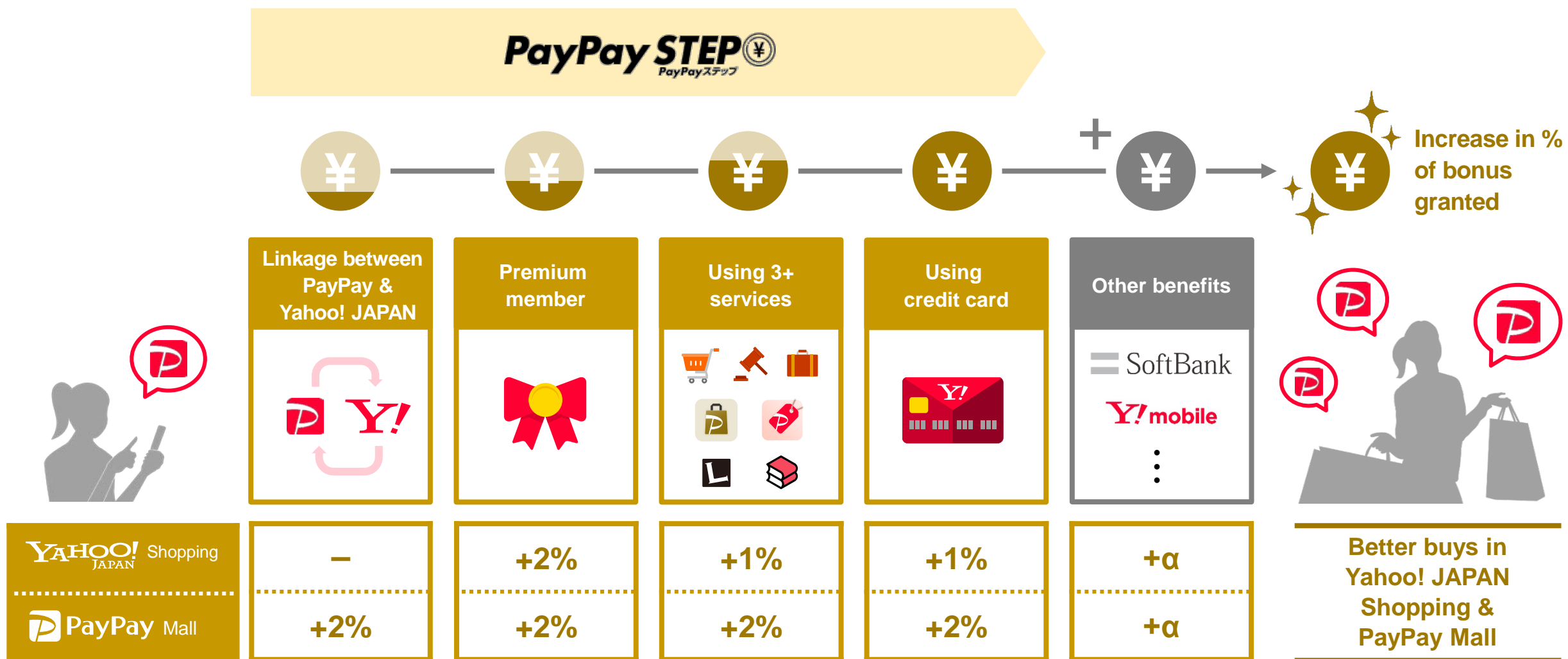
  **Applications for new stores**



\* Users who have no purchase history in Yahoo! JAPAN Shopping and PayPay Mall in the last 12 months

# Promotion of PayPay STEP (loyalty program)

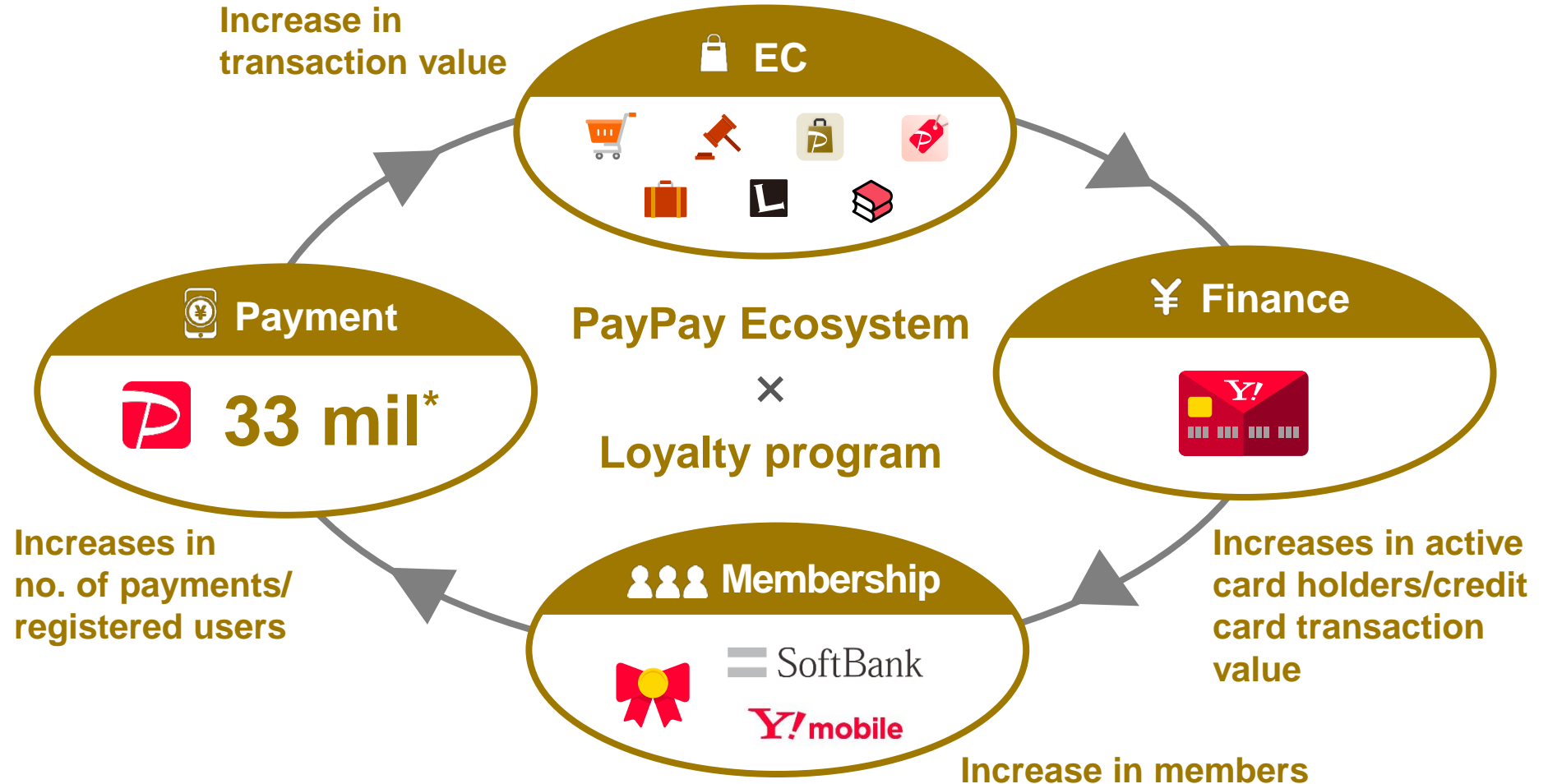
## Max. 20% bonus provided based on use of multiple services



\* For details please refer to the following URL. (<https://paypaystep.yahoo.co.jp> (Japanese only))

# Promotion of PayPay STEP (loyalty program)

## Strengthen sales promotion to users of multiple services, and expand PayPay Ecosystem

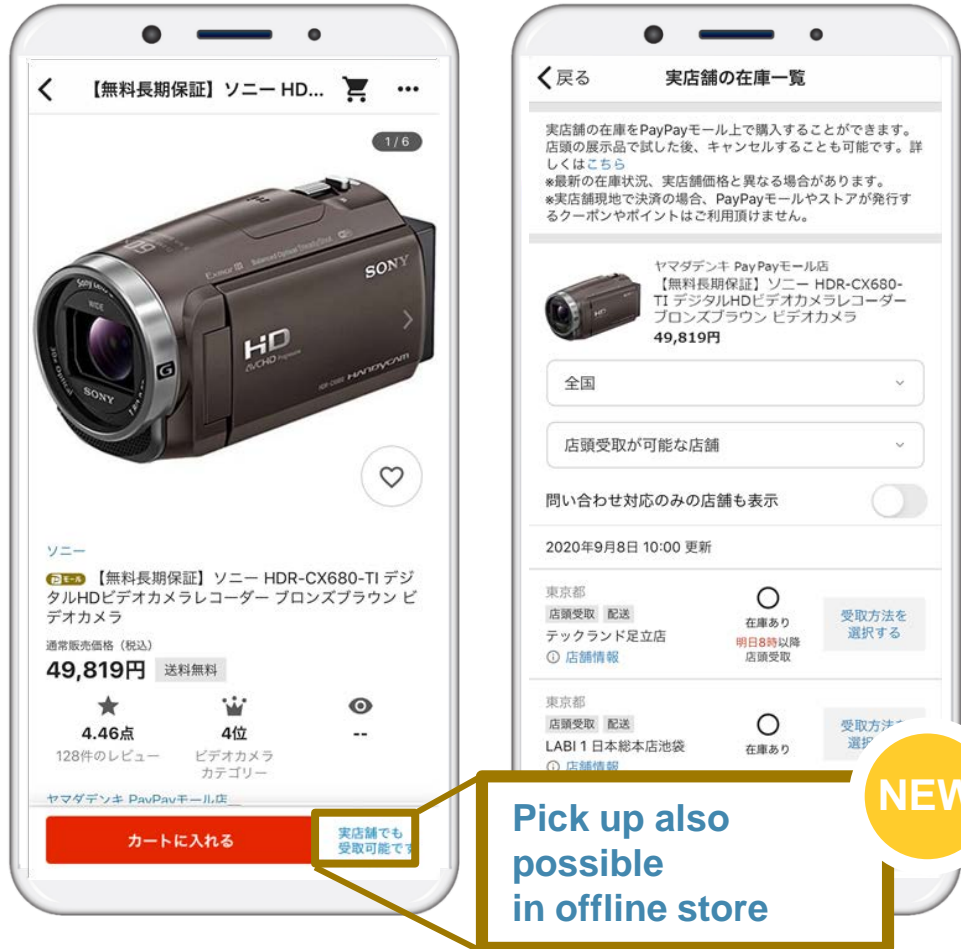


\* As of October 19, 2020



# X (Cross) Shopping – Status

## Inventories in brick and mortar stores will be available for purchase in PayPay Mall (November)



Introduced/scheduled to be introduced  
(As of end of September)

8,622 offline stores

66 tenants

..... Examples of companies to which X Shopping is introduced\* .....

ASBEE

1964  
THE CLOCK HOUSE

いつもそばに、ずっと  
コメリ

島村楽器

HIBIYA-KADAN  
日比谷花壇 PayPayモール店

MURAUCHI

YAMADA

Pick up also possible in offline store

NEW

\* Includes some clients whose inventories in brick and mortar stores are not for online purchase but is displayed only.

## Strengthening of delivery/logistics

# Leverage improved logistics and clearly label pre-defined "Blue Ribbon Delivery" in UI/UX



Scheduled to be launched within FY2020

..... Definition of Blue Ribbon Delivery .....

**Highly convenient delivery for users**

- ▶ Quick delivery
- ▶ Many delivery options

etc...

\* Icon for 優良配送 (Blue Ribbon Delivery) is for illustrative purpose only.

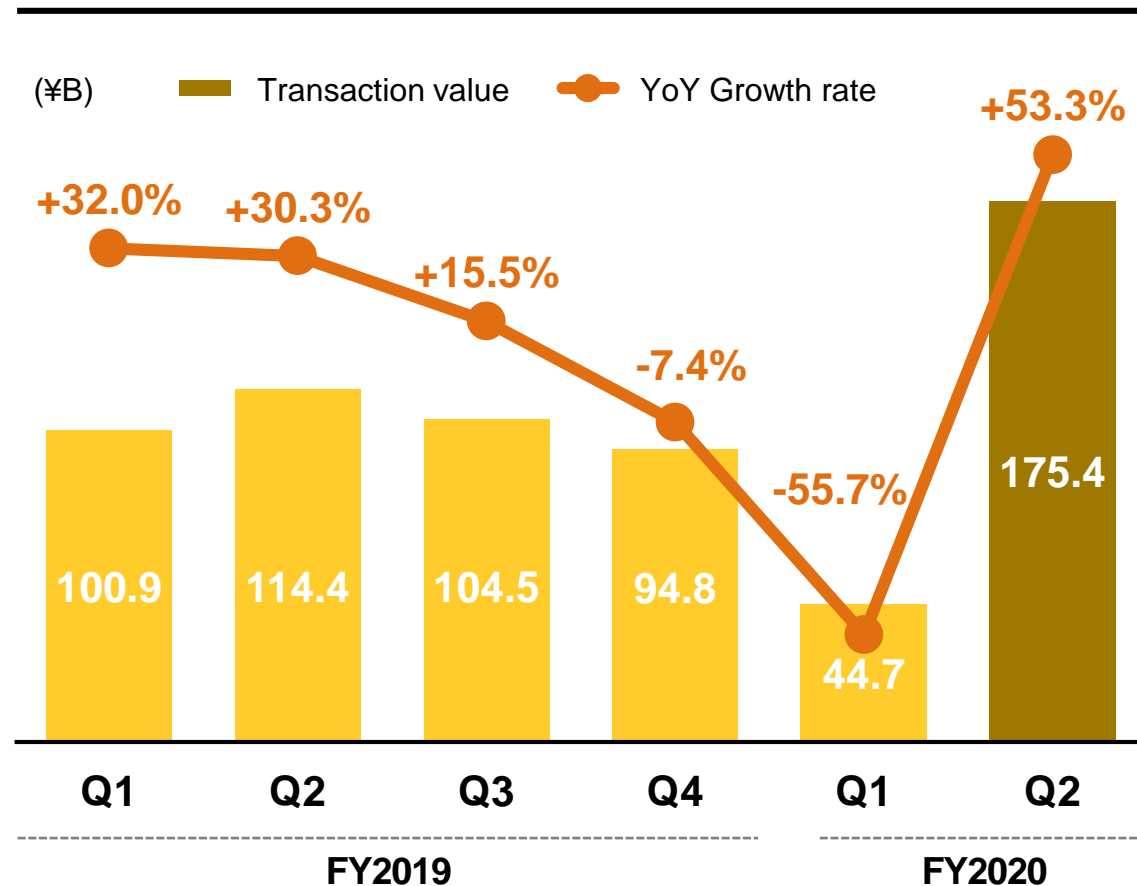


# O2O business – Results

## Quickly recovering backed by "Go To Travel" campaign

### O2O business transaction value

(Ikyu.com, Yahoo! JAPAN Travel, Yahoo! JAPAN Loco, Pass Market)



