



LIFENET INSURANCE COMPANY

2Q Financial Results Briefing for the Fiscal Year Ending March 2025

November 14, 2024

[Speaker]

Ryosuke Mori

President and Representative Director

Presentation

Mori: Thank you very much for attending our financial results briefing today.

We announced financial results for Q2 FY2024. Presentation materials are available on our [IR website](#). I would like to provide an overview of the financial results using the presentation materials.

1H for Fiscal 2024 Key Highlights



Key Indicators

| Corporate Value | Growth | Profitability |
|---|--|---|
| Comprehensive Equity¹ (CE) ¥164,974mn (YoY 107.9%) | Annualized premium² of policies-in-force ¥32,559mn (YoY 119.5%) | Insurance service results ¥4,565mn (YoY 111.7%) |

Notable Achievements

- **Achieved CE growth of YoY 7.9% due to GCL³ contracts value increase**
- **Developed new product and GCL for joint mortgage, leading unique attraction from younger generation**
- **Aim to align interest by employee stock compensation plan**

1. Comprehensive Equity is an indicator defined by the Group. It is the sum of "Equity (attributable to owners of the Company)" on the IFRS consolidated statement of financial position (B/S), "CSM", a liability representing unearned profit that the Group expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and "GCL contracts value", which is the value of future IFRS earnings, including future renewals for GCL policies-in-force.
2. The amount of money is 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 (for GCL, expected premium income for the next month based on the in-force business) by 12 months.
3. GCL stands for Group Credit Life Insurance

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Please look at page 1. These are the main points of today's financial results presentation.

First, Comprehensive Equity or CE, the most important management indicator of corporate value, increased 7.9% to JPY164,974 million, mainly due to growth in GCL contracts value.

Next, annualized premium of policies-in-force, an indicator of growth, increased 19.5% from the end of the same period last year to JPY32,559 million.

And as for profitability indicator, insurance service results under IFRS increased by 11.7% YoY to JPY4,565 million.

These are the main three topics. First, CE will be as I have just explained.

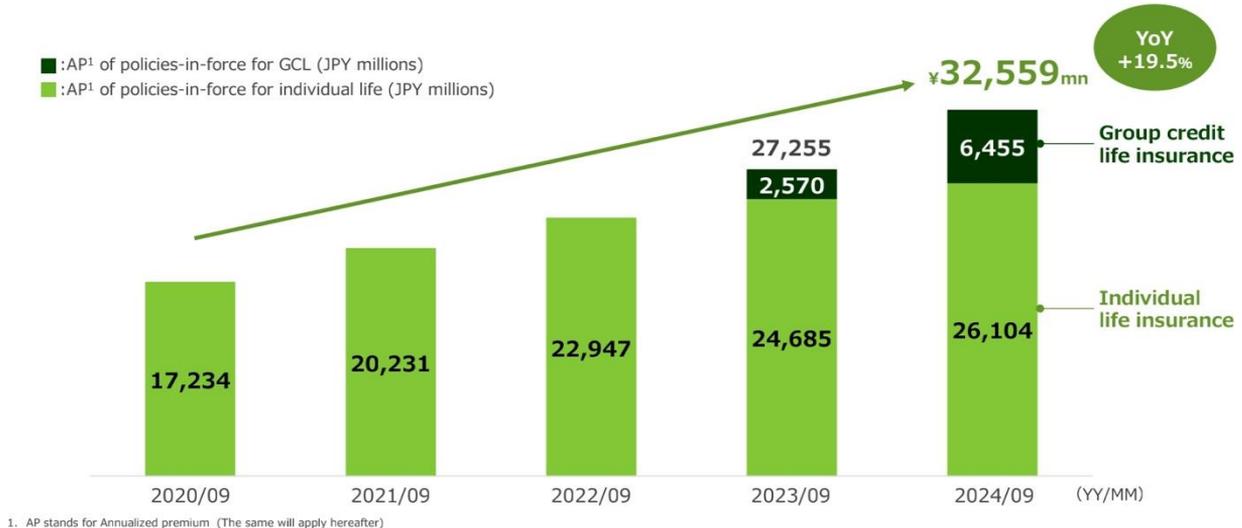
Secondly, in addition to the launch of term medical insurance for individual customers last month in October, we announced a new initiative in our GCL business, offering a GCL for joint mortgage for au Jibun Bank from January 2025. Through these efforts, we will provide products and services that are chosen by young generation, both in terms of individual and GCL business.

Finally, the introduction of the employee stock compensation plan announced today will further share interest between employees and shareholders. We will explain the details later.

