



## **LIFENET INSURANCE COMPANY**

Q2 Financial Results Briefing for the Fiscal Year Ending March 2021

November 11, 2020

**[Speaker]**

Ryosuke Mori

President and Representative Director

## Presentation

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**Mori:** Hello, ladies and gentlemen. This is Mori We sincerely thank you for participating in the financial results briefing in the midst of your busy schedule today.

We announced our financial results for the second quarter of FY2020 at 3:30 PM today. Presentation materials are available on [our IR website](#). I would like to explain the outline of the financial results from myself using the financial results briefing materials out of those materials today, and then move on to the question and answer session.

# Overview of 2Q for Fiscal 2020



Annualized premium<sup>1</sup> of policies-in-force

**17,234** million yen  
(111.1% vs end of FY2019)

Annualized premium<sup>1</sup> of new business

**2,158** million yen  
(Y-on-Y 133.5%)

EEV<sup>2</sup> (European Embedded Value)

**91,275** million yen  
(124.3% vs end of FY2019)

Adjusted incremental EV<sup>3</sup>

**4,496** million yen  
(Y-on-Y 329.2%)

## Notable Achievements

- Raised new capital for future business growth through overseas public offering
- Recorded the most times to be awarded 3 stars in Contact Center and Website in the life insurance industry<sup>4</sup>



1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.
2. EEV as of September 30, 2020 is calculated by updating the operating assumptions used for June 30, 2020, and has not been reviewed by third-party specialists.
3. Adjusted incremental EV consisted of components adequately reflecting our business growth for fiscal 2020, see page 13 and 33 for details.
4. 2020 HDI Benchmarking (Life Insurance Industry) hosted by HDI-Japan

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First, refer to the page number at the lower right, page two. Major achievements in the first half of FY2020.

Policies in force increased steadily, and annualized premiums increased by 11.1% from the end of the previous fiscal year to JPY17.234 billion. New business performance also grew strongly, with annualized premiums rising by 33.5% YoY to JPY2.158 billion.

The European Embedded Value, which is an important management indicator in our management policy, increased by 24.3% from the end of the previous fiscal year to JPY91.275 billion. Of the increase from the end of the previous fiscal year, the adjusted incremental EV, which represents the growth of the period's performance, amounted to JPY4.496 billion.

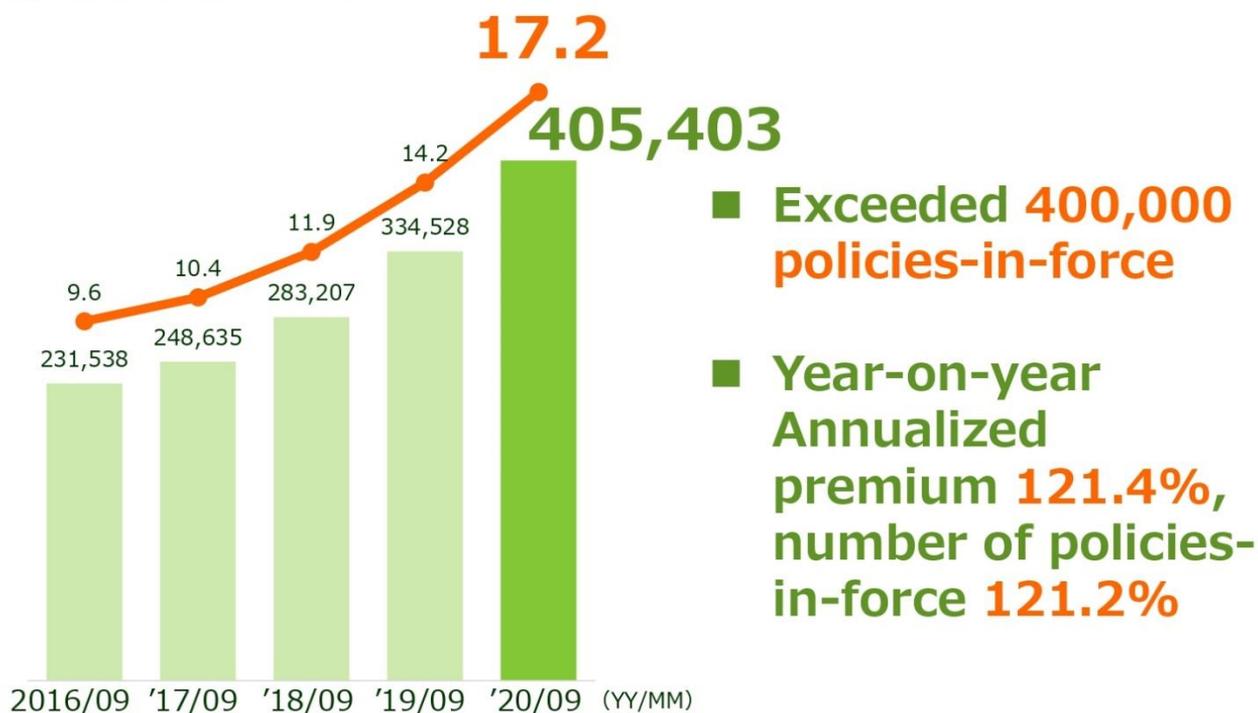
As stated above, the six months have been a major leap forward, and I believe we have been able to announce very good results.

As a major initiative, we raised capital through an overseas public offering in July. The various figures I will explain today also include the impact of this overseas public offering, so I will explain them later.

# Annualized Premium / Number of Policies-in-Force



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



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

Please refer to page three. Trends in performance of policies-in-force.

