LIFENET INSURANCE COMPANY

Q2 Financial Results Briefing for the Fiscal Year Ending March 2023

November 10, 2022

[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 Q2 of FY2022 at 15:30 today. Presentation materials are available on our IR website. I would like to provide an overview of the financial results using the presentation materials and then move on to the question-and-answer session.

1H of FY2022 Key Highlights

- **Annualized premium[1] of policies-in-force up 13% YoY to JPY 22.9 billion**
- **Revised business forecasts fiscal 2022 mainly due to COVID-19 claims of JPY 883 million for 1H of FY2022**
- **EEV up 10% YoY to JPY 123.0 billion**
- **Promoting business alliances with au Jibun Bank, Eisai and Sumitomo Mitsui Card**

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

Please see page 2. These are the main points of today's presentation.

First, annualized premiums of policies-in-force at the end of September 2022 increased 13% YoY to JPY22.9 billion, continuing a steady double-digit growth.

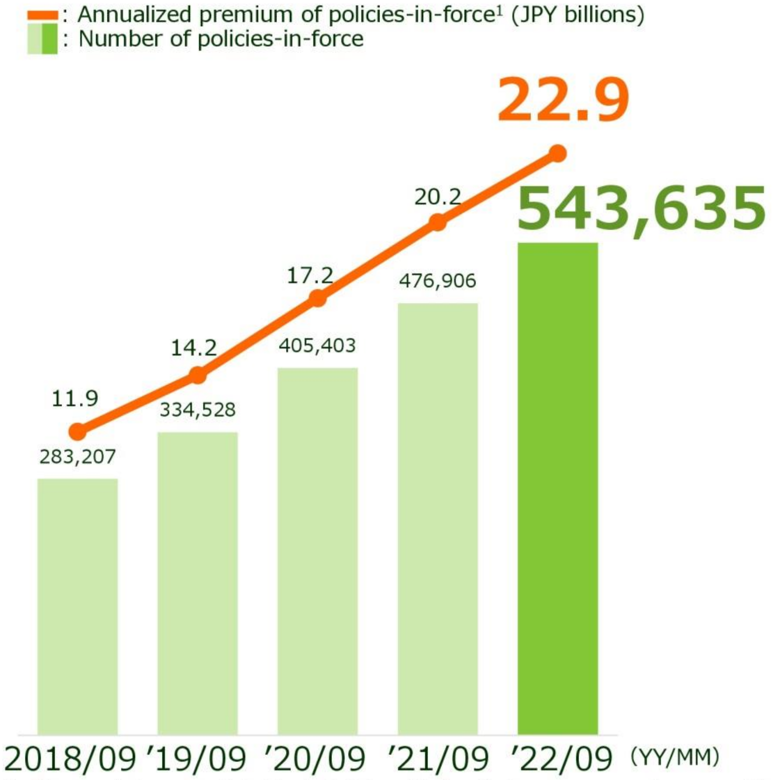
On the other hand, the increase in the number of people infected with COVID-19 resulted in the payment of JPY880 million in insurance and benefit claims for first half of FY2022. As a result, we have revised our business forecast for FY2022.

European Embedded Value, the most important management indicator in our management policy, increased 10% from the end of September in previous year to JPY123 billion.

In addition to the business alliances with au Jibun Bank and Eisai Co., Ltd., we also announced a business alliance with Sumitomo Mitsui Card Company, Limited, a subsidiary of Sumitomo Mitsui Financial Group, as part of our efforts during the first half of the fiscal year.

Details of each item will be explained later.

Annualized Premium / Number of Policies-in-Force



- Continued steady growth
- Year-on-year annualized premium 113.4%, number of policies-in-force 114.0%

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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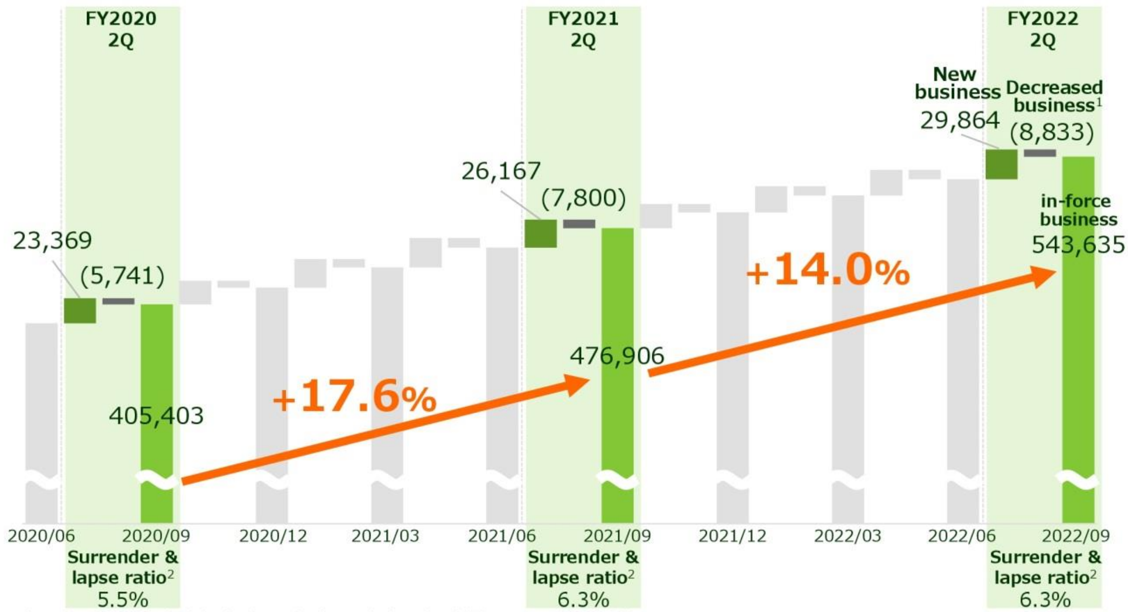
See page 3. This is the performance of in-force business.

Annualized premiums of policies-in-force, which correspond to annual recurring revenue, amounted to JPY22.9 billion at the end of September 2022, with 543,635 policies-in-force. Both the annualized premium and the number of policies-in-force reached record highs, with strong growth of more than 10% compared to the end of September of the previous year.

