

Securities Code: 7157
TSE Growth



Presentation Material for Investors First Quarter for Fiscal 2024

LIFENET INSURANCE COMPANY
August 14, 2024

1Q for Fiscal 2024 Key Highlights



Key Indicators

Corporate Value

Comprehensive Equity¹

¥ **161,022**mn

(YoY 118.3%)

Growth

Annualized premium² of policies-in-force

¥ **29,507**mn

(YoY 120.9%)

Profitability

Insurance service results

¥ **2,340**mn

(YoY 102.9%)

Notable Achievements

- "Comprehensive Equity (CE)" has strongly **grown of 18.3% YoY**
- **Revision of GCL³ premium rate resulted in in-force business increase, expecting to contribute to profits for the full year**
- **Renewed marketing message to promote "Rebranding"**

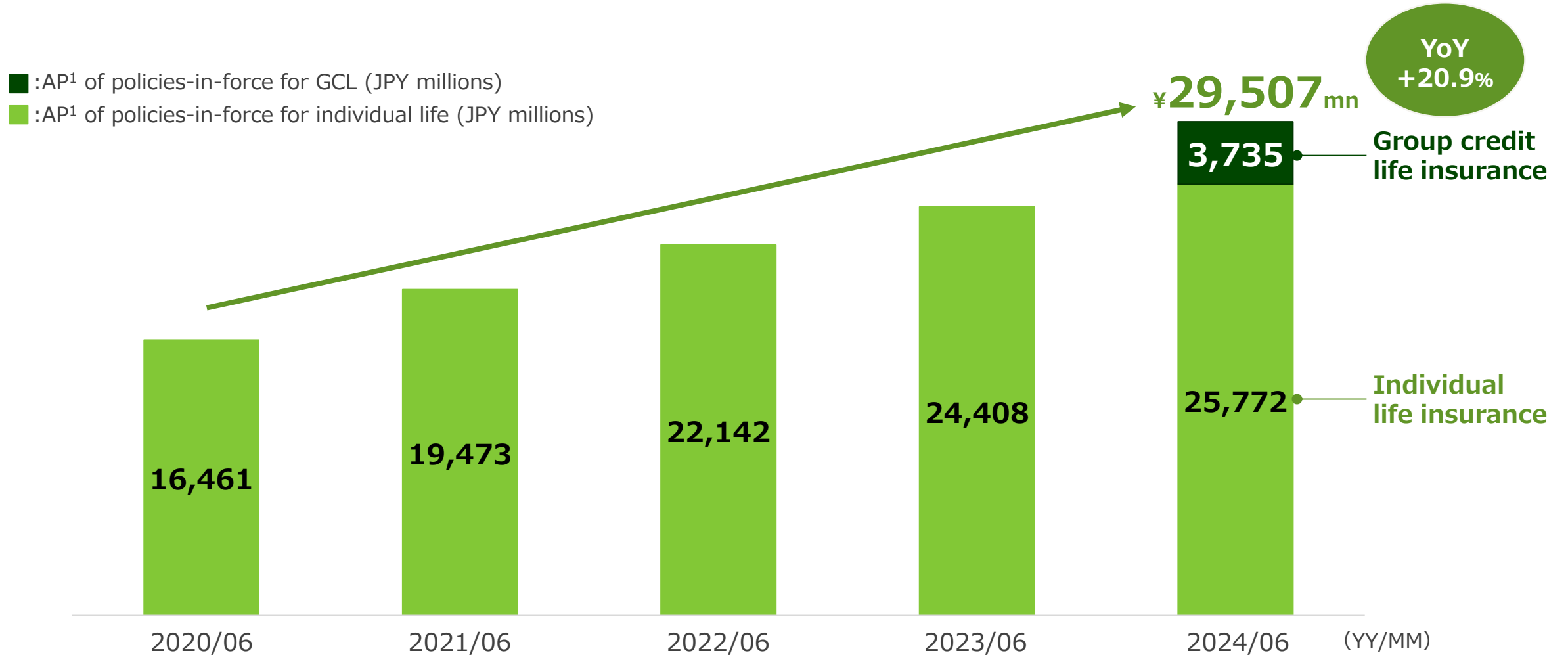
1. Comprehensive Equity is an indicator defined by the Group. It is the sum of "Equity (attributable to owners of the Company)" on the IFRS consolidated statement of financial position (B/S), "CSM", a liability representing unearned profit that the Group expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and "GCL contracts value", which is the value of future IFRS earnings, including future renewals for GCL policies-in-force.

2. The amount of money is equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium (for GCL, expected premium income for the next month based on the in-force business) by 12 months. Annualized premium of policies-in-force for GCL as of the end of June 2024 is calculated applying premium rate as of June 2024.

3. GCL stands for Group Credit Life Insurance

Annualized Premium of Policies-in-Force

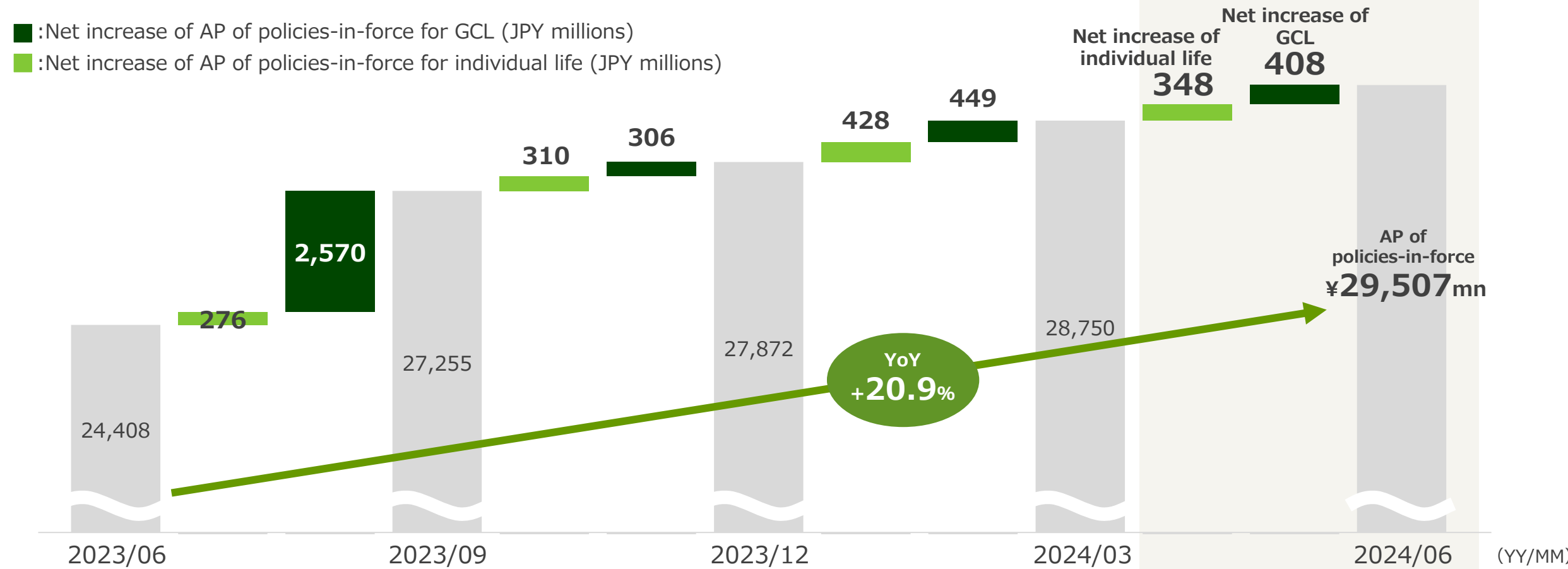
■ Resulted in ¥29,507mn and achieved significant growth of 20.9% YoY



1. AP stands for Annualized premium (The same will apply hereafter)

Policies-in-Force Movement

- GCL remained strong with net increase of ¥408mn in the quarter
- Individual life bottomed out while recovery momentum is slow



Summary IFRS P/L

- Insurance service results and net income resulted in **¥2,340mn** and **¥1,887mn**, respectively

(JPY millions)

Items	FY2023/1Q	FY2024/1Q	Change
Insurance service results	2,274	2,340	66
Financial results ¹	367	338	(29)
Other results	(120)	(57)	62
Profit before tax	2,521	2,621	99
Net income attributable to owners of the Company	1,765	1,887	121

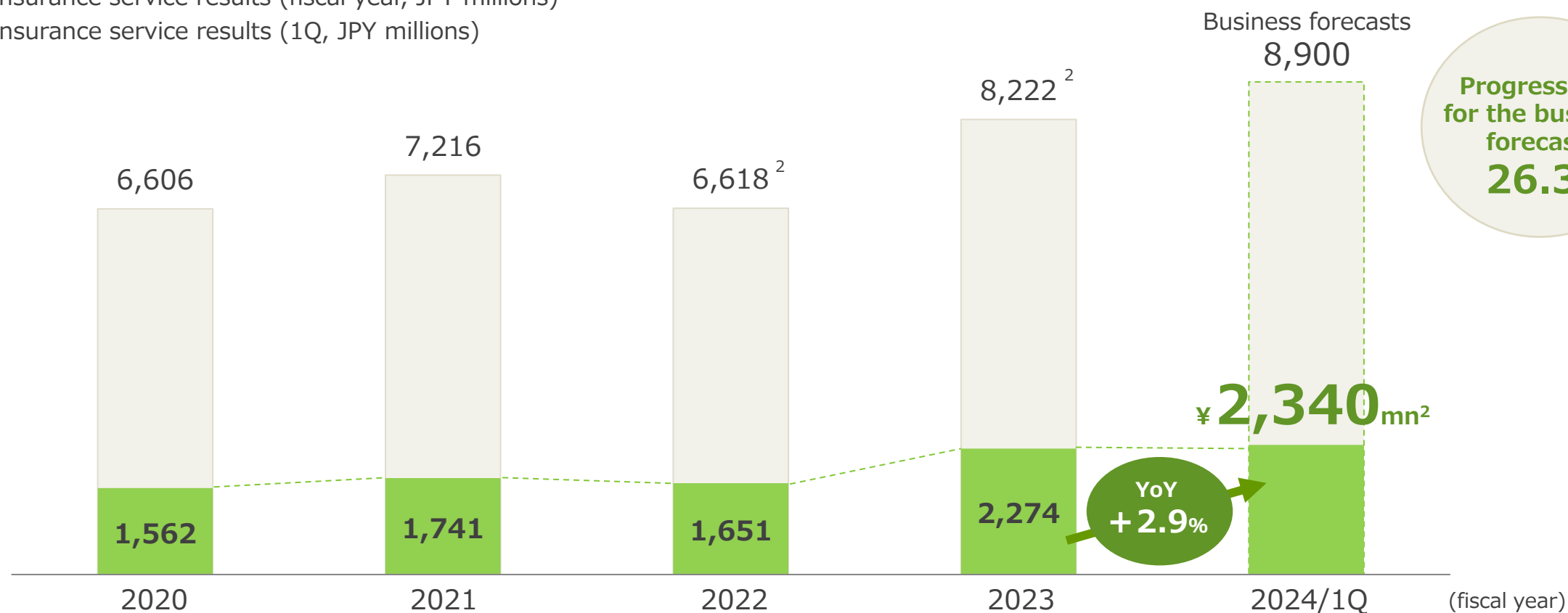
1. Total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense

Insurance Service Results¹

■ 26.3% progress rate for business forecasts and steadily growing

□ : Insurance service results (fiscal year, JPY millions)

■ : Insurance service results (1Q, JPY millions)



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

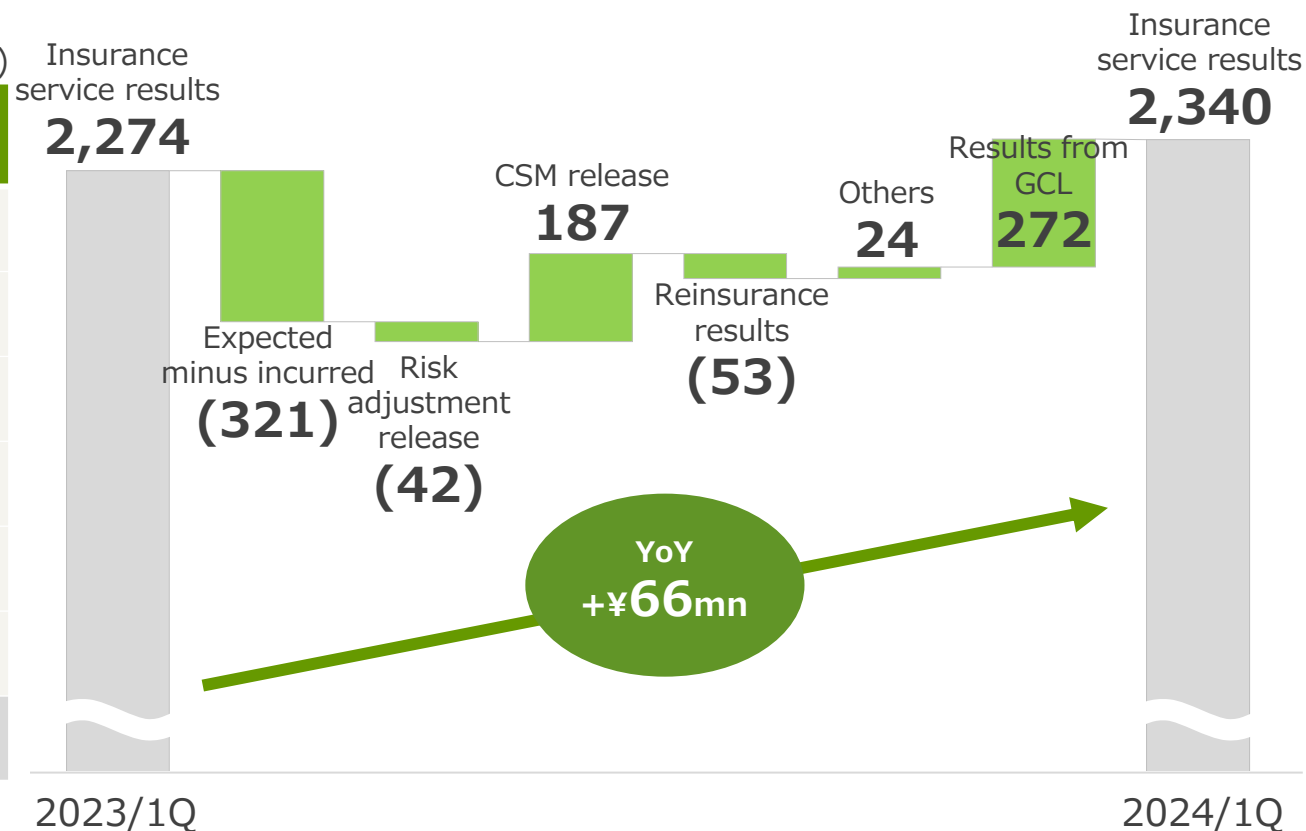
2. COVID-19 related claims was ¥1,378mn in FY2022 and ¥36mn in FY2023. It is also included in FY2024, but detailed calculation has not been performed.

Insurance Service Results Analysis

- While YoY growth is limited, **GCL business recorded profit for the first time**
- Aim for full-year profit growth by increasing **CSM release and GCL results**

(JPY millions)

Items	FY2023/1Q	FY2024/1Q	Change
Expected claims minus incurred claims	368	46	(321)
Risk adjustment release	433	391	(42)
CSM release	1,677	1,864	187
Reinsurance results	(157)	(211)	(53)
Others	(47)	(23)	24
Results from GCL ¹	—	272	272
Insurance service results	2,274	2,340	66



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

New Management Indicator “Comprehensive Equity”

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

European Embedded Value (EEV)

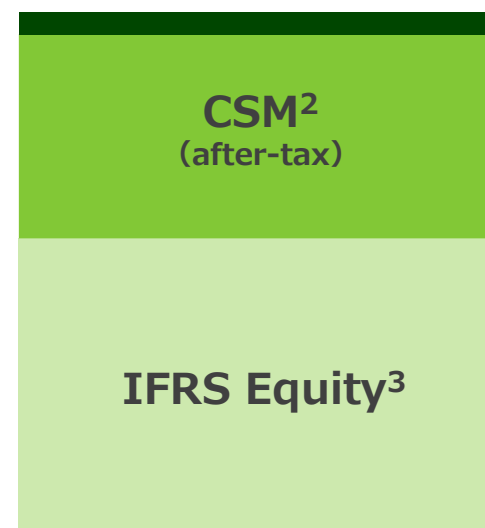


Conceptually similar



Comprehensive Equity (CE)

