

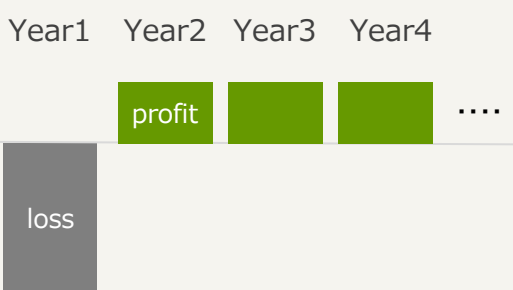
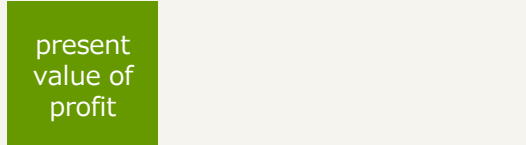

Securities Code: 7157  
TSE Growth



# Presentation Material for Investors First Quarter for Fiscal 2023

**LIFENET INSURANCE COMPANY**  
**August 14, 2023**

- IFRS adoption will **better present periodic performance and profitability from policies-in-force**
- Capital adequacy and dividends are **regulated by statutory accounting standards (J-GAAP)**

	Statutory Accounting (J-GAAP)	Embedded Value	IFRS 17
<b>Important perspective</b>	Financial soundness for policyholder protection	Economic value of insurance policies including future profit	Recognition of revenue based on the retention of in-force business
<b>Timing of profit recognition</b>	<p><u>Acquisition expense is recognized at the time of acquisition.</u></p> 	<p>The expected profit for the policy period is <u>immediately</u> recognized.</p> 	<p>The expected profit is allocated <u>over the term of the policy.</u></p> 

# 1Q for Fiscal 2023 Key Highlights



## Key Indicators

### Corporate Value

**EEV**  
(European Embedded Value)  
**126,978** million yen  
(Y-on-Y 107.5%)

### Growth

**Annualized premium  
of policies-in-force<sup>1</sup>**  
**24,408** million yen  
(Y-on-Y 110.2%)

### Profitability

**Insurance service  
results**  
**2,274** million yen  
(Y-on-Y 137.7%)

## Notable Achievements

- **Started offering GCL<sup>2</sup>** to mortgage loan borrowers of au Jibun Bank from July 1st. Annualized premium of policies-in-force for GCL was **JPY 2,384 million** as of the end of July<sup>3</sup>
- **Plan to offer our products through financial app *Habitto*** in autumn 2023
- **Revised business forecasts for fiscal 2023** based on 1Q performance

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 (The same will apply hereafter).

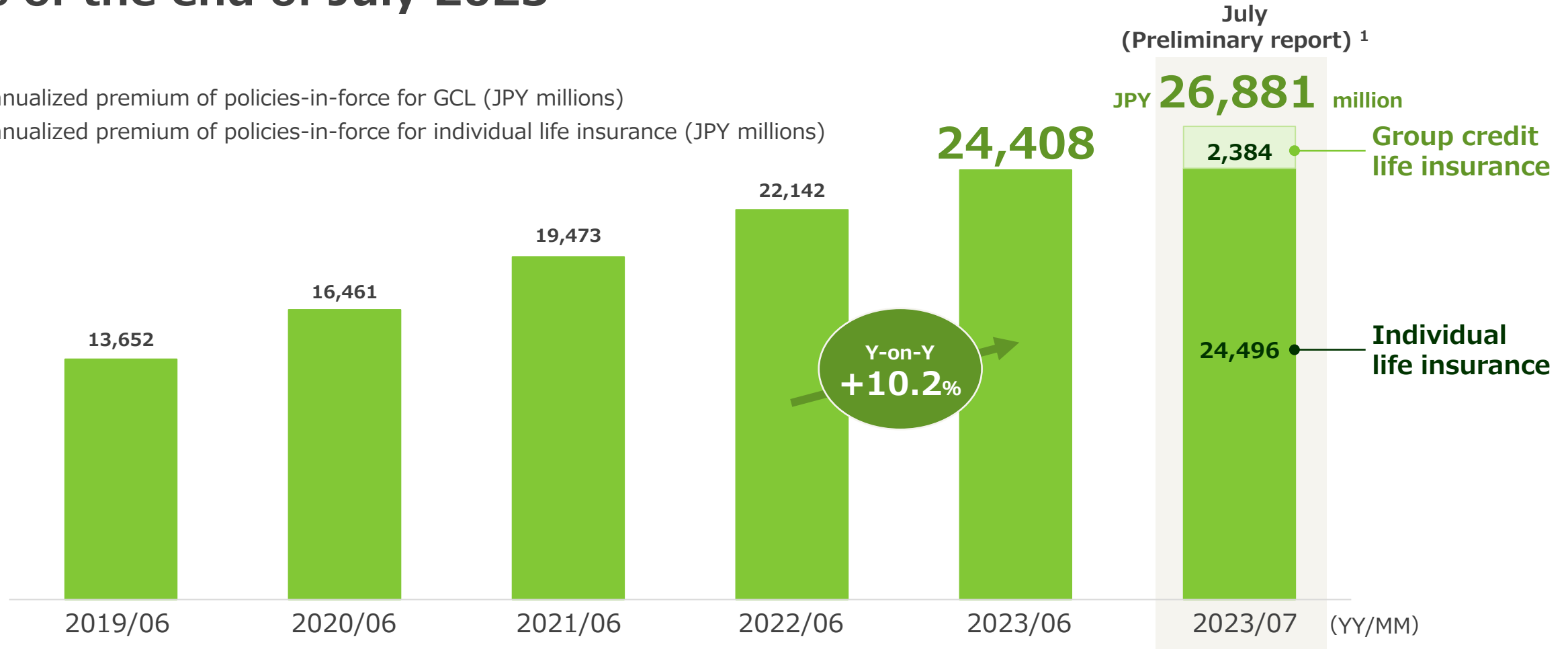
2. GCL stands for Group Credit Life Insurance

3. Preliminary report from "July 2023: MONTHLY DISCLOSURE"

# Annualized Premium of Policies-in-Force

- Grew 10.2% YoY, maintaining steady growth
- Combined annualized premium including GCL was 26,881 million yen as of the end of July 2023

■ : Annualized premium of policies-in-force for GCL (JPY millions)  
 ■ : Annualized premium of policies-in-force for individual life insurance (JPY millions)

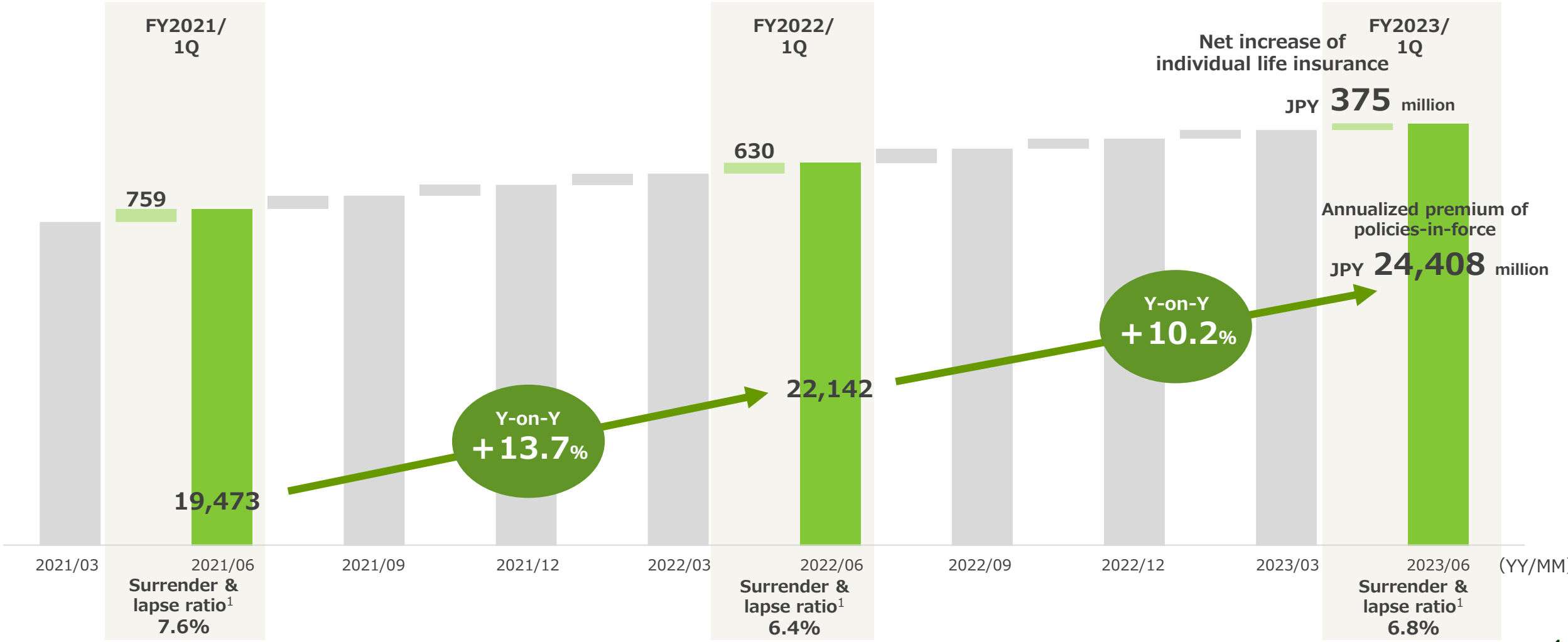


1. Preliminary report from "July 2023: MONTHLY DISCLOSURE"

# Policies-in-Force Movement



■ Continued to grow while individual life was affected by decrease of customer's demand for insurance



1. Surrender and lapse ratio is annualized

# Summary IFRS P/L



- Insurance service results and net income resulted in **2,274 million yen** and **1,765 million yen**, respectively

(JPY millions)

