NEWS RELEASE

May 14, 2024
Ryosuke Mori, President
LIFENET INSURANCE COMPANY
(Securities Code: 7157, TSE Growth)

European Embedded Value as of March 31, 2024

EEV as of March 31, 2024: 146,991 million yen

TOKYO, May 14, 2024 - LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori, URL: https://ir.lifenet-seimei.co.jp/en/) hereby announces its Embedded Value ("EV") as of March 31, 2024.

EV is an indicator used to measure the corporate value and earnings performance of life insurance companies. EV is the total of adjusted net worth, based on balance sheet values, and the value of in-force business, based on projected cash flows from policies-in-force. In general, life insurance policies provide a steady level of premium income over a long period of time, while advertising expenses, policy appraisal costs, etc. are expensed intensively in a short period around the time of policy sales. This timing difference in recognizing revenues and expenses and the long time it takes before profits are recognized after a policy is sold are the characteristics of life insurance accounting. As these characteristics make it difficult to evaluate a life insurance business based on single-year financial results, disclosing EV is seen as a useful way of giving investors a more accurate picture of operating conditions. European Embedded Value ("EEV") is the EV calculated in accordance with the EEV Principles and Guidance.

Lifenet's EEV as of March 31, 2024 and the summary of the results are as follows:

Summary of EEV results as of March 31, 2024

- Lifenet's EEV as of March 31, 2024 was 146,991 million yen, an increase of 22,324 million yen from the end of the previous fiscal year.
- Adjusted net worth was 25,251 million yen, an increase of 6,883 million yen from the end of the previous fiscal year, mainly due to the issuance of new shares by way of public offering and third-party allotment.
- Value of in-force business was 121,740 million yen, an increase of 15,440 million yen from the end of the previous fiscal year, mainly due to acquisition of new business in group credit life insurance which the company started underwriting this fiscal year, improved efficiency in expenses due to synergies arising from the commencement of group credit life insurance business and updates made to mortality assumptions.
- Value of new business was 6,730 million yen, an increase of 3,223 million yen from the previous fiscal year, mainly due to the addition of value from group credit life insurance.

EEV as of March 31, 2024

(In millions of yen)

	Mar. 31, 2023	Mar. 31, 2024	Increase (Decrease)
EEV	124,666	146,991	22,324
Adjusted net worth*1	18,367	25,251	6,883
Value of in-force business*2	106,299	121,740	15,440

Value of new business

(In millions of yen)

	Mar. 31, 2023	Mar. 31, 2024	Increase (Decrease)
Value of new business*3	3,506	6,730	3,223

*1 Adjusted net worth is defined as the excess of the market value of a life insurance company's assets over the market value of its policy reserves and other liabilities, and is considered to be the value attributable to the company's shareholders. In other words, it is calculated as the sum of the total net assets, appropriate adjustments for unrealized gains/losses and other items.

*2 Value of in-force business is the present value at the valuation date of future after-tax profits distributable to shareholders from in-force business as of the valuation date, calculated under a set of assumptions.

*3 Value of new business represents the impact on the EV of new business written during the fiscal year, calculated applying the same assumptions as those used for the EEV. For group credit life insurance, the new business value means the effect on embedded value of newly enrolled insureds over the fiscal year.

About Lifenet **URL**: https://ir.lifenet-seimei.co.jp/en/

LIFENET INSURANCE COMPANY has developed the LIFENET Manifesto that embodies our mission of "Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services". We have consistently delivered customer-oriented products and services since our business commencement. As the leading online life insurer, we aim to realize "a society where next generation can be nurtured with confidence in the future".

Contact:
Investor Relations, Corporate Planning Department
Tel: +81-3-5216-7900
e-mail: ir@lifenet-seimei.co.jp

May 14, 2024

LIFENET INSURANCE COMPANY

Disclosure of European Embedded Value

as of March 31, 2024

LIFENET INSURANCE COMPANY ("Lifenet" or "the company") is disclosing its European Embedded Value ("EEV") results as of March 31, 2024.

