

# **Z Holdings Corporation Business Results**

## **FY2022 Q1 Appendix**

**August 3, 2022**

**Z HOLDINGS**

**FY2022 Q1 Consolidated Business Results**



## FY2022 Q1 Factors of Change in Operating Income

Whole Group

(JPY B)

		FY2022 Q1	YoY Difference	YoY	Major Factors of Change (JPY B)
<b>Revenue</b>		<b>390.5</b>	<b>+17.2</b>	<b>+4.6%</b>	<ul style="list-style-type: none"> <li>• LINE +10.9</li> <li>• ASKUL Group +3.9</li> <li>• ZOZO +3.7</li> </ul>
<b>Cost of sales</b>		<b>122.2</b>	<b>+2.6</b>	<b>+2.2%</b>	<ul style="list-style-type: none"> <li>• ASKUL Group +2.7</li> </ul>
<b>SG&amp;A</b>		<b>218.5</b>	<b>+16.1</b>	<b>+8.0%</b>	
(Major items)	Personnel expense	<b>60.3</b>	<b>+6.8</b>	<b>+12.8%</b>	<ul style="list-style-type: none"> <li>• LINE +4.4</li> <li>• Yahoo Japan +1.3</li> </ul>
	Depreciation and amortization	<b>34.3</b>	<b>+0.5</b>	<b>+1.7%</b>	<ul style="list-style-type: none"> <li>• Yahoo Japan +0.8</li> </ul>
	Business commissions	<b>29.9</b>	<b>+3.8</b>	<b>+14.7%</b>	<ul style="list-style-type: none"> <li>• LINE +1.5</li> <li>• Yahoo Japan +1.0</li> </ul>
	Sales promotion cost	<b>29.9</b>	<b>+1.0</b>	<b>+3.6%</b>	<ul style="list-style-type: none"> <li>• LINE +1.4</li> <li>• PayPay Card +1.3</li> </ul>
<b>Other income &amp; expenses</b>		<b>0</b>	<b>0</b>	<b>N/A</b>	
<b>Operating income</b>		<b>49.7</b>	<b>-1.6</b>	<b>-3.2%</b>	

## FY2022 Q1 Factors of Change in Net Income Attributable to Owners of the Parent

Whole Group

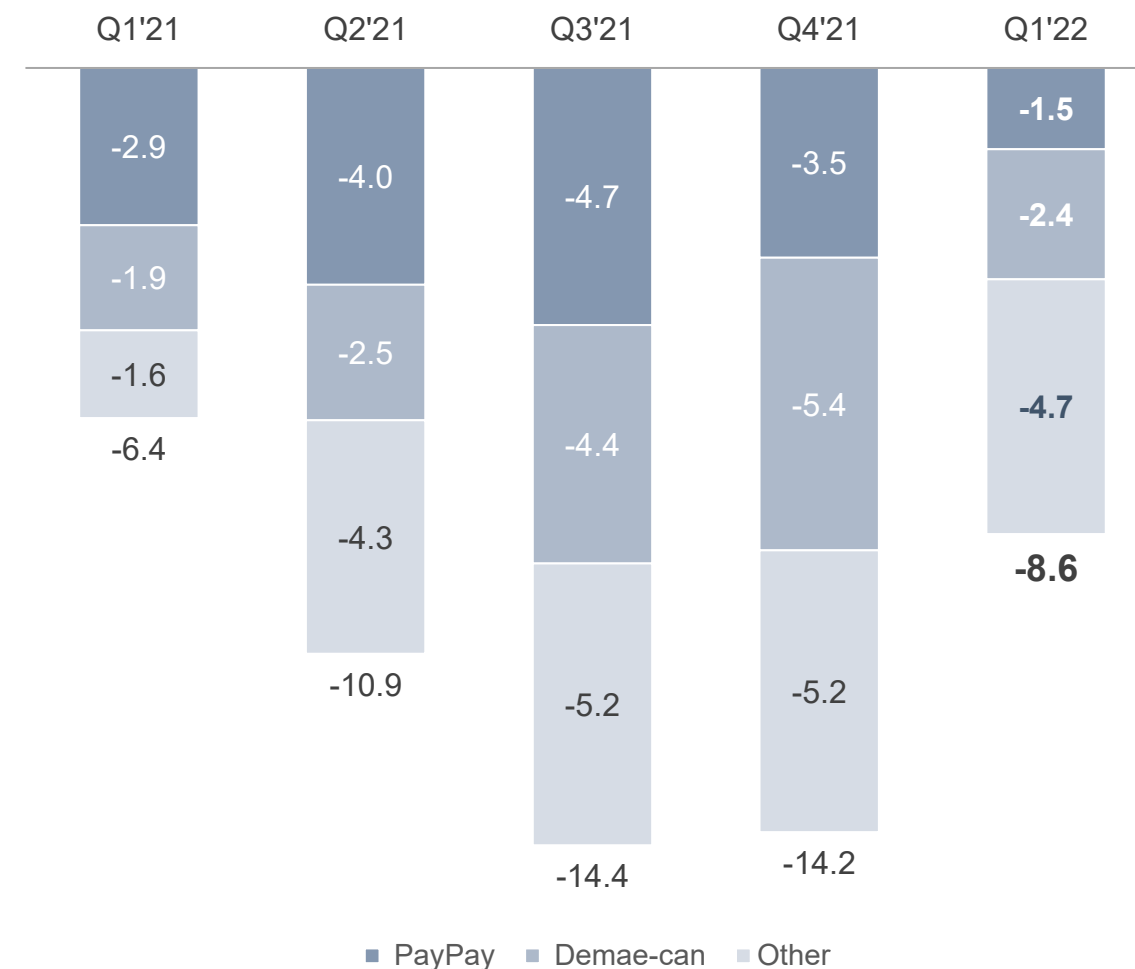
(JPY B)

	FY2022 Q1	YoY Difference	YoY	Major Factors of Change (JPY B)
Operating income	49.7	-1.6	-3.2%	
Other non-operating income	3.5	-4.2	-54.4%	
Other non-operating expenses	3.5	+0.2	+6.3%	
Gain on change in equity interest	4.1	+1.7	+73.4%	
Equity in losses of associates and joint ventures	-8.6	-2.2	N/A	<ul style="list-style-type: none"> <li>• LINE Consolidation -3.4 (Demae-can -0.5)</li> <li>• PayPay +1.3</li> </ul>
Profit before tax	45.2	-6.5	-12.7%	
Income tax expense	15.3	-5.5	-26.4%	
Profit for the period	29.8	-1.0	-3.4%	
Non-controlling interests	4.6	+0.3	+7.7%	
Net income attributable to owners of the parent	25.2	-1.3	-5.2%	

Major Equity-Method Affiliates	Based in	Equity Ratio <sup>1</sup>	Business
<b>Content</b>			
<b>WEBTOON Entertainment</b>	<i>U.S.</i>	32.3%	• Operation of e-manga services
<b>Commerce</b>			
<b>Demae-can</b>	<i>Japan</i>	38.5%	• Operation of website specializing in home delivery
<b>LINE MAN</b>	<i>Thailand</i>	45.9%	• Provision of home delivery/mail/taxi dispatch services, etc.
<b>Payment/Finance</b>			
<b>PayPay</b>	<i>Japan</i>	25.0%	• Development/provision of mobile payment and other electronic payment services
<b>Kashikorn LINE Company</b>	<i>Thailand</i>	49.9%	• Pure Internet bank
<b>LINE Bank Taiwan</b>	<i>Taiwan</i>	49.9%	• Pure Internet bank
<b>PT. Bank KEB Hana Indonesia</b>	<i>Indonesia</i>	20.0%	• Pure Internet bank

Equity in Losses of Associates and Joint Ventures

(JPY B)



1. As of June 30, 2022

- Many of the equity-method affiliates are moving into a **monetizing phase from FY2023.**
- Aim to turn LINE’s international/financial businesses **profitable in around FY2023-FY2025.**



(Scheduled to be consolidated in October 2022)



(Taiwan)



(Thailand)



by KEB Hana Bank

(Indonesia)

	PayPay	Demaecan	WEB TOON	LINEMAN wongnai	LINE Bank (Taiwan)	LINE BK (Thailand)	LINE Bank by KEB Hana Bank (Indonesia)
Market Share	<ul style="list-style-type: none"> <li>• QR/barcode payment<sup>1</sup>: <b>67%</b></li> </ul>	<ul style="list-style-type: none"> <li>• No. of app downloads<sup>2</sup>: <b>No. 1</b></li> </ul>	<ul style="list-style-type: none"> <li>• Vertical scrolling manga (world ranking)<sup>3</sup>: <b>No. 1</b></li> </ul>	-	-	-	-
KPI	<ul style="list-style-type: none"> <li>• FY21 GMV <b>JPY5.4 T</b> (YoY +67%)</li> </ul>	<ul style="list-style-type: none"> <li>• FY21 transaction value: <b>JPY162.7 B</b> (YoY +58%)</li> </ul>	<ul style="list-style-type: none"> <li>• No. of monthly users<sup>3</sup>: <b>82 million</b></li> <li>• Cumulative downloads<sup>3</sup>: <b>Over 200 million</b></li> </ul>	<ul style="list-style-type: none"> <li>• 2021 transaction value: <b>YoY 3.6X</b></li> </ul>	<ul style="list-style-type: none"> <li>• No. of users<sup>4</sup>: <b>1.23 million</b></li> </ul>	<ul style="list-style-type: none"> <li>• No. of users<sup>4</sup>: <b>4.71 million</b></li> <li>• Loan balance<sup>4</sup>: <b>Approx. JPY68.9 B</b></li> </ul>	<ul style="list-style-type: none"> <li>• No. of users<sup>4</sup>: <b>390,000</b></li> </ul>

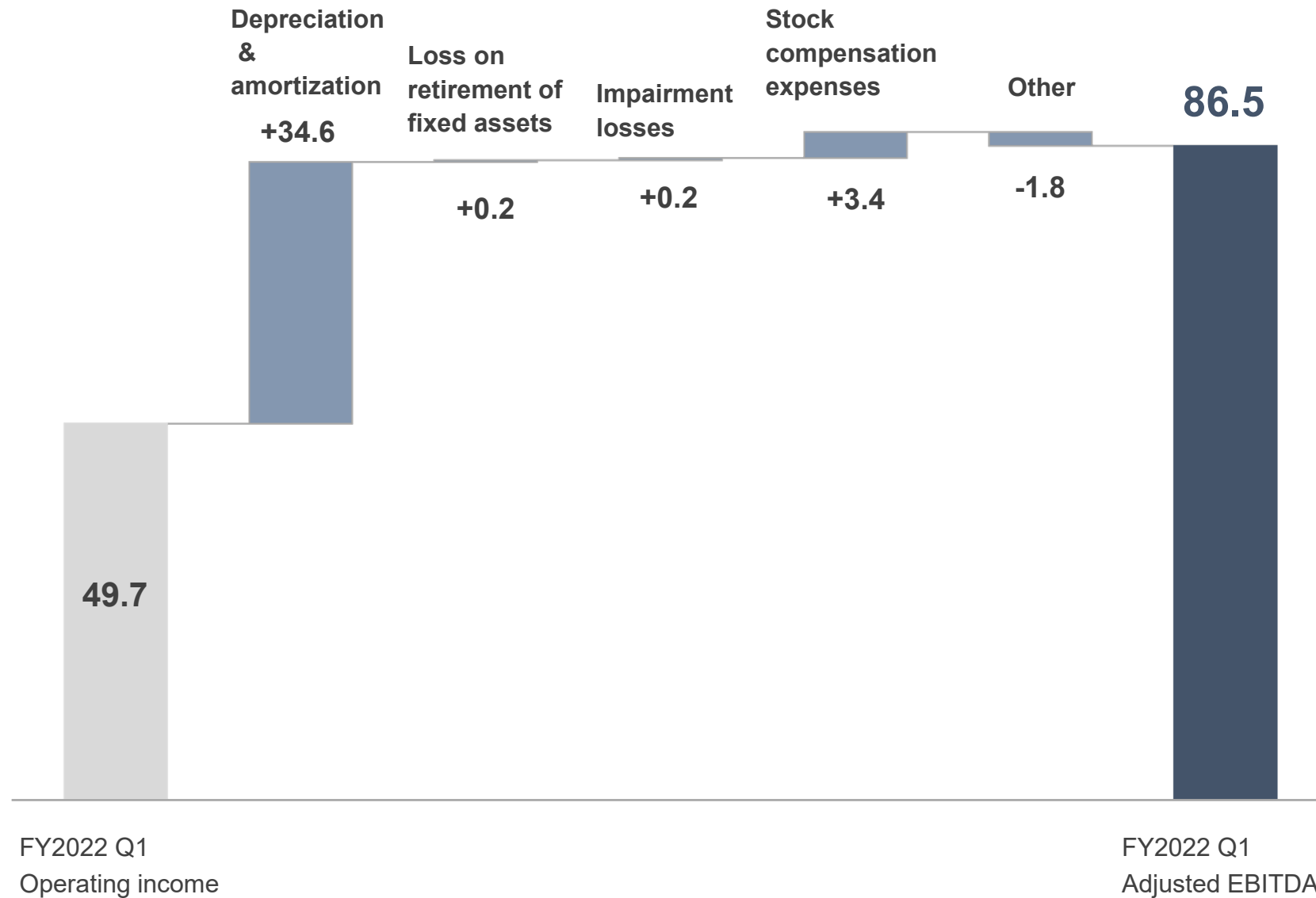
1. STATS – CODE PAYMENT (June 5, 2022) released by Payments Japan Association; calculated based on total payment amount in stores for domestic QR/barcode payment market in Japan (JPY7.3 T) and PayPay GMV (JPY4.9 T) for 2021.

2. Survey by data.ai. Cumulative no. of app downloads in “Food & Drink” and “Food Delivery/Takeaway” categories for March - May 2022 (Total of iOS and Google Play).

3. Figures for WEBTOON Worldwide Service (An alliance of platforms centered on e-comics, with services offered worldwide in 10 languages). Major platforms include: LINE Manga, WEBTOON, NAVER WEBTOON, LINE WEBTOON.

4. As of June 30, 2022

(JPY B)



**Adjusted EBITDA**

Op. income + depreciation & amortization ± EBITDA adjustment items

**EBITDA adjustment items**

Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses

- Losses on retirement of fixed assets
- Impairment losses
- Stock compensation expenses
- Losses/gains on step acquisition
- Other transactions with undetermined cash outflows (one-time provisions, etc.)

etc.

## Impact from Consolidation of Subsidiaries (PPA)

### LINE

Item	Amount (JPY B)	Annual Amortization Amount (JPY B)	Amortization Period (Straight Line)
<b>PPA<sup>1</sup></b>	<b>394.4</b>	<b>13.7</b>	-
Technology	2.2	-	8 years
Customer base	17.6	-	12 years
Customer relationship (Advertisers)	214.4	-	18 years
Trademarks <sup>2</sup>	160.1	-	No amortization

1. Final figure

2. Indefinite-lived intangibles

## Whole Group

### ZOZO

Item	Amount (JPY B)	Annual Amortization Amount (JPY B)	Amortization Period (Straight Line)
<b>PPA<sup>1</sup></b>	<b>502.1</b>	<b>13.2</b>	-
Customer base (Shops/users)	322.0	-	18-25 years
Trademarks <sup>2</sup>	178.7	-	No amortization
Others	1.4	-	4 years

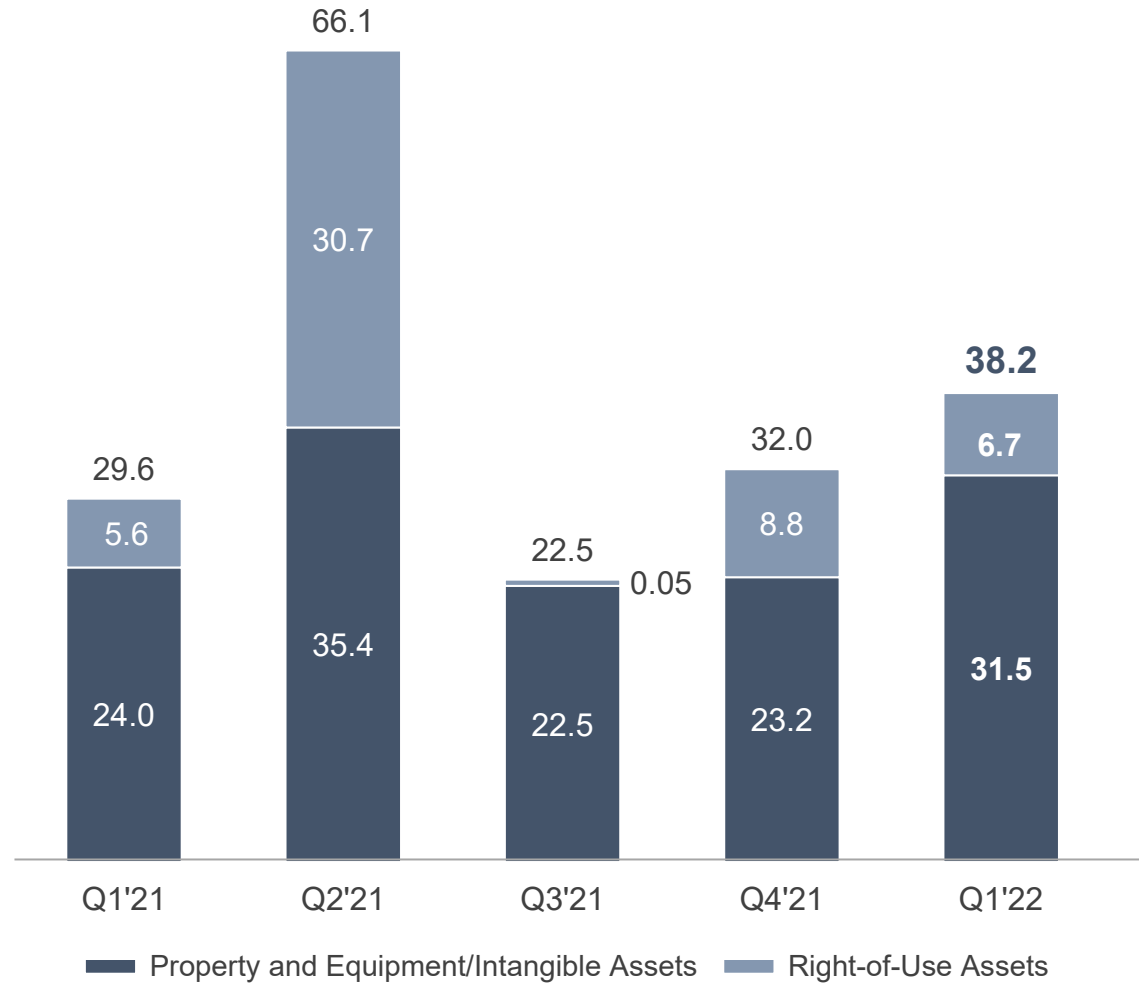


(JPY B)

