



LIFENET INSURANCE COMPANY

Full Year Financial Results Briefing for the Fiscal Year Ended March 2021

May 13, 2021

[Speaker]

Ryosuke Mori

Representative Director and President

Presentation

Mori: Thank you very much for taking time out of your busy schedules to participate in today's financial results briefing. At 3:30 PM today, we announced our financial results for FY2020. The presentation materials are available on our IR website. Today, I would like to explain the outline of the financial results using the financial results presentation materials, and then move on to the Q&A session.

Overview of Fiscal 2020



Annualized premium¹ of policies-in-force

18,713 million yen
(120.6% vs end of FY2019)

Annualized premium¹ of new business

4,197 million yen
(Y-on-Y 122.5%)

EEV (European Embedded Value)

95,140 million yen
(129.6% vs end of FY2019)

Adjusted incremental EV²

7,553 million yen
(Y-on-Y 189.1%)

Notable Achievements

Raised new capital for future growth



Expanded white label business



Money Forward

Received high evaluation³



1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.
2. Adjusted incremental EV consisted of components adequately reflecting our business growth for fiscal 2020, see page 14 and 45 for details.
3. The 2021 Oricon Client Satisfaction Survey conducted by Oricon Inc., and J.D. Power 2021 #1 Life Insurance Contract Customer Satisfaction Study <Direct Distribution Channel>

First, please look at page 3.

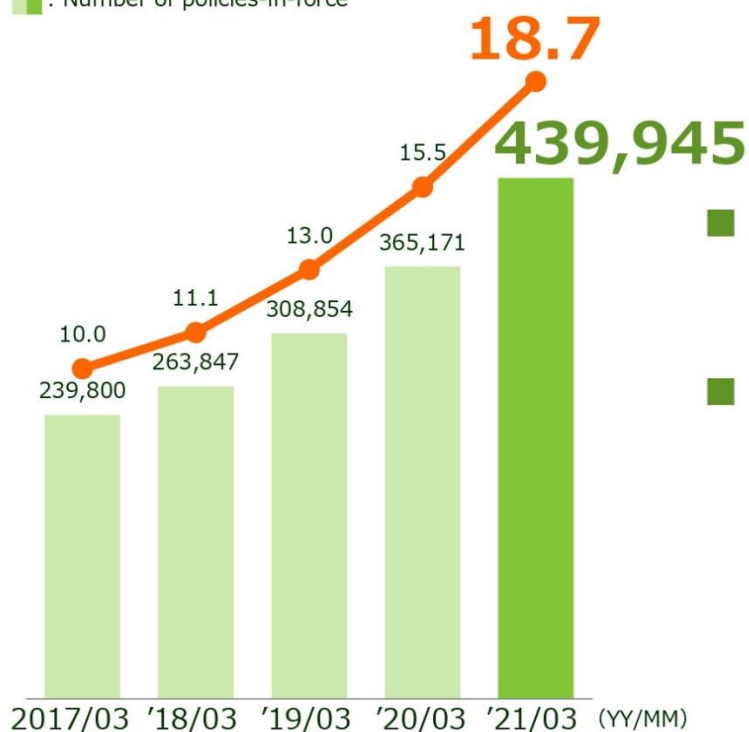
Here is the main performance for FY2020. The in-force business grew strongly. Annualized premiums of policies-in-force, which is equivalent to the annual recurring revenue increased 20.6% to JPY18,713 million compared to the end of the previous fiscal year. Annualized premiums of new business increased 22.5% YoY to JPY4,197 million.

European embedded value, which is the most important management indicator in our management policy, increased by 29.6% from the end of the previous fiscal year to JPY95.14 billion. Of the increase from the end of the previous fiscal year, the adjusted incremental EV, which indicates the growth in performance for the period, was JPY7,553 million. The notable achievements will be explained later.

Annualized Premium / Number of Policies-in-Force



■ : Annualized premium of policies-in-force¹ (JPY billions)
■ : Number of policies-in-force



■ **Accelerated growth momentum**

■ **Year-on-year Annualized premium **120.6%**, number of policies-in-force **120.5%****

2017/03 '18/03 '19/03 '20/03 '21/03 (YY/MM)

1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

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Page 4 shows Changes in the performance of policies-in-force.

Annualized premium of policies in-force were JPY18.7 billion and the number of policies-in-force was 439,945, marking a year of strong growth in policies in-force.

Changing Factors of Policies-in-Force



- Increased due to **growth of new business** and **improvement of surrender and lapse ratio**

	Fiscal 2019	Fiscal 2020
Number of policies-in-force (BOP)	308,854	365,171
+) Number of new business	80,911	100,587
-) Decreased number of policies ¹	(24,594)	(25,813)
Surrender and lapse ratio ²	7.0%	6.0%
Number of policies-in-force (EOP)	365,171	439,945

1. Decreased number of policies include death, expiration and others in addition to surrender and lapse.

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.

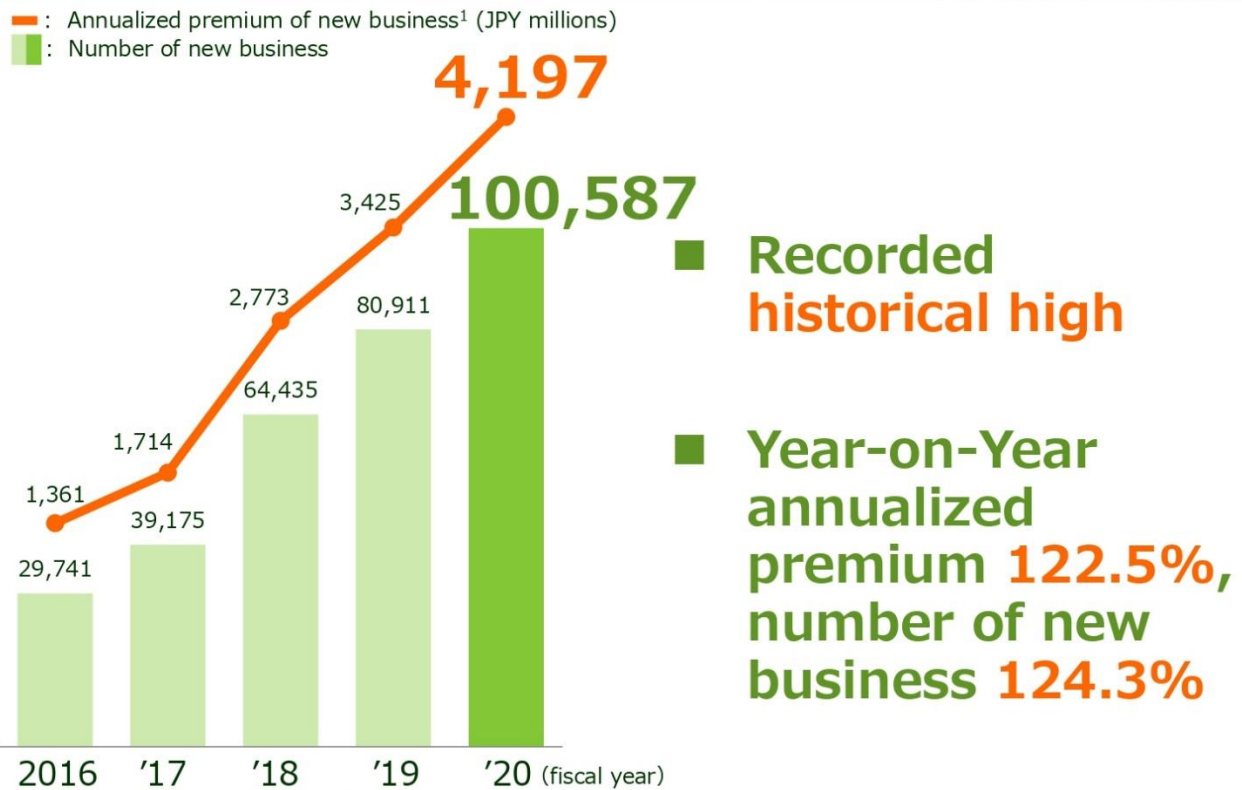
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Page 5 describes the factors that caused changes in the policies-in-force.

