

Securities Code: 7157
TSE Growth



Presentation Material for Investors Third Quarter for Fiscal 2023

LIFENET INSURANCE COMPANY
February 13, 2024

Cumulative 3Q for Fiscal 2023 Key Highlights

Key Indicators

Corporate Value

EEV
(European Embedded Value)

¥ **144,294**mn

(YoY 117.3%)

Growth

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

¥ **27,872**mn

(YoY 118.5%)

Profitability

**Insurance service
results**

¥ **6,275**mn

(YoY 128.9%)

Notable Achievements

- Individual life performance **bottomed out** and GCL² **maintained strong momentum**
- **Started offering “Insurance with V-points” from December** as an alliance with SMBC Group
- **Updated customer experience** for same-sex partners in de facto marriages from February

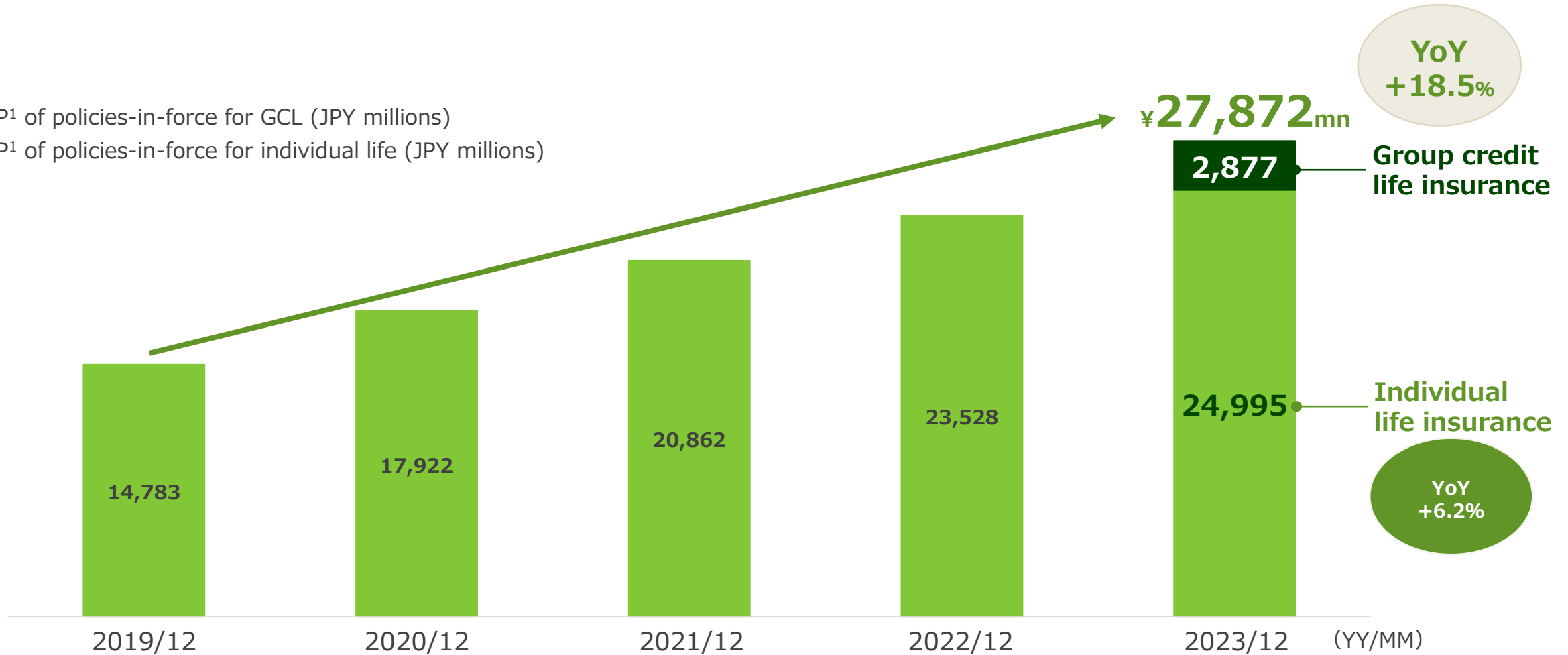
1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium (for GCL, expected premium income for the next month based on the in-force business) by 12 months (The same will apply hereafter).

2. GCL stands for Group Credit Life Insurance

Annualized Premium of Policies-in-Force

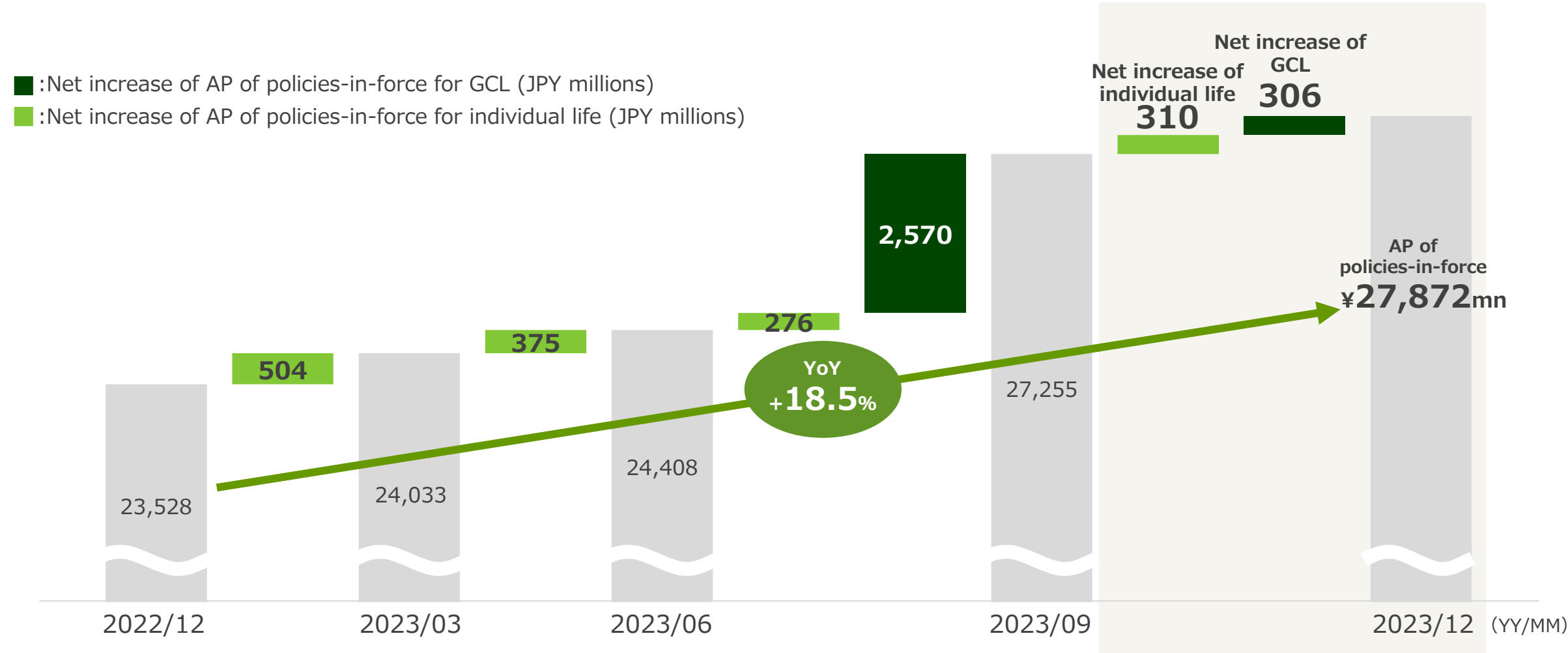
■ **Strongly grew 18.5% YoY, with large contribution of ¥2.8bn from newly started GCL**

■ :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 grew and reached ¥306mn
- Individual life performance has bottomed out



Summary IFRS P/L



- Insurance service results and net income resulted in **¥6,275mn** and **¥4,365mn**, respectively

(JPY millions)

Items	FY2022/3Q (YTD) ²	FY2023/3Q (YTD) ²	Change	(Ref.) FY2022 ²
Insurance service results	4,867	6,275	1,407	6,618
Financial results ¹	(636)	276	912	(452)
Other results	(552)	(335)	216	(822)
Profit before tax	3,679	6,215	2,536	5,343
Net income attributable to owners of the Company	2,461	4,365	1,904	3,562

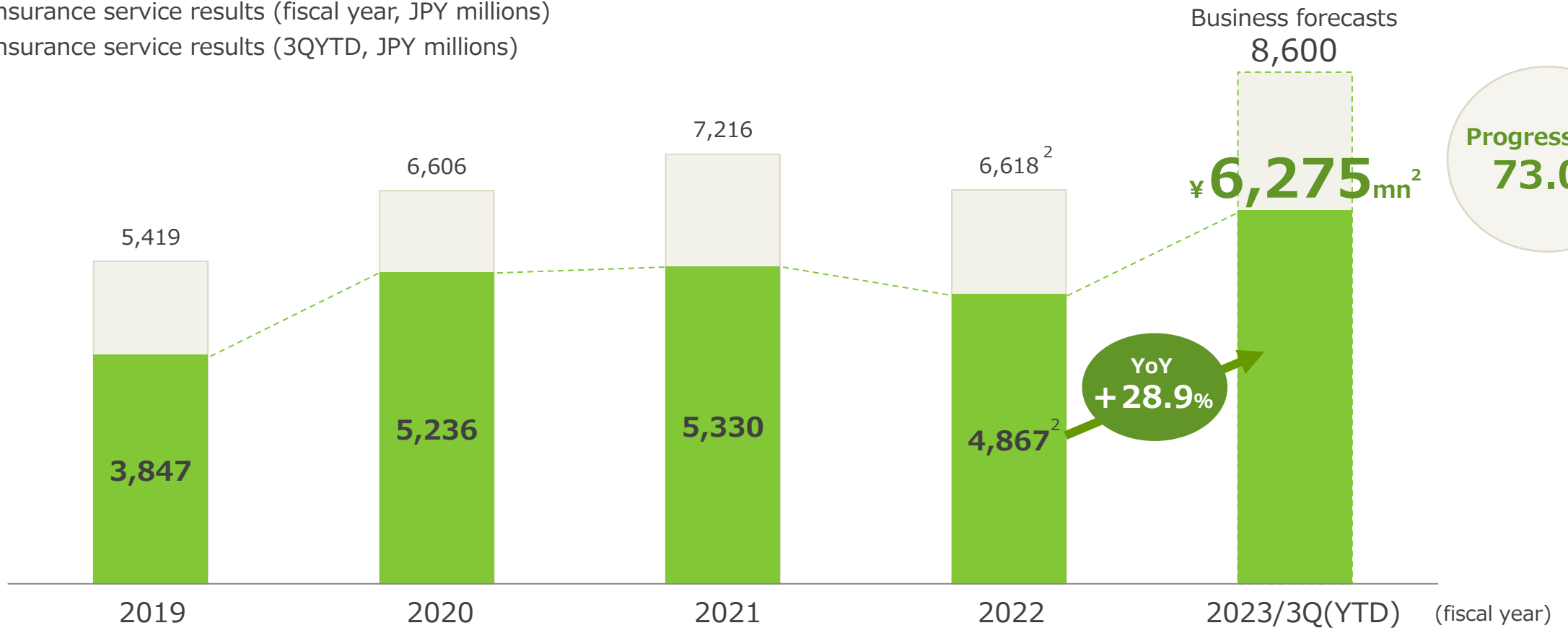
1. Total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense

2. 3Q of FY2022(YTD) includes ¥1,326mn, 3Q of FY2023(YTD) includes ¥32mn and FY2022 includes ¥1,378mn of insurance claims and benefit related to COVID-19

Insurance Service Results¹

- Significantly increased 28.9% YoY and reached ¥6,275mn
- 73.0% progress rate over revised business forecasts in August

□ :Insurance service results (fiscal year, JPY millions)
 ■ :Insurance service results (3QYTD, JPY millions)



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

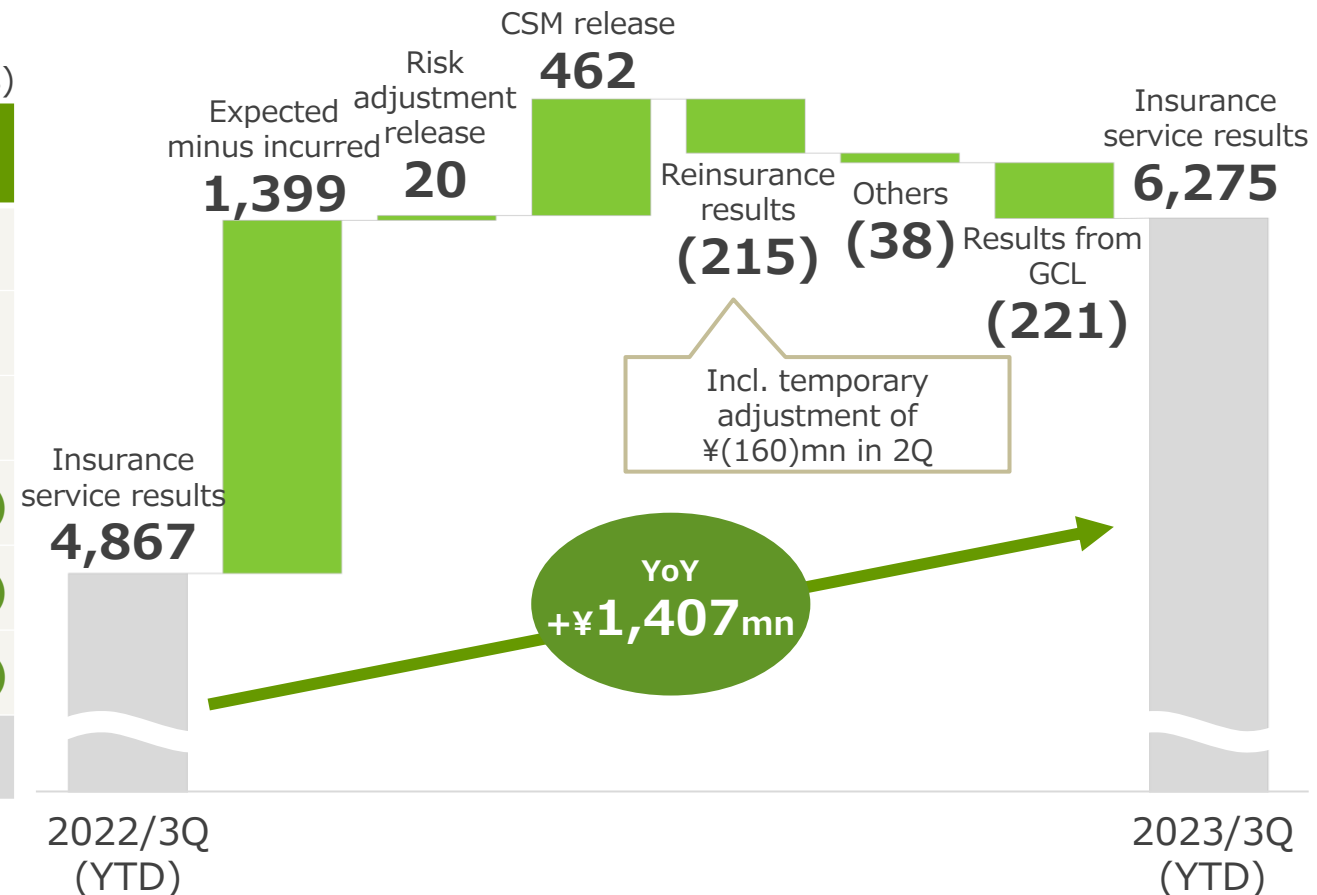
2. 3Q of FY2022(YTD) includes ¥1,326mn, 3Q of FY2023(YTD) includes ¥32mn and FY2022 includes ¥1,378mn of insurance claims and benefit related to COVID-19

Insurance Service Results Analysis

- Growth driven by settling down of COVID-19 claims and increasing of CSM release, while GCL claims deteriorated in 3Q

(JPY millions)

Items	FY2022/3Q (YTD)	FY2023/3Q (YTD)	Change
Expected claims minus incurred claims ¹	(804)	594	1,399
Risk adjustment release	1,250	1,270	20
CSM release	4,728	5,191	462
Reinsurance results	(220)	(435)	(215)
Others	(85)	(123)	(38)
Results from GCL ²	—	(221)	(221)
Insurance service results	4,867	6,275	1,407



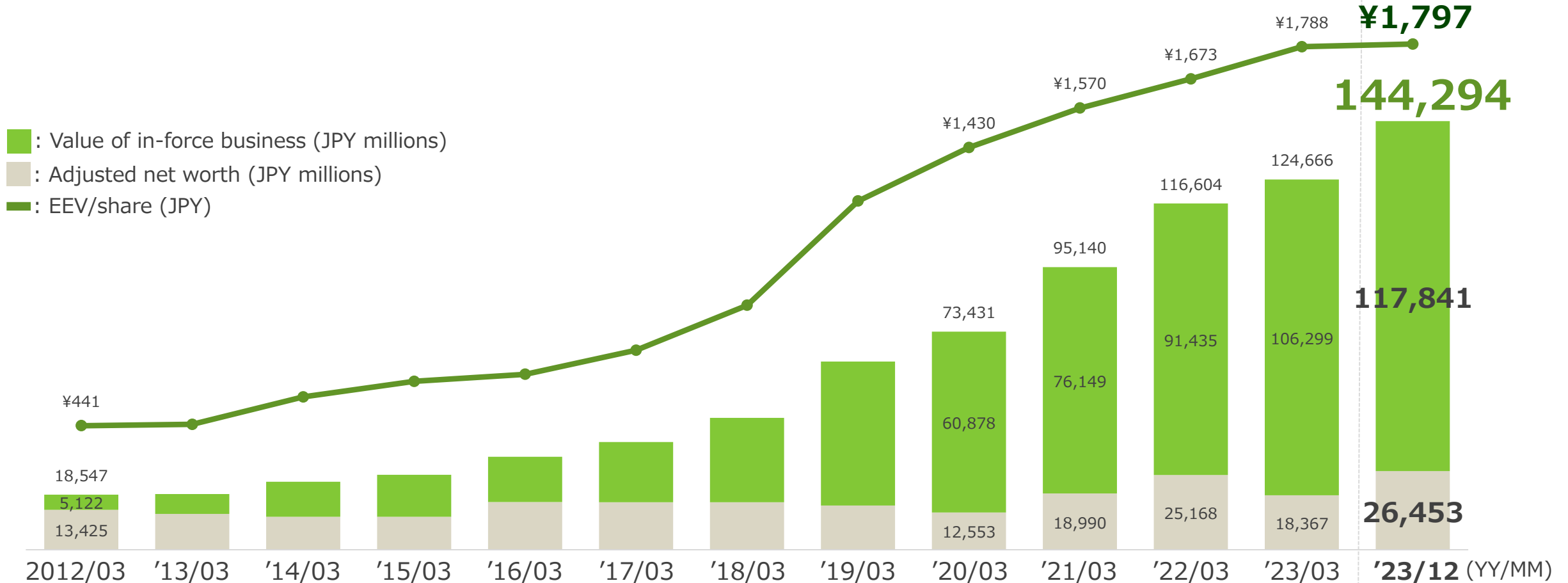
1. Applied only for individual life. 3Q of FY2022(YTD) includes ¥1,326mn and 3Q of FY2023(YTD) includes ¥32mn of insurance claims and benefit related to COVID-19

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 continued its growth trend**, offset dilution by capital raising in Sep.

