Dai-ichi Life Reinsurance Bermuda Ltd.
(Incorporated in Bermuda)

Financial Statements
For the year ended December 31, 2021
(expressed in U.S. dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dai-ichi Life Reinsurance Bermuda Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dai-ichi Life Reinsurance Bermuda Ltd. (the "Company"), which comprise the balance sheet as at December 31, 2021, the statements of income, comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bermuda and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 22, 2022

Dai-ichi Life Reinsurance Bermuda Ltd.

Balance Sheet

As at December 31, 2021 and December 31, 2020

(expressed in U.S. dollars)

	2021	2020
	$	$
Assets		
Cash	7,766,214	65,000,000
Investments at fair value through income	516,616,038	-
Accrued interest	3,014,244	-
Prepaid expenses	139,767	-
Total Assets	527,536,263	65,000,000
Liabilities		
Insurance/reinsurance balances payable	5,049,346	-
Losses payable	379,645	-
Accounts payable and accruals	342,733	-
Future policy benefits at fair value	454,050,820	-
Total Liabilities	459,822,544	-
Shareholder's Equity		
Share capital	65,000,000	65,000,000
Authorized, issued and fully paid		
6,500 shares of a par value of 10,000 each		
Retained earnings	80,807	-
Accumulated other comprehensive income	2,632,912	-
Total Shareholder's Equity	67,713,719	-
Total Liabilities and Shareholder's Equity	527,536,263	65,000,000

Approved by the Board of Directors

_______________________ Director   _______________________ Director

The accompanying notes are an integral part of these financial statements.

Dai-ichi Life Reinsurance Bermuda Ltd.

Statements of Income

For the year ended December 31, 2021 and for the period from December 11, 2020 to December 31, 2020

(expressed in U.S. dollars)

	2021	2020
	$	$
Revenue		
Net investment loss	(921,986)	-
Total revenue	(921,986)	-
Benefits and Expenses		
Benefit expenses	1,446,925	-
Expense allowance	840,530	-
Fair value changes associated with reinsurance contracts[1]	(4,266,922)	-
Operating expenses	976,674	-
Total benefits and expenses	(1,002,793)	-
Net income	$ **80,807**	**-**

(1) Fair value changes associated with reinsurance contracts comprises premium less commissions and benefits which are offset by the change in future policy benefits.

The accompanying notes are an integral part of these financial statements.

Dai-ichi Life Reinsurance Bermuda Ltd.

Statements of Comprehensive Income

For the year ended December 31, 2021 and for the period from December 11, 2020 to December 31, 2020

(expressed in U.S. dollars)

		2021	2020
		$	$
Net income		80,807	-
Other comprehensive income			
Fair value changes associated with credit risk		2,632,912	-
Total other comprehensive income		2,632,912	-
Net comprehensive income	**$**	**2,713,719**	**-**

The accompanying notes are an integral part of these financial statements.

Dai-ichi Life Reinsurance Bermuda Ltd.

Statements of Changes in Shareholder's Equity

For the year ended December 31, 2021 and for the period from December 11, 2020 to December 31, 2020

(expressed in U.S. dollars)

	Share capital	Retained earnings	Accumulated other comprehensive income	Total
	$	$	$	$
Opening Balance	-	-	-	-
Issued during period	65,000,000	-	-	65,000,000
Net income for period	-	-	-	-
Other comprehensive income	-	-	-	-
Balance - December 31, 2020	65,000,000	-	-	65,000,000
Issued during period	-	-	-	-
Net income for period	-	80,807	-	80,807
Other comprehensive income	-	-	2,632,912	2,632,912
Balance - December 31, 2021	65,000,000	80,807	2,632,912	67,713,719

Dai-ichi Life Reinsurance Bermuda Ltd.

Statements of Cash Flows

For the year ended December 31, 2021 and for the period from December 11, 2020 to December 31, 2020

(expressed in U.S. dollars)

		2021	2020
		$	$
Cash Flows from operating activities			
Net income	$	80,807	-
Adjustments to reconcile net income to net cash from operating activities:			
Net unrealized loss		5,902,838	-
Amortization expense		832,332	-
Fair value changes associated with credit risk		2,632,912	-
Change in operating assets and liabilities:			
Accrued Interest		(3,014,244)	-
Prepaid Expenses		(139,767)	-
Insurance/Reinsurance Balances Payable		5,049,346	-
Losses Payable		379,645	-
Accounts payable and accruals		342,733	-
Future policy benefits at fair value		454,050,820	-
Net cash from operating activities	$	466,117,422	-
Cash Flows used in investing activity			
Purchases of investments		(523,351,208)	-
Net cash used in investing activity	$	(523,351,208)	-
Cash Flows from financing activity			
Proceeds from issuance of common stock		-	65,000,000
Net cash from financing activity		-	65,000,000
Net (decrease) increase in cash and cash equivalents	$	(57,233,786)	65,000,000
Cash and cash equivalents - beginning of year	$	65,000,000	-
Cash and cash equivalents - end of year	$	7,766,214	65,000,000

The accompanying notes are an integral part of these financial statements.

