

## Financial Results for the Fiscal Year Ended March 31, 2018

The Neo First Life Insurance Company, Limited (the “Company”; President: Yuji Tokuoka) announces its financial results for the fiscal year ended March 31, 2018.

### [Contents]

#### Financial Results for the Fiscal Year Ended March 31, 2018

1. Business Highlights .....	P.1
2. Policies in Force as of March 31, 2018 by Benefit .....	P.3
3. Policyholder Dividends based on Financial Results for the Year ended March 31, 2018 .....	P.3
4. Investment of General Account Assets for the Fiscal Year Ended March 31, 2018.....	P.4
5. Unaudited Non-Consolidated Balance Sheet .....	P.10
6. Unaudited Non-Consolidated Statement of Earnings .....	P.13
7. Breakdown of Ordinary Profit (Fundamental Profit).....	P.15
8. Unaudited Non-Consolidated Statement of Changes in Net Assets .....	P.16
9. Disclosed Claims Based on Categories of Obligors .....	P.17
10. Risk-Monitored Loans .....	P.17
11. Solvency Margin Ratio .....	P.18
12. Status of Separate Account for the Fiscal Year Ended March 31, 2018.....	P.18
13. Consolidated Financial Summary .....	P.18

\* 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, 2017		As of March 31, 2018	
		% of March 31, 2016 total		% of March 31, 2017 total	
Individual insurance	5,357	136.0	19,690	367.5	
Individual annuities	—	—	—	—	
Total	5,357	136.0	19,690	367.5	
Medical and survival benefits	2,504	212.4	5,231	208.9	

New Policies		(millions of yen except percentages)			
		Year ended March 31, 2017		Year ended March 31, 2018	
		% of March 31, 2016 total		% of March 31, 2017 total	
Individual insurance	1,595	433.0	14,739	923.9	
Individual annuities	—	—	—	—	
Total	1,595	433.0	14,739	923.9	
Medical and survival benefits	1,420	425.3	3,063	215.7	

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, 2017				As of March 31, 2018			
	Number of policies		Amount (billions of yen)		Number of policies		Amount (billions of yen)	
		% of March 31, 2016 total		% of March 31, 2016 total		% of March 31, 2017 total		% of March 31, 2017 total
Individual insurance	69,784	151.5	623.8	104.8	114,626	164.3	720.2	115.4
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—

## New Policies

	Year ended March 31, 2017					Year ended March 31, 2018						
	Number of policies		Amount (billions of yen)			Number of policies		Amount (billions of yen)				
		% of March 31, 2016 total	% of March 31, 2016 total	New business	Net increase by conversions		% of March 31, 2017 total	% of March 31, 2017 total	New business	Net increase by conversions		
Individual insurance	27,447	331.1	78.0	1,875.7	78.0	—	51,550	187.8	144.2	184.8	144.2	—
Individual annuities	—	—	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—	—	—

## (3) Profit and Loss Items

(millions of yen except percentages)

	Year ended March 31, 2017		Year ended March 31, 2018	
		% of March 31, 2016 total		% of March 31, 2017 total
Premium and other income	4,789	123.0	24,598	513.6
Investment income	1	76.6	10	524.2
Benefits and claims	1,395	103.8	1,707	122.4
Investment expenses	0	65.0	0	76.0
Ordinary profit (loss)	(5,935)	83.3	(8,288)	139.7

## (4) Total Assets

(millions of yen except percentages)

	As of March 31, 2017		As of March 31, 2018	
		% of March 31, 2016 total		% of March 31, 2017 total
Total assets	24,377	81.9	44,977	184.5

## 2. Policies in Force as of March 31, 2018 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	107	720,217	—	—	—	—	107	720,217
	Accidental	1	339,943	—	—	—	—	1	339,943
	Others	—	—	—	—	—	—	—	—
Survival benefits		0	25	—	—	—	—	0	25
Hospitalization benefits	Accidental	105	482	—	—	—	—	105	482
	Illness	105	482	—	—	—	—	105	482
	Others	66	584	—	—	—	—	66	584
Injury benefits		—	—	—	—	—	—	—	—
Surgery benefits		124	0	—	—	—	—	124	0
Disability benefits		7	1,182	—	—	—	—	7	1,182
Others		44	28,833	—	—	—	—	44	28,833

Notes: 1. Amounts in “Hospitalization benefits” show the amount of hospitalization benefit to be paid per day.

