



LIFENET INSURANCE COMPANY

Q3 Financial Results Briefing for the Fiscal Year Ending March 2024

February 13, 2024

[Speaker]

Ryosuke Mori

President and Representative Director

Presentation

Mori: Thank you very much for attending our financial results briefing today.

The Company announced its financial results for Q3 of FY2023. Presentation materials are available on our [IR website](#). I would like to provide an overview of the financial results using the presentation materials.

Cumulative 3Q for Fiscal 2023 Key Highlights



Key Indicators

Corporate Value	Growth	Profitability
EEV (European Embedded Value) ¥144,294mn (YoY 117.3%)	Annualized premium¹ of policies-in-force ¥27,872mn (YoY 118.5%)	Insurance service results ¥6,275mn (YoY 128.9%)

Notable Achievements

- Individual life performance **bottomed out** and GCL² **maintained strong momentum**
- Started offering "Insurance with V-points" from December as an alliance with SMBC Group
- Updated customer experience for same-sex partners in de facto marriages from February

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 (for GCL, expected premium income for the next month based on the in-force business) by 12 months (The same will apply hereafter).

2. GCL stands for Group Credit Life Insurance

Let us begin with an explanation. See page 1. These are the main points of today's financial results presentation.

In conjunction with the start of financial reporting using International Financial Reporting Standards (IFRS) in FY2023, we have established three key indicators, and I will explain our financial results for Q3 of FY2023 in line with these indicators.

First, European Embedded Value, the most important management indicator of corporate value, increased 17.3% from the end of the same period last year to JPY144,294 million. Next, annualized premium of policies-in-force, which represent growth indicator, increased 18.5% from the end of the same period last year to JPY27,872 million. Net income from insurance service results, which corresponds to the operating income of general companies and represents the profitability of our insurance business, increased 28.9% YoY to JPY6,275 million.

Next, I would like to introduce three notable achievements in this period.

First, in terms of policy performance, the individual life insurance business bottomed out, and the group credit life insurance (GCL) business, which was launched in the current fiscal year as an expansion of the business domain, remained strong.

Next, the collaboration with SMBC Group, with whom we signed a capital and business alliance agreement last summer, began in earnest last December, and as a new initiative, we began selling "Insurance with V-points".

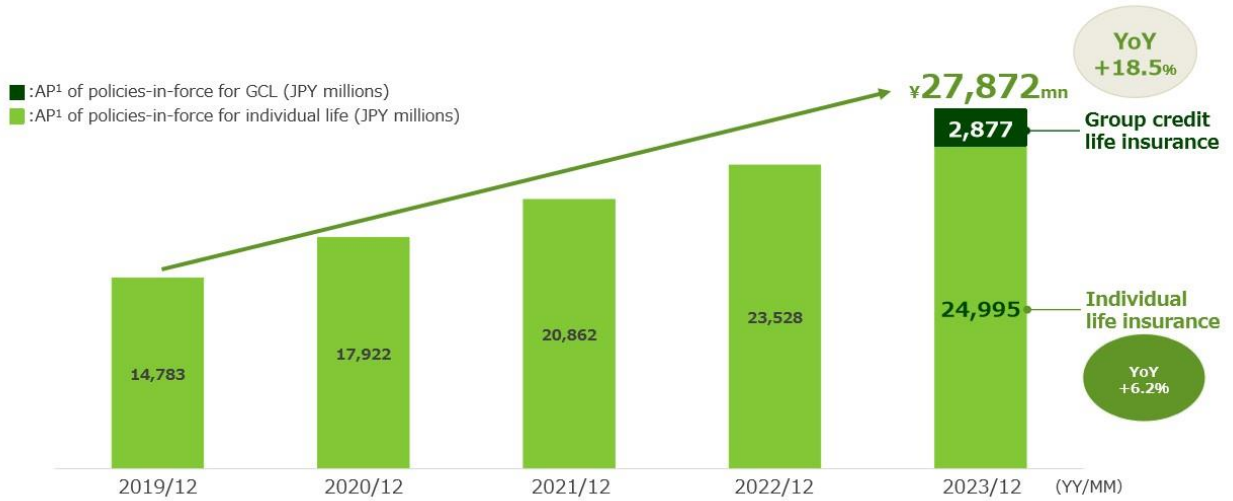
Finally, here is an initiative we are announcing today: We are updating the customer experience for same-sex partners in an attempt to improve convenience for our customers.

