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Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Growth)

## Financial Results for Fiscal 2022 Ended March 31, 2023

Annualized premium of in-force business of 24,033 million yen, up 11.7% year on year

TOKYO, May 11, 2023 - LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori, URL: <https://ir.lifenet-seimei.co.jp/en/>) discloses financial results for fiscal 2022 ended March 31, 2023.

### 1. Overview of the financial results for fiscal 2022

#### (1) Business results

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

Annualized premium\*<sup>1</sup> of new business in 4Q ended March 31, 2023 was 889 million yen (90.6% of 4Q of fiscal 2021). The number of new business was 22,128 (90.7% of 4Q of fiscal 2021). Annualized premium of new business for fiscal 2022 was 3,919 million yen (95.9% of fiscal 2021). The number of new business for fiscal 2022 was 98,532 (97.9% of fiscal 2021).

Annualized premium of policies-in-force as of the end of March 31, 2023 stands at 24,033 million yen (111.7% of March 31, 2022). Sum insured of policies-in-force was 3,633,704 million yen (108.4% of March 31, 2022). The number of policies-in-force resulted in a total of 568,674 (112.1% of March 31, 2022). The number of policyholders was 360,364. Surrender and lapse ratio\*<sup>2</sup> for fiscal 2022 was 6.5% (6.6% for fiscal 2021).

\*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 by 12 months.

\*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

Insurance premiums and other for fiscal 2022 increased to 29,207 million yen (114.9% of fiscal 2021) due to an increase in premium income by growth of in-force business, and effect from modified co-insurance. Investment income was 977 million yen (146.9% of fiscal 2021) mainly due to an increase in gain on money held in trust and gain on sales of securities. Other ordinary income was 83 million yen. As a result, ordinary income for fiscal 2022 amounted to 30,268 million yen (115.7% of fiscal 2021).

Insurance claims and other was 12,445 million yen (143.6 % of fiscal 2021) mainly due to an increase in insurance benefits related to COVID-19 and reinsurance commission from modified co-insurance. The ratio of insurance payment amounts to insurance premiums was 27.4% for fiscal 2022, compared with 20.7% for fiscal 2021. In addition, payment of insurance claims and benefits related to COVID-19 was 1,378 million yen for fiscal 2022. Provision for policy reserves and other came to 7,453 million yen (108.0% of fiscal 2021). The ratio of provision for policy reserves to insurance premiums was 31.5% for fiscal 2022, compared with 34.1% for fiscal 2021. Investment expenses was 185 million yen mainly due to the recording of loss on sale of securities. Operating expenses amounted to 13,463 million yen (110.9% of fiscal 2021) mainly due to the investment in our marketing spend including advertising. The components of operating expenses were 8,672 million yen in marketing expenses (105.0% of fiscal 2021), 1,506 million yen in customer service expenses (117.9% of fiscal 2021), and 3,284 million yen in system and other expenses (126.4% of fiscal 2021). Other ordinary expenses was 1,669

million yen (98.6% of fiscal 2021). Consequently, ordinary expenses for fiscal 2022 totaled 35,217 million yen (119.7% of fiscal 2021).

As a result, ordinary profit totaled 4,949 million yen loss for fiscal 2022, compared with 3,245 million yen loss for fiscal 2021. Net income was 5,164 million yen loss, compared with 3,319 million yen loss for fiscal 2021.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to 5,072 million yen loss, compared with 3,213 million yen loss for fiscal 2021 mainly due to an increase in insurance benefits related to COVID-19 and operating expenses. The components of fundamental profit were 2,292 million yen in mortality margin, 7,429 million yen loss in expense margin and 64 million yen in interest margin.

