

March 24, 2020

To whom it may concern

Z Holdings Corporation  
Kentaro Kawabe  
President and CEO  
Stock Code: 4689

### **Announcement of New Commerce Strategy to Strengthen Logistics/Delivery**

- Memorandum of understanding on business alliance concluded with Yamato Holdings
- “Get your shipping virtually free!” campaign to be offered exclusively for those buying in stores that use the new logistics services

Z Holdings Corporation (“ZHD”) (Head office: Chiyoda-ku, Tokyo; President and Representative Director: Kentaro Kawabe) today announces a new commerce strategy aimed at strengthening logistics and delivery. Under the new commerce strategy, ZHD has entered into a memorandum of understanding on business alliance with Yamato Holdings Co., Ltd. (“YHD”) (Head office: Chuo-ku, Tokyo; Representative Director and President: Yutaka Nagao).

From June 30, 2020, YHD plans to provide new logistics services in which YHD will conduct operations from order receipt to shipment on behalf of the tenants of online shopping malls operated by Yahoo Japan Corporation (“Yahoo! JAPAN”), one of the core companies of ZHD. From today, YHD will begin accepting applications for these services from the tenants. Furthermore, Yahoo! JAPAN has decided to offer a limited-period campaign exclusively for buyers who made purchases from tenants that use these services. PayPay Bonus Lite equivalent to the shipping fee will be provided to these buyers, thus making the shipping essentially free of charge.

Additionally, in its new commerce strategy, ZHD announces its “X (Cross) Shopping” concept in which the barriers between online and offline shopping will be eliminated. From around fall of 2020, inventory information of brick-and-mortar stores will be linked to “PayPay Mall”, allowing buyers to purchase items located in the physical stores of the tenants from “PayPay Mall”.

Along with these, ZHD also plans to provide its series of shopping system “XS (Cross-Shopping) Engine” used in Yahoo! JAPAN’s e-commerce services (including search, payment and others) to operators who run their own EC stores under their own domains.

In addition to the new logistics services announced today, ZHD will provide various logistics/delivery services so that the tenants can choose logistics solutions that are best suited to their needs and forms. These will include use of warehouses and logistics network operated by ZHD’s group companies, ZOZO, Inc. (“ZOZO”) and ASKUL Corporation (“ASKUL”). Under ZHD’s new “X Shopping” concept, ZHD’s target market will expand from its existing online market to the 150 trillion yen BtoC merchandising market\*<sup>1</sup>, which will also include the offline market. By implementing these strategies, ZHD will aim to realize a world in which “users will get what they want, when they want it.”

\*<sup>1</sup> Ministry of Economy, Trade and Industry: FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)

## 1. New commerce strategy – Reasons and background

ZHD has significantly developed its commerce business ever since it announced its commerce strategy “E-commerce Revolution” in October 2013, in which it eliminated store tenant fees and sales royalties in its online shopping mall “Yahoo! Shopping”. Through collaborations with SoftBank Corp. and other measures, the transaction value of its Shopping business has expanded more than three times in the five years between 2013 and 2018. Examples of such collaborations include the point-provision measures towards smartphone users of SoftBank (began in January 2017).

More recently, ZHD is also focusing on the acquisition of new users and is further accelerating its growth in Commerce business through various initiatives: the capital and business alliance with ZOZO (September 2019) to strengthen the “Fashion EC” category; and launch of “PayPay Mall” (October 2019), a premium online shopping mall provided under a strong collaboration with its smartphone payment service “PayPay”.

## 2. Details of the new commerce strategy

### (1) Provision of new logistics services in collaboration with YHD

In the “Fulfillment Service” and “Pick & Delivery Service”, new exclusive logistic services provided for the tenants of “PayPay Mall” and “Yahoo! Shopping”, YHD will free the tenants from part or all of their duties from order receipt to shipment.

By using the “Fulfillment Service” or the “Pick & Delivery Service”, the tenants will be able to mitigate the shipping burdens and reduce the personnel and other logistics-related costs. Furthermore, if the “Fulfillment Service” is used, shipping will be possible even on days when the stores are closed. Thus, the lead time from order to shipment will be reduced, next day delivery increased, and users’ convenience enhanced.

YHD will begin accepting applications for the “Fulfillment Service” and the “Pick & Delivery Service” from the tenants of “PayPay Mall” and “Yahoo! Shopping” from today (\*2), and plans to begin the services from June 30, 2020.

\*2 For details, please refer to the following announcement made by YHD “New logistics services to be provided from June 2020 to the tenants of Yahoo! Shopping and PayPay Mall, in collaboration with Z Holdings”:

<https://www.yamato-hd.co.jp/news/2019/20200324.html>

Please refer to the following for details on the application for the tenants of PayPay Mall and Yahoo! Shopping:

<http://www.kuronekoyamato.co.jp/ytc/campaign/yahoo/>

### 【“Get your shipping virtually free!” campaign】

Exclusively for users who made purchases in stores that use YHD’s new logistics services, Yahoo! JAPAN will offer a “Get your shipping virtually free!” campaign for a limited time. Amount equivalent to the shipping fee will be given to the eligible users as PayPay Bonus Lite.