Contents

1. Outline of EEV

(1) What is EV?

The income and expenses of life insurance contracts are typically not matched in timing of occurrence, with substantial acquisition and other costs in the first year and with a delay between acquisition of the contract and the emergence of profit. This makes it difficult to evaluate a life insurance operation on the basis of a single year's income and outgo. Embedded Value ("EV"), calculated as the sum of net asset value and the present value of future after-tax shareholder profits from the in-force business at the valuation date, has been adopted among life insurers in Europe, Canada, Japan and elsewhere as an approach to the valuation of a life insurer and to the evaluation of its performance.

(2) What is EEV?

European Embedded Value ("EEV") is the EV calculated in accordance with the EEV Principles and Guidance.

The EEV Principles and Guidance were published in May 2004 by the CFO Forum[1], a group consisting of CFOs from leading European insurance companies. The aim of the EEV Principles and Guidance is to improve the consistency and transparency of the financial reporting of embedded values. Additional EEV Guidance was published by the CFO Forum in 2005 which covered sensitivities and aspects of disclosure.

In May 2016 the EEV principles were amended by the CFO Forum to permit alignment with methodology and assumptions applied for Solvency II, which has been effective since January 2016.

In addition, the European Insurance CFO Forum Market Consistent Embedded Value Principles©[2] ("MCEV Principles") were published in June 2008 by the CFO Forum with more clearly defined allowances for risk. Revisions to these MCEV Principles were published in October 2009 and in May 2016.

(3) EEV Approach

The allowance for risk in the shareholder cash flows is a key feature of the EEV Principles. Lifenet's EEV has been calculated following the EEV Principles and Guidance, using a bottom-up market-consistent approach, in which the discount rate is set individually for each product or cash flow according to the risk characteristics of the product or cash flow.

EEV is calculated such that future cash flows arising from assets and liabilities are valued consistently with cash flows arising from similar traded market instruments, with allowance included for non-traded or non-diversifiable risk.

1 https://cfoforum.eu/

2 Copyright © Stichting CFO Forum Foundation 2008

These approaches have been increasingly adopted among leading European insurers; moreover, the MCEV Principles define a bottom-up market consistent approach.

2. EEV results of Lifenet

The EEV results are presented below. For more details on the methodology employed, please refer to "4. EEV Methodology".

The embedded value on an EEV basis as of March 31, 2024 is 146,991 million yen, an increase of 22,324 million yen (17.9%) from March 31, 2023. The adjusted net worth increased to 25,251 million yen, primarily due to the issuance of new shares by way of public offering and third-party allotment which was implemented this fiscal year. The value of in-force business increased to 121,740 million yen, primarily due to acquisition of new business in group credit life insurance which the company started underwriting this fiscal year.
The value of new business issued in the fiscal year ending in March 31, 2024 is 6,730 million yen.

Please refer to Section 3 for the movement analysis of EEV over the fiscal year.

(Millions of yen)

		March 31, 2023	March 31, 2024	Increase (Decrease)
EEV		124,666	146,991	22,324
	Adjusted net worth	18,367	25,251	6,883
	Value of in-force business	106,299	121,740	15,440

	March 31, 2023	March 31, 2024	Increase (Decrease)
Value of new business	3,506	6,730	3,223

(1) Adjusted net worth

Adjusted net worth represents the market value of assets in excess of reserves and other liabilities.

Adjusted net worth is the sum of the net assets on the balance sheet and appropriate adjustments for unrealized gains/losses and other items. The adjusted net worth has been derived as follows.
Note that the figures as of March 31, 2023 in the table below have been retrospectively updated to reflect changes in accounting policy. From the current fiscal year, the company changed its accounting policy for available-for-sale foreign currency denominated bonds such that only changes to their market value in that currency are treated as unrealized gains/losses, and changes to their market value in Japanese yen due to other factors are recognized as currency gains/losses.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Adjusted net worth	18,367	25,251	6,883
(a) Shareholders' equity on the balance sheet *(Note1)*	16,430	21,590	5,160
(b) Unrealized gains/losses on securities, including the total of valuation and translation adjustments	(511)	(879)	(368)
(c) Internal reserves as quasi-equity liabilities *(Note2)*	2,545	4,540	1,994
(d) Tax effect *(Note3)*	(96)	—	96

