



May 17, 2022

To whom it may concern

Z Holdings Corporation
Kentaro Kawabe
President and Representative Director, Co-CEO
Stock Code: 4689

**Establishment of a New Remuneration Policy
and Revision of Executive Remuneration Plan**

Z Holdings Corporation (the “Company”) hereby announces that in its board of directors meeting held on May 17, 2022, it has established the framework of the new executive remuneration plan (the “Remuneration Policy”) and has decided to review the executive remuneration plan from fiscal 2022 onwards. Details are as follows.

The application of the new Remuneration Policy and the revision of executive remuneration plan will commence subject to the approval of each proposal for the revision of executive remuneration at the Company’s 27th ordinary general meeting of the shareholders scheduled to be held on June 17, 2022.

1. Purpose of establishing the Remuneration Policy

The Company has completed the business integration with LINE Corporation in March 2021 and is now steering a new course as the new Z Holdings. Going forward, the Company will continue to leverage the synergies of this business integration to update users' daily lives, corporate activities, and society as a whole through information technology, with the aim of realizing a world in which people can be free and in control. In order to realize this mission and vision, the Company has positioned executive remuneration as one of the key management strategies to encourage the management team to exercise their leadership. In the Board of Directors meeting held today, the Company has made significant review to its executive remuneration plan to encourage bold risk-taking by the management team through executive remuneration and to enable the Company to achieve sustainable growth. As a result of the review, a new "Policy for Determining the New Remuneration, Etc., for Individual Directors" has been established subject to approval of each proposal for the revision of executive remuneration at the Company’s 27th ordinary general meeting of shareholders scheduled to be held on June 17, 2022.

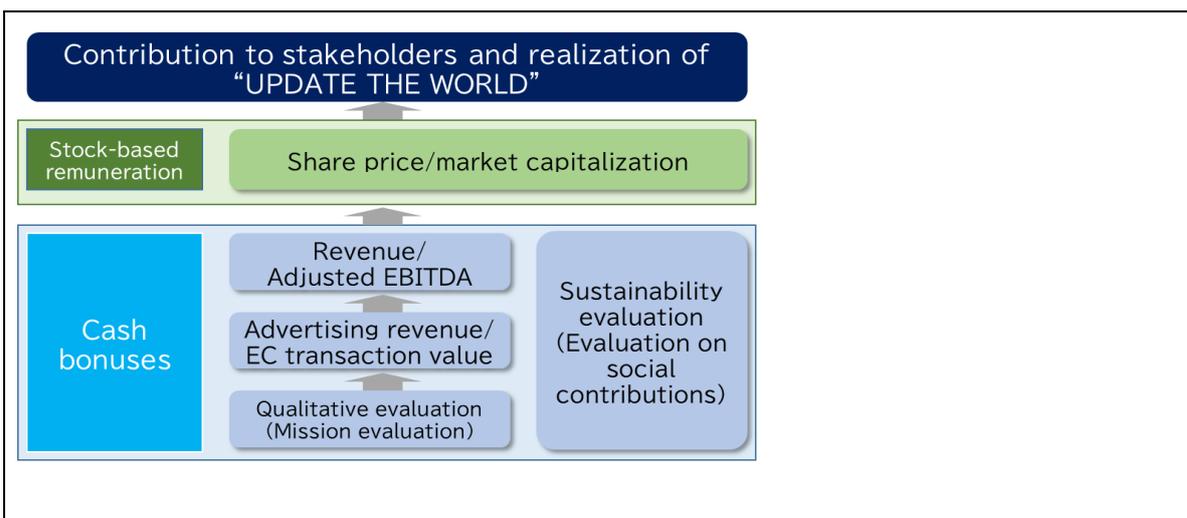
In order to ensure independence, transparency, and objectivity in the decision-making

process of remuneration, the Company has voluntarily established a Nominating and Remuneration Committee consisting of six directors, including four independent outside directors, chaired by an independent outside director serving as a full-time Audit and Supervisory Committee member. The review of the executive remuneration system, changes to the Regulations of Remunerations for Directors, etc., and the framework for the executive remuneration plan (the Remuneration Policy) have been deliberated by the Nominating and Remuneration Committee.

