



## **LIFENET INSURANCE COMPANY**

Q3 Financial Results Briefing for the Fiscal Year Ending March 2022

February 10, 2022

**[Speaker]**

Ryosuke Mori

Representative Director and President

## Presentation

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**Mori:** Thank you very much for taking time out of your busy schedule to participate in today's financial results briefing.

Our company announced its financial results for the 3Q 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 in using the financial results presentation material, and then we will move on to the Q&A session.

# Overview of Cumulative 3Q for Fiscal 2021



<p><b>Annualized premium<sup>1</sup> of policies-in-force</b></p> <p><b>20,862</b> million yen (111.5% vs. end of FY2020)</p>	<p><b>Annualized premium<sup>1</sup> of new business</b></p> <p><b>3,107</b> million yen (Y-on-Y 100.5%)</p>
<p><b>EEV<sup>2</sup></b> (European Embedded Value)</p> <p><b>114,068</b> million yen (119.9% vs. end of FY2020)</p>	<p><b>Adjusted incremental EV<sup>3</sup></b></p> <p><b>5,027</b> million yen (Y-on-Y 81.1%)</p>

## Notable Achievements

- Awarded top ratings in HDI Benchmarking for our contact center and website<sup>4</sup>
- Launched new sustainability page on IR website



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. EEV as of December 31, 2021 is calculated applying the same operating assumptions as those used for September 30, 2021, and has not been reviewed by third-party specialists.  
 3. Adjusted incremental EV consisted of components adequately reflecting our business growth for fiscal 2021, see page 13 and 37 for details.  
 4. 2021 HDI Benchmarking (Life Insurance Industry) by HDI-Japan

First, please see page 2. This is the overview of cumulative 3Q for FY2021.

The in-force business grew steadily, and the annualized premium of policies-in-force, which is equivalent to annual recurring revenue, increased 11.5% from the end of the FY2020 to JPY20,862 million. Annualized premium of new business were 100.5% YoY to JPY3,107 million.

European Embedded Value, which is the most important management indicator in our management policy, increased by 19.9% from the end of the FY2020 to JPY114,068 million. Of the increase from the end of the FY2020, the adjusted incremental EV, which indicates the growth in performance for the period, was JPY5,027 million.

The notable achievements will be explained later.

# Annualized Premium / Number of Policies-in-Force



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



- **Continues to grow steadily and about to reach 500,000 policies**
- **Year-on-year annualized premium **116.4%**, number of policies-in-force **116.8%****

2017/12 '18/12 '19/12 '20/12 '21/12 (YY/MM)

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.

Please see page 3. This is the trend of our policies-in-force performance.

Annualized premium of policies-in-force, which is equivalent to annual recurring revenue, totaled JPY20.8 billion, and the number of policies-in-force was 491,611, both of which continued to grow strongly by more than 16% over the 12 months compared to the same period last year. Number of policies-in-force is about to reach 500,000 since we have been able to steadily expand the scale of our business .

# Changing Factors of Policies-in-Force



	FY2020/3Q (YTD)	FY2021/3Q (YTD)
<b>Number of policies-in-force (BOP)</b>	365,171	<b>439,945</b>
+ ) Number of new business	73,669	<b>76,226</b>
- ) Decreased number of policies <sup>1</sup>	(17,767)	<b>(24,560)</b>
Non-recurring record of lapsed policies※	—	<b>(633)</b>
<b>Number of policies-in-force (EOP)</b>	421,073	<b>491,611</b>

※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.

4

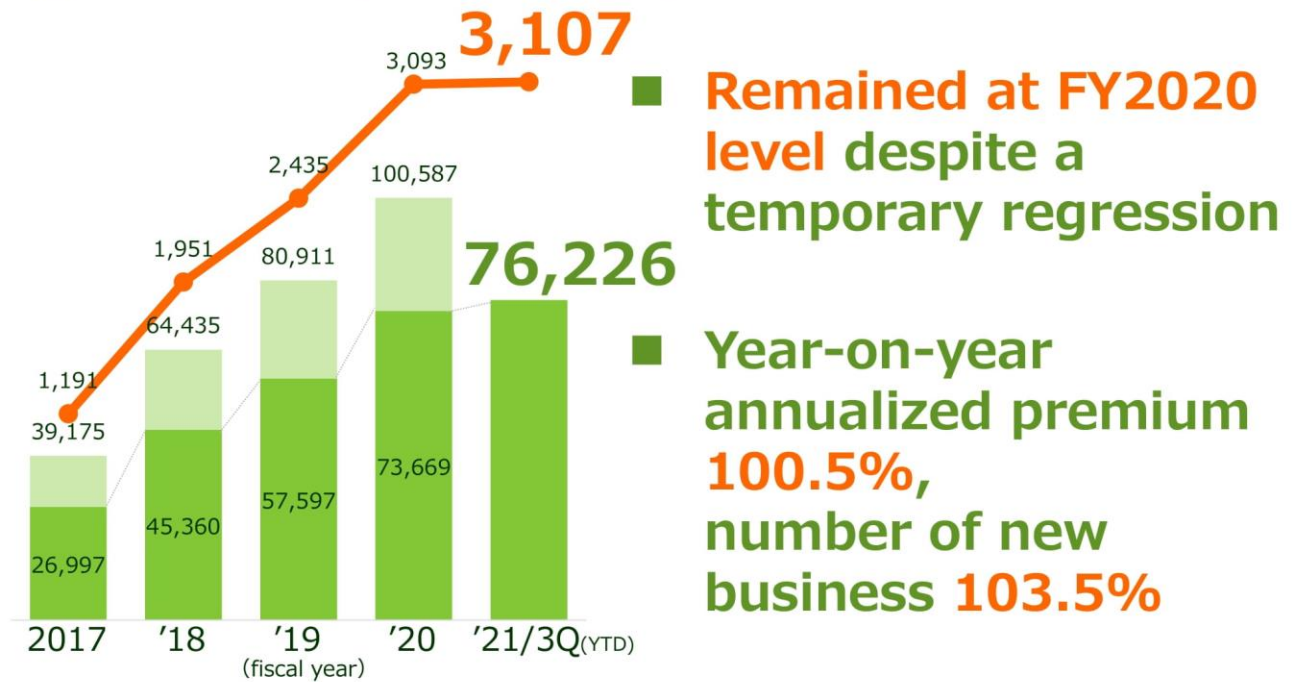
Page 4 shows the factors that caused the change in the number of policies-in-force.

