

Securities Code: 7157

TSE Growth



LIFENET

LIFENET INSURANCE COMPANY

**Presentation
Material for
Investors**

**Third Quarter
for Fiscal 2022**

LIFENET INSURANCE COMPANY

February 9, 2023

LIFENET is...



**Comprehensible
Cost-Competitive
Convenient**

- **Remembering the original purpose** of life insurance – mutual support
- **Helping our customers embrace life more fully**

Cumulative 3Q of FY2022 Key Highlights



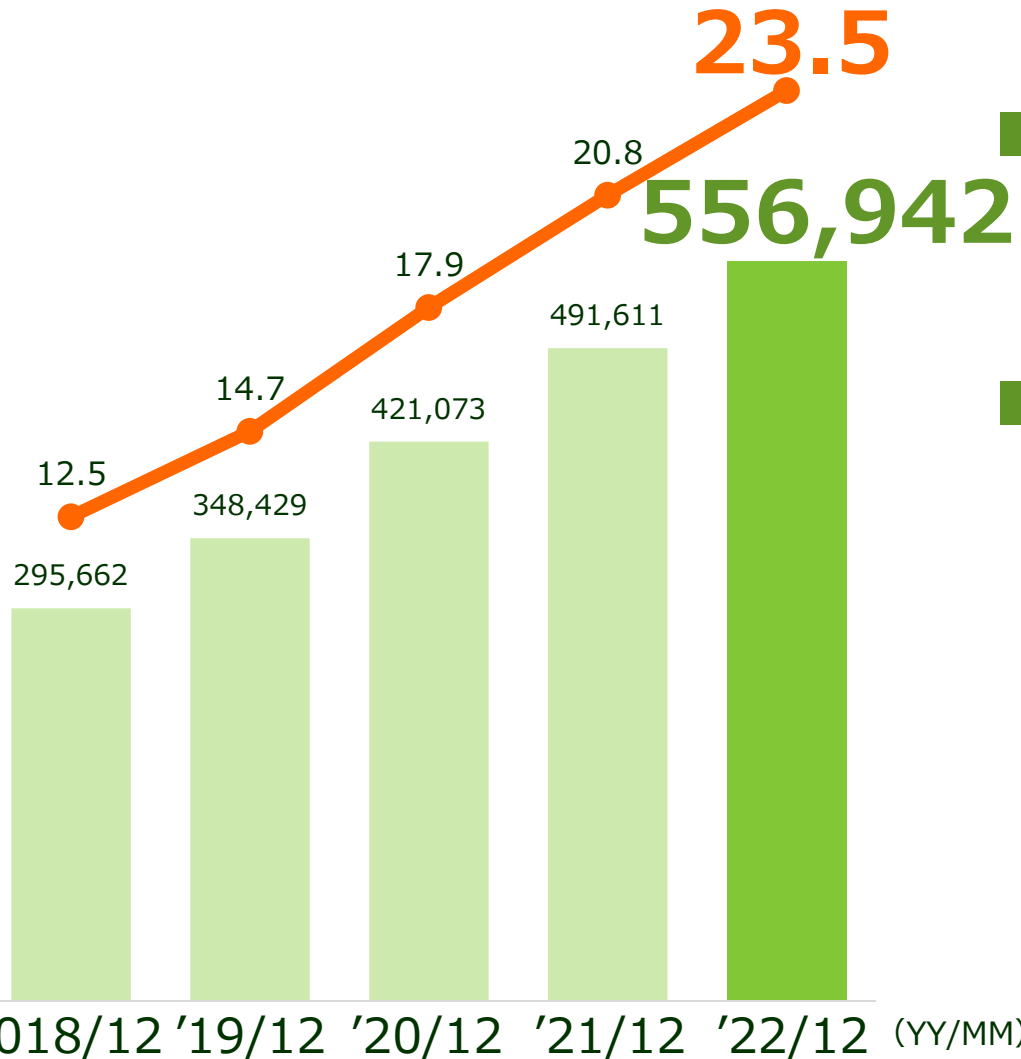
- Annualized premium¹ of policies-in-force up **12.8% YoY** to JPY 23.5 billion
- COVID-19 claims was **within expectation of JPY 1.32 billion**
- EEV up **7.8% YoY** to JPY 122.9 billion
- **Renewed “au Life Insurance”** to strengthen white label business with KDDI
- **Identified Materiality (key sustainability issues)**

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

Annualized Premium / Number of Policies-in-Force



—: Annualized premium of policies-in-force¹ (JPY billions)
■: Number of policies-in-force



■ Exceeded 550,000 policies-in-force

■ Year-on-year annualized premium **112.8%**, number of policies-in-force **113.3%**

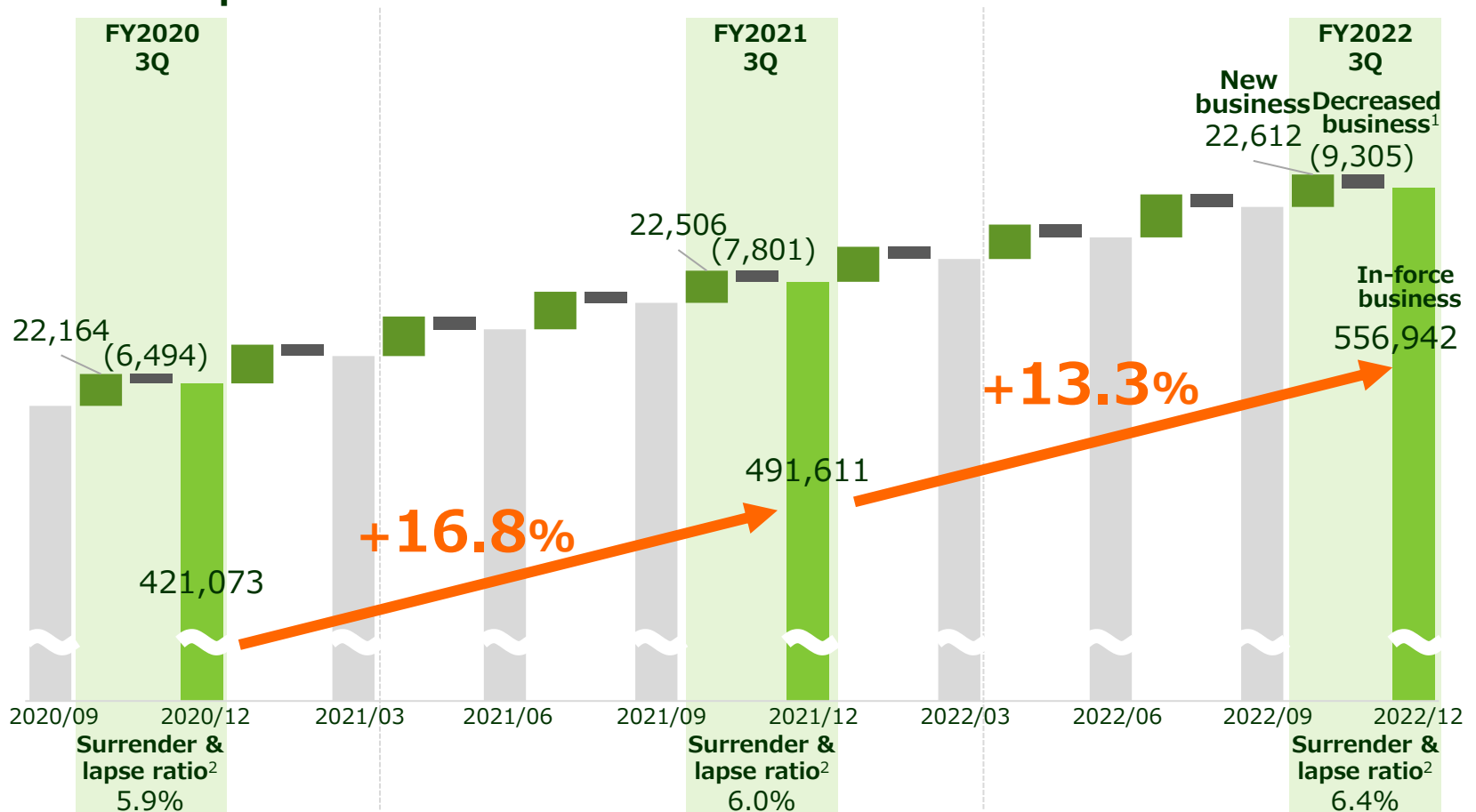
1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Policies-in-Force Movement



■ **Continues to grow in the mid-term while further acceleration is needed**

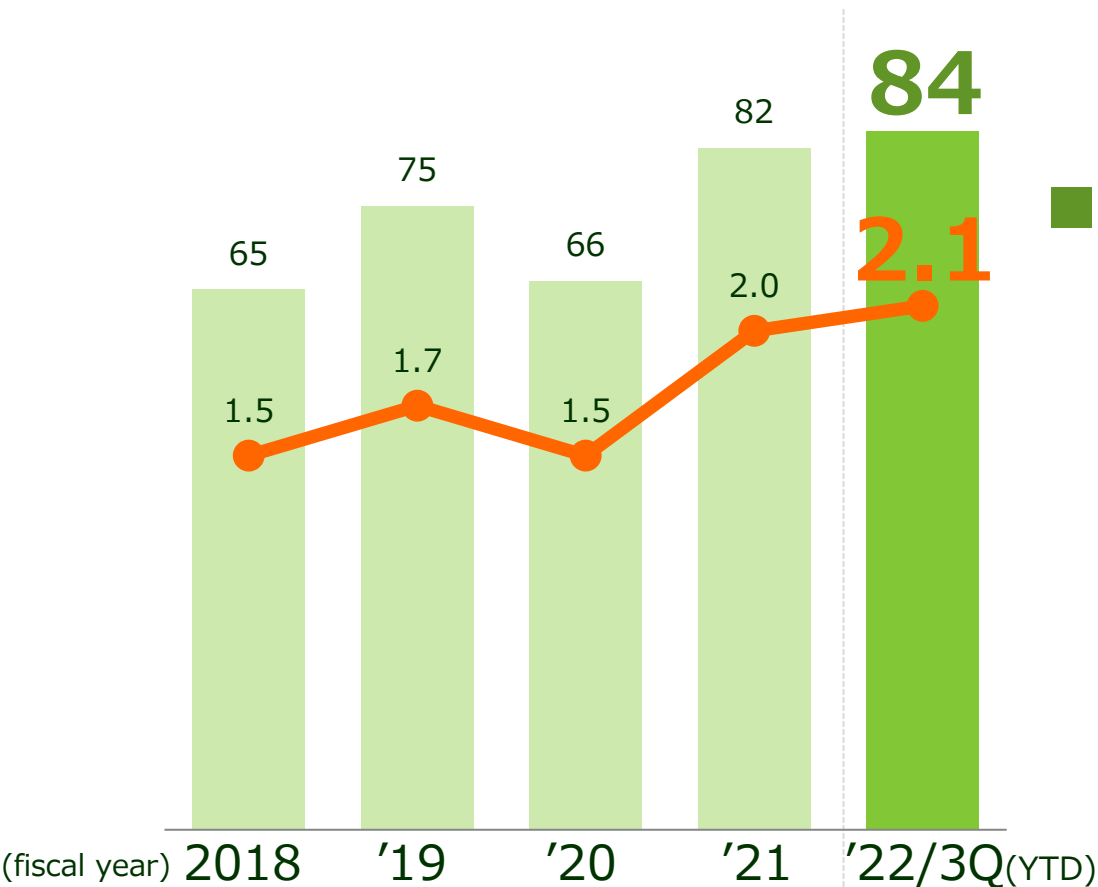
Number of policies



1. Decreased number of policies include death, expiration and others in addition to surrender and lapse.
 2. Surrender and lapse ratio is annualized.

