Try & Discover

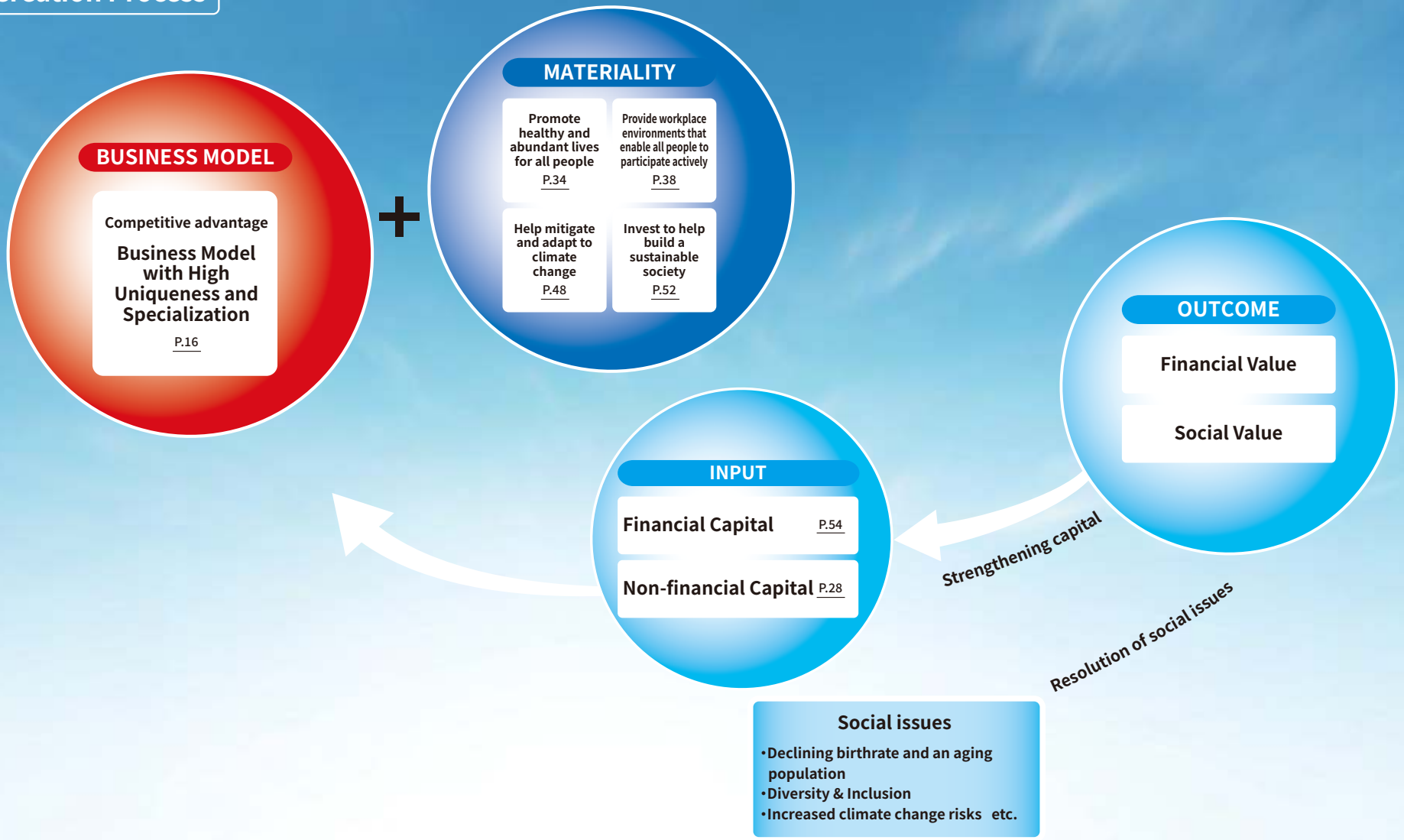
T&D Holdings Integrated Report 2023

(Year ended March 31, 2023)

T&D Insurance Group's Corporate Philosophy — T&D Insurance Group's reason for existence —

With our "Try & Discover" motto for creating value, we aim to be a group that contributes to all people and societies.

Value Creation Process



T&D Insurance Group's Management Vision

— Group's aspiration and direction for medium- to long-term —

Sow happiness, make change with boldness

Unpacking the vision through a story

Pride of T&D

We have always protected the happiness of people.
By facing each and every customer with care,
Together, we have supported their livelihoods as one.

T&D's challenge

Now, society is changing at unprecedented pace and people's lifestyles are diversifying.
There is no standard anymore for the way families are, the way we work,
As well as the shapes our happiness might take.
Can we really say that today's insurance answers such turbulent change?

Actions T&D should take and what we want to become

One by one, by carefully stacking the trust we have gained from our customers,
The strength that only our group has nurtured becomes visible.
The possibility it withholds expands widely, going beyond all prevailing boundaries.

