(**Unofficial Translation**)

FY2024-2026 Medium-Term Management Plan

Script

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Taisuke Nishimura, Executive Officer (CFO)
Akifumi Kai, Executive Officer

< Title Slide >

- I am Akifumi Kai from Dai-ichi Life Holdings.
- First, I will provide a review of our previous Medium-Term Management plan ("MTP").
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- I will review our KPIs set at the previous MTP based on the forecast of this fiscal year results.
  We are broadly on track for our targets. However, Value of New Business, a leading indicator of insurance profit, remains at a low level. It indicates that reformation of DL's sales rep channel is halfway through.
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- This is a review of our strategies.
- First, regarding financial and capital strategies, we have made significant progress in reducing market-related risk, particularly in reducing interest rate risk, exceeding our targets and steadily improving capital efficiency.
- By strongly promoting capital circulation management, we have been able to use the capital freed up by risk reduction for growth investments and enhanced shareholder payouts, including large-scale share buybacks.
- However, challenges remain.
- Although equity risk reduction efforts were executed according to the original plan, the strong stock market resulted in an increase in the market value of equity holdings, offsetting the effects of equity risk

reduction efforts and increasing net assets which negatively impacted our ROE, resulting in capital efficiency continuing to be lower than the cost of capital. We plan to strengthen our risk reduction efforts in the new MTP. Details will be explained later.

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- This is about our domestic business.
- Efforts to transform towards more efficient sales rep channel and expand the realm of experiential value have seen some success in terms of improving sales productivity and creating new customer touchpoints. However, the transition to unprecedented operational changes is taking time to fully take root, leading to sales performance falling below initial expectations for DL.
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- This is about our overseas business.
- Efforts tailored to each market stage, including bolt-on acquisitions in existing countries of operation and expansion into a new region, as well as acquiring organizational capabilities in the digital domain, have made steady progress.
- Despite increased profit volatility due to drastic changes in interest rates, the proportion of overseas business in adjusted profits of the Group, excluding one-off factors, has been steadily increasing.
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- Regarding management foundation and sustainability strategy, we have strengthened our management structure through the introduction and expansion of the CxO structure, including the appointment of external professional talents, and the establishment of the Group Sustainability Committee. However, securing specialized digital talents remains challenging due to the broader trend towards digital transformation, indicating room for improvement.
- This concludes our review of the previous MTP. These issues have been

incorporated into the formulation of the new MTP.

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- I am Tetsuya Kikuta, CEO. From here, I will explain the essence of the new MTP.
- First, I will talk about our recognition of the business environment, which serves as the basis for the new MTP. As mentioned in the November presentation last year, we have faced drastic environmental changes during the previous MTP. Since then, we have seen various changes, including the Bank of Japan's abandonment of negative interest rates policy and Yield Curve Control (YCC), and the Nikkei Stock Average reaching its highest since the end of 1980’s.
- I will briefly touch upon the impact these changes have had on our business.
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- Domestically, the pandemic has led to significant financial impacts due to the large payments of hospitalization benefits. More importantly, changes in customers' values and behaviors towards insurance have significantly affected the sustainability of the traditional life insurance business model.
- We are currently undertaking fundamental structural reforms. However, we are only halfway to achieving our goals, and sales of DL's protection products have continued to struggle until the FY2023. A full recovery is expected from FY2024.
- Meanwhile, increases in domestic and international interest rates and government support measures like the new NISA have rapidly expanded the needs for asset formation. Our group company, DFL, has seen a significant increase in the sales volume of savings products, reaching an all-time high.
- Needs of domestic customers and their perspectives on life insurance are diversifying in contemporary ways due to changes in the financial environment. Therefore, we recognize the need to re-strategize both our products and services, and our channels.
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- Changes in external environment also has had an impact on our overseas entities significantly.
- Especially soaring interest rates in the US led to medium sized bank failures in early 2023, and PLC recognized some credit losses on it. In the US, concerns about commercial real estate (CRE) are also growing. Exposure to CRE in PLC is under control now but careful monitoring on the CRE market is required.
- The increased volatility of the global interest rate environment has had a significant impact not only on accounting profit and loss, but also on our business strategy. For example, PLC continues to face stiff competition from PE-owned life insurance companies in life insurance block purchase and will also need to consider expanding its business into new growth areas.
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- Let me explain the Vision that we as a Group aim to realize for 2030, which is to be #1 in Japan in the four areas: “Customer Satisfaction”, “Employee Satisfaction”, “Innovation in Product and Service”, and “Corporate Value”. By realizing this, we seek to be a global top-tier insurance group and leader of the insurance industry future.
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- We have made this new MTP by backcasting from the Vision for 2030 that we become a global top-tier insurance group, and identifying what we need to achieve over the next three years.
- Aiming for the Vision for 2030, We believe that this new MTP is the final phase in achieving "capital efficiency that consistently exceeds the cost of capital”. We have continued to boost capital efficiency since the previous MTP, and will move forward to achieve it by the end of the new MTP. As part of the financial and capital strategy, we continue to prioritize shareholder payouts taking into consideration the valuation of our stock price and other factors.

