

Presentation Material for Business Plan and Growth Potential

July 2023
LIFENET INSURANCE COMPANY

I. Company Overview and Business Model

II. Japanese Life Insurance Industry Trends

III. FY2022 Results

IV. Growth Strategy

V. Risk Information

- 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

- 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

- The Lifenet Manifesto is our guiding principles for our company since 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.**

History

- Oct. 2006 Established
- May 2008 Commenced operation
- Mar. 2012 Listed on Tokyo Stock Exchange, Mothers
- 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
- Apr. 2022 Transited to Tokyo Stock Exchange, Growth

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%

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.

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: 69,736,419 (as of Mar. 31, 2023)
- Number of Shareholders: 5,569 (as of Mar. 31, 2023)

Major Shareholders (as of March 31, 2023)

- | | |
|--|--------|
| • au Financial Holdings Corporation | 18.35% |
| • GOLDMAN SACHS INTERNATIONAL | 13.95% |
| • Custody Bank of Japan, Ltd.(Trust Account) | 5.16% |
| • Seven Financial Service Co., Ltd. | 4.66% |
| • GOLDMAN,SACHS & CO.REG | 3.52% |
| • BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 3.47% |
| • STATE STREET BANK AND TRUST COMPANY 505103 | 2.97% |
| • STATE STREET BANK AND TRUST COMPANY 510312 | 2.47% |
| • THE BANK OF NEW YORK 133652 | 2.31% |
| • Tachibana Securities Co., Ltd. | 2.28% |

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 (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

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 *Lifenet Journal Online*
- 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 (Net premium + Expense loading)	2,704yen (100%)

(As of June 30, 2023)

Lifenet JOURNAL Online including employee's blog



The screenshot shows the Lifenet JOURNAL Online website interface. At the top, there is a search bar and navigation tabs for '人生', '仕事', 'お金', '健康', '保険', 'がん&就労', '妊娠・子育て', 'いろいろ', and '社員ブログ'. Below the navigation, there is a section titled '「社員ブログ」に関する記事一覧' (List of articles related to 'Employee Blog') with a sub-header 'ライフネット生命社員の日常や仕事の様子を発信するブログ記事' (Blog posts from Lifenet Seimei employees sharing their daily lives and work). There are two featured blog post thumbnails: one about '成年年齢引き下げで変わること・変わらないこと' (Changes and what stays the same with the lowering of the age of majority) and another about 'ふれあいフェアへの参加を通じて【社員ブログ】' (Through participation in the Fureai Fair). On the right side, there are social media icons for LINE, Twitter, and Facebook, and a section for 'よく読まれる記事' (Popular articles).

<https://media.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

1. Our products have no maturity insurance, no dividends and no cash surrender value on our products.
2. As of June 2023, we offer *au Life Insurance with Ponta Point* through KDDI CORPORATION, *Seven Financial Service Life Insurance* through Seven Financial Service Co., Ltd. and *Money Forward Life Insurance* through Money Forward, Inc.
3. Lifenet Research as of the end of April 2021

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

お客様の生年月日・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 変更する

契約年齢: 30歳 性別: 男性

選択中

定期死亡保険 商品特長・メリット
かぞへへの保険

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 50万円

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 商品特長・メリット
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

選択中

就業不能保険 商品特長・メリット
働く人への保険

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

<input checked="" type="checkbox"/>	定期死亡保険	659 円
<input checked="" type="checkbox"/>	終身医療保険	1,578 円
<input checked="" type="checkbox"/>	がん保険	1,209 円
<input checked="" type="checkbox"/>	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

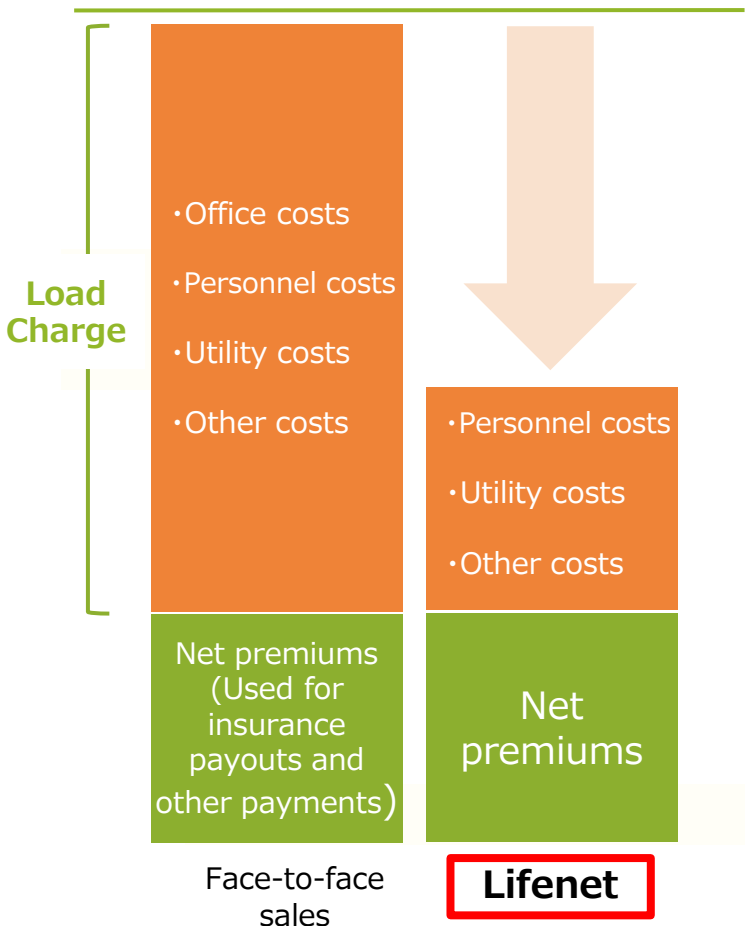
Total monthly premium

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

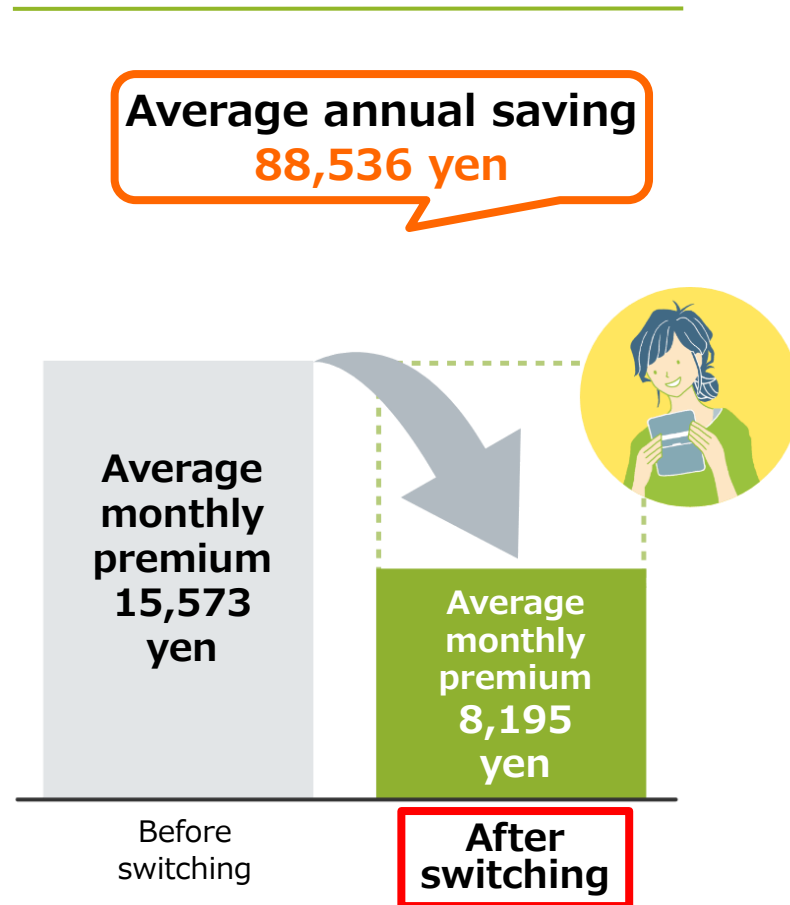
Competitively Priced Products

- We do not have sales representatives or branches for selling insurance. We use the Internet to sell our products. This enables us to provide products with inexpensive insurance premiums.

Structure of premium (Life insurance)



Savings of insurance premium¹ after switching to Lifenet



1. 2021 survey results of the "Customer-oriented business management policy" by Lifenet (N=326). 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

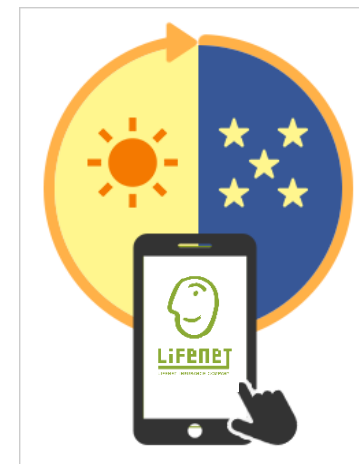
- Enable to log-in to My Page, using fingerprint and face recognition technology



(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, 7days a week



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

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

Awarded in FY2022



J.D. Power 2023 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment> ¹

1st

for 3rd consecutive year

**Lifenet's Insurance Products
Ranked 1st²**



定期保険



**Lifenet's Contact Center and Website
Awarded 3 Stars for the 10th Time,
the Industry Record³**



1. The 2023 study is based upon the responses of 1,280 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months. <https://japan.jdpower.com/awards>
2. The most popular insurance products in the category from January through December 2022, receiving the highest number of applications of Kakaku.com Insurance, the sales agent company of insurance products. The Most Chosen Insurance Ranking 2023 of HOKEN ICHIBA is based on compiled date from the number of application from January through December 2022.
3. The 2022 HDI Benchmarking (Life Insurance Industry) in two categories: "Phone Support (Contact Center)" and "Web Support (Website)"

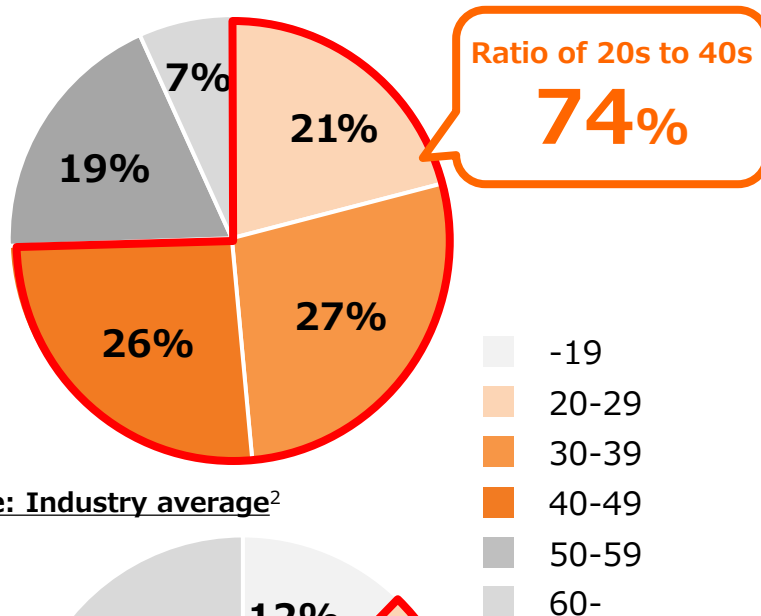
Unique Customer Base

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

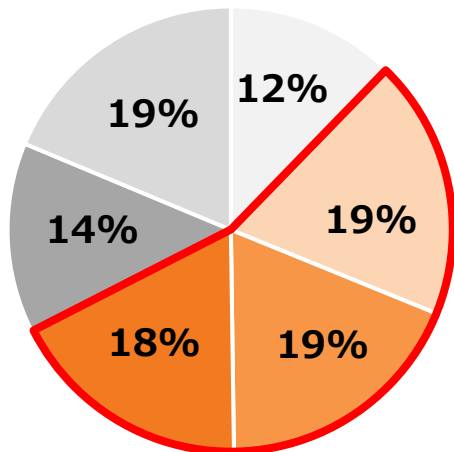
Number of new policies by age group

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

Lifenet¹

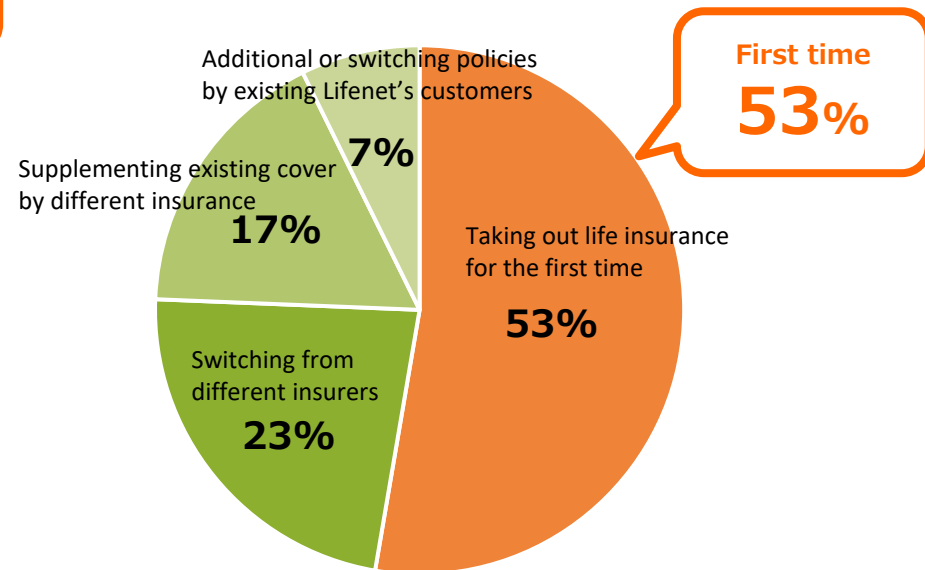


Reference: Industry average²



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%.



