

T&D HD Perception Study

December 2025



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- This document presents the results of a shareholder survey regarding T&D Holdings, Inc. (“T&D HD”), created in October 2025 by a Global Leading Shareholder Data Provider (the “Research Firm”) engaged and paid by Farallon Capital Management (“Farallon”)
- The survey results set out in this document were prepared solely by the Research Firm independent from Farallon, and, apart from anonymization of respondents, and formatting edits, no alterations or edits have been made in this document
- Furthermore, Farallon was not involved in any way in the Research Firm’s interviews of survey participants, feedback analysis, report preparation, or summarization of key matters, and, other than drafting the questionnaire, exercised no influence whatsoever
- To attest to the foregoing, the report prepared by the Research Firm includes the following disclaimer:

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- **Objectives**

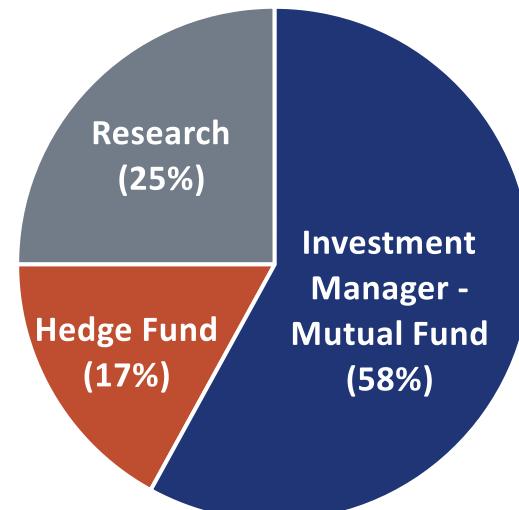
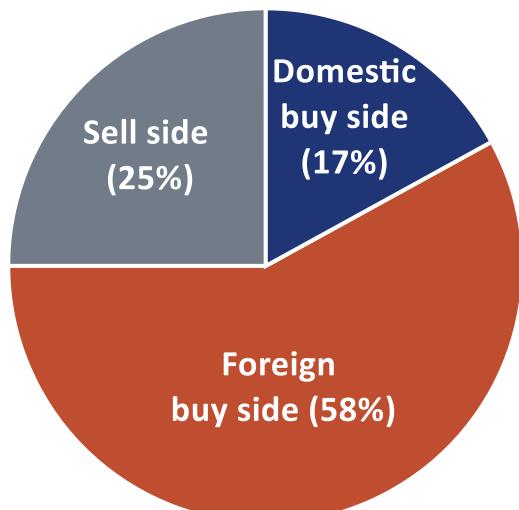
- To survey investor opinions on T&D HD's group structure, synergies, corporate governance, and the effectiveness of oversight by management and outside directors
- To understand investor perspectives on T&D HD's capital efficiency and capital allocation
- To provide consolidated information on investor feedback to support Farallon's engagement with T&D HD's Board of Directors

- **Methodology**

- An independent global leading shareholder data provider conducted a perception study for Farallon
- Market feedback was gathered via telephone perception interviews held between August 29 and September 25, 2025
- The questionnaire was provided by Farallon's Investment team
- Farallon was not involved in, nor had any influence over, the participant interviews, feedback analysis, report writing, or summary of key takeaways
- The questionnaire was designed to be open-ended questions in order to allow participants to freely discuss the most pressing issues and topics relating to T&D HD's investment thesis

Participation Summary

- 9 buy-side and 3 sell-side firms participated in the study
- The Research Firm gathered opinions from a wide range of investors including domestic and overseas buy-side institutions, asset management companies (mutual funds), and hedge funds



Group Structure

- Majority of participants view **T&D HD's current group structure as not optimal for maximizing enterprise value**
 - They express concerns about the lack of synergies between Taiyo Life and Daido Life given the distinct customer bases and sales channels
 - Some interviewees discuss that although there may be certain cost synergies, they do not have a material impact on T&D HD's corporate value

Group Governance

- Most participants highlight that **T&D HD's executives lack sufficient independence from their subsidiaries, which compromises their ability to make objective decisions**

Capital Efficiency

- There is **dissatisfaction with the Board's oversight regarding capital efficiency, with many calling for more aggressive strategies to reduce equity risk and improve shareholder returns**

Cross-shareholdings

- Many respondents assert that **the reclassification of cross-shareholdings to 'pure investment securities' has not resulted in meaningful change** and that **the current pace of reducing 'actual' cross-shareholdings is inadequate**

Taiyo Life's Profitability

- **Interviewees express concern regarding the Board's oversight of Taiyo Life's profitability issues, emphasizing the need for proactive management and a reevaluation of the sales business model**

