Annual Report 2025

Year Ended March 31, 2025

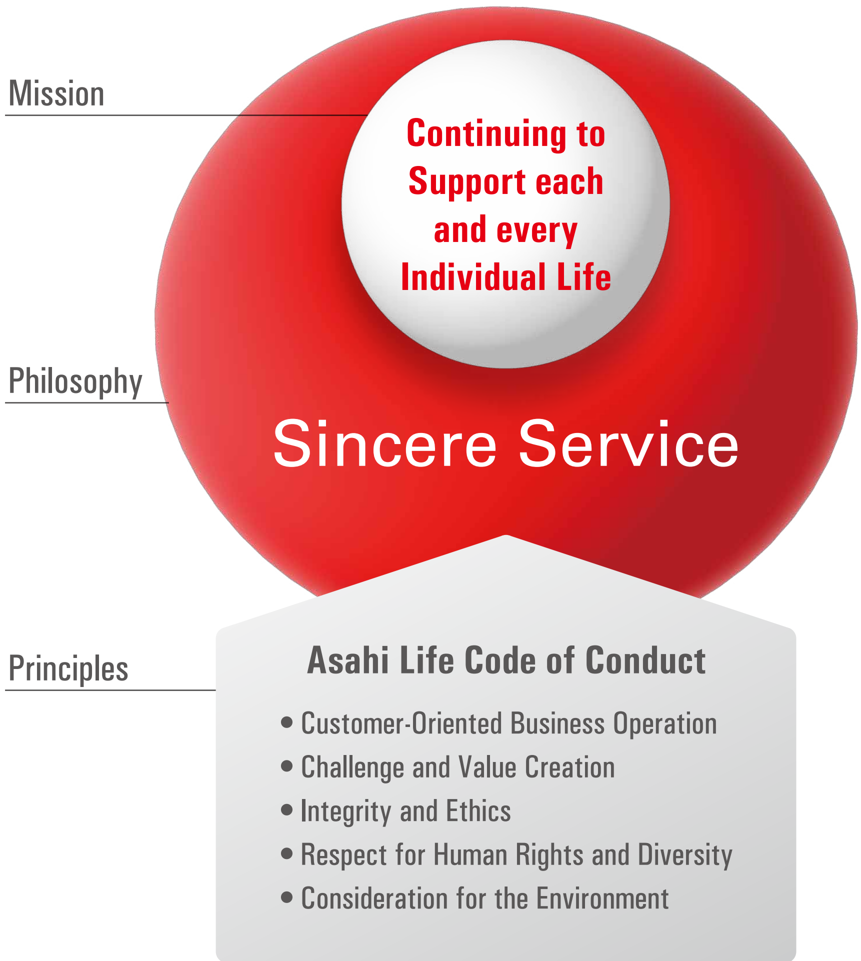
Asahi Mutual Life Insurance Company

ASAHI LIFE

Table of Contents

1. Philosophy System

- Our philosophy system consists of our Mission, "Continuing to Support each and every Individual Life," and our Philosophy, "Sincere Service." To guide our daily actions in realizing these principles, we have established the Asahi Life Code of Conduct as our Principles.
- The Mission, "Continuing to Support each and every Individual Life," is shared across the Group as the Asahi Life Group Mission, serving as the foundation for promoting group-wide management.



Statement

Continuing to Support each and every Individual Life

Through all the changing times, we have walked alongside our customers, sharing both joy and hardship, and supporting one another.

To deliver peace of mind to our valued customers, we have upheld our enduring commitment of "Sincere Service."

No matter the circumstances, we remain sincerely close to our customers. By earning trust, we continue to be a necessary presence in society. And with pride in that role, we create the next sense of reassurance.

From the moment each policy begins, we build lasting relationships that span many years. In this era of the 100-year lifespan, Asahi Life will continue to devote itself wholeheartedly to supporting each individual in living their life.

"Continuing to Support each and every Individual Life" — That Is Our Mission

石島 健一郎

Kenichiro Ishijima
President and
Representative Director

Recognizing the Importance of "What Must Not Be Change

Thank you for your continued support of Asahi Mutual Life Insurance Company. Since assuming the position of President and Representative Director in April 2024, I am now entering my second year in office. I would like to express my deepest gratitude to our customers and all other stakeholders for their unwavering support during this time.

Looking back on my first year, our business environment has been undergoing rapid change, and in response, we have initiated a number of reforms to adapt flexibly to these shifts. At the same time, I came to realize strongly that if we focus solely on "responding to change," we risk losing sight of what truly matters to us. It is precisely because of this that we must firmly uphold the "universal values that must not be changed."

"Who We Are" = "Our Management Philosophy"

With this in mind, we restructured our philosophy system to clarify the company's vision and direction. I believe that a philosophy, in simple terms, expresses "who we are." In an era of constant transformation, it is all the more meaningful to clearly define and share a philosophy that represents an unchanging core.

As a life insurance company, our most important duty is to ensure that we provide protection to our customers, no matter what happens or when. This means maintaining sound management and continuing our business over the long term. The claims and benefits we pay are not merely "money"; they are a safeguard for our customers' lives and a commitment to accompany them through their life journeys. Since taking office, I have consistently conveyed this message to our employees, believing that our very reason for being lies in "continuing to support our customers' lives." From this conviction, we defined our Mission as "Continuing to Support each and every Individual Life."

Supporting this mission is our Philosophy, "Sincere Service." This has long been upheld as our core philosophy, and we have once again reaffirmed its original intent—to base all our corporate activities on fulfilling our three responsibilities: to our customers, to society, and to our employees.

This approach aligns closely with what is now recognized globally as "stakeholder-oriented management." Through in-depth discussions, we have redefined the essence of "Sincere Service" and formulated a new Statement that embodies the vision of these three responsibilities: "No matter the circumstances, we remain sincerely close to our customers. By earning trust, we continue to be a necessary presence in society. And with pride in that role, we create the next sense of reassurance."

We will share this philosophy and statement among all officers and employees, and together we will steadfastly pursue our Mission of "Continuing to Support each and every Individual Life."

Towards the Realization of Our Vision for 2030

Our mid-term management plan for fiscal years 2024–2026, "Next A: Towards the Realization of Our Vision for 2030," was launched upon my appointment as President. Thanks to your support, we achieved all of our management targets for fiscal 2024, including the number of Group customers. Our profitability and financial soundness have also continued to progress steadily.

This mid-term management plan is designed to realize our "Vision for 2030." However, 2030 is by no means our final goal. Rather, we view it as one milestone on our long-term journey to "Continuing to Support each and every Individual Life" well beyond that year, focusing on the actions for this now.

The core strategy of our mid-term management plan is "Providing optimal products and services for each customer." Through the advancement of

a multi-channel strategy centered on Asahi Life's sales representative channel and Nanairo Life's independent agency channel, we aim to deliver products and services that meet the increasingly diverse needs arising from customers' varied life cycles.

Within the Group's main sales representative channel, we are working to steadily maintain our existing policies while pursuing sustainable growth, while Nanairo Life is positioned as a growth driver focused on expanding new contracts. Together, these two channels form the pillars of our Group's overall growth strategy.

In light of Japan's shrinking domestic market due to declining birthrates and an aging population, we established Asahi Life Consulting Vietnam in Ho Chi Minh City in 2023. Since 2017, we have been developing consulting services in Vietnam, and this year we have taken the next step by launching a local independent agency business. Going forward, we plan to expand our overseas operations, potentially through M&A, and capture growth opportunities in Asia to help complement our domestic market.

"No matter the circumstances, we remain sincerely close to our customers" — Building a Sustainable Sales Representative Channel

The majority of Asahi Life's customers purchase their insurance policies through consultations with our sales representatives. In other words, our customers choose to contract with us because they trust that, when the need arises, they can turn to our sales representatives for personal, attentive support and receive thoughtful, high-quality service. It is our duty to continue meeting these expectations in the years ahead.

In Japan, the channels through which people purchase life insurance products have become increasingly diverse. Even so, nearly half of all policyholders still choose to buy their life insurance products through sales representatives. This demonstrates that customers continue to place high value on the careful consulting provided at the time of purchase and the reliable after-sales service that follows.

The careful consulting and service offered by our sales representatives form the very foundation of the added value Asahi Life delivers to its customers.

While the ways in which our representatives work and the level of service evolve with the times, the essence of their role remains unchanged.

We believe that ensuring our sales representatives continue to fulfill their essential role of demonstrating their true value as a customer service channel while adapting to changing environments is key to making the sales representative channel a sustainable business model.

"By earning trust, we continue to be a necessary presence in society" — Contributing to the Resolution of Social Issues

In 2012, we launched sales of Anshin Kaigo, a nursing care insurance product, which has since received strong support and high praise from customers. Thanks to this, the image of "Asahi Life for nursing care insurance" has become increasingly established year by year. In Japan, where the super-aging of society continues to advance, nursing care has become a major social issue. To fulfill our social responsibility of "complementing the shortfall in public nursing care insurance," we have been actively engaged in the development and promotion of nursing care insurance products.

However, household penetration of private nursing care insurance products remains at around 20%, indicating both a market with substantial growth potential and a key challenge. We believe one reason for the slow uptake is that the worries surrounding nursing care cannot be solved merely by receiving insurance benefits.

In response, we are currently finalizing plans and developing our "long-term care and dementia ecosystem." This initiative goes beyond providing financial protection through insurance by delivering nursing care solutions across every stage, working with partner companies that provide services from prevention and improvement support to family caregiver assistance. Our goal is to build a network that helps resolve the real concerns related to nursing care, not just end our involvement once benefits are paid. For customers, these services offer reassurance and trust because they are introduced through Asahi Life. For our partner companies, it provides opportunities to connect with customers through our introduction. And for Asahi Life, it allows us to deepen customer appreciation and enhance our added value. This ecosystem truly embodies our Philosophy of "Sincere Service." The key to success will lie in how effectively we can bring together reliable players within the nursing care field. We intend to move forward with a strong sense of urgency and aim to launch the initiative within FY2026.

We are confident that offering a "long-term care and dementia ecosystem" that allows customers to feel at ease with Asahi Life's nursing care insurance products will represent a deeper and more meaningful step in addressing the social challenges we are committed to tackling.

