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(Securities Code: 7157)

May 30, 2024

(Start Date of Electronic Provision Measures: May 24, 2024)

To Our Shareholders:

Ryosuke Mori
President and Representative Director
LIFENET INSURANCE COMPANY
2-14-2 Kojimachi, Kojimachi NK Building
Chiyoda-Ku, Tokyo 102-0083

Notice of Convocation of the 18th Annual General Meeting of Shareholders to be held on June 23, 2024

LIFENET INSURANCE COMPANY (the "Company") hereby provides notice of the 18th Annual General Meeting of Shareholders (the "Meeting") as described below.

In convening the Meeting, information contained in the reference documents, etc. for the General Meeting of Shareholders (Electronic Provision Measures) is provided in an electronic format and is posted on the following websites. Please access either of the websites to review the information.

Company's IR website:

<https://ir.lifenet-seimei.co.jp/en/stock/meeting.html>

Please access the above website and refer to the "Notice of Convocation of the 18th Annual General Meeting of Shareholders."

Tokyo Stock Exchange website (Search for a listed company):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website and enter "Lifenet Insurance Company" in "Issue name (company name)" or our securities code "7157" in "Code" and press "Search". Then select "Basic information", "Documents for public inspection / PR information" and refer to the "Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting."

The Meeting proceedings will also be streamed for those who wish to listen online (Japanese Only).

Please review the attached documents and exercise your voting rights via the Internet or in writing no later than 5:30 p.m. (JST) on Friday, June 21, 2024. Trust management bank or other

nominal shareholders may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request.

Description

1. Date and time: Sunday, June 23, 2024 at 2:00 p.m., Japan Standard Time
2. Place: Nikkei Conference Room, 6F Nikkei Building, 1-3-7 Otemachi, Chiyoda-ku, Tokyo, Japan

3. Objectives of the Meeting:

Matters to be reported

1. Business Report, Consolidated Financial Statements, and results of audits by Accounting Auditor and the Audit and Supervisory Committee on the Consolidated Financial Statements for the 18th Fiscal Year (from April 1, 2023 to March 31, 2024)
2. Non-consolidated Financial Statements for the 18th Fiscal Year (from April 1, 2023 to March 31, 2024)

Matter to be resolved

Proposal: Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

4. Matters Related to the Exercise of Voting Rights

1. If you exercise your voting rights both via the Internet and in writing, only the vote via the Internet will be counted as valid.
2. If you exercise your voting rights via the Internet multiple times, only the final vote will be counted as valid.
3. If you indicate neither your approval nor disapproval to each proposal on the Exercise of Voting Rights form, your answer will be deemed to be “approval.”

REFERENCE MATERIAL FOR THE MEETING

Proposal: Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

As the terms of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee members; the same below in this proposal) will expire upon conclusion of the Meeting.

Accordingly, the Company will change the composition of the Board of Directors after the conclusion of the Meeting to have a majority of the members be Independent Outside Directors. The objective is strengthening the supervisory function of the Board of Directors and further enhancing the separation of supervisory and executive functions. The election of four (4) Directors is proposed, with two (2) reduced members to enhance the efficiency and effectiveness as a Monitoring Board.

The candidates for Director were nominated through a proposal by the discretionary Nomination and Compensation Committee, which consists of the Independent Outside Directors and the Representative Director.

The candidates for Directors are as follows:

No.	Name		Current Position and Areas of Responsibility	Years served as Director	Attendance of the Board of Directors
1	Ryosuke Mori	Reelect	President and Representative Director Nomination and Compensation Committee Member	7	13/13 (100%)
2	Yasuhiro Koba	Reelect	Director, Executive Vice President Business Development Department, Product Development Department, Creditor Insurance Business Department, and Investment Department	7	13/13 (100%)
3	Jun Hasebe	Reelect Outside Independent	Outside Director Nomination and Compensation Committee Member	2	13/13 (100%)
4	Hiro Koya	Newly elect Outside	-	-	-

No. 1

Ryosuke Mori

(Date of birth: March 10, 1984 / Age 40 / Male)

Reelect



Brief career history and positions and areas of responsibility in Lifenet and significant concurrent positions outside Lifenet

April 2007	Joined Goldman Sachs Japan Co., Ltd.
September 2012	Joined Lifenet Insurance Company
May 2013	Head of Corporate Planning Department
January 2016	Executive Officer, General Manager of Corporate Strategy Division
April 2017	Executive Officer, General Manager of Sales & Marketing Division
June 2017	Director, Executive Officer, General Manager of Sales & Marketing Division
June 2018	President and Representative Director (incumbent)

Number of Company Shares Owned

101,197

Years served as Director

7

Attendance of the Board of Directors

100% (13/13)

Qualifications of Director Candidates

Ryosuke Mori has engaged in corporate planning and business management and contributed for sales performance growth since April 2017 as the head of the Sales and Marketing Division in the Company. He has pursued the Company's business strategies as Director, and has demonstrated strong leadership and contributed to greater business performance since June 2018 in his current position as President and Representative Director. We therefore deem Mr. Mori to be an appropriate choice for achieving sustained growth of the Company and propose his reelection as a Director.

No.
2

Yasuhiro Koba

(Date of birth: April 9, 1979 / Age 45 / Male)

Reelect



Brief career history and positions and areas of responsibility in Lifenet and significant concurrent positions outside Lifenet

Number of Company Shares Owned

66,863

Years served as Director

7

Attendance of the Board of Directors

100% (13/13)

April 2002 Joined Ministry of Health, Labour and Welfare
 September 2010 Joined Lifenet Insurance Company
 October 2013 Head of Legal Department
 June 2015 Executive Officer, Chief Compliance Officer
 January 2016 Executive Officer, General Manager of Corporate Administration Division, Chief Compliance Officer
 April 2017 Executive Officer, General Manager of Corporate Strategy Division
 June 2017 Director, Executive Officer, General Manager of Corporate Strategy Division
 July 2019 Director, Executive Officer, General Manager of Sales & Marketing Division
 May 2021 Director, LIFENET MIRAI Inc.
 June 2021 Director, Executive Vice President, General Manager of Sales & Marketing Division
 January 2022 Director, Executive Vice President, Executive Officer of Corporate Planning Department, Product Development, and Investment Department
 January 2023 Director, Executive Vice President, Executive Officer of Business Development Department, Product Development Department, Creditor Insurance Business Department, and Investment Department (incumbent)

Qualifications of Director Candidates

Yasuhiro Koba has served as the General Manager of Corporate Administration Division, Corporate Strategy Division and Sales & Marketing Division in the Company, and possesses knowledge and experience pertaining to life insurance business operations. He has contributed to expand the business base as a Director, Executive Vice President since June 2021 and led to expand the new Group Credit Life Insurance Business since January 2023. We therefore deem Mr. Koba to be an appropriate choice for achieving sustained growth of the Company and propose his reelection as a Director.

No.
3

Jun Hasebe

(Date of birth: November 9, 1965 / Age 58 / Male)

Reelect Outside Independent



Brief career history and positions and areas of responsibility in Lifenet and significant concurrent positions outside Lifenet

April 1990 Joined Daiwa Securities Co. Ltd.
 July 2010 Director, COLOPL, Inc.
 January 2019 Outside Director, Speee, Inc. (incumbent)
 April 2020 Representative Director and President,
 Tokyo Relations Inc. (incumbent)
 November 2020 Outside Director, toridori Inc. (incumbent)
 June 2022 Outside Director, Lifenet Insurance Company
 (incumbent)

Number of Company Shares Owned

None

Years served as Director

2

Attendance of the Board of Directors

100% (13/13)

Qualifications and expected roles of Outside Director Candidates

Jun Hasebe has extensive experiences in finance services and possesses broad business knowledge that includes experiences as a senior executive of Internet services and a technology area. Accordingly, we expect that he will use this knowledge to provide supervision and advice on the execution of duties by the Directors from the perspective of formulating management and financial strategy. We also expect that he will take part in and supervise the nomination of candidates to be officers in the Company and the determination of officers' compensation from an objective and neutral standpoint. We therefore propose his reelection as an Outside Director.

