

Securities Code: 7157
TSE Growth



Presentation Material for Business Plan and Growth Potential

LIFENET INSURANCE COMPANY
June 2024

1. Business Model

2. Japanese Life Insurance Industry Trends

3. FY2023 Results

4. New Management Policy and Mid-term Plan

5. Future Initiatives to Improve Market Evaluation

6. Risk Information

- Based on our mission of “**Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services,**” we have consistently provided life insurance from the customer’s perspectives since starting our business



Comprehensible

Cost-Competitive

Convenient

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.**

History

- Oct. 2006 Establishment
- May 2008 Commencement of business
- Mar. 2012 Listing on the Mothers market of Tokyo Stock Exchange
- Apr. 2015 Capital and business alliance with KDDI CORPORATION (“KDDI”)
- May 2015 Issuance of new shares through third-party allotment to KDDI
- Dec. 2019 Business alliance with KDDI and au Financial Holdings Corporation (“au Financial Holdings”)
- Jul. 2020 Issuance of new shares by way of international offering
- Feb. 2021 Business alliance with Money Forward, Inc.
- Sep. 2021 Issuance of new shares by way of international offering
- Aug. 2022 Capital and business alliance with Eisai Co., Ltd.
Business alliance with au Jibun Bank Corporation
- Jul. 2023 Launch of group credit life insurance business
- Aug. 2023 Capital and business alliance among Lifenet Group and SMBC Group¹
- Sep. 2023 Issuance of new shares by way of public offering and third-party allotment to au Financial Holdings and Sumitomo Mitsui Card Company, Limited
- Mar. 2024 Achievement of 600,000 policies-in-force in individual life insurance

Stock Information

- Tokyo Stock Exchange, Growth
– Market of the high growth and emerging stocks
- Ticker: 7157
- Total number of authorized shares: 200,000,000
- Total number of issued shares: 80,279,827 (as of Mar. 31, 2024)
- Number of Shareholders: 4,955 (as of Mar. 31, 2024)

Major Shareholders (as of March 31, 2024)

- | | |
|---|--------|
| • au Financial Holdings Corporation | 18.34% |
| • GOLDMAN SACHS INTERNATIONAL | 18.31% |
| • GOLDMAN,SACHS & CO.REG | 6.24% |
| • Sumitomo Mitsui Card Company, Limited | 5.00% |
| • Custody Bank of Japan, Ltd.(Trust Account) | 4.35% |
| • Seven Financial Service Co., Ltd. | 4.04% |
| • BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY | 3.59% |
| • MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB | 3.00% |
| • BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 2.77% |
| • THE BANK OF NEW YORK 133652 | 2.21% |

1. Capital and business alliance among Lifenet, Lifenet MIRAI Inc. and Sumitomo Mitsui Card Company, Limited, Sumitomo Mitsui Financial Group, Inc.

■ Five unique characteristics make us the leading online life insurer

- 1 Dedicated to Online, Simple Products
- 2 Sophisticated UI/UX
- 3 Diverse Human Resources Drawn to Our Philosophy
- 4 Unique Customer Base
- 5 Cross-Industry Partnerships



J.D. Power 2024 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment> ¹

1st
for 4th consecutive year

Lifenet's Insurance Products Ranked 1st²



定期保険



Lifenet's Contact Center and Website Awarded 3 Stars for the 11th Time, the Industry Record³



1. J.D. Power 2021-2024 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment>. The 2024 study is based upon the responses of 1,331 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months. <https://japan.jdpower.com/awards>
2. Kakaku.com Insurance Award 2024 The Most Chosen Insurance Ranking 2024 of HOKEN ICHIBA
3. The 2023 HDI Benchmarking (Life Insurance Industry) in two categories: "Phone Support (Contact Center)" and "Web Support (Website)". Based on data collected by Lifenet

Dedicated to Online, Simple Products

- Easy to understand and pure protection-type products¹
- Utilization of online allows us to reduce sales costs and offer affordable premiums to customers

Simple Products



Term Life
Kazoku

For death due to illness, accident or disaster



Long-term
Disability
Hataraku-Hito 3

For being unable to work
due to disease or injuries



Whole-life
Medical
Jibun 3

For hospitalization, surgery
and advanced medical care



Whole-life Medical
Jibun 3
for Women

For more extensive coverage for women



Cancer
Double Yell

For double support of treatment
and income decreases



Dementia
"be"

For the age of living with dementia

Affordable Pricing

Savings of insurance premium²
after switching to Lifenet

Average annual saving
97,536 yen

Average
monthly
premium
16,462 yen

Before
switching

Average
monthly
premium
8,334 yen

After
switching

1. Our products have no maturity insurance, no dividends and no cash surrender value on our products.

2. 2022 survey results of the "Customer-oriented business management policy" by Lifenet. Average annual cost saving does not take into account any changes in scope of insurance coverage.

Offer convenient services unique to online life insurance by adapting to the changing customers' needs over time



- Using LINE enables customers to seek consultation on insurance via chat



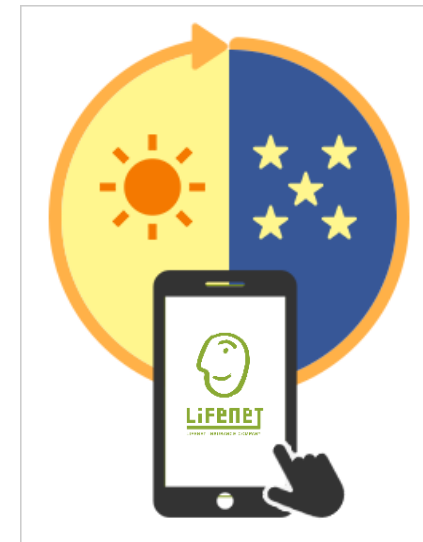
- A paperless application process that customers can complete by submitting photos of necessary documents



- Enable to log-in to My Page, using fingerprint and face recognition technology



- Medical certification submission no longer necessary for most medical claims¹
- Claim medical insurance benefits online, 24 hours a day, 7days a week



1. It is possible to omit the medical certification submission only for medical insurance. The submission is required under certain conditions.



■ Create the future of life insurance by gathering members with diverse backgrounds

Inside Directors



Ryosuke Mori
Representative Director and President
Goldman Sachs Japan



Yasuhiro Koba
Director, Executive Vice President
Ministry of Health, Labour and Welfare

Executive Officers



Takeshi Kawasaki
Senior Executive Officer
Citibank, N.A



Ryosuke Kondo
Senior Executive Officer
PIONEER



Junpei Yokozawa
Senior Executive Officer
NTT DATA FINANCIAL TECHNOLOGY



Hiroki Ito
Executive Officer
American Life Insurance Company



Kaoru Katada
Executive Officer
TAISAY Building Management



Yasuhiro Hida
Executive Officer
Dentsu Public Relations



Tsutomu Matsuura
Executive Officer
Aflac

Employees

Employees with Experience in Other Industries¹
60%+



1. As of June 2023, the proportion of mid career hires entering outside the life insurance industry.

Unique Customer Base

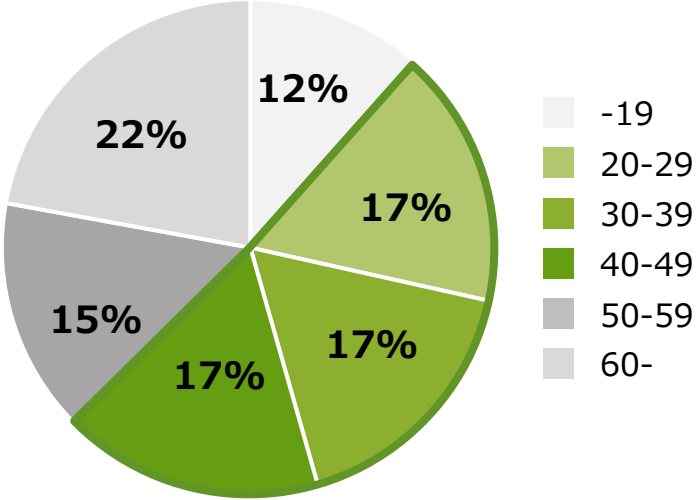


- 74% of new policyholders are in their 20's to 40's
- Under 90% life insurance penetration, over half of new policyholders are "first insurance purchase"

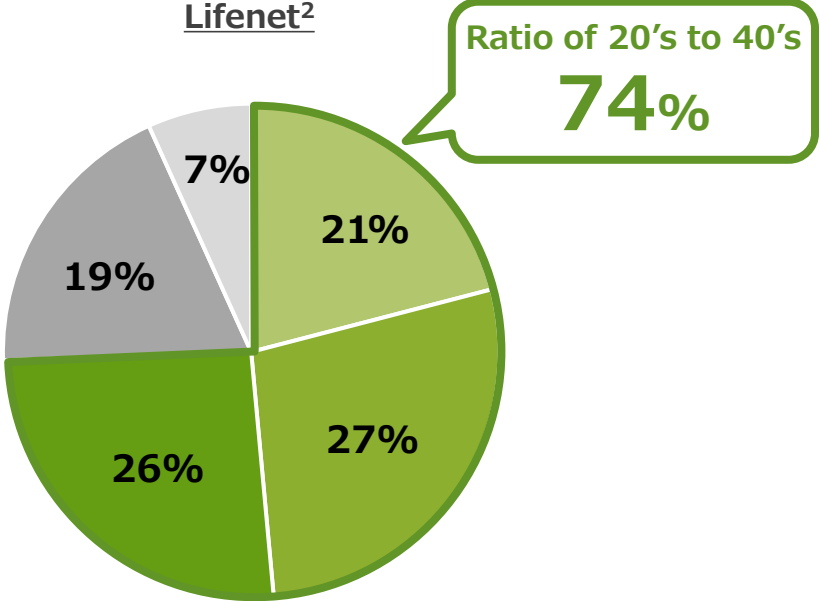
Number of new policies by age group

Customer Situation³

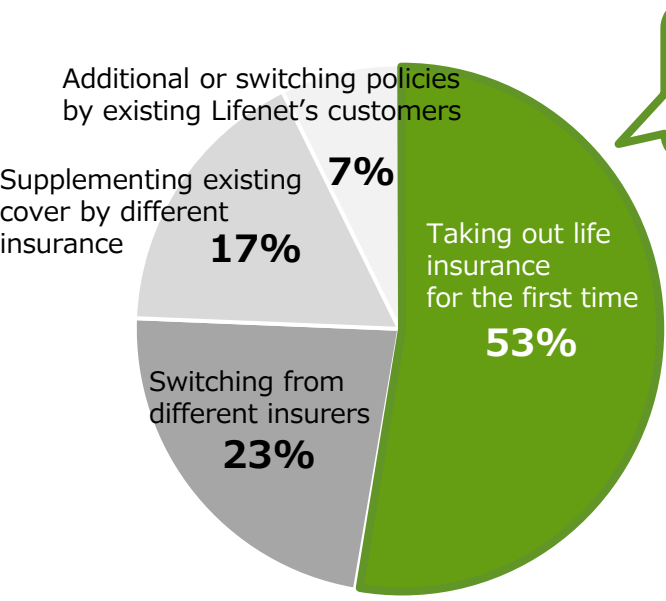
Reference: Industry average¹



Lifenet²



First time: 53%



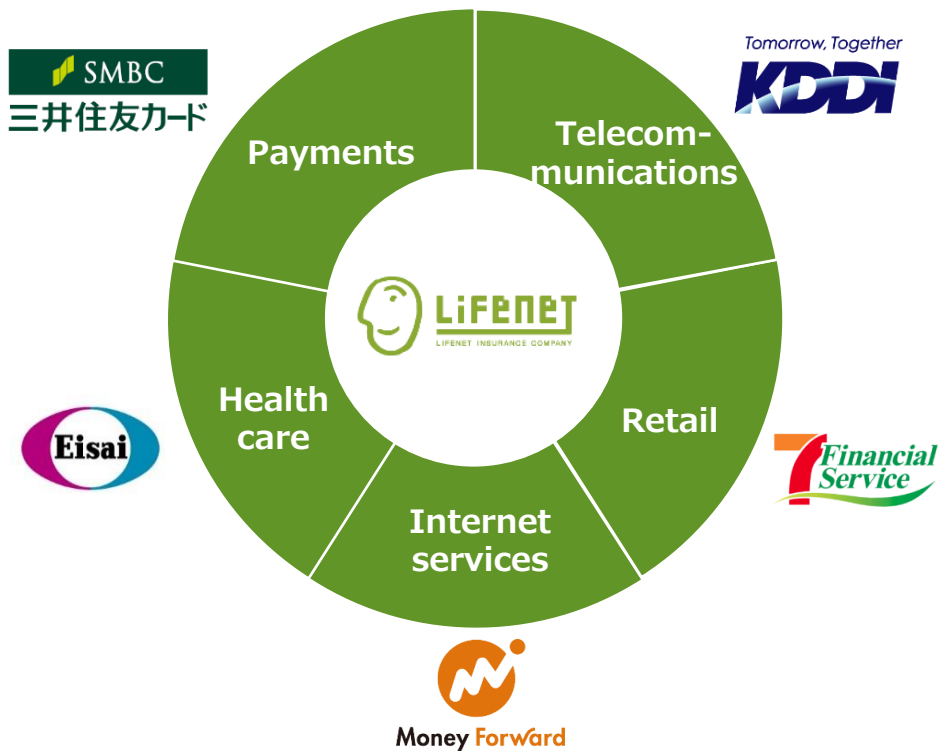
1. Annual statistics on customer age and gender (FY2022) compiled by The Life Insurance Association of Japan. Based on number of new policies.
 2. Lifenet Insurance new customer data (FY2022, N = 98,532) compiled by Lifenet customer survey.
 3. FY2022 valid responses of 1,634.