Details of each item will be explained later.

Annualized Premium of Policies-in-Force



■ **Strongly grew 18.5% YoY, with large contribution of ¥2.8bn from newly started GCL**



1. Annualized premium

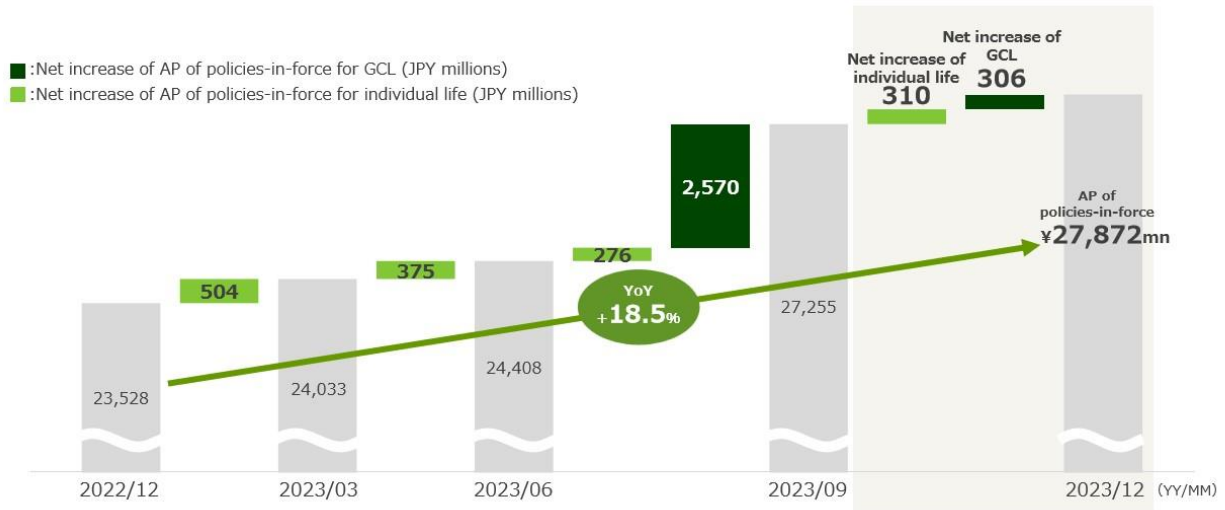
Please refer to page 2.

Annualized premium of policies-in-force, which correspond to annual recurring revenue, totaled JPY27,872 million as of December 31, 2023. You can see that we have continued strong growth in policies-in-force, up 18.5% from the end of the same period last year, due in part to the addition of the GCL business that began last July.

Policies-in-Force Movement



- GCL strongly grew and **reached ¥306mn**
- Individual life performance has **bottomed out**



3

Page 3 shows the factors that contribute to growth of policies-in-force.

The net increase in annualized premium of policies-in-force for GCL, which began this fiscal year, was JPY306 million during the quarter, maintaining a strong performance.

We also believe that the net increase in annualized premium of policies-in-force for individual life, which has been a challenge in the past year, has bottomed out at JPY310 million, up from the previous quarter.

In addition, as we announced in our preliminary “monthly disclosure for January 2024” on February 9, the momentum of the bottoming-out reversal has continued in Q4, and we will continue to strive to achieve our target level for the full year.

■ Insurance service results and net income resulted in ¥6,275mn and ¥4,365mn, respectively

(JPY millions)

Items	FY2022/3Q (YTD) ²	FY2023/3Q (YTD) ²	Change	(Ref.) FY2022 ²
Insurance service results	4,867	6,275	1,407	6,618
Financial results ¹	(636)	276	912	(452)
Other results	(552)	(335)	216	(822)
Profit before tax	3,679	6,215	2,536	5,343
Net income attributable to owners of the Company	2,461	4,365	1,904	3,562

1. Total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense

2. 3Q of FY2022(YTD) includes ¥1,326mn, 3Q of FY2023(YTD) includes ¥32mn and FY2022 includes ¥1,378mn of insurance claims and benefit related to COVID-19

4

Then see page 4.

From here, we move on to an explanation of financial reporting under IFRS.