No.
4

Hiro Koya

(Date of birth: July 30, 1984 / Age 39 / Male)

Newly elect Outside



Brief career history and positions and areas of responsibility in Lifenet and significant concurrent positions outside Lifenet

April 2007 Joined KDDI CORPORATION
 October 2021 Deputy Manager of
 Corporate Strategy Planning Department,
 au Financial Holdings Corporation
 April 2022 General Manager of
 Corporate Strategy Planning Department,
 au Financial Holdings Corporation
 April 2022 Director, au Asset Management Corporation
 April 2024 Executive Officer,
 au Financial Holdings Corporation (incumbent)

Number of Company Shares Owned

None

Years served as Director

-

Attendance of the Board of Directors

-

Qualifications and expected roles of Outside Director Candidates

Hiro Koya has extensive experience in consumer businesses at KDDI CORPORATION, as well as extensive knowledge in the formulation of management strategies and business plans and in finance. The Company expects that he will utilize this knowledge to provide supervision and advice on the execution of duties by Directors from a professional perspective. We therefore propose his election as a new Outside Director.

(Notes)

- 1) Ryosuke Mori intends to assume the position of Director at LIFENET MIRAI Inc. on June 25, 2024.
- 2) There are no special interests between the Company and each of the candidates.
- 3) Jun Hasebe and Hiro Koya are candidates for Outside Directors of the Company under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. The matters of note regarding candidates for Outside Directors are as follows:
 - (1) Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Jun Hasebe to limit their liability stipulated in Article 423, Paragraph 1 of the same Act. The liability in such instances shall be limited to the minimum amount stipulated in Article 425, Paragraph 1 of the same Act. If Jun Hasebe is reelected, the Company intends to enter into the same agreement with him. If Hiro Koya is elected, the Company intends to enter into the same agreement with him.
 - (2) Hiro Koya is currently a person executing business at au Financial Holdings Corporation, and he has been a person executing business at KDDI CORPORATION over the past 10 years. au Financial Holdings Corporation and KDDI CORPORATION are an important business partners of the Company.
 - (3) Jun Hasebe is an incumbent Outside Directors of the Company. He will have served as Outside Director for two years as of the conclusion of the Meeting.
 - (4) The Company has notified Jun Hasebe as independent officer under the regulations of the Tokyo Stock Exchange. In the event that he is reelected, the Company will notify Jun Hasebe as independent officer.

- 4) The Company has not entered into a contract of indemnity with any of the candidates for Director.
- 5) The Company has entered into a directors and officers' liability insurance agreement with an insurance company. This insurance contract covers compensation for damages, legal costs and costs to respond to public inquiries incurred due to claims for compensation for damages caused by acts performed by the insured parties, including the Directors of the Company, based on their positions. If the candidates are elected as Directors and assume their positions, they will become insured parties of this insurance contract. In addition, the Company plans to renew the insurance contract with the same content at the time of its next renewal.
- 6) "Years served as Director" by each candidate is stated as of the conclusion of the Meeting.
- 7) "Attendance of the Board of Directors" by each candidate stands for the attendance for fiscal 2023. In addition to the number of resolutions of the Board of Directors described above, there was one written resolution that was deemed to have been adopted by the Board of Directors in accordance with laws and regulations and Article 24 of the Company's Articles of Incorporation.
- 8) Takahiro Yamasaki will resign upon the conclusion of the Meeting. Even after his resignation, the number of Directors who are Audit and Supervisory Committee members is in line with the number stipulated in relevant laws and regulations and in the Articles of Incorporation.

Audit and Supervisory Committee Opinion

The Audit and Supervisory Committee has reviewed the contents and process for the election of candidates for Directors (excluding Directors who are Audit and Supervisory Committee members). The Committee considered the contents of the Nomination and Dismissal Policy of Officers and the status of deliberations on the application of the Policy to each candidate by the Nomination and Compensation Committee and has concluded contents and deliberations are appropriate. In addition, the Audit and Supervisory Committee has not recognized any problem in the process for determination of compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee members) and has concluded contents are also appropriate.

(Reference) Changes to Strengthen Corporate Governance

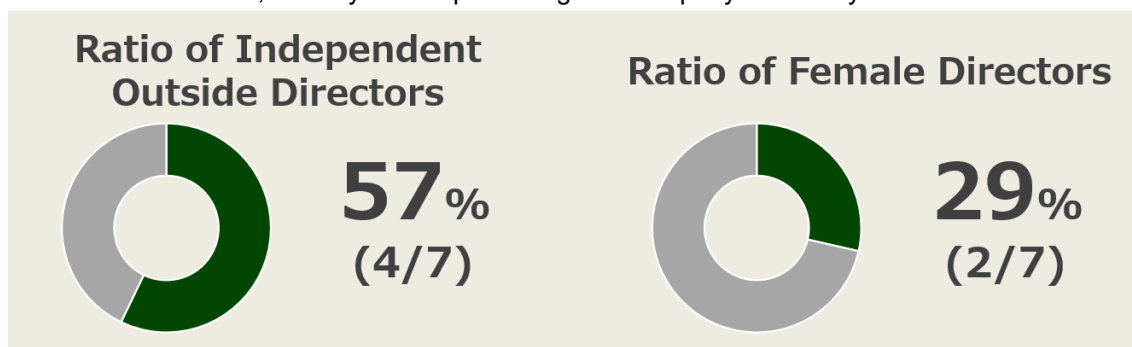
The Company has been continuously working to strengthen and enhance corporate governance since starting business in 2008 in order to achieve sustainable growth and increase corporate value over the mid- to long term.

2008 (starting business)	Formed the Board of Directors with Outside Officers serving as a majority of all officers
2011	Introduced an executive officer system
2012	Established the Board of Executive Officer
2016	Established the discretionary Nomination and Compensation Committee with an Independent Outside Director serving as the chair and a majority of Independent Outside Directors
2017	-Enacted the Nomination Policy of Candidates for Officers (currently Nomination and Dismissal Policy of Officers) -Started evaluating the effectiveness of the Board of Directors (Questionnaire style)
2019	Introduced restricted stock compensation as officer compensation
2021	-Transitioned from a company with a board of corporate auditors to a company with an Audit and Supervisory Committee -Introduced performance-linked compensation as officer compensation -Disclosed a skills matrix of Directors -Expanded evaluation of the effectiveness of the Board of Directors (Introduction of individual interviews)
2022	Revised the transfer restriction period for the restricted stock compensation system for Directors
2023	Revised the performance-linked compensation as officer compensation (Adopted non-financial indicators in addition to financial indicators as performance indicators)

(Reference) Composition of the Board of Directors

The composition of the Board of Directors will be as follows if the Proposal is approved at the Meeting.

The Company will change the composition of the Board of Directors to have a majority of Independent Outside Directors after the conclusion of the Meeting with the objective of strengthening the supervisory function of the Board of Directors and further enhancement of the separation of supervisory and executive functions. The ratio of Female Directors on the Board of Directors will be 29%, thereby further promoting the Company's diversity.



