



LIFENET INSURANCE COMPANY (7157)

Revitalizing future growth

07 May 2025

Initiating coverage

- Driving strategic renewal** – LIFENET is a pure-play online life insurance company with a solid track record, revamping its strategy to revitalize growth. The company has initiated a three-pronged strategy, encompassing tech & services, rebranding, and an ‘embedded’ strategy to integrate life insurance products seamlessly into partner digital ecosystems with engaged customers. Key partnerships with KDDI Group (9433) and SMBC Group provide a competitive advantage, and the group credit life insurance offered to mortgage customers of au Jibun Bank, KDDI Group’s online banking subsidiary, has the hallmarks of a new earnings pillar. Despite increasing numbers of insurers entering the growing online insurance market, we believe LIFENET is positioned for sustained growth.

Shifting gears

- Leveraging opportunities for market expansion and scalability** – We identify two key areas of growth for LIFENET: 1) expanding the group credit life insurance business at other financial institutions that have a growing mortgage loan book and an attractive digital ecosystem to perform its embedded strategy, and 2) reinventing the individual insurance business by understanding the needs and requirements of the Gen Z and Millennials, who have a digital-first mindset and lifestyles that are aligned with term insurance.
- ESG** – We score the company as ‘Amber’ under our Astris-Sustainability model scorecard.
- Valuations** – Based on our earnings estimates, the shares are trading at an estimated FY3/26 PER 19.5x, PBR 1.5x, and P/CE 0.9x. These multiples indicate discount valuations for a pure-play online business revitalizing its growth strategy and leveraging and maximizing collaboration with existing and new partnerships.

Share price: ¥1,815 Market cap: ¥145.8bn



Source: Bloomberg

Price Performance				
	YTD	1M	3M	12M
Abs (%)	-0.4	+21.6	-5.7	+26.0
Rel (%)	+2.8	+3.8	-4.2	+27.9

Company sector	
Life/Health Insurance Insurance (GICS)	

Stock data	
Price (¥)	1,815
Mkt cap (¥bn)	145.8
Mkt cap (\$m)	1,020.6
52-week range (¥)	1,250 – 2,120
Shares O/S (m)	80.3
Average daily value (\$m)	1.8
Free float (%)	72.2
Foreign shareholding (%)	59.4
Ticker	7157
Exchange	Tokyo Growth
Net Debt/Equity (x)	N/A
BBG BUY HOLD SELL	1 0 0

Source: Bloomberg

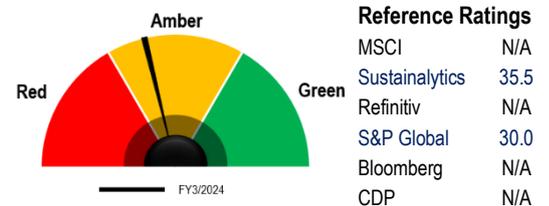
Year-end	3/23	3/24	3/25E	3/26E	3/27E
Insurance service results (¥bn)	6.62	8.22	8.82	10.49	12.26
Net investment income (¥bn)	(0.45)	0.56	0.74	0.86	0.99
NI (¥bn)	3.56	5.73	6.24	7.48	8.79
EPS (¥)	51.10	75.97	77.67	93.10	109.42
BVPS (¥)	1,086	1,204	1,209	1,302	1,412
CEPS (¥)	1,918	2,117	2,138	2,312	2,513
Insurance service result YoY (%)	N/A	+24.2	+7.2	+19.0	+16.9
NI growth YoY (%)	N/A	+60.9	+8.8	+19.9	+17.5
EPS growth YoY (%)	N/A	+48.7	+2.2	+19.9	+17.5
CEPS growth YoY (%)	N/A	+10.4	+1.0	+8.1	+8.7
PER (x)	35.5	23.9	23.4	19.5	16.6
PBR (x)	1.9	1.6	1.5	1.4	1.3
P/CE (x)	1.1	0.9	0.8	0.8	0.7
ROE (%)	7.3	6.9	6.6	7.4	8.1
Dividend yield (%)	-	-	-	-	-

Source: Company, Astris Advisory (estimates)

Business Overview

LIFENET has been Japan’s leading digital life insurer since 2008. It specializes in direct-to-consumer life insurance products for first-time buyers in their 20s to 40s. With a strong mobile presence, it holds an estimated 40% share of the online life insurance market.

Astris-Sustainability ESG rating



Next events

Q4 FY3/25 results announcement in May 2025

Tel: +81 3 6868 8797

Email: Corporateresearch@astrisadvisory.com

This report has been commissioned and paid for by the company

Contents

Summary.....	3
Company description	4
Industry overview	9
Mid-term business plan	11
Management philosophy	14
Business model.....	15
Peer group analysis	17
Interest rate sensitivity	23
Capital raising and allocation	24
Recent results	25
Astris earnings estimates and key assumptions	27
Company information	28
Astris Quant Sheet.....	31
Astris-Sustainability ESG assessment	33
Areas of discussion.....	35



Summary

Domestic pureplay leader in online life insurance

LIFENET is a **full-stack ‘insurtech’ company** specializing in direct-to-consumer life insurance, targeting first-time life insurance buyers in their 20s to 40s. **With an estimated 40% share of Japan’s online life insurance market**, it differentiates itself through competitive pricing, an intuitive user experience, and an independent brand distinct from traditional insurers. Most customer interactions now occur via smartphones. There were 626,166 individual policies-in-force in December 2025.

Key strategic partnership with telco KDDI Corp

Its strategic partnership with telco KDDI’s online bank operation au Jibun Bank delivered significant growth from group credit life insurance. The company’s partnership with SMBC (which operates the V-Point loyalty program) is also an important strategic initiative, further expanding LIFENET’s partnership strategy.

Three-pronged medium-term plan – tech & services, rebranding and embedded

However, recent trading in the mainstay individual insurance business has indicated increasing competition from traditional life insurance companies and increasing customer acquisition costs. The company has initiated a three-pronged strategy to generate growth, encompassing tech & services, rebranding, and an ‘embedded’ strategy with new and existing partners to provide seamless services and drive customer acquisition.

The company has unveiled a medium-term plan that covers FY3/25 to FY3/29 which has three core financial objectives:

- **Comprehensive Equity (CE) target range of ¥200bn-¥240bn.**
- **A share price of ¥3,000 plus (denoting a minimum 68% upside).**
- **An annual growth rate of approximately 10% YoY for CE per share (through FY3/29).**

Astris Advisory estimates LIFENET will drive medium-term growth via the following factors:

- **Insurance revenue growth** – We estimate growth in the high teens, driven primarily by group credit life insurance and a recovery in demand for individual life insurance from strategic growth initiatives.
- **Profitability** – We expect to see stable margins, with some improvement from increasing scale.
- We have not forecast any major positive developments related to new strategic partnerships or new customer acquisitions in group credit life insurance, both of which we identify as potential drivers of upside.

Key valuation metric is Price/Comprehensive Equity

The shares are trading on an estimated FY3/26 PER 19.5x, PBR 1.5x, and P/CE 0.9x. We believe these multiples indicate discount valuations for a pure-play online business revitalizing its growth strategy and leveraging and maximizing collaboration with existing and new partnerships.



Company description

Overview

Full-stack Insurtech
pioneer

Established in 2006 and operating since 2008, **LIFENET is a full-stack ‘insurtech’ company** and Asia's first online digitized life insurance business. It primarily sells directly, with term life insurance being the key product. It targets the younger demographic in the 20s-to-40s bracket, acquiring life insurance for the first time. LIFENET is seen as the market leader in the online life insurance market. Over the last decade, the company has seen most customer interactions switch to smartphones. We estimate its online life insurance market share to be approximately 40%.

Offering competitive pricing, intuitive and user-friendly UI/UX, and the attraction of an independent brand different from longstanding traditional firms, LIFENET has embarked on an FY3/25-FY3/29 mid-term plan with the growth strategy encompassing three key areas:

- **Rebranding** – product development for the younger generation and improving marketing initiatives.
- **Embedded** – to provide solutions that meet customers' needs by engaging in deeper partnerships with existing partner companies, which operate significant financial and loyalty ecosystems, and establishing new partnerships.
- **Tech and Services** – to pursue customer convenience by utilizing IT services such as AI and the ‘MyNumber’ individual number system.

LIFENET leverages business partnerships to acquire new customers and develop in-demand products. There are currently five main partnerships for the individual insurance business: telco KDDI (9433), Seven Financial Services (a subsidiary of retailer Seven and I Holdings (3382)), personal finance services Money Forward (3994), pharmaceutical company Eisai (4523), and Sumitomo Mitsui Card Company (a credit card service, part of Sumitomo Mitsui Financial Group (8316)).

Partnership with
KDDI commenced in
2015

The most material business expansion by a partnership has been the capital and business alliance with KDDI, established in 2015, particularly the group credit life insurance (GCL) business with au Jibun Bank, a KDDI group company and online bank, that began in 2023. In addition, LIFENET also launched a capital and business alliance with the SMBC Group in 2023, establishing a new partnership with the V Point loyalty program. We believe new partnerships will continue to be developed, as well as deepening collaboration with existing relationships.