First, to give you a sense of the whole picture, we have provided a summary of the IFRS-based income statement. To put it simply, insurance service results on P&L corresponds to so-called operating profit, and for Lifenet, which mainly offers protection products, insurance service results accounts for a large portion of our profit.

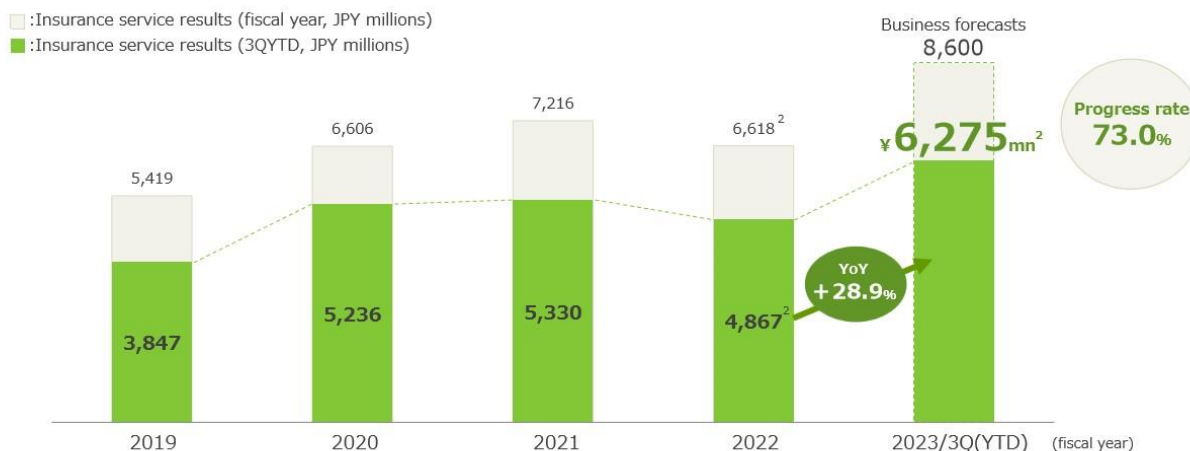
For the nine months of FY2023, the insurance services results was JPY6,275 million, and net income attributable to owners of the Company was JPY4,365 million, both representing significant profit growth compared to the same period last year.

The most important of these, insurance service results, will be detailed on the next page.

Insurance Service Results¹



- Significantly increased 28.9% YoY and reached ¥6,275mn
- 73.0% progress rate over revised business forecasts in August



1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS
 2. 3Q of FY2022(YTD) includes ¥1,326mn, 3Q of FY2023(YTD) includes ¥32mn and FY2022 includes ¥1,378mn of Insurance claims and benefit related to COVID-19

See page 5.

The following table shows the movements of insurance service results.

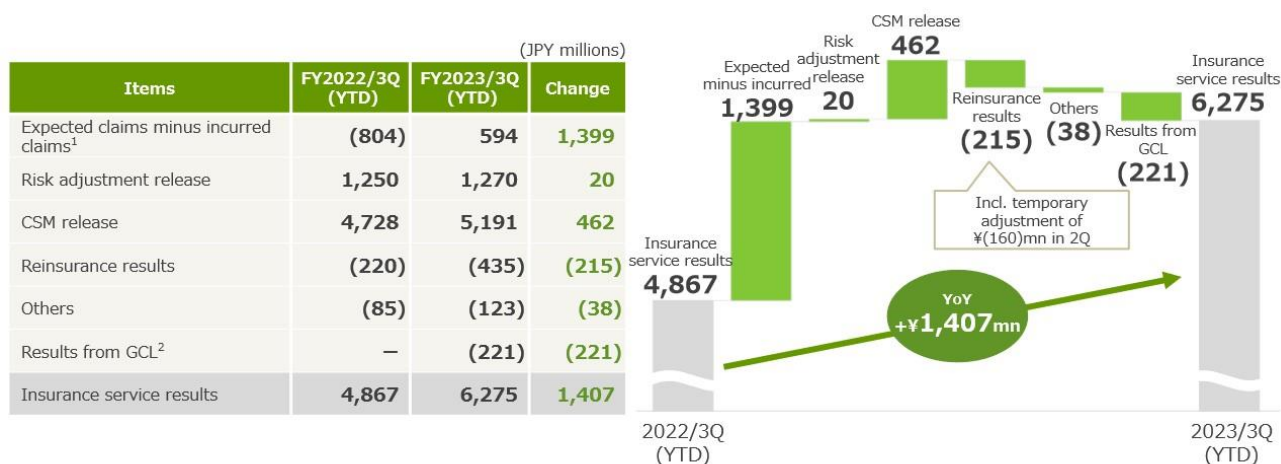
First, looking at the trends over time, except for FY2022 which has a sharp increase in COVID-19 claims, insurance service results has been growing solidly and steadily.