- Eligible buyers: Buyers who made purchases in the stores that use “Fulfillment Service” or “Pick & Delivery Service”
- Details: Amount equivalent to the shipping fee will be given as PayPay Bonus Lite
- Period: June 30, 2020 – December, 2020 (plan)

\*Details of the campaign and conditions will be notified as soon as they are finalized.

\*The impact of this matter on our consolidated business results for fiscal 2020 is expected to be minor.

## (2) Provision of function that links inventory of brick-and-mortar stores with “PayPay Mall”

If the inventory information is not shared between online and offline stores, tenants may lose the opportunity to sell products when the product is sold out in their online stores while they are still available in their physical stores. The number of items that can be sold through “PayPay Mall” will be increased by linking the inventory information of the tenants’ physical stores with “PayPay Mall”. This will allow users to have more choices because they will be able to search and purchase their desired items in “PayPay Mall” including those that are located in the tenants’ brick-and-mortar stores. In addition, users will be able to pick up their purchased items in the nearby stores; thus, by going to the stores, users will not have to wait for delivery, enabling them to have the items at hand when they want them. The tenants, on the other hand, will be able to attract customers to the brick-and-mortar stores and can expect a sales increase due to users incidentally purchasing other items when they come to the stores to pick up their purchases.

From March 10, 2020, Yahoo! JAPAN has begun to display the inventories of physical stores of some tenants (e.g. YAMADA-DENKI PayPay Mall Store) as the first of this initiative to link inventories between online and offline stores. Moving on, in ZOZOTOWN PayPay Mall Store, a store operated by ZOZO, and with the consent of the tenants of ZOZOTOWN, we will consider utilizing the inventory information of physical stores in order to increase the number of items that can be displayed in the Store. Furthermore, from around fall of 2020, we plan to enable users to purchase items in the inventories of physical stores through “PayPay Mall” and pick up the items in the physical stores.

## (3) Provision of Yahoo! JAPAN’s shopping system, “XS Engine”

Operators of their own EC websites face various challenges such as continuous system investments, securing of personnel necessary for technical developments, attracting customers to their own EC websites and others. In order to overcome these challenges, Yahoo! JAPAN will release its series of shopping system XS Engine used in “PayPay Mall” and “Yahoo! Shopping” (including search, payment and others) to operators that want to operate their own EC stores under their own domains.

By using XS Engine, operators will be able to easily develop their EC store under their own domains, open stores in “PayPay Mall” and “Yahoo! Shopping”, and comprehensively operate multiple websites, including their own EC website. Furthermore, they will be able to enjoy Yahoo! JAPAN’s expertise such as PayPay payment, recommendation function utilizing AI and others. The function that links inventory of brick-and-mortar stores noted above in (2) is also scheduled to be incorporated in “XS Engine”.

As the first initiative, we plan to introduce “XS Engine” to “LOHACO”, a BtoC mail order service operated by ASKUL. Furthermore, Yahoo! JAPAN will combine “XS Engine” with the new logistics services noted in (1), namely “Fulfillment Service” and “Pick & Delivery Service”, and will introduce a structure so that operation of online stores and delivery can be provided as a one-stop service.

Moving on, ZHD will continue to facilitate the growth of the Group’s Commerce business by establishing a convenient and comfortable environment for both sellers and buyers and through constant evolutions.

## 3. Schedule

(1) Application for the services accepted from	March 24, 2020
(2) Scheduled service launch date	June 30, 2020

#### 4. Future outlook

The impact of this matter on our consolidated business results for fiscal 2020 is expected to be minor.

##### <Company profiles>

###### Yamato Holdings Co., Ltd.

(1) Company name	Yamato Holdings Co., Ltd.
(2) Address	16-10, Ginza 2-chome, Chuo-ku, Tokyo
(3) Title and name of representative	Representative Director, Executive Officer and President Yutaka Nagao
(4) Line of business	Holding of shares in operating companies, business management, and operations incidental thereto
(5) Capital	JPY 127,234 million
(6) Date of establishment	February 21, 1929 (Date of foundation: November 29, 1919)

###### Z Holdings Corporation

(1) Company name	Z Holdings Corporation
(2) Address	1-3 Kioicho, Chiyoda-ku, Tokyo
(3) Title and name of representative	President and Representative Director Kentaro Kawabe
(4) Line of business	Managing of group companies and businesses incidental thereto
(5) Capital	JPY 237,404 million
(6) Founded	January 31, 1996

##### Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.