

Z Holdings Corporation Business Results

FY2022 Q3 Appendix

February 2, 2023

Z HOLDINGS

FY2022 Q3 Consolidated Business Results



- Consolidated PayPay in Q3. Recorded **highest quarterly revenue** despite continued challenging macro environment.
- **Decrease in adjusted EBITDA due to changes in market conditions and impact of PayPay consolidation, despite cost optimization and selective focus on key businesses.**

Segment	Item	FY2021 Q3	FY2022 Q3	YoY
Whole Group	Revenue	JPY409.1 B	JPY453.6 B	+10.9%
	Adjusted EBITDA	JPY97.9 B	JPY93.5 B	Negative 4.5%
	Adjusted EPS	JPY1.98	JPY0.09	Negative 95.3%
Media Business	Advertising Revenue (LINE) ¹	JPY51.0 B	JPY51.0 B	Negative 0.0%
	Advertising Revenue (Yahoo Japan) ²	JPY102.4 B	JPY100.5 B	Negative 1.9%
	Adjusted EBITDA ¹	JPY71.3 B	JPY69.7 B	Negative 2.3%
Commerce Business	Group EC Transaction Value ³	JPY1,051.3 B	JPY1,118.2 B	+6.4%
	Adjusted EBITDA ¹	JPY39.5 B	JPY42.3 B	+7.2%
Strategic Business	Fintech Revenue ¹	JPY26.0 B	JPY64.8 B	+148.6%
	Adjusted EBITDA ¹	Negative JPY6.1 B	Negative JPY8.3 B	-
Other/Adjustments	Adjusted EBITDA ¹	Negative JPY6.8 B	Negative JPY10.1 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. Includes Shopping-related advertising revenue. Shopping-related advertising revenue is classified in Commerce Business.
3. Domestic merchandise transaction value + domestic services transaction value + domestic digital content transaction value + overseas e-commerce transaction value. Figure for FY2021 Q3 has been retroactively revised to include overseas e-commerce transaction value. Please refer to page 27 of the Appendix for definition of overseas e-commerce transaction value.

(JPY B)

		FY2022 Q3	YoY Difference	YoY	Major Factors of Change ¹ (JPY B)	
Revenue		453.6	+44.5	+10.9%	<ul style="list-style-type: none"> • PayPay +33.3 • LINE +7.9 	<ul style="list-style-type: none"> • ZOZO +5.1 • ASKUL Group +4.8
Cost of sales		132.1	+5.7	+4.6%	<ul style="list-style-type: none"> • LINE +4.5 • ASKUL Group +4.3 	<ul style="list-style-type: none"> • eBOOK Initiative Japan -4.4
SG&A		282.4	+60.7	+27.4%	<ul style="list-style-type: none"> • PayPay +36.9 • LINE +12.6 	<ul style="list-style-type: none"> • Ikyu +3.8
(Major items)	Personnel expense	69.2	+12.5	+22.1%	<ul style="list-style-type: none"> • LINE +5.8 • Yahoo Japan +1.4 	
	Sales promotion cost	40.6	+7.4	+22.5%	<ul style="list-style-type: none"> • LINE -2.3 • Yahoo Japan -4.0 	
	Depreciation and amortization	37.6	+4.5	+13.6%	<ul style="list-style-type: none"> • Yahoo Japan +1.3 • LINE +1.1 	
	Business commissions	36.0	+8.3	+30.1%	<ul style="list-style-type: none"> • LINE +2.5 • PayPay Card +1.0 	
Other income & expenses		151.7	+151.7	N/A	Gain on remeasurement relating to business combinations due to consolidation of PayPay +147.3	
Operating income		190.7	+129.7	+212.5%		

1. Figures in "Major Factors of Change" are figures after consolidation adjustments.

FY2022 Q3 Factors of Change in Net Income Attributable to Owners of the Parent

Whole Group

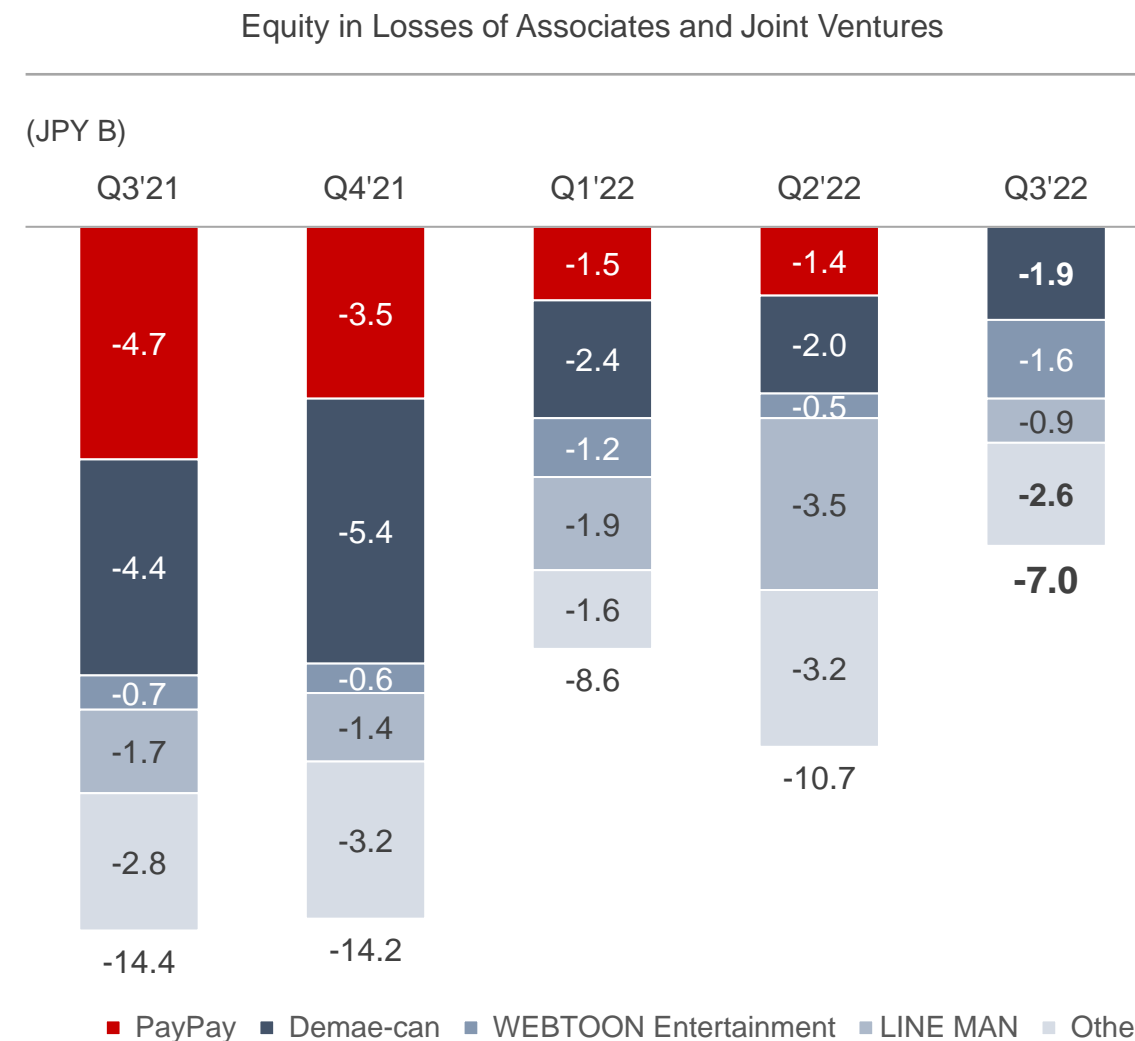
(JPY B)

	FY2022 Q3	YoY Difference	YoY	Major Factors of Change (JPY B)
Operating income	190.7	+129.7	+212.5%	
Other non-operating income	0.8	-3.7	-82.1%	
Other non-operating expenses	11.6	+8.9	+339.9%	
Equity in losses of associates and joint ventures	-7.0	+7.4	N/A	<ul style="list-style-type: none"> • PayPay +4.7 • LINE Consolidation +3.1 (Demae-can +2.5)
Impairment loss on investments in associates and joint ventures	31.3	+12.9	+70.3%	<ul style="list-style-type: none"> • Demae-can +12.9
Profit before tax	141.6	+111.4	+369.6%	
Income tax expense	-1.6	-14.0	-113.6%	
Profit for the period	143.2	+125.5	+705.9%	
Non-controlling interests	3.4	-1.7	-33.5%	
Net income attributable to owners of the parent	139.8	+127.2	+1,010.2%	

- **Equity in losses of associates and joint ventures improving** due to progress in monetization of businesses and cost optimization.

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>	38.4%	• 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			
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

1. As of December 31, 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: 1.39 million 	<ul style="list-style-type: none"> • No. of users⁴: 5.25 million • Loan balance⁴: Approx. JPY70.3 B 	<ul style="list-style-type: none"> • No. of users⁴: 510,000

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).

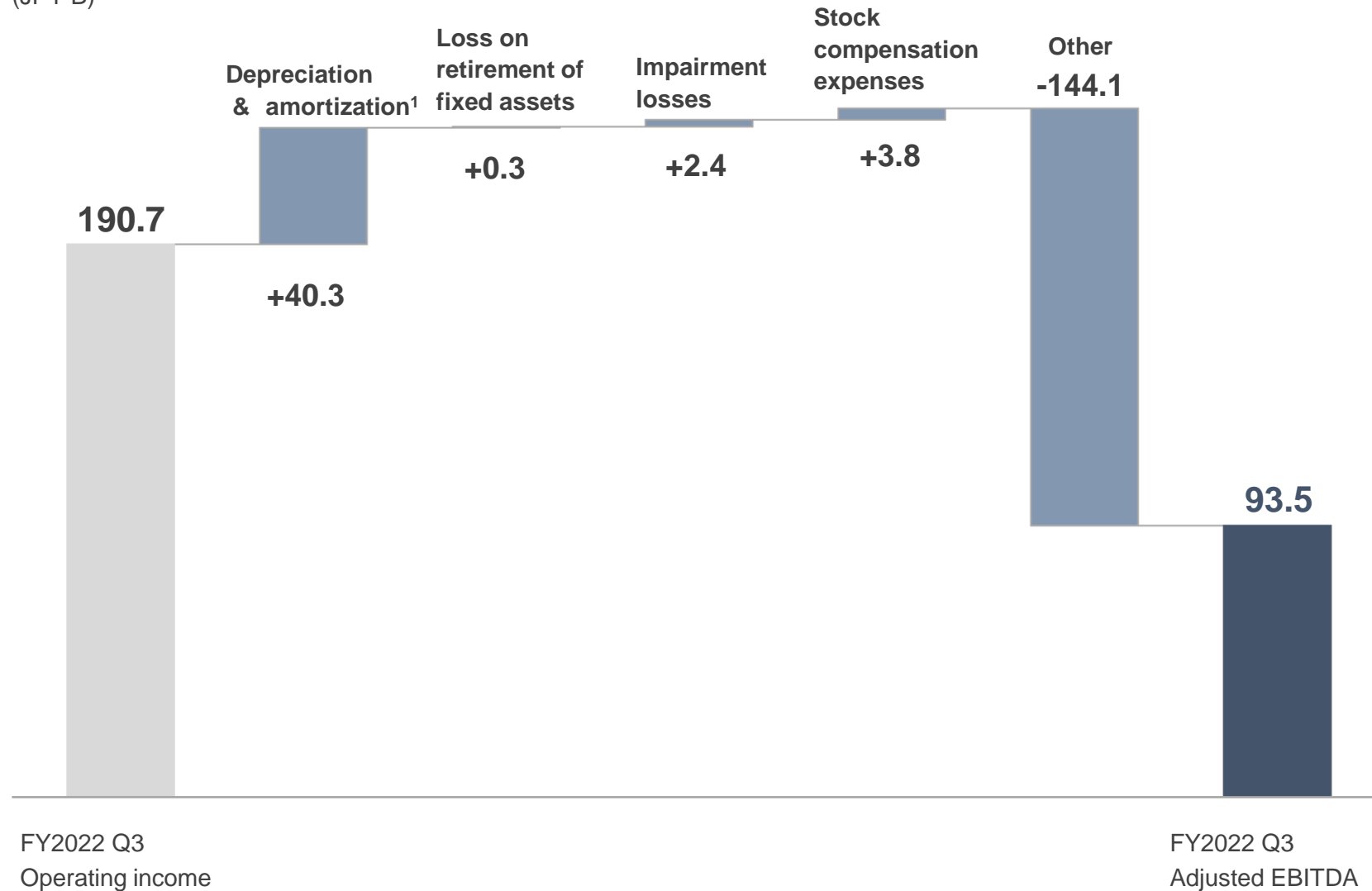
3. Figures for WEBTOON Worldwide Service (An alliance of platforms centered on e-comics, with services offered worldwide in 10 languages). Major platforms include: LINE Manga, WEBTOON, NAVER WEBTOON, LINE WEBTOON.

4. As of December 31, 2022

Adjusted EBITDA² – Breakdown of Adjustment Items

Whole Group

(JPY B)



Adjusted EBITDA²

Op. income + depreciation & amortization¹ ± 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
- Gains/losses on step acquisition
- Other transactions with undetermined cash outflows (one-time provisions, etc.)

etc.

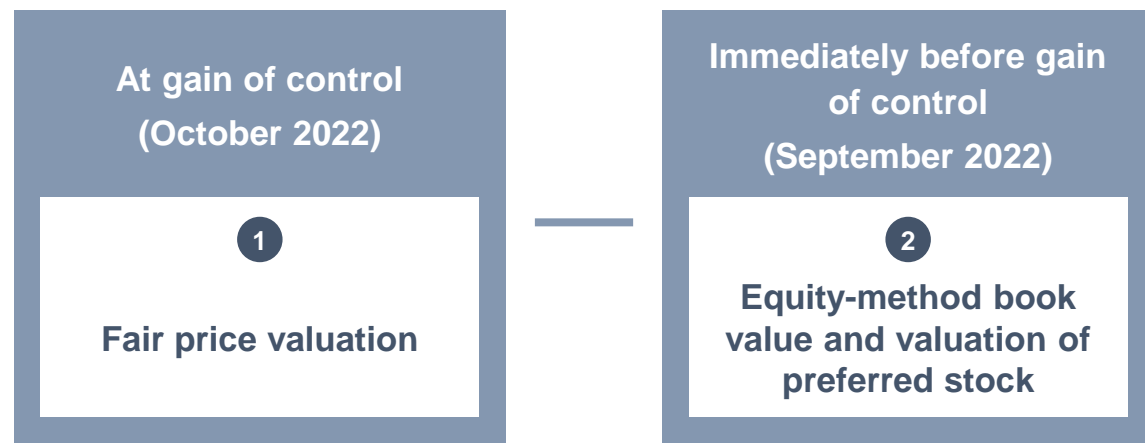
Gains/losses on sales of shares held by certain funds

1. Depreciation & amortization: Depreciation, depreciation of right-of-use assets, certain rents

2. Changed the definitions from FY2022 Q3. Added certain rents to depreciation and amortization, and gains/losses on sales of shares held by certain funds to EBITDA adjustment items. Said income and expense for FY2022 Q1 and Q2 are lumped together and adjusted in FY2022 Q3.

- In FY2022 Q3, recorded a gain on remeasurement relating to business combinations of JPY147.3 B (EBITDA adjustment item).