We are participating in reinsurance transactions from fiscal 2019 by modified co-insurance on part of new business to achieve continuous growth. By utilizing reinsurance appropriately, we will ease the temporary burden imposed on statutory capital by expenses associated with new business and maintain fiscal soundness. The reinsurance transactions are agreements that transfer the risk and the profit (loss) structure of the reinsured business to the reinsurance company for a certain period of time. We receive ceding commission in accordance with the new business costs associated with the reinsured business in the initial fiscal year. This leads to an increase in ordinary income. On the other hand, after the ceding commission is recorded reinsurance accounts receivable as asset, it is amortized by the profit generated from the reinsured business over following fiscal years. This leads to a decrease in ordinary profit and net profit. Once the balance of reinsurance accounts receivable is amortized to zero, the reinsurance agreement terminates, and subsequent profit on the reinsured business belongs to Lifenet. Accordingly, the modified co-insurance for fiscal 2022 resulted in raising ordinary income by 5,671 million yen (4,852 million yen of fiscal 2021), ordinary profit by 608 million yen (1,283 million yen of fiscal 2021), and net income by 608 million yen (1,283 million yen of fiscal 2021).

## **(2) Financial condition**

### **Assets, liabilities and net assets**

Total assets as of March 31, 2023 amounted to 68,600 million yen (67,820 million yen as of March 31, 2022). The major account balance was 45,606 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings. Reinsurance accounts receivable was 4,602 million yen including 4,295 million yen of the balance of unamortized ceding commission for modified co-insurance.

Liabilities amounted to 53,026 million yen as of March 31, 2023 (45,749 million yen as of March 31, 2022), owing to an increase in policy reserves. The major account balances were 49,632 million yen in policy reserves and 1,364 million yen in reserves for outstanding claims.

Net assets amounted to 15,574 million yen as of March 31, 2023 (22,071 million yen as of March 31, 2022) mainly due to the recording of net loss for fiscal 2022 and a decrease in valuation difference on available-for-sale securities. It includes the effect of raising retained earnings due to the utilization of modified co-insurance. On the other hand, after the ceding commission is recorded reinsurance accounts receivable as asset, it is amortized by the profit generated from the reinsured business over following fiscal years. This leads to a decrease in net assets accordingly.

The solvency margin ratio as of March 31, 2023 was 3,158.2% (3,182.8% as of March 31, 2022), which indicated that an adequate level of payment capacity was maintained.

### (3) Cash flows

For fiscal 2022, net cash provided by operating activities amounted to 2,705 million yen (2,783 million yen provided for fiscal 2021) due to the increase of operating expenses. Net cash used by investing activities amounted to 245 million yen (7,749 million yen used for fiscal 2021) mainly due to purchase and sales of securities and purchase of intangible fixed assets. Net cash used by financing activities amounted to 2 million yen (9,668 million yen provided for fiscal 2021).

Based on these activities described above, cash and cash equivalents as of March 31, 2023 totaled 10,219 million yen (7,761 million yen as of March 31, 2022).

### (4) Business forecasts

Lifenet will voluntarily adopt International Financial Reporting Standards (hereinafter, “IFRS”) for its consolidated financial statements from the first quarter of fiscal 2023 ending March 31, 2024. The business forecasts for fiscal 2023 ending March 31, 2024 are prepared based on IFRS.

The consolidated business forecasts for fiscal 2023 are as follows. We disclose insurance revenue, insurance service results and net income attributable to owners of parent based on IFRS in addition to annualized premium of policies-in-force for individual insurance and group credit life insurance combined. Please note that the IFRS-based business results for fiscal 2022 ended March 31, 2023, in which Japanese GAAP was applied, are unaudited and disclosed for reference purposes.

(In millions of yen)

	Annualized premium of policies-in-force <sup>*3</sup>	Insurance revenue	Insurance service results	Net income attributable to owners of parent
Business forecasts for fiscal 2023 <sup>*4</sup>	28,500	24,900	8,200	5,300
(Reference) Business results for fiscal 2022 <sup>*5</sup>	24,033	20,732	6,618	3,575
Change	18.6%	20.1%	23.9%	48.3%

\*3: 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 by 12 months.

\*4: The business forecasts for fiscal 2023 include the impact of group credit life insurance business which starts in July 2023 (planned).

\*5: Insurance revenue, insurance service results and net income attributable to owners of parent are accounts based on IFRS and unaudited. Insurance service results and net income attributable to owners of parent for fiscal 2022 included the impact of the COVID-19 claims (1,378 million yen).

