



[Unofficial Translation]

November 14, 2022

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

Supplementary Materials for the Six Months Ended September 30, 2022
(The Neo First Life Insurance Company, Limited)

Financial Results for the Six Months Ended September 30, 2022

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the six months ended September 30, 2022.

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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, 2022	As of September 30, 2022	
			% of March 31, 2022 total
Individual insurance	139,008	132,483	95.3
Individual annuities	20	22	110.4
Total	139,028	132,506	95.3
Medical and survival benefits	36,448	39,631	108.7

- New Policies (millions of yen except percentages)

	Six months ended September 30, 2021	Six months ended September 30, 2022	
			% of September 30, 2021 total
Individual insurance	7,166	5,856	81.7
Individual annuities	—	—	—
Total	7,166	5,856	81.7
Medical and survival benefits	6,015	4,423	73.5

(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, 2022		As of September 30, 2022			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)		Amount (billions of yen)	
				% of March 31, 2022 total		% of March 31, 2022 total
Individual insurance	625	1,629.7	678	108.6	1,675.6	102.8
Individual annuities	0	0.3	0	116.7	0.3	103.4
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

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

- New Policies

	Six months ended September 30, 2021				Six months ended September 30, 2022					
	Number of policies (thousands)	Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)			
			New Business	Net increase by conversions		% of September 30, 2021 total		% of September 30, 2021 total	New Business	Net increase by conversions
Individual insurance	89	126.9	126.9	—	72	81.2	107.3	84.6	107.3	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

2. Investment of General Account Assets

(1) Investment Environment

During the six months ended September 30, 2022, The global economy slowed down. Strong demand, which came from the economic recovery from the COVID-19 disaster, combined with supply constraints due to cost up of the resource and energy prices, and furthermore, labor shortages against the background of the Ukraine conflict and other factors, led to a continued surge in inflation worldwide. In response, monetary tightening has been implemented in many countries.

In the Japanese economy, the high cost of the resource and raw material have been main factor restraining consumption; on the flip side, moderate growth is continuing, caused by the gradual resumption of economic activity due to the easing of restrictions on behavior.

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

<Domestic interest rates>

With regard to yields on 10-year JGBs, The Bank of Japan; BOJ continued its yield curve control. As a negative interest rate of -0.1% was applied to short-term interest rates and the 10-year interest rate remained at the operation target of around 0%, the 10-year yield continued to hover around 0%. However, the yield on 10-year JGBs continued to hover around the upper limit of the operation target due to a significant rise in foreign interest rates.

Yield on ten-year government bonds:	April 1, 2022	0.210%
	September 30, 2022	0.245%

<Domestic stocks>

The Nikkei 225 Stock Average continued its downward trend. In addition to the support provided by accommodative fiscal and monetary policies, there were expectations of improved corporate earnings and a resumption of economic activity due to the weakened yen, but the upward pressure was restrained by the impact of global monetary tightening.

Nikkei 225 Stock Average:	April 1, 2022	27,821
	September 30, 2022	25,937
TOPIX:	April 1, 2022	1,946
	September 30, 2022	1,836

<Currency>

As for the JPY/USD, the yen weakened and strengthened against the dollar as a result of significant interest rate hikes by the US Federal Reserve Board (FRB) against the backdrop of a favorable employment environment and high inflation rates, which led to a significant widening of interest rate differentials between Japan and the rest of the world.

As for the JPY/EUR, the yen weakened and the euro strengthened as a result of interest rate hikes by the European Central Bank (ECB), mainly against a backdrop of soaring inflation due to high resource and energy prices.

JPY /USD:	April 1, 2022	¥122.39
	September 30, 2022	¥144.81
JPY/EUR:	April 1, 2022	¥136.70
	September 30, 2022	¥142.32

(2) Investment Policies

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

(3) Investment Results

The balance of general account assets at the end of the fiscal year ended September 30, 2022 was ¥416,503 million. The balance of assets under management included deposits of ¥254,907 million, money held in trust of ¥20,021 million, bonds of ¥91,577 million, and stocks of ¥1,365 million.