- From 2027, we consider it as a time to accelerate growth toward 2030.
- For that, we presume that we will have achieved “capital efficiency that consistently exceeds the cost of capital”, and that our stock price will be appreciated. By our valuation being appreciated, impact of share buybacks will be smaller. Thus, we will be shifting from share buybacks to cash dividends and strategic investments that will contribute to continuous expansion in profit. Increase in dividend payout ratio will lead to the stability of shareholder payouts.
- First and foremost, during the next three years of the new MTP, we will ensure improvement in capital efficiency. After that, we will accelerate to expand profits and increase our corporate value to realize the Vision for 2030.
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- As the business environment surrounding the Group is changing dramatically, we rethought what we could do for society and what we wanted to achieve in the future, then we established “Group Purpose” and “Values”.
- Those will be a guideline for all of us in the Group to move forward together seeking the same goals.
- We are aiming to transform from a conventional insurer into “insurance related service provider”. During the process, rebranding will be also considered as an option.
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- Based on the Group Purpose, we have identified the important issues that we give priority to address as "Core Materiality".
- We will proactively address these issues as the base of our business strategies and management foundation because we believe that a truly sustainable company is one that creates not only financial value but also non-financial social value.
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- We get into the main part of the new MTP. Here we can see the key quantitative targets. Next three years are a period for building a foundation for growth. Therefore, by backcasting from the Vision for 2030, we have set these key quantitative targets that we commit to in the new MTP with our stakeholders, with "achieving capital efficiency that consistently exceeds the cost of capital" as our top priority.
- I will explain these figures one by one in each strategy part.
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- This slide shows the overall picture of the new MTP.
- We will organically cycle through our strategies on the five business fronts – “domestic insurance business”, “overseas insurance business”, “asset formation/asset succession & asset management”, “new fields of business (non-insurance)”, “IT & DX”, as well as the financial & capital strategy, and management foundation.
- This will allow us to firmly establish management base for our transformation into an "insurance-related service provider" on the business side, and on the financial side, we aim to achieve capital efficiency that consistently exceeds the cost of capital with a target of ¥ 400 billion in Group adjusted profit for FY2026, and a market capitalization of ¥6 trillion.
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- KPIs are summarized here.
- Again, we have structured the Group's capital efficiency, such as RoEV and adjusted ROE, as the most important indicator.
- For your reference, we have also indicated the level we are aiming for toward 2030. For adjusted profit, we are aiming for the ¥600 billion level, with a target of ¥400 billion in the new MTP.
- In addition to financial indicators, we have also set non-financial targets for the number of customers and ESG indices.
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- Once again, Kai is speaking.
- In the domestic insurance business, we have refined our value proposition and reconsider at the issues and needs of each customer segment.
  As a result, we aim to provide value to a wider range of customer segments, such as young adults living alone, millennial families, active seniors, and SMEs, in addition to our traditional customer segments, to be chosen by our customers and be sympathized with them.
- In addition, we will provide value in terms of both "protection" and "asset formation/succession" by expanding our product lineup based on the issues of each customer segment, such as non-participating products, highly unique group insurance, etc.
- For value-providing channels, we will aim to improve CX and productivity by integrating real and digital.
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- This is a specific medium-term product strategy for our domestic insurance business. As I mentioned earlier, we will provide products effectively by combining real and digital to realize Financial Well-being, based on the issues of each customer segment.
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- In addition, the number of sales reps in DL had been on a downward trend since the reform of the recruitment process in FY2021, however, the latest result shows that the number of sales reps hired is reaching the target of "1,000 people per quarter" and is approaching a bottoming out point.
- Although business cost pressures are rising due to the recent inflationary effects, fixed cost reductions related to existing businesses are progressing at a pace faster than originally planned, and the reduction targets are being increased.
- In the new MTP, we will execute our strategy to recover new business performance by promoting higher productivity and efficiency while striving to maintain the number of sales reps.
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- This is about our overseas insurance business. In the new MTP, we aim to achieve an adjusted profit of ¥160 billion in the overseas business in FY2026.
- PLC, our subsidiary in the US, the world's largest insurance market, will aim to improve capital efficiency and expand profit scale through expanding sales in the retirement business, realizing new acquisitions, strengthening asset management capabilities, and addressing economic value-based capital regulation including improving capital efficiency through reinsurance ceding.
- In the Oceania region, we will maintain and further expand TAL's industry leadership in Australia and develop adjacent insurance businesses by leveraging our strong business foundation.
- In India, where high growth is expected, we will expand our market share by accelerating the growth of our affiliate, SUD.
- In the Mekong region, which is also expected to achieve high growth, we will further strengthen our foundation based on DLVN, which has already paid out dividends to HD of over ¥10 billion, as well as expand our business in Southeast Asia.
- On the other hand, growth of existing businesses in each region alone is expected to fall short by about ¥30 billion toward the ¥160 billion adjusted profit target, but the shortfall is assumed to be covered through inorganic growth through M&A.
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- The next section discusses about asset formation/succession business strategies.
- In DL, we will work on the development of distribution channel to expand the Asset Formation/Succession business and on strategies to expand sales of group annuities insurance, including spread business, while in DFL, we will work to increase the AUM by improving investment capabilities and price competitiveness, and to expand products and services in response to changes in social issues and other factors.
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- In the asset formation/succession business, we will work to efficiently increase new customer contacts through BaaS and Asset Formation Plus, which have already been released, and establish a mechanism to provide online products and connecting to face-to-face consultations by utilizing various functions within the asset formation platform.
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- In the asset management business, we aim to strengthen the Group’s asset management functions and product competitiveness. At the same time, we aim for earnings growth through capital-light fee businesses by expanding the acquisition of external funds from asset owners outside of the Group and making use of economies of scale.
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- Next, in the new fields of business, we aim to grow profit contribution in the Group adjusted profit to 10% scale by 2030 through expanding non-insurance area including asset management business.
- As direction, firstly we aim to scale up the areas such as experiential values of Health and Medical Care, and Enhancing Connections. In addition, we will work on expanding non-insurance areas with Benefit One as hub function and promote building ecosystem based on Benefit Station.
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- Regarding Benefit One, one of new fields of business, we will achieve IRR above cost of capital by tripling the stand-alone profit level of Benefit One in around FY2030 through creation of synergies, such as expansion of customer base resulting from synergy with DL, development and sales promotion of unique insurance products, development of health and medical services and collaboration in the overseas business, along with each time horizons.
- For realizing this, it is necessary for us to promote PMI under the robust