1. Lifenet Insurance new customer data (FY2022, N = 98,532) compiled by Lifenet customer survey.
2. Annual statistics on customer age and gender (FY2021) compiled by The Life Insurance Association of Japan. Based on number of new policies.
3. FY2022 valid responses of 1,634.

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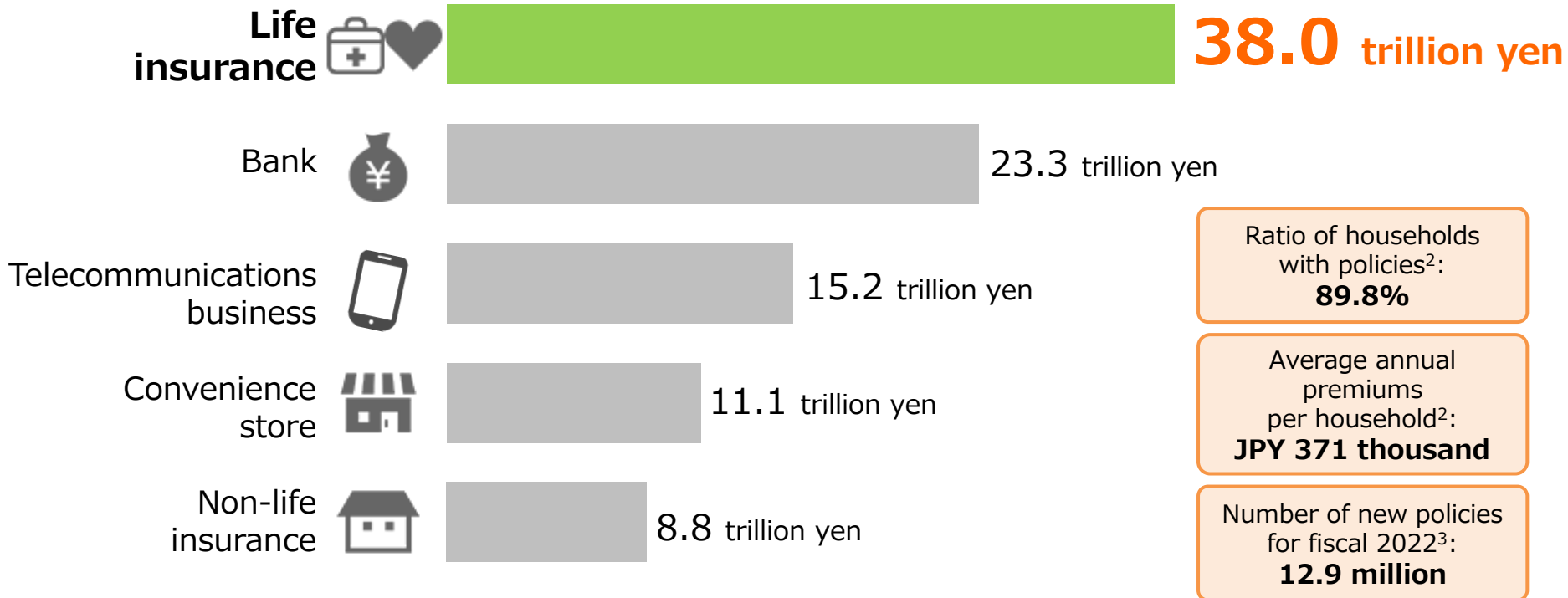
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Life Insurance Market in Japan

- 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

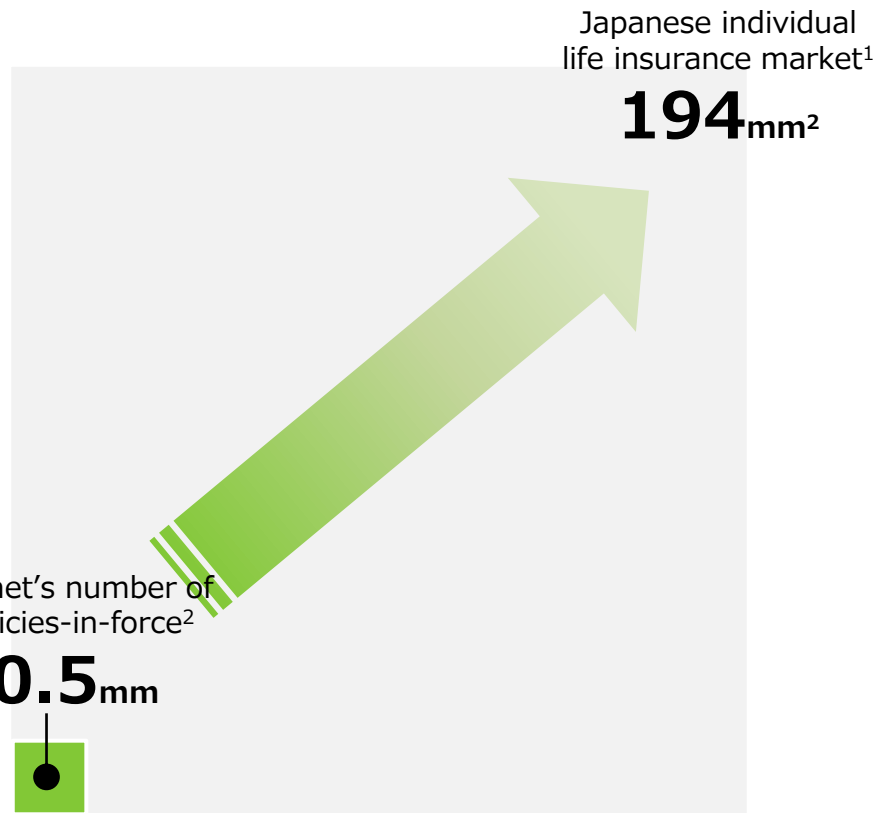


1. life insurance: Insurance premiums and other, bank: Ordinary income, telecommunication business and convenience store: operating revenue, non-life insurance: Net premiums written. Annual statistics (FY2022) compiled by The Life Insurance Association of Japan, Financial Statements Statistics of Corporation 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 (2021) by Japan Institute of Life Insurance.
3. Annual statistics by The Life Insurance Association of Japan (2022)

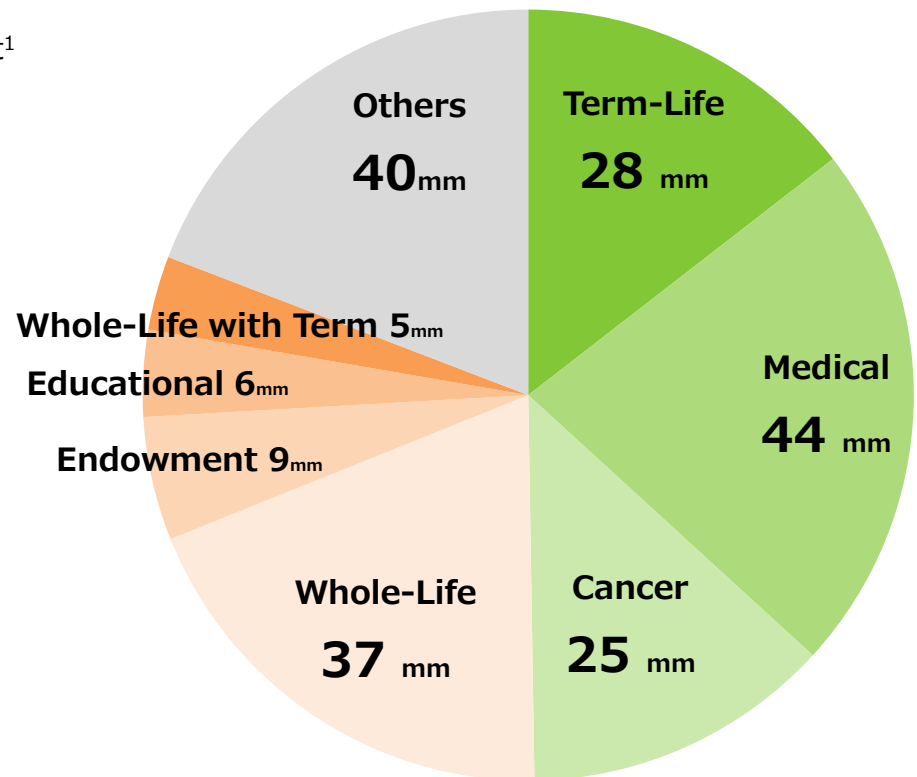
Individual Insurance Market

- Japan’s life insurance industry has 194 million policies-in-force in the individual insurance.
- Term-Life, Whole-Life, Medical and Cancer Insurance account for a large part of the life insurance market.

The Industry and Lifenet’s Number of Policies-in-force



Number of Policies-in-force by Coverage Type in the Life Insurance Market

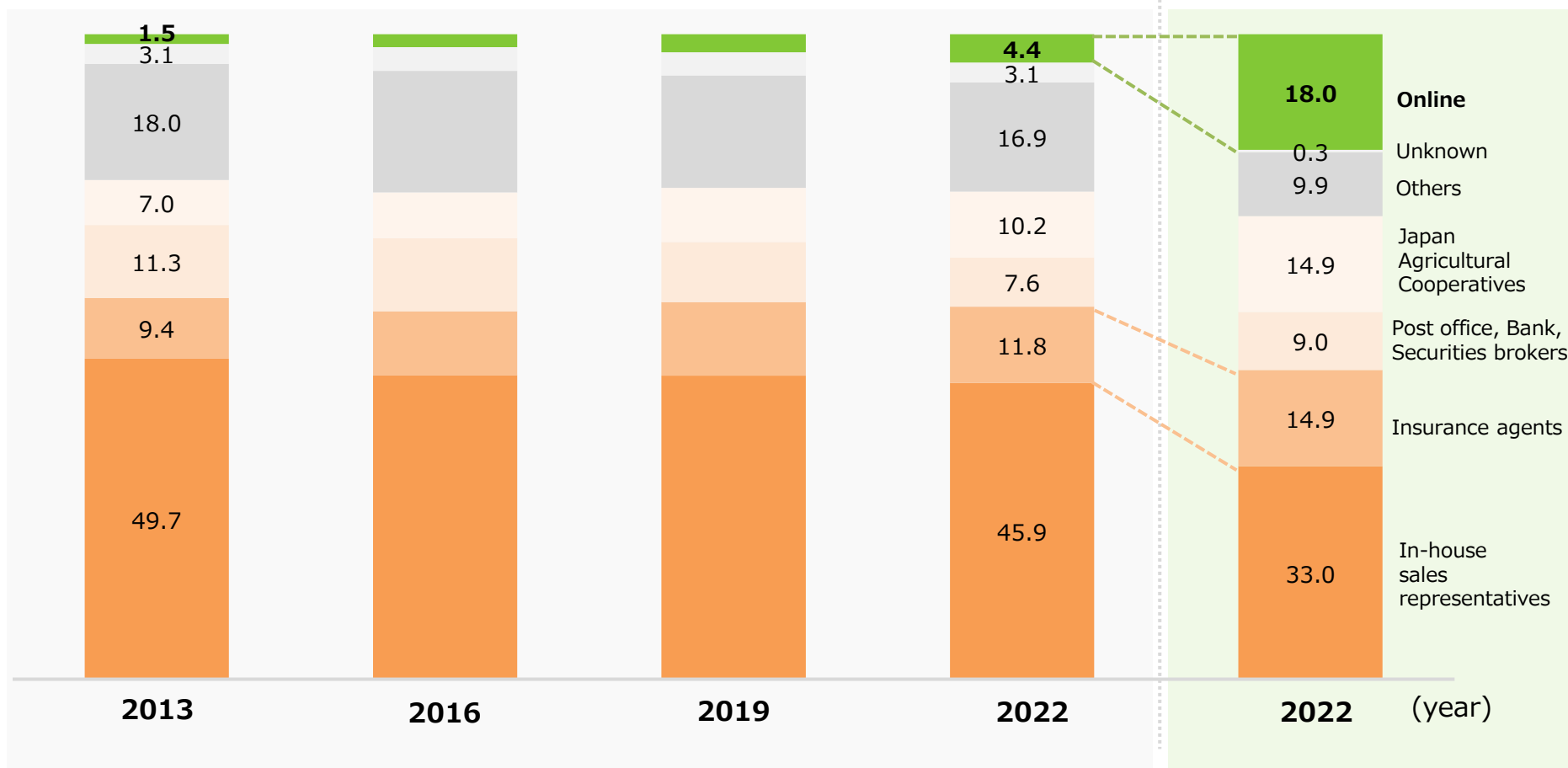


1. Annual statistics by The Life Insurance Association of Japan (2022)
 2. “May 2023: MONTHLY DISCLOSURE” by Lifenet

Trend of Customer's Purchasing Channel and Intention

- Sales representative accounts for a large proportion of life insurance's purchasing channel.
- On the other hand, the figure shows that preferred purchasing channels are diversifying while online channel and insurance agent channel are increasing.