FY2020 Q2 Transaction value

YoY **+53.3%**

Positive growth also for FY2020 H1 (YoY+2.2%)

- ▶ Quickly became operator of "Go To Travel" campaign
- ▶ Ikyu.com has wide coverage of first-class hotels/inns, which met users' needs under this campaign
- ▶ Growth will further accelerate with "Go To Eat" campaign



PayPay

Z financial

# Scenario finance initiative – Status

## Steadily increased after launch of scenario-type insurance services



Smartphone/home  
appliance repair warranty



Hotel cancellation  
insurance



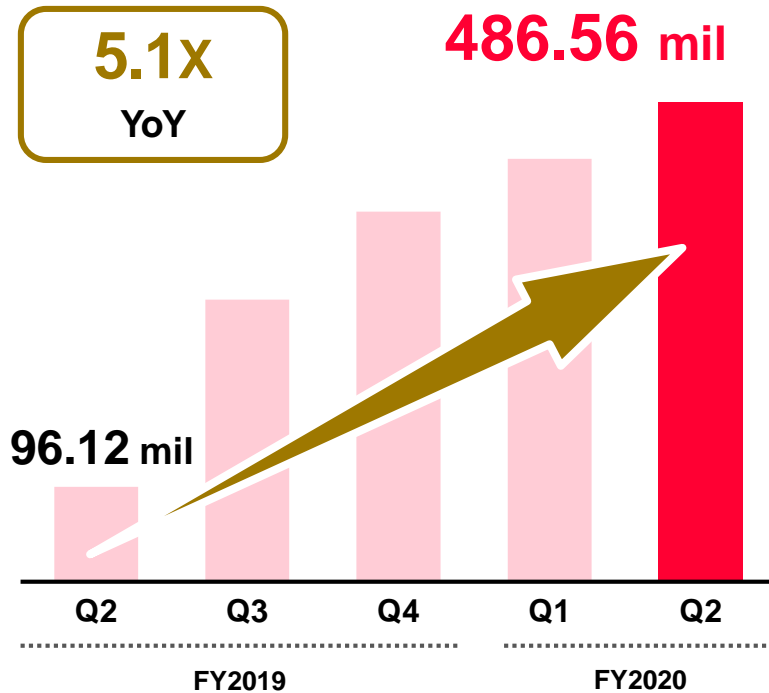
Purchased by 10% of eligible users\*

Aim to achieve  
**200,000 contracts**  
for these two products  
in FY2020

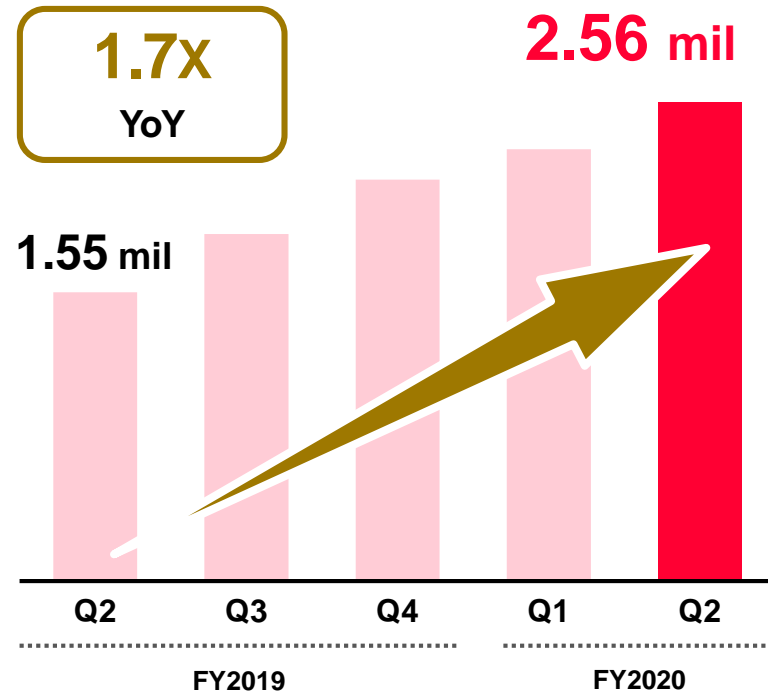
\* Users of these services (users who made reservations, bid winners) eligible to purchase the insurance

# Accelerated growth resulting from penetration of cashless payment due to COVID-19

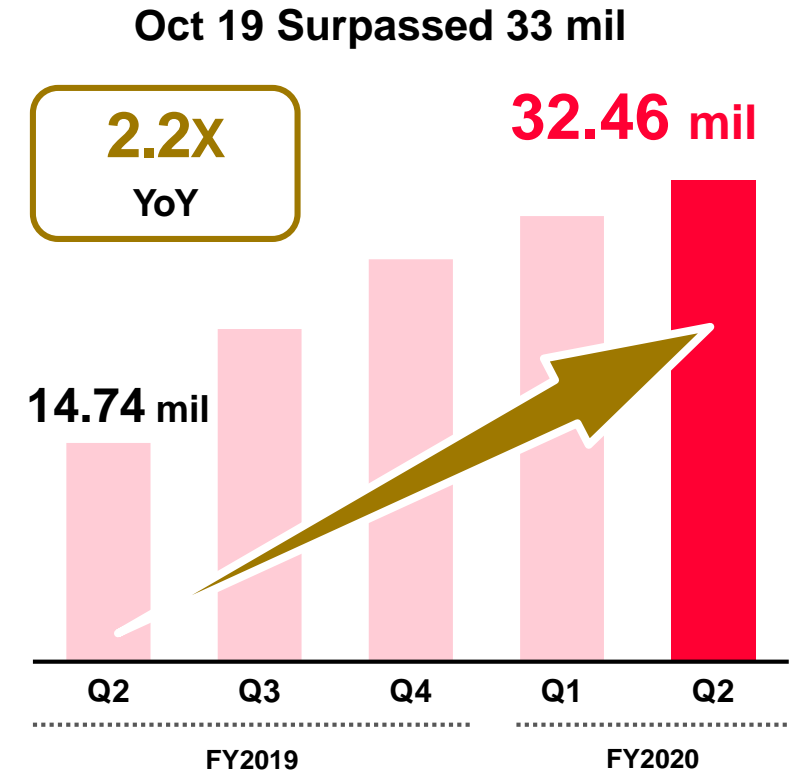
No. of PayPay payments  
(quarter)



No. of merchants\*  
(quarter-end)



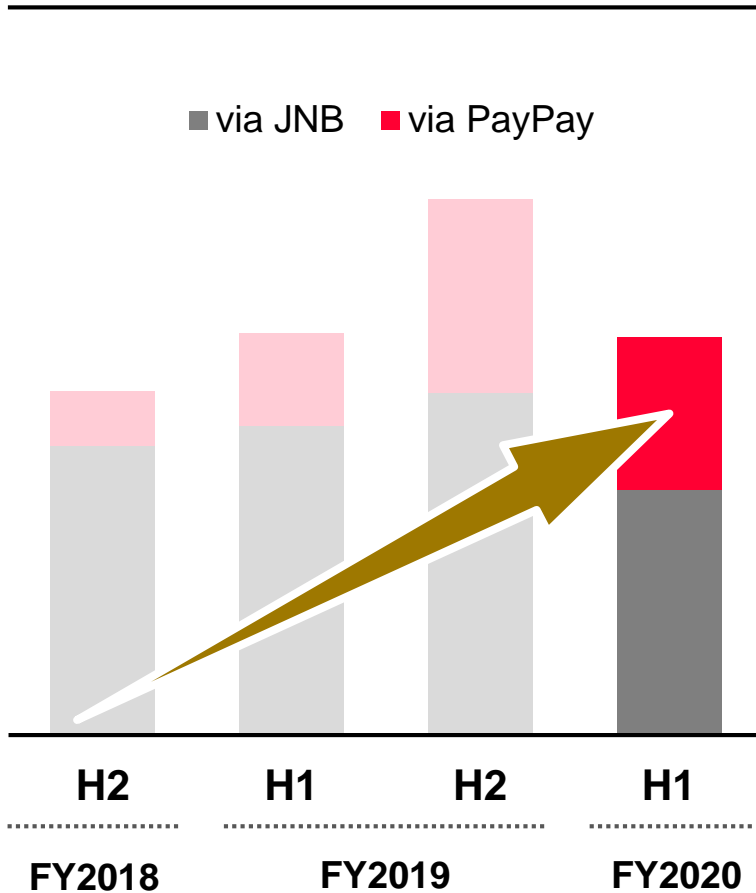
No. of registered users  
(quarter-end)



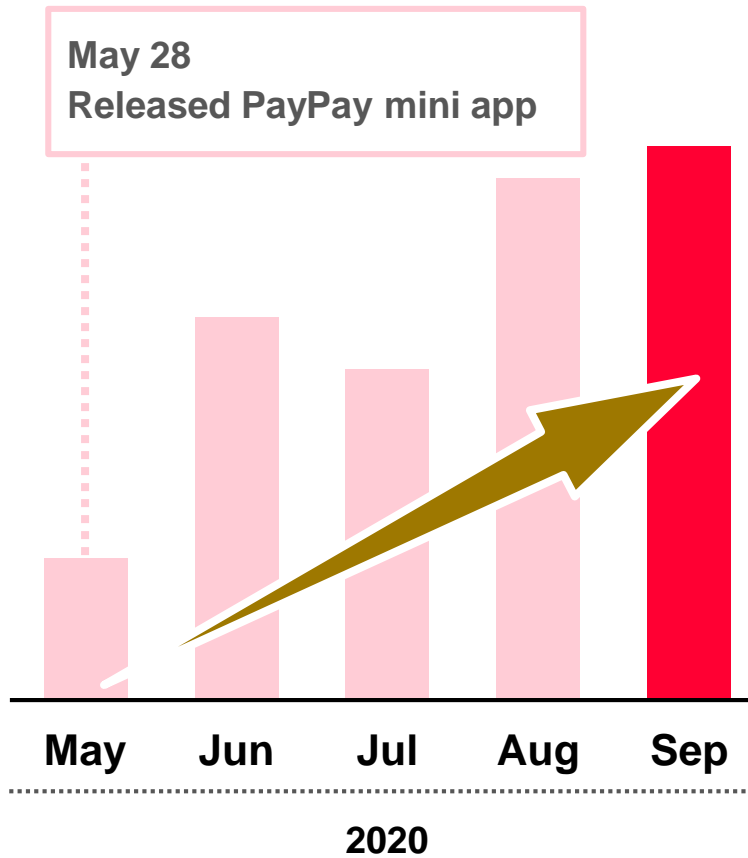
\* No. of merchant applications to PayPay (e.g. stores, taxis)

# Steady increase in new openings of accounts and use of service

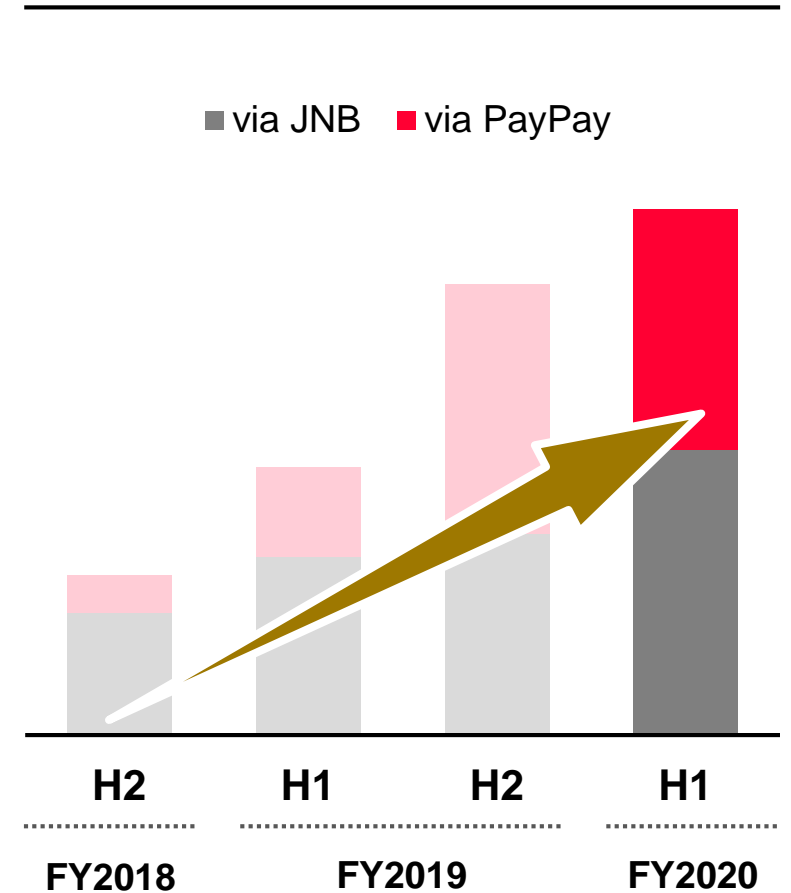
No. of new personal accounts



No. of applications for personal loans made via PayPay



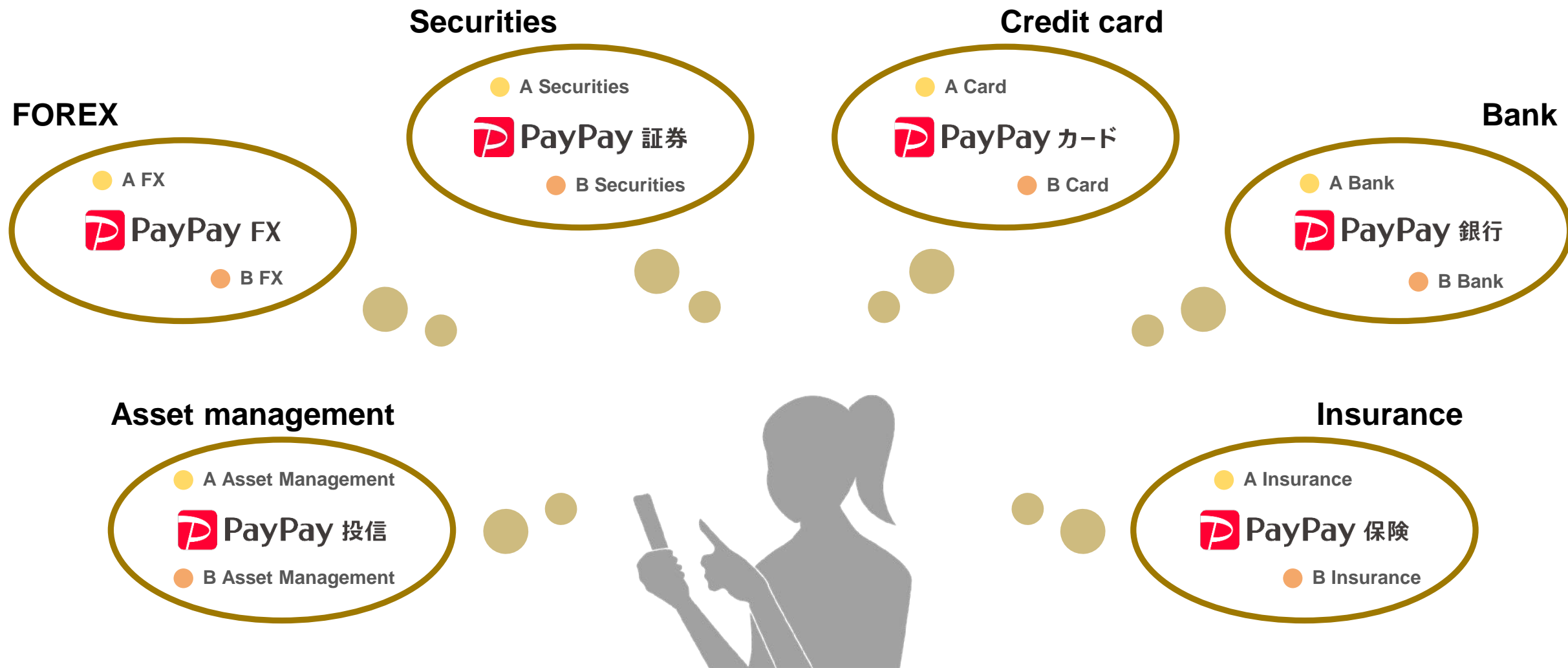
No. of new corporate accounts



\* The Japan Net Bank, Limited, change in trade name scheduled in April, 2021



# Enrich services through collaborations with financial services of other companies and provide diverse options for our users



