

[Unofficial Translation]

May 15, 2019

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Code: 8750 (TSE First section)

Supplementary Materials for the Fiscal Year Ended March 31, 2019  
(The Neo First Life Insurance Company, Limited)

## Financial Results for the Fiscal Year Ended March 31, 2019

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the fiscal year ended March 31, 2019.

### [Contents]

#### Financial Results for the Fiscal Year Ended March 31, 2019

1. Business Highlights.....	P.1
2. Policies in Force as of March 31, 2019 by Benefit .....	P.3
3. Policyholder Dividends based on Financial Results for the Year ended March 31, 2019.....	P.3
4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2019 .....	P.4
5. Unaudited Non-Consolidated Balance Sheet .....	P.10
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. Disclosed Claims Based on Categories of Obligors.....	P.18
10. Risk-Monitored Loans.....	P.18
11. Solvency Margin Ratio.....	P.19
12. Status of Separate Account for the Fiscal Year Ended March 31, 2019.....	P.19
13. 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, 2018		As of March 31, 2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Individual insurance	19,690	367.5	135,082	686.0
Individual annuities	—	—	4	—
Total	19,690	367.5	135,086	686.1
Medical and survival benefits	5,231	208.9	10,145	193.9

New Policies			(millions of yen except percentages)	
	Year ended March 31, 2018		Year ended March 31, 2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Individual insurance	14,739	923.9	117,098	794.5
Individual annuities	—	—	—	—
Total	14,739	923.9	117,098	794.5
Medical and survival benefits	3,063	215.7	5,556	181.4

(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 nursing benefits, and (c) premiums related to premium waiver benefits, in which the disability cause is excluded but causes such as specific illness and nursing care are included.

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

Policies in Force

	As of March 31, 2018				As of March 31, 2019			
	Number of policies		Amount (billions of yen)		Number of policies		Amount (billions of yen)	
		% of March 31, 2017 total		% of March 31, 2017 total		% of March 31, 2018 total		% of March 31, 2018 total
Individual insurance	114,626	164.3	720.2	115.4	223,474	195.0	902.9	125.4
Individual annuities	—	—	—	—	4	—	0.0	—
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—

New Policies

	Year ended March 31, 2018						Year ended March 31, 2019					
	Number of policies		Amount (billions of yen)				Number of policies		Amount (billions of yen)			
		% of March 31, 2017 total		% of March 31, 2017 total	New business	Net increase by conversions		% of March 31, 2018 total		% of March 31, 2018 total	New business	Net increase by conversions
Individual insurance	51,550	187.8	144.2	184.8	144.2	—	120,137	233.0	232.8	161.5	232.8	—
Individual annuities	—	—	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—	—	—

(3) Profit and Loss Items

(millions of yen except percentages)

	Year ended March 31, 2018		Year ended March 31, 2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Premium and other income	24,598	513.6	181,150	736.4
Investment income	10	524.2	54	529.2
Benefits and claims	1,707	122.4	10,798	632.5
Investment expenses	0	76.0	0	91.3
Ordinary profit (loss)	(8,288)	139.7	(8,506)	102.6

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2018		As of March 31, 2019	
		% of March 31, 2017 total		% of March 31, 2018 total
Total assets	44,977	184.5	157,428	350.0

## 2. Policies in Force as of March 31, 2019 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	209	902,941	—	—	—	—	209	902,941
	Accidental	30	3,806,862	—	—	—	—	30	3,806,862
	Others	—	—	—	—	—	—	—	—
Survival benefits		0	29	0	87	—	—	0	117
Hospitalization benefits	Accidental	211	1,014	—	—	—	—	211	1,014
	Illness	211	1,014	—	—	—	—	211	1,014
	Others	100	1,001	—	—	—	—	100	1,001
Injury benefits		—	—	—	—	—	—	—	—
Surgery benefits		245	0	—	—	—	—	245	0
Disability benefits		6	1,085	—	—	—	—	6	1,085
Others		81	50,391	—	—	—	—	81	50,391

