

Sun Life to acquire DentaQuest

Building a Leading Position in
U.S. Group Benefits

October 2021



Life's brighter under the sun



In this presentation, Sun Life Financial Inc. (“SLF” or “SLF Inc.”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sun Life” and the “Company”.

Forward-looking statements

Certain statements in this presentation and certain oral statements made by senior management during the associated conference calls (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation. The forward-looking statements in the presentation are made as of October 4, 2021.

Non-IFRS Financial Measures

The Company prepares its financial statements in accordance with international financial reporting standards (“IFRS”). This presentation includes financial measures that are not based on IFRS (“non-IFRS financial measures”). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company’s performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are included in our annual and interim management’s discussion and analysis and the Supplementary Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Underlying Earnings per Share (“EPS”), Underlying Return on Equity (“ROE”), Underlying Net Income and financial leverage ratio are Non-IFRS financial metrics.

Additional information

Additional information concerning forward-looking statements is included at the end of this presentation.

OUR PURPOSE

Helping our Clients achieve lifetime financial security and live healthier lives

OUR FOUR PILLAR STRATEGY

US

A Leader in U.S. Group Benefits

CAN

A Leader in Insurance and Wealth Solutions in our Canadian Home Market

AM

A Leader in Global Asset Management

ASIA

A Leader in Asia through Distribution Excellence in Higher Growth Markets

- ✓ In line with strategy to grow U.S. Group Benefits
- ✓ Establishes a leading position in attractive U.S. Dental market
- ✓ Immediately accretive to earnings and ROE⁽¹⁾
- ✓ Capital-light & highly cash generative
- ✓ Delivers on our Purpose by improving access to oral health care

(1) See "Forward-looking information" in the appendix to these slides. Earnings refers to Underlying Earnings per Share ("EPS") and ROE refers to Underlying Return on Equity ("ROE"). Underlying EPS and Underlying ROE are non-IFRS financial measures. See "Non-IFRS Financial Measures" on slide 2.

Transaction Summary⁽¹⁾

<p>SUN LIFE TO ACQUIRE DENTAQUEST</p>	<ul style="list-style-type: none"> • DentaQuest is the 2nd largest national provider of Dental benefits, with 33 million total members; focused on the growing U.S. Government Programs space • Purchase price of US\$2,475 million in cash⁽²⁾
<p>STRONG STRATEGIC FIT</p>	<ul style="list-style-type: none"> • Increases the scale of our U.S. business which positions Sun Life to provide better outcomes for Clients • Drives growth in the attractive Dental space and delivers on our Purpose • Positions Sun Life as a leading Dental benefits provider in the U.S.⁽³⁾ • Well-positioned for growth in Commercial, Government Programs and Care Delivery spaces
<p>FINANCIALLY ATTRACTIVE</p>	<ul style="list-style-type: none"> • Immediately accretive to Underlying EPS and ROE⁽⁴⁾ • Strong Underlying Net Income growth⁽⁴⁾ • Capital-light business • Highly cash flow generative
<p>FINANCING / CAPITAL</p>	<ul style="list-style-type: none"> • To be financed with cash (~40%) and subordinated debt (~60%) • Maintain strong regulatory capital ratios: pro-forma 137% SLF LICAT ratio⁽⁵⁾⁽⁶⁾ and 27.6% financial leverage ratio⁽⁴⁾⁽⁶⁾
<p>TIMING</p>	<ul style="list-style-type: none"> • Expected close in H1 2022 • Subject to customary closing conditions, including regulatory approvals

(1) Certain statements on this slide are forward looking. See “Forward-looking information” in the appendix to these slides.

(2) Sun Life will also make a capital injection of ~US\$250 million into DentaQuest.
 (3) Based on number of members. Ranking compiled based on data disclosed by competitors.

(4) Underlying Earnings per Share (“EPS”), Underlying Return on Equity (“ROE”), Underlying Net Income, and financial leverage ratio are non-IFRS financial measures. See “Non-IFRS Financial Measures” on slide 2.

(5) Life Insurance Capital Adequacy Test (“LICAT”) ratio of SLF Inc.

