

Securities Code: 7157
TSE Growth



Presentation Material for Investors

Second Quarter for Fiscal 2023

LIFENET INSURANCE COMPANY
November 15, 2023

1H for Fiscal 2023 Key Highlights



Key Indicators

Corporate Value

EEV
(European Embedded Value)

¥ **140,905** mn

(YoY 114.5%)

Growth

**Annualized premium¹
of policies-in-force**

¥ **27,255** mn

(YoY 118.8%)

Profitability

**Insurance service
results**

¥ **4,088** mn

(YoY 138.8%)

Notable Achievements

- **Started offering GCL² to mortgage loan borrowers of au Jibun Bank from July. Due to GCL, annualized premium of policies-in-force and EEV added ¥2.5bn and ¥4.4bn³, respectively**
- **Raised capital through public offering and third-party allotment to further unleash the growth potential of online life insurance**
- **Sumitomo Mitsui Card and Lifenet to start offering “Insurance with V-points” from December**

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 (for GCL, expected premium income for the next month based on the in-force business) by 12 months (The same will apply hereafter).

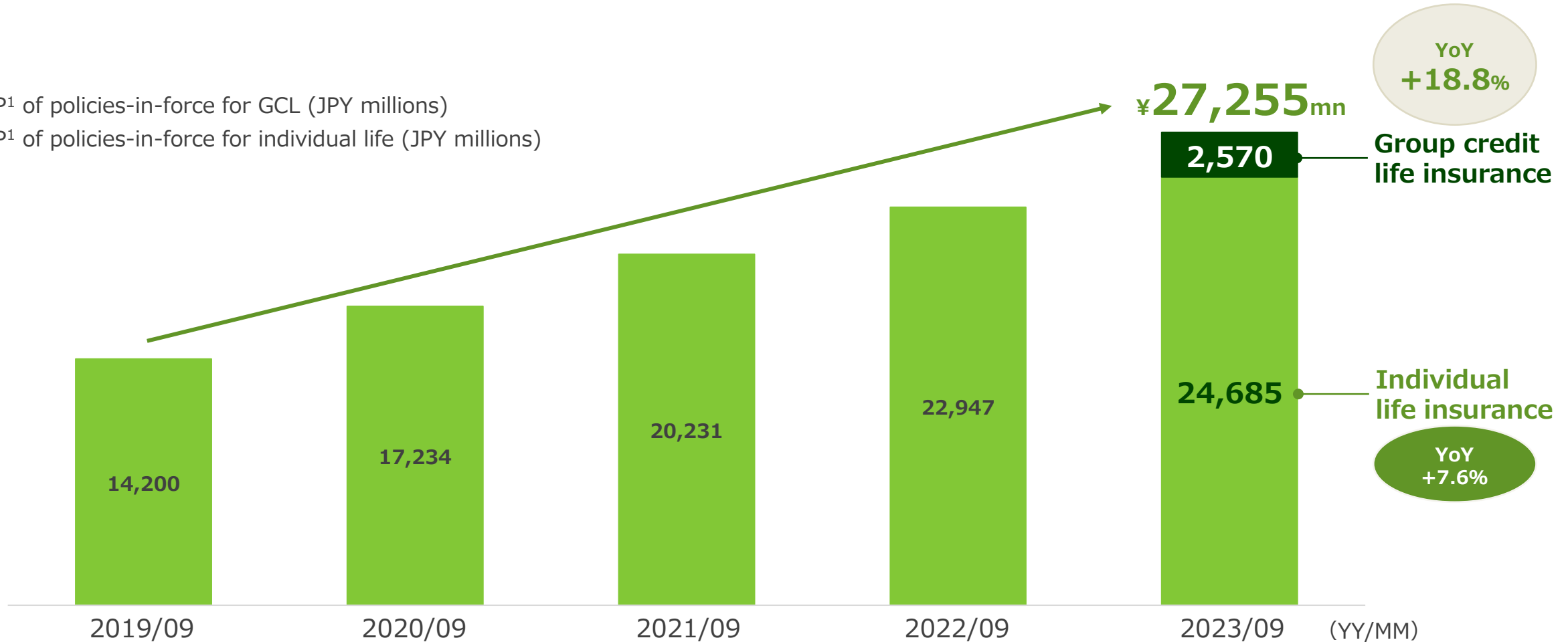
2. GCL stands for Group Credit Life Insurance

3. Additional amount of value of new business

Annualized Premium of Policies-in-Force

■ **Strongly grew 18.8% YoY, with large contribution from newly started GCL**

■ :AP¹ of policies-in-force for GCL (JPY millions)
 ■ :AP¹ of policies-in-force for individual life (JPY millions)

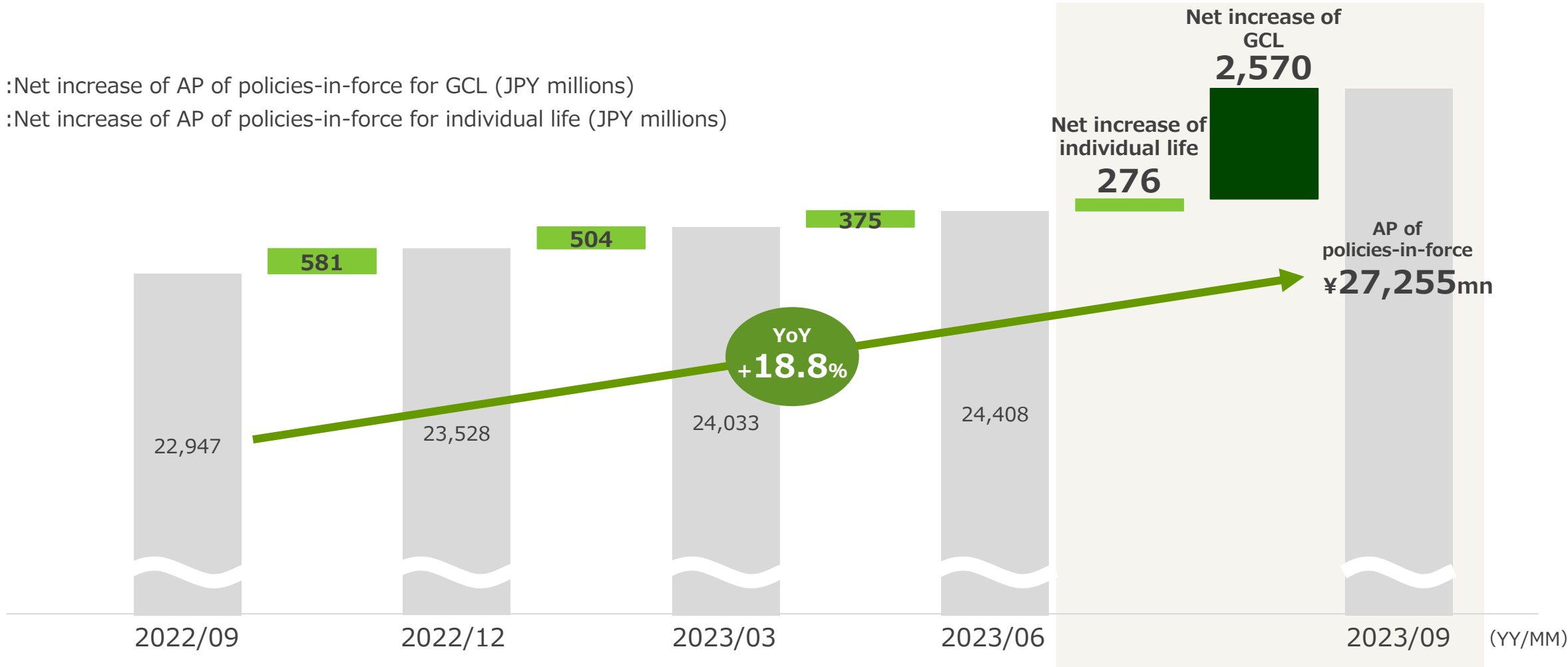


Policies-in-Force Movement



■ **GCL strongly led the growth** while demand of individual life was moderate

■ :Net increase of AP of policies-in-force for GCL (JPY millions)
 ■ :Net increase of AP of policies-in-force for individual life (JPY millions)



Summary IFRS P/L

- Insurance service results and net income resulted in **¥4,088mn** and **¥2,759mn**, respectively

(JPY millions)

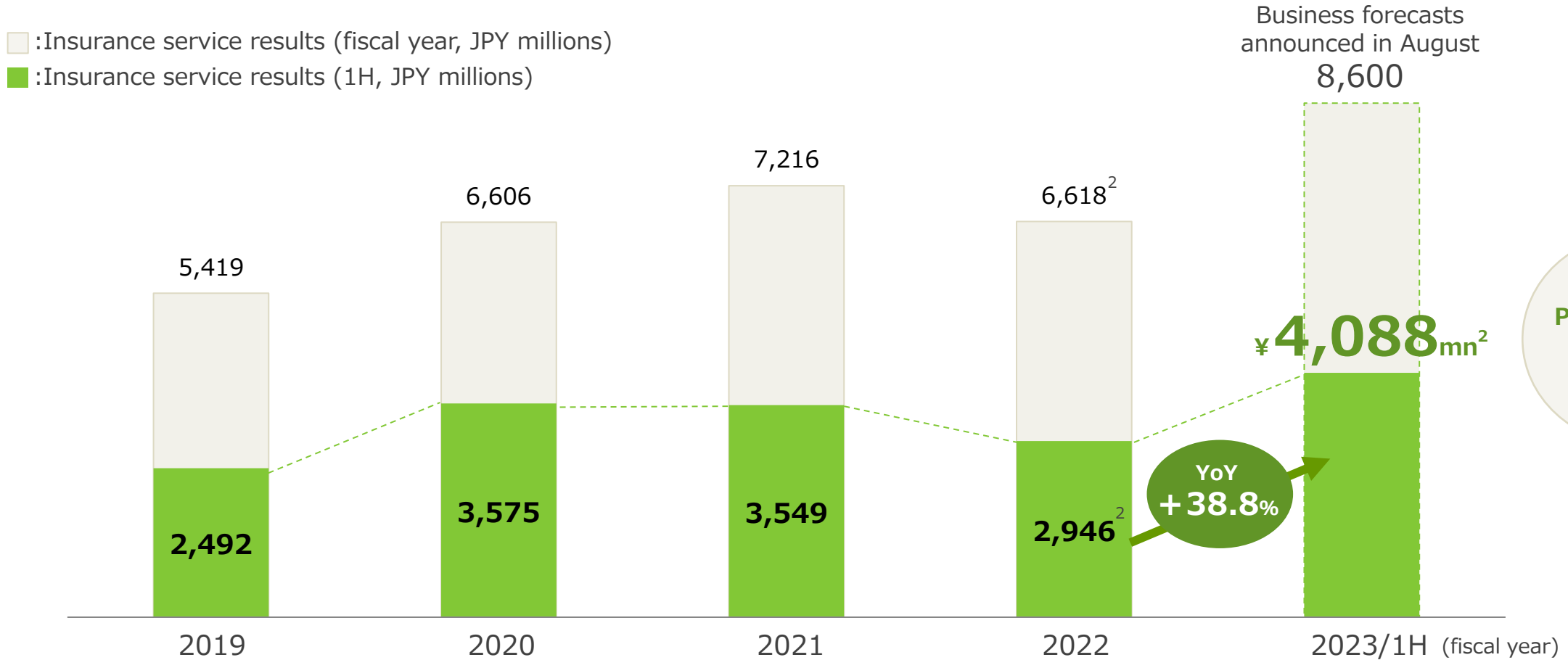
Items	FY2022/1H ²	FY2023/1H ²	Change	(Ref.) FY2022 ²
Insurance service results	2,946	4,088	1,142	6,618
Financial results ¹	(423)	66	490	(452)
Other results	(374)	(228)	146	(822)
Profit before tax	2,147	3,926	1,778	5,343
Net income attributable to owners of the Company	1,437	2,759	1,321	3,562