Annualized premiums for policies-in-force totaled JPY17.2 billion, and the number of policies was 405,403. You can see that the pace of increase in policies-in-force is accelerating against the backdrop of growth in the new business performance.

# Breakdown of Policies-in-Force



## ■ Improved surrender and lapse ratio

	'20/03	'20/09	Component ratio
Number of policies-in-force	365,171	<b>405,403</b>	<b>100%</b>
- Term Life	175,713	<b>195,656</b>	<b>48%</b>
- Whole-life Medical	100,280	<b>111,386</b>	<b>27%</b>
- Term Medical Care	9,105	<b>9,006</b>	<b>2%</b>
- Long-term Disability	54,665	<b>57,526</b>	<b>14%</b>
- Cancer	25,408	<b>31,829</b>	<b>8%</b>
Sum insured of policies-in-force <sup>1</sup> (JPY millions)	2,565,269	<b>2,800,116</b>	
Number of policyholders	232,537	<b>257,426</b>	
	'19/1H	'20/1H	
Surrender and lapse ratio(annualized) <sup>2</sup>	7.3%	<b>5.5%</b>	

1. Sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

2. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

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Please refer to page four. Breakdown of the number of policies-in-force by product is shown.

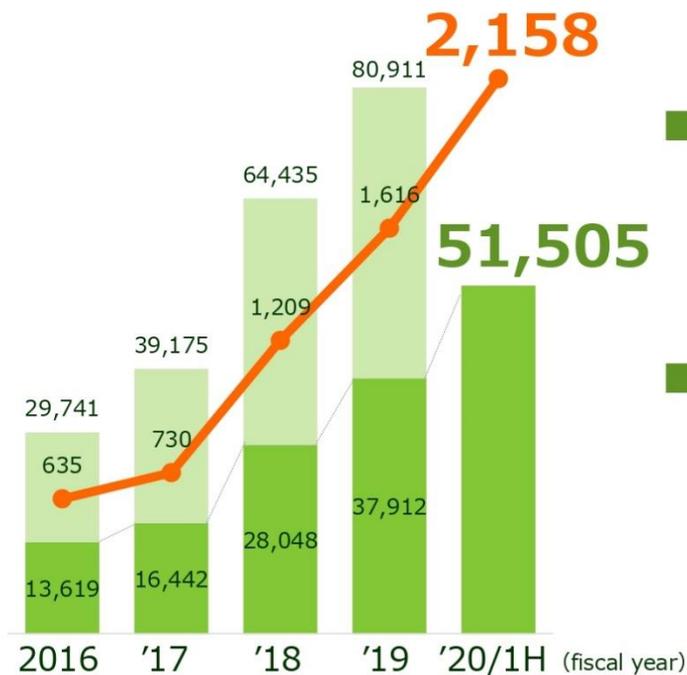
Compared to the end of the previous fiscal year, there has been no significant change in the product mix. On the other hand, the surrender and lapse ratio was 5.5% on an annualized basis, a significant improvement over the same period of the previous fiscal year.

This is attributable to the implementation of various measures to improve the surrender and lapse ratio, which has been implemented in earnest since the previous fiscal year, as well as to a certain extent to curtail cancellations due to the impact of the novel coronavirus (COVID-19). Therefore, we will continue to closely monitor future trends.

# Annualized Premium / Number of New Business



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



- Achieved new half-year record high
- Year-on-Year annualized premium **133.5%**, number of new business **135.9%**

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.

See page five. Trends in new business results.

Annualized premiums of new business increased by 33.5% YoY to JPY2.158 billion. The number of new business increased by 35.9% to 51,505, both of which achieved new half-year record high.

In addition to our efforts to enhance brand power through continuous improvement of websites and aggressive investment in advertising, the impact of COVID-19 temporarily boosted the performance of new business, resulting in an increase in applications via the Internet, and we can achieved this result.

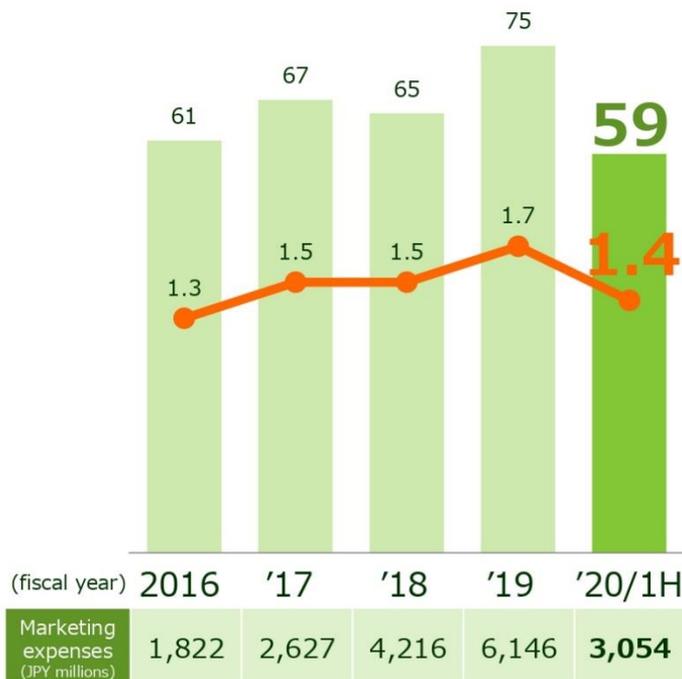
Although the temporary rise in needs is currently stabilizing, the digitization of financial services is a structural megatrend, and we believe that the changes in customers' lifestyles due to the current pandemic will contribute positively to online businesses like ours in the medium to long term.

For this reason, we will continue to strive to deliver our value as an online life insurance company to more customers while closely monitoring the business environment in the new normal with COVID-19.

