

Z HOLDINGS

Z Holdings Corporation FY2019 Full Year & Q4 Business Results

April 30, 2020

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FY2019 Summary

Announcement made at beginning of FY2019

Re:
Earnings
Slides
(FY2018 Full Year)

FY2019 Policies

Our basic policies remain unchanged

- As one, various services will maximize number of user actions
- Make users' lives convenient to a surprising level both in online and offline worlds
- Cross-use multi big data to promote service growth

FY2019: scaling up our efforts to create the future

In FY2019, created the future in an unparalleled scale: organizational restructuring, launch of new services, etc.

Q1



Consolidation by
SoftBank



PayPay booms

Q2



Holding company
structure



Began integrated
marketing solution

Q3



Tie-up with SBI
Group



Signed DA for
business integration
with LINE



Consolidation of ZOZO

 PayPay Mall  PayPay Flea Market

Launched
PayPay Mall/PayPay Flea Market

Q4



Tie-up with YAMATO HD



Announced X Shopping

Increase in both revenue and income for FY2019 (full year)

Item	FY2018	FY2019		YoY
		Initial guidance	Actual result	
Revenue	954.7 (¥B)	Over ¥1 T	1.05 (¥T)	+10.3 %
Operating income	140.5 (¥B)	140.6 to 150.0 (¥B)	152.2 (¥B)	+8.4 %
EBITDA ^{*1}	199.6 (¥B)	-	235.6 (¥B)	+18.0 %
Equity in earnings of associates and joint venture ^{*2}	-17.5 (¥B)	-	-24.5 (¥B)	n.a.
Net income	77.8 (¥B)	-	88.0 (¥B)	+13.1 %
Net income attributable to owners of the parent	78.6 (¥B)	79.0 to 85.0 (¥B)	81.6 (¥B)	+3.8 %
Diluted EPS	¥14.7	¥14.8 to 15.9	¥16.8	+14.5 %

*1 Change in EBITDA is mainly due to application of IFRS 16, Leases

*2 Mainly due to PayPay Corporation

KPI for Q4 favorable despite increased impact of COVID-19

Item	FY2018 Q4	FY2019 Q4	YoY
Revenue	247.1 (¥B)	293.3 (¥B)	+18.7 %
Operating income	20.8 (¥B)	28.7 (¥B)	+37.8 %
EC transaction value (Merchandise)	479.0 (¥B)	611.1 (¥B)	+27.6 %
Shopping business	204.2 (¥B)	323.7 (¥B)	+58.5 %
Reuse business	205.2 (¥B)	207.3 (¥B)	+1.0 %
Total advertising revenue	85.1 (¥B)	93.0 (¥B)	+9.3 %
Time spent by logged-in users via smartphones	1.73 (B hours)	2.13 (B hours)	+23.1 %

FY2020 Impact of COVID-19 (4/1 – 4/26 cumulative)

Commerce business

Present impact (4/1 – 4/26 cumulative)

Response policy

Merchandise
EC



- Increase in demand due to “Stay Home” consumption
 - ▶ Transaction values of Yahoo! JAPAN Shopping + PayPay Mall: **Approx. +39% YoY**

- Bolster sales of XS (Cross-Shopping) Engine*
- Strengthen “Stay Home” features

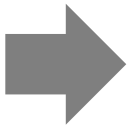
O2O



- Decrease in demand in hotel/restaurant due to request to stay home
 - ▶ O2O transaction value: **Approx. -74% YoY**

- Implement measures to stimulate post-pandemic demand

Financial &
Payment



- Decrease in offline usage due to request to stay home
 - ▶ Slowdown in the growth rate of PayPay payments
 - ▶ Credit card transaction value: **Approx. +30%YoY**
- Increase in inquiries on credit card payments

- Promote cashless payment with measures tied up with government’s economic stimulus packages



Secondary positive impact



Negative impact



Slight impact

Note: Definition for the indices shown here may differ from the announced KPI due to data collection methods.

* For service details, please refer to P17

FY2020 Impact of COVID-19 (4/1 – 4/26 cumulative)

Media business

Present impact (4/1 – 4/26 cumulative)

Response policy

Media



- Time spent by logged-in users via smartphones:
Approx. +32% YoY

- Swift delivery of reliable information
- Enhance enjoyable “Stay Home” content

Advertising
(by industry)



Demand decrease

- Travel: **Approx. -85% YoY**
- Personnel service: **Approx. -29% YoY**

Demand increase

- Entertainment: **Approx. +50% YoY**
- Telecommunications/social infrastructure/Government agencies: **Approx. +110%YoY**

- Strengthen sales to less-affected industries



Secondary positive impact



Negative impact

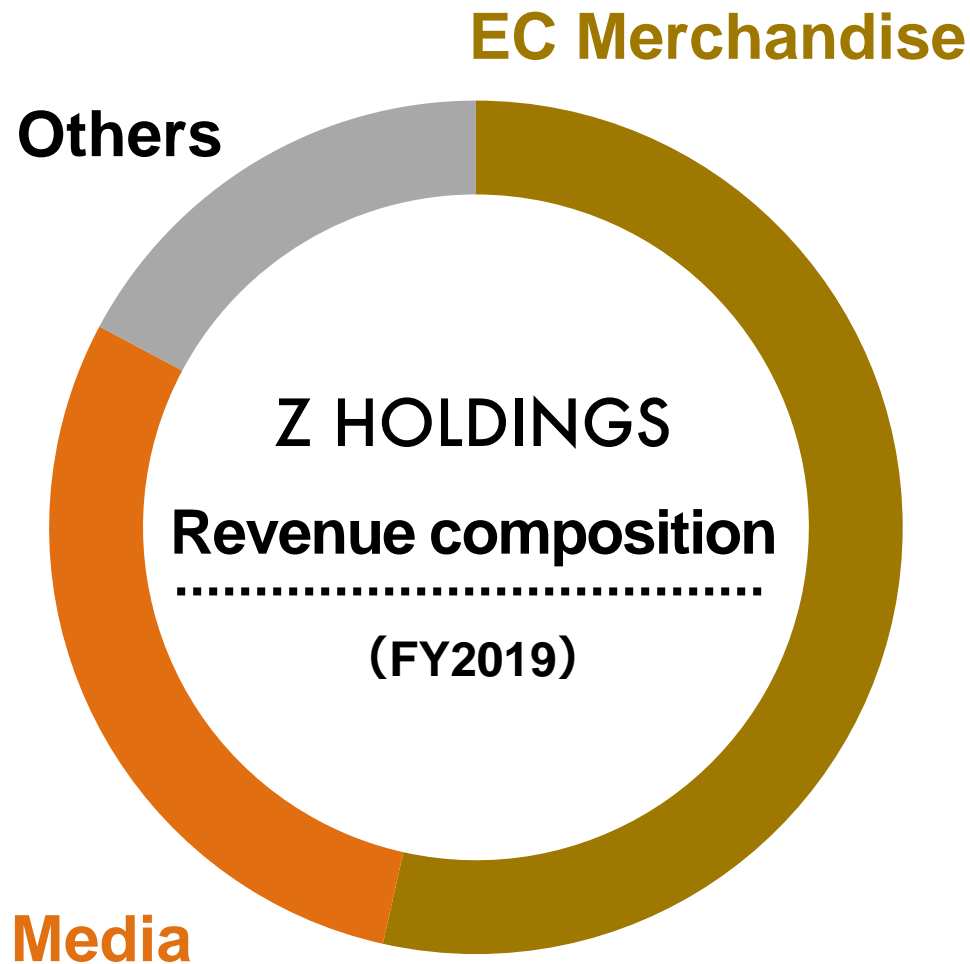


Slight impact

Note: Definition for the indices shown here may differ from the announced KPI due to data collection methods.

Strength of Z Holdings Group – Diversified businesses and services

Business model that can generate stable earnings despite uncertainties



EC Merchandise

YAHOO! JAPAN Shopping **ASKUL**

PayPay Mall **LOHACO**

ZOZO **VALUE COMMERCE**

ヤフオク! **PayPay Flea Market**

etc.

Media

YAHOO! JAPAN **YAHOO! JAPAN** News

YAHOO! JAPAN Search **GYAO** Entertainment Company

Sportsnavi **dely**

スタンバイ **carview** etc.

Others

YAHOO! JAPAN Travel **YAHOO! JAPAN** Real Estate

休.com **YAHOO! JAPAN** Premium

YAHOO! JAPAN Games **e book japan**

PayPay **Z financial**

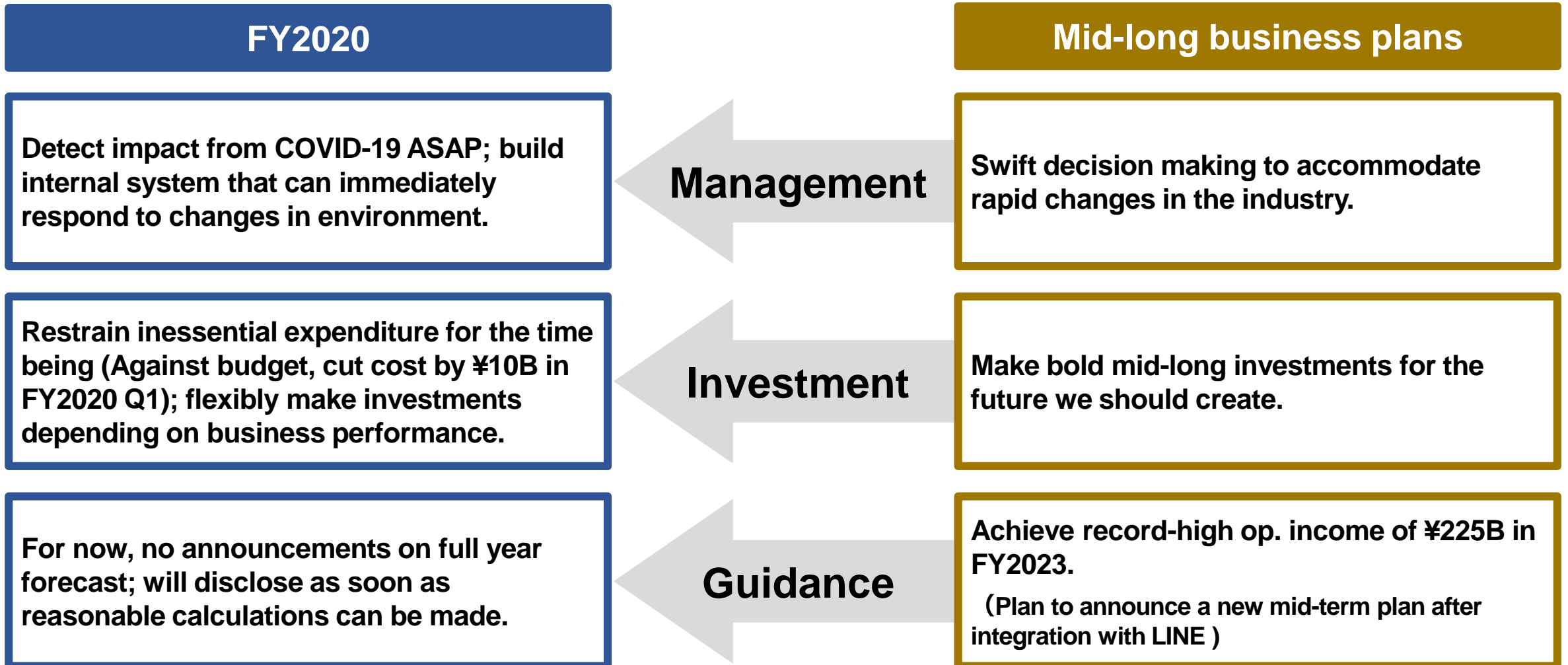
ワイジェイカード株式会社 **ジャパンネット銀行**

YJFX! **from YAHOO! JAPAN** **アストマックス投信投資顧問株式会社**

ワイズ・インシュアランス株式会社

Magne-Max Capital Management etc.

Preparing ourselves for various scenarios; aim to realize mid-long business plans



Current measures for COVID-19

Swift & optimal delivery of needed information and services

Quick delivery of needed information



YAHOO!
JAPAN

COVID-19 curation website

Supporting users' daily lives



YAHOO!
JAPAN

“Stay Home Portal” useful
for self-isolation

...and many more



ASKUL

Prioritized shipping
antiseptics to medical
institutions in response to
government request



YAHOO!
JAPAN

Transit
Information

Congestion prediction for
stations



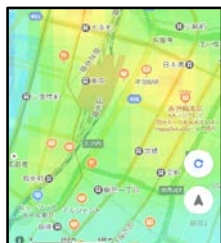
ZOZOTOWN

Featuring stay at
home outfit coordination



ヤフオク! (YAHUOKU!)

