

FY2025 Financial Results Conference Call for Institutional Investors and Analysts Presentation Script

Date: May 15, 2026, 16:55–17:40

Respondent: Taisuke Nishimura, Managing Executive Officer (Group CFO)

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- Thank you all for taking the time to join this conference call today despite your busy schedules.
- Today, we released the financial results for FY2025, and I would like to give you an overview of the contents of these results along with the materials.

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- Please refer to page 3.
- I will discuss the key highlights of these results.
- The first point is about the Group's consolidated performance.
- The Group's adjusted profit for the fiscal year totaled ¥551.5 billion, far exceeding the revised full-year forecast of ¥500.0 billion announced in February.
- The tailwind of favorable economic conditions, such as rising interest rates and rising domestic stock prices, resulted in a better-than-revised forecast, mainly at DL, as yields on alternatives and yen-denominated bonds improved.
- In the overseas business, PLC, which has a large profit scale, achieved profit as planned, and the Group as a whole achieved record profits for the third consecutive fiscal year.
- Adjusted ROE was 12.7%, achieving the FY2026 Mid-Term Management Plan target of 12% ahead of schedule.
- The second point is the outlook for FY2026.
- First, we forecast that the Group's adjusted profit for the full year will be ¥560.0 billion, the highest profit in four consecutive years.
- Domestic operations, including DL, are expected to remain generally flat. The increase in the positive spread offsets the decrease in insurance-related profit.
- In the overseas business, we expect a significant increase in profits due to the recovery of profits at TAL and DLVN that saw a decrease in profits in the previous fiscal year.
- Even after factoring in the absence of the positive factors of the previous fiscal year and the rise in operating costs due to inflation, we believe a profit level exceeding the record-high FY2025 is fully achievable.
- The third point is shareholder return.
- Due to the large increase in the Group's adjusted profit, the dividend per share for FY2025 is ¥54.5, an increase of ¥2.5 from the February revised forecast.

- In addition, for the dividend per share for FY2026, in line with the direction previously communicated, we decided to raise the dividend payout ratio to 50% and expect a significant increase of 32% YoY, resulting in an annual dividend of ¥72 per share, starting from the interim dividend for FY2026.

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- Please turn to the next page.
- Here, I would like to discuss our progress relative to the revised forecasts issued in February.
- As you can see, all segments exceeded their full-year forecasts.
- In our domestic business, in addition to an expansion in the positive spread driven by higher-than-expected interest and dividend income from DL's yen-denominated bonds and risk assets, insurance-related profit also exceeded expectations, resulting in profits that surpassed the February revised forecasts.
- In our overseas business, regarding TAL in Australia, our February revised forecast had factored in a deterioration in claims payments up to that point. However, reflecting actual results through Q4, the projected deterioration in claims payments improved compared to Q3, resulting in profits exceeding the February revised forecast.
- In the non-insurance business, the real estate asset management business steadily accumulated profits.
- In addition, Canyon Partners also saw a significant recovery in profits in Q4, resulting in non-insurance businesses, including Benefit One, exceeding their targets.

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- Please turn to the next page.
- Next, we'll look at the YoY comparison of group adjusted profit.
- Compared to the previous fiscal year, the profit increased significantly by 25%. The main drivers of this growth were increased profits at DL and PLC, as well as an expanded profit contribution from the asset management business.
- At DL, in addition to the increase in the positive spread, the increase in gains on sales of domestic equities due to the rise in domestic stock prices contributed significantly.
- At PLC, organic profit growth driven by cost reductions and improved investment returns resulted in an increase of over ¥20 billion.
- In the asset management business, businesses such as Capula and the real estate asset management business have begun to contribute to profits, bringing the total profit from non-insurance businesses to over ¥20 billion.
- Profits have increased across all three segments: domestic, overseas, and non-insurance. Going forward, we intend to leverage the stable foundation of our domestic business to drive the Group's growth, with our overseas and non-insurance businesses serving as key growth drivers.

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- Please turn to the next page.
- Here, I will explain the decrease in net income, although it is a bit technical.
- The left-hand side shows the difference between net income and adjusted profit. Adjusted profit excludes MVA and one-time gains/losses such as valuation gains/losses due to changes in the economic environment.
- In addition, for PLC in particular, while we recognized profits under the new standards, we decided to recognize adjusted profit under the old standards through FY2025. As a result of applying these new standards, approximately ¥30 billion has been excluded from adjusted profit under the Adjustment for valuation gains/losses category.
- Furthermore, due to the change in accounting standards, net income for the fiscal year ended March 2025 has been retrospectively restated. As a result, net income for the fiscal year ended March 2025 has actually increased by ¥28.8 billion.
- Consequently, while net income is reported as a decrease of ¥21.8 billion, compared to the unadjusted net income previously presented, it represents an increase of ¥7 billion from the previous fiscal year.
- Thus, while this change results in an increase in net income for the fiscal year ended March 2025 and a decrease in net income for the fiscal year ended March 2026, we would ask you to understand that, excluding this change in accounting standards, there is no change in the trend of sustained growth in PLC's profit generation.