"And with pride in that role, we create the next sense of reassurance" — Enhancing Performance through DX and Human Capital Investment

As part of the changes we must pursue, we are accelerating our digital transformation (DX) initiatives to improve operational efficiency. Specifically, we have introduced tools such as "Smart Eye II," a sales support terminal, and a generative AI-powered internal inquiry response system. These efforts automate time-consuming tasks, reduce operational burdens, and create an environment where employees can focus on more creative work. Another key DX initiative is the effective and efficient use of our extensive database to strengthen sales activities. With a view toward a future of declining workforce numbers, we are promoting business process reforms to enable a smaller team to perform higher-quality and more diverse work than ever before.

In parallel with efficiency improvements, we are also investing in human capital to enhance individual performance and employee engagement. To raise engagement, factors such as work-life balance, the sense of personal growth through work, and the feeling that one's job contributes to society are all essential. We especially want younger employees to work with a sense of growth and hope for the future. For instance, when younger staff leave the company, I reflect that one possible cause may be that management has not clearly presented a compelling vision of the company's future.

I want every employee to take pride in knowing that, through their daily work, they are earning customers' trust and serving as a necessary presence in society, and to let that pride drive their motivation. This embodies the true essence of our Philosophy of "Sincere Service." Realizing this ideal is, above all, my responsibility as the company's leader.

A Year of Transitioning into a Stage of Tangible Results

Looking back, I feel that my first year as President was a period of sowing seeds. As mentioned at the beginning, during the past fiscal year we focused on reviewing our philosophy system and sharing the company's vision and direction with employees.

One of the first things I did after assuming office was to visit our 58 branch offices nationwide to listen directly to the voices of those working on the front lines. With a personal goal of visiting all branches within two years, I completed visits to 29 branches, half of the total, during the first year. At each site, I took questions directly from employees, engaged in candid discussions, sometimes literally sitting knee to knee, and joined informal gatherings where open conversations over drinks deepened mutual understanding. Through these exchanges, I was able not only to hear the real thoughts and concerns of employees in the field, but also to convey my own intentions directly.

As President of Asahi Life, I make it a point to stay unwavering. I will continue communicating with all stakeholders to ensure that the direction we established last year regarding what the company values most and the vision of the future we seek remains consistent.

From this second year onward, our focus will be on incorporating our management philosophy into daily operations and initiatives. Step by step, we will work toward ensuring that these efforts bear fruit as concrete results.

Although not every outcome will appear immediately, we will continue to advance our efforts with the firm conviction that "Continuing to Support each and every Individual Life" is the Mission of the entire Asahi Life Group, and that all of our corporate activities must ultimately contribute to realizing this mission.

To all our stakeholders, I would like to express my sincere appreciation for your continued support and patronage, and I ask for your ongoing understanding and encouragement as we move forward.

3. Business Overview for Fiscal Year 2024

Financial capital

New Policies for Individual Insurance/ Individual Annuities

(FY 2024, Group)

¥38.9 billion

Policies in Force for Individual Insurance/ Individual Annuities

(End of FY 2024, Group)

¥510.1 billion

New Policies for Protection-type Products

(FY 2024, Group)

¥38.3 billion

Policies in Force for Protection-type Products

(End of FY 2024, Group)

¥343.3 billion

Fundamental Profit

(FY 2024, Group)

¥45.8 billion

Total assets

(End of FY 2024, Consolidated)

¥5,317.4 billion

Solvency Margin Ratio

(End of FY 2024, Consolidated)

1,051.5 %

ESR (Economic Solvency Ratio)

(End of FY 2024, Group)

257.6 %

Intellectual capital

Customer Satisfaction

(FY 2024)

78.6 %

Total Payments of Claims, Annuities and Benefits

(FY 2024)

¥291.9 billion

Social capital

Number of Customers

(End of FY 2024, Group)

3.035 million

Sum Insured of Policies in Force

(End of FY 2024, Group)

¥11,589.4 billion

Offices

(April 1, 2025)

58 branches

554 sales offices

Greenhouse Gas Emissions Reduction Rate

(FY 2023, Non-consolidated)

Life Insurance Business

Scope1 + Scope2	−48.9 %
Scope1	−22.0 %
Scope2	−72.4 %
Scope 3 (Categories 1 to 14)	−22.1 %

Investment and Financing Portfolio

Scope 3 (Categorie 15)	−26.8 %

* "Greenhouse Gas Emissions Reduction Rate": FY 2023 reduction achievements with the FY 2020 as the baseline

Human capital

Number of Employees

(End of FY 2024, Non-consolidated)

19,187

Of which 15,008 are sales representatives
Of which 4,179 are office staff

Employee Satisfaction

(Surveyed in December 2024)

74.6 %

* An index quantifying satisfaction with seven indicators from the employee awareness survey conducted at our company.

Ratio of Female Managers

(as of the Beginning of FY 2025)

30.8 %

* Based on the Act on Promotion of Women's Active Engagement in Professional Life, female managers include those at the level of section chief or higher, and those below the level of section chief whose job responsibilities and level of responsibility are equivalent to that of a section chief.

Ratio of Male Employees Taking Childcare Leave

(FY 2024)

102 %

* Calculated based on the criteria stipulated by the revised Act on Childcare Leave/Caregiver Leave

4. Sustainability Management

Sustainability Management Policy

Asahi Life recognizes that the life insurance business has the mission of supporting society alongside the social security system, and that business activities themselves are vital actions to fulfill our corporate social responsibility. With this understanding, we promote sustainability management by striving for appropriate collaboration with stakeholders, including customers, society, and employees.

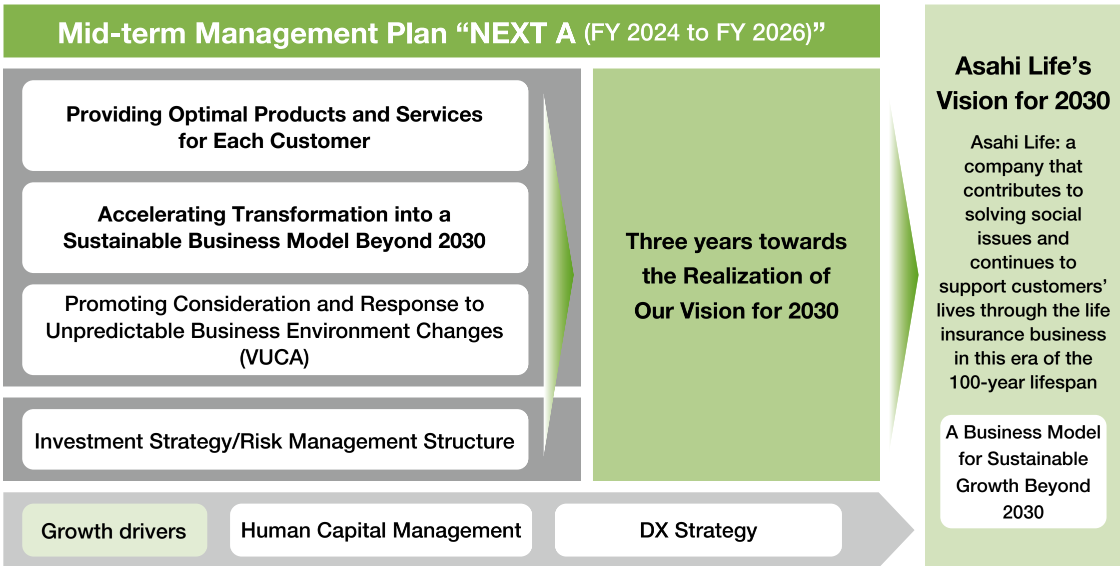
In promoting sustainability management, we focus on key areas based on "respect for human rights" and "human resource empowerment," including "solving social issues through the provision of insurance products and services," "addressing global social issues through investments," "environmental conservation focused on climate change measures," and "contributions to regional healthcare, welfare, and society."

We will communicate the social issues encompassed by each key area, the corresponding business activities, and the indicators and targets both internally and externally, and implement business activities that contribute to solving social issues and realizing a sustainable society.

Through these initiatives, we aim to achieve our vision for 2030 of being "a company that contributes to resolving social issues and continues to support customers' lives through the life insurance business in this era of the 100-year lifespan."

5. Mid-term Management Plan "Next A: Towards the Realization of Our Vision for 2030"

Asahi Life has formulated a three-year Mid-term Management Plan for fiscal years 2024 to 2026, titled "Next A: Towards the Realization of Our Vision for 2030." Under Next A, we uphold our Mission of "Continuing to Support each and every Individual Life." We aim to contribute to the realization of a sustainable society based on the recognition that the life insurance business plays a vital role in supporting society alongside social security systems, and that our business activities themselves are essential for fulfilling our corporate social responsibility.



Initiatives under the Mid-term Management Plan "Next A"

■Providing Optimal Products and Services for Each Customer

- In the sales representative channel, we will continue to deliver the channel's core strengths of careful consulting and sincere after-sales service, while enhancing customer outreach and employee development systems. Through these efforts, we aim to build a sustainable sales representative structure that continues to be chosen by customers.
- At Nanairo Life, we will continue offering simple, easy-to-understand insurance products through independent agency channels such as walk-in insurance shops, while strengthening our organizational foundation to support sustainable growth.

■Accelerating Transformation into a Sustainable Business Model Beyond 2030

- We will work to swiftly identify environmental changes and flexibly adapt our organization and actions in response, while promoting the use of AI and other new technologies and developing human resources to support innovation.
- In our overseas business, in addition to our telemarketing-based consulting operations in Vietnam, we will enhance initiatives aimed at establishing a face-to-face life insurance sales structure to secure stable earnings. We will also explore new business opportunities mainly in Asian countries.

■Promoting Consideration and Response to Unpredictable Business Environment Changes (VUCA)

- We will advance research and analysis of new businesses and technologies, and aim to launch new revenue-generating businesses in areas adjacent to life insurance, such as healthcare and nursing care.
- We will strengthen our investment strategy and risk management framework, taking into account economic value-based solvency regulations.

Investment Strategy/Risk Management Structure

- Our investment strategy is designed in consideration of the liability characteristics of life insurance contracts, with a portfolio centered on yen-denominated interest-bearing assets such as domestic bonds and loans. We will continue to develop professional investment talent through job rotation and the expansion of training and career development programs. In addition, we will seek to further enhance our investment capabilities through the use of generative AI and other tools.
- Our risk management framework aims to enhance both soundness and profitability, taking into account future economic value-based solvency regulations and current accounting standards. We will also work to foster and embed a strong compliance and risk management culture throughout the organization by deepening the understanding of our management philosophy.