Note1: Excluding the total of valuation and translation adjustments

Note2: Price fluctuation reserve and contingency reserve

Note3: Tax effect on (b)

(2) Value of in-force business

Value of in-force business represents the present value as at the valuation date (March 31, 2024) of future after-tax profits distributable to shareholders from the in-force business as of the valuation date, calculated under a set of assumptions (see Section 5), and consists of the following components.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Value of in-force business	106,299	121,740	15,440
Certainty equivalent present value of future profit	132,164	147,288	15,123
Time value of financial options and guarantees	—	—	—
Frictional cost of capital	(363)	(653)	(289)
Allowance for non-hedgeable risk	(25,501)	(24,894)	606

- The certainty equivalent present value of future profit is the present value of future profit calculated deterministically by assuming the investment yield is equal to the risk-free rate and using the risk-free rate as the discount rate.
  The table below shows the present value of in-force business premiums included in the calculation of the certainty equivalent present value of future profit.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Present value of in-force business premiums	442,062	572,225	130,163

- The time value of financial options and guarantees could be calculated stochastically using a set of market-consistent risk-neutral economic scenarios for the cash flows with options or guarantees. However, the time value of options and guarantees is set to nil as the products of Lifenet are non-participating death and medical coverage protection products with no surrender value.
- The frictional cost of capital represents the costs associated with maintaining the level of capital which the company considers as required in continuing the life insurance business (see Sections 4.(10) and 4.(11)).
- The allowance for non-hedgeable risk is an estimate of the impact of non-hedgeable risks which are not adequately allowed for directly in the certainty equivalent present value of future profit (see Section 4.(12)).

(3) Value of new business

Value of new business is the value at the valuation date of the new business written during fiscal year 2023, calculated applying the same assumptions used to calculate the embedded value as of that date. The table below shows the results.

The primary reason for the increase in the value of new business, compared to the previous year, was the addition of value from group credit life insurance.

Please refer to Section 4(7) for the calculation methodology adopted for the value of new business.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Value of new business	3,506	6,730	3,223
Adjusted Net Worth	(7,404)	(6,612)	792
Present value of future profit	10,911	13,342	2,431
Certainty equivalent present value of future profit	14,493	18,269	3,775
Time value of financial options and guarantees	—	—	—
Frictional cost of capital	(44)	(217)	(172)
Allowance for non-hedgeable risk	(3,538)	(4,709)	(1,170)

The table below shows the new business margin, calculated as the ratio of the value of new business to the present value of new business premiums.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
(a) Present value of new business premiums	58,599	175,612	117,013
(b) Value of new business	3,506	6,730	3,223
Value of new business / Present value of new business premiums ((b)/(a))	6.0%	3.8%	(2.2)pts

The table below shows the value of new business for individual insurance on a per-policy basis.

(Thousands of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Value of new business per policy	35	20	(15)

3. Movement Analysis

The table below shows the analysis of the increase (decrease) in the EEV during fiscal year 2023.

(Millions of yen)

		EEV			
			Adjusted net worth (Required capital)	Adjusted net worth (Free surplus)	Value of in-force business
EEV as of March 31, 2023		124,666	2,545	15,822	106,299
	New business value	6,730	578	(7,190)	13,342
	Expected existing business contribution (Risk free rate)	1,317	—	(9)	1,326
	Expected existing business contribution (In excess of risk free rate)	155	—	28	127
	Expected transfer from Value of in-force business to Adjusted net worth	—	1,414	2,012	(3,427)
	Operating experience variances	750	11	192	547
	Assumption changes	3,132	—	—	3,132
Operating EEV earnings		12,085	2,004	(4,966)	15,048
Economic variances and assumption changes		357	(9)	(26)	392
Change in EEV		12,443	1,994	(4,992)	15,440
Closing adjustments		9,881	—	9,881	—
EEV as of March 31, 2024		146,991	4,540	20,711	121,740

- **New business value**

  This is the change in EEV due to the value of new business issued during fiscal year 2023. For details of the approach, see Section 2.(3).