Importance of P/EV Valuation Target

- Feedback on **the necessity to include a P/EV valuation target in the upcoming Mid Term Plan** is mixed, where **half advocate for aligning with global standards to enhance shareholder alignment**

Expertise of Outside Directors

- Participants believe that **T&D HD needs to improve its Board composition by including outside directors with relevant industry knowledge and experience in capital markets to enhance their ability to maximize enterprise value**

Summary of Responses

Question	Yes	No	Mixed Opinion	No Opinion
1 Do you believe T&D HD's current group structure (a holdings company that owns Taiyo Life and Daido Life) is optimal for maximizing the group's enterprise value?	0%	75%	25%	0%
2 Do you believe that the synergies (if any) between Taiyo Life and Daido Life outweigh the costs associated with the group structure (i.e. the conglomerate discount)?	8%	50%	42%	0%
3 Do you think T&D HD's executives are sufficiently independent from the subsidiaries, to be able to make objective and rationale decisions about the T&D HD business portfolio and group structure?	8%	75%	17%	0%
4 Are you satisfied with the T&D HD Board's oversight to improve capital efficiency within the group?	0%	75%	17%	8%
5 Do you believe that T&D HD's reclassification of cross-shareholdings to "pure investment securities" is appropriate from the perspective of governance and capital efficiency?	17%	67%	17%	0%
6 Do you think the reduction speed of "actual" cross-shareholdings by T&D is appropriate?	17%	67%	17%	0%
7 Do you believe the current board provides sufficient oversight of Taiyo Life's profitability issues?	0%	92%	8%	0%
8 Do you think T&D HD's Board should have a P/EV valuation target again in its next Mid Term Plan that will be announced in 2026?	50%	25%	25%	0%
9 Regarding "Overseas M&A", do you support T&D HD's approach in conducting minority investments in closed-book portfolios? Do you believe these investments are beneficial to increasing T&D HD's enterprise value per share?	17%	50%	33%	0%
10 Do you think the current outside directors have the necessary industry knowledge and skills to effectively represent shareholders and help maximize enterprise value?	0%	75%	25%	0%

Question 1

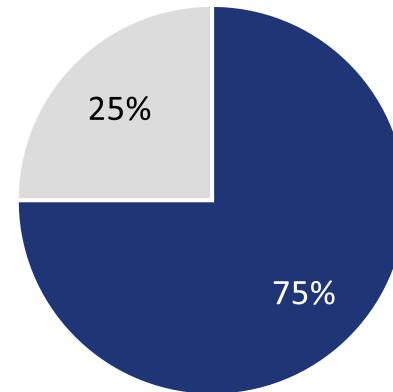
Question: Do you believe T&D HD's current group structure (a holdings company that owns Taiyo Life and Daido Life) is optimal for maximizing the group's enterprise value?

Respondents' Opinions

- Majority of the respondents does not believe that T&D HD's current group structure is optimal for maximizing the group's enterprise value**
 - They note that Taiyo Life and Daido Life have different customers, sales channels, and growth rates, leading to a conglomerate discount and no apparent synergies
 - These participants discuss that pursuing integration as an alternative to the current structure is unlikely to improve the situation
- Some respondents report that Taiyo Life receives disproportionate representation in decision-making processes, overshadowing the potential of Daido Life**
 - Others point to governance concerns (particularly the influence of leadership from both companies) that may hinder necessary reforms and effective management function at the group level
- A few interviewees discuss that, although the current structure may make sense in theory, it does not appear to function effectively in practice**
- A few points out that corporate structure is not the issue when considering T&D HD's value**
 - 3 investors who hold mixed opinions assert that the problem lies within the operations and incentives of each company

Response

 : Yes  : No
 : Mixed Opinion  : No Opinion



	Yes	No	Mixed Opinion	No Opinion
Buy-side	0%	67%	33%	0%
Domestic	0%	50%	50%	0%
Foreign	0%	71%	29%	0%
Sell-side	0%	100%	0%	0%
Overall	0%	75%	25%	0%

Question 1

Question: Do you believe T&D HD's current group structure (a holdings company that owns Taiyo Life and Daido Life) is optimal for maximizing the group's enterprise value?

Participant Quotes

It's hard to say that the current structure is optimal. In the past, when we focused on intangible value for investment screening, we considered Daido Life as a potential investment target. We believe there is value in Daido Life, but the issue is that Taiyo Life comes along with it. In that sense, there are no synergies, and it's hard to evaluate the current structure.

Buy-side (Foreign)

I believe discussions were held to maximize the group's company value; however, it was decided to leave Daido Life and Taiyo Life as they are. It cannot be said that the group-based management is functioning, nor that sufficient efforts are being made.