Marketing Efficiency

■ : Marketing expenses per new business (JPY thousands)
 ■ : Marketing expenses / Annualized premium of new business¹



■ Continued a certain scale of marketing investment while carefully monitoring marketing efficiency

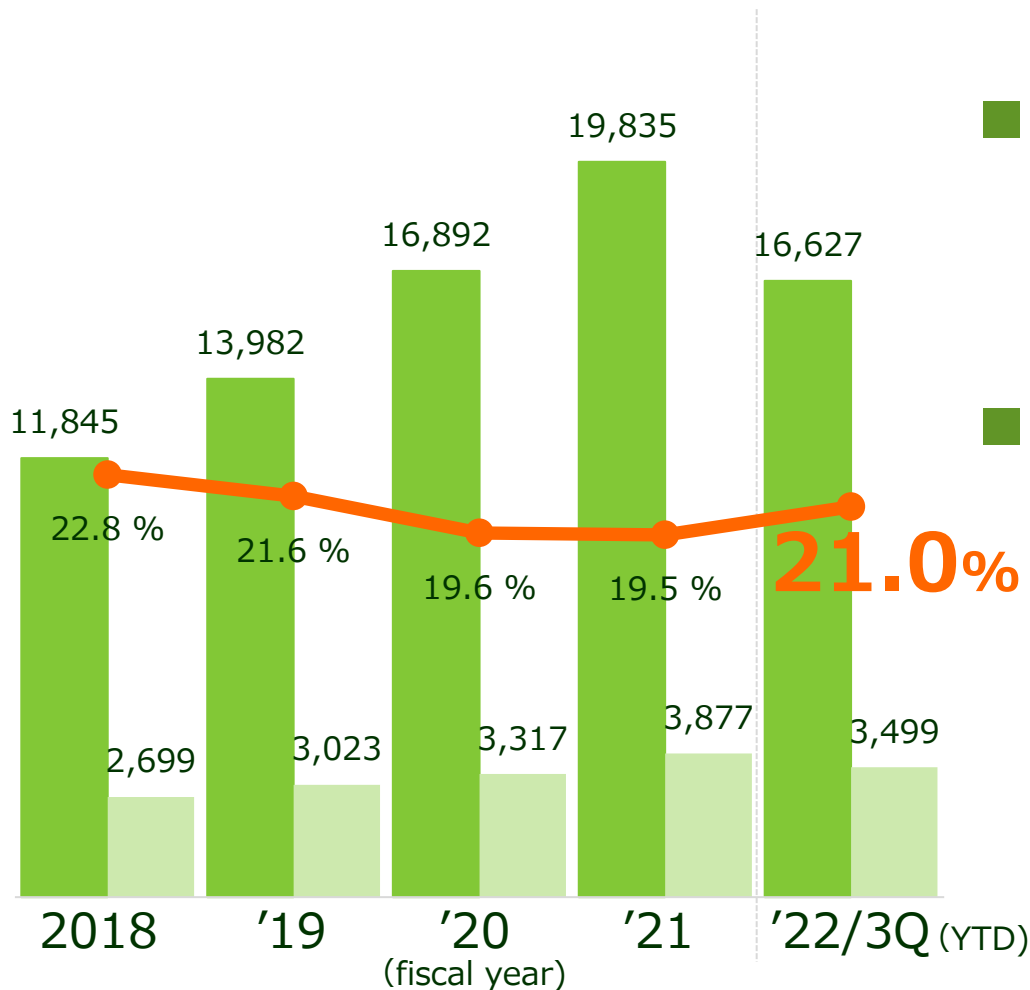
Marketing expenses (JPY millions)	2018	'19	'20	'21	'22/3Q(YTD)
Marketing expenses (JPY millions)	4,216	6,146	6,712	8,262	6,424

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.

Operating Expenses Ratio



- : Operating expenses ratio¹ (%)
- : Insurance premiums (JPY millions)
- : Operating expenses excl. marketing expenses (JPY millions)



- Increased mainly due to **investments in new initiatives**
- Aim to improve in the mid-term by further **business expansion and productivity improvement**

1. Operating expenses ratio is calculated by dividing operating expenses excluding marketing expenses by insurance premiums.

COVID-19 Claims Condition



- **Decreased to a certain level** since revised the requirements of COVID-19 claims

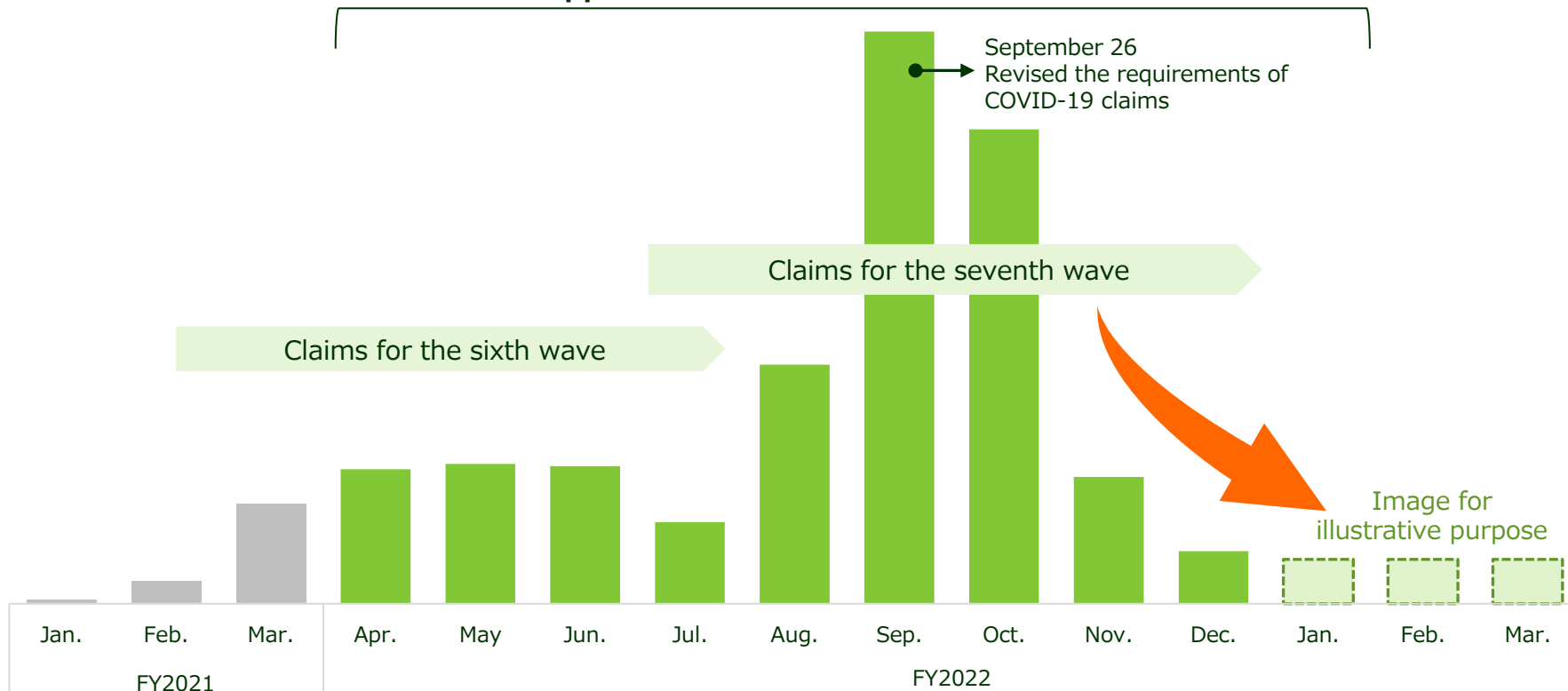
The amount of COVID-19 claims

■: Actual results

□: Amount estimated
(Image for illustrative purpose)