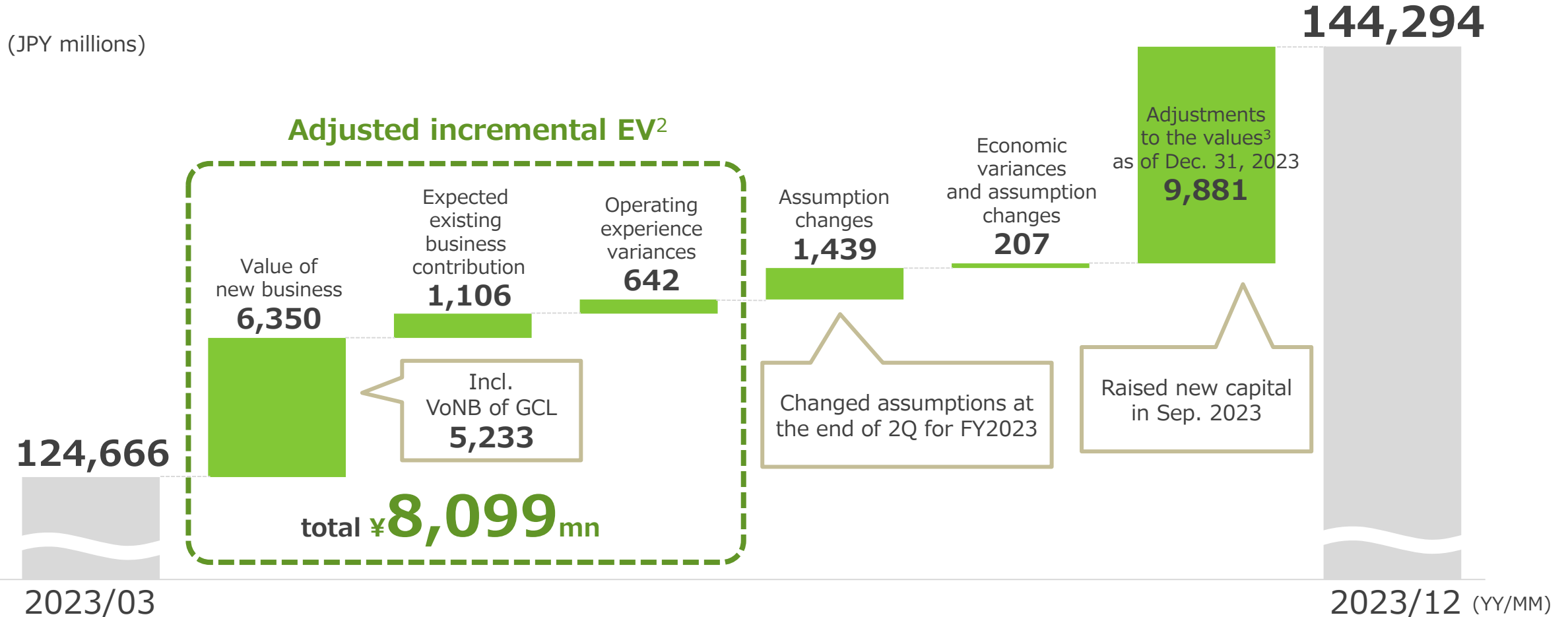


1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate 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 December 31, 2023 is calculated applying the same operating assumptions as those used for September 30, 2023, and has not been 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 including GCL and the improvement of opex ratio, and capital raising



1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. EEV as of December 31, 2023 is calculated applying the same operating assumptions as those used for September 30, 2023, and has not been reviewed by third-party specialists.

2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.

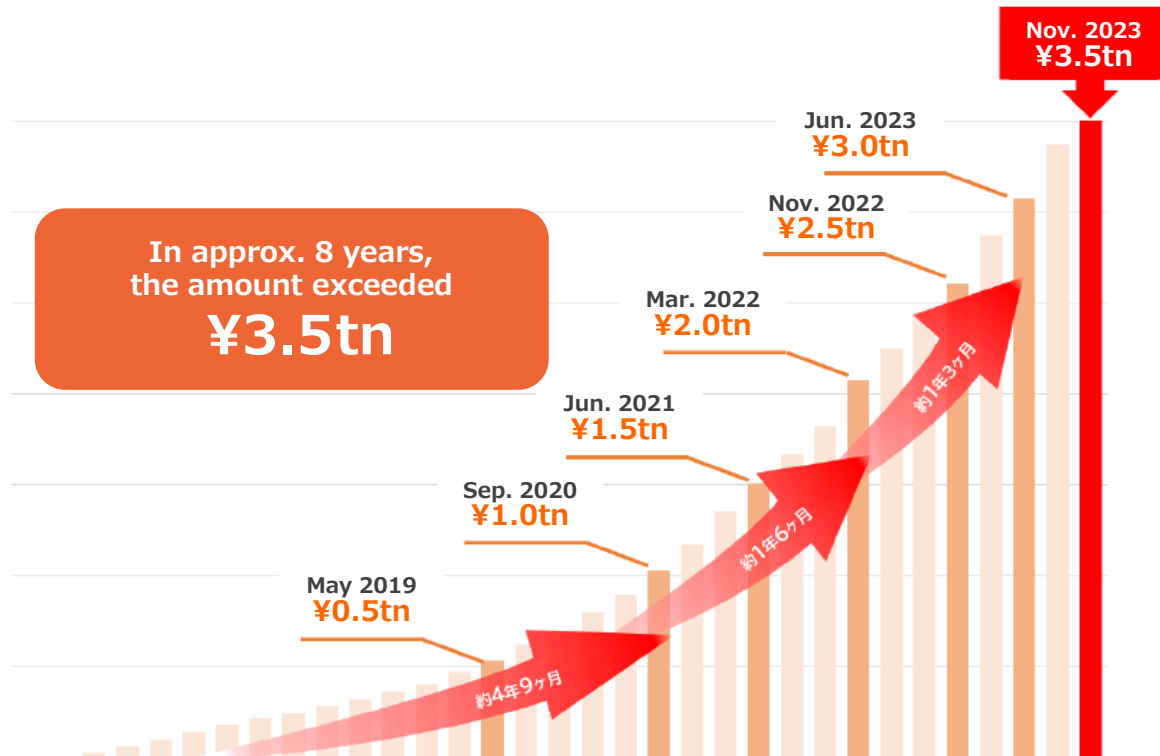
3. Item for change in capital

Strong Business Performance of GCL

- Backed by the growth of Jibun Bank's mortgage loan, GCL business has been progressing steadily



au Jibun Bank's rapid growth of mortgage loan



Contribution to key indicators¹

AP of policies-in-force

+ ¥2,877 mn

Achieved business forecasts of ¥2,700mn

EEV (VoNB)

+ ¥5,233 mn

Insurance Service Results

¥(221) mn²

*Expecting to generate profit from FY2024

1. As of December 2023
 2. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

Embed into Point Ecosystem

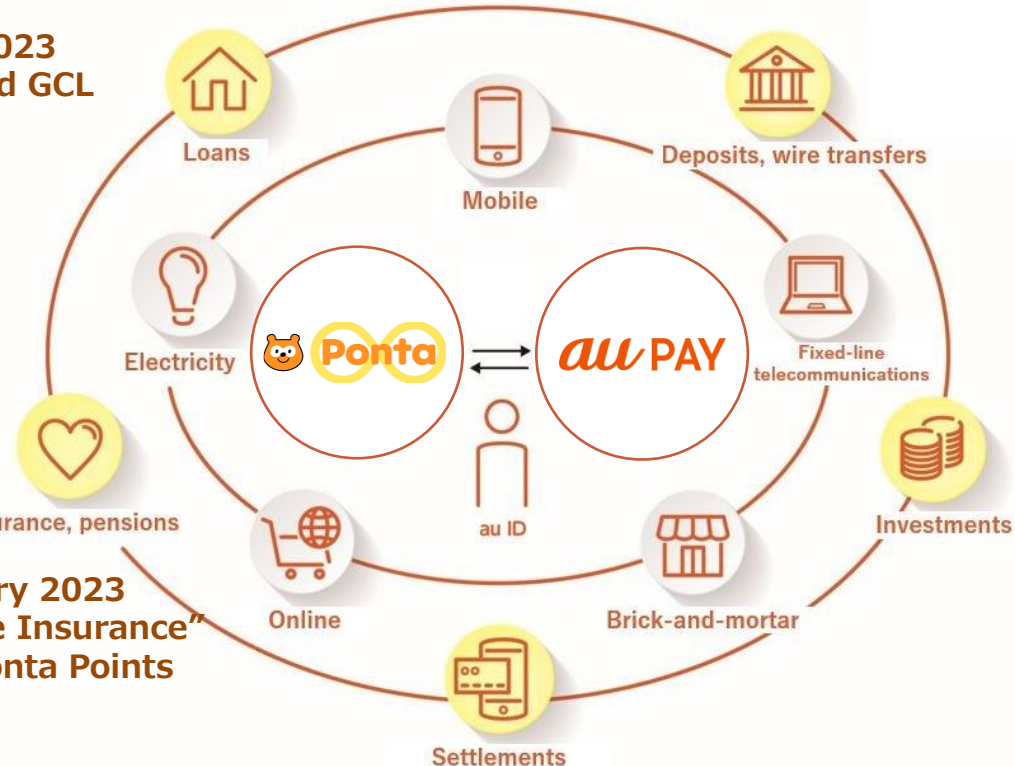
- Boosting sales efforts aimed at Ponta Point users, utilizing “au Life Insurance” with Ponta Points as the anchor



au Ecosystem

Ponta Point's Customer Base

July 2023
Started GCL



Targeting sales for
point collectors



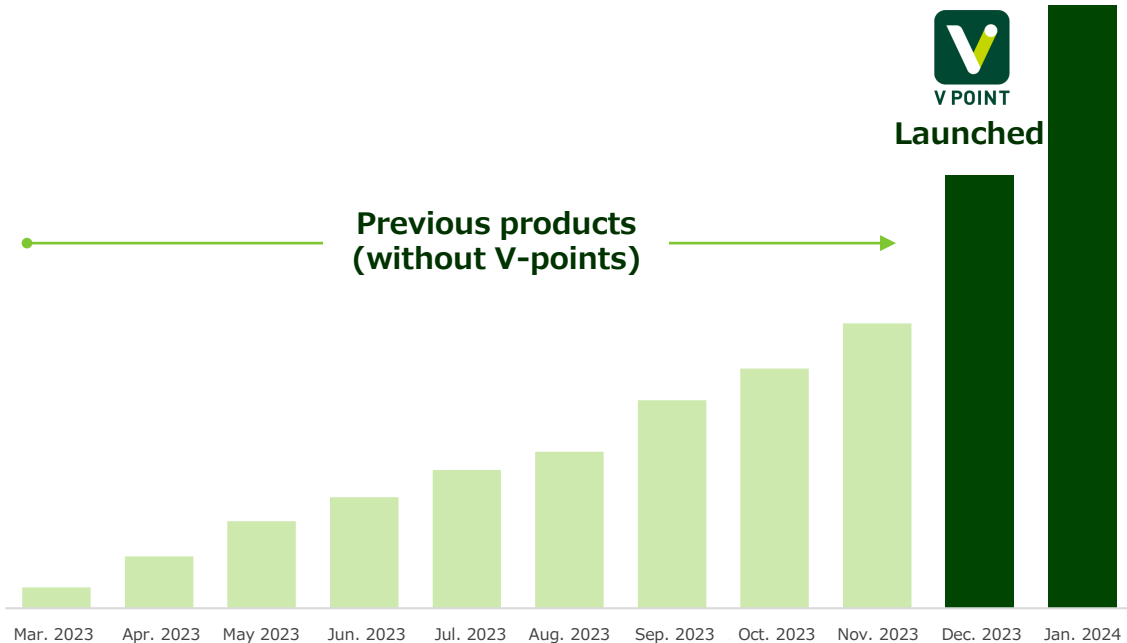
Alliance with SMBC Group

- Launched exclusive products for SMBC Group from December to be embedded into V-point ecosystem