structure, so I would like to explain it in the next page.

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- For PMI of Benefit One, we will increase certainty of creating synergies through Steering Committee, make use of the capabilities of Group companies and external resources by establishing a dedicated organization in HD as the Group, and then we will aim to enhance business value of Benefit One and strengthen its governance. In addition, we will aim to acquire new membership by establishing a new team dedicated to promoting sales expansion of Benefit One's employee benefit services.
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- Next, I would like to explain about IT and digital strategy.
- We will provide the latest technology and services consistent with each strategy for enhancing Group value and supporting dramatic improvements in “Customer Satisfaction," "Innovation in Product and Service," “Employee Satisfaction," and “Corporate Value” through customer base expansion and productivity improvement by creating synergies through sharing capabilities and information among the Group.
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- Specifically for IT and digital strategies, we will aim to internalize and strengthen the digital organizational capabilities among the Group through utilization of offshore development centre and transformation of our internal system solution company. In addition, we aim to transform to data-driven sales activities and maximize Group synergies through centralization of domestic customer information and promotion of group-wide joint procurement in order to improve productivity and efficiency of each business activity.
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- This is Nishimura, CFO. I would like to explain about financial and capital strategy.

- At first, regarding current recognition of cost of capital, at the beginning of the previous MTP we explained that the Group's self-recognition of cost of capital was 10%.
- Afterwards, although the risk-free rates have currently risen, we estimate that the current cost of capital is 9% as a result of reflecting the decline in β associated with the reduction in market risk that has progressed in the previous MTP.
- β that can be reduced by ourselves is considered to be correlated with "interest rate and equity risks / EV," thus we aim to reduce the cost of capital to 8% in the new MTP by further reducing "interest rate and equity risks / EV."
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- Next, I would like to explain market risk reduction.
- In the previous MTP, we achieved the previous MTP's target of ¥560 billion in total market risk reduction.
- This is because we were able to reduce interest rate risk well beyond the target. In addition to the significant reduction of interest rate risk through self-help efforts such as the accumulation and rebalancing of ultra-long-term bonds and reinsurance externally ceding liabilities with high assumed rate of return, market factors such as rising interest rates also contributed to the reduction of it.
- On the other hand, equity risk was reduced through risk reduction by ourselves of selling equity holdings, but the increase in risk due to the rise in the market value of equity holding exceeded these efforts, resulting in an increase in equity risk.
- Based on these results, we will raise the amount of reduction in domestic equities to ¥1.2tn, equivalent to 30% of the March 2024 market value base, over three years in order to improve capital efficiency, which is our top priority in the new MTP. In addition, we will steadily and surely reduce equity risk by over 3 years, by agilely increasing the scale of sales in case market value rises further. In addition, we plan to rebalance bond holdings that currently have unrealized losses due to rising yen interest rates, by partially utilizing gains on sale of domestic equities.