(6) Q2’21 ratios proforma \$400 million Class A Non-Cumulative Preferred Shares Series 1 and \$325 million Class A Non-Cumulative Preferred Shares Series 2 redeemed on September 29, 2021, and proforma acquisition of DentaQuest.

Building a Leading Capital-Light, Health-focused U.S. Business



U.S. Annuity Business

2011-2013

Sale of U.S. annuity segment & closure of individual life insurance business to new sales

Transforms the focus of Sun Life U.S. to Group Benefits



ASSURANT
Employee Benefits®

2016

Acquisition of Assurant Employee Benefits creates leading group benefits business

New capabilities in Dental, Group Life and Disability, and Voluntary products



2018

Acquisition of Maxwell Health enhances digital experience

Simplifies digital enrollment for employees of small and medium size businesses



2021

Acquisition of PinnacleCare strengthens position as #1 independent stop-loss provider⁽¹⁾

Extends value of stop-loss offering through addition of expert care navigation



2021-2022

Acquisition of DentaQuest adds a leading Dental benefits provider⁽²⁾⁽³⁾

New capabilities in government programs and care delivery

Combination of organic investments and acquisitions has established a leading Group Benefits business

(1) Ranking compiled by Sun Life based on data contained in the 2019 Accident and Health Policy Experience Report from the National Association of Insurance Companies. An independent stop-loss provider is defined as a stop-loss carrier that does not sell medical claim administration services.

(2) Based on number of members. Ranking compiled based on data disclosed by competitors.

(3) See "Forward-looking information" in the appendix to these slides.

Government Programs and Dental Are Attractive

Government Programs Highlights

- Government Programs cover nearly 160 million Americans for health insurance and increasingly for other benefits⁽¹⁾
- Government Programs segment is now the same size as the employee benefits space, and **growing**⁽²⁾
- Government Programs benefits are increasingly delivered through private payers, with **strong and stable margins**, through **long and stable relationships**
- State governments, Congress and the Biden Administration are **increasing funding, adding new benefits and expanding enrollment**

U.S. Dental - a Large and Growing Opportunity

- Second most popular benefit after health insurance
- **Over US\$140B**⁽²⁾⁽³⁾ in U.S. Dental
- Low capital business, with high ROEs

Government Programs Are a Growing Segment within U.S. Dental at 6% CAGR⁽²⁾⁽³⁾



(1) Aggregate for Medicaid, Medicare, Affordable Care Act, and TRICARE. Sources: Centers for Medicare & Medicaid Services, Medicaid.gov, Health.mil.

(2) Source: The Office of the Actuary in the Centers for Medicare & Medicaid Services projections. Government Programs include Medicare, Medicaid and Other Health Insurance Programs.

(3) Amounts represent Dental Services expenditures.

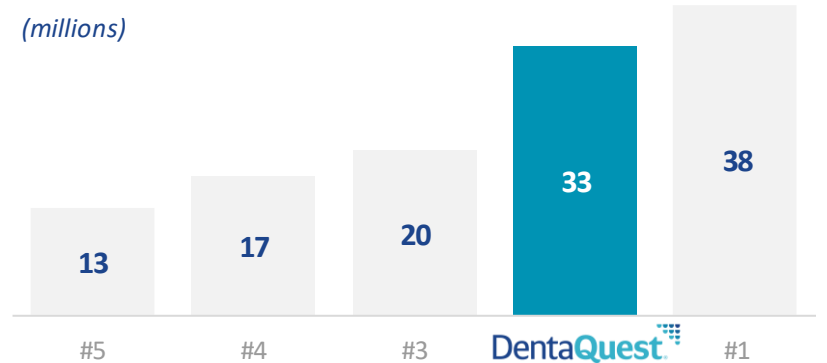
DentaQuest is a Leading Dental Benefits Provider

- DentaQuest is the **largest provider of Medicaid dental benefits**, with growing Medicare, Affordable Care Act and commercial businesses; expanding access to oral care
- **The CareQuest Institute for Oral Health**, DentaQuest's majority parent, advances oral health, quality and access
- **National presence** with business in 36 states
- **Growing commercial capabilities** (4 million members)
- Over **117,000 dentists** in contracted network
- **Innovative Preventistry®** model drives alignment between clients, providers and patients
- **Experienced and growth-oriented management team** will be joining Sun Life as part of the transaction

A Leading Dental Benefits Provider in the U.S. (by Members)⁽¹⁾

DentaQuest has 33M members⁽²⁾ in the U.S.

