

May 14, 2025

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Growth)

Consolidated Financial Results for Fiscal 2024 Ended March 31, 2025 (IFRS)

Insurance service results of 9,576 million yen, up 16.5% year-on-year

TOKYO, May 14, 2025 - LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori, URL: <https://ir.lifenet-seimei.co.jp/en/>) discloses the consolidated financial results for fiscal 2024 ended March 31, 2025.

1. Overview of the financial results for fiscal 2024

(1) Business results

Condition of policies-in-force

Annualized premium*1 of policies-in-force for individual life insurance and group credit life insurance ("GCL") combined as of the end of fiscal 2024 stands at 34,518 million yen (120.1% of March 31, 2024). Annualized premium of policies-in-force for individual life insurance was 26,877 million yen (105.7% of March 31, 2024), and annualized premium of policies-in-force for GCL was 7,640 million yen (229.7% 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 637,417 (106.1% of March 31, 2024). Annualized premium of new business for fiscal 2024 was 2,914 million yen (101.0% of fiscal 2023) and the number of new business for fiscal 2024 was 73,260 (101.1% of fiscal 2023). Surrender and lapse ratio*2 for fiscal 2024 was 5.7% (6.5% for fiscal 2023).

*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, 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. Annualized premium of policies-in-force for GCL as of the end of fiscal 2024 is calculated applying premium rate as of March 2025.

*2: 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)

	Fiscal 2023	Fiscal 2024	Change
Insurance revenue	24,698	30,081	5,382
Insurance service results	8,222	9,576	1,354
Financial results*3	555	(33)	(589)
Other results*4	(527)	(363)	163
Net income (loss) before income taxes	8,251	9,179	928
Net income (loss) attributable to owners of the Company	5,734	5,993	258

Insurance revenue for fiscal 2024 resulted in 30,081 million yen (121.8% of fiscal 2023). Insurance revenue for individual life insurance and GCL was 24,283 million yen and 5,797 million yen, respectively.

As for individual life insurance, the main components of insurance revenue were 11,170 million yen in expected claims and maintenance costs^{*5}, 1,612 million yen in change in risk adjustment for non-financial risks related to extinguished risks and 7,440 million yen in CSM^{*6} recognized for services provided (“CSM release”). Insurance service results increased to 9,576 million yen (116.5% of fiscal 2023) mainly due to an increase in CSM release and profit from GCL. Financial results were 33 million yen loss mainly due to the recording of foreign exchange loss. Other results were 363 million yen loss mainly because of recording expenses not directly related to insurance services.

As a result, net income before income taxes was 9,179 million yen (111.2% of fiscal 2023). Net income attributable to owners of the Company was 5,993 million yen (104.5% of fiscal 2023) mainly due to an increase in Income taxes expense following the introduction of the special defense corporation tax.

With respect to expenses related to insurance contract incurred for fiscal 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 9,814 million yen (104.7% of fiscal 2023). In addition, maintenance costs, which were not included in insurance acquisition cash flows, were 5,070 million yen (111.8% of fiscal 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 March 31, 2025 amounted to 116,178 million yen (112,417 million yen as of March 31, 2024). The major account balances were 62,180 million yen in investment securities mainly consisting of government bonds and corporate bonds with high credit ratings and 30,224 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 143,771 million yen, risk adjustment of 21,486 million yen and CSM of 92,059 million yen, which are related to individual life insurance. In addition, contracts measured under the premium allocation approach of 880 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)	(143,771)
Risk adjustment	21,486
CSM	92,059
Insurance contract liabilities related to individual life insurance: total	(30,224)
Insurance contract liabilities related to GCL (Contracts measured under the premium allocation approach)	880

Liabilities amounted to 24,058 million yen as of March 31, 2025 (21,535 million yen as of March 31, 2024). The major account balance was 19,909 million yen in deferred tax liabilities.

Equities amounted to 92,120 million yen as of March 31, 2025 (90,882 million yen as of March 31, 2024), due to recording of net income for fiscal 2024.

