

Securities Code: 7157
TSE Prime



Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

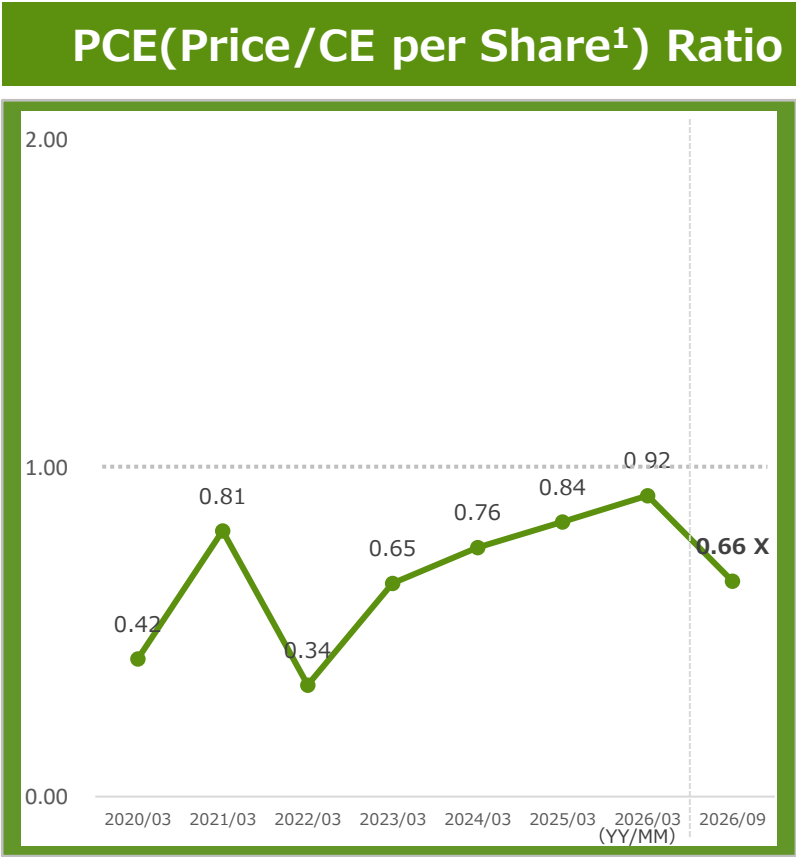
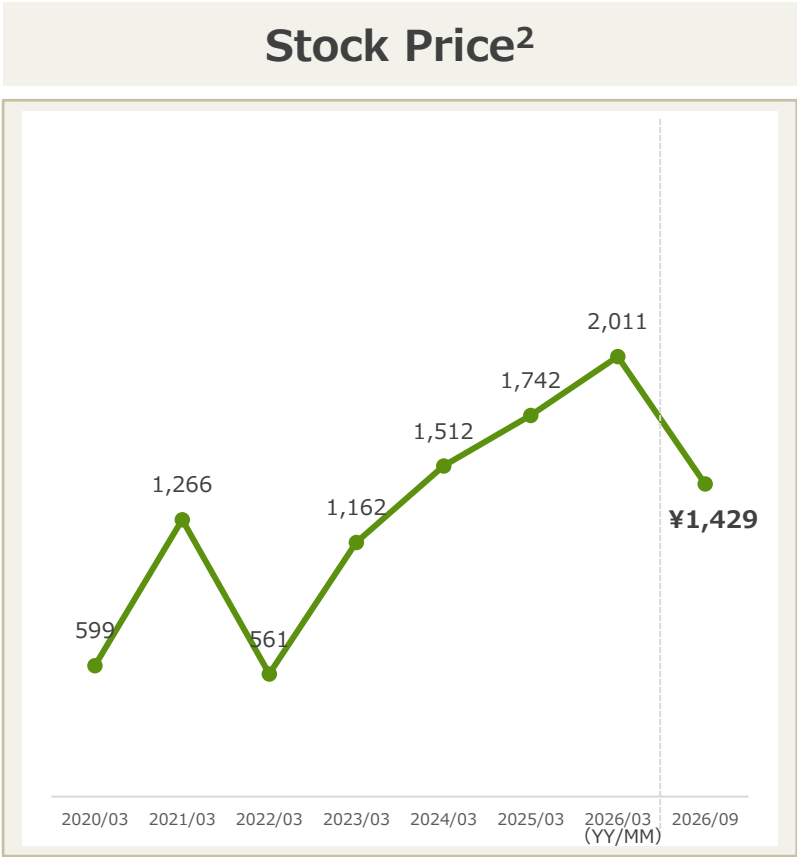
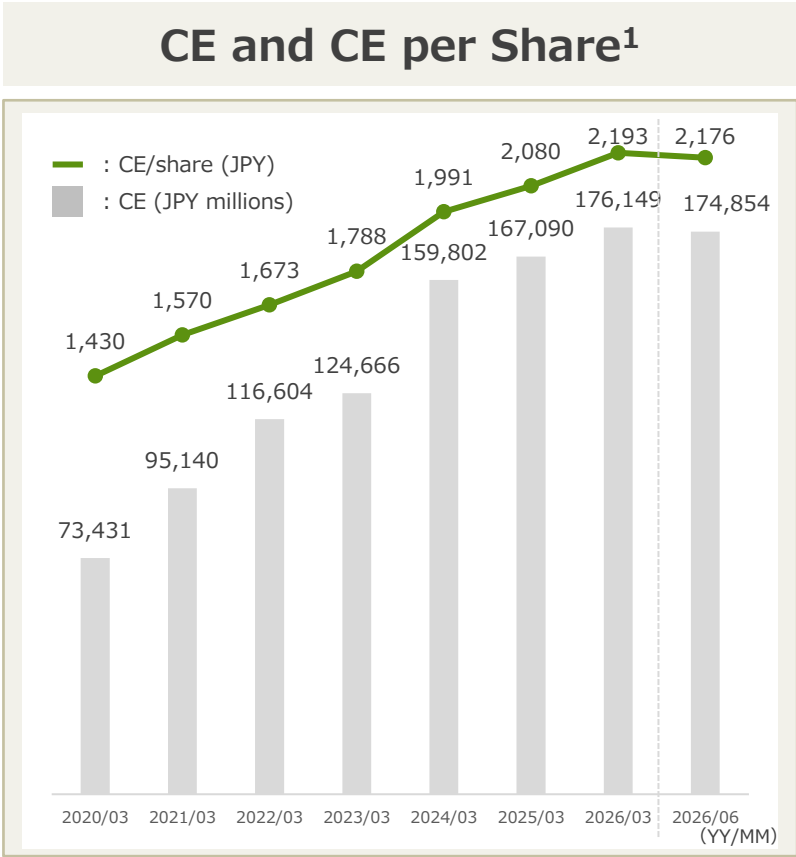
LIFENET INSURANCE COMPANY