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



- : Annualized premium of new business<sup>1</sup> (First 9 months of fiscal year, JPY millions)
- : Number of new business (fiscal year)
- : Number of new business (First 9 months of fiscal year)



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.

Please see page 5 shows the trend of our new business performance.

Annualized premium of new business totaled JPY3,107 million, and the number of policies was 76,226. While this is a record high for the first nine months of a fiscal year, the new business performance for the 3Q of FY2021 was lower than our expectation, which was frustrating result for us.

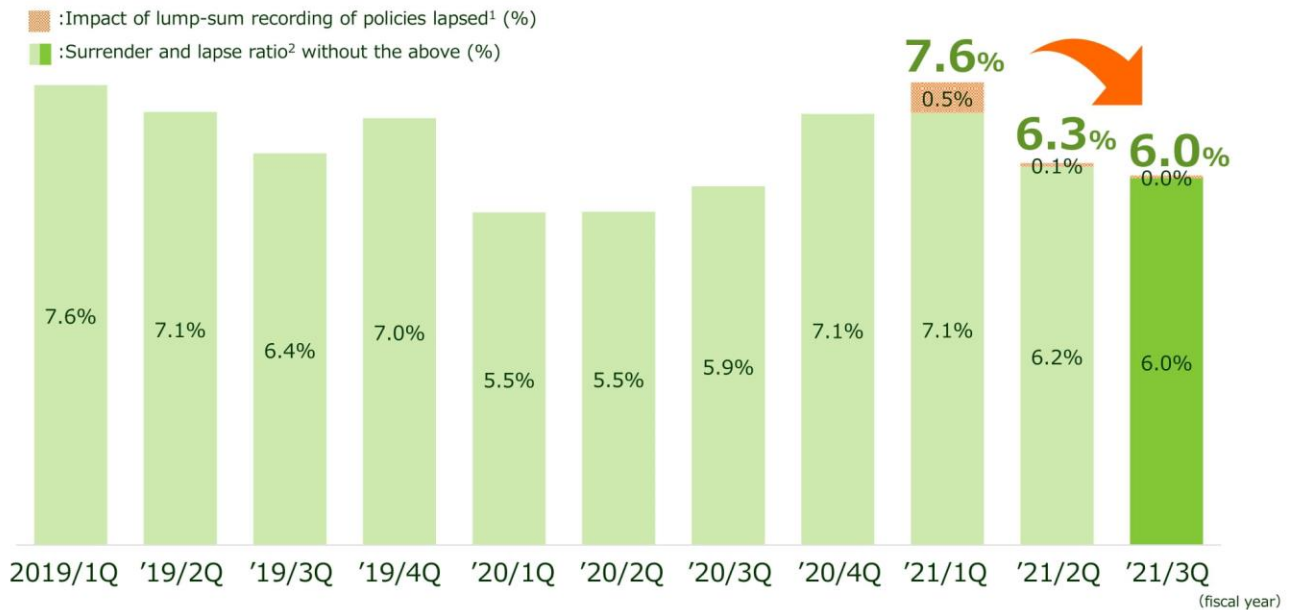
The Company recognizes that the business environment was harder than the first half of FY2021 due to a temporary decline of the demand for the life insurance after the lifting of the state of the emergency at the end of September last year.



# 【Ref.】 Surrender and Lapse Ratio (Quarter)



## Recovered to previous level and contributing to net increase in policies-in-force



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.

On the other hand, there is a good change. Please see page 6. This chart shows the surrender and lapse ratio on a quarterly basis.

The annualized surrender and lapse ratio for the 3Q of FY2021 was 6.0%, which corresponds to a monthly surrender and lapse ratio (churn rate) of 0.5%, has recovered to the level before the spread of COVID-19, contributing to a net increase in policies-in-force. Since the surrender and lapse ratio is also an important factor for the growth of European Embedded Value, we will continue to take measures to improve it by analyzing customer feedbacks and business trends.

# Marketing Efficiency



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



■ **Prioritize growth and invest in marketing expenses**

(fiscal year)	2017	'18	'19	'20	'21/3Q(YTD)
Marketing expenses (JPY millions)	2,627	4,216	6,146	6,712	5,862

※ From FY2017 to FY2020: Marketing expenses for full year  
 FY2021: Marketing expenses for first 9 months of fiscal year

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.

Page 7 shows marketing efficiency.

First, the table on the lower left shows the actual amount of the marketing expenses. Marketing expenses for the first nine months ended December 31, 2021 totaled JPY5,862 million. As I mentioned earlier, the business environment was not necessarily favorable from October to December, but we invested in marketing expenses at roughly the same pace as in the first half of the FY2021 for enhancing brand awareness and recovering in new business performance.

As a result, marketing expenses per new business, as shown in the bar graph, was JPY76,000. We believe that the current efficiency of our marketing expenses is acceptable. Thus, we will continue to prioritize further growth in new business performance even if the efficiency has slightly been deteriorated when we think there are opportunities for further growth investment.



# Operating Expenses Ratio



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



■ Aim to improve operational efficiency by further business expansion in mid-term

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

Next, we will explain the efficiency of operating expenses excluding marketing expenses.

Operating expenses excluding marketing expenses were JPY2,861 million, and operating expenses ratio was 19.6%. In line with the current growth in-force business, the operating ratio has been steadily improving and has remained below 20% since the previous fiscal year.