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

2. 1H of FY2022 includes ¥883mn, 1H of FY2023 includes ¥25mn and FY2022 includes ¥1,378mn of insurance claims and benefit related to COVID-19

Insurance Service Results¹

- Grew 38.8% YoY and reached ¥4,088mn, maintaining steady growth
- 47.5% progress rate over revised business forecasts



1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS

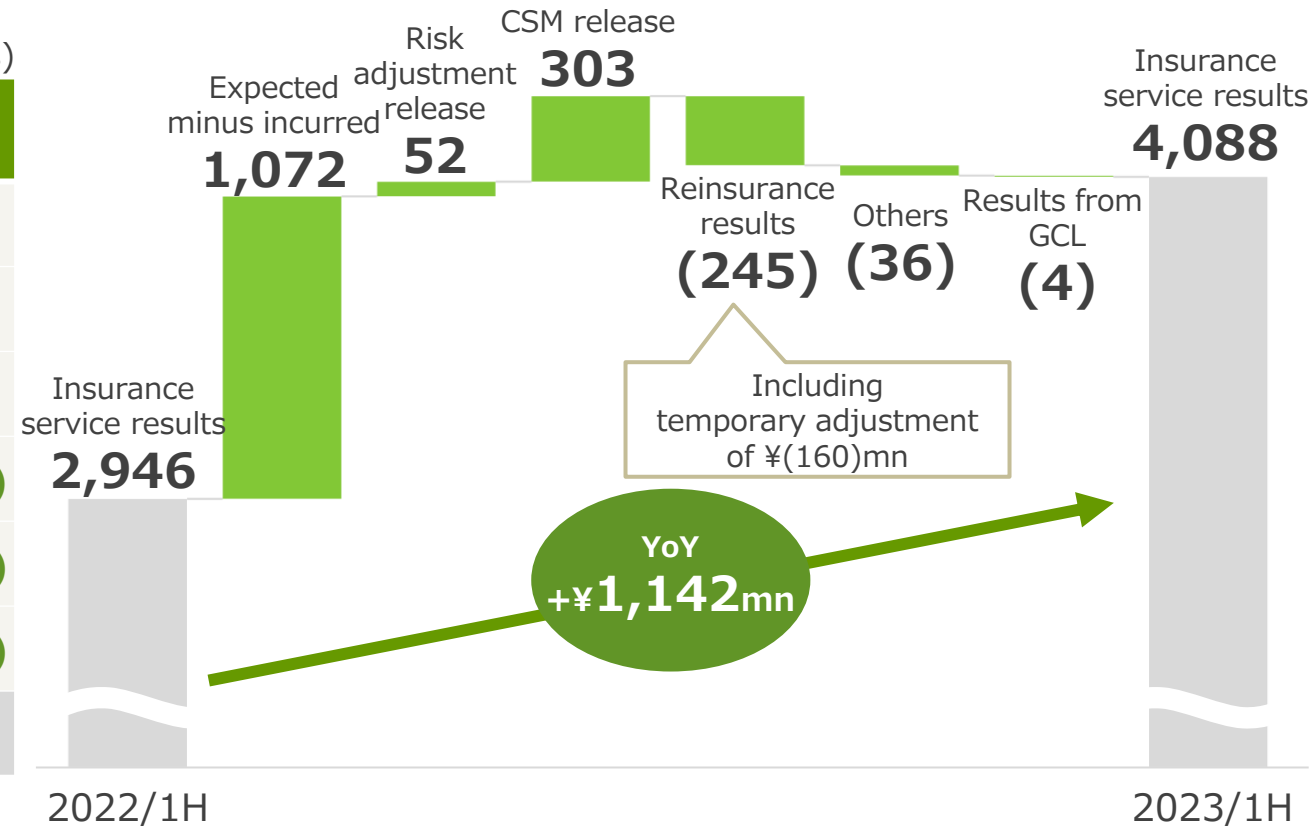
2. 1H of FY2022 includes ¥883mn, 1H of FY2023 includes ¥25mn and FY2022 includes ¥1,378mn of insurance claims and benefit related to COVID-19

Insurance Service Results Analysis

■ Increased due to the calm down of COVID-19 claims and increase of CSM release along with the growth of in-force business

(JPY millions)

Items	FY2022/1H	FY2023/1H	Change
Expected claims minus incurred claims ¹	(808)	263	1,072
Risk adjustment release	819	872	52
CSM release	3,132	3,435	303
Reinsurance results	(137)	(383)	(245)
Others	(58)	(95)	(36)
Results from GCL ²	—	(4)	(4)
Insurance service results	2,946	4,088	1,142



1. Applied only for individual life. 1H of FY2022 includes ¥883mn and 1H of FY2023 includes ¥25mn of insurance claims and benefit related to COVID-19

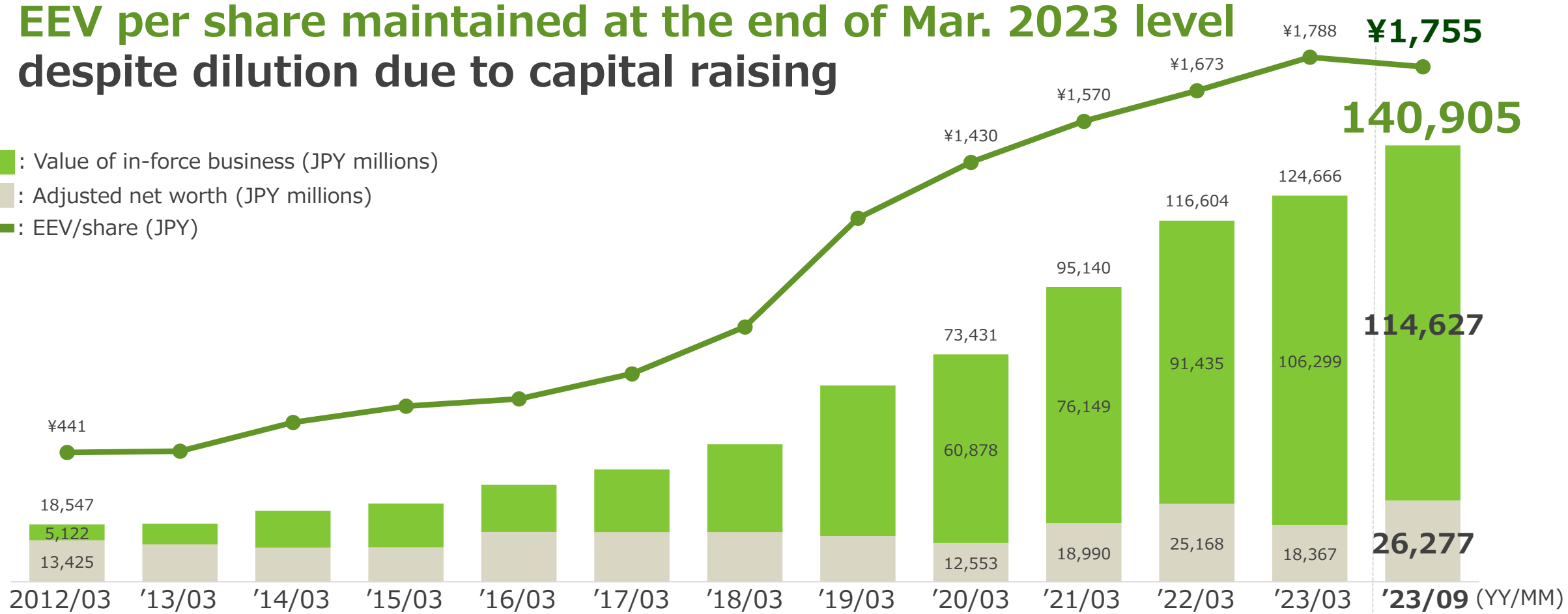
2. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

European Embedded Value¹



- EEV and value of in-force business have been strongly growing at a CAGR of **19%**² and **31%**, respectively since IPO
- **EEV per share maintained at the end of Mar. 2023 level despite dilution due to capital raising**

■ : Value of in-force business (JPY millions)
 ■ : Adjusted net worth (JPY millions)
 ■ : EEV/share (JPY)