(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 Year ended March 31, 2019

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, 2019

### (1) Investment of Assets for the Fiscal Year Ended March 31, 2019

#### (i) Investment Environment

- During the fiscal year ended March 31, 2019, the Japanese economy expanded slightly due to a moderate increase in domestic demand, including consumer spending and corporate capital investment, despite the limited growth in exports due to the slowdown in overseas economies such as China and Europe.
- In the U.S., the U.S. economy remained strong, supported by continued growth in consumer spending as the employment and income environment improved, but slowed slightly in the second half of the fiscal year due to the impact of the trade war and the closure of certain U.S. government agencies.
- Given the economic environment described above, the investment environment was as follows:

#### [Domestic interest rates]

- The yield on 10-year JGBs temporarily rose to above 0.1 percent due to the strengthening of the monetary policy framework by the Bank of Japan and the global upward pressure on interest rates following the U.S. interest rate hike, but subsequently declined to negative territory as expectations of a U.S. interest rate hike strengthened toward the end of the fiscal year. JGB yields remained stable, centering on the range of 0% to 0.1% due to the Bank of Japan's quantitative and qualitative monetary easing policy, which operates long-term and short-term interest rates,.

Yield on ten-year government bonds:	April 1, 2018	0.040%
	March 31, 2019	-0.095%

#### [Domestic Stocks]

- The Nikkei 225 Stock Average trended upward in the first half of the fiscal year against the backdrop of the strong U.S. economy and the appreciation of the U.S. dollar, and temporarily exceeded ¥24,000 in October. After that, however, the Nikkei 225 Stock Average fell sharply when U.S. stock prices plummeted against the backdrop of rising U.S. interest rates, leading to instability.

Nikkei 225 Stock Average:	April 1, 2018	21,454
	March 31, 2019	21,205
TOPIX:	April 1, 2018	1,716
	March 31, 2019	1,591

#### [Foreign Currency] Exchange rate

- The dollar-yen exchange rate continued its upward trend in the first half of the fiscal year, with the Federal Reserve continuing its moderate rate hike. The yen/U.S. dollar fell sharply due to concerns about the global economic outlook and the closure of some U.S. government agencies, but rose again toward the end of the fiscal year..
- The euro-yen exchange rate decreased as a background of political risks such as the turmoil surrounding the UK's decision to leave the European Union and concerns over the fiscal deterioration in Italy, as well as a further slowdown in the European economy.

yen /U.S. dollar:	April 1, 2018	¥106.24
	March 31, 2019	¥110.99
yen/euro:	April 1, 2018	¥130.52
	March 31, 2019	¥124.56

#### (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, 2019 was ¥157,428 million, and the asset portfolio consisted of deposits of ¥86,188 million, bonds of ¥15,140 million, and domestic stocks of ¥103 million.

Net investment income came to ¥54 million.

## (2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2018		As of March 31, 2019	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	35,065	78.0	86,188	54.7
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	2,455	5.5	15,244	9.7
Domestic bonds	2,224	4.9	8,429	5.4
Domestic stocks	30	0.1	103	0.1
Foreign securities	200	0.4	6,710	4.3
Foreign bonds	200	0.4	6,710	4.3
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	—	—	61	0.0
Real estate	—	—	105	0.1
Deferred tax assets	—	—	—	—
Others	7,457	16.6	55,829	35.5
Reserve for possible loan losses	(0)	(0.0)	(0)	(0.0)
Total	44,977	100.0	157,428	100.0
Foreign currency-denominated assets	—	—	—	—

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

(millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash, deposits, and call loans	12,658	51,122
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	1,394	12,788
Domestic bonds	1,164	6,205
Domestic stocks	30	73
Foreign securities	200	6,510
Foreign bonds	200	6,510
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	—	61
Real estate	—	105
Deferred tax assets	—	—
Others	6,546	48,371
Reserve for possible loan losses	0	0
Total	20,600	112,450
Foreign currency-denominated assets	—	—

## (4) Investment Income

(millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Interest and dividends	9	54
Interest from bank deposits	—	—
Interest and dividends from securities	9	54
Interest from loans	—	0
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	0	—
Gains on sale of domestic bonds	0	—
Gains on sale of domestic stocks	—	—
Gains on sale of foreign securities	—	—
Others	—	—
Gain on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	0	0
Other investment income	—	—
Total	10	54

