

## Results for the Three Months Ended June 30, 2020 (FY2020-1Q) [IFRSs]

July 31, 2020

Company Name: Z Holdings Corporation Share Listings: 1<sup>st</sup> section of TSE  
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Fiscal Results Supplementary Briefing Materials to Be Created: Yes

Fiscal Results Investors Meeting to Be Held: Yes (for Financial Analysts)

(Amounts less than one million yen are omitted)

### 1. Consolidated Results for FY2020-1Q (April 1, 2020 - June 30, 2020)

(1) Consolidated Business Performance (April 1, 2020 - June 30, 2020)

(Figures in parenthesis are % change YoY)

	Revenue	Operating income	Income before income taxes	Net income	Net income attributable to owners of the parent	Total comprehensive income
	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)
FY2020-1Q	273,879 (14.8)	50,632 (40.0)	44,928 (8.6)	27,542 (-1.1)	22,750 (-16.9)	28,979 (7.3)
FY2019-1Q	238,634 (2.9)	36,164 (-24.0)	41,360 (-14.7)	27,837 (-14.7)	27,379 (-16.2)	27,005 (-26.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020-1Q	4.78	4.78
FY2019-1Q	5.40	5.40

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
FY2020-1Q	3,980,316	1,031,952	752,943	18.9
FY2019	3,933,910	1,047,823	771,548	19.6

### 2. Dividends

(Record date)	Dividends per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2019	—	0.00	—	8.86	8.86
FY2020	—	—	—	—	—
FY2020 (Estimates)	—	—	—	—	—

(Note) Estimate for dividends to be paid for fiscal year ending March 31, 2021 is yet to be determined.

### 3. Consolidated Performance Estimates for FY2020 (April 1, 2020 – March 31, 2021)

The forecast of business results for the fiscal year ending March 31, 2021 has yet to be determined on a reasonable basis at this point, due to the spread of the novel coronavirus (COVID-19). Announcements will be made when reasonable forecast can be made in the future.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in significant subsidiaries causing changes in scope of consolidation): None

(2) Changes in the accounting principles, procedures and presentation methods

1) Changes due to IFRSs: None

2) Changes other than 1): None

3) Changes in accounting estimate: None

(3) Number of stocks issued (common stock)

1) Number of stocks issued at year end (including treasury stocks)

2) Number of treasury stocks at year end

3) Average number of stocks

FY2020-1Q	4,822,575,565	FY2019	4,822,507,465
FY2020-1Q	60,084,521	FY2019	60,061,000
FY2020-1Q	4,762,450,094	FY2019-1Q	5,069,552,864

\* The Results for the Three Months are not subject to the quarterly review by certified public accountants or audit corporations.

\* Explanation of the proper use of performance estimates, and other special notes

- The forecast of business results for the fiscal year ending March 31, 2021 has yet to be determined on a reasonable basis at this point, due to the spread of the novel coronavirus (COVID-19). Announcements will be made when reasonable forecast can be made in the future.

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# 1 Qualitative Information regarding the Consolidated Operating Results

## (1) Qualitative Information regarding the Consolidated Business Performance

### 1. Business Results Summary (April 1, 2020 to June 30, 2020)

#### ■ Highlights

- The revenue for the consolidated first quarter of the fiscal year ending March 31, 2021 increased 14.8% year on year, mainly due to the expansion of the Commerce Business such as the consolidation of ZOZO, Inc.
- Net income attributable to owners of the parent decreased 16.9% year on year, impacted by the recognition of gain on change in equity interest of PayPay Corporation of ¥10.8 billion in the same quarter last year.

