

## Results for the Nine Months Ended December 31, 2020 (FY2020-3Q) [IFRSs]

February 3, 2021

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Scheduled Securities Report Submission Date: February 8, 2021

Scheduled Dividend Payment Date: -

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 FY2020-3Q (April 1, 2020 - December 31, 2020)

(1) Consolidated Business Performance (April 1, 2020 - December 31, 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 (%)
Nine-month period ended December 31, 2020	873,815 (15.0)	142,226 (15.1)	127,562 (10.0)	82,150 (3.2)	66,869 (-10.9)	113,509 (45.2)
Nine-month period ended December 31, 2019	759,614 (7.4)	123,542 (3.2)	116,011 (5.2)	79,571 (13.5)	75,056 (7.0)	78,153 (7.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine-month period ended December 31, 2020	14.04	14.04
Nine-month period ended December 31, 2019	15.43	15.43

(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	%
As of December 31, 2020	4,299,456	1,114,253	827,171	19.2
As of March 31, 2020	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
Fiscal year ended March 31, 2020	—	0.00	—	8.86	8.86
Fiscal year ending March 31, 2021	—	0.00	—		
Fiscal year ending March 31, 2021 (Estimates)				5.56	5.56

Revision in dividends previously announced: None

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

(Figures in parenthesis are % change YoY)

FY2020	Revenue		Operating income	
	Millions of yen	(%)	Millions of yen	(%)
	1,140,000	(8.3)	160,000	(5.1)

(Note 1) Revision in performance estimates previously announced: None

(Note 2) Impacts of the business integration with LINE Corporation that are foreseeable at this point in time are reflected to a certain extent.

For details, please refer to 3. Outlook for Fiscal 2020 (April 1, 2020 – March 31, 2021) in (1) Qualitative Information regarding the Consolidated Business Performance of 1 Qualitative Information regarding the Consolidated Operating Results on page 5 of the Results for the Nine Months (Attachments).

**\* 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 (including treasury stocks)

As of December 31, 2020           4,823,882,865 shares

As of March 31, 2020           4,822,507,465 shares

2) Number of shares of treasury stocks

As of December 31, 2020           60,131,521 shares

As of March 31, 2020           60,061,000 shares

3) Average number of stocks outstanding during nine-month period (April-December)

As of December 31, 2020           4,763,219,711 shares

As of December 31, 2019           4,863,951,590 shares

\* The Results for the Nine 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 performance estimates, etc., and other forward-looking statements contained in this document are based on the information currently available to the Company and premised on assumptions that have been deemed reasonable by the management. For a variety of reasons, actual performance estimates, etc., could differ significantly.

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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 December 31, 2020)

■ Highlights
• Revenue increased 15.0% year on year due to the expansion in the transaction value of the Commerce Business, driven by sales promotional activities such as “Cho PayPay Matsuri,” and continued cocooning consumption.
• The Z Holdings Group will conduct active investments mainly in the Commerce business and the payment business in the consolidated fourth quarter of fiscal 2020 and aim at the revenue of ¥1.14 trillion (up 8.3% year on year) and the operating income of ¥160.0 billion (up 5.1% year on year) in the full-year business performance.

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Revenue	¥759.6 billion	¥873.8 billion	+¥114.2 billion	+15.0%
Operating income	¥123.5 billion	¥142.2 billion	+¥18.6 billion	+15.1%
Income before income taxes	¥116.0 billion	¥127.5 billion	+¥11.5 billion	+10.0%
Net Income attributable to owners of the parent	¥75.0 billion	¥66.8 billion	-¥8.1 billion	-10.9%

The revenue for the nine month period ended December 31, 2020 amounted to ¥873.8 billion, an increase of ¥114.2 billion (+15.0%) 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 ASKUL Group and eBook Initiative Japan Co., Ltd.

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. A retirement loss was recorded in the consolidated third quarter of fiscal 2020 due to the renewal of the existing system in the credit card business.

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 period last year.

