



Presentation Material for Business Plan and Growth Potential

July 2022
LIFENET INSURANCE COMPANY

I . Company Overview and Japanese Life Insurance Industry Trends

II . Business Model

III . Growth Strategy

IV . Risk Information

- Lifenet's management philosophy is helping our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services based on the highest levels of business integrity.
- With the internet as our main sales channel, we utilize technology and strive to be the leading company driving the growth of the online life insurance market through our customer-centric products and services.



Comprehensible
Cost-Competitive
Convenient

- The Lifenet Manifesto contains the guiding principles for our company.
- It was formulated by the company founders through repeated discussions on the direction of the company before business commencement.

Comprehensible, Cost-Competitive, Convenient

I. Our Guiding Principles

- (1) Creating the life insurance of the future 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.

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.

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.

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. 23, 2006 Established
- May 18, 2008 Commenced operation
- Mar. 15, 2012 Listed on Tokyo Stock Exchange, Mothers
- May 22, 2015 Issuance of new shares through third-party allotment to KDDI CORPORATION
- Jul. 20, 2020 Issuance of new shares by way of international offering
- Sep. 15, 2021 Issuance of new shares by way of international offering

Key Figures (FYE 2022/3)

- Annualized Premiums¹ of Policies-in-force: JPY 21,511mn
- Number of Policies-in-force: 507,428
- Sum insured: JPY 3,351,278mn
- Premium and Other Income : JPY 25,420mn
- Total Assets: JPY 67,820mn
- Net Assets: JPY 22,071mn
- Embedded Value : JPY 116,604mn
- Number of Employees : 174
 - Sales Representative : 0
- Solvency Margin Ratio : 3,182%

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: 69,679,538 (as of Mar. 31, 2022)
- Number of Shareholders: 5,845 (as of Mar. 31, 2022)

Major Shareholders (as of March 31, 2022)

- | | |
|--|--------|
| • au Financial Holdings Corporation | 18.36% |
| • JP MORGAN CHASE BANK 380742 | 8.15% |
| • GOLDMAN SACHS INTERNATIONAL | 7.62% |
| • Seven Financial Service Co., Ltd. | 4.66% |
| • Custody Bank of Japan, Ltd.(Trust Account) | 3.83% |
| • GOVERNMENT OF NORWAY | 2.89% |
| • The Master Trust Bank of Japan, Ltd. (Trust Account) | 2.65% |
| • STATE STREET BANK AND TRUST COMPANY 505103 | 2.48% |
| • INTERACTIVE BROKERS LLC | 2.03% |
| • STATE STREET BANK AND TRUST COMPANY 510312 | 1.83% |

1. Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Management Team (as of June 26, 2022)

- Management team is comprised of individuals of various backgrounds across a wide age range.
- Lifenet made the transition to a company with an Audit and Supervisory Committee in June 2021 to further strengthen the supervisory function of the Board of Directors and enhance its corporate governance.

Directors



Ryosuke Mori
Representative Director and President

Goldman Sachs Japan Co., Ltd.
Head of Corporate Planning Department and
General Manager of Corporate Strategy
Division at Lifenet



Yasuhiro Koba
*Director, Executive Vice President
Executive Officer of Product Development
and Investment*

Ministry of Health, Labour and Welfare
General Manager of Corporate Administration Division,
General Manager of Corporate Planning and General
Manager of Sales & Marketing Division at Lifenet



Ryosuke Kondo
*Director
General Manager of Sales & Marketing Division*

JAPAN POST INSURANCE CO., Ltd.
Head of Corporate Planning Department and
Executive Officer of Corporate Planning, Product
Development and Investment at Lifenet
Director, LIFENET MIRAI INC.



Junpei Yokozawa
*Director
General Manager of Customer Services Division
General Manager of Information Systems Strategy Division*

NTT DATA Net's CORPORATION
Head of KDDI Business Department and head of Operations
Planning Department at Lifenet



Jun Hasebe
Outside

Representative Director and President,
Tokyo Relations Inc.



Takeshi Saito
Outside

Managing Director and Chief Financial Officer,
au Financial Holdings Corporation

Directors (the Audit and Supervisory Committee Member)



Takahiro Yamasaki
Full-time

Nippon Life Insurance Company
Nippon Venture Capital Co., Ltd.
Full-time audit and supervisory
board member at Lifenet
Corporate Auditor, LIFENET MIRAI
Inc.



Keiko Hayashi
Outside

Executive Board Member,
The Japanese Institute of Certified
Public Accountants
Partner, Deloitte Touche Tohmatsu LLC



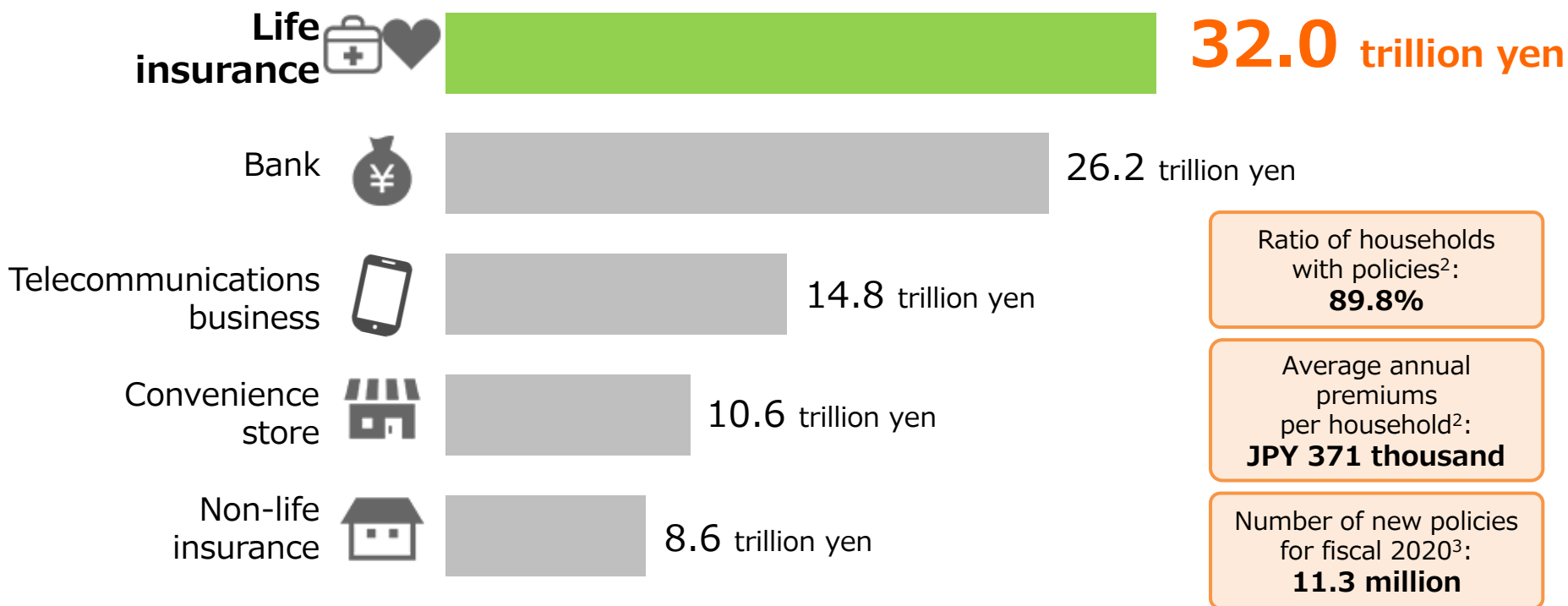
Tomoyuki Yamashita
Outside

Representative Director and
President, Aon Solutions Japan
Ltd.

Life Insurance Market in Japan

- Japan's life insurance market is the world's third largest, worth approximately JPY 30 trillion.
- We believe there is a high need for life insurance. There were around 11.3 million new enrollments in fiscal 2020 despite approximately 90% of Japanese households have already taken out life insurance.

Market size by industry in Japan¹

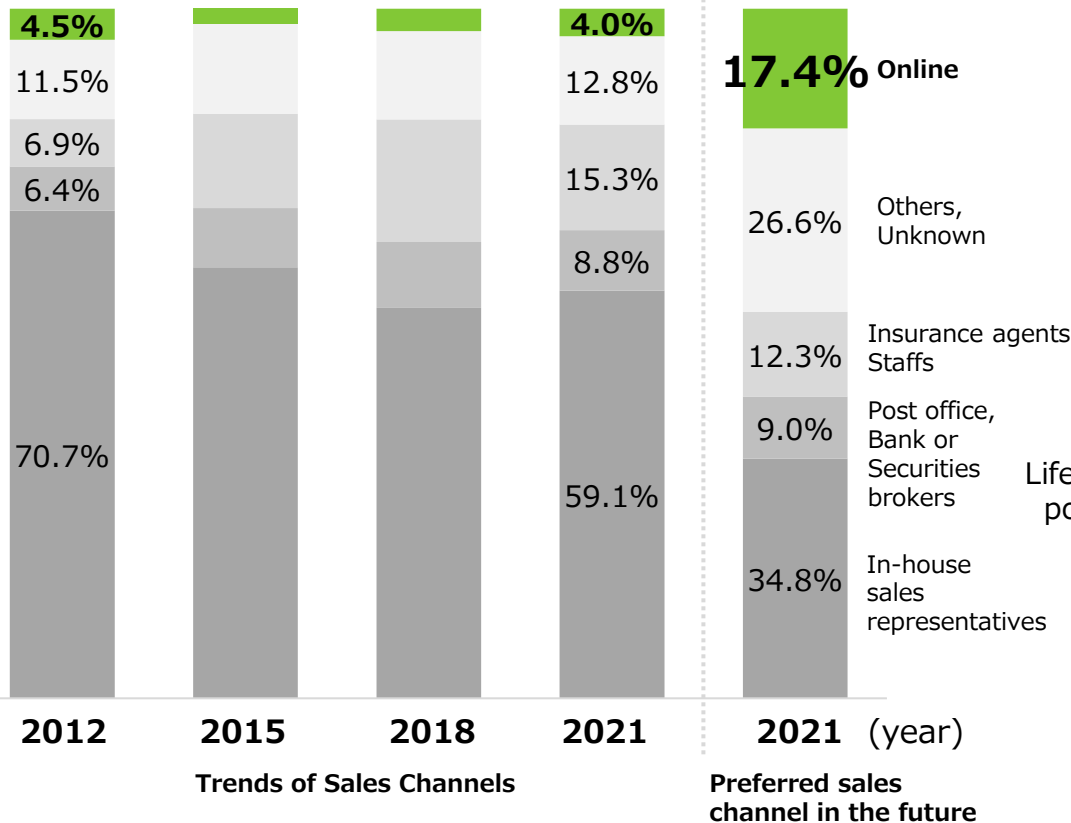


1. life insurance: Insurance premiums and other, bank: Ordinary income, telecommunication business and convenience store: operating revenue, non-life insurance: Net premiums written. Annual statistics (FY2021) compiled by The Life Insurance Association of Japan, Financial Statements Statistics of Corporation by Industry (fiscal 2019) compiled by Ministry of Finance, The Basic Survey Result for information and communications industry (FY2019) compiled by the Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, Convenience store FC statistics compiled (2020) by Japan Franchise Association, Data by insurance type (FY2020) compiled by The General Insurance Association of Japan.
2. Data for FY2021 compiled by a nationwide report on the life insurance industry (2021) by Japan Institute of Life Insurance.
3. Annual statistics by The Life Insurance Association of Japan (2020)

