

Securities Code: 7157
TSE Prime



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

LIFENET INSURANCE COMPANY

October 1, 2025

Market Evaluation

- Comprehensive Equity (CE), an indicator of corporate value, and CE per share have achieved steady growth.
- While the PCE ratio is on an improving trend along with the rise in stock price, we recognize there is room for further improvement as it remains below 1.0x.

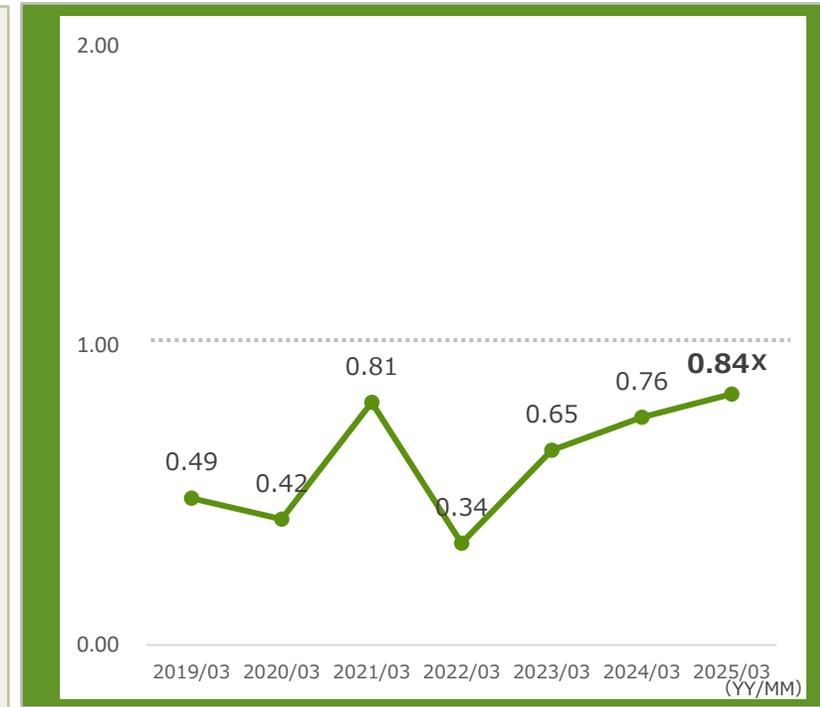
CE and CE per Share¹



Stock Price²



PCE(Price/CE per Share¹) Ratio



1. EEV, EV per share and Price/EEV per share ratio before the end of March 2023

2. Closing price

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.
- While we consistently maintain a PBR above 1.0x, our PCE ratio is below 1.0x, highlighting the need for improved market perception.

FY2024 Results

Company's recognition

ROE
(Return on Equity)

6.6%

- The numerator, net income, is stably recorded under IFRS accounting, driven by our business performance growth.
- 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 grow our ROE by increasing net income.

Cost of Capital

6-8%

- 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.

PBR
(Price-to-Book Ratio)

1.52x

- 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.

PCE
(Price-to-CE Ratio)