	FY2021 Q4	FY2022 Q1	Difference
<b>Assets</b>	<b>7,110.3</b>	<b>7,247.0</b>	<b>+136.6</b>
Cash and cash equivalents	1,127.5	1,179.2	+51.7
Trade and other receivables	368.6	324.5	-44.0
Loans in credit card business	475.5	465.1	-10.4
Investment securities in banking business	464.1	434.1	-30.0
Property and equipment	164.7	174.1	+9.3
Intangible assets	1,216.3	1,213.5	-2.8
<b>Liabilities</b>	<b>4,128.1</b>	<b>4,259.2</b>	<b>+131.0</b>
Trade and other payables	524.9	496.4	-28.5
Customer deposit in banking business	1,431.1	1,507.8	+76.6
Interest-bearing liabilities	1,666.5	1,791.9	+125.4
<b>Equity</b>	<b>2,982.1</b>	<b>2,987.8</b>	<b>+5.6</b>

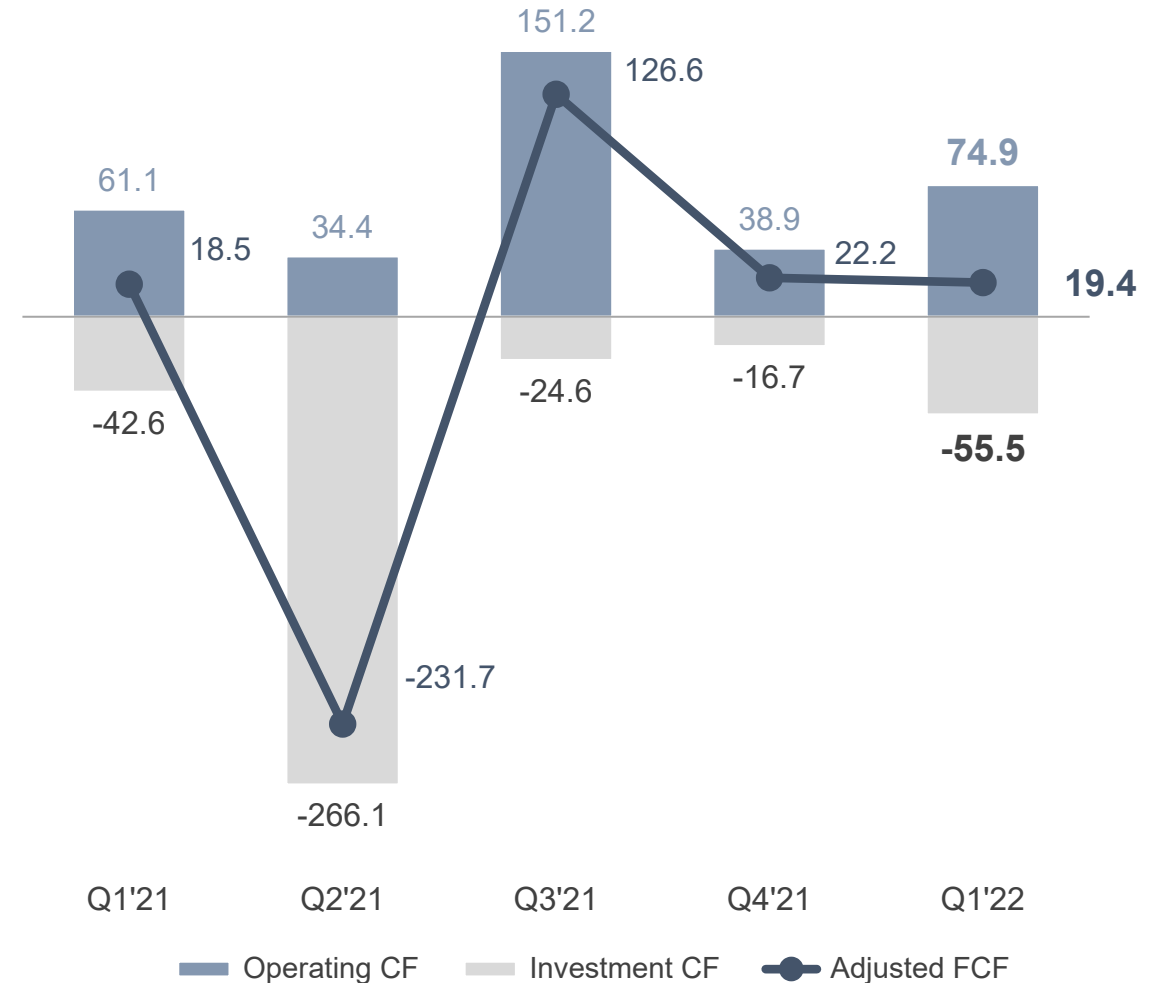
CAPEX<sup>1</sup>

(JPY B)



Adjusted FCF<sup>2</sup>

(JPY B)



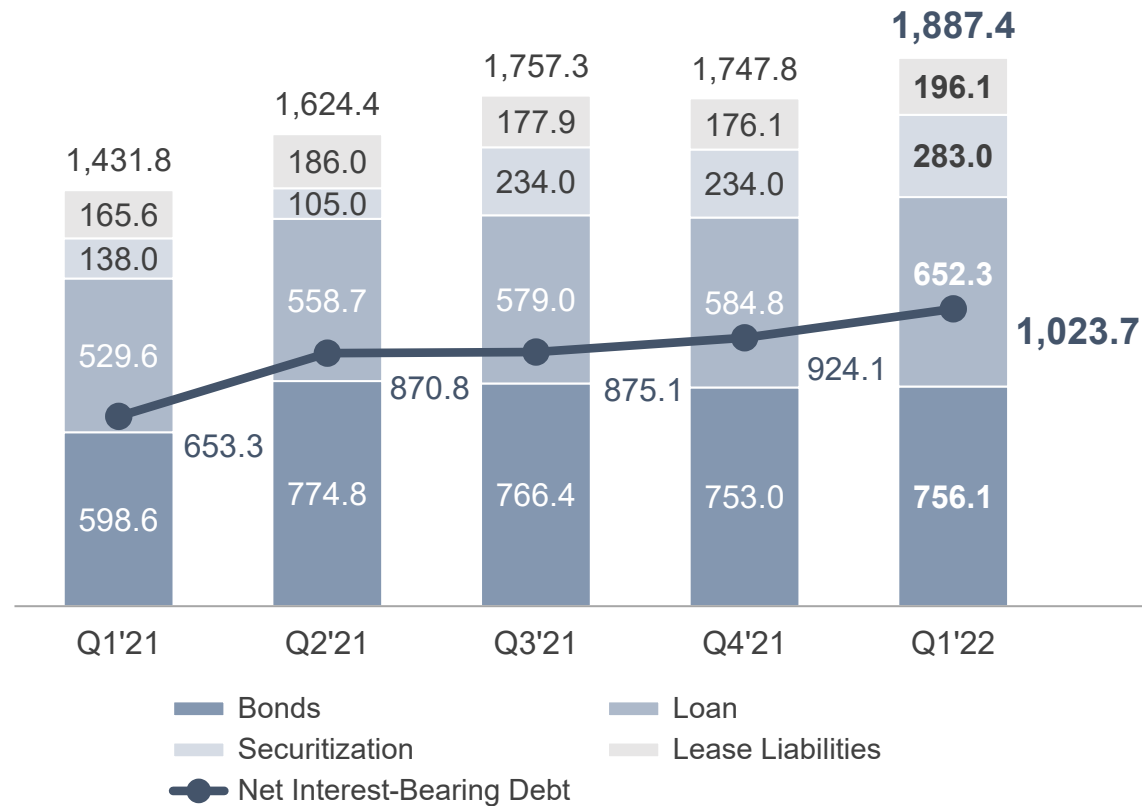
1. The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

2. 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.

Interest-Bearing Debt & Net Interest-Bearing Debt<sup>1</sup>

(Excludes banking business)

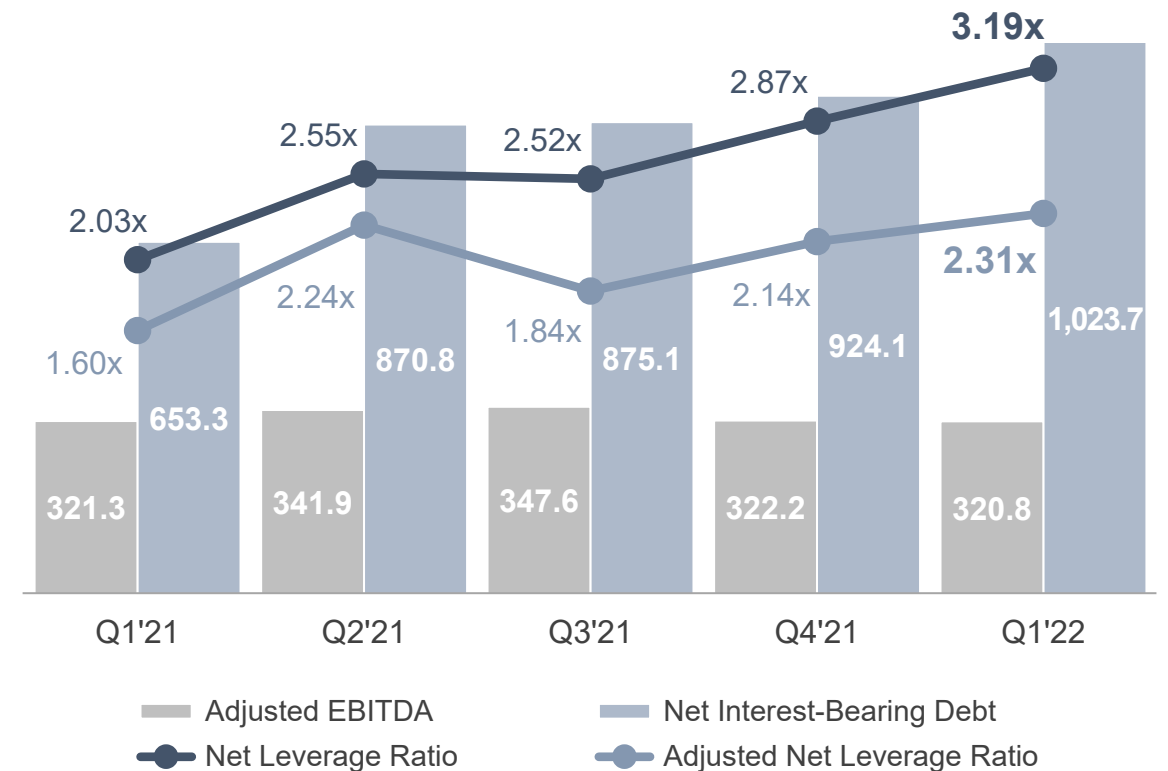
(JPY B)



Net Leverage Ratio<sup>2</sup> / Adjusted Net Leverage Ratio<sup>3</sup>

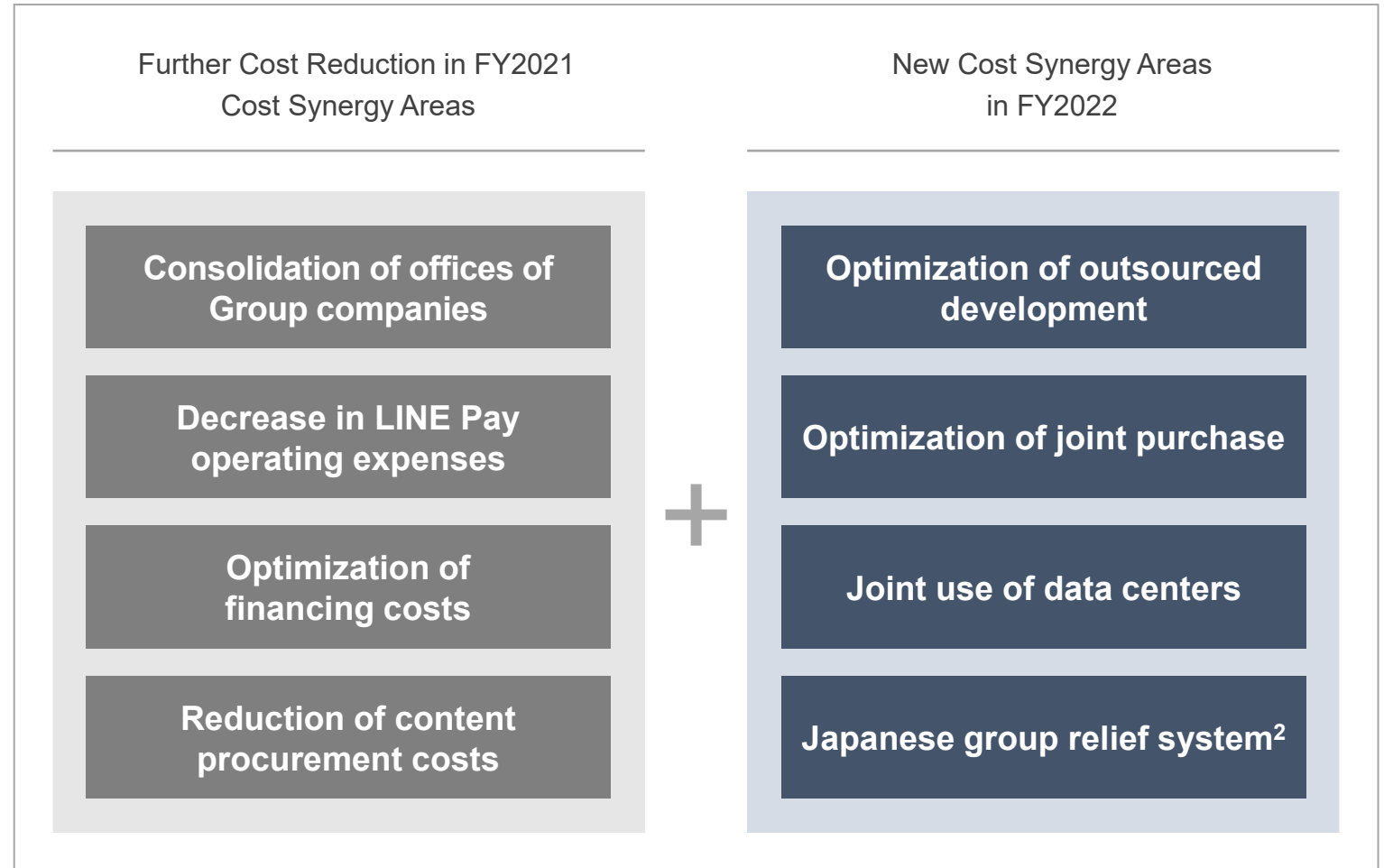
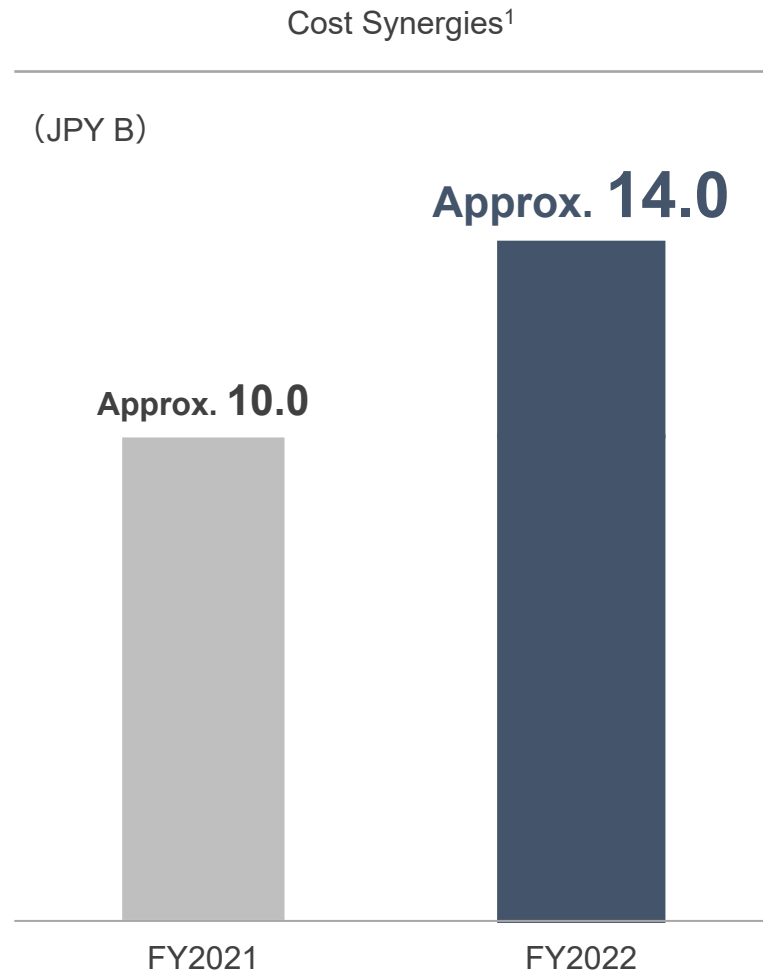
(Excludes banking business)

(JPY B)



1. 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.
2. Net leverage ratio = Net interest-bearing debt/Adjusted EBITDA (Figures for the last 12 months used for calculating Adjusted EBITDA). The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.
3. Excludes impact of asset securitization.