Annualized Premium of Policies-in-Force



■ Resulted in ¥32,559mn and achieved significant growth of 19.5% YoY



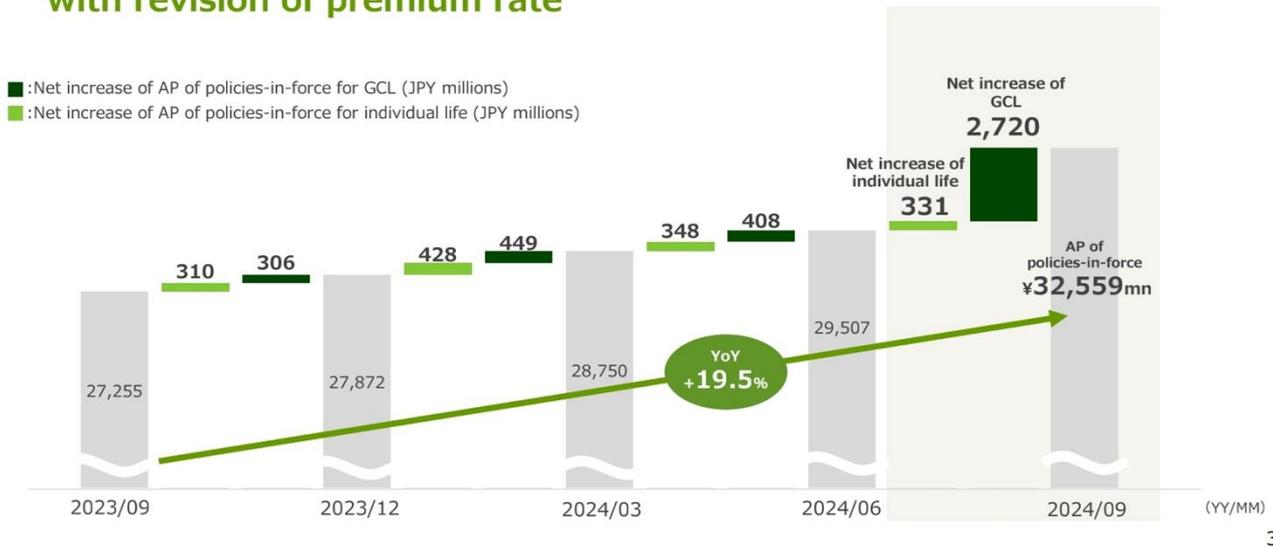
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Please refer to page 2. Annualized premium of policies-in-force, which correspond to annual recurring revenue, totaled JPY32,559 million as of September 30, 2024. It continued to grow strongly with an increase of 19.5% over the end of the same period last year.

Policies-in-Force Movement



■ Despite individual life being sluggish, GCL achieved strong growth with revision of premium rate



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Page 3 shows the factors that contribute to the movement of policies-in-force.

As explained above, while the overall performance of policies-in-force continues to grow strongly, looking at the performance by business segment, we recognize that the growth of for individual life insurance has been slower. We will promote sales of new products, which will be explained later, to re-accelerate performance and lead to sustainable growth.

In addition, annualized premium of policies-in-force for the GCL grew strongly, mainly due to the revision of premium rate in July, resulting in a net increase of JPY2.72 billion.

Although the breakdown of premiums shows that GCL exceeded and individual life fell short of expectations, we believe that overall annualized premium of policies-in-force are progressing steadily toward our business forecast of JPY34 billion.

■ Insurance service results and net income resulted in **¥4,565mn** and **¥3,152mn**, respectively

(JPY millions)

| Items | FY2023/1H | FY2024/1H | Change |
|--|-----------|-----------|--------|
| Insurance service results | 4,088 | 4,565 | 477 |
| Financial results ¹ | 66 | (57) | (123) |
| Other results | (228) | (129) | 99 |
| Profit before tax | 3,926 | 4,378 | 452 |
| Net income attributable to owners of the Company | 2,759 | 3,152 | 393 |

1. Total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense

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Next, please refer to page 4. From here we move on to an explanation of financial reporting under IFRS.

