



## ***News Release***

FOR IMMEDIATE RELEASE

### **Aflac Incorporated Announces First Quarter Results, Reports First Quarter Net Earnings of \$1.3 Billion, Declares Second Quarter Cash Dividend**

COLUMBUS, Ga. - April 28, 2021 - Aflac Incorporated (NYSE: AFL) today reported its first quarter results.

Total revenues were \$5.9 billion in the first quarter of 2021, compared with \$5.2 billion in the first quarter of 2020. Net earnings were \$1.3 billion, or \$1.87 per diluted share, compared with \$566 million, or \$0.78 per diluted share a year ago, driven by higher net investment gains.

Net earnings in the first quarter of 2021 included pretax adjusted net investment gains\* of \$304 million, or \$0.44 per diluted share, compared with pretax adjusted net investment losses of \$448 million, or \$0.62 per diluted share a year ago, which are excluded from adjusted earnings. The adjusted net investment gains were driven by net gains from certain derivatives and foreign currency activities of \$361 million and a decrease in the allowances associated with the company's estimate of current expected credit gains (CECL) of \$22 million, offset by a decrease in the fair value of equity securities of \$68 million and net losses of \$11 million from sales and redemptions.

The average yen/dollar exchange rate\* in the first quarter of 2021 was 105.88, or 2.8% stronger than the average rate of 108.84 in the first quarter of 2020.

Total investments and cash at the end of March 2021 were \$143.3 billion, compared with \$137.0 billion at March 31, 2020. In the first quarter, Aflac Incorporated repurchased \$650 million, or 13.4 million of its common shares. At the end of March 2021, the company had 85.7 million remaining shares authorized for repurchase.

Shareholders' equity was \$32.1 billion, or \$47.16 per share, at March 31, 2021, compared with \$26.4 billion, or \$36.75 per share, at March 31, 2020. Shareholders' equity at the end of the first quarter included a net unrealized gain on investment securities and derivatives of \$8.8 billion, compared with a net unrealized gain of \$6.0 billion at March 31, 2020. Shareholders' equity at the end of the first quarter also included an unrealized foreign currency translation loss of \$1.7 billion, compared with an unrealized foreign currency translation loss of \$1.5 billion at March 31, 2020. The annualized return on average shareholders' equity in the first quarter was 15.8%.

Adjusted earnings\* in the first quarter were \$1.1 billion, compared with \$882 million in the first quarter of 2020, reflecting an increase of 20.0% driven by lower-than-expected benefit ratios in the United States and favorable effective tax rates. Adjusted earnings included pretax variable investment income of \$34 million on alternative investments, which was \$25 million above long-term return expectations. Adjusted earnings per diluted share\* increased 26.4% to \$1.53 in the quarter. The stronger yen/dollar exchange rate impacted adjusted earnings per diluted share by \$0.02.

Shareholders' equity excluding AOCI\* was \$25.3 billion, or \$37.16 per share at March 31, 2021, compared with \$22.2 billion, or \$30.92 per share, at March 31, 2020. The annualized adjusted return on equity excluding foreign currency impact\* in the first quarter was 16.7%.

## **AFLAC JAPAN**

In yen terms, Aflac Japan's net premium income was ¥330.6 billion for the quarter, or 3.6% lower than a year ago, mainly due to limited-pay products reaching paid-up status and constrained sales from the impact of pandemic conditions. Adjusted net investment income\* increased 6.9% to ¥74.6 billion, mainly due to lower hedge costs and higher alternative and floating rate income. Total revenues in yen declined 1.8% to ¥406.5 billion. Pretax adjusted earnings in yen for the quarter increased 0.9% on a reported basis, due in part to a decline in the third sector benefit ratio from a reserve release resulting from lower claims activity associated with pandemic conditions. Pretax adjusted earnings increased 2.1% on a currency-neutral basis. The pretax adjusted profit margin for the Japan segment was 23.1%, compared with 22.5% a year ago. The increase in the profit margin is largely due to the improvements in the benefit ratio and net investment income.