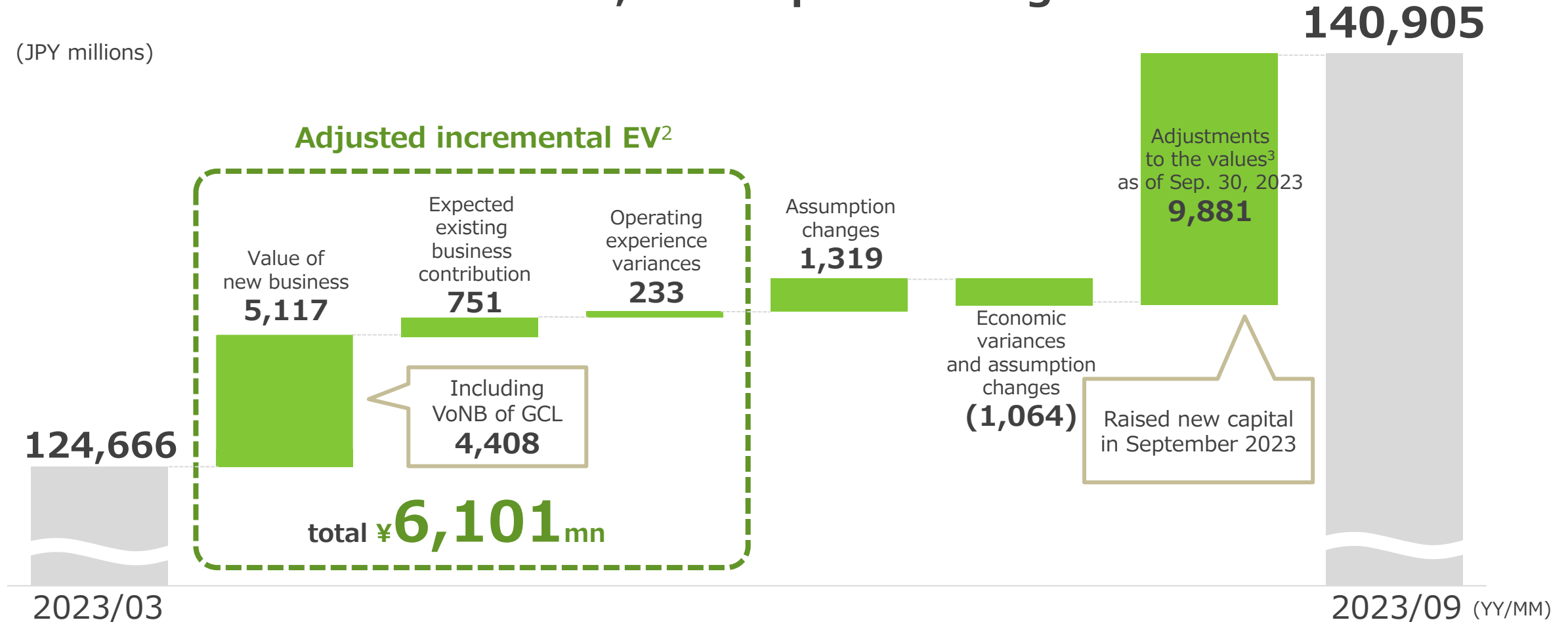
1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate 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, 2023 is calculated applying the updated operating assumptions from those used for June 30, 2023, and is not reviewed by third-party specialists.

2. The calculation includes ¥3,040mn in proceeds from a third-party allotment in May 2015 and ¥9,005mn from overseas public offering in July 2020 and ¥9,771mn from overseas public offering in September 2021 and ¥9,770mn from public offering and third-party allotment in September 2023.

Changing Factors of EEV¹

- Increased due to the growth of VoNB and the improvement of opex ratio with the launch of GCL, and capital raising

(JPY millions)



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. EEV as of September 30, 2023 is calculated applying the updated operating assumptions from those used for June 30, 2023, and is not reviewed by third-party specialists.
 2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.
 3. Item for change in capital

Strong Business Performance of GCL

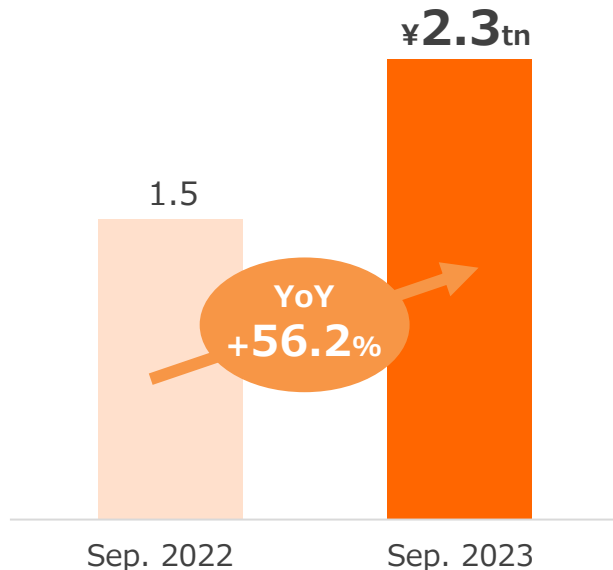
- Started offering GCL to mortgage loan borrowers of au Jibun Bank since July
- GCL strongly contributed to the financial performance



au Jibun Bank's rapid growth of mortgage loan

Mortgage loan balances

High customer satisfaction



2023 Oricon Customer Satisfaction® Survey Mortgage "Interest Rate" No.1

Contribution to key indicators¹

AP of policies-in-force

+ ¥2,570_{mn}

EEV (VoNB)

+ ¥4,408_{mn}

Insurance Service Results

¥(4)_{mn}

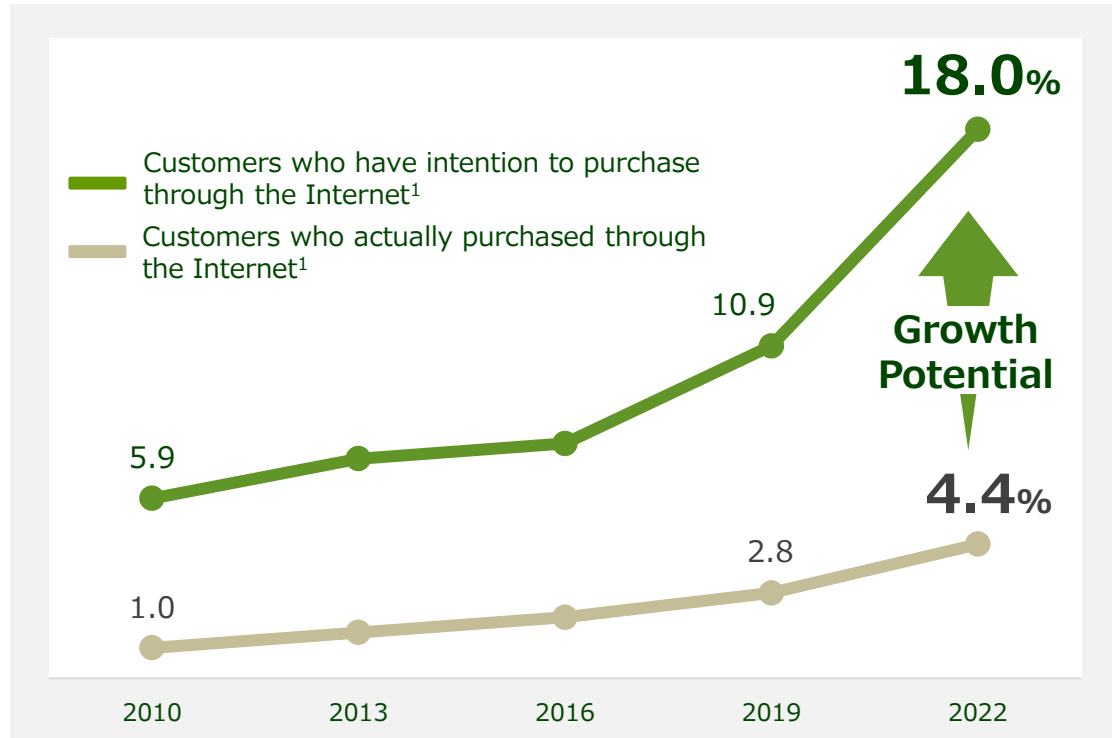
*Expecting to generate profit from FY2024

Capital Raising through Public Offering and Third-Party Allotment



- Raised new capital of ¥9.7bn to further unleash the growth potential of online life insurance and enhance corporate value

Unleash the growth potential of online life insurance



Diversification of investor base

Increase of number of individual shareholder²

As of Mar. 31, 2023
(Before)

5,373

As of Sep. 30, 2023
(After)

7,006

Third-party allotment

au フィナンシャルホールディングス au Financial Holdings



Sumitomo Mitsui Card Corporation

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

2. Japanese Individuals and Others includes Treasury stock

Future Pathway of Internet Direct Channel

- Identified focus areas to attract young customer base and aim for mid-term growth



Focus areas of marketing strategy



Brand Enhancement



Nurture Marketing



Data Utilization

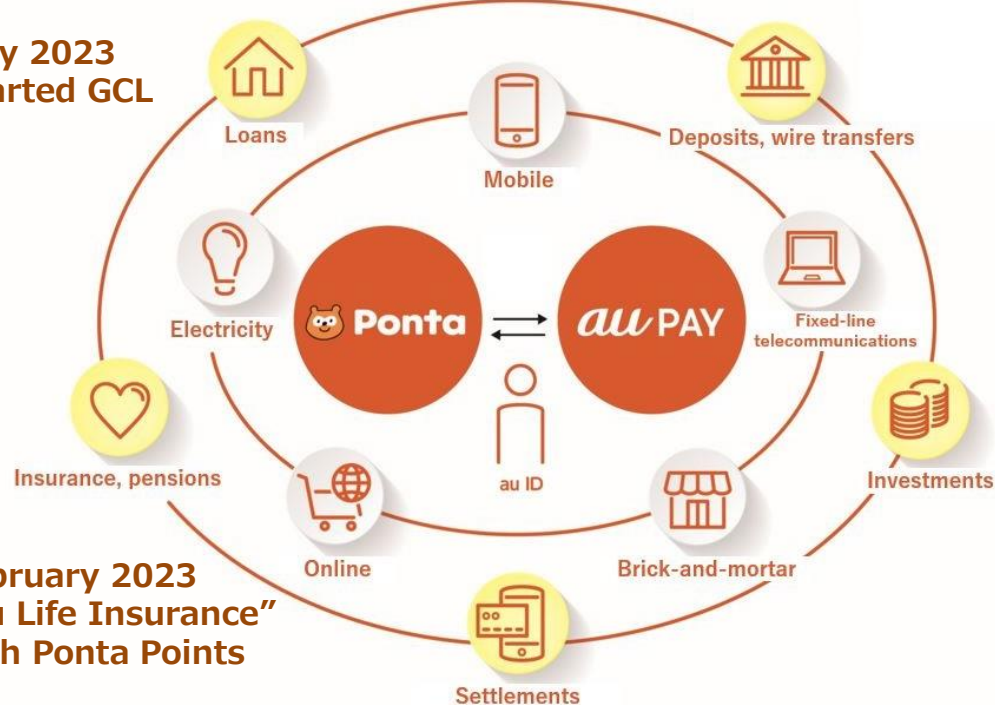
Expansion of Partner Business

- Having backed by the tailwind of "Embedded Finance", make the most use of two major ecosystems with huge customer base and strong brand



Play an important role in individual life and GCL

July 2023
Started GCL



February 2023
"au Life Insurance"
with Ponta Points



Contribute to the spread of digital financial service



Alliance with SMBC Group

- Plan to offer “Insurance with V-points” from December to be embedded into V-point ecosystem

December 2023 (planned)




V-Points equivalent to 1% of monthly premiums is awarded when customers purchase insurance through services of SMBC group

Aim to develop new insurance products beyond individual insurance and improve customer experiences