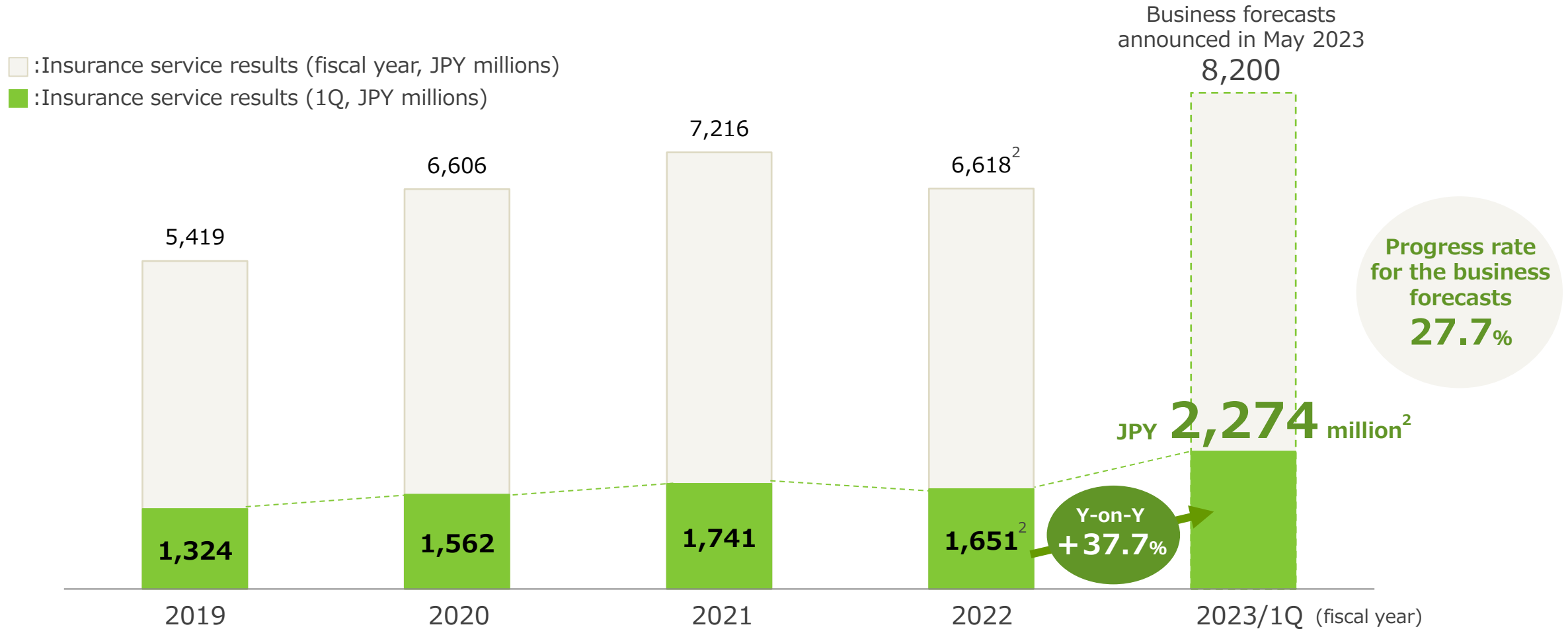
Items	FY2022/1Q <sup>2</sup>	FY2023/1Q <sup>2</sup>	Change	(Ref.) FY2022
Insurance service results	1,651	2,274	622	6,618
Financial results <sup>1</sup>	(293)	367	661	(452)
Other results	(179)	(120)	59	(822)
Profit before tax	1,177	2,521	1,344	5,343
Net income attributable to owners of the Company	789	1,765	976	3,562

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

2. 1Q of FY2022 includes 278 million yen, 1Q of FY2023 includes 14 million yen and FY2022 includes 1,378 million yen of insurance claims and benefit related to COVID-19

# Insurance Service Results<sup>1</sup>

- Increased **37.7% YoY, 2,274 million yen**
- **27.7% progress rate** for business forecasts of fiscal 2023



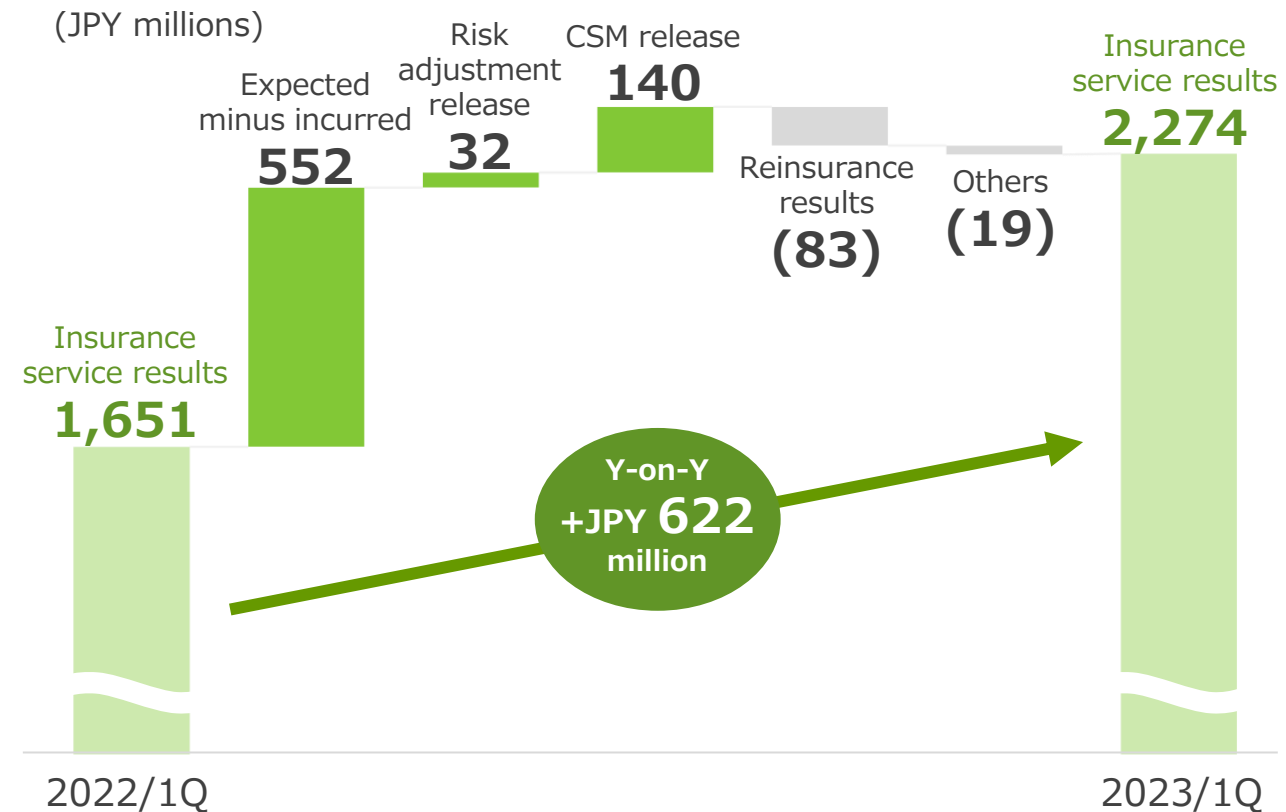
1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS

2. 1Q of FY2022 includes 278 million yen, 1Q of FY2023 includes 14 million yen and FY2022 includes 1,378 million yen of insurance claims and benefit related to COVID-19

# Insurance Service Results Analysis

- Increased due to the calm down of COVID-19 claims and increase of CSM release along with the growth of in-force business

Items	(JPY millions)		
	FY2022/1Q	FY2023/1Q	Change
Expected claims minus incurred claims <sup>1</sup>	(184)	368	552
Risk adjustment release	400	433	32
CSM release	1,537	1,677	140
Reinsurance results	(74)	(157)	(83)
Others	(27)	(47)	(19)
<b>Insurance service results</b>	<b>1,651</b>	<b>2,274</b>	<b>622</b>



1. 1Q of FY2022 includes 278 million yen and 1Q of FY2023 includes 14 million yen of insurance claims and benefit related to COVID-19.

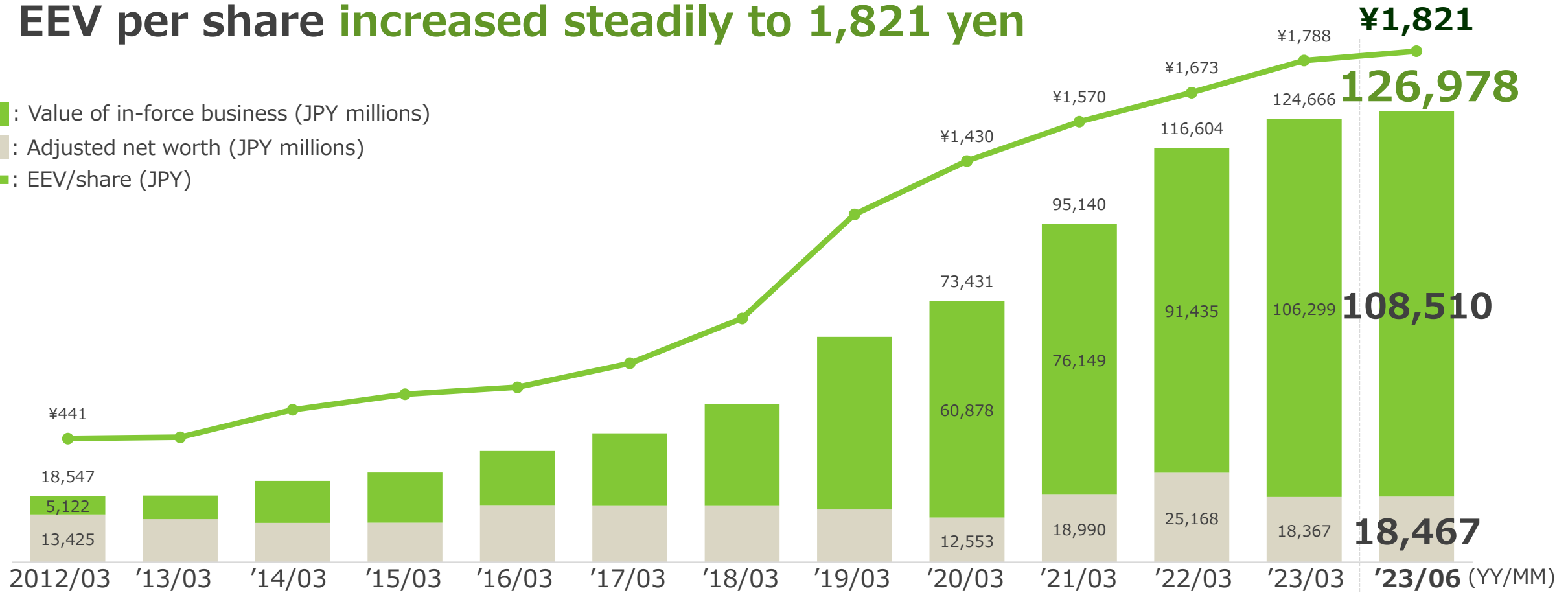


# European Embedded Value<sup>1</sup>



- EEV and value of in-force business have been strongly growing at a CAGR of **19%**<sup>2</sup> and **31%**, respectively since IPO
- EEV per share **increased steadily to 1,821 yen**