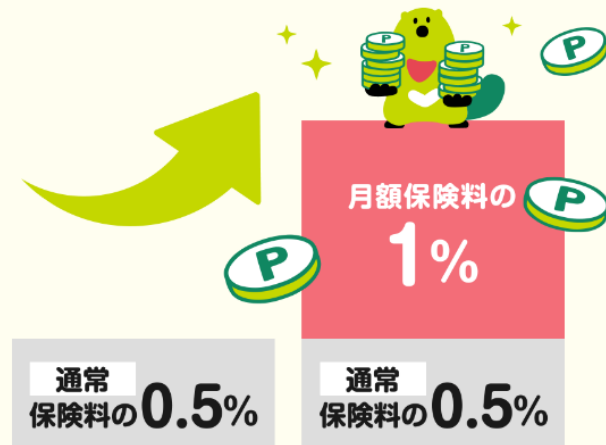


Initial performance of "Insurance with V-points"

AP of policies-in-force



V-Points equivalent to 1% of monthly premiums is awarded



※通常貯まるポイントは毎月のカードご利用金額の合計200円(税込)ごとに1ポイントが貯まります。
 ※通常貯まるポイントの還元率はカードによって異なります。
 ※Vポイント以外の独自ポイントが貯まるカードは、カードの利用で貯まる通常ポイントのみ付与され、+1%のポイントは対象外です。

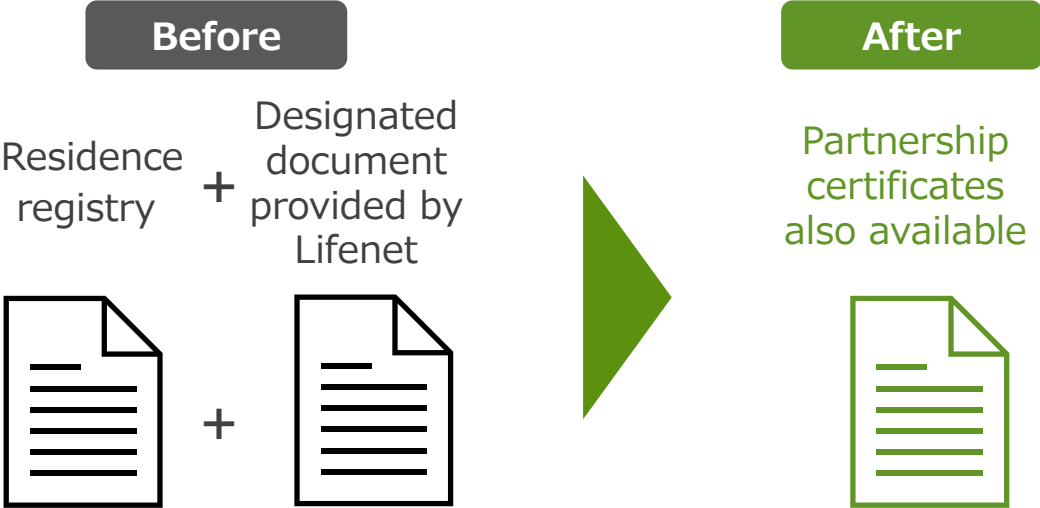
Initiatives to Diversifying Customer Needs



■ Updated customer experience with same-sex partners in de facto marriages

Feb. 2024

Customers can designate same-sex partners as beneficiary for our term-life insurance by **submission of partnership certificates issued by local government**



Streamline procedure

Nov. 2023

Received Gold Rating for LGBTQ initiatives for 8th consecutive year, industry record¹

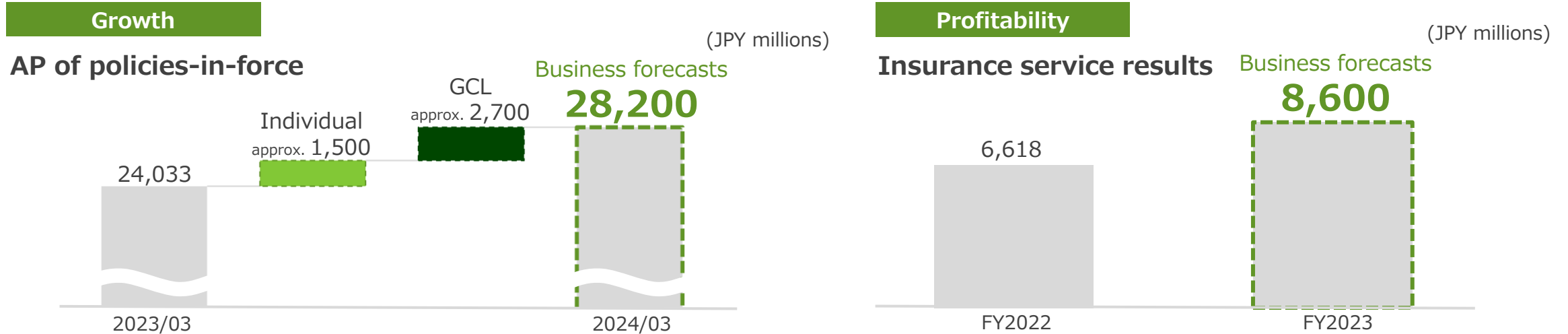


Main Initiatives
Customer <ul style="list-style-type: none">Pioneered in the life insurance industry in expanding the range of designated beneficiaries to same-sex partners
Society <ul style="list-style-type: none">Donating LGBTQ-related books to schools nationwideConducting surveys on the attitudes of LGBTQ
Employee <ul style="list-style-type: none">A 'recruitment manifesto' that prioritizes merit over factors like gender, sexual orientation, nationality, and educationCelebratory and mourning leave, as well as nursing leave, are available regardless of gender

1. the PRIDE Index 2023 for LGBTQ hosted by work with Pride (wwP)

Consolidated Business Forecasts for FY2023

■ Remains unchanged from August 2023

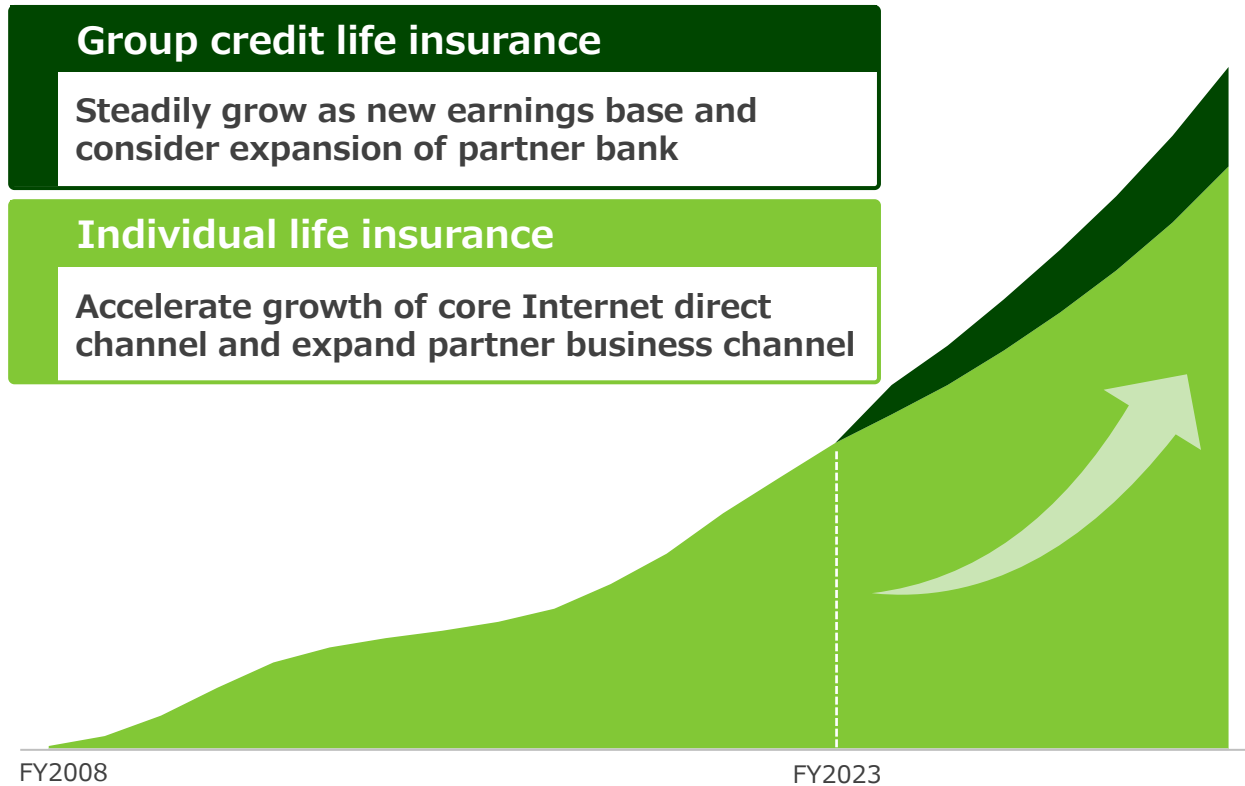


(JPY millions)	FY2022	FY2023	
	Results	3Q(YTD) Results	Forecasts
Annualized premium of policies-in-force	24,033	27,872	28,200
Insurance revenue	20,732	18,087	24,900
Insurance service results	6,618	6,275	8,600
Net income attributable to owners of the Company	3,562	4,365	5,800

