

July 14, 2023

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Growth)

Notice of New Share Issue for Restricted Stock Compensation

TOKYO, July 14, 2023 – LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori; URL: <https://ir.lifenet-seimei.co.jp/en/>; hereafter, “the Company”) approved the issuance of new shares (hereafter, “new share issue”) for restricted stock compensation described below at its Board of Directors meeting today.

1. Summary of Share Issue

(1) Pay-in date	August 8, 2023
(2) Class and number of shares issued	Ordinary shares: 43,408 shares
(3) Issue price	1,009 yen per share
(4) Total issue amount	43,798,672 yen
(5) Directors eligible for share allocation, number of eligible directors, and number of shares to be allocated	Company directors (excluding directors who are audit and supervisory committee members and outside directors), 4, 43,408 shares
(6) Other	This notice of new share issue was provided in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for Issue

The Company decided to introduce a restricted stock compensation system (hereafter, the “system”) for compensating directors (excluding directors who are audit and supervisory committee members and outside directors, hereafter “eligible directors”). The purpose of the system 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 over the medium and long-term. The eligible directors will receive the payment of monetary compensation for the restricted stock granted under this system (hereafter, “restricted stock compensation”), within the total amount of compensation approved at the 15th General Meeting of Shareholders held on June 20, 2021.

An overview of the system is provided below.

[Overview of the System]

Eligible directors shall pay in the entire amount of monetary compensation claims paid to them under this system as a cash investment asset, and will receive ordinary shares issued or distributed by the Company. The total number of shares issued or distributed to eligible directors under this System shall be 200,000 shares a year or less. The amount to be paid in per share will be determined by the Board of Directors based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange Growth 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.

Moreover, issuance or distribution of ordinary shares of the Company under this System shall be conditioned upon a restricted transfer stock allocation agreement concluded between the Company and each eligible director who will receive payment of the restricted stock compensation. The agreement shall contain the following provisions: 1) transfer, pledging as collateral, or any other disposition of allocated shares to third parties by an eligible director is prohibited for the specified time period, and 2) the Company will acquire the shares for free under certain conditions.

In addition, a transfer restriction period on restricted stock compensation was changed from "the period determined in advance by the Board of Directors, which shall be between three years to five years" to "the period until eligible directors resign or retire from any positions of Director, executive officer, or corresponding position, or the position of employee in the Company or the Company's subsidiary" at the 16th Annual General Meeting of Shareholders held on June 26, 2022.

The purpose of this system is to further increase the motivation of each eligible director, while taking business conditions, the scope of responsibilities of each eligible director, and various other circumstances into consideration. The company has therefore set total monetary compensation claims at 43,798,672 yen (hereafter, "monetary compensation claims") and the number of ordinary shares at 43,408 shares.

The four eligible directors whom the company will allocate shares to under the system will pay in the entire amount of monetary compensation claims paid to them under the new share issue as a cash investment asset, and will receive ordinary shares issued by the Company (hereafter, "allocated shares"). A summary of the restricted transfer stock allocation agreement (hereafter, "Allocation Agreement") for the new share issue which the Company will conclude with eligible directors is provided below.

3. Summary of the Allocation Agreement

1) Restricted transfer period

From August 8, 2023 to a day eligible directors resign or retire from any positions of Director, executive officer, or corresponding position, or the position of employee in the Company or the Company's subsidiary

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 any positions of Director, executive officer, or corresponding position, or the position of employee in the Company or the Company's subsidiary during the transfer restriction period. However, if the Board of Directors determines that an eligible director's resignation is not considered to be appropriate in general societal terms, the Company may postpone the release of the restriction.

3) Share management

In order to ensure that allocated shares are not transferred, pledged as collateral, or otherwise disposed of by each eligible director during the transfer restriction period, the shares will be managed by Nomura Securities Co., Ltd. in a dedicated account opened by each eligible director during the transfer restriction period. The Company has concluded an agreement with Nomura Securities Co., Ltd. on management of accounts for the allocated shares held by each eligible director to ensure effectiveness of transfer restrictions and other aspects of managing the allocated shares. The eligible directors shall also consent to the details of management of these accounts.

4) Handling in organizational restructurings and similar circumstances

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 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 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 notwithstanding 1) above. 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. Grounds for calculating the amount to be paid in and the specific supporting reasons

The new shares issued under this system will be paid as restricted stock compensation for the 18th fiscal period. The payment to each intended eligible director will be paid in the form of monetary compensation claim as cash for investment in the allocated shares. To ensure that the issue price is reasonable, it shall be set at 1,009 yen, which is the closing price for the Company's ordinary shares on the TSE Growth exchange on July 13, 2023 (the business day immediately preceding the date of the Board of Directors meeting). This is the market price for the shares immediately prior to the date of the Board of Directors meeting, and we have judged it to be reasonable and a price level that will not confer any particular advantage to the eligible directors.

About LIFENET URL: <https://ir.lifenet-seimei.co.jp/en/>

Remembering the original purpose of life insurance - mutual support - LIFENET INSURANCE COMPANY was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. We aim to be the leading company driving the growth of the online life insurance market.

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