Charity auction to support
various activities



YAHOO!
JAPAN

Maps

Congestion radar



YAHOO!
JAPAN

Kids

Home school



YAHOO!
JAPAN

Provision of statistical data
to help government's
measures against COVID-19

Business Topics

Commerce Business

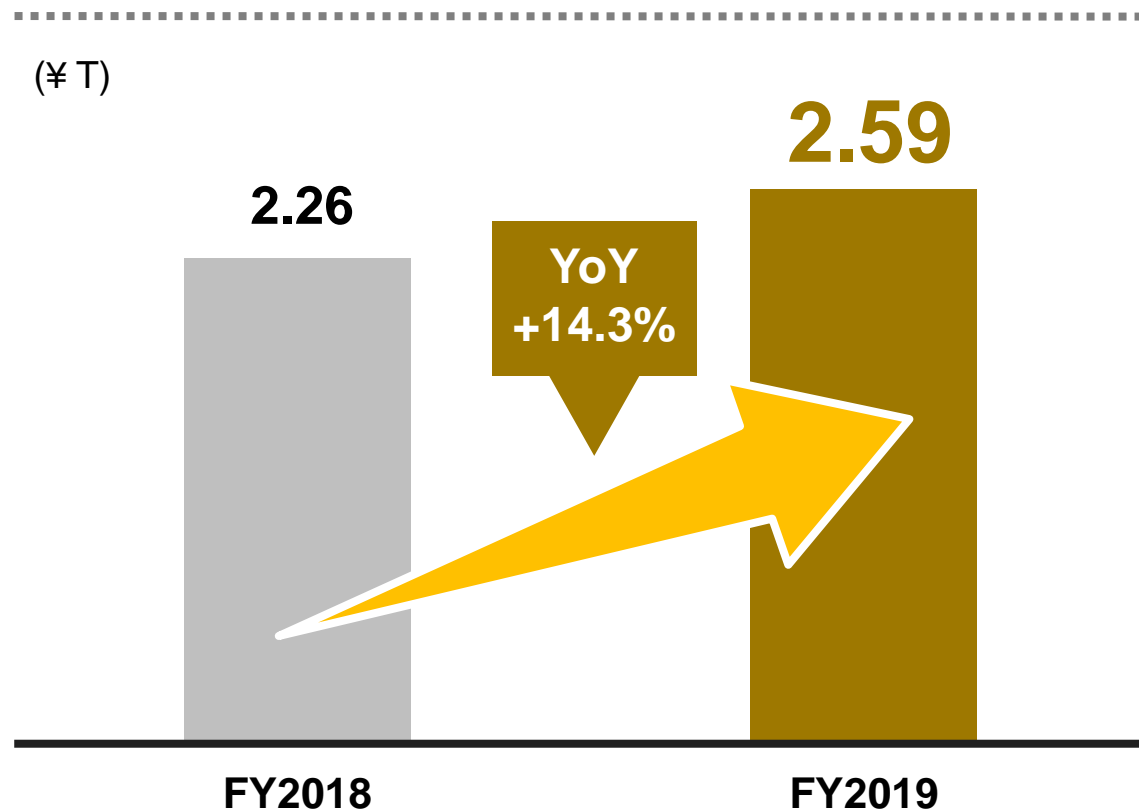
FY2019 Commerce Business – KPI Results

Item	Actual result	YoY	Major measures / Major factors of change
EC transaction value	2.59 (¥T)	+ 14.3 %	
Merchandise^{*1}	2.14 (¥T)	+ 14.4 %	
Shopping business	1.03 (¥T)	+ 34.5 %	<ul style="list-style-type: none"> Expanded due to: <ul style="list-style-type: none"> Consolidation of ZOZO (5 months) Launch of PayPay Mall Excluding ZOZOTOWN Main Store: ¥890.1 B (YoY+15.7%)
Reuse business^{*2}	804.1 (¥B)	-1.3 %	<ul style="list-style-type: none"> Negative growth in YAHUOKU! due to annual reduced sales promotional expenditure For Q4 alone, strengthened some sales promotion for YAHUOKU!, resulting in ¥207.3 B (YoY+1.0%)
Services and digital contents^{*3}	446.2 (¥B)	+ 13.7 %	<ul style="list-style-type: none"> Decreased due to: typhoon, consumption tax hike, self-isolation (COVID-19)
Credit card transaction value	2.02 (¥T)	+ 55.2 %	<ul style="list-style-type: none"> Increased due to: <ul style="list-style-type: none"> Increase in transaction value from government's point-reward measures to promote cashless payment Last-minute demand before consumption tax hike Synergies with PayPay

*1 Changed name from Sale of goods *2 Changed name from YAHUOKU! *3 Changed name from Non-sale of goods

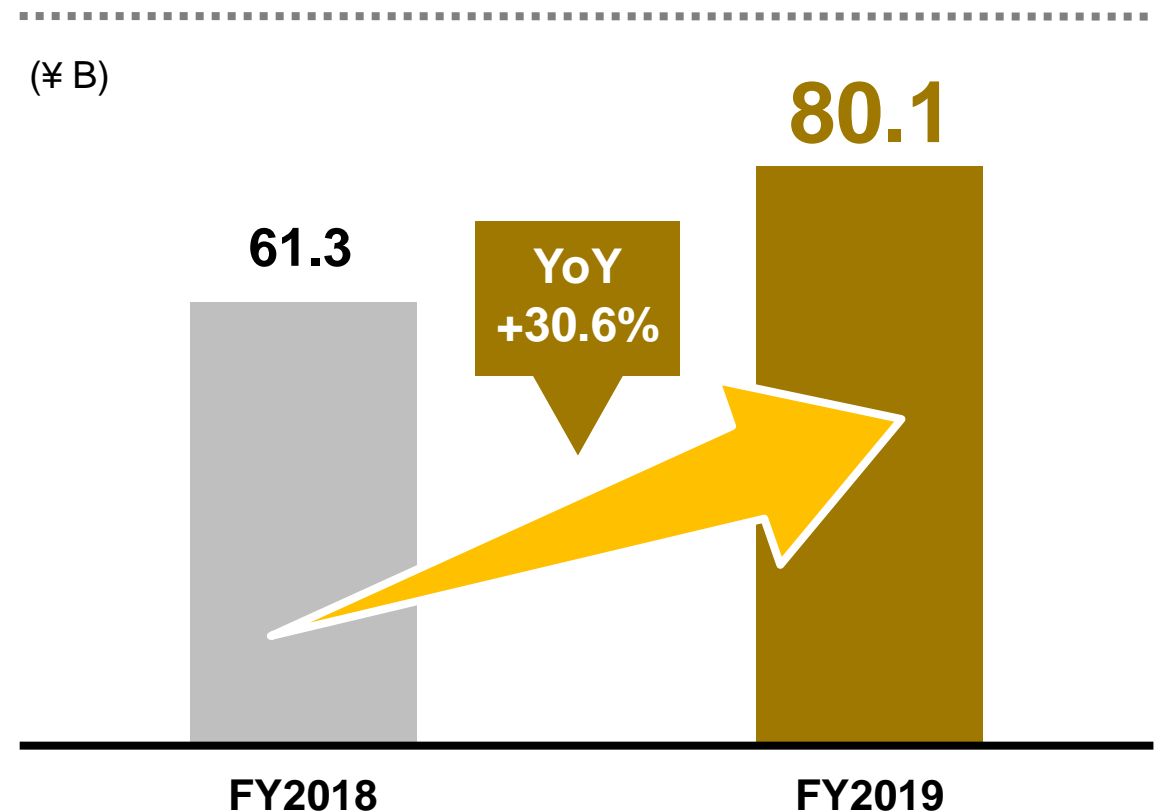
In addition to business base expansion, profitability improved
Operating income, one of the largest among EC operators in Japan

Transaction value



Note: Total of transaction values of merchandise and services & digital contents

Operating income (excl. financial & payment business)

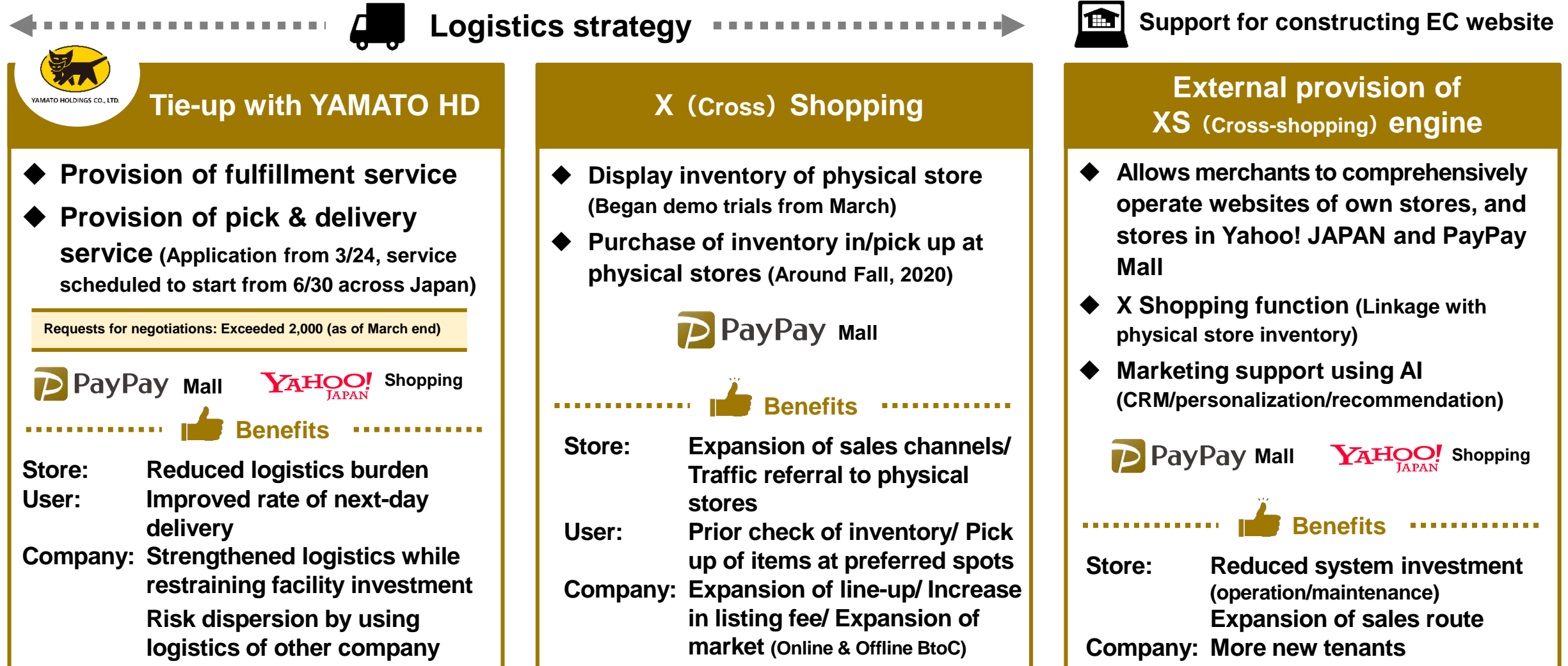


Note: Operating income of commerce business excluding financial & payment business

YAHOO!
JAPAN

New e-commerce strategy around logistics

More benefits to both “Sellers” and “Buyers”





Synergy effect with ZOZO

After opening of “ZOZOTOWN” in PayPay Mall, new buyers and transaction value of fashion category both increased

  Fashion category – New buyers*

ZOZOTOWN

**Predominantly No. 1
among all stores**

Merchant A Merchant B Merchant C Merchant D Merchant E


  Fashion category – Transaction value

FY2018 (Dec-Mar)

FY2019 (Dec-Mar)

* No. of buyers of fashion category items who made no order in Jan-Nov 2019, but ordered in Dec 2019 – Mar 2020