Take the "one" in front of us as a starting point, and
Let's recognize the world changing quicker than anyone else.
Let's adapt to our changing society more flexibly than anyone else,
Taking steps with initiative, with boldness.
Let's go beyond the boundaries of organizations,
Involve people who resonate with our beliefs, and
Become a comprehensive insurance group that can create happiness
For each and every person in the world.

The society T&D aspires for

Our origin is to face each "one" in front of us with care.
To recognize change and take on challenges with boldness.
This accumulation is what creates happiness in the world.
This is what we believe to be true.

T&D Holdings Integrated Report 2023

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The photographs featured on the cover and other opening pages are award-winning entries from the "Try & Discover Photo" which is sponsored by the T&D Insurance Group.

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Issuance of the T&D Holdings Integrated Report 2023

The T&D Insurance Group's corporate philosophy is "With our 'Try & Discover' motto for creating value, we aim to be a group that contributes to all people and societies." In accordance with this corporate philosophy, we are aiming for sustainable growth through creating shared value—creating both social value and economic value through our business.

Based on the Group's corporate philosophy, we have formulated the "Group Long-Term Vision (Try & Discover 2025) — In Pursuit of the Happiness of All Stakeholders —," which outlines the Group's medium- to long-term vision and strategic policies to achieve them in 2021. In the Group Long-Term Vision, we define the Group management vision as "sow happiness, make change with boldness."

We aim to be a group that widely contributes to people and society by creating value through our business model with high uniqueness and specialization and by addressing materiality (priority themes), while strengthening capital management and corporate governance.

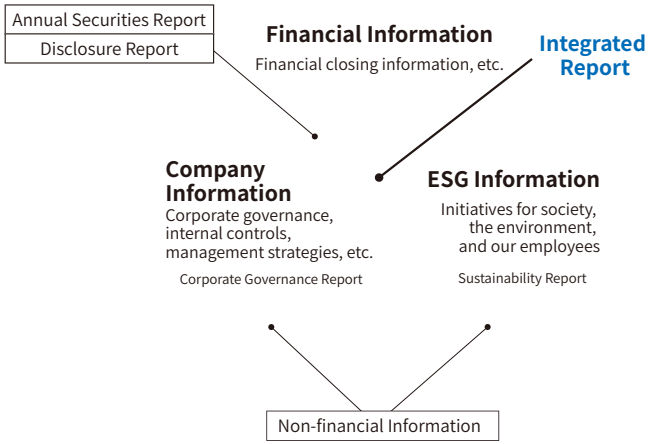
The Integrated Report 2023 will communicate the T&D Insurance Group's efforts in line with the Group's corporate philosophy and the Group Long-Term Vision.

Editorial Policy

The purpose of this report is to give a clear briefing, from the ESG (Environment, Society and Governance) perspective, about how the T&D Insurance Group's business and actions are linked to the Group's medium- to long-term growth, and to value creation for all our stakeholders.

The Positioning of the Integrated Report 2023

The Integrated Report is intended to foster understanding of the T&D Insurance Group among shareholders and investors, by encapsulating important information on elements such as financial information, company information, and ESG information.



Abbreviations used in this material

HD	T&D Holdings
TDF	T&D Financial Life
TDUC	T&D United Capital
TDAM	T&D Asset Management
P&F	Pet & Family Insurance

Forward-looking Statements

This report contains forward-looking statements about T&D Holdings' future revenue plan, strategy, philosophy, and earnings forecasts which involve factors of risk and uncertainty. Such statements are based on the Company's current expectations which could cause actual results to differ materially from those described in the forward-looking statements. Factors which could influence the actual results include, but are not limited to, (I) general economic conditions, in particular, conditions in the life insurance market on which the T&D Insurance Group centers, (II) financial market trends, (III) levels and trends in mortality rate and morbidity rate, (IV) persistency rate, (V) interest rate levels, (VI) fluctuation in currency exchange rates, (VII) other general competitive factors, (VIII) changes in laws and regulations, including the tax treatment of insurance premiums, and (IX) changes in the policies of the government and/or regulatory authorities. The Company, therefore, wishes to caution readers not to place undue reliance on these forward-looking statements. Furthermore, the Company undertakes no obligation to update any forward-looking statements as a result of new information, future events, or other developments.

Contact: T&D Holdings, Inc. Group Planning Department Investors Relations Division
Telephone +81-(0)3-3272-6103

Reporting period:

Fiscal 2022: April 1, 2022 – March 31, 2023
(Some information on periods outside this range is included)

Scope of reporting:

T&D Holdings, Inc. and its subsidiaries and affiliated companies

Reference guidelines:

"The International Integrated Reporting Framework" by Value Reporting Foundation, and "Guidance 2.0 for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry of Japan, and "GRI Standard."

