

February 12, 2025  
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LIFENET INSURANCE COMPANY  
(Securities Code: 7157, TSE Growth)

## **Consolidated Financial Results for 3Q of Fiscal 2024 Ending March 31, 2025 (IFRS)**

**Comprehensive Equity as new management indicator was 165,229 million yen**

TOKYO, February 12, 2025 - LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori, URL: <https://ir.lifenet-seimei.co.jp/en/>) discloses the consolidated financial results for the third quarter of fiscal 2024 ending March 31, 2025.

### **1. Overview of the financial results for 3Q of fiscal 2024 ended December 31, 2024**

#### **(1) Business results**

##### **Condition of policies-in-force**

Annualized premium<sup>\*1</sup> of policies-in-force for individual life insurance and group credit life insurance ("GCL") combined as of the end of 3Q of fiscal 2024 stands at 33,348 million yen (116.0% of March 31, 2024). Annualized premium of policies-in-force for individual life insurance was 26,434 million yen (104.0% of March 31, 2024), and annualized premium of policies-in-force for GCL was 6,914 million yen (207.9% of March 31, 2024) partly due to the revision of premium rate in July 2024.

The business performance of individual life insurance is as follows. The number of policies-in-force resulted in a total of 626,146 (104.2% of March 31, 2024). Annualized premium of new business for the nine months ended December 31, 2024 was 2,105 million yen (102.1% of the nine months ended December 31, 2023) and the number of new business was 52,762 (102.5% of the nine months ended December 31, 2023). Surrender and lapse ratio<sup>\*2</sup> for the nine months ended December 31, 2024 was 5.7% (6.5% of the nine months ended December 31, 2023).

<sup>\*1</sup>: 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, we calculate annualized premium as multiplying the monthly premium (for GCL, expected premium income for the next month based on the in-force business) by 12 months.

<sup>\*2</sup>: The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

## Results of operations

(In millions of yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024	Change
Insurance revenue	18,087	22,041	3,953
Insurance service results	6,275	7,193	918
Financial results <sup>*3</sup>	276	(67)	(343)
Other results <sup>*4</sup>	(335)	(241)	93
Net income (loss) before income taxes	6,215	6,884	668
Net income (loss) attributable to owners of the Company	4,365	4,956	591

Insurance revenue for the nine months ended December 31, 2024 increased to 22,041 million yen (121.9% of the nine months ended December 31, 2023). Insurance revenue for individual life insurance and GCL was 18,006 million yen and 4,034 million yen, respectively. As for individual life insurance, the main components of insurance revenue were 8,276 million yen in expected claims and maintenance costs<sup>\*5</sup> (“expected claims”), 1,196 million yen in change in risk adjustment for non-financial risks related to extinguished risks (“risk adjustment release”) and 5,542 million yen in CSM<sup>\*6</sup> recognized for services provided (“CSM release”). Insurance service results increased to 7,193 million yen (114.6% of the nine months ended December 31, 2023) mainly due to an increase in CSM release and profit from GCL. Financial results were 67 million yen loss due to the recording of foreign exchange loss. Other results were 241 million yen loss mainly because of recording expenses not directly related to insurance services.

As a result, net income before income taxes was 6,884 million yen (110.8% of the nine months ended December 31, 2023). Net income attributable to owners of the Company was 4,956 million yen (113.5% of the nine months ended December 31, 2023).

With respect to expenses related to insurance contract incurred for the nine months ended December 31, 2024, insurance acquisition cash flows, which are cost directly attributable to the acquisition of insurance contract groups, the sum of expenses related to marketing, underwriting and systems, etc., were 7,128 million yen (110.1% of the nine months ended December 31, 2023). In addition, maintenance costs, which are not included in insurance acquisition cash flows, were 3,761 million yen (113.9% of the nine months ended December 31, 2023).

\*3: Financial results are mainly total of investment results from financial assets, insurance finance income or expense and reinsurance finance income or expense.

\*4: Other results are the costs not directly related to insurance services and income/loss other than insurance business including product development costs and results of subsidiaries.