Total actual results from April 2022 to December 2022

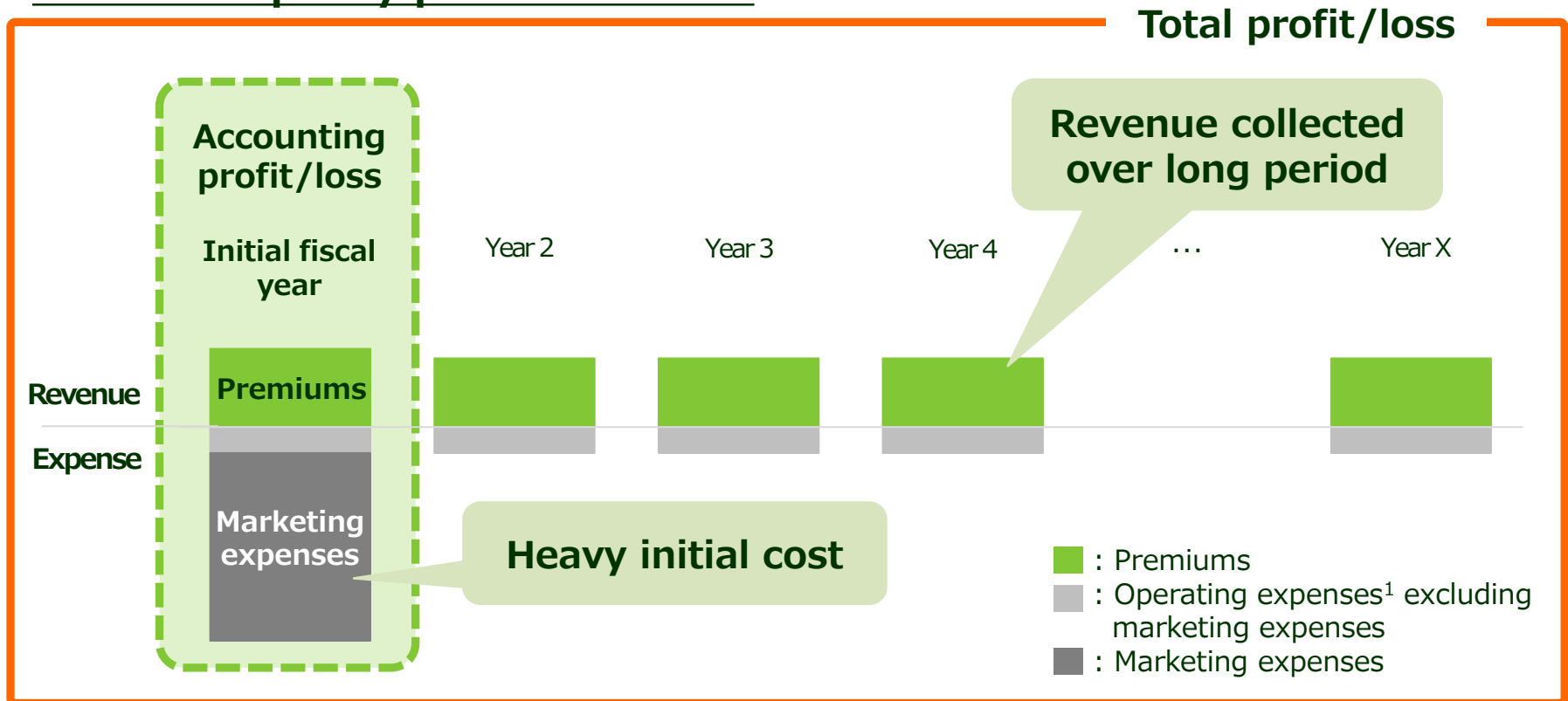
approx. JPY **1.32** billion



Profit Structure under Current Statutory Accounting

- **Time lag is caused between the recognition of costs and revenue** as marketing expenses is recognized at the time of acquisition, and revenue is collected gradually over a long period

Insurance policy profit structure



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

Adjusted Profit



- Steadily recorded profit generated from in-force business, while affected by **COVID-19 claims of JPY 1.32 billion**

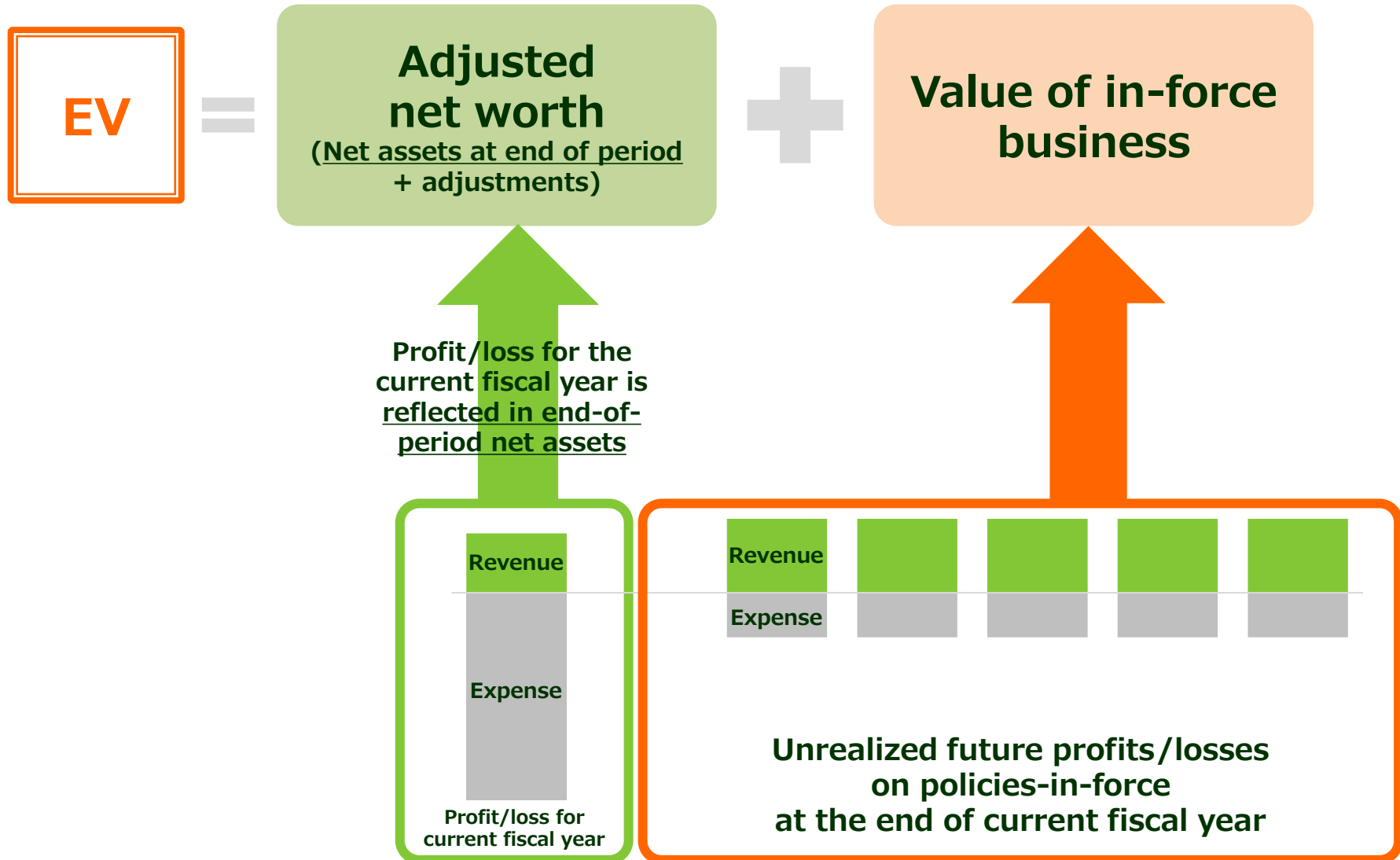
The method for calculating adjusted profit

Adjusted profit = i) Ordinary profit (loss) + ii) Marketing expenses
 – iii) Impact of modified co-insurance
 ± iv) Adjustment based on standard policy reserves¹

JPY millions / fiscal year	2018	2019	2020	2021	2022/3Q (YTD)
i) Ordinary profit (loss)	(1,719)	(2,382)	(3,089)	(3,245)	(3,731)
ii) Marketing expenses	4,216	6,146	6,712	8,262	6,424
iii) Modified co-insurance	–	(1,526)	(804)	(1,283)	(549)
iv) Adjustment	347	546	739	721	152
Adjusted profit	2,844	2,784	3,558	4,455	2,296

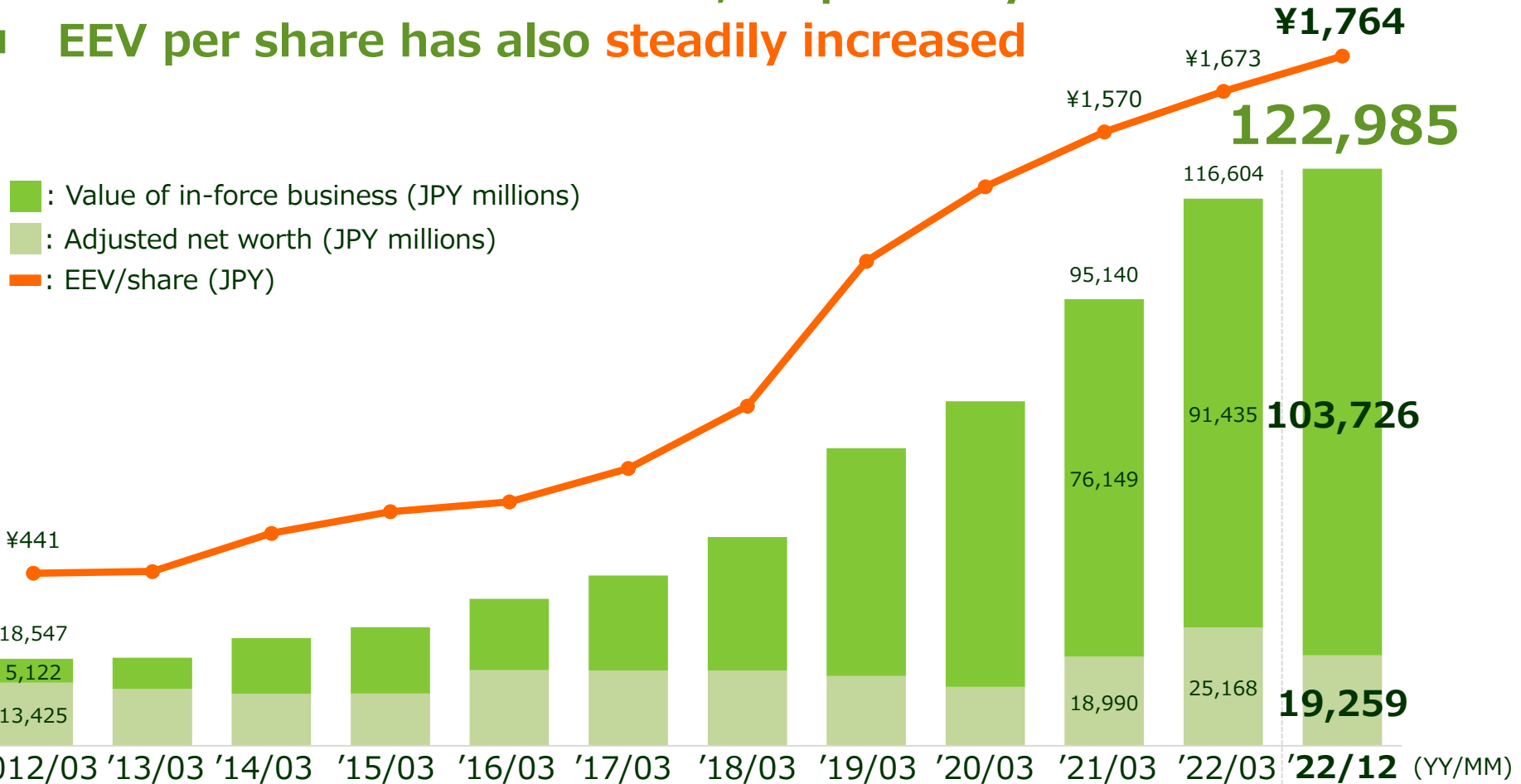
1. The amount of the adjustment to the policy reserve provision is the adjustment calculated by excluding the provision for contingency reserves and adjusting for the switch in method for calculating the provision from the Zillmer method to provision based on the standard policy reserves.