The company adopted IFRS 17 reporting in FY3/24, which better represents periodic performance and profitability from policies-in-force, and adjusted its financial targets to reflect IFRS as well. Policy acquisition costs (primarily TV advertising) are expensed immediately on a statutory J-GAAP basis but are capitalized and amortized under IFRS. Capital adequacy and dividends are regulated by statutory accounting standards (J-GAAP).



Accelerating partnership strategy, expanding from the KDDI Group to include the SMBC Group

Timeline summary

Key dates	Details
October 2006	Net Life Planning Co., Ltd. was established with capital from Monex Beans Holdings, Inc. (now Monex Group, Inc.) and Asuka DBJ Investment Limited Partnership.
May 2008	Commencement of business.
March 2012	Listed on the Mothers' section of the Tokyo Stock Exchange.
April 2015	Capital and business alliance with KDDI CORPORATION (KDDI).
December 2019	Business alliance agreement with au Financial Holdings Corporation of KDDI.
Feb 2020	Business alliance agreement with SEVEN FINANCIAL SERVICE Co.,Ltd.
Feb 2021	Business alliance agreement with Money Forward.
April 2022	Transferred to the Growth section of the Tokyo Stock Exchange.
August 2022	Business alliance agreement with Eisai Co., Ltd.
July 2023	Launch of group credit life insurance business to au Jibun Bank's mortgage borrowers.
August 2023	Capital and business alliance with Sumitomo Mitsui Financial Group, Inc., Sumitomo Mitsui Card Company, Ltd., and LIFENET MIRAI Inc.
May 2024	Announcement of New Management Policy and Mid-term Business Plan.

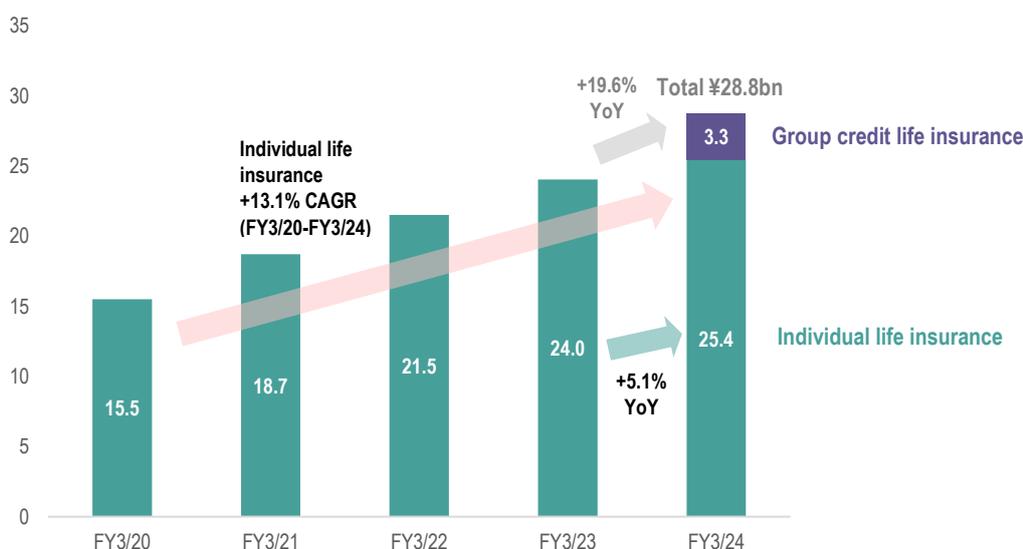
Source: Company

Annualized premiums of policies-in-force

LIFENET's core business is individual life insurance, and annualized premiums of policies-in-force have grown by 13.1% CAGR (FY3/20-FY3/24), indicating a solid track record. However, recent growth has slowed to 5.1% YoY for FY3/24.

The company expanded into a new product segment, group credit life insurance, in July 2023 with the launch of group credit life insurance in partnership with au Jibun Bank. This made a material impact, allowing the total FY3/24 annualized premiums of policies-in-force to grow 19.6% YoY.

Annualized Premium of Policies-in-Force (¥bn)



Source: Company



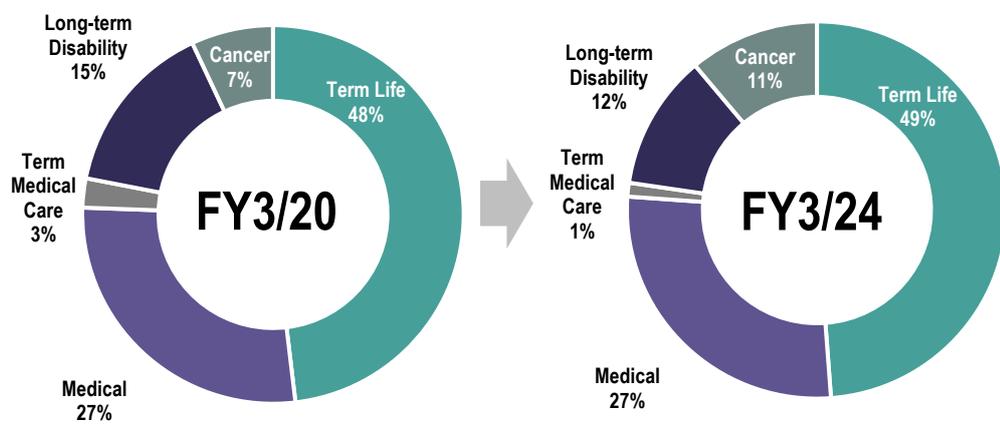
Individual life insurance policies

Breakdown of policies

LIFENET’s term life policies comprised 49% of total policies-in-force in FY3/24, followed by medical insurance, which comprised 27%. The proportional split of policies has remained stable over the last five FYs.

With 600,945 policies-in-force and 381,266 policyholders in FY3/24, this equates to 1.6 policies held per policyholder.

Breakdown of policies-in-force; FY3/20 versus FY3/24



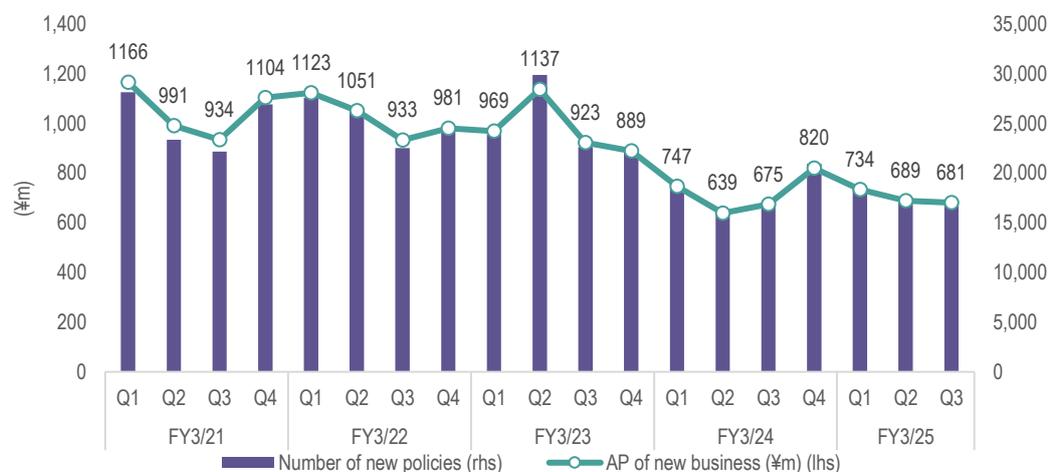
Source: Company

Annualized premium of new business and number of new policies

LIFENET has experienced a decline in the rate of new business in individual insurance. This is depicted in the quarterly trend in annualized premiums and the number of new policies.

Recent declines leveling off

Annualized premium and number of new business



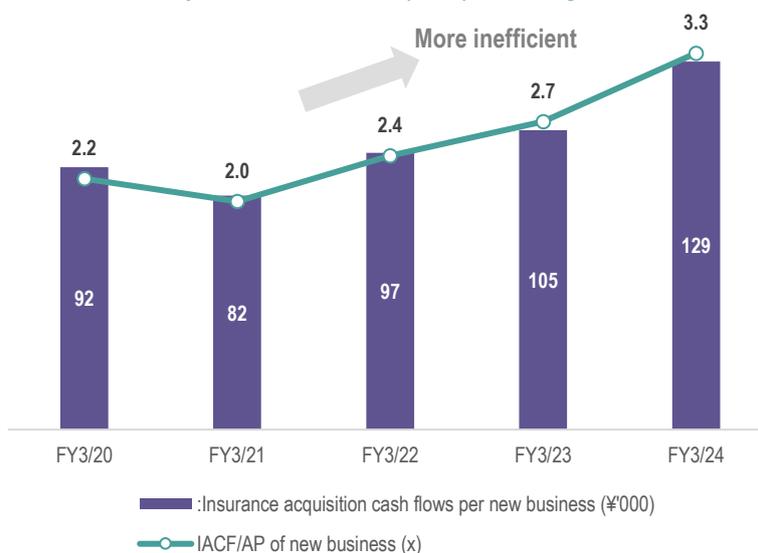
Source: Company



The slowing growth trend for the individual life insurance business is reflected in the rising inefficiency in customer acquisition costs, indicated by an increase in Insurance Acquisition Cash Flows (IACF) per new business and ICAF divided by the annualized premium of new business since FY3/21.