In dollar terms, net premium income decreased 0.9% to \$3.1 billion in the first quarter. Adjusted net investment income increased 9.8% to \$705 million. Total revenues increased by 1.0% to \$3.8 billion. Pretax adjusted earnings increased 3.7% to \$887 million.

For the quarter, total new annualized premium sales (sales) decreased 0.2% to ¥14.0 billion, or \$132 million. This essentially flat result reflects the introduction of a medical product and the ongoing impact of reduced activity associated with ongoing pandemic conditions.

## **AFLAC U.S.**

Aflac U.S. net premium income declined 4.1% to \$1.4 billion in the first quarter, mainly due to constrained sales as a result of ongoing pandemic conditions. Adjusted net investment income decreased 0.6% to \$176 million primarily as a result of lower yields on the fixed-rate portfolio offset by higher variable net investment income. Total revenues were down 3.5% to \$1.6 billion, largely due to a decline in earned premium from reduced sales activity. Pretax adjusted earnings were \$445 million, 36.5% higher than a year ago, which was primarily driven by lower-than-expected benefit ratios due to lower incurred claims related to pandemic conditions and excludes \$6 million of group benefits business integration costs. The pretax adjusted profit margin for the U.S. segment was 27.3%, compared with 19.3% a year ago.

Aflac U.S. sales decreased 22.1% in the quarter to \$251 million, reflecting the continued impact of pandemic conditions.

## **CORPORATE AND OTHER**

For the quarter, total adjusted revenue decreased 20.2% to \$83 million, primarily due to a \$20 million decline in adjusted net investment income driven by lower hedge income and short-term interest rates. Pretax adjusted earnings were a loss of \$26 million, compared with a gain of \$2 million a year ago, primarily reflecting higher interest expense associated with debt issuances and lower adjusted net investment income.

## **DIVIDEND**

The board of directors declared the second quarter dividend of \$0.33 per share, payable on June 1, 2021 to shareholders of record at the close of business on May 19, 2021.

## **OUTLOOK**

Commenting on the company's results, Chairman and Chief Executive Officer Daniel P. Amos stated: "While earnings are off to a strong start for the year, they are largely supported by low benefit ratios associated with pandemic conditions. In addition, pandemic conditions in the first quarter continued to impact our sales results both in the United States and Japan, as well as earned premium and revenues. We continue to expect these pandemic conditions to remain with us through the first half of 2021, but look for improvement in the second half of the year as communities and businesses open up, allowing more face-to-face interactions. We are encouraged by the production and distribution of COVID-19 vaccines, but we also recognize that vaccination efforts are still in the early stages around the world. In the interim, we are cautiously optimistic and remain vigilant, and our thoughts and prayers are with everyone affected.

"Looking at our operations in Japan, sales were essentially flat for the first quarter with the launch of our new medical product, offset by continued pandemic conditions. While we continue to navigate evolving pandemic conditions in Japan, we expect continued strength in medical sales. In addition, Japan Post Group's announcement to resume proactive sales in April paves the way for gradual improvement in Aflac cancer insurance sales in the second half of the year. In the U.S., small businesses are still in recovery mode, and we expect that they will be for most of 2021. At the same time, larger businesses remain focused on returning employees to the worksite, rather than modifying the benefits for their employees. As a result, we continue to work toward reinforcing our position and a recovery in U.S. sales in the second half of 2021.

"As always, we remain committed to prudent liquidity and capital management. We issued our first sustainability bond in March as we seek to allocate proceeds from that issuance to reinforce our commitment to social and environmental initiatives. Additionally, we continue to maintain strong capital ratios on behalf of our policyholders in both the U.S. and Japan. We treasure our 38-year track record of dividend growth and remain committed to extending it, supported by the strength of our capital and cash flows. At the same time, we will continue to tactically repurchase shares, focused on integrating the growth investments we have made in our platform. By doing so, we look to emerge from this period in a continued position of strength and leadership."

\*See Non-U.S. GAAP Financial Measures section for an explanation of foreign exchange and its impact on the financial statements and definitions of the non-U.S. GAAP financial measures used in this earnings release, as well as a reconciliation of such non-U.S. GAAP financial measures to the most comparable U.S. GAAP financial measures.