	FY2019 1Q	FY2020 1Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥238.6 billion	¥273.8 billion	+¥35.2 billion	+14.8%
Operating income	¥36.1 billion	¥50.6 billion	+¥14.4 billion	+40.0%
Income before income taxes	¥41.3 billion	¥44.9 billion	+¥3.5 billion	+8.6%
Net Income attributable to owners of the parent	¥27.3 billion	¥22.7 billion	-¥4.6 billion	-16.9%

The revenue for the consolidated first quarter of the fiscal year ending March 31, 2021 amounted to ¥273.8 billion, an increase of ¥35.2 billion (+14.8%) compared with the same period last year. This was mainly due to the consolidation of ZOZO, Inc. in November 2019, and the increase in the revenues of eBOOK Initiative Japan Co., Ltd. and YJ Card Corporation.

Operating income and income before income taxes increased year on year, due to the consolidation of ZOZO, Inc., increase in operating income of the Commerce Business because of profit improvement of the ASKUL Group, etc., and the reduction of sales promotion costs mainly in Yahoo Japan Corporation.

Net income attributable to owners of the parent decreased year on year, affected by the recognition of gain on change in equity interest of PayPay Corporation of ¥10.8 billion in the same quarter last year.

## 2. Segment Business Results Summary (April 1, 2020 – June 30, 2020)

### Revenue and Operating Income by Segment

	FY2019 1Q	FY2020 1Q	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Commerce Business				
Revenue	¥165.1 billion	¥205.8 billion	+¥40.6 billion	+24.6%
Operating income	¥16.6 billion	¥36.3 billion	+¥19.6 billion	+118.0%
Media Business				
Revenue	¥72.8 billion	¥67.5 billion	-¥5.3 billion	-7.3%
Operating income	¥35.0 billion	¥33.5 billion	-¥1.5 billion	-4.4%
Others				
Revenue	¥2.1 billion	¥1.7 billion	-¥0.4 billion	-18.8%
Operating income/loss	¥0.09 billion	-¥0.6 billion	-¥0.7 billion	—
Adjustments				
Revenue	-¥1.5 billion	-¥1.2 billion	—	—
Operating income	-¥15.6 billion	-¥18.5 billion	—	—
Total				
Revenue	¥238.6 billion	¥273.8 billion	+¥35.2 billion	+14.8%
Operating income	¥36.1 billion	¥50.6 billion	+¥14.4 billion	+40.0%

Notes: 1. The Z Holdings Group has transferred part of its services and subsidiaries between segments since April 1, 2020. Major changes include the transfer of the automobile-related services, including a consolidated subsidiary, Carview Corporation from the Commerce Business to the Media Business. Along with this, prior data and comparative figures have been adjusted to the current segments retroactively.

2. Adjustments figures represent inter-segment transactions and general corporate expenses not belonging to any reporting segment.

#### 1) Commerce Business in the First Quarter

Revenue of the Commerce Business rose from the same period last year, contributed by the consolidation of ZOZO, Inc. in November 2019 as well as increase in the Shopping-related advertising revenue (\*1) and expanded revenues of eBook Initiative Japan Co., Ltd. and YJ Card Corporation.

In addition, merchandise transaction value (\*2) amounted to ¥653.6 billion, increasing 37.4% year on year. Number of PayPay payments steadily grew to about 428.5 million (9.0 times year on year) despite the number of offline use being on a declining trend affected by the novel coronavirus.

As a result, revenue of the Commerce Business of the consolidated first quarter amounted to ¥205.8 billion, increasing 24.6% year on year and accounting for 75.2% of total revenue. Operating income increased 118.0% year on year, to ¥36.3 billion.

\*1 Total of the non-consolidated Shopping-related advertising revenue of Yahoo Japan Corporation; advertising revenue of “StoreMatch”, an advertising product in Yahoo! JAPAN Shopping sold by ValueCommerce Co., Ltd. to tenants of Yahoo! JAPAN Shopping, etc.; and listing fees for PayPay Mall. Revenue of Search advertising placed by tenants of Yahoo! JAPAN Shopping, PayPay Mall and that of Yahoo! JAPAN Ads (programmatic-based) are recorded in the advertising revenue of the Media Business segment.