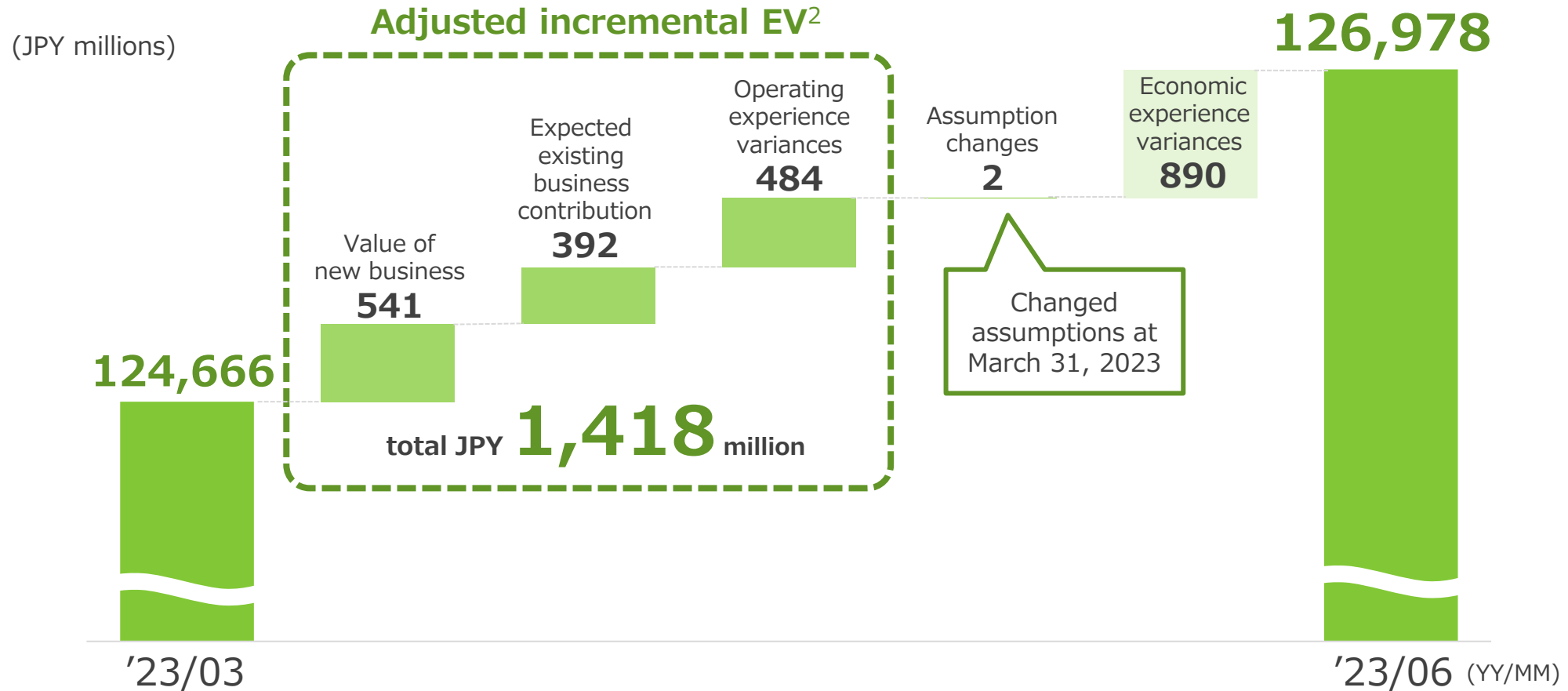
■ : Value of in-force business (JPY millions)  
 ■ : Adjusted net worth (JPY millions)  
 — : EEV/share (JPY)



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 June 30, 2023 is calculated applying the same operating assumptions as those used for March 31, 2023, and is not reviewed by third party specialists.  
 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 and 9,771 million yen from overseas public offering in September 2021.

# Changing Factors of EEV<sup>1</sup>

- EEV growth driven by **adjusted incremental EV** and **economic experience variances**



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 June 30, 2023 is calculated applying the same operating assumptions as those used for March 31, 2023, and is not reviewed by third-party specialists.

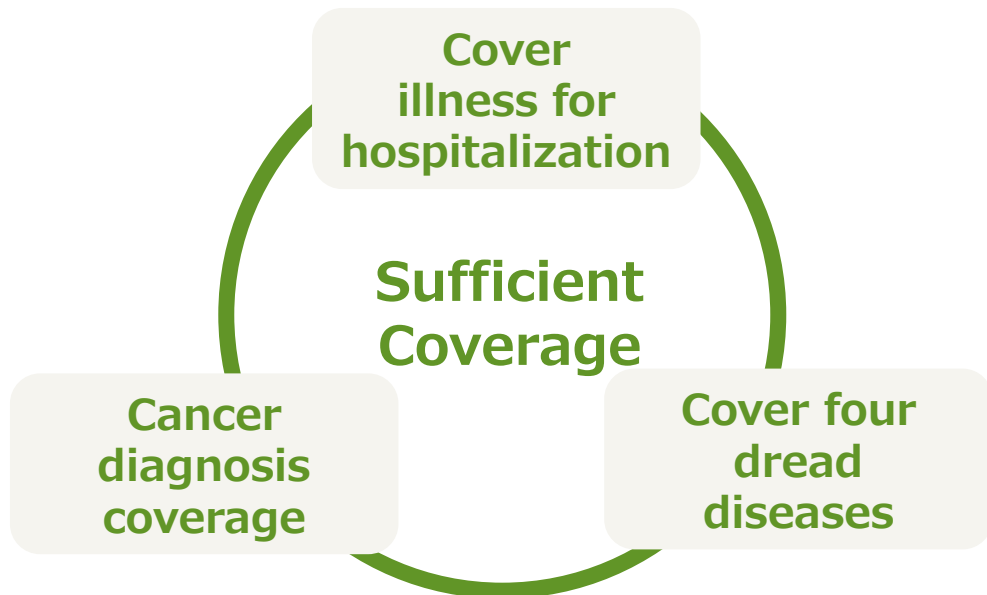
2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.

# Progress of Group Credit Life Insurance Business



- Started offering GCL to mortgage loan borrowers of au Jibun Bank from July 1st
- Aim for steady growth as a new earnings base with looking to expand partner banks in a mid-term

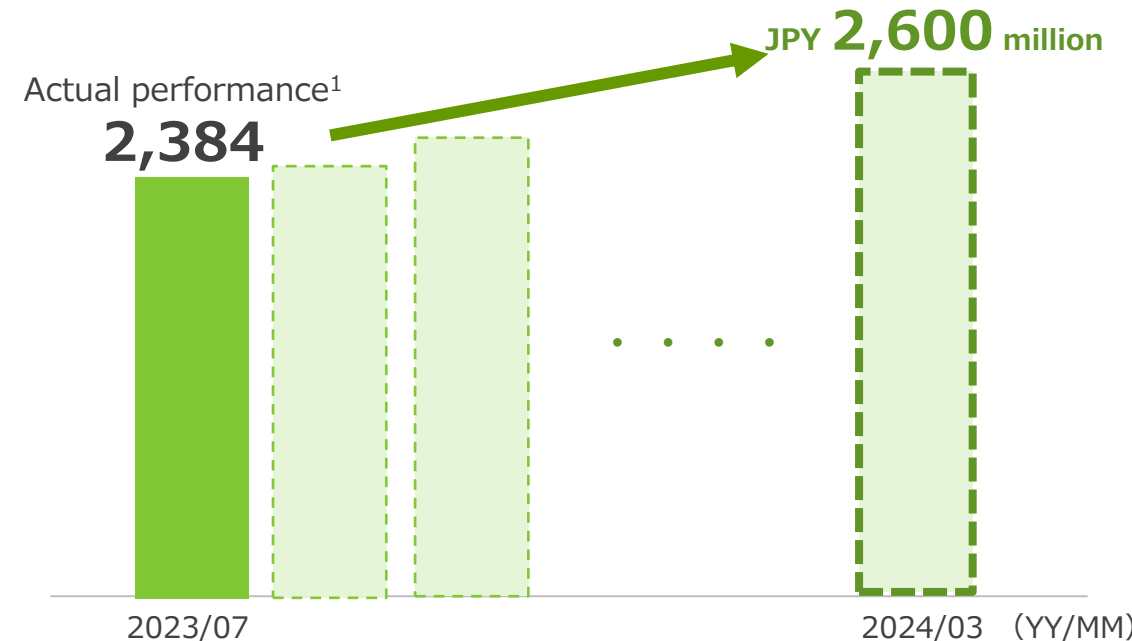
## Characteristics of our product



## Initial start is on track

Annualized premium of policies-in-force for GCL

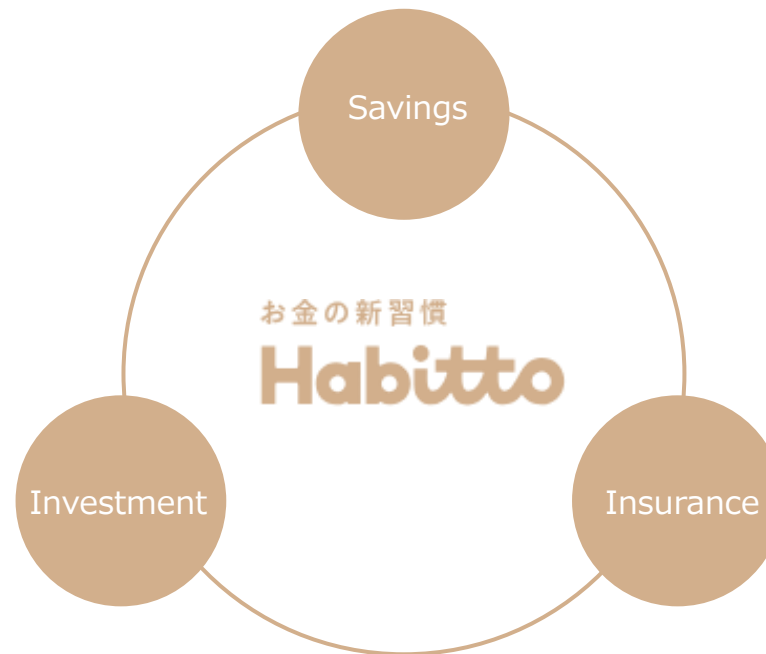
Business forecasts announced in May 2023