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

3. 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, 2018

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, 2018

### (1) Investment of Assets for the Fiscal Year Ended March 31, 2018

#### (i) Investment Environment

During the fiscal year ended March 31, 2018, the Japanese economy continued to expand as capital investment improved against the backdrop of an increase in exports and corporate earnings due to global economic broadening, and personal consumption also increased gradually against the backdrop of an improvement in income.

In the U.S., the U.S. economy remained strong, supported by continued growth in consumer spending as the employment and income environment improved, as well as a broadening in capital investment due to an optimistic outlook on the economic outlook against the backdrop of the enactment of the U.S. Tax Reform Act.

The European economy was on an expansionary trend as exports improved, supported by the broadening of the global economy, and domestic demand also remained firm.

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 in response to upward pressure on global interest rates. However, due to the Bank of Japan's quantitative and qualitative monetary easing policy, which operates long-term and short-term interest rates, JGB yields remained stable, centering on the range of 0% to 0.1%.

Yield on ten-year government bonds:	April 1, 2017	0.065%
	March 31, 2018	0.040%

#### [Domestic Stocks]

The Nikkei 225 Stock Average was strong due to expectations for improvement in corporate performance against the backdrop of the global economic recovery and progress in tax reform of the U.S. Trump Administration, although market volatility increased due to rising interest rates against the backdrop of expectations of accelerating monetary tightening in the U.S. and concerns over a trade war.

Nikkei 225 Stock Average:	April 1, 2017	18,909
	March 31, 2018	21,454
TOPIX:	April 1, 2017	1,512
	March 31, 2018	1,716

#### [Foreign Currency]

The dollar-yen exchange rate remained unchanged in the first half of the fiscal year due to the expectation that the Federal Reserve Board's moderate rate hike would continue. However, in the second half of the fiscal year, the yen appreciated against the U.S. dollar, reflecting downward pressure on the U.S. dollar due to concerns over the trade war and a decline in stock prices.

The euro-yen exchange rate increased as a background of a rise in European interest rates following the decision to reduce the quantitative easing measures taken by the European Central Bank (ECB) in response to an upturn in the European inflation rate.

yen /U.S. dollar:	April 1, 2017	\112.19
	March 31, 2018	\106.24
yen/euro:	April 1, 2017	\119.79
	March 31, 2018	\130.52

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

The Company worked to secure stable funds, paying attention to safety and cashability (liquidity).

The Company does not hold securitized products at all, including those backed by subprime loans in the United States.

#### (iii) Investment Results

The balance of general account assets at the end of the fiscal year ended March 31, 2018 was ¥44,977 million. The balance of assets under management included deposits of ¥35,065 million and domestic bonds of ¥2,425 million.

Net investment income came to ¥10 million.

## (2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2017		As of March 31, 2018	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	22,407	91.9	35,065	78.0
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	1,060	4.3	2,455	5.5
Domestic bonds	1,060	4.3	2,224	4.9
Domestic stocks	—	—	30	0.1
Foreign securities	—	—	200	0.4
Foreign bonds	—	—	200	0.4
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	—	—	—	—
Real estate	—	—	—	—
Deferred tax assets	—	—	—	—
Others	911	3.7	7,457	16.6
Reserve for possible loan losses	(1)	(0.0)	(0)	(0.0)
Total	24,377	100.0	44,977	100.0
Foreign currency-denominated assets	—	—	—	—