## (5) Investment Expense

(millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Interest expenses	0	0
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	—	—
Loss on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	—	—
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	0	0



## (6) Other Information on Investments

## (i) Rates of return

(%)

	Year ended March 31, 2018	Year ended March 31, 2019
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	—	—
Securities	0.60	0.57
Domestic bonds	0.61	0.64
Domestic stocks	0.00	0.00
Foreign securities	0.61	0.50
Loans	—	2.74
Real estate	—	—
Total of general account	0.04	0.06
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

Not applicable.

## (3) Fair Value Information on Securities (securities with fair value except for trading securities)

(millions of yen)

		As of March 31, 2018					As of March 31, 2019				
		Book value	Fair Value	Gains (losses)			Book value	Fair Value	Gains (losses)		
				Gains	Losses				Gains	Losses	
	Held-to-maturity bonds	2,324	2,339	14	16	1	15,044	15,173	129	150	20
	Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
	Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
	Available-for-sale securities	100	100	0	0	—	130	199	69	73	3
	Domestic bonds	—	—	—	—	—	—	—	—	—	—
	Domestic stocks	—	—	—	—	—	30	103	73	73	—
	Foreign securities	100	100	0	0	—	100	96	(3)	—	3
	Foreign bonds	100	100	0	0	—	100	96	(3)	—	3
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—
	Total	2,424	2,439	14	16	1	15,174	15,373	199	223	23
	Domestic bonds	2,224	2,239	14	16	1	8,429	8,557	127	128	0
	Domestic stocks	—	—	—	—	—	30	103	73	73	—
	Foreign securities	199	200	0	0	—	6,714	6,713	(1)	21	22
	Foreign bonds	199	200	0	0	—	6,714	6,713	(1)	21	22
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—

Book values of securities for which it is not practicable to determine fair value are as follows:

(millions of yen)

	As of March 31, 2018	As of March 31, 2019
Held-to-maturity bonds	—	—
Unlisted foreign bonds	—	—
Others	—	—
Policy-reserve-matching bonds	—	—
Stocks of subsidiaries and affiliated companies	—	—
Available-for-sale securities	30	—
Unlisted domestic stocks (except over-the-counter stocks)	30	—
Unlisted foreign stocks (except over-the-counter stocks)	—	—
Unlisted foreign bonds	—	—
Others	—	—
Total	30	—

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

## 5. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2018	As of March 31, 2019		As of March 31, 2018	As of March 31, 2019
	Amount	Amount		Amount	Amount
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
<b>Cash and deposits</b>	<b>35,065</b>	<b>86,188</b>	<b>Policy reserves and others</b>	<b>16,083</b>	<b>130,801</b>
Deposits	35,065	86,188	Reserves for outstanding claims	218	404
<b>Securities</b>	<b>2,455</b>	<b>15,244</b>	Policy reserves	15,864	130,397
Corporate bonds	2,224	8,429	<b>Reinsurance payable</b>	<b>54</b>	<b>171</b>
Domestic stocks	30	103	<b>Other liabilities</b>	<b>10,729</b>	<b>6,797</b>
Foreign securities	200	6,710	Corporate income tax payable	7	8
<b>Loans</b>	<b>—</b>	<b>61</b>	Accounts payable	47	255
Policy loans	—	61	Accrued expenses	6,877	6,385
<b>Tangible fixed assets</b>	<b>213</b>	<b>294</b>	Deposits received	1	1
Buildings	—	105	Lease liabilities	0	—
Leased assets	0	—	Suspense receipt	3,794	146
Other	213	188	<b>Reserve for price fluctuations</b>	<b>4</b>	<b>4</b>
<b>Intangible fixed assets</b>	<b>2</b>	<b>343</b>	<b>Deferred tax liabilities</b>	<b>0</b>	<b>19</b>
Software	2	336	<b>Total liabilities</b>	<b>26,871</b>	<b>137,794</b>
Other	0	7	<b>(NET ASSETS)</b>		
<b>Reinsurance receivables</b>	<b>6,138</b>	<b>49,475</b>	<b>Capital stock</b>	<b>27,599</b>	<b>32,599</b>
<b>Other assets</b>	<b>1,102</b>	<b>5,820</b>	<b>Capital surplus</b>	<b>19,599</b>	<b>24,599</b>
Accounts receivable	784	4,751	Legal capital surplus	19,599	24,599
Prepaid expenses	3	658	<b>Retained earnings</b>	<b>(29,093)</b>	<b>(37,614)</b>
Accrued revenue	2	19	Other retained earnings	(29,093)	(37,614)
Deposits	163	184	Retained earnings brought forward	(29,093)	(37,614)
Suspense payments	8	1	<b>Total shareholders' equity</b>	<b>18,106</b>	<b>19,584</b>
Other assets	140	205	<b>Net unrealized gains (losses) on securities, net of tax</b>	<b>0</b>	<b>50</b>
<b>Reserve for possible loan losses</b>	<b>(0)</b>	<b>(0)</b>	<b>Total of valuation and translation adjustments</b>	<b>0</b>	<b>50</b>
			<b>Total net assets</b>	<b>18,106</b>	<b>19,634</b>
<b>Total assets</b>	<b>44,977</b>	<b>157,428</b>	<b>Total liabilities and net assets</b>	<b>44,977</b>	<b>157,428</b>

