

[Unofficial Translation]

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Seiji Inagaki  
President and Representative Director  
Dai-ichi Life Holdings, Inc.  
Code: 8750 (TSE Prime section)

Supplementary Materials for the Fiscal Year Ended March 31, 2022  
(The Neo First Life Insurance Company, Limited)

## Financial Results for the Fiscal Year Ended March 31, 2022

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the fiscal year ended March 31, 2022.

### [Contents]

#### Financial Results for the Fiscal Year Ended March 31, 2022

1. Business Highlights.....	P.1
2. Policies in Force as of March 31, 2022 by Benefit .....	P.3
3. Policyholder Dividends based on Financial Results for the Fiscal Year Ended March 31, 2022.....	P.3
4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2022 .....	P.4
5. Unaudited Non-Consolidated Balance Sheet.....	P.9
6. Unaudited Non-Consolidated Statement of Earnings .....	P.14
7. Breakdown of Ordinary Profit (Fundamental Profit) .....	P.16
8. Unaudited Non-Consolidated Statement of Changes in Net Assets.....	P.17
9. Status of Claims Based on Insurance Business Act .....	P.18
10. Solvency Margin Ratio.....	P.19
11. Status of Separate Account for the Fiscal Year Ended March 31, 2022.....	P.19
12. Consolidated Financial Summary .....	P.19

\* 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 March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	140,557	100.8	139,008	98.9
Individual annuities	14	139.7	20	145.0
Total	140,571	100.8	139,028	98.9
Medical and survival benefits	26,869	143.9	36,448	135.6

New Policies			(millions of yen except percentages)	
	Year ended March 31, 2021		Year ended March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Individual insurance	12,094	110.2	14,246	117.8
Individual annuities	—	—	—	—
Total	12,094	110.2	14,246	117.8
Medical and survival benefits	9,589	101.1	11,726	122.3

(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 March 31, 2022			
	Number of policies (thousands)		Amount (billions of yen)		Number of policies (thousands)		Amount (billions of yen)	
		% of March 31, 2020 total		% of March 31, 2020 total		% of March 31, 2021 total		% of March 31, 2021 total
Individual insurance	482	135.9	1,449.6	119.9	625	129.6	1,629.7	112.4
Individual annuities	0	150.0	0.2	125.8	0	150.0	0.3	150.4
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—

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

## New Policies

	Year ended March 31, 2021					Year ended March 31, 2022						
	Number of policies (thousands)		Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)				
		% of March 31, 2020 total	% of March 31, 2020 total	New Business	Net increase by conversions		% of March 31, 2021 total	% of March 31, 2021 total	New Business	Net increase by conversions		
Individual insurance	150	101.6	250.9	88.4	250.9	—	175	117.1	244.2	97.4	244.2	—
Individual annuities	—	—	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—	—	—

## (3) Profit and Loss Items

(millions of yen except percentages)

	Year ended March 31, 2021		Year ended March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Premium and other income	159,538	110.5	191,371	120.0
Investment income	265	173.8	412	155.7
Benefits and claims	53,336	189.7	95,453	179.0
Investment expenses	13	263.1	4	37.2
Ordinary profit (loss)	(14,136)	86.7	(8,094)	57.3

## (4) Total Assets

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
		% of March 31, 2020 total		% of March 31, 2021 total
Total assets	352,842	144.4	415,192	117.7

## 2. Policies in Force as of March 31, 2022 by Benefit

(thousands, millions of yen)

		Individual insurance		Individual annuities		Group insurance		Total	
		Number of policies	Amount	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Death benefits	General	537	1,629,767	—	—	—	—	537	1,629,767
	Accidental	27	2,939,394	—	—	—	—	27	2,939,394
	Others	—	—	—	—	—	—	—	—
Survival benefits		0	44	0	349	—	—	0	394
Hospitalization benefits	Accidental	721	3,778	—	—	—	—	721	3,778
	Illness	721	3,778	—	—	—	—	721	3,778
	Others	334	5,120	—	—	—	—	334	5,120
Injury benefits		—	—	—	—	—	—	—	—
Surgery benefits		840	—	—	—	—	—	840	—
Disability benefits		5	802	—	—	—	—	5	802
Others		370	203,272	—	—	—	—	370	203,272

(Notes) 1. For individual annuities, amounts in “Survival benefits” show policy reserves after the commencement of payment of annuities.

