

(Unofficial Translation)
Consolidated Summary Report under Japanese GAAP
for the Fiscal Year Ended March 31, 2021

May 14, 2021

Company Name: Dai-ichi Life Holdings, Inc.

Stock exchange listings: Tokyo

Code Number: 8750

URL: <https://www.dai-ichi-life-hd.com/>

Representative: Seiji Inagaki, President, Representative Director

For inquiry: Atsushi Nakamura, General Manager, Investor Relations Group, Corporate Planning Unit

TEL: (050)3780-6930

General meeting of shareholders: June 21, 2021

Dividend payment date: June 22, 2021

Securities report issue date: June 22, 2021

Supplementary information for financial statements: Available

Explanatory meeting to be held: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are truncated.)

1. Consolidated Financial Data for the Fiscal Year Ended March 31, 2021

(1) Consolidated results of operations

(% represents the change from the previous fiscal year)

Fiscal Year Ended	Ordinary Revenues		Ordinary Profit		Net Income attributable to shareholders of Parent Company	
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%
March 31, 2021	7,827,806	10.0	552,861	153.2	363,777	-
March 31, 2020	7,114,099	(1.0)	218,380	(49.6)	32,433	(85.6)

Note. Comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 were 1,143,981 million yen (582.7% increase year-on-year) and 167,564 million yen (130.8% increase year-on-year), respectively.

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Profits to Total Assets	Ratio of Ordinary Profits to Ordinary Revenues
	yen	yen	%	%	%
March 31, 2021	325.61	325.41	8.5	0.9	7.1
March 31, 2020	28.53	28.51	0.9	0.4	3.1

(Reference) Income (loss) from investment in affiliates (Equity method) March 31, 2021: 10,643 million yen March 31, 2020: (37,880) million yen

(2) Consolidated financial condition

As of	Total Assets	Total Net Assets	Ratio of Net Assets Attributable to the Company's shareholders to Total Assets	Total Net Assets per Share
	Unit: million yen	Unit: million yen	%	yen
March 31, 2021	63,593,705	4,807,129	7.6	4,329.08
March 31, 2020	60,011,999	3,776,918	6.3	3,344.23

(Reference) Net assets attributable to the Company's shareholders as of March 31, 2021 and 2020 were 4,806,208 million yen and 3,775,854 million yen, respectively.

(3) Consolidated cash flows

Fiscal Year Ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Unit: million yen	Unit: million yen	Unit: million yen	Unit: million yen
March 31, 2021	(79,904)	551,362	65,587	2,262,910
March 31, 2020	590,084	(896,437)	784,869	1,697,582

2. Dividends on Common Stock

Fiscal Year Ended	Dividends per share					Total Dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2020	-	0.00	-	62.00	62.00	70,001	217.3	1.9
March 31, 2021	-	0.00	-	62.00	62.00	68,833	19.0	1.6
March 31, 2022 (Forecast)	-	0.00	-	77.00	77.00		30.6	

Note. "Total dividends (Annual)" in the above table excludes dividends of 252 million yen for the fiscal year ended March 31, 2020 and dividends of 244 million yen for the fiscal year ended March 31, 2021 to shares held by the Stock Granting Trust (J-ESOP trust).

3. Consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2022

(% represents the change from the previous fiscal year)

Fiscal Year Ending	Ordinary Revenues		Ordinary Profit		Net Income attributable to shareholders of Parent Company		Net Income per Share
	Unit: million yen	%	Unit: million yen	%	Unit: million yen	%	yen
March 31, 2022	6,643,000	(15.1)	479,000	(13.4)	279,000	(23.3)	251.30

4. Notes

(1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries accompanying changes in scope of consolidation) : No

(2) Changes in accounting policies, accounting estimates and correction of past errors:

(A) Changes in accounting policies due to revision of accounting standards: Yes

(B) Changes in accounting policies due to reasons other than item (A) above: No

(C) Changes in accounting estimates: No

(D) Correction of past errors: No

For details, please refer to (Changes in Accounting Policies), (5) Notes to the Consolidated Financial Statements, under [3. Unaudited Consolidated Financial Statements] of the Appendix.

(3) Number of shares outstanding (common stock)

	As of March 31, 2021	As of March 31, 2020
(A) Total shares outstanding including treasury stock:	1,198,755,800	1,198,443,000
(B) Shares of treasury stock held:	88,541,025	69,378,825
	Year ended March 31, 2021	Year ended March 31, 2020
(C) Average outstanding shares:	1,117,211,333	1,136,702,108

Note.