- In FY2022, pursue approx. JPY14 B cost synergies through optimization of outsourced development and joint purchase, etc.

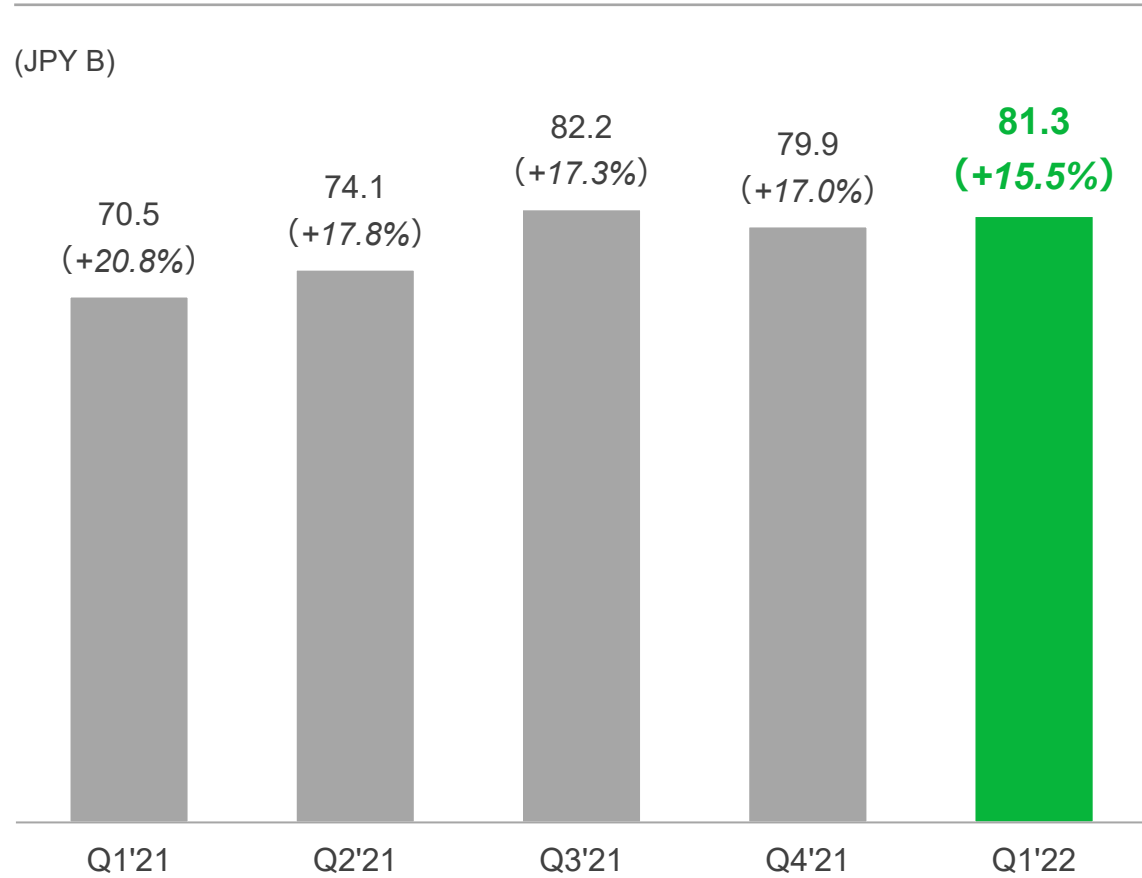


1. Full year comparison with FY2020.

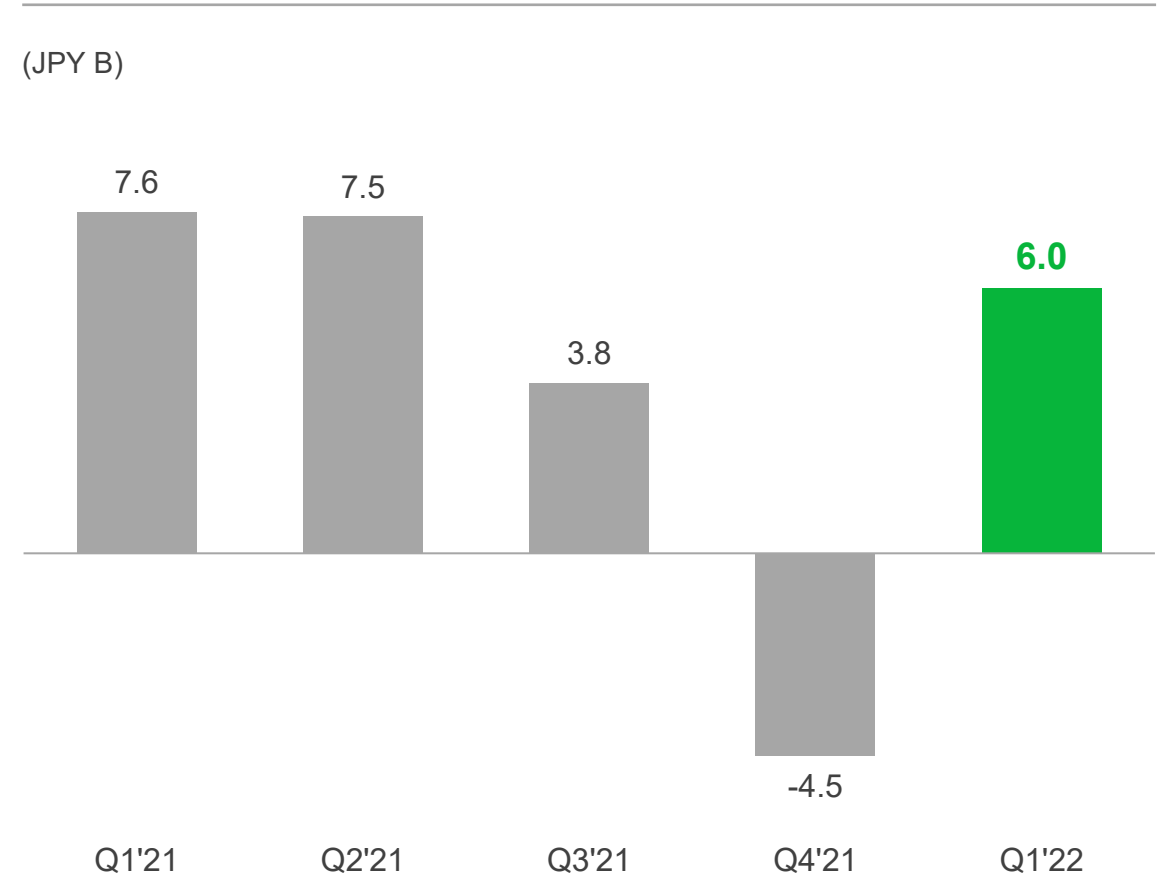
2. Reduction in tax payments through aggregation of profits and losses of the Z Holdings Group companies.

- Driven by the growth in the advertising business, revenue achieved a double-digit growth. Operating income decreased due to increased sales promotion in overseas e-commerce and LINE GIFT.

Revenue (YoY)



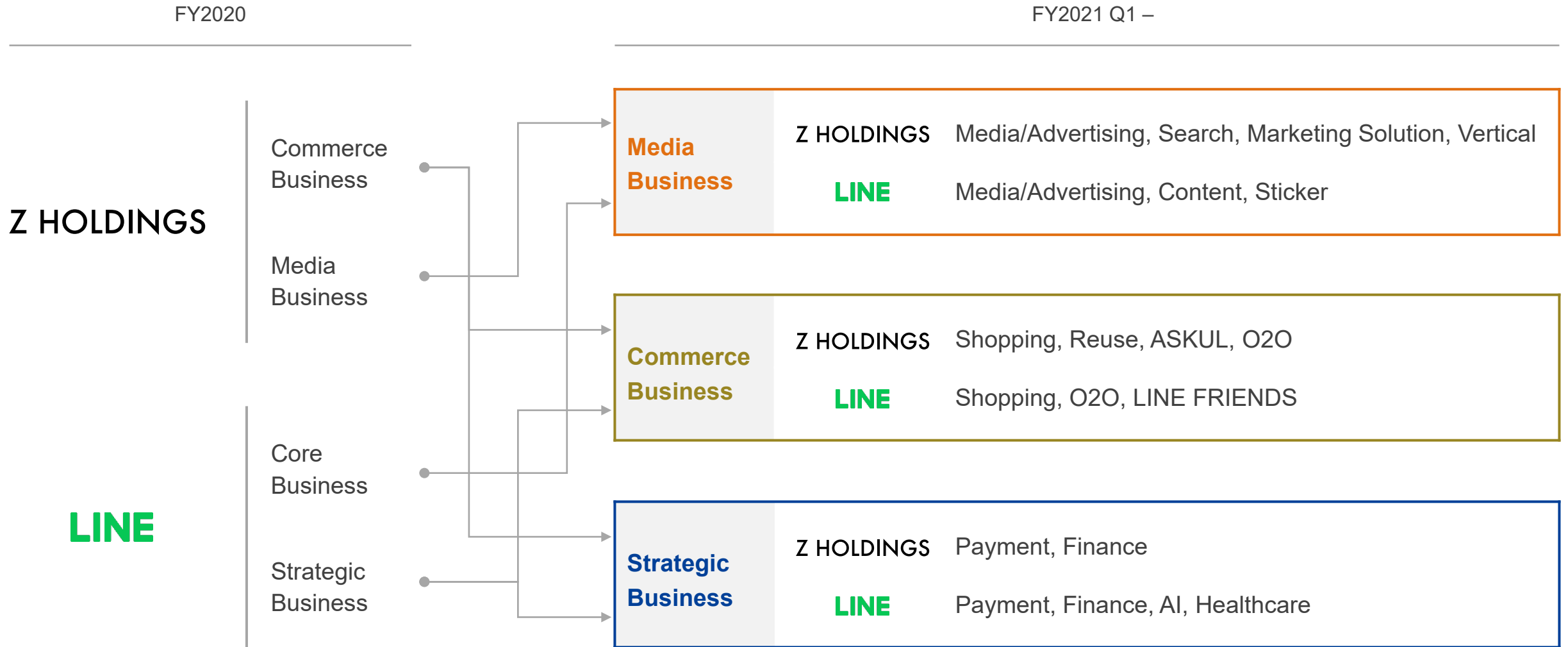
Operating Income



1. Results are coincided with the accounting period of Z Holdings Corporation (fiscal year ending in March). Figures are before consolidation adjustments by Z Holdings and do not include amortization of PPA (identifiable intangible assets) associated with the business integration, etc. Accounting definitions have been changed since March 2021; past figures have not been retroactively adjusted.

2. From FY2022 Q1, figures have been changed to eliminate outsourcing cost with Z Entertainment Corporation. Past figures have not been retroactively adjusted.

- From FY2021, introduced **3 new business segments: Media, Commerce, and Strategic** by classifying businesses according to the growth phase of each business.

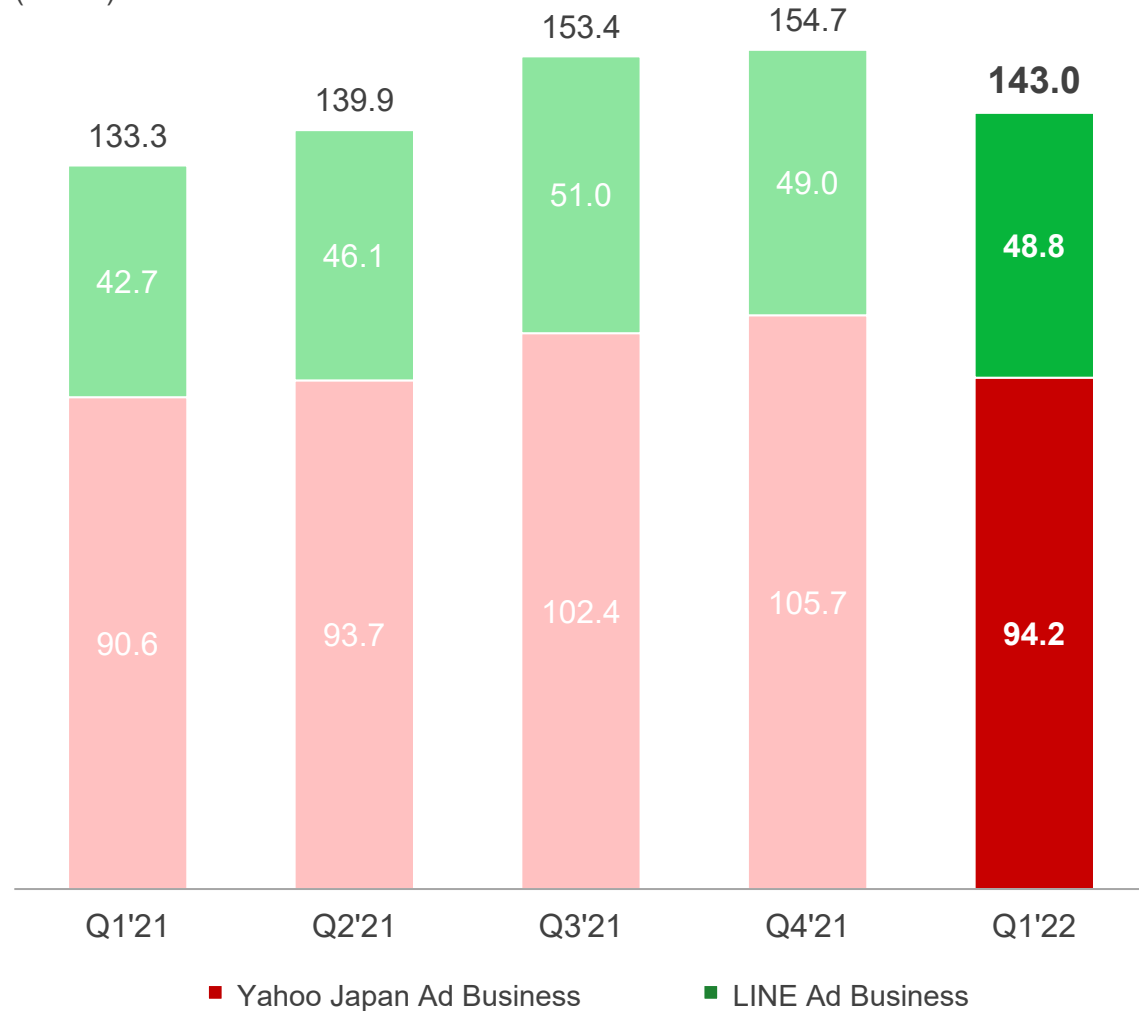


**Media Business**

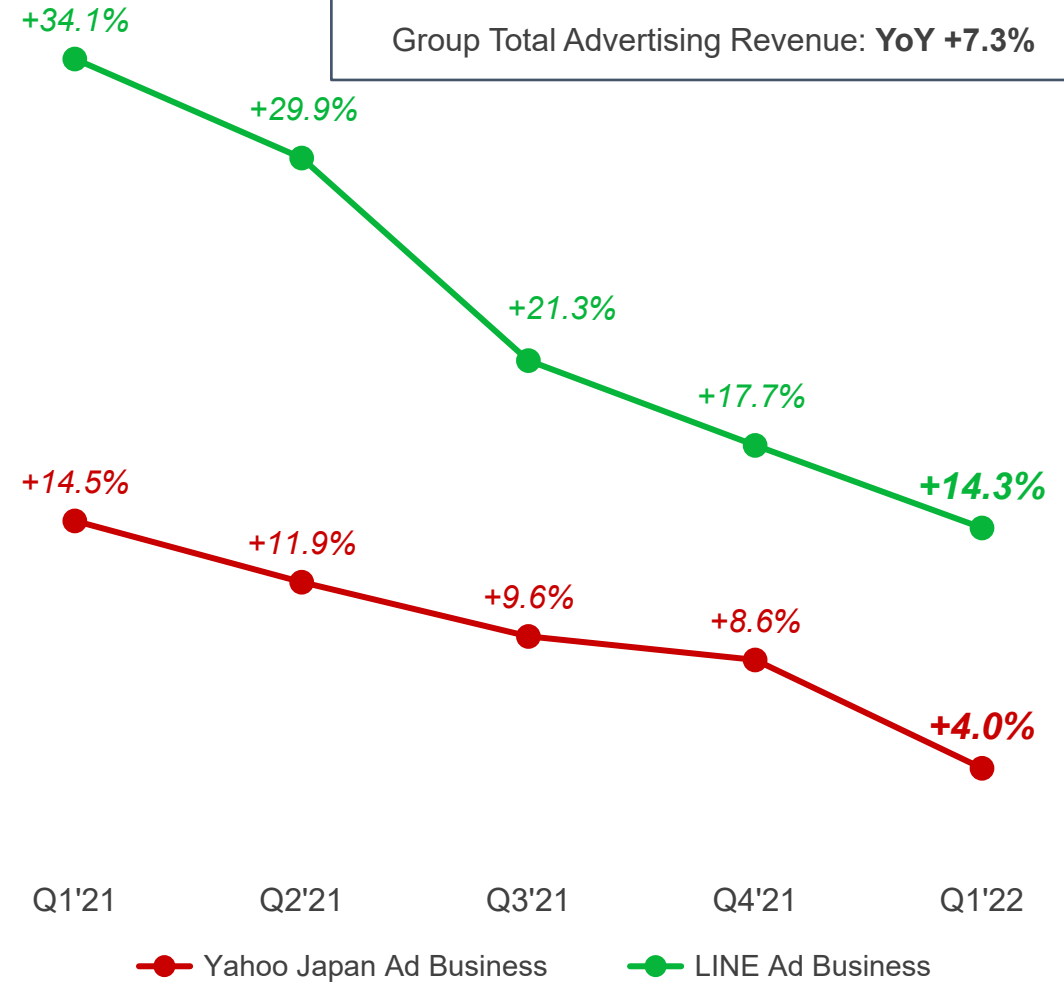
---

Group Total Advertising Revenue<sup>1</sup>

(JPY B)



Group Total Advertising Revenue – YoY Growth Rate<sup>1</sup>



1. From FY2022 Q1, LINE Corporation's services that had been recorded in Adjustments to each business segment. Figures of LINE Ad Business have been retroactively revised from FY2021 Q1.