2. Amounts in “Hospitalization benefits” show the amount of hospitalization benefit to be paid per day.

3. Amounts in “Disability benefits” show the amount of disability benefits paid per month.

4. Amounts in “Others” show the amount of the diagnosis benefits of the cancer medical treatment rider, etc.

## 3. Policyholder Dividends based on Financial Results for the Fiscal Year Ended March 31, 2022

As the Company deals only with nonparticipating individual insurance, there is no applicable item.

## 4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2022

### (1) Investment Status of Assets in Fiscal 2021

#### (i) Operational environment

In fiscal 2021, the Japanese economy got reversal against the recession in fiscal 2020, but the recovery speed remained moderate due to COVID-19 pandemic and the voluntary restraint. Although in third quarter, when the spread of infection settled down for a moment, domestic demand recovered strongly, since the beginning of 2022, consumption dropped again due to drastic increasing infected people with the Omicron COVID-19 variant. And in overseas market, the U.S. economy recovered as employment statistics and income improved in the environment which had prolonged supply constraints and rising prices put downward pressure on the economy. On the other hand, the growth of the Chinese economy slowed down from the downturn in the real estate market and the curtailment of economic activities under the Zero-COVID policy.

Amid these economic conditions, the operational environment was as follows.

#### <Domestic interest rates>

Yields on 10-year JGBs continued to be controlled at around 0% as the Bank of Japan held its accommodative monetary policy. However, overseas interest rates have risen sharply because central banks of each country have tightened their monetary policies since the beginning of the year, and domestic interest rates followed them.

Yield on ten-year government bonds:	April 1, 2021	0.090%
	March 31, 2022	0.210%

#### <Domestic stocks>

The Nikkei 225 Stock Average experienced a moderate decline in fiscal 2021 as the corporate growth slowed due to the COVID-19 and soaring resource prices. It temporarily recovered to the 30,000yen level in the summer with the expectation of a new government, and exceeded the highest level in 31 years.

Nikkei 225 Stock Average:	April 1, 2021	29,178
	March 31, 2022	27,821
TOPIX:	April 1, 2021	1,954
	March 31, 2022	1,946

#### <Currency>

The JPY/USD rate continued to depreciate toward the latter half of the fiscal year due to the widening of the interest rates' difference between Japan and the U.S., against the backdrop of the Federal Reserve Board's (FRB) tightening monetary policy.

The JPY/EUR remained broadly unchanged as the European Central Bank (ECB) maintained its accommodative stance. Toward the end of the fiscal year, the JPY depreciation was strengthened by the rise in global interest rates, therefore the JPY/EUR rate rose.

JPY /USD:	April 1, 2021	¥110.71
	March 31 2022	¥122.39
JPY/EUR:	April 1, 2021	¥129.80
	March 31, 2022	¥136.70

#### (ii) Investment Policies of the Company

The Company invests mainly in fixed income assets such as bonds with the aim of securing stable investment income.

#### (iii) Investment Results

The balance of general account assets at the end of the fiscal year ended March 31, 2022 was ¥415,192 million. The balance of assets under management included deposits of ¥269,244 million, money held in trust of ¥19,997 million, bonds of ¥80,843 million, and stocks of ¥1,460 million.

In addition, investment income was ¥412 million, and investment expenses were ¥4 million.

## (2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2021		As of March 31, 2022	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	248,955	70.6	269,244	64.8
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	19,997	4.8
Securities	62,872	17.8	82,304	19.8
Domestic bonds	52,007	14.7	68,125	16.4
Domestic stocks	1,249	0.4	1,460	0.4
Foreign securities	9,616	2.7	12,718	3.1
Foreign bonds	9,616	2.7	12,718	3.1
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	1,313	0.4	1,797	0.4
Real estate	96	0.0	169	0.0
Deferred tax assets	—	—	1,309	0.3
Others	39,611	11.2	40,371	9.7
Reserve for possible loan losses	(7)	(0.0)	(2)	(0.0)
Total	352,842	100.0	415,192	100.0
Foreign currency-denominated assets	—	—	—	—