New Initiatives of Lifenet MIRAI

- Launched a **LINE¹-based consultation service** in October 2023

 ライフネットみらい | LIFENET MIRAI



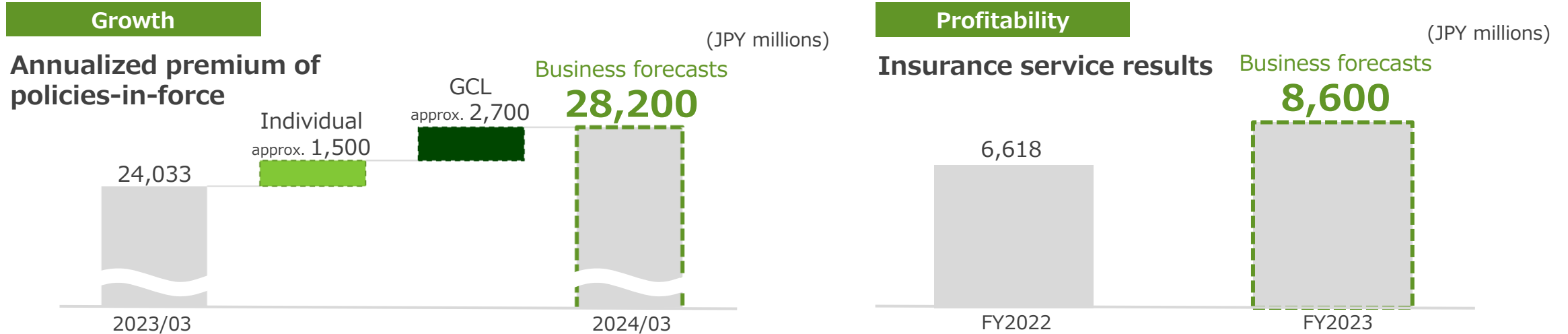
LINE-based service to promote 'Save and Minimize' insurance coverage

www.better-choice.com/hoken-diet

1. LINE is a mobile messenger app with 96 million users as of September 2023.

Consolidated Business Forecasts for FY2023

■ Remains unchanged from August 2023

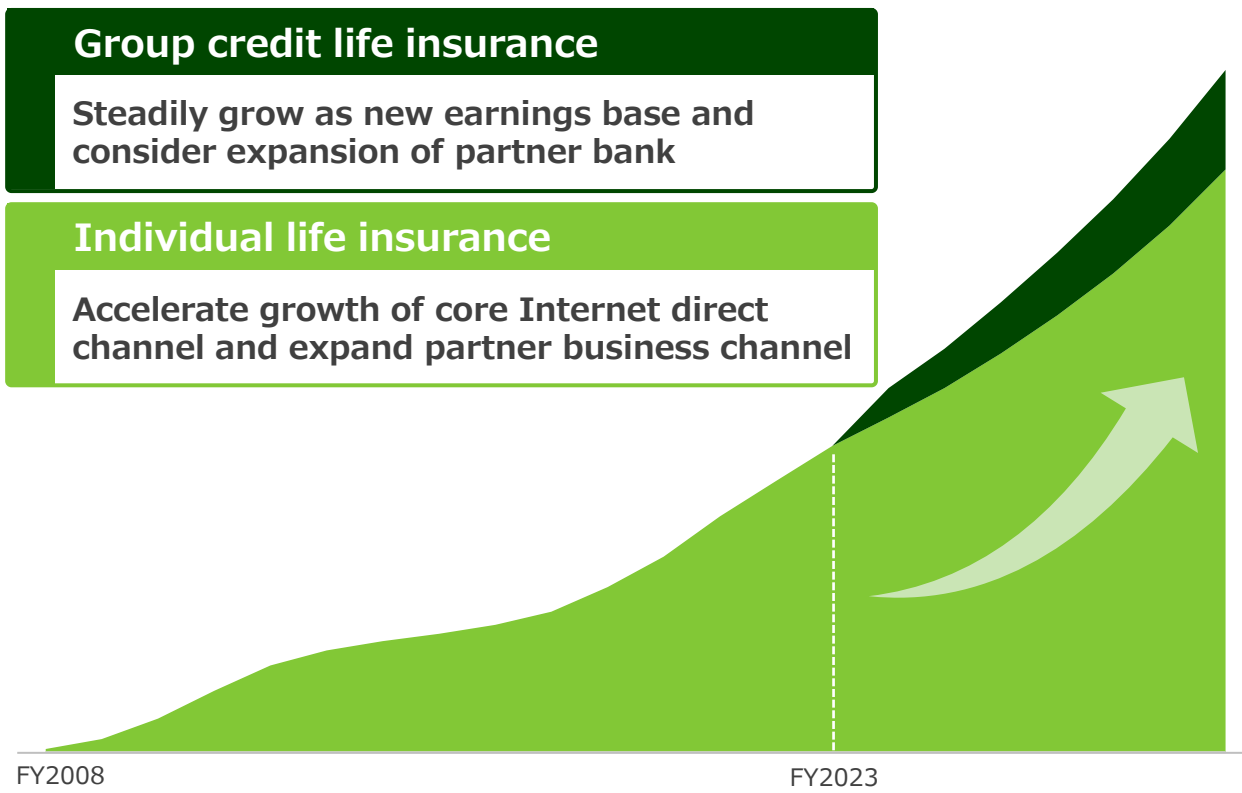


(JPY millions)	FY2022	FY2023	
	Results	1H Results	Forecasts
Annualized premium of policies-in-force	24,033	27,255	28,200
Insurance revenue	20,732	11,766	24,900
Insurance service results	6,618	4,088	8,600
Net income attributable to owners of the Company	3,562	2,759	5,800

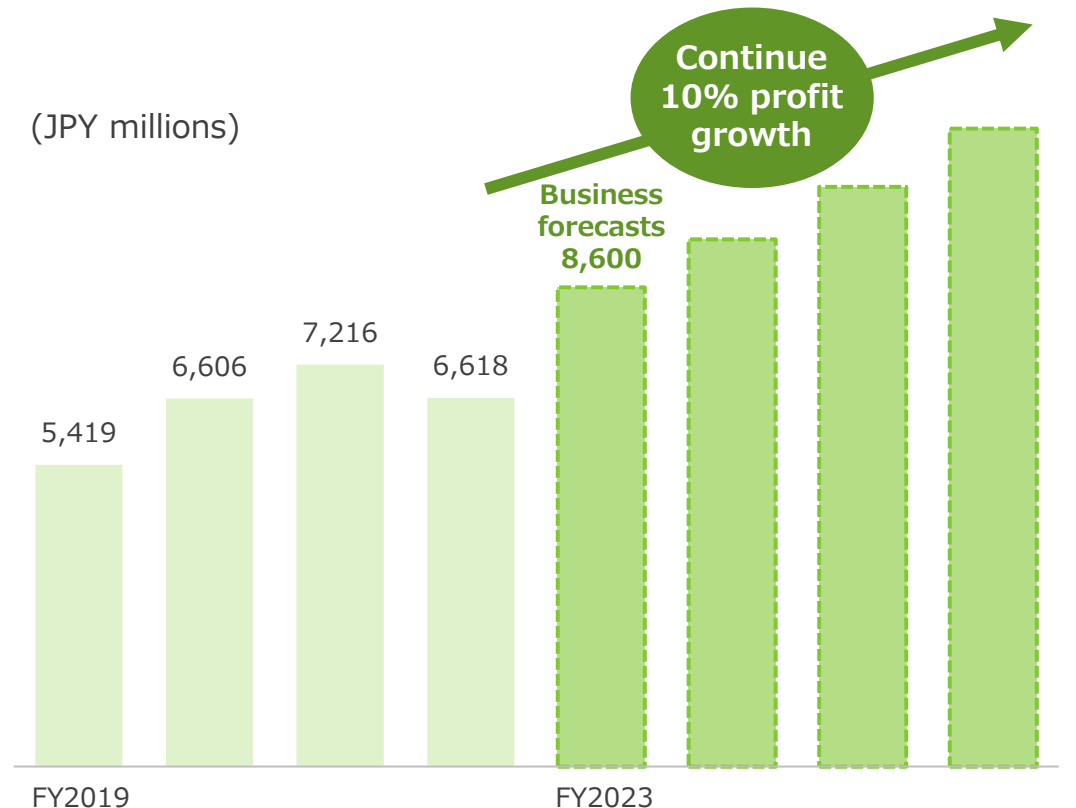
Future Direction

- Aim for growth in in-force business for both individual life and GCL
- Continue 10% profit growth and aim for TSE Prime Market in around FY2025

Mid-term growth path of in-force business



Insurance service results



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

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.

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.

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.

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.**



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. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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Appendix

Initiatives for Sustainability

- Promote initiatives for Sustainability cherishing life insurance's original purpose – mutual support

Creating the future of life insurance

Creating the future for our customers



Disclosed the performance in fiscal 2022 for “customer-oriented business conduct principles”

Creating the future for a better society



Disclosed the greenhouse gas emissions (GHG emissions) for Scope 1 and Scope 2

Creating the future with our employees



Developed policies of human resources development and internal environmental improvement

Corporate governance to create the future

Adopted non-financial indicators to performance-linked compensation to Directors¹

Added “Sustainability” as one of the items of skill matrix of Directors

1. Excluding the directors who are audit and supervisory committee members and outside directors

Glossary	Explanation
Insurance revenue	Revenue accrued for fulfillment of insurance services. Mainly, expected claims, expected maintenance expenses, risk adjustment release, CSM release and recovery of insurance acquisition cash flows. Investment components which will be paid regardless of insurance event are excluded from expected claims.
Insurance service expenses	Expenses incurred related to insurance service. Mainly, incurred claims, incurred maintenance expenses, amortization of insurance acquisition cash flows and losses on onerous contracts. Investment components which will be paid regardless of insurance event are excluded from incurred claims.
Insurance service results	Insurance revenue less insurance service expenses, plus reinsurance results.
Financial results	Total of investment results from financial assets, insurance finance income or expenses from insurance contract liabilities (or assets) and reinsurance finance income or expenses from reinsurance contract liabilities (or assets).
Other results	Expenses not directly related to insurance services such as product development costs and income/loss on other than insurance businesses such as results of subsidiaries.
CSM (Contractual Service Margin)	A component of insurance contract liabilities (or assets), which represents the unearned profit that the company will recognize as it provides services over the coverage period. Accumulation of CSM is important for future profit growth.
New business CSM	CSM at the time of acquisition of new contracts during the period.
Risk adjustment	A component of insurance contract liabilities (or assets), which is the adjustment for uncertainty of future cash flows (addition on liabilities).
Insurance acquisition cash flows (IACF)	Cash flows from expenses which are directly attributable to acquisition of insurance contracts. Advertising expenses for new business, agency commissions and administrative expenses for underwriting new business are included. The difference from marketing expenses we had used for J-GAAP is addition of administrative expenses for underwriting.
Maintenance expenses	Expenses directly related to fulfillment of insurance contracts other than insurance acquisition cash flows. Administrative expenses for the maintenance of contracts and overhead expenses for the provision of insurance services are included.