# Marketing Efficiency



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



- Improved efficiency mainly due to COVID-19 impact
- Based on the business circumstances, consider further investment in marketing expenses in the second-half of fiscal 2020

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Page six shows marketing efficiency.

The actual amount of marketing expenses invested is shown in the table at the lower left. Please note that the amount invested in FY2016 through to FY2019 is for the full fiscal year, which is 12 months, and the amount invested in FY2020 is for the first six months of the cumulative second quarter.

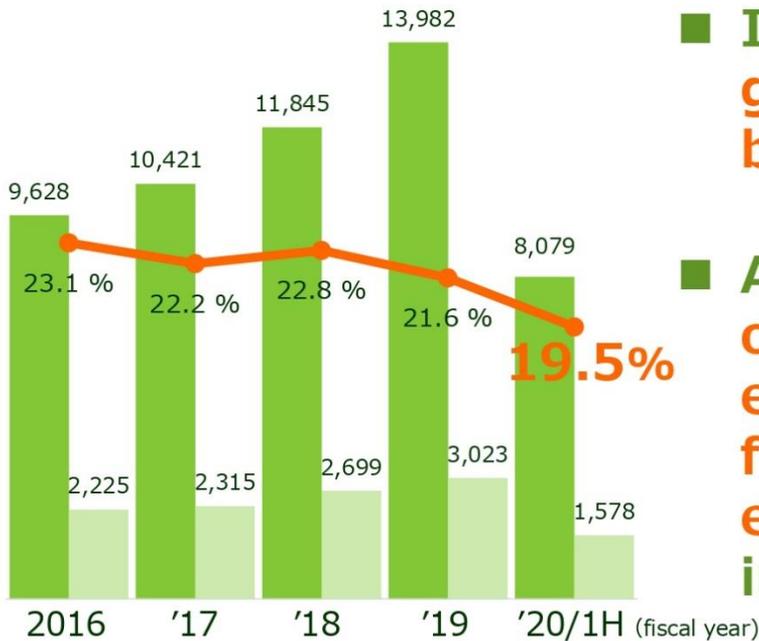
As explained in the previous slide, while new business results grew significantly, marketing expenses used in the cumulative second quarter of the current fiscal year were JPY3.054 billion, remaining at the same level as in the previous fiscal year. As a result, marketing expenses per new business for the cumulative second quarter of FY2020 improved significantly to JPY59,000.

In FY2020, we will promote business operations with taking a balance between growth and efficiency to improve marketing efficiency compared to FY2019. However, we plan to make a cautious decision on further investment in marketing in light of the business environment in the second half of the fiscal year.

# Operating Expenses Ratio



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



■ Improved with the growth of in-force business

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

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

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

Operating expenses excluding marketing expenses was JPY1.578 billion, operating expenses ratio was 19.5%. The operating expense ratio improved in line with the current growth in policies-in-force.

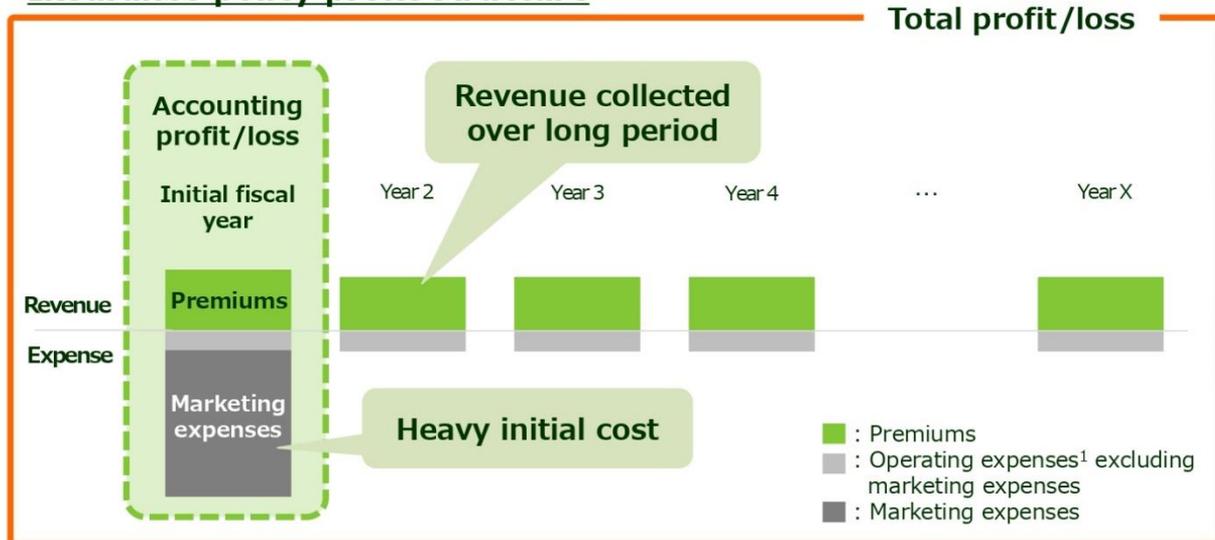
Improved operating expenses ratio have meant lower unit costs and are an important factor contributing to improved profitability and increased European Embedded Value. For this reason, we will continue our efforts for improvement.

# Profit Structure under Current Statutory Accounting



- **Time lag is caused between the recognition of costs and revenue** as marketing expenses is recognized at the time of acquisition, and revenue is collected gradually over a long period.

## Insurance policy profit structure



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

Page eight shows the accounting structure of life insurance companies.

This is important for you to properly understand our profitability.

