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(Securities Code: 7157)

May 28, 2021

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 15th Annual General Meeting of Shareholders to be held on June 20, 2021

Notice is hereby given that the 15th Annual General Meeting of Shareholders (the "Meeting") of LIFENET INSURANCE COMPANY (the "Company") will be held as described hereunder. We will hold the Meeting upon taking appropriate measures to prevent the spread of the novel coronavirus (COVID-19). To prevent infection by and the spread of COVID-19, we sincerely ask shareholders to exercise their voting rights in advance wherever possible, and refrain from coming to the venue on the day of the Meeting.

Please review the attached documents and exercise your voting rights via the Internet*¹ or in writing no later than 5:30 p.m. (JST) on Friday, June 18, 2021.

Description

1. Date and time: Sunday, June 20, 2021 at 2:00 p.m., Japan standard time
2. Place: Fukuracia Marunouchi oazo meeting room C, 15F Marunouchi Kitaguchi Bldg. 1-6-5, Marunouchi, Chiyoda-ku, Tokyo, Japan

3. Objectives of the Meeting:

Matter to be reported

Reports on the Business Report and Non-consolidated Financial Statements for the 15th Accounting Period (from April 1, 2020 to March 31, 2021)

Matters to be resolved

Proposal 1: Partial Amendment to the Articles of Incorporation

Proposal 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal 3: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

Proposal 4: Establishment of the Amount of Compensation Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Proposal 5: Establishment of the Amount of Compensation Etc. for Directors Who Are Audit and Supervisory Committee Members

Proposal 6: Determination of the Amount and Content of Stock Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

- *1. Trust management bank or other nominal shareholders may use the electronic voting platform for institutional investors operated by ICJ, Inc. subject to prior request.

REFERENCE MATERIAL FOR THE MEETING

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Purpose of Amendment

(1) Amendments regarding the transition to a company with an Audit and Supervisory Committee

The Company has determined to make the transition from the current company with the Audit and Supervisory Board to a company with an Audit and Supervisory Committee to further strengthen the supervisory function of the Board of Directors and enhance corporate governance. Accordingly, the Company proposes to newly establish provisions relating to the Directors who are Audit and Supervisory Committee Members and Audit and Supervisory Committee, delete provisions relating to the Corporate Auditor and the Board of Corporate Auditors, and make other necessary amendments.

(2) The deletion of supplementary provision regarding amortization of operating expenses under Article 113 of the Insurance Business Act

Article 113, paragraph (1) of the Insurance Business Act allows deferral of all or part of operating expenses for the first five years after business commencement because the initial acquisition costs are significant in the insurance business. The deferred assets are allowed to be amortized within ten years.

The Company recorded a part of operating expenses incurred from fiscal 2008, its business commencement, until fiscal 2012 as the deferred assets, and amortized the entire deferred assets over a period of nine years to fiscal 2016. Accordingly, the Company proposes to delete this supplementary provision.

(3) Other overall-related amendments

In connection with the addition and deletion of provisions, subsequent numbering of Articles and other necessary amendments are proposed.

2. Details of Amendment

The details of the amendments are below. The amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of the Meeting.

(Underlines denote amendments)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I GENERAL PROVISION</p> <p>Articles 1 to 3 (Text omitted)</p> <p>Article 4 Organs</p> <p>The Company shall establish the following organs in addition to the general meeting of shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Corporate Auditors;</u></p> <p>(3) <u>Board of Corporate Auditors; and</u></p> <p>(4) <u>Accounting Auditor.</u></p> <p>Article 5 (Text omitted)</p> <p style="text-align: center;">CHAPTER II SHARES</p> <p>Articles 6 to 12 (Text omitted)</p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles 13 to 17 (Text omitted)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 18 Number of Directors</p> <p>The number of Directors of the Company shall be eleven (11) or fewer.</p> <p style="text-align: center;">(New)</p> <p>Article 19 Election of Directors</p> <p>19.1 Directors shall be elected by a resolution of the general meeting of shareholders.</p> <p>19.2 (Text omitted)</p> <p>19.3 (Text omitted)</p>	<p>CHAPTER I GENERAL PROVISION</p> <p>Articles 1 to 3 (Unchanged)</p> <p>Article 4 Organs</p> <p>The Company shall establish the following organs in addition to the general meeting of shareholders and Directors:</p> <p>(1) Board of Directors;</p> <p>(2) <u>Audit and Supervisory Committee; and</u> (Deleted)</p> <p>(3) <u>Accounting Auditor.</u></p> <p>Article 5 (Unchanged)</p> <p style="text-align: center;">CHAPTER II SHARES</p> <p>Articles 6 to 12 (Unchanged)</p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Articles 13 to 17 (Unchanged)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, <u>AND AUDIT AND SUPERVISORY COMMITTEE</u></p> <p>Article 18 Number of Directors</p> <p><u>18.1</u> The number of Directors of the Company <u>(excluding those who are Audit and Supervisory Committee Members)</u> shall be eleven (11) or fewer.</p> <p><u>18.2</u> The number of Directors of the Company <u>who are members of the Audit and Supervisory Committee (hereinafter referred to as "Audit and Supervisory Committee Members")</u> shall be five (5) or fewer.</p> <p>Article 19 Election of Directors</p> <p>19.1 Directors shall be elected by a resolution of the general meeting of shareholders <u>by distinguishing Audit and Supervisory Committee Members from other Directors.</u></p> <p>19.2 (Unchanged)</p> <p>19.3 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 20 Term of Office of Directors The term of office of each Director shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within one (1) year from the time of his/her election.</p>	<p>Article 20 Term of Office of Directors <u>20.1 The term of office of each Director (excluding Audit and Supervisory Committee Members) shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within one (1) year from the time of his/her election.</u></p>
<p>(New)</p>	<p><u>20.2 The term of office of each Audit and Supervisory Committee Member shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within two (2) years from the time of his/her election.</u></p>
<p>(New)</p>	<p><u>20.3 The term of office of an Audit and Supervisory Committee Member elected as the substitute for another Audit and Supervisory Committee Member who has retired from office before the expiration of his/her term of office shall continue until the expiration of the term of office of the retired Audit and Supervisory Committee Member.</u></p>
<p>(New)</p>	<p><u>20.4 The resolution of election of substitute Audit and Supervisory Committee Members pursuant to Article 329, paragraph 3 of the Companies Act shall be effective for a period that ends at the beginning of the ordinary general meeting of shareholders for the last business year which ends within two (2) years from the time of that resolution, unless the period is shortened by that resolution.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 21 Directors with Titles, etc.</p> <p>21.1 The Company may appoint one (1) Chairman and Director, one (1) President and Director and a few Directors with Titles by a resolution of the Board of Directors.</p> <p>21.2 The Company may appoint one (1) Chief Executive Officer (CEO) and one (1) Chief Operating Officer (COO) by a resolution of the Board of Directors.</p> <p>Article 22 Representative Directors The Company shall elect Representative Directors by a resolution of the Board of Directors.</p> <p>Article 23 Board of Directors</p> <p>23.1 (Text omitted)</p> <p>23.2 Notice to convene a meeting of the Board of Directors shall be given to each Director <u>and each Corporate Auditor</u> at least three (3) days prior to the date of the meeting; provided, however, that the notice period may be shortened in case of an emergency.</p> <p>23.3 (Text omitted)</p> <p>Article 24 (Text omitted) (New)</p> <p>Article <u>25</u> Remuneration, etc. for Directors The financial benefits received from the Company as a consideration for the execution of the duties, such as remunerations and bonuses (hereinafter referred to as “Remuneration, etc.”) of Directors shall be determined by a resolution of the general meeting of shareholders.</p>	<p>Article 21 Directors with Titles, etc.</p> <p>21.1 The Company may appoint one (1) Chairman and Director, one (1) President and Director and a few Directors with Titles out of the Directors <u>(excluding Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>21.2 The Company may appoint one (1) Chief Executive Officer (CEO) and one (1) Chief Operating Officer (COO) <u>out of the Directors (excluding Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>Article 22 Representative Directors The Company shall elect Representative Directors <u>out of the Directors (excluding Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>Article 23 Board of Directors</p> <p>23.1 (Unchanged)</p> <p>23.2 Notice to convene a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date of the meeting; provided, however, that the notice period may be shortened in case of an emergency.</p> <p>23.3 (Unchanged)</p> <p>Article 24 (Unchanged)</p> <p><u>Article 25 Delegation to Directors</u> <u>The Company may, pursuant to the provisions of Article 399-13, paragraph 6 of the Companies Act, delegate to the Directors all or part of decisions of execution of important operations (excluding the matters listed in the items of paragraph 5 of the same Article) by a resolution of the Board of Directors.</u></p> <p>Article <u>26</u> Remuneration, etc. for Directors The financial benefits received from the Company as a consideration for the execution of the duties, such as remunerations and bonuses (hereinafter referred to as “Remuneration, etc.”) of Directors shall be determined by a resolution of the general meeting of shareholders <u>by distinguishing Audit and Supervisory Committee Members from other Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
Article <u>26</u> Exemption from Liability of Directors	Article <u>27</u> Exemption from Liability of Directors
<u>26.1</u> (Text omitted)	<u>27.1</u> (Unchanged)
<u>26.2</u> (Text omitted)	<u>27.2</u> (Unchanged)
(New)	<u>Article 28 Audit and Supervisory Committee</u>
(New)	<u>28.1 The Audit and Supervisory Committee shall be constituted of all of the Audit and Supervisory Committee Members.</u>
(New)	<u>28.2 Notice to convene a meeting of the Audit and Supervisory Committee shall be given to each Audit and Supervisory Committee Member at least three (3) days prior to the date of the meeting; provided, however, that the notice period may be shortened in case of an emergency.</u>
(New)	<u>28.3 Unless otherwise provided for by laws or regulations or these Articles of Incorporation, the other matters relating to the Audit and Supervisory Committee shall be subject to the Regulations of the Audit and Supervisory Committee stipulated by the Audit and Supervisory Committee.</u>
(New)	<u>Article 29 Full-time Audit and Supervisory Committee Members</u>
	<u>The Audit and Supervisory Committee may appoint full-time Audit and Supervisory Committee Members from the Audit and Supervisory Committee Members by its resolution.</u>
	(Deleted)
<u>CHAPTER V</u>	
<u>CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u>	
<u>Article 27 Number of Corporate Auditors</u>	(Deleted)
<u>The number of Corporate Auditors of the Company shall be five (5) or fewer.</u>	