1. For the number of shares used as the basis for the calculation of consolidated net income per share, please refer to (Per-share information), (5) Notes to the Consolidated Financial Statements, under [3. Unaudited Consolidated Financial Statements] of the Appendix.
2. The number of treasury stocks includes the shares of the Company (3,942,700 shares as of March 31, 2021 and 4,068,000 shares as of March 31, 2020) held by the Stock Granting Trust (J-ESOP trust).

(Reference) Non-consolidated Financial Data**1. Non-consolidated Financial Data for the Fiscal Year Ended March 31, 2021**

(1) Non-consolidated results of operations

(% represents the change from the previous fiscal year)

Fiscal Year Ended	Sales Revenues		Operating Profit	
	Unit: million yen	%	Unit: million yen	%
March 31, 2021	190,425	2.5	179,179	2.6
March 31, 2020	185,846	17.8	174,612	18.4

Fiscal Year Ended	Ordinary Profit		Net Income	
	Unit: million yen	%	Unit: million yen	%
March 31, 2021	175,928	2.5	216,513	148.5
March 31, 2020	171,555	17.8	87,126	(39.7)

Fiscal Year Ended	Net Income per Share	Diluted Net Income per Share
	yen	yen
March 31, 2021	193.80	193.68
March 31, 2020	76.65	76.60

(2) Non-consolidated financial condition

As of	Total Assets	Total Net Assets	Ratio of Net Assets Attributable to the Company's shareholders to Total Assets	Total Net Assets per Share
	Unit: million yen	Unit: million yen	%	yen
March 31, 2021	1,896,259	1,367,153	72.0	1,230.60
March 31, 2020	1,698,789	1,249,959	73.5	1,106.13

(Reference) Net assets attributable to the Company's shareholders as of March 31, 2021 and 2020 were 1,366,232 million yen and 1,248,895 million yen, respectively.

*This report is exempt from the audits of CPAs or Audit firms.

*Notes for using earnings forecast in this report and others:

This report contains forward-looking statements, such as earnings forecasts, regarding the intent, beliefs and current expectations of the Company and its management with respect to the expected financial condition and results of operations of the Company. These statements necessarily depend upon information currently available to the Company and its management and on assumptions that the Company and its management believe are appropriate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from any future results expressed or implied by forward-looking statements. Forward-looking statements are subject to various risks and uncertainties, such as fluctuations in market conditions, including changes in the value of equity securities and changes in interest rates and forward exchange rates, the occurrence of illegal acts, operational and system risks, risks associated with general economic conditions in Japan and other factors. Important factors which may affect the Company's financial condition, results of operations and business performance are not limited to the factors described above. In light of the risks and uncertainties relating to forward-looking statements, investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this release.

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The Company plans to hold a conference call for institutional investors and analysts regarding its financial results for the fiscal year ended March 31, 2021 on May 14, 2021. The material for the conference call will be posted on TDnet and the Company's website.

1. Consolidated Results of Operations

(1) Results of Operations and Financial Condition

(i) Results of Operations for the Fiscal Year Ended March 31, 2021

- Ordinary revenues of Dai-ichi Life Holdings, Inc. (hereinafter the “Company” or the “Parent Company”) and its consolidated subsidiaries (collectively, the “Group”) for the fiscal year ended March 31, 2021 increased by 713.7 billion yen, or 10.0%, to 7,827.8 billion yen, consisting of (1) 4,730.3 billion yen (3.2% decrease) of premium and other income, (2) 2,719.5 billion yen (44.9% increase) of investment income, and (3) 377.9 billion yen (7.3% increase) of other ordinary revenues, compared to the prior fiscal year. Investment income increased due mainly to an increase in foreign exchange gains from a weaker yen (which is offset by provision for policy reserves, having no impact on profit) at The Dai-ichi Frontier Life Insurance Co., Ltd.
- Meanwhile, the Group’s ordinary expenses for the fiscal year ended March 31, 2021 increased by 5.5%, to 7,274.9 billion yen, consisting of (1) 5,001.1 billion yen (2.7% increase) of benefits and claims, (2) 971.2 billion yen (490.5% increase) of provision for policy reserves and others, (3) 326.6 billion yen (60.3% decrease) of investment expenses, (4) 689.0 billion yen (1.3% increase) of operating expenses, and (5) 286.8 billion yen (19.9% decrease) of other ordinary expenses, compared to the prior fiscal year.
- Consequently, the Group’s ordinary profit for the fiscal year ended March 31, 2021, compared to the prior fiscal year, increased by 334.4 billion yen or 153.2%, to 552.8 billion yen. Its net income attributable to shareholders of parent company for the fiscal year, which is ordinary profit after extraordinary gains and losses, provision for reserve for policyholder dividends, and total of corporate income taxes, increased by 1021.6%, to 363.7 billion yen.
- Net income attributable to shareholders of parent company for the fiscal year increased compared to the prior fiscal year. The increase was due mainly to gains from reversal of policy reserves resulting from market value adjustments (MVA) at The Dai-ichi Frontier Life Insurance Co., Ltd. affected by higher overseas interest rates (there were losses from provision of policy reserves due to lower overseas interest rates in the prior fiscal year).

