LIFENET INSURANCE COMPANY

Q2 Financial Results Briefing for the Fiscal Year Ending March 2022

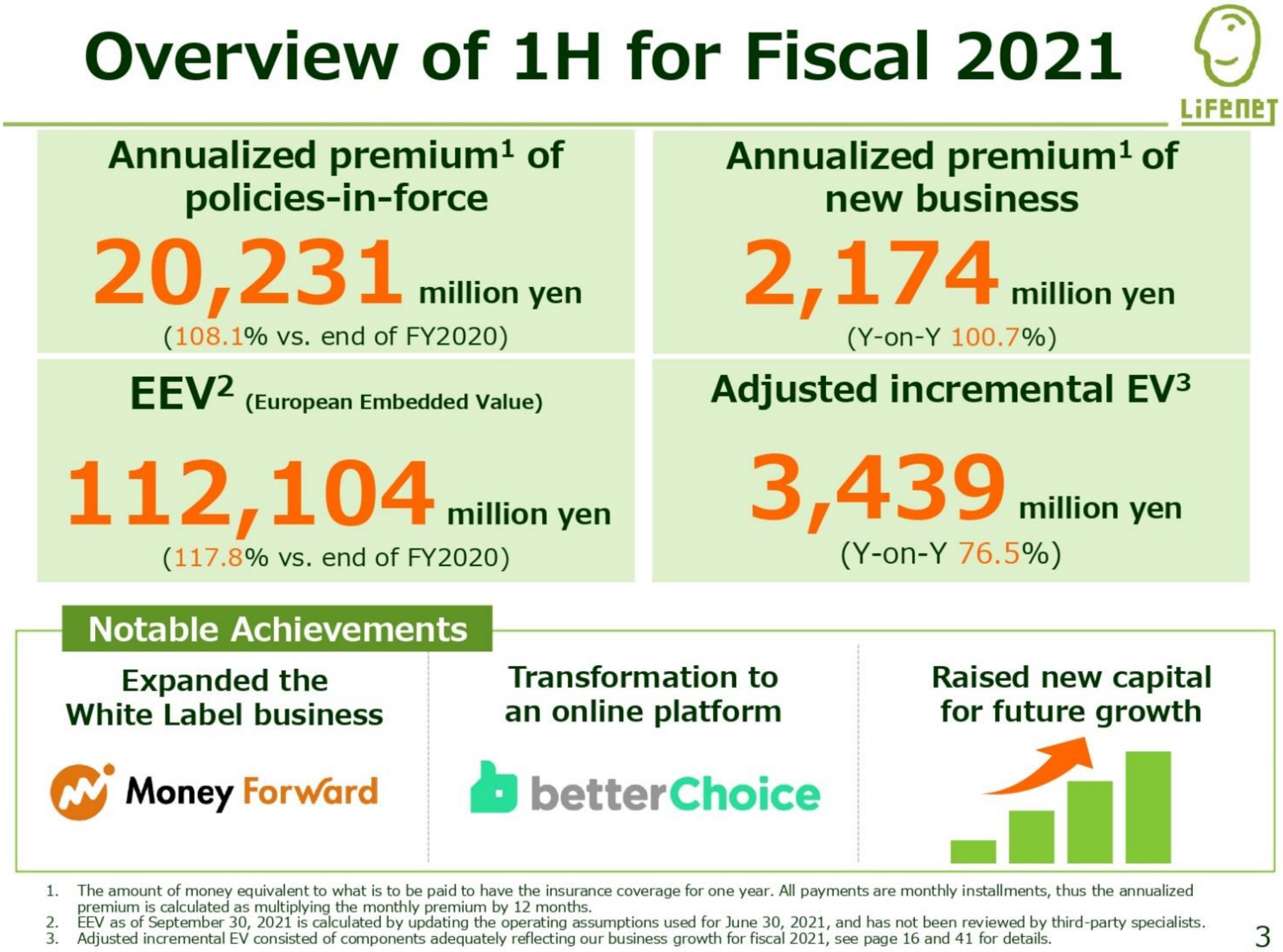
November 10, 2021

[Speaker]

Ryosuke Mori　　Representative Director and President

Presentation

Mori: Thank you very much for taking time out of your busy schedules to participate in today's financial results briefing. Our company announced its financial results for the 2Q of FY2021 at 3:30 PM today. The presentation materials are available on our IR website. Today, I would like to explain the outline of the financial results using the financial results presentation materials, and then move on to the Q&A session.



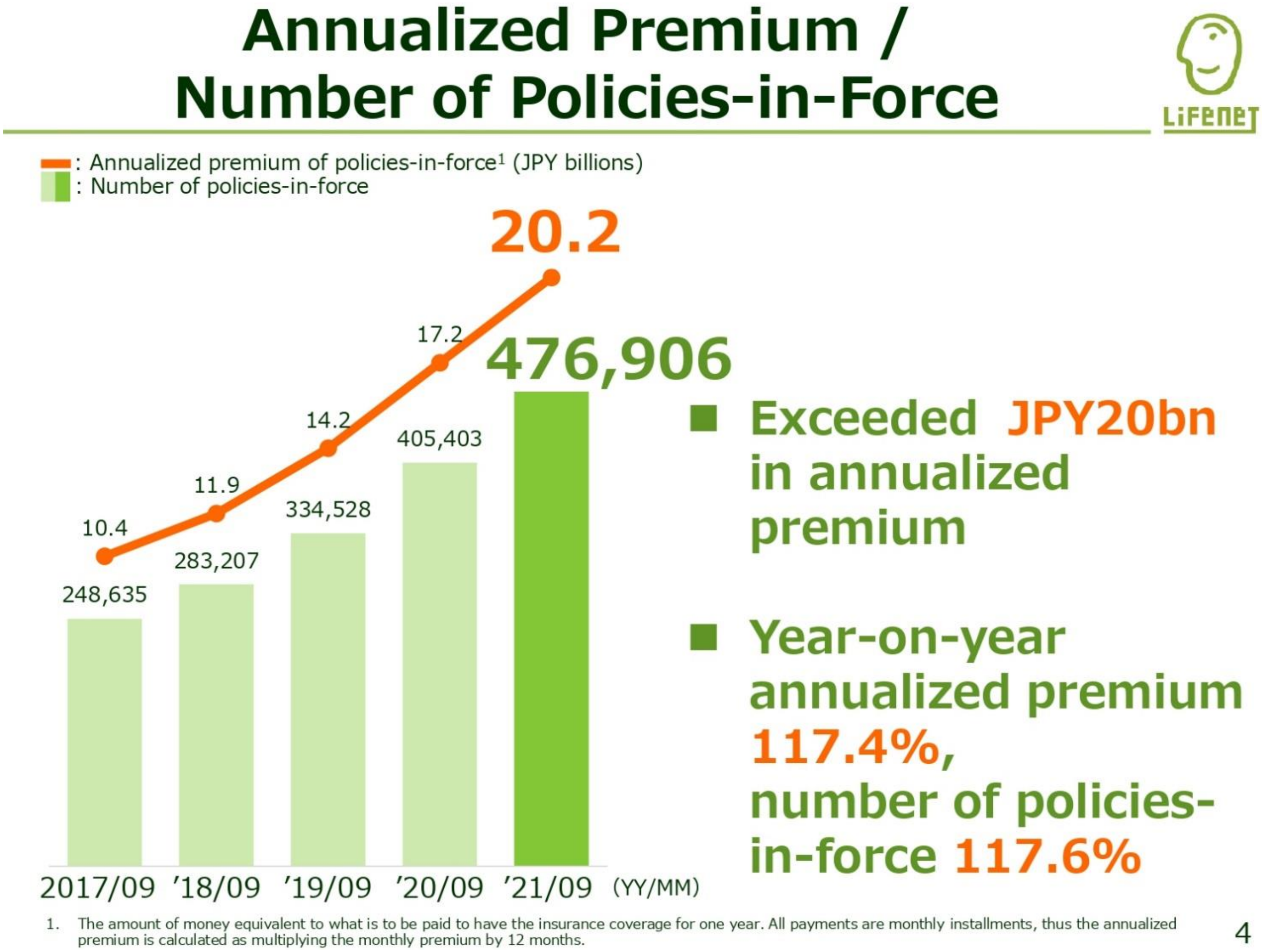
First, look at page 3.

Here is the main performance for the first half of FY2021. The in-force business grew strongly. Annualized premiums of policies-in-force, which is equivalent to annual recurring revenue, increased 8.1% from the end of the FY2020 to JPY20.231 billion, surpassing the JPY20 billion mark for the first time since the start of business.

Annualized premiums of new business were 100.7% YoY to JPY2.174 billion. This was a record half-year performance, exceeding that of the same period last year which included a temporary positive impact from the spread of the COVID-19.

European Embedded Value, which is the most important management indicator in our management policy, increased by 17.8% from the end of the FY2020 to JPY112.104 billion, reaching the management goal of JPY100 billion set back in 2018. Of the increase from the end of the previous fiscal year, the adjusted incremental EV, which indicates the growth in performance for the period, was JPY3.439 billion.

