



August 3, 2022

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 (a written resolution in lieu of a resolution passed at a board of directors meeting) of Z Holdings Corporation (hereinafter the “Company”), the Company determined today the terms and conditions of stock acquisition rights that will be issued in the form of stock options to the directors and corporate officers of the Company and the Company’s subsidiaries, and resolved to solicit subscribers for the said stock acquisition rights, etc. Details are as follows.

I. Reason for the issuance of stock options

To share the benefits and risks of stock price fluctuations with shareholders and to motivate the eligible directors and corporate officers more than ever to contribute to increasing the stock price and corporate value.

II. Terms and conditions of stock acquisition rights

1. Name of stock options:

Z Holdings Corporation Fiscal 2022 1st Stock Options

2. Total number of stock options:

136,054 units

The number above 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. Class and number of shares covered by the stock options

The class of shares covered by the stock options shall be the shares of common stock of the Company, and the number of shares covered (hereinafter the “Number of Granted Shares”) per one stock option shall be 100 shares.

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However, if the Company splits or consolidates shares of its common stock, or allots the common stock of the Company without consideration (hereinafter collectively "Stock Split, Etc.") after the date on which the this proposal was resolved (hereinafter the "Resolution Date"), the Number of Granted Shares shall be adjusted by the following formula and fractions less than one share arising as a result of such adjustment shall be rounded off.

$$\text{Number of Granted Shares after adjustment} = \frac{\text{Number of Granted Shares before adjustment}}{\text{Ratio of Stock Split, Etc.}}$$

The provisions of 5. (2) (i) shall apply mutatis mutandis to the date on which the said Number of Granted Shares after adjustment shall be applied.

If, after the Resolution Date, the Company's shares are subject to a merger or corporate split, or if it is necessary to adjust the Number of Granted Shares in accordance with other such cases, the Company may adjust the Number of Granted Shares to a reasonable extent. In the event that the Company changes the number of shares to constitute one unit of shares of the Company's common stock (excluding cases involving a Stock Split, Etc.; the same shall apply hereinafter with respect to changes in the number of shares constituting one unit of shares) after the Resolution Date, the Company may reasonably adjust the Number of Granted Shares in accordance with the ratio of such change in the number of shares to constitute one unit of shares for stock acquisition rights whose issuance is resolved by the Board of Directors on and after the effective date of such change in the number of shares to constitute one unit of shares.

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.

4. Value of property to be contributed upon exercise of stock options

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 (hereinafter the "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)

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of the month preceding the month in which the day that the stock options were allotted (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) of the Allotment Date. However, the Exercise Price shall be subject to adjustment as set forth in 5. below.

5. Adjustment of Exercise Price

(1) If the Company takes any of the actions shown in items (i) or (ii) 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 (hereinafter 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:

(i) Split or consolidation of shares

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

(ii) Issuance of new shares or disposal of treasury shares at a price lower than the market price

(For avoidance of doubt, does not include the issuance by third-party allotment in connection with the restricted stock remuneration plan based on the resolution of the Company’s board of directors on August 3, 2022. In addition, excludes sales of treasury stock pursuant to the provision of Article 194 of the Companies Act (Demand for the sale of shares less than one unit by a holder of shares less than one unit), conversion of securities convertible into the Company’s common stock or convertible securities, or exercise of stock options (including those attached to bonds with stock options) that may demand delivery of the Company’s common stock.)

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

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i The “Market price” in the abovementioned Exercise Price Adjustment Formula shall be the average (fractional amounts less than one yen shall be rounded to the nearest tenth) closing price (including indicative prices; hereinafter the same shall apply) of ordinary trading of shares of common stock of the Company listed on a financial instruments exchange (if the shares 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.

ii The “Number of issued shares” in the abovementioned 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.

iii In the case of disposal of treasury shares, the “Number of new shares to be issued” shall be replaced with the “Number of treasury shares to be disposed.”

(2) The date on which the Exercise Price after adjustment shall be applied will be as prescribed below.

(i) When adjustment is made pursuant to (1) (i) above, the Exercise Price after adjustment shall be applied, in the case of a stock split, the day following the record date of such stock split or after (or, if no record date is set, on and after the effective date of such stock split), and in the case of a stock consolidation, on and after the effective date of such stock consolidation. However, if a stock split is made on the condition that a proposal to increase capital or reserves by reducing the amount of surplus is approved at the General Meeting of the Shareholders, and the record date for the stock split is a date prior to the conclusion of such General Meeting of the Shareholders, the Exercise Price after adjustment shall apply on and after the day following the date of the conclusion of such General Meeting of the Shareholders and retroactively from the day following such record date.