Trends of Purchasing Channels¹

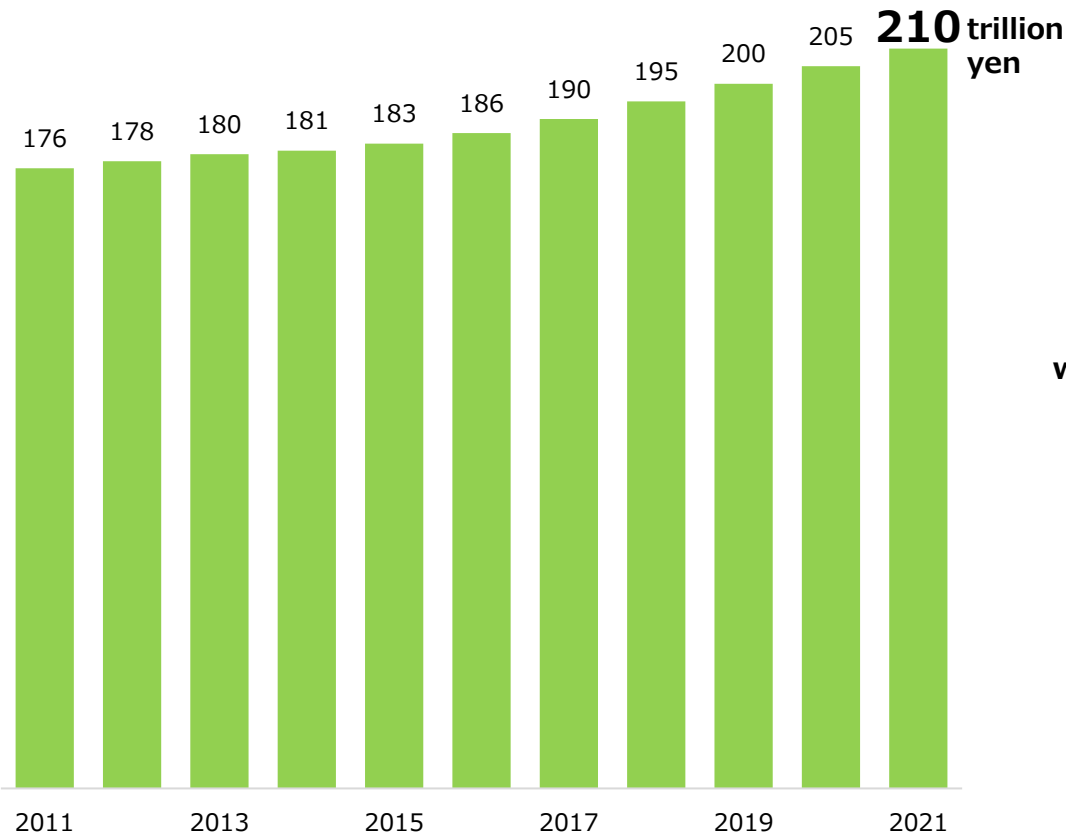


1. Survey on Life Protection by the Japan Institute of Life Insurance

Group Credit Life Insurance Market

- The outstanding balance of mortgage loans in Japan has been increasing and amounted to JPY 210 trillion at the end of FY2021.
- In the market for group credit life insurance (GCL)¹ which Lifenet will newly enter from FY2023, the four major life insurers have a 60% share of the market and foreign life insurers have 20% share.

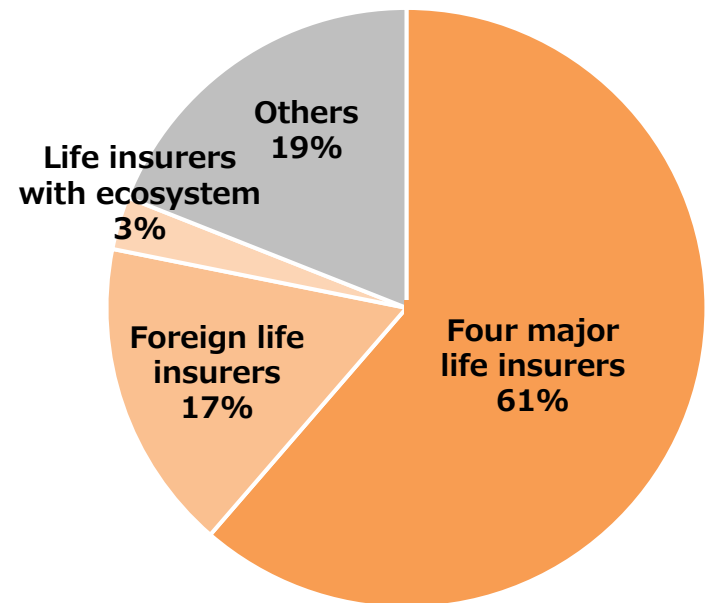
Trends of Mortgage Loans Outstanding²



Share of Group Credit Life Insurance³

Sum insured of policies-in-force of GCL as the end of FY2021

210 trillion yen



1. About the group credit life insurance policy, the creditor of the mortgage loan including bank is a policyholder and an insurance beneficiary, and the borrower receiving the mortgage loan from the bank is an insured person.
2. Government Housing Loan Corporation, 'Results of Survey on New Mortgage Loans and Outstanding Loans by Type of Business'.
3. Lifenet Research

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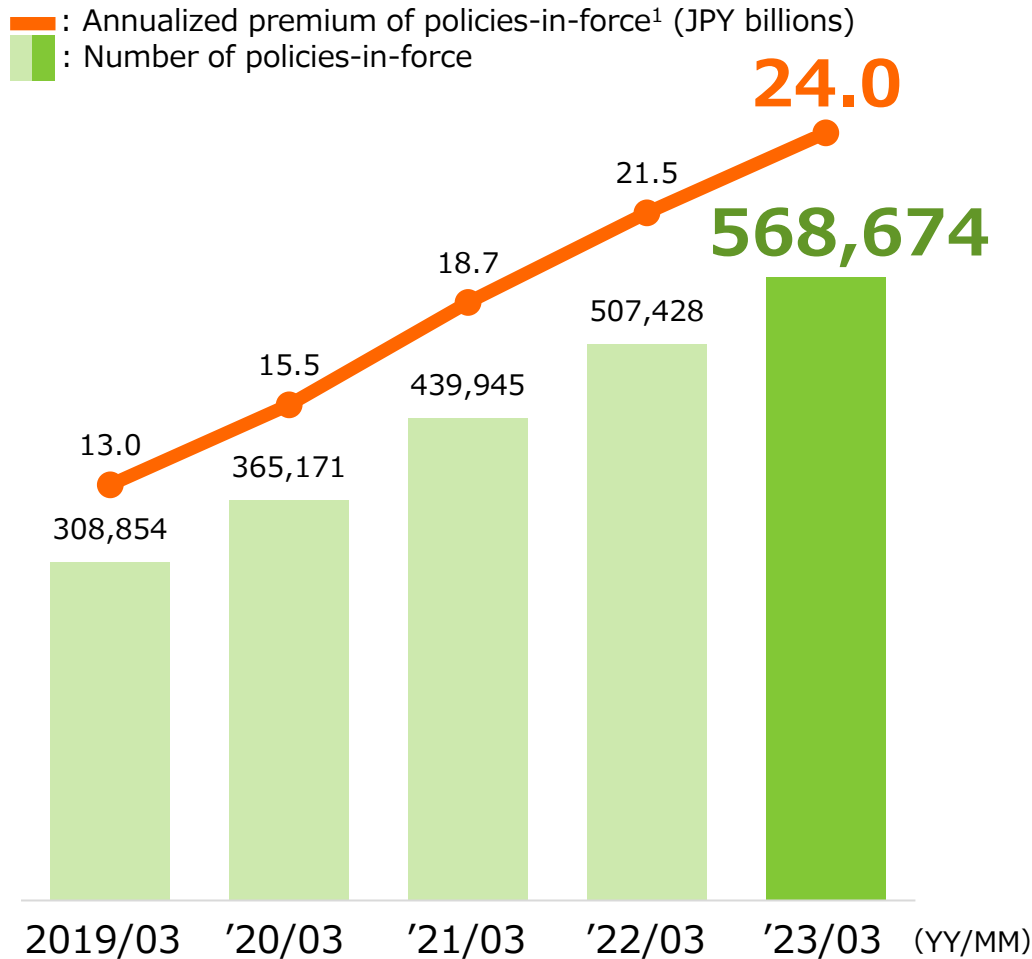
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In-Force Business Growth

- Annualized premiums and number of policies-in-force corresponding to the annual recurring revenue amounted to JPY 24 billion and 568,674 respectively at the end of March 2023.
- Both annualized premium and the number of policies-in-force are record highs, representing over double-digit growth from the end of the previous fiscal year.

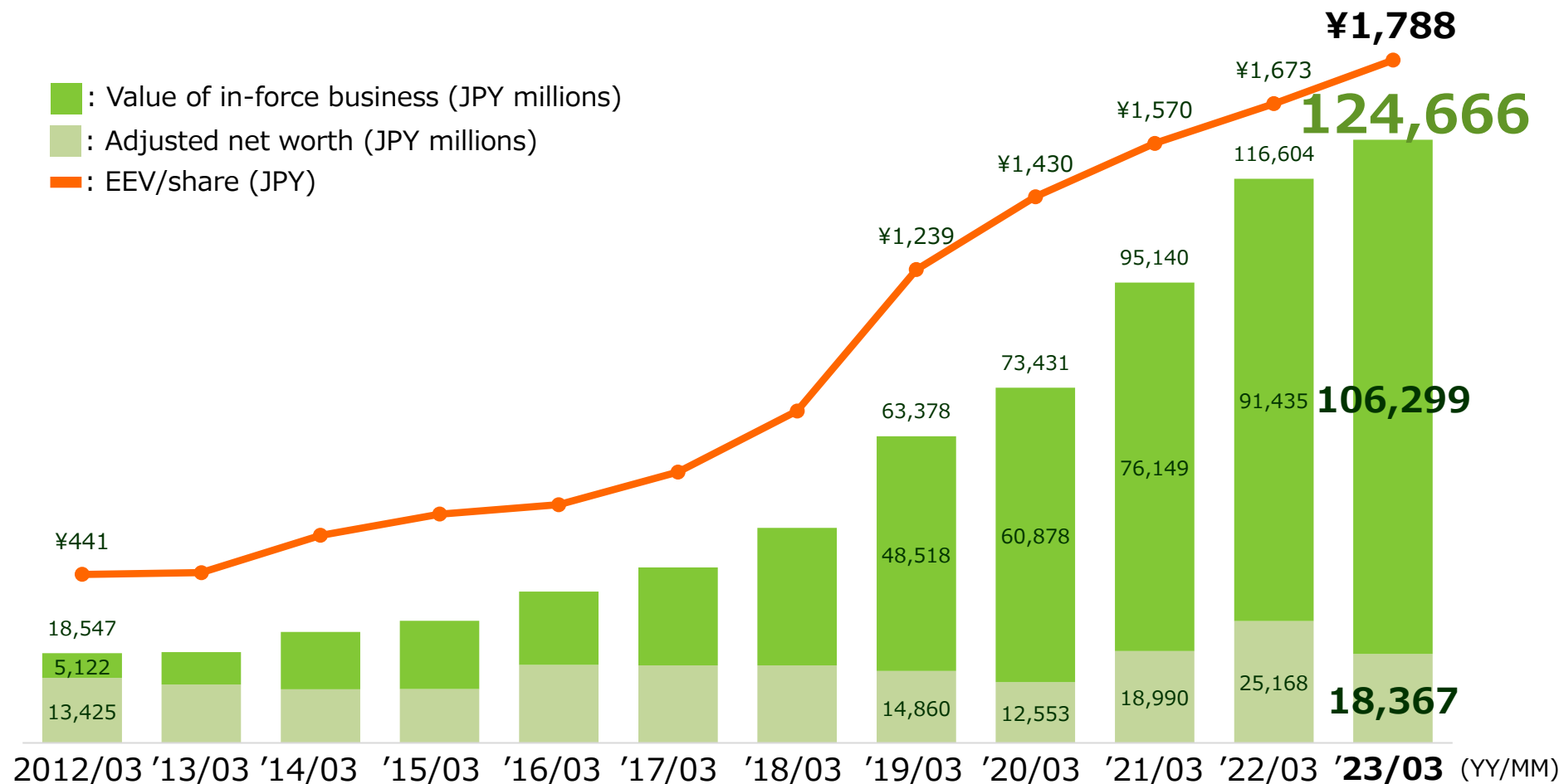


- Achieved continuous double digit growth
- Year-on-year annualized premium **111.7%**, number of policies-in-force **112.1%**

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.