\*2 Includes transaction values of reuse businesses including YAHUOKU!, Yahoo! JAPAN Government Auctions, PayPay Flea Market and ZOZOUSUED, shopping business transaction value, other (merchandise) transaction value and ASKUL's BtoB-related revenue via the Internet (closing date: 20<sup>th</sup> of every month) from 2Q of FY2015 (one month in 2Q).

## 2) Media Business in the First Quarter

The portion of Display advertising (Programmatic advertising) revenue that is recognized as revenue for the Media Business grew year on year, because of increased traffic of the Media service affected by the novel coronavirus and the successful product measures such as adding of header biddings. By contrast, Search advertising revenue decreased compared to the same period last year primarily due to decrease in advertising placements affected by the novel coronavirus.

As a result, revenue of the Media Business of the consolidated first quarter amounted to ¥67.5 billion, falling 7.3% year on year, and accounted for 24.6% of total revenue. Operating income decreased 4.4% year on year, to ¥33.5 billion.

### Business Segment Breakdown

Commerce Business	Advertising	Display advertising (Programmatic, reservation), 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!, PayPay Flea Market sales commission, 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	Search advertising, Display advertising (Programmatic, reservation)
	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.

### 3. Outlook for Fiscal 2020 (April 1, 2020 – March 31, 2021)

The forecast of business results for the fiscal year ending March 31, 2021 has yet to be determined on a reasonable basis at this point, due to the spread of the novel coronavirus (COVID-19). Announcements will be made when reasonable forecast can be made in the future.

## (2) Qualitative Information regarding the Consolidated Financial Position

### 1. Assets, Liabilities and Equity

#### 1) Assets

Total assets at the end of this first quarter amounted to ¥3,980,316 million, increasing ¥46,406 million, or 1.2% from the end of fiscal 2019. The main components of change were the following:

- The principal reasons for the change in cash and cash equivalents are noted in “Cash Flows” below.
- Trade and other receivables increased from the end of fiscal 2019, mainly due to the increase in the transaction value of the payment-related business.

#### 2) Liabilities

Total liabilities at the end of this first quarter were ¥2,948,363 million, increasing ¥62,276 million, or 2.2%, from the end of fiscal 2019. The major components of change were the following:

- Deposits for banking business increased from the end of fiscal 2019 due to the increase of deposits from customers.
- Interest-bearing debt increased from the end of fiscal 2019 chiefly due to the increase as a result of the issuance of corporate bonds, despite partial early repayment of short-term debts.
- Income taxes payable decreased from the end of fiscal 2019, mainly because of payment of income taxes.

#### 3) Equity

Total equity at the end of this first quarter amounted to ¥1,031,952 million, decreasing ¥15,870 million, or 1.5%, from the end of fiscal 2019. The primary reason for change in equity was as follows:

- Retained earnings decreased from the end of fiscal 2019 because of payment of dividends despite the increase due to recognition of profit for the period attributable to owners of the parent.

### 2. Cash Flows

At the end of this first quarter, cash and cash equivalents amounted to ¥902,578 million, up ¥22,477 million from the end of fiscal 2019, out of which deposit with the Bank of Japan for banking business was ¥414,422 million.

The following are the movements in the main components of cash flow and the factors contributing to the changes for the period under review:

Cash flows from operating activities amounted to a cash outflow of ¥911 million mainly because of the payment of withholding income tax related to dividends within the group companies despite increase in deposits in banking business.

Cash flows from investing activities amounted to a cash outflow of ¥37,370 million, chiefly due to the acquisitions of property and equipment and intangible assets.

Cash flows from financing activities amounted to a cash inflow of ¥60,702 million, attributed mainly to the issuance of corporate bonds despite early repayment of short-term debts and the payment of dividends.

(3) Significant Contracts

Changes were made in the following significant contract in the consolidated first quarter of the fiscal year ending March 31, 2021.