(millions)



Total U.S. population covered by dental benefits = ~260M⁽³⁾

(1) Ranking compiled based on data disclosed by competitors.

(2) See "Forward-looking information" in the appendix to these slides.

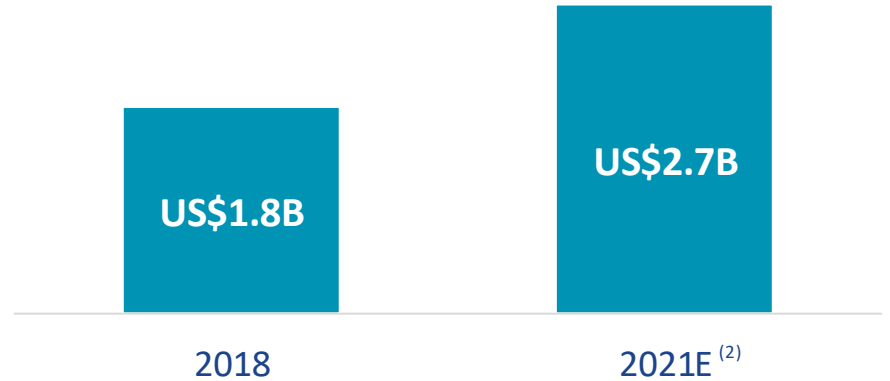
(3) Source: 2020 NADP Dental Benefits Report: Enrollment.

DentaQuest is a Growth Story⁽¹⁾

- DentaQuest has been outgrowing peers in recent years, and we expect **robust growth to continue**
- Strong track record of **adding and retaining clients**, and delivering quality care to members
- DentaQuest brings **strong capabilities**:
 - Best-in-class claims management and scalable infrastructure
 - Significant scale, low-cost provider
 - Deep longstanding client relationships
 - Strong network of dental providers

Strong Track Record of Growth

DentaQuest[®] Revenue CAGR of **14%**



(1) Certain statements on this slide are forward looking. See “Forward-looking information” in the appendix to these slides.

(2) Based on revenue forecast from DentaQuest.

Creation of a Leading Diversified U.S. Dental Business⁽¹⁾

DentaQuest

A leader in Government Programs

Strong Commercial capabilities

Differentiated care delivery and care management

Scalable leading technology

 **Sun Life**

A leading nationwide Commercial provider network:
~130,000 dentists

National Commercial distribution team

Broad product portfolio

Strong digital capabilities and investments

+

=

- ✓ A leading Dental benefits provider in the U.S.⁽²⁾
- ✓ A leader in Government Programs
- ✓ Top 10 Commercial Dental business⁽³⁾
- ✓ Cross-sell opportunities

(1) Certain statements on this slide are forward looking. See “Forward-looking information” in the appendix to these slides.

(2) Based on number of members. Ranking compiled based on data disclosed by competitors.

(3) Source: LIMRA 2020 In-Force reports for Life, STD, LTD and Dental. LIMRA numbers are carrier-reported, and participants vary year-to-year, impacting reported market share.

Sun Life U.S. – A Leader in Group Benefits⁽¹⁾

DENTAQUEST SIGNIFICANTLY GROWS U.S. GROUP BENEFITS

More than Doubles

Employee Benefits
Business⁽²⁾

33 million
New Members

LEADING MARKET POSITIONS

Stop-Loss⁽³⁾

Dental⁽⁴⁾

Employee Benefits⁽⁵⁾

ATTRACTIVE MIX

70%+
Revenues from Health⁽⁶⁾

Capital-Light

Diversification

(1) Certain statements on this slide are forward looking. See “Forward-looking information” in the appendix to these slides.

(2) Pro forma 2020 based on Sun Life U.S. Employee Benefits revenues.

(3) Ranking compiled by Sun Life based on data contained in the 2019 Accident and Health Policy Experience Report from the National Association of Insurance Companies. An independent stop-loss provider is defined as a stop-loss carrier that does not sell medical claim administration services.