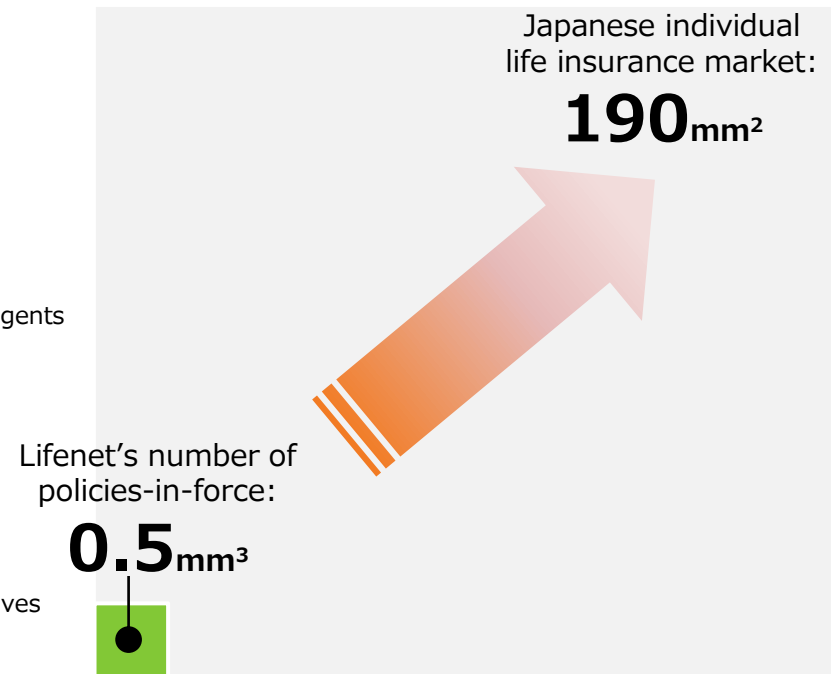
Trend of Customer's Purchasing Channel and Intention

- Although sales representative accounts for a large proportion of life insurance's purchasing channel, the ratio of insurance agent is increasing. In addition, the figure shows that preferred sales channels are diversifying.

Trends of Sales Channels and Preferred Sales Channels in the future



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



1. Nationwide Report on the Life Insurance Industry (2021) by the Japan Institute of Life Insurance
2. The Life Insurance Association of Japan, "Annual Statistics, Summary of Life Insurance Business", data for FY2020
3. "May 2022: MONTHLY DISCLOSURE" by Lifenet

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High integrity

- Actively disclose relevant information
- Communicate with customers proactively

Comprehensiveness

- Provide very simple and pure protection products
- Develop easy-to-understand and customer friendly website

Cost-Competitiveness

- Offer competitively priced products by Internet-based low cost operation

Convenience

- Provide convenient services utilizing smartphones
- All procedures provided online, from applying to claiming benefits

- We provide life insurance online, but we are committed to transparency and communicating openly about management of the company and our products, employees, and work place via our website.

Transparent disclosure

- Disclosure of insurance premiums
- Disclosure of agent commission rates
- Disclosure of monthly operating figures

Disclosure of breakdown of insurance premium (example)

Term life *Kazoku*
E.g. 30 years old, male,
insurance term 10 years,
insurance coverage amount 30 million yen

Net premium	Net premium	2,000yen (74%)
	Expense loading	704yen (26%)
Expense loading	Premium (Net premium + Expense loading)	2,704yen (100%)

(As of June 30, 2022)

Transparent Company

- Regular policyholder meetings
- Introduction of employees and company through employee's blog since commencement of business
- Diverse employee backgrounds
(half of employees from other industries)

Lifenet JOURNAL Online including employee's blog



The screenshot shows the LIFENET JOURNAL Online interface. At the top, there's a navigation bar with tabs for '人生' (Life), '仕事' (Work), 'お金' (Money), '健康' (Health), '保険' (Insurance), 'がん&就労' (Cancer & Employment), '妊娠・子育て' (Pregnancy & Child-rearing), 'いろいろ' (Various), and '社員ブログ' (Employee Blog). Below the navigation bar, there's a search bar and a list of blog posts. One post is highlighted with a date of 2022年04月13日 and the title '成年年齢引き下げで変わること・変わらないこと【編集部ブログ】'. Another post is dated 2022年03月22日 with the title 'ふれあいフェアへの参加を通じて【社員ブログ】'. On the right side, there are social media icons for LINE, Twitter, and Facebook, and a section for 'よく読まれる記事' (Popular articles).

<https://media.lifenet-seimei.co.jp/>
(Japanese version only)

Simple Products

- We offer simple and competitively priced pure protection products. Internet-based low cost operations enable us to be extremely price competitive.
- We have provided our main product - term life – with the lowest premium levels in the industry. We offer industry-first coverage³ for long-term disability. Cancer Insurance has a broad range of coverage.




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

1. Our products have no maturity insurance, no dividends and no cash surrender value on our products.
2. As of June 2022, we offer *au Life Insurance* with Refunds through KDDI CORPORATION, *Seven Financial Service Life Insurance* through Seven Financial Service Co., Ltd. and *Money Forward Life Insurance* through Money Forward, Inc.
3. Lifenet Research as of the end of April 2021

External Evaluations of Products

- Our products are highly supported by customers and receive high evaluations.



Whole-life Medical



第1位
医療保険・入院保険
保険市場
HOKEN ICHIBA
The Insurance Market Place
★2022年版ネット申込ランキング★



Term Life



2022
価格.com
保険アワード
第1位
生命保険の部
定期保険
総合



Cancer



第1位
がん保険
保険市場
HOKEN ICHIBA
The Insurance Market Place
★2022年版ネット申込ランキング★

- The Most Chosen Insurance Ranking 2022 of HOKEN ICHIBA is based on compiled date from the number of application from January through December 2021.
- The most popular insurance products in the category from January through December 2021, receiving the highest number of applications of Kakaku.com Insurance, the sales agent company of insurance products.

Develop Easy-to-understand and Customer Friendly Website (e.g. Quotes)

■ Our website is simple and easy-to-understand for customers.

マイページ ログイン

メニュー 保険商品 見積り 保険診断

保険料見積り

ネットだから24時間365日申し込みOK!

お客様の生年月日・性別を入力してください

生年月日

1992 (平成4) 年

6 月 1 日

性別

男性 女性

あなたの保険料はいくら?

保険料見積り スタート

Select birthday

Select sex

All customers need to do to get quotes is **select birthday, sex and insurance products**

万が一に備える 商品の特長

定期死亡保険
かぞくへの保険
選択中 この保険に加入するメリット

毎月の保険料 **659円**

保障内容を確認・編集する 開く +

病気やケガ、がんにも備える 商品の特長

終身医療保険
じぶんへの保険3
選択中 この保険に加入するメリット

毎月の保険料 **1,578円**

保障内容を確認・編集する 開く +

がんにも備える 商品の特長

がん保険
ダブルエール
選択中 この保険に加入するメリット

毎月の保険料 **1,209円**

保障内容を確認・編集する 開く +

就業不能状態にも備える 商品の特長

就業不能保険
働く人への保険3
選択中 この保険に加入するメリット

毎月の保険料 **1,646円**

保障内容を確認・編集する 開く +

Select products

Total monthly premium

<input checked="" type="checkbox"/> 定期死亡保険	659円/月
<input checked="" type="checkbox"/> 終身医療保険	1,578円/月
<input checked="" type="checkbox"/> がん保険	1,209円/月
<input checked="" type="checkbox"/> 就業不能保険	1,646円/月

月額保険料合計 **5,092円**

[ご予算が合わないと感じた方は](#)

お申し込みはネットでカンタン
24時間OK!

このプランで 検討を進める

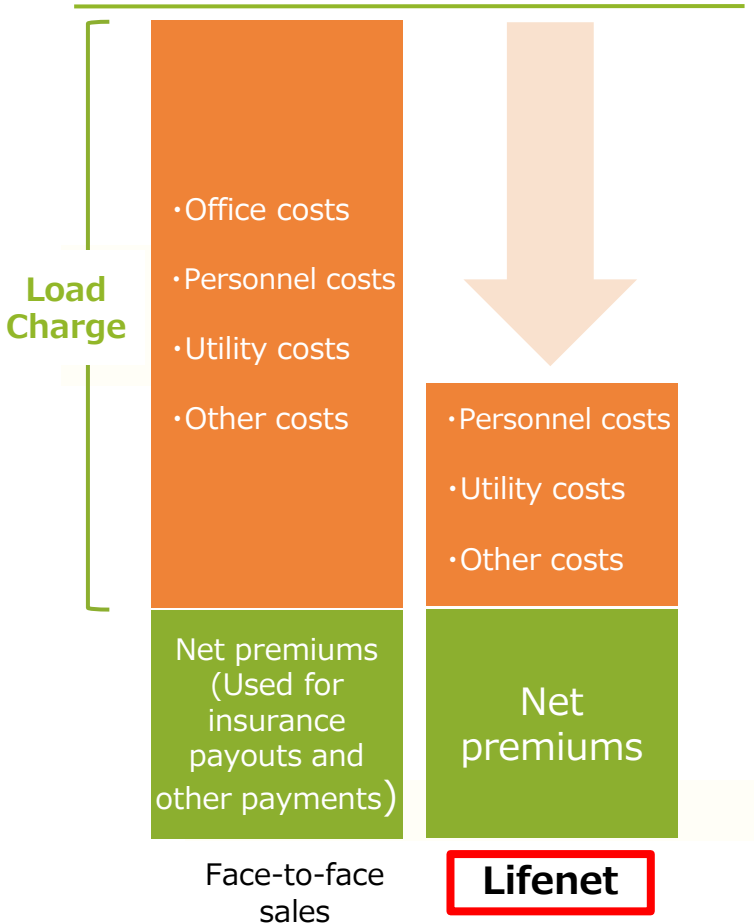
「オンライン生命保険」安さのヒミツは?