Lifenet will promote initiatives in the priority areas of “innovation of customer experience” and “enhancement of promotion capabilities” to achieve the management goal of 200 billion yen in European Embedded Value (EEV) in a mid-term. In fiscal 2023, we will expand business domains and start providing group credit life insurance, aiming for sustainable growth in in-force business. To that end, during the current fiscal year, we will invest in marketing for new business, services related to improving customer experience, and our new business, group credit life insurance business as well as initiatives with partner companies. Regarding the

payment related to COVID-19, at this time, we expect the impact in fiscal 2023 to be very limited compared to the amount of the payment (1,378 million yen) in fiscal 2022.

Accordingly, Lifenet is forecasting annualized premium of policies-in-force for individual insurance and group credit life insurance combined of 28,500 million yen, insurance revenue of 24,900 million yen, insurance service results of 8,200 million yen and net income attributable to owners of parent of 5,300 million yen. The annualized premium of policies-in-force is expected to be 25,900 million yen for individual insurance and 2,600 million yen for group credit life insurance.

By investing for growth with the aim of improving corporate value over the mid-term, Lifenet aims to achieve sustainable growth in in-force business and 10% continuous growth in insurance service results.

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

	Individual Insurance	Group Credit Life Insurance	Total
Business forecasts for fiscal 2023	25,900	2,600	28,500
(Reference) Business results for fiscal 2022	24,033	-	24,033
Change	7.8%	-	18.6%

## (5) Dividend policy

Lifenet has yet to determine its specific dividend policies and dates for the start of distributing retained earnings as dividends as we still record cumulative loss and will be prioritizing strengthening our growth base to increase mid to long term profitability.

In the future, we will continue to target business expansion and profit generation by implementing measures to increase recognition of the Company, developing new products and services, and effectively utilizing financing for investment in systems and other aspects of the business. In addition to this, we will consider implementing measures to provide shareholder return that include payment of dividends from future retained earnings.

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. From fiscal 2023 ending March 31, 2024, we will voluntarily adopt IFRS in its consolidated financial statements, however, distribution of retained earnings will be based on non-consolidated financial statements in accordance with Japanese GAAP.

## 2. Business policy

### (1) Basic management policy

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.

### (2) Target indicator

Lifenet regards European Embedded Value (EEV), noted in the management goal set in our Management Policy, as the important management indicator of corporate value.

We have also established three types of indicators for growth, profitability<sup>\*1</sup>, and financial soundness to support sustainable growth of EEV. The indicators for growth are in-force business and new business; the indicators for profitability are insurance acquisition cash flows efficiency and the operating expenses ratio (operating expenses excluding insurance acquisition cash flows divided by insurance premium) and; the indicator for financial soundness is the solvency margin ratio.

<sup>\*1</sup>: As for the profitability indicator, marketing efficiency and operating expenses ratio excluding marketing expenses were set up until fiscal 2022 based on Japanese GAAP, which had been applied in financial reporting. In place of them, insurance acquisition cash flows efficiency and operating expenses ratio excluding insurance acquisition cash flows will be applied due to the voluntary adoption of IFRS from fiscal 2023. Insurance acquisition cash flows is cost directly attributable to the increased acquisition of insurance contract groups, which is the sum of marketing expenses plus mainly system costs and new business underwriting costs.

### (3) Mid to long term business strategy and challenges

We formulated our Management Policy to achieve even greater growth and high profitability over the mid to long term.

#### Summary of Management Policy

<b>Mission</b>	Help our customers embrace life more fully by offering comprehensible, cost-competitive and convenient products and services
<b>Vision</b>	Be the leading company driving the growth of the online life insurance market
<b>Priority areas</b>	<ul style="list-style-type: none"> <li>● <u>Innovation of customer experience</u> Enhancing and evolving the quality of all services with digital technology</li> <li>● <u>Enhancement of promotion capabilities</u> Generating massive customer traffic by active promotion and expansion of agent sales and white label business</li> </ul>
<b>Management goal</b>	Aim to achieve EEV (indicator of corporate value) of 200 billion yen by business growth in a mid-term

