

Changes in Subsidiaries (Sub-Subsidiaries)

SoftBank Group Corp. ("SBG") announced today that LINE Corporation ("LINE")^{*1}, LINE Financial Corporation, and LINE Financial Asia Corporation Limited have become subsidiaries (sub-subsidiaries) of SBG as of today.

^{*1} LINE will change its company name to A Holdings Corporation ("AHD") as of February 28, 2021.

1. Reason and method for the change

As announced in the "Entry into a Definitive Agreement by Subsidiaries (SoftBank Corp., and Z Holdings Corporation) Regarding the Business Integration of Z Holdings Corporation and LINE Corporation, and the Planned Commencement of a Joint Tender Offer for the Shares of LINE Corporation by a Subsidiary (SoftBank Corp.) and NAVER Corporation" dated December 23, 2019, LINE, as the surviving corporation, implemented as of today an absorption-type merger (the "Absorption-type Merger") with Shiodome Z Holdings GK, a wholly owned subsidiary of SoftBank, as the absorbed corporation, as part of the business integration between Z Holdings Corporation (Securities Code: 4689, Tokyo Stock Exchange First Section; a subsidiary of SBG; "ZHD") and LINE (the "Business Integration") pursuant to a business integration agreement that SoftBank, NAVER, ZHD and LINE entered into as of December 23, 2019.

Through a series of transactions including the Absorption-type Merger, LINE as well as LINE Financial Corporation and LINE Financial Asia Corporation Limited, all of which are wholly owned subsidiaries of LINE, have become subsidiaries (sub-subsidiaries) of SBG as of today.^{*2 *3}

^{*2} Descriptions regarding LINE's subsidiaries other than LINE Financial Corporation and LINE Financial Asia Corporation Limited are omitted in this notice as the changes in them fall under the minor change criteria under the timely disclosure rules.

^{*3} 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 (the "Corporate Demerger") as of February 28, 2021. For accounting purposes, the acquisition date will be February 28, 2021, the date when the Corporate Demerger will become effective, as the Absorption-type Merger and the Corporate Demerger are deemed to be a series of transactions regarding the Business Integration.

2. Outline of the subsidiaries (sub-subsidiaries)

(i) LINE Corporation

(1) Name	LINE Corporation		
(2) Address	4-1-6 Shinjuku Shinjuku-ku, Tokyo		
(3) Name and title of representative	Takeshi Idezawa, Representative Director and President		
(4) Nature of business	Advertising service based on the mobile messenger application "LINE", core businesses including the sales of stickers and game services, and strategic businesses including Fintech, AI, and commerce services		
(5) Share Capital	JPY 101,788 million (as of December 31, 2020)		
(6) Founded	September 4, 2000		
(7) Major shareholders and shareholding ratios	SoftBank Corp. NAVER Corporation NAVER J.Hub Corporation	50.00% 42.25% 7.75%	
(8) Relationships with SBG	Capital relationship	SBG, through SoftBank, owns 50.00% of the shares in LINE.	
	Personnel relationship	Not applicable	
	Business relationship	There are business relationships with respect to advertising services, etc.	
(9) Results of operation and financial position over the past 3 years (Consolidated, IFRS)			
Fiscal year	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Total capital	JPY 189,977 million	JPY 208,514 million	JPY 174,663 million
Total assets	JPY 303,439 million	JPY 486,587 million	JPY 541,352 million
Equity attributable to owners of parent per share	JPY 779.30	JPY 833.87	JPY 659.96
Revenues	JPY 167,147 million	JPY 207,182 million	JPY 227,485 million
Operating income (loss)	JPY 25,078 million	JPY 16,110 million	JPY -38,997 million
Income (loss) attributable to owners of the parent company	JPY 8,078 million	JPY -3,718 million	JPY -46,888 million

Earnings per share: basic profit (loss) for the period	JPY 36.56	JPY -15.62	JPY -196.07
Dividends per share	-	-	-