Strong EEV¹ Growth

- EEV and value of in-force business have been growing at a CAGR of 19%² and 32%, respectively since IPO.
- EEV per share has also steadily increased.



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 JPY 3,040 million in proceeds from a third-party allotment in May 2015 and JPY 9,005 million from overseas public offering in July 2020 and JPY 9,771 million from overseas public offering in September 2021.

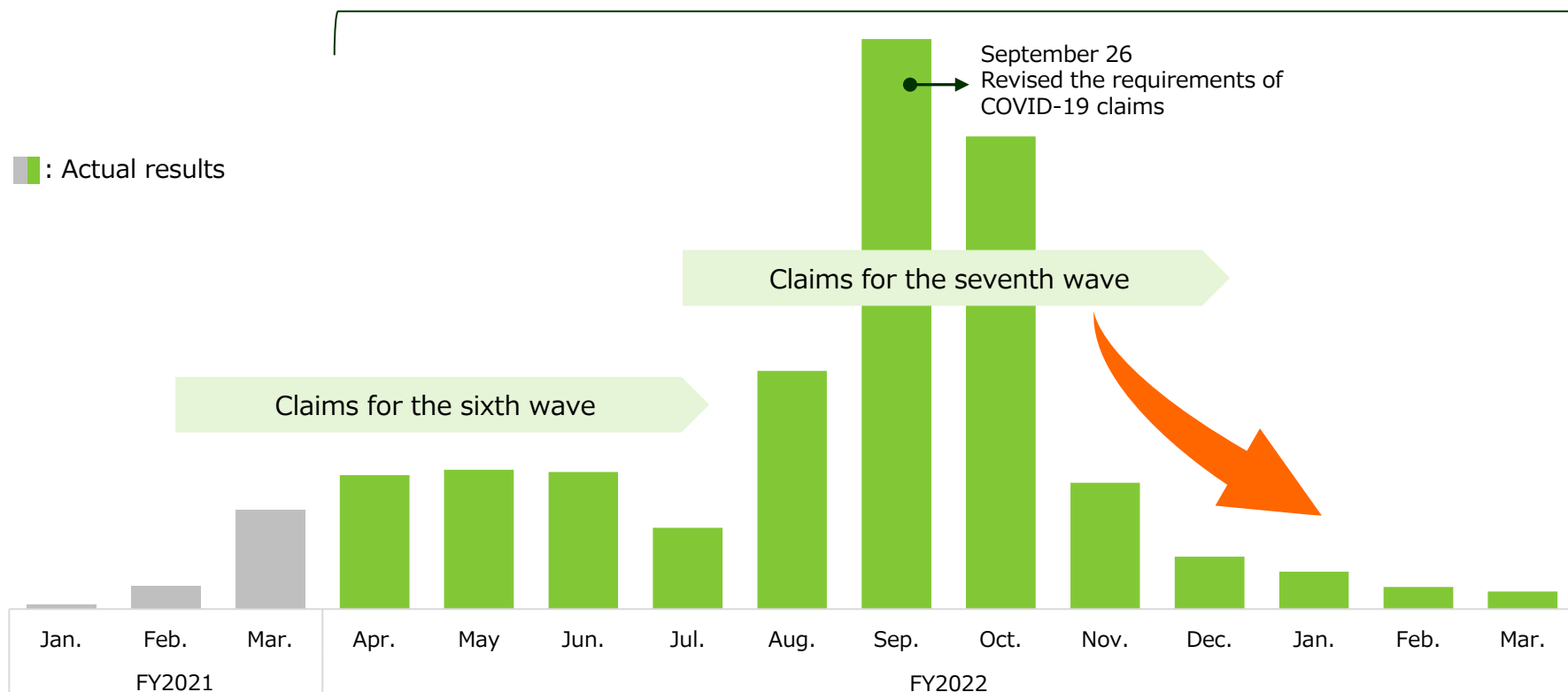
COVID-19 Claims Condition

- Due to the spread of COVID-19 infections, payment of insurance claims and benefits related to COVID-19 increased and it was JPY 1.37 billion for FY2022.

The amount of COVID-19 claims

Total actual results from April 2022 to March 2023

approx. **JPY 1.37 billion**



FY2022 Business Forecasts and Results

- Annualized premium¹ of policies-in-force increased by 11.7% from the end of FY2021 to JPY 24.0 billion, continuing double-digit growth.
- Ordinary income and net income were lower than the business forecasts given at the beginning of FY2022, mainly due to COVID-19 related payments for FY2022 totalling JPY 1.37 billion.

(JPY millions)

	FY2022 Forecasts (As of May 2022)	FY2022 Forecasts (As of Nov. 2022)	FY2022 Results			
Annualized premium of policies-in-force	24,400	24,300	24,033			
Annualized premium of new business	4,400	4,200	3,919			
		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance
Ordinary income	30,300	6,300	30,000	5,900	30,268	5,671
Ordinary profit (loss)	(3,400)	1,000	(5,000)	800	(4,949)	608
Net income (loss)	(3,400)	1,000	(5,000)	800	(5,164)	608

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.

- The main initiatives and summary of performance for FY2022 are as follows.

Business Growth

- Achieved continuous double-digit growth of in-force business while affected by COVID-19 situation
- Increased EEV steadily despite of the negative impacts by deterioration in efficiency, COVID-19 claims, rising interest rate and inflation

Initiatives for the future

- Prepared various initiatives with partners to achieve sustainable growth over the mid- to long-term



- Established a subsidiary in FY2021 with the goal of becoming an online life insurance platform. The number of products covered by the insurance comparison website “betterChoice” has been expanded to approximately 60.

Financial Reporting

- Resolved the voluntary adoption of IFRS from FY2023

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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

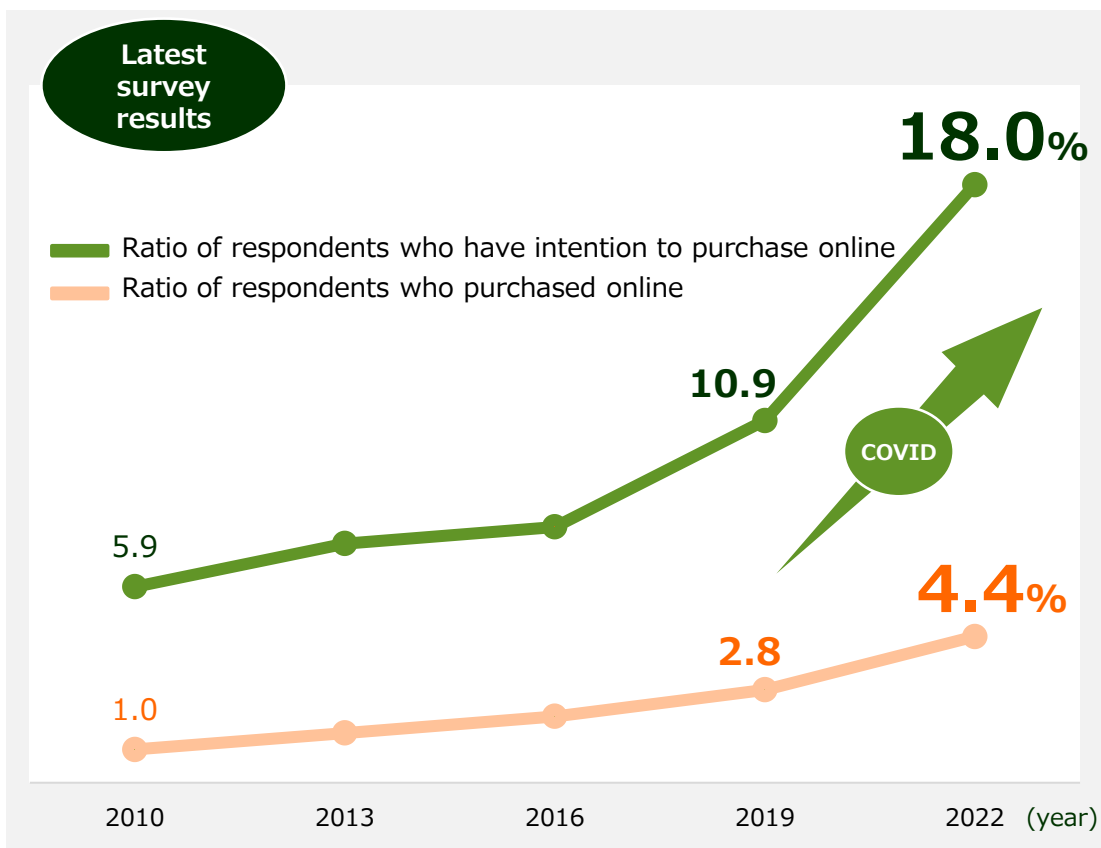
Management goal

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

Growth Potential of Online Life Insurance Market

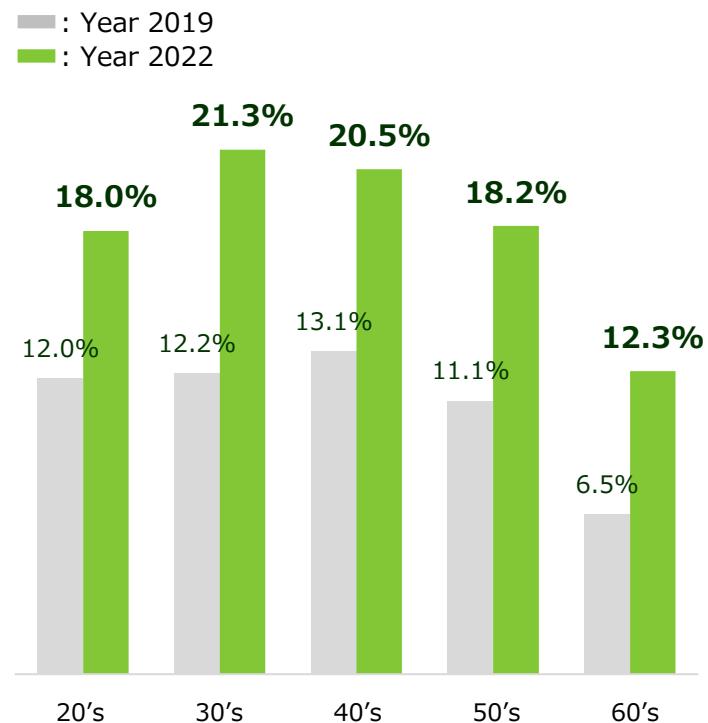
- The growth potential of the online life insurance business is steadily expanding with the structural megatrend of digitization of financial services, and the percentage of those intend to purchase online has accelerated over the last 3 years.
- We also see the growing intention of people of all age groups to purchase life insurance online as a strong tailwind for the expansion of the online life insurance market.