(ii) Financial Condition as of March 31, 2021

(a) Condition of assets, liabilities, and net assets

- The Group’s total assets as of March 31, 2021, compared to March 31, 2020, increased by 6.0%, to 63,593.7 billion yen, mainly consisting of 50,879.9 billion yen (6.6% increase) of securities, 3,762.6 billion yen (1.3% increase) of loans and 1,113.2 billion yen (1.2% decrease) of tangible fixed assets.
- The Group’s total liabilities as of March 31, 2021 increased by 4.5% to 58,786.5 billion yen, mainly consisting of 51,051.4 billion yen (1.1% increase) of policy reserves and others, compared to March 31, 2020.
- The Group’s total net assets as of March 31, 2021 increased by 27.3% to 4,807.1 billion yen. Net unrealized gains on securities, net of tax, as of March 31, 2021, which are included in the Group’s total net assets, increased by 33.9% to 3,056.3 billion yen.

(b) Cash flows

- Cash Flows from Operating Activities

The Company's net cash flows used in operating activities for the fiscal year ended March 31, 2021 increased by 669.9 billion yen to 79.9 billion yen, compared to the prior fiscal year.

- Cash Flows from Investing Activities

The Company's net cash flows provided by investing activities for the fiscal year ended March 31, 2021 increased by 1,447.7 billion yen to 551.3 billion yen, compared to the prior fiscal year.

- Cash Flows from Financing Activities

The Company's net cash flows provided by financing activities for the fiscal year ended March 31, 2021 decreased by 719.2 billion yen to 65.5 billion yen, compared to the prior fiscal year.

- Cash and Cash Equivalents at the End of the Year

As a result, the Company's cash and cash equivalents as of March 31, 2021 increased by 565.3 billion yen to 2,262.9 billion yen from 1,697.5 billion yen at the end of the prior fiscal year.

(2) Forecasts

- The Company forecasts its consolidated ordinary revenues to decrease compared to the previous fiscal year to 6,643.0 billion yen, mainly due to the decrease in foreign exchange gains of Dai-ichi Frontier Life. The Company also forecasts ordinary profit to decrease to 479.0 billion yen mainly due to decrease in gains from reversal of policy reserves resulting from MVA at The Dai-ichi Frontier Life Insurance Co., Ltd., and forecasts net income attributable to shareholders of parent company to decrease to 279.0 billion yen due to factors such as absence of gains on sale of Janus Henderson Group plc shares.
- The above forecasts are based on the Company's current expectations, taking into account factors such as the information currently available and past experience, and assuming that interest rates, forward exchange rates and stock prices do not substantially vary from those as of March 31, 2021. Therefore, actual results may substantially differ from the forecasts.

2. Basic Rationale for Selection of Accounting Standards

The Group is evaluating International Financial Reporting Standards (IFRS), assuming that the Group will adopt IFRS in the future.

Regarding the new accounting standards for insurance contracts which the International Accounting Standards Board (IASB) published, taking into account the potential effect on the method of creating financial statements, we are continuously examining their progress.