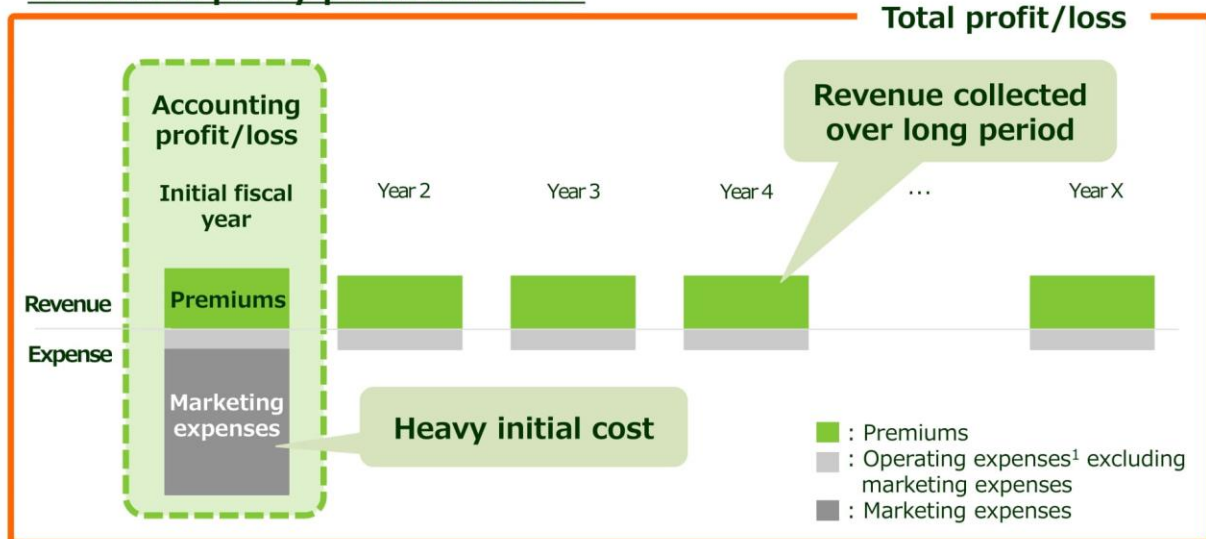
An improvement in the operating expense ratio means a decrease in unit costs, which is an important factor contributing to improve profitability and increase European Embedded Value. Therefore, we will continue our efforts for improvement.

# 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.

Page 9 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.

# Adjusted Profit



## ■ Steadily increased adjusted profit generated from policies-in-force

### 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	2017	2018	2019	2020	2021/3Q (YTD)
i ) Ordinary profit (loss)	(197)	(1,719)	(2,382)	(3,089)	(1,948)
ii ) Marketing expenses	2,627	4,216	6,146	6,712	5,862
iii ) Modified co-insurance	–	–	(1,526)	(804)	(1,037)
iv ) Adjustment	319	347	546	739	448
<b>Adjusted profit</b>	<b>2,748</b>	<b>2,844</b>	<b>2,784</b>	<b>3,558</b>	<b>3,325</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.

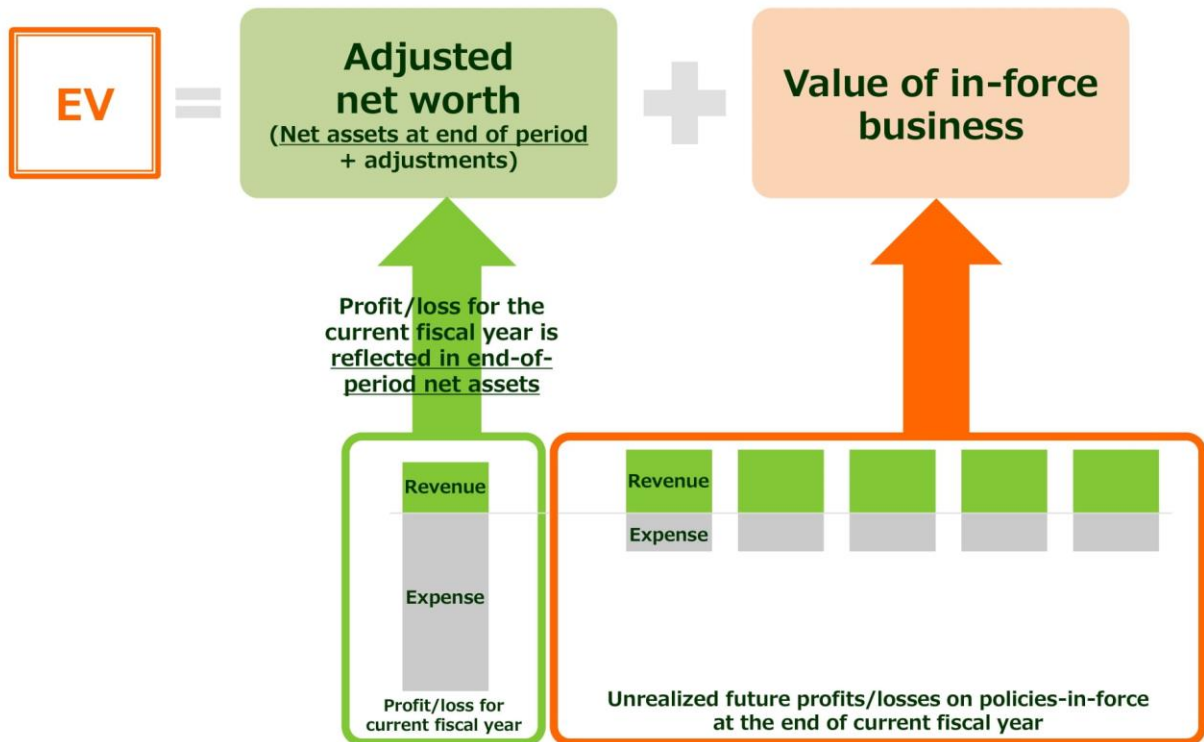
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Please see page 10.

Therefore, the Company discloses periodic earnings from policies-in-force as adjusted profit which excludes marketing expenses from ordinary profit (loss) and adjusts the effects of other technical profit and loss factors such as modified co-insurance and policy reserves.

Adjusted profit for the first nine months ended December 31, 2021 was JPY3,325 million, which shows that we are steadily increasing the profit generated from in-force business.

# Structure of Embedded Value



11

Page 11 shows the structure of European 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.