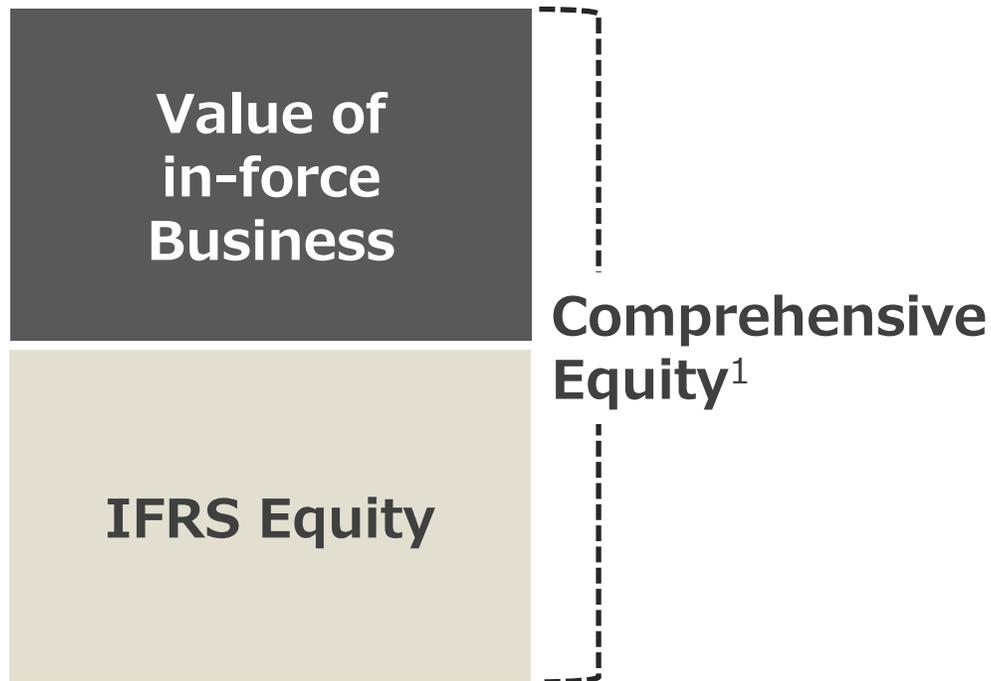
0.84x

- 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.