## (3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	89,452	20,289
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	19,997
Securities	27,039	19,431
Domestic bonds	25,578	16,117
Domestic stocks	263	211
Foreign securities	1,198	3,102
Foreign bonds	1,198	3,102
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	583	483
Real estate	(2)	72
Deferred tax assets	—	1,309
Others	(8,626)	760
Reserve for possible loan losses	(3)	5
Total	108,442	62,350
Foreign currency-denominated assets	—	—

## (4) Investment Income

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest and dividends	265	398
Interest from bank deposits	—	—
Interest and dividends from securities	246	356
Interest from loans	18	41
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	—	9
Gains on sale of domestic bonds	—	—
Gains on sale of domestic stocks	—	9
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	—	5
Other investment income	—	—
Total	265	412

## (5) Investment Expense

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Interest expenses	9	2
Losses on trading account securities	—	—
Losses on money held in trust	—	2
Losses on investments in trading securities	—	—
Losses on sale of securities	—	—
Losses on sale of domestic bonds	—	—
Losses on sale of domestic stocks	—	—
Losses on sale of foreign securities	—	—
Others	—	—
Losses on valuation of securities	—	—
Losses on valuation of domestic bonds	—	—
Losses on valuation of domestic stocks	—	—
Losses on valuation of foreign securities	—	—
Others	—	—
Losses on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	3	—
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	0	0
Total	13	4



## (6) Other Information on Investments

## (i) Rates of Return

(%)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash, deposits, and call loans	—	—
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	(0.02)
Securities	0.51	0.48
Domestic bonds	0.44	0.43
Domestic stocks	3.00	2.91
Foreign securities	0.51	0.45
Loans	1.17	2.93
Real estate	—	—
Total of general account	0.08	0.11
Foreign investments	—	—

(Note) The rates of return above are calculated by dividing the net investment income included in ordinary profit by the average daily balance on a book value basis.

## (ii) Valuation Gains and Losses on Trading Securities

	As of March 31, 2021		As of March 31, 2022	
	Value on Balance Sheet	Valuation gains or losses included in the statement of earnings	Value on Balance Sheet	Valuation gains or losses included in the statement of earnings
Investment in trading securities	—	—	19,997	(2)
Money held in trust	—	—	19,997	(2)

## (iii) Fair Value Information on Securities (other than trading securities)

(millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	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	80,745	79,776	(969)	36	1,005
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,110	1,347	236	238	1	1,706	1,558	(147)	58	205
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Domestic stocks	1,010	1,249	238	238	—	1,606	1,460	(145)	58	203
Foreign securities	100	98	(1)	—	1	100	98	(1)	—	1
Foreign bonds	100	98	(1)	—	1	100	98	(1)	—	1
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	62,635	62,616	(19)	341	361	82,451	81,334	(1,116)	94	1,210
Domestic bonds	52,007	51,737	(270)	78	349	68,125	67,170	(954)	26	980
Domestic stocks	1,010	1,249	238	238	—	1,606	1,460	(145)	58	203
Foreign securities	9,617	9,629	12	24	12	12,720	12,703	(16)	9	26
Foreign bonds	9,617	9,629	12	24	12	12,720	12,703	(16)	9	26
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.

## (iv) Fair Value Information on Money Held in Trust

(millions of yen)

	As of March 31, 2021					As of March 31, 2022				
	Value on Balance Sheet	Fair value	Gains (losses)		Value on Balance Sheet	Fair value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Money held in trust	—	—	—	—	—	19,997	19,997	(2)	—	2

## Money held in trust for investment purposes

(millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Value on Balance Sheet	Valuation gains or losses included in the statement of earnings	Value on Balance Sheet	Valuation gains or losses included in the statement of earnings
Money held in trust for investment purposes	—	—	19,997	(2)

The Company does not have any held-to-maturity or policy-reserve-matching money held in trust, or other money held in trust.

