



LIFENET INSURANCE COMPANY

Full Year Financial Results Briefing for the Fiscal Year Ended March 2022

May 12, 2022

[Speaker]

Ryosuke Mori

President and Representative Director

Presentation

Mori: Thank you very much for joining our financial results briefing today. We announced our financial results for FY2021 at 3:05 PM today. Presentation materials are available on our [IR website](#). Today, I would like to provide an overview of the financial results using Investor Meeting Presentation for Fiscal 2021, followed by a question-and-answer session.

FY2021 Key Highlights



FY2021 Results

- Annualized premium¹ of policies-in-force up **15% YoY** to JPY 21.5 billion
- EEV up **23% YoY** to JPY 116.6 billion
- Raised growth capital of JPY 9.7 billion

Future Initiatives

- Work on priority areas for sustainable double-digit growth in in-force business
- Aim to enhance investment return flexibly in overseas rising rates environment
- Aim for IFRS adoption in FY2023 and accounting profitability

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 refer to page two. These are the main points of today's financial results presentation.

First, results for FY2021. Annualized premiums of policies-in-force increased by 15% from the end of the previous fiscal year to JPY21.5 billion, continuing double-digit growth.

European Embedded Value, the most important management indicator in our management policy, increased by 23% from the end of the previous fiscal year to JPY116.6 billion.

During the period, we also raised JPY9.7 billion in growth capital through an overseas public offering.

Next, future initiatives. Using the growth capital raised, we will continue to make growth investment in priority areas of our management policy to achieve double-digit growth in in-force policies.

In addition, we plan to take advantage of the overseas rising rates environment and conduct flexible asset management aimed at improving investment yields.

Finally, the Company has announced that it is preliminarily considering the adoption of International Financial Reporting Standards, IFRS, and aims to adopt them voluntarily in our financial reporting from FY2023. After the adoption of IFRS, the Company expects to record an accounting profits continuously.

We will explain the details later.

Table of Contents



1. Financial Results for Fiscal 2021

2. Future Initiatives

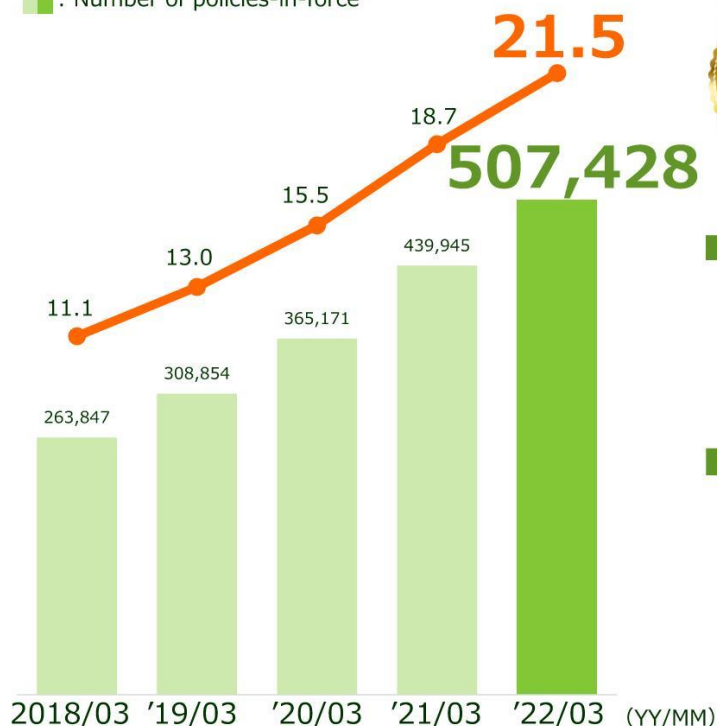
3

I would like to explain our result of FY2021 first.

Annualized Premium / Number of Policies-in-Force



■ : Annualized premium of policies-in-force¹ (JPY billions)
■ : Number of policies-in-force



- The number of policies-in-force exceeded **500,000**
- Year-on-year annualized premium **115.0%**, number of policies-in-force **115.3%**

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.

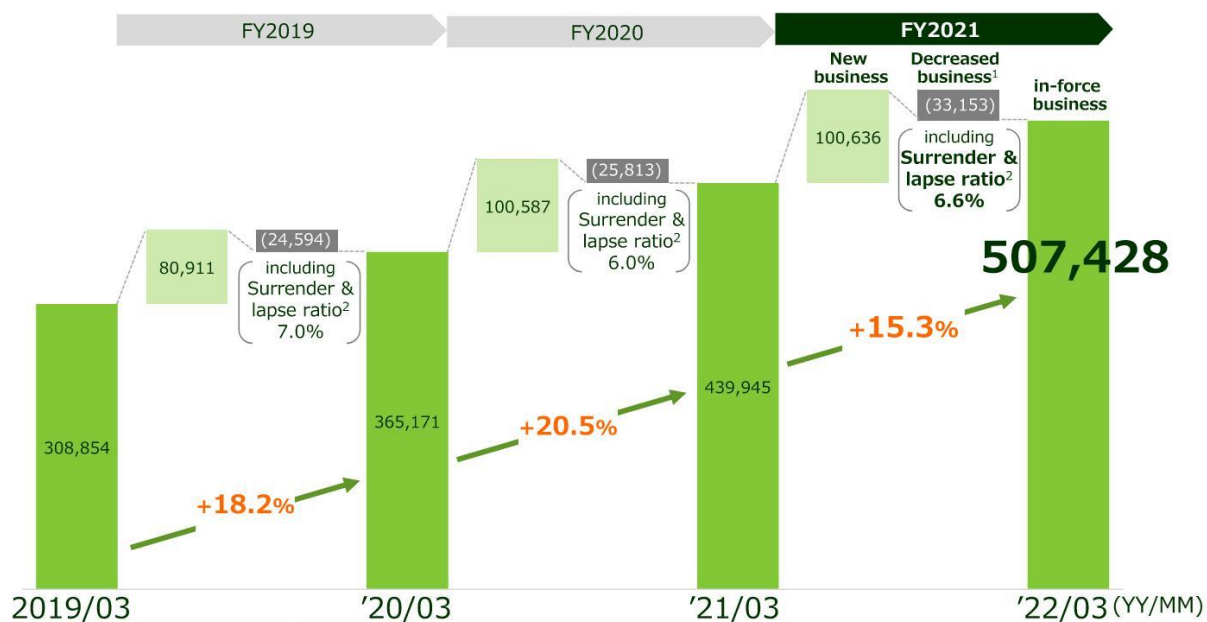
Please refer to page four. This is the trend of the performance of in-force business. Annualized premiums of policies-in-force corresponding to annual recurring revenue totaled JPY21.5 billion at the end of FY2021, and the number of policies-in-force exceeded the 500,000 mark, reaching 507,428 policies. Both have achieved strong growth rate of over 15% compared to the end of the previous fiscal year.

Policies-in-Force Movement



Tackle further growth acceleration

Number of policies



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

Page five shows the factors that cause movement in the number of policies-in-force. In FY2021, the number of new business exceeded 100,000 for the second consecutive year, reaching 100,636.

The surrender and lapse ratio for FY2021 was 6.6%.

While we are maintaining our medium-term trend of double-digit growth in in-force business, we recognize further increase in new business is required in order to further accelerate the trend.

In FY2022, based on this challenge, we will work on the growth strategies explained later in this presentation to achieve sustainable growth in in-force business performance.

Marketing Efficiency



■ : Marketing expenses per new business (JPY thousands)
 ■ : Marketing expenses / Annualized premium of new business¹



■ **Prioritized growth and aggressively invest in marketing based on the business environment**

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 six is marketing efficiency. The table below left shows the marketing expenses we invested in each fiscal year.