Rising customer acquisition costs

Trend in Insurance Acquisition Cash Flows (IACF) Efficiency



Source: Company

The company believes the slowdown in growth and the decline in customer acquisition efficiency are temporary, driven by a sluggish post-COVID recovery in market demand.

Group credit life insurance

LIFENET commenced its group credit life insurance business with au Jibun Bank, an online bank 100% owned by au Financial Holdings (wholly owned by KDDI). Notably, au Jibun Bank introduced Japan's first smartphone banking application.

au Jibun Bank is a competitive lender in the domestic mortgage market. Its mortgage loan book reached over ¥4 trillion in FY3/24, growing approximately 45% YoY and from a standing start in December 2015. **It is a leading online bank with over 6 million accounts and 3.6 million banking app downloads.** This partnership is already having a material impact on annualized premiums for policies-in-force and has the potential to become a new earnings pillar.



The key differences between individual life and group credit life insurance are as follows.

Difference in the two key insurance products

Area	Individual life insurance	Group credit life insurance
Premium determination	Fixed at the time of contract signing.	Adjusted annually based on insured members and recent payment performance.
Premium stability	Predictable as it remains constant over the policy period.	Variable and fluctuates based on claim experience and insured group composition.
New contract acquisition costs	Requires marketing, advertising, and agent commissions.	Automatically included in mortgage loans, eliminating acquisition costs.
Premium loading	Includes additional charges to cover acquisition costs.	There is no extra loading for acquisition costs due to automatic enrollment.
Profitability trend	Generally higher profitability due to direct pricing and individual underwriting.	Typically, lower profitability is due to group discounts.
Profitability risk factors	Dependent on the efficiency of new policy acquisition.	Sensitive to claim fluctuations; profitability may vary year by year.
Claims impact	Individual underwriting allows better risk control over claims.	Higher exposure to claim fluctuations; premiums are adjusted annually in response.
Long-term profitability outlook	Stable over the long run if policy acquisition is efficient.	Claims have short-term volatility, but profitability stabilizes over time due to increasing scale.

Source: Company, Astris Advisory

In the longer term, we conclude that despite short-term volatility, **the group credit life insurance business is a positive addition to the business**. It is positioned for gradual profitability stabilization as it scales and contributes to growth and positive financial performance.

Group companies

One subsidiary is in the group; LIFENET MIRAI is an online insurance agency.

Consolidated group companies

Subsidiaries	Group company status	Stake (%)	Business
LIFENET MIRAI	Consolidated	91.1	Online insurance agency

Source: Company



Online life insurance industry overview

Potential for growth

Penetration of online channels as a means of purchasing life insurance differs geographically. In the US, 29% of consumers buy online (source: LIMRA), with increasing popularity attributed to the pandemic and the lack of in-person options. In the EU, the proportion of gross written premiums generated from digital channels is 9% (source: EIOPA). A 2023 survey by the Japan Institute of Life Insurance showed that only 4.4% of respondents bought life insurance via the Internet; however, the intention-to-buy-online rate stands at 18%, and while there remains a significant gap from actual purchases, there is growth potential. All regions expect to see a further increase in penetration, driven by the following factors:

- Consumers are getting more comfortable with digital financial transactions.
- Embedded insurance will make life insurance an easy add-on purchase, for example, via digital banking.
- Lower distribution costs make online life insurance more affordable.
- Demographics with fast adoption are Millennials (25-40 years old) who are comfortable with digital purchases, have growing financial responsibility, and prefer simple, affordable term-life policies. Gen Z (18-25 years old) also has a digital-first mindset.
- There is an increase in the gig economy, and freelance workers need affordable coverage.

In the US, players such as Bestow, Ethos, and Ladder Life are driving market penetration, as are Getsafe in Germany and Alan in France. Comparison sites and other intermediaries play a strong role in customer acquisition, with around 50% of European gross written premiums derived from such platforms.



Our commentary on future growth prospects for the online life insurance industry

The structural shift to digital impacts the life insurance market, with online players poised to benefit from long-term change. However, in Japan, this has to be balanced with the current irreversible trend in population decline. We believe falling demand for term-life insurance points to the following issues:

- An aging population (those 65 years and over comprise over 30% of the total) has less need for life insurance as they are predominantly non-working.
- A low birth rate means fewer young families seeking life policies to safeguard dependents.

To generate growth, we believe online insurance companies have the following options:

- Aggressive market share expansion strategy.
- Re-focus on the digital-first demographic and product development suited to their needs.
- Leverage existing and new embedded partnerships, such as financial services, digital wallets/super apps, and HR/gig worker platforms.



Mid-term business plan

Financial targets and objectives

The company's current medium-term plan covers FY3/25 to FY3/29 and has three core objectives:

- **A Comprehensive Equity (CE) target range of ¥200bn-¥240bn.**
- **A share price of ¥3,000 plus (denoting 68% upside).**
- **An annual growth rate of approximately 10% YoY for CE per share.** While setting a relatively conservative annual growth rate of CE per share for the first half of the mid-term business plan, the company is expected to increase the growth rate in the second half, growing at an approximate annual rate of 10% YoY to FY3/29.

New management policy

This covers the company's mission and vision, which are covered in the management philosophy section. However, stipulated values encompass human capital initiatives to foster diversity and growth opportunities.

Outline of new Management Policy

Aspect	Detail
Mission	Help our customers embrace life more fully by offering easy to understand, affordable, and convenient products and services.
Vision	Be the leading online life insurer, creating the future of life insurance.
Value	Lifenet-ter Values: 1. Manifesto-driven 2. Ownership 3. Teamwork 4. Growth mindset 5. Be ambitious

Source: Company

Growth strategy

LIFENET has identified three priority areas in the business to drive future growth.

Tech & Services

The company is pursuing customer convenience by utilizing IT services such as AI and the domestic 'My Number' Individual Number System. We have the following case studies of how technology is being used:

- **Launch of a proof-of-concept experiment utilizing an AI system capable of predicting underwriting risk.** This initiative leverages Japan's largest anonymized medical data owned by JMDC Inc. (4483) and simulated My Number Portal data. Through this proof-of-concept, Lifenet aims to enhance customer convenience during the insurance application process while improving its underwriting assessments' efficiency.
- **Improving customer experience with communication tools** – LIFENET introduced a new content feature, "Personality Diagnosis: Mirai Mieruka Consultation Room," on its official LINE SNS account, utilizing analysis services for site visitors based on

A three-pronged approach to growth – tech & services, rebranding and embedded strategies



personality pattern data from Digram Lab (unlisted) and data-driven marketing expertise from Intimate Merger (7072).

Rebranding

The company aims to rebuild a unique LIFENET brand aligned with the current era and customer values, focusing on the potential customer base in their twenties and thirties, and conducting product development. Examples include:

- **Launching term medical products ‘Jibun Z’ and ‘Jibun Z’ for women** – Launched in October 2024, the new products have an easy-to-understand choice between two plans: (1) for those prioritizing lower premiums and (2) for those seeking coverage for cancer and advanced medical treatments. This medical insurance offers lower initial premiums compared to whole-life products.
- **Paying for life insurance using ‘V-points’ loyalty points on Sumitomo Mitsui Card** – Launched in December 2023, LIFENET and Sumitomo Mitsui Card Company (SMCC) will offer insurance named “Insurance with V-points”, the first life insurance product where V-points can be earned. V-points is a service provided by SMCC that allows customers to earn points according to the total amount of shopping used on the card each month and spend them for shopping as well as gift exchanges and transfers to other companies' points.

Embedded

The aim is to deliver insurance and services seamlessly with LIFENET’s partners. Five partnerships are currently in place, with a view to deepening ties. Favorable partnerships have strong brands and allow access to a broad customer base.

KDDI and SMBC partnership appears most material to date

Existing partnerships

Partner	Partner sector	Commentary
KDDI	Telecommunications	- Promoting both individual life insurance and group credit life insurance - For individual life insurance, customers can earn loyalty points ‘Ponta’ points from white label ‘au Life Insurance’. - For group credit life insurance, a core relationship with au Jibun Bank – an online bank. - Major progress in Group Credit Life Insurance through the partnership.
Seven Financial Services	Retail	White label product Seven Financial Service Life Insurance.
Money Forward	Internet services	White label product Money Forward Life Insurance.
Eisai	Healthcare	Co-developed Dementia Insurance “be”, a dementia insurance that supports early detection and treatment of dementia and mild cognitive impairment in March 2024.
Sumitomo Mitsui Card Company	Payments	Life insurance earning ‘V-points’ loyalty points on Sumitomo Mitsui Card

Source: Company

Looking at the success of the KDDI partnership, we see the following themes:



- **Conducting a strategic capital alliance** – KDDI's financial services subsidiary, au Financial Holdings, is LIFENET's major shareholder, with an 18.33% stake.
- **Integration** - to tap into au Jibun Bank's customer base, LIFENET offers group credit life insurance to mortgage loan borrowers. This also enhances product accessibility and convenience for customers.
- **Enhancing customer retention** – KDDI's strategy focuses on integrating telecommunications with financial services to increase customer engagement and retention.

The strategic partnership with Sumitomo Mitsui Card aims to encourage customers to designate a credit card issued by Sumitomo Mitsui Card as their primary card through bundled life insurance offerings, which benefit Sumitomo Mitsui Card's core credit card business.