- **Expected existing business contribution (Risk-free rate)**

  In calculating the value of in-force business, future expected profits are discounted back using risk-free rates. Thus, the discounted value is assumed to earn the risk-free rate over time. Moreover, this item includes the expected return on the free surplus assets using the risk-free rates, and the release for fiscal year 2023 of time value of financial options and guarantees, cost of holding required capital and allowance for non-hedgeable risk.

- **Expected existing business contribution（In excess of risk-free rate）**

  Rates of future expected returns are assumed to be the risk-free rates when calculating EEV. However, Lifenet expects higher rates of return on the assets than the risk-free rates. In calculating the expected existing business contribution in excess of the risk-free rate, Lifenet used an expected rate of return of 0.23% which consists of the risk-free rate of the 1-year government bond yield plus a risk premium of 0.35%, based on the asset position at the beginning of the period.

- **Expected transfer from value of in-force business to adjusted net worth**

  This item represents the after-tax surplus expected to emerge during the period from the business that was in force at the beginning of the period.

  The effect is a movement of value from the value of in-force business to the adjusted net worth. This does not affect the total embedded value.

- **Operating experience variances**

  This is the impact on the embedded value of differences between the actual experience and the operating assumptions during the period. The primary reason for the differences was actual mortality experience for individual insurance being lower than expected.

- **Assumption changes**

  This is the impact of changes in the operating assumptions relative to those utilized at the beginning of the period. The increase in the value of in-force business was primarily due to updates made to mortality assumptions and improved efficiency in expenses due to synergies arising from the commencement of group credit life insurance business. Long-term mortality assumptions were lowered to reflect Lifenet's most recent experience as well as mortality improvement trends in industry experience. See Section 5.(2) for the explanation of how operating assumptions are set.

- **Economic variances and assumption changes**

  This is the impact of differences between the actual investment returns in the period and the expected investment returns, including the impact on the value of future profits from the change to the end of period future economic assumptions. See Section 5.(1) for details of the economic assumptions

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- **Closing adjustments**

  This represents that the effect of an increase in net assets of JPY 9,881 million due to the issuance of new shares by way of public offering and third-party allotment in fiscal year 2023.

4. EEV Methodology

(1) Basis of preparation

The methodology and assumptions adopted by the company to calculate the EEV as of March 31, 2024 are in accordance with the EEV Principles and Guidance issued by the European CFO Forum in May 2004 (amended in May 2016).

(2) Covered business

The covered business represents all of the business of the company, which is all life insurance business.

(3) Embedded value (EV)

The embedded value comprises the sum of the adjusted net worth and present value of future after-tax profits from in-force business, which provides an estimate of the value of the shareholders' interest in the covered business. The adjusted net worth is the net assets attributable to shareholders, and is represented by the sum of required capital and free surplus as discussed further below. The value of in-force business is the present value of the projected stream of future after-tax distributable profits available to shareholders from the existing business at the valuation date, allowing for risk on a product-by-product basis, and with adjustment for the cost of holding required capital. The future profit includes renewal of in-force business but excludes any value that may be generated from future new business. Assumptions used in the calculation are made on a best estimate basis.

(4) Allowance for risk

According to the EEV Principles all risks related to the covered business must be reflected. This is accomplished, for example, by allowances for the cost of financial options and guarantees, for the cost of holding policy reserves and any additional required capital, and by adoption of a risk discount rate. The company has used a market-consistent approach based on the principles of finance theory to allow for risk, as follows.

- Assets and liabilities other than policy reserves are valued at market value.
- Investment return assumptions and risk discount rates are set consistently with the risk profile of each cash flow.
- The time value of financial options and guarantees associated with the life insurance business is valued explicitly and consistently with market prices of equivalent traded options. (The products of Lifenet are non-participating death and medical coverage protection products with no surrender value and so in practice no time value of financial options and guarantees needs to be allowed for.)