Policies-in-Force Movement

■ Continues to grow in the mid-term while further acceleration is needed

Number of policies



1. Decreased number of policies include death, expiration and others in addition to surrender and lapse.
2. Surrender and lapse ratio is annualized. The surrender & lapse ratio in the second quarter of fiscal 2021 includes 0.1% of impact from lump-sum lapse regarding expiration of special grace period for COVID-19.

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Page 4 shows the movement in the number of policies-in-force.

The bar graph, colored in green on the far right, is for Q2 of FY2022.

The number of new business for the first half of FY2022 totaled 29,864, a record high on a quarterly basis. The surrender and lapse ratio was 6.3%.

As you can see, we are maintaining our mid-term trend of double-digit growth in policies-in-force, but we understand that increasing new business is the key to further accelerate growth.

Although the current situation continues to be affected by short-term fluctuations in the business environment, we will continue to capture the structural trend of digitalization of the financial industry by strengthening our brand power, improving UI/UX of our website, and actively collaborating with other companies, which will be explained later, to achieve sustainable growth in the performance of policies-in-force.

Marketing Efficiency

(fiscal year)	2018	'19	'20	'21	'22/1H
Marketing expenses (JPY millions)	4,216	6,146	6,712	8,262	**4,237**

- **Continued a certain scale of marketing investment while carefully monitoring marketing efficiency**

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 5 explains marketing efficiency.

The table below left shows the actual marketing expenses invested. The amounts for FY2018 through FY2021 are for the full fiscal year, while the amounts for FY2022 are for the first half of the fiscal year. Marketing expenses for the first half of FY2022 totaled JPY4.237 billion.

As shown in the bar graph, marketing expenses per new business were JPY78,000, indicating an improvement in marketing efficiency compared to the previous year.

The details are explained in the next page.

Improving marketing efficiency is one of our mid-term challenges, but for the time being, especially in the current fiscal year, we will continue to make a certain level of marketing investment based on the idea that our priority is to further strengthen our position in the online life insurance market and to increase our competitiveness over the mid- to long term.

【Ref.】Marketing Efficiency (Quarter)

Marketing expenses (JPY millions)	1,995	1,833	2,400	2,079	**2,157**

- **Improved efficiency in 2Q due to increase in new business**
- **Explore the right timing to re-boost marketing investment**

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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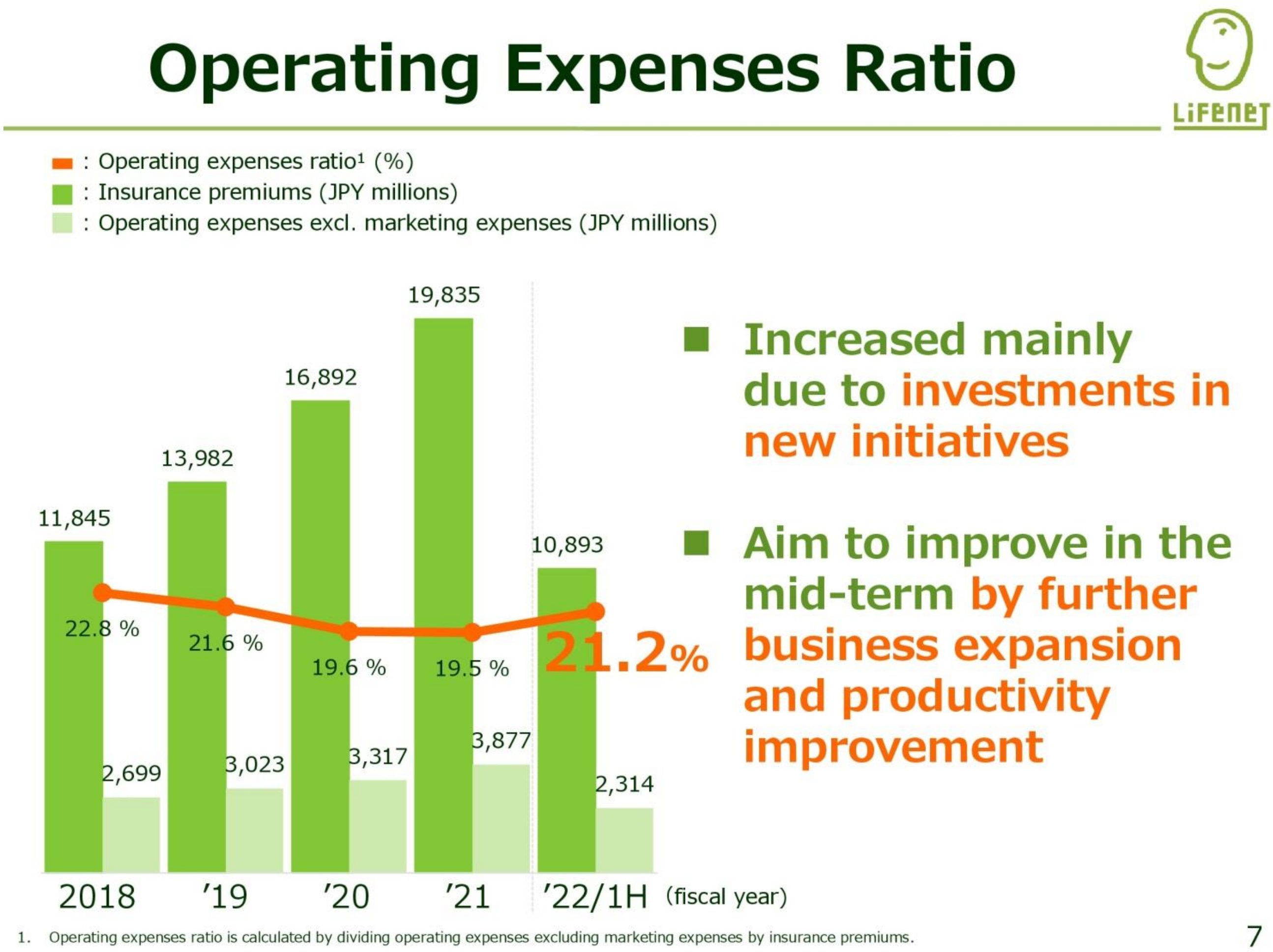
Page 6 shows changes in marketing expenses and marketing efficiency for the last five quarters.