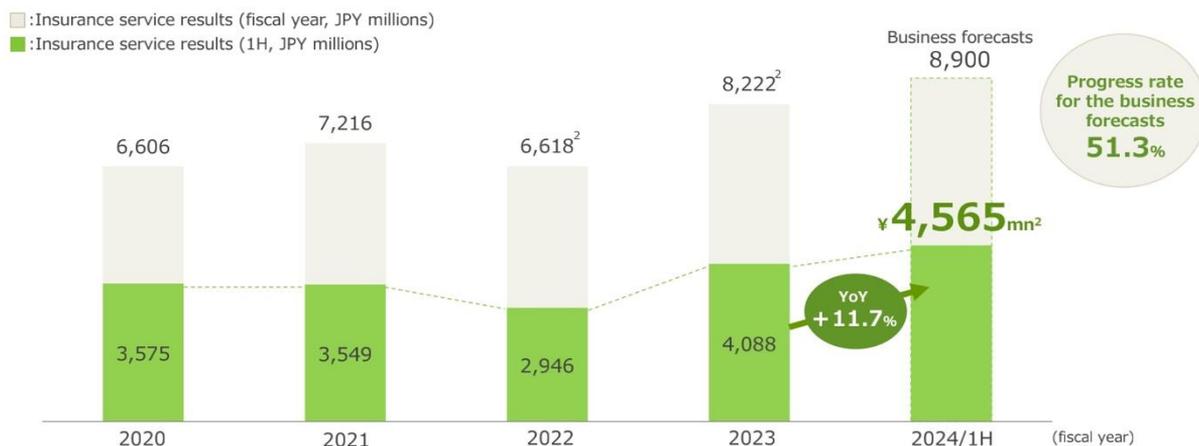
To give you an initial sense of the whole picture, we have provided a summary of the IFRS-based income statement. To put it simply, insurance service results is equivalent to operating income, and for a life insurance company which focuses on protection type products like us, insurance service results accounts for the majority of profits.

For H1 of FY2024, insurance service results increased about 12% YoY to JPY4,565 million, while the final profit, net income attributable to owners of the Company, was positive at JPY3,152 million, up 14% YoY.

Insurance Service Results¹



■ Progress steadily at 51.3% of business forecasts



1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS
 2. COVID-19 related claims was ¥1,378mn in FY2022 and ¥36mn in FY2023. It is also included in FY2024, but detailed calculation has not been performed.

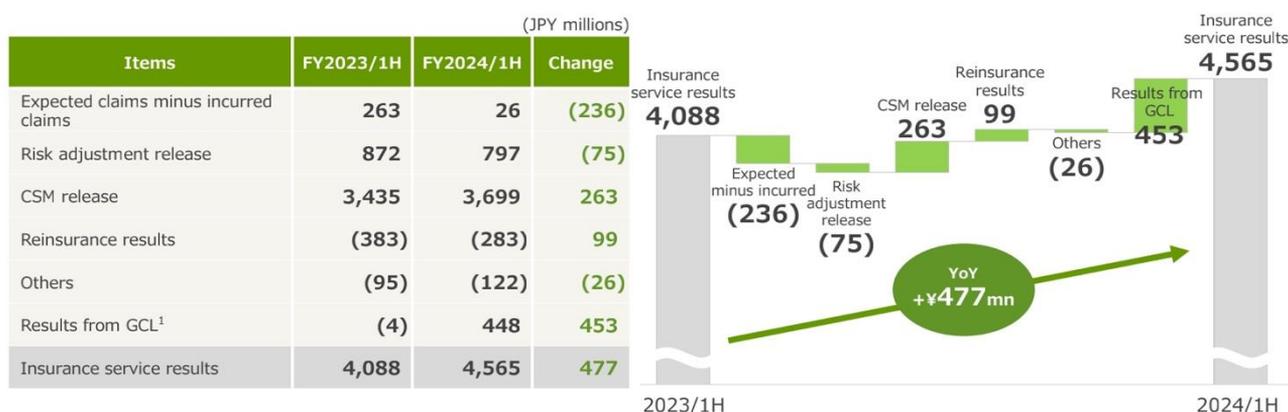
Please refer to page 5. The following graph shows the historical record of insurance service results.

Looking at the trends over the years, excluding FY2022 when there was a sharp increase in COVID-19-related claims, insurance service results have steadily grown. In the H1 of FY2024, it has reached JPY4,565 million. The Company is on track to achieve 51.3% of the JPY8,900 million business forecasts it announced in May 2024.

Insurance Service Results Analysis



■ Achieved profit growth of 11.7% YoY by CSM release and GCL results



1. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

Please refer to page 6. The following chart shows the factors contributing to the change in insurance service results from H1 of FY2023 to H1 of FY2024.

See the table on the left. Insurance service results is mainly broken down into the following items: the difference between expected and incurred claims, risk adjustment release, CSM release, reinsurance results, and results from GCL. The chart on the right illustrates the factors behind the increase from JPY4,088 million in the same period last year to JPY4,565 million in the current period.

