August 5, 2020

To whom it may concern,

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Notice on Continuation of Performance-Linked Stock Compensation Plan

Japan Lifeline Co., Ltd. ("the Company") announced today that at the board of directors meeting held on August 5, the Company has resolved to continue the performance-linked stock compensation plan (hereinafter referred to as the "the Plan") introduced in the fiscal year ended March 31, 2018 for directors (excluding outside directors and directors who reside overseas; the same shall apply hereinafter). The details are stated as below.

1. Continuation of the Plan

(1) The Company will continue the Plan for directors with the goal of improving the Company's business performance over the medium to long term and enhancing management incentives. With the Plan, the Company aims to constantly contribute to an increase in corporate value, by aligning the directors' compensation with that of Company performance. However, since Mr. Keisuke Suzuki, President and CEO, has a substantial ownership of the Company, holding 13.07%*[1] of the Company's shares, as a founder, it was accordingly determined that he would not participate in the Plan, considering the main purpose of the Plan.

*[1] The stated ownership ratio is a sum of that held directly in his name and that held by his asset management company as of the end of March 2020.

(2) The Plan utilizes a structure known as BIP (Board Incentive Plan) trust (hereinafter, "the BIP trust"). The purpose of the BIP trust is, as is the case for performance shares and restricted stock issued in the U.S. and Europe to management, to deliver to eligible directors the monetary equivalent of shares of the Company upon the attainment, among other things, of pre-set performance goals, which thereafter may be converted and settled in cash (hereinafter, "the Company's shares, etc.") and distributed to such directors.

2. Outline of the Plan

In the continuation of the Plan, the Company will extend the period of the existing BIP Trust and stay with the provisions of the current Plan introduced in the fiscal year ended March 31, 2018, except for the items described below:

(1) Extension of the BIP Trust and transfer of the residual shares and the money thereof at the time of the Extension

With respect to the existing BIP Trust that expires at the end of August 2020, the Plan will be

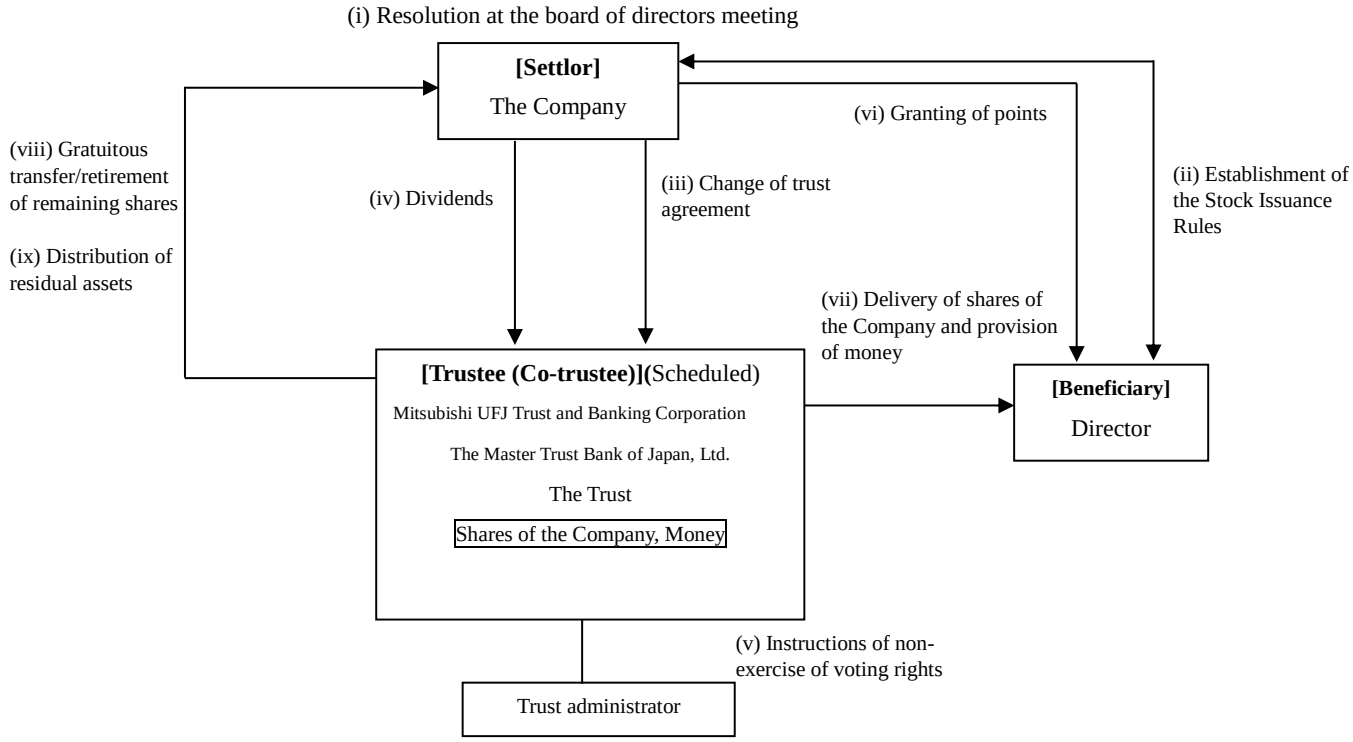
continuously implemented by extending (hereinafter referred to as “the Extension”) the trust to the end of August 2023 (However, if such date is not a business day, the next business day shall be the end of the extension period.) If there is any of the Company’s stock (excluding the Company’s shares that are to be delivered to directors and that have not been delivered yet), or money (hereinafter collectively referred to as “the Residual Shares, etc.”) remaining in the trust at the end of August 2020, the Residual Shares, etc. will be transferred to the extended BIP Trust.