In Q4 of FY2021, marketing efficiency deteriorated significantly as a result of a significant increase in marketing expenses. Therefore, in the first half of FY2022, we have controlled marketing investment to a certain extent. In addition, efficiency improved particularly in Q2 of the fiscal year due to a temporary increase in life insurance demand following the seventh wave of COVID-19 infection in Japan, which led to an increase in new business performance.

Our major direction remains the same, which is to focus more on sustainable growth potential than on short-term marketing efficiency improvements. Therefore, while taking into account the current business environment, we will continue to consider re-expanding marketing expenses if we believe that it will contribute to the growth in new business performance.



Next, we will discuss the efficiency of operating expenses excluding marketing expenses on page 7.

Operating expenses, excluding marketing expenses, totaled JPY2.314 billion in the first half of the current fiscal year. The operating expenses ratio to insurance premium was 21.2%.

Although insurance premium is steadily increasing, the operating expenses ratio is higher than that of FY2021 due to the investments in new business development, including preparations for the launch of the group credit life insurance business.

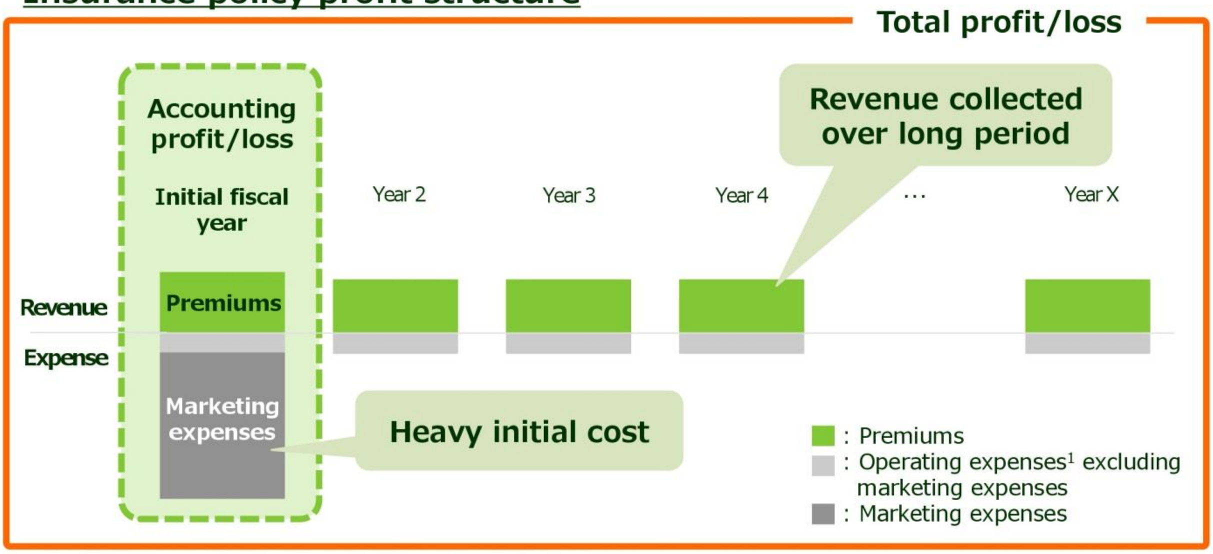
An improvement of operating expenses ratio means a decrease in unit costs, which is an important factor for an improvement of profitability and an increase in European Embedded Value.

In the current scale of our business, a certain scale of investment will affect the fluctuations of operating expenses ratio. Thus, we will continue our efforts to stabilize and improve the ratio over the mid-term.

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 8 shows the accounting structure of life insurance companies.

This is important 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 in-force business, while affected by COVID-19 claims of JPY 883 million

The method for calculating adjusted profit

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

JPY millions / fiscal year	2018	2019	2020	2021	2022/1H
i) Ordinary profit (loss)	(1,719)	(2,382)	(3,089)	(3,245)	(2,492)
ii) Marketing expenses	4,216	6,146	6,712	8,262	4,237
iii) Modified co-insurance	–	(1,526)	(804)	(1,283)	(444)
iv) Adjustment	347	546	739	721	114
Adjusted profit	**2,844**	**2,784**	**3,558**	**4,455**	**1,414**

1. 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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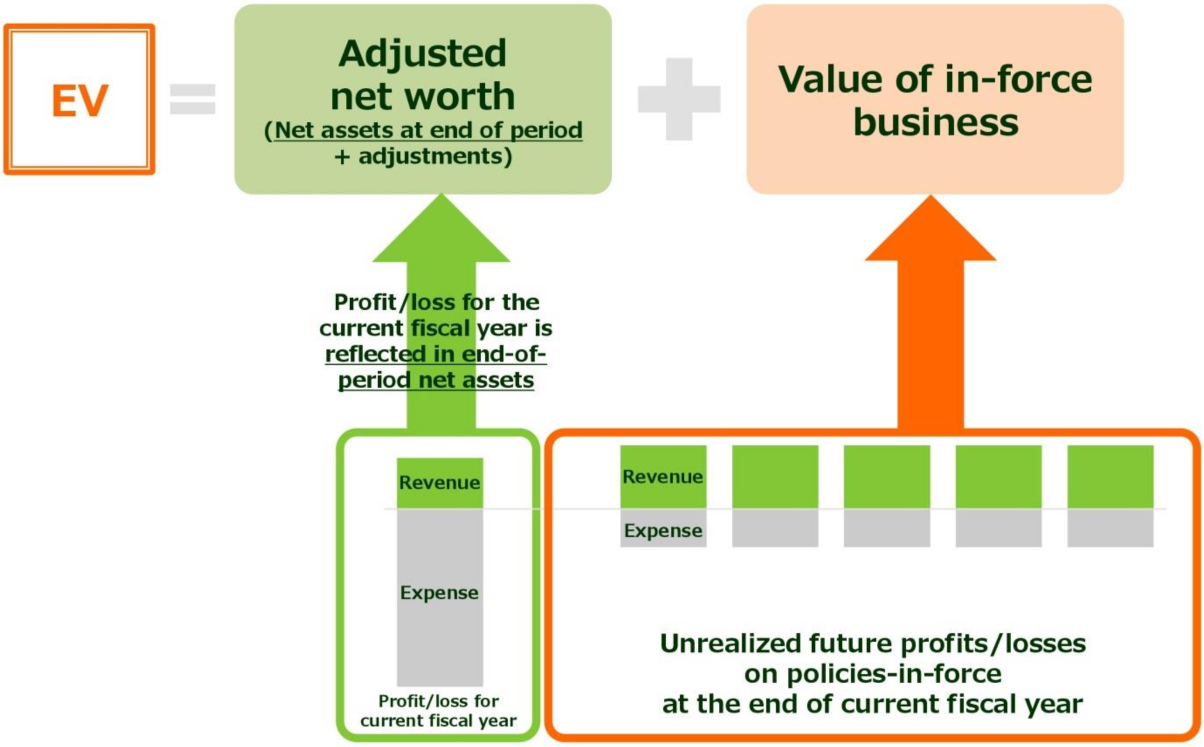
Page 9 shows the adjusted profit.