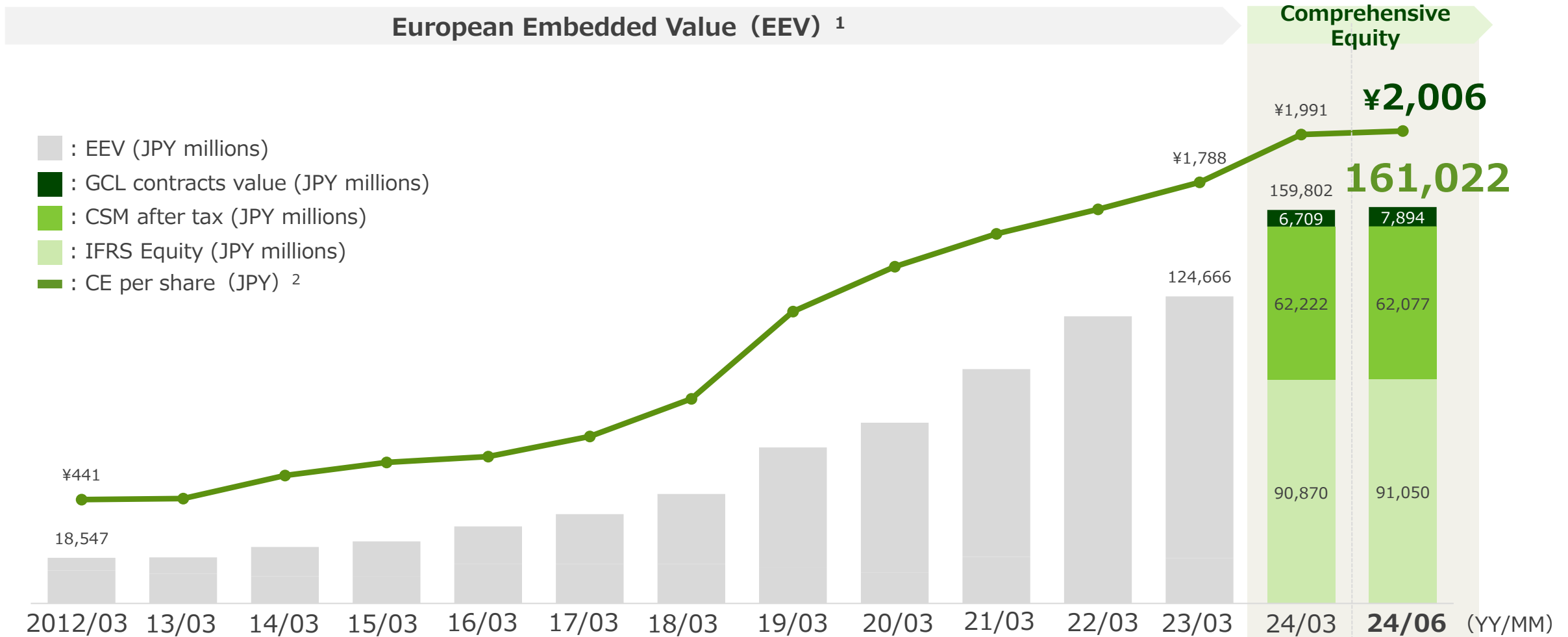
GCL contracts value¹



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

Movement of Management Indicators

■ Management indicators have been **strongly growing at a CAGR of 19%**

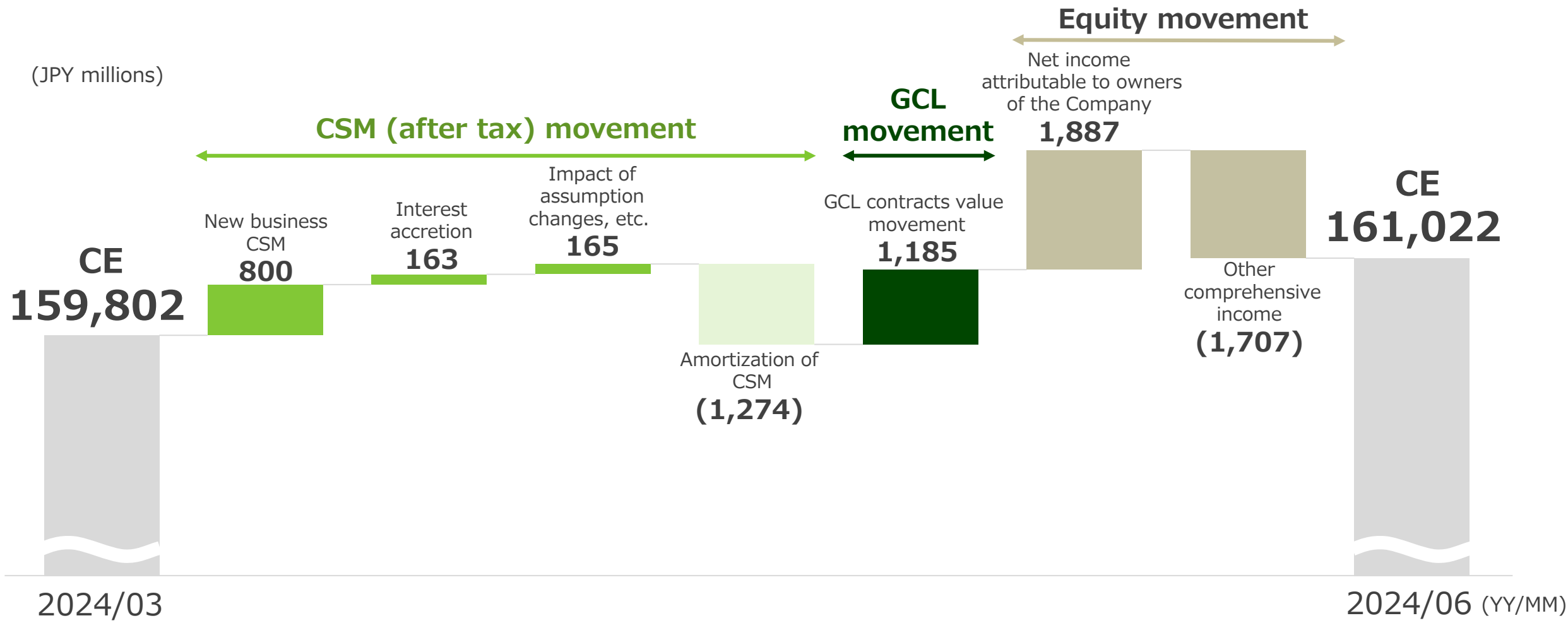


1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate the level of ultra-long-term interest rates past the last liquid data point. This method of extrapolation has also been used to restate EEV as of March 31, 2016.

2. EEV per share before March 2023

Changing Factors of Comprehensive Equity

- Increased due to **GCL contracts value and net income**, though affected by rising interest rates



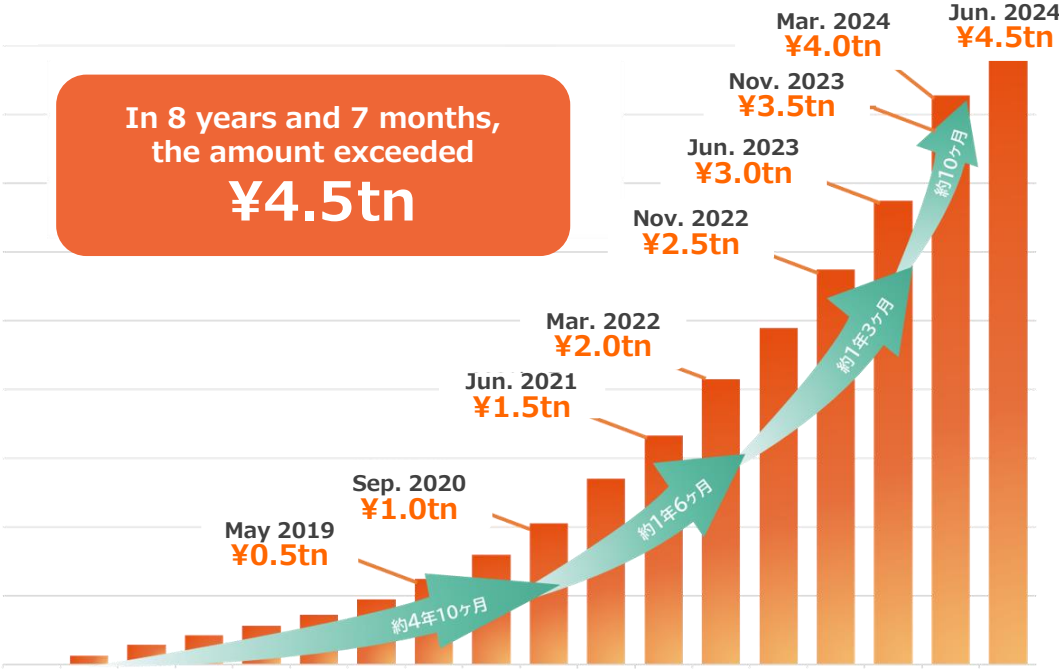
Achievements in GCL business



■ With the revision of premium rate in July and further growth in mortgage loans, **expecting to grow profits in fiscal 2024**



au Jibun Bank's rapid growth of mortgage loan



Contribution to key indicators (FY2024/1Q)

Corporate Value

Comprehensive Equity

¥ **7,894** mn¹

Growth

AP of policies-in-force

¥ **3,735** mn²

Profitability

Insurance service results

¥ **272** mn³

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

Progress in GCL business

Rebranding

Tech & Services

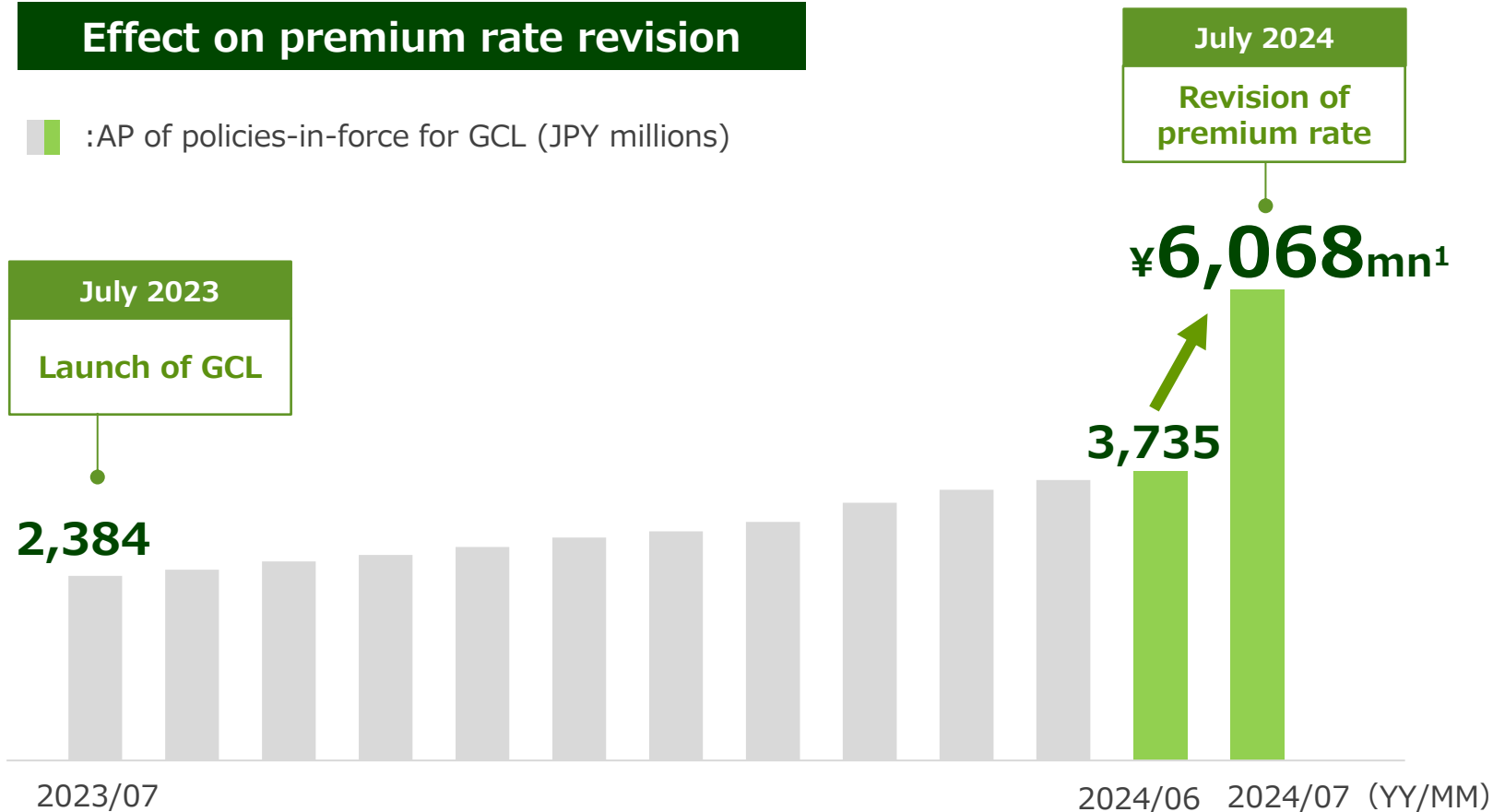
Embedded



- The revision of premium rate resulted in increase of **AP of policies-in-force**
- Aim for **expanding partner banks** for further growth

Effect on premium rate revision

■ :AP of policies-in-force for GCL (JPY millions)



Future initiatives

Expansion of partner banks

With the tailwind of **DX in banking industry**, aim for expanding new partner banks

au Jibun Bank Initiatives

Support strengthening mortgage loan competitiveness through developing our **better products and services**

1. Preliminary report from "July 2024: MONTHLY DISCLOSURE"

- **Launched dementia insurance in April 2024** and actively conducted publicity campaigns in collaboration with Eisai



Initiatives

- Started “Brenavi” on LINE for dementia information
- Conducted survey on dementia
- Held public event with Eisai



Co-developed dementia insurance supporting early detection and treatment



- Renewed marketing message in ads for being more chosen by the younger generation



“Your insurance, your choice”



“YOU change the value of life insurance”

Impact from Rising Interest Rates

- Impact on Comprehensive Equity and net income is limited
- **Stable interest income is expected** from high turnover asset management of short duration bonds

Impact on corporate value & net income

Opportunity for interest income

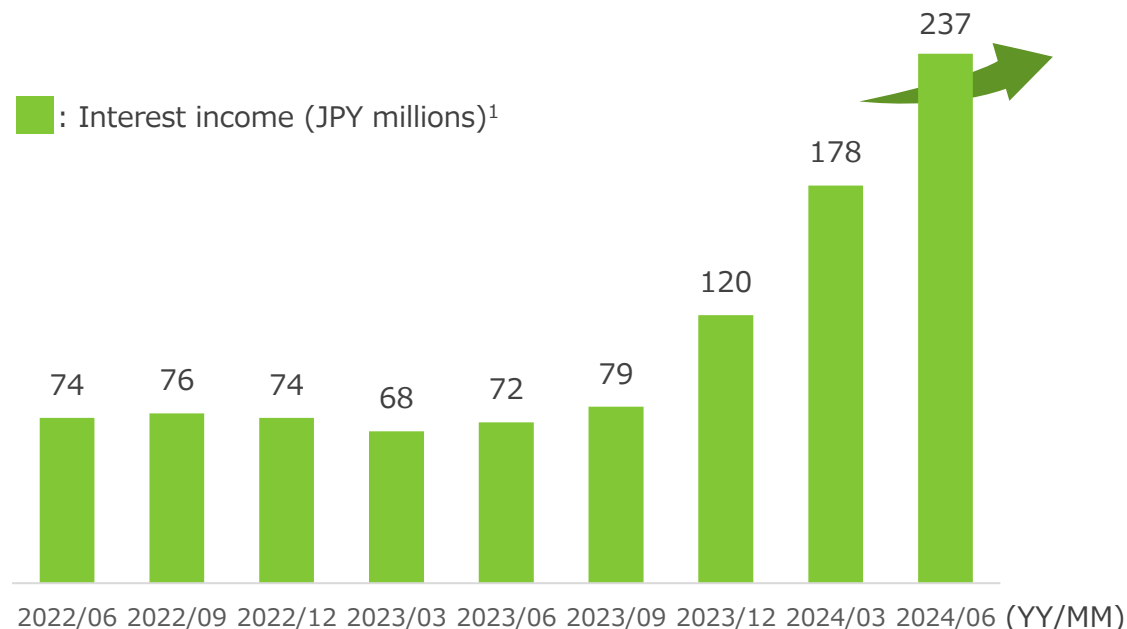
Impact on CE

Sensitivity to interest rate changes in IFRS equity is limited due to protection type products line-up