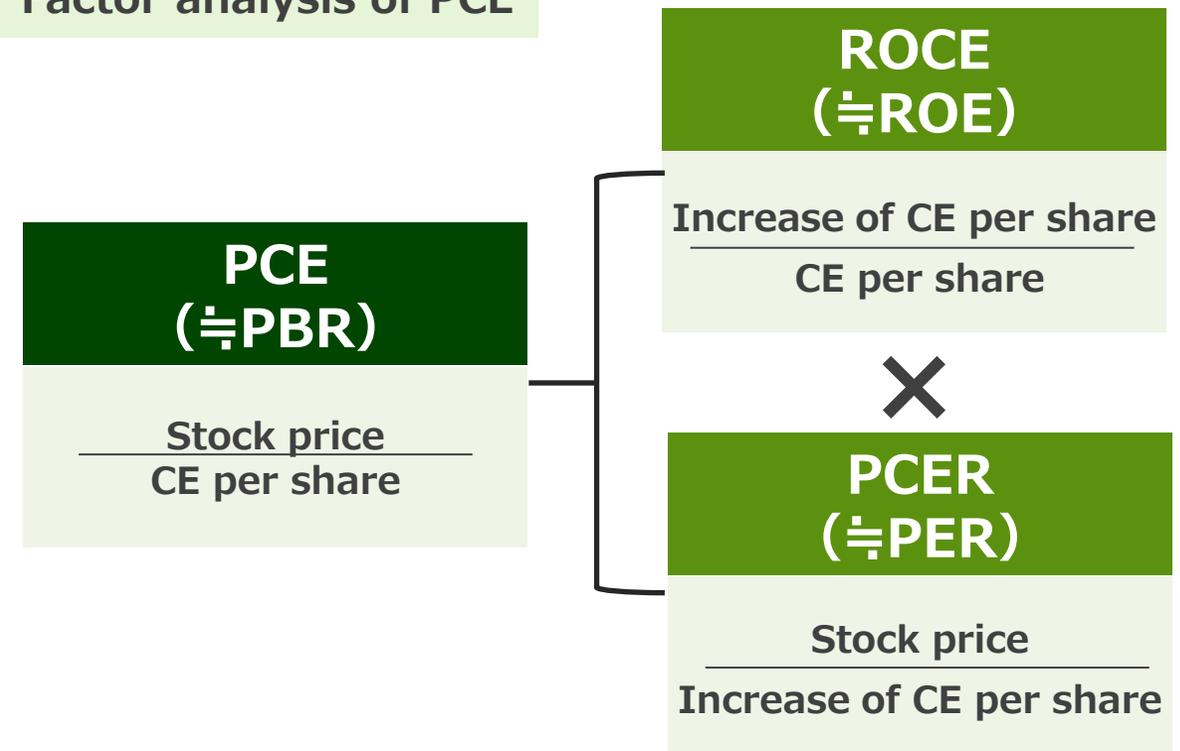
Evaluation Metrics based on CE

- 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



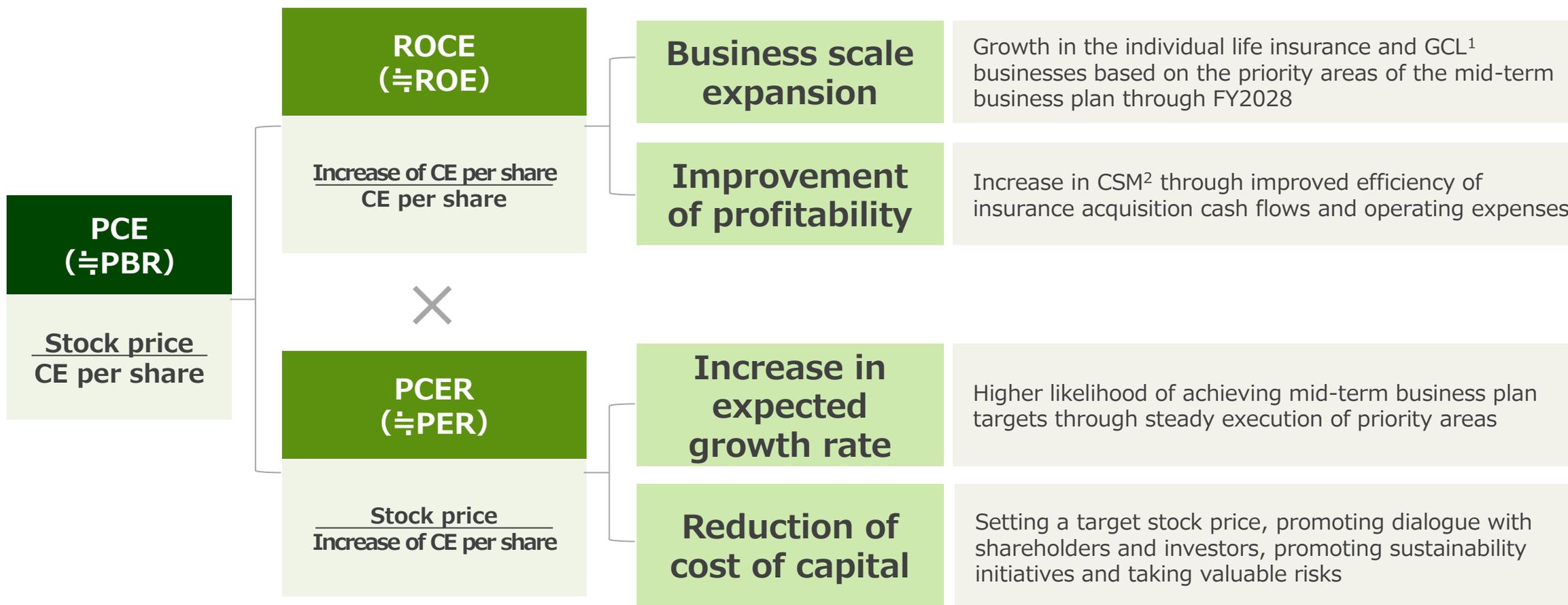
Factor analysis of PCE



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 the Group 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.
- Establishing lead nurturing methods for potential customers to strengthen communication.
- Re-accelerating marketing investment in FY2025.

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, Sumitomo Mitsui Card, and Money Forward.
- Deepening our collaboration with partners by providing products and services tailored to the characteristics of each partner.
- Aiming to expand partner for GCL in FY2025

Business Partner business¹ and GCL

Tech & Services

Top-quality services supporting brand growth and market expansion

- Delivering innovative and leading-edge services through technologies like AI and the Individual Number System².

Business All businesses (Individual life insurance 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.