2. Details of the Remuneration Policy

The framework of the Company's new executive remuneration plan (Remuneration Policy) is as follows:

(1) Basic principles
<p>The following are the basic principles of the remuneration system to ensure that the remuneration of directors (hereinafter "Executive Remuneration") serves as a driving force for the realization of the Company's management philosophy and management strategy.</p> <ul style="list-style-type: none"> i) Encourages the exercise of management leadership to realize the Company's mission, "UPDATE THE WORLD" ii) Contributes to the enhancement of the ZHD Group's medium- to long-term corporate value iii) Details of the system ensures the Company's accountability to its stakeholders through the establishment of strong and independent remuneration governance
(2) Remuneration level
<ul style="list-style-type: none"> • The level of Executive Remuneration will be set based on the basic principles of Executive Remuneration and the roles and responsibilities of each director in the management of the Group, taking into consideration the importance and difficulty of the mission undertaken by each director. • The Nominating and Remuneration Committee will verify the appropriateness of the remuneration levels after conducting a survey and analysis of the Company's management environment and the peer group of leading Japanese global companies based on the database of external research organizations. • The remuneration level will be reviewed from time to time in response to changes in the external environment and changes in the roles and responsibilities of directors.
(3) Remuneration structure
<ul style="list-style-type: none"> i) Strategic design image of each remuneration item and structure <p>The strategic design and positioning of each remuneration item are as follows:</p>



ii) Overview of remuneration items

[Remuneration structure for directors (excluding those serving on the Audit and Supervisory Committee)]

• The concept of the remuneration structure for directors (excluding those serving on the Audit and Supervisory Committee) will be to place more emphasis on stock-based remuneration as a medium- to long-term incentive, in order for the structure to function as an incentive to encourage bold risk-taking and leadership from a medium- to long-term perspective toward the realization of the Company's sustainable growth.

[Monetary remuneration]		Purpose/position	Criteria	Payment amount	Timing	
10-20%	Base remuneration	Monthly remuneration	Amount decided based on roles and responsibilities of each director		Fixed	Every month
10-20%	Cash bonuses	Incentive to contribute to short-term performance and to the enhancement of corporate value	(i) Evaluation on the achievement level of consolidated performance	Revenue Adjusted EBITDA Advertising revenue EC transaction value	40% 40% 10% 10%	0-200% July
			(ii) Sustainability evaluation (evaluation on social contributions)		±5%	
			(iii) Qualitative evaluation (achievement level of missions of each director, e.g., strategy, PMI, etc.)		±10%	

[Stock-based remuneration]		Purpose/position	Outline	%
	Stock options	Incentive to contribute to the enhancement of shareholder value and corporate value over the medium- to long-term	• Granted as stock acquisition rights as stock options that only benefit if the share price rises • Exercisable after a certain period of time determined by the Board of Directors (in principle, three years) has elapsed	80-90%
60-80%	RSU Plan (Board Incentive Plan Trust)	Alignment with shareholders and retention of talented management personnel	• Base points (units) granted each year are transferred to share delivery points in thirds over the eligible period (three years), and the company's shares corresponding to the number of such share delivery points are delivered from the Trust after the end of each fiscal year • Shares delivered to directors from the Plan will be subject to a three-year holding period after delivery • From the viewpoint of fulfilling the accountability of directors for their shareholding status, base points (units) that are reasonably expected to be delivered in the future as potential shares will be included in the number of shares held by each director in the reference materials for the General Meeting of the Shareholders, etc.	10-20%

* The remuneration structure will be reviewed annually by the Nominating and Remuneration Committee in accordance with the external environment and medium- to long-term strategies.

* Notwithstanding the above, in cases where locally hired directors outside of Japan are invited, etc., the remuneration level and structure may be set on an individual basis, taking into consideration the nature of their duties and the market level in the country where they are hired.