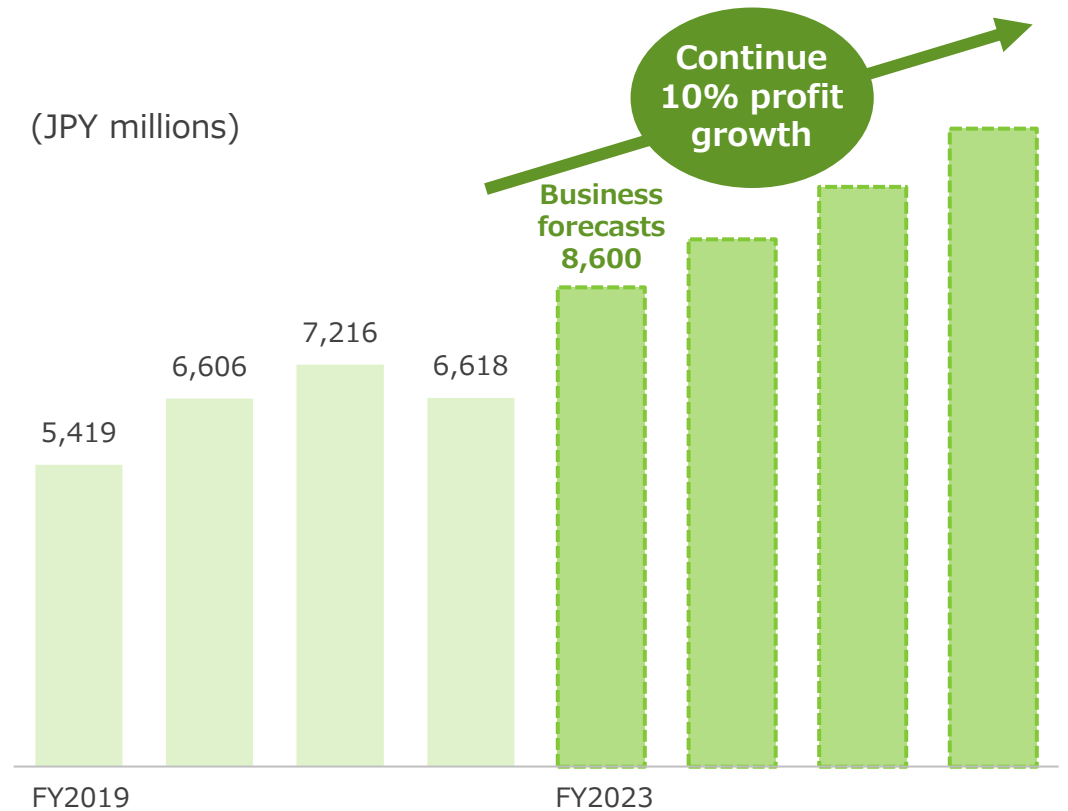
Future Direction

- 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

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

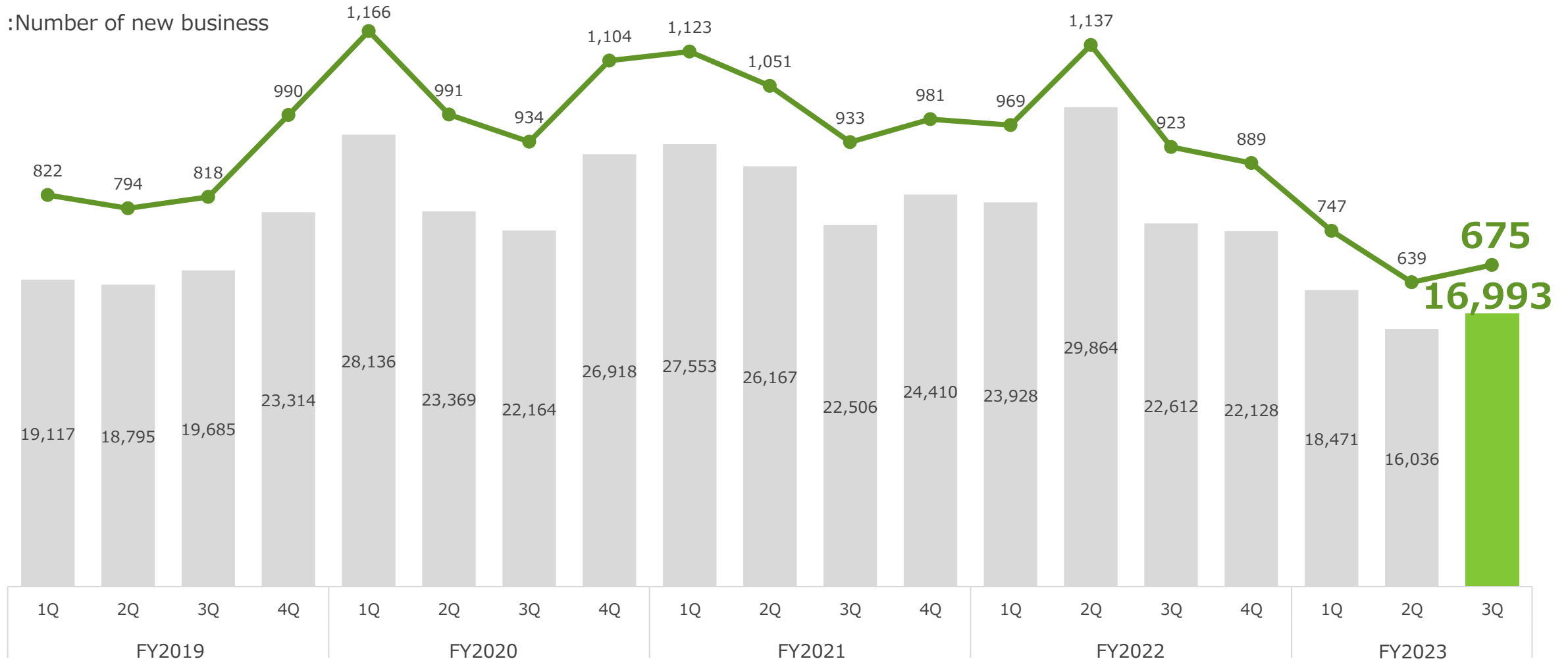
	2022/12	2023/12	Component ratio
Number of policies-in-force	556,942	590,097	100%
- Term Life	270,451	288,013	49%
- Whole-life Medical	153,628	161,384	27%
- Term Medical Care	8,130	7,248	1%
- Long-term Disability	67,549	69,074	12%
- Cancer	57,184	64,378	11%
Sum insured of policies-in-force¹ (JPY millions)	3,576,874	3,746,702	
Number of policyholders	352,758	374,671	

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)

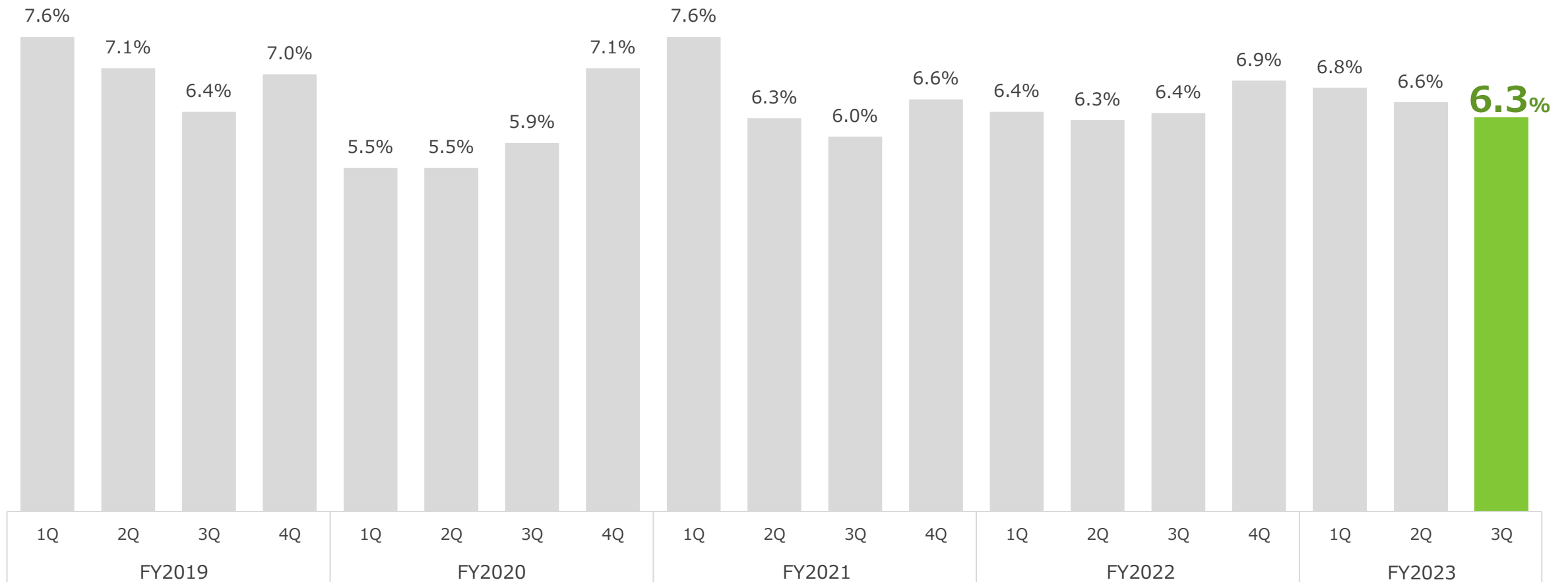
■ :Number of new business



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 (%)