(4) Based on number of members. Ranking compiled based on data disclosed by competitors.

(5) Based on LIMRA 2020 Annual U.S. In-force Reports for group term life, group short-term disability and long-term disability insurance. LIMRA numbers are carrier-reported, and participants vary year-to-year, impacting reported market share.

(6) Pro Forma 2020 based on Sun Life U.S. 2020 Net Premium and Fees.

Key Financial Metrics⁽¹⁾

Purchase Price⁽²⁾	US\$2,475 million
Price-to-Earnings⁽³⁾	13.7x
Accretion: 2022 estimated Underlying EPS / ROE impact (full year)⁽⁴⁾ 2024 estimated Underlying EPS / ROE impact⁽⁴⁾	C\$0.17 / 42 bps C\$0.24 / 50 bps
Impact of intangible amortization on estimated underlying EPS (2022 and 2024)⁽⁴⁾	~C\$(0.10)
Estimated run-rate cost synergies to be achieved in 2024 (pre-tax)	~US\$60 million
Estimated transaction and integration related costs (pre-tax)	~US\$250 million

US\$ amount converted to C\$ at spot rate of 1.26.

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(2) Sun Life will also make a capital injection of ~US\$250 million into DentaQuest.

(3) Based on run-rate cost synergies and excluding transaction and integration related costs, financing costs and amortization of acquired intangibles.

(4) Underlying Earnings per Share (“EPS”) and Underlying Return on Equity (“ROE”) are non-IFRS financial measures. See “Non-IFRS Financial Measures” on slide 2.

Key Takeaways



- ✓ **In line with strategy to grow U.S. Group benefits**
- ✓ **Establishes a leading position in attractive U.S. Dental market**
- ✓ **Immediately accretive to earnings and ROE⁽¹⁾**
- ✓ **Capital-light & highly cash generative**
- ✓ **Delivers on our Purpose by improving access to oral health care**
- ✓ **Track-record of strong execution**

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Appendix: Forward-Looking Information

Certain statements in this presentation are forward-looking, including but not limited to, statements relating to: (i) our growth strategies and strategic objectives, (ii) the ability to complete the acquisition of DentaQuest, including obtaining necessary consents and approvals or to otherwise satisfy the conditions to the completion of the transaction in a timely manner, or at all; (iii) the expected timing of the closing of the transaction, (iv) the expected impact and benefits of the transaction set out on slides 3-5 and 7-12 of this presentation, (v) the key financial metrics set out on slide 11 of this presentation, and (vi) other statements that are not historical or are predictive in nature or that depend upon or refer to future events or conditions. Forward-looking statements may also include words such as “accretive”, “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “creates”, “establishes”, “estimate”, “expect”, “goal”, “increases”, “initiatives”, “intend”, “may”, “objective”, “obtain”, “outlook”, “plan”, “project”, “projections”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. All such written or oral forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation represent our current expectations, estimates and projections regarding future events and are not historical facts. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties and are based on key factors and assumptions that are difficult to predict, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on our business. The forward-looking statements in this presentation do not reflect the potential impact of any non-recurring or other special items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this presentation. If any non-recurring or other special item or any transaction should occur, the financial impact could be complex and the effect on our operations or results would depend on the facts particular to such item and we cannot describe the expected impact in a meaningful way or in the same way we could present known risks affecting our business. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation.

Forward-looking statements are presented for the purpose of assisting investors and others in understanding our expected financial position and results of operations as at the date of this presentation, as well as our objectives for the transaction, strategic priorities and business outlook following the transaction, and in obtaining a better understanding of our anticipated operating environment following the transaction. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes and undue reliance should not be placed on these forward-looking statements.

The realization of our forward-looking statements essentially depends on our business performance which, in turn, is subject to many risks, which have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. Important transactional and other risk factors that could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements in this presentation are listed in our news release announcing the intention to acquire DentaQuest under the heading “Forward-looking information” and in the annual information form of Sun Life Financial Inc. for the year ended December 31, 2020 under the heading “Risk Factors” and other regulatory filings filed or furnished to Canadian and U.S. securities regulators available at www.sedar.com and www.sec.gov.

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