Sell-side

I'd say no, the current group structure is not optimal for maximizing the group's enterprise value. My biggest concern with the 2-pillar or now 3-pillar strategy, including the closed book businesses that they've been acquiring, is that I think Taiyo gets too much representation. Daido, which is really the crown jewel, doesn't drive the ship as much as it should because structurally, Taiyo has equal stature. I think this leads to a conglomerate discount.

Buy-side (Foreign)

I don't think the group structure is an important issue for the corporate value of T&D HD. The organizational form of operating two life insurance companies itself is not a key point when considering corporate value. The issues lie elsewhere.

Buy-side (Foreign)

Question 2

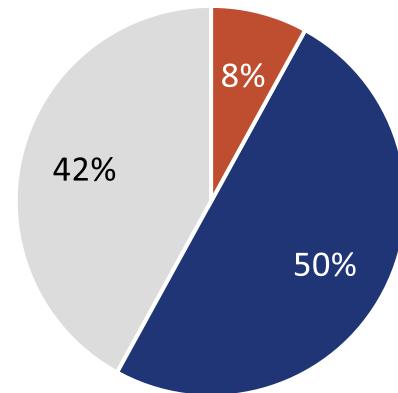
Question: Do you believe that the synergies (if any) between Taiyo Life and Daido Life outweigh the costs associated with the group structure (i.e. the conglomerate discount)?

Respondents' Opinions

- **Half the investment community does not believe that the synergies between Taiyo Life and Daido Life outweigh the costs associated with the group structure**
 - These respondents assert that there are no synergies between Taiyo Life and Daido Life given that they target different customer segments
 - They discuss that while there could be potential operational synergies, they are not fully realized and thus, do not presently compensate for the costs associated with the group structure
- **Some participants with mixed opinions note that although there may be some synergies (particularly related to costs), they have a limited impact on the company's current corporate value**
 - Unlocking integration synergies will not materially influence T&D HD's value
- **These interviewees discuss that the discounted value is not a result of the organizational structure, given that the group structure is not complicated**
- **One domestic investor believes that there are limited synergies that slightly outweigh the costs, such as scale advantages and back-office costs**

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	11%	44%	44%	0%
Domestic	50%	0%	50%	0%
Foreign	0%	57%	43%	0%
Sell-side	0%	67%	33%	0%
Overall	8%	50%	42%	0%

Question 2

Question: Do you believe that the synergies (if any) between Taiyo Life and Daido Life outweigh the costs associated with the group structure (i.e. the conglomerate discount)?

Participant Quotes

I struggle to see any synergy. Even if there were synergies that could be realized and maybe there could be ways such as managing the assets altogether and the overall economic exposure altogether. That's not been pursued. So, in practice, there's not really been any synergies.

Buy-side (Foreign)

I believe that there are no synergies between Taiyo Life and Daido Life. On the contrary, the combination of completely different businesses leads to a conglomerate discount. Therefore, it can be said that the synergies do not outweigh the associated costs.

Buy-side (Foreign)

Fundamentally, the group structure isn't particularly complex, and I don't believe significant conglomerate discount costs are incurred. On the other hand, each subsidiary assumes different risks, and there is potential for group synergies through diversification effects, data accumulation, and cross-group management of similar risks. However, when it comes to whether such synergies are currently being realized within T&D HD, unfortunately, they are not expressed.

Sell-side

It's unclear whether a conglomerate discount exists. However, I believe there is potential for synergies in terms of costs and systems. If executed well, there could be benefits. However, at this point, it's not accurate to say synergies are being realized.

Sell-side

Question 3

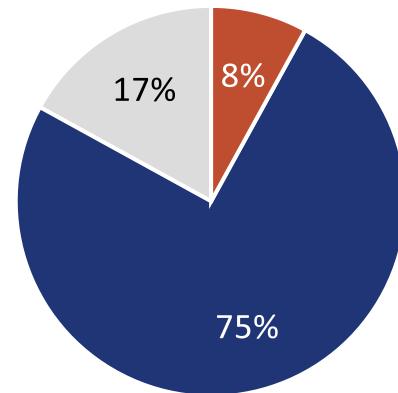
Question: Do you think T&D HD's executives are sufficiently independent from the subsidiaries, to be able to make objective and rationale decisions about the T&D HD business portfolio and group structure?