September 30, 2026

Market Evaluation



- Comprehensive Equity (CE), an indicator of corporate value, and CE per share have achieved steady growth over the medium to long term.
- Stock price rose through the end of FY2025 but recently declined due to shifting market expectations following shareholder changes and CE progress. The PCE ratio below 1.0x remains a major issue.



1. EEV, EV per share and Price/EEV per share ratio before the end of March 2023
2. Based on closing prices. The figure for 2026/09 is the closing price as of September 29, 2026.
3. The 2026/09 PCE ratio is calculated as September 29, 2026 closing price / CE per share as of the end of June 2026.

Current Recognition

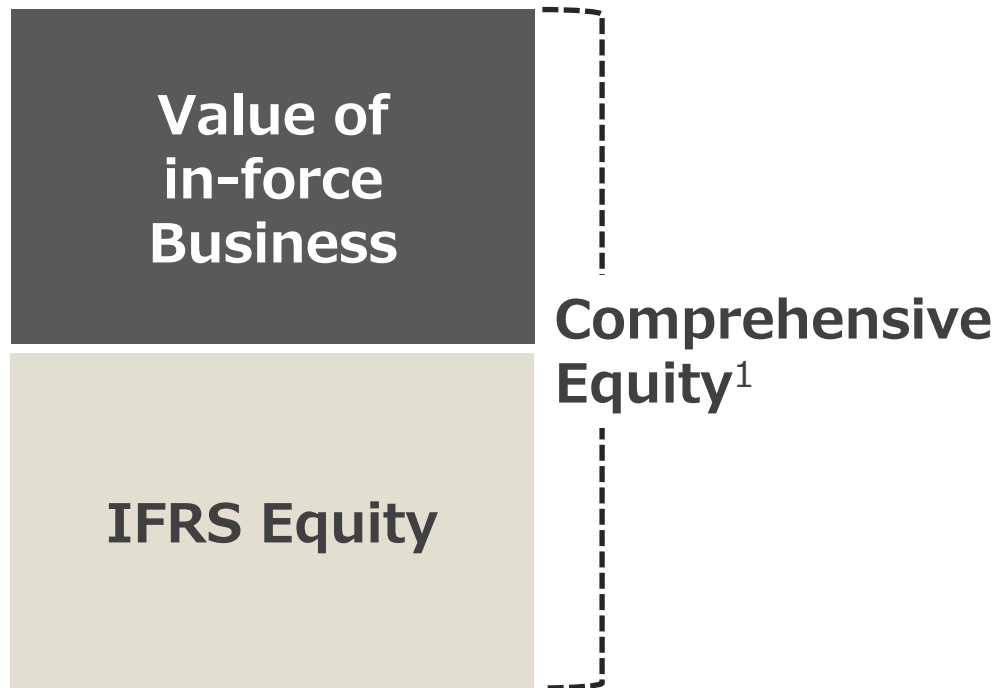
- While ROE is roughly on par with the cost of capital, we aim to improve ROE through profit generation, recognizing that the cost of capital is a range.
- Despite consistently maintaining a PBR above 1.0x, our PCE ratio is below 1.0x, highlighting the need for both corporate value enhancement and improved market evaluation.