- We plan to minimize interest rate risk by developing investment portfolio matching with insurance liability cashflow over the next five years and plan to distinguish listed equities from alternative assets, and to reduce listed equity risk and to take on risk in the alternative area in order to earn additional return.
- By pursuing these initiatives, we expect to reduce our cost of capital to 8% and increase its adjusted ROE to 10% in the new MTP.
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- Next, I would like to explain our shareholder payout policy.
- We will maintain the basic policy of the current MTP with respect to our shareholder payout policy, and maintain current level of total payout in FY2024 and beyond until achieving capital efficiency that consistently exceeds the cost of capital. In this context, we will raise the dividend payout ratio from the current 30% to 40% and apply it early starting with the fiscal year-end dividend for FY2023. In addition, we will increase the dividend frequency by newly introducing interim dividend from the next fiscal year.
- Besides, today we announced a share buyback program of up to ¥100 billion.
- From the next MTP starting from FY2027, we are considering further raising the dividend payout ratio up to 50% level by reducing and/or more flexibly implementing share buybacks, based on the premise of realizing capital efficiency that consistently exceeds the cost of capital.
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- This is our approach to shareholder payout policy.
- As we explained in February, even after the introduction of the new economic value-based capital regulation, our approach to capital policy based on the level of ESR will remain unchanged from the previous MTP.
- There is also no change in the scale of strategic investments during the new MTP, which we explained at around ¥300 billion. We will continue to maintain financial discipline and focus on the overseas insurance business, which is a growth area, while working on new businesses such as the digital area and non-insurance / asset management areas.

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- We will partially revise the definition of group adjusted profit starting from FY2024.
- Group adjusted profit is an important profit indicator tied to shareholder payouts, but in the past few years, "valuation gains and losses for accounting purposes" have caused significant fluctuations in the adjusted profit of the overseas insurance business, resulting in fluctuations in group adjusted profit.
- This time, we have decided to make a change to exclude certain items related to valuation gains/losses that do not fit into those kinds of the original purpose of adjusted profit, from the scope of adjusted profit.
- We believe this will improve the stability of profits and the predictability of shareholder payouts.
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- In closing, I, Kikuta, would like to explain how we will strengthen our management foundation, etc.
- As you know, we introduced the CxO system in FY2022 and have been strengthening corporate functions across the Group.
- We are gradually expanding the domain of CxOs, including the appointment of executives directly from outside the group with extensive global experience, and from FY2024, we will expand CxOs in four new areas to further strengthen our functions.
- In addition, we have now established and appointed “Group Heads” in the four main business lines of Protection Business (Japan), International Life Insurance Business, Asset Formation/Succession and Asset Management Business, and New Fields of Business, with the aim of improving the efficiency of business operations by clarifying business responsibilities in each area.
- This will further strengthen the governance structure in the form of a vertical and horizontal matrix of business lines and functional lines, enabling more cross-group functions to be performed and more efficient business promotion to be achieved.

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- Finally, I would like to explain our human resource strategy.
- In order to promote the management and business strategies in the new MTP and to challenge and reform, an environment in which diverse talents can maximize their potential is necessary.
- We have positioned "Group HR Governance," " Personnel System, Remuneration System," "Talent Acquisition & Training," and "Opportunities for Active Contribution" as the four pillars of our human resources strategy, and will vigorously promote reforms in the area of human resources both in Japan and overseas toward optimal resource allocation. To this end, from the new fiscal year, we will integrate the planning function of the Group's human resources strategy into HD, and newly appoint a Group CHRO.

- That concludes my explanation, and I would like to mention few words.
- In recent years, especially since the pandemic, the business environment has been changing at an unprecedented speed. In addition, looking at the Bank of Japan's removal of negative interest rates and YCC, and the stock market hitting new highs, I believe we have reached a major turning point.
- In the management of the life insurance group, I believe it is extremely important to break away from the conventional extension of the traditional way of thinking, to grasp the current needs of customers and society with new eyes, and to incorporate these needs into strategies in a flexible and appropriate manner.
- We will continue to meet the trust of our stakeholders, and we will continue to reform and take on the challenge of improving our corporate value toward the vision we are aiming for.
- Thank you very much for your attention.

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

[Abbreviated company names]

DL: Dai-ichi Life, DFL: Dai-ichi Frontier Life, NFL: Neo First Life, PLC: Protective

【Disclaimer】