## 2. Segment Business Results Summary (April 1, 2020 – December 31, 2020)

### Revenue and Operating Income by Segment

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-Year Change (Amount)	Year-on-Year Change (%)
Commerce Business				
Revenue	¥512.9 billion	¥626.5 billion	+¥113.6 billion	+22.2%
Operating income	¥59.7 billion	¥93.3 billion	+¥33.6 billion	+56.3%
Media Business				
Revenue	¥245.2 billion	¥246.8 billion	+¥1.6 billion	+0.7%
Operating income	¥113.6 billion	¥110.0 billion	-¥3.5 billion	-3.2%
Others				
Revenue	¥6.2 billion	¥5.1 billion	-¥1.0 billion	-16.8%
Operating income	-¥0.4 billion	-¥1.6 billion	-¥1.2 billion	—
Adjustments				
Revenue	-¥4.7 billion	-¥4.7 billion	—	—
Operating income	-¥49.4 billion	-¥59.5 billion	—	—
Total				
Revenue	¥759.6 billion	¥873.8 billion	+¥114.2 billion	+15.0%
Operating income	¥123.5 billion	¥142.2 billion	+¥18.6 billion	+15.1%

Notes: 1. The Z Holdings Group has transferred part of its services and subsidiaries between segments in order to give importance to effective service offering and promptly respond to changes in the market. Major changes include the transfer of the automobile-related services, including a consolidated subsidiary, Carview Corporation, from the Commerce Business to the Media Business since April 1, 2020 and the transfer of the digital content-related services, including a consolidated subsidiary, eBOOK Initiative Japan Co., Ltd., from the Commerce Business to the Media Business since October 1, 2020. 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 Cumulative Consolidated Third 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 revenue of YJ Card Corporation, etc.

In addition, merchandise transaction value (\*2) amounted to ¥1,951.3 billion, increasing 27.0% year on year. Number of PayPay payments steadily grew to 1,422.2 million (approx. 3.3 times year on year) as a result of the proliferation of cashless payments affected by factors such as the novel coronavirus.

As a result, revenue of the Commerce Business of the cumulative consolidated third quarter amounted to ¥626.5 billion, increasing 22.2% year on year and accounting for 71.7% of total revenue. Operating income increased 56.3% year on year, to ¥93.3 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 ZOZOUSED, 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 Cumulative Consolidated Third 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 uplifting effects derived from multiple product improvements. By contrast, Search advertising revenue decreased compared to the same period last year primarily due to decrease in ad placements affected by the novel coronavirus.

As a result, revenue of the Media Business of the cumulative consolidated third quarter amounted to ¥246.8 billion, increasing 0.7% year on year, and accounted for 28.3% of total revenue. Operating income decreased 3.2% year on year, to ¥110.0 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, FX-related services, 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, E-book-related services and others
Others	Advertising	—
	Business Services (for corporations)	Utilities payment-related services and others
	Personal Services (for individuals)	Yahoo! JAPAN Mail, 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)

In the consolidated third quarter of fiscal 2020, in addition to expanding existing businesses, the Z Holding Group made active investments mainly in the Commerce business. In the consolidated fourth quarter, we will focus our active investments further in the Commerce and payment businesses. Thus, the consolidated revenue and operating income of the fiscal year ending March 31, 2021 are expected to be ¥1.14 trillion (up 8.3% year on year) and ¥160.0 billion (up 5.1% year on year), respectively.

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

### 1. Assets, Liabilities and Equity

#### 1) Assets

Total assets at the end of this consolidated third quarter amounted to ¥4,299,456 million, increasing ¥365,546 million, or 9.3%, 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.
- Call loans in banking business increased compared with the end of fiscal 2019, as a result of short-term lending.
- Other financial assets rose compared with the end of fiscal 2019, mainly due to the increase in deposits in the central clearing house.
- Other assets decreased from the end of fiscal 2019, primarily because of the refund of income taxes withheld arising from inter-Group dividends.

#### 2) Liabilities

Total liabilities at the end of this consolidated third quarter were ¥3,185,203 million, increasing ¥299,116 million, or 10.4%, from the end of fiscal 2019. The major components of change were the following:

- Customer deposits in banking business increased from the end of fiscal 2019 due to the increase of deposits from customers.
- Interest-bearing liabilities increased from the end of fiscal 2019 chiefly due to the increase as a result of the issuance of corporate bonds and new borrowings, despite partial early repayment of short-term borrowings.