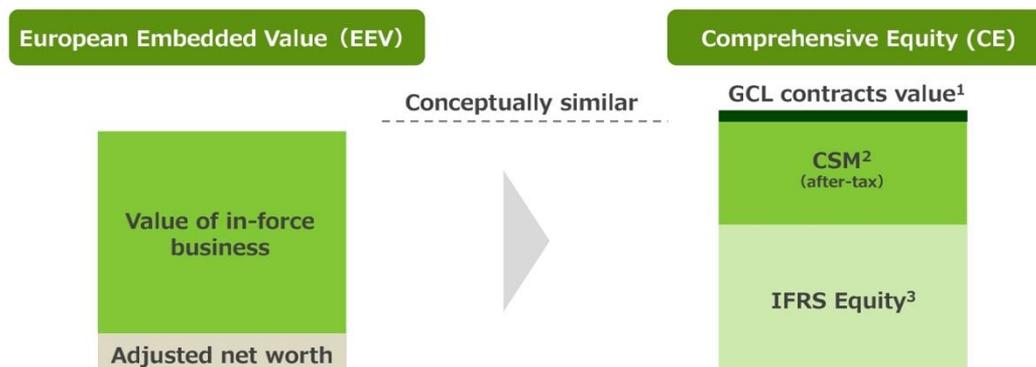
As explained during the Q1 announcement, while insurance payments such as claims for individual life insurance were exceptionally favorable in H1 of FY2023, this year the claims have occurred as expected. As a result, “the difference between expected claims and incurred claims” has decreased by JPY236 million. However, on the positive side, factors such as results from GCL of JPY453 million and the CSM release of JPY263 million more than offset this, leading to an overall increase in profit of JPY477 million compared to the same period last year, representing a 11.7% growth in profit.

We will continue to aim for further profit growth through CSM release and the profit from GCL.

New Management Indicator “Comprehensive Equity”



- Having changed our management indicator from EEV to “Comprehensive Equity” based on IFRS, aim to achieve ¥200-240bn in fiscal 2028



1. The value of future IFRS earnings for GCL policies-in-force (PAA applied) including future renewals as of the valuation date.
 2. Aggregation of insurance contracts and reinsurance contracts with tax effect (28%) adjusted.
 3. Attributable to owners of the Company

Next, please see page 7. We have changed our management indicator from “European Embedded Value” to “Comprehensive Equity”. Comprehensive Equity is an indicator of our corporate value, the same as EEV.

Comprehensive Equity, which we define as our own measure, is the sum of three components: equity on the IFRS balance sheet, CSM, which is a liability representing future profits, and GCL contracts value, which represents the future value of the policies-in-force of GCL.

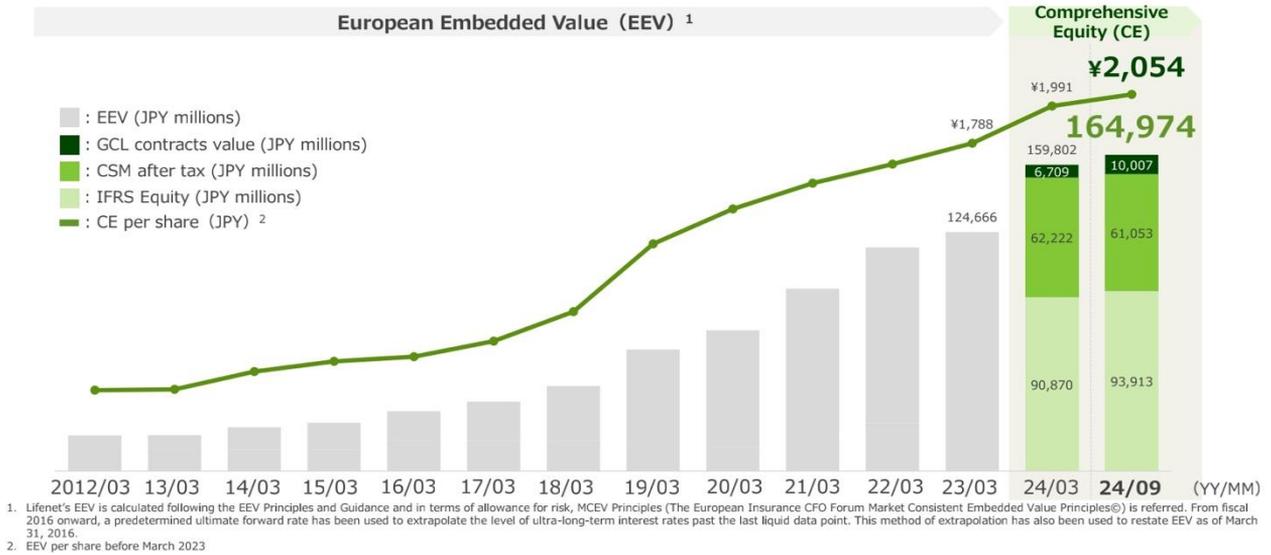
We believe that the change from EEV, an indicator unique to life insurance companies, to Comprehensive Equity, an indicator linked to IFRS financial statements, will be more trustful for shareholders and investors in our corporate value indicators than before.

As a management goal, we aim to achieve Comprehensive Equity of JPY200 billion to JPY240 billion in FY2028, the final year of the mid-term business plan.

Movement of Management Indicators



■ Strongly growing at a CAGR of 19% since IPO



Page 8 shows trends in management indicators.

