

# **Z Holdings Corporation Business Results**

## **FY2020 Q3 (October – December)**

**February 3, 2021**

**Z HOLDINGS**

## FY2020 Q3 Financial Results – Topics

In Q4, we will make increasingly aggressive investments mainly in e-commerce and payment businesses.

Full year outlook: **Revenue JPY1.14 T (YoY+8.3%); op. income JPY160 B (YoY+5.1%)**

Q3 Financial  
results

**Revenue YoY +14.9%; operating income YoY -8.1%**

- Revenue increased in line with increase in transaction value of Commerce business
- Op. income decreased due to aggressive investments and retirement loss from renewal of existing system in credit card business, etc.
- Shopping business transaction value **YoY +33.7%** due to events held, e.g. “Cho PayPay Matsuri” (Super PayPay Festival)
- Total advertising revenue **YoY +6.7%** due to increased demand in programmatic advertising, etc.

Business  
topics

**1 | FY2020 Q3 Financial Results**

**2 | Results by Business Segments/Topics**

**3 | Business Integration with LINE**

# **Consolidated Results**

# FY2020 Q3 Consolidated income statement

Item	FY2019 Q3	FY2020 Q3	YoY
<b>Revenue</b>	<b>275.4 (¥B)</b>	<b>316.5 (¥B)</b>	<b>+14.9%</b>
<b>Operating income</b>	<b>47.8 (¥B)</b>	<b>43.9 (¥B)</b>	<b>-8.1%</b>
<b>EBITDA</b>	<b>70.1 (¥B)</b>	<b>79.5 (¥B)</b>	<b>+13.4%</b>
<b>Equity in earnings of associates and joint venture<sup>*1</sup></b>	<b>-6.2 (¥B)</b>	<b>-2.7 (¥B)</b>	<b>N.A.</b>
<b>Net income attributable to owners of the parent</b>	<b>23.8 (¥B)</b>	<b>21.0 (¥B)</b>	<b>-11.9%</b>
<b>Diluted EPS</b>	<b>¥5.01</b>	<b>¥4.41</b>	<b>-11.9%</b>
<b>Net leverage ratio<sup>*2</sup></b>	<b>2.56 X</b>	<b>2.08 X</b>	<b>N.A.</b>

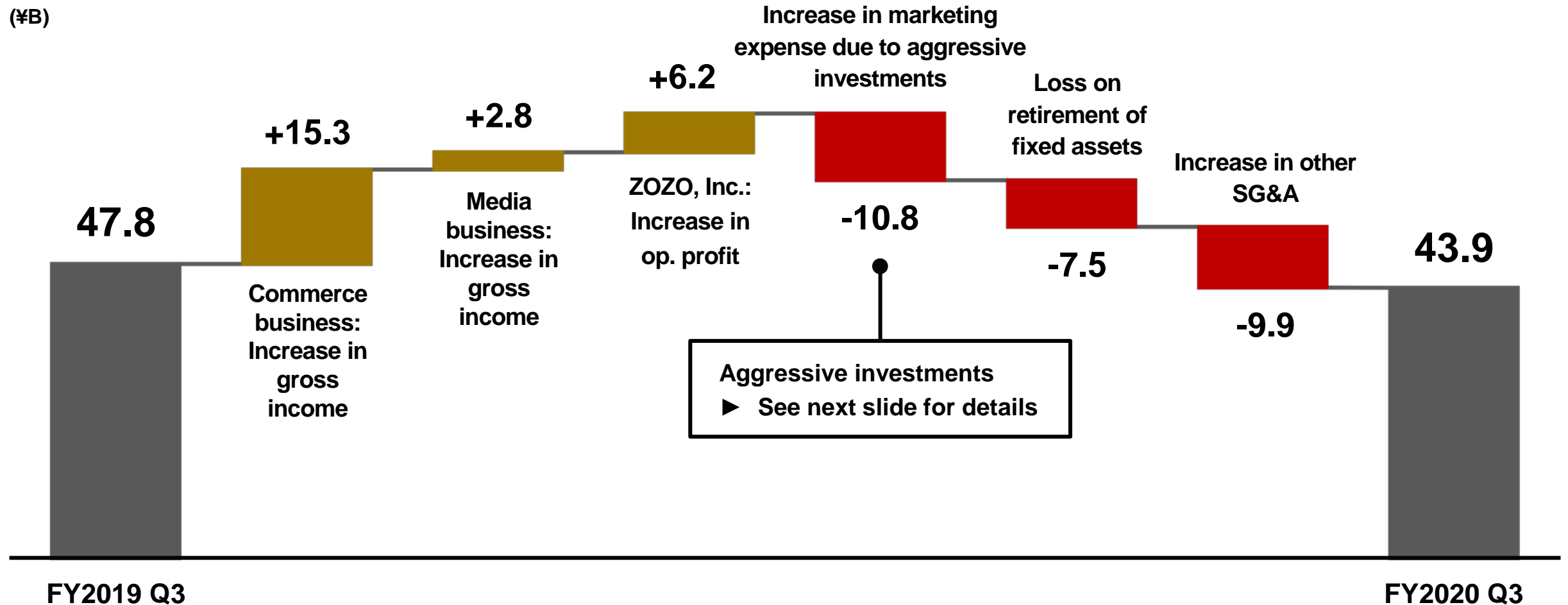
\*1 Mainly due to PayPay Corporation.

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

# FY2020 Q3 Factors of change in operating income

**Decreased due to aggressive investments, retirement loss from the system renewal in the credit card business, etc.**

(¥B)



# FY2020 H2 Status & outlook of aggressive investments

## Taking a more aggressive stance in Q4, capture growth opportunities mainly in Commerce business

		Q3		Q4	
Field	Sales activity cost* (YoY/¥B)	Details of investment/Investment effect		Sales activity cost* (YoY/¥B)	Investment plan
<b>Total</b>	<b>+10.8</b>			<b>Around +21.0</b>	
<b>EC (Merchandise)</b>	<b>+ 7.3</b>	<ul style="list-style-type: none"> <li>• Sales promotional measures (e.g. “Cho PayPay Matsuri”)                             <ul style="list-style-type: none"> <li>▶ Shopping business transaction value YoY+33.7%</li> <li>▶ Reuse business transaction value YoY+7.4% (First high-single digit growth in 18 quarters)</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>• Large-scale campaign to be held within this fiscal year</li> <li>• Logistics campaign for stores</li> <li>• Other sales promotional measures to increase transaction value, etc.</li> </ul>
<b>Credit card</b>	<b>+ 0.4</b>	<ul style="list-style-type: none"> <li>• Restrained cost for planned launches of new services/functions</li> </ul>			<ul style="list-style-type: none"> <li>• Sales promotional measures to increase membership for new services/functions, etc.</li> </ul>
<b>Other (O2O, Membership, Finance)</b>	<b>+ 2.4</b>	<ul style="list-style-type: none"> <li>• Sales promotional measures for new customer acquisition, etc.                             <ul style="list-style-type: none"> <li>▶ Services transaction value YoY+101.9%</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>• Sales promotional measures to increase bank accounts</li> <li>• Branding measures for LINE integration, etc.</li> </ul>
<b>Media/Search</b>	<b>+ 0.8</b>	<ul style="list-style-type: none"> <li>• Measures to promote app installations, etc.                             <ul style="list-style-type: none"> <li>▶ Total advertising revenue YoY+6.7%</li> </ul> </li> </ul>			<ul style="list-style-type: none"> <li>• Measures to expand integrated marketing solution</li> <li>• Measures to promote app installations, etc.</li> </ul>

\* Total expenditures for sales promotional activities (costs for sales promotion, advertising, and point provision).

# Aim for full year operating income of JPY160 B

FY2020 full year guidance

**No change in guidance**

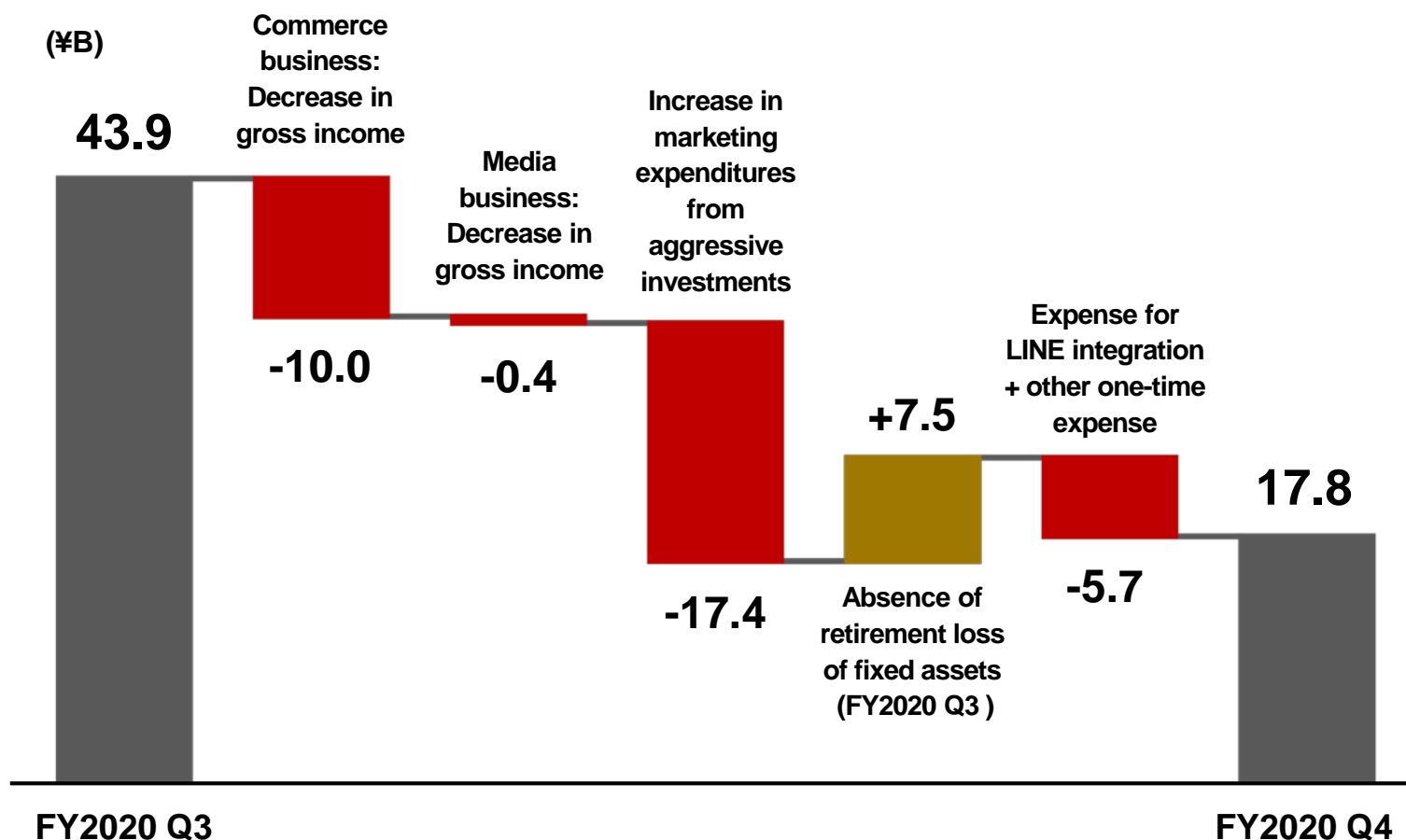
Revenue

**JPY1.14 T**  
(YoY +8.3%)

Operating income

**JPY160.0 B**  
(YoY +5.1%)

FY2020 Q4 Op. income outlook (QoQ)





# **Results by Business Segments/Topics**

# **| Commerce Business**

# FY2020 Q3 Commerce business transaction value – Results

Item	Q3 Actual results (¥B)	YoY	Major measures/Factors of change
<b>EC transaction value</b>	<b>918.2</b>	<b>+33.0%</b>	
<b>Merchandise</b>	<b>697.8</b>	<b>+20.7%</b>	
Shopping business	394.7	+33.7%	<ul style="list-style-type: none"> <li>Strengthened sales promotional activities (e.g. "Cho PayPay Matsuri")</li> <li>Impact of consolidating ZOZO, Inc.</li> </ul>
Reuse business	219.2	+7.4%	<ul style="list-style-type: none"> <li>Steady increase in no. of users, spending per buyer especially in YAHUOKU! (auction) due to "Cho PayPay Matsuri" and year-end sales promotions</li> <li>Use increased during New Year's holiday from cocooning consumption</li> </ul>
Services *1	211.1	+101.9%	<ul style="list-style-type: none"> <li>Impact of "Go To" *3 campaigns</li> </ul>
Digital content *2	9.2	+20.2%	<ul style="list-style-type: none"> <li>Growth in the transaction value of ebookjapan (e-books), due to "Cho PayPay Matsuri", etc.</li> </ul>
<b>Credit card</b>	<b>657.1</b>	<b>+15.6%</b>	<ul style="list-style-type: none"> <li>Restrained cost for planned launches of new services/functions</li> <li>Offline use decreased due to restraint from going out (decreased due to lower consumption from COVID-19)</li> </ul>

\*1 Includes transaction values of Yahoo! JAPAN Loco, Yahoo! JAPAN Travel, Ikyu Corporation, and PassMarket. Formerly announced as "Services and Digital Content (O2O Business)."