(JPY Million)	FY2021 Q1 <sup>1</sup>	FY2022 Q1 <sup>1</sup>	YoY
<b>Revenue</b>	<b>148,776</b>	<b>153,718</b>	<b>+3.3%</b>
<b>LINE Advertising revenue</b>	<b>42,722</b>	<b>48,817</b>	<b>+14.3%</b>
Display advertising	25,071	27,369	+9.2%
Account advertising	16,120	19,883	+23.3%
Other LINE advertising	1,530	1,565	+2.3%
<b>Yahoo Japan Advertising revenue</b>	<b>76,763</b>	<b>80,960</b>	<b>+5.5%</b>
Search advertising	43,331	46,995	+8.5%
Display advertising (Programmatic) <sup>2</sup>	28,909	30,213	+4.5%
Display advertising (Reservation) <sup>2</sup>	4,522	3,752	-17.0%
<b>Other revenue</b> (Vertical/entertainment/digital content/communication, etc.)	<b>29,289</b>	<b>23,939</b>	<b>-18.3%</b>
<b>Cost of sales</b>	<b>32,234</b>	<b>30,235</b>	<b>-6.2%</b>
<b>Selling, general and administrative expenses</b>	<b>60,608</b>	<b>63,904</b>	<b>+5.4%</b>
Sales promotion cost + Advertising and promotional expenses	6,038	6,106	+1.1%
Other selling, general and administrative expenses	54,570	57,798	+5.9%
<b>Other revenue and expenses</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Adjusted EBITDA (Margin)<sup>3</sup></b>	<b>61,307 (41.2%)</b>	<b>65,254 (42.5%)</b>	<b>+6.4%</b>
<b>LINE Adjusted EBITDA (Margin)<sup>3</sup></b>	<b>23,281 (38.2%)</b>	<b>26,218 (38.9%)</b>	<b>+12.6%</b>
<b>Yahoo Japan Adjusted EBITDA (Margin)<sup>3</sup></b>	<b>38,025 (43.3%)</b>	<b>39,035 (45.2%)</b>	<b>+2.7%</b>

1. From FY2022 Q1, Yahoo Japan Corporation's financial service which had formerly been recorded in Strategic Business has been transferred to Media Business. LINE Corporation's services that had been recorded in Adjustments have been transferred to each business segment. Figures have been retroactively revised from FY2021 Q1.

2. Excludes Shopping-related advertising revenue and advertising revenue of ZOZO, Inc. (Recorded in Commerce Business segment).

3. Includes revenue of media business other than advertising business.

Item	Breakdown
<b>LINE Ads</b>	
<b>Display ads</b>	LINE VOOM, LINE NEWS, Chat List, Talk Head View, Talk Head View Custom, etc.
<b>Account ads</b>	LINE Official Account, LINE Promotion Sticker, LINE de Obo, LINE Flyer, etc.
<b>Other ads</b>	livedoor Blog, LINE Part Time Jobs, etc.
<b>Yahoo! JAPAN Ads</b>	
<b>Search advertising</b>	Yahoo! JAPAN Ads “Search advertising”
<b>Display advertising</b>	
<b>Programmatic advertising</b>	Yahoo! JAPAN Ads “Display advertising” (Programmatic-based), etc.
<b>Reservation advertising</b>	Yahoo! JAPAN Ads “Display advertising” (Reservation-based), etc.
<b>Others</b>	
<b>LINE</b>	LINE Stickers, LINE GAME, LINE Fortune, LINE LIVE, LINE MUSIC, LINE Manga, etc.
<b>Yahoo Japan</b>	Real estate-related services, Yahoo! JAPAN Loco, etc.

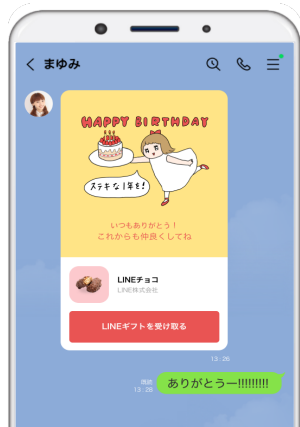
Item	Fee Calculation	Placement Pages/Product Outline	Type of Advertiser
<b>Display ads</b>			
<b>LINE VOOM</b>	Cost per-click Cost per-view	LINE VOOM tab	Major corporations/SMEs
<b>LINE NEWS</b>	Cost per-click Cost per-view	NEWS tab	Major corporations/SMEs
<b>Chat List</b>	Cost per-click Cost per-view	Top of chat list page	Major corporations/SMEs
<b>Talk Head View (Reservation-based)</b>	Cost-per-guaranteed period	Video ads distributed at the top of chat list page	Major corporations/Local governments
<b>Talk Head View Custom (Programmatic-based)</b>	Cost per-view	Video ads distributed at the top of chat list page	Major corporations/Local governments
<b>Account ads</b>			
<b>LINE Official Account</b>	Fixed monthly cost Pay-as-you-go	Messages delivered to users who have friended the account	Major corporations/SMEs/Local governments
<b>LINE Promotion Sticker</b>	Fixed fee Pay-as-you-go	Free stickers designed for businesses for user communications	Major corporations/SMEs/Local governments
<b>LINE de Obo</b>	Basic cost Optional cost	In-store sales promotion solution utilizing LINE	Major corporations/SMEs

Item	Fee Calculation	Placement Pages	Type of Advertiser
<b>Search advertising</b>	Cost per-click	Search results pages	Major corporations/SMEs
<b>Display advertising</b>			
<b>Programmatic</b>			
Yahoo! JAPAN Ads “Display advertising” (Programmatic-based)	Cost per-click Cost per-view	Top page Interior pages of service sites Partner sites	Major corporations/SMEs
<b>Shopping-related advertising</b> (Programmatic-based)	Cost per-conversion	Yahoo! JAPAN Shopping PayPay Mall	Tenants of Yahoo! JAPAN Shopping and PayPay Mall
<b>Reservation</b>			
Yahoo! JAPAN Ads “Display advertising” (Reservation-based)	Cost per-viewable impression Cost per-guaranteed period, etc.	Top page Interior pages of service sites	Major corporations/Local governments
<b>Shopping-related advertising</b> (Reservation-based)	Cost per-guaranteed period, etc.	Yahoo! JAPAN Shopping PayPay Mall	Tenants of Yahoo! JAPAN Shopping and PayPay Mall

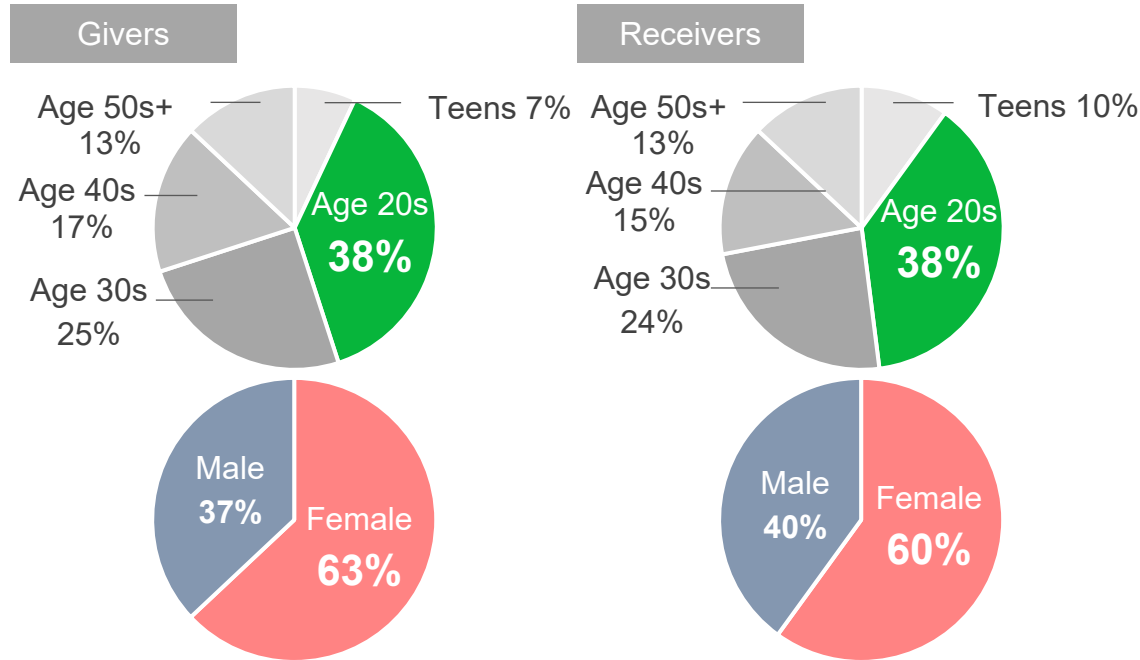
**Commerce Business**

---

- A service that allows users to send various gifts to friends through LINE.
- Two types of gifts: “E-Gifts” – suitably priced for casual presents; “Delivery Gifts” – available in wide price ranges to suit various purposes.

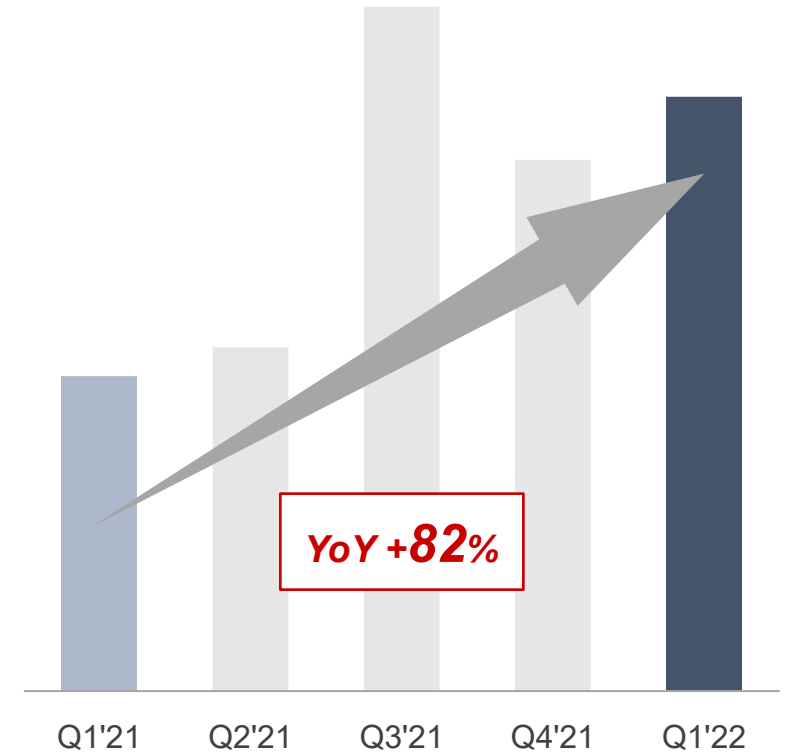


User Attribute<sup>1</sup>



No. of cumulative users<sup>2</sup> **25 million**  
(As of June 2022)

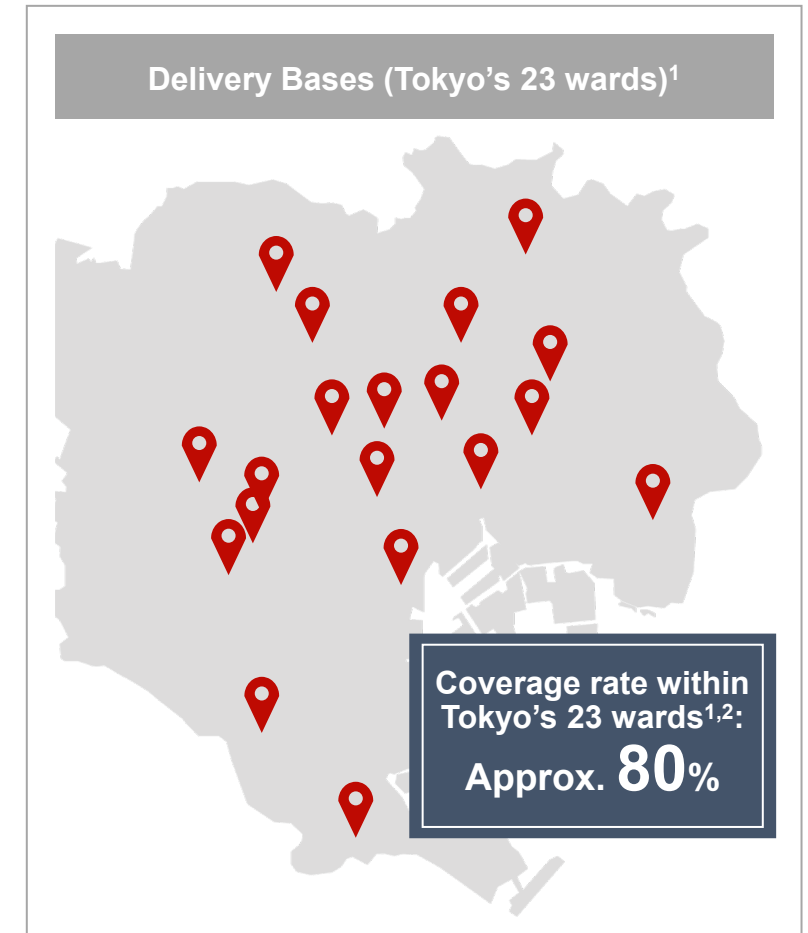
LINE GIFT – Transaction Value



1. Period covered: June 1, 2021 – May 31, 2022. According to LINE Corporation’s own server survey  
 2. Total number of unique users who have given or received LINE GIFT.

- Rebranded to “Yahoo! JAPAN Mart by ASKUL” for full launch. Number of stores increased to 20.
- Efforts continue to speedily establish a system that can serve all 23 wards of Tokyo within FY2022.

Item	Status	Next Steps
Target area (delivery bases)	Expanded to 20 stores • New store opened in Chiba Prefecture	<b>Speedily establish a system that can serve all 23 wards of Tokyo within FY2022</b>
Users	Main customer segments: • Male customers in their mid 20s – early 40s • Female customers in their mid 20s – 30s	Increase no. of users through measures to raise recognition and implementation of user incentives
No. of products handled	Approx. 2,000 types • Started handling fresh fruits/vegetables	Expand brands and product lineup utilizing ASKUL’s product procurement capabilities



1. As of August 3, 2022




2. Based on the number of households

(JPY Million)

	FY2021 Q1 <sup>1</sup>	FY2022 Q1 <sup>1</sup>	YoY
<b>Revenue</b>	<b>195,979</b>	<b>205,629</b>	<b>+4.9%</b>
<b>Merchandise EC</b>	<b>160,006</b>	<b>166,824</b>	<b>+4.3%</b>
Shopping business	74,810	79,392	+6.1%
Reuse business	14,034	14,052	+0.1%
ASKUL online BtoB business	71,161	73,379	+3.1%
<b>Services EC</b>	<b>2,837</b>	<b>5,357</b>	<b>+88.8%</b>
<b>Other</b>	<b>33,134</b>	<b>33,447</b>	<b>+0.9%</b>
<b>Cost of sales</b>	<b>85,223</b>	<b>88,961</b>	<b>+4.4%</b>
<b>Selling, general and administrative expenses</b>	<b>88,023</b>	<b>92,322</b>	<b>+4.9%</b>
Sales promotion cost + Advertising and promotional expenses	25,380	25,054	-1.3%
Other selling, general and administrative expenses	62,643	67,268	+7.4%
<b>Other revenue and expenses</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Adjusted EBITDA (Margin)</b>	<b>35,514 (18.1%)</b>	<b>37,396 (18.2%)</b>	<b>+5.3%</b>

1. From FY2022 Q1, LINE Corporation's services that had been recorded in Adjustments to each business segment. Figures have been retroactively revised from FY2021 Q1.