The notable achievements will be explained later.



Page 4 shows changes in the performance of policies-in-force.

Annualized premiums of policies-in-force was JPY20.2 billion and the number of policies-in-force was 476,906, both of which continued to grow strongly by more than 17% over the 12 months compared to the same period last year.

Changing Factors of Policies-in-Force

	FY2020/1H	FY2021/1H
Number of policies-in-force (BOP)	365,171	**439,945**
+) Number of new business	51,505	**53,720**
−) Decreased number of policies[1]	(11,273)	**(16,759)**
Non-recurring record of lapsed policies※	−	(583)
Number of policies-in-force (EOP)	405,403	**476,906**

	FY2020/1H	FY2021/1H
Surrender and lapse ratio(annualized)[2]	5.5%	**6.9%**

※Lifenet has extended grace period for insurance premium payment as one of the special measures in the COVID-19 pandemic. Decreased number of policies includes the impact of extended policies that were recorded as lapsed policies in a lump sum.

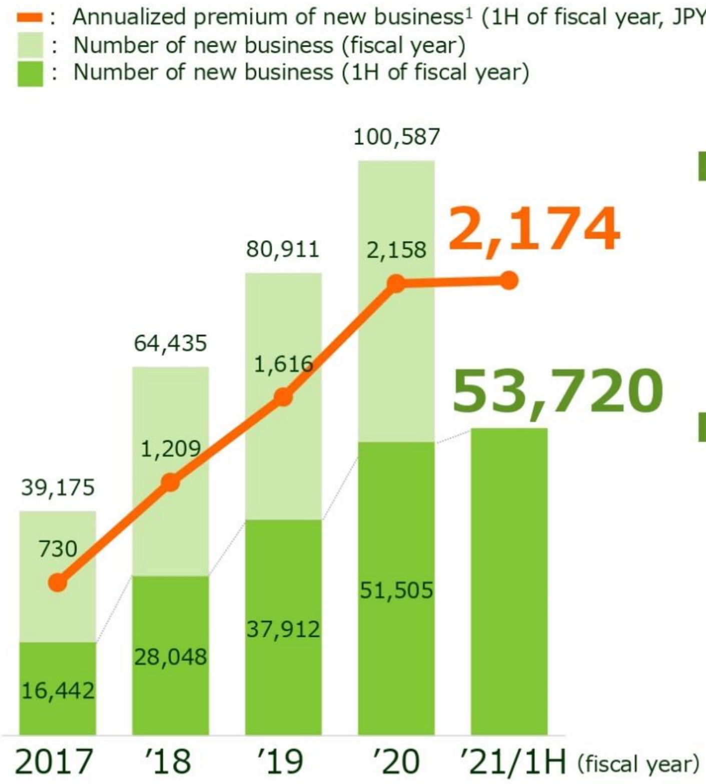
1. Decreased number of policies include death, expiration and others in addition to surrender and lapse.
2. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

5

Page 5 shows the factors that caused the change in the number of policies-in-force.

The growth of policies-in-force depends on not only the growth of new business, but also how to improve the surrender and lapse ratio. I would like to explain each in turn.

Annualized Premium / Number of New Business



- **Achieved new half-year record high**
- **Year-on-Year annualized premium 100.7%, number of new business 104.3%**

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.

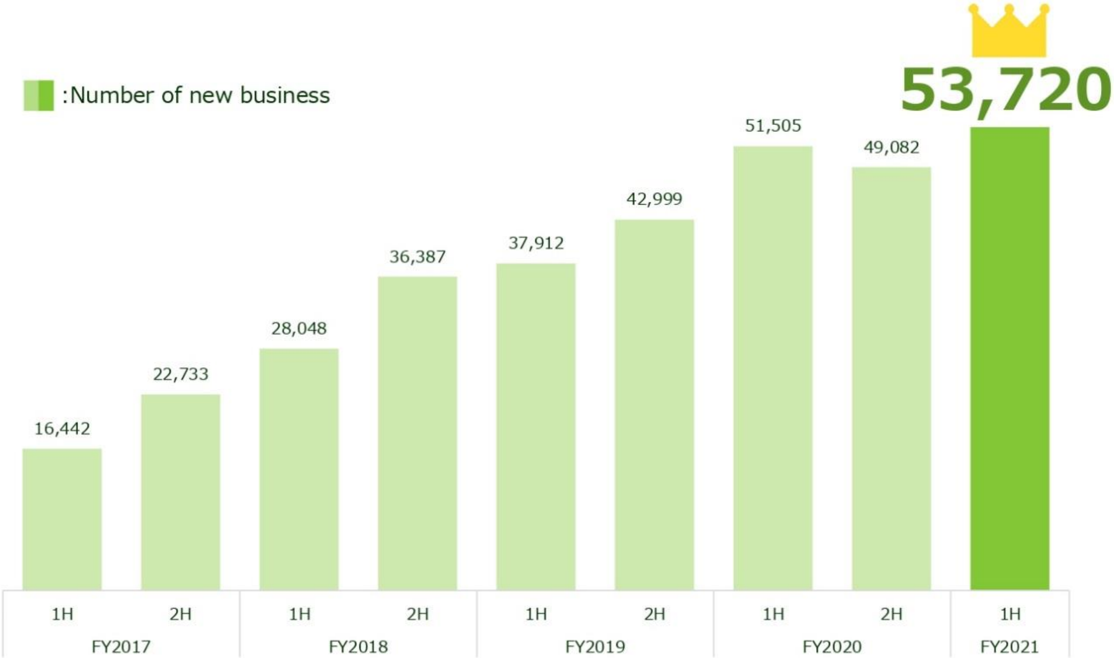
6

Page 6 shows the trend of our new business performance.

Annualized premiums of new business totaled JPY2.174 billion and the number of policies was 53,720, both of which were record highs for the half year.

【Ref.】 Number of New Business (Half year)

■ Exceeded FY2020/1H including positive impact from COVID-19



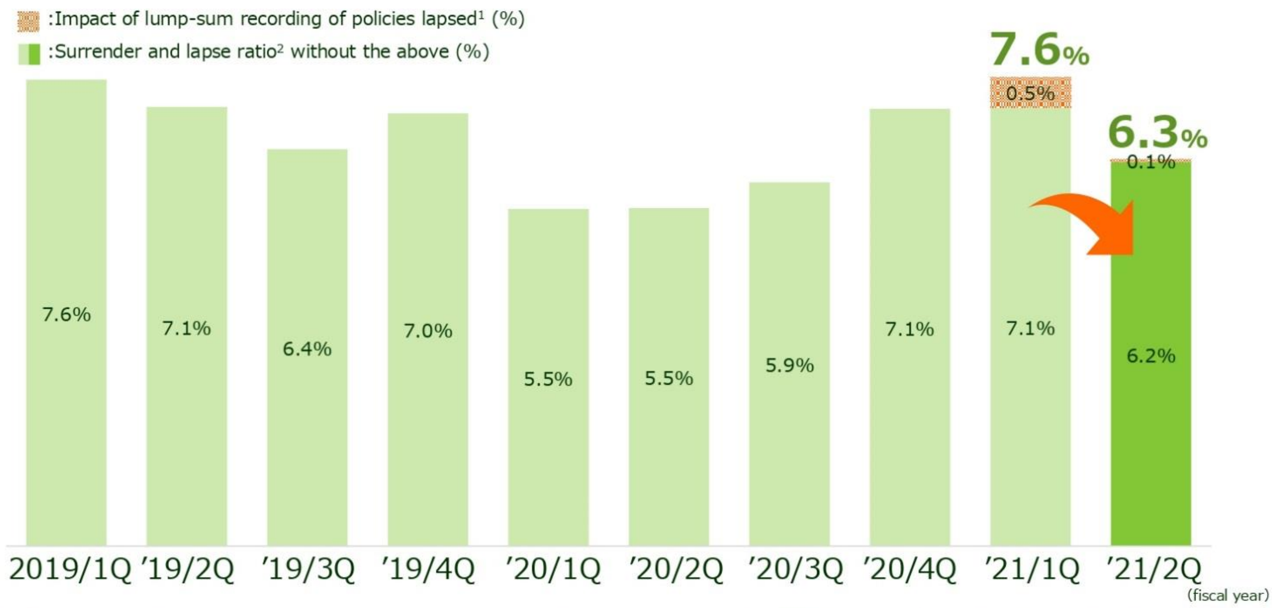
7

Looking at the half-year trends, you can see that we have been able to achieve continuous growth in new business results for the past several years, regardless of the external environment. In the first half of fiscal 2020, the first wave of the spread of the COVID-19 caused a rapid increase in the life insurance needs of consumers, which temporarily boosted new business results.

On the other hand, in the first half of the current fiscal year, the new business performance grew due to our corporate efforts centered on our sales activities rather than being boosted by the impact of the external environment. We believe that the growth has a certain level of repeatability and sustainability for the future.