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

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Cash, deposits, and call loans	(4,332)	12,658
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	(1,220)	1,394
Domestic bonds	(304)	1,164
Domestic stocks	—	30
Foreign securities	—	200
Foreign bonds	—	200
Foreign stocks and other securities	—	—
Other securities	(916)	—
Loans	—	—
Real estate	—	—
Deferred tax assets	—	—
Others	158	6,546
Reserve for possible loan losses	0	0
Total	(5,393)	20,600
Foreign currency-denominated assets	—	—

## (4) Investment Income

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Interest and dividends	1	9
Interest from bank deposits	—	—
Interest and dividends from securities	1	9
Interest from loans	—	—
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	1	10

## (5) Investment Expense

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
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, 2017	Year ended March 31, 2018
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	0.11	0.60
Domestic bonds	0.15	0.61
Domestic stocks	—	0.00
Foreign securities	—	0.61
Loans	—	—
Real estate	—	—
Total of general account	0.01	0.04
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, 2017					As of March 31, 2018				
	Book value	Fair Value	Gains (losses)		Book value	Fair Value	Gains (losses)			
			Gains	Losses			Gains	Losses		
Held-to-maturity bonds	300	297	(2)	0	2	2,324	2,339	14	16	1
Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	759	760	1	1	0	100	100	0	0	—
Domestic bonds	759	760	1	1	0	—	—	—	—	—
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	100	100	0	0	—
Foreign bonds	—	—	—	—	—	100	100	0	0	—
Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
Other securities	—	—	—	—	—	—	—	—	—	—
Monetary claims bought	—	—	—	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—
Total	1,059	1,058	(1)	1	2	2,424	2,439	14	16	1
Domestic bonds	1,059	1,058	(1)	1	2	2,224	2,239	14	16	1
Domestic stocks	—	—	—	—	—	—	—	—	—	—
Foreign securities	—	—	—	—	—	199	200	0	0	—
Foreign bonds	—	—	—	—	—	199	200	0	0	—
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, 2017	As of March 31, 2018
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, 2017	As of March 31, 2018		As of March 31, 2017	As of March 31, 2018
	Amount	Amount		Amount	Amount
<b>(ASSETS)</b>			<b>(LIABILITIES)</b>		
<b>Cash and deposits</b>	<b>22,407</b>	<b>35,065</b>	<b>Policy reserves and others</b>	<b>1,804</b>	<b>16,083</b>
Deposits	22,407	35,065	Reserves for outstanding claims	153	218
<b>Securities</b>	<b>1,060</b>	<b>2,455</b>	Policy reserves	1,650	15,864
Government bonds	660	—	<b>Reinsurance payable</b>	<b>27</b>	<b>54</b>
Corporate bonds	399	2,224	<b>Other liabilities</b>	<b>1,123</b>	<b>10,729</b>
Domestic stocks	—	30	Corporate income tax payable	7	7
Foreign securities	—	200	Accounts payable	21	47
<b>Tangible fixed assets</b>	<b>175</b>	<b>213</b>	Accrued expenses	1,083	6,877
Leased assets	5	0	Deposits received	0	1
Other	169	213	Lease liabilities	6	0
<b>Intangible fixed assets</b>	<b>3</b>	<b>2</b>	Suspense receipt	4	3,794
Software	3	2	<b>Reserve for price fluctuations</b>	<b>7</b>	<b>4</b>
Other	0	0	<b>Deferred tax liabilities</b>	<b>0</b>	<b>0</b>
<b>Reinsurance receivables</b>	<b>11</b>	<b>6,138</b>	<b>Total liabilities</b>	<b>2,963</b>	<b>26,871</b>
<b>Other assets</b>	<b>720</b>	<b>1,102</b>	<b>(NET ASSETS)</b>		
Accounts receivable	475	784	<b>Capital stock</b>	<b>25,100</b>	<b>27,599</b>
Prepaid expenses	0	3	<b>Capital surplus</b>	<b>17,100</b>	<b>19,599</b>
Accrued revenue	0	2	Legal capital surplus	17,100	19,599
Deposits	130	163	<b>Retained earnings</b>	<b>(20,786)</b>	<b>(29,093)</b>
Suspense payments	—	8	Other retained earnings	(20,786)	(29,093)
Other assets	113	140	Retained earnings brought forward	(20,786)	(29,093)
<b>Reserve for possible loan losses</b>	<b>(1)</b>	<b>(0)</b>	<b>Total shareholders' equity</b>	<b>21,413</b>	<b>18,106</b>
			<b>Net unrealized gains (losses) on securities, net of tax</b>	<b>0</b>	<b>0</b>
			<b>Total of valuation and translation adjustments</b>	<b>0</b>	<b>0</b>
			<b>Total net assets</b>	<b>21,414</b>	<b>18,106</b>
<b>Total assets</b>	<b>24,377</b>	<b>44,977</b>	<b>Total liabilities and net assets</b>	<b>24,377</b>	<b>44,977</b>

