



October 25, 2021

To whom it may concern

Z Holdings Corporation
Kentaro Kawabe
President and Representative Director, Co-CEO

Stock Code: 4689

Notice on the Issuance of Stock Options

Pursuant to Article 370 of the Companies Act of Japan and Article 25 of Articles of Incorporation of Z Holdings Corporation (hereinafter "Company"), the Company determined today the terms and conditions of share acquisition rights that will be issued in the form of stock options to the directors and executive officers of the affiliated company of the Company, and resolved to solicit subscribers for the said stock acquisition rights, etc.

Please note that the amount to be paid in for the stock acquisition rights will be determined on the allotment date of the stock acquisition rights (scheduled for November 11, 2021). Details are as follows.

I. Reason for the issuance of stock options

As announced by the Company and LINE Corporation (currently A Holdings Corporation, hereinafter "LINE") in "Announcement Regarding Definitive Agreement on Business Integration" dated December 23, 2019, and as announced by the Company in "Opinion Statement on the Tender Offer of the Company's Shares by LINE Corporation" (Japanese only) dated January 20, 2021, the Company will issue stock options which will cover the shares of common stock of the Company as part of the incentive policy towards the directors, officers and employees of LINE and its affiliated companies.

If all of the stock options announced today, implemented as LINE's three year incentive policy are exercised, the amount of shares of common stock of the Company that will increase as a result will be equivalent to around 0.46% of the total issued shares of the Company as of September 30, 2021 (0.47% even if treasury stocks are excluded). Furthermore, although it was announced in the "Notice on the Issuance of Stock Options" dated March 15, 2021 and "Notice Regarding Determination of Details of Stock Option Issuance" dated April 1, 2021, that the abovementioned incentive policy is for directors, officers and employees of the affiliated company of the Company, the issuance on this occasion only will be for some directors and executive officers of the affiliated company of the Company. Please note that out of the officers and employees of LINE and its affiliated companies, the economic conditions etc. of the incentive plan mainly for employees is scheduled to be considered while taking into account the scale of LINE's three year incentive

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policy. However, when and how the incentive plan will be granted has not been determined as of now, and will be announced as soon as it is determined.

These stock options, including the aforementioned undetermined ones, will contribute to the enhancement of the corporate value of the Company. Therefore, we believe that the impact of the dilution of shares due to the issuance of these stock options will be within a reasonable range.

II. Terms and conditions of stock acquisition rights to be issued to the directors and executive officers of the Company's affiliated company

(1) Name of stock options:

LINE 29th Stock Options

(2) Total number of stock options:

30,240 units

The above number is the number scheduled to be allotted. If the total number of stock options to be allotted is decreased, such as when no stock option has been subscribed for, the total number of stock options to be allotted shall be the total number of stock options to be issued.

(3) Amount to be paid in for the stock options

The amount to be paid in for each stock option shall be the option price per share (any fraction less than one yen shall be rounded to the nearest whole number) calculated using the binominal model, multiplied by the number of shares covered by each stock option (hereinafter, the "Number of Granted Shares"). However, the person to whom the stock option is allocated shall offset his/her monetary claim in lieu of paying the relevant amount to be paid in. The amount to be paid in as calculated above is equivalent to the fair value of the stock options, and does not constitute a favorable issuance.

(4) Class and number of shares covered by the stock options

The class of shares covered by the stock options shall be shares of common stock of the Company, and the Number of Granted Shares per one stock option shall be 1,175 shares.

However, the Number of Granted Shares shall be adjusted by the following formula if the Company splits (including allotment of shares of common stock of the Company without contribution; the same shall apply to any reference to a share split hereinafter) or consolidates shares of its common stock, and fractions less than one share arising as a result of such adjustment shall be rounded off.