Growth drivers

Human Capital Management

- To support the creation of a sustainably growing business model from a human resources perspective, Asahi Life fosters employees with strong individual capability and engagement by encouraging autonomous challenge and growth. Through an optimal human resource portfolio, we aim to maximize human capital value, while also promoting health management as a foundation for enhancing that value.
- In maximizing human capital through an optimal portfolio, we will shift personnel to directly productive and key areas, introduce diverse recruitment methods, and further promote personnel exchange within the Asahi Life Group.

DX Strategy

- To build a sustainable business model beyond 2030, we have been strengthening initiatives in the sales representative channel while advancing business innovation and customer service through digital technologies.
- Going forward, we will continue to develop tools that enhance customer engagement and expand the functions of systems such as Smart Eye II, a sales support terminal, building the infrastructure that supports transformation. In addition, we will promote training programs to develop talent capable of driving business transformation through digital innovation.

Progress of the Mid-term Management Plan "Next A"

	End of FY2024 Results	End of FY2024 Targrts	End of FY2026 Targrts
Number of customers (Group)	3.035 million (+0.141 million YoY)	2.96 million	3.14 million
New policies for protection-type products*1 (Annualized premiums, Group)	¥38.3 billion (+104.5% YoY)	¥37.0 billion	¥38.5 billion
Policies in force for protection-type products*1 (Annualized premiums, Group)	¥343.3 billion (+¥11.9 billion YoY)	¥340.0 billion	¥360.0 billion
ESR*2 (Group)	257.6% (+0.7pt YoY)	220~260%	

*1 Protection type products include death protection insurance, third sector insurance products such as medical insurance and nursing care insurance, non-participating group medical insurance sold through the agencies channel, and ANP of the underwriting insurers for which Asahi Life conducts consulting services, but exclude savings type insurance products

*2 Abbreviation for Economic Solvency Ratio, which indicates a key measure of financial soundness for life insurance companies

6. Business Overview

Overview

Asahi Life was established in 1888 as the second modern life insurance company in Japan under the name Teikoku Life Insurance Company (Teikoku Seimei Hoken Kabushiki Gaisha). We became a mutual company and changed our name to Asahi Mutual Life Insurance Company (Asahi Seimei Hoken Sogo Gaisha) in 1947.

Our core business is life insurance for individuals in Japan, with a specific strategic focus on offering protection-type products, including medical and nursing care products.

We have been enhancing our financial soundness and aim to further enhance it through the accumulation of surplus and recapitalization measures. As of March 31, 2025, we had a non-consolidated solvency margin ratio of 1,011.2 percent, and insurer financial strength ratings of A- (Positive Outlook) from Fitch, A- (Positive Outlook) from R&I, and A- (Positive Outlook) from JCR.

Products

Asahi Life offers a variety of individual life insurance products, with a focus on protection-type products including medical and nursing care products, aimed at serving our customers' financial needs. We continually review, update, and expand our product offerings to respond to the needs of our customers while maintaining our focus on individual life insurance.

Our main products for individual customers are flexible life insurance products named "Hokenou Plus" targeting male customers, and "Yasashisa Plus" targeting female customers. Each product allows customers to choose from a portfolio of insurance products to create a customized insurance plan.

Insurance Group Strategy

In order to precisely respond to customers' diversifying needs, Asahi Life will partner with Group companies to implement agile product development as well as our multi-channel strategy that features expanded independent agency channels, such as walk-in insurance shops and telemarketing, in addition to our sales representative channel.

■ Nanairo Life Insurance Co., Ltd.

Established in April 2021, Nanairo Life began selling life insurance in October 2021. Primarily working through channels such as independent agencies and direct marketing, Nanairo Life provides third-sector products such as medical insurance to accurately and flexibly serve customers' diversifying needs.

あなた色に輝く日々を
なないろ生命
朝日生命グループ

■ NHS Insurance Group Inc.

NHS Insurance Group is a holding company for four insurance agencies: NHS Inc., Sokisha Inc., FEA Inc. and Life Navi Partners Inc. In telemarketing and door-to-door sales, they select and suggest the insurance product that best suits the needs of each individual customer from a range of products offered by various insurance companies.

7. Investments

Investments (General Account)

As a responsible institutional investor entrusted with our customers' assets, Asahi Life manages its investments with full consideration not only for safety and profitability, but also for social and public responsibility.

FY 2024 Investment Environment

In FY 2024, the Japanese economy continued to recover moderately, supported by improvements in employment and income conditions and the effects of government economic measures, despite the impact of price increases on personal consumption.

In the global economy, central banks shifted toward more accommodative monetary policies, and the U.S. economy maintained steady growth, resulting in a gradual overall expansion.

FY 2024 Initiatives

During FY 2024, we worked to enhance portfolio profitability by purchasing and reallocating both foreign currency–denominated and yen-denominated bonds in response to the rising interest rate environment.

As a signatory to the United Nations Principles for Responsible Investment (PRI), we advanced ESG-themed investments and financing, while also signing on to Climate Action 100+, an initiative aimed at addressing climate change.

In addition, we promoted energy efficient and environmentally friendly real estate investment and development.

Overview of Investment Performance for FY 2024

For domestic bonds, in consideration of the rise in domestic interest rates, we purchased super-long-term government bonds and assets with credit spreads such as corporate bonds.

Loans were allocated to domestic corporate financing and project finance initiatives.

We partially restructured our domestic stock portfolio to favor companies with better profitability, dividends, and other qualities.

Among foreign securities, we conducted rebalancing transactions of foreign currency–denominated bonds to take advantage of the rising interest rate environment. For alternative investments*, we focused primarily on funds that offer stable returns and are less susceptible to economic fluctuations.

We made an effort to improve real estate profitability by attracting new tenants and other measures.

* Investments in infra-funds, real estate investment trusts, hedge funds, etc., which are considered as alternative investments to traditional investment assets such as stocks and bonds.

Future Initiatives

While maintaining a portfolio centered on yen-denominated assets, we will aim to diversify the range of asset classes in which we invest to mitigate risk and secure profits in pursuit of sustainable investment income.

As a responsible institutional investor, we strive to create positive impacts and mitigate negative impacts toward solving social issues by promoting investment that incorporates sustainability factors, including stewardship activities and ESG (environmental, social, and governance) considerations. At the same time, we aim to reduce investment risks and capture new revenue opportunities through these initiatives.

Responsible Investment Initiatives

As a responsible institutional investor, Asahi Life aims to contribute to the realization of a sustainable society through our investment. In all of our investment processes, we take into account sustainability factors, including environmental, social, and governance considerations, appropriate to the characteristics of each asset class. Through dialogue and the exercise of voting rights with investee companies, we seek to promote medium- to long-term corporate value enhancement and sustainable growth.

By advancing these responsible investments, we strive to create positive impacts and mitigate negative impacts toward solving social issues, while also working to reduce investment and financing risks and capture new earning opportunities.

ESG Investment and Financing

Investment Taking into Account Non-Financial Information (Integration)

Across all asset classes, we incorporate non-financial (sustainability-related) information, in addition to financial data, into our investment decisions.

Negative Screening

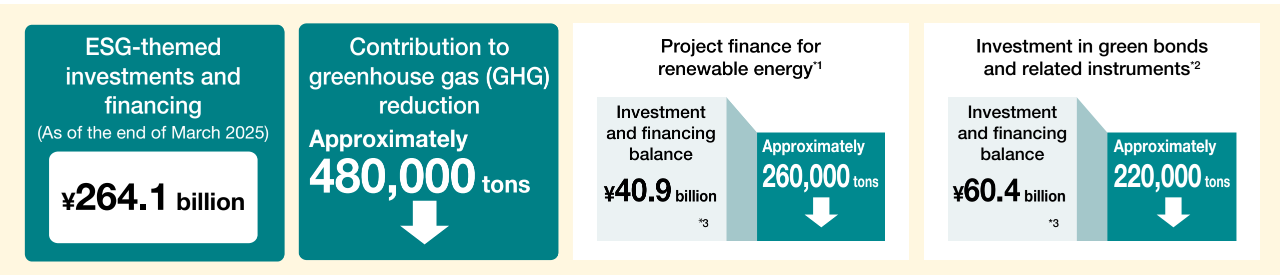
We do not invest in or finance businesses that are expected to have a negative impact on the environment or society, including coal-fired power generation projects, manufacturers of inhumane weapons (including nuclear weapons), and tobacco manufacturers.

ESG-Themed Investment and Financing

We promote investment and financing initiatives that can contribute to addressing sustainability-related issues such as environmental challenges.

Quantitative Impact

We are engaged in project finance and investments in instruments such as green bonds that support renewable energy initiatives, including solar power generation. As of the end of March 2024, these investments and financings have contributed to an annual reduction of approximately 480,000 tons of greenhouse gas (GHG) emissions.



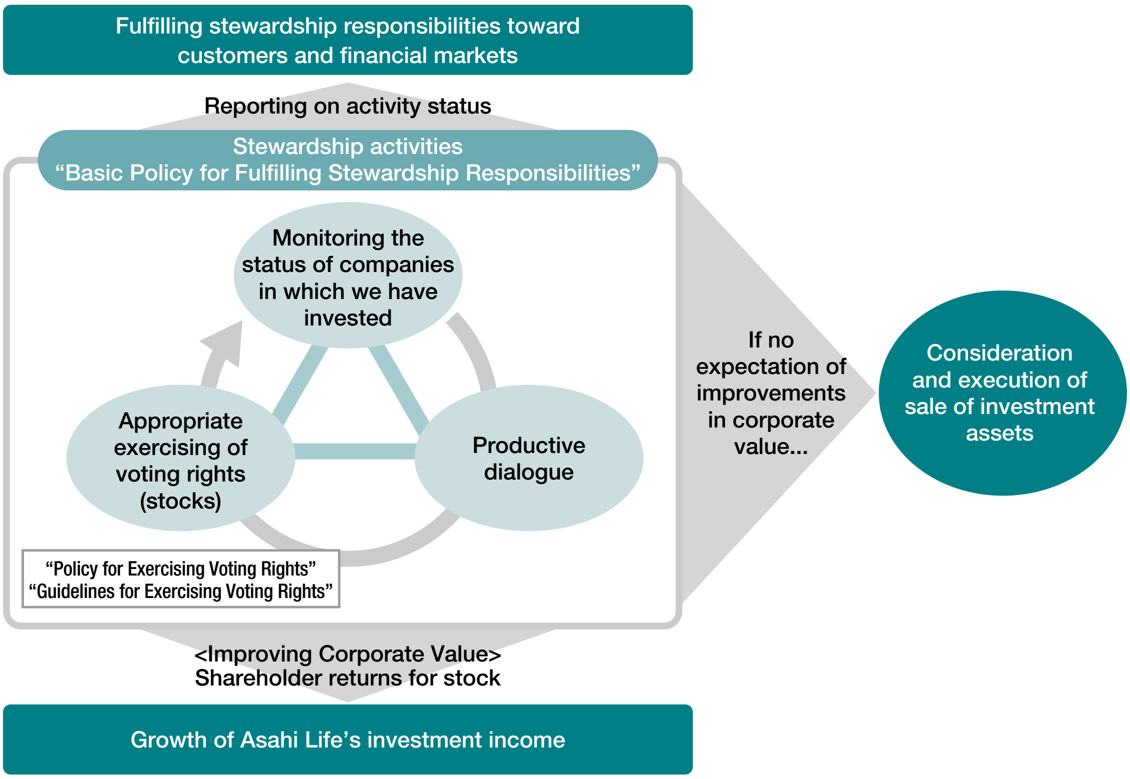
*1 Based on the assumption that electricity generated from renewable energy reduces power generation from thermal sources, the GHG emission reduction is calculated from the actual power generation of each project financed between April 2023 and March 2024, in proportion to Asahi Life's share of the investment amount.