#### 3) Equity

Total equity at the end of this consolidated third quarter amounted to ¥1,114,253 million, increasing ¥66,430 million, or 6.3%, from the end of fiscal 2019. The primary reason for change in equity was as follows:

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

### 2. Cash Flows

At the end of this consolidated third quarter, cash and cash equivalents amounted to ¥998,498 million, up ¥118,397 million from the end of fiscal 2019, out of which deposit with the Bank of Japan for banking business was ¥382,900 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 inflow of ¥189,197 million mainly because of increase in customer deposits in banking business and the refund of income taxes withheld arising from inter-Group dividends despite the increase in call loans in banking business and the payment of income taxes withheld arising from inter-Group dividends.

Cash flows from investing activities amounted to a cash outflow of ¥125,100 million, chiefly due to purchase and sales, etc., of investment securities in banking business, and the acquisitions of intangible assets and property and equipment.

Cash flows from financing activities amounted to a cash inflow of ¥54,500 million, attributed mainly to the issuance of corporate bonds and long-term borrowing, despite early repayment of short-term borrowing and the payment of dividends.

(3) Significant Contracts

There were no significant contracts, etc., that were revised or concluded in this consolidated third quarter.

#### (4) Risk Factors

Some changes in the major risk factors below have occurred in this cumulative consolidated third quarter (As additionally noted in (Note) below) where the management recognizes that such factors could make important impacts on financial position, operating results and cash flow of the Z Holdings Group among items regarding status of business, status of accounting, etc., described in the financial statements of the previous fiscal year.

For confirmation, forward-looking statements contained herein are those determined by the Z Holdings Group as of the end of this consolidated third quarter. There are no important changes in Risk Factors described in the financial statements of the previous fiscal year (in Japanese only) other than those described below.

##### Financial risks

Investments or loans made by the Z Holdings Group may not be sufficiently profitable and we may be unable to recover the capital invested as planned. In addition, the business performance of the Group could be adversely affected by losses and recognition of impairment losses, etc., in the companies in which we invest, due to the fall in their stock prices and deterioration in market trends. The Z Holdings Group consists of group companies that conduct business transactions of varying sizes. Some group companies could make transactions with parties that are unable to make sufficient credit administrations, and may become unable to receive monetary payments according to their receivables. When accumulated, these could adversely affect the business performance of the Group. Furthermore, the capital needs of the Group increase as our business expands. We consider and take measures to diversify the methods of procuring funds, but we could temporarily be unable to raise funds appropriately due to deteriorated conditions such as rise in interest rates and decline in credibility.

##### (Note) Share exchange agreement concerning the business integration with LINE Corporation

As noted in “3. Summary of Business Integration (8) Measures Taken to Avoid Conflict of Interest” in “Announcement Regarding Definitive Agreement on Business Integration” dated December 23, 2019, the terms and conditions of the share exchange agreement concerning the business integration with LINE Corporation are decided taking measures to ensure the appropriateness of the transaction terms and the fairness of the business integration procedures. Impairment test will be performed on the effective date of the share exchange by comparing the fair value with the acquisition cost of LINE Corporation (current LINE Split Preparation Company which will succeed LINE’s businesses) which is derived by multiplying the number of shares of the Company delivered (following the share exchange ratio) by the closing stock price of the business day immediately prior to the effective date.

For clarification purposes, regarding the cash-generating unit group to which goodwill is allocated, impairment test will be performed annually with or without an indication that the unit may be impaired, or at any time when such an indication is recognized, in order to determine whether the book value of the cash-generating unit in question exceeds its recoverable amount or not.