# **| Media Business**

# FY2020 Q2 Total advertising revenue – Results

Item	Q2 Actual results (¥B)	YoY	Major measures/Major factors of change
<b>Total advertising revenue</b>	<b>83.8</b>	<b>+2.0 %</b>	
<b>Search advertising</b>	<b>39.8</b>	<b>-3.1%</b>	<ul style="list-style-type: none"> <li>• Decrease in ad placements due to COVID-19 (FY20 Q2 YoY -¥6.3 B)</li> <li>• Ad placements from some industries are recovering but demand still remains sluggish               <ul style="list-style-type: none"> <li>- Travel: Travel appetite recovering due to “Go To Travel” campaign</li> <li>- Recruitment: Recovering for nursing/medical cares, engineering, etc., but demand for part-time jobs, etc. still sluggish</li> </ul> </li> </ul>
<b>Display advertising</b>	<b>43.9</b>	<b>+7.2%</b>	
<b>Programmatic advertising (YDN, shopping ads, etc.)</b>	<b>38.6</b>	<b>+19.6%</b>	<ul style="list-style-type: none"> <li>• Increase in traffic in media services due to COVID-19</li> <li>• Successful measures (e.g. increase in distributions by external distributing partners)</li> <li>• Increase in Shopping advertising revenue in line with growth in shopping business</li> </ul>
<b>Reservation advertising</b>	<b>5.3</b>	<b>-38.9%</b>	<ul style="list-style-type: none"> <li>• Decrease in ad placements due to COVID-19</li> <li>• Absence of large-scale ad placements made in FY19 Q2</li> </ul>

**YAHOO!**  
**JAPAN**

Consolidation of mybest, Inc.

# Create synergies in multiple fronts by strengthening “product comparison media”

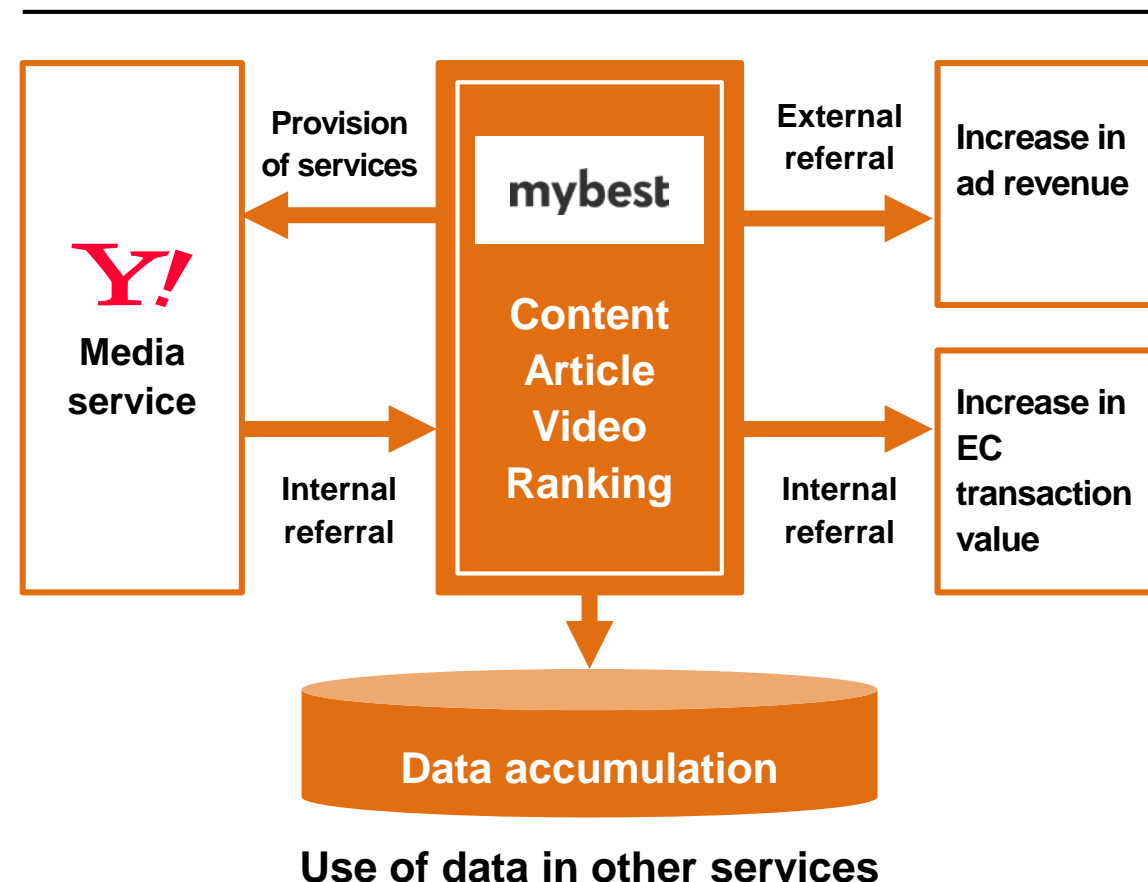


Company profile	
Established	October 2016
Representative	Toru Yoshikawa
No. of employees	141

Business description	
• Provision of articles that help users with their choices of products and services	
• Advertising and affiliate revenue	



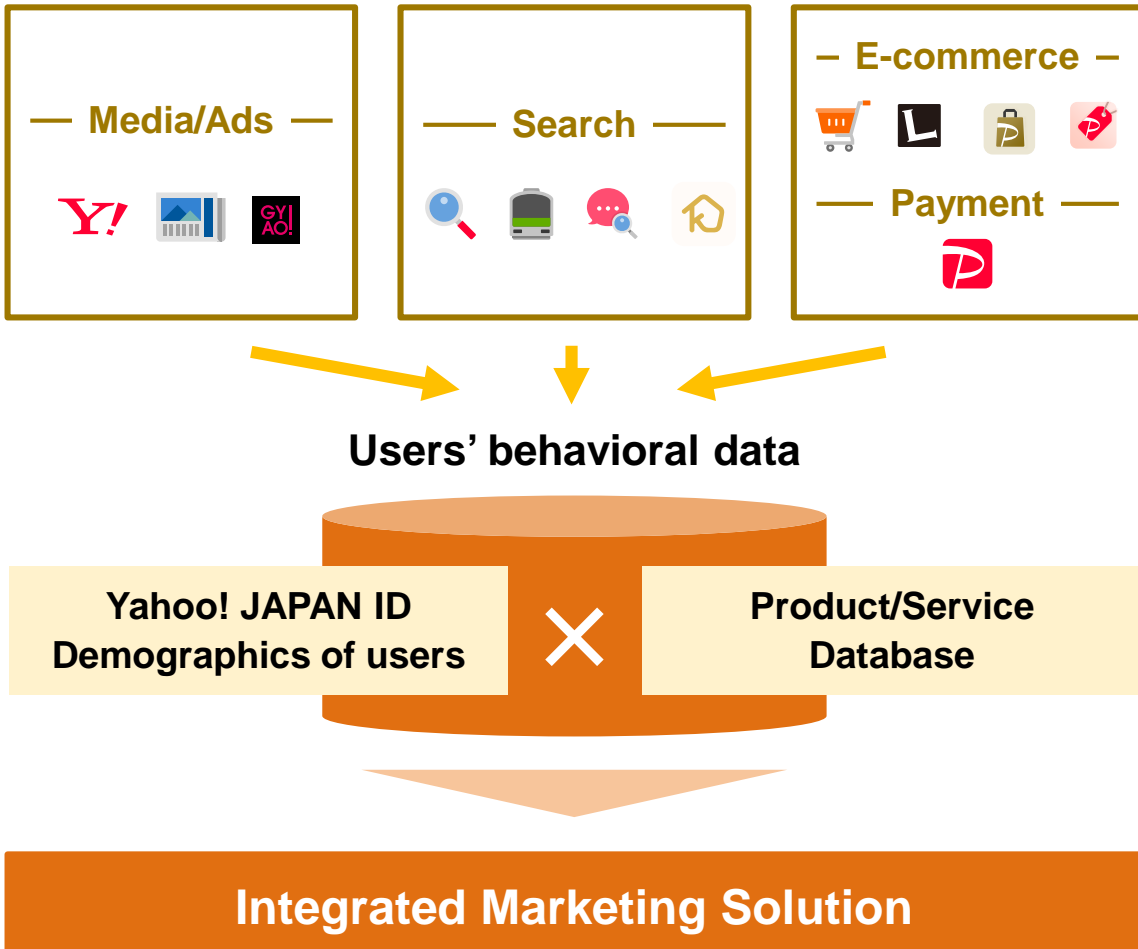
## Synergy areas



# Integrated Marketing Solution – Overview/status

## New marketing based on “who is interested in what”

### Overview of Integrated Marketing Solution



### Sales promotional solution

New service that integrates ads and sales promotions seamlessly (from announcement to encouraging purchase at stores), for the purpose of referring users to purchase at brick and mortar stores

PayPay Consumer Gift  
(Launched in FY19 Q3)

PayPay Retail Gift  
(Launched in FY19 Q4)

**NEW** Buyer Targeting\*  
(Scheduled to be launched in FY20 Q3)

### Vertical media service

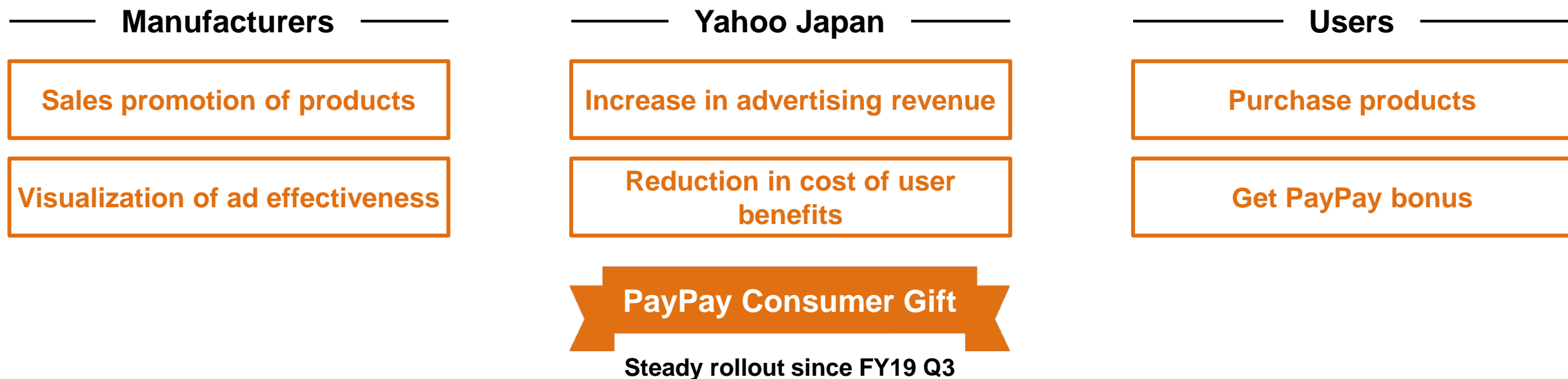
Media service specializing in a certain field meeting the user needs specified through use of accumulated data

(Service under construction)

\* Official name for this service is yet to be decided

# Full-scale rollout of sales promotional solution – PayPay Consumer Gift

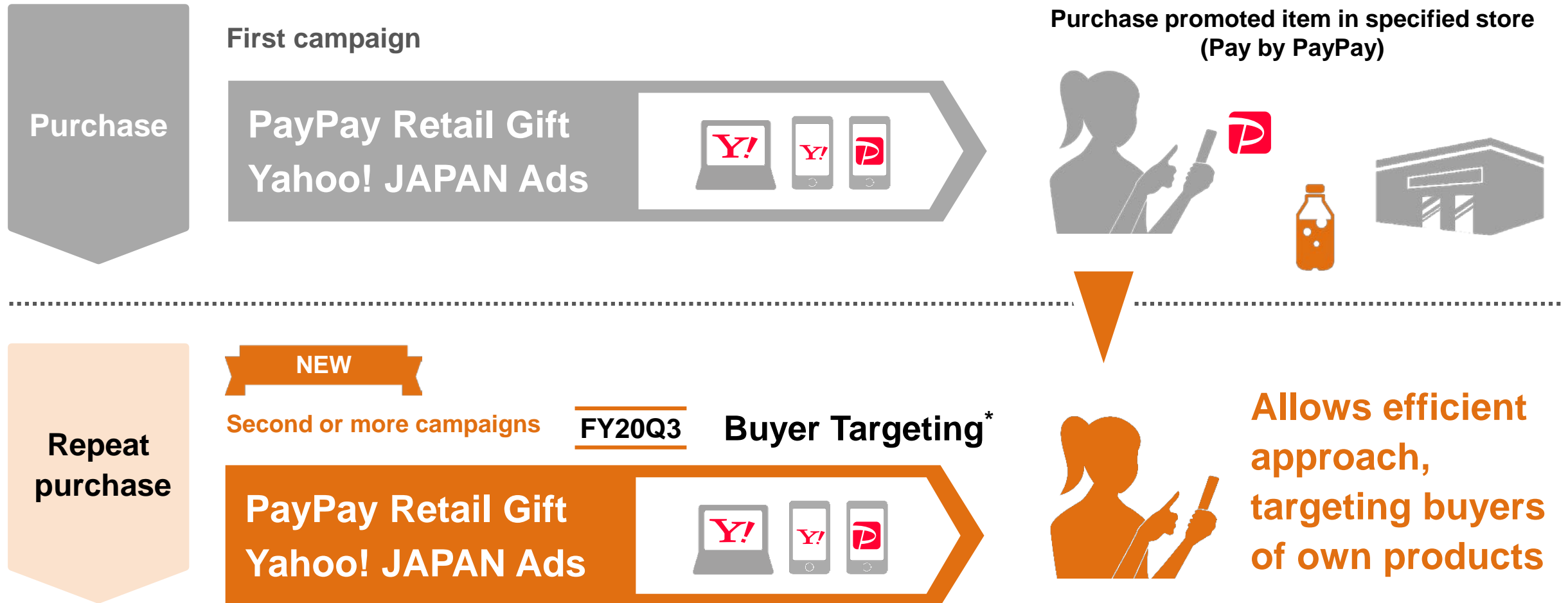
## Capturing the digital shift in manufacturers' sales promotional budget



\* Advertising revenue via Yahoo! JAPAN Sales Promotion (PayPay Consumer Gift, PayPay Retail Gift)

# Full-scale rollout of sales promotional solution – PayPay Retail Gift

## “Buyer Targeting”; a new feature added to PayPay Retail Gift Promotes repeat purchase by targeting identified past buyers



\* Official name for this service is yet to be decided



Collaborations in ad sales with SoftBank Corp.