Impact on IFRS-based net income

By shortening the duration of yen bonds and holding them in "OCI" in B/S, the impact on financial results is mitigated

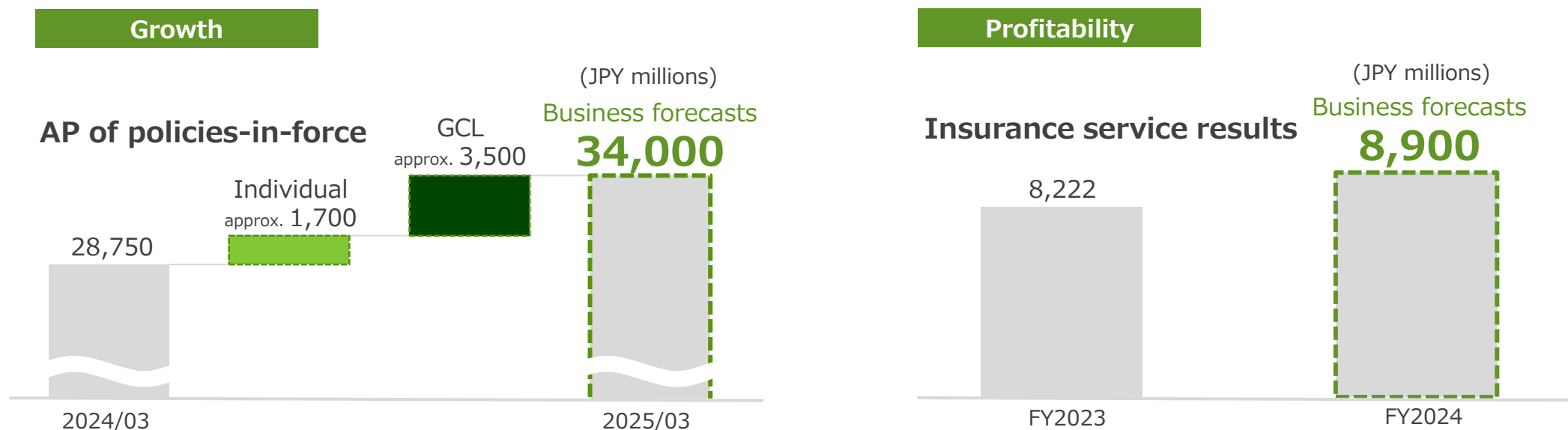
Expected stable growth of interest income



1. Figures does not include the effect of currency hedging cost

Consolidated Business Forecasts for FY2024

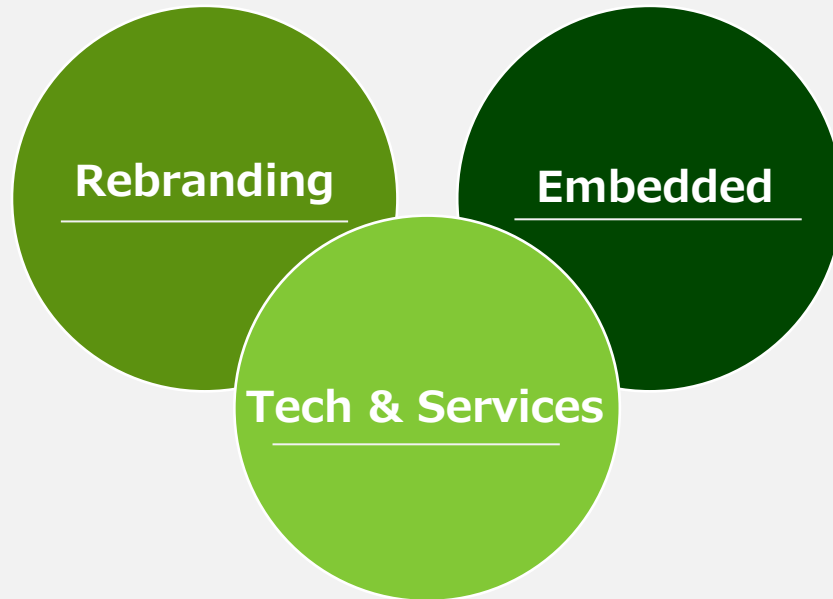
■ Remains unchanged since May 2024



	(JPY millions)		
	FY2023	FY2024	
	Results	1Q Results	Forecasts
Annualized premium of policies-in-force	28,750	29,507	34,000
Insurance revenue	24,698	6,776	30,000
Insurance service results	8,222	2,340	8,900
Net income attributable to owners of the Company	5,734	1,887	6,200

Growth Strategy

Priority Areas



Human Resources Strategy

- Promote organizational transition to focus on priority areas
- Create a virtuous cycle of employee growth and business growth
- Maintain and strengthen an organizational culture based on the LIFENET Manifesto

Goals in Fiscal 2028

Management Goal

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

Financial Targets

Stock price : **¥3,000+**

Annual growth rate of CE per share :
approx. **10%**

Non-financial Targets (Human capital)

Overall engagement score: **continuous improvement**

Diversity

Ratio of decision-makers :
Women **30%+**, Under 30s **15%+**

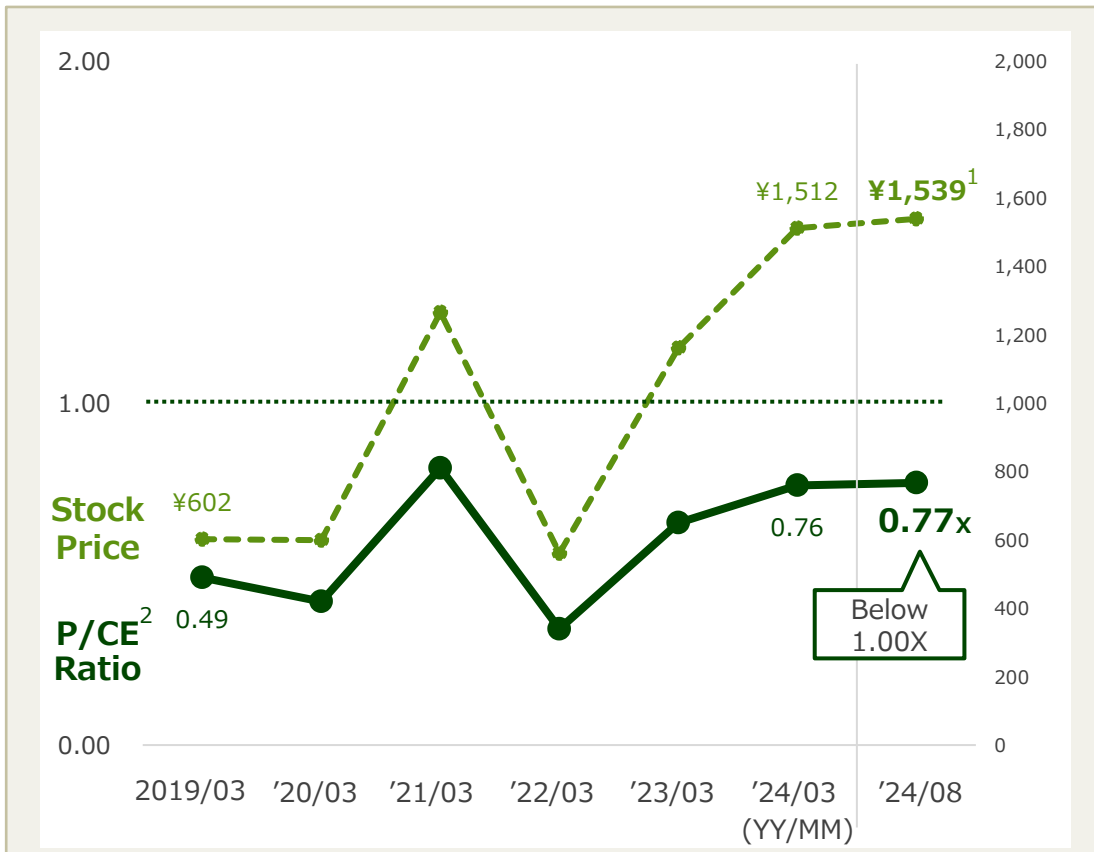
Growth Opportunities

Engagement score (growth):
continuous improvement

Initiatives to Improve Market Evaluation

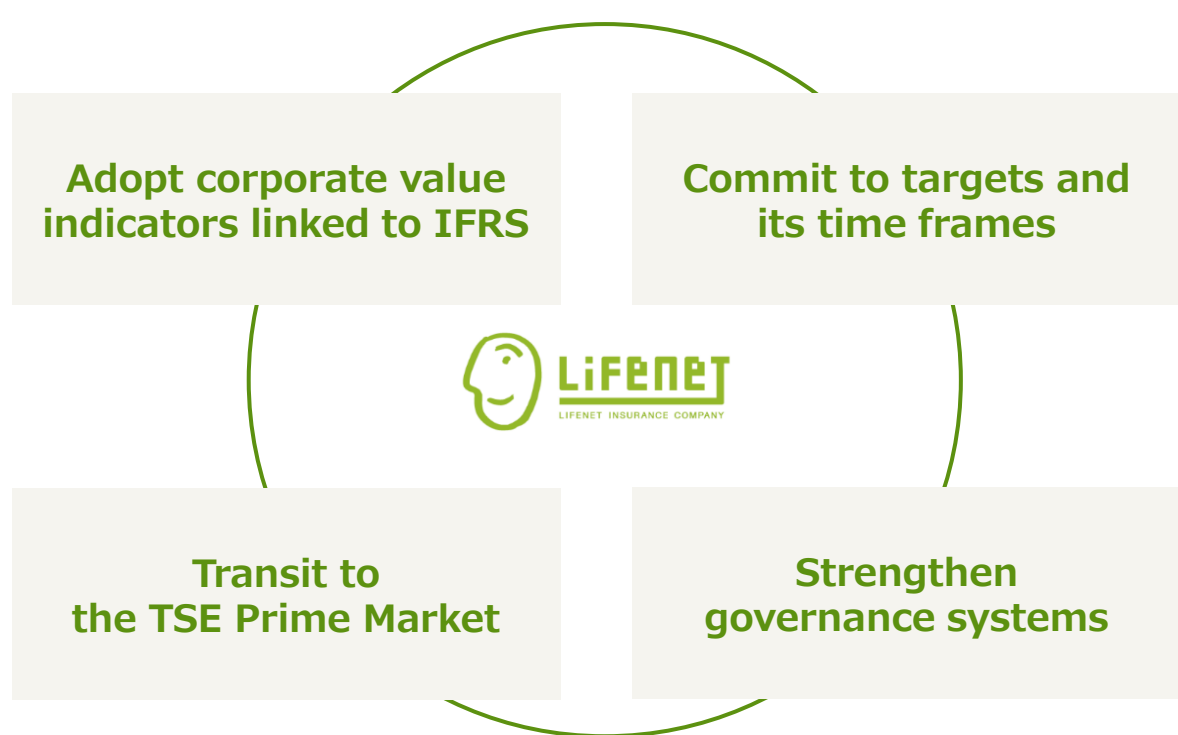
- **P/CE ratio remains below 1x** and market evaluation needs improvement
- **Aim to increase corporate value and improve market evaluation**

