Last updated: 12/22/2021

Value Creation Process

Z Holdings Group is organically leveraging our financial and non-financial capital to reduce social and environmental costs while creating new value.

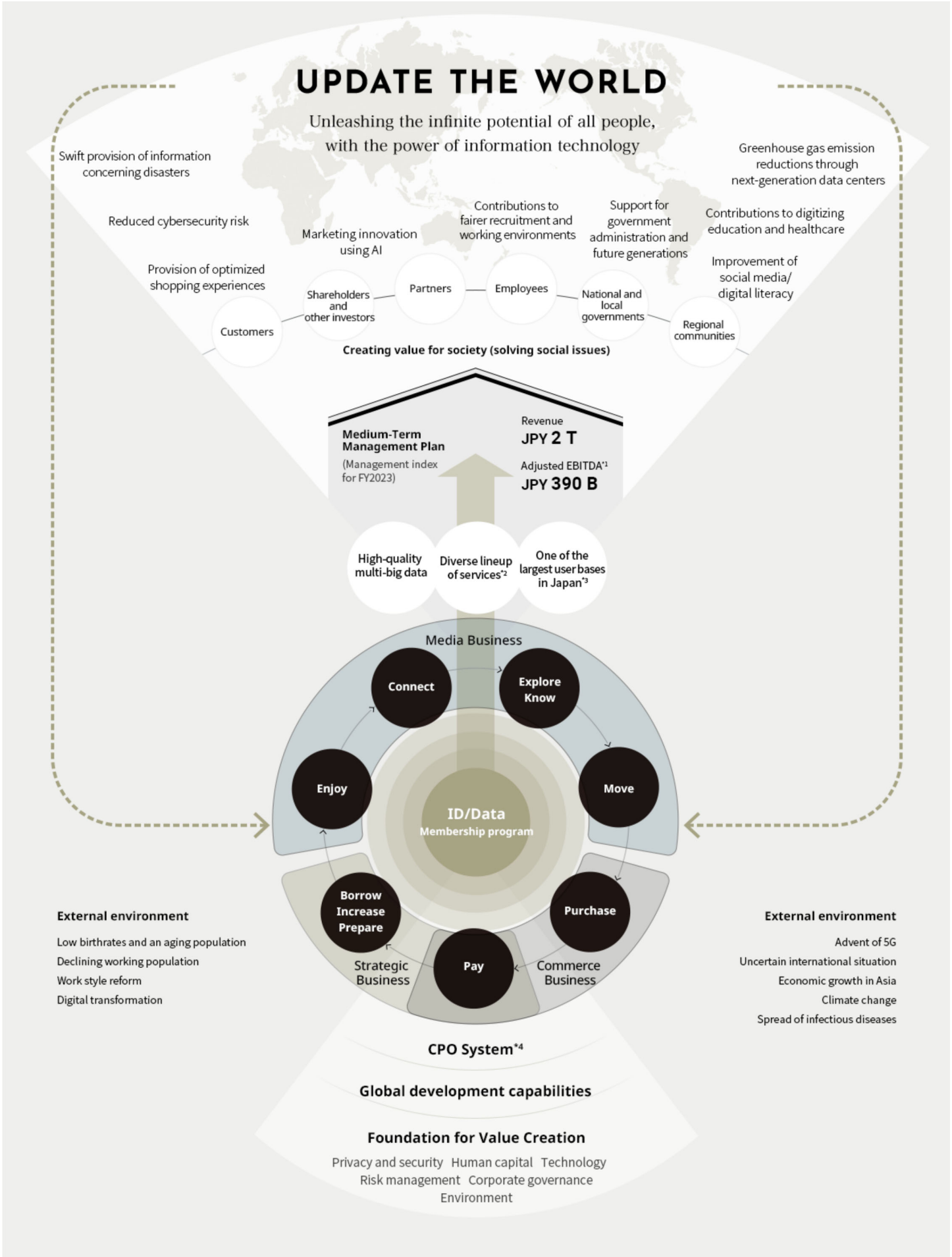
Approach to Value Creation

Realizing the Group's Mission to UPDATE THE WORLD by Creating Solutions That Balance Profit Generation with Solving Social Issues

We strive to accurately monitor conditions in our business environment, analyze the risks and opportunities these present, and then identify the key issues we need to address to realize sustainable growth*1.