Further increasing intentions to purchase policy online with COVID-19 as opportunity¹



Penetrating wide range of generations¹

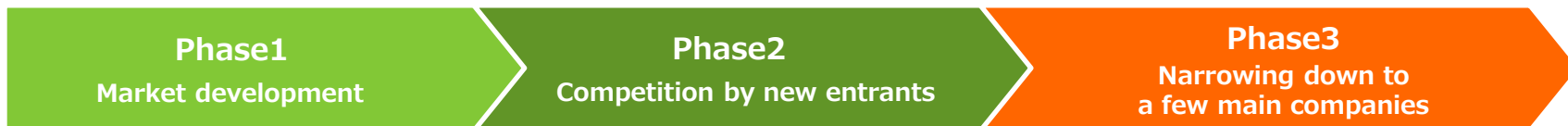
Change in intention to purchase online by age group over the last 3 years



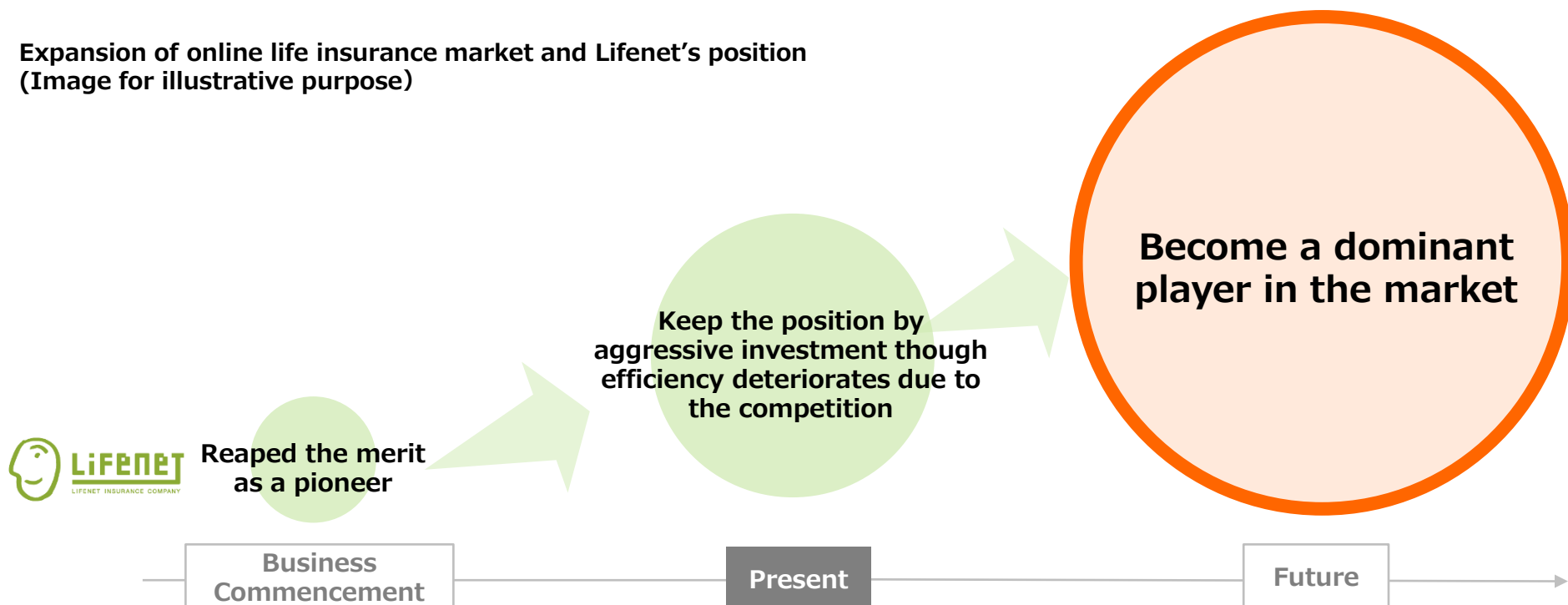
1. Source: Survey on Life Protection by the Japan Institute of Life Insurance

Competitive Landscape

- There are three major stages in the process of the birth and expansion of a new market: (1) a period when a small number of players develop the market, (2) a period when the market expands as more players compete with each other, and (3) a period when a small number of winning players enjoy the fruits of the expanded market.
- We believe that the current state of the online life insurance market is Phase2. Therefore, we will continue to invest in growth to maintain and strengthen the competitive advantage we have built up to date and to further solidify our position as the number one online life insurance company.

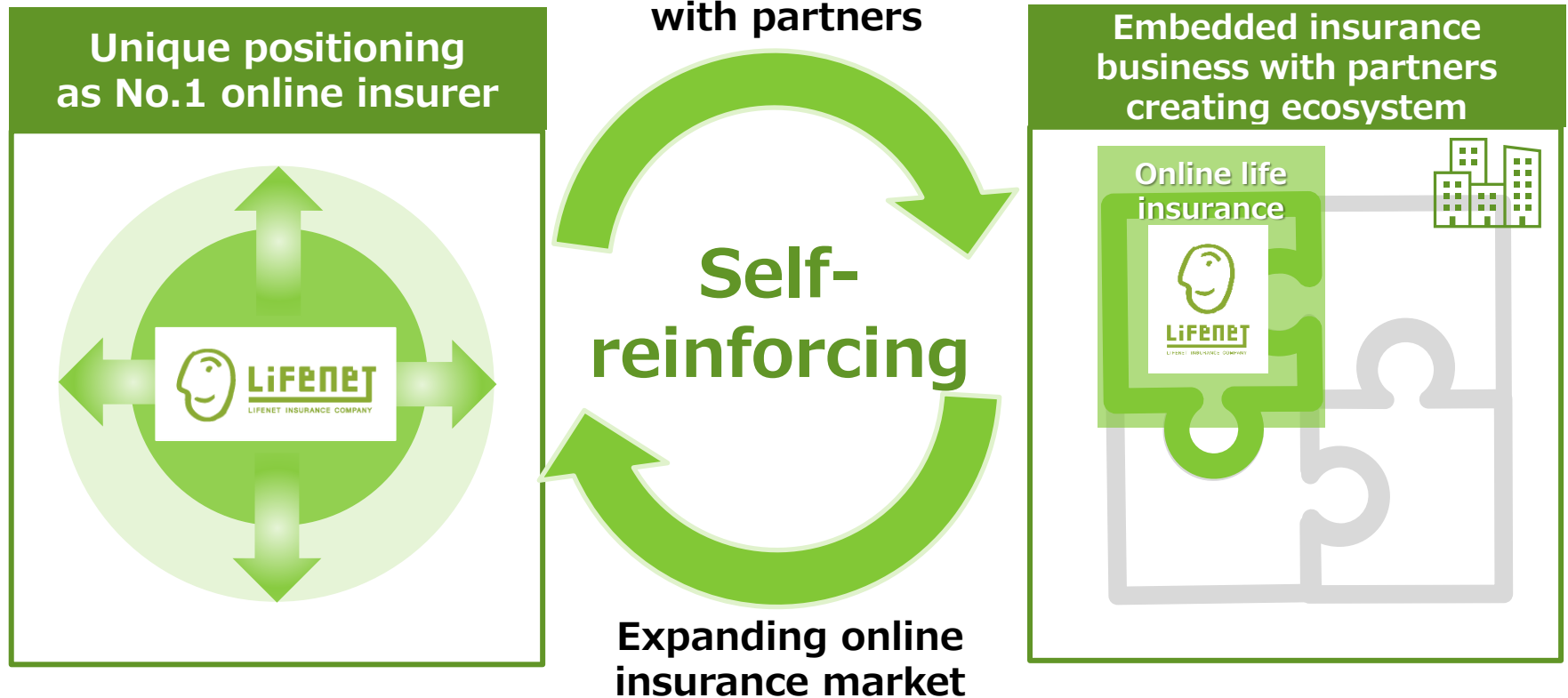


Expansion of online life insurance market and Lifenet's position
(Image for illustrative purpose)



Growth Loop Leveraging No.1 Position

- Lifenet's brand, superior UI/UX, and unique position as a leading online life insurance company have led to attractions from powerful partners and others seeking to build a financial economic zone with embedded insurance business.
- We believe that our uniqueness lies in its growth loop, in which the expansion of this partner business will further accelerate the growth of the online life insurance market, which in turn will accelerate the scale of our business.

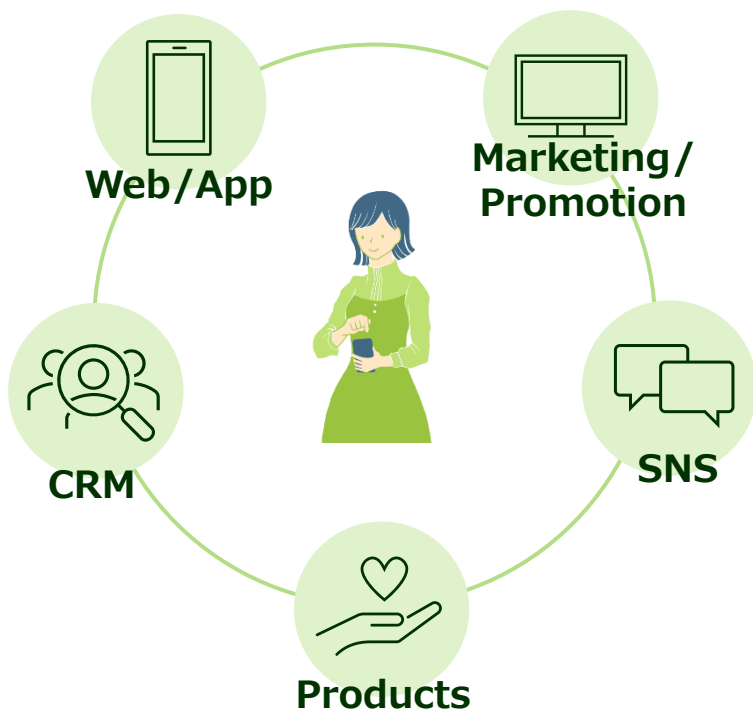


Individual Insurance

- We aim to re-accelerate the growth of the Internet direct channel in the mid-term 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.

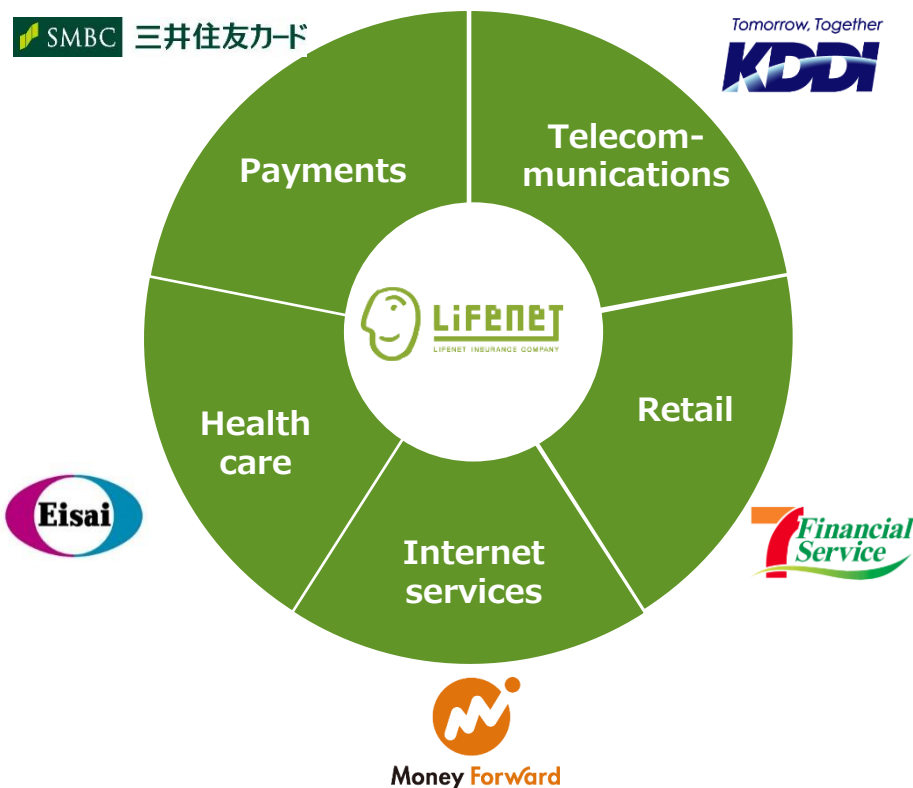
Internet direct channel

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



Partner business channel

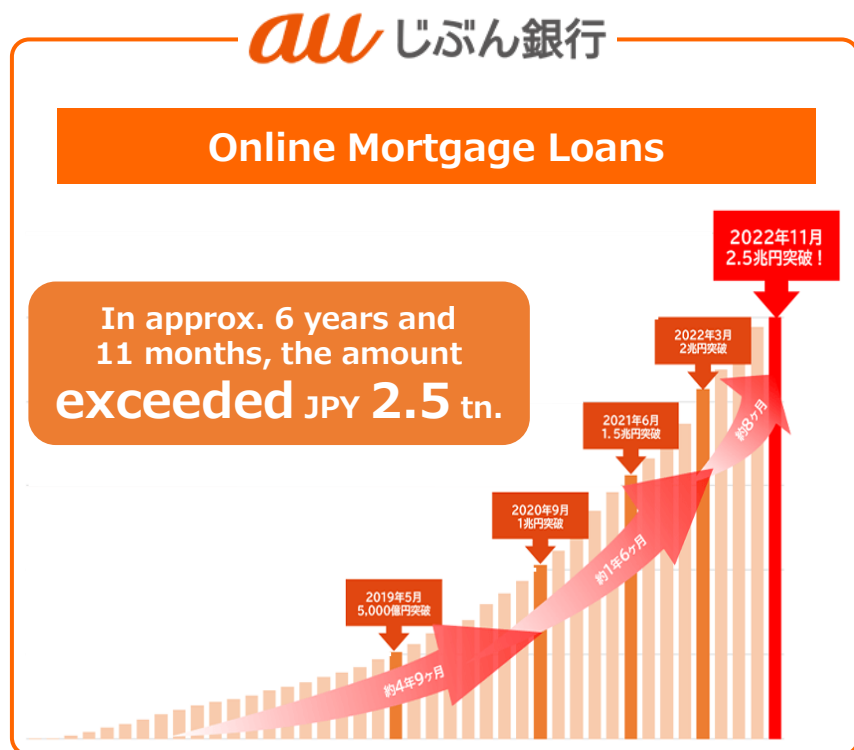
Further grow in the mid-term with **broad customer base and strong brand** of partners