For the nine months of FY2023, insurance service results increased 28.9% YoY to JPY6,275 million, representing 73% progress toward the JPY8,600 million of business forecasts announced in August last year, when profits were revised upward.

Insurance Service Results Analysis



■ Growth driven by settling down of COVID-19 claims and increasing of CSM release, while GCL claims deteriorated in 3Q



1. Applied only for individual life. 3Q of FY2022(YTD) includes ¥1,326mn and 3Q of FY2023(YTD) includes ¥32mn of insurance claims and benefit related to COVID-19
 2. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

See page 6.

This page shows the factors that contributed to the change in insurance service results from the nine months of FY2022 to the nine months of FY2023.

First, see the table on the left. Insurance service results is mainly broken down into the “expected claims minus incurred claims”, “risk adjustment release”, “CSM release”, “reinsurance results”, and “results from GCL” that started this fiscal year.

The chart on the right shows the factors behind the increase in insurance services results from JPY4.8 billion in the same period last year to JPY6.2 billion in this fiscal year.

Insurance service results for the nine months of FY2023 increased by JPY1,407 million from the same period last year, and one of the reasons for this increase is the difference between expected and incurred claims. FY2022 was a year in which there are lot of insurance claims and benefits related to COVID-19. On the other hand, since COVID-19 claims have already been settled in FY2023, it resulted in JPY1,399 million of higher income.

Another factor contributing to higher profits is the “CSM release”. The CSM is a liability representing the unrealized future profits of the insurance contract, which is released over the insurance period and recognized in profit as a “CSM release” on the P&L. In line with the growth in policies-in-force, “CSM release” for the nine months of FY2023 totaled JPY5,191 million, as shown in the third line of the table on the left, a factor contributing to a JPY462 million increase.

On the other hand, "results from GCL" was minus JPY221 million, a factor pushing down the growth of insurance service results, due to the fact that more insurance claims were paid in Q3 than originally expected, although this figure does not consider reinsurance.

European Embedded Value¹



- **EEV and value of in-force business have been strongly growing at a CAGR of 19%² and 31%, respectively since IPO**
- **EEV per share continued its growth trend, offset dilution by capital raising in Sep.**



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. EEV as of December 31, 2023 is calculated applying the same operating assumptions as those used for September 30, 2023, and has not been reviewed by third-party specialists.
 2. The calculation includes ¥3,040mn in proceeds from a third-party allotment in May 2015 and ¥9,005mn from overseas public offering in July 2020 and ¥9,771mn from overseas public offering in September 2021 and ¥9,770mn from public offering and third-party allotment in September 2023.

Next, please see page 7. Moving on to an explanation of European Embedded Value.

European Embedded Value is the present value of net assets, so to speak, after considering the after-tax value of unrealized future profits that the policies-in-force will generate in the future for statutory accounting purposes.

European Embedded Value as of December 31, 2023 was JPY144,294 million, due to the growth in present value of future profits, as well as an increase in adjusted net worth by capital raising in last September.

