

Z Holdings Corporation Business Results

FY2022 Q2 Appendix

November 2, 2022

Z HOLDINGS

FY2022 Q2 Consolidated Business Results



FY2022 Q2 Factors of Change in Operating Income

Whole Group

(JPY B)

		FY2022 Q2	YoY Difference	YoY	Major Factors of Change (JPY B)
Revenue		394.3	+16.7	+4.4%	<ul style="list-style-type: none"> • LINE +7.3 • ASKUL Group +6.2 • ZOZO +4.1
Cost of sales		123.6	+3.2	+2.7%	<ul style="list-style-type: none"> • ASKUL Group +4.2
SG&A		230.0	+21.9	+10.6%	
(Major items)	Personnel expense	61.0	+6.4	+11.8%	<ul style="list-style-type: none"> • LINE +5.7 • ASKUL Group +0.4
	Depreciation and amortization	34.0	+1.8	+5.6%	<ul style="list-style-type: none"> • LINE +1.3
	Sales promotion cost	30.8	+3.4	+12.6%	<ul style="list-style-type: none"> • Yahoo Japan +4.5 • LINE -0.7
	Business commissions	30.1	+1.4	+5.2%	<ul style="list-style-type: none"> • Yahoo Japan +0.5 • ASKUL Group +0.5 • PayPay Card +0.5
Other income & expenses		9.1	-5.8	-38.9%	
Operating income		49.7	-14.3	-22.4%	

FY2022 Q2 Factors of Change in Net Income Attributable to Owners of the Parent

Whole Group

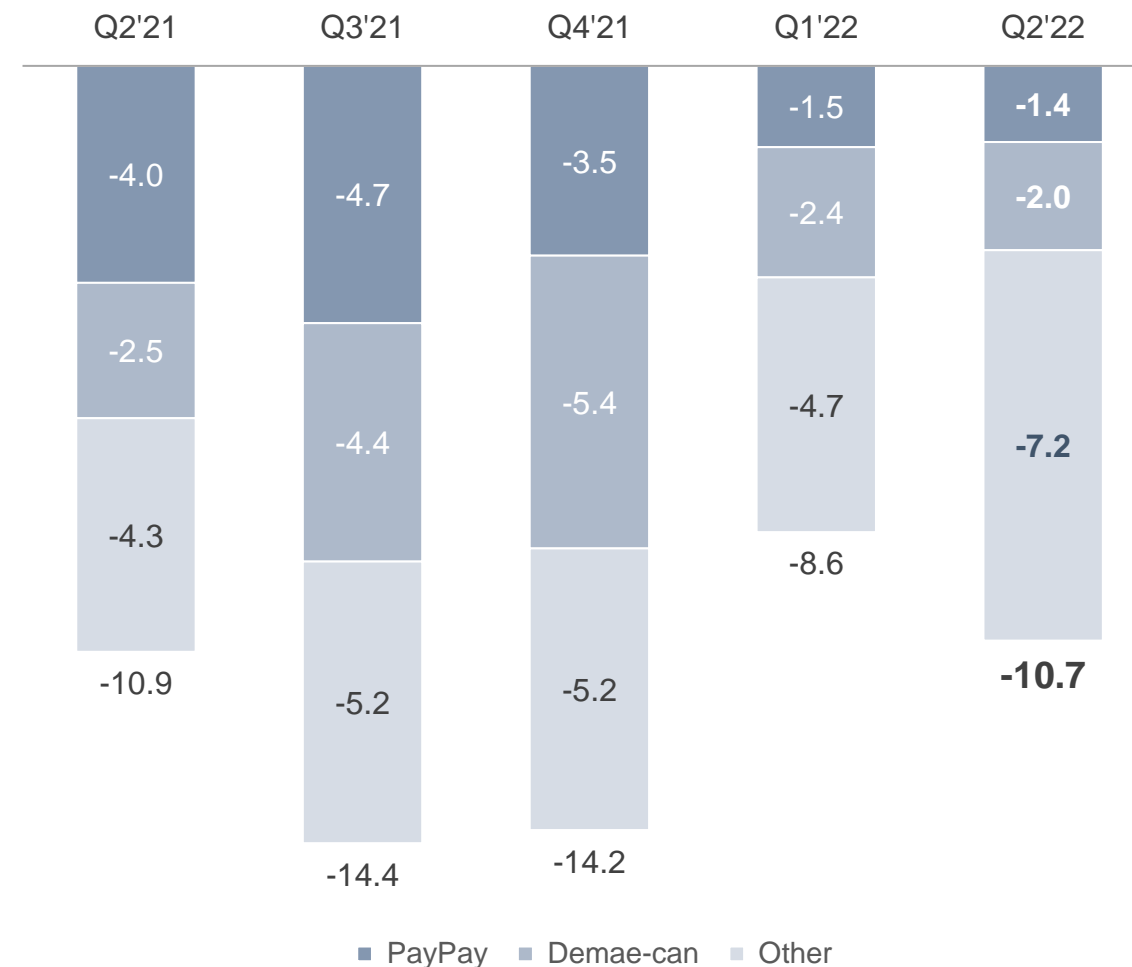
(JPY B)

	FY2022 Q2	YoY Difference	YoY	Major Factors of Change (JPY B)
Operating income	49.7	-14.3	-22.4%	
Other non-operating income	5.3	+0.5	+11.8%	
Other non-operating expenses	3.0	-0.6	-16.8%	
Gain on change in equity interest	1.1	+1.1	2,389.4%	
Equity in losses of associates and joint ventures	-10.7	+0.2	N/A	<ul style="list-style-type: none"> • LINE Consolidation -2.3 (Demae-can +0.5) • PayPay +2.5
Profit before tax	42.4	-11.8	-21.8%	
Income tax expense	23.3	+0.6	+3.0%	
Profit for the period	19.0	-12.4	-39.6%	
Non-controlling interests	3.9	+0.04	+1.0%	
Net income attributable to owners of the parent	15.0	-12.5	-45.4%	

Major Equity-Method Affiliates	Based in	Equity Ratio ¹	Business
Content			
WEBTOON Entertainment	<i>U.S.</i>	32.3%	• Operation of e-manga services
Commerce			
Demae-can	<i>Japan</i>	38.5%	• Operation of website specializing in home delivery
LINE MAN	<i>Thailand</i>	43.3%	• Provision of home delivery/mail/taxi dispatch services, etc.
Payment/Finance			
PayPay	<i>Japan</i>	25.0%	• Development/provision of mobile payment and other electronic payment services
Kashikorn LINE Company	<i>Thailand</i>	49.9%	• Pure Internet bank
LINE Bank Taiwan	<i>Taiwan</i>	49.9%	• Pure Internet bank
PT. Bank KEB Hana Indonesia	<i>Indonesia</i>	20.0%	• Pure Internet bank

Equity in Losses of Associates and Joint Ventures

(JPY B)



1. As of September 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.**



(Consolidated in October 2022)



(Taiwan)



(Thailand)



(Indonesia)

	PayPay	Demaecan	WEB TOON	LINEMAN wongnai	LINE Bank (Taiwan)	LINE BK (Thailand)	LINE Bank (Indonesia)
Market Share	<ul style="list-style-type: none"> • QR/barcode payment¹: 67% 	<ul style="list-style-type: none"> • No. of app downloads²: No. 1 	<ul style="list-style-type: none"> • Vertical scrolling manga (world ranking)³: No. 1 	-	-	-	-
KPI	<ul style="list-style-type: none"> • FY21 GMV JPY5.4 T (YoY +67%) 	<ul style="list-style-type: none"> • FY22 transaction value: JPY220.1 B (YoY +35%) 	<ul style="list-style-type: none"> • No. of monthly users³: 82 million • Cumulative downloads³: Over 200 million 	<ul style="list-style-type: none"> • 2021 transaction value: YoY 3.6X 	<ul style="list-style-type: none"> • No. of users⁴: 1.32 million 	<ul style="list-style-type: none"> • No. of users⁴: 4.99 million • Loan balance⁴: Approx. JPY70.8 B 	<ul style="list-style-type: none"> • No. of users⁴: 460,000

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.

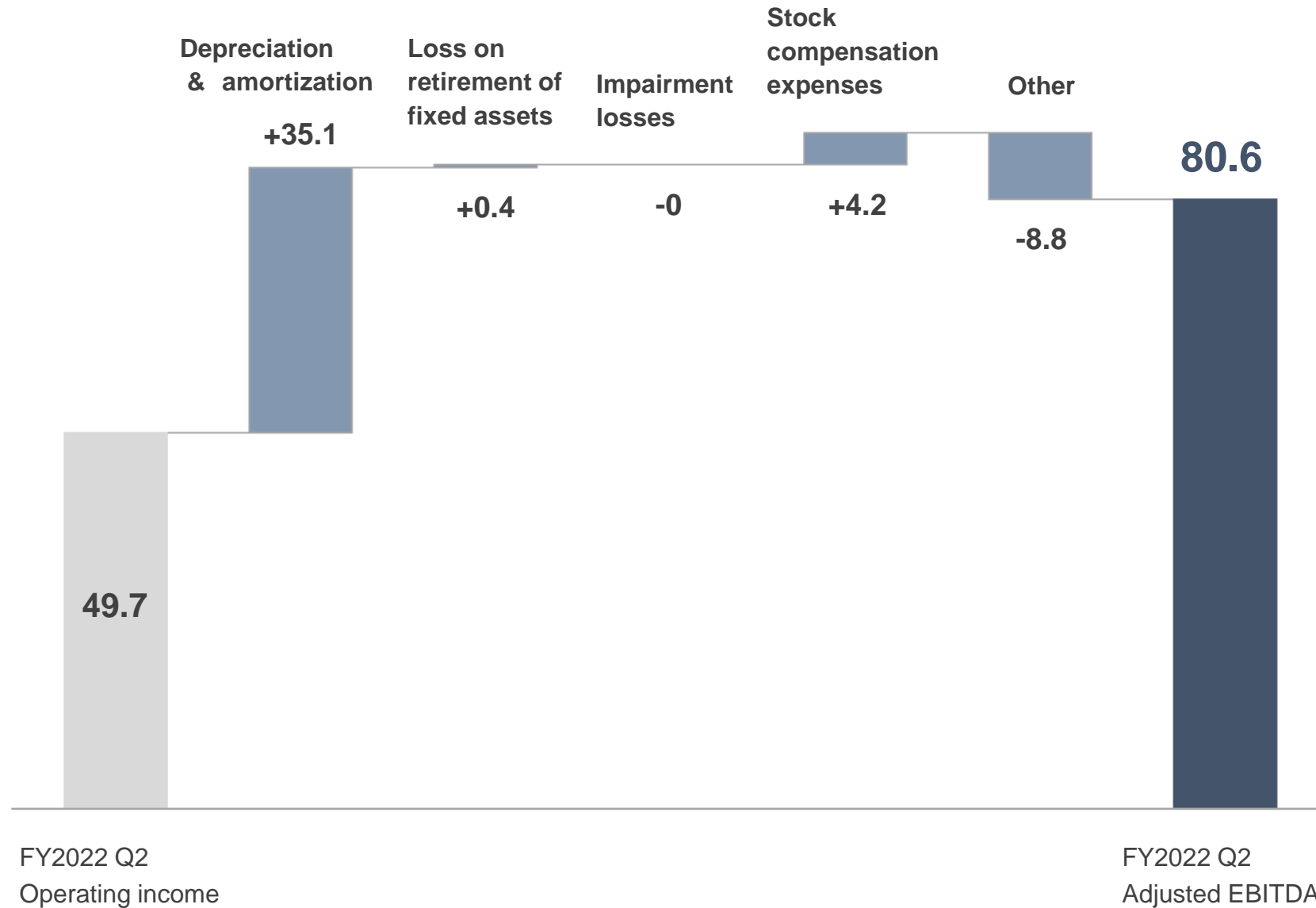
2. Survey by data.ai. Cumulative no. of app downloads in “Food & Drink” and “Food Delivery/Takeaway” categories for September 2021 - August 2022 (Total of iOS and Google Play).

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 September 30, 2022

Adjusted EBITDA – Breakdown of Adjustment Items

(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)
PPA¹	394.4	13.7	-
Technology	2.2	-	8 years
Customer base	17.6	-	12 years
Customer relationship (Advertisers)	214.4	-	18 years
Trademarks ²	160.1	-	No amortization

1. Final figure
2. Indefinite-lived intangibles

Whole Group

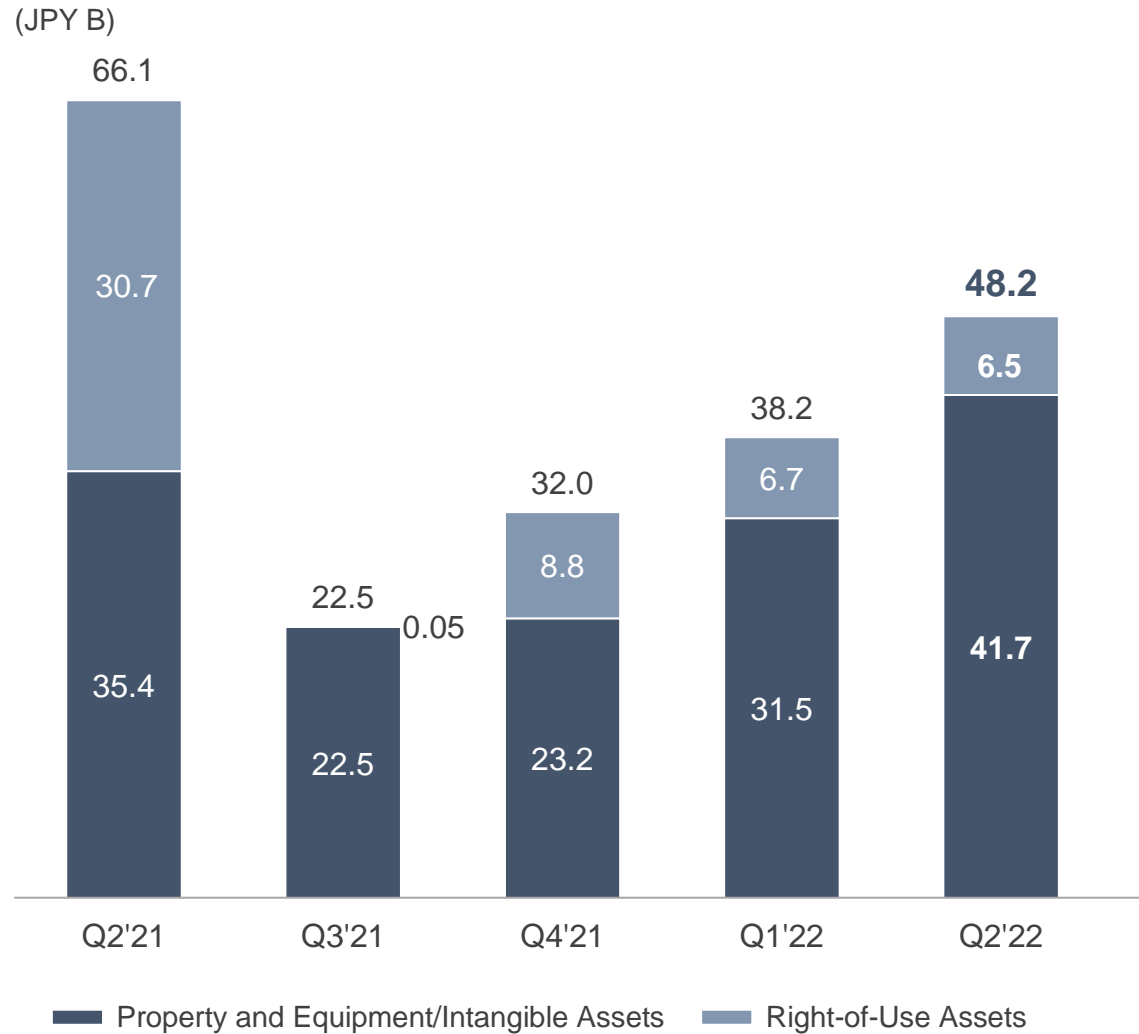
ZOZO

Item	Amount (JPY B)	Annual Amortization Amount (JPY B)	Amortization Period (Straight Line)
PPA¹	502.1	13.2	-
Customer base (Shops/users)	322.0	-	18-25 years
Trademarks ²	178.7	-	No amortization
Others	1.4	-	4 years

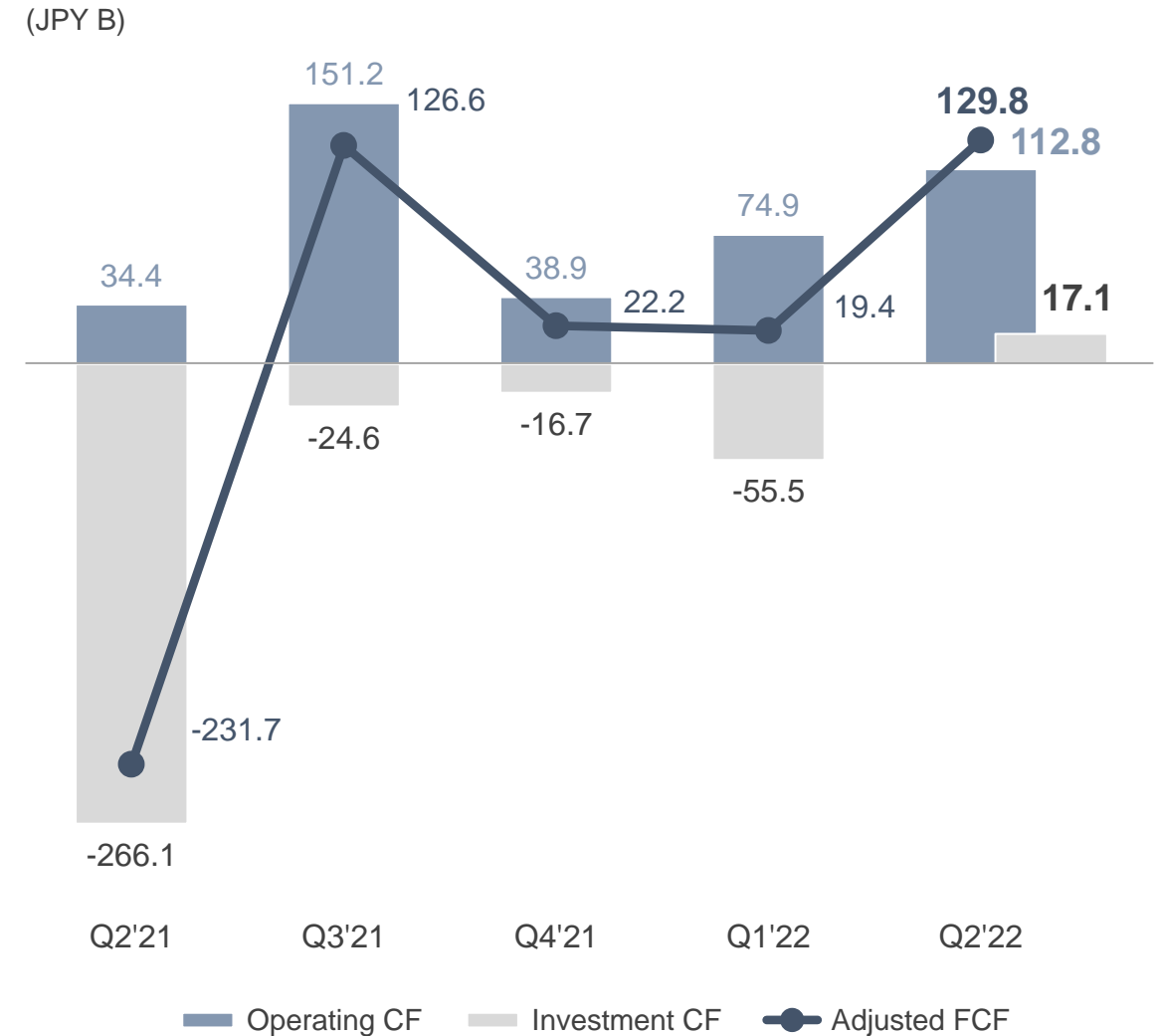
(JPY B)

