



LIFENET INSURANCE COMPANY

Question and Answer Summary at Q1 Financial Results Briefing for the Fiscal Year Ending March 2022

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[Answerers]

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Question & Answer

Question: Please tell us how you view the performance in July which looks a lower level in the number of new businesses. Also, I would like to know how much the partnership with Money Forward, which started in July, contributed to new business performance in July.

Kondo: I think there are two main reasons for the slowdown in new business in July. For one thing, Olympics significantly had an impact as external factors. As was the case during the past summer Olympics, people tend to lose interest in buying insurance during this period. I would say there has been an impact from 10% to 20% in the past Olympics period. It was difficult to foresee the impact of this year's game in advance. However, when the Olympics actually started, it attracted a great deal of people's interest in Japan. It also had an impact on people's behavior on the internet search.

As for the other factor, due to slight system failures, there was a drop in the application completion rate in July. However, this was resolved in July and there will be any impact in the future.

Mori: Also, regarding the partnership with Money Forward, we prioritized the launch of the service in July, thus business impact for performance is limited.

Money Forward is a technology company with a very high sense of speed. We are discussing further version upgrades by this September, so I would like to continue the PDCA cycle of this speed.

Also, it has already been announced that its electricity revision service has surpassed 5,000 cases, thus we would like to make the tide run in favor of us as well.

Question: With regard to assumption changes of EEV, how will the current increase in lapse and surrender ratio in 1Q of fiscal 2021 have an impact on 2Q of fiscal 2021? You commented that it is improving in July, and I think that basically the expansion in scale and the improvement of operating expenses ratio will have a positive impact. Please tell us about your thoughts on assumption changes of EEV toward 2Q.

Kishimoto: As for the surrender and lapse ratio, since the tentative increase in the number of lapsed policies should not affect the long-term lapse ratio, it will not be directly reflected in the assumption change of EEV. While the current increase in lapse ratio may have included some factors which are not tentative and it will be reflected on assumption changes in 2Q of fiscal 2021, the impact will be limited.

Question: On [page 27 of the presentation material](#), regarding the timescale for achieving the management goal of JPY200 billion, we can see that it can be achieved in FY2024 the earliest. If you have any assumptions about the conditions and scenarios for achieving this target in FY2024, please share your views.

Mori: Please note that they are hypothetical scenarios of growth rates in a certain range and it is not any commitment as is shown in the slide. However, in this context, our EV has been growing CAGR of 20% since we listed, and if we can maintain this growth rate in the future, we may be able to reach JPY200 billion at an early stage.

In that case, factors for the achievement will be the improvement of surrender ratio and incident ratio of claims beyond the expectation in addition to the stable growth of new business. Considering the current

growth potential of online insurance market and our leading position, we will be able to achieve high EV growth rate. We would like to seize the opportunities and make the EEV growth.

Question: I would like to know about *betterChoice*. Are you spending a considerable amount of costs for the marketing?

Kondo: As for *betterChoice*, it is a new service that LIFENET MIRAI, which was established in May, has started in July. It is a part of our initiatives to become an online life insurance platform shown in [page 21 of the presentation material](#).

As for marketing, the first step is to effectively utilize the traffic to our LIFENET INSURANCE COMPANY website. We induce customers who arrived at our website but ultimately did not apply our products to *betterChoice*. In the future, we will spend money on marketing and attract customers to *betterChoice* directly.

Question: Regarding HOKEKAN, are you developing this within your company? Are you going to utilize this with alliance with Money Forward?

Kondo: This insurance policy management service HOKEKAN is developed by MILIZE which invested in LIFENET MIRAI. It is possible that we utilize this for alliance with Money Forward.

Question: About the timescale of EEV on [page 27 of the presentation material](#), if it increases by 10% or 15%, you need to grow JPY5 billion of value of new business double. Please tell us about the possibility.

Mori: As you pointed out, in order to maintain a high EEV growth rate, one of the important factors is to accelerate and increase the value of the new business and the amount of adjusted EEV growth.

Another factor is assumption updates which reflect improvement of operating expenses ratio and incident ratio of claims. We have changed our assumptions in the past and it led to EEV growth.

Therefore, for achieving JPY200 billion EV in the future, we would like to focus on increasing the amount of adjusted EV as well as the assumption updates.

[END]

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