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



- EEV and value of in-force business have been growing at a CAGR of **20%**<sup>2</sup> 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 December 31, 2021 is calculated applying the same operating assumptions as those used for September 30, 2021, and has not been 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.

12

Please see page 12.

European Embedded Value as of the end of December 2021 was JPY144 billion. The present value of in-force business, which is the unrealized future profits shown as the dark green bar in the graph, has been growing at a CAGR of 34%, contributing significantly to the overall CAGR of 20% for EEV.

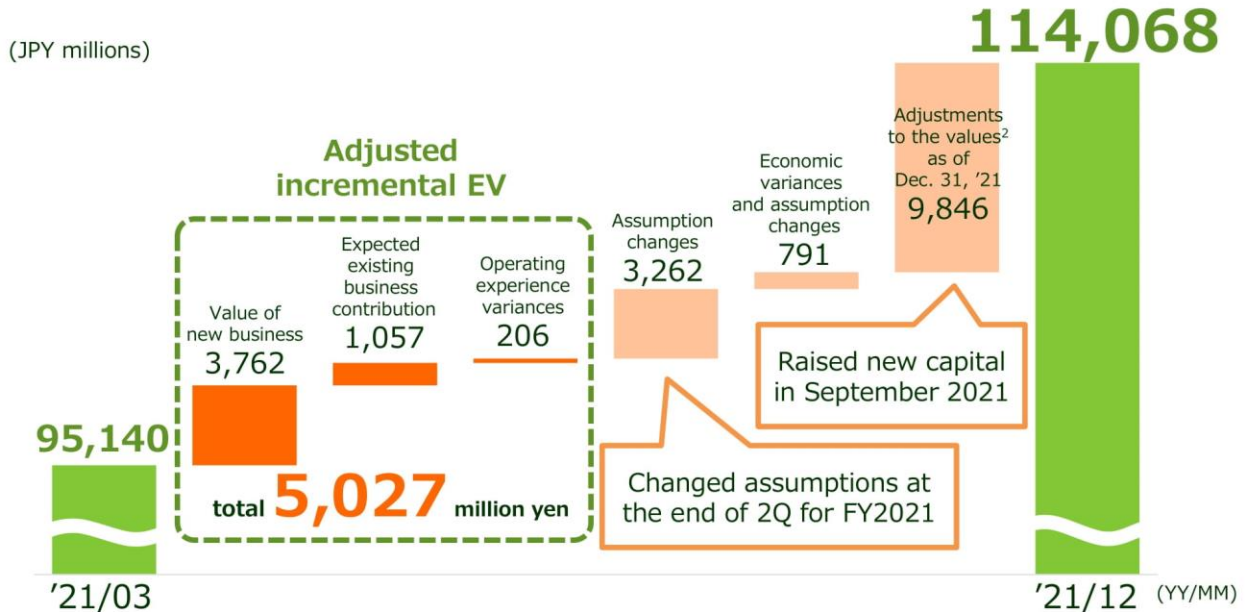
As shown in the line graph, EEV per share has also been steadily growing while the EEV has increased due to capital raisings in FY2020 and FY2021. We will continue to aim for growth in EEV per share.



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



- EEV growth driven by **adjusted incremental EV, assumption changes at 2Q** and 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. EEV as of December 31, 2021 is calculated applying the same operating assumptions as those used for September 30, 2021, and has not been reviewed by third-party specialists.
2. Item for change in capital

Page 13 shows changing factors of EEV from the end of March 2021 to the end of December 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. We considers it to be an indicator showing our performance for the period.

The adjusted incremental EV for the first nine months of FY2021 was JPY5,027 million. We recorded JPY3,262 million of the assumption changes mainly due to a revision of claim incidence rate and improvement in the operating expense ratio due to growth in policies-in-force. We didn't change the assumptions as of the end of December 2021, and calculated it based on the same assumptions at the end of September 2021.

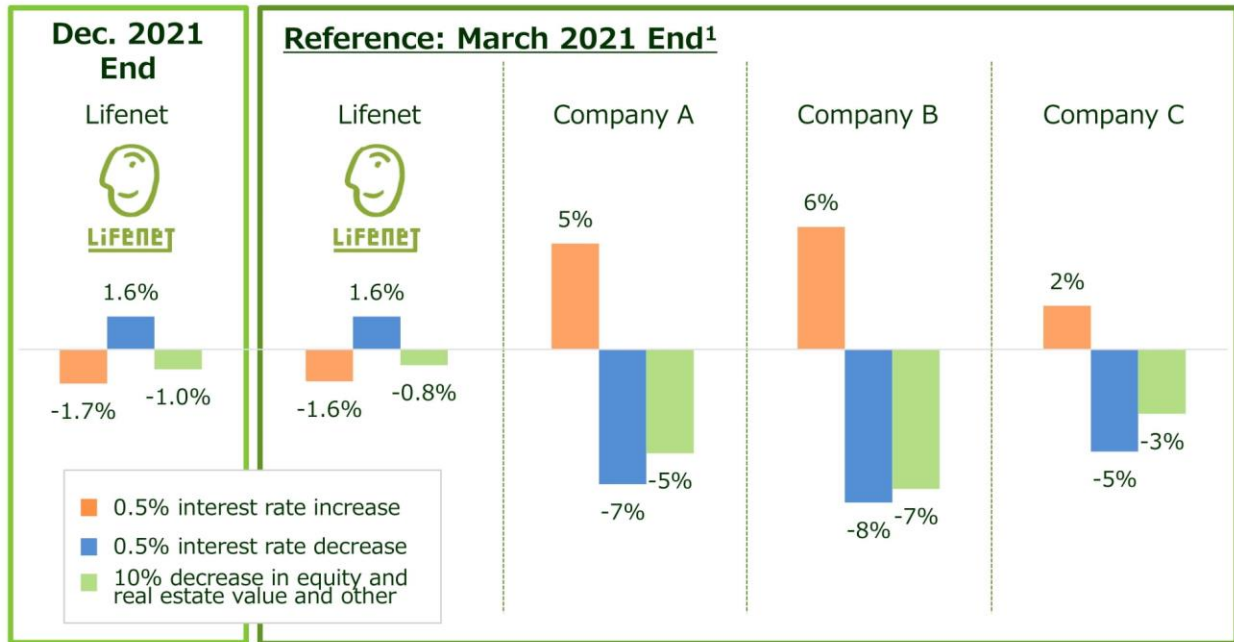
We will continue to aim for EEV growth through management policy which focuses on growth and efficiency.



