

Overview of LIFENET INSURANCE COMPANY

April 2024
LIFENET INSURANCE COMPANY

- Lifenet's management philosophy is helping our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services based on the highest levels of business integrity.
- With the internet as our main sales channel, we utilize technology and strive to be the leading company driving the growth of the online life insurance market through our customer-centric products and services.



Comprehensible
Cost-Competitive
Convenient

I . Overview of Online Life Insurance Industry

II . Business Model

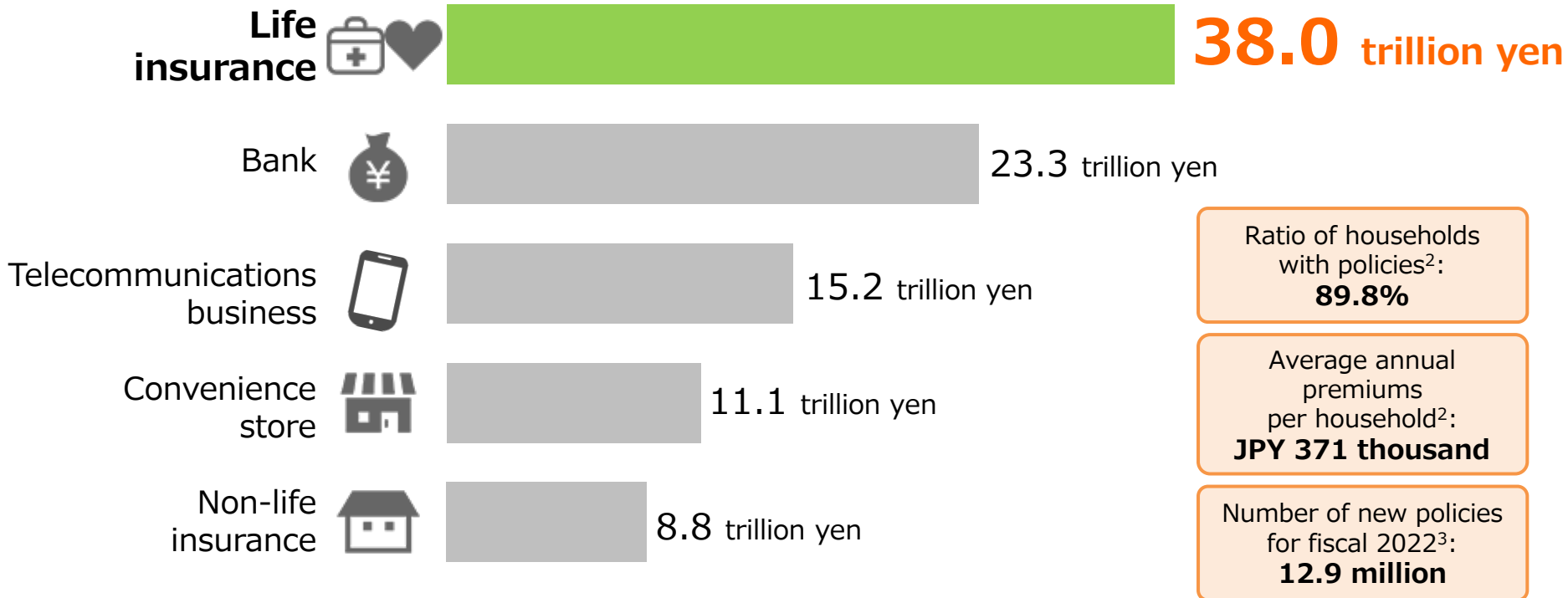
III . Management Policy

IV . Appendix

Life Insurance Market in Japan

- Japan's life insurance market is huge and it worth approximately JPY 38 trillion.
- We believe there is a high need for life insurance. There were around 12.9 million new enrollments in fiscal 2022 despite approximately 90% of Japanese households have already taken out life insurance.

Market size by industry in Japan¹



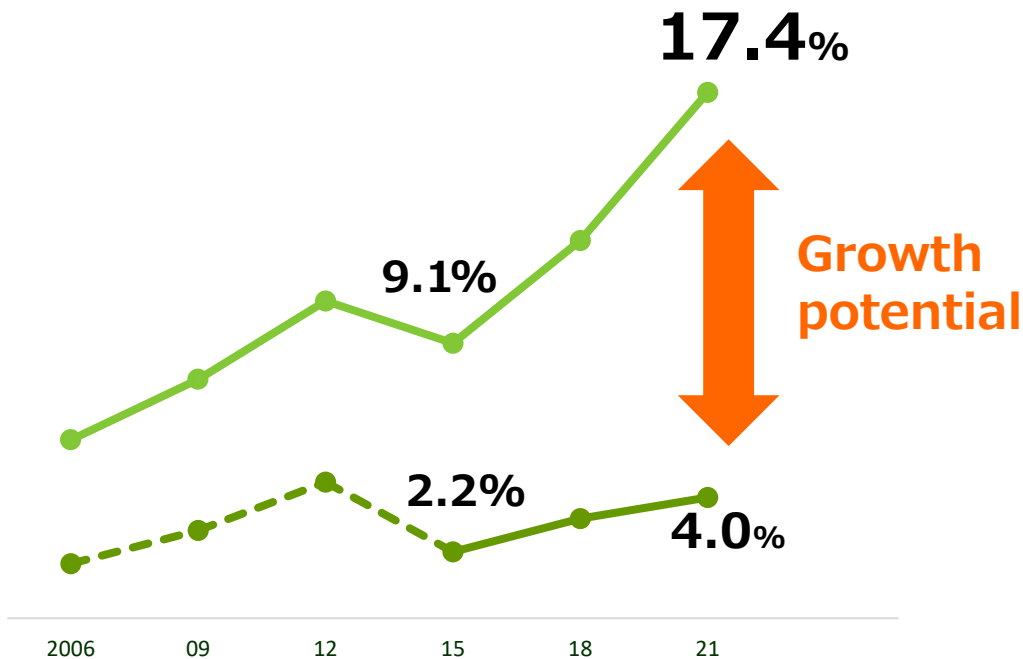
1. life insurance: Insurance premiums and other, bank: Ordinary income, telecommunication business and convenience store: operating revenue, non-life insurance: Net premiums written. Annual statistics (FY2022) compiled by The Life Insurance Association of Japan, Financial Statements Statistics of Corporation by Industry (fiscal 2021) compiled by Ministry of Finance, The Basic Survey Result for information and communications industry (FY2020) compiled by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, Convenience store FC statistics compiled (2022) by Japan Franchise Association, Data by insurance type (FY2021) compiled by The General Insurance Association of Japan.
2. Data for FY2021 compiled by a nationwide report on the life insurance industry by Japan Institute of Life Insurance.
3. Annual statistics by The Life Insurance Association of Japan (2022)

Growing Needs of Online Life Insurance

- In a huge life insurance market, there is still substantial room for growth because there is a large gap between the percentage of actual enrollments and the percentage of those intend to purchase online.
- In addition, the intention to purchase life insurance online is increasing across all generations, and the market will continue to grow over time as digital financial services penetrate further in the future.