A market-consistent value assigns a value to cash flows in line with the prices of similar cash flows traded on the open market.

Further details of the methodology are described in the sub-sections below.

(5) Adjusted net worth

Adjusted net worth represents the net assets attributed to shareholders and represents the market value of assets in excess of policyholder liabilities, represented by statutory reserves (excluding contingency reserve), and other liabilities (excluding reserve for price fluctuations).
In other words, adjusted net worth is calculated by adjusting the total net assets on the balance sheet for the retained earnings in certain liabilities and unrealized gains/losses in assets/liabilities not accounted for under the mark-to-market methodology.
For the calculation of the adjusted net worth, we assume that the value of Lifenet's share of LIFENET MIRAI Inc. is the same value as that on the balance sheet (224 million yen).

(6) Value of in-force business

The value of in-force business is calculated as follows:

	Certainty equivalent present value of future profit
less	Time value of financial options and guarantees
less	Frictional cost of capital
less	Allowance for non-hedgeable risk

A description of each item in the above formula is provided below.

(7) Value of new business

The value of new business is the value of new policies issued during fiscal year 2023. Future renewals of those new business policies are included in the value of new business, while the values that may be generated from future new business are not. For group credit life insurance, the new business value means the effect on embedded value of newly enrolled insureds, including those from policy transfers, over the fiscal year.

The value of new business has been calculated as of March 31, 2024, and consists, like the EEV, of the adjusted net worth and the present value of future profit. The adjusted net worth represents the impact of all cash flows arising from the point of sale to March 31, 2024. The present value of future profit in respect of new business is calculated in the same manner as the value of in-force business shown in (6), and using the same assumptions. A modified coinsurance arrangement for a portion of the new business has been reflected in the value of new business.

(8) Certainty equivalent present value of future profit

The certainty equivalent value is the present value of future after-tax profits, calculated on a deterministic basis, assuming all assets earn the risk-free rate and all cash flows are discounted at the risk-free rate. The certainty equivalent approach ensures that future investment risk premiums are not capitalized in the embedded value.

(9) Time value of financial options and guarantees

There are no options and guarantees, and therefore the time value of financial options and guarantees is zero.

(10) Required capital

Required capital is a part of adjusted net worth required to back the covered business and therefore cannot be immediately paid out to shareholders. The EEV Principles and Guidance define the minimum level for required capital to be equal to the statutory minimum capital requirement, and also allow companies to reflect other levels of required capital, such as their own required risk assessment, as long as the minimum requirement is satisfied.

Reflecting the operation of Lifenet as a going concern, a level of required capital corresponding to a 500% Japanese statutory solvency margin ratio was assumed. This satisfies the EEV Principles and Guidance (note the statutory minimum in Japan is a 200% solvency margin ratio). Japanese solvency regulations allow for the excess of the reserve over the full-Zillmer reserve to be counted as part of the solvency margin. The calculation of the amount of required capital reflects this benefit.

The adjusted net worth can be broken down into required capital and free surplus as follows.

(Millions of yen)

	March 31, 2023	March 31, 2024	Increase (Decrease)
Adjusted net worth	18,367	25,251	6,883
Required capital	2,545	4,540	1,994
Free surplus	15,822	20,711	4,888

(11) Frictional cost of capital

This item is the cost of having to retain the level of required capital, and within the EEV bottom-up approach, it is referred to as “frictional cost”.

Within this item, tax on investment returns on required capital has been allowed for. Investment expenses incurred in respect of the assets backing the required capital (another frictional cost) are reflected in the unit cost assumptions.

(12) Non-hedgeable risk

EEV Principles define the EV to be calculated taking all the risks of the covered business into account. There are some non-hedgeable risks where the existing best estimate experience assumptions do not allow for the impact on embedded value of the full range of potential outcomes. These risks should be allowed for in the EEV through the allowance for non-hedgeable risk.

Lifenet estimated these costs for operational risks, counterparty risks, persistency risks, mortality and morbidity risks, expense risks, catastrophe risks and uncertainty in the realization of the ultimate forward rate using a simple model, and has made allowance for these risks in the EEV calculation.

