

(Unofficial Translation)

**FY2021 Financial Results Conference Call for Institutional Investors and Analysts
Q&A Summary**

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[FY2021 Results and FY2022 Forecast]

Q While new business ANP in FY2021 was below the initial forecast, DL expects recovery of sales performance in FY2022. What is the background for such expectation?

A DL is working to reform its Total Life Plan Designers channel, including introducing more selective hiring standards and strengthening training for new hires, in addition to reinforcing digital touch points with customers. In FY2021, there was a high proportion of sales with limited additional value of new business, such as medical insurance policy conversion. DL expects an improvement in its product mix in FY2022 through enhancing consulting capabilities, in addition to reviewing the evaluation method for new contracts. On the other hand, for the group as a whole we expect new business increase thanks to sales growth at NFL and overseas subsidiaries.

Q Can you share the breakdown of the forecasted ¥107 billion decrease in fundamental profit at DL?

A Positive spread at DL is expected to decrease by approximately ¥51 billion due to higher currency hedging cost amid rising overseas interest rates, and lower dividends from private equity and other sources, which were major positive factors in FY2021, while reinsurance ceding transaction and decrease in assumed interest rate for the group pension policies have positive impact on fundamental profit. In addition, gains from core insurance activities at DL are expected to decrease by approximately ¥53.0 billion due to the rapid increase in benefit payments associated with COVID-19 since January. As a result, fundamental profit at DL as a whole is forecasted to decrease by ¥107 billion.

Q What is your outlook for the share of medical insurance policy conversions in FY2022?

A While refraining from providing specific details, we expect that such policy conversions will significantly decline in FY2022 because the demand has passed the peak.

Q Can you share the breakdown of decrease in interest and dividend income, one of the reason of decrease in positive spread?

A The decrease in interest and dividend income is expected to be a little more than ¥60 billion. Capital related gains from private equity and hedge funds, that remain unchanged as a part of interest and dividend income even after the change in fundamental profit calculation, are expected to the decrease by a little less than ¥30 billion.

Q How much did DL paid death and hospitalization benefit related to COVID-19 in FY2021, and how much do you expect in FY2022? Does it have a negative impact on EEV forecasts?

A DL paid in total approximately ¥18 billion of death and hospitalization benefit in FY2021. And we expect to pay approximately ¥30 billion in FY2022. The impact of COVID-19 is excluded from future insurance assumptions in EEV best estimate calculation as a one-time factor but it is reflected in the form of actual expense incidence. Similarly, for FY2022 EEV calculation a ¥30 billion of such expense will be reflected in form of actual expense incidence.

Q Why it is anticipated that there will be an increase in payments related to COVID-19 in FY2022? Do you expect that the number of such incidents will increase?

A The rapid increase of hospitalization due to the sixth wave of COVID-19 from January to March in Japan is also expected to bring a continued impact in FY2022, considering the factor that customers tend to submit their insurance claims with a time lag.

[Impact from interest and exchange rates change trends]

Q Unrealized gains and losses on foreign bonds deteriorated due to rising overseas interest rates. Please share about the outlook for currency hedging costs and gains (losses) on sales of foreign bonds in FY2022.

A The hedging costs for FY2022 is expected to be a little less than ¥50 billion. In FY2021 capital losses increased due to a reduction in the balance of ¥1 trillion hedged foreign bonds primarily in the second half. For FY2022. While we will continue to sell hedged foreign bonds, taking into account the investment yield after hedging cost, the similar scale of capital losses incurred in FY2021 is not expected.

Q Will you replace funds from sale of hedged foreign bonds with super-long-term JGBs? In that case, as ESR at DL is expected to rise, is it possible to collect the excess capital at DL through special dividend or any other way?

A While it is necessary to take into account market liquidity, basically it will be replaced by

super-long-term JGBs. In addition, our group capital management policy is to strengthen remittances from each subsidiary to HD, from the viewpoint of capital circulation management. DL has already reached a remittance rate of 100%, so it is necessary to examine whether further cash remittances are possible or not.

Q As Japanese yen has been depreciating, what is the impact on interest and dividend income from foreign bonds?

A While the yen depreciation results in a higher interest income from foreign bonds, we don't expect a significant impact at this time, as we have been reducing the balance of hedged foreign bonds.

Q What is the impact of market fluctuation amid rising interest rates since end of March 2022 on unrealized gains (losses) on foreign bonds and equities?

A While refraining from providing specific details, it is assumed that unrealized gains on foreign bonds are decreasing as interest rates are rising significantly, even though Japanese yen is depreciating. The unrealized gains on foreign equities are also considered to be decreasing.

Q How do you consider the level of unrealized gains and losses on foreign bonds for sale?

A Rather than judging based on the level of unrealized gains (losses), if the investment yield after hedging cost is lower than yield on long-term JGBs, we will determine that the purpose of holding such a bond is limited and consider to sell.

[Shareholder payouts and cash position]

Q Can you elaborate the background behind the current share buyback program of up to ¥120 billion?

A The level of share buybacks is determined based on ESR level of 225% (estimate) and cash position at HD in the amount of approximately ¥200 billion as of the end of March 2022, need to maintain certain amount of cash which would enable us support subsidiaries in case of risk scenarios, and also taking into account expected remittances from subsidiaries, strategic investment opportunities, as well as our current stock price. As a result, total payout ratio is 69% of single-year adjusted profit. We will continue to consider strengthening remittances from subsidiaries to HD in order to be committed to implementing capital circulation management.

Q As disclosed the total number of issued shares in FY2022 is forecasted at approximately

994 million. If you can acquire shares at a lower price than expected, is there any possibility that DPS will exceed the forecast?

A The dividend per share forecast of ¥86 is calculated based on planned share buybacks. If we are able to acquire more shares than anticipated, the dividend per share will be increased accordingly.

Q In November 2021 you disclosed the cash position at HD in FY2022-2023 to be around ¥600 billion. Can you give an update on this?

A While we will present outlook for the cash position at Financial Analyst Conference Call (scheduled on May 25, 2022), there will be no major changes from the previous estimate .

Q Considering share buybacks of ¥200 billion in FY2021 and planned ¥120 billion in FY2022, shareholder payouts ratio looks higher than your rough guide for total payout ratio of 50% for medium-term management plan (MMP). Can you explain us about the future policy for shareholder payout ratio?

A While we have indicated as a rough guidance for the total payout ratio of 50% on average over current MMP, our ultimate goal is not to comply with numerical target for payout ratio, but rather constantly consider the use of surplus capital to improve our capital efficiency.

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, NFL: Neo First Life,

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