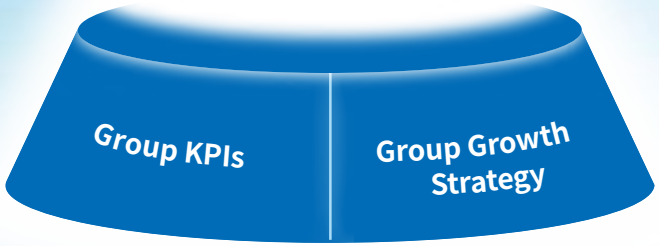
ESG Index Status (As of July 1, 2023)

- FTSE4Good Index Series
- MSCI ESG Leaders Indexes Constituent
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- 2023 CONSTITUENT MSCI Japan ESG Select Leaders Index
- 2023 CONSTITUENT MSCI Japan Empowering Women Select Index (WIN)

http://info.msci.com/l/36252/2017-06-27/kj5n9b

Group Long-Term Vision "Try & Discover 2025"

The T&D Insurance Group's management vision, KPIs to realize this vision, and growth strategies to achieve these KPIs have been formulated as the Group Long-Term Vision.



Group's Management Vision

— T&D Insurance Group's aspiration and direction for medium- to long-term —

Sow happiness, make change with boldness

Group KPIs

— Quantitative goals to achieve the management vision —

Financial KPIs

- Group adjusted profit
- Adjusted ROE
- Value of new business
- ROEV

Non-financial KPIs

- Customer satisfaction
- Employee engagement score
- CO_2 emission

Group Growth Strategy

— Strategies for achieving Group KPIs —

- Strengthening of core business
- Diversification and optimization of business portfolio
- Upgrading capital management
- Promoting integrated Group management
- SDGs management and creation of value

Progress of Group KPIs

Financial KPIs Financial Value

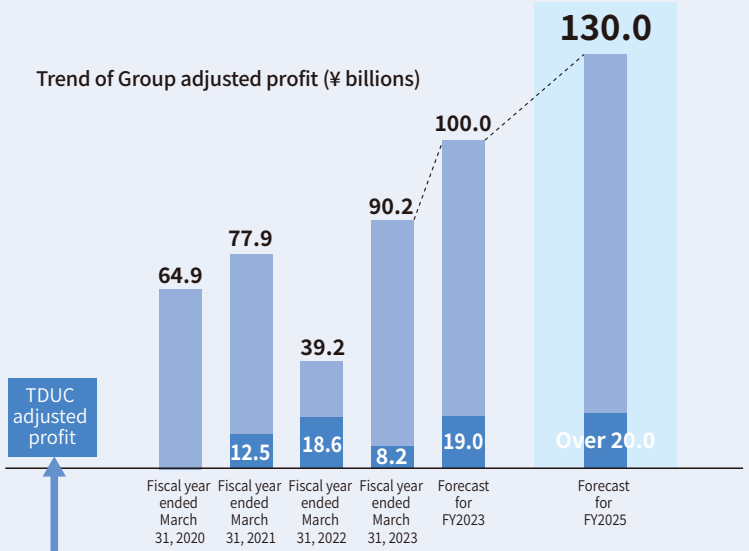
With regard to the realization of the Group Long-Term Vision (Try & Discover 2025), we are making steady progress toward achieving our target of 130.0 billion yen in Group adjusted profit in FY2025 through the implementation of various measures aimed at improving capital efficiency.

We will work to achieve our goals by boosting underwriting profitability through an increase in policies in force and by growing profits through expansion of the closed book business.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Forecast for FY2023 (Announced in May 2023)	FY2025 target (Announced in May 2021)
Group adjusted profit*1	¥77.9 billion	¥39.2 billion	¥90.2 billion	¥100.0 billion	¥130.0 billion
Adjusted ROE	5.9%	2.7%	7.6%	10.1%	8.0%
Value of new business*2	¥143.4 billion	¥166.9 billion	¥167.0 billion (¥175.0 billion) *4	¥174.0 billion	¥200.0 billion
ROEV *3	25.4%	7.0%	2.9% (6.0%) *4	7.0%	7.5% in the medium to long term

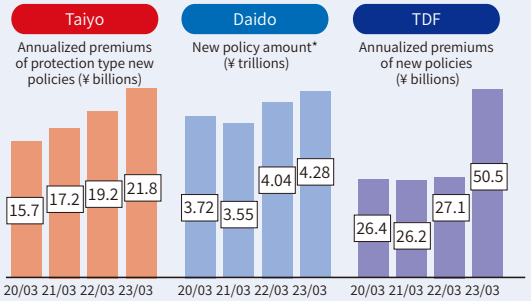
*1 Group adjusted profit = net income +/- valuation gains/losses caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements.
*2 Value of new business does not include value of new policies expected to be obtained in the future. Additionally, for converted policies, only the net increase portion from conversion is included.
*3 ROEV is based on figure excluding temporary valuation gains/losses, etc. related to Fortitude.
*4 ( ) is an estimated amount calculated by the conventional ultimate forward rate (hereinafter UFR). UFR has been changed from the end of March 2023; UFR: from 3.8% to 2.9%, start year in extrapolation: from 31 year to 41 year, convergence year: from 60 years to 70 years.