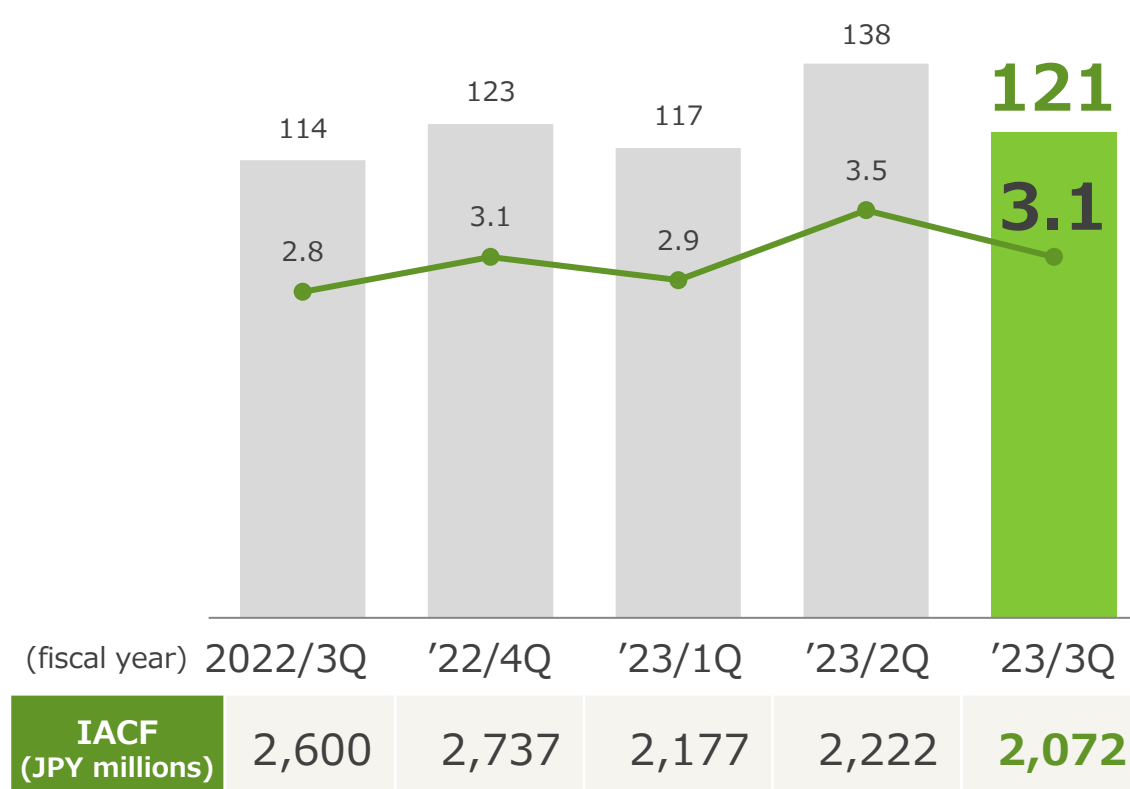
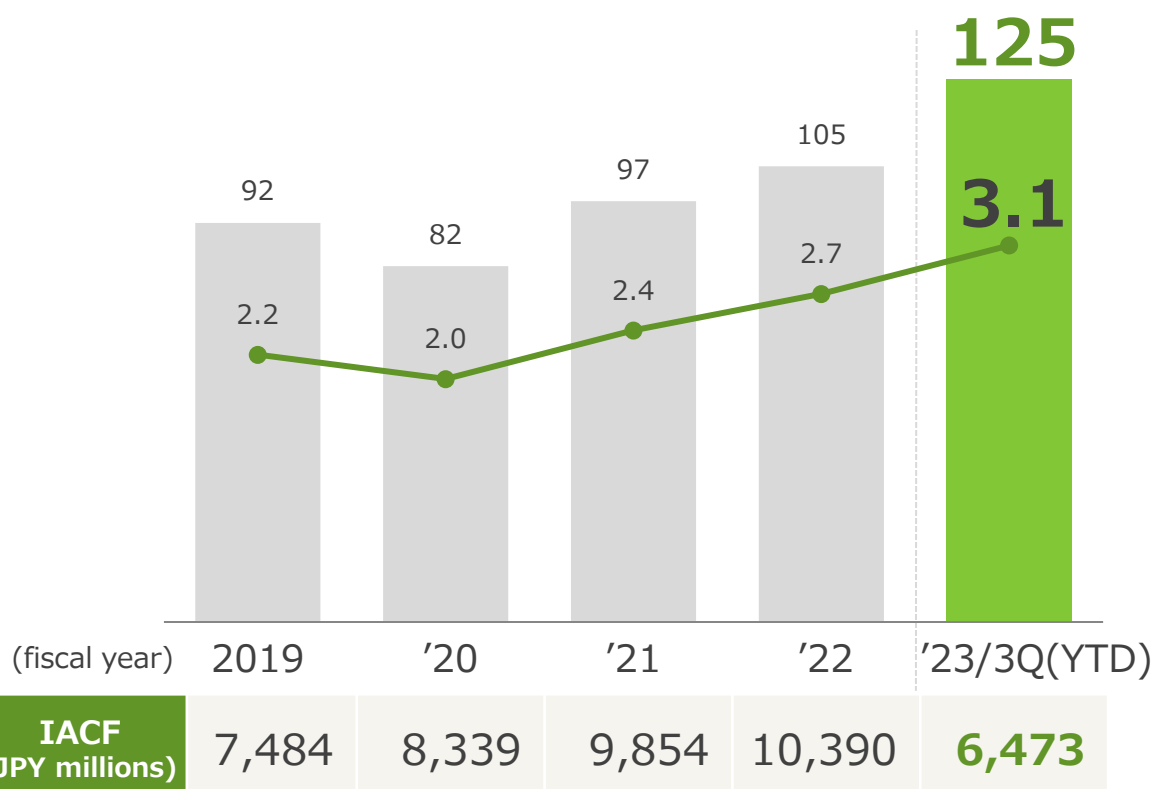
1. The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

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

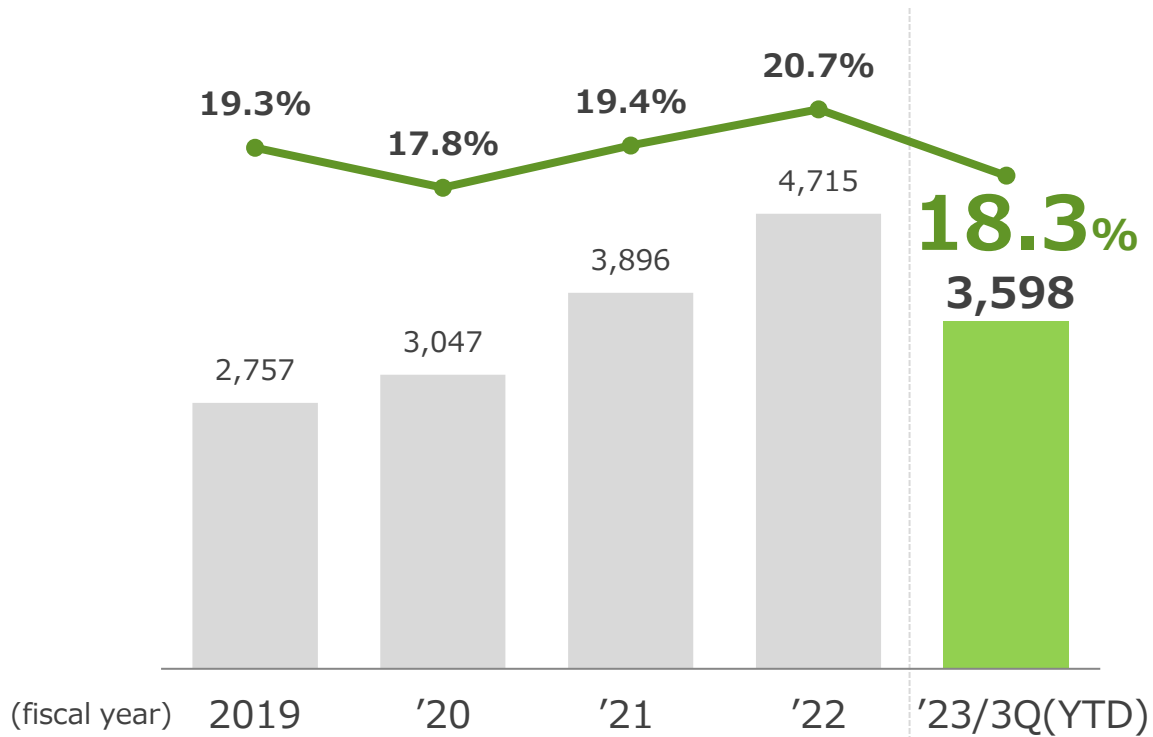


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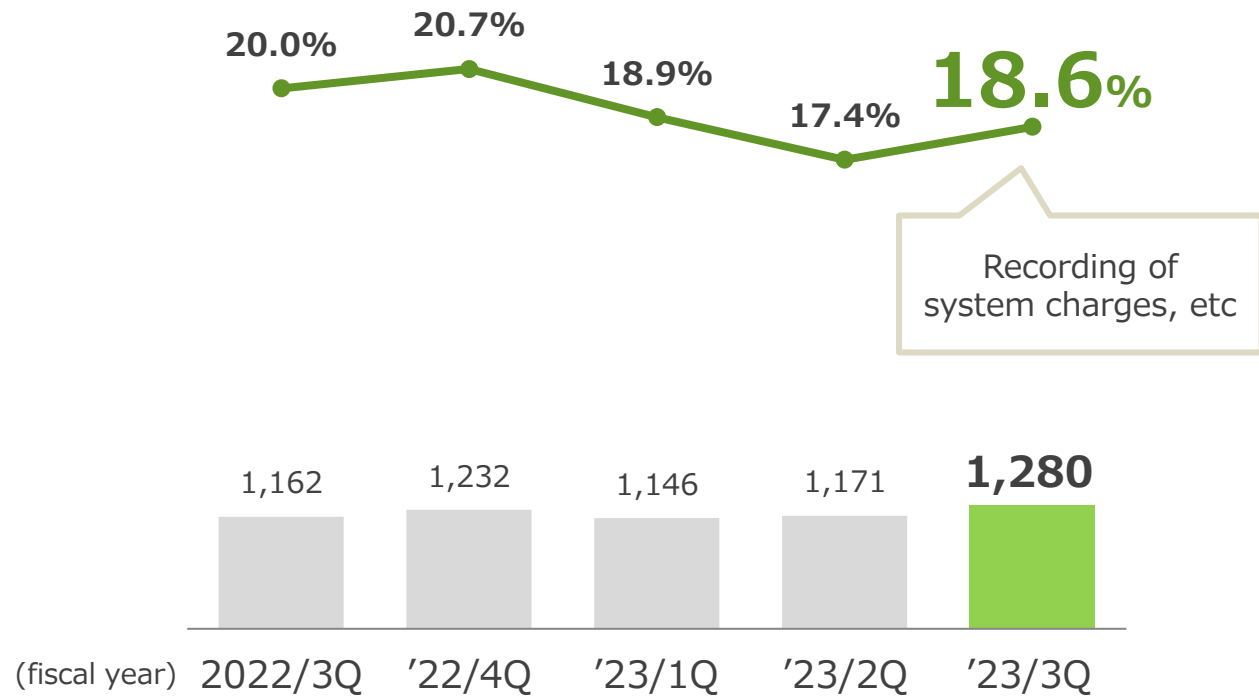
Operating Expenses Ratio¹

■ : 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	FY2023/3Q	Note
Insurance service results	2,274	1,813	2,186	
Expected claims minus incurred claims ¹	368	(104)	331	Due to individual life's lower incurred claims than expected
Risk adjustment release	433	438	397	
CSM release	1,677	1,758	1,755	
Reinsurance results	(157)	(225)	(52)	Temporary loss of 160 million yen from the adjustment related to reinsurance at 2Q
Results from GCL ²	–	(4)	(217)	Due to GCL's higher incurred claims than expected
Financial results³	367	(300)	209	Increase in valuation gain from investment trust due to lower foreign interest rates and higher stock prices
Other results	(120)	(108)	(106)	
Profit before tax	2,521	1,404	2,289	
Net income attributable to owners of the Company	1,765	993	1,606	

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	FY2022		FY2023
	(Ref.) Fiscal Year	3Q(YTD)	3Q(YTD)
Insurance revenue	20,732	15,277	18,087
Expected claims	9,569	7,042	7,788
Risk adjustment release	1,698	1,250	1,270
CSM release	6,401	4,728	5,191
Recovery of IACF	3,184	2,340	2,687
Others	(121)	(85)	(110)
Premium income of GCL ¹	—	—	1,261
Insurance service expenses	13,874	10,188	11,377
Incurred claims (Individual life)	10,688	7,847	7,193
Incurred claims (GCL)	—	—	1,483
Amortization of IACF	3,184	2,340	2,687
Others	2	0	13
Reinsurance results	(239)	(220)	(435)
Insurance service results	6,618	4,867	6,275

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

Breakdown of Financial Results

- Increase in foreign interest rates has been mitigated, **resulting in a recovery in the valuation of investment trusts and other assets**

(JPY millions)