Gain on Remeasurement Relating to Business Combinations – Recording Mechanism



Gain on Remeasurement Relating to Business Combinations

Approx. JPY**147.3 B**

PPA Amount

Item	Amount (JPY B)	Annual Amortization Amount (JPY B)	Amortization Period (Straight Line)
PPA	51.3	5.1	
Customer-relationship (Merchants)	51.3	5.1	10 years

Impact from Consolidation of Subsidiaries (PPA)

Whole Group

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

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

PayPay

Item	Amount (JPY B)	Annual Amortization Amount (JPY B)	Amortization Period (Straight Line)
PPA¹	51.3	5.1	-
Customer-relationship (Merchants)	51.3	5.1	10 years

1. Final figure

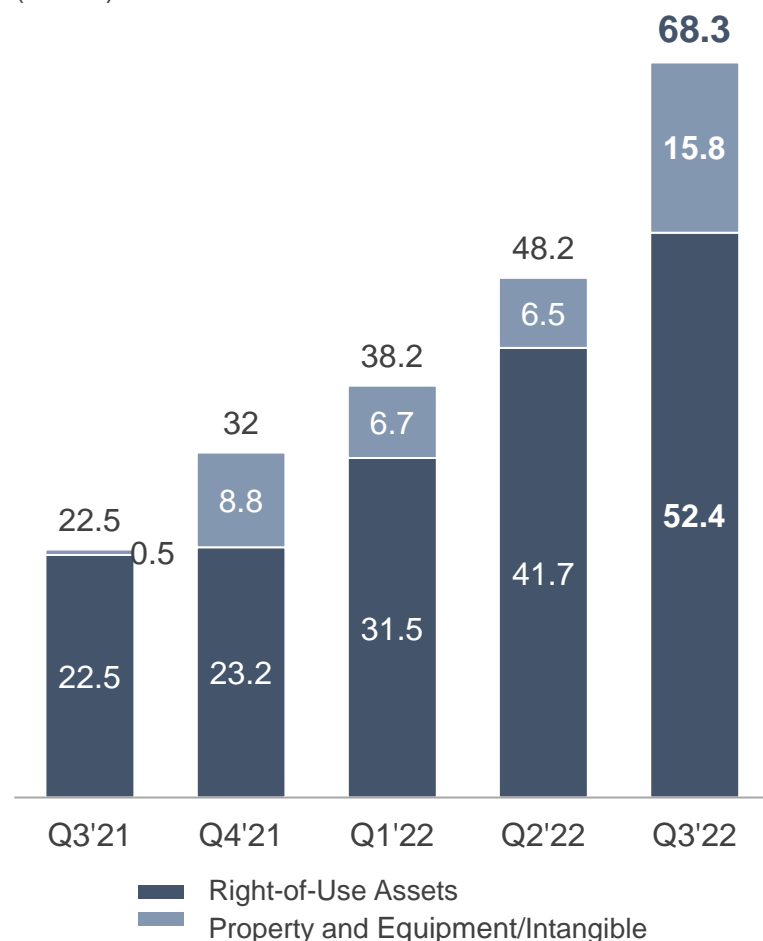
2. Indefinite-lived intangibles

(JPY B)

	FY2022 Q2	FY2022 Q3	Difference
Assets	7,514.7	8,573.8	+1,059.1
Cash and cash equivalents	1,359.0	1,860.2	+501.2
Trade and other receivables	342.9	653.3	+310.3
Loans in credit card business	475.2	569.5	+94.3
Investment securities in banking business	399.0	363.8	-35.2
Property and equipment	192.3	199.4	+7.0
Intangible assets	1,217.9	1,274.0	+56.0
Liabilities	4,444.4	5,256.9	+812.4
Trade and other payables	521.6	1,349.6	+827.9
Customer deposit in banking business	1,483.9	1,473.5	-10.3
Interest-bearing liabilities	1,861.7	1,835.8	-25.8
Equity	3,070.2	3,316.9	+246.6

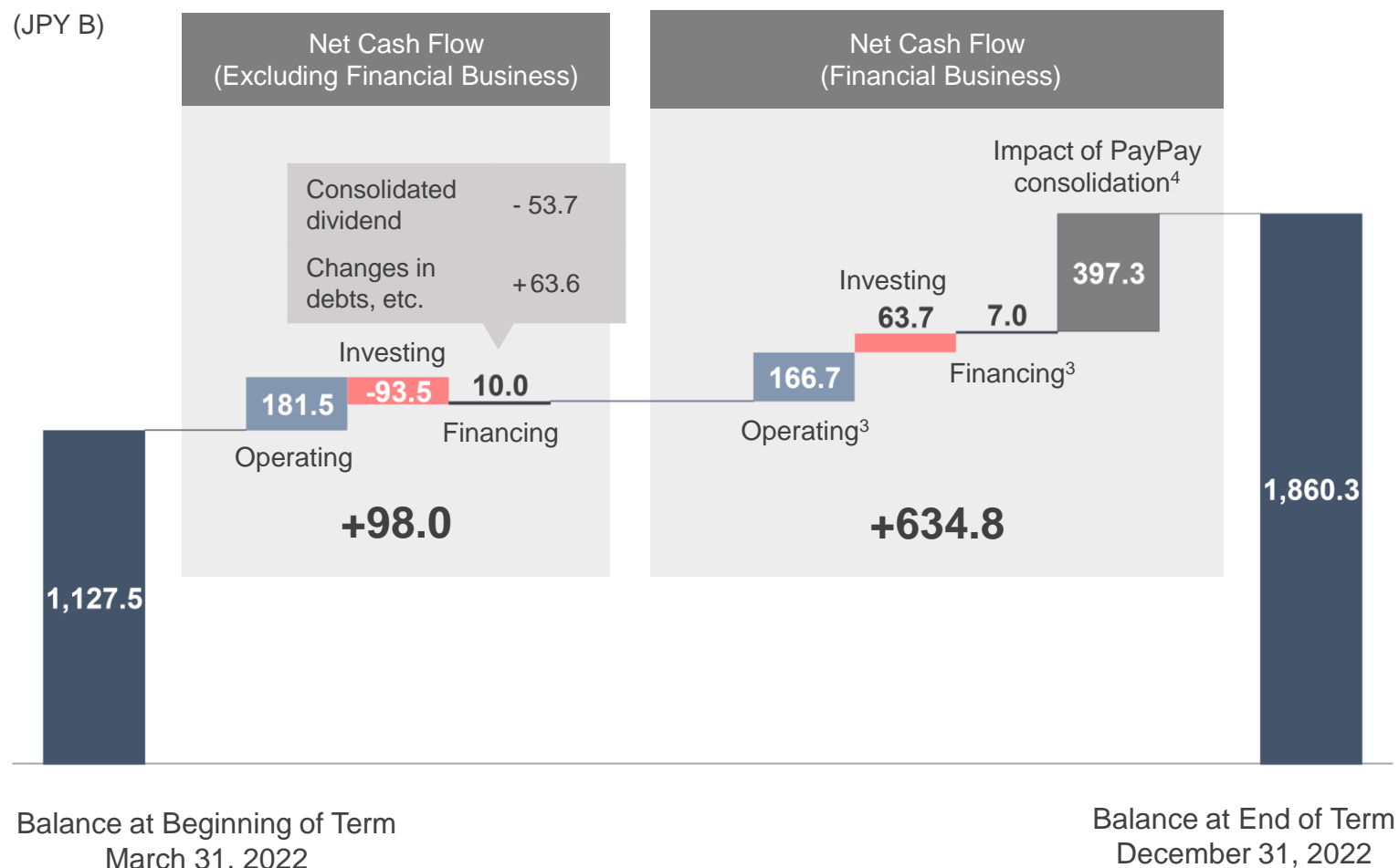
CAPEX¹

(JPY B)



Net Cash Flow (Excludes Financial Business²/Financial Business)¹

(JPY B)

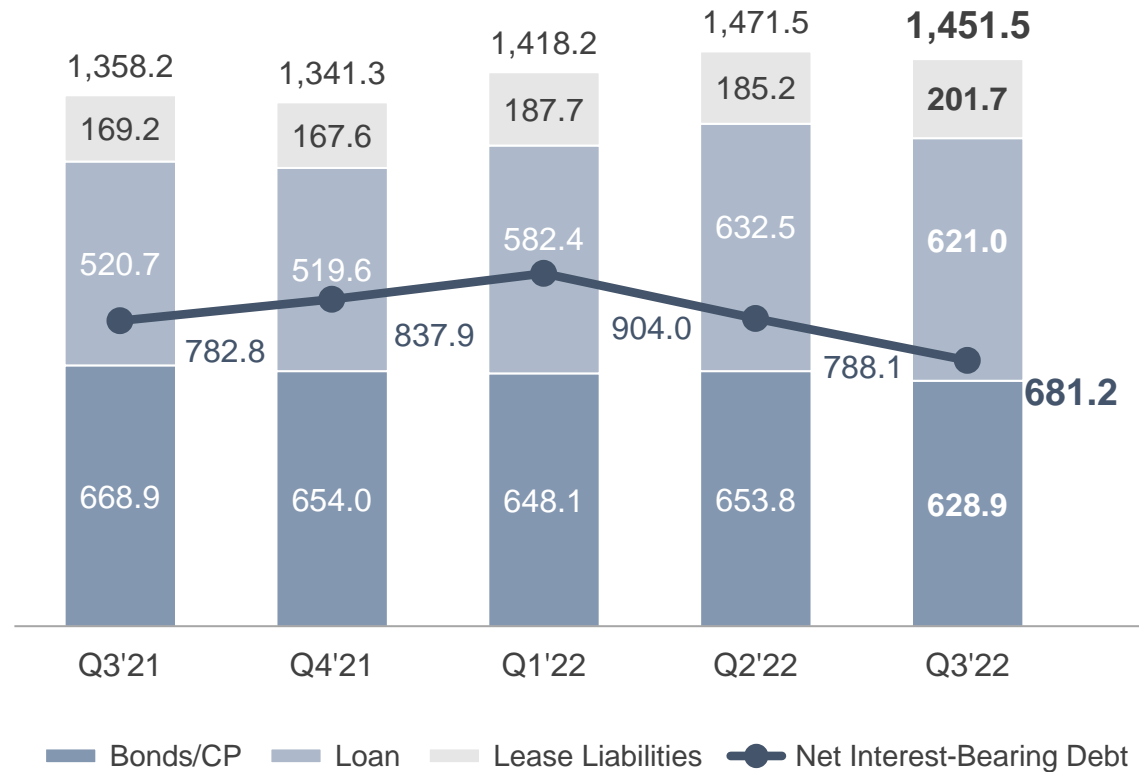


1. The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.
 2. Financial business includes PayPay Corporation, PayPay Card Corporation, PayPay Bank Corporation and the financial subsidiaries of LINE Corporation.
 3. Adjusted securitization of credit card receivables (transferred from financing cash flow to operating cash flow), includes adjustment of transactions within the Group.
 4. PayPay Corporation's standalone cash and equivalents incorporated in the consolidated financial statement as of September 30, 2022

Interest-Bearing Debt & Net Interest-Bearing Debt¹

(Excludes financial business²)

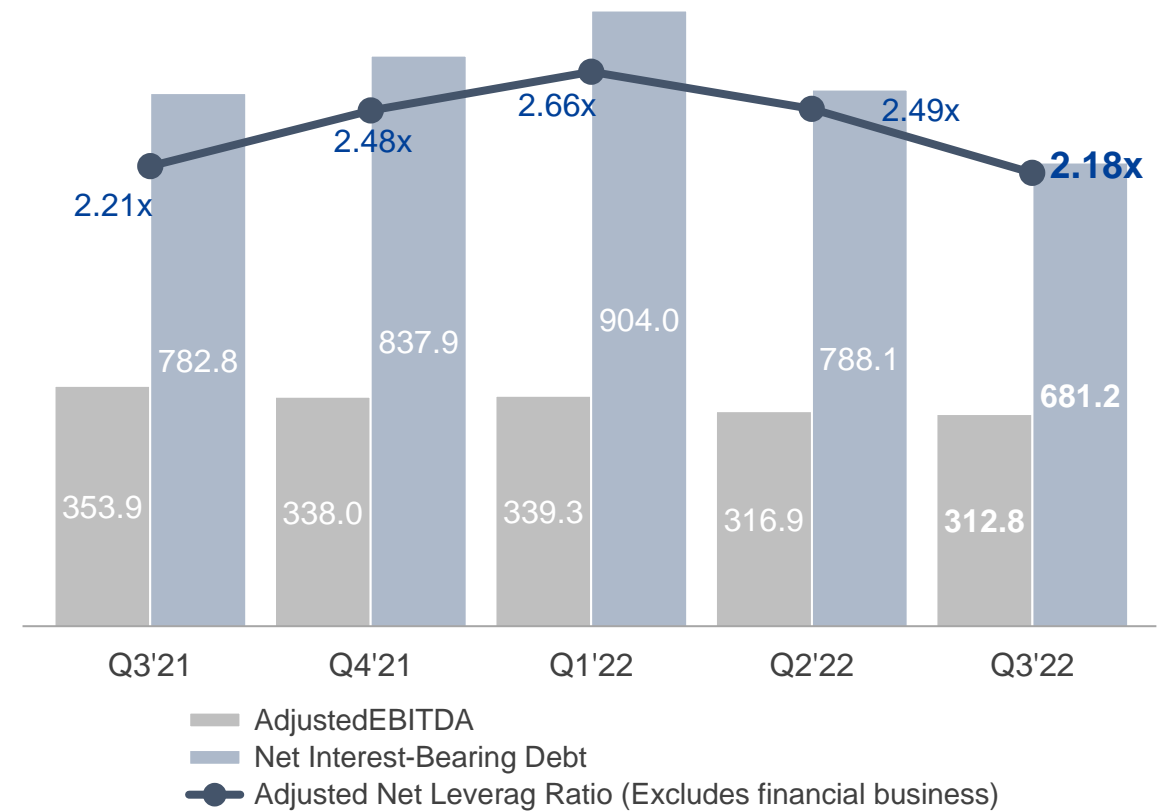
(JPY B)



Net Leverage Ratio³

(Excludes financial business²)

(JPY B)

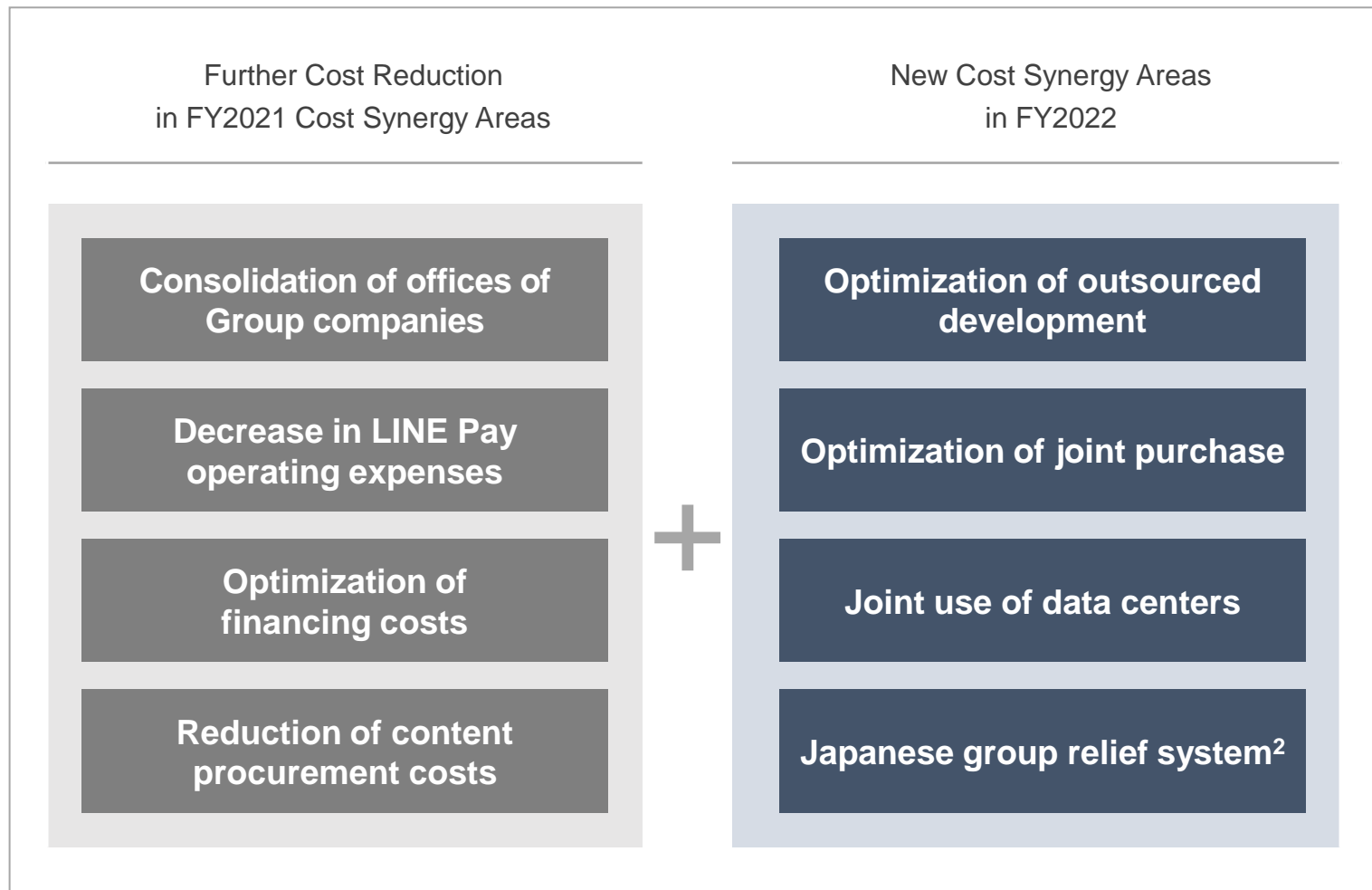
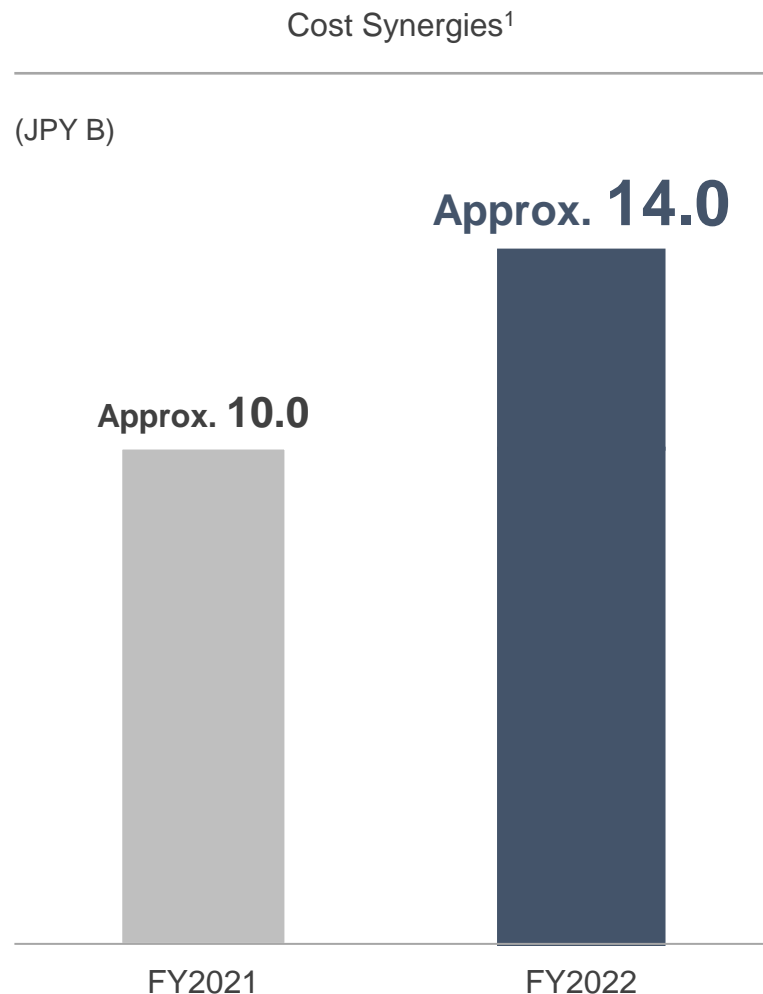


1. Net interest-bearing debt = Interest bearing debt – Cash and cash equivalents. The figures are rounded down to the nearest million yen and then rounded to the nearest 100 million yen.

2. Financial business includes PayPay Corporation, PayPay Card Corporation, PayPay Bank Corporation and the financial subsidiaries of LINE Corporation.