5. Principal EEV Assumptions

(1) Economic assumptions

In the certainty equivalent calculation, the discount rates and investment yields are the risk-free rates at the valuation date (March 31, 2024). Lifenet uses Japanese government bond ("JGB") yields (data source: Ministry of Finance) as the risk-free rate.
The table below shows, for selected terms, the JGB yields (one-year forward rates) used.

	1 year	2 year	3 year	4 year	5 year	10 year
JGB yields as of March 31, 2024	0.05%	0.32%	0.23%	0.50%	0.76%	1.75%
JGB yields as of March 31, 2023	(0.11)%	(0.01)%	(0.03)%	0.25%	0.43%	1.22%

	15 year	20 year	30 year	40 year	50 year	60 year
JGB yields as of March 31, 2024	2.33%	2.56%	3.04%	2.78%	3.69%	3.79%
JGB yields as of March 31, 2023	1.81%	1.93%	1.89%	2.36%	3.67%	3.79%

Interest rates beyond the last liquid data point are extrapolated based on a method using a predetermined ultimate forward rate.

Specifically, the ultimate forward rate is set at 3.8% and the last liquid data point is set at the 40th year. Beyond the 40th year, we extrapolated the yield curve to the ultimate forward rate over a convergence period of 20 years by using the Smith-Wilson method.

(2) Other assumptions

All cash flows (premium, commission, non-commission expense, death benefit, tax, etc.) were projected by applying best estimate assumptions. Expense assumptions have been set based on recent experience and the company's business plan, and other non-financial assumptions have been set based on past experience and industry experience.

Expenses

Expense assumptions have been set as best estimate assumptions, based on recent experience and the latest business plan.

Some expenses were eliminated as one-off expenses which are not expected to occur regularly in the future. The amount of one-off expenses incurred during fiscal year 2023 and eliminated in the derivation of the assumptions was 183 million yen.

In setting unit costs, Lifenet allows for consumption taxes (including local consumption tax), of 10%. The inflation rate is set to 1.1% for the first 40 years from the valuation date, based on the observation of the consumer price index. Beyond the 40th year, inflation rates are increased based on the increase in forward rates to an ultimate inflation rate of 2%.

For the purpose of calculating the value of new business, the actual acquisition expenses incurred in the reporting period have been allowed for together with the same maintenance expense assumptions used to calculate the EV.

Mortality, Morbidity, Lapses and Renewals

The best estimate assumptions for mortality, morbidity, lapses and renewals have been set largely based on Lifenet's own experience.

Premium

All of Lifenet's renewal products, which include individual term life, individual term medical and group credit life, allow for premium rate recalculation on renewal. In projecting renewal premiums, the latest premium rates, at the time of setting assumptions, are applied. For group credit life, projected renewal premium rates are adjusted to reflect changes in the level of claims.

Corporate tax

In the future corporate tax calculation, the expected corporate tax offsets associated with losses carried forward were calculated and included in the value of in-force business. The effective corporate tax rates assumption (including local tax) has been set to 28.00%.

6. Sensitivities

The impacts of changes in assumptions (sensitivities) on the EEV results are summarized below. 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 Insurance Business Regulation, the sensitivities carried out do not affect the reserves at the valuation date.

(Millions of yen)

	Change in EEV as of March 31, 2024	Percentage change	Change in Value of New Business	Percentage change
EEV and New Business Value as of March 31, 2024	146,991	―	6,730	―
Sensitivity 1a: 1.0% increase in interest rates	(6,606)	(4.5%)	(1,129)	(16.8%)
Sensitivity 1b: 1.0% decrease in interest rates	6,653	4.5%	1,219	18.1%
Sensitivity 1c: 0.5% increase in interest rates	(3,326)	(2.3%)	(576)	(8.6%)
Sensitivity 1d: 0.5% decrease in interest rates	3,341	2.3%	599	8.9%
Sensitivity 2: 10% decrease in value of equity, real estate and investment trusts	(222)	(0.2%)	―	―
Sensitivity 3: 10% decrease in operating expenses	6,066	4.1%	1,408	20.9%
Sensitivity 4: 10% decrease in lapse rate	1,590	1.1%	363	5.4%
Sensitivity 5: 5% decrease in claim incidence rates for life business	6,121	4.2%	342	5.1%
Sensitivity 6: Change the required capital to the statutory minimum	452	0.3%	135	2.0%

