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Z Holdings Corporation
LINE Corporation

Completion of the Business Integration Between Z Holdings and LINE

- "Commerce," "Local/Vertical," "Fintech," and "Social Services" designated as four focus areas, in addition to the established core areas: "Search/Web portal," "Advertising," and "Messenger."
- JPY500B investments to be made in five years, aiming for a revenue of JPY2 trillion and operating income of JPY225B in FY2023.

Z Holdings Corporation (Headquarters: Chiyoda-ku, Tokyo; President and Representative Director, Co-CEO: Kentaro Kawabe; hereinafter "ZHD") and LINE Corporation (Headquarters: Shinjuku-ku, Tokyo; President and Representative Director: Takeshi Idezawa; hereinafter "LINE") today announce the completion of the business integration between the two companies.

ZHD and LINE have concluded a Memorandum of Understanding on Business Integration in November 2019, Definitive Agreement on Business Integration in December 2019, and Business Alliance Memorandum of Understanding in August 2020. Based on these agreements, the two companies, together with their respective parent companies, SoftBank Corp. and NAVER Corporation (hereinafter "NAVER") have carried out a series of transactions in order to realize the business integration. Various discussions have also been held on the businesses operated by the two companies so that synergies will be swiftly generated after the integration. Today, the business integration has been completed with the effective execution of the share exchange provided in the Share Exchange Agreement concluded between ZHD and LINE Successor on January 31, 2020, as part of the agreements related to the business integration.

The ZHD Group, with 23,000 employees, has become one of Japan's largest Internet corporate group that has a total of over 300 million users, 15 million corporate clients, and over 3,000 collaborations with municipalities; and that provides over 200 services in Japan. As a result of the integration, the Group now covers three sources of actions that are indispensable to our daily lives; "information," "payment," and "communication." Enabling people to "Achieve Even More" with the power of the Internet, the ZHD Group will create new value by solving various social issues of each individual living in each of the countries and regions, to provide convenience and to contribute to a flourishing society.

The ZHD Group has designated "Search/Web portal," "Advertising," and "Messenger," mainly operated by its core companies, Yahoo Japan Corporation (hereinafter "Yahoo! JAPAN") and LINE, as its core areas of business promotion. The Group has also designated "Commerce," "Local/Vertical," "Fintech," and "Social Services," as its four focus areas where there are large social issues that are expected to be solved with the Internet. We will apply data and AI technologies to each of these areas to activate powerful synergies to add convenience and vitality to the daily lives of our users, business activities, and all of society.

■ Focus areas

1. Commerce

(1) Social commerce and linkage with physical stores ("X Shopping")

One of the new shopping experiences offered by the ZHD Group is in social commerce using the communication app, "LINE." "LINE Gift" enables users to send gifts to their friends when they receive notifications on their friends' birthdays via LINE. With "Social Gift", users will be able to select these gifts from a wider variety of items when Yahoo! JAPAN Shopping is linked in the future. In "Team Purchase," users can purchase items at a low price by gathering their friends on LINE to make a purchase. In "Live Commerce," while watching videos of influencers introducing their products, users can interact with others who are watching the same video and make purchases.

"X (Cross) Shopping" is a new shopping experience that links the product data of online and physical stores enabling users to choose the method of purchase that best suits their needs. In the medium to long term, we will consider the "My Price Initiative," a concept of dynamic pricing for purchases in physical stores as well as in online stores. Through these efforts, we aim to realize a world where people can buy what they want at the best price anytime, anywhere.

In the future, we will also consider consolidating the loyalty programs for our users.

(2) EC solution "Smart Store Project"

Using the expertise of NAVER, we plan to launch "Smart Store Project" in the first half of 2021. This service will provide business operators EC solutions, including construction, operation and analysis of their own EC websites, as well as customer service and traffic referral. In addition, in the medium to long term, we will design a framework that enables operators to manage and operate their physical stores, their own EC website, their stores in mall-type EC, such as Yahoo! JAPAN Shopping, various social media websites and their LINE Official Account for customer attraction in a single screen.

2. Local/Vertical

In the "Local/Vertical" area, which provides services such as accommodation and restaurant reservations, we will provide solutions by supporting the digital transformation (DX) of corporations. In addition to reservations and traffic referral from multiple services, such as Yahoo! JAPAN Loco, Ikyu.com Restaurant, and LINE PLACE, we aim to improve the accuracy of matching information with users by thoroughly utilizing AI. We will consider utilizing one of the largest food delivery network in Japan, established by Demae-can, which will enhance the convenience of deliveries provided in the Group's services.

