



February 19, 2021

To whom it may concern

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

Notice of Changes in Parent Company and the Largest and Major Shareholder

Z Holdings Corporation (“Company”) hereby announces that the parent company and the largest and major shareholder of the Company are expected to change as a result of the tender offer for the purpose of acquiring the common shares of the Company (“ZHD Shares”) conducted by LINE Corporation (“Tender Offeror”) since January 21, 2021 (such tender offer, “Tender Offer”). The changes are expected to take place on February 26, 2021, the settlement commencement date of the Tender Offer. Details are as follows.

1. Scheduled date of the changes

February 26, 2021 (the settlement commencement date of the Tender Offer)

2. Background of the changes

As announced today by the Company in “Notice on the Results of the Tender Offer of the Company’s Shares by LINE Corporation” (Japanese only), the Company received a report that the Tender Offer has been completed because the total number of shares, etc. subscribed to the Tender Offer (2,125,405,395 shares) exceeded the minimum number of shares to be purchased (2,125,366,950 shares). As a result, in the event that the Tender Offer is settled, the Tender Offeror shall newly fall under the category of the parent company and the largest and major shareholder of the Company as of February 26, 2021 (the settlement commencement date of the Tender Offer).

Meanwhile, Shiodome Z Holdings GK (“Shiodome ZHD”), the parent company and the largest and major shareholder of the Company, subscribed all of the ZHD Shares it possesses

Disclaimer

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(2,125,366,950 shares) to the Tender Offer out of which the Tender Offeror shall acquire 2,125,328,600 shares. (Note) Thus, Shiodome ZHD will no longer fall under the category of the parent company and the largest and major shareholder of the Company as of February 26, 2021 (the settlement commencement date of the Tender Offer).

According to the Tender Offeror, after the settlement of the Tender Offer is complete, an absorption-type merger ("Merger") is scheduled to be executed with Shiodome ZHD as the absorbed corporation and the Tender Offeror as the surviving corporation, effective February 26, 2021 (the settlement commencement date of the Tender Offer). As a result of the transfer, etc. of part of the common shares of the Tender Offeror from SoftBank Corp. ("SoftBank") to Naver Corporation and NAVER J. Hub Corporation ("NAVER Parties"), which is executed in tandem with the Merger, the ratio of voting rights in the Tender Offeror held by the NAVER Parties and SoftBank is scheduled to be 50:50 as of February 26, 2021 (the settlement commencement date of the Tender Offer).

As of February 26, 2021 (the settlement commencement date of the Tender Offer) when the Tender Offeror will newly fall under the category of the parent company and the largest and major shareholder of the Company as a result of these transactions, SoftBank, SoftBank Group Japan Corporation and SoftBank Group Corp. will not lose their substantial control over the Company, and SoftBank, SoftBank Group Japan Corporation and SoftBank Group Corp. will continue to be the parent company of the Company.

(Note) According to the Tender Offeror, the total number of shares, etc. subscribed to the Tender Offer (2,125,405,395 shares) exceeded the maximum number of shares to be purchased (2,125,366,950 shares). Thus, the Tender Offeror shall not purchase, etc. all or part of the excess shares and will conduct settlement through delivery or other such means of settlement in respect of a tender offer for shares pursuant to the proportional allocation method stipulated in Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Law No. 25 of 1948; including amendment thereof) and Article 32 of the Cabinet Office Ordinance concerning Disclosure of Tender Offer for Share Certificates, etc., by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, including amendment thereof). As a result, according to the Tender Offeror, Shiodome ZHD is scheduled to sell 2,125,328,600 shares out of the 2,125,366,950 shares of the Company it possesses to the Tender Offeror in this Tender Offer. In addition, according to the Tender Offeror, Shiodome ZHD plans to transfer all of the shares of the Company that cannot be sold to the Tender Offeror in this Tender Offer to SoftBank after the expiration of the Tender Offer period, etc. and before February 26, 2021 (the settlement commencement date of the Tender Offer), at the same price as the price per share of the Company's stock to be purchased, etc. in the Tender Offer (348 yen).

3. Outline of shareholders expected to change

(1) LINE Corporation (Shareholder which will newly fall under the category of the parent company and the largest and major shareholder)

(1)	Name	LINE Corporation	
(2)	Location	1-6 Shinjuku 4-chome, Shinjuku-ku, Tokyo	
(3)	Title and Name of Representative	President and Representative Director, Takeshi Idezawa	
(4)	Description of Business (Note 1)	Advertising service based on the mobile messenger application "LINE," core businesses including the sales of stamp and game services, and strategic businesses including Fintech, AI and commerce services	
(5)	Capital Amount	JPY 101,641 million (As of September 30, 2020)	
(6)	Date of Incorporation	September 4, 2000	
(7)	Total Equity	JPY 161,371 million (As of September 30, 2020)	
(8)	Total Assets	JPY 568,333 million	
(9)	Major Shareholder and Shareholding Ratio (Note 2)	NAVER Corporation	75.00%
		SoftBank Corp.	12.50%
		NAVER J. Hub Corporation	12.50%
(10)	Relationship with the Company	Capital Relationship	N/A
		Personal Relationship	N/A
		Business Relationship	Advertising-related transactions, etc.

