

Financial Results for the Six Months Ended September 30, 2024

The Neo First Life Insurance Company, Limited (the “Company”; President: Takashi Uehara) announces its financial results for the six months ended September 30, 2024.

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* Please note that this is an unofficial translation of the original disclosure in Japanese.

1. Business Highlights

(1) Annualized Net Premiums

- Policies in Force

(millions of yen except percentages)

	As of March 31, 2024	As of September 30, 2024	% of March 31, 2024 total
Individual insurance	100,080	98,457	98.4
Individual annuities	45	59	131.1
Total	100,126	98,517	98.4
Medical and survival benefits	49,078	52,198	106.4

- New Policies

(millions of yen except percentages)

	Six months ended September 30, 2023	Six months ended September 30, 2024	% of September 30, 2023 total
Individual insurance	6,348	6,241	98.3
Individual annuities	—	—	—
Total	6,348	6,241	98.3
Medical and survival benefits	4,912	5,015	102.1

- Notes: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment.
2. Annualized net premium for medical and survival benefits includes (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness, and (c) premiums related to premium waiver benefits.

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

- Policies in Force

	As of March 31, 2024		As of September 30, 2024			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)		Amount (billions of yen)	
				% of March 31, 2024 total		% of March 31, 2024 total
Individual insurance	891	1,900.5	973	109.2	1,903.6	100.2
Individual annuities	0	0.7	0	130.8	0.8	122.3
Group insurance	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—

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

- New Policies

	Six months ended September 30, 2023				Six months ended September 30, 2024					
	Number of policies (thousands)	Amount (billions of yen)			Number of policies (thousands)		Amount (billions of yen)			
			New business	Net increase by conversions		% of September 30, 2023 total		% of September 30, 2023 total	New business	Net increase by conversions
Individual insurance	96	170.5	170.5	—	109	112.8	159.4	93.5	159.4	—
Individual annuities	—	—	—	—	—	—	—	—	—	—
Group insurance	—	—	—	—	—	—	—	—	—	—
Group annuities	—	—	—	—	—	—	—	—	—	—

2. Investment of General Account Assets for the Six Months Ended September 30, 2024

(1) Operational Environment

During the six months ended on September 30 2024, the global economy showed a decelerating trend due to cumulative monetary tightening in various countries, but it remained steadier than expected, especially in the United States. Although the inflation rate has peaked out, there was also a shift in monetary policy due to interest rate reductions in various countries.

The Japanese economy continued to recover, supported by the recovery of automotive sales due to resumed production in the automotive sector, the recovery of personal consumption due to wage increases, and accommodative fiscal and monetary policies.

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

<Domestic interest rates>

The yield on 10-year JGBs rose to the 0.8% range due to the Bank of Japan: BOJ raising the policy rate.

Yield on ten-year government bonds:	April 1, 2024	0.725%
	September 30, 2024	0.850%

<Domestic stocks>

The Nikkei 225 Stock Average fell. Although the average reached record-high levels due to expectations of improved corporate earnings stemming from the weaker yen as well as inflows of funds from foreign investors, the market later turned out to be highly volatile, including a rapid fall in the average due to speculation concerning the BOJ's monetary policy as well as concerns surrounding the U.S. economy.

Nikkei 225 Stock Average:	April 1, 2024	¥40,369
	September 30, 2024	¥37,919
TOPIX:	April 1, 2024	2,768
	September 30, 2024	2,645

<Currency>

As for the JPY/USD, the yen has temporarily weakened to the level of over JPY 160 per dollar due to speculation surrounding prolonged monetary tightening by the U.S. Federal Reserve Bank (FRB) against a backdrop of persistently high inflation. However, the yen later became stronger against the dollar as inflation slowed down in the U.S., leading to a stronger perception of reduced interest rate differentials between Japan and the U.S. due to interest rate reductions.

As for the JPY/EUR, the yen became stronger against the euro due to factors that included the European Central Bank (ECB) shifting to a policy of interest rate reduction against a backdrop of concerns regarding an economic downturn and inflation slowdown.

JPY /USD:	April 1, 2024	¥151.41
	September 30, 2024	¥142.73
JPY/EUR:	April 1, 2024	¥163.24
	September 30, 2023	¥159.43

(2) Investment Policies

Under the framework of integrated asset and liability management (ALM), the Company aims to ensure stable income through investment in fixed assets, mainly public and corporate bonds, taking into account the liability characteristics of life insurance and considering the public nature and safety.