Structure of Embedded Value



Strong EEV¹ Growth

- EEV and value of in-force business have been growing at a CAGR of **19%**² and **32%**, respectively since IPO
- EEV per share has also **steadily increased**

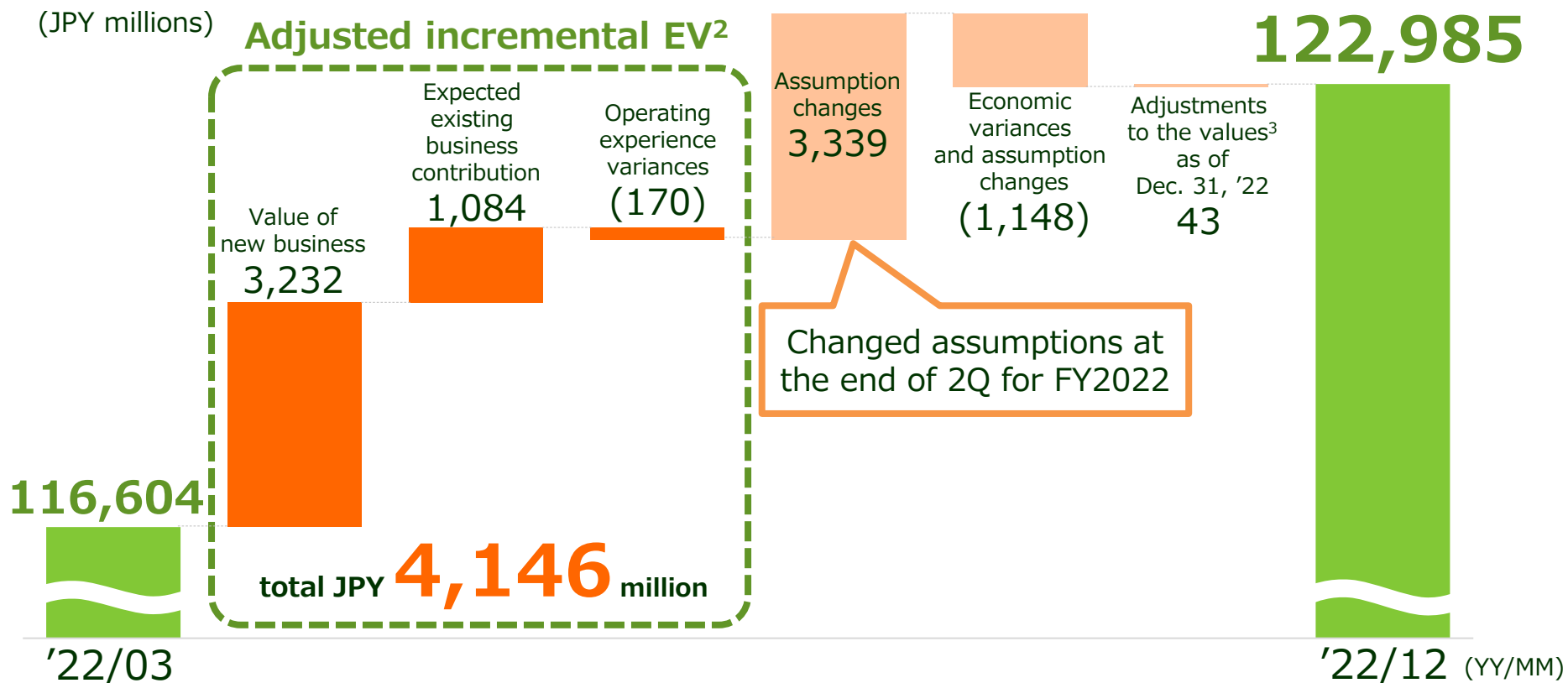


1. Lifenet's EEV is calculated following the EEV Principles and Guidance and in terms of allowance for risk, MCEV Principles (The European Insurance CFO Forum Market Consistent Embedded Value Principles©) is referred. From fiscal 2016 onward, a predetermined ultimate forward rate has been used to extrapolate the level of ultra-long-term interest rates past the last liquid data point. This method of extrapolation has also been used to restate EEV as of March 31, 2016. EEV as of December 31, 2022 is calculated applying the same operating assumptions as those used for September 30, 2022, and has not been reviewed by third-party specialists.

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

Changing Factors of EEV¹

Affected by rising interest rates while EEV growth driven by value of new business and assumption changes in 2Q



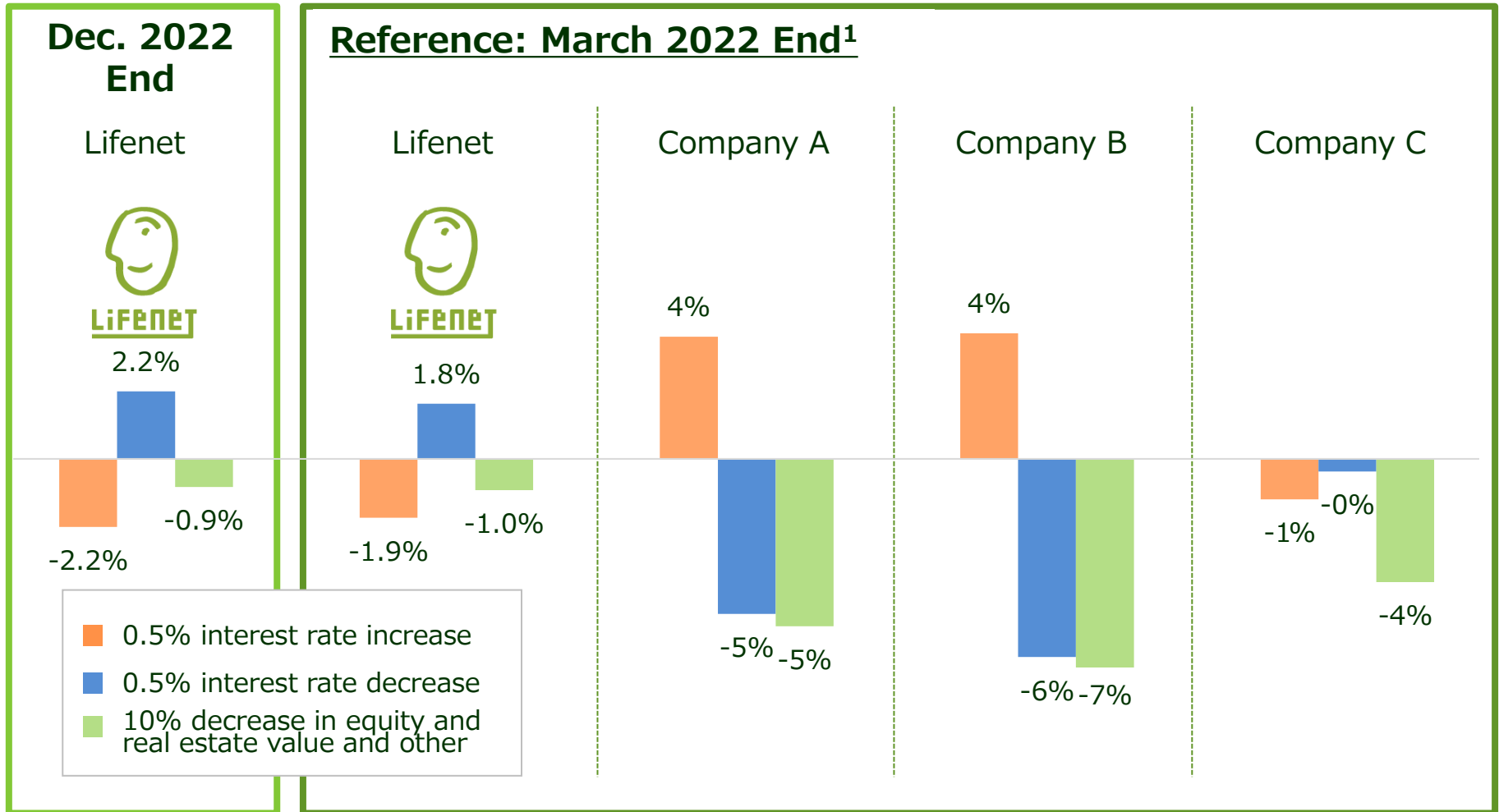
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2. Adjusted Incremental EV accurately indicates our business growth during a certain period within increase in EEV.

3. Item for change in capital

EV Resilience to Financial Changes

■ Limited sensitivity to interest rates and stock prices



1. Prepared by Lifenet based on disclosed information of domestic public life insurance companies.

Financial Condition

(JPY millions)	(YY/MM)	'22/03	'22/12
Total assets		67,820	67,897
Cash and deposits		3,761	4,092
Monetary claims bought		3,999	2,999
Money held in trust		5,460	5,221
Securities		47,425	47,583
Government bonds		8,946	8,619
Municipal bonds		1,469	1,431
Corporate bonds		24,042	24,331
Stocks		492	577
Foreign securities		98	597
Other securities ¹		12,375	12,025
Total liabilities		45,749	51,031
Policy reserves and other		43,542	49,155
Total net assets		22,071	16,866
Valuation difference on available-for-sale securities		697	(795)
Solvency margin ratio²		3,182%	3,140%
Modified duration (year)³		9.9	8.7

■ **Maintained sufficient financial stability as indicated by solvency margin ratio²**

■ **Mitigating negative impact on net assets by reducing yen interest rate risk**

1. Investment trust including foreign bonds and others.
2. The solvency margin ratio is a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur.
3. Duration of yen-denominated bonds

Growing Value of In-Force Business



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- Value of in-force business up 20% YoY, along with the growth of value of in-force business per policy

Number of policies-in-force

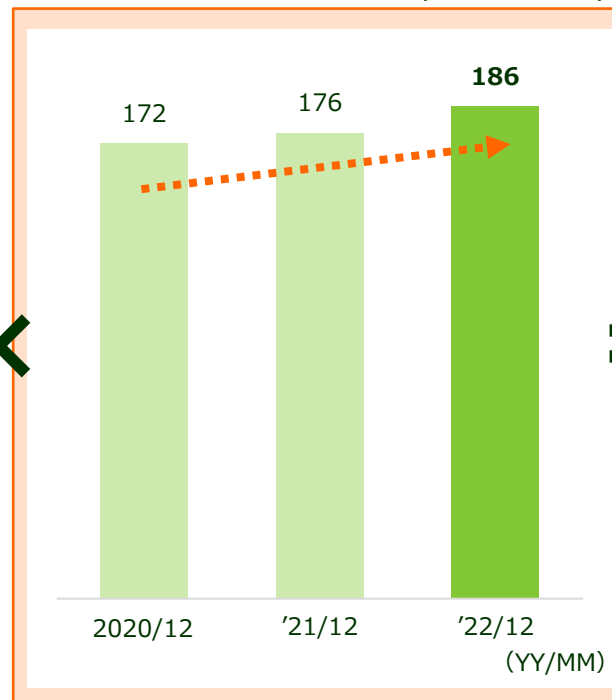
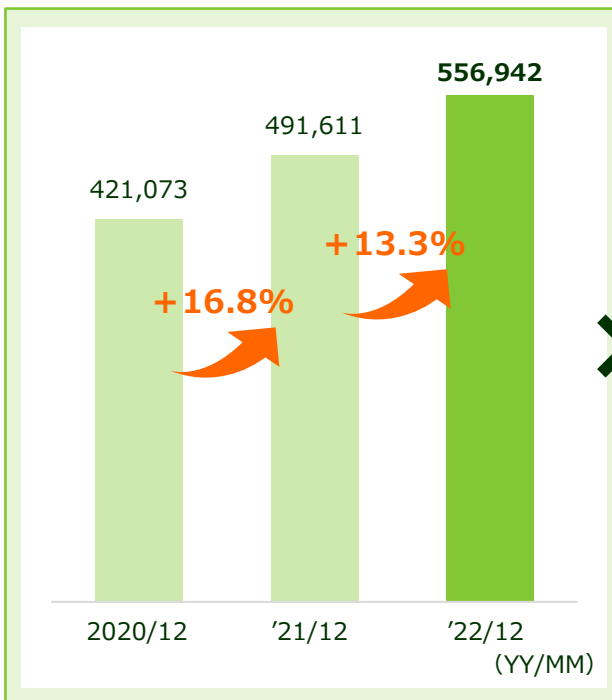
Value of in-force business per policy