Stock price / CE per share (P/CE)



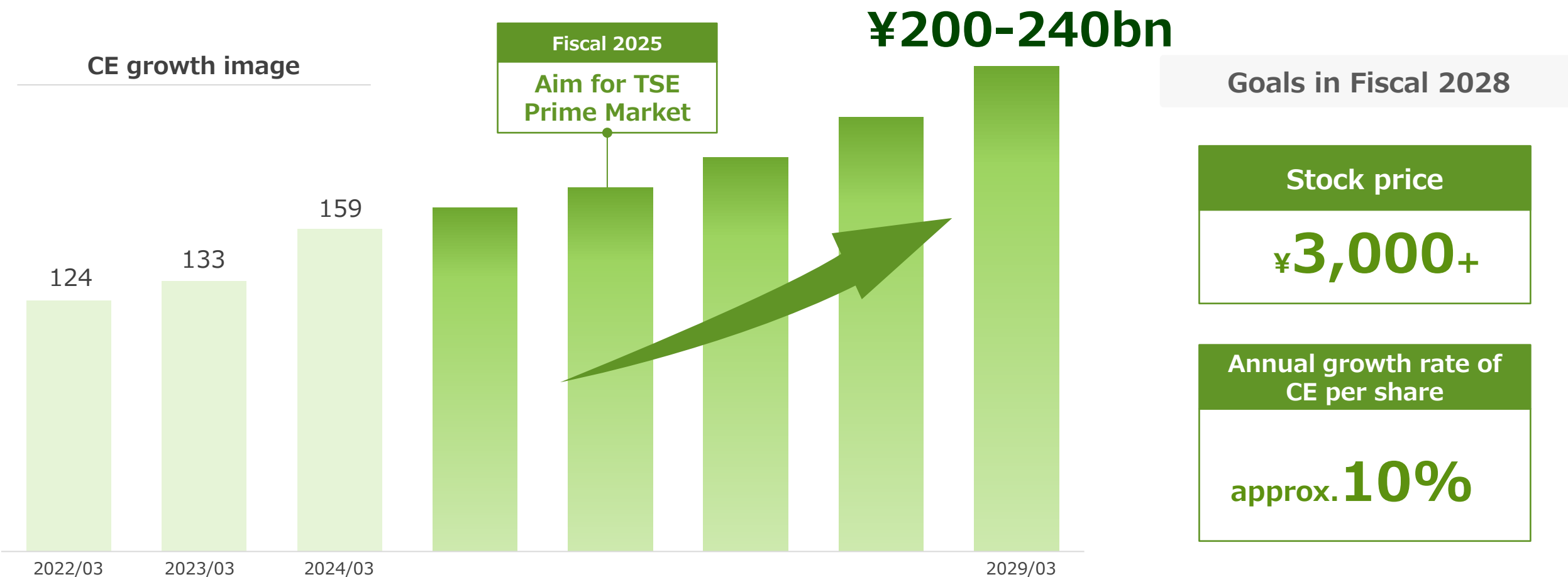
1. Closing price as of August 13, 2024
 2. Price/EEV per Share before March 2023

Improvement market evaluation



For Achieving Mid-term Business Plan

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



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.**



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LIFENET
LIFENET INSURANCE COMPANY

Appendix

Glossary 1



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).

Glossary 2



Glossary	Explanation
Comprehensive Equity (CE)	An indicator defined by the Group. It is the sum of "Equity (attributable to owners of the Company)" on the IFRS balance sheets, "CSM", a liability representing unearned profit that the Group expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and "GCL contracts value". We have defined it as the indicator that represents the corporate value of the Group as it includes the value of future profits of policies-in-force.
Group Credit Life Insurance (GCL) contracts value	An indicator defined by the group. It is the value of future IFRS earnings for GCL policies-in-force including future renewals as of the valuation date.
Premium Allocation Approach (PAA)	A simplified approach which can be applied for measuring insurance contracts with short coverage periods which is defined under IFRS17. We applied it for GCL contracts which have 1 year insurance period.
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

	2023/06	2024/06	Component ratio
Number of policies-in-force	576,852	609,888	100%
- Term Life	280,789	297,565	49%
- Whole-life Medical	158,403	166,558	27%
- Long-term Disability	68,507	70,242	12%
- Cancer	61,509	68,455	11%
- Other ¹	7,644	7,068	1%
Sum insured of policies-in-force² (JPY millions)	3,675,820	3,842,513	
Number of policyholders	365,865	386,503	

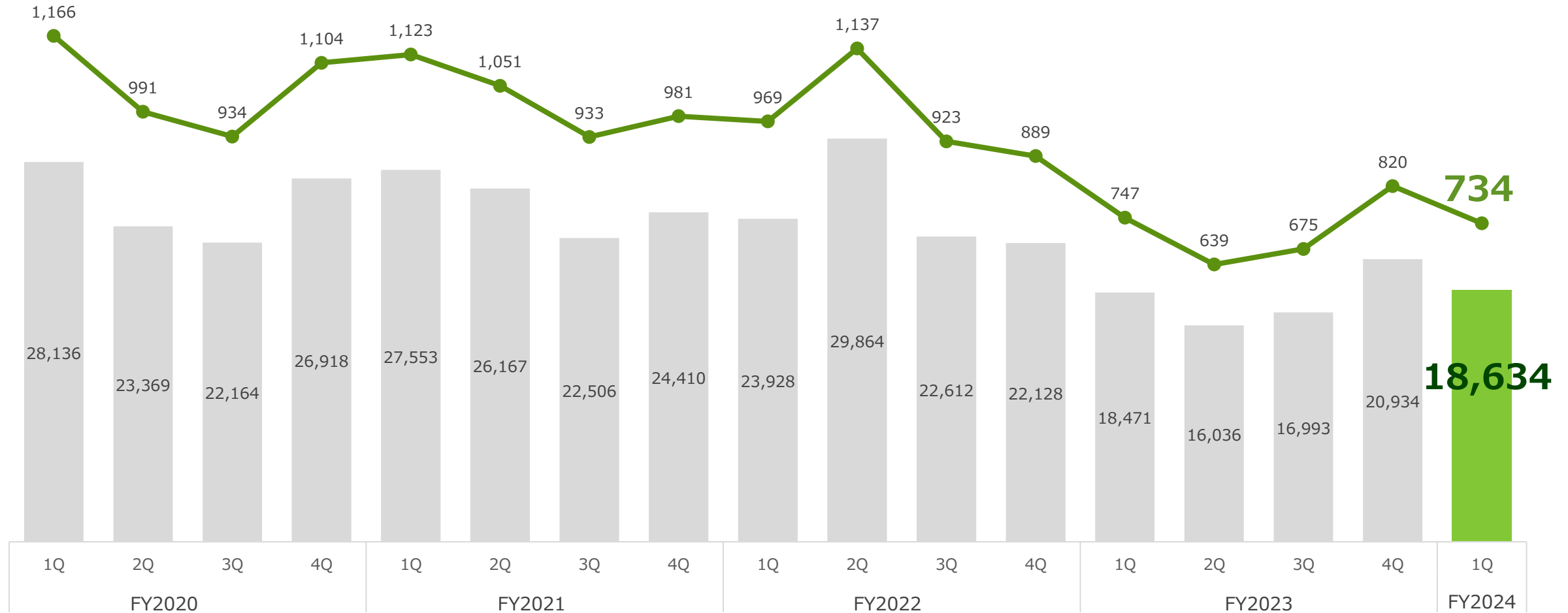
1. Term Medical Care and Dementia

2. 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)

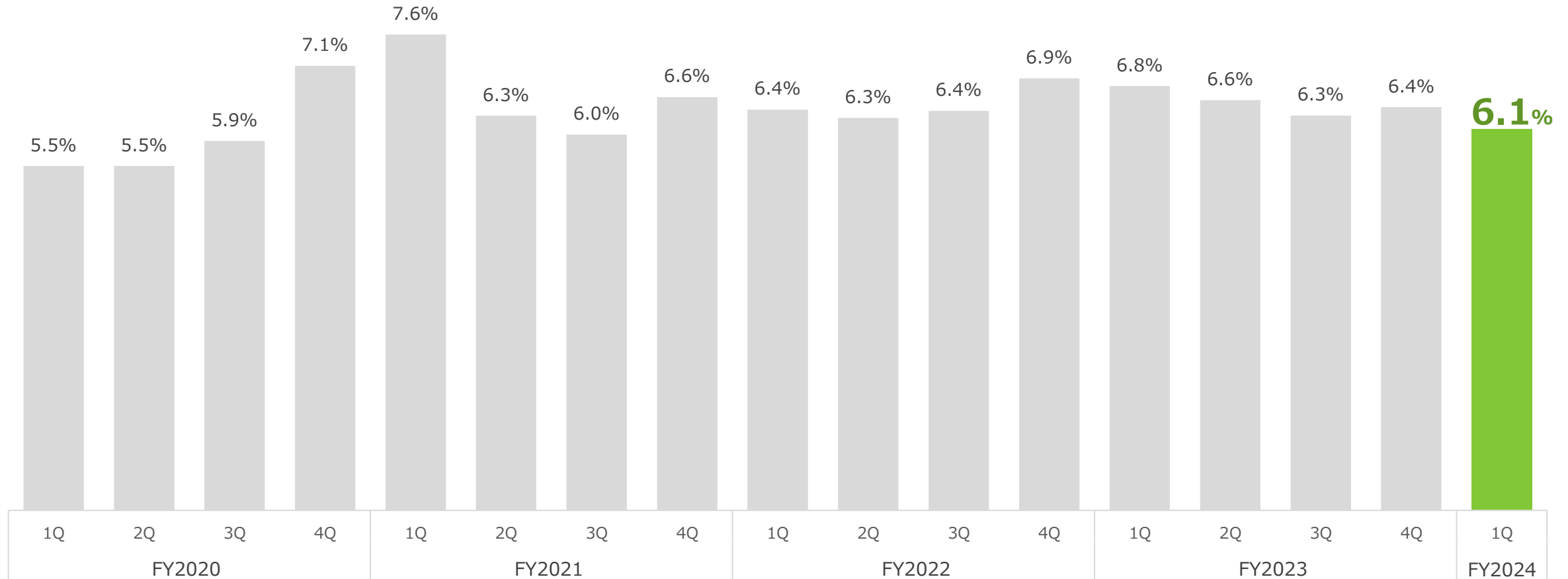
■ :Number of new business



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.

