
Financial Results for the Nine Months Ended December 31, 2023

Meiji Yasuda Life Insurance Company (Hideki Nagashima, President and Group CEO)
announces financial results for the Nine Months Ended December 31, 2023.

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Note:

This document is a translation from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Unaudited Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
ASSETS:		
Cash and deposits	1,411,205	850,456
Call loans	90,000	40,000
Monetary claims bought	171,153	162,841
Money held in trust	146,733	148,595
Securities	39,322,197	41,389,506
Loans	5,060,437	5,400,148
Tangible fixed assets	914,073	933,145
Intangible fixed assets	515,940	543,064
Due from agents	1,455	1,278
Reinsurance receivables	191,731	213,722
Other assets	730,779	931,927
Net defined benefit assets	219,115	221,284
Deferred tax assets	13,000	24,286
Customers' liabilities under acceptances and guarantees	5,743	5,063
Allowance for possible loan losses	(11,732)	(10,125)
Total assets	48,781,836	50,855,195

1. Unaudited Consolidated Balance Sheets (continued)

(Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
LIABILITIES:		
Policy reserves and other reserves	38,284,928	39,423,380
Reserve for outstanding claims	926,059	1,025,792
Policy reserves	37,070,528	38,066,045
Policyholders' dividend reserves	288,339	331,542
Due to agents	6,866	7,296
Reinsurance payables	39,038	73,653
Bonds payable	640,735	640,735
Other liabilities	4,919,319	4,487,672
Net defined benefit liabilities	7,709	8,517
Reserve for price fluctuation	1,074,039	1,090,114
Deferred tax liabilities	36,649	411,225
Deferred tax liabilities for land revaluation	78,178	77,627
Acceptances and guarantees	5,743	5,063
Total liabilities	45,093,208	46,225,285
NET ASSETS:		
Foundation funds	100,000	50,000
Reserve for redemption of foundation funds	880,000	930,000
Reserve for revaluation	452	452
Surplus	298,693	210,852
Total funds, reserve and surplus	1,279,146	1,191,305
Net unrealized gains (losses) on available-for-sale securities	2,169,500	3,127,098
Deferred unrealized gains (losses) on derivatives under hedge accounting	(27,077)	(69,317)
Land revaluation differences	121,544	124,507
Foreign currency translation adjustments	82,896	198,345
Remeasurements of defined benefit plans	61,969	55,947
Unrealized gains (losses) on policy reserves and other reserves of overseas subsidiaries	—	2,024
Total accumulated other comprehensive income	2,408,833	3,438,605
Non-controlling interests	648	—
Total net assets	3,688,627	4,629,910
Total liabilities and net assets	48,781,836	50,855,195

2. Unaudited Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31	
	2022	2023
ORDINARY INCOME:	4,168,716	3,934,394
Insurance premiums and other	2,868,834	2,516,747
Investment income	1,228,068	1,327,386
Interest, dividends and other income	775,956	900,111
Gains on money held in trust	1,674	470
Gains on trading securities	—	47
Gains on sales of securities	269,121	223,821
Investment gains on separate accounts	—	37,278
Other ordinary income	71,813	90,261
ORDINARY EXPENSES:	4,022,220	3,777,196
Benefits and other payments	2,424,557	2,243,235
Claims paid	596,704	574,461
Annuity payments	468,000	487,205
Benefit payments	494,867	477,907
Surrender benefits	781,048	627,472
Provision for policy reserves and other reserves	408,738	366,853
Provision for reserve for outstanding claims	30,542	—
Provision for policy reserves	378,157	366,820
Provision for interest on policyholders' dividend reserves	38	33
Investment expenses	630,196	576,357
Interest expenses	57,441	81,773
Losses on sales of securities	33,006	55,847
Losses on valuation of securities	5,927	2,448
Investment losses on separate accounts	31,073	—
Operating expenses	429,982	471,102
Other ordinary expenses	128,745	119,648
Ordinary profit	146,496	157,197
Extraordinary gains	619	—
Gains on disposals of fixed assets	138	—
Gains on liquidation of subsidiaries and affiliates	480	—
Extraordinary losses	19,257	31,129
Losses on disposals of fixed assets	2,144	5,462
Impairment losses	310	1,570
Losses on sales of stocks of subsidiaries and affiliates	—	1,109
Losses on liquidation of subsidiaries and affiliates	—	30
Losses on restructuring of subsidiaries and affiliates	—	5,014
Provision for reserve for price fluctuation	15,426	15,963
Contributions for promotion of social welfare project	1,370	1,861
Other extraordinary losses	6	116
Surplus before income taxes and non-controlling interests	127,857	126,068
Income taxes	8,913	12,127
Current	1,898	4,978
Deferred	7,014	7,149
Net surplus	118,944	113,940
Net surplus attributable to non-controlling interests	27	11
Net surplus attributable to the Parent Company	118,916	113,929