In the case provided for in the proviso above, the number of shares of common stock of the Company to be issued to the Stock Option Holders who have exercised their stock acquisition rights (the number of shares to be issued upon exercise of such stock acquisition rights shall hereinafter be referred to as the "Number of Shares Exercised Prior to the Stock Split") from the day following the record date for the stock split to the closing date of the General Meeting of the Shareholders shall be adjusted according to the following formula. Any fraction of less than one share resulting from the adjustment shall be rounded down.

$$\text{Number of new shares issued} = \frac{(\text{Exercise Price before adjustment} - \text{Exercise Price after adjustment}) \times \text{Number of Shares Exercised Prior to the Stock Split}}{\text{Exercise Price after adjustment}}$$

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- (ii) In the case of adjustment in accordance with (1) (ii) above, the Exercise Price after adjustment shall be applied on the date following the payment date or after (or, if a payment period is set, the last day of the payment period) for the relevant issuance or disposal (or if there is a record date, on the day following such record date or after).
 - (3) In addition to the cases set forth in (1) (i) and (ii) above or if it is appropriate to adjust the Exercise Price after the Allotment Date, such as in the case of a gratis allotment of other class shares to common shareholders or a dividend distribution of shares of other companies to common shareholders, the Exercise Price may be adjusted within a reasonable range after considering the conditions of such allotment or dividend, etc.
 - (4) When adjusting the Exercise Price, the Company shall give notice or make a public notice of the necessary matters to the Stock Option Holders by the day before the date of application. However, if the Company is unable to give such notice or public notice by the day before the date of application, it shall give notice or make a public notice promptly thereafter.
6. Exercise period for the stock options
From August 19, 2025 to August 3, 2032
7. Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of stock options
 - (1) 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.
 - (2) 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 (1) above less the amount of increase of stated capital set forth in clause (1) 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. Provision 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 (1), (2), (3), (4), (5) or (6) below is approved at the General Meeting of the Shareholders of the Company (if no resolution at a shareholders meeting is required, when the matter has been resolved by the Company's Board of Directors):
 - (1) a proposal for approval of a merger agreement pursuant to which the Company will become an absorbed company;
 - (2) a proposal for approval of a corporate split agreement or a corporate split plan pursuant to which the Company will become a splitting company;
 - (3) 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;
 - (4) a proposal for approval of a share delivery plan pursuant to which the Company will become

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- a wholly-owned subsidiary;
- (5) 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
- (6) 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.

In addition to the above, the Company may acquire the stock options without compensation in the event that the stock options become unexercisable pursuant to the provisions of 10. below.

10. Conditions for exercise of stock options

Stock Option Holders must hold the position of director, auditor, executive officer, corporate officer or employee of the Company or its affiliate companies at the time of exercising the rights. However, this shall not apply in cases where the Board of Directors of the Company deems that there is a justifiable reason, such as retirement from office due to expiration of the term of office. Other conditions for the exercise of stock acquisition rights shall be as set forth in the "Stock Acquisition Rights Allotment Agreement" to be concluded between the Company and the Stock Option Holders.

11. Policy on extinguishment of stock options in organizational restructuring and determination of details of issuance of stock options by the restructured company

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 outstanding (the "Outstanding Stock Options") 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 under the following conditions. 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 according to the following conditions:

- (1) 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

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Stock Option Holder shall be delivered.

- (2) Class of shares of the Reorganized Company covered by the stock options
Shares of common stock of the Reorganized Company shall be covered.
 - (3) Number of shares of the Reorganized Company covered by the stock options
The number shall be determined in accordance with the provision in 3. above, taking into consideration of various factors such as the conditions of the Reorganization.
 - (4) 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 amount to be paid-in after the Reorganization to be obtained by adjusting the Exercise Price set forth in the provision in 4. above after taking into consideration 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 (3) above.
 - (5) 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 the provision in 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 in the provision in 6. above.
 - (6) Matters regarding increase of stated capital and capital reserve in issuance of shares upon exercise of stock options
To be determined in accordance with the provision in 7. above.
 - (7) 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.
 - (8) Conditions on acquisition of the stock options
To be determined in accordance with the provision in 9. above.
 - (9) Conditions on exercise of the stock options
To be determined in accordance with the provision in 10. above.
12. 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.
13. Method of calculating the 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. However, the person to whom the stock option is allocated shall offset his/her compensation claims or salary claims against the Company (including compensation claims and salary claims against the Company's subsidiaries in the event that the

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Company assumes the liabilities of such compensation claims or salary claims against the Company's subsidiaries) in lieu of paying the relevant amount to be paid in, and no payment of money shall be required. The amount to be paid in calculated as above is equal to the fair value of the stock options and does not constitute a favorable issuance.