Current Articles of Incorporation	Proposed Amendments
<u>Article 28 Election of Corporate Auditors</u>	(Deleted)
<u>28.1 Corporate Auditors shall be elected by a resolution of the general meeting of shareholders.</u>	(Deleted)
<u>28.2 Resolutions for the election of Corporate Auditors shall be made by a majority of the voting rights held by shareholders present at the meeting where shareholders holding one-third (1/3) or more of the voting rights of the shareholders entitled to vote at such meeting are present.</u>	(Deleted)
<u>Article 29 Term of Office of Corporate Auditors</u>	(Deleted)
<u>29.1 The term of office of each Corporate Auditor shall continue until the conclusion of the ordinary general meeting of shareholders for the last business year which ends within four (4) year from the time of his/her election.</u>	(Deleted)
<u>29.2 The term of office of a Corporate Auditor, who is elected as the substitute for a Corporate Auditor who retired from office before the expiration of his/her term of office, shall continue until the time the term of office of the Corporate Auditor who retired from office expires.</u>	(Deleted)
<u>Article 30 Full-time Corporate Auditor</u> <u>The Board of Corporate Auditors shall appoint one (1) or more full-time Corporate Auditor(s) from among the Corporate Auditors.</u>	(Deleted)
<u>Article 31 Board of Corporate Auditors</u>	(Deleted)
<u>31.1 The Board of Corporate Auditors shall be constituted of all the Corporate Auditors.</u>	(Deleted)
<u>31.2 Notice to convene a meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor at least three (3) days prior to the date of the meeting; provided, however, that the notice period may be shortened in case of an emergency.</u>	(Deleted)
<u>31.3 Unless otherwise provided for by laws or regulations or these Articles of Incorporation, the other matters relating to the Board of Corporate Auditors shall be subject to the Regulations of the Board of Corporate Auditors stipulated by the Board of Corporate Auditors.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<u>Article 32 Remuneration, etc. for Corporate Auditors</u>	(Deleted)
<u>Remuneration, etc. for a Corporate Auditor shall be determined by a resolution of the general meeting of shareholders.</u>	
<u>Article 33 Exemption from Liability of Corporate Auditors</u>	(Deleted)
<u>33.1 Under the provisions of Article 426, paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from their liabilities provided for in Article 423, paragraph 1 of the said Act within the limits stipulated by applicable laws and regulations.</u>	(Deleted)
<u>33.2 Under the provision of Article 427, paragraph 1 of the Companies Act, the Company may enter into individual agreements with each Corporate Auditor to limit their liabilities under Article 423, paragraph 1 of the said Act. The limit of liability for damages under the agreement shall be the minimum liability amount stipulated by laws and regulations.</u>	(Deleted)
<u>CHAPTER VI</u> <u>ACCOUNTING AUDITOR</u>	<u>CHAPTER V</u> <u>ACCOUNTING AUDITOR</u>
Article <u>34</u> (Text omitted)	Article <u>30</u> (Unchanged)
Article <u>35</u> (Text omitted)	Article <u>31</u> (Unchanged)
<u>35.1</u> (Text omitted)	<u>31.1</u> (Unchanged)
<u>35.2</u> (Text omitted)	<u>31.2</u> (Unchanged)
Article <u>36</u> Remuneration, etc. for Accounting Auditor	Article <u>32</u> Remuneration, etc. for Accounting Auditor
Remuneration, etc. for the Accounting Auditor shall be determined by a resolution of the Board of Directors with the consent of the <u>Board of Corporate Auditors.</u>	Remuneration, etc. for the Accounting Auditor shall be determined by a resolution of the Board of Directors with the consent of the <u>Audit and Supervisory Committee.</u>
<u>CHAPTER VII</u> <u>ACCOUNTING</u>	<u>CHAPTER VI</u> <u>ACCOUNTING</u>
Articles <u>37</u> to <u>41</u> (Text omitted)	Articles <u>33</u> to <u>37</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER <u>VIII</u></p> <p>SUPPLEMENTARY PROVISIONS</p> <p><u>Article 42 Amortization of Incorporation Expenditures and Business Expenditures</u></p> <p><u>42.1 The business expenditures for the first five (5) years following the establishment of the Company to be amortized pursuant to the provisions of Article 113 of the Insurance Business Act shall be amortized in accordance with the method prescribed in the following paragraph.</u></p> <p><u>42.2 The business expenditures for the first five (5) years following the establishment of the Company shall be included in the deferred assets limited to the maximum of the part exceeding the total amount of the net income from the insurance business and the net income from the asset investment for each business year, and not less than the straight-line amount shall be amortized in each of the business years within ten (10) years from the establishment of the Company.</u></p> <p style="text-align: center;">(New)</p> <p style="text-align: center;">(New)</p> <p style="text-align: center;">(New)</p>	<p>CHAPTER <u>VII</u></p> <p>SUPPLEMENTARY PROVISIONS</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p><u>Article 38 Transitional Measures that Exempt Corporate Auditors from their Liabilities</u></p> <p><u>38.1 The Company may, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from their liabilities for damages as provided for in Article 423, paragraph 1 of the Companies Act that have arisen in connection with any of the acts they committed before the conclusion of the 15th ordinary general meeting of shareholders, within the limits stipulated by laws and regulations.</u></p> <p><u>38.2 The agreements that limit liabilities for damages of Corporate Auditors (including former Corporate Auditors) as provided for in Article 423, paragraph 1 of the Companies Act that have arisen in connection with any of the acts they committed before the conclusion of the 15th ordinary general meeting of shareholders shall still be subject to Article 33, paragraph 2 of the Articles of Incorporations before amended by the resolution passed at the same ordinary general meeting of shareholders.</u></p>

Proposal 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The Company will transition to a company with an Audit and Supervisory Committee at the conclusion of the Meeting if Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed. The terms of office of the eight (8) current Directors of the Company will expire at the conclusion of the Meeting according to the provisions of the Articles of Incorporation and the transition to a company with an Audit and Supervisory Committee. Therefore, we propose the election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee members) distinct from Directors who are Audit and Supervisory Committee members.