The consolidated solvency margin ratio, one of the indicators used in administrative supervision to determine the soundness of management, was 1,722.2% as of March 31, 2025 (2,192.9% as of March 31, 2024), which indicated that an adequate level of solvency capacity is maintained.

(3) Cash flows

For fiscal 2024, net cash provided by operating activities amounted to 7,279 million yen (6,016 million yen provided for fiscal 2023) mainly due to an increase in insurance premiums resulting from the revision of premium rate and growth in policies-in-force in the GCL business. Net cash used by investing activities amounted to 14,295 million yen (3,443 million yen used for fiscal 2023) mainly due to acquisition of investment securities. Net cash used by financing activities amounted to 164 million yen (9,681 million yen provided for fiscal 2023) due to the repayments of lease obligations.

Based on these activities described above, cash and cash equivalents as of March 31, 2025 totaled 17,234 million yen (24,423 million yen as of March 31, 2024).

(4) Management indicator “Comprehensive Equity”

As the Group has voluntarily adopted IFRS since fiscal 2023, our mid-term business plan ending in fiscal 2028 designates IFRS-based Comprehensive Equity^{*7} as a key management indicator representing our corporate value. The Group aims to achieve Comprehensive Equity of 200 billion yen to 240 billion yen in fiscal 2028 as a management goal. Comprehensive Equity as of the end of fiscal 2024 was 167,090 million yen (104.6% of March 31, 2024).

^{*7}: 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.

(5) Business forecasts

The consolidated business forecasts for fiscal 2025 are as follows. We disclose insurance revenue, insurance service results and net income attributable to owners of the Company based on IFRS in addition to annualized premium of policies-in-force for individual life insurance and GCL combined.

(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 2025	37,500	33,000	9,800	6,900
(Reference) Business results for fiscal 2024	34,518	30,081	9,576	5,993

The Group will focus on the three priority areas of “Tech & Services,” “Rebranding,” and “Embedded,” which are listed in our growth strategies of the mid-term business plan, with the aim of achieving Comprehensive Equity of 200 billion yen to 240 billion yen in fiscal 2028 as our management goal. In this fiscal year, we plan to actively invest in marketing initiatives and utilization of IT services such as AI and Individual Number System aimed at further improving customer experience. In addition, we will make investments designed to promote collaboration with our business partners.

Accordingly, we are forecasting annualized premium of policies-in-force for individual life insurance and GCL combined of 37,500 million yen, insurance revenue of 33,000 million yen, insurance service results of 9,800 million yen and net income attributable to owners of the Company of 6,900 million yen for fiscal 2025. The annualized premium of policies-in-force is expected to be 28,500 million yen for individual life insurance and 9,000 million yen for GCL for fiscal 2025.

(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 2025	28,500	9,000	37,500
(Reference) Business results for fiscal 2024	26,877	7,640	34,518

(6) Dividend policy

Lifenet's Articles of Incorporation stipulates that a decision on the distribution of retained earnings as specified in each Item of Paragraph 1, Article 459 of the Companies Act can be made by a resolution of the Board of Directors, except as otherwise determined by law.

Although we intend to consider implementing measures to provide shareholder return that include payment of dividends from future retained earnings, Lifenet has yet to determine its specific dividend policies and dates for the start of distributing retained earnings as dividends. This is primarily because we still have a cumulative loss under Japanese GAAP and prioritize strengthening our growth base to increase medium-to long-term profitability. Going forward, we will continue to effectively utilize capital for growth initiatives such as increasing brand awareness, developing new products and services, and making system investments. Through these efforts, we will thrive to expand our business and generate profits. We have voluntarily adopted IFRS in our consolidated financial statements since fiscal 2023 ended March 31, 2024, however, distribution of retained earnings is based on non-consolidated financial statements in accordance with Japanese GAAP.

2. Basic Rationale for Selection of Accounting Standards

The Group has voluntarily adopted IFRS for its consolidated financial statements since the first quarter of the fiscal year ended March 31, 2024 for the purpose of more appropriately representing its periodic profit/loss and profitability and improving the international comparability of financial information.