Trend of Group adjusted profit (¥ billions)



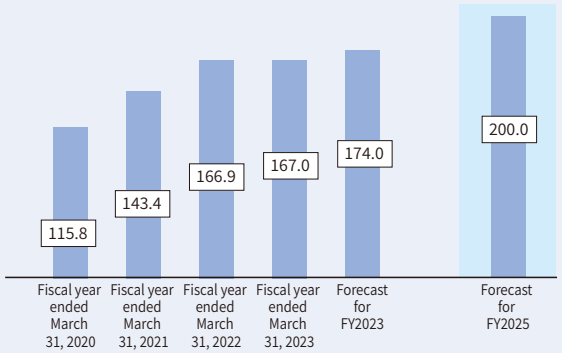
Growth in new business value thanks to solid new policy sales results

Expansion of underwriting profitability through increased new policy sales results



* In addition to death premiums, J type product (serious illness premiums), T type product (disability premiums), Kaigo Relief Alpha, etc.(nursing care premiums) included.

Trend of Value of new business (¥ billions)



Expansion of the closed book business contributes to profit growth

Total investment in Fortitude

Approx. **¥140.0 billion**

||

Approx. **¥80.0 billion** (2020)

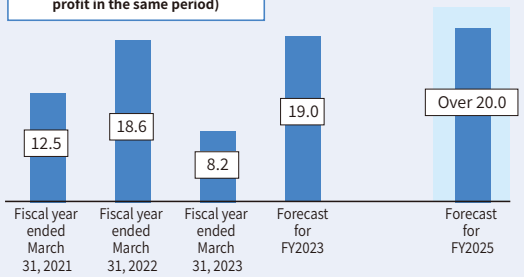
+

Approx. **¥60.0 billion** (From 2022 to 2023)

Expanding of closed book business -TDUC-

Adjusted profit (billions of yen)

3-year total **¥39.4 billion** (approx. 20% of the Group adjusted profit in the same period)



Progress of Group KPIs

Non-financial KPIs Social Value

We have set "SDGs management and value creation" as one of the Group Growth Strategies in the Long-Term Vision, and we have established new "non-financial KPIs" to quantitatively measure the creation of social value. Non-financial KPIs are "customer satisfaction," "employee engagement score," and "CO_2 emissions," and the status of target achievement is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Forecast for FY2025 (Announced in May 2021)
Customer satisfaction	Base year	Over target level	Over target level	**Above or equal to FY2020 level** * Improvement from the current level is set as a target, as a relative assessment * Qualitative factors such as the opinions of external ESG assessment organizations are also taken into account
Employee engagement score*1	Base year	Over target level	Over target level	
CO_2 emission*2	Reduction of 30.1% from FY2013 levels	Reduction of 31.0% from FY2013 levels	**Reduction of 35.4% from FY2013 levels**	**Reduction of 40.0% from FY2013 levels**

*1 Name changed from "Employee satisfaction" to "Employee engagement score" from FY2023.
*2 SCOPE1+2, value per unit of floor space.

Customer satisfaction*3

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Taiyo Life	91.8%	91.9%	**91.6%**
Daido Life	82.3%	81.1%	**79.0%**
TDF Life	72.8%	75.8%	**76.7%**

*3 Taiyo Life: Four levels - "satisfied," "mostly satisfied," "somewhat unsatisfied," and "unsatisfied." Aggregate the total of "satisfied" and "mostly satisfied."
Daido Life: Seven levels - "highly satisfied," "satisfied," "mostly satisfied," "neutral," "somewhat unsatisfied," "unsatisfied," and "highly unsatisfied." Aggregate the total of "highly satisfied," "satisfied," and "mostly satisfied."
TDF Life: Five levels - "satisfied," "mostly satisfied," "average," "somewhat unsatisfied," and "unsatisfied." Aggregate the total of "satisfied" and "mostly satisfied."

Employee engagement score*4

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
T&D Holdings	3.84	4.07	**4.03**
Taiyo Life	3.61	3.63	**3.57**
Daido Life	3.75	3.85	**3.84**
TDF Life	3.55	3.69	**3.80**

*4 Five level grade.

Top Message

The holding company will exercise strong leadership to promote integrated Group management.

T&D Holdings will welcome in its 20th anniversary next year. In addition to making sure we achieve the Group Long-Term Vision (Try & Discover 2025), we will once again return to the objectives set out when the Group integrated, bring together our Group management resources, and aim for continued growth and earnings expansion through optimized management and strategic concentrated investments.

Representative Director and President

Hirohisa Uehara

Top Message

Integrity can be translated into the Japanese words *seijitsu*, *shinshi*, or *koketsu*. I believe that integrity is an essential quality of an organizational leader. Since I became President in April 2018, I have always been conscious of integrity. Rather than pursuing immediate profit and top line, I have earnestly worked on management measures that facilitate improved Group corporate value from a medium- to long-term perspective.

The first thing I focused on after becoming President was creating revenue sources other than the domestic life insurance business. Embodying this vision was the closed book business ("CB business") initiative, and we decided to invest in Fortitude in 2019.