## **ABOUT AFLAC INCORPORATED**

Aflac Incorporated (NYSE: AFL) is a Fortune 500 company helping provide protection to more than 50 million people through its subsidiaries in Japan and the U.S., where it is a leading supplemental insurer by paying cash fast when policyholders get sick or injured. For more than six decades, insurance policies of Aflac Incorporated's subsidiaries have given policyholders the opportunity to focus on recovery, not financial stress. Aflac Life Insurance Japan is the leading provider of medical and cancer insurance in Japan where it insures 1 in 4 households. For 15 consecutive years, Aflac Incorporated has been recognized by Ethisphere as one of the World's Most Ethical Companies. In 2021, Fortune included Aflac Incorporated on its list of World's Most Admired Companies for the 20th time, and Bloomberg added Aflac Incorporated to its Gender-Equality Index, which tracks the financial performance of public companies committed to supporting gender equality through policy development, representation and transparency, for the second consecutive year. To find out how to get help with expenses health insurance doesn't cover, get to know us at [aflac.com](http://aflac.com).

A copy of Aflac's Financial Analysts Briefing (FAB) supplement for the quarter can be found on the "Investors" page at [aflac.com](http://aflac.com).

Aflac Incorporated will webcast its quarterly conference call via the "Investors" page of [aflac.com](http://aflac.com) at 9:00 a.m. (ET) on Thursday, April 29, 2021.

Note: Tables within this document may not foot due to rounding.

**AFLAC INCORPORATED AND SUBSIDIARIES CONDENSED INCOME STATEMENT**

(UNAUDITED – IN MILLIONS, EXCEPT FOR SHARE AND PER-SHARE AMOUNTS)

<b>THREE MONTHS ENDED MARCH 31,</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
Total revenues	\$ 5,869	\$ 5,162	13.7 %
Benefits and claims, net	2,735	2,939	(6.9)
Total acquisition and operating expenses	1,531	1,503	1.9
Earnings before income taxes	1,603	720	122.6
Income taxes	310	154	
Net earnings	\$ 1,293	\$ 566	128.4 %
Net earnings per share – basic	\$ 1.88	\$ 0.78	141.0 %
Net earnings per share – diluted	1.87	0.78	139.7
Shares used to compute earnings per share (000):			
Basic	688,938	724,366	(4.9)%
Diluted	691,940	727,512	(4.9)
Dividends paid per share	\$ 0.33	\$ 0.28	17.9 %

**AFLAC INCORPORATED AND SUBSIDIARIES CONDENSED BALANCE SHEET**

(UNAUDITED – IN MILLIONS, EXCEPT FOR SHARE AMOUNTS)

<b>MARCH 31,</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
<b>Assets:</b>			
Total investments and cash	\$143,289	\$136,967	4.6 %
Deferred policy acquisition costs	9,835	10,164	(3.2)
Other assets	5,033	4,485	12.2
<b>Total assets</b>	<b>\$158,157</b>	<b>\$151,616</b>	<b>4.3 %</b>
<b>Liabilities and shareholders' equity:</b>			
Policy liabilities	\$107,905	\$107,552	0.3 %
Notes payable and lease obligations	8,088	6,758	19.7
Other liabilities	10,061	10,904	(7.7)
Shareholders' equity	32,103	26,402	21.6
<b>Total liabilities and shareholders' equity</b>	<b>\$158,157</b>	<b>\$151,616</b>	<b>4.3 %</b>
Shares outstanding at end of period (000)	680,707	718,382	(5.2)%

## **NON-U.S. GAAP FINANCIAL MEASURES**

This document may include references to the Company's financial performance measures which are not calculated in accordance with United States generally accepted accounting principles (U.S. GAAP) (non-U.S. GAAP). The financial measures exclude items that the Company believes may obscure the underlying fundamentals and trends in insurance operations because they tend to be driven by general economic conditions and events or related to infrequent activities not directly associated with insurance operations.