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- Please turn to the next page.
- Here is a summary of the impact of rising interest rates.
- Although domestic interest rates continue to rise, we believe that higher yen interest rates will have a positive effect on the Group's performance, especially in the medium to long term.
- In a rising interest rate environment, the positive spread is steadily expanding through flexible rebalancing of yen bonds. The effect of the sequential increase in income due to operations in FY2025 amounted to ¥30 billion. Of this amount, ¥21 billion will be a factor in the increase in FY2026.
- The matching ratio remains stable and under control at a level below 100% due to flexible asset-side operations.
- The surrender rate is shown on a separate page, so please refer to it later. The surrender rate for all products, including single-payment savings type products, has remained low.

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- Please turn to the next page.
- I would like to explain our outlook for the sale of domestic stocks.

- In FY2025, driven in part by a steady rise in domestic stock prices, we sold ¥800 billion worth of shares, approximately double our initial forecast of ¥400 billion.
- Meanwhile, domestic stock prices have continued to rise, and in line with our medium-term plan target of reducing equity holdings to a market value of ¥2.8 trillion by the end of March 2027, we expect to sell ¥800 billion in shares this fiscal year, at a level similar to the previous year.

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- Please turn to the next page.
- This page summarizes our initiatives to expand the positive spread.
- Using the proceeds from the sale of domestic stocks mentioned earlier, we implemented a ¥1.3 trillion rebalancing of our yen-denominated bond portfolio in FY2025. Combined with a reduction in liability costs, positive spread improved by approximately ¥44 billion.
- For FY2026, we plan to implement a rebalancing at a level roughly equivalent to that of the previous fiscal year.
- We expect to continue bond rebalancing in the coming fiscal year and beyond, and our outlook is that positive spread for the FY2030 will increase by more than ¥100 billion compared to the FY2025.

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- Please turn to the next page.
- This is about the full-year forecast for FY2026.
- As explained at the outset, our revised full-year forecast for the Group adjusted profit for FY2026 is ¥560 billion, an increase of ¥10 billion YoY.
- The main driver of this profit growth is our overseas business, particularly TAL in Australia. We expect a recovery as the impact of increased claim payments that weighed on profits in FY2026 fades.
- This is primarily due to the steady progress of premium rate revisions in response to increased claim payments and repricing centered on group insurance, and we anticipate an improvement of approximately ¥25 billion compared to the previous fiscal year.
- Adjusted ROE is expected to be at the same level as FY2025.

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- Please refer to page 12.
- This page explains shareholder payouts.
- DPS for FY2025 was ¥54.5, representing an increase of ¥2.5 from the February revised forecast.
- Additionally, regarding the dividend per share for FY2026, we previously mentioned that we were in the process of reviewing it. We have now formally decided to raise the dividend payout ratio and will apply a 50% payout ratio starting with this interim dividend, resulting in a significant increase to ¥72.
- Although we have been disclosing the planned annual amount of share buybacks at the time of the announcement of financial results, we have not decided on such share buybacks this time.

- With ROE now consistently exceeding the cost of capital, we are shifting our approach to share buybacks toward a more agile and flexible decision-making framework, similar to our approach to strategic investment opportunities.
- In particular, we would like to achieve further growth of DPS through the growth of EPS going forward.

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- Please refer to page 14.
- This is the Group ESR.
- This time it is an approximate value. Although mass lapse risk increased due to rising interest rates, this was offset by an increase in eligible capital resulting from factors such as rising domestic stock prices, leading to a 10%pt increase in the ESR to 220%.
- Please note that the J-ICS regulation was introduced in FY2025, and we plan to disclose ESR figures in accordance with the regulations going forward.
- Meanwhile, we will continue to disclose the ESR calculated using this internal model as a reference point for our capital policy.

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- Please turn to the next page.
- Here are the Group's EV and value of new business.
- Please note that these are all preliminary estimates.
- Regarding EV, driven by rising domestic stock prices, steepening of yield curve, and the recent introduction of J-ICS regulation which required us to update our models in preparation for balance sheet audits, EV increased by ¥1.5 trillion from the end of the previous fiscal year to ¥9.7 trillion.
- Value of new business has increased YoY, driven by factors such as higher sales volume at DL.
- On the other hand, DL's value of new business has fallen short of the full-year forecast. This is primarily due to changes in assumptions and calculation methodology for individual annuities. This change accounts for a decrease of approximately ¥40 billion.
- Looking at our internal sales metric, value of sales revenue, the trend of sales recovery throughout the year continues. However, regarding value of new business, in Q4, we revised the model to reflect higher interest rates in a more conservative direction.

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- Please refer to page 17.
- Finally, I would like to mention the PLC's acquisition.
- PLC has announced the acquisition of Obsidian, a company operating a hybrid fronting business in the US P&C insurance market, serving both the licensed and E&S markets.
- Obsidian's business is primarily a fee-based business that earns fronting fees through licensing and reinsurance arrangements. At the same time, it has a hybrid fronting function whereby it retains a

portion of the risk, approximately 5%, on its own balance sheet. This acquisition will provide diversification benefits within PLC's portfolio, which is primarily focused on the life insurance business. This is a capital-light acquisition that will help strengthen their existing operations. The acquisition will be funded with their own cash, and we expect it to contribute approximately \$30 to \$40 million in positive earnings impact during the next medium-term management plan period.

- That concludes my presentation.

Note: Some of the above content has been added or modified to make it easier to understand.
[Company name abbreviation] DL: Daiichi Life, PLC: Protective, DLVN: Dai-ichi Life Vietnam

[Disclaimer]

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