	FY2025 Results	Company's recognition
ROE (Return on Equity)	8.6%	• The numerator, net income, is stably recorded under IFRS accounting, driven by our business performance growth. • In FY2025, net income reached 134.2% year-on-year, as insurance claims and benefits progressed favorably in both the individual and group credit life insurance businesses (exceeding business forecasts). • The denominator, capital, is required to be substantial under Japanese statutory accounting, which prioritizes policyholder protection. While our strategy prioritizes growth investments, current capital policies such as dividends and share buybacks are difficult due to constraints under this statutory framework. • Therefore, we aim to continue growing our ROE by increasing net income.
Cost of Capital	7-9%	• Determined with reference to values calculated using the CAPM and the Residual Income Model. • We recognize our cost of capital as a level that reflects our long-term, stable, recurring-revenue business model in the life insurance industry, the stability of our IFRS profits, and our valuable risk-taking, which primarily consists of life insurance risk. • Meanwhile, through dialogue with investors, we recognize that some investors view our cost of capital to be at a level of 8% or higher. We aim to achieve double-digit growth in ROCE using Comprehensive Equity.
PBR (Price-to-Book Ratio)	1.69x	• Our PBR is maintained at a level above 1.0x. • However, our Comprehensive Equity, which reflects the value of in-force insurance contracts, has not received an equivalent market valuation, and a PCE ratio below 1.0x remains a key challenge. (0.66x as of the September 29, 2026 close; see page 1)
PCE (Price-to-CE Ratio)	0.92x	• Aiming to stabilize the PCE ratio at the 1.0x level and achieve further growth, we will work to promote a deeper understanding of our Comprehensive Equity and gain a market valuation that incorporates future growth potential.

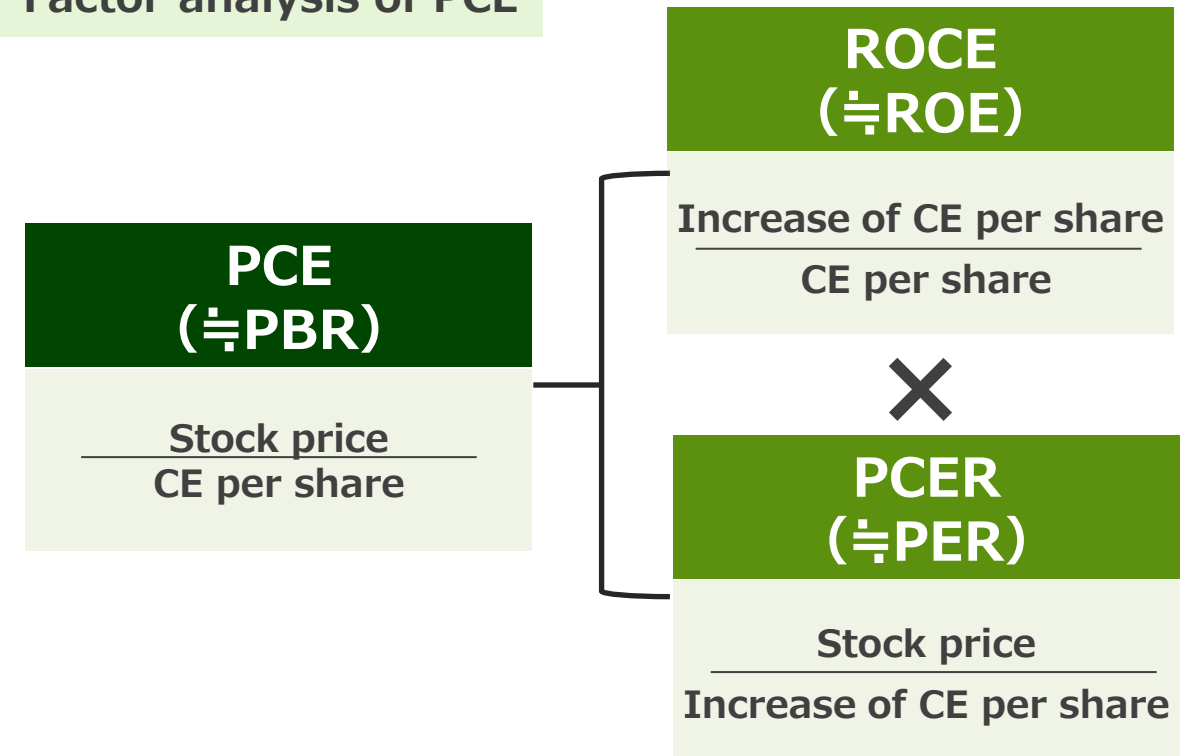
Evaluation Metrics based on CE

- Life insurance business is a business model that generates stable profits over the long term.
- Therefore, "Corporate Value" is determined by adding the present value of future profits from in-force business to IFRS equity.
- We set this corporate value as "Comprehensive Equity" as management indicator, aiming to improve the PCE ratio.