Due to the size of Aflac Japan, where the functional currency is the Japanese yen, fluctuations in the yen/dollar exchange rate can have a significant effect on reported results. In periods when the yen weakens, translating yen into dollars results in fewer dollars being reported. When the yen strengthens, translating yen into dollars results in more dollars being reported. Consequently, yen weakening has the effect of suppressing current period results in relation to the comparable prior period, while yen strengthening has the effect of magnifying current period results in relation to the comparable prior period. A significant portion of the Company's business is conducted in yen and never converted into dollars but translated into dollars for U.S. GAAP reporting purposes, which results in foreign currency impact to earnings, cash flows and book value on a U.S. GAAP basis. Management evaluates the Company's financial performance both including and excluding the impact of foreign currency translation to monitor, respectively, cumulative currency impacts on book value and the currency-neutral operating performance over time. The average yen/dollar exchange rate is based on the published MUFG Bank, Ltd. telegraphic transfer middle rate (TTM).

The company defines the non-U.S. GAAP financial measures included in this earnings release as follows:

- Adjusted earnings are adjusted revenues less benefits and adjusted expenses. Adjusted earnings per share (basic or diluted) are the adjusted earnings for the period divided by the weighted average outstanding shares (basic or diluted) for the period presented. The adjustments to both revenues and expenses account for certain items that cannot be predicted or that are outside management's control. Adjusted revenues are U.S. GAAP total revenues excluding adjusted net investment gains and losses. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact of interest cash flows from derivatives associated with notes payable but excluding any nonrecurring or other items not associated with the normal course of the Company's insurance operations and that do not reflect the Company's underlying business performance. Management uses adjusted earnings and adjusted earnings per diluted share to evaluate the financial performance of the Company's insurance operations on a consolidated basis and believes that a presentation of these financial measures is vitally important to an understanding of the underlying profitability drivers and trends of the Company's insurance business. The most comparable U.S. GAAP financial measures for adjusted earnings and adjusted earnings per share (basic or diluted) are net earnings and net earnings per share, respectively.
- Adjusted earnings excluding current period foreign currency impact is computed using the average foreign currency exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by foreign currency exchange rate changes. Adjusted earnings per diluted share excluding current period foreign currency impact is adjusted earnings excluding current period foreign currency impact divided by the weighted average outstanding diluted shares for the period presented. The Company considers adjusted earnings excluding current period foreign currency impact and adjusted earnings per diluted share excluding current period foreign currency impact important because a significant portion of the Company's business is conducted in Japan and foreign exchange rates are outside of management's control; therefore, the Company believes it is important to understand the impact of translating foreign currency (primarily Japanese yen) into U.S. dollars. The most comparable U.S. GAAP financial measures for adjusted earnings excluding current period foreign currency impact and adjusted earnings per diluted share excluding current period foreign currency impact are net earnings and net earnings per share, respectively.
- Adjusted return on equity is adjusted earnings divided by average shareholders' equity, excluding accumulated other comprehensive income (AOCI). Management uses adjusted return on equity to evaluate the financial performance of the Company's insurance operations on a consolidated basis and believes that a presentation of this financial measure is vitally important to an understanding of the underlying profitability drivers and trends of the Company's insurance business. The Company considers adjusted return on equity important as it excludes components of AOCI, which fluctuate due to market movements that are outside management's control. The most comparable U.S. GAAP financial measure for adjusted return on equity is return on average equity (ROE) as determined using net earnings and average total shareholders' equity.
- Adjusted return on equity excluding foreign currency impact is adjusted earnings excluding the current period foreign currency impact divided by average shareholders' equity, excluding AOCI. The Company considers adjusted return on equity excluding foreign currency impact important as it excludes changes in foreign currency and components of AOCI, which fluctuate due to market

movements that are outside management's control. The most comparable U.S. GAAP financial measure for adjusted return on equity excluding foreign currency impact is ROE as determined using net earnings and average total shareholders' equity.