The marketing expenses for FY2021 totaled JPY8,262 million, resulting from aggressive investments especially in the fourth quarter, in light of the business environment. As a result, marketing expenses per new business for FY2021, shown in the bar graph, were JPY82,000, up significantly from JPY66,000 in the previous fiscal year.

Although we do not consider this efficiency to have been a good level for us, we believe that in the current business environment, while allowing for short-term efficiency deterioration while strengthening our position as the number one online life insurer will accelerate the expansion of our business scale over the medium to long term. Although we aim to improve efficiency in the medium term, our priority is to grow in-force business performance in the current environment.

The perception of the competitive environment will be explained later in future initiatives.

Operating Expenses Ratio



- : Operating expenses ratio¹ (%)
- : Insurance premiums (JPY millions)
- : Operating expenses excl. marketing expenses (JPY millions)



- Invested in human capital
- Aim to improve operational efficiency by further business expansion in the mid-term

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

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

Operating expenses excluding marketing expenses totaled JPY3,877 million, and operating expense ratio was 19.5%.

As you can see, while insurance premiums has been steadily increasing, the ratio for FY2021 resulted in a smaller improvement compared to the precious fiscal year due to aggressive investments in systems and human resources.

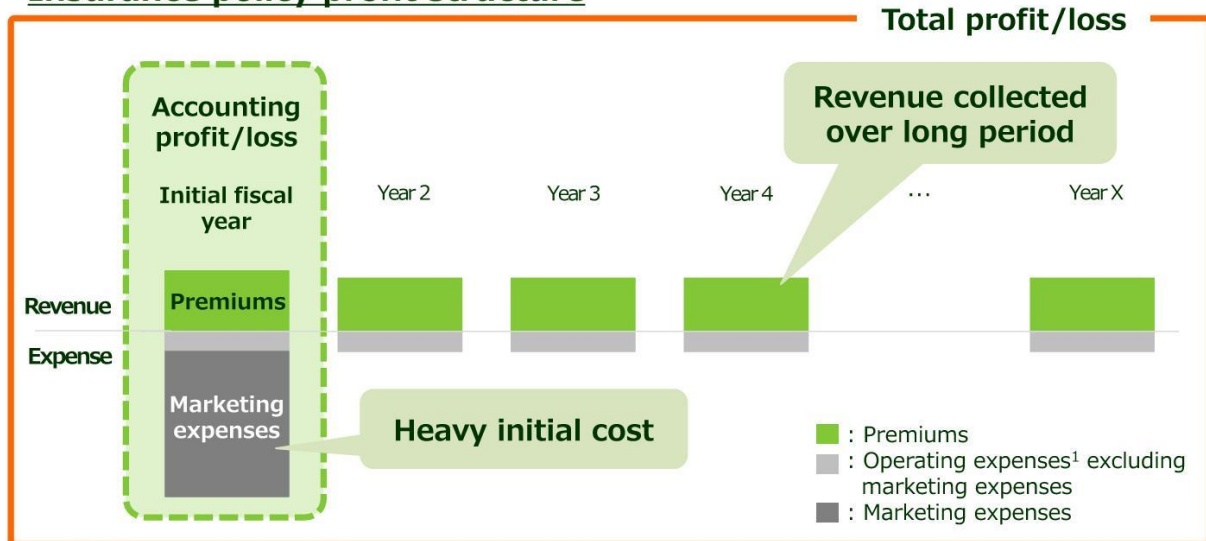
We will continue our efforts to improve the operating expense ratio over the medium term, as an improvement of the operating expenses ratio means a decrease in unit costs, which is an important factor contributing to improve profitability and increase European Embedded Value.

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 eight shows the accounting structure of life insurance companies.

This is important to properly understand our profitability.

Under the current statutory accounting on the profit and loss statement, the entire cost associated with the acquisition of new business is recognized as a current period expense. Meanwhile, the income from insurance premiums, which is the revenue, is recognized over a long period of time. Consequently, the more new business grows, the greater the profit decline during the current period, due to the growth in costs posted during the current fiscal year.

Statutory accounting therefore does not necessarily provide a picture of the long-term profitability of our business.

Adjusted Profit



■ Steadily 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 reserves¹

JPY millions / fiscal year	2017	2018	2019	2020	2021
i) Ordinary profit (loss)	(197)	(1,719)	(2,382)	(3,089)	(3,245)
ii) Marketing expenses	2,627	4,216	6,146	6,712	8,262
iii) Modified co-insurance	–	–	(1,526)	(804)	(1,283)
iv) Adjustment	319	347	546	739	721
Adjusted profit	2,748	2,844	2,784	3,558	4,455

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.

9

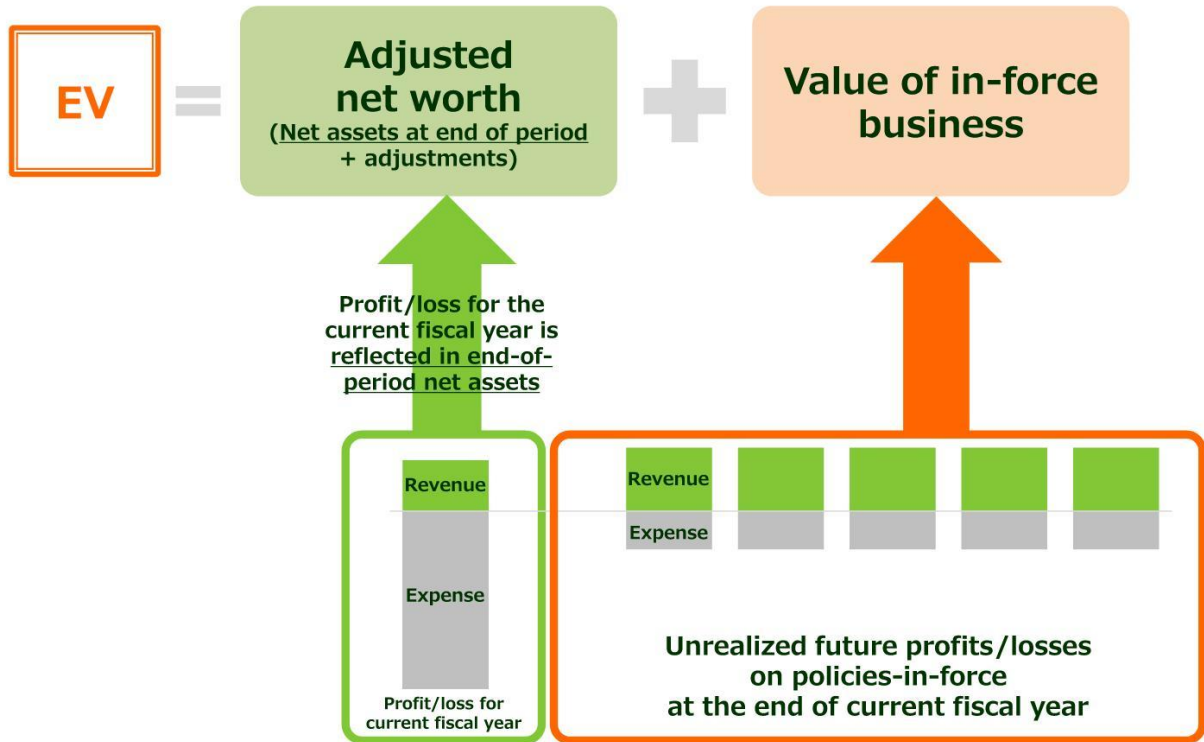
Page nine shows the adjusted profit.

Under current statutory accounting, there is a time lag between the recognition timing of revenues and cost, and we believe that marketing expenses, which are the cost of acquiring new business, make it difficult to understand the actual state of our profitability.

As a result, the Company discloses periodic earnings from policies-in-force as adjusted profit by deducting market expenses where the timing of revenue and expenses differs and adjusting for the impact of other technical profit and loss factors, such as reinsurance and policy reserves.