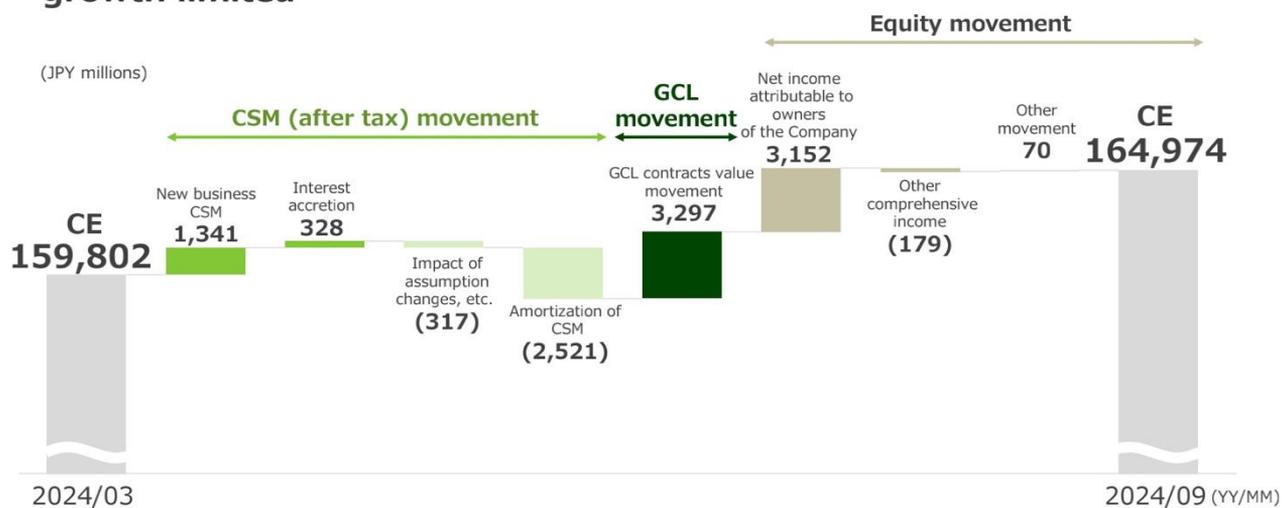
In the graph, we show EEV until the end of March 2023, and Comprehensive Equity at the end of March 2024 and September 2024. As for Comprehensive Equity as of the end of September 2024, it amounted to JPY164.9 billion, and the management indicator has achieved high growth with an average annual growth rate of 19% since its listing.

The green line graph shows EEV per share or CE per share. As of the end of September 2024, CE per share was JPY2,054, achieving steady growth.

Changing Factors of Comprehensive Equity



- Increased due to GCL contracts value and net income, while CSM growth limited



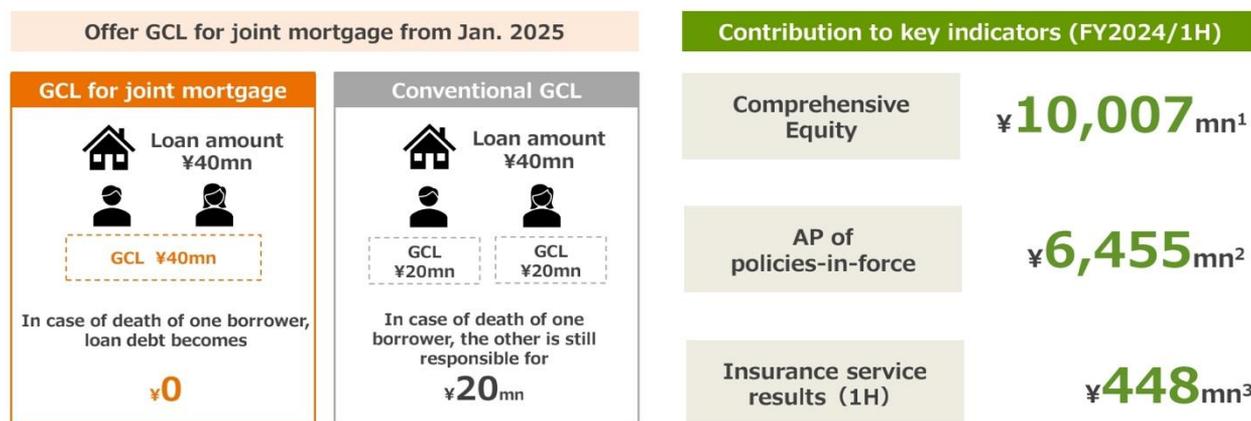
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Page 9 presents an analysis of the factors contributing to changes in Comprehensive Equity for the six-month period from the end of March 2024 to the end of September 2024.

The impact of sluggish growth in new business CSM and rising inflation rate resulted in slightly negative, and thus CSM growth face challenges.

