



January 20, 2021

To whom it may concern

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

Reduction in the Amount of Capital Reserves That Will Increase upon the Share Exchange and Transfer of the Reduced Amount to Other Capital Surplus

In its Board of Directors meeting held today, Z Holdings Corporation (the “Company”) has resolved to reduce the amount of capital reserves and to transfer the reduced amount to other capital surplus. Please note that the changes do not impact the business results of the Company. Details are as follows.

1. Purpose of the reduction in the amount of capital reserves

As announced in “Announcement Regarding Schedule for Implementation of the Business Integration” dated August 3, 2020, the Company is scheduled to conduct a share transfer in relation to the business integration between the Company and LINE Corporation (President and Representative Director: Takeshi Idezawa; “LINE”; “Business Integration”; “Share Transfer”) based on the definitive integration agreement concluded on December 23, 2019 between the Company, LINE, SoftBank Corp. (President & CEO: Ken Miyauchi) and NAVER Corporation (President & CEO: Han Seong-sook). In the Share Transfer, the Company will be the wholly-owning parent company, and LINE’s wholly-owned subsidiary, LINE Demerger Preparatory Company, will be the wholly-owned subsidiary. The effective date of the Share Transfer is scheduled to be on March 1, 2021. The Company has decided to reduce the entire amount of capital reserves that will increase upon the Share Exchange and transfer it to other capital surplus at the same time as the Share Exchange, to enable the implementation of more flexible capital policies after the Business Integration.

(Note) Please refer to “Notice Regarding Tender Offer for the Shares of the Company by LINE Corporation” (Japanese only) announced today for details on the schedule of the Business Integration.

2. Outline of the reduction in the amount of capital reserves

The amount of capital reserves will be reduced as follows on the condition that the amount of capital reserves of the Company will increase upon the Share Exchange.

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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.

(1) Amount of capital reserves to be reduced

Amount of increase in capital reserves upon the Share Exchange

(Note 1) The share exchange agreement regarding this Share Exchange stipulates that the amount of increase in capital reserves will be appropriately determined by the Company pursuant to Article 39 of the Regulation on Corporate Accounting of Japan. The specific amount of increase in capital reserves will be calculated based on the market value of the shares of the Company to be delivered as consideration for the Share Exchange (number of shares: 2,831,284,030 (scheduled)). Please note that the Company's stated capital will not increase due to the Share Exchange.

(Note 2) The reduction in the amount of capital reserves is to reduce, at the same time as the Share Exchange, capital reserves by an amount equal to the amount increased as a result of the Share Exchange. Therefore, the amount of capital reserves of the Company after the Share Exchange takes effect will be the same as the amount of capital reserves immediately before the Share Exchange takes effect.

(2) Handling of the amount of capital reserves to be reduced

The amount of capital reserves to be reduced will not be incorporated into stated capital and will instead be transferred in whole to other capital surplus.

(3) Method of reducing the amount of capital reserves

In accordance with Paragraph 3, Article 448, of the Companies Act of Japan, the Company will reduce the amount of capital reserves based on the resolution of the Board of Directors.

3. Schedule

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| (1) Date of resolution of the Board of Directors: | January 20, 2021 |
| (2) Period in which creditors may make objections: | January 22, 2021 to February 22, 2021 |
| (3) Effective date (scheduled): | March 1, 2021 (Same day as the effective date of the Share Exchange) |

4. Future outlook

This reduction in the amount of capital reserves is to transfer a certain amount of capital reserves to other capital surplus, and does not change the amount of the Company's net assets. The changes do not impact the business results of the Company.

The specific amount of the capital reserves to be reduced will be separately announced as soon as it is determined.

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