3. Unaudited Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
ASSETS		
Cash and deposits	1,205,507	1,884,141
Call loans	513,800	403,700
Monetary claims bought	221,147	252,140
Money held in trust	1,039,062	1,130,920
Securities	47,734,406	50,879,947
Loans	3,715,750	3,762,666
Tangible fixed assets	1,126,269	1,113,299
Land	765,160	761,546
Buildings	339,716	331,138
Leased assets	6,821	5,186
Construction in progress	197	2,168
Other tangible fixed assets	14,374	13,258
Intangible fixed assets	472,990	445,163
Software	106,696	117,231
Goodwill	39,497	42,696
Other intangible fixed assets	326,797	285,235
Reinsurance receivable	1,523,297	1,668,969
Other assets	2,403,292	2,016,733
Deferred tax assets	11,859	12,014
Customers' liabilities for acceptances and guarantees	47,065	52,861
Reserve for possible loan losses	(1,641)	(28,224)
Reserve for possible investment losses	(807)	(627)
Total assets	60,011,999	63,593,705

(Unit: million yen)

	As of March 31, 2020	As of March 31, 2021
LIABILITIES		
Policy reserves and others	50,494,544	51,051,420
Reserves for outstanding claims	573,984	753,126
Policy reserves	49,520,817	49,897,294
Reserve for policyholder dividends	399,742	400,999
Reinsurance payable	781,980	796,523
Bonds payable	1,135,336	899,770
Other liabilities	2,723,157	4,671,205
Net defined benefit liabilities	440,874	418,546
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,188	998
Reserve for possible reimbursement of prescribed claims	800	800
Reserves under the special laws	240,796	264,454
Reserve for price fluctuations	240,796	264,454
Deferred tax liabilities	296,142	558,387
Deferred tax liabilities for land revaluation	73,195	71,606
Acceptances and guarantees	47,065	52,861
Total liabilities	56,235,081	58,786,576
NET ASSETS		
Capital stock	343,517	343,732
Capital surplus	329,860	330,065
Retained earnings	1,094,483	1,375,805
Treasury stock	(126,356)	(155,959)
Total shareholders' equity	1,641,506	1,893,643
Net unrealized gains (losses) on securities, net of tax	2,283,198	3,056,350
Deferred hedge gains (losses)	20,437	(2,916)
Reserve for land revaluation	(17,978)	(22,026)
Foreign currency translation adjustments	(123,850)	(108,830)
Accumulated remeasurements of defined benefit plans	(27,458)	(10,012)
Total accumulated other comprehensive income	2,134,348	2,912,564
Subscription rights to shares	1,063	920
Total net assets	3,776,918	4,807,129
Total liabilities and net assets	60,011,999	63,593,705

(2) Consolidated Statement of Earnings and Comprehensive Income

[Consolidated Statement of Earnings]

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
ORDINARY REVENUES	7,114,099	7,827,806
Premium and other income	4,885,407	4,730,301
Investment income	1,876,634	2,719,584
Interest and dividends	1,302,807	1,347,865
Gains on money held in trust	-	28,179
Gains on investments in trading securities	259,620	132,406
Gains on sale of securities	300,753	471,363
Gains on redemption of securities	11,707	15,662
Foreign exchange gains	-	444,926
Other investment income	1,746	1,533
Gains on investments in separate accounts	-	277,646
Other ordinary revenues	352,057	377,921
ORDINARY EXPENSES	6,895,718	7,274,945
Benefits and claims	4,870,794	5,001,109
Claims	1,158,590	1,264,692
Annuities	1,128,768	775,379
Benefits	561,102	571,161
Surrender values	751,919	1,084,700
Other refunds	1,270,412	1,305,176
Provision for policy reserves and others	164,491	971,280
Provision for reserves for outstanding claims	58,255	1,253
Provision for policy reserves	97,989	961,808
Provision for interest on policyholder dividends	8,245	8,218
Investment expenses	821,971	326,626
Interest expenses	44,335	33,476
Losses on money held in trust	21,365	-
Losses on sale of securities	74,928	127,053
Losses on valuation of securities	60,928	14,300
Losses on redemption of securities	7,638	6,314
Derivative transaction losses	24,835	68,095
Foreign exchange losses	491,107	-
Provision for reserve for possible loan losses	398	17,225
Provision for reserve for possible investment losses	504	295
Write-down of loans	128	369
Depreciation of real estate for rent and others	13,074	13,188
Other investment expenses	42,386	46,306
Losses on investments in separate accounts	40,338	-
Operating expenses	680,154	689,057
Other ordinary expenses	358,306	286,870
Ordinary profit	218,380	552,861