	FY2022 Q1	FY2022 Q2	Difference
Assets	7,247.0	7,514.7	+267.6
Cash and cash equivalents	1,179.2	1,359.0	+179.7
Trade and other receivables	324.5	342.9	+18.4
Loans in credit card business	465.1	475.2	+10.1
Investment securities in banking business	434.1	399.0	-35.0
Property and equipment	174.1	192.3	+18.2
Intangible assets	1,213.5	1,217.9	+4.4
Liabilities	4,259.2	4,444.4	+185.2
Trade and other payables	496.4	521.6	+25.2
Customer deposit in banking business	1,507.8	1,483.9	-23.9
Interest-bearing liabilities	1,791.9	1,861.7	+69.7
Equity	2,987.8	3,070.2	+82.3

CAPEX¹



Adjusted FCF²



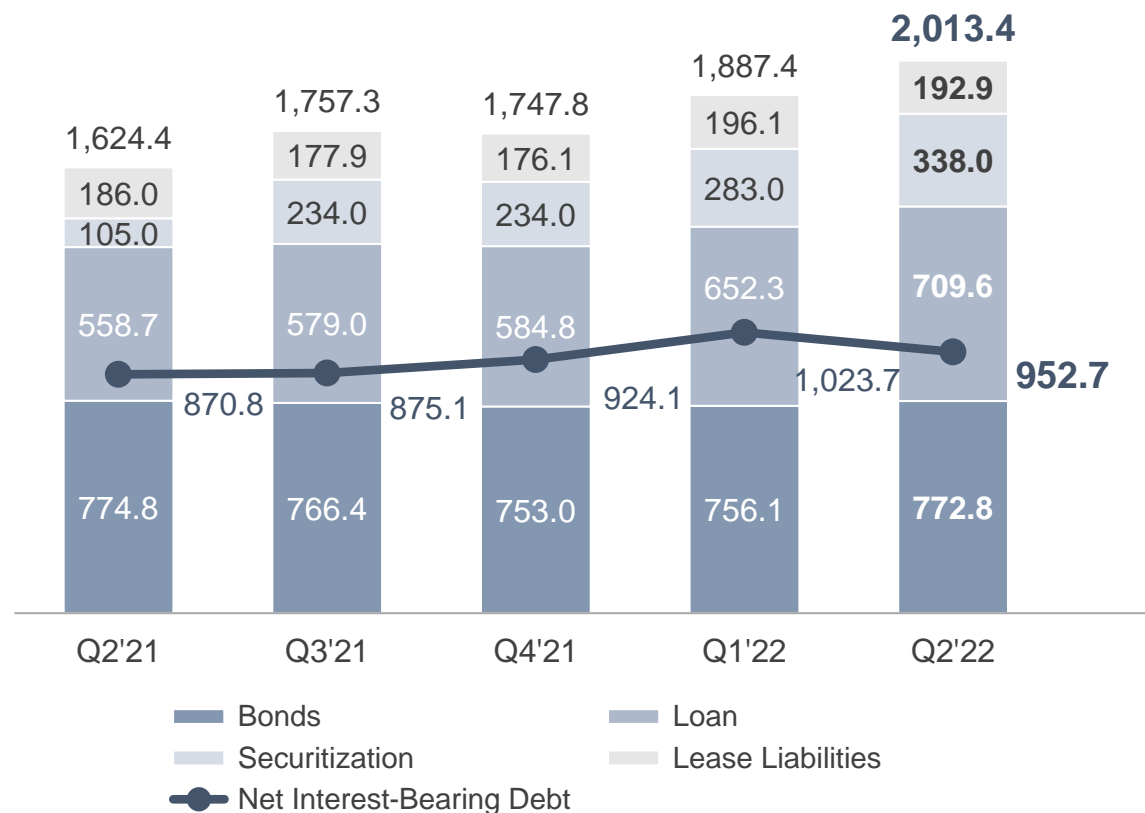
1. The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

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 Debt¹

(Excludes banking business)

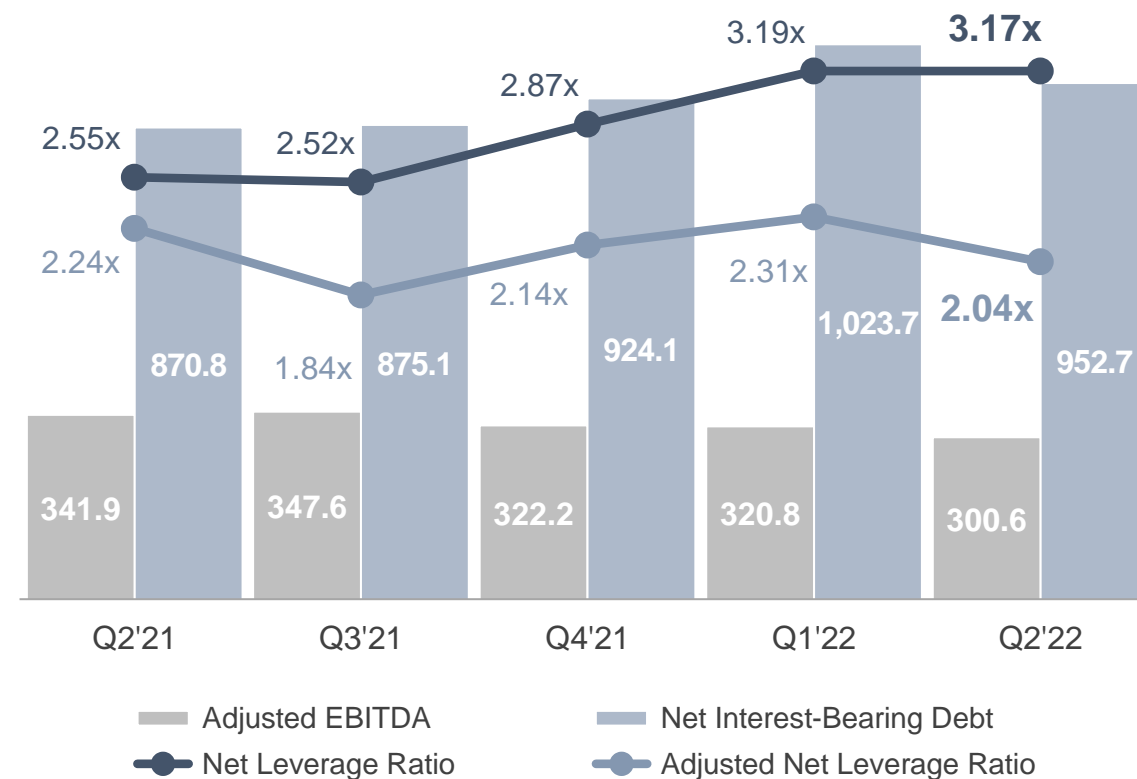
(JPY B)



Net Leverage Ratio² / Adjusted Net Leverage Ratio³

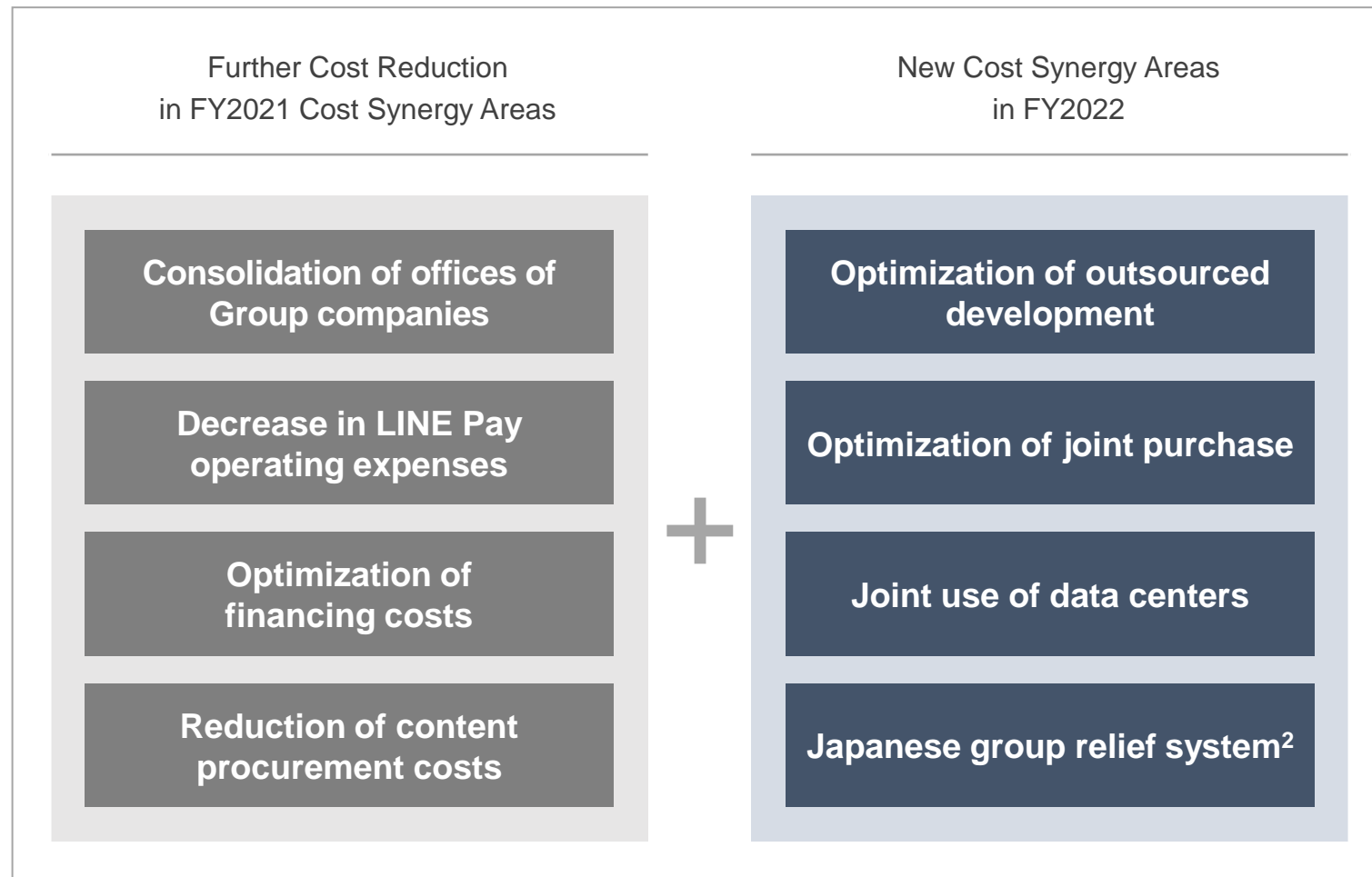
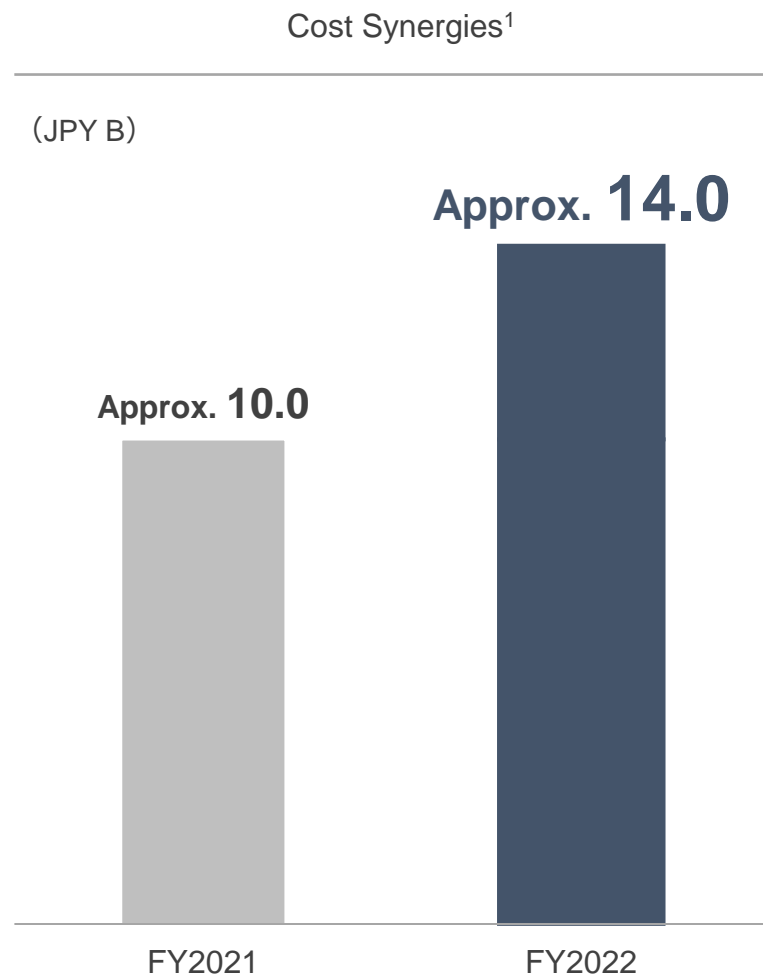
(Excludes banking business)

(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.



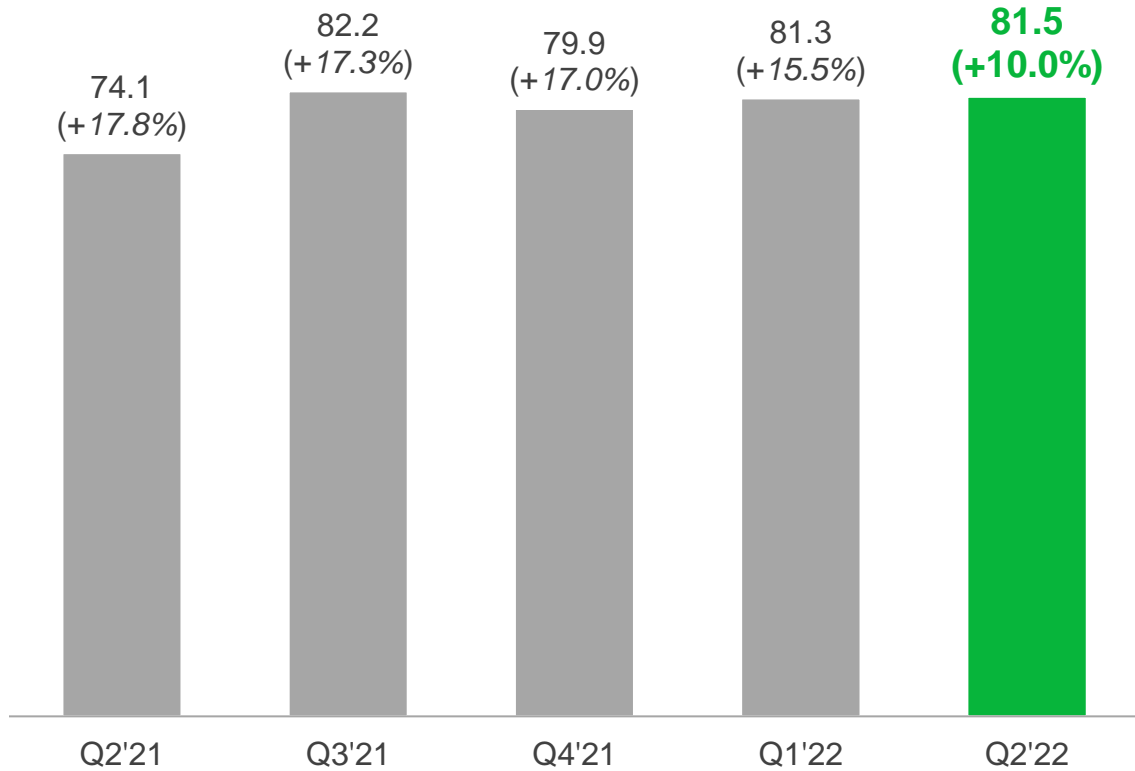
1. Full year comparison with FY2020.

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

- Revenue growth driven by account ads. Operating income increased due to one-time gain related to the consolidation of LINE MUSIC.

