(Unofficial Translation)

"Re-connect 2023" Medium-Term Management Plan Covering FY2021 to FY2023
Conference Call for Institutional Investors and Analysts
Q&A Summary

Date: March 31, 2021 17:00 - 18:15

Respondent: Toshiaki Sumino, Managing Executive Officer
Dai-ichi Life Holdings, Inc. (the "Company")

Group Business Strategy: Domestic

Q: What risks could be expected when the number of Total Life Plan Designers decline and how would your market presence change due to your domestic business transformation?

A: We have no intention to reduce the number of Total Life Plan Designers, but rather we aim to emphasize quality over quantity. In shifting our sales strategy from emphasizing on the number of new policies to enhancing customer experiential values, we believe, it will lead to higher customer satisfaction and new sales opportunities, contributing to an increase in market share over the medium- to long-term. Also by extending the scope of experiential value proposition through expanding our presence in non-insurance domains like health promotion and enhancing connection, such as medical cost management support services for health insurance associations (common way of providing medical insurance in Japan), we will differentiate ourselves from competitors in the medium- to long-term.

Q: Can you elaborate on the specific measures and the time frame for the targeted fixed cost reduction of about 30 billion yen?

A: We expect to reduce fixed personnel expenses (remote/centralized sales support, self-sufficiency of sales office tasks and consumer-direct features, promotion of RPA/digitalization) and property/real estate costs (reduction of office space and use as an investment property), etc. However, the effect of a strategic personnel shift does not directly affect earnings, as it includes profit improvement aspects rather than simply reducing expenses. Therefore, 30 billion yen does not directly affect earnings in the form of a decrease in expenses. We would like to accelerate the return on investments in CX design systems, digitalization, and other areas that are expected to materialize in part by the end of the medium-term plan period.

Group Business Strategy: Overseas

Q: Please explain your assumptions for the adjusted profit target of 85 billion yen for the overseas business in FY2023, and which overseas businesses will contribute beside PLC's adjusted profit contribution of 45 billion yen?

A: Although the impact of COVID-19 remains, we anticipate that the situation will gradually recover. Besides contribution from PLC, we expect that TAL and Dai-ichi Life Vietnam would be the main growth drivers.

Financial and Capital Strategy: Shareholder Payouts

Q: Regarding "shifting management values from quantity to quality," can you confirm that quality is related to adjusted ROE and quantity is about group adjusted profit?

A: Your understanding regarding quality and quantity is correct. Instead of pursuing profit scale in the short term and neglecting necessary reforms, we would rather place top priority on capital efficiency.

Q: Please explain measures for profit improvement with respect to your goal to raise adjusted ROE.

A: We expect profit improvement mainly from overseas businesses in addition to capital gains on sales of equity and reinsurance transactions at Dai-ichi Life, etc.

Q: Regarding the graph on page 6, showing the estimated level of group adjusted profit, is it correct to assume that profit will decrease in the following 3 years and you are not going to pursue growth?

A: Although it is currently under downward pressure in part due to spending on business transformation initiatives, we expect to return to growth trajectory and expect that group adjusted profit in FY2023 will be in the range of 250 to 280 billion yen. While we emphasize growth, it also depends on how you define growth. Rather than only increasing the absolute value of earnings without sufficient capital efficiency, we recognize that improving capital efficiency is one form of growth.

Q: Can you explain the reasoning behind not changing the definition of group adjusted profit?

A: We have received many critical feedbacks regarding the exclusion from group adjusted profit the derivative transaction gains due to financial market changes in FY2019. In the new medium-term management plan, shareholder payouts will be based on the average of group adjusted profit for the last 3 years that would keep volatility at a certain level without having to change the definition of adjusted profit.

Q: Can you share the outlook of the cash position of the holding company, which will be a factor in considering share buybacks going forward?

A: As described on page 24, current balance and expected cash remittances outlook for the 3 years of the new medium-term management plan is approximately 800 billion yen or more, after factoring in

the accounting constraints and other factors for shareholder payouts. We will strike a balance between strategic investments, shareholder payouts and retained earnings.

Q: Can you confirm that cash outlook in the amount of 800 billion yen for new medium-term management plan period, shown in the lower center of page 24, and the cash remittance to the holding company in FY2019, described in the lower left, are based on the same standards?

A: The amount will be updated and communicated after the annual results are finalized in May, however the standards are different. Previously, the holding company cash-in was calculated by multiplying each group company's adjusted profit by the remittance rate, but this will be successively changed to a method of multiplying transferable surplus capital, which is a stock item, by the remittance rate.