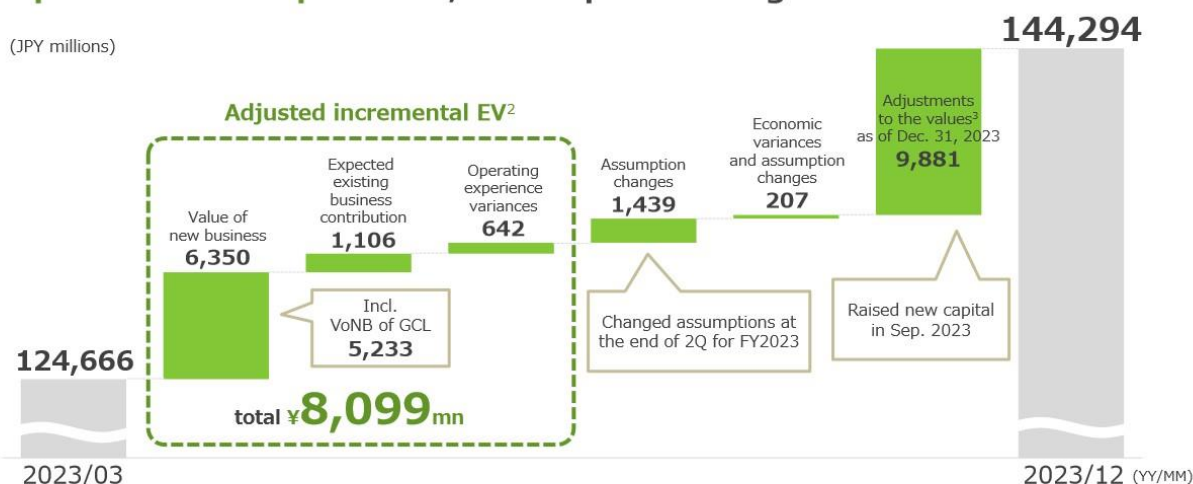
CAGR since listing in March 2012 was 19%, but in particular, value of in-force business, which is unrealized future profits arising from policies-in-force for accounting purposes, has grown at CAGR of 31%, strongly driving EEV's growth.

The line graph shows the EEV per share. EEV per share as of December 31, 2023 was JPY1,797. The dilutive effect of the capital raising has already been offset, and EEV per share continues its growth trend in the current fiscal year. We will continue our management efforts to achieve further growth toward the end of the fiscal year.

Changing Factors of EEV¹



■ Increased due to the growth of VoNB including GCL and the improvement of opex 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. EEV as of December 31, 2023 is calculated applying the same operating assumptions as those used for September 30, 2023, and has not been reviewed by third-party specialists.
 2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.
 3. Item for change in capital

Page 8 is an analysis of factors contributing to changes in EEV for the nine-month period from the end of March 2023 to the end of December 2023.

We define adjusted incremental EEV as the sum of the three components of the change in EEV: value of new business; expected existing business contribution; and operating experience variances, which are enclosed in the green dotted box on the slide shown above.

The increase in adjusted incremental EEV for the nine months of FY2023 was JPY8,099 million. Of this amount, the value of new business was JPY6,350 million, which includes JPY5,233 million in value of new business in GCL, the sum of existing policies transferred in July and new mortgage loan executions during the six-month period from July to December.

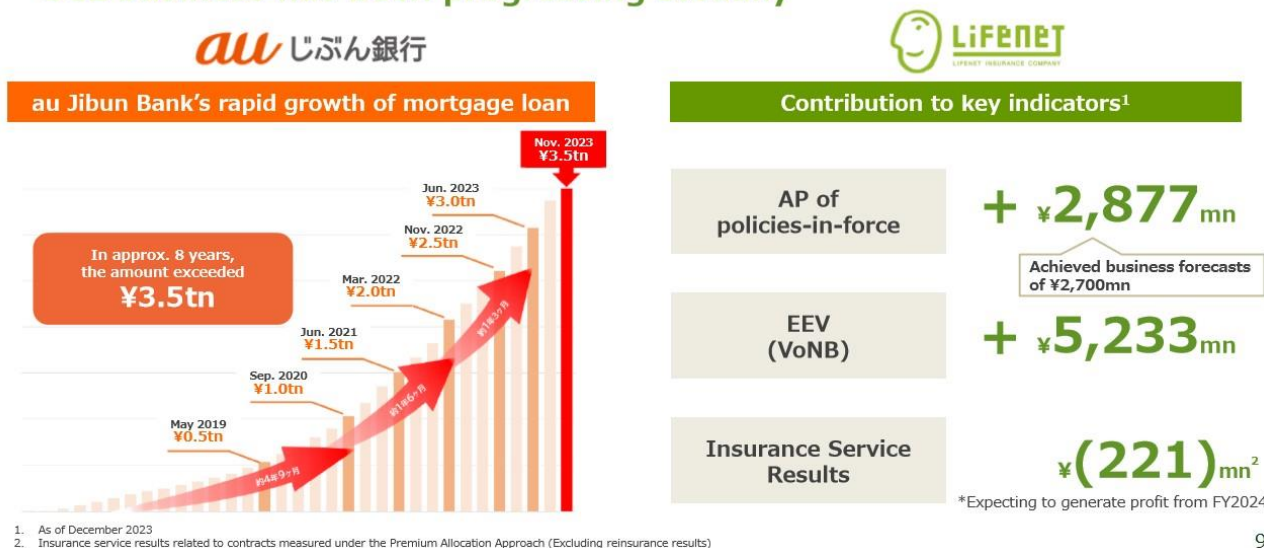
As an indirect effect of GCL business, economies of scale from the increase in policies-in-force led to an improvement of the operating expenses ratio, and this effect was positively recorded as "assumption changes" made at the end of Q2.