Surrender and Lapse Ratio

■ : Surrender and lapse ratio¹ (%)

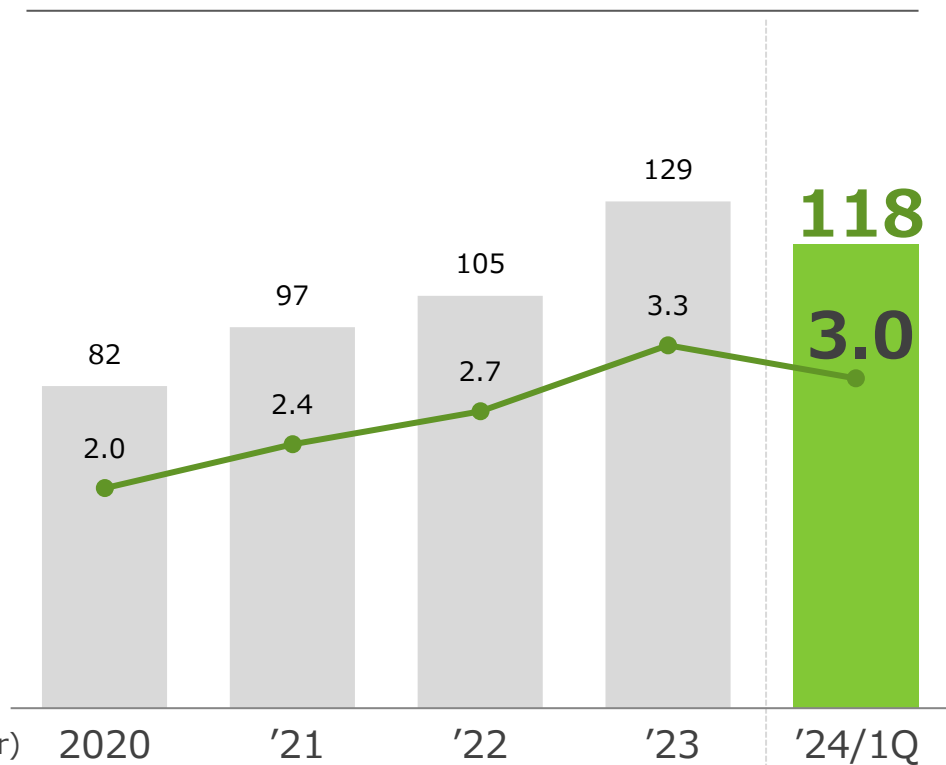


1. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

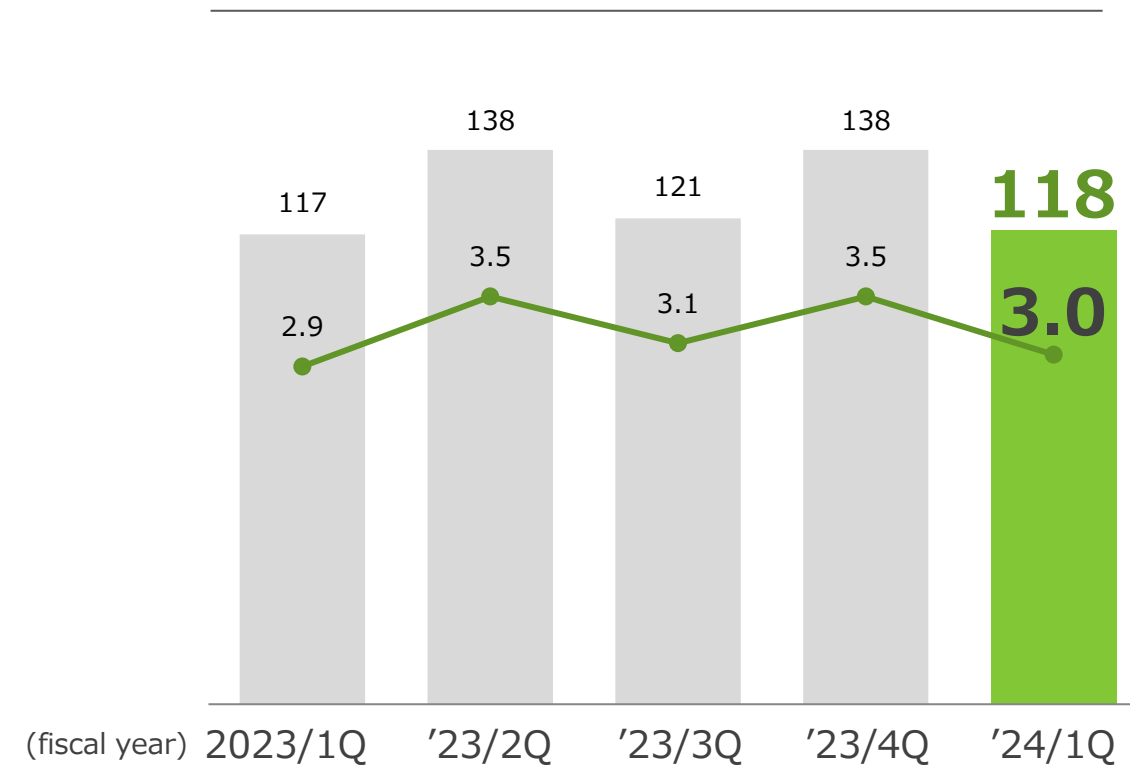
Insurance Acquisition Cash Flows (IACF) Efficiency

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

Fiscal year¹



Quarter



IACF (JPY millions)	8,339	9,854	10,390	9,377	2,210
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IACF (JPY millions)	2,177	2,222	2,072	2,904	2,210
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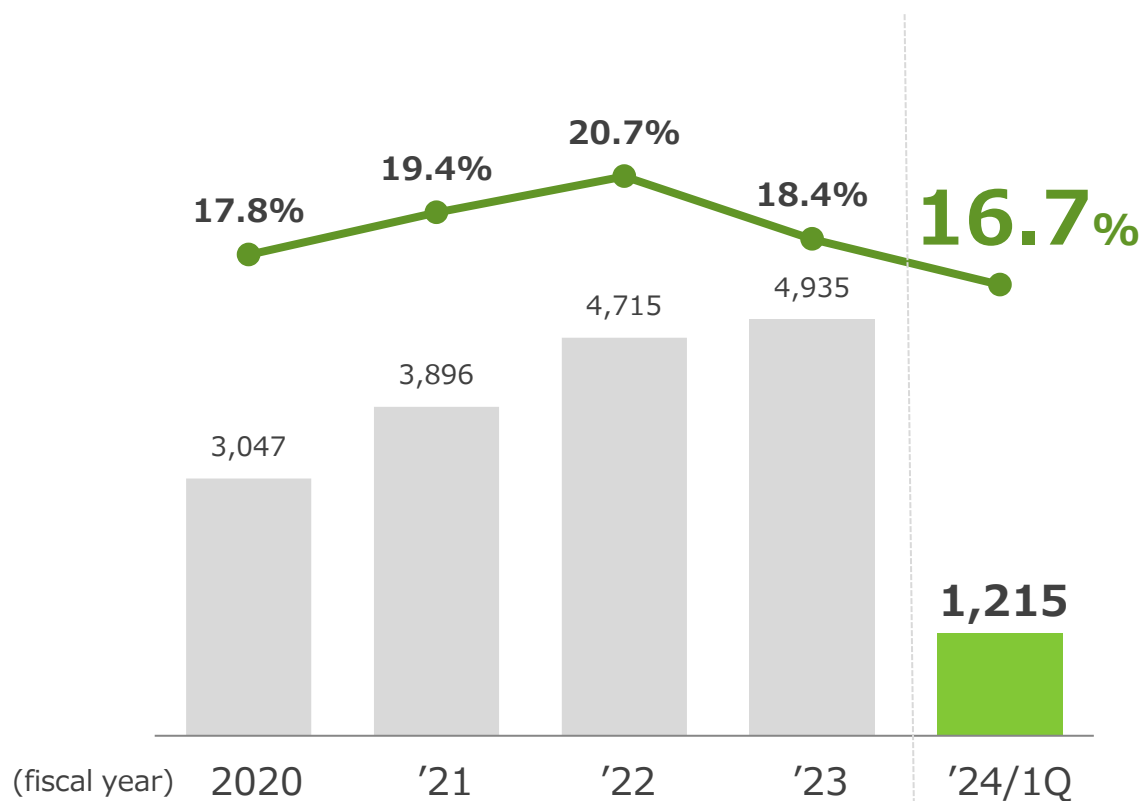
1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS.