We believe that we have been able to steadily record profits from policies-in-force, significantly increasing the adjusted profit for FY2021 of JPY4,455 million.

Structure of Embedded Value



10

Page 10 is about the structure of embedded value.

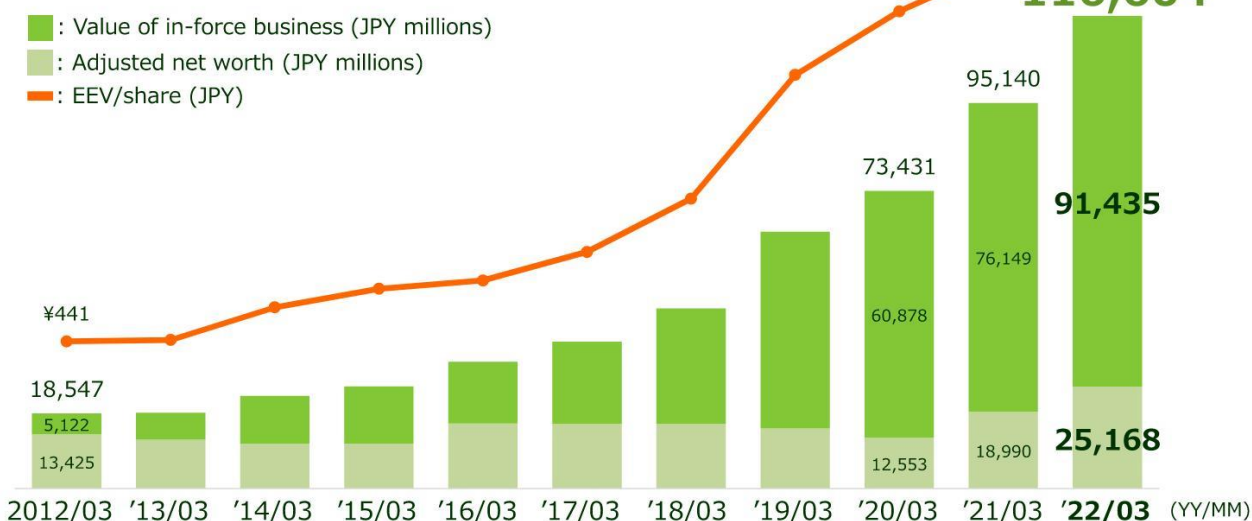
The European Embedded Value is the net assets reflecting the present value of future profit, or net assets, which is the after-tax value of unrealized future profits that will generate from existing policies-in-force on statutory accounting. We focus on the growth of European Embedded Value as an important management indicator.

This is important for you to properly understand our long-term profitability.

Strong EEV¹ Growth



- EEV and value of in-force business have been growing at a CAGR of 20%² and 33%, respectively since IPO
- EEV per share has also steadily increased even after dilution by 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.

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.

Please refer to page 11.

European Embedded Value as of March 31, 2022 was JPY116.6 billion. The compound average growth rate of EEV since listing in March 2012 has been 20%, but in particular, the value of in-force business, which is the unrealized future profits from policies-in-force, has grown at the compound average growth rate of 33% and is a strong driver of EEV's growth.

Although the capital increase implemented in the last and current fiscal years is one of the EEV's growth factors, EEV per share, as shown in the orange line graph, was JPY1,673 at the end of March 2022, a 3.8-fold increase in 10 years from JPY441 at the end of March 2012, just after the Company was listed on the stock exchange.

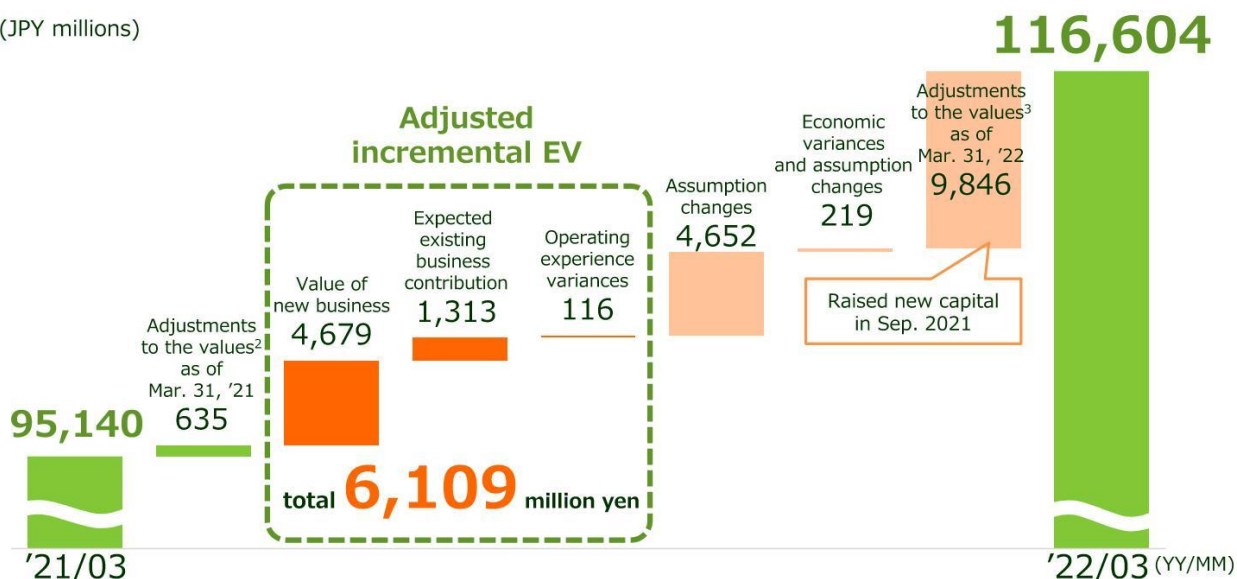
We will continue to strive for growth in EEV per share.

Changing Factors of EEV¹



- EEV growth driven by value of new business, revision of claim incidence rate, the improvement of opex ratio and capital raising

(JPY millions)



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. This is the impact of changing the risk-free rates from swap rates to Japanese government bond yields on the EEV as of March 31, 2021.
3. Item for change in capital

12

Please refer to page 12. This is a changing factor of EEV from the end of FY2020 to the end of FY2021.

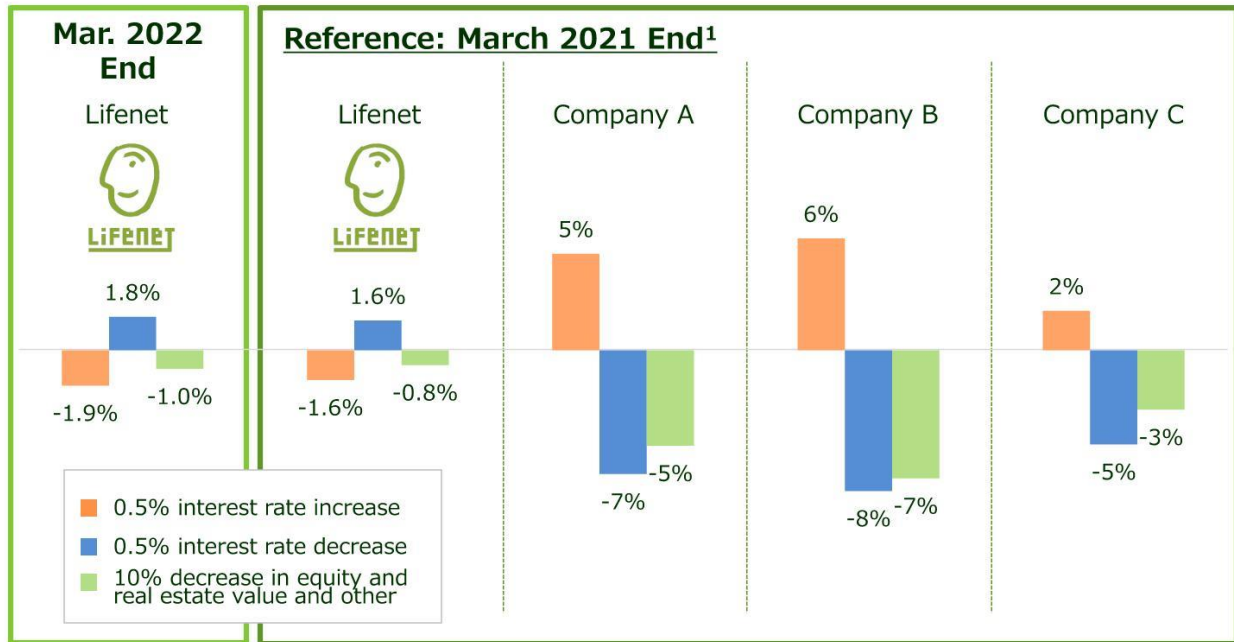
We define adjusted incremental EV as the sum of the three components, value of new business, expected existing business contribution, and the operating experience variance, which are shown in the dotted green box on the slide. We regard it as an indicator of our performance for the period.