Thus, for our company in the growth phase, economies of scale associated with the expansion of our business scale will also contribute significantly to the growth of EEV, and we will continue to aim for EEV growth through the enhancement of growth and efficiency.

Strong Business Performance of GCL



- Backed by the growth of Jibun Bank's mortgage loan, GCL business has been progressing steadily



Here is an explanation of our main initiatives. Please see page 9 of the slides.

As for our main initiatives, I will first explain the strong contribution of GCL business.

As part of our efforts to expand our business domain, we began offering GCL to au Jibun Bank mortgage loan borrowers in July last year. As shown in the bar graph on the left-hand side, au Jibun Bank's mortgage loans have been growing rapidly, mainly due to attractive interest rates unique to an online bank, and cumulative loan disbursements exceeded JPY3.5 trillion in November 2023.

In response to such developments, the annualized premium of policies-in-force of GCL has made a significant contribution to our key indicators, achieving the JPY2,700 million in annualized premium of policies-in-force disclosed as FY2023 business forecasts ahead of schedule.

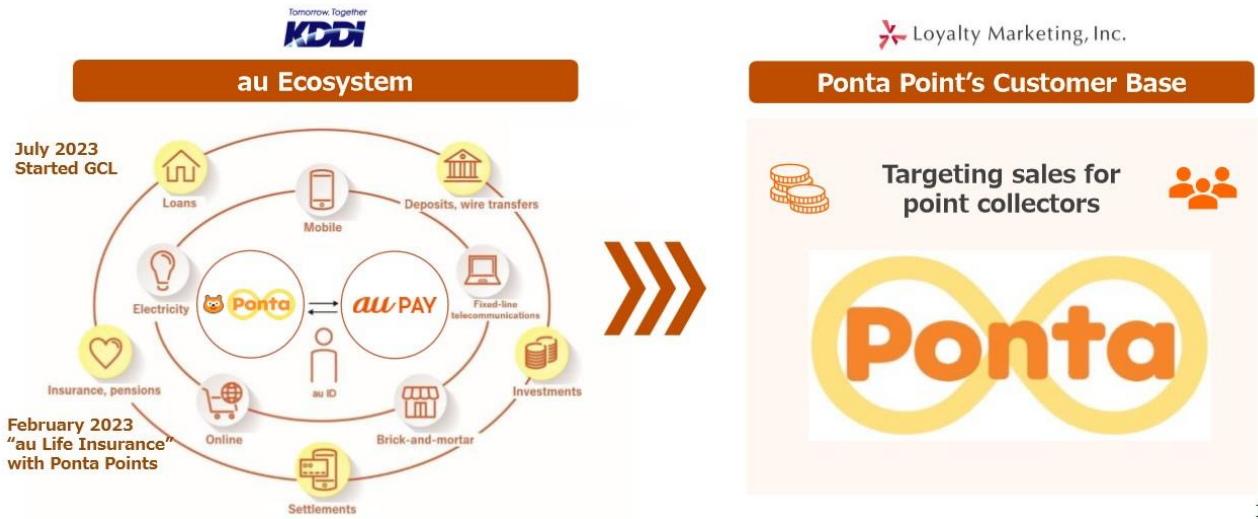
In addition to contributing to our business performance, we believe that this initiative to offer GCL online will also contribute to the expansion of the online life insurance market, as it will provide a new touch point for customers to apply for life insurance online and experience the convenience and benefits of online life insurance.

To this end, we will first strive to steadily grow our cooperation with au Jibun Bank, and in the medium term, we will also aim to expand the number of partner banks.