- 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 1st, 2023



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

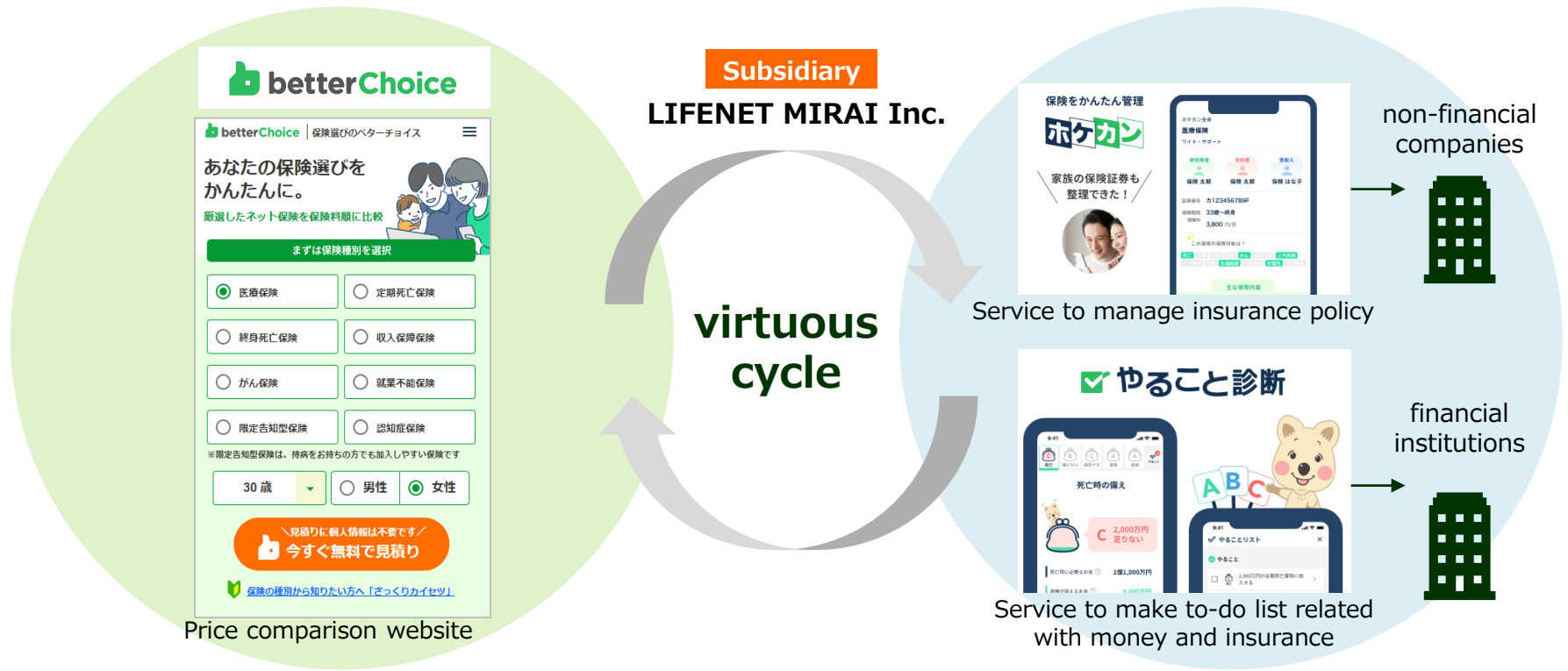
- With the aim of becoming an online life insurance platform, Lifenet established a subsidiary, LIFENET MIRAI Inc., in FY2021.
- LIFENET MIRAI aims to expand the scale of its business as an online insurance agency by working to improve the UI/UX of the online insurance comparison website.
- Furthermore, starting in FY2023, LIFENET MIRAI aims to offer new systems and digital tools necessary for online insurance business to corporate clients.

to Consumer (individuals)

Further development of UI/UX as online platform

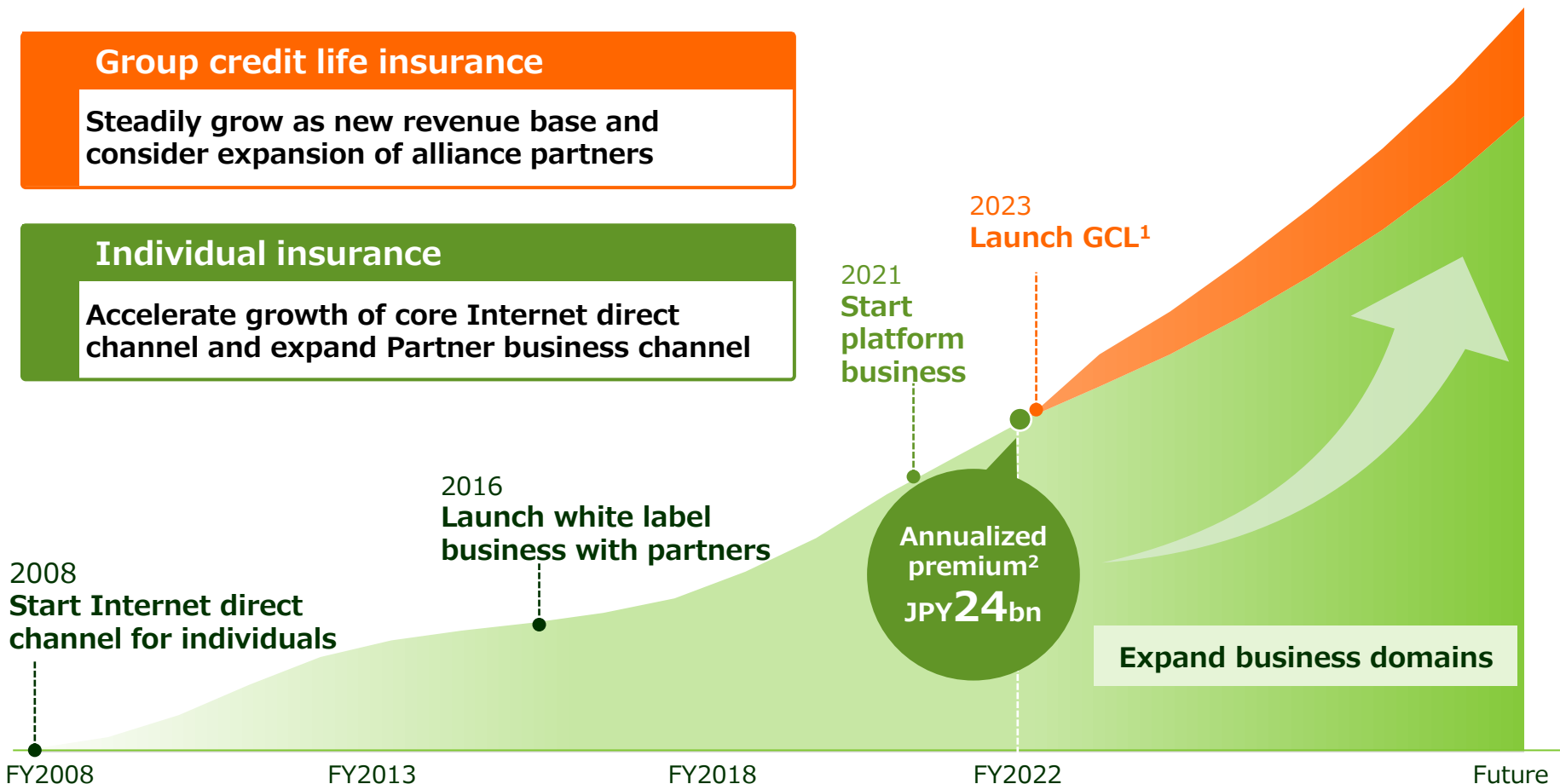
to Business (corporate)

Provision of system and digital tools for operating online insurance business



Mid-term Growth Path

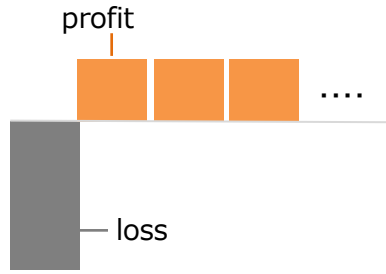


- In the individual insurance business, we intend to take our Internet direct channel to another level to reaccelerate growth in the medium term. We also intend to further improve the contribution to our business performance by expanding our partner business channels.
- In addition, we will steadily grow the group credit life insurance business as our new revenue base.



1. Group credit life insurance
2. Annualized premium of policies-in-force

Purpose of IFRS Adoption¹

- We adopt IFRS 17 in our 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

- With the change in financial reporting to IFRS, we will use “European Embedded Value” “Annualized premium of policies-in-force” “Insurance service results” as key indicators in our discussions with shareholders and investors.

Corporate Value

**European Embedded Value
(EEV)**

Growth

**Annualized premium of
policies-in-force¹**

Profitability

**Insurance service results
(IFRS)**

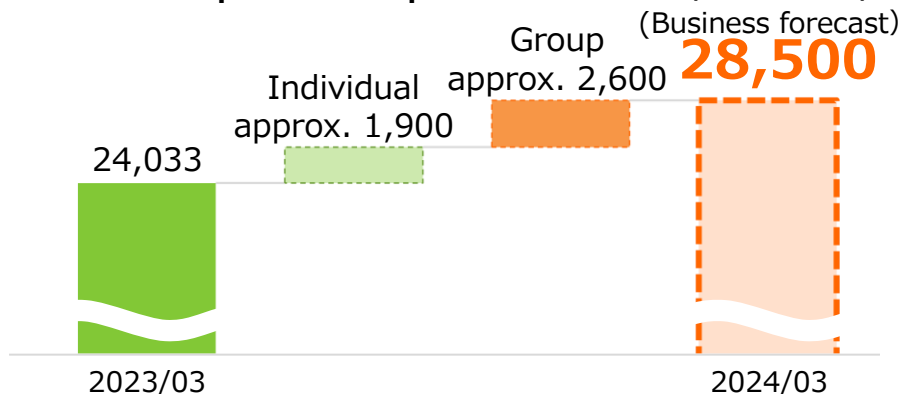
1. Annualized premium of policies-in-force is the figures for individual insurance and group credit life insurance combined. Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium by 12 months.

FY2023 Consolidated Business Forecasts

- We forecast annualized premium of policies-in-force for individual insurance and group credit life insurance combined of 28,500 million yen, insurance service results of 8,200 million yen, and net income attributable to owners of parent of 5,300 million yen.

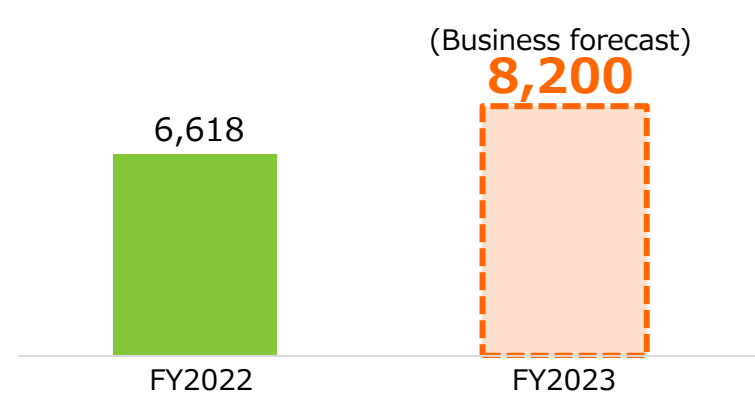
Growth

Annualized premium of policies-in-force¹ (JPY millions)



Profitability

Insurance service results (JPY millions)



(JPY millions)	FY2022 Results ²	FY2023 Forecasts ³
Annualized premium of policies-in-force ¹	24,033	28,500
Insurance revenue	20,732	24,900
Insurance service results	6,618	8,200
Net income attributable to owners of parent	3,575	5,300

1. Annualized premium of policies-in-force is the figures for individual insurance and group credit life insurance combined. 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, we calculate annualized premium as multiplying the monthly premium by 12 months.

2. unaudited figures

3. The business forecasts for fiscal 2023 includes the impact of group credit life insurance business which starts in July 2023.

IFRS Major Accounts in Past Years¹

- As a reference, we have disclosed data for the past five fiscal years for major IFRS items. We believe that this will provide shareholders and investors with a certain level of understanding of the changes over time.

(JPY millions)	FY2018	FY2019	FY2020	FY2021	FY2022
IFRS PL					
Insurance service results	4,885	5,419	6,606	7,216	6,618
Insurance revenue	10,560	12,550	15,220	17,987	20,732
Insurance service expenses	5,509	7,038	8,468	10,429	13,874
Reinsurance results	(165)	(92)	(144)	(341)	(239)
Financial results²	-	-	-	-	(435)
Other results	-	-	-	-	(822)
Profit before tax	No retrospective calculation				-
Net income attributable to owners of parent	-	-	-	-	5,360
					3,575
IFRS BS					
Equities	-	-	-	71,871	75,716
CSM, beginning of the year	22,979	44,835	55,103	65,736	74,907
New business CSM	3,536	4,813	8,908	7,690	6,879
Increase from interests	309	461	595	640	710
Assumption change, etc.	21,497	9,293	6,369	6,597	7,508
Amortization of CSM	(3,486)	(4,300)	(5,241)	(5,757)	(6,401)
CSM, end of the year	44,835	55,103	65,736	74,907	83,604
Others					
Insurance acquisition cash flows³	5,225	7,484	8,339	9,854	10,390
Maintenance costs⁴	2,070	2,386	2,761	3,480	4,049

- Each figure from FY2018 to FY2021 is the result based on calculation of historical figures in the process of retroactive calculation and is unaudited. The figures in FY2022 haven't been audited
- Total of investment results from financial assets, insurance finance results and reinsurance finance results
- Insurance acquisition cash flows incurred in the period
- Maintenance costs are the costs directly related to fulfilling contracts and not included in insurance acquisition cash flows

Future Direction

- In FY2023 and beyond, in addition to re-accelerating the growth of the Internet direct channel over the mid-term, we aim to expand business areas such as the group credit life insurance business.
- Through these efforts, in addition to aiming to achieve high profit growth of continued 10% growth in insurance service results, we aim to move to the TSE prime market by around FY2025.
- We will also aim to achieve our management goal of JPY 200 billion in EEV as early as possible.