【Ref.】 Surrender and Lapse Ratio (Quarter)

■ Improved to the level before COVID-19



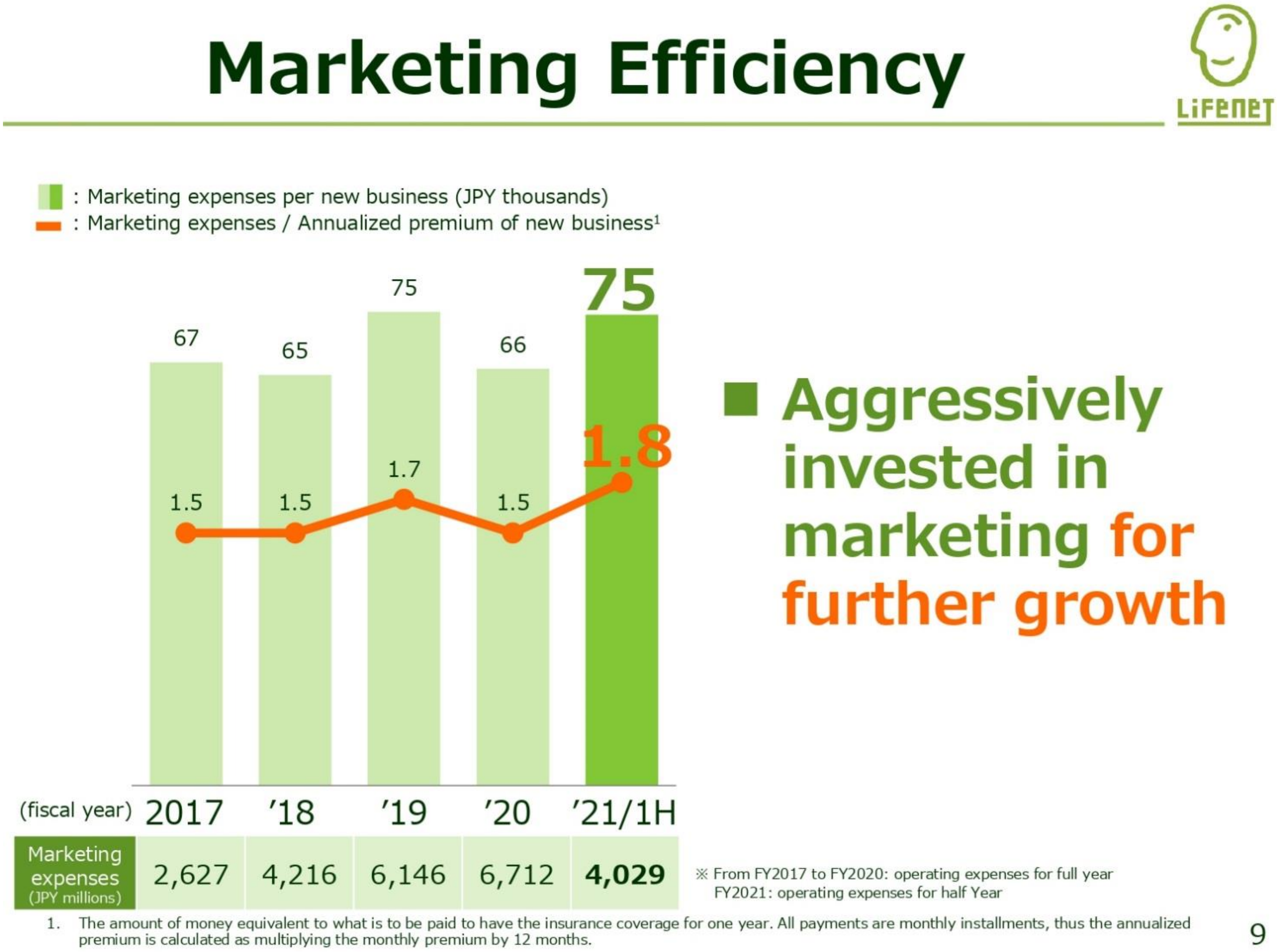
1. Lifenet has extended grace period for insurance premium payment as one of the special measures in the COVID-19 pandemic. Surrender and lapse ratio includes the impact of extended policies that were recorded as lapsed policies in a lump sum.
2. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

8

Next, please look at page 8. This chart shows the surrender and lapse ratio on a quarterly basis.

The surrender and lapse ratio for the 2Q of FY2021 was 6.3%. We believe that the ratio has returned to the level before the outbreak of the COVID-19. We have been watching closely the possibility that the damage to household finances, such as the decrease in income due to the prolonged the COVID-19 impact, may have led some customers to take actions such as reducing insurance premium and canceling policies. Such situation has peaked out and the surrender and lapse ratio has improved.

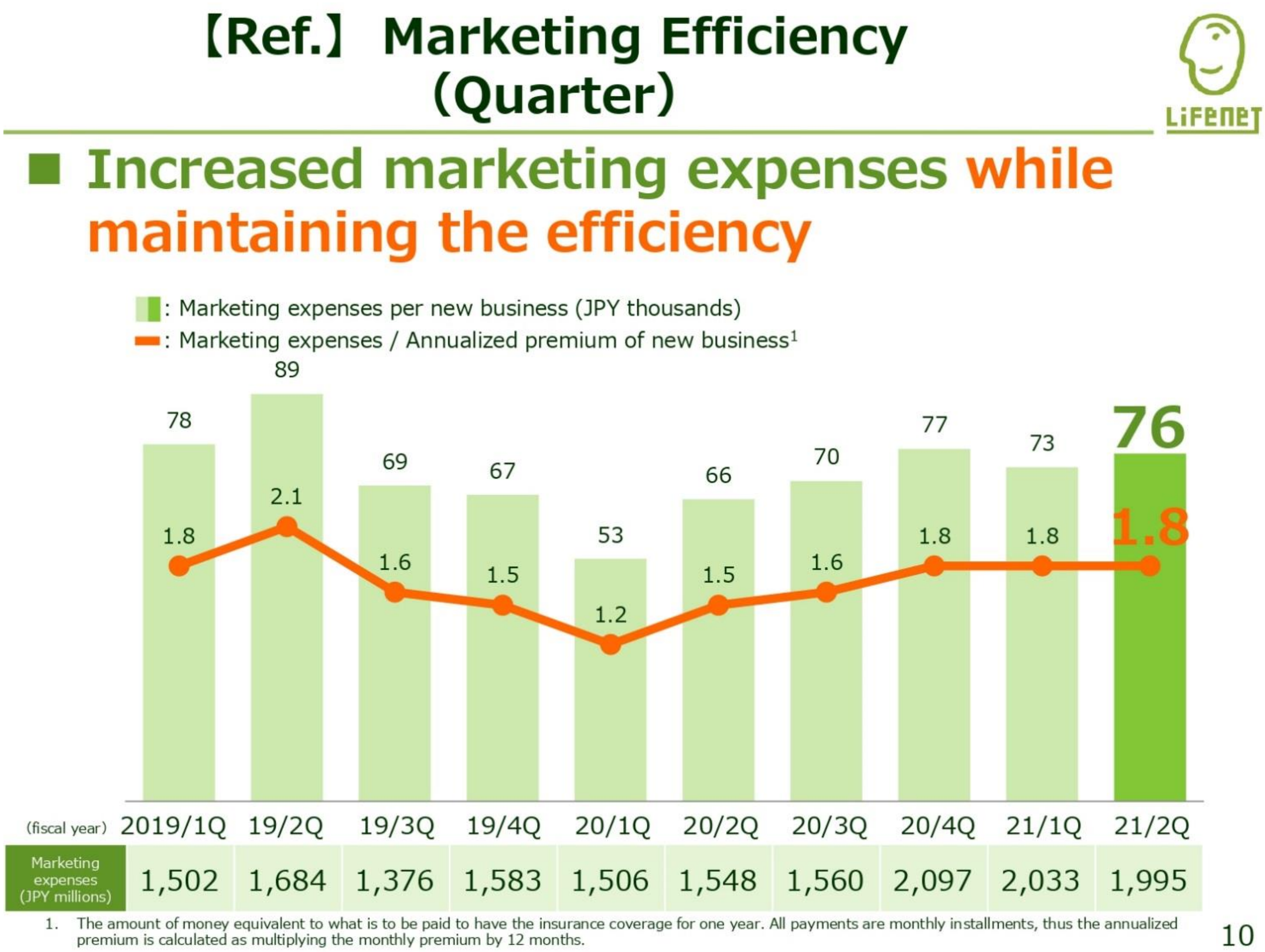
In addition, the impact of the extension of the grace period for premium payment on lapsed policies, which is shown in red on the graph, is expected to have a temporary impact on the surrender and lapse ratio.



Page 9 shows marketing efficiency.

First, the table on the lower left shows the actual amount of marketing expenses. Marketing expenses for the first half of this fiscal year totaled JPY4.029 billion. As a result, marketing expenses per new business, as shown in the bar graph, were JPY75,000.