月額保険料合計 **5,092円/月** このプランで 検討を進める

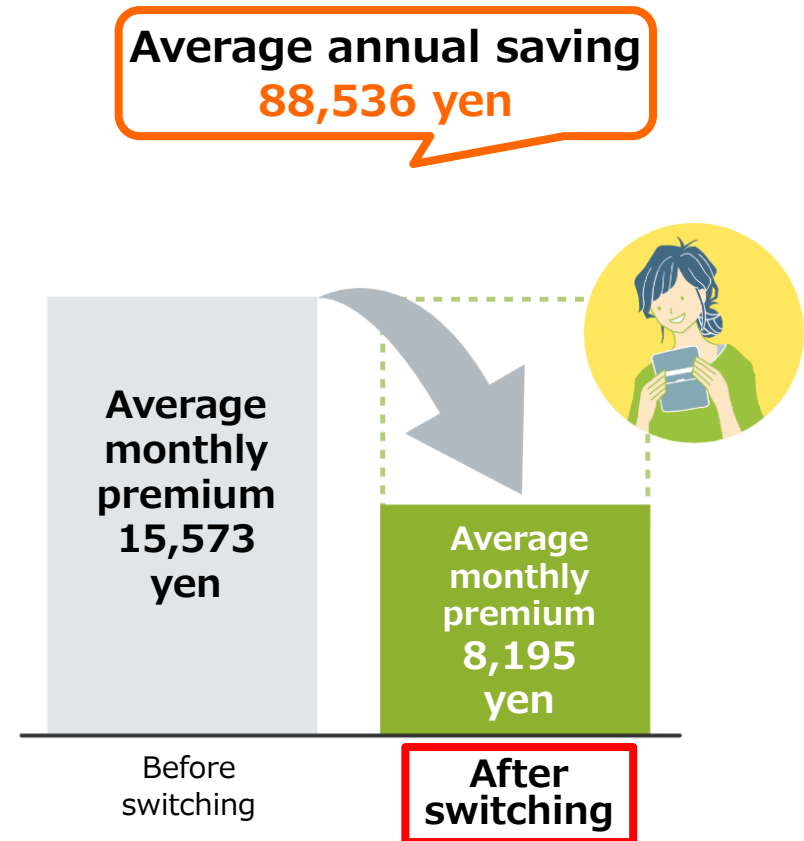
Competitively Priced Products

- We do not have sales representatives or branches for selling insurance. We use the Internet to sell our products. This enables us to control sales expenses and maintain strong cost competitiveness, while also providing products with inexpensive insurance premiums.

Structure of premium (Life insurance)



Savings of insurance premium¹ after switching to Lifenet



1. 2021 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.

- We are striving to provide the convenience that only an online insurance company can provide. We use technology to establish an environment that enables customers to request insurance consultation, apply for insurance, and claim benefits 24 hours a day, 365 days a year, as it fits into their lifestyles.

Provide convenient services by utilizing smartphones

Insurance Consultation

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



(Launched in Jul. 2016)

Application

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



(Launched in Dec. 2016)

Procedures while enrolled in a policy

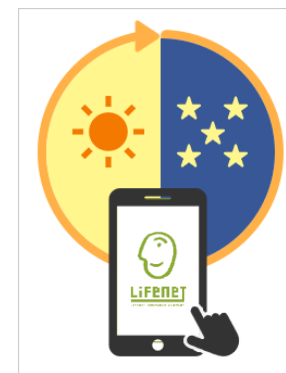
- Enable to log-in to My Page, using fingerprint and face recognition technology



(Launched in Jun. 2018)

Claim payments

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



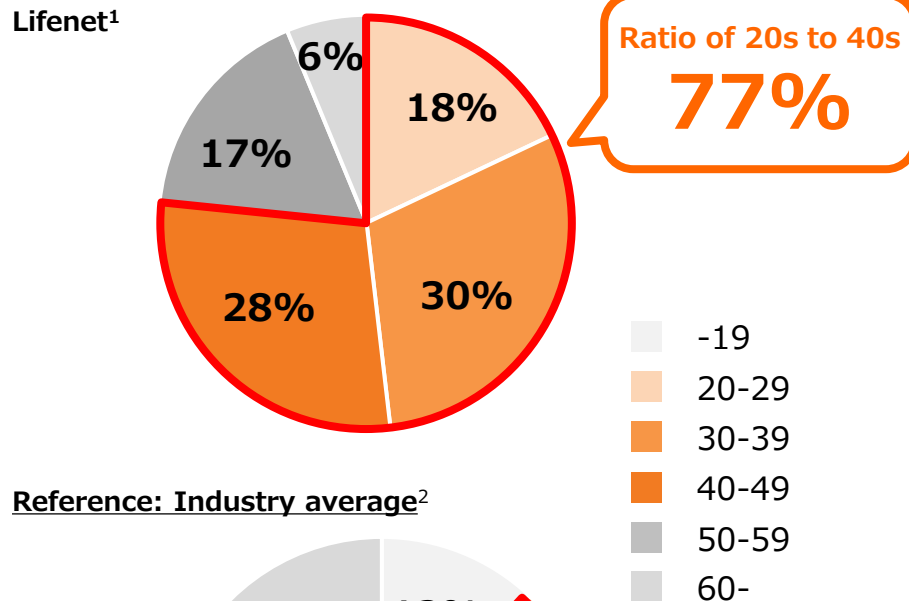
Fiscal 2021
Average Claims
Payment Period²
2.84 days

1. It is possible to omit the medical certification submission only for medical insurance. The submission is required under certain conditions.
2. Not including the number of days required to obtain lacking documents. Cases which required fact confirmation before insurance payments were made are not included when calculating the average number of days required for payment.

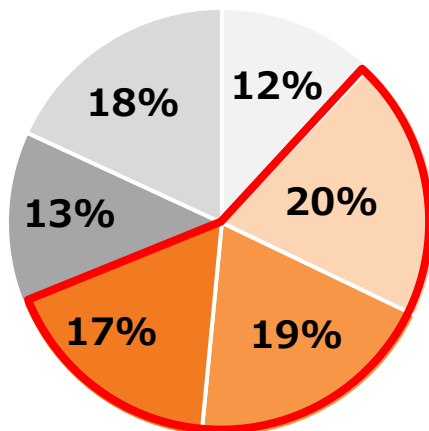
Unique Customer Base

- New customers in their 20s to 40s make up 77% of our policyholder base, with more than 50% of new policyholders taking out life insurance for the first time.
- We have maintained certain level of surrender and lapse ratio since business commencement.

Number of new policies by age group

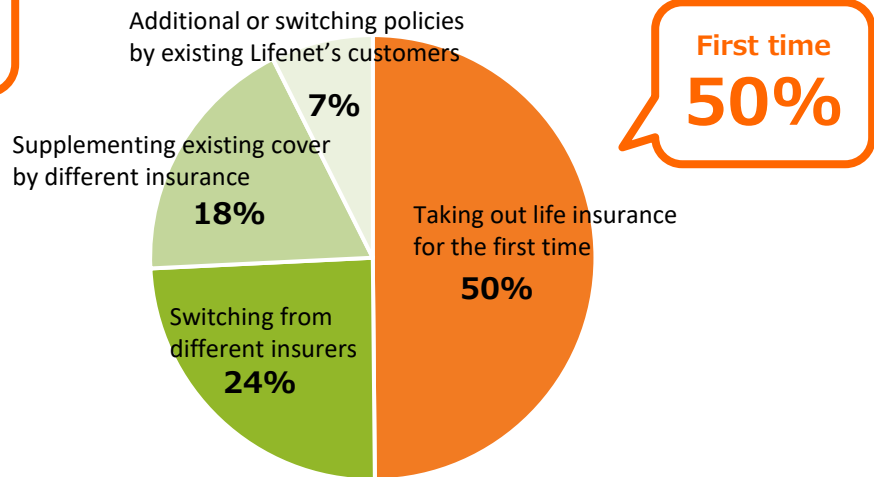


Reference: Industry average²



Customer Situation³

The share of households taking out life insurance for the first time accounted for the majority, despite the percentage of households holding policies being 90%.



Surrender and lapse ratio

Maintaining a ratio of between around 6% to 7% since business commencement in May 2008.