1. Preliminary report from "July 2023: MONTHLY DISCLOSURE"

# Collaboration with *Habitto*

- Plan to offer our products through *Habitto* in autumn 2023, a financial services app supporting younger generation



# Initiatives for Sustainability

- Promote initiatives for Sustainability cherishing life insurance's original purpose – mutual support

## Creating the future of life insurance

Creating the future  
for our customers



Disclosed the performance in fiscal 2022  
for “customer-oriented business  
conduct principles”

Creating the future  
for a better society



Disclosed the greenhouse gas  
emissions (GHG emissions)  
for Scope 1 and Scope 2

Creating the future  
with our employees



Developed policies of  
human resources development and  
internal environmental improvement

## Corporate governance to create the future

Adopted non-financial indicators to performance-linked compensation to Directors<sup>1</sup>

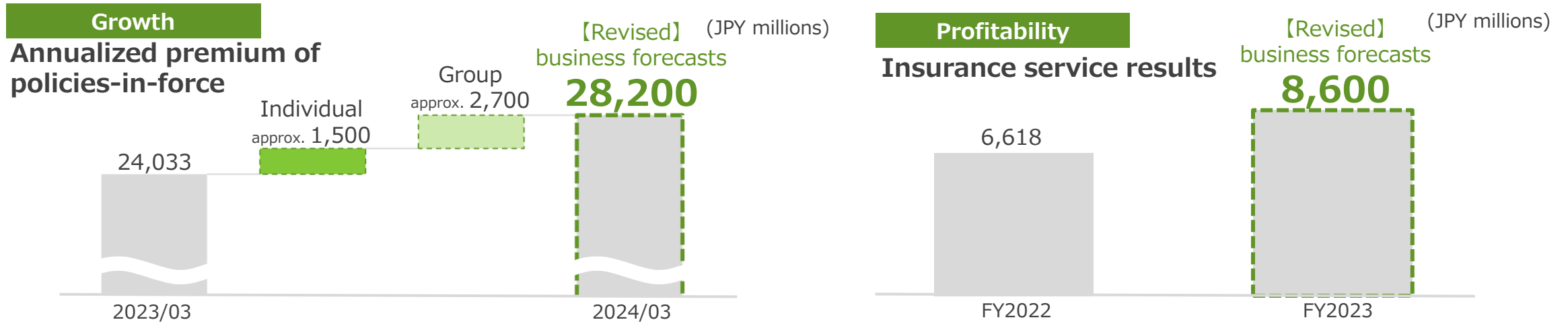
Added “Sustainability” as one of the items of skill matrix of Directors

1. Excluding the directors who are audit and supervisory committee members and outside directors

# Revision of Consolidated Business Forecasts for FY2023



- **Upwardly revised insurance service results and net income** while adjusted annualized premium of policies-in-force based on 1Q performance

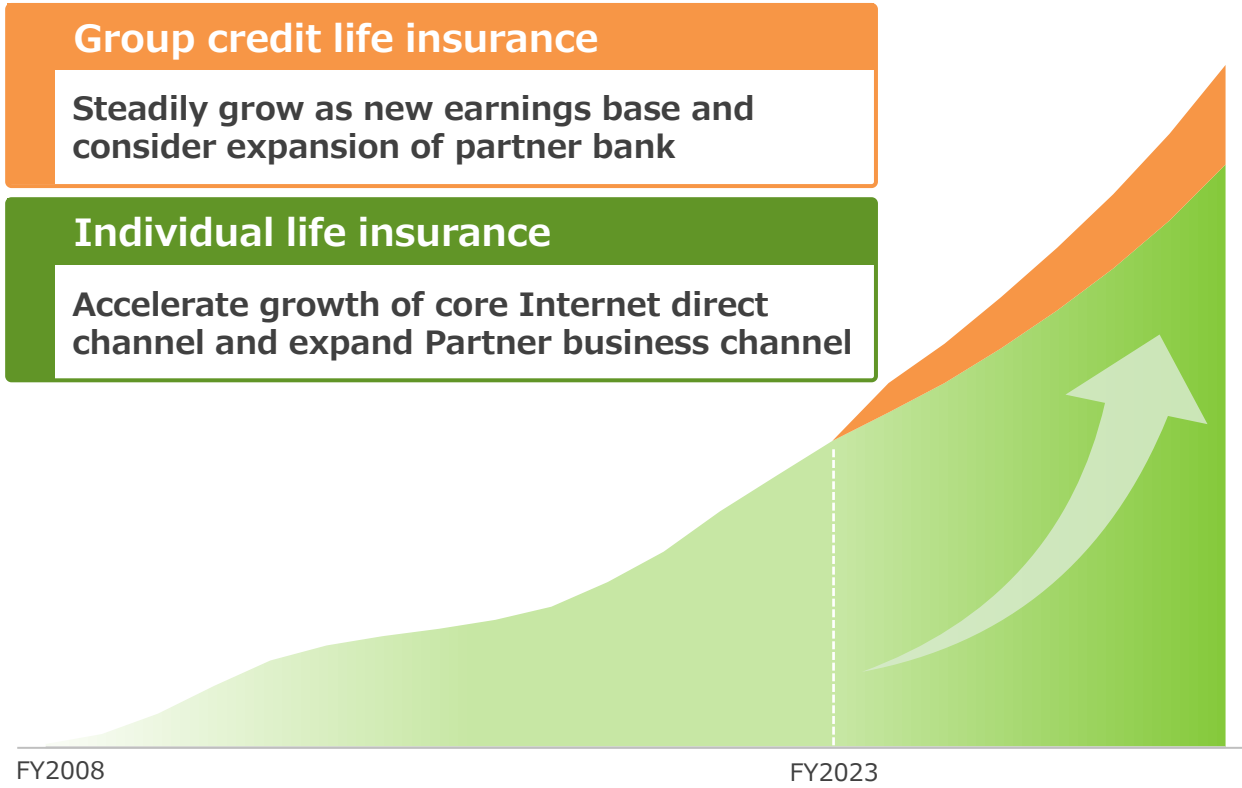


(JPY millions)	FY2022	FY2023		
	Results	1Q Results	[Previous] Forecasts	[Revised] Forecasts
Annualized premium of policies-in-force	24,033	24,408	28,500	28,200 <b>1%DOWN</b>
Insurance revenue	20,732	5,500	24,900	24,900
Insurance service results	6,618	2,274	8,200	8,600 <b>5%UP</b>
Net income attributable to owners of the Company	3,562	1,765	5,300	5,800 <b>9%UP</b>

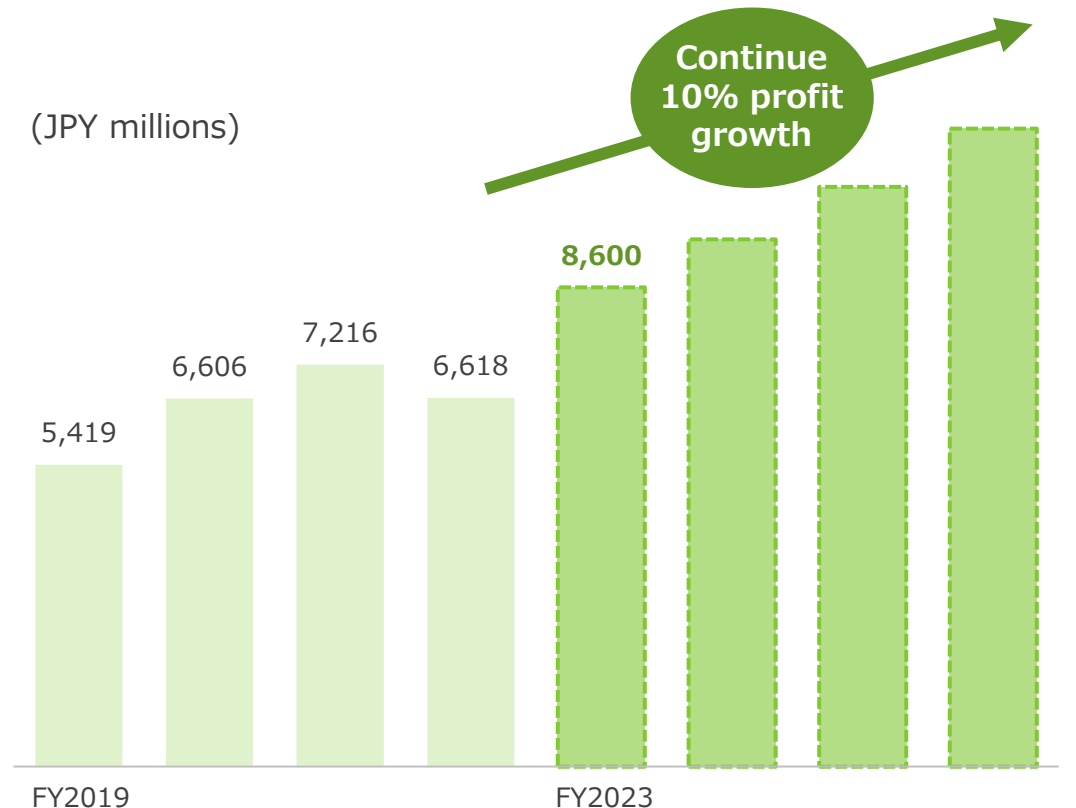
# Future Direction

- Aim for growth in in-force business with **both individual life and GCL**
- **Continue 10% profit growth and aim for TSE Prime Market in around FY2025**

Mid-term growth path of in-force business



Insurance service results



## Mission

Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services

## Vision

Be the leading company driving the growth of the online life insurance market

## Priority areas

- **Innovation of customer experience**  
Enhancing and evolving the quality of all services with digital technology
- **Enhancement of promotion capabilities**  
Generating massive customer traffic by active promotion and expansion of agent sales and white label business

## Management goal

Aim to achieve EEV (European Embedded Value) of 200 billion yen by business growth in a mid-term



## Comprehensible, Cost-Competitive, Convenient

### I. Our Guiding Principles

- (1) Creating the future of the life insurance 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.