(2) Target Period

The target period of the newly approved Plan will be three fiscal years from the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023.*2

*2 If and when the trust period is extended further beyond the Extension, the target period will be the three following fiscal years. The Company’s shares, etc. will be distributed to target directors, commensurate with their titles and achievements of business performance.

(Reference) The Structure of the BIP trust



(i)	The Company obtained an approval for Continuation of the Plan at the board of directors meeting.
(ii)	The Company established the Stock Issuance Rules with respect to the Plan at the Board Meeting.
(iii)	In accordance with an amendment to the trust agreement, the Company will extend the trust period of the BIP Trust. The Company will not make any monetary contribution or acquire additional shares of the Company's stock in connection with this Extension.
(iv)	Dividends will be paid in respect shares of the Company held by the Trust like other shares of the Company.
(v)	No voting rights shall be exercised with respect to shares of the Company held by the Trust during a trust period.
(vi)	During a trust period, a certain number of points will be granted to directors each year according to (a) the degree of attainment of performance goals for the business year, and (b) the individual director’s position rank.

(vii) A director who meets certain beneficiary requirements will receive the Company shares, etc. according to the accumulated points when the director resigns from directorship.

(viii) In the event shares of the Company remain upon expiration of a trust period, for performance goals were not achieved or for other reasons, the Company either will seek to continue to use the Trust as a new stock compensation plan by making a change(s) to the trust agreement or establishing an additional trust, or will cause the Trust to gratuitously transfer such shares to the Company, and thereafter such shares will be retired by resolution adopted at the board meeting.

(ix) Residual assets after distributions are delivered to beneficiaries at the termination of the Trust will revert to the Company as a holder of vested right within the scope of reserve for trust expenses after deduction of share acquisition costs from trust money.

(Note) In the case where all Company shares, etc. held by the Trust have been received by the eligible directors as a result of their receipt of Company shares, etc. prior to the expiration of the trust period, the Trust will terminate early. In addition, the Company may entrust additional money to the Trust to acquire additional shares of the Company within the scope of approval given by the resolution adopted at the General Shareholders' Meeting.

(Reference) Particulars of the trust agreement

(i) Type of trust	Pecuniary trust other than individually operated specified money trust (third-party-benefit trust)
(ii) Purpose of trust	Granting of incentives to directors
(iii) Settlor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiary	Those who meet beneficiary requirements for directors who have resigned from directorship
(vi) Date of trust extended agreement	August 6, 2020
(vii) Trust period	From August 14, 2017 through August 31, 2020 (planned to extended to August 31, 2023 by changing the trust agreement dated August 6, 2020)
(viii) Total amount of shares to be acquired	No additional shares will be acquired in this Extension.