Breakdown of Policies-in-Force

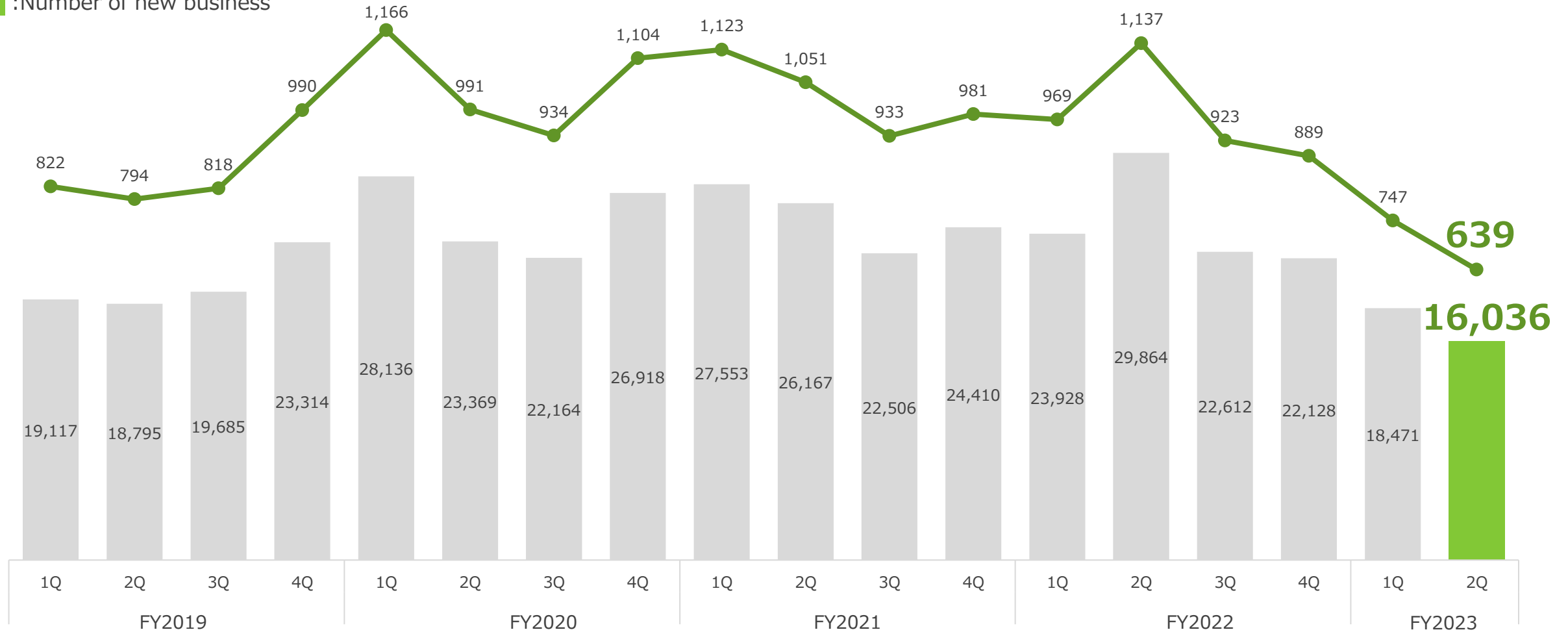
	2022/09	2023/09	Component ratio
Number of policies-in-force	543,635	582,784	100%
- Term Life	263,856	284,123	49%
- Whole-life Medical	150,293	159,705	27%
- Term Medical Care	8,304	7,419	1%
- Long-term Disability	66,662	68,638	12%
- Cancer	54,520	62,899	11%
Sum insured of policies-in-force¹ (JPY millions)	3,514,030	3,708,366	
Number of policyholders	344,441	370,017	

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

Annualized Premium / Number of New Business

— :AP¹ of new business (JPY millions)

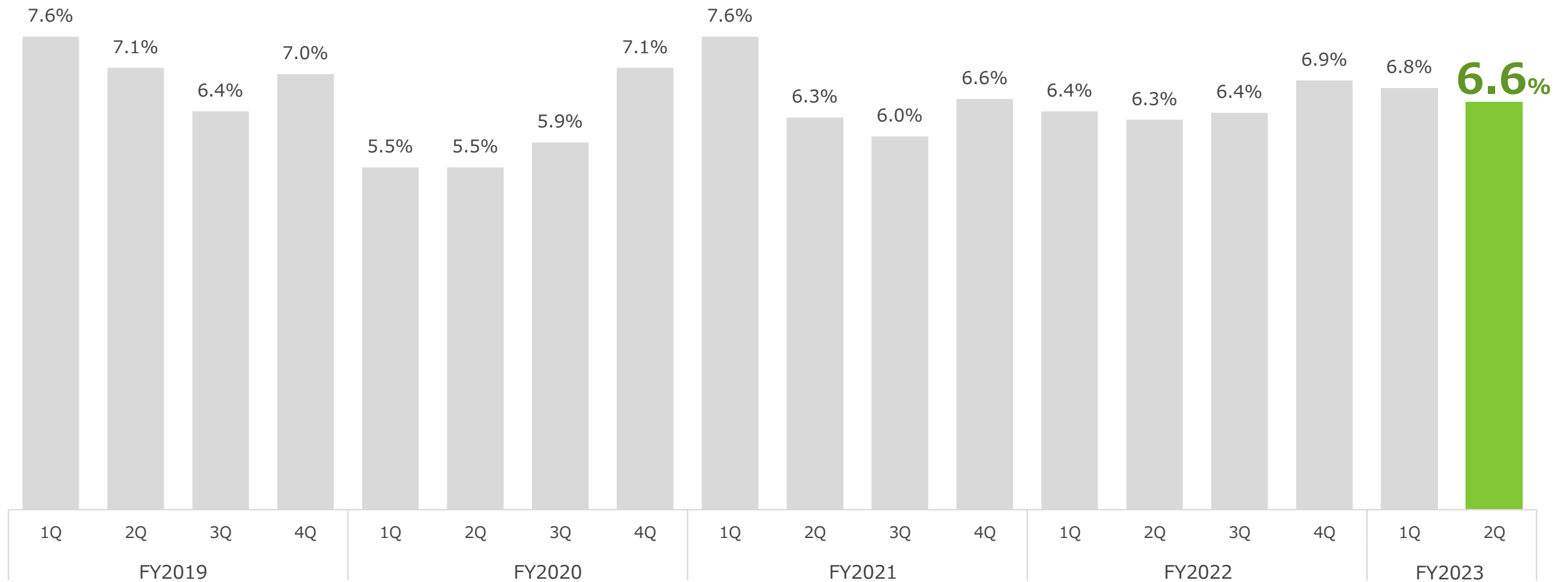
■ :Number of new business



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.

Surrender and Lapse Ratio

■ : Surrender and lapse ratio¹ (%)

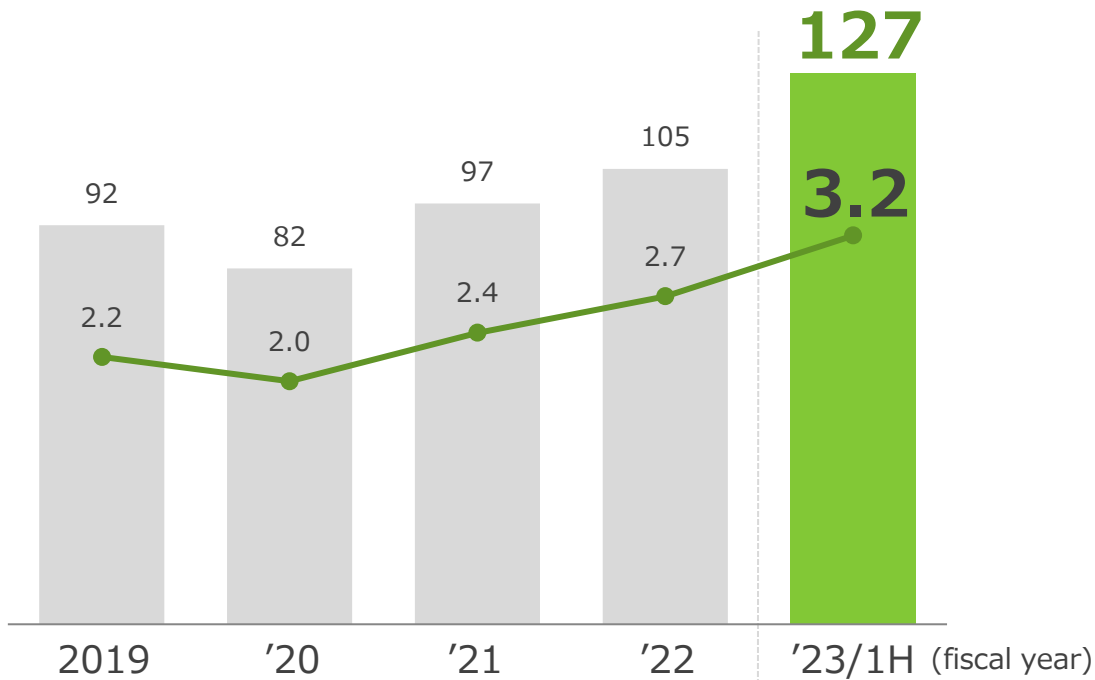


1. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

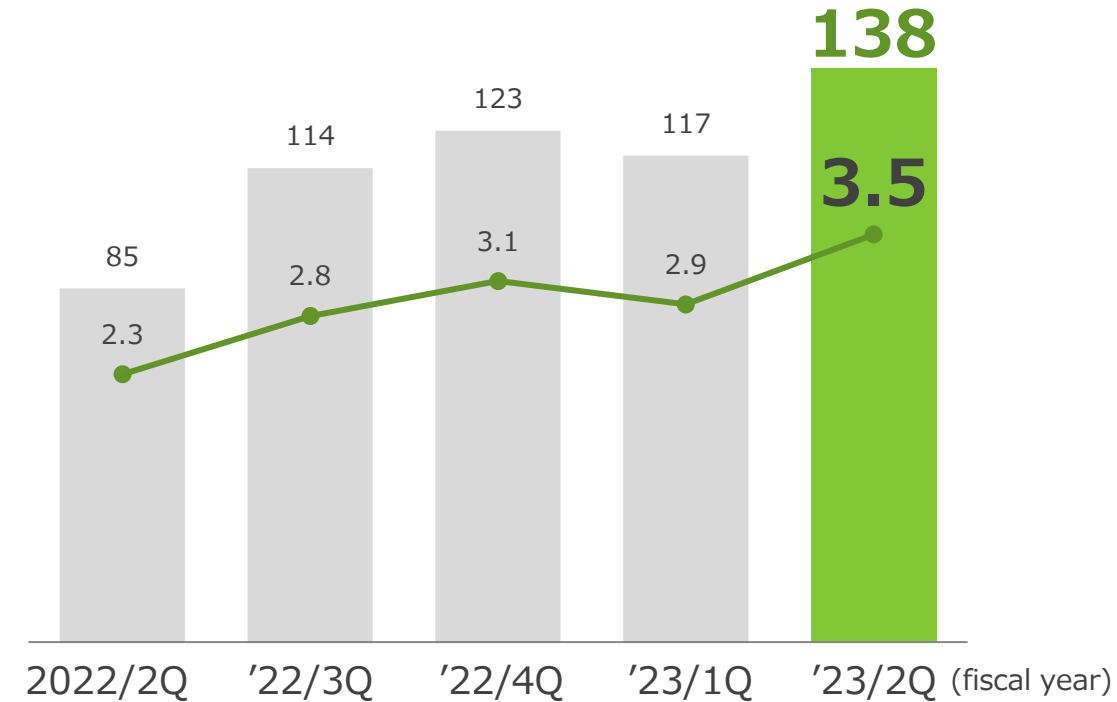
Insurance Acquisition Cash Flows (IACF) Efficiency¹