(Reference) Skills Matrix of Directors

The Skills Matrix of Directors if Proposal is approved as proposed at the Meeting will be as follows:

Name and sex	Position	Age	Out-side	Inde-pen-dent	Audit and Super-visory Com-mittee	Nomination and Compen-sation Committee	Years served as Director	Attendance of the Board of Directors	Knowledge, Experience and Abilities of the Directors						
									Corporate Management and Sustainability	Financial Services	Technology	Marketing and Alliance	Human Capital and Corporate Culture	Accounting and Engagement with Capital Markets	Legal Affairs, Risk Management and Governance
Ryosuke Mori	M President and Representative Director	40				○	7	100% (13/13)	●	●		●	●	●	●
Yasuhiro Koba	M Director Executive Vice President	45					7	100% (13/13)	●	●		●	●	●	●
Jun Hasebe	M Outside Director	58	○	○		○	2	100% (13/13)	●	●	●			●	
Hiro Koya	M Outside Director	39	○				-	-		●		●		●	
Keiko Hayashi	F Outside Director (Audit and Supervisory Committee Member)	63	○	○	◎	○	4	100% (13/13)	●	●			●	●	●
Tomoyuki Yamashita	M Outside Director (Audit and Supervisory Committee Member)	48	○	○	○	◎	3	100% (13/13)	●	●		●	●	●	●
Emima Abe	F Outside Director (Audit and Supervisory Committee Member)	44	○	○	○	○	1	100% (10/10)	●						●

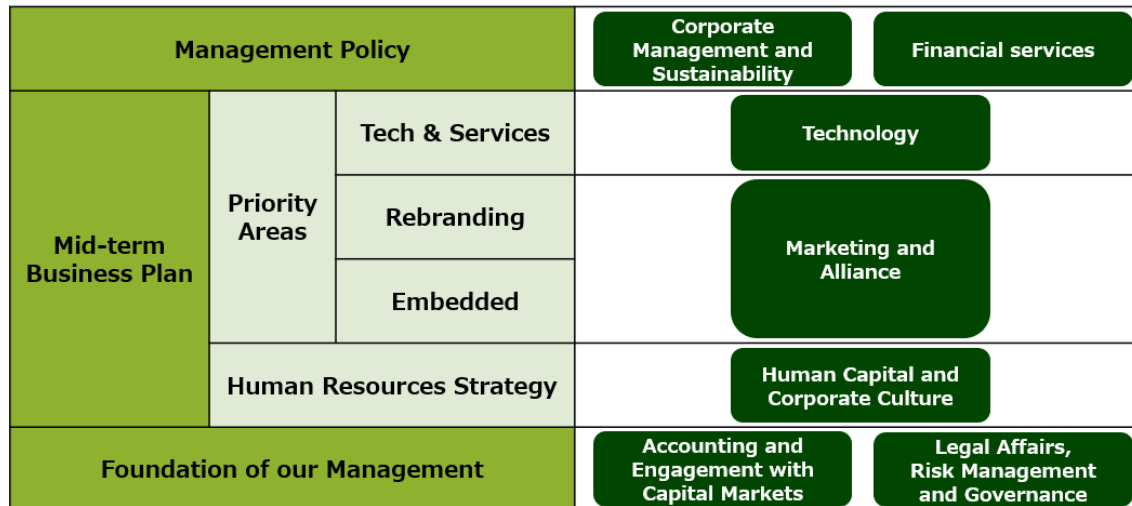


Notes:

1. We plan to determine the Directors with titles at a meeting of the Board of Directors after the conclusion of the Meeting.
2. © stands for: Chair of the Audit and Supervisory Committee and the Nomination and Compensation Committee, respectively. (We plan to determine the Chair at a meeting of the Audit and Supervisory Committee and the Nomination and Compensation Committee after the conclusion of the Meeting.)
3. “Years served as Director” by each Director is stated as of the conclusion of the Meeting.
4. “Attendance of the Board of Directors” by each Director is for fiscal 2023. If a director was appointed in the middle of the fiscal year, the status of attendance after the appointment is stated. In addition to the number of the Board of Directors described above, there was one written resolution that was deemed to have been adopted by the Board of Directors in accordance with laws and regulations and Article 24 of the Company's Articles of Incorporation.
5. Under the Company with an Audit and Supervisory Committee, the Audit and Supervisory Committee is the main body and systematically conducts audits through the internal controls system. It is not necessary to select Full-Time Audit and Supervisory Committee Member. Accordingly, the Audit and Supervisory Committee after the conclusion of the Meeting will not select Full-Time Audit and Supervisory Committee Member.
6. The above table does not represent all the knowledge, experience and abilities of the Directors.

The Company has reviewed the knowledge, experience and abilities required for the Board of Directors as follows, in order for the Board of Directors to perform its roles of making important management decisions and supervising the execution of duties by Directors to realize the new Management Policy and mid-term business plan from fiscal 2024.

(Please refer to page 23 for an overview of the new Management Policy and mid-term business plan.)



Skill type	Reason for selection
Corporate Management and Sustainability	The Company believes that promoting sustainability initiatives along with corporate management will contribute to the realization of a sustainable society and the enhancement of the Company's corporate value.
Financial Services	Because we are engaged in the financial sector, it is necessary to formulate a sustainable growth strategy and understand the business environment.
Technology	The Company is a life insurance company whose main sales channel is the Internet. In the Internet-related market, technological innovation and changes in customer needs occur very quickly, and it is necessary to constantly grasp the latest technological trends and environmental changes and respond accordingly.
Marketing and Alliance	As a leading online life insurance company, in order to realize further expansion of the online life insurance market, it is necessary to offer products and services to more customers.
Human Capital and Corporate Culture	In order to realize the "LIFENET Manifesto," the Company's philosophy, it is essential to further develop the "people" who are the pillars of our business. It is also necessary to create a better organization, and improve engagements through empathy with our corporate culture.
Accounting and Engagement with Capital Markets	In order to realize sustainable growth as a listed company, it is necessary to build a strong financial base, as well as to conduct continuous investment activities and active dialogue with shareholders and investors.
Legal Affairs, Risk Management and Governance	In order to realize sustainable growth as a life insurance company, it is necessary to build a compliance system based on strong ethical standards, appropriately manage risks, and further strengthen corporate governance.

(Reference) Nomination and Dismissal Policy of Officers

We have established a discretionary Nomination and Compensation Committee to strengthen the independence, objectivity and accountability of the functions of the Board of Directors concerning the nomination, dismissal, and compensation of officers. The Nomination and Compensation Committee consists of all Independent Outside Directors and President and Representative Director. The Board of Directors enacts the nomination and dismissal policy of officers upon deliberations by the Nomination and Compensation Committee. The nomination and dismissal policy of officers resolved at the meeting of the Board of Directors held on June 25, 2023 is below.

1. Nomination Policy of Candidates for Directors Who Are Not Audit and Supervisory Committee Members
 - (1) With regard to candidates for Internal Directors Who Are Not Audit and Supervisory Committee Members, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who satisfy the following particulars in principle.
 - Individuals with knowledge and experience to carry out business management in appropriate, fair and efficient manner.
 - Individuals who have sufficient social credibility.
 - (2) With regard to candidates for Outside Directors Who Are Not Audit and Supervisory Committee Members, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who satisfy the following particulars in principle.
 - Individuals with high level of expertise and rich experience in fields such as corporate management and sustainability, laws and governance, financial services, accounting and finance, technology, and marketing and sales, and have made adequate accomplishments in those fields.
 - Individuals capable of providing advice on management policies and management improvement from the perspective of promoting sustainable growth of the Company and enhancing corporate value for the mid- to long-term.
 - With regard to “Independent Outside Directors,” individuals without any risk of conflict of interest with general shareholders. In this case, the existence of the risk of conflict of interest with general shareholders shall be judged in accordance with “3. Independence Criteria for Independent Outside Officers” and the independence criteria of the Tokyo Stock Exchange.

2. Nomination Policy of Candidates for Directors Who Are Audit and Supervisory Committee Members

With regard to candidates for Directors Who Are Audit and Supervisory Committee Members, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate candidates who fulfill the following particulars in principle upon obtaining the consent of the Audit and Supervisory Committee.