Image of Comprehensive Equity



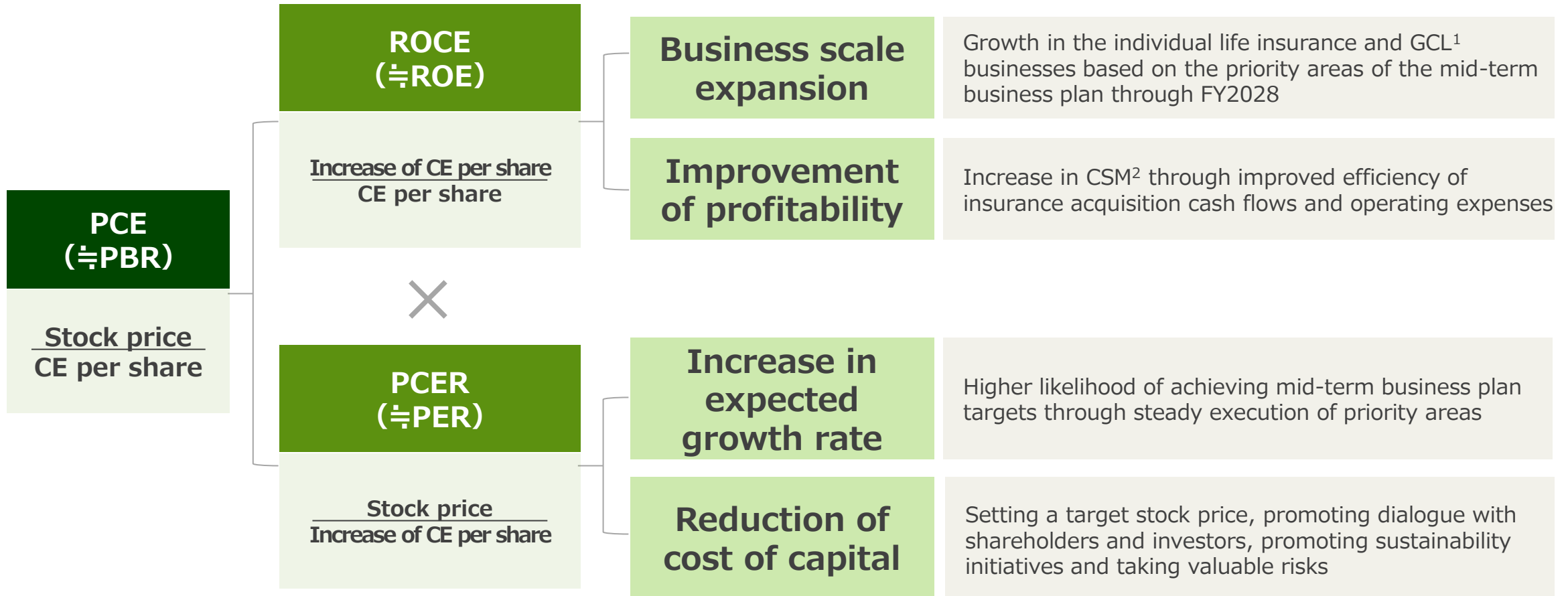
Factor analysis of PCE



1. An indicator defined by Lifenet. It is the sum of "Equity (attributable to owners of the Company)" on the IFRS balance sheets, "CSM", a liability representing unearned profit that Lifenet expects to earn as it provides insurance services (insurance contracts and reinsurance contracts are aggregated and tax-adjusted), and "GCL contracts value". We have defined it as the indicator that represents the corporate value of Lifenet as it includes the value of future profits of policies-in-force.

Approach to Improve PCE Ratio

- Achieving a stable PCE ratio of over 1.0x through growth in CE (improvement in ROCE) and enhanced market valuation (improvement in PCER)



1. GCL stands for Group Credit Life Insurance. (The same will apply hereafter)

2. A component of insurance contract liabilities (or assets), which represents the unearned profit that the company will recognize as it provides services over the coverage period. Accumulation of CSM is important for future profit growth

Initiatives for Enhancement of PCE Ratio (1)

- Aim to increase CE by focusing on the priority areas of the mid-term business plan
- Generate virtuous cycle of No.1 position and partner business expansion with tech-driven and best-in-class services

Rebranding

Strengthening No.1 position in online life insurance

- Revamping our products and promotions to rebuild our brand.
- Enhancing lead nurturing methods for potential customers to strengthen communication.
- Expanding our target customer base beyond the younger segment to all generations who wish to enroll online.

Business Direct business¹

Partnership opportunities

Online insurance market expansion

Embedded

Embedding our services into partners' ecosystem

- Driving business with partners from different industries, such as KDDI Group and Sumitomo Mitsui Card.
- Newly concluded a capital and business alliance agreement with Japan Airline Co., Ltd. in FY2026, advancing discussions toward collaboration.
- Added new partners for GCL (total of two companies), aiming to continuously expand partners.

Business Partner business¹ and GCL

Tech & Services

The “Ultimate Insurance Experience” services supporting brand growth and market expansion

- Delivering innovative services leveraging technologies like AI and the Individual Number System².