* A special bonus may be determined by the Nominating and Remuneration Committee and paid at a certain time after the end of the fiscal year based on a comprehensive evaluation of the Company's performance and the degree of achievement of performance targets during the fiscal year, as well as contributions to improving corporate value for the future, etc.

* As a provisional transitional measure, restricted stock remuneration may be paid in accordance with the policy for determining remuneration until the fiscal year ended March 31, 2022. Please note that as of fiscal year

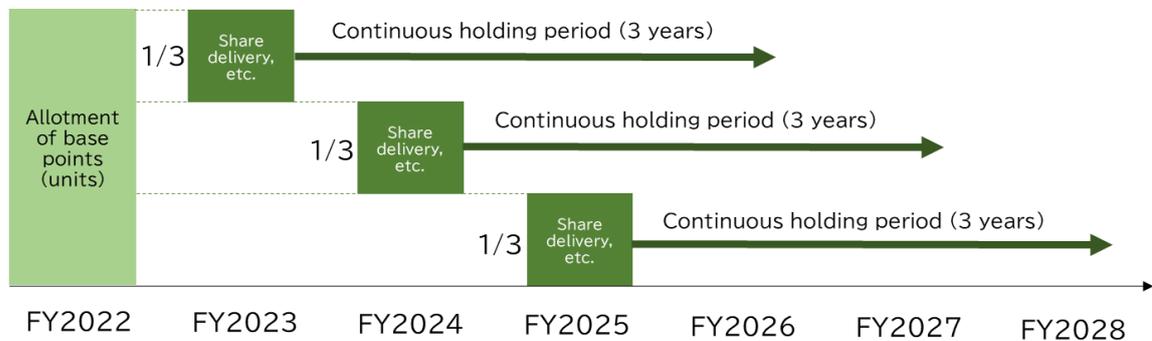
ending March 2023, remuneration related to restricted stock remuneration will be abolished and no new allotments of restricted stocks will be made from the fiscal year beginning on April 1, 2023 (fiscal year ending March 31, 2024).

[Remuneration structure for directors serving on the Audit and Supervisory Committee]

[Monetary remuneration]		Purpose/position	Criteria	Payment amount	Timing
75-90%	Base remuneration	Monthly remuneration	Amount decided based on roles and responsibilities of each director	Fixed	Every month

[Stock-based remuneration]		Purpose/position	Outline
10-25%	RSU Plan (Board Incentive Plan Trust)	Ensuring a supervisory function to determine the appropriateness of business execution from an objective standpoint and fostering a sense of shared interest (Same Boat) with shareholders	<ul style="list-style-type: none"> Base points (units) granted each year are transferred to share delivery points in thirds over the eligible period (three years), and the company's shares corresponding to the number of such share delivery points are delivered from the Trust after the end of each fiscal year Shares delivered to directors from the Plan will be subject to a three-year holding period after delivery From the viewpoint of fulfilling the accountability of directors for their shareholding status, base points (units) that are reasonably expected to be delivered in the future as potential shares will be included in the number of shares held by each director in the reference materials for the General Meeting of the Shareholders, etc.

(Company's shares to be delivered, etc., to directors under the RSU plan and continuous holding period)



*Base points (units) will be allotted every fiscal year in a similar manner from fiscal 2023 onwards.

(iii) Share ownership guidelines

[Share ownership guidelines]	Purpose: To promote directors' ownership of Company's shares	
Type of executive	No. of shares held	Deadline
Co-CEO	At least two times the base remuneration (annual amount)	Within 5 years after assuming office as director
Other directors (excluding those serving on the Audit and Supervisory Committee)	At least one time the base remuneration (annual amount)	

(4) Remuneration governance

[Nominating and Remuneration Committee]

- Established as an advisory body to the Board of Directors to enhance the independency, transparency and objectivity of the process for determining Executive Remuneration.
- The committee is chaired by an independent outside director who is a full-time Audit and Supervisory Committee member and consists of all independent outside directors and the Co-CEOs.