	Existing E-commerce			Quick Commerce	Social Commerce		
	 (Scheduled to be renewed in October 2022)	ZOZOTOWN	LOHACO		LINE GIFT		LIVEBUY
Form/Type	Mall-type (Approx. 400 mil. items)	Direct sales (Approx. 900,000 items)	Direct sales (No. of items undisclosed)	Immediate delivery service (Approx. 2,000 items)	Mall-type (Approx. 100,000 items)	E-commerce store creation (No. of merchants undisclosed)	Live commerce (No. of merchants undisclosed)
Feature/Differentiators	<ul style="list-style-type: none"> <li>Organized simple design</li> <li>UI/UX that enables easy search of products by category</li> <li>High appeal on blue-ribbon stores and strengthened delivery</li> </ul>	<ul style="list-style-type: none"> <li>Category killer</li> <li>Excellent UI</li> </ul>	<ul style="list-style-type: none"> <li>Original products</li> </ul>	<ul style="list-style-type: none"> <li>Utilizes Group assets</li> </ul>	<ul style="list-style-type: none"> <li>Service based on LINE</li> </ul>	<ul style="list-style-type: none"> <li>Service based on LINE</li> <li>NAVER's expertise from South Korean market</li> </ul>	<ul style="list-style-type: none"> <li>Service based on LINE</li> <li>Interactivity</li> </ul>
Focus Areas/Notes	<ul style="list-style-type: none"> <li>Improve UI</li> <li>Enhance delivery quality</li> <li>Improve marketing efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen focus areas</li> <li>Strengthen cross-Group collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen cross-Group collaboration</li> </ul>	<ul style="list-style-type: none"> <li>Expand number of stores</li> </ul>	<ul style="list-style-type: none"> <li>Expand product lineup</li> <li>Expand users</li> <li>Create new gift-giving culture and new markets</li> </ul>	<ul style="list-style-type: none"> <li>Expand merchants</li> <li>Improve visibility in owned EC market in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Refine service for full-scale launch</li> </ul>
Take Rate	<ul style="list-style-type: none"> <li>Commission for sales promotion (3% of transaction value)</li> <li>Sales promotion activities within the shopping platform (e.g., ad placements)</li> <li>Fee for participating in user campaigns</li> </ul>	Approx. 30% (Consignment)	Undisclosed	Undisclosed	Undisclosed	Sales commission: 2.5% <sup>1</sup> Payment fee: 3.5%	Undisclosed
Market Size	JPY12.2 T <sup>2</sup> (BtoC e-commerce market, merchandise)	JPY7.5 T <sup>3</sup> (Apparel retail market, 2020)	JPY12.2 T <sup>2</sup> (BtoC e-commerce market, merchandise)	JPY2.5 T <sup>4</sup> (Food delivery market, FY2021 forecast)	JPY10.1 T <sup>5</sup> (Gift market, 2021)	JPY4 T <sup>6</sup> (Owned EC market)	-

1. Stores that opened before March 31, 2022, will be exempt from the sales commission for the period up to March 31, 2023.

2. Source: Ministry of Economy, Trade and Industry: "FY2020 E-Commerce Market Survey - Scale of the Domestic B-to-C EC Market"

3-5. Source: Yano Research Institute Ltd.: 3. Apparel Market in Japan 2021 (released on October 12, 2021); 4. Food Delivery Service Market in Japan 2021 (released on September 15, 2021). Calculated by totaling the eight major business categories of 1) Home meal delivery services, 2) Deli & food delivery services, 3) Pizza delivery services, 4) Sushi delivery services, 5) Meals from restaurant/fast food chains, 6) Milk delivery services, 7) Co-op delivery services, and 8) Online supermarkets; 5. Gift Market in Japan 2021 (released on January 28, 2022).

6. Source: Research by ZHD: Owned e-commerce market size in Japan in 2020

Item	Breakdown
<b>Merchandise EC</b>	-
<b>Shopping business</b>	Yahoo! JAPAN Shopping, PayPay Mall, ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY, Overseas EC <sup>1</sup>
<b>Reuse business</b>	YAHUOKU!, PayPay Flea Market, ZOZOUSED
<b>ASKUL non-consolidated online BtoB business</b>	ASKUL, SOLOEL ARENA, etc.
<b>Services EC</b>	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.
<b>Others</b>	Premium membership, ASKUL non-online BtoB business, ValueCommerce, etc.

1. Please refer to page 26 of the Appendix for definition of overseas EC.

Item	Major Services/products
<b>EC transaction value</b>	-
<b>Domestic merchandise</b>	-
<b>Shopping business</b>	Yahoo! JAPAN Shopping, PayPay Mall, ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE GIFT, LINE FRIENDS, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY
<b>Reuse business</b>	YAHUOKU!, PayPay Flea Market, ZOZOUSED
<b>ASKUL non-consolidated online BtoB business</b>	ASKUL, SOLOEL ARENA, etc.
<b>Other (merchandise)</b>	Ouchi-Direct <sup>1</sup>
<b>Domestic services</b>	Ikyu.com, Yahoo! JAPAN Travel, Yahoo! JAPAN Loco <sup>2</sup> , Demae-can, LINE PLACE
<b>Domestic digital content<sup>2</sup></b>	ebookjapan, LINE Manga, LINE MUSIC, LINE Stickers, LINE GAME, LINE LIVE, LINE Fortune, LINE NFT <sup>3</sup> , other paid digital content
<b>Overseas EC</b>	LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, LINE FRIENDS, LINE TRAVEL (Taiwan) , LINE MAN, LINE Stickers <sup>2</sup> , LINE GAME <sup>2</sup> , DOSI <sup>4</sup>

1. Service terminated on June 30, 2022.

2. Revenue from this service is recorded in the Media Business segment.

3. Revenue from this service is recorded in the Strategic Business segment.

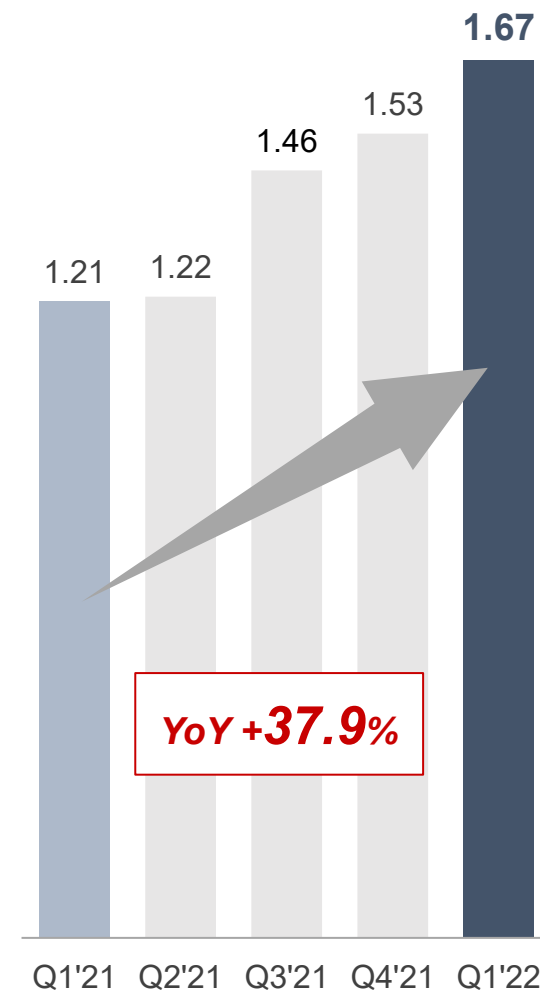
4. Global NFT platform. Transaction value from this service is planned to be recorded after service release, and its revenue is planned to be recorded in the Strategic Business segment.

**Strategic Business**



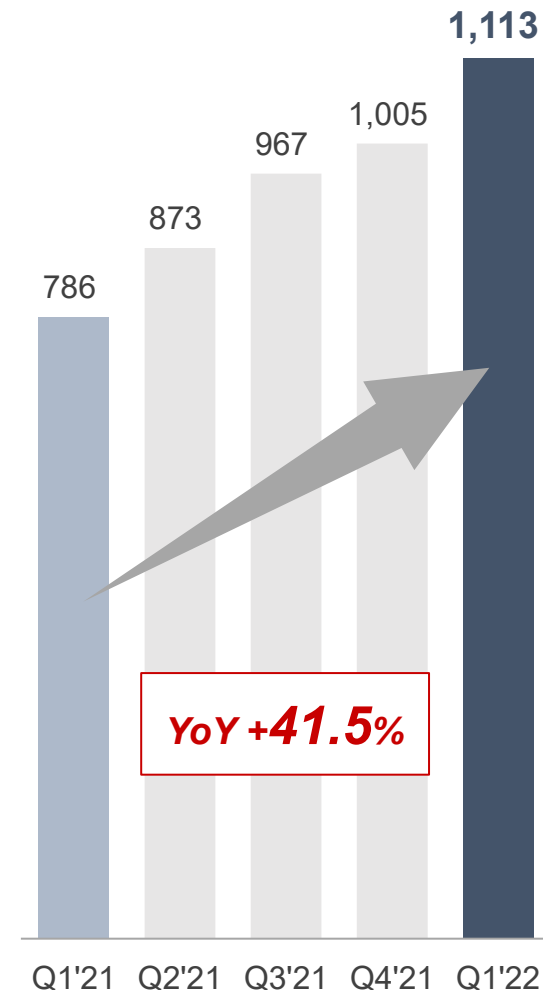
PayPay GMV<sup>1</sup>

(JPY T)



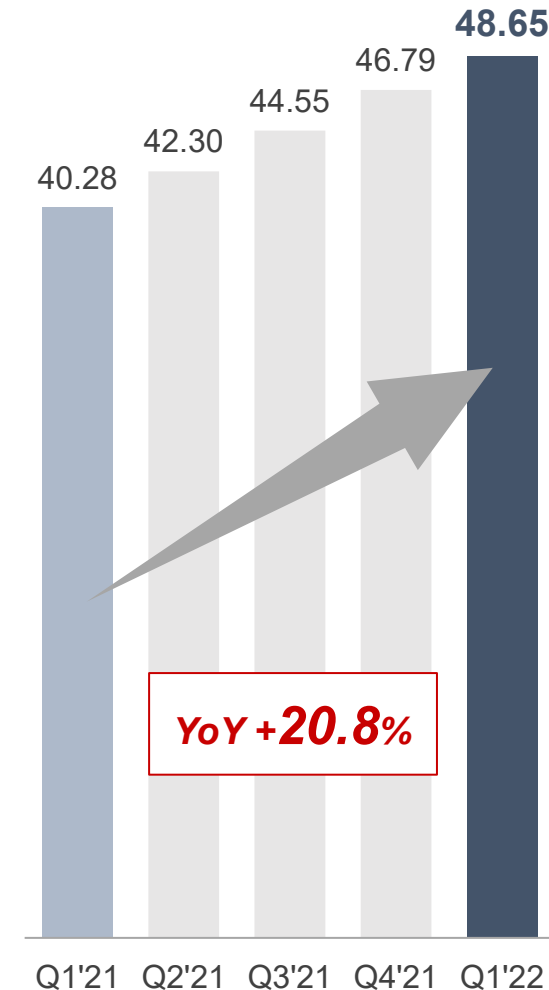
No. of PayPay Payments<sup>1</sup>

(Million)



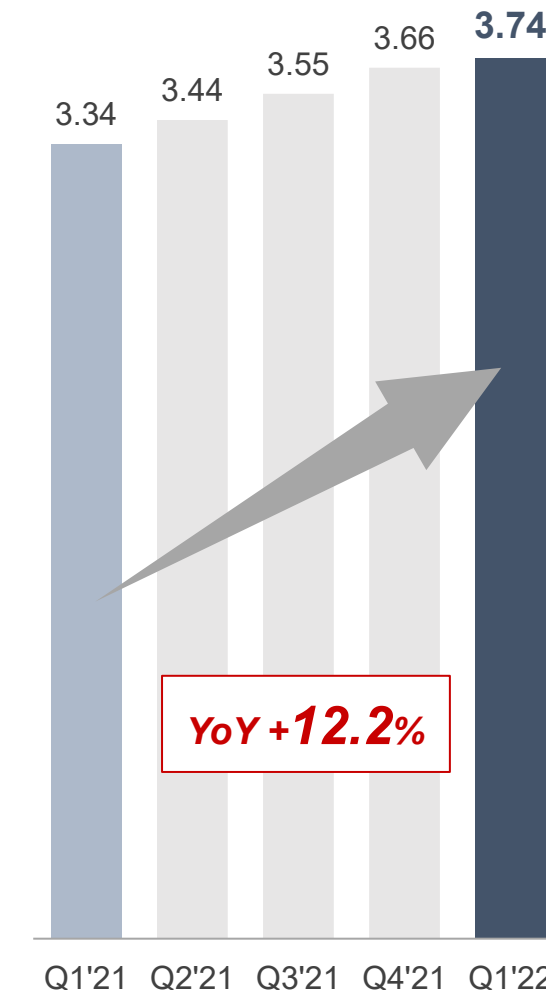
Cumulative PayPay Registered Users

(Million)



No. of PayPay Merchants<sup>2</sup>

(Million)

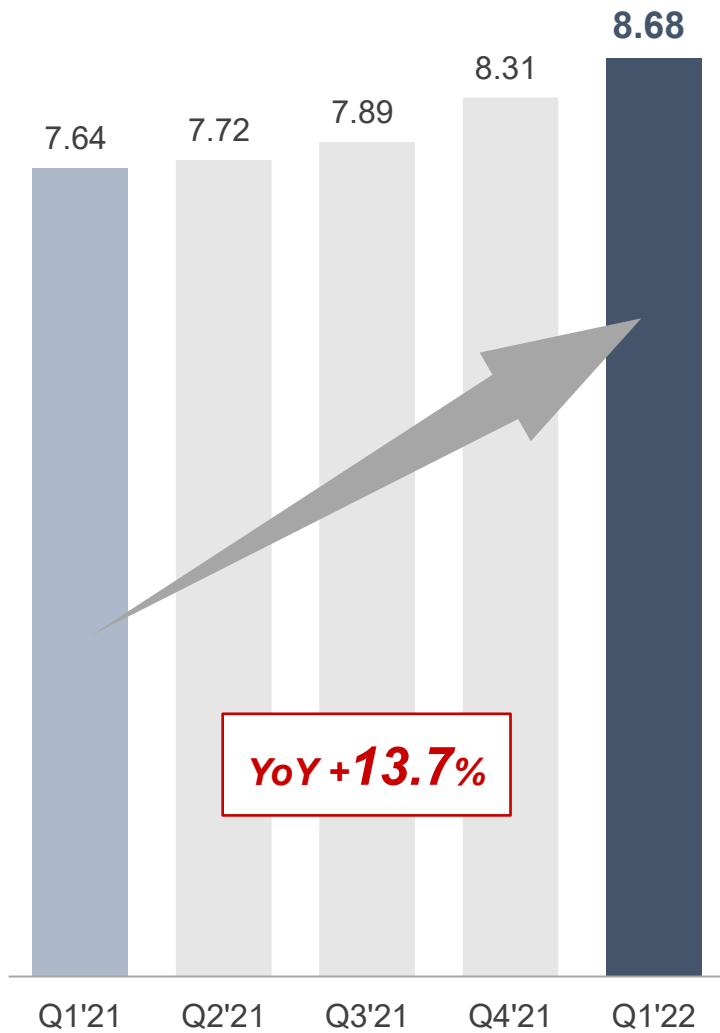


1. Figures from FY2021 Q4 onwards include payments via Alipay and LINE Pay. Also includes payment by PayPay Atobarai (deferred payment) launched in February 2022.

