

[Reference translation – in case of any discrepancy, the original Japanese version shall prevail.]

December 23, 2020
SoftBank Corp.

Notice Concerning the Execution of an Absorption-type Merger Agreement Between Shiodome Z Holdings GK, a Wholly Owned Subsidiary of SoftBank Corp., and LINE Corporation

SoftBank Corp. (hereinafter, “SoftBank”) hereby announces that Shiodome Z Holdings GK, a wholly owned subsidiary of SoftBank (hereinafter, “Shiodome Z Holdings”), has decided today to execute an absorption-type merger agreement with LINE Corporation (hereinafter, “LINE”) in order to implement an absorption-type merger with LINE as the surviving corporation and Shiodome Z Holdings as the absorbed corporation (hereinafter, the “Absorption-type Merger”) as part of the business integration between Z Holdings Corporation, a subsidiary of SoftBank (hereinafter, “ZHD”) and LINE (hereinafter, the “Business Integration”), which was announced by SoftBank and NAVER Corporation (hereinafter, “NAVER”) in the “Notice Concerning Entry into a Definitive Agreement Relating to the Business Integration of Z Holdings Corporation (Securities Code: 4689) and LINE Corporation (Securities Code: 3938)” dated December 23, 2019 (hereinafter, the “Business Integration Press Release”).

For details of the Business Integration, please refer to the Business Integration Press Release.

1. Purpose and Significance of the Absorption-type Merger

For details of the purpose of the Business Integration, including the Absorption-type Merger, please refer to the Business Integration Press Release.

2. Summary of the Absorption-type Merger

(1) Schedule

Execution of the absorption-type merger agreement for the Absorption-type Merger	December 23, 2020
General meeting of shareholders for approval of the absorption-type merger agreement for the Absorption-type Merger (Scheduled) (Note 1)	February 2021
Effective date of the Absorption-type Merger (Scheduled) (Note 2)	February 26, 2021

(Note 1) The general meeting of shareholders of LINE for approval of the absorption-type merger agreement for the Absorption-type Merger is planned to be held after SoftBank, NAVER and NAVER J. Hub Corporation, a wholly owned subsidiary of NAVER (hereinafter, together with NAVER, the “NAVER Parties”), have become the only shareholders of LINE.

(Note 2) The Absorption-type Merger will take effect subject to conditions such as the completion of the settlement of the tender offer for ZHD shares (hereinafter, the “Tender Offer for ZHD Shares”) which will be carried out by LINE for the purpose of acquiring all of the ZHD shares held by Shiodome Z Holdings.

(2) Method of Absorption-type Merger

An absorption-type merger in which LINE will be the surviving company and Shiodome Z Holdings will be the absorbed company.

(3) Details of the Allotment in the Absorption-type Merger

Upon the Absorption-type Merger, LINE will issue 180,882,293 new common shares and allocate and deliver all of them to SoftBank as the parent company of Shiodome Z Holdings. As described in the “Announcement Regarding Resolutions Approving the Share Consolidation and the Deletion of the Provisions Regarding Share Units and the Partial Amendment of the Articles of Incorporation” issued by LINE on December 15, 2020 (the “Approval Resolution Press Release”), LINE plans to conduct a share consolidation in which 29,165,333 shares will be consolidated into one share effective as of January 4, 2021 (the “Share Consolidation”), and the total number of issued shares of LINE after the effectuation of the Share Consolidation is expected to be eight shares. After the Share Consolidation takes effect and by the day before the settlement commencement date of the Tender Offer for ZHD Shares, a share split with the same share split ratio as the ratio for the Share Consolidation (the “Share Split”), and a shareholding adjustment transaction to set the ratio of voting rights in LINE held by SoftBank and the NAVER Parties immediately after the effectuation of the Absorption-type Merger at 50:50 (the “Shareholding Adjustment Transaction”), are scheduled to be conducted. The merger consideration of 180,882,293 common shares of LINE is based on the assumption that the Share Consolidation, the Share Split and the Shareholding Adjustment Transaction will be conducted.