Intention to purchase life insurance online¹

- Customers who have intention to purchase through the Internet
- Customers who actually purchased through the Internet



Ratio of intention to purchase insurance online by age group¹

	2015	2021
Total	9.1%	17.4%
29 or lower	12.5%	19.2%
30s	11.2%	19.0%
40s	14.6%	23.7%
50s	13.3%	20.9%
60s	7.9%	19.9%
70 and over	2.2%	7.4%

1. Source: Nationwide reports on the life insurance industry by the Japan Institute of Life Insurance

Elements to Grow and Our Position

- In the current competitive environment where new players with online channels are entering the market in the growing demand for online life insurance, we believe that four main factors are essential for the growth of online life insurance and differentiate ourselves by continuing to pursue our strengths.
- As a leading player in online life insurance, we have been ranked 1st in contract satisfaction among direct channel insurers.

Necessary elements to grow in online life insurance market



Strong position as a leading player

J.D. Power 2024 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment> ¹

1st



Highest in two factors (2024 survey)

- Price
- Forms and documents

1. The 2024 study is based upon the responses of 1,331 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months. <https://japan.jdpower.com/awards>

I . Overview of Online Life Insurance Industry

II . Business Model

III . Management Policy

IV . Appendix

- Customer's pain points related to life insurance are lying all stage from when they search insurance to claim benefits.
- Based on LIFENET Manifesto "Comprehensible, Cost-Competitive, Convenient", we aim to cope with these pain points by providing better products and services, while staying close to each customer.

Customer's pain points at each touchpoint

Search

Consult

Apply

Manage

Review

Claim

- Negative image for the life insurance industry
- Products are complicated

- Premiums are expensive
- Procedures are difficult



LIFENET Manifesto

Comprehensible, Cost-Competitive, Convenient

High integrity

- Actively disclose relevant information
- Communicate with customers proactively

Comprehensiveness

- Provide very simple and pure protection products
- Develop easy-to-understand and customer friendly website

Cost-Competitiveness

- Offer competitively priced products by Internet-based low cost operation

Convenience

- Provide convenient services utilizing smartphones
- All procedures provided online, from applying to claiming benefits

Management with High Level of Business Integrity

- We provide life insurance online and at the same time, we put emphasis on transparency and disclose our management, products, employees, and workplace through our website.

Transparent disclosure

- Disclosure of insurance premiums
- Disclosure of agent commission rates
- Disclosure of monthly operating figures

Transparent Company

- Regular policyholder meetings
- Introduce our workplace through “note”
- Diverse employee backgrounds
(half of employees from other industries)

Disclosure of breakdown of insurance premium (example)

Term life *Kazoku*
E.g. 30 years old, male,
insurance term 10 years,
insurance coverage amount 30 million yen

Net premium	↑ Premium	Net premium	2,000yen (74%)
		Expense loading	704yen (26%)
Expense loading	↓ Premium	Premium (Net premium + Expense loading)	2,704yen (100%)

(As of February 29, 2024)

note



<https://note.lifenet-seimei.co.jp/>
(Japanese version only)

Simple Products

- We offer simple and competitively priced pure protection products. Internet-based low cost operations enable us to be extremely price competitive.
- We have provided competitively priced term life, which is our main product. We offer industry-first coverage³ for long-term disability. Cancer Insurance has a broad range of coverage.



Term Life
Kazoku

For death due to illness, accident or disaster




Long-term Disability
Hataraku-Hito 3

For being unable to work due to disease or injuries



Whole-life Medical
Jibun 3

For hospitalization, surgery and advanced medical care



Whole-life Medical
Jibun 3
for Women

For more extensive coverage for women



Cancer
Double Yell

For double support of treatment and income decreases



Dementia
"be"

For the age of living with dementia

1. Our products have no maturity insurance, no dividends and no cash surrender value on our products.
2. As of April 2024, we offer *au Life Insurance with Ponta Points* through KDDI CORPORATION, *Seven Financial Service Life Insurance* through Seven Financial Service Co., Ltd., *Money Forward Life Insurance* through Money Forward, Inc. and *Insurance with V-points* through Sumitomo Mitsui Card Company, Limited.
3. Lifenet Research as of the end of April 2021

- Our products and services are well supported by customers and receive high evaluations.

Awarded in FY2023



J.D. Power 2024 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment>¹

1st

for 4th consecutive year

Lifenet's Insurance Products Ranked 1st²



Lifenet's Contact Center and Website Awarded 3 Stars for the 11th Time, the Industry Record³



- The 2024 study is based upon the responses of 1,331 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months. <https://japan.jdpower.com/awards>
- The Most Chosen Insurance Ranking 2023 of HOKEN ICHIBA is based on compiled date from the number of application from January through December 2023.
- The 2023 HDI Benchmarking (Life Insurance Industry) in two categories: "Phone Support (Contact Center)" and "Web Support (Website)"

Develop Easy-to-understand and Customer Friendly Website (e.g. Quotes)

- We are striving to provide a stress-free customer experience through a series of improvement activities to enhance the UI/UX from the customer's perspective.