2. Cumulative number of PayPay registered locations (e.g. stores, taxis, etc.)

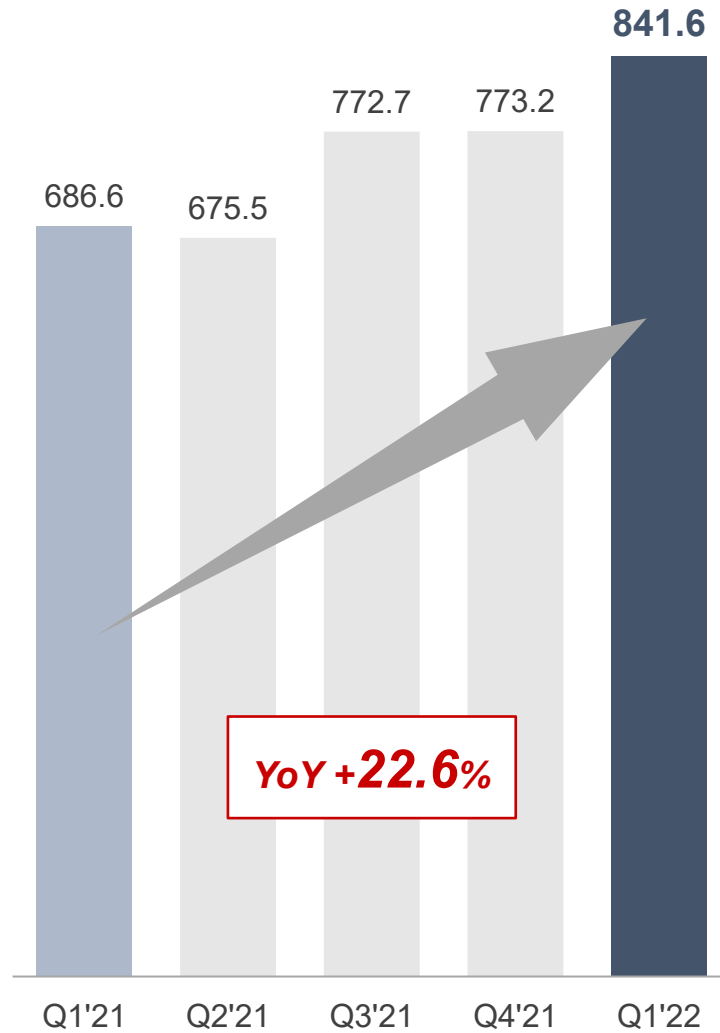
Active Cardholders<sup>1</sup>

(Million)



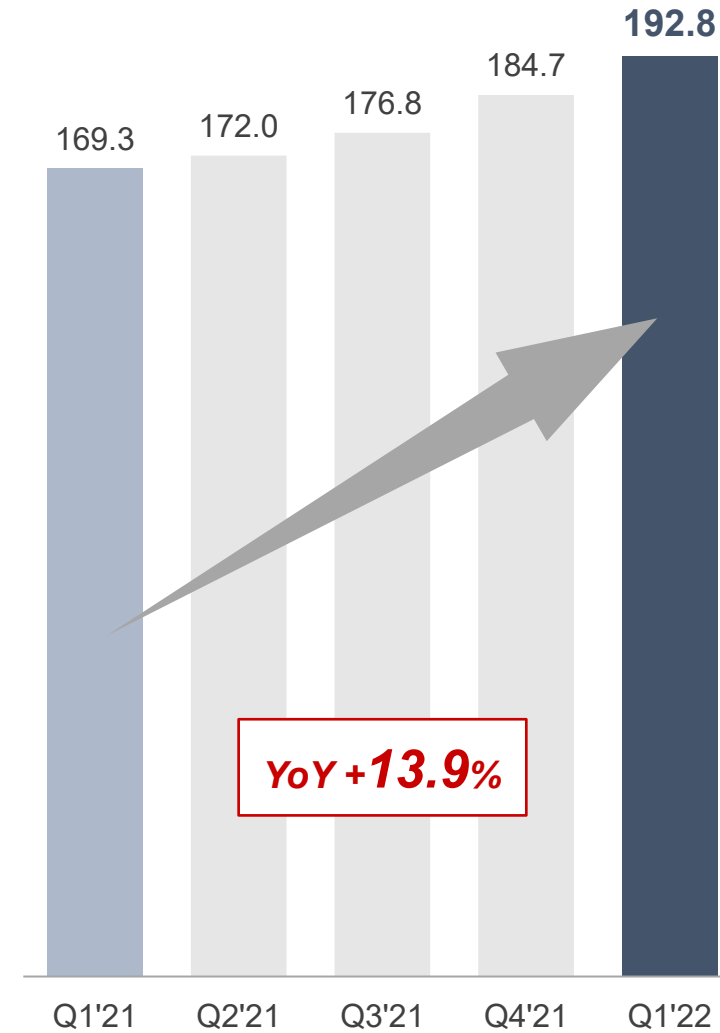
Transaction Volume<sup>1</sup>

(JPY B)



Revolving Balance<sup>1</sup>

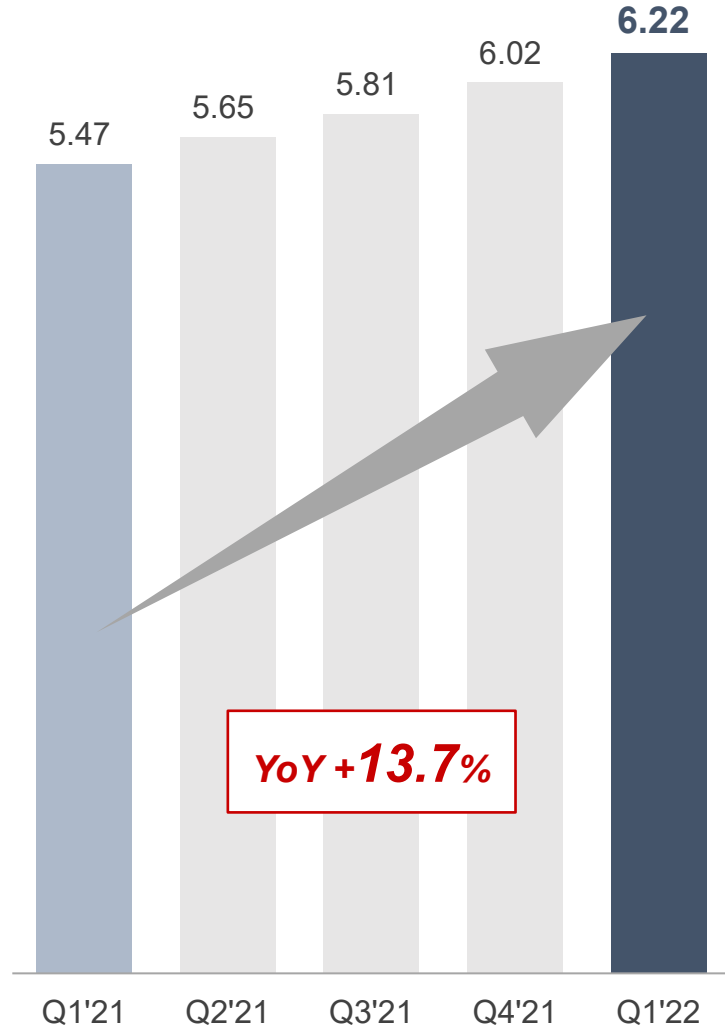
(JPY B)



1. Includes users of PayPay Atobarai (deferred payment) launched in February 2022.

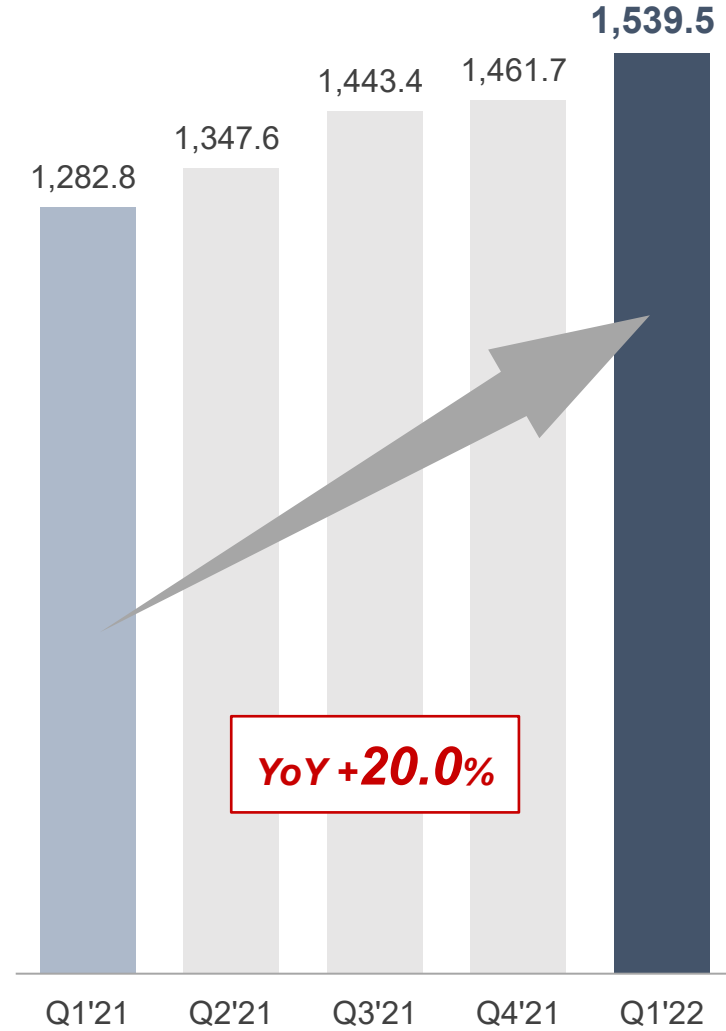
No. of Accounts

(Million)



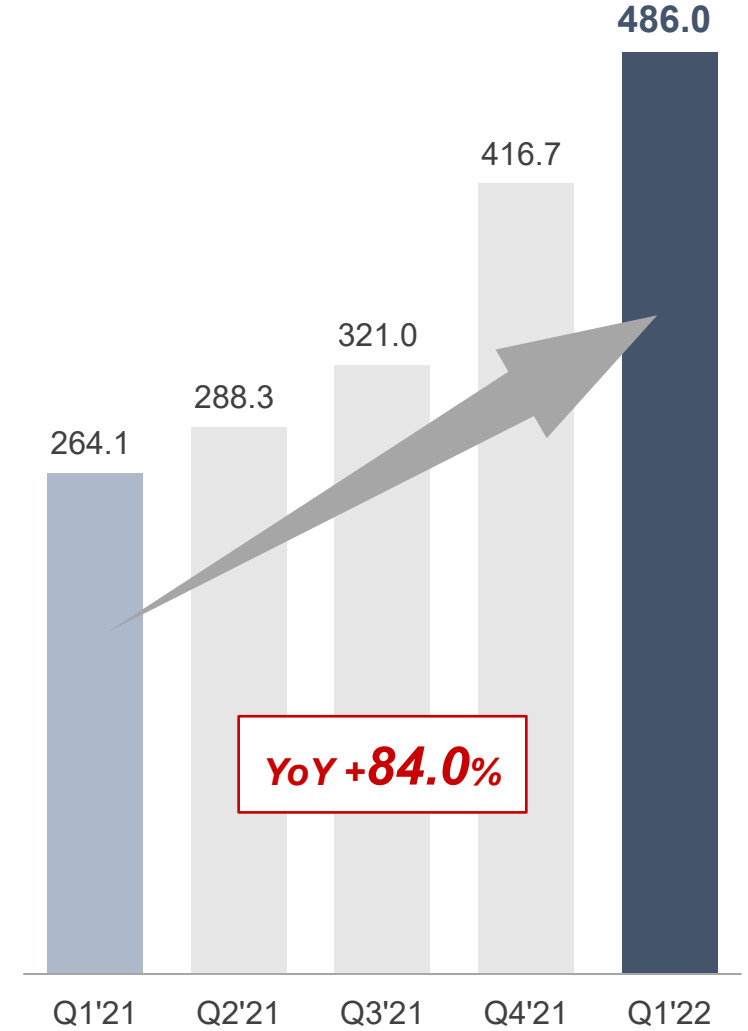
Deposit Balance

(JPY B)



Loan Balance

(JPY B)



• Consolidate PayPay Corporation from October 2022

		May 2018 (At founding)	As of end of May 2019	As of end of Mar 2020	As of end of Mar 2022	As of end of June 2022
Common Stock	Yahoo Japan	50%	25%	25%	25%	25%
	SoftBank	50%	25%	25%	25%	25%
	SoftBank Group <sup>2</sup>	-	50%	50%	50%	50%
	Paytm <sup>3</sup>	-	-	-	-	-
	<b>Total</b>	100%	100%	100%	100%	100%
Preferred Stock <sup>1</sup>	Yahoo Japan	-	-	50%	41.5%	50%
	SoftBank	-	-	50%	41.5%	50%
	SoftBank Group <sup>2</sup>	-	-	-	17.0%	-
	<b>Total</b>	-	-	100%	100%	100%

Capital Structure after Completion of Transactions<sup>4,5</sup>  
(Scheduled in Oct. 2022)

<b>B Holdings<sup>6</sup></b>	<b>54.8%</b>
SoftBank Vision Fund 2	<b>28.5%</b>
Z Holdings	<b>5.6%</b>
SoftBank	<b>5.6%</b>
Paytm	<b>5.5%</b>
<b>Total</b>	<b>100%</b>



Voting rights ratio

**25.0%**

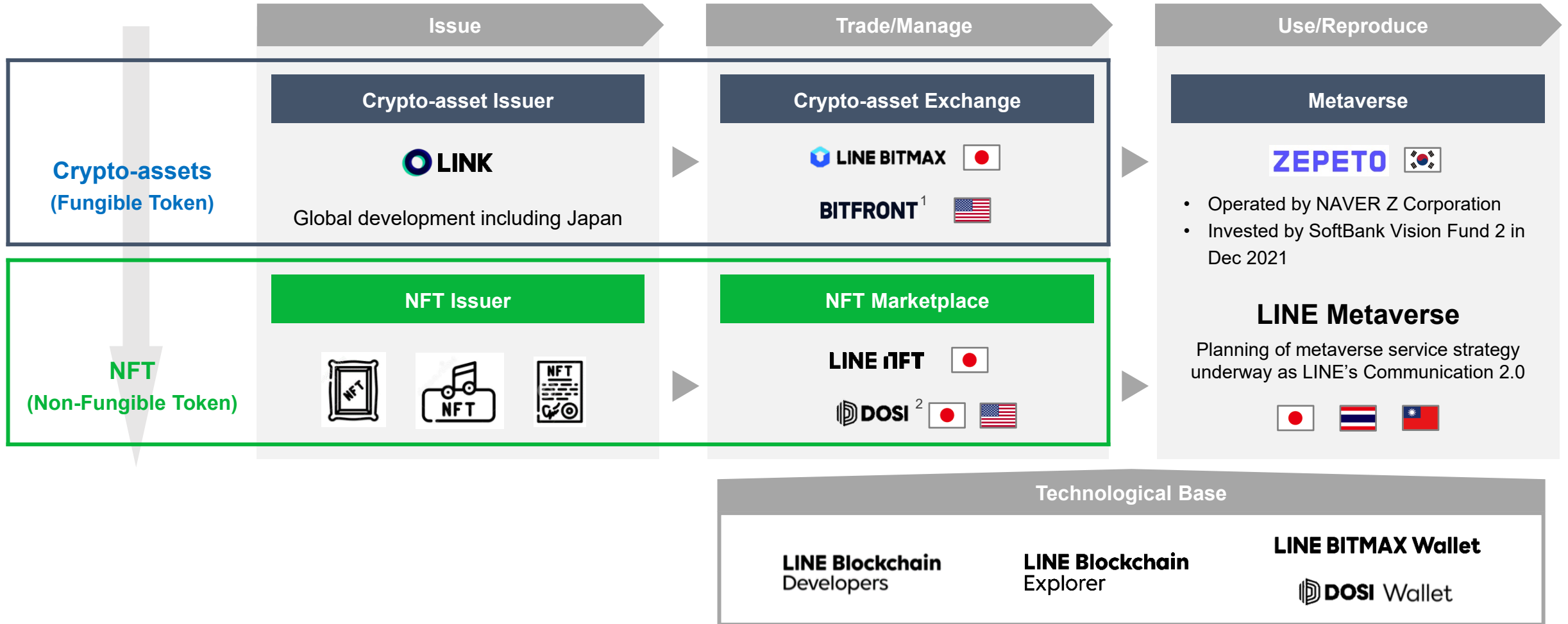
**Z HOLDINGS** Shareholding ratio **33.0%**

(Incl. 27.4% held through B Holdings)

1. From April 2022 onwards, may be converted to common stocks (conversion rate = 1:1). To consolidate PayPay, all preferred stocks are scheduled to be converted to common stocks.
2. Transferred to SoftBank Vision Fund 2 under SoftBank Group in December 2021.
3. On September 30, 2020, issued stock options to Paytm. The options can be exercised from the same date.
4. Figure after Paytm's stock options are exercised.
5. ZHD's announcement: [https://www.z-holdings.co.jp/en/ir/news/auto\\_20220727505491/pdfFile.pdf](https://www.z-holdings.co.jp/en/ir/news/auto_20220727505491/pdfFile.pdf)
6. ZHD's consolidated subsidiary scheduled to be established in September 2022. With investment also from SoftBank Corp., scheduled to be an intermediate holding company of ZHD and SoftBank Corp.



- Rapid spread of blockchains as crypto-assets, has expanded NFTs into all industries including digital content, gaming items, and the field of metaverse.



1. Based in the U.S. and operating globally excluding Japan.  
 2. Preparations underway to expand eligible users to major countries in the world, including Japan.