(3) Investment Results

The balance of general account assets at the end of the six months ended September 30, 2024 was ¥339,434 million. The balance of assets under management included deposits of ¥98,664 million, bonds of ¥174,728 million, and stocks of ¥1,301 million.

In addition, investment income was ¥468 million, and investment expenses were ¥1 million.

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2024		As of September 30, 2024	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	172,756	50.4	98,664	29.1
Securities repurchased under resale agreements	—	—	—	—
Deposit paid for securities borrowing transactions	—	—	—	—
Monetary claims bought	—	—	—	—
Trading account securities	—	—	—	—
Money held in trust	—	—	—	—
Securities	111,078	32.4	176,030	51.9
Domestic bonds	104,525	30.5	169,830	50.0
Domestic stocks	1,453	0.4	1,301	0.4
Foreign securities	5,099	1.5	4,898	1.4
Foreign bonds	5,099	1.5	4,898	1.4
Foreign stocks and other securities	—	—	—	—
Other securities	—	—	—	—
Loans	1,657	0.5	1,880	0.6
Real estate	205	0.1	197	0.1
Deferred tax assets	1,443	0.4	1,568	0.5
Others	55,464	16.2	61,097	18.0
Reserve for possible loan losses	(2)	(0.0)	(3)	(0.0)
Total	342,602	100.0	339,434	100.0
Foreign currency-denominated assets	—	—	—	—

Note: The amounts of buildings were posted for real estate.

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash, deposits, and call loans	(55,985)	(74,092)
Securities repurchased under resale agreements	—	—
Deposit paid for securities borrowing transactions	—	—
Monetary claims bought	—	—
Trading account securities	—	—
Money held in trust	—	—
Securities	11,368	64,952
Domestic bonds	12,350	65,304
Domestic stocks	20	(151)
Foreign securities	(1,002)	(200)
Foreign bonds	(1,002)	(200)
Foreign stocks and other securities	—	—
Other securities	—	—
Loans	(204)	222
Real estate	55	(7)
Deferred tax assets	(13)	124
Others	6,187	5,632
Reserve for possible loan losses	(0)	(0)
Total	(38,592)	(3,168)
Foreign currency-denominated assets	—	—

Note: The amounts of buildings were posted for real estate.

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Interest and dividends	362	468
Interest from bank deposits	—	—
Interest and dividends from securities	336	448
Interest from loans	26	19
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	—	—
Gains on sale of domestic bonds	—	—
Gains on sale of domestic stocks	—	—
Gains on sale of foreign securities	—	—
Others	—	—
Gains on redemption of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Reversal of reserve for possible loan losses	—	—
Other investment income	—	—
Total	362	468

(4) Investment Expense

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
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	319	—
Losses on valuation of domestic bonds	—	—
Losses on valuation of domestic stocks	319	—
Losses on valuation of foreign securities	—	—
Others	—	—
Losses on redemption of securities	—	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Provision for reserve for possible loan losses	0	0
Write-down of loans	—	—
Depreciation of real estate for rent and others	—	—
Other investment expenses	—	—
Total	321	1

(5) Valuation Gains and Losses on Trading Securities

Not applicable.

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

(millions of yen)

		As of March 31, 2024					As of September 30, 2024				
		Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
				Gains	Losses				Gains	Losses	
	Held-to-maturity bonds	109,528	104,718	(4,809)	25	4,835	174,632	168,786	(5,846)	71	5,917
	Policy-reserve-matching bonds	—	—	—	—	—	—	—	—	—	—
	Stocks of subsidiaries and affiliated companies	—	—	—	—	—	—	—	—	—	—
	Available-for-sale securities	1,694	1,550	(144)	159	304	1,692	1,398	(294)	56	350
	Domestic bonds	—	—	—	—	—	—	—	—	—	—
	Domestic stocks	1,594	1,453	(141)	159	300	1,592	1,301	(291)	56	347
	Foreign securities	100	96	(3)	—	3	100	96	(3)	—	3
	Foreign bonds	100	96	(3)	—	3	100	96	(3)	—	3
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—
	Total	111,222	106,268	(4,954)	185	5,139	176,325	170,184	(6,140)	128	6,268
	Domestic bonds	104,525	99,751	(4,773)	25	4,799	169,830	164,006	(5,823)	71	5,894
	Domestic stocks	1,594	1,453	(141)	159	300	1,592	1,301	(291)	56	347
	Foreign securities	5,102	5,063	(39)	—	39	4,901	4,875	(25)	—	25
	Foreign bonds	5,102	5,063	(39)	—	39	4,901	4,875	(25)	—	25
	Foreign stocks and other securities	—	—	—	—	—	—	—	—	—	—
	Other securities	—	—	—	—	—	—	—	—	—	—
	Monetary claims bought	—	—	—	—	—	—	—	—	—	—
	Certificates of deposit	—	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—	—