Respondents' Opinions

- **Most participants indicate that T&D HD's executives lack sufficient independence from its subsidiaries, which compromises their ability to make objective and rational decisions regarding the business portfolio and group structure**
 - The presence of subsidiary representatives on the Board of Directors creates conflicts of interest, leading to concerns about the decision-making process and the potential for biased management decisions influenced by the interests of individual subsidiaries
 - The practice of alternating leadership between Daido Life and Taiyo Life executives contributes to the lack of independence and clarity in HD's strategic direction
- **While a few participants acknowledge that T&D HD's executives are able to make rational decisions, they emphasize that the structure and historical practices hinder true independence and objectivity**
- **Only one foreign investor asserts that the executives can make objective and rational decisions, claiming that there are no problems with T&D HD's personnel**

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	11%	78%	11%	0%
Domestic	0%	50%	50%	0%
Foreign	14%	86%	0%	0%
Sell-side	0%	67%	33%	0%
Overall	8%	75%	17%	0%

Question 3

Question: Do you think T&D HD's executives are sufficiently independent from the subsidiaries, to be able to make objective and rationale decisions about the T&D HD business portfolio and group structure?

Participant Quotes

The Japanese financial sector generally has presidents who are insiders, so this is not just an issue for T&D. I believe that this creates ties that make it difficult to make objective and rational decisions. I have extensive experience in research at a long-established materials manufacturer, and I have seen that insider presidents were unable to separate their businesses. Looking at examples like Sumitomo Chemical and Mitsubishi Chemical, it seems that they are also unable to make the necessary judgments.

Buy-side (Domestic)

No, I think they've had this historic system where they alternate leadership. There's definitely a difference where they're trying to work together and that both pillars are treated structurally the same, but that's not really the case because Daido creates a lot more economic value and is a more differentiated business. So no, the executives are not sufficiently independent from the subsidiaries to make objective and rational decisions. They would benefit from an outside CEO or from better board oversight.

Buy-side (Foreign)

I do not believe that T&D HD's executives can make objective and rational decisions about the business portfolio and group structure due to the structural issue of having executives coming from the subsidiaries. This situation compromises their independence and affects their ability to make unbiased decisions.

Buy-side (Foreign)

Question 4

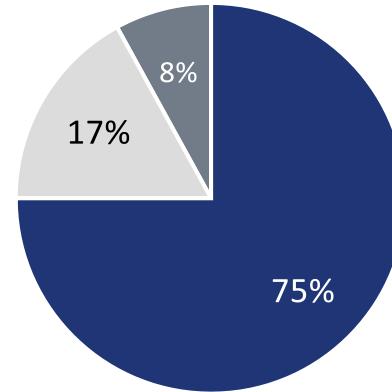
Question: Are you satisfied with the T&D HD Board's oversight to improve capital efficiency within the group?

Respondents' Opinions

- **Many interviewees express dissatisfaction with the T&D HD Board's oversight to improve capital efficiency within the group, citing insufficient actions to increase shareholder value**
 - They highlight the need for better capital allocation strategies, advocating for a review of the current structure to optimize returns
 - More specifically, they encourage aggressive capital deployment and shareholder returns
 - There is consensus on the importance of further reducing equity risk, interest rate risk, and cross-shareholdings
 - Some respondents call for a more proactive approach to reinsurance to enhance overall capital efficiency
- **Although several participants acknowledge that there have been some improvements in capital efficiency (such as reducing equity risk), they emphasize that progress is slow and not sufficient to drive drastic changes within the group**
- **Some respondents point to concerns regarding the Board's composition**
 - They believe that a notable lack of insurance industry expertise among external directors may hamper effective oversight and decision-making

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	0%	78%	11%	11%
Domestic	0%	50%	0%	50%
Foreign	0%	86%	14%	0%
Sell-side	0%	67%	33%	0%
Overall	0%	75%	17%	8%

Question 4

Question: Are you satisfied with the T&D HD Board's oversight to improve capital efficiency within the group?

Participant Quotes

Since T&D hasn't achieved capital efficiency within the group, the management oversight is likely inadequate.

Buy-side (Foreign)

I do not believe that the T&D HD Board is providing sufficient oversight to improve capital efficiency within the group. However, I can say that there has been some improvement, albeit from a very low level. The image is that they are about three laps behind Tokio Marine HD. If they are improving even while being three laps behind, that is not necessarily a bad thing, which is why we have invested.

Buy-side (Foreign)

I believe that the internal directors are in a structurally compromised position when it comes to oversight. While there is a high ratio of external directors, there is a lack of individuals with knowledge of the insurance industry. In a business-like insurance, which has a high degree of opacity, members without expertise cannot effectively oppose proposals from the executive side. Therefore, it can be said that there is a structural failure in the oversight function.

Buy-side (Foreign)

Adequate supervision cannot be said to be in place. Regarding interest rate risk reduction, while rising rates provided a fortunate break, progress has been slow. Cross-shareholdings should be considered from a group-wide perspective, but it seems theories like the ties at Taiyo Life took precedence. I didn't see any actions by T&D to manage its subsidiaries strictly.