## 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 Dec. 31, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Assets</b>				
Cash and cash equivalents	880,100	998,498	118,397	13.5
Call loans in banking business	—	110,000	110,000	—
Trade and other receivables	386,799	449,547	62,748	16.2
Inventories	20,889	20,938	48	0.2
Loans in credit card business	342,245	379,399	37,154	10.9
Investment securities in banking business	415,809	484,887	69,078	16.6
Loans in banking business	98,752	126,204	27,452	27.8
Other financial assets	264,213	333,406	69,193	26.2
Property and equipment	131,215	130,424	-791	-0.6
Right-of-use assets	106,304	102,052	-4,252	-4.0
Goodwill	400,034	405,343	5,308	1.3
Intangible assets	679,375	669,257	-10,118	-1.5
Investments accounted for using the equity method	8,567	8,280	-287	-3.4
Deferred tax assets	43,739	34,279	-9,460	-21.6
Other assets	155,863	46,938	-108,925	-69.9
<b>Total assets</b>	<b>3,933,910</b>	<b>4,299,456</b>	<b>365,546</b>	<b>9.3</b>

(Millions of yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Trade and other payables	487,242	511,267	24,025	4.9
Customer deposits in banking business	903,118	1,169,703	266,584	29.5
Interest-bearing liabilities	1,086,436	1,205,458	119,021	11.0
Other financial liabilities	10,157	9,500	-656	-6.5
Income taxes payable	32,887	32,225	-661	-2.0
Provisions	28,161	26,177	-1,983	-7.0
Deferred tax liabilities	160,976	158,686	-2,290	-1.4
Other liabilities	177,106	72,183	-104,922	-59.2
<b>Total liabilities</b>	<b>2,886,086</b>	<b>3,185,203</b>	<b>299,116</b>	<b>10.4</b>
<b>Equity</b>				
Equity attributable to owners of the parent				
Common stock	237,422	237,718	295	0.1
Capital surplus	212,539	212,914	375	0.2
Retained earnings	330,752	360,981	30,229	9.1
Treasury stock	-17,382	-17,382	-0	—
Accumulated other comprehensive income	8,216	32,939	24,722	300.9
Total equity attributable to owners of the parent	771,548	827,171	55,622	7.2
Non-controlling interests	276,274	287,081	10,807	3.9
<b>Total equity</b>	<b>1,047,823</b>	<b>1,114,253</b>	<b>66,430</b>	<b>6.3</b>
<b>Total liabilities and equity</b>	<b>3,933,910</b>	<b>4,299,456</b>	<b>365,546</b>	<b>9.3</b>

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

(Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020	Increase/decrease	
	Amount	Amount	Amount	Change (%)
Revenue	759,614	873,815	114,201	15.0
Cost of sales	311,544	319,008	7,463	2.4
Selling, general and administrative expenses	323,835	402,663	78,827	24.3
Loss on retirement of fixed assets	691	9,917	9,225	—
Operating income	123,542	142,226	18,684	15.1
Other non-operating income	13,151	2,499	-10,651	-81.0
Other non-operating expenses	1,699	8,178	6,478	381.3
Gain (loss) on sales of investments in associates and joint ventures	-1,794	1,042	2,836	—
Equity in losses of associates and joint ventures	-17,188	-10,027	7,160	—
Profit before tax	116,011	127,562	11,551	10.0
Income tax expense	36,439	45,412	8,972	24.6
Profit for the period	79,571	82,150	2,579	3.2
Attributable to:				
Owners of the parent	75,056	66,869	-8,186	-10.9
Non-controlling interests	4,514	15,280	10,766	238.5
Profit for the period	79,571	82,150	2,579	3.2
Earnings per share attributable to owners of the parent				
Basic (yen)	15.43	14.04	-1.39	-9.0
Diluted (yen)	15.43	14.04	-1.39	-9.0

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

(Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Profit for the period	79,571	82,150
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at FVTOCI	-652	31,885
Subtotal	-652	31,885
Items that may be reclassified subsequently to profit or loss		
Debt financial assets measured at FVTOCI	-418	897
Exchange differences on translating foreign operations	-347	-1,424
Share of other comprehensive income of associates	0	—
Subtotal	-765	-526
Other comprehensive income, net of tax	-1,418	31,358
Total comprehensive income	78,153	113,509
Total comprehensive income attributable to:		
Owners of the parent	73,881	97,343
Non-controlling interests	4,272	16,165
Total comprehensive income	78,153	113,509