14. Date on which the stock options will be allocated

August 18, 2022

15. Date of payment of cash in exchange for stock options

August 18, 2022

16. 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 acquisition rights to be allocated
Directors of the Company	6	105,166
Corporate officers of the Company	2	5,616
Directors of the Company's subsidiaries	9	20,780
Corporate officers of the Company's subsidiaries	4	4,492

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 options falls, in part, under the category of transactions, etc. with controlling shareholders, because out of those eligible for the allocation, Kentaro Kawabe, President and Representative Director, Co-CEO of the Company, concurrently serves as the board director of SoftBank Group Corp. and SoftBank Corp, and In Joon Hwang, Senior Managing Corporate Officer, CGIO (Chief Global Investment Officer) of the Company, concurrently serves as the director of A Holdings Corporation, the parent companies of the Company. As stated in the Corporate Governance Report dated June 24, 2022, 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 options is decided in accordance with the said policy.

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“The parent company of Z Holdings Corporation is SoftBank Group Corp., SoftBank Group 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. In addition, the Company mandates that certain transactions and actions with the parent company be discussed by the Governance Committee.”

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

The said stock options are issued in accordance with the provisions and procedures stipulated by laws, regulations and other rules. President and Representative Director, Co-CEO (Co-Chief Executive Officer) Kentaro Kawabe, Representative Director, Co-CEO Takeshi Idezawa, Director, GCPO (Group Chief Product Officer) Jungho Shin, and Directors, Senior Managing Corporate Officers Takao Ozawa, Jun Masuda, and Taku Oketani, who have conflicts of interest, did not participate in the resolution related to the grant to themselves in the Board of Directors meeting. Furthermore, the content and conditions, etc., of the said stock options are also appropriate and do not deviate from the general content and conditions of stock acquisition rights as stock options.

(3) Overview of the opinions acquired from parties that have no conflict of interest with the controlling shareholders that the decision related to 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, Corporate Officer, Kenichi Imamura, under the instruction of President and Representative Director, Co-CEO, Kentaro Kawabe, consulted the Governance Committee which does not have conflicts of interest with controlling shareholders (comprised of independent and outside directors: Tadashi Kunihiro, Yoshio Usumi, Maiko Hasumi, and Rehito Hatoyama) regarding the opinion to be expressed that the transaction is not disadvantageous to the minority shareholders. The Governance Committee, on deliberating the matter consulted, received explanations from the Corporate Officer, Kenichi Imamura that “measures to ensure fairness and to prevent conflict of interest” have been taken, that the purpose of the stock options is to provide the allottees, etc. with incentives to continuously improve the corporate value of the Company and is aimed to further promote shared values with the shareholders, and that the content and conditions of the stock

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options are appropriate. The Governance Committee examined the purpose of the issuance of the said stock options, the process leading to the decision on the issuance and allottees, and the fairness of the terms and conditions of the issuance of the said stock options from the perspective of whether they are appropriate as stock options. As a result, the Governance Committee has determined that the decision related to the issuance of the said stock options is not disadvantageous to minority shareholders. The Governance Committee based their decision on the following: the issuance of stock options has gone through the process of being reviewed by the Company's Nominating and Remuneration Committee; the Company's Nominating and Remuneration Committee has determined that the issuance of the said stock options is appropriate because it has the function as an incentive to improve the medium- to long-term corporate value of the Company, the amount to be paid in for the said stock options is the option price per share calculated using the binominal model, and as stated in the extraordinary report submitted by the Company today, the stock acquisition rights as stock options do not deviate from the general content and conditions; the Governance Committee, all of whom are also members of the Nominating and Remuneration Committee, has made the same determination; and the decision on the issuance of the said stock options will be made after taking "measures to ensure fairness and to prevent conflict of interest." Accordingly, the Company has received a written statement from the Governance Committee dated August 2, 2022, which expressed the abovementioned opinions.

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