This adjusted incremental EV for FY2021 was JPY6,109 million. The main reasons for the increase in EEV are the increase in adjusted incremental EV including the value of new business and the assumption changes which mainly reflect a revision of claim incidence rate and an improvement of the operating expenses ratio.

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

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

Financial Condition



(JPY millions)	(YY/MM)	'21/03	'22/03
Total assets		54,501	67,820
Cash and deposits		2,059	3,761
Monetary claims bought		999	3,999
Money held in trust		5,895	5,460
Securities		40,007	47,425
Government bonds		9,004	8,946
Municipal bonds		1,482	1,469
Corporate bonds		21,301	24,042
Stocks		397	492
Other securities ¹		7,821	12,375
Total liabilities		38,694	45,749
Policy reserves and other		36,639	43,542
Total net assets		15,806	22,071
Valuation difference on available-for-sale securities		960	697
Solvency margin ratio²		2,647%	3,182%
Modified duration (year)³		11.1	9.9

■ Limited financial impact caused by changes in investment environment

■ Maintained sufficient financial stability as indicated by solvency margin ratio²

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

14

Page 14 shows a summary of the balance sheet.

As of March 31, 2022, total assets were JPY67.82 billion, liabilities were JPY45.749 billion, and net assets were JPY22.071 billion.

The solvency margin ratio, which indicates the Company's ability to pay out claim, is 3,182%, which maintains sufficient level.

We will also explain the impact on our financial accounting, balance sheet, in the current interest rates environment. As shown in the bottom of the table, the modified duration of the yen-denominated bonds held is 9.9 years, a relatively short duration compared with other life insurance companies.

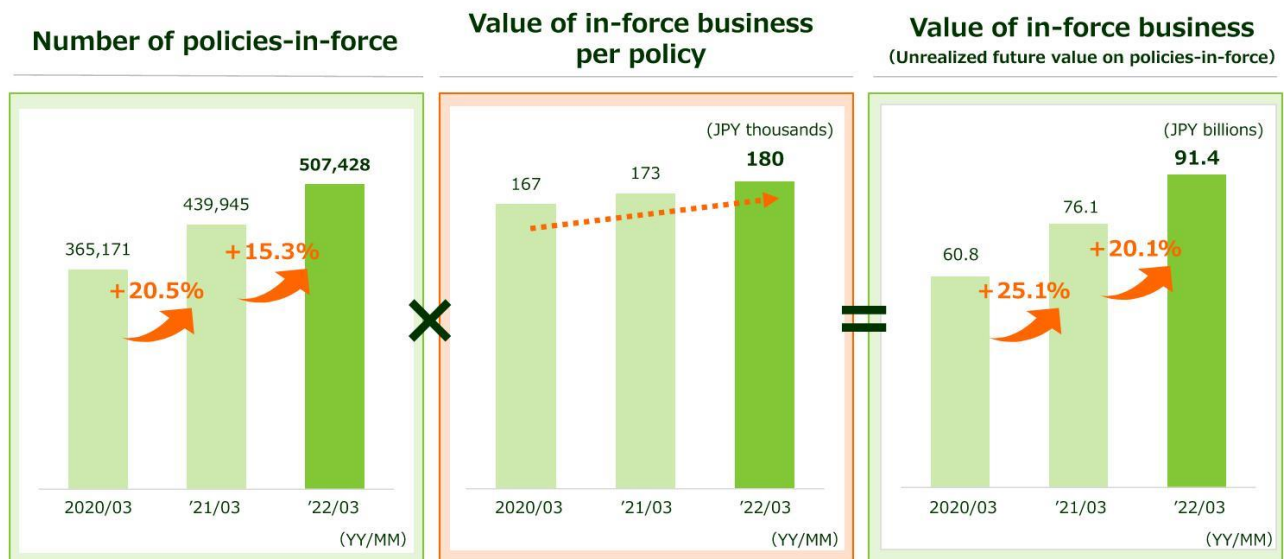
Therefore, we believe that the impact on statutory accounting caused by the recent overseas rising rates is limited.

Valuation difference on available-for-sale securities, which are shown under total net assets in the table, decreased slightly due to recent changes in the investment environment, but only by approximately JPY0.26 billion compared to the end of the previous fiscal year.

Growing Value of In-Force Business



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



15

As the concluding of the financial information for FY2021, we will explain the growth of the value of in-force business.

The number of policies-in-force on the left side has been steadily increasing, expanding the scale of our business. In addition to that, the value of in-force business per policy in the center also have been steadily increased without damaging its value even under the COVID-19 pandemic.

As a result, the value of in-force business, which shows the unrealized future value on policies-in-force on the right side, has been increased by 20% year on year.

We will continue sustained growth in our corporate value by achieving strong growth in the value of in-force business.

Overseas Public Offering



- **Aim for further business growth by leveraging raised capital and reinsurance¹**

Offering format Overseas offering mainly in Europe and Asia (Regulation S only)

Amount raised

FY2020	FY2021
9.0 billion yen ²	9.7 billion yen

Use of proceeds

Marketing	System development	Business development
		
Marketing for acquiring new business	Products and services that respond to changes in business environment	Building of online insurance platform and initiatives with business partners

1. Modified co-insurance

2. The total amount including new shares issued and secondary offering was approximately 13.8 billion yen.

We will move to the main initiatives for FY2021. Please refer to page 16. In order to achieve further growth, the Company raised the capital through overseas public offering in September 2021 following FY2020. As you can see, we utilize all capital raised for growth investments.

Through our two most recent capital increases and the use of modified co-insurance, we believe that we have adequate capital level for the immediate growth we project at this time.

Going forward, we will further concentrate on the business side, focusing on accelerating growth as an online life insurance company and building a foundation as a platformer.

Expansion of White Label Business



■ Started to offer new customer experience with Money Forward, Inc.

- Offer Money Forward Life Insurance as a part of the Money Forward Fixed Cost Review

Money Forward 固定費の見直し

<p>必要な保険がすぐわかる！</p> <p>あなたに必要な保険</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>死亡 必要</p> </div> <div style="text-align: center;"> <p>癌/がん 不要</p> </div> </div>	<p>納得感のある診断説明</p> <p>今の保険は不要かも？</p> <p>保険の見直しで</p> <p>年間 -125,000 円</p> <p>となる可能性があります</p>	<p>明確な必要保険料</p> <p>現在の保険料 200,000 円/年</p> <p>見直し後の保険料 50,000 円/年</p> <p><small>※現在の月額保険料で入りたい金額、お勤め先にて請求する月額保険料を参考に、それぞれ1割した1割分の保険料を記載しています。</small></p>
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Able to find the appropriate insurance quickly Convincing explanations Clear required premiums

- Accelerate development and improve continuously



17

Please refer to page 17.