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
EXTRAORDINARY GAINS	4,941	40,480
Gains on disposal of fixed assets	4,929	5,471
Gains on sale of stocks of subsidiaries and affiliated companies	-	34,994
Other extraordinary gains	11	14
EXTRAORDINARY LOSSES	39,557	33,301
Losses on disposal of fixed assets	13,271	6,899
Impairment losses on fixed assets	3,556	2,552
Provision for reserve for price fluctuations	22,536	23,658
Other extraordinary losses	192	190
Provision for reserve for policyholder dividends	82,500	77,500
Income before income taxes	101,264	482,540
Corporate income taxes-current	112,292	116,138
Corporate income taxes-deferred	(43,460)	2,624
Total of corporate income taxes	68,831	118,763
Net income	32,433	363,777
Net income attributable to shareholders of parent company	32,433	363,777

[Consolidated Statement of Comprehensive Income]

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net income	32,433	363,777
Other comprehensive income		
Net unrealized gains (losses) on securities, net of tax	178,039	773,016
Deferred hedge gains (losses)	16,633	(24,731)
Foreign currency translation adjustments	(46,006)	12,338
Remeasurements of defined benefit plans, net of tax	(16,566)	17,424
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	3,030	2,157
Total other comprehensive income	135,130	780,204
Comprehensive income	167,564	1,143,981
(Details)		
Attributable to shareholders of parent company	167,564	1,143,981

(3) Consolidated Statement of Changes in Net Assets

Year ended March 31, 2020

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	343,326	329,723	1,134,392	(98,634)	1,708,808	2,101,587	3,803
Cumulative effect of changes in accounting policies			(5,639)		(5,639)		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,326	329,723	1,128,753	(98,634)	1,703,168	2,101,587	3,803
Changes for the year							
Issuance of new shares	190	190			381		
Dividends			(66,442)		(66,442)		
Net income attributable to shareholders of parent company			32,433		32,433		
Purchase of treasury stock				(27,999)	(27,999)		
Disposal of treasury stock		(53)		278	225		
Change in scope of equity method			(146)		(146)		
Transfer from retained earnings to capital surplus					-		
Transfer from reserve for land revaluation			4,489		4,489		
Others			(4,603)		(4,603)		
Net changes of items other than shareholders' equity						181,610	16,633
Total changes for the year	190	137	(34,269)	(27,721)	(61,662)	181,610	16,633
Balance at the end of the year	343,517	329,860	1,094,483	(126,356)	1,641,506	2,283,198	20,437

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	(13,488)	(77,457)	(10,824)	2,003,621	1,162	3,713,592
Cumulative effect of changes in accounting policies						(5,639)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(13,488)	(77,457)	(10,824)	2,003,621	1,162	3,707,952
Changes for the year						
Issuance of new shares						381
Dividends						(66,442)
Net income attributable to shareholders of parent company						32,433
Purchase of treasury stock						(27,999)
Disposal of treasury stock						225
Change in scope of equity method						(146)
Transfer from retained earnings to capital surplus						-
Transfer from reserve for land revaluation						4,489
Others						(4,603)
Net changes of items other than shareholders' equity	(4,489)	(46,393)	(16,633)	130,727	(99)	130,627
Total changes for the year	(4,489)	(46,393)	(16,633)	130,727	(99)	68,965
Balance at the end of the year	(17,978)	(123,850)	(27,458)	2,134,348	1,063	3,776,918

Year ended March 31, 2021

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	343,517	329,860	1,094,483	(126,356)	1,641,506	2,283,198	20,437
Cumulative effect of changes in accounting policies			(15,150)		(15,150)		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,517	329,860	1,079,333	(126,356)	1,626,355	2,283,198	20,437
Changes for the year							
Issuance of new shares	214	214			429		
Dividends			(70,001)		(70,001)		
Net income attributable to shareholders of parent company			363,777		363,777		
Purchase of treasury stock				(29,999)	(29,999)		
Disposal of treasury stock		(85)		396	311		
Change in scope of equity method					-		
Transfer from retained earnings to capital surplus		74	(74)		-		
Transfer from reserve for land revaluation			4,048		4,048		
Others			(1,277)		(1,277)		
Net changes of items other than shareholders' equity						773,152	(23,353)
Total changes for the year	214	204	296,472	(29,603)	267,287	773,152	(23,353)
Balance at the end of the year	343,732	330,065	1,375,805	(155,959)	1,893,643	3,056,350	(2,916)