- 1 Securities are evaluated as follows. Held-to-maturity bonds are evaluated by the amortized cost method (straight-line method) based on the moving average method, and available-for-sale securities with 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. Regarding securities whose market value is deemed to be extremely difficult to identify, government and corporate bonds whose premium or discount represents the interest adjustment are evaluated by the amortized cost method (straight-line method) based on the moving average method, and other securities are evaluated by the cost method based on the moving average method.

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-inclusion method.

6 Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Act. 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.

7 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.

The carrying amounts on the balance sheet, the fair values and differences of major financial assets are as follows:

(millions of yen)

	Value on Balance Sheet	Fair Value	Difference
(1) Cash and deposits	86,188	86,188	—
(2) Securities	15,244	15,373	129
Held-to-maturity bonds	15,044	15,173	129
Available-for-sale securities	199	199	—
(3) Loans	61	61	—
Policy loans	61	61	—

(1) Cash and deposits

The fair value of cash and deposits is calculated by the book value because the fair value is almost the same as the book value.

(2) Securities

The fair value of securities is calculated by the market value as of March 31, 2019.

(3) Loans

Policy loans do not have repayment deadlines due to their characteristics such as the loan limit that is within the surrender values and their fair values are assumed to be close to their book values based on the expected time of repayment, interest rate conditions, etc.; their book values, therefore, are used as their fair values.

8 Loans to Bankrupt Borrowers, Delinquent Loans, Delinquent Loans of Three Months or More, and Restructured Loans

The loans do not include any loans to bankrupt borrowers, delinquent loans, delinquent loans of three months or more, and restructured loans.

9 The accumulated depreciation of property, plant and equipment as of March 31, 2019 was ¥316 million.

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

11 The total amounts of deferred tax assets and deferred tax liabilities were ¥8,805 million and ¥19 million, respectively, as of March 31, 2019. The full amount of deferred tax assets is subtracted as valuation allowances.

The major components of deferred tax assets were insurance policy reserves of ¥352 million, the amount of excess depreciation of ¥1,569 million and tax losses carried forward of ¥6,727 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 ¥6,727 million, and the amount of valuation allowance pertaining to future deductible temporary differences is ¥2,078 million.

The major component of deferred tax liabilities was net unrealized gains on securities, net of tax.

The main reason for changes in the amount deducted from deferred tax assets as the amount of valuation allowances is the posting of a net loss.

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)	—	294	6,433	6,727
Amount of valuation allowances	—	(294)	(6,433)	(6,727)
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, 2019 was -0.10%, and the major component of the difference from the statutory tax rate of 28.00% was -27.06% for valuation allowances.

