



August 2, 2023

To whom it may concern,

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Japan Lifeline Announces Disposal of Treasury Shares through Third-Party Allotment Following Changes to Performance-Linked Stock Remuneration Plan

Japan Lifeline Co., Ltd. (“the Company”) has announced after the Board of Directors meeting held today that it has decided to dispose of its treasury shares through third-party allotment. (“the Disposal of treasury shares”) The Company provides the details below.

1. Summary of the Disposal of Treasury Shares

(1) Disposal date	August 24, 2023
(2) Number of shares to be disposed	69,000 common shares
(3) Disposal price	990 yen per share
(4) Total disposal price	68,310,000 yen
(5) Planned recipient of disposal	Japan Master Trust Bank, Ltd. (Board Incentive Plan Trust Account)
(6) Other	The Company has submitted a securities report for this disposal of its own shares following the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Disposal of Treasury Shares

The Company uses a performance-linked stock remuneration system (“the System”) to motivate its directors, excluding Audit and Supervisory Committee members and outside directors (“the Eligible Directors”). The goal is to encourage them to contribute to improving performance and increasing corporate value over the medium to long-term. The Company revised a part of this System at a Board of Directors meeting on May 23, 2023, and shareholders approved it at the 43rd regular shareholders meeting held on June 28, 2023. This system uses a mechanism known as the Board Incentive Plan Trust (“the BIP Trust”). The Company has a BIP Trust contract (“the Trust Contract”) with Mitsubishi UFJ Trust and Banking Corporation and set up a trust based on this Trust Contract (“the Trust”). The Company plans this Disposal of treasury shares by allotting it to The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust Account), a co-trustee of Mitsubishi UFJ Trust and Banking Corporation, following the changes and continuation of this Trust Contract.

The Company plans to dispose of 69,000 shares, considering various factors if it achieves the maximum performance targets based on the officer stock remuneration regulations. The dilution scale is small, at 0.09% (rounded to the third decimal place) of the total number of issued shares (0.09% of the total number of voting rights of 780,078 as of March 31, 2023).

The Company will grant the shares allocated by this Disposal of treasury shares to the Eligible Directors following the officer stock remuneration regulations. Since the shares disposed of by this Disposal of treasury shares will not temporarily flow into the stock market, the Company expects the impact on the market to be minimal. Therefore, it believes that the number of shares to be disposed of and the scale of dilution are reasonable.

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) Trust Administrator	Third-party with no interest in the Company
(7) Date of Trust Extension Agreement	August 21, 2023 (scheduled)
(8) 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.)
(9) Voting rights	Not to be exercised
(10) Additional Trust Amount	Approximately 65 million yen (including trust fees and trust expenses)

3. Basis and Specific Details for Determining the Disposal Price

The Company set the disposal price at the closing price of its shares on the Tokyo Stock Exchange on the business day before the Board of Directors' resolution regarding the Disposal of treasury shares (August 1, 2023). This price was 990 yen, rounded down to the nearest yen. The Company chose this method to ensure a fair price factored in recent stock price trends. The Company used the closing price of its shares on the business day before the Board of Directors' resolution date because it represents the most recent market price. The Company deemed this price highly objective and reasonable for calculation. Furthermore, all members of the Company's Audit and Supervisory Committee (four in total, three of whom are outside directors) agreed that the calculation method for the disposal price is reasonable and does not particularly support a favorable disposal price for the Company.

4. Procedures under the Corporate Code of Conduct

The dilution rate of the shares in this case is less than 25% and there is no change in the controlling shareholder. Therefore, the Company is free from obtaining opinions from independent third parties or confirming the intentions of shareholders as stipulated in Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations.