

**Securities Code: 7157**

**TSE Growth**



**LIFENET**

LIFENET INSURANCE COMPANY

**Presentation  
Material for  
Investors  
Fiscal 2022**

**LIFENET INSURANCE COMPANY**

**May 11, 2023**

# LIFENET is...



**Comprehensible  
Cost-Competitive  
Convenient**

- **Remembering the original purpose** of life insurance – mutual support
- **Helping our customers embrace life more fully**

# FY2022 Key Highlights



## FY2022 Results

- Annualized premium<sup>1</sup> of policies-in-force **up 11.7% YoY** to JPY 24.0 billion
- **EEV up 6.9% YoY** to JPY 124.6 billion

## Future Initiatives

- **Re-accelerate Internet channel growth in the mid-term and work on expansion of business domains**
- **FY2023 business forecasts under IFRS<sup>2</sup>: insurance service results of JPY 8.2 billion and net income<sup>3</sup> of JPY 5.3 billion**
- **Aim to achieve 10% continuous growth in insurance service results and change to the Prime Market segment in around FY2025**

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. International Financial Reporting Standards

3. Net income attributable to owners of parent

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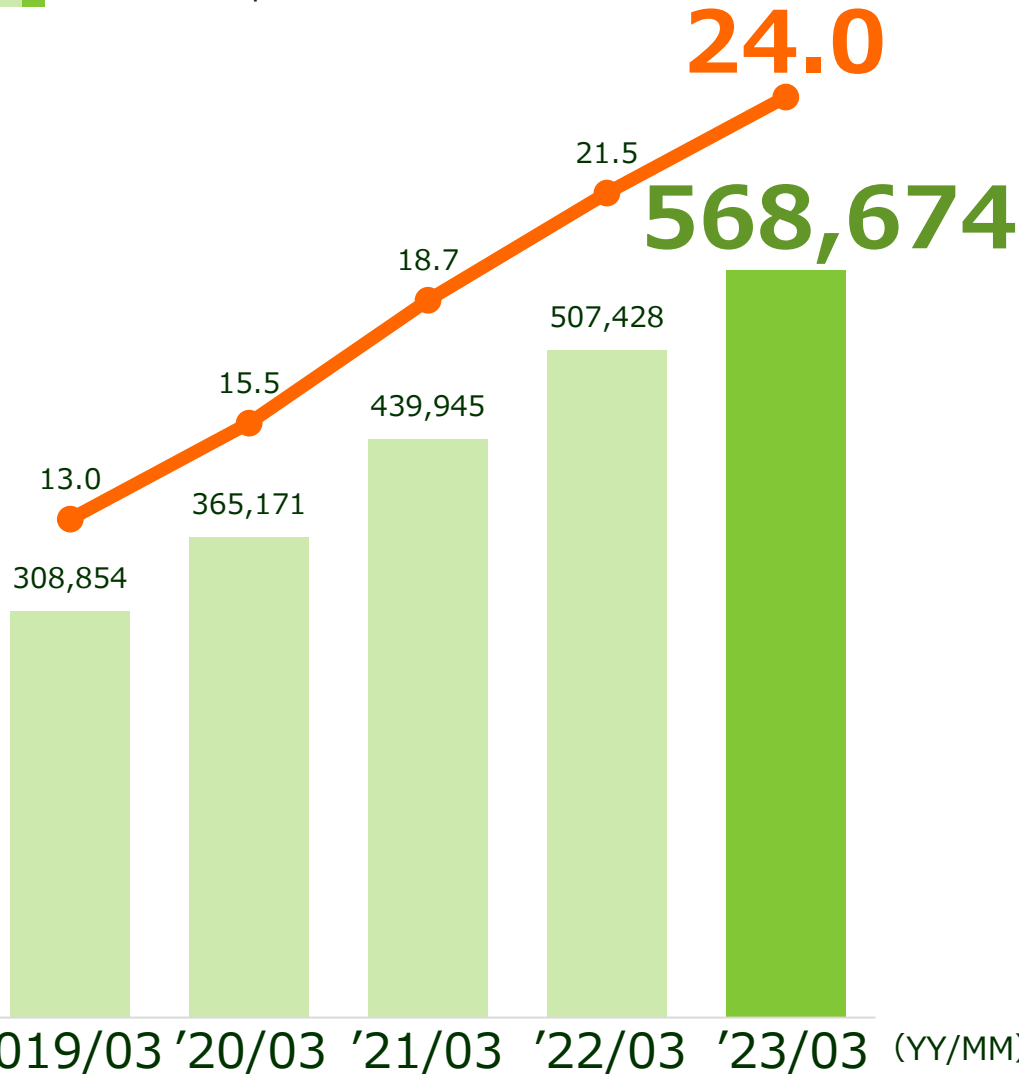
**1. Financial Results for Fiscal 2022**

**2. Future Initiatives**

# Annualized Premium / Number of Policies-in-Force



—: Annualized premium of policies-in-force<sup>1</sup> (JPY billions)  
■: Number of policies-in-force



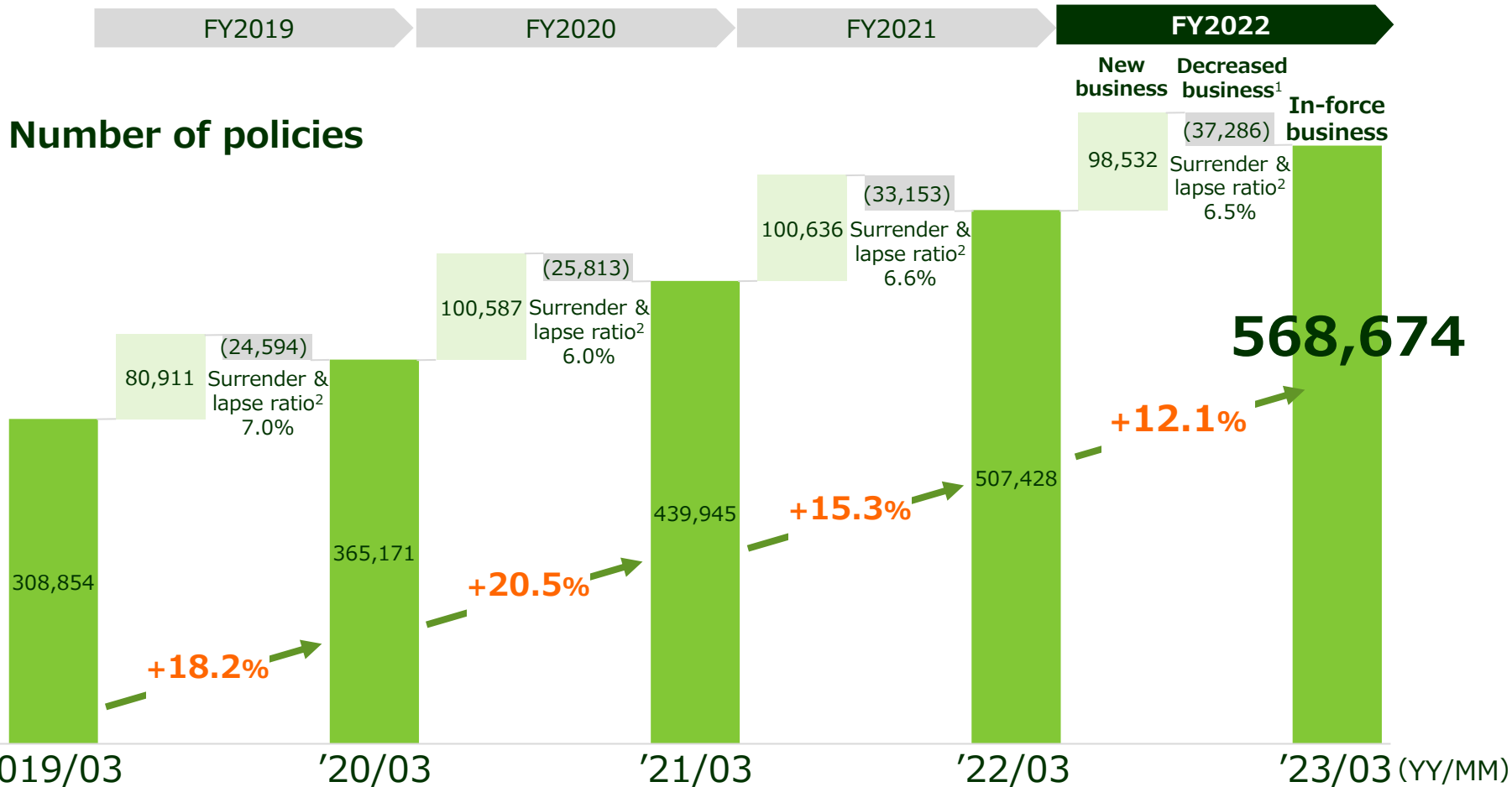
- Achieved continuous double digit growth
- Year-on-year annualized premium **111.7%**, number of policies-in-force **112.1%**

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.

# Policies-in-Force Movement



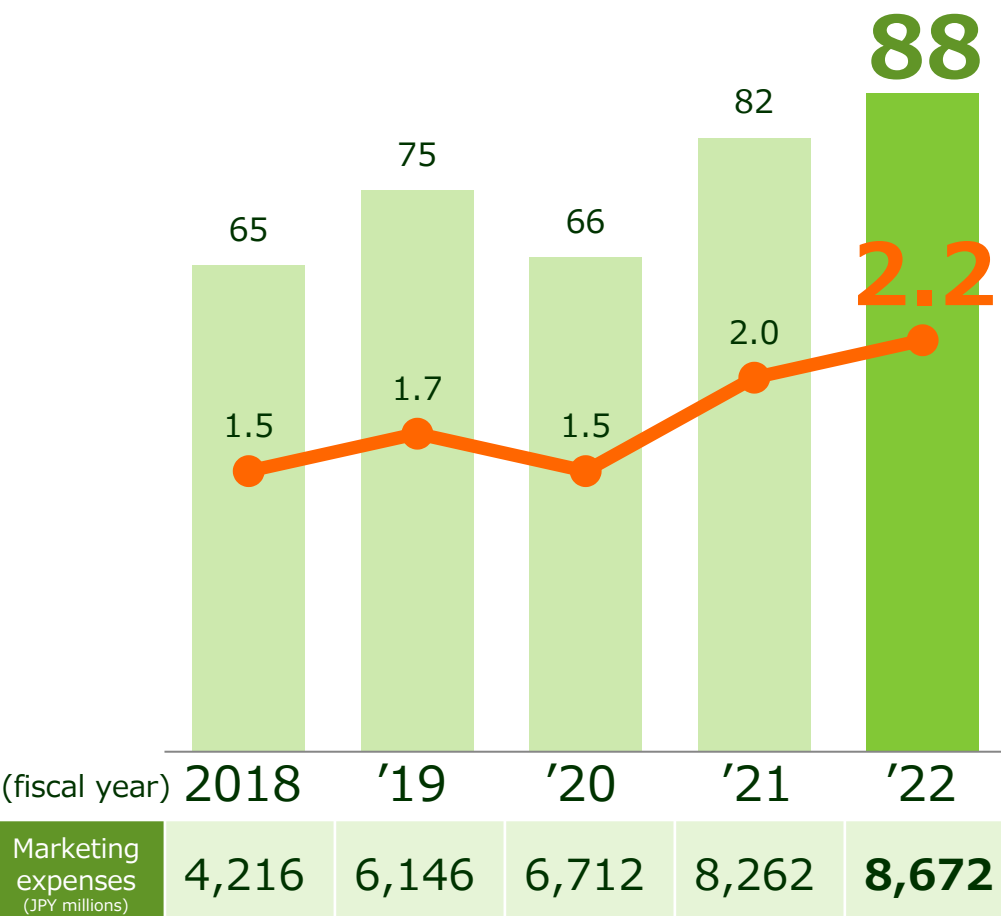
Continued to grow in the mid-term while further acceleration is needed



1. Decreased number of policies include death, expiration and others in addition to surrender and lapse.  
 2. Surrender and lapse ratio is annualized.

# Marketing Efficiency

■ : Marketing expenses per new business (JPY thousands)  
 ■ : Marketing expenses / Annualized premium of new business<sup>1</sup>



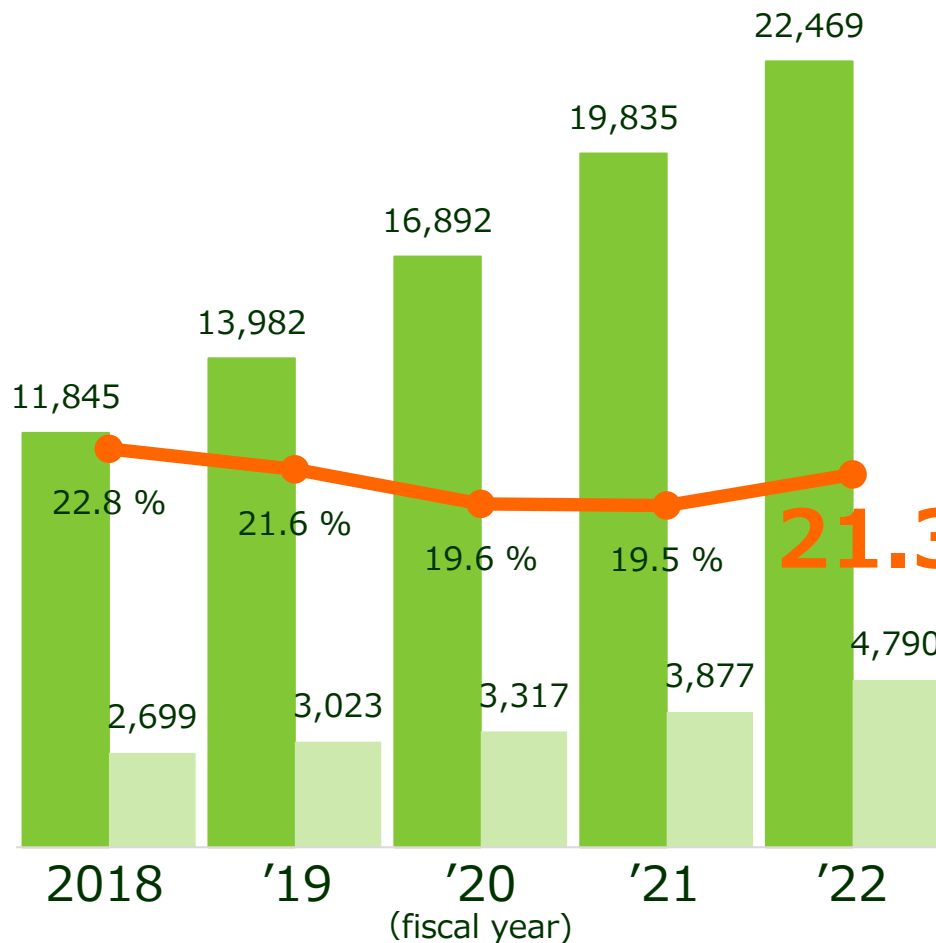
- Deteriorated due to decrease in demand for life insurance
- Aim to improve in the mid-term

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.

# Operating Expenses Ratio



- : Operating expenses ratio<sup>1</sup> (%)
- : Insurance premiums (JPY millions)
- : Operating expenses excl. marketing expenses (JPY millions)



- Increased mainly due to **investments in new initiatives**
- Aim to improve in the mid-term by further **business expansion and productivity improvement**

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



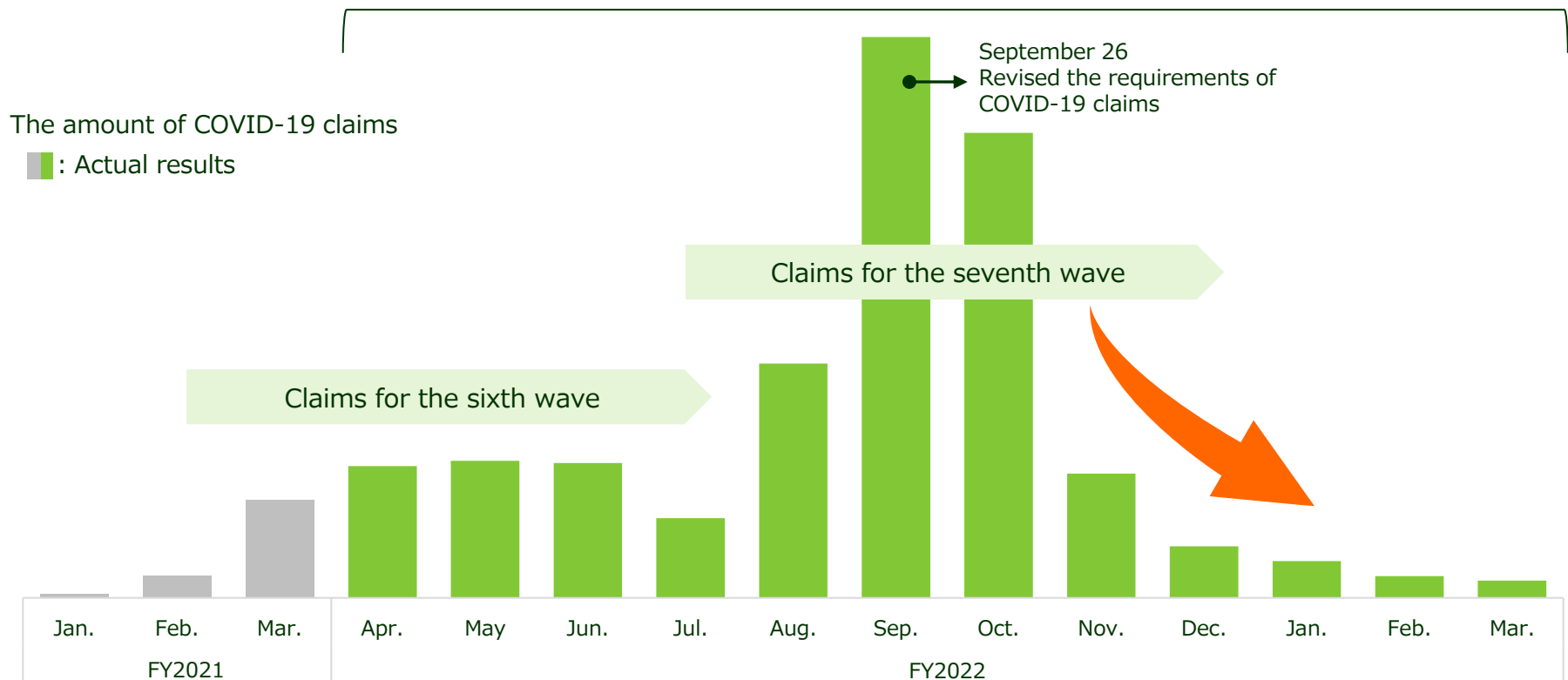
# COVID-19 Claims Condition



- Settled down after revising the claim requirements, resulting in **total payment of JPY 1.37 billion**

Total actual results from April 2022 to March 2023

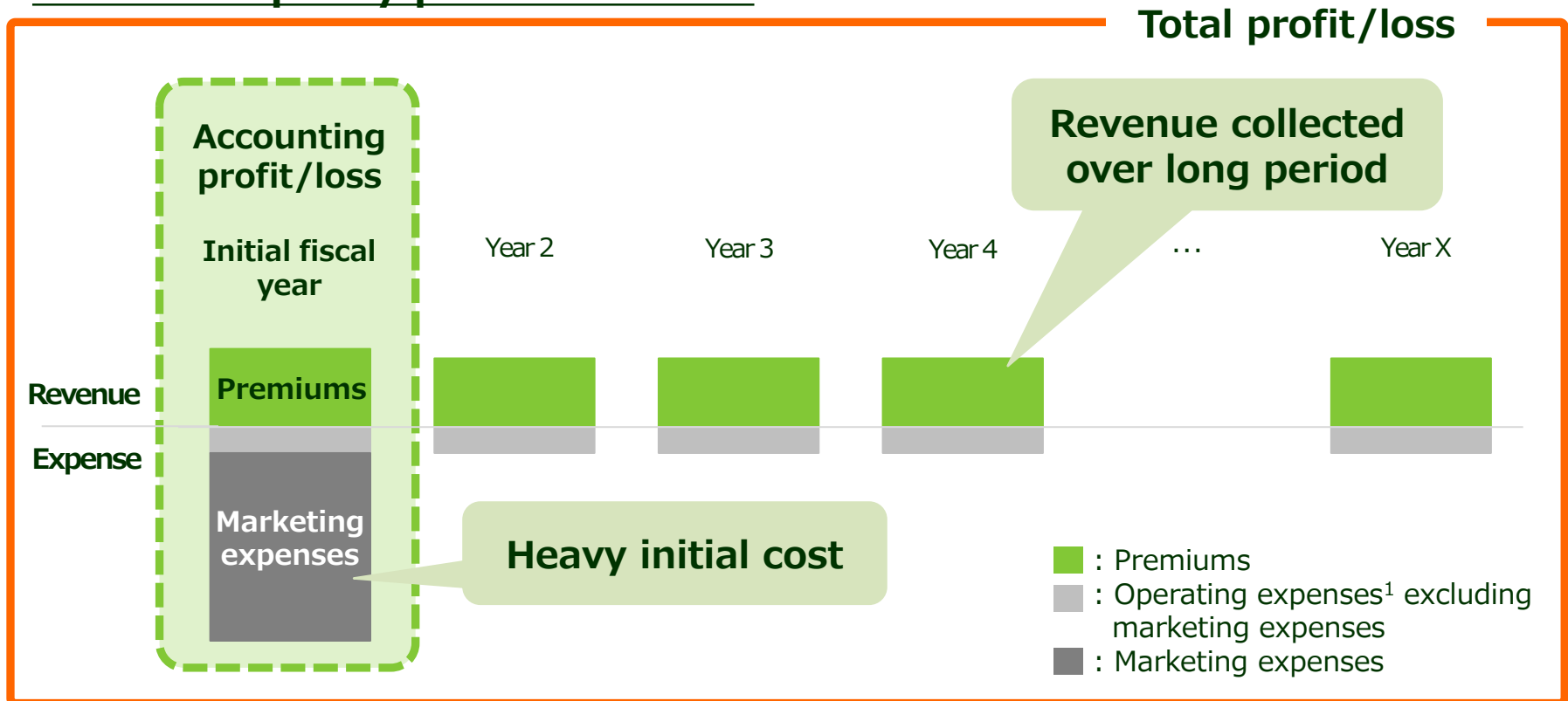
approx. **JPY 1.37 billion**



# 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.

# Adjusted Profit



- Steadily recorded profit generated from in-force business, while affected by **COVID-19 claims of JPY 1.37 billion**

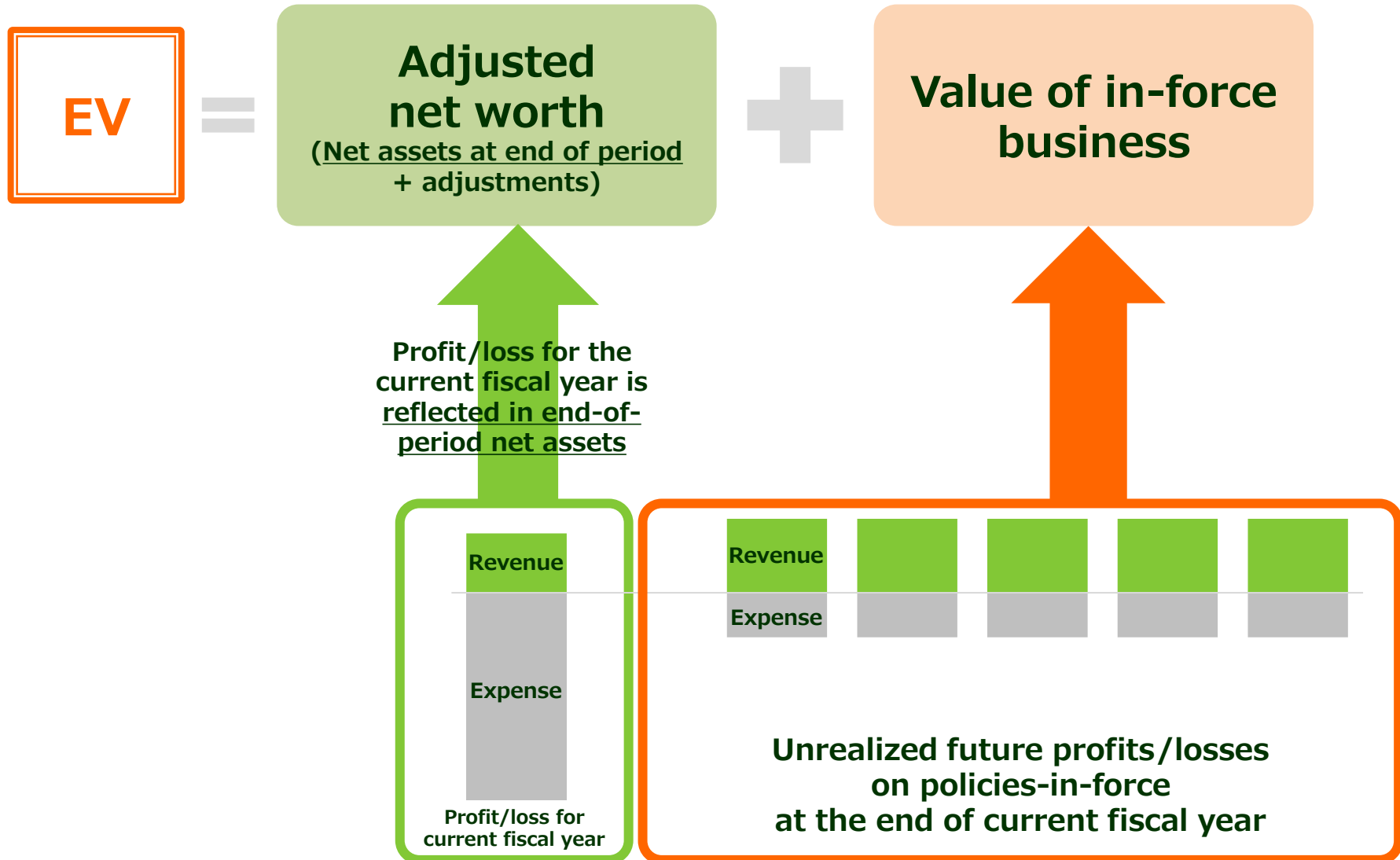
The method for calculating adjusted profit

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

JPY millions / fiscal year	2018	2019	2020	2021	2022
i ) Ordinary profit(loss)	(1,719)	(2,382)	(3,089)	(3,245)	(4,949)
ii ) Marketing expenses	4,216	6,146	6,712	8,262	8,672
iii ) Modified co-insurance	–	(1,526)	(804)	(1,283)	(608)
iv ) Adjustment	347	546	739	721	194
<b>Adjusted profit</b>	<b>2,844</b>	<b>2,784</b>	<b>3,558</b>	<b>4,455</b>	<b>3,307</b>

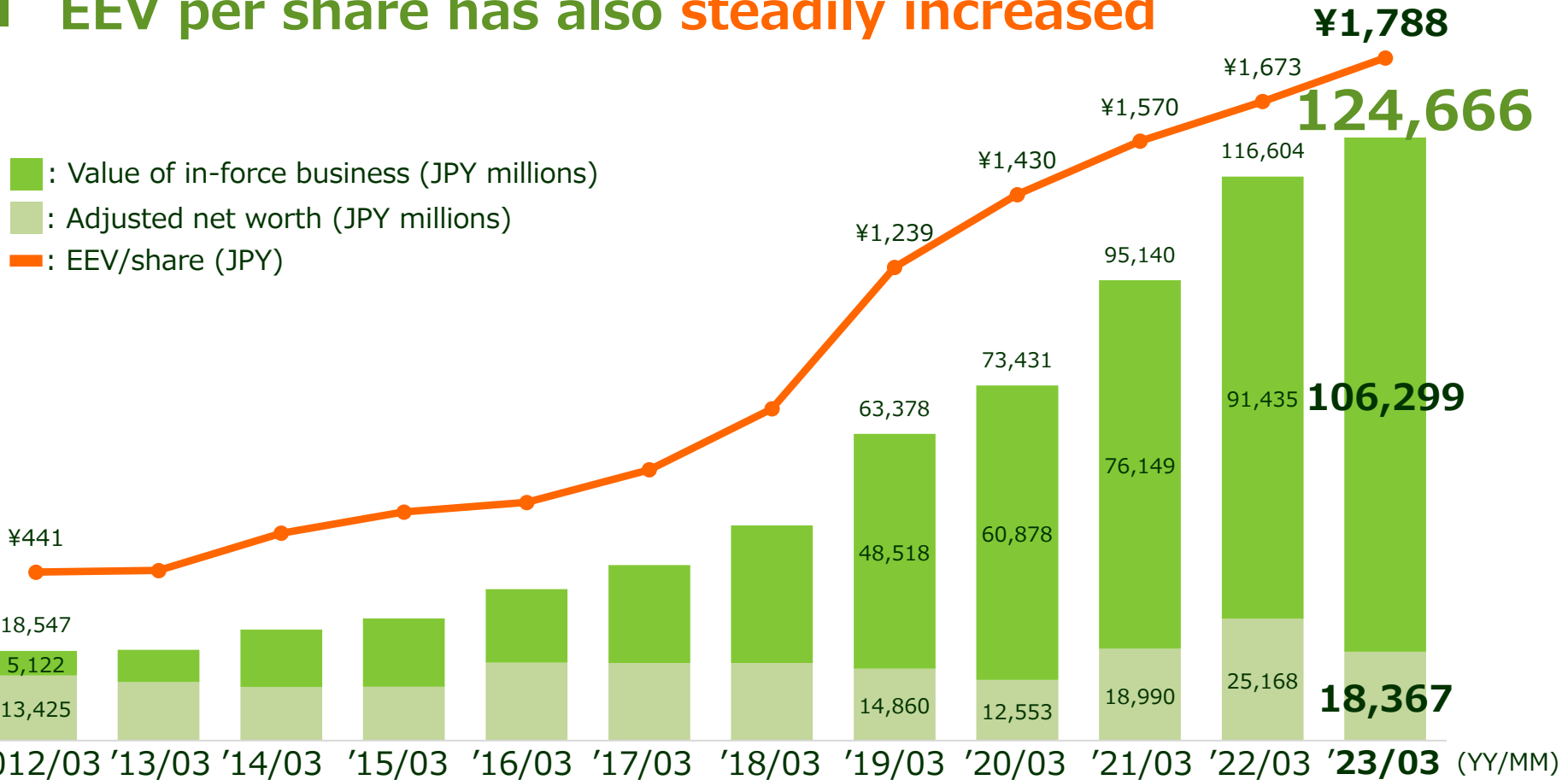
1. The amount of the adjustment to the policy reserve provision is the adjustment calculated by excluding the provision for contingency reserves and adjusting for the switch in method for calculating the provision from the Zillmer method to provision based on the standard policy reserves.

# Structure of Embedded Value



# Strong EEV<sup>1</sup> Growth

- EEV and value of in-force business have been growing at a CAGR of **19%**<sup>2</sup> and **32%**, respectively since IPO
- EEV per share has also **steadily increased**

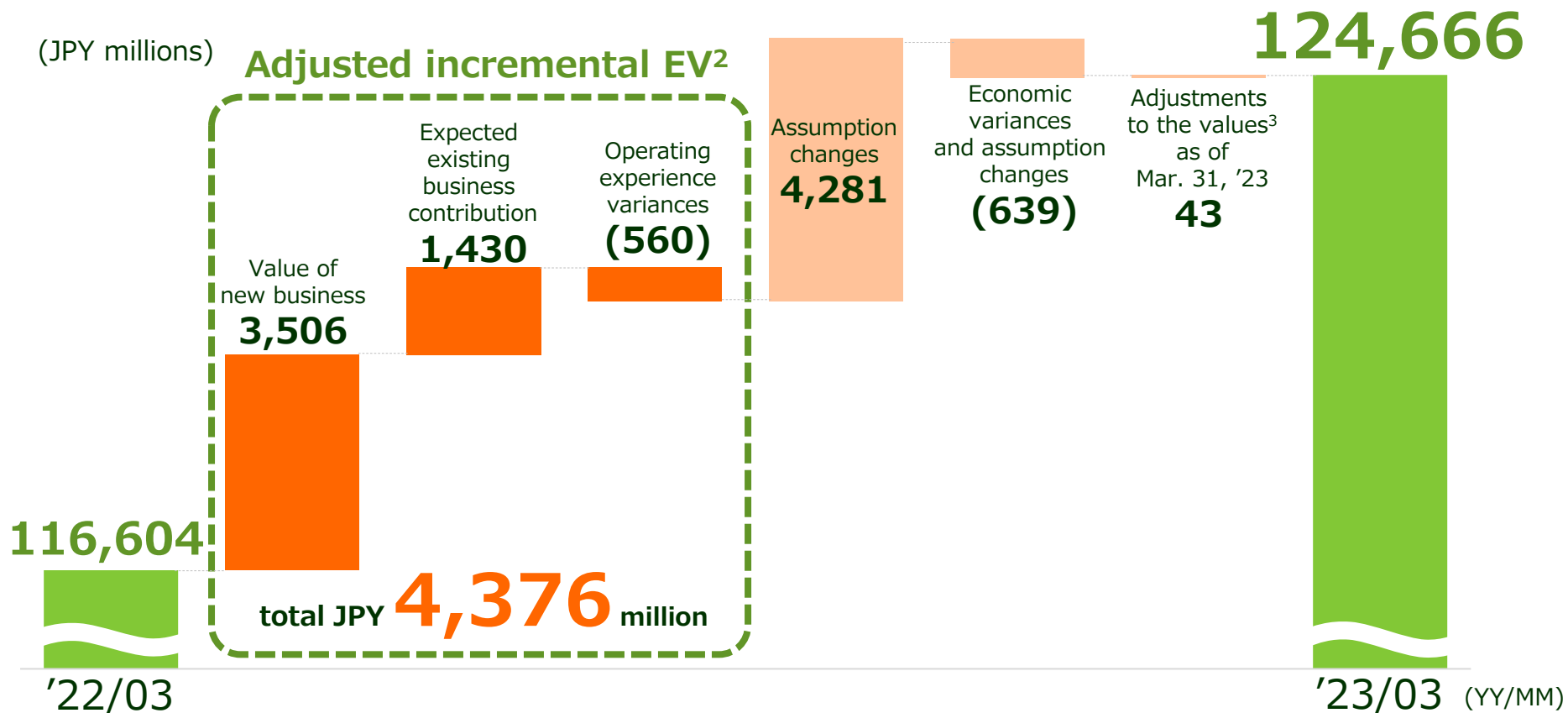


1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate 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.

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.

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

- **Increased due to VoNB and assumption changes** despite impact of COVID-19 claims, rising interest rate and inflation



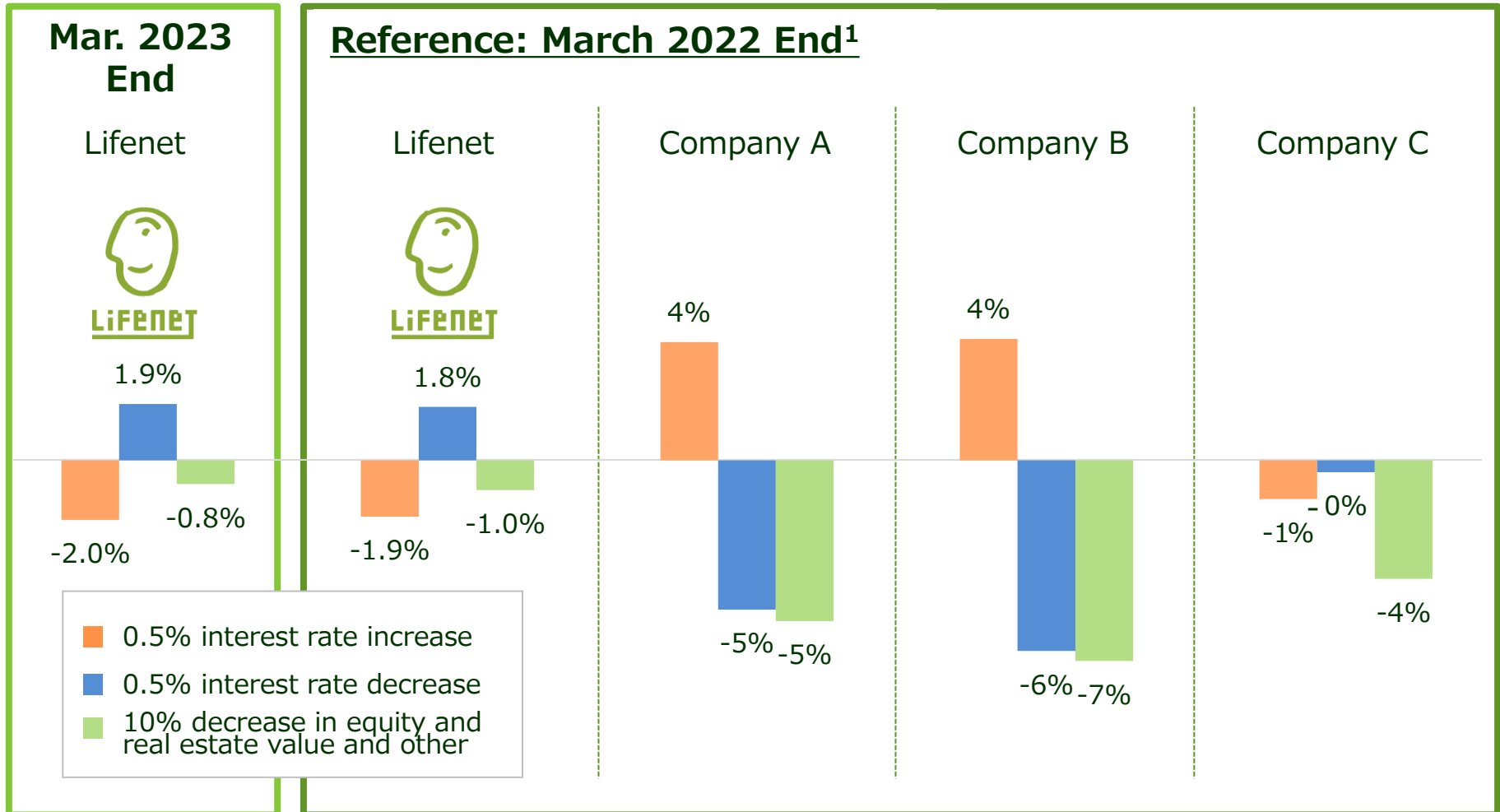
1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred.

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

3. Item for change in capital

# EV Resilience to Financial Changes

## ■ Limited sensitivity to interest rates and stock prices



# Financial Condition

(JPY millions)	(YY/MM)	'22/03	'23/03
<b>Total assets</b>		<b>67,820</b>	<b>68,600</b>
Cash and deposits		3,761	5,719
Monetary claims bought		3,999	4,499
Money held in trust		5,460	5,322
<b>Securities</b>		<b>47,425</b>	<b>45,606</b>
Government bonds		8,946	7,689
Municipal bonds		1,469	1,442
Corporate bonds		24,042	24,994
Stocks		492	435
Foreign securities		98	596
Other securities <sup>1</sup>		12,375	10,447
<b>Total liabilities</b>		<b>45,749</b>	<b>53,026</b>
Policy reserves and other		43,542	50,996
<b>Total net assets</b>		<b>22,071</b>	<b>15,574</b>
Valuation difference on available-for-sale securities		697	(678)
<b>Solvency margin ratio<sup>2</sup></b>		<b>3,182%</b>	<b>3,158%</b>
<b>Modified duration (year)<sup>3</sup></b>		<b>9.9</b>	<b>8.2</b>

■ **Maintained sufficient financial stability as indicated by solvency margin ratio<sup>2</sup>**

■ **Mitigating negative impact on net assets by reducing yen interest rate risk**

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



# Growing Value of In-Force Business



LIFENET

- Value of in-force business up 16% YoY, along with the growth of value of in-force business per policy

Number of policies-in-force

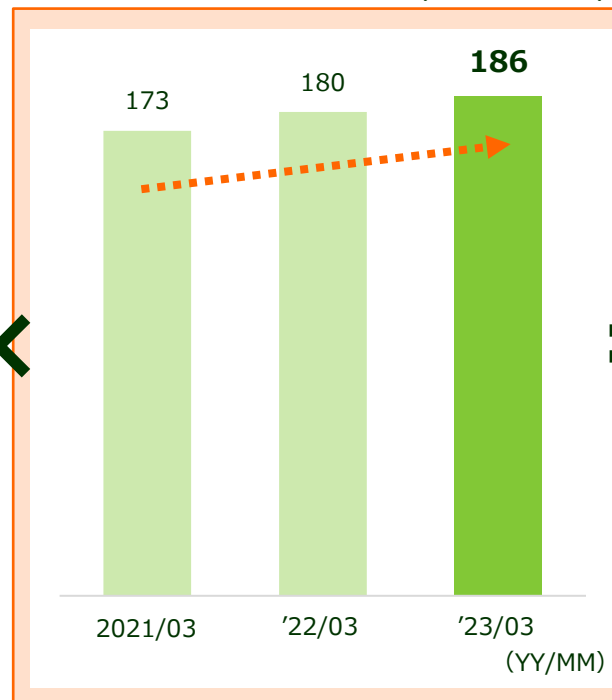
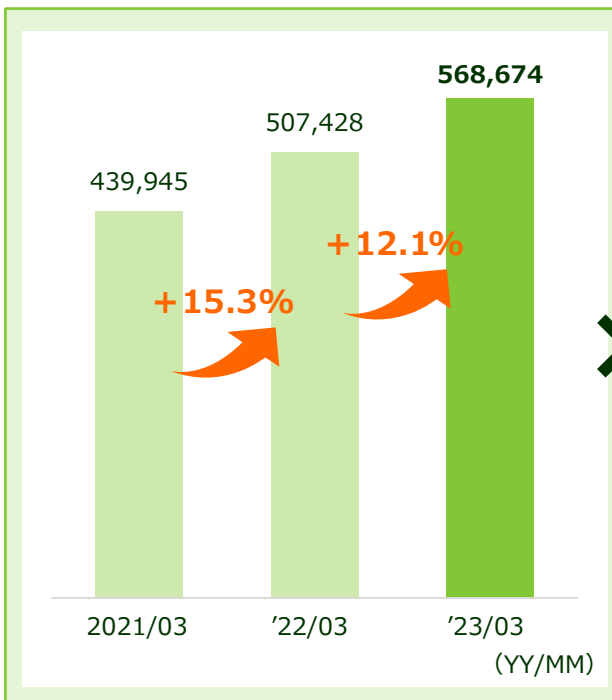
Value of in-force business per policy

(JPY thousands)

Value of in-force business

(Unrealized future value on policies-in-force)

(JPY billions)



# Summary of FY2022

## ■ Launched new initiatives under tough environment

### FY2022 Results

- Achieved continuous double-digit growth of in-force business while affected by COVID-19 situation
- Increased EEV steadily despite of the negative impacts by deterioration in efficiency, COVID-19 claims, rising interest rate and inflation

### Major Initiatives

- Prepared various initiatives to achieve sustainable growth over the mid- to long-term



### Financial Reporting

- Resolved the voluntary adoption of IFRS from fiscal 2023

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**1. Financial Results for Fiscal 2022**

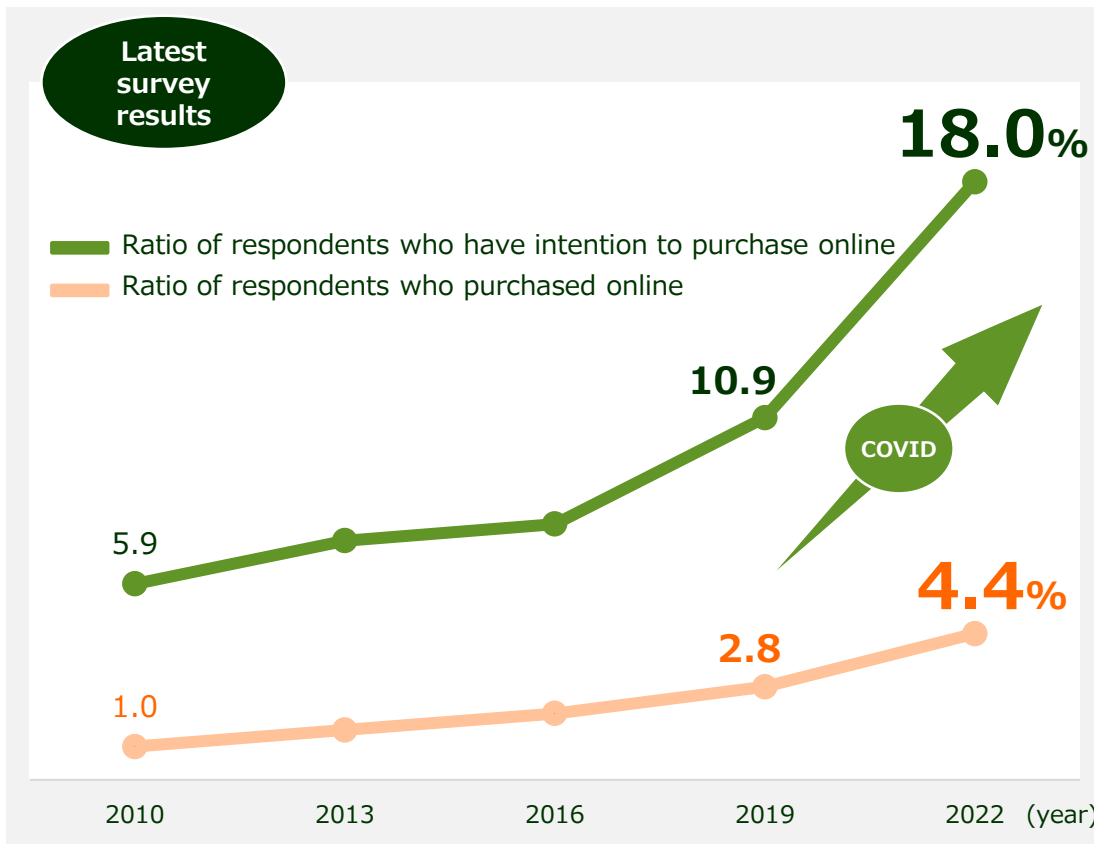
**2. Future Initiatives**

# Growth Potential of Online Life Insurance Market



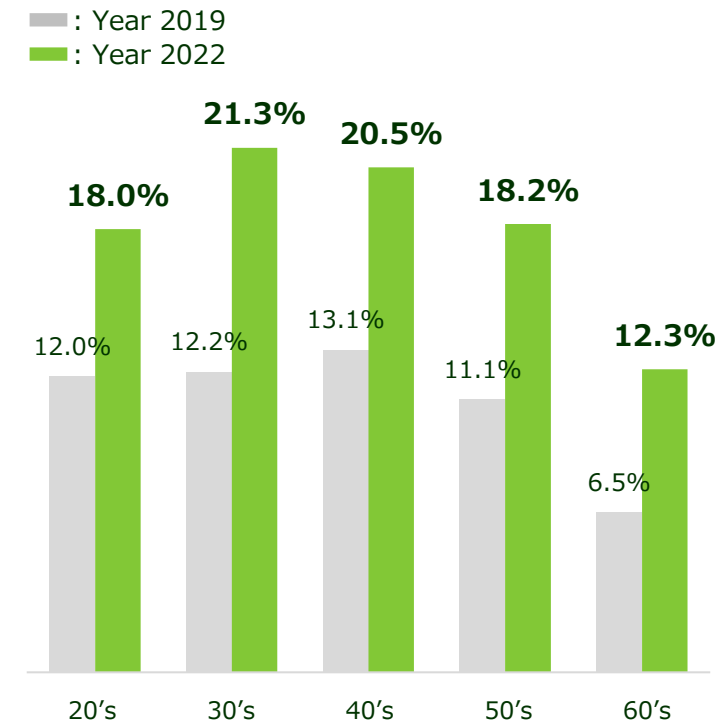
- Expect sustainable market growth based on **structural changes in the digitalization of financial services**

Further increasing intentions to purchase policy online with COVID-19 as opportunity<sup>1</sup>



Penetrating wide range of generations<sup>1</sup>

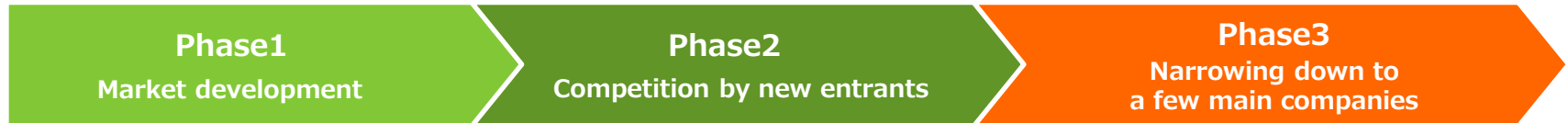
Change in intention to purchase online by age group over the last 3 years



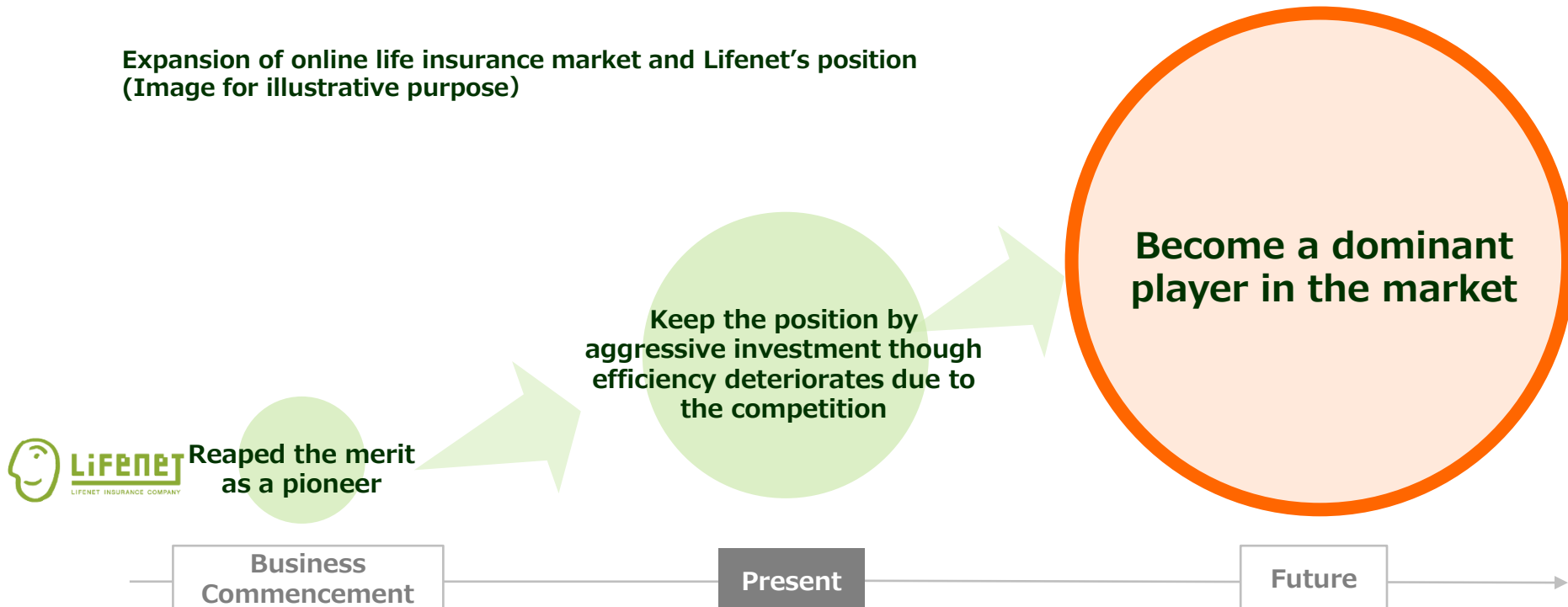
1. Source: Survey on Life Protection by the Japan Institute of Life Insurance

# Competitive Landscape

■ **Lead expansion of online life insurance market with investments** although new entrants increase as the market expands



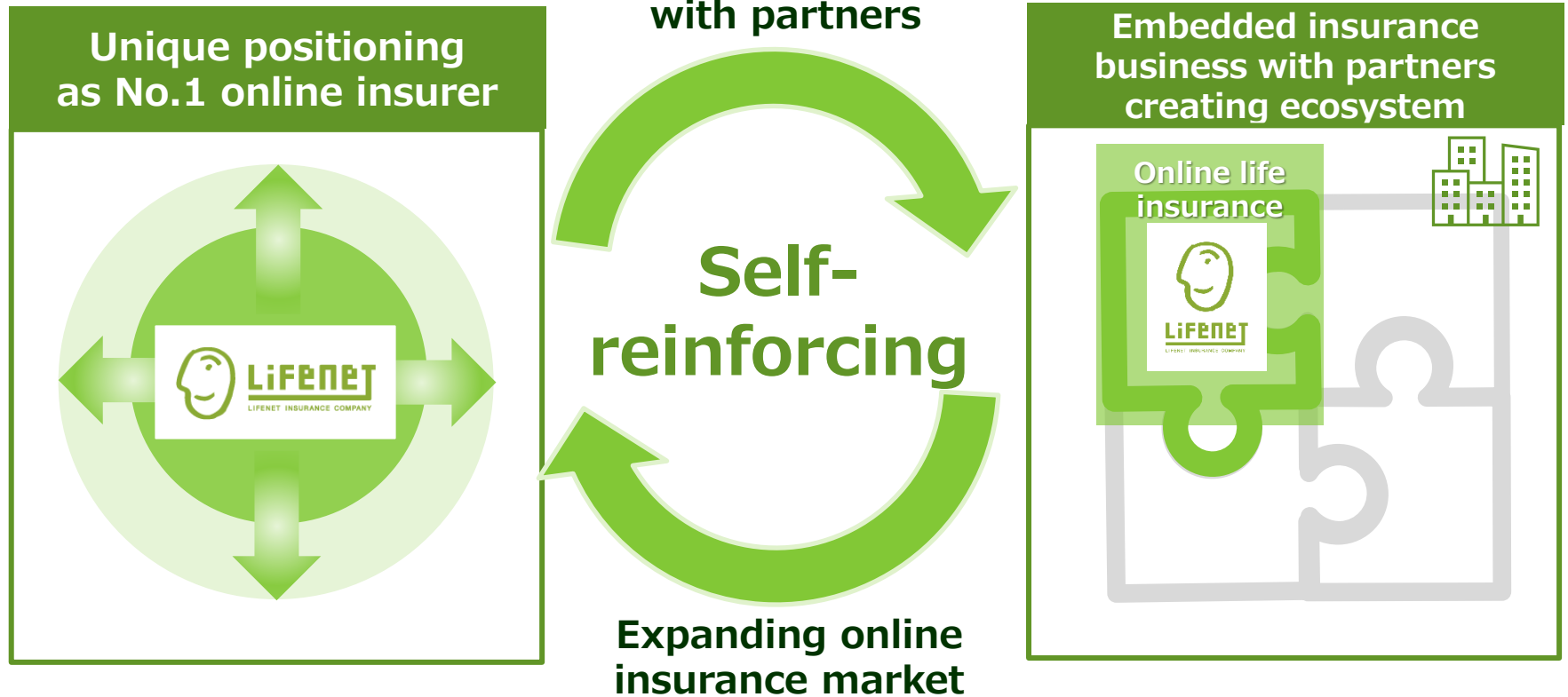
Expansion of online life insurance market and Lifenet's position  
(Image for illustrative purpose)



# Growth Loop Leveraging No.1 Position



- Aim to unleash great market growth potential **by self-reinforcing**

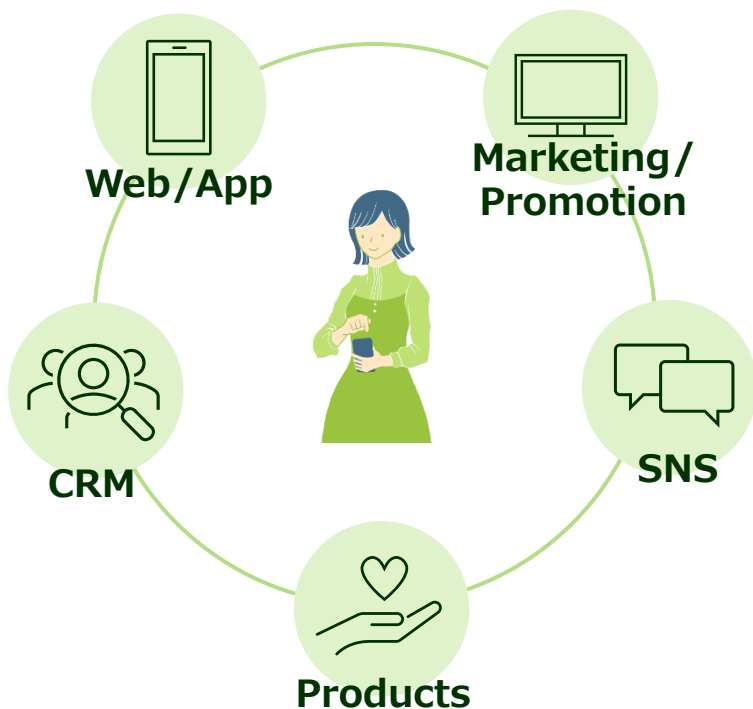


# Individual Insurance

- Focus on **building foundation** to re-accelerate in-force business

## Internet direct channel

Adapt to customers' needs that change with the time period **centering on younger generation**

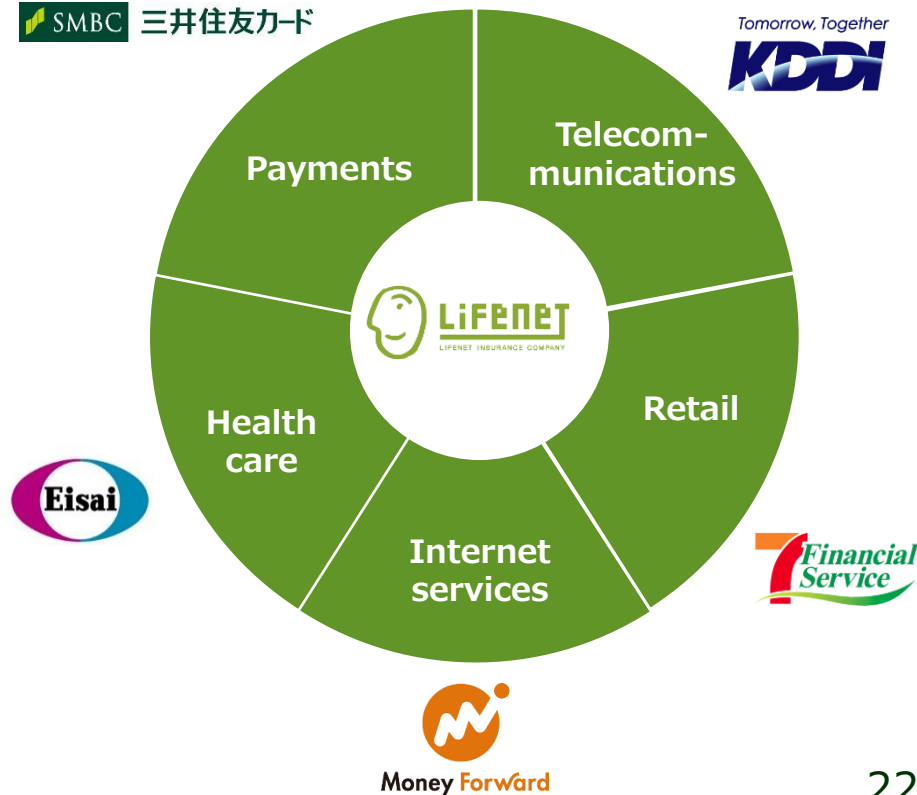


## Partner business channel

Further grow in the mid-term with **broad customer base and strong brand** of partners

SMBC 三井住友カード

Tomorrow, Together  
**KDDI**

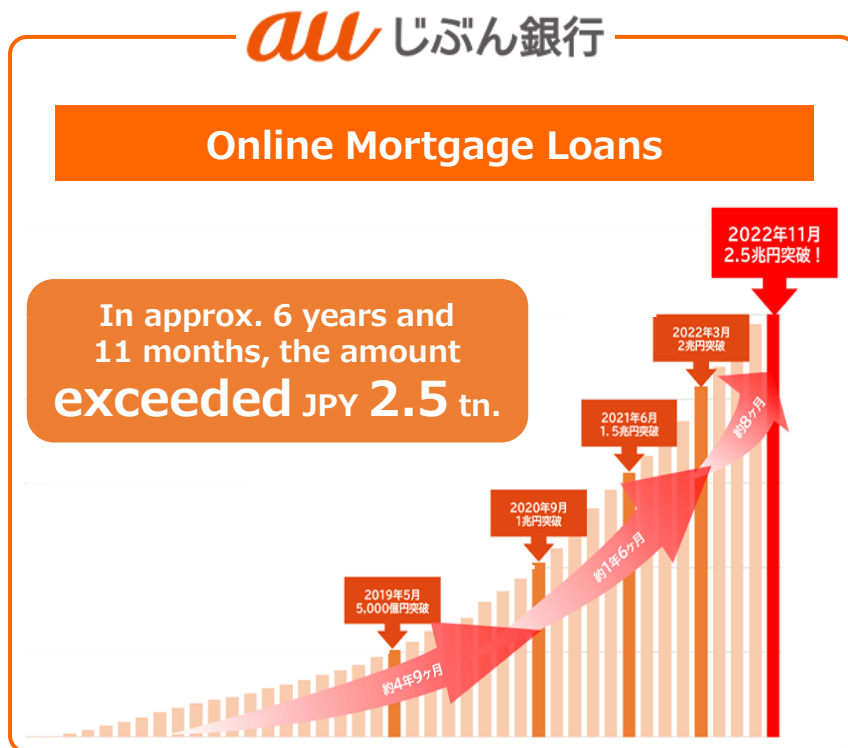


# Group Credit Life Insurance

- Aim to ensure the launch as the first step in **new business base and new earnings opportunities**

## Initiative

Start offering group credit life insurance to au Jibun Bank's mortgage borrowers from July 1st, 2023 (planned)



From au Jibun Bank's news release in Nov. 15, 2022



## Group Credit Life Insurance

- Change au Jibun Bank's underwriting insurer of existing group credit life insurance policies to Lifenet
- Provide products and services with utilizing online business



# Platform Business

- Expand scale of online insurance agency and launch B2B domain from FY2023

to Consumer (individuals)

Further development of UI/UX as online platform



Price comparison website

Subsidiary  
LIFENET MIRAI Inc.

virtuous  
cycle

to Business (corporate)

Provision of system and digital tools to operate for online insurance business



Service to manage insurance policy

non-financial  
companies



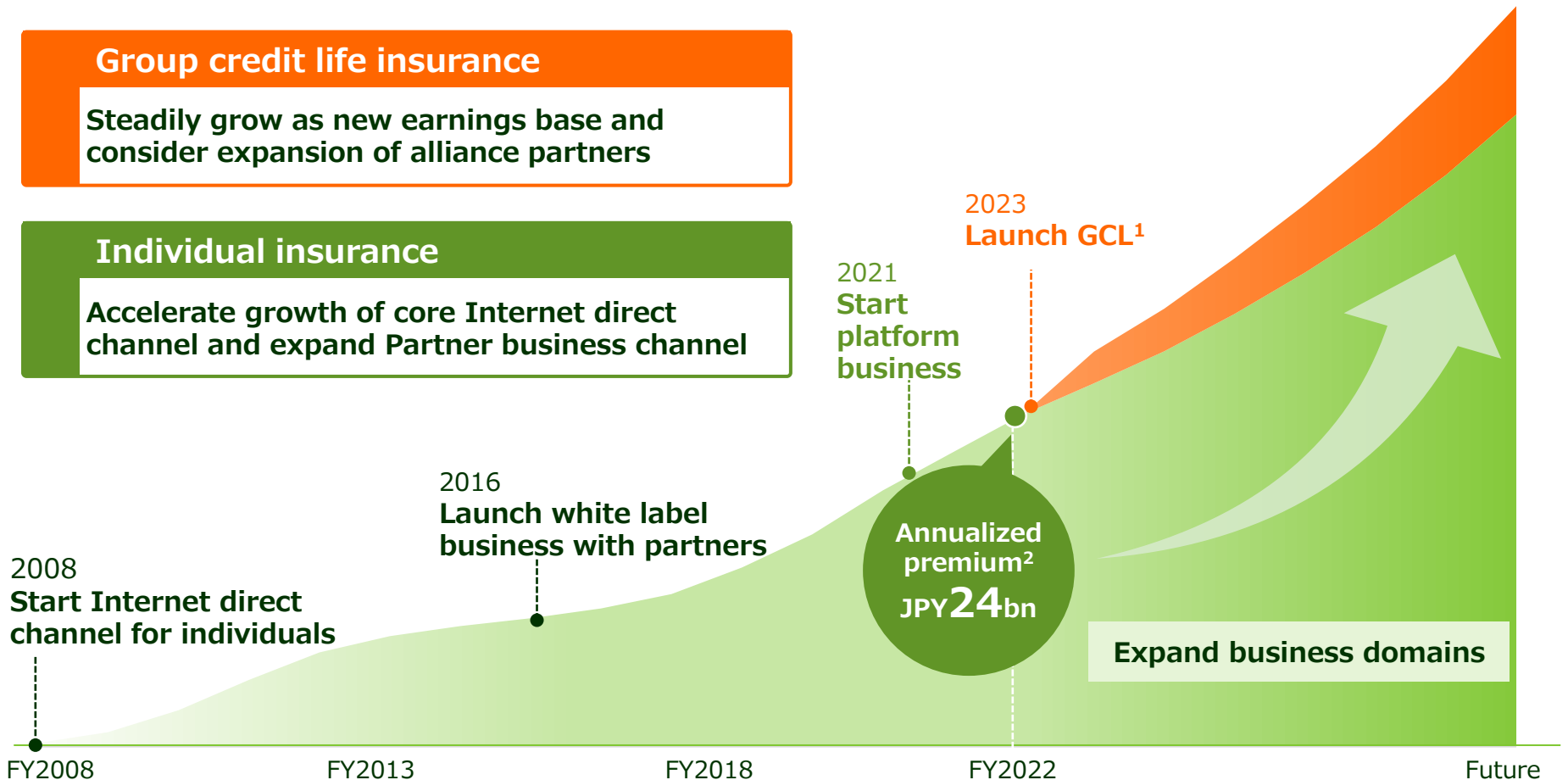
Service to make to-do list related with money and insurance

financial  
institutions



# Mid-term Growth Path

- Aim to accelerate growth in policies-in-force by business for individuals and GCL<sup>1</sup>**

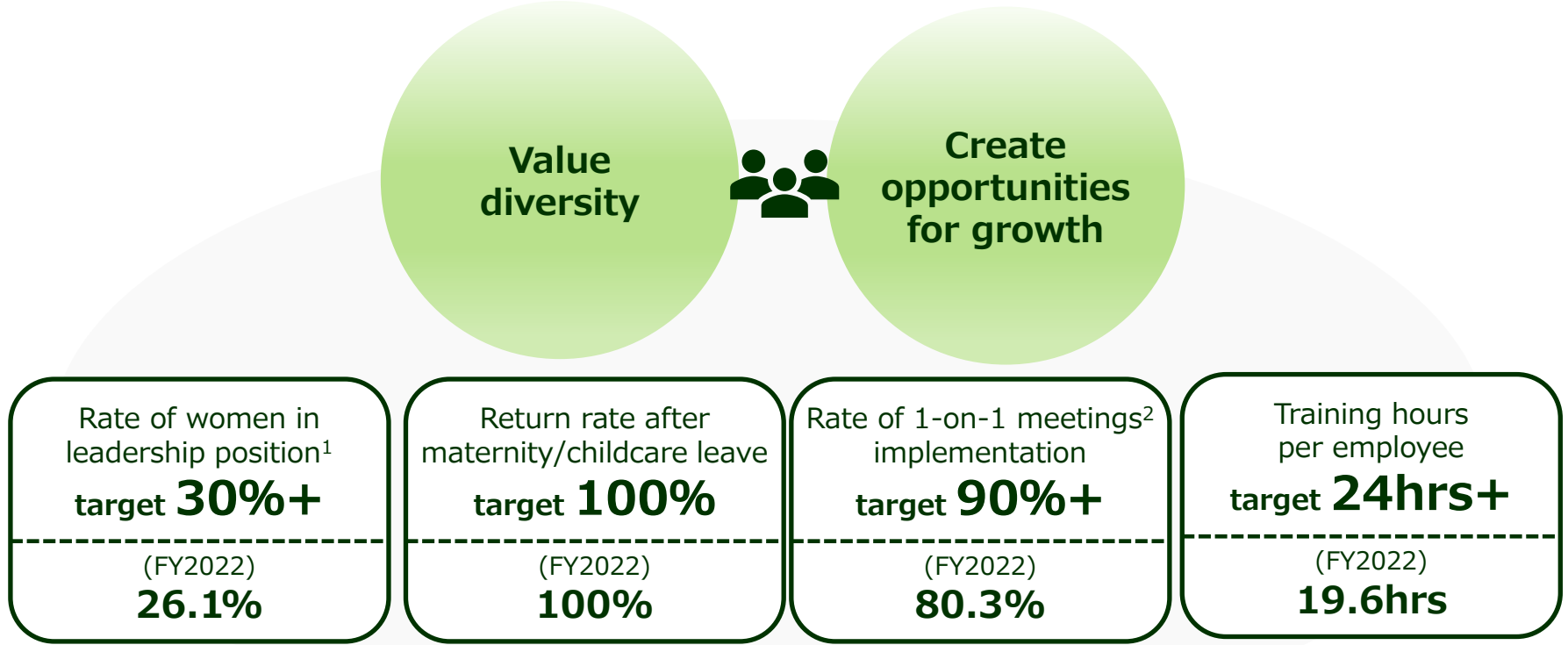


1. Group credit life insurance  
2. Annualized premium of policies-in-force

# Human Capital for Growth



## Strengthen HR initiatives based on Diversity and Growth opportunities



**Become the organization that can keep adapting to change and achieve sustainable business growth under uncertain circumstances**

1. Rate of women in positions of department head or higher  
2. Rate of meetings with supervisors conducted during the period out of 12 meetings per year (once a month)

# Voluntary Adoption of IFRS<sup>1</sup>

## ■ Update priority indicators according to new Financial Reporting Standards

### Schedule

**May 2023**

FY2022 financial results

- Disclose **FY2023 consolidated forecasts** under IFRS (P.28)
- Disclose **IFRS major figures for the past five fiscal years** (P.45)

**Aug. 2023**

FY2023 1Q financial results

- **Announce financial results under IFRS**

### Indicators

#### Corporate Value

**EEV**

(European Embedded Value)

#### Growth

**Annualized  
premium of  
policies-in-force<sup>2</sup>**

#### Profitability

**Insurance service  
results  
(IFRS)**

1. Capital adequacy and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS

2. Annualized premium of policies-in-force for individual insurance and group credit life insurance combined

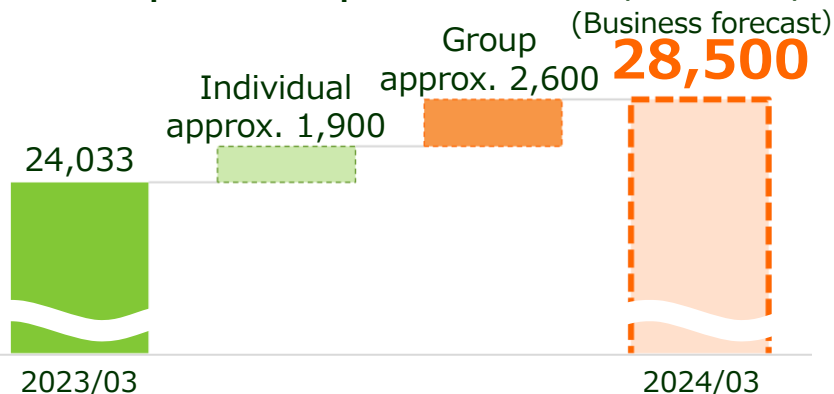
# FY2023 Consolidated Business Forecasts



## Expect JPY 8.2 bn in insurance service results and JPY 5.3 bn in net income

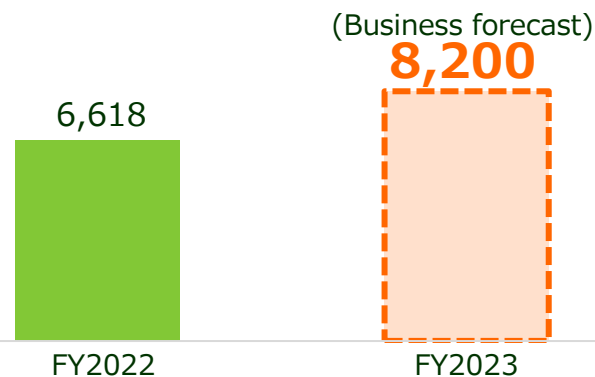
### Growth

Annualized premium of policies-in-force<sup>1</sup> (JPY millions)



### Profitability

Insurance service results (JPY millions)



(JPY millions)	FY2022 Results <sup>2</sup>	FY2023 Forecasts <sup>3</sup>
Annualized premium of policies-in-force <sup>1</sup>	24,033	28,500
Insurance revenue	20,732	24,900
Insurance service results	6,618	8,200
Net income attributable to owners of parent	3,575	5,300

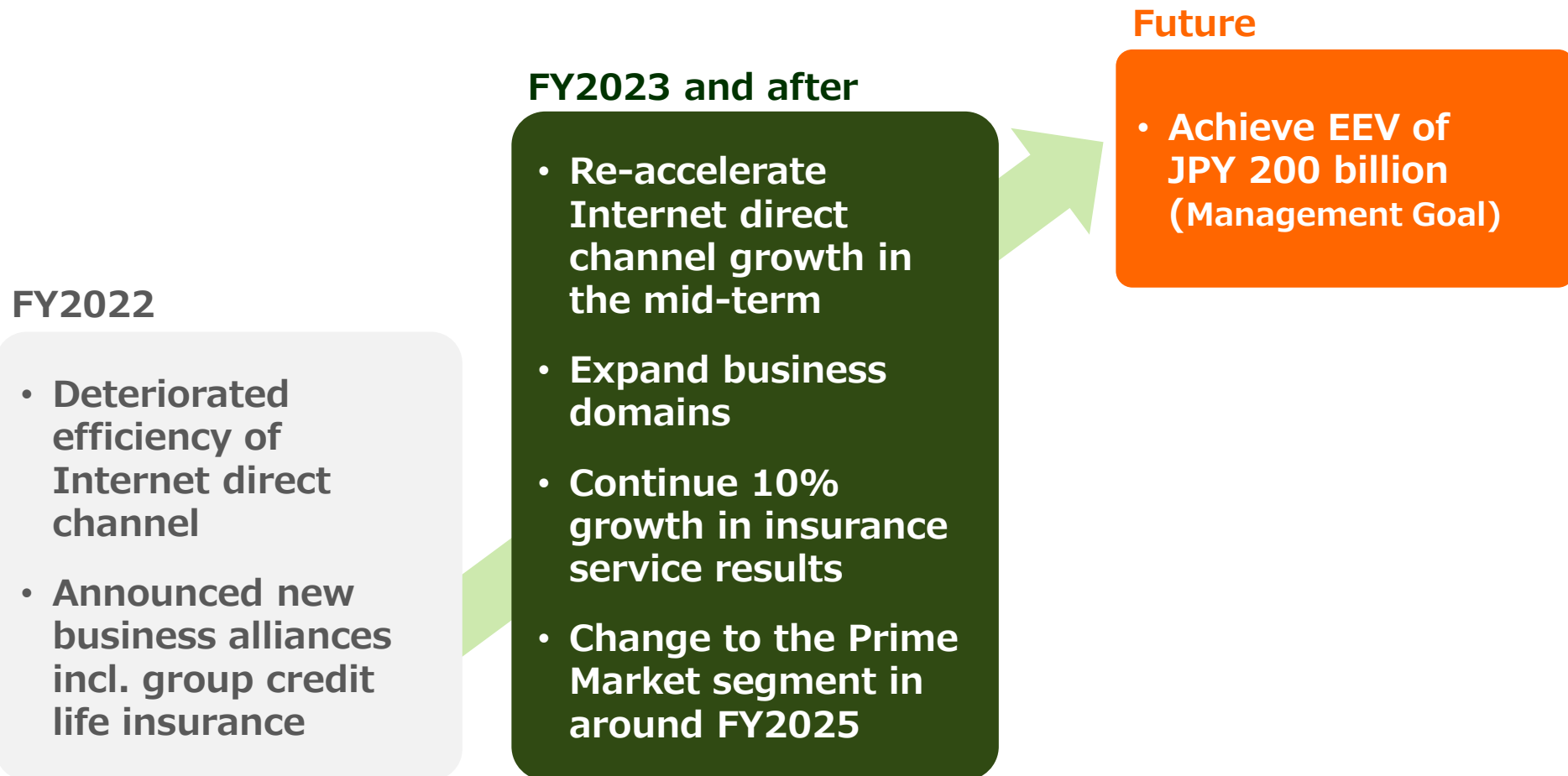
1. Annualized premium of policies-in-force is the figures for individual insurance and group credit life insurance combined. Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium by 12 months.