### 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.

### 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.

### 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.**



All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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**LIFENET**  
LIFENET INSURANCE COMPANY

# Appendix

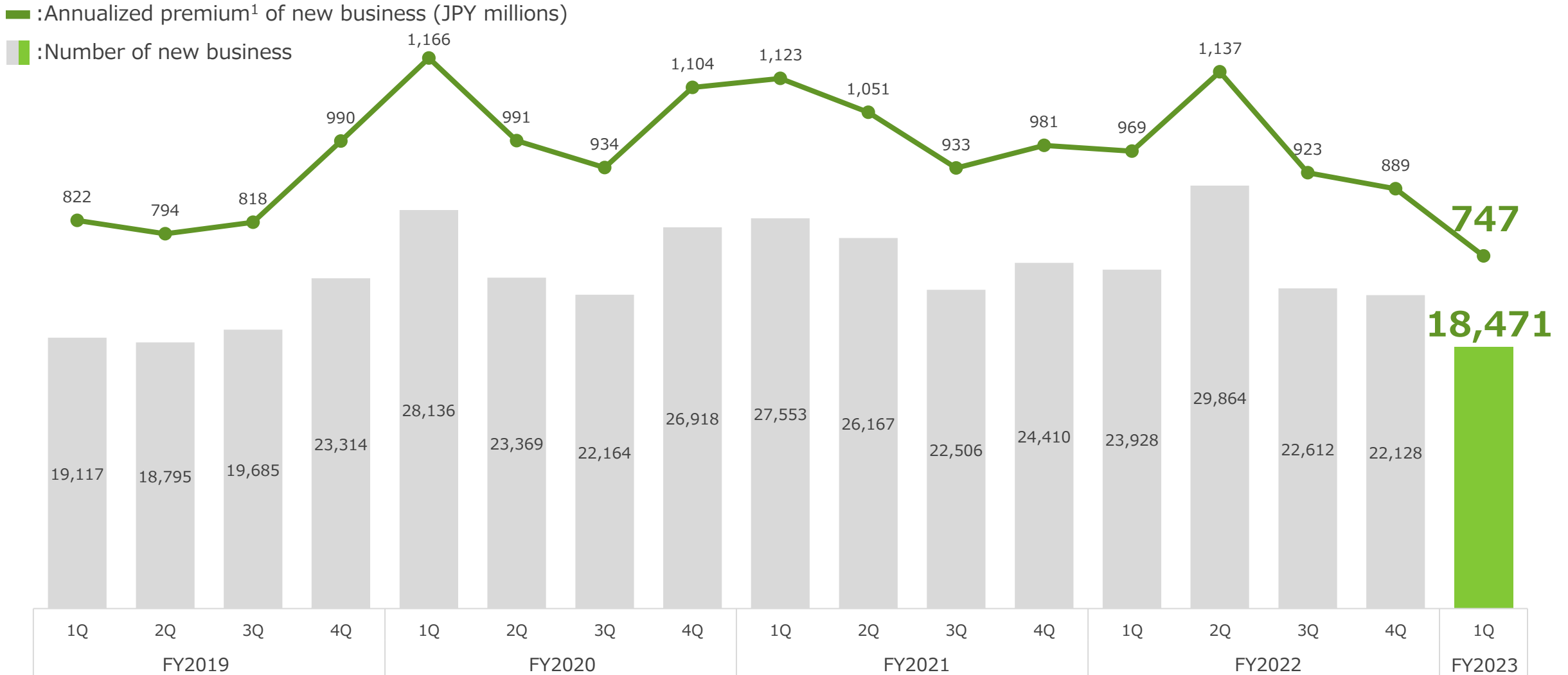
Glossary	Explanation
<b>Insurance revenue</b>	Revenue accrued for fulfillment of insurance services. Mainly, expected claims, expected maintenance expenses, risk adjustment release, CSM release and recovery of insurance acquisition cash flows. Investment components which will be paid regardless of insurance event are excluded from expected claims.
<b>Insurance service expenses</b>	Expenses incurred related to insurance service. Mainly, incurred claims, incurred maintenance expenses, amortization of insurance acquisition cash flows and losses on onerous contracts. Investment components which will be paid regardless of insurance event are excluded from incurred claims.
<b>Insurance service results</b>	Insurance revenue less insurance service expenses, plus reinsurance results.
<b>Financial results</b>	Total of investment results from financial assets, insurance finance income or expenses from insurance contract liabilities (or assets) and reinsurance finance income or expenses from reinsurance contract liabilities (or assets).
<b>Other results</b>	Expenses not directly related to insurance services such as product development costs and income/loss on other than insurance businesses such as results of subsidiaries.
<b>CSM (Contractual Service Margin)</b>	A component of insurance contract liabilities (or assets), which represents the unearned profit that the company will recognize as it provides services over the coverage period. Accumulation of CSM is important for future profit growth.
<b>New business CSM</b>	CSM at the time of acquisition of new contracts during the period.
<b>Risk adjustment</b>	A component of insurance contract liabilities (or assets), which is the adjustment for uncertainty of future cash flows (addition on liabilities).
<b>Insurance acquisition cash flows (IACF)</b>	Cash flows from expenses which are directly attributable to acquisition of insurance contracts. Advertising expenses for new business, agency commissions and administrative expenses for underwriting new business are included. The difference from marketing expenses we had used for J-GAAP is addition of administrative expenses for underwriting.
<b>Maintenance expenses</b>	Expenses directly related to fulfillment of insurance contracts other than insurance acquisition cash flows. Administrative expenses for the maintenance of contracts and overhead expenses for the provision of insurance services are included.

# Breakdown of Policies-in-Force

	'22/06	'23/06	Component ratio
<b>Number of policies-in-force</b>	522,604	<b>576,852</b>	<b>100%</b>
- Term Life	255,049	<b>280,789</b>	<b>49%</b>
- Whole-life Medical	143,126	<b>158,403</b>	<b>27%</b>
- Term Medical Care	8,389	<b>7,644</b>	<b>1%</b>
- Long-term Disability	64,946	<b>68,507</b>	<b>12%</b>
- Cancer	51,094	<b>61,509</b>	<b>11%</b>
<b>Sum insured of policies-in-force<sup>1</sup> (JPY millions)</b>	3,422,571	<b>3,675,820</b>	
<b>Number of policyholders</b>	331,841	<b>365,865</b>	

1. Sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

# Annualized Premium / Number of New Business

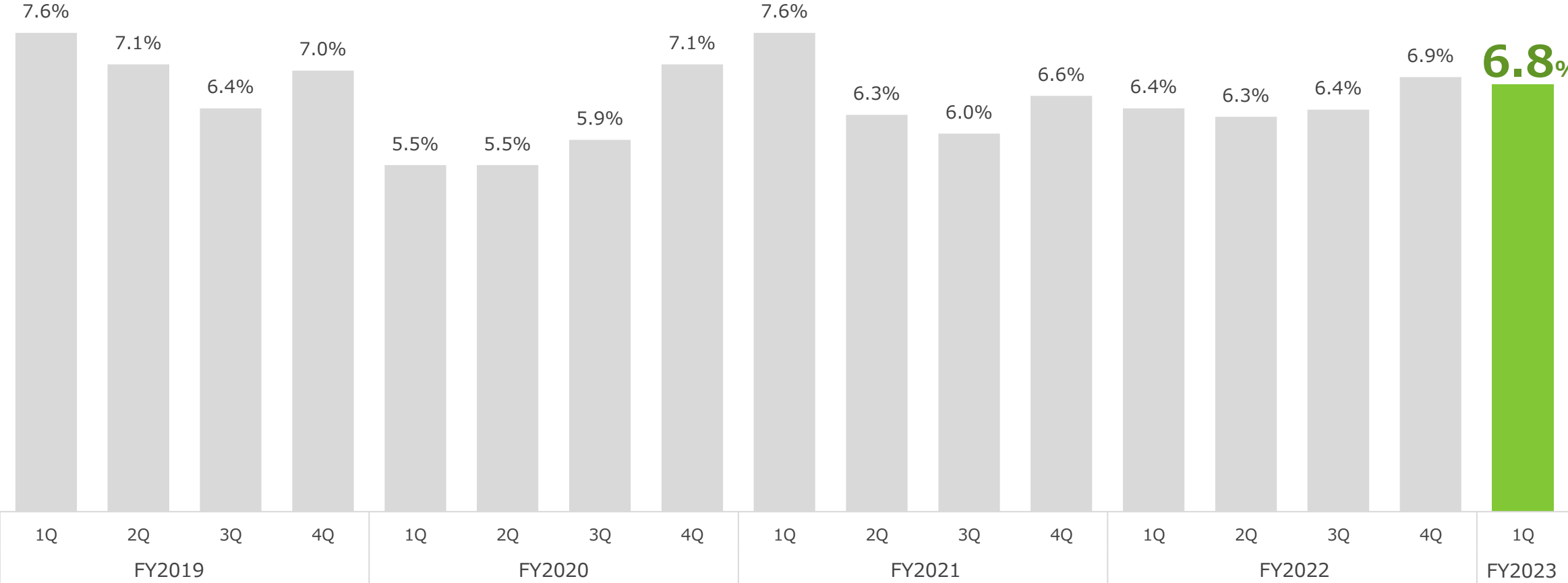


1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

# Surrender and Lapse Ratio



■ : Surrender and lapse ratio<sup>1</sup> (%)