The next thing I worked on was formulating the Group Long-Term Vision. This was driven by a sense of crisis caused by the stagnant share price. Identifying the low capital efficiency rate as being the largest factor behind the stagnant share price, the underlying idea of the Group Long-Term Vision is to improve the share price by enhancing capital efficiency through the upgrading of Group capital management, in addition to sustainable growth in the domestic life insurance business and investment in growth areas such as the CB business. Furthermore, while indicators based on economic value, such as value of new business, are growing, we also acknowledge that the slow growth in indicators based on financial accounting, such as underwriting profitability, is a challenge. For this reason, we decided to embrace management that is based on both economic value and financial accounting.

During the IR Meeting held on May 29 this year, we reinforced the content of information disclosure and explanation and outlined past efforts to improve capital efficiency, as well as future tasks and policies. Many investors and analysts told us that they were able to truly feel how T&D is changing. While much of what I am about to discuss will overlap with the IR Meeting, I would like to take this opportunity to once again look back over our management to date and give my own thoughts on the future of Group management.

Review of FY2022

In FY2022, there were two main factors that put downward pressure on profits—more hospitalization benefits paid due to the COVID-19 pandemic and increased currency hedging costs due to widening interest rate differentials between Japan and overseas. There was a difficult environment to account settlement during the fiscal year, with the full year Group adjusted profit being revised downward from the initial forecast of 106 billion yen to 90 billion yen when first half accounts were disclosed.

Most of the hospitalization benefits payments related to COVID-19 infections, which was a factor in the downward revision, were payments for so-called "deemed" hospitalizations. April 2020 saw a lack of sufficient hospital beds due to an increased number of infections, and some patients had to receive treatment at an accommodation facility or at home under the supervision of a doctor or other medical profession. These patients were treated the same as hospitalizations under the policy terms and conditions, and payments for "deemed" hospitalizations refers to the special treatment of making these cases eligible for hospitalization benefits, etc. While this was a negative factor in profit terms, we were able to fulfil our mission as an insurance company in the time of the pandemic—protecting policyholders. I believe our sense of responsibility as an insurance company greatly increased. On the other hand, it is a fact that it was the kind of phenomenon that we had not envisaged when designing insurance products, and I believe we need to put it to use when developing products and managing risks in future.

The increase of currency hedging costs was significantly higher than our conventional expectations. Our Group has been working on reducing hedged foreign bonds since FY2021, and we will keep an eye on the situation and work on making further improvements to our portfolio.

Steadfast promotion of the Group Long-Term Vision

As mentioned above, we faced a severe external environment. Nevertheless, like I stated at the beginning of this message, we will steadily promote improvements to capital efficiency, one of the pillars of the Group Long-Term Vision. Essential to improving capital efficiency is creating stable capital through the core domestic life insurance business, releasing capital through reducing assets and liabilities with a low return relative to risk, and returning this capital to shareholders at the same time as improving the base profitability by redirecting investments to growth.

New policy sales results in the life insurance business grew year-on-year across all three Group companies for the second year running since the start of the Long-Term Vision, securing a standard much higher than FY2019 before the COVID-19 pandemic. New policy acquisitions are the source of future accounting profits, and I am proud of our strong new policy sales results, which is our major strength amidst the sluggish new policy sales results of our competitors.

Regarding recovery of allocated capital from

Closed Book Business P.24
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Message from the Head of Finance P.55

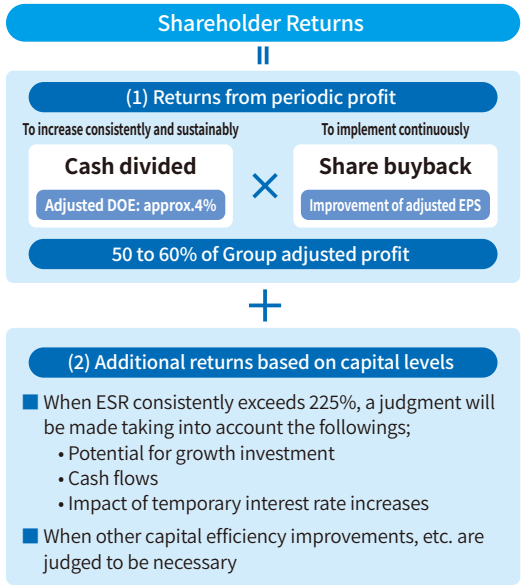
assets and liabilities with low return relative to risk, we are steadily implementing the following measures: (1) Ceded reinsurance of the negative spread block, (2) Reducing interest rate risk, (3) Reducing hedged foreign bonds, and (4) Reducing strategic shareholdings. In the two years since launching our Long-Term Vision, we have managed to reduce risk by around 78 billion yen. Together with the surplus expansion through the same measures, this contributed to a +15 pt increase in ESR. The ceded reinsurance of the negative spread block would have previously been a difficult measure to decide on as it entails recording a large negative in our accounts in the short term, but we judged it to be a necessary measure from the perspective of improving capital efficiency. This was also largely due to the background of our conviction that ceded reinsurance is an effective tool for an insurance company's financial strategy and capital management through the investment in the CB business that we started in 2019.

