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To whom it may concern,

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Japan Lifeline Announces Partial Revision of Performance-Based Stock Remuneration Plan for Directors

Japan Lifeline Co., Ltd. (“Japan Lifeline” or “the Company”) has announced that, at today's Board of Directors meeting, the Company has approved partial revisions to its performance-based stock remuneration plan (“the Plan”) for directors (excluding those who are members of the Audit Committee and outside directors) (“Directors”). The Plan was originally approved at the 41st Ordinary General Meeting of Shareholders on June 25, 2021.

Japan Lifeline will present the proposed revision at the 43rd Ordinary General Meeting of Shareholders, which is scheduled to take place on June 28, 2023. (“the Shareholders Meeting”)

1. Outline of the Revision

The Company has introduced the Plan to increase Directors’ awareness of how they can contribute to the medium- to long-term improvement of business performance and the increase in corporate value. The revision aims to enhance incentives for this purpose and to further promote management from the perspective of shareholders.

The revision will change the timing of delivering Company shares and other assets to Directors from retirement in principle to during their term of office. This change promotes shareholding by Directors during their tenure. Additionally, the Company will alter the calculation method for the number of shares of the Company’s shares that Directors can acquire.

Furthermore, the Company will implement a new claw-back system to prevent excessive risk-taking by Directors and to prevent major scandals and large-scale corrections of past fiscal years’ financial results. This system allows the Company to request a monetary refund of the equivalent amount of Company shares and other assets that were delivered.

The Shareholders Meeting must approve the resolution on Directors’ remuneration for this revision to be enacted.

2. Details of the Plan after the Revision

(i) Plan Outline

The plan uses the “Board Incentive Plan Trust for Directors’ Remuneration” (the “BIP Trust”) mechanism. The BIP Trust will use the remuneration amount allocated by the Company for Directors as the source of funds to purchase the Company’s shares. Then, the BIP Trust will distribute the Company’s shares and the cash proceeds from the conversion of these shares (“Company’s shares, etc.”) to the Directors through the BIP

Trust, providing them with benefits (“Delivery of Benefits”). For more details, see (ii) and subsequent sections. (The headings in brackets indicate whether there are any modifications resulting from this revision.)

(ii) Maximum Company Contribution Amount (No Change)

The Plan shall apply for a period of three consecutive fiscal years (the initial period subject to this revision shall be the three fiscal years from the fiscal year ending March 31, 2024, to the fiscal year ending March 31, 2026, and if the trust period is extended as described in the fourth paragraph of this (ii), each of the three fiscal years thereafter (“Subject Period”).

The Company plans to allocate a maximum of 300 million yen per Subject Period for remunerating its Directors and create a trust for a three-year duration, with Directors who meet the eligibility criteria being the beneficiaries (“the Trust”). The Trust shall be established, including the extension of the trust period as set forth in the fourth paragraph of this (ii). The same shall apply hereinafter. The Trust manager will operate the Trust, which will acquire the Company’s shares from the Company (disposition of treasury stock) or the stock market with the funds entrusted to it, following the instructions of the Trust manager.

During the Trust period, the Company shall award points (as described in (iii) below) to Directors, and the Trust will provide Company’s shares, etc. to them.

At the end of the Trust period, the Trust may continue by amending the Trust Agreement or establishing an additional trust. In such cases, the Trust period shall extend for three (3) years, with the subsequent three (3) fiscal years as the applicable period. The Company will make additional contributions within the total amount of 300 million yen for each extended trust period. The Trust will continue to award points to Directors during the extended trust period and deliver the Company’s shares, etc. However, in the case of additional contribution, if there are Company shares remaining in the trust assets at the end of the trust period before the extension (excluding the Company shares equivalent to the points granted to Directors for which Delivery of Benefits has not yet been completed) and money (“Remaining Shares, etc.”), the additional trust money to be contributed shall not exceed the limit of 300 million yen. If the Trust Agreement is not amended or additional trust money is not contributed at the end of the Trust period, points will not be awarded to Directors. However, if there is a Director in office who may meet the requirements for beneficiaries at that time, the Trust period may extend up to 10 years until such Director retires, and Delivery of Benefits is completed.