Sell-side

Question 5

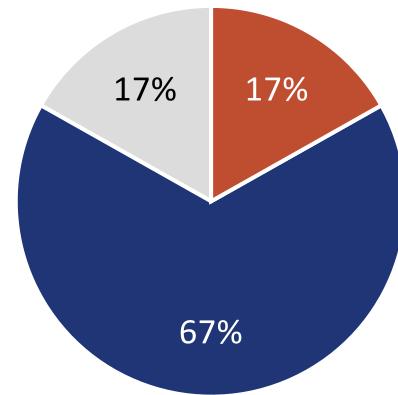
Question: Do you believe that T&D HD's reclassification of cross-shareholdings to "pure investment securities" is appropriate from the perspective of governance and capital efficiency?

Respondents' Opinions

- **Majority views the reclassification as inappropriate given that it has not resulted in material change**
 - Many respondents discuss that the reclassification of cross-shareholdings appears superficial and may not align with actual investment practices, raising concerns about transparency
- **Interviewees indicate that the lack of clarity in the reduction plan following the reclassification undermines the market's confidence in the company's commitment to reducing cross-shareholding**
- **Respondents emphasize the importance of monitoring the actual reduction in equity holdings post-reclassification, noting insufficient sales and a lack of urgency in addressing cross-shareholdings thus far**
- **Participants question the current high level of equity risk and the rationale for continuing to hold these cross-shareholdings**
 - They agree that some exposure to equities may be necessary for asset management
- **Participants who believe the reclassification is appropriate suggest that the effectiveness depends on T&D HD's future actions regarding the sale of these assets**

Response

 : Yes  : No
 : Mixed Opinion  : No Opinion



	Yes	No	Mixed Opinion	No Opinion
Buy-side	11%	67%	22%	0%
Domestic	50%	50%	0%	0%
Foreign	0%	71%	29%	0%
Sell-side	33%	67%	0%	0%
Overall	17%	67%	17%	0%

Question 5

Question: Do you believe that T&D HD's reclassification of cross-shareholdings to "pure investment securities" is appropriate from the perspective of governance and capital efficiency?

Participant Quotes

T&D's reclassification of cross-shareholdings is not appropriate. I believe it is merely an artificial action.

Buy-side (Foreign)

I view the reclassification of cross-shareholdings to 'pure investment securities' as somewhat negative. Further explanation and disclosure regarding the reclassification to pure investment is necessary. On the other hand, I consider the view that equity investments should be discontinued entirely to be extreme. This should be judged based on the overall portfolio.

Buy-side (Domestic)

No, I think it's an opaque practice meant to skirt the FSA rules and regulations. I would strongly rather they did not do this and that they accelerated their sale of these reclassified shares and cross-shareholdings.

Buy-side (Foreign)

I do not believe it is appropriate. The reduction plan after the reclassification to pure investments was unclear, and there has been no decrease in market value.

Buy-side (Foreign)

Question 6

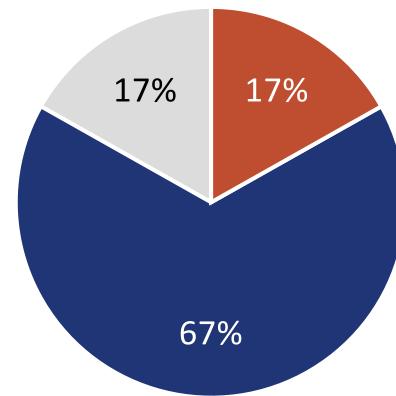
Question: Do you think the reduction speed of “actual” cross-shareholdings by T&D is appropriate?

Respondents' Opinions

- **More than half the study population does not believe the reduction speed of ‘actual’ cross-shareholdings by T&D HD is appropriate, calling for a more aggressive approach**
 - They suggest that aiming for completion well before the 2031 target would be more suitable
- **Some respondents express concern that fluctuations in market value should not dictate the speed of reducing cross-shareholdings, advocating for a more consistent reduction strategy regardless of external factors**
- **While several interviewees state that cross-shareholdings do not necessarily have to be completely reduced to zero, they advocate for the process being accelerated. This is especially true for the holdings classified as ‘pure investment securities’, emphasizing the importance of optimizing the portfolio**
- **Two participants believe that the pace of cross-shareholding reduction is acceptable**
 - They assert that market conditions should be a key consideration in the timing and pace of reduction. Rising stock market makes it unnecessary to accelerate the sale of assets while at a discount

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	11%	67%	22%	0%
Domestic	50%	50%	0%	0%
Foreign	0%	71%	29%	0%
Sell-side	33%	67%	0%	0%
Overall	17%	67%	17%	0%

Question: Do you think the reduction speed of “actual” cross-shareholdings by T&D is appropriate?