## 5. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2021	As of March 31, 2022		As of March 31, 2021	As of March 31, 2022
	Amount	Amount		Amount	Amount
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
<b>Cash and deposits</b>	<b>248,955</b>	<b>269,244</b>	<b>Policy reserves and others</b>	<b>327,687</b>	<b>396,143</b>
Deposits	248,955	269,244	Reserves for outstanding claims	1,956	3,285
<b>Money held in trust</b>	<b>—</b>	<b>19,997</b>	Policy reserves	325,731	392,857
<b>Securities</b>	<b>62,872</b>	<b>82,304</b>	<b>Reinsurance payable</b>	<b>399</b>	<b>462</b>
Corporate bonds	52,007	68,125	<b>Other liabilities</b>	<b>5,393</b>	<b>6,437</b>
Domestic stocks	1,249	1,460	Corporate income tax payable	8	8
Foreign securities	9,616	12,718	Accounts payable	1,323	1,520
<b>Loans</b>	<b>1,313</b>	<b>1,797</b>	Accrued expenses	3,997	4,801
Policy loans	1,313	1,797	Deposits received	0	1
<b>Tangible fixed assets</b>	<b>235</b>	<b>337</b>	Suspense receipt	62	106
Buildings	96	169	<b>Reserve for price fluctuations</b>	<b>7</b>	<b>10</b>
Other	139	167	<b>Deferred tax liabilities</b>	<b>66</b>	<b>—</b>
<b>Intangible fixed assets</b>	<b>4,313</b>	<b>6,306</b>	<b>Total liabilities</b>	<b>333,554</b>	<b>403,053</b>
Software	4,307	6,301	<b>(NET ASSETS)</b>		
Other	5	5	<b>Capital stock</b>	<b>47,599</b>	<b>47,599</b>
<b>Reinsurance receivables</b>	<b>25,995</b>	<b>23,359</b>	<b>Capital surplus</b>	<b>39,599</b>	<b>39,599</b>
<b>Other assets</b>	<b>9,163</b>	<b>10,537</b>	Legal capital surplus	39,599	39,599
Accounts receivable	7,080	7,511	<b>Retained earnings</b>	<b>(68,081)</b>	<b>(74,949)</b>
Prepaid expenses	1,500	2,293	Other retained earnings	(68,081)	(74,949)
Accrued revenue	94	123	Retained earnings brought forward	(68,081)	(74,949)
Deposits	199	275	<b>Total shareholders' equity</b>	<b>19,117</b>	<b>12,248</b>
Suspense payments	6	3	<b>Net unrealized gains (losses) on securities, net of tax</b>	<b>170</b>	<b>(109)</b>
Other assets	282	329	<b>Total of valuation and translation adjustments, etc.</b>	<b>170</b>	<b>(109)</b>
<b>Deferred tax assets</b>	<b>—</b>	<b>1,309</b>	<b>Total net assets</b>	<b>19,287</b>	<b>12,139</b>
<b>Reserve for possible loan losses</b>	<b>(7)</b>	<b>(2)</b>			
<b>Total assets</b>	<b>352,842</b>	<b>415,192</b>	<b>Total liabilities and net assets</b>	<b>352,842</b>	<b>415,192</b>

(Notes to Balance Sheet as of March 31, 2022)

### 1. Valuation Methods of Securities

Of securities (including securities managed as trust property in money held in trust), trading securities are evaluated by the market value method (costs are calculated by the moving average method) and held-to-maturity bonds are evaluated by the amortized cost method (straight-line method) based on the moving average method. Available-for-sale securities, except stocks, etc. without market value, are evaluated by the market value method (costs are calculated by the moving average method) based on the market price, etc. on the last day of March.

Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statement of earnings.

## 2. Depreciation of Depreciable Assets

### (i) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets and buildings is calculated by the declining balance method. (Depreciation of buildings is calculated by the straight-line method.)

### (ii) Depreciation of Leased Assets

Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.

### (iii) Amortization of Intangible Fixed Assets Excluding Leased Assets

Amortization of intangible fixed assets excluding leased assets is calculated by the straight-line method. Amortization of software is calculated by the straight-line method based on the estimated useful life of the software.

## 3. Reserve for Possible Loan Losses

To prepare for possible loan losses, the reserve for possible loan losses is calculated based on the asset quality assessment regulations, the internal rules for self-assessment, the write-offs and reserves recording regulations, and the internal rules for write-offs and reserves that have been established by the Company. For loans to and claims on obligors for which the Company has serious concerns over their recoverability or whose value is assessed by the Company to have been damaged materially as a result of the assessment of individual loans or claims, the amount that is deemed necessary is provided.