The resolution in this proposal shall take effect on the condition that Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed and that the amendments to the Articles of Incorporation take effect with the resolution of that proposal.

In addition, the candidates to be Directors (excluding Directors who are Audit and Supervisory Committee members) 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 to be Directors (excluding Directors who are Audit and Supervisory Committee members) are as follows.

No.	Name				Current Position
1	Ryosuke Mori	Reelect			President and Representative Director
2	Yasuhiro Koba	Reelect			Director Executive Officer General Manager of Sales & Marketing Division
3	Ryosuke Kondo	Newly elect			Executive Officer of Corporate Planning Department, Product Development Department, Investment Department
4	Junpei Yokozawa	Newly elect			Executive Officer General Manager of Information Systems Strategy Division
5	Yutaka Mizukoshi	Reelect	Outside	Independent	Outside Director
6	Takeshi Saito	Newly elect	Outside		-

No.
1

Ryosuke Mori

(Date of birth: March 10, 1984 / Age 37 / 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> 47,612

Qualifications of Director Candidates

At Lifenet, 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. He has pursued the Company's business strategies as Director since June 2017, 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 that he be reelected as Director.

No.
2

Yasuhiro Koba

(Date of birth: April 9, 1979 / Age 42 / Male)

Reelect



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

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
 June 2016 Executive Officer, General Manager of Corporate Administration Division
 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 (incumbent)
 May 2021 Outside Director, LIFENET MIRAI Inc. (incumbent)

<Number of Company Shares Owned> 30,155

Qualifications of Director Candidates

Yasuhiro Koba has served as the officer in charge of legal affairs, risk management, personnel and general affairs, corporate planning and business management, and possesses knowledge and experience pertaining to life insurance business operations. He has advanced management strategy as Director since June 2017, and led growth in performance as General Manager of Sales & Marketing Division from July 2019. We therefore deem Mr. Koba to be an appropriate choice for achieving sustained growth of the Company and propose that he be reelected as Director.

No.
3

Ryosuke Kondo

(Date of birth: September 5, 1980 / Age 40 / Male)

Newly Elect



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

April 2003 Joined PIONEER CORPORATION
October 2009 Joined JAPAN POST INSURANCE Co., Ltd.
March 2012 Joined Lifenet Insurance Company
January 2016 Head of Corporate Planning Department,
Corporate Strategy Division
April 2017 Head of Sales Planning Department,
Sales & Marketing Division
June 2018 Executive Officer
General Manager of Sales & Marketing
Division
July 2019 Executive Officer of Corporate Planning
Department, Product Development
Department, Investment Department
(incumbent)

<Number of Company Shares Owned> None

Qualifications of Director Candidates

Ryosuke Kondo has experience of work in business management and investor relations (IR) in the Company. He has served as Head of the Corporate Planning Department and General Manager of Sales & Marketing Division. Accordingly, he has the business knowledge and experience to be able to accurately, fairly and efficiently manage a life insurance company. Therefore, we propose his election as a new Director.

No.
4

Junpei Yokozawa (Date of birth: June 18, 1980 / Age 40 / Male)
Newly Elect



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

April 2003	Joined NTT DATA Net's CORPORATION (currently NTT DATA FINANCIAL CORE CORPORATION)
May 2008	Joined Lifenet Insurance Company
April 2018	Head of KDDI Business Department, Sales & Marketing Division
July 2020	Head of Operations Planning Department, Customer Services Division (incumbent)
April 2021	Executive Officer General Manager of Information Systems Strategy Division (incumbent)

<Number of Company Shares Owned> 12,000

Qualifications of Director Candidates

Junpei Yokozawa has experience of work in system development and the promotion of a business alliance with KDDI CORPORATION in the Company. He has served as the Head of the KDDI Business Department and the Head of the Operations Planning Department. Accordingly, he has the business knowledge and experience to be able to accurately, fairly and efficiently manage a life insurance company. Therefore, we propose his election as a new Director.

No.
5

Yutaka Mizukoshi (Date of birth: August 29, 1956 / Age 64 / Male)
Reelect Outside Independent



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

April 1980	Joined NIPPON STEEL CORPORATION
May 2004	Senior Vice President, The Boston Consulting Group
January 2005	Japan Co-chair
January 2016	Senior Partner and Managing Director
June 2016	Outside Director, Lifenet Insurance Company (incumbent)
	Outside Director, ASAGAMI CORPORATION (incumbent)
January 2018	Senior Advisor, The Boston Consulting Group (incumbent)
June 2018	External Director, CAPCOM CO., LTD. (incumbent)
January 2020	Outside Director, Member of Audit and Supervisory Committee, ADK Holdings Inc. (incumbent)

<Number of Company Shares Owned> None

Qualifications of Outside Director Candidates

Yutaka Mizukoshi has a wealth of experience and extensive knowledge as a corporate executive manager in a consulting firm. Accordingly, we expect that he will continue to use this knowledge to provide supervision and advice on the execution of duties by the Directors from his professional perspective in management analysis and management strategy formulation in particular. 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 officer's compensation from an objective and neutral standpoint. Therefore, we propose his election as an Outside Director.

No.
6

Takeshi Saito

(Date of birth: September 19, 1966 / Age 54 / Male)

Newly Elect Outside



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

March 1989	Joined DDI Corporation (currently KDDI CORPORATION)
April 2014	General Manager, Consumer Business Management Department, Consumer Business Strategy Division
April 2019	General Manager, Finance Analysis & Planning Department, Corporate Management Division
April 2021	Managing Executive Officer, au Financial Holdings Corporation (incumbent)
April 2021	Director, au Financial Service Corporation (incumbent)
April 2021	Director, au Payment Corporation (incumbent)

<Number of Company Shares Owned> None

Qualifications of Outside Director Candidates

Takeshi Saito has a wealth of knowledge about consumer business and business management at KDDI CORPORATION. Accordingly, we expect that he will use this knowledge to provide supervision and advice on the execution of duties by the Directors from his professional perspective. Therefore, we propose his election as a new Outside Director.

(Notes)

- 1) There are no special interests between the Company and each of the candidates.
- 2) Yutaka Mizukoshi and Takeshi Saito 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 Director are as follows:
 - (1) Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Yutaka Mizukoshi 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. The Company intends to extend the duration of the agreements with him if reelected. If Takeshi Saito is elected, the Company intends to enter into the same agreement with him.
 - (2) Takeshi Saito has been a person executing business at KDDI CORPORATION over the past 10 years. KDDI CORPORATION is an important business partner of the Company.
 - (3) Yutaka Mizukoshi is incumbent Outside Directors of the Company. Yutaka Mizukoshi will have served as Outside Directors for five years as of the conclusion of the 15th Annual General Meeting of Shareholders.
 - (4) The Company has notified the Tokyo Stock Exchange of our designation of Yutaka Mizukoshi as independent officers under the regulations of the exchange as there are no conflicts of interest arising between each candidate and general shareholders. In the event that he is reelected, the Company will designate Yutaka Mizukoshi as an independent officer.
- 3) The Company has not entered into a contract of indemnity with any of the candidates for Director.

- 4) The Company has entered into a directors and officers' liability insurance contract 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 posts, they will become insured parties of this insurance contract. In addition, we plan to renew this insurance contract with the same kind of content at the time of its next renewal.

Proposal 3: Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee at the conclusion of the Meeting if Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed.

Accordingly, we propose the election of three (3) Directors who are Audit and Supervisory Committee members distinct from Directors (excluding Directors who are Audit and Supervisory Committee members).

The resolution in this proposal shall take effect on the condition that Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed and that the amendments to the Articles of Incorporation take effect with the resolution of that proposal.

We have obtained the consent of the Board of Corporate Auditors for this proposal.

The candidates to be Directors who are Audit and Supervisory Committee members are as follows.