Cross-Industry Partnerships

- Embed our insurance business in the partners' ecosystem
- Launched GCL¹ business as expansion of business domain

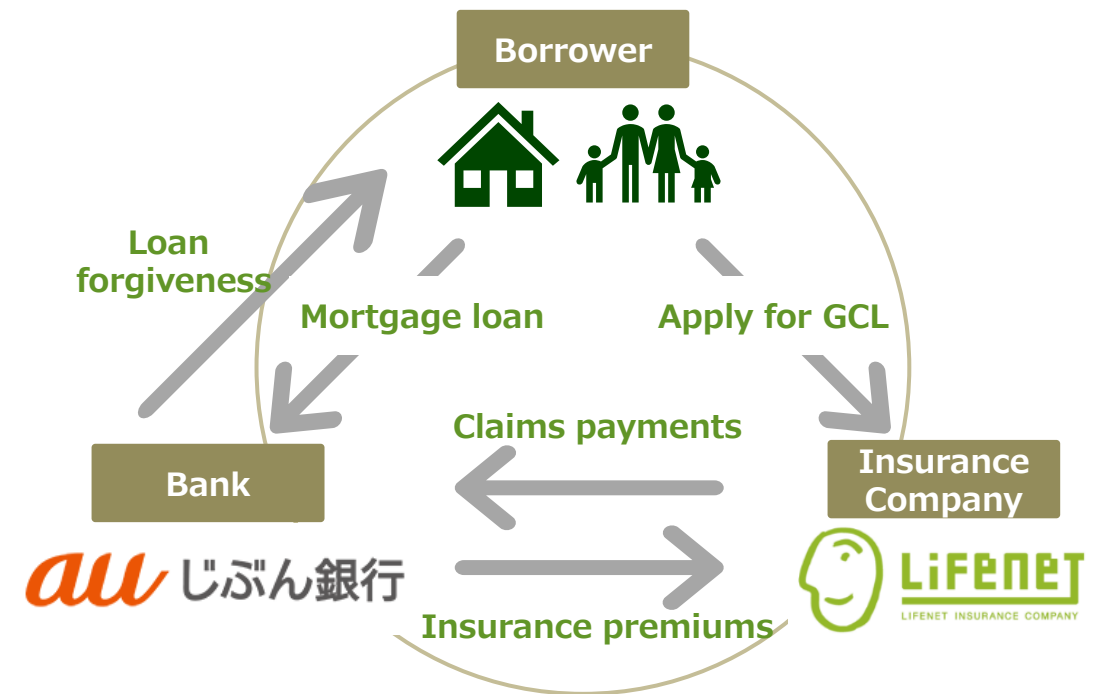
Individual Life Insurance

Leverage broad customer base and strong brand of partners



Group Credit Life Insurance

Start offering group credit life insurance to au Jibun Bank's mortgage borrowers since July 2023



1. GCL stands for Group Credit Life Insurance

- Unique position as No.1 online life insurer contributes to expansion of partner business



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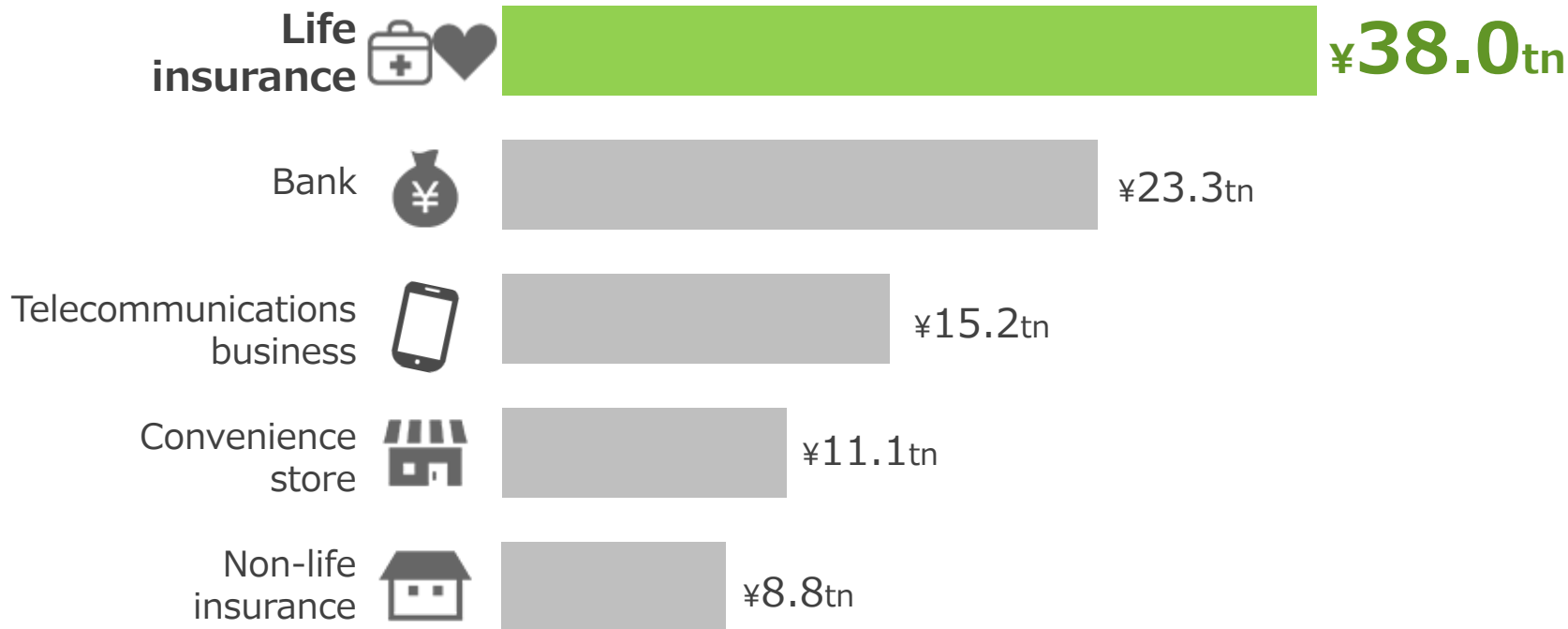
5. Future Initiatives to Improve Market Evaluation

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Life Insurance Market in Japan

- Demand for life insurance is high in huge market, with **approx. 90%** of penetration

Market size by industry in Japan¹



Ratio of households with policies²

89.8%

Average annual premiums per household²

371 thousand yen

Number of new policies for fiscal 2022³

12.9 million

1. life insurance: Insurance premiums and other, bank: Ordinary income, telecommunication business and convenience store: operating revenue, non-life insurance: Net premiums written. Annual statistics (FY2022) compiled by The Life Insurance Association of Japan, Financial Statements Statistics of Corporation by Industry (fiscal 2021) compiled by Ministry of Finance, The Basic Survey Result for information and communications industry (FY2020) compiled by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, Convenience store FC statistics compiled (2022) by Japan Franchise Association, Data by insurance type (FY2021) compiled by The General Insurance Association of Japan.

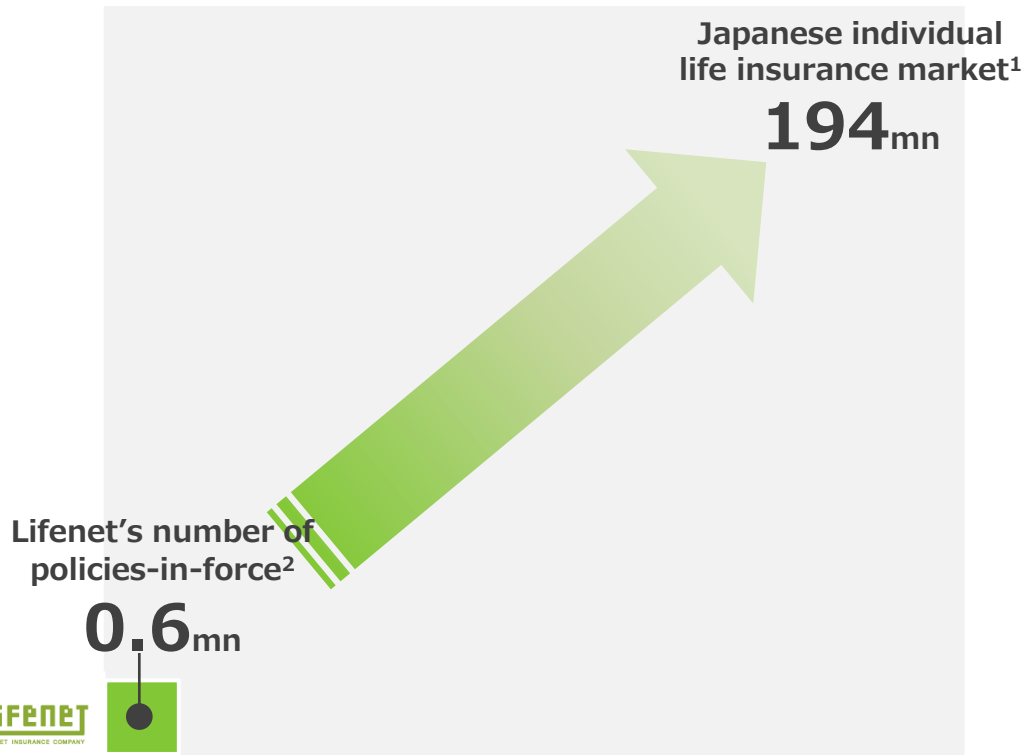
2. Data for FY2021 compiled by a nationwide report on the life insurance industry by Japan Institute of Life Insurance.

3. Annual statistics by The Life Insurance Association of Japan (2022)

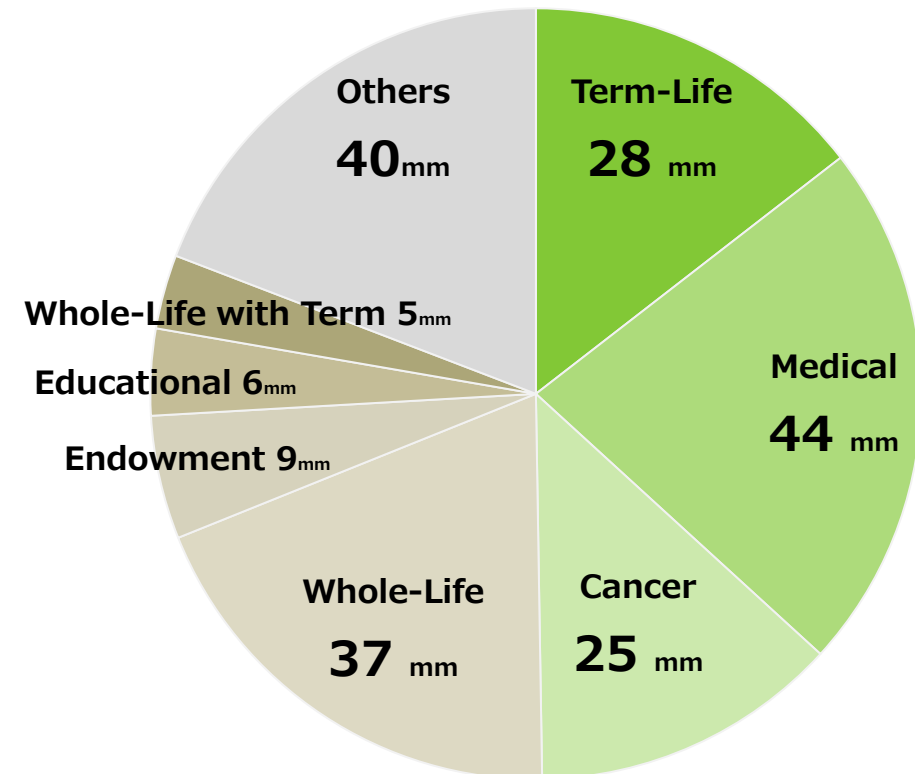
Individual Life Insurance Market

- The number of policies-in-force is approx. 190mn
- Medical insurance, term-life insurance and whole-life insurance for death coverage occupy high share of the market