Service agreement (GOOGLE SERVICES AGREEMENT)

Contracting company	Yahoo Japan Corporation
Counterparty	Google Asia Pacific Pte Ltd.
Contract date	May 29, 2020 (Original date: July 27, 2010)
Contract term end	March 31, 2025
Main details	<p>Service agreement (GOOGLE SERVICES AGREEMENT)</p> <p>1) Non-exclusive provision of search and paid search advertising distribution technologies by counterparty The counterparty shall provide its search and paid search advertising distribution technologies to Yahoo Japan Corporation on a non-exclusive basis, which will be used by Yahoo Japan Corporation to offer its own brand of services.</p> <p>2) Differentiation of search services Both parties are entitled to freely develop and use additional functions for the search results in order to differentiate their search results. Yahoo Japan Corporation may decide on its own whether to display the search results provided by the counterparty.</p> <p>3) Payment for counterparty's services The consideration for the counterparty's services shall be an amount calculated using a method determined on an annual basis based on the revenue of the website of Yahoo Japan Corporation. The consideration for the services used by Yahoo Japan Corporation on a partner site shall be the amount calculated by multiplying the revenue derived from the partner site by a rate determined on an annual basis.</p>



## 2 Interim Condensed Consolidated Financial Statements and Significant Notes

## (1) Interim Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2020	As of June 30, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Assets</b>				
Cash and cash equivalents	880,100	902,578	22,477	2.6
Trade and other receivables	386,799	399,418	12,619	3.3
Inventories	20,889	20,463	-425	-2.0
Loans in credit card business	342,245	342,971	725	0.2
Investment securities in banking business	415,809	422,931	7,122	1.7
Loans in banking business	98,752	102,683	3,931	4.0
Other financial assets	264,213	259,020	-5,192	-2.0
Property and equipment	131,215	131,181	-33	-0.0
Right-of-use assets	106,304	102,638	-3,665	-3.4
Goodwill	400,034	406,309	6,275	1.6
Intangible assets	679,375	677,455	-1,920	-0.3
Investments accounted for using the equity method	8,567	8,752	184	2.1
Deferred tax assets	43,739	43,347	-391	-0.9
Other assets	155,863	160,563	4,700	3.0
<b>Total assets</b>	<b>3,933,910</b>	<b>3,980,316</b>	<b>46,406</b>	<b>1.2</b>

(Millions of yen)

	As of Mar. 31, 2020	As of June 30, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Trade and other payables	487,242	474,082	-13,159	-2.7
Customer deposits in banking business	903,118	1,009,462	106,343	11.8
Interest-bearing liabilities	1,086,436	1,194,904	108,467	10.0
Other financial liabilities	10,157	9,101	-1,056	-10.4
Income taxes payable	32,887	19,015	-13,871	-42.2
Provisions	28,161	25,430	-2,730	-9.7
Deferred tax liabilities	160,976	160,872	-103	-0.1
Other liabilities	177,106	55,493	-121,612	-68.7
<b>Total liabilities</b>	<b>2,886,086</b>	<b>2,948,363</b>	<b>62,276</b>	<b>2.2</b>
<b>Equity</b>				
Equity attributable to owners of the parent				
Common stock	237,422	237,437	14	0.0
Capital surplus	212,539	212,546	7	0.0
Retained earnings	330,752	311,858	-18,893	-5.7
Treasury stock	-17,382	-17,382	-0	—
Accumulated other comprehensive income	8,216	8,483	266	3.2
Total equity attributable to owners of the parent	771,548	752,943	-18,605	-2.4
Non-controlling interests	276,274	279,009	2,734	1.0
<b>Total equity</b>	<b>1,047,823</b>	<b>1,031,952</b>	<b>-15,870</b>	<b>-1.5</b>
<b>Total liabilities and equity</b>	<b>3,933,910</b>	<b>3,980,316</b>	<b>46,406</b>	<b>1.2</b>