(Note 1) As stated in the aforementioned "2. Background of the changes," according to the Tender Offeror, the Tender Offeror plans to execute an absorption-type demerger in which LINE Demerger Preparatory Company ("Tender Offeror Successor"), a wholly owned subsidiary of the Tender Offeror, succeeds to all of the businesses of the Tender Offeror, effective February 28, 2021. As stated in "Opinion Statement on the Tender Offer of the Company's Shares by LINE Corporation" ((Japanese only) "Opinion Statement"), dated January 20, 2021, the Company and the Tender Offeror Successor plan to carry out a share exchange in which the Company will become the wholly-owning parent company and the Tender Offeror Successor will become the wholly-owned subsidiary, in exchange for ZHD Shares as consideration (scheduled effective date: March 1, 2021, "Share Exchange").

(Note 2) As stated in the aforementioned "2. Background of the changes," according to the Tender Offeror, as a result of the Merger and the transfer, etc. of part of the common shares of the Tender Offeror from SoftBank to NAVER Parties, which is executed in tandem with the Merger, the ratio of voting rights in the Tender Offeror held by the NAVER Parties and SoftBank is scheduled to be 50:50 as of February 26, 2021 (the settlement commencement date of the Tender Offer).

(2) Shiodome Z Holdings GK (Shareholder which will no longer fall under the category of the parent company and the largest and major shareholder)

(1)	Name	Shiodome Z Holdings GK		
(2)	Location	9-1 Higashishimbashi 1-chome, Minato-ku, Tokyo		
(3)	Title and Name of Representative	Representative Member, SoftBank Corp. Manager Kazuhiko Fujihara		
(4)	Description of Business	Business preparation company		
(5)	Capital Amount	JPY 10 million		
(6)	Date of Incorporation	June 1, 2016		
(7)	Net Assets	JPY 755,731 million		
(8)	Total Assets	JPY 756,372 million		
(9)	Major Shareholder and Shareholding Ratio	SoftBank Corp.	100.00%	
(10)	Relationship with the Company	Capital Relationship	As noted in “(2) Shiodome Z Holdings GK (Shareholder which will not fall under the category of the parent company and the largest and major shareholder)” in “4. Number of voting rights and percentage to total voting rights held by the shareholders before and after the change” below, this company holds 44.62% voting rights of the Company as of today.	
		Personal Relationship	The Company’s director, Kazuhiko Fujihara, concurrently serves as the Manager of this company	
		Business Relationship	N/A	

4. Number of voting rights and percentage to voting rights held by the shareholders before and after the change

(1) LINE Corporation (Shareholder which will newly fall under the category of the parent company and the largest and major shareholder)

	Category	Number of Voting Rights (Percentage of voting rights)			Order of Major Shareholders
		Directly held	Indirectly held	Total	
Before	—	—	—	—	—
After	Parent company	21,253,670 (44.62%)	—	21,253,670 (44.62%)	1st

(Note 1) Percentage of voting rights is calculated by using the number of voting rights (47,637,513) pertaining to 4,763,751,344 shares, as the denominator. 4,763,751,344 shares is derived by subtracting the number of treasury stocks held by the Company as of December 31, 2020 (60,131,521 shares), as announced on February 3, 2021 in “Results for the Nine Months Ended December 31, 2020 (FY2020-3Q) [IFRSs],” from the total number of stocks issued as of December 31, 2020 (4,823,882,865 shares), as announced in the Third-Quarterly Report for the 26th Term filed on February 8, 2021.

The same applies hereinafter.

(Note 2) Percentage of voting rights is rounded down to two decimal places. The same applies hereinafter.

(2) Shiodome Z Holdings GK (Shareholder which will no longer fall under the category of the parent company and the largest and major shareholder)

	Category	Number of Voting Rights (Percentage of voting rights)			Order of Major Shareholders
		Directly held	Indirectly held	Total	
Before	Parent company	21,253,669 (44.62%)	—	21,253,669 (44.62%)	1st
After	—	—	—	—	—

(Note 3) As stated in the aforementioned “2. Background of the changes,” according to the Tender Offeror, Shiodome ZHD is scheduled to sell 2,125,328,600 shares out of the 2,125,366,950 shares of the Company it possesses to the Tender Offeror in this Tender Offer. In addition, according to the Tender Offeror, Shiodome ZHD plans to transfer all of the shares of the Company that cannot be sold to the Tender Offeror in this Tender Offer to SoftBank after the expiration of the Tender Offer period, etc. and before February 26, 2021 (the settlement commencement date of the Tender Offer), at the same price as the price per share of the Company's stock to be purchased, etc. in the Tender Offer (348 yen).

5. Changes in unlisted parent company, etc. subject to disclosure

As a result of the changes mentioned above, the Tender Offeror will newly fall under the category of the Company's parent company and the largest and major shareholder. However, the Tender Offeror is scheduled to become a subsidiary of SoftBank, and the parent company, etc. that has the greatest influence on the Company is Softbank. Thus, the Tender Offeror does not fall under the category of an unlisted parent company, etc. subject to disclosure.

6. Future outlook

The ZHD Shares are scheduled to remain listed in the First Section of the Tokyo Stock Exchange after the completion of the Tender Offer.

In addition, the Tender Offeror is scheduled to additionally acquire ZHD Shares through the Share Exchange. As stated in the Opinion Statement, the Company and the Tender Offeror have agreed to hold faithful discussions in advance on the handling of the shares, etc. if the following occurs when the Tender Offeror intends to acquire or transfer, etc. the ZHD Shares under the Capital Alliance Agreement concluded between the Company and Tender Offeror on December 23, 2019: i) the ZHD Shares become unlisted; ii) the voting rights ratio of the Tender Offeror becomes 50% or less on a fully diluted basis; or iii) there are other factors that have a material impact on the management of the Company.