The growth of policies-in-force depends not only on the performance of new policies, but also on to how much extent we can reduce the decreased number of policies. As you can see, the number of new policies grew substantially in FY2020, while the surrender and lapse ratio improved YoY to 6%, which also helped accelerate the growth of policies-in-force.

We believe that surrender and lapse were suppressed due to the impact of COVID-19. On the other hand, there have been some short-term fluctuations, such as a slight increase in the number of surrenders and lapses in recent months, and we will continue to monitor the situation closely and implement various measures so that we can show an improvement trend over the medium term.

Annualized Premium / Number of New Business



1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

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Page 6 shows the trend of our new business performance. Annualized premiums of new business increased by 22.5% YoY to JPY4,197 million, and the number of new business increased by 24.3% YoY to 100,587, surpassing 100,000 for the first time since the business commencement. As a result, we were able to achieve record high performance for 3 consecutive fiscal years.

On a quarterly basis, the fourth quarter of FY2020 was the second best quarter following the first quarter of FY2020, which was the best quarter ever, but the background is slightly different. In the first quarter, amid the first wave of the COVID-19 pandemic, various temporary external factors significantly boosted new business results.

On the other hand, in the recent fourth quarter, we believe that the growth was due to internal factors such as our sales activities and management efforts rather than external factors, which was a great encouragement to us because we can reproduce it going forward.

Marketing Efficiency



- : Marketing expenses per new business (JPY thousands)
- : Marketing expenses / Annualized premium of new business¹ (JPY)



- **Aggressively invested in marketing in Q4 for further growth**
- **Improved mainly due to temporary impact by COVID-19**

1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Page 7 shows marketing efficiency.

The table on the lower left shows the marketing expenses that we invested. Marketing expenses used in FY2020 were JPY6,712 million, partly due to aggressive investments, especially in the fourth quarter, in light of the business environment.

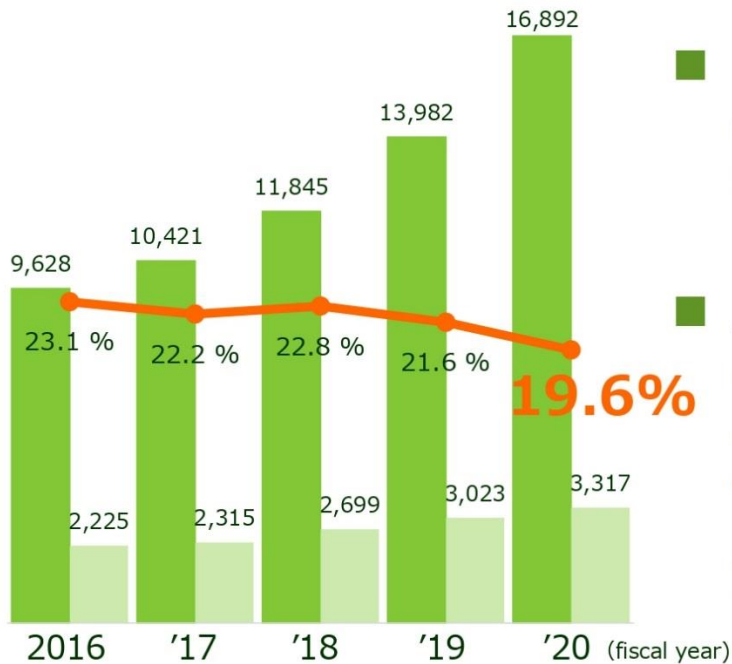
On the other hand, marketing expenses per new business for the full year, as shown in the bar graph, improved to JPY66,000 from JPY75,000 in the previous year.

Amid the spread of the COVID-19 infection, we have been conducting business operations focusing on the balance between growth and efficiency, and as a result, we believe that we generally achieved the results we expected.

Operating Expenses Ratio



- : Operating expenses ratio¹ (%)
- : Insurance premiums (JPY millions)
- : Operating expenses excl. marketing expenses (JPY millions)



■ Improved with the growth of in-force business

■ Aim to improve operational efficiency by further business expansion in mid-term

1. Operating expenses ratio is calculated by dividing operating expenses excluding marketing expenses by insurance premium.

Next, I will explain the efficiency of operating expenses excluding marketing expenses.

Operating expenses excluding marketing expenses amounted to JPY3,317 million, and the operating expenses ratio to insurance premium was 19.6%. In line with the current growth in policies-in-force, the expense ratio has been steadily improving.

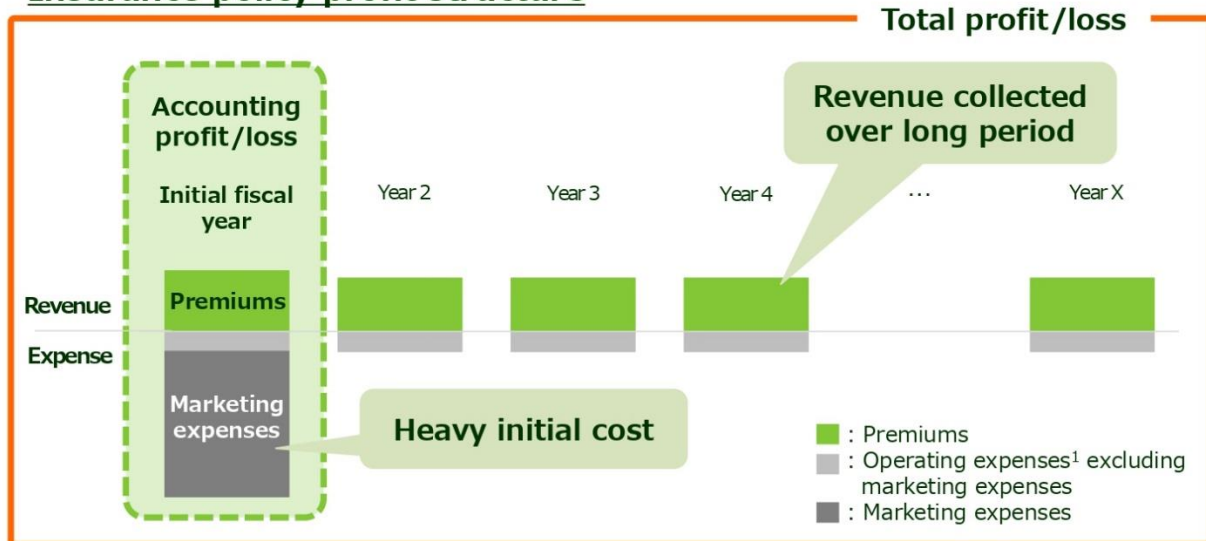
An improvement in the operating expense ratio means a decrease in unit costs, which is an important factor contributing to improved profitability and increased European embedded value. Therefore, we will continue our efforts for improvement.