Typically, large expenses are incurred when life insurance policies are acquired. However, because the profit is earned over a long period of time, there is a time lag between the recognition of costs and revenue.

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

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

# Adjusted Profit



## ■ **Steadily recorded** adjusted profit generated from policies-in-force

### The method for calculating adjusted profit

**Adjusted profit = i ) Ordinary profit (loss)<sup>1</sup> + ii ) Marketing expenses  
– iii ) Impact of modified co-insurance  
± iv ) Adjustment based on standard policy reserves<sup>2</sup>**

JPY millions / fiscal year	2016	2017	2018	2019	2020/1H
i ) Ordinary profit (loss)	88	(197)	(1,719)	(2,382)	(1,128)
ii ) Marketing expenses	1,822	2,627	4,216	6,146	3,054
iii ) Modified co-insurance	–	–	–	(1,526)	(360)
iv ) Adjustment	543	319	347	546	390
<b>Adjusted profit</b>	<b>2,454</b>	<b>2,748</b>	<b>2,844</b>	<b>2,784</b>	<b>1,956</b>

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

2. The amount of the adjustment to the policy reserve provision is the adjustment calculated by excluding the provision for contingency reserves and adjusting for the switch in method for calculating the provision from the Zillmer method to provision based on the standard policy reserves.

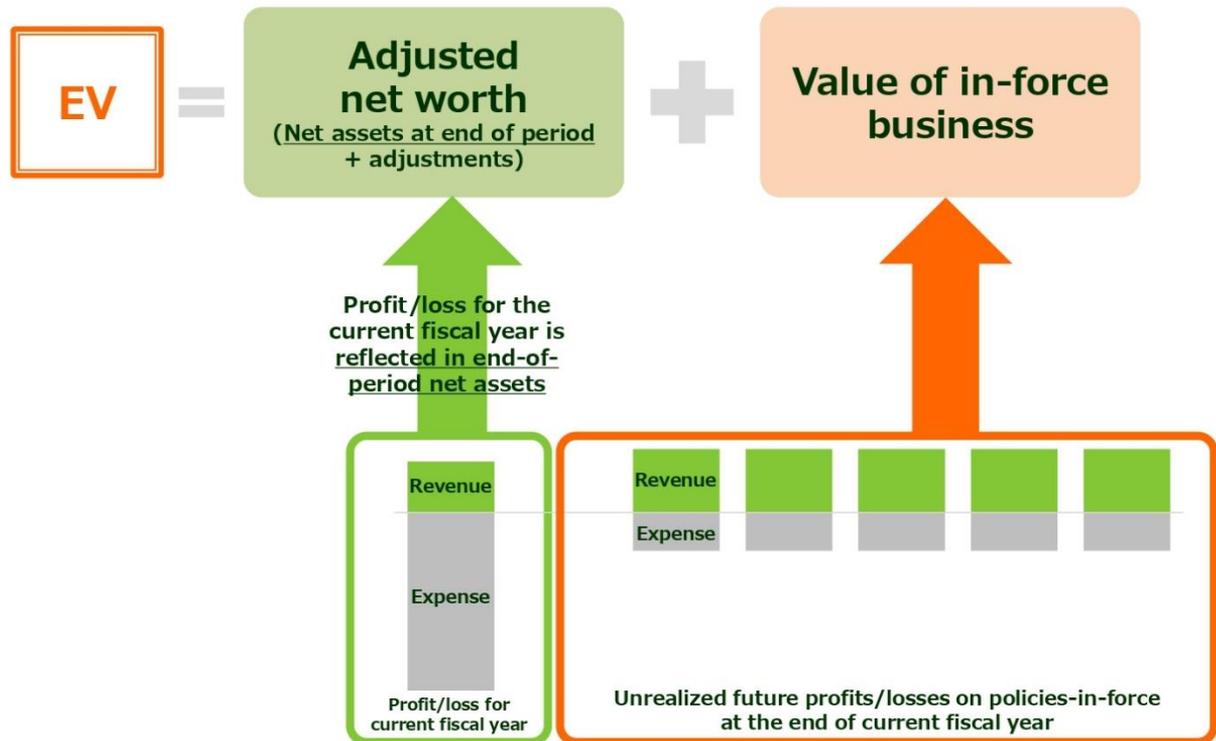
9

Page nine shows the trend of adjusted profit.

Under current statutory accounting, there is a time lag between the recognition timing of revenues and cost, and we believe that marketing expenses, which are the cost of acquiring new business, make it difficult to understand the actual state of our profitability. As a result, the Company discloses periodic earnings from policies-in-force as adjusted profit by deducting market expenses where the timing of revenue and expenses differs and adjusting for the impact of other technical profit and loss factors, such as reinsurance and policy reserves.

We believe that we have been able to steadily record profits from policies-in-force, with adjusted profits of JPY1.956 billion for the cumulative second quarter of the current fiscal year.

# Structure of Embedded Value



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Page 10 is about the structure of embedded value.