- : Insurance acquisition cash flows / AP of new business
- : Insurance acquisition cash flows per new business (JPY thousands)

Fiscal year



Quarter



IACF (JPY millions)	2019	'20	'21	'22	'23/1H (fiscal year)
	7,484	8,339	9,854	10,389	4,400

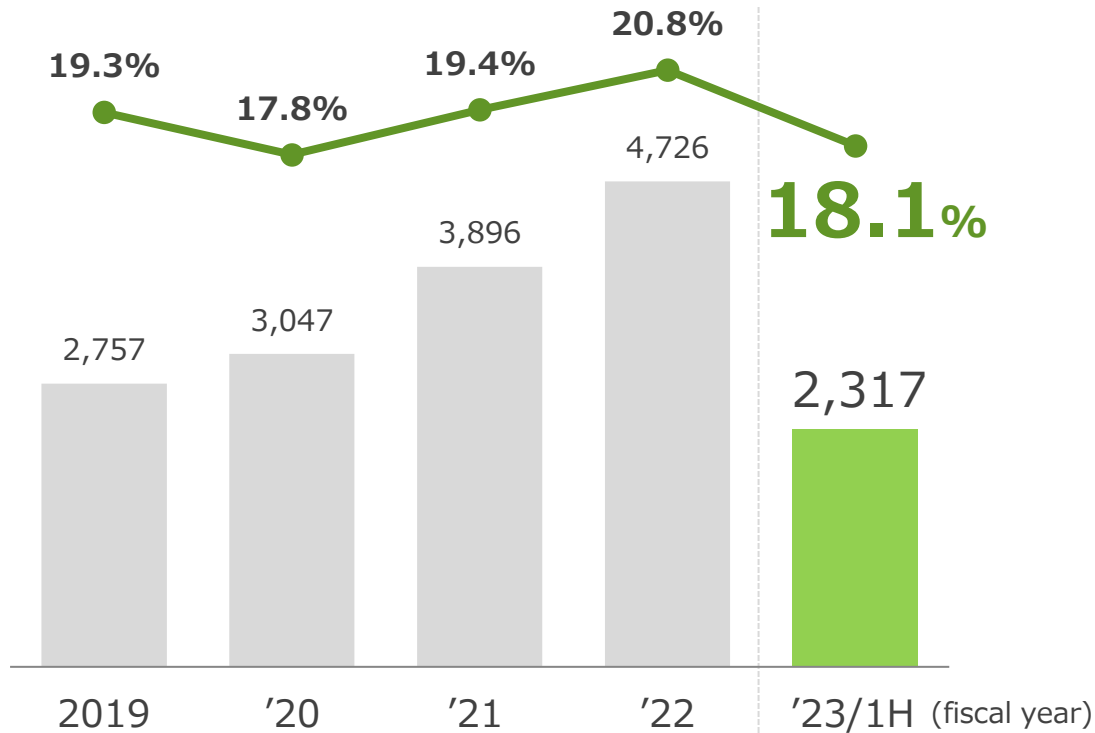
IACF (JPY millions)	2022/2Q	'22/3Q	'22/4Q	'23/1Q	'23/2Q (fiscal year)
	2,565	2,599	2,737	2,177	2,222

1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS.

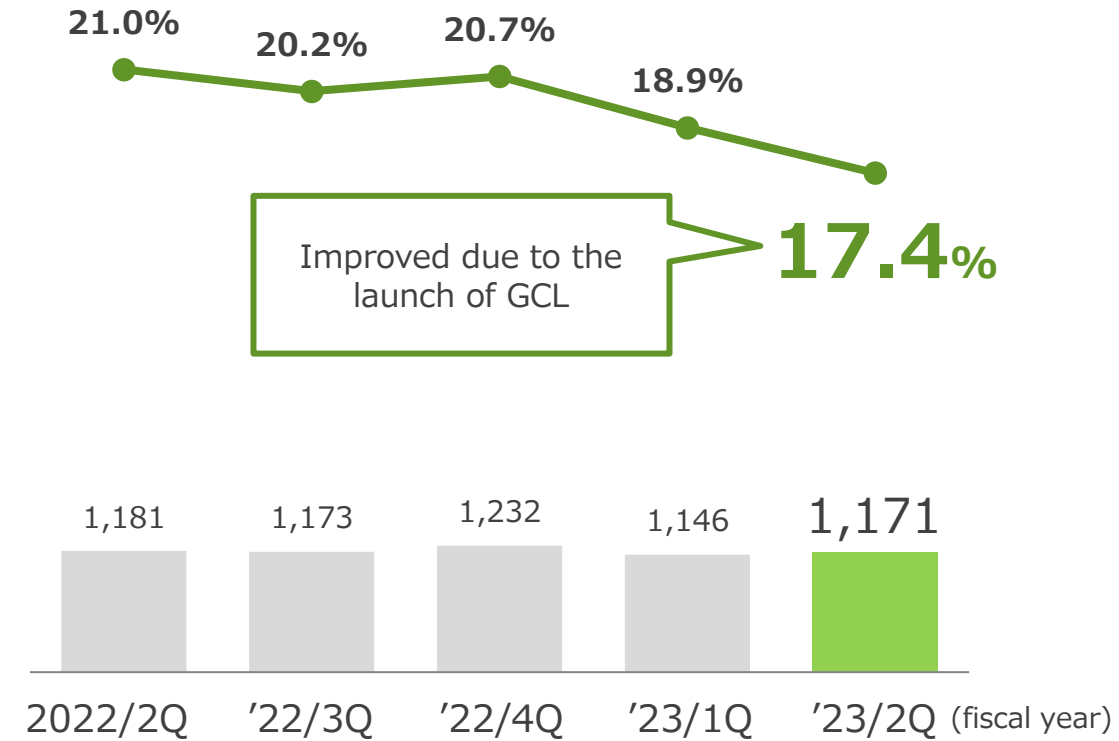
Operating Expenses Ratio¹

■ : Operating Expenses Ratio (%)
■ : Operating expenses excl. insurance acquisition cash flows (JPY millions)

Fiscal year



Quarter



1. Ratio of operating expenses excluding IACF divided by average in-force annualized premium for the period (annualized). Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS.

Summary IFRS P/L (Quarter)



LIFENET

(JPY millions)

Items	FY2023/1Q	FY2023/2Q	Note
Insurance service results	2,274	1,813	
Expected claims minus incurred claims	368	(104)	Actual claim payments increased
Risk adjustment release	433	438	
CSM release	1,677	1,758	Increased CSM release due to assumption changes
Reinsurance results	(157)	(225)	Temporary loss of 160 million yen from the adjustment related to reinsurance
Results from GCL ¹	–	(4)	
Financial results²	367	(300)	Valuation loss from investment trust due to the increase in foreign interest rates
Other results	(120)	(108)	
Profit before tax	2,521	1,404	
Net income attributable to owners of the Company	1,765	993	

1. Insurance service results related to contracts measured under the premium allocation approach (excluding reinsurance results)
2. Total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense

Breakdown of Insurance Service Results

(JPY millions)

Items	FY2022		FY2023
	(Ref.) Fiscal Year	1 H	1 H
Insurance revenue	20,732	10,025	11,766
Expected claims	9,569	4,604	5,177
Risk adjustment release	1,698	819	872
CSM release	6,401	3,132	3,435
Recovery of IACF	3,184	1,528	1,765
Others	(121)	(58)	(81)
Premium income of GCL ¹	—	—	595
Insurance service expenses	13,874	6,941	7,294
Incurred claims (Individual life)	10,688	5,413	4,914
Incurred claims (GCL)	—	—	600
Amortization of IACF	3,184	1,528	1,765
Others	2	0	14
Reinsurance results	(239)	(137)	(383)
Insurance service results	6,618	2,946	4,088

1. Insurance revenue related to contracts measured under the premium allocation approach

Breakdown of Financial Results

- **Unrealized losses of 1H recovered due to rising stock prices in 1Q, despite affected by increasing foreign interest rates since FY2022**

(JPY millions)

Items	FY2022/1H	FY2023/1H	Change
Investment results	(390)	116	507
Interest income	150	151	1
Impairment losses on financial assets, net	(0)	(1)	(0)
Other investment income	(539)	(33)	505
Insurance finance income (expense)	(38)	(58)	(19)
Reinsurance finance income (expense)	5	7	2
Financial results	(423)	66	490

Detail of Bond Portfolio¹

As of September 30, 2023

(JPY millions)