(ii) LINE Financial Corporation

(1)	Name	LINE Financial Corporation		
(2)	Address	1-1-1 Nishi Shinagawa, Shinagawa-ku Tokyo		
(3)	Name and title of representative	Tetsuhiko Saito, Representative Director and CEO		
(4)	Nature of business	Provision of financial services		
(5)	Share Capital	JPY 45,650 million (as of February 26, 2021)		
(6)	Founded	January 10, 2018		
(7)	Major shareholders and shareholding ratios	LINE Corporation		100.00%
(8)	Relationships with SBG	Capital relationship	SBG, through SoftBank, owns 50.00% of the shares in LINE, the parent company of LINE Financial Corporation.	
		Personnel relationship	Not applicable	
		Business relationship	Not applicable	
(9)	Results of operation and financial position over the past 3 years (Standalone, Japanese GAAP)			
	Fiscal year	First Fiscal Year: Fiscal year from January 10, 2018 until May 31, 2018	Second Fiscal Year: Fiscal year from June 1, 2018 until March 31, 2019	Third Fiscal Year: Fiscal year from April 1, 2019 until March 31, 2020
	Sales	-	JPY 127 million	JPY 405 million
	Operating income (loss)	JPY -188 million	JPY -1,648 million	JPY -3,010 million
	Ordinary income (loss)	JPY -260 million	JPY -1,754 million	JPY -3,280 million

Net income (loss)	JPY -261 million	JPY -1,755 million	JPY -4,277 million
Net income (loss) per share	JPY -183.16	JPY -447.09	JPY -599.85
Total assets	JPY 20,005 million	JPY 58,491 million	JPY 72,695 million
Net assets	JPY 19,739 million	JPY 57,051 million	JPY 72,238 million
Net assets per share	JPY 9,869.73	JPY 9,669.69	JPY 9,261.26
Dividends per share	-	-	-

(iii) LINE Financial Asia Corporation Limited

(1)	Name	LINE Financial Asia Corporation Limited	
(2)	Address	Units 04-05, 26/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong	
(3)	Name and title of representative	HWANG In Joon, Director	
(4)	Nature of business	Financial business strategy	
(5)	Share Capital	JPY 39,523 million (as of February 26, 2021) ^{*4}	
(6)	Founded	September 4, 2018	
(7)	Major shareholders and shareholding ratios	LINE Financial Plus Corporation	100.00%
(8)	Relationships with SBG	Capital relationship	SBG, through SoftBank, owns 50.00% of the shares in LINE, the parent company of LINE Financial Asia Corporation Limited.
		Personnel relationship	Not applicable
		Business relationship	Not applicable
(9)	Results of operation and financial position over the past 3 years (Standalone, IFRS)		
	Fiscal year	First Fiscal Year: Fiscal year from September 4, 2018 until December 31, 2019	
	Sales	-	
	Operating loss	JPY -461 million	
	Net loss	JPY -1,048 million	
	Net loss per share	JPY -431.63	

	Total assets	JPY 39,456 million
	Net assets	JPY 39,089 million
	Dividends per share	-

*4 The exchange rate as of February 25, 2021 (1 USD = JPY 105.90480) has been used for the conversion from USD to JPY.

3. Date of change

February 26, 2021

4. Outlook

As a result of the series of transactions for the Business Integration including the Absorption-type Merger, AHD (currently LINE) will become a subsidiary in which SBG holds 50% of the shares through SoftBank. AHD is expected to hold 65.3% of the ZHD shares, the listed integrated company after the Business Integration. The impact of these changes on SBG's consolidated financial results for the fiscal year ending March 2021 is expected to be minimal.

Reference: Consolidated financial results forecast for the fiscal year ending March 2021 and actual for the fiscal year ended March 2020

	Net sales	Income before income tax	Net income attributable to owners of the parent
Forecast for the fiscal year ending March 2021	-	-	-
Actual for the fiscal year ended March 2020	JPY 5,238,938 million	JPY 50,038 million	JPY -961,576 million

Note: Net sales and income before income tax are presented in results of continuing operations only.

SBG does not provide forecasts of consolidated results of operations because they are difficult to project due to numerous uncertainties affecting earnings.