## Positive effects of sales collaborations expanding even further

### Major measures in FY2020 Q2



More proposals to SoftBank Corp.'s top clients



More new proposals to clients new to Yahoo Japan



Stronger online sales activities during pandemic

Revenue from synergies in FY2020 H1

**JPY6.8 B\***

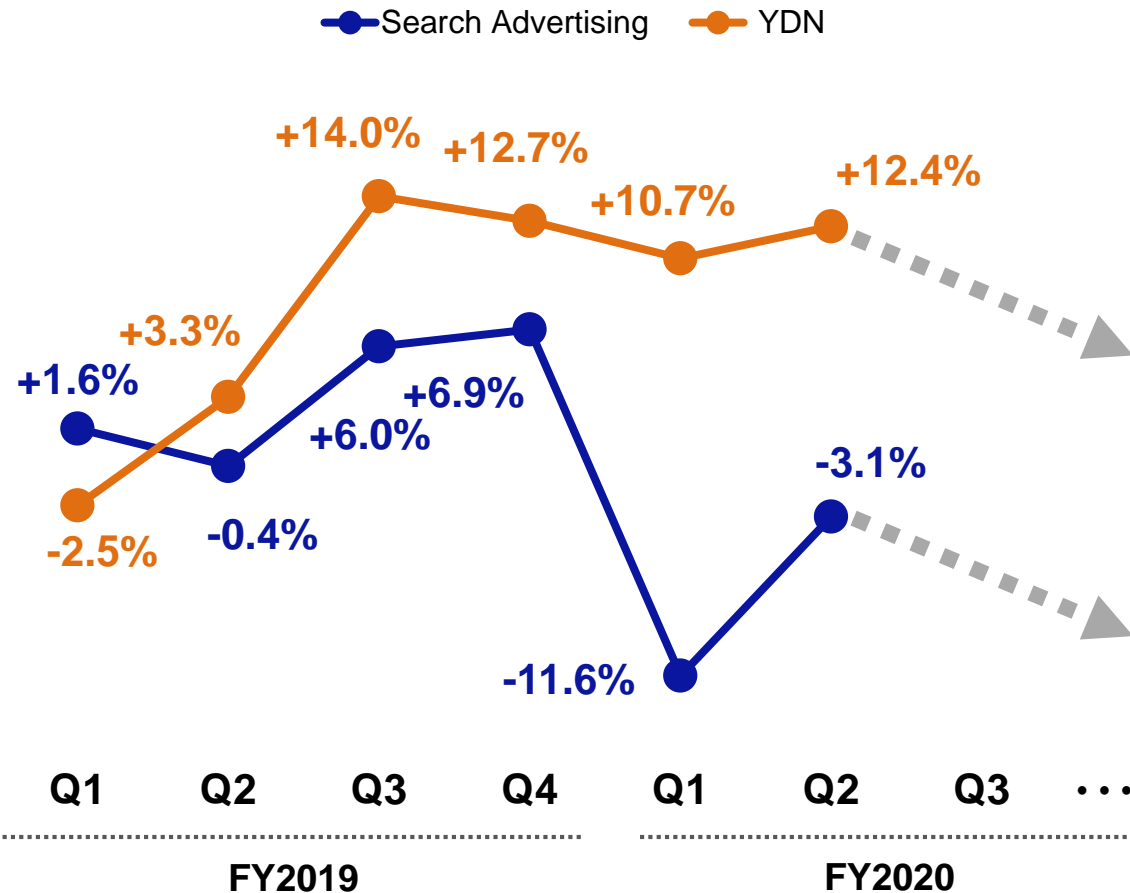
(FY2020 Q2: JPY3.7 B)

\* Gross revenue before deducting incentive payments

# Outlook of Search Advertising & YDN

## Market in a recovery trend, but still expect severe conditions to continue

Ad revenue by products (YoY growth rate)



Outlook for H2

### YDN

- ☀️ Uplift due to product improvements
- ☁️⚡️ Decrease in retargeting ads due to iOS14
- ☁️🌧️ Pause in traffic increase due to COVID-19
- ☁️🌧️ Decrease in ad placements from certain industries due to COVID-19

### Search Advertising

- ☀️ Uplift due to UI measures
- ☁️⚡️ Decrease in ad placements from certain industries due to COVID-19
- ☁️🌧️ Wind down in effects of UI measures conducted in FY19 Q3

# **Investment Policy and Measures in H2**

**Further acceleration in digitalization of  
corporate/consumer activities due to COVID-19 and  
DX promoted by the Japanese government**



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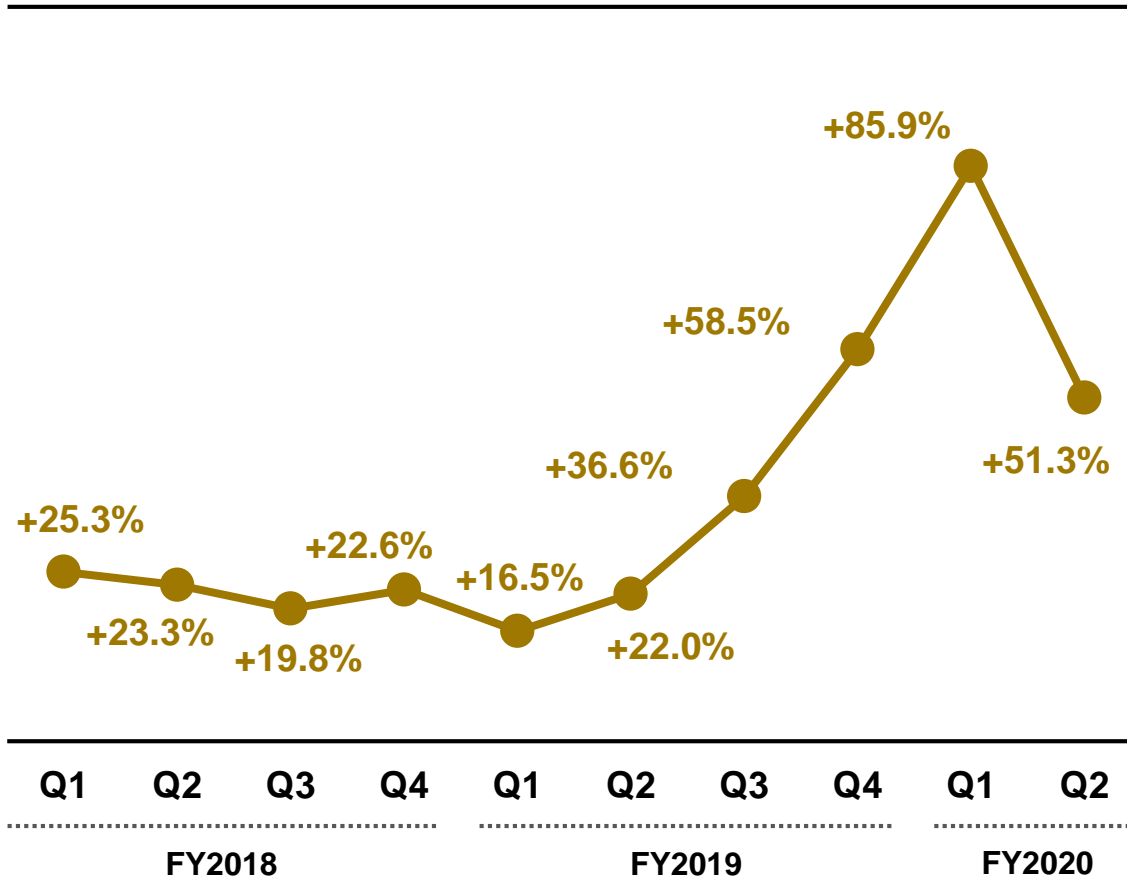
**Expand focus areas aggressively  
for mid-long business growth**

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# Continuous investments necessary for mid-long business growth

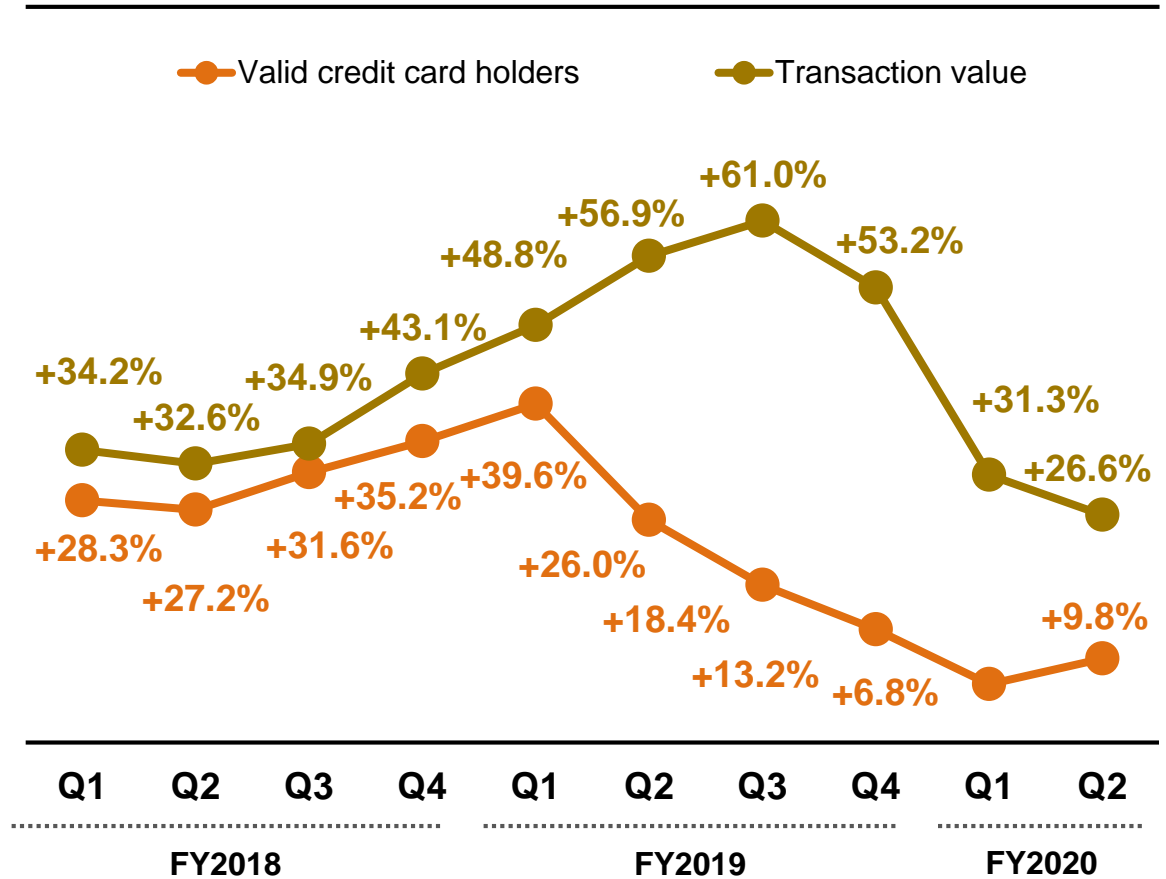
## Shopping business transaction value

(YoY growth rate)



## No. of valid credit card holders/transaction value

(YoY growth rate)



## Focus investment areas in H2

### Active investments in focus areas (mainly Commerce business)



EC (merchandise)



**Increase loyal customers and repeat purchase**



Credit card



**Expand active card holders**

- **Make additional bold investments for the future to be created**
- 
-

# Example of investment made in H2

## Shopping

### Change in benefits (Oct 1-)

On Sundays only, PayPay Bonus  
also to non-SoftBank carrier users



### PayPay Bonus

Details

<https://topics.shopping.yahoo.co.jp/notice/archives/20201001campaign.html>  
(Japanese only)

### "Cho PayPay Matsuri" (Super PayPay Festival) (Oct 17- Nov 15)

Best deals using PayPay,  
both online & offline



For SoftBank users  
on Nov 15

YAHOO! JAPAN Shopping Max. +23%

PayPay Mail Max. +25%

If conditions are met Max. +44%

Details

<https://shopping.yahoo.co.jp/promotion/sale/ppf/>  
(Japanese only)

## Payment/Financial

Strengthen sales  
promotion with launch  
of new services and  
functions

## Other fields



# FY2020 – Investment policies & full-year guidance

**H1**

Suspend inessential expenditures and flexibly invest with an eye on business performance

**H2**

Expand focus areas aggressively to refuel mid-long business growth

**Full-year guidance**

**Revenue JPY1.14 T**

(YoY +8.3%)