3. 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.

- In FY2022, pursue approx. JPY14.0 B cost synergies¹ through optimization of outsourced development and joint purchase, etc.



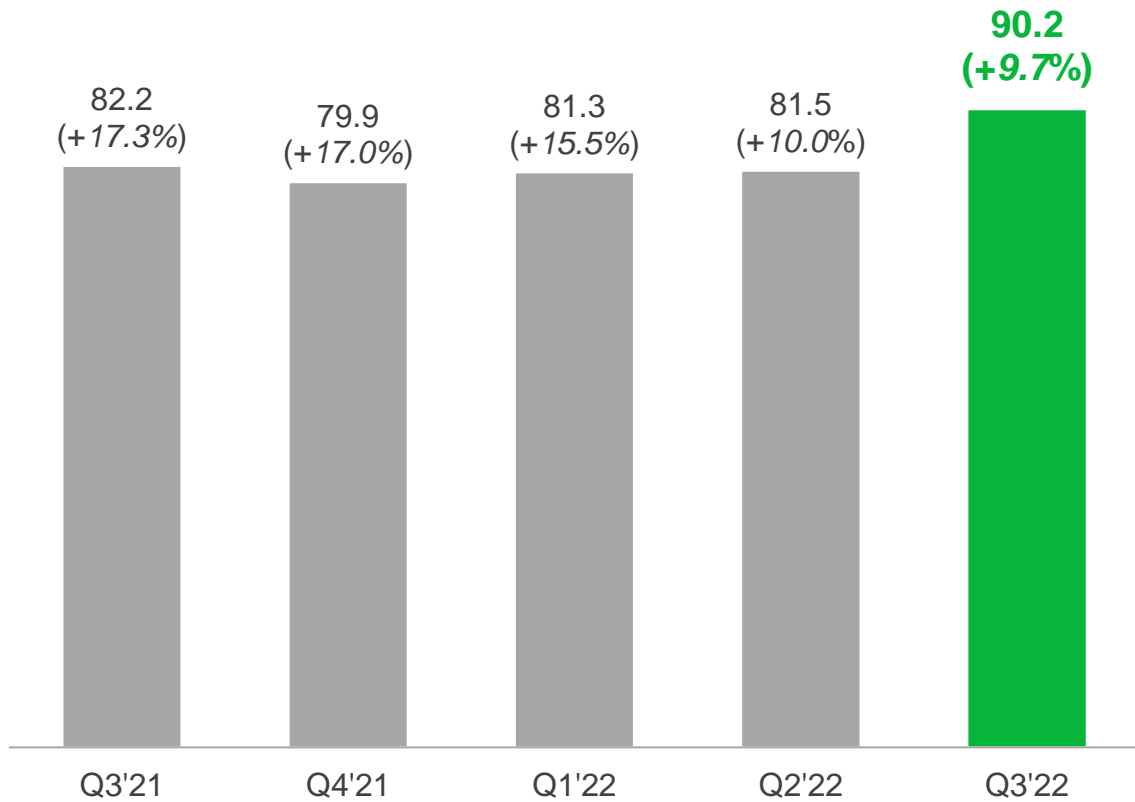
1. Full year comparison with FY2020.

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

- Revenue increased due to the consolidation of LINE MUSIC, etc. Operating income decreased due to decrease in revenue of display ads, etc.

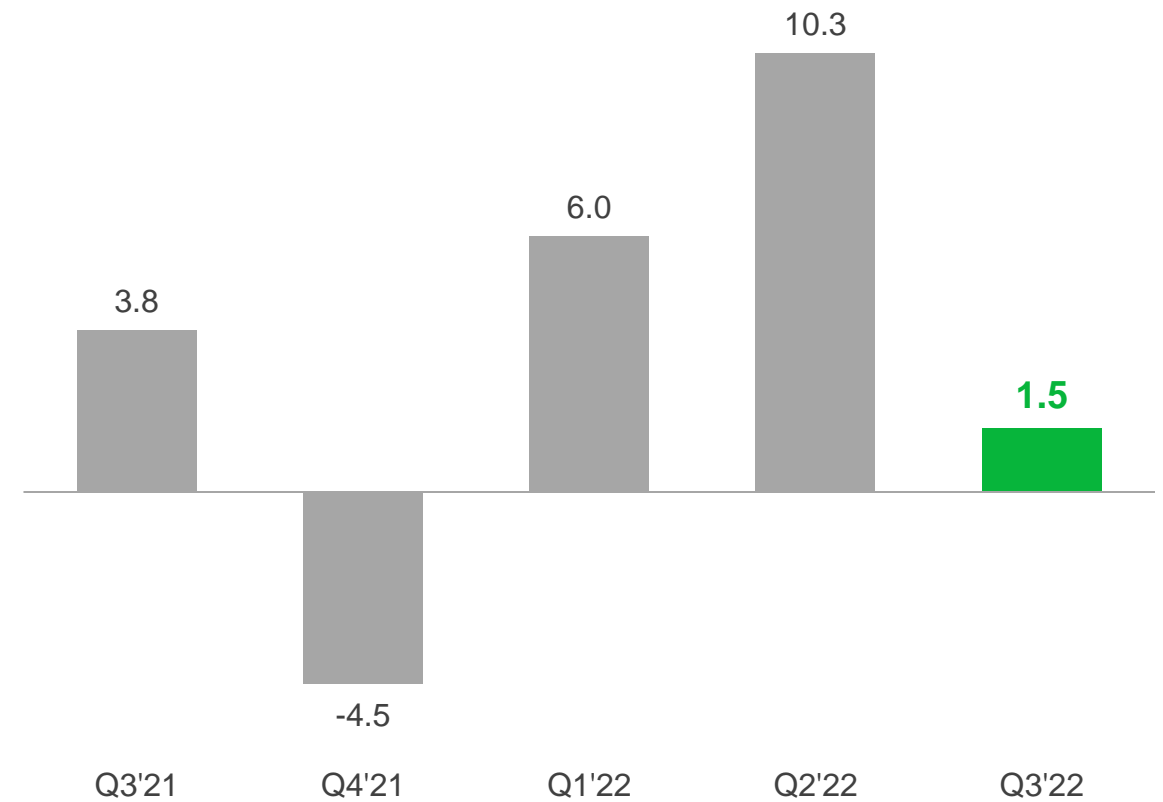
Revenue (YoY)

(JPY B)



Operating Income

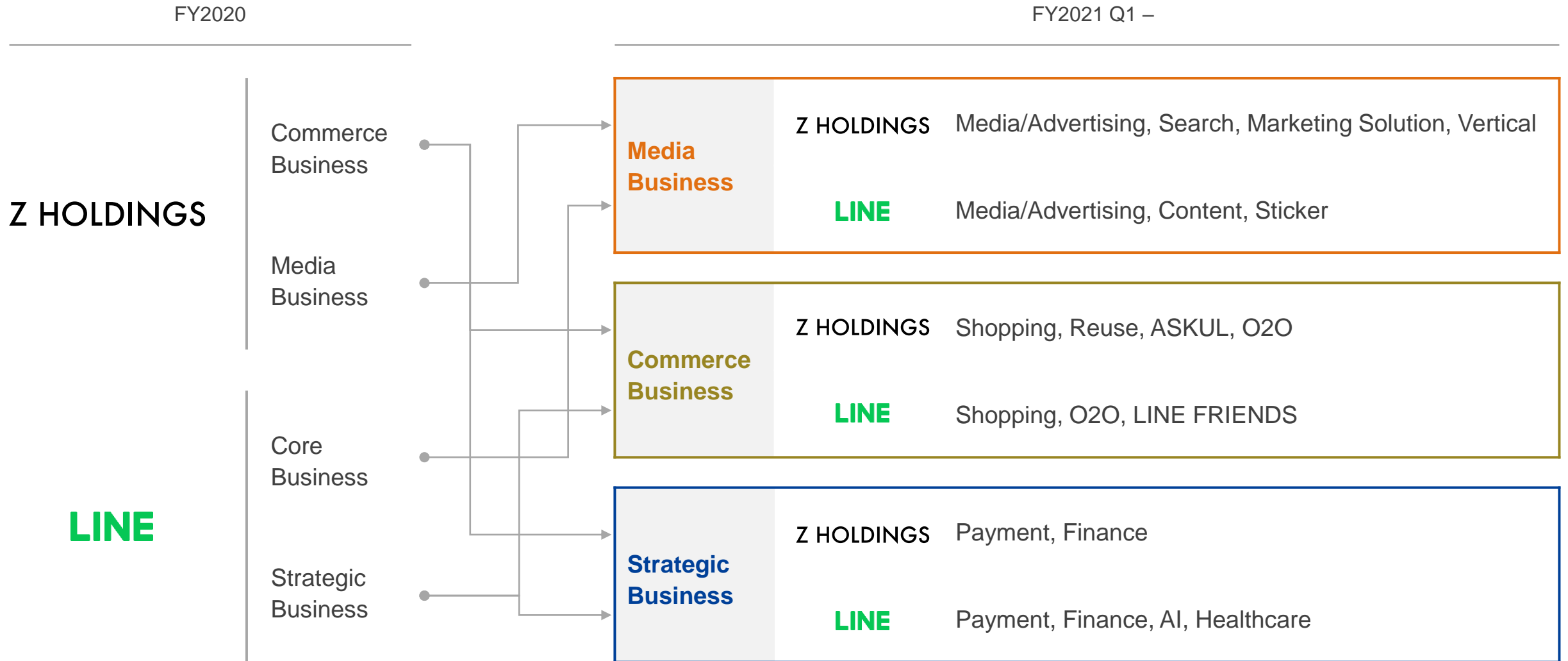
(JPY B)



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), etc. associated with the business integration. 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.

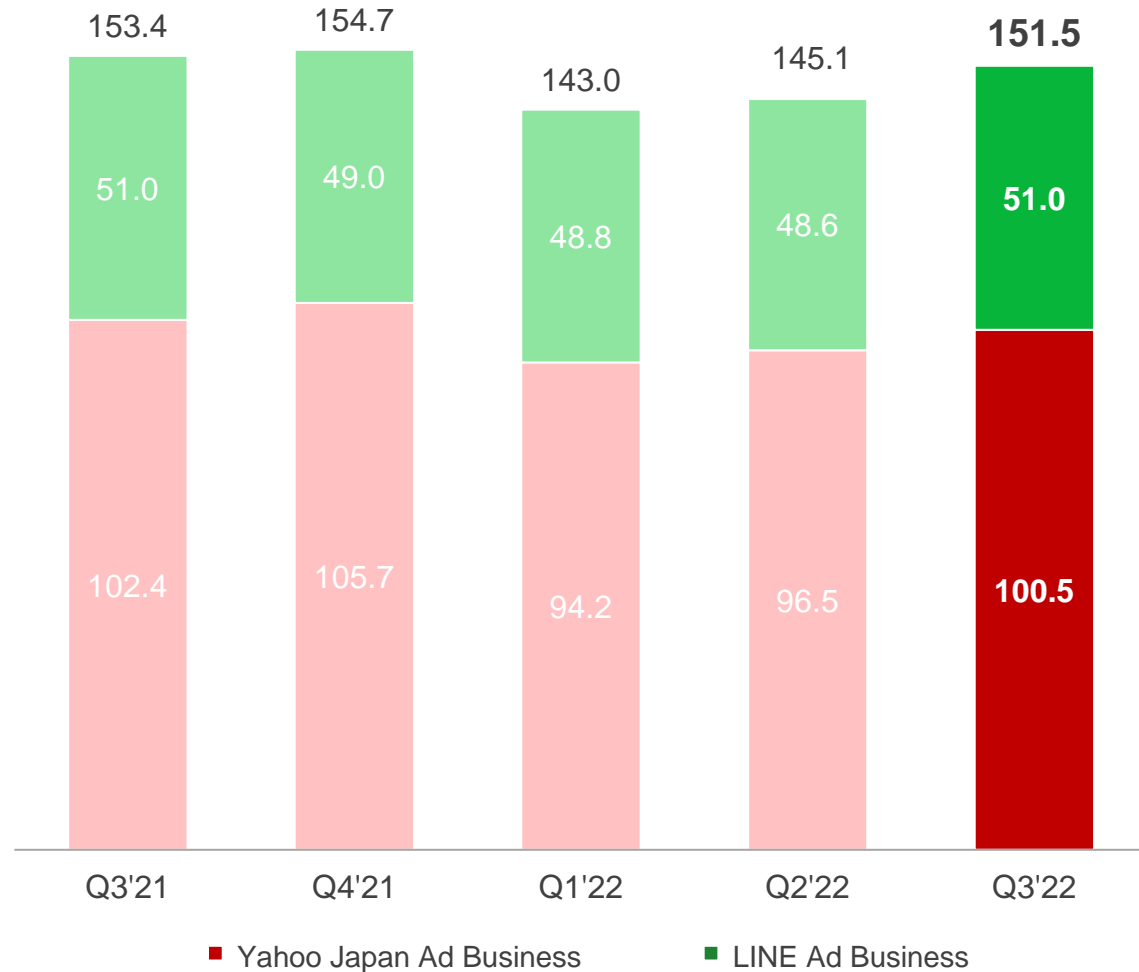
- From FY2021, introduced **three new business segments: Media, Commerce, and Strategic** by classifying businesses according to the growth phase of each business.



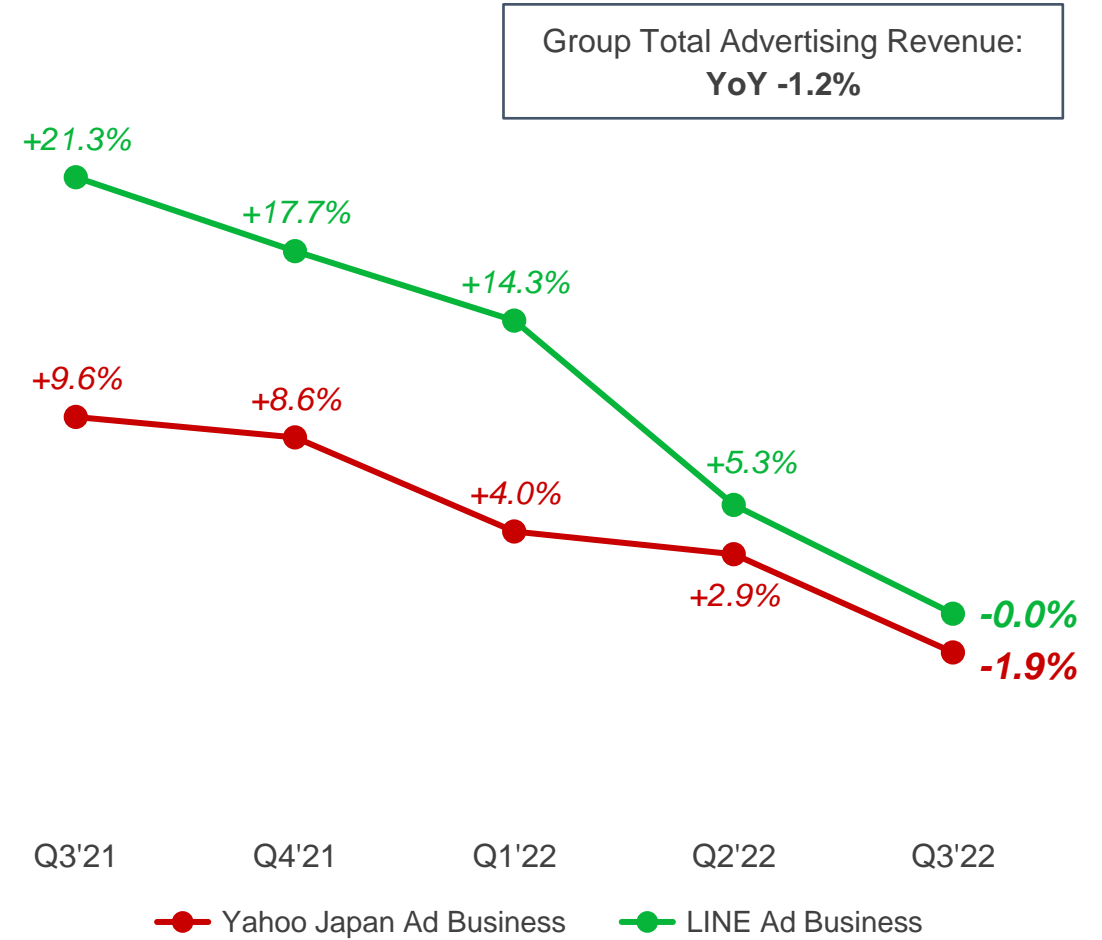
Media Business

Group Total Advertising Revenue¹

(JPY B)



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 Q3 ¹	FY2022 Q3 ¹	YoY
Revenue	167,574	165,640	-1.2%
LINE Advertising revenue	51,047	51,042	-0.0%
Display advertising	29,360	26,660	-9.2%
Account advertising	20,139	22,898	+13.7%
Other LINE advertising	1,547	1,482	-4.2%
Yahoo Japan Advertising revenue	86,283	85,660	-0.7%
Search advertising	47,904	48,786	+1.8%
Display advertising (Programmatic) ²	32,045	32,297	+0.8%
Display advertising (Reservation) ²	6,334	4,575	-27.8%
Other revenue (Vertical/entertainment/digital content/communication, etc.)	30,243	28,938	-4.3%
Cost of sales	35,790	35,330	-1.3%
Selling, general and administrative expenses	65,846	70,664	+7.3%
Sales promotion cost + Advertising and promotional expenses	8,392	6,777	-19.2%
Other selling, general and administrative expenses	57,454	63,886	+11.2%
Other revenue and expenses	-	4,392	N/A
Adjusted EBITDA (Margin)³	71,347 (42.6%)	69,739 (42.1%)	-2.3%
LINE Adjusted EBITDA (Margin)³	29,014 (41.8%)	28,048 (37.7%)	-3.3%
Yahoo Japan Adjusted EBITDA (Margin)³	42,332 (43.1%)	41,691 (45.7%)	-1.5%

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

3. Includes revenue of other 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	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.