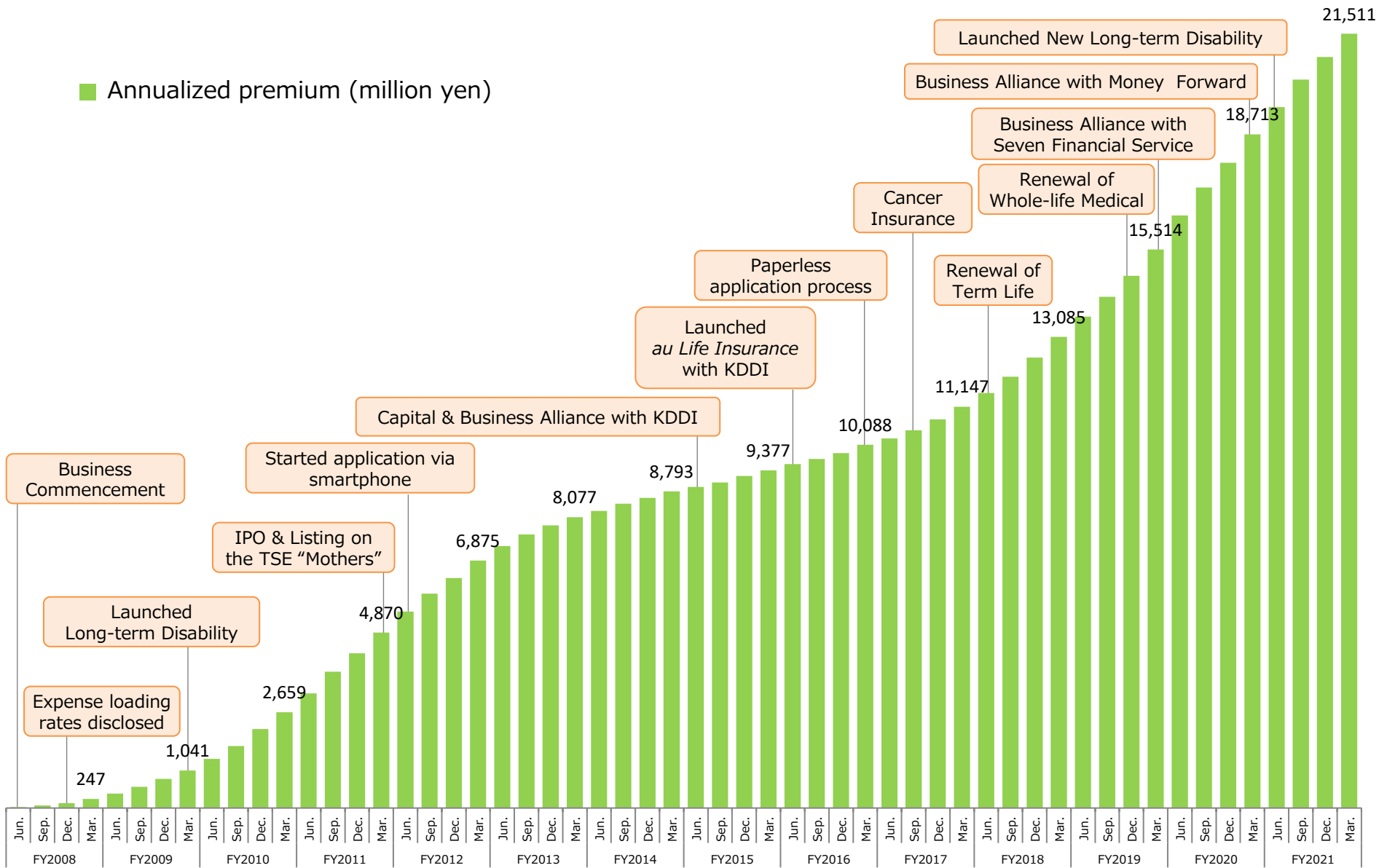
Surrender and lapse ratio in fiscal 2021: **6.6%**

1. Lifenet Insurance new customer data (FY2020, N = 100,587) compiled by Lifenet customer survey.
2. Annual statistics on customer age and gender (FY2020) compiled by The Life Insurance Association of Japan. Based on number of new policies.
3. FY2021 valid responses of 2,022.

Annualized premium growth & Initiatives

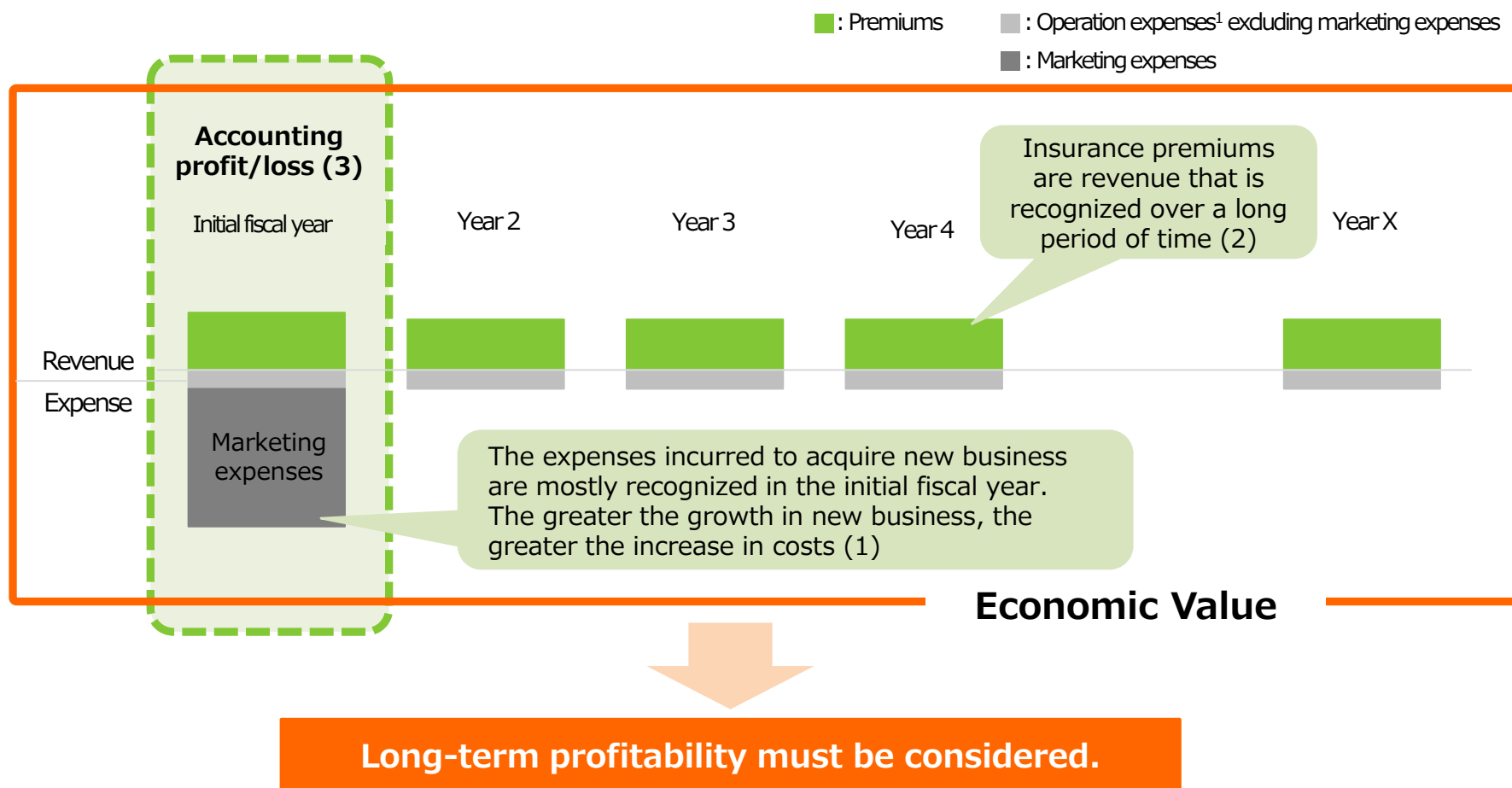
- Due to various initiatives, in-force business has increased steadily since we first commenced business. The number of policies-in-force exceeded 500,000 in February 2022.

■ Annualized premium (million yen)



Reasons for Adopting EV as Key Indicator

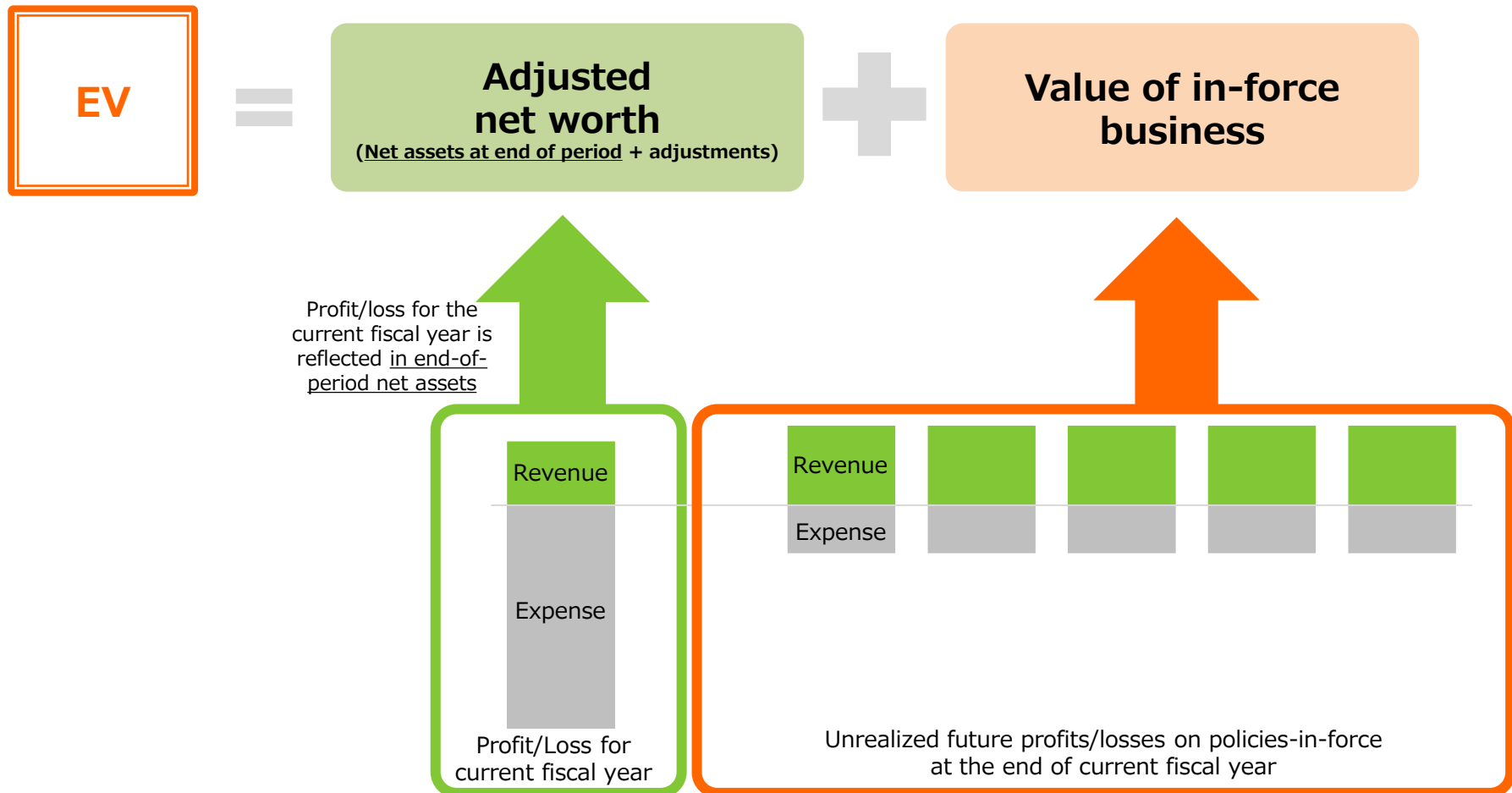
- Typically, large expenses are incurred when life insurance policies are acquired (1). However, because the profit is earned over a long period of time, there is a time lag between the recognition of costs and revenue. (2)
- In other words, the greater the growth in new business, the greater the negative impact on current period profits (3), thus necessary to look at embedded value (EV) to evaluate the corporate value of a life insurance company as it is an indicator of long-term profitability.