\*2 Transaction value of paid digital content. Formerly announced as "Services and Digital Content (Other (Services and Digital Content))." Digital content business has been transferred to Media business from FY2020 Q3.

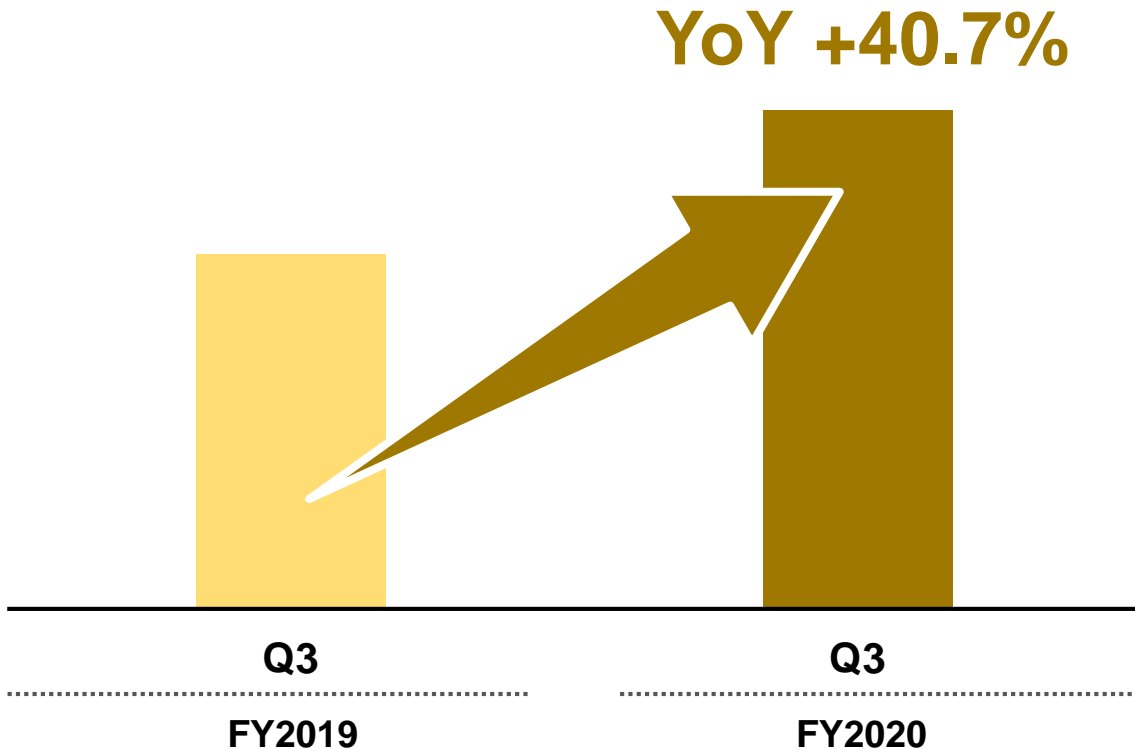
\*3 Japanese government's campaigns to revitalize industries hit by COVID-19 (tourism and dining).



**YAHOO!**  
**JAPAN**

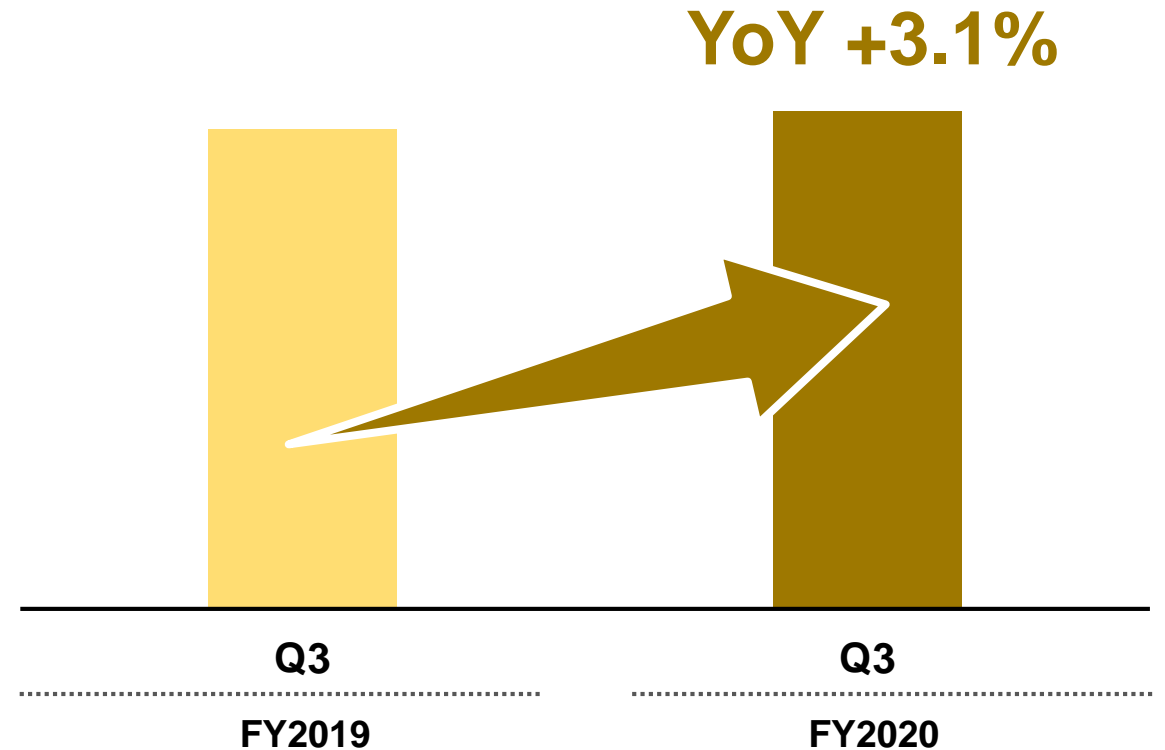
# Yahoo! JAPAN Shopping, PayPay Mall – Status

## Steady increase in no. of new buyers and average spending per buyer as a result of investments

  New buyers\*



  Ave. spending per buyer (new & existing buyers)

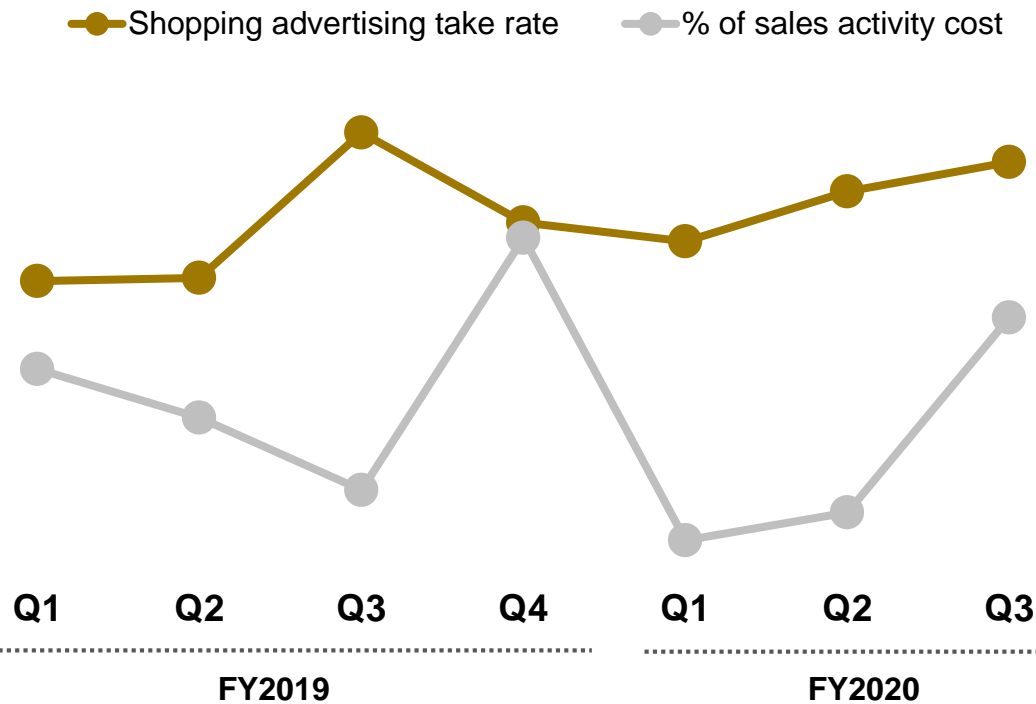


\* Users who have no purchase history in Yahoo! JAPAN Shopping and PayPay Mall in the last 12 months.

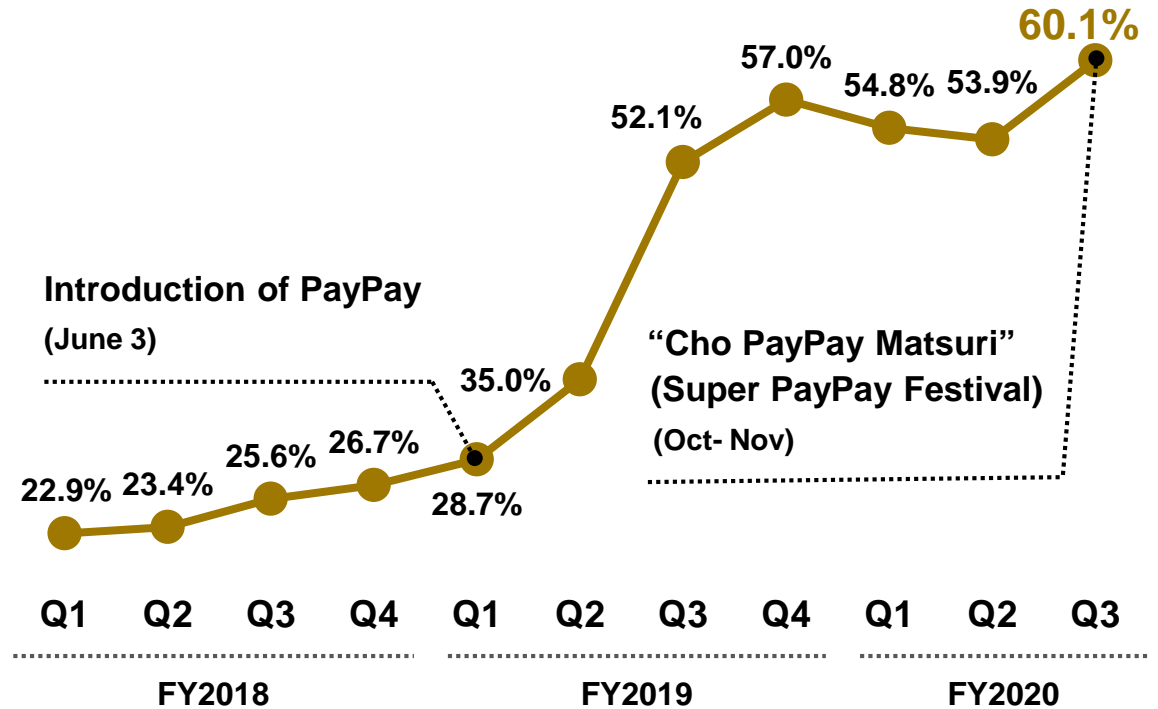
# Yahoo! JAPAN Shopping, PayPay Mall – Status

## In-house payment ratio reached the highest with disciplined investments

  Shopping advertising take rate\*<sup>1</sup> & Ratio of sales activity cost\*<sup>2</sup>



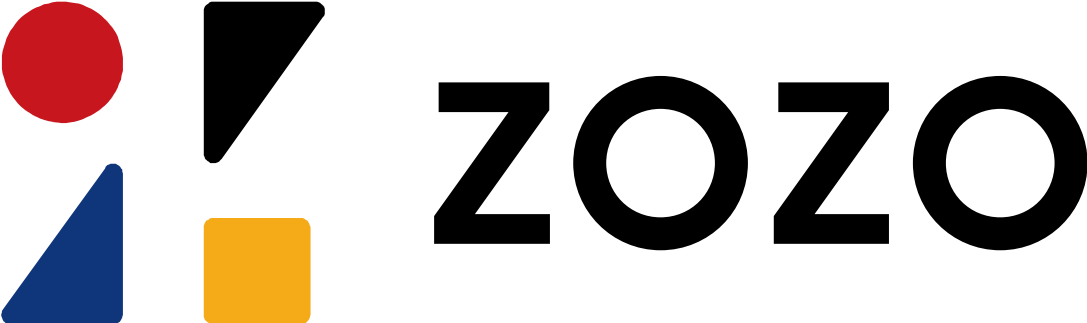
  In-house payment ratio\*<sup>3</sup>



\*1 Shopping-related advertising revenue / Total transaction value of Yahoo! JAPAN Shopping and PayPay Mall.