Collaborate in various fields leveraging enormous synergy potentials

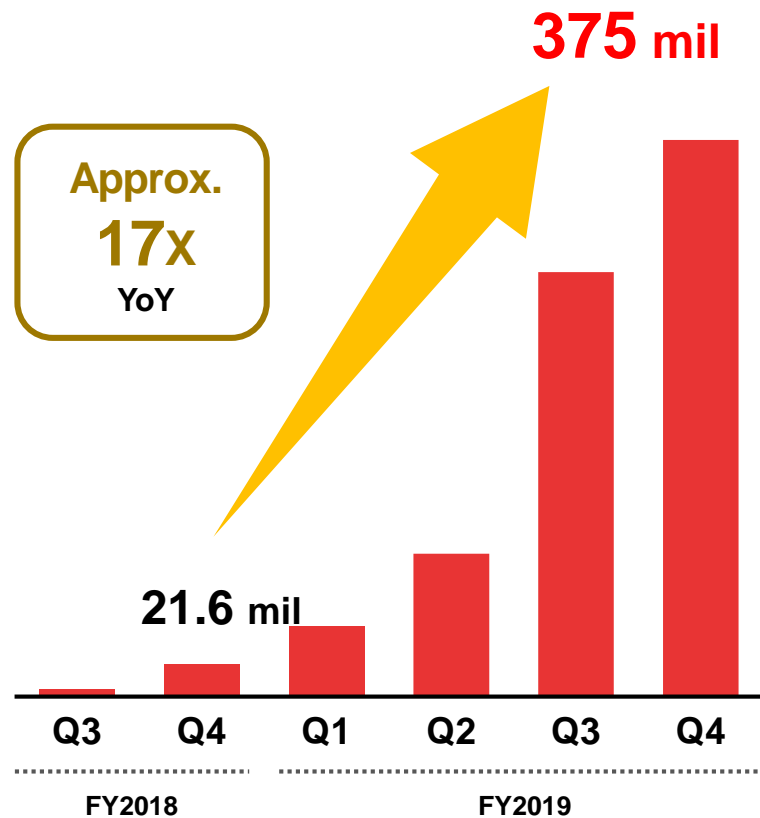
	Item	Expected impacts
Short term  Mid term	Introduction of PayPay	<ul style="list-style-type: none"> • Capturing of PayPay users • Reduction of cost for payment commissions utilizing group companies <div>Scheduled in Q2</div>
	Collaborations with SoftBank	<ul style="list-style-type: none"> • Promote use by SoftBank users through in-store promotions and provision of benefits
	Media/advertising business	<ul style="list-style-type: none"> • Joint promotion of advertising business using ZOZOTOWN and WEAR
	Collaborations with Reuse business	<ul style="list-style-type: none"> • Collaborations with YAHUOKU!, PayPay Flea Market, ZOZOUSED • Construction of eco-system with Shopping business
	Cooperation among engineers	<ul style="list-style-type: none"> • Use of data science • Improvement in product recommendation
	Linkage in logistics	Use of ZOZO BASE



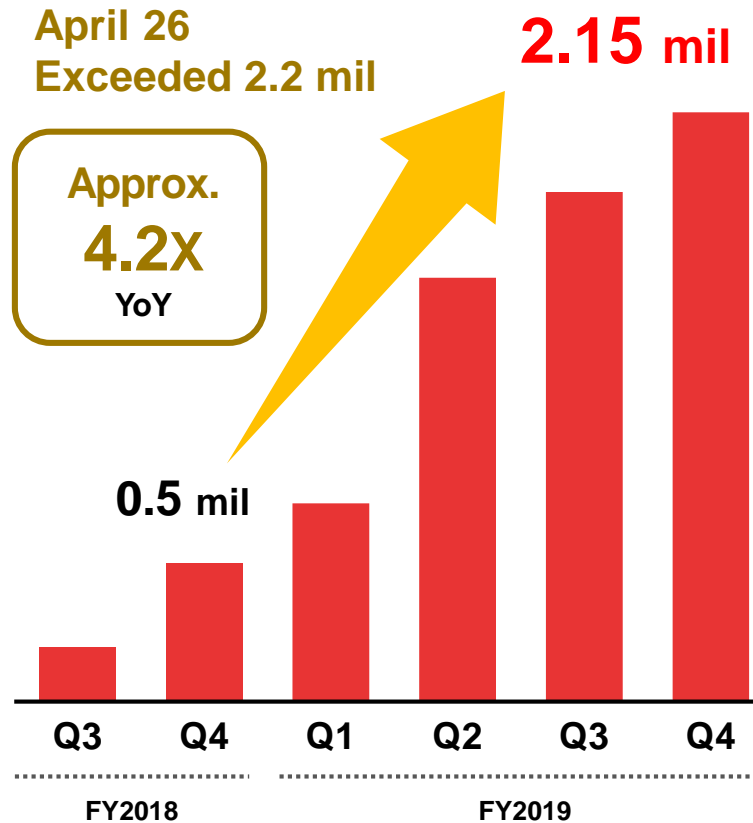


Exponential growth in 1 ½ years since service launch

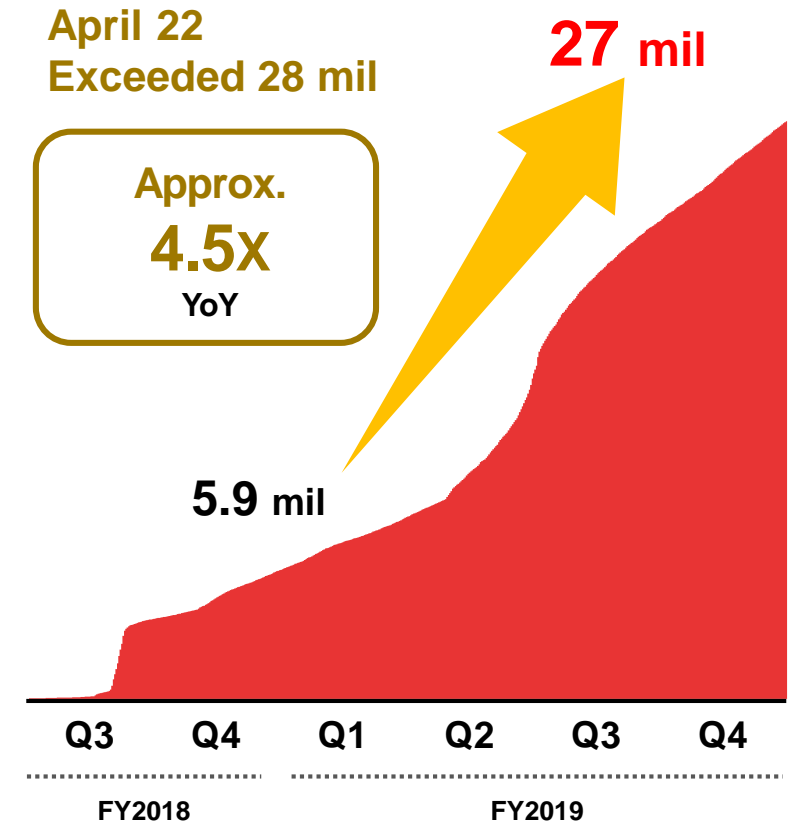
No. of PayPay
payments (quarter)



No. of merchants*
(quarter-end)



No. of registered users
(quarter-end)



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

Launched "PayPay Atobarai* (Lump-sum payment)" to some users



- ▶ Service provided by YJ Card Corporation
- ▶ Commission at settlement ¥300 (tax inclusive) per month
- ▶ For lump-sum payments only

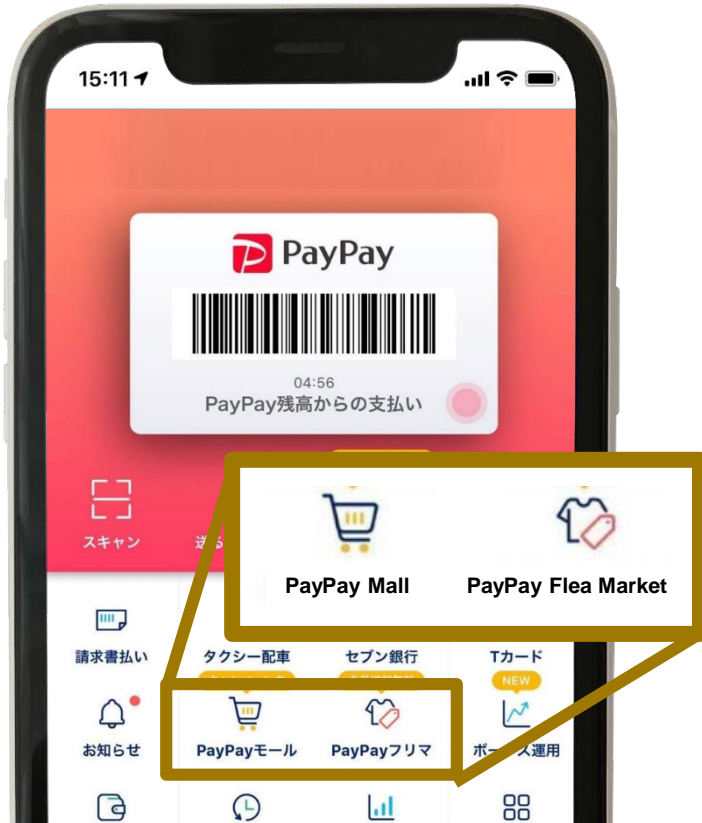
Currently commission waived (2020/4/15 – 7/31)

**To be provided to all users
from summer 2020 onwards**

On its way to a super app

Link with internal/external services to enhance super app functions

Launched PayPay Mall,
PayPay Flea Market mini apps
(4/1 -)



Providing simulated investment
experience by smartphone securities,
One Tap BUY (4/15 -)



Tie-up with Uber Eats

..... May

Sequentially introduce PayPay payment



..... June onwards

Scheduled to provide a mini app in
PayPay

Z financial

Finance to be our third revenue pillar next to media and commerce

Strongly promote “Scenario Finance” leveraging own services

..... Provide financial products according to user action scenarios



Finance

Finance

Finance

Finance

Finance



Installments



Repair insurance



Loan



Cancellation
insurance



Car insurance

Media Business

FY2019 Total Advertising Revenue - Results

Item	Actual results (¥B)	YoY (YoY difference ¥B)	Major measures / Major factors of change
Total advertising revenue	341.0	+ 5.3 % (+17.1)	<ul style="list-style-type: none"> Result for Q4: ¥93B (YoY+9.3%) Both paid search advertising and display advertising grew strongly
Paid search advertising	169.7	+3.3 % (+5.4)	<ul style="list-style-type: none"> Improvement in display option introduced from Q3 was effective Decrease in ad placements due to COVID-19 (Q4 - ¥2.7 B)
Display advertising	171.2	+ 7.3 % (+11.7)	
YDN, etc.	105.2	-1.0 % (-1.0)	<ul style="list-style-type: none"> Several measures were effective including programmatic ads to PC Brand Panel slots Increase in traffic to media services due to COVID-19 Impact of ad frauds (full year - ¥2.0 B) Impact of anti-tracking (full year - ¥1.9 B) Reduced revenue due to termination of some products
Premium Advertising (incl. shopping ads)	66.0	+ 24.0 % (+12.7)	<ul style="list-style-type: none"> Large-scale order thanks to strengthened sales (incl. promotion of video ads) Growth in shopping ads

YAHOO!
JAPAN

In addition to acquisition of new clients, ad placements increased from existing ad clients

Major projects

— SoftBank

New ad placement proposals
to SoftBank clients

YAHOO!
JAPAN

New ad placement proposals
to Yahoo! JAPAN clients*¹

Uplift effect in FY2019 2H

Approx. **¥4.4B^{*2}**

*¹ New proposals/plans to ad clients of Yahoo Japan Corporation (Proposal activities outsourced to INCUDATA Corp.)

*² Gross increase in revenue before deducting incentive payments

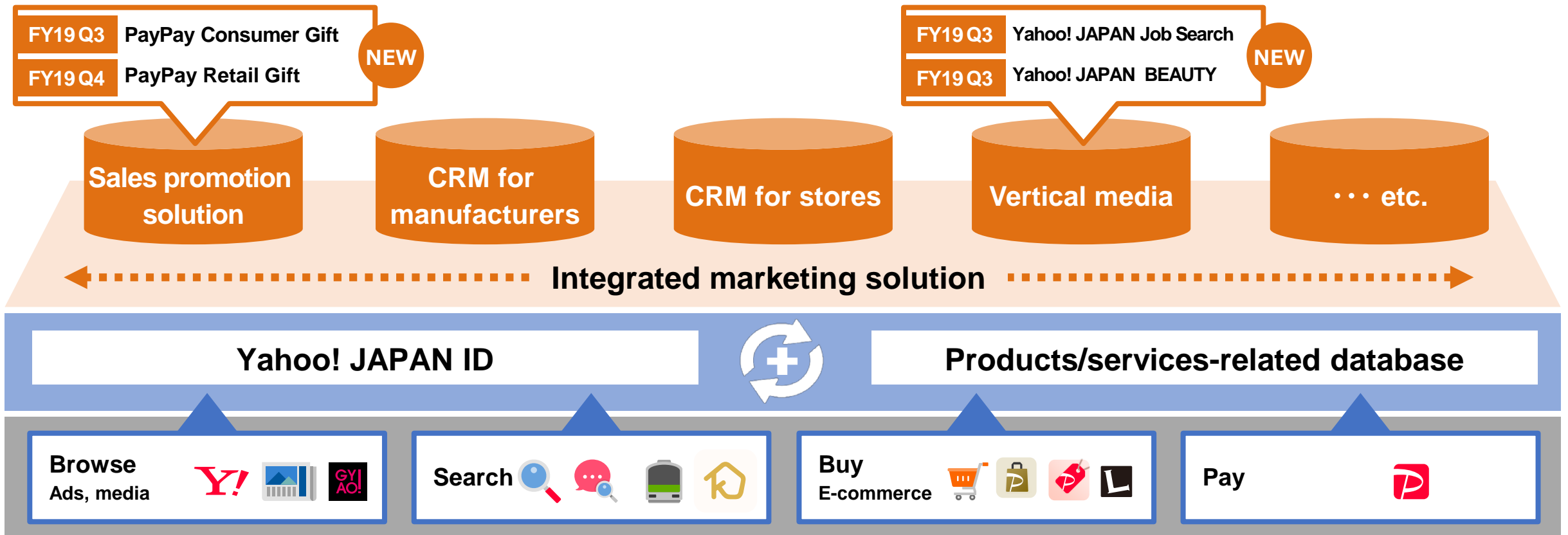
Future deployment of integrated marketing solution

Personalization using accumulated data



Use of group assets

Provide advanced marketing solution services



Note: Service icons shown for "Ads, media", "Search", "E-commerce" are examples only.