Our commentary on LIFENET's medium-term plans

While LIFENET is benefiting from the tailwind of financial services moving online, the company also faces headwinds from challenging demographics and increasing online competition from traditional insurers. LIFENET needs to execute a sufficiently differentiated service to acquire new customers.

Our view of the most tangible approaches to driving growth is as follows:

- **To increase the number of bank partnerships for group credit life insurance** – after the rapid success of this service at au Jibun Bank, we believe that LIFENET will be able to **develop new partnerships with online banks or traditional lenders** with rapidly growing mortgage loan books.
- Strategy to capitalize on the expanding online financial services ecosystem.
- Rebranding and utilizing technology will be down to execution, given that the market is headed towards greater digitization and personalization. These trends are driven by advancements in AI, data analytics, embedded insurance models, and evolving consumer expectations.



Management philosophy

Shaping the future of life insurance

LIFENET’s corporate mission is to “Help our customers embrace life more fully by simply offering **easy to understand, affordable, and convenient** products and services.” Its vision is also to “be the leading online life insurer creating the future of life insurance”.

The company is committed to shaping the future of life insurance while remaining true to the principle that prevention is better than cure. By actively listening to its customers and using their needs to guide decisions, it aims to deliver high-quality products and services trusted enough to recommend to family members and dependents. Transparency, diversity, and open dialogue are central to its approach, ensuring adaptability to changing preferences and fostering lasting trust. With a steadfast commitment to integrity and the highest ethical standards, LIFENET strives to provide peace of mind and build a legacy of trust and reliability.

A more detailed **manifesto** is based on the premise of “making life insurance accessible again” based on the following three areas:

- **Easy to understand** – Empowering customers by simplifying its materials and processes. Ensuring coverage options are easy to understand, distilling complex insurance clauses into clear, accessible language. Streamlining all customer touchpoints—application, claims, and billing—creates a hassle-free and straightforward experience.
- **Affordable** – Focus on providing customers with precisely what they need—no more, no less—at a fair price. It remains vigilant in finding cost-efficient ways to deliver its products and prioritizes minimizing premiums by consistently considering the customer's perspective.
- **Convenient** – Prioritize customer convenience at every touchpoint, ensuring a seamless experience throughout their journey. Form alliances with like-minded partners to enhance value beyond core products and services. Additionally, it provides health and wellness tips to enrich policyholders' lives and strives to set a precedent for future generations, redefining what life insurance should truly represent.



Business model

Key concepts and unique selling points

Typically, an online life insurance company operates on a digital-first, direct-to-consumer B2C model, leveraging technology to reduce costs and improve the customer experience.

It aims to drive revenue and earnings by the following means:

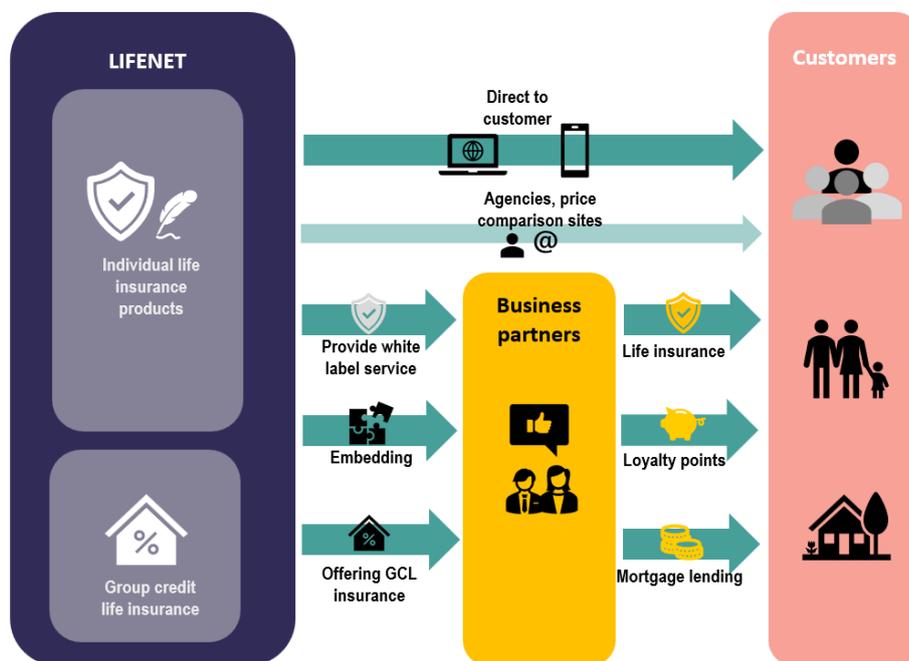
- Focus on speed, efficiency, convenience, and customer experience.
- Forming alliances with strategic partners to access new markets, expand service offerings, and create value-added solutions.

We believe LIFENET’s model has the following focus:

- **Dominant market position in Japan as a pure-play online life insurance company.**
- **Aiming to disrupt the industry with an emphasis on partnerships to gain market share.**

Workflow

High-level workflow overview



Source: Company



We view LIFENET's competitiveness stems from its market leader status, strong partnership with KDDI, and a simple pureplay business model

Competitive advantages

We believe LIFENET has the following competitive advantages:

- **Domestic market leader** – The company is a recognized independent online market leader. The company's position as the No.1 independent insurer provides a unique competitive advantage in forming strategic partnerships.
- As a full-stack insurtech company, its technology stack and UI/UX capabilities are competitive with larger peers.
- **Partnership with KDDI and SMBC Group** – A solid relationship with a fintech, telecom, and banking business to distribute life insurance digitally. In 2023, the company entered into a capital and business alliance with the SMBC Group, launching a partnership within the V Point ecosystem.
- **Simple pureplay business model** – Focusing on risk management policies (term life, medical, accident, etc.) and the predominantly online distribution channel lowers the company's risk profile and operating costs.



Peer group analysis

We have selected the following peers to assess LIFENET’s returns, valuations and leverage:

- **Domestic companies** – We have chosen a selection of companies that provide multi-brand life insurance products, some of which are perceived as comparable peers to LIFENET (e.g., Dai-ichi Life and Neo First).
- **Online companies** – This selection includes online business models such as ZhongAn Online P&C Insurance and Lemonade, as well as technology-focused companies such as Hippo Holdings and Root.
- **Overseas companies** – Our selection includes companies in fast-growing markets such as China Life Insurance, and established life insurers in domestic markets such as Aegon, Aviva, Phoenix Group and Talanx. We have avoided the larger global insurers.

Domestic companies

Company	Description
SBI Insurance Group Co., Ltd.	Offers a comprehensive range of insurance products, including life, non-life, and short-term insurance solutions.
Dai-ichi Life Holdings, Inc.	Holding company with group company Neo First Life Insurance Company specializing in offering straightforward and accessible insurance products.
JAPAN POST INSURANCE	A subsidiary of Japan Post Holdings, JPI offers a comprehensive range of insurance products.
MS&AD Insurance Group Holdings, Inc.	The group operates various insurance and financial services, including non-life and life insurance.
Sompo Holdings, Inc.	Offers domestic non-life and life insurance, nursing care and seniors business and overseas operations.

Source: Companies, Bloomberg

Online companies

Company	Description
Lemonade Inc	American online insurance company that offers renters, homeowners, car, pet, and term life insurance in the US, and some products in Europe.
Hippo Holdings Inc	American online property and casualty insurance company specializing in homeowners insurance.
ZhongAn Online P & C Insurance	China’s first online-only property and casualty insurance company. It specializes in providing a wide range of insurance products and services exclusively through digital platforms.
Root, Inc.	Technology-driven insurance company specializing in embedded car insurance products within the United States.

Source: Companies, Bloomberg

Overseas companies

Company	Description
Talanx AG	Multibrand provider in the insurance and financial services industry.
Aviva plc	UK’s largest general insurer and a leading provider of life and pension products.
China Life Insurance Co. Ltd.	Leading state-owned life insurance company in China, headquartered in Beijing.
Aegon Ltd.	Leading life insurer in the Netherlands with significant operations in the United States, also provides pension and asset management services.
Phoenix Group Holdings plc	Major UK insurer focused on life insurance and pension management.

Source: Companies, Bloomberg



Comprehensive Equity

With the implementation of IFRS reporting, LIFENET has introduced Comprehensive Equity (CE) as a KPI, replacing European Embedded Value (EEV) to represent corporate value. It has a CE target range of ¥200bn-¥240bn by FY3/29, which appears relatively conservative compared to LIFENET's historical EEV growth rate.

LIFENET is using CE as a valuation multiple (P/CE) to improve its evaluation by the market. This approach is positive in our view, as it signifies the following:

- An indicator that is easier to understand with its link to IFRS.
- The management has a share price target of ¥3,000 plus by FY3/29. At ¥3,000, the market capitalization is approximately ¥240bn (with 80.32m shares outstanding), and the resultant P/CE is 1.1x at the midpoint of the guidance range, which is a reasonable and achievable target.

We believe the company's opportunities to drive CE growth will stem from:

- **Group credit life insurance** – Acquiring new bank customers with a large mortgage balance, which has high growth potential.
- Major market share gains in individual life insurance sales as its growth strategy drives customer acquisitions to previously high levels.