# 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.

Page 14 shows the sensitivity of EV to interest rates, stock prices and others for our Company and other domestic listed life insurance companies.

The nature of our EV's sensitivity to interest rates, stock prices, etc., is very limited and remains unchanged. This is especially important in the current environment where many people are aware of the fluctuation of interest rate.

# 【Ref.】 Life Time Value and Customer Acquisition Cost



## Key Metrics for a SaaS Company and Lifenet

	FY2019	FY2020	FY2021/3Q(YTD)
<b>ARR per Contract</b> (Annual Recurring Revenue)	Annualized Premiums per Policy-in-force <b>JPY 42,486</b> ×	Annualized Premiums per Policy-in-force <b>JPY 42,536</b> ×	Annualized Premiums per Policy-in-force <b>JPY 42,438</b> ×
<b>Life Time<sup>1</sup></b> (Term of Contract)	Average Policy Term <b>14.3 years</b> ×	Average Policy Term <b>16.7 years</b> ×	Average Policy Term <b>15.6 years<sup>2</sup></b> ×
<b>Gross Profit Margin<sup>3</sup></b>	<b>45%</b> 	<b>43%</b> 	<b>45%</b> 
<b>Life Time Value</b> (Annualized Premiums per Policy * Life Time * Gross Profit Margin)	<b>JPY 273,397</b>	<b>JPY 305,451</b>	<b>JPY 297,915</b>
<b>Customer Acquisition Cost<sup>4</sup></b> (Marketing Expenses per New Policy)	<b>JPY 75,970</b>	<b>JPY 66,737</b>	<b>JPY 76,912</b>

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.

15

Page see page 15.

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

I will not explain it specifically today, but I hope you will refer to it as it is an important point in understanding the unit economics of our business.

# Financial Condition



(JPY millions)	(YY/MM)	'21/03	'21/12
<b>Total assets</b>		<b>54,501</b>	<b>67,781</b>
Cash and deposits		2,059	4,373
Monetary claims bought		999	3,999
Money held in trust		5,895	5,590
<b>Securities</b>		<b>40,007</b>	<b>47,026</b>
Government bonds		9,004	8,997
Municipal bonds		1,482	1,481
Corporate bonds		21,301	24,233
Stocks		397	545
Foreign securities		0	199
Other securities <sup>1</sup>		7,821	11,569
<b>Total liabilities</b>		<b>38,694</b>	<b>43,768</b>
Policy reserves and other		36,639	41,710
<b>Total net assets</b>		<b>15,806</b>	<b>24,012</b>
<b>Solvency margin ratio<sup>2</sup></b>		<b>2,647%</b>	<b>3,258%</b>
<b>Modified duration (year)<sup>3</sup></b>		<b>11.1</b>	<b>10.2</b>

■ The impact of rising interest rates is limited due to short duration

■ Maintained sufficient financial stability as indicated by solvency margin ratio

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

16

Page 16 is a summary of the balance sheet.

As of December 31, 2021, total assets were JPY67.7 billion, liabilities were JPY43.7 billion, and net assets were JPY24 billion.

The solvency margin ratio, an indicator of solvency, stood at 3,258%, which maintains a sufficient level of financial stability.

The modified duration of yen-denominated bonds is 10.2 years, which is relatively short for a life insurance company, as shown in the bottom line of the table.

This is the modified duration for all yen-denominated bonds, including held-to-maturity bonds. On the other hands the duration for yen-denominated bonds of available-for-sale securities is even shorter, at around 6 years. Therefore, we believe that the impact of rising interest rates on statutory accounting is limited.

# Investment in Innovation of Customer Experience



## Promote initiatives to redesign customer experience of life insurance

### April 2021 AI chatbot

- Enhance CX in non-business hours
- Improve in operational efficiency by limiting the number of operator



### August 2021 Enhancement of app

- Add the function of premium quotation in addition to policy maintenance and claim filing



### January 2022 AI site search function

- User-friendly search function



17

Please see page 17. We will explain our main initiatives for the first three quarters of the current fiscal year.

We have raised capital for the last two years in a row, and one of the main uses of the proceeds is the investment in Innovation of Customer Experience. By redesigning the traditional life insurance customer experience with technology, we aim to provide convenient life insurance services that exceed customer expectations.

As you can see, we have been promoting a variety of initiatives this fiscal year, and we believe that this proactive investment in improving the customer experience is helping us to enhance our competitive advantage.



# Evaluation for Customer Experience



## ■ Gained high evaluation from external organization and customers

### 3 Stars in the 2021 HDI Benchmarking

- Awarded a three-star rating in two categories<sup>1</sup> 9times, the highest number of times in the life insurance industry
- Awarded top rating in our website for the 11th consecutive year



### 2022 ORICON Customer Satisfaction Survey No.1 in category of Application Process, Life Insurance<sup>2</sup>

- Rated No.1 in the life insurance ranking for the application process



1. Two categories stand for "Phone Support (Contact Center)" and "Web Support (Website)"
2. Survey period: from 2021/08/02 to 08/16, from 2020/08/21 to 08/28, and from 2019/08/21 to 08/28. Survey targets: 10,022 men and women aged 20 to 84 living in Japan who purchased life insurance for their own coverage within the past three years and were involved in the selection process

18

Please see page 18.

These efforts to improve the customer experience is bearing fruit in the form of evaluations from external organization and customers. We believe that it is significant that our stress-free customer experience, which we put focus on, has been highly evaluated by external evaluation organizations and actual users. Encouraged by these evaluations, we will continue to proactively invest in improving the customer experience.

# Investment in Enhancement of Promotion Capabilities



## ■ Continue to invest aggressively to accelerate growth

### Internet Channel

Brand awareness is steadily increasing<sup>1</sup>



### White Label Channel

Initiatives for mid- and long-term growth



Discussing initiatives to utilize KDDI Group assets for further growth.