In fiscal 2022, the external environment of the life insurance industry changed significantly due to the COVID-19 situation and interest rate fluctuations, which also affected our performance. In addition, compared with the time when we commenced our business in 2008, new entries into online channels have increased and the competitive landscape has become

even more severe. Under these circumstances, we achieved steady growth, with the number of policies-in-force exceeding 550,000 and EEV, a management indicator, reaching 120 billion yen, while leveraging our strengths as the leading company of online life insurance. We will pursue initiatives that address the following issues with the aim of achieving further growth in in-force business and the management goal of achieving 200 billion yen in EEV.

i Reaccelerating of the mid to long term growth of Internet channel

We aim to reaccelerate the growth of internet channel through initiatives in the two priority areas of “innovation of customer experience” and “enhancement of promotion capabilities” over the mid to long term.

First, we will continue to invest in advertising and promotion, mainly in TV commercials and online advertising to promote the increase of our brand awareness so that customers can recall Lifenet at the timing of their purchases.

Next, we believe that it is important to be able to give our customers, who recognize us, a sense of security in choosing us as the competitive environment becomes more severe. Therefore, we will deliver our products and services centered on our value of “Comprehensible, Cost-Competitive, Convenient” to our customers more clearly and will provide products and services that are chosen by customers with focusing on system development and data analysis to improve the customer experience.

In fiscal 2023, in particular for younger generation, our main customer base, we will promote a sales strategy that goes beyond the promotion domain. Since we commenced our business, our performance has grown with the support of many young customers. In recent years, our performance has grown as an online life insurance company of choice among middle-aged and elderly customers. In order to further increase our scale and improve operating efficiency over the mid to long term, we need to make the foundations for reacceleration of the growth of our in-force business. To achieve this, we aim to increase the performance of the Internet channel by focusing on attracting younger customers, who prefer digital customer experiences. As we mark the 15th anniversary of our business commencement in 2023, we will return to the LIFENET Manifesto and take on the challenge of strengthening customer touchpoints and providing products and services from the perspective of younger customers.

ii Expanding the online life insurance market through collaboration with partners

By taking advantage of our unique position as an independent company and the leading company in the online life insurance market, we will actively engage in collaboration with partner companies and aim to expand online life insurance market. With a view to mid to long term growth in the future, in fiscal 2023, we will strengthen our individual insurance businesses with partner companies and our platform businesses, as well as expand new business domain, group credit life insurance businesses.

As for individual insurance businesses, we aim to increase the contribution to the in-force business performance by focusing on white label businesses. We leverage the broad customer base and brand power of partner companies such as KDDI Corporation and Money Forward, Inc.

In our platform business, as for “B to C”, we aim to expand the business scale by improving the UIUX of our online insurance agent website provided by LIFENET MIRAI Inc., our subsidiary. We also aim to provide a service for “B to B” customers with the systems and digital tools necessary for the online insurance business by utilizing the functions and know-how of current agent business for “B to C” customer. As part of this, in October 2022, we concluded a business alliance agreement with Sumitomo Mitsui Card Co., Ltd., and start working to realize a digital customer experience. We aim to contribute to the expansion of online life insurance market by

building financial services that are even closer to our customers through the interaction of “B to B” and “B to C” business.

As for our new group credit life insurance business, in July 2023, we will begin offering group credit life insurance to mortgage loan borrowers of au Jibun Bank Corporation. In the current fiscal year, we will steadily launch this business so that it will become a new earnings opportunity. In the future, we will work to establish a stable earnings base with a view to increasing alliance partners.

iii Strengthening efforts to address human capital to support business growth

In order to provide customer-friendly products and services and achieve strong growth while responding to the changing environment, we believe that it is important to create better work environment in which employees can play an active role. To that end, we will focus on “value diversity” and “create opportunities for growth”.

As part of our efforts to become a company that “value diversity,” we aim to create better work environment where employees with diverse knowledge, experience and ideas can play an active role through age-, nationality- and gender-free recruitment. We also aim to create an organization where each employee can work in a healthy, cheerful, and pleasant manner while making most of their personality and respecting each other.