I would like to show you the quarterly trend in the next slide.

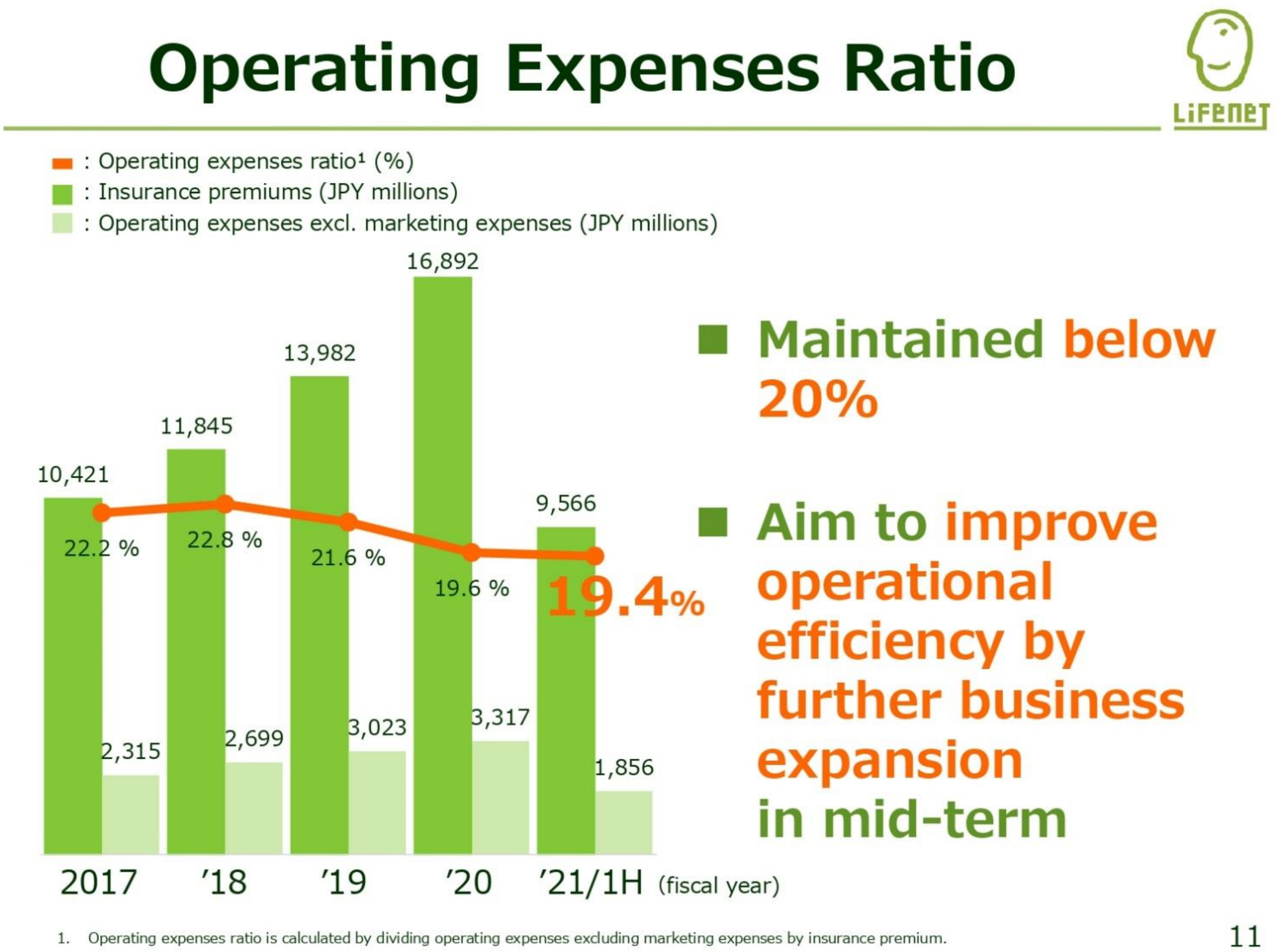


Please see page 10.

If you look back from the previous period, prior to the COVID-19, from FY2019 to the 3Q of FY2020, we generally allocated marketing expenses at a level of about JPY1.5 billion per quarter. After that, we have started aggressive investment since the 4Q of FY2020 based on the post-COVID-19 business environment, and have increased the quarterly marketing expenses to approximately JPY2 billion.

We were able to maintain marketing efficiency at a level comparable to that of FY2019, which was not affected by the COVID-19, while also achieving significant growth in new business performance since that time. We believe that our sales capabilities have been growing steadily.

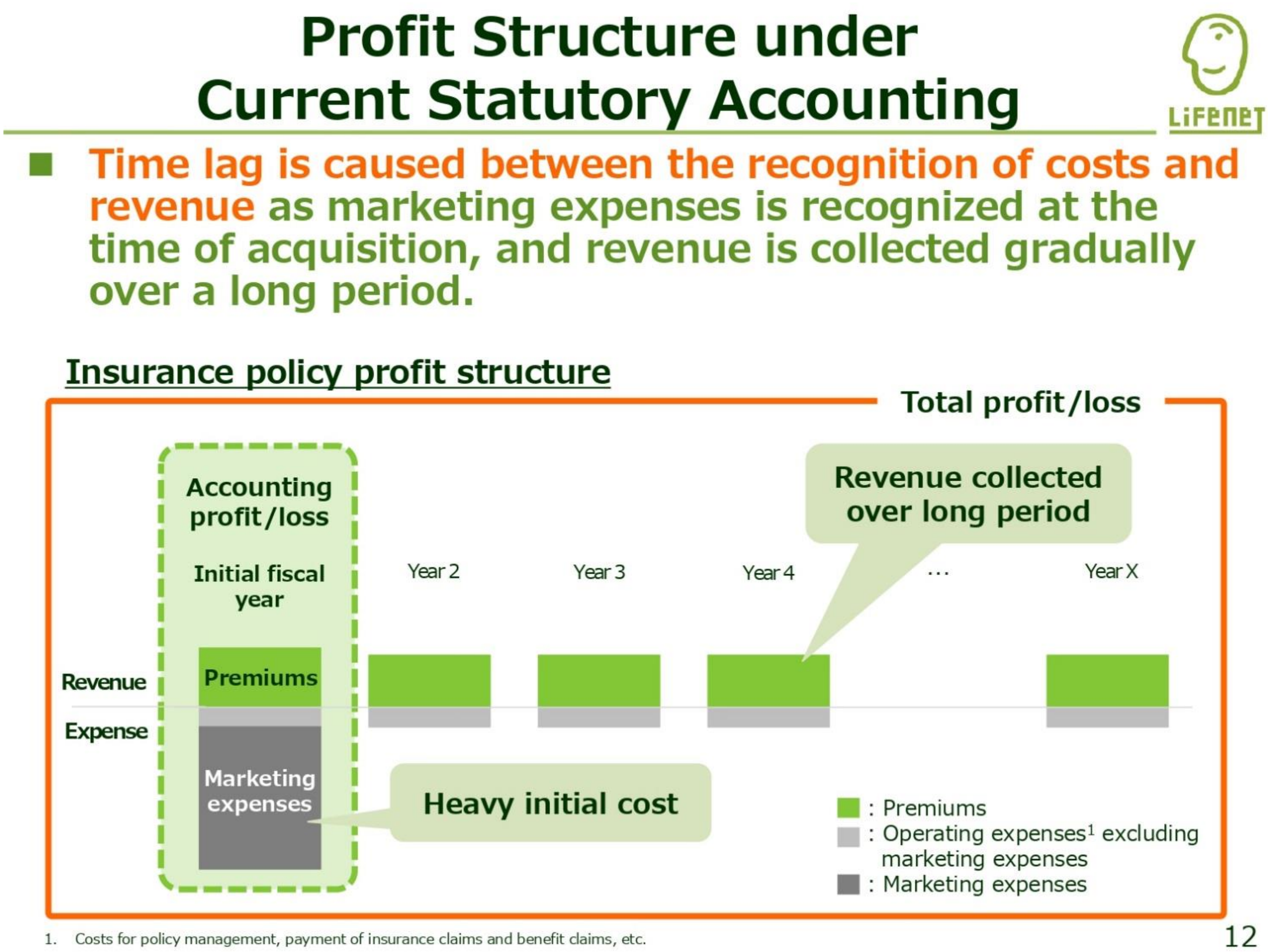
Around JPY70,000 level of marketing efficiency is the acceptable range for the Company at present, and if we can determine that there are significant growth opportunities in the future, we will consider prioritizing the growth in new business performance even with a slight decline in marketing efficiency.



On the page 11, we will explain the efficiency of operating expenses excluding marketing expenses.

Operating expenses excluding marketing expenses were JPY1.856 billion, and operating expenses ratio was 19.4%. In line with the current growth in in-force business, the operating ratio has been steadily improving and has remained below 20% since the previous fiscal year.

