(Unofficial Translation)

FY2021-2Q Financial Results Conference Call for Institutional Investors and Analysts

Q&A Summary

Date:	November 12, 2021 16:50-17:40
Respondent:	Taisuke Nishimura, Chief of Corporate Planning Unit Dai-ichi Life Holdings, Inc. (the “Company”)

<u>2nd Quarter Results</u>

Q (Page 4) Why was positive spread higher than expected and why did derivative transaction gains improved?

A The main driver of the increase in positive spread was an uplift of dividend income on the investments of domestic and overseas stocks, and investment trusts in the first half. Derivative transaction gains improved due to the favorable market condition in the first half compared to the same period of the prior fiscal year, which had incurred losses on hedge positions in the market recovery.

Q Can you explain the factors behind the DL's unfavorable new business performance? Were sales activities have been focused on proposing a conversion of policies, in relation to the product features and current sales strategy? Or, could there be a structural problem in which it is getting difficult to access potential customers through the current sales styles in Covid-19 situation?

A It is difficult to answer in a simple manner. While certain products have been well received by customers, there were several factors such as difficulty of accessing to potential customers in Covid-19 situation, suspending to set quantitative sales targets, and focusing on the improvement of customer satisfaction. We will respond to customer needs appropriately through transforming our sales styles by making a progress in digital initiatives.

Q (page 5) What caused the significant decline in DL's value of new business compared to the first half of FY2019?

A This was mainly due to the increase in the conversion of policies, in which profitability is low. In Covid-19 situation, sales activities have relatively inclined towards visiting existing policyholders, and mainly promoted the conversion of policies. The figure of the same period of FY2019 is on the basis of before standard changes for EEV calculation. The effect of changing the standard is a part of the reason for the decrease.

Q (page 5) For 1Q, you mentioned that there were many conversion of policies with overall low profitability. What was the situation in 2Q?

A While it was a high level which dominates 70% in the first half, the proportion of the conversion of policies slightly decreased in 2Q compared to 1Q.

Q While it is suspended to set quantitative sales target in this fiscal year, what kind of measures can be taken to improve the profitability of new business?

A In order to provide DL's products and services to more customers, we will improve productivity of the sales representatives through education and so on.

Q (page 25) While the number of DL's sales representatives decreased to less than 40,000, how do you see this trend?

A The decrease of the number of DL's sales representatives was mainly due to the decrease in new recruit. We have been more selectively hiring new sales representatives, and this is in line with the direction of the medium-term management plan "Re-connect 2023".

Q Why PLC recorded a large amount of reversal of the allowance for commercial mortgage loans in the period from April to June? How is the outlook for future period?

A The allowance for commercial mortgage loans in which the balance of around ¥1 trillion is determined in accordance with the accounting standard. The estimate depends on the market situation at the time in future and cannot be predicted at this point.

Q How much impact is expected in the next fiscal year onward, attributable to introducing Group Tax Sharing System and partial cancellation of surplus relief reinsurance?

A Introducing Group Tax Sharing System will bring the benefit among 100%-owned domestic subsidiaries, in which the taxable income from the company such as DL can be offset with the tax losses from NFL. While it is uncertain depending on the level of taxable income and tax losses of domestic companies, around ¥2 billion of the tax expenses is expected to decrease in the next 2 years from FY2022 in total. Partial cancellation of surplus relief reinsurance in DFL will bring the benefit of diminishing a part of amortization expenses. While it is also uncertain at this stage, it is expected to improve the profit by around ¥1.5 billion per year.

<u>**Revision of Forecast**</u>

Q (page 6) Regarding your forecast revision of group adjusted profit, could you explain the variable factors?

A Drivers of the forecast change in "DL's capital etc." consists of additional reinsurance ceding expense (¥26 billion) and gains on sale of domestic stocks due to the favorable market condition and other factors. Drivers of forecast change in "DFL/NFL" consists of DFL's gains on sale of securities related to the policies that reached investment target, and one-time expense attributable to the partial cancellation of surplus relief reinsurance. There is no change in NFL.

Q While PLC's forecast of adjusted profit has been revised upward by ¥15 billion, does it reflect the impact of the assumption change (unlocking) scheduled for 3Q?

A In the revision to the forecast of adjusted profit, the impact of assumption changes scheduled for 3Q is incorporated to a certain extent. PLC's 3Q results are scheduled to be announced on November 12, U.S. time.

Q Are there any potential events which could occur in the future, in relation to the changes of accounting mechanisms similar to the introduction of Group Tax Sharing System and partial cancellation of surplus relief reinsurance which are incorporated in the forecast of the current fiscal year?

A No similar events are expected at this point. In case of the change in U.S. corporate tax rate, there will be some impacts.

Q Without the impacts of additional reinsurance ceding and partial cancellation of surplus relief reinsurance, the group adjusted profit could have been reached to ¥300 billion. Nonetheless, should we assume the group adjusted profit within the range of ¥250 to ¥280 billion which is indicated in the medium-term management plan?

A As a part of the initiatives to reduce the market related risk, we would like to proceed the reinsurance ceding partially ahead of plan if there is a chance. While it depends on the negotiation with reinsurers, we will consider to reinsurance ceding by using the cash generated from the sale of domestic stocks, rather than the intent to controlling profits. Since the expenses of the partial cancellation of surplus relief reinsurance are attributable only to this fiscal year accompanied with the introduction of Group Tax Sharing System, it will not affect the profits in the same way in future.

Q Based on the revised earnings forecasts, how do you see the next fiscal year?

A We assume that the higher than expected profit in this fiscal year was largely contributed by non-recurring gains due to the favorable market conditions. On the other hand, profits in the next year onward are expected to increase due to the positive effects from additional reinsurance ceding at DL, partial cancellation of surplus relief reinsurance at DFL, and the introduction of Group Tax Sharing System. In addition, profits in overseas companies are also expected to increase. While it depends on the market conditions, we expect the stable profits in the next fiscal year onwards. At this point, we do not have a plan to change the expected range of ¥250 to ¥280 billion which is indicated in the medium-term management plan.

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

[Abbreviated company names]

HD: Dai-ichi Life Holdings, DL: Dai-ichi Life, DFL: Dai-ichi Frontier Life, NFL: Neo First Life, PLC: US Protective, TAL: Australia TAL,

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