- Amortized hedge costs/income represent costs/income incurred or recognized as a result of using foreign currency derivatives to hedge certain foreign exchange risks in the Company's Japan segment or in the Corporate and Other segment. These amortized hedge costs/ income are estimated at the inception of the derivatives based on the specific terms of each contract and are recognized on a straight-line basis over the term of the hedge. The Company believes that amortized hedge costs/income measure the periodic currency risk management costs/income related to hedging certain foreign currency exchange risks and are an important component of net investment income. There is no comparable U.S. GAAP financial measure for amortized hedge costs/ income.
- Adjusted book value is the U.S. GAAP book value (representing total shareholders' equity), less AOCI as recorded on the U.S. GAAP balance sheet. Adjusted book value per common share is adjusted book value at the period end divided by the ending outstanding common shares for the period presented. The Company considers adjusted book value and adjusted book value per common share important as they exclude AOCI, which fluctuates due to market movements that are outside management's control. The most comparable U.S. GAAP financial measures for adjusted book value and adjusted book value per common share are total book value and total book value per common share, respectively.
- Adjusted book value including unrealized foreign currency translation gains and losses is adjusted book value plus unrealized foreign currency translation gains and losses. Adjusted book value including unrealized foreign currency translation gains and losses per common share is adjusted book value plus unrealized foreign currency translation gains and losses at the period end divided by the ending outstanding common shares for the period presented. The Company considers adjusted book value including unrealized foreign currency translation gains and losses, and its related per share financial measure, important as they exclude certain components of AOCI, which fluctuate due to market movements that are outside management's control; however, it includes the impact of foreign currency as a result of the significance of Aflac's Japan operation. The most comparable U.S. GAAP financial measures for adjusted book value including unrealized foreign currency translation gains and losses and adjusted book value including unrealized foreign currency translation gains and losses per common share are total book value and total book value per common share, respectively.
- Adjusted net investment income is net investment income adjusted for i) amortized hedge cost/income related to foreign currency exposure management strategies and certain derivative activity, and ii) net interest cash flows from foreign currency and interest rate derivatives associated with certain investment strategies, which are reclassified from net investment gains and losses to net investment income. The Company considers adjusted net investment income important because it provides a more comprehensive understanding of the costs and income associated with the Company's investments and related hedging strategies. The most comparable U.S. GAAP financial measure for adjusted net investment income is net investment income.
- Adjusted net investment gains and losses are net investment gains and losses adjusted for i) amortized hedge cost/income related to foreign currency exposure management strategies and certain derivative activity, ii) net interest cash flows from foreign currency and interest rate derivatives associated with certain investment strategies, which are both reclassified to net investment income, and iii) the impact of interest cash flows from derivatives associated with notes payable, which is reclassified to interest expense as a component of total adjusted expenses. The Company considers adjusted net investment gains and losses important as it represents the remainder amount that is considered outside management's control, while excluding the components that are within management's control and are accordingly reclassified to net investment income and interest expense. The most comparable U.S. GAAP financial measure for adjusted net investment gains and losses is net investment gains and losses.

**RECONCILIATION OF NET EARNINGS TO ADJUSTED EARNINGS**  
(UNAUDITED – IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)

THREE MONTHS ENDED MARCH 31,	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Net earnings	\$1,293	\$ 566	128.4 %
Items impacting net earnings:			
Adjusted net investment (gains) losses	(304)	448	
Other and non-recurring (income) loss	6	15	
Income tax (benefit) expense on items excluded from adjusted earnings	62	(146)	
Adjusted earnings	1,058	882	20.0 %
Current period foreign currency impact <sup>1</sup>	(13)	N/A	
Adjusted earnings excluding current period foreign currency impact <sup>2</sup>	\$1,045	\$ 882	18.5 %
Net earnings per diluted share	\$ 1.87	\$ 0.78	139.7 %
Items impacting net earnings:			
Adjusted net investment (gains) losses	(0.44)	0.62	
Other and non-recurring (income) loss	0.01	0.02	
Income tax (benefit) expense on items excluded from adjusted earnings	0.09	(0.20)	
Adjusted earnings per diluted share	1.53	1.21	26.4 %
Current period foreign currency impact <sup>1</sup>	(0.02)	N/A	
Adjusted earnings per diluted share excluding current period foreign currency impact <sup>2</sup>	\$ 1.51	\$ 1.21	24.8 %

<sup>1</sup> Prior period foreign currency impact reflected as "N/A" to isolate change for current period only.