2. unaudited figures

3. The business forecasts for fiscal 2023 includes the impact of group credit life insurance business which starts in July 2023 (planned)

# Future Direction

- **Achieve expansion of business scale and high profitability, aiming to further enhance corporate value**



# 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

## Management goal

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

# LIFENET Manifesto



## 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.**





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LIFENET INSURANCE COMPANY

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# Appendix



**LIFENET**

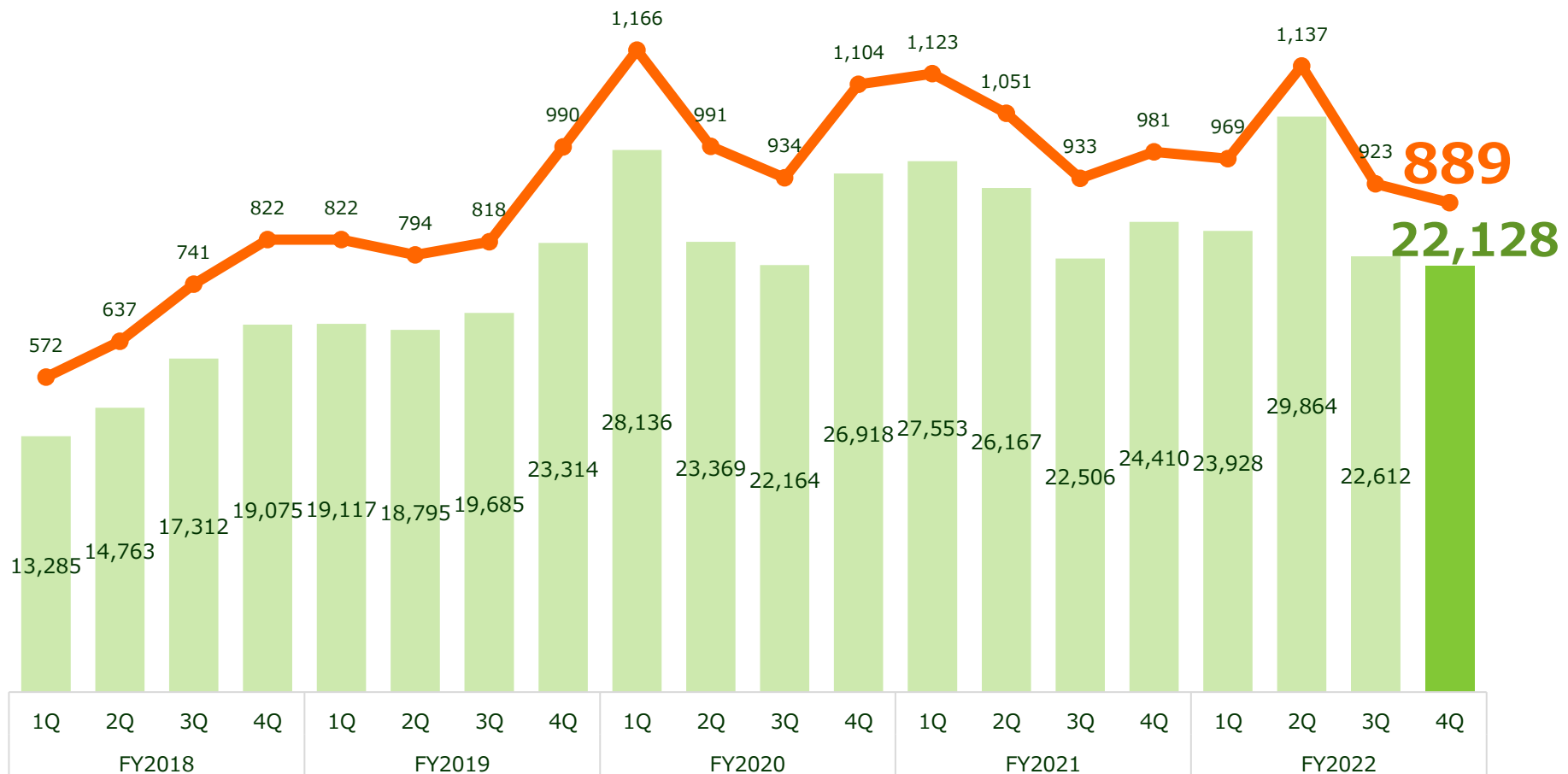
LIFENET INSURANCE COMPANY

# Annualized Premium / Number of New Business (Quarter)



— : Annualize premium<sup>1</sup> of new business (JPY millions)

■ : 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 (Quarter)



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

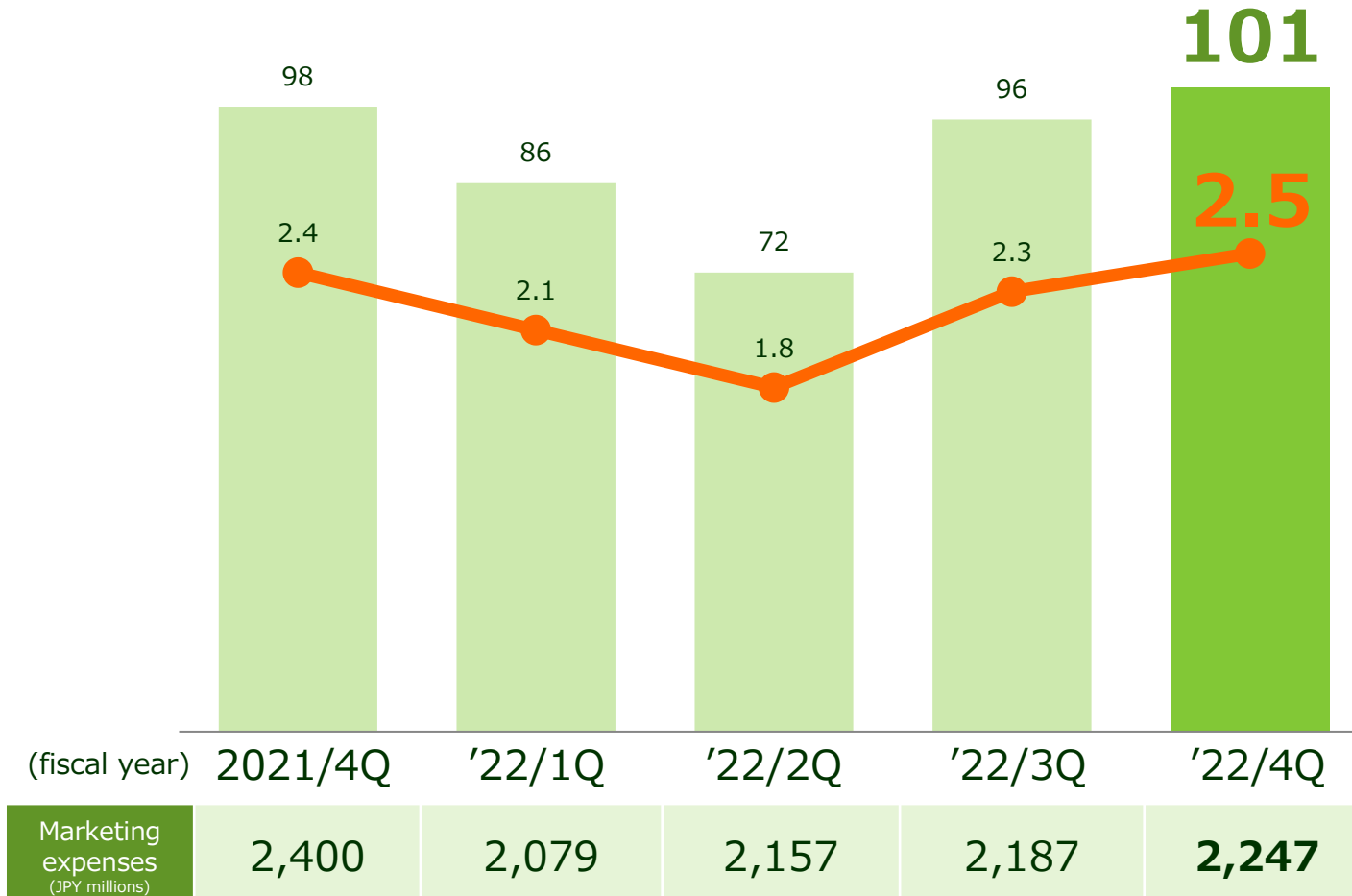


1. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

# Marketing Efficiency (Quarter)



■ : Marketing expenses per new business (JPY thousands)  
 ■ : Marketing expenses / Annualized premium of new business<sup>1</sup>



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.

# Breakdown of Policies-in-Force

	'22/03	'23/03	Component ratio
<b>Number of policies-in-force</b>	507,428	<b>568,674</b>	<b>100%</b>
- Term Life	247,754	<b>276,566</b>	<b>49%</b>
- Whole-life Medical	138,749	<b>156,402</b>	<b>28%</b>
- Term Medical Care	8,485	<b>7,870</b>	<b>1%</b>
- Long-term Disability	63,847	<b>68,142</b>	<b>12%</b>
- Cancer	48,593	<b>59,694</b>	<b>10%</b>
<b>Sum insured of policies-in-force<sup>1</sup></b> (JPY millions)	3,351,278	<b>3,633,704</b>	
<b>Number of policyholders</b>	322,231	<b>360,364</b>	

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

# Life Time Value and Customer Acquisition Cost



LIFENET

## Key Metrics for a SaaS Company and Lifenet

	FY2020	FY2021	FY2022
<b>ARR per Contract</b> (Annual Recurring Revenue)	Annualized Premiums per Policy-in-force <b>JPY 42,536</b>	Annualized Premiums per Policy-in-force <b>JPY 42,394</b>	Annualized Premiums per Policy-in-force <b>JPY 42,262</b>
	×	×	×
<b>Life Time<sup>1</sup></b> (Term of Contract)	Average Policy Term <b>16.7 years</b>	Average Policy Term <b>15.2 years</b>	Average Policy Term <b>15.4 years</b>
	×	×	×
<b>Gross Profit Margin<sup>2</sup></b>	<b>43%</b>	<b>44%</b>	<b>39%</b> (46%)
<b>Life Time Value</b> (Annualized Premiums per Policy * Life Time * Gross Profit Margin)	<b>JPY 305,451</b>	<b>JPY 283,531</b>	<b>JPY 253,826</b> (JPY 299,384)
<b>Customer Acquisition Cost<sup>3</sup></b> (Marketing Expenses per New Policy)	<b>JPY 66,737</b>	<b>JPY 82,113</b>	<b>JPY 88,013</b>

\*Figures in () exclude the impact of COVID-19 claims of JPY 1.37 billion

- 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.

# Condensed Statements of Operation / Fundamental Profit



(JPY millions)		FY2021	FY2022	Change	Note
Condensed statements of operation	Insurance premiums and other	25,420	<b>29,207</b>	3,787	Increased due to growth in in-force business and reinsurance income from modified co-insurance.
	Other	747	<b>1,060</b>	313	
	<b>Ordinary income</b>	26,167	<b>30,268</b>	4,100	Includes utilization of modified co-insurance of JPY 5,671M.
	Insurance claims and other	8,668	<b>12,445</b>	3,776	Increased due to an increase in COVID-19 claims (JPY 1,378M) and reinsurance commissions from modified co-insurance. Percentage of insurance claims and benefit claims to insurance premiums is 27.4%.
	Insurance claims	2,546	<b>3,123</b>	577	Increased from 214 cases in FY21 to 281 cases in FY22.
	Benefit claims	1,563	<b>3,030</b>	1,467	Increased from 14,910 cases in FY21 to 38,189 cases in FY22.
	Provision for policy reserves and other	6,903	<b>7,453</b>	550	Percentage of provision for policy reserves (JPY 7,074M) to insurance premiums is 31.5%.
	Operating expenses	12,140	<b>13,463</b>	1,322	
	Marketing expenses	8,262	<b>8,672</b>	409	Includes JPY 6,964M for advertising expenses.
	Customer service	1,278	<b>1,506</b>	228	
	System and other	2,599	<b>3,284</b>	685	
	Other	1,701	<b>1,855</b>	153	
	<b>Ordinary expenses</b>	29,413	<b>35,217</b>	5,803	
	<b>Ordinary profit (loss)</b>	(3,245)	<b>(4,949)</b>	(1,703)	Includes profit of JPY 608M for utilization of modified co-insurance.
Extraordinary losses and income taxes	73	<b>214</b>	141		
<b>Net income (loss)</b>	(3,319)	<b>(5,164)</b>	(1,844)	Includes profit of JPY 608M for utilization of modified co-insurance.	
Fundamental profit	Mortality margin	3,348	<b>2,292</b>	(1,056)	Decreased due to an increase in COVID-19 claims (JPY 1,378M). Includes JPY 637M loss due to utilization of modified co-insurance.
	Expense margin (loss)	(6,648)	<b>(7,429)</b>	(781)	Includes JPY 1,246M expense margin for utilization of modified co-insurance.
	Interest margin (loss)	86	<b>64</b>	(21)	
	<b>Fundamental profit</b>	(3,213)	<b>(5,072)</b>	(1,859)	Includes profit of JPY 608M for utilization of modified co-insurance.