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	Tenants of Yahoo! JAPAN Shopping
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	Tenants of Yahoo! JAPAN Shopping

Commerce Business

- Rebranded to “Yahoo! JAPAN Mart by ASKUL” for full launch. Number of stores increased to 22.
- Planning to establish a system that can serve all 23 wards of Tokyo within FY2022.




Item	Status	Next Steps
Target area (delivery bases)	Expanded to 22 stores ¹	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 local/digital measures to raise recognition and implementation of user incentives
No. of products handled	Approx. 3,300 types (Large-scale stores) <ul style="list-style-type: none"> • Started handling meat and fresh fish 	Expand brands and product lineup utilizing ASKUL’s product procurement capabilities. Increase unique products.



1. As of February 2, 2023

(JPY Million)	FY2021 Q3 ¹	FY2022 Q3 ¹	YoY
Revenue	213,706	222,659	+4.2%
Merchandise EC	174,266	180,748	+3.7%
Shopping business	87,380	87,683	+0.3%
Reuse business	15,130	15,427	+2.0%
ASKUL online BtoB business	71,755	77,638	+8.2%
Services EC	5,526	7,113	+28.7%
Other	33,913	34,797	+2.6%
Cost of sales	88,882	94,162	+5.9%
Selling, general and administrative expenses	98,403	103,934	+5.6%
Sales promotion cost + Advertising and promotional expenses	31,036	29,439	-5.1%
Other selling, general and administrative expenses	67,366	74,495	+10.6%
Other revenue and expenses	-	-	N/A
Adjusted EBITDA (Margin)	39,524 (18.5%)	42,351 (19.0%)	+7.2%

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	
Form/Type	Mall-type (Approx. 600 mil. items)	Direct sales (Approx. 900,000 items)	Direct sales (No. of items undisclosed)	Immediate delivery service (Approx. 3,300 items)	Mall-type (Approx. 170,000 items)	E-commerce store creation (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
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
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%
Market Size	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY7.6 T ³ (Apparel retail market, 2021)	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY2.6 T ⁴ (Food delivery market, FY2022 forecast)	JPY10.5 T ⁵ (Gift market, 2022 forecast)	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 2022 (released on November 4, 2022); 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 2022 (released on January 20, 2023).

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

1. Please refer to page 27 of the Appendix for definition of overseas EC.

Item	Major Services/products
EC transaction value	-
Domestic merchandise	-
Shopping business	Yahoo! JAPAN Shopping, 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 ¹ , Demae-can, LINE PLACE
Domestic digital content	ebookjapan, LINE Manga, LINE MUSIC, LINE Stickers, LINE GAME, LINE LIVE, LINE Fortune, LINE NFT ² , 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 ¹ , LINE GAME ¹ , DOSI ³

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

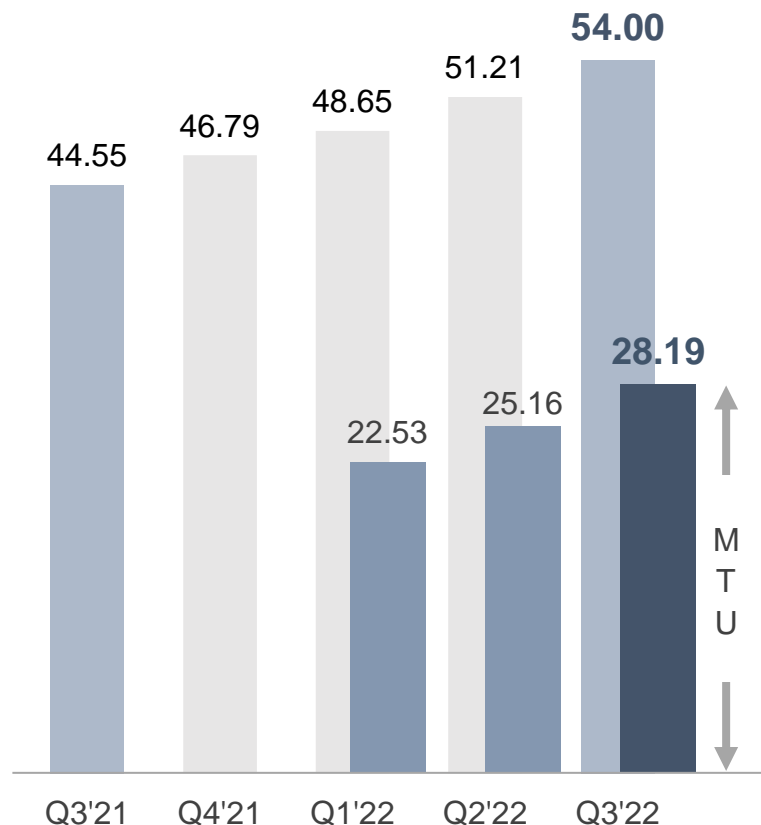
2. Revenue from this service is recorded in the Strategic Business segment.

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

Strategic Business

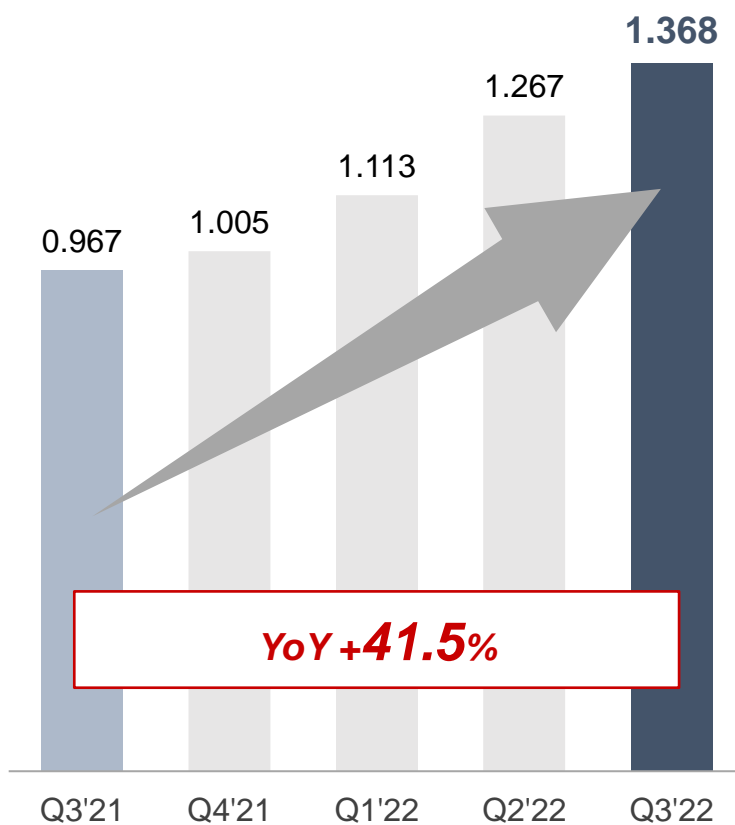
Registered Users¹·MTU²

(Million)



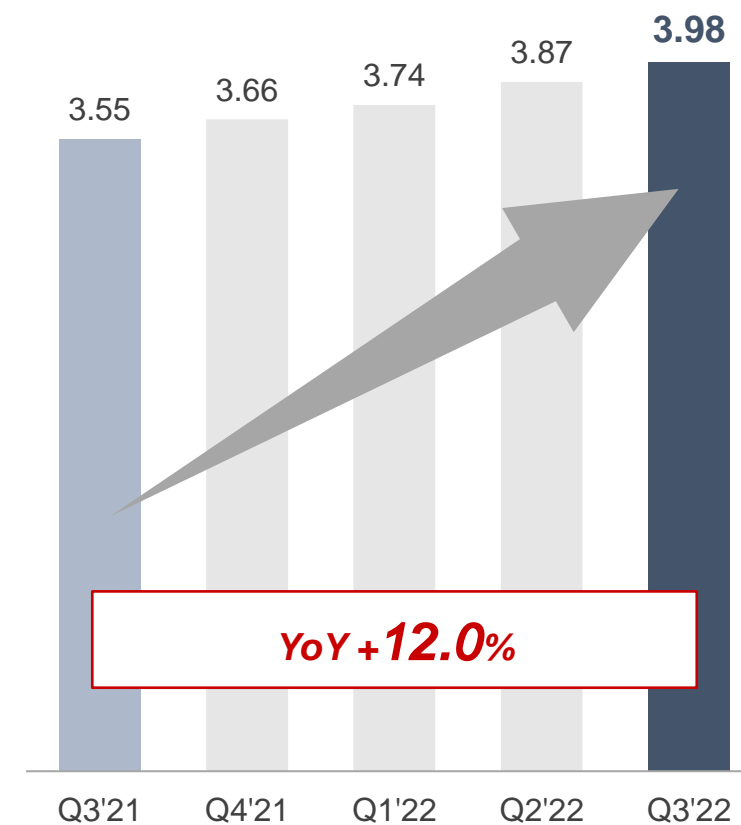
No. of PayPay Payments³

(B)



No. of PayPay Merchants⁴

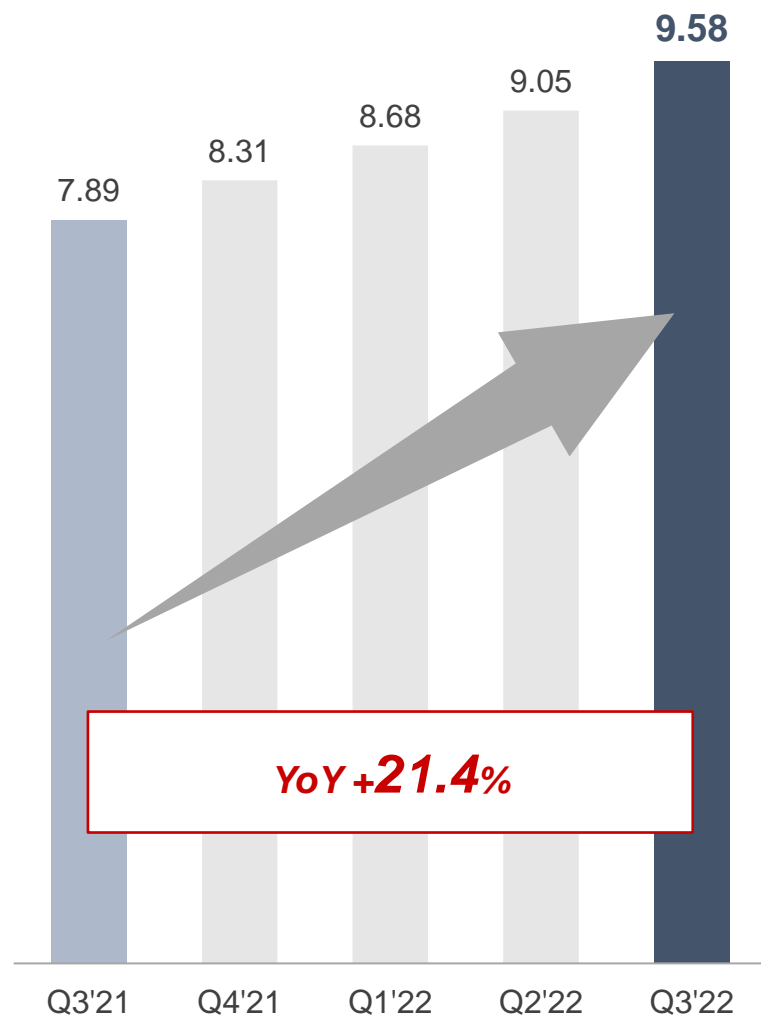
(Million)



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 made a transaction once or more per month. The use of the "Send/Receive" function of "PayPay Balance" between users is not included. Payments via Alipay and LINE Pay, etc. are included. As of the end of each quarter.
3. The use of the "Send/Receive" function of "PayPay Balance" between users is not included. From FY2021Q4 onward, payments via Alipay and LINE Pay, etc. are included. Payments through the deferred payment "PayPay Atobarai" launched in February 2022 are included.
4. Cumulative number of PayPay registered locations (e.g., stores, taxis, etc.).

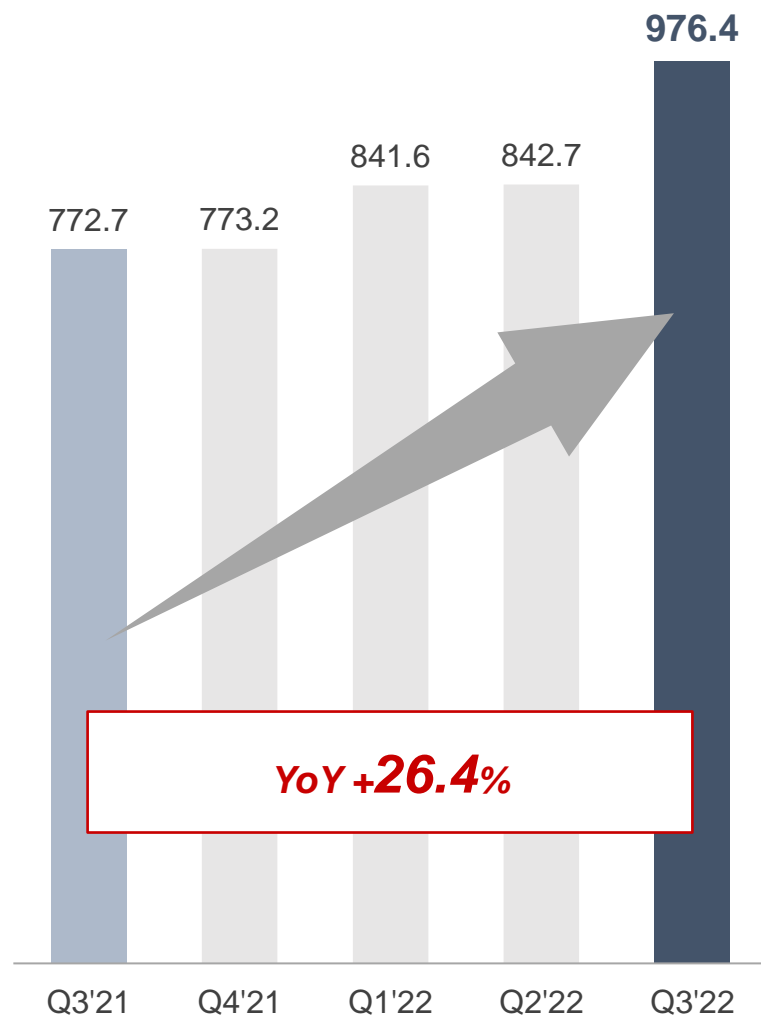
Active Cardholders¹

(Million)



Transaction Volume¹

(JPY B)



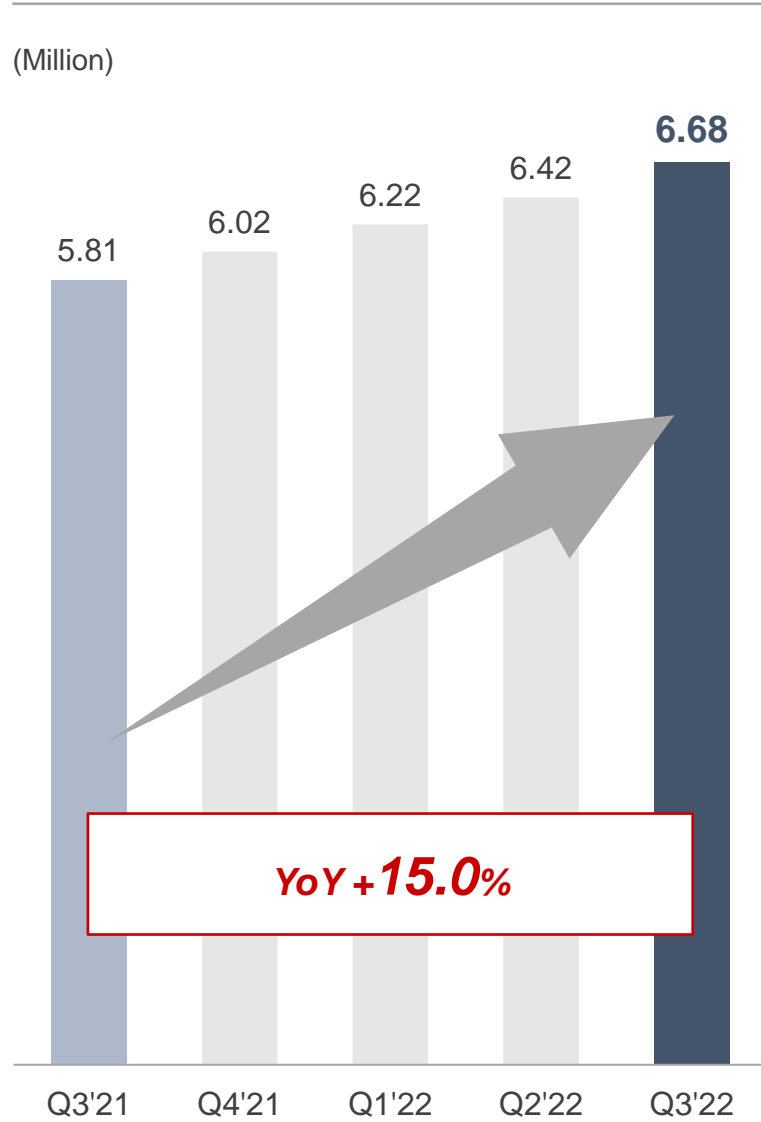
Revolving Balance¹

(JPY B)