 - Individuals who can objectively, appropriately, fairly and efficiently audit and supervise the execution of duties by Directors based on a high level of expertise and rich experience in fields such as corporate management and sustainability, laws and governance, financial services, accounting and finance, technology, and marketing and sales.
 - Individuals who have sufficient social credibility.
 - With regard to “Independent Outside Directors,” individuals without any risk of conflict of interest with general shareholders. In this case, the existence of the

risk of conflict of interest with general shareholders shall be judged in accordance with “3. Independence Criteria for Independent Outside Officers” and the independence criteria of the Tokyo Stock Exchange.

3. Independence Criteria for Independent Outside Officers

The Company deems that any Outside Directors or candidates for Outside Directors that fall under any of the following items do not possess independence from the Company as Independent Outside Directors.

- (1) Persons executing business in the Company or subsidiaries of the Company;
- (2) Persons whose major business partner is the Company (an entity for which the amount of annual transactions with the Company in the most recent fiscal year is 2% or more of its consolidated sales) or executes business at said company;
- (3) Major business partner of the Company (a business partner for which the amount of annual transactions with the Company in the most recent fiscal year is 2% or more of the sales of the Company) or executes business at said company;
- (4) Persons executing business in a company where any person executing in the Company serves as officer;
- (5) Major shareholder of the Company holding either directly or indirectly 10% or more of total number of the voting rights of the Company or persons who execute business at said company;
- (6) Persons providing professional services such as consultants or professionals in accounting or law who receives from the Company a large amount of money (an amount of 10 million yen or more for individuals or an amount that is 2% or more of total income for corporations, associations and other groups in the most recent fiscal year) or other property other than officer compensation;
- (7) Persons who have fallen under (1) above during any period in the past ten years;
- (8) Persons who have fallen under any of (2) to (7) above during any period in the past three years; or
- (9) Close relatives of persons who fall under any of (1) to (8) above (excluding those deemed not important).

4. Dismissal Criteria for Directors

If there is a fact concerning a Director that may meet the Dismissal Criteria given below, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall decide to propose a dismissal of the subject Director for approval at the General Meeting of Shareholders upon obtaining the consent of the Audit and Supervisory Committee if the subject Director is an Audit and Supervisory Committee Member.

(Dismissal Criteria)

- (1) If a Director acts against public policy;
- (2) If a Director cannot continue to perform the Director's duties for health reasons;
- (3) If a Director is neglecting its duties and deemed to be failing to fulfill its duties.

(Reference) Individual Director Compensation Etc. Determination Policy

Overview of the Compensation System for Directors

We have designed the compensation system for officers of the Company to function as a sound incentive to improve mid- to long-term performance and to increase corporate value.

We determine the amount of compensation for the Directors of the Company (not including Directors Who Are Audit and Supervisory Committee Members; hereinafter the same) within a range of 250 million yen a year (not including the employee salary portion of directors who serve concurrently as employees) based on a resolution at the 15th Annual General Meeting of Shareholders held on June 20, 2021.

Structure for Determination of the Content of the Compensation Etc. for Directors

The Company has established a discretionary Nomination and Compensation Committee. The committee is comprised of all Independent Outside Directors and one (1) Representative Director chaired by the Independent Outside Directors. The purpose of the committee is to strengthen the independence, objectivity and accountability of the functions of the Board of Directors relating to the nomination and compensation etc. for Directors and to design an officer compensation system etc.

The Board of Directors of the Company shall determine the content of the compensation etc. for individual Directors after the deliberations at the discretionary Nomination and Compensation Committee.

Determination of the Type and Ratio of Compensation

The compensation for the Directors of the Company (not including Directors Who Are Audit and Supervisory Committee Members and Outside Directors; hereinafter "Eligible Directors") comprises basic compensation as fixed compensation, performance-linked compensation that is linked to short-term performance etc. and restricted stock compensation aimed at a continuous improvement in corporate value. The compensation for Outside Directors comprises only of basic compensation.

We shall determine the appropriate ratio of basic compensation, performance-linked compensation and restricted stock compensation for Eligible Directors so that it functions as a sound incentive.

Basic Compensation (Fixed compensation)

We shall determine the amount of compensation for individual Directors based on a third-party investigation on the compensation level of corporate executive managers in Japan in consideration of the work areas and range of responsibilities of each Director. We shall pay the compensation monthly in cash.

Performance-linked Compensation

We have introduced a performance-linked compensation system with the goal of rewarding contributions to single-fiscal year performance. The system contributes to aligning the officer compensation system with management policy and raising awareness of the Eligible Directors to improve performance and increase corporate value.

The amount of performance-linked compensation is determined according to the level of achievement of targets in a single fiscal year under the premise of a standard amount of performance-linked compensation calculated based on the amount of base compensation. We shall use financial indicators (the indicator of the Company's corporate value improvement etc.) and non-financial indicators (the customer satisfaction etc.) set by the Board of Directors.

We shall pay performance-linked compensation yearly in cash.

Restricted Stock Compensation

The Company has introduced a restricted stock compensation system to give an incentive to continuously improve corporate value and to further share value with our shareholders. This is so-called advance grant restricted stock compensation as consideration for the provision of services in the current fiscal year (and the future). We shall set the number of shares to be granted to Eligible Directors at the number of shares (within 200,000 shares a year) obtained by dividing the standard amount of restricted stock compensation calculated based on the amount of basic compensation by the closing price of the Company's ordinary shares on the business day before the day of the allocation resolution by the Board of Directors. The transfer restrictions will be released when eligible directors resign or retire from any position of director, executive officer, or corresponding position, or the position of employee in the Company or the Company's subsidiary or when determined by the Board of Directors based on the restricted transfer stock allocation agreement.

(Reference)

Total amount of compensation for Directors for the current consolidated fiscal year

Category	Number of recipients	Compensation
Directors who are not Audit and Supervisory Committee Members (of which Outside Directors)	5 (1)	155.29 million yen (7.00 million yen)
Directors who are Audit and Supervisory Committee Members (of which Outside Directors)	4 (3)	36.65 million yen (19.25 million yen)
Total	9	191.94 million yen

Notes:

1. The number of recipients and compensation for Directors who are not Audit and Supervisory Committee Members do not include one (1) Outside Director who is not paid.
2. The amount of compensation for Directors who are not Audit and Supervisory Committee Members includes fixed compensation of 94.6 million yen, restricted stock compensation of 43.8 million yen and performance-linked compensation of 16.89 million yen.
3. As for Directors who are Audit and Supervisory Committee Members, restricted stock compensation and performance-linked compensation are not paid.

(Reference) Overview of the evaluation of the effectiveness of the Board of Directors

We have been evaluating the effectiveness of the Board of Directors through a self-evaluation once a year in principle since fiscal 2016 to ensure the effectiveness and suitability of the Board of Directors. The Board of Directors receives a report of the results and deliberates on it. Then it formulates an improvement plan to make its functions more enhanced. We also evaluate all aspects of the governance system, in addition to the Board of Directors, including the Audit and Supervisory Committee, the discretionary Nomination and Compensation Committee, and the meetings for outside officers.

A summary of the fiscal 2023 evaluation of the effectiveness of the Board of Directors is as follows:

•Evaluation Process

A questionnaire on the evaluation of the effectiveness of the Board of Directors was distributed to all Directors, and responses were received.

In addition, the President and Representative Director who serves as the Chairman of the Board of Directors (the “Chairman”) conducted individual interviews with all Outside Directors to hear their opinions based on the results of the questionnaire. The Chairman also communicates with the Inside Directors based on the results of the questionnaire.

The results of responses to the questionnaire and the content of individual interviews are compiled by the Secretariat of the Board of Directors and reported to the Board of Directors, and discussions based on the content of the report are held with the participation of all Directors.