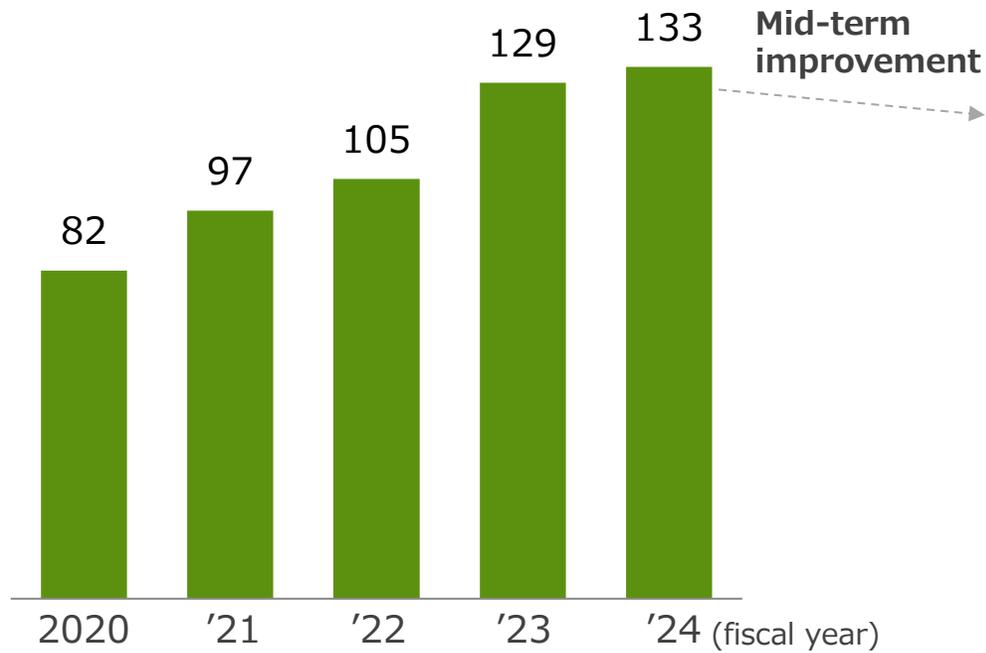
2. Individual Number System is a system in which all people living in Japan are given an individual identification number for the purpose of improving convenience and others for citizens. It is also available online and you can apply to services online related to parenting by the one-stop service and 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 Efficiency²

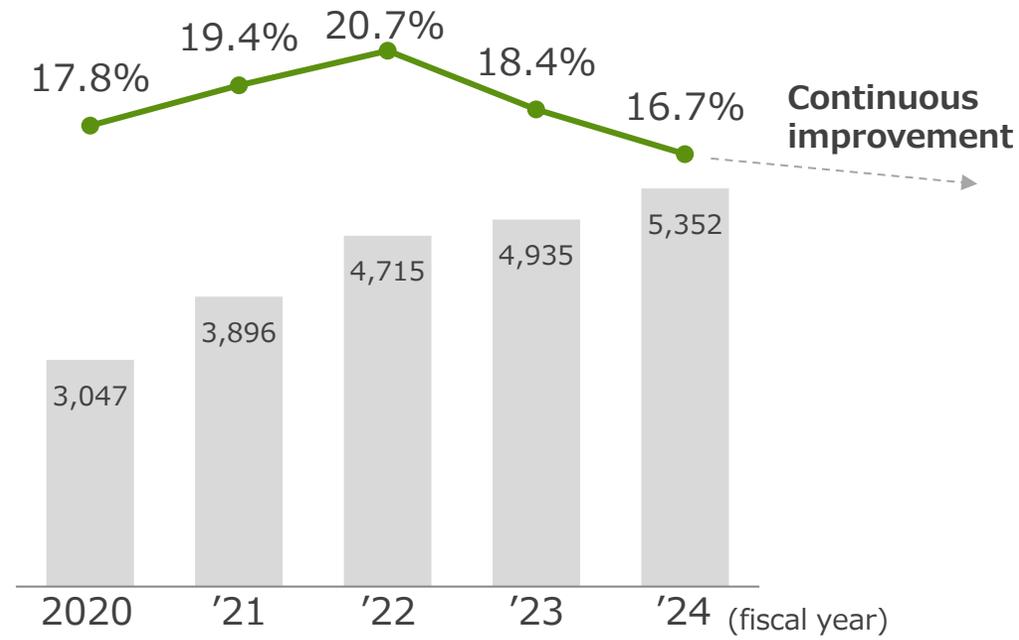
- While we aim for mid-term improvement from the current level, we focus on making investments that prioritize growth.