<sup>2</sup> Amounts excluding current period foreign currency impact are computed using the average foreign currency exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by foreign currency exchange rate changes.

**RECONCILIATION OF NET INVESTMENT (GAINS) LOSSES TO ADJUSTED NET INVESTMENT (GAINS) LOSSES**

(UNAUDITED – IN MILLIONS)

<b>THREE MONTHS ENDED MARCH 31,</b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>% Change</u></b>
Net investment (gains) losses	\$ (307)	\$ 463	(166.3)%
Items impacting net investment (gains) losses:			
Amortized hedge costs	(19)	(55)	
Amortized hedge income	17	29	
Net interest cash flows from derivatives associated with certain investment strategies	(8)	(6)	
Interest rate component of the change in fair value of foreign currency swaps on notes payable <sup>1</sup>	14	16	
Adjusted net investment (gains) losses	\$ (304)	\$ 448	(167.9)%

<sup>1</sup> Amounts are included with interest expenses that are a component of adjusted expenses.

**RECONCILIATION OF NET INVESTMENT INCOME TO ADJUSTED NET INVESTMENT INCOME**

(UNAUDITED – IN MILLIONS)

<b>THREE MONTHS ENDED MARCH 31,</b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>% Change</u></b>
Net investment income	\$ 925	\$ 904	2.3 %
Items impacting net investment income:			
Amortized hedge costs	(19)	(55)	
Amortized hedge income	17	29	
Net interest cash flows from derivatives associated with certain investment strategies	(8)	(6)	
Adjusted net investment income	\$ 915	\$ 872	4.9 %

**RECONCILIATION OF U.S. GAAP BOOK VALUE TO ADJUSTED BOOK VALUE**  
(UNAUDITED - IN MILLIONS, EXCEPT FOR SHARE AND PER-SHARE AMOUNTS)

<b>MARCH 31,</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
U.S. GAAP book value	\$ 32,103	\$ 26,402	
Less:			
Unrealized foreign currency translation gains (losses)	(1,674)	(1,543)	
Unrealized gains (losses) on securities and derivatives	8,761	6,008	
Pension liability adjustment	(280)	(277)	
Total AOCI	6,807	4,188	
Adjusted book value	\$ 25,296	\$ 22,214	
Add:			
Unrealized foreign currency translation gains (losses)	(1,674)	(1,543)	
Adjusted book value including unrealized foreign currency translation gains (losses)	\$ 23,622	\$ 20,671	
Number of outstanding shares at end of period (000)	680,707	718,382	
U.S. GAAP book value per common share	\$ 47.16	\$ 36.75	28.3 %
Less:			
Unrealized foreign currency translation gains (losses) per common share	(2.46)	(2.15)	
Unrealized gains (losses) on securities and derivatives per common share	12.87	8.36	
Pension liability adjustment per common share	(0.41)	(0.39)	
Total AOCI per common share	10.00	5.83	
Adjusted book value per common share	\$ 37.16	\$ 30.92	20.2 %
Add:			
Unrealized foreign currency translation gains (losses) per common share	(2.46)	(2.15)	
Adjusted book value including unrealized foreign currency translation gains (losses) per common share	\$ 34.70	\$ 28.77	20.6 %

**RECONCILIATION OF U.S. GAAP RETURN ON EQUITY (ROE) TO ADJUSTED ROE**

(EXCLUDING IMPACT OF FOREIGN CURRENCY)

<b>THREE MONTHS ENDED MARCH 31,</b>	<b>2021</b>	<b>2020</b>
U.S. GAAP ROE - Net earnings <sup>1</sup>	15.8 %	8.2 %
Impact of excluding unrealized foreign currency translation gains (losses)	(0.9)	(0.6)
Impact of excluding unrealized gains (losses) on securities and derivatives	6.1	2.7
Impact of excluding pension liability adjustment	(0.2)	(0.1)
Impact of excluding AOCI	5.0	2.0
U.S. GAAP ROE - less AOCI	20.7	10.2
Differences between adjusted earnings and net earnings <sup>2</sup>	(3.8)	5.7
Adjusted ROE - reported	17.0	15.8
Less: Impact of foreign currency <sup>3</sup>	0.2	N/A
Adjusted ROE, excluding impact of foreign currency	16.7	15.8

<sup>1</sup> U.S. GAAP ROE is calculated by dividing net earnings (annualized) by average shareholders' equity.