## 4. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.

## 5. Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. However, the tax-inclusion method is employed for operating expenses and other expenses. Of the non-deductible consumption tax, etc. related to assets, deferred consumption tax, etc. provided for in tax law is posted in prepaid expenses and is amortized evenly in five years. The non-deductible consumption tax, etc. other than deferred consumption tax, etc. is recorded as an expense in the fiscal year under review.

## 6. Policy Reserves

Policy reserves of the Company are calculated and set aside in accordance with the method specified in the statement of calculation procedures (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to the provisions of Article 116 of the Insurance Business Act for contracts in which the liability under insurance contracts have begun as of the end of the fiscal year in preparation for performance of future obligations under insurance contracts.

Of the policy reserves, insurance premium reserves are calculated as follows:

(i) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).

(ii) Reserves for other policies are established based on the net level premium method.

Of the policy reserves, contingency reserves are set aside for covering risks that may accrue in the future, so as to secure the performance of future obligations under the insurance contracts in accordance with Article 69, Paragraph 1, Item 3 of the Regulation for Enforcement of the Insurance Business Act.

7. 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 26, 2021) from the beginning of the fiscal year ended March 31, 2022 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.

8. 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 fiscal year ended March 31, 2022 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 financial statements. Section 9 below describes matters related to financial instruments,

including a breakdown of financial instruments by level of fair value.

## 9. Matters Related to Financial Instruments, Etc.

### (1) Status of financial instruments

The basic policy of the Company is to aim for effective asset management conforming to the diversification of the investment environment and asset management by conducting appropriate income and risk management and working to strengthen risk management from the perspective of maintaining the soundness of business in asset management. Based on this policy, the Company manages assets by paying attention to their safety and cashability (liquidity). As major financial products, securities are exposed to market risk and credit risk. The Company manages the market risk by measuring its amount based on value-at-risk (VaR), which is a typical method of measurement. The Company also manages the credit risk by regularly surveying the credit standing of individual investments.

### (2) Fair values, etc. of financial instruments

The values on the Balance Sheet and the fair values of financial instruments and differences between them are as follows. (millions of yen)

	Value on Balance Sheet	Fair Value	Difference
(i) Money held in trust	19,997	19,997	—
(ii) Securities			
a. Held-to-maturity bonds	80,745	79,776	(969)
b. Available-for-sale securities	1,558	1,558	—
(iii) Loans	1,797	1,797	—
Total assets	104,099	103,130	(969)

(Note) The information on deposits is omitted because they have no maturity dates and their fair value is close to their book value.

### (3) Breakdown of financial instruments by level of fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of fair values.

Level 1 fair value: fair value calculated using market prices, on an active market, of assets or liabilities whose fair value is calculated of the observable inputs related to the calculation of fair value

Level 2 fair value: fair value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to fair value

Level 3 fair value: fair value calculated using significant inputs that are not observable related to the calculation of fair value

If more than one input that has a significant effect on the calculation of fair value is used, the fair value is classified to the level of inputs whose priority is lowest in the calculation of fair value.

#### 1) Financial instruments whose fair values are posted in the Balance Sheet

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust	—	19,997	—	19,997
Securities				
Available-for-sale securities				
Domestic stocks	1,460	—	—	1,460
Foreign bonds	—	98	—	98
Total assets	1,460	20,096	—	21,556

2) Financial instruments other than those whose fair values are posted in the Balance Sheet

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity bonds				
Corporate bonds	—	67,170	—	67,170
Foreign bonds	—	12,605	—	12,605
Loans	—	—	1,797	1,797
Total assets	—	79,776	1,797	81,573

(Note) Explanations about assessment techniques used in the calculation of fair value and inputs related to the calculation of fair value

(i) Money held in trust

Money held in trust is evaluated using prices obtained from the financial institutions. Money held in trust is classified to Level 2 based primarily on the level of the composition of trust property.

(ii) Securities

The securities for which market prices on an active market can be used without adjustment are classified as Level 1. The Level 1 securities are primarily domestic stocks. If published market prices of securities on a market that is not active are used, the securities are classified to Level 2.