No.	Name				Current Position
1	Takahiro Yamasaki	Newly elect			Full-time Corporate Auditor
2	Keiko Hayashi	Newly elect	Outside	Independent	Outside Director
3	Tomoyuki Yamashita	Newly elect	Outside	Independent	-

No.
1

Takahiro Yamasaki (Date of birth: December 23, 1957 / Age 63 / Male)
Newly Elect



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

- April 1981 Joined Nippon Life Insurance Company
- March 2004 General Manager of International Business Department
- March 2005 President of NLI International Inc. (currently Nippon Life Global Investors Americas, Inc.)
- December 2007 General Manager of Securities Administration Department
- June 2009 Full-time Corporate Auditor, Nippon Venture Capital Co., Ltd.
- June 2013 Director, General Manager of Planning & Investment Management Department
- June 2015 Joined Lifenet Insurance Company, Executive Officer, Head of Claims Department
- January 2016 Executive Officer, General Manager of Customer Services Division
- June 2018 Assistant General Manager of Customer Services Division
- February 2019 Assistant General Manager of Corporate Strategy Division
- June 2019 Full-time Corporate Auditor (incumbent)
- May 2021 Outside Corporate Auditor, LIFENET MIRAI Inc. (incumbent)

<Number of Company Shares Owned> 4,000

Qualifications to Be a Director Who Is an Audit and Supervisory Committee Member:

Takahiro Yamasaki has a high degree of expertise based on his experience as a full-time corporate auditor in an investment company. In addition, he has held important posts in another insurance company and the Company. He has served as a full-time corporate auditor in the Company since June 2019. Accordingly, he has the business knowledge and experience to be able to accurately, fairly and efficiently audit the execution of duties in a life insurance company. Therefore, we propose his election as a new Director who is an Audit and Supervisory Committee member.

No.
2

Keiko Hayashi

(Date of birth: August 11, 1960 / Age 60 / Female)

Newly Elect Outside Independent



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

April 1986 Joined Tokyo Regional Taxation Bureau
 October 1990 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
 March 1994 Registered as C.P.A.
 July 2006 Partner, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) (incumbent)
 October 2013 Group D&I Owners D&I Partner, Deloitte Tohmatsu Group
 July 2016 Executive Board Member, The Japanese Institute of Certified Public Accountants (incumbent)
 November 2018 President, Tohmatsu Challenged Co., Ltd.
 June 2020 Outside Director, Lifenet Insurance Company (incumbent)
 June 2020 Outside Director (Audit and Supervisory Committee Member), MEIDENSHA CORPORATION (incumbent)
 February 2021 Outside Corporate Auditor, NIPPON FILCON CO., LTD. (incumbent)
 March 2021 Supervisory director, Nippon Building Fund Inc.(incumbent)

<Number of Company Shares Owned> 200

Qualifications to Be an Outside Director Who Is an Audit and Supervisory Committee Member:

Keiko Hayashi has experience as a corporate executive manager, a high level of expertise in accounting and financial affairs as a certified public accountant, and extensive experience and knowledge on venture support and diversity & inclusion. Accordingly, we expect that she will continue to reflect this knowledge into audits of the Company and the activities of the Board of Directors to further strengthen our auditing and supervision functions. We also expect that she will take part in and supervise the nomination of candidates to be officers in the Company and the determination of officer's compensation from an objective and neutral standpoint. Therefore, we propose her election as a new Outside Director who is an Audit and Supervisory Committee member.

No.
3

Tomoyuki
Yamashita

(Date of birth: September 14, 1975 / Age 45 / Male)

Newly Elect Outside Independent



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

April 1998	Joined The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
February 2000	Joined Towers Perrin (currently Willis Towers Watson)
June 2004	Joined Goldman Sachs Japan Co., Ltd.
January 2010	Vice President, Investment Banking Division, Advisory Group
March 2012	Joined McLagan Partners Asia Incorporated (currently Aon Solutions Japan Ltd.)
April 2015	Head of Japan
January 2017	Head of Japan, McLagan at Aon Hewitt Japan (currently Aon Solutions Japan Ltd.)
July 2019	President & Representative Director
September 2020	Partner, President & Representative Director (incumbent)

<Number of Company Shares Owned> None

Qualifications to Be an Outside Director Who Is an Audit and Supervisory Committee Member:

Tomoyuki Yamashita has experience as a corporate executive manager and a wealth of experience and extensive knowledge of financing and finance. Accordingly, we expect that he will use that knowledge to provide supervision and advice on the execution of duties by the Directors in relation to the strengthening of governance and the formulation of management strategies in particular. 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 officer's compensation from an objective and neutral standpoint. Therefore, we propose his election as a new Outside Director who is an Audit and Supervisory Committee member.

(Notes)

- 1) There are no special interests between the Company and each of the candidates.
- 2) Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Takahiro Yamasaki and Keiko Hayashi 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 Takahiro Yamasaki, Keiko Hayashi and Tomoyuki Yamashita are elected, the Company intends to enter into the same agreement with each directors.
- 3) Keiko Hayashi and Tomoyuki Yamashita 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 Director are as follows:
 - (1) Keiko Hayashi is incumbent Outside Directors of the Company. Keiko Hayashi will have served as Outside Directors for one year as of the conclusion of the 15th Annual General Meeting of Shareholders.
 - (2) The Company has notified the Tokyo Stock Exchange of our designation of Keiko Hayashi as independent officers under the regulations of the exchange as there are no conflicts of interest arising between each candidate and general shareholders. If the elections of Keiko Hayashi and Tomoyuki Yamashita are approved, we plan to appoint them as independent officers because there is no risk of a conflict of interest arising with ordinary shareholders.

- 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 contract 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 posts, they will become insured parties of this insurance contract. In addition, we plan to renew this insurance contract with the same kind of content at the time of its next renewal.

(Reference)

We have correspondingly applied the following policies in nominating the candidates we have proposed for election in Proposal 2 and Proposal 3 when transitioning to a company with an Audit and Supervisory Committee.

Nomination Policy of Candidates for Directors

To enhance the independence, objectivity, and accountability of the Board of Directors' functions pertaining to the nomination of Directors and officer remuneration, the Company has voluntarily established a Nomination and Compensation Committee. The Nomination and Compensation Committee comprises of three Independent Outside Directors and the Representative Directors. The nomination policy of candidates for Director is established by the Board of Directors following the deliberations at the Nomination and Compensation Committee. The policy is as follows.

1. With regard to candidates for Internal Directors, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who fulfill the following particulars:
 - 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, following the deliberations at the Nomination and Compensation Committee, the Board of Directors shall nominate the candidates who fulfill the following particulars:
 - Individuals with high level of expertise and rich experience in field such as corporate management, risk management, compliance, finance, economics, accounting and financial affairs and marketing, and have made adequate accomplishments in that field.
 - Individuals capable of providing advice on management policies to promote sustainable growth of the Company and aiming for the medium- and long-term enhancement of corporate value.
 - 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 the criteria described below.
3. Independence Criteria for Outside Directors
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;
 - (2) Persons whose major business partner is the Company or executes business at such company;
 - (3) Major business partner of the Company or executes business at said company;
 - (4) Executing person of a company where executing person of 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 executes business at said company;
 - (6) Persons providing professional services such as consultant or professionals in accounting or law who receives from the Company a large amount of money or other property other than officer remuneration;
 - (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 relative of persons who fall under any of (1) to (8) above (excluding those deemed not important).

Nomination Policy of Candidates for Corporate Auditor

The basic concept in our Nomination Policy of Candidates for Corporate Auditor is as follows. We expect candidates to have a wealth of knowledge as an executive manager and a high level of expertise in financing, accounting and law. In addition, we expect candidates to undertake functions and play roles such as objective and appropriate audits based on experience in government agencies.

(Reference)

The composition of the Board of Directors and the knowledge, experience and abilities of the Directors if Proposals 2 and 3 are approved as proposed at the Meeting will be as below.

Name	Position	Knowledge, Experience and Abilities of the Directors					
		Corporate Management	Law and Governance	Finance services	Accounting and Finance	Technology	Marketing and Sales
Ryosuke Mori	President and Representative Director	○	○	○	○		○
Yasuhiro Koba	Director Executive Vice President		○	○	○		○
Ryosuke Kondo	Director		○	○	○		○
Junpei Yokozawa	Director			○		○	
Yutaka Mizukoshi	Outside Director	○	○	○		○	○
Takeshi Saito	Outside Director		○		○	○	○
Takahiro Yamasaki	Director (Full-Time Audit and Supervisory Committee Member)	○	○	○	○		
Keiko Hayashi	Outside Director (Audit and Supervisory Committee Member)	○	○	○	○		
Tomoyuki Yamashita	Outside Director (Audit and Supervisory Committee Member)	○	○	○	○		○

Notes:

1. We plan to determine the directors with titles at a meeting of the Board of Directors after the conclusion of the Meeting. We also plan to determine the full-time Audit and Supervisory Committee member at a meeting of the Audit and Supervisory Committee after the conclusion of the meeting.
2. The above table does not represent all the knowledge, experience and abilities of the Directors.