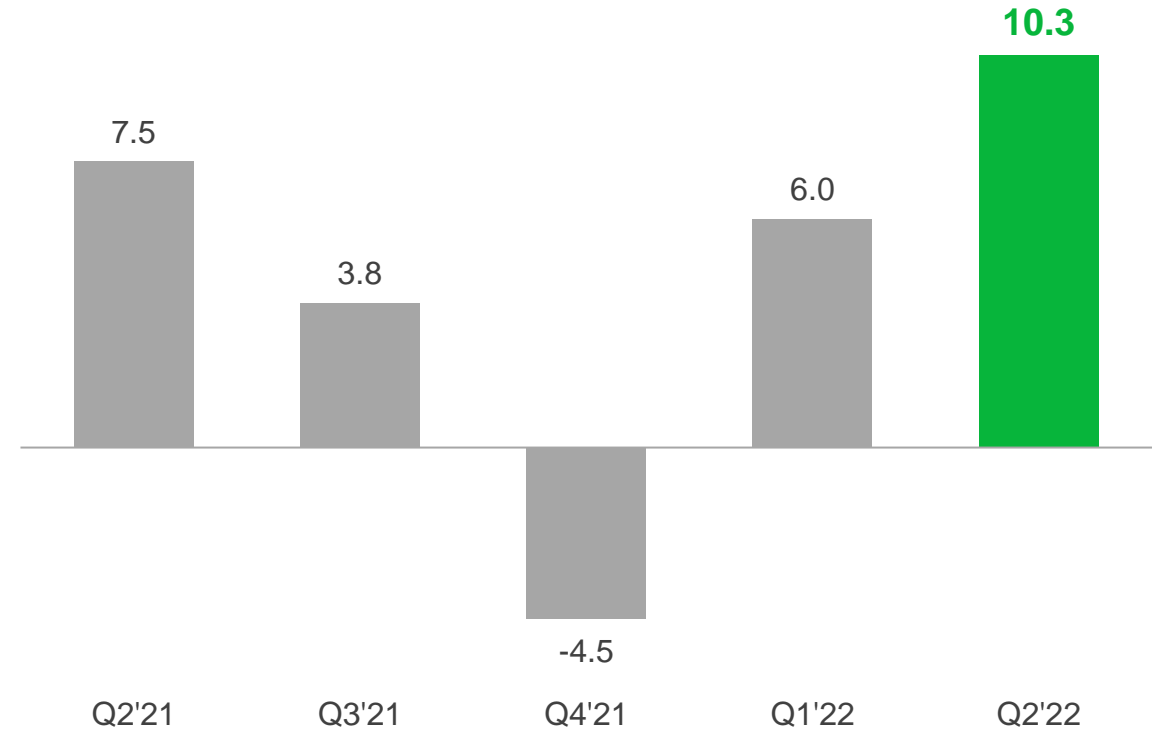
Revenue (YoY)

(JPY B)



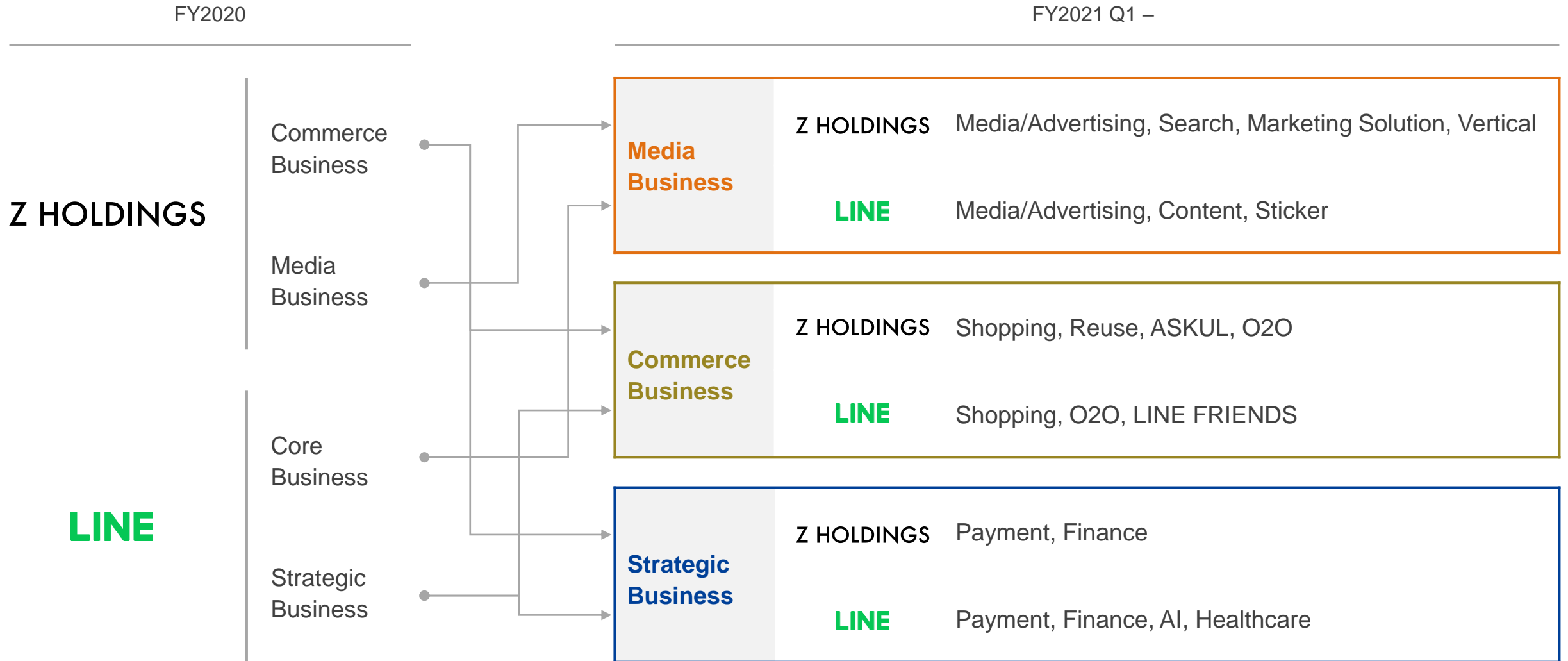
Operating Income

(JPY B)



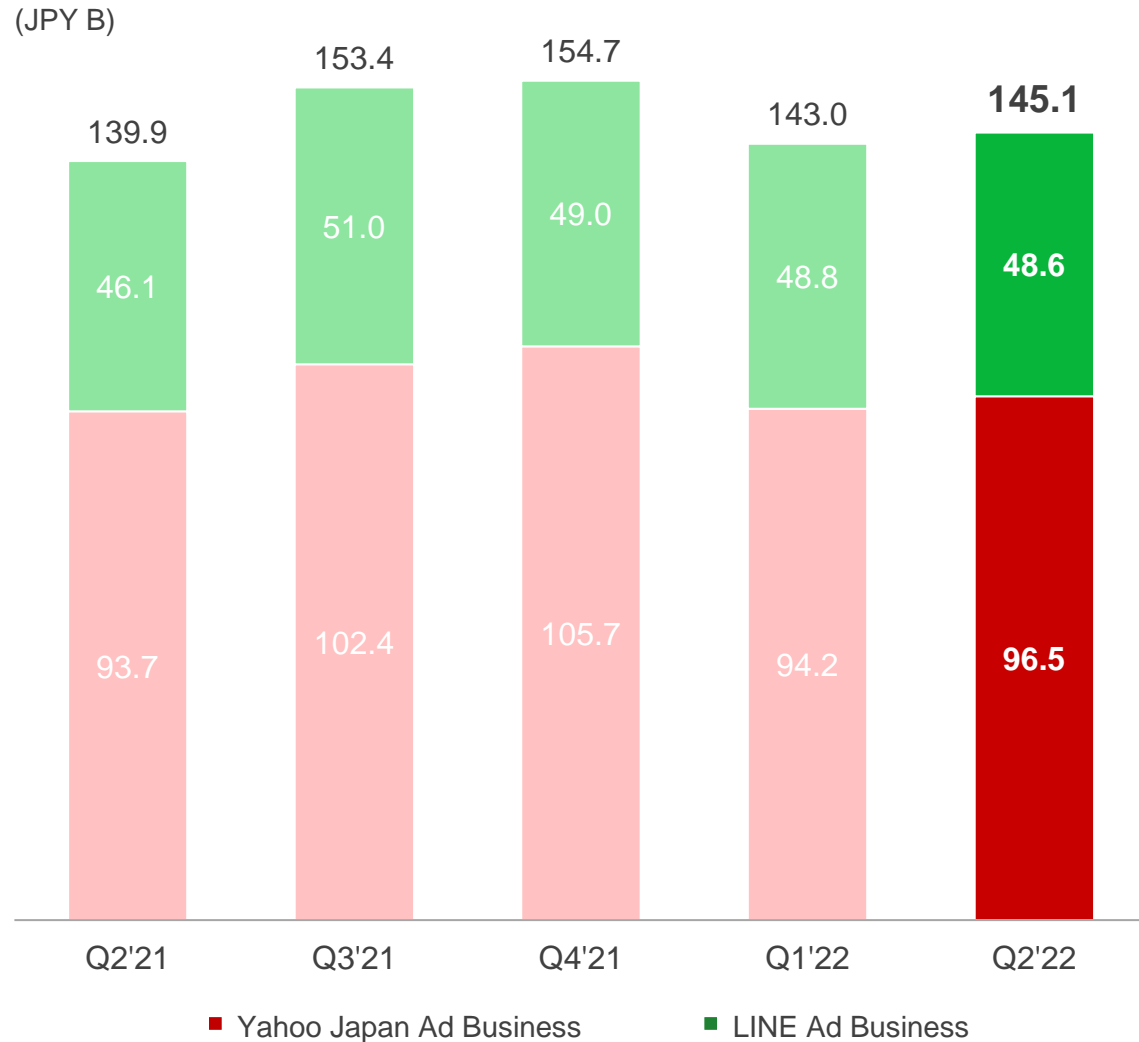
1. Results are coincided with the accounting period of Z Holdings Corporation (fiscal year ending in March). Figures are before consolidation adjustments by Z Holdings and do not include amortization of PPA (identifiable intangible assets) associated with the business integration, etc. Accounting definitions have been changed since March 2021; past figures have not been retroactively adjusted.
 2. From FY2022 Q1, figures have been changed to eliminate transactions (outsourcing cost) with Z Entertainment Corporation. Past figures have not been retroactively adjusted.

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

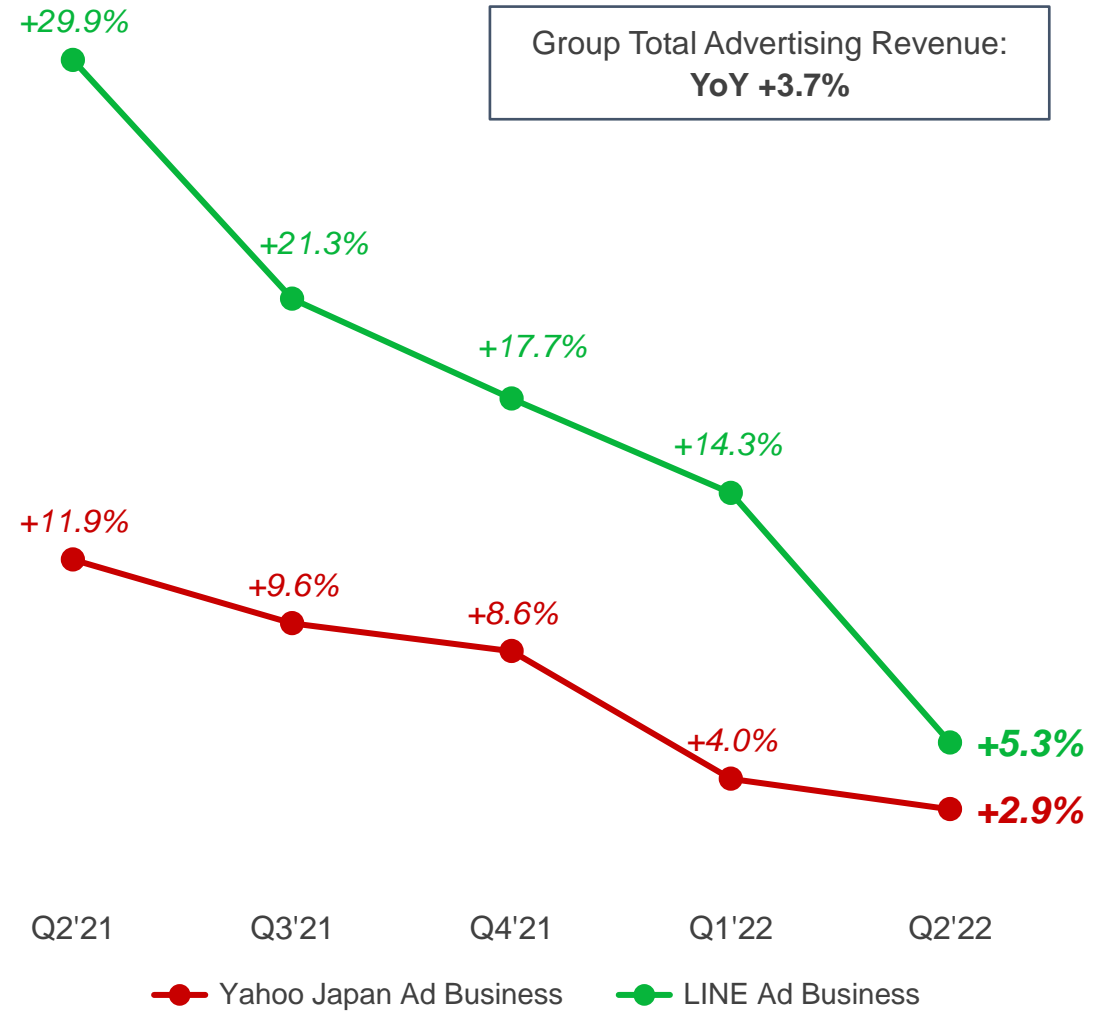


Media Business

Group Total Advertising Revenue¹



Group Total Advertising Revenue – YoY Growth Rate¹



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

(JPY Million)	FY2021 Q2 ¹	FY2022 Q2 ¹	YoY
Revenue	155,356	154,389	-0.6%
LINE Advertising revenue	46,167	48,607	+5.3%
Display advertising	26,853	26,215	-2.4%
Account advertising	17,713	20,858	+17.8%
Other LINE advertising	1,600	1,534	-4.1%
Yahoo Japan Advertising revenue	80,203	82,920	+3.4%
Search advertising	44,776	47,676	+6.5%
Display advertising (Programmatic) ²	30,740	30,858	+0.4%
Display advertising (Reservation) ²	4,685	4,384	-6.4%
Other revenue (Vertical/entertainment/digital content/communication, etc.)	28,985	22,860	-21.1%
Cost of sales	34,060	31,423	-7.7%
Selling, general and administrative expenses	62,941	68,477	+8.8%
Sales promotion cost + Advertising and promotional expenses	6,486	7,221	+11.3%
Other selling, general and administrative expenses	56,455	61,256	+8.5%
Other revenue and expenses	-	9,180	N/A
Adjusted EBITDA (Margin)³	63,548 (40.9%)	60,101 (38.9%)	-5.4%
LINE Adjusted EBITDA (Margin)³	24,905 (38.9%)	23,312 (35.2%)	-6.4%
Yahoo Japan Adjusted EBITDA (Margin)³	38,643 (42.3%)	36,788 (41.8%)	-4.8%

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
LINE Ads	
Display ads	LINE VOOM, LINE NEWS, Chat List, Talk Head View, Talk Head View Custom, etc.
Account ads	LINE Official Account, LINE Promotion Sticker, LINE de Obo, LINE Flyer, etc.
Other ads	livedoor Blog ¹ , LINE Part Time Jobs, etc.
Yahoo! JAPAN Ads	
Search advertising	Yahoo! JAPAN Ads “Search advertising”
Display advertising	
Programmatic advertising	Yahoo! JAPAN Ads “Display advertising” (Programmatic-based), etc.
Reservation advertising	Yahoo! JAPAN Ads “Display advertising” (Reservation-based), etc.
Others	
LINE	LINE Stickers, LINE GAME, LINE Fortune, LINE LIVE, LINE MUSIC, LINE Manga, etc.
Yahoo Japan	ebookjapan, Real estate-related services, Yahoo! JAPAN Loco, etc.

1. livedoor business is scheduled to be transferred to MINKABU THE INFONOID, Inc. on December 28, 2022.

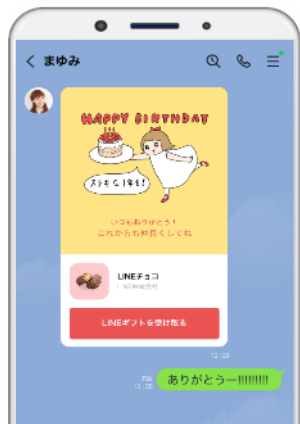
Item	Fee Calculation	Placement Pages/Product Outline	Type of Advertiser
Display ads			
LINE VOOM	Cost per-click Cost per-view	LINE VOOM tab	Major corporations/SMBs
LINE NEWS	Cost per-click Cost per-view	NEWS tab	Major corporations/SMBs
Chat List	Cost per-click Cost per-view	Top of chat list page	Major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

Item	Fee Calculation	Placement Pages	Type of Advertiser
Search advertising	Cost per-click	Search results pages	Major corporations/SMBs
Display advertising			
Programmatic			
Yahoo! JAPAN Ads “Display advertising” (Programmatic-based)	Cost per-click Cost per-view	Top page Interior pages of service sites Partner sites	Major corporations/SMBs
Shopping-related advertising (Programmatic-based)	Cost per-conversion	Yahoo! JAPAN Shopping PayPay Mall ¹	Tenants of Yahoo! JAPAN Shopping and PayPay Mall ¹
Reservation			
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
Shopping-related advertising (Reservation-based)	Cost per-guaranteed period, etc.	Yahoo! JAPAN Shopping PayPay Mall ¹	Tenants of Yahoo! JAPAN Shopping and PayPay Mall ¹

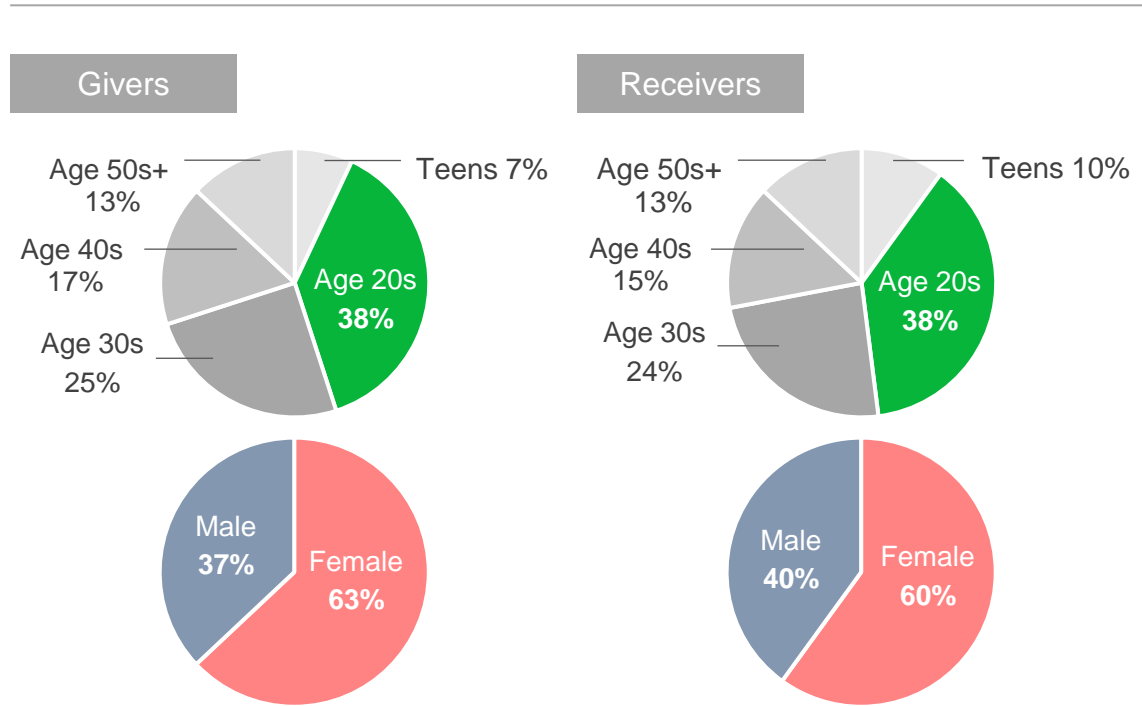
1. PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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.