1. Costs for policy management, payment of insurance claims and benefit claims, etc.

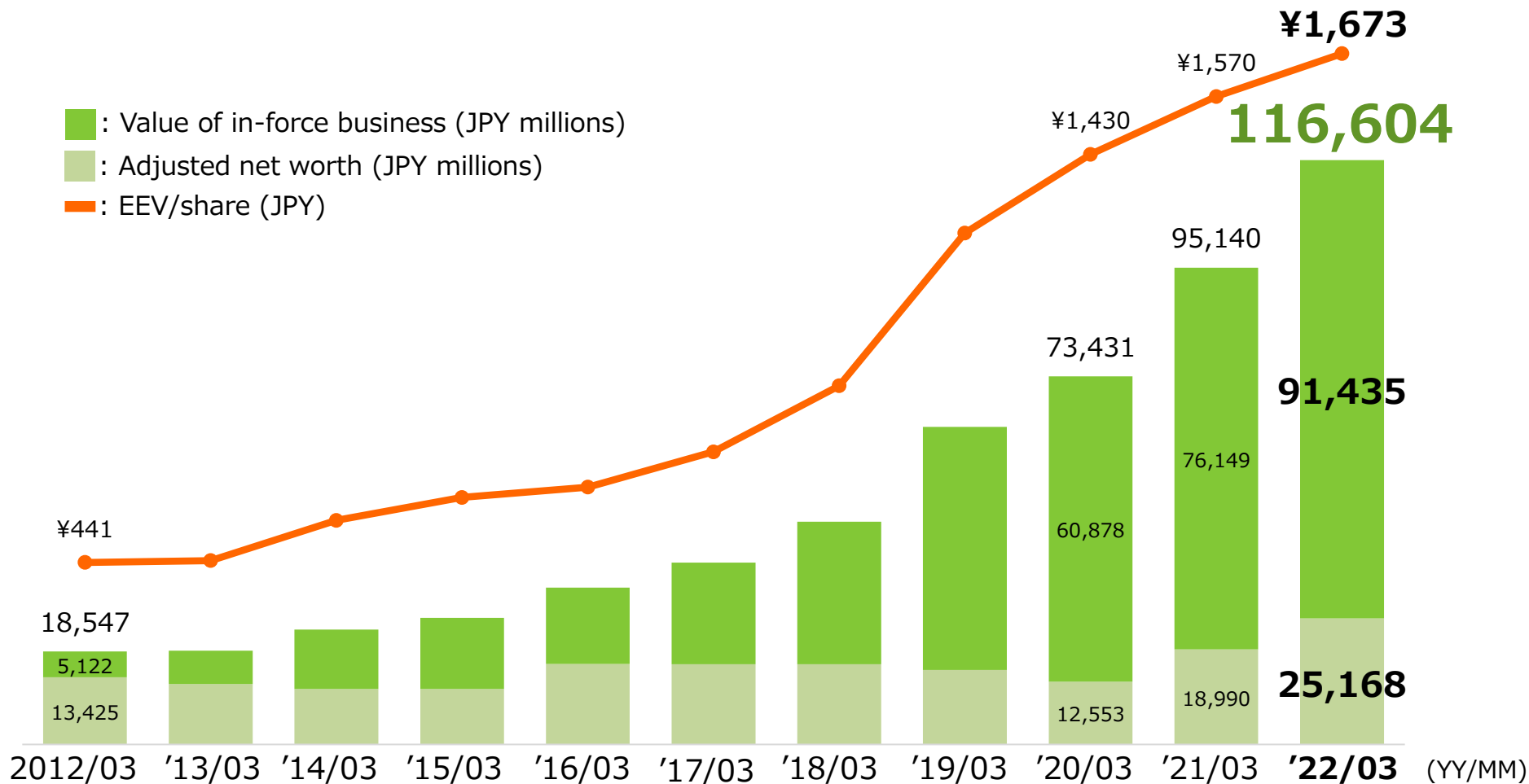
Structure of Embedded Value

- Embedded value is the indicator of long-term profitability, and is the sum of adjusted net worth and value of in-force business.
- The value of in-force business is the future profit stream that will likely be derived from current policies, discounted to present value.
- Profit/loss for the current fiscal year is reflected in end-of-period net assets. In general, an increase in new business contributes to the increase in the value of in-force business in the period.



Strong EEV¹ Growth

- EEV and value of in-force business have been growing at a CAGR of 20%² and 33%, respectively since IPO. EEV per share has also steadily increased.
- We achieved our 2018 management goal of reaching European Embedded Value of JPY100 billion yen.



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 3,040 million yen in proceeds from a third-party allotment in May 2015 and 9,005 million yen from overseas public offering in July 2020 and 9,771 million yen from overseas public offering in September 2021.

- Annualized premium¹ of policies-in-force increased by 15% from the end of the previous fiscal year to JPY21.5 billion, continuing double-digit growth.

(JPY millions)

	FY2021 Results		FY2020 Results	
Annualized premium ¹ of policies-in-force	21,511		18,713	
Annualized premium ¹ of new business	4,089		4,197	
		Of which: impact of modified co-insurance		Of which: impact of modified co-insurance
Ordinary income	26,167	4,852	20,789	2,778
Ordinary profit (loss)	(3,245)	1,283	(3,089)	804
Net income (loss)	(3,319)	1,283	(3,114)	804

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.

- We believe that customers' needs are diversifying in the online services with backdrop of the structural megatrends of digitalization of financial services. We aim for further growth and transformation into online life insurance platformer with newly raised capital.

Offering Summary

Number of Shares Offered	9,000,000 shares		
Amount Raised	JPY 9.7 billion		
Use of Proceeds	Contents	Amount Raised (JPY millions)	Amount Allocated (JPY millions) As of Mar. 2022
	Operating expenses, primarily comprising marketing expenses for acquiring new business	6,800	680
	System development costs aimed at responding to business environment changes	1,372	46
	Investments in new businesses aimed at building an online insurance platform and initiatives with Lifenet's business partners	1,500	3
Applicable Period	Between the fiscal year ending 31 March 2022 and the fiscal year ending 31 March 2026		

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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

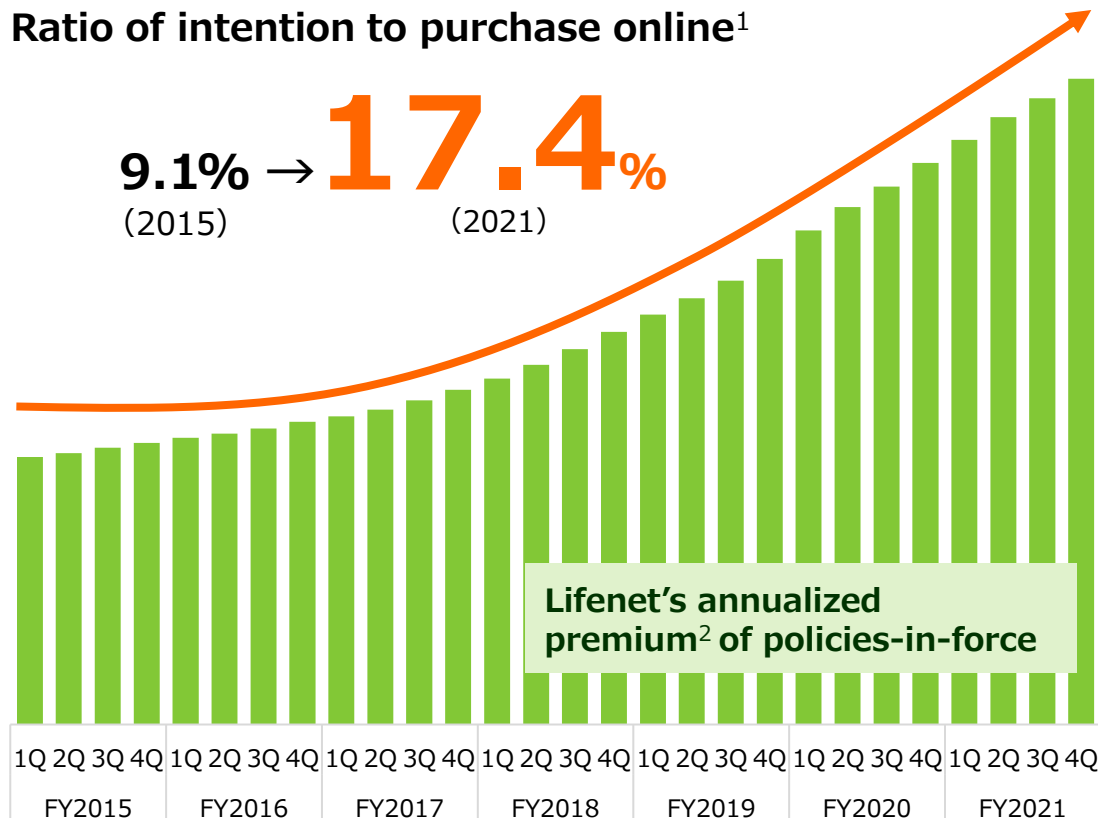
Aim to achieve EEV (European Embedded Value) of 200 billion yen by business growth in a mid-term

Growth Potential of Online Insurance Market

- We believe that the growth potential of the online life insurance market has been steadily expanding against the backdrop of the structural megatrends of digitalization of financial services. We have achieved steady growth in our in-force policies performance accordingly.

