

[Unofficial Translation]



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Code: 8750 (TSE First section)

Supplementary Materials for the Three Months Ended June 30, 2021
(The Neo First Life Insurance Company, Limited)

Financial Results for the Three Months Ended June 30, 2021

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the three months ended June 30, 2021.

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* Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2021	As of June 30, 2021	% of March 31, 2021 total
Individual insurance	140,557	140,568	100.0
Individual annuities	14	15	105.4
Total	140,571	140,583	100.0
Medical and survival benefits	26,869	29,465	109.7

New Policies

(millions of yen except percentages)

	Three months ended June 30, 2020	Three months ended June 30, 2021	% of June 30, 2020 total
Individual insurance	2,496	3,662	146.7
Individual annuities	—	—	—
Total	2,496	3,662	146.7
Medical and survival benefits	1,997	3,081	154.2

(Notes) 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment.

2. Annualized net premium for medical and survival benefits includes (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness, and (c) premiums related to premium waiver benefits.

(2) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2021		As of June 30, 2021			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)		Amount (billions of yen)	
				% of March 31, 2021 total		% of March 31, 2021 total
Individual insurance	482	1,449.6	520	107.9	1,491.8	102.9
Individual annuities	0	0.2	0	108.3	0.2	107.6
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

(Note) The amount of individual annuities shows policy reserves for policies after the commencement of annuities.

New Policies

	Three months ended June 30, 2020				Three months ended June 30, 2021					
	Number of policies (thousands)	Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)			
			New Business	Net increase by conversions		% of June 30, 2020 total	% of June 30, 2020 total	New Business	Net increase by conversions	
Individual insurance	29	52.2	52.2	—	45	154.3	63.0	120.6	63.0	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

2. Investment Results of General Account

(1) Asset Composition

(millions of yen)

	As of March 31, 2021		As of June 30, 2021	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	248,955	70.6	251,549	69.2
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	62,872	17.8	72,341	19.9
Domestic bonds	52,007	14.7	58,821	16.2
Domestic stocks	1,249	0.4	1,492	0.4
Foreign securities	9,616	2.7	12,026	3.3
Foreign bonds	9,616	2.7	12,026	3.3
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	1,313	0.4	1,254	0.3
Real estate	96	0.0	97	0.0
Deferred tax assets	—	—	—	—
Others	39,611	11.2	38,225	10.5
Reserve for possible loan losses	(7)	(0.0)	(7)	(0.0)
Total	352,842	100.0	363,459	100.0
Foreign currency-denominated assets	—	—	—	—

(Note) The amounts of buildings were posted for real estate.

(2) Fair Value Information on Securities (other than trading securities)

(millions of yen)

	As of March 31, 2021					As of June 30, 2021				
	Book value	Fair Value	Gains (losses)		Book value	Fair Value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	61,525	61,268	(256)	103	360	70,748	70,816	67	245	178
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,110	1,347	236	238	1	1,706	1,592	(113)	54	167
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Domestic stocks	1,010	1,249	238	238	—	1,606	1,492	(113)	54	167
Foreign securities	100	98	(1)	—	1	100	99	(0)	—	0
Foreign bonds	100	98	(1)	—	1	100	99	(0)	—	0
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	62,635	62,616	(19)	341	361	72,454	72,408	(46)	299	346
Domestic bonds	52,007	51,737	(270)	78	349	58,821	58,868	46	219	172
Domestic stocks	1,010	1,249	238	238	—	1,606	1,492	(113)	54	167
Foreign securities	9,617	9,629	12	24	12	12,027	12,047	19	26	6
Foreign bonds	9,617	9,629	12	24	12	12,027	12,047	19	26	6
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—

(Note) The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

Book value of stocks without market value and associations, etc.: Not applicable.

(3) Fair Value Information on Money Held in Trust
Not applicable.

3. Unaudited Quarterly Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2021 (summarized)	As of June 30, 2021
	Amount	Amount
(ASSETS)		
Cash and deposits	248,955	251,549
Securities	62,872	72,341
[Corporate bonds]	[52,007]	[58,821]
[Domestic stocks]	[1,249]	[1,492]
[Foreign securities]	[9,616]	[12,026]
Loans	1,313	1,254
Policy loans	1,313	1,254
Tangible fixed assets	235	227
Intangible fixed assets	4,313	4,792
Reinsurance receivables	25,995	24,631
Other assets	9,163	8,671
Reserve for possible loan losses	(7)	(7)
Total assets	352,842	363,459
(LIABILITIES)		
Policy reserves and others	327,687	340,814
Reserves for outstanding claims	1,956	2,317
Policy reserves	325,731	338,496
Reinsurance payable	399	381
Other liabilities	5,393	4,830
Corporate income tax payable	8	2
Other liabilities	5,384	4,828
Reserve for price fluctuations	7	7
Deferred tax liabilities	66	—
Total liabilities	333,554	346,033
(NET ASSETS)		
Capital stock	47,599	47,599
Capital surplus	39,599	39,599
Legal capital surplus	39,599	39,599
Retained earnings	(68,081)	(69,658)
Other retained earnings	(68,081)	(69,658)
Retained earnings brought forward	(68,081)	(69,658)
Total shareholders' equity	19,117	17,540
Net unrealized gains (losses) on securities, net of tax	170	(113)
Total of valuation and translation adjustments	170	(113)
Total net assets	19,287	17,426
Total liabilities and net assets	352,842	363,459