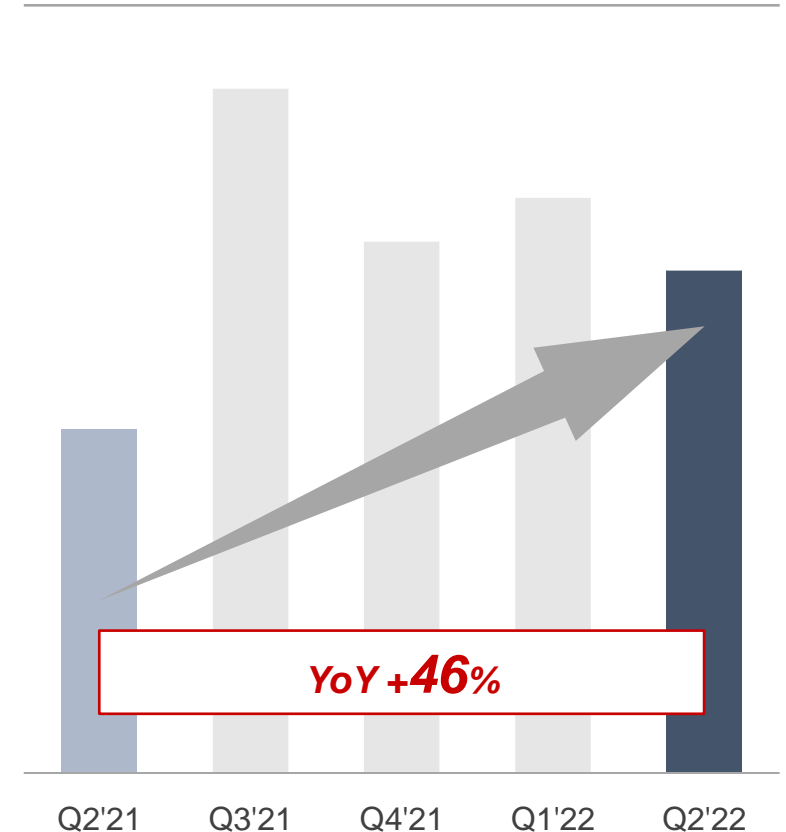


User Attribute¹



No. of cumulative users² **26 million**
(As of October 2022)

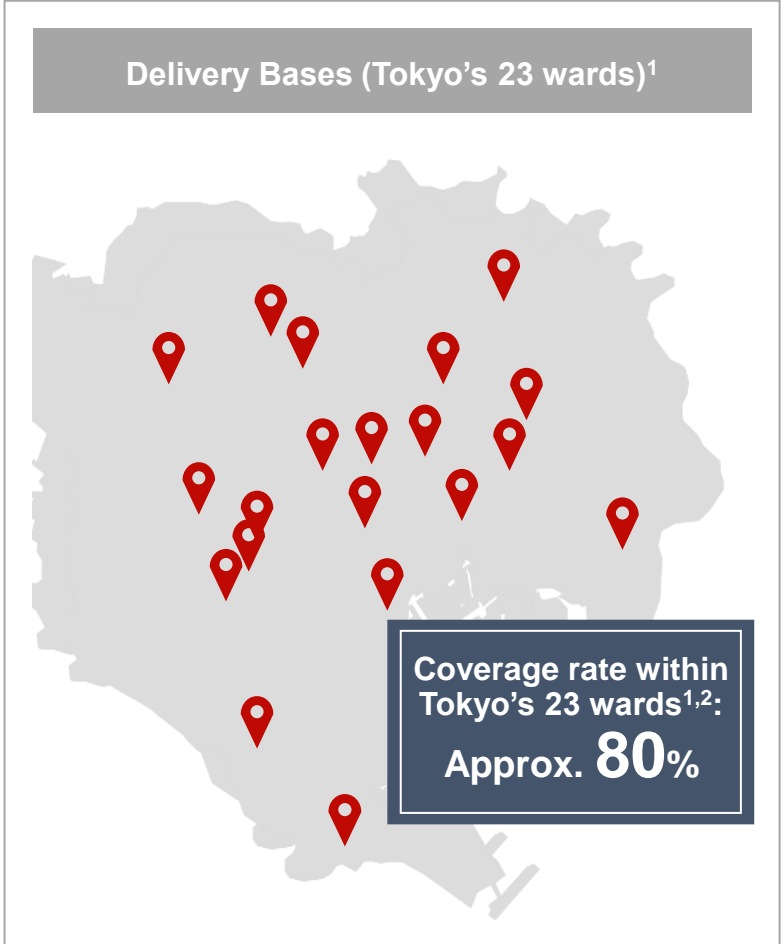
LINE GIFT – Transaction Value



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 21.
- 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 21 stores	Speedily establish a system that can serve all 23 wards of Tokyo within FY2022
Users	Main customer segments: <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Started handling fresh fruits/vegetables 	Expand brands and product lineup utilizing ASKUL’s product procurement capabilities



1. As of November 2, 2022
 2. Based on the number of households

(JPY Million)	FY2021 Q2 ¹	FY2022 Q2 ¹	YoY
Revenue	192,622	205,911	+6.9%
Merchandise EC	154,878	164,856	+6.4%
Shopping business	73,771	77,136	+4.6%
Reuse business	13,608	13,632	+0.2%
ASKUL online BtoB business	67,498	74,087	+9.8%
Services EC	4,740	7,998	+68.7%
Other	33,004	33,056	+0.2%
Cost of sales	84,072	88,853	+5.7%
Selling, general and administrative expenses	85,159	94,475	+10.9%
Sales promotion cost + Advertising and promotional expenses	22,696	27,775	+22.4%
Other selling, general and administrative expenses	62,462	66,699	+6.8%
Other revenue and expenses	-	-	N/A
Adjusted EBITDA (Margin)	35,878 (18.6%)	35,932 (17.5%)	+0.1%

1. From FY2022 Q1, 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.

	Existing E-commerce			Quick Commerce	Social Commerce		
	 (Renewed in October 2022)	ZOZOTOWN	LOHACO		LINE GIFT		LIVEBUY
Form/Type	Mall-type (Approx. 600 mil. items)	Direct sales (Approx. 900,000 items)	Direct sales (No. of items undisclosed)	Immediate delivery service (Approx. 2,000 items)	Mall-type (Approx. 170,000 items)	E-commerce store creation (No. of merchants undisclosed)	Live commerce (No. of merchants undisclosed)
Feature/Differentiators	<ul style="list-style-type: none"> Organized simple design UI/UX that enables easy search of products by category High appeal on blue-ribbon stores and strengthened delivery 	<ul style="list-style-type: none"> Category killer Excellent UI 	<ul style="list-style-type: none"> Original products 	<ul style="list-style-type: none"> Utilizes Group assets 	<ul style="list-style-type: none"> Service based on LINE 	<ul style="list-style-type: none"> Service based on LINE NAVER's expertise from South Korean market 	<ul style="list-style-type: none"> Service based on LINE Interactivity
Focus Areas/Notes	<ul style="list-style-type: none"> Improve UI Enhance delivery quality Improve marketing efficiency 	<ul style="list-style-type: none"> Strengthen focus areas Strengthen cross-Group collaboration 	<ul style="list-style-type: none"> Strengthen cross-Group collaboration 	<ul style="list-style-type: none"> Expand number of stores 	<ul style="list-style-type: none"> Expand product lineup Expand users Create new gift-giving culture and new markets 	<ul style="list-style-type: none"> Expand merchants Improve visibility in owned EC market in Japan 	<ul style="list-style-type: none"> Refine service for full-scale launch
Take Rate	<ul style="list-style-type: none"> Commission for sales promotion (3% of transaction value) Sales promotion activities within the shopping platform (e.g., ad placements) Fee for participating in user campaigns 	Approx. 30% (Consignment)	Undisclosed	Undisclosed	Undisclosed	Sales commission: 2.5% ¹ Payment fee: 3.5%	Undisclosed
Market Size	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY7.5 T ³ (Apparel retail market, 2020)	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY2.5 T ⁴ (Food delivery market, FY2021 forecast)	JPY10.1 T ⁵ (Gift market, 2021)	JPY4 T ⁶ (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: "FY2021 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 Z Holdings Corporation: Owned e-commerce market size in Japan in 2020

Item	Breakdown
Merchandise EC	-
Shopping business	Yahoo! JAPAN Shopping, PayPay Mall ¹ , ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY, Overseas EC ²
Reuse business	YAHUOKU!, PayPay Flea Market, ZOZOUSED
ASKUL non-consolidated online BtoB business	ASKUL, SOLOELARENA, etc.
Services EC	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.
Others	Premium membership, ASKUL non-online BtoB business, ValueCommerce, etc.

1. PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

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

Item	Major Services/products
EC transaction value	-
Domestic merchandise	-
Shopping business	Yahoo! JAPAN Shopping, PayPay Mall ¹ , ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE GIFT, LINE FRIENDS, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY
Reuse business	YAHUOKU!, PayPay Flea Market, ZOZOUSED
ASKUL non-consolidated online BtoB business	ASKUL, SOLOEL ARENA, etc.
Domestic services	Ikyu.com, Yahoo! JAPAN Travel, Yahoo! JAPAN Loco ² , Demae-can, LINE PLACE
Domestic digital content²	ebookjapan, LINE Manga, LINE MUSIC, LINE Stickers, LINE GAME, LINE LIVE, LINE Fortune, LINE NFT ³ , other paid digital content
Overseas EC	LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, LINE FRIENDS, LINE TRAVEL (Taiwan) , LINE MAN, LINE Stickers ² , LINE GAME ² , DOSI ⁴

1. PayPay Mall was integrated with Yahoo! JAPAN Shopping in October 2022.

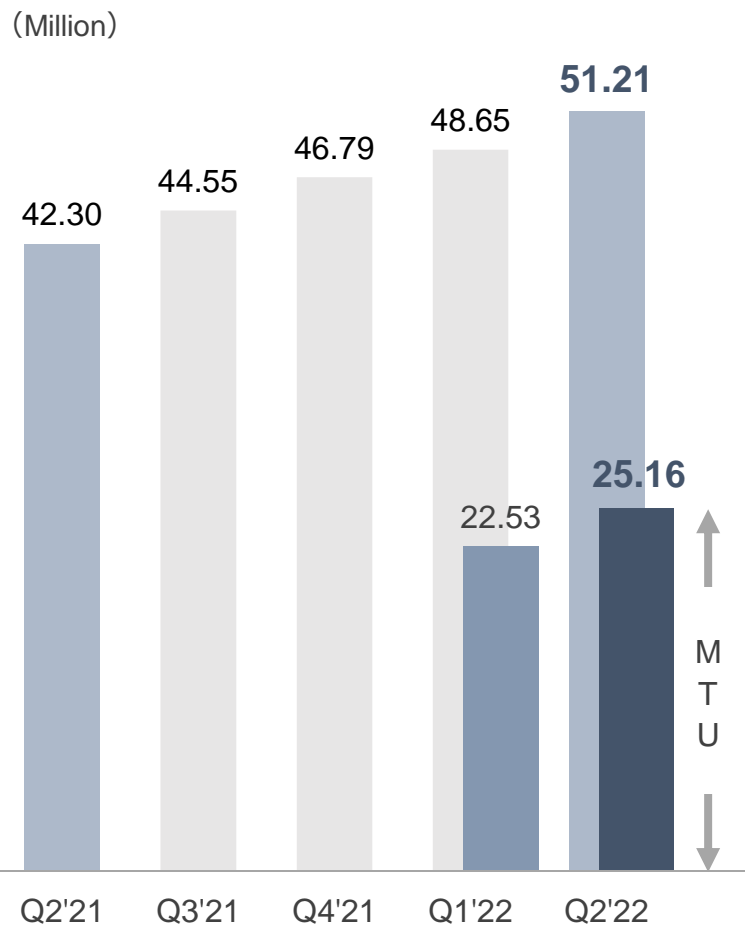
2. Revenue from this service is recorded in the Media Business segment.

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

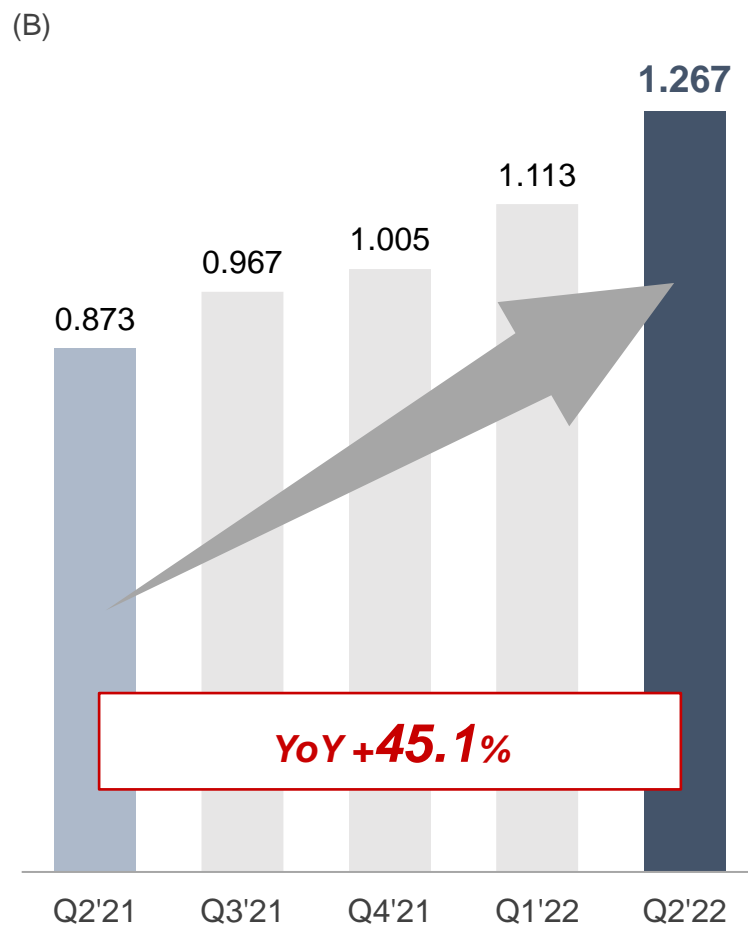
4. Global NFT platform. Revenue from this service is recorded in the Strategic Business segment.

Strategic Business

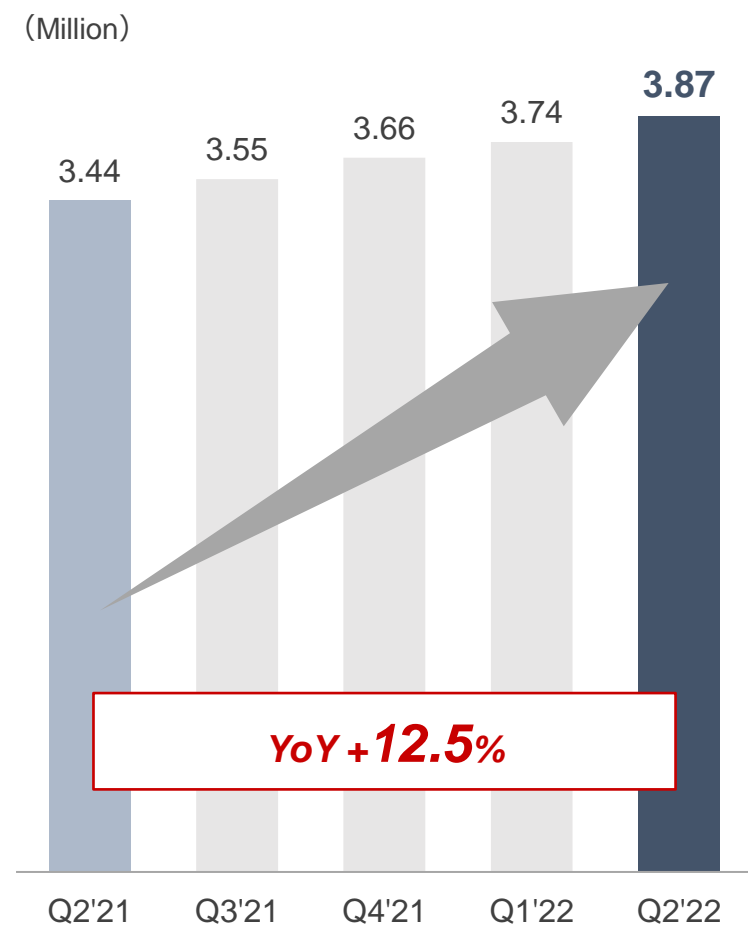
Registered Users¹·MTU²



No. of PayPay Payments³



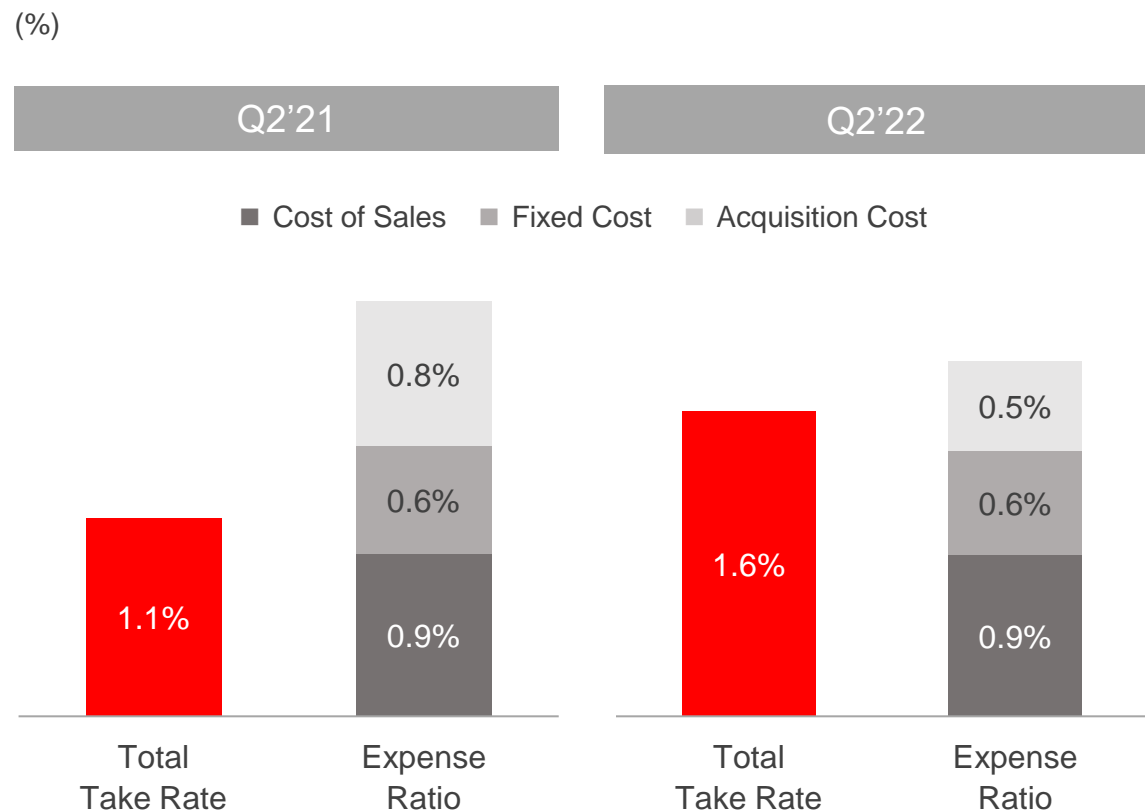
No. of PayPay Merchants⁴



1. No. of users registered to PayPay account as of last month of every quarter.
2. MTU (Monthly Transaction Users): Number of unique users who used the “payment” function (not including P2P remittances) at least once a month. Includes payment via Alipay and LINE Pay. As of the last month of each quarter.
3. From FY21 Q4 onwards, includes payment via Alipay and LINE Pay. Includes PayPay Atobarai (deferred payment) which was launched from February 2022.
4. Cumulative number of PayPay registered locations (e.g., stores, taxis, etc.).