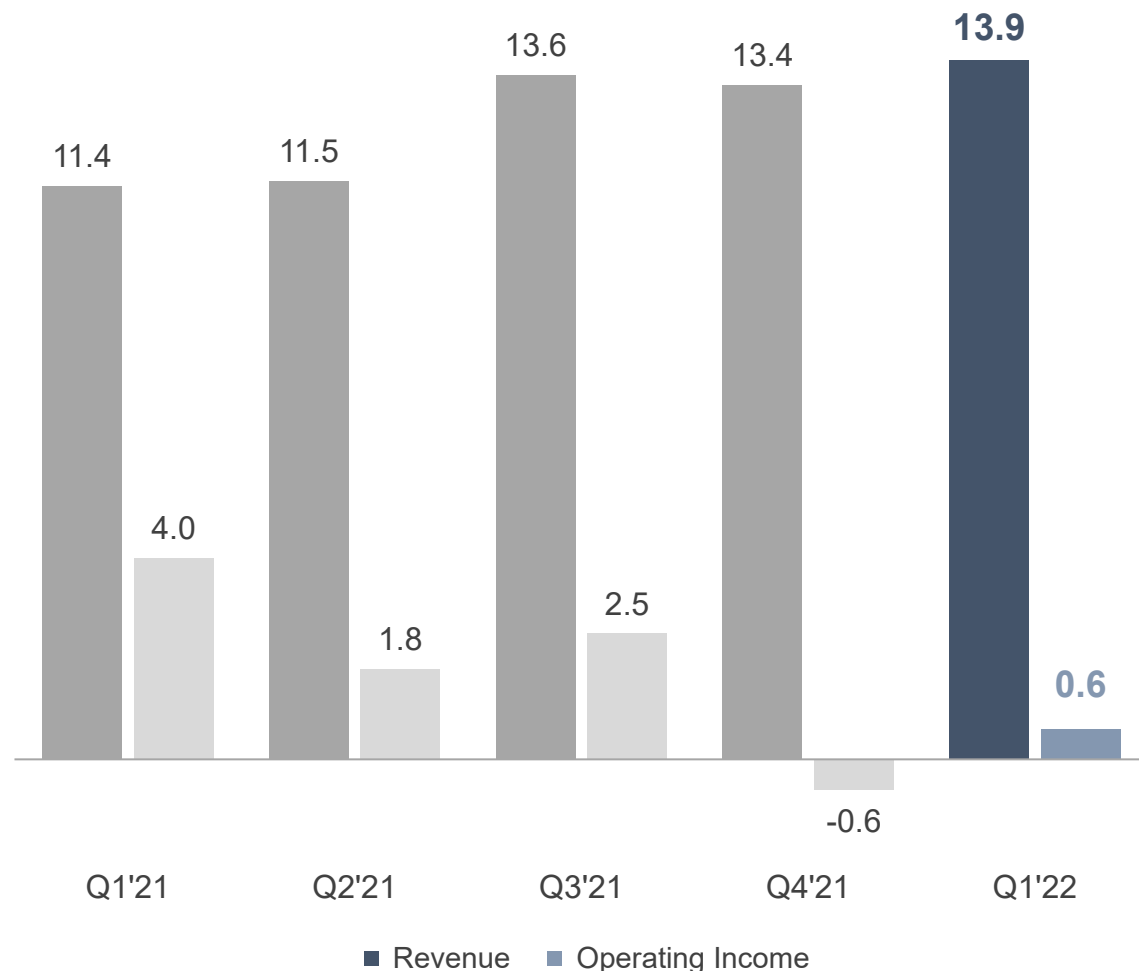
(JPY Million)	FY2021 Q1 <sup>1</sup>	FY2022 Q1 <sup>1</sup>	YoY
<b>Revenue</b>	<b>27,599</b>	<b>30,316</b>	<b>+9.8%</b>
<b>Fintech</b>	<b>27,293</b>	<b>30,507</b>	<b>+11.8%</b>
PayPay Card <sup>2</sup>	11,450	13,901	+21.4%
PayPay Bank <sup>2</sup>	8,023	8,435	+5.1%
Other fintech (LINE Fintech, etc.)	7,819	8,170	+4.5%
<b>Other Strategic Business (AI, LINE Search, LINE Healthcare, etc.)</b>	<b>305</b>	<b>-191</b>	<b>-162.9%</b>
<b>Cost of sales</b>	<b>3,479</b>	<b>4,374</b>	<b>+25.7%</b>
<b>Selling, general and administrative expenses</b>	<b>29,956</b>	<b>34,476</b>	<b>+15.1%</b>
Sales promotion cost + Advertising and promotional expenses	3,172	4,770	+50.4%
Other selling, general and administrative expenses	26,783	29,706	+10.9%
<b>Other revenue and expenses</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Adjusted EBITDA (Margin)</b>	<b>-5,025 (-18.2%)</b>	<b>-7,189 (-23.7%)</b>	<b>-</b>

1. From FY2022 Q1, Yahoo Japan Corporation's financial service which had formerly been recorded in Strategic Business has been transferred to Media Business. LINE Corporation's services that had been recorded in Adjustments have been transferred to each business segment. Figures have been retroactively revised from FY2021 Q1.

2. Independently calculated by making relevant IFRS adjustments from non-consolidated figures under JGAAP.

Revenue/Operating Income (Non-Consolidated IFRS)<sup>1</sup>

(JPY B)



Statement of Financial Position (JGAAP)<sup>1</sup>

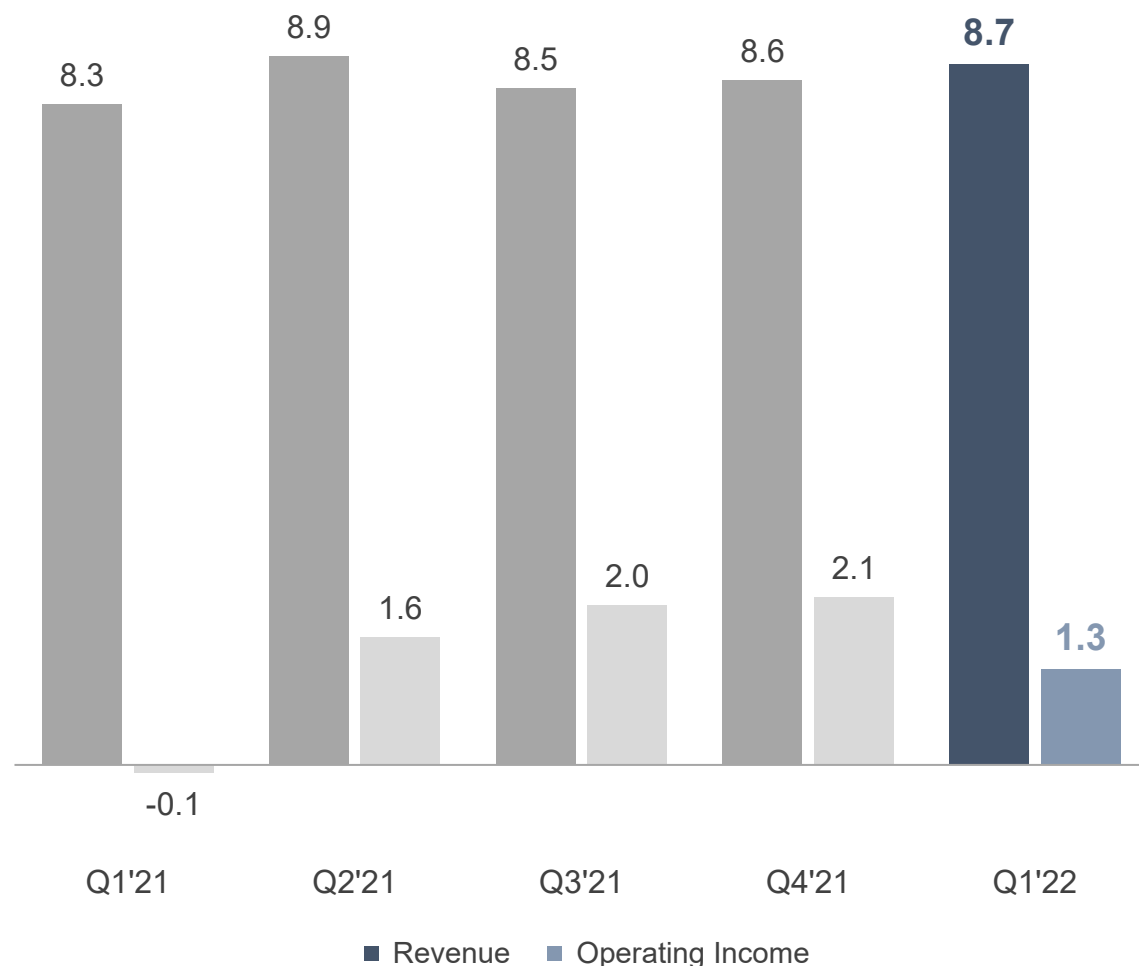
(JPY B)

	FY2021 Q4	FY2022 Q1	Difference
<b>Assets</b>	<b>776.2</b>	<b>804.8</b>	<b>+28.5</b>
Cash and cash equivalents	63.3	54.0	-9.2
Trade and other receivables	178.7	222.9	+44.2
Loans in credit card business	463.8	453.8	-10.0
Investment securities in banking business	-	-	-
Property and equipment	4.5	5.4	+0.8
Intangible assets	27.3	28.4	+1.1
<b>Liabilities</b>	<b>737.8</b>	<b>766.9</b>	<b>+29.1</b>
Trade and other payables	255.7	231.4	-24.2
Customer deposit in banking business	-	-	-
Interest-bearing liabilities	471.0	530.7	+59.7
<b>Equity</b>	<b>38.4</b>	<b>37.8</b>	<b>-0.6</b>

1. Figures before elimination of internal transactions within the Z Holdings Group. Revenue and operating income are independently calculated by making relevant IFRS adjustments from non-consolidated figures under JGAAP.

Revenue/Operating Income (Non-Consolidated IFRS)<sup>1</sup>

(JPY B)



Statement of Financial Position (JGAAP)<sup>1</sup>

(JPY B)

	FY2021 Q4	FY2022 Q1	Difference
<b>Assets</b>	<b>1,583.9</b>	<b>1,659.6</b>	<b>+75.7</b>
Cash and cash equivalents	334.3	347.1	+12.7
Trade and other receivables	25.2	23.8	-1.3
Loans in credit card business	-	-	-
Investment securities in banking business	588.1	571.9	-16.2
Property and equipment	1.2	1.3	+0.1
Intangible assets	8.8	8.8	+0
<b>Liabilities</b>	<b>1,524.9</b>	<b>1,602.0</b>	<b>+77.0</b>
Trade and other payables	15.5	15.6	+0.1
Customer deposit in banking business	1,461.7	1,539.5	+77.7
Interest-bearing liabilities	41.0	41.0	+0
<b>Equity</b>	<b>58.9</b>	<b>57.6</b>	<b>-1.2</b>

1. Figures before elimination of internal transactions within the Z Holdings Group. Revenue and operating income are independently calculated by making relevant IFRS adjustments from non-consolidated figures under JGAAP.











Item	Breakdown
<b>Fintech</b>	-
<b>PayPay Card</b>	-
<b>PayPay Bank</b>	-
<b>Other fintech</b>	PayPay Asset Management, PayPay Insurance, Magne-Max, LINE Pay, LINE Securities, LINE Score, LINE Pocket Money, LINE BITMAX, LINE NFT, etc.
<b>Others</b>	AI, LINE Search, LINE Healthcare, etc.

	Instrument	Available at	Credit Line	Revolving/Installment Payment	Main Revenue Sources	Provided by
<b>Top-up &amp; Pay</b>						
<b>Payment from PayPay Balance</b>	PayPay app	PayPay merchants (Online/offline)	-	-	<ul style="list-style-type: none"> <li>Payment fee from merchants</li> </ul>	PayPay Corporation
<b>Buy Now Pay Later</b>						
<b>PayPay Card (Yahoo! JAPAN Card)</b>	Physical card	Credit card merchants	Large	Available	<ul style="list-style-type: none"> <li>Payment fee from merchants</li> <li>Interest from revolving/installment payments</li> </ul>	PayPay Card Corporation
<b>PayPay Atobarai</b>	PayPay app From February 1	PayPay merchants (Online/offline)	Large	Available	<ul style="list-style-type: none"> <li>Payment fee from merchants</li> <li>Interest from revolving payments</li> </ul>	PayPay Card Corporation
	PayPay app Coming soon	PayPay merchants (Online/offline)	Small	N/A	<ul style="list-style-type: none"> <li>Under discussion</li> </ul>	PayPay Card Corporation

# International Business



- Overwhelming reach and market share in Asian countries and regions, mainly Taiwan, Thailand, and Indonesia.
- Generating revenue mainly from advertising, stickers, and game businesses based on messaging.

<p>Taiwan</p> 	<p>22 mil MAU<sup>1</sup></p> <p>(Population: 23.38 mil<sup>2</sup>)</p>	   <p><b>No.1 Market share<sup>4</sup></b></p>
<p>Thailand</p> 	<p>53 mil MAU<sup>1</sup></p> <p>(Population: 66.17 mil<sup>2</sup>)</p>	  <p><b>No.1 Market share<sup>4</sup></b></p>
<p>Indonesia</p> 	<p>9 mil MAU<sup>1</sup></p> <p>(Population: 272.24 mil<sup>3</sup>)</p>	 



1. As of June 30, 2022.
2. Population for 2021. Figures are quoted from data published by the respective Ministries of Interior.
3. Population for 2021. Figures is quoted from data published by the Central Bureau of Statistics.
4. Data for Taiwan and Thailand are based on 2020 market research data for each country and region.
5. Figures for local financial results are converted to Japanese yen using the average exchange rate from the beginning of the fiscal year.

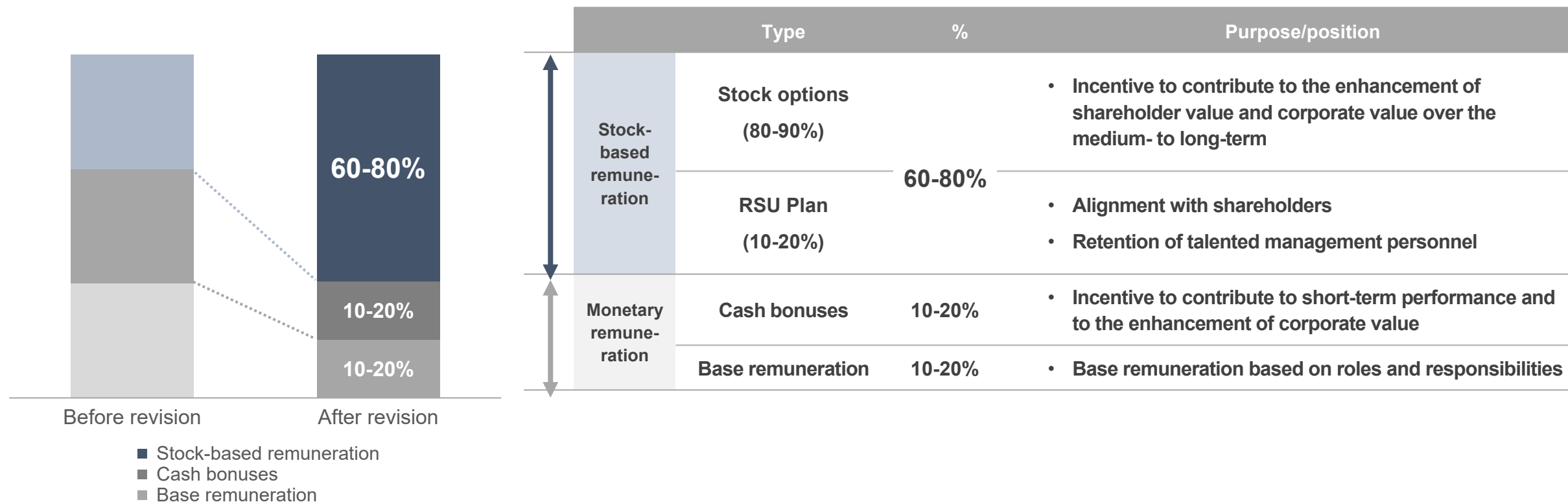


**Non-Financial Information**



- The new executive remuneration plan from FY2022 onwards **puts more emphasis on stock-based remuneration as a medium- to long-term incentive.**
- **Fostering a sense of shared interest (Same Boat) with shareholders, aim to enhance corporate value through sustainable growth.**

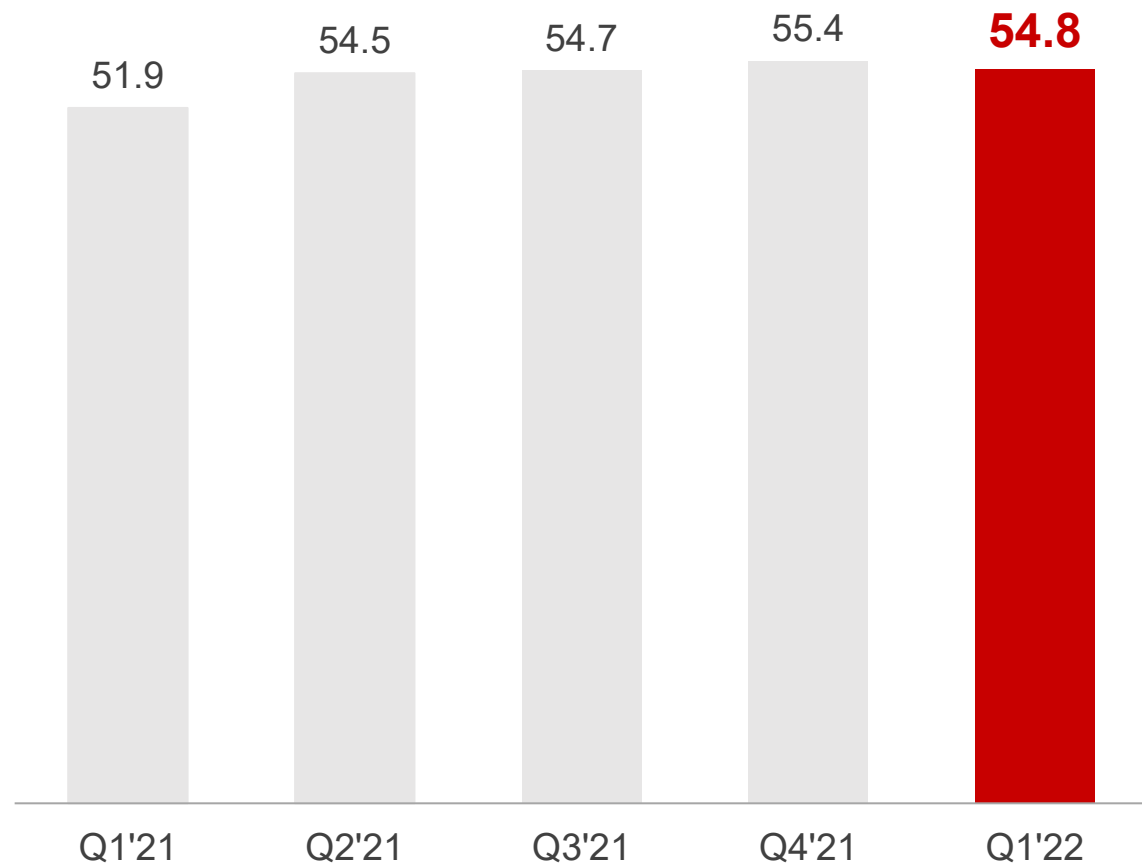
Revision of directors' remuneration plan<sup>1</sup>