(JPY thousands)

Value of in-force business

(Unrealized future value on policies-in-force)

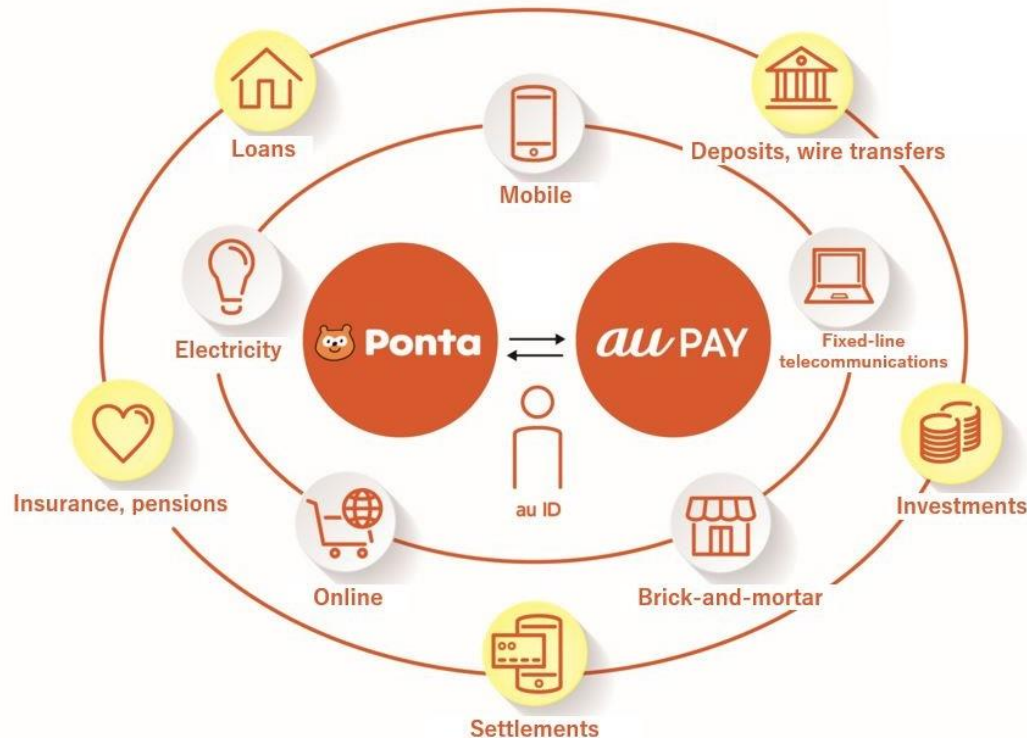
(JPY billions)



New Initiative in White Label Business

- Launched “au Life Insurance” with Ponta Point¹ to strengthen cooperation with KDDI Group

Adaptation to the au Economic Zone based Ponta Points



Adaptation to the Multi-Brand Strategy

Designing The Future
KDDI

au

UQ mobile

povo

Unlimited use without anxiety

Simple and secure price

Can choose freely with toppings

Sales to a new customer base



“au Life Insurance” can be also available for customers without an au telecoms contract

1. Ponta point is collected 1 point per JPY 100 and customers can use point at many usual stores and online services.

Promoting Collaboration with Partners

- Lifenet to play a key role in comprehensive financial services “Olive” launched by Sumitomo Mitsui Financial Group

Olive

Comprehensive financial services



Securities



Insurance



LIFENET MIRAI Inc.

- Provide insurance products
- Develop digital tools for insurance selection

Cashless payments

Initiative for Sustainability

■ **Identified Materiality (key sustainability issues)** based on the concept of mutual support, the original purpose of life insurance

LIFENET Materiality

Creating the future of the life insurance

Creating the future for our **customers**



1. Be Comprehensible, Cost-Competitive, Convenient
2. Increase security

Creating the future for a **better society**



3. Actively utilize partnerships
4. Respond to climate change
5. Make responsible investments

Creating the future with our **employees**



6. Value diversity
7. Create opportunities for growth

Corporate governance to create the future

8. Strengthen corporate governance

9. Enhance risk management

10. Respect corporate ethics

Adoption of International Financial Reporting Standards



■ Aim for the voluntary adoption of IFRS 17 from FY2023

IFRS 17 Study Meeting

- ✓ For a better understanding of IFRS financial statements, explained with unaudited figures of past fiscal years¹

Main points

- ✓ Expect to record an accounting profit from FY2023¹
- ✓ Capital adequacy² and dividends will be regulated by statutory accounting standards (J-GAAP) even after the adoption of IFRS



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

Schedule (planned)

May 2023

Financial results for FY2022

- ✓ Disclose business forecasts under IFRS

May 2024

Financial results for FY2023

- ✓ Announce financial results under IFRS

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.

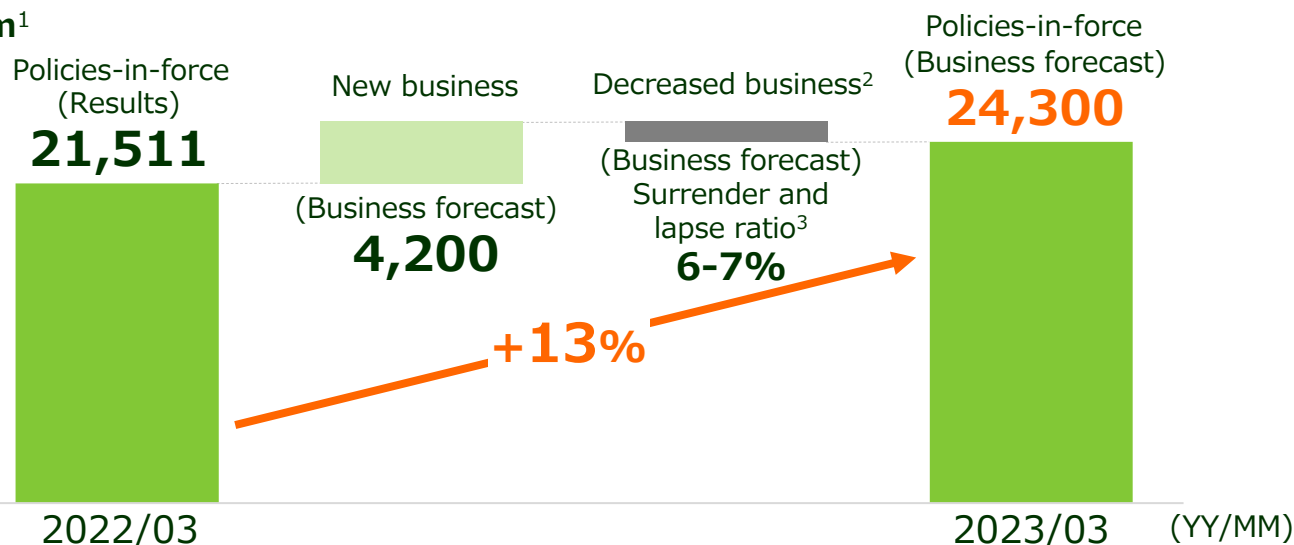
Business Forecasts FY2022



- No change from November 2022 disclosure
- Aim for **double-digit growth in in-force business**

Annualized premium¹

(JPY millions)



(JPY millions)	FY2022 Forecasts	of which impact of modified co-insurance	FY2021 Results	of which impact of modified co-insurance
Ordinary income	30,000	5,900	26,167	4,852
Ordinary profit (loss)	(5,000)	800	(3,245)	1,283
Net income (loss)	(5,000)	800	(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.
3. 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.

Management Policy



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

LIFENET Manifesto



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.**



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All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts. Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties. This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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Appendix



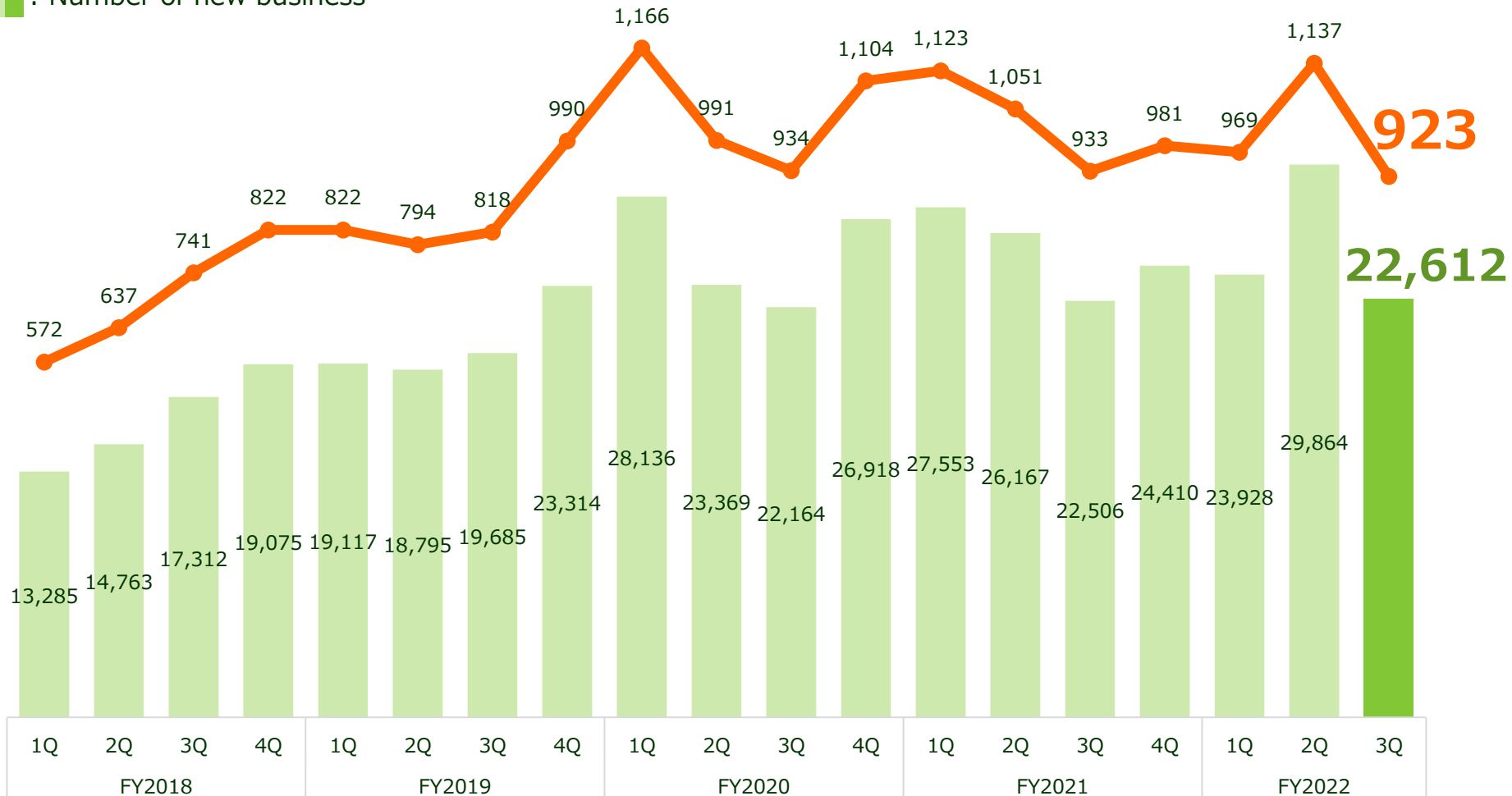
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Annualized Premium / Number of New Business (Quarter)