On the other hand, GCL contracts value grew by JPY3.297 billion due to revision of premium rate and assumption changes in operating expenses ratio resulting from the expansion of scale, contributing to Comprehensive Equity reaching the level of JPY164.9 billion at the end of September 2024.

- Plan to launch GCL for joint mortgage to support young homebuyers
- Contributed to key indicators by premium revision in July and growth in mortgage loans



1. GCL contracts value in Comprehensive Equity as of the end of September 2024
 2. Annualized premium of policies-in-force for GCL as of the end of September 2024
 3. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

In the slides that follow, I will explain the main newly announced initiatives. Please refer to page 10.

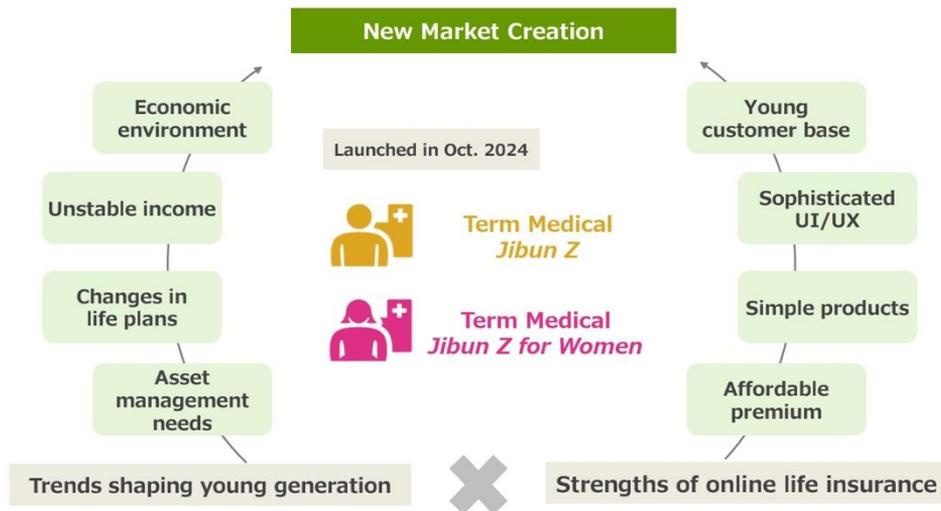
We have been providing group credit life insurance to au Jibun Bank mortgage loan borrowers since last July. We are pleased to announce that we have decided to start offering a group joint credit life insurance for joint mortgage loan borrowers from January 2025.

GCL for joint mortgage is a type of group credit life insurance that covers the outstanding balance of both borrowers' mortgages in a joint loan in the event of the death of either borrower during the loan repayment period. In light of the current environment where the number of dual-income households is increasing, we would like to support the younger generation to purchase a house more easily through this product.

As shown on the right side of the slide, the GCL business made a strong contribution to the key indicators of Comprehensive Equity, annualized premium of policies-in-force, and insurance service results in H1 of FY2024, in light of the premium rate revision in July.

We expect to continue to support the growth of au Jibun Bank's mortgage business from the aspect of insurance, which will make an even greater contribution to our in-force business performance, profit and Comprehensive Equity. On top of that, we will also work to expand GCL business by developing new partner banks, driven by the digital transformation of the mortgage loan business in the banking industry.

■ Create new market by offering “term” medical insurance online



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Please refer to page 11.

As one of the initiatives of “Rebranding”, our priority area in the mid-term business plan, the Company started sales of term medical insurance, *Jibun Z* and *Jibun Z for Women* in October.

In the Japanese medical insurance market, the majority of policies are whole life type medical insurance, which is familiar with the claim that premiums remain the same level throughout the life of the policy. On the other hand, we believe that whole life type medical insurance is a product that is not adaptable to evolving medical technologies and changing lifestyles, and has aspects that make it difficult to use, especially for the younger generation.

Term medical insurance has not been actively developed and sold by insurance companies until now, mainly because it is difficult for insurance companies to secure sufficient profits unless their own business efficiency is high.

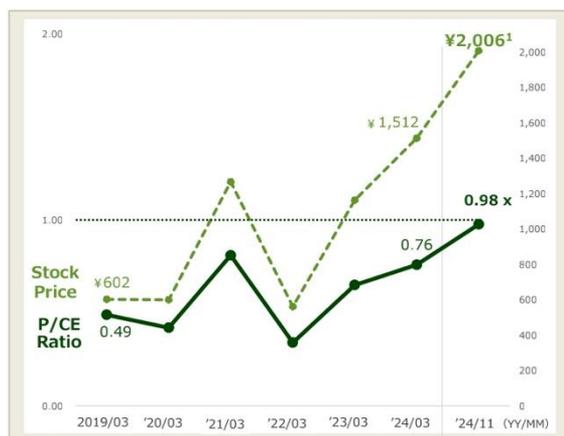
We will take advantage of our high business efficiency as an online life insurance company and our young, child-rearing customer base to open up the term medical insurance market, which has extremely large growth potential, and create a new market.