These key issues are considered as we leverage the Group's strengths of a diverse lineup of services and one of the largest user bases in Japan to create new data solutions that not only generate further profits, but also contribute to solving social issues. We think that this will enable us to realize the Group's mission of "UPDATE THE WORLD—Unleashing the infinite potential of all people, with the power of information technology."

> *1 Key issues we need to address to realize sustainable growth (Materiality) (Revised 2022.3)
> Value Creation History
> Solving Social Issues
> Medium-to Long-term Management Index and KPIs



> *1 Adjusted EBITDA: Operating income + Depreciation & amortization ± EBITDA adjustment items EBITDA

adjustment items: Gains/losses on non-recurring and non-cash transactions within operating revenue and expenses (loss 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.)
> *2 The Z Holdings Group holds a large number of intellectual property rights as “proof of safety and security” to ensure that its users can use its services for a long time and that its business partners can collaborate and cooperate with peace of mind.
> *3 User base: Yahoo! JAPAN　Number of monthly logged-in user IDs)— 54.58 million, LINE MAU (four main countries and regions)—173 million (as of September 30, 2021)
> *4 After the business integration with LINE, the Product Committee was established as a subsidiary body of the Board of Directors. Its role is to make decisions about products provided by Z Holdings, subject to compliance with laws and regulations. It is responsible for the growth (not only KPIs, but also revenue and income) of all products of the Z Holdings Group, for important decisions relating to the planning, development, and introduction/cancellation of key products, as well as for funding, sales and expenditure budgets, the allocation of human resources, and other matters, in accordance with business plans and the policies of the Board of Directors. Jungho Shin, a member of the Product Committee, has been placed in charge of these matters as Group Chief Product Officer (GCPO) with a term of office of three years.

Capitalizing on Dramatic Social Change

Creating New Businesses and Services That Respond Precisely to Social Needs

The advancement of information technology is creating great changes in the business environment around the Group. The commercialization of the 5G next generation communications standard and the rapid spread of AI, IoT, and big data use are changing lifestyles and spurring a wave of digital transformation that is altering the very structure of industry.

Furthermore, global climate change is becoming more severe and in Japan, low birthrates, an aging population, and the decline of the working population are forcing changes in how people work. It is hoped that information technology can be used to solve these issues.

As the value of big data rises at an accelerating pace, driven by the merging of online and offline worlds, the Group will evolve into an organization that creates services and businesses that utilize our wealth of big data to realize both economic development and solutions to social issues.

Creating Value That Fully Leverages Our Competitive Edge

Improving User Experiences through Collaboration between Services

We provide a wide array of services that comprehensively address user actions, such as connecting, exploring, knowing, moving, purchasing, paying, borrowing, increasing, preparing, and enjoying, which in turn delivers convenience to users in various lifestyle settings. In this way, we realize consistently high-quality user experiences both online and offline.

Promoting Traffic Referral Between Services

We actively promote collaboration between each of the Group's services to provide even more convenience to our users. This enables us to propose new services to users in a way which would not be possible with just a single service.

Promoting Cross-Sectional Utilization of Data That Transcends Boundaries

We accumulate multi-big data gathered from our diverse range of services, both online and offline, efficiently and in real time. We use this data through systems centered on "kukai," a supercomputer that specializes in deep learning processing. This wealth of information enables us to create unique services that deeply understand our users.

