

**Outline of Q&A Session at the Briefing Session for Sell-side Analysts and
Institutional Investors Regarding the Business Integration with LINE Corporation
(Held on November 18, 2019)**

Please note that the content has been supplemented, edited, and reordered for greater clarity and ease of understanding.

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Q: What kind of social issues do you think you can solve with this business integration?

A: We think of our users first. We think that there may be inconveniences if the services are divided between Yahoo! JAPAN and LINE, thus we would like to create scenes that will be beneficial to the users as a result of the integration. For example, Yahoo! JAPAN provides an app on disaster prevention and LINE provides a service that connects information from local governments. If we can link these services, we have the possibility of contributing to disaster reduction even more. Furthermore, when we make new services, leveraging the size of both companies, we will be able to make bigger services which will be proliferated at a faster speed, which will also be an advantage.

Q: In the short term, there is a big disadvantage derived from the dilution of shares. Please let us know how you intend to create synergies that can offset the dilution.

A: As an integrated company, we intend to create new values in the four synergy areas (① marketing, ②attracting customers, ③Fintech, and ④new business/system development), and to grow EPS in mid-long term so that our minority shareholders can benefit. Mergers and abolitions of services and synergy effects will be discussed in detail after the reviews by the government agencies are completed, thus until the integration, the two companies will continue to compete with each other.

Q: In order to compensate for the dilution of EPS, simply calculated, a synergy effect of JPY 80 – 90 billion in operating income would be desired. How much impact do you expect from each of the four synergy areas?

A: We fully understand that EPS will be temporarily diluted, but we think that multiple synergy effects will generate more value than the dilution.

In the short term, synergy effect in the marketing business. Our products are complementary: Yahoo! JAPAN is strong in advertising and LINE is strong in sales marketing using LINE

accounts. If we can integrate these solutions, we will have a compound synergy effect that is larger than a simple addition of the two. Furthermore, if we can attract LINE users to Yahoo! JAPAN's e-commerce services, there is a big room for us to grow the transaction value even further. We would like to utilize the collaboration know-how we have accumulated with SoftBank subscribers in our e-commerce business.

In the mid-long term, we look forward to the synergy effects in the Fintech area. We will be able to expect a constant rate of finance revenue as the payment transaction value increases.

Q: You say that you will create synergy effects after the business integration is complete. Considering the industrial trends, a year of non-collaboration is too long. Is there something you can do before the integration is complete?

A: Specific process will be pursued by the clean team (administrative division) that has no impact on business. Due to regulatory restraints in both Japan and the U.S., the business divisions cannot take actions before the business integration but we will do our best so that the integration will be completed as soon as possible.

Q: About how many users overlap between Yahoo! JAPAN and LINE? In addition, to what extent can the transaction value be increased as a result of referral of LINE users to Yahoo! JAPAN's e-commerce?

A: Both companies have enormous user bases, thus we think that there are overlaps. However, what is important is that our reach will become extremely wide. The effect of traffic referral of LINE users to Yahoo! JAPAN's e-commerce will probably become clear in about a year from the start of collaboration. When the time comes when we can make specific calculations, we will incorporate them in our business plans.

Q: You say that you will accelerate AI investments. Will this have a short term negative impact on earnings?

A: The two companies together already have an investment size of JPY 100 billion per year. It does not mean that another JPY 100 billion will simply be added to this. We will increase our investment capacity through cost reductions, etc., so that we can create a big future even more than before. We cannot tell you the exact investment amount until after the integration, but we will let you know as soon as it is decided.

Q: Are there areas in AI where Yahoo! JAPAN and LINE can complement each other?

A: In general, it is difficult to make AI for general purpose. The algorithm of AI is changed by the characteristics of each service and product. AI algorithms are different for each service

in both companies, thus by mixing the personnel and knowhow, both AI engines will improve and ultimately will lead to service improvement and strengthening of monetization engine.

Q: Can you share the data of both companies?

A: We will consider this in detail when the integration is completed. Z Holdings Corporation (“ZHD”) has revised its privacy policy on October 1, and a structure is in place so that the group companies can share data based on user consent. We think that we will proceed with this after the integration is complete based on user consent.

Q: Is there a change in your outlook of JPY 225 billion in operating income for FY2023?

A: At this point, LINE is a separate company, thus, there is no change in ZHD’s mid-term plan. However, we will probably revise the plan when we integrate. Top line, such as revenue, etc. should increase, thus, operating income of JPY 225 billion will probably become a checkpoint. We have to make plans including the amount of AI investments so that we can decide how we will uplift the income level.

Q: When integrated, I think there will be a big impact on the operating income because as a result of PPA, amortization of mainly customer assets will occur. Wouldn’t it be better to change the target of the mid-term management plan from operating income to EBITDA?

A: At this point, we cannot comment on PPA. The consolidation of ZOZO is finalized, thus we are feeling that it is difficult to make explanations with operating income alone. Therefore, we would also like to flexibly revise our management index.

Q: Is there a cash out on the part of ZHD in Steps 1-3 in the transaction structure noted in the presentation material?

A: No.

Q: You explained that the final agreement will be signed around the year end. When will TOB be completed?

A: We cannot tell you the details of the schedule. Our priority will be to clear the competition law, and the tender offer will be after the review is completed. We think that this will take 9 – 10 months.

Q: Will the two companies be able to prepare PMI while the authorities are reviewing the merger?

A: Discussions can be made by the clean team (administrative division) that is not involved

in business, but they cannot discuss business.

Q: In terms of the review by the Fair Trade Commission, do you think that you will be able to obtain approval without problem?

A: We are not in the position to comment on this. This is all up to the decision of the authorities. However, in terms of payment, cash payment constitute roughly 70% and around 30% is cashless payment. Out of the 30%, credit card payment is predominant. Mobile payment is a new area yet to start rolling, so we want to expand this business together.

Q: I think that Yahoo! JAPAN's market share in the Fintech area is relatively low. Are you going to continue accelerating your initiative to strengthen the Fintech area through M&A, etc.? Or will it slow down so that you can focus on PMI with LINE?

A: PayPay's cumulative registered users has exceeded 20 million, and the user base is expanding. Thus, we would like to accelerate monetization. As for M&A, we continue to seek for all possibilities.

Q: Like GAFA, do you have plans to enter into the fields of hardware?

A: The two companies will discuss this after the integration. Together, the two companies aspire to update the Japanese society and to counter the U.S. and Chinese tech giants. Having said this, our room for investment is limited compared to them, thus, we want to decide on focus areas and provide new services. The focus will probably center in AI, but we are open to all possibilities, and this would include hardware.