*2 Based on the disclosure information in each impact report, the GHG emission reduction is calculated in proportion to Asahi Life's share of the investment amount.

*3 Investment and financing balances are as of the end of March 2024.

Stewardship Initiatives

Asahi Life aims to make stable and efficient investment of the assets entrusted in us by our customers in the form of insurance premiums in preparation for future payments of claims, benefits and others. We view stewardship activities as extremely important work in order to improve the effectiveness of our investment activities in the medium to long term.



Dialogue - Engagement

To enhance the medium- to long-term efficiency of asset management entrusted to us by our customers, Asahi Life conducts stewardship initiatives focusing on three key objectives: (1) Bolstering shareholder returns, (2) Bolstering initiatives on sustainability-related issues, and (3) Building corporate governance systems to realize objectives (1) and (2).

■ Examples of Dialogue Themes with Investee Companies

Shareholder returns		Requesting improvements from companies with insufficient shareholder return policies.
Sustainability	Climate change	Encouraging the establishment or enhancement of medium- to long-term GHG reduction targets and the formulation of concrete reduction strategies.
	Good physical health	Promoting improvements among companies that have not yet obtained Health and Productivity Management Organization certification or have insufficient disclosure of related information.
Governance		Requesting improvements from companies facing governance issues, such as low profitability (ROE) or an inadequate ratio of independent outside directors.

8. Multiple Channel System

Overview of the Sales Representative Channel

Our main channel, the sales representative channel, provides high-quality consulting and attentive service to customers nationwide.

For a life insurance company, the most important priority is to maintain sound management over the long term and continue providing reliable protection to customers. At Asahi Life, we believe that the sales representative channel is the central foundation for protecting and expanding this vital customer base.

Based on this understanding, our core strategy is to build a sustainable sales representative structure that continues to be chosen by customers, by leveraging the strengths of our sales representatives, as demonstrated in careful consulting at the time of enrollment and attentive after-sales service thereafter, while adapting flexibly to changes in the environment.

In addition, we are enhancing our customer support structure by utilizing direct channels (such as call centers and web services), both to strengthen after-sales follow-up for policyholders and to expand new customer outreach, aiming to establish a system that provides optimal products and services tailored to each individual customer.

Overview of Other Channels

Tax Accounting Agencies

We have signed agency agreements with tax accountants throughout Japan to offer products for management personnel via consulting services for corporate clients. We also have personnel responsible for such tax accounting agencies in place across the country to bolster our support infrastructure.

Telemarketing

We offer medical insurance products via phone calls from our call center to the members of credit card companies.

Efforts are made to enhance the call center system, including operator training, to ensure clear communication with customers.

Direct Sales

We promote third-sector products such as dementia insurance through internet advertising and collaborations and partnerships with other industries.

We are working to improve the visibility and usability of our website to enable customers to complete procedures smoothly on their own.

Overseas Business

In 2017, Asahi Life began partnering with local Vietnamese insurance companies to provide our expertise on selling insurance products via telemarketing, in addition to providing consulting services with an online business model in cities like Ho Chi Minh City and Hanoi.

At Asahi Life Consulting Vietnam, our local subsidiary established in April 2023, we launched a new insurance agency business in April 2025, in addition to our existing operations such as developing new business partnerships. Leveraging the expertise we have cultivated in face-to-face life insurance sales in Japan, we aim to build a high-quality, customer-focused sales model.

Furthermore, focusing on Asian countries with strong economic growth potential, we will continue conducting market research and analysis while exploring business expansion into other countries.

9. Addressing the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

We are promoting initiatives to address climate change through both our core life insurance business and our investment activities as an institutional investor, while also working to enhance information disclosure in line with the TCFD recommendations.

Governance

Asahi Life has established the Asahi Life Environmental Policy for the implementation of climate change initiatives and other initiatives to protect the Earth's environment. We recognize the initiatives to protect the Earth's environment as an important issue in sustainability management and in accordance with this policy, each employee is engaged in environmentally conscious actions in all areas of business activities.

In our investment activities, Asahi Life views investment based on our Basic Policy on ESG Investment and Basic Policy for Fulfilling Stewardship Responsibilities as "responsible investment" which includes our initiatives to tackle climate change.

Based on these policies, the Sustainability Management Promotion Committee, headed by Asahi Life's company president, is promoting initiatives related to sustainability, including environmental initiatives with a focus on climate change mitigation, in addition to the core business initiatives of a life insurance company.

Strategy (Risks/Opportunities)

The risks posed to Asahi Life by climate change are separated into "physical risks*1" and "transition risks*2", or alternatively into "life insurance business" and "investment" risks.

In order to understand the impact on Asahi Life of the risks and opportunities accompanying climate change, we conducted scenario analysis based on forecasts of environmental change and the impact thereof.

Scenario analysis of the impact of climate change on Asahi Life based on 1.5°C and 4°C average temperature increase scenarios leads us to believe that we should focus in the short to medium term on transition risk, and primarily for investment.

On the other hand, we also recognize that as the average temperature increases in the long term, the impact of "physical risks" will increase to primarily the life insurance business.

We will examine the impact as determined by scenario analysis as we move ahead with business activities in the future and contribute to the achievement of a decarbonized society.

Global Scenario	Average Temperature in 2100
Scenario in which there is a global transition to a decarbonized society that successfully controls rising temperatures	1.5℃ rise in temperatures compared to before the Industrial Revolution
Scenario in which there is not a global transition to a decarbonized society and temperature increases continue	4℃ rise in temperatures compared to before the Industrial Revolution

*1 Physical losses caused by climate change.

*2 Risks that arise in the process of responding to the reduction of greenhouse gas emissions.

Life Insurance Business

Various studies are being conducted on the health impacts of the rise in average temperatures.

Regarding "physical risks," an increase in deaths and hospitalizations due to heatstroke and other health impacts is anticipated, as well as a rise in fatalities caused by natural disasters such as floods. We are working on initiatives such as estimating the increase in death claims and hospitalization benefits.

Additionally, there is a possibility of increased business costs due to the promotion of efforts to reduce greenhouse gas emissions and strengthening of regulations, considered as a "transition risk," and we will continue to assess these impacts.

Investment

We recognize that physical risks and transition risks associated with climate change may affect the sustainability of our investee companies, posing potential risks of asset value impairment. Accordingly, we have identified "climate change" as a priority theme and are promoting responsible investment initiatives.

As part of our responsible investment initiatives, we engage in investment that considers non-financial information across all assets.

Additionally, to achieve net-zero greenhouse gas emissions by 2050, we have developed a roadmap up to 2030, based on which we engage in dialogues with listed investee companies and companies that we have financed or from which we have purchased bonds. These dialogues focus on setting and raising medium- to long-term reduction targets, and formulating specific reduction strategies to support their climate change initiatives.

Additionally, we subject projects to develop coal-fired power generation facilities to negative screening.

Meanwhile, we also view steps to resolve climate change problems as potential opportunities to generate revenue by providing us with new investment opportunities.

Moving forward, Asahi Life will actively invest in themed assets such as renewable energy project finance that contributes to the resolution of climate change issues.

As quantitative analysis methods for physical and transition risks associated with climate change have not yet been fully established, we are conducting pilot studies and analyses using climate risk assessment models. These efforts evaluate the quantitative impacts on domestic and foreign equities and corporate bonds held by the Company under certain climate change scenarios.

Going forward, we will continue to conduct quantitative research and analysis of climate change risks and strengthen our screening framework for investment and lending that takes ESG factors into account.

Risk Management

In order to properly address risks that are increasingly diverse and complex, we comprehensively investigate all risks facing Asahi Life and work to monitor and evaluate them.

Specific risks are not independent but are rather linked to and affect one another, and for this reason we have established a framework for comprehensive overall risk management by which be implement initiatives.

Climate change risk is considered an important risk that will have a broad impact on various other risks, such as insurance underwriting risk and investment risk, so we work to understand anticipated risk and the impact thereof as well as regulatory trends inside and outside of Japan.

These various risks facing Asahi Life are organized into and evaluated as "risk profiles" and regularly reported at Management Meetings.

We will continue working towards effective risk management.

Metrics and Targets

Asahi Life has set interim greenhouse gas emission reduction targets for FY 2030 and net-zero greenhouse gas emissions targets for FY 2050, undertaking the following initiatives in response to climate change and as part of efforts to achieve the goals of the Paris Agreement. The results have been assured by an independent third-party organization.

(Non-consolidated)

Category		Emission results (Units: Thousands of tons - CO_2e)			Reduction targets	
		FY 2020 Base year	FY 2023		FY 2030 (compared to FY 2020)	FY 2050
				Reduction rate		
Life Insurance Business	Scope1+Scope2	57.5	29.3	48.9%	–50%	Net zero
	Scope 3 (Category 1~14)	65.3	50.9	22.1%	–50%	
Investment	Scope 3 (Category 15)	646.3	472.9	26.8%	–39%	Net zero

*1 An overview of these categories is provided below, based on the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain."
Scope 1: Direct GHG emissions by the company itself (combustion of fuels, industrial processes).
Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others.
Scope 3: Emissions by others related to the company's activities.