Ratio of intention to purchase online¹

9.1% → **17.4%**
(2015) (2021)



Intention increased in all generations

Ratio of intention to purchase insurance online by age group¹

	2015	2021
29 or lower	12.5%	19.2%
30s	11.2%	19.0%
40s	14.6%	23.7%
50s	13.3%	20.9%
60s	7.9%	19.9%
70 and over	2.2%	7.4%

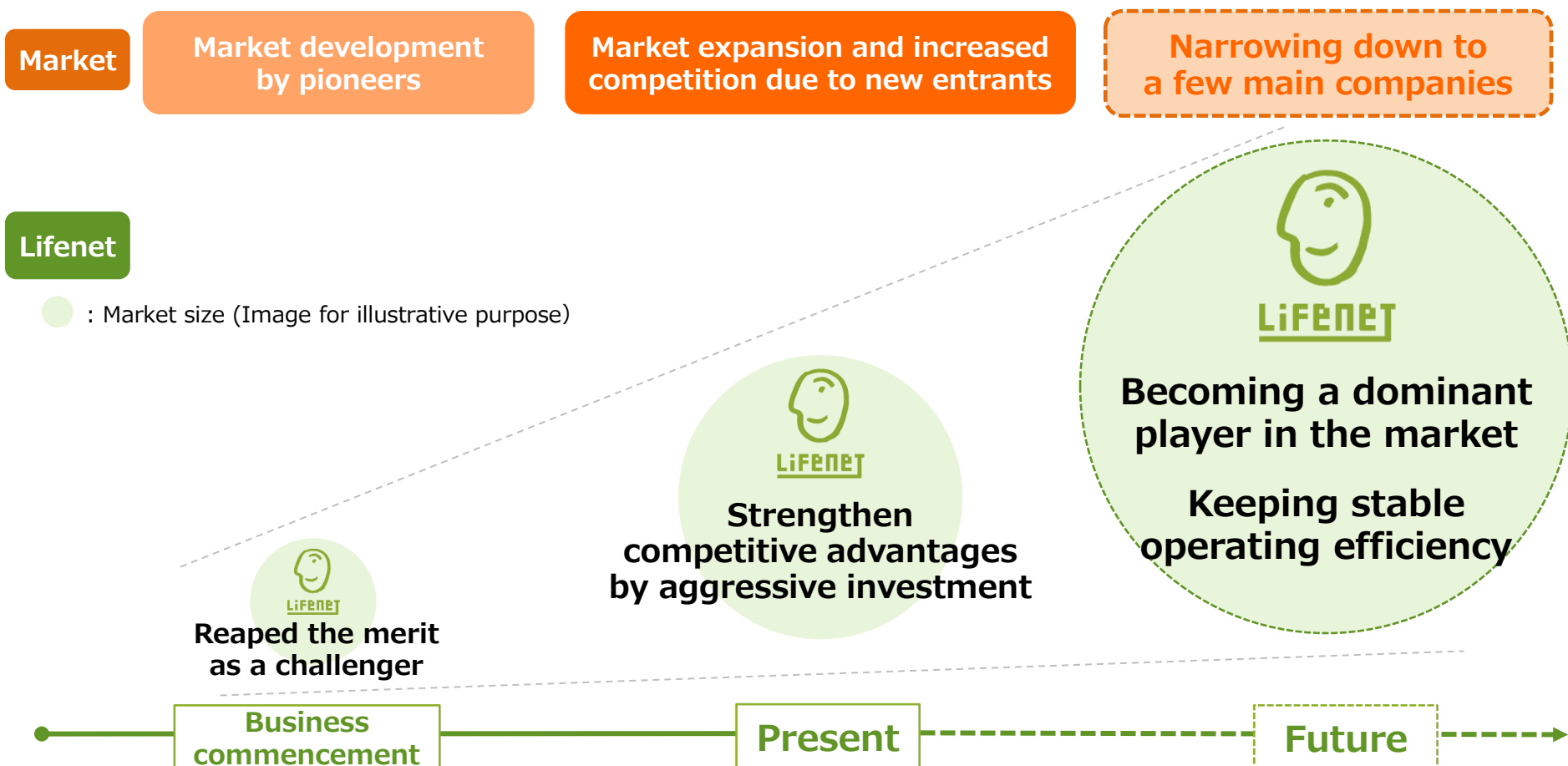
1. Nationwide Report on the Life Insurance Industry (2021) by the Japan Institute of Life Insurance

2. 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.

Competitive Landscape of Online Life Insurance Market

- In general, there are three phases in the development process of a new market, as shown in the figure: a period when a small number of players develop the market, a period when the market expands as more players compete with each other, and a period when a small number of dominant players enjoy the fruits of the expanded market.
- We will maintain and strengthen the competitive advantage and will enhance investment for growth more than ever to solidify our position as the number one player in the online life insurance market.

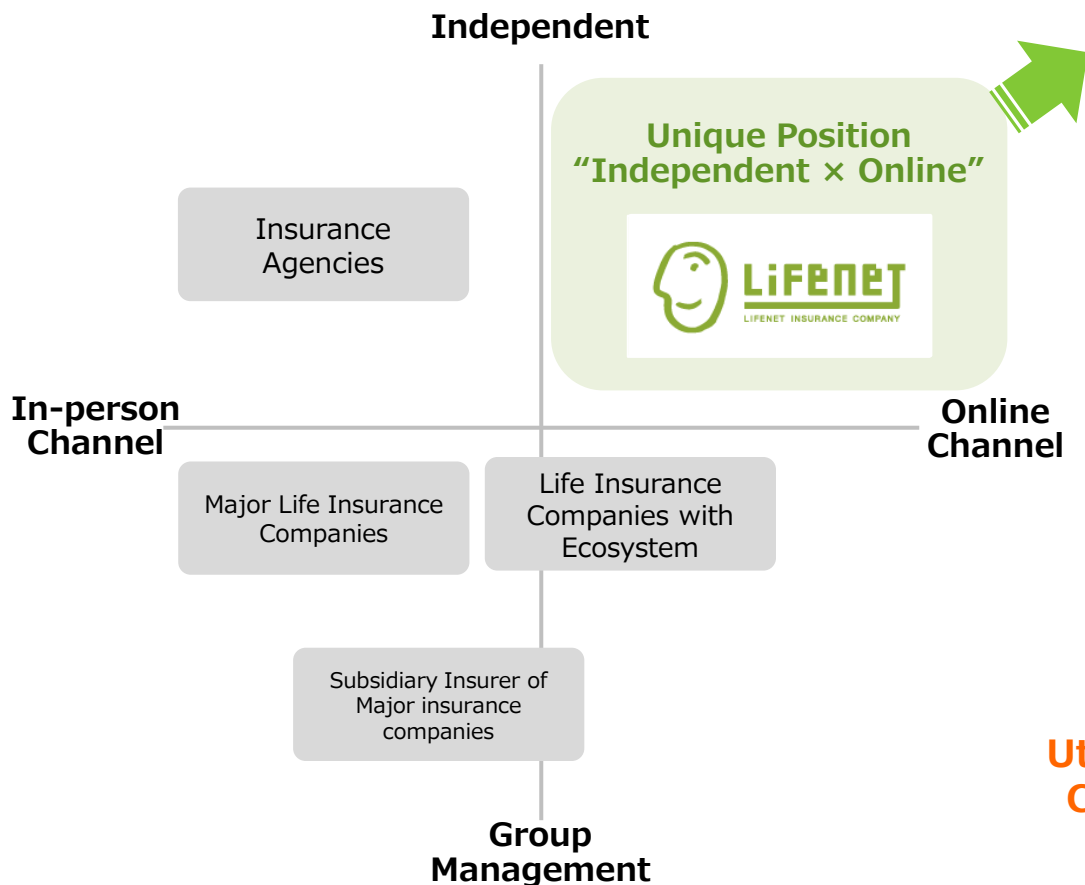
Expansion of online life insurance market and Lifenet's position (Image for illustrative purpose)



Our Unique Position

- By retaining independent administration, Lifenet has consistently realized customer-oriented management based on LIFENET philosophy since our business commencement, while taking advantage of our uniqueness to conduct business online.
- We continue to provide Comprehensible, Cost-competitive and Convenient products and services through direct sales on the Internet, and we also utilize various partnerships to deliver our value to customers.

Our Position in the life insurance market



Our Unique Value

- **Strength of "Independent"**
 - Customer-oriented business
 - Partnership with companies or agencies that empathize LIFENET philosophy
- **Strength of "Online Channel"**
 - Simple and easy-to understand coverage
 - Competitively priced products
 - 24H available application with smartphone

Utilizing the Internet to provide New and Customer-Oriented life insurance value

- We will aggressively invest in three areas: business, system, and organization. We aim for achieving strong growth to maintain and strengthen the competitive advantage we have built up to date as an independent online life insurer, and to solidify our position as the No. 1 online life insurer.

Business



- **Continuously enhance UI/UX for website and strengthen sales channel**
- **Expand platform business**

System



- **Optimize customer touchpoint**
- **Deploy a cloud-based system and improve infrastructure cost efficiencies**

Organization



- **Promote recruitment of diverse talent**
- **Provide opportunities for challenge and growth**

Growth on Two Main Channels

- We aim to achieve double-digit growth in in-force business performance on two pillars: the Internet direct channel and the White label channel.