Business Direct business, partner business, and GCL

1. Direct business and Partner business are the sales channels for our individual life insurance business. Direct business is when customers apply for insurance through our company's website, etc., while Partner Business is when they apply through our partner companies' websites or apps.

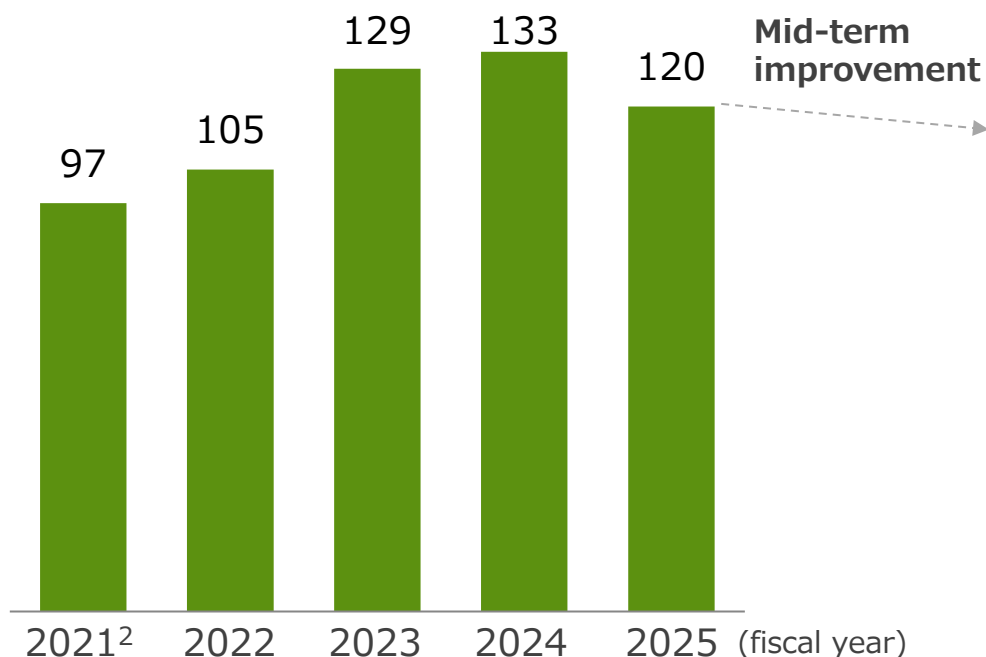
2. Individual Number System is a system in which all people living in Japan are given an individual identification number for the purpose of improving convenience and others for citizens. It is also available online and you can apply to services online related to parenting by the one-stop service and can receive notifications from administrative organizations.

Initiatives for Enhancement of PCE Ratio (2)

- Aiming for further growth in CE through business scale expansion and mid-term profitability improvement

IACF¹ Efficiency

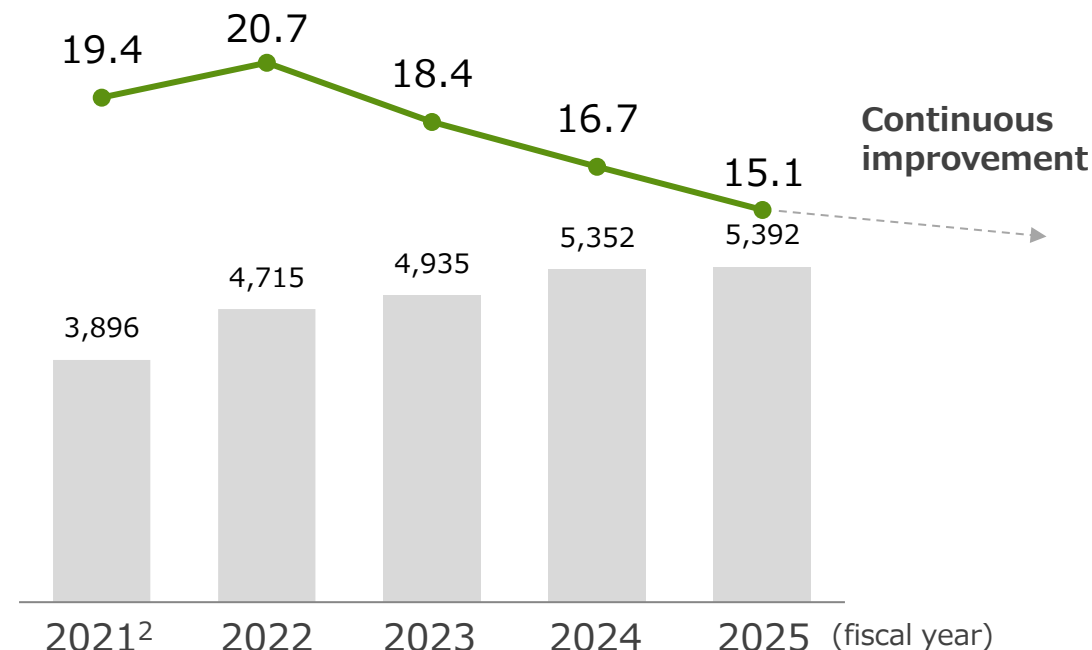
- While we aim for mid-term improvement from the current level, we focus on making investments that prioritize growth.