Participant Quotes

The reduction speed is not appropriate. Reductions should be implemented more quickly.

Buy-side (Foreign)

I'm not satisfied with the capital efficiency within the group, and I don't think the reduction speed is appropriate. Are they fine for the environment they're in? Definitely. You still have a lot of banks that haven't promised to go to zero and their pace have been slower. I think T&D has benefited from it. So, in a relative game, they're not last in class. But in absolute terms, is it appropriate? Not at all.

Buy-side (Foreign)

It is not appropriate. The speed of reduction is insufficient, and the investment performance is poor. Pure investment securities should involve a review of the portfolio when performance is lacking, but such movements are not observed. Of course, since it is different from non-life insurance company, I do not think there is a need to commit to reducing cross-shareholdings to zero, but optimization of the portfolio is necessary.

Sell-side

I think the speed of reduction of ‘actual’ cross-shareholdings by T&D is barely appropriate. The rise in total value by stock price hike is unavoidable, and they are selling some shares. Ideally, it would be good if there were movements within the industry, like in the non-life insurance sector, to push towards zero. However, I think it would be acceptable to reduce them even before 2031, but I believe they are at least meeting the minimum requirements.

Buy-side (Domestic)

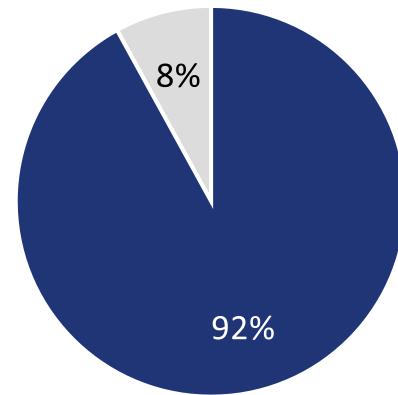
Question: Do you believe the current board provides sufficient oversight of Taiyo Life's profitability issues?

Respondents' Opinions

- **The study population discusses significant concerns regarding the current Board's oversight of Taiyo Life's profitability issues**
 - They believe that the Board fails to adequately establish appropriate targets for managing costs and address the complacency observed within both Taiyo Life and Daido Life
- **Respondents emphasize the importance of proactive Board involvement in addressing Taiyo Life's apparent challenges, suggesting a thorough review of Taiyo Life's business fundamentals and long-term profitability**
 - They criticize the lack of appropriate actions by the Board despite awareness of the issues
 - Need to reevaluate the sales business model, particularly in light of shifting consumer demographics and the challenges posed by the Japanese insurance market
- **Some interviewees express doubt about whether Taiyo Life can achieve a high return on equity, citing a lack of competitive advantage and a structural problem stemming from Japan's shrinking population**

Response

 : Yes	 : No
 : Mixed Opinion	 : No Opinion



	Yes	No	Mixed Opinion	No Opinion
Buy-side	0%	89%	11%	0%
Domestic	0%	100%	0%	0%
Foreign	0%	86%	14%	0%
Sell-side	0%	100%	0%	0%
Overall	0%	92%	8%	0%

Question: Do you believe the current board provides sufficient oversight of Taiyo Life's profitability issues?

Participant Quotes

I have serious doubts about whether the current Board provides sufficient oversight of Taiyo Life's profitability issues. It's unclear why there is an inability to resolve the evident challenges facing Taiyo Life. Despite this situation, the president of T&D HD has been chosen alternately, and I cannot understand why Taiyo Life is treated with such importance within the group.

Buy-side (Foreign)

As I mentioned, it seems clear that T&D needs to evaluate Taiyo Life and decide how to proceed, including questions about its business fundamentals, prospects, and whether they're the best owner. If management isn't initiating a review at this level, which is difficult because of the structural issues, it's the Board's responsibility to take a more proactive approach. In short, the answer is no.

Buy-side (Foreign)

I do not believe that the current Board provides sufficient oversight of Taiyo Life's profitability issues. As highlighted in the financial results briefing, investors and securities companies have been pressing on this matter. Taiyo Life has low profitability and a high cancellation rate, and they have bank OTC sales channels. The resources are not allocated to areas where strengths can be leveraged, which raises concerns that the business model, including sales methods, may be in a downward spiral. Given that there is an awareness of these issues, but no appropriate actions are being taken, it cannot be said that T&D's Board is exercising adequate management oversight.

Buy-side (Foreign)

Question 8

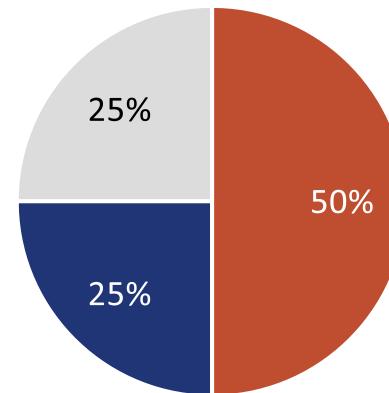
Question: Do you think T&D HD's Board should have a P/EV valuation target again in its next Mid Term Plan that will be announced in 2026?