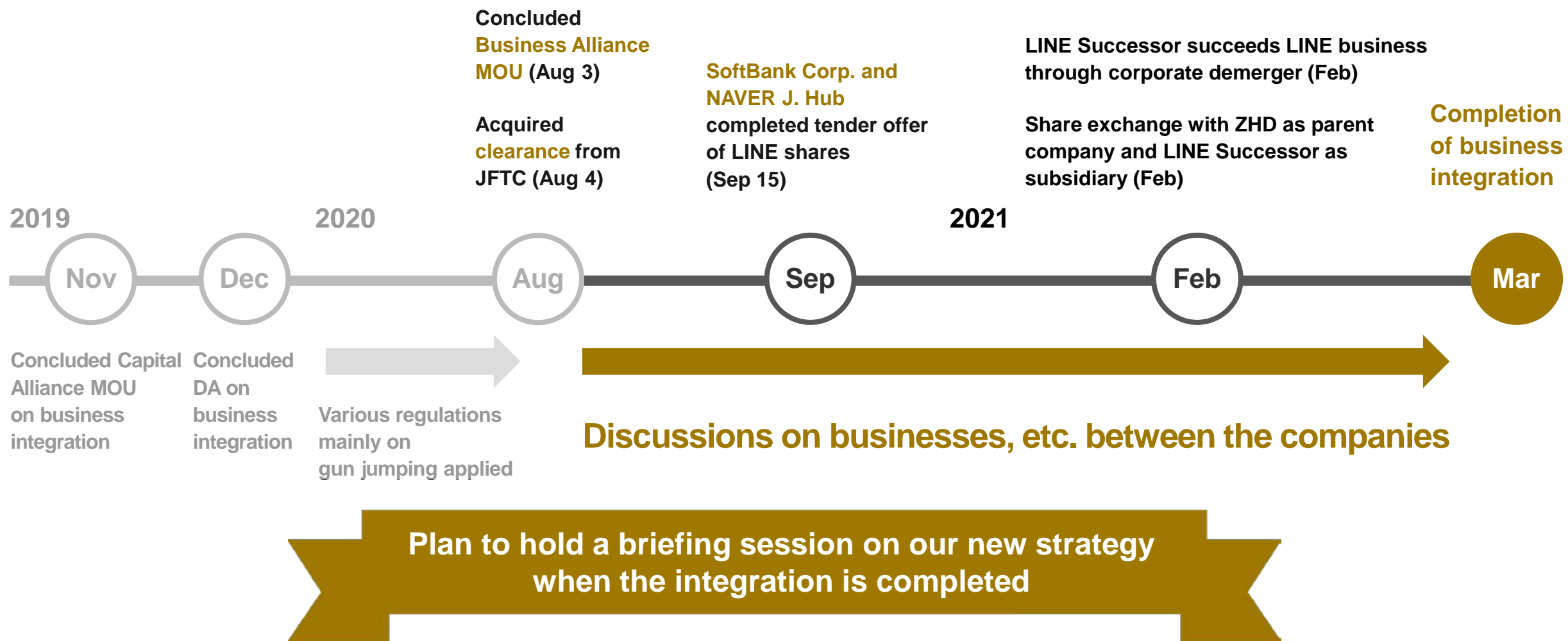
**Op. income JPY160 B**

(YoY +5.1%)



# Business integration with LINE – Status

## Working towards completing the integration in around March 2021



# Creating a large future that can only be shaped by Z Holdings

To be accomplished in FY2020

Full-scale rollout of scenario finance

Business integration with LINE

Expand/deploy integrated marketing solution

# Appendix

# Factors of change in operating income

Item		Q2 (¥B)	YoY	Major factors of change (¥B)
<b>FY2019 Q2 Results</b>		<b>39.4</b>		
YoY difference	<b>Revenue</b>	<b>+37.8</b>	<b>+15.4 %</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +32.7</li> <li>• YJ Card +2.2</li> <li>• eBOOK +2.1</li> </ul>
	<b>Cost of sales</b>	<b>+1.9</b>	<b>+1.9 %</b>	Increase due to consolidation of ZOZO +1.7
	<b>SG&amp;A</b> (Major items only↓)	<b>+27.8</b>	<b>+27.0 %</b>	Increase due to consolidation of ZOZO +24.8
	<b>Personnel expenses</b>	<b>+6.9</b>	<b>+29.4 %</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +4.8</li> <li>• Increase in employees of Yahoo Japan and non-consolidated ZHD</li> </ul>
	<b>Depreciation and amortization</b>	<b>+5.8</b>	<b>+32.3 %</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +4.8</li> <li>• Increase in software, servers, etc.</li> </ul>
	<b>Business commissions</b>	<b>+3.0</b>	<b>+22.0 %</b>	Increase due to consolidation of ZOZO +2.9
	<b>Sales promotion cost</b>	<b>-0.6</b>	<b>-4.0 %</b>	<ul style="list-style-type: none"> <li>• YJ Card -1.3</li> <li>• Increase due to consolidation of ZOZO +0.4</li> </ul>
	<b>Shipping cost</b>	<b>+6.6</b>	<b>+114.5 %</b>	Increase due to consolidation of ZOZO +6.5
<b>Commissions expenses</b>	<b>+2.3</b>	<b>+130.8 %</b>	Increase due to consolidation of ZOZO +2.3	
<b>FY2020 Q2 Results</b>		<b>47.6</b>	<b>+20.5 %</b>	

# FY2020 Q2 Impact from consolidation of ZOZO

Consolidated from Nov 2019

Item	ZOZO FY2020 Q2 (¥B)	FY2020 Q2 (excl. ZOZO) (¥B)	YoY
Revenue	32.7	250.6	+2.1 %
Operating income	*1 6.1	41.4	+4.9 %
Net income	4.1	22.8	-7.7 %
Net income attributable to owners of the parent	2.0	20.9	-11.8 %

\*1 Reflects amortization of identifiable assets as a result of PPA

<b>Goodwill</b>	<b>Total</b>	<b>212.9 (¥B)</b>
<b>PPA</b>	<b>Total</b>	<b>502.1 (¥B)</b>
	<b>Amortization (FY2020 Q2)</b>	<b>3.3 (¥B)</b>

Item	Amount (¥B)	Amortization period (Straight line)
<b>Customer base (Shops/users)</b>	<b>322.0</b>	<b>18-25 years</b>
<b>Trademark<sup>*2</sup></b>	<b>178.7</b>	<b>-</b>
<b>Others</b>	<b>1.4</b>	<b>4 years</b>

\*2 Indefinite-lived intangibles

# FY2020 Q2 Statement of financial position

## Consolidated (IFRS)

(¥B)	FY2020 Q1	FY2020 Q2	Difference
<b>Assets</b>	<b>3,980.3</b>	<b>4,112.2</b>	<b>131.8</b>
Cash and cash equivalents	902.5	1,067.4	164.8
Trade and other receivables	399.4	378.4	-20.9
Loans in credit card business	342.9	337.7	-5.1
Investment securities in banking business	422.9	468.5	45.6
Property and equipment	131.1	129.1	-2.0
Intangible assets	677.4	678.4	0.9
<b>Liabilities</b>	<b>2,948.3</b>	<b>3,051.6</b>	<b>103.2</b>
Trade and other payables	474.0	466.2	-7.8
Customer deposit in banking business	1,009.4	1,091.4	82.0
Interest-bearing liabilities	1,194.9	1,204.6	9.7
<b>Equity</b>	<b>1,031.9</b>	<b>1,060.5</b>	<b>28.6</b>

## The Japan Net Bank, Limited (JGAAP)

(¥B)	FY2020 Q1	FY2020 Q2	Difference
<b>Assets</b>	<b>1,109.3</b>	<b>1,230.2</b>	<b>120.8</b>
Cash and cash equivalents	425.6	438.1	12.5
Trade and other receivables	21.8	21.1	-0.6
Loans in credit card business	—	—	—
Investment securities in banking business	432.9	478.5	45.6
Property and equipment	0.6	0.6	-0
Intangible assets	6.9	7.2	0.3
<b>Liabilities</b>	<b>1,053.6</b>	<b>1,173.4</b>	<b>119.7</b>
Trade and other payables	15.8	16.0	0.1
Customer deposit in banking business	1,033.6	1,115.7	82.1
Interest-bearing liabilities	—	37.0	37.0
<b>Equity</b>	<b>55.6</b>	<b>56.7</b>	<b>1.0</b>

Note: Figures before internal transactions within the Group are eliminated.

## YJ Card Corporation (JGAAP)

(¥B)	FY2020 Q1	FY2020 Q2	Difference
<b>Assets</b>	<b>566.4</b>	<b>448.4</b>	<b>-118.0</b>
Cash and cash equivalents	126.7	20.8	-105.8
Trade and other receivables	26.2	15.9	-10.2
Loans in credit card business	337.4	333.7	-3.6
Investment securities in banking business	—	—	—
Property and equipment	4.7	4.6	-0.1
Intangible assets	29.5	31.9	2.3
<b>Liabilities</b>	<b>533.7</b>	<b>413.4</b>	<b>-120.3</b>
Trade and other payables	272.9	148.7	-124.2
Customer deposit in banking business	—	—	—
Interest-bearing liabilities	249.3	253.3	3.9
<b>Equity</b>	<b>32.6</b>	<b>34.9</b>	<b>2.2</b>

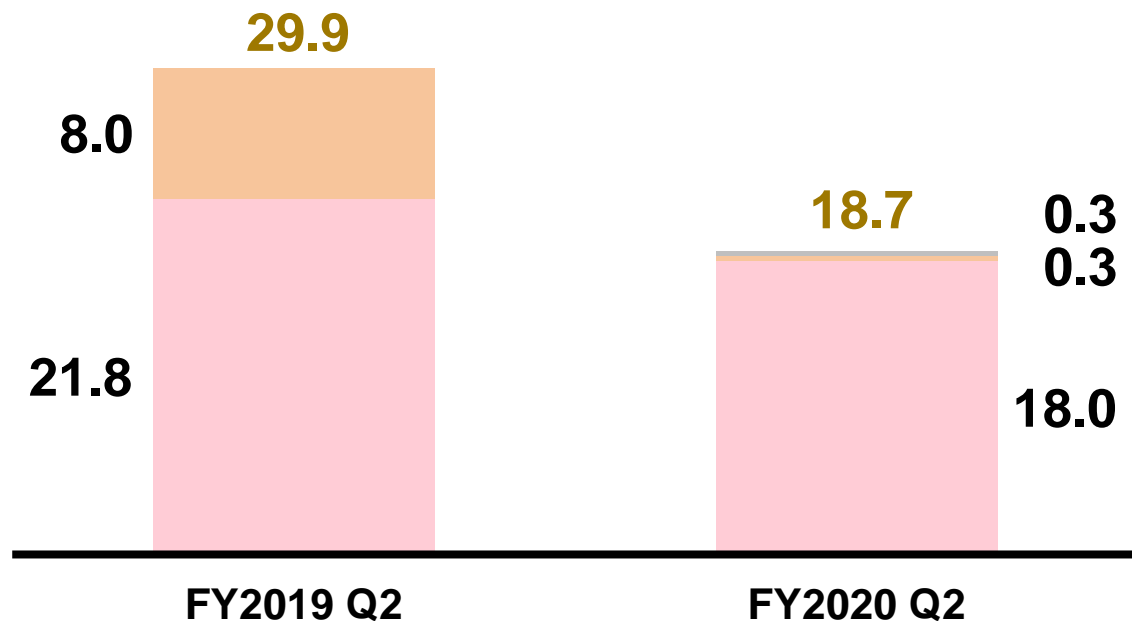
Note: Figures before internal transactions within the Group are eliminated.

# Financial data

## CAPEX

(¥B)

- Impact of ZOZO consolidation
- Right-of-use assets
- Property & equipment/Intangible assets

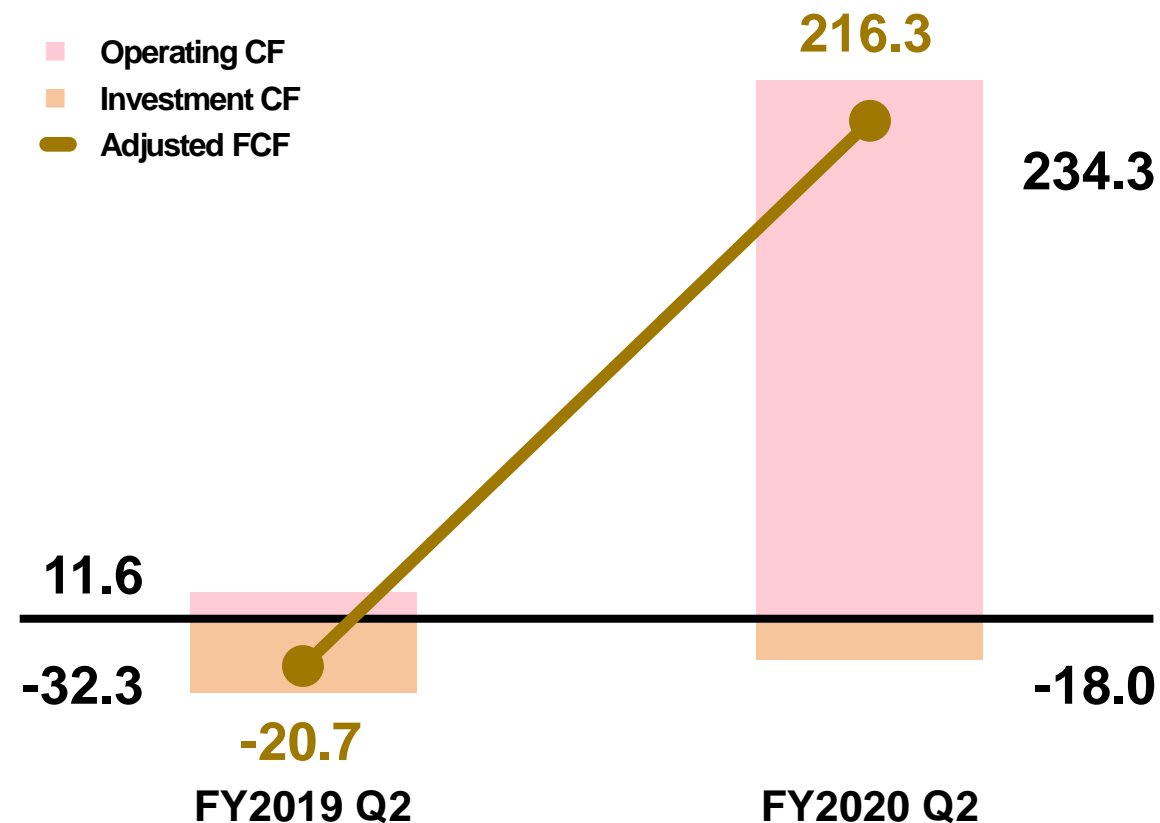


Note: The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

## Adjusted FCF

(¥B)

- Operating CF
- Investment CF
- Adjusted FCF



Note: Excludes banking business.