3. 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)	
	March 31, 2024	March 31, 2025
ASSETS		
Cash and cash equivalents	24,423	17,234
Derivative assets	0	—
Investment securities	51,564	62,180
Other financial assets	1,073	1,237
Income tax receivable	17	5
Insurance contract assets	32,378	30,224
Reinsurance contract assets	571	869
Property and equipment	62	549
Right-of-use assets	110	1,187
Intangible assets	1,892	2,073
Other assets	322	616
Total assets	<u>112,417</u>	<u>116,178</u>
LIABILITIES		
Derivative liabilities	171	186
Other financial liabilities	1,485	1,228
Insurance contract liabilities	685	880
Reinsurance contract liabilities	78	11
Provisions	34	141
Lease liabilities	110	1,294
Deferred tax liabilities	18,610	19,909
Other liabilities	357	407
Total liabilities	<u>21,535</u>	<u>24,058</u>
EQUITY		
Share capital	26,617	26,652
Capital surplus	26,550	26,585
Retained earnings	33,481	39,475
Treasury shares	(0)	(0)
Other components of equity	4,221	(603)
Total equity attributable to owners of the Company	90,870	92,109
Non-controlling interests	11	11
Total equity	<u>90,882</u>	<u>92,120</u>
Total liabilities and equity	<u>112,417</u>	<u>116,178</u>

(2) Consolidated statement of profit or loss

	(In millions of yen)	
	Fiscal year ended March 31	
	2024	2025
Insurance revenue	24,698	30,081
Insurance service expense	(16,081)	(19,575)
Net expenses from reinsurance contract held	(394)	(929)
Insurance service result	8,222	9,576
Interest income	450	974
Impairment losses on financial assets, net	(5)	(5)
Other financial income	225	(915)
Net investment income	670	53
Insurance finance income (expense)	(126)	(105)
Reinsurance finance income (expense)	11	17
Other revenue	22	82
Other expense	(547)	(431)
Other financial expense	(2)	(13)
Net income (loss) before income taxes	8,251	9,179
Income taxes expense	(2,527)	(3,186)
Net income (loss)	5,723	5,992
Net income (loss) attributable to:		
Owners of the Company	5,734	5,993
Non-controlling interests	(10)	(0)
Net income (loss)	5,723	5,992
Net income (loss) per share attributable to owners of the Company		
Basic	75.97	74.63
Diluted	—	—

(3) Consolidated statement of comprehensive income

	(In millions of yen)	
	Fiscal year ended March 31	
	2024	2025
Net income (loss).....	5,723	5,992
Other comprehensive income.....		
Items that may be reclassified subsequently to profit and loss:		
Financial assets measured at fair value through other comprehensive income	(481)	(1,216)
Insurance finance income (expense).....	63	(4,010)
Reinsurance finance income (expense).....	38	402
Items that may be reclassified subsequently to profit and loss	(378)	(4,824)
Other comprehensive income net of tax	(378)	(4,824)
Total comprehensive income	5,344	1,168
Total comprehensive income attributable to:		
Owners of the Company.....	5,355	1,168
Non-controlling interests.....	(10)	(0)
Total comprehensive income	5,344	1,168

(4) Consolidated statement of changes in equity

	(In millions of yen)	
	Fiscal year ended March 31	
	2024	2025
Equity attributable to owners of the Company:		
Share capital		
Balance at the beginning of the year	21,676	26,617
Transactions with owners		
Issuance of new shares.....	4,918	—
Issuance of new shares-restricted stock.....	21	35
Total transactions with owners	4,940	35
Balance at the end of the period	26,617	26,652
Capital surplus		
Balance at the beginning of the year	21,663	26,550
Transactions with owners		
Issuance of new shares.....	4,871	—
Issuance of new shares-restricted stock.....	21	35
Changes in interests in subsidiaries	(6)	—
Total transactions with owners	4,886	35
Balance at the end of the period	26,550	26,585
Retained earnings		
Balance at the beginning of the year	27,747	33,481
Comprehensive income		
Net income (loss).....	5,734	5,993
Total Comprehensive income.....	5,734	5,993
Balance at the end of the period	33,481	39,475
Treasury shares		
Balance at the beginning of the year	(0)	(0)
Transactions with owners		
Purchase of treasury shares	(0)	(0)
Total transactions with owners	(0)	(0)
Balance at the end of the period	(0)	(0)
Other components of equity		
Financial assets measured at fair value through other comprehensive income		
Balance at the beginning of the year	56	(424)
Comprehensive income		
Other comprehensive income	(481)	(1,216)
Total Comprehensive income	(481)	(1,216)
Balance at the end of the period.....	(424)	(1,641)
Insurance finance expense reserve		
Balance at the beginning of the year	4,543	4,645
Comprehensive income		
Other comprehensive income.....	102	(3,608)
Total Comprehensive income	102	(3,608)
Balance at the end of the period.....	4,645	1,037