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 the first half of FY2022 totaled JPY1.414 billion. Although profit generated from in-force business itself has been steadily recorded, the increase was limited compared to the previous year, mainly due to the payment of JPY880 million for COVID-19 for the first half of the current fiscal year.

Structure of Embedded Value



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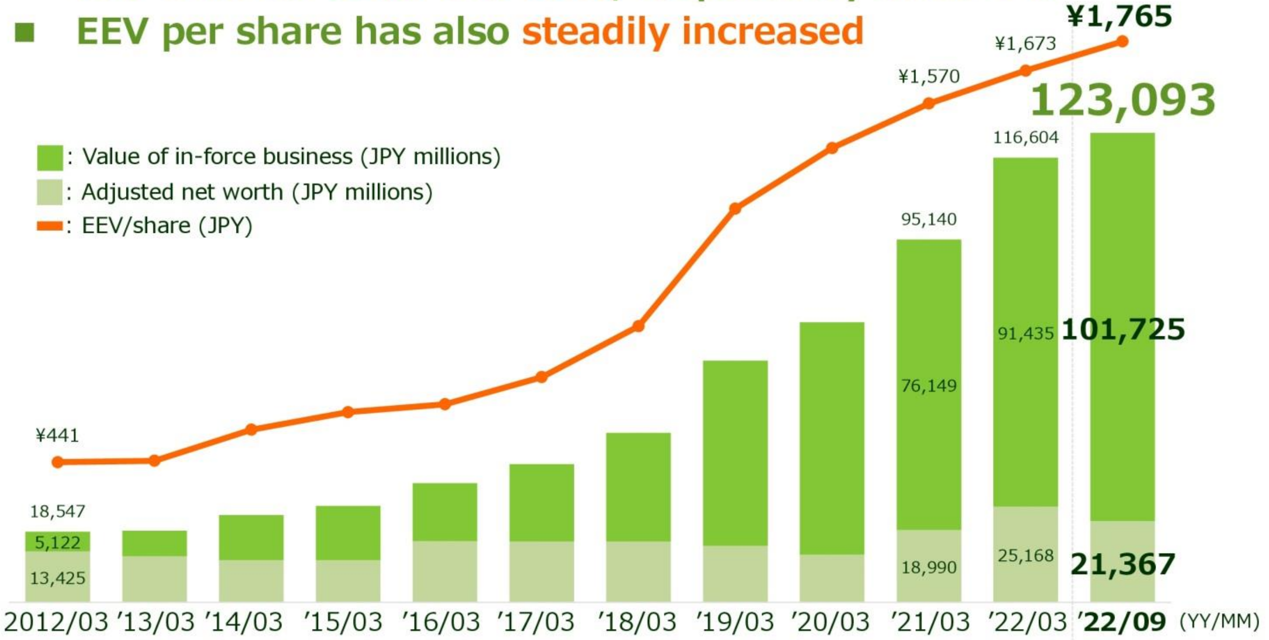
Page 10 is the structure of Embedded Value.

European Embedded Value, or EEV, is the present value of net assets, or net worth, after taking into account the after-tax value of unrealized future profits that the in-force business will generate in the future under statutory accounting.

Strong EEV[1] Growth

- **EEV and value of in-force business have been growing at a CAGR of 20%[2] and 33%, respectively since IPO**
- **EEV per share has also steadily increased**



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 September 30, 2022 is calculated applying the updated operating assumptions from those used for June 30, 2022, and is not reviewed by third-party specialists.
2. The calculation includes JPY 3,040 million in proceeds from a third-party allotment in May 2015 and JPY 9,005 million from overseas public offering in July 2020 and JPY 9,771 million from overseas public offering in September 2021.

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Please see page 11.