Embed into Point Ecosystem



- Boosting sales efforts aimed at Ponta Point users, utilizing “au Life Insurance” with Ponta Points as the anchor



10

Then see page 10.

With the recent announcement of a major capital and business alliance by KDDI, the trend toward building and strengthening the point ecosystem is further accelerating.

In this situation, we have positioned embedded finance as a medium- to long-term growth theme and are focusing on the partner business of embedding life insurance in the huge economic sphere.

The KDDI Group, its first partner, has a strategy to expand the au ecosystem with Ponta points. Based on this strategy, in February 2023, we started to sell “au Life Insurance” with Ponta points, and are working to provide insurance products more suitable for the point economic zone.

In addition, we have also concluded agency agreement with Loyalty Marketing, which operates the Ponta points service, and through Loyalty Marketing we plan to further focus our sales activities on the more than 100 million Ponta members.

■ Launched exclusive products for SMBC Group from December to be embedded into V-point ecosystem



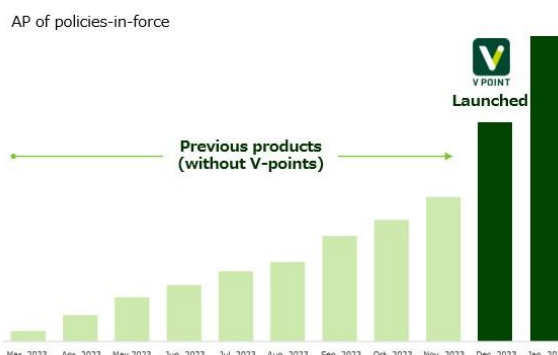
V-Points equivalent to 1% of monthly premiums is awarded

月額保険料の **1%**

通常 保険料の **0.5%** 通常 保険料の **0.5%**

※通常貯まるポイントは毎月のカードご利用金額の合計200円(税込)ごとに1ポイントが貯まります。
 ※通常貯まるポイントの還元率はカードによって異なります。
 ※Vポイント以外の独自ポイントが貯まるカードは、カードの利用で貯まる通常ポイントのみ付与され、+1%のポイントは対象外です。

Initial performance of "Insurance with V-points"



11

Then see page 11.

Last year, the Company and its subsidiary LIFENET Mirai entered into a business alliance agreement with SMBC Group companies, Sumitomo Mitsui Financial Group and Sumitomo Mitsui Card, and also issued new shares to Sumitomo Mitsui Card through a third-party allotment. We are pleased to announce that our efforts with the SMBC Group have begun in earnest.

As a first step, in December last year, we began offering an exclusive product for our client base, an insurance product that earns V-Points. "Insurance with V-Points" is insurance that allows customers to earn points in addition to the regular V-Points that you can accumulate based on the amount of money you spend on your card each month. The SMBC Group has an attractive ecosystem that utilizes point programs, and we are now able to introduce a life insurance product that is adapted to this point ecosystem.

The figure on the right side of the slide shows changes in annualized premium of policies - in-force through the SMBC Group. As you can see, we believe we are off to a good start, with a significant acceleration in the growth of in-force business after the launch of exclusive products in December, while there is still growth potential.

The SMBC Group has made a strong commitment to this initiative, and we are committed to supporting the SMBC Group's online financial business to accelerate the growth of our in-force business performance.

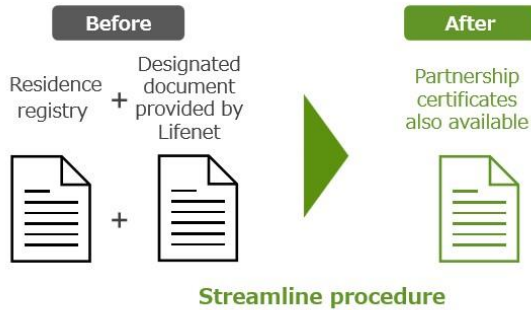
Initiatives to Diversifying Customer Needs



■ Updated customer experience with same-sex partners in de facto marriages

Feb. 2024

Customers can designate same-sex partners as beneficiary for our term-life insurance by submission of partnership certificates issued by local government



1. the PRIDE Index 2023 for LGBTQ hosted by work with Pride (wwP)

Nov. 2023

Received Gold Rating for LGBTQ initiatives for 8th consecutive year, industry record¹



Main Initiatives	
Customer	<ul style="list-style-type: none"> Pioneered in the life insurance industry in expanding the range of designated beneficiaries to same-sex partners
Society	<ul style="list-style-type: none"> Donating LGBTQ-related books to schools nationwide Conducting surveys on the attitudes of LGBTQ
Employee	<ul style="list-style-type: none"> A 'recruitment manifesto' that prioritizes merit over factors like gender, sexual orientation, nationality, and education Celebratory and mourning leave, as well as nursing leave, are available regardless of gender

12

Please see page 12.