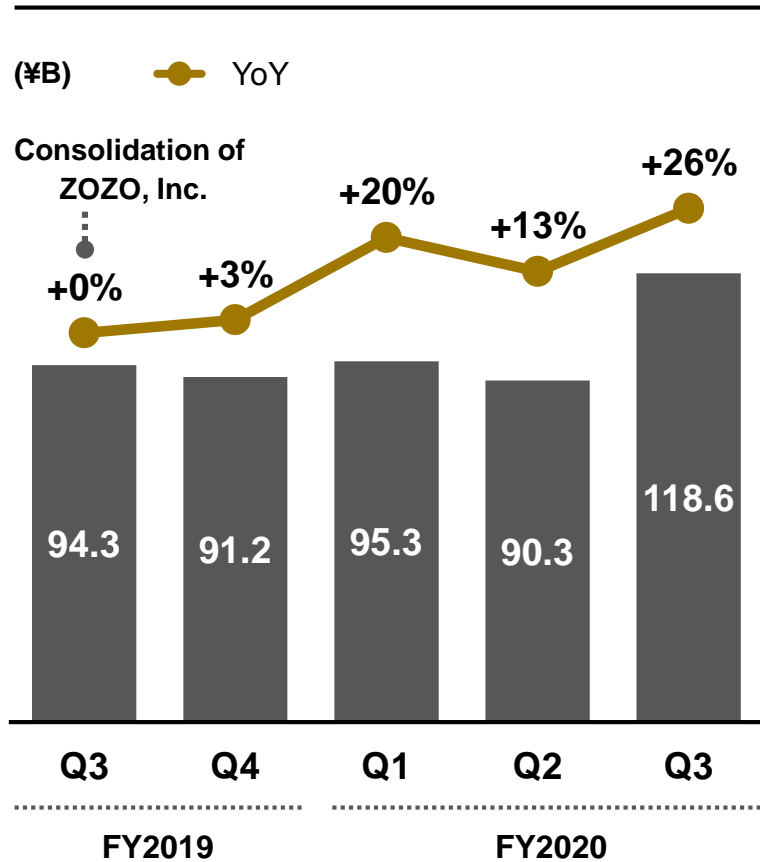
\*2 Point-reward expenses, expense for PayPay Bonus, sales promotion cost and advertising cost related to Yahoo! JAPAN Shopping and PayPay Mall / Total transaction value of Yahoo! JAPAN Shopping and PayPay Mall.

\*3 Ratio of in-house payment methods used (e.g. Yahoo! JAPAN Card, PayPay, PayPay Bonus) out of amount of payments made in Yahoo! JAPAN Shopping and PayPay Mall.

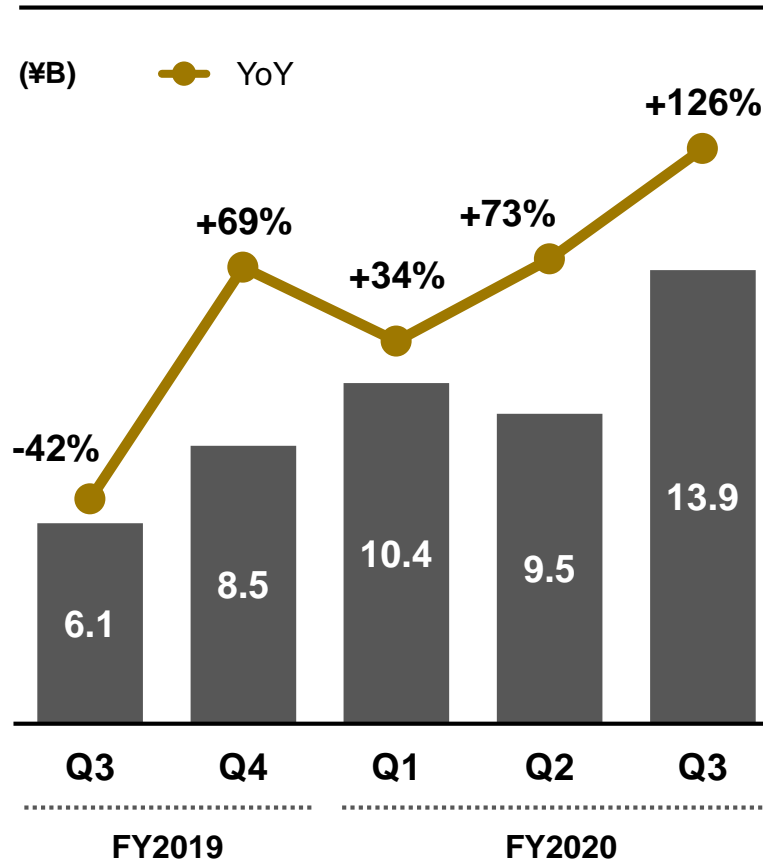


# Growth accelerating after joining ZHD Group

GMV\*1



Operating profit\*2



New service: Technology × Fashion

**ZOZOCOSME**

To be launched on  
March 18, 2021 (plan)



- ▶ Face measurement
- ▶ Personal color analysis based on measurement of skin color
- ▶ Function that assists purchase of makeup foundation

Further reach out to Generation Z & Millennials\*3  
(ZOZO's strength)

\*1 Gross merchandise value of e-commerce operated by ZOZO, Inc. (including PayPay Mall ZOZOTOWN Store).

\*2 Consolidated business result of ZOZO, Inc. (JGAAP)

\*3 Generation Z (ages 16-24); Millennials (ages 28-38).



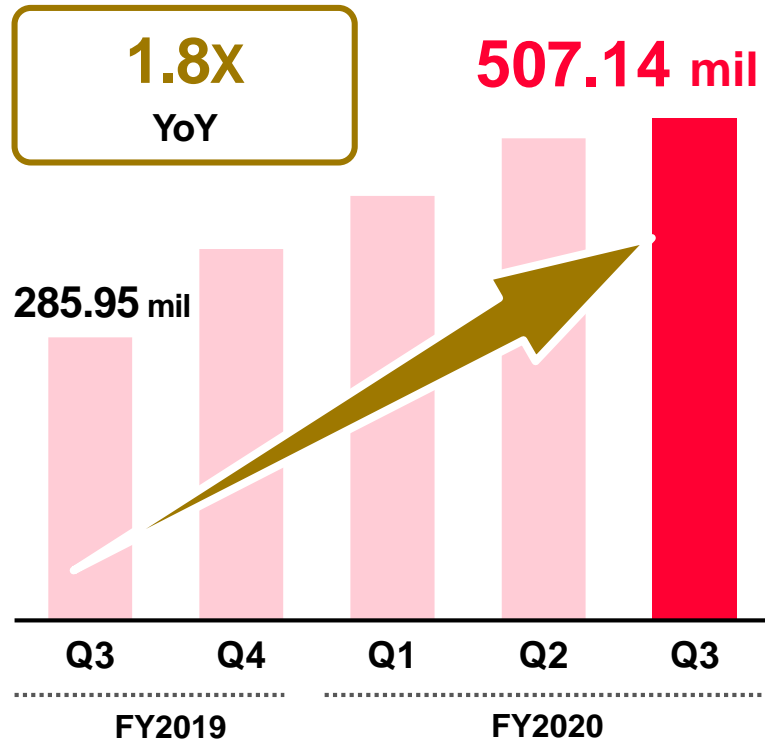


PayPay

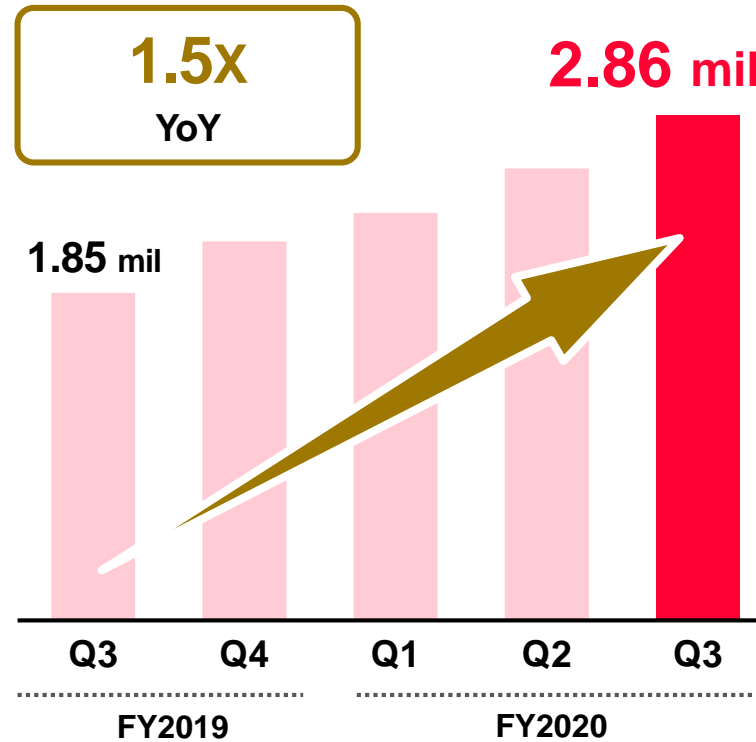
Z financial

# Steady expansion in user base and no. of merchants

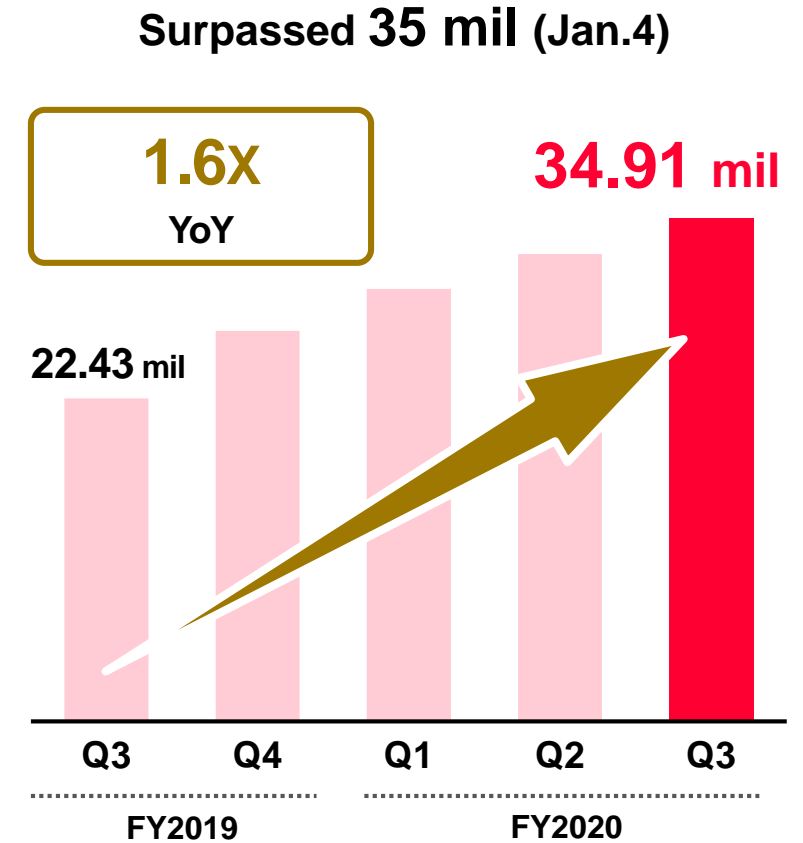
**No. of PayPay payments**  
(quarter)