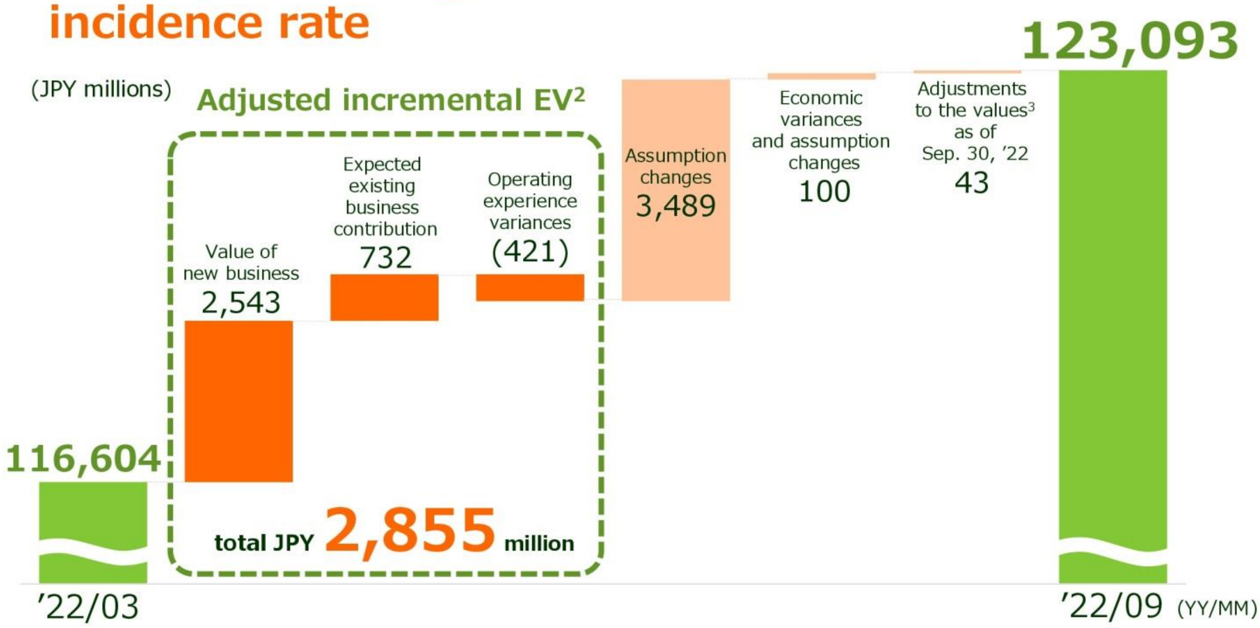
EEV as of September 30, 2022 was JPY123.0 billion. The compound average growth rate (CAGR) of EEV since listing in March 2012 has been 20%. Especially the value of in-force business, which is unrealized future profits from policies-in-force for accounting purposes, has grown at a CAGR of 33% and is a strong driver of EEV's growth.

The orange line graph shows the trend of EEV per share. EEV per share as of September 30, 2022 was JPY1,765.

We will continue to strive for EEV per share growth.

1H of FY2022 EEV Movement[1]

- **EEV growth driven by value of new business, and assumption changes of renewal rate and claim incidence rate**



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 September 30, 2022 is calculated applying the updated operating assumptions from those used for June 30, 2022, 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.
3. Item for change in capital

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Page 12 is an analysis of factors contributing to the change in EEV from the end of March 2022 to the end of September 2022.

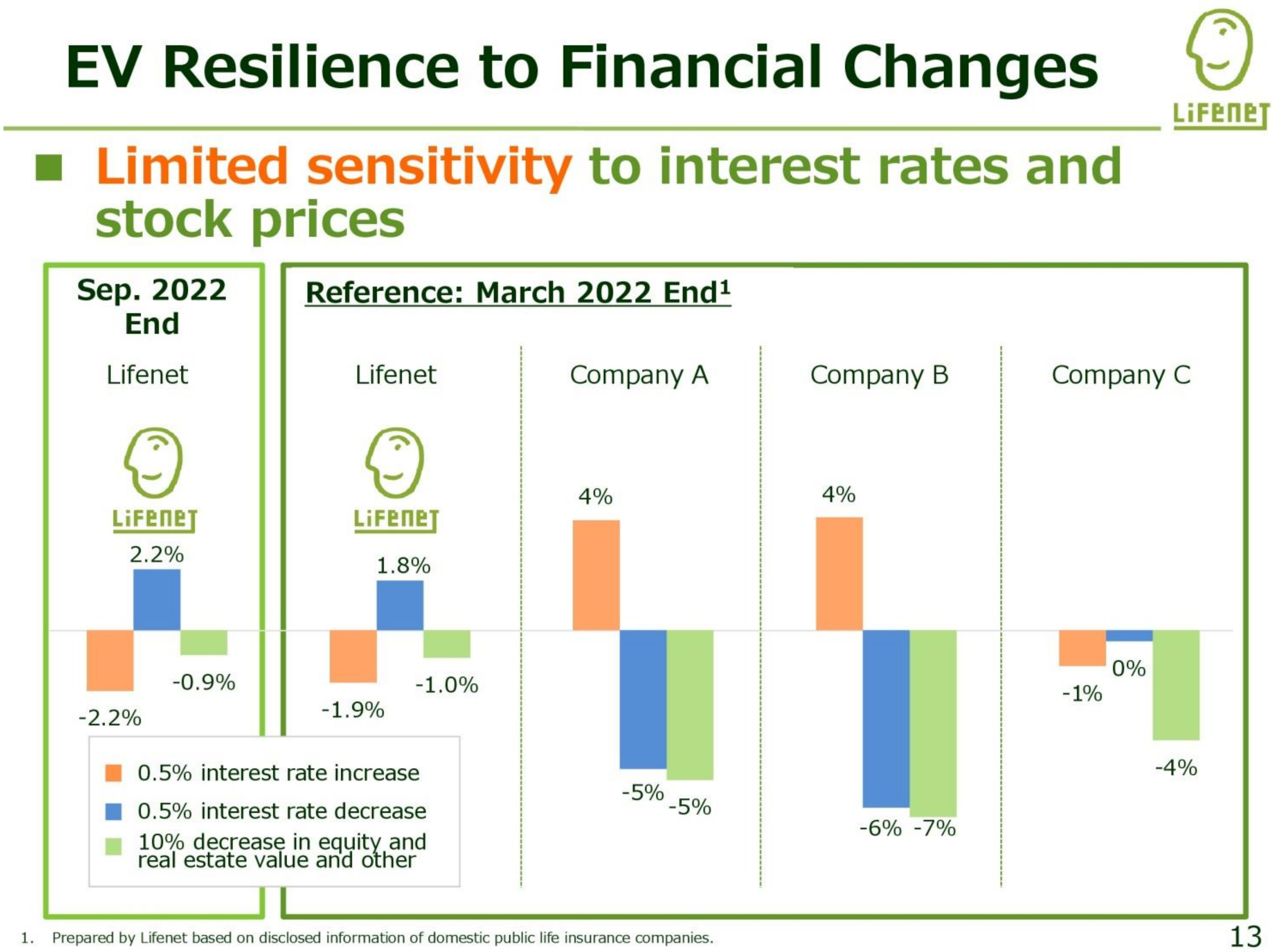
We define adjusted incremental EV as the sum of the three components of the change in EEV: the value of new business, expected existing business contribution, and operating experience variances, which are shown in the green dotted box on the slide.