## (2) Interim Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	238,634	273,879	35,245	14.8
Cost of sales	102,078	100,450	-1,628	-1.6
Selling, general and administrative expenses	100,391	122,796	22,405	22.3
Operating income	36,164	50,632	14,468	40.0
Other non-operating income	11,451	521	-10,929	-95.4
Other non-operating expenses	355	2,434	2,079	585.7
Equity in losses of associates and joint venture	-5,900	-3,791	2,108	—
Profit before tax	41,360	44,928	3,567	8.6
Income tax expense	13,522	17,385	3,862	28.6
Profit for the period	27,837	27,542	-294	-1.1
Attributable to:				
Owners of the parent	27,379	22,750	-4,628	-16.9
Non-controlling interests	458	4,792	4,333	945.1
Profit for the period	27,837	27,542	-294	-1.1
Earnings per share attributable to owners of the parent				
Basic (yen)	5.40	4.78	-0.62	-11.5
Diluted (yen)	5.40	4.78	-0.62	-11.5

## (3) Interim Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit for the period	27,837	27,542
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at FVTOCI	-811	1,179
Subtotal	-811	1,179
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	764	526
Exchange differences on translating foreign operations	-785	-269
Share of other comprehensive income of associates	0	—
Subtotal	-20	256
Other comprehensive income, net of tax	-832	1,436
Total comprehensive income	27,005	28,979
Total comprehensive income attributable to:		
Owners of the parent	26,260	23,568
Non-controlling interests	744	5,410
Total comprehensive income	27,005	28,979

## (4) Interim Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2019	8,939	-12,545	832,147	-24,440	14,190	818,291	92,231	910,523
Accumulated impact by the application of new accounting standards (*)			-2,466			-2,466	-2,997	-5,463
Balance at April 1, 2019 (corrected)	8,939	-12,545	829,681	-24,440	14,190	815,825	89,234	905,060
Profit for the period			27,379			27,379	458	27,837
Other comprehensive income, net of tax					-1,118	-1,118	286	-832
Total comprehensive income for the period	—	—	27,379	—	-1,118	26,260	744	27,005
Transactions with owners and other transactions								
Issue of common stock	228,240	226,846				455,087		455,087
Payment of dividends			-45,042			-45,042	-307	-45,349
Transfer of accumulated other comprehensive income to retained earnings			15		-15	—		—
Buyback of treasury stock				-526,625		-526,625		-526,625
Changes attributable to obtaining or losing control of subsidiaries						—	630	630
Changes in ownership interests in subsidiaries without losing control		-68				-68	-118	-187
Others		-161				-161	16	-144
Total	228,240	226,617	-45,026	-526,625	-15	-116,809	221	-116,588
Balance at June 30, 2019	237,179	214,071	812,033	-551,066	13,057	725,276	90,200	815,476

(\*) Accompanying adoption of IFRS 16, Leases, accumulated impact of retroactive correction is recognized by correcting the beginning balance of retained earnings.

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total		
Balance at April 1, 2020	237,422	212,539	330,752	-17,382	8,216	771,548	276,274	1,047,823
Profit for the period			22,750			22,750	4,792	27,542
Other comprehensive income, net of tax					817	817	618	1,436
Total comprehensive income for the period	—	—	22,750	—	817	23,568	5,410	28,979
Transactions with owners and other transactions								
Issue of common stock	14	14				28		28
Payment of dividends			-42,195			-42,195	-2,988	-45,183
Transfer of accumulated other comprehensive income to retained earnings			550		-550	—		—
Buyback of treasury stock				-0		-0		-0
Changes attributable to obtaining or losing control of subsidiaries						—	301	301
Changes in ownership interests in subsidiaries without losing control		49				49	-20	28
Others		-56				-56	31	-24
Total	14	7	-41,644	-0	-550	-42,173	-2,676	-44,849
Balance at June 30, 2020	237,437	212,546	311,858	-17,382	8,483	752,943	279,009	1,031,952