[Decision-making process]

- The Nominating and Remuneration Committee determines the directors' remuneration level, remuneration structure, evaluation indicators, calculation methods and payment amount of base remuneration and cash bonuses, and the payment amount of special bonuses.
- The details of grants for stock-based remuneration are determined by resolution of the Board of Directors based on the details set by the Nominating and Remuneration Committee.
- The Nominating and Remuneration Committee will make the final evaluation of certain matters necessary for the calculation of the amount of remuneration paid to each individual director (such as the determination of the sustainability evaluation and qualitative evaluation for cash bonuses) based on the draft evaluation by the Co-CEOs, who are most familiar with the Company's management situation and the execution of duties by the directors.

[Supplementary items]

- Executive Remuneration will be paid within the maximum amount of remuneration resolved at the General Meeting of the Shareholders.
- In the event of significant changes in the roles and responsibilities of directors due to changes in the external environment surrounding the Company or changes in medium- to long-term strategies, the Nominating and Remuneration Committee may review the incentive design regarding the target values and calculation methods of cash bonuses and stock-based remuneration after careful deliberation.
- In cases where the roles and responsibilities of directors are temporarily reviewed due to the Company's implementation of improvements or reforms in terms of corporate governance or sustainability, the Nominating and Remuneration Committee may, after careful deliberation, determine the payment of temporary remuneration and various allowances within an appropriate range.
- To strengthen the effectiveness of the Nominating and Remuneration Committee, the Company has appointed an outside consultant to provide objective perspectives from outside the Company and expertise in Executive Remuneration, and the Company has established a system to consider the details of the remuneration system, taking into account external data, the economic environment, industry trends, business conditions, and other factors with the support of the consultant.

(5) Forfeiture/return of remunerations

- If the Board of Directors resolves to make subsequent revisions to the financial statements due to a material accounting error or fraud, or if the Board of Directors, etc. determines that there has been a serious breach of the duty of care, duty of loyalty, or other obligations contrary to laws, regulations, or contracts during the term of office of the directors (including directors serving as members of the Audit and Supervisory Committee), the Nominating and Remuneration Committee, upon a request from the Board of Directors, will deliberate on whether to require the forfeiture of all or part of the rights to receive cash bonuses and stock-based remuneration or the return of all or part of the cash bonuses and stock-based remuneration already paid, and will advise and recommend the results of such deliberations to the Board of Directors.
- The Board of Directors will, with the utmost respect for such advice and recommendations, resolve whether

or not to require such directors to forfeit all or part of their rights to receive cash bonuses and stock-based remuneration (malus) or to return all or part of the cash bonuses and stock-based remuneration already paid (clawback).

(6) Engagement with shareholders and investors

- The Company will promptly and proactively disclose the details of Executive Remuneration through the Annual Securities Report, reference materials for the General Meeting of Shareholders, Business Report, Corporate Governance Report, Integrated Report, and website, etc., which are to be prepared and disclosed in accordance with various laws and regulations.
- For directors (including those serving on the Audit and Supervisory Committee), the total amount of consolidated remuneration, etc. will be disclosed separately in the Annual Securities Report, without limiting to those whose total amount of consolidated remuneration, etc. is JPY100 million or more.
- The Co-CEOs and directors (including independent outside directors) will be actively involved in shareholder and investor engagement. The opinions of shareholders and investors received through the engagement will be shared with the Nominating and Remuneration Committee and the Board of Directors, etc., and used to enhance corporate value.

3. Details of revisions to the executive remuneration plan

(i) Upper limit of remunerations, etc.