- ***Sensitivity 1a:*** 1.0% increase in interest rates (risk-free rate) *(for all future years)*
- ***Sensitivity 1b:*** 1.0% decrease in interest rates (risk-free rate) *(for all future years)*
- ***Sensitivity 1c:*** 0.5% increase interest rates (risk-free rate) *(for all future years)*
- ***Sensitivity 1d:*** 0.5% decrease interest rates (risk-free rate) *(for all future years)*

Fixed interest assets (bonds, etc.) are revalued according to the change in the interest rate. The value of in-force business and the adjusted net worth are re-calculated according to the change of investment yield and discount rate. Even if the interest rate becomes negative after the deduction of 1.0% or 0.5%, no flooring is applied.

For all risk-free rate sensitivities above, the ultimate forward rate is unchanged.

- ***Sensitivity 2:*** 10% decrease in value of equity, real estate and investment trust assets

  Market values of equities, real estate and investment trusts at the valuation date are reduced by 10%.

- ***Sensitivity 3:*** 10% decrease in operating expenses

  A factor of 0.9 is applied to expenses connected with the maintenance and continuation of contracts, leaving other expenses unchanged.

- ***Sensitivity 4:*** 10% decrease in lapse rate

  Base lapse rates are multiplied by 0.9. For group credit life insurance, all decrements due to policyholder behavior, such as loan prepayments, are accounted for in this sensitivity.

- ***Sensitivity 5:*** 5% decrease in claim incidence rates for life business

  Base claim incidence rates (mortality and morbidity) are multiplied by 95%. For individual life insurance, the possibility of premium rate cuts and any other management actions associated with such changes in the level of claims are not reflected. For group credit life, projected renewal premium rates are adjusted to reflect changes in the level of claims.

- ***Sensitivity 6:*** Change the required capital to the statutory minimum (200% of solvency margin ratio)

7. Notes on the Use of the Information

The calculation of EV results involves certain assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future results might differ materially from the assumptions used in the EV calculations.
Given the above, users of this information are advised to be cautious.

8. Third Party Opinion

Lifenet engaged Willis Towers Watson to review its EEV results and obtained the following opinion.

Willis Towers Watson has reviewed the methodology and assumptions used to determine the embedded value results as of March 31, 2024 for Lifenet. The review covered the embedded value as of March 31, 2024, the value of new business issued in fiscal year 2023, the analysis of movement in the embedded value during fiscal year 2023 and the sensitivities of the embedded value and new business value to changes in assumptions.

Willis Towers Watson has concluded that the methodology and assumptions used, together with the disclosure provided in this document, comply with the EEV Principles and Guidance. In particular:

- The methodology makes allowance for the aggregate risks in the covered business through Lifenet's bottom-up methodology as described in Section 4 of this document, which includes an allowance for financial options and guarantees, deductions to allow for the frictional cost of required capital and the impact of non-hedgeable risks;

- The operating assumptions have been set with appropriate regard to past, current and expected future experience; and

- The economic assumptions used are internally consistent and consistent with observable market data.

Willis Towers Watson has also reviewed the results of the calculations, without however undertaking detailed checks of all the models, processes and calculations involved. On the basis of this review, Willis Towers Watson is satisfied that the disclosed results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document.

In arriving at these conclusions, Willis Towers Watson has relied on data and information provided by Lifenet. This opinion is made solely to Lifenet in accordance with the terms of Willis Towers Watson's engagement letter. To the fullest extent permitted by applicable law, Willis Towers Watson does not accept or assume any responsibility, duty of care or liability to anyone other than Lifenet for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.