■ : Insurance acquisition cash flows per new business (JPY thousands)

Operating Expenses Ratio³

- We aim to continuously improve the operating expenses ratio as our business grows, leveraging the economics of scale inherent in our business model.



■ : Operating Expenses Ratio (%)

■ : Operating expenses excl. insurance acquisition cash flows (JPY millions)

1. IACF stands for Insurance Acquisition Cash Flows.

2. For both IACF efficiency and operating expenses ratio, figures for FY2021 are for reference use only as they are before date of transition to IFRS.

3. Ratio of operating expenses excluding IACF divided by average in-force annualized premium for the period (annualized).

Initiatives for Enhancement of PCE Ratio (3)

- Setting FY2028 financial target of stock price of ¥3,000+ and introduced stock compensation plan for officers and employees as commitment
- Actively engaging with shareholders and investors including top management in line with the IR Manifesto since IPO

Management focused on stock price

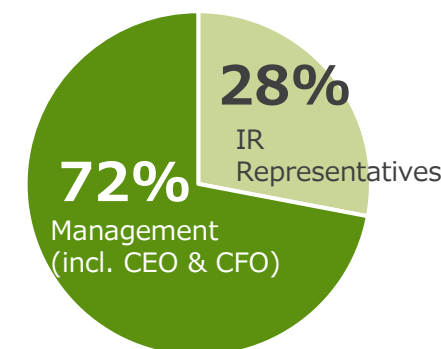
- Set stock price target of **¥3,000+** for FY2028 in the mid-term business plan
- Grant **restricted stock-based compensation** to directors¹ and executive officers
- Introduce **a stock compensation plan** for employees through the Employee Shareholding Association
- Strengthen capital policy through modified co-insurance, considering capital efficiency

1. Excluding non-executive and outside directors.

Dialogue with shareholders and investors

- Conduct **open and proactive IR activities involving the management team**, based on "IR Manifesto."
- **Report the details of dialogues to the Board of Directors** four times a year
- Promptly share the details of dialogues from individual meetings with investors with internal directors and executive officers
- Disclosed **our Integrated Report for the first time** (in Japanese and English)
- Disclose financial materials and IR website, in both Japanese and English

Speakers at investors' meeting (FY2025)



FY2025 Results		#
Earnings briefing for institutional investors and sell-side analysts		4
Individual dialogues with institutional investors (Domestic /Overseas/Sell-side analysts)		172
Online seminar for individual investors		3

For details, please see the "[Dialogue with shareholders and investors](#)" on our Investor Relations website.

(Reference) Disclosure of Integrated Report

- Newly published to communicate our medium- to long-term value creation story based on the LIFENET Manifesto



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

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Journey of Value Creation

- Introduces value creation chronologically, based on the four values of the LIFENET Manifesto since we began operations

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Dialogue with Shareholders and Investors

- PDCA cycle for IR activities, including feedback to management
- Key dialogue themes and areas of interest
- Examples of improvements based on feedback from shareholders and investors

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Case Studies Supporting the Effectiveness Evaluation

- Visualizes the supervisory function of outside directors in action through the deliberation flow for the transfer of subsidiary shares

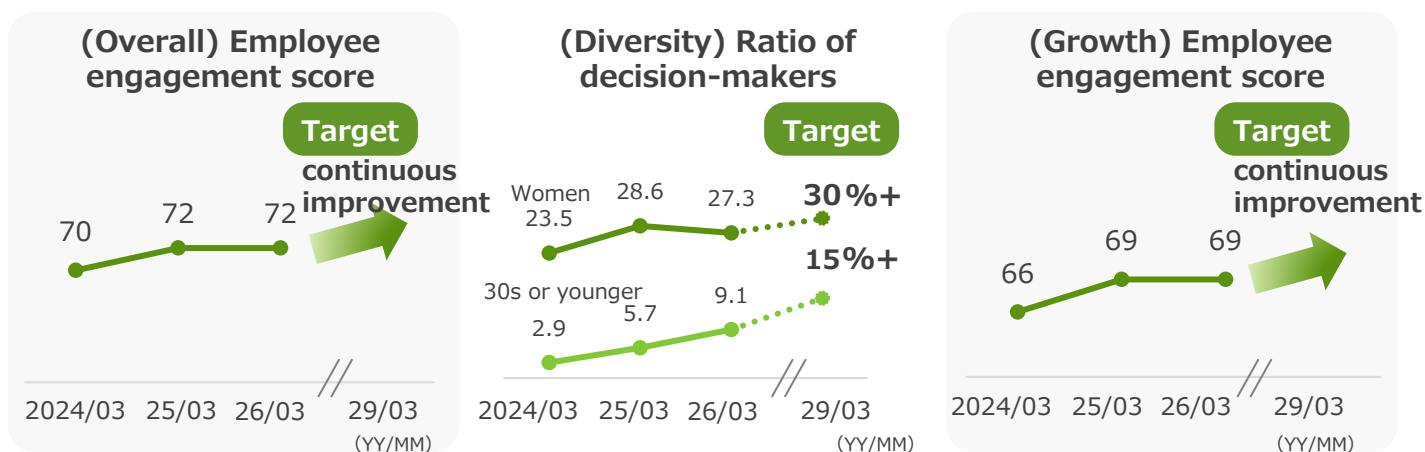
Initiatives for Enhancement of PCE Ratio (4)

- Enhancing mid-to long-term corporate value by strengthening human capital and corporate governance
- Lowering cost of capital through valuable risk-taking with low sensitivity to market volatility

Promotion of Sustainability

Strengthening of human capital

- Recognizing that our talent is the driving force of corporate value, we incorporate non-financial targets into the mid-term business plan to enhance human capital.