\*5: Maintenance costs are the costs directly related to fulfilling contracts and not included in insurance acquisition cash flows. They are mainly included in costs related to maintenance of insurance contracts and overhead costs for providing insurance services.

\*6: CSM stands for Contractual Service Margin, which represents the unearned profit that the company will recognize as it provides services over the coverage period.

## (2) Financial condition

### Assets, liabilities and equities

Total assets as of December 31, 2024 amounted to 118,549 million yen (112,417 million yen as of March 31, 2024). The major account balances were 60,959 million yen in investment securities mainly consisting of government bonds and corporate bonds with high credit ratings and 33,523 million yen in insurance contract assets. Although insurance contracts are generally recorded as liabilities, the Lifenet Group (the “Group”) records them as insurance contract assets because the insurance contract liabilities in individual life insurance are negative as shown in the table below. Breakdown of insurance contract liabilities are present value of future cash flows of minus 146,120 million yen, risk adjustment of 22,597 million yen and CSM of 89,999 million yen, which are related to individual life insurance. In addition, contracts measured under the premium allocation approach of 708 million yen, which are related to GCL, were recorded as insurance contract liabilities.

Breakdown of insurance contract liabilities

	(In millions of yen)
Present value of future cash flows (claims minus premiums)	(146,120)
Risk adjustment	22,597
CSM	89,999
Insurance contract liabilities related to individual life insurance: total	(33,523)
Insurance contract liabilities related to GCL (Contracts measured under the premium allocation approach)	708

Liabilities amounted to 24,159 million yen as of December 31, 2024 (21,535 million yen as of March 31, 2024). The major account balance was 19,947 million yen in deferred tax liabilities.

Equities amounted to 94,390 million yen as of December 31, 2024 (90,882 million yen as of March 31, 2024), due to the recording of net income for the nine months ended December 31, 2024.

The consolidated solvency margin ratio, one of the indicators used in administrative supervision to determine the soundness of management, was 1,829.6% as of December 31, 2024, which indicated that an adequate level of solvency capacity is maintained.

## (3) Management indicator “Comprehensive Equity”

The Group announced its new mid-term business plan from fiscal 2024 to fiscal 2028 on May 14, 2024. As the Group has applied IFRS since fiscal 2023, the plan sets Comprehensive Equity<sup>\*7</sup> based on IFRS as a key management indicator representing our corporate value. The management goal is to achieve Comprehensive Equity of 200 billion yen to 240 billion yen in fiscal 2028. Comprehensive Equity as of the end of 3Q of fiscal 2024 was 165,229 million yen (103.4% of March 31, 2024).

<sup>\*7</sup>: Comprehensive Equity is an indicator defined by the Group. It is the sum of “Equity (attributable to owners of the Company)” on the IFRS consolidated statement of financial position (B/S), “CSM”, a liability representing unearned profit that the Group expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and “GCL contracts value”, which is the value of future IFRS earnings, including future renewals for GCL policies-in-force. 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.

## (4) Business forecasts

The consolidated business forecasts for fiscal 2024 announced on May 14, 2024 remains unchanged as shown below.

(In millions of yen)

	Annualized premium of policies-in-force	Insurance revenue	Insurance service results	Net income attributable to owners of the Company
Business forecasts for fiscal 2024 (May 14, 2024)	34,000	30,000	8,900	6,200
(Reference) Business results for fiscal 2023	28,750	24,698	8,222	5,734

(Reference) Breakdown of business forecasts for annualized premium of policies-in-force

(In millions of yen)

	Individual Life Insurance	Group Credit Life Insurance	Total
Business forecasts for fiscal 2024 (May 14, 2024)	27,200	6,800	34,000
(Reference) Business results for fiscal 2023	25,424	3,326	28,750

If the introduction of the special defense corporation tax, which is currently being considered by the National Diet of Japan, is approved in fiscal 2024 ending March 31, 2025, the effective statutory tax rate will increase from 28.00% to 28.93% and is expected to have a one-time impact mainly on net income attributable to owners of the Company for fiscal 2024, and Comprehensive Equity at the end of March 2025<sup>\*8</sup>. The impact is projected to be a decrease in net income of approximately 600 to 700 million yen and a decrease in Comprehensive Equity of approximately 1.5 to 2.0 billion yen<sup>\*9</sup>.