Proposal 4: Establishment of the Amount of Compensation Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The total amount of compensation etc. for Directors was approved at 180 million yen or less per year (not including the employee salary portion of directors who serve concurrently as employees) at the 12th Annual General Meeting of Shareholders held on June 24, 2018.

In addition, compensation for restricted stock grants to Directors (excluding Outside Directors) of the Company up to the compensation limit noted above was approved at the 13th Annual General Meeting of Shareholders held on June 23, 2019.

The Company will transition to a company with an Audit and Supervisory Committee at the conclusion of the Meeting if Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed.

Accordingly, we propose to replace the current amount of compensation etc. for Directors with the total amount of compensation etc. for Directors (excluding Directors who are Audit and Supervisory Committee members) at 250 million yen or less per year, in consideration of duties of Directors (excluding Directors who are Audit and Supervisory Committee members), the fact that we will introduce performance-based compensation as a new form of compensation and various other circumstances including recent economic conditions. We also propose to determine the specific payment amount and timing for Directors (excluding Directors who are Audit and Supervisory Committee members) with resolutions of the Board of Directors. As before, the amount of compensation etc. for Directors (excluding Directors who are Audit and Supervisory Committee members) shall not include the employee salary portion of directors who serve concurrently as employees.

There are currently eight (8) Directors (including four (4) Outside Directors). However, if Proposal 1 “Partial Amendment to the Articles of Incorporation” and Proposal 2 “Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and resolved as proposed and then take effect, we will have six (6) Directors (excluding Directors who are Audit and Supervisory Committee members; including two (2) Outside Directors).

The resolution in this proposal shall take effect on the condition that Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed and that the amendments to the Articles of Incorporation take effect with the resolution of that proposal.

The content of this proposal is based on a proposal by the discretionary Nomination and Compensation Committee that is comprised of independent Outside Directors and the Representative Director. We consider this is an appropriate proposal. given the duties of Directors (excluding Directors who are Audit and Supervisory Committee members), the fact we will introduce performance-based compensation linked to short-term performance as below and various other circumstances including recent economic conditions.

If the resolutions in Proposals 4 to 6 are approved and resolved as proposed at the Meeting, we plan to stipulate a policy adding matters relating to performance-based compensation linked to indicators established by the Board of Directors that indicate single-year performance as a type of compensation for Directors (excluding Directors who are Audit and Supervisory

Committee Members and Outside Directors) in the Individual Director Compensation Etc. Determination Policy we plan to revise at a subsequent meeting of the Board of Directors. This will be in addition to existing fixed compensation and restricted stock compensation intended to continuously improve corporate value and to further promote the sharing of value with shareholders.

Proposal 5: Establishment of the Amount of Compensation Etc. for Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee at the conclusion of the Meeting if Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed.

Accordingly, we propose to set the total amount of compensation etc. for Directors who are Audit and Supervisory Committee members at 50 million yen or less per year, in consideration of the duties of Directors who are Audit and Supervisory Committee members and the recent economic conditions. We also propose to determine the specific payment amount and timing for Directors who are Audit and Supervisory Committee members through discussions with the Directors who are Audit and Supervisory Committee members.

If Proposal 1 “Partial Amendment to the Articles of Incorporation” and Proposal 3 “Election of Three (3) Directors Who Are Audit and Supervisory Committee Members” are approved and resolved as proposed and then take effect, there will be three (3) Directors who are Audit and Supervisory Committee members relating to this proposal.

The resolution in this proposal shall take effect on the condition that Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed and that the amendments to the Articles of Incorporation take effect with the resolution of that proposal.

The content of this proposal is based on a proposal by the discretionary Nomination and Compensation Committee that is comprised of independent Outside Directors and the Representative Director. We consider this is an appropriate proposal. given the duties of Directors who are Audit and Supervisory Committee members as above and various other circumstances including recent economic conditions.

Proposal 6: Determination of the Amount and Content of Stock Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

The Company will transition to a company with an Audit and Supervisory Committee at the conclusion of the Meeting if Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed.

In addition, if Proposal 4 “Establishment of the Amount of Compensation Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and resolved as proposed and then takes effect, the amount of compensation etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members) will be 250 million yen or less a year (not including the employee salary portion of directors who serve concurrently as employees).

This proposal shall establish a stock compensation system for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors; hereinafter “eligible directors”) due to the transition to a company with an Audit and Supervisory Committee. This system is substantially the same as the stock compensation system approved at the 13th Annual General Meeting of Shareholders held on June 23, 2019.

Lifenet decided to compensate directors by granting restricted stock, within the scope of the compensation amount noted above. The purpose of this is to give eligible directors the incentive to work for continual enhancement of the corporate value of the Company and to promote greater shared value with shareholders. However, the amount of compensation noted above does not include the employee salary portion of directors who serve concurrently as employees.

Based on this proposal, eligible directors shall receive compensation to pay for the restricted stock granted in the form of monetary claims (hereafter “monetary compensation claims”). The Board of Directors, following deliberation at the discretionary Nomination & Compensation Committee shall determine the specific timing and allocation of restricted stocks to each eligible director.

There are currently eight (8) directors (four (4) of whom are Outside Directors). However, if the original resolution in Proposal 1 “Partial Amendment to the Articles of Incorporation” and Proposal 2 “Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and resolved as proposed, and then takes effect, there will be six (6) directors (two (2) of whom will be Outside Directors), four (4) of whom will be eligible.

Eligible directors shall pay in the entire amount of monetary compensation claims paid to them under this proposal as a cash investment asset, and will receive ordinary shares issued or distributed by the Company. The total number of shares issued or distributed under this system shall be 200,000 shares a year or less. (However, if a share-split (including a free allotment of ordinary shares in the Company) or a share consolidation of the ordinary shares in the Company takes place or if it needs to adjust the total number of ordinary shares in the Company issued or distributed as restricted stock on or after the date on which the resolution relating to this proposal takes effect, we shall adjust the total number of those shares within a reasonable range.)

The Board of Directors will determine the amount to be paid in per share. This amount will be based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the each Board of Directors resolution (the closing price on the most recent day on which trading has taken place if there is no trading on that day), and will be an amount that does not provide the eligible directors who receive the ordinary shares with a particularly advantageous price. When issuing or distributing ordinary shares of the Company through this system, based on the resolution of the Board of Directors' meeting, we will enter into a restricted transfer stock allocation agreement (hereafter "allocation agreement") with eligible directors that contains the following provisions.

(1) Transfer Restriction Period

Eligible directors must not transfer, pledge as collateral, or otherwise dispose of (hereafter "transfer restrictions") the ordinary shares allocated under the allocation agreement (hereafter "allocated shares") for the period determined in advance by the Board of Directors (hereafter "transfer restriction period"), which shall be between three years to five years from the date on which the allocation under the allocation agreement was received.

(2) Release of Restriction on Transfer

The Company will release the restriction on transfer once the transfer restriction period on the allocated shares has expired, on the condition that the eligible director has continued to serve as a director for the duration of the transfer restriction period. However, if the eligible director has resigned or left the position specified above before the expiration of the transfer restriction period owing to reasons approved in advance by the Board of Directors, the number of allocated shares released from transfer restrictions and the timing of the release from transfer restrictions may be adjusted within reason. In accordance with the above rules, the Company will also naturally acquire the allocated shares on which the transfer restrictions have not been released for free, immediately after the transfer restrictions are released.

(3) Handling in the Event of Organizational Restructuring

In the event that a merger agreement that renders the Company a defunct company, a share exchange agreement making the company a wholly owned subsidiary, a share transfer plan, or other organizational restructuring approved at the Annual General Meeting of Shareholders (however, this shall be the Board of Directors for such organizational restructuring or other events that do not require the approval of the Annual General Meeting of Shareholders) occurs during the transfer restriction period, the restrictions on transfer may be released on a reasonably prorated number of shares allocated in advance, based on the time period from the date on which the transfer restriction period began to the date on which the organizational restructuring or other event occurred, when approved by the Board of Directors of the Company, the provisions stated above in (1) notwithstanding. When the above rules are applied, the Company will naturally acquire the allocated shares on which the transfer restrictions have not been released for free, immediately after the transfer restrictions have been released.