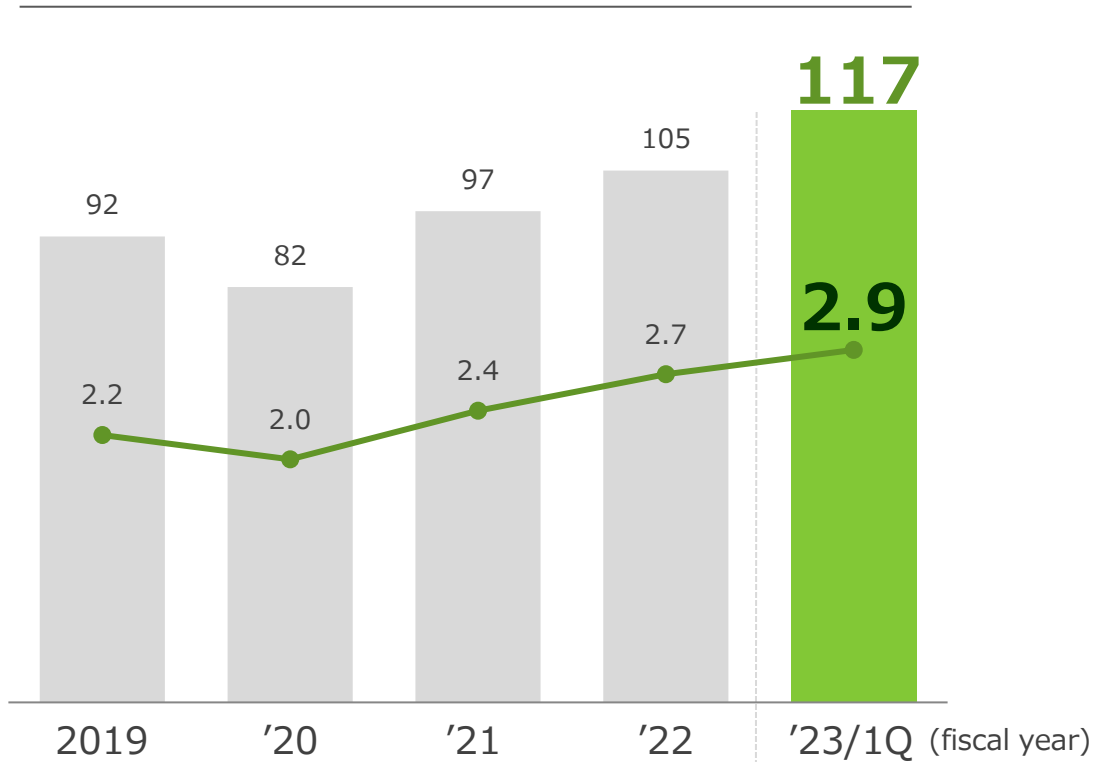


1. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

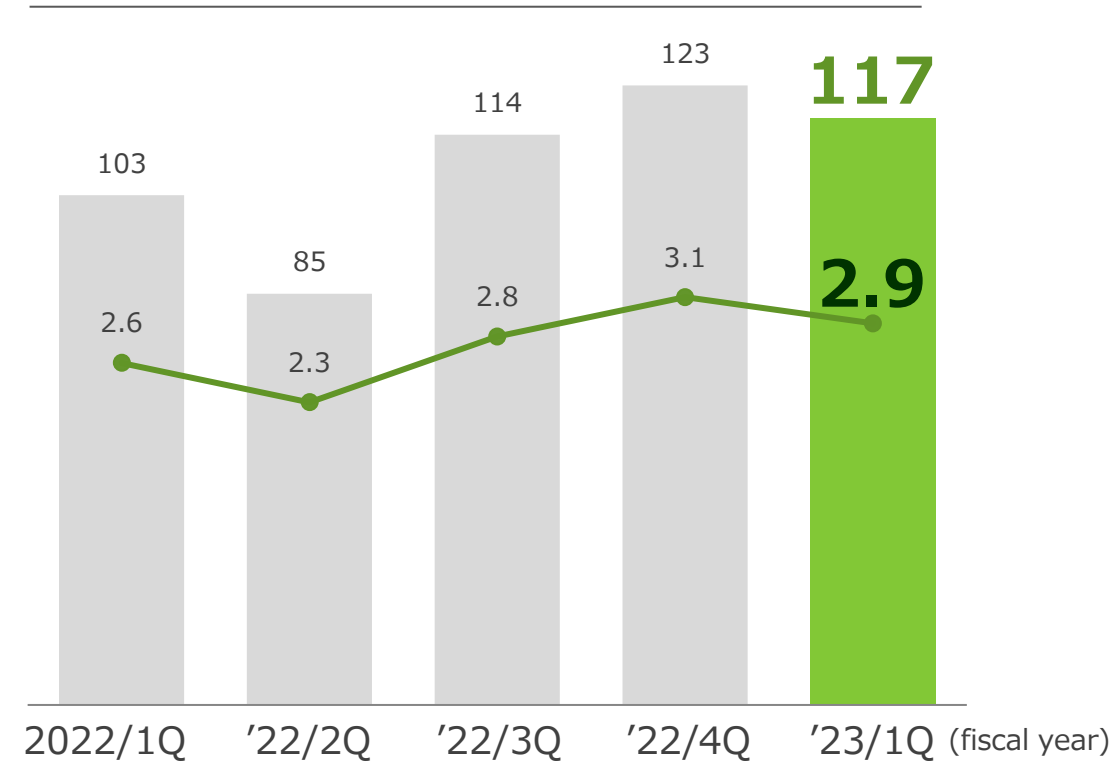
# Insurance Acquisition Cash Flows (IACF) Efficiency<sup>1</sup>

- : Insurance acquisition cash flows / Annualized premium of new business
- : Insurance acquisition cash flows per new business (JPY thousands)

### Fiscal year



### Quarter



IACF (JPY millions)	2019	'20	'21	'22	'23/1Q (fiscal year)
	7,484	8,339	9,854	10,390	2,177

IACF (JPY millions)	2022/1Q	'22/2Q	'22/3Q	'22/4Q	'23/1Q (fiscal year)
	2,488	2,565	2,600	2,737	2,177

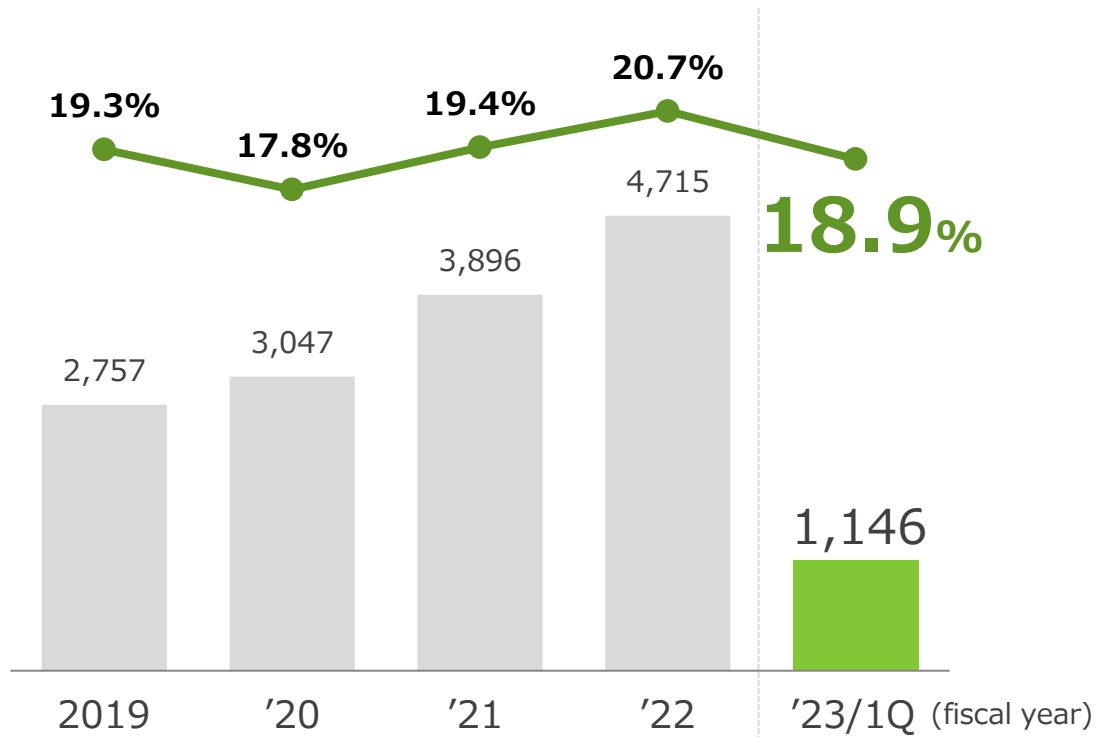
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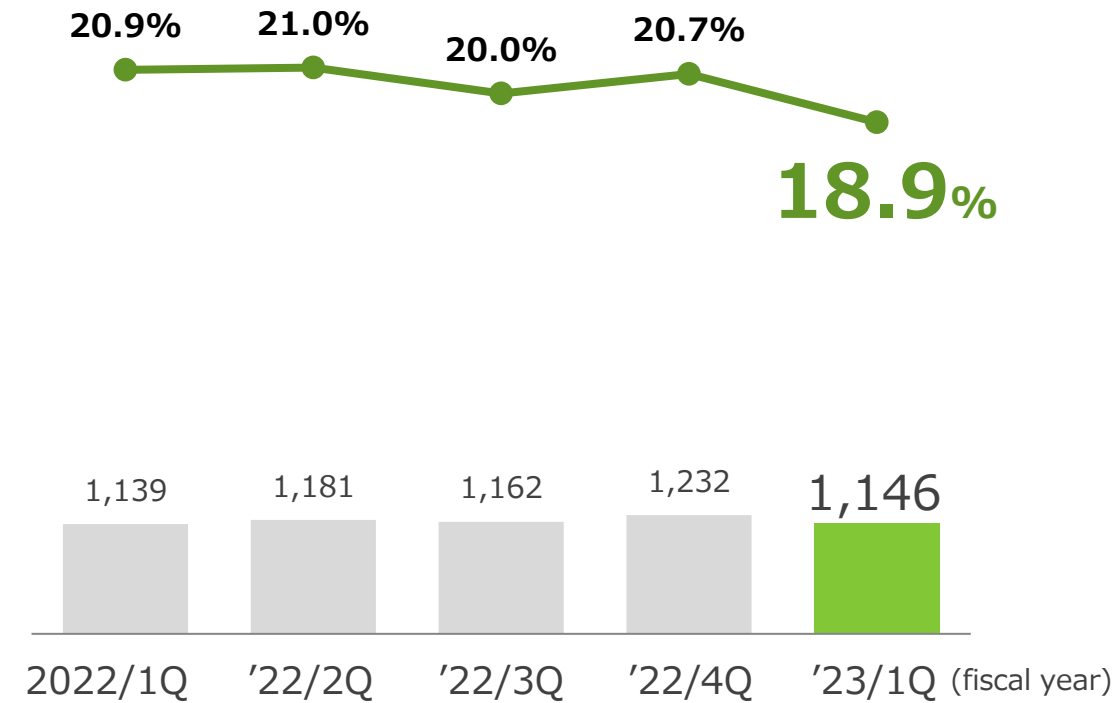
# Operating Expenses Ratio<sup>1</sup>

■ : Operating Expenses Ratio (%)  
■ : Operating expenses excl. insurance acquisition cash flows (JPY millions)

### Fiscal year



### Quarter



1. Ratio of operating expenses excluding IACF divided by average in-force annualized premiums for the period (annualized). Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS.

