

Dai-ichi Life Group's Tender Offer for Benefit One—No Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the tender offer by Dai-ichi Life Holdings, Inc. (security code: 8750) for the common stock of Benefit One Inc. (security code: 2412).

- (1) On December 7, Dai-ichi Life Holdings, Inc. (Dai-ichi Life HD) announced that it would conduct a tender offer for common stock of Benefit One Inc. (Bene One), a provider of comprehensive employee benefit solutions business for corporations, by mid-January 2024, subject to the satisfaction of various preconditions. This will be a competing offer to the tender offer already announced by M3, which operates a specialized website for medical professionals, for the shares of Bene One. After acquiring approximately 49% of Bene One's shares through this tender offer, Dai-ichi Life HD intends to acquire the remaining 51% held by Pasona Group, Bene one's parent company, to eventually make Bene One a wholly owned subsidiary. Through this acquisition, the Dai-ichi Life Group aims to expand its corporate services, centered on employee benefit programs, to strengthen its competitiveness and expand its customer base.
- (2) The total amount of the series of acquisitions from the tender offer to making Bene One a wholly owned subsidiary amounts to approximately JPY290 billion, making it the largest acquisition for the Dai-ichi Life Group among M&A deals it has undertaken in recent years, second only to Protective Life in the US in 2015. Although the goodwill generated by the acquisition may push down the ESR of the Group on a consolidated basis, JCR believes that the extent of the decline will be limited from the 223% level as of the end of September 2023. Given the financial base and other conditions of the Dai-ichi Life Group, JCR believes that the acquisition will not affect the Group's creditworthiness.
- (3) The issuer rating of Dai-ichi Life HD, the holding company of the Group, is one notch below the Group's creditworthiness. The rating reflects the structural subordination of the holding company, taking into account factors including the fact that the double leverage ratio has remained at a high level. If the tender offer is successful and Bene One becomes a wholly owned subsidiary, the double leverage ratio is expected to increase further, but JCR believes that no additional notch down is necessary because the structural subordination of the holding company has already been factored into the notch difference from the group creditworthiness.

Kiichi Sugiura, Tomohiro Miyao, and Kota Matsuzawa

<Reference>

Issuer: Dai-ichi Life Holdings, Inc.

Long-term Issuer Rating: AA- Outlook: Stable

Issuer: The Dai-ichi Life Insurance Company, Limited

Long-term Issuer Rating: AA Outlook: Stable

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