Core findings

- **Profitability** – Companies with significant growth-driven spending in marketing and technology have low or negative ROE, as in online companies. Global diversified insurers and mature life companies tend to have an ROE range of 10% to 18%, as they have scale, a more favourable underwriting environment, and, in some instances, a more lax regulatory environment around capital management, which includes shareholder returns.

Although LIFENET's ROE of 6.9% may appear low relative to the mature and larger domestic peers, the lower ROE is driven by LIFENET's higher capital base. Under IFRS standards, the company has consistently recorded profits, and its IFRS-based capital has increased. Under J-GAAP standards, LIFENET's profitability is less consistent, and therefore, capital is much lower. However, because Japan's capital regulations are based on J-GAAP, options for returning capital to shareholders, such as dividends or share buybacks, are limited, impacting LIFENET's ROE.

Therefore, we think once LIFENET meets regulatory requirements to return capital to investors, LIFENET's ROE will likely increase significantly from its current levels.

- **Valuations** – The key takeaways are:
 - PER and Price/Sales multiples at the higher end of the range denote stronger growth prospects; we note that LIFENET (19.1x) and ZhongAn Online (15.0x) are trading at similar PER multiples.



- The mature businesses pay a dividend, with the domestic average yield being 3.9% and overseas at 6.6%.
 - Higher PBR multiples tend to reflect higher ROEs for mature companies; growth-focused companies tend to have the highest PBRs due to their loss-making nature lowering equity, or expectations over high growth.
 - Higher P/Comprehensive Equity (P/CE) multiples, a newer metric used by overseas life insurers reporting under IFRS and incorporating future premiums' value, generally correlate with higher ROE and ROE. However, it could also reflect investors undervaluing future premiums when the difference between PBR and P/CE is large.
- **Leverage** – Life insurance companies typically maintain lower net debt-to-equity ratios due to conservative capital management; many in the peer group have net cash. LIFENET is no exception and shows that under IFRS accounting, it is well-capitalized.

We conclude that LIFENET is a growth company but exhibits positive returns that should reflect a higher valuation premium versus its mature peers. As the company continues to scale, further multiple expansions may be challenging in the near term. In the longer term, as more investors adopt the P/CE valuation metric, LIFENET could see further multiple expansion, as we think the company remains undervalued relative to global peers on a P/CE basis, given its positive fundamentals.



Peer analysis of key profitability and valuation metrics

Ticker	Company	Mkt Cap US\$ (m)	Profitability		PER	P/Sales	Valuation Div yield	PBR	P/Comprehensive Equity
			ROE LTM	ROA LTM					
			(%)	(%)					
7157 JP	Lifenet Insurance Company	1,001	6.9	5.5	19.5	4.2	-	1.5	0.9
Domestic									
7326 JP	SBI Insurance Group Co., Ltd.	186	3.9	0.8	16.0	0.2	1.4	0.6	-
8750 JP	Dai-ichi Life Holdings, Inc.	25,154	13.3	0.7	8.6	0.4	4.4	1.0	-
7181 JP	JAPAN POST INSURANCE Co., Ltd.	7,414	3.3	0.2	8.7	0.2	4.1	0.3	-
8725 JP	MS&AD Insurance Group Holdings, Inc.	34,327	17.7	2.7	7.0	0.8	4.9	1.2	-
8630 JP	Sompo Holdings, Inc.	30,108	17.3	3.3	10.3	1.0	3.3	1.5	-
Average			11.1	1.5	10.1	0.5	3.6	0.9	-
Median			13.3	0.8	8.7	0.4	4.1	1.0	-
Online									
LMND US	Lemonade Inc	2,221	-31.1	-14.8	-12.4	3.4	-	3.7	-
HIPO US	Hippo Holdings Inc	604	-10.9	-4.3	-17.7	1.3	-	1.6	-
6060 HK	ZhongAn Online P & C Insurance	2,241	19.3	8.9	16.0	0.5	-	0.8	-
ROOT US	Root, Inc. Class A	2,116	10.4	2.5	250.4	1.6	-	10.2	-
Average			-3.1	-1.9	59.1	1.7	-	4.1	-
Median			-0.3	-0.9	1.8	1.4	-	2.7	-
Overseas companies									
TLX GR	Talanx AG	30,783	17.3	1.0	11.7	0.5	3.1	2.3	1.7
AV LN	Aviva plc	20,544	7.8	0.2	10.5	0.6	6.8	2.0	1.1
2628 HK	China Life Insurance Co. Ltd.	53,169	9.9	0.8	4.4	1.7	4.8	0.8	0.8
AGN NL	Aegon Ltd.	10,610	-1.2	0.0	7.3	0.7	7.1	1.3	0.7
PHNX LN	Phoenix Group Holdings plc	8,069	-24.8	-0.2	10.6	1.0	9.3	5.0	1.7
Average			13.6	0.7	8.9	0.9	6.2	2.3	1.2
Median			7.8	0.2	10.5	0.7	6.8	2.0	1.1

Source: FactSet, Bloomberg, Astris Advisory

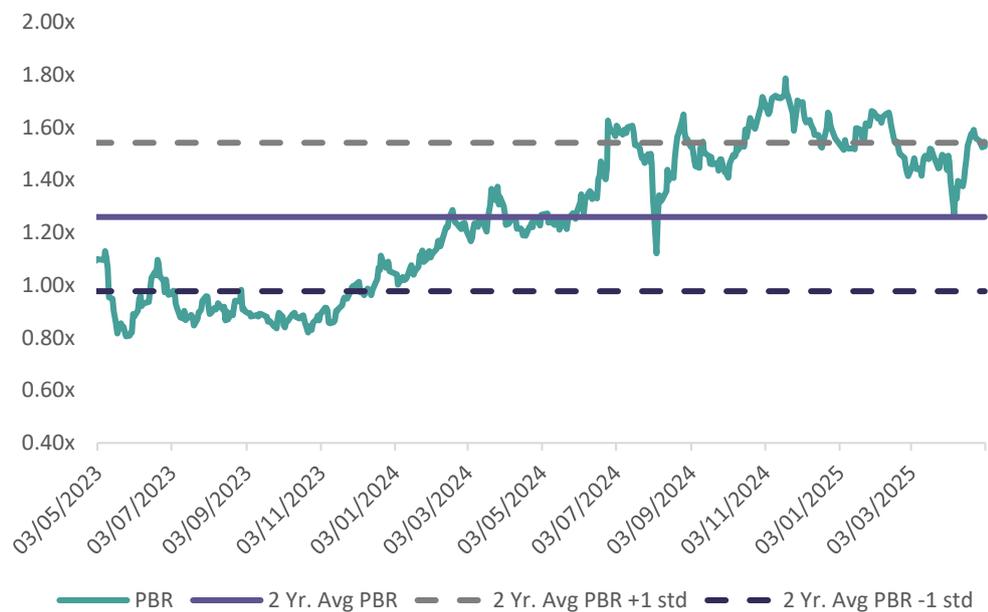


Relative valuation analysis

Given LIFENET’s premium valuation relative to peers, we also think it would be helpful to consider LIFENET’s valuation relative to itself on a historical basis. For this analysis, we focused on the PBR valuation metric as we believe it is consistent and well understood by investors.

Since the transition to IFRS 2 years ago, LIFENET has been valued at an average PBR multiple of 1.24x and peaked at 1.79x. With that context, we think its current PBR valuation multiple of 1.54x, which is at ~1 standard deviation of its 2 year historical range, is fair given the positive momentum at its group life insurance business and potential for additional partnerships that would accelerate PBR growth.

LIFENET historical PBR valuation



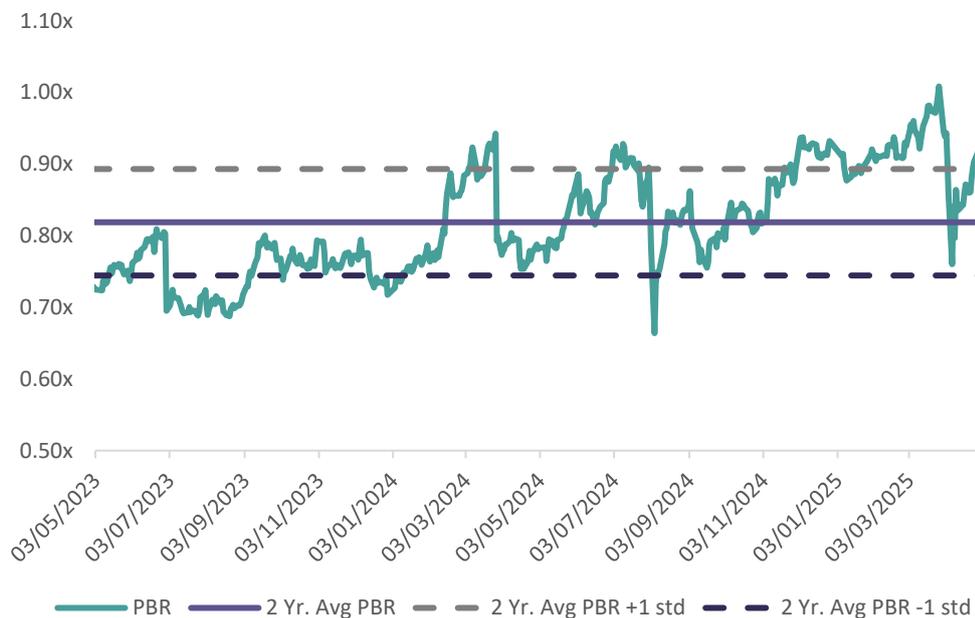
Source: FactSet, Astris Advisory

We also believe it is important to complete a similar exercise with LIFENETS' domestic peer group, analyzing the group's historical PBR valuation multiple to understand if multiple expansion over the past 2 years was unique to LIFENET or if the entire life insurance sector experienced a valuation rerating.