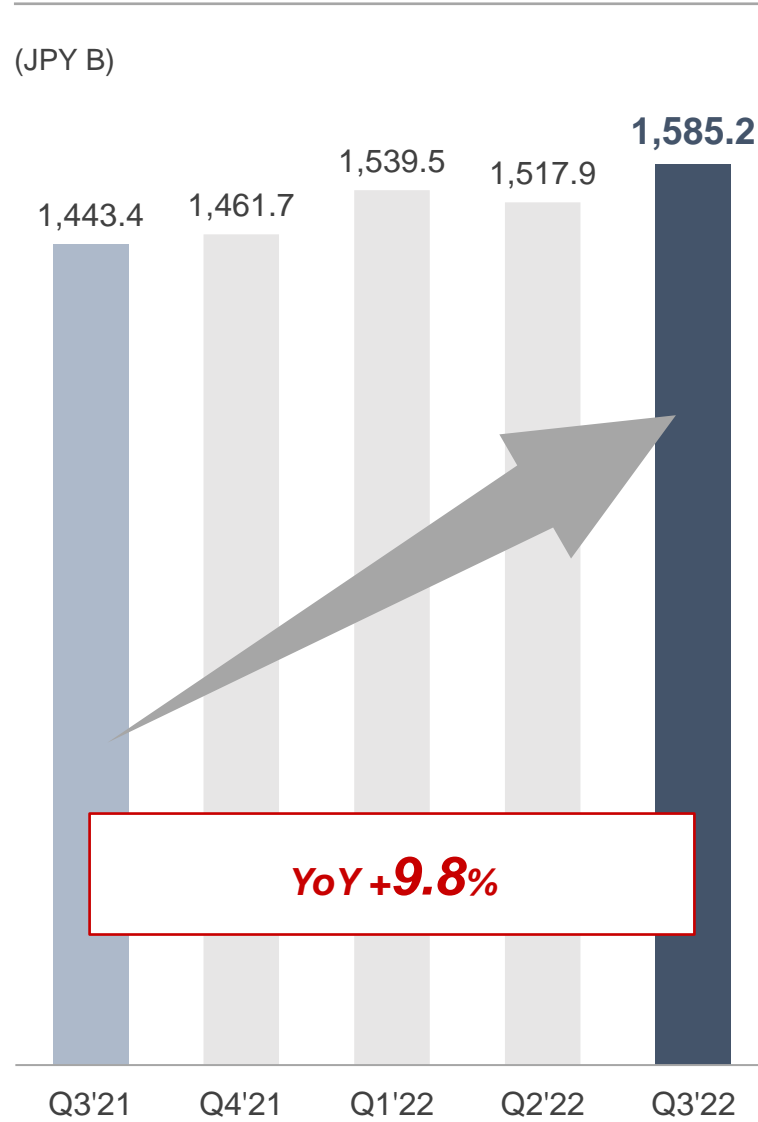


1. Includes PayPay Atobarai (deferred payment) launched in February 2022.

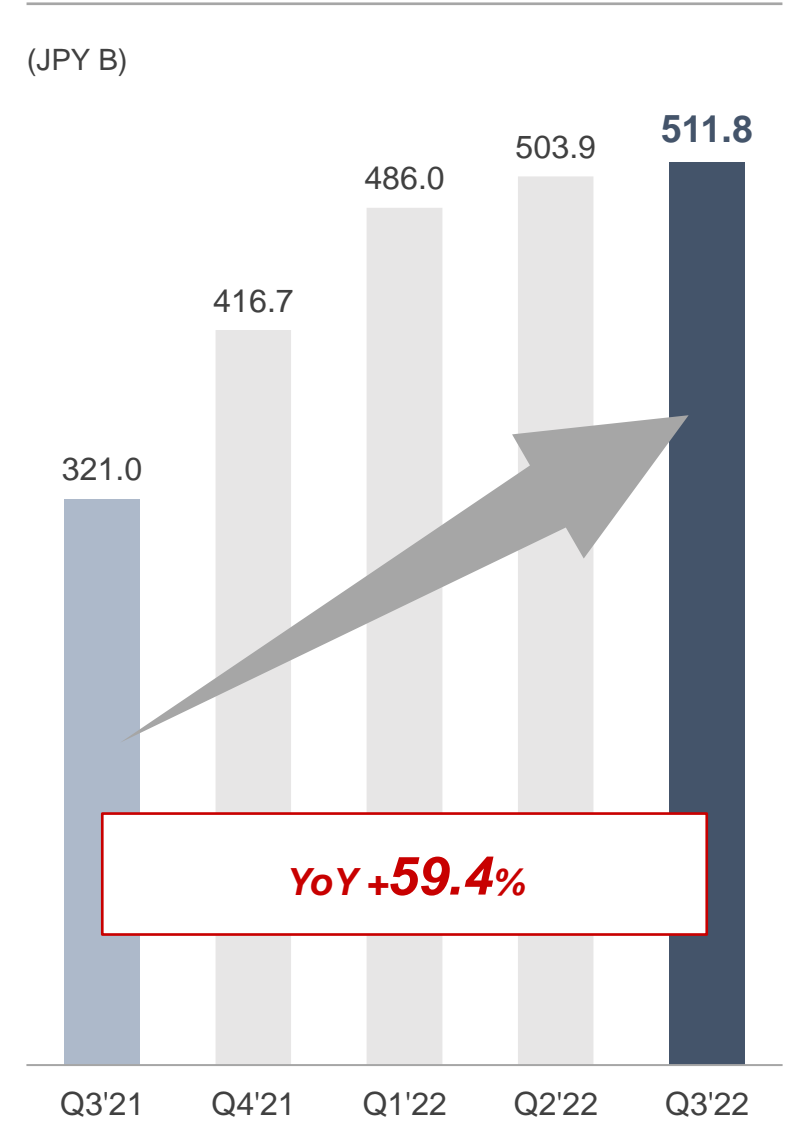
No. of Accounts



Deposit Balance



Loan Balance



• 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%

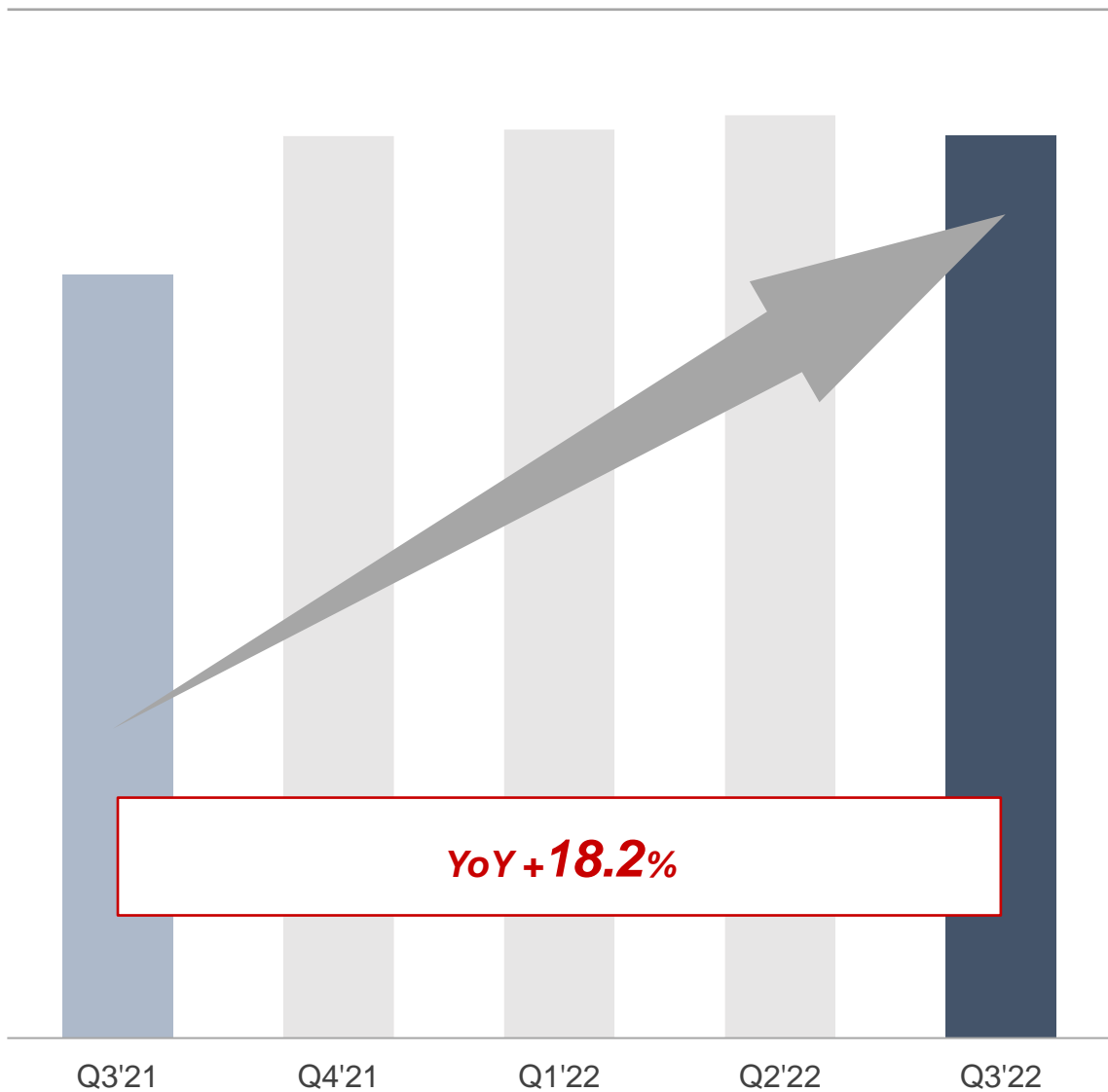
Capital Structure after Completion of Transactions ^{4,5} (October 2022 –)	
B Holdings⁶	54.8%
SoftBank Vision Fund ²	28.5%
Z Holdings	5.6%
SoftBank	5.6%
Paytm	5.5%
Total	100%

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

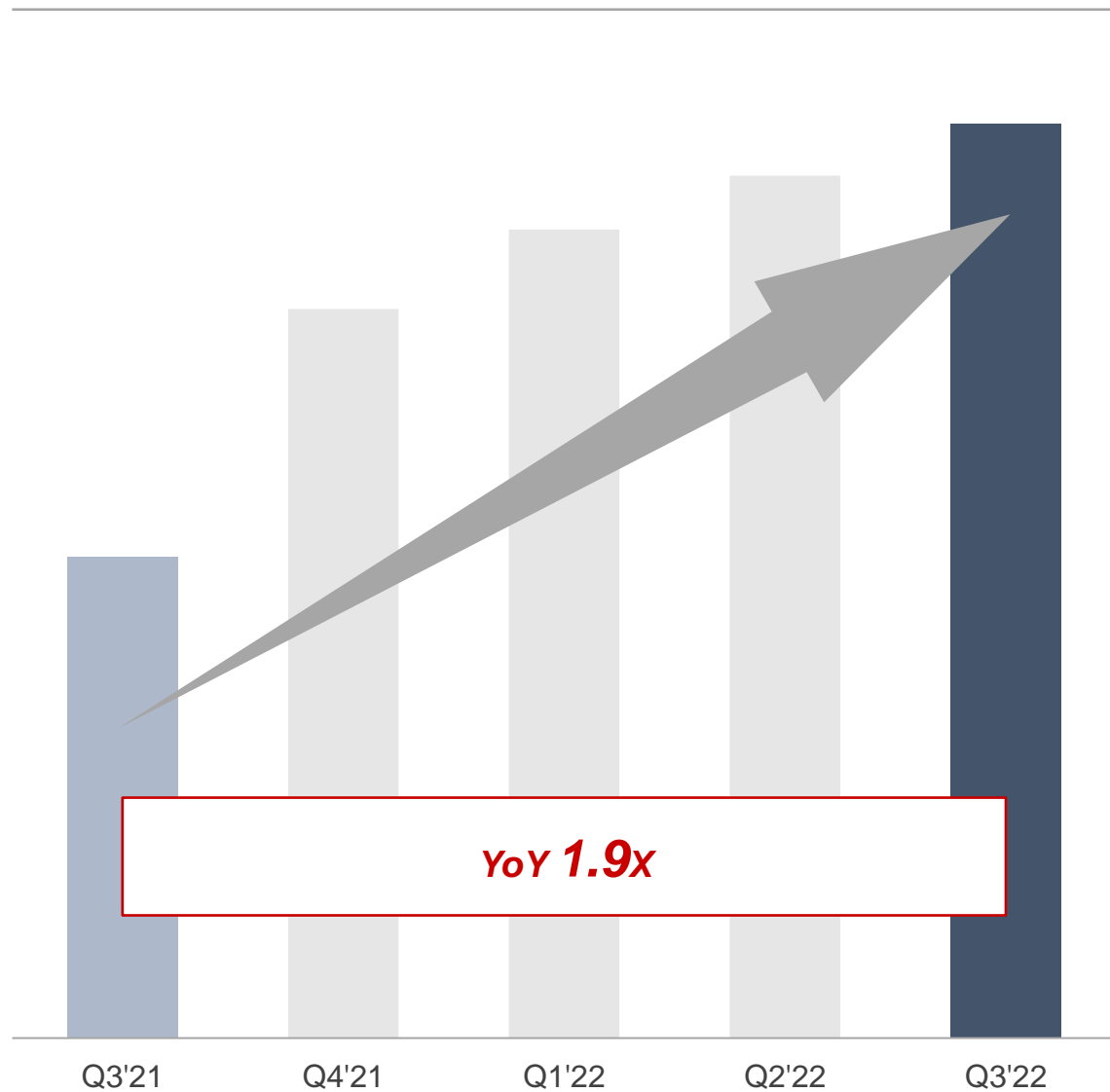
Z HOLDINGS Shareholding ratio | **33.0%**
(Incl. 27.4% held through B Holdings)

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

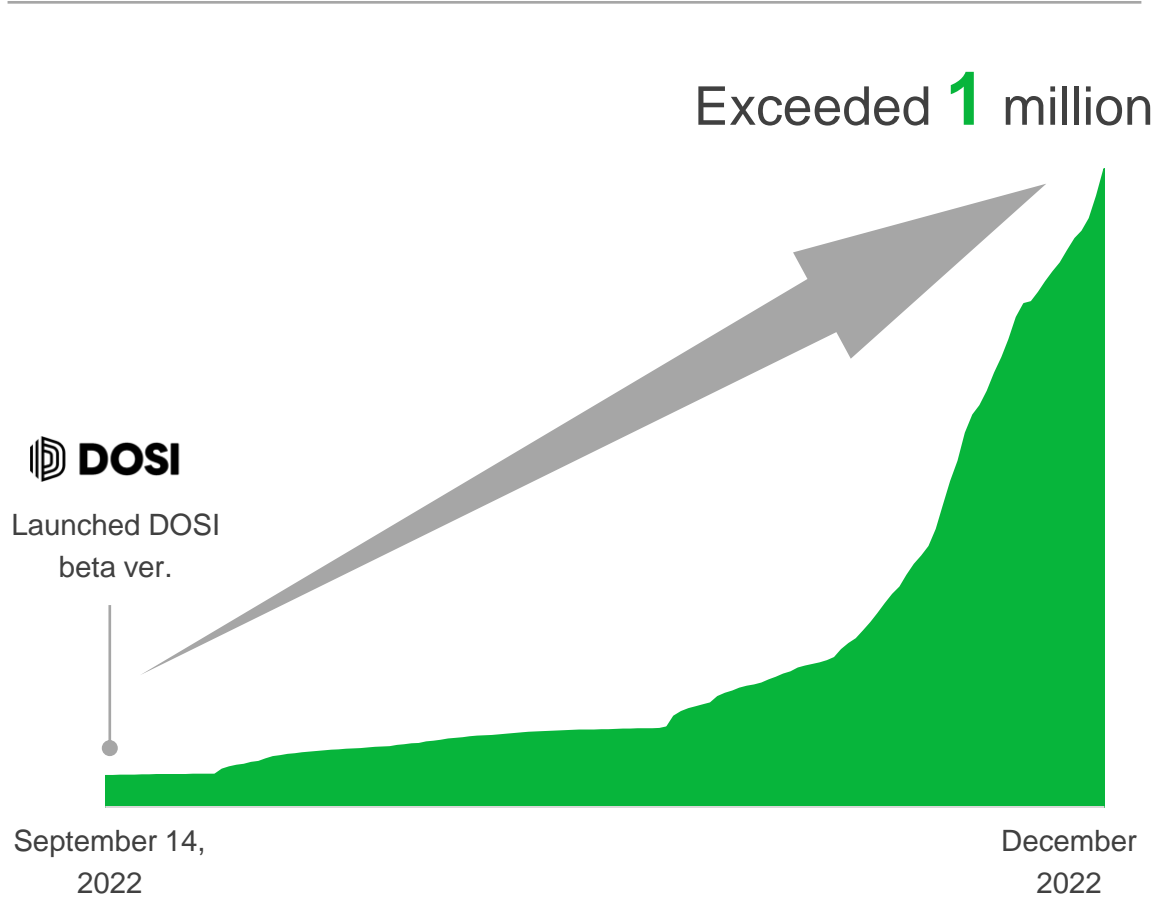


LINE Bank (Taiwan) – No. of Users

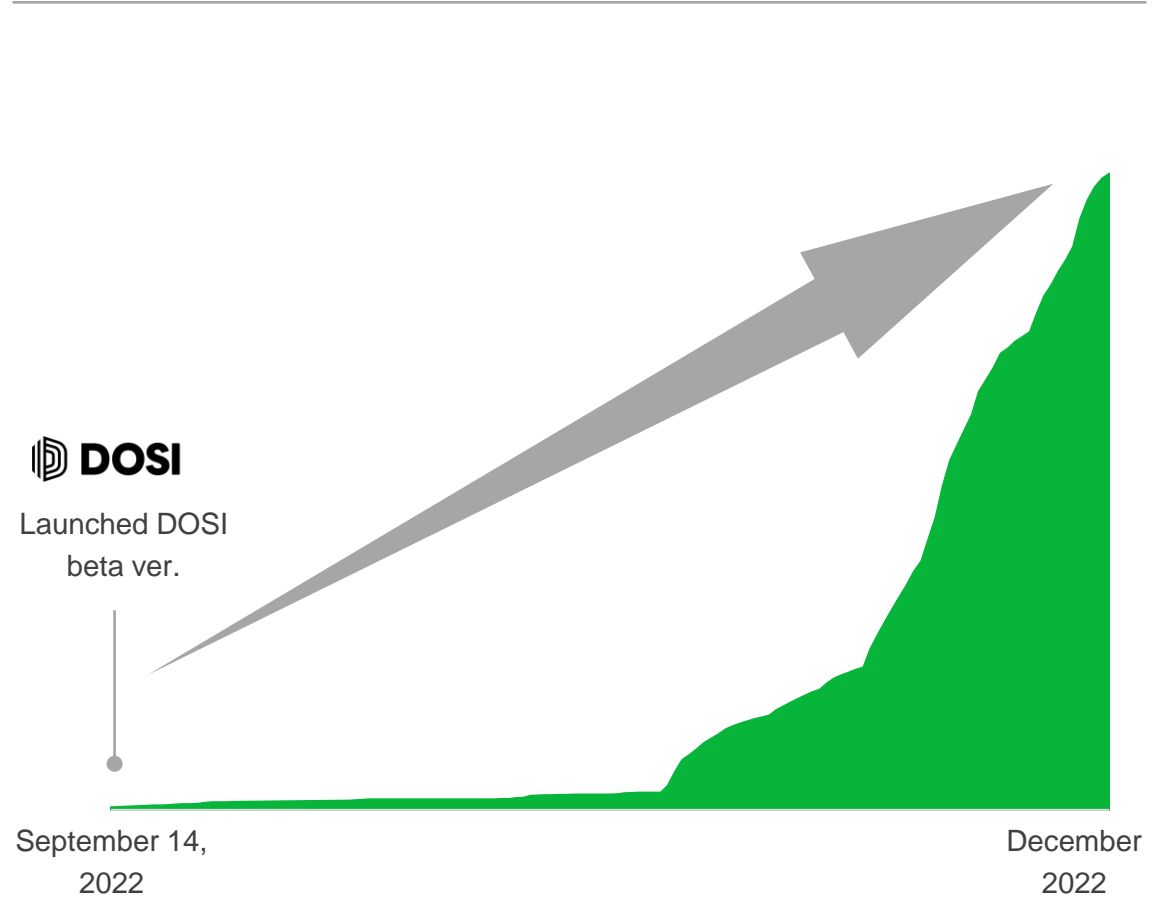


- After launch of DOSI beta version, users of LINE Blockchain-powered wallet exceeded 1 million¹.
- Steady increase in number of transactions, ranking 2nd in concluded transactions² for decentralized applications.