3. Unaudited Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31	
	2022	2023
Net surplus	118,944	113,940
Other comprehensive income (loss)	(955,410)	1,024,487
Net unrealized gains (losses) on available-for-sale securities	(1,056,584)	957,985
Deferred unrealized gains (losses) on derivatives under hedge accounting	(59,004)	(42,047)
Land revaluation differences	462	—
Foreign currency translation adjustments	168,276	100,118
Remeasurements of defined benefit plans	(6,253)	(6,022)
Share of other comprehensive income (loss) of associates accounted for under the equity method	(2,306)	14,453
Comprehensive income (loss)	(836,466)	1,138,427
Comprehensive income (loss) attributable to the Parent Company	(836,494)	1,138,416
Comprehensive income (loss) attributable to non-controlling interests	27	11

4. Notes to the Unaudited Consolidated Financial Statements

Basis for Preparing Unaudited Consolidated Financial Statements

1. Affiliates

(1) Change of scope of the equity method

PT Avrist Assurance and its 2 subsidiaries have been excluded from the scope of the equity method as of June 30, 2023, due to the sales of its shares.

(2) The number of affiliates accounted for by the equity method changed to 7.

2. Amortization of Goodwill

Goodwill recorded by a U.S. subsidiary was previously amortized on the straight-line basis over 20 years. However, since the U.S. subsidiary is now allowed to select the method of amortization based on FASB Accounting Standards Codification Topic 350 "Intangibles-Goodwill and Other", the Company changed the method of amortization to the straight-line method over 10 years from this fiscal year.

Accordingly, compared to the previous method, for the nine months ended December 31, 2023, ordinary profit and surplus before income taxes and non-controlling interests both decreased by ¥8,023 million.

Notes to the Unaudited Consolidated Balance Sheet as of December 31, 2023

1. Change in Significant Accounting Policy

(1) Certain overseas consolidated subsidiaries adopted FASB Accounting Standards Codification 326 Financial Instruments - Credit Loss

Effective January 1, 2023, certain overseas consolidated subsidiaries have adopted FASB Accounting Standards Codification 326 "Financial Instruments - Credit Loss" to change the measurement method of financial instruments by recognizing the impairment of financial assets using current expected credit loss model.

This change in accounting policy has been applied retroactively and the cumulative effects of the change in accounting policy is reflected in the beginning balance of the book value of net assets for the three months ended June 30, 2023.

Accordingly, for the three months ended June 30, 2023, the beginning balance of securities decreased by ¥269 million, loans decreased by ¥6,672 million, reinsurance receivables decreased by ¥929 million, deferred tax assets increased by ¥1,753 million, other liabilities increased by ¥414 million, retained earnings decreased by ¥6,532 million.

(2) Certain affiliates accounted for by the equity method have applied IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts

Certain affiliates accounted for by the equity method have applied IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts from the beginning of the first quarter of this fiscal year.

This change in accounting policy has been applied retroactively and the cumulative effects of the change in accounting policy is reflected in the beginning balance of the book value of net assets for the three months ended June 30, 2023.