■ : 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 and earlier 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

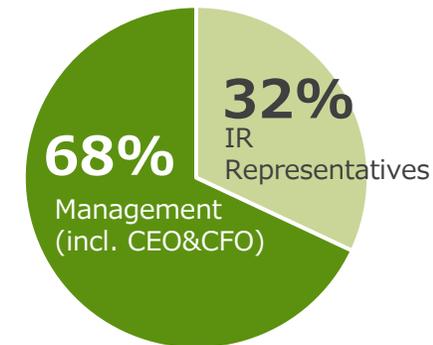
Management focused on stock price

- Set stock price target of **¥3,000+** for FY2028 in the mid-term business plan
- Grant **restricted stock-based compensation** to internal directors 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

Dialogue with shareholders and investors

- Based on "IR Manifesto," we conduct **open and proactive IR activities, including management team**
- **Report on the dialogues to the Board of Directors** four times a year
- The details of dialogues from individual meetings with investors are shared with internal directors and executive officers
- Disclose financial reports and IR website, in both Japanese and English

Speakers of investors' meeting (FY2024)



FY2024 Results		#
Earnings briefing for institutional investors and sell-side analysts		4
Individual dialog with institutional investors (Domestic /Overseas/Sell-side analyst)		178
Online seminar for individual investors		1

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

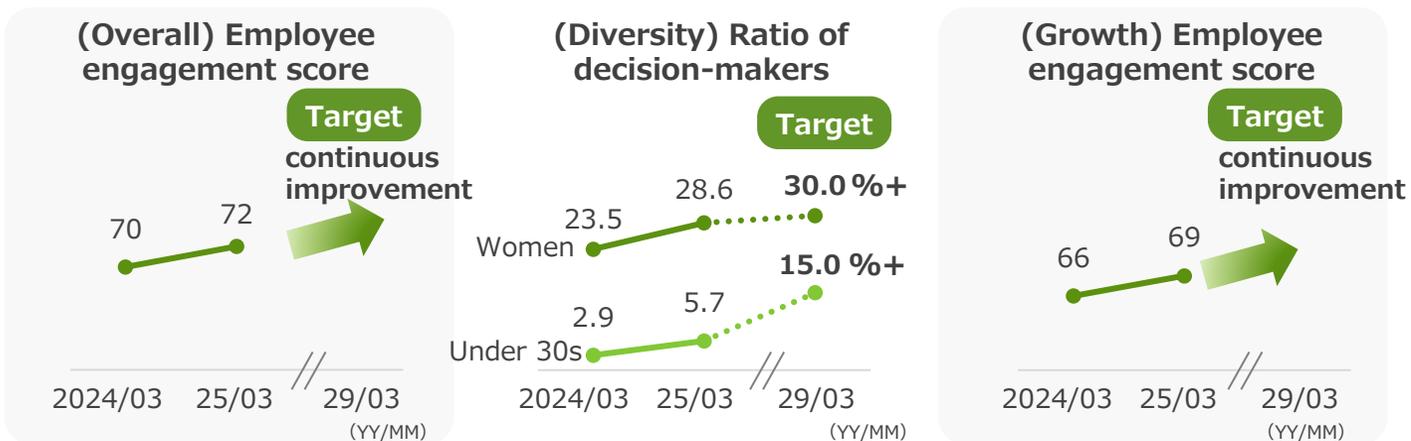
Initiatives for Enhancement of PCE Ratio (4)