•Evaluation Items

The overall evaluation of the Board of Directors, Management Policy formulated in November 2018, fiscal 2024 budget and mid-term business plan, Management Policy formulated in March 2024, fiscal 2023 main agenda, operation (operation of the Board of Directors, communication between Officers, provision of information and training), initiatives based on the results of the FY2022 evaluation of the effectiveness of the Board of Directors (discussion on the state of the Board of Directors, the meetings for outside officers, one-on-one meeting between the Chairman and Outside Directors, investigation of other companies' cases of management of the Board of Directors), operation of the Audit and Supervisory Committee, operation of the discretionary Nomination and Compensation Committee.

•Questionnaire Respondents

All Directors (ten directors)

•Schedule

Mar. - Apr. 2024: Distributed questionnaire on the effectiveness of the Board of Directors

Apr. 2024: Conducted individual interviews

May 2024: Made report for the Board of Directors and formulated improvement plan

•Results and Issues

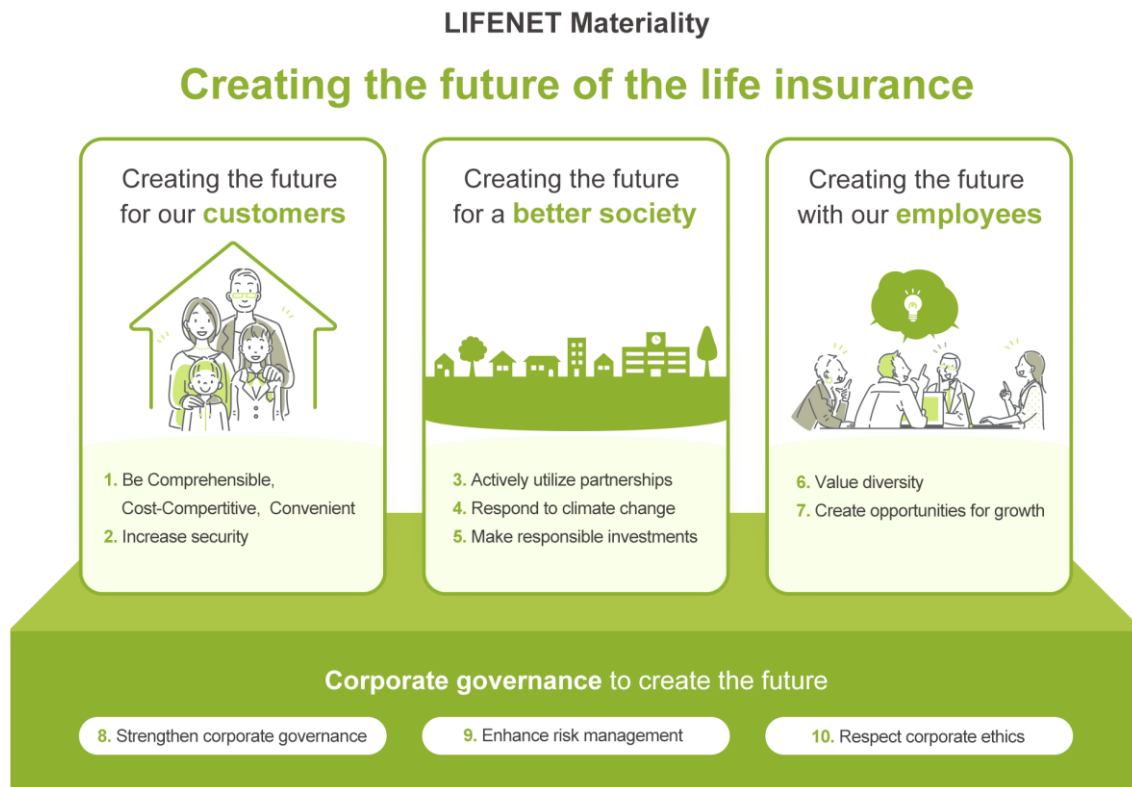
As for the overall evaluation of the Board of Directors, when formulating the new Management Policy and the mid-term business plan, not only Internal Directors but also Outside Directors participated in the discussions from an early stage, which enabled the Board of Directors to carry out a focused examination of the Company's reform initiatives. On the other hand, there was an opinion that it is necessary to have more multifaceted discussions from the perspectives of shareholders and customers. Therefore, we will improve the quality and quantity of discussions.

With regard to the main agenda for fiscal 2023, there was an opinion that we should further enhance our reporting on IR activities, deepen our understanding of the voices of shareholders and investors, and strive to meet their expectations.

The initiatives based on the results of the fiscal 2022 evaluation of the effectiveness of the Board of Directors provided a valuable opportunity to reconfirm the responsibilities and roles expected for a Director. In particular, it has been evaluated that the frequency of communication among Outside Directors and between the Chairman and Outside Directors has increased, and discussions have become more active. With regard to the training program, there were opinions calling for further improvements in view of the need to further strengthen management supervisory functions, thus we will continue to review the operation.

(Reference) LIFENET Materiality

We have identified ten materialities (priority issues) that should be addressed over the long term with the aim of achieving a sustainable society and improving corporate value. Under the theme of “Creating the future of the life insurance,” we will promote initiatives for our stakeholders, including “customers,” “society” and “employees,” as we continue to enhance “corporate governance,” which is the foundation of our management.



For more information, please visit the Sustainability page on our Investor Relations website.
<https://ir.lifenet-seimei.co.jp/en/sustainability/materiality.html>

BUSINESS REPORT

1. Business results

Condition of policies-in-force

The Lifenet Group (the “Group”) launched group credit life insurance (“GCL”) business in July 2023 with the aim of expanding new opportunity for profit growth. Annualized premium*¹ of policies-in-force for individual life insurance and GCL combined as of the end of fiscal 2023 stands at 28,750 million yen (119.6% of March 31, 2023). Annualized premium of policies-in-force for individual life insurance and GCL was 25,424 million yen (105.8% of March 31, 2023) and 3,326 million yen, respectively.

The business performance of individual life insurance is as follows. The number of policies-in-force exceeded 600,000 in March 2024 and resulted in a total of 600,945 (105.7% of March 31, 2023). Annualized premium of new business for fiscal 2023 was 2,883 million yen (73.6% of fiscal 2022) and the number of new business for fiscal 2023 was 72,434 (73.5% of fiscal 2022). Surrender and lapse ratio*² for fiscal 2023 was 6.5% (6.5% for fiscal 2022).

*1: Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium (for GCL, expected premium income for the next month based on the in-force business) by 12 months.

*2: The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

Results of operations

(In millions of yen)

	Fiscal 2022	Fiscal 2023	Change
Insurance revenue	20,732	24,698	3,966
Insurance service results	6,618	8,222	1,604
Financial results* ³	(452)	555	1,008
Other results* ⁴	(822)	(527)	295
Net income (loss) before income taxes	5,343	8,251	2,908
Net income (loss) attributable to owners of the Company	3,562	5,734	2,171

Insurance revenue for fiscal 2023 resulted in 24,698 million yen (119.1% of fiscal 2022). Insurance revenue for individual life insurance and GCL was 22,694 million yen and 2,004 million yen, respectively.

As for individual life insurance, the main components of insurance revenue were 10,464 million yen in expected claims and maintenance costs*⁵, 1,678 million yen in change in risk adjustment for non-financial risks related to extinguished risks (“risk adjustment release”) and 7,056 million yen in CSM*⁶ recognized for services provided (“CSM release”). Insurance service results increased to 8,222 million yen (124.2% of fiscal 2022) mainly due to the recording of risk adjustment release and CSM release. Financial results were 555 million yen mainly due to the recording of valuation gains from investment trusts. Other results were 527 million yen loss mainly because of recording expenses not directly related to insurance services.

As a result, net income before income taxes was 8,251 million yen (154.4% of fiscal 2022). Net income attributable to owners of the Company was 5,734 million yen (161.0% of fiscal 2022).