[Directors (excluding those serving on the Audit and Supervisory Committee)]

[Current remuneration]		Maximum amount	Maximum no. of shares
Monetary	Base remuneration and cash bonuses	JPY1 B/year (includes outside directors JPY200 mil)	-
Stock-based	Restricted stocks	JPY400 mil/year	800,000 shares/year

[Revised remuneration]		Maximum amount	Maximum no. of shares	% to issued shares*
Monetary	Base remuneration and cash bonuses	JPY2.5 B/year (includes outside directors JPY300 mil)	-	-
Stock-based	Stock option	JPY2.4 B/year	130,000 units/year (equivalent to 13 million shares)	0.173%
	RSU Plan (Board Incentive BIP Trust)	Contribute up to JPY500 million in trust funds in the first fiscal year of each of the fiscal years covered	1.1 million shares per eligible period	0.015%

*Percentage to the total number of Company's Shares issued and outstanding (as of March 31, 2022, after deduction of treasury stock)

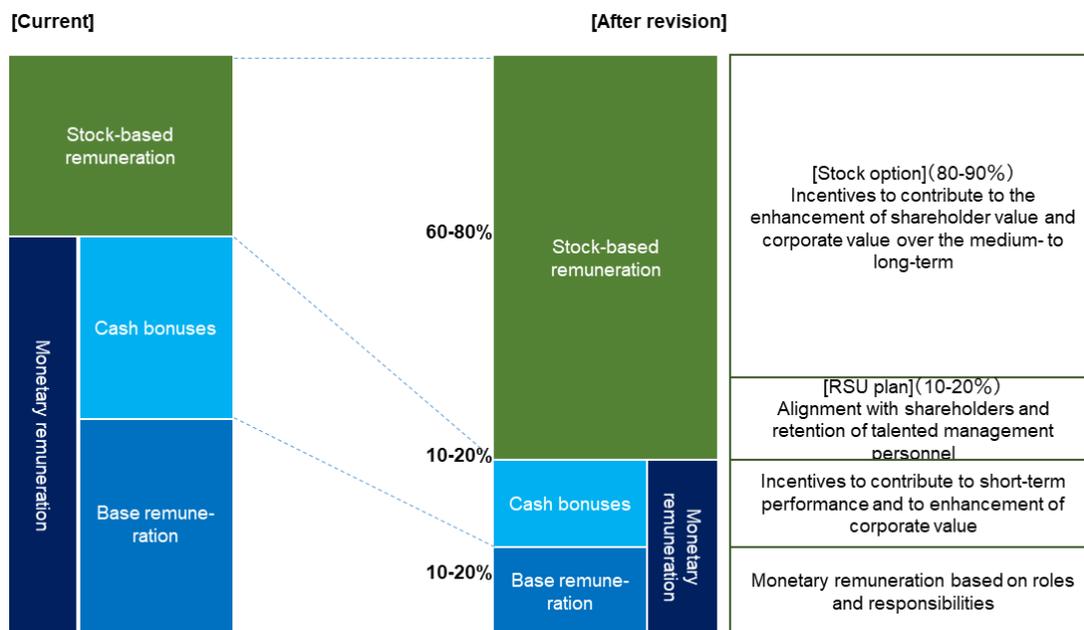
[Directors serving on the Audit and Supervisory Committee]

[Current remuneration]		Maximum amount	Maximum no. of shares
Monetary	Base remuneration	JPY200 mil/year	-

[Revised remuneration]		Maximum amount	Maximum no. of shares	% to issued shares*
Monetary	Base remuneration	JPY200 mil/year	-	-
Stock-based	RSU Plan (Board Incentive BIP Trust)	Contribute up to JPY50 million in trust funds in the first fiscal year of each of the fiscal years covered	120,000 shares per eligible period	0.002%

*Percentage to the total number of Company's Shares issued and outstanding (as of March 31, 2022, after deduction of treasury stock)

(ii) Details of revisions to the remuneration plan for directors (excluding those serving on the Audit and Supervisory Committee) * When each indicator's target achievement is 100%.



*For details on the Company's new stock-based remuneration (stock options, Board Incentive Plan Trust), please refer to "Introduction of Stock Option (Stock Acquisition Rights) for Directors" and "Introduction of Stock-Based Remuneration Plan (RSU Plan) for Directors" dated today.

Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.