(expressed in U.S. dollars)

1. The Company

Dai-ichi Life Reinsurance Bermuda Ltd. (the "Company"), a Bermuda tax exempted company, is a wholly-owned subsidiary of Dai-ichi Life Holdings, Inc., was incorporated in Bermuda on September 25th, 2020 and is registered as a Class C insurer under The Insurance Act 1978, amendments thereto and related regulations ("The Act") as of December 11th, 2020. The Company reinsures certain insurance policies written through an affiliated company, Dai-ichi Frontier Life Insurance Co., Ltd. The reinsurance agreement commenced on December 25th, 2020.

2. Significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities as at the balance sheet date. Estimates also affect the reported amounts of income and expenses for the reporting period. Actual results could differ from those estimates. The areas within the Company's financial statements that involve a significant amount of estimation and judgment include the following: future policy benefits, at fair value.

The following is a summary of the significant accounting policies adopted by the Company:

2.1 Reinsurance contracts at fair value

In accordance with the provisions of ASC 825-10-15-4, the Company elected to carry investments and future policy benefits at fair value associated with reinsurance contracts at fair value. This election is made on a contract-by-contract basis. For those contracts for which this election is made, assets and liabilities associated with the reinsurance contract are carried at fair value with the change in the fair value of the assets and the liabilities being recorded in the line titled fair value changes associated with reinsurance contracts on the statement of income (loss). This reduces earnings volatility in the accounting of the coinsurance agreements. Acquisition costs are not recognized as they are excluded from reinsurance premiums since they are paid directly by Dai-ichi Frontier Life Insurance Co., Ltd. All investments held are to support the liabilities associated with the reinsurance contracts at fair value.

(a) Future policy benefits at fair value

Insurance liabilities at fair value include amounts for unpaid losses and future policy benefits. The fair value related to insurance liabilities is determined using the income approach prescribed per ASC 820. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value techniques.

(expressed in U.S. dollars)

2. Significant accounting policies (cont'd)

The Company uses a discounted cash flows approach to measure the fair value of the insurance reserves. The cash flows associated with future benefits are generated using best estimate assumptions (plus a risk margin, where applicable). Risk margins are typically applied to the non-observable, non-hedgeable market inputs such as mortality, morbidity, lapse, discount rate for non-performance risk, discount rate for risk margin, surrenders, etc. Mortality relates to the occurrence of death and morbidity relates to health risks. Mortality assumptions are based upon the experience of the cedent as well as past and emerging industry experience, when available. Mortality and morbidity assumptions may be different by sex, underwriting class and policy type.

Policies are terminated through surrenders and maturities, where surrenders represent the voluntary terminations of policies by policyholders and maturities are determined by policy contract terms. Surrender assumptions are based upon cedant experience adjusted for expected future conditions. The Company uses A rated corporate bond spread in the development of the discount rate. Liability cash flows are discounted using the market yields on the underlying assets backing the liabilities less a risk margin to reflect uncertainty and an adjustment to reflect the credit risk of the Company.

The non-performance risk spread refers to the risk that the obligation will not be fulfilled and includes the Company's own credit risk. The non-performance risk relating to the liability is assumed to be the same before and after its transfer.

The risk margin is reflective of the uncertainty within the cash flows associated with the reinsurance contract.

The significant unobservable inputs used in the fair value measurement of future policy benefit liability are undiscounted cash flows (which are determined using actuarial assumptions related to lapses, surrenders, mortality, partial withdrawal and morbidity), non-performance risk spread and risk margin to reflect uncertainty. Increases or decreases in non-performance risk spread and risk margin to reflect uncertainty would result in a lower or higher fair value measurement. Refer to Note 4, Fair Value of Financial Instruments, for further detail.

2.2 Cash and cash equivalents

The Company considers all highly liquid temporary instruments purchased with original maturities of three months or less from date of purchase to be cash equivalents. There are no restrictions on cash and cash equivalents.