With respect to expenses related to insurance contract incurred for fiscal 2023, insurance acquisition cash flows, which are cost directly attributable to the acquisition of insurance contract groups, the sum of expenses related to marketing, underwriting and systems, etc., were 9,377 million yen (90.3% of fiscal 2022). In addition, maintenance costs, which were not included in insurance acquisition cash flows, were 4,533 million yen (112.0% of fiscal 2022).

*3: Financial results are mainly total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense.

*4: Other results are the costs not directly related to insurance services and income/loss other than insurance business including product development costs and results of subsidiaries.

*5: Maintenance costs are the costs directly related to fulfilling contracts and not included in insurance acquisition cash flows. They are mainly included in costs related to maintenance of insurance contracts and overhead costs for providing insurance services.

*6: CSM stands for Contractual Service Margin, which represents the unearned profit that the Company will recognize as it provides services over the coverage period.

Assets, liabilities and equities

Total assets as of March 31, 2024 amounted to 112,417 million yen (93,814 million yen as of March 31, 2023). The major account balances were 51,564 million yen in investment securities mainly consisting of government bonds and corporate bonds with high credit ratings and 32,378 million yen in insurance contract assets. Although insurance contracts are generally recorded as liabilities, the Group records them as insurance contract assets because the insurance contract liabilities in individual life insurance are negative as shown in the table below. Breakdown of insurance contract liabilities are present value of future cash flows of minus 150,693 million yen, risk adjustment of 26,141 million yen and CSM of 92,173 million yen, which are related to individual life insurance. In addition, contracts measured under the premium allocation approach of 685 million yen, which are related to GCL, were recorded as insurance contract liabilities.

Breakdown of insurance contract liabilities

(In millions of yen)

Present value of future cash flows (claims minus premiums)	(150,693)
Risk adjustment	26,141
CSM	92,173
Insurance contract liabilities related to individual life insurance: total	(32,378)
Insurance contract liabilities related to GCL (Contracts measured under the premium allocation approach)	685

Liabilities amounted to 21,535 million yen as of March 31, 2024 (18,110 million yen as of March 31, 2023), owing to an increase in deferred tax liabilities. The major account balance was 18,610 million yen in deferred tax liabilities.

Equities amounted to 90,882 million yen as of March 31, 2024 (75,704 million yen as of March 31, 2023), due to raising new capital through public offering and third-party allotment and recording of net income for fiscal 2023.

The consolidated solvency margin ratio, one of the indicators used in administrative supervision to determine the soundness of management, was 2,192.9% as of March 31, 2024, which indicated that an adequate level of solvency capacity is maintained.

European Embedded Value

The embedded value on an EEV basis as of March 31, 2024 is 146,991 million yen, an increase of 22,324 million yen (17.9%) from March 31, 2023. The adjusted net worth increased to 25,251 million yen, primarily due to the issuance of new shares by way of public offering and third-party allotment which was implemented this fiscal year. The value of in-force business increased to 121,740 million yen, primarily due to acquisition of new business in GCL which the Company started underwriting this fiscal year.

Other accomplishments

In this fiscal year, our main initiatives included issuing new shares through a public offering and through a third-party allotment to au Financial Holdings Corporation and Sumitomo Mitsui Card Co., Ltd. in September 2023. We will utilize the capital to accelerate further growth to unleash the potential of online life insurance and promote initiatives with partner companies that have attractive ecosystems.

In July 2023, we launched our first GCL business for mortgage loan users of au Jibun Bank Corporation. In addition, we started selling "Insurance with V-Points" through Sumitomo Mitsui Card Co., Ltd. in December 2023.

Furthermore, we received numerous awards from external organizations in this fiscal year. As for products, our Term Life Insurance *Kazoku* ranked 1st for the 7th consecutive year in the "Kakaku.com Insurance Awards 2023." As for services, our contact center and website awarded top ratings in the 2023 HDI Benchmarking (Life Insurance Industry) for the 11th time. Also, in the J.D. Power 2023 Japan Life Insurance Contract Customer Satisfaction Study, where customers who have actually purchased policies evaluate us, we were awarded as No.1 in the direct distribution channel category for the 3rd consecutive year. We believe that our focus on "innovation of customer experience," which we have positioned as one of priority areas in our previous Management Policy, has led to the high evaluations from our customers.

2. Business policy

The Group has established a new Management Policy and a five-year mid-term business plan ending in fiscal 2028. We also set "Outcome goal" as the society we contribute to realize through these plans, to enhance corporate value and address social issues while sustaining strong growth.

■ Outline of the new Management Policy

Mission	Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services
Vision	Be the leading online life insurer creating the future of life insurance
Value	Lifenetter Values 1. Manifesto-driven 2. Ownership 3. Teamwork 4. Growth mindset 5. Be ambitious

■ Outline of the five-year mid-term business plan (fiscal 2024 to fiscal 2028)

Growth strategy	Priority areas (Business)	Tech & Services <ul style="list-style-type: none"> Pursue customer convenience by utilizing IT services such as AI and Individual Number System^{*1} Rebranding <ul style="list-style-type: none"> Rebuild unique Lifenet brand aligned with current era and customer values Embedded <ul style="list-style-type: none"> Deliver insurance and services seamlessly with our partners
	Human resources strategy	Promote organizational transition to focus on priority areas Create a virtuous cycle of employee growth and business growth Maintain and strengthen an organizational culture based on the LIFENET Manifesto
Fiscal 2028 goals	Management goal	Achieve Comprehensive Equity ^{*2} of 200 billion yen to 240 billion yen
	Financial target	Stock price: 3,000 yen or more Annual growth rate of Comprehensive Equity per share: approximately 10%
	Non-financial target (Human capital)	Overall: Continuous improvement in engagement score [Diversity] Achieve 30%+ ratio of women decision-makers ^{*3} and 15%+ ratio of decision-makers under 30s [Growth opportunities] Continuous improvement in engagement score for growth

*1: Individual Number System is a system in which all people living in Japan are given an individual identification number for the purpose of improving convenience and others for citizens. It is also available online and you can apply to services online related to parenting by the one-stop service and can receive notifications from administrative organizations.

*2: Comprehensive Equity is an indicator defined by the Group. It is the sum of "Equity (attributable to owners of the

Company)” on the IFRS consolidated statement of financial position (B/S), “CSM”, a liability representing unearned profit that the Group expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and “GCL contracts value”, which is the value of future IFRS earnings, including future renewals for GCL policies-in-force. We have defined it as the indicator that represents the corporate value of the Group as it includes the value of future profits of policies-in-force.

*3: Decision-makers are directors and employees at the department head level and above.

■ Committed to Outcome goal

Outcome goal	A society where next generations can be nurtured with confidence in the future
Reference indicator ^{*4}	Market penetration rate of online life insurance, Prospect for the future life, ease of raising children

*4: The market penetration rate of online life insurance is measured based on “the percentage of respondents who want to purchase via the Internet in the future” and “the percentage of those who have actually purchased via the Internet” in the “Survey on Life Protection” by the Japan Institute of Life Insurance. Prospect for the future life is measured based on “the percentage of respondents who answered “improve” about the prospect of the future lifestyle” in the “Public Opinion Survey on the Life of the People” by the Cabinet Office. Ease of raising children is measured based on “the percentage of respondents who answered “It is easy to raise children” in the “Public Opinion Survey on Social Awareness” by the Cabinet Office.