FY2022

- Deteriorated efficiency of Internet direct channel
- Announced new business alliances incl. group credit life insurance

FY2023 and after

- Re-accelerate Internet direct channel growth in the mid-term
- Expand business domains
- Continue 10% growth in insurance service results
- Aim to change to the Prime Market segment¹ in around FY2025

Future

- Achieve EEV of JPY 200 billion (Management Goal)

1. We currently has not yet met the criteria for listing TSE Prime Market and total profit for recent years needs to be at least JPY 2.5 billion yen. Lifenet aims to fulfil the criteria under IFRS for the two years of total profits in FY2023 and FY2024, and to move to the TSE Prime Market.

I. Company Overview and Business Model

II. Japanese Life Insurance Industry Trends

III. FY2022 Results

IV. Growth Strategy

V. Risk Information

Risk Classification

- We categorize 27 risks into "business strategy risks," "insurance underwriting risks," "market risks, credit risks and liquidity risks," and "operational risks". Of these, the risks that are of particular significance in terms of their impact if they occur and possibility of occurrence are as follows.

Category	Major Risks	Severity
A. Business strategy risks	A-1 Competition in the life insurance industry	○
	A-2 Investment in marketing expenses	
	A-3 Change in relationship with, or performance of business partners	-
	A-4 Demographic movements in Japan	
	A-5 Climate change	
	A-6 General sustainability matters	
	A-7 Change in regulations	
	A-8 Change in social security system	
	A-9 Failure of other life insurance companies	
	A-10 Reputation in the online life insurance industry	
	A-11 Significant acceleration of IT innovation	
B. Insurance underwriting risks	B-1 Change in Mortality and morbidity	
	B-2 Accumulation of policy reserves	-
C. Market risks, credit risks and liquidity risks	C-1 Change in interest rates	○
	C-2 Reinsurance transactions	-
	C-3 Change in stock price, foreign exchange rates and others	
	C-4 Credit risks related to corporate bonds	
	C-5 Liquidity risks	
D. Operational risks	D-1 System failures	○
	D-2 Violation of laws and ethical deviation from social norms	
	D-3 Information leakage	
	D-4 Business continuity amid catastrophes	-
	D-5 Administrative risks	
	D-6 Misses on claim benefits payment	
	D-7 Human resource employment	
	D-8 Litigation	
	D-9 Risk management system	

Major Risks (1/3)

■ Our inherent risks in the operation of life insurance business and our measures to the risks are as follows.

Major risk	Priority High (Occurrence and severity)	Measures
<p>■ Competition in the life insurance industry</p> <p>In the Japanese life insurance market, Lifenet faces intense competition with domestic and foreign-affiliated life insurance companies as well as large domestic financial institutions with insurance subsidiaries.</p> <p>If we are not able to maintain our competitive advantages in the Internet direct channel, which is our main sales channel, the number of new business declines and the number of policies-in-force declines due to surrender, which could have an adverse effect on the Lifenet's business and our financial performance.</p>	<p>With the digitization of financial services and the spread of the COVID-19 pandemic, life insurance companies with face-to-face channel promote online operations partially, thus new players are entering the market. We believe that competitive environment is likely to become severer as the online life insurance market expands.</p>	<p>We design and develop our products and services from the customer's perspectives to increase customer engagement and maintain our competitiveness based on the LIFENET Manifesto.</p> <p>Taking advantages of our experience to date, we will maintain and strengthen the competitiveness we have built up in the online life insurance market by aggressively investing in marketing expenses, promoting partner business channels, implementing group credit term and developing online platform through a subsidiary, LIFENET MIRAI, etc.</p>
<p>■ Investment in marketing expenses</p> <p>The Company actively engages in various types of advertising campaigns, such as TV commercials and search-linked advertisements, with the aim of increasing awareness and acquiring new business. If sales activities are not sufficiently effective or properly conducted, or if consumer behavior for purchasing insurance products online is not as widespread as we anticipate, marketing expenses efficiency may decrease, which could have an adverse effect on the Lifenet's business and our financial performance.</p>	<p>There are a variety of short-term and long-term factors that influence changes in customer needs and trends in the socioeconomic environment, which constantly affect the change in marketing expenses efficiency. If we fail to appropriately respond to those factors in our products, services and marketing activities, even if we continue to invest in marketing expenses at the current level, there is possibility that new business performance deteriorates and appropriate product profitability is not maintained.</p>	<p>The Company will make decisions on the investment in marketing expenses while regularly monitoring and analyzing the balance between the growth of new business and marketing expense efficiency.</p> <p>Through those controls we believe we will be able to reduce the risks related to the investment in marketing expenses.</p>

Major risk	Priority High (Occurrence and severity)	Measures
<p>■ <u>Change in Mortality and morbidity</u></p> <p>Life insurance premiums are calculated based on actuarial assumption for premium such as expected mortality rate, expected morbidity rate, expected surrender rate, and expected operating expense rate. Thus, for example, actual mortality rate may become higher than expected mortality rate, or may increase from historical mortality experience, which could cause higher claims payment than we expect.</p>	<p>In the event of mass casualties due to a massive outbreak of an infectious disease beyond the COVID-19 pandemic or a catastrophe such as an earthquake, tsunami, or terrorist attack in a densely populated area like Tokyo or Osaka, the Company is exposed to the risk of large unpredictable obligations related to insurance benefits and claims. On the other hand, in light of current trends in national mortality rates and morbidity of diseases and disabilities, we believe that the likelihood of such an outbreak is low at this time.</p>	<p>We design appropriate coverage and underwriting methods at the time of product development to ensure that mortality and morbidity rates do not exceed appropriate ranges. The Company also regularly monitor mortality and morbidity rates and other experiences and can revise underwriting methods and products as necessary. Also, stress tests are conducted to confirm the impact and response in the event of a large-scale disaster.</p>
<p>■ <u>Change in interest rates</u></p> <p>The Company mainly holds public and corporate bonds with high credit ratings as its primary means of asset investment. If market interest rates rise significantly in the future, the market value of our bonds may decline beyond our expectations. In addition, the value of future cash flows of insurance policies and EEV (European Embedded Value) or economic value-based capital, which reflects these future cash flows and represents corporate value, are also affected by changes in interest rates. If market conditions were to fluctuate significantly beyond our ability to cope with, our financial condition and results of operations could be adversely affected.</p>	<p>Inflation advances globally and the Western countries raised their policy interest rates amid the current significant changes in the world economy and international political situation under the influence of the COVID-19 pandemic and the situation in Ukraine. Under these circumstances, we recognize that the probability of interest rate fluctuations has increased. We believe that we are well capitalized at present and that the impact of interest rate fluctuations is limited in terms of economic value due to our product portfolio, which is centered on protection-type products.</p>	<p>We set risk limits for market risk including interest rate risk and regularly monitor their status. We review asset investment policies as necessary. Based on the financial and economic movement, we are currently executing duration shortening of bonds and portion shift of holding purpose category on accounting from available-for-sale to held-to-maturity with the aim to control the interest rate risk and to enhance the tolerance on financial accounting.</p>

Major risk

■ System failures

The Company relies on the stable operation of its information systems to conduct its business operations, including the sales, underwriting, policy management and the recording and storage of statistical data and customer information.

Accidents, disasters, power outages, user concentration, human error, sabotage, unauthorized internal or external access, virus infection or network intrusion, external denial-of-service attacks, software or hardware malfunctions and other factors could cause our information systems to fail. Problems may also arise in the renewal of the information system. In these cases, we could lose opportunities and pay additional costs.

In addition, these can cause situations where we have to suspend services to customers, claim payments, premium receipt and investment operations. As a result, there is possibility to cause the deterioration of customer trust and company reputation, and to lead to administrative measures, which could have an adverse effect on the Lifenet's business and our financial performance.

Priority High (Occurrence and severity)

We have not experienced any large-scale system troubles since our business commencement, and we have been operating our system stably. While we believe that the likelihood of large-scale system problems due to unforeseen causes is low in the future, it exists in the same manner as other financial institutions.

Measures

The Company has established basic policy and measures for the stable operation of information systems in its internal regulations, and develops information systems, monitors their operational status, maintains backup systems, and takes measures in the event of failures based on these regulations.

In addition, in preparation for external attacks, etc., we prevent and monitor unauthorized intrusion and abuse through firewalls and anti-virus software, etc., diagnose software vulnerabilities, and operate a CSIRT (Computer Security Incident Response Team) to ensure an appropriate response in the event of an emergency.

※The information in this section does not cover all risks.

For other risks, please refer to “Business and Other Risks” in [the Annual Securities Report](#) (Japanese version only).

Appendix

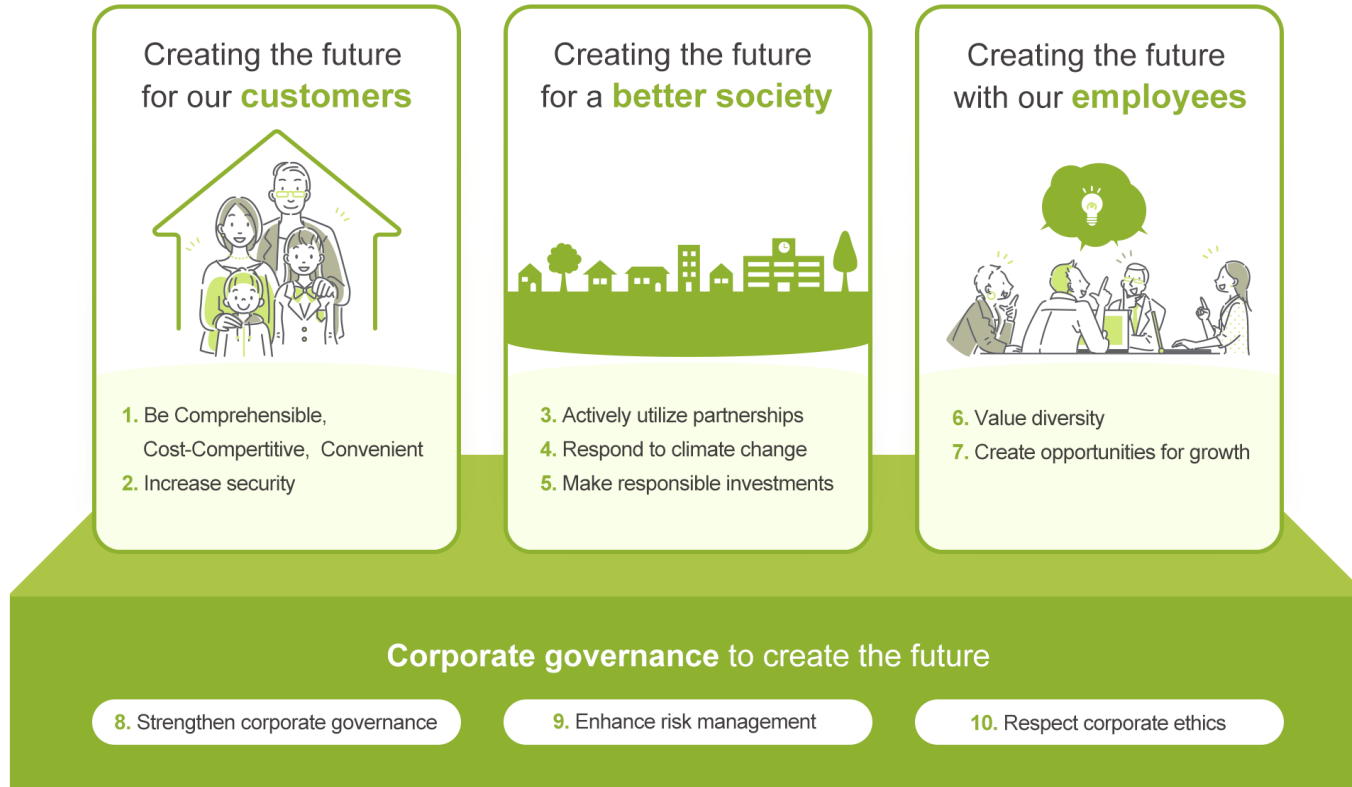


LIFENET
LIFENET INSURANCE COMPANY

- We place importance on the concept of mutual support in terms of sustainability.
- We have identified Materiality (key sustainability issues) based on the concept of mutual support, the original purpose of life insurance.