Enhancement of corporate governance

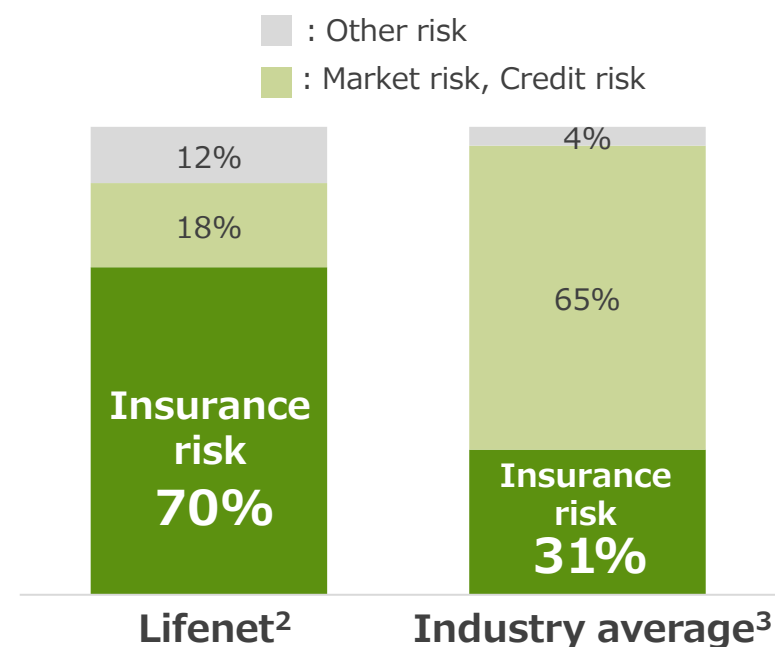
- We continually enhance the function of the Board of Directors as a monitoring board.

Ratio of independent outside directors: **57%**

Ratio of women directors: **29%**

Valuable risk-taking

- Due to our product portfolio focused on protection-type insurance, our risk profile consists mainly of life insurance risk that is not affected by market fluctuations.¹