*2 For Scope 3 (Category 15) in investment, the target assets include domestic listed equities, corporate bonds, and loans. The measurement covers Scope 1 and Scope 2 emissions of investee companies. Data provider for FY2023: ISS ESG.

Life Insurance Business

- Reducing energy consumption through power-saving measures
- Transitioning to renewable energy for owned properties, considering the domestic and foreign energy situation

Investment

- Prioritizing dialogue (engagement) with investee companies rather than by pulling out of such companies (divestment), and promoting the establishment or addition of emission reduction targets and specific initiatives at these companies to encourage their efforts against climate change
- Actively promoting investments in assets with themes contributing to the resolution of climate change issues

10. Governance Structure

Corporate Governance

Basic Philosophy on Corporate Governance

Recognizing that the life insurance industry plays an important role in supporting society in cooperation with the social security system, and that our business itself constitutes an important social responsibility, Asahi Life holds a basic management philosophy of "Sincere Service." This is guided by the idea that fulfilling our responsibilities to our customers, society, and our employees is fundamental to our business.

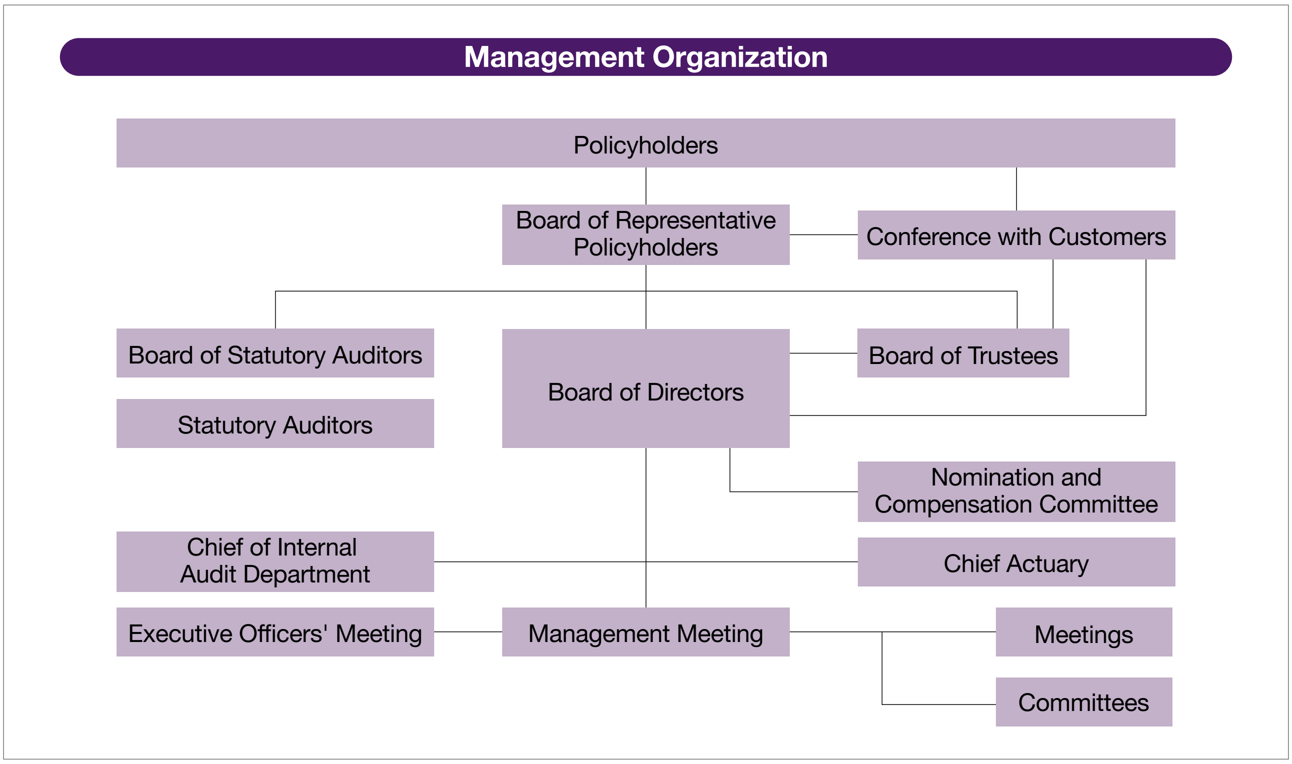
Based on our basic management philosophy, we promote sustainability management that contributes to realizing a sustainable society. We strive to achieve effective corporate governance to ensure transparent, fair, prompt, and decisive decision-making while maintaining our soundness and fostering appropriate collaboration with all stakeholders.

Overview of the Corporate Governance Structure

Asahi Life is a mutual company. A mutual company is a corporate structure in which individual policyholders (excluding holders of non-participating policies) may directly participate in the management. Instead of holding a General Meeting of Policyholders, we have established a Board of Representative Policyholders.

This serves as the highest decision-making body which consists of representatives elected from among our policyholders.

Additionally, in accordance with the institutional design required by the Insurance Business Act, we have opted to be a company with a Board of Statutory Auditors. The Board of Directors makes decisions on basic company management issues and supervises the execution of the duties of the directors. While the Statutory Auditors also supervise the execution of the duties of the directors, they do this as an independent body entrusted by the policyholders.



Board of Representative Policyholders

Framework and Functions of the Board of Representative Policyholders

Asahi Life has adopted a mutual company corporate structure that is only permitted for insurance companies. Under this structure, the company is comprised of individual insurance policyholders, who are considered members of the company. Therefore, the General Meeting of Policyholders serves as the highest decision-making body at Asahi Life, but since it is difficult to realistically hold a General Meeting for all roughly 1.81 million policyholders, we have established a Board of Representative Policyholders in accordance with the Insurance Business Act to act on behalf of the General Meeting of Policyholders.

The main issues reported and resolutions made in the Board of Representative Policyholders are as follows.

Reported issues:

Business reports, balance sheets, statements of income, statements of changes in net assets, operational reports specific to the mutual company structure

Resolutions:

Appropriation of surplus, allotment of dividends to policyholders, changes in articles of incorporation, appointment of nominating committee members for representative policyholders, appointment of trustees, appointment of directors/statutory auditors, etc.

Promoting Compliance

Basic Policy/Compliance with Standards

Asahi Life has established the Basic Policy on Compliance and Compliance Standards as the primary guidelines to be observed by all employees. These are made widely and thoroughly known among all executives and employees through our Compliance Manual and rigorous training. All employees must conduct and are conducting business strictly in accordance with these policy and standards.

Furthermore, we have also created the Compliance Program which includes a detailed action plan. By implementing this action plan and conducting reviews on a periodic basis, we are attempting to establish a more advanced compliance framework.

Organization/System

Asahi Life holds discussions on compliance with the Compliance Committee. The Committee is composed of the Company President as chair, as well as Management Meeting members and third-party lawyers. The Committee discusses compliance issues with the expert input of the third-party lawyers. Additionally, the Compliance Control Department implements specific measures pertaining to compliance.

Protecting Customer Information

Management System to Appropriately Protect Information Assets

In accordance with the relevant laws and ordinances, we have established a robust framework for the protection of customer information, personal information, and specified personal information, and are committed to ensuring their proper handling.

Furthermore, based on our fundamental Security Policy for safeguarding information assets, we are working to establish and maintain a sound and effective information management and operational framework.

Risk Management Structure

Overview

The environment surrounding life insurance companies is constantly changing. Against such a backdrop, Asahi Life believes it is very important to accurately ascertain various risks and manage them appropriately and strictly. This helps to boost financial health and stabilize profits, which will eventually lead to increased corporate value. In order to ensure the fulfillment of our long-term obligations with respect to our insurance policies, we value risk management as one of our most important management issues and are working to further improve and strengthen our risk management structure.

Risk Management Structure

Asahi Life's Board of Directors has established a Basic Policy on Risk Management. This policy is established to comprehensively identify risks managed by the entire Group, and to manage such risks appropriately to achieve management targets.

Within this Basic Policy, we have identified the various types and locations of risks faced by the Group as a whole, and with respect to each risk, we set down certain risk management methods.

Each executive department in the company works to appropriately control risk in the operations under their jurisdiction as per the basic policy and rules for each risk type, while each risk management department works to properly control risks through regular monitoring and verification of the status of risks facing the Group as a whole.

Moreover, as Group businesses grow, we are putting together a risk management infrastructure for the entire Group through our Insurance Group Compliance and Risk Management Committee.

Furthermore, specific risks are not necessarily independent and may be linked to and affect one another, and for this reason a single department is responsible for comprehensive quantitative and qualitative risk management for the Group as a whole.

Risk management status is periodically reported in management meetings and the Board of Directors, and the appropriateness and effectiveness of our risk management structure are audited by our Internal Audit Department.

Risk Appetite

In order to promote the achievement of our strategic targets in the mid-term management plan and comprehensive annual business plan, we set a certain risk appetite policy to ensure appropriate risk-taking and risk control based on both quantitative and qualitative risk evaluation.

This policy sets both levels of tolerable risk for generating earnings and risks to be curbed in the interest of financial soundness.

Enterprise Risk Management (ERM)

Asahi Life promotes Enterprise Risk Management (ERM) in order to ensure financial soundness and improve profitability through comprehensive management of risk facing the entire company.

Specifically, we establish risk management indicators based on a risk appetite policy, conduct quantitative and qualitative assessments to identify problems, and then implement countermeasures as appropriate for risk severity.

Additionally, we implement the Own Risk and Solvency Assessment (ORSA), a process to evaluate our management risks and own capital, and pursue risk management that is integrated into our business strategy.

With respect to qualitative risk evaluation, we ascertain our risk profile and specify crucial risks to management by identifying not only current but also potential risks that are discovered through our Control Self-Assessment (CSA), which we conduct in each operational division. We also strive to identify risks at an early stage and to mitigate these risks through measures such as warning analysis.

In quantitative risk evaluations, we evaluate the sufficiency of our own capital (surplus) based on both accounting standards and economic value. Specifically, in economic value-based evaluations, we monitor and manage the sufficiency of current surplus against overall risk volume (i.e., the Economic Solvency Ratio, ESR). Also, we have set our ESR targets to keep the ESR at the stable level.