An improvement in the operating expense ratio means a decrease in unit costs, which is an important factor contributing to improve profitability and increase European Embedded Value. Therefore, we will continue our efforts for improvement.

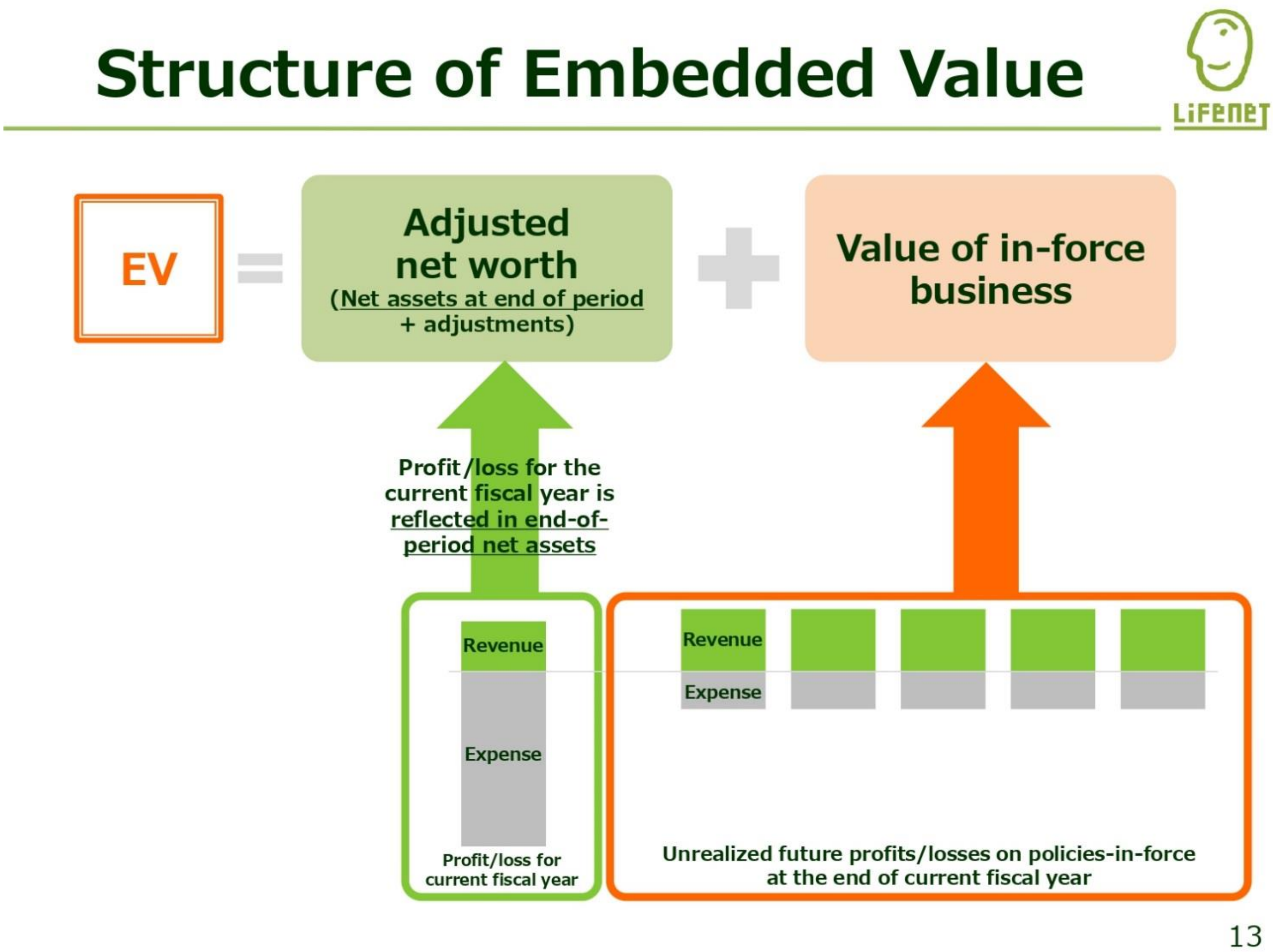


Page 12 shows the accounting structure of life insurance companies.

This is important for you 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.



Page 13 is regarding the structure of embedded value.

European Embedded Value is a net asset that considers the after-tax value of unrealized future profits under the statutory accounting that the in-force business will generate in the future, so it is regarded as the present value of our net assets. We have been focusing on the growth of European Embedded Value as an important management index. Please refer to this as it is important for you to properly understand our growth potential and long-term profitability.

EEV (European Embedded Value)

■ Characteristics of Lifenet's EEV are as follows:

Strong growth

- Maintaining increase in EEV since listing in March 2012
- Steadily growing even in a low interest rate environment

Resilience to interest rate changes

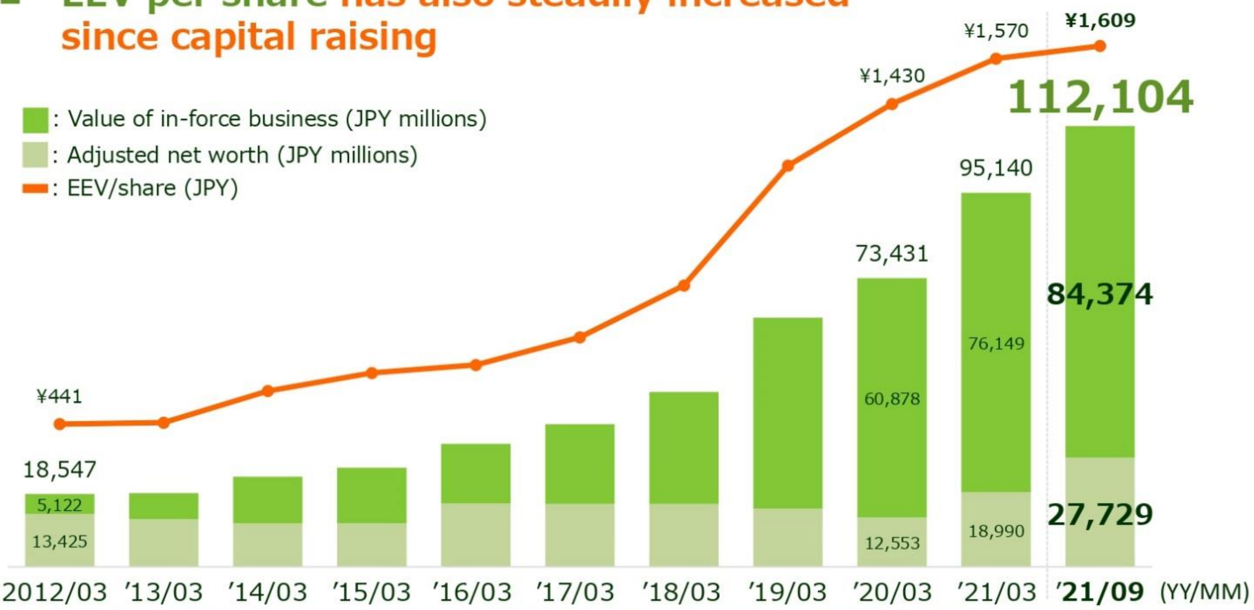
- Limited sensitivity to interest rate and stock fluctuations

14

The two main characteristics of our European Embedded Value are strong growth and resilience to interest rate changes. We will explain more in the next pages.

Strong EEV[1] Growth

- **EEV and value of in-force business have been growing at a CAGR of 21%[2] and 34%, respectively since IPO**
- **EEV per share has also steadily increased since capital raising**



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. 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, 2021 is calculated applying the updated operating assumptions from those used for June 30, 2021, 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.