(4) Other Matters

Other matters concerning the allocation agreement shall be decided by the Board of Directors of the Company following deliberation at the discretionary Nomination & Compensation Committee.

The resolution in this proposal shall take effect on the condition that Proposal 1 “Partial Amendment to the Articles of Incorporation” is approved and resolved as proposed and that the amendments to the Articles of Incorporation take effect with the resolution of that proposal and Proposal 4 “Establishment of the Amount of Compensation Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved and resolved as proposed and then takes effect.

The content of this proposal changes those eligible for the restricted stock compensation, which is described in the Individual Director Compensation Etc. Determination Policy below, from Directors (excluding Outside Directors) to Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors). This is due to the transition to a company with an Audit and Supervisory Committee. It is based on a proposal by the discretionary Nomination and Compensation Committee that is comprised of independent Outside Directors and the Representative Director. Therefore, we believe this is an appropriate proposal.

(Reference)

Individual Director Compensation Etc. Determination Policy, resolved at the Board of Directors' meeting held on February 9, 2021, is as follows.

Individual Director Compensation Etc. Determination PolicyOverview of the Compensation System for Directors

The 12th Annual General Meeting of Shareholders held on June 24, 2018 set the limit on compensation for Directors of the Company at 180 million yen or less a year (not including the employee salary portion of directors who serve concurrently as employees). (There were ten Directors at the conclusion of that meeting.)

In addition, we introduced a restricted stock compensation system (hereinafter "the System") for Directors of the Company (excluding Outside Directors; hereinafter "eligible directors") based on a resolution at the 13th Annual General Meeting of Shareholders held on June 23, 2019. The purpose of the System is to give the eligible directors an incentive to work for continual enhancement of the corporate value of the Company and to promote greater shared value with shareholders. That meeting resolved to pay Directors (excluding Outside Directors) monetary compensation claims within the range of the above compensation limit to make the acquisition of restricted stock a cash investment asset.

Structure to Determine the Compensation System Etc. for Directors

The Company has established a discretionary Nomination and Compensation Committee. This committee is comprised of three (3) independent Outside Directors and one (1) Representative Director. One of the independent Outside Directors serves as the Chair. The purpose of this 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 establishment of a compensation system etc. for Directors after the deliberations at the discretionary Nomination and Compensation Committee.

Determination of the Type and Ratio of Compensation

The officer's compensation for the Directors (excluding Outside Directors) of the Company is comprised of fixed compensation and restricted stock compensation. The officer's compensation for Outside Directors is comprised only of fixed compensation.

The Board of Directors of the Company shall determine the ratio of the fixed compensation (fixed amount) and stock compensation for Directors (excluding Outside Directors) upon deliberations at the discretionary Nomination and Compensation Committee; however, it will be generally based on a ratio of 7:3.

Fixed Compensation

The discretionary Nomination and Compensation Committee shall determine the amount of compensation for individual Directors. It will be 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 this compensation monthly.

Restricted Stock Compensation

The Directors of the Company (excluding Outside Directors (hereinafter "the eligible directors")) shall pay all monetary compensation claims paid by the Company as a cash investment asset to receive the issue or distribution of ordinary shares in the Company. This is so-called advance grant restricted stock compensation as consideration for the provision of services in the present fiscal year (and the future).

In addition, the total number of ordinary shares to be newly issued or distributed by the Company shall be within 200,000 a year. (However, if a share-split (including a free allotment of ordinary shares in the Company) or a share consolidation of the ordinary shares in the Company takes place with an effective date on or after the date of the resolution of the Meeting, we shall adjust the total number of those shares within a reasonable range as necessary according to the split or consolidation ratio on or after that effective date. That amount to be paid per share shall be determined by the Board of Directors. The amount shall be within a range that is not particularly advantageous to the eligible directors who will take on those ordinary shares. It shall be based on the closing price of the ordinary shares in the Company on the Tokyo Stock Exchange on the business day before the day of the resolution by the Board of Directors (if the trade is not completed on that day, the closing price on the latest trading day before that).

Moreover, the ordinary shares in the Company (hereafter “the Shares”) shall be issued or distributed upon the condition that a restricted transfer stock allocation agreement is entered into between the Company and the eligible directors scheduled to receive the restricted stock compensation. This agreement shall contain the following two points: (1) the transfer to a third party, the establishment of security interests and any other distribution relating to the Shares shall be prohibited for a certain period (hereinafter the “Transfer Restriction Period”) and (2) the Company shall acquire the Shares at no cost if certain grounds arise.

The specific payment timing and ratio for the eligible directors shall be determined by the Board of Directors upon deliberations at the discretionary Nomination and Compensation Committee. However, as mentioned above, the ratio of fixed compensation and stock compensation for the eligible directors should be roughly 7:3.

(Attached)

BUSINESS REPORT

1. Business results

Condition of policies-in-force

New business performance for fiscal 2020 recorded a historical high. Annualized premium^{*1} of new business for fiscal 2020 was 4,197 million yen (122.5% of fiscal 2019). The number of new business for fiscal 2020 was 100,587 (124.3% of fiscal 2019). Regarding the impact from the spread of the novel coronavirus disease (COVID-19) for fiscal 2020, it led to a great increase in the new business in the short term under the state of emergency in April 2020 because of expanding consumers' needs for life insurance.

Annualized premium of policies-in-force as of the end of March 31, 2021 stands at 18,713 million yen (120.6% of March 31, 2020). Sum insured of policies-in-force was 2,994,198 million yen (116.7% of March 31, 2020). The number of policies-in-force resulted in a total of 439,945 (120.5% of March 31, 2020). The number of policyholders was 279,243. Surrender and lapse ratio^{*2} for fiscal 2020 was 6.0% (7.0% for fiscal 2019).

*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 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

Insurance premiums and other for fiscal 2020 increased to 20,282 million yen (123.3% of fiscal 2019) due to an increase in premium income by growth of in-force business and an increase in reinsurance income from modified co-insurance. Investment income was 433 million yen (127.8% of fiscal 2019). Other ordinary income was 73 million yen. As a result, ordinary income for fiscal 2020 amounted to 20,789 million yen (123.4% of fiscal 2019).

Insurance claims and other was 6,031 million yen (160.5% of fiscal 2019) mainly due to an increase in reinsurance commissions from modified co-insurance. The ratio of insurance payment amounts to insurance premiums was 19.5% for fiscal 2020, compared with 18.9% for fiscal 2019. Provision for policy reserves and other came to 6,310 million yen (124.4% of fiscal 2019). The ratio of provision for policy reserves to insurance premiums was 36.2% for fiscal 2020, compared with 35.1% for fiscal 2019. Operating expenses amounted to 10,030 million yen (109.4% of fiscal 2019) mainly due to the investment in our marketing spend including advertising. The components of operating expenses were 6,712 million yen in marketing expenses (109.2% of fiscal 2019), 1,071 million yen in customer service expenses (120.1% of fiscal 2019), and 2,246 million yen in system and other expenses (105.4% of fiscal 2019). Other ordinary expenses was 1,503 million yen (139.0% of fiscal 2019) mainly due to share issuance costs through overseas public offering in July 2020 and an increase in the consumption tax rate in October 2019. Consequently, ordinary expenses for fiscal 2020 totaled 23,879 million yen (124.2% of fiscal 2019).

As a result, ordinary profit totaled 3,089 million yen loss for fiscal 2020, compared with 2,382 million yen loss for fiscal 2019. Net income was 3,114 million yen loss, compared with 2,400 million yen loss for fiscal 2019.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to 2,874 million yen loss, compared with 2,195 million yen loss for fiscal 2019, mainly due to an increase in operating expenses. The components of fundamental profit were 3,274 million yen in mortality margin, 6,164 million yen loss in expense margin and 16 million yen in interest margin.