Improvement of Capital Market Evaluation



- **Maintain P/CE ratio of 1.0x as a base, and further improve capital market evaluation**

Stock price / CE per share (P/CE)



1. Closing price as of November 13, 2024
 2. Price/EEV per Share before March 2023

Drivers for improvements

Adopt corporate value indicators linked to IFRS

- Change indicator from "EV" to IFRS-based "CE"

Commit to shareholder value

- Commit to stock price target
- Introduce stock compensation plan for employees (Nov. 2024)

Improve market liquidity

- Plan transition to TSE Prime Market by around 2025

Strengthen corporate governance

- Strengthen the Board of Directors as a Monitoring Board
- Establish Sustainability Committee (Oct. 2024)

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Please refer to page 12. This slide shows our current perception of and efforts to improve our stock price and Price to CE multiple.

The dark green line on the left side of the graph shows the price-to-CE ratio, which is the ratio of the stock price divided by Comprehensive Equity per share.

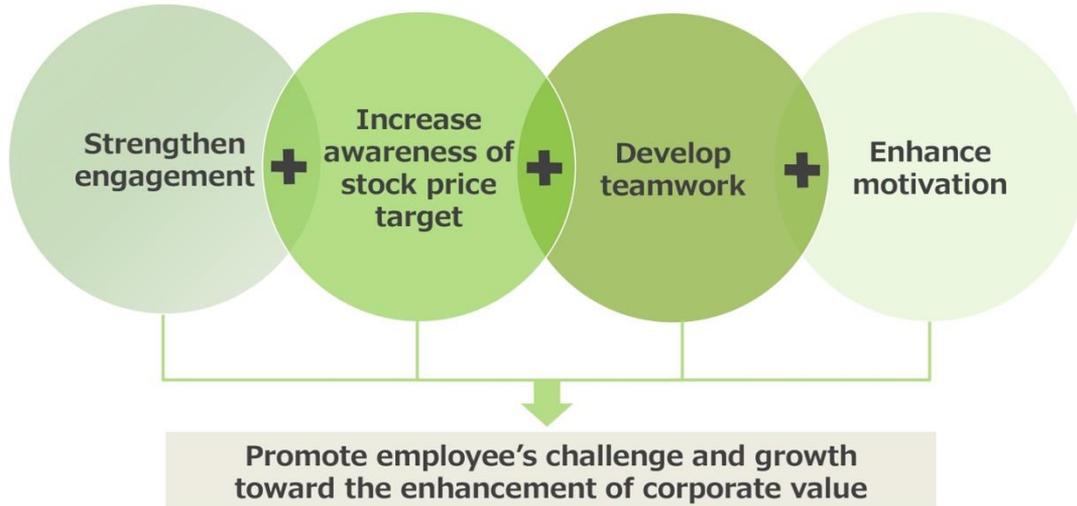
To date, the Company has continuously grown its CE per share and EEV per share without being significantly affected by market factors such as interest rates and stock prices. However, a major challenge in market evaluation is that the price to CE multiple has remained below 1x.

To the right you can see the main initiatives to improve our market evaluation. We believe that the introduction of stock compensation plan for employees announced today, and the establishment of the Sustainability Committee are important initiatives to ensure that our shareholders and investors feel reliable investing in our company.

Introduction of Stock Compensation Plan for Employees



- Aim to align shareholder and employee interest and invest in human capital to enhance corporate value



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On the next page, we will explain in detail about its employee stock compensation. Please refer to page 13.

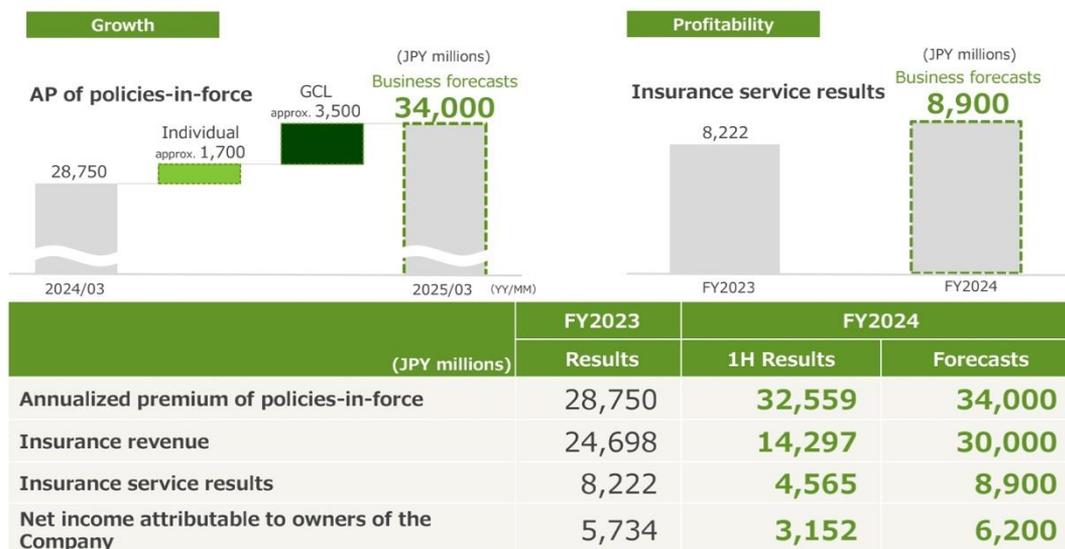
We are pleased to announce today that we are introducing it for all employees to raise awareness of shareholder value and to invest in human capital.

