

Question and Answer Summary at 1Q Financial Results Briefing
for the Fiscal Year Ending March 2026

August 13, 2025

LIFENET INSURANCE COMPANY

We disclose the summary of the Q&A session held during the financial results briefing on the first quarter of fiscal 2025 ending March 2026.

<Answerers>

Junpei Yokozawa	President and Representative Director
Takeshi Kawasaki	Director, Executive Vice President, CFO
Kota Matsubara	Head of Accounting and Actuarial Department

Question: Regarding the insurance acquisition cash flows on [page 32 of the presentation material](#), you indicated a plan for aggressive marketing investment in fiscal 2025 at the financial results briefing for the fiscal year ended March 2025. However, compared to the fourth quarter of fiscal 2024, the insurance acquisition cash flows for the first quarter of fiscal 2025 has decreased. Could you please explain the marketing investment strategy for the second quarter of fiscal 2025 and beyond?

Yokozawa: There is no change to the strategy to strengthen marketing investments in fiscal 2025. We have already seen a positive response, as the investments in various initiatives launched in 2025 are beginning to lead to new business acquisitions. Particularly in the direct channel, we are achieving new business acquisitions due to the marketing investments. As you have pointed out, although the amount invested in the first quarter has decreased compared to the previous quarter, we will aim to expand the scale of our business while closely monitoring the efficiency of our insurance acquisition cash flows.

Kawasaki: The fourth quarter is typically a good time to actively increase marketing investments due to seasonal factors. Compared to the same period last year, we have increased investment in the first quarter of this year.

Question: How will you leverage technology in terms of acquisition of new business?

Yokozawa: As part of our future plans, we aim to provide a better customer experience by reducing the pain points on customers during underwriting declaration and application processes through information sharing that utilizes systems such as the Individual Number system, thereby contributing to the acquisition of new business.

Question: Regarding [page 21 of the presentation material](#), what measures are you considering to improve financial soundness under Japanese GAAP? Also, please share your thoughts on equity financing.

Kawasaki: Under the new management team, we aim to accelerate investments proactively. To achieve this, ensuring financial soundness under Japanese GAAP is crucial. We have been utilizing modified co-insurance as part of our capital strategy, and as described on [page 45 of the presentation material](#), we are strengthening its use from fiscal 2025 to mitigate the decline in capital and improve our financial position.

In the future, if significant growth opportunities arise, we might consider a capital raise as one of the options. However, we do not recognize the necessity for such a measure at this point.

Question: Could you please explain the business partnership you consider with Advance Create Co., Ltd.?

Yokozawa: We entered into this partnership with Advance Create to accelerate our growth through this collaboration to expand online life insurance market. Advance Create is a powerful distributor that operates "Hoken Ichiba," one of the largest insurance comparison websites in Japan. This collaboration allows us to expand our reach to customers that we cannot access on our own. We believe that through this partnership, we can work towards the mutual business growth of both companies and the expansion of the market as a whole.

Question: Regarding the partnership with Advance Create Co., Ltd., could you tell us Lifenet Insurance's ownership stake and the approximate timeline for making the company an equity-method affiliate?

Kawasaki: Through this partnership, the combined ownership stake of common shares and Class A shares is expected to be approximately 29%. At this stage, we cannot provide a clear timeline for making them an equity-method affiliate, but we intend to move forward with this in mind.

Question: Despite changing the financial reporting to International Financial Reporting Standards (IFRS), why is it necessary to use modified co-insurance to improve the financial position under Japanese GAAP? Are there any plans for paying dividends?

Kawasaki: Under the new management team, we aim to expand our business scale through proactive investment, and we use modified co-insurance as part of our capital strategy. This time, we were able to conclude reinsurance agreements with favorable condition from the perspective of capital efficiency, so we decided to expand its use at this opportunity.

However, the use of modified co-insurance will not accelerate the timing of dividend payments. Regarding the timing of achieving a single-year profit under Japanese GAAP, which we previously communicated as the latter half of the 2020s, there is a possibility that this could be moved forward earlier than planned due to the impact of modified co-insurance.

Question: Could you please explain how you evaluate your current ROE?

Kawasaki: We plan to disclose information on our cost of capital at an early stage, which is required for a company listed on the TSE Prime market. We will also consider disclosing ROE levels in relation to this disclosure. Please note that IFRS equity, which is the denominator of ROE, tends to be high due to statutory accounting that currently limits dividends and share buybacks. Therefore, we aim to raise ROE levels by increasing profit levels, which are the numerator, through growth investments.

Question: Results from GCL for the first quarter was significantly positive at 730 million yen. Do you anticipate any premium rate revision in the near future that could lead to a decrease in premium income?

Kawasaki: In the first quarter, we recorded higher-than-expected profits from group credit life insurance ("GCL"). However, compared to individual life insurance, the pay amount per claim for GCL is significantly larger, resulting in significant fluctuations in result from GCL under the current stage. Therefore, we will not make a decision to revise the rate based solely on the first-quarter results and need to monitor the trends moving forward.