- Profit structure improving due to rising Total Take Rate¹ and cost optimization².
- Profit structure to be further improved from further hike in Total Take Rate and disciplined cost control.

Profit Structure (% to GMV)



Future Measures

1 Higher Total Take Rate

- Collaborations/synergies with PayPay Card
- Expand financial services
- Expand Merchants Subscription Services

2 Disciplined cost control

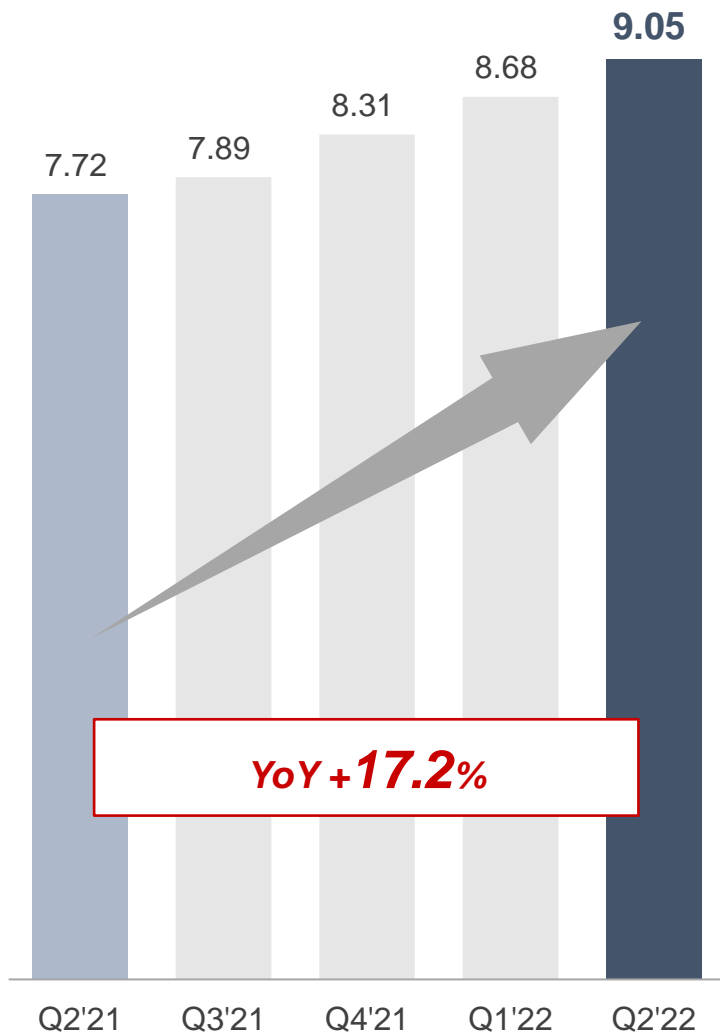
- Optimize acquisition cost
- Reduce fund source cost

1. Gross revenue (from payment transaction fees, Merchants Subscription Services, and financial services (after adding sales promotional expenses, etc. for merchants, which are deducted from revenue under accounting standards)) divided by GMV. Both figures are of PayPay (standalone).

2. Cost of sales (fund source cost, regular user incentives, etc.), fixed cost (staff cost, customer service cost, IT cost, etc.), acquisition cost (advertising, sales promotion, outsourcing cost, etc.)

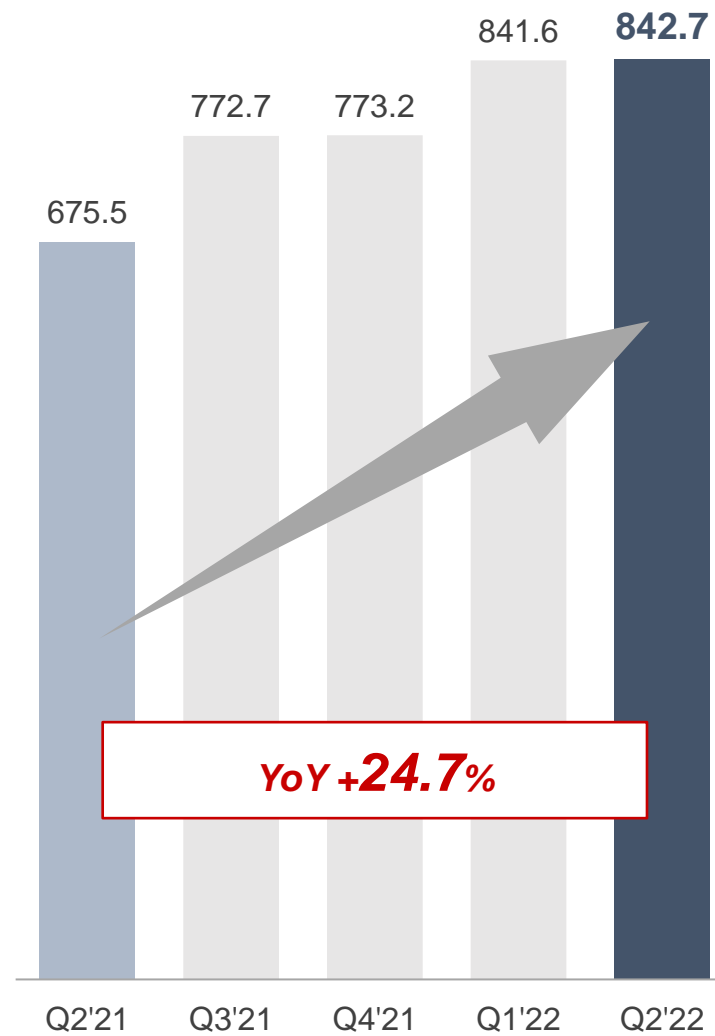
Active Cardholders¹

(Million)



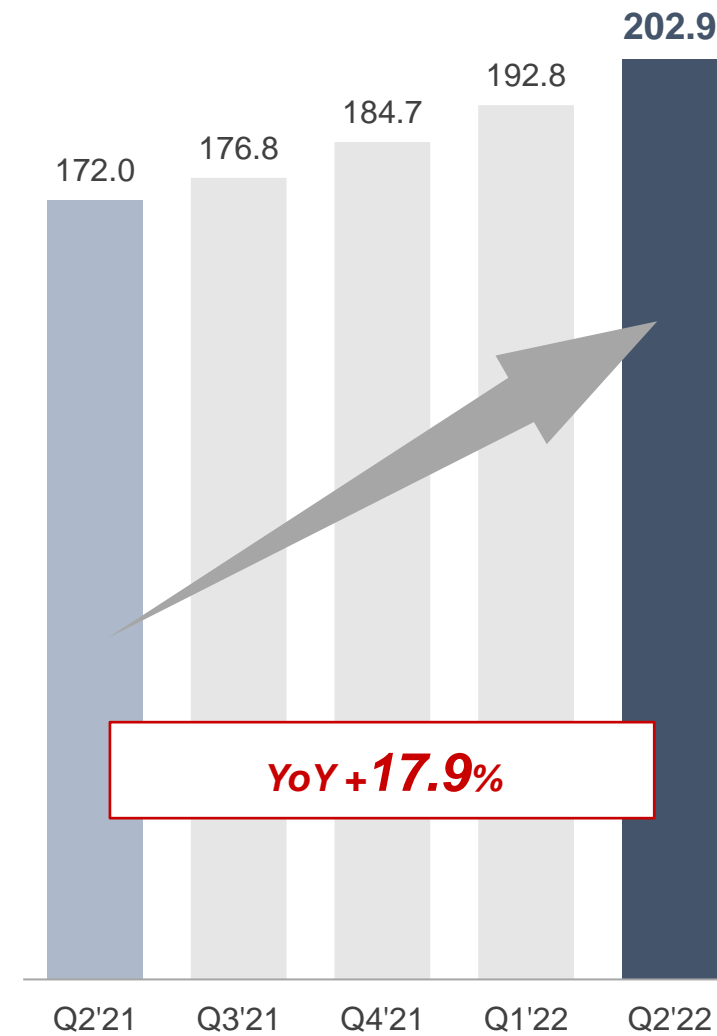
Transaction Volume¹

(JPY B)



Revolving Balance¹

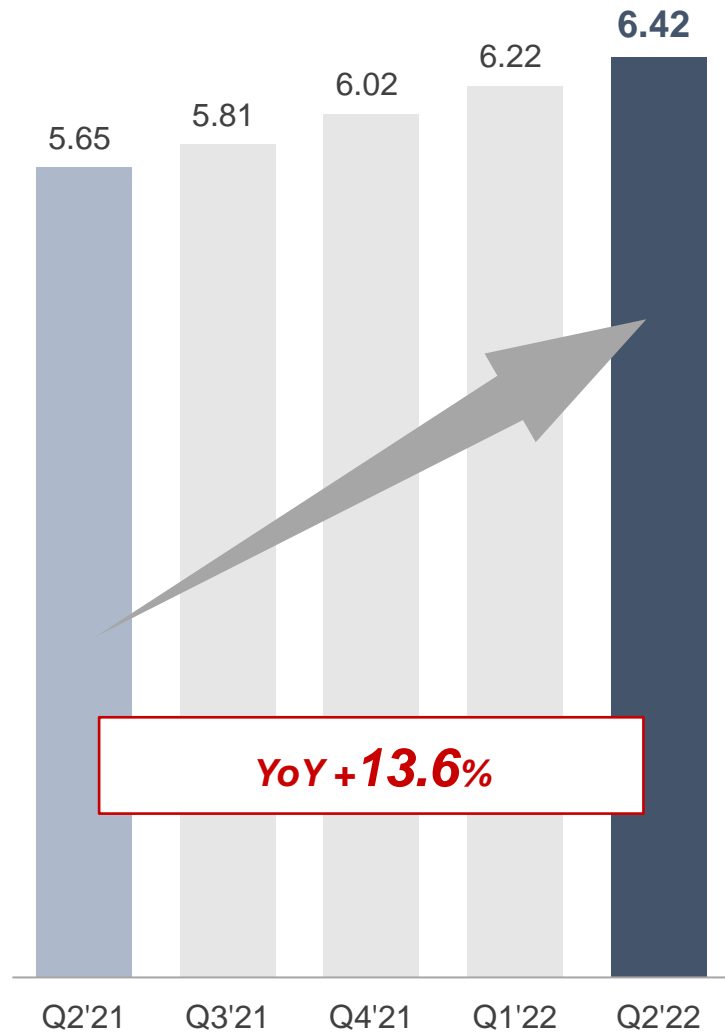
(JPY B)



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

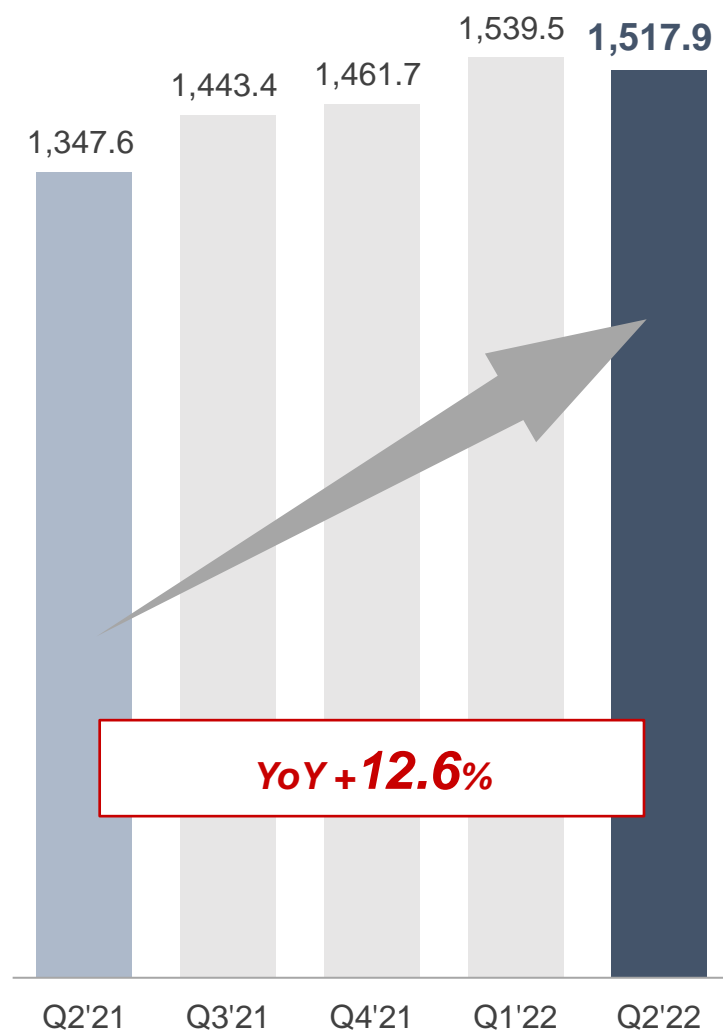
No. of Accounts

(Million)



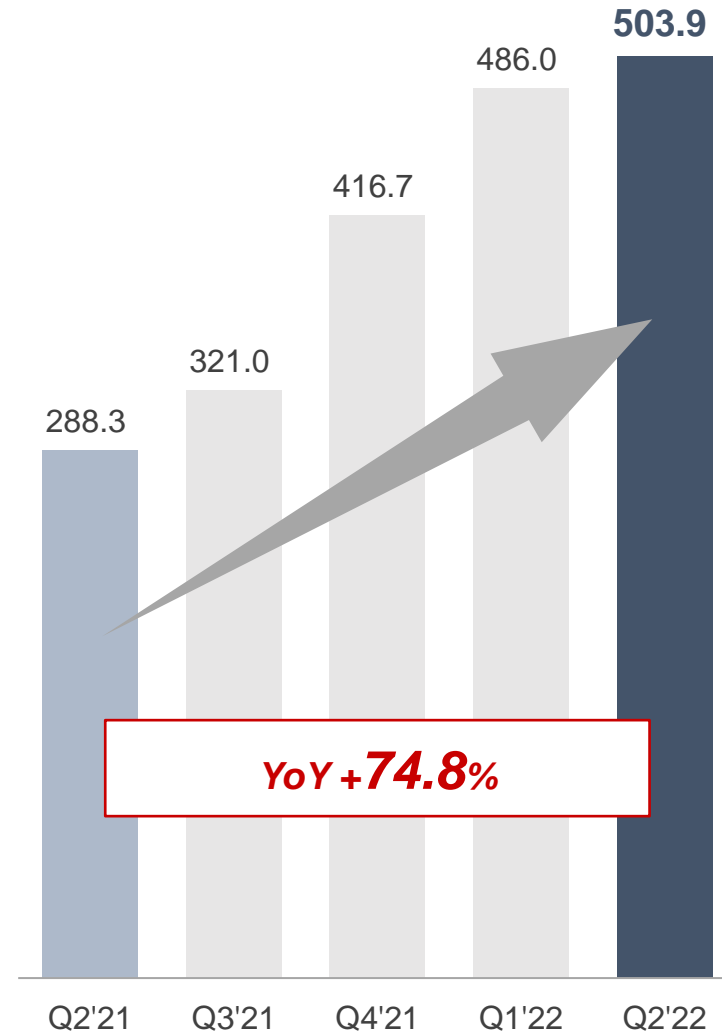
Deposit Balance

(JPY B)



Loan Balance

(JPY B)



• Consolidated PayPay Corporation in 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 Sep 2022
Common Stock	Yahoo Japan	50%	25%	25%	25%	-
	Z Holdings	-	-	-	-	25%
	SoftBank	50%	25%	25%	25%	25%
	SoftBank Group ²	-	50%	50%	50%	50%
	Paytm ³	-	-	-	-	-
	Total	100%	100%	100%	100%	100%
Preferred Stock ¹	Yahoo Japan	-	-	50%	41.5%	50%
	SoftBank	-	-	50%	41.5%	50%
	SoftBank Group ²	-	-	-	17.0%	-
	Total	-	-	100%	100%	100%