Respondents' Opinions

- **Half the investment community emphasizes the necessity of T&D HD's Board establishing a P/EV valuation target in the next Mid Term Plan, ideally aligning it with global standards such as a P/EV of 1.0X**
 - These respondents argue that this metric is more reliable than traditional accounting profits, as it better reflects the company's intrinsic value
 - There is a call for the Board to tie performance targets to EV, which would enhance the alignment of management's objectives with shareholder interests
- **One quarter of the study population (two sell-side analysts and one foreign investor) does not believe T&D HD should have a P/EV valuation target**
 - Focusing on adjusted earnings and profitability metrics is more relevant because EV does not effectively account for acquisitions, shareholder returns, and market fluctuations
 - They emphasize the importance of clear communication of desired metrics to the market
- **Those with mixed opinions note that while it may be appropriate to set a P/EV target, it is also important to include metrics such as ROE or RoEV to ensure there are adequate shareholder returns**

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	67%	11%	22%	0%
Domestic	100%	0%	0%	0%
Foreign	57%	14%	29%	0%
Sell-side	0%	67%	33%	0%
Overall	50%	25%	25%	0%

Question: Do you think T&D HD's Board should have a P/EV valuation target again in its next Mid Term Plan that will be announced in 2026?

Participant Quotes

...Considering that a P/EV of 1.0X is standard globally in comparable companies, it would be appropriate to indicate a target level of 1.0X for P/EV as well. This alignment would provide a clearer benchmark for evaluating the company's valuation and performance.

Buy-side (Foreign)

I believe a P/EV ratio target should be set, and the company should strive to achieve it. Discussions and initiatives to accelerate the pace of change in the P/EV ratio are necessary.

Buy-side (Domestic)

It may be acceptable to continue setting P/EV as the target. The crucial point, however, is not merely setting a P/EV target level, but rather the level of return on EV. If the P/EV achieved does not match the return on EV, the issue is that shareholder returns from EV are low. Therefore, the priority should be to provide shareholder returns commensurate with EV and work towards increasing the multiple.

Sell-side

I don't think there is a strong necessity to set a target for the P/EV multiple. While it is true that accounting profits do not accurately reflect performance well, it doesn't mean that profits under J-GAAP are entirely irrelevant. In the long term, it's a matter of timing of profit recognition. Considering the nature of life insurance contracts, which take time to realize the value of in-force contracts, there are aspects where J-GAAP is appropriate. A target based on adjusted profit would be sufficient. It would be reasonable to aim for an improvement in multiples relative to adjusted profit through a reduction in capital costs. Although setting an appropriate denominator for ROE is a challenge, having a target for ROE could also be acceptable.

Sell-side

Question 9

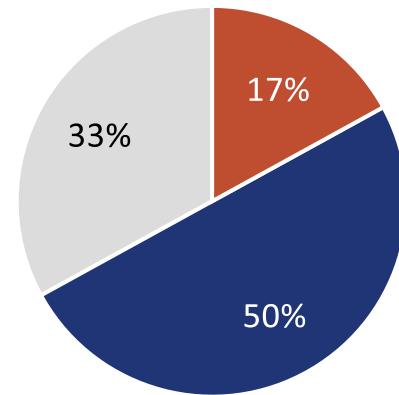
Question: Regarding “Overseas M&A”, do you support T&D HD’s approach in conducting minority investments in CB portfolios? Do you believe these investments are beneficial to increasing T&D HD’s enterprise value per share?

Respondents’ Opinions

- **Half the study population does not support minority investments in CB portfolios given that it does not meaningfully contribute to increasing the company’s enterprise value per share**
- **These respondents assert that share buybacks are a preferable use of capital, especially at T&D HD’s low P/EV**
 - Although interviewees note that these investments are not detrimental to the group’s enterprise value, they do not believe they offer significant benefits either
- **Those with mixed views discuss that reducing inefficient assets and exploring partnerships for closed-book portfolios may enhance shareholder returns**
 - Although M&A transactions are generally seen as costly with limited profit contribution, this may enhance shareholder returns compared to holding inefficient assets such as cross-shareholdings
- **Respondents note that the debate centers on deciding what the effective use of the capital surplus is before committing to closed-book investments**
- **Two participants are supportive of these minority investments due to the upside potential they may provide, even though they do not significantly enhance T&D HD’s current enterprise value per share**

Response





	Yes	No	Mixed Opinion	No Opinion
Buy-side	11%	56%	33%	0%
Domestic	0%	0%	100%	0%
Foreign	14%	71%	14%	0%
Sell-side	33%	33%	33%	0%
Overall	17%	50%	33%	0%

Question 9

Question: Regarding “Overseas M&A”, do you support T&D HD’s approach in conducting minority investments in CB portfolios? Do you believe these investments are beneficial to increasing T&D HD’s enterprise value per share?