We are participating in reinsurance transactions from fiscal 2019 by modified co-insurance on part of new business to achieve continuous growth. By utilizing reinsurance appropriately, we will ease the temporary burden imposed on statutory capital by expenses associated with new business and maintain fiscal soundness. The reinsurance transactions are agreements that transfer the risk and the profit (loss) structure of the reinsured business to the reinsurance company for a certain period of time. We receive ceding commission in accordance with the new business costs associated with the reinsured business in the initial fiscal year. This leads to an increase in ordinary income. On the other hand, after the ceding commission is recorded reinsurance accounts receivable as asset, it is amortized by the profit generated from the reinsured business over following fiscal years. This leads to a decrease in ordinary profit and net profit. Once the balance of reinsurance accounts receivable is amortized to zero, the reinsurance agreement terminates, and subsequent profit on the reinsured business belongs to Lifenet. Accordingly, the modified co-insurance for fiscal 2020 resulted in raising ordinary income by 2,778 million yen (2,034 million yen of fiscal 2019), ordinary profit by 804 million yen (1,526 million yen of fiscal 2019), and net income by 804 million yen (1,526 million yen of fiscal 2019).

Assets, liabilities and net assets

Total assets as of March 31, 2021 amounted to 54,501 million yen (41,144 million yen as of March 31, 2020). The major account balance was 40,007 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings. Reinsurance accounts receivable was 2,569 million yen including 2,352 million yen of the balance of unamortized ceding commission for modified co-insurance.

Liabilities amounted to 38,694 million yen as of March 31, 2021 (31,744 million yen as of March 31, 2020), owing to an increase in policy reserves. The major account balances were 35,801 million yen in policy reserves and 837 million yen in reserves for outstanding claims. In terms of policy reserves, new business from fiscal 2018 onward has been transferred from 5-year Zillmer's method to standard policy reserves. The difference in policy reserves will be resolved over five fiscal years, from fiscal 2018 to 2022, with the standing difference at the end of fiscal 2020 at 498 million yen.

Net assets amounted to 15,806 million yen as of March 31, 2021 (9,400 million yen as of March 31, 2020) mainly due to raising new capital through overseas public offering despite the recording of net loss for fiscal 2020. It includes the effect of raising retained earnings due to the utilization of modified co-insurance. On the other hand, after the ceding commission is recorded reinsurance accounts receivable as asset, it is amortized by the profit generated from the reinsured business over following fiscal years. This leads to a decrease in net assets accordingly.

The solvency margin ratio as of March 31, 2021 was 2,647.1% (2,117.1% as of March 31, 2020), which indicated that an adequate level of payment capacity was maintained.

European Embedded Value

The embedded value on an EEV (European Embedded Value) basis as of March 31, 2021 was 95,140 million yen, (73,431 million yen as of March 31, 2020). The adjusted net worth was 18,990 million yen mainly due to the issuance of new shares through overseas public offering in July. The value of in-force business increased to 76,149 million yen mainly due to acquisition of new business and updates made to expense assumption.

Other accomplishments

The Company issued new shares and sold shares with offerings in overseas markets in July 2020 as the purpose of "Growth" and "Transformation". We raised approximately 9 billion yen for further growth from European and Asian markets. We are utilizing the capital raised through these overseas public offerings in marketing to acquire new policies, system development and new business investment. In this way, we are aiming to increase our number of policies-in-force and to transform into Internet service company of life insurance.

Term life insurance *Kazoku*, the main product of the Company, is an insurance product focused on providing easy-to-understand and simple coverage. We have entered into policies for this product with many customers focused on the child-rearing generation. The number of this product exceeded 200,000 policies -in-force and reached 213,597 policies-in-force as of the end of fiscal 2020.

In fiscal 2020, we received a lot of high evaluations from external organizations. We were highly rated by customers who have actually received benefits in the Medical Insurance Product Ranking of the 2021 Oricon Customer Satisfaction® Survey. The Company's whole-life medical insurance products were ranked first overall. We also ranked first in the Direct Distribution Channel Segment in the J.D. Power 2021 Japan Life Insurance Contract Customer Satisfaction StudySM. We were awarded top ratings in all factors: interaction channel, types of products, price, and forms and documents. We believe that the stress-free customer experience we value in particular, simple and easy-to-understand product design and low insurance premiums by applying online led to the evaluations.

We also promoted collaboration with partner companies. We started selling *Seven Financial Service life Insurance* in April 2020. We also entered into a business alliance agreement with Money Forward, Inc. in February 2021. We will launch *Money Forward Life Insurance* from summer 2021.

2. Challenges

Mid to long-term business strategy and challenges

We formulated our Management Policy in November 2018 and set the management goal of achieving 100 billion yen in EEV over the medium term. The company continues to achieve steady growth through initiatives in the two priority areas of “innovation of customer experience” and “enhancement of promotion capabilities.” EEV has reached 95.1 billion yen as of March 31, 2021 and is getting closer to the management goal of 100 billion yen.

We have therefore upgraded our management goal to achieving 200 billion yen in EEV over the medium term and will strive to achieve even greater growth and high profitability.

The policy is summarized below:

Summary of Management Policy

Mission	Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services
Vision	Be the leading company driving the growth of the online life insurance market
Priority areas	<ul style="list-style-type: none"> ● <u>Innovation of customer experience</u> Enhancing and evolving the quality of all services with digital technology ● <u>Enhancement of promotion capabilities</u> Generating massive customer traffic by active promotion and expansion of agent sales and white label business
Management goal	Aim to achieve EEV (indicator of corporate value) of 200 billion yen by business growth in a mid-term

Fiscal 2020 was a year in which the COVID-19 pandemic caused major changes in behavioral patterns in society as a whole. Lifenet, which operates an online insurance business, sees these changes as a business opportunity to provide wider range of customers with our products and services. We will utilize the growth capital we obtained through an overseas public offering in July 2020 to focus on the priority areas and thereby achieve even greater growth and transformation into Internet service company of life insurance.

Lifenet will therefore pursue the following initiatives to address challenges that we face.

(1) Response to COVID-19

COVID-19 has caused rapid changes in the business environment and behavioral patterns of customers. Lifenet will develop systems and take other steps to enable the company to respond flexibly to these major changes and provide products and services that meet the needs of the times. From the perspective of employee workstyles, Lifenet will enhance internal structure that make it possible to improve productivity and operate our business efficiently while respecting diversity. We will also implement initiatives aimed at reinforcing organizational strengths.

(2) Sustained Growth in In-force Business Performance

We aim to achieve double-digit growth in in-force business performance by sustained growth in new business performance and improvement in the surrender and lapse ratio. We will implement initiatives in the priority areas of “innovation of customer experience” and “enhancement of promotion capabilities.”

To achieve “innovation of customer experience,” we will design and develop stress-free products and services from the customer’s point of view and increase customer engagement with the company to build long-term relationships of trust and expand in-force business. We will achieve high-quality communication through the means best suited to each customer and provide products and services that meet their individual needs by focusing on digital data analysis and through integrated management of customer contact points.

Lifenet also plans to launch new long-term disability insurance product *Hataraku-Hito 3* in June 2021. As the first company in the life insurance industry to start sales of long-term disability insurance for individuals, in addition to just securing the risk of being unable to work, we enhance coverage based on the novel concept of supporting recovery and a return to work. We believe what Lifenet provide customers is not only life insurance coverage alone, but a better customer experience in all processes where we interact with our customers. We pursue the improvement of the value of that experience.

To achieve “enhancement of promotion capabilities,” we will provide Lifenet value to more customers through two channels: The Internet channel and the white label channel.

In the Internet channel, we will pursue marketing targeted mainly at young people in addition to further enhancing brand power through ongoing investment in television commercials and effective use of online advertising. In the white label channel, we will continue to utilize the brand power of corporate partners to provide Lifenet products and services that are comprehensible, cost-competitive, and convenient to the customer bases of the partners. Since April 2020, we have been selling products through Seven Financial Service Co., Ltd., in addition to selling *au Life Insurance* through KDDI CORPORATION. Lifenet has also entered a business alliance with Money Forward, Inc. and will provide services with them from the summer of 2021.

(3) Transformation into an Internet Service Company of Life Insurance

Lifenet aims to be a leading company driving growth of the online insurance market and is accelerating efforts to become an Internet service company of life insurance. More specifically, we aim to build an online life insurance platform that connects customers with life insurance services by utilizing the expertise and our website traffic we have accumulated since the company was established.