Profit Structure under Current Statutory Accounting



- **Time lag is caused between the recognition of costs and revenue** as marketing expenses is recognized at the time of acquisition, and revenue is collected gradually over a long period.

Insurance policy profit structure



1. Costs for policy management, payment of insurance claims and benefit claims, etc.

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Page 9 shows the accounting structure of life insurance companies.

This is important for you to properly understand our profitability.

Under the current statutory accounting on the profit and loss statement, the entire cost associated with the acquisition of new business is recognized as a current period expense. Meanwhile, the income from insurance premiums, which is the revenue, is recognized over a long period of time. Consequently, the more new business grows, the greater the profit decline during the current period, due to the growth in costs posted during the current fiscal year.

Statutory accounting therefore does not necessarily provide a picture of the long-term profitability of our business.

Adjusted Profit



■ **Steadily recorded** adjusted profit generated from policies-in-force

The method for calculating adjusted profit

**Adjusted profit = i) Ordinary profit (loss)¹ + ii) Marketing expenses
– iii) Impact of modified co-insurance
± iv) Adjustment based on standard policy reserves²**

JPY millions / fiscal year	2016	2017	2018	2019	2020
i) Ordinary profit (loss)	88	(197)	(1,719)	(2,382)	(3,089)
ii) Marketing expenses	1,822	2,627	4,216	6,146	6,712
iii) Modified co-insurance	–	–	–	(1,526)	(804)
iv) Adjustment	543	319	347	546	739
Adjusted profit	2,454	2,748	2,844	2,784	3,558

1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act until fiscal 2016.
2. The amount of the adjustment to the policy reserve provision is the adjustment calculated by excluding the provision for contingency reserves and adjusting for the switch in method for calculating the provision from the Zillmer method to provision based on the standard policy reserves.

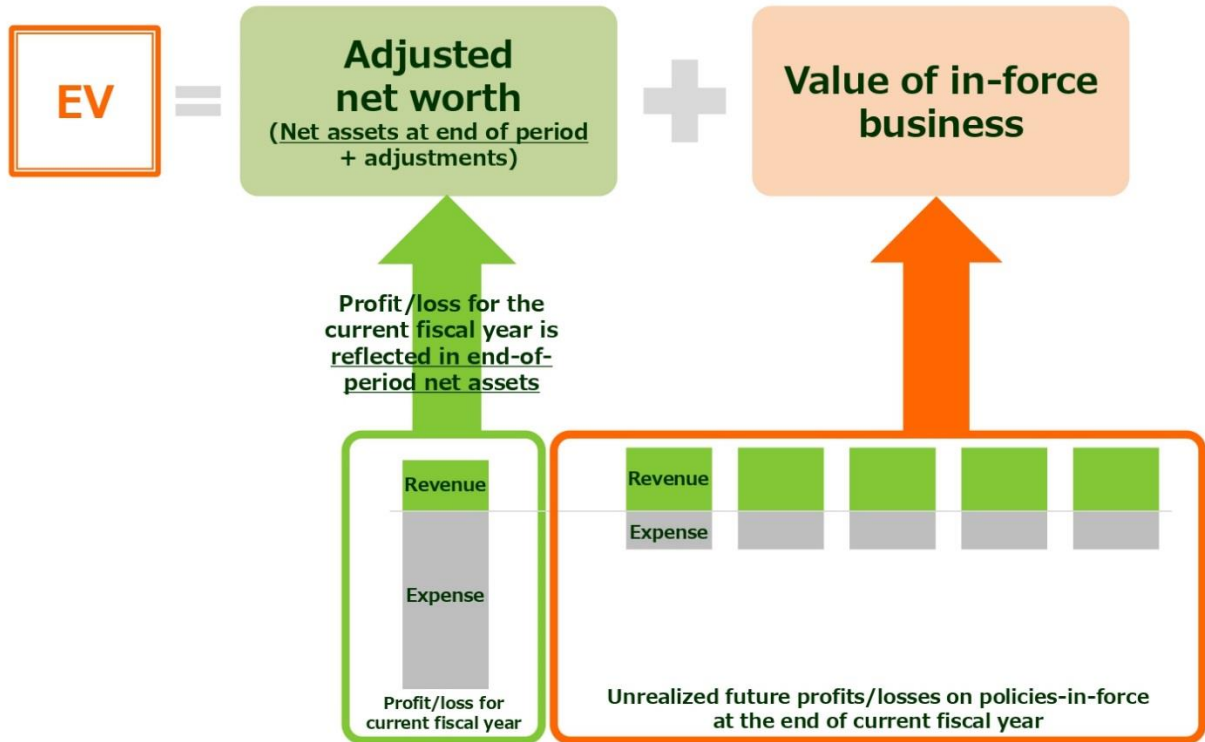
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Page 10 shows the trend of adjusted profit.

Under current statutory accounting, there is a time lag between the recognition timing of revenues and cost, and we believe that marketing expenses, which are the cost of acquiring new business, make it difficult to understand the actual state of our profitability. As a result, the Company discloses periodic earnings from policies-in-force as adjusted profit by deducting market expenses where the timing of revenue and expenses differs and adjusting for the impact of other technical profit and loss factors, such as reinsurance and policy reserves.

Adjusted profit for FY2020 was JPY3,558 million, and we believe that we are steadily recording income from in-force business.

Structure of Embedded Value



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Page 11 is regarding the structure of embedded value.

European Embedded Value is a net asset that considers the after-tax value of unrealized future profits under the statutory accounting that the in-force business will generate in the future, so it is regarded as the present value of our net assets. We have been focusing on the growth of European Embedded Value as an important management index. Please refer to this as it is important for you to properly understand our growth potential and long-term profitability.

EEV (European Embedded Value)



- Characteristics of Lifenet's EEV are as follows:

Strong growth

- **Maintaining increase** in EEV since listing in March 2012
- **Steadily growing** even in a low interest rate environment

Resilience to interest rate changes

- **Limited sensitivity** to interest rate and stock fluctuations

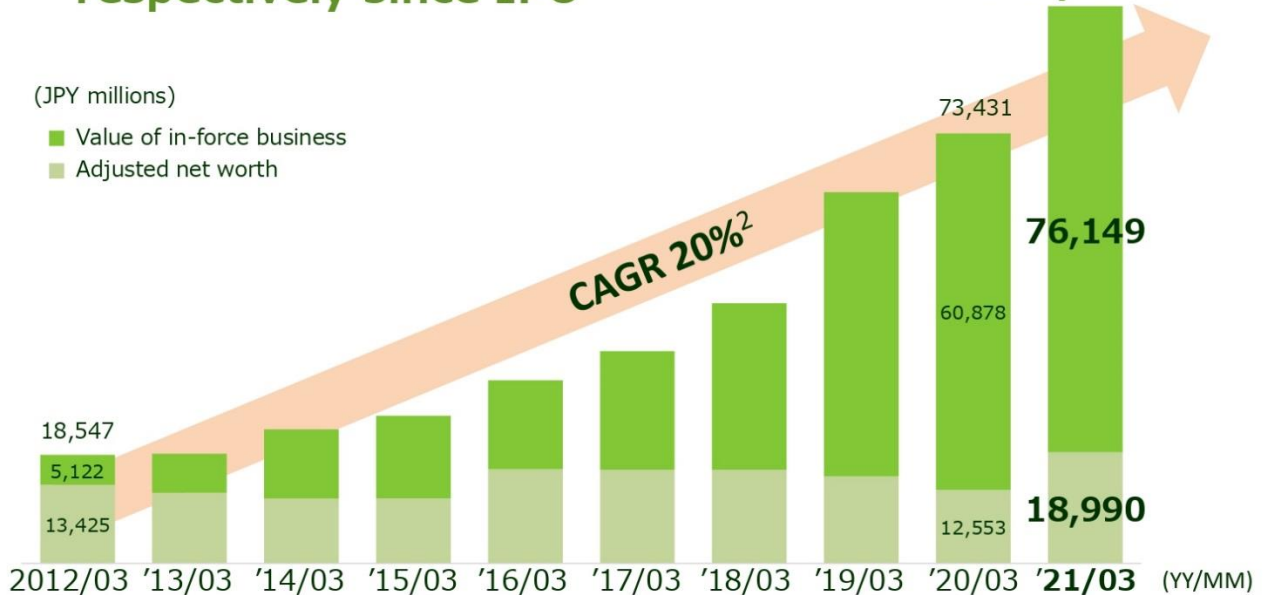
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The two main characteristics of our European Embedded Value are strong growth and resilience to interest rate changes. We will explain more in the next pages.