2.3 Fair value of financial instruments

The Company's measurement of fair value is based on assumptions used by market participants in pricing the asset or liability, which may include inherent risk, restrictions on the sale or use of an asset or non-performance risk, which may include the Company's own credit risk. The Company's estimate of an exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability ("exit price") in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability, as opposed to the price that would be paid to acquire the asset or receive a liability ("entry price"). The Company categorizes financial instruments carried at fair value into a three-level fair value hierarchy, based on the priority of inputs to the respective valuation technique. The three-level hierarchy for fair value measurement is defined as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

(expressed in U.S. dollars)

2. Significant accounting policies (cont'd)

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lower level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

When a determination is made to classify an asset or liability within Level 3 of the fair value hierarchy, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. Because certain securities trade in less liquid or illiquid markets with limited or no pricing information, the determination of fair value for these securities is inherently more difficult. However, Level 3 fair value investments may include, in addition to the unobservable or Level 3 inputs, observable components, which are components that are actively quoted or can be validated to market-based sources.

2.4 Investments

Fixed interest securities are classified as fair value through income and are carried at fair value with the unrealized holding gain or loss reported in income statement.

Interest income is recognized on an accrual basis. Premium or discount on fixed interest securities purchased at amounts different from their par value are amortized using the straight line method.

Realized gains and losses on sales of investments are recognized in investment income on the specific identification basis.

2.5 Insurance / reinsurance balances payable

Insurance and reinsurance balances payable represent reinsurance premiums received in advance and are on an accrual basis.

2.6 Investment income

Investment income on cash and cash equivalents, government securities and corporate securities are recorded as earned and accrued to the balance sheet date. This includes interest earned, amortization expense, unrealized gains/losses and realized gains/losses.

(expressed in U.S. dollars)

2. Significant accounting policies (cont'd)

2.7 Use of estimates

The financial statements include amounts based on informed estimates and judgements of management for those transactions that are not yet complete or for which the ultimate effects cannot be precisely determined.

Such estimates and judgements affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates to the balance sheet date.

3. Investments – fair value through income

a) The amortized cost and estimated fair value of investments is as follows:

As at December 31, 2021	Amortized cost $	Gross unrealized gains $	Gross unrealized losses $	Fair value $
US government securities	58,548,736	191,784	(640,970)	58,099,550
Corporate bonds	463,970,140	773,180	(6,226,832)	458,516,488
	522,518,876	964,964	(6,867,802)	516,616,038

b) For fixed interest securities held as at December 31, 2021, the maturity distribution is as follows:

Maturity period	Amortized cost $	Fair value $
Due after one year through five years	43,302,819	42,712,929
Due after five years through ten years	374,759,537	370,692,310
Due after ten years	104,456,520	103,210,799
	522,518,876	**516,616,038**

(expressed in U.S. dollars)

3. Investments – fair value through income (cont'd)

c) Major categories of investment income are summarized as follows:

	2021	2020
	$	$
Interest income	5,989,054	-
Amortization	(832,332)	-
Unrealized Losses on Investments	(5,902,838)	-
Investment Expense	(175,870)	-
Net Investment Loss	(921,986)	-

4. Fair Value of Financial Instruments

The Company measures the fair value of its instruments based on assumptions used by market participants in pricing the security. The most appropriate valuation methodology is selected based on the specific characteristics of the fixed maturity security and the Company will then consistently apply the valuation methodology to measure the security's fair value. The Company's fair value measurement is based on a market approach, which utilizes prices and other relevant information generated by market transactions involving identical or comparable securities. Sources of inputs to the market approach include third-party pricing services, independent broker quotations, or pricing matrices. The Company uses observable and unobservable inputs in its valuation methodologies. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data. In addition, market indicators and industry and economic events are monitored and further market data will be acquired when certain thresholds are met.

For certain security types, additional inputs may be used, or some of the inputs described above may not be applicable. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants. Management believes the broker quotes are prices at which trades could be executed based on historical trades executed at broker-quoted or slightly higher prices.

The Company's assets and liabilities measured at fair value are summarized according to the hierarchy previously described as follows:

	December 31, 2021			
Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
	$	$	$	$
US government securities	58,099,550	58,099,550	-	-
Corporate bonds	458,516,488	-	458,516,488	-
Total Assets	516,616,038	58,099,550	458,516,488	-
Liabilities				
Future policy benefits at fair value	454,050,820	-	-	454,050,820

(expressed in U.S. dollars)

4. *Fair Value of Financial Instruments (cont'd)*

Quantitative information regarding significant unobservable inputs used for recurring Level 3 fair value measurements of financial instruments carried at fair value December 31, 2021 were as follows:

	Valuation Technique	**Fair Value ($)**	**Unobservable Inputs**	**Range (weighted average)**
Future policy benefits at fair value	Discounted cash-flow	454,050,820	Non-performance risk spread	0.17% to 0.82% (0.60%)
			Risk Margin to reflect uncertainty	0.07% to 0.67% (0.43%)
			Mortality multiplier	NA (70% of Japan Standard mortality table for Protection type insurance)
			Mortality improvement	NA (1.50%)
			Lapse rates	0.5% to 15.0% (3.0%)

The following tables summarize changes to the Company's financial instruments carried at fair value and classified within Level 3 of the fair value hierarchy for 2021. The gains and losses below may include changes in fair value due in part to observable inputs that are a component of the valuation methodology.