In FY2021, we launched a new service with Money Forward, Inc. as our white label business.

As one of the fixed cost review services for an improvement of household finances which Money Forward focuses on, Lifenet offers its products to Money Forward’s customers.

Since its launch in July, we have been making continuous improvements on some issues that have been found in the customers’ feedback and in the process of our development.

Although the business didn’t take off as initially envisioned immediately after launch, the results of these efforts began to clearly show from the fourth quarter of FY2021.

The contribution of the Money Forward channel to overall business performance is still limited, however, the two companies will continue to work together to make it one of the channels with high growth potential.

Enhancement of Customer-Friendly Service



■ Received high evaluation of investment in customer experience

Improved convenience of insurance services

Enhancement of app

Newly Provide the function with potential customers in addition to new function for policyholders



External Evaluation

No.1 in J.D. Power 2022
Japan Life Insurance Contract Customer Satisfaction StudySM <Direct Distribution Channel Segment>¹

Highest evaluation for two consecutive year



Types of products

Interaction channel

Price

Forms and documents

2022 ORICON Customer Satisfaction Survey No.1 in category of Application Process, Life Insurance²



Evaluation from actual customers

1. The 2022 study is based upon the responses of 1,235 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months.
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 refer to page 18.

We aim to provide convenient life insurance services that exceed customer expectations by redesigning the customer experience in the procedures related to life insurance. We would like to provide what customers really need from customers' perspectives, not what life insurers want to sell for their own interests .

In FY2021, we continued to invest in improving the customer experience. As a result, we are very pleased to have received the number one satisfaction rating from customers who have actually used our services. We will continue to work to provide a valuable experience for our customers.

Table of Contents



1. Financial Results for Fiscal 2021

2. Future Initiatives

19

From this point forward, we will explain our initiatives for FY2022 and beyond.



Comprehensible Cost-Competitive Convenient

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

20

Please refer to page 20.

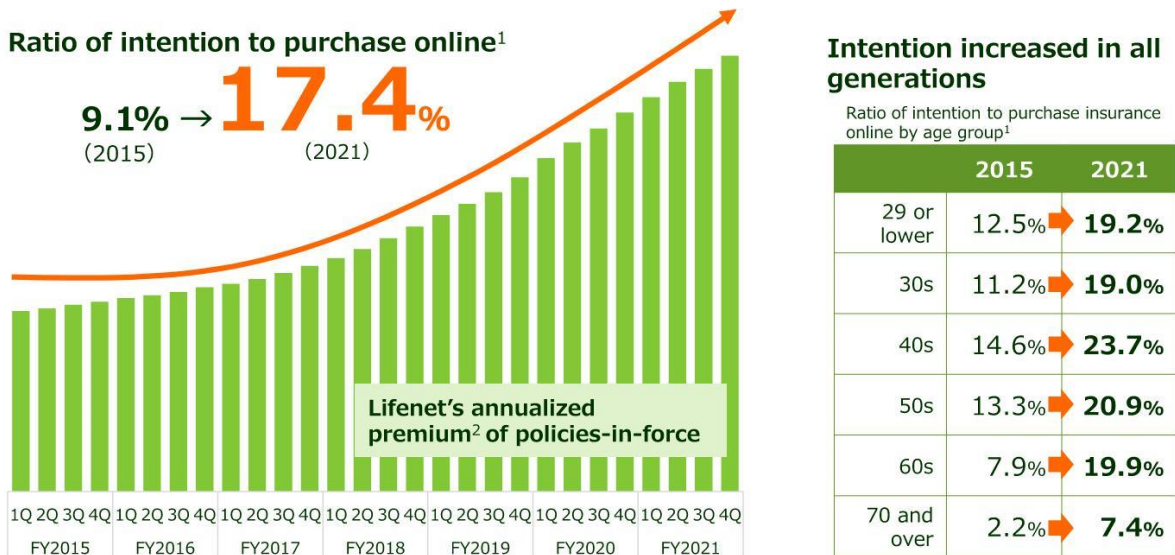
Since our business commencement, we have established the LIFENET Philosophy as a guideline for all officers and employees to follow. This is our greatest strength and what differentiates us from our competitors.

We will continue to question the value of life insurance for our customers and strive to be a company that helps our customers embrace life more fully

Growth Potential of Online Insurance Market



- Room for market growth is expanding due to structural shift to online under the COVID-19 environment



1. Nationwide Report on the Life Insurance Industry (2021) by the Japan Institute of Life Insurance
 2. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

On page 21, we will explain the growth potential of the online life insurance market.

Since the emergence of the COVID-19 pandemic, our business performance has been affected by both tailwinds and headwinds as the pandemic situation has been fluctuating. However, we believe that the growth potential of the online life insurance market has been steadily expanding against the backdrop of the structural megatrends of digitalization of financial services.

According to a survey by the Japan Institute of Life Insurance, the percentage of customers who intend to purchase insurance online has increased from 9.1% to 17.4% in the last six years, and we have achieved steady growth in our in-force policies performance accordingly.

The percentage of respondents who intend to purchase insurance online is increasing for all generations, as shown on the right-hand side of the chart.

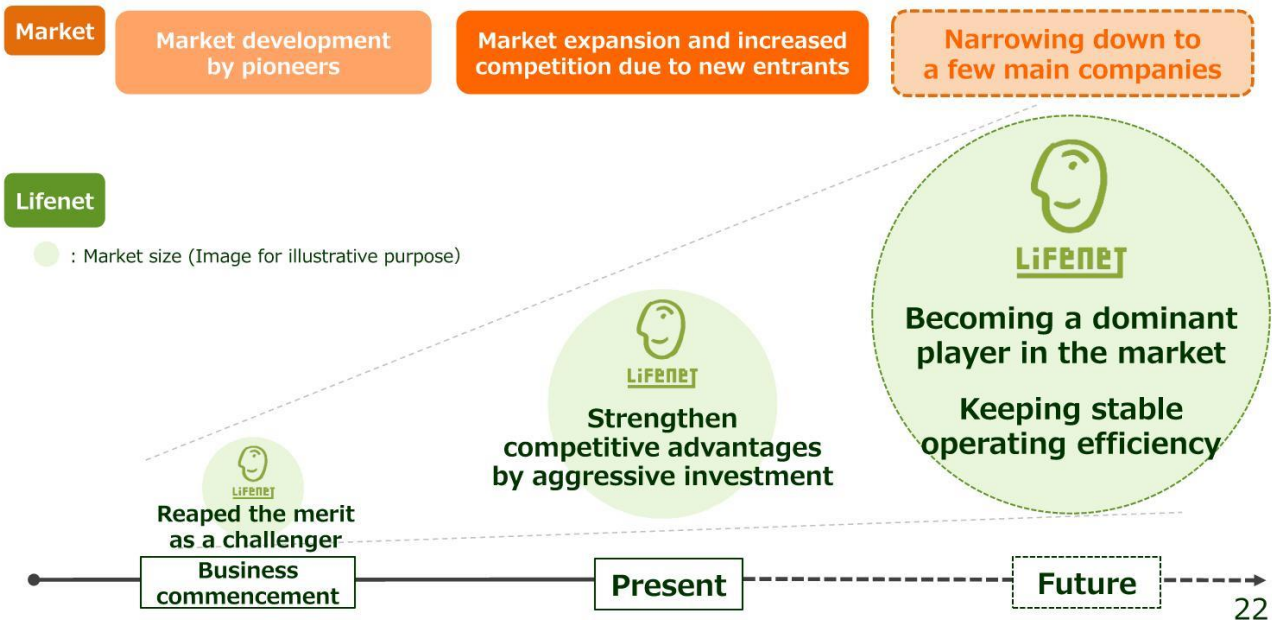
We will continue to encounter temporary tailwind and headwind phases due to various factors, but we will not be misled by temporary factors and will firmly seize growth opportunities as a leading company in the online life insurance market with the structural megatrends that will continue over the medium to long term.