Asset Liability Management (ALM)

Asahi Life engages in asset liability management (ALM) that is guided by the asset and risk management policies established by liability groups. These liability groups are categorized according to the characteristics of insurance policies. Based on the asset and risk management policies, we confirm the appropriateness of our investments. We structure our asset portfolio concentrating on yen interest-bearing assets such as domestic bonds and loans, taking into consideration the adaptation of existing assets to the liability characteristics of insurance policies. The majority of domestic bonds are classified as policy-reserve-matching bonds, which are valued at their amortized cost, with the aim of reducing the impact of interest rate fluctuations.

Stress Tests

Stress tests are a way of understanding and analyzing the impact on financial soundness of scenarios such major fluctuations in the financial markets causing losses and declining market value for Asahi Life's investment portfolio, or a major earthquake or other disaster generating large insurance claims that cause losses for Asahi Life. We position these tests as a tool complementary to statistical risk measurement methods. Stress test results are periodically reported at Management Meetings and used to consider management or financial countermeasures against such scenarios. Investment risk-related stress tests are also used to verify the validity of investment plans and develop hedging policies.

Stress tests are also conducted for extremely unlikely risk phenomena that would nonetheless cause tremendous losses in the event that they did occur, in the interest of properly understanding such phenomena. These stress tests are based on risk profiles and seek to identify scenarios that would have a substantial impact on financial soundness, and the specific financial impact thereof is reported at Management Meetings.

Officers (as of July 1, 2025)

Chairman of the Board
Hiroki Kimura

President and Representative Director
Kenichiro Ishijima

Representative Director and
Senior Managing Executive Officer
Kenichi Ikeda

Director and Managing Executive Officer
Kouichi Kashimada

Director and Managing Executive Officer
Masahiro Shimotori

Director and Managing Executive Officer
Takahiro Ono

Director and Managing Executive Officer
Masaru Tsuruoka

Director
Takashi Tsukamoto[*1]

Director
Tatsuya Tanaka[*1]

Director
Akira Kondo[*1]

Director
Ayako Takai[*1]

Standing Statutory Auditor
Kaoru Masuda

Standing Statutory Auditor
Shinichiro Ogawa

Statutory Auditor
Mitsuyoshi Shibata[*2]

Statutory Auditor
Yoichi Kikuchi[*2]

Statutory Auditor
Toru Matsushima[*2]

*1 Outside director
*2 Outside statutory auditor

11. Consolidated Financial Statements

Consolidated Balance Sheets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
ASSETS:			
Cash and deposits	¥ 64,454	¥ 53,705	$ 431
Call loans	78,000	73,000	521
Monetary claims bought	10,481	18,811	70
Securities	4,354,748	4,466,669	29,124
Loans	301,108	321,346	2,013
Tangible fixed assets:			
Land	204,082	207,428	1,364
Buildings	137,515	138,917	919
Lease assets	3,339	4,138	22
Construction in progress	885	1,188	5
Other tangible fixed assets	2,482	2,568	16
	348,305	354,240	2,329
Intangible fixed assets:			
Software	32,605	33,074	218
Other intangible fixed assets	7,091	7,257	47
	39,696	40,331	265
Agency accounts receivable	171	2	1
Reinsurance receivables	59,122	42,415	395
Other assets	59,869	101,567	400
Net defined benefit assets	888	799	5
Deferred tax assets	86	74	0
Customers' liabilities under acceptances and guarantees	1,425	1,025	9
Allowance for possible loan losses	(885)	(738)	(5)
Total assets	¥ 5,317,473	¥ 5,473,252	$ 35,563
LIABILITIES:			
Policy reserves and other reserves:			
Reserve for outstanding claims	¥ 46,014	¥ 41,060	$ 307
Policy reserves	4,127,067	4,211,835	27,602
Reserve for dividends to policyholders	25,270	26,064	169
	4,198,353	4,278,959	28,078
Reinsurance payables	901	915	6
Bonds payable	102,609	102,609	686
Other liabilities	347,839	407,649	2,326
Net defined benefit liabilities	25,789	29,297	172
Reserve for price fluctuation	57,460	40,370	384
Deferred tax liabilities	27,791	39,226	185
Deferred tax liabilities for land revaluation	14,553	14,301	97
Acceptances and guarantees	1,425	1,025	9
Total liabilities	4,776,722	4,914,355	31,947
NET ASSETS:			
Foundation funds	51,000	51,000	341
Reserve for redemption of foundation funds	206,000	206,000	1,377
Reserve for revaluation	281	281	1
Consolidated surplus	76,891	81,934	514
Total foundation funds and others	334,173	339,216	2,234
Net unrealized gains (losses) on available-for-sale securities, net of tax	251,365	270,597	1,681
Land revaluation differences	(45,909)	(50,371)	(307)
Accumulated remeasurements of defined benefit plans	1,022	(646)	6
Total accumulated other comprehensive income	206,478	219,580	1,380
Non-controlling interests	99	100	0
Total net assets	540,751	558,896	3,616
Total liabilities and net assets	¥ 5,317,473	¥ 5,473,252	$ 35,563

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

[Consolidated Statements of Income]

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Ordinary income:			
Premium and other income	¥ 465,201	¥ 432,218	$ 3,111
Investment income:			
Interest, dividends and other income	131,548	120,438	879
Gains on sales of securities	15,078	44,088	100
Gains on redemption of securities	119	–	0
Foreign exchange gains	–	4,537	–
Other investment income	7,035	7,091	47
Investment gains on separate accounts	386	6,583	2
	154,169	182,739	1,031
Other ordinary income	97,418	73,777	651
Total ordinary income	**716,789**	**688,735**	**4,793**
Ordinary expenses:			
Claims and other payments:			
Claims	107,669	105,475	720
Annuities	108,059	109,610	722
Benefits	85,872	79,766	574
Surrender benefits	91,559	87,320	612
Other payments	44,792	32,161	299
	437,954	414,335	2,929
Provision for policy reserves and other reserves:			
Provision for reserve for outstanding claims	4,954	4,648	33
Provision for interest on policyholders' dividend reserves	3	3	0
	4,957	4,651	33
Investment expenses:			
Interest expenses	5,006	4,456	33
Losses on trading securities	–	226	–
Losses on sales of securities	26,463	41,449	176
Losses on valuation of securities	306	105	2
Losses on redemption of securities	206	275	1
Losses on derivative financial instruments	3,447	14,508	23
Foreign exchange losses	1,364	–	9
Provision for allowance for possible loan losses	149	91	0
Depreciation of rental real estate and other assets	5,334	5,337	35
Other investment expenses	10,626	10,298	71
	52,902	76,750	353
Operating expenses	157,944	149,557	1,056
Other ordinary expenses	40,669	37,994	272
Total ordinary expenses	**694,429**	**683,288**	**4,644**
Ordinary profit	**22,360**	**5,447**	**149**
Extraordinary gains:			
Gains on disposal of fixed assets	1,676	5,542	11
Other extraordinary gains	31	–	0
	1,707	5,542	11
Extraordinary losses:			
Losses on disposal of fixed assets	906	906	6
Impairment losses	736	1,141	4
Provision for reserve for price fluctuation	17,089	2,160	114
Losses on reduction entry of real estate	29	96	0
Losses on valuation of shares of subsidiaries and affiliates	2,972	–	19
Other extraordinary losses	–	5	–
	21,733	4,310	145

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Surplus before income taxes	2,334	6,679	15
Income taxes:			
Current	5,384	6,698	36
Deferred	(8,231)	(5,864)	(55)
Total income taxes	(2,846)	834	(19)
Net surplus	5,180	5,845	34
Net surplus attributable to non-controlling interests	55	57	0
Net surplus attributable to the Parent Company	¥ 5,125	¥ 5,788	$ 34

[Consolidated Statements of Comprehensive Income]

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Net surplus	¥ 5,180	¥ 5,845	$ 34
Other comprehensive income:			
Net unrealized gains (losses) on available-for-sale securities, net of tax	(19,232)	139,929	(128)
Land revaluation differences	(454)	–	(3)
Remeasurements of defined benefit plans	1,668	1,458	11
Total other comprehensive income	(18,018)	141,387	(120)
Comprehensive income:			
Comprehensive income attributable to the Parent Company	(12,893)	147,175	(86)
Comprehensive income attributable to non-controlling interests	55	57	0
Total comprehensive income	¥ (12,837)	¥ 147,232	$ (85)

Consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

Millions of Yen

For the year ended March 31, 2025	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 81,934	¥ 339,216
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(2,896)	(2,896)
Payment of interest on foundation funds				(2,354)	(2,354)
Net surplus attributable to the Parent Company				5,125	5,125
Reversal of land revaluation differences				(4,916)	(4,916)
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	–	–	–	(5,042)	(5,042)
Ending balance	¥ 51,000	¥ 206,000	¥ 281	¥ 76,891	¥ 334,173

Millions of Yen

For the year ended March 31, 2025	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	¥ 270,597	¥ (50,371)	¥ (646)	¥ 219,580	¥ 100	¥ 558,896
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(2,896)
Payment of interest on foundation funds						(2,354)
Net surplus attributable to the Parent Company						5,125
Reversal of land revaluation differences						(4,916)
Net changes, excluding foundation funds and others	(19,232)	4,462	1,668	(13,101)	(1)	(13,102)
Net changes in the fiscal year	(19,232)	4,462	1,668	(13,101)	(1)	(18,145)
Ending balance	¥ 251,365	¥ (45,909)	¥ 1,022	¥ 206,478	¥ 99	¥ 540,751

Millions of Yen

For the year ended March 31, 2024	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 79,001	¥ 336,283
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(2,497)	(2,497)
Payment of interest on foundation funds				(2,323)	(2,323)
Net surplus attributable to the Parent Company				5,788	5,788
Reversal of land revaluation differences				1,965	1,965
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	–	–	–	2,933	2,933
Ending balance	¥ 51,000	¥ 206,000	¥ 281	¥ 81,934	¥ 339,216

Millions of Yen

For the year ended March 31, 2024	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	¥ 130,668	¥ (48,406)	¥ (2,104)	¥ 80,157	¥ 96	¥ 416,537
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(2,497)
Payment of interest on foundation funds						(2,323)
Net surplus attributable to the Parent Company						5,788
Reversal of land revaluation differences						1,965
Net changes, excluding foundation funds and others	139,929	(1,965)	1,458	139,422	4	139,426
Net changes in the fiscal year	139,929	(1,965)	1,458	139,422	4	142,359
Ending balance	¥ 270,597	¥ (50,371)	¥ (646)	¥ 219,580	¥ 100	¥ 558,896