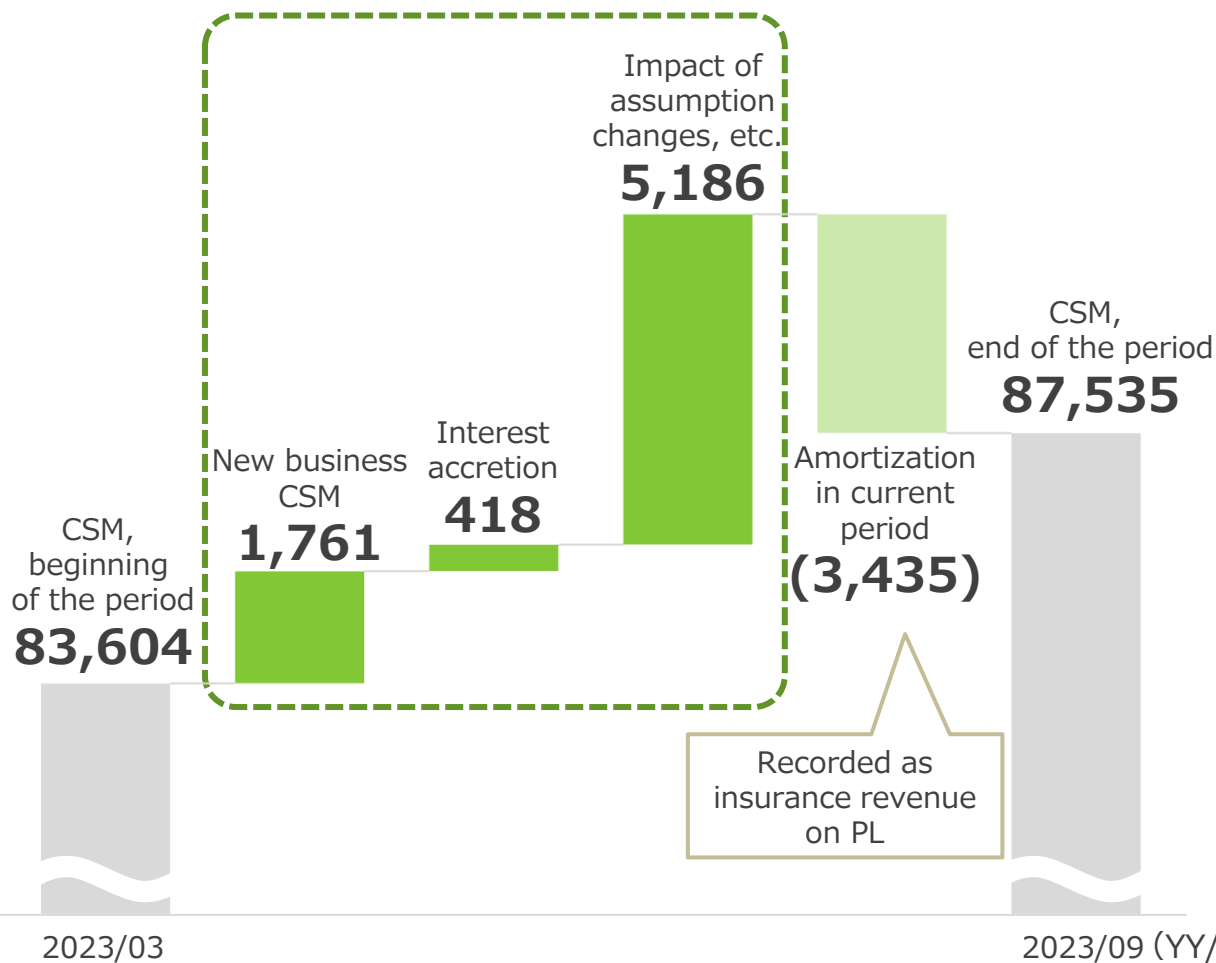
	Available-for-Sale	Held-to-Maturity	Total
JPY Bonds	18,582	17,285	35,868
Duration ²	4 years	11 years	8 years
Foreign Currency Bonds	7,523	—	7,523
Duration ²			6 years
Non-Currency Hedged	681	—	681
Currency Hedged	6,841	—	6,841

1. Based on J-GAAP balance sheet

2. Calculated by Lifenet

CSM Movement

- Large contribution from improvement of opex ratio with the launch of GCL in assumption changes in addition to the new business CSM of individual life



(JPY millions)

Items	FY2022	FY2023/1H
CSM, beginning of the period	74,907	83,604
New business CSM	6,879	1,761
Interest accretion	710	418
Assumption changes, etc.	7,508	5,186
Amortization of CSM	(6,401)	(3,435)
CSM, end of the period	83,604	87,535

CSM Future Allocation

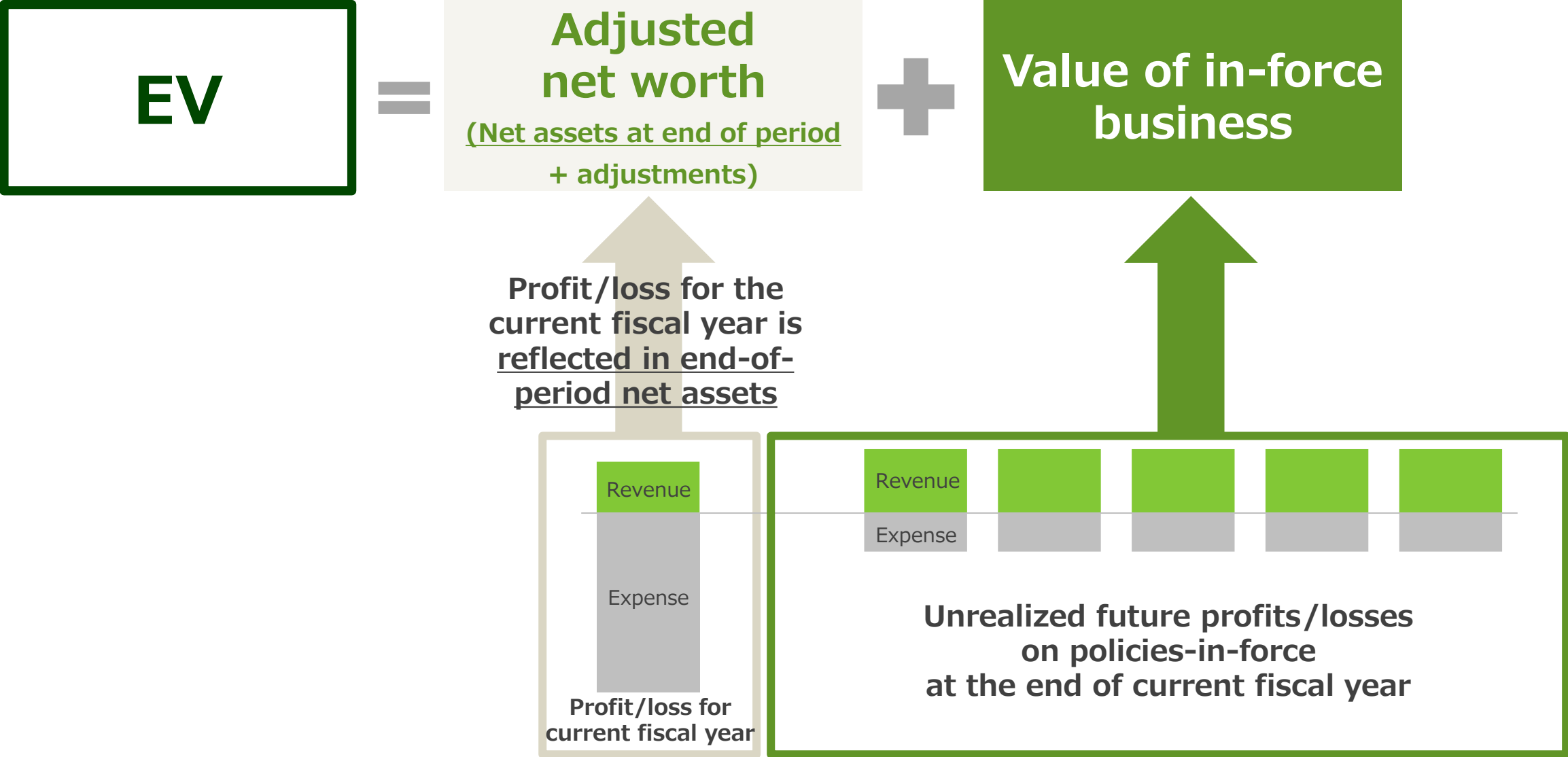
- Stable profits will be realized **over long period** from in-force CSM
- Aim for CSM release growth **by adding CSM generated from future acquired new business**

Future allocation of CSM

(JPY billions)

		Amount	Expected timing when CSM is recognized in PL						
			A+year 1	A+year 2	A+year 3	A+year 4	A+year 5	A+year 6 and more	
Actual	In-force CSM	As of Sep. 2023 (A)	87.5	6.8	6.4	6.1	5.8	5.6	56.5
Forecast	New Business CSM (B)	A + year 1	XX	X	X	X	X	X	XX
		A + year 2	XX		X	X	X	X	XX
		A + year 3	XX			X	X	X	XX
		A + year 4	XX				X	X	XX
		A + year 5	XX					X	XX
	CSM release (A+B)			XX	XX	XX	XX	XX	XXX

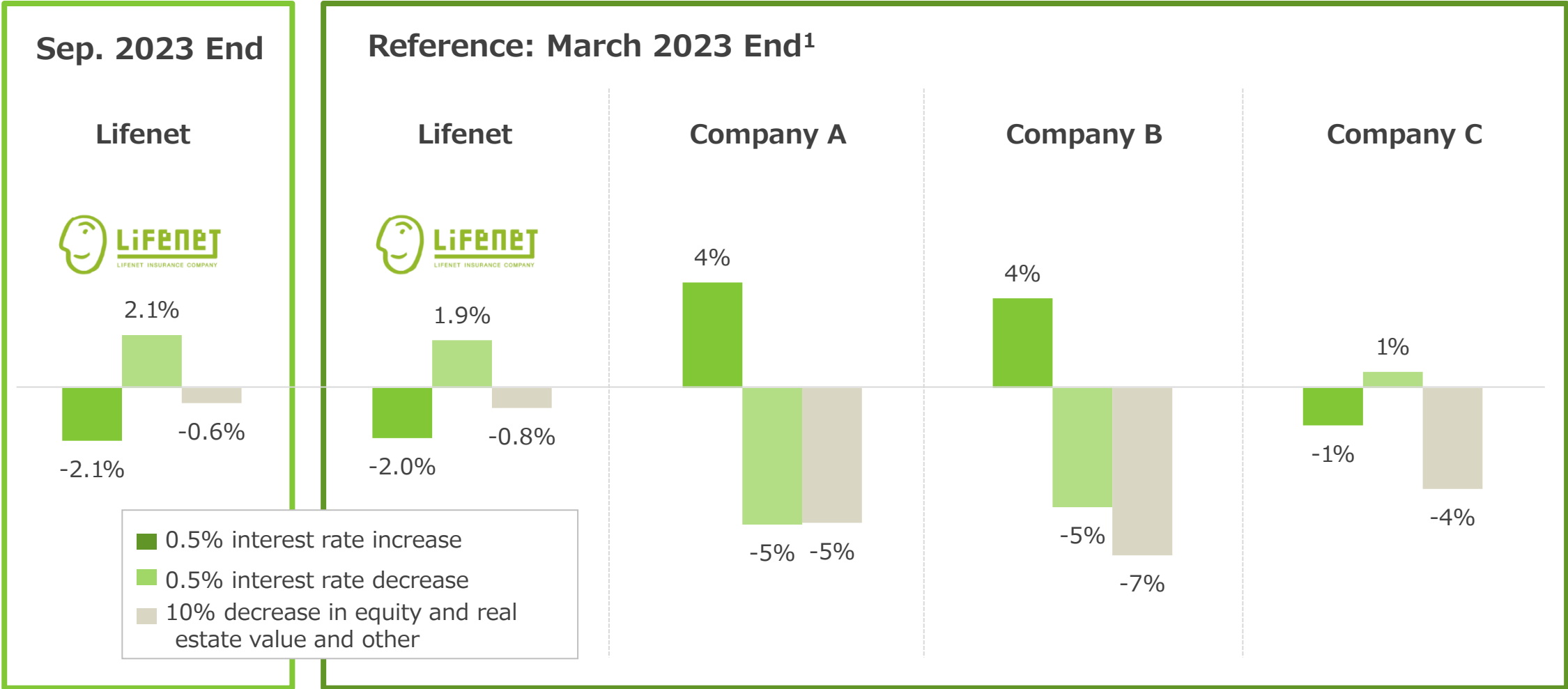
Structure of Embedded Value



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.