Cumulative No. of Wallet Users

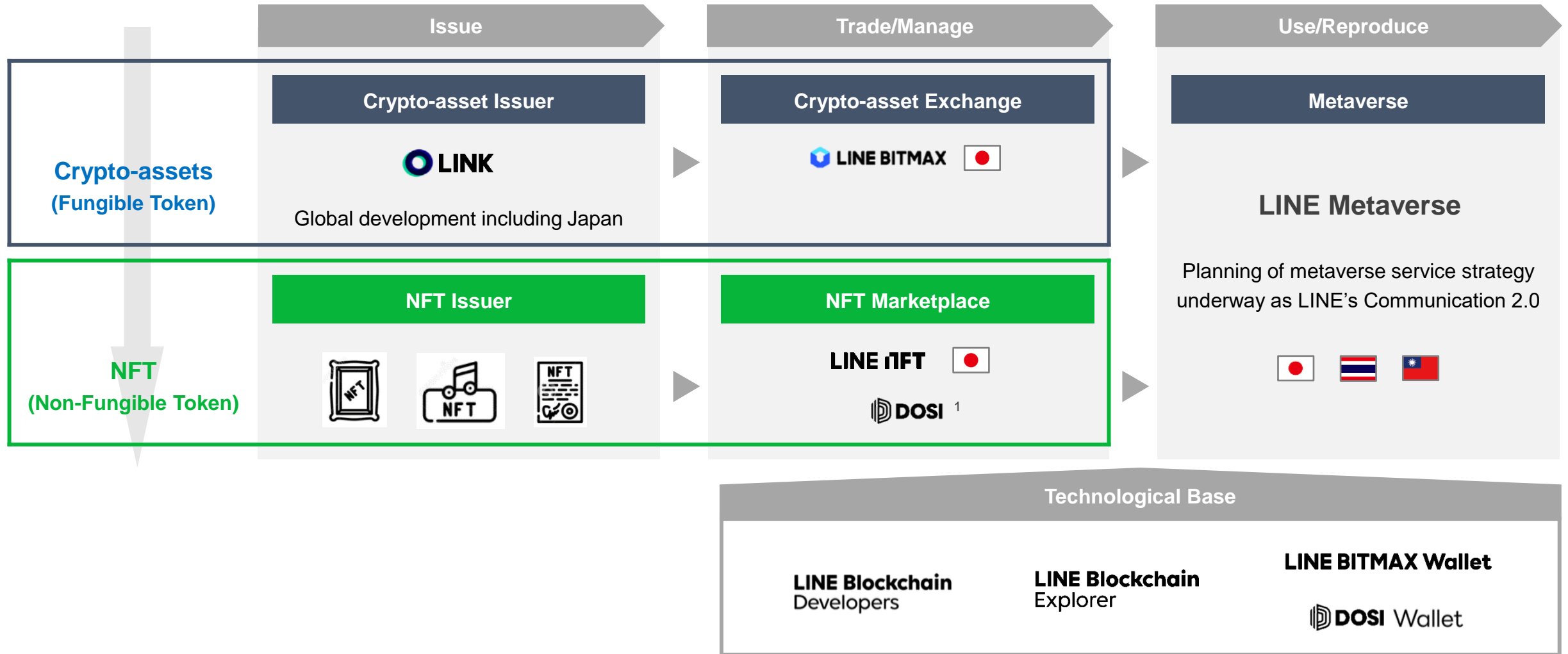


Cumulative No. of Transactions



1. As of December 2022. Total number of users of DOSI Wallet and LINE BITMAX Wallet.
 2. Ranking as of January 8, 2023, by DappRadar, a research company on blockchain market.

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



1. Launched beta version in September 2022.

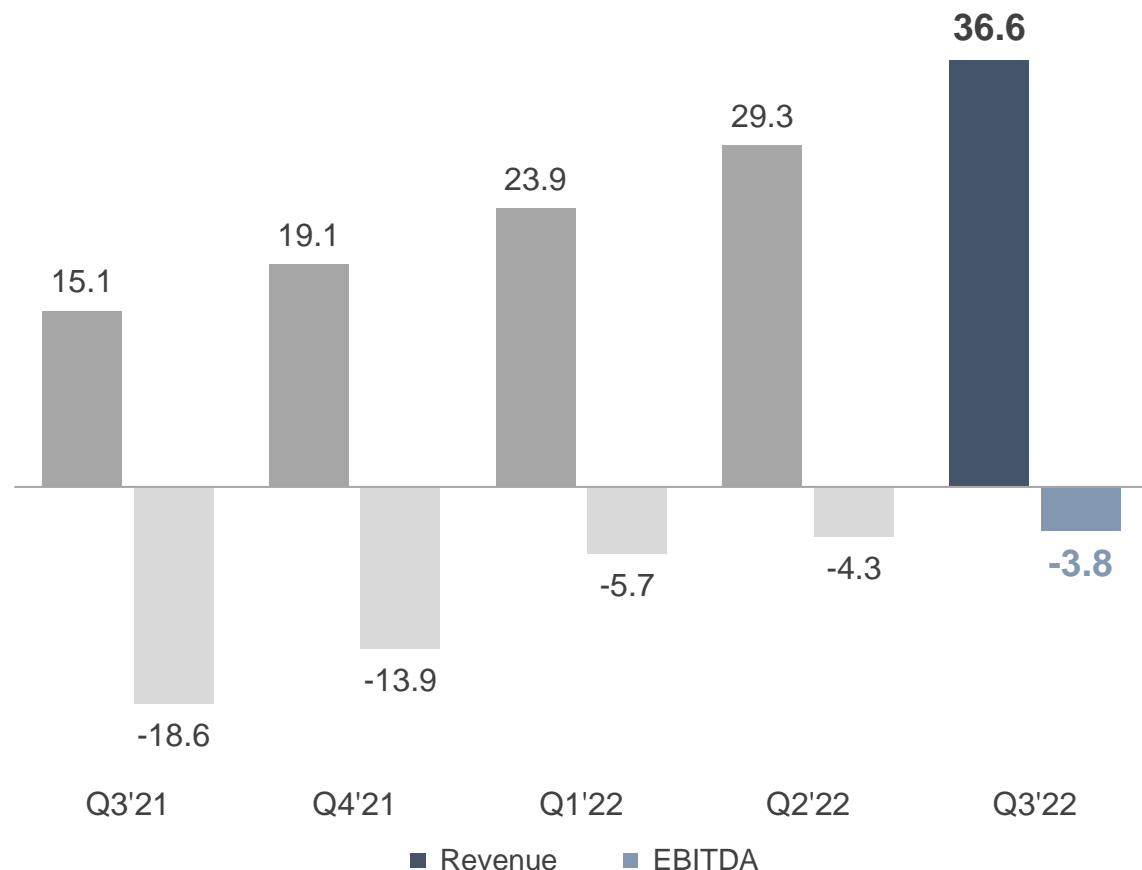
(JPY Million)	FY2021 Q3 ¹	FY2022 Q3 ¹	YoY
Revenue	26,668	65,173	+144.4%
Fintech	26,088	64,868	+146.6%
PayPay ²	-	33,809	N/A
PayPay Card ²	13,618	16,629	+22.1%
PayPay Bank ²	8,548	10,437	+26.1%
Other fintech (LINE Fintech, etc.)	4,191	3,991	-4.8%
Other Strategic Business (AI, LINE Search, LINE Healthcare, etc.)	579	304	-47.4%
Cost of sales	3,398	4,209	+23.9%
Selling, general and administrative expenses	31,528	75,081	+138.1%
Sales promotion cost + Advertising and promotional expenses	3,179	18,895	+494.3%
Other selling, general and administrative expenses	28,349	56,186	+98.2%
Other revenue and expenses	-	147,321	N/A
Adjusted EBITDA (Margin)	-6,141 (-23.0%)	-8,374 (-12.8%)	N/A

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. Before considering consolidation eliminations between PayPay Corporation and PayPay Card Corporation. The aforementioned consolidation elimination and consolidation elimination between Z Holdings Corporation and PayPay Corporation are included in "Other fintech (LINE Fintech, etc.)" Unaudited figures. Figures for PayPay Card Corporation for FY2021 Q3 does not include the revenue from the acquiring business succeeded from Yahoo Japan Corporation in October 2022.

Revenue¹/EBITDA²

(JPY B)



Statement of Financial Position (JGAAP)³

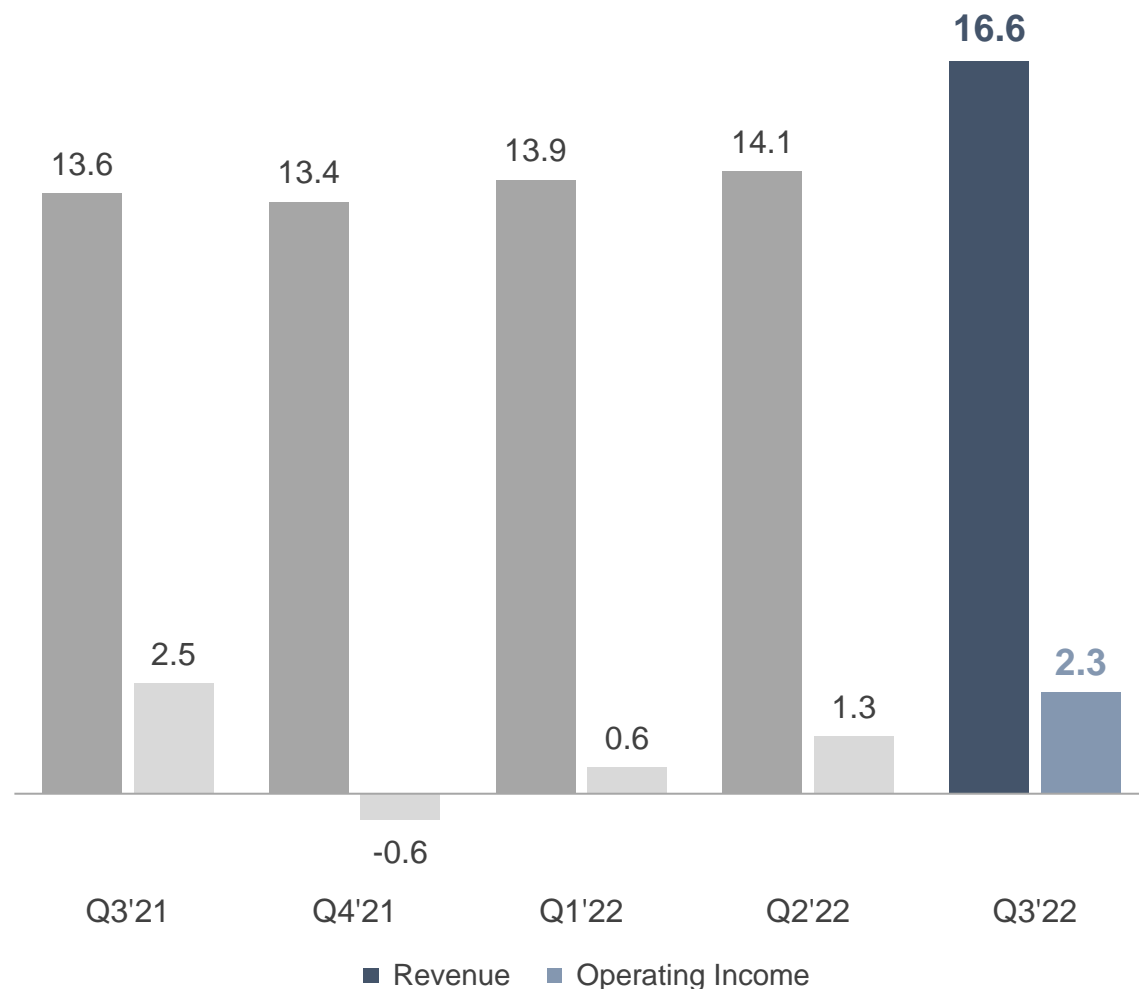
(JPY B)

	FY2022 Q2	FY2022 Q3	Difference
Assets	697.3	1,057.3	+360.0
Cash and deposits	397.3	470.4	+73.0
Accounts receivable-other	106.7	333.7	+227.0
Property, plant and equipment	0.5	0.6	+0.1
Intangible assets	8.8	10.0	+1.1
Deposits received	115.6	135.0	+19.4
Liabilities	590.5	955.1	+364.6
Accounts payable-other	347.6	607.6	+260.0
Deposits received	221.4	312.8	+91.4
Provisions	8.6	20.1	+11.4
Net Assets	106.7	102.1	-4.5

1. PayPay Corporation's standalone revenue. In FY2021 Q4 PayPay Corporation changed its accounting treatment on cash rebates, etc. Cash rebates, etc. that exceed revenue is deducted from revenue instead of recording it as an expense. Figures for FY2021 Q1-Q4 are calculated by assuming that this change in accounting treatment was applied in FY2021 Q1 (no impact on FY2021 full-year revenue). FY2022 revenue has not been audited.
2. PayPay Corporation's standalone EBITDA. Calculated by adding depreciation and amortization to operating income. Figures have not been audited.
3. Unaudited figure.

Revenue/Operating Income (Non-Consolidated IFRS)¹

(JPY B)



Statement of Financial Position (JGAAP)¹

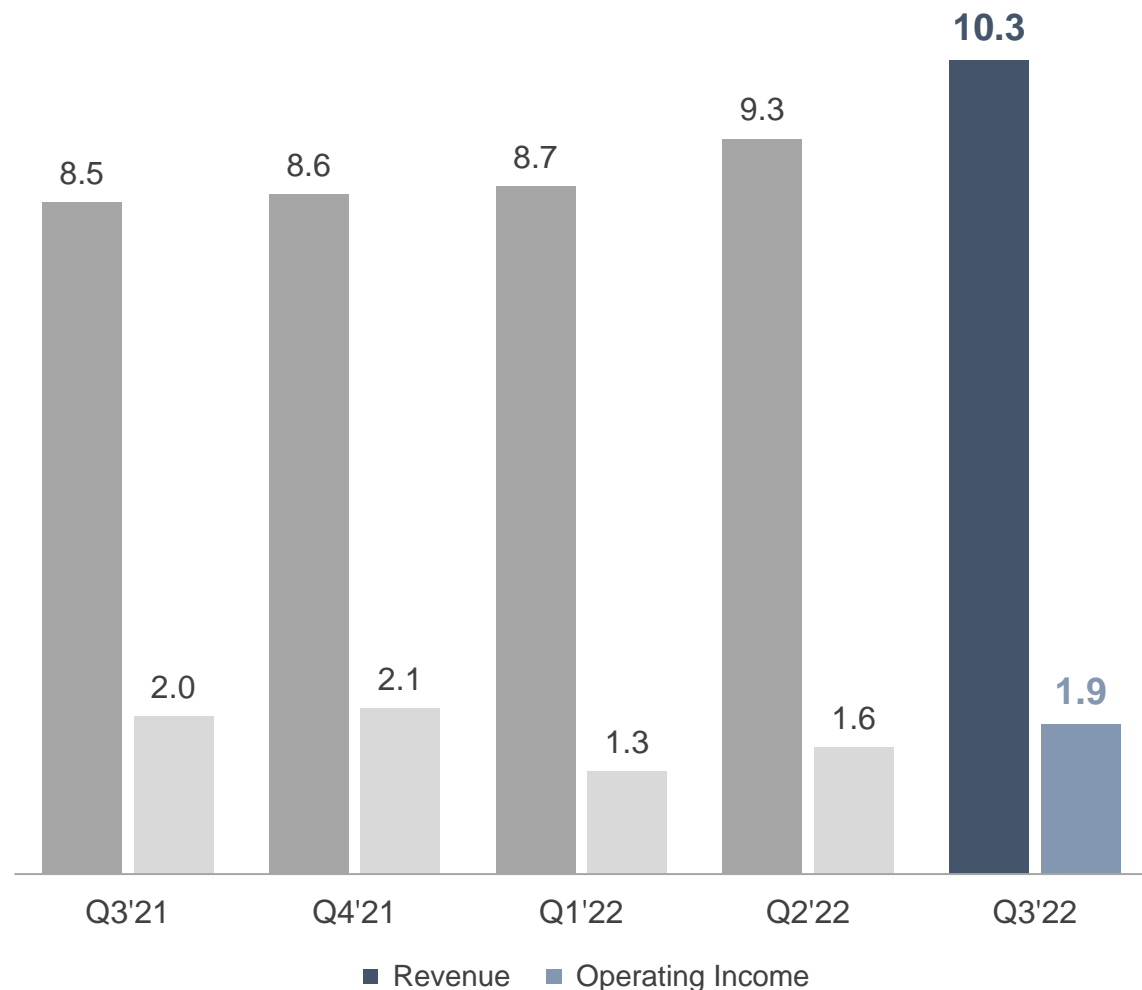
(JPY B)

	FY2022 Q2	FY2022 Q3	Difference
Assets	839.1	976.4	+137.3
Cash and cash equivalents	63.1	203.4	+140.3
Trade and other receivables	236.9	126.0	-110.9
Loans in credit card business	461.4	563.8	+102.4
Investment securities in banking business	-	-	-
Property and equipment	5.3	5.0	-0.2
Intangible assets	30.0	31.8	+1.7
Liabilities	836.4	933.6	+97.2
Trade and other payables	232.4	326.6	+94.2
Customer deposit in banking business	-	-	-
Interest-bearing liabilities	599.0	601.8	+2.8
Equity	2.6	42.7	+40.0

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

(JPY B)



Statement of Financial Position (JGAAP)¹

(JPY B)

	FY2022 Q2	FY2022 Q3	Difference
Assets	1,604.9	1,736.9	+131.9
Cash and cash equivalents	332.3	446.0	+113.6
Trade and other receivables	25.0	24.1	-0.8
Loans in credit card business	-	-	-
Investment securities in banking business	551.9	531.5	-20.3
Property and equipment	1.4	1.6	+0.1
Intangible assets	9.4	9.8	+0.3
Liabilities	1,546.2	1,608.0	+61.7
Trade and other payables	21.6	16.7	-4.9
Customer deposit in banking business	1,517.9	1,585.2	+67.3
Interest-bearing liabilities	-	-	-
Equity	58.6	128.8	+70.1

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.