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.

- Book value of stocks without market value and associations, etc.:

Not applicable.

(7) Fair Value Information on Money Held in Trust

Not applicable.

4. Unaudited Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2024 (Summarized)	As of September 30, 2024
	Amount	Amount
(ASSETS)		
Cash and deposits	172,756	98,664
Securities	111,078	176,030
[Government bonds]	[6,102]	[33,959]
[Corporate bonds]	[98,422]	[135,870]
[Domestic stocks]	[1,453]	[1,301]
[Foreign securities]	[5,099]	[4,898]
Loans	1,657	1,880
Policy loans	1,657	1,880
Tangible fixed assets	346	329
Intangible fixed assets	10,891	11,105
Reinsurance receivables	33,274	37,857
Other assets	11,157	12,002
Deferred tax assets	1,443	1,568
Reserve for possible loan losses	(2)	(3)
Total assets	342,602	339,434
(LIABILITIES)		
Policy reserves and others	296,728	295,927
Reserves for outstanding claims	28,403	29,938
Policy reserves	268,325	265,988
Reinsurance payables	3,934	3,754
Other liabilities	6,163	5,390
Corporate income tax payable	16	12
Other liabilities	6,147	5,378
Reserve for price fluctuations	15	16
Total liabilities	306,841	305,088
(NET ASSETS)		
Capital stock	47,599	47,599
Capital surplus	39,599	39,599
Legal capital surplus	39,599	39,599
Retained earnings	(51,330)	(52,633)
Other retained earnings	(51,330)	(52,633)
Retained earnings brought forward	(51,330)	(52,633)
Total shareholders' equity	35,867	34,564
Net unrealized gains (losses) on securities, net of tax	(107)	(219)
Total of valuation and translation adjustments, etc.	(107)	(219)
Total net assets	35,760	34,345
Total liabilities and net assets	342,602	339,434

5. Unaudited Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
	Amount	Amount
ORDINARY REVENUES	181,524	73,013
Premium and other income	127,376	69,356
[Premium income]	[48,450]	[47,893]
[Reinsurance income]	[78,925]	[21,462]
Investment income	362	468
[Interest and dividends]	[362]	[468]
Other ordinary revenues	53,785	3,189
[Reversal of policy reserves]	[53,749]	[2,336]
ORDINARY EXPENSES	182,023	74,776
Benefits and claims	151,287	53,509
[Claims]	[663]	[842]
[Annuities]	[187]	[321]
[Benefits]	[5,826]	[6,820]
[Surrender values]	[61,974]	[23,692]
[Other refunds]	[3,486]	[1,227]
[Ceding reinsurance commissions]	[79,148]	[20,605]
Provision for policy reserves and others	11,755	1,534
Provision for reserves for outstanding claims	11,755	1,534
Investment expenses	321	1
[Interest expenses]	[0]	[0]
[Losses on valuation of securities]	[319]	[—]
Operating expenses	17,012	17,750
Other ordinary expenses	1,645	1,980
ORDINARY PROFIT (LOSS)	(498)	(1,762)
EXTRAORDINARY LOSSES	7	1
Income (loss) before income taxes	(506)	(1,764)
Corporate income taxes - current	135	(374)
Corporate income taxes - deferred	(78)	(86)
Total of corporate income taxes	57	(461)
Net income (loss) for the period	(563)	(1,302)