Strong EEV¹ Growth



- EEV and value of in-force business have been growing at a CAGR of **20%**² and **35%**, respectively since IPO



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate the level of ultra-long-term interest rates past the last liquid data point. This method of extrapolation has also been used to restate EEV as of March 31, 2016.

2. The calculation includes 3,040 million yen in proceeds from a third-party allotment in May 2015 and 9,005 million yen from overseas public offering in July 2020.

Page 13 describes the strong growth trend of EEV.

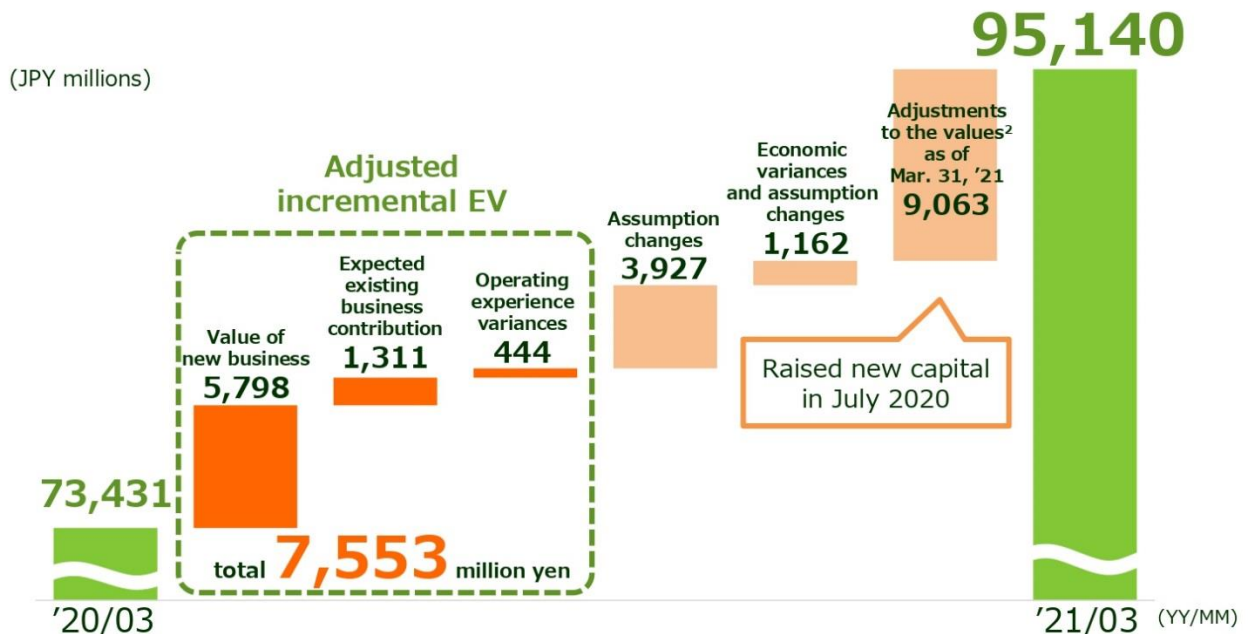
As of the end of March 2021, European Embedded Value was JPY95.14 billion, and we now see a prospect of reaching our management target of JPY100 billion soon.

Since our listing in March 2012, EEV has grown steadily at CAGR of 20%. In particular, CAGR of the present value of future profits from policies-in-force, which are retained as future profits, has been 35%, strongly driving the growth of EEV.

Changing Factors of EEV¹



- Increased due to the strong new business performance, the improvement of operating expenses ratio and capital raising



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred.
2. Item for change in capital

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Page 14 is an analysis of the factors causing changes in EEV from the end of FY2019 to the end of FY2020.

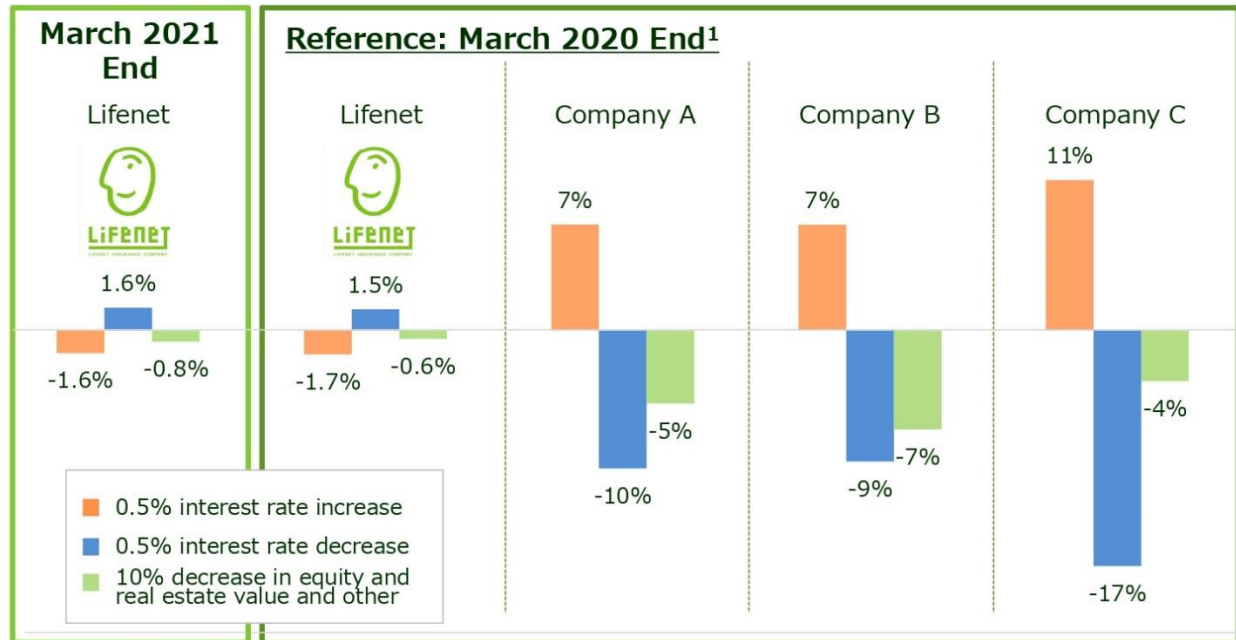
Among the changes in EEV, the Company defines the sum of the three items, the value of new business, the expected existing business contribution, and the operating experience variance, all of which are circled by the green dotted line on the slide you see, as the adjusted incremental EV, and considers it to be an indicator showing our performance for the period.

