

August 13, 2025

Junpei Yokozawa, President

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Prime)

Consolidated Financial Results for 1Q of Fiscal 2025 Ending March 31, 2026 (IFRS)

Insurance service results of 2,945 million yen, up 25.8% year-on-year

TOKYO, August 13, 2025 - LIFENET INSURANCE COMPANY (TSE Prime 7157, President Junpei Yokozawa, URL: <https://ir.lifenet-seimei.co.jp/en/>) discloses the consolidated financial results for the first quarter of fiscal 2025 ending March 31, 2026.

1. Overview of the financial results for 1Q of fiscal 2025 ended June 30, 2025

(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 1Q of fiscal 2025 stands at 35,214 million yen (102.0% of March 31, 2025). Annualized premium of policies-in-force for individual life insurance and GCL was 27,290 million yen (101.5% of March 31, 2025) and 7,923 million yen (103.7% of March 31, 2025), respectively.

The business performance of individual life insurance is as follows. The number of policies-in-force resulted in a total of 647,914 (101.6% of March 31, 2025). Annualized premium of new business for 1Q of fiscal 2025 was 792 million yen (107.9% of 1Q of fiscal 2024) and the number of new business was 19,967 (107.2% of 1Q of fiscal 2024). Surrender and lapse ratio*² for 1Q of fiscal 2025 was 5.6% (6.1% of 1Q of fiscal 2024).

*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 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

(In millions of yen)

	1Q of fiscal 2024	1Q of fiscal 2025	Change
Insurance revenue	6,776	8,222	1,445
Insurance service results	2,340	2,945	604
Financial results ^{*3}	338	183	(155)
Other results ^{*4}	(57)	(65)	(7)
Net income (loss) before income taxes	2,621	3,063	442
Net income (loss) attributable to owners of the Company	1,887	2,177	290

Insurance revenue for 1Q of fiscal 2025 increased to 8,222 million yen (121.3% of 1Q of fiscal 2024). Insurance revenue for individual life insurance and GCL was 6,304 million yen and 1,918 million yen, respectively. As for individual life insurance, the main components of insurance revenue were 2,944 million yen in expected claims and maintenance costs^{*5}, 404 million yen in change in risk adjustment for non-financial risks related to extinguished risks and 1,871 million yen in CSM^{*6} recognized for services provided. Insurance service results increased to 2,945 million yen (125.8% of 1Q of fiscal 2024) mainly due to an increase in profit from GCL. Financial results were 183 million yen (54.1% of 1Q of fiscal 2024) due to the recording of foreign exchange loss while an increase in interest income resulting from increased holdings of corporate bonds. Other results were 65 million yen loss mainly because of recording expenses not directly related to insurance services.

As a result, net income before income taxes was 3,063 million yen (116.9% of 1Q of fiscal 2024). Net income attributable to owners of the Company was 2,177 million yen (115.4% of 1Q of fiscal 2024).

With respect to expenses related to insurance contract incurred for 1Q of fiscal 2025, 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 2,547 million yen (115.2% of 1Q of fiscal 2024). In addition, maintenance costs, which were not included in insurance acquisition cash flows, were 1,173 million yen (101.8% of 1Q of fiscal 2024).

*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 equity

Total assets as of June 30, 2025 amounted to 120,354 million yen (116,178 million yen as of March 31, 2025). The major account balances were 63,951 million yen in investment securities mainly consisting of government bonds and corporate bonds with high credit ratings and 32,666 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 144,130 million yen, risk adjustment of 19,832 million yen and CSM of 91,631 million yen, which are related to individual life insurance. In addition, contracts measured under the premium allocation approach of 1,037 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)	(144,130)
Risk adjustment	19,832
CSM	91,631
Insurance contract liabilities related to individual life insurance: total	(32,666)
Insurance contract liabilities related to GCL (Contracts measured under the premium allocation approach)	1,037

Liabilities amounted to 25,030 million yen as of June 30, 2025 (24,058 million yen as of March 31, 2025). The major account balance was 21,213 million yen in deferred tax liabilities.

Equity amounted to 95,324 million yen as of June 30, 2025 (92,120 million yen as of March 31, 2025), due to the recording of net income for 1Q of fiscal 2025.

The consolidated solvency margin ratio, one of the indicators used in administrative supervision to determine the soundness of management, was 1,715.3% as of June 30, 2025, which indicated that an adequate level of solvency capacity is maintained.