The increase in adjusted incremental EV for the first half of FY2022 was JPY2.855 billion. Of this amount, the value of new business was JPY2.543 billion, contributing to the increase in EEV.

On the other hand, the operating experience variances was a negative JPY421 million, mainly due to the COVID-19 claims of JPY880 million. Since operating experience variances has never been negative on such a scale in the past, you can see how unusual the COVID-19-related payments were.

In addition, at the end of September 2022, JPY3.489 billion was recorded as assumption changes, mainly due to a revision of renewal rate and claim incidence rate.

We will continue to aim for EEV growth by expanding the scale of our business.



Page 13 shows the sensitivity of EV to changes in interest rates, stock prices, and other factors for the Company and listed domestic life insurance companies.

As you can see, the sensitivity of the Company's EV to changes in interest rates and other factors has been limited as the Company's asset management and product lineup are relatively less susceptible to changes in interest rates, stock prices and other factors.

Financial Condition

(JPY millions) (YY/MM)	'22/03	'22/09
Total assets	**67,820**	**68,065**
Cash and deposits	3,761	3,193
Monetary claims bought	3,999	2,999
Money held in trust	5,460	5,635
Securities	47,425	48,526
Government bonds	8,946	8,870
Municipal bonds	1,469	1,450
Corporate bonds	24,042	24,986
Stocks	492	550
Foreign securities	98	497
Other securities[1]	12,375	12,170
Total liabilities	**45,749**	**49,414**
Policy reserves and other	43,542	47,593
Total net assets	**22,071**	**18,650**
Valuation difference on available-for-sale securities	697	(257)
Solvency margin ratio[2]	**3,182%**	**3,187%**
Modified duration (year)[3]	**9.9**	**9.1**

- **Maintained sufficient financial stability as indicated by solvency margin ratio[2]**
- **Continue to monitor the impact of changes in investment environment on market value of securities**

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.
3. Duration of yen-denominated bonds

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Page 14 is the summary of the balance sheet.

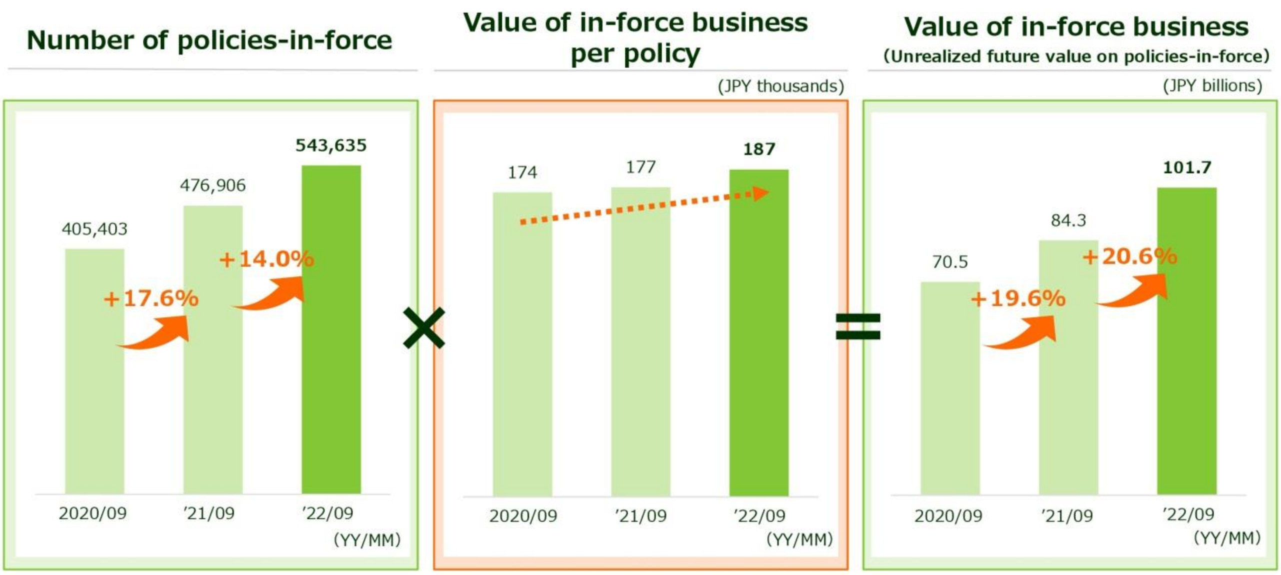
As of September 30, 2022, total assets were JPY68.065 billion, liabilities were JPY49.414 billion, and net assets were JPY18.650 billion. The solvency margin ratio, an indicator for an adequate level of payment capacity, is 3,187%, which is sufficient in terms of capital adequacy.

As for the impact of the recent interest rate fluctuations on the Company's financial accounting, the valuation difference on available-for-sale securities, which is shown under the total net assets line in the table on the left, decreased by approximately JPY950 million from the end of the previous fiscal year due to recent changes in the investment environment.

We believe that we will be affected to a certain extent for some time to come, and we will continue to monitor the investment environment closely.

Growing Value of In-Force Business

■ Value of in-force business up 20% YoY, along with the growth of value of in-force business per policy



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On page 15, we would like to explain the growth in the value of in-force business.

The number of policies-in-force on the left-hand side has been steadily increasing, indicating that the scale of our business is expanding. In addition, the value of in-force business per policy in the chart at the center has not been damaged by the current business environment, but rather has steadily increased.

As a result, the value of in-force business, which shows the unrealized future value of in-force business on the right side, has increased by 20% YoY. We will continue the sustained growth in our corporate value by achieving to realize strong growth in the value of in-force business.

Promoting Business Alliances

■ Aim to create new value of online life insurance through partnership

au Jibun Bank

Business alliance in the group credit life insurance

- ✓ Start business around 2Q of FY2023[1]
- ✓ au Jibun Bank to change its underwriting insurer of existing group credit life insurance contracts to Lifenet[1]
- ✓ Explore further synergies within KDDI's ecosystem

Eisai

Capital and business alliance

- ✓ Started discussion for development of new products and services
- ✓ Eisai completed acquisition of Lifenet's common stock in the capital market

1. Subject to approval of Financial Services Agency

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From page 16, we will explain our main initiatives.