Millions of U.S. Dollars

For the year ended March 31, 2025	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
Beginning balance	$ 341	$ 1,377	$ 1	$ 547	$ 2,268
Changes in the fiscal year:					
Additions to reserve for dividends to policyholders				(19)	(19)
Payment of interest on foundation funds				(15)	(15)
Net surplus attributable to the Parent Company				34	34
Reversal of land revaluation differences				(32)	(32)
Net changes, excluding foundation funds and others					
Net changes in the fiscal year	–	–	–	(33)	(33)
Ending balance	$ 341	$ 1,377	$ 1	$ 514	$ 2,234

Millions of U.S. Dollars

For the year ended March 31, 2025	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	$ 1,809	$ (336)	$ (4)	$ 1,468	$ 0	$ 3,737
Changes in the fiscal year:						
Additions to reserve for dividends to policyholders						(19)
Payment of interest on foundation funds						(15)
Net surplus attributable to the Parent Company						34
Reversal of land revaluation differences						(32)
Net changes, excluding foundation funds and others	(128)	29	11	(87)	(0)	(87)
Net changes in the fiscal year	(128)	29	11	(87)	(0)	(121)
Ending balance	$ 1,681	$ (307)	$ 6	$ 1,380	$ 0	$ 3,616

Consolidated Statements of Cash Flows

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
I. Cash flows from operating activities			
Surplus before income taxes	¥ 2,334	¥ 6,679	$ 15
Depreciation of rental real estate and other assets	5,334	5,337	35
Depreciation	16,017	13,247	107
Impairment losses	736	1,141	4
Increase (decrease) in reserve for outstanding claims	4,954	4,648	33
Increase (decrease) in policy reserves	(84,767)	(60,368)	(566)
Provision for interest on policyholders' dividend reserves	3	3	0
Increase (decrease) in allowance for possible loan losses	149	91	0
Increase (decrease) in net defined benefit liabilities	(1,117)	(532)	(7)
Increase (decrease) in reserve for price fluctuation	17,089	2,160	114
Interest, dividends and other income	(131,548)	(120,438)	(879)
(Gains) losses on securities	14,363	(8,615)	96
(Gains) losses on derivative financial instruments	3,447	14,508	23
Interest expenses	5,006	4,456	33
Foreign exchange (gains) losses, net	1,364	(4,537)	9
(Gains) losses on tangible fixed assets	(1,188)	(5,066)	(7)
(Increase) decrease in reinsurance receivables	(16,707)	(15,544)	(111)
(Increase) decrease in other assets except from investing and financing activities	(3,661)	(3,093)	(24)
Increase (decrease) in reinsurance payables	(13)	89	(0)
Increase (decrease) in other liabilities except from investing and financing activities	968	(701)	6
Others, net	1,039	(476)	6
Subtotal	(166,198)	(167,010)	(1,111)
Interest, dividends and other income received	127,547	117,240	853
Interest paid	(5,475)	(4,572)	(36)
Dividends to policyholders paid	(3,693)	(3,540)	(24)
Income taxes (paid) refunded	(9,700)	4,115	(64)
Net cash provided by (used in) operating activities	(57,520)	(53,766)	(384)
II. Cash flows from investing activities			
Proceeds from sales and redemptions of monetary claims bought	8,204	1,453	54
Purchases of securities	(417,654)	(603,314)	(2,793)
Proceeds from sales and redemptions of securities	564,702	597,414	3,776
Disbursements for loans	(46,888)	(69,782)	(313)
Proceeds from collections of loans	65,685	57,176	439
Proceeds from derivative financial instruments	(20,305)	(80,705)	(135)
Increase (decrease) in payables under securities borrowing transactions	(41,049)	66,588	(274)
Others, net	–	(226)	–
①Total of investing activities	112,693	(31,395)	753
[I + ①]	55,173	(85,162)	369
Purchases of tangible fixed assets	(11,010)	(9,894)	(73)
Proceeds from sales of tangible fixed assets	7,494	13,497	50
Others, net	(10,629)	(11,847)	(71)
Net cash provided by (used in) investing activities	98,548	(39,641)	659
III. Cash flows from financing activities			
Proceeds from debt borrowing	12,200	59,400	81
Redemption of debt borrowing	(34,000)	(5,000)	(227)
Redemption of bonds	–	(47,946)	–
Payment of interest on foundation funds	(2,354)	(2,323)	(15)
Dividends paid to non-controlling interests	(56)	(52)	(0)
Others, net	(1,068)	(565)	(7)
Net cash provided by (used in) financing activities	(25,279)	3,512	(169)
IV. Net increase (decrease) in cash and cash equivalents	15,748	(89,895)	105
V. Cash and cash equivalents at the beginning of the year	126,705	216,601	847
VI. Cash and cash equivalents at the end of the year	¥ 142,454	¥ 126,705	$ 952

Notes to Consolidated Financial Statements

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

I. Presentation of Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Asahi Mutual Life Insurance Company (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations applicable to the mutual life insurance industry and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total amounts in yen shown herein do not necessarily agree with the sum of the individual amounts.

The Insurance Business Act shall prescribe the disclosure of a single fiscal year. The Company provides the disclosure of comparative financial information corresponding to each comparative fiscal year in the presented financial statements for use by readers outside Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥149.52 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2025.

The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rate.

3. Principles of Consolidation

(1) Scope of consolidation

The consolidated subsidiaries as of March 31, 2025 and 2024 are listed below:

Info Techno Asahi Co., Ltd.
Asahi Life Asset Management Co., Ltd.
Asahi Natixis Investment Managers Co., Ltd.
Nanairo Life Insurance Co., Ltd.

The major unconsolidated subsidiary is Asahi Real Estate Management Co., Ltd.

Each non-consolidated subsidiary is small in scale in terms of total assets, amount of sales, net income and surplus for the fiscal year ended March 31, 2025. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the financial position and result of operation of the Company's group, these companies are excluded from the consolidation.

(2) Application of equity method

Unconsolidated subsidiaries (such as Asahi Real Estate Management Co., Ltd., etc.) are immaterial in terms of their impact on consolidated net income and surplus, and also immaterial as a whole, therefore, the equity method is not applied.

(3) Fiscal year-end of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiaries is March 31.

(4) Amortization of goodwill

Goodwill is fully expensed as incurred.

II. Notes to Consolidated Balance Sheets

1. Significant Accounting Policies

(1) Valuation methods of securities

The valuation of securities, including deposits and monetary claims bought which are equivalent to securities is as follows:

i) Trading securities are stated at fair market value. Costs of sales are determined by the moving average method.

ii) Held-to-maturity debt securities are stated at amortized cost (straight-line method) determined by the moving average method.

iii) Policy-reserve-matching bonds, which are in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants ("JICPA")), are stated at amortized cost (straight-line method) determined by the moving average method.

iv) Investments in unconsolidated subsidiaries and affiliates not accounted for under the equity method are stated at cost.

v) Available-for-sale securities except for the following are stated at fair market value based on the market prices at the balance sheet date, of which costs of sales are determined by the moving average method. Available-for-sale securities, of which public and corporate bonds including foreign bonds with the difference between acquisition cost and face value considered as an adjustment of interest, are stated at amortized cost (straight-line method) determined by the moving average method. Stocks and others without a market price are stated at cost determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of tax, are recorded as a separate component of net assets.

(2) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance and individual annuities as policy-reserve-matching bonds in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the JICPA).

(3) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(4) Revaluation of land

The Company revalued the land for business purposes based on the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as land revaluation differences as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation.

■ Date of revaluation: March 31, 2001

■ Method of revaluation as prescribed for in Article 3, Paragraph 3 of the said Act:

The calculation is based on the publicly announced appraisal value with certain adjustments set forth in Article 2, Item 1 of the Enforcement Ordinance of the Act on Revaluation of Land (Government Ordinance No. 119 promulgated on March 31, 1998) or the appraisal value determined by the real-estate appraiser set forth in Article 2, Item 5 of the said Ordinance with certain reasonable adjustments.

(5) Depreciation of tangible fixed assets

Depreciation of the Company's tangible fixed assets is calculated by the following methods.

■ Tangible fixed assets (excluding lease assets): Declining-balance method

However, buildings are depreciated using the straight-line method.

■ Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value

(6) Foreign currency translation

Foreign currency-denominated assets and liabilities (excluding the shares of unconsolidated subsidiaries and affiliates) are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. The shares of unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rate at the acquisition date.

(7) Allowance for possible loan losses

Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:

i) For credit to borrowers who are legally bankrupt such as being in bankruptcy proceedings or civil rehabilitation (hereinafter "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter "substantially bankrupt borrowers"), the Company provides the remaining amount of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

ii) For credit to borrowers who are not currently bankrupt but have a high risk of bankruptcy (hereinafter "borrowers with high possibility of bankruptcy"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

iii) For credit to borrowers other than the above, the Company provides the amounts calculated by multiplying the book value by the actual ratio of bad debt losses on defaults during a certain past period.

All credit is assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, allowance for possible loan losses is provided based on the results of these assessments.

For consolidated subsidiaries, the Company records the allowance amounts deemed necessary in accordance mainly with the Company's standards of self-assessment and write-offs and reserves on credit quality.

For credit to legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the book value as the estimated uncollectible amounts. The amounts written-off were ¥2 million (US$0 million) and ¥3 million as of March 31, 2025 and 2024, respectively.

(8) Accounting for employees' retirement benefits and method of amortizing retirement benefit expenses

Net defined benefit liabilities and assets are presented for the employees' retirement benefits after deducting pension plan assets from retirement benefit obligations, based on estimated amounts as of the balance sheet date.

The Company uses the following methods of accounting in relation to retirement benefits.

- The retirement benefit obligation is attributed to each period by the benefit formula method.
- Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.
- Prior service cost is charged to income when incurred.

(9) Reserve for price fluctuation

Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

(10) Accounting for hedging activities

Hedging activities are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

The Company mainly applies the following hedging activities:

The Company applies deferred hedge accounting and the exceptional accounting treatment ("Tokurei-shori") for interest rate swaps used to hedge the cash flow volatility of certain loans.