1. Ratio to the total risk before diversifying effect and tax effect

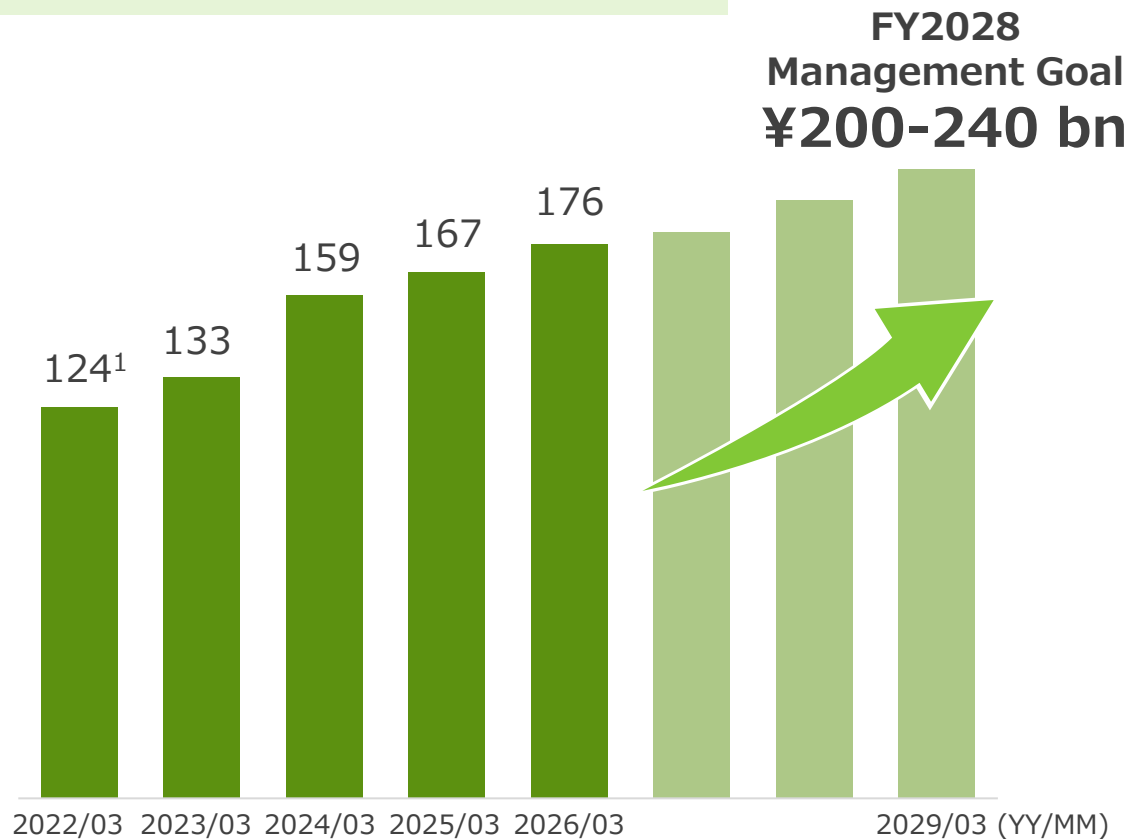
2. As of March 31, 2026

3. FY2024 data of life insurance (Non-consolidated basis) Source: Overview of the Results of the 2025 Field Test on Economic Value-based Evaluation and Supervisory Methods (Japan Financial Services Agency, March 2026)

Mid-term Business Plan Goals

- By focusing on the priority areas of the mid-term business plan, we aim to achieve our targets for CE and metrics focused on corporate value per share, leveraging individual life and GCL businesses

CE growth image



Progress and goals of mid-term business plan

		FY2024 Results	FY2025 Results	FY2028 Goals
Management Goal	Comprehensive Equity	¥167 bn	¥176 bn	¥200-240 bn
Financial targets	Annual growth rate of CE per share (ROCE)	4.5%	5.4%	approx. 10%
	Stock price ²	¥1,742	¥2,011	¥3,000+

1. For reference use only as it is before date of transition to IFRS

2. Based on closing prices at the end of March for each fiscal year

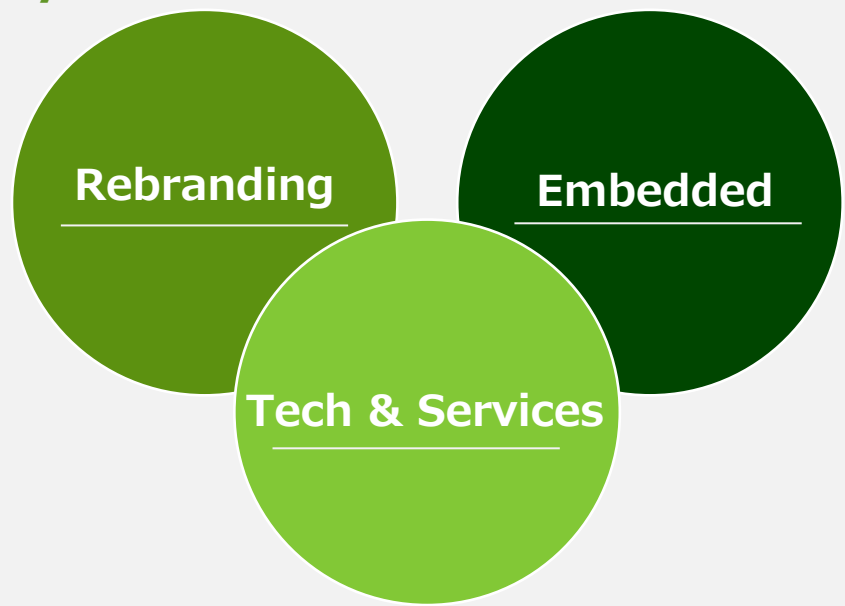


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Appendix

Growth Strategy

Priority Areas



Human Resources Strategy

- Promote organizational transition to focus on priority areas
- Create a virtuous cycle of employee growth and business growth
- Maintain and strengthen an organizational culture based on the LIFENET Manifesto

Goals in Fiscal 2028

Management Goal

Comprehensive Equity (CE) : **¥200-240bn**

Financial Targets

Stock price : **¥3,000+**

Annual growth rate of CE per share :
approx. **10%**

Non-financial Targets (Human capital)

Overall engagement score: **continuous improvement**

Diversity

Ratio of decision-makers :
Women **30%+**, 30s or younger **15%+**

Growth Opportunities

Engagement score (growth):
continuous improvement

Characteristics of IFRS



- Statutory accounting tends to generate an initial loss, as acquisition costs for new contracts are expensed all at once in the first year
- In contrast, IFRS enables the stable recognition of profits aligned with business growth by deferring acquisition costs and allocating expected profits over the life of the contract

	IFRS 17	Statutory Accounting (J-GAAP)	Comprehensive Equity (CE)
Important perspective	Recognition of revenue based on the retention of in-force business	Financial soundness for policyholder protection	Economic value of insurance policies including future profit
Timing of profit recognition	The expected profit is allocated <u>over the term of the policy</u>. Year1 Year2 Year3 Year4 profit    	<u>Acquisition expense is recognized at the time of acquisition.</u> Year1 Year2 Year3 Year4     	The expected profit for the policy period is <u>immediately</u> recognized. Year1 



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