The Industry and Lifenet's Number of Policies-in-force



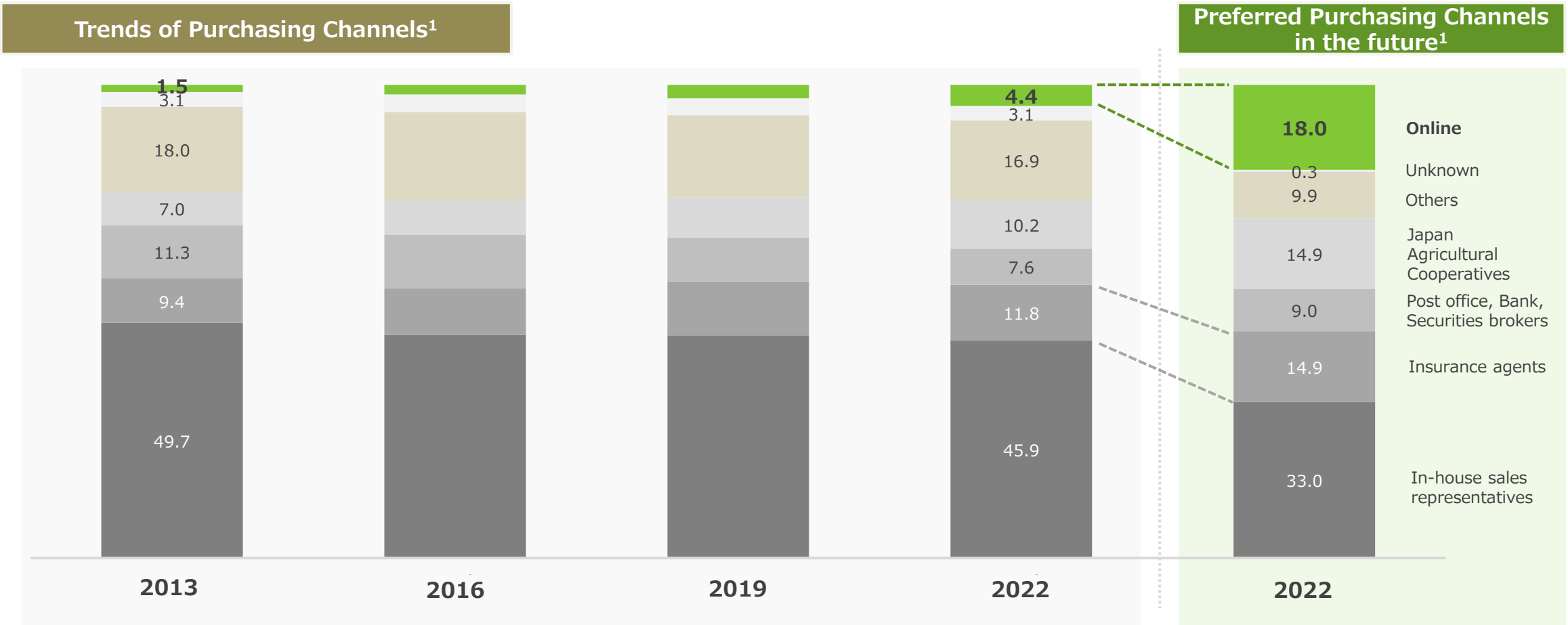
Number of Policies-in-force by Coverage Type in the Life Insurance Market¹



1. Annual statistics by The Life Insurance Association of Japan (2022)
 2. "May 2024: MONTHLY DISCLOSURE" by Lifenet

Trend of Customer's Purchasing Channel and Intention

- Purchasing channels remains high via **in-house sales representatives**
- Preferred purchasing channels shows **high intention for online channel, recognizing high growth potential of online life insurance**

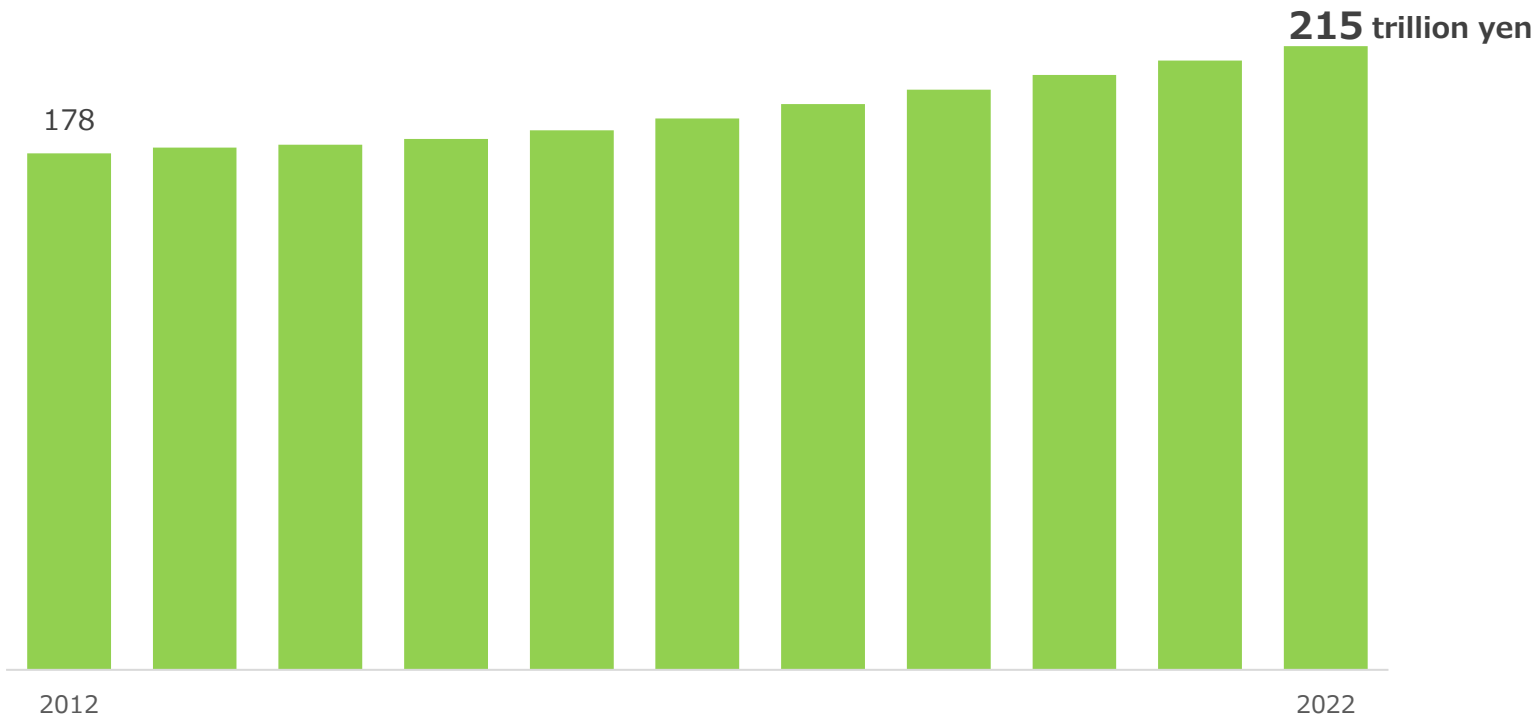


1. Survey on Life Protection by the Japan Institute of Life Insurance

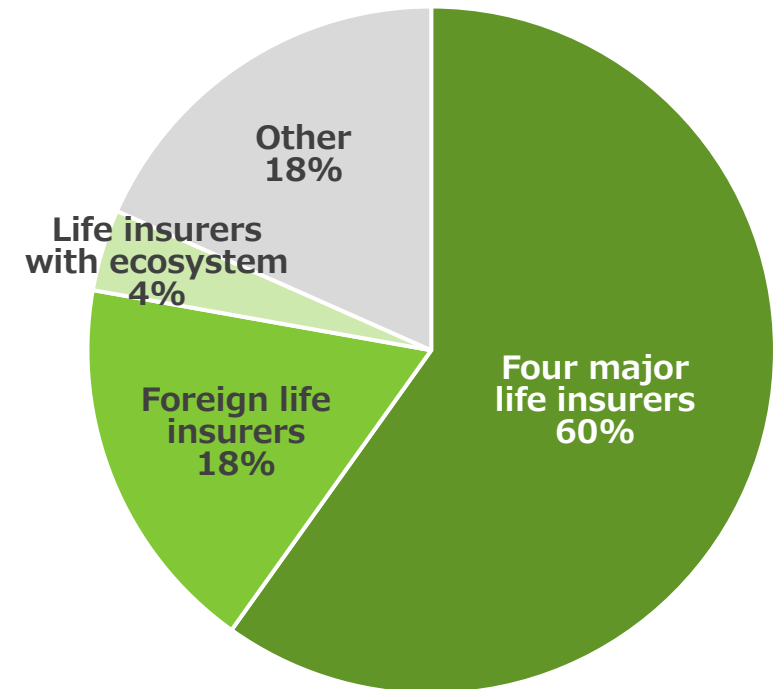
Group Credit Life Insurance Market

- Mortgage loan outstanding **increases year by year**
- Four major life insurers account for **60%** of market share, while foreign life insurers account for **20%**

Trends of Mortgage Loan Outstanding¹



Share of Group Credit Life Insurance²



1. Government Housing Loan Corporation, 'Results of Survey on New Mortgage Loans and Outstanding Loans by Type of Business'.
 2. Lifenet Research (Share of sum insured of policies-in-force of GCL as the end of FY2022)

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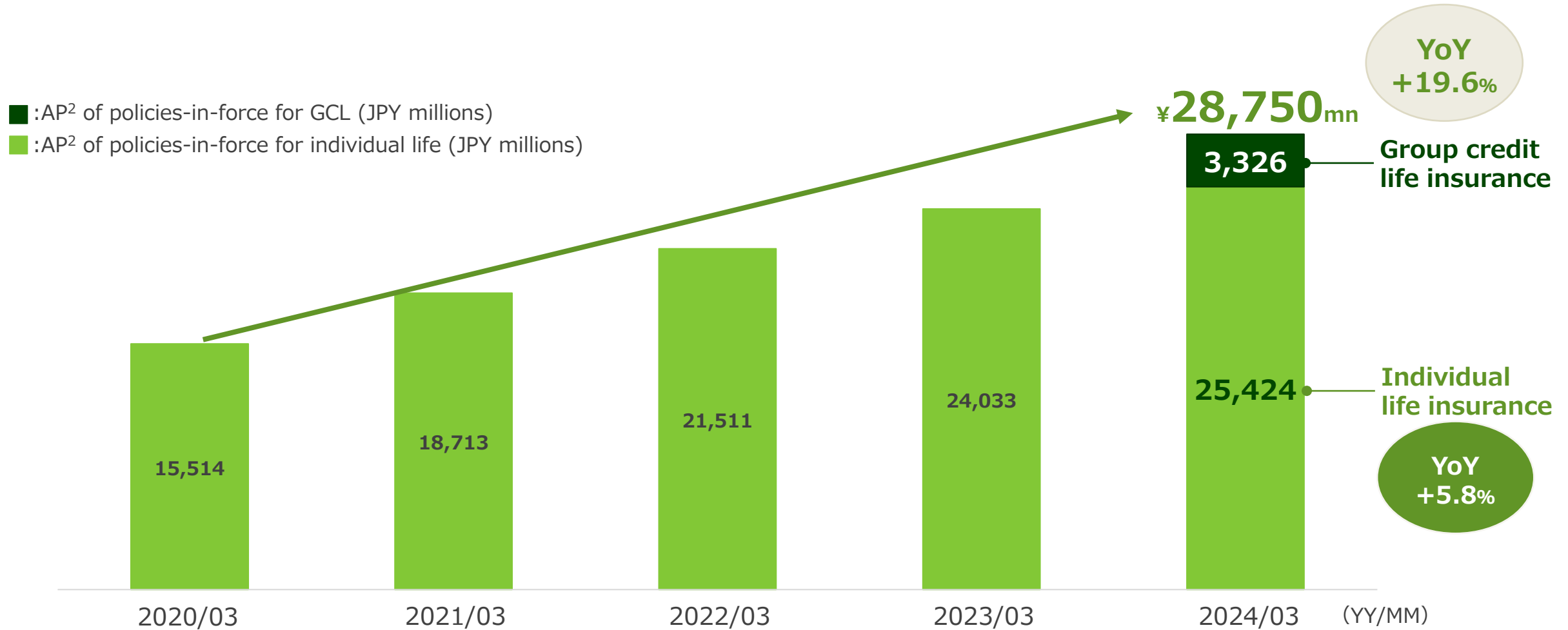
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Annualized Premium of Policies-in-Force¹

■ Achieved significant growth of 19.6% YoY with the addition of GCL

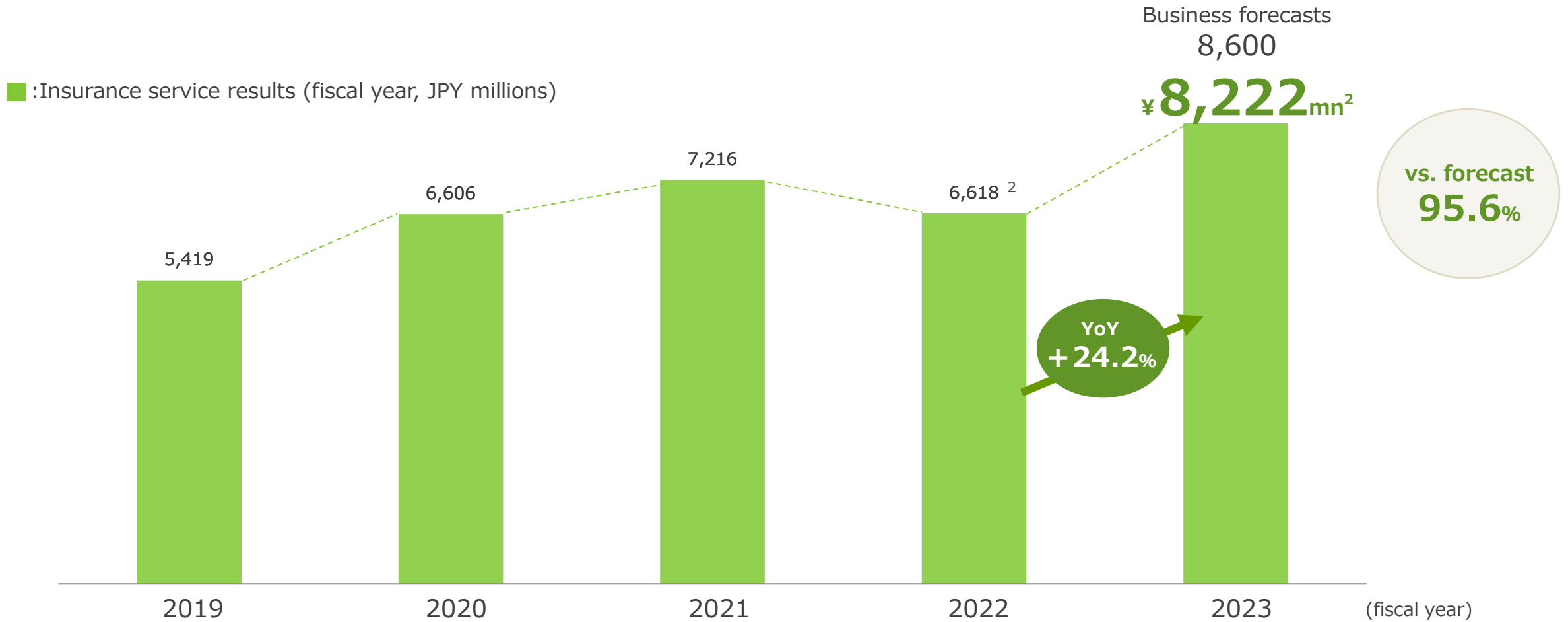


1. With the new launch of group credit life insurance in fiscal 2023, annualized premium of policies-in-force for individual life insurance and group credit life insurance combined is set as a growth indicator instead of the number of policies-in-force