LIFENET Materiality

Creating the future of the life insurance

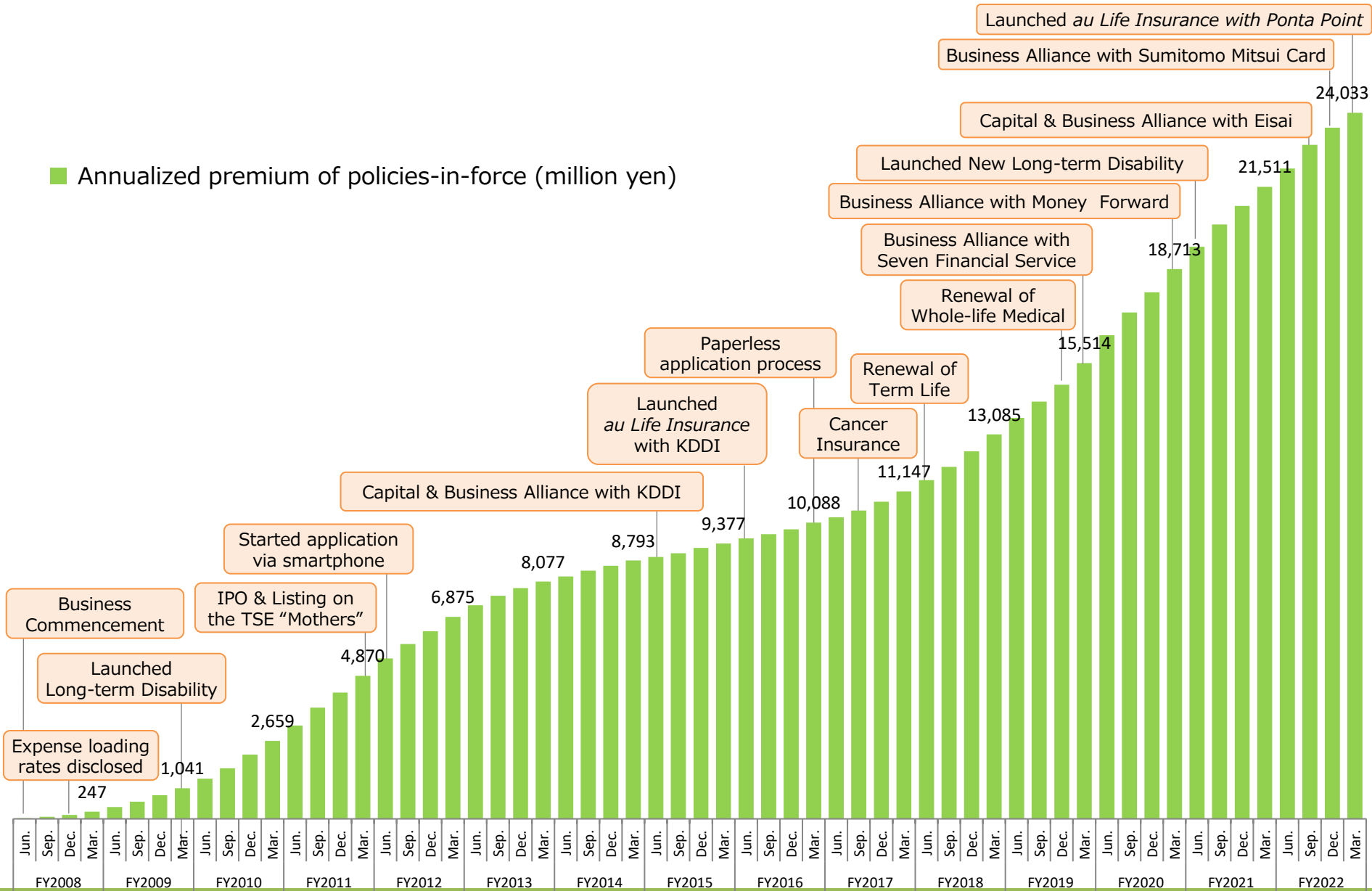


<https://ir.lifenet-seimei.co.jp/en/sustainability/materiality.html>

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)

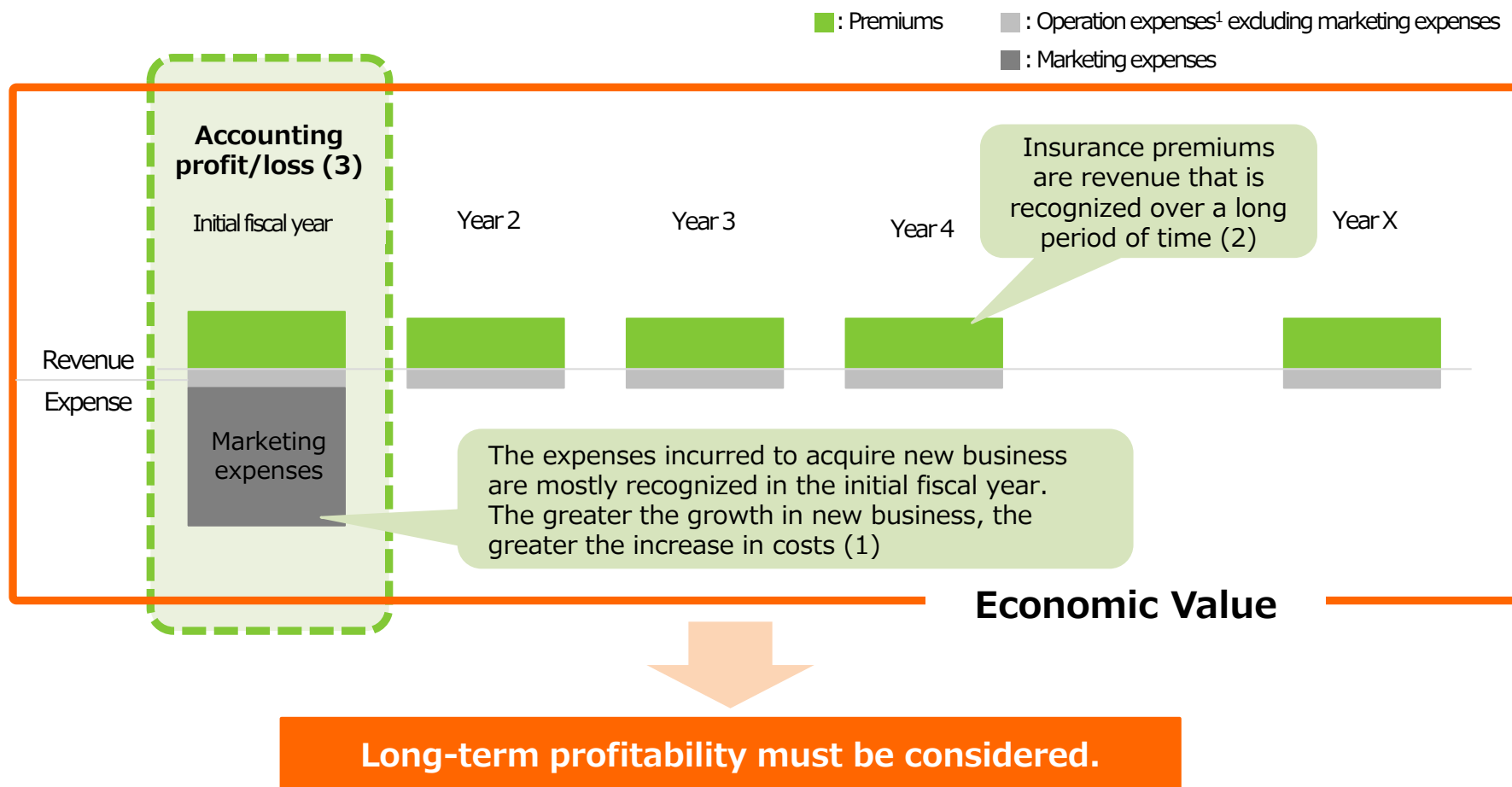


Summary of Overseas Public Offering in September 2021

Number of Shares Offered	9,000,000 shares			
Amount Raised	JPY 9.7 billion			
Use of Proceeds	Contents	Amount Raised (JPY millions)	Amount Allocated (JPY millions) As of Mar. 2022	Amount Allocated (JPY millions) As of Mar. 2023
	Operating expenses, primarily comprising marketing expenses for acquiring new business	6,800	680	1,500
	System development costs aimed at responding to business environment changes	1,372	46	100
	Investments in new businesses aimed at building an online insurance platform and initiatives with Lifenet's business partners	1,500	3	700
Applicable Period	Between the fiscal year ending 31 March 2022 and the fiscal year ending 31 March 2026			

Profit Structure under Current Statutory Accounting

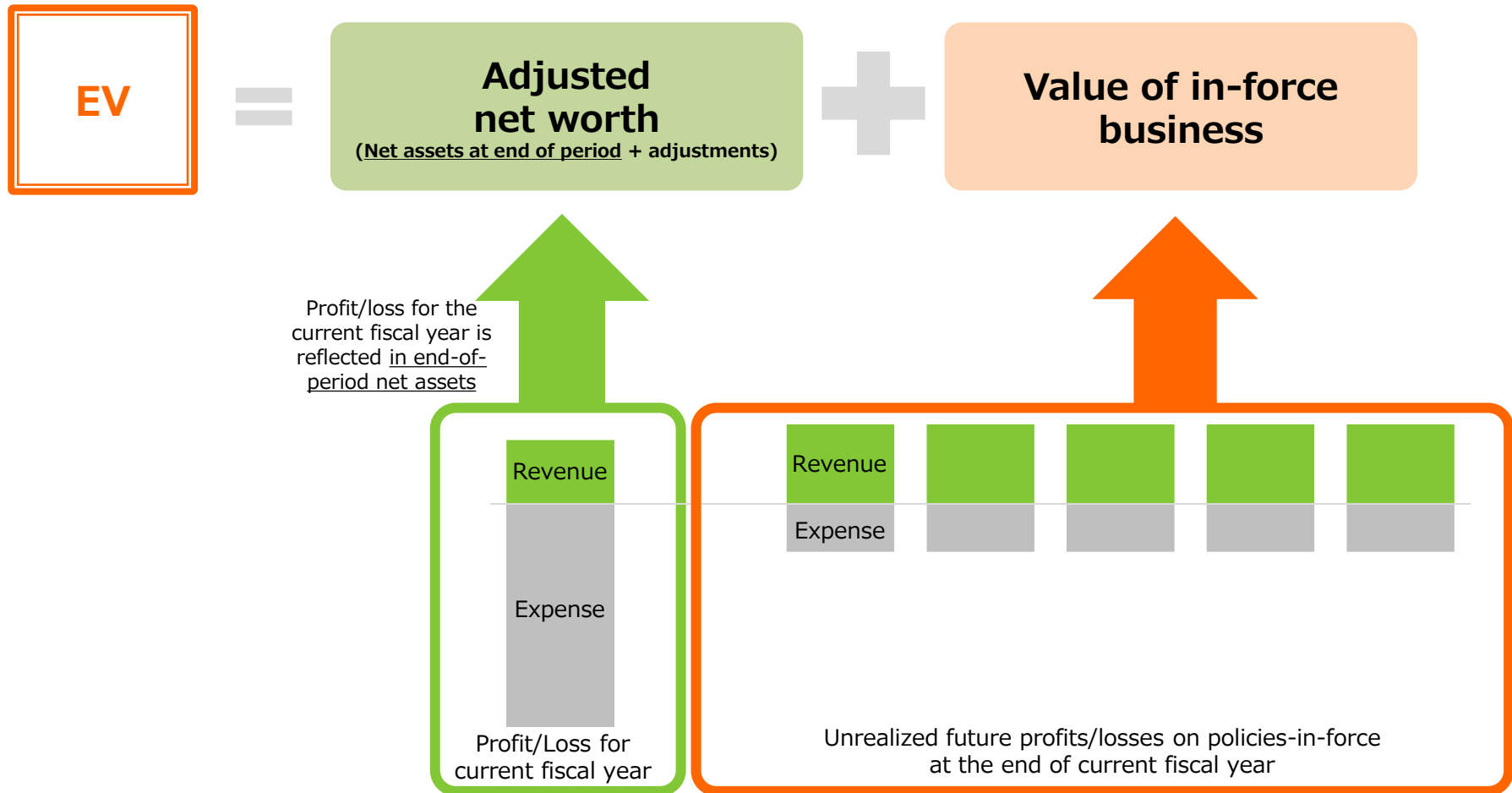
- Typically, large expenses are incurred when life insurance policies are acquired (1). However, because the profit is earned over a long period of time, there is a time lag between the recognition of costs and revenue. (2)
- In other words, the greater the growth in new business, the greater the negative 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.

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.





This material is based on information as of June 2023. 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. The next disclosure of Presentation Material for Business Plan and Growth Potential is scheduled for June 2024.

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