(Notes to Balance Sheet as of March 31, 2018)

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 property, plant and equipment is calculated using the declining balance 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 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	35,065	35,065	—
(2) Securities	2,425	2,439	14
Held-to-maturity bonds	2,324	2,339	14
Available-for-sale securities	100	100	—

Unlisted stocks are not included in securities because it is deemed extremely difficult to grasp their market values. The total balance of the unlisted stocks on the balance sheet as of March 31, 2018 was ¥30 million.

(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, 2018.

8 The accumulated depreciation of property, plant and equipment as of March 31, 2018 was ¥206 million.

9 The total amount of payables to subsidiaries and affiliated companies was ¥1 million.

10 The total amounts of deferred tax assets and deferred tax liabilities were ¥6,502 million and ¥0 million, respectively, as of March 31, 2018. The full amount of deferred tax assets is subtracted as valuation allowances.

The major components of deferred tax assets were insurance policy reserves of ¥224 million, the amount of excess depreciation of ¥1,383 million and tax losses carried forward of ¥4,869 million.

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

The actual effective tax rate for the fiscal year ended March 31, 2018 was -0.10%, and the major component of the difference from the statutory tax rate of 28.24% was -28.18% for valuation allowances.

11 Reinsurance

Reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”) did not apply. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥52 million.

12 The amount of net assets per share of the Company was ¥6,624.43.

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, 2018.

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	Year ended
	March 31, 2017	March 31, 2018
	Amount	Amount
<b>ORDINARY REVENUES</b>	<b>4,798</b>	<b>24,655</b>
<b>Premium and other income</b>	<b>4,789</b>	<b>24,598</b>
Premium income	4,694	18,414
Reinsurance income	95	6,184
<b>Investment income</b>	<b>1</b>	<b>10</b>
Interest and dividends	1	9
Interest and dividends from securities	1	9
Gains on sale of securities	—	0
Reversal of reserve for possible loan losses	0	0
<b>Other ordinary revenues</b>	<b>7</b>	<b>46</b>
Reversal of reserve for employees' retirement benefits	6	—
Other	1	46
<b>ORDINARY EXPENSES</b>	<b>10,734</b>	<b>32,944</b>
<b>Benefits and claims</b>	<b>1,395</b>	<b>1,707</b>
Claims	955	968
Benefits	317	572
Surrender values	0	0
Other refunds	6	14
Ceding reinsurance commissions	115	150
<b>Provision for policy reserves and others</b>	<b>805</b>	<b>14,278</b>
Provision for reserves for outstanding claims	37	64
Provision for policy reserves	768	14,213
<b>Investment expenses</b>	<b>0</b>	<b>0</b>
Interest expenses	0	0
<b>Operating expenses</b>	<b>8,427</b>	<b>16,786</b>
<b>Other ordinary expenses</b>	<b>105</b>	<b>171</b>
National and local taxes	30	99
Depreciation	75	71
Other ordinary expenses	0	0
<b>ORDINARY PROFIT (LOSS)</b>	<b>(5,935)</b>	<b>(8,288)</b>
<b>EXTRAORDINARY GAINS</b>	<b>12</b>	<b>3</b>
<b>Gains on disposal of fixed assets</b>	<b>0</b>	<b>—</b>
<b>Reversal of reserve for price fluctuations</b>	<b>12</b>	<b>3</b>
<b>EXTRAORDINARY LOSSES</b>	<b>0</b>	<b>13</b>
<b>Losses on disposal of fixed assets</b>	<b>0</b>	<b>13</b>
<b>Income (loss) before income taxes</b>	<b>(5,922)</b>	<b>(8,298)</b>
<b>Corporate income taxes - current</b>	<b>7</b>	<b>8</b>
<b>Total of corporate income taxes</b>	<b>7</b>	<b>8</b>
<b>Net income (loss) for the year</b>	<b>(5,929)</b>	<b>(8,306)</b>