2. Annualized premium

Insurance Service Results¹

■ Significantly increased 24.2% YoY to ¥8,222mn

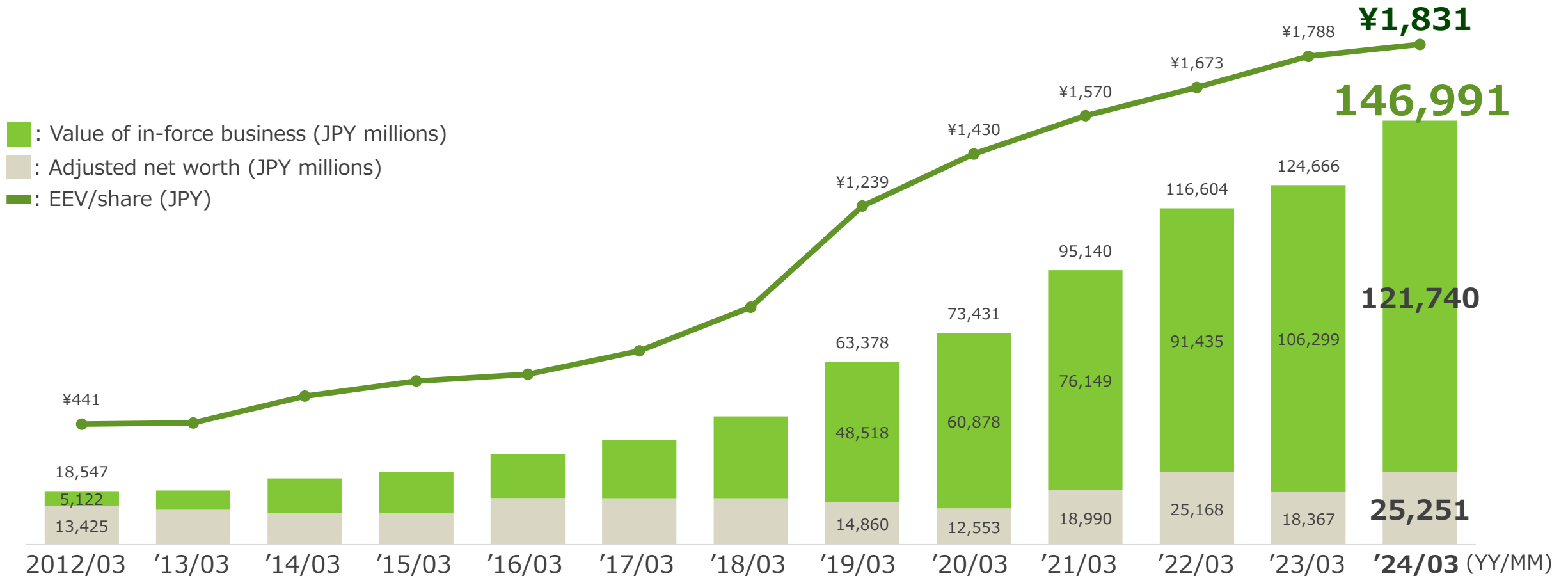


1. Figures for FY2021 and earlier are for reference use only as they are before date of transition to IFRS
 2. FY2022 includes ¥1,378mn and FY2023 includes ¥36mn of insurance claims and benefit related to COVID-19

European Embedded Value¹



- EEV and value of in-force business have been strongly growing at a CAGR of **19%**² and **30%**, 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.

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.

FY2023 Business Forecasts and Results



(JPY millions)	FY2023 Forecasts (As of May 2023)	FY2023 Forecasts (As of Aug. 2023)	FY2023 Results	(Ref.) FY2022 Results
Annualized premium of policies-in-force	28,500	28,200	28,750	24,033
Insurance revenue	24,900	24,900	24,698	20,732
Insurance service results	8,200	8,600	8,222	6,618
Net income attributable to owners of the Company	5,300	5,800	5,734	3,562

Key Efforts in Individual Life

- Carried out initiatives to accelerate growth of in-force business even in environment of declining demand

Direct Business

Implemented new various measures for younger generation



Partner Business

Launched new products embedded into point ecosystem



“au Life Insurance” with Ponta Points



“Insurance with V-points”

Platform Business

- Expanded the number of insurance products offered on the insurance comparison website “betterChoice” to 64 products
- Started offering new systems and digital tools necessary for online insurance business to corporate clients

1. J.D. Power 2021-2024 Japan Life Insurance Contract Customer Satisfaction Study <Direct Segment>. The 2024 study is based upon the responses of 1,331 policyholders who have purchased new life insurance policies or renewed a policy during past 12 months. <https://japan.jdpower.com/awards>

Key Efforts in GCL



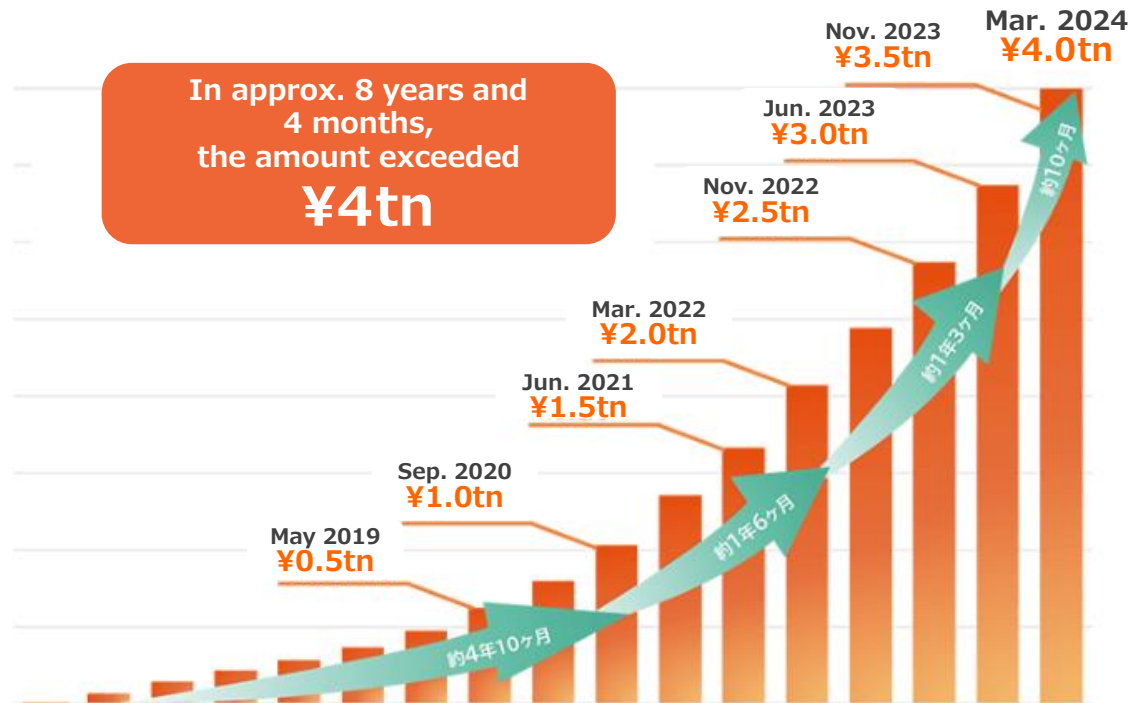
LIFENET

- Achieved strong growth in in-force business although higher than expected payments
- Forecast to record profit from FY2024 due to planned premium rate revisions



au Jibun Bank's rapid growth of mortgage loan

Contribution to key indicators¹



AP of policies-in-force

+ ¥3,326_{mn}

EEV (VoNB)

+ ¥5,251_{mn}

Insurance Service Results

¥(666)_{mn}²

1. As of March 2024
 2. Insurance service results related to contracts measured under the Premium Allocation Approach (Excluding reinsurance results)

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Committed to Outcome Goal

Outcome goal

A Society where next generations can be nurtured with confidence in the future

we contribute to creating a future where next generations can be nurtured by society as a whole through delivering the value of insurance based on the LIFENET Manifesto.

Outcome Reference Indicator

1 Market penetration rate of online life insurance

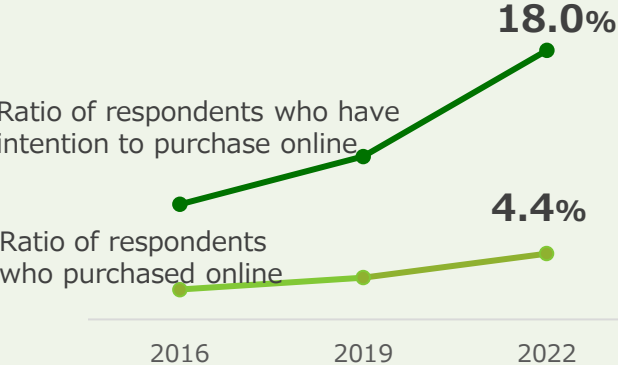
2 Prospect for the future life

3 Ease of raising children

Reference Indicators¹

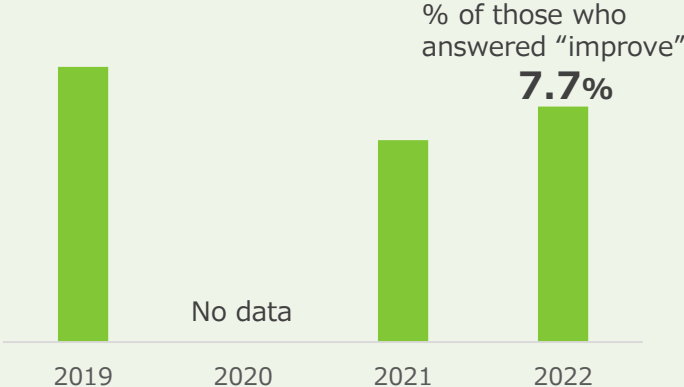
01 | Market penetration rate of online life insurance

We offer simple coverages, affordable premiums, and convenient procedure online, and contribute to expansion of online life insurance market.



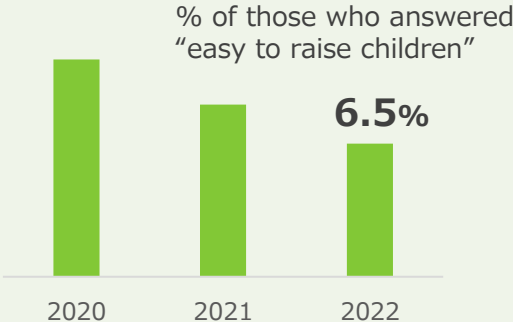
02 | Prospect for the future life

We want customers to leave their worries about the future to convenient and useful online life insurance and use the money and time they have saved to help them move forward in their lives.