保険料見積り

お客さまの生年月日・性別を入力してください

生年月日

1992 (平成4) 年

12 月 1 日

性別

男性 女性

保険料見積りスタート >

Select birthday

Select sex

見積り結果

生年月日: 1992年12月1日
契約年齢: 30歳 性別: 男性

選択中

定期死亡保険
かぞくへの保険

あなたが亡くなったときや、高度障害状態になったときに、保険金が支払われる保険です。

毎月の保険料 **659** 円/月

保険金額 500万円

保険期間 10年間

見積りを編集する 開く

保険料と保障内容の変更はこちらから

選択中

終身医療保険
じぶんへの保険

病気やケガの治療で入院したときや、手術をしたときの治療費に備える保険です。

毎月の保険料 **1,578** 円/月

入院給付金 日額 5,000円

内訳を見る

見積りを編集する 開く

Select products

選択中

就業不能保険
働く人への保険

商品特長・メリット

病気やケガで入院や療養をしていて長期間働けないときの収入減少に備えるための保険です。

毎月の保険料 **1,646** 円/月

就業不能給付金 月額 10万円

内訳を見る

見積りを編集する 開く

選択中の保険プラン

定期死亡保険 **659** 円

終身医療保険 **1,578** 円

がん保険 **1,209** 円

就業不能保険 **1,646** 円

毎月の保険料合計 **5,092** 円

申し込みはネットで完結! 24時間OK

このプランの申し込みに進む

この見積り結果を保存する

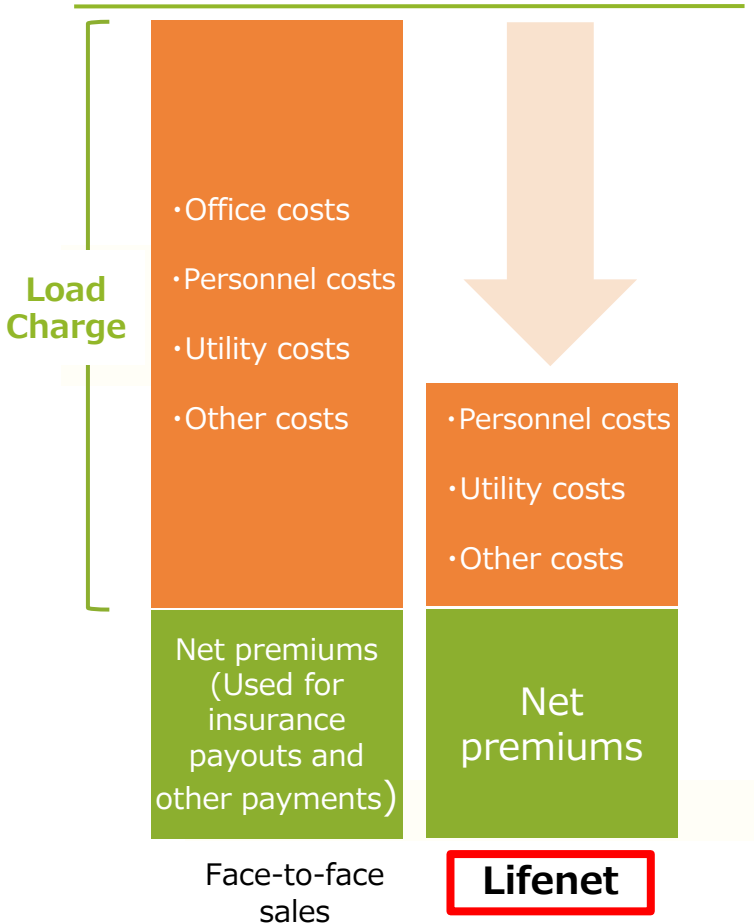
Total monthly premium

All customers need to do to get quotes is **select birthday, sex and insurance products**

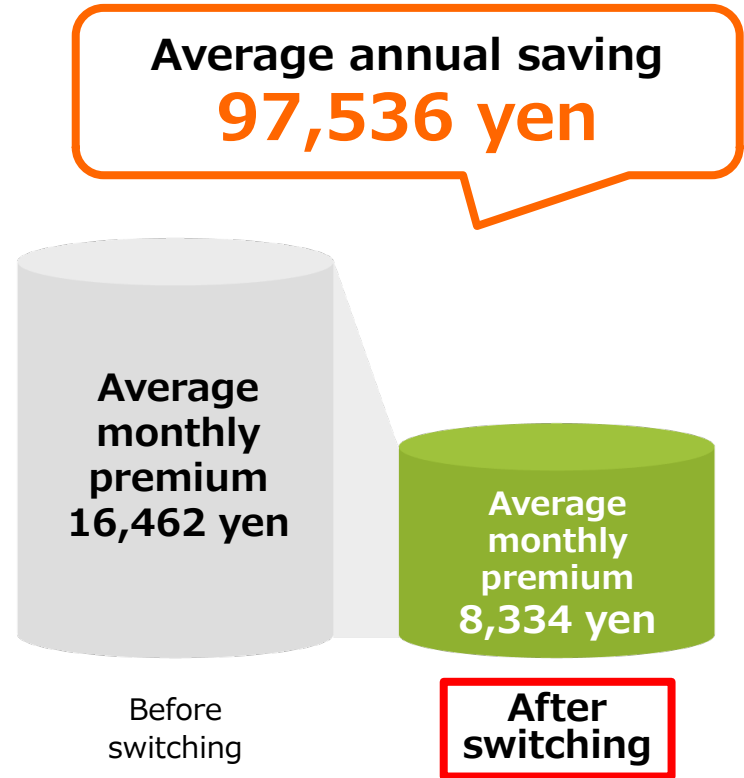
Competitively Priced Products

- We do not have sales representatives or branches for selling insurance. We use the Internet to sell our products. This enables us to control sales expenses and maintain strong cost competitiveness, while also providing products with inexpensive insurance premiums.

Structure of premium (Life insurance)



Savings of insurance premium¹ after switching to Lifenet



1. 2022 survey results of the "Customer-oriented business management policy" by Lifenet. Average annual cost saving does not take into account any changes in scope of insurance coverage.

- We are striving to provide the convenience that only an online insurance company can provide. We use technology to establish an environment that enables customers to request insurance consultation, apply for insurance, and claim benefits 24 hours a day, 365 days a year, as it fits into their lifestyles.

Provide convenient services by utilizing smartphones

Insurance Consultation

- Using LINE enables customers to seek consultation on insurance via chat.



(Launched in Jul. 2016)

Application

- A paperless application process that customers can complete by submitting photos of necessary documents



(Launched in Dec. 2016)

Procedures while enrolled in a policy

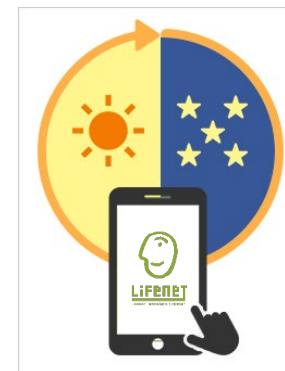
- Enable to log-in to My Page, using fingerprint and face recognition technology



(Launched in Jun. 2018)

Claim payments

- Medical certification submission no longer necessary for most medical claims¹
- Claim medical insurance benefits online, 24 hours a day, 7 days a week



1. It is possible to omit the medical certification submission only for medical insurance. The submission is required under certain conditions.

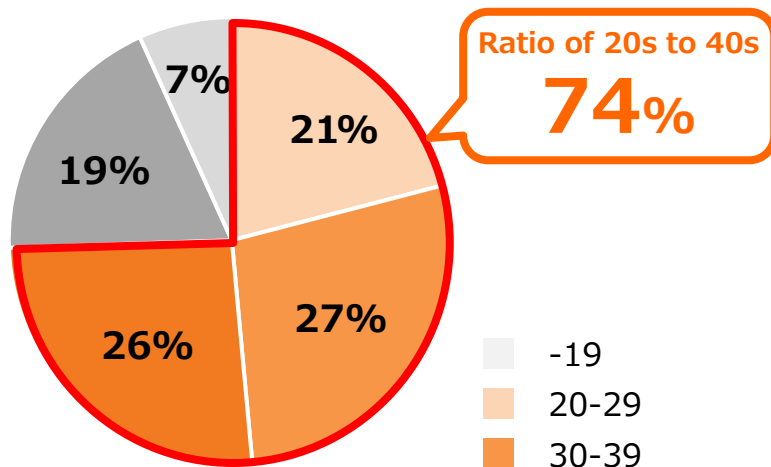
Unique Customer Base

- New customers in their 20s to 40s consists of 74% of our policyholder base, with more than 50% of new policyholders taking out life insurance for the first time.

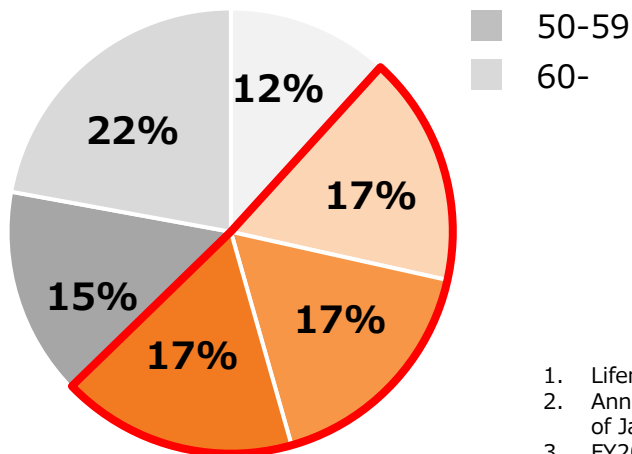
Number of new policies by age group

We are attracting younger customers and building a good customer base from a medium- to long-term perspective.