**No. of merchants\***  
(quarter-end)



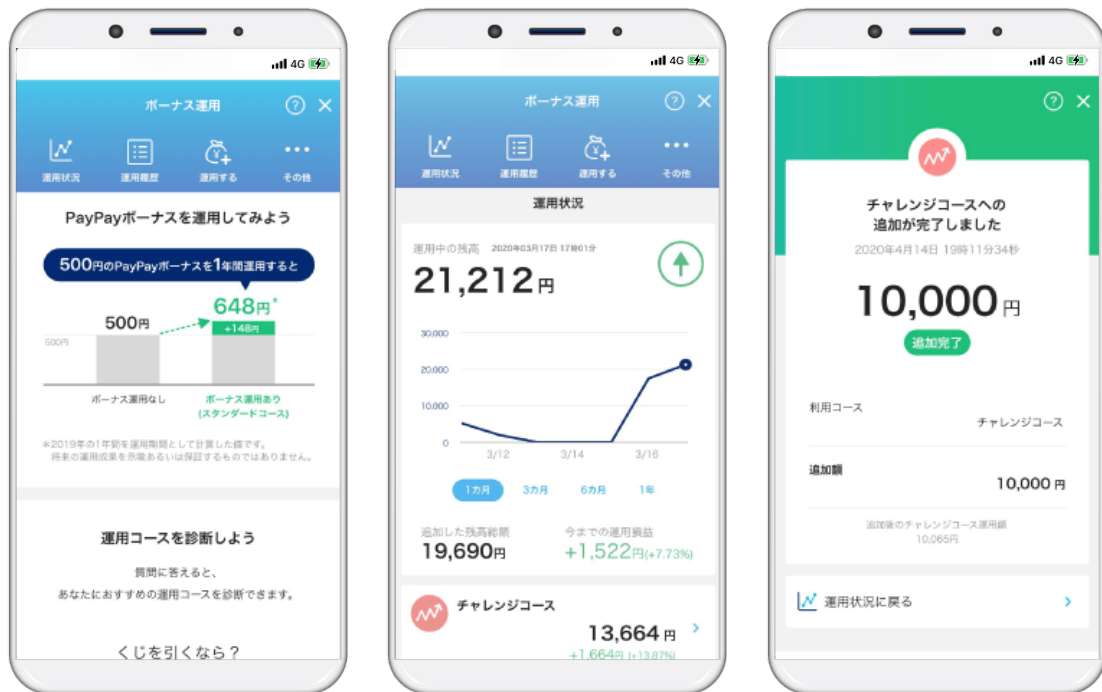
**No. of registered users**  
(quarter-end)



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

# PayPay Securities (former One Tap BUY \*Changed name on February 1)

## Will further expand financial services under PayPay brand



New account opening campaign underway



Planning to expand new services with a focus on investment trusts (e.g. long-term, diversified, regular investments)

PayPay mini app “Earn Bonus”

Cumulative users exceeded **1.9** mil

# **| Media Business**

# FY2020 Q3 Total advertising revenue – Results

Item	Q3 Actual results (¥B)	YoY	Major measures/Factors of change
<b>Total advertising revenue</b>	<b>93.4</b>	<b>+6.7%</b>	
<b>Search advertising</b>	<b>42.6</b>	<b>-2.8%</b>	<ul style="list-style-type: none"> <li>• Demand recovered in some industries (general online retailing/real estate/automotive)</li> <li>• Demand continued to decrease in some industries (travel/job/finance) due to COVID-19               <ul style="list-style-type: none"> <li>- Travel: Temporarily recovered due to “Go To Travel” campaign, but decelerating again due to suspension of the campaign and the 3<sup>rd</sup> wave of COVID-19</li> </ul> </li> </ul>
<b>Display advertising</b>	<b>50.8</b>	<b>+16.1%</b>	
<b>Programmatic advertising (YDN, shopping ads, etc.)</b>	<b>43.0</b>	<b>+21.1%</b>	<p>[Media]</p> <ul style="list-style-type: none"> <li>• Increase in traffic in media services due to COVID-19</li> <li>• Uplifting effect due to improvements in multiple products</li> </ul> <p>[Shopping]</p> <ul style="list-style-type: none"> <li>• Increase in Shopping-related advertising revenue in line with the growth in the transaction value of shopping business</li> </ul>
<b>Reservation advertising</b>	<b>7.8</b>	<b>-5.2%</b>	<ul style="list-style-type: none"> <li>• Demand recovered from major clients who refrained from placing ads due to COVID-19</li> <li>• Effective seasonal promotions (e.g. “Hometown tax donation**”)</li> </ul>

\* A tax reduction given to tax payers who donate to local municipalities.

# **Q4 Outlook by Business Segments**

# FY2020 Q4 Outlook by business segments

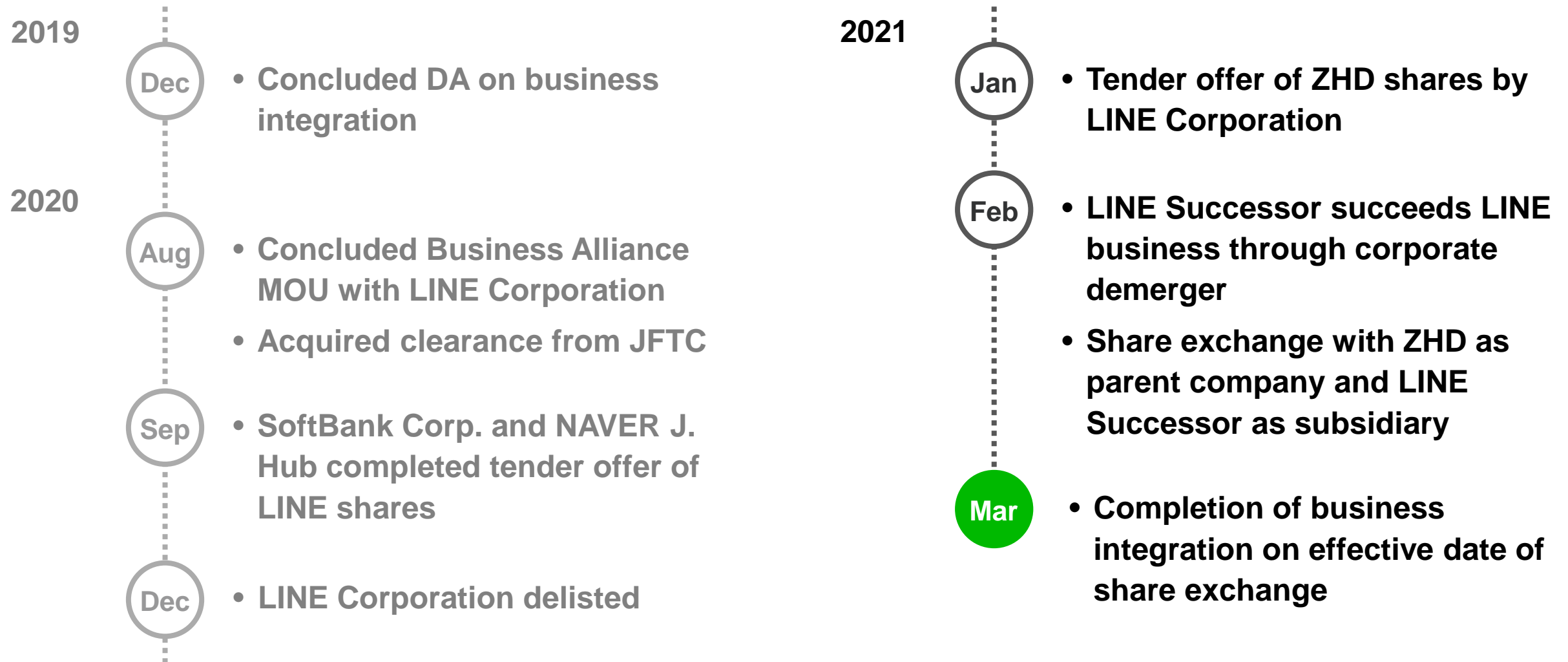
Item	YoY	Major measures/Factors of change
<b>EC transaction value (Merchandise)</b>	<b>Around +10%</b>	
<b>Shopping business</b>	<b>+Mid-20%</b>	<ul style="list-style-type: none"> <li>Strengthen additional sales promotional measures, expand loyalty program “PayPay STEP”</li> <li>Wind down in the effect of consolidating ZOZO, Inc.</li> <li>Wind down in the impact of large-scale campaign held in FY2019 Q4</li> </ul>
<b>Reuse business</b>	<b>+Low-single digit %</b>	<ul style="list-style-type: none"> <li>Strengthen additional sales promotional measures</li> <li>Increase in new sellers expected due to lowered sales commission for PayPay Flea Market (Since January 2021: 10%→5%)</li> </ul>
<b>Total advertising revenue</b>	<b>Almost flat</b>	
<b>Search advertising</b>	<b>-Low-single digit %</b>	<ul style="list-style-type: none"> <li>Impact of COVID-19 will wind down partially, but sluggish demand expected to continue in some industries</li> <li>Wind down in the effect of UI measures conducted in FY2019 Q4</li> </ul>
<b>Display advertising</b>	<b>+Low-single digit %</b>	<p>[Media]</p> <ul style="list-style-type: none"> <li>Uplifting effect due to improvements in multiple products</li> <li>Decrease in ad placement due to COVID-19 (mainly reservation-based ads)</li> <li>Partial absence of fiscal year-end demand seen in FY2019 Q4</li> <li>Decrease in retargeting ads due to iOS14</li> </ul> <p>[Shopping]</p> <ul style="list-style-type: none"> <li>Increase in Shopping-related advertising revenue in line with the growth in the transaction value of shopping business</li> </ul>