Operating Expenses Ratio¹

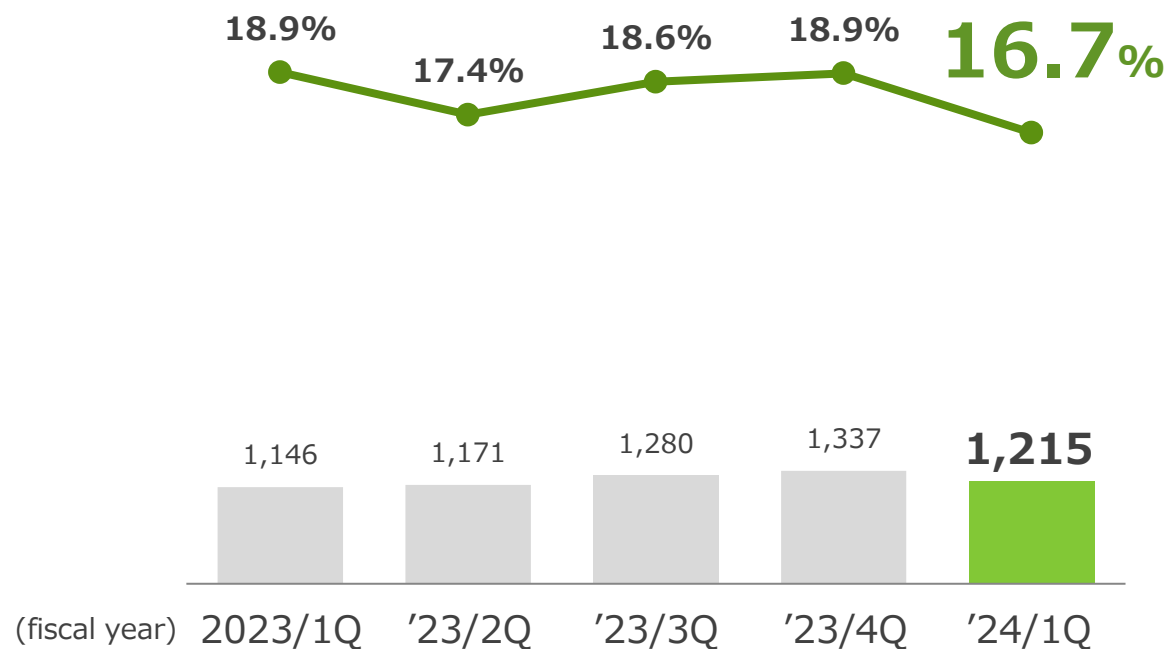
■ : Operating Expenses Ratio (%)

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

Fiscal year²



Quarter



1. Ratio of operating expenses excluding IACF divided by average in-force annualized premium for the period (annualized).

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

Summary IFRS P/L (Quarter)

(JPY millions)

Items	FY2023/1Q	FY2023/2Q	FY2023/3Q	FY2023/4Q	FY2024/1Q	Note
Insurance service results	2,274	1,813	2,186	1,947	2,340	Due to improvement in GCL results
Expected claims minus incurred claims ¹	368	(104)	331	189	46	Incurred claim payments for individual life increased
Risk adjustment release	433	438	397	407	391	
CSM release	1,677	1,758	1,755	1,864	1,864	
Reinsurance results	(157)	(225)	(52)	41	(211)	Changed due to decrease in GCL claim payments
Results from GCL ²	–	(4)	(217)	(445)	272	Due to decrease in claim payments for GCL
Financial results³	367	(300)	209	279	338	
Other results	(120)	(108)	(106)	(191)	(57)	
Profit before tax	2,521	1,404	2,289	2,035	2,621	Due to increase in insurance service results
Net income attributable to owners of the Company	1,765	993	1,606	1,368	1,887	

1. Applied only for individual life

2. Insurance service results related to contracts measured under the premium allocation approach (excluding reinsurance results)

3. 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	FY2023		FY2024
	(Ref.) Fiscal Year	1 Q	1 Q
Insurance revenue	24,698	5,500	6,776
Expected claims	10,464	2,561	2,694
Risk adjustment release	1,678	433	391
CSM release	7,056	1,677	1,864
Recovery of IACF	3,647	869	990
Others	(150)	(41)	(34)
Premium income of GCL ¹	2,004	—	870
Insurance service expenses	16,081	3,068	4,225
Incurred claims (Individual life)	9,679	2,192	2,647
Incurred claims (GCL)	2,671	—	597
Amortization of IACF	3,647	869	990
Others	83	6	(10)
Reinsurance results	(394)	(157)	(211)
Insurance service results	8,222	2,274	2,340

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

Breakdown of Financial Results

- Interest income rose due to increased foreign securities holdings, while valuation gains decreased as a result of stock sales

(JPY millions)

Items	FY2023/1Q	FY2024/1Q	Change
Investment results	392	360	(32)
Interest income	72	237	164
Impairment losses on financial assets, net	(0)	(3)	(3)
Other investment income	320	126	(193)
Insurance finance income (expense)	(29)	(26)	3
Reinsurance finance income (expense)	4	4	(0)
Financial results	367	338	(29)

Detail of Bond Portfolio¹

As of June 30, 2024

(JPY millions)

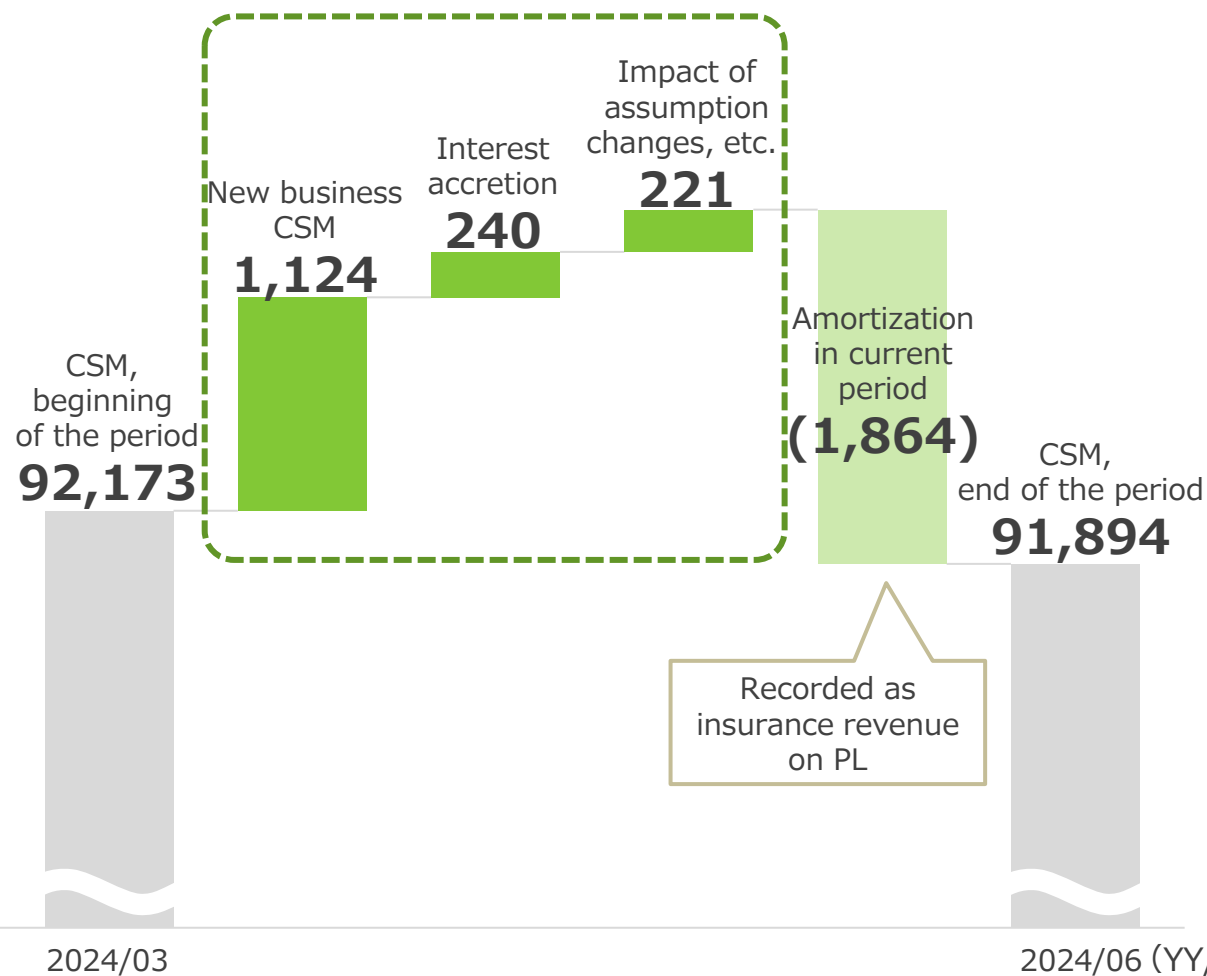
	Available-for-Sale	Held-to-Maturity	Total
JPY Bonds	16,926	28,445	45,372
Duration ²	4 years	8 years	6 years
Foreign Currency Bonds	12,089	—	12,089
Duration ²			4 years
Non-Currency Hedged	3,570	—	3,570
Currency Hedged	8,518	—	8,518

1. Based on J-GAAP balance sheet

2. Calculated by Lifenet

CSM Movement

- Decreased due to slower growth in new business CSM for individual life



(JPY millions)

Items	FY2023	FY2024/1Q
CSM, beginning of the period	83,604	92,173
New business CSM	3,473	1,124
Interest accretion	842	240
Assumption changes, etc.	11,309	221
Amortization of CSM	(7,056)	(1,864)
CSM, end of the period	92,173	91,894

2024/03

2024/06 (YY/MM)

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 Jun. 2024 (A)	91.8	7.2	6.8	6.5	6.3	6.0	58.8
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

Comprehensive Equity Sensitivity Analysis¹

■ Impacts of changes in assumptions (sensitivities)

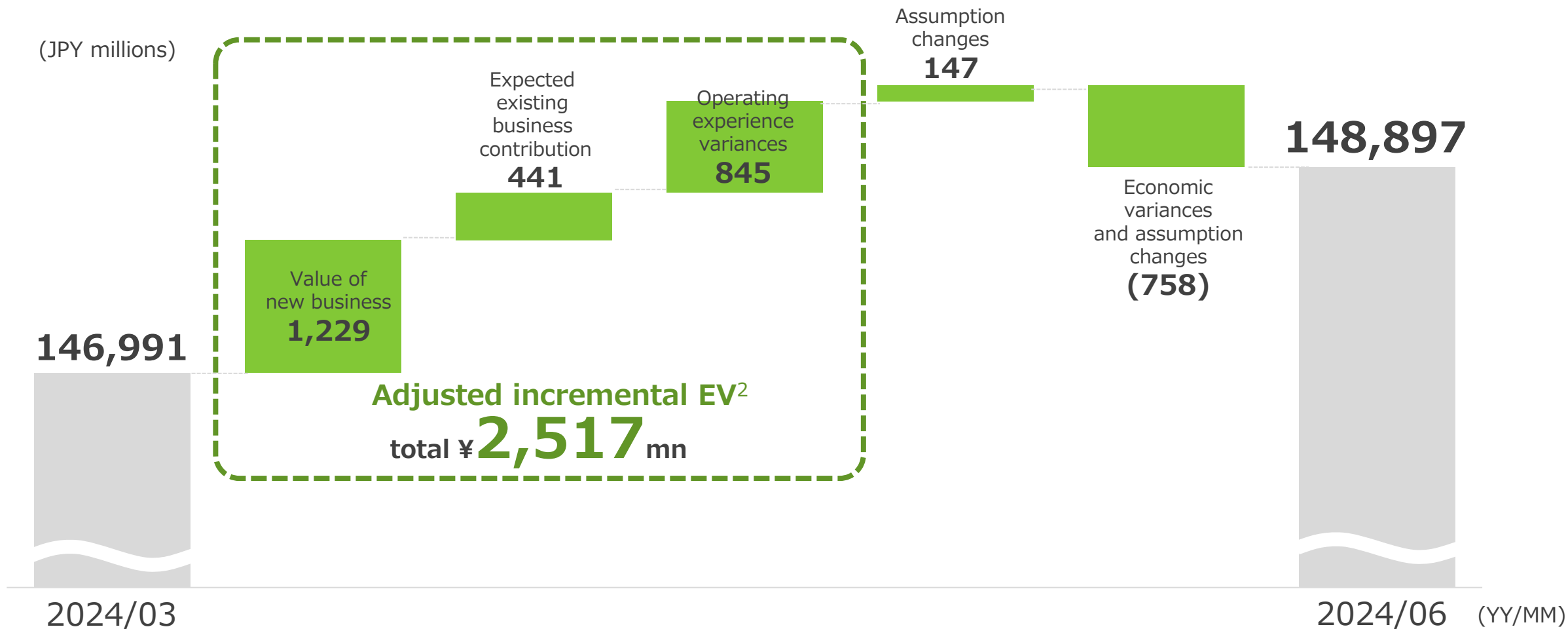
	Changes in Comprehensive Equity (CE) as of June 30, 2024			
	(JPY millions)	Changes in CE	% changes	Of which changes in CSM ²
Comprehensive Equity as of June 30, 2024		161,022	—	62,077
0.5% increase in risk-free rate		(3,676)	(2.3%)	—
0.5% decrease in risk-free rate		4,051	2.5%	—
10% decrease in equity and real estate value and other		(422)	(0.3%)	—
10% decrease in operating expenses rate		5,873	3.6%	4,963
10% decrease in surrender and lapse rate		1,720	1.1%	1,519
5% decrease in claim incidence rates for life business		6,490	4.0%	6,675
10% decrease in non-renewal rate		5,629	3.5%	5,629