Launched a new entry page to enhance user traffic in addition to the existing assessment tool in app. Our focus is to improve conversion rate.

1. Source: "MyVoice Communications survey on awareness rate of insurance companies"

The next is the investment in strengthening our sales capabilities.

We have two main sales channels -- the direct Internet sales channel and the White Label channel -- and I will briefly update the status of each.

First of all, brand awareness is one of the KPIs for the direct Internet sales channel, which has been our main channel since our business commencement. In our latest survey, our brand awareness has grown to 49%. You can see that the brand investment centered on mass advertising has resulted to a brand equity that will contribute not only to the acquisition of new business in the current fiscal year, but also to that in the next fiscal year and beyond.

Regarding the White Label channel, in order to develop the White Label business into one of the major pillars that will support our growth over the medium to long term, we have been steadily working on new initiatives with our partners. Now we are addressing some issues which we recognized after the launch of the White Label business with Money Forward. We have repeatedly made improvements to these issues together, and the number of applications has been steadily increasing.

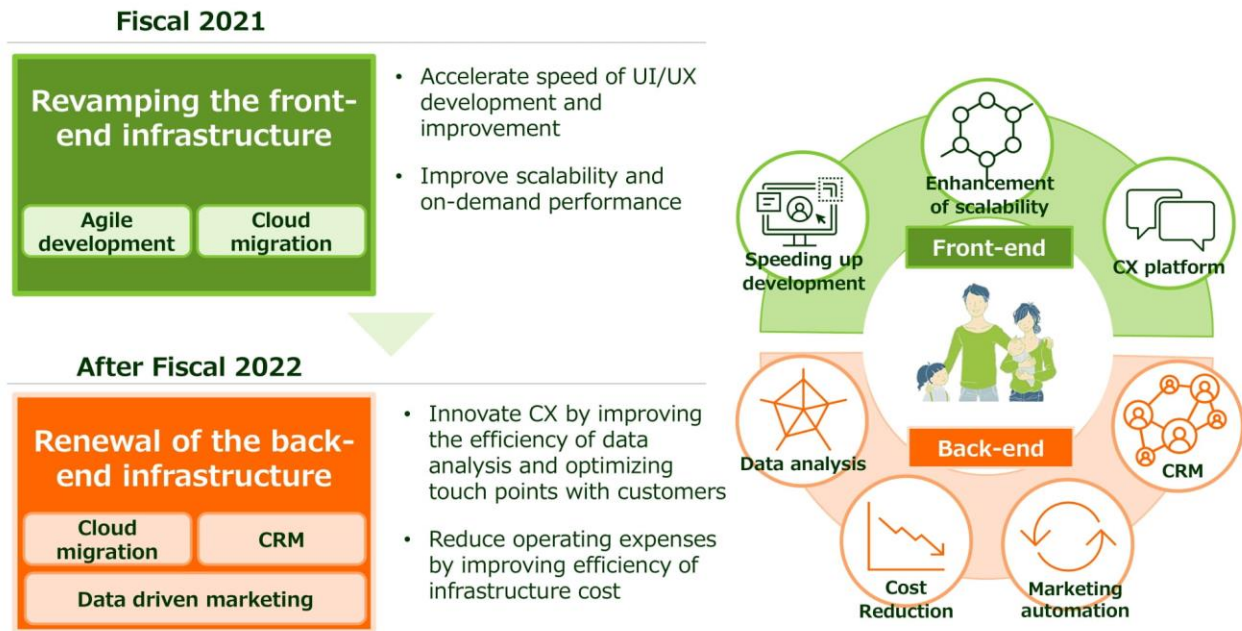
The two companies will continue to jointly provide functions and measures for smooth online review of life insurance, which will steadily contribute to our business performance.



# Investment in System Development



## ■ Renewing system structure for improvement of customer experience and future business expansion



20

Next, please see page 20.

The growth capital raised is also being invested in the system development. Until FY2021, we focused especially on the renewal of the front-end infrastructure, which is the touch point with our customers. We developed the UI/UX of our website, invested in other systems and created an organization to increase the speed of improvement, and shifted to the cloud computing.

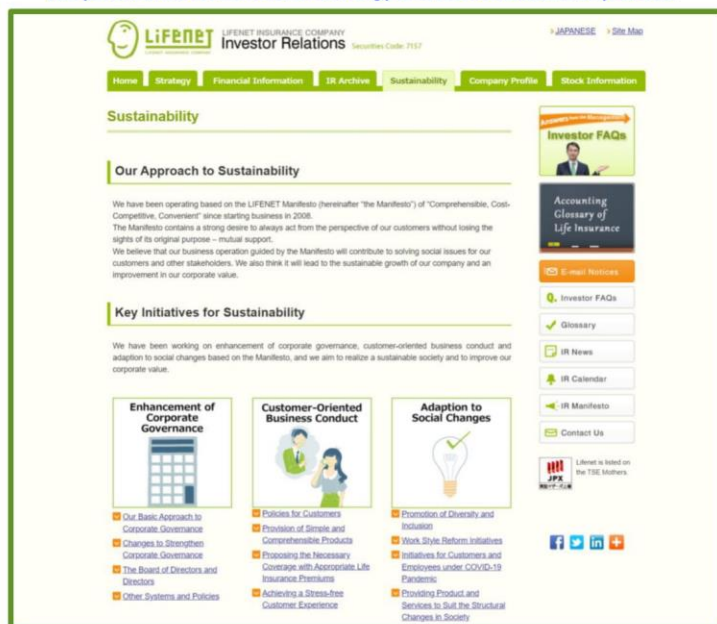
From the next fiscal year onward, we plan to aggressively invest in the back-end as well. Through these investments, we will not only enhance the customer experience, but also improve the operating expenses ratio and build a robust system structure that can flexibly respond to future business expansion.