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

Six months ended September 30, 2023

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	47,599	39,599	(50,225)	36,973
Changes for the period				
Net loss for the period			563	563
Net changes of items other than shareholders' equity				
Total changes for the period	—	—	(563)	(563)
Balance at the end of the period	47,599	39,599	(50,788)	36,409

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments, etc.	
Balance at the beginning of the year	(117)	(117)	36,855
Changes for the period			
Net loss for the period			563
Net changes of items other than shareholders' equity	248	248	248
Total changes for the period	248	248	(314)
Balance at the end of the period	131	131	36,541

Six months ended September 30, 2024

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	47,599	39,599	(51,330)	35,867
Changes for the period				
Net loss for the period			1,302	1,302
Net changes of items other than shareholders' equity				
Total changes for the period	—	—	(1,302)	(1,302)
Balance at the end of the period	47,599	39,599	(52,633)	34,564

	Valuation and translation adjustments		Total net assets
	Net unrealized gains (losses) on securities, net of tax	Total of valuation and translation adjustments, etc.	
Balance at the beginning of the year	(107)	(107)	35,760
Changes for the period			
Net loss for the period			1,302
Net changes of items other than shareholders' equity	(111)	(111)	(111)
Total changes for the period	(111)	(111)	(1,414)
Balance at the end of the period	(219)	(219)	34,345

Notes to the Unaudited Non-Consolidated Balance Sheets

As of September 30, 2024

1. In terms of evaluation of securities, held-to-maturity bonds are evaluated by the amortized cost method (straight-line method) based on the moving average method. Available-for-sale securities, except stocks, etc. without market value, are evaluated by the market value method (costs are calculated by the moving average method) based on the market price, etc. on the last day of September.
Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statement of earnings.
2. Depreciation of Depreciable Assets
 - (1) Depreciation of Tangible Fixed Assets Excluding Leased Assets
Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method. (Depreciation of buildings is calculated by the straight-line method.)
 - (2) Depreciation of Leased Assets
Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.
 - (3) Amortization of Intangible Fixed Assets Excluding Leased Assets
Amortization of intangible fixed assets excluding leased assets is calculated by the straight-line method. Amortization of software is calculated by the straight-line method based on the estimated useful life of the software.
3. Reserve for Possible Loan Losses
To prepare for possible loan losses, the reserve for possible loan losses is calculated based on the asset quality assessment regulations, the internal rules for self-assessment, the write-offs and reserves recording regulations, and the internal rules for write-offs and reserves that have been established by the Company.
For loans to and claims on obligors for which the Company has serious concerns over their recoverability or whose value is assessed by the Company to have been damaged materially as a result of the assessment of individual loans or claims, the amount that is deemed necessary is provided.
4. Reserve for Price Fluctuations
A reserve for price fluctuations is calculated in accordance with the provisions of Article 115 of the Insurance Business Act.
5. Calculation of National and Local Consumption Tax
The Company accounts for national and local consumption tax by the tax-exclusion method. However, the tax-inclusion method is employed for operating expenses and other expenses. Of the non-deductible consumption tax, etc. related to assets, deferred consumption tax, etc. provided for in tax law is posted in prepaid expenses and is amortized evenly in five years. The non-deductible consumption tax, etc. other than deferred consumption tax, etc. is recorded as an expense in the first six months under review.
6. Policy Reserves
Policy reserves of the Company are calculated and set aside in accordance with the method specified in the statement of calculation procedures (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to the provisions of Article 116 of the Insurance Business Act for contracts in which the liability under insurance contracts have begun as of the end of the first six months of the fiscal year in preparation for performance of future obligations under insurance contracts.
Of the policy reserves, insurance premium reserves are calculated as follows:
 - (1) Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of the Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
 - (2) Reserves for other policies are established based on the net level premium method.
 If, through an estimation of future income based on most recent actual figures, the policy reserves set aside are found likely to be insufficient to cover the performance of future obligations, additional policy reserves need to be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. Policy reserves include additional policy reserves for some life insurance policies in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.
Of the policy reserves, contingency reserves are set aside for covering risks that may accrue in the future, so as to secure the performance of future obligations under the insurance contracts in accordance with Article 69, Paragraph 1, Item 3 of the Regulation for Enforcement of the Insurance Business Act.
7. As for already occurred but not yet reported reserves for outstanding claims (meaning insurance proceeds, etc. for which the grounds for payment stipulated in insurance policies are deemed to have already occurred although they are not yet reported. The same applies hereafter), given that it is not possible to calculate the appropriate level of the amount by the calculation based on the main clause of Article 1, Paragraph 1 of the Public Notice No. 234 of the Ministry of Finance of 1998 (hereinafter referred to as the "IBNR Notice") because the special handling—namely paying hospitalization benefits, etc. if a patient is diagnosed with COVID-19 and is treated under the supervision of a physician or other health care provider at an accommodation facility or at home (hereinafter referred to as "Deemed Hospitalization"), among other cases—is not applied from May 8, 2023, the amount calculated based on the following method is recorded in accordance with the proviso of Article 1, Paragraph 1 of the IBNR Notice.
(Overview of the calculation method)
Calculation is made in the same manner as the main clause of Article 1, Paragraph 1 of the IBNR Notice after excluding the amount for the Deemed Hospitalization of patients from the amount required for accumulating already occurred but not yet reported reserves for outstanding claims and claims paid for all fiscal years listed in the main clause of Article 1, Paragraph 1 of the IBNR Notice.