The adjusted incremental EV for FY2020 was JPY7,553 million. Of this amount, the value of new business reached a record high of JPY5,798 million, with strong new business performance driving the growth of adjusted incremental EV. In addition, JPY3,927 million has been recorded as assumption changes, mainly reflecting actual results such as an improvement in the operating expense ratio.

EV Resilience to Financial Changes



■ Limited sensitivity to interest rates and stock prices



1. Prepared by Lifenet based on disclosed information of domestic public life insurance companies.

Page 15 shows the sensitivity of EV to changes in interest rates, stock prices and other factors for the Company and domestic listed life insurance companies.

As you can see, the sensitivity of our EV to changes in interest rates and other factors is extremely limited, as our asset management and product lineup are relatively less susceptible to changes in interest rates, stock prices and other factors.

Generally speaking, EV is a long-term performance indicator that is easily affected by interest rates, but as you can see, the impact of interest rates on our EV is limited, so we believe that uncertainty in investment decisions is relatively small as our financial characteristics.

There are various drivers for EV growth, we aim to achieve sustainable EV growth through organic growth in our business, such as expansion of in-force business and improvements in business efficiency.

[Ref.] Life Time Value and Customer Acquisition Cost



Key Metrics for a SaaS Company and Lifenet

	Commonly Used SaaS Glossary	FY2019	FY2020
ARR per Contract (Annual Recurring Revenue)	<ul style="list-style-type: none"> The value of the contracted recurring revenue components of the term subscriptions normalized to a one-year period 	Annualized Premiums per Policy-in-force JPY 42,486	Annualized Premiums per Policy-in-force JPY 42,536
Life Time (Term of Contract)	<ul style="list-style-type: none"> Contract period: from date entered into contract until the contract is cancelled Calculated by reciprocal of churn rate 	× Average Policy Term 14.3 years¹	× Average Policy Term 16.7 years¹
Gross Profit Margin	<ul style="list-style-type: none"> Percentage of revenue left over after the cost of servicing that revenue is taken into account 	× 45%²	× 43%²
LTV (Life Time Value)	<ul style="list-style-type: none"> Accumulated profit per client during the contract period Revenue from new client * total revenue profitability (%) * contract period 	 (Annualized Premiums per Policy * Life Time * Gross Profit Margin) JPY 273,397	 (Annualized Premiums per Policy * Life Time * Gross Profit Margin) JPY 305,451
CAC (Customer Acquisition Cost)	<ul style="list-style-type: none"> Marketing and sales expenses incurred in bringing 1 client 	Marketing Expenses per New Policy JPY 75,970³	Marketing Expenses per New Policy JPY 66,737³

- 1 / Churn rate. Churn rate represents the percentage of users who cancelled out their insurance policies.
2. (Insurance premiums - Insurance claims and benefits - Provision for policy reserves and others) / Insurance premiums.
3. Marketing expenses / Number of new business.

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Please see page 16.

For your reference, we have replaced our financial performance with key metrics for a SaaS company, and show them using lifetime value (LTV) and customer acquisition cost (CAC) from the perspective of unit economics.

An important factor in identifying the performance of our business is how much customer acquisition cost (CAC) is to obtain lifetime value (LTV) based on long-term premium income.

In FY2020, the unit economics are that LTV of about JPY305,000 is acquired with a CAC of about JPY66,000. As long as we maintain and improve this unit economics, increased number of units, or in other words, growth in in-force business, will directly lead to increased corporate value, so we will continue to focus on increasing the number of policies-in-force for the time being.

Financial Condition



(JPY millions)	(YY/MM)	'20/03	'21/03
Total assets		41,144	54,501
Cash and 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 ¹		4,167	7,821
Total liabilities		31,744	38,694
Policy reserves and other		30,328	36,639
Total net assets		9,400	15,806
Solvency margin ratio²		2,117%	2,647%
Modified duration (year)		11.3	11.1

■ Maintained prudent investment management policy

■ Maintained sufficient soundness in terms of solvency margin ratio²

1. Investment trust including foreign bonds and others.
2. The solvency margin ratio is a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur.

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Page 17 is a summary of the balance sheet.

As of March 31, 2021, total assets were JPY54,501 million, liabilities were JPY38,694 million, and net assets were JPY15,806 million.

There have been no major changes to our investment management policy, and we continue to manage our assets in a stable manner.

The solvency margin ratio, an indicator of solvency, was 2,647%, which maintains a sufficient level.

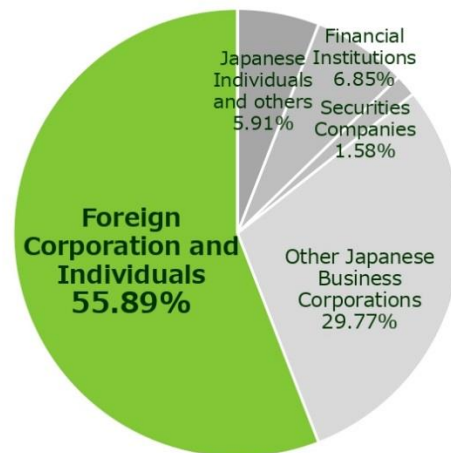
Overseas Public Offering and Secondary Offering



■ Raised new capital for future business growth through overseas public offering in July 2020

- Offered shares totaled **13.8 billion yen**
- **Raised new capital of 9 billion yen** from overseas market, mainly Asia and Europe
- **Aim for improvement of market liquidity** by secondary offering
- **Expanded investor base** after overseas public offering

Distribution of share ownership as of Mar. 31, 2021



Total number of issued shares : 60,611,136

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From here on page 18, I would like to briefly explain the main initiatives for FY2020.

In order to achieve further growth in the future, we conducted an overseas public offering in July last year.

All of the approximately JPY9,000 million raised will be used for investment in the future business growth. In addition to operating expenses, mainly marketing expenses, the capital will be invested in system development to respond to changes in the business environment, as well as new businesses, which will be explained later.

Expanded White Label Business



- Gained more partners for mid to long-term growth



Launched products from April 2020 by leveraging the brand power and strong customer base of Seven & i Group



Money Forward

Plan to distribute products from summer 2021 as a part of *Money Forward Fixed Cost Review* to improve household finances



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We are aiming to expand our white label business in order to bring the value of online life insurance to more customers.

In April 2020, we began selling products with the brand of Seven Financial Service Co., Ltd. to customers of the Seven & i Group.

In February 2021, we also entered into a business alliance agreement with Money Forward, Inc. which is the first technology company as a partner with our white label business. Money Forward and Lifenet plan to launch a life insurance review service in the summer of this year as the second release of *Money Forward Fixed Cost Review* service for improving household finances, following the review of electricity bills.

The white label business is one of the major pillars that will support our mid-to long-term growth, and we will work to expand it going forward.