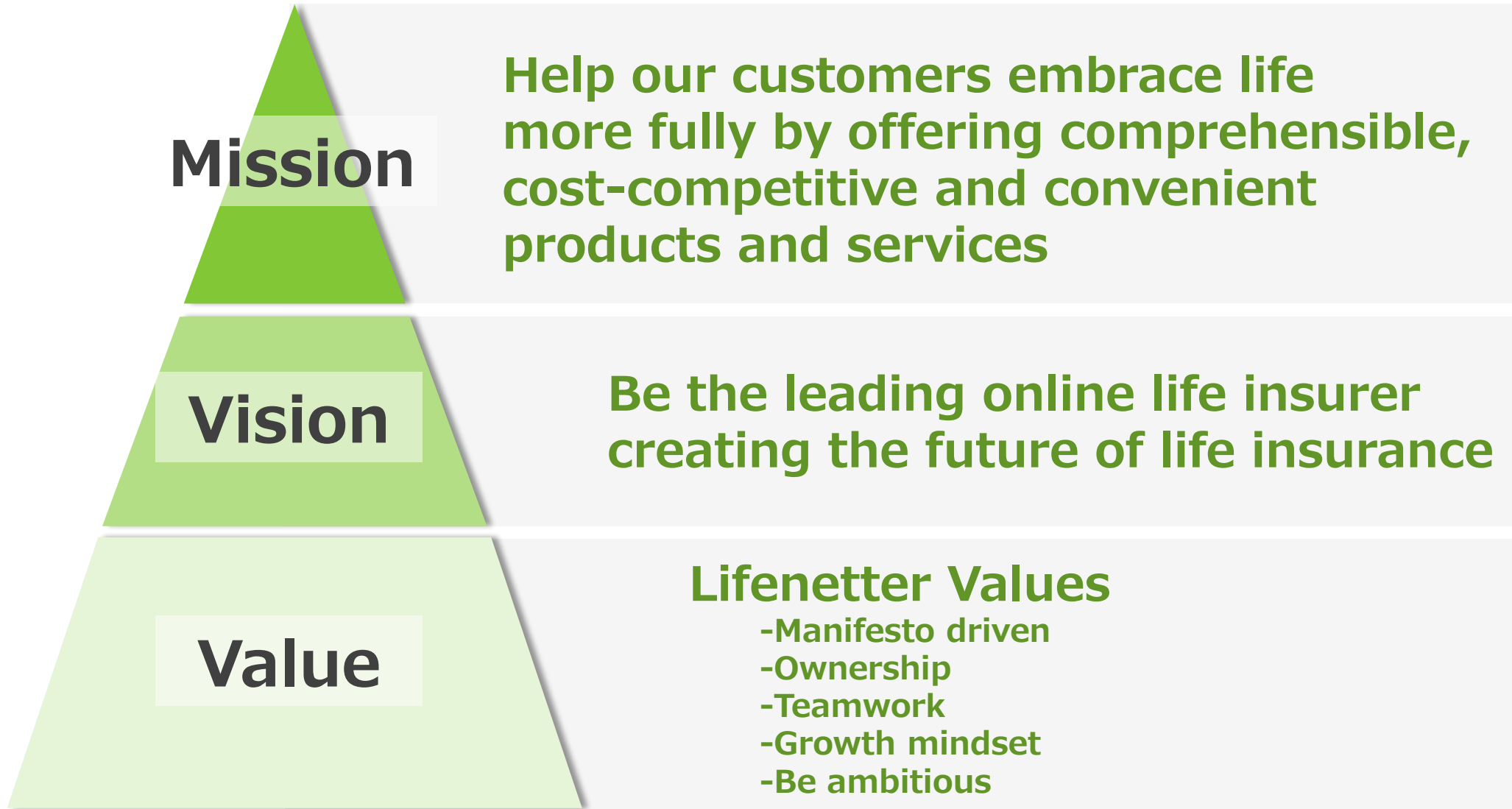


03 | Ease of raising children

In particular, we see the declining birthrate and aging population as important social issues, and we contribute to creating a society where people want to raise children.

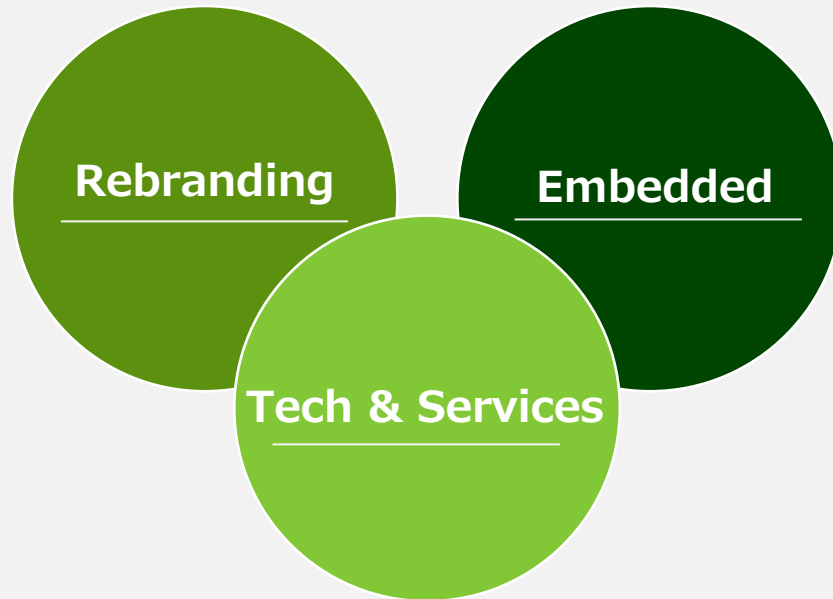


1. The market penetration rate of online life insurance is measured based on "the percentage of respondents who want to purchase via the Internet in the future" and "the percentage of those who have actually purchased via the Internet" in the "Survey on Life Protection" by the Japan Institute of Life Insurance." Prospect for the future life is measured based on "the percentage of respondents who answered "improve" about the prospect of the future lifestyle" in the "Public Opinion Survey on the Life of the People" by the Cabinet Office. Ease of raising children is measured based on "the percentage of respondents who answered "It is easy to raise children" in the "Public Opinion Survey on Social Awareness" by the Cabinet Office.



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

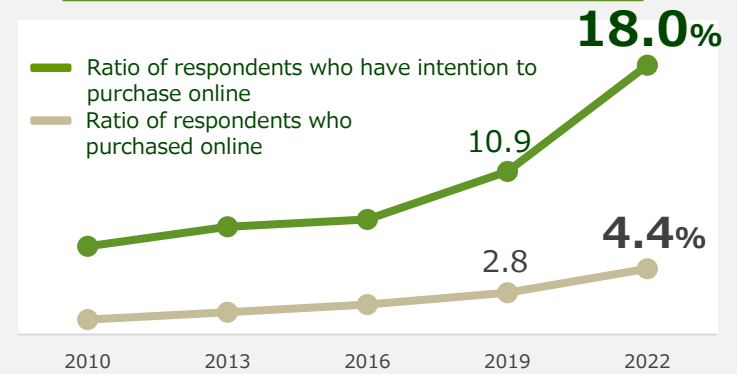
Our Business Environment

External environment changes will be a major tailwind for business growth

1 Expansion of online life insurance market

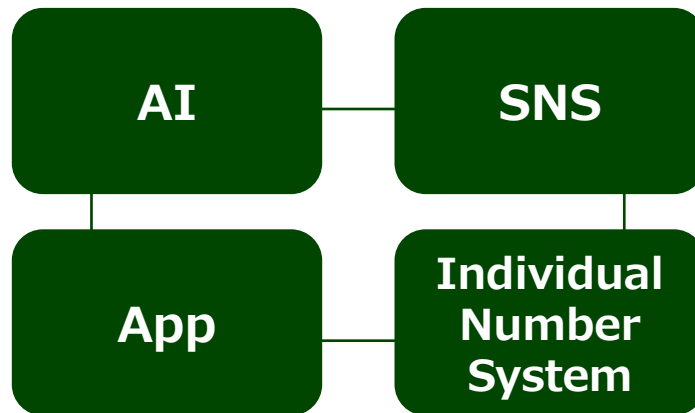
- COVID-19 accelerated online financial services
- Online insurance players increased

Intention to purchase life insurance online¹



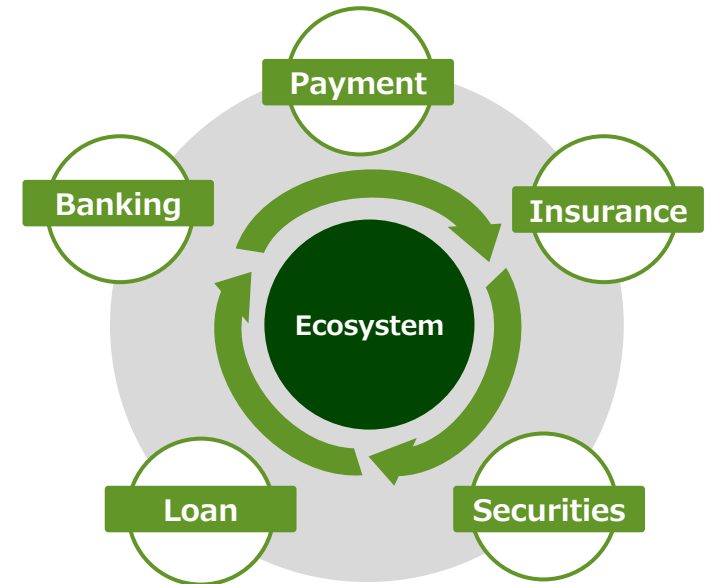
2 Younger generation × technologies

- Emerging new technologies penetrate a wide range of consumers, starting with younger generations



3 Trend of financial ecosystem

- High interest in online insurance business from other sectors



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

Priority Areas for Further Growth

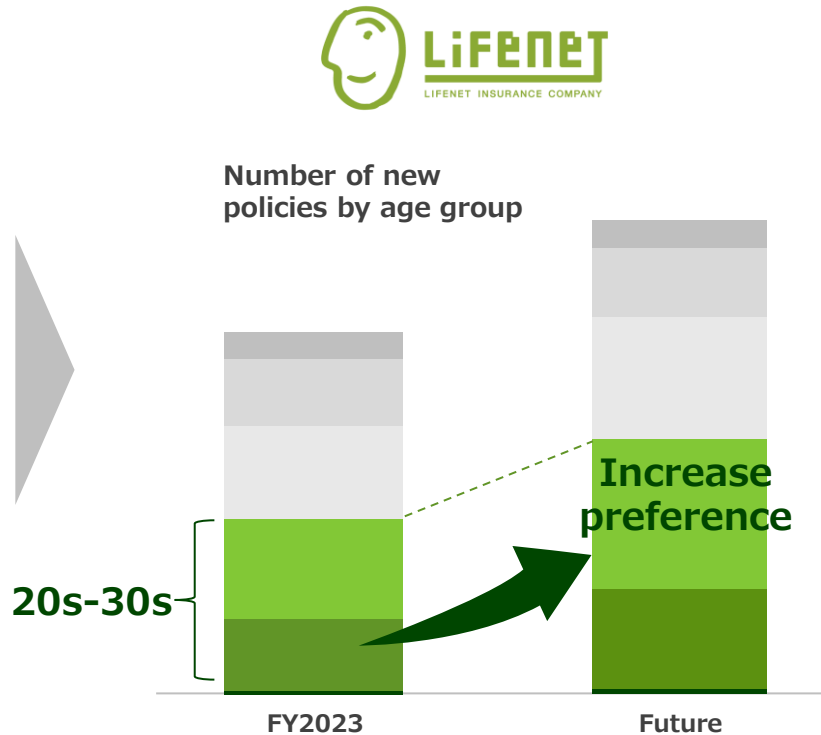
- **Three priority areas** to move toward the next stage of growth



- Aim for further growth by updating the Lifenet brand and being unique for younger generation



Focus areas of marketing centered on younger generation



Individual : Partner Business

Rebranding

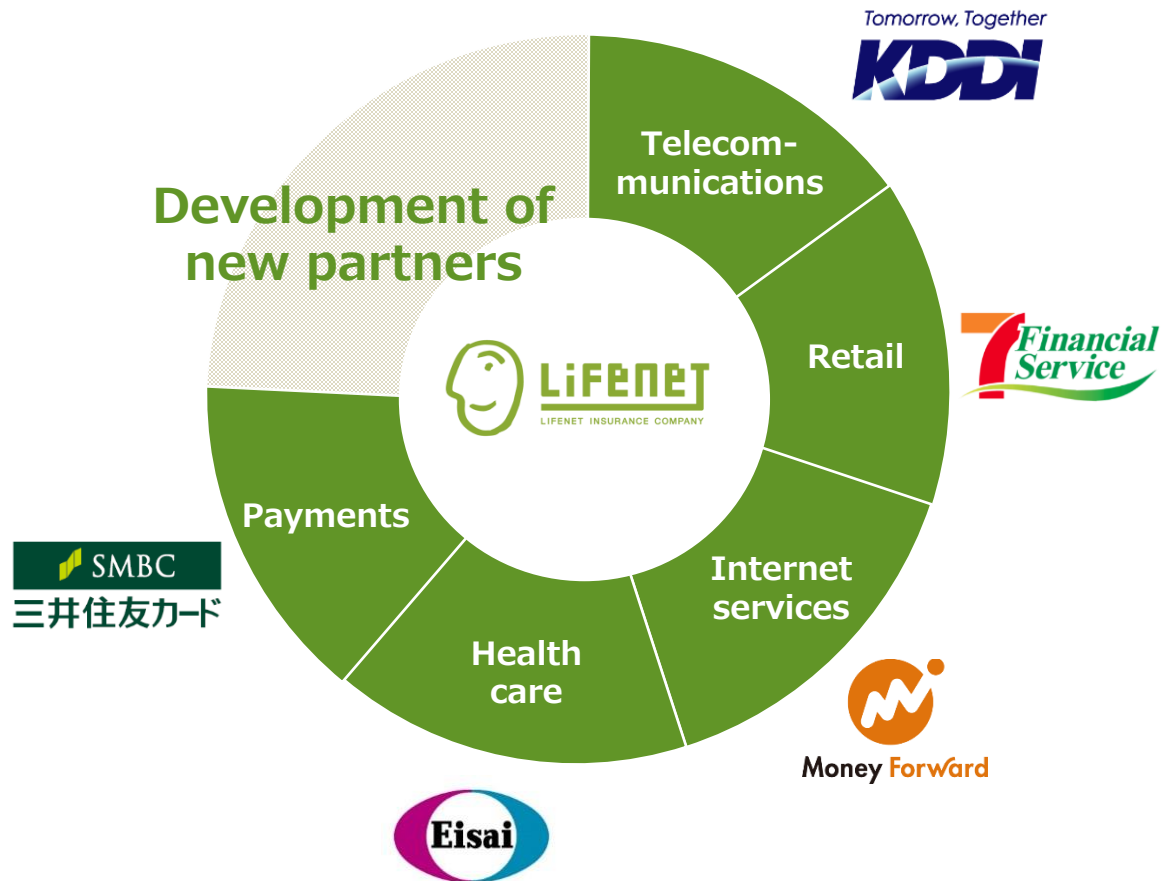
Tech & Services

Embedded



LIFENET

- Accelerate growth by embedding our business into partners' ecosystem



Deepening ties with existing partners

- Initiatives to enhance business synergy in partners' ecosystem

Development of new business partners

- Alliances with companies having a broad customer base, attractive brands, and extensive data