Lifenet¹



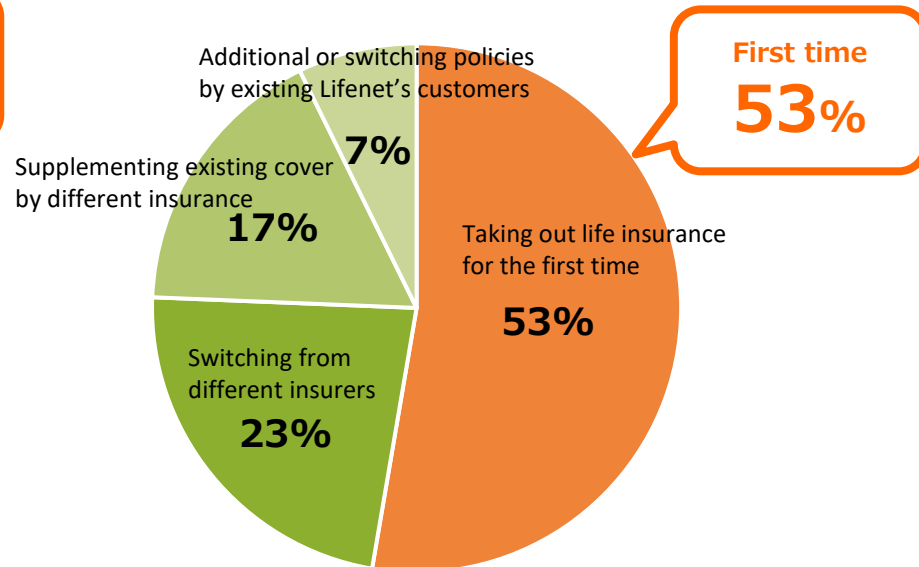
Reference: Industry average²



- 19
- 20-29
- 30-39
- 40-49
- 50-59
- 60-

Customer Situation³

The share of households taking out life insurance for the first time accounted for the majority, despite the percentage of households holding policies being 90%.



Surrender and lapse ratio

Maintaining a ratio of between around 6% to 7% since business commencement in May 2008.

Surrender and lapse ratio in fiscal 2022: **6.5%**

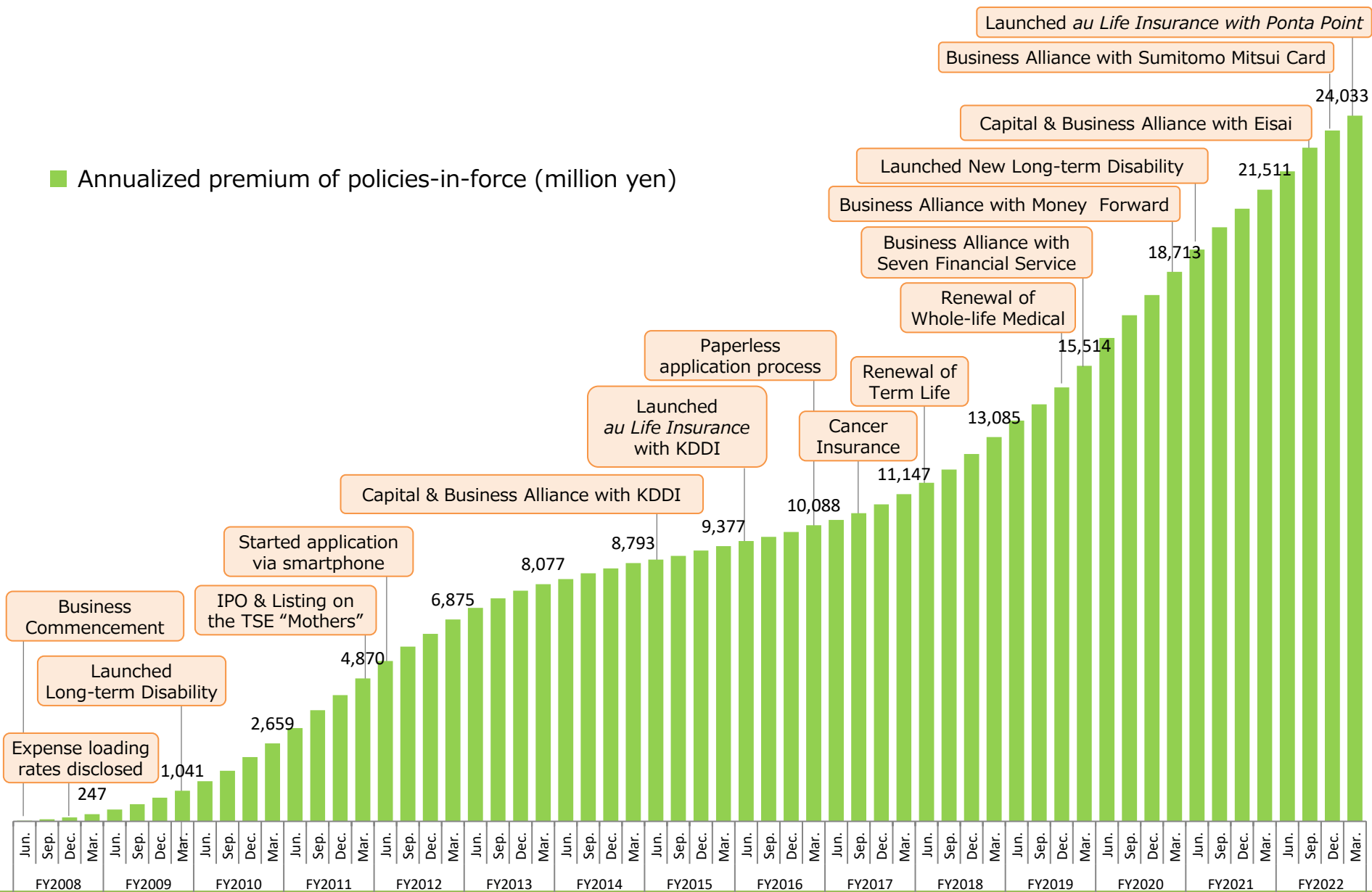
1. Lifenet Insurance new customer data (FY2022, N = 98,532) compiled by Lifenet customer survey.
2. Annual statistics on customer age and gender (FY2022) compiled by The Life Insurance Association of Japan. Based on number of new policies.
3. FY2022 valid responses of 1,634.

Annualized premium growth & Initiatives



■ Due to various initiatives, in-force business has increased steadily since we first commenced business.

■ Annualized premium of policies-in-force (million yen)



Individual Insurance

- We aim to re-accelerate the growth of the Internet direct channel over the medium and adapt to the changing behavior of customers over time, including the younger generation.
- In the partner business channel, we will actively work with partners to leverage our strength as a leading player of online life insurance.