(Unit: million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the year	(17,978)	(123,850)	(27,458)	2,134,348	1,063	3,776,918
Cumulative effect of changes in accounting policies						(15,150)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(17,978)	(123,850)	(27,458)	2,134,348	1,063	3,761,768
Changes for the year						
Issuance of new shares						429
Dividends						(70,001)
Net income attributable to shareholders of parent company						363,777
Purchase of treasury stock						(29,999)
Disposal of treasury stock						311
Change in scope of equity method						-
Transfer from retained earnings to capital surplus						-
Transfer from reserve for land revaluation						4,048
Others						(1,277)
Net changes of items other than shareholders' equity	(4,048)	15,020	17,445	778,215	(142)	778,073
Total changes for the year	(4,048)	15,020	17,445	778,215	(142)	1,045,360
Balance at the end of the year	(22,026)	(108,830)	(10,012)	2,912,564	920	4,807,129

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	101,264	482,540
Depreciation of real estate for rent and others	13,074	13,188
Depreciation	47,753	56,086
Impairment losses on fixed assets	3,556	2,552
Amortization of goodwill	3,459	4,039
Increase (decrease) in reserves for outstanding claims	60,945	94,552
Increase (decrease) in policy reserves	(97,358)	829,507
Provision for interest on policyholder dividends	8,245	8,218
Provision for (reversal of) reserve for policyholder dividends	82,500	77,500
Increase (decrease) in reserve for possible loan losses	401	17,238
Increase (decrease) in reserve for possible investment losses	417	(180)
Write-down of loans	128	369
Increase (decrease) in net defined benefit liabilities	(3,662)	2,804
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(109)	(190)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(100)	-
Increase (decrease) in reserve for price fluctuations	22,536	23,658
Interest and dividends	(1,302,807)	(1,347,865)
Securities related losses (gains)	(388,245)	(749,410)
Interest expenses	44,335	33,476
Foreign exchange losses (gains)	491,107	(444,926)
Losses (gains) on disposal of fixed assets	8,110	1,125
Equity in losses (income) of affiliates	37,880	(10,643)
Losses (gains) on sale of stocks of subsidiaries and affiliated companies	-	(34,994)
Decrease (increase) in reinsurance receivable	(158,655)	(212,668)
Decrease (increase) in other assets unrelated to investing and financing activities	(220,309)	(54,059)
Increase (decrease) in reinsurance payable	433,398	(55,660)
Increase (decrease) in other liabilities unrelated to investing and financing activities	89,323	65,816
Others, net	95,031	107,459
Subtotal	(627,778)	(1,090,465)
Interest and dividends received	1,516,727	1,487,427
Interest paid	(51,120)	(43,394)
Policyholder dividends paid	(89,181)	(84,461)
Others, net	(14,750)	(304,509)
Corporate income taxes (paid) refund	(143,811)	(44,500)
Net cash flows provided by (used in) operating activities	590,084	(79,904)

(Unit: million yen)

	Year ended March 31, 2020	Year ended March 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in cash and deposits	(3,136)	(4,234)
Purchases of monetary claims bought	(44,550)	(48,967)
Proceeds from sale and redemption of monetary claims bought	22,702	15,459
Purchases of money held in trust	(554,729)	(226,019)
Proceeds from decrease in money held in trust	53,676	162,283
Purchases of securities	(9,121,274)	(11,675,124)
Proceeds from sale and redemption of securities	9,006,260	10,923,203
Origination of loans	(936,951)	(788,869)
Proceeds from collection of loans	713,194	676,611
Net increase (decrease) in short-term investing	94,604	1,587,013
Total of net cash provided by (used in) investment transactions	(770,203)	621,355
Total of net cash provided by (used in) operating activities and investment transactions	(180,118)	541,450
Acquisition of tangible fixed assets	(43,485)	(38,166)
Proceeds from sale of tangible fixed assets	37,973	23,283
Acquisition of intangible fixed assets	(35,974)	(38,310)
Proceeds from sale of intangible fixed assets	33	1
Acquisition of stock of subsidiaries resulting in change in scope of consolidation	(4,348)	-
Acquisition of stock of subsidiaries	(640)	(16,800)
Payments for acquisition of business	(79,793)	-
Net cash flows provided by (used in) investing activities	(896,437)	551,362
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	72,345	256,789
Repayment of borrowings	(65,000)	(182,470)
Proceeds from issuing bonds	147,321	79,440
Redemption of bonds	(62,703)	(2,132)
Repayment of financial lease obligations	(2,633)	(2,966)
Net increase (decrease) in short-term financing	789,923	17,281
Purchase of treasury stock	(27,999)	(29,999)
Cash dividends paid	(66,287)	(69,855)
Acquisitions of stock of subsidiaries that do not result in change in scope of consolidation	(95)	(500)
Others, net	0	0
Net cash flows provided by (used in) financing activities	784,869	65,587
Effect of exchange rate changes on cash and cash equivalents	(19,127)	28,283
Net increase (decrease) in cash and cash equivalents	459,389	565,328
Cash and cash equivalents at the beginning of the year	1,237,077	1,697,582
Increase (decrease) in cash and cash equivalents due to changes in the subsidiaries included in the scope of consolidation	1,115	-
Cash and cash equivalents at the end of the year	1,697,582	2,262,910