## (5) Interim Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before tax	41,360	44,928
Depreciation and amortization	17,879	24,752
Equity in losses of associates and joint venture	5,900	3,791
Decrease in call loans in banking business	5,000	—
Increase (decrease) in trade and other receivables	6,115	-10,395
Decrease in trade and other payables	-5,474	-11,349
Increase in loans in banking business	-970	-3,931
Increase in deposits in banking business	33,632	106,343
Others	-82,483	-17,476
Subtotal	20,960	136,664
Interest and dividends received	402	440
Interest paid	-328	-1,516
Income taxes—paid	-23,808	-136,499
Net cash used in operating activities	-2,773	-911
<b>Cash flows from investing activities:</b>		
Purchase of investment securities in banking business	-60,458	-68,951
Proceeds from sales of investment securities in banking business	60,601	61,411
Purchase of property and equipment	-10,261	-7,525
Purchase of intangible assets	-11,844	-11,441
Acquisition of control over subsidiaries	-302	-9,126
Others	-2,393	-1,737
Net cash used in investing activities	-24,659	-37,370
<b>Cash flows from financing activities:</b>		
Net decrease (increase) in short-term borrowings	166,000	-93,400
Proceeds from issuance of corporate bonds	—	199,367
Dividends paid	-45,067	-42,216
Repayment of lease liabilities	-5,319	-6,935
Others	-69,439	3,887
Net cash generated by financing activities	46,173	60,702
Effects of exchange rate changes on cash and cash equivalents	-397	56
Net increase in cash and cash equivalents	18,342	22,477
Cash and cash equivalents at the beginning of the periods	546,784	880,100
Cash and cash equivalents at the end of the periods	565,127	902,578

## (6) Notes to Interim Condensed Consolidated Financial Statements

### 1. Going Concern Assumption

Not applicable.

### 2. Changes in presentation method

(Re: Interim Condensed Consolidated Statement of Cash Flows)

There was an increased importance in “Interest and dividends received” from operations other than our finance business presented in “Others” in “Cash flows from investing activities” in the consolidated first quarter of the fiscal year ending March 31, 2020, and “Interest paid” for operations other than our finance business presented in “Others” in “Cash flows from financing activities” in the same period. Thus, these items are now independently presented in “Cash flows from operating activities” in the consolidated first quarter of the fiscal year ending March 31, 2021.

In order to reflect this change in the presentation method, ¥402 million, which was included in “Others” in “Cash flows from investing activities” in the consolidated first quarter of the fiscal year ending March 31, 2020 is now reclassified as “Interest and dividends received” in “Cash flows from operating activities”. Likewise, ¥328 million, which was included in “Others” in “Cash flows from financing activities” is now reclassified as “Interest paid” in “Cash flows from operating activities”.

### 3. Use of estimates and judgments

In preparing the condensed interim consolidated financial statements under IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from those projected estimates.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements of the Z Holdings Group (“the Group”) are consistent with those described in the consolidated financial statements for the previous consolidated fiscal year.

Due to the outbreak of the coronavirus disease (COVID-19), there has been a sharp slowdown in economic activity and consequent deterioration in the economic environment, but they have not had a significant impact on the Group's business results for the first consolidated cumulative quarter. As of this moment, it is difficult to make a reasonable estimate of the duration and extent of the impact of the COVID-19 infection. If there is a delay in the curbing of the outbreak, this will affect the Group's future earnings and cash flows and there will be certain uncertainties in the estimates. In this situation, we reasonably estimate the amount on the evaluation of impairment of goodwill, property and equipment, right-of-use assets and intangible assets, and on the measurements of fair value of investments and expected credit losses related to receivables, etc. When we make the estimates, we take into consideration of the period and the risks and uncertainties of the impact of the COVID-19 infection, based on the information and facts available at the time of preparation of the condensed consolidated financial statements of the current quarter. For confirmation, there has not been any significant change in such estimates since the end of the previous consolidated fiscal year. However, future uncertainties may cause a discrepancy between the estimated amount made with the best estimates and the subsequent results.

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Unless otherwise specified, English-language documents are prepared solely for the convenience of non-Japanese speakers. If there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.