# Breakdown of Insurance Service Results

(JPY millions)

Items	FY2022		FY2023
	(Ref.) Fiscal Year	1 Q	1Q
<b>Insurance revenue</b>	<b>20,732</b>	<b>4,921</b>	<b>5,500</b>
Expected claims	9,569	2,258	2,561
Risk adjustment release	1,698	400	433
CSM release	6,401	1,537	1,677
Recovery of IACF	3,184	752	869
Others	(121)	(27)	(41)
<b>Insurance service expenses</b>	<b>13,874</b>	<b>3,195</b>	<b>3,068</b>
Incurred claims	10,688	2,442	2,192
Amortization of IACF	3,184	752	869
Others	2	0	6
<b>Reinsurance results</b>	<b>(239)</b>	<b>(74)</b>	<b>(157)</b>
<b>Insurance service results</b>	<b>6,618</b>	<b>1,651</b>	<b>2,274</b>

# Breakdown of Financial Results

(JPY millions)

Items	FY2022/1Q	FY2023/1Q	Change
<b>Investment results</b>	<b>(263)</b>	<b>392</b>	<b>656</b>
Interest income	74	72	(1)
Impairment losses on financial assets, net	(0)	(0)	0
Other investment income	(337)	320	658
<b>Insurance finance income (expense)</b>	<b>(35)</b>	<b>(29)</b>	<b>5</b>
<b>Reinsurance finance income (expense)</b>	<b>5</b>	<b>4</b>	<b>(0)</b>
<b>Financial results</b>	<b>(293)</b>	<b>367</b>	<b>661</b>

# Detail of Bond Portfolio<sup>1</sup>

As of June 30, 2023

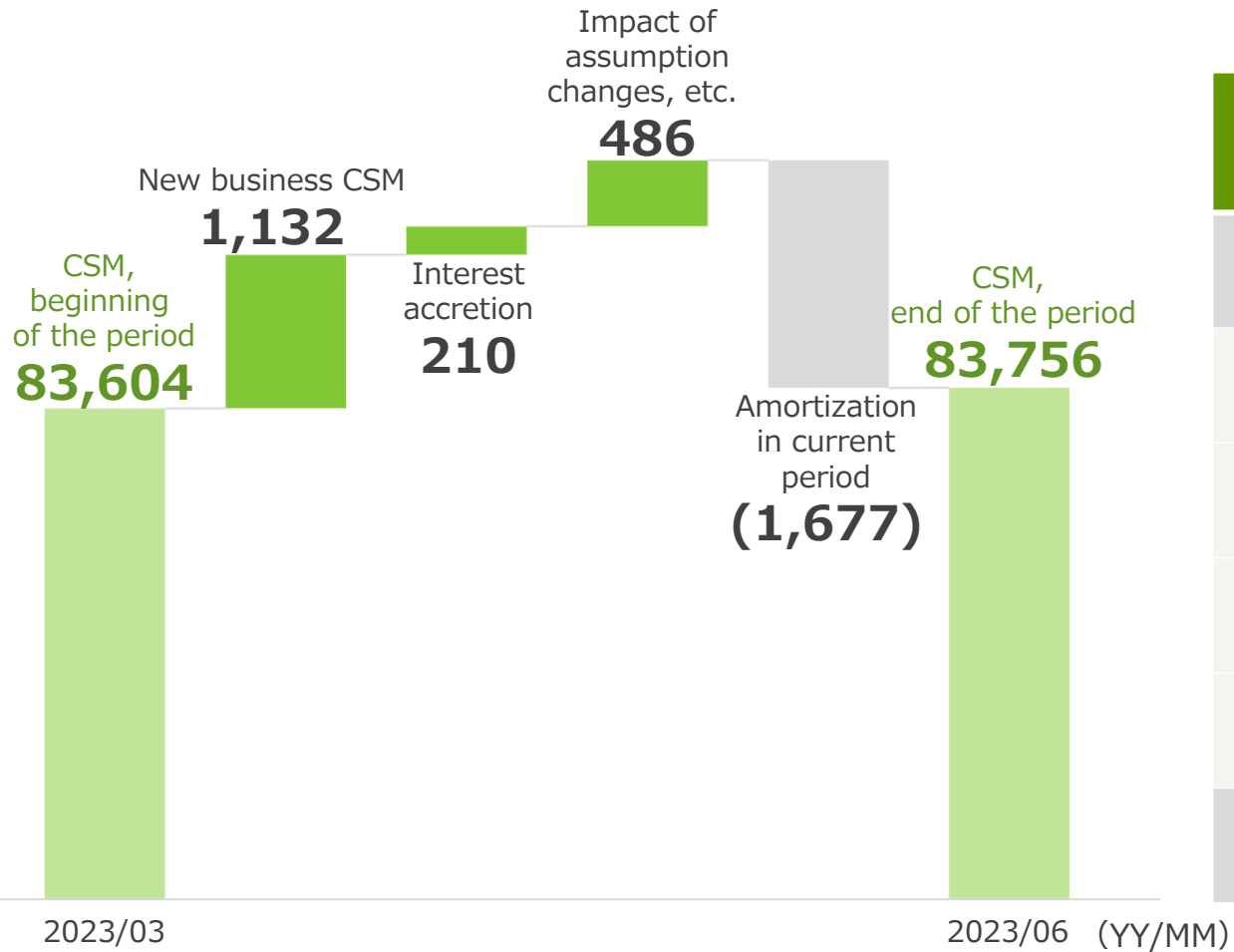
(JPY millions)

	Available-for-Sale	Held-to-Maturity	Total
<b>JPY Bonds</b>	<b>19,190</b>	<b>16,487</b>	<b>35,677</b>
Duration <sup>2</sup>	4 years	12 years	8 years
<b>Foreign Currency Bonds</b>	<b>8,829</b>	—	<b>8,829</b>
Duration <sup>2</sup>			6 years
<b>Non-Currency Hedged</b>	<b>1,969</b>	—	<b>1,969</b>
<b>Currency Hedged</b>	<b>6,859</b>	—	<b>6,859</b>

1. Based on J-GAAP balance sheet as of June 30, 2023

2. Calculated by Lifenet

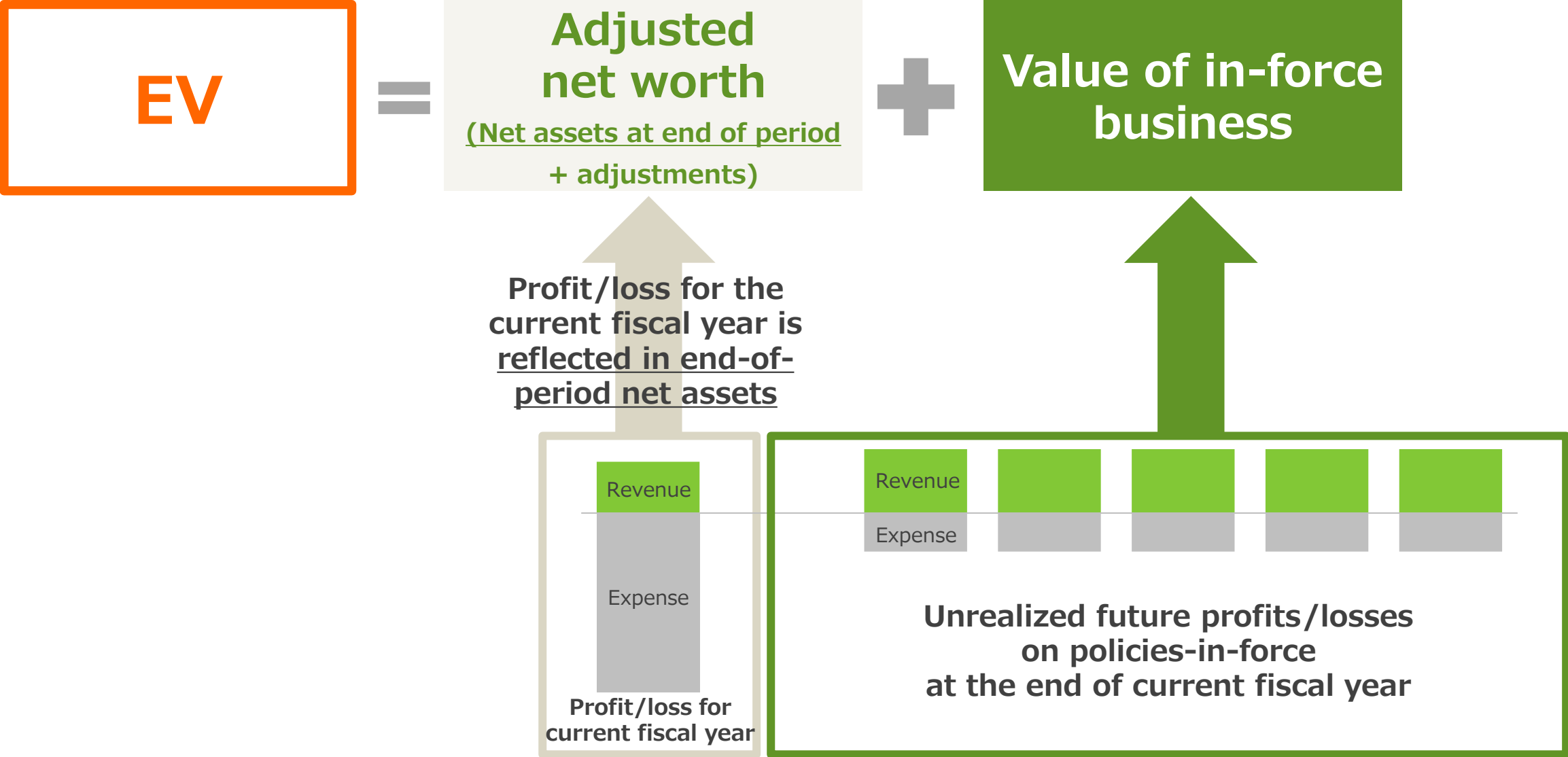
# CSM Movements



(JPY millions)