FY2020 Management Policy

FY2019

A year in which many seeds were planted to create the future (e.g. organizational restructuring, launching of many new services, etc.)



FY2020

A year to nurture the seeds planted in FY2019

- 1 Promotion of portfolio management**
- 2 Strengthening of tie-ups with SoftBank**
- 3 Business integration with LINE**
- 4 Appropriate financial discipline**

1) Promotion of portfolio management

 ワイズ・インシュアランス株式会社



 Magne-Max Capital Management

 ebook
japan

 ジャパンネット銀行

 carview™

 Sportsnavi

 ZOZO

 YAHOO!
JAPAN

 PayPay

Providing 100+ services through group companies

 ASKUL

Z financial

 休.com

ワイジェイカード株式会社

 VALUE
COMMERCE

 GYAO
Entertainment Company

 YJ Capital

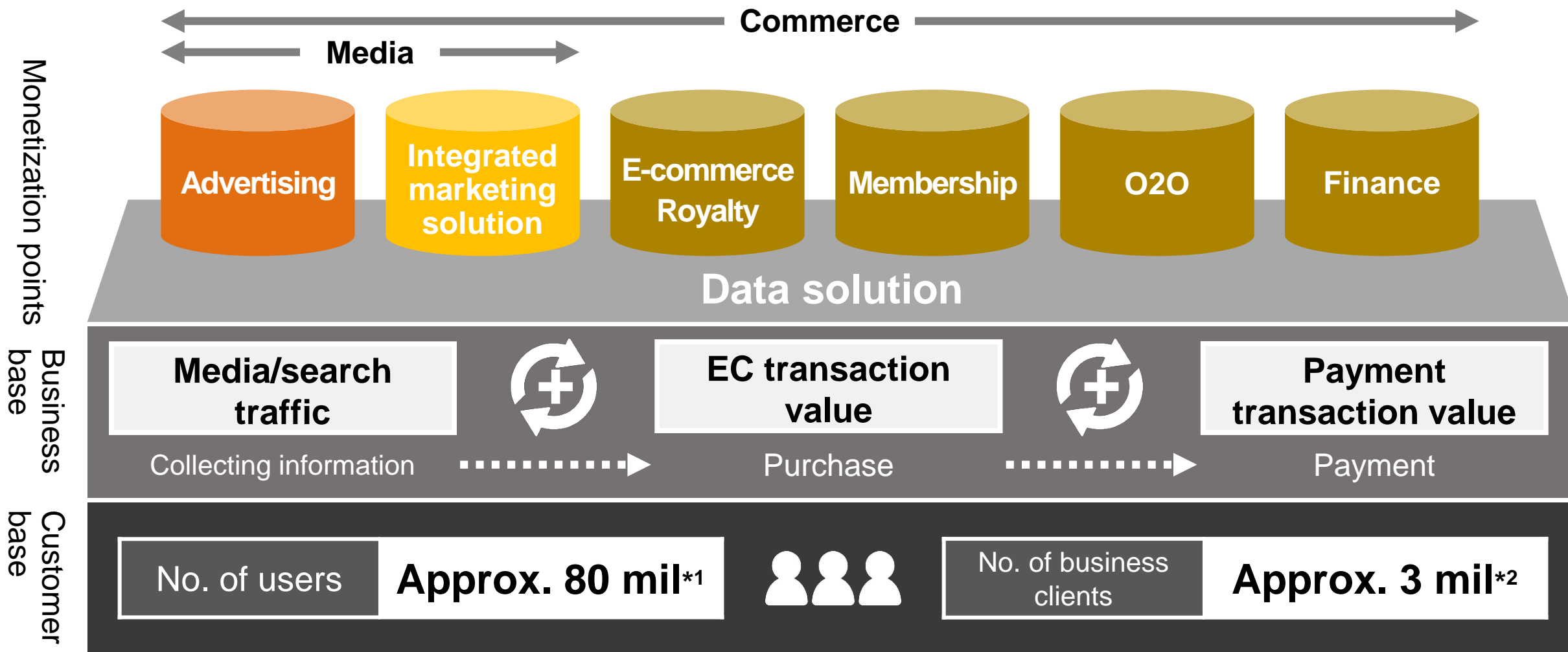
 スタンバイ

 アストマックス投信投資顧問株式会社

 YJFX!
from YAHOO!
JAPAN

1) Promotion of portfolio management

Business model that can only be realized by the Z Holdings Group

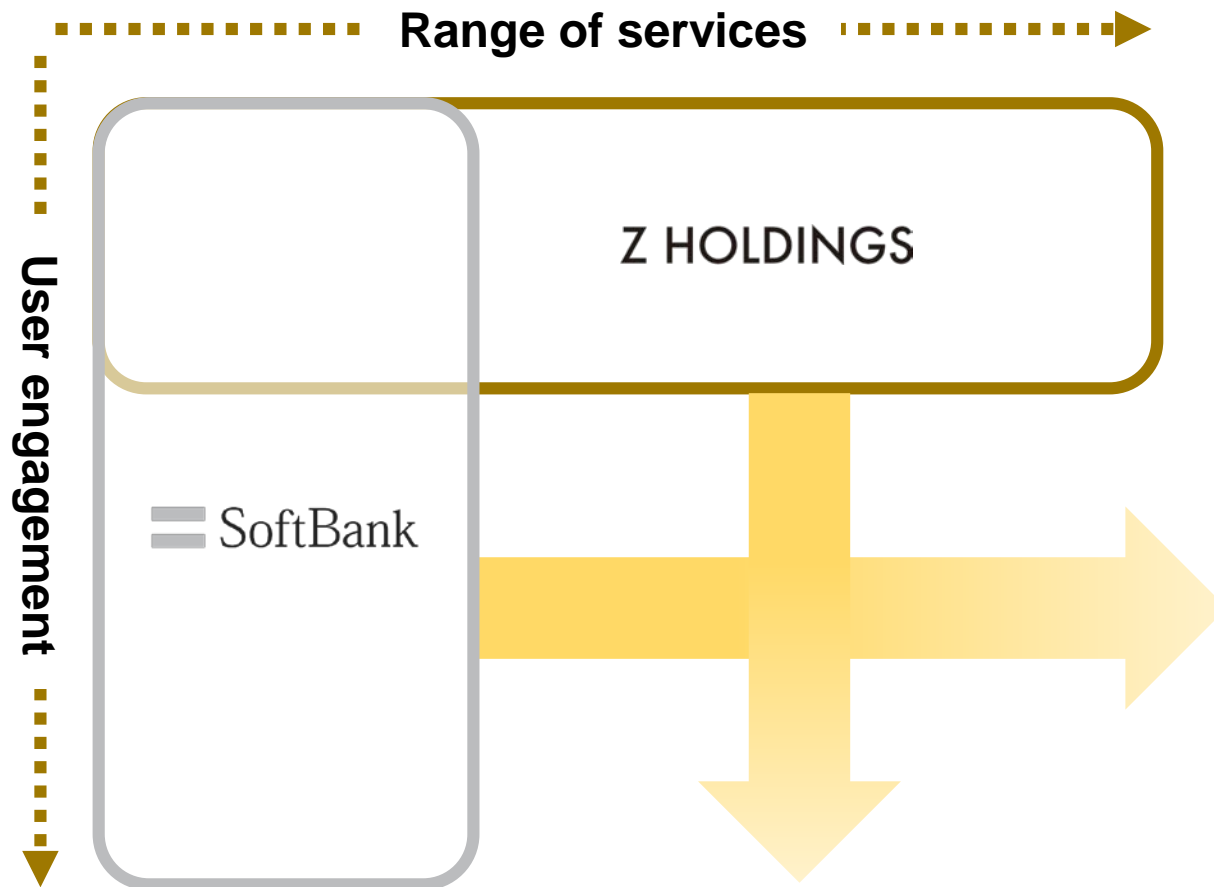


*1 Annual logged-in user IDs.

*2 Total of business clients of major services, e.g. Yahoo! JAPAN's advertising clients, tenants of Yahoo! JAPAN Shopping, PayPay merchants, ASKUL's monthly active corporations, etc. 36

2) Strengthening of tie-ups with SoftBank

Establish/strengthen unparalleled business model with “Telecommunication carrier × Internet service”



Mutually link customer base of both companies based on Yahoo! JAPAN ID

Z HOLDINGS

► **Increase service use by SoftBank users**

SoftBank

► **Promote Beyond Carrier strategy**

3) Business integration with LINE

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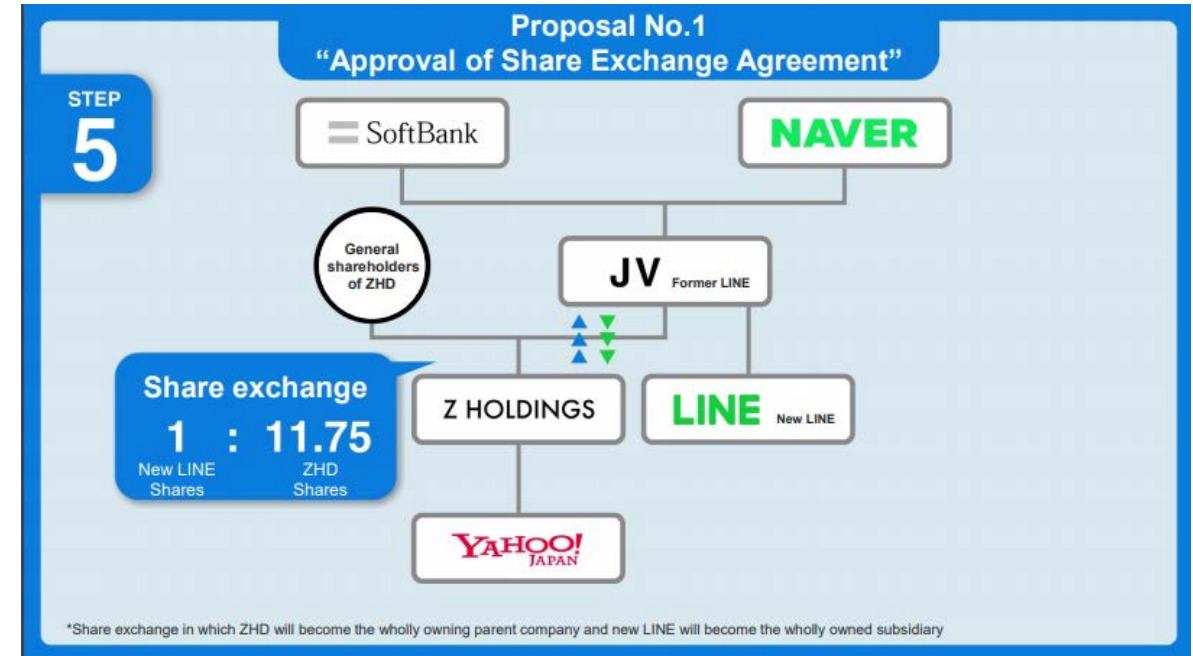
LINE

March 17, 2020
Extraordinary Meeting of the Shareholders

Proposal:
Approval of share exchange agreement

Results of
votes and
approval ratio

Approved
99.68 %



..... From presentation for the shareholders' meeting

Integration process underway/No changes in transaction terms

4) Appropriate financial discipline

Manage financial leverage to maintain current credit rating

Rating and Investment
Information (R&I)

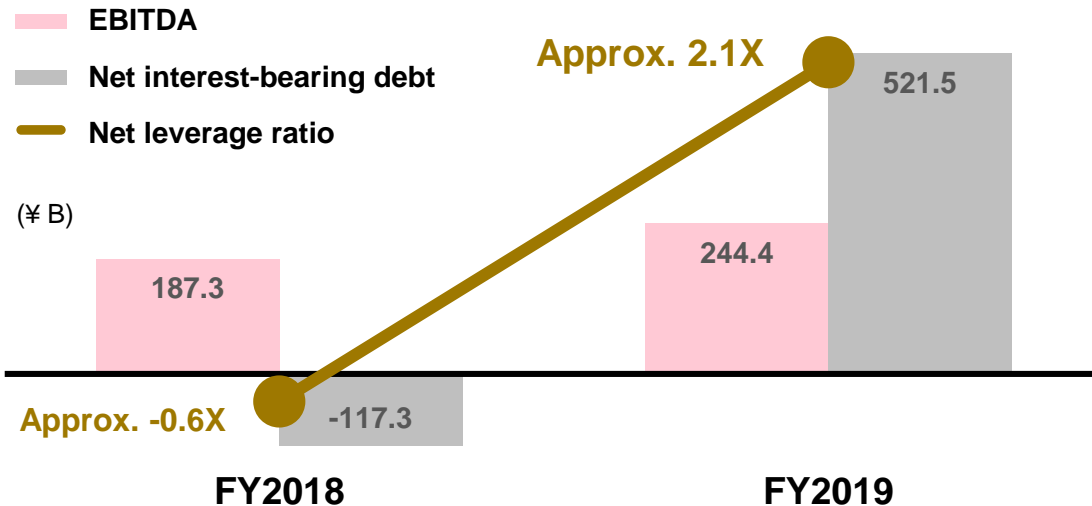
Japan Credit Rating
Agency (JCR)

A+

Maintain

AA-

Maintain net leverage ratio at 2.5 – 3X level



Note: Excludes banking business.