In light of the stock price target in our mid-term plan, we will further raise employees' awareness of our business performance and stock price through this initiative, as well as increase employee motivation, thereby enhancing our corporate value over the medium to long term.

Consolidated Business Forecasts for FY2024



■ Remains unchanged since May 2024



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Page 14 shows consolidated business forecasts for FY2024.

The business forecast remains unchanged from May 2024 announcement. While we will need to continue to closely monitor trends in insurance claim payments for both individual life and GCL, we will continue to manage our business with an awareness of both growth and efficiency.

FY2024-2028 Mid-term Business Plan



Goals in Fiscal 2028

Management Goal

Comprehensive Equity (CE) : **¥200-240bn**

Financial Targets

Stock price : **¥3,000+**
 Annual growth rate of CE per share :
 approx. **10%**

Non-financial Targets (Human capital)

Overall engagement score: **continuous improvement**

| | |
|-----------------------------|---|
| Diversity | Ratio of decision-makers : Women 30%+ , Under 30s 15%+ |
| Growth Opportunities | Engagement score (growth): continuous improvement |

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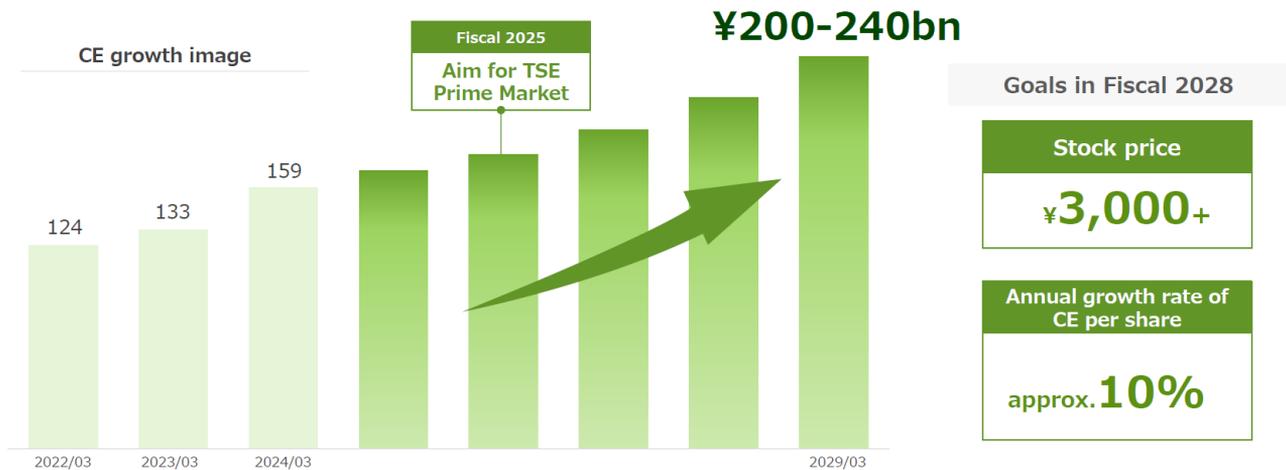
Please refer to page 15. This is an overview of the five-year mid-term business plan ending in FY2028.

Through the implementation of our three priority areas and human resources strategy to move us to the next stage of growth, we aim to achieve our financial targets of a stock price of over JPY3,000 and 10% growth in Comprehensive Equity per share in FY2028, in addition to our management goal of Comprehensive Equity.

Achieving Mid-term Business Plan



- Aim to achieve Comprehensive Equity of ¥200-240bn in FY2028 by realizing sustainable growth through investment in priority areas



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This slide will be the last.

We will continue to pursue growth to expand the scale of our business while capturing the structural trend of digitization of financial services. On this basis, we will strive to achieve strong and sustainable growth through both the individual life insurance and GCL businesses, aiming to reach our new management goal, Comprehensive Equity of JPY200 billion to JPY240 billion in FY2028.

This concludes the presentation of the financial results for Q2 of FY2024. Thank you very much for your attention.