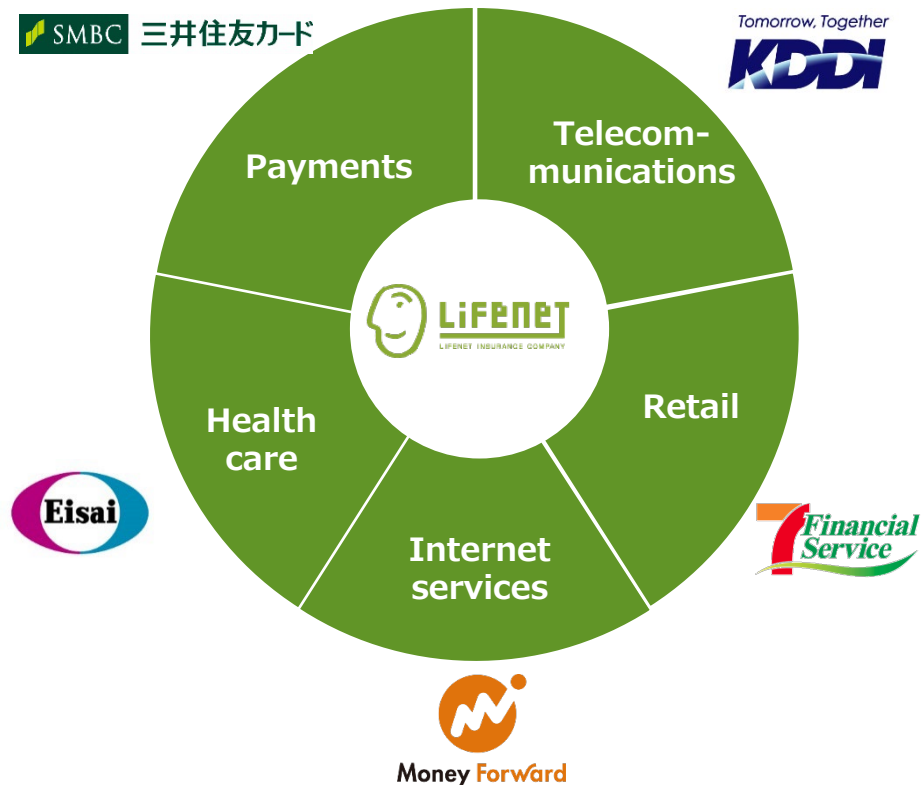
Internet direct channel

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



Partner business channel

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



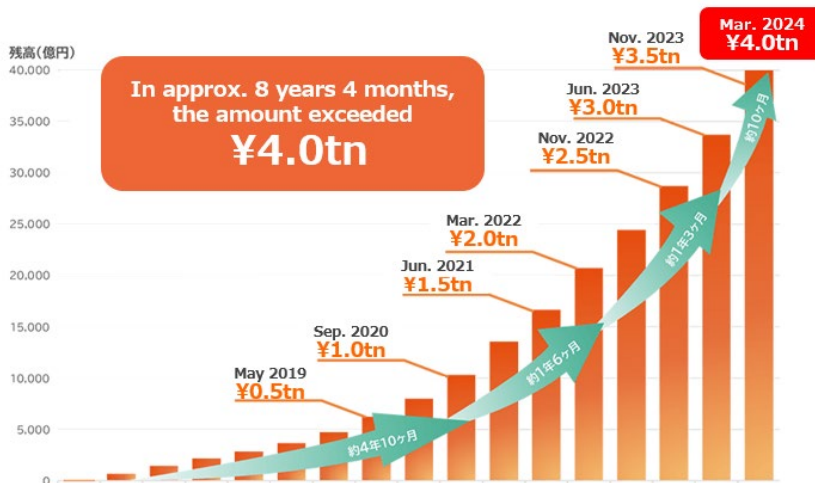
- Lifenet began offering group credit life insurance to mortgage loan customers of au Jibun Bank from July 1, 2023, as the first group credit life insurance business since our business commencement.
- This initiative in the group credit life insurance business is a new challenge and a new step toward further enhancing corporate value through the expansion of our business domain.

Initiative

Start offering group credit life insurance to au Jibun Bank's mortgage borrowers from July , 2023

au じぶん銀行

au Jibun Bank's rapid growth of mortgage loan



From au Jibun Bank's news release in Mar. 2024



Group Credit Life Insurance

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

I . Overview of Online Life Insurance Industry

II . Business Model

III . Management Policy

IV . Appendix

Mission

Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services

Vision

Be the leading company driving the growth of the online life insurance market

Priority areas

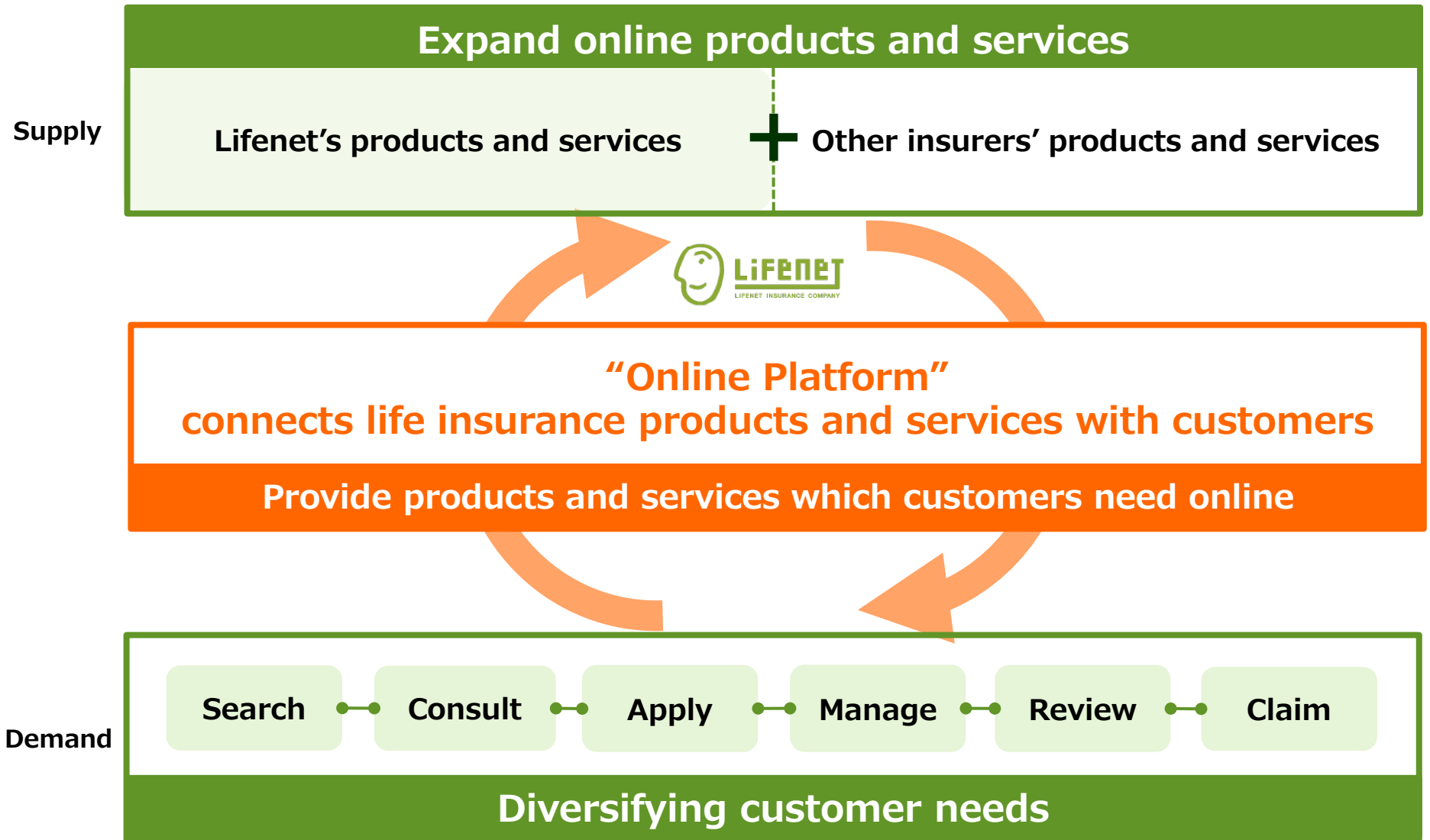
- **Innovation of customer experience**
Enhancing and evolving the quality of all services with digital technology
- **Enhancement of promotion capabilities**
Generating massive customer traffic by active promotion and expansion of agent sales and white label business