Items	FY2022/3Q(YTD)	FY2023/3Q(YTD)	Change
Investment results	(604)	371	976
Interest income	224	272	47
Impairment losses on financial assets, net	(0)	(3)	(2)
Other investment income	(829)	102	931
Insurance finance income (expense)	(33)	(104)	(70)
Reinsurance finance income (expense)	2	9	7
Financial results	(636)	276	912

Detail of Bond Portfolio¹

As of December 31, 2023

(JPY millions)

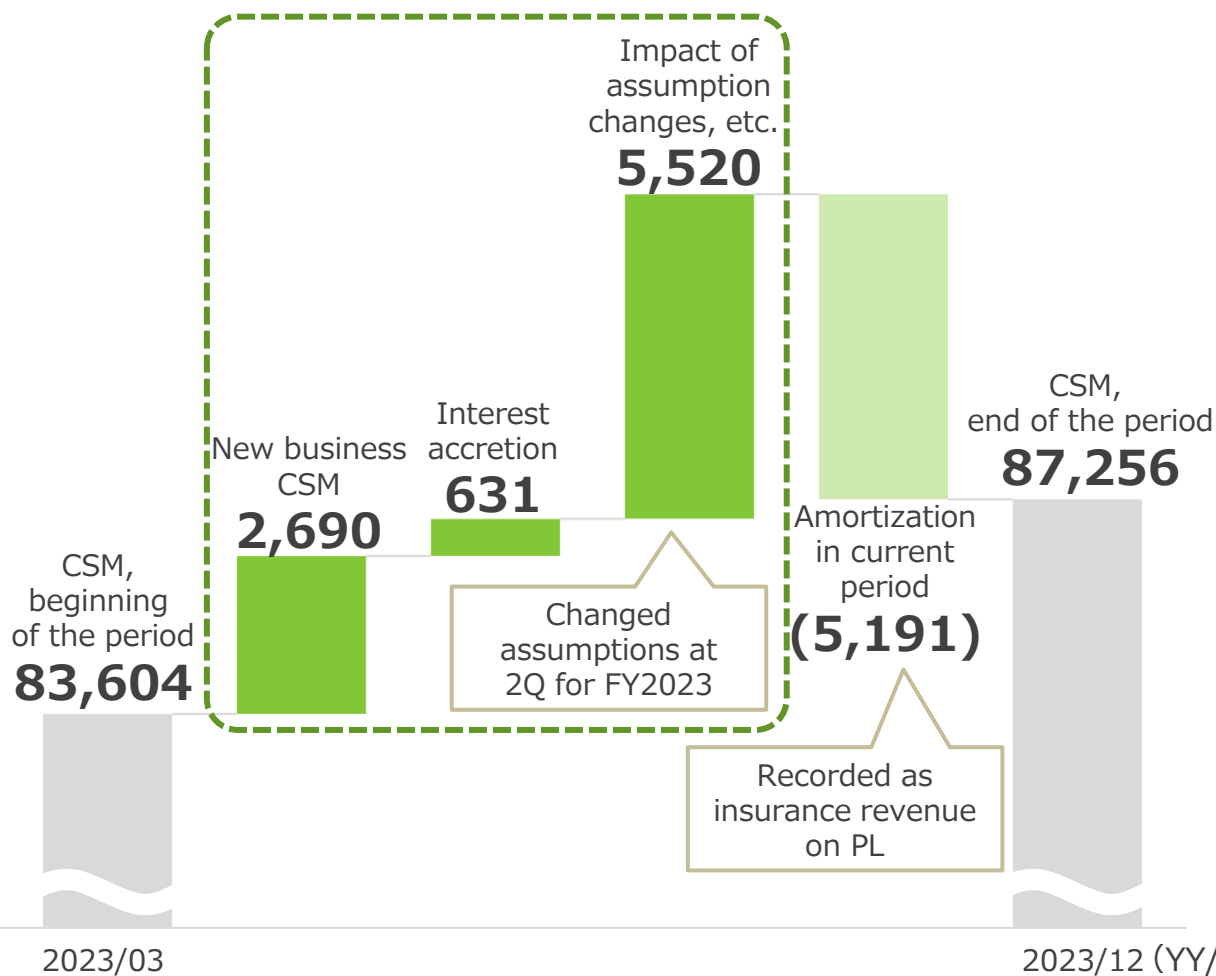
	Available-for-Sale	Held-to-Maturity	Total
JPY Bonds	17,931	20,484	38,415
Duration ²	4 years	10 years	7 years
Foreign Currency Bonds	9,095	—	9,095
Duration ²			5 years
Non-Currency Hedged	1,214	—	1,214
Currency Hedged	7,881	—	7,881

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	FY2023/3Q(YTD)
CSM, beginning of the period	74,907	83,604
New business CSM	6,879	2,690
Interest accretion	710	631
Assumption changes, etc.	7,508	5,520
Amortization of CSM	(6,401)	(5,191)
CSM, end of the period	83,604	87,256

CSM Future Allocation

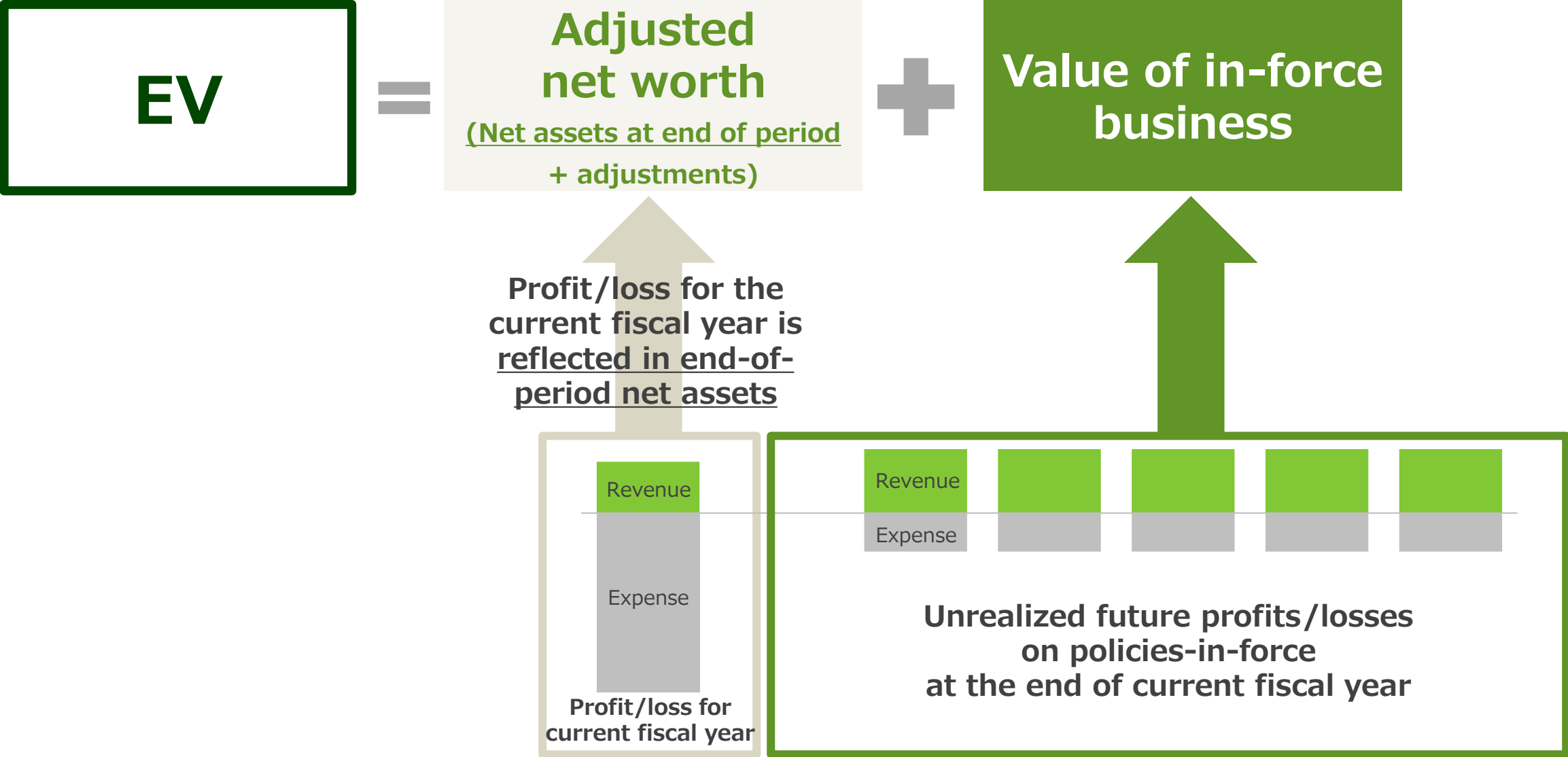
- Stable profits will be realized **over long period** from in-force CSM
- Aim for CSM release growth **by adding CSM generated from future acquired new business**

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 Dec. 2023 (A)	87.2	6.8	6.4	6.1	5.9	5.6	56.2
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