(5) Notes to the Consolidated Financial Statements

(Notes on Going-Concern Assumptions)

None

(Changes in Accounting Policies)

Effective the fiscal year ended March 31, 2021, certain consolidated overseas subsidiaries adopted Accounting Standards Update ("ASU") No. 2016-13 - Financial Instruments - Measurement of Credit Losses on Financial Instruments issued by the Financial Accounting Standards Board.

The update is mainly applied to financial instruments valued at amortized cost and introduce a new current expected credit loss model. This model requires that an entity recognize as an allowance its estimate of contractual cash flows not expected to be collected on day one of the asset's acquisition.

In accordance with the amendments in this update applied on a modified retrospective basis, a cumulative effect adjustment to retained earnings was recorded at the beginning of the fiscal year ended March 31, 2021.

As a result, reserve for possible loan losses increased by ¥9,953 million and retained earnings decreased by ¥15,150 million at the beginning of the fiscal year ended March 31, 2021. In addition, both ordinary profit and income before income taxes for the fiscal year ended March 31, 2021 decreased by ¥15,207 million.

(Segment Information and Others)

[Segment Information]

1 Overview of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available. The segments are subject to periodic review to enable the Company's Board of Directors to decide on allocation of business resources and evaluate business performance.

The Company is a holding company which manages life insurance companies in Japan and elsewhere as well as other subsidiaries and affiliated companies. These companies are subject to regulations of the Insurance Business Act.

The Company's operations are therefore segmented based on the operations of its subsidiaries and affiliated companies and the Company's three reportable segments are the Domestic Life Insurance Business, the Overseas Insurance Business, and Other Business.

The Domestic Life Insurance Business consists of subsidiaries that engage in the life insurance business in Japan. The Overseas Insurance Business consists of subsidiaries and affiliated companies that engage in the insurance business overseas. The Company, subsidiaries and affiliated companies that do not operate either the Domestic Life Insurance Business or the Overseas Insurance Business are segmented as Other Business and mainly consist of the asset management related business.

2 Method of calculating ordinary revenues, income or loss, assets and liabilities and others by reportable segment

Figures for reportable segment income are based on ordinary profit.

Intersegment revenue is based on market prices.

3 Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

For the fiscal year ended March 31, 2021

(Unit: million yen)

	Reportable segment				Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total		
Ordinary revenues (Note 1)	6,145,157	1,858,044	11,500	8,014,702	(186,895)	7,827,806
Intersegment transfers	36,077	10,130	181,992	228,200	(228,200)	-
Total	6,181,235	1,868,175	193,493	8,242,903	(415,096)	7,827,806
Segment income (loss)	474,296	73,005	177,745	725,048	(172,187)	552,861
Segment assets	48,978,484	14,329,028	2,347,968	65,655,481	(2,061,775)	63,593,705
Segment liabilities	45,490,141	12,931,882	542,841	58,964,865	(178,288)	58,786,576
Other relevant information						
Depreciation of real estate for rent and others	13,171	17	-	13,188	-	13,188
Depreciation	39,989	15,962	134	56,086	-	56,086
Amortization of goodwill	-	4,039	-	4,039	-	4,039
Interest and dividends	1,016,947	330,981	173,337	1,521,267	(173,401)	1,347,865
Interest expenses	12,372	19,332	2,848	34,554	(1,077)	33,476
Equity in income (loss) of affiliates	-	1,572	9,071	10,643	-	10,643
Extraordinary gains	5,469	15	34,994	40,480	-	40,480
Extraordinary losses	33,224	76	-	33,301	-	33,301
[Impairment losses]	[2,552]	[-]	[-]	[2,552]	[-]	[2,552]
Taxes	100,853	18,614	(704)	118,763	-	118,763
Investments in affiliated companies	-	53,817	35,486	89,304	-	89,304
Increase in tangible fixed assets and intangible fixed assets	76,562	4,075	6	80,643	-	80,643

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Adjusted amounts were as follows.