Net leverage ratio = Net interest-bearing debt/EBITDA (Net interest-bearing debt = Interest bearing debt – Cash and cash equivalents)

Includes impact of IFRS No 16

Control investment & expenditure

- **Suspend inessential expenditures for the time being**
 - ▶ **Against budget, cut cost by ¥10B in FY2020 Q1**
- **Flexibly invest with an eye on business performance**

Advertising expenses

Sales promotion expenses

Outsourcing expenses

•
•
•

Preparing ourselves for various scenarios; aim to realize mid-long business plans

FY2020

Detect impact from COVID-19 ASAP; build internal system that can immediately respond to changes in environment.

Restrain inessential expenditure for the time being (Against budget, cut cost by ¥10B in FY2020 Q1); flexibly make investments depending on business performance.

For now, no announcements on full year forecast; will disclose as soon as reasonable calculations can be made.

Management

Investment

Guidance

Mid-long business plans

Swift decision making to accommodate rapid changes in the industry.

Make bold mid-long investments for the future we should create.

Achieve record-high op. income of ¥225B in FY2023.
(Plan to announce a new mid-term plan after integration with LINE)

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

To be accomplished in FY2020

**Full deployment of
“Scenario Finance”**

**Business
integration
with LINE**

**Full-scale
provision of
integrated
marketing
solution**

Z HOLDINGS

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

Appendix

FY2019 Factors of Change in Consolidated Operating Income

Item		Amount (¥B)	YoY	Major factors of change
FY2018 Results		140.5		
YoY difference	Revenue	+98.2	+10.3 %	<ul style="list-style-type: none"> • Increase due to consolidation of ZOZO +57.4 (¥B) • Advertising revenue +14.9 (¥B) • ASKUL Group +13.6 (¥B)
	Cost of sales	+15.5	+3.8 %	<ul style="list-style-type: none"> • ASKUL Group +9.3 (¥B) • Increase due to consolidation of ZOZO +5.8 (¥B)
	SG&A	+69.6	+17.1 %	Increase due to consolidation of ZOZO +42.6 (¥B)
	(major items only↓) Depreciation and amortization	+31.6	+62.4 %	<ul style="list-style-type: none"> • Increase due to consolidation of ZOZO +8.6 (¥B) • Increase in depreciation expense of right-of-use assets due to application of IFRS16 (rental expense decreased instead) • Increase in software, servers, etc.
	Personnel expenses	+12.7	+13.3 %	<ul style="list-style-type: none"> • Increase due to consolidation of ZOZO +7.1 (¥B) • Yahoo! JAPAN 450 new hires for FY2019 (Engineers approx. 70%)
	Shipping cost	+8.8	+37.2 %	Increase due to consolidation of ZOZO +9.7 (¥B)
	Commissions expenses	+7.2	+188.3 %	Increase due to consolidation of ZOZO +4.8 (¥B)
	Business commissions	+6.6	+11.7 %	Increase due to consolidation of ZOZO +5.0 (¥B)
	Sales promotion cost	+1.7	+2.4 %	<ul style="list-style-type: none"> • Increase due to consolidation of ZOZO +2.7 (¥B) • Decrease in point-reward cost
	Advertising and promotional expenses	+0.6	+7.4 %	
FY2019 Results		152.2	+8.4 %	

FY2019 Impact from Consolidation of ZOZO

Consolidated from Nov 2019

Item	ZOZO FY2019 (5 months)	FY2019 (excl. ZOZO)	YoY
Revenue	57.4 (¥B)	995.4 (¥B)	+4.3 %
Operating income	*1 8.9 (¥B)	143.3 (¥B)	+2.0 %
Net income	5.7 (¥B)	82.2 (¥B)	+5.7 %
Net income attributable to owners of the parent	2.8 (¥B)	78.7 (¥B)	+0.1 %

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

Goodwill	Total	• Amount of PPA, fixed	212.9 (¥B)
PPA	Total	• Amount of PPA, fixed	502.1 (¥B)
	Amortization	FY19-full year (5 months)	5.5 (¥B)

Item	Amount	Amortization period (Straight line)
Customer base (Shops/users)	322.0 (¥B)	18-25 years
Trademark ^{*2}	178.7 (¥B)	-
Others	1.4 (¥B)	4 years

*2 Indefinite-lived intangibles

FY2019 Q4 Consolidated Income Statement

Item	FY2018 Q4	FY2019 Q4	YoY
Revenue	247.1 (¥B)	293.3 (¥B)	+18.7 %
Operating income	20.8 (¥B)	28.7 (¥B)	+37.8 %
EBITDA ^{*1}	41.1 (¥B)	53.6 (¥B)	+30.2 %
Other non-operating income and expenses	-0.2 (¥B)	-1.7 (¥B)	n.a.
Equity in earnings of associates and joint venture	-7.4 (¥B)	^{*2} -7.3 (¥B)	n.a.
Net income	7.7 (¥B)	8.4 (¥B)	+9.2 %
Net income attributable to owners of the parent	8.5 (¥B)	6.6 (¥B)	-22.2 %
Diluted EPS	¥1.6	¥1.3	-16.9 %

*1 Change in EBITDA is mainly due to application of IFRS 16, Leases

*2 Mainly due to PayPay Corporation

FY2019-Q4 Statement of Financial Position

Consolidated (IFRS)

(¥ B)	FY2018 Q4	FY2019 Q4	Difference
Assets	2,429.6	3,933.9	1,504.3
Cash and cash equivalents	546.7	880.1	333.3
Trade and other receivables	328.2	386.7	58.5
Loans for credit card business	253.3	342.2	88.9
Investment securities for banking business	419.5	415.8	-3.7
Property and equipment	133.8	131.2	-2.6
Intangible assets	165.2	679.3	514.0
Liabilities	1,519.0	2,886.0	1,367.0
Trade and other payables	394.5	487.2	92.6
Deposit for banking business	768.6	903.1	134.5
Interest-bearing liabilities	215.2	1,086.4	871.2
Equity	910.5	1,047.8	137.2

The Japan Net Bank, Limited (JGAAP)

(¥ B)	FY2018 Q4	FY2019 Q4	Difference
Assets	878.7	995.5	116.8
Cash and cash equivalents	249.5	323.3	73.8
Trade and other receivables	22.6	20.5	-2.0
Loans for credit card business	—	—	—
Investment securities for banking business	419.5	425.8	6.2
Property and equipment	0.5	0.6	0.1
Intangible assets	6.1	7.0	0.9
Liabilities	823.4	941.0	117.5
Trade and other payables	15.3	15.5	0.2
Deposit for banking business	803.8	920.3	116.4
Interest-bearing liabilities	—	—	—
Equity	55.2	54.5	-0.7

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

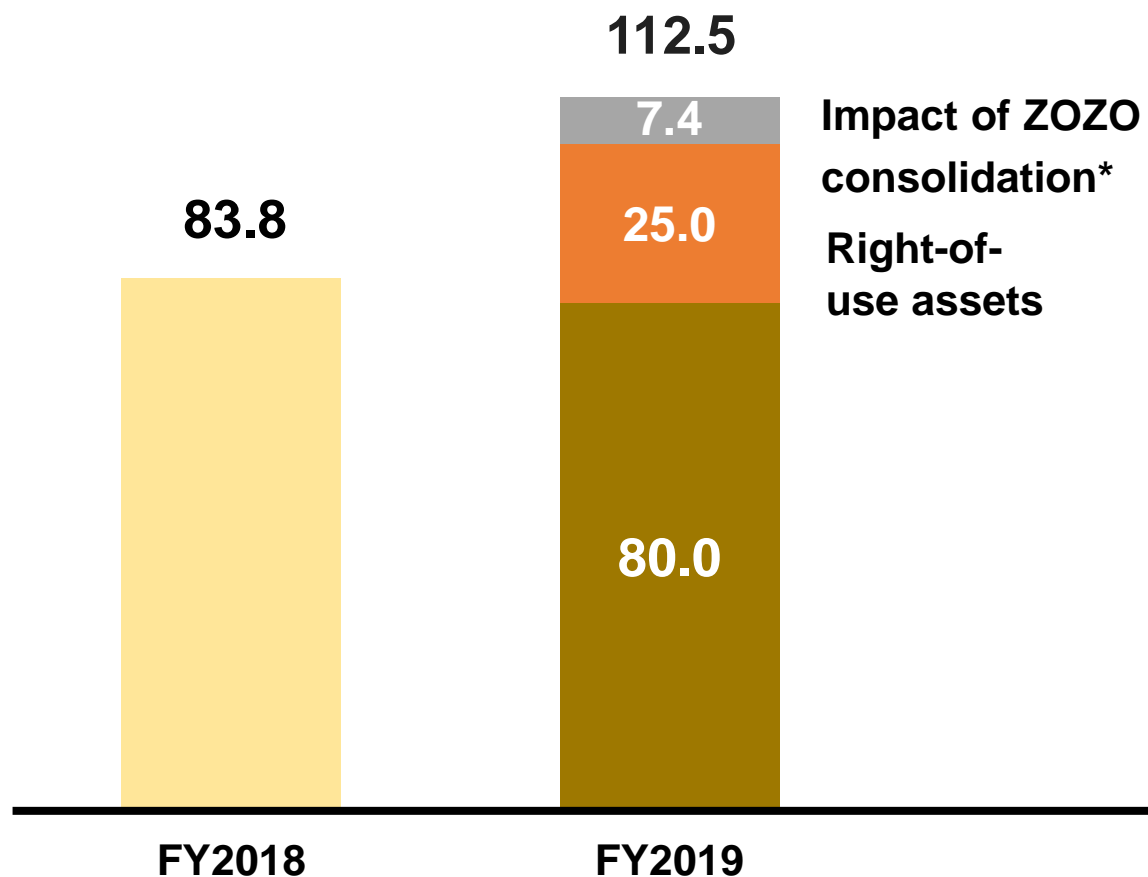
YJ Card Corporation (JGAAP)

(¥ B)	FY2018 Q4	FY2019 Q4	Difference
Assets	353.0	554.2	201.2
Cash and cash equivalents	30.0	127.4	97.4
Trade and other receivables	12.6	14.8	2.2
Loans for credit card business	252.5	337.4	84.8
Investment securities for banking business	—	—	—
Property and equipment	5.7	4.8	-0.8
Intangible assets	20.4	29.4	9.0
Liabilities	326.0	523.2	197.1
Trade and other payables	166.6	265.5	98.9
Deposit for banking business	—	—	—
Interest-bearing liabilities	144.8	245.3	100.5
Equity	26.9	30.9	4.0

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

CAPEX

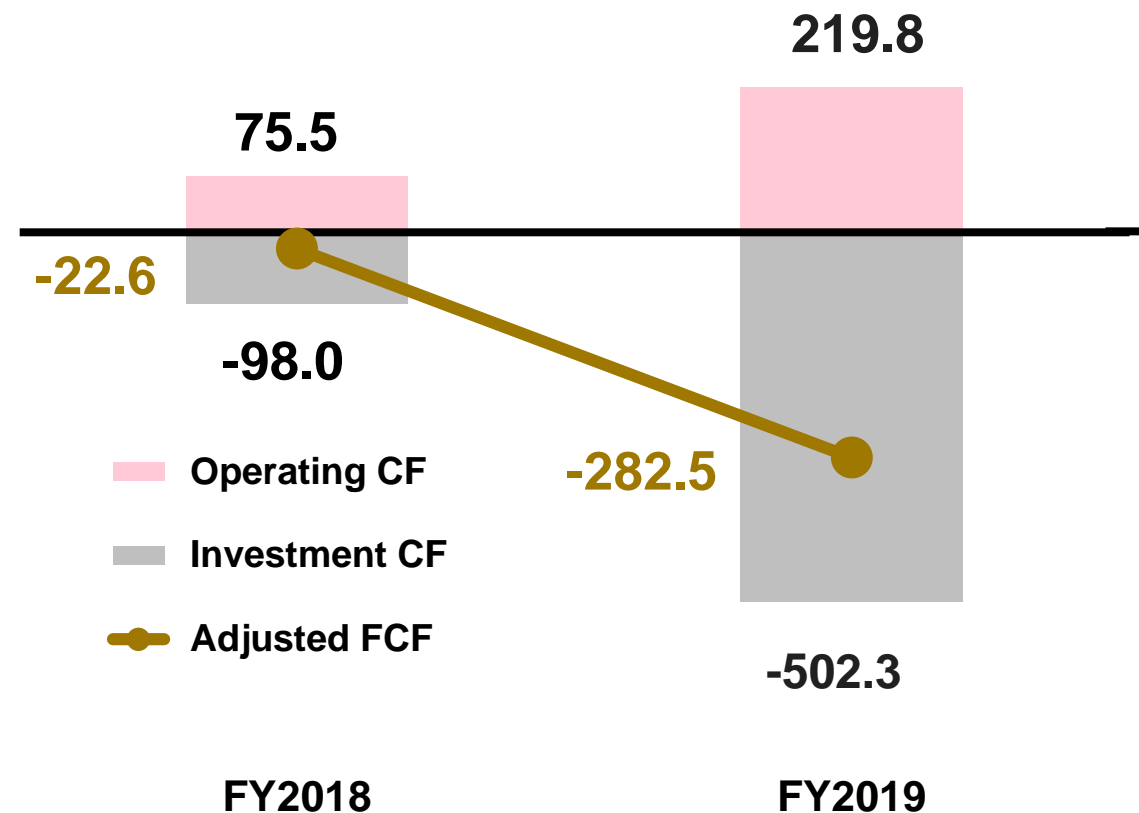
(¥ B)



* Includes right-of-use assets of ZOZO, Inc.