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$$\text{Number of Granted Shares after adjustment} = \frac{\text{Number of Granted Shares before adjustment}}{\text{Share split or share consolidation ratio}}$$

The Number of Granted Shares after adjustment shall be applied, in the case of a share split, on and after the day immediately following the record date for the share split (if no record date is prescribed, the effective date of such share split) and, in the case of a share consolidation, on and after the effective date thereof; however, if a share split is subject to the condition that a proposal to increase the stated capital or reserves by decreasing the amount of surplus is approved at the Company's shareholders meeting, and the record date for the share split is prescribed to be the date prior to the date of conclusion of such shareholders meeting, the Number of Granted Shares after adjustment shall be applied on and after the date immediately following the date of conclusion of such shareholders meeting.

When adjusting the Number of Granted Shares, the Company shall notify each holder of stock options set forth in the stock options register (each a "Stock Option Holder") or give public notice of necessary matters by the date immediately preceding the application date of the Number of Granted Shares after adjustment; however, if the Company is unable to notify the Stock Option Holders or give public notice thereof by the date immediately preceding the application date, the Company shall notify the Stock Option Holders or give public notice thereof promptly thereafter.

(5) Value of property to be contributed upon exercise of stock options

- (i) The value of property to be contributed upon exercise of each stock option shall be the amount obtained by multiplying the amount to be paid-in for one share to be delivered by exercising such stock option (hereinafter the "Exercise Price") by the Number of Granted Shares. The Exercise Price shall be the higher of the price obtained either by multiplying 1.05 by the average closing price in ordinary trading of the Company's shares of common stock on the Tokyo Stock Exchange for each day (excluding any day on which no trade is executed) of the month preceding the month in which the day that the stock options were allotted, as set forth in Section 10 below (hereinafter "Allotment Date") (fraction less than 1 yen arising from such calculation will be rounded up) or the closing price (or closing price of the immediately preceding trading day when there is no closing price) on the Allotment Date.
- (ii) If the Company takes any of the actions listed in items (a) to (c) below with respect to the common stock of the Company after the Allotment Date, the Company shall adjust the Exercise Price by using the corresponding formula (the "Exercise Price Adjustment Formula") set forth below. Any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest whole number:

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(a) Split or consolidation of shares

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Share split or share consolidation ratio}}$$

The Exercise Price after adjustment shall be applied, in the case of a share split, on and after the day immediately following the record date for the share split (if no record date is prescribed, the effective date of such share split) and, in the case of a share consolidation, on and after the effective date thereof; however, if a share split is subject to the condition that a proposal to increase the stated capital or reserves by decreasing the amount of surplus is approved at the Company's shareholders meeting, and the record date for the share split is prescribed to be the date prior to the date of conclusion of such shareholders meeting, the Exercise Price after adjustment shall be applied on and after the date immediately following the date of conclusion of such shareholders meeting.

(b) Issuance of new shares or disposition of treasury shares at a price lower than the market price for shares of common stock of the Company (excluding issuance or disposal upon exercise of the stock options)

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new shares to be issued} \times \text{Amount to be paid-in per share}}{\text{Market price per share}}}{\text{Number of issued shares} + \text{Number of new shares to be issued}}$$

i The "Market price" in the above Exercise Price Adjustment Formula shall be the average (fractional amounts less than one yen shall be calculated to the hundredth and then rounded to the nearest tenth) closing price (including indicative prices; hereinafter the same) of ordinary trading of shares of common stock of the Company listed on a financial instruments exchange (if the share of common stock of the Company are listed on two or more financial instruments exchanges, the main financial instruments exchange considered to be the most appropriate by taking into account the trading volume and the ratio of the pricing, etc. of the shares of common stock of the Company for the period specified in this sub-item) for a period of 30 trading days (excluding days with no closing price) commencing on the 45th trading day prior to the application date of the Exercise Price after adjustment.

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ii The “Number of issued shares” in the above Exercise Price Adjustment Formula shall be the total number of issued shares of common stock of the Company as of the date one month prior to the application date if no record date is prescribed, or as of the record date, if any, less the number of treasury shares of common stock of the Company; and in the case of disposition of treasury shares of common stock of the Company, the “Number of new shares to be issued” in the Exercise Price Adjustment Formula shall be replaced with the “Number of treasury shares to be disposed.”

iii The Exercise Price after adjustment shall be applied on and after the date immediately following the date of payment (if a period for payment is prescribed, the last day thereof) or on and after the date immediately following the record date for offering of shares of common stock of the Company, if any.