8. Matters Related to Financial Instruments, Etc.

(1) Fair values, etc. of financial instruments

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

	Value on Interim Balance Sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Securities			
a. Held-to-maturity bonds	174,632	168,786	(5,846)
b. Available-for-sale securities	1,398	1,398	—
(2) Loans	1,880	1,880	—
Total assets	177,911	172,065	(5,846)

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

(2) Breakdown of financial instruments by level of fair value

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

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

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

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

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

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

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities				
Available-for-sale securities				
Domestic stocks	1,301	—	—	1,301
Foreign bonds	—	96	—	96
Total assets	1,301	96	—	1,398

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

	Fair Value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity bonds				
Government bonds	33,091	—	—	33,091
Corporate bonds	—	130,915	—	130,915
Foreign bonds	—	4,779	—	4,779
Loans	—	—	1,880	1,880
Total assets	33,091	135,694	1,880	170,666

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

(i) Securities

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

(ii) Loans

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

9. The claims do not include any claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these, doubtful claims, delinquent claims of three months or more, and restructured claims.
10. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulation for Enforcement of the Insurance Business Act (hereinafter “policy reserves reinsured”) was ¥41,476 million.
11. The balance of unamortized outwards reinsurance commissions at the end of the first six months of the fiscal year under review pertaining to reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996 was ¥40,379 million.
12. Amounts are rounded off to the unit stated.

Notes to the Unaudited Non-Consolidated Statement of Earnings

Six months ended September 30, 2024

1. The standards for recording of premium and other income and benefits and claims are as follows.
 - (1) Premium income

For premium income, the amount of insurance premiums received for which the liability under insurance contracts has begun is recorded.

Of the insurance premiums received, the portion corresponding to the unexpired period as of the end of the first six months of the fiscal year under review is transferred to policy reserves in accordance with Article 69, Paragraph 1, Item 2 of the Regulation for Enforcement of the Insurance Business Act.
 - (2) Reinsurance income

For reinsurance income, the reinsured amount of the amount paid as insurance proceeds, etc. pertaining to the primary insurance contracts based on the reinsurance agreement is recorded in reinsurance income at the time of the payment of the insurance proceeds, etc.

Of modified coinsurance, in some transactions that do not give or receive cash, the amount received as part of the amount equivalent to new contract expenses pertaining to the primary insurance contracts based on the reinsurance agreement is recorded in reinsurance income, and the same amount is recorded in the total amount of claims against reinsurance companies as unamortized outwards reinsurance commissions and amortized over the reinsurance contract period.
 - (3) Benefits and claims (excluding ceding reinsurance commissions)

Benefits and claims (excluding ceding reinsurance commissions) are recorded for contracts in which the amount calculated based on the policy conditions was paid due to the occurrence of the grounds for payment under the policy conditions, using the said amount.

Based on Article 117 of the Insurance Business Act, reserves for outstanding claims are transferred for insurance proceeds, etc. for which payment is not made although the claims, etc. are due and payable as of the end of the first six months of the fiscal year under review, or the grounds for payment are deemed to have already occurred although they are not reported.
 - (4) Ceding reinsurance commissions

Reinsurance premiums agreed based on the reinsurance agreement are recorded in ceding reinsurance commissions at the time of receiving insurance premiums pertaining to the primary insurance contracts.