(4) Treatment of Share Options and Convertible Bonds of the Absorbed Company

Shiodome Z Holdings has not issued share options or convertible bonds.

3. Grounds for the Details of the Allotment in the Absorption-type Merger

(1) Grounds and Reasons for the Details of the Allotment

Upon the Absorption-type Merger, LINE will issue 180,882,293 new common shares and allocate and deliver all of them to SoftBank as the parent company of Shiodome Z Holdings.

Regarding 180,882,293 common shares which is the consideration for the Absorption-type Merger, given that SoftBank is the only shareholder of Shiodome Z Holdings and that SoftBank and the NAVER Parties will be the only shareholders of LINE at the time of the general meeting of shareholders of LINE to approve the absorption-type merger agreement for the Absorption-type Merger, the number has been determined through discussions between SoftBank and NAVER based on each of the total numbers of issued shares of SoftBank and ZHD (excluding shares held in treasury) as of September 30, 2019, and by taking into account the share prices of LINE and ZHD, the tender offer price for the Tender Offer for ZHD Shares to be received by Shiodome Z Holdings in the Tender Offer for ZHD Shares, and the financial conditions and future forecasts of LINE and ZHD, among other things. Furthermore, as stated in “(3) Details of the Allotment in the Absorption-type Merger” in “2. Summary of the Absorption-type Merger” above, the merger consideration of 180,882,293 common shares of LINE is based on the assumption that the Share Consolidation, the Share Split and the Shareholding Adjustment Transaction will be conducted.

(2) Matters Concerning the Valuation

SoftBank and Shiodome Z Holdings have not obtained a valuation report from a valuation institution for the reasons stated in “(1) Grounds and Reasons for the Details of the Allotment” above.