(c) In addition, if it is appropriate to adjust the Exercise Price after the Allotment Date because of a merger of the Company with another company or for other reasons, the Company shall adjust the Exercise Price as necessary to a reasonable extent.

(d) When adjusting the Exercise Price, the Company shall notify the Stock Option Holders or give public notice of necessary matters by the date immediately preceding the application date of the Exercise Price after adjustment; however, if the Company is unable to notify the Stock Option Holders or give public notice thereof by the date immediately preceding the application date, the Company shall notify the Stock Option Holders or give public notice thereof promptly thereafter.

(6) Exercise period for the stock options

The exercise period for the stock options shall be from November 11, 2024 to October 24, 2031 (the “Exercise Period”). However, if the last day of the Exercise Period falls on a holiday of the Company, the Exercise Period shall end on the business day immediately preceding such day.

Notwithstanding the preceding paragraph, the Stock Option Holder may exercise the stock option during the periods listed in the following items (including the first day and the last day of each period) up to the number of units in the relevant item (including the units for which the stock options have already been exercised). In such case, any fraction of exercisable stock options arising from the calculation pursuant to the relevant item shall be rounded down, and only the stock options without such fraction may be exercised.

(i) From November 11, 2024 to October 24, 2031
20% of the total number of stock options allotted to the Stock Holder

(ii) From November 11, 2025 to October 24, 2031

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50% of the total number of stock options allotted to the Stock Holder

- (iii) From November 11, 2026 to October 24, 2031
100% of the total number of stock options allotted to the Stock Holder

(7) Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of stock options

- (i) The amount of the increase of stated capital in issuance of shares upon exercise of stock options shall be one-half of the maximum amount of increase of stated capital, etc. to be calculated pursuant to Article 17, paragraph 1 of the Regulation on Corporate Accounting. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest whole number.
- (ii) The amount of the increase of capital reserves in issuance of shares upon exercise of stock options shall be the maximum amount of increase of stated capital, etc. set forth in clause (i) above less the amount of increase of stated capital set forth in clause (i) above.

(8) Restrictions on acquisition of the stock options by transfer

Any acquisition of the stock options by transfer shall be subject to the approval by resolution of the Board of Directors of the Company.

(9) Conditions on exercise of the stock options

- (i) When a Stock Option Holder passes away, his/her heirs may not exercise the stock options unless the Company determines otherwise.
- (ii) A Stock Option Holder must hold the position of either director, corporate auditor, officer, executive officer, or employee of the Company or of the Company's affiliated companies (meaning associated companies as defined in the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, Etc.; hereinafter the same) at the time that the stock options are exercised; however, this shall not apply in cases when a Stock Option Holder has retired from the position of director, corporate auditor, or officer of the Company or of the Company's affiliated companies due to the expiry of his/her term of office, or when the Company acknowledges that there is a justifiable reason therefor.
- (iii) Each stock option cannot be partially exercised.
- (iv) A Stock Option Holder may exercise the stock option up to the number of units listed in the following items only if the stock price of the shares of common stock of the Company satisfies the conditions in the relevant item. In such case, any fraction of exercisable stock options arising from the calculation pursuant to the relevant item shall be rounded down, and only the stock options without such fraction may be exercised. If it is appropriate to adjust the Standard Stock Price (as defined in item (a)) because of a merger, an issuance of shares for subscription, a share split or share consolidation or other similar events, the Company shall adjust the Standard Stock Price as necessary to a reasonable extent. A Stock Option Holder may exercise the stock options during the periods specified in Section (6) above up to the applicable maximum number of units for the exercise if the stock price of the shares of common stock of the Company satisfies the conditions listed in the following items:

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- (a) If, on any day from November 11, 2024 to November 11, 2027, the average closing price in ordinary trading of the Company's shares of common stock on the Tokyo Stock Exchange during the ten-business-day period immediately preceding that day (excluding the day on which no ordinary trading of the Company's shares of common stock is executed; the same applies to the items in this paragraph) exceeds 640 yen (the "Standard Stock Price"):