In addition, investment income was ¥273 million, and investment expenses were ¥4 million.

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2022		As of September 30, 2022	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	269,244	64.8	254,907	61.2
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	20,021	4.8
Securities	82,304	19.8	92,942	22.3
Domestic bonds	68,125	16.4	81,067	19.5
Domestic stocks	1,460	0.4	1,365	0.3
Foreign securities	12,718	3.1	10,509	2.5
Foreign bonds	12,718	3.1	10,509	2.5
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	1,797	0.4	1,694	0.4
Real estate	169	0.0	163	0.0
Deferred tax assets	1,309	0.3	1,552	0.4
Others	40,371	9.7	45,225	10.9
Reserve for possible loan losses	(2)	(0.0)	(2)	(0.0)
Total	415,192	100.0	416,503	100.0
Foreign currency-denominated assets	—	—	—	—

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

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash, deposits, and call loans	(8,082)	(14,337)
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	20,009	23
Securities	15,190	10,638
Domestic bonds	11,732	12,942
Domestic stocks	348	(95)
Foreign securities	3,109	(2,208)
Foreign bonds	3,109	(2,208)
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	76	(103)
Real estate	(0)	(6)
Deferred tax assets	—	242
Others	1,314	4,853
Reserve for possible loan losses	0	(0)
Total	28,507	1,311
Foreign currency-denominated assets	—	—

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

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest and dividends	193	249
Interest from bank deposits	—	—
Interest and dividends from securities	174	224
Interest from loans	19	24
Rental income	—	—
Other interest and dividends	—	—
Gains on trading account securities	—	—
Gains on money held in trust	9	23
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	0	—
Other investment income	—	—
Total	212	273

(4) Investment Expense

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Interest expenses	1	4
Losses on trading account securities	—	—
Losses on money held in trust	—	—
Losses on investment 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	—	0
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	1	4

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2022		As of September 30, 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
Trading securities	19,997	(2)	20,021	23
Money held in trust	19,997	(2)	20,021	23

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

(millions of yen)

	As of March 31, 2022					As of September 30, 2022				
	Book value	Fair value	Gains (losses)		Book value	Fair value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	80,745	79,776	(969)	36	1,005	91,480	88,735	(2,744)	6	2,750
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	1,706	1,558	(147)	58	205	1,706	1,461	(244)	69	314
Domestic bonds	—	—	—	—	—	—	—	—	—	—
Domestic stocks	1,606	1,460	(145)	58	203	1,606	1,365	(241)	69	310
Foreign securities	100	98	(1)	—	1	100	96	(3)	—	3
Foreign bonds	100	98	(1)	—	1	100	96	(3)	—	3
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	82,451	81,334	(1,116)	94	1,210	93,186	90,197	(2,989)	76	3,065
Domestic bonds	68,125	67,170	(954)	26	980	81,067	78,352	(2,715)	2	2,717
Domestic stocks	1,606	1,460	(145)	58	203	1,606	1,365	(241)	69	310
Foreign securities	12,720	12,703	(16)	9	26	10,513	10,480	(32)	4	36
Foreign bonds	12,720	12,703	(16)	9	26	10,513	10,480	(32)	4	36
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.

(7) Fair Value Information on Money Held in Trust

(millions of yen)

	As of March 31, 2022					As of September 30, 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	20,021	20,021	23	23	—

- Money held in trust for investment purposes

(millions of yen)

	As of March 31, 2022		As of September 30, 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)	20,021	23