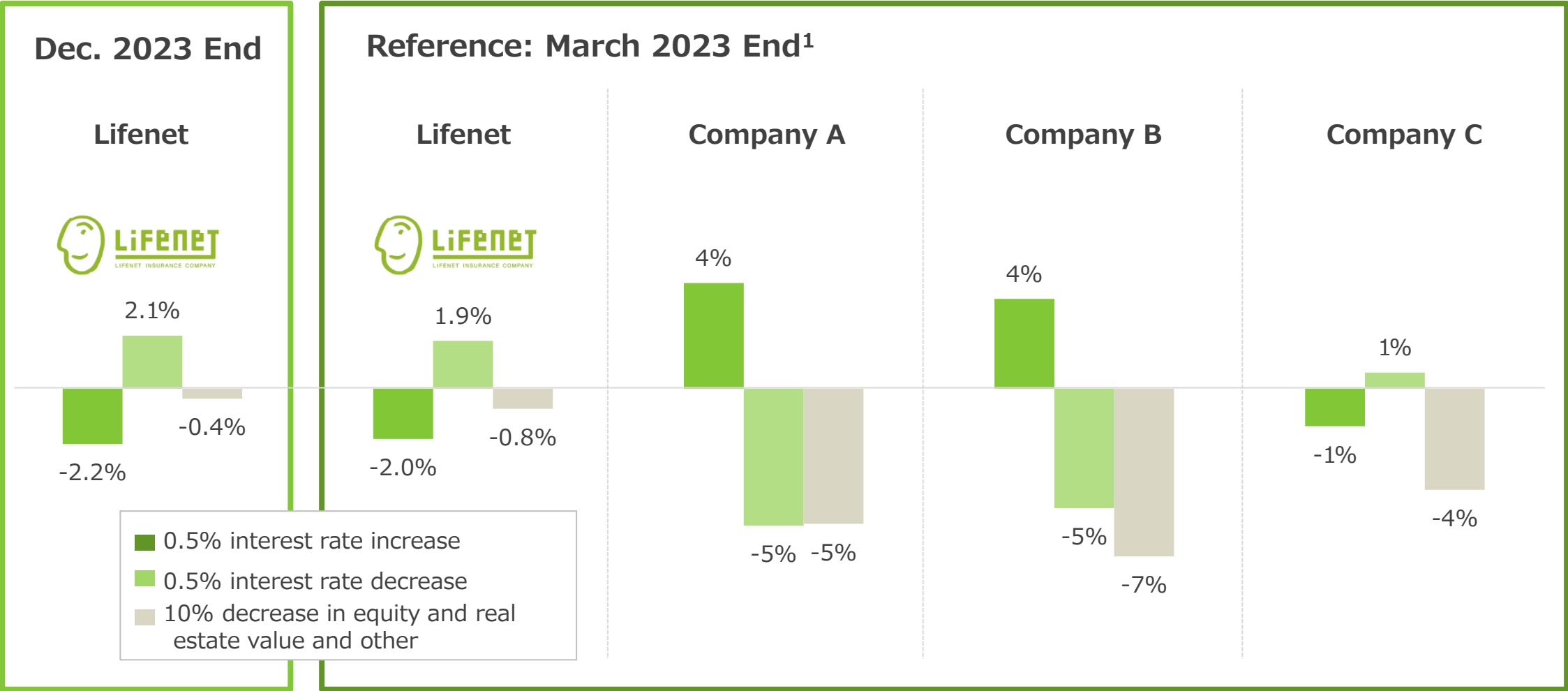
Structure of Embedded Value



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)

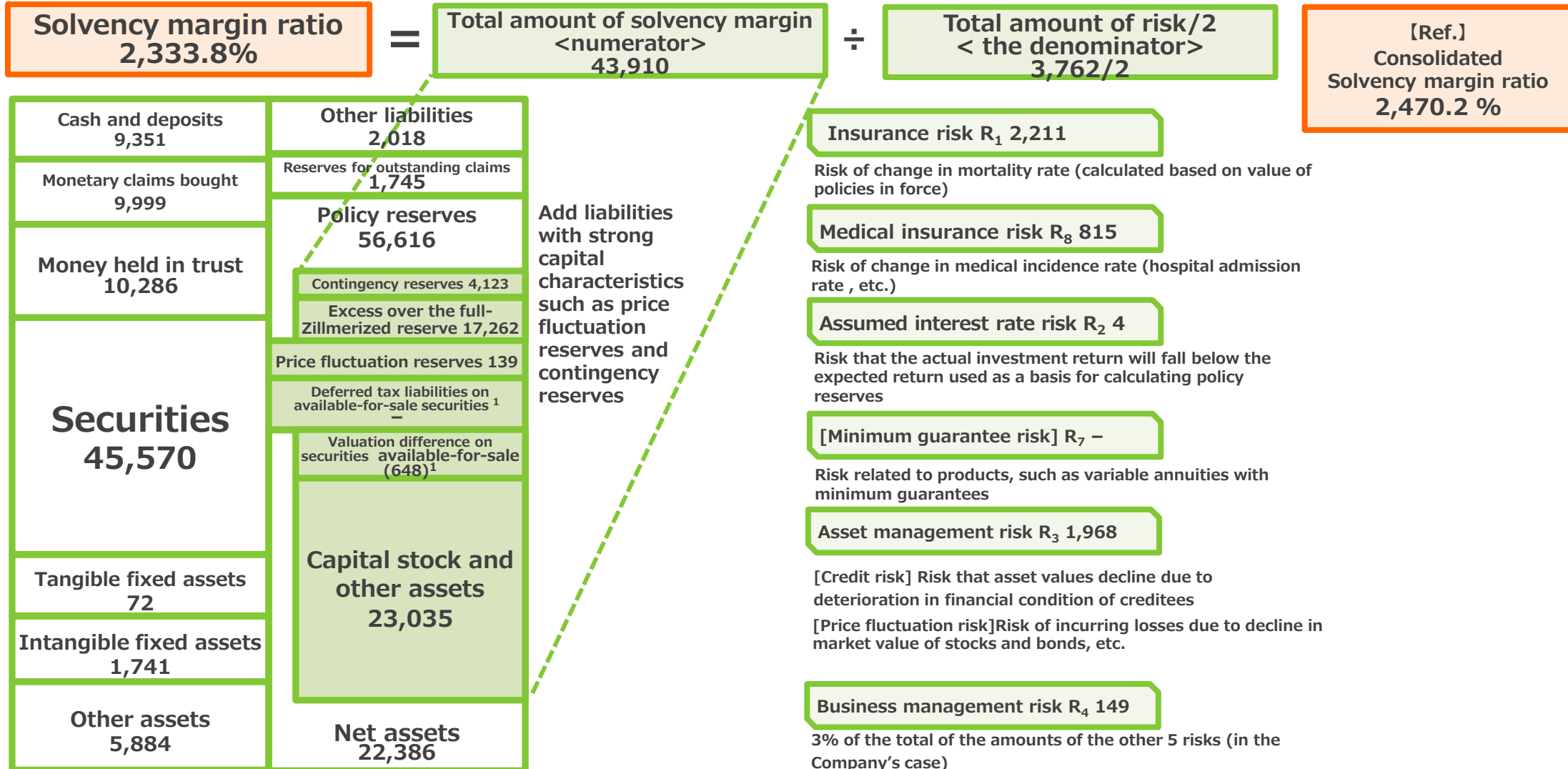
	(JPY millions)	Change in EEV as of Dec. 31, 2023	Change in VoNB
EEV and new business value as of December 31, 2023		144,294	6,350
Sensitivity 1a: 1.0% increase in risk-free rate		(6,319)	(1,097)
Sensitivity 1b: 1.0% decrease in risk-free rate		6,196	1,103
Sensitivity 1c: 0.5% increase in risk-free rate		(3,204)	(590)
Sensitivity 1d: 0.5% decrease in risk-free rate		3,093	509
Sensitivity 2: 10% decrease in equity and real estate value and other		(510)	—
Sensitivity 3: 10% decrease in operating expenses		5,750	1,057
Sensitivity 4: 10% decrease in lapse rate		1,496	322
Sensitivity 5: 5% decrease in claim incidence rates for life business		6,256	200
Sensitivity 6: Change the required capital to the statutory minimum		413	106

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

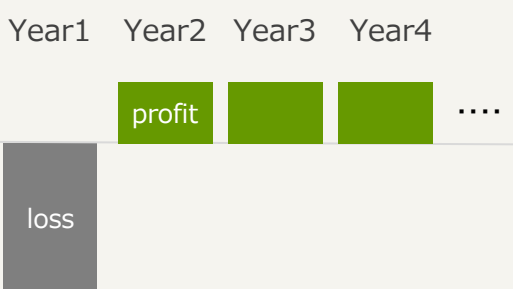
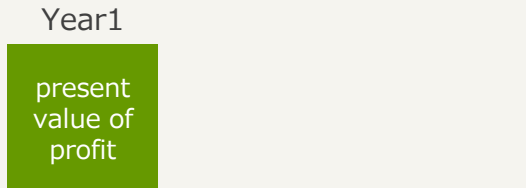
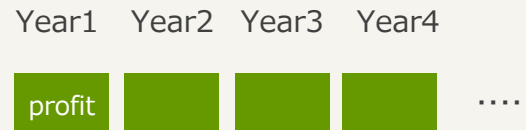
As of Dec. 31, 2023

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

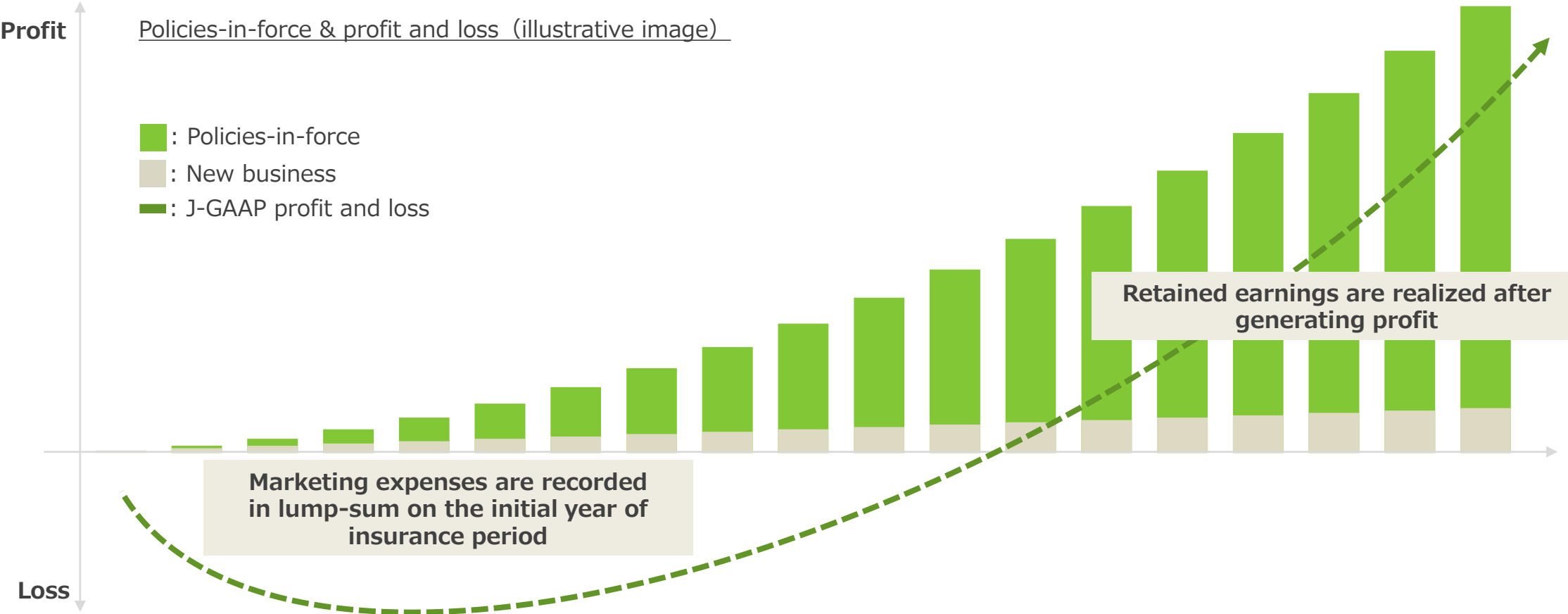
- IFRS adoption **better presents periodic performance and profitability from policies-in-force**
- Capital adequacy and dividends are **regulated by statutory accounting standards (J-GAAP)**

	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.