(1) Adjustment for ordinary revenues of ¥(186,895) million was mainly related to ordinary revenues including derivative transaction gains of ¥122,761 million and ordinary expenses including foreign exchange losses of ¥34,552 million reconciled to derivative transaction losses and foreign exchange gains in the Consolidated Statement of Earnings.

(2) Adjustment for segment income (loss) of ¥(172,187) million was mainly related to elimination of dividend income from subsidiaries and affiliated companies.

(3) Adjustment for segment assets of ¥(2,061,775) million was mainly related to elimination of stocks of subsidiaries and affiliated companies.

(4) Adjustment for segment liabilities of ¥(178,288) million was mainly related to elimination of intersegment receivables and payables.

(5) Adjustment for others was mainly related to elimination of intersegment transactions.

3. Segment income (loss) is reconciled with ordinary profit booked in the Consolidated Statement of Earnings.

[Other Related Information]

For the fiscal year ended March 31, 2021

1 Product (Service) Segment Information

(Unit: million yen)

	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total
Premium and other income	3,577,998	1,152,302	-	4,730,301

2 Geographic Segment Information

(1) Ordinary Revenues

(Unit: million yen)

Japan	United States of America	Other Areas	Total
5,493,689	1,256,877	1,077,239	7,827,806

Note: 1. Ordinary revenues, instead of sales, are presented here.

2. Based on the location of customers, ordinary revenues are classified by country or region.

(2) Tangible fixed assets

The geographic segment information has been omitted as more than 90% of the Group's tangible fixed assets derive from its business unit in Japan.

3 Major Customer Information

The major customer information has been omitted as no single customer accounts for 10% or more of the Group's ordinary revenues.

[Impairment Losses on Fixed Assets by Reportable Segment]

For the fiscal year ended March 31, 2021

The information on impairment losses on fixed assets by reportable segment has been omitted as it is explained in [Segment Information].

[Amortization of Goodwill and Unamortized Amount of Goodwill by Reportable Segment]

For the fiscal year ended March 31, 2021

(Unit: million yen)

	Domestic Life Insurance Business	Overseas Insurance Business	Other Business	Total
Amortization of goodwill	-	4,039	-	4,039
Unamortized amount of goodwill	-	42,696	-	42,696

[Gain on Negative Goodwill by Reportable Segment]

For the fiscal year ended March 31, 2021

Not applicable

(Per-share Information)

Net assets per share as of March 31, 2021:	¥	4,329.08
Net income per share for the year ended March 31, 2021:	¥	325.61
Diluted net income per share for the year ended March 31, 2021:	¥	325.41

Note.

1. Reconciliation of net income per share and diluted net income per share was as follows:

<u>Year ended March 31, 2021</u>	<u>(Unit: million yen)</u>	
Net income per share		
Net income attributable to shareholders of parent company	¥	363,777
Net income attributable to other than shareholders of common stock		-
Net income attributable to shareholders of parent company of common stock ...	¥	363,777
Average number of common stock outstanding: 1,117,211 thousand shares		
Diluted net income per share		
Adjustments to net income attributable to shareholders of parent company		-
Increase in the number of common stock: 691 thousand shares		
(Increase in the number of common stock attributable to subscription rights to shares: 691 thousand shares)		
Outline of the dilutive shares which are not counted in the basis of calculation of diluted net income per share because they do not have dilutive effect: Not applicable		

2. Reconciliation of net assets per share was as follows:

<u>As of March 31, 2021</u>	<u>(Unit: million yen)</u>	
Net assets	¥	4,807,129
Adjustments	¥	920
Subscription rights to shares	¥	920
Net assets attributable to common stock	¥	4,806,208
Number of common stock outstanding: 1,110,214 thousand shares		

3. For the calculation of net income per share, the shares held by "the Stock Granting Trust (J-ESOP)" were included in treasury stock excluded from the average number of common stock outstanding. The average number of the shares held by the J-ESOP during the year ended March 31, 2021 was 3,991 thousand shares. For the calculation of net assets per share, the shares held by the J-ESOP were included in treasury stock excluded from the number of common stock outstanding. The number of the shares held by the J-ESOP as of March 31, 2021 was 3,942 thousand shares.

(Subsequent Events)

None