



May 18, 2020

To whom it may concern

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

Notification regarding the Issuance of New Shares
as Restricted Stock Compensation

Z Holdings Corporation (hereinafter the “Company”) hereby announces that the Board of Directors, at its meeting held today, resolved to issue new shares (hereinafter the “Issuance of New Shares”) as follows.

1. Outline of the Issuance of New Shares

(1) Payment date	July 17, 2020
(2) Type and number of shares to be issued	1,122,500 shares of the Company’s common shares
(3) Issuance price	¥435 per share
(4) Total value of shares to be issued	¥488,287,500
(5) Recipients and number thereof; number of shares to be allotted	2 directors of the Company (excluding directors serving on the Audit and Supervisory Committee and outside directors): 440,000 shares 109 employees of the Company and the Company’s subsidiaries (hereinafter the “Group”): 682,500 shares
(6) Others	The Issuance of New Shares is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purposes and reasons of the issuance

In the Board of Directors meeting held on May 19, 2017, the Company has resolved to introduce a new compensation plan, “restricted stock compensation plan (hereinafter the “Plan”)” targeted towards the Company’s directors, excluding outside directors and directors serving on the Audit and Supervisory Committee (hereinafter the “Eligible Directors”), and employees of the Company (collectively, hereinafter the “Eligible Directors, etc.”) in order to provide incentives to sustainably increase the Company’s

corporate value and to further promote shared values between the Eligible Directors, etc. and the shareholders. In addition, in the 22nd Ordinary General Meeting of the Shareholders held on June 20, 2017, the Company has acquired approval on paying the Eligible Directors monetary compensation for the purpose of in-kind contribution for acquiring restricted stocks under this Plan (hereinafter the “Restricted Stock Compensation”) within JPY 400 million per year (excluding the portion of employee’s salary for directors who concurrently serve as employees), and that the transfer restriction period of the restricted stocks shall be determined by the Board of Directors between three to five years.

In the Issuance of New Shares under this Plan, considering the purpose of the Plan, the Company’s business performance, responsibilities of the Eligible Directors, etc., and various circumstances, the Company has decided to grant the total sum of ¥ 488,287,500 in monetary compensation claims or monetary claims, and a total of 1,122,500 of the Company’s common shares as Restricted Stock Compensation for the Group’s fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021). (Hereinafter the Company’s common shares to be issued or disposed of based on this Plan shall be referred to as the “Shares”).

Based on this Plan, the transfer restriction period has been set at about three years.

In terms of the 109 employees of the Group to whom the allotment is scheduled,, the Shares will be issued only to those who wish to subscribe to the Shares, and in this Issuance of New Shares, monetary claims for in-kind contribution will be paid to the employees who will subscribe to the Shares; therefore, there will be no reduction in the employee’s wage due to the Issuance of New Shares. Future granting of restricted stocks to the Eligible Directors, etc. shall be decided considering the effect of this Issuance of New Shares, the Group’s business performance in each fiscal year and impact on the stock market, etc.

3. Overview of the allotment agreement

(1) Transfer restriction period: July 17, 2020 – October 1, 2023

If however, at least three months prior to the expiration of the transfer restriction period, the Eligible Directors, etc. apply for an extension of the transfer restriction period due to medical leave, maternity or childcare leave, overseas study, or other legitimate reasons, and the Company approves the application, then the transfer restriction period may be extended for one year. In this case, that extended period will be deemed to be the transfer restriction period, and the provisions of the allotment agreement shall apply thereto.

(2) Conditions for the removal of the transfer restrictions

On the condition that the Eligible Directors, etc. continuously hold, during the transfer restriction period, the positions of directors, executive officers, corporate officers, or employees in the Group, the Company shall remove the transfer restriction for all of the Shares at the expiration of the transfer restriction period (if the Eligible Directors, etc. are seconded or transferred to a company, corporation, or other organization not part of the Group, then including positions as directors, executive officers, corporate officers, or employees in that company, corporation, or other organization; the same applies to (3) below).

(3) Treatment in cases in which the Eligible Directors etc., before the expiration of the transfer restriction period, resign or retire (hereinafter "Resignation, etc.") from the positions stated in (2) above, due to expiration of the term of office, reaching the mandatory retirement age, resignation at the convenience of the company, and other legitimate reasons, or death

1) Timing of removal of the transfer restrictions

If the Eligible Directors, etc. resign from the positions of directors, executive officers, corporate officers, or employees in the Group due to expiration of the term of office (except in the case where upon resignation due to the expiration of the term of office, the Eligible Directors, etc. assume or reassume any of the aforementioned positions), reaching the mandatory retirement age, resignation at the convenience of the company, and other legitimate reasons, or death, then the period from the payment date to the said Resignation, etc. shall be regarded as the transfer restriction period and the transfer restriction shall be removed immediately after such Resignation, etc.

2) Number of shares subject to removal

The transfer restrictions shall be removed for all of the Shares possessed by the Eligible Directors, etc. immediately after the Resignation, etc. as specified in 1). (In the case of Resignation, etc. due to death, those possessed by the heirs of the Eligible Directors, etc.)