Aim for business expansion by alliance with au Jibun Bank and development of new partner banks

Deepening of alliance with au Jibun Bank

- Contribute to enhancing competitiveness of mortgage loan through develop our high-quality insurance products and services



1

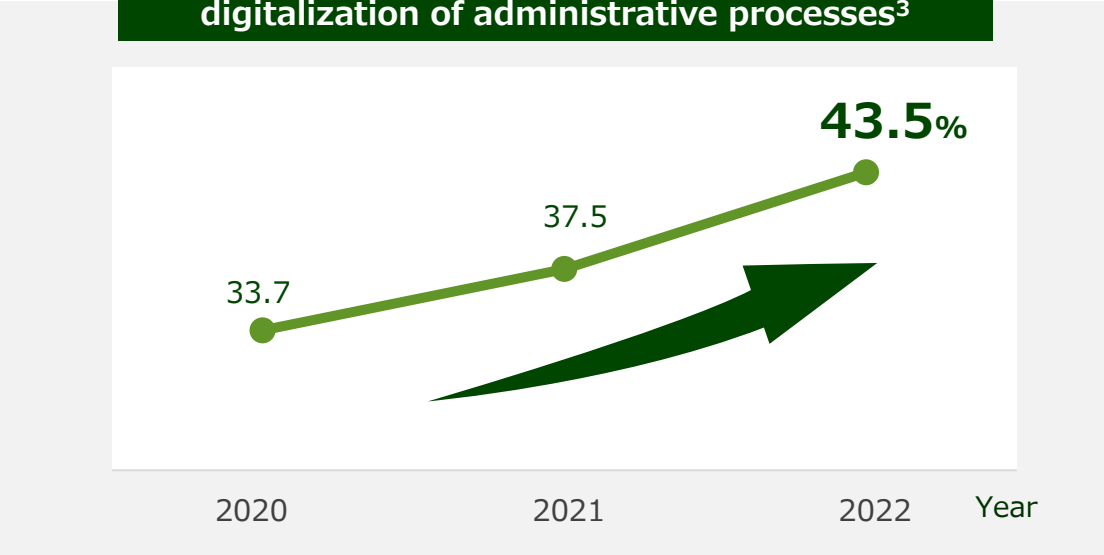


2

Expansion of partner banks

- Aim to develop new partner banks by capitalizing on the shift to DX in the mortgage loan business in the banking industry

The proportion of institutions working on digitalization of administrative processes³



1. The 2023 Oricon Client Satisfaction Survey hosted by Oricon Inc.
2. Searched by Mogecheck, online mortgage comparison service
3. Source: Japan Housing Finance Agency "Mortgage Lending Trends Survey"

- Further strengthen initiatives for human capital based on **diversity and growth opportunities**

Human Resources Strategy



New Management Indicator “Comprehensive Equity”

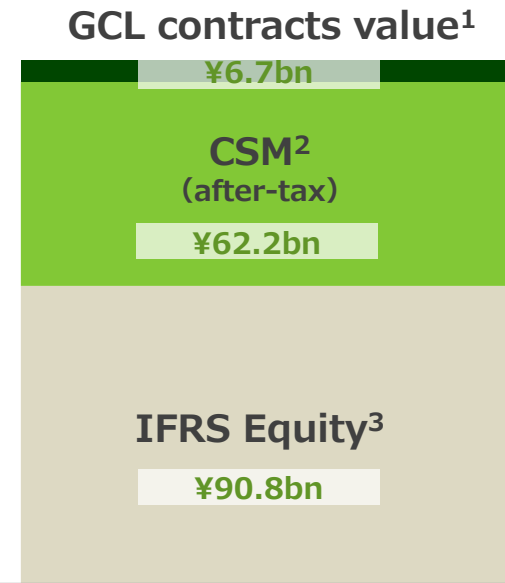
- Adopt “**Comprehensive Equity**” as new management indicator representing corporate value to replace EEV
- **Increase the credibility of corporate value indicators** by changing from “EV” to “Comprehensive Equity”

European Embedded Value (EEV)



Conceptually similar

Comprehensive Equity (CE)



as of 2024/03

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

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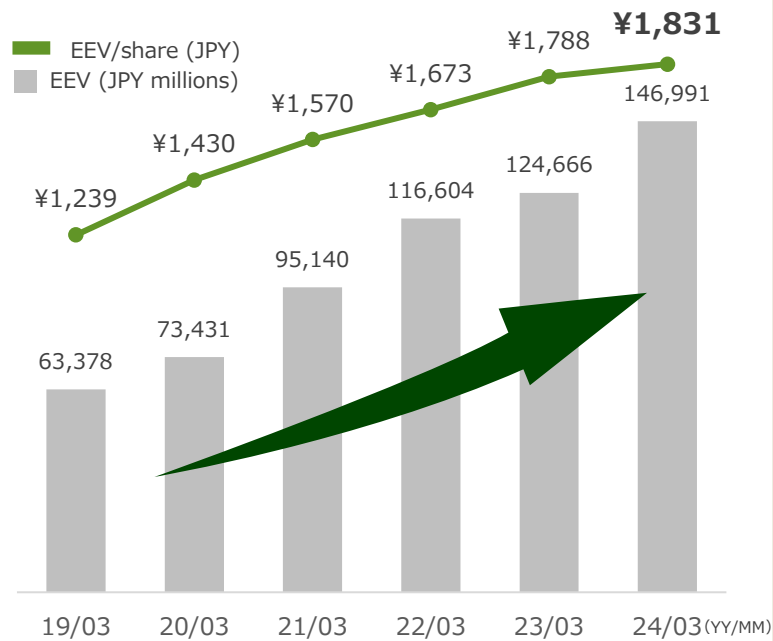
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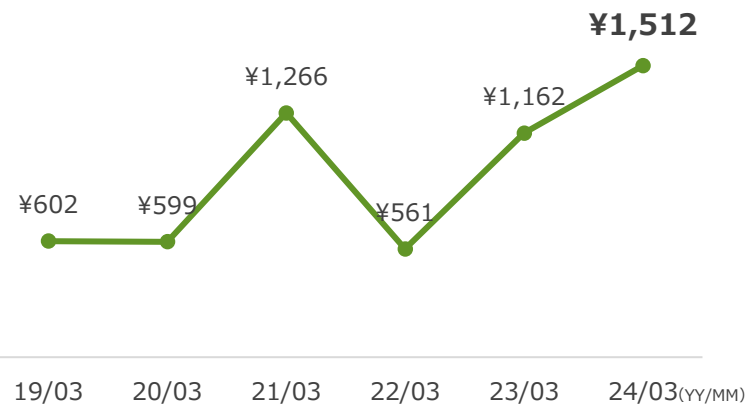
Current Market Evaluation

- **Market evaluation has room for improvement while our corporate value has been growing strongly**

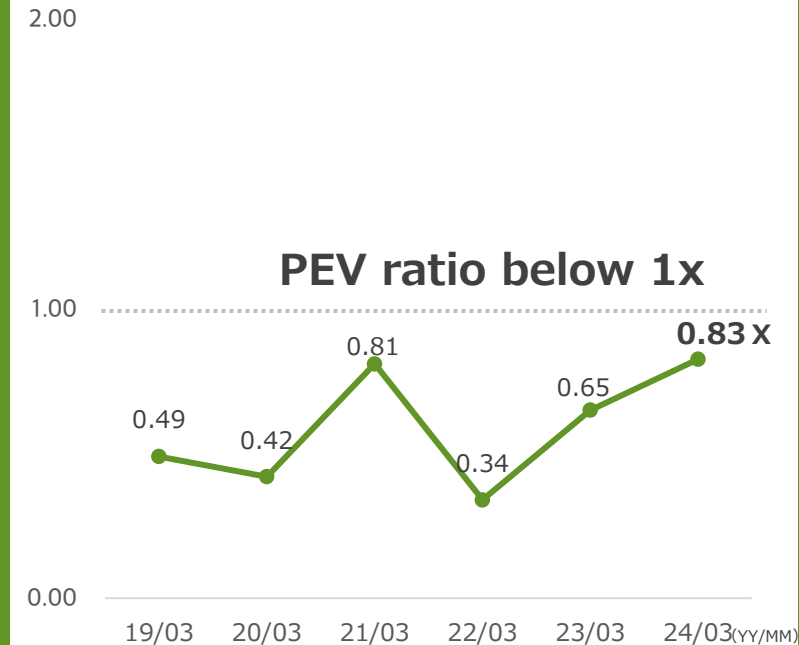
EEV per Share



Stock Price



Price/EEV per Share (PEV)



Major Initiatives to Improve Market Evaluation

Major initiatives

Key points

1 Adopt corporate value indicators linked to IFRS

- Increase the credibility of corporate value indicators by changing from "EV" to "Comprehensive Equity"
- Enable investors to compare with global peers applying IFRS17

2 Commit to targets and its time frames

- Align our shareholders and investors with our interests by committing to per share value and its time frames

3 Transit to the TSE Prime Market¹

- Aim to expand the investor base and improve market liquidity by listing on the TSE Prime Market by around 2025

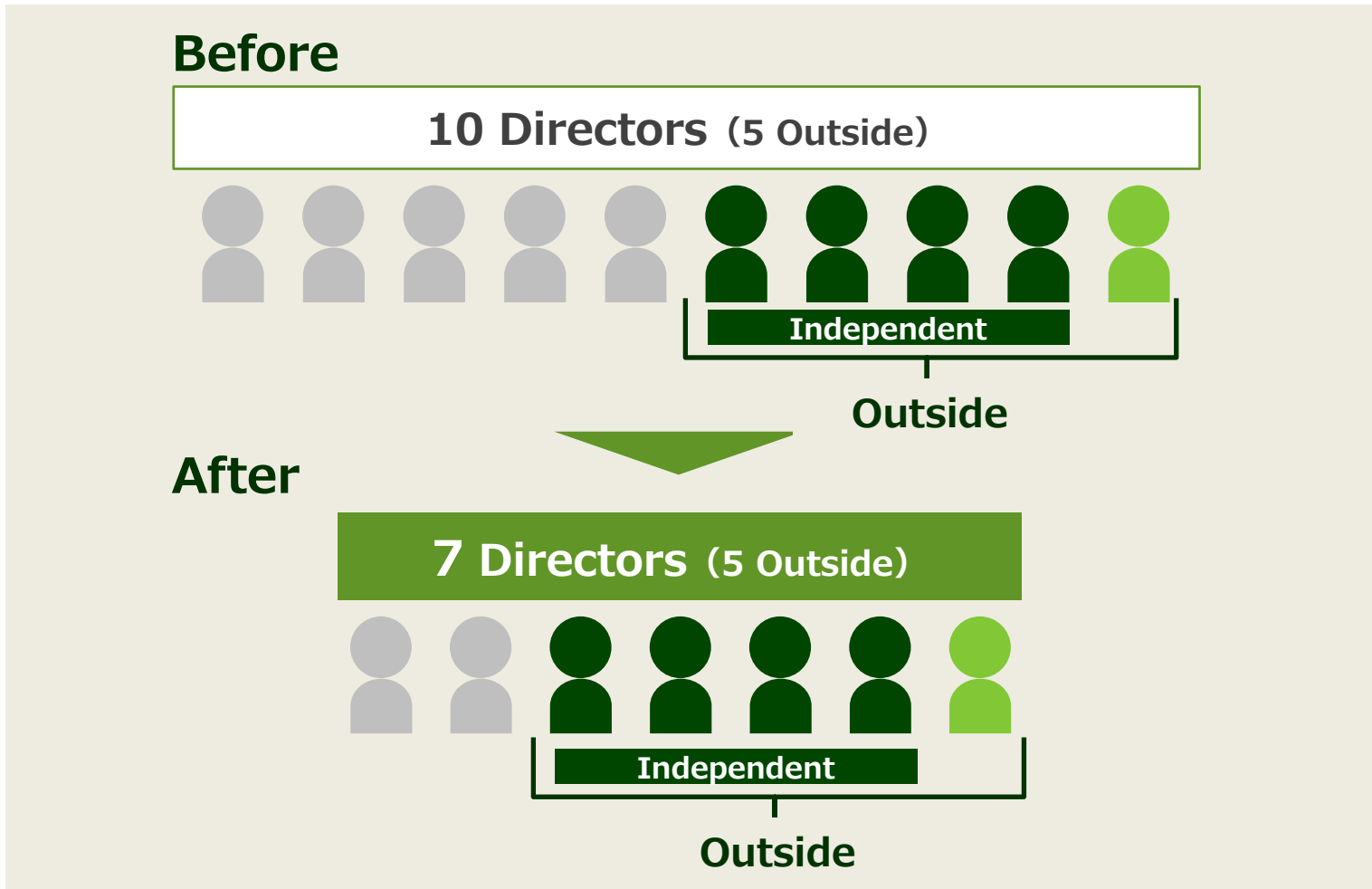
4 Strengthen governance systems

- Strengthen the function of the Board of Directors as a **Monitoring Board** (see the next page for details)

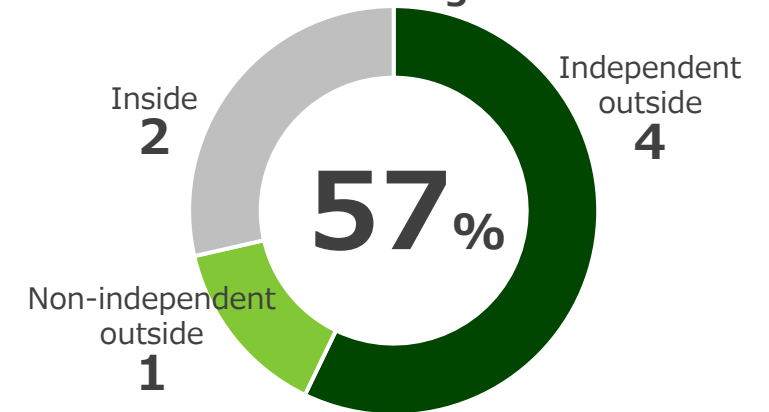
1. We aim to fulfil the criteria under IFRS for the two years of total profits in FY2023 and FY2024, and to move to the TSE Prime Market.