First, it is about partnership with au Jibun Bank and Eisai, which we announced in our Q1 financial results.

In order to expand our business domain to group credit life insurance, we have entered into a business alliance agreement with au Jibun Bank. Based on the agreement, subject to approval by the Financial Service Agency, we plan to launch the group credit life insurance business around Q2 of FY2023, and au Jibun Bank will transfer the underwriting insurance company of the existing group credit life insurance policies for mortgage loans to us. At this point, we understand that preparations are steadily progressing toward the start of the business.

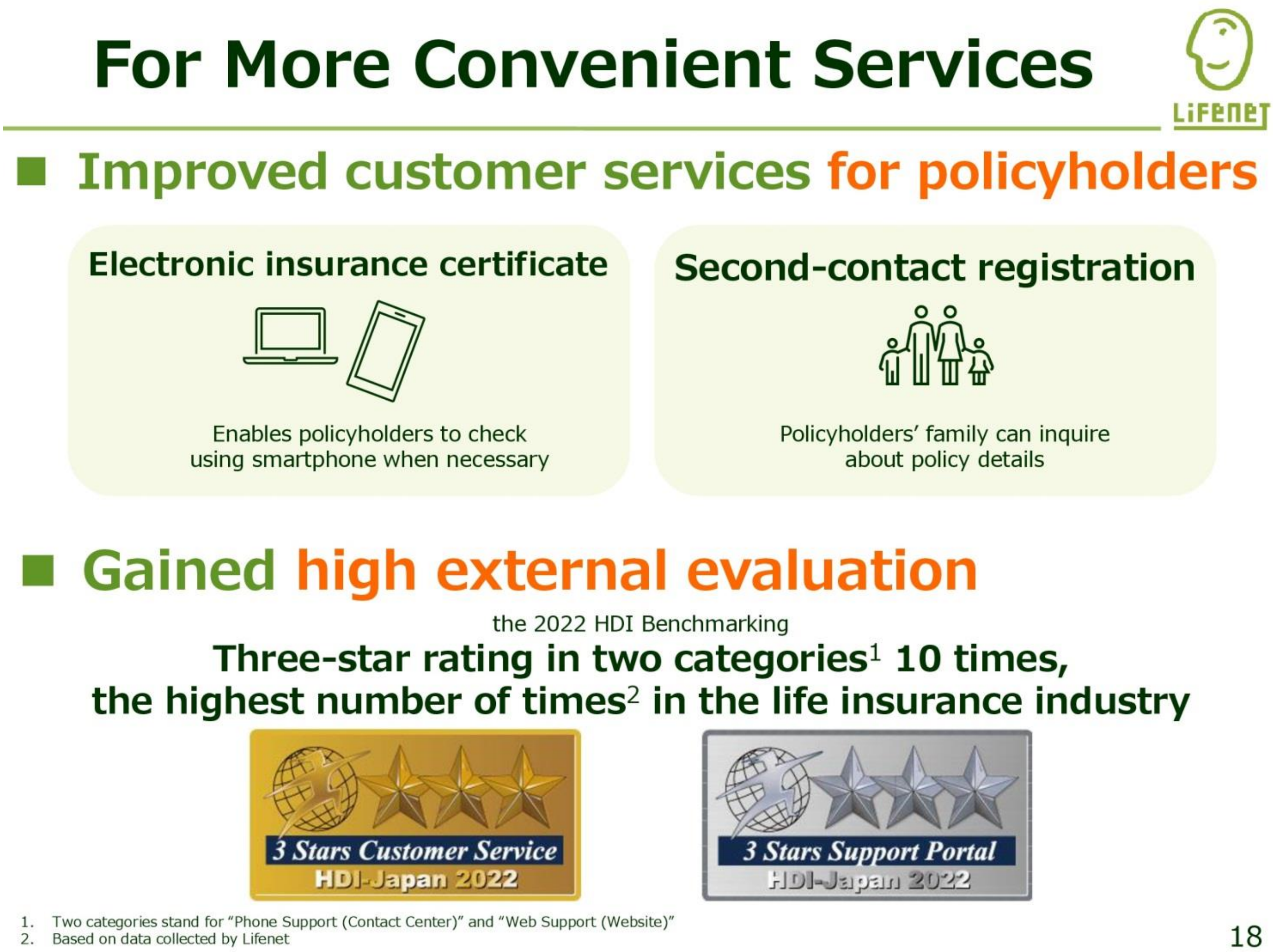
Since launching its mortgage services, au Jibun Bank has achieved steady growth, becoming the fastest internet-based bank to surpass JPY2 trillion in cumulative amount of mortgage loans in March 2022, and is expected to continue to grow steadily in the future. Both companies will continue to strive for our business.

We have also started discussions with Eisai and will consider developing new products and services in the medical and healthcare fields by mutually utilizing the strengths and know-how of both companies. The acquisition of JPY300 million worth of our shares by Eisai under the capital alliance has already been completed through in-market transactions.

Next, please see page 17.

On October 13, we announced that we, together with our subsidiary Lifenet MIRAI, have entered into a business alliance agreement with Sumitomo Mitsui Card (SMCC). As financial services are becoming increasingly digitalized, Sumitomo Mitsui Card is recognized as a core company in the Sumitomo Mitsui Financial Group that provides financial services to individuals.

Based on this alliance, LIFENET Group's knowledge and expertise as an online life insurance market leader and SMCC's data and analysis technology will be utilized to realize digital-based customer experiences.



Please refer to page 18.

In order to expand our services to a steadily increasing number of policyholders, we have introduced an electronic insurance certificate and second-contact registration system. These initiatives will enable our policyholders to use our services more conveniently.

In addition, as a result of our continued commitment to providing high quality support to our customers, our contact center and website have received the highest rating from an external evaluation organization for the 10th time, the industry record. We will continue to strive to provide products and services that exceed customer expectations.