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

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

# EEV (European Embedded Value)



- Characteristics of Lifenet's EEV are as follows:

## Strong growth

- **Maintaining significant increase** in EEV since listing in March 2012
- **Steadily growing** even in a low interest rate environment

## Resilience to interest rate changes

- **Limited sensitivity** to interest rate and stock fluctuations

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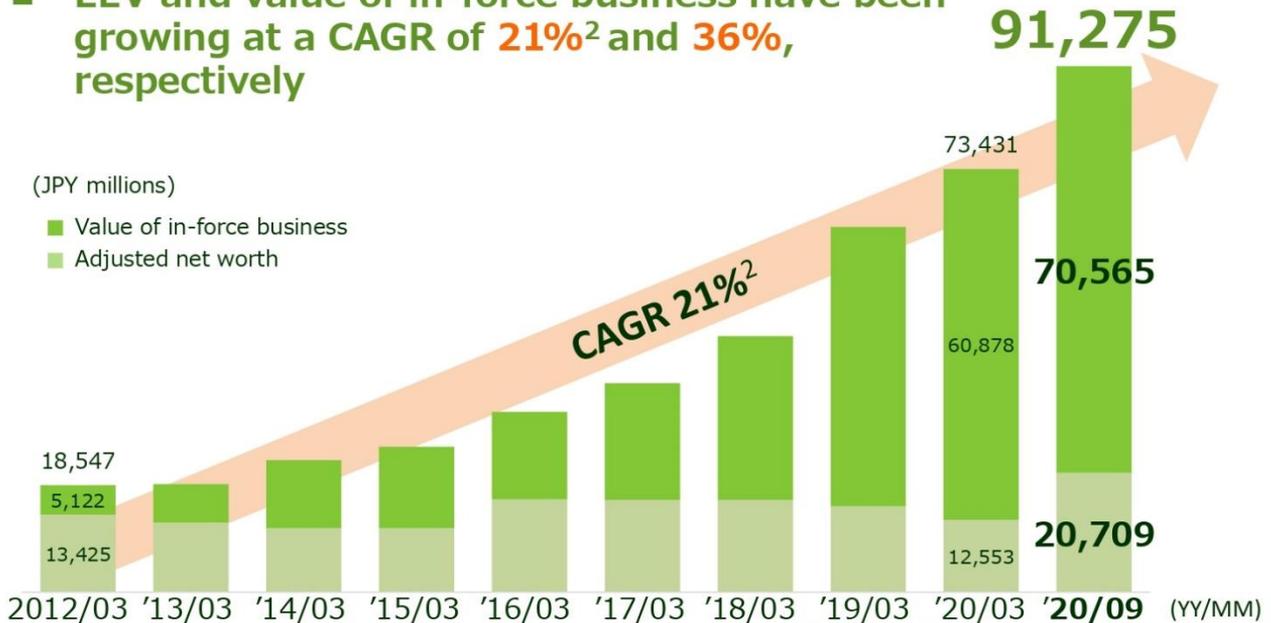
Please refer to page 11.

There are two main features of our European Embedded Value. The first point is that we have achieved strong growth and are continually increasing since our listing in March 2012. The second point is the resilience against interest rate fluctuations. I will explain them in the following pages.

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



- **Adjusted net worth increased** due to overseas public offering in July
- **EEV and value of in-force business have been growing at a CAGR of 21%<sup>2</sup> and 36%, respectively**



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate the level of ultra-long-term interest rates past the last liquid data point. This method of extrapolation has also been used to restate EEV as of March 31, 2016. EEV as of September 30, 2020 is calculated applying the updated operating assumptions from those used for June 30, 2020, and is not reviewed by third-party specialists.
2. The calculation includes 3,040 million yen in proceeds from a third-party allotment in May 2015 and 9,005 million yen from overseas public offering in July 2020.

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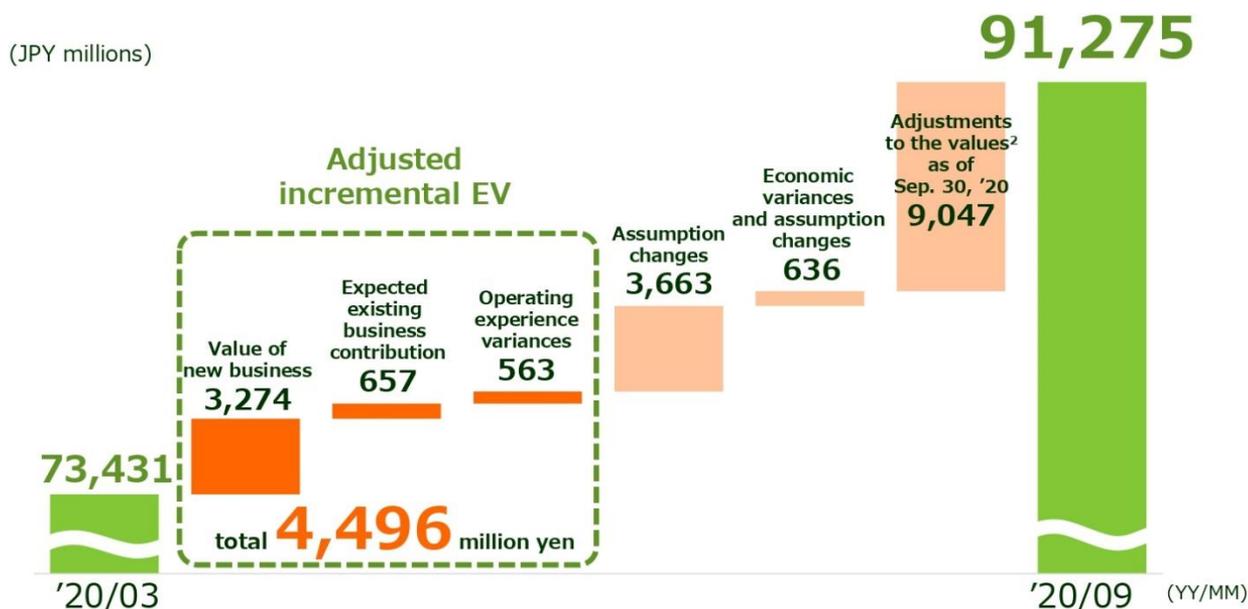
Please refer to page 12.