Regarding the CB business, which is positioned as a growth business, we made additional investments in Fortitude totaling to around 60 billion yen from 2022 to 2023, bringing our cumulative total investment in the company to approximately 140 billion yen. While there are fluctuations due to the financial environment, the CB business accounts for around 20% of Group adjusted profit, and has grown to become the second largest source of profit after the domestic life insurance business, thereby raising the level of the Group's consolidated profit.

Redevelopment of shareholder return policy

FY2022 was a year of working on advancing our capital management. We thought that we could not strengthen Group governance without increasing the efficacy of capital management and that we needed to flexibly allocate group management resources and boldly conduct management to circulate the Group's capital. Driven by these strong beliefs, we redeveloped our capital management by raising awareness internally and through engagement with the market.

Concerning our policy on shareholder returns, we recognized issues in three areas: (1) predictability, (2) return level, (3) dual criteria for economic solvency ratio (ESR) and Core ESR. Throughout the year, we held thorough discussions within the company, particularly with the Board of Directors, as well as communicating with investors and analysts. In addition to integrating Core ESR and ESR, we organized shareholder return into (1) Return from periodic profit (50-60% of Group adjusted profit), and (2) Additional return based on capital levels. Moving forward, we will strengthen returns in line with this policy. At the same time, we will proactively consider investments that will bring a revenue rate higher than the capital cost and that will help strengthen existing Group business.



Shareholder Returns P.57

Share valuation

Our share price has risen around 60% from 1,426 yen at the end of March 2021, which was the beginning of the Group Long-Term Vision, to 2,311 yen at the end of July 2023. The PBR has also recovered from 0.5x to over 1x. However, since PBR does not take into account retained liabilities and value of in-force business unique to life insurance companies, we recognize that P/EV, which is based on EV, which represents the corporate value of life insurance companies, is important as a share price valuation index for life insurance companies. P/EV increased from the 0.2x range at the end of March 2021 to the 0.3x range. However, needless to say, the 0.3x range is not satisfactory. We believe that the uncertainty of future profits included in the value of in-force business on EV is a discount factor to some extent. However, we recognize that what this valuation essentially means is that when EV is considered as capital, the market is evaluating that the profit level is not yet sufficient and the capital is not fully utilized. As a result, I believe it will be necessary to further promote efforts towards our Group Long-Term Vision goal of improving capital efficiency in future.

Improving Share Valuation P.56

Improving capital efficiency

While both boosting profit and controlling capital are important in order to improve capital efficiency, the most important factor is boosting profit.

Our Group's present measures to improve profits can

Message from the Head of Finance P.55

Top Message

be split into three main categories.

The first is improving underwriting profitability.

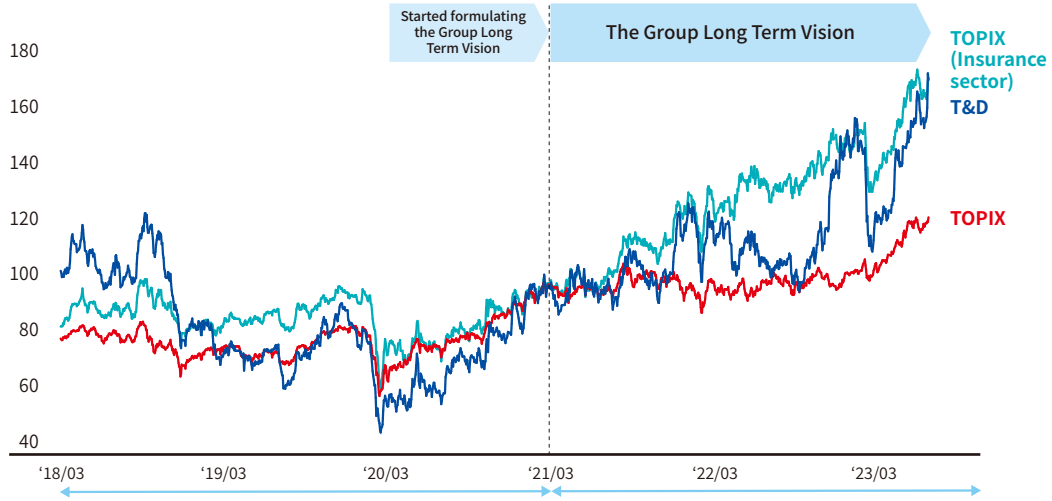
Many life insurance products have an ultralong policy period, and are structured to continually record revenue over a long period until the policy ends. Our current solid new policy sales results will contribute to improving future underwriting profitability. When it comes to improving underwriting profitability, there are no measures with immediate effect. Instead, we have to steadily accumulate high quality in-force policies. Underwriting profitability is not directly affected by financial market fluctuations (with the exception of the COVID-19 pandemic), meaning that this is essentially stable profit. The cornerstone of the Group's profit improvement measures is to accumulate in-force policies through expansion of new policy sales results and to steadily and continuously increase insurance income. We believe that the accumulation of insurance earnings, which are highly stable in terms of profits, will also help to reduce the cost of shareholder's capital.