The Company also applies fair value hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds, investment trusts and others denominated in foreign currencies.

The Company also applies designated hedge accounting ("Furiate-shori") for currency swaps used to hedge foreign exchange rate fluctuation exposures on the foreign currency-denominated bonds issued by the Company.

The Company also applies designated hedge accounting ("Furiate-shori") for the foreign currency-denominated transactions other than the above.

The effectiveness of a hedge is mostly assessed by a ratio analysis, comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments.

(11) Accounting for consumption taxes

The Company and its subsidiaries account for consumption tax and local consumption tax by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Corporation Tax Act of Japan, are deferred as prepaid expenses and amortized equally over five years.

Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(12) Premium and other income (excluding reinsurance revenue)

Premium and other income (excluding reinsurance revenue) are recorded in principle for insurance policies for which insurance premium has been received and the insurer's liability under the insurance policies or insurance coverage period has commenced by the relevant amounts received.

Of insurance premiums, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Enforcement Regulation of the Insurance Business Act.

(13) Reinsurance revenue

Reinsurance revenue is recorded as reinsurance claims and others received based on the proportion ceded in reinsurance and others stipulated in the reinsurance contracts in the reporting period when the income and expenditure for ceded insurance policies (hereinafter "reinsurance ceded") are recorded.

For modified coinsurance, ceding commissions which are received as part of amounts equivalent to new policy acquisition costs for reinsurance ceded are recorded as reinsurance revenue, while the same amounts are recorded as reinsurance receivables as unamortized ceding commissions and amortized over the period of the reinsurance contracts.

(14) Claims and other payments (excluding reinsurance premiums)

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of hospitalization benefits with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home ("deemed hospitalizations") was terminated on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Japanese Ministry of Finance Public Notice No.234, 1998 ("IBNR Notice"). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notice (the "Proviso").

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

Note for the fiscal year ended March 31, 2024

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of deemed hospitalizations was terminated on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice. The Company therefore records the amount that was calculated using the following method, pursuant to the Proviso.

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

In the fiscal year ended March 31, 2023, the Company calculated the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately; however, the special treatment of the payment of hospitalization benefits with regard to deemed hospitalization was terminated for the fiscal year ended March 31, 2024. Therefore, the Company revised its methodology to calculate the amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations as zero.

(15) Reinsurance premiums

Reinsurance premiums are recorded as reinsurance premiums paid based on the proportion ceded in reinsurance and others stipulated in the reinsurance contracts in the reporting period when the income and expenditure for reinsurance ceded are recorded.

Part of policy reserves and reserve for outstanding claims corresponding to insurance policies which have been reinsured is not set aside in accordance with Article 71, Paragraph 1 and Article 73, paragraph 3 of the Enforcement Regulation of the Insurance Business Act.

(16) Policy reserves

Policy reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance policies under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

Policy reserves include policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2025, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As of March 31, 2025, of policy reserves, additional policy reserves accumulated for policies for which annuity payment commenced for the fiscal year ended March 31, 2025 were ¥6,143 million (US$41 million). As a result, ordinary profits and surplus before income taxes decreased by ¥6,143 million (US$41 million) compared with if the additional reserves had not been accumulated as of March 31, 2025.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

Note for the fiscal year ended March 31, 2024

Policy reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance policies under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

As of March 31, 2024, the Company accumulated additional policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2024, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As a result, policy reserves increased by ¥46,388 million and ordinary profits and surplus before income taxes decreased by ¥46,388 million compared with if the additional reserves had not been accumulated.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

(17) Impairment losses of tangible fixed assets

Impairment losses of the Company's tangible fixed assets are calculated by the following method.

i) Calculation method

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent, real estate not in use and real estate scheduled to be sold are classified as one group individually. As for real estate used for multiple purposes, the asset group to which the real estate belongs is decided depending on usage rate and others.

The Company identifies indications of impairment on each asset group when earnings from business operations using the asset group continuously become negative.

As for asset groups for which indications of impairment are identified, when total amounts of undiscounted net future cash flows from the asset groups are less than their book values, the Company recognizes impairment losses and reduces the book values to their recoverable amounts.

The recoverable amounts of real estate and other assets for insurance business operation and real estate for rent are determined at value in use or net realizable value. The recoverable amounts of real estate not in use and real estate scheduled to be sold are determined at net realizable value. Value in use is determined as the discounted present value of estimated net future cash flows and discount rate used in the calculation is based on the cost of capital of the Company.

Net realizable value is calculated based on the appraisal value in accordance with "Real Estate Appraisal Standards" or the publicly announced appraisal value after deducting expected disposal costs.

ii) Key assumptions

Key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are usage plans considering current status of use of asset groups, including tenancy rates, rents and others. These assumptions may be affected by economic condition and changes specific to asset groups.

iii) Effects on consolidated financial statements for the following fiscal year

While the Company considers key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are best estimate based on available information including external information, impairment losses may occur in the following fiscal year due to future uncertainties.

Furthermore, the appraisal value in accordance with "Real Estate Appraisal Standards" may be affected by future real estate market trends. In case that net realizable value decreases as a result, impairment losses may occur in the following fiscal year.

(18) Software

Capitalized software for internal use owned by the Company and its subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives.

2. Accounting Standards Issued but Not Yet Effective

The accounting standards and relevant implementation guidance issued by the fiscal year-end but not yet effective are as follows:

- ■ "Accounting Standard for Leases" (ASBJ Statement No. 34, issued on September 13, 2024)
- ■ "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, issued on September 13, 2024), etc.

i) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. As a basic policy, the ASBJ issued the Accounting Standard for Leases, etc., which were developed with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

ii) Scheduled date of application

The above accounting standards and relevant implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

iii) Effects of application of the Accounting Standards and relevant implementation guidance

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

3. Financial Instruments

(1) Qualitative information on financial instruments

Asset management of the general accounts other than the separate accounts stipulated in Article 118, Paragraph 1 of the Insurance Business Act is conducted based on the following principles.

- For accumulation whole life with variable interest rates, accumulation insurance with variable interest rates and new single premium individual annuities which have an effective date on or after April 2, 2012, the Company mainly invests in domestic bonds, engaging in matching asset liability management, or Matching ALM, which aims at matching the duration to outstanding insurance liabilities to avoid interest rate fluctuation risks.
- For individual life insurance and individual annuities other than above, the Company holds yen-denominated fixed income investments, including bonds and loans, as the core of its asset portfolio. The Company also holds domestic stocks, foreign securities and real estate assets to enhance its profitability.

Derivatives are mainly used to hedge market price fluctuation risk and exchange rate fluctuation risk regarding securities and exchange rate fluctuation risk related to the foreign currency-denominated bonds issued by the Company. As the major financial instruments, securities are exposed to market risk and credit risk, loans are exposed to credit risk and exchange rate fluctuation risk, and derivatives are exposed to market risk and credit risk.

In managing market risks, the following two methods are used. One is the quantitative risk management of securities etc. using the Value at Risk (“VaR”) method and the other is the risk management by stress test and sensitivity analysis which analyze the effect on the Company’s whole portfolio, simulating scenarios of deteriorating market environments. This is for the purpose of managing an appropriate asset allocation within the ranges of acceptable risks.

In managing credit risks, the Company quantifies the credit risks of entire portfolio through VaR method and controls the amount of risks within an acceptable range. Furthermore, the Company assigns in-house credit ratings to our borrowers in accordance with the creditworthiness of each borrower. Strict credit research of each borrower before lending as well as following up on any changes of creditworthiness of each borrower after lending are implemented by Risk Management Department, which is independent of the departments executing investments and lending. Maximum limits of credit are set up for each borrower in accordance with its credit risks to avoid the concentration of credit risks on specific corporations and specific corporation groups. Through all these measures, the Company endeavors to develop high quality portfolio.

(2) Fair value of financial instruments

The balance sheet amounts, fair values and the differences for major financial assets and liabilities as of March 31, 2025 and 2024 were as follows. The following tables do not include cash and deposits, call loans and payables under securities borrowing transactions which are mostly settled in a short term and their fair values approximate their book values.

Millions of Yen

As of March 31, 2025	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 10,481	¥ 10,418	¥ (62)
Held-to-maturity debt securities	9,717	9,654	(62)
Available-for-sale securities	764	764	–
Securities	4,278,378	3,944,771	(333,607)
Trading securities	28,325	28,325	–
Held-to-maturity debt securities	203,029	204,095	1,065
Policy-reserve-matching bonds	2,231,326	1,896,654	(334,672)
Available-for-sale securities	1,815,696	1,815,696	–
Loans	301,108	302,751	1,642
Policy loans	27,081	27,081	–
Industrial and consumer loans	274,027	275,670	1,642
Total assets	4,589,968	4,257,940	(332,027)
Bonds payable	102,609	100,504	(2,104)
Loans payable	81,600	84,961	3,361
Total liabilities	184,209	185,465	1,256
Derivative financial instruments	(1,956)	(1,956)	–
Hedge accounting not applied	157	157	–
Hedge accounting applied	(2,114)	(2,114)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of Yen

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 18,811	¥ 19,753	¥ 941
Held-to-maturity debt securities	17,956	18,897	941
Available-for-sale securities	855	855	–
Securities	4,385,592	4,276,909	(108,683)
Trading securities	30,399	30,399	–
Held-to-maturity debt securities	274,840	290,260	15,419
Policy-reserve-matching bonds	2,240,383	2,116,280	(124,103)
Available-for-sale securities	1,839,968	1,839,968	–
Loans	321,346	329,278	7,932
Policy loans	28,399	28,399	–
Industrial and consumer loans	292,946	300,879	7,932
Total assets	4,725,750	4,625,941	(99,809)
Bonds payable	102,609	103,456	847
Loans payable	103,400	108,167	4,767
Total liabilities	206,009	211,624	5,615
Derivative financial instruments	(4,107)	(4,107)	–
Hedge accounting not applied	(876)	(876)	–
Hedge accounting applied	(3,231)	(3,231)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

As of March 31, 2025	Millions of U.S. Dollars Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	$ 70	$ 69	$ (0)
Held-to-maturity debt securities	64	64	(0)
Available-for-sale securities	5	5	–
Securities	28,614	26,382	(2,231)
Trading securities	189	189	–
Held-to-maturity debt securities	1,357	1,365	7
Policy-reserve-matching bonds	14,923	12,684	(2,238)
Available-for-sale