Securitization of credit card receivables is added in operating cash flow.

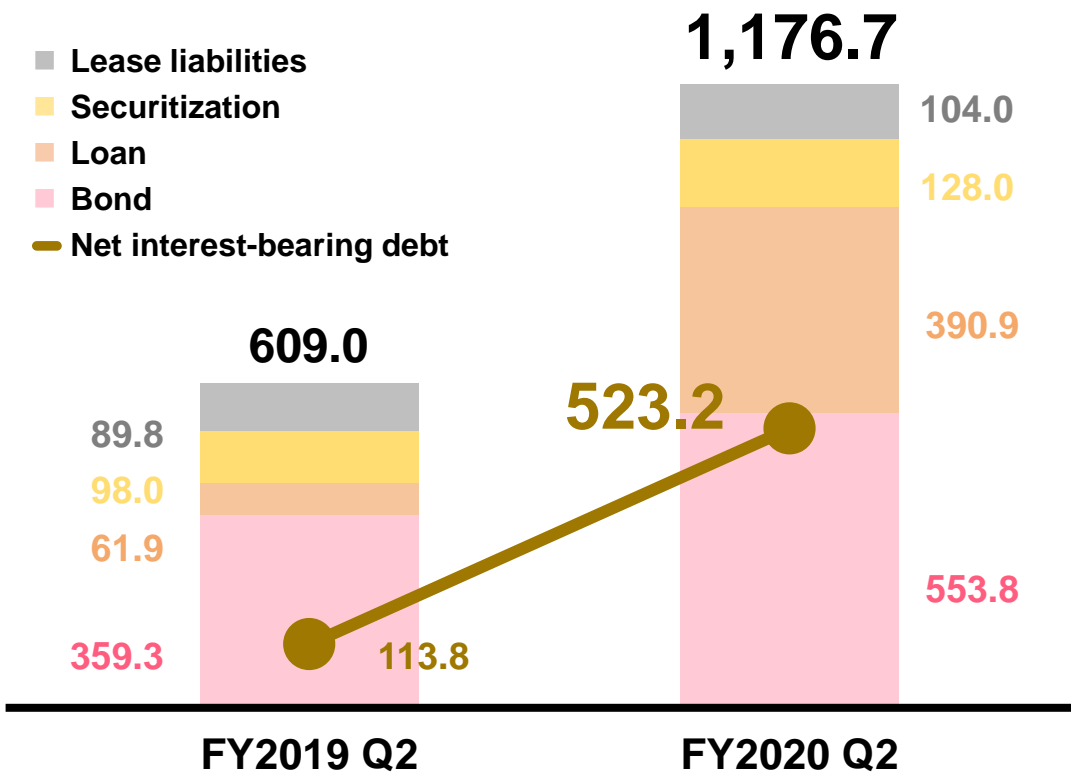
The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

# Financial data

## Interest-bearing debt/Net interest-bearing debt

(Excludes banking business)

(¥B)

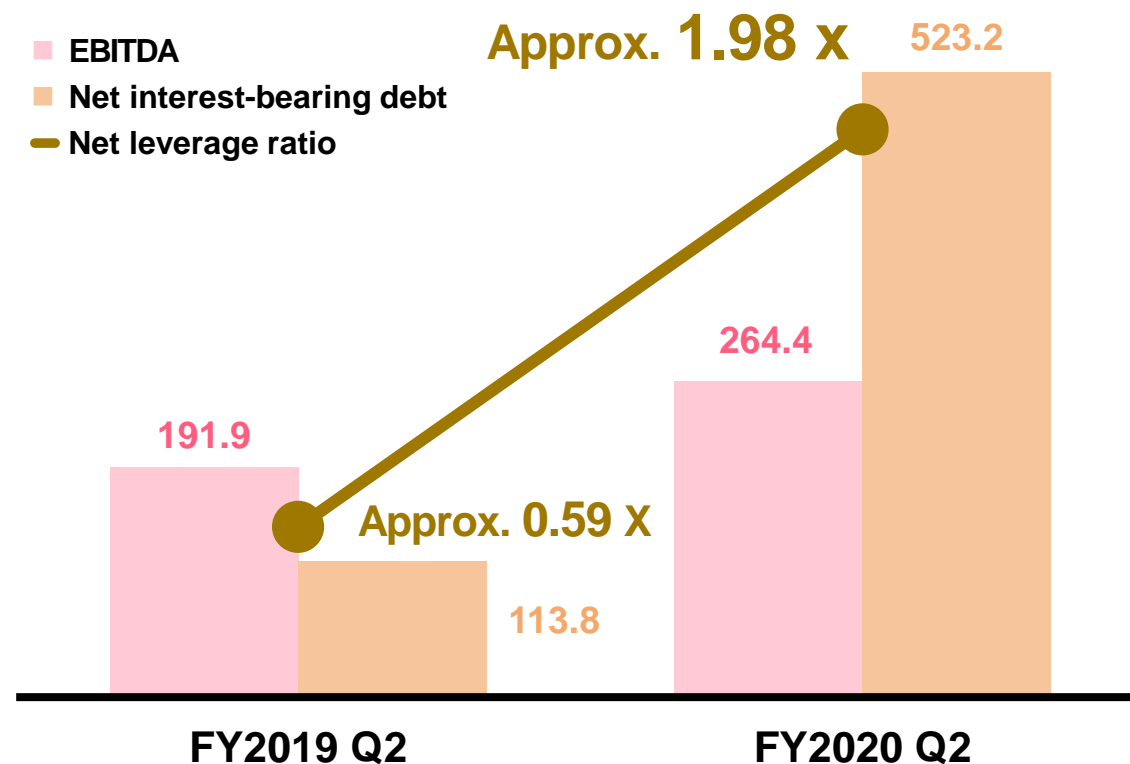


Note: Net interest-bearing debt = Interest bearing debt – Cash and cash equivalents  
 The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

## Net leverage ratio

(Excludes banking business)

(¥B)



Note: Net leverage ratio = Net interest-bearing debt/EBITDA (Figures for the last 12 months used for calculating EBITDA)  
 The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.



## Major funding activities

### **Amidst market uncertainties due to COVID-19, issued a total of ¥200 B corporate bonds**

..... **Refinanced the funding for acquiring ZOZO, and secured stable sources of funds** .....

Series	Amount (¥B)	Interest rate	Redemption
<b>14<sup>th</sup> Series Unsecured Bonds (1.5 year bond)</b>	<b>25</b>	<b>0.20 %</b>	<b>Dec. 2021</b>
<b>15<sup>th</sup> Series Unsecured Bonds (3 year bond)</b>	<b>80</b>	<b>0.35 %</b>	<b>Jun. 2023</b>
<b>16<sup>th</sup> Series Unsecured Bonds (5 year bond)</b>	<b>70</b>	<b>0.60 %</b>	<b>Jun. 2025</b>
<b>17<sup>th</sup> Series Unsecured Bonds (7 year bond)</b>	<b>15</b>	<b>0.79 %</b>	<b>Jun. 2027</b>
<b>18<sup>th</sup> Series Unsecured Bonds (10 year bond)</b>	<b>10</b>	<b>0.90 %</b>	<b>Jun. 2030</b>

# PayPay Corporation – Capital structure (shareholding ratio)

		May 2018 (At founding)	As of end of May 2019	As of end of Mar 2020	As of end of Sep 2020
Common stock	Yahoo Japan	50 %	25 %	25 %	25 %
	SoftBank	50 %	25 %	25 %	25 %
	SoftBank Group	-	50 %	50 %	50 %
	Paytm	-	-	-	-
	<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Preferred stock <sup>*1</sup>	Yahoo Japan	-	-	50 %	50 %
	SoftBank	-	-	50 %	50 %
	SoftBank Group	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>100 %</b>	<b>100 %</b>

After conversion of preferred stocks & Paytm's exercise of stock option <sup>*2</sup>	
Yahoo Japan	32 %
SoftBank	32 %
SoftBank Group	28 %
Paytm	8 %
<b>Total</b>	<b>100 %</b>

**YAHOO!**  
JAPAN

Voting rights  
ratio

**25%**

**YAHOO!**  
JAPAN

Voting rights  
ratio

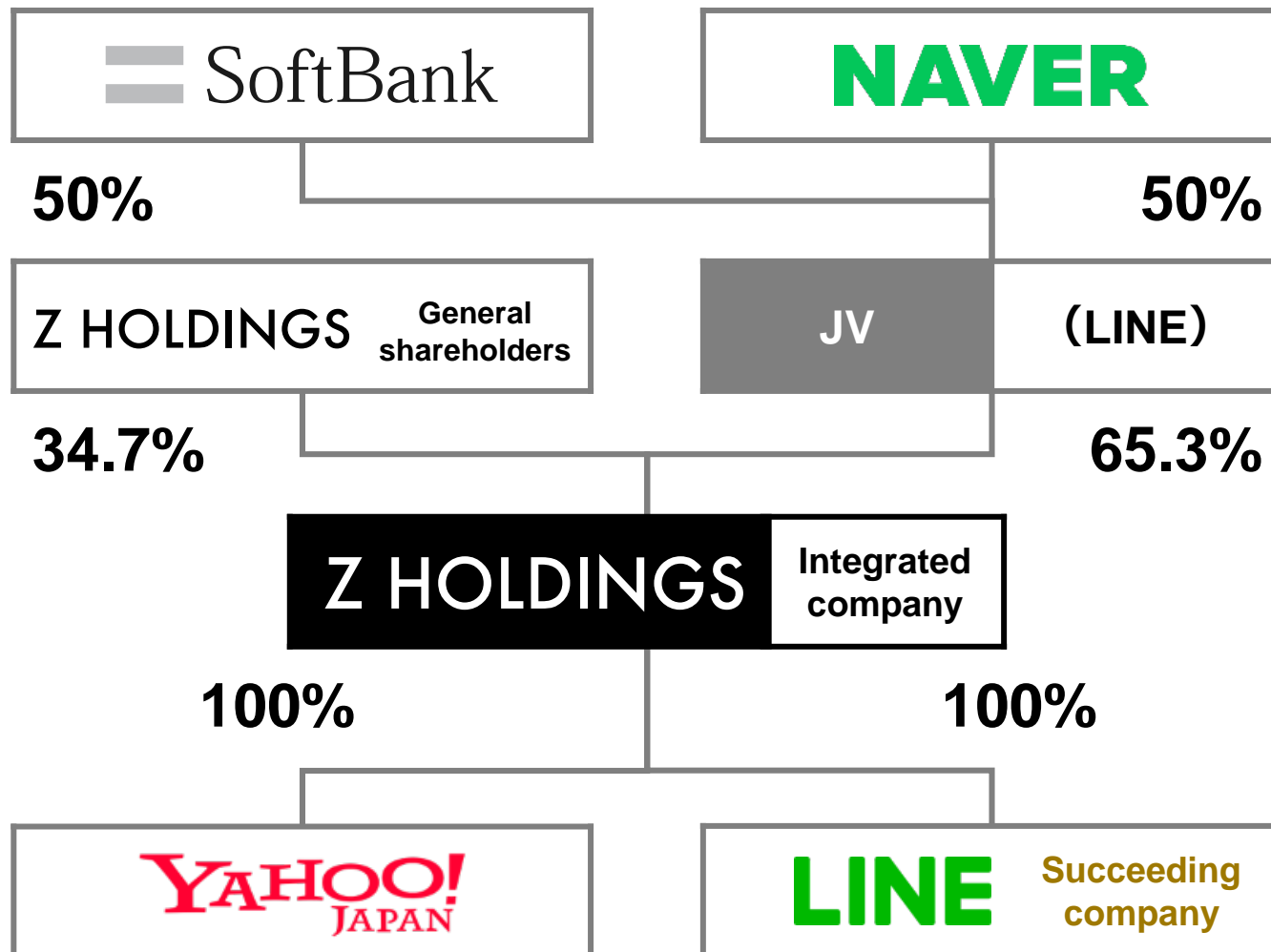
**32%**

\*1 April 2022 onwards, may be converted to common stocks (conversion rate=1:1)

\*2 On September 30, 2020, issued stock options to Paytm. The options can be exercised from the same date.

# Business integration with LINE

## Post-integration structure



## Exchange Ratio

Z HOLDINGS

LINE

1 : 11.75

No. of Z Holdings shares  
before/after share exchange

4.8 B  
shares



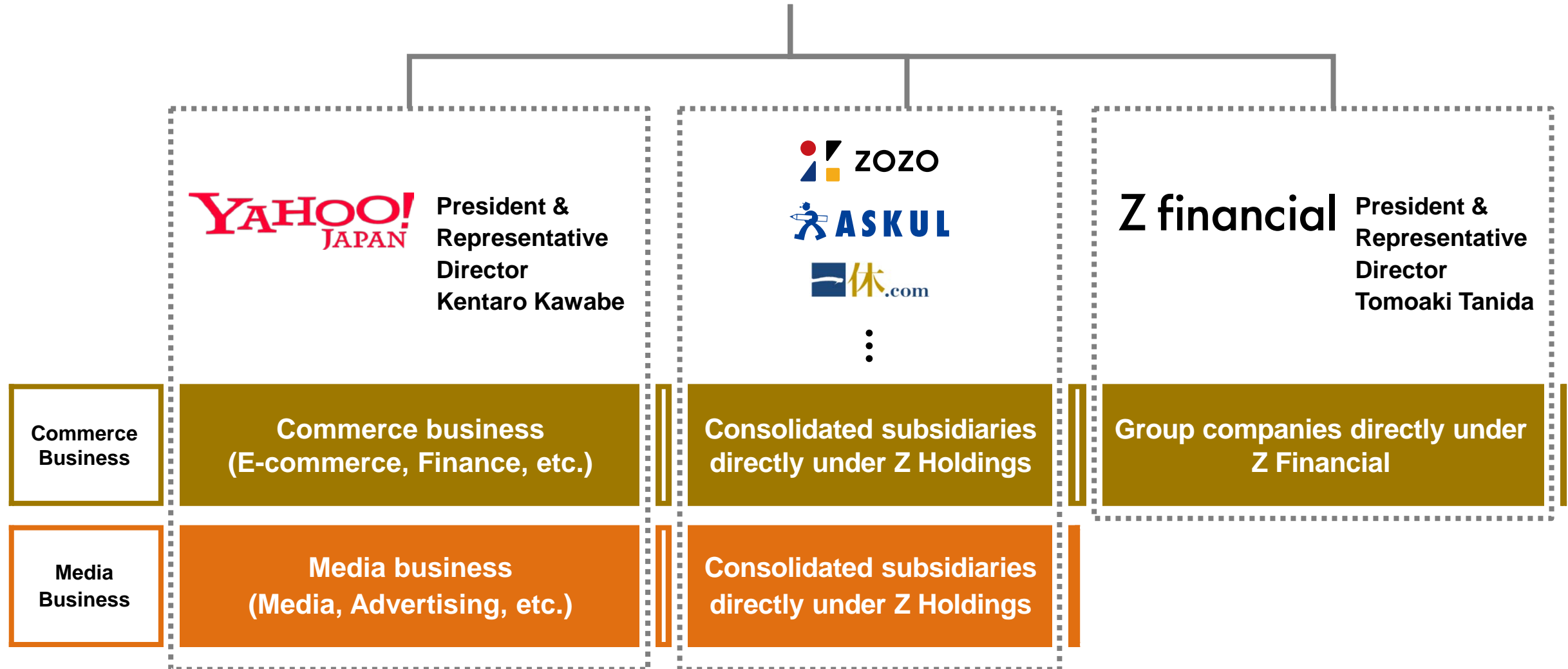
7.7 B  
shares

- All incremental shares are issued to JV
- No. of treasury shares to be allocated is undecided