Q: Was the amount of share buyback determined so that ESR would be around 200%? Can you also elaborate on the background of the upper buyback limit of 200 billion yen or 170 million shares?

A: Shareholder payout is determined not only based on ESR level, but also by taking into account available cash at the holding company, accounting constraints, strategic investment opportunities, and our stock price levels. And it does not mean that all capital represented by ESR exceeding the target level, would be used for share buyback. Since this time we target the monetary amount of share buyback, we have set the upper limit of the total number of shares to be purchased, to avoid a situation when a limit on the number of shares would prevent us from reaching the monetary amount based on the share price.

Q: For cases when the level of ESR is high but available cash on hand is not sufficient, are there any measures to convert the value of in-force policies to cash to generate funds for shareholder payouts?

A: Theoretically, the value of in-force business can be cashed out by ceding, and other than that, debt financing also could be an option. In either case, economic rationality should be there. In case when ESR exceeds 200% but conducting shareholder payouts is not reasonable because of our cash position, we will fulfill accountability for our course of action accordingly.

Q: Based on the rough guide for average total payout ratio of 50% over the medium-term management plan period, the announced share buyback of 200 billion yen considered together with cash dividends for each period, leaves limited room for further shareholder payouts. Can you explain your thinking behind the medium-term average total payout ratio and expected annual average of share buybacks?

A: The average of 50% during the period is a rough guide, and it does not mean that shareholder payouts will be adjusted to 50% for each period or over the period of the medium-term management plan. We will fulfill our accountability for our decisions accordingly.

Q: Can you share management's thoughts behind the new medium-term management plan that differs significantly from the previous plan such as the amount and the timing of share buyback?

A: While listening more earnestly to the evaluations and feedbacks of the market and thoroughly discussing various management strategies at the board of directors, we came to this conclusion based on our desire to carry out changes at an earlier stage rather than waiting for financial market improvement and interest rates rise over time. Some of such discussions are also available in the External Directors' Roundtable Discussion in our recent Annual Report. Going forward, we will aim to provide a greater transparency when explaining the actual state of the life insurance business.

Q: Going forward, will the timing for revision of share buybacks be at the end of the fiscal year?

A: Not necessarily, because it is essential to consider various factors strategically, such as the state of the funds for shareholder payouts and the level of stock price, etc. For conducting share buybacks, there is also a restriction on the period when it can be conducted (window period). We will conduct share buybacks flexibly when all necessary conditions are met.

<u>Financial and Capital Strategies: Risk Reduction</u>

Q: Can you confirm my understanding that if risk reduction of 520 billion yen is achieved in 3 years, the amount of integrated risk shown on page 22 will decrease from 3.5 trillion yen to 3 trillion yen, and ESR will reach 240%?

A: As there are various moving parts and impacting factors, we cannot assure that results will be as expected, but overall, your understanding is correct.

Q: Regarding assumptions for ESR measurement, can you confirm whether it is appropriate to refer to the potential growth rate forecast and the Bank of Japan's inflation target for determining UFR, taking into consideration your overseas business exposure?

A: Based on our dialogue with market participants and referencing the trends in the Insurance Capital Standards (ICS) we have decided to secure rationality by referencing objective indicators. The potential growth rate forecast and the BOJ's inflation target are used only for the yen interest rate, and are not used for overseas interest rates.

Q: What is the reason behind your decision on accelerating risk reduction? Has your market perception changed? Also, can you confirm that the capital released through risk reduction initiatives that has been used so far for risk taking such as credit risks, will be used for shareholder payouts going forward?

A: The main reason for accelerating risk reduction was favorable market liquidity that exceeded our initial expectations. With regard to interest rate risk reduction we were able to increase our purchases of super-long-term bonds significantly ahead of schedule amid favorable market conditions although we thought it to be difficult to accomplish in the short-term. Moreover, we were able to expand the scale

of reinsurance ceding. We would like to reduce equity risk in a similar time conscious manner using derivatives. On the other hand, credit risk is expected to increase through infrastructure investment, etc. that are consistent with our sustainability policies from an ESG perspective. In addition, not all of the capital freed-up through risk reduction will be returned to shareholders on an as-is basis, but rather the decision will be made by comparing returns on strategic investment opportunities and share buybacks with the cost of capital, while putting emphasis on the improvement of corporate value and capital efficiency.

Note: We made partial additions and alterations in preparing the above summary for clarity.

[Abbreviated company names]

PLC: US Protective, TAL: Australia TAL

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