Management goal

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

Develop Online Life Insurance Platform

- Consumers' needs for life insurance are diversifying and we believe that solving their concerns and issues online will become a major option in the future. We aim to be a bridge between customers, products and services, with utilizing the strengths of online life.



I . Overview of Online Life Insurance Industry

II . Business Model

III . Management Policy

IV . Appendix

History

- Oct. 2006 Established
- May 2008 Commenced operation
- Mar. 2012 Listed on Tokyo Stock Exchange
- May 2015 Issuance of new shares through third-party allotment to KDDI CORPORATION
- Jul. 2020 Issuance of new shares by way of international offering
- Sep. 2021 Issuance of new shares by way of international offering
- Sep. 2023 Issuance of new shares through public offering and third-party allotment to au Financial Holdings Corporation and Sumitomo Mitsui Card Company, Limited

Key Figures (FYE 2023/3)

- Annualized Premiums¹ of Policies-in-force: JPY 24,033mn
- Number of Policies-in-force: 568,674
- Sum insured: JPY 3,633,704mn
- Premium and Other Income : JPY 29,207mn
- Total Assets: JPY 68,600mn
- Net Assets: JPY 15,574mn
- Embedded Value : JPY 124,666mn
- Number of Employees : 208
 - Sales Representative : 0
- Solvency Margin Ratio : 3,158%

Stock Information

- Tokyo Stock Exchange, Growth
 - Market of the high growth and emerging stocks
- Ticker: 7157
- Total number of authorized shares: 200,000,000
- Total number of issued shares: 80,279,827 (as of Sep. 30, 2023)
- Number of Shareholders: 7,256 (as of Sep. 30, 2023)

Major Shareholders (as of September 30, 2023)

• au Financial Holdings Corporation	18.34%
• GOLDMAN SACHS INTERNATIONAL	16.76%
• GOLDMAN,SACHS & CO.REG	6.73%
• Custody Bank of Japan, Ltd.(Trust Account)	5.24%
• Sumitomo Mitsui Card Company, Limited	5.00%
• BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	4.06%
• Seven Financial Service Co., Ltd.	4.04%
• BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	2.91%
• STATE STREET BANK AND TRUST COMPANY 505103	2.46%
• THE BANK OF NEW YORK 133652	2.21%

1. Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Management Team (as of June 25, 2023)

- Management team is comprised of individuals of various backgrounds across a wide age range from 30s and 60s.

Directors



Ryosuke Mori
Representative Director and President

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



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

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



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



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

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



Junpei Yokozawa
Director
Executive Officer of Information Systems Strategy Division

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



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

Directors (the Audit and Supervisory Committee Member)



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



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



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



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

- The Lifenet Manifesto contains the guiding principles for our company.
- It was formulated by the company founders through repeated discussions on the direction of the company before business commencement.

Comprehensible, Cost-Competitive, Convenient

I. Our Guiding Principles

- (1) Creating the future of the life insurance without losing sight of its original premise: “an ounce of prevention is worth more than a pound of cure.”
- (2) Listening to what our customers are saying. Recognizing their needs and acting accordingly. Allowing our actions to be borne out of their voices and needs.
- (3) Delivering the caliber of products and services that we would feel confident recommending to our own friends and families.
- (4) Being a “straight-shooter”. Committing to transparency. Communicating openly about our management team, our products, and our employees.
- (5) Embracing diversity and dialogue to keep us abreast of changing needs and preferences. Delivering peace of mind that we’ll be around in 100 years.
- (6) Acting in good faith means always taking the high road when it comes to compliance and ethics.

II. Making Life Insurance Accessible Again - Headache-free

- (1) Helping the customers help themselves. By making our materials easy to understand, customers can determine which coverage is truly the best fit.
- (2) Turning “clauses” in the insurance contract into succinct points that your grandmother could grasp.
- (3) Making all touch points headache-free. Beyond the application process, ensuring the claims and billing processes are also easy to understand.

III. Making Life Insurance Accessible Again - Affordable

- (1) Giving the customer what he/she needs. No more, no less at a fair price.
- (2) Staying vigilant as to how we can provide our products more cost-efficiently.
- (3) Always putting ourselves in our customers’ shoes in thinking about how to minimize their premiums.