	(In millions of yen)	
	Fiscal year ended March 31	
	2024	2025
Total other components of equity		
Balance at the beginning of the year	4,600	4,221
Comprehensive income		
Other comprehensive income	(378)	(4,824)
Total Comprehensive income	(378)	(4,824)
Balance at the end of the period	4,221	(603)
Equity attributable to owners of the company		
Balance at the beginning of the year	75,687	90,870
Comprehensive income		
Net income (loss)	5,734	5,993
Other comprehensive income	(378)	(4,824)
Total Comprehensive income	5,355	1,168
Transactions with owners		
Issuance of new shares	9,789	—
Purchase of treasury shares	(0)	(0)
Issuance of new shares-restricted stock	43	70
Changes in interests in subsidiaries	(6)	—
Total transactions with owners	9,827	70
Balance at the end of the period	90,870	92,109
Non-controlling interests:		
Balance at the beginning of the year	16	11
Comprehensive income		
Net income (loss)	(10)	(0)
Total Comprehensive income	(10)	(0)
Transactions with owners		
Changes in interests in subsidiaries	6	—
Total transactions with owners	6	—
Balance at the end of the period	11	11
Equity:		
Balance at the beginning of the year	75,704	90,882
Comprehensive income		
Net income (loss)	5,723	5,992
Other comprehensive income	(378)	(4,824)
Total Comprehensive income	5,344	1,168
Transactions with owners		
Issuance of new shares	9,789	—
Purchase of treasury shares	(0)	(0)
Issuance of new shares-restricted stock	43	70
Total transactions with owners	9,833	70
Balance at the end of the period	90,882	92,120

(5) Consolidated statement of cash flows

	(In millions of yen)	
	Fiscal year ended March 31	
	2024	2025
Cash flows from operating activities		
Net income (losses) before income taxes	8,251	9,179
Depreciation and amortization	631	948
Impairment losses (reversal of impairment losses)	53	0
Investment income	(670)	(71)
Other financial expenses	2	13
Losses (gains) related to fixed assets	5	3
Insurance and reinsurance contract	(3,032)	(3,009)
Decrease (increase) in other assets	(197)	(427)
Decrease (increase) related to other liabilities	372	(270)
Other, net	43	63
Subtotal	5,459	6,430
Interest received	398	812
Dividends received	159	37
Interest expenses paid	(1)	(13)
Income taxes paid	0	12
Net cash provided by (used in) operating activities	6,016	7,279
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(783)	(1,177)
Used in investment transactions	(20,547)	(25,314)
Proceeds from sales and redemption of investment	18,035	12,665
Other	(147)	(468)
Net cash provided by (used in) investing activities	(3,443)	(14,295)
Cash flows from financing activities		
Repayments of lease obligations	(108)	(164)
Issuance of new shares	9,789	—
Payments of treasury stocks	(0)	(0)
Net cash provided by (used in) financing activities	9,681	(164)
Net increase (decrease) in cash and cash equivalents	12,253	(7,180)
Cash and cash equivalents, beginning of the year	12,137	24,423
Currency exchange in cash and cash equivalents	32	(8)
Cash and cash equivalents, end of the period	24,423	17,234

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 through management with integrity, and offering easy-to-understand, affordable, 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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