# Initiative for Sustainability



- **New page on IR website** summarizes sustainability initiatives since business commencement

<https://ir.lifenet-seimei.co.jp/en/sustainability.html>



**Enhancing disclosure on sustainability and communicating with ESG rating organizations**

21

Please see page 21. As for other initiatives, I would like to conclude with our efforts for Sustainability.

With the Lifenet Insurance Manifesto as the guiding principle for our executives and employees, we have been working on enhancement of corporate governance, customer-oriented business conduct, and adaption to social changes.

At the same time, we recognize that our efforts to disclose the information of our initiatives to investors and evaluation organizations are still insufficient. Therefore, we have created new webpage on our IR website that summarizes our sustainability initiatives.

We will continue to strengthen our disclosure and will further promote our response to evaluation organizations.

# Revision of Business Forecasts FY2021

LIFENET

- Revised in light of current business performance
- Bottom line has improved owing to lower insurance claim payment than expected

(JPY millions)

	【Revised】 FY2021 Forecasts		【Previous】 FY2021 Forecasts		FY2020 Results	
Annualized premium of policies-in-force	21,400		21,900		18,713	
Annualized premium of new business	4,100		4,500		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	4,900	26,100	5,000	20,789	2,778
Ordinary profit (loss)	(3,400)	1,300	(3,600)	1,400	(3,089)	804
Net income (loss)	(3,500)	1,300	(3,700)	1,400	(3,114)	804

22

Next, I would like to explain our business forecast for FY2021. Please see page 22.

The forecast for the current fiscal year has been revised as described here.

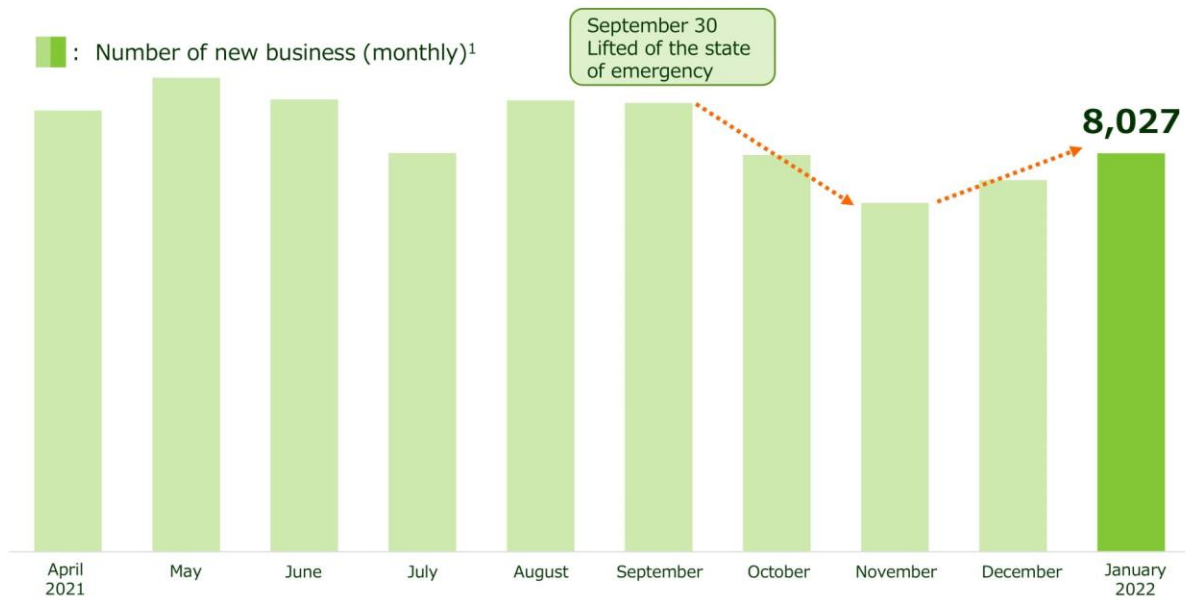
First of all, we have revised downward our full-year business performance in response to the fact that new business performance in the second half of the fiscal year started out lower than our projections as I mentioned earlier. The current business environment will be explained in more detail in the following pages.

Secondly, with regard to the bottom line, the payment of insurance claims and benefits has been at a more favorable level than we expected. The upward revision was also due to the recording of gains on the sale of shares following the listing of an investee company.

# The Latest Business Environment (New Business)



- **New business performance bottomed out in November 2021 and is on a recovery trend**
- **Aiming for further growth while assessing the business environment**



1. Based on Monthly Disclosure

23

Please see page 23. I will briefly explain the current business environment and outlook.

First, let's take a look at the current state of new business performance.

Since the lifting of the state of emergency declaration at the end of September, people's behavior has changed outwardly, and in general, the life insurance business has experienced a temporary decline, resulting in new business results falling short of our projections in October and November. It is a major reflection that we misjudged consumer sentiment in the midst of economic reopening, but we will apply this learning to our sales activities in 2022.

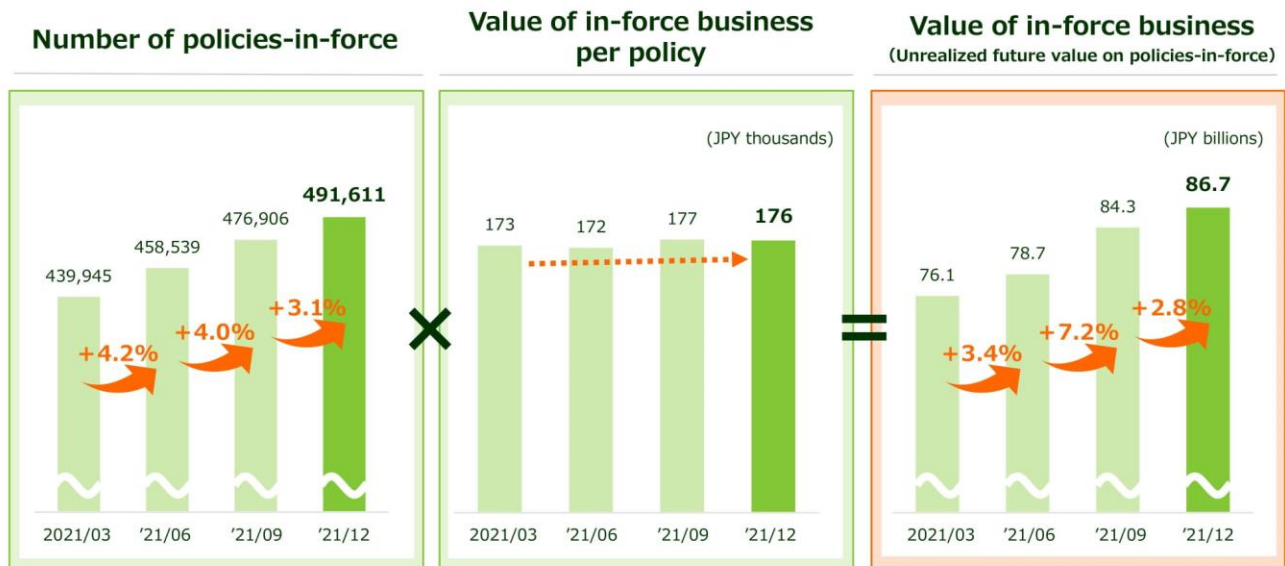
The decline in new business results bottomed out in November, and we feel that the recovery trend in December and January is a solid response within the Company. However, the recovery has not been rapid enough to make up for the third quarter, we have revised our business forecasts as I mentioned earlier.