<sup>\*8</sup>: Deferred tax liabilities recorded in previous years will be recalculated using the new tax rate, and the increase will be recorded as a lump sum in income taxes expense in fiscal 2024. There will be no impact from the recalculation in subsequent years.

<sup>\*9</sup>: Based on our projection as of the end of 3Q of fiscal 2024, it is subject to change.

## 2. Consolidated Financial Statements

The following financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

### (1) Consolidated statement of financial position

	(In millions of yen)	
	Mar. 31, 2024	Dec. 31, 2024
<b>ASSETS</b>		
Cash and cash equivalents .....	24,423	17,743
Derivative assets .....	0	—
Investment securities .....	51,564	60,959
Other financial assets .....	1,073	1,163
Income tax receivable .....	17	5
Insurance contract assets .....	32,378	33,523
Reinsurance contract assets .....	571	600
Property and equipment .....	62	570
Right-of-use assets .....	110	1,271
Intangible assets .....	1,892	2,017
Other assets .....	322	693
Total assets .....	<u>112,417</u>	<u>118,549</u>
<b>LIABILITIES</b>		
Derivative liabilities .....	171	618
Other financial liabilities .....	1,485	1,062
Insurance contract liabilities .....	685	708
Reinsurance contract liabilities .....	78	15
Provisions .....	34	165
Lease liabilities .....	110	1,366
Deferred tax liabilities .....	18,610	19,947
Other liabilities .....	357	275
Total liabilities .....	<u>21,535</u>	<u>24,159</u>
<b>EQUITY</b>		
Share capital .....	26,617	26,652
Capital surplus .....	26,550	26,585
Retained earnings .....	33,481	38,438
Treasury shares .....	(0)	(0)
Other components of equity .....	4,221	2,702
Total equity attributable to owners of the Company	<u>90,870</u>	<u>94,379</u>
Non-controlling interests .....	11	11
Total equity .....	<u>90,882</u>	<u>94,390</u>
Total liabilities and equity .....	<u>112,417</u>	<u>118,549</u>

## (2) Consolidated statement of profit or loss

	(In millions of yen)	
	Nine months ended Dec. 31	
	2023	2024
Insurance revenue .....	18,087	22,041
Insurance service expense .....	(11,377)	(14,209)
Net expenses from reinsurance contract held .....	(435)	(637)
Insurance service result .....	6,275	7,193
Interest income .....	272	716
Impairment losses on financial assets, net .....	(3)	(4)
Other financial income .....	102	(728)
Net investment income .....	371	(16)
Insurance finance income (expense) .....	(104)	(64)
Reinsurance finance income (expense) .....	9	13
Other revenue .....	33	89
Other expense .....	(367)	(322)
Other financial expense .....	(2)	(9)
Net income (loss) before income taxes .....	6,215	6,884
Income taxes expense .....	(1,855)	(1,927)
Net income (loss) .....	4,359	4,956
Net income (loss) attributable to:		
Owners of the Company .....	4,365	4,956
Non-controlling interests .....	(6)	(0)
Net income (loss) .....	4,359	4,956
Net income (loss) per share attributable to owners of the Company		
Basic .....	59.08	61.73
Diluted .....	—	—

## (3) Consolidated statement of comprehensive income

	(In millions of yen)	
	Nine months ended Dec. 31	
	2023	2024
Net income (loss).....	4,359	4,956
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Financial assets measured at fair value through other comprehensive income .....	(309)	(728)
Insurance finance income (expense).....	35	(990)
Reinsurance finance income (expense).....	(10)	199
Items that may be reclassified subsequently to profit and loss	(284)	(1,518)
Other comprehensive income net of tax .....	(284)	(1,518)
Total comprehensive income .....	4,074	3,438
Total comprehensive income attributable to:		
Owners of the Company.....	4,080	3,438
Non-controlling interests.....	(6)	(0)
Total comprehensive income .....	4,074	3,438

### About LIFENET URL: <https://ir.lifenet-seimei.co.jp/en/>

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

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