

March 15, 2023

Ryosuke Mori, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Growth)

Notice of Voluntary Adoption of International Financial Reporting Standards (IFRS)

TOKYO, March 15, 2023 – LIFENET INSURANCE COMPANY (TSE Growth 7157, President Ryosuke Mori, URL: <https://ir.lifenet-seimei.co.jp/en/>, hereafter, “the Company”) announces that the Board of Directors has decided on the voluntary adoption of International Financial Reporting Standards (hereafter, “IFRS”) for its consolidated financial statements. This change will take effect from fiscal 2023 ending March 31, 2024. In line with this, the Company also announces that LIFENET MIRAI Inc. is planned to be a consolidated subsidiary from April 1, 2023.

1. Purpose of voluntary adoption of IFRS

The current financial accounting under Japanese GAAP for the insurance industry is based on the accounting procedures prescribed by the Insurance Business Act. Under the statutory accounting on the profit-and-loss statement, the entire cost associated with the acquisition of new business is recognized as a current period expense. On the other hand, the income from insurance premiums, which represents revenues, is recognized over a long period of time. Thus, there is a time lag between the recognition timing of revenues and cost.

Accordingly, if new business performance is growing strongly while in-force business has not yet reached a sufficient volume, like the Company, it will have a negative impact on accounting profit and loss under Japanese GAAP.

The Company recognized a significant challenge in properly representing our periodic profit/loss and the reality of our medium-term profitability under Japanese GAAP, which means the more business performance grows the more the accounting profit decreases.

To address the challenge, the voluntary adoption of IFRS can better reflect the Company’s actual periodic profit/loss and profitability by, for example, allowing a part of cost acquired new business to be deferred over the period of the contract. In addition, IFRS will provide a comparable financial information internationally. We believe that it will contribute to disclose more useful information to shareholders and investors.

2. Disclosure schedule for the voluntary adoption of IFRS (planned)

Accounting period		Disclosure documents	Accounting standards
FY2022	Year-end	Financial Results Financial Statements Annual Securities Report	Japanese GAAP
FY2023	First quarter Second quarter Third quarter	Quarterly Financial Results Quarterly Securities Reports	IFRS*1
	Year-end	Financial Results Consolidated Financial Statements Annual Securities Report	IFRS*1

*1. Non-consolidated financial statements under Japanese GAAP are prepared until fiscal 2022, ending March 31, 2023. From fiscal 2023 onwards, non-consolidated financial statements will continue to be prepared under Japanese GAAP.

3. Profile of the consolidated subsidiary

(1) Company name	LIFENET MIRAI Inc.		
(2) Location	2-14-2 Kojimachi, Kojimachi NK Building, Chiyoda-Ku, Tokyo		
(3) Representative	Takahito Kanasugi, President and Representative Director		
(4) Business description	Insurance agency services, etc.		
(5) Capital	350 million yen (including capital reserve)		
(6) Date established	May 10, 2021		
(7) Major shareholder & percentage of shares held	LIFENET INSURANCE COMPANY 88.6% MILIZE Inc. 11.4%		
(8) Relationship with Lifenet	Capital relationship	Subsidiary of Lifenet	
	Personnel relationship	A director of the Company concurrently serves as a director. A director (Audit and Supervisory Committee member) of the Company also concurrently serves as a corporate auditor.	
	Transactional relationship	There is a transaction for agency commissions related to the sale of insurance as an insurance company and its agent.	
(9) Financial results of LIFENET MIRAI Inc.			
Financial term	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets (million yen)	—	—	116
Total assets (million yen)	—	—	121
Net assets per share (yen)	—	—	5,802
Ordinary income (million yen)	—	—	0
Ordinary profit (million yen)	—	—	(83)
Net income (million yen)	—	—	(83)
Net income per share (yen)	—	—	(4,197)

4. Future Prospects

The impact on operating results of the inclusion of LIFENET MIRAI Inc. as a consolidated subsidiary will be minor. The Company will promptly disclose any material impact that arises in the future.

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.

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