Our European Embedded Value stood at JPY91.275 billion at the end of September 2020, due in part to an increase in adjusted net worth resulting from the overseas public offering in July. Since listing in March 2012, we have sustained growth at a compound average growth rate of 21%. Especially, the compound average growth rate of the value of in-force business, which are reserves of future profits, is 36%, which is a strong driver of growth in EEV.

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



- Increased due to the strong new business performance, the improvement of operating expenses ratio and capital raising



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. EEV as of September 30, 2020 is calculated applying the updated operating assumptions from those used for June 30, 2020, and is not reviewed by third-party specialists.
2. Item for change in capital

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Page 13 presents an analysis of changing factors of EEV from the end of March 2020 to the end of September 2020.

Of the changes in EEV, for the value of the new business, the expected existing business contribution, and operating experience variances, which are surrounded by the green dotted line in the slide you refer to, we consider the sum of these three points as the amount of the adjusted incremental EV, and disclose them as an indicator of performance for a certain period.

Adjusted incremental EV for the cumulative second quarter was JPY4.496 billion. Of this amount, the value of new business was JPY3.274 billion, and strong new business performance drove growth in the adjusted incremental EV.

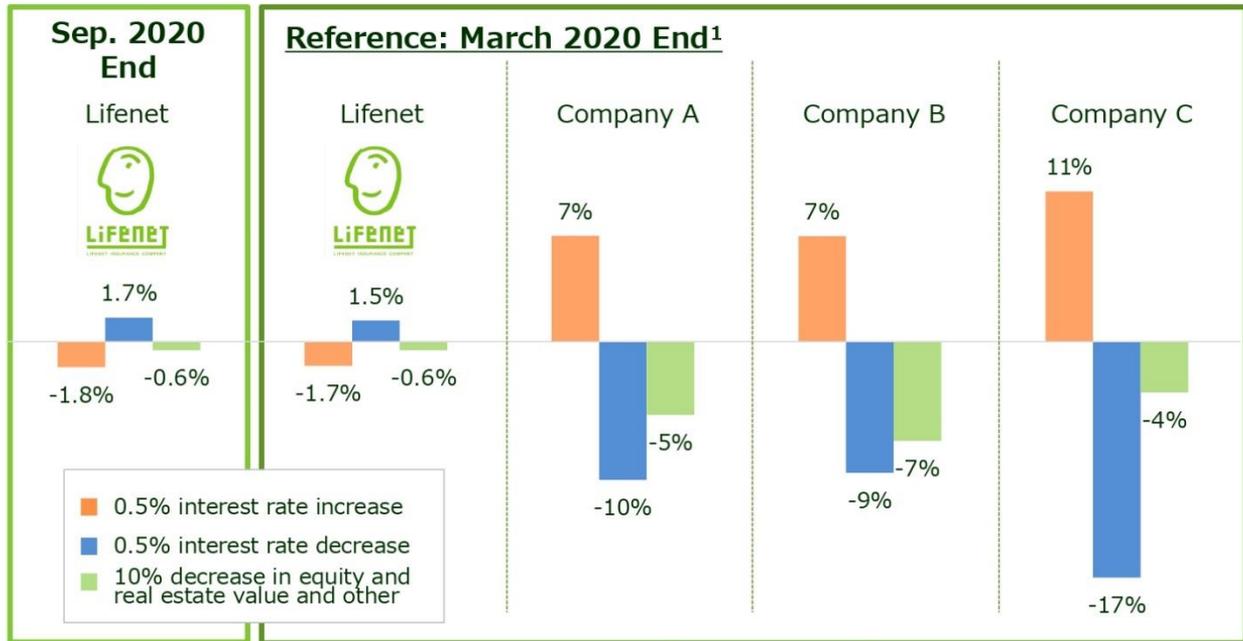
In addition, as assumption changes, the Company revised the assumptions to reflect actual results such as an improvement in the operating expenses ratio and an improvement in the surrender and lapse ratio. As a result, JPY3.663 billion was recorded.

In this way, an increase in policies-in-force, improvements in the operating expenses ratio, and the surrender and lapse ratio will contribute to an increase in EEV. Therefore, we will continue to aim for growth in EEV through management that focus on the balance between growth and efficiency.

# EV Resilience to Financial Changes



## ■ Limited sensitivity to interest rates and stock prices



1. Prepared by Lifenet based on disclosed information of domestic public life insurance companies.

Page 14 shows the sensitivity of EV to interest rates, stock prices, et cetera for us and domestic listed life insurance companies.

Although market interest rates have also been influenced in recent years by the impact of COVID-19 and other factors, our lineup of assets and insurance products are relatively less susceptible to changes in interest rates, stock prices and other factors, and therefore our sensitivity to interest rates et cetera is extremely limited, as you can see.

Although there are various drivers of EV growth, we are aiming to achieve sustainable EV growth through organic growth by expanding policies-in-force and improving business efficiency.