(Changes in presentation method)

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) is adopted from the fiscal year under review, and the contents stated in the notes (Note 8) (excluding the total amount of valuation allowances) and the notes (Note 9) of the “Accounting Standard for Tax Effect Accounting” provided for in Paragraph 3 through Paragraph 5 of the “Partial Amendments to Accounting Standard for Tax Effect Accounting” are added.

- 12 The amount of net assets per share of the Company was ¥5,775.05.
- 13 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 ¥67 million as of March 31, 2019.  
These obligations will be recognized as operating expenses in the period in which they are paid.
- 14 Amounts are rounded off to the unit stated.

## 6. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
	Amount	Amount
<b>ORDINARY REVENUES</b>	<b>24,655</b>	<b>181,210</b>
<b>Premium and other income</b>	<b>24,598</b>	<b>181,150</b>
Premium income	18,414	130,412
Reinsurance income	6,184	50,738
<b>Investment income</b>	<b>10</b>	<b>54</b>
Interest and dividends	9	54
Interest and dividends from securities	9	54
Interest from loans	—	0
Gains on sale of securities	0	—
Reversal of reserve for possible loan losses	0	0
<b>Other ordinary revenues</b>	<b>46</b>	<b>5</b>
Other	46	5
<b>ORDINARY EXPENSES</b>	<b>32,944</b>	<b>189,716</b>
<b>Benefits and claims</b>	<b>1,707</b>	<b>10,798</b>
Claims	968	1,209
Benefits	572	1,337
Surrender values	0	208
Other refunds	14	345
Ceding reinsurance commissions	150	7,697
<b>Provision for policy reserves and others</b>	<b>14,278</b>	<b>114,718</b>
Provision for reserves for outstanding claims	64	185
Provision for policy reserves	14,213	114,533
<b>Investment expenses</b>	<b>0</b>	<b>0</b>
Interest expenses	0	0
<b>Operating expenses</b>	<b>16,786</b>	<b>63,607</b>
<b>Other ordinary expenses</b>	<b>171</b>	<b>591</b>
National and local taxes	99	490
Depreciation	71	100
Other ordinary expenses	0	—
<b>ORDINARY PROFIT (LOSS)</b>	<b>(8,288)</b>	<b>(8,506)</b>
<b>EXTRAORDINARY GAINS</b>	<b>3</b>	<b>—</b>
<b>Reversal of reserve for price fluctuations</b>	<b>3</b>	<b>—</b>
<b>EXTRAORDINARY LOSSES</b>	<b>13</b>	<b>6</b>
<b>Losses on disposal of fixed assets</b>	<b>13</b>	<b>6</b>
<b>Income (loss) before income taxes</b>	<b>(8,298)</b>	<b>(8,512)</b>
<b>Corporate income taxes - current</b>	<b>8</b>	<b>8</b>
<b>Total of corporate income taxes</b>	<b>8</b>	<b>8</b>
<b>Net income (loss) for the year</b>	<b>(8,306)</b>	<b>(8,521)</b>



(Notes to Statement of Income)

1 Total amount of expenses arising from transactions with subsidiaries and affiliated companies was ¥17 million.

2 Reinsurance

In the calculation of the provision for policy reserves, the amount of reversal of policy reserves corresponding to the reinsured parts that are tallied is ¥52 million.

3 The amount of loss per share was ¥2,632.15.

4 Transactions with related parties are as follows.

(millions of yen)

Type	Name of company, etc.	Percentage of voting rights (held)	Relationship with related parties	Details of transaction	Amount of transaction	Account title	Closing balance
Parent company	Dai-ichi Life Holdings, Inc.	Held by the parent company Direct 100%	The holding company of the Dai-ichi Life Group, concurrent serving by an officer, etc.	Underwriting of capital increase (Note 1)	9,999	—	—

(Note 1) Dai-ichi Life Holdings, Inc. underwrote the capital increase through private placement by the Company for ¥15 thousand per share.