(4) The Company's acquisition without consideration

Immediately after the expiration of the transfer restriction period, the Company shall automatically acquire, without consideration, all of the Shares from which the transfer restrictions have not been removed as of the expiration of the transfer restriction period. In addition, if the Eligible Directors, etc. fall under certain cases, such as due to the Eligible Directors, etc.'s voluntary Resignation, etc. during the transfer restriction period, the Company shall automatically acquire at that time,

without consideration, all of the Shares. (In the case of the employees of the Company, the Company shall acquire all or part of the Shares which will be decided based on the allotment agreement of the restricted stocks, considering the employee's term of service, etc.)

In addition, should there be a serious accounting fraud or significant losses in the Company, the Company shall notify the Eligible Directors in writing that the Company shall acquire the Shares without consideration, and as of the time when this notification has arrived, the Company shall automatically acquire all or part of the Shares according to the responsibility of the director.

(5) Administration of shares

To ensure that the Shares shall not be transferred, created a security interest on, or disposed of during the transfer restriction period, the Shares shall be administered in a dedicated account at Nomura Securities Co., Ltd., to be opened by the Eligible Directors, etc. during the transfer restriction period. In order to secure the effectiveness of the transfer restriction pertaining to the Shares, the Company shall conclude an agreement with Nomura Securities Co., Ltd. for the administration of accounts of the Shares possessed by the Eligible Directors, etc. In addition, the Eligible Directors, etc. shall agree to the method of administration of said accounts.

(6) Treatment in the event of organizational restructuring, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company will be the absorbed company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or other organizational restructuring, etc. are approved at the Company's General Meeting of the Shareholders (or in the case where the approval at the Company's General Meeting of the Shareholders is not required in regards to the said organizational restructuring, etc., a meeting of the Board of Directors), then, based on the resolution of the Board of Directors, the transfer restriction will be removed on all of the Shares possessed by the Eligible Directors, etc., immediately before the business day prior to the effective date of the said organizational restructuring, etc.

4. Basis of calculation and specific details for the payment amount

The Issuance of New Shares to the Eligible Directors, etc. shall be made by way of in-kind contribution of the monetary compensation claims or monetary claims paid as Restricted Stock Compensation under the Plan for the Group's fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021). To avoid issuing the shares based on arbitrary

decisions on price, the closing price of the Company's common shares on the First Section of the Tokyo Stock Exchange of ¥ 435 on May 15, 2020 (the business day immediately prior to the date of the resolution by the Board of Directors), is used as the issuance price. As this is the market price of the day immediately prior to the date of resolution of the Board of Directors, it is believed to be reasonable, and that this price does not constitute a particularly favorable price.

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

The Issuance of New Shares qualifies in part as transactions, etc. with controlling shareholders because one of the Eligible Directors, etc. who will be allotted concurrently serves as board director of SoftBank Corp., a parent company of the Company.

(1) Measures to ensure fairness and to prevent conflict of interest

The Issuance of New Shares is being made in accordance with rules and procedures, as specified in the relevant laws, regulations and rules, etc. In addition, the method of determining the amount to be paid-in and other issuing details and conditions, etc., is being carried out properly with no deviations from normal details and conditions for restricted stock compensation, as indicated above in "2. Purposes and reasons of the issuance" and "3. Overview of the allotment agreement." In addition, in order to avoid a conflict of interest, the said director did not participate in the deliberations and resolution of the Board of Directors meeting related to this Issuance of New Shares.

(2) Opinions relating to not being disadvantageous to minority shareholders

The content of the Issuance of New shares and the appropriateness of the conditions have been discussed and resolved in the Company's Board of Directors meeting held today. At the said Board of Directors meeting, Mr. Kawabe, President and Representative Director, explained to the directors serving on the Audit and Supervisory Committee who do not have conflict of interest with controlling shareholders, Mr. Shingo Yoshii, Ms. Hiromi Onitsuka-Baur and Mr. Yoshio Usumi that "measures to ensure fairness and to prevent conflict of interest" have been taken, that this Issuance of New Shares provides incentives to the Eligible Directors, etc. to sustainably increase the corporate value of the Company and is aimed to further promote shared values with the shareholders, and that its content and conditions are appropriate. Accordingly, Mr. Shingo Yoshii, Ms. Hiromi Onitsuka-Baur and Mr. Yoshio Usumi have expressed their opinions that this Issuance of New Shares is not disadvantageous to minority shareholders.

(3) Compliance with corporate governance report

The "Policy on Measures to Protect Minority Shareholders in Conducting Transactions

with Controlling Shareholder” stated in the Company’s corporate governance report, disclosed on November 1, 2019 is as follows. The Issuance of New Shares was determined based on this policy.

The parent company of Z Holdings Corporation is SoftBank Group Corp., SoftBank Group Japan Corporation and SoftBank Corp*. 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, or the performing of transactions for the purpose of shifting profits, losses, or risks, which are judged by comparing transactions with its parent company, etc. to those of a third party or other similar transactions.

*Please note that in addition to the three companies mentioned above, Shiodome Z Holdings Co., Ltd became the Company’s parent company on December 18, 2019, due to the off-market direct transfer of 2,125,366,950 shares of the Company’s common shares from SoftBank Corp. to Shiodome Z Holdings Co., Ltd., conducted on the same day.

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.