— : Annualize premium¹ of new business (JPY millions)

■ : Number of new business

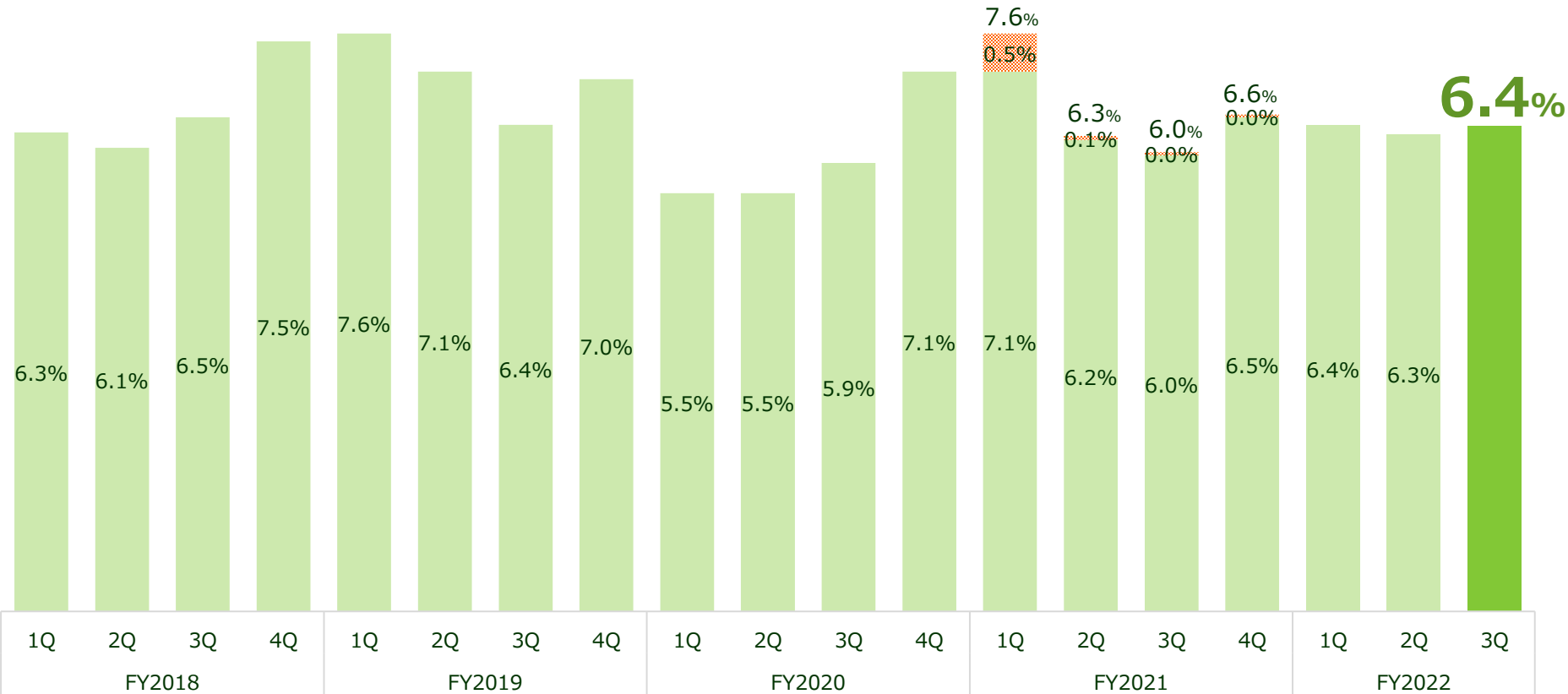


1. The amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments are monthly installments, thus the annualized premium is calculated as multiplying the monthly premium by 12 months.

Surrender and Lapse Ratio (Quarter)



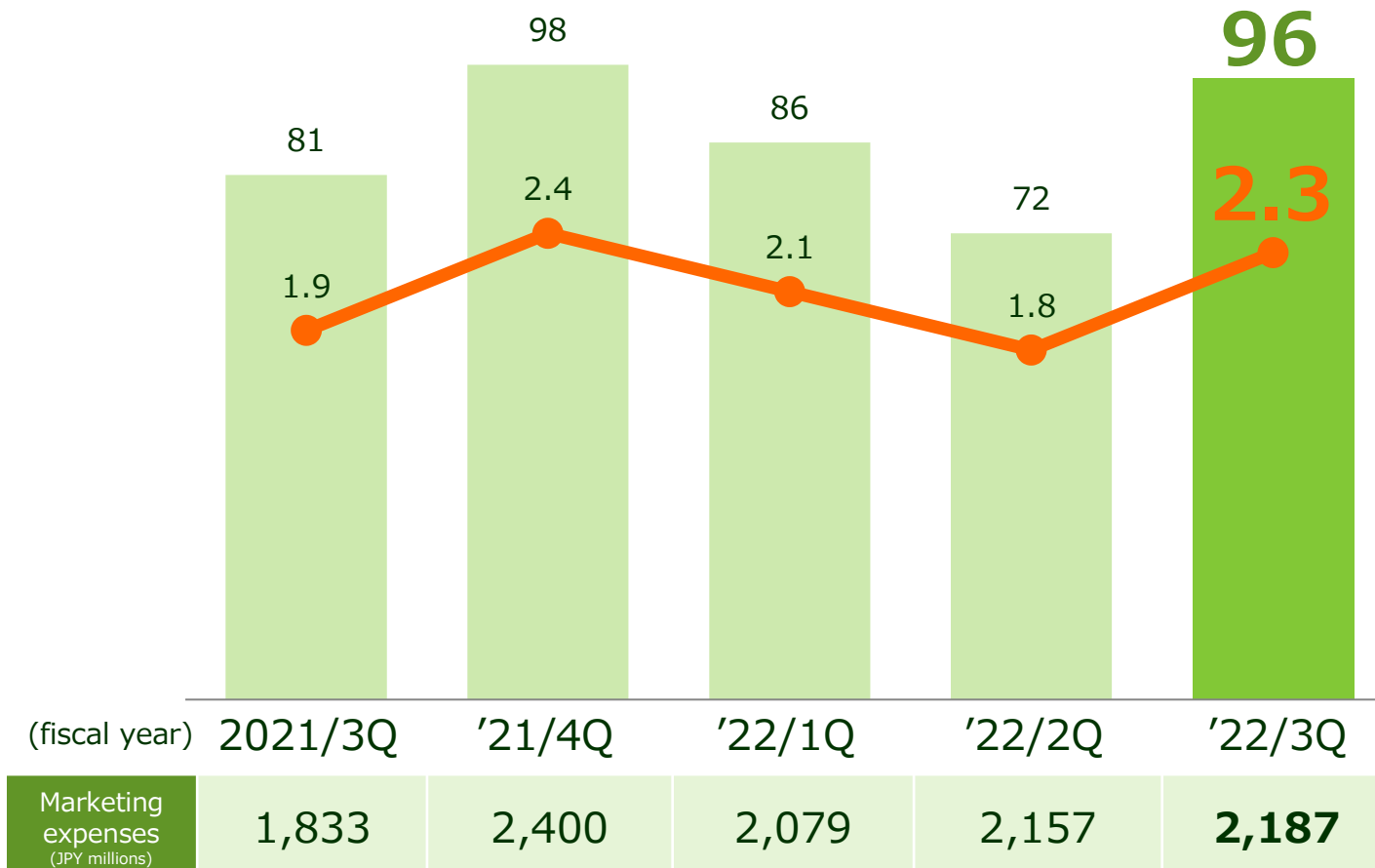
■ :Impact of lump-sum recording of policies lapsed¹ (%)
■ :Surrender and lapse ratio² without the above (%)



1. Lifenet has extended grace period for insurance premium payment as one of the special measures in the COVID-19 pandemic. Surrender and lapse ratio includes the impact of extended policies that were recorded as lapsed policies in a lump sum.
 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.

Marketing Efficiency (Quarter)

■ : Marketing expenses per new business (JPY thousands)
 ■ : Marketing expenses / Annualized premium of new business¹



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.

Breakdown of Policies-in-Force

	'21/12	'22/12	Component ratio
Number of policies-in-force	491,611	556,942	100%
- Term Life	239,838	270,451	49%
- Whole-life Medical	134,303	153,628	28%
- Term Medical Care	8,598	8,130	1%
- Long-term Disability	62,875	67,549	12%
- Cancer	45,997	57,184	10%
Sum insured of policies-in-force¹ (JPY millions)	3,271,082	3,576,874	
Number of policyholders	312,344	352,758	

1. Sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.

Life Time Value and Customer Acquisition Cost



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Key Metrics for a SaaS Company and Lifenet

	FY2020	FY2021	FY2022/3Q(YTD)
ARR per Contract (Annual Recurring Revenue)	Annualized Premiums per Policy-in-force JPY 42,536 ×	Annualized Premiums per Policy-in-force JPY 42,394 ×	Annualized Premiums per Policy-in-force JPY 42,247 ×
Life Time¹ (Term of Contract)	Average Policy Term 16.7 years ×	Average Policy Term 15.2 years ×	Average Policy Term 15.6 years ×
Gross Profit Margin²	43% 	44% 	39% (47%)
Life Time Value (Annualized Premiums per Policy * Life Time * Gross Profit Margin)	JPY 305,451	JPY 283,531	JPY 257,031 (JPY 309,755)
Customer Acquisition Cost³ (Marketing Expenses per New Policy)	JPY 66,737	JPY 82,113	JPY 84,090

*Figures in () exclude the impact of COVID-19 claims of JPY 1.32 billion

1. 1 / Churn rate. Churn rate represents the percentage of users who cancelled out their insurance policies.
2. (Insurance premiums - Insurance claims and benefits - Provision for policy reserves and others) / Insurance premiums.
3. Marketing expenses / Number of new business.