15

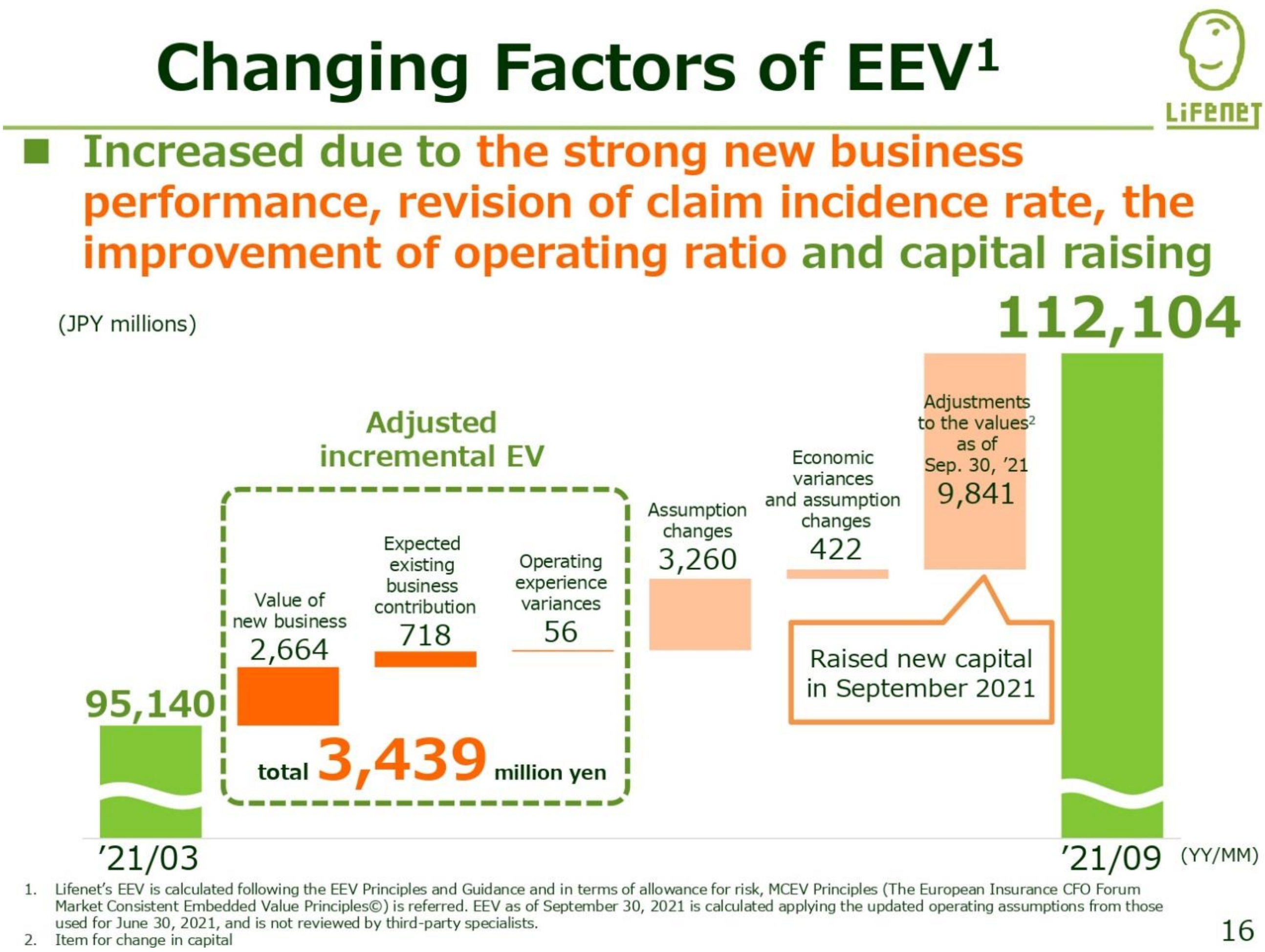
Page 15 describes the strong growth trend in EEV.

European Embedded Value as of the end of September 2021 was JPY112.1 billion, partly due to the increase in adjusted net worth from the overseas public offering in September, and we were able to reach our management goal of JPY100 billion set in November 2018 over the next 3 years.

The present value of future profits from policies-in-force, which are the unrealized future profits on accounting shown as the dark green area in the graph, has been growing at a CAGR of 34%, contributing significantly to the overall CAGR of 21% for EEV.

It is sure that capital raising contributed the growth of EEV, but the EEV per share has also been steadily growing as is shown in the line graph.

Looking at the first half of this fiscal year in particular, we were able to achieve EEV growth that exceeded the dilution caused by the most recent capital raising over a 6-month period, so the EEV per share rose from JPY1,570 at the end of the previous fiscal year to JPY1,609. We will continue to our business focusing on growth in EEV per share.



Page 16 shows the analysis of the factors causing changes in EEV from the end of March 2021 to the end of September 2021.

Among the changes in EEV, the Company defines the sum of the three items, the value of new business, the expected existing business contribution, and the operating experience variance, all of which are circled by the green dotted line on the slide you see, as the adjusted incremental EV, and considers it to be an indicator showing our performance for the period.

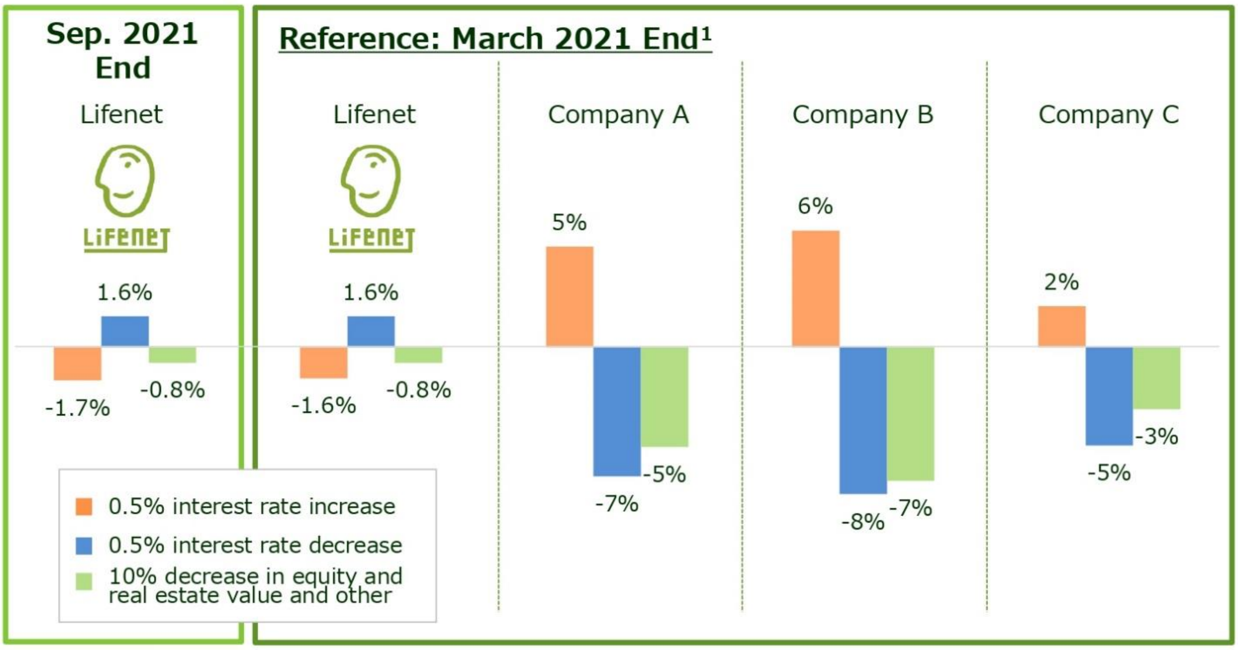
The adjusted incremental EV for the first half of FY2021 was JPY3.439 million. Of this amount, the value of new business was JPY2.664 billion, with continued strong new business performance driving the growth in adjusted incremental EV.

In addition, JPY3.26 billion was recorded as assumption changes, mainly due to a revision of claim incidence rate and a revision of assumptions to reflect actual results, including an improvement in the operating expense ratio due to growth in policies-in-force.

We will continue to aim for EEV growth through management that is conscious of growth and efficiency.

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.

17

Page 17 shows the sensitivity of EV to changes in interest rates, stock prices and other factors for the company and domestic listed life insurance companies.

As you can see, the sensitivity of our EV to changes in interest rates and other factors is extremely limited, as our asset management and product lineup are relatively less susceptible to changes in interest rates, stock prices and other factors.

Generally speaking, EV is a long-term performance indicator that is easily affected by interest rates, but as you can see, the impact of interest rates on our EV is limited, so we believe that uncertainty in investment decisions is relatively small as our financial characteristics.

There are various drivers for EV growth, we aim to achieve sustainable EV growth through organic growth in our business, such as expansion of in-force business and improvements in business efficiency.

【Ref.】 Life Time Value and Customer Acquisition Cost

Key Metrics for a SaaS Company and Lifenet

	FY2019	FY2020	FY2021/1H
ARR per Contract (Annual Recurring Revenue)	Annualized Premiums per Policy-in-force JPY 42,486	Annualized Premiums per Policy-in-force JPY 42,536	Annualized Premiums per Policy-in-force JPY 42,422
×	×	×	×
Life Time[1] (Term of Contract)	Average Policy Term 14.3 years	Average Policy Term 16.7 years	Average Policy Term 14.9 years[2]
×	×	×	×
Gross Profit Margin[3]	45%	43%	46%
=	=	=	=
Life Time Value (Annualized Premiums per Policy * Life Time * Gross Profit Margin)	JPY 273,397	JPY 305,451	JPY 290,760
Customer Acquisition Cost[4] (Marketing Expenses per New Policy)	JPY 75,970	JPY 66,737	JPY 75,002

1. 1 / Churn rate. Churn rate represents the percentage of users who cancelled out their insurance policies.
2. Exclude the impact of lump-sum recording for lapsed policies.
3. (Insurance premiums – Insurance claims and benefits - Provision for policy reserves and others) / Insurance premiums.
4. Marketing expenses / Number of new business.

18

Please see page 18.