(iii) Calculation method and maximum number of the Company’s shares, etc. that Directors can acquire **(SUBJECT TO CHANGE)**

On June 1st of each year during the Trust Period, the Company will grant points to Directors based on their achievement of monthly fixed remuneration and performance targets for the Fiscal Year Subject to Evaluation, which ended on March 31 of the same year. Then, in principle, the Company will grant the number of shares calculated based on these points to the Directors in July of the same year. Each point corresponds to one (1) share of the Company, but if the Company's shares increase or decrease due to a stock split, gratis allotment of shares, reverse stock split, etc., the number of shares will be adjusted according to the corresponding ratio. The maximum number of points that can be granted to Directors each year is 132,000 points, and the total number of points granted over the subject period of three years is 396,000 points. Therefore, the maximum number of shares of the Company that can be granted to Directors is 132,000 shares per year, for a total of 396,000 shares over the Subject Period.

(iv) Method and timing of Delivery of Benefits to Directors **(SUBJECT TO CHANGE)**

Directors who meet the requirements for beneficiaries will typically receive the Company’s shares in July of the year following the Fiscal Year Subject to Evaluation, based on the calculation method outlined in (iii)

above, by following the prescribed procedures. At that time, these Directors will receive the number of the Company's shares equivalent to 70% of the granted points (rounded down for less than one hundred shares), while the remaining amount will be converted into cash within the Trust. The Directors will receive a cash payment equivalent to the conversion price. If a Director who qualifies as a beneficiary dies, one's heirs will receive a cash payment equivalent to the amount of money received after the realization of all Company shares scheduled to be delivered to the said Director within the Trust. If a Director who meets the beneficiary requirements becomes a foreign resident, all Company shares one is scheduled to receive will be converted into cash within the Trust, and one will receive a cash payment equivalent to the conversion price.

(v) Voting rights regarding the Company's shares in the Trust (No change)

In order to ensure neutrality toward management, voting rights for the Company's shares held in the Trust shall not be exercised during the Trust period.

(vi) Handling of surplus dividend on the Company's shares in the Trust (No change)

The Trust will receive dividends from surplus regarding the Company's shares and allocate them to the Trust's fees and expenses. If there is any surplus at the final stage of the Trust after deducting the trust fees and expenses, it will be paid to the Directors.

(vii) Claw-back System, etc. (**NEWLY ADDED**)

The Trust has a system that allows for a request for monetary refund of an amount equivalent to the Company's shares, etc. delivered under the Plan or cancellation of point grants to the Directors in question if there is serious misconduct by a Director or a significant revision of the financial results for the past fiscal years.

(viii) Other details of the Plan (No change)

The Board of Directors will determine other details of the Plan each time the Trust is established, the Trust Agreement is amended, or additional contributions are made to the Trust.

3. Handling of the Plan before this revision

The Plan prior to the amendment shall remain unaffected by this revision. Thus, the treatment of points granted to Directors under the Plan prior to the amendment, the calculation method and maximum number of the Company's shares, etc. to be acquired by Directors, and the method and timing of Delivery of Benefits to Directors shall follow the provisions of the Plan prior to the amendment.

(Reference) Structure of the BIP Trust

Omitted

(Reference) Summary of the Trust Agreement

1. Trust Type	Money in trust other than money in trust for specific and sole management (Third-Party-Benefit trust)
2. Trust Purpose	To provide incentives for Directors
3. Trust Consignor	Japan Lifeline Co., Ltd.
4. Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
5. Trust Beneficiaries	Directors who meet the requirements for beneficiaries
6. Date of Trust Extension Agreement	August 21, 2023 (scheduled)
7. Trust Period	August 14, 2017, to August 31, 2026 (The extension is subject to an amendment to the trust agreement dated August 21, 2023, which will extend the agreement until August 31, 2026.)
8. Additional Trust Amount	To be decided and disclosed by the Company at a later date after further decision