Competitive Landscape



■ Despite severe competition, our aggressive investment strengthens No.1 position in online life insurance market

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



Please refer to page 22. Here is our view of the online life insurance market and competitive landscape in the online life insurance market as we perceive it.

In general, there are three phases in the development process of a new market, as shown in the figure: a period when a small number of players develop the market, a period when the market expands as more players compete with each other, and a period when a small number of dominant players enjoy the fruits of the expanded market.

Since our business commencement in 2008, we have been a challenger in the life insurance industry, creating a new market for online life insurance and driving growth. Subsequently, with the digitization of financial services and the expansion of COVID-19, new players entered the market, which is led the traditional life insurers that had focused on the face-to-face channel to be forced to shift to online. We believe that the market is now in a period where the competitive environment is becoming increasingly severe as well as expanding.

In this environment, while we are a challenger in the life insurance industry as a whole, we also believe that we are in a position to be challenged in the online domain. We will maintain and strengthen the competitive advantage we have built up to date and will enhance investment for growth more than ever to solidify our position as the number one player in the online life insurance market.

Although this management policy may lead to a deterioration in business efficiency in the short term, we believe that in the medium to long term, it will help us become the overwhelming number one player in the online life insurance market and maximize our corporate value.

On the next page, we will explain our growth strategy to remain as a major player in the battle.

Growth Strategy



■ **Actively invest for growth** to focus on priority areas

Business



- **Continuously enhance UI/UX for website and strengthen sales channel**
- **Expand platform business**

System



- **Optimize customer touchpoint**
- **Deploy a cloud-based system and improve infrastructure cost efficiencies**

Organization



- **Promote recruitment of diverse talent**
- **Provide opportunities for challenge and growth**

23

Please refer to page 23. We believe that UI/UX and website traffic are critical for significant success in the online life insurance business. In other words, this corresponds to the innovation of customer experience and strengthening of sales capabilities that we have set as priority areas in our management policy.

To address these issues, we will aggressively invest in three areas: business, system, and organization, with the aim of achieving strong growth.

Each of these is explained on the following pages and beyond.

Initiatives for In-Force Business Growth



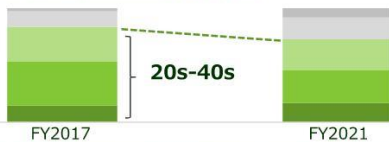
Aim for continuous double-digit growth through two channels

Internet direct channel

Strengthening touchpoint with young generation

- Work on diversification of promotions and appeal to young generations effectively

New policyholders' distribution by age group¹



1. Based on the number of Lifenet's new policyholders in each fiscal year
2. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

White label channel

Providing new customer experiences with existing partners

- Aim to lead initiatives leveraging the assets of partner companies
- Exploring the possibility of new partners

Annualized premium² of policies-in-force from white label channel



24

First is the business. Please refer to page 24. The Company aims to achieve double-digit growth in in-force business performance on two pillars: the Internet direct channel and the white label channel.

First, the Internet direct channel. As explained earlier on page 21, the intention to purchase life insurance online is gradually increasing not only among young generation but among the middle and older generation. At Lifenet, the percentage of new policyholders who are middle and elderly age is increasing in addition to the younger generations that have traditionally purchased our policies. We believe this is a very good thing, as it means we can gain greater customer awareness of online life insurance and a broader market.

On the other hand, in light of our significance and the LIFENET philosophy, we believe it is extremely important to be the life insurance company always chosen by the younger generation in any period. Therefore, in FY2022, we will work to diversify our promotion with the aim of strengthening touchpoints with young people, while keeping an eye on the changing trend of the younger generation.

Next, the white label channel. We have positioned this channel as our medium- to long-term growth driver. In FY2022 we aim to provide new customer experiences with existing partners, including KDDI and Money Forward. As the bar graph on the right shows, annualized premium of policies-in-force has been steadily increased in the white label channel since the first white label business with KDDI. On the other hand, the channel hasn't been enough to contribute to our business performance yet, and we believe that this is a channel with growth potential.

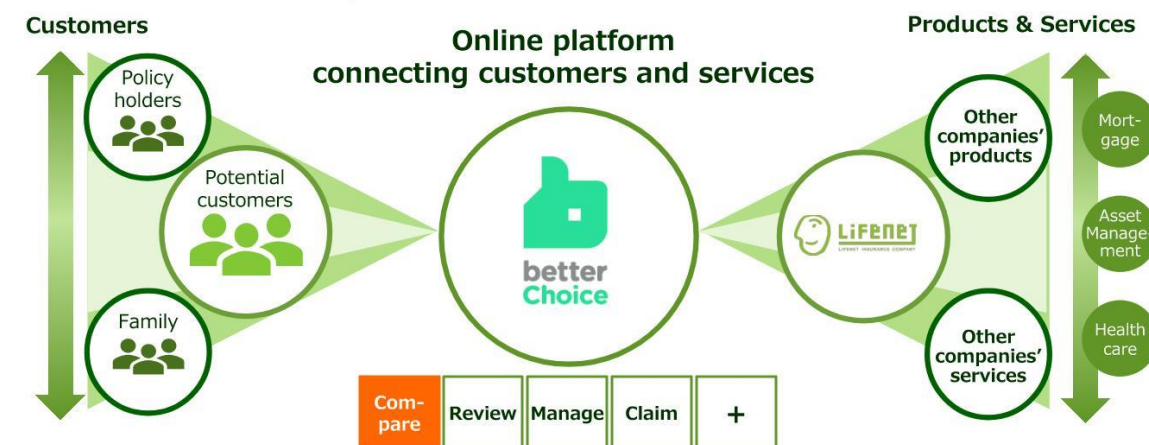
We will accelerate investment for growth in the Internet direct channel and white label channel to achieve growth in in-force business.



Journey to Platformer

■ Focus on building the foundation of online insurance agency business

Online insurance platform (Image for illustrative purpose)



FY2021

Established Lifenet MIRAI Inc.

- Launched insurance agency business and insurance policy management services
- Approximately 20 products are listed on our platform

FY2022

Focus on online insurance agency business

- Expand the number of products and aim for listing all online insurance products (about 100 products) in the future
- Enhance function and customer attraction of our website

25

Please refer to page 25. We established a subsidiary in FY2021 with the goal of becoming an online life insurance platform.

In FY2021, we launched an online insurance agency business and insurance policy management service, offering approximately 20 products, whose application process can be completed online.