Items	FY2022	FY2023/1Q
CSM, beginning of the period	74,907	83,604
New business CSM	6,879	1,132
Interest accretion	710	210
Assumption changes, etc.	7,508	486
Amortization of CSM	(6,401)	(1,677)
CSM, end of the period	83,604	83,756

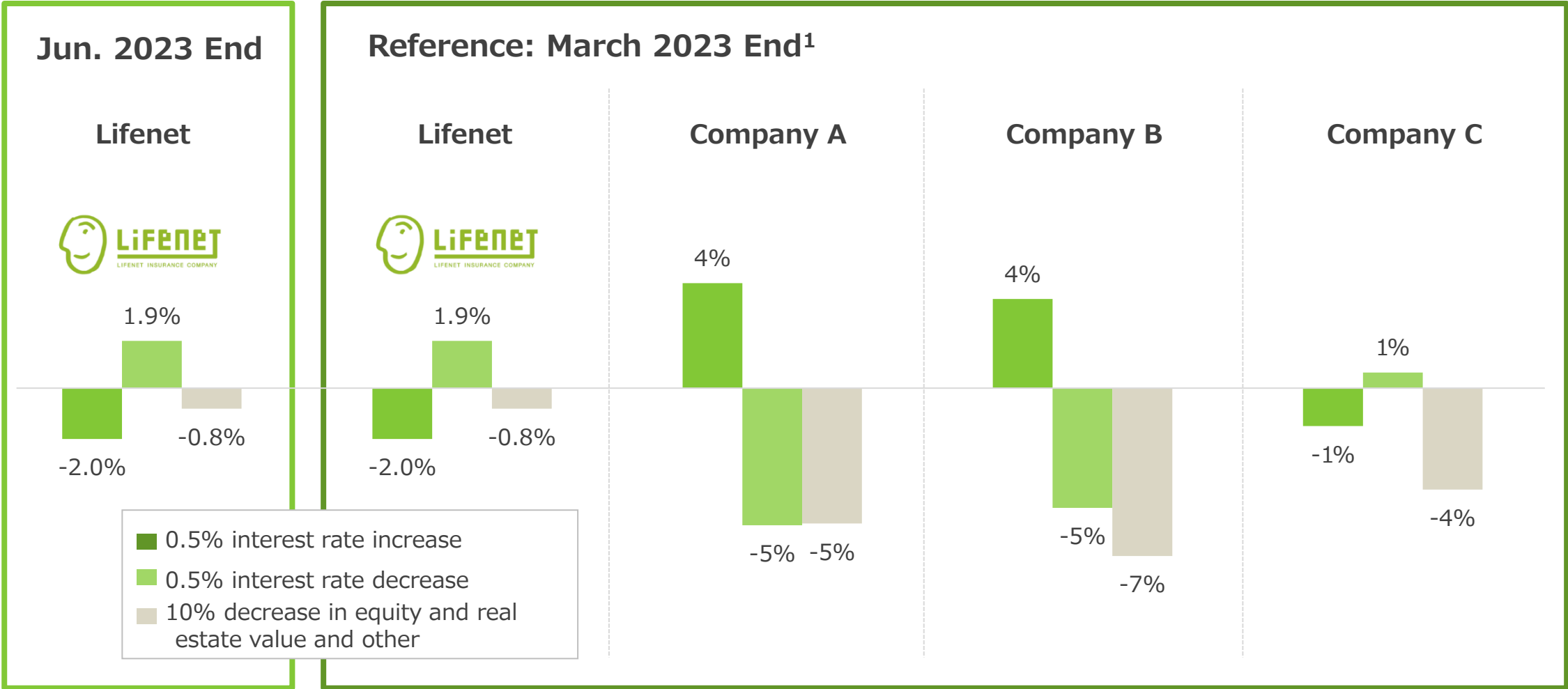
# Structure of Embedded Value



# 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.

# EV Sensitivity Analysis<sup>1</sup>

## Impacts of changes in assumptions (sensitivities)

	(JPY millions)	Change in EEV as of Jun. 30, 2023	Change in VoNB
EEV and new business value as of June 30, 2023		126,978	541
Sensitivity 1a: 1.0% increase in risk-free rate		(5,043)	(86)
Sensitivity 1b: 1.0% decrease in risk-free rate		4,735	69
Sensitivity 1c: 0.5% increase in risk-free rate		(2,507)	(41)
Sensitivity 1d: 0.5% decrease in risk-free rate		2,434	37
Sensitivity 2: 10% decrease in equity and real estate value and other		(956)	—
Sensitivity 3: 10% decrease in operating expenses		5,244	158
Sensitivity 4: 10% decrease in lapse rate		1,180	53
Sensitivity 5: 5% decrease in claim incidence rates for life business		6,652	142
Sensitivity 6: Change the required capital to the statutory minimum		267	6

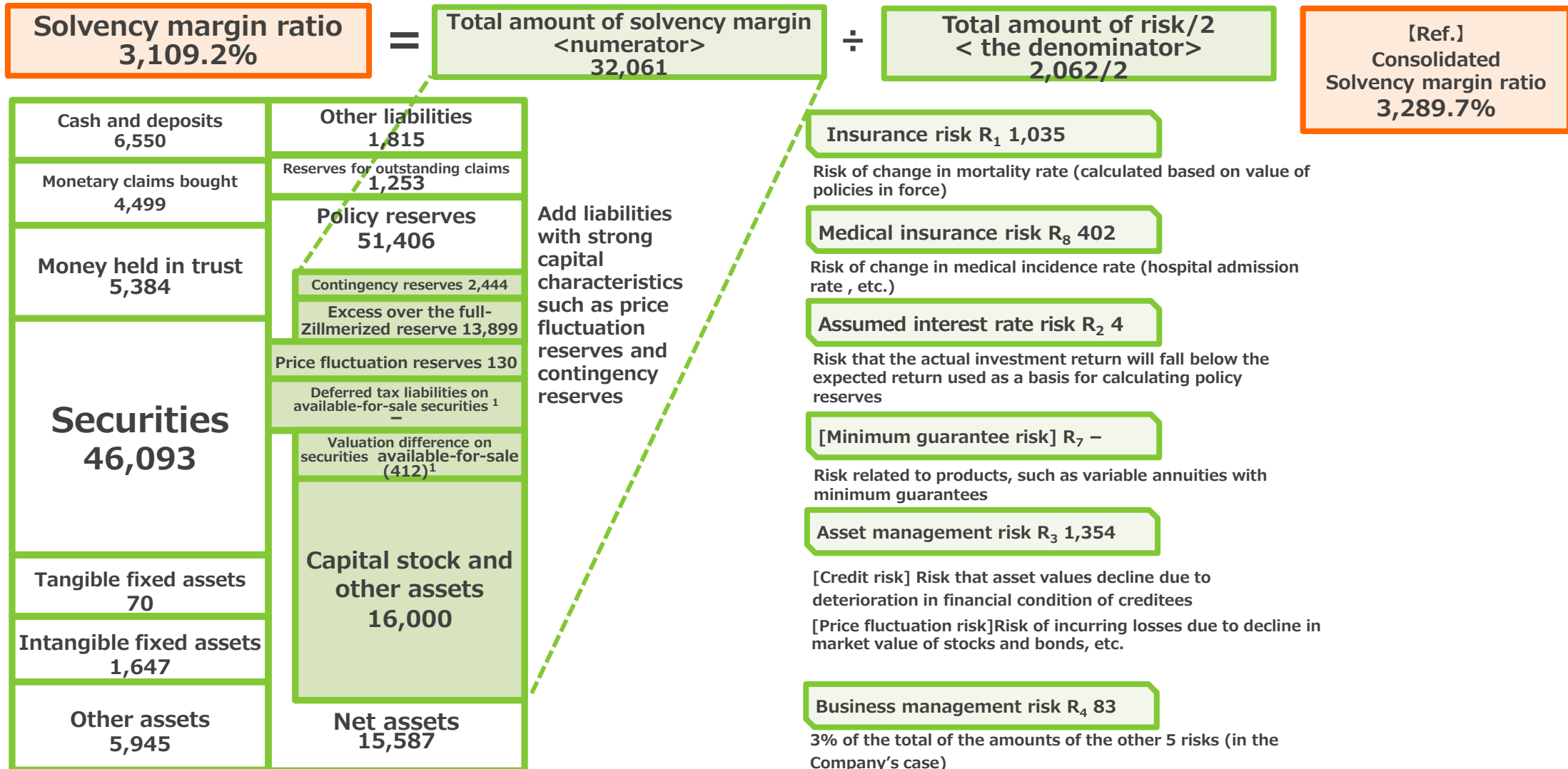
1. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of sensitivities carried out separately. As Japanese policy reserves are calculated in accordance with the IBR, the sensitivities carried out do not affect the reserves at the valuation date. The sensitivity on the value of new business excludes the impact on the adjusted net worth.



# Solvency Margin Ratio Calculation

As of June 30, 2023

$(\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4) / 2$  (JPY millions)



1. 90% of the valuation difference on available-for-sale securities and deferred gains or losses on hedges (pre-tax) (if negative, 100%)  
 2. Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.