	Future policy benefits at fair value
Beginning balance	-
Premiums due	460,950,654
Fair value changes associated with reinsurance contracts	(4,266,922)
Fair value changes associated with credit risk	(2,632,912)
Ending balance	454,050,820

(expressed in U.S. dollars)

5. *Future Policy Benefits at Fair Value*

The determination of future policy benefits at fair value is dependent on actuarial assumptions. The principal assumptions used to establish liabilities for future policy benefits are based on the Company's experience. These assumptions are established at issue of the contract and include mortality, contract full and partial surrenders, investment returns, and expenses. The assumptions used require management judgment. The Company reviews overall policyholder experience at least annually and updates these assumptions when deemed necessary based on additional information that becomes available. Changes in assumptions will be used to calculate future policy benefits at fair value.

These changes in assumptions will also incorporate changes in risk free rates. Changes in, or deviations from, the assumptions previously used can significantly affect recorded balances and related results of operations. Mortality is the incidence of death amongst policyholders triggering the payment of underlying insurance coverage by the insurer. The Company utilizes a combination of actual cedent and industry experience when setting mortality assumptions. A surrender rate is the percentage of account value surrendered by the policyholder. Best estimate liabilities are calculated using the best estimate assumptions developed through the assumption setting process of the Company. Management's best estimate of surrender behavior incorporates actual experience over the entire period, as we believe that, over the duration of the policies, the Company will experience the full range of policyholder behavior and market conditions. The assumptions used to establish the liabilities for the Company's future policy benefits require considerable judgment and are established as management's best estimate of future outcomes. The Company periodically reviews these assumptions and, if necessary, update them based on additional information that becomes available. Changes in or deviations from the assumptions used can significantly affect future policy benefit levels and related results of operations. Future Policy Benefits at Fair Value are summarized as follows:

	December 31, 2021
Future policy benefits at fair value	454,050,820

6. *Related party transactions*

As at December 31, 2021, the Company had reinsurance balances payable due to a related party of $5,049,346, and losses payable due to a related party of $379,645. The benefit expense of $1,446,925 and the expense allowance of $840,530 both relate to the reinsurance contract with a related party. The Company had entered into a service agreement with a related party Dai-ichi Holdings Ltd. to provide administration services and the Company paid $311,143 in administration services for the year ended December 31, 2021.

Effective December 25, 2020, the Company entered into a pledge agreement with a related company whereby the market value of Secured Assets obtained by the related party pursuant to the terms of the Pledge Agreement may be treated by the Company as payment by the Company to the related party of amounts owed.

All related party transactions are carried out on an arm's length basis.

(expressed in U.S. dollars)

7. Statutory capital

Under The Act, the Company is required to meet certain minimum statutory capital and surplus requirements. At December 31, 2021 the Company's statutory capital and surplus was $67,573,952 and the minimum required statutory capital and surplus was $1,000,000.

For the period ended December 31, 2021:

	December 31 2021
Statutory Capital	65,000,000
Income for Year	80,807
Change in Non-Admitted Assets	(139,767)
Fair Value Changes Associated with Credit Risk	2,632,912
Total Statutory Capital and Surplus	**67,573,952**

8. Share capital

The Company has authorized, issued and fully paid in capital of 6,500 common shares at a par value of $10,000 each.

9. Taxation

Bermuda
Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company received an undertaking from the Bermuda Minister of Finance that, in the event of any such taxes being imposed, the Company will be exempted from taxation until the year 2035.

10. Accumulated Other Comprehensive Income

The Statement of Comprehensive Income for the period ended December 31, 2021 includes $2,632,912 of fair value changes associated with credit risk related to the future policy benefits at fair value.

11. Subsequent events

The Company has evaluated subsequent events through April 22, 2022, which is the date that the financial statements were available to be issued.

ASC Topic 855, "Subsequent Events" ("ASC 855"), establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 requires the Company to evaluate events that occur after the balance sheet date through the date the Company's financial statements are issued and to determine whether adjustments to or additional disclosures in the financial statements are necessary.