Here is the new customer experience improvement measures announced today.

In 2015, we were the first in the industry to begin handling the extension of death benefits to same-sex partners, and we have received positive responses from sexual minority parties and their allies.

When a same-sex partner is named as a beneficiary of a death benefit, we used to ask the beneficiary to submit a certificate of residence and designated document provided by Lifenet. However, in light of recent changes in social trend, with the number of local governments issuing partnership certificates spreading throughout Japan, we have improved the customer experience by making it possible to submit only partnership certificates.

As noted on the right side of the slide, we have implemented a variety of LGBTQ-related initiatives that have received high marks from external evaluation organizations, and many of these initiatives were made possible by the voices of employees from diverse backgrounds.

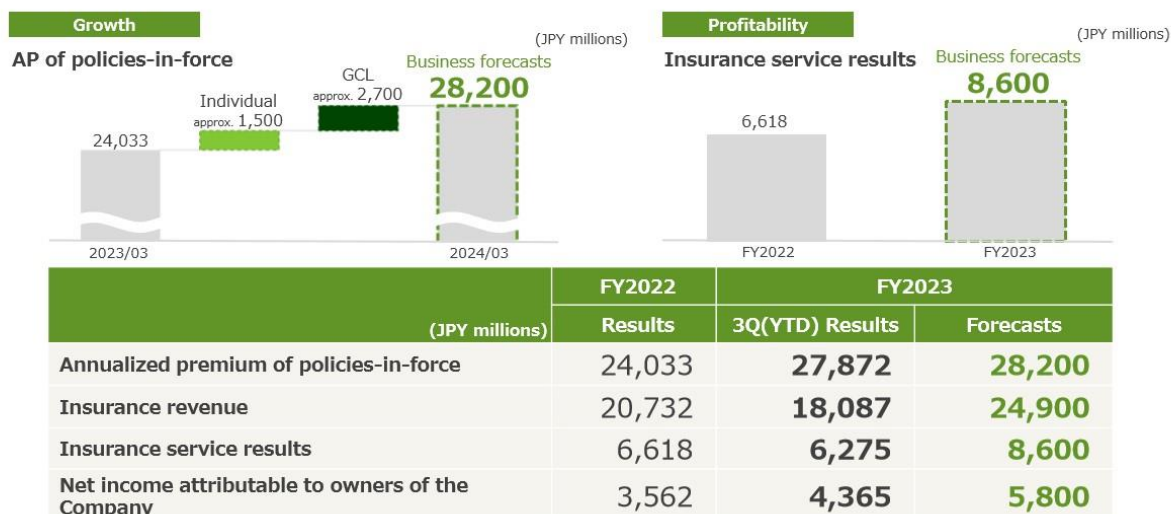
While our LGBTQ initiatives are just one example, we believe that each and every one of our executives and employee should continue to think about and provide new value in life insurance while flexibly responding to diversifying customer needs and changing trends,

thereby enhancing the value of the LIFENET INSURANCE COMPANY brand, which in turn will lead to increased corporate value.

Consolidated Business Forecasts for FY2023



■ Remains unchanged from August 2023



13

Page 13 shows the consolidated business forecasts for FY2023.

The business forecasts remains unchanged from the upward revision of profits made at the time of the announcement of the Q1 results last August.

Although we will need to pay close attention to this situation in Q4 as well, we will continue to manage our business with an awareness of both growth and business efficiency.



15

Finally, here is the management policy.

We will continue to pursue growth to expand the scale of our business while capturing the structural trend of digitization of financial services. We will then expand the online life insurance market by ourselves, and by remaining a leading company in this market, we aim to reach our management target of JPY200 billion EEV as soon as possible.

This concludes the presentation of the financial results for Q3 of FY2023.

Thank you very much for your attention.