As part of our efforts to “create opportunities for growth,” we will support the challenge and growth of employees through unique evaluation systems and the provision of opportunities for employees to learn together. We encourage our employees to take on challenges and grow and promote initiatives to link individual growth to organizational growth.

### **3. Basic Rationale for Selection of Accounting Standards**

Lifenet will voluntarily adopt International Financial Reporting Standards (IFRS) for its consolidated financial statements from the first quarter of the fiscal year ending March 31, 2024 for the purpose of more appropriately representing its periodic profit/loss and profitability and improving the international comparability of financial information.

## 4. Non-consolidated Financial Statements

### (1) Balance Sheets

	(In millions of yen)	
	March 31	
	2022	2023
<b>ASSETS</b>		
Cash and deposits.....	3,761	5,719
Bank deposits.....	3,761	5,719
Monetary claims bought.....	3,999	4,499
Money held in trust .....	5,460	5,322
Securities .....	47,425	45,606
Government bonds .....	8,946	7,689
Municipal bonds.....	1,469	1,442
Corporate bonds .....	24,042	24,994
Stocks .....	492	435
Foreign securities.....	98	596
Other securities .....	12,375	10,447
Tangible fixed assets.....	97	75
Buildings .....	25	22
Leased assets .....	7	5
Other tangible fixed assets .....	64	47
Intangible fixed assets.....	1,293	1,544
Software.....	1,123	1,098
Software in progress .....	170	445
Agency accounts receivable .....	7	9
Reinsurance accounts receivable.....	3,881	4,602
Other assets.....	1,892	1,219
Accounts receivable.....	1,585	880
Prepaid expenses .....	131	150
Accrued income .....	101	112
Deposits.....	73	73
Suspense payments .....	1	3
Total assets .....	67,820	68,600



	(In millions of yen)	
	March 31	
	2022	2023
<u>LIABILITIES</u>		
Policy reserves and other .....	43,542	50,996
Reserves for outstanding claims .....	984	1,364
Policy reserves .....	42,558	49,632
Agency accounts payable .....	48	64
Reinsurance accounts payable.....	404	495
Other liabilities .....	1,379	1,344
Income taxes payable .....	3	3
Accounts payable.....	30	68
Accrued expenses.....	1,270	1,195
Deposits received.....	16	18
Lease liabilities .....	7	5
Asset retirement obligations.....	34	34
Suspense receipt .....	17	17
Reserves under the special laws.....	102	124
Reserve for price fluctuations.....	102	124
Deferred tax liabilities .....	271	—
Total liabilities .....	<u>45,749</u>	<u>53,026</u>
<u>NET ASSETS</u>		
Capital stock .....	21,655	21,676
Capital surplus.....	21,655	21,676
Legal capital surplus .....	21,655	21,676
Retained earnings .....	(21,936)	(27,100)
Other retained earnings .....	(21,936)	(27,100)
Retained earnings brought forward .....	(21,936)	(27,100)
Treasury shares .....	(0)	(0)
Shareholders' equity .....	<u>21,373</u>	<u>16,252</u>
Valuation difference on available-for-sale securities .....	697	(678)
Valuation and translation adjustments .....	697	(678)
Total net assets .....	<u>22,071</u>	<u>15,574</u>
Total liabilities and net assets .....	<u><u>67,820</u></u>	<u><u>68,600</u></u>