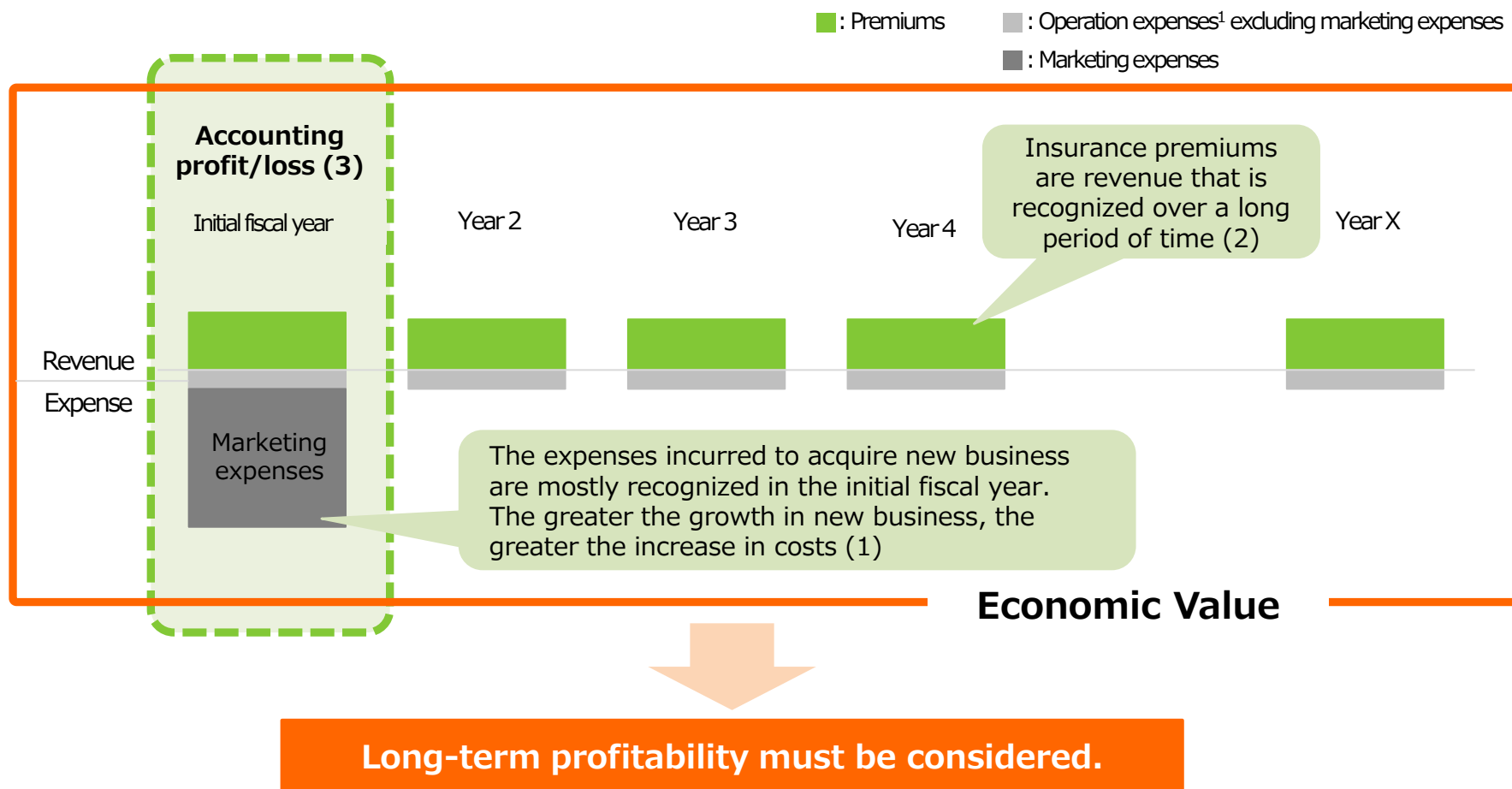
IV. Making Life Insurance Accessible Again - Convenient

- (1) Thinking about our customers’ convenience from every angle and every touch point along the way.
- (2) Forming alliances with like-minded partners who can add value above and beyond our products and services to our customers.
- (3) Providing health and wellness tips beyond the framework of life insurance to create value in our policyholders’ lives.
- (4) Creating a precedent for future generations as to what life insurance is (and should be) all about.

**We wish to be a company that helps our customers embrace life more fully.
In order to live out that vision, we continue to challenge ourselves.**

Reasons for Adopting EV as Key Indicator

- Typically, large expenses are incurred when life insurance policies are acquired (1). However, because the profit is earned over a long period of time, there is a time lag between the recognition of costs and revenue. (2)
- In other words, the greater the growth in new business, the greater the negative impact on current period profits (3), thus necessary to look at embedded value (EV) to evaluate the corporate value of a life insurance company as it is an indicator of long-term profitability.



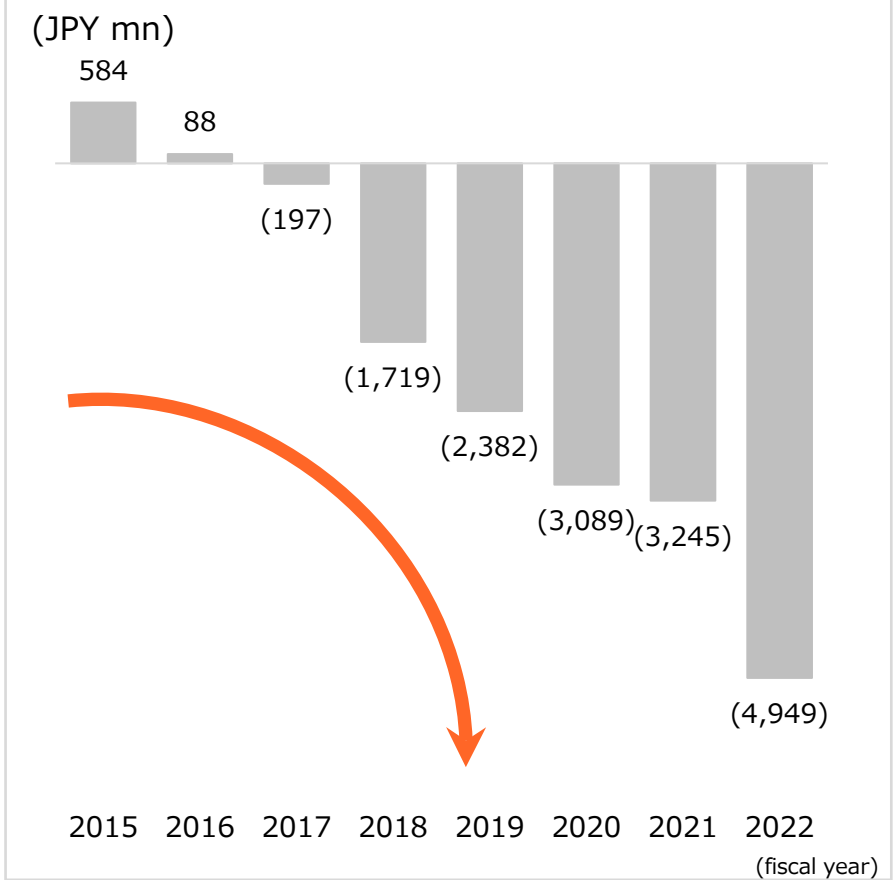
1. Costs for policy management, payment of insurance claims and benefit claims, etc.