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



As of March 31, 2023

(JPY millions)		Available-for-Sale	Held-to-Maturity	Total
<b>JPY Bonds</b>		<b>19,634</b>	<b>15,088</b>	<b>34,723</b>
Duration <sup>2</sup>		4 years	13 years	8 years
<b>Foreign Currency Bonds</b>		<b>9,420</b>	—	<b>9,420</b>
Duration <sup>2</sup>				6 years
	<b>Non-Currency Hedged</b>	<b>2,355</b>	—	<b>2,355</b>
	<b>Currency Hedged</b>	<b>7,065</b>	—	<b>7,065</b>

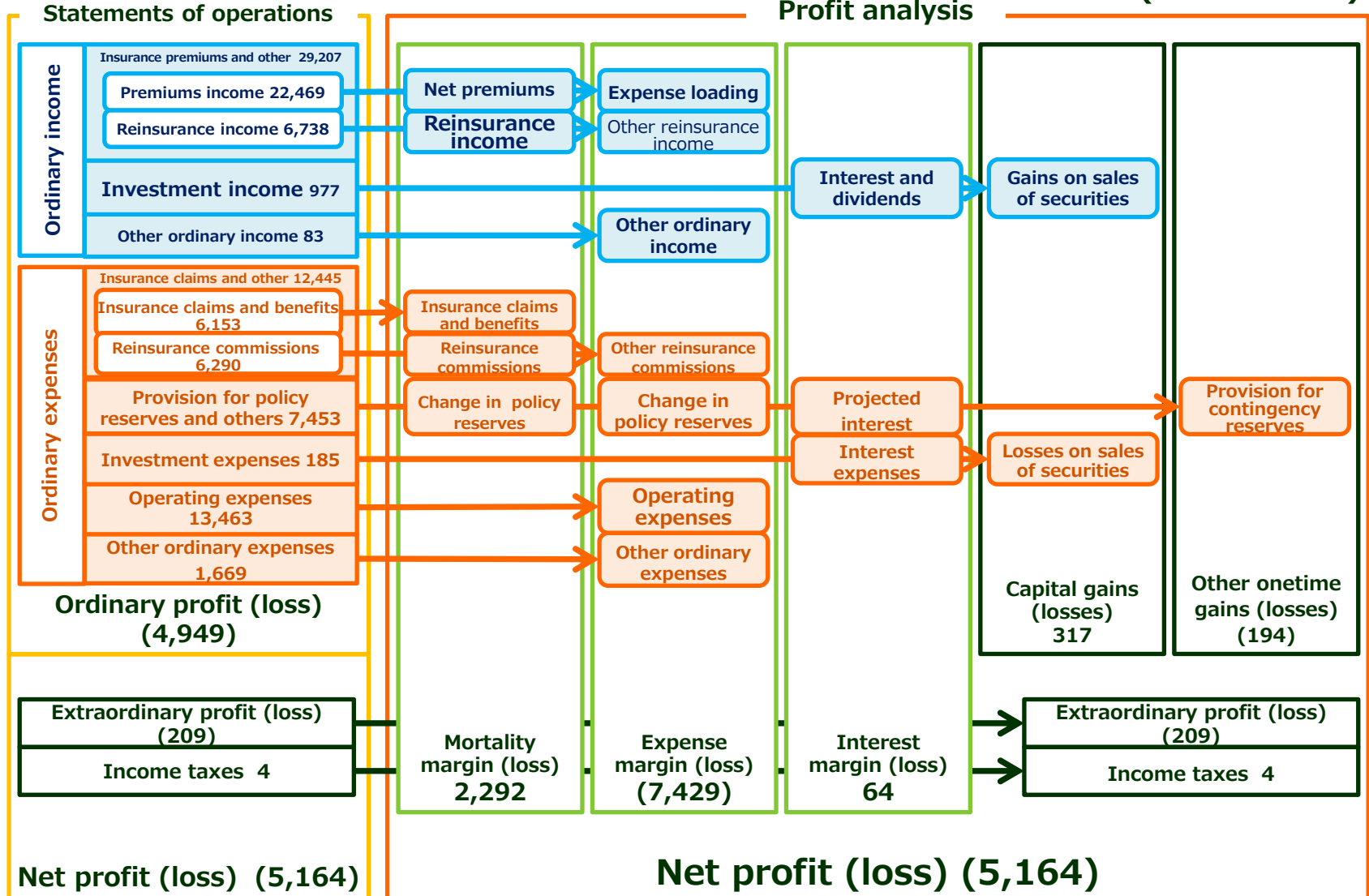
1. Based on balance sheet as of March 31, 2023

2. Calculated by Lifenet

# Three Surplus Factors of Fundamental Profit

FY2022

(JPY millions)



1. Some items with minimal amounts have been omitted.

# Solvency Margin Ratio Calculation



LIFENET

As of March 31, 2023

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

**Solvency margin ratio 3,158.2%** = **Total amount of solvency margin <numerator> 31,943** ÷ **Total amount of risk/2 < the denominator> 2,022/2**

Cash and deposits 5,719	Other liabilities 1,904
Monetary claims bought 4,499	Reserves for outstanding claims 1,364
Money held in trust 5,322	<b>Policy reserves 49,632</b>
<b>Securities 45,606</b>	Contingency reserves 2,420
	Excess over the full-Zillmerized reserve 13,824
	Price fluctuation reserves 124
	Deferred tax liabilities on available-for-sale securities
	Valuation difference on securities available-for-sale (678) <sup>1</sup>
Tangible fixed assets 75	<b>Capital stock and other assets 16,252</b>
Intangible fixed assets 1,544	<b>Net assets 15,574</b>
Other assets 5,831	

Add liabilities with strong capital characteristics such as price fluctuation reserves and contingency reserves

- Insurance risk R<sub>1</sub> 1,043**  
Risk of change in mortality rate (calculated based on value of policies in force)
- Medical insurance risk R<sub>8</sub> 400**  
Risk of change in medical incidence rate (hospital admission rate, etc.)
- Assumed interest rate risk R<sub>2</sub> 4**  
Risk that the actual investment return will fall below the expected return used as a basis for calculating policy reserves
- [Minimum guarantee risk] R<sub>7</sub> -**  
Risk related to products, such as variable annuities with minimum guarantees
- Asset management risk R<sub>3</sub> 1,291**  
[Credit risk] Risk that asset values decline due to deterioration in financial condition of creditors  
[Price fluctuation risk] Risk of incurring losses due to decline in market value of stocks and bonds, etc.
- Business management risk R<sub>4</sub> 82**  
3% of the total of the amounts of the other 5 risks (in the Company's case)

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.

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

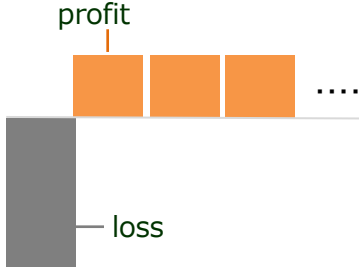


## Impacts of changes in assumptions (sensitivities)

(JPY millions)	Change in EEV as of Mar. 31, 2023	Change in VoNB
<b>EEV and new business value as of March 31, 2023</b>	124,666	3,506
<b>Sensitivity 1a: 1.0% increase in risk-free rate</b>	(4,995)	(429)
<b>Sensitivity 1b: 1.0% decrease in risk-free rate</b>	4,695	334
<b>Sensitivity 1c: 0.5% increase in risk-free rate</b>	(2,484)	(206)
<b>Sensitivity 1d: 0.5% decrease in risk-free rate</b>	2,413	183
<b>Sensitivity 2: 10% decrease in equity and real estate value and other</b>	(970)	—
<b>Sensitivity 3: 10% decrease in operating expenses</b>	5,166	818
<b>Sensitivity 4: 10% decrease in lapse rate</b>	1,169	217
<b>Sensitivity 5: 5% decrease in claim incidence rates for life business</b>	6,517	736
<b>Sensitivity 6: Change the required capital to the statutory minimum</b>	263	32

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.

# Purpose of IFRS Adoption

- Provide financial information with high international comparability to **better represent our performance**

	Statutory accounting (J-GAAP)	Embedded value/ Value of new business	IFRS 17
<b>Main objective</b>	Policyholder protection	Economic value of insurance policies	Useful for investors' decision-making
<b>Evaluation of insurance liabilities (policy reserves)</b>	<ul style="list-style-type: none"> <li>Conservative</li> <li>Historical locked-in assumptions at policy inception</li> </ul>	<ul style="list-style-type: none"> <li>Best estimate based on experience</li> <li>Review periodically</li> </ul>	<ul style="list-style-type: none"> <li>Best estimate based on experience</li> <li>Review periodically</li> </ul>
<b>Timing of profit recognition (impact of new business acquisition)</b>	<p><u>The 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> 

# IFRS Major Accounts in Past Years<sup>1</sup>



LIFENET

(JPY millions)	FY2018	FY2019	FY2020	FY2021	FY2022	
<b>IFRS PL</b>						
<b>Insurance service results</b>	<b>4,885</b>	<b>5,419</b>	<b>6,606</b>	<b>7,216</b>	<b>6,618</b>	
Insurance revenue	10,560	12,550	15,220	17,987	20,732	
Insurance service expenses	5,509	7,038	8,468	10,429	13,874	
Reinsurance results	(165)	(92)	(144)	(341)	(239)	
<b>Financial results<sup>2</sup></b>	-	-	-	-	<b>(435)</b>	
<b>Other results</b>	-	-	-	-	<b>(822)</b>	
<b>Profit before tax</b>	<b>No retrospective calculation</b>				-	<b>5,360</b>
<b>Net income attributable to owners of parent</b>	-	-	-	-	<b>3,575</b>	
<b>IFRS BS</b>						
<b>Equities</b>	-	-	-	<b>71,871</b>	<b>75,716</b>	
<b>CSM, beginning of the year</b>	<b>22,979</b>	<b>44,835</b>	<b>55,103</b>	<b>65,736</b>	<b>74,907</b>	
New business CSM	3,536	4,813	8,908	7,690	6,879	
Increase from interests	309	461	595	640	710	
Assumption change, etc.	21,497	9,293	6,369	6,597	7,508	
Amortization of CSM	(3,486)	(4,300)	(5,241)	(5,757)	(6,401)	
<b>CSM, end of the year</b>	<b>44,835</b>	<b>55,103</b>	<b>65,736</b>	<b>74,907</b>	<b>83,604</b>	
<b>Others</b>						
<b>Insurance acquisition cash flows<sup>3</sup></b>	<b>5,225</b>	<b>7,484</b>	<b>8,339</b>	<b>9,854</b>	<b>10,390</b>	
<b>Maintenance costs<sup>4</sup></b>	<b>2,070</b>	<b>2,386</b>	<b>2,761</b>	<b>3,480</b>	<b>4,049</b>	

- Each figure from FY2018 to FY2021 is the result based on calculation of historical figures in the process of retroactive calculation and is unaudited. The figures in FY2022 haven't been audited
- Total of investment results from financial assets, insurance finance results and reinsurance finance results
- Insurance acquisition cash flows incurred in the period
- Maintenance costs are the costs directly related to fulfilling contracts and not included in insurance acquisition cash flows

# Management Team<sup>1</sup>



## Directors



**Ryosuke Mori**  
*Representative Director and President*

Goldman Sachs Japan Co., Ltd.  
Head of Corporate Planning Department and General Manager of Corporate Strategy Division at Lifenet



**Yasuhiro Koba**  
*Director, Executive Vice President*  
*Executive Officer of Business Development Department, Product Development Department, Creditor Insurance Business Department and Investment Department*

Ministry of Health, Labour and Welfare Head of Legal Department, General Manager of Corporate Administration Division and General Manager of Sales & Marketing Division at Lifenet



**Ryosuke Kondo**  
*Director*  
*Executive Officer of Sales & Marketing Division and Data Science Promotion Office*

JAPAN POST INSURANCE CO., Ltd.  
Head of Corporate Planning Department and Executive Officer of Corporate Planning, Product Development and Investment at Lifenet Director, LIFENET MIRAI INC.



**Junpei Yokozawa**  
*Director*  
*Executive Officer of Information Systems Strategy Division*

NTT DATA Net's CORPORATION  
Head of KDDI Business Department and head of Operations Planning Department at Lifenet



**Jun Hasebe**  
*Outside*  
Representative Director and President,  
Tokyo Relations Inc.



**Takeshi Saito**  
*Outside*  
Senior Managing Director and Chief Financial Officer,  
au Financial Holdings Corporation

## Directors (the Audit and Supervisory Committee Member)



**Takahiro Yamasaki**  
*Full-time*  
Nippon Life Insurance Company  
Nippon Venture Capital Co., Ltd.  
Full-Time Audit and Supervisory board member at Lifenet  
Corporate Auditor, LIFENET MIRAI INC.



**Keiko Hayashi**  
*Outside*  
Professor Faculty of Commerce Graduate School of Accountancy,  
Waseda University



**Tomoyuki Yamashita**  
*Outside*  
Representative Director and President,  
Aon Solutions Japan Ltd.



**Emima Abe**  
*Outside*  
Attorney, Miyamasuzaka the Firm Law & Accounting Office

1. Election of Directors is subject to approval at the 17th Annual General Meeting of the Shareholders on June 25, 2023