High Evaluation for Products and Services



■ Achieved high level of customer satisfaction

J.D. Power 2021 #1 Japan Life Insurance Contract Customer Satisfaction StudySM
<Direct Distribution Channel Segment>



Highest in the all factors

- Interaction channel Satisfaction Ranking
- Types of products Satisfaction Ranking
- Price Satisfaction Ranking
- Forms and documents Satisfaction Ranking

Main awards for fiscal 2020

Contact Center¹



Website¹



Medical insurance²



LGBTQ initiatives³



1. 2020 HDI Benchmarking (Life Insurance Industry) hosted by HDI-Japan
2. The 2021 Oricon Client Satisfaction Survey conducted by Oricon Inc., and J.D. Power 2021 Japan Life Insurance Contract Customer Satisfaction StudySM
3. PRIDE Index 2020 hosted by work with Pride

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We are pleased to announce that we have been rated as the number one online life insurance company in Direct Distribution Channel in J.D. Power 2021 Japan Life Insurance Contract Customer Satisfaction SurveySM.

The survey was conducted with customers who have actually completed the contracting process, and we are very pleased that our customers appreciate our stress-free customer experience, simple and easy-to-understand product design, and low premiums through online application, which we place great importance on.

In addition to the above, FY2020 was a year in which our products and services won a lot of awards. We will continue to proactively invest in the customer experience to ensure that we continue to maintain high reputation.

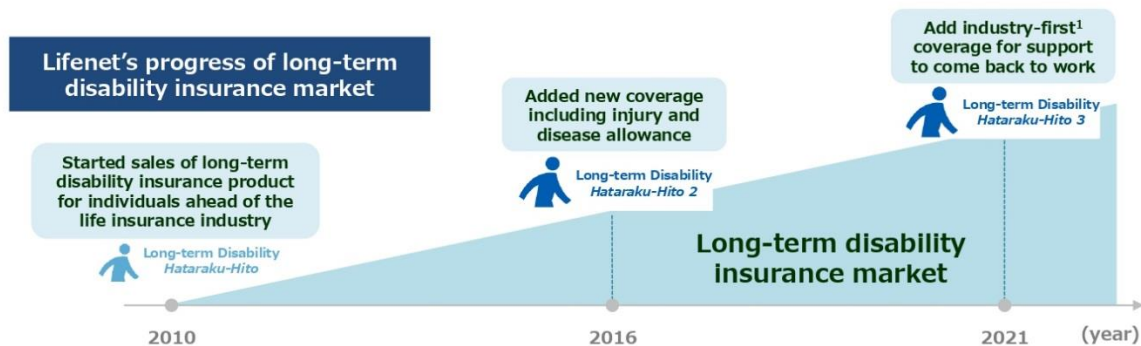
Raise the Competitiveness of Products and Services



■ Launch new long-term disability product with industry-first coverage in June 2021



Support “living expenses” which cannot be covered by social welfare and medical insurance when one is not able to work due to disease or injury



1. Industry-first full-scale long-term disability insurance for individuals (Lifenet Research as of the end of April, 2021)

In order to further enhance the competitiveness of its product line, the Company announced today that it will launch a new long-term disability insurance in June.

In 2010, we were among the first in the life insurance industry to start selling long term disability insurance to individual customers, which was still unfamiliar in Japan at the time, and we have been leading the market.

This is the new long-term disability insurance product that we launch in five years, *Hataraku-Hito 3*, which is a new and innovative concept that supports not only the disability to work but also their return to work afterwards. We will provide many customers with the industry-first coverage that provides full support not only when you are unable to work for a long period of time due to illness or injury, but also when you can work again.

Aim to Realize Lifenet Manifesto



LIFENET Manifesto Comprehensible, Cost-Competitive, Convenient

I. Our Guiding Principles

- (1) **Creating the life insurance of the future** without losing sight of its original premise: "an ounce of prevention is worth more than a pound of cure."
- (2) Listening to what our customers are saying. Recognizing their needs and acting accordingly. Allowing our actions to be borne out of their voices and needs.
- (3) Delivering the caliber of products and services that we would feel confident recommending to our own friends and families.
- (4) Being a "straight-shooter". Committing to transparency. Communicating openly about our management team, our products, and our employees.
- (5) Embracing diversity and dialogue to keep us abreast of changing needs and preferences. Delivering peace of mind that we'll be around in 100 years.
- (6) Acting in good faith means always taking the high road when it comes to compliance and ethics.

II. Making Life Insurance Accessible Again - Headache-free

- (1) Helping the customers help themselves. By making our materials easy to understand, customers can determine which coverage is truly the best fit.
- (2) Turning "clauses" in the insurance contract into succinct points that your grandmother could grasp.
- (3) Making all touch points headache-free. Beyond the application process, ensuring the claims and billing processes are also easy to understand.

III. Making Life Insurance Accessible Again - Affordable

- (1) Giving the customer what he/she needs. No more, no less at a fair price.
- (2) Staying vigilant as to how we can provide our products more cost-efficiently.
- (3) Always putting ourselves in our customers' shoes in thinking about how to minimize their premiums.

IV. Making Life Insurance Accessible Again - Convenient

- (1) Thinking about our customers' convenience from every angle and every touch point along the way.
- (2) Forming alliances with like-minded partners who can add value above and beyond our products and services to our customers.
- (3) Providing health and wellness tips beyond the framework of life insurance to create value in our policyholders' lives.
- (4) Creating a precedent for future generations as to what life insurance is (and should be) all about.

**We wish to be a company that helps our customers embrace life more fully.
In order to live out that vision, we continue to challenge ourselves.**

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We will now move on to explain our future direction.

Since the business commencement, we have established the Lifenet Manifesto as a guideline for all executives and employees to follow. This is our strength and what differentiates us the most from our competitors.

The opening sentence of the Manifesto is that "Creating the life insurance of the future." I would like to explain the direction of our business strategy, and in which direction we will take going forward in order to realize the future of life insurance that we want to create.

Impact of COVID-19



■ Temporary changes and structural changes brought by the Pandemic

Temporary changes

- Emerging customer needs for life insurance due to health concerns
- Restricted business activities because of work-from-home requests

Structural changes

- Change in consumers' behavior from offline to online



For life insurers with super-long-term business, structural changes contribute to sustainable growth opportunities

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First, let me explain our view on the impact of COVID-19.

We believe that COVID-19 has brought about two major changes.