Current statutory accounting & New business

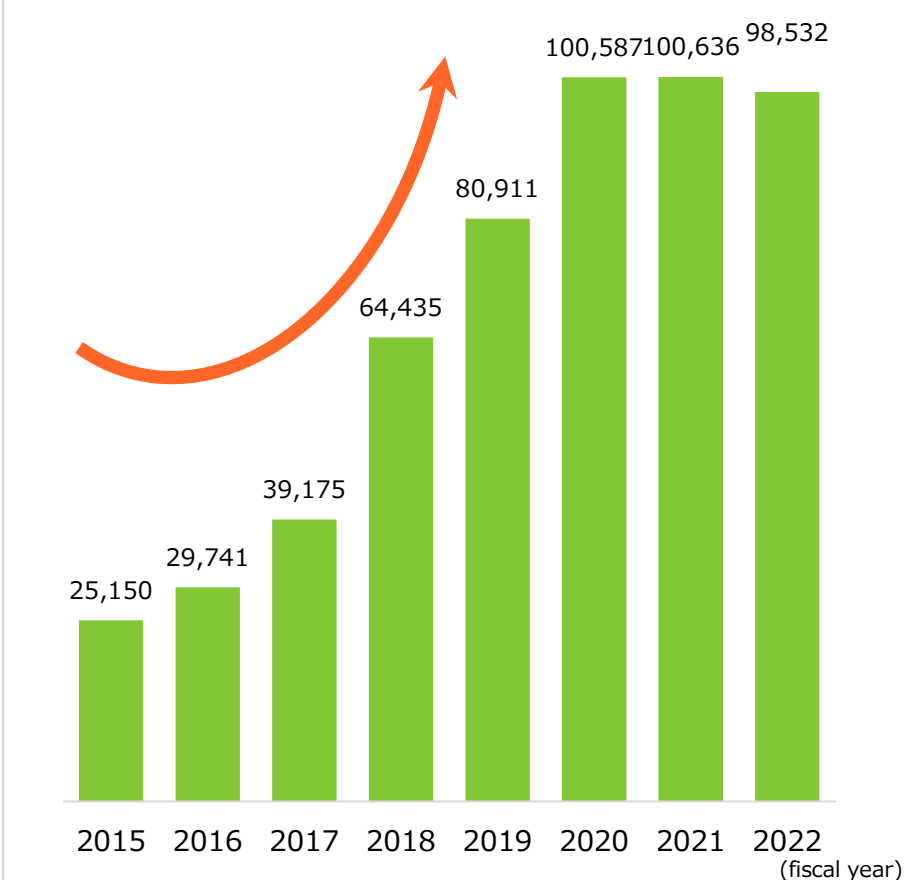


- In fiscal 2015 – our year with the lowest number of new business – Lifenet was profitable under current statutory accounting ordinary profit and loss. On the other hand, since fiscal 2016 our new business has grown steadily and ordinary loss increased.
- There is a time lag between the recognition of costs and revenue, as marketing expenses are recognized at the time of acquisition. Moreover, Lifenet’s total in-force business is relatively small in proportion to its new business, and accordingly, the more new business grows, the more ordinary profit decreases.

Ordinary profit / loss¹



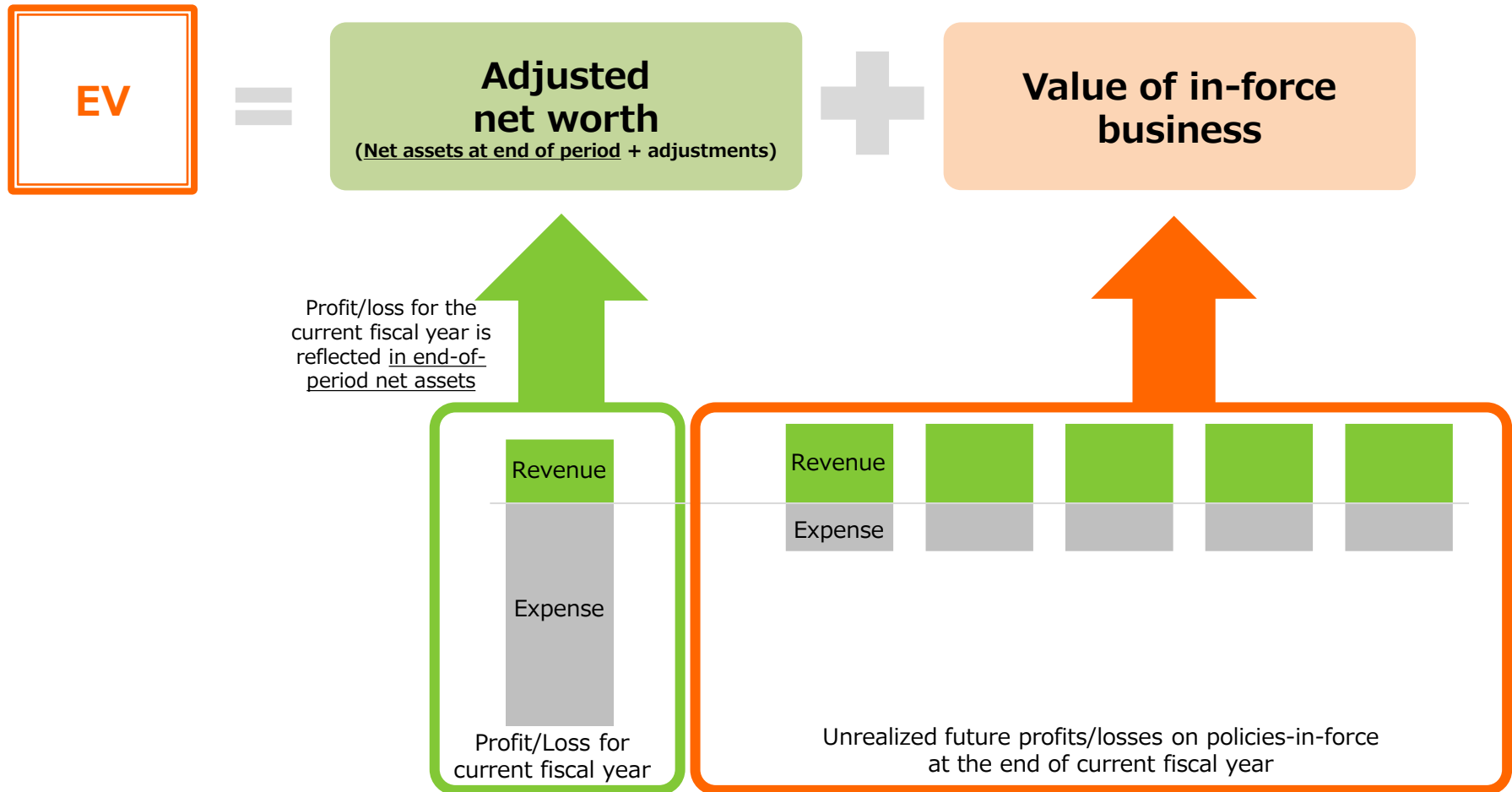
Number of new business



1. The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act from fiscal 2015 to fiscal 2016

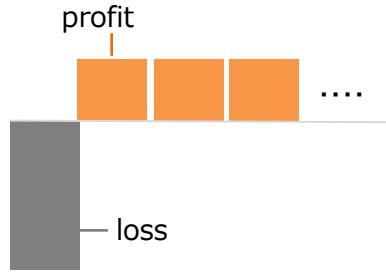


Structure of Embedded Value

- Embedded value is the indicator of long-term profitability, and is the sum of adjusted net worth and value of in-force business.
- The value of in-force business is the future profit stream that will likely be derived from current policies, discounted to present value.
- Profit/loss for the current fiscal year is reflected in end-of-period net assets. In general, an increase in new business contributes to the increase in the value of in-force business in the period.



Purpose of IFRS Adoption¹

- Lifenet adopts IFRS 17 in its financial reporting from FY2023.
- The voluntary adoption of IFRS can better reflect our actual periodic profit/loss and profitability, for example, by allowing a part of cost acquired new business to be deferred over the period of the contract. We believe that it will contribute to disclose more useful information to shareholders and investors.

	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> 

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



This material is based on information at the time of preparation. All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties.

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

Subscribe to our "IR email service" to receive news releases and website updates via email.

 E-mail Notices

Contact:
Investor Relations, Corporate Planning Department
e-mail: ir@lifenet-seimei.co.jp