The chart below shows that the average PBR valuation multiple of 5 domestic insurance peers (SBI Insurance, Dai-ichi Life, Japan Post Insurance, MS&AD Insurance, and Sampo Holdings), all reporting under JGAAP, has trended over the past 2 years.



Domestic peer average historical PBR valuation



Source: FactSet, Astris Advisory

Looking at the peers' valuation over time, it is clear that the life insurance sector in Japan has experienced significant multiple expansion, with the peer group average PBR increasing from 0.69x in 2023 to 0.92x currently. The recent sector valuation multiple was almost 2 standard deviations above its 2-year range, with the consistent trend higher likely driven by a more constructive macro backdrop.

In conclusion, from the perspective of historical valuation multiples, LIFENET, which at first glance trades at a premium to peers (1.54x vs. 0.92x), is valued at a discount relative to its domestic peer group. Our analysis shows domestic peers recently traded at a PBR multiple two standard deviations above their 2-year average, while LIFENET trades within one standard deviation of its 2-year average PBR multiple. Said differently, if LIFENET were to trade at a multiple in line with its peer group, a PBR multiple 2 standard deviations above its 2-year average, it would be valued at 1.80x PBR and much higher than its current PBR multiple of 1.54x.



Interest rate sensitivity

Relatively low sensitivity

LIFENET primarily invests in high-credit-rated public and corporate bonds. A significant rise in market interest rates could cause bond market values to decline, impacting the valuation of IFRS insurance contracts and economic value-based liabilities. As a result, net assets (JGAAP), IFRS equity, and economic value-based capital could be negatively affected.

Given the global inflationary environment and rising interest rates, the company acknowledges an increased probability of interest rate fluctuations. However, due to its focus on protection-type insurance products (rather than savings-type products and aligns with its low-risk, low-return operational style), its economic value-based sensitivity to interest rate changes remains low.

The company sets risk limits to mitigate interest rate risk, monitors exposure regularly, and adjusts asset investment policies. To strengthen financial resilience against interest rate volatility, it is shortening the bond duration and shifting part of its JGAAP asset classification from available-for-sale to held-to-maturity.



Capital raising and allocation

Need for equity issuance to remain

Under statutory J-GAAP reporting, LIFENET generates annual net losses (FY3/24 was ¥4.72bn loss) due to policy acquisition costs (primarily TV advertising) being immediately expensed. This results in the need to raise equity periodically to meet regulatory requirements that ensure solvency and policyholder protection.

Since 2021, the company has conducted the following equity financing:

- **September 2021** – Overseas public offering raising ¥9.67 billion, resulting in 14.8% dilution.
- **September 2023** – Public offering and third-party allotment to au Financial Holdings Corporation and Sumitomo Mitsui Card Company, Ltd, raising ¥9.77bn, resulting in 20.1% dilution.

While the company believes it currently has sufficient growth capital to support its planned expansion, it will likely require new equity issuance if further growth opportunities arise. Until an inflection point is reached whereby the company 1) sustainably generates net profit and 2) has positive total net assets, the company will require new equity issuance. We estimate the company will need to issue equity within the next five years. That said, the fact that the company has disclosed a target share price in the event of an equity issuance provides a certain degree of assurance.

Shareholder returns

Under J-GAAP accounting, the company had total net assets of ¥21.06bn and negative retained earnings of ¥31.64bn. Consequently, it has no distributable reserves and no shareholder returns policy.

The company clearly aims to generate shareholder returns by share price appreciation. LIFENET has yet to determine its specific dividend policies and dates for the start of distributing retained earnings.

M&A

There is no formal M&A policy disclosed. However, building partnerships has resulted in capital alliances, and we expect this trend to continue.



Recent results

Q1-3 FY3/25 results

Strong revenue growth driven by contributions from the Group credit life insurance business

Key financials

(¥bn)	Q1-3 FY3/24	Q1-3 FY3/25	Growth YoY (%)
Individual life insurance service results	6.50	6.09	
Group credit life insurance service results	(0.22)	1.10	
Insurance service results	6.28	7.19	+14.6
Financial results	0.28	(0.07)	-
Core income, before income taxes	6.56	7.12	+8.5
Other results	(0.34)	(0.24)	-
Net income (loss) before income taxes	6.22	6.88	+10.8
Net income (loss) attributable to owners of the Company	4.37	4.96	+13.5

Source: Company, Astris Advisory

Individual life insurance margins are impacted by higher marketing expenses, while Group credit life insurance sustains rapid growth

Key performance indicators

Metric	Q3 FY3/24	Q3 FY3/25	Growth YoY (%)
Comprehensive Equity (CE) (¥bn)	-	165.3	-
Annualized premium of policies-in-force (¥bn)			
Individual life insurance	25.00	26.43	+5.8
Group credit life insurance	2.88	6.91	+140.3
Total	27.87	33.35	+19.6
Individual life insurance			
Annualized premium of new business (¥bn)	0.68	0.68	-
Number of new business	16,993	16,954	-
Total number of policies-in-force	590,097	626,146	+6.1
Insurance Acquisition Cash Flows (IACF) Efficiency (x)	3.1	3.7	
Opex ratio* (%)	18.6	17.8	
Surrender and lapse ratio (%)	6.3	5.4	

Source: Company

Note*: Opex ratio excludes IACF divided by average in-force annualized premium for the period (annualized)

Key highlights

Q1-3 FY3/25 results demonstrated the Company is executing towards its Mid-term business plan:

- **Double-digit growth of annualized premium of policies-in-force** driven by 1) strong performance (+140% Y/Y) at Group credit life insurance, while 2) Individual life insurance continues its historical growth trend.
- **Group life insurance is starting to deliver meaningful insurance service results**, contributing ¥1.10bn YTD and accounting for 15.3% of consolidated insurance service results.

- **Individual life insurance profitability is impacted by higher marketing expenses driven by product launches**, which the Company expects to normalize gradually towards historical levels. Excluding cash flow for insurance acquisition, the consolidated expense ratio continued to decline year-on-year, driven by growth in group credit life insurance.
- **The Company launched several new products and partnerships, consistent with its Mid-term strategic plan:**
 - “Jibun Z” term medical insurance product, where 68% of customers are under 30 years old;
 - A new group credit life insurance product, “Pair Loan Joint-Life Group Credit Insurance”, designed for customers taking out mortgages using au Jibun Bank’s joint mortgage offering; and
 - Expanded the scope of the “Insurance that Earns V Points” product from only Sumitomo Mitsui Card users to include all V Point members, which total ~86 million active users.
- **The company maintained its 2025 guidance**, with its YTD annualized premium of policies-in-force of ¥33.3bn on track to exceed its ¥34.0bn target



Astris earnings estimates and key assumptions

Our earnings estimates aim to illustrate a company operating in a relatively mature domestic market. We have not forecast any major positive developments related to new strategic partnerships or new customer acquisitions in group credit life insurance, both of which we identify as upside risk.

Our key earnings forecasts are as follows:

Astris Advisory earnings estimates

Year-end	Company guidance FY3/25	FY3/25E	FY3/26E	FY3/27E
Annualized premium of policies-in-force	34.00	34.50	40.71	47.22
Insurance service results	8.90	8.82	10.49	12.26
Financial results	-	0.74	0.86	0.99
Core income, before taxes	-	9.55	11.35	13.25
Other results	-	(0.53)	(0.53)	(0.53)
Net income (loss) before income taxes	-	9.03	10.82	12.72
Net income (loss) attributable to owners of the Company	6.20	6.24	7.48	8.79
ROE (%)	-	6.6	7.4	8.1
BVPS (¥)	-	1,209	1,302	1,412
CEPS (¥)	-	2,138	2,312	2,513

Source: Astris Advisory

The core assumptions of our estimates are as follows:

- **Insurance revenue growth** – We estimate growth in the high teens, driven primarily by group credit life insurance and a recovery in demand for individual life insurance from strategic growth initiatives.
- **Profitability** – We expect to see stable insurance service results, with some improvement from increasing scale.

We are not expecting any dividend payments.



Company information

Management (7 members, .29% female ratio, 71% outside members)

Senior management profile

Ryosuke Mori – President and Representative Director

Mr Mori joined the company in September 2012, previously working at Goldman Sachs Japan. He was appointed President in June 2018. He oversees the Internal Audit Department, holds no other board or outside directorships, and holds 101,197 shares (0.13% holding).

Yasuhiro Koba – Director, Executive Vice President

Mr Koba joined the company in September 2010, working at the Ministry of Health, Labor, and Welfare since April 2002. After fulfilling numerous roles within the company, he was appointed Director, Executive Vice President, and Head of the Sales Division in June 2021. He is currently in charge of the Business Development, Product Development, Group Life Insurance Business, and Asset Management departments. He holds no other board or outside directorships.