# **Business Integration with LINE**



# Business integration with LINE – Status

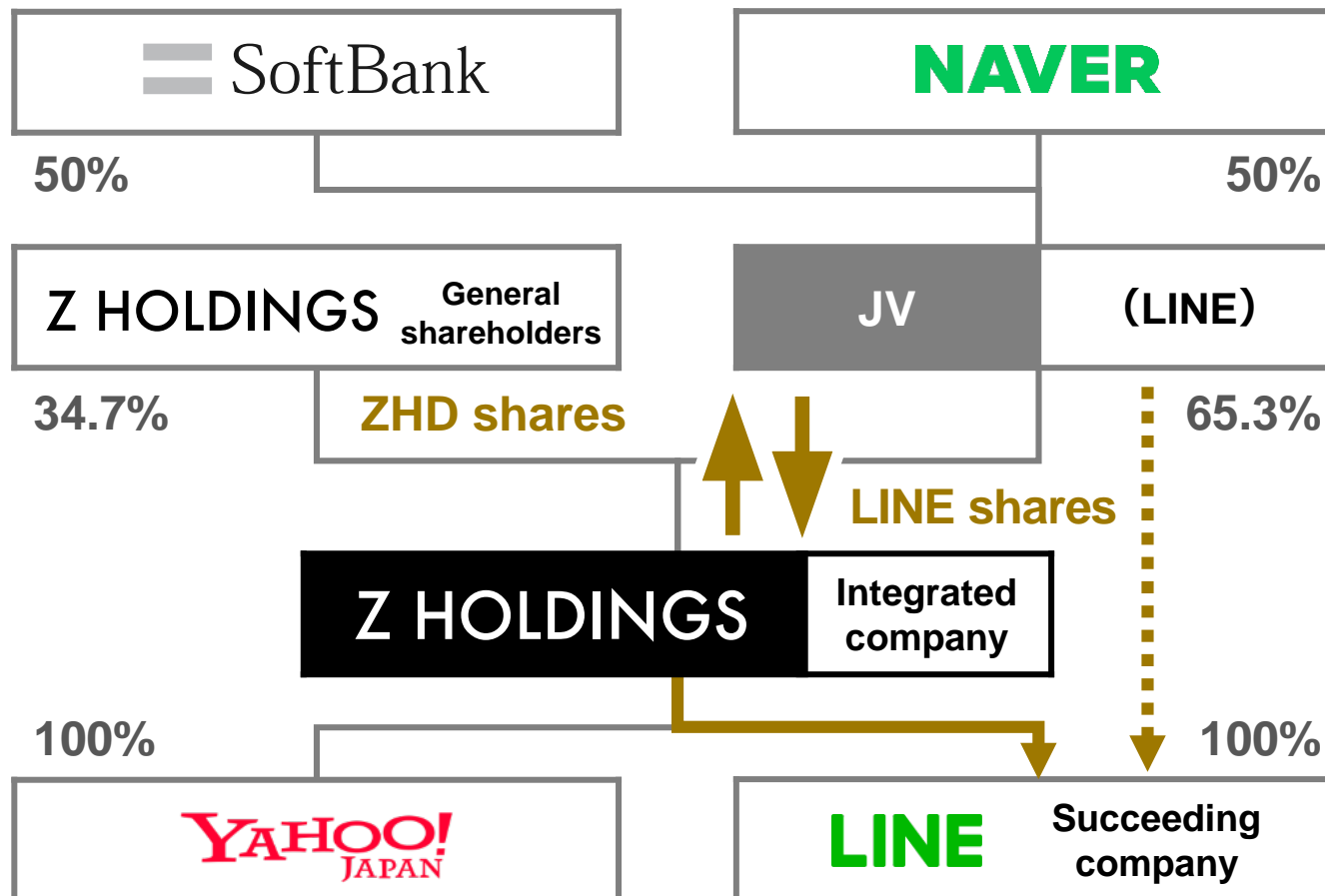
## Working towards completing the integration in March 2021



# Business integration with LINE – Structure

## Transaction scheme & structure remain unchanged

### Post-integration structure through share exchange



### Share exchange ratio

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LINE

1 : 11.75

No. of ZHD shares issued before/after share exchange

4.8 B  
shares

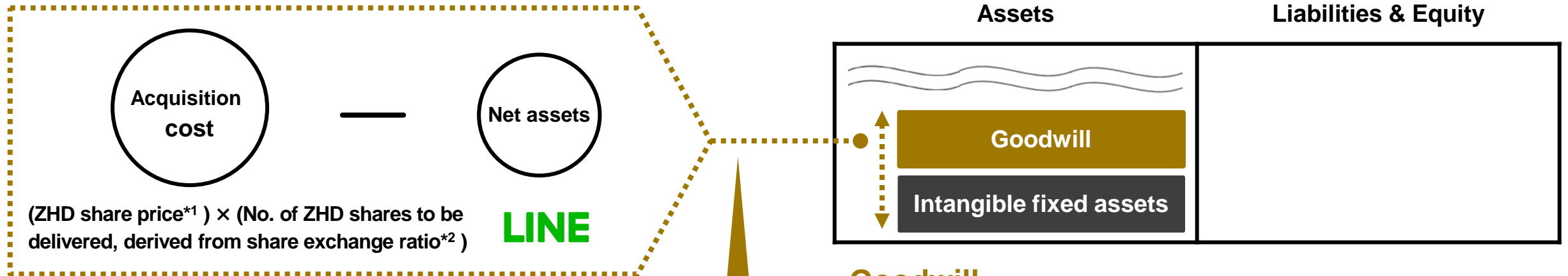


7.7 B  
shares

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

# Business integration with LINE – Recognition of goodwill and PPA

## Goodwill to be recorded will vary depending on the acquisition cost of LINE Successor, etc.



### Goodwill

(No amortization required in IFRS consolidated financial statements)

- ▶ Amount varies by acquisition cost, etc.
- ▶ Impairment test of goodwill will be conducted for each post-integration CGU group, by comparing the book value with the recoverable amount

**PPA** (Amortization required in IFRS consolidated financial statements)

- ▶ No impact of acquisition cost, etc.

\*1 Closing stock price of the business day immediately prior to the effective date of the share exchange, in March 2021.

\*2 Share exchange ratio; ZHD: LINE = 1 : 11.75

# Z HOLDINGS

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

# Appendix

# Factors of change in operating income

Item		Q3 (¥B)	YoY	Major factors of change (¥B)
<b>FY2019 Q3 Results</b>		<b>47.8</b>		
YoY difference	<b>Revenue</b>	<b>+41.1</b>	<b>+14.9%</b>	<ul style="list-style-type: none"> <li>• ZOZO +18.1 (Consolidated from November 2019)</li> <li>• ASKUL Group +9.5</li> <li>• Advertising +3.1</li> <li>• Ikyu +2.3</li> <li>• eBOOK +2.1</li> </ul>
	<b>Cost of sales</b>	<b>+7.1</b>	<b>+6.8%</b>	<ul style="list-style-type: none"> <li>• ASKUL Group +6.0</li> <li>• eBOOK +1.0</li> <li>• Advertising +1.0</li> </ul>
	<b>SG&amp;A</b>	<b>+30.2</b>	<b>+25.0%</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +10.9</li> </ul>
	(Major items) <b>Personnel expenses</b>	<b>+9.6</b>	<b>+35.4%</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +2.3</li> <li>• Increase in employees of Yahoo Japan and non-consolidated ZHD, etc.</li> </ul>
	<b>Sales promotion cost</b>	<b>+9.9</b>	<b>+64.2%</b>	<ul style="list-style-type: none"> <li>• Increase in cost due to growth in transaction value, and sales promotional measures, etc.</li> </ul>
	<b>Depreciation and amortization</b>	<b>+3.4</b>	<b>+15.7%</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +1.7</li> <li>• Increase in software, servers, etc.</li> </ul>
	<b>Shipping cost</b>	<b>+3.6</b>	<b>+38.7%</b>	<ul style="list-style-type: none"> <li>• Increase due to consolidation of ZOZO +3.3</li> </ul>
<b>Other income &amp; expenses</b>	<b>-7.5</b>	<b>-</b>	<ul style="list-style-type: none"> <li>• Retirement loss due to the system renewal in the credit card business, etc.</li> </ul>	
<b>FY2020 Q3 Results</b>		<b>43.9</b>	<b>-8.1%</b>	

# Impact from consolidation of ZOZO (Goodwill, PPA)

Item	Amount (¥B)	Amount amortized (¥B)
<b>Goodwill</b>	<b>212.9</b>	<b>—</b>
<b>PPA</b>	<b>502.1</b>	<b>3.3</b> (FY2020 Q3)



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

\* Indefinite-lived intangibles.

# FY2020 Q3 Statement of financial position

## Consolidated (IFRS)

(¥B)	FY2020 Q2	FY2020 Q3	Difference
<b>Assets</b>	<b>4,112.2</b>	<b>4,299.4</b>	<b>187.2</b>
Cash and cash equivalents	1,067.4	998.4	-68.9
Trade and other receivables	378.4	449.5	71.1
Loans in credit card business	337.7	379.3	41.6
Investment securities in banking business	468.5	484.8	16.3
Property and equipment	129.1	130.4	1.2
Intangible assets	678.4	669.2	-9.1
<b>Liabilities</b>	<b>3,051.6</b>	<b>3,185.2</b>	<b>133.5</b>
Trade and other payables	466.2	511.2	45.0
Customer deposit in banking business	1,091.4	1,169.7	78.2
Interest-bearing liabilities	1,204.6	1,205.4	0.7
<b>Equity</b>	<b>1,060.5</b>	<b>1,114.2</b>	<b>53.6</b>

## The Japan Net Bank, Limited (JGAAP)

(¥B)	FY2020 Q2	FY2020 Q3	Difference
<b>Assets</b>	<b>1,230.2</b>	<b>1,315.1</b>	<b>84.8</b>
Cash and cash equivalents	438.1	396.5	-41.6
Trade and other receivables	21.1	21.5	0.4
Loans in credit card business	—	—	—
Investment securities in banking business	478.5	494.8	16.3
Property and equipment	0.6	0.5	-0
Intangible assets	7.2	7.2	-0
<b>Liabilities</b>	<b>1,173.4</b>	<b>1,257.0</b>	<b>83.5</b>
Trade and other payables	16.0	18.2	2.1
Customer deposit in banking business	1,115.7	1,196.7	81.0
Interest-bearing liabilities	37.0	37.0	—
<b>Equity</b>	<b>56.7</b>	<b>58.0</b>	<b>1.3</b>

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

## YJ Card Corporation (JGAAP)

(¥B)	FY2020 Q2	FY2020 Q3	Difference
<b>Assets</b>	<b>448.4</b>	<b>500.4</b>	<b>52.0</b>
Cash and cash equivalents	20.8	36.5	15.7
Trade and other receivables	15.9	21.5	5.6
Loans in credit card business	333.7	375.9	42.2
Investment securities in banking business	—	—	—
Property and equipment	4.6	4.1	-0.4
Intangible assets	31.9	25.4	-6.4
<b>Liabilities</b>	<b>413.4</b>	<b>470.8</b>	<b>57.3</b>
Trade and other payables	148.7	181.2	32.5
Customer deposit in banking business	—	—	—
Interest-bearing liabilities	253.3	278.5	25.2
<b>Equity</b>	<b>34.9</b>	<b>29.6</b>	<b>-5.2</b>

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

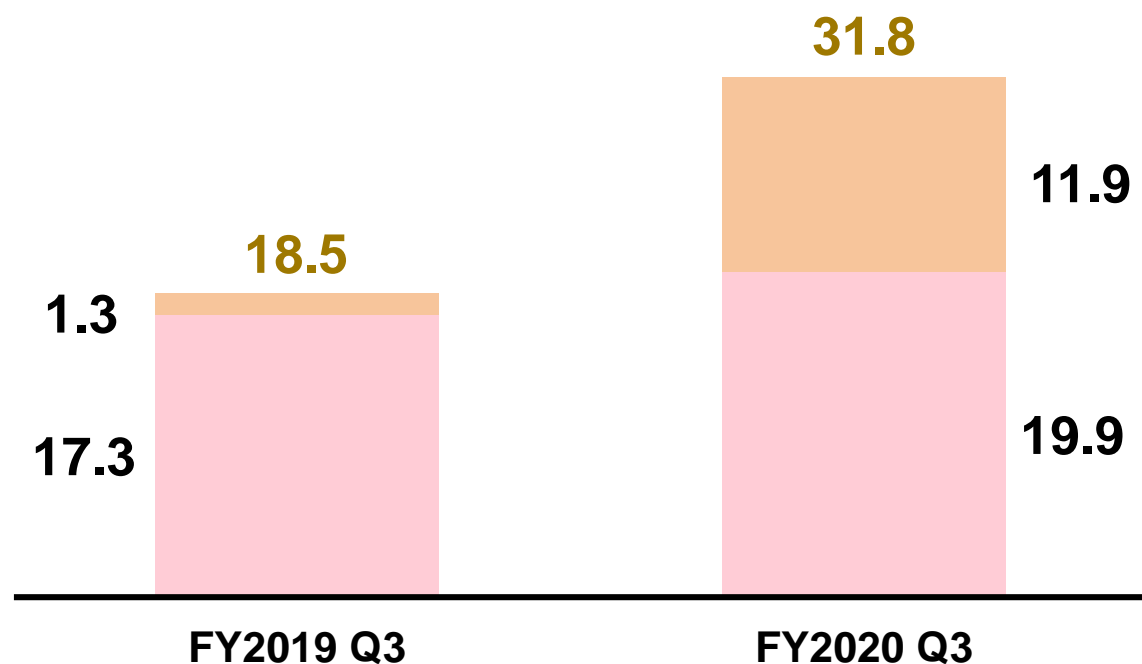


# Financial data

## CAPEX

(¥B)