Item	Breakdown
Fintech	-
PayPay	-
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 ¹ , etc.

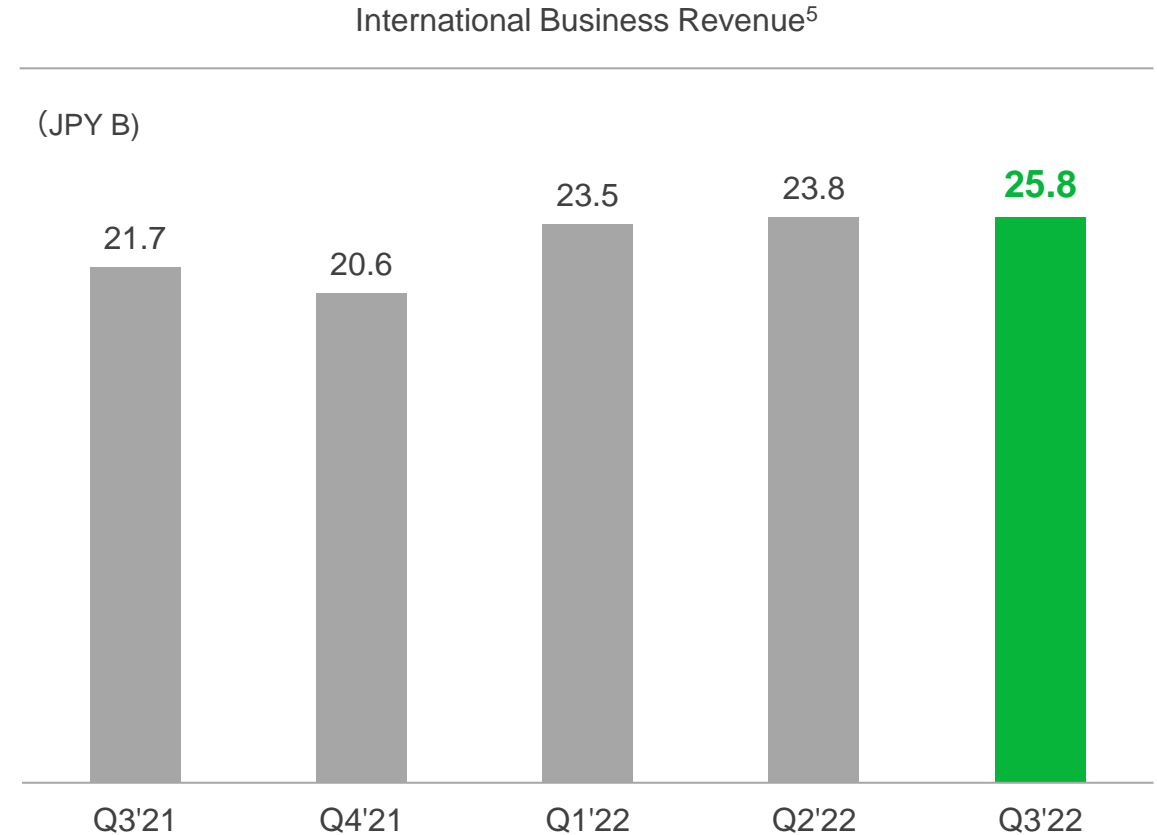
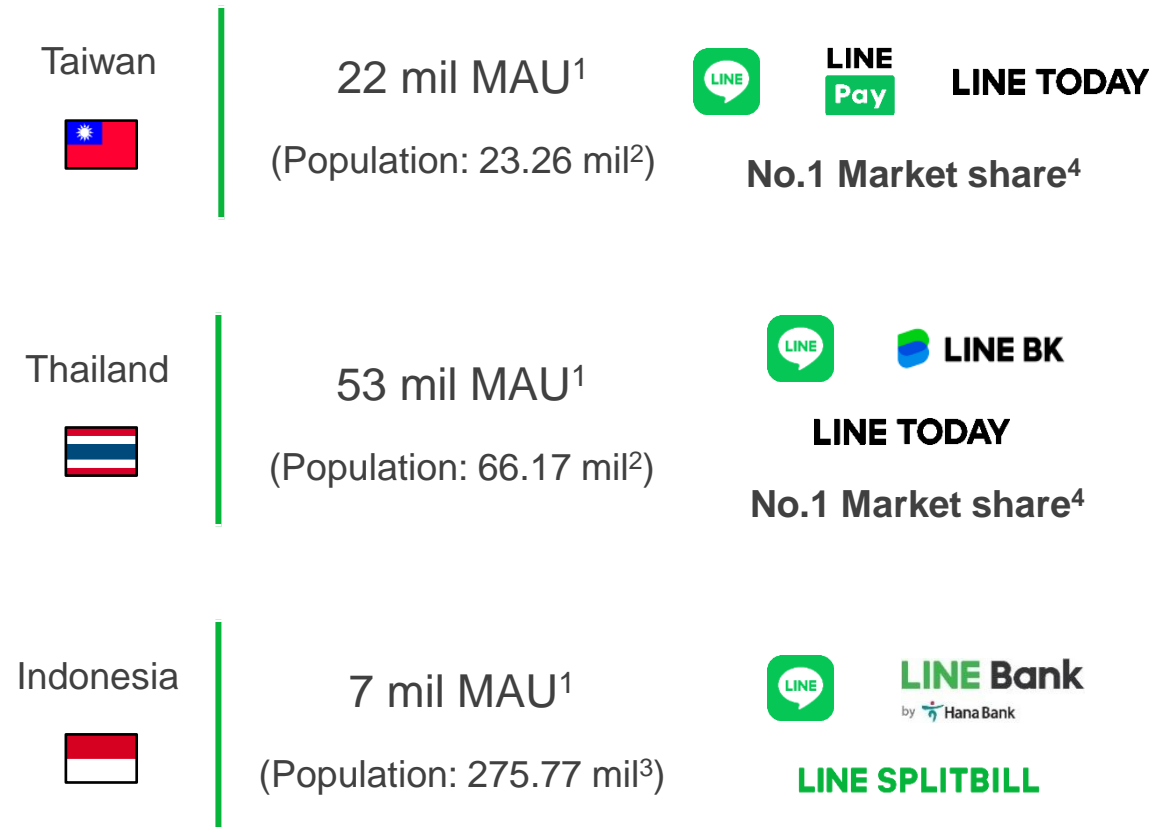
1. LINE Healthcare terminated its service as of February 2, 2023.

	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, 2022	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.



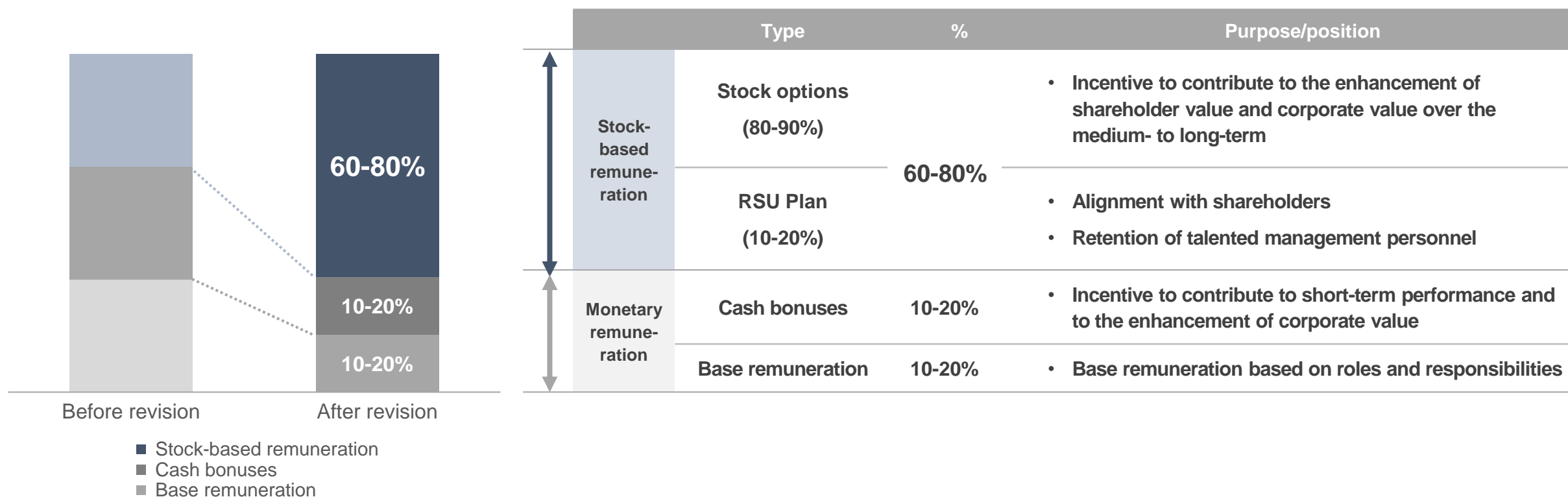
1. As of December 31, 2022.
 2. Population for 2021. Figures are quoted from data published by the respective Ministries of Interior.
 3. Population for 2021. Figures are quoted from data published by the Central Bureau of Statistics.
 4. Data for Taiwan and Thailand are based on 2022 market research 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.**

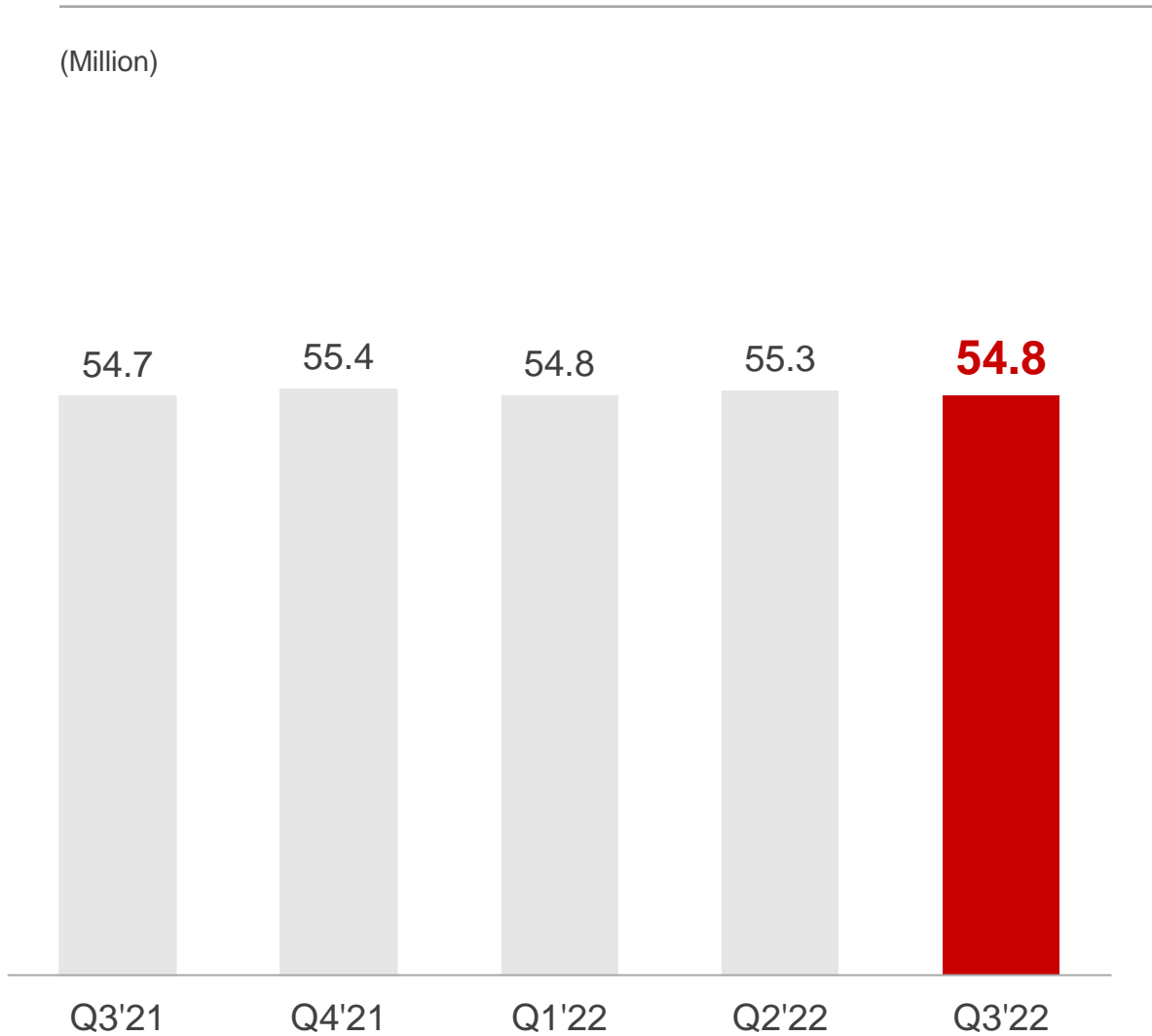
Revision of directors' remuneration plan¹



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

Yahoo Japan - Number of Monthly Logged-in User IDs

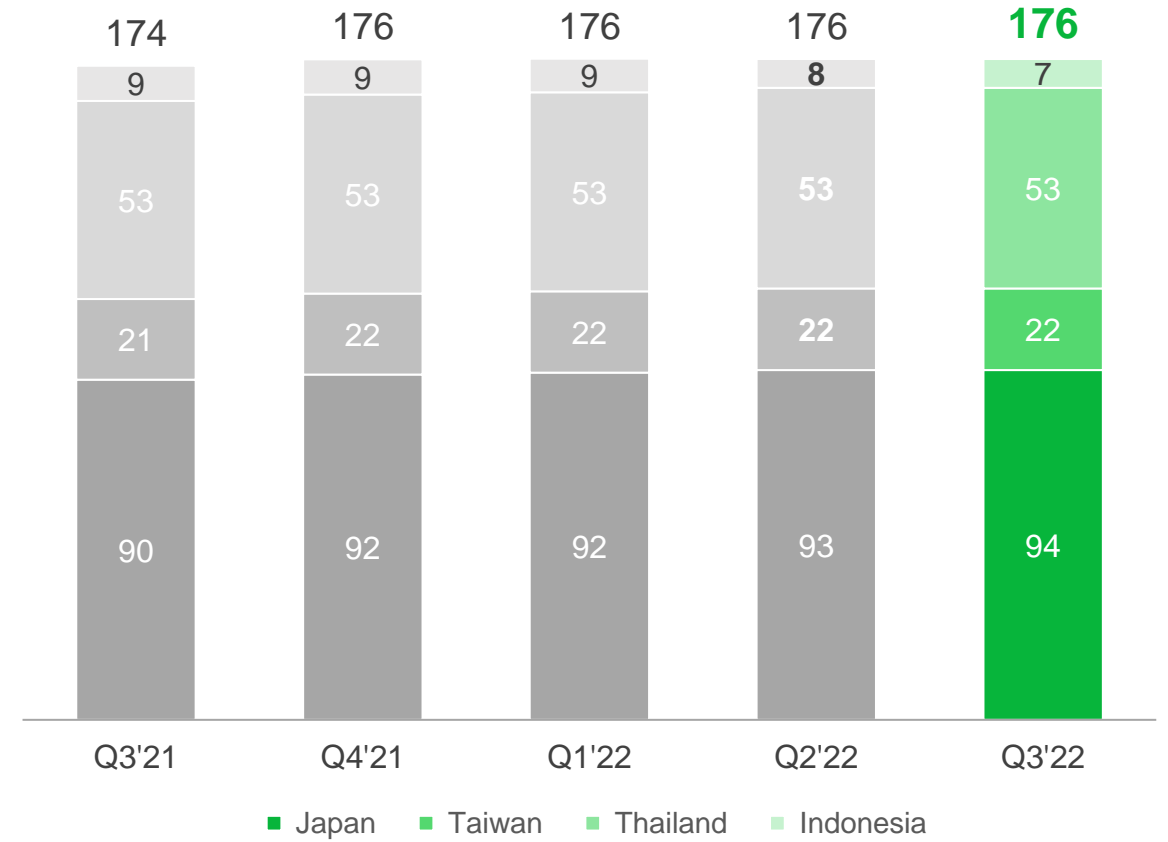
(Million)