## (2) Statements of Operations

	(In millions of yen)	
	Year ended March 31	
	2022	2023
Ordinary income.....	26,167	30,268
Insurance premiums and other .....	25,420	29,207
Premiums income .....	19,835	22,469
Reinsurance income .....	5,585	6,738
Investment income .....	665	977
Interest, dividends and other income .....	415	497
Interest from deposits .....	0	0
Interest and dividends from securities.....	415	497
Other interest and dividends.....	0	0
Gain on money held in trust.....	70	183
Gain on sales of securities .....	178	296
Other ordinary income.....	81	83
Other.....	81	83
Ordinary expenses .....	29,413	35,217
Insurance claims and other.....	8,668	12,445
Insurance claims.....	2,546	3,123
Benefits .....	1,563	3,030
Other refunds .....	1	1
Reinsurance commissions .....	4,558	6,290
Provision for policy reserves and other.....	6,903	7,453
Provision for reserves for outstanding claims.....	146	379
Provision for policy reserves .....	6,756	7,074
Investment expenses .....	8	185
Interest expenses.....	0	2
Loss on sales of securities .....	—	180
Foreign exchange losses .....	0	0
Other investment expenses.....	7	3
Operating expenses.....	12,140	13,463
Other ordinary expenses.....	1,693	1,669
Taxes .....	1,169	1,273
Depreciation .....	390	392
Other.....	133	3
Ordinary profit (loss) .....	(3,245)	(4,949)
Extraordinary losses .....	68	209
Loss on valuation of shares of subsidiaries and affiliates ....	—	185
Loss on disposal of non-current assets .....	42	2
Provision of reserves under the special laws .....	26	22
Provision of reserve for price fluctuations .....	26	22
Income (loss) before income taxes .....	(3,314)	(5,159)
Income taxes-current .....	4	4
Income taxes.....	4	4
Net income (loss) .....	(3,319)	(5,164)

### (3) Statements of Changes in Net Assets

	(In millions of yen)	
	Year ended March 31	
	2022	2023
<b>Shareholders' equity:</b>		
Capital stock		
Balance at the beginning of the year .....	16,731	21,655
Changes of items during the period		
Issuance of new shares .....	4,885	—
Issuance of new shares-restricted stock .....	21	21
Issuance of new shares-exercise of subscription rights to shares .....	15	—
Total changes of items during the period .....	<u>4,923</u>	<u>21</u>
Balance at the end of the period .....	<u>21,655</u>	<u>21,676</u>
Capital surplus		
Legal capital surplus		
Legal capital surplus .....	16,731	21,655
Changes of items during the period		
Issuance of new shares .....	4,885	—
Issuance of new shares-restricted stock .....	21	21
Issuance of new shares-exercise of subscription rights to shares .....	15	—
Total changes of items during the period .....	<u>4,923</u>	<u>21</u>
Legal capital surplus .....	<u>21,655</u>	<u>21,676</u>
Total capital surplus		
Capital surplus .....	16,731	21,655
Changes of items during the period		
Issuance of new shares .....	4,885	—
Issuance of new shares-restricted stock .....	21	21
Issuance of new shares-exercise of subscription rights to shares .....	15	—
Total changes of items during the period .....	<u>4,923</u>	<u>21</u>
Capital surplus .....	<u>21,655</u>	<u>21,676</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Retained earnings brought forward .....	(18,616)	(21,936)
Total changes of items during the period		
Net income (loss) .....	<u>(3,319)</u>	<u>(5,164)</u>
Total changes of items during the period .....	<u>(3,319)</u>	<u>(5,164)</u>
Retained earnings brought forward .....	<u>(21,936)</u>	<u>(27,100)</u>
Total retained earnings		
Retained earnings .....	(18,616)	(21,936)
Changes of items during the period		
Net income (loss) .....	<u>(3,319)</u>	<u>(5,164)</u>
Total changes of items during the period .....	<u>(3,319)</u>	<u>(5,164)</u>
Retained earnings .....	<u>(21,936)</u>	<u>(27,100)</u>
Treasury shares		
Balance at the beginning of the year .....	(0)	(0)
Changes of items during the period		
Purchase of treasury shares .....	<u>(0)</u>	<u>(0)</u>
Total changes of items during the period .....	<u>(0)</u>	<u>(0)</u>
Balance at the end of the period .....	<u>(0)</u>	<u>(0)</u>

(In millions of yen)