Adjusted FCF

(¥ B)



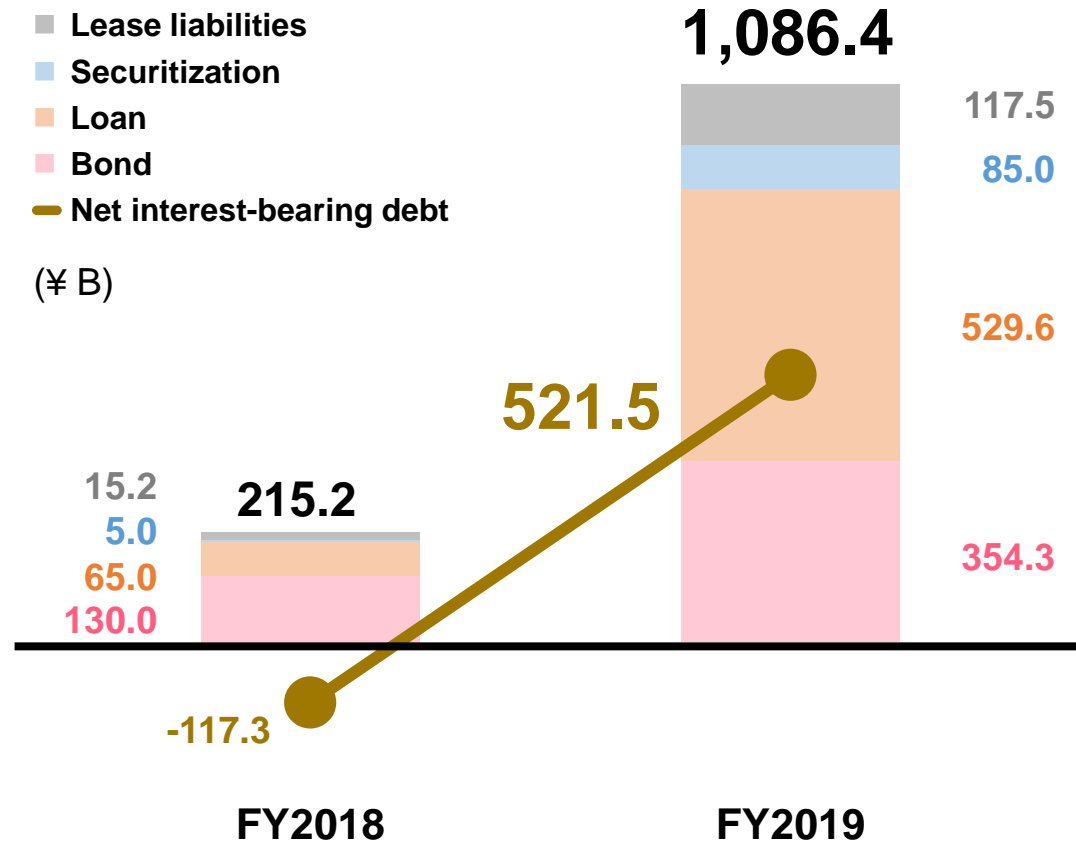
Note: Excludes banking business.

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

Financial index

Interest-bearing debt/Net interest-bearing debt

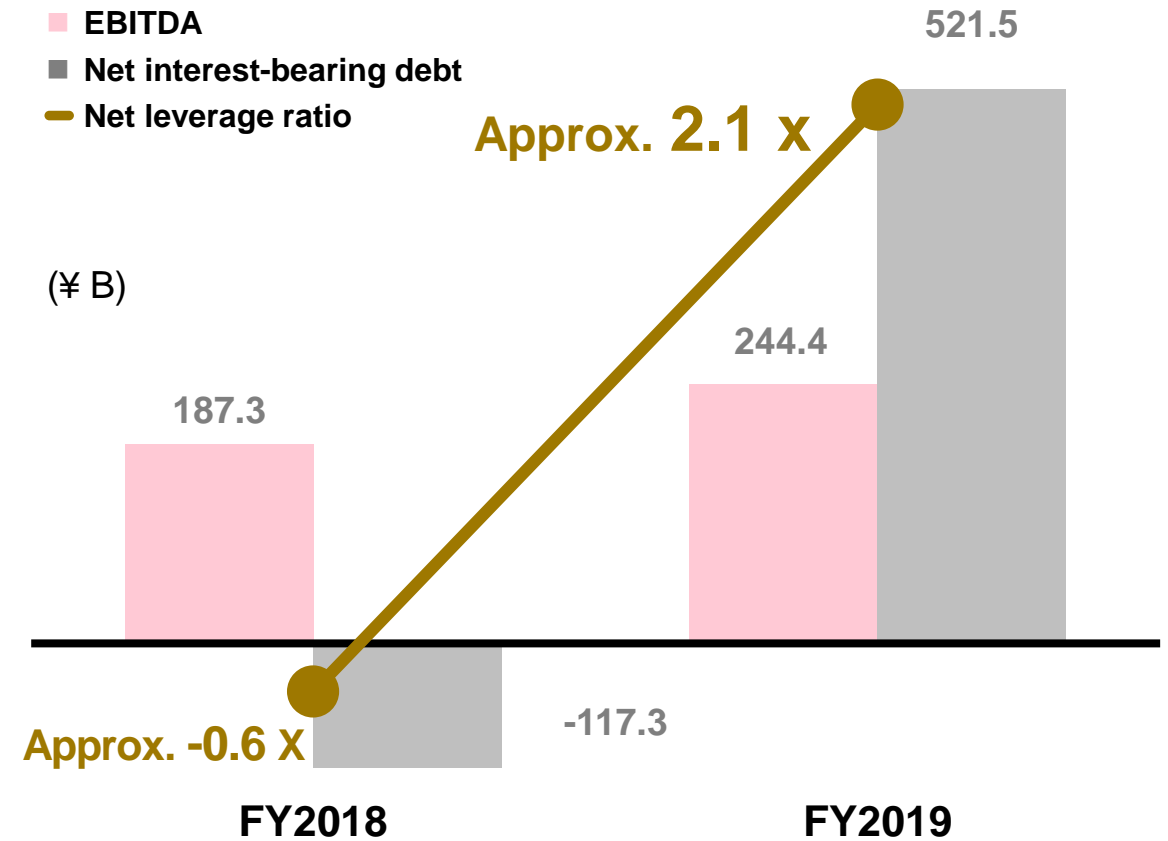
(Excludes banking business)



Note: Net interest-bearing debt = Interest bearing debt – Cash and cash equivalents
Includes impact of application of IFRS 16.

Net leverage ratio

(Excludes banking business)



Note: Net leverage ratio = Net interest-bearing debt/EBITDA
Includes impact of application of IFRS 16.

Major funding

Category	Events	Purpose/effect	Balance FY2019 Q4	Timing
Bank loan	Syndicated loan	Acquisition of ZOZO shares	¥389.1B ^{*1}	Nov. 2019
Funding using joint management money trust	Securing of new funding method	Working capital	¥55.5B	Nov. 2019-
Securitization	Securitization of credit card receivables	Working capital for credit card business	¥85.0B	April 2019- ^{*2}
Bonds	Change in/new acquisition of credit rating	Rating and Investment Information (R&I): A+ → AA- Japan Credit Rating Agency (JCR): A+ (New)	—	June 2019
	Additionally issued: ¥230B	Mid-long capital Working capital, etc.	¥354.3B ^{*3}	July 2019

*1 Contract amount: ¥400B, amount shown here is the balance.

*2 Securitization began in FY2017.

*3 Issued amount: ¥360B

From Y to Z — Structure that creates a greater future

Z HOLDINGS

President & Representative Director
Kentaro Kawabe

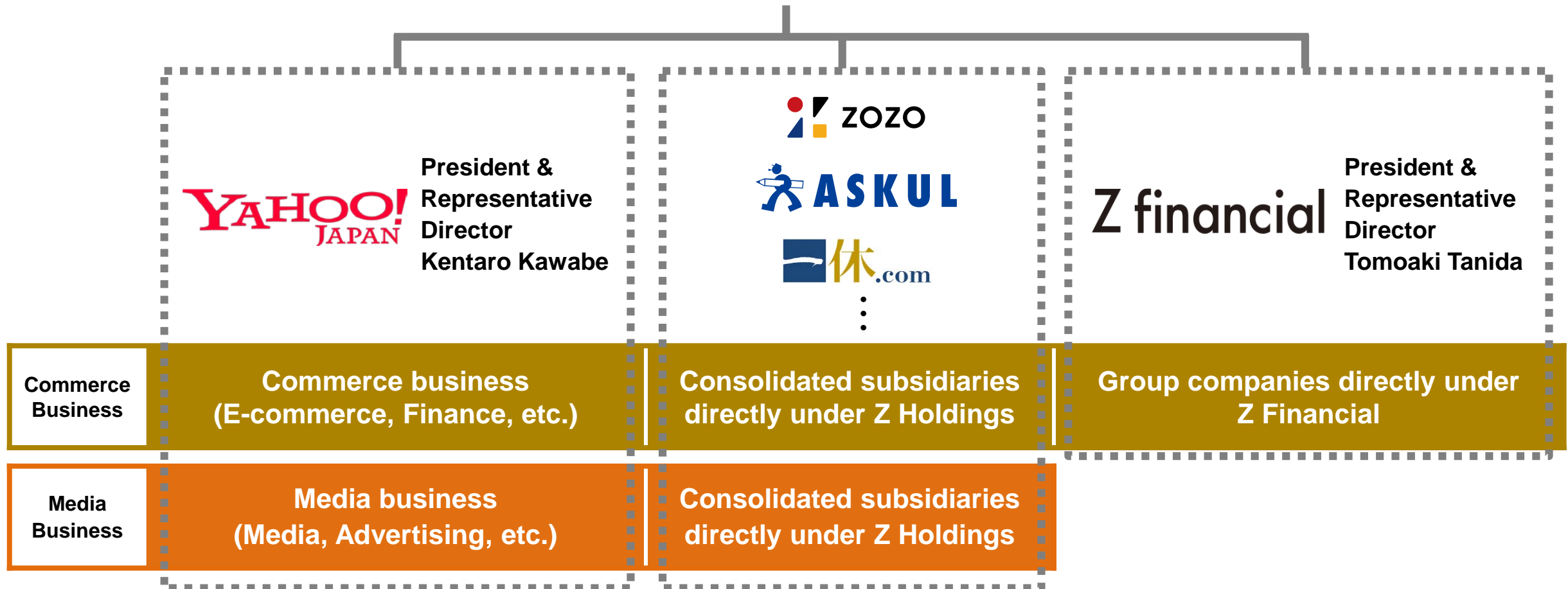
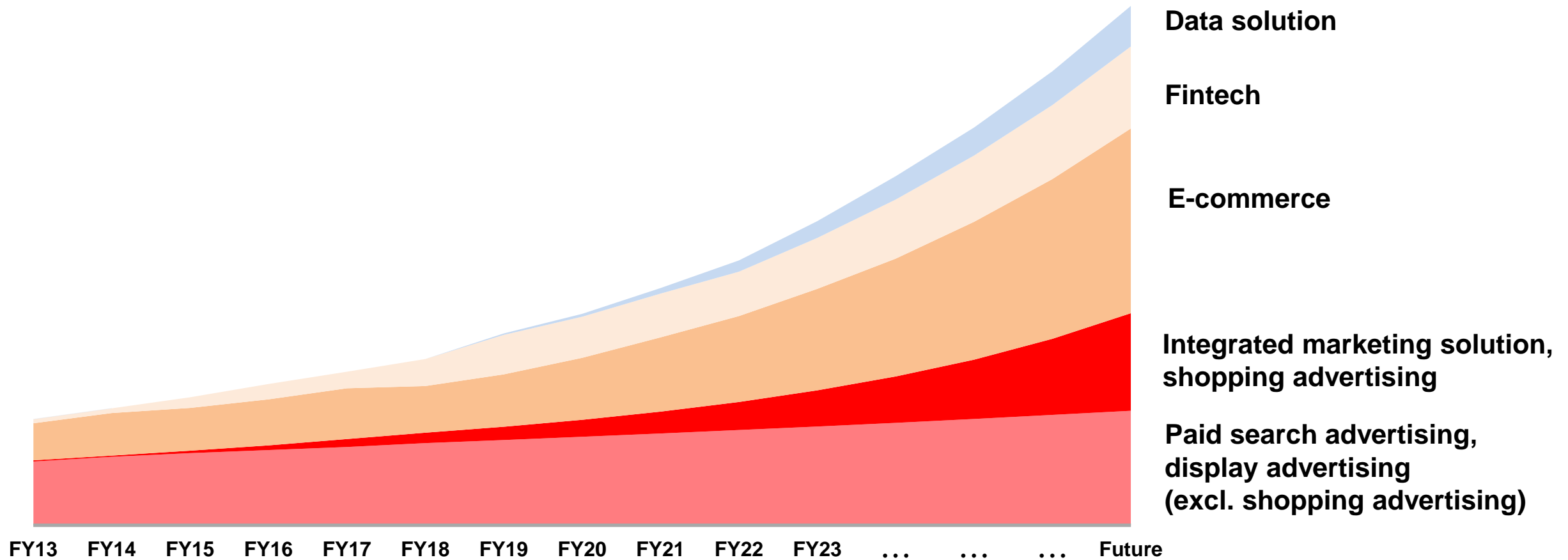