<sup>2</sup> See separate reconciliation of net income to adjusted earnings.

<sup>3</sup> Impact of foreign currency is calculated by restating all foreign currency components of the income statement to the weighted average foreign currency exchange rate for the comparable prior year period. The impact is the difference of the restated adjusted earnings compared to reported adjusted earnings. For comparative purposes, only current period income is restated using the weighted average prior period exchange rate, which eliminates the foreign currency impact for the current period. This allows for equal comparison of this financial measure.

**EFFECT OF FOREIGN CURRENCY ON ADJUSTED RESULTS<sup>1</sup>**

(SELECTED PERCENTAGE CHANGES, UNAUDITED)

<b>THREE MONTHS ENDED MARCH 31, 2021</b>	<b>Including Currency Changes</b>	<b>Excluding Currency Changes<sup>2</sup></b>
Net premium income <sup>3</sup>	(1.9)%	(3.7)%
Adjusted net investment income <sup>4</sup>	4.9	3.9
Total benefits and expenses	(3.7)	(5.6)
Adjusted earnings	20.0	18.5
Adjusted earnings per diluted share	26.4	24.8

<sup>1</sup> Refer to previously defined adjusted earnings and adjusted earnings per diluted share.

<sup>2</sup> Amounts excluding currency changes were determined using the same foreign currency exchange rate for the current period as the comparable period in the prior year, which eliminates dollar-based fluctuations driven solely from currency rate changes.

<sup>3</sup> Net of reinsurance

<sup>4</sup> Refer to previously defined adjusted net investment income.

## FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The company desires to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as “expect,” “anticipate,” “believe,” “goal,” “objective,” “may,” “should,” “estimate,” “intends,” “projects,” “will,” “assumes,” “potential,” “target,” “outlook” or similar words as well as specific projections of future results, generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements.

The company cautions readers that the following factors, in addition to other factors mentioned from time to time, could cause actual results to differ materially from those contemplated by the forward-looking statements:

- difficult conditions in global capital markets and the economy, including those caused by COVID-19
- defaults and credit downgrades of investments
- exposure to significant interest rate risk
- concentration of business in Japan
- limited availability of acceptable yen-denominated investments
- foreign currency fluctuations in the yen/dollar exchange rate
- differing judgments applied to investment valuations
- significant valuation judgments in determination of expected credit losses recorded on the Company's investments
- decreases in the Company's financial strength or debt ratings
- decline in creditworthiness of other financial institutions
- the effects of COVID-19, and any resulting economic effects and government interventions, on the Company's business and financial results
- ability to attract and retain qualified sales associates, brokers, employees, and distribution partners
- deviations in actual experience from pricing and reserving assumptions
- ability to continue to develop and implement improvements in information technology systems
- interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems
- subsidiaries' ability to pay dividends to the Parent Company
- inherent limitations to risk management policies and procedures
- concentration of the Company's investments in any particular single-issuer or sector
- events related to the Japan Post investigation and other matters
- tax rates applicable to the Company may change
- failure to comply with restrictions on policyholder privacy and information security
- extensive regulation and changes in law or regulation by governmental authorities
- competitive environment and ability to anticipate and respond to market trends
- catastrophic events including, but not necessarily limited to, epidemics, pandemics (such as the coronavirus COVID-19), tornadoes, hurricanes, earthquakes, tsunamis, war or other military action, terrorism or other acts of violence, and damage incidental to such events
- ability to protect the Aflac brand and the Company's reputation
- ability to effectively manage key executive succession
- changes in accounting standards
- level and outcome of litigation
- allegations or determinations of worker misclassification in the United States

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