1. Excludes directors serving on the Audit and Supervisory Committee.

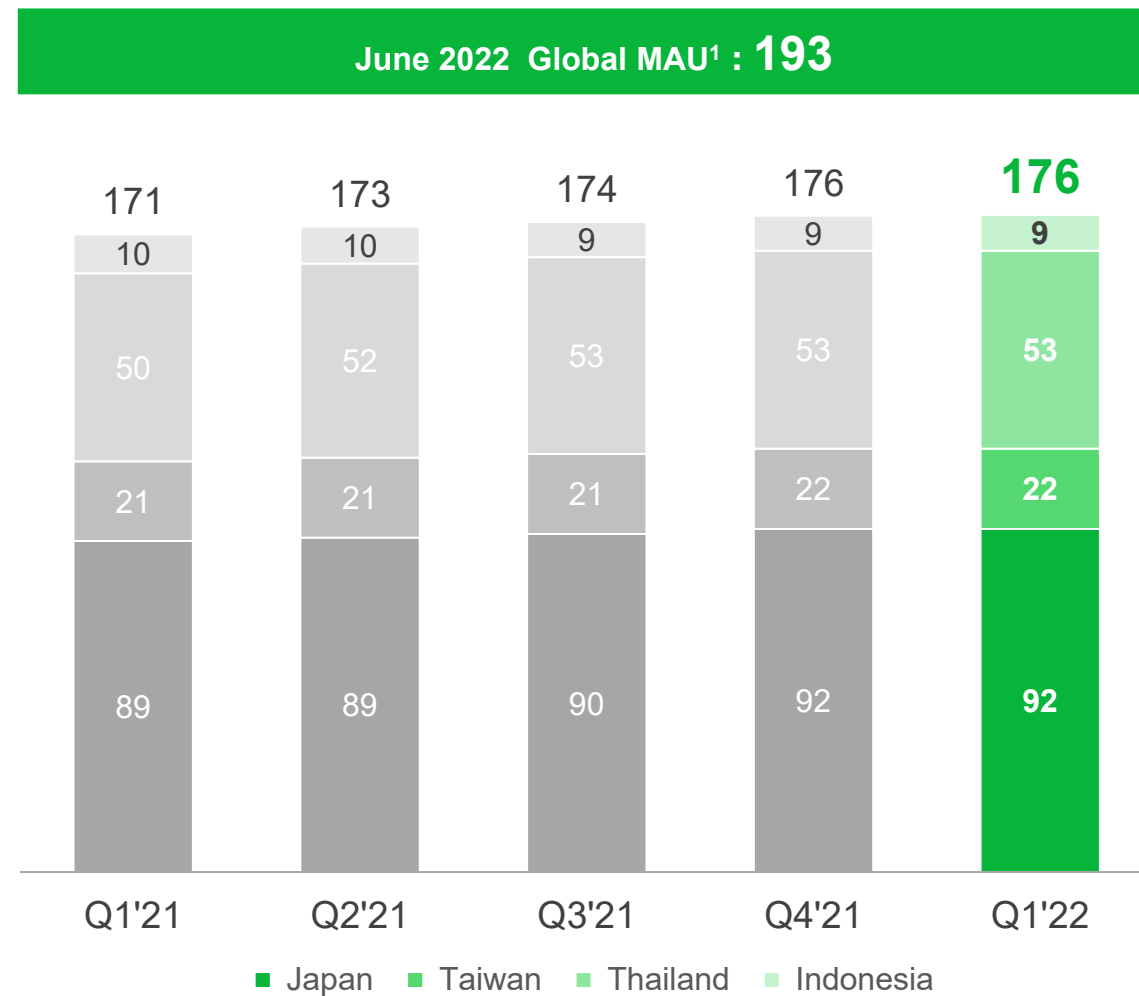
Yahoo Japan - Number of Monthly Logged-in User IDs

(Million)

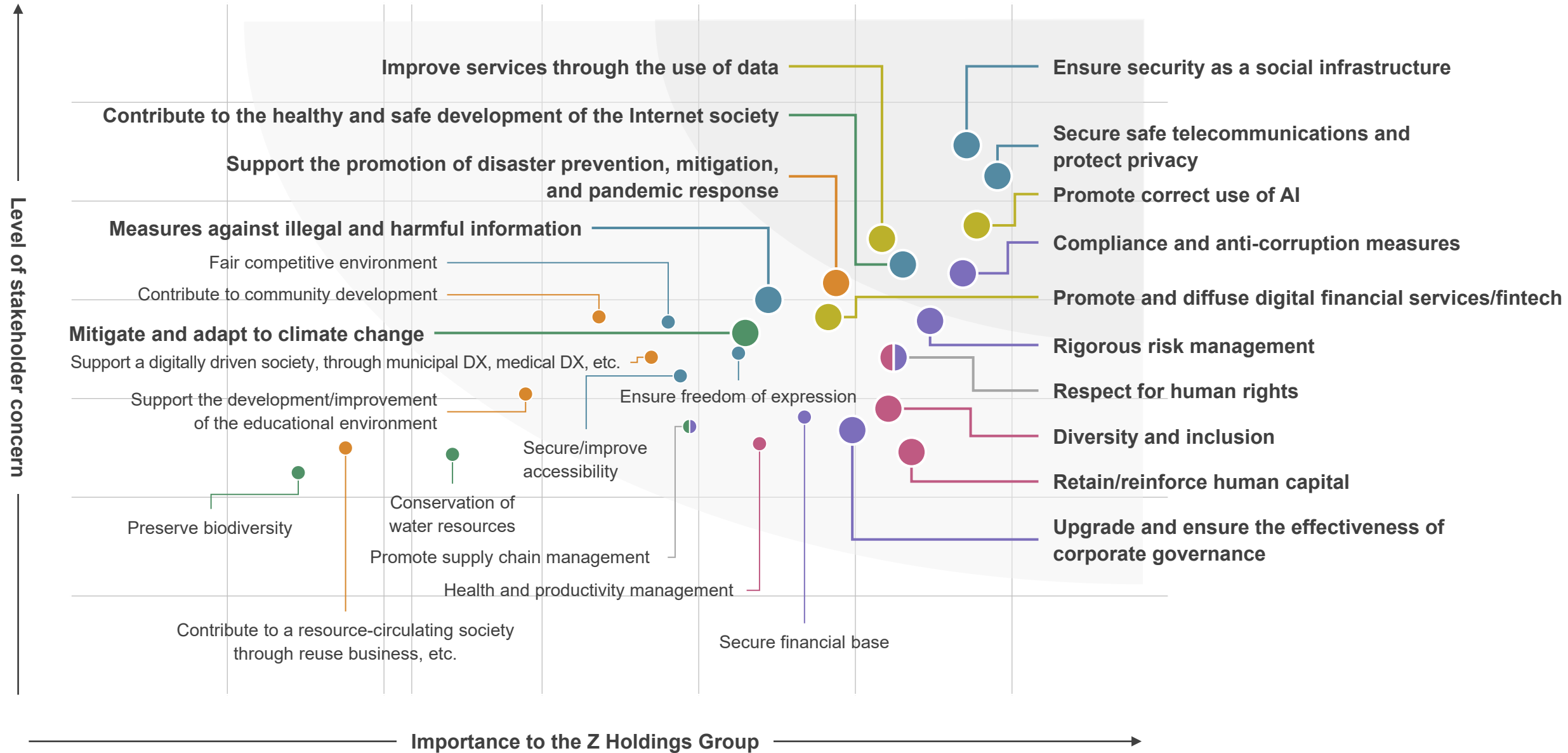


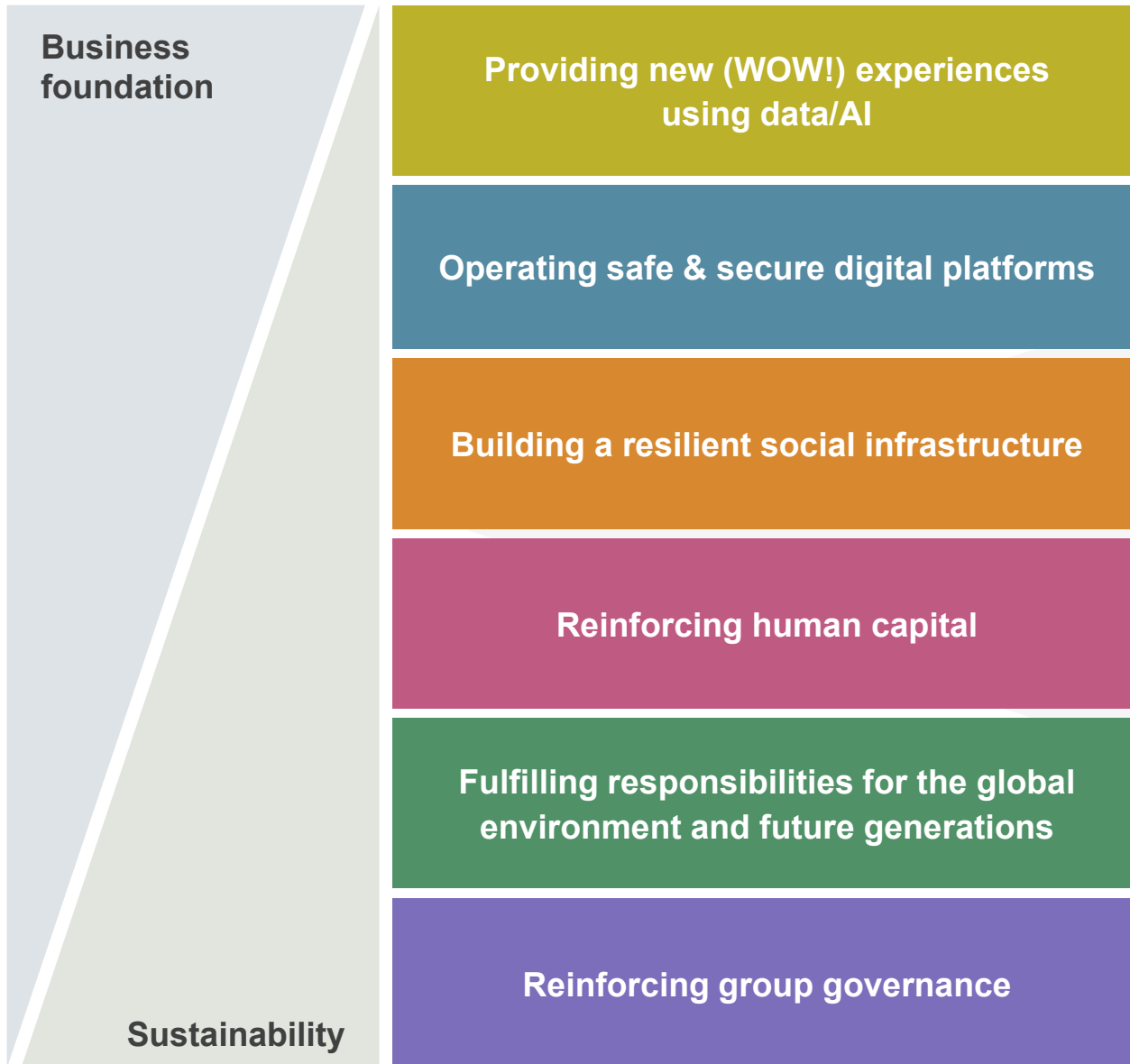
LINE - Monthly Active Users

(Million)



1. Total number of users worldwide, including the four major countries and regions.





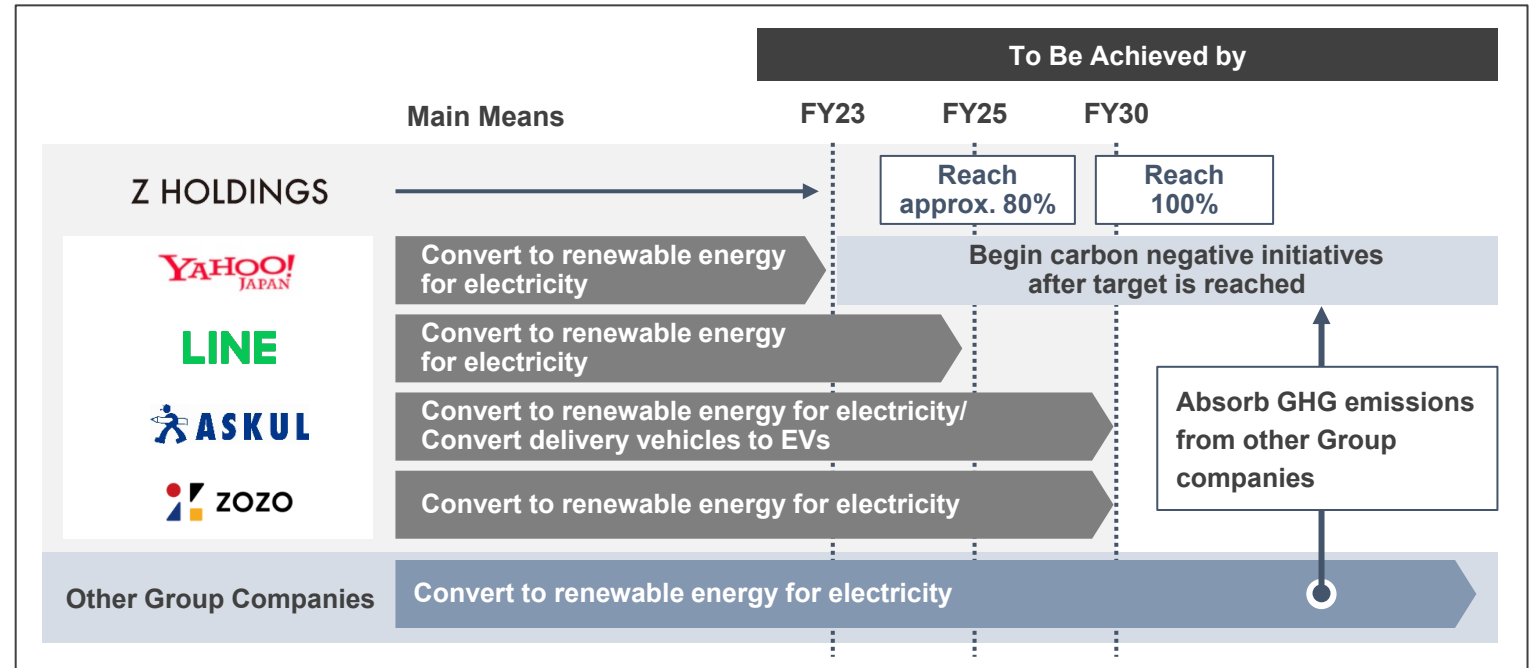
# UPDATE THE WORLD

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

- ZHD Group as a whole, aims to achieve carbon neutrality where greenhouse gas (GHG) emissions are reduced to net-zero by 2030.
- Contribute to the realization of a sustainable society by encouraging carbon neutral initiatives both in and out of the ZHD Group.
- Joined RE100, a global initiative moving steadily to achieve “2030 Carbon Neutrality Declaration.”

Initiatives for Achieving Carbon Neutrality by 2030

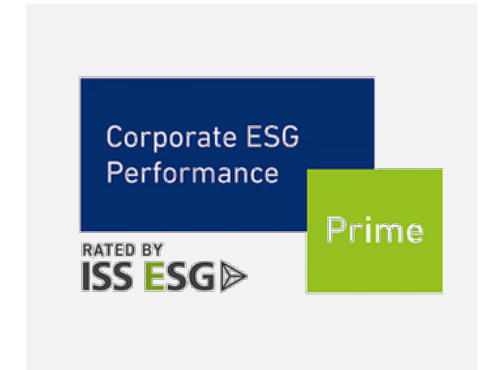
- 1** Yahoo Japan, ahead of the Group, begins carbon negative<sup>1,2</sup> initiatives, to achieve a state in which GHG absorption is greater than emissions
- 2** By around FY2025, 80%+ electricity used by major Group companies to be converted to renewable energy sources
- 3** FY2025 - FY2030: Promote the conversion of remaining electricity use to 100% renewable energy



1. GHG emissions subject to the GHG Protocol Scopes 1 and 2  
 Scope 1: Direct GHG emissions from company-owned and controlled resources. Scope 2: Indirect GHG emissions from the consumption of purchased electricity, heat, and steam

2. Initiatives to reduce emissions in Scope 3 are also planned.  
 Scope 3: Indirect GHG emissions excluding Scopes 1 and 2 (emissions made by other companies related to the company's business)

- **Acknowledged by various evaluators.**
- **Aim to maintain/enhance a high third-party evaluation after integration, to secure our position as the industry-leading ESG issuer.**



1. As of 2021, Z Holdings Corporation received an MSCI ESG Rating of AAA. THE USE BY Z Holdings Corporation OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Z Holdings Corporation BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

S&P Global – DJSI

Approx. 320 companies selected around the world

Named as DJSI World Index constituent for two consecutive years

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

MSCI ESG Rating<sup>1</sup>

Score rising every year since 2018

Received Highest Rating:  
**AAA**

For two consecutive years, named to MSCI Japan ESG Select Leaders Index (June 2022)

**MSCI**  
ESG RATINGS



CCC B BB BBB A AA **AAA**

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Main Evaluation

Highest rating in the industry in the Environmental Dimension

Four areas of material importance

Privacy & Data Security

Human Capital Development

Carbon Emission

Governance

1. As of 2021, Z Holdings Corporation received an MSCI ESG Rating of AAA. THE USE BY Z Holdings Corporation OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Z Holdings Corporation BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.



- Financial/non-financial information useful for investment decisions are kept up to date

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.

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.

# Z HOLDINGS

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