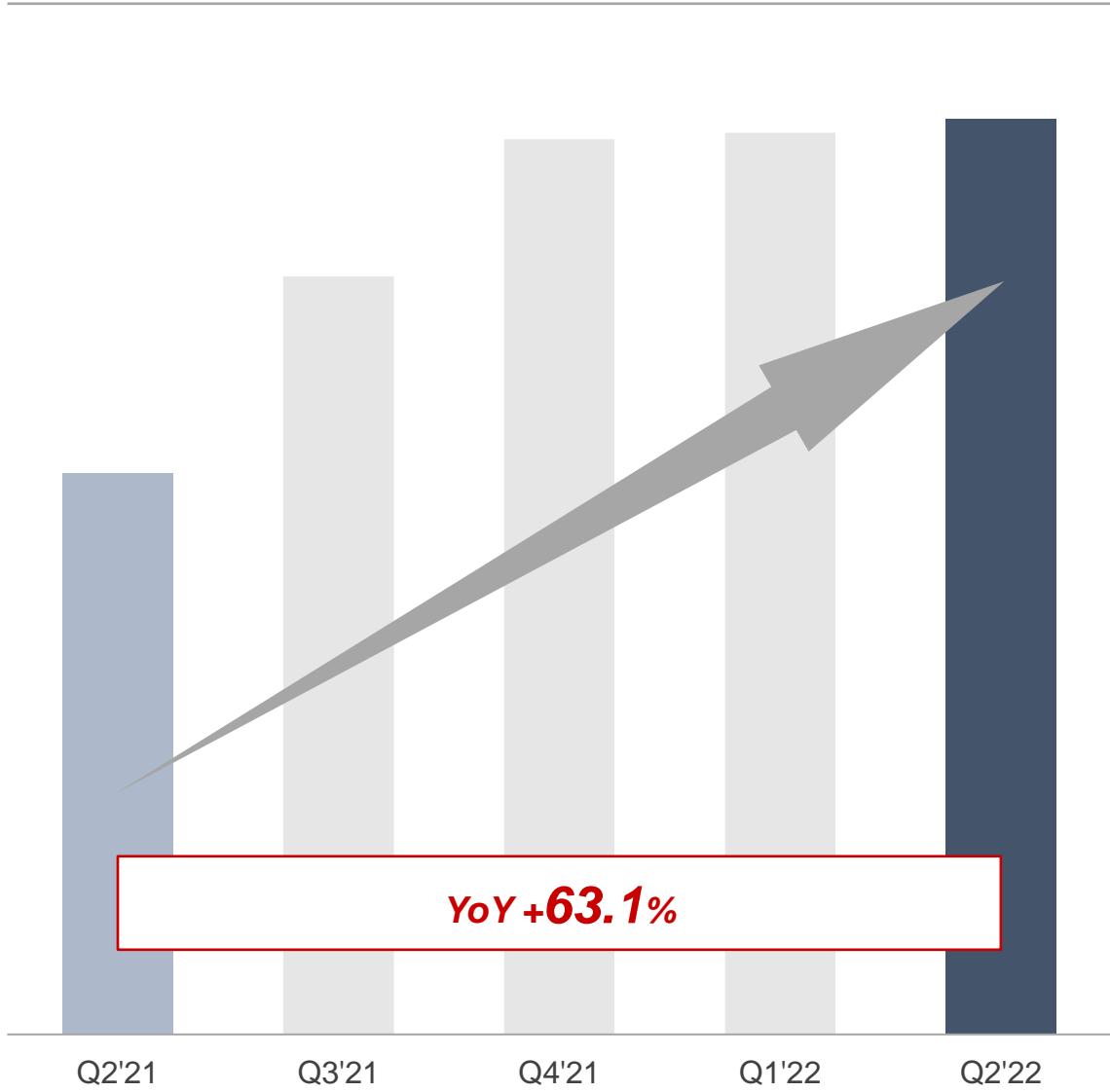
Capital Structure after Completion of Transactions ^{4,5} (October 2022 –)	
B Holdings⁶	54.8%
SoftBank Vision Fund ²	28.5%
Z Holdings	5.6%
SoftBank	5.6%
Paytm	5.5%
Total	100%

Z HOLDINGS Voting rights ratio | **25.0%**

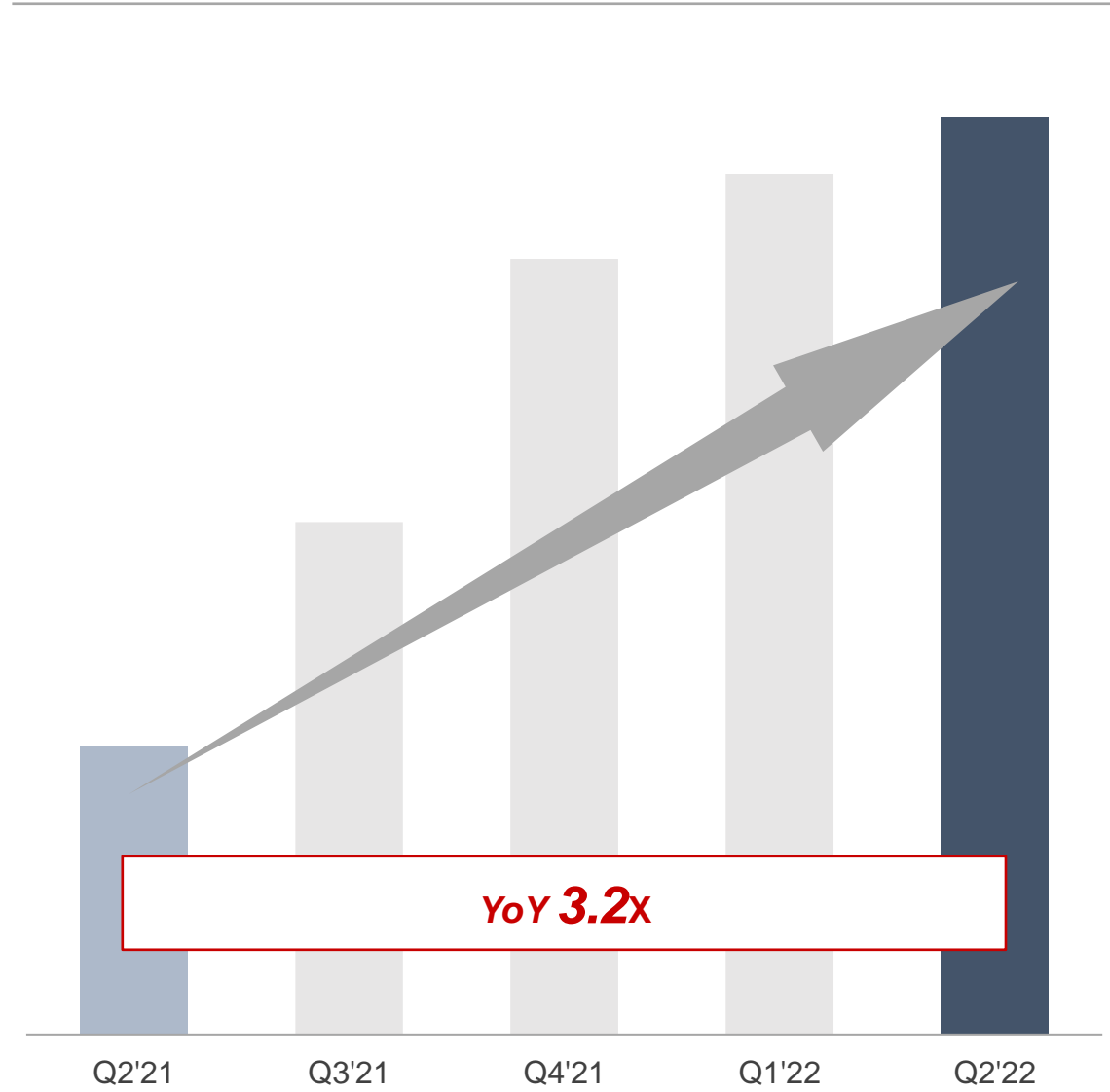
Z HOLDINGS Shareholding ratio | **33.0%**
(Incl. 27.4% held through B Holdings)

1. From April 2022 onwards, may be converted to common stocks (conversion rate = 1:1). All preferred stocks were converted to common stocks on October 1, 2022, with the consolidation of PayPay Corporation.
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 announcements: https://www.z-holdings.co.jp/en/ir/news/auto_20220727505491/pdfFile.pdf, https://www.z-holdings.co.jp/en/ir/news/auto_20221002539426/pdfFile.pdf
6. Established in September 2022. An intermediate holding company of Z Holdings Corporation and SoftBank Corp. with investment also from SoftBank Corp.

LINE BK (Thailand) – Loan Balance



LINE Bank (Taiwan) – No. of Users



- On September 14, launched beta version of Global NFT Platform DOSI, available in 180 countries¹ and in nine languages.

Global NFT Platform DOSI



1 DOSI's Major Services

- Brand store (DOSI Store) and provision of support for marketing/community building
- Social logins and DOSI Wallet adapted to various payment methods (e.g., Naver Pay, credit card, cryptocurrencies)
- Membership program DOSI Citizen, with various benefits

2 Future Business Expansion and Functional Enhancement

- Expansion of sales area and provision of feature for minting NFTs
- Introduction of cryptocurrencies as payment method and linkage with local payment services
- Functional reinforcement of DOSI Citizen and establishment of IP ecosystem
- Enrichment of global IP content and long-tail projects

1. 180 countries, excluding Japan

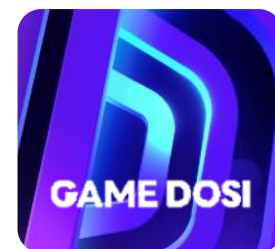
Global NFT Services Adapted to Various Genres



AlphaCrewz

Avatar x NFT

- HD avatar project linked with NFT
- User-owned and interoperable avatar/building of metaverse ecosystem



GAME DOSI

Game x NFT

- Dedicated platform for offering NFT-based games
- Provision of platform for NFT game developers/users

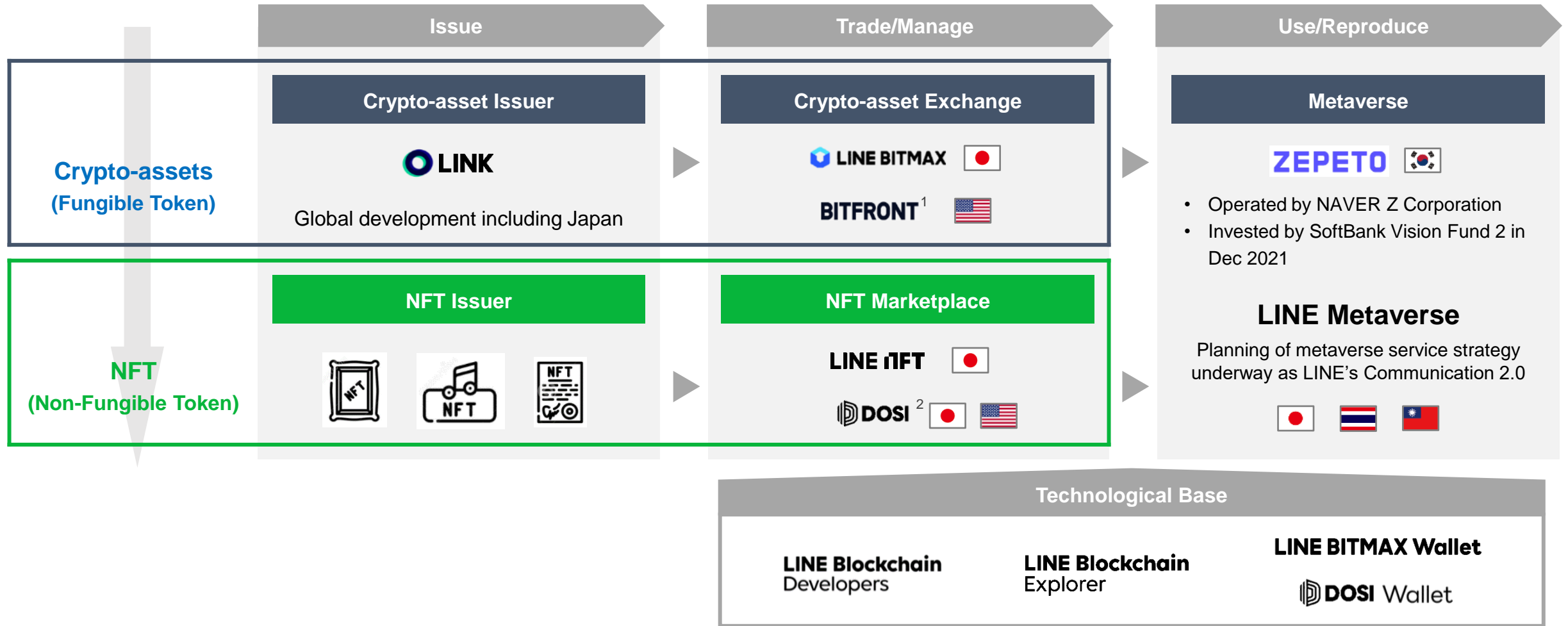


AVA

Fandom x NFT

- Fandom NFT service that enables fans to support artists by directly minting NFTs.

- Spread of blockchains as crypto-assets, has rapidly 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. Launched beta version in September 2022.

(JPY Million)

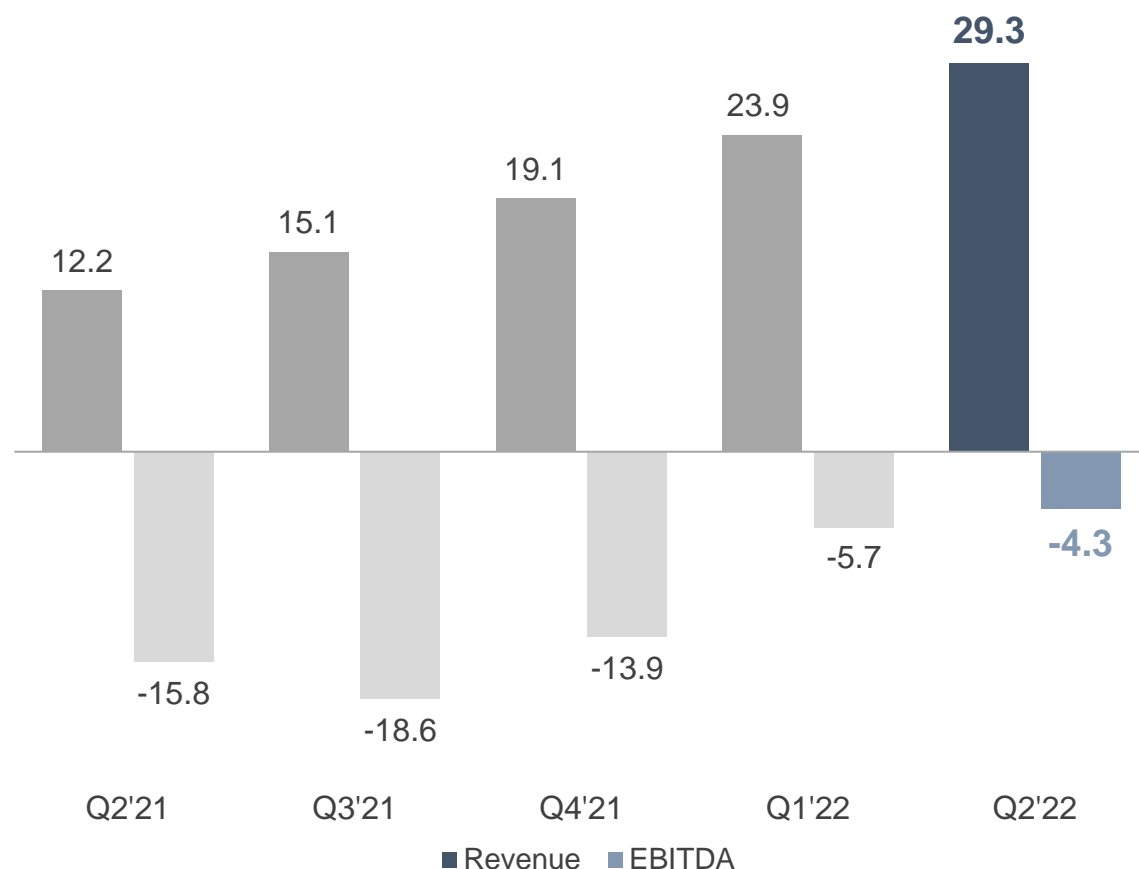
	FY2021 Q2 ¹	FY2022 Q2 ¹	YoY
Revenue	28,799	33,044	+14.7%
Fintech	28,330	33,349	+17.7%
PayPay Card ²	11,535	14,154	+22.7%
PayPay Bank ²	8,548	9,652	+12.9%
Other fintech (LINE Fintech, etc.)	8,246	9,542	+15.7%
Other Strategic Business (AI, LINE Search, LINE Healthcare, etc.)	468	-304	-165.1%
Cost of sales	3,589	5,025	+40.0%
Selling, general and administrative expenses	32,526	36,693	+12.8%
Sales promotion cost + Advertising and promotional expenses	4,161	3,319	-20.2%
Other selling, general and administrative expenses	28,364	33,374	+17.7%
Other revenue and expenses	15,022	-	N/A
Adjusted EBITDA (Margin)	9,546 (33.2%)	-5,679 (-17.2%)	-159.5%

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.