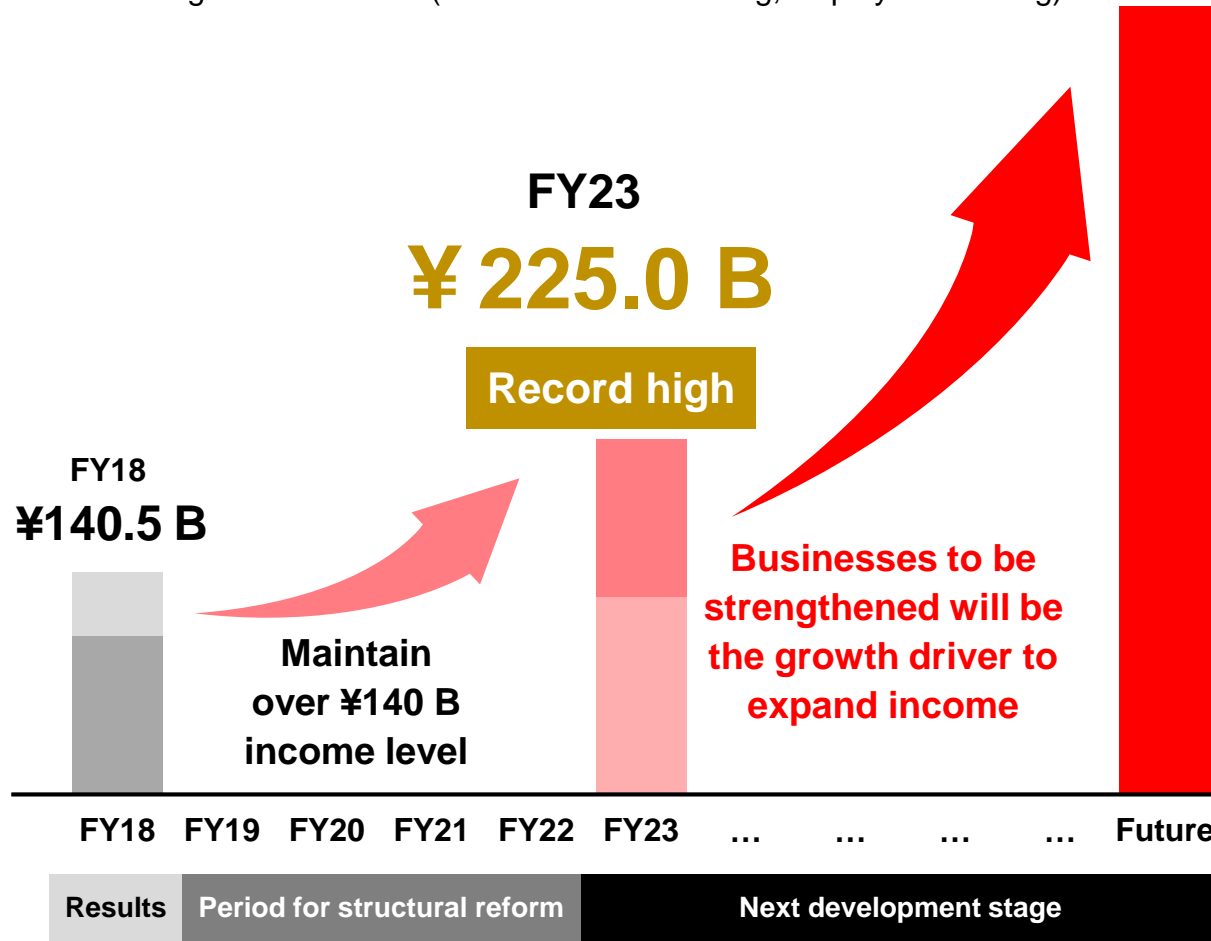
Image of Our Long-Term Revenue Composition

We will continue to grow while drastically changing our revenue composition to meet the changes in the business environment



Operating Income – Long-Term Outlook

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



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

FY19 – FY22

By investing in measures to expand users and EC transaction value, and startup of new businesses, etc., achieve:

▶ Double-digit revenue growth

FY23 – Future

By monetizing users' activated economic actions:

▶ Bring income to an expansionary phase

Z Holdings – Service Map

Media

TOP page
 Weather/Disaster
 News
 Finance

Knowledge search
 Sportsnavi (Sports news site)
 GYAO! (Video streaming)

Retty (Restaurant information)
 kurashiru (Recipe video service)

Commerce

Shopping
 Auction

PayPay Mall
 PayPay Flea Market

ZOZO (Fashion online shopping)
 ASKUL (B to B EC)
 LOHACO (B to C EC)

Digital Contents

Fortune telling
 Game
 ebookjapan (Digital books)

O2O

Real estate
 Travel booking
 Restaurant reservation

Ikyu.com (Hotel)
 Ikyu.com (Restaurant)

Local Information

Transit information
 Map

Car navigation

Search

Search
 Real-time search
 Beauty

Vocal assistant
 Job Search

Finance/Payment/Fintech

Credit card
 Online wallet
 PayPay (Smartphone payment)
 TaoTao (Cryptocurrency trading)

YJFX (FX)
 The Japan Net Bank (Internet banking)
 Blockchain

Z HOLDINGS Customer Base

No. of users: Approx. 80 mil^{*1}
No. of business clients: Approx. 3 mil^{*2}

For corporations

YAHOO! JAPAN Marketing Solutions
 Sponsored search
 Yahoo! JAPAN Display Ad Network
 Premium
 Research
 Crowdsourcing

Data/AI

DATA SOLUTION
 Scoring service

PIM

e-Mail
 Calendar

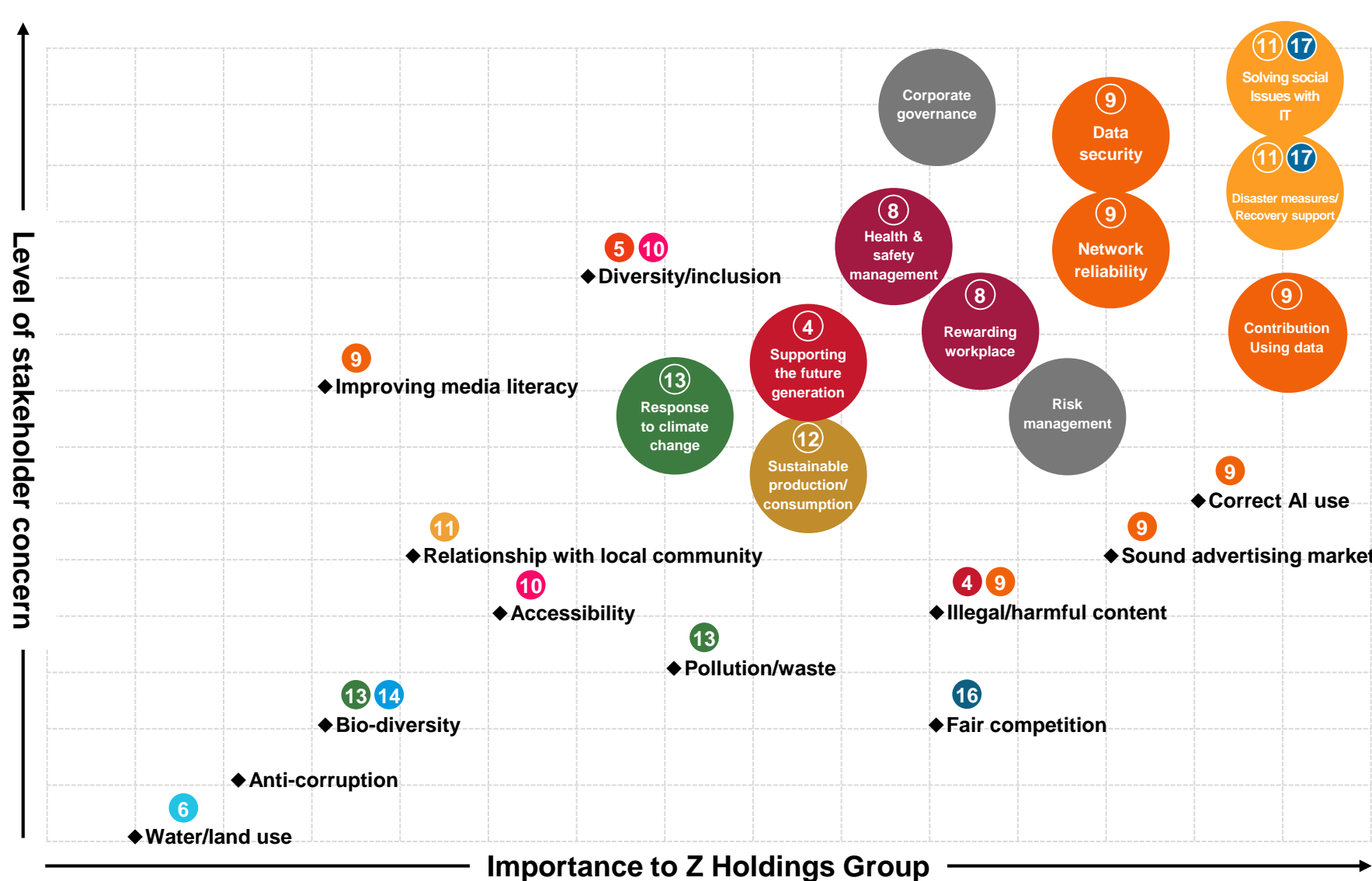
CSR

Kids
 Internet fund raising

*1 Annual logged-in user IDs.