As one part of that plan, our subsidiary, LIFENET MIRAI Inc., was established and will launch online insurance agency business from July 2021. Our subsidiary is a joint venture of Lifenet and MILIZE Inc. LIFENET MIRAI intends to utilize the AI and financial engineering technology that MILIZE possesses to provide greater convenience in insurance sales while also offering the solution regarding life insurance problems to customers with providing close-to-the-customer services.

We will continue to invest in system infrastructure and will develop services for customers more rapidly by utilizing the system infrastructure.

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 and will be prioritizing strengthening our growth base to increase mid to long term profitability.

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, we aim to turn a profit at the ordinary profit in statutory accounting in the mid-2020s, and thereafter the Company will consider implementing measures to provide shareholder return that include payment of dividends from future retained earnings.

NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Balance Sheets

	(In millions of yen)	
	March 31	
	2020	2021
<u>ASSETS</u>		
Cash and deposits	1,377	2,059
Cash	0	—
Bank deposits	1,377	2,059
Monetary claims bought	299	999
Money held in trust	3,539	5,895
Securities	32,058	40,007
Government bonds	8,065	9,004
Municipal bonds	1,391	1,482
Corporate bonds	18,119	21,301
Stocks	313	397
Foreign securities	0	0
Other securities	4,167	7,821
Tangible fixed assets	96	95
Buildings	14	12
Leased assets	7	11
Other tangible fixed assets	75	71
Intangible fixed assets	742	1,252
Software	597	520
Software in progress	144	732
Agency accounts receivable	9	9
Reinsurance accounts receivable	1,663	2,569
Other assets	1,356	1,612
Accounts receivable	1,132	1,362
Prepaid expenses	98	103
Accrued income	52	71
Deposits	73	73
Suspense payments	0	1
Total assets	41,144	54,501

(In millions of yen)

March 31

	2020	2021
<u>LIABILITIES</u>		
Policy reserves and other	30,328	36,639
Reserves for outstanding claims.....	638	837
Policy reserves	29,690	35,801
Agency accounts payable	55	69
Reinsurance accounts payable	225	301
Other liabilities.....	882	1,234
Income taxes payable	3	3
Accounts payable.....	35	71
Accrued expenses.....	775	1,082
Deposits received	13	15
Lease liabilities	7	11
Asset retirement obligations	33	33
Suspense receipt	13	16
Reserves under the special laws	56	76
Reserve for price fluctuations	56	76
Deferred tax liabilities	195	373
Total liabilities	<u>31,744</u>	<u>38,694</u>
<u>NET ASSETS</u>		
Capital stock	12,200	16,731
Capital surplus	12,200	16,731
Legal capital surplus	12,200	16,731
Retained earnings	(15,502)	(18,616)
Other retained earnings.....	(15,502)	(18,616)
Retained earnings brought forward	(15,502)	(18,616)
Treasury shares	—	(0)
Shareholders' equity	<u>8,898</u>	<u>14,846</u>
Valuation difference on available-for-sale securities	502	960
Valuation and translation adjustments	502	960
Total net assets.....	<u>9,400</u>	<u>15,806</u>
Total liabilities and net assets.....	<u><u>41,144</u></u>	<u><u>54,501</u></u>

2. Statements of Operations

	(In millions of yen)	
	Year ended March 31	
	2020	2021
Ordinary income	16,850	20,789
Insurance premiums and other.....	16,455	20,282
Premiums income	13,982	16,892
Reinsurance income	2,473	3,389
Investment income	339	433
Interest, dividends and other income.....	291	320
Interest from deposits.....	0	0
Interest and dividends from securities.....	291	320
Other interest and dividends	0	0
Gain on money held in trust.....	31	110
Gain on sales of securities	16	2
Other ordinary income.....	55	73
Other.....	55	73
Ordinary expenses	19,233	23,879
Insurance claims and other	3,759	6,031
Insurance claims	1,694	2,146
Benefits.....	941	1,140
Other refunds	0	0
Reinsurance commissions	1,122	2,743
Provision for policy reserves and other	5,072	6,310
Provision for reserves for outstanding claims ..	168	199
Provision for policy reserves	4,903	6,111
Investment expenses.....	151	2
Interest expenses.....	0	0
Loss on sales of securities	53	—
Loss on valuation of securities	95	—
Foreign exchange losses	0	0
Other investment expenses.....	1	2
Operating expenses	9,169	10,030
Other ordinary expenses	1,081	1,503
Taxes.....	769	998
Depreciation.....	300	364
Other.....	11	140
Ordinary profit (loss)	(2,382)	(3,089)
Extraordinary losses	13	20
Provision of reserves under the special laws.....	13	20
Provision of reserve for price fluctuations	13	20
Income (loss) before income taxes	(2,396)	(3,109)
Income taxes-current.....	4	4
Income taxes	4	4
Net income (loss).....	(2,400)	(3,114)

3. Statements of Changes in Net Assets

	(In millions of yen)	
	Year ended March 31	
	2020	2021
Shareholders' equity:		
Capital stock		
Balance at the beginning of the year.....	12,136	12,200
Changes of items during the period		
Issuance of new shares	—	4,502
Issuance of new shares-restricted stock.....	20	20
Issuance of new shares-exercise of subscription rights to shares	42	8
Total changes of items during the period	<u>63</u>	<u>4,531</u>
Balance at the end of the period	<u>12,200</u>	<u>16,731</u>
Capital surplus		
Legal capital surplus		
Legal capital surplus	12,136	12,200
Changes of items during the period		
Issuance of new shares	—	4,502
Issuance of new shares-restricted stock.....	20	20
Issuance of new shares-exercise of subscription rights to shares..	42	8
Total changes of items during the period	<u>63</u>	<u>4,531</u>
Legal capital surplus	<u>12,200</u>	<u>16,731</u>
Total capital surplus		
Capital surplus.....	12,136	12,220
Changes of items during the period		
Issuance of new shares	—	4,502
Issuance of new shares-restricted stock.....	20	20
Issuance of new shares-exercise of subscription rights to shares..	42	8
Total changes of items during the period	<u>63</u>	<u>4,531</u>
Capital surplus.....	<u>12,200</u>	<u>16,731</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Retained earnings brought forward	(13,101)	(15,502)
Total changes of items during the period		
Net income (loss)	(2,400)	(3,114)
Total changes of items during the period ...	<u>(2,400)</u>	<u>(3,114)</u>
Retained earnings brought forward	<u>(15,502)</u>	<u>(18,616)</u>
Total retained earnings		
Retained earnings	(13,101)	(15,502)
Changes of items during the period		
Net income (loss)	(2,400)	(3,114)
Total changes of items during the period	<u>(2,400)</u>	<u>(3,114)</u>
Retained earnings	<u>(15,502)</u>	<u>(18,616)</u>
Treasury shares		
Balance at the beginning of the year.....	—	—
Changes of items during the period		
Purchase of treasury shares	—	(0)
Total changes of items during the period	<u>—</u>	<u>(0)</u>
Balance at the end of the period	<u>—</u>	<u>(0)</u>

	(In millions of yen)	
	Year ended March 31	
	2020	2021
Total shareholders' equity		
Balance at the beginning of the year	11,172	8,898
Changes of items during the period		
Issuance of new shares	—	9,005
Issuance of new shares-restricted stock	41	41
Issuance of new shares-exercise of subscription rights to shares	85	16
Net income (loss)	(2,400)	(3,114)
Purchase of treasury shares	—	(0)
Total changes of items during the period	(2,273)	5,948
Balance at the end of the period	8,898	14,864
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the beginning of the year	600	502
Changes of items during the period		
Net changes of items other than shareholders' equity	(98)	457
Total changes of items during the period	(98)	457
Balance at the end of the period	502	960
Total valuation and translation adjustments		
Balance at the beginning of the year	600	502
Changes of items during the period		
Net changes of items other than shareholders' equity	(98)	457
Total changes of items during the period	(98)	457
Balance at the end of the period	502	960
Net assets:		
Balance at the beginning of the year	11,773	9,400
Changes of items during the period		
Issuance of new shares	—	9,005
Issuance of new shares-restricted stock	41	41
Issuance of new shares-exercise of subscription rights to shares	85	16
Net income (loss)	(2,400)	(3,114)
Purchase of treasury shares	—	(0)
Net changes of items other than shareholders' equity ...	(98)	457
Total changes of items during the period	(2,372)	6,406
Balance at the end of the period	9,400	15,806

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