If sufficient profits continue to be recorded in the future, there is a possibility that we may revise the premium rate in a direction that reduces premiums, taking into account the level of premiums of both Lifenet and au Jibun bank. In any case, we do not anticipate making changes based solely on the results of a single fiscal year. We will consider setting the rate at a rational level for both companies from a long-term perspective.

Question: How is the possibility of new partnership in GCL business during fiscal 2025 increased?

Kawasaki: We are making progress in our outreach to other financial institutions, and we recognize that the depth of our proposals is increasing as our pipeline expands. We aim to announce one additional partnership within this fiscal year.

Question: The Bank of Japan has ended its Fund-Provisioning Measure to Stimulate Bank Lending. This could reduce the appeal of mortgage loan interest rates offered by your GCL partner, au Jibun Bank. How do you recognize the risk that mortgage loan business could stagnate compared to last year?

Kawasaki: We have already incorporated the impact of the Bank of Japan's monetary policy review into our business forecasts. As you recognize, changes in the macroeconomic environment have altered the competitive landscape for interest rates, and we are experiencing some effects from this.

On the other hand, annualized premium of policies-in-force has continued to grow steadily in the first quarter. Going forward, we will continue to focus on expanding our GCL business while closely monitoring macroeconomic conditions and competitive trends.

Question: Regarding the business forecast of 9.0 billion yen for annualized premiums of policies-in-force from GCL, is the progress in the first quarter on track? Also, is the potential contribution from new partnership already incorporated into this forecast?

Kawasaki: We recognize that progress is in line with the forecast. The approximately 1.4 billion yen net increase in annualized premiums from GCL disclosed as a reference is conservatively estimated, taking into account factors like changes in the macroeconomic environment. The expansion of partnership, which we aim to announce during the current fiscal year, is not included in the 9.0 billion yen forecast.

Question: Regarding the CSM movement on [page 38 of the presentation material](#), the amortization of CSM has exceeded new business CSM since fiscal 2024, resulting in a decrease in the CSM balance. Do you expect this trend to continue in fiscal 2025?

Kawasaki: As you pointed out, our CSM in the first quarter has decreased compared to the beginning of the fiscal year. We are monitoring trends on an annual basis, including the impact

of assumption changes, etc. Moreover, CSM is a key driver of future insurance service results growth, so we recognize the decrease in CSM balance as a management issue. In the medium term, we will address this by improving insurance acquisition cash flows efficiency and other measures and aim to reverse this trend to return it to growth.

Question: Regarding [page 15 of the presentation material](#), it was mentioned that the slow increase of the amortization of CSM is an issue. Could you tell us the measures to address this?

Kawasaki: The amortization of CSM is not increasing because the CSM balance itself is decreasing. Therefore, we will work to steadily increase the CSM by improving individual life insurance performance.

Question: At the fiscal 2024 earnings announcement, the internal ESR (Economic Solvency Ratio) was disclosed as 364%. While we recognize this is a high level, what key factors would drive the decision to consider a capital raise in the future?

Kawasaki: While we recognize that our internal ESR is high compared to other companies, we do not foresee significant fluctuations in our anticipated business activities going forward. We do not see a need for capital raise under our current growth strategy. As indicators that could trigger a decision for a capital raise, we are closely monitoring the trend in net assets under Japanese GAAP. The utilization of modified co-insurance, which we have recently strengthened, is part of our capital strategy to mitigate the decline in net assets and improve financial soundness. However, although our basic policy remains unchanged, if significant growth opportunities arise in the future and capital raise is the optimal option, we may consider implementing it. We put great importance on per-share corporate value and have committed to a stock price target in our mid-term business plan. Even if we decide to implement a capital raise, we would like to assure our shareholders and investors that this will not affect our commitment to per-share corporate value.

Question: Even if you were to make a large-scale investment, it seems net assets under statutory accounting (Japanese GAAP) would not decrease. In that case, what would be the core criteria for determining the necessity of a capital raise?

Kawasaki: The primary factor declining our net assets is that expenses related acquiring new business are recorded all at once at the time of acquisition under Japanese GAAP. We have addressed this by strengthening the utilization of modified co-insurance. Other potential factors could include the valuation loss of held assets. However, our financial assets are primarily short-duration bonds, and we believe the risk is extremely low.

<Summary of question and answer received via text>

Question: Please explain the background behind the year-on-year growth in monthly performance since May 2025. You mentioned that this is the result of your various sales initiatives. Could you share specific details of those initiatives? Also, do you expect this momentum to continue?

Yokozawa: Although insurance acquisition cash flows efficiency has deteriorated year-on-year, we can see positive response from our active investment in promotions. The current momentum is not driven by a single factor, but rather the comprehensive result of our past efforts, such as strengthening our nurturing activity, revising our website, and enhancing our marketing message. We believe that by investing in marketing after first solidifying our foundation, we are now seeing positive effects, and we consider these initiatives contribute to our future growth.