The second is improving asset management profitability.

Our current initiative in this area is the rebalance of our hedged foreign bonds in order to deal with increased currency hedging costs. We are seeking to increase our investment yield by purchasing more yen-dominated ultra-long-term bonds and alternative investments such as private equity from foreign bonds, which have low yields after taking into account currency hedging. Furthermore, we plan to keep an eye on the situation and increase our investments in attractive foreign credit on the global market. In addition, we are working on reducing strategic shareholdings. This will allow us to increase our net investment capacity and take advantage of stock diversification, with the goal of increasing the risk-to-return ratio of our equity investments as a whole.

The unambiguous requirement of life insurance company asset management is to steadily earn the scheduled interest promised to policyholders. ALM is the basis of the Group's asset management, and we plan to continue to reduce interest risk. At the same time, from the perspectives of risk diversification and acquiring excess return, we will also diversify into foreign currency bonds, domestic and foreign stocks, and alternative investments. In addition, we believe that one of the strengths of life insurance company asset management is the ability to take a certain degree of risk from a long-term perspective on assets that are illiquid in the short term, such as private equity and overseas credit investments, by taking advantage of the ultra-long term nature of life insurance liabilities.

The third is expanding revenue in the CB business, which we perceive as a growth domain. We will increase the ratio of the CB business to consolidated profits by improving the profits of investee Fortitude. While Fortitude's business model is to earn excess returns on asset management revenues, taking advantage of the long-term and illiquid nature of the liabilities, the basic policy is to pursue excess returns by allocating a certain portion of assets to low-liquidity



Percentage Change of TSR	'18/03-	'19/03-	'20/03-	'21/03-	'22/03-
T&D	+64.5%	+131.8%	+192.3%	+74.6%	+44.1%
TOPIX	+53.1%	+61.2%	+78.2%	+25.3%	+22.9%
TOPIX (Insurance sector)	+103.3%	+103.7%	+124.3%	+75.2%	+33.0%

(Source) Bloomberg

* As of July 31, 2023
* Total Shareholder Return(TSR): Profitability calculated pre tax and assumes that all dividends are reinvested.
* End of March 2021 set as 100.

assets with relatively high credit ratings, backed by the expertise of co-investor Carlyle. Although there is a certain degree of volatility due to the financial environment, we believe that stable excess returns can be achieved over the medium to long term.

While we will also pursue new investment opportunities that contribute to risk diversification, we will make prudent investment decisions while confirming that IRR and ROI exceed the cost of capital and keeping in mind the cash flow of the CB business as a whole. Through these three profit improvement measures, we will first steadily achieve the Group Long-Term Vision target of 130 billion yen in Group adjusted profit for FY2025, following which we hope to achieve further profit improvements.

Pursuing Group synergies

In April of this year, for the first time since the establishment of HD, we aired a TV commercial as a Group. The promotion of integrated Group management is essential if we are to achieve further profit growth beyond the 130 billion yen Group adjusted profit mark and look ahead to the next 10 to 20 years. In FY2023, the third year of the Group Long-Term Vision, we would particularly like to accelerate initiatives in this field. Concerning this point, I would like us to revisit the objectives outlined when the Group integrated, namely: "strengthen the life insurance business by maximizing the strengths and uniqueness of the three companies' business models," and "aiming for continuous growth and earnings expansion by combining group management resources, improving management efficiency, and making strategic concentrated investments." The Group has so far placed more emphasis on the former and has not yet achieved sufficient results in the latter, and we believe that there is much room for improvement. To be specific, for the corporate and asset management divisions, which share many common operations, there is room for improvement both in terms of cost reduction and improvement in the quality of operations through sharing within the Group. In particular, with respect to asset management, the Group's general account assets are approximately 15 trillion yen, and a 1.5 billion yen pre-tax profit improvement can be expected from a 1bp yield improvement alone, so we believe the benefits of the integration will be significant. From 2021, a portion of Taiyo Life and Daido Life's alternative investment functions have been transferred to T&D Asset Management, and we are gradually expanding the assets under management. In addition, we would like to reiterate our intention to promote the mutual use of real estate within the group.

We believe there is significant room for group synergies in terms of strengthening the life insurance business. Currently, each of the three life insurance companies is taking measures to expand contacts with customers, but the possibilities are vast when considering the Group as a whole. While we are strengthening cross-selling among Group companies, what we are particularly looking forward to is the expansion of customer touchpoints through the pet insurance business, and we believe that we can achieve unprecedented results by utilizing Pet & Family as a starting point for the expansion of Group customer touchpoints.

A certain amount of friction is inevitable with regard to business integration, and the group's internal discussions to date have produced many reasons why integration cannot be done and disadvantages of integration. Reflecting on these points, the holding company intends to take a strong leadership role in implementing business integration from the viewpoint of Group optimization.