4. Unaudited Quarterly Non-Consolidated Statement of Earnings

(millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Amount	Amount
ORDINARY REVENUES	31,395	39,255
Premium and other income	31,350	39,146
[Premium income]	[28,599]	[29,384]
Investment income	45	97
[Interest and dividends]	[45]	[87]
[Gains on sale of securities]	[—]	[9]
Other ordinary revenues	0	12
ORDINARY EXPENSES	35,041	40,827
Benefits and claims	10,851	19,595
[Claims]	[256]	[326]
[Annuities]	[3]	[59]
[Benefits]	[1,072]	[1,458]
[Surrender values]	[2,320]	[6,033]
[Other refunds]	[503]	[893]
Provision for policy reserves and others	17,751	13,126
Provision for reserves for outstanding claims	154	360
Provision for policy reserves	17,597	12,765
Investment expenses	4	0
[Interest expenses]	[0]	[0]
Operating expenses	6,154	7,768
Other ordinary expenses	279	337
ORDINARY PROFIT (LOSS)	(3,645)	(1,571)
EXTRAORDINARY LOSSES	0	3
Losses on disposal of fixed assets	—	3
Provision for reserve for price fluctuations	0	0
Income (loss) before income taxes	(3,646)	(1,574)
Corporate income taxes - current	2	2
Total of corporate income taxes	2	2
Net income (loss) for the period	(3,648)	(1,576)

Notes to the Unaudited Non-Consolidated Balance Sheet

As of June 30, 2021

1. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020) from the beginning of the three months ended June 30, 2021 and changed the accounting treatment of national and local consumption taxes from the tax-inclusion method to the tax-exclusion method. However, there is no change from the tax-inclusion method for operating expenses and other expenses. There is no cumulative effect on net assets at the beginning of the period.
2. The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the three months ended June 30, 2021 and decided to continue to apply the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. according to the provisional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).
There is no impact on quarterly financial statements.
3. Dividends Paid
Not applicable.
4. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statements of Earnings

Three months ended June 30, 2021

1. Net loss per share for the three months ended June 30, 2021 was ¥379.99.
2. Amounts are rounded off to the unit stated.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Three months ended June 30, 2020	Three months ended June 30, 2021
Fundamental profit (loss)	A	(3,554)	(1,537)
Capital gains		—	9
Gains on money held in trust		—	—
Gains on investment in trading securities		—	—
Gains on sale of securities		—	9
Derivative transaction gains		—	—
Foreign exchange gains		—	—
Others		—	—
Capital losses		—	—
Losses on money held in trust		—	—
Losses on investment in trading securities		—	—
Losses on sale of securities		—	—
Losses on valuation of securities		—	—
Derivative transaction losses		—	—
Foreign exchange losses		—	—
Others		—	—
Net capital gains (losses)	B	—	9
Fundamental profit plus net capital gains (losses)	A + B	(3,554)	(1,528)
Other one-time gains		—	—
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		—	—
Others		—	—
Other one-time losses		91	42
Ceding reinsurance commissions		—	—
Provision for contingency reserve		86	42
Provision for specific reserve for possible loan losses		4	0
Provision for specific reserve for loans to refinancing countries		—	—
Write-down of loans		—	—
Others		—	—
Other one-time profits (losses)	C	(91)	(42)
Ordinary profit (loss)	A + B + C	(3,645)	(1,571)

6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of June 30, 2021
Total solvency margin (A)	39,806	33,672
Common stock, etc.	19,117	17,540
Reserve for price fluctuations	7	7
Contingency reserve	1,778	1,821
General reserve for possible loan losses	—	—
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% (Multiplied by 100% if losses)	213	(113)
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	48,892	49,252
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	(30,203)	(34,836)
Excluded items	—	—
Others	—	—
Total Risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	2,158	2,264
Insurance risk R ₁	567	574
3rd sector insurance risk R ₈	1,202	1,236
Assumed investment yield risk R ₂	6	7
Guaranteed minimum benefit risk R ₇	—	—
Investment risk R ₃	1,072	1,193
Business risk R ₄	85	90
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,688.8%	2,974.3%

(Note) The figures as of March 31, 2021 are calculated based on Articles 86 and 87 of the Enforcement Regulations of the Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

The figures as of June 30, 2021 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

7. Status of Separate Account

Not applicable.

8. Consolidated Financial Summary

Not applicable.