Accordingly, for the three months ended June 30, 2023, the beginning balance of securities increased by ¥4,715 million, retained earnings increased by ¥2,393 million, net unrealized gains

on available-for-sale securities decreased by ¥1,836 million, unrealized gains (losses) on policy reserves and other reserves of overseas subsidiaries increased by ¥4,157 million.

2. Specific Accounting Treatment for the Preparation of the Quarterly Financial Statements

Income taxes of the Company are calculated by applying a reasonably estimated effective tax rate for the full fiscal year to surplus before income taxes and non-controlling interests for the nine months ended December 31, 2023. The effective tax rate is determined by estimating the effective tax rate for the full fiscal year, which includes the nine months ended December 31, 2023, after taking into account the effect of deferred tax accounting.

Therefore, income taxes-deferred of the Company for the nine months ended December 31, 2023 are included in the income taxes-current in the consolidated statements of income.

3. Policy Reserves

The policy reserves of the Company which are additionally set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act” include the following:

- The policy reserves set aside in the fiscal year ended March 31, 2015 for variable life insurance contracts, and single premium endowment contracts concluded on or after September 2, 1995.
- The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
- The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% for 2 years since the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium Individual annuity policies listed above).

Policy reserves of certain overseas consolidated subsidiaries are calculated based on each country’s accounting standard, such as U.S. generally accepted accounting principles.

4. Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter “IBNR claims”). For the fiscal year ended March 31, 2022, reserve for IBNR claims is stated in the amount calculated by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as “IBNR Notification”) in 1998. For the nine months ended December 31, 2023, the amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification, due to the termination of special measures of paying hospitalization benefits for “quasi hospitalization,” which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as “quasi hospitalization”) on May 8, 2023. Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)

The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount

of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

From the current fiscal year, the Company changed the calculation method to deduction of the amount pertaining to all quasi hospitalization instead of the deduction of the amount pertaining to quasi hospitalization for policyholders other than who are categorized at high risk of serious symptoms, due to the termination of the special measures of quasi hospitalization.

5. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the nine months ended December 31, 2023 were as follows:

	Millions of Yen
Balance at the beginning of the period	¥ 288,339
Transfer from surplus in the previous fiscal year	144,240
Dividend payments to policyholders during the period	(101,071)
Interest accrued during the period	33
Balance at the end of the period	¥ 331,542

6. Redemption of Foundation Funds

Having redeemed foundation funds totaling ¥50,000 million in the nine months ended December 31, 2023, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the "Insurance Business Act."

7. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥4,878,412 million as of December 31, 2023.

8. Securities Sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥576,107 million as of December 31, 2023.

9. Subordinated Bonds

As of December 31, 2023, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

10. Subordinated Borrowing

As of December 31, 2023, other liabilities in liabilities included subordinated borrowing of ¥271,600 million, and the repayments of which are subordinated to other obligations.

Notes to the Unaudited Consolidated Statement of Income for the Nine Months Ended December 31, 2023

1. Impairment of Fixed Assets

The details of the impairment losses on fixed assets are as follows:

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.

For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the nine months ended December 31, 2023, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statement of income.

(3) Details of fixed assets resulting in impairment losses

For the nine months ended December 31, 2023

Asset group	Number of properties impaired	Millions of Yen		
		Land	Buildings	Total
Real estate for non-insurance business	1	¥ 529	¥ 855	¥ 1,384
Idle assets	1	73	112	185
Total	2	¥ 602	¥ 967	¥ 1,570

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.71% for the nine months ended December 31, 2023. Net realizable value is calculated based on the appraisal value with reference to "Real Estate Appraisal Standards" or the publicly announced appraisal value.

2. Depreciation of Fixed Assets and Amortization of Goodwill

The total amount of depreciation of tangible fixed assets and amortization of goodwill were ¥46,971 million and ¥16,046 million respectively for the nine months ended December 31, 2023.