	Year ended March 31	
	2022	2023
<b>Total shareholders' equity</b>		
Balance at the beginning of the year.....	14,846	21,373
Changes of items during the period		
Issuance of new shares.....	9,771	—
Issuance of new shares-restricted stock.....	43	43
Issuance of new shares-exercise of subscription rights to shares.....	31	—
Net income (loss).....	(3,319)	(5,120)
Purchase of treasury shares.....	(0)	(0)
Total changes of items during the period.....	6,526	(5,120)
Balance at the end of the period.....	21,373	16,252
<b>Valuation and translation adjustments:</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of the year.....	960	697
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(262)	(1,375)
Total changes of items during the period.....	(262)	(1,375)
Balance at the end of the period.....	697	(678)
<b>Total valuation and translation adjustments</b>		
Balance at the beginning of the year.....	960	697
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(262)	(1,375)
Total changes of items during the period.....	(262)	(1,375)
Balance at the end of the period.....	697	(678)
<b>Net assets:</b>		
Balance at the beginning of the year.....	15,806	22,071
Changes of items during the period		
Issuance of new shares.....	9,771	—
Issuance of new shares-restricted stock.....	43	43
Issuance of new shares-exercise of subscription rights to shares.....	31	—
Net income (loss).....	(3,319)	(5,164)
Purchase of treasury shares.....	(0)	(0)
Net changes of items other than shareholders' equity.....	(262)	(1,375)
Total changes of items during the period.....	6,264	(6,496)
Balance at the end of the period.....	22,071	15,574

## (4) Statements of Cash Flows

	(In millions of yen)	
	Year ended March 31	
	2022	2023
Cash flows from operating activities		
Income (loss) before income taxes .....	(3,314)	(5,159)
Depreciation and amortization .....	390	392
Increase (decrease) in reserves for outstanding claims .....	146	379
Increase (decrease) in policy reserves .....	6,756	7,074
Increase (decrease) in reserve for price fluctuations .....	26	22
Interest, dividends and other income .....	(415)	(497)
Loss (gain) related to securities .....	(178)	69
Interest expenses .....	1	2
Loss (gain) property plant and equipment .....	5	1
Share issuance costs .....	130	—
Decrease (increase) in agency accounts receivable .....	1	(1)
Decrease (increase) in reinsurance accounts receivable .....	(1,311)	(721)
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	(235)	693
Increase (decrease) in agency accounts payable .....	(21)	16
Increase (decrease) in reinsurance accounts payable .....	103	90
Increase (decrease) in other liabilities <excluding assets for investing and financing activities > ..	189	(71)
Other, net .....	9	(137)
Subtotal .....	<u>2,283</u>	<u>2,153</u>
Interest and dividends income received .....	520	569
Interest expenses paid .....	(1)	(2)
Income taxes (paid) refund .....	(19)	(14)
Net cash provided by (used in) operating activities .....	<u>2,783</u>	<u>2,705</u>
Cash flows from investing activities		
Purchase of money held in trust .....	—	(0)
Proceeds from decrease in money held in trust .....	500	240
Purchase of securities .....	(9,809)	(9,339)
Proceeds from sales and redemption of securities .....	2,076	9,439
Total of net cash provided by (used in) investment transactions ...	<u>(7,232)</u>	<u>340</u>
Total of net cash provided by (used in) operating activities and investment transactions ...	<u>(4,448)</u>	<u>3,046</u>
Purchase of tangible fixed assets .....	(38)	(1)
Purchase of intangible fixed assets .....	(478)	(583)
Net cash provided by (used in) investing activities .....	<u>(7,749)</u>	<u>(245)</u>
Cash flows from financing activities		
Proceeds from issuance of shares .....	9,641	—
Proceeds from issuance of stock resulting from exercise of subscription rights to shares ...	31	—
Purchase of treasury shares .....	(0)	(0)
Repayments of lease obligations .....	(4)	(2)
Net cash provided by (used in) financing activities .....	<u>9,668</u>	<u>(2)</u>
Net increase (decrease) in cash and cash equivalents .....	<u>4,702</u>	<u>2,457</u>
Cash and cash equivalents, beginning of the year .....	<u>3,059</u>	<u>7,761</u>
Cash and cash equivalents, end of the year .....	<u>7,761</u>	<u>10,219</u>

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

Remembering the original purpose of life insurance - mutual support - LIFENET INSURANCE COMPANY was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. We aim to be the leading company driving the growth of the online life insurance market.

Contact:

Investor Relations, Corporate Planning Department

Tel: +81-3-5216-7900

e-mail: [ir@lifenet-seimei.co.jp](mailto:ir@lifenet-seimei.co.jp)

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