Jun Hasebe, Outside Director

Mr Hasebe was appointed Outside Director in June 2022 and holds two other outside directorships at public companies (Toridori Inc. (9337), Speee (4499), and dely (229A)). He is the President and CEO of unlisted Tokyo Relations in April 2020, an IPO and IR consultancy. Previously, he was an equity research analyst at the Daiwa Institute of Research (1990 to 2010) and was appointed Director at mobile game company COLOPL (3668) (2010 to 2019).

Hiro Koya, Outside Director

Mr Koya was appointed Outside Director in June 2024 and holds no other outside directorships. He joined KDDI in 2007 and is currently an Executive Officer at au Financial Holdings, Inc. (a KDDI group company).

Keiko Hayashi, Outside Director (Audit and Supervisory Committee Member)

Ms Hayashi was appointed Outside Director (Audit and Supervisory Committee Member) in June 2021 and holds one outside directorship at a public company (Meidensha (6508)) and one supervisory officer position at J-REIT Nippon Building Fund (8951). She is a Certified Public Accountant and a Professor at the Graduate School of Accountancy at Waseda University.

Tomoyuki Yamashita, Outside Director (Audit and Supervisory Committee Member)

Mr Yamashita was appointed Outside Director (Audit and Supervisory Committee Member) in June 2021 and is the Representative Director and President of Aon Solutions Japan Ltd. He holds no other outside directorships. His previous roles were at The Bank of Tokyo-



Mitsubishi (currently Mitsubishi UFJ Bank), Towers Perrin (currently Willis Towers Watson), and Goldman Sachs Japan.

Emima Abe, Outside Director (Audit and Supervisory Committee Member)

Ms Abe was appointed Outside Director (Audit and Supervisory Committee Member) in June 2023 and holds two other outside directorships at public companies (Noevir Holdings (4928), B-R 31 Ice Cream (2268), and Intermestic (262A)). She is an Attorney at the Miyamasuzaka Firm Law & Accounting Office.



Contact details

Address

8th floor, Nibancho Center Building,
5-25 Niban-cho, Chiyoda-ku
Tokyo 102-0084, Japan

IR Dept. email: ir@lifenet-seimei.co.jp

Tel: +81-3-5216-7900

Source: Company

Shareholder details (as of March 2025)

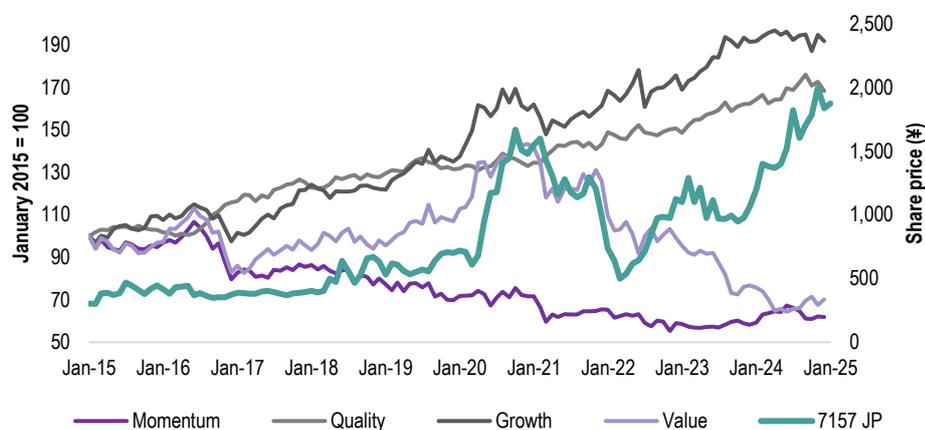
Major shareholders	Stake (%)
Effissimo Capital Management Pte Ltd	20.74
au Financial Holdings Corporation	18.33
Oasis Management Company	13.22
Ariake Master Fund	6.61
Sumitomo Mitsui Card Company, Limited	4.99
Seven Financial Service Co., Ltd.	4.04
Baillie Gifford & Co.	3.70
Fidelity Management & Research	1.38
Asset Management One	1.20
Blackrock Fund Advisors	0.88

Source: Company



Astris Quant Sheet

Share price chart and factor analysis (from January 2015)



Source: FactSet

Factors	2 Year Corr	5 Year Corr	10 Year Corr
Momentum: 12 Month - 1 Month Performance	0.16	0.11	0.10
Quality: Free Cash Flow Yield	0.05	-0.05	-0.08
Growth: Operating Profit Growth	0.12	0.06	0.03
Value: Book to Market	0.10	0.21	0.16

Source: FactSet

LIFENET exhibits mild correlations with Value and Momentum Factors, with the Value Factor showing the highest correlation at 0.21 over the 5-year period.

Calculation method and definition of factors in the time series

Universe

TOPIX500

Factor return calculation

Quartile Range Analysis: Calculate the element return by subtracting the lower quartile's average performance from the upper quartile's average performance for each element forecasted for one month. This analysis is repeated monthly without considering transaction costs.

Factor

Momentum

1-month return

12-month return

Subtracting the most recent 1 month

Quality

FCF yield (estimate)

Growth

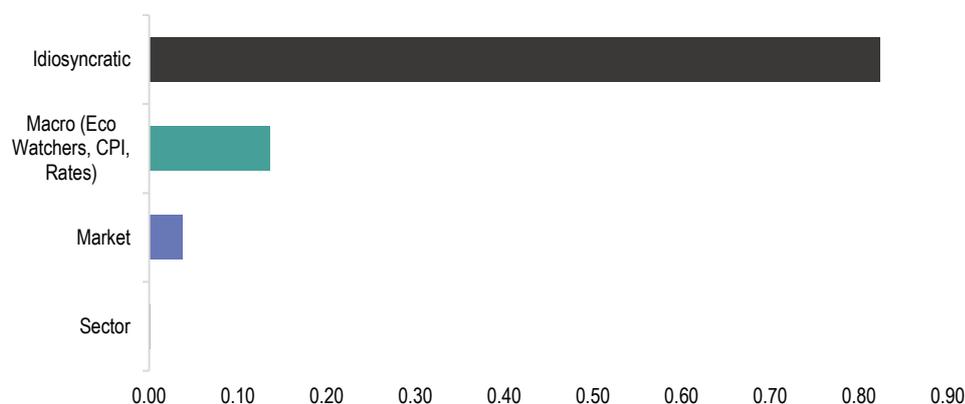
Operating profit growth (estimate)

Value

Book-to-Market ratio (actual)

Source: FactSet

Drivers of stock price performance and multiple regression analysis (since January 2015)



Source: FactSet

LIFENET’s share price is primarily driven by macroeconomic factors, accounting for almost 20% of the share price movements. The market exerts a very small impact, accounting for less than 5% of the share price fluctuations, while sector-specific factors demonstrate a statistically insignificant impact.

Calculation method for multiple regression analysis

Multiple regression analysis

Perform regression analysis including all drivers, and conduct individual regression analysis by excluding one driver at a time. To quantify the specific impact of each driver, calculate the partial coefficient of determination (partial R-squared value) using the formula: $(\text{Residual Sum of Squares from regression analysis including all drivers} - \text{Residual Sum of Squares from regression analysis excluding one driver}) / \text{Residual Sum of Squares from regression analysis excluding one driver}$.

Source: FactSet

Multiple regression analysis results

Factors	2Y Corr	5Y Corr	10Y Corr
Market			
Topix 1st Section	0.33	0.33	0.32
Topix Small Cap Index	0.46	0.36	0.35
TSE Growth Market 250	0.48	0.61	0.50
MSCI Japan	0.33	0.33	0.31
Sector			
Topix Insurance Index	0.21	0.15	0.20
MSCI Japan Financials	0.20	0.19	0.23
MSCI Japan Insurance	0.25	0.15	0.20
Macro			
10Y JGB	-0.25	-0.09	-0.07
CPI Nationwide	0.24	0.05	0.01
JPYUSD	-0.04	0.03	-0.11
Industrial Production	-0.03	0.20	-0.02
Eco Watchers Outlook	0.13	0.46	0.37

Source: FactSet

LIFENET shows the strongest correlation with the TSE Growth Market 250 (formerly Mothers Index), with coefficients of 0.50 and 0.61 over 10-year and 5-year periods, respectively. Correlation with the MSCI Japan Financials index remains modest at 0.23 over the decade. The Economy Watchers Survey Outlook exhibits the highest macroeconomic correlation at 0.37, while the stock negatively correlates with 10-year JGB yields in the short term.

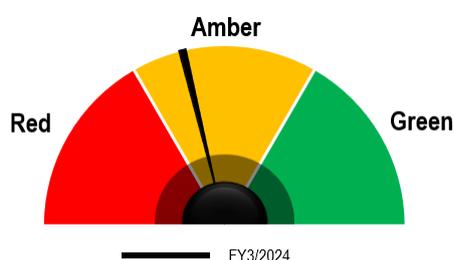
Astris-Sustainability ESG assessment

Ratings and scorecard

Our in-house Astris-Sustainability ESG model rates the company with a combined score of 41.9%, placing it in our assessment's 'Amber' rating in FY3/24.

Our in-house methodology* takes what we have selected as core measurable ESG factors, ranking its performance versus its domestic GICS Insurance group peers with a market capitalization between ¥25bn to ¥500bn (a total of 11 companies).