20% of the total number of allotted stock options

- (b) If, on any day from November 11, 2025 to November 11, 2028, the average closing price in ordinary trading of the Company's share of common stock on the Tokyo Stock Exchange during the ten-business-day period immediately preceding that day exceeds the Standard Stock Price:

30% of the total number of allotted stock options

- (c) If, on any day from November 11, 2026 to November 11, 2029, the average closing price in ordinary trading of the Company's shares of common stock on the Tokyo Stock Exchange during the ten-business-day period immediately preceding that day exceeds the Standard Stock Price:

50% of the total number of allotted stock options

- (10) Allotment date for the stock options

November 11, 2021

- (11) Payment date of money in lieu of the stock options

November 11, 2021

- (12) Conditions on acquisition of the stock options

The Company may acquire the stock options on a date separately prescribed by the Board of Directors of the Company without any consideration if any of the proposals listed in items (i), (ii), (iii), (iv) and (v) below is approved at a shareholders meeting of the Company (if no resolution at a shareholders meeting is required, when a resolution of the Company's Board of Directors has been passed):

- (i) a proposal for approval of a merger agreement pursuant to which the Company will become an absorbed company;
- (ii) a proposal for approval of a corporate split agreement or a corporate split plan pursuant to which the Company will become a splitting company;
- (iii) a proposal for approval of a share exchange agreement or a share transfer plan pursuant to which the Company will become a wholly-owned subsidiary;
- (iv) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of all classes of shares issued by the Company is subject to the approval of the Company; or
- (v) a proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of the shares covered by the stock options is subject to the approval of the Company, or that all of the shares of such class may be acquired by the Company by a resolution of a shareholders meeting of the Company.

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(13) Matters related to delivery of stock options upon reorganization

In the event of a merger (limited to a merger by which the Company is absorbed), an absorption-type corporate split or incorporation-type corporate split (in either case, limited to a corporate split by which the Company becomes a splitting company), or a share exchange or share transfer (in either case, limited to a transaction by which the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as a "Reorganization") with regard to the Company, the Company shall deliver to the Stock Option Holders holding the stock options (the "Outstanding Stock Options") outstanding immediately prior to the effective date of such Reorganization (hereinafter meaning, in the case of an absorption-type merger, the date on which such absorption-type merger becomes effective; in the case of an incorporation-type merger, the date of incorporation of the company to be incorporated by such merger; in the case of an absorption-type corporate split, the date on which such absorption-type split becomes effective; in the case of an incorporation-type split, the date of incorporation of the company to be incorporated by such split; in the case of a share exchange, the date on which such share exchange becomes effective; and in the case of a share transfer, the date of incorporation of the wholly-owning parent company to be incorporated by such share transfer) the stock options of the company (the "Reorganized Company") listed in Article 236, paragraph 1, item (8) (a) through (e) of the Companies Act. In such case, the Outstanding Stock Options shall be extinguished and the Reorganized Company shall issue new stock options on the condition that the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type corporate split agreement, incorporation-type corporate split plan, share exchange agreement or share transfer plan provides that stock options of the Reorganized Company will be delivered as follows:

- (i) Number of stock options of the Reorganized Company to be delivered
The number of stock options equal to the number of Outstanding Stock Options held by each Stock Option Holder shall be delivered.
- (ii) Class of shares of the Reorganized Company covered by the stock options
Shares of common stock of the Reorganized Company shall be covered.
- (iii) Number of shares of the Reorganized Company covered by the stock options
The number shall be determined in accordance with Section 4 above, taking into consideration of various factors such as the conditions of the Reorganization.
- (iv) Value of property to be contributed upon exercise of the stock options
The value of property to be contributed upon exercise of each stock option to be delivered shall be the amount obtained by multiplying (a) the Exercise Price after the Reorganization to be obtained by adjusting the Exercise Price set forth in Section 5 above after taking into consideration of various factors such as the conditions of the Reorganization by (b) the number of shares of the Reorganized Company covered by the stock options, which is determined pursuant to item (iii) above.
- (v) Exercise period for the stock options
The exercise period shall commence on the commencement date of the exercise period of the stock options set forth in Section 6 above or the effective date of the Reorganization, whichever comes later, and end on the expiration date of the exercise period of the stock options set forth

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in Section 6 above.