- Right-of-use assets
- Property & equipment/Intangible assets

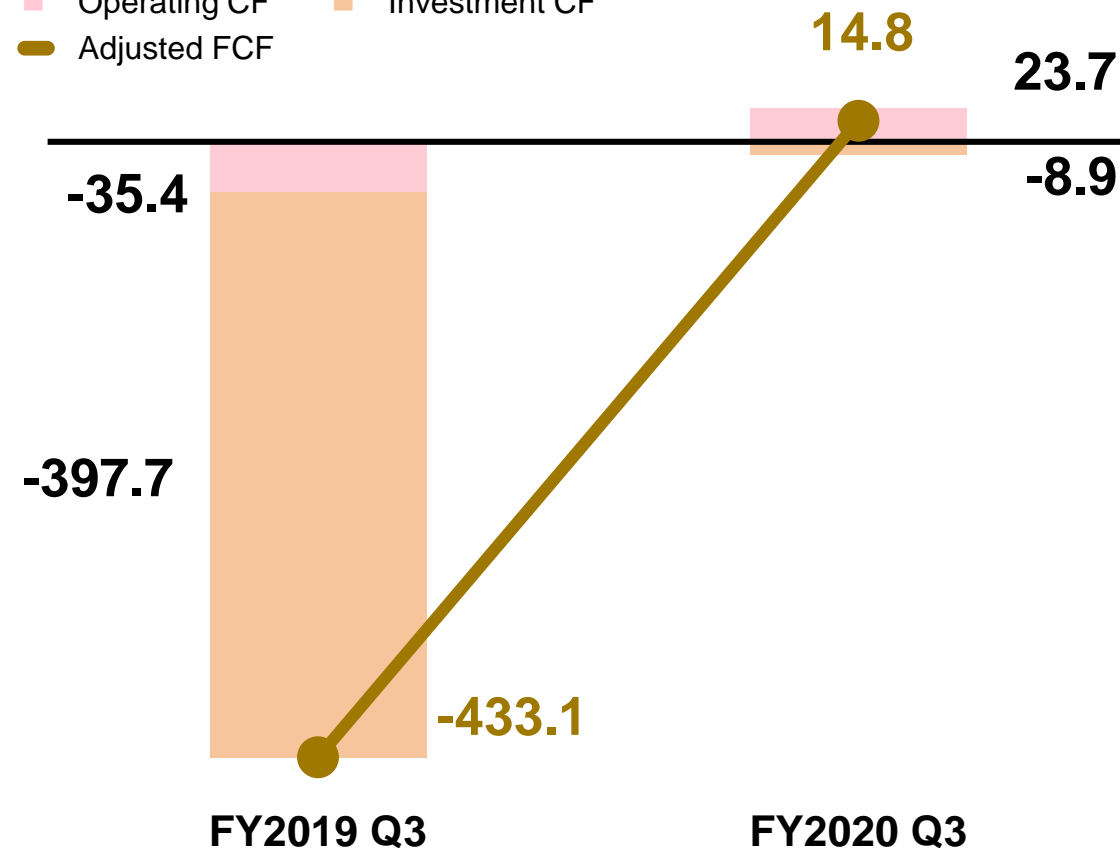


Note: The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

## Adjusted FCF

(¥B)

- Operating CF
- Investment CF
- Adjusted FCF



Note: Excludes banking business.

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

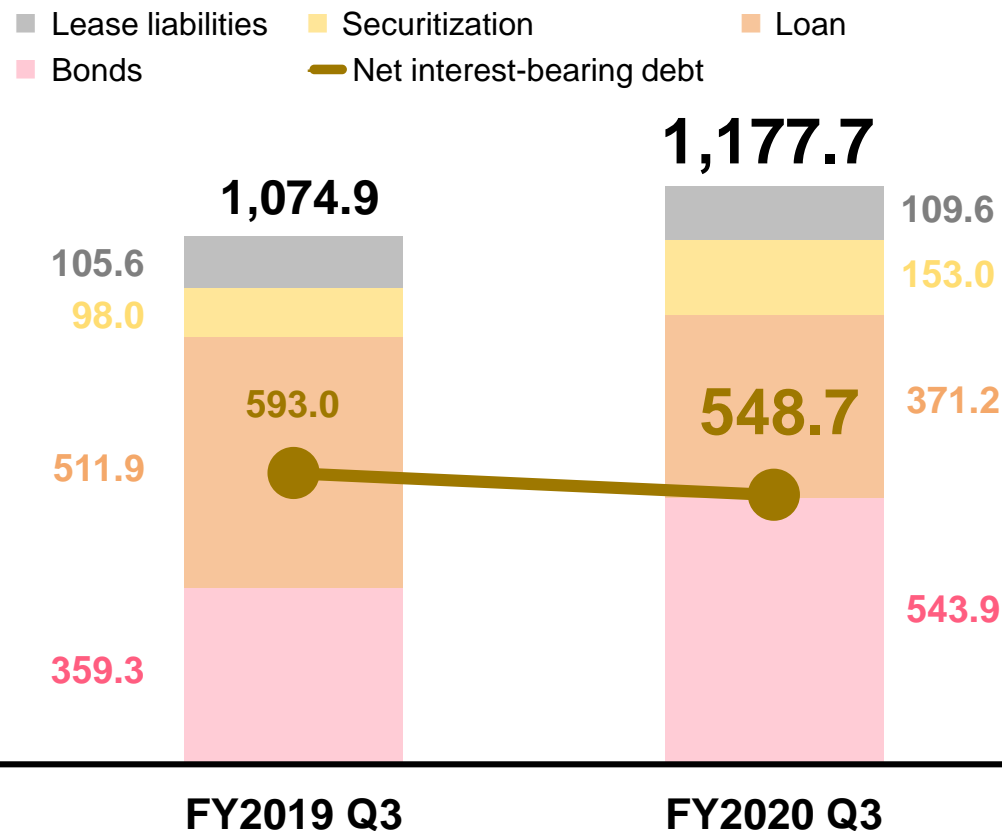
The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

# Financial data

## Interest-bearing debt & Net interest-bearing debt

(Excludes banking business)

(¥B)

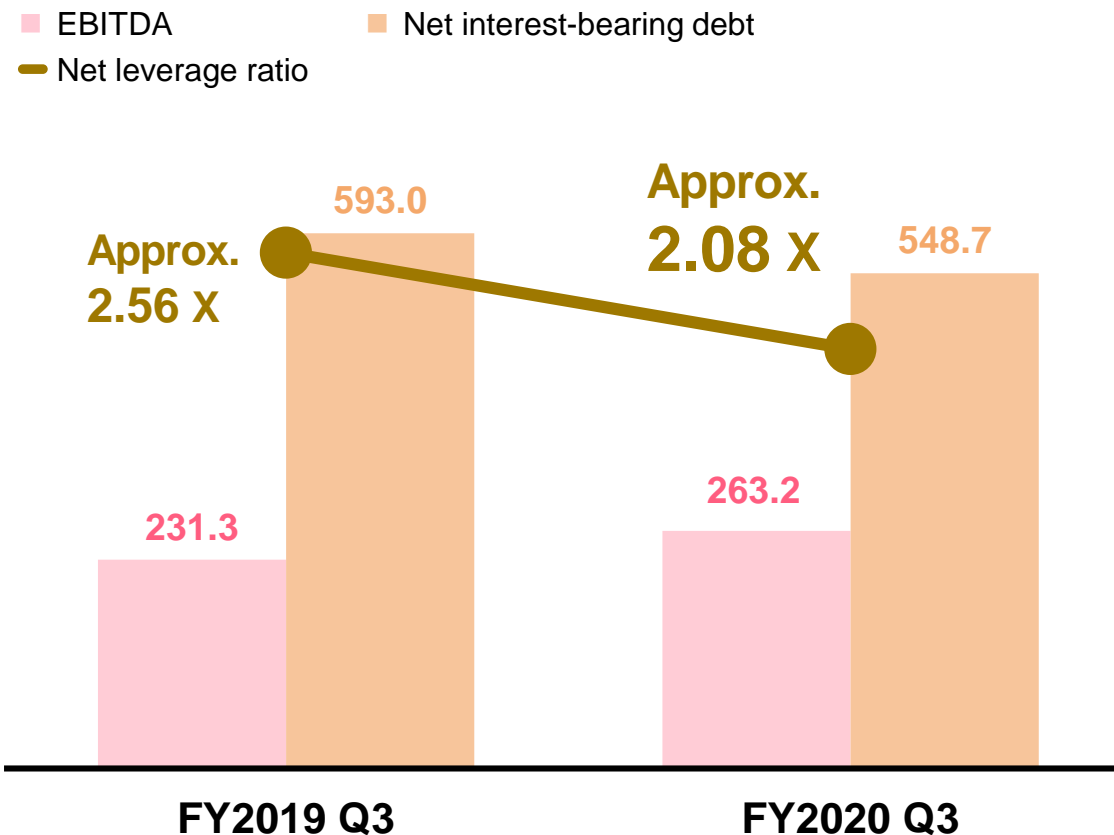


Note: Net interest-bearing debt = Interest bearing debt – Cash and cash equivalents  
 The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

## 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

# Refinanced the funding for acquiring ZOZO, Inc. 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 – 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	As of end of Dec 2020
Common stock	Yahoo Japan	50%	25%	25%	25%	25%
	SoftBank	50%	25%	25%	25%	25%
	SoftBank Group	-	50%	50%	50%	50%
	Paytm	-	-	-	-	-
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Preferred stock <sup>*1</sup>	Yahoo Japan	-	-	50%	50%	50%
	SoftBank	-	-	50%	50%	50%
	SoftBank Group	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>100%</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 From 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.

# Collaborations in ad sales with SoftBank Corp.

## Major measures in FY2020 Q3

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**Increase in proposals to  
SoftBank Corp.'s top clients**

**Increase in new proposals to  
clients new to Yahoo Japan**

**Designing of DX packages for  
local governments & corporations**

## Revenue from synergies in FY2020 Q3

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**JPY4.4 B\***

**(FY2020 Q2: JPY3.7 B)**

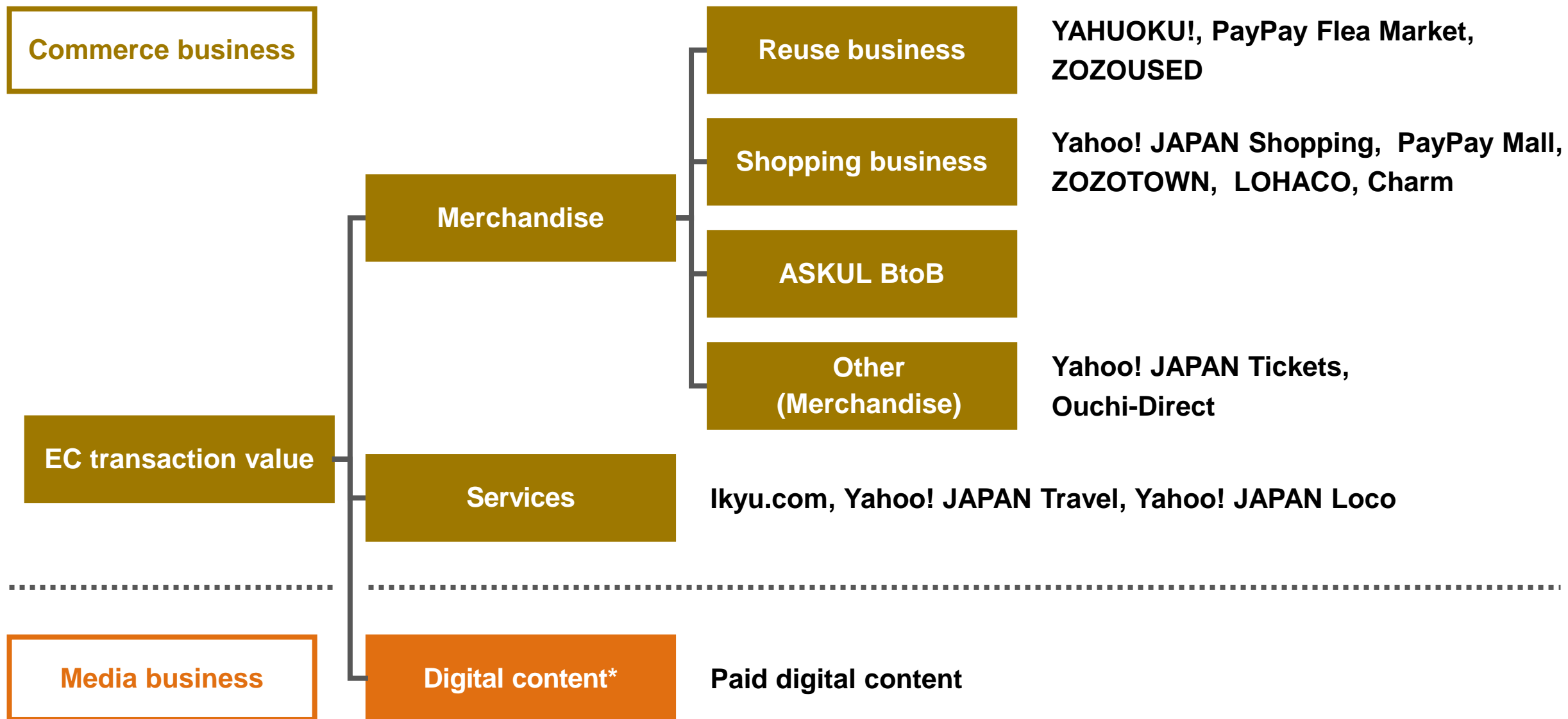
\* Gross revenue before deducting incentive payments.