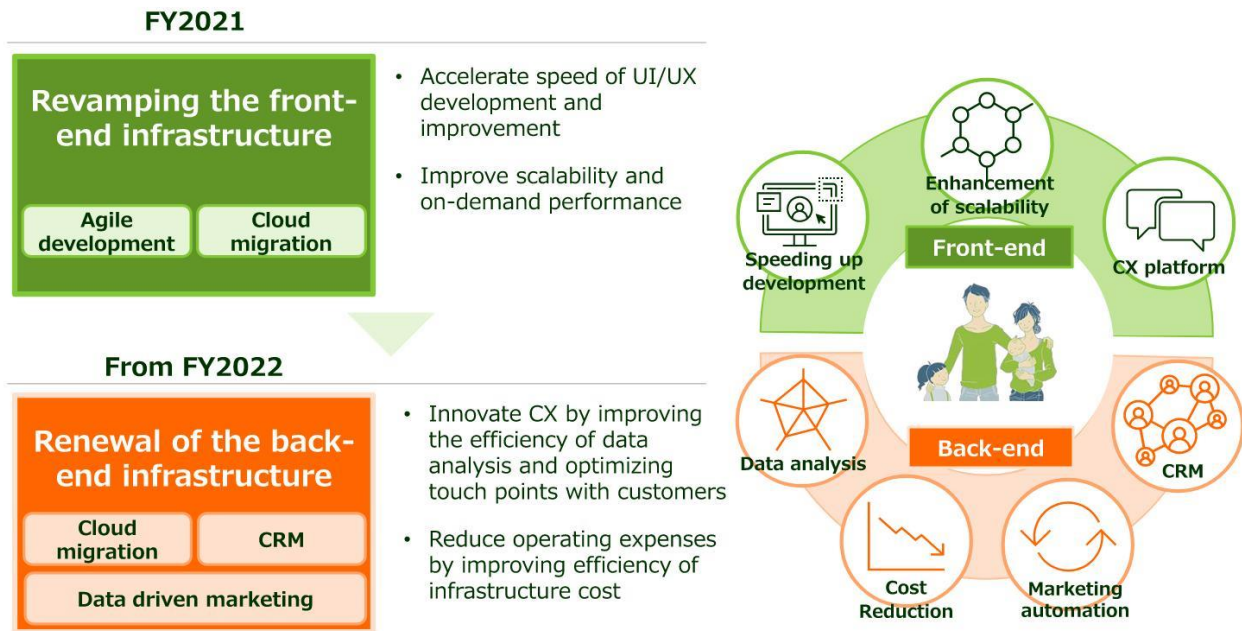
From FY2022 onward, we will focus particularly on the online insurance agency business and strive to build the foundation with aim of offering all online insurance products.

In the future, as the illustration shows, we will make steady progress toward our goal of becoming a platform that provides online solutions to consumers' concerns and issues regarding financial services, including insurance.

Investment in System Development



- **Renewing system structure for improvement of customer experience and future business expansion**



26

Next is the second point of our growth strategy: investment in system development. Please refer to page 26.

Until FY2021, we focused especially on revamping the the front-end infrastructure, which means strength of the touchpoint with customers.

From FY2022 onward, we will aggressively invest in the back-end infrastructure as well. Through these investments, in addition to improving the customer experience, we will build a robust system structure that can improve operating expenses ratio and flexibly accommodate future business expansion.

Human Capital Investment



■ Invest in the source of our growth to increase the corporate value

Our Guiding Principles

Lifenet philosophy:
Embracing diversity and dialogue to keep us abreast of changing needs and preferences.

	Areas	Ongoing Initiatives	New investment from FY2022
PRIDE Index Gold Rating for 6th consecutive year ¹ work with Pride 	Diversity & Inclusion	<ul style="list-style-type: none"> • Retain diverse workforce (1)(2) • Training program for employees 	1. Strengthen recruitment activities centering on system engineers
	Engagement of employees	<ul style="list-style-type: none"> • Quarterly engagement surveys • Periodical 1-on-1 meetings 	
the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program ² 	Human resource development	<ul style="list-style-type: none"> • Support career enhancement • Personnel system to encourage the growth and challenge (3) 	2. Target 30%+ of women in leadership positions
	Healthcare	<ul style="list-style-type: none"> • Support system for work with cancer treatment • Periodical physical/mental health check-ups 	3. Promote organizational and individual growth and challenge
	Comfortable workplace	<ul style="list-style-type: none"> • System for flexible working system and work-from-home • Selectable working style 	

1. The PRIDE Index hosted by work with Pride is the benchmark for better working environment for LGBTQ in Japan.
 2. Operated by the Ministry of Economy, Trade and Industry and The Nippon Kenko Kaigi

The third point of the growth strategy is investment in human resources and organization. Please see page 27.

Since the business commencement in 2008, we have been providing new life insurance value from the customer's perspective by hiring people with diverse backgrounds, free from industry norms.

From FY2022 onward, we will invest in human capital to contribute to sustainable growth of corporate value by aggressively recruiting, further promoting diversity, and operating a personnel system that supports the growth and challenges of the organization and individuals.

Initiatives for Sustainability



- Aim to increase the stakeholder value based on LIFENET philosophy

FY2021

- Explained the following initiatives since business commencement
 - Enhancement of corporate governance
 - Customer-oriented business conduct
 - Adaption to social changes
- Launched new Sustainability webpage



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

From FY2022

- Further information disclosure based on LIFENET philosophy
- Continue to communicate with ESG rating agencies

28

Then refer to page 28.

LIFENET philosophy is the heart of our company's sustainability.

In order to continue to be needed by policyholders as an insurance company and to continue to be supported by shareholders and investors as a publicly listed company, we will promote sustainability initiatives and enhance disclosure based on our philosophy.

Rising Rate and Asset Management

- **Gradual increase in interest rates** gives us positive opportunities

Asset management
in the mid- to long-term

- **Aim to increase investment income on the back of the current overseas rising rates environment**
- **Plan to increase allocation to foreign bonds flexibly**

29

Here, we would like to share our thoughts on asset management in light of the current interest rate environment.

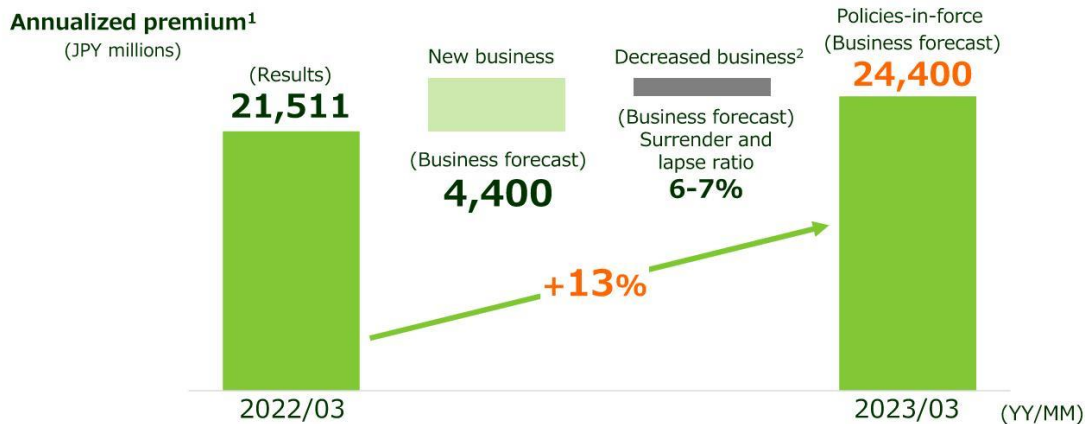
In general, a gradual increase in interest rates give positive impact to financial institutions, and we see it as a positive environment for our company as well. We have approximately JPY60 billion in AUM (asset under management) by generating a steady income from insurance premiums.

Although we will not revise our existing asset management policy, which we do not taking excessive investment risk, we will aim to increase investment income under appropriate risk management. We may consider the option of increasing the proportion of investments in foreign currency-denominated bonds, especially in light of overseas rising rates.

Business Forecasts FY2022



■ Aim for double-digit growth in in-force business



(JPY millions)	FY2022 Forecast	of which impact of modified co-insurance	FY2021 Results	of which impact of modified co-insurance
Ordinary income	30,300	6,300	26,167	4,852
Ordinary profit (loss)	(3,400)	1,000	(3,245)	1,283
Net income (loss)	(3,400)	1,000	(3,319)	1,283

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. Including death, expiration and others in addition to surrender and lapse.

30

Based on the explanations given so far, we would like to present our business forecasts for FY2022. Please refer to page 30.

The forecast for FY2022 is based on the information shown. Annualized premiums for in-force business is expected to increase by approximately 13% from March 31, 2022, to JPY24.4 billion.

In FY2021, we recognize that our growth of business performance slowed down, especially in the second half of the year, and the current situation is still in the process of recovery.