■ Review of the previous Management Policy

In the previous Management Policy formulated in November 2018, having recognized the high growth potential of online life insurance market, we proactively invested in priority areas of “innovation of customer experience” and “enhancement of promotion capabilities” in order to reliably meet customer needs and drive the growth of the online life insurance market. As for the direct business of individual insurance business, the Group made efforts to continuously sophisticate our website’s UI/UX and actively carried out marketing investment, mainly through television commercials, resulting in significant growth in policies-in-force performance. Meanwhile, we have also accelerated alliances with partner companies in other industries. Because of our leading position in the online life insurance industry, we have been selected by attractive partner companies and have been able to create a virtuous cycle model that leads to further expansion of the online life insurance market. Furthermore, by leveraging the group business synergy with our partner company, KDDI CORPORATION, we achieved entry into GCL business.

As a result of these efforts, we achieved our management goal of achieving 100 billion yen in European Embedded Value (“EEV”) at the end of September 2021, and subsequently renewed the target to 200 billion yen. In the previous Management Policy period, the COVID-19 outbreak occurred, and our business performance was significantly fluctuated by the spread of COVID-19. Even so, we achieved steady growth. As of the end of March 2024, EEV reached 146,991 million yen. Annualized premium of policies-in-force increased significantly from 13,085 million yen at the end of March 2019, the end of fiscal year in which the previous Management Policy began, to 28,750 million yen at the end of March 2024. As of March 31, 2024, there were 600,945 policies-in-force in individual insurance business, compared with 308,854 as of March 31, 2019.

■ Recognition of the business environment behind the establishment of the new Management Policy and the mid-term business plan

Based on the review of the previous Management Policy, we are aware of the following three points regarding the business environment surrounding the Group : (i) Continuous expansion and further growth potential of online life insurance market; (ii) Expansion of technology utilization starting from younger generations; and (iii) Entry into online finance services by companies with a huge ecosystem.

(i) Continuous expansion and further growth potential of online life insurance market

The first point is the potential for continued expansion and further growth of the online life insurance market. We believe that the digitization of financial services, which has continued since before the COVID-19 outbreak, has accelerated due to COVID-19 and has brought huge changes to customer behavior patterns and corporate awareness of the business environment. In the life insurance industry, we believe that the structural shift to online services is irreversible and that the online life insurance market will continue to expand. Amid increasing competitors offering insurance products and services online and intensifying competitive landscape, we need to enhance our value proposition and create new value in order to maintain a leading position in the online life insurance market.

(ii) Expansion of technology utilization starting from younger generations

The second point is to expand the use of technology starting with young people. Since its business commencement, the Group has expanded its business with the support of young customers, mainly those with small children. In the previous Management Policy, combined with the expansion of online businesses in other industries, our customers have expanded to the middle-aged and elderly. At the same time, as convenient IT services continue to emerge, we believe that it is important to be selected by the younger generation of the time in order to apply ongoing technologies. This is because we aim to adapt customer behavior patterns that change with the times and to further expand our business scale.

(iii) Entry into online finance services by companies with a huge ecosystem

The third point is the entry of companies with a huge ecosystem into online finance services. We recognize that interest in online financial services by companies in other industries has been increasing significantly in recent years. As mentioned above, the Group has formed alliances with partner companies in various industries. We recognize that there is potential for further growth of the online life insurance market through the integration of our insurance business into the strategies and ecosystem of our partner companies. We will continue to develop and provide products and services that are attractive to our partner companies. At the same time, we believe it is significant to strengthen our own brand equity and continue to be the company of choice for our partner companies.

■ Challenges to be addressed

Based on the above, we have established a new Management Policy and a new five-year mid-term business plan. The Group will address the following challenges with the aim of achieving sustainable enhancement of its corporate value.

(i) Enhance the value provided as the online life insurance company

By focusing on “Tech & Services” in priority areas, we aim to further enhance convenience for customers in individual insurance business and GCL business, as well as to improve operating expenses ratio by enhancing production efficiency. We will utilize IT services such as AI and the Individual Number System to provide customers with innovative insurance services as an Internet service company for life insurance. We aim to further improve customer experience to provide a more sophisticated approach for prospective customers and to increase convenience for customers in various procedures (application, while in-contract, making claims for insurance and benefits, etc.). In addition, we will further promote the use of various types of data in order to provide better services to our customers and strive to improve operating expenses ratio by raising production efficiency.

(ii) Strengthen initiatives for qualitative changes in Internet direct business

By working on “Rebranding” in priority areas, we further polish the value that we provide as a leading company in the online life insurance industry and aim to have a unique presence that sets it apart from others by updating the Lifenet brand in line with the current era. In the middle of the intensifying competitive landscape, we recognize that we will establish a new growth model in the main Internet direct business and build a strong re-growth trajectory. In order to achieve them, it is important to continue to be chosen by younger customers. We will strive to develop a new growth model that enables quantitative expansion by strengthening our products and services, rebuilding our corporate image, and establishing nurturing methods in order to gain the support of younger customers.

(iii) Deepen and expand business with alliance partners

The Group will focus on the priority area “Embedded,” strengthen initiatives with each alliance with the aim of pursuing growth opportunities and strive to develop new alliance in partner businesses of individual life insurance and GCL business.

First, in our partner businesses for individual insurance business, we will invest more of our management resources with the aim of actively integrating our insurance businesses into the priority areas and ecosystem operations of our partner companies. As for our current major alliance partners, we are working with Sumitomo Mitsui Card Company, Limited to create new sources of growth based on our “Insurance with V-points,” which we began offering in December 2023. Additionally, we will work to strengthen integration into the au ecosystem through cooperation within the KDDI CORPORATION Group. We will continue to work with Money Forward, Inc. to strengthen collaboration with the PFM (Personal Financial Management) services and contribute to the growth. In addition, we will actively consider alliance with new companies that have strong brand power and a broad customer base. In the future, we aim to make our

partner business a pillar that contributes to the expansion of the online life insurance market together with our Internet direct sales.

As for GCL business, which we started in July 2023, we aim to expand our operations so that it can become a new source of earnings in the future. By providing products and services that pursue convenience, we will deliver value unique to online life insurance to mortgage borrowers insured by GCL products and banks as policyholders. Our efforts in GCL business with au Jibun Bank Corporation started last year were off to a good start. We will contribute to the acquisition of new mortgage contracts by refining our GCL products. We will also work on expansion of new partner banks in addition to au Jibun Bank Corporation new partner banks. Not only providing attractive GCL products, but we aim to contribute to digital transformation (DX) of banks in Japan by its alliance amid the recent trend toward online financial services.

(iv) Strengthen human capital for priority areas

The Group aims to achieve robust growth, regardless of industry norms, and will strengthen human capital based on our policy of “value diversity” and “create opportunities for growth,” which are listed in our materiality of our sustainability. As part of these efforts, we will promote the transition of our organizational structure in order to focus on the three priority areas across the individual life insurance and GCL business in the human resources strategy of the new mid-term business plan. We will also strive to create a virtuous cycle of employee growth and business growth, and to maintain and strengthen an organizational culture based on the LIFENET Manifesto.

As for the promotion of the organizational transition, we will strengthen activities beyond the organizational framework and strategically allocate human resources to work together in the three priority areas. As for the creation of a virtuous cycle of employee development through challenges and business growth, we believe that we have been actively recruiting people with diverse backgrounds since our business commencement and have created a unique business model of an online life insurance company. In the future, we will focus on in-house human resource development as well, and will strengthen employee training by encouraging employees to take on new tasks while making the most of their own unique skills. We will also aim to improve corporate value by linking individual growth with company’s business growth. Furthermore, with regard to maintaining and strengthening the organizational culture based on the Manifesto, we recognize that continuing to provide consistent customer-oriented products and services based on the Manifesto is the embodiment of our mission. It also contributes to securing attractive and diverse human resources. While our organization grows as our business expands, we will maintain and strengthen our internal corporate culture based on the Manifesto. We will strengthen an environment where employees with diverse knowledge, experience, and ideas can play active roles and our promotion system that we can focus on priority areas.