- 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

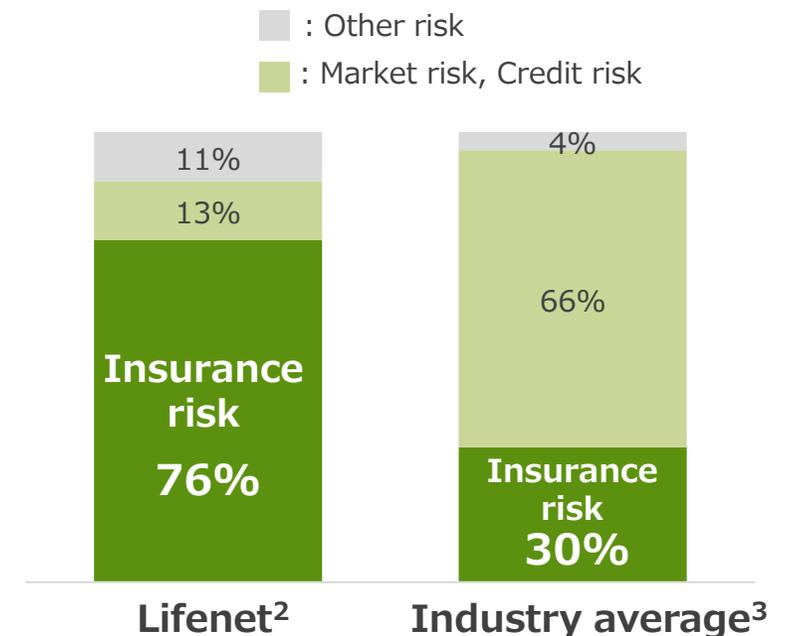
- We continually enhance the function of the Board of Directors as a monitoring board.