# [Ref.] Life Time Value and Customer Acquisition Cost



## Key Metrics for a SaaS Company and Lifenet

	Commonly Used SaaS Glossary	FY2019	FY2020/1H
<b>ARR per Contract</b> (Annual Recurring Revenue)	<ul style="list-style-type: none"> <li>The value of the contracted recurring revenue components of the term subscriptions normalized to a one-year period</li> </ul>	Annualized Premiums per Policy-in-force <b>JPY 42,486</b>	Annualized Premiums per Policy-in-force <b>JPY 42,511</b>
<b>Life Time</b> (Term of Contract)	<ul style="list-style-type: none"> <li>Contract period: from date entered into contract until the contract is cancelled</li> <li>Calculated by reciprocal of churn rate</li> </ul>	× Average Policy Term <b>14.3 years<sup>1</sup></b>	× Average Policy Term <b>18.2 years<sup>1</sup></b>
<b>Gross Margin Rate</b>	<ul style="list-style-type: none"> <li>Percentage of revenue left over after the cost of servicing that revenue is taken into account</li> </ul>	× <b>45%<sup>2</sup></b>	× <b>46%<sup>2</sup></b>
<b>LTV</b> (Life Time Value)	<ul style="list-style-type: none"> <li>Accumulated profit per client during the contract period</li> <li>Revenue from new client * total revenue profitability (%) * contract period</li> </ul>	 (Annualized Premiums per Policy * Life Time * Gross Margin Rate) <b>JPY 273,397</b>	 (Annualized Premiums per Policy * Life Time * Gross Margin Rate) <b>JPY 355,902</b>
<b>CAC</b> (Customer Acquisition Cost)	<ul style="list-style-type: none"> <li>Marketing and sales expenses incurred in bringing 1 client</li> </ul>	Marketing Expenses per New Policy <b>JPY 75,970<sup>3</sup></b>	Marketing Expenses per New Policy <b>JPY 59,309<sup>3</sup></b>

1. 1 / Churn rate. Churn rate represents the percentage of users who cancelled out their insurance policies.  
 2. (Insurance premiums - Insurance claims and benefits - Provision for policy reserves and others) / Insurance premiums.  
 3. Marketing expenses / Number of new business.

See page 15.

For your reference, we have replaced our financial performance with key indicators for SaaS companies and have presented them in terms of lifetime customer value (LTV), and customer acquisition costs (CAC) from the perspective of unit economics, since the first quarter results.

A key point in measuring the performance of our business is the extent to which we spend customer acquisition costs (CAC) for lifetime customer value (LTV), which is based on premium revenue over time.

Taking the first half of FY2020 as an example, the unit economics was that with CAC of approximately JPY59,000, approximately JPY350,000 in LTV has been earned.

As long as we maintain and improve this unit economics, we believe that growing our business performance will lead to increased corporate value, and this is a business recognition that supports our management decision to aggressively invest in marketing.

# Financial Condition



(JPY millions)	(YY/MM)	'20/03	'20/09
<b>Total assets</b>		<b>41,144</b>	<b>52,270</b>
Cash and deposits		1,377	2,143
Monetary claims bought		299	4,499
Money held in trust		3,539	4,734
<b>Securities</b>		<b>32,058</b>	<b>36,419</b>
Government bonds		8,065	8,632
Municipal bonds		1,391	1,388
Corporate bonds		18,119	20,611
Stocks		313	393
Foreign securities		0	0
Other securities <sup>1</sup>		4,167	5,394
<b>Total liabilities</b>		<b>31,744</b>	<b>34,736</b>
Policy reserves and other		30,328	33,272
<b>Total net assets</b>		<b>9,400</b>	<b>17,533</b>
<b>Solvency margin ratio<sup>2</sup></b>		<b>2,117%</b>	<b>2,957%</b>
<b>Modified duration (year)</b>		<b>11.3</b>	<b>11.6</b>

■ Solvency margin ratio of 2,957%

■ Total net assets increased by capital raising

1. Investment trust including foreign bonds and others.
2. The solvency margin ratio is a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur.

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Page 16 is a summary of the balance sheet.

As of the end of September 2020, total assets were JPY52.27 billion, liabilities were JPY34.736 billion, and net assets were JPY17.533 billion.

The solvency margin ratio, an indicator of solvency, was 2,957%.

# Expanded White Label Business



## ■ Promote white label products for customers of the Seven & i Group



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Next, we explain our main initiatives in the first half of FY2020. Please refer to page 17.

First, we are expanding our white label business with the aim of strengthening our sales capabilities, which is a priority area in our management policy. From April of this year, we have been selling the product “Seven Financial Service Life Insurance” featuring the brand of Seven Financial Service Co., Ltd to the Seven & i Group customers.

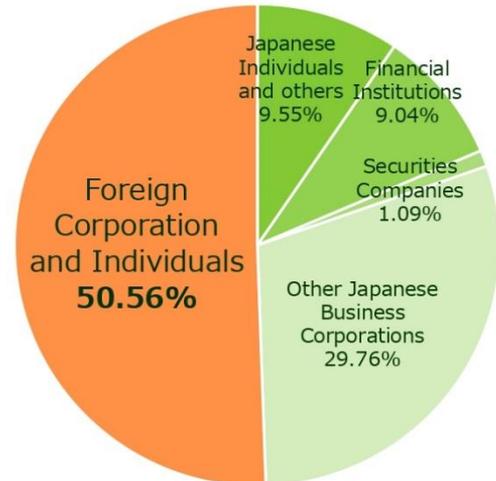
# Overseas Public Offering and Secondary Offering



## ■ Raised new capital for further growth through overseas public offering in July

- Offered shares totaled **13.8 billion yen**
- **Raised new capital of 9 billion yen** from overseas market, mainly Asia and Europe
- Aim for **improvement of market liquidity** by secondary offering
- **Expanded investor base** after overseas public offering

Distribution of share ownership as of Sep. 30, 2020



Total number of issued shares : 60,595,136

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Please refer to page 18. In July of this year, we conducted an overseas public offering and a secondary offering.

The total amount of the deal, including the issuance of new shares and the secondary offering, was approximately JPY13.8 billion. In new share issuance, we raised approximately JPY9 billion from overseas markets, mainly in Europe and Asia. We plan to use all of the proceeds to invest in growth.

In addition, the two major shareholders before the listing participated in this deal as sellers, which improved market liquidity.