4. Outline of the Parties to the Absorption-type Merger

	Surviving company (as of September 30, 2020)	Absorbed company (as of November 16, 2020)																		
(1) Company name	LINE Corporation	Shiodome Z Holdings GK																		
(2) Address	1-6 Shinjuku 4-chome, Shinjuku-ku, Tokyo	9-1 Higashishimbashi 1-chome, Minato-ku, Tokyo																		
(3) Name and title of representative	Takeshi Idezawa, President and Representative Director	SoftBank Corp., Representative Member Kazuhiko Fujihara, Executive Officer																		
(4) Description of business	Advertising service based on the mobile messenger application “LINE,” core businesses including the sales of stamp and game service, and strategic businesses including Fintech, AI and commerce service.	Business preparation company																		
(5) Capital	101,641 million yen	10 million yen																		
(6) Founded	September 4, 2000	June 1, 2016																		
(7) Number of issued shares	243,715,542 shares	Not applicable																		
(8) Fiscal year end	December 31	December 31 (Note)																		
(9) Number of employees	(Non-consolidated) 2,832	5																		
(10) Main customers	General customers, corporations, etc.	Not applicable																		
(11) Main banks	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd.	Not applicable																		
(12) Major shareholders and shareholding ratio (As of June 30, 2020)	<table border="1"> <tbody> <tr> <td>NAVER CORPORATION</td> <td>72.44%</td> </tr> <tr> <td>UBS AG LONDON A/C</td> <td>2.79%</td> </tr> <tr> <td>IPB SEGREGATED CLIENT ACCOUNT</td> <td></td> </tr> <tr> <td>Jungho Shin</td> <td>1.97%</td> </tr> <tr> <td>Hae Jin Lee</td> <td>1.90%</td> </tr> <tr> <td>MSIP CLIENT SECURITIES</td> <td>1.32%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>1.29%</td> </tr> <tr> <td>J.P. MORGAN BANK LUXEMBOURG S.A. 1300000</td> <td>1.20%</td> </tr> <tr> <td>MLI FOR CLIENT GENERAL OMNI NON</td> <td>1.14%</td> </tr> </tbody> </table>	NAVER CORPORATION	72.44%	UBS AG LONDON A/C	2.79%	IPB SEGREGATED CLIENT ACCOUNT		Jungho Shin	1.97%	Hae Jin Lee	1.90%	MSIP CLIENT SECURITIES	1.32%	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.29%	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	1.20%	MLI FOR CLIENT GENERAL OMNI NON	1.14%	SoftBank Corp. 100%
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	COLLATERAL NON TREATY-PB					
	MOXLEY & CO LLC	0.97%				
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) MOXLEY & CO LLC	0.62%				
(13)	Relationships of the Parties					
	Capital relationship	Not applicable.				
	Personal relationship	Not applicable.				
	Commercial relationship	Not applicable.				
	Whether considered a related party	Not applicable.				
(14)	Earnings and financial position over the past 3 years					
	LINE (consolidated)			Shiodome Z Holdings		
Fiscal year	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total capital	¥189,977 million	¥208,514 million	¥174,663 million	¥52 million	¥20 million	¥-2,066 million
Total assets	¥303,439 million	¥486,587 million	¥541,352 million	¥69 million	¥20 million	¥740,753 million
Equity attributable to parent company owners per share	¥779.30	¥833.87	¥659.96	¥259,357	¥99,070	-
Sales revenue	¥167,147 million	¥207,182 million	¥227,485 million	¥156 million	¥0 million	¥0 million
Operating profit	¥25,078 million	¥16,110 million	¥-38,997 million	¥18 million	¥-27 million	¥-4 million
Profit before taxes	¥18,145 million	¥3,354 million	¥-51,616 million	¥18 million	¥-27 million	¥-3,195 million
Net profit attributable to parent company owners	¥8,078 million	¥-3,718 million	¥-46,888 million	¥15 million	¥-22 million	¥-2,085 million
Basic net profit per share	¥36.56	¥-15.62	¥-196.07	¥75,981	¥-110,326	-
Dividend per share	-	-	-	-	¥50,000	-

(Note) Shiodome Z Holdings changed its fiscal year end from March 31 to December 31 on November 16, 2020.

5. Status after the Absorption-type Merger

	Surviving company after the Absorption-type Merger (Note)
(1) Company name	(To be decided)
(2) Address	(To be decided)
(3) Name and title of representative	(To be decided)
(4) Description of business	Holding company
(5) Capital	(To be decided)

(6)	Fiscal year end	(To be decided)
(7)	Net assets	(To be decided)
(8)	Total assets	(To be decided)

(Note) As described in the Business Integration Press Release, as part of the Business Integration, once the Absorption-type Merger becomes effective, LINE will transfer its entire business (excluding the ZHD shares, the contractual status pursuant to the agreements executed by LINE in relation to the Business Integration, and the rights and obligations set out in the absorption-type demerger agreement) to its wholly owned subsidiary, LINE Demerger Preparatory Company, in an absorption-type demerger (hereinafter, the “Corporate Demerger”). Therefore, the table above describes the information regarding LINE after the Corporate Demerger. As described in the Business Integration Press Release, there shall be two (2) representative directors for LINE after the Corporate Demerger, and Ken Miyauchi, who will be appointed by SoftBank, will assume the position of Representative Director and President of LINE and Hae Jin Lee, who will be appointed by NAVER, will assume the position of Representative Director and Chairperson of the Board of LINE. As described in the Business Integration Press Release, through the Tender Offer for ZHD Shares, the Absorption-type Merger, the Shareholding Adjustment Transaction, and the Corporate Demerger, LINE will be a consolidated subsidiary of SoftBank.

6. Future Outlook

The Absorption-type Merger will be implemented as part of the Business Integration, and the effect of the Business Integration on performance of SoftBank is undetermined. Going forward we will promptly disclose any event that could change the earnings forecast.