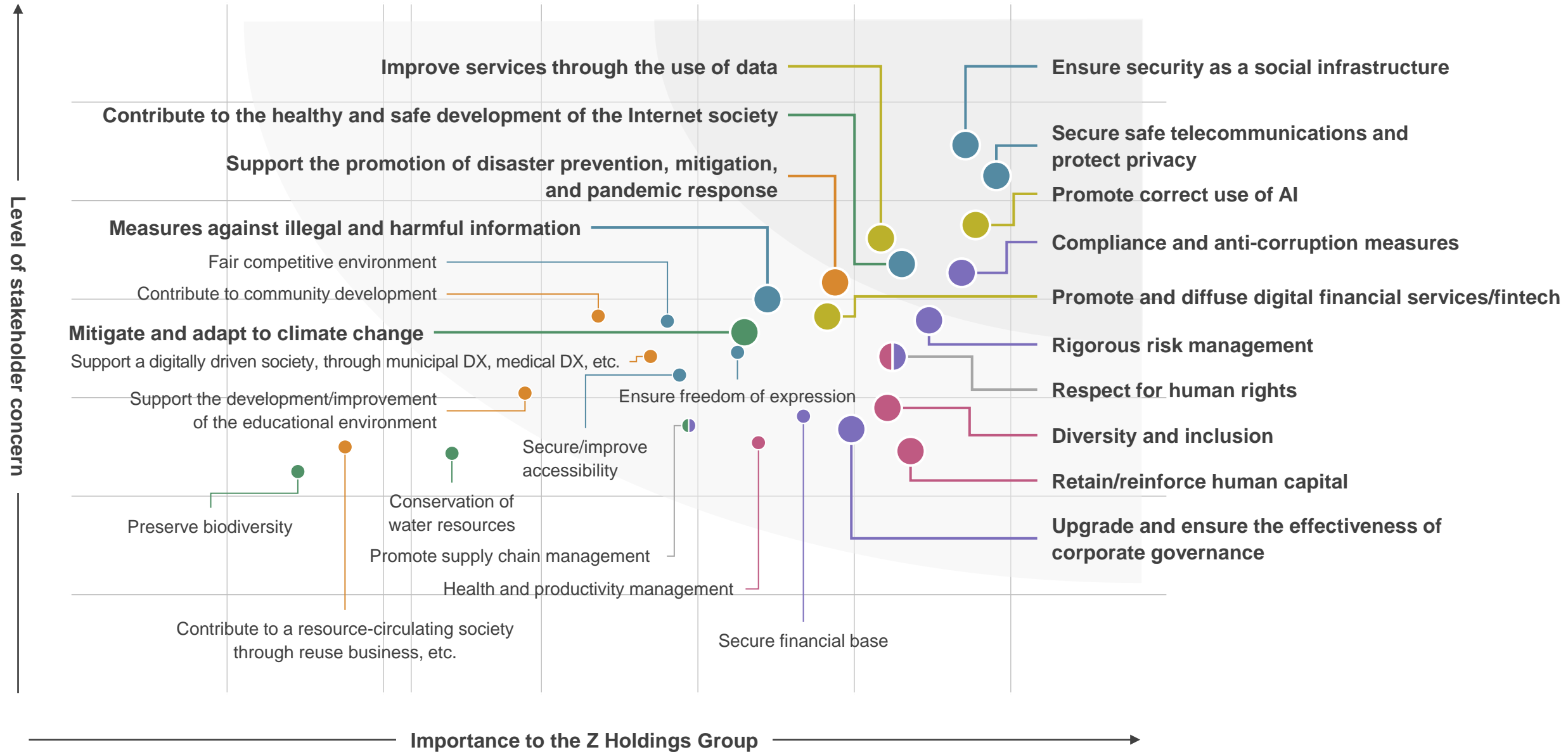
LINE - Monthly Active Users

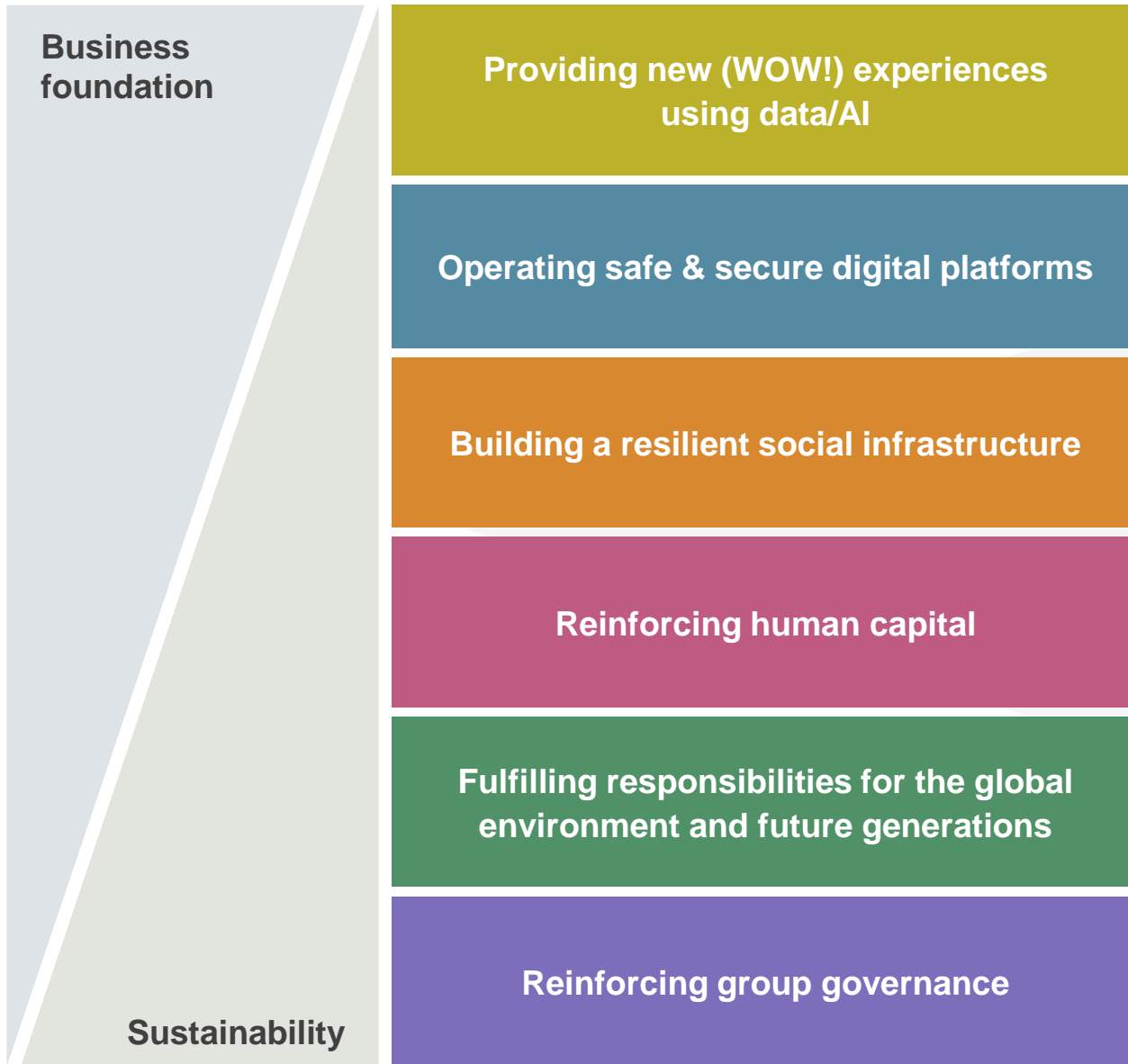
(Million)

September 2022 Global MAU¹ : 193



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





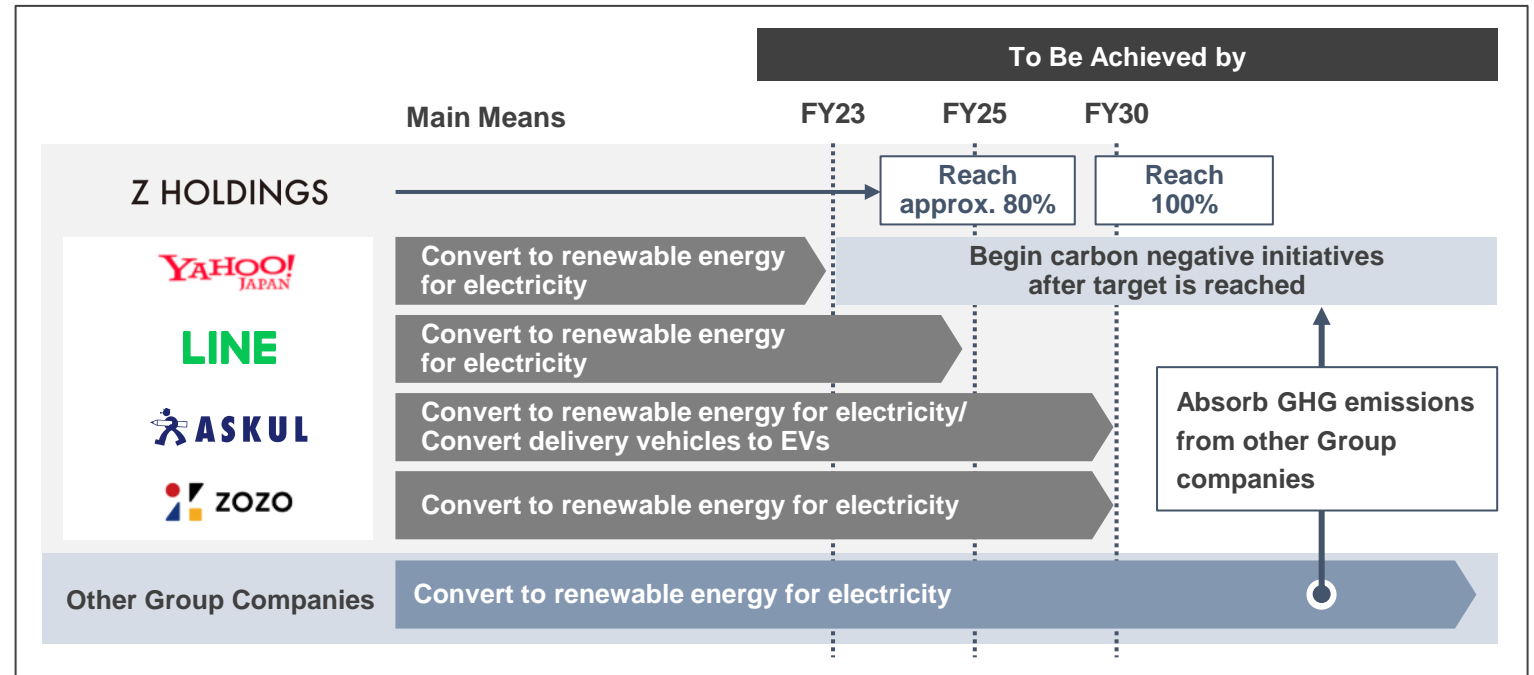
UPDATE THE WORLD

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

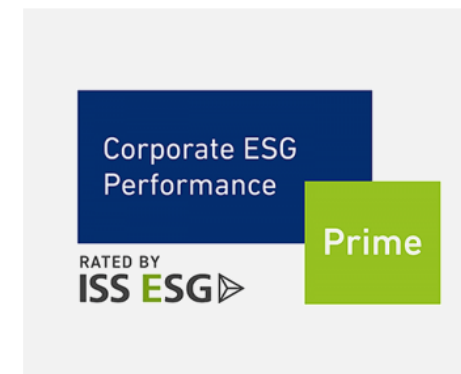
- 1** Yahoo Japan, ahead of the Group, begins carbon negative^{1,2} initiatives, to achieve a state in which GHG absorption is greater than emissions
- 2** By around FY2025, 80%+ electricity used by major Group companies to be converted to renewable energy sources
- 3** FY2025 - FY2030: Promote the conversion 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 2022, 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. 330 companies selected around the world

Named as DJSI World Index constituent for three consecutive years

Member of
Dow Jones Sustainability Indices

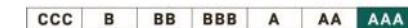
Powered by the S&P Global CSA

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 (December 2022)



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 Dimension²

Four areas of material importance

Privacy & Data Security

Human Capital Development

Carbon Emission

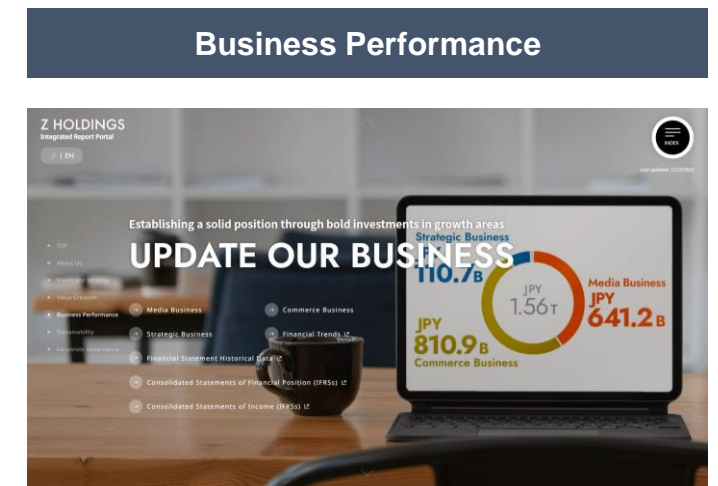
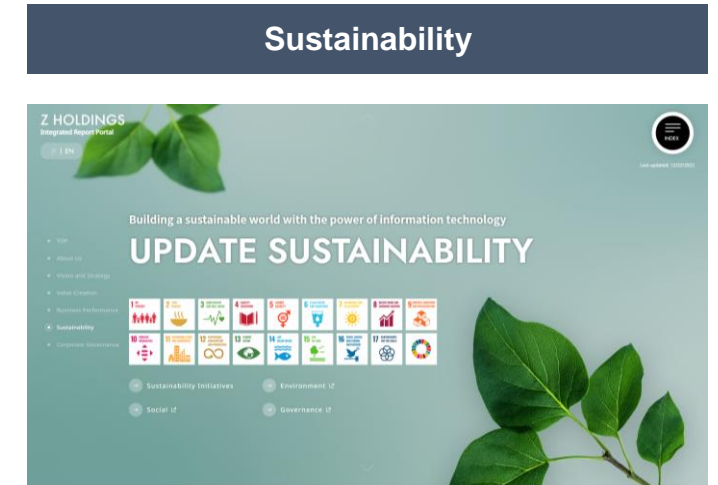
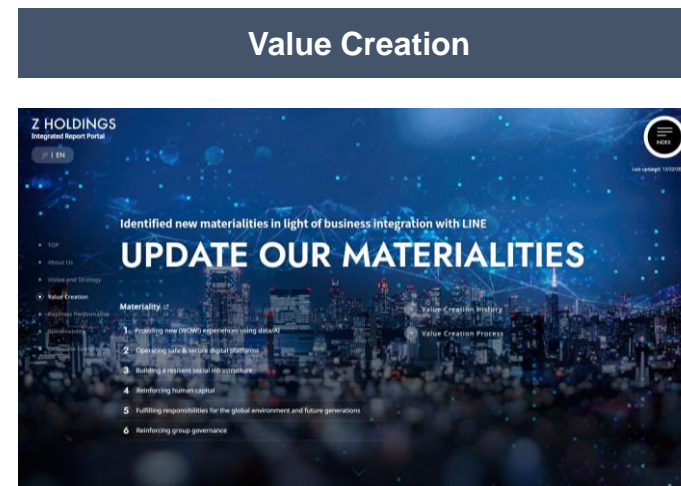
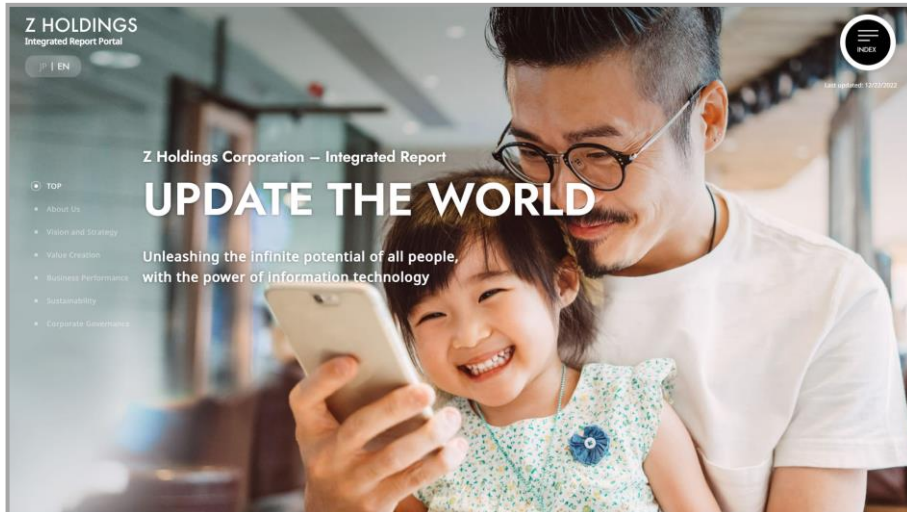
Governance

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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



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

The Company cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Such factors include, but are not limited to, the items mentioned in “Risk Factors” in “Consolidated Financial Statements and Independent Auditor's Report” (Japanese only). Unauthorized use of the information or the data in this document is not permitted.

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If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.

Z HOLDINGS

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