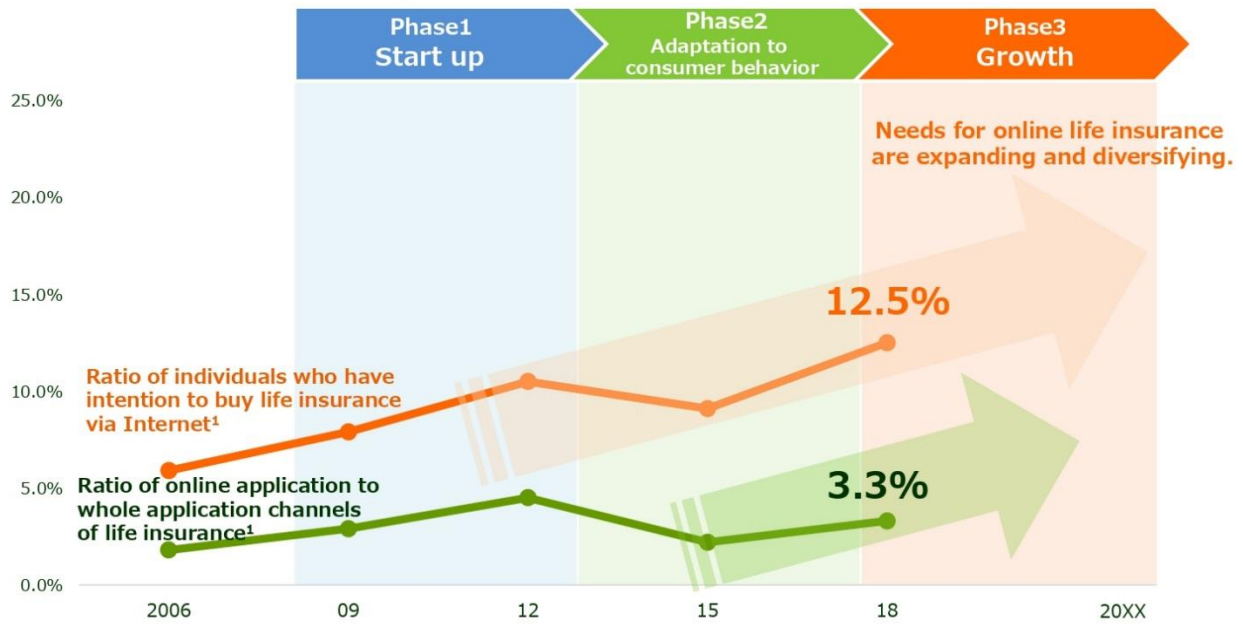
First, there are temporary changes. Under the first state of emergency issued in April 2020, we saw a sharp rise in customers' life insurance needs caused by health concerns, coupled with restrictions on sales activities caused by the request for staying home, which helped significantly expand our new business performance temporarily.

Second, there are structural changes. As the term "new normal" has been widely used, we believe that the behavioral change of customers from offline to online will continue going forward. In particular, given that the life insurance business is a super-long-term business, the impact over 10 to 20 years will be extremely significant, so we will pay close attention to these structural changes caused by changes in customer behavior.

Business Environment surrounding Online Life Insurance Market



- Financial digitalization is proceeding driven by COVID-19, and structural growth of online life insurance is expected in the future



1. a nationwide report on the life insurance industry (2018) by the Japan Institute of Life Insurance

This is our approach to the business environment surrounding the online life insurance market.

In fact, even before COVID-19, the financial digitization had been a structural megatrend, and online shifting and digitalization had been prevalent in various adjacent financial services. In the life insurance industry as well, the channel structure has been steadily shifting to online.

Last year, outbreak of COVID-19 accelerated the trend toward digitalization in the financial sector, and the life insurance industry has also begun to take steps toward digitalization.

Against this backdrop, the needs of consumers for online life insurance are expected to grow further, and we believe that the business environment has become favorable for us, as a pure player in online life insurance market, to take on the challenge of growth and transformation.

Investment in Priority Areas



- **Innovation of customer experience and enhancement of promotion capabilities** are key sources of competitiveness

Internet Channel

Further improve brand awareness and frictionless CX



White Label Channel

Expand strategic partners



1. Source: "MyVoice Communications survey on awareness rate of insurance companies"
2. Source: "KDDI Integrated Report 2019" The sum of the number of contractors from au and MVNO as of March 31, 2019.
3. Source: Seven Financial Service's company numbers: The number of issued Nanaco cards as of February 2020.
4. Source: "Presentation Material for FY11/21 1Q Financial Results" The number of Money Forward ME users

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I would like to explain our priority areas.

Over the last 3 years, we have identified the key elements for success in the online life insurance business and have significantly strengthened these elements. The most important things in the online life insurance business are UI/UX and traffic, i.e., "innovation of the customer experience" and "enhancement of promotion capabilities". Over the past 3 years, we have been investing aggressively in these areas in particular.

Regarding innovation of the customer experience, we have been steadily accumulating results through our efforts to design a smooth experience not only for prospective customers, but also for existing policyholders.

On the other hand, customer expectations for CX will change with the times, and it is very important to adapt without delay to the behavioral changes of customers, especially younger customers. Therefore, we will put more attention to the advancement of data science to further enhance the customer experience.

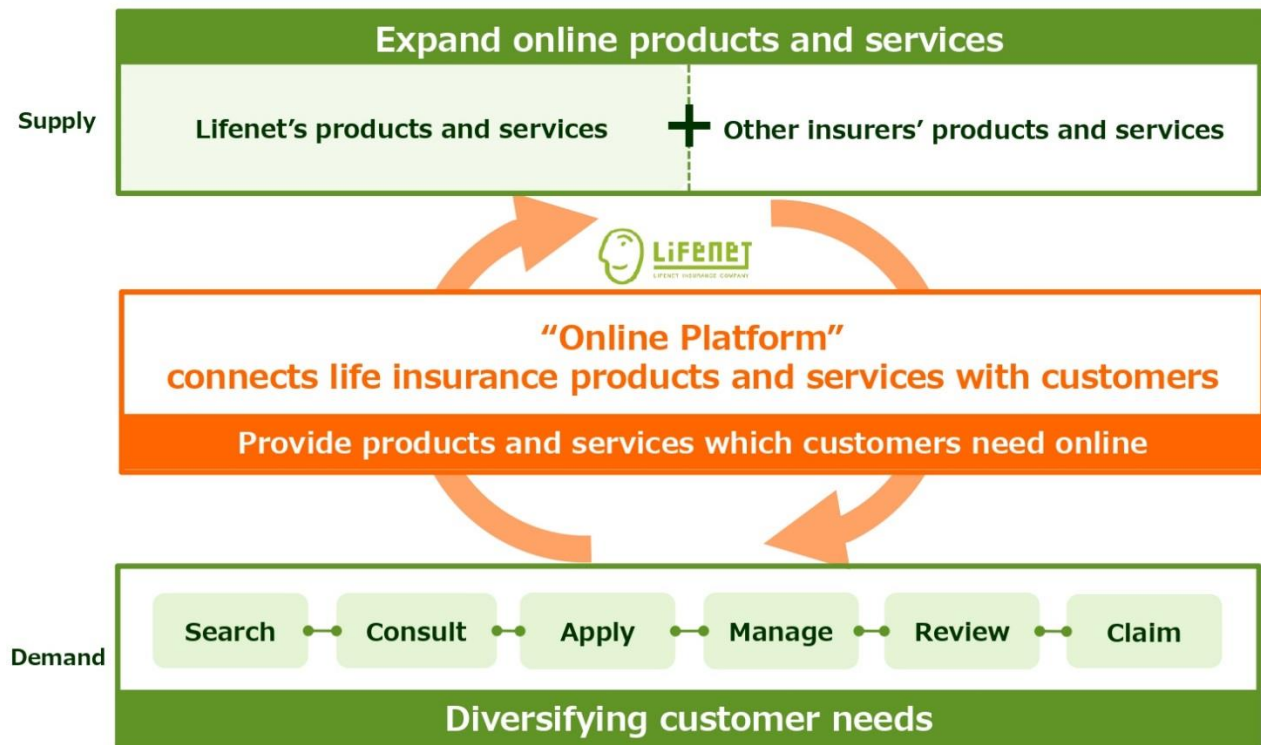
Next, regarding enhancement of promotion capabilities, as we have indicated, we have two sales channels: the Internet direct sales channel and the white label channel. In FY2020, the Internet direct sales channel performed better than expected, and was a major driver of growth.

White label is an indispensable channel for achieving medium- to long-term growth in the future. KDDI and the Seven & i Group have a great advantage in being able to leverage their large customer bases and excellent brands.