Condensed Statements of Operation / Fundamental Profit (Cumulative 3Q)

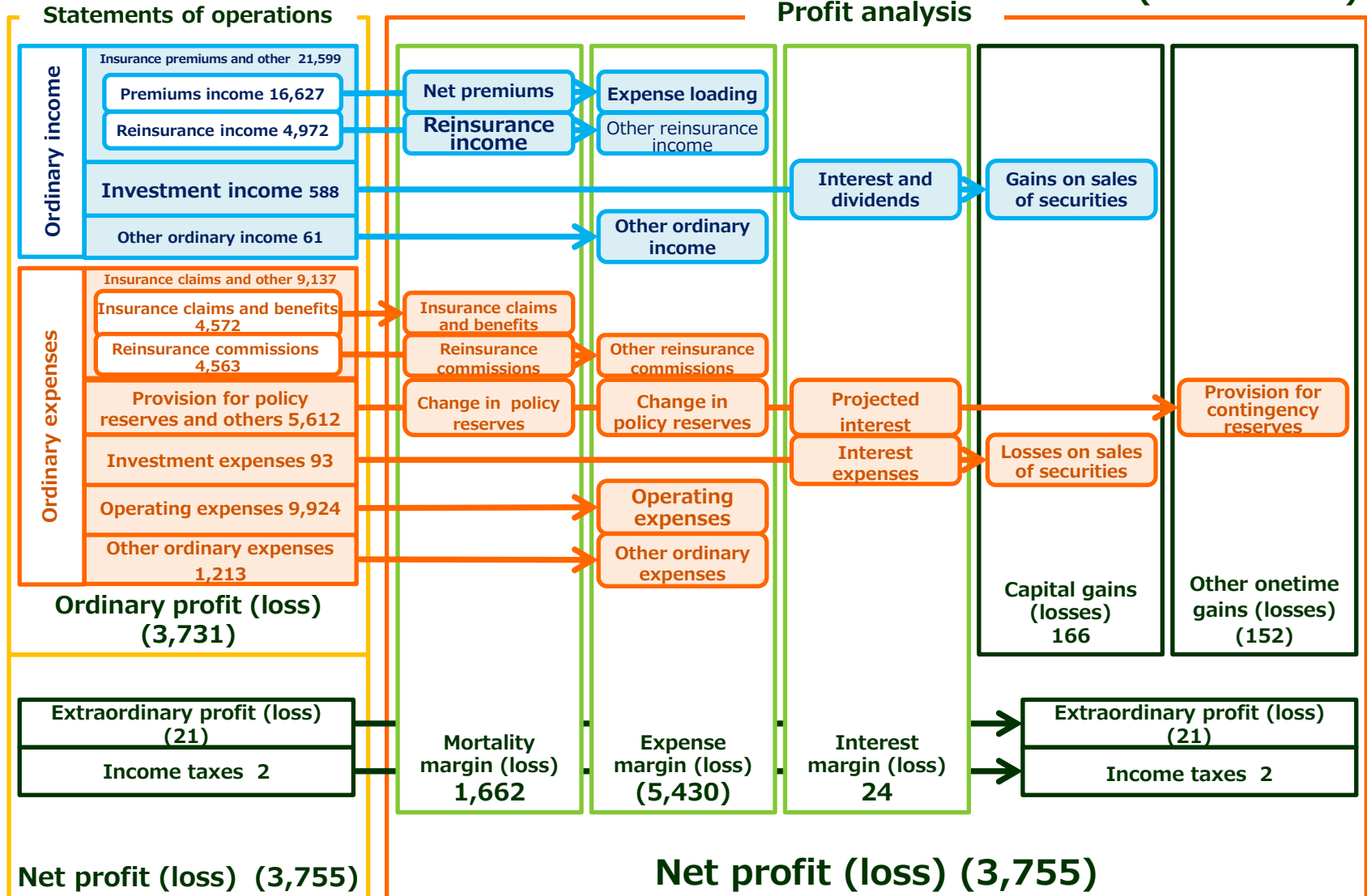


	(JPY millions)	FY2021/3Q	FY2022/3Q	Change	Note
Condensed statements of operation	Insurance premiums and other	18,720	21,599	2,879	Increased due to growth in in-force business and reinsurance income from modified co-insurance.
	Other	579	649	70	
	Ordinary income	19,300	22,249	2,949	Includes utilization of modified co-insurance of JPY 4,213M.
	Insurance claims and other	6,174	9,137	2,962	Increased due to an increase in COVID-19 claims (JPY 1,326M) and reinsurance commissions from modified co-insurance. Percentage of insurance claims and benefit claims to insurance premiums is 27.5%.
	Insurance claims	1,810	2,048	238	Increased from 161 cases in 3Q of FY21 to 185 cases in 3Q of FY22.
	Benefit claims	1,103	2,523	1,420	Increased from 10,241 cases in 3Q of FY21 to 33,249 cases in 3Q of FY22.
	Provision for policy reserves and other	5,071	5,612	541	Percentage of provision for policy reserves (JPY 5,350M) to insurance premiums is 32.2%.
	Operating expenses	8,724	9,924	1,200	
	Marketing expenses	5,862	6,424	562	Includes JPY 5,148M for advertising expenses.
	Customer service	953	1,107	153	
	System and other	1,907	2,392	484	
	Other	1,278	1,306	28	
	Ordinary expenses	21,248	25,980	4,732	
	Ordinary profit (loss)	(1,948)	(3,731)	(1,782)	Includes profit of JPY 549M for utilization of modified co-insurance.
Extraordinary losses and income taxes	61	24	(36)		
Net income (loss)	(2,009)	(3,755)	(1,746)	Includes profit of JPY 549M for utilization of modified co-insurance.	
Fundamental profit	Mortality margin	2,652	1,662	(990)	Decreased due to an increase in COVID-19 claims (JPY 1,326M). Includes JPY 443M loss due to utilization of modified co-insurance.
	Expense margin (loss)	(4,662)	(5,430)	(768)	Includes JPY 992M expense margin for utilization of modified co-insurance.
	Interest margin (loss)	45	24	(21)	
	Fundamental profit	(1,964)	(3,744)	(1,779)	Includes profit of JPY 549M for utilization of modified co-insurance.

Three Surplus Factors of Fundamental Profit

First 9 months of FY2022

(JPY millions)



1. Some items with minimal amounts have been omitted.

Solvency Margin Ratio Calculation



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As of Dec. 31, 2022

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

Solvency margin ratio 3,140.6% = **Total amount of solvency margin <numerator> 34,457** ÷ **Total amount of risk/2 < the denominator> 2,194/2**

Cash and deposits 4,092	Other liabilities 1,754
Monetary claims bought 2,999	Reserves for outstanding claims 1,246
Money held in trust 5,221	Policy reserves 47,908
Securities 47,583	Contingency reserves 2,379
	Excess over the full-Zillmerized reserve 15,089
	Price fluctuation reserves 121
	Deferred tax liabilities on available-for-sale securities
	Valuation difference on securities available-for-sale (795) ¹
Tangible fixed assets 81	Capital stock and other assets 17,661
Intangible fixed assets 1,291	Net assets 16,866
Other assets 6,627	

Add liabilities with strong capital characteristics such as price fluctuation reserves and contingency reserves

- Insurance risk R₁ 1,053**
Risk of change in mortality rate (calculated based on value of policies in force)
- Medical insurance risk R₈ 397**
Risk of change in medical incidence rate (hospital admission rate, etc.)
- Assumed interest rate risk R₂ 4**
Risk that the actual investment return will fall below the expected return used as a basis for calculating policy reserves
- [Minimum guarantee risk] R₇ -**
Risk related to products, such as variable annuities with minimum guarantees
- Asset management risk R₃ 1,520**
[Credit risk] Risk that asset values decline due to deterioration in financial condition of creditors
[Price fluctuation risk] Risk of incurring losses due to decline in market value of stocks and bonds, etc.
- Business management risk R₄ 89**
3% of the total of the amounts of the other 5 risks (in the Company's case)

1. 90% of the valuation difference on available-for-sale securities and deferred gains or losses on hedges (pre-tax) (if negative, 100%)
2. Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.

EV Sensitivity Analysis¹

Impacts of changes in assumptions (sensitivities)

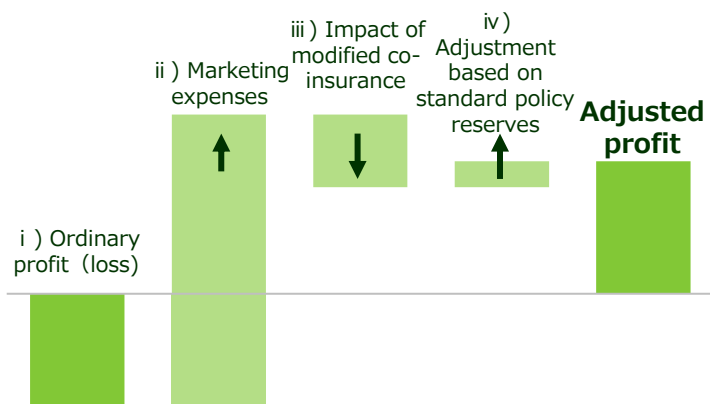
(JPY millions)	Change in EEV as of Dec. 31, 2022	Change in VoNB
EEV and new business value as of December 31, 2022	122,985	3,232
Sensitivity 1a: 1.0% increase in risk-free rate	(5,315)	(393)
Sensitivity 1b: 1.0% decrease in risk-free rate	5,286	345
Sensitivity 1c: 0.5% increase in risk-free rate	(2,671)	(193)
Sensitivity 1d: 0.5% decrease in risk-free rate	2,666	181
Sensitivity 2: 10% decrease in equity and real estate value and other	(1,101)	—
Sensitivity 3: 10% decrease in operating expenses	4,532	580
Sensitivity 4: 10% decrease in lapse rate	1,427	224
Sensitivity 5: 5% decrease in claim incidence rates for life business	6,097	547
Sensitivity 6: Change the required capital to the statutory minimum	256	25

1. For each sensitivity, only one specific assumption is changed and other assumptions remain unchanged. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of sensitivities carried out separately. As Japanese policy reserves are calculated in accordance with the IBR, the sensitivities carried out do not affect the reserves at the valuation date. The sensitivity on the value of new business excludes the impact on the adjusted net worth.