Following the capital raising and the secondary offering, as shown in the pie chart on the right, the percentage of overseas institutional investors has risen, expanding the base of investors who are interested in us.

# Received High External Rating



- **Recorded the most times to be awarded in the life insurance industry**

## HDI Benchmarking (Life Insurance Industry)

- The 8th time, industry record that Lifenet awarded a three-star rating in two categories: Contact center and Website<sup>1</sup>
- The 10th consecutive year for Website offering excellent UI/UX design to be awarded a three-star rating



## PRIDE Index 2020

- Received Gold Rating, the highest evaluation, for LGBTQ initiatives for 5th consecutive year

work with Pride



1. Based on data collected by Lifenet

Please refer to page 19. Our contact center and website received the highest rating in the HDI Benchmarking in the life insurance industry alone the eighth time, thanks to an easy-to-understand response from the customer's perspective. In particular, for our website, we received the highest rating for ten consecutive years for the first time among life insurance companies.

In addition, we received the highest rating for fifth consecutive years in LGBTQ and other initiatives related to sexual minority.

While continuing to value our customer-oriented perspective, we will strive to provide products and services by making the most of our diverse corporate culture.

# Adapt the New Normal after COVID-19



## Started new series of TV commercial from November

### Enhancement of promotion capabilities



Featuring convenient services online and price-competitive products

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Please refer to page 20. In an effort to strengthen sales capabilities, one of the priority areas in our management policy, we began new series of TV commercial in November.

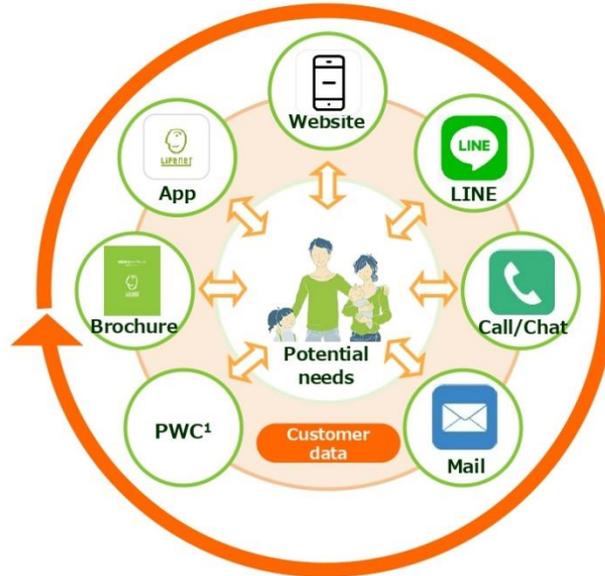
TV commercials are also an important marketing tool for us to promote our online business. Utilizing not only TV commercials but online advertising, we will continue to consider effective promotions in line with changes in customers' lifestyles and changes in their feelings.

# Investment in CX



- Visualize the data of customer and aim to provide a more personalized experience

## Innovation of customer experience



1. price comparison website

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Please refer to page 21. We will explain another priority area, Innovation of the customer experience.

As one of the uses of the capital gained from the overseas public offering in July of this year, we intend to invest more actively in the digital field.

Specifically, by integrating our data base and integrating communications, we will visualize customer behavior with data and evolve it into a more optimal communication for each customer.

We believe that this innovation of customer experience will realize stress-free for customers and increase long-term engagement with them. As a result, our competitive advantage will be enhanced.

# Future Direction



## Fiscal 2020

### ■ New business performance

- Increased significantly for the first half of the year impacted by COVID-19
- Aim for the steady growth with new normal, recognizing a temporary regression from the drastic increase

### ■ In-force business performance

- Aim for double-digit growth

**Aim to achieve 100 billion yen in EEV early and turn into the black in operating profit in the mid-2020s**

22

Please refer to page 22. This section provides an understanding of the current situation and future direction.

As you can see, the impact of COVID-19 has increased online activity and consumption by consumers and businesses in a variety of areas. The structured mega-trend of digitization of financial services, which underlies the growth of LIFENET, has been also accelerated.

On the other hand, the recent activities and behavior of consumers have been becoming increasingly reactionary due to rapid changes and an increase in expenditure for leisure, which is being promoted by Go To campaigns. We believe that the rise in web-based consumption behavior, including online life insurance, has temporarily subsided.

Based on this recognition, until we return to a megatrend trajectory in the near future, we carefully assess the timing of increasing marketing expenses and focusing on capital-efficient investments, and we will achieve double-digit percentage growth in our results of policies-in-force

As a result, in addition to aiming to achieve our immediate management target of EEV JPY100 billion as early as possible, we will conduct management with a view to achieving profitability in ordinary profit and loss in the mid-2020s.

# Business Forecast FY2020



- Looking carefully at the continuing future uncertainty caused by the impact of COVID-19
- No change from August disclosure

(JPY millions)

	FY2020 Forecast		(Reference) FY2019 Results	
		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance
Ordinary income	20,000	2,700	16,850	2,034
Ordinary profit (loss)	(3,200)	650	(2,382)	1,526
Net income (loss)	(3,200)	650	(2,400)	1,526
(Reference) Annualized premium of new business <sup>1</sup>	4,000		3,425	

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; we calculate annualized premium as multiplying the monthly premium by 12 months.

23

Page 23 shows our forecasts for FY2020.

The forecast for the current fiscal year remains unchanged from the forecast disclosed in August 2020. While the future outlook remains uncertain, we will continue to aim for sustainable growth to improve profitability over the medium to long term.

Thus, we will complete the explanation of the financial results for the second quarter of FY2020.

Thank you for your attention.