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

4. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2022 (summarized)	As of September 30, 2022
	Amount	Amount
(ASSETS)		
Cash and deposits	269,244	254,907
Money held in trust	19,997	20,021
Securities	82,304	92,942
[Government bonds]	[—]	[2,468]
[Corporate bonds]	[68,125]	[78,599]
[Domestic stocks]	[1,460]	[1,365]
[Foreign securities]	[12,718]	[10,509]
Loans	1,797	1,694
Policy loans	1,797	1,694
Tangible fixed assets	337	311
Intangible fixed assets	6,306	8,049
Reinsurance receivables	23,359	23,881
Other assets	10,537	13,146
Deferred tax assets	1,309	1,552
Reserve for possible loan losses	(2)	(2)
Total assets	415,192	416,503
(LIABILITIES)		
Policy reserves and others	396,143	403,002
Reserves for outstanding claims	3,285	6,145
Policy reserves	392,857	396,857
Reinsurance payables	462	381
Other liabilities	6,437	5,326
Corporate income tax payable	8	4
Other liabilities	6,429	5,322
Reserve for price fluctuations	10	12
Total liabilities	403,053	408,723
(NET ASSETS)		
Capital stock	47,599	47,599
Capital surplus	39,599	39,599
Legal capital surplus	39,599	39,599
Retained earnings	(74,949)	(79,236)
Other retained earnings	(74,949)	(79,236)
Retained earnings brought forward	(74,949)	(79,236)
Total shareholders' equity	12,248	7,961
Net unrealized gains (losses) on securities, net of tax	(109)	(181)
Total of valuation and translation adjustments, etc.	(109)	(181)
Total net assets	12,139	7,780
Total liabilities and net assets	415,192	416,503

5. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
ORDINARY REVENUES	89,540	110,175
Premium and other income	89,314	109,894
[Premium income]	[67,118]	[63,956]
Investment income	212	273
[Interest and dividends]	[193]	[249]
[Gains on money held in trust]	[9]	[23]
[Gains on sale of securities]	[9]	[—]
Other ordinary revenues	13	7
ORDINARY EXPENSES	92,989	115,929
Benefits and claims	43,978	91,430
[Claims]	[959]	[1,976]
[Annuities]	[87]	[146]
[Benefits]	[3,177]	[8,350]
[Surrender values]	[13,891]	[32,996]
[Other refunds]	[2,189]	[3,790]
Provision for policy reserves and others	32,218	6,859
Provision for reserves for outstanding claims	461	2,859
Provision for policy reserves	31,756	4,000
Investment expenses	1	4
[Interest expenses]	[1]	[4]
Operating expenses	16,041	16,326
Other ordinary expenses	749	1,307
ORDINARY PROFIT (LOSS)	(3,448)	(5,753)
EXTRAORDINARY LOSSES	34	2
Income (loss) before income taxes	(3,483)	(5,755)
Corporate income taxes - current	4	(1,250)
Corporate income taxes - deferred	—	(218)
Total of corporate income taxes	4	(1,468)
Net income (loss) for the period	(3,487)	(4,286)

6. Unaudited Non-Consolidated Statements of Changes in Net Assets

Six months ended September 30, 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	47,599	39,599	(68,081)	19,117
Changes for the period				
Net loss for the period			3,487	3,487
Net changes of items other than shareholders' equity				
Total changes for the period	—	—	(3,487)	(3,487)
Balance at the end of the period	47,599	39,599	(71,568)	15,630

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	170	170	19,287
Changes for the period			
Net loss for the period			3,487
Net changes of items other than shareholders' equity	(179)	(179)	(179)
Total changes for the period	(179)	(179)	(3,666)
Balance at the end of the period	(8)	(8)	15,621

Six months ended September 30, 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	(74,949)	12,248
Changes for the period				
Net loss for the period			4,286	4,286
Net changes of items other than shareholders' equity				
Total changes for the period	—	—	(4,286)	(4,286)
Balance at the end of the period	47,599	39,599	(79,236)	7,961

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments	
Balance at the beginning of the year	(109)	(109)	12,139
Changes for the period			
Net loss for the period			4,286
Net changes of items other than shareholders' equity	(72)	(72)	(72)
Total changes for the period	(72)	(72)	(4,359)
Balance at the end of the period	(181)	(181)	7,780

As of September 30, 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 September.

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

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

(2) 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.

(3) 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 first six months 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 first six months 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:

(1) 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).

(2) 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. Matters Related to Financial Instruments, Etc.

(1) Fair values, etc. of financial instruments

The values on the interim balance sheet and the fair values of financial instruments and differences between them are as follows.