Astris-Sustainability ESG model rating for LIFENET



Source: Astris Advisory (*Note – for details of our in-house rating system please contact Astris Corporate Advisory)

ESG scorecards

	FY3/24
Environmental (1 factor from a selected peer group)	
Astris Environmental score	8.85
Social (8 factors from a selected peer group)	
Astris Social score	53.91
Governance (33 factors from a selected peer group)	
Astris Governance score	45.41
TOTAL SCORE (Out of a total of 42 factors)	41.9

Source: Company, FactSet, Astris Corporate Advisory

Our methodology has highlighted the following key topics:

Environmental

The company has disclosed Scope 1 and 2 CO₂ emission data for FY3/24 (total 258.3 t-CO₂). There are currently no targets to cut emissions.

Social

The company has disclosed details for the ratio of female employees (23.5%) and female managers (25.0%) in FY3/24.

The current medium-term plan includes the diversity targets for FY3/29:

- To raise the ratio of decision-makers in the workforce for women to 30% plus.
- Similarly for under 30s at 15% plus.

Governance

The corporate governance system at LIFENET is organized in the following manner:

- **Board of directors** – currently comprised of 7 board members led by President Ryosuke Mori, one director, and five outside directors (three being members of the Audit and Supervisory Committee, and one being non-independent (from the KDDI Group)).
- **Audit and Supervisory Committee** – made up of three outside directors possessing a significant level of knowledge regarding finance and accounting through their experience as business executives. There were 13 meetings with an attendance rate of 100% in FY3/24.
- **Nomination and Remuneration Committee** – this committee comprises all four independent outside directors and one representative director, chaired by an independent outside director. Decisions regarding the individual compensation and other remuneration of directors are deliberated by the voluntary Nomination and Compensation Committee and finalized by the Company's Board of Directors.

Controversies

We note we have been unable to find major controversies that may have significant financial or reputational repercussions for the company and its shareholders.



Areas of discussion

Highlighting key topics for investors

We believe the following will be key areas for discussion with investors:

1. The medium-term plan covering FY3/25-FY3/29
 - a. What do you see as the key driver for CE growth?
 - b. What is the proportional impact on CE growth between individual insurancens and group credit life insurance?
2. Growth of group credit life insurance
 - a. Are there significant opportunities to grow this product line after the success with au Jibun Bank?
 - b. Are there any the major opportunities from the relationship with au Jibun Bank?
3. Partnership building
 - a. What are the partnerships you would like to build going forward? What types have a high potential of being executed?
 - b. Does the partnership with KDDI open doors to new oppourtunities, as well as limit some areas of potential?
4. Interest rate risk
 - a. How do you assess the risk of rising rates?
 - b. Will there be major changes required in how you construct your portfolio?



IFRS Financial Summary

Income statement (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Insurance revenue	20.73	24.70	29.39	34.39	39.55
Insurance service result	6.62	8.22	8.82	10.49	12.26
<i>Margin (%)</i>	31.9	33.3	30.0	30.5	31.0
Financial results	(0.45)	0.56	0.74	0.86	0.99
Others	(0.82)	(0.53)	(0.53)	(0.53)	(0.53)
Net income before tax	5.34	8.25	9.03	10.82	12.72
Tax	(1.80)	(2.53)	(2.80)	(3.35)	(3.94)
<i>Effective tax rate (%)</i>	33.7	30.6	31.0	31.0	31.0
Net income/(loss)	3.54	5.72	6.23	7.47	8.78
Minority interest	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Profit attributable to owners of parent company	3.56	5.73	6.24	7.48	8.79

Insurance revenue growth YoY (%)	+4.5	+19.1	+19.0	+17.0	+15.0
Insurance service result YoY (%)	N/A	+24.2	+7.2	+19.0	+16.9
NI growth YoY (%)	N/A	+60.9	+8.8	+19.9	+17.5
EPS growth YoY (%)	N/A	+48.7	+8.8	+19.9	+17.5

Balance sheet (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Total investments	49.3	51.6	61.4	71.8	82.6
Cash & cash equivalents	12.1	24.4	20.9	17.9	15.9
Accounts receivables	29.1	32.9	39.2	45.9	52.8
Net fixed assets	0.3	0.2	0.2	0.2	0.2
Other assets	2.9	3.3	3.3	3.3	3.3
Total assets	93.8	112.4	124.9	139.0	154.7
Total insurance reserves	0.1	0.8	0.8	0.8	0.8
Short-term debt	-	-	-	-	-
Long-term debt	0.3	0.1	0.1	0.1	0.1
Other	17.8	20.7	27.8	34.5	41.3
Total liabilities	18.1	21.5	28.7	35.3	42.2
Shareholder's equity	75.7	90.9	97.1	104.6	113.4
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Total net assets	75.7	90.9	97.1	104.6	113.4
Total liabilities & net assets	93.8	112.4	124.9	139.0	154.7

Comprehensive Equity (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Opening CE	N/A	133.69	159.80	171.76	185.71
CSM after tax movement	N/A	4.22	(1.66)	(1.64)	(1.57)
GCL movement	N/A	6.71	7.38	8.12	8.93
Equity movement	N/A	15.18	6.24	7.48	8.79
CE	133.69	159.80	171.76	185.71	201.86
CE per share (¥)	1,918	2,117	2,138	2,312	2,513
Growth YoY (%)	N/A	+10.4	+1.0	+8.1	+8.7

Source: Company, Astris Advisory (estimates)

Cash flow statement (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Cash flow from operating activities	2.68	6.02	6.23	7.47	8.78
Cash flow from investing activities	0.76	(3.44)	(9.80)	(10.43)	(10.77)
Cash flow from financing activities	(0.11)	9.71	-	-	-
Net change in cash and cash equivalents	3.34	12.29	(3.57)	(2.96)	(1.99)

Key assumptions (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Annualized premium of policies-in-force growth (%)	+11.7	+19.6	+20.0	+18.0	+16.0
Insurance revenue growth (%)	+4.5	+19.1	+19.0	+17.0	+15.0
CSM growth (%)	+11.6	+10.2	-2.6	-2.7	-2.6
Insurance Acquisition Cash Flows (IACF)/AP of new business (x)	2.7	3.3	3.2	3.2	3.2
Insurance Acquisition Cash Flows (IACF) per new business (¥'000)	105.0	129.0	127.0	127.0	127.0
Opex ratio (%)	20.7	18.4	16.5	16.0	15.5
Surrender and lapse ratio (%)	6.5	6.5	6.5	6.5	6.5

Key metrics	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Profitability					
Underwriting/Insurance service margin (%)	31.9	33.3	30.0	30.5	31.0
Net margin (%)	17.2	23.2	21.2	21.7	22.2
ROE (%)	7.3	6.9	6.6	7.4	8.1
ROA (%)	4.4	5.6	5.3	5.7	6.0
Liquidity					
Current ratio (x)	5.2	5.2	4.4	3.9	3.7
Leverage					
Debt/Equity ratio (x)	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity ratio (x)	net cash	net cash	net cash	net cash	net cash
Equity ratio (x)	0.8	0.8	0.8	0.8	0.7
Valuation					
EPS reported (¥)	51.1	76.0	77.7	93.1	109.4
PER (x)	35.5	23.9	23.4	19.5	16.6
P/CE (x)	1.1	0.9	0.8	0.8	0.7
P/Sales (x)	7.0	5.9	5.0	4.2	3.7
DPS (¥)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
PBR (x)	1.9	1.6	1.5	1.4	1.3



Disclaimers

This report has been prepared by Astris Advisory Japan K.K. This report is based on information obtained from public sources that Astris Advisory Japan K.K. believes to be reliable but which Astris Advisory Japan K.K. has not independently verified, and Astris Advisory Japan K.K. makes no guarantee, representation, or warranty as to its accuracy or completeness. This report does not and does not attempt to, contain everything material which there is to be said about the Company. Any opinions expressed herein reflect Astris Advisory Japan K.K.'s judgment at the time the report was prepared and are subject to change without notice. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore, involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of their subject matter to be materially different from current expectations.

This report has been prepared as general information, is therefore not intended as a personal recommendation of particular financial instruments or strategies, and does not constitute personal investment advice.

The analyst hereby certifies that (i) the views expressed in this report accurately reflect the research analyst's personal views about the company and the securities that are the subject of this report, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to views expressed by that research analyst in this report.

The report has been prepared by Astris Advisory Japan K.K., a Japanese firm organized under the laws of Japan and supervised by the Japanese Financial Services Agency. Details about the extent of our regulation by local authorities are available from us upon request.

Conflict of interest

This report has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II.

Readers should assume that Astris Advisory Japan K.K. may currently or may in the coming three months and beyond, be providing or seeking to provide IR/corporate advisory or other services to the company.

Investment in securities mentioned: Astris Advisory Japan K.K. has a restrictive policy over personal dealing for its directors, officers, employees, and service providers. Astris Advisory Japan K.K. does not conduct any investment business and does not hold any positions in the securities mentioned in this report.

Limitation of liability

Astris Advisory Japan K.K. assumes no liability as regards any investment, divestment, or retention decision taken by the investor based on this report. In no event will Astris Advisory Japan K.K. be liable for direct, indirect, incidental, special, or consequential damages (regardless of whether being considered foreseeable or not) resulting from the information in this report.

Copyright 2025 Astris Advisory Japan K.K. All rights reserved.