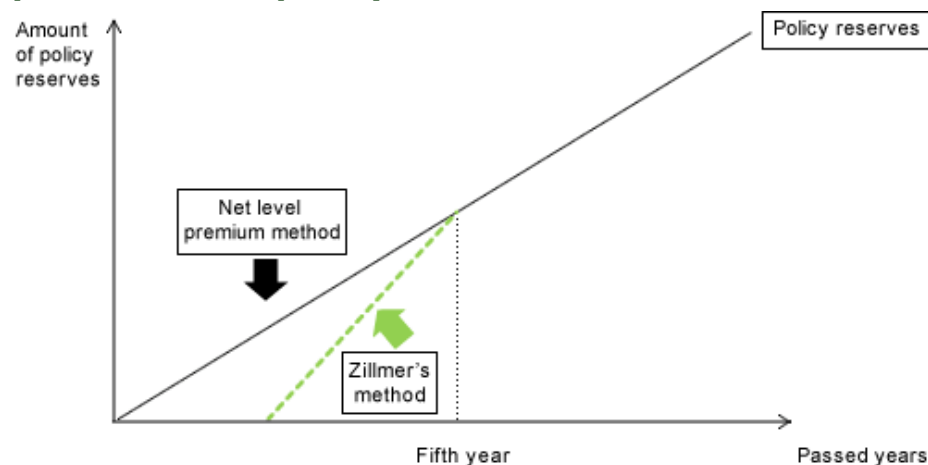
Explanation of Adjusted Profit

Adjustments to provision for policy reserves based on standard policy reserves

Calculation of adjusted profit



Difference between methods of calculating provision for policy reserves



Method of calculating the “iv) Adjustment based on standard policy reserves”

e.g. Fiscal 2021 (JPY millions)

Adjustment to provision for policy reserves¹ 721	=	+	Provision for policy reserves 6,756	-	Increase in standard policy reserves² 6,035
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1. The amount of the adjustment to switch to provisioning based on standard policy reserves is calculated by excluding the provision for contingency reserves and adjusting for the switch in method for calculating the provision from the Zillmer method to provision based on the standard policy reserves. Please note that the provision for contingency reserves is included in the provision for policy reserves, but is not included in the increase in standard policy reserves. As the transition to the standard policy reserve was completed in FY2021, there will be no adjustment to the standard policy reserve in FY2022 regarding the premium reserve accumulation method except for the exclusion of the provision for contingency reserves.
2. The increase in standard policy reserves is the amount of the increase (decrease) in the standard policy reserve balance for the current fiscal year from the balance in the previous fiscal year. The standard policy reserves is the amount calculated by excluding the provision for contingency reserves from actually provisioned policy reserves and adding the difference from the provision based on the standard policy reserves. There is no difference at the end of FY2022 because the transition to the standard policy reserve was completed.

Modified Co-Insurance

- **Ease pressure** of new business costs on P&L
- **Alleviate decrease in capital** during growth

Illustration image of change in profit/loss structure by reinsurance

■ : Revenue ■ : Costs ■ : Effects of reinsurance

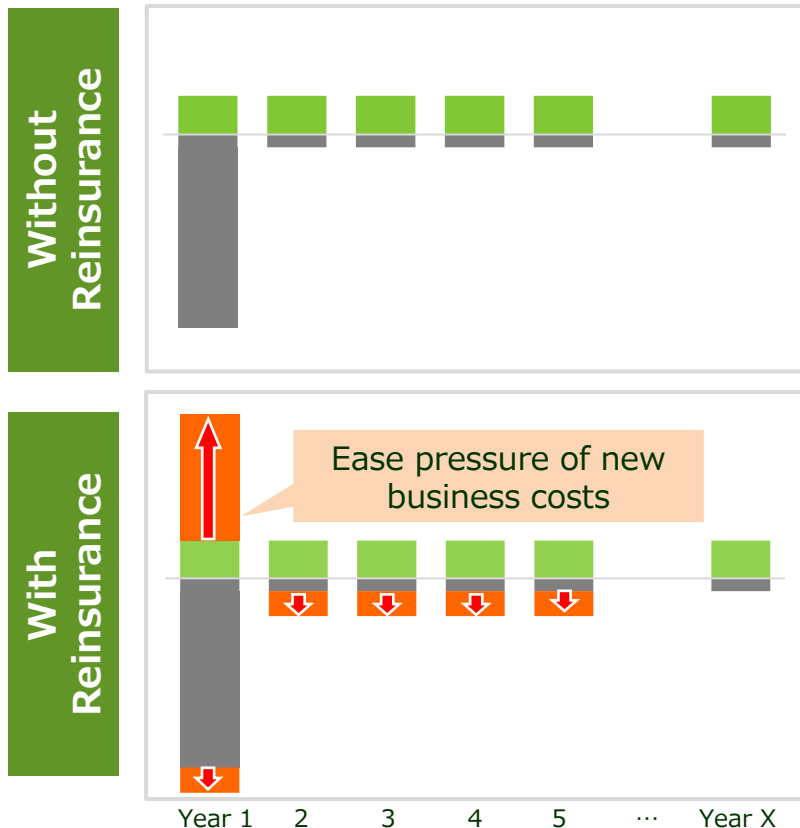
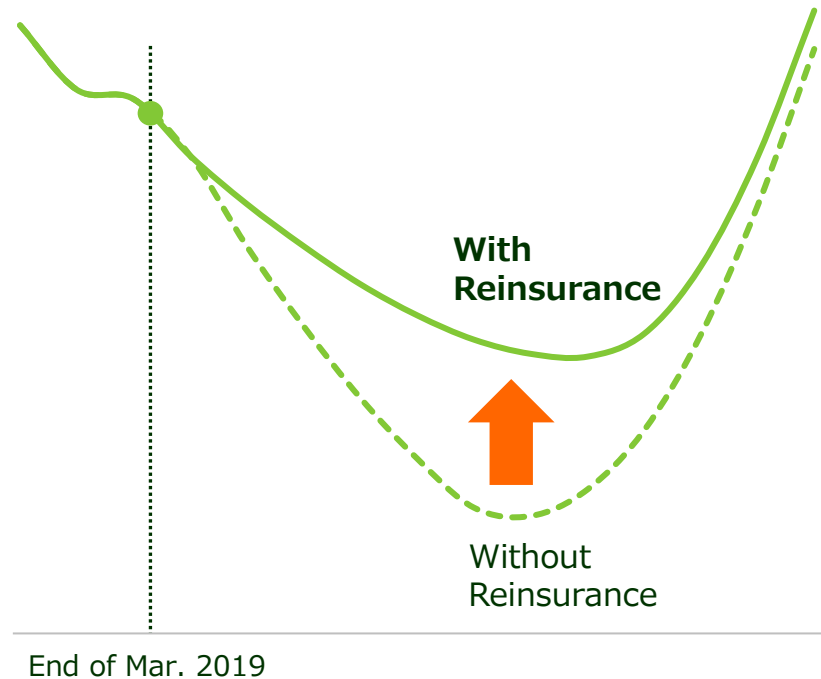


Illustration image of impact of reinsurance on net assets



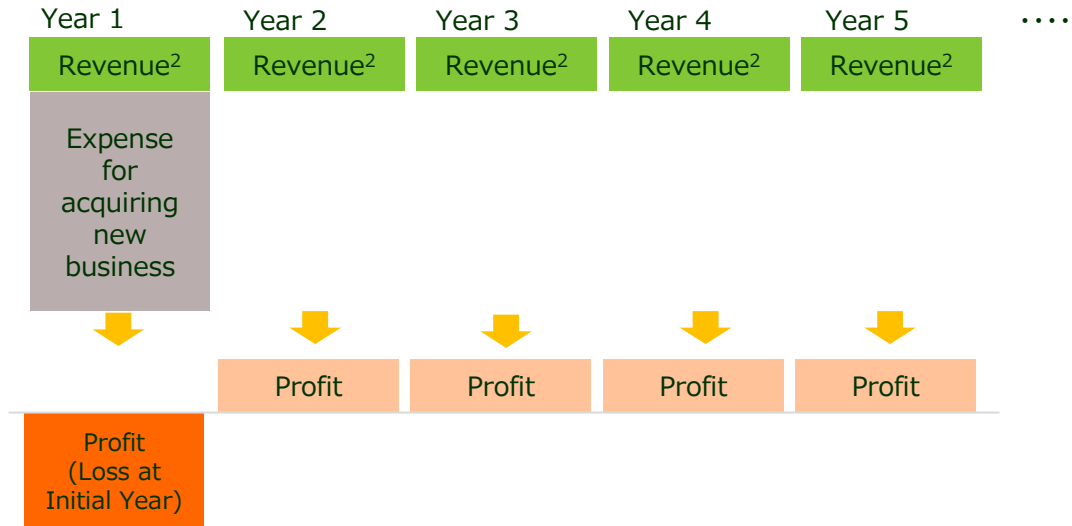
Note: Illustration of P&L structure of reinsuring new business of single fiscal year, where illustration of impact on net assets of reinsuring new business for multiple years. Lifenet has utilized reinsurance transactions by modified co-insurance method on part of new business since fiscal 2019.

J-GAAP vs IFRS

Illustration image of accounting structure¹

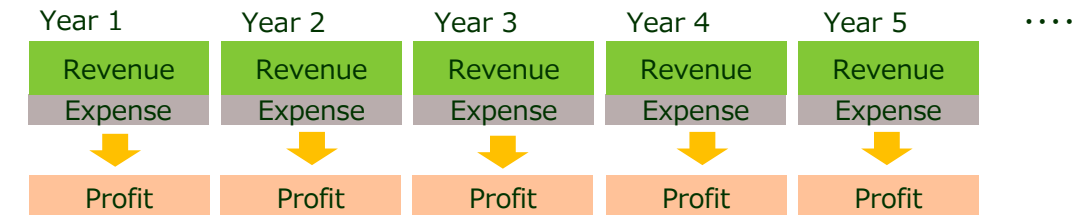
■ Current Statutory Accounting (J-GAAP)

Heavy initial cost for acquiring new business³ is recognized at initial fiscal year.



■ IFRS

Initial cost for acquiring new business³ is deferred under IFRS 17.



* Please refer to [Material for IFRS 17 Study Meeting](#) for details about IFRS 17.

1. This is illustrative purpose only, and it does not necessarily guarantee that Lifenet will make profits as indicated.
 2. Revenue is insurance premiums – costs for policy management, payment of insurance claims and benefit claims, etc. Expense for acquiring new business is not included.
 3. The definition of “expense for acquiring new business” may differ in each accounting rule.