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

Ratio of female 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

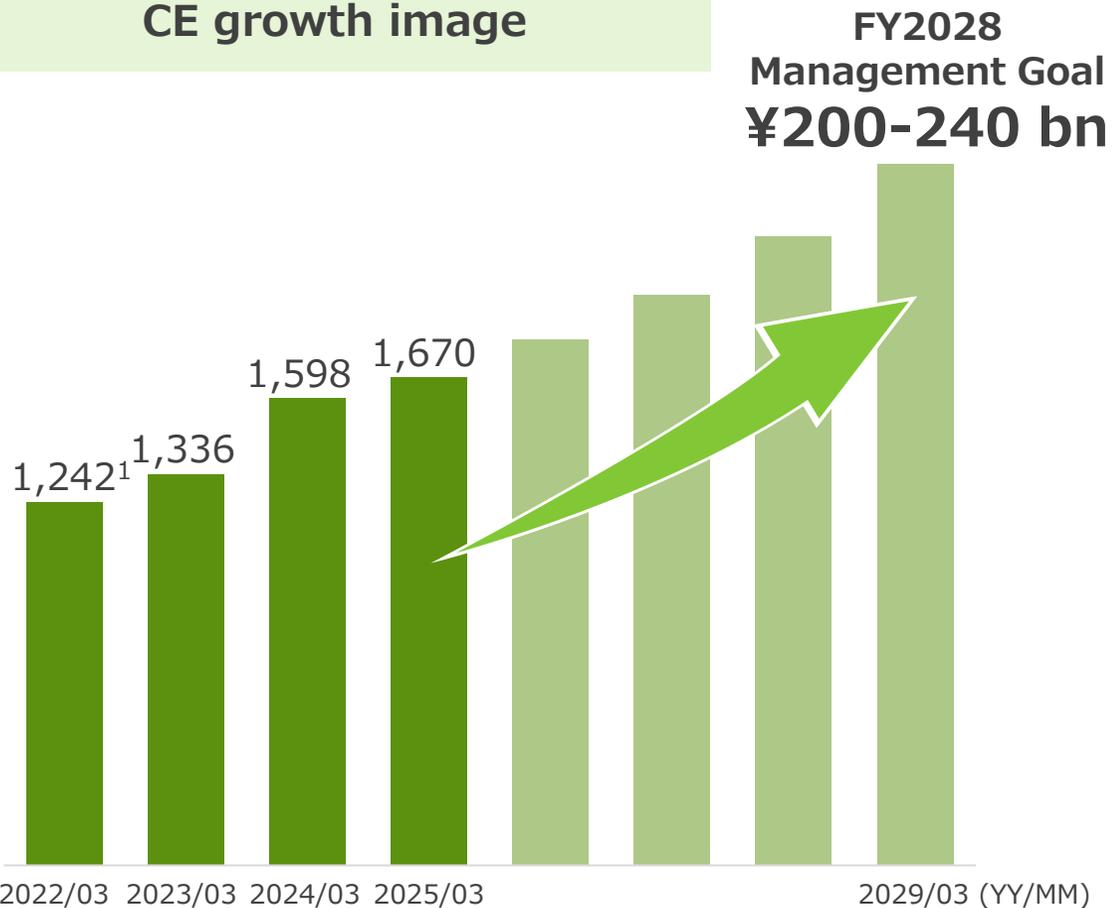
2. As of March 31, 2025

3. FY2023 data of life insurance (Non-consolidated basis) Source: Overview of the Results of the 2024 Field Test on Economic Value-based Evaluation and Supervisory Methods (Japan Financial Services Agency, June 2025)

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

1. For reference use only as it is before date of transition to IFRS
 2. FY2024 figures are based on the closing price as of March 31, 2025

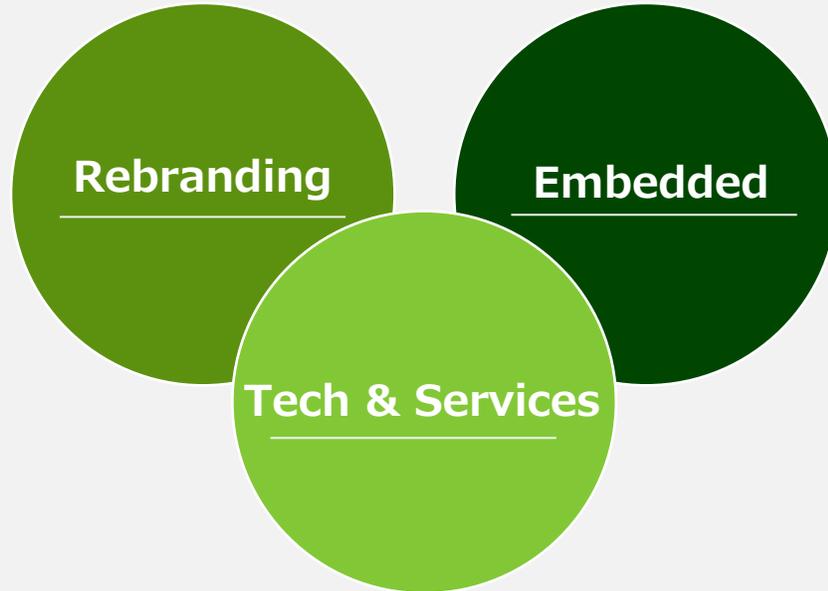


LIFENET
LIFENET INSURANCE COMPANY

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

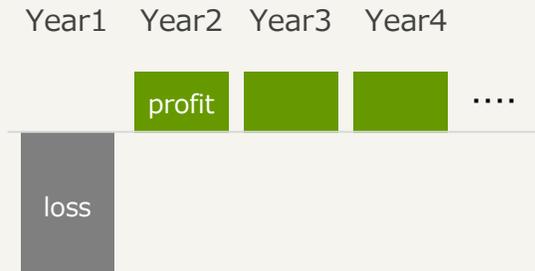
Ratio of decision-makers :
Women **30%+**, Under 30s **15%+**

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	<p>The expected profit is allocated <u>over the term of the policy</u>.</p> 	<p><u>Acquisition expense is recognized at the time of acquisition.</u></p> 	<p>The expected profit for the policy period is <u>immediately</u> recognized.</p> 



LIFENET

LIFENET INSURANCE COMPANY

All information on this document that is not historical fact constitutes forward-looking information and is based on assumptions and forecasts available to the company at the time of preparation. The company cannot guarantee the accuracy of these assumptions and forecasts.

Earnings projections and other information on this may differ materially from actual performance due to various risks and uncertainties.

This is a translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.

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



Catch the latest information on Lifenet

Subscribe to the IR email magazine

Receive the Lifenet news releases and IR website updates

 E-mail Notices