For your reference, we have replaced our financial performance with key metrics for a SaaS company, and show them using lifetime value (LTV) and customer acquisition cost (CAC) from the perspective of unit economics.

For the first half of FY2021, if we exclude the impact of lapsed policies for the extension of the grace period for premium payments, the unit economics are that LTV of approximately JPY290,000 is acquired with a CAC of approximately JPY75,000.

Compared to FY2019, when there was no impact from the external factors of the COVID-19, both LTV and CAC were comparable in the first half of FY2021, and we were able to increase the number of new business, which is the number of units, compared to FY2019.

As long as we maintain and improve this unit economics, increased number of units, or in other words, growth in in-force business, will directly lead to increased corporate value, so we will continue to focus on increasing the number of policies-in-force for the time being.

Financial Condition

(JPY millions) (YY/MM)	'21/03	'21/09
Total assets	**54,501**	**66,204**
Cash and deposits	2,059	3,950
Monetary claims bought	999	7,999
Money held in trust	5,895	5,496
Securities	40,007	42,306
Government bonds	9,004	9,006
Municipal bonds	1,482	1,484
Corporate bonds	21,301	22,251
Stocks	397	550
Foreign securities	0	100
Other securities[1]	7,821	8,913
Total liabilities	**38,694**	**41,819**
Policy reserves and other	36,639	39,802
Total net assets	**15,806**	**24,385**
Solvency margin ratio[2]	**2,647%**	**3,462%**
Modified duration (year)[3]	**11.1**	**10.6**

- **Total net assets increased by capital raising**
- **Maintained sufficient financial stability as indicated by solvency margin ratio[2]**

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

19

Page 19 is a summary of the balance sheet.

As of the end of September 2021, total assets were JPY66.2 billion, liabilities were JPY41.8 billion, and total net assets were JPY24.3 billion.

The solvency margin ratio, an indicator of the Company's solvency margin, was 3,462%, a sufficient level.

Major Initiatives

LIFENET

■ June : Launched new long-term disability product

With industry-first coverage[1], supports "medical expenses" or "decrease in income" after returning to work

Long-term Disability *Hataraku-Hito 3*

■ July : Started sales of Money Forward Life Insurance

Offers the service of reviewing life insurance contracts for *Money Forward ME* users to improve the household expenses

Money Forward

■ July : Subsidiary Lifenet MIRAI started business

Aiming to transform to an online insurance platform, Lifenet MIRAI launched online insurance agency business and insurance policy management service

betterChoice

1. Coverage for support to come back to work. Industry-first full-scale long-term disability insurance for individuals (Lifenet Research as of the end of April, 2021)

20

Next, we would like to explain our major initiatives for the first half of FY2021.

First, we launched a new long-term disability insurance product in June in order to further enhance the competitiveness of our products. We have established new coverage that provides the industry-first lump-sum benefit to support a return to work. It prepares for the economic burden of medical treatment costs and other expenses that arise even after returning to work, as well as instances in which a person is unable to work full-time. We will provide many customers with this new product.

Next, we started a white label business with Money Forward, Inc. in July, as the first technology company to partner with our white label business. As the second release in *Money Forward Fixed Cost Review* service to improve household expenses, following the review of electricity bills, Money Forward will provide a life insurance review service for users of its PFM (personal financial management) application.

Also in July, the subsidiary LIFENET MIRAI Inc. commenced its operations. The service brand name is *betterChoice*, and we have started providing online insurance agency business and insurance policy management services.

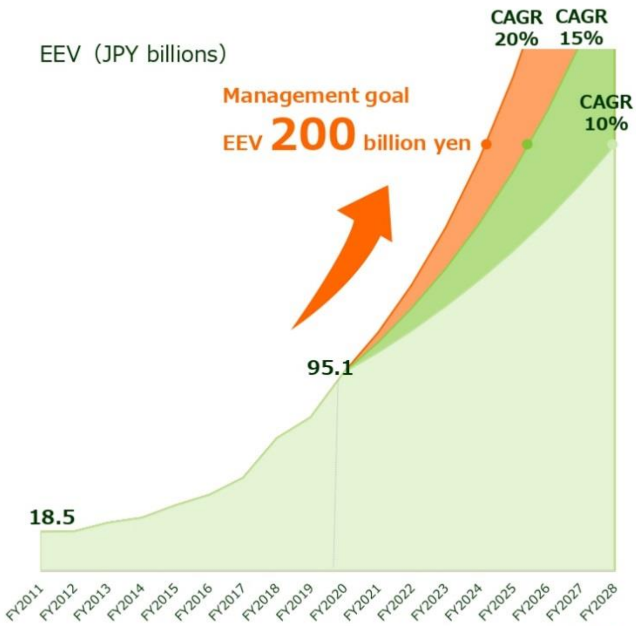
f

Overseas Public Offering in September

LIFENET

■ Raised capital for further accelerating "Growth" and "Transformation"

Number of shares offered	9,000,000 shares
The amount to raised	About JPY 9.7 billion
Use of proceeds	• Marketing expenses for acquiring new business • System development costs to respond to changes in business environment • Investments in new businesses to build an online insurance platform and to promote initiatives with Lifenet's business partners
Period for use	Five years between the fiscal year ending 31 March 2022 and the fiscal year ending 31 March 2026
Lock-up	180 days for the issuer, au Financial Holdings Corporation, Swiss Reinsurance Company Ltd, SEVEN FINANCIAL SERVICE CO., LTD., and Mercuria Investment Co., Ltd.



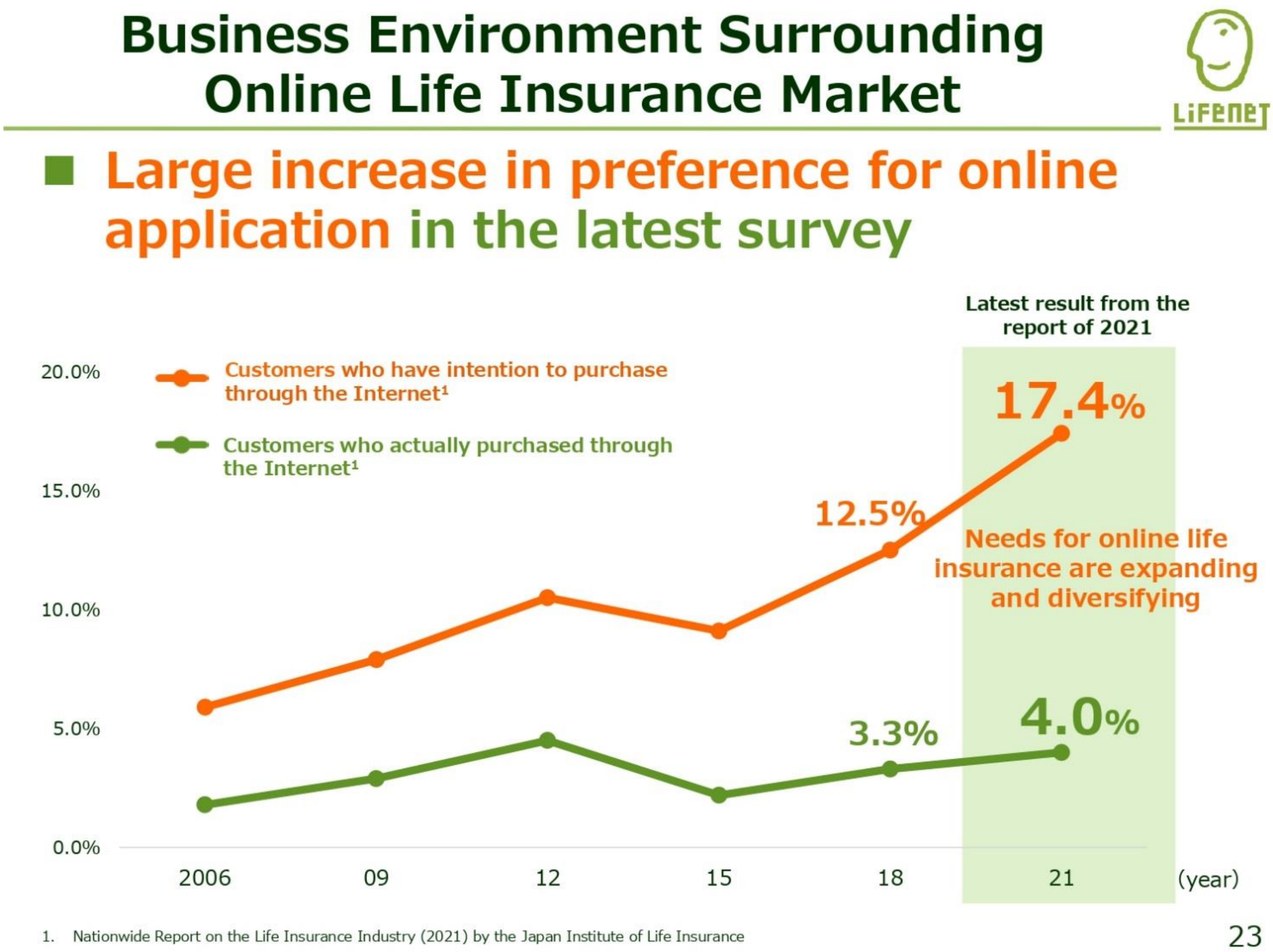
21

Page 21 describes about the overseas public offering that we conducted in September this year.