EV Sensitivity Analysis¹

■ Impacts of changes in assumptions (sensitivities)

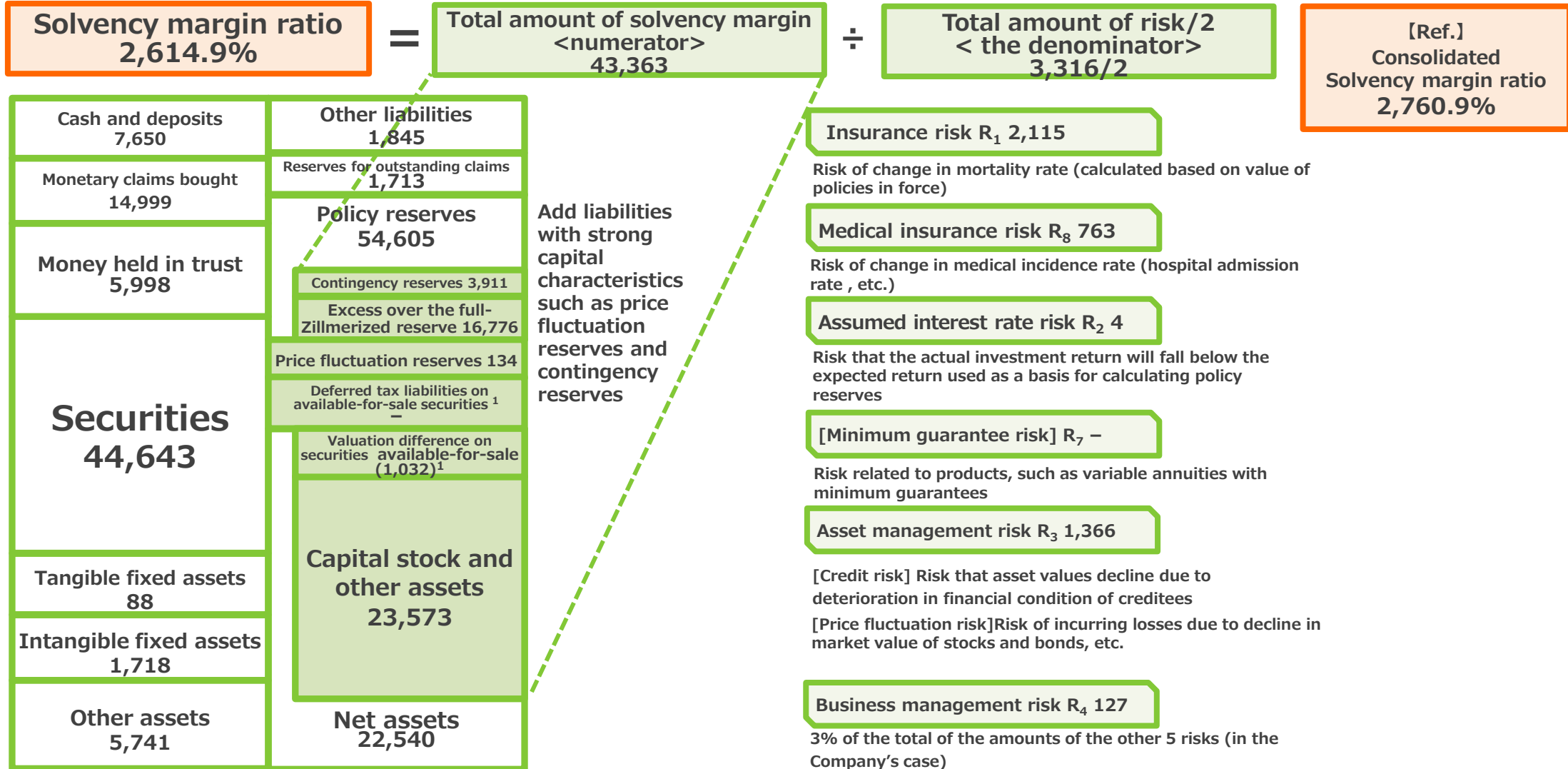
	(JPY millions)	Change in EEV as of Sep. 30, 2023	Change in VoNB
EEV and new business value as of September 30, 2023		140,905	5,117
Sensitivity 1a: 1.0% increase in risk-free rate		(5,877)	(864)
Sensitivity 1b: 1.0% decrease in risk-free rate		5,847	975
Sensitivity 1c: 0.5% increase in risk-free rate		(2,954)	(445)
Sensitivity 1d: 0.5% decrease in risk-free rate		2,948	473
Sensitivity 2: 10% decrease in equity and real estate value and other		(837)	—
Sensitivity 3: 10% decrease in operating expenses		5,615	872
Sensitivity 4: 10% decrease in lapse rate		1,447	241
Sensitivity 5: 5% decrease in claim incidence rates for life business		6,123	77
Sensitivity 6: Change the required capital to the statutory minimum		404	94

1. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of sensitivities carried out separately. As Japanese policy reserves are calculated in accordance with the IBR, the sensitivities carried out do not affect the reserves at the valuation date. The sensitivity on the value of new business excludes the impact on the adjusted net worth.

Solvency Margin Ratio Calculation

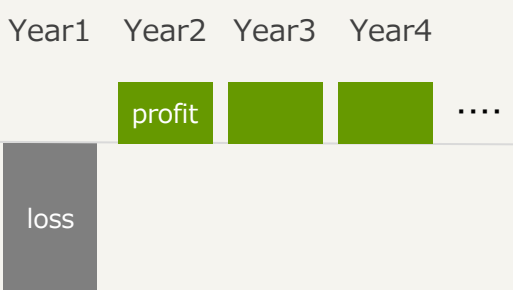
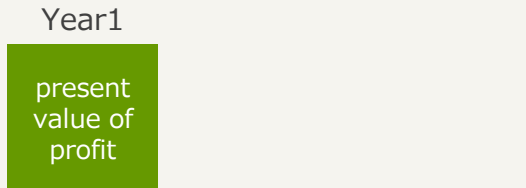
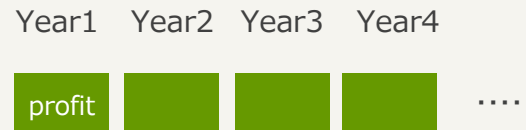
As of Sep. 30, 2023

$(\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4) / 2$ (JPY millions)



1. 90% of the valuation difference on available-for-sale securities and deferred gains or losses on hedges (pre-tax) (if negative, 100%)
 2. Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.

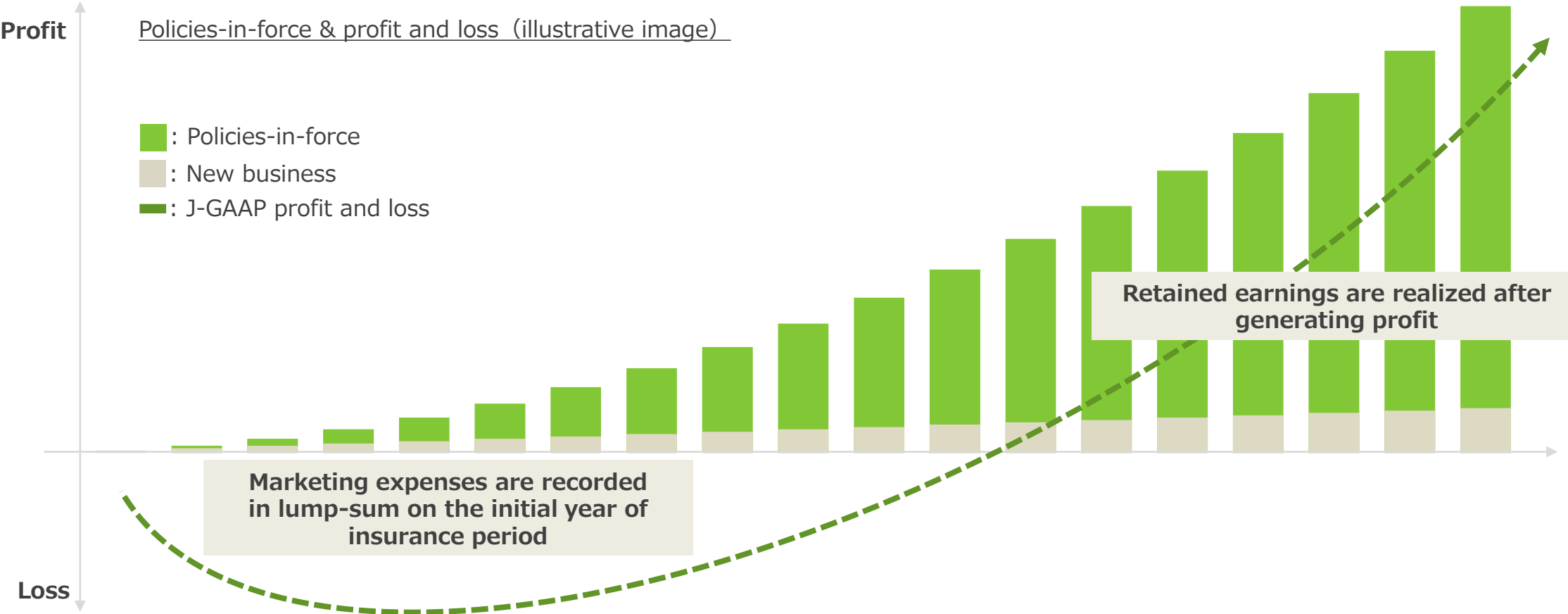
- IFRS adoption **better presents periodic performance and profitability from policies-in-force**
- Capital adequacy and dividends are **regulated by statutory accounting standards (J-GAAP)**

	Statutory Accounting (J-GAAP)	Embedded Value	IFRS 17
Important perspective	Financial soundness for policyholder protection	Economic value of insurance policies including future profit	Recognition of revenue based on the retention of in-force business
Timing of profit recognition	<p><u>Acquisition 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> 

Dividend Policy



- Aim for the increase in total shareholder return by capital gain¹



1. Lifenet has yet to determine its specific dividend policies and dates for the start of distributing retained earnings, as we prioritize strengthening our growth base to increase mid to long term profitability.