(iii) Loans

Loans do not have a repayment deadline due to their characteristics, e.g. the loan limit is within the value of collateral, and their fair value is assumed to be close to their book value based on the expected time of repayment, interest rate conditions, etc., and the book value is used as their fair value. Loans are classified as Level 3.

10. The claims do not include any claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these, doubtful claims, delinquent claims of three months or more, and restructured claims.

11. The accumulated depreciation of property, plant and equipment as of March 31, 2022 was ¥275 million.

12. The total amount of payables to subsidiaries and affiliated companies was ¥2 million.

13. The total amount of deferred tax assets was ¥19,352 million, and the total amount of deferred tax liabilities was ¥4 million. The amount of deferred tax assets subtracted as valuation allowances is ¥18,038 million.

The major components of deferred tax assets were insurance policy reserves of ¥953 million, the amount of excess depreciation of ¥235 million and tax losses carried forward of ¥17,890 million.

Of the amount deducted from deferred tax assets as the amount of valuation allowances, the amount of valuation allowance pertaining to tax losses carried forward is ¥17,890 million, and the amount of valuation allowance pertaining to future deductible temporary differences is ¥147 million.

The major component of deferred tax liabilities was stock dividends receivable of ¥4 million.

The main reason for changes in the amount deducted from deferred tax assets as the amount of valuation allowances is that the judgments on the recoverability of deferred tax assets were changed on the assumption of application of the Group Tax Sharing System.

Amounts of tax losses carried forward and deferred tax assets by the losses carry-forward period are as follows.

(millions of yen)

	Within a year	More than a year and within five years	More than five years	Total
Tax losses carried forward (*1)	—	4,225	13,665	17,890
Amount of valuation allowances	—	(4,225)	(13,665)	(17,890)
Deferred tax assets	—	—	—	—

(\*1) The tax losses carried forward is an amount obtained by multiplying the effective statutory tax rate.

The actual effective tax rate for the fiscal year ended March 31, 2022 was 15.54%, and the major component of the difference from the statutory tax rate of 28.00% was -12.30% for valuation allowances.

The Company has decided to apply the Group Tax Sharing System, with Dai-ichi Life Holdings, Inc. being the parent company under the system, from the next fiscal year. Starting from the end of the fiscal year under review, the Company has therefore been carrying out accounting and disclosure related to tax effect accounting for national and local corporate income tax on the assumption of application of the Group Tax Sharing System pursuant to Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Accounting Standards Board of Japan (ASBJ) Practical Solution No. 42 issued August 12, 2021).

14. The amount of net assets per share of the Company was ¥2,925.13.
15. The balance of unamortized outwards reinsurance commissions at the end of the fiscal year under review pertaining to reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996 was ¥14,547 million.
16. The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥584 million as of March 31, 2022.  
These obligations will be recognized as operating expenses in the period in which they are paid.
17. Amounts are rounded off to the unit stated.