# 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, 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, E-book-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



\* Transaction value of paid digital content. Transaction value of Yahoo! JAPAN Bookstore included until FY2018 Q4. Digital content business has been transferred to Media business from FY2020 Q3.

# 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	
	Yahoo! JAPAN Ads “Display ads” (Programmatic-based)		Text Banner	Cost per-click		Top page Interior pages of service sites
Display advertising	Programmatic advertising	Shopping ads (Programmatic-based)	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

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

### Local Information

Transit information  
 Maps  
 Car navigation

### Commerce

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

### O2O

Travel  
 Loco  
 Tickets  
 PassMarket (Ticket sales)  
 Ikyu.com (Hotel)  
 Ikyu.com (Restaurant)

### Search

Search  
 Real-time search  
 Beauty  
 Job catalog  
 Stanby (Job search)  
 Vocal assistant

### Digital Content

Fortune telling  
 Game  
 ebookjapan (Digital books)

### Finance/Payment/Fintech

Credit card  
 Online wallet  
 PayPay (Smartphone payment)  
 YJFX (FOREX)  
 The Japan Net Bank (Internet banking)

### For Corporations

YAHOO! JAPAN Marketing Solutions  
 Crowdsourcing

### Data

DATA SOLUTION

### PIM

e-Mail  
 Calendar

### CSR

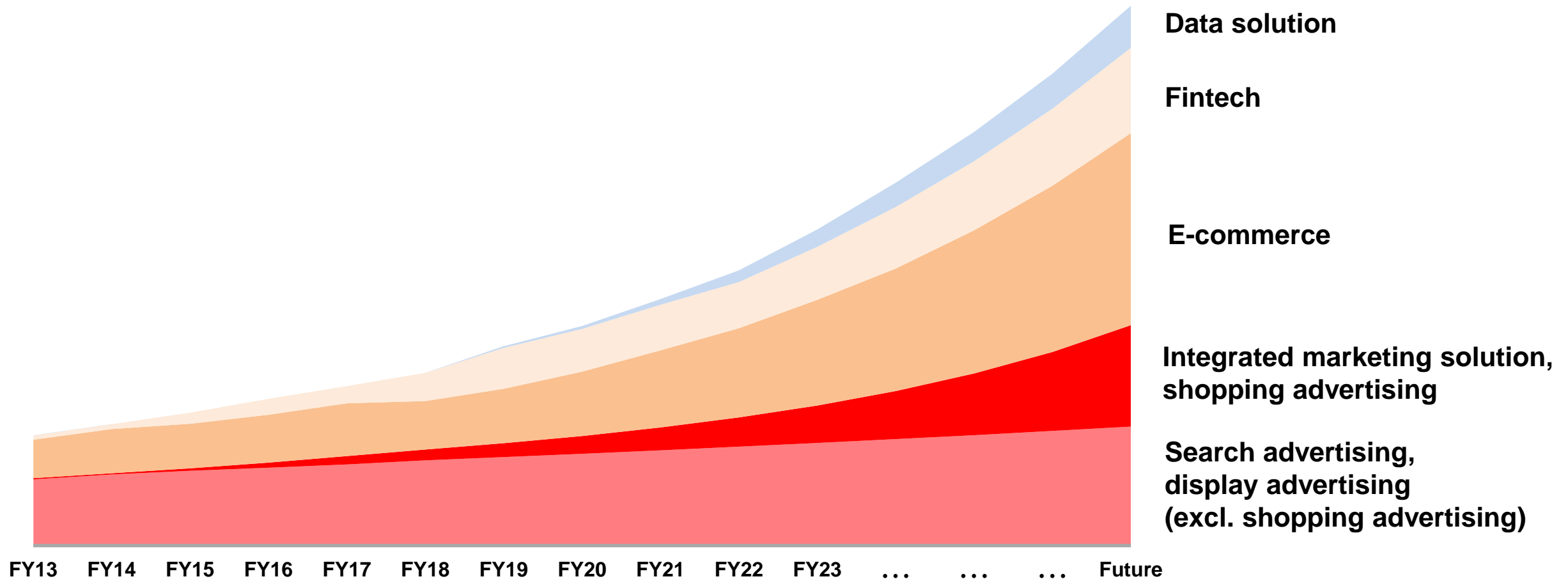
Kids  
 Internet fund raising

**Z HOLDINGS** Customer base | No. of users: Approx. 80 mil\*

\* Annual logged-in user IDs.

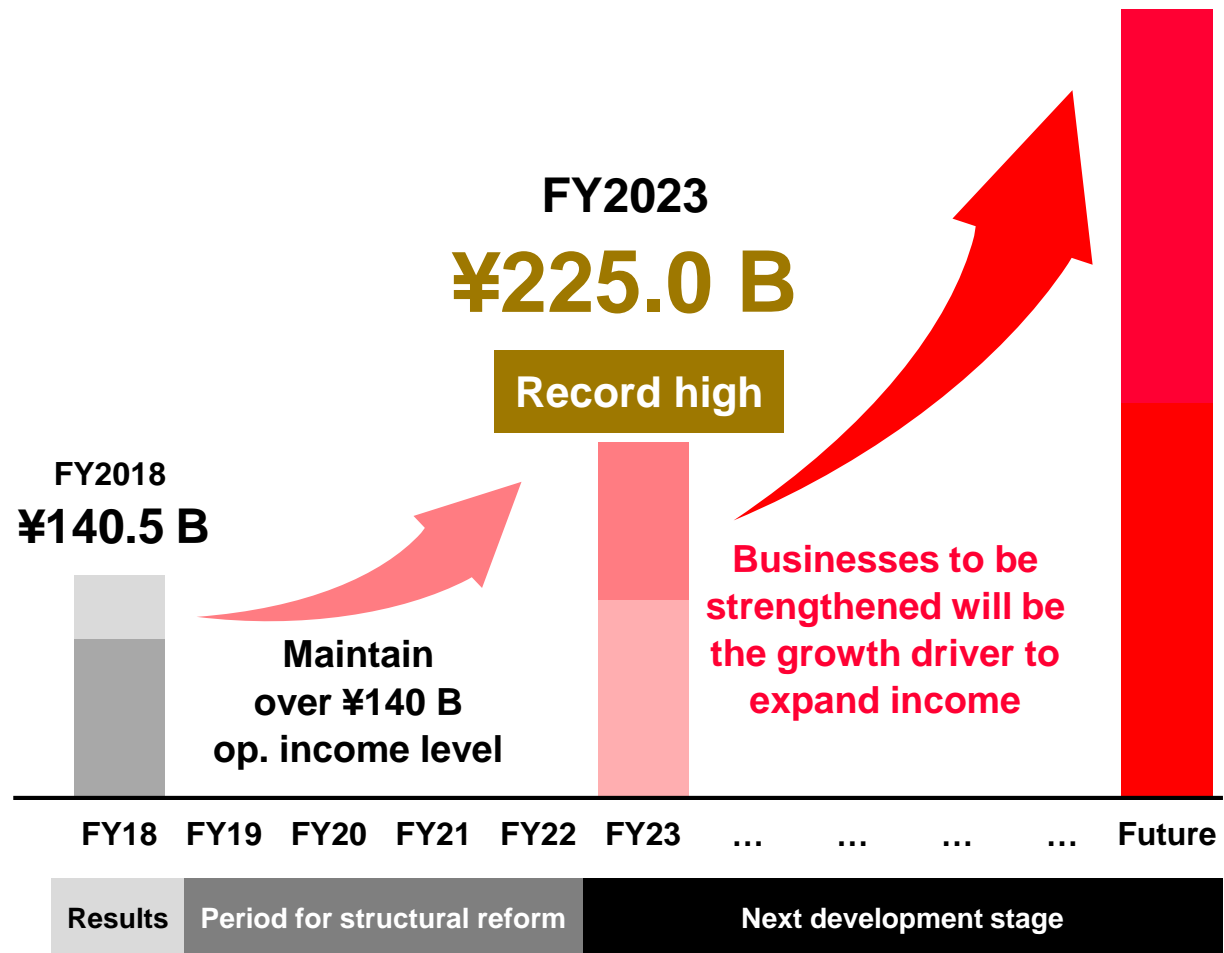
Image of our long-term revenue composition

**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

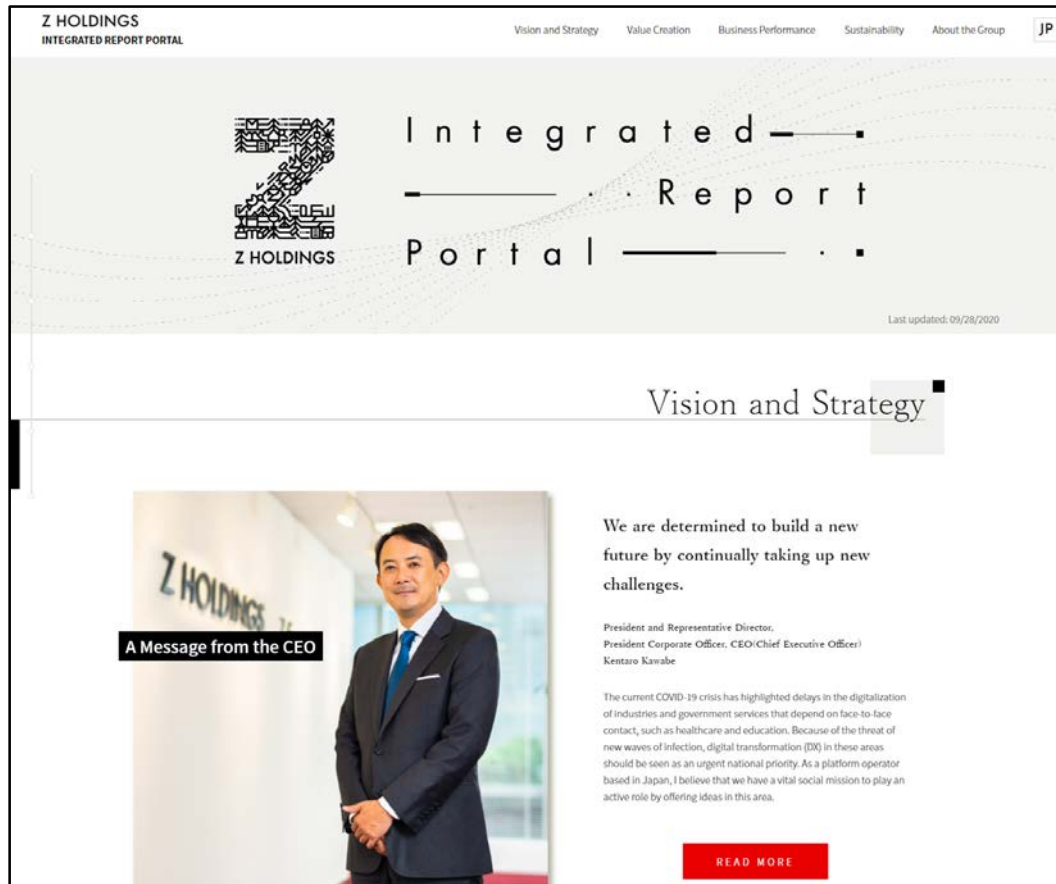
FY2023 - Future

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

▶ Bring income to an expansionary phase

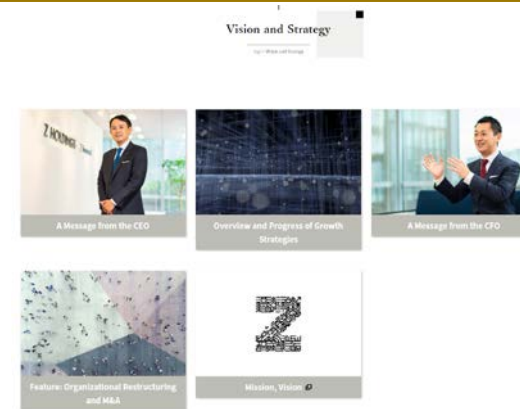
# Released “Integrated Report Portal”