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.

2. Aggregation of insurance contracts and reinsurance contracts with tax effect (28%) adjusted.

Changing Factors of EEV¹

- Though affected by rising interest rate, **increased due to adjusted incremental EV**

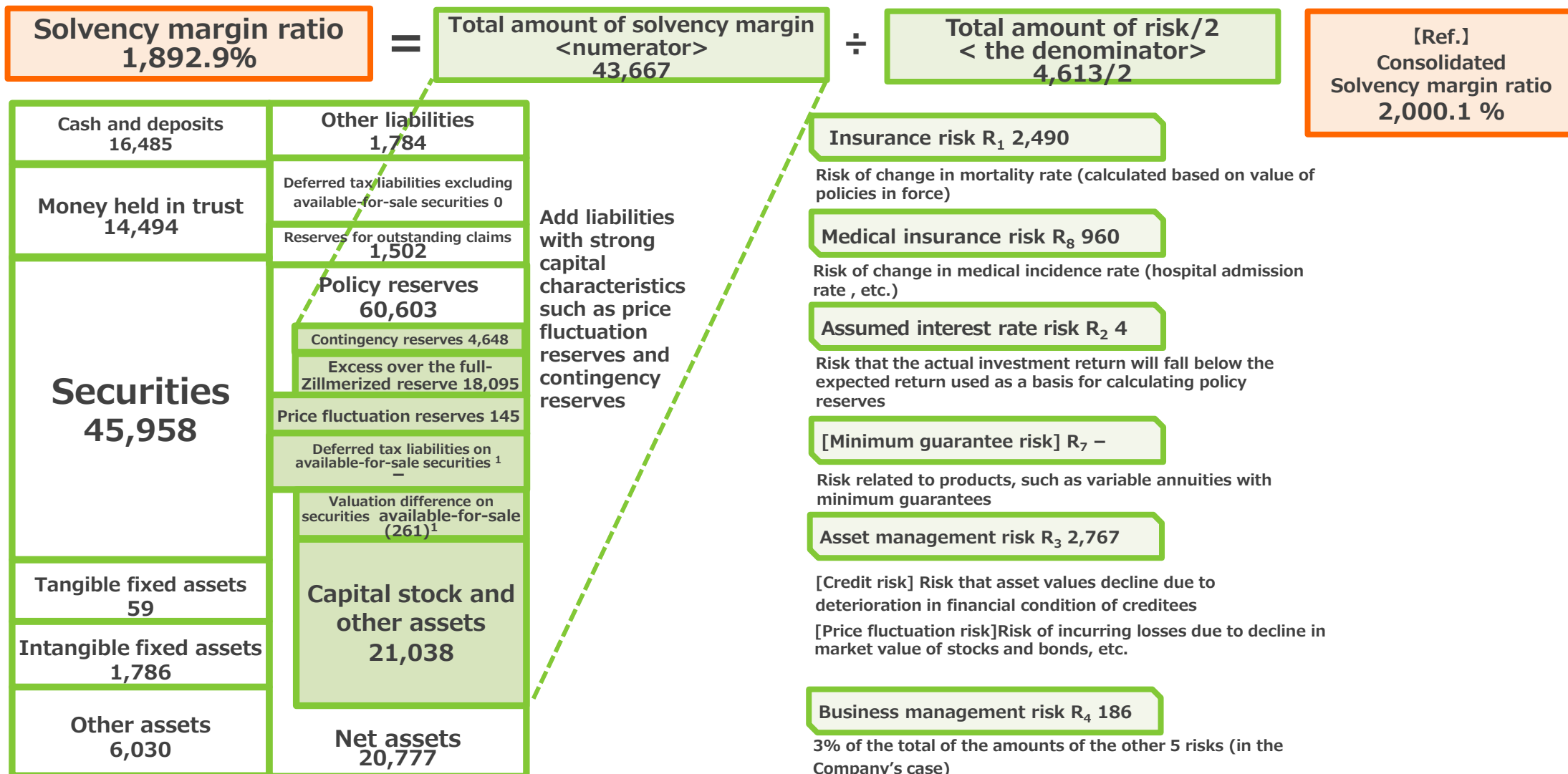


1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred.
 2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.

Solvency Margin Ratio Calculation

As of June 30, 2024

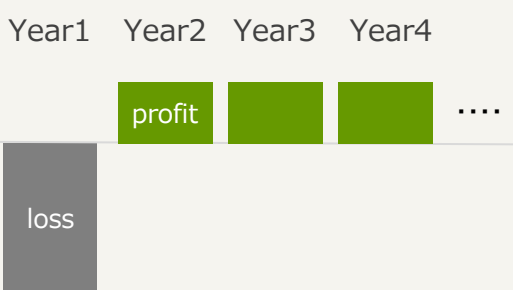
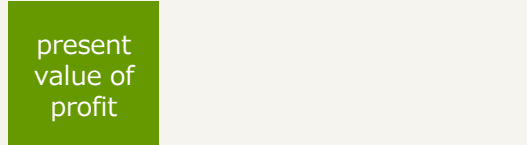

$(\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4) / 2$ (JPY millions)



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 Reporting

- 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> 

Summary J-GAAP P/L & B/S

(JPY millions)

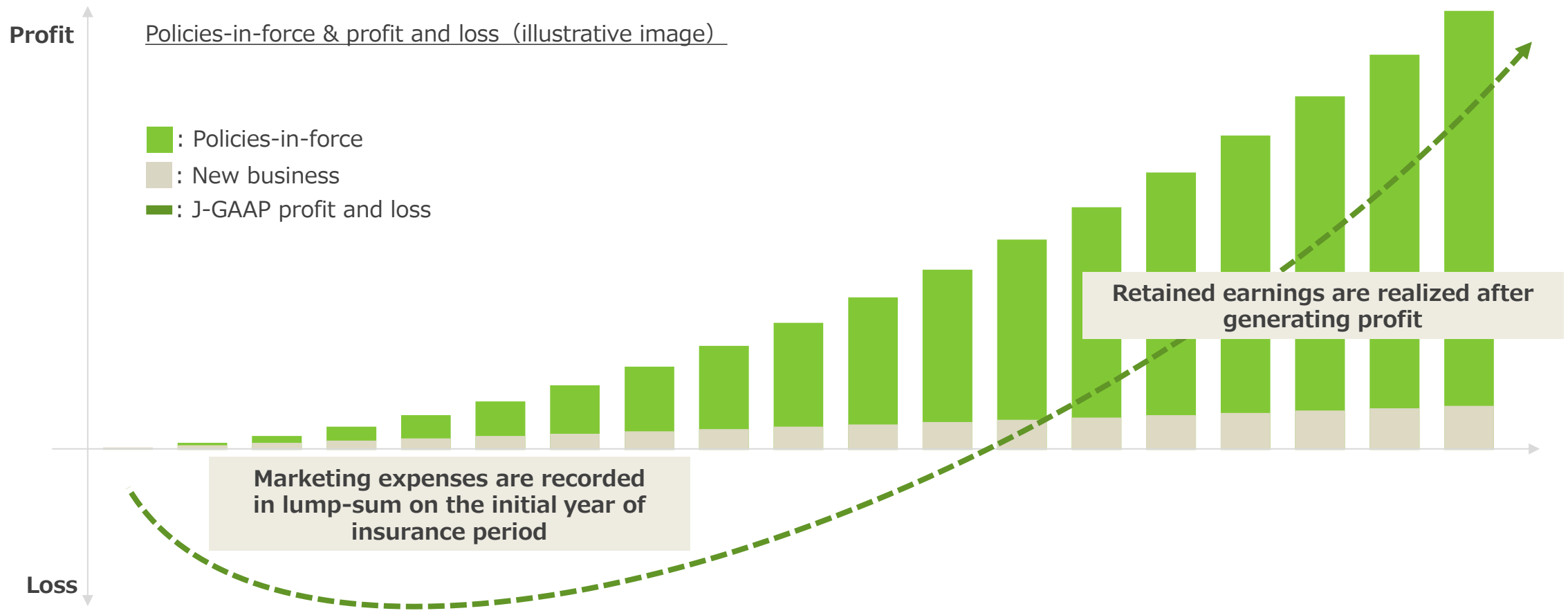
(JPY millions)

Items	FY2023	FY2023/1Q	FY2024/1Q	Items	FY2023	FY2024/1Q
Ordinary income	35,964	7,929	10,437	Total assets	84,194	84,814
Insurance premiums and other	34,264	7,693	9,580	Cash and deposits	20,009	16,485
Ordinary expenses	40,634	8,348	10,984	Money held in trust	13,358	14,494
Insurance claims and other	15,547	3,150	4,944	Securities	42,992	45,958
Provision for policy reserves and other	9,472	1,773	2,048	Total liabilities	63,130	64,037
Operating expenses	12,607	2,950	3,034	Policy reserves and other	60,469	62,106
Ordinary profit (loss)	(4,670)	(418)	(546)	Total net assets	21,063	20,777
Net income (loss)	(4,720)	(429)	(552)	Retained earnings	(31,643)	(32,196)

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.