Addressing the Key Issues for Sustainable Business Development

Respecting Privacy and Strengthening Information Security

The Group consistently takes a user-first perspective as we aim to improve services to realize sustainable growth. Therefore, we are responding to changes in society by continually strengthening information security and positioning respect for privacy as our top priority. In addition, the Special Advisory Committee on Global Data Governance, which is made up of external experts, was established to verify and evaluate the handling of data within the Z Holdings Group from the perspectives of security and governance. In response to the Special Advisory Committee's recommendations, Z Holdings will further promote and strengthen the initiatives that are already in place and implement new initiatives to strengthen the governance of the entire Group.

> Security and Privacy
> Establishment of a Special Advisory Committee

Maximizing the Performance of Our People

Our people are one of the sources of the Group's value creation so securing highly skilled, diverse personnel and maximizing their performance is a key issue. To this end, we are establishing systems and frameworks that motivate employees and raise the quality of their work. We are also consistently practicing health and productivity management, including establishing work environments that maximize performance by keeping employees in the best possible physical and mental condition.

> Promises to Our Employees
> Diversity
> Human Capital Development and Training Programs
> Promotion of Health and Productivity Management

Strengthening Our Technological Foundation

The technological capabilities we have cultivated since our founding in 1996 have supported the Group's growth. We strive to acquire the technologies that will create the future so that we can make people's lives more convenient and contribute to the development of an IT society. The Group's Yahoo Japan Corporation ensures fair and free competition by focusing on risk evaluation that respects other companies' intellectual property rights, while constructing and using an intellectual property portfolio around our own patents and others. The outcome of this R&D, as well as our intellectual properties, are open to external users in the form of open source software, etc. with which we hope to contribute to the development of an IT society.

> Research and Development
> Intellectual Property
> Human Capital Development and Training Programs
> Yahoo! JAPAN Tech Blog (Japanese only)

Thorough Risk Management

We define risks that may occur in the pursuit of business activities from four perspectives—E (Environmental), S (Social), G (Governance), and B (Business)—and manage them on a Groupwide basis. At the same time, we practice thorough risk management that anticipates the impact of events such as sudden accidents and natural disasters on both our facilities and our business. We have also established various working groups to engage in intensive discussions about important themes, such as human rights and the prevention of money laundering.

> Risk Management

Strengthening Governance Systems

We have positioned corporate governance as an essential function for increasing medium- to long-term corporate value. We strive to strengthen governance systems so we can practice management that benefits all shareholders, including minority shareholders. We have established a Governance Committee, which is made up of independent outside directors, as an advisory body for the Board of Directors. It deliberates on important matters, especially in relation to Group governance.

> Corporate Governance

Reducing Our Environmental Footprint (Measures to Tackle Climate Change)

We work to reduce the environmental footprint associated with our business activities, with a special focus on measures for tackling climate change. Based on this approach, we are implementing initiatives such as introducing new technology that improves energy efficiency, continuously upgrading facilities, and investing in new facilities.
In June 2020, we agreed with the TCFD* recommendations and became a supporter. Going forward, we will enhance disclosure regarding the Group's initiatives to realize a sustainable society.
Yahoo Japan Corporation, which is a core member of the Group, has announced the FY2023 100% Renewable Energy Challenge, under which it aims to achieve a 100% transition to renewable energy for electricity used for business operations such as in data centers by fiscal 2023. In July, we became the first company in the Japanese Internet sector to implement a green bond issue. Another Group company, ASKUL Corporation, has pledged the 2030 CO2 Zero Challenge and is working toward this goal by switching to renewable energy and introducing electric vehicles.

* Task Force on Climate-related Financial Disclosures. An organization established at the request of G20 to consider how climate-related information should be disclosed, how financial institutions should respond, and other matters.

> Environmental initiatives
> Green bond issue
> Yahoo! JAPAN Declares "FY2023 100% Renewable Energy Challenge"
> ASKUL "2030 CO2 Zero Challenge" (Japanese only)
> Carbon Neutrality Declaration

Copyright (C) Z Holdings Corporation. All Rights Reserved.