In advertising, we will provide new marketing solutions to our business operators through the collaborations between Yahoo! JAPAN, LINE and PayPay. For example, we will be able to approach users in an efficient and continuous manner, by distributing advertisements on the media pages of Yahoo! JAPAN and LINE, etc. and delivering special coupons only to those who have purchased a particular product to encourage them to repurchase. This will allow companies to conduct lean and effective marketing, and will enable users to receive personalized, noise-free deals.

3. Fintech

We will expand the "Scenario Finance" initiative, which proposes the most suitable financial products such as loans, investment products, and insurance according to the users' actions such as "buy," "reserve," and "pay." The services of PayPay and LINE Pay will begin to be linked at the merchant level. From late April 2021, in over three million PayPay merchants across Japan*1 which use the merchant-presented mode (MPM), users will be able to make payments with LINE Pay. Furthermore, PayPay and LINE Pay have begun discussions on integrating LINE Pay's QR/barcode payment into PayPay in April 2022*2.

*1 Stores and taxis registered to PayPay as of February 24, 2021.

*2 In order to link and provide services, companies are required to meet the legal requirements necessary to conduct the business in question.

4. Social Services

In the "Social Services" area, we will focus on the three main areas of: public service digital transformation (DX), disaster prevention, and healthcare; and work to address Japan's DX and social issues through public-private partnerships.

(1) Public service DX

By the end of 2021, we will enrich information on comprehensive and easy-to-understand administrative procedures in Yahoo! JAPAN services and LINE, and will start a service linked to the Japanese Cabinet Office's "Mynaportal*3" for making online administrative applications. We will start with procedures for child allowance and nursing care, and aim to gradually expand the service.

*3 Japanese government-operated, online one-stop service for administrative procedures such as childcare and nursing care, and for checking notices from government agencies.

(2) Disaster prevention

We will provide optimal information to each individual at various stages related to disaster prevention, such as levels of danger in their living area during normal times, personal timetables during disaster warnings, evacuation guidance during disasters, and suitable support during recovery and reconstruction.

(3) Healthcare

Starting with "LINE Doctor," a service provided by LINE Healthcare Corporation, we will make telemedicine services more convenient and accessible by developing new services ranging from online medication guidance to medication delivery, in addition to online medical treatment. We aim to start online medication guidance by the end of fiscal 2021, and to make "LINE Doctor" No.1 in Japan.

■ Investment and global business expansion

The ZHD Group will incorporate AI into all of our services to promote the creation of new value. To develop all businesses with a focus on AI, we are budgeting JPY 500B and planning to increase 5,000 engineers engaged in the use of AI, both in and out of Japan in the next five years. Furthermore, by building on LINE's overseas operations in Taiwan, Thailand and Indonesia, we will make a global expansion, introducing the best practices from Japan, as well as applying best practices from overseas to the Japanese market. We will also make full use of the know-how and network of SoftBank and NAVER in the efforts of our global expansion.

■ Handling of data

When handling data, we will focus on the following four points: providing easy-to-understand explanations, operating in accordance with applicable laws and regulations, continuing to receive advice and evaluations from experts, and giving priority to privacy and security. When linking the data between Yahoo! JAPAN and LINE, we will endeavor to provide thorough and easy-to-understand explanations with the precondition of obtaining consent, and will strive to ensure safety and security by complying with various international standards.

■ Management structure and policies

Under the new management structure announced today*4, ZHD will generate synergies and promote the growth of businesses and services. As a target figure, we will aim to achieve JPY 2 trillion in revenue, and a record high operating income of JPY 225B in fiscal 2023.

*4 Notification on Changes in Representative Director and Appointment of Directors / Officers

■ Suggestion BOX for a Better Digital Society

We have launched a special website commemorating the business integration of ZHD and LINE today. From today, we have also opened a Suggestion BOX for a Better Digital Society in the special website, for users to share the issues they would like us to tackle and their requests on services and functions. (Available for a limited period.)

*Special website

The new ZHD will provide the best user experience to the users and solve the social issues in Japan. Furthermore, we will aim to become the "World-Leading AI Tech Company from Japan and Asia," providing the best user experiences to Asia from Japan.

Commemorating the business integration, please look forward to the collaboration between the brand characters of Yahoo! JAPAN and LINE. The characters will exchange the two brand logos, adjacent to the main logo in the Yahoo! JAPAN Top Page, from March 1 to March 28.

[Image of Yahoo! JAPAN Top Page]



Please also look forward to the animation of the brand characters of both companies collaborating in the talk room of LINE talk if you send the keywords, "yahoo", "ヤフー" or

"やふー" in your message. This collaboration is available from 7:00 am March 1 to 9:59 am March 4 (JST) in smartphones with versions iOS 9.15.0 and above, and Android 10.2.0 and above*5.

*5 Not available for versions lower than Android OS7.1. Only available in Japan.

[Animations in LINE Talk]



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