5 Amounts are rounded off to the unit stated.

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

(millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Fundamental profit (loss) A	(8,115)	(8,188)
Capital gains	0	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	0	—
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	0	—
Fundamental profit plus net capital gains (losses) A + B	(8,115)	(8,188)
Other one-time gains	0	0
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	0	0
Others	—	—
Other one-time losses	173	317
Ceding reinsurance commissions	—	—
Provision for contingency reserve	173	317
Provision for specific reserve for possible loan losses	—	—
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	(173)	(317)
Ordinary profit (loss) A + B + C	(8,288)	(8,506)

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

Year ended March 31, 2018

(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	25,100	17,100	(20,786)	21,413
Changes for the year				
Issuance of new shares	2,499	2,499		4,999
Net loss for the year			8,306	8,306
Net changes of items other than shareholders' equity				
Total changes for the year	2,499	2,499	(8,306)	(3,306)
Balance at the end of the year	27,599	19,599	(29,093)	18,106

	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	0	0	21,414
Changes for the year			
Issuance of new shares			4,999
Net loss for the year			8,306
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes for the year	(0)	(0)	(3,307)
Balance at the end of the year	0	0	18,106

Year ended March 31, 2019

(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	27,599	19,599	(29,093)	18,106
Changes for the year				
Issuance of new shares	4,999	4,999		9,999
Net loss for the year			8,521	8,521
Net changes of items other than shareholders' equity				
Total changes for the year	4,999	4,999	(8,521)	1,477
Balance at the end of the year	32,599	24,599	(37,614)	19,584

	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	0	0	18,106
Changes for the year			
Issuance of new shares			9,999
Net loss for the year			8,521
Net changes of items other than shareholders' equity	50	50	50
Total changes for the year	50	50	1,528
Balance at the end of the year	50	50	19,634

(Notes to Statement of Changes in Net Assets)

1. Type and Number of Shares Outstanding

(thousands of shares)

	At the beginning of the fiscal year ended March 31, 2019	Increase	Decrease	As of March 31, 2019
Shares outstanding				
Common stock	2,733	666	—	3,399

The increase of 666 thousands shares in the number of shares outstanding of common stock was due to the issuance of new shares which were allotted to Dai-ichi Life Holdings, Inc.

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.

## 9. Disclosed Claims Based on Categories of Obligors

(millions of yen except percentages)

	As of March 31, 2018	As of March 31, 2019
Claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these	—	—
Doubtful claims	—	—
Substandard loans	—	—
Subtotal	—	—
(ratio to total)	(—%)	(—%)
Performing loans	—	61
Total	—	61

(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.

3. Substandard loans refer to those loans that are delinquent for three months or more and those that have been restructured. Loans delinquent for three months or more refer to those loans for which the payment of the principal or interest has been delayed for three months or more from the day following the contractual payment day (excluding loans specified in Note 1 and Note 2). Restructured loans refer to those loans on which interest has been reduced or exempted, for which interest payment has been postponed, for which the principal payment has been postponed, on which claims have been waived, or for which other arrangements have been made to provide the debtor with an advantage for the purpose of rebuilding its business or assisting the debtor (excluding loans specified in Note 1 and Note 2 and loans delinquent for three months or more).

4. Performing loans refer to those loans that are classified into categories other than those described in Note 1 through Note 3 for not having particular problems in the financial position and operating results of the debtor.

## 10. Risk-Monitored Loans

Not applicable.

## 11. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2018	As of March 31, 2019
Total solvency margin (A)	21,825	29,541
Common stock, etc.	18,106	19,584
Reserve for price fluctuations	4	4
Contingency reserve	670	988
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)	0	62
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	3,044	8,901
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	—	—
Brought-in capital, etc.	—	—
Excluded items	—	—
Others	—	—
Total Risk		
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	831	1,884
Insurance risk R1	385	431
3rd sector insurance risk R8	283	553
Assumed investment yield risk R2	0	1
Guaranteed minimum benefit risk R7	—	—
Investment risk R3	435	1,516
Business risk R4	33	75
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	5,250.4%	3,134.3%

(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.

## 12. Status of Separate Account for the Fiscal Year Ended March 31, 2019

Not applicable.

## 13. Consolidated Financial Summary

Not applicable.