# Z Holding's group structure

# Z HOLDINGS

President & Representative Director  
Kentaro Kawabe

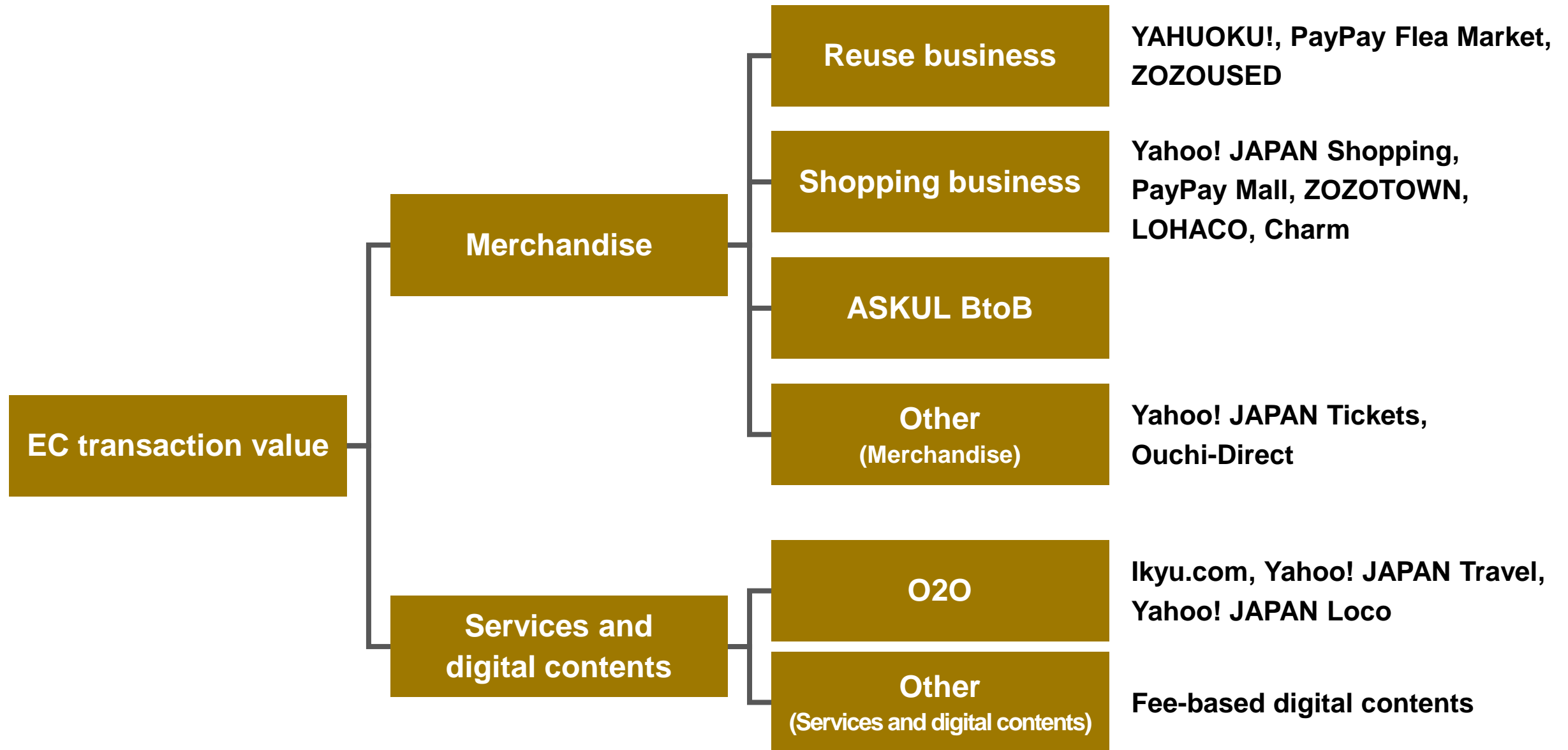


# Business segment breakdown

Commerce Business	Advertising	Display advertising (Programmatic, reservation), ZOZO
	Business Services (For corporations)	ASKUL, ZOZO, Affiliate-related services, Reservation-related services, Corporate system-use fees of YAHUOKU!, Payment-related services, Banking-related services, Credit card-related services and others, Real estate-related services
	Personal Services (For individuals)	LOHACO, ZOZO, Yahoo! JAPAN Premium, Personal system-use fees of YAHUOKU!, PayPay Flea Market sales commission, Credit card-related services, Pet supplies-related services, Telecommunications carrier-related services, Banking-related services, E-book-related services, FX-related services, Payment-related services
	Others	Banking-related services
Media Business	Advertising	Search advertising, Display advertising (Programmatic, reservation)
	Business Services (For corporations)	Media-related services, CRM-related services and others
	Personal Services (For individuals)	Video-related services and others
Others	Advertising	
	Business Services (For corporations)	Utilities payment-related services and others
	Personal Services (For individuals)	Yahoo! JAPAN Mail, Utilities payment-related services and others

Note: The contracts of business services are concluded with corporations; the contracts of personal services are concluded with individual users.  
The same product may be classified in different segments depending on the contractor.

# Definition of EC transaction value



# Advertising products

Advertising Products		Main Format	Fee Calculation	Placement Pages	Type of Advertiser	
Search advertising	Yahoo! JAPAN Ads “Search advertising”		Text	Search results pages	Major corporations/SMEs	
	Display advertising	Programmatic advertising	Text Banner	Cost per-click		Top page Interior pages of service sites
Video			Cost per-view		Partner sites	
Shopping ads (Programmatic-based)			Text banner	Cost per-conversion	Yahoo! JAPAN Shopping PayPay Mall	Tenants of Yahoo! JAPAN Shopping, PayPay Mall
Reservation advertising		Yahoo! JAPAN Ads “Display ads” (Reservation-based)	Rich (incl. video) Banner	Cost per-impression (Reservation-based)	Top page Interior pages of service sites	Major corporations
			Text Banner	Cost per-guaranteed period, etc. (Reservation-based)	Yahoo! JAPAN Shopping PayPay Mall	Tenants of Yahoo! JAPAN Shopping, PayPay Mall
		Shopping ads (Reservation-based)	Text banner	Cost per-guaranteed period, etc.		

# Z Holdings - Service map

### Media

- Y! TOP page
- Weather/Disaster
- News
- Finance
- Knowledge search
- Sportsnavi (Sports news site)
- GYAO! (Video streaming)
- Retty (Restaurant information)
- kurashiru (Recipe video service)
- mybest mybest (Comparison of products/services)

### Local Information

- Transit information
- Map
- Car navigation

### Search

- Search
- Real-time search
- Beauty
- Vocal assistant
- Job search

### Commerce

- Shopping
- Auction
- PayPay Mall
- PayPay Flea Market
- ZOZO (Fashion online shopping)
- ASKUL (B to B EC)
- LOHACO (B to C EC)

### Digital Contents

- Fortune telling
- Game
- ebookjapan (Digital books)

### O2O

- Real estate
- Travel booking
- Loco
- Ikyu.com (Hotel)
- Ikyu.com (Restaurant)

### Finance/Payment/Fintech

- Credit card
- Online wallet
- PayPay (Smartphone payment)
- Blockchain
- YJFX! YJFX (FOREX)
- ジャパンネット銀行 The Japan Net Bank (Internet banking)

### For Corporations

- YAHOO! JAPAN Marketing Solutions
- Research
- Crowdsourcing

### Data/AI

- DATA SOLUTION

### PIM

- e-Mail
- Calendar

### CSR

- Kids
- Internet fund raising

Z HOLDINGS Customer Base

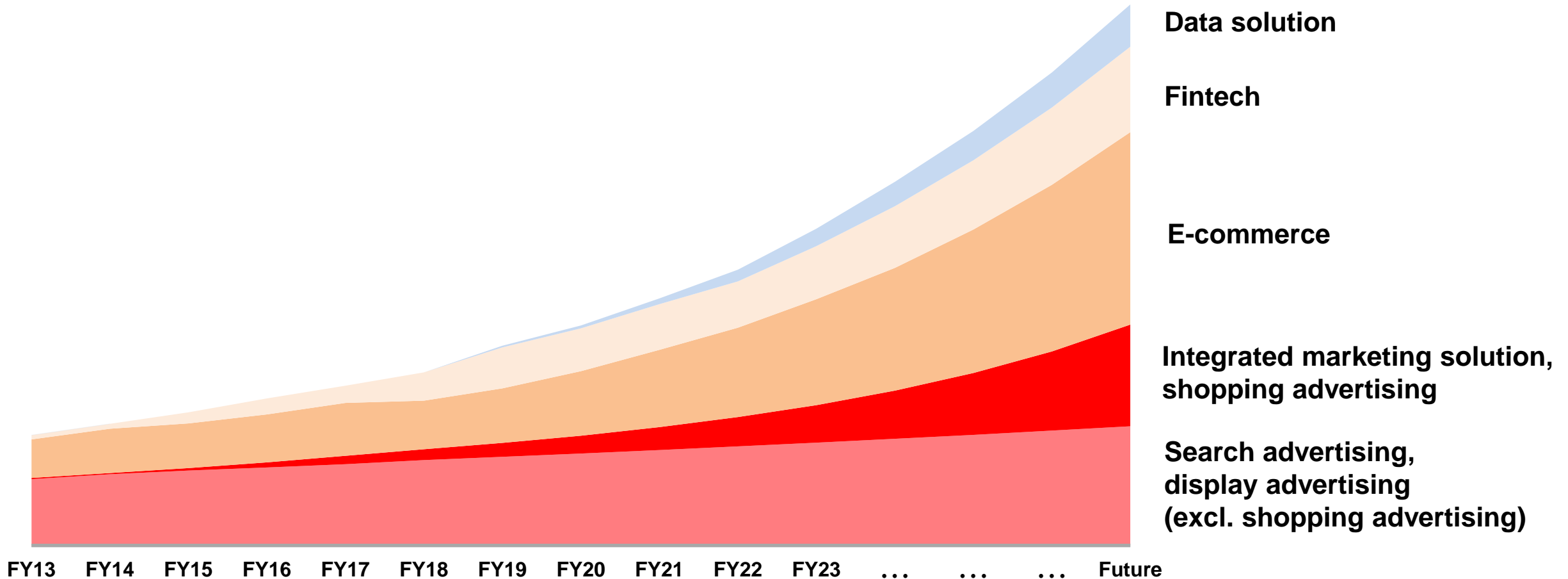
No. of users: Approx. 80 mil\*

\* Annual logged-in user IDs



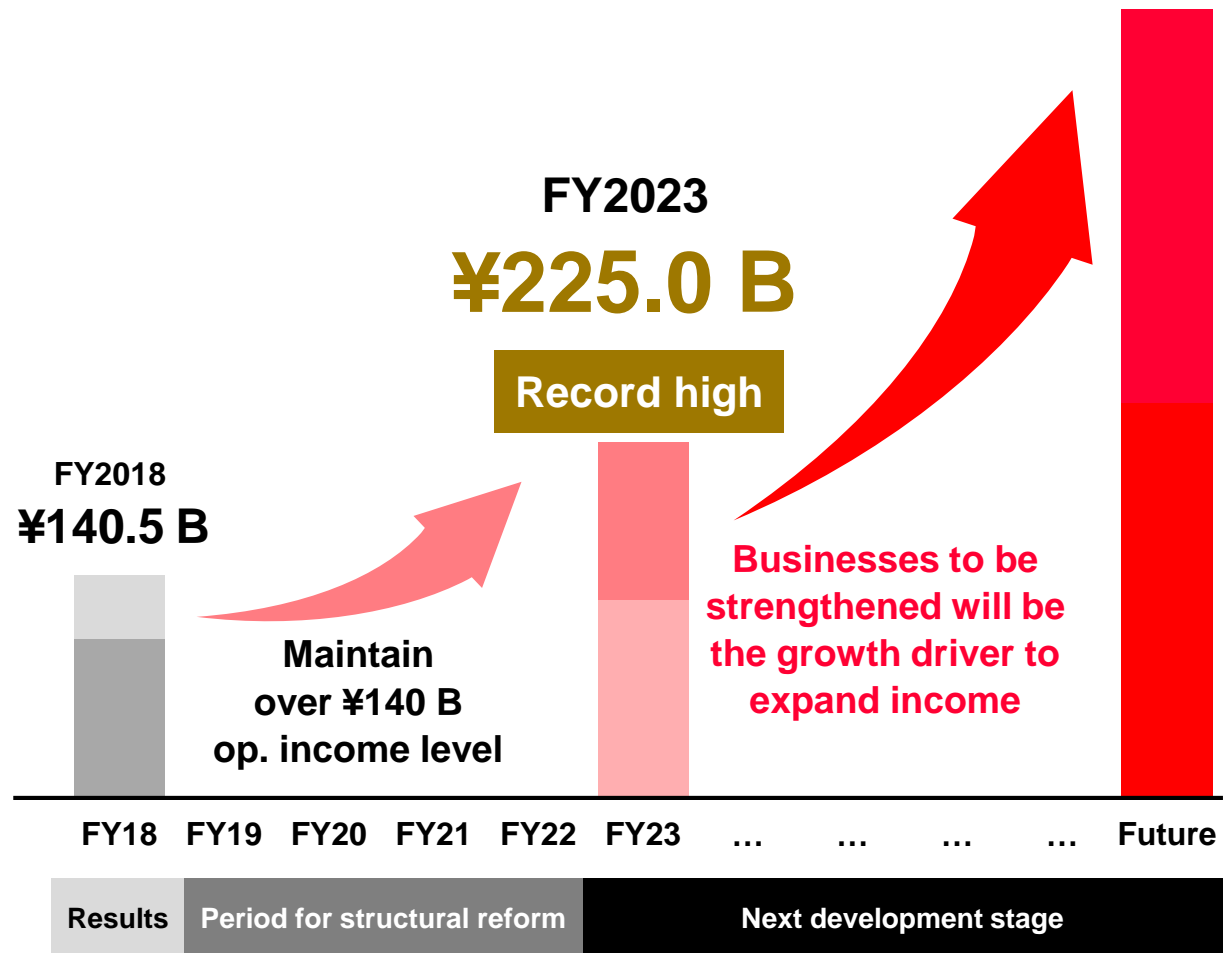
Image of our long-term revenue composition

**Will continue to grow while drastically changing our revenue composition to meet the changes in the business environment**



# Operating income – Long-term outlook

- Businesses to be strengthened (Shopping advertising, Integrated marketing solution, Financial & Payment, Membership, Reuse business)
- Advertising income – base (Search advertising, display advertising)



Note: Other business and adjustments are prorated to businesses to be strengthened and advertising income (base), according to their composition ratio.