## 6. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
	Amount	Amount
<b>ORDINARY REVENUES</b>	<b>159,808</b>	<b>191,801</b>
<b>Premium and other income</b>	<b>159,538</b>	<b>191,371</b>
Premium income	141,119	141,765
Reinsurance income	18,418	49,606
<b>Investment income</b>	<b>265</b>	<b>412</b>
Interest and dividends	265	398
Interest and dividends from securities	246	356
Interest from loans	18	41
Gains on sale of securities	—	9
Reversal of reserve for possible loan losses	—	5
<b>Other ordinary revenues</b>	<b>5</b>	<b>17</b>
Other	5	17
<b>ORDINARY EXPENSES</b>	<b>173,945</b>	<b>199,896</b>
<b>Benefits and claims</b>	<b>53,336</b>	<b>95,453</b>
Claims	1,878	2,061
Annuities	46	303
Benefits	4,573	7,414
Surrender values	13,298	30,713
Other refunds	2,390	4,184
Ceding reinsurance commissions	31,148	50,776
<b>Provision for policy reserves and others</b>	<b>91,613</b>	<b>68,455</b>
Provision for reserves for outstanding claims	452	1,329
Provision for policy reserves	91,160	67,126
<b>Investment expenses</b>	<b>13</b>	<b>4</b>
Interest expenses	9	2
Losses on money held in trust	—	2
Provision for reserve for possible loan losses	3	—
Other investment expenses	0	0
<b>Operating expenses</b>	<b>27,839</b>	<b>34,313</b>
<b>Other ordinary expenses</b>	<b>1,142</b>	<b>1,669</b>
National and local taxes	599	536
Depreciation	541	1,132
Other ordinary expenses	0	0
<b>ORDINARY PROFIT (LOSS)</b>	<b>(14,136)</b>	<b>(8,094)</b>
<b>EXTRAORDINARY LOSSES</b>	<b>1</b>	<b>37</b>
Losses on disposal of fixed assets	0	34
Provision for reserve for price fluctuations	1	3
<b>Income (loss) before income taxes</b>	<b>(14,138)</b>	<b>(8,132)</b>
<b>Corporate income taxes - current</b>	<b>8</b>	<b>8</b>
<b>Corporate income taxes - deferred</b>	<b>—</b>	<b>(1,271)</b>
<b>Total of corporate income taxes</b>	<b>8</b>	<b>(1,263)</b>
<b>Net income (loss) for the year</b>	<b>(14,147)</b>	<b>(6,868)</b>



(Notes to Statement of Earnings)

1. The standards for recording of premium and other income and benefits and claims are as follows.
  - (1) Premium income  
For premium income, the amount of insurance premiums received for which the liability under insurance contracts has begun is recorded.  
Of the insurance premiums received, the portion corresponding to the unexpired period as of the end of the fiscal year is transferred to policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Regulation for Enforcement of the Insurance Business Act.
  - (2) Reinsurance income  
For reinsurance income, the reinsured amount of the amount paid as insurance proceeds, etc. pertaining to the primary insurance contracts based on the reinsurance agreement is recorded in reinsurance income at the time of the payment of the insurance proceeds, etc.  
Of modified coinsurance, in some transactions that do not give or receive cash, the amount received as part of the amount equivalent to new contract expenses pertaining to the primary insurance contracts based on the reinsurance agreement is recorded in reinsurance income, and the same amount is recorded in the total amount of claims against reinsurance companies as unamortized outwards reinsurance commissions and amortized over the reinsurance contract period.
  - (3) Benefits and claims (excluding ceding reinsurance commissions)  
Benefits and claims (excluding ceding reinsurance commissions) are recorded for contracts in which the amount calculated based on the policy conditions was paid due to the occurrence of the grounds for payment under the policy conditions, using the said amount.  
Based on Article 117 of the Insurance Business Act, reserves for outstanding claims are transferred for insurance proceeds, etc. for which payment is not made although the claims, etc. are due and payable as of the end of the fiscal year, or the grounds for payment are deemed to have already occurred although they are not reported.
  - (4) Ceding reinsurance commissions  
Reinsurance premiums agreed based on the reinsurance agreement are recorded in ceding reinsurance commissions at the time of receiving insurance premiums pertaining to the primary insurance contracts.
2. Total amount of expenses arising from transactions with subsidiaries and affiliated companies was ¥67 million.
3. Gains on sale of securities consist of a gain on the sale of stocks of ¥9 million.
4. Interest and dividends include interest and dividends from securities of ¥356 million and interest from loans of ¥41 million.
5. Losses on money held in trust includes a loss on revaluation of ¥15 million.
6. The amount of loss per share was ¥1,655.12.
7. Reinsurance income includes ¥15,119 million, the amount of increase in unamortized outwards reinsurance commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996.
8. Ceding reinsurance commissions include ¥2,785 million, the amount of decrease in unamortized outwards reinsurance commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996.
9. Amounts are rounded off to the unit stated.