Further Strengthening of Corporate Governance

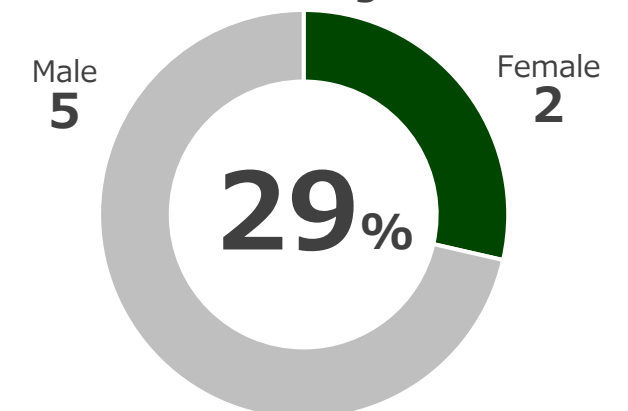
- **Shift to structure with a majority of Independent Outside Directors** with aim of strengthening the supervisory function of the Board of Directors and further enhancement of the separation of supervisory and executive functions



Ratio of Independent Outside Directors after change



Ratio of Female Directors after change



Increase in Shareholder Value over Mid-to-long Term

- Aiming to both increase corporate value by expanding business scale and improve market evaluation

Increase in corporate value (CE)

Scaling up

- Re-growth in individual life + expansion of GCL
- Pursuit of upside

Priority Areas

- Tech & Services
- Rebranding
- Embedded

Improvement of profitability

- Increase in marketing efficiency
- Improvement of opex ratio as business scale-up

Investment in Human capital



Improvement market evaluation

Adopt corporate value indicators linked to IFRS

Commit to targets and its time frames

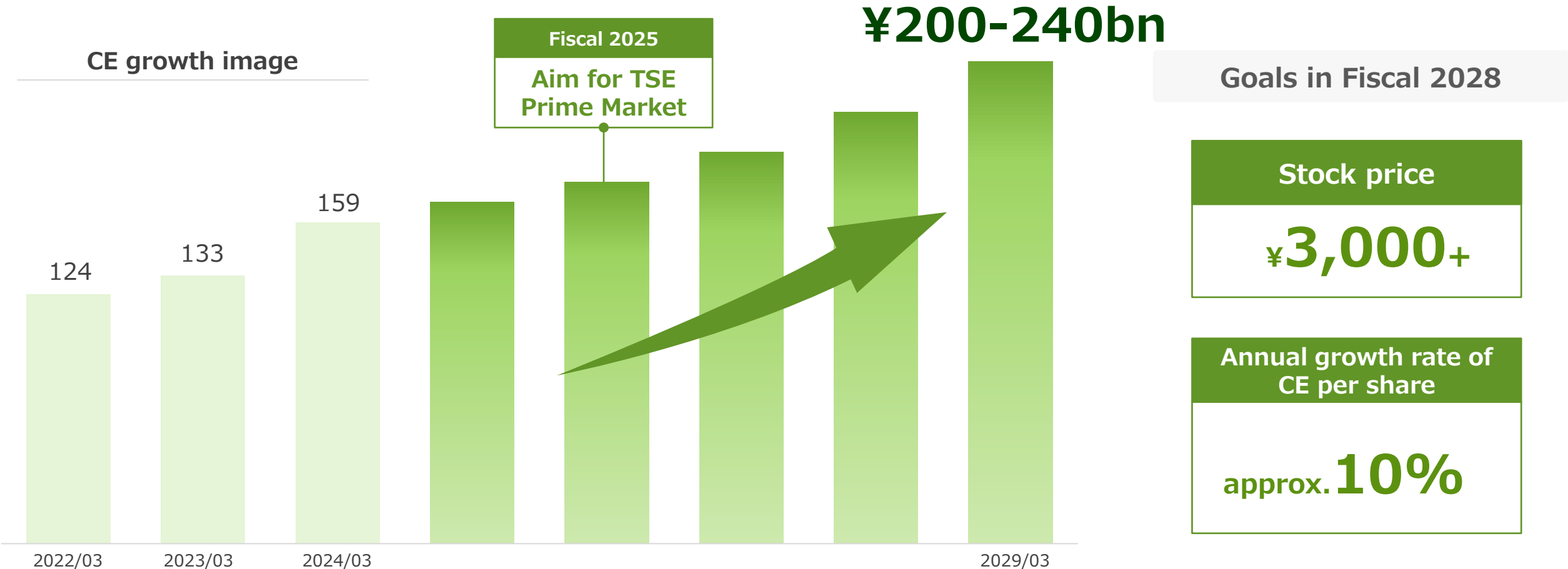


Transit to the TSE Prime Market

Strengthen governance systems

Fiscal 2028 goals image

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



For Achieving Mid-term Business Plan



Management goal

Achieve Comprehensive Equity of 200 billion yen to 240 billion yen

- We expect to achieve over ¥200 billion in Comprehensive equity("CE") through current efforts in the individual insurance business and efforts with one partner bank (au Jibun Bank Corporation) in the group credit life insurance business. In addition to these efforts, we aim to achieve ¥240 billion in CE through expansion of partnerships in both businesses.
- In line with the current moderate growth in the individual life insurance business, we make investments for mid-to long-term growth. While setting a relatively conservative annual growth rate of CE per share for the first half of the mid-term business plan, we will increase the growth rate in the second half, and expect to grow by approx. 10% in fiscal 2028.

Growth strategy

Tech & Services

- Pursue customer convenience by utilizing IT services such as AI and Individual Number System

Rebranding

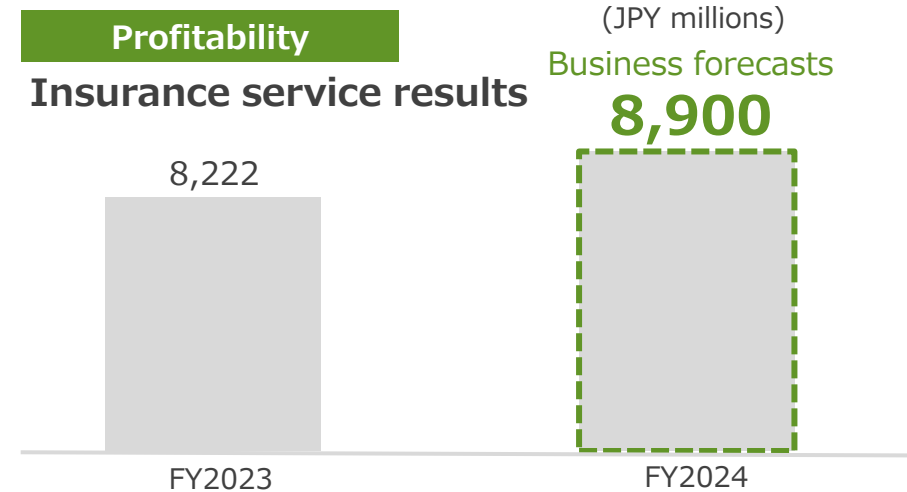
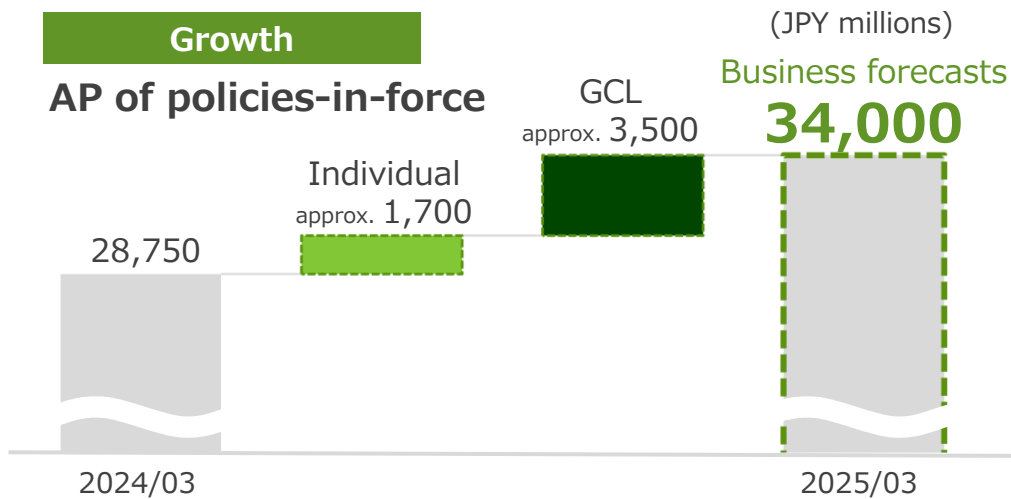
- Rebuild unique Lifenet brand aligned with current era and customer values

Embedded

- Deliver insurance and services seamlessly with our partners

Consolidated Business Forecasts for FY2024

■ Expect **¥8.9bn** in insurance service results and **¥6.2bn** in net income



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

1. Business Model

2. Japanese Life Insurance Industry Trends

3. FY2023 Results

4. New Management Policy and Mid-term Plan

5. Future Initiatives to Improve Market Evaluation

6. Risk Information

Risk Classification

Category	Major Risks	Severity
A. Business strategy risks	A-1 Competition in the life insurance industry	○
	A-2 Investment in insurance acquisition cash flows	
	A-3 Change in relationship with, or performance of business partners	—
	A-4 Demographic movements in Japan	
	A-5 Climate change	
	A-6 General sustainability matters	
	A-7 Change in regulations	
	A-8 Change in social security system	
	A-9 Failure of other life insurance companies	
	A-10 Reputation in the online life insurance industry	
	A-11 Significant acceleration of IT innovation	
	A-12 Valuation of deferred tax assets for IFRS	
	B. Insurance underwriting risks	B-1 Change in Mortality and morbidity
B-2 Valuation of insurance contracts for IFRS		—
C. Market risks, credit risks and liquidity risks	C-1 Change in interest rates	○
	C-2 Reinsurance transactions	—
	C-3 Change in stock price, foreign exchange rates and others	
	C-4 Credit risks related to corporate bonds	
	C-5 Liquidity risks	
D. Operational risks	D-1 System failures	○
	D-2 Violation of laws and ethical deviation from social norms	
	D-3 Information leakage	
	D-4 Business continuity amid catastrophes	—
	D-5 Administrative risks	
	D-6 Misses on claim benefits payment	
	D-7 Human resource employment	
	D-8 Litigation	
	D-9 Risk management system	

Major Risks (1/3)

Major risk	Priority High (Occurrence and severity)	Measures
<p>■ Competition in the life insurance industry In the Japanese life insurance market, Lifenet faces intense competition with domestic and foreign-affiliated life insurance companies as well as large domestic financial institutions with insurance subsidiaries. If we are not able to maintain our competitive advantages in the direct business, which is our main sales channel, the number of new business declines and the number of policies-in-force declines due to surrender, which could have an adverse effect on the Group's business and our financial performance.</p>	<p>With the accelerated digitization of financial services backed by the spread of the COVID-19 pandemic, life insurance companies with face-to-face channel promote online operations partially, thus new players are entering the market. We believe that competitive environment is likely to become severer as the online life insurance market expands.</p>	<p>We design and develop our products and services from the customer's perspectives to increase customer engagement and maintain our competitiveness based on the LIFENET Manifesto. Taking advantages of our experience to date, we will maintain and strengthen the competitiveness we have built up in the online life insurance market by aggressively investing in insurance acquisition cash flows, promoting partner business channels and expansion of group credit life insurance business, etc.</p>
<p>■ Investment in insurance acquisition cash flows The Group actively engages in various types of advertising campaigns, such as TV commercials and search-linked advertisements, with the aim of increasing awareness and acquiring new business. If sales activities are not sufficiently effective or properly conducted, or if consumer behavior for purchasing insurance products online is not as widespread as we anticipate, insurance acquisition cash flow efficiency may decrease, which could have an adverse effect on the Group's business and our financial performance.</p>	<p>There are a variety of short-term and long-term factors that influence changes in customer needs and trends in the socioeconomic environment, which constantly affect the change in insurance acquisition cash flow efficiency. If we fail to appropriately respond to those factors in our products, services and marketing activities, even if we continue to invest in insurance acquisition cash flows at the current level, there is possibility that new business performance deteriorates and appropriate product profitability is not maintained.</p>	<p>The Group will make decisions on the investment in insurance acquisition cash flows while regularly monitoring and analyzing the balance between the growth of new business and insurance acquisition cash flow efficiency. Through those controls we believe we will be able to reduce the risks related to the investment in insurance acquisition cash flows.</p>

Major Risks (2/3)

Major risk	Priority High (Occurrence and severity)	Measures
<p>■ Change in Mortality and morbidity Life insurance premiums are calculated based on actuarial assumption for premium such as expected mortality rate, expected morbidity rate, expected surrender rate, and expected operating expense rate. Thus, for example, actual mortality rate may become higher than expected mortality rate, or may increase from historical mortality experience, which could cause higher claims payment than we expect. In the group credit life insurance business, which we began in July 2023 as well, actual mortality and morbidity could exceed premium base to generate financial losses.</p>	<p>In the event of mass casualties due to a massive outbreak of an infectious disease beyond the COVID-19 pandemic or a catastrophe such as an earthquake, tsunami, or terrorist attack in a densely populated area like Tokyo or Osaka, the Company is exposed to the risk of large unpredictable obligations related to insurance benefits and claims. On the other hand, in light of current trends in national mortality rates and morbidity of diseases and disabilities, we believe that the likelihood of such an outbreak is low at this time.</p>	<p>We design appropriate coverage and underwriting methods at the time of product development to ensure that mortality and morbidity rates do not exceed appropriate ranges. We also regularly monitor mortality and morbidity rates and other experiences and can revise underwriting methods and products as necessary. Also, stress tests are conducted to confirm the impact and response in the event of a large-scale disaster.</p>
<p>■ Change in interest rates The Company mainly holds public and corporate bonds with high credit ratings as its primary means of asset investment. If market interest rates rise significantly in the future, the market value of our bonds may decline beyond our expectations. Also, the discount rates used for valuation of IFRS insurance contracts and economic value-based insurance liabilities change in accordance with market interest rates. By those movements caused by interest rate fluctuation, net assets in JGAAP, equity in IFRS, comprehensive equity which we set as management indicator and economic value-based capital are adversely affected.</p>	<p>Inflation advances globally and the Western countries raised their policy interest rates amid the current significant changes in the world economy and international political situation. Under these circumstances, we recognize that the probability of interest rate fluctuations has increased. We believe that we are well capitalized at present and that the impact of interest rate fluctuations is limited in terms of economic value due to our product portfolio, which is centered on protection-type products.</p>	<p>We set risk limits for market risk including interest rate risk and regularly monitor their status. We review asset investment policies as necessary. Based on the financial and economic movement, we are currently executing duration shortening of bonds and portion shift of holding purpose category on JGAAP accounting from available-for-sale to held-to-maturity with the aim to control the interest rate risk and to enhance the tolerance on financial accounting.</p>

Major Risks (3/3)



Major risk	Priority High (Occurrence and severity)	Measures
<p>■ System failures</p> <p>The Group relies on the stable operation of its information systems to conduct its business operations, including the sales, underwriting, policy management and the recording and storage of statistical data and customer information. Also, we invest in information systems at certain level every year for the business expansion and mobility and efficiency of the product and service development.</p> <p>Accidents, disasters, power outages, user concentration, human error, sabotage, unauthorized internal or external access, virus infection or network intrusion, external denial-of-service attacks, software or hardware malfunctions and other factors could cause our information systems to fail. Problems may also arise in the renewal of the information system. In these cases, we could lose opportunities and pay additional costs. In addition, these can cause situations where we have to suspend services to customers, claim payments, premium receipt and investment operations. As a result, there is possibility to cause the deterioration of customer trust and company reputation, and to lead to administrative measures, which could have an adverse effect on the Lifenet's business and our financial performance.</p>	<p>We have not experienced any large-scale system troubles since our business commencement, and we have been operating our system stably. While we believe that the likelihood of large-scale system problems due to unforeseen causes is low in the future, it exists in the same manner as other financial institutions.</p>	<p>The Group has established basic policy and measures for the stable operation of information systems in its internal regulations, and develops information systems, monitors their operational status, maintains backup systems, and takes measures in the event of failures based on these regulations.</p> <p>In addition, in preparation for external attacks, etc., we prevent and monitor unauthorized intrusion and abuse through firewalls and anti-virus software, etc., diagnose software vulnerabilities, and operate a CSIRT (Computer Security Incident Response Team) to ensure an appropriate response in the event of an emergency.</p>

※The information in this section does not cover all risks.

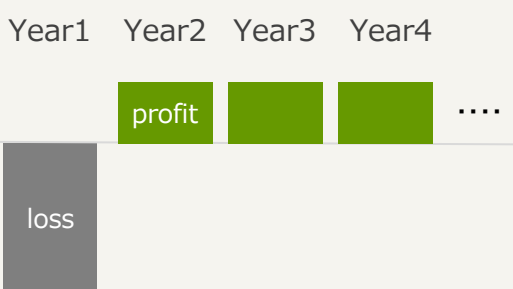
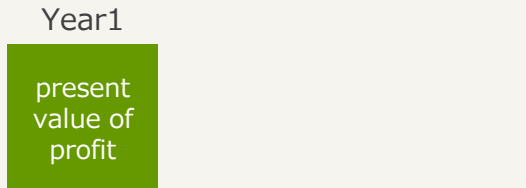
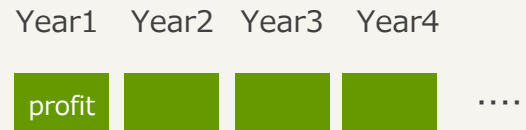
For other risks, please refer to "Business and Other Risks" in [the Annual Securities Report](#) (Japanese version only).



LIFENET
LIFENET INSURANCE COMPANY

Appendix

- 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> 

Glossary 1



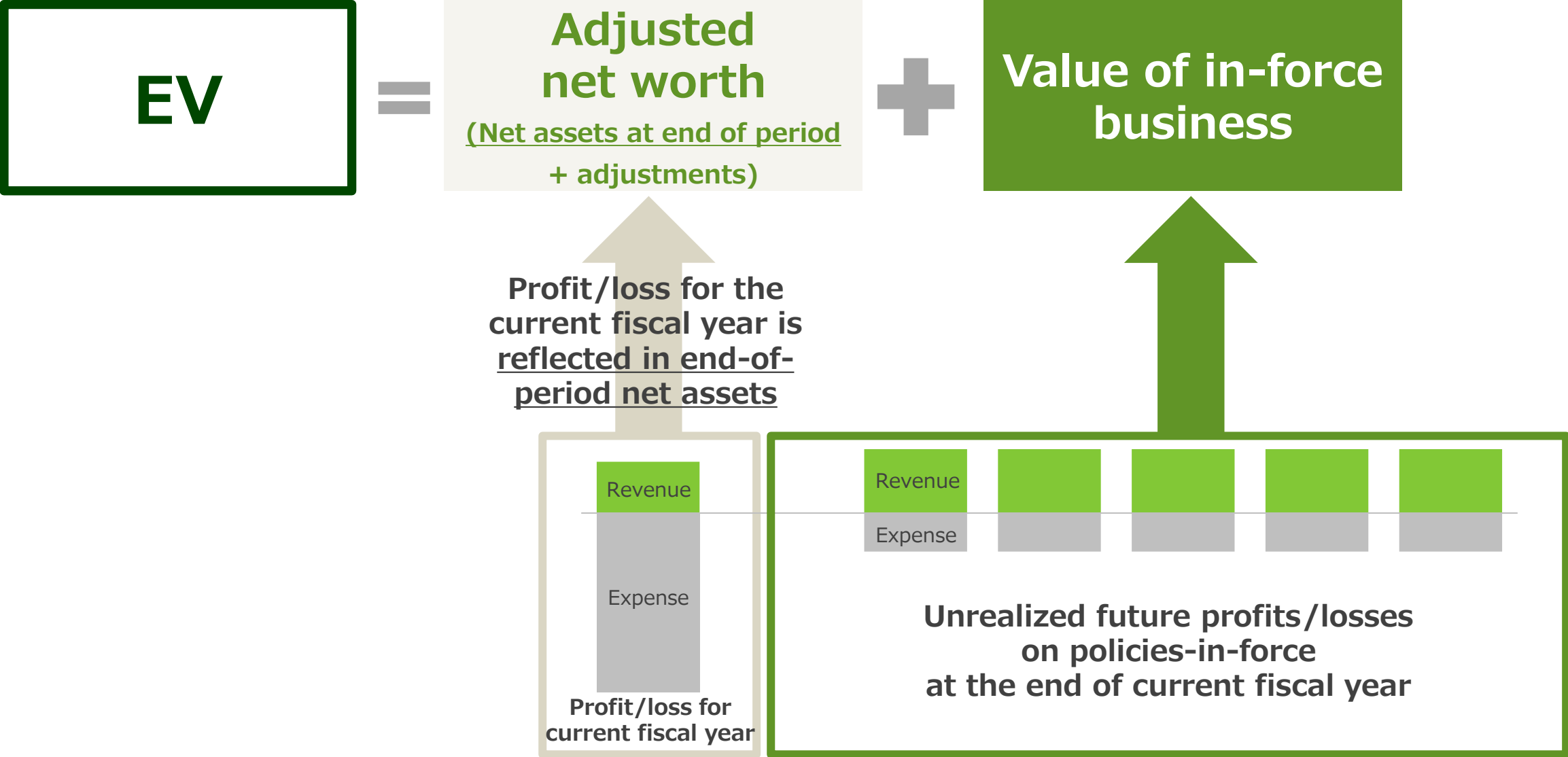
Glossary	Explanation
Insurance revenue	Revenue accrued for fulfillment of insurance services. Mainly, expected claims, expected maintenance expenses, risk adjustment release, CSM release and recovery of insurance acquisition cash flows. Investment components which will be paid regardless of insurance 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)	<p>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.</p>
Group Credit Life Insurance (GCL) contracts value	<p>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.</p>
Premium Allocation Approach (PAA)	<p>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.</p>
Insurance acquisition cash flows (IACF)	<p>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.</p>
Maintenance expenses	<p>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.</p>

Structure of Embedded Value



Appropriation of Funds for Capital Raising

Overseas public offering in Sep. 2021

(JPY millions)

	Contents	Amount Raised	Amount Allocated (FY2021)	Amount Allocated (FY2022)	Amount Allocated (FY2023)
Use of Proceeds	Operating expenses, primarily comprising market expenses for acquiring new business	6,800	680	1,500	1,520
	System development costs aimed at responding to business environment changes	1,372	46	100	220
	Investments in further expansion of partner business and new businesses	1,500	3	700	100
Applicable Period	Between the fiscal year ending March 31, 2022 and the fiscal year ending March 31, 2026				

Public offering and third-party allotment to au Financial Holdings Corporation and Sumitomo Mitsui Card Company, Ltd in Sep. 2023

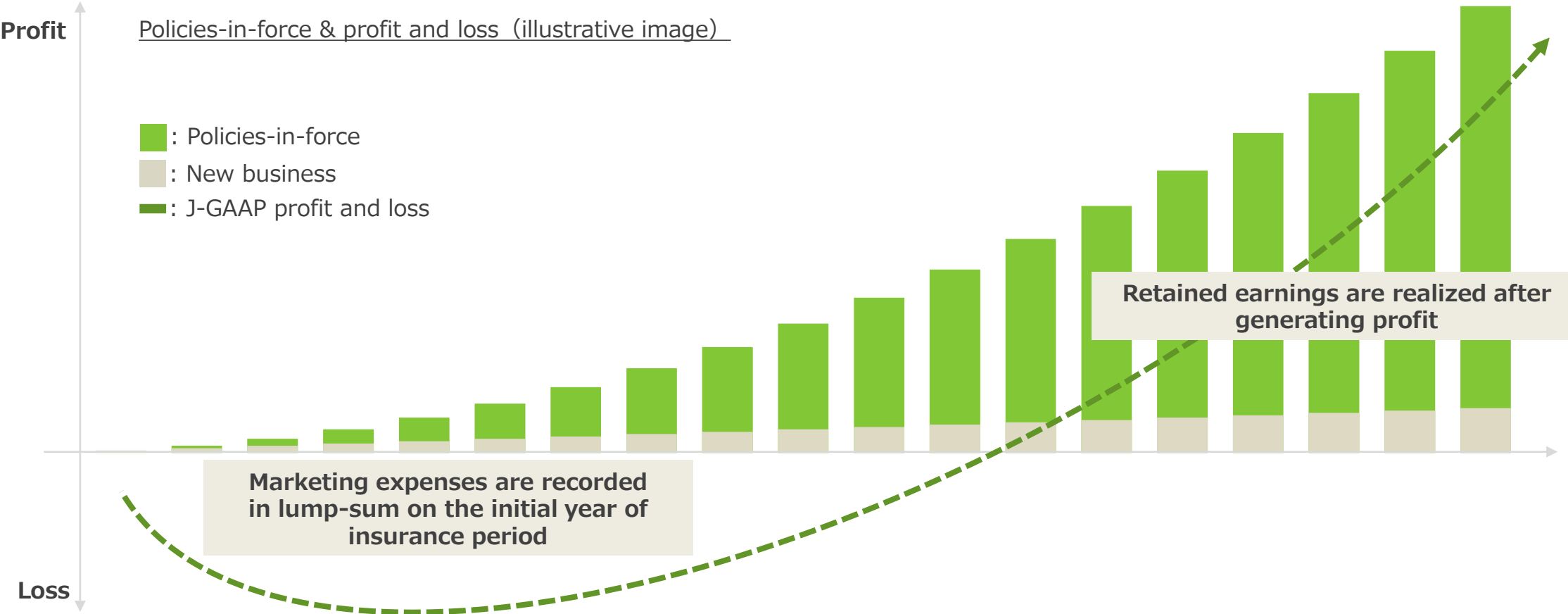
(JPY millions)

	Contents	Amount Raised	Amount Allocated (FY2023)
Use of Proceeds	Expenses for further expansion of direct business	5,770	1,290
	Expenses for further expansion of partner business	3,000	562
	Investment in new businesses	1,000	84
Applicable Period	Between the fiscal year ending March 31, 2024 and the fiscal year ending March 31, 2028		

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.



This material is based on information as of June 2024. 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. The next disclosure of Presentation Material for Business Plan and Growth Potential is scheduled for June 2025.

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