# The Latest Business Environment (Policies-in-Force)



- Value of in-force business per policy maintained the certain level and **future value is growing**



24

Next, I would like to explain the status of in-force business. Please see page 24. The following table shows KPIs related to policies-in-force on a quarterly basis.

First of all, the number of policies-in-force, shown on the left, has continued to grow steadily, although the pace of growth has been slightly slower in this environment of temporary regression.

In addition, all of the major KPIs related to policies-in-force, such as insurance claims and benefit payments and surrender and lapse ratio, are performing better than the Company had expected.

The graph in the center of the page, the value of in-force business per policy has remained at the level of the first half of the fiscal year without any damage in the current environment.

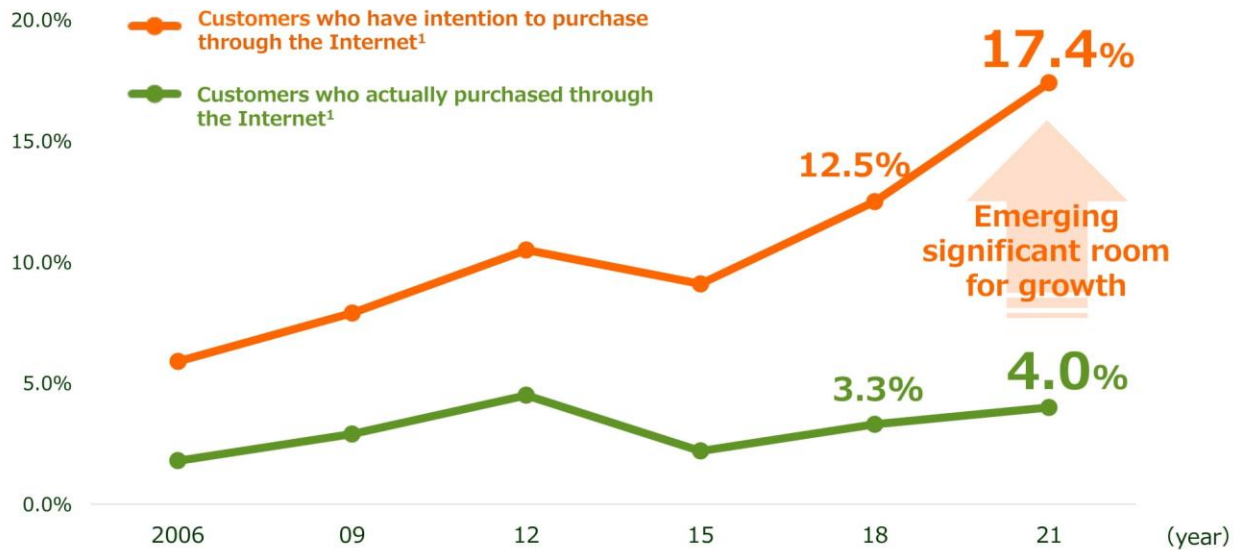
As a result, the graph on the right shows that the value of in-force business, which is the present value of future profits and shows the unrealized future profits attributable to shareholders, has continued to grow.

We believe that the strength of the life insurance business is reflected in the fact that there has been no loss of value of in-force business and that corporate value has been growing continuously. Going forward, the Company will focus on increasing the growth rate of the number of policies-in-force again through a recovery in new business performance.

# Growth Potential of Online Insurance Market



## ■ Capturing the structural changes of digitization for sustainable growth in the future



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

I would like to share our perception of the growth potential of the online life insurance market.

As shown in the survey data from the Japan Institute of Life Insurance, we believe that there is a structural growth trend in the business environment of the online life insurance market. In order to take full advantage of these growth opportunities, we will continue to improve the customer experience and steadily invest in system development. We will also determine the right timing to accelerate our investment in sales and marketing, and we will make the aggressive investment in them when we determine that we can achieve higher level of growth.

In addition, taking into account of the nature of life insurers' super-long-term business, we will allocate the raised capital to investments for medium- to long-term growth.



# Management Policy



Mission	<b>Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services</b>
Vision	<b>Be the leading company driving the growth of the online life insurance market</b>
Priority areas	<ul style="list-style-type: none"><li>• <b>Innovation of customer experience</b> Enhancing and evolving the quality of all services with digital technology</li><li>• <b>Enhancement of promotion capabilities</b> Generating massive customer traffic by active promotion and expansion of agent sales and white label business</li></ul>
Management goal	<b>Aim to achieve EEV (European Embedded Value) of 200 billion yen by business growth in a mid-term</b>

26

Finally, the management policy.

Our management policy remains unchanged. We will expand the online life insurance market with our own strength and continue to be a leading company in this market, aiming to achieve an EEV of JPY200 billion as soon as possible.

This concludes the explanation of the financial results for the third quarter of FY2021. Thank you very much for your attention.