The Company has elected not to set aside certain policy reserves corresponding to the portion of the reinsurance under Article 71, Paragraph 1 of the Regulation for Enforcement of the Insurance Business Act.
2. In the calculation of the reversal of policy reserves, the amount of provision for policy reserves reinsured that are tallied is ¥2,412 million.
3. Interest and dividends include interest and dividends from securities of ¥448 million and interest from loans of ¥19 million.
4. Net loss per share for the six months ended September 30, 2024 was ¥313.93.
5. Reinsurance income includes ¥11,129 million, the amount of increase in unamortized outwards reinsurance commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996.
6. Ceding reinsurance commissions include ¥6,488 million, the amount of decrease in unamortized outwards reinsurance commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Public Notice No. 50 of the Ministry of Finance of 1996.
7. Amounts are rounded off to the unit stated.

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

Six months ended September 30, 2024

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

	At the beginning of the fiscal year ended March 31, 2024	Increase	Decrease	As of September 30, 2024
Shares outstanding				
Common stock	4,149	—	—	4,149

2. Stock Acquisition Rights and Own Stock Acquisition Rights

Not applicable.

3. Dividends Paid

Not applicable.

4. Amounts are rounded off to the unit stated.

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Fundamental profit A	(81)	(1,713)
Capital gains	—	—
Gains on money held in trust	—	—
Gains on investment in trading securities	—	—
Gains on sale of securities	—	—
Derivative transaction gains	—	—
Foreign exchange gains	—	—
Others	—	—
Capital losses	319	—
Losses on money held in trust	—	—
Losses on investment in trading securities	—	—
Losses on sale of securities	—	—
Losses on valuation of securities	319	—
Derivative transaction losses	—	—
Foreign exchange losses	—	—
Others	—	—
Net capital gains (losses) B	(319)	—
Fundamental profit plus net capital gains (losses) A + B	(401)	(1,713)
Other one-time gains	—	—
Reinsurance income	—	—
Reversal of contingency reserve	—	—
Reversal of specific reserve for possible loan losses	—	—
Others	—	—
Other one-time losses	96	49
Ceding reinsurance commissions	—	—
Provision for contingency reserve	96	48
Provision for specific reserve for possible loan losses	0	0
Provision for specific reserve for loans to refinancing countries	—	—
Write-down of loans	—	—
Others	—	—
Other one-time profits (losses) C	(96)	(49)
Ordinary profit (loss) A + B + C	(498)	(1,762)

8. Status of Claims Based on Insurance Business Act

(millions of yen except percentages)

	As of March 31, 2024	As of September 30, 2024
Claims provable in bankruptcy, claims provable in rehabilitation and claims equivalent to these	—	—
Doubtful claims	—	—
Delinquent claims of three months or more	—	—
Restructured claims	—	—
Subtotal	—	—
(Ratio to total)	(—%)	(—%)
Performing loans	1,675	1,899
Total	1,675	1,899

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

9. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2024	As of September 30, 2024
Total solvency margin (A)	39,064	35,998
Common stock, etc.	35,867	34,564
Reserve for price fluctuations	15	16
Contingency reserve	1,662	1,711
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)	(144)	(294)
Net unrealized gains (losses) on real estate × 85% (Multiplied by 100% if losses)	—	—
Policy reserves in excess of surrender values	40,461	45,159
Qualifying subordinated debt	—	—
Excluded portion of policy reserve in excess of surrender values and qualifying subordinated debt	(38,798)	(45,159)
Excluded items	—	—
Others	—	—
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	2,640	2,958
Insurance risk R ₁	718	713
3rd sector insurance risk R ₈	935	988
Assumed investment yield risk R ₂	6	6
Guaranteed minimum benefit risk R ₇	—	—
Investment risk R ₃	1,913	2,265
Business risk R ₄	107	119
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,958.5%	2,433.7%

Note: The figures above are calculated based on Articles 86 and 87 of the Enforcement Regulations of the Insurance Business Act, and Announcement No. 50, Ministry of Finance, 1996.

10. Status of Separate Account

Not applicable.

11. Consolidated Financial Summary

Not applicable.