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

Nine months ended Dec. 31, 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			75,056			75,056	4,514	79,571
Other comprehensive income, net of tax					-1,175	-1,175	-242	-1,418
Total comprehensive income for the period	—	—	75,056	—	-1,175	73,881	4,272	78,153
Transactions with owners and other transactions								
Issue of common stock	228,472	227,078				455,551		455,551
Payment of dividends			-45,042			-45,042	-1,583	-46,625
Transfer of accumulated other comprehensive income to retained earnings			389		-389	—		—
Purchase of treasury stock				-526,625		-526,625		-526,625
Disposal of treasury stock			-533,684	533,684		—		—
Changes attributable to obtaining or losing control of subsidiaries						—	186,457	186,457
Changes in ownership interests in subsidiaries without losing control		-403				-403	582	178
Others		-164	23			-141	-60	-202
Total	228,472	226,510	-578,313	7,058	-389	-116,662	185,396	68,734
Balance at Dec. 31, 2019	237,411	213,964	326,424	-17,382	12,626	773,044	278,902	1,051,947

(\*) 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			66,869			66,869	15,280	82,150
Other comprehensive income, net of tax					30,473	30,473	884	31,358
Total comprehensive income for the period	—	—	66,869	—	30,473	97,343	16,165	113,509
Transactions with owners and other transactions								
Issue of common stock	295	295				590		590
Payment of dividends			-42,195			-42,195	-6,589	-48,784
Transfer of accumulated other comprehensive income to retained earnings			5,751		-5,751	—		—
Purchase of treasury stock				-0		-0		-0
Changes attributable to obtaining or losing control of subsidiaries			-196			-196	771	575
Changes in ownership interests in subsidiaries without losing control		152				152	821	974
Others		-72				-72	-362	-435
Total	295	375	-36,640	-0	-5,751	-41,720	-5,358	-47,079
Balance at Dec. 31, 2020	237,718	212,914	360,981	-17,382	32,939	827,171	287,081	1,114,253

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

(Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before tax	116,011	127,562
Depreciation and amortization	58,499	74,507
Loss on retirement of fixed assets	691	9,917
Equity in losses of associates and joint ventures	17,188	10,027
Increase in call loans in banking business	-31,086	-110,000
Increase in trade and other receivables	-141,046	-62,764
Increase in trade and other payables	122,765	25,054
Increase in loans in credit card business	-93,424	-37,154
Increase in loans in banking business	-8,444	-27,452
Increase in customer deposits in banking business	119,733	266,584
Others	-63,179	-38,018
Subtotal	97,707	238,264
Interest and dividends received	664	771
Interest paid	-1,096	-4,217
Income taxes—paid	-55,168	-155,065
Income taxes—refunded	210	109,444
Net cash generated by operating activities	42,317	189,197
<b>Cash flows from investing activities:</b>		
Purchase of investment securities in banking business	-199,553	-259,368
Proceeds from sales/redemption of investment securities in banking business	198,100	192,583
Purchase of other investments	-7,658	-10,988
Proceeds from sales/redemption of investments	8,332	14,455
Purchase of property and equipment	-27,840	-21,384
Purchase of intangible assets	-40,297	-32,623
Others	-389,051	-7,775
Net cash used in investing activities	-457,967	-125,100
<b>Cash flows from financing activities:</b>		
Net decrease (increase) in short-term borrowings	504,190	-231,400
Proceeds from long-term borrowings	5,900	171,760
Proceeds from issuance of corporate bonds	229,217	199,367
Dividends paid	-45,032	-42,186
Repayment of lease liabilities	-16,754	-20,891
Others	-78,470	-22,147
Net cash generated by financing activities	599,050	54,500
Effects of exchange rate changes on cash and cash equivalents	-210	-200
Net increase in cash and cash equivalents	183,189	118,397
Cash and cash equivalents at the beginning of the period	546,784	880,100
Cash and cash equivalents at the end of the period	729,974	998,498

## (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 cumulative consolidated third quarter of the fiscal year ended 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 cumulative consolidated third quarter of the fiscal year ending March 31, 2021.

In order to reflect this change in the presentation method ¥664 million, which was included in “Others” in “Cash flows from investing activities” in the cumulative consolidated third quarter of the fiscal year ended March 31, 2020 is now reclassified as “Interest and dividends received” in “Cash flows from operating activities”. Likewise, -¥1,096 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, the 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 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 cumulative consolidated third 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 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.