	Value on Interim Balance Sheet (millions of yen)	Fair Value (millions of yen)	Difference (millions of yen)
(1) Money held in trust	20,021	20,021	—
(2) Securities			
a. Held-to-maturity bonds	91,480	88,735	(2,744)
b. Available-for-sale securities	1,461	1,461	—
(3) Loans	1,694	1,694	—
Total assets	114,658	111,913	(2,744)

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

(2) 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.

(i) Financial instruments whose fair values are posted in the interim balance sheet

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust	—	20,021	—	20,021
Securities				
Available-for-sale securities				
Domestic stocks	1,365	—	—	1,365
Foreign bonds	—	96	—	96
Total assets	1,365	20,118	—	21,483

(ii) Financial instruments other than those whose fair values are posted in the interim balance sheet

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity bonds				
Government bonds	2,345	—	—	2,345
Corporate bonds	—	76,007	—	76,007
Foreign bonds	—	10,383	—	10,383
Loans	—	—	1,694	1,694
Total assets	2,345	86,390	1,694	90,430

(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 fair value 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 and government bonds. 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.

8. 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.
9. The balance of unamortized outwards reinsurance commissions at the end of the first six months 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 ¥21,542 million.
10. From the six months ended September 30, 2022, the Company is applying the Group Tax Sharing System, with Dai-ichi Life Holdings, Inc. being the parent company under the system. The Company is carrying out accounting and disclosure related to national and local corporate income tax and tax effect accounting in line with the 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).
11. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statement of Earnings

Six months ended September 30, 2022

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 first six months of the fiscal year under review 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 first six months of the fiscal year under review, 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. Interest and Dividends
Interest, dividends, and other income for the six months ended September 30, 2022, include interest and dividends on securities of ¥224 million and interest on loans of ¥24 million.
3. Net Income per Share
Net income per share for the six months ended September 30, 2022 was ¥1,033.03.
4. Reinsurance income includes ¥9,926 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.
5. Ceding reinsurance commissions include ¥2,931 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.
6. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2022

1. Type and Number of Shares Outstanding (thousands of shares)

	At the beginning of the fiscal year ending March 31, 2023	Increase	Decrease	As of September 30, 2022
Shares outstanding				
Common stock	4,149	—	—	4,149

2. Stock Acquisition Rights and Own Stock Acquisition Rights
Not applicable

3. Dividends Paid
Not applicable

4. Amounts are rounded off to the unit stated.

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022
Fundamental profit	A	(3,382)	(5,729)
Capital gains		18	23
Gains on money held in trust		9	23
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	18	23
Fundamental profit plus net capital gains (losses)	A + B	(3,363)	(5,705)
Other one-time gains		0	—
Reinsurance income		—	—
Reversal of contingency reserve		—	—
Reversal of specific reserve for possible loan losses		0	—
Others		—	—
Other one-time losses		85	48
Ceding reinsurance commissions		—	—
Provision for contingency reserve		85	48
Provision for specific reserve for possible loan losses		—	0
Provision for specific reserve for loans to refinancing countries		—	—
Write-down of loans		—	—
Others		—	—
Other one-time profits (losses)	C	(84)	(48)
Ordinary profit (loss)	A + B + C	(3,448)	(5,753)

8. Status of Claims Based on Insurance Business Act

(millions of yen except percentages)

	As of March 31, 2022	As of September 30, 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	1,813	1,712
Total	1,813	1,712

- (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.

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2022	As of September 30, 2022
Total solvency margin (A)	14,057	9,723
Common stock, etc.	12,248	7,961
Reserve for price fluctuations	10	12
Contingency reserve	1,945	1,993
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)	(147)	(244)
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	53,066	55,227
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	(53,066)	(55,227)
Excluded items	—	—
Others	—	—
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	2,528	2,613
Insurance risk R ₁	595	603
3rd sector insurance risk R ₈	1,329	1,368
Assumed investment yield risk R ₂	8	9
Guaranteed minimum benefit risk R ₇	—	—
Investment risk R ₃	1,468	1,538
Business risk R ₄	102	105
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,111.8%	744.1%

(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.

10. Status of Separate Account

Not applicable.

11. Consolidated Financial Summary

Not applicable.