In addition, the collaboration with Money Forward, Inc. scheduled to start in this summer, will be a new challenging opportunity for us to better approach the insurance review segment.

We believe that we will further refine these two elements, "innovation of the customer experience" and "enhancement of promotion capabilities" and we will be making further investments in these areas.

Develop Online Life Insurance Platform



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As the online life insurance market expands in the future, consumers' needs are diversifying in the life insurance process from search, consult, apply, manage, review, to claim, and we believe that solving their concerns and issues online will become a major option..

We have rather focused on creating good insurance products and services. As a result, we have not been able to fully meet the needs of a wide range of customers and have not been able to fully utilize the huge growth potential of the online life insurance market.

In order to meet the growing expectations of consumers and drive the expansion of the market, we need to transform ourselves into a player to not only create good products and services, but also integrate various services and else and deliver them online.

Therefore, by acting as a bridge between customers, products and services, we hope to innovate a series of online customer experiences, and build an online life insurance platform to drive the expansion of the online life insurance market.

Established New Joint Venture



- Launch **online insurance agency services** in July 2021

New company

LIFENET MIRAI Inc.

Comparison of insurance products

Proposal for insurance review

Policy maintenance

Support for insurance claims



(Investment ratio: 80%)

- Create a stress-free CX
- Generate website traffic
- Bring expertise in life insurance area



(Investment ratio: 20%)

- Build data infrastructure
- Utilize AI technologies such as machine learning, OCR and others
- Bring expertise in financial engineering

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As part of the effort, we have decided to establish a joint venture.

The new company name is Lifenet Mirai Inc. This is a joint venture with Milize Inc.

Milize's strength lies in its ability to build data infrastructure and AI technologies such as machine learning and OCR. They already have an app for insurance policy maintenance, with strengths in both technology and insurance services.

We thought that by bringing together Lifenet Insurance's ability to create a stress-free customer experience, traffic to the website, and expertise in the life insurance field with Milize's technologies, we could operate the business by leveraging each other's strengths.

Through the establishment of our first subsidiary, we hope to realize the ideal future of online life insurance.

Update the Management Goal



- **Our commitment to the current Management Policy remains unchanged to aim for further growth**



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Our current management policy was formulated in November 2018, and we are convinced that its effectiveness remains unchanged even in the drastically changing business environment during the COVID-19 pandemic, and in fact, we should increasingly strengthen this implementation in the future.

As a result, there will be no change in our mission, vision and priority areas. We would like to continue to expand the online life insurance market by ourselves and create attractive business opportunities there.

The only change is that the management goal for European embedded value will be raised from JPY100 billion, which we are about to achieve, to JPY200 billion. It is not an easy target to achieve, but given the growth potential of the online life insurance market, our positioning in it and our strategy, we believe it is a level worth striving to achieve.

As in the past, we will continue to operate business prioritizing sustainable growth and medium- to long-term profitability over short-term profitability over the next several years.

Initiatives for Sustainability



■ Aim to increase the value provided to stakeholders based on Manifesto

**Lifenet
Manifesto**

Comprehensible, Cost-Competitive, Convenient

Enhancement of Corporate Governance	Customer-focused business operations	Adaptation to social changes
<ul style="list-style-type: none"> Board of Directors includes outside directors and independent outside directors since our business commencement in 2008 Established the discretionary Nomination and Compensation Committee Introduced restricted stock compensation as director's remuneration Disclose securities report before Annual General Meeting of Shareholders (Japanese version only) 	<ul style="list-style-type: none"> Disclose the policy for customer-focused business operations, performance indicators and the accomplishments Promote efforts for diversity including LGBTQ Disclose the breakdown of insurance premiums for the first time in life insurance industry¹ Evaluated as #1 by policy holders², realizing stress-free CX online 	<ul style="list-style-type: none"> Work on reduction of the policyholders' burden on procedures and development of comfortable work environment for employees under COVID-19 pandemic Widely provide more convenient services by partnering with cross-industrial partners Plan to provide customer-centered services online through new joint venture³

1. According to Lifenet's research (as of the end of April, 2021)
2. J.D. Power 2021 Japan Life Insurance Contract Customer Satisfaction StudySM
3. New joint venture (subsidiary) LIFENET MIRAI Inc. will launch its business in July 2021

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This page outlines Lifenet's vision of sustainability to ensure that Lifenet continues to be valuable to policyholders and supported by shareholders and investors as a listed company.

Lifenet Manifesto is at the core of our sustainability efforts, and all the initiatives described here are based on the Manifesto.

Among them, specific initiatives related to governance will be discussed in the next page.

Further Strengthen Governance



■ Establish a management structure for strong growth and transformation

■ Transition to a company with audit and supervisory committee¹



■ New management remuneration system



1. Subject to the approval at the 15th Annual General Meeting of the shareholders on June 20, 2021
 2. Excluding director who is a full-time audit and supervisory committee member

Subject to approval at the 15th Annual General Meeting of Shareholders to be held in June, the Company will shift from a company with Corporate Auditors to a company with an audit and supervisory committee. With this change, we will further strengthen the supervisory function of the Board of Directors.

Furthermore, as part of the review of the remuneration system for directors, we will introduce a new performance-linked compensation.

By promoting further value sharing with our shareholders, we will continue to aim for customer-oriented growth based on our Manifesto of Comprehensible, Cost-competitive and Convenient under the new management structure.

Future Direction



FY 2018

Established a new management policy to achieve EEV of 100 billion yen in a mid-term as a management goal

FY 2020

Accelerated business growth by adapting to the COVID-19 environment, and getting closer to the management goal of EEV 100 billion yen

FY 2021

- Adapt to new business environment and change in customer behavior
- Transform into “Internet Service Company of Life Insurance”
- Aim for double-digit growth in in-force business

Aim to achieve new management goal of 200 billion yen in EEV in a mid-term and turn into the black in operating profit in the mid-2020s

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Here, I would like to explain our future direction. FY2020 was a very good year for us. Partly because we were able to successfully adapt to the change in customer behavior caused by COVID-19, we achieved significant growth, including a record-high new policy performance, and as a result, we are very close to achieving our management target of JPY100 billion in EEV.

In FY2021, we will continue to respond swiftly to changes in the business environment and customer behavior, while taking on the challenge of transforming ourselves into an Internet service company of life insurance. While focusing on these efforts, we will also aim to achieve double-digit growth in policies-in-force.

In addition to the newly established management goal of reaching JPY200 billion in EEV in a mid-term, we aim to turn into the black in operating profit in the mid-2020s.

Business Forecast FY 2021



■ Aim for double-digit growth in in-force business performance

(JPY millions)

	FY 2021 Forecast	FY 2020 Results
Annualized premium ¹ of policies-in-force	21,800	18,713
Annualized premium ¹ of new business	4,400	4,197

		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance
Ordinary income	25,500	4,400	20,789	2,778
Ordinary profit (loss)	(3,800)	700	(3,089)	804
Net income (loss)	(3,800)	700	(3,114)	804

1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

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Lastly, I would like to present our business forecast for FY2021.

The forecast for FY2021 is as shown. In order to show that the company is focusing on the growth of policies-in-force, we have decided to additionally disclose the forecast of annualized premium of policies-in-force.

Annualized premium of policies-in-force for FY2021 is expected to be JPY21,800 million. We will continue to aim for sustainable growth to improve profitability over the medium to long term.

This concludes my explanation of the financial results for FY2020.

Thank you very much for your attention.