Revenue¹/EBITDA²

(JPY B)



Statement of Financial Position (JGAAP)³

(JPY B)

	FY2022 Q1	FY2022 Q2	Difference
Assets	604.6	697.3	+92.6
Cash and deposits	338.9	397.3	+58.4
Accounts receivable-other	74.6	106.7	+32.0
Property, plant and equipment	0.5	0.5	-0.0
Intangible assets	7.2	8.8	+1.6
Deposits received	107.6	115.6	+8.0
Liabilities	494.0	590.5	+96.4
Accounts payable-other	298.9	347.6	+48.6
Deposits received	181.1	221.4	+40.3
Provisions	6.3	8.6	+2.3
Net Assets	110.5	106.7	-3.8

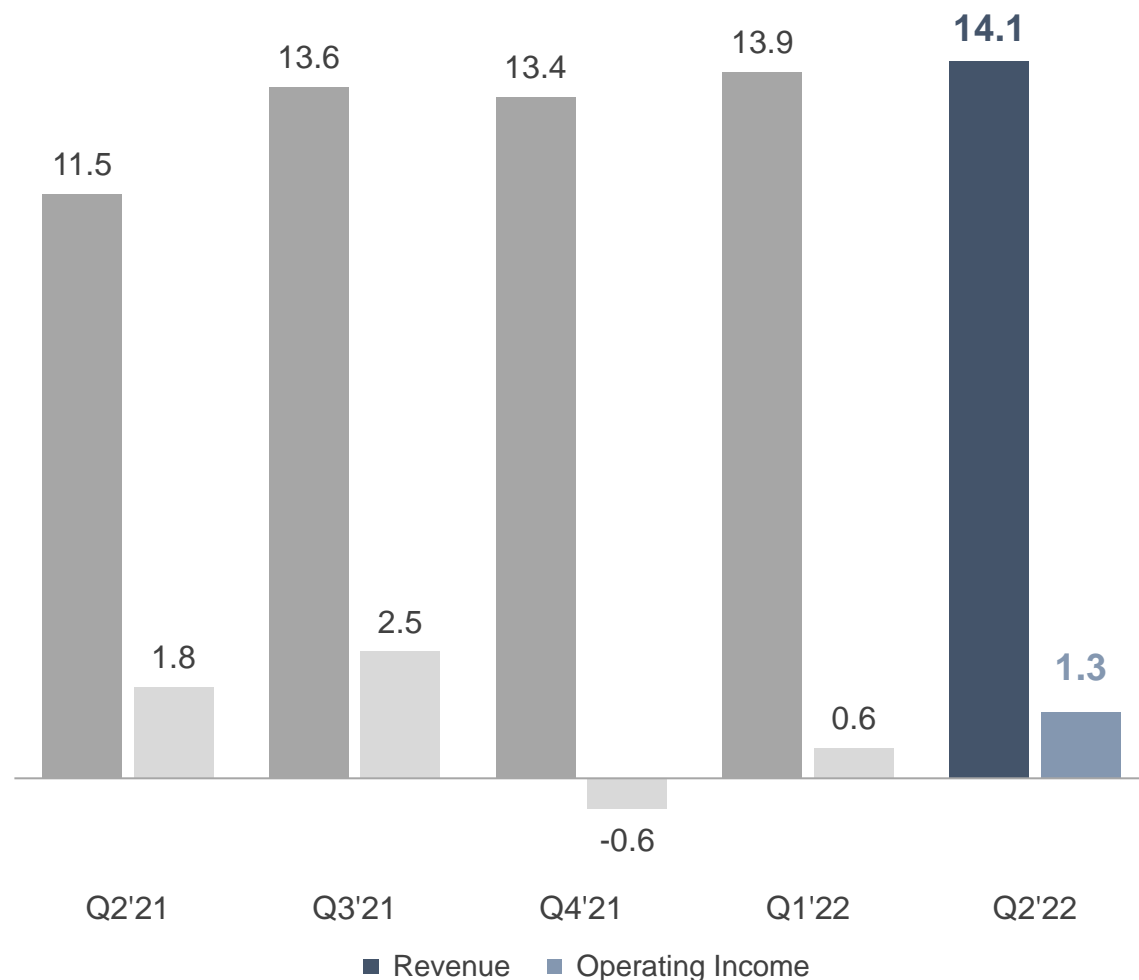
1. PayPay (standalone) revenue. In FY2021 Q4 changed the accounting treatment related to cash rebate, etc. Changed the accounting treatment of excess cash rebates, etc. over revenue from recording in expenses to deducting from revenue. Figures for FY2021 Q1-Q4 have been calculated on the assumption that this accounting change was conducted in FY2021 Q1 (No impact on full-year FY2021 revenue). Revenue for FY2022 has not been audited.

2. Depreciation and amortization cost added back to operating income. Unaudited figure.

3. Unaudited figure.

Revenue/Operating Income (Non-Consolidated IFRS)¹

(JPY B)



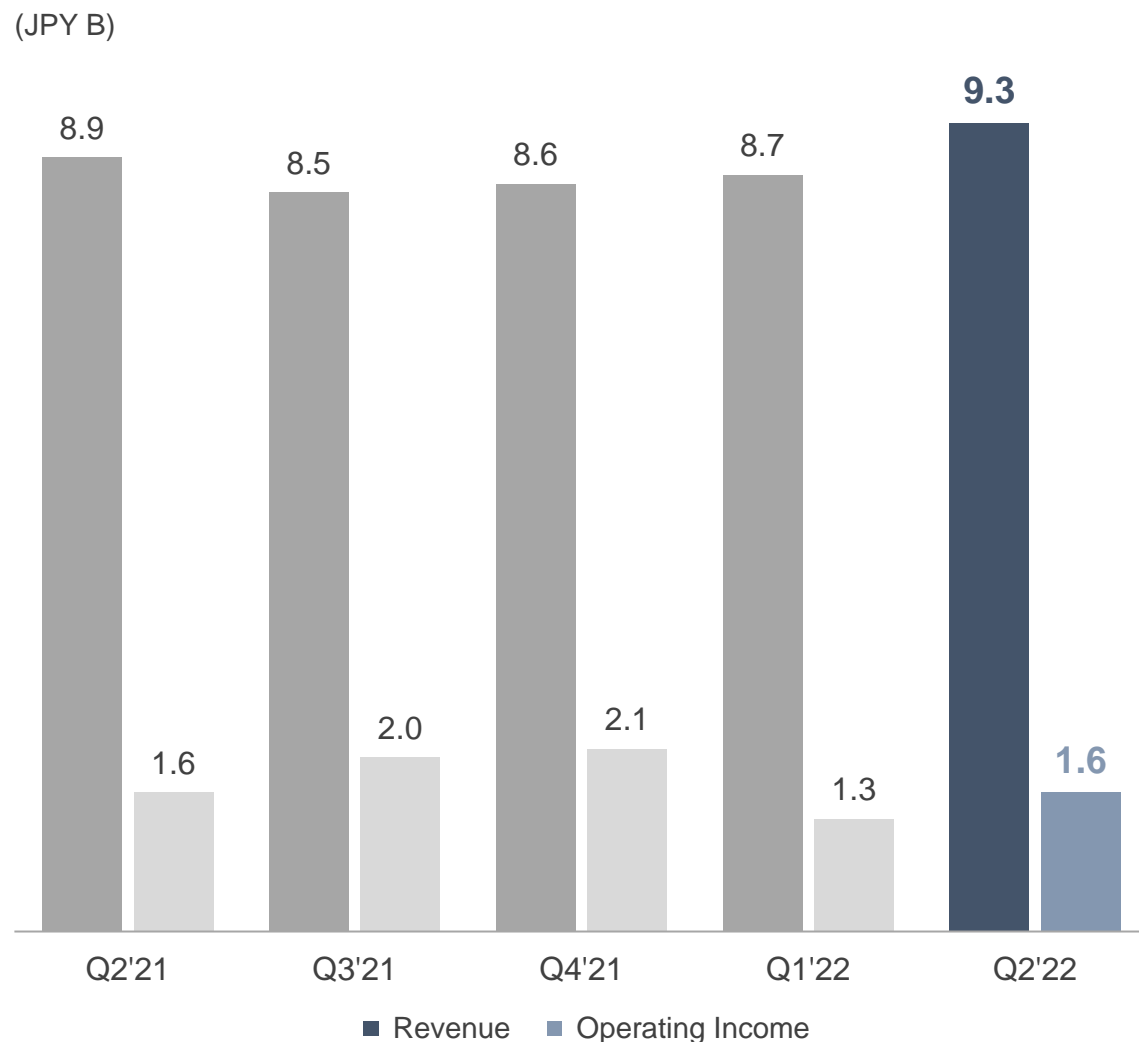
Statement of Financial Position (JGAAP)¹

(JPY B)

	FY2022 Q1	FY2022 Q2	Difference
Assets	804.8	839.1	+34.3
Cash and cash equivalents	54.0	63.1	+9.1
Trade and other receivables	222.9	236.9	+14.0
Loans in credit card business	453.8	461.4	+7.5
Investment securities in banking business	-	-	-
Property and equipment	5.4	5.3	-0.1
Intangible assets	28.4	30.0	+1.5
Liabilities	766.9	836.4	+69.4
Trade and other payables	231.4	232.4	+0.9
Customer deposit in banking business	-	-	-
Interest-bearing liabilities	530.7	599.0	+68.2
Equity	37.8	2.6	-35.1

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)¹



Statement of Financial Position (JGAAP)¹

(JPY B)

	FY2022 Q1	FY2022 Q2	Difference
Assets	1,659.6	1,604.9	-54.7
Cash and cash equivalents	347.1	332.3	-14.8
Trade and other receivables	23.8	25.0	+1.1
Loans in credit card business	-	-	-
Investment securities in banking business	571.9	551.9	-19.9
Property and equipment	1.3	1.4	+0.1
Intangible assets	8.8	9.4	+0.5
Liabilities	1,602.0	1,546.2	-55.7
Trade and other payables	15.6	21.6	+6.0
Customer deposit in banking business	1,539.5	1,517.9	-21.5
Interest-bearing liabilities	41.0	-	-41.0
Equity	57.6	58.6	0.9

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

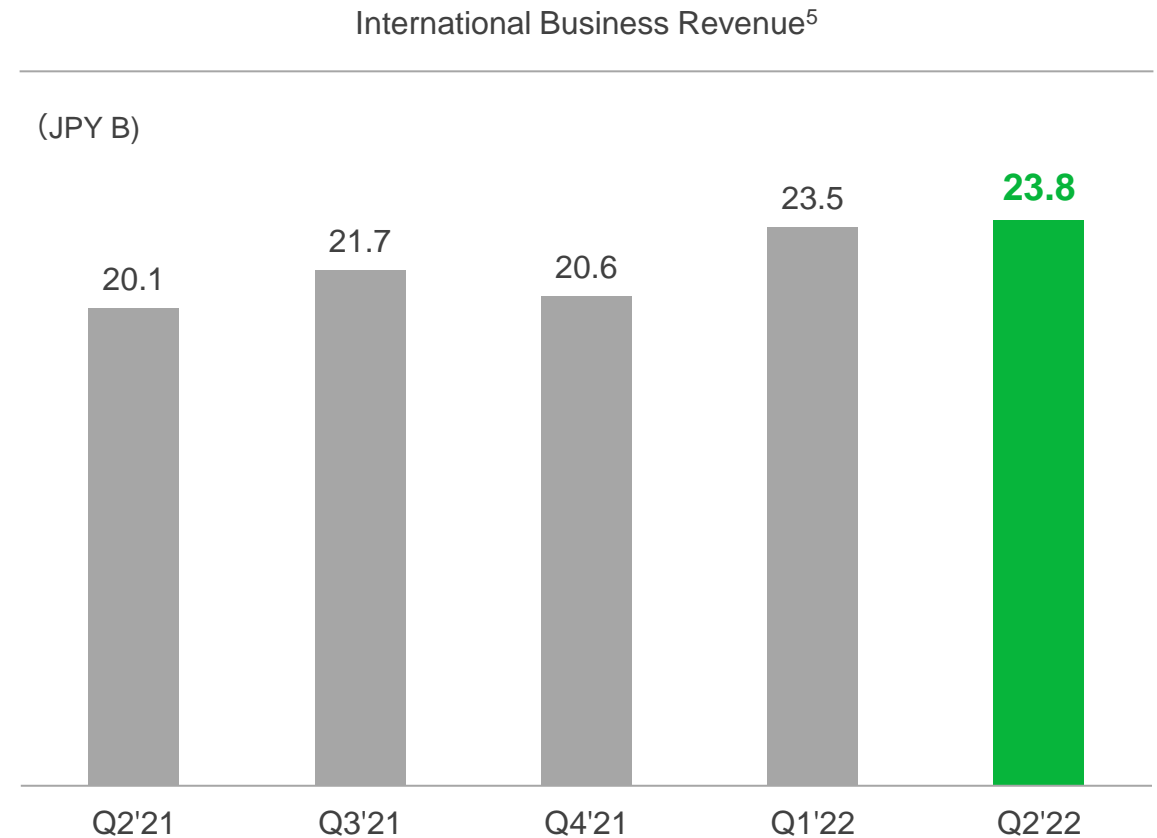
	Instrument	Available at	Credit Line	Revolving/Installment Payment	Main Revenue Sources	Provided by
Top-up & Pay						
Payment from PayPay Balance	PayPay app	PayPay merchants (Online/offline)	-	-	<ul style="list-style-type: none"> Payment fee from merchants 	PayPay Corporation
Buy Now Pay Later						
PayPay Card (Yahoo! JAPAN Card)	Physical card	Credit card merchants	Large	Available	<ul style="list-style-type: none"> Payment fee from merchants Interest from revolving/installment payments 	PayPay Card Corporation
PayPay Atobarai	PayPay app From February 1	PayPay merchants (Online/offline)	Large	Available	<ul style="list-style-type: none"> Payment fee from merchants Interest from revolving payments 	PayPay Card Corporation
	PayPay app Coming soon	PayPay merchants (Online/offline)	Small	N/A	<ul style="list-style-type: none"> Under discussion 	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 MAU¹ (Population: 23.38 mil²)</p>	   <p>No.1 Market share⁴</p>
<p>Thailand</p> 	<p>53 mil MAU¹ (Population: 66.17 mil²)</p>	  <p>No.1 Market share⁴</p>
<p>Indonesia</p> 	<p>8 mil MAU¹ (Population: 272.24 mil³)</p>	 



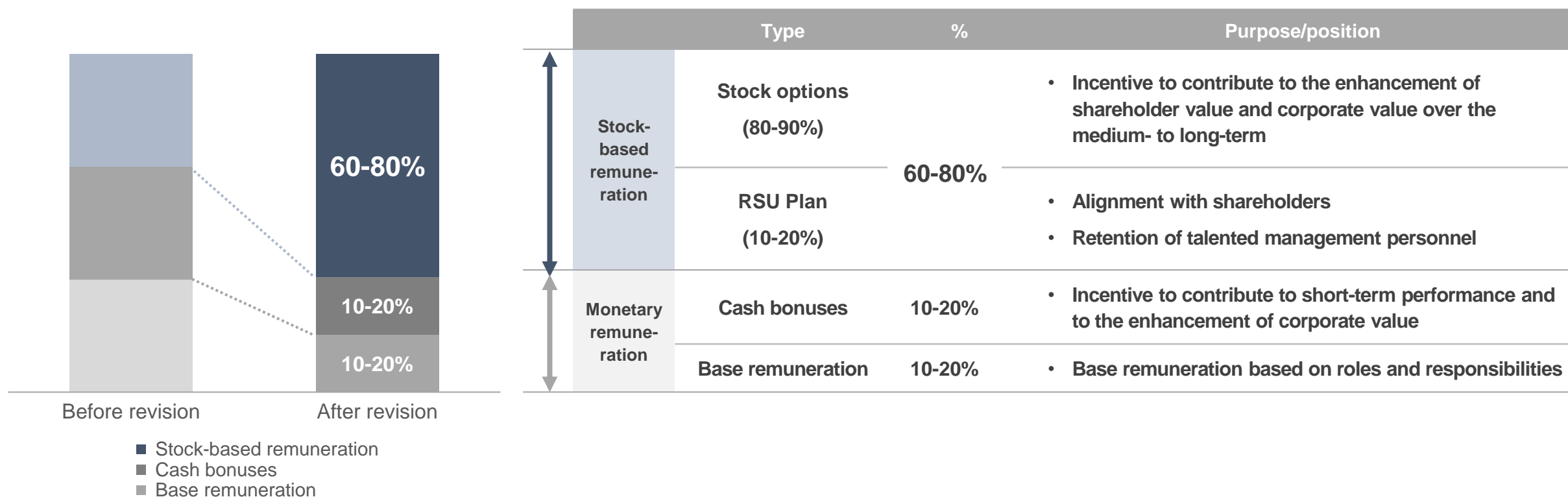
1. As of September 30, 2022.
2. Population for 2021. Figures are quoted from data published by the respective Ministries of Interior.
3. Population for 2021. Figures are quoted from data published by the Central Bureau of Statistics.
4. Data for Taiwan and Thailand are based on 2020 market research data 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.**

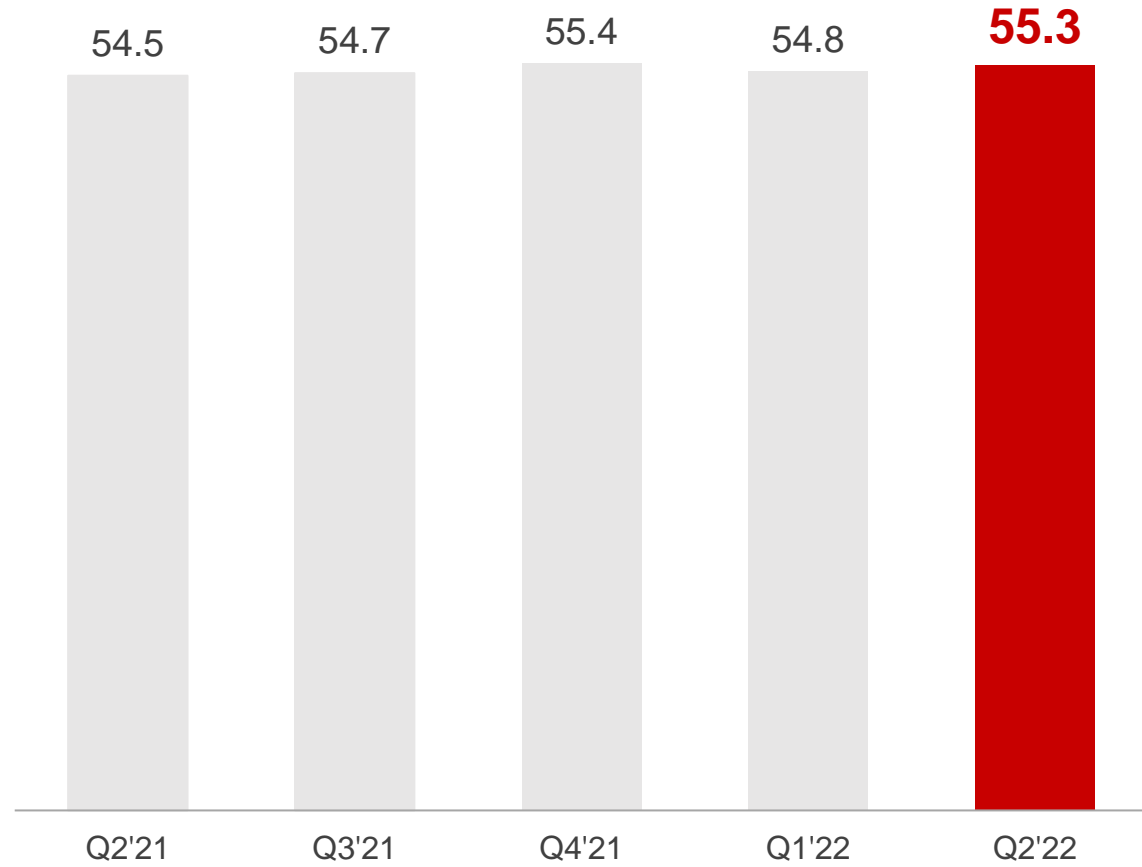
Revision of directors' remuneration plan¹