Developing Group management personnel

The development of Group management personnel who can think in terms of group optimization is one of the most important issues for the future of our group, and is a theme that we are currently focusing on. A point that I consider to be particularly important in this context is experiencing the operations of the holding company and operations of Group companies other than one's own company. While it is obviously necessary to become familiar with the operations of the company you have joined, this is not enough from a Group management perspective. It is necessary to develop a Group perspective by experiencing the operations of Group companies. In order to generate Group synergies, we strongly feel that collaboration among subsidiaries needs to be strengthened and that the management of each subsidiary also needs to have a group perspective. From the viewpoint of employee success, we believe it is significant to expand the field to the entire Group, rather than limiting it to only the company the employee belongs to.

Additionally, while it is needless to say that the integrity I mentioned earlier is needed for personnel who will take on Group management, I believe another essential characteristic is being able to engage in constructive dialogue with the market. Market opinions can sometimes go too far, and we do not believe that all of them are correct. However, there are many things we can realize through dialogue with the market, and we will continue to place importance on this going forward. We

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Top Message

would like to assign management personnel to the Group who can explain the company's management policies and results to the market in a correct and easy-to-understand manner, and create a positive cycle in which constructive opinions obtained through dialogue with the market are utilized in management, thereby increasing the share price.

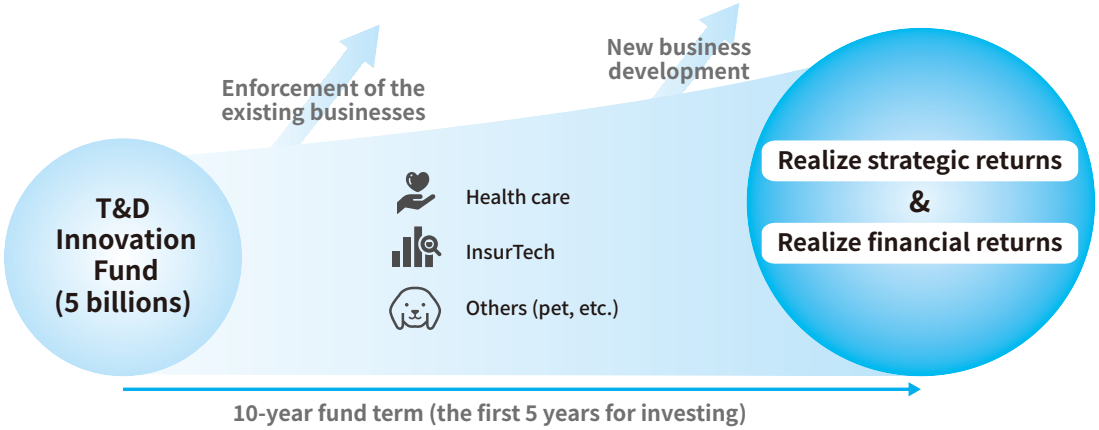
Try & Discover

Our company was founded in April 2004, and we will be welcoming in our 20th anniversary next year. As we approach our 20th anniversary, we would like to reaffirm our management philosophy of "Try & Discover" within the Group. For example, All Right, which was founded last September, is a big "Try" for the Group. The company was established to construct new customer touchpoints by using digital tools and collaborating with partners. Because this is a new initiative, we are truly practicing Try & Discover, and we will use this company as an opportunity to deeply instill a culture of Try & Discover throughout the Group as a whole.

We are sometimes told that there is little room for a life insurance business, which insures people, to grow in Japan, which is facing a declining population. However, the Group believes that there is still much room to address the role of life insurance companies in Japan.

For example, it is predicted that global warming will increase. Damage caused by natural destruction and natural disasters brought about by climate change is likely to increase not only in terms of physical damage but also in terms of human suffering (health damage), increasing the need for insurance against health damage. We cannot yet say that we are adequately prepared for unknown viruses such as COVID-19.

While the majority of the services that the Group currently provides to its customers are life insurance, it is conceivable that the Group could delve deeper into its business model and offer other services in areas that are highly compatible with life insurance. Last year, we established T&D Innovation Fund as corporate venture capital (CVC), and are investing primarily in healthcare and insurance tech, which have a high affinity with the life insurance business. Driven by the Try & Discover philosophy, we will strengthen existing Group business and cultivate new business through initiatives such as open innovation with investee start up companies.

Allow me to conclude by saying that when I once again look at the change in share price to date, while the share price has in some aspects been on the excessive side, I believe it is generally a good representation of our reality. Our share price, which temporarily fell below 1,000 yen from March to May 2020, has turned around and has now recovered to 2,000 yen after the formulation and implementation of the Group Long-Term Vision. In order to further increase our share price, we will strive not only to steadily achieve the goals set forth in the Group Long-Term Vision, but also to further strengthen and enhance our investor relations activities. Although it is not integrity that I mentioned at the beginning, I believe that the foundation of IR is also sincerity, and we intend to maintain and improve the relationship of trust with our investors and analysts through sincere IR. We will conduct disciplined management that fully incorporates the voices of the market and our stakeholders into our operations. Nothing would give us greater pleasure than to see investors and analysts realize that T&D is changing even more through our future IR activities. We kindly ask for your continued support.

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