Thus, in FY2022, we intend to regain the pace of growth and invest for future-oriented growth, while aiming for sustained double-digit growth in in-force business performance.

Adoption of International Financial Reporting Standards



■ Aim for the voluntary adoption of IFRS 17 from FY2023

Main points

- **Expect to record an accounting profit¹ from FY2023**
- **Capital adequacy² and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS**

1. IFRS adoption is still in the preliminary stage, and the estimate is based on the current approximation. It is unaudited information and may differ from the actual financial information under IFRS to be disclosed in the future.

2. Regarding capital adequacy, economic value-based solvency regulation is being considered for implementation toward 2025.

Please refer to page 31.

We have been conducting a preliminary study for the voluntary adoption of International Financial Reporting Standards, IFRS 17, in our financial reporting.

At this stage, the probability of the implementation of IFRS 17 scheduled to start in January 2023 has increased sufficiently, and in light of the situation where our accounting system tends to be in place, we have decided to aim for the voluntary adoption of IFRS 17 starting with financial reporting from FY2023.

After the voluntary adoption of IFRS, we expect to record an accounting profit continuously from the first year of adoption, and although this is only a rough estimate at this point, we believe that final profits will be expected in the level of billions of yen.

Please note that capital adequacy and dividends from retained earnings will continue to be regulated by the statutory accounting standards, i.e. Japanese Generally Accepted Accounting Principles (J-GAAP), even after the voluntary adoption of IFRS.

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
Main objective	Policyholder protection	Economic value of insurance policies	Useful for investors' decision-making
Evaluation of insurance liabilities (policy reserves)	<ul style="list-style-type: none"> • Conservative • Historical locked-in assumptions at policy inception 	<ul style="list-style-type: none"> • Best estimate based on experience • Review periodically 	<ul style="list-style-type: none"> • Best estimate based on experience • Review periodically
Timing of profit recognition (impact of new business acquisition)	<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>

32

Please refer to page 32. I will explain the objectives of IFRS adoption by comparing the main features of Statutory Accounting Standards, Embedded Value, and IFRS 17.

The point is that they are closely linked each other because we are just looking at the same thing from different angle though the results are different because each has a different purpose.

First, statutory accounting is an accounting standard developed by the financial authorities to protect policyholders. Since it is desirable to be conservative, for example, even if the claim incidence rate is better than originally expected, the bases for insurance liability are the same as policy inception. Acquisition expenses cannot be deferred and are recorded at the time of expenditure in a lump sum in the first year of acquisition. Thus, the current statutory accounting cannot adequately represent the profitability of a growing insurance business like ours. Therefore, we set the maximization of Embedded Value as our management goal.

In Embedded Value, the objective is to show the corporate value that is expected to be attributable to shareholders, which means the Company's realizable value including the value of in-force business. Based on the nature of EV, we don't have to consider future new business performance and acquisition costs. In addition, the trends in the claim incidence rates and surrender and lapse ratio are reflected in the economic value of in-force business based on actual experience. So we believe this is an appropriate indicator for the theoretical value of shareholder value.

On the other hand, Embedded Value cannot show the profit and loss for the period like the statement of operations. Then, we believe that IFRS 17 has been developed.

IFRS 17 has been developed by the International Accounting Standards Board (IASB) to improve comparability and transparency of financial statements of insurance companies and thereby provide useful information for investors' decision-making.

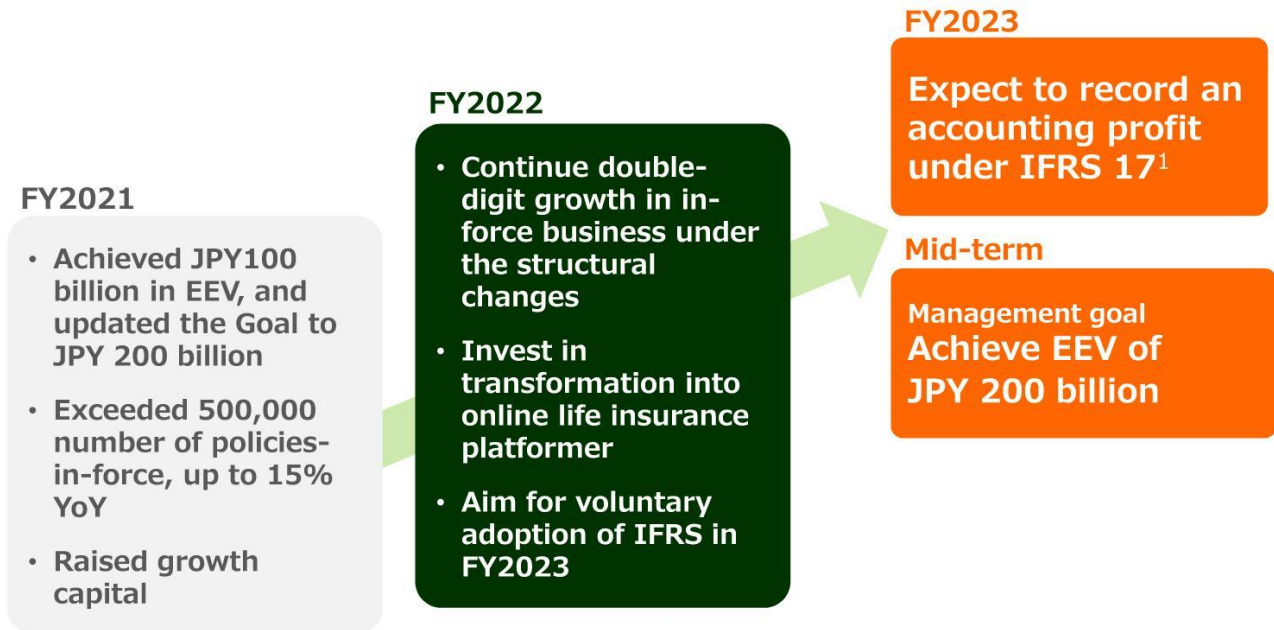
We believe that financial reporting under IFRS 17 will enable us to present the actual status of periodic profit and loss and profitability of our business to a much larger number of investors and shareholders, as well as to disclose useful information for dialogue with them.

Although the official resolution for voluntary adoption of IFRS 17 has not been done yet, we will take the necessary actions this fiscal year to aim voluntary adoption of IFRS in FY2023.

Future Direction



- Give priority to business scale expansion to improve profitability in the mid- to long-term



1. IFRS adoption is still in the preliminary stage, and the estimate is based on the current approximation. It is unaudited information and may differ from the actual financial information under IFRS to be disclosed in the future.

Please refer to page 33. We will explain our future direction.

FY2021 was a milestone year for us, in that we achieved our 2018 management goal of reaching European Embedded Value of JPY100 billion and the number of policies-in-force exceeded 500,000.

In FY2022, we will continue our efforts to achieve double-digit growth in in-force business performance on an ongoing basis despite the challenging business environment that has prevailed since the second half of last fiscal year. We will also make steady progress toward becoming an online life insurance platformer, while aiming for the voluntary adoption of IFRS 17.

On this basis, in FY2023, we expect to be recorded an accounting profit under IFRS, and we aim to reach our management goal of JPY200 billion in EEV in a medium term.

We expect the profitability in ordinary income under the statutory accounting standards to be back from the mid-2020s, as we have indicated, because we will continue to prioritize investments for growth.

Management Policy



Mission	Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services
Vision	Be the leading company driving the growth of the online life insurance market
Priority areas	<ul style="list-style-type: none">• 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

34

Finally, there is the management policy.

There is no change in our policy of prioritizing growth with the aim of expanding the scale of our business.

We will continue to expand the online life insurance market firmly by our own efforts and remain the leading company in this market, aiming to achieve an EEV of JPY200 billion in a medium term.

This concludes my presentation of the financial results for FY2021 Thank you very much for your kind attention.