- (vi) Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of stock options
To be determined in accordance with Section 7 above.
- (vii) Restrictions on acquisition of the stock options by transfer
Any acquisition of the stock options by transfer shall be subject to the approval by resolution of the Board of Directors of the Reorganized Company.
- (viii) Other conditions on exercise of the stock options
To be determined in accordance with Section 9 above.
- (ix) Conditions on acquisition of the stock options
To be determined in accordance with Section 12 above.

- (14) Treatment of fractions less than one share arising upon exercise of the stock options
If the number of shares to be delivered to a Stock Option Holder exercising the stock options includes any fraction less than one share, such fraction shall be rounded down.

- (15) People who are to be allotted stock options, the number thereof, and the number of stock options to be allotted

Allottee	Number	Number of stock options
Directors and executive officers of the affiliated companies of the Company	10	30,240

III. Items regarding transactions, etc., with controlling shareholders

1. Applicability of transactions, etc. with controlling shareholders and compliance with guidelines concerning minority shareholders protection policy

The issuance of the said stock option fall, in part, under the category of transactions, etc. with controlling shareholders, because In Joon Hwang, senior managing corporate officer of the Company, who is eligible for the allocation, concurrently serves as the director of A Holdings Corporation, the parent company of the Company. As announced in the Corporate Governance Report dated June 25, 2021, the Company stipulates the following “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder,” and the issuance of the said stock option is decided in accordance with the said policy.

The parent company of Z Holdings Corporation is the SoftBank Group Corp., SoftBank Group

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Japan Corporation, SoftBank Corp., and A Holdings Corporation. Z Holdings Corporation has enacted "Regulations for Appropriate Business Transactions and Practices by Z Holdings Corporation, its Parent Company, Subsidiaries, and Affiliates". In accordance with these regulations, Z Holdings Corporation strives to maintain its commitment to fair and proper transactions by expressly forbidding clearly advantageous or disadvantageous transactions with its parent company, etc. which are judged by comparing transactions with a third party or with other similar transactions, and performing of transactions for the purpose of shifting profits, losses, or risks.

2. Measures to ensure fairness and to prevent conflict of interest

The said stock options are issued in accordance with the rules and procedures established within the Company. Representative Director, Co-CEO (Co-Chief Executive Officer) Idezawa, Director, GCPO (Group Chief Product Officer) Shin, and Director, Senior Managing Corporate Officer Masuda, who have conflict of interest, did not participate in the deliberations and resolution of the Board of Directors meeting. Furthermore, the content and conditions of such stock options are also appropriate and do not deviate from the general content and conditions of stock options.

3. Outline of the opinion obtained from persons who have no conflict of interest with the controlling shareholders that the said transaction, etc. is not disadvantageous to minority shareholders

The content of the issuance of stock options and the appropriateness of the conditions have been discussed and resolved in the Company's Board of Directors meeting held today. Regarding the issuance of new stock options, Senior Managing Corporate Officer, GCFO (Group Chief Financial Officer) Sakaue, based on the instructions of President and Representative Director, Kawabe, explained to the Governance Committee (comprised of independent outside directors: Messrs. Yoshio Usumi, Maiko Hasumi, Tadashi Kunihiro, and Rehito Hatoyama) which does not have conflict of interest with controlling shareholders, that measures to ensure fairness and to prevent conflict of interest have been implemented. He further explained that the purpose of the stock options is to provide the allottees with incentives to continuously improve the corporate value of the Company and to promote further value sharing with the shareholders, and that the content and conditions of the stock options are appropriate. Based on the explanations, we have obtained a written opinion dated October 25, 2021 from the Governance Committee stating that the issuance of the said new stock options is not disadvantageous to minority shareholders.

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