## 7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Fundamental profit (loss) A	(13,806)	(7,940)
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	—	2
Losses on money held in trust	—	2
Losses on investments 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	—	7
Fundamental profit plus net capital gains (losses) A + B	(13,806)	(7,933)
Other one-time gains	—	5
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	—	5
Others	—	—
Other one-time losses	330	166
Ceding reinsurance commissions	—	—
Provision for contingency reserve	327	166
Provision for specific reserve for possible loan losses	3	—
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	(330)	(161)
Ordinary profit (loss) A + B + C	(14,136)	(8,094)

## 8. Unaudited Non-Consolidated Statement of Changes in Net Assets

Year ended March 31, 2021

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	32,599	24,599	(53,934)	3,264
Changes for the year				
Issuance of new shares	15,000	15,000		30,000
Net loss for the year			14,147	14,147
Net changes of items other than shareholders' equity				
Total changes for the year	15,000	15,000	(14,147)	15,852
Balance at the end of the year	47,599	39,599	(68,081)	19,117

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments, etc.	
Balance at the beginning of the year	(27)	(27)	3,237
Changes for the year			
Issuance of new shares			30,000
Net loss for the year			14,147
Net changes of items other than shareholders' equity	197	197	197
Total changes for the year	197	197	16,050
Balance at the end of the year	170	170	19,287

Year ended March 31, 2022

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	47,599	39,599	(68,081)	19,117
Changes for the year				
Net loss for the year			6,868	6,868
Net changes of items other than shareholders' equity				
Total changes for the year	—	—	(6,868)	(6,868)
Balance at the end of the year	47,599	39,599	(74,949)	12,248

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments, etc.	
Balance at the beginning of the year	170	170	19,287
Changes for the year			
Net loss for the year			6,868
Net changes of items other than shareholders' equity	(280)	(280)	(280)
Total changes for the year	(280)	(280)	(7,148)
Balance at the end of the year	(109)	(109)	12,139

(Notes to Statement of Changes in Net Assets)

1. Stock Acquisition Rights and Own Stock Acquisition Rights  
Not applicable.
2. Dividends Paid  
Not applicable.
3. Amounts are rounded off to the unit stated.

## 9. Status of Claims Based on Insurance Business Act

(millions of yen except percentages)

	As of March 31, 2021	As of March 31, 2022
Claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these	—	—
Doubtful claims	—	—
Delinquent claims of three months or more	—	—
Restructured claims	—	—
Subtotal	—	—
(Ratio to total)	(—%)	(—%)
Performing loans	1,313	1,813
Total	1,313	1,813

- (Notes) 1. Claims provable in bankruptcy, claims provable in rehabilitation, and claims equivalent to these refer to those loans to debtors who are bankrupt for a reason such as commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, and filing a petition for the commencement of rehabilitation proceedings and claims equivalent to such loans.
2. Doubtful claims refer to those loans whose principal and interest are likely not collectible based on the contract due to the deterioration of the financial condition and business performance of the debtor despite not being bankrupt. (Excludes claims listed in Note 1.)
3. Delinquent claims of three months or more refer to those loans whose principal and interest payment is three months or more overdue reckoned from the day following the scheduled payment date. (Excludes claims lists in Note 1 and Note 2.)
4. Restructured claims refers to those loans for which terms more favorable to the borrower, such as reduction or waiver of interest, rescheduling of interest payments or principal repayments, or debt writeoff, has been agreed for purpose of reorganizing the debtor's management or supporting the debtor. (Excludes claims listed in Notes 1 through 3.)
5. Performing loans refer to those loans that are classified into categories other than those described in Note 1 through Note 4 for not having particular problems in the financial position and operating results of the debtor.

## 10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total solvency margin (A)	39,806	14,057
Common stock, etc.	19,117	12,248
Reserve for price fluctuations	7	10
Contingency reserve	1,778	1,945
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	(147)
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	48,892	53,066
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	(30,203)	(53,066)
Excluded items	—	—
Others	—	—
Total risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	2,158	2,528
Insurance risk R <sub>1</sub>	567	595
3rd sector insurance risk R <sub>8</sub>	1,202	1,329
Assumed investment yield risk R <sub>2</sub>	6	8
Guaranteed minimum benefit risk R <sub>7</sub>	—	—
Investment risk R <sub>3</sub>	1,072	1,468
Business risk R <sub>4</sub>	85	102
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	3,688.8%	1,111.8%

(Note) The figures above 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.

## 11. Status of Separate Account for the Fiscal Year Ended March 31, 2022

Not applicable.

## 12. Consolidated Financial Summary

Not applicable.