In addition to the structural changes in the digitalization of finance, the spread of the COVID-19 has triggered a change in customer behavior, and our in-force business performance has been strongly growing over the past few years.

We see this structural and irreversible shift from offline to online as an opportunity to build a solid position as a leading online life insurance company and strongly promote our transformation into an online life insurance platformer. Therefore, we have raised further capital as we did last year.

We believe that the Lifenet Group can play a role in improving the Japanese insurance industry more by achieving significant growth and further enhancing its position in the industry. To this end, we will use all of the approximately JPY9.7 billion raised this time as investment in further growth, aiming to accelerate Growth and Transformation.



From here, we will also explain our future initiatives. First of all, we would like to show you survey result.

The Japan Institute of Life Insurance conducts a nationwide report on life insurance every 3 years, and the latest results were updated in September this year.

According to the latest results, 4% of respondents actually purchased through the Internet, and 17.4% answered that they would like to purchase through the Internet in the future, a significant increase from 3 years ago. From this result, you can see that there is a great potential for growth of online life insurer in the future business environment. By continuing to meet the diversifying needs of our customers for online life insurance, we hope to remain the dominant player in the online life insurance market.

Investment to Improve Brand Awareness

■ Accelerated marketing investment with updated TV commercials

24

Please see page 24.

We believe that the current business environment is viewed as a good opportunity for further growth, and we will continue to aggressively invest in marketing investment to aim for the Enhancement of promotion capabilities, which is one of the priority areas in our management policy.

We began new series of TV commercials in October. Offline advertising TV commercials are one of the most important marketing tools for us, even for us who is promoting business online, to increase our brand awareness. We will efficiently utilize the capital invested and aim for further growth by optimizing the combination of offline and online advertising.

Promotion of the White Label Business

■ Started marketing promotion to accelerate new business growth

Money Forward ME

Promotion to the customer base of *Money Forward ME*

25

Please see page 25.

We are aiming to expand our white label business in order to bring the value of our online life insurance to more customers.

The white label business has great characteristics and strength of leveraging the large customer base and quality brands of its partners.

Since this white label business is one of the most important channels for the Company to realize its mid-to long-term growth, we will further expand the white label business by promoting sales activities to accelerate the growth of new business performance with each partner company.

Investment for Online Insurance Platform

■ Promote the digitalization for customer experience

betterChoice

Comparison & Proposal	Policy maintenance	Lifeplan simulation

26

Please look at page 26. With the aim of transforming ourselves into an online insurance platformer, we will continue to make further efforts to create the customer experience of online life insurance.

In online insurance comparison website operated by Lifenet MIRAI, they have prepared for some products provided by several group companies of major life insurers, and will provide customers with products that Lifenet doesn’t offer, such as dementia insurance.

In this fiscal year, we will first focus on expanding our product lineup to include not only life insurance products but also non-life insurance products.

In the future, we would also like to aggressively expand into areas other than insurance products, which we have not offered as a life insurance company.

Future Direction

Second half of FY2021

- **Aim for sustainable double-digit growth in in-force business**
  - **Determine the timing of further investment in marketing expenses while considering the business environment**

- **Actively invest in business and system development for mid to long term growth, considering the life insurance's super-long-term business**

Aim to achieve 200 billion yen of EEV in early stage for further growth

27

On page 27, we would like to show you the future direction.

First of all, in the second half of this fiscal year, we will maintain the positive trend of the first half of this fiscal year and aim to achieve sustainable double-digit growth in in-force business. In addition, we will aggressively invest in marketing expenses when we determine further acceleration of growth while there are uncertain factors, such as the recent lifting of a state of emergency.

While growth from a short-term perspective is of course important, we will also utilize the capital raised to investments necessary for mid to long-term growth, considering the characteristic of the super-long-term business of the life insurance. As for mid to long-term goals, we have set new management goal, which was updated in May. We will strive to achieve JPY200 billion of EEV in early stage.

Revision of Business Forecast FY2021

- **Increase the use of the modified co-insurance to improve capital efficiency**
- **Aim to achieve record-high in new business for the fourth consecutive year**

(JPY millions)

	【Revised】 FY2021 Forecast		【Previous】 FY2021 Forecast		FY2020 Results	
Annualized premium[1] of policies-in-force	21,900		21,800		18,713	
Annualized premium[1] of new business	4,500		4,400		4,197	
		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance
Ordinary income	26,100	5,000	25,500	4,400	20,789	2,778
Ordinary profit (loss)	(3,600)	1,400	(3,800)	700	(3,089)	804
Net income (loss)	(3,700)	1,400	(3,800)	700	(3,114)	804

28

Please see page 28.

As we have explained, in light of the favorable business environment, we believe that aiming for further growth by aggressive investment in marketing will lead to the enhancement of our corporate value over the mid to long-term. We have revised our business forecast for FY2021 which we disclosed in May.

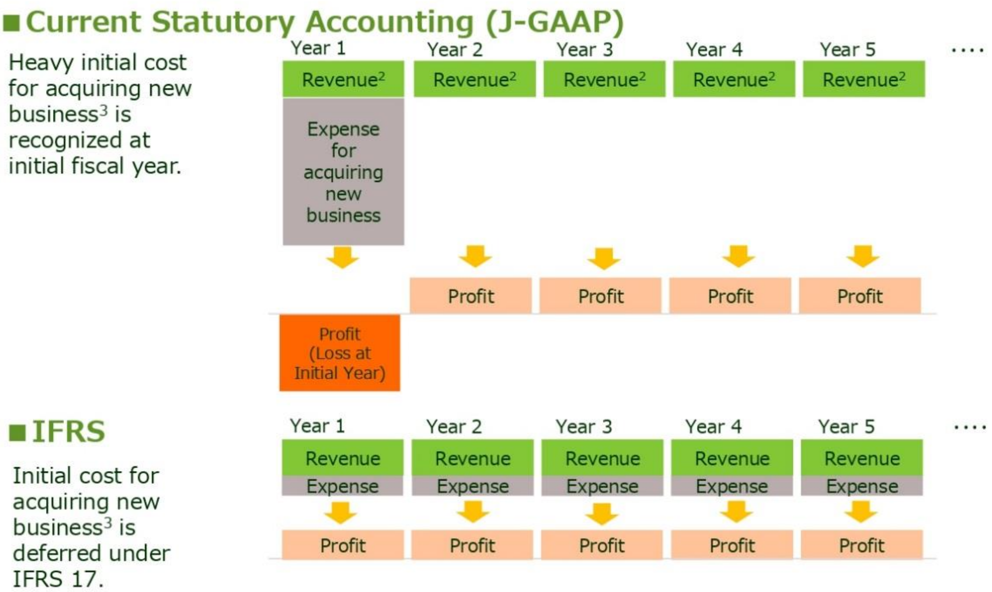
Specifically, we will make greater use of modified co-insurance methods in order to achieve our growth while improving capital efficiency. Moreover, we will aim to achieve a record high of new business performance for the fourth consecutive year.

As a result, we have made the decision to revise upward our forecasts for ordinary income, ordinary profit(loss), and net income(loss).

Preliminary Study for IFRS Adoption

■ Continuing to study IFRS 17 effective in 2023

Illustration image of accounting structure[1]



1. This is illustrative purpose only, and it does not necessarily guarantee that Lifenet will make profits as indicated.
2. Revenue is insurance premiums – costs for policy management, payment of insurance claims and benefit claims, etc. Expense for acquiring new business is not included.
3. The definition of "expense for acquiring new business" may differ in each accounting rule.

29

Lastly, we would like to explain our current approach to accounting standards.

We are currently disclosing our financial results and reporting in accordance with the current statutory accounting standards. However, due to the characteristics of the current statutory accounting, it is difficult to accurately represent the actual mid- to long-term profitability of our business, and for this reason, we actively use European Embedded Value, an indicator of long-term profitability.

In addition, the Company is currently considering the future adoption of IFRS, International Financial Reporting Standards, which is accounting standards that takes into account long-term profitability as well as European Embedded Value.

In general terms, the application of IFRS will allow us to defer a portion of the cost for acquiring new business over the life insurance term, which will more appropriately represent the actual long-term profitability compared to the current statutory accounting.

At this point, we have not yet made a formal decision on the adoption of IFRS 17, but we will continue to study the adoption of IFRS 17, which is expected to become applicable in 2023.

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

30

Through these business, capital, and financial activities, we will work together to further accelerate and realize our management policy.

This concludes the explanation of the financial results for the 2Q of FY2021.

Thank you very much for your attention.