Participant Quotes

I do not believe that investing in overseas closed book businesses is beneficial. It is not a full stake, and I see it as a passive strategy. Although there may be incremental profits from minority investments, it is unlikely to contribute significantly to the improvement of multiple indicators such as PER.

Sell-side

...I do not necessarily think these investments are beneficial to increasing the enterprise value per share. This is because they bought them at relatively high price to embedded values, especially compared to the option of buying back their own shares at lower price to embedded values. In terms of the strategic logic, the synergy that I could see is if they were able to help Fortitude enter the Japanese market and do closed-book business with Japanese insurers, including T&D. But I’m not sure that synergy is large enough for this to make sense.

Buy-side (Foreign)

It’s hard to say either way. The scale of profit contribution by these transactions isn’t particularly large, and the contribution to ROE is also limited. The market doesn’t seem to be placing particularly high value on it either. Rather, the long-standing debate over what to do with capital surplus before investing in the closed-book business was likely the real issue. Before the investment, could shareholder return like share buybacks or dividends have been considered? On the other hand, there is also anticipation for future joint investments with Viridium’s co-investors.

Buy-side (Domestic)

Question 10

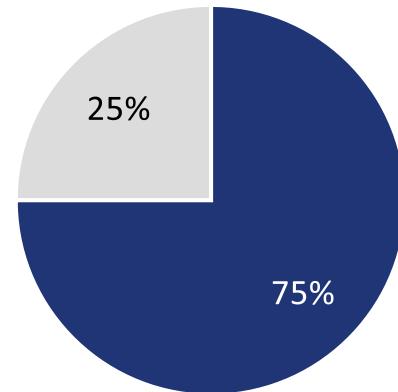
Question: Do you think the current outside directors have the necessary industry knowledge and skills to effectively represent shareholders and help maximize enterprise value?

Respondents' Opinions

- Most respondents believe that the current outside directors lack essential industry knowledge and experience in the capital market, which hinders their ability to maximize T&D HD's enterprise value**
 - Interviewees suggest that bringing in outside directors with proven expertise in the insurance sector and strategic thinking would substantially improve the Board's effectiveness
 - While diversity and life insurance experience are important, it is critical to have directors who can effectively communicate with shareholders and understand global management, particularly if the company aims for international expansion
- Some respondents express concern about the insular nature of the current Board, suggesting that it appears to cater to long-standing members rather than embracing new perspectives**
 - They advocate for a balanced composition of internal and external directors, ideally including individuals with diverse backgrounds, including women and international members
- A few participants highlight the importance of ensuring that the Board is equipped to challenge management and make informed decisions regarding asset valuation and strategic direction**

Response

 : Yes  : No
 : Mixed Opinion  : No Opinion



	Yes	No	Mixed Opinion	No Opinion
Buy-side	0%	78%	22%	0%
Domestic	0%	50%	50%	0%
Foreign	0%	86%	14%	0%
Sell-side	0%	67%	33%	0%
Overall	0%	75%	25%	0%

Question 10

Question: Do you think the current outside directors have the necessary industry knowledge and skills to effectively represent shareholders and help maximize enterprise value?

Participant Quotes

No, there should be representation of insurance industry experts, but also with management experience. Not only technical insurance folks, but real folks who can think strategically about the company. This is because I don't think the management is structurally able to do this review because of the history with Taiyo and Daido being the 2 pillars structurally. So, it's important that there's real insurance management know-how and insurance industry strategic thinking to lead that effort and to be able to challenge management.

Buy-side (Foreign)

I do not believe that all outside directors need to have insurance industry knowledge, but having even one outside director with expertise in the insurance sector could make a significant difference. The difference between having none and having one is substantial. Introducing new perspectives can enhance oversight and is essential for overall governance. This could lead to more critical opinions regarding the holding structure. It is unfortunate that the proposal from Farallon to include a foreign insurance expert was not accepted, as it would have been valuable for shareholders. Having even one non-Japanese director could provide a straightforward and unencumbered viewpoint, which would be beneficial...

Buy-side (Foreign)

I believe it is necessary to have outside directors with insurance knowledge and experience. Of course, the Japanese insurance industry is a closed world, and there is a tendency to look for suitable candidates from competitors. However, there are likely suitable individuals with expertise in actuarial science or experience in overseas insurance

Sell-side