(Notes to Statement of Income)

- 1 Total amount of expenses arising from transactions with subsidiaries and affiliated companies was ¥11 million.
- 2 Gains on sale of securities included gains on sale of domestic bonds of ¥0 million.
- 3 In the calculation of the provision for reserves for outstanding claims, the amount of reversal of reserves for outstanding claims for reinsured parts that are tallied is ¥20 million.  
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 ¥0 million.
- 4 The amount of loss per share was ¥3,101.15.
- 5 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%	Concurrent serving by an officer of the holding company of the Dai-ichi Life Group, etc.	Underwriting of capital increase (Note 1)	4,999	—	—
Subsidiary of the parent company	The Dai-ichi Life Insurance Co., Ltd.	None	Acceptance of an officer, acceptance of seconded employees, etc.	Payment of burden charges for secondment (Note 2)	2,120	—	—
				Receipt of business contract fees for insurance sales administrative work, etc. (Note 3)	6	Accounts receivable	0
Subsidiary of the parent company	The Dai-ichi Frontier Life Insurance Co., Ltd.	None	Concurrent serving by an officer	Receipt of license fees for computer systems (Note 3)	36	—	—

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

(Note 2) Determined by considering personnel expenses of seconded employees to the Company.

(Note 3) Price and other terms and conditions are determined by taking the prevailing market rates and similar transactions into account. The transaction amount includes consumption taxes.

- 6 Amounts are rounded off to the unit stated.

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

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018
Fundamental profit (loss) A	(5,866)	(8,115)
Capital gains	—	0
Gains on money held in trust	—	—
Gains on investments 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	(5,866)	(8,115)
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	68	173
Ceding reinsurance commissions	—	—
Provision for contingency reserve	68	173
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	(68)	(173)
Ordinary profit (loss) A + B + C	(5,935)	(8,288)



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

Year ended March 31, 2017

(millions of yen)

	Shareholders' equity			Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	25,100	17,100	(14,856)	27,343
Changes for the year				
Net loss for the year			5,929	5,929
Net changes of items other than shareholders' equity				
Total changes for the year	—	—	(5,929)	(5,929)
Balance at the end of the year	25,100	17,100	(20,786)	21,413

	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	2	2	27,346
Changes for the year			
Net loss for the year			5,929
Net changes of items other than shareholders' equity	(1)	(1)	(1)
Total changes for the year	(1)	(1)	(5,931)
Balance at the end of the year	0	0	21,414

Year ended March 31, 2018

(millions of yen)

	Shareholders' equity			Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	
		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

(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, 2018	Increase	Decrease	As of March 31, 2018
Shares outstanding				
Common stock	2,400	333	—	2,733

The increase of 333,000 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**

Not applicable.

**10. Risk-Monitored Loans**

Not applicable.

## 11. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2017	As of March 31, 2018
Total solvency margin (A)	21,919	21,825
Common stock, etc.	21,413	18,106
Reserve for price fluctuations	7	4
Contingency reserve	497	670
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	0
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	—	3,044
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)	574	831
Insurance risk $R_1$	344	385
3rd sector insurance risk $R_8$	150	283
Assumed investment yield risk $R_2$	0	0
Guaranteed minimum benefit risk $R_7$	—	—
Investment risk $R_3$	244	435
Business risk $R_4$	22	33
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	7,636.9%	5,250.4%

(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, 2018

Not applicable.

## 13. Consolidated Financial Summary

Not applicable.