3. Others

Dividend policy

Lifenet's Articles of Incorporation stipulates that a decision on the distribution of retained earnings as specified in Article 459, each Item of Paragraph 1 of the Companies Act can be made by a resolution of the Board of Directors, except as otherwise determined by law.

The Company has yet to determine its specific dividend policies and dates for the start of distributing retained earnings as dividends as we still record cumulative loss under Japanese GAAP and will be prioritizing strengthening our growth base to increase mid- to long term profitability.

In the future, we will continue to target business expansion and profit generation by implementing measures to increase recognition of the Company, developing new products and services, and effectively utilizing financing for investment in systems and other aspects of the business. In addition to this, the Company will consider implementing measures to provide shareholder return that include payment of dividends from future retained earnings.

We have voluntarily adopted IFRS in its consolidated financial statements since fiscal 2023 ended March 31, 2024, however, distribution of retained earnings is based on non-consolidated financial statements in accordance with Japanese GAAP.

CONSOLIDATED FINANCIAL STATEMENTS

The following financial information was prepared in accordance with International Financial Reporting Standards (“IFRS”).

(1) Consolidated statement of financial position

	(In millions of yen)		
	April 1, 2022	March 31, 2023	March 31, 2024
ASSETS			
Cash and cash equivalents	8,801	12,137	24,423
Derivative assets	—	—	0
Investment securities	52,839	49,318	51,564
Other financial assets	1,660	954	1,073
Income tax receivable	27	37	17
Insurance contract assets	21,912	28,526	32,378
Reinsurance contract assets	854	579	571
Property and equipment	90	70	62
Right-of-use assets	363	254	110
Intangible assets	1,432	1,693	1,892
Other assets	213	243	322
Total assets	<u>88,196</u>	<u>93,814</u>	<u>112,417</u>
LIABILITIES			
Derivative liabilities	—	—	171
Other financial liabilities	1,232	1,190	1,485
Insurance contract liabilities	—	—	685
Reinsurance contract liabilities	93	94	78
Provisions	34	34	34
Lease liabilities	363	255	110
Deferred tax liabilities	14,352	16,248	18,610
Other liabilities	248	287	357
Total liabilities	<u>16,324</u>	<u>18,110</u>	<u>21,535</u>
EQUITY			
Share capital	21,655	21,676	26,617
Capital surplus	21,655	21,663	26,550
Retained earnings	24,184	27,747	33,481
Treasury shares	(0)	(0)	(0)
Other components of equity	4,353	4,600	4,221
Total equity attributable to owners of the Company	<u>71,848</u>	<u>75,687</u>	<u>90,870</u>
Non-controlling interests	23	16	11
Total equity	<u>71,871</u>	<u>75,704</u>	<u>90,882</u>
Total liabilities and equity	<u>88,196</u>	<u>93,814</u>	<u>112,417</u>

(2) Consolidated statement of profit or loss

	(In millions of yen)	
	Fiscal year ended March 31	
	2023	2024
Insurance revenue	20,732	24,698
Insurance service expense	(13,874)	(16,081)
Net expenses from reinsurance contract held	(239)	(394)
Insurance service result	6,618	8,222
Interest income	293	450
Impairment losses on financial assets, net	(0)	(5)
Other financial income	(674)	225
Net investment income	(381)	670
Insurance finance income (expense)	(67)	(126)
Reinsurance finance income (expense)	(3)	11
Other revenue	22	22
Other expense	(841)	(547)
Other financial expense	(3)	(2)
Net income (loss) before income taxes	5,343	8,251
Income taxes expense	(1,800)	(2,527)
Net income (loss)	3,542	5,723
Net income (loss) attributable to:		
Owners of the Company	3,562	5,734
Non-controlling interests	(20)	(10)
Net income (loss)	3,542	5,723
Net income (loss) per share attributable to owners of the Company		
Basic	51.10	75.97
Diluted	—	—

(3) Consolidated statement of comprehensive income

	(In millions of yen)	
	Fiscal year ended March 31	
	2023	2024
Net income (loss).....	3,542	5,723
.....		
Other comprehensive income.....		
Items that may be reclassified subsequently to profit and loss:		
Financial assets measured at fair value through other		
comprehensive income	(870)	(481)
Insurance finance income (expense).....	1,276	63
Reinsurance finance income (expense).....	(160)	38
Items that may be reclassified subsequently to profit and loss	246	(378)
Other comprehensive income net of tax	246	(378)
Total comprehensive income	3,788	5,344
Total comprehensive income attributable to:		
Owners of the Company.....	3,808	5,355
Non-controlling interests.....	(20)	(10)
Total comprehensive income.....	3,788	5,344

(4) Consolidated statement of changes in equity

	(In millions of yen)	
	Fiscal year ended March 31	
	2023	2024
Equity attributable to owners of the Company:		
Share capital		
Balance at the beginning of the year	21,655	21,676
Transactions with owners		
Issuance of new shares.....	—	4,918
Issuance of new shares-restricted stock.....	21	21
Total transactions with owners	21	4,940
Balance at the end of the period	21,676	26,617
Capital surplus		
Balance at the beginning of the year	21,655	21,663
Transactions with owners		
Issuance of new shares.....	—	4,871
Issuance of new shares-restricted stock.....	21	21
Changes in interests in subsidiaries	(12)	(6)
Total transactions with owners	8	4,886
Balance at the end of the period	21,663	26,550
Retained earnings		
Balance at the beginning of the year	24,184	27,747
Comprehensive income		
Net income (loss).....	3,562	5,734
Total Comprehensive income.....	3,562	5,734
Balance at the end of the period	27,747	33,481
Treasury shares		
Balance at the beginning of the year	(0)	(0)
Transactions with owners		
Purchase of treasury shares	(0)	(0)
Total transactions with owners.....	(0)	(0)
Balance at the end of the period	(0)	(0)
Other components of equity		
Financial assets measured at fair value through other comprehensive income		
Balance at the beginning of the year	926	56
Comprehensive income		
Other comprehensive income	(870)	(481)
Total Comprehensive income	(870)	(481)
Balance at the end of the period.....	56	(424)
Insurance finance expense reserve		
Balance at the beginning of the year	3,427	4,543
Comprehensive income		
Other comprehensive income.....	1,116	102
Total Comprehensive income	1,116	102
Balance at the end of the period.....	4,543	4,645

	(In millions of yen)	
	Fiscal year ended March 31	
	2023	2024
Total other components of equity		
Balance at the beginning of the year	4,353	4,600
Comprehensive income		
Other comprehensive income	246	(378)
Total Comprehensive income	246	(378)
Balance at the end of the period	4,600	4,221
Equity attributable to owners of the Company		
Balance at the beginning of the year	71,848	75,687
Comprehensive income		
Net income (loss)	3,562	5,734
Other comprehensive income	246	(378)
Total Comprehensive income	3,808	5,355
Transactions with owners		
Issuance of new shares	—	9,789
Purchase of treasury shares	(0)	(0)
Issuance of new shares-restricted stock	43	43
Changes in interests in subsidiaries	(12)	(6)
Total transactions with owners	30	9,827
Balance at the end of the period	75,687	90,870
Non-controlling interests:		
Balance at the beginning of the year	23	16
Comprehensive income		
Net income (loss)	(20)	(10)
Total Comprehensive income	(20)	(10)
Transactions with owners		
Changes in interests in subsidiaries	12	6
Total transactions with owners	12	6
Balance at the end of the period	16	11
Equity:		
Balance at the beginning of the year	71,871	75,704
Comprehensive income		
Net income (loss)	3,542	5,723
Other comprehensive income	246	(378)
Total Comprehensive income	3,788	5,344
Transactions with owners		
Issuance of new shares	—	9,789
Purchase of treasury shares	(0)	(0)
Issuance of new shares-restricted stock	43	43
Total transactions with owners	43	9,833
Balance at the end of the period	75,704	90,882

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