Adoption of International Financial Reporting Standards

LIFENET

■ Aim for the voluntary adoption of IFRS 17 from FY2023

Main points

- ✓ Expect to record an accounting profit[1] from FY2023
- ✓ Capital adequacy[2] and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS

Schedule

Jan. 2023	The third IFRS study session will be held (Japanese version only)
May 2023	Financial results for FY2022 ✓ Disclose business forecasts under IFRS
May 2024	Financial results for FY2023 ✓ Announcement of financial results under IFRS

1. IFRS adoption is still in the preliminary stage, and the estimate is based on the current approximation. It is unaudited information and may differ from the actual financial information under IFRS to be disclosed in the future.
2. Regarding capital adequacy, economic value-based solvency regulation is being considered for implementation toward 2025.

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Please see page 19.

In the announcement of our FY2021 financial results in May 2022, we reported that we aim for the voluntary adoption of IFRS17 starting in FY2023. As we have announced, the two main points are that the Company expects to record continuous accounting profits from the first year of adoption in FY2023, and that capital adequacy and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS.

There is no change in the schedule from the previous explanation.

We hope to make a decision to adopt IFRS on a voluntary basis in the second half of FY2022, and to disclose our business forecasts for FY2023 under IFRS in May 2023.

At that time, we would like to make an effort to disclose the business results for FY2022 under IFRS for reference, although the results will be unaudited.

We plan to disclose the financial results under the voluntary adoption of IFRS at the announcement of the FY2023 financial results in May 2024.

Recognition of Business Environment

■ Though affected temporarily by COVID-19, focus on the structural growth potential of the online life insurance market

Temporary changes

Impact of COVID-19

- ✓ Significant increase or decrease in demand for life insurance
- ✓ Large increase in benefit payment of COVID-19 claims

Structural changes

Change in consumers' behavior from offline to online

Ratio of intention to purchase insurance online[1]

9.1% → 17.4%
(2015) (2021)

1. Nationwide Report on the Life Insurance Industry (2015 and 2021) by the Japan Institute of Life Insurance

Please see page 20. We would like to explain our recognition of the business environment in the second half of this fiscal year.

As you have noted, since the first wave of COVID-19 outbreaks in 2020, our business performance has been heavily affected by the temporary external factor caused by COVID-19. While demand for life insurance surged at the time of the outbreak, there was a subsequent decline in demand due to the backlash.

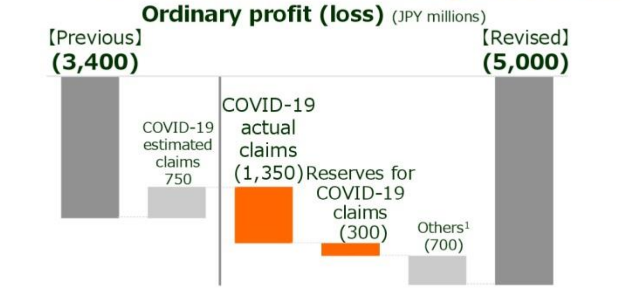
The recent disclosed preliminary monthly business results for October indicate that the business environment, where demand fluctuates wildly, is still continuing in the current Q3. In addition, the COVID-19 claims increased sharply, mainly in benefits.

On the other hand, we believe that the growth potential of our corporate value in the mid- to long term is defined based on the structural megatrend of digitalization of financial services, not based on temporary changes. Under the recognition that the impact of COVID-19 infection trends on customer demand for life insurance will normalize after a certain period of time, we will continue to make the necessary growth investments so that the expansion of growth in the online life insurance market will directly contribute to the growth in our business performance. In addition, we have already confirmed that the payment condition related to COVID-19 has somewhat settled down since November due to the revision of the scope of COVID-19 claims on September 26.

Based on the above recognition of the business environment in the second half of the fiscal year, we have decided to revise our business forecasts for FY2022.

Revision of Business Forecasts FY2022

■ Revised due to significant increase in COVID-19 claims



(JPY millions)

	Revised	of which impact of modified co-insurance	Previous	of which impact of modified co-insurance
Ordinary income	**30,000**	**5,900**	30,300	6,300
Ordinary profit (loss)	**(5,000)**	**800**	(3,400)	1,000
Net income (loss)	**(5,000)**	**800**	(3,400)	1,000

■ Aim for double-digit growth in in-force business though revised based on business environment

(JPY millions)

	Revised	Previous
Annualized premium[2] of policies-in-force	**24,300**	24,400
Annualized premium[2] of new business	**4,200**	4,400

1. Modified co-insurance and operating expenses.
2. 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.
3. Including death, expiration and others in addition to surrender and lapse.

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Please refer to page 21.

We have revised our business forecasts for FY2022 as described.

First, at the upper part of the page, we have revised ordinary profit (loss) mainly due to an increase in payment of COVID-19 related benefits, which was much higher than the payment amount assumed at the beginning of the period. Specifically, we believe that JPY1.35 billion, exceeding our initial estimate of JPY750 million, will be incurred for the full year. In addition, approximately JPY300 million is additionally appropriated as a provision for reserve for outstanding claims due to the increase in benefit claims caused by COVID-19 in the current period.

As a result, ordinary profit and net income for FY2022 are expected to be JPY5 billion loss, a change from the previous forecasts of JPY3.4 billion loss.

Next, we have also changed our business forecasts for annualized premiums shown in the lower section, which is disclosed for reference. In light of the fact that the acquisition of new business has been slightly weaker than assumed at the beginning of the period, we have changed the forecasts of the annualized premiums of policies-in-force and that of new business to JPY24.3 billion and JPY4.2 billion, respectively.

Although we have revised our forecasts due to the impact of the temporary changes we just explained, we will continue to aim for double-digit growth in in-force business, and we will also make growth investments this year that will contribute to growth in FY2023 and beyond, leading to mid- to long term growth.

Management Policy

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

Manage-ment goal

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

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Finally, here is the management policy

As I explained earlier, there is no change in our major policy of pursuing growth with the aim of expanding the scale of our business while maintaining a firm grasp of structural trends.

We will continue to further expand the online life insurance market through our own strengths and internal marketing efforts, and we aim to achieve an EEV of JPY200 billion in a mid-term by remaining a leading company in this market.

This concludes the financial results briefing for Q2 of FY2022. Thank you for your attention.