## Financial/non-financial information useful for investment decisions will be updated as needed



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

### Vision and Strategy



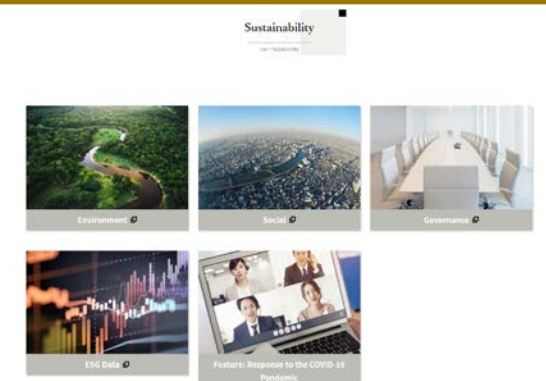
### Value Creation



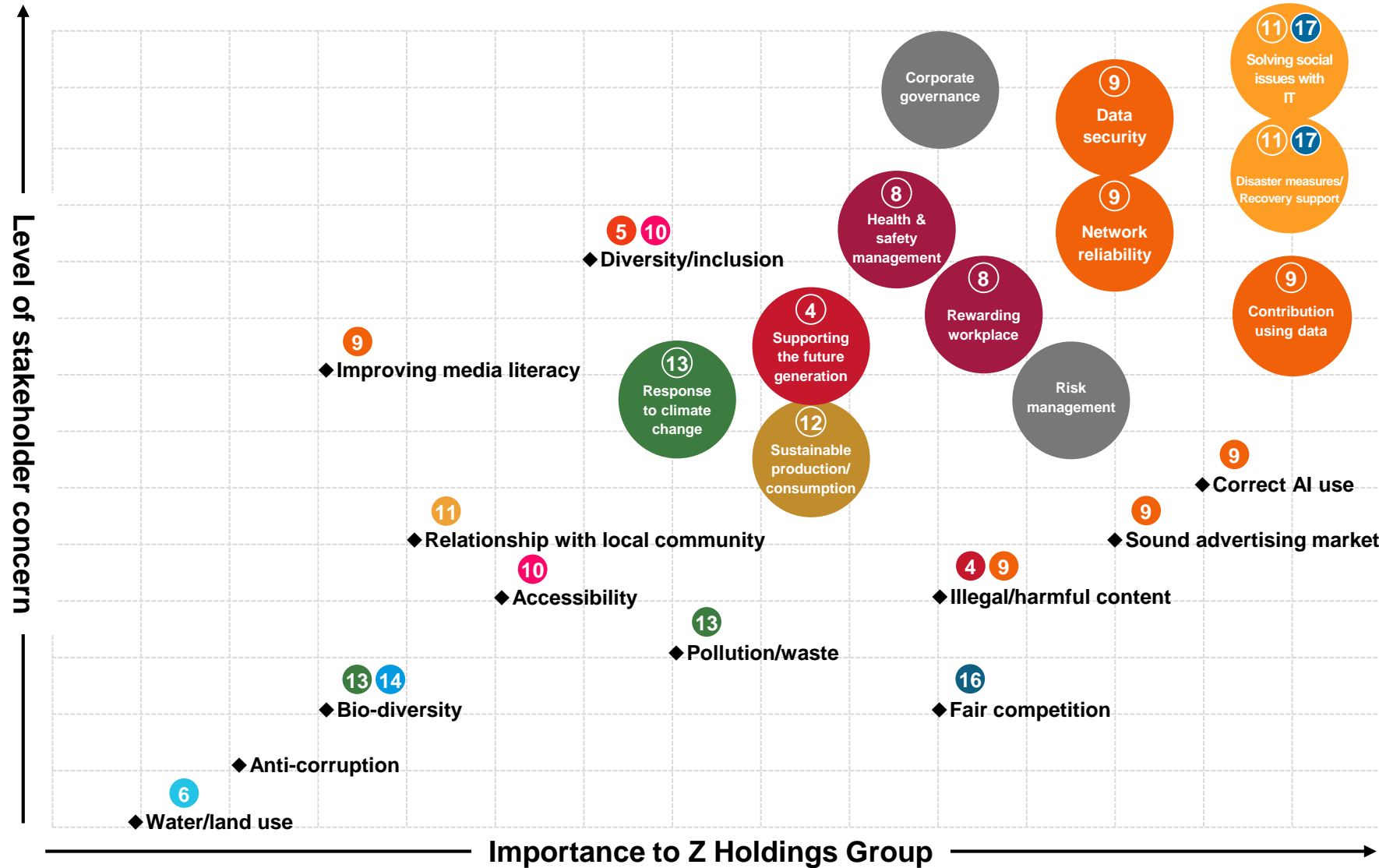
### Business Performance



### Sustainability



# Materiality matrix for Z Holdings Group

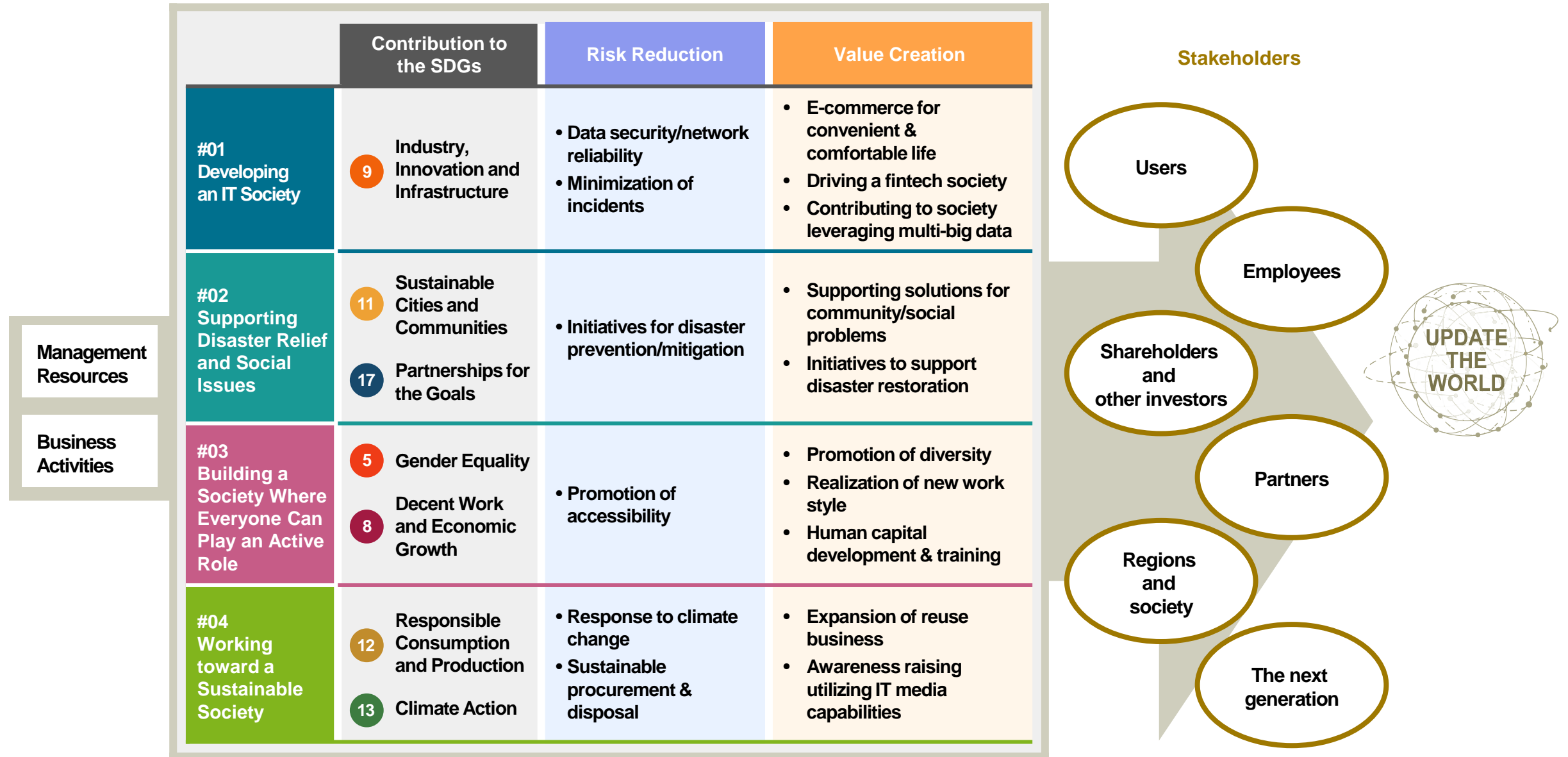


The numbers and colors in the matrix coincide with the SDG icons.

- 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.

# Carbon neutral initiatives (Announced: January 19, 2021)

## Aim to achieve neutrality well ahead of Japanese government's "2050 Carbon Neutral" goal

Z HOLDINGS

Pursue early membership in RE100 renewable energy initiative\*1

ZHD Group to announce mid-long environmental goals by the end of FY2021

YAHOO!  
JAPAN

Declared "FY2023 100% Renewable Energy Challenge"

Electricity consumption in Yahoo Japan \*2

Data center 95.0%

Offices 5.0%

Aim to achieve goal by FY2023

- ▶ Will convert to renewable energy in all data centers
- ▶ Offices will purchase renewable energy certificates

\*1 Global initiative that promotes 100% renewable energy in corporate activities.

\*2 Yahoo Japan Corporation and some group companies sharing the Kioicho Office.

Acknowledgment as a sustainable company

**Named for the first time to DJSI World Index,  
a leading global index of ESG investment**



**Also selected as Industrial Leader**



**in Interactive Media, Services & Home Entertainment sector**

Member of

**Dow Jones  
Sustainability Indices**

**Powered by the S&P Global CSA**

Received the highest evaluation in the following categories:

**Governance & Economic Dimension**

**Information Security/Cybersecurity & System Availability**

**Environment**

**Environmental Reporting**

**Social**

**Corporate Citizenship and Philanthropy**

Note: DJSI is a world leading index of ESG investment jointly developed by Dow Jones in the United States and RobecoSAM, an asset management company in Switzerland. Based on long-term shareholder value, the index makes a comprehensive analysis of economic, environmental and social performance of listed companies in the world, and selects leading sustainable companies.



# Acknowledgment as a sustainable company



FTSE4Good

FTSE4Good Index Series



FTSE Blossom  
Japan

FTSE Blossom Japan Index

2020 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering  
Women Index (WIN)



ISS ESG Corporate Rating

2020



Sompo Sustainability Index

SNAM Sustainability Index



2020  
健康経営銘柄  
Health and Productivity

2020 Health & Productivity Stock Selection  
&  
2020 Certified Health and Productivity  
Management Organization Recognition Program  
(Large Enterprise Category)



2020  
健康経営優良法人  
Health and productivity  
ホワイト500



DX銘柄2020  
Digital Transformation

Digital Transformation Stocks  
(DX Stocks) 2020

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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.

# Z HOLDINGS

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