(3) Management indicator "Comprehensive Equity"

The Group has designated Comprehensive Equity^{*7} based on International Financial Reporting Standards ("IFRS") as a key management indicator representing our corporate value. As a management goal in the mid-term business plan, the Group aims to achieve Comprehensive Equity of 200 billion yen to 240 billion yen in fiscal 2028. Comprehensive Equity as of the end of 1Q of fiscal 2025 was 170,406 million yen (102.0% of March 31, 2025).

(In millions of yen)

	Mar. 31, 2025	Jun. 30, 2025	Change
Comprehensive Equity	167,090	170,406	3,315
IFRS equity	92,109	95,313	3,204
CSM (tax-adjusted)	61,140	60,907	(233)
GCL contracts value	13,840	14,185	344

^{*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.

(4) Business forecasts

The consolidated business forecasts for fiscal 2025 announced on May 14, 2025 remains unchanged as shown below.

(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 (May 14, 2025)	37,500	33,000	9,800	6,900
(Reference) Business results for fiscal 2024	34,518	30,081	9,576	5,993

(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 (May 14, 2025)	28,500	9,000	37,500
(Reference) Business results for fiscal 2024	26,877	7,640	34,518

2. 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, 2025	June 30, 2025
ASSETS		
Cash and cash equivalents	17,234	17,231
Investment securities	62,180	63,951
Other financial assets	1,237	1,213
Income tax receivable	5	5
Insurance contract assets	30,224	32,666
Reinsurance contract assets	869	881
Property and equipment	549	516
Right-of-use assets	1,187	1,123
Intangible assets	2,073	2,120
Other assets	616	644
Total assets	<u>116,178</u>	<u>120,354</u>
LIABILITIES		
Derivative liabilities	186	12
Other financial liabilities	1,228	1,196
Insurance contract liabilities	880	1,037
Reinsurance contract liabilities	11	5
Provisions	141	141
Lease liabilities	1,294	1,225
Deferred tax liabilities	19,909	21,213
Other liabilities	407	197
Total liabilities	<u>24,058</u>	<u>25,030</u>
EQUITY		
Share capital	26,652	26,652
Capital surplus	26,585	26,585
Retained earnings	39,475	41,652
Treasury shares	(0)	(0)
Other components of equity	(603)	423
Total equity attributable to owners of the Company	<u>92,109</u>	<u>95,313</u>
Non-controlling interests	11	10
Total equity	<u>92,120</u>	<u>95,324</u>
Total liabilities and equity	<u>116,178</u>	<u>120,354</u>

(2) Consolidated statement of profit or loss

	(In millions of yen)	
	Three months ended June 30	
	2024	2025
Insurance revenue	6,776	8,222
Insurance service expense	(4,225)	(4,909)
Net expenses from reinsurance contract held	(211)	(368)
Insurance service result	2,340	2,945
Interest income	237	284
Impairment losses on financial assets, net	(3)	(0)
Other financial income	126	(99)
Net investment income	360	184
Insurance finance income (expense)	(26)	(5)
Reinsurance finance income (expense)	4	4
Other revenue	57	34
Other expense	(115)	(94)
Other financial expense	(0)	(4)
Net income (loss) before income taxes	2,621	3,063
Income taxes expense	(733)	(886)
Net income (loss)	1,887	2,176
Net income (loss) attributable to:		
Owners of the Company	1,887	2,177
Non-controlling interests	(0)	(0)
Net income (loss)	1,887	2,176
Net income (loss) per share attributable to owners of the Company		
Basic	23.51	27.11
Diluted	—	—

(3) Consolidated statement of comprehensive income

	(In millions of yen)	
	Three months ended June 30	
	2024	2025
Net income (loss).....	1,887	2,176
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Financial assets measured at fair value through other comprehensive income	(582)	54
Insurance finance income (expense).....	(1,275)	931
Reinsurance finance income (expense).....	150	41
Items that may be reclassified subsequently to profit and loss	(1,707)	1,027
Other comprehensive income net of tax	(1,707)	1,027
Total comprehensive income	179	3,204
Total comprehensive income attributable to:		
Owners of the Company.....	179	3,204
Non-controlling interests.....	(0)	(0)
Total comprehensive income	179	3,204

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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