- FY2022

**Invest in measures to expand users and EC transaction value, and start up new businesses, etc. to achieve:**

▶ Double-digit revenue growth

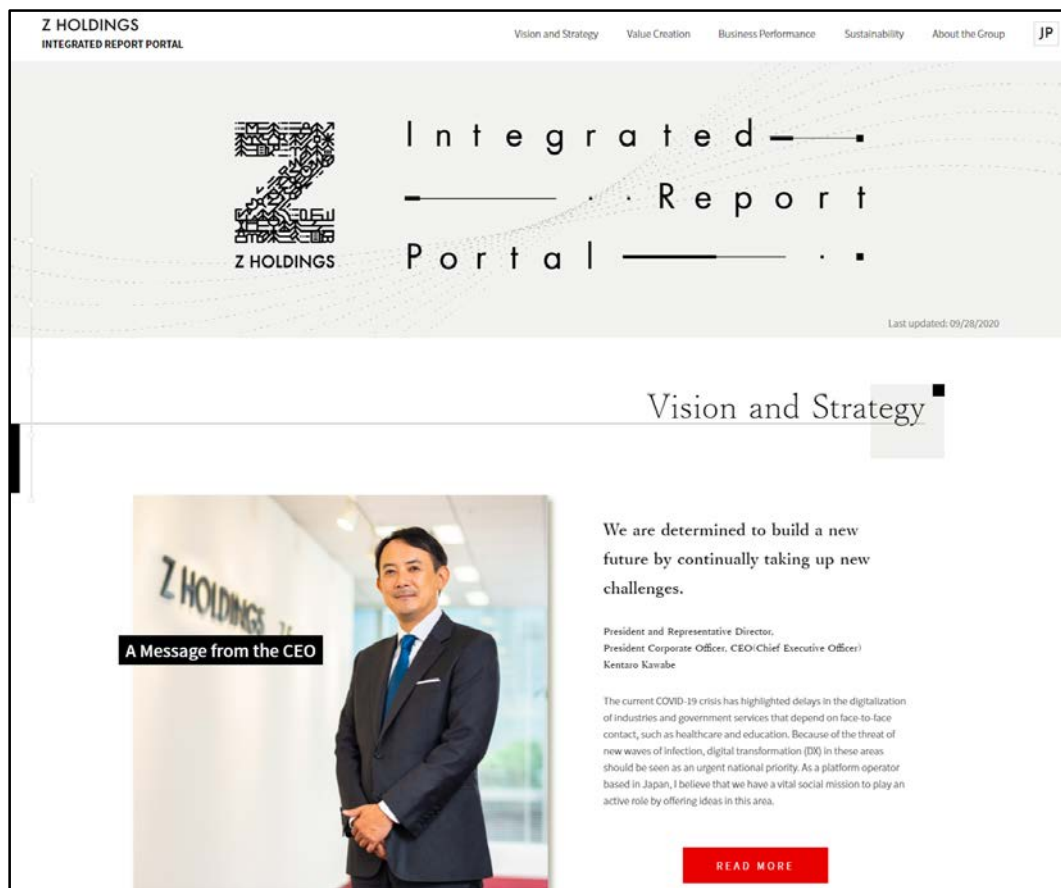
FY2023 - Future

**Monetize increasingly activated users' economic actions to:**

▶ Bring income to an expansionary phase

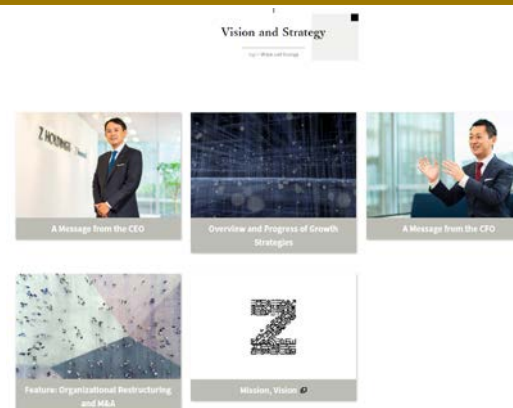
# Released “Integrated Report Portal”

## Financial/non-financial information useful for investment decisions will be updated at a suitable timing

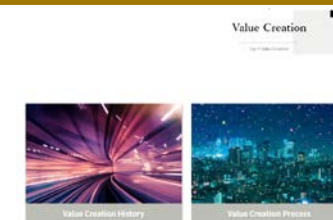


URL: (English) <https://www.z-holdings.co.jp/integrated-report/en/>  
(Japanese) <https://www.z-holdings.co.jp/integrated-report/>

### Vision and Strategy



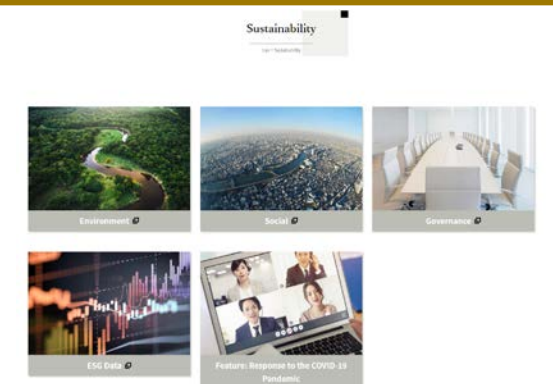
### Value Creation



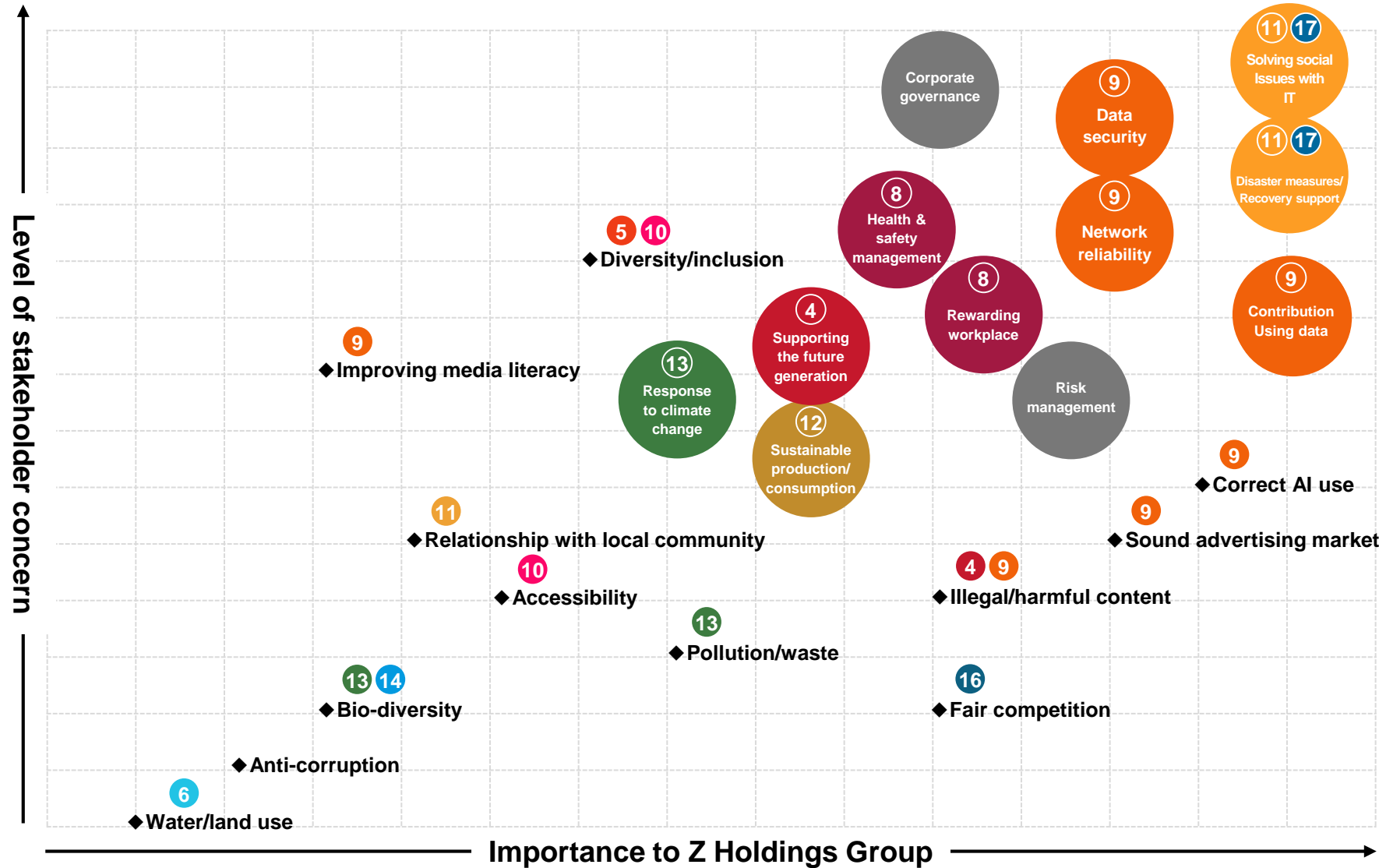
### Business Performance



### Sustainability



# Materiality matrix for Z Holdings Group

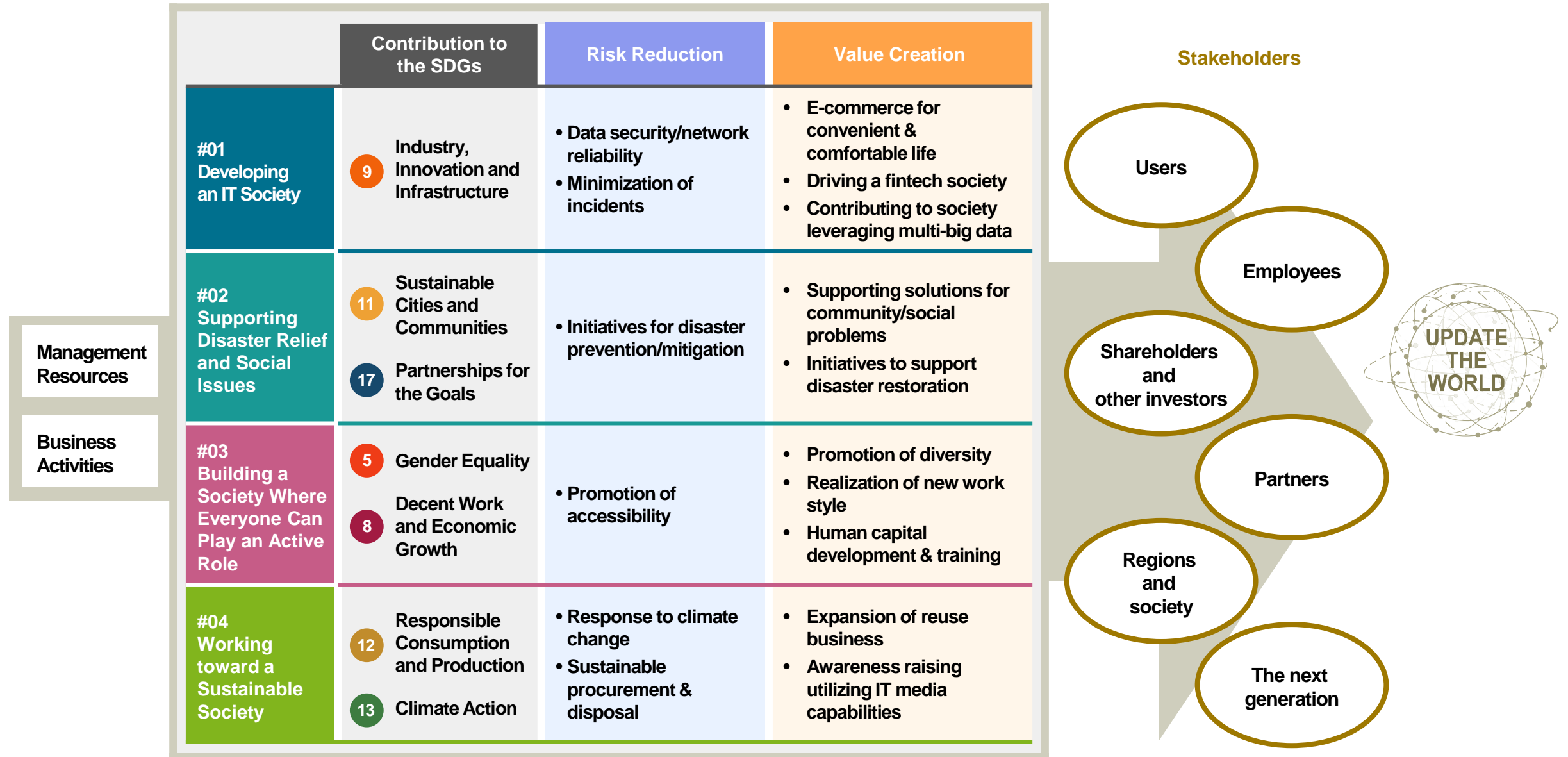


The numbers and colors in the matrix coincide with the SDG icons.

- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities and Communities
- 12 Responsible Production and Consumption
- 13 Climate Action
- 14 Life Below Water
- 16 Peace, Justice and Strong Institutions
- 17 Partnerships for the Goals

Note: Big circles are especially important to the stakeholders and the Z Holdings Group, and need to be dealt with focus.

# Overall picture of CSR, Materiality, and our four UPDATES



Note: The numbers and colors in the picture coincide with the 17 SDG icons.

## Disclaimer

Statements made at the meeting or included in the documents that are not historical facts are forward-looking statements about the future performance of Z Holdings Corporation (Company, Z Holdings, ZHD) and its consolidated subsidiaries and affiliates.

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.

# Z HOLDINGS

**Unleashing the infinite potential of all people,  
with the power of information technology**