*2 Total of business clients of major services, e.g. Yahoo! JAPAN's advertising clients, tenants of Yahoo! JAPAN Shopping, PayPay merchants, ASKUL's monthly active corporations, etc. **54**

Materiality Matrix for Z Holdings Group



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

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

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

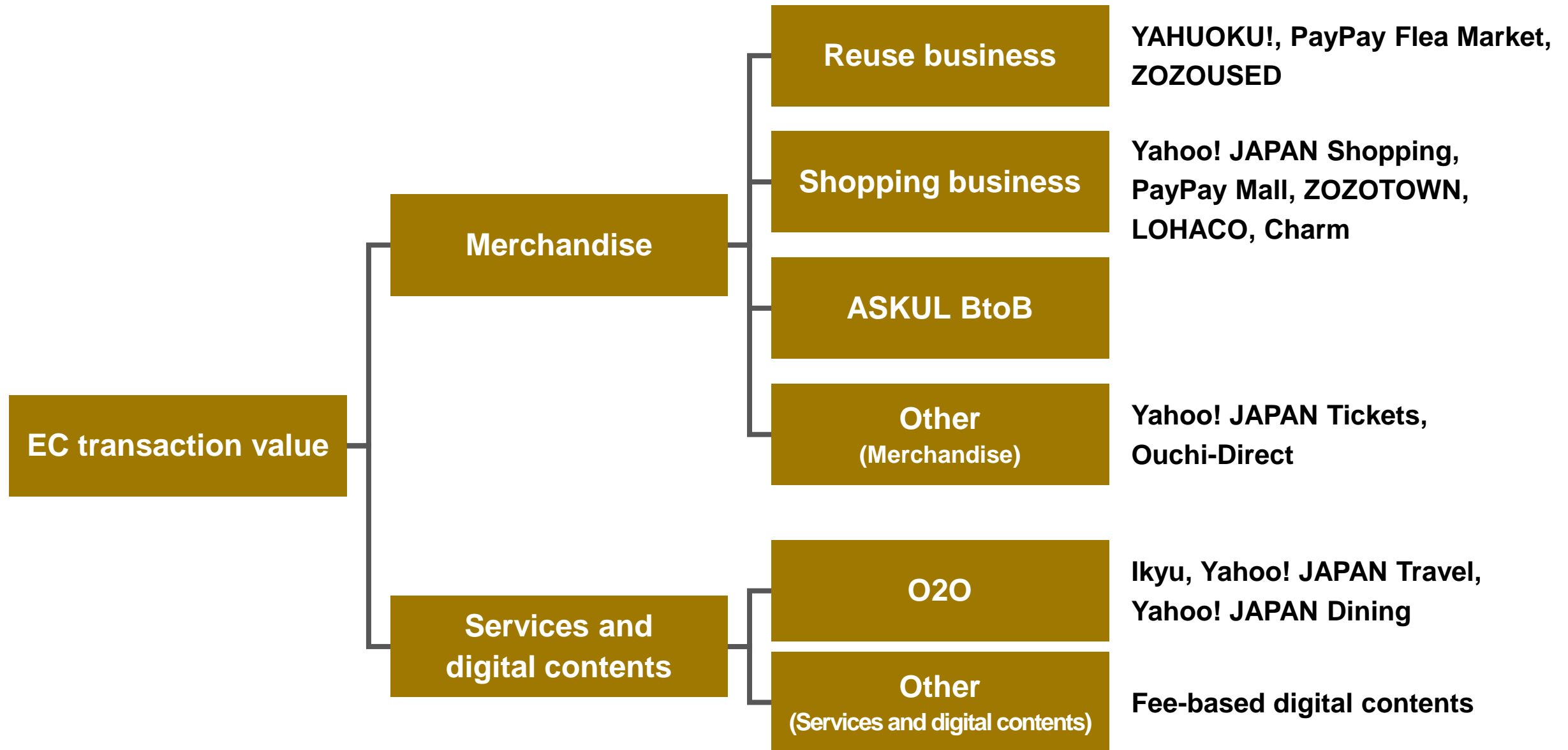
Business Segment Breakdown

Commerce Business	Advertising	Display advertising (“Premium Advertising”), ZOZO
	Business Services (For corporations)	ASKUL, ZOZO, Affiliate-related services, Reservation-related services, Corporate system-use fees of YAHUOKU!, Payment-related services, Banking-related services, Credit card-related services and others, Real estate-related services
	Personal Services (For individuals)	LOHACO, ZOZO, Yahoo! JAPAN Premium, Personal system-use fees of YAHUOKU!, Credit card-related services, Pet supplies-related services, Telecommunications carrier-related services, Banking-related services, E-book-related services, FX-related services and others, Payment-related services
	Others	Banking-related services
Media Business	Advertising	Paid search advertising “Sponsored Search”, Display advertising (“Yahoo! JAPAN Display Ad Network (YDN)”, “Premium Advertising”)
	Business Services (For corporations)	Media-related services, CRM-related services and others
	Personal Services (For individuals)	Video-related services and others
Others	Advertising	
	Business Services (For corporations)	Utilities payment-related services and others
	Personal Services (For individuals)	Yahoo! JAPAN Mail, Yahoo! JAPAN Address Book, Utilities payment-related services and others

Note: The contracts of business services are concluded with corporations; the contracts of personal services are concluded with individual users.

The same product may be classified in different segments depending on the contractor.

Definition of EC Transaction Value



Advertising Products

Advertising Products			Main Format	Fee Calculation	Placement Pages	Main Advertiser Base
Paid search advertising	Sponsored Search®		Text	Per-click rate (Performance-based) *2	Search results pages	Major corporations Small and medium-sized companies
Display advertising	YDN and others	Yahoo! JAPAN Display Ad Network (YDN) *1	Text Banner		Per-view rate (Performance-based) *2	
			Video			
	Premium Advertising	Brand Panel Prime Display Others	Rich ads (including video) Banner	Per-impression page view rate (Guarantee-based) *3	Yahoo! JAPAN Shopping	Major corporations
		Banner ads Text ads Others	Text Banner	Per-guaranteed period rate, etc. (Guarantee-based) *3		
		PR Option		Conversion-based		Yahoo! JAPAN Shopping stores

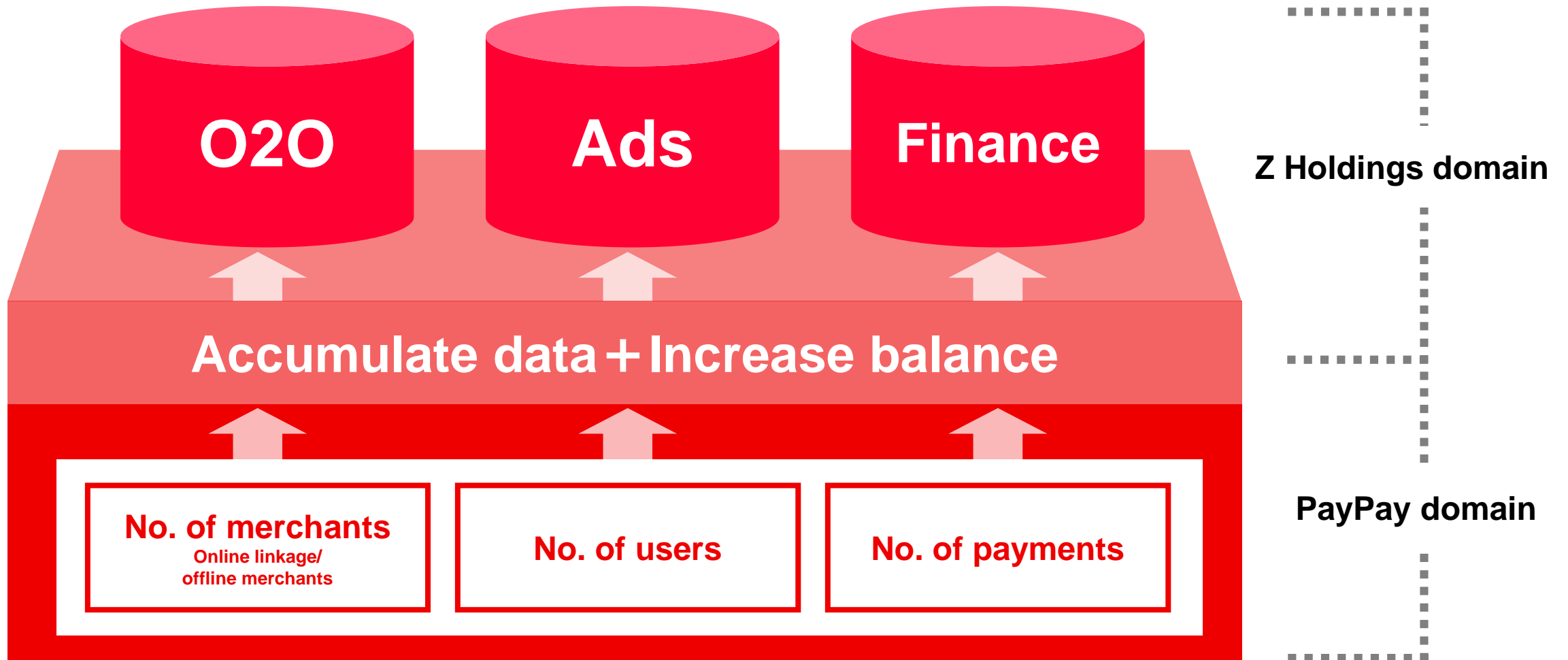
*1 Includes In-feed advertising on timeline view pages.

*2 Advertising that is programmatically or manually managed on a real-time basis to optimize advertisings effects.

*3 Advertising for which specific placement is reserved in advance.

*4 Includes listing fee of 3% for PayPay Mall.

Maximize the base and develop various earning pillars



PayPay Corporation – Capital structure

		May 2018 (At founding)	May 2019	As of end of March 2020
		Shareholding ratio	Shareholding ratio	Shareholding ratio
Common stock	Yahoo Japan	50 %	25 %	25 %
	SoftBank	50 %	25 %	25 %
	SoftBank Group	-	50 %	50 %
	Total	100 %	100 %	100 %
Preferred stock*	Yahoo Japan	-	-	50 %
	SoftBank	-	-	50 %
	SoftBank Group	-	-	-
	Total	-	-	100 %

* April 2020 onwards, may be converted to common stocks (conversion rate=1:1)

Voting rights ratio after conversion: 36%

YAHOO!
JAPAN

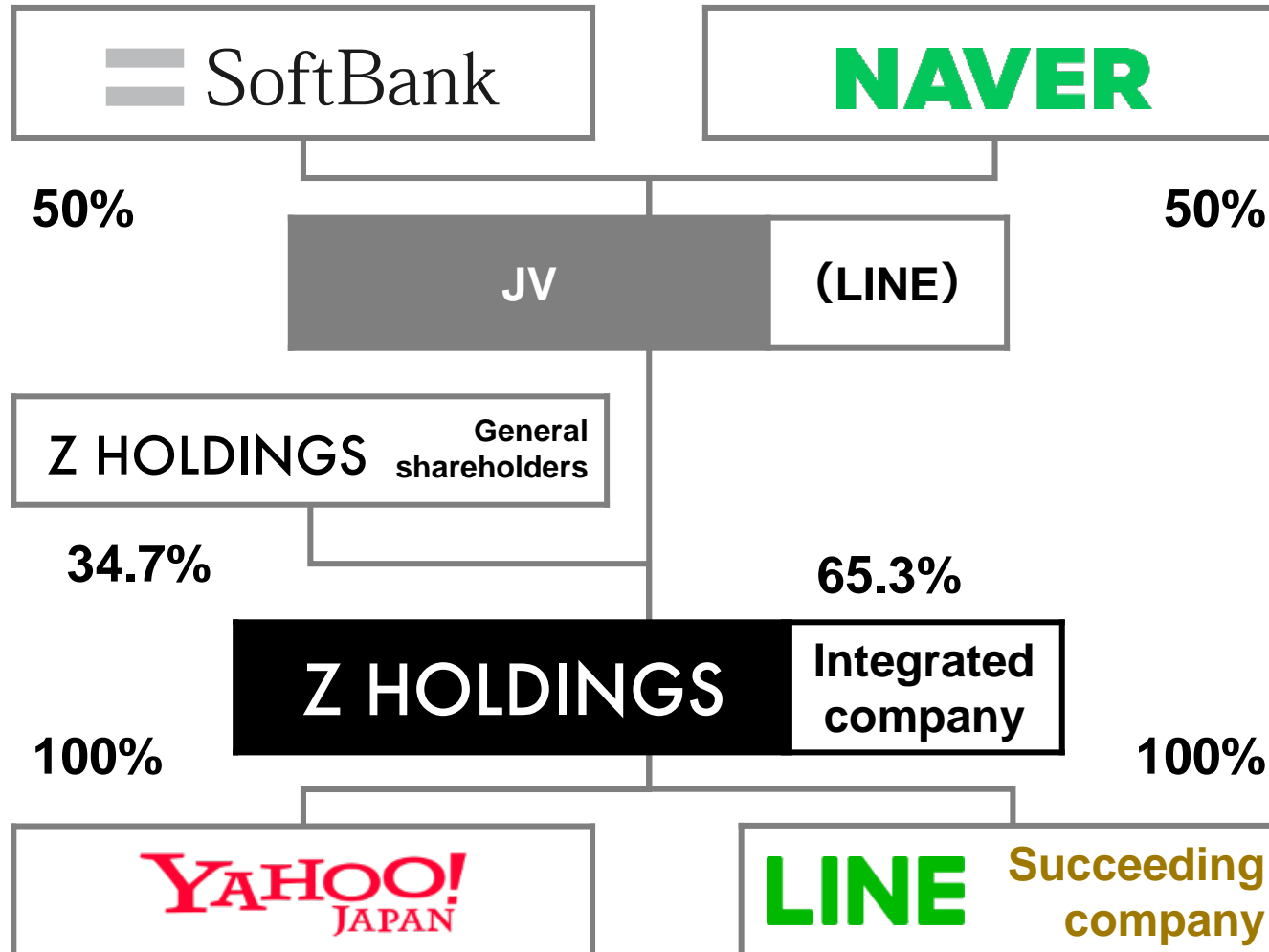
Voting rights
ratio

25.0 %

As of end of March 2020

Business Integration with LINE

Post-integration structure



Exchange Ratio

$$\frac{\text{Z HOLDINGS}}{1} : \frac{\text{LINE}}{11.75}$$

No. of Z Holdings shares
before/after share exchange

4.8 B shares ► 7.7 B shares

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

Disclaimer

Statements made at the meeting or included in the documents that are not historical facts are forward-looking statements about the future performance of Z Holdings Corporation (Company, Z Holdings) 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 “Results for the Fiscal Year Ended March 31, 2020.” Unauthorized use of the information or the data in this document is not permitted.

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Z HOLDINGS

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