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

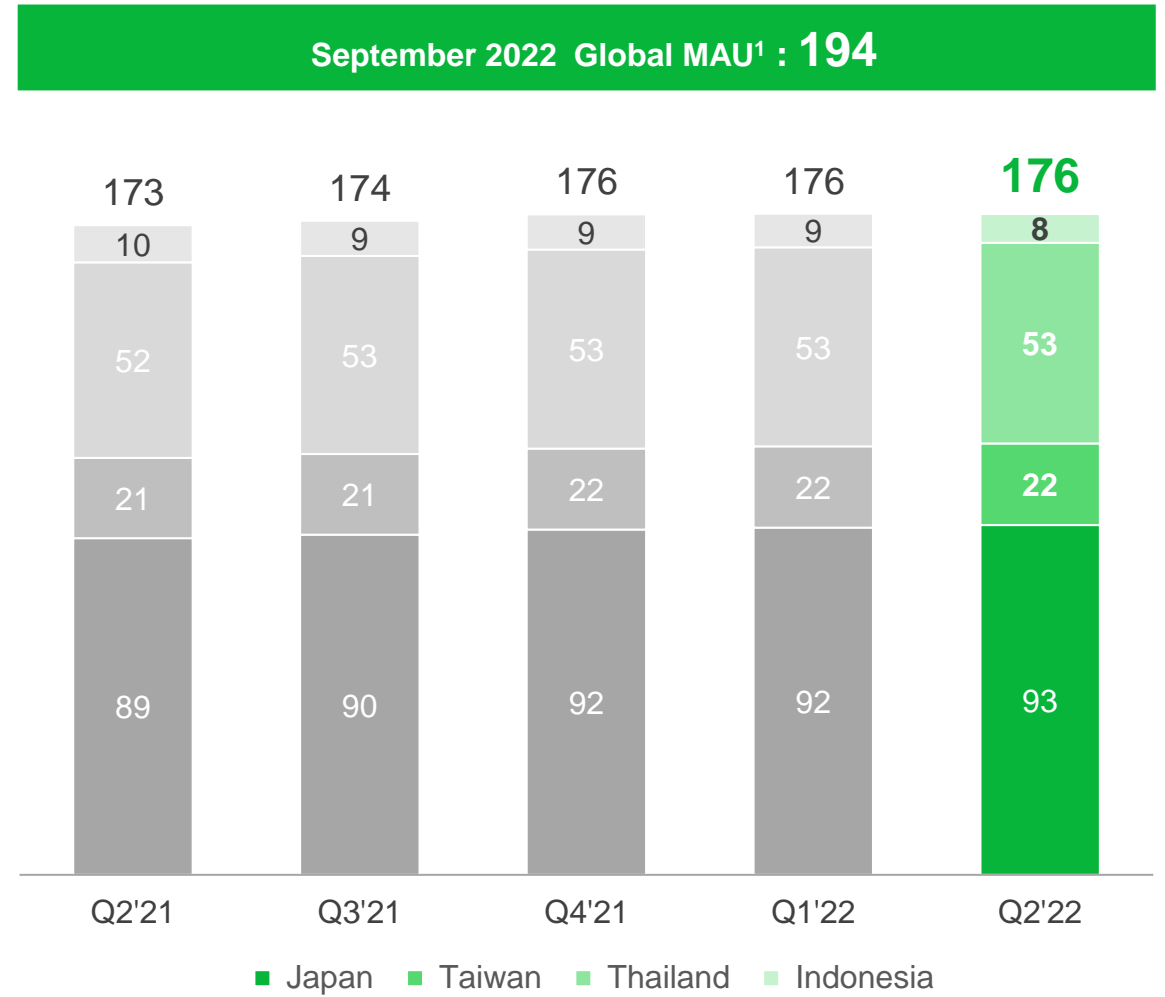
Yahoo Japan - Number of Monthly Logged-in User IDs

(Million)

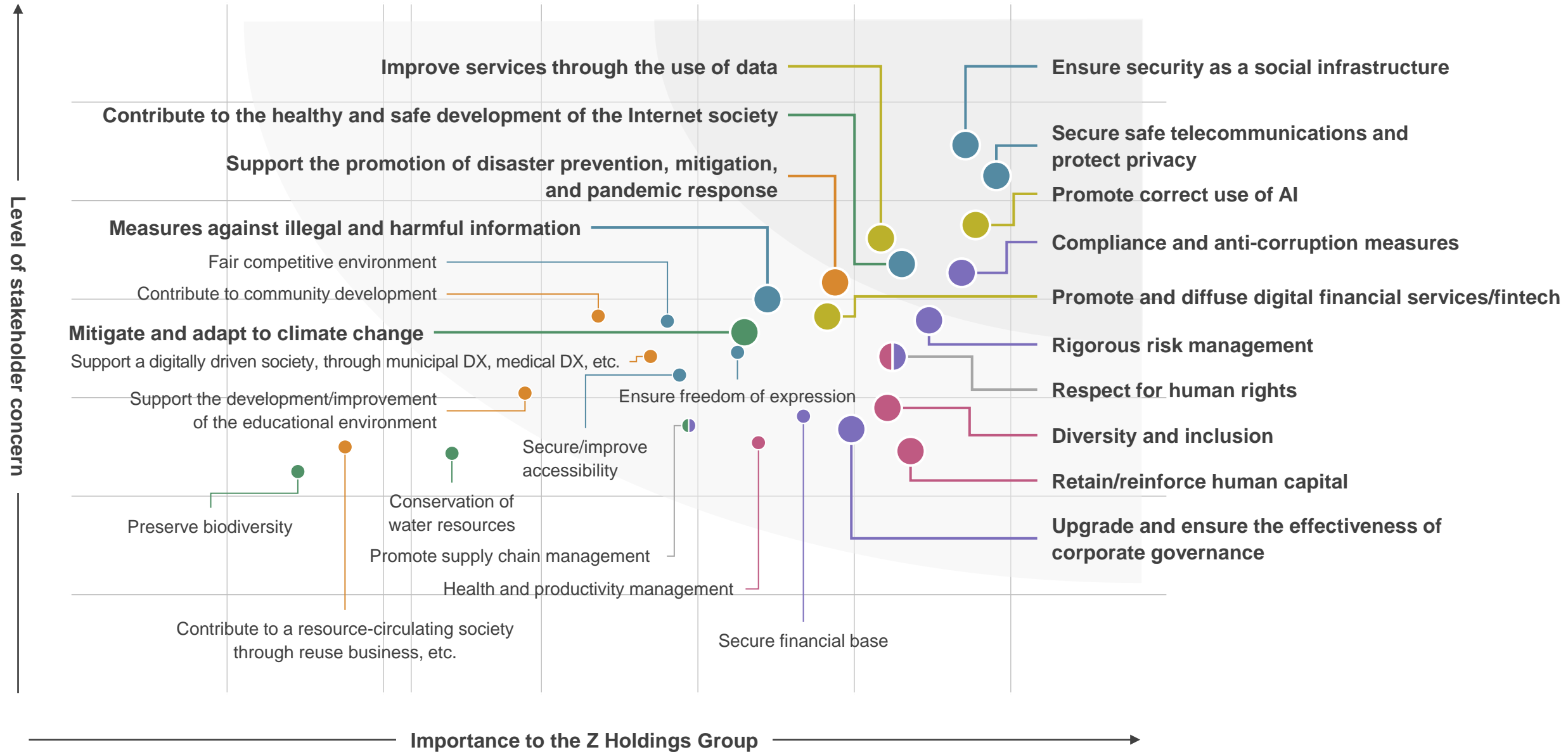


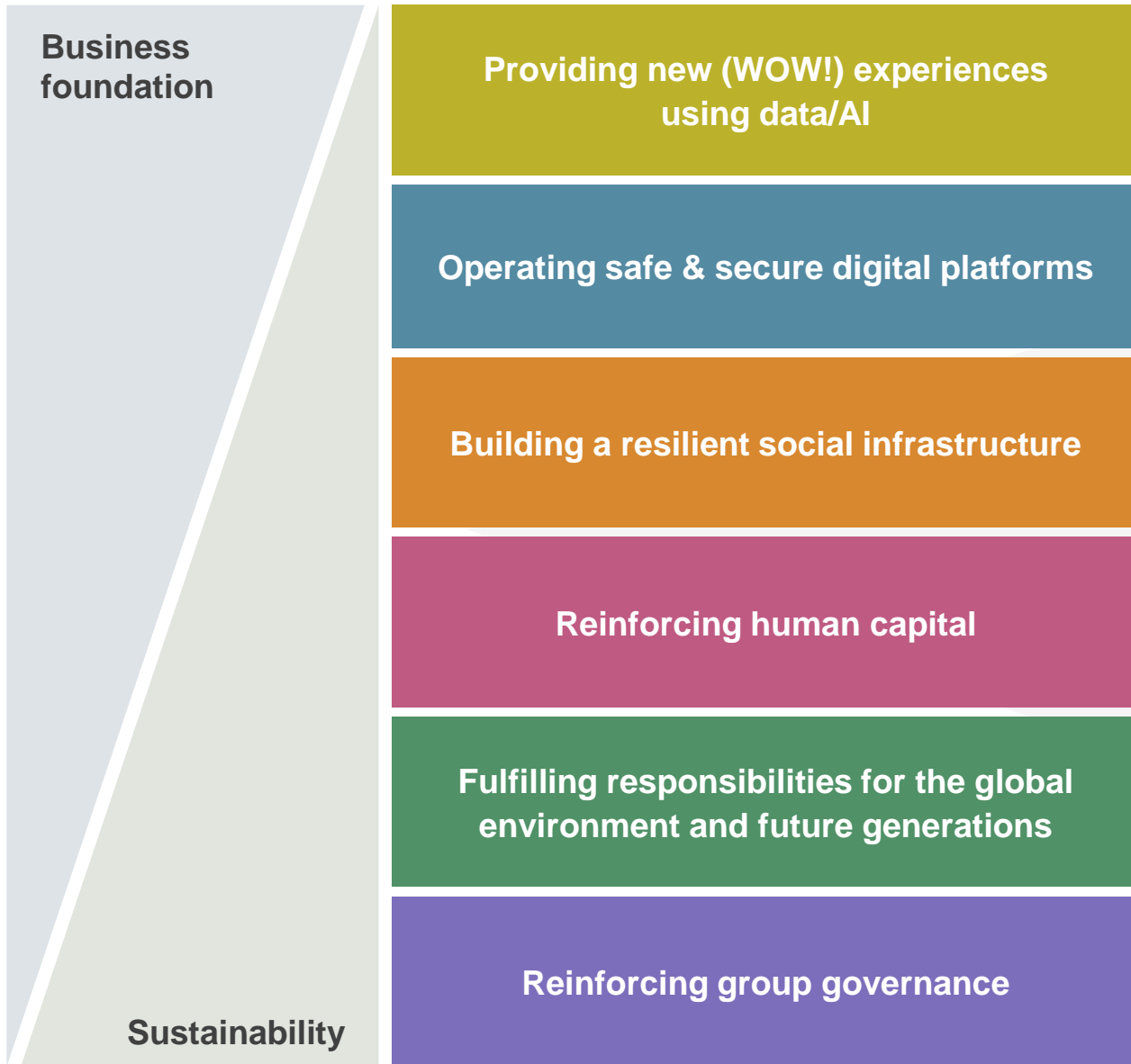
LINE - Monthly Active Users

(Million)



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





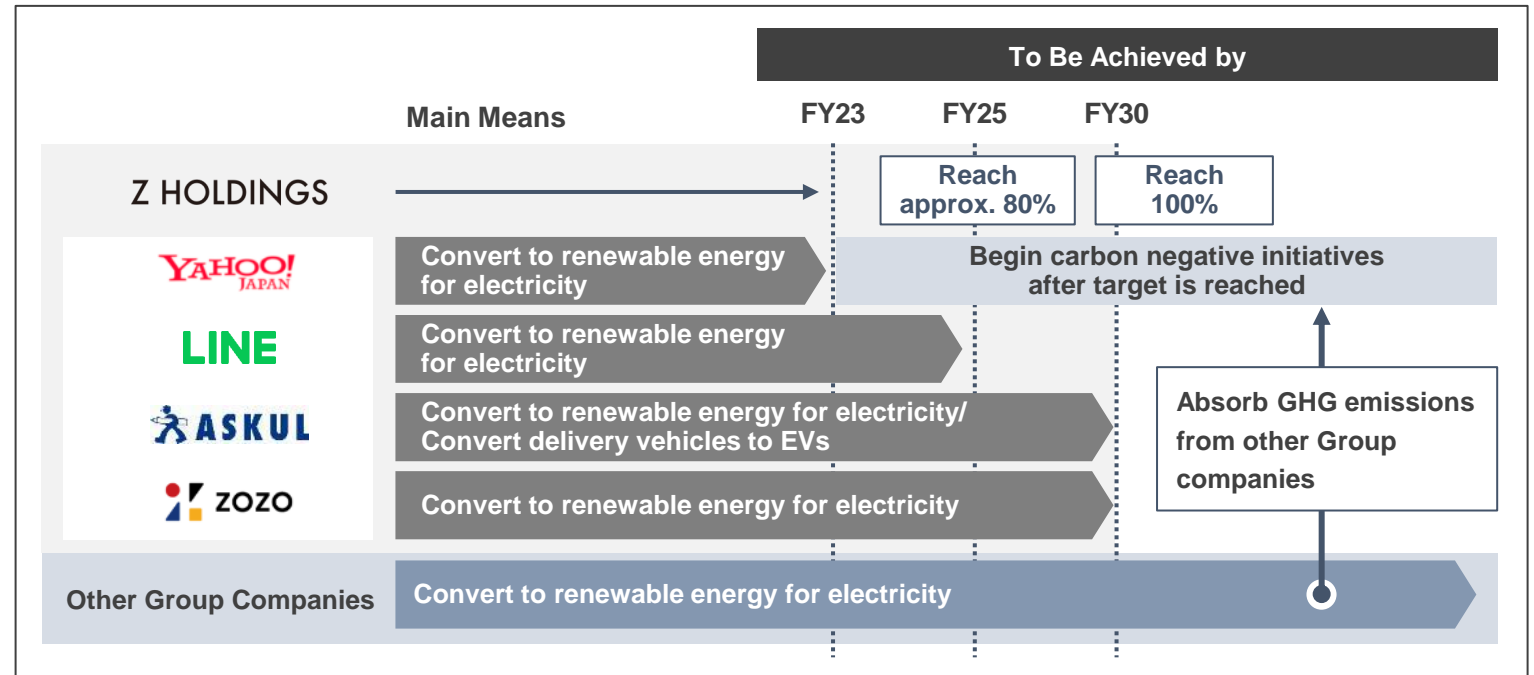
UPDATE THE WORLD

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, and is moving steadily to achieve “2030 Carbon Neutrality Declaration.”**

Initiatives for Achieving Carbon Neutrality by 2030

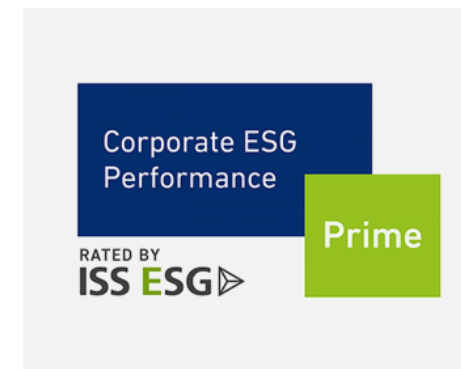
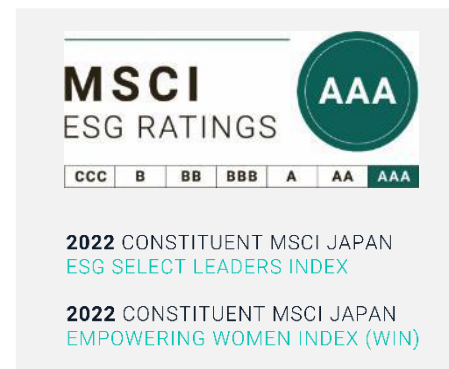
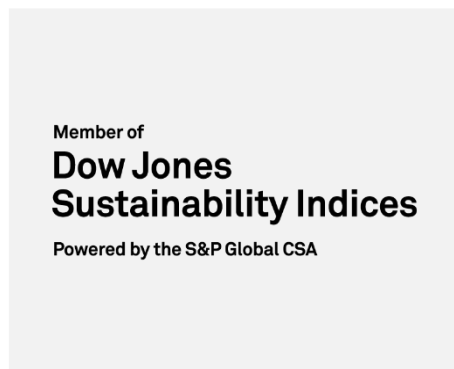
- 1** Yahoo Japan, ahead of the Group, begins carbon negative^{1,2} initiatives, to achieve a state in which GHG absorption is greater than emissions
- 2** By around FY2025, 80%+ electricity used by major Group companies to be converted to renewable energy sources
- 3** FY2025 - FY2030: Promote the conversion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

Main Evaluation

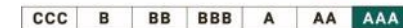
Highest rating in the industry in the Environmental Dimension²

MSCI ESG Rating¹

Score rising every year since 2018

Received Highest Rating: **AAA**

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



2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Four areas of material importance

Privacy & Data Security

Human Capital Development

Carbon Emission

Governance

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2. As of 2021

URL: <https://www.z-holdings.co.jp/en/sustainability/stakeholder/recognition/>

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

Z HOLDINGS
INTEGRATED REPORT PORTAL

Index Vision and Strategy Value Creation Business Performance Sustainability About the Group JP

Integrated Report Portal

Last updated: 12/22/2021

Vision and Strategy

A Message from the Co-CEOs

While strengthening our data governance structure, we are moving forward steadily with our post-merger integration as a world-leading AI tech company.

Kentaro Kawabe, President and Representative Director, Co-CEO
Takeshi Idezawa, Representative Director, Co-CEO

READ MORE

Vision and Strategy

A Message from the Co-CEOs

A Message from the CEO

Growth Strategy

Medium-to Long-term Management Index and KPIs

Special Feature: The LINE Business

Group Companies, Capital Structure

Mission, Vision

Sustainable Development Goals

2021 Health and Productivity Management

ESG rating

Sustainability

Environment

Social

Governance

ESG Data

Feature: Disaster-Proofing Japan

Feature: Our Contributions to the Future of Tobacco

Our Response to the SDGs

Promotion of Health and Productivity Management

ESG rating

Value Creation

Value Creation History

Value Creation Process

Solving Social Issues

Special Feature: AI Utilization Strategy

Special Feature: First Green Bond Issuance

Special Feature: LINE GIFT

Business Performance

Financial Trends

Financial Statement Historical Data

Media Business

Commerce Business

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**