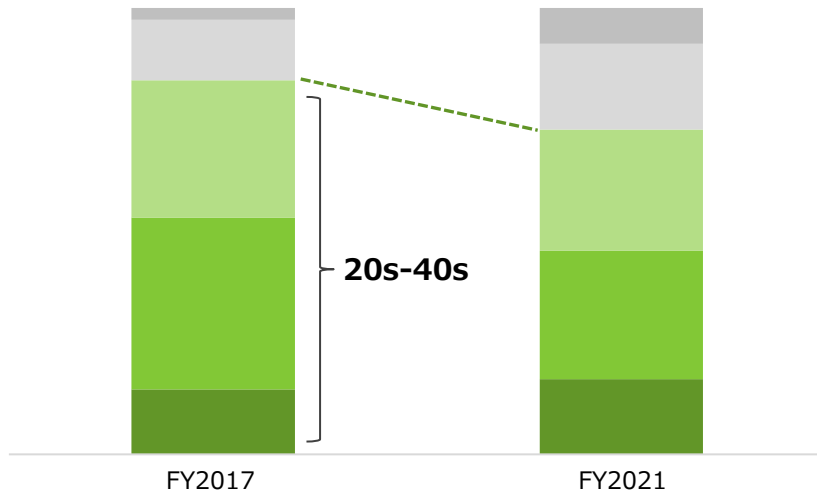
Internet direct channel

Strengthening touchpoint with young generation

- Work on diversification of promotions and appeal to young generations effectively



New policyholders' distribution by age group¹

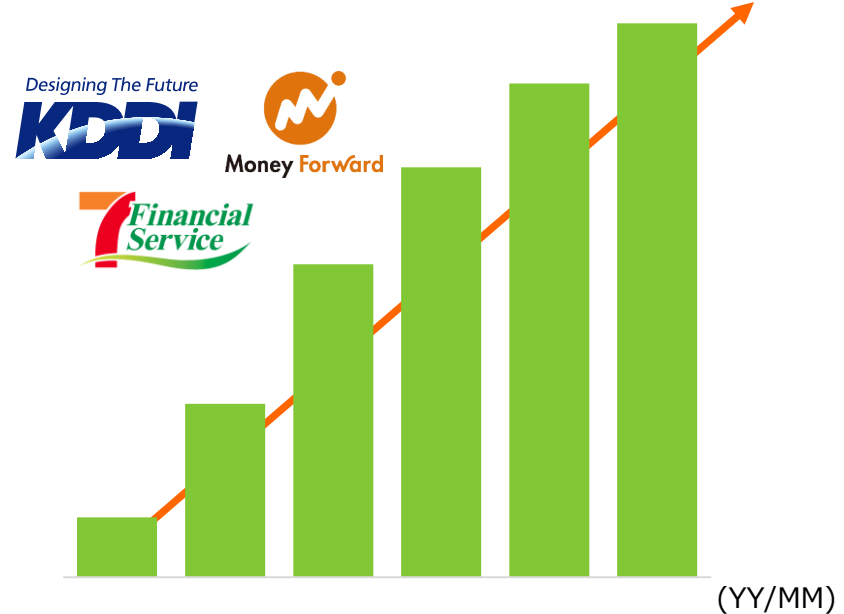


White label channel

Providing new customer experiences with existing partners

- Aim to lead initiatives leveraging the assets of partner companies
- Exploring the possibility of new partners

Annualized premium² of policies-in-force from white label channel

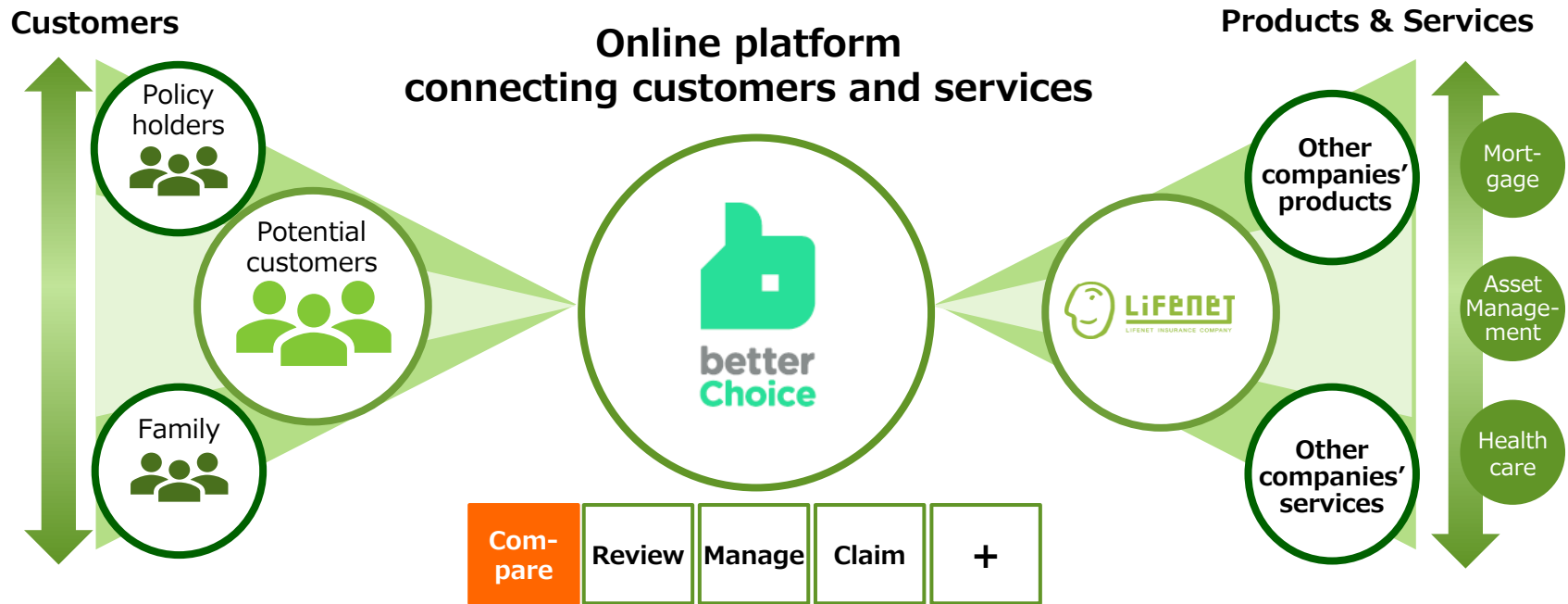


1. Based on the number of Lifenet's new policyholders in each fiscal year
 2. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Journey to Platformer

- We established a subsidiary in FY2021 with the goal of becoming an online life insurance platform. From FY2022, we will focus particularly on the online insurance agency business and strive to build the foundation with aim of offering all online insurance products.
- In the future, we will become a platform that provides online solutions to consumers' concerns and issues regarding financial services, including insurance.

Online insurance platform (Image for illustrative purpose)



FY2021

FY2022

Established Lifenet MIRAI Inc.

- Launched insurance agency business and insurance policy management services
- Approximately 20 products are listed on our platform

Focus on online insurance agency business

- Expand the number of products and aim for listing all online insurance products (about 100 products) in the future
- Enhance function and customer attraction of our website

Investment in System Development

- From FY2022, we will aggressively invest in the development of back-end infrastructure in addition to the front-end infrastructure.
- Through these investments, we will build a robust system structure that can improve operating expenses ratio and flexibly accommodate future business expansion.

FY2021

Revamping the front-end infrastructure

Agile development

Cloud migration

- Accelerate speed of UI/UX development and improvement
- Improve scalability and on-demand performance

From FY2022

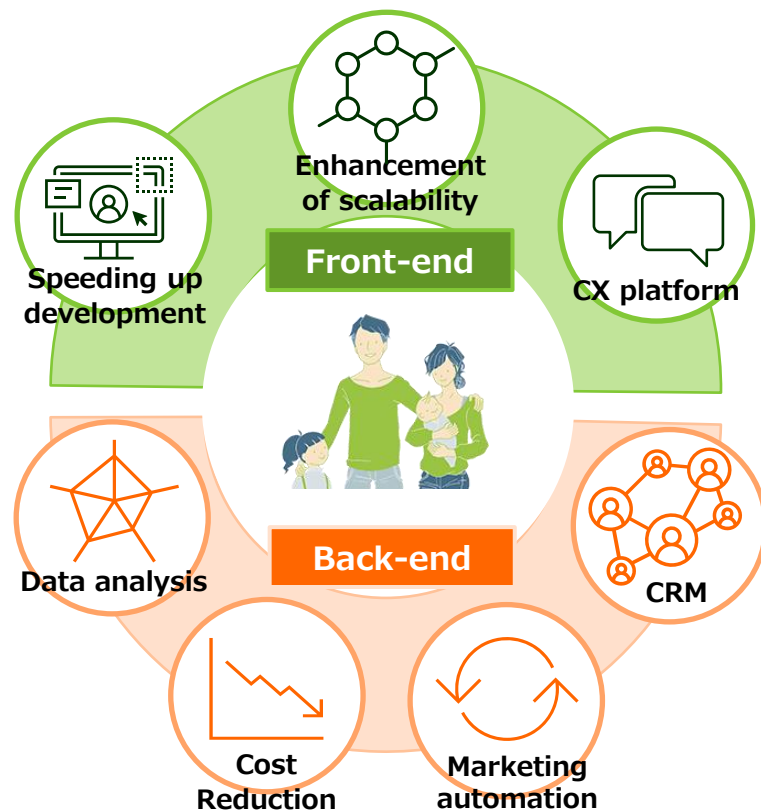
Renewal of the back-end infrastructure

Cloud migration

CRM

Data driven marketing



- Innovate CX by improving the efficiency of data analysis and optimizing touch points with customers
- Reduce operating expenses by improving efficiency of infrastructure cost



- Since our business commencement in 2008, we have been hiring people with diverse backgrounds, free from industry norms, in order to provide new life insurance value from the customer's perspective.
- From FY2022, we will invest in human capital for sustainable growth of corporate value through aggressive recruitment, promotion of diversity and our personnel system that supports the growth and challenges of the organization and individuals.

Our Guiding Principles

Lifenet philosophy:
Embracing diversity and dialogue to keep us abreast of changing needs and preferences.

	Areas	Ongoing Initiatives	New investment from FY2022
<p>PRIDE Index Gold Rating for 6th consecutive year¹</p> <p>work with Pride</p>  <p>the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program²</p> 	Diversity & Inclusion	<ul style="list-style-type: none"> • Retain diverse workforce (1)(2) • Training program for employees 	<p>1. Strengthen recruitment activities centering on system engineers</p>
	Engagement of employees	<ul style="list-style-type: none"> • Quarterly engagement surveys • Periodical 1-on-1 meetings 	
	Human resource development	<ul style="list-style-type: none"> • Support career enhancement • Personnel system to encourage the growth and challenge (3) 	<p>2. Target 30%+ of women in leadership positions</p>
	Healthcare	<ul style="list-style-type: none"> • Support system for work with cancer treatment • Periodical physical/mental health check-ups 	
	Comfortable workplace	<ul style="list-style-type: none"> • System for flexible working system and work-from-home • Selectable working style 	<p>3. Promote organizational and individual growth and challenge</p>

1. The PRIDE Index hosted by work with Pride is the benchmark for better working environment for LGBTQ in Japan.
 2. Operated by the Ministry of Economy, Trade and Industry and The Nippon Kenko Kaigi

Initiatives for Sustainability

- LIFENET philosophy is the heart of our company's sustainability.
- In order to continue to be needed by policyholders as an insurance company and to be supported by shareholders and investors as a publicly listed company, we will promote initiatives for sustainability and enhance disclosure based on our philosophy.

FY2021

- Explained the following initiatives since business commencement
 - Enhancement of corporate governance
 - Customer-oriented business conduct
 - Adaption to social changes
- Launched new Sustainability webpage



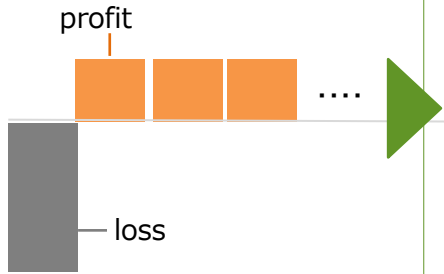
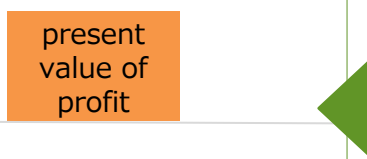

From FY2022

- Further information disclosure based on LIFENET philosophy
- Continue to communicate with ESG rating agencies

<https://ir.lifenet-seimei.co.jp/en/sustainability.html>

Adoption of International Financial Reporting Standards

- We aim for the voluntary adoption of IFRS 17 from FY2023 to provide financial information with high international comparability and to represent our performance more appropriately. After the voluntary adoption of IFRS, we expect to record a profit continuously from the initial year of adoption under IFRS¹.
- Capital adequacy² and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS.

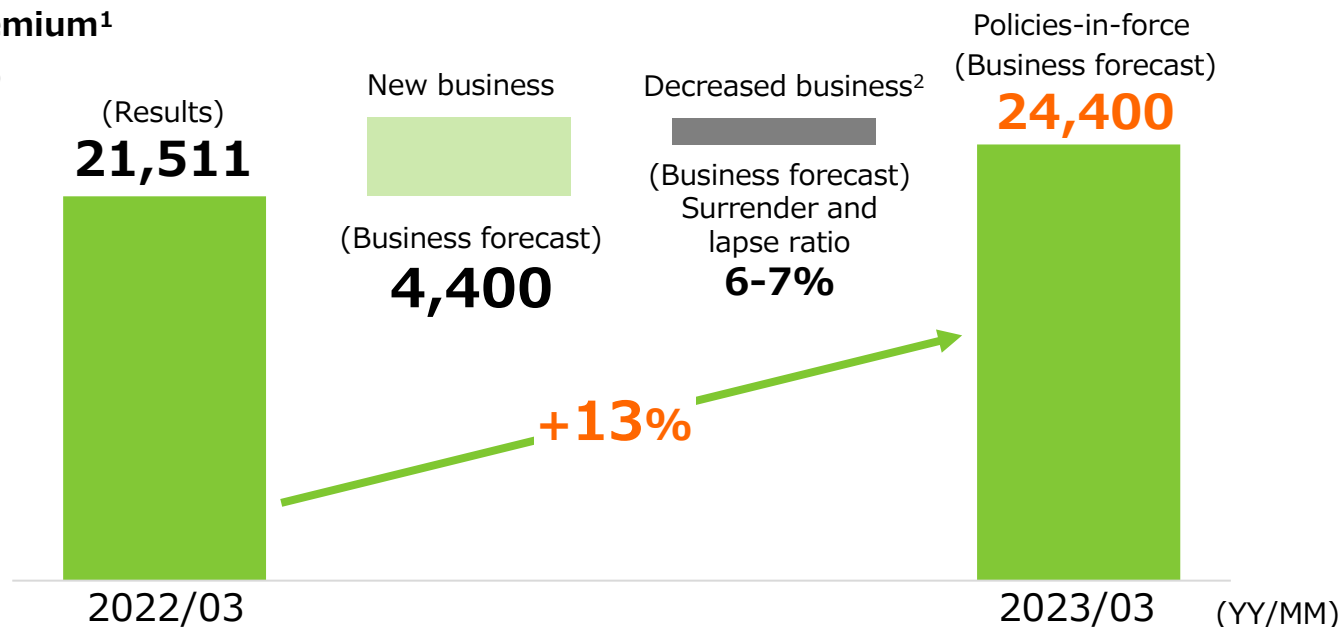
	Statutory accounting (J-GAAP)	Embedded value/ Value of new business	IFRS 17
Main objective	Policyholder protection	Economic value of insurance policies	Useful for investors' decision-making
Evaluation of insurance liabilities (policy reserves)	<ul style="list-style-type: none"> • Conservative • Historical locked-in assumptions at policy inception 	<ul style="list-style-type: none"> • Best estimate based on experience • Review periodically 	<ul style="list-style-type: none"> • Best estimate based on experience • Review periodically
Timing of profit recognition (impact of new business acquisition)	<p><u>The 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> 

1. IFRS adoption is still in the preliminary stage, and the estimate is based on the current approximation. It is unaudited information and may differ from the actual financial information under IFRS to be disclosed in the future.
 2. Regarding capital adequacy, economic value-based solvency regulation is being considered for implementation toward 2025.

- We aim for double-digit growth in in-force business in FY2022.

Annualized premium¹

(JPY millions)



(JPY millions)	FY2022 Forecast	of which impact of modified co-insurance	FY2021 Results	of which impact of modified co-insurance
Ordinary income	30,300	6,300	26,167	4,852
Ordinary profit (loss)	(3,400)	1,000	(3,245)	1,283
Net income (loss)	(3,400)	1,000	(3,319)	1,283

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.
2. Including death, expiration and others in addition to surrender and lapse.

Future Direction

- In FY2022, we will continue our efforts to achieve double-digit growth in in-force business. We will also strive to be an online life insurance platformer, while aiming for the voluntary adoption of IFRS 17.
- On this basis, in FY2023, we expect to record a profit under IFRS and aim to achieve our management goal of JPY200 billion in EEV in a medium term.

FY2021

- Achieved JPY100 billion in EEV, and updated the Goal to JPY 200 billion
- Exceeded 500,000 number of policies-in-force, up to 15% YoY
- Raised growth capital

FY2022

- Continue double-digit growth in in-force business under the structural changes
- Invest in transformation into online life insurance platformer
- Aim for voluntary adoption of IFRS in FY2023

FY2023

Expect to record an accounting profit under IFRS 17¹

Mid-term

Management goal
Achieve EEV of JPY 200 billion

1. IFRS adoption is still in the preliminary stage, and the estimate is based on the current approximation. It is unaudited information and may differ from the actual financial information under IFRS to be disclosed in the future.

I . Company Overview and Japanese Life Insurance Industry Trends

II . Business Model

III . Growth Strategy

IV . Risk Information

Major Risks (1/4)

- We categorize 27 risks into "business strategy risks," "insurance underwriting risks," "market risks, credit risks and liquidity risks," and "operational risks". Of these, the risks that are of particular significance in terms of their impact if they occur and possibility of occurrence are as follows.

Category	Major Risks	Severity
A. Business strategy risks	A-1 Competition in the life insurance industry	○
	A-2 Investment in marketing expenses	
	A-3 Change in relationship with, or performance of business partners	-
	A-4 Demographic movements in Japan	
	A-5 Climate change	
	A-6 Sustainability	
	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	
B. Insurance underwriting risks	B-1 Change in Mortality and morbidity	
	B-2 Accumulation of policy reserves	-
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	

- Our inherent risks in the operation of life insurance business and our measures to the risks are as follows.

Major risk	Priority High (Occurrence and severity)	Measures
<p>■ Competition in the life insurance industry</p> <p>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.</p> <p>If we are not able to maintain our competitive advantages in the Internet direct channel, 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 Lifenet's business and our financial performance.</p>	<p>With the digitization of financial services and the spread of the COVID-19 pandemic, new players are entering the market because life insurance companies with face-to-face channel are pressured to go online partially. 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. We will maintain and strengthen the competitive advantage we have built up in the online life insurance market by taking advantages of our experience to date such as aggressively investing in marketing expenses, expanding our white-label business, selling other companies' products through our agency representation program.</p>
<p>■ Investment in marketing expenses</p> <p>The Company 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, marketing expenses efficiency may decrease, which could have an adverse effect on the Lifenet'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 marketing expenses efficiency. We believe that regular monitoring and analysis and appropriate controls will reduce the potential of risk occurrence related to the investment in marketing expenses.</p>	<p>The Company will make decisions on the investment in marketing expenses while regularly monitoring and analyzing the balance between the growth of new business and marketing expense efficiency.</p>

Major risk

■ 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.

■ 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.

In addition, the value of future cash flows of insurance policies and EEV (European Embedded Value) or economic value-based capital, which reflects these future cash flows and represents corporate value, are also affected by changes in interest rates.

If market conditions were to fluctuate significantly beyond our ability to cope with, our financial condition and results of operations could be adversely affected.

Priority High (Occurrence and severity)

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.

We recognize that the probability of interest rate fluctuations has increased amid the current significant changes in the world economy and international political situation under the influence of the COVID-19 pandemic and the situation in Ukraine.

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.

Measures

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. The Company 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.

We set risk limits for market risk including interest rate risk and regularly monitor their status. We review asset investment policies as necessary. In addition, through organizations like the ALM Committee which is established for ALM (Asset Liability Management: comprehensive management of assets and liabilities), the Company manages the balance of interest rate risk carried by both assets and liabilities.

Major risk

■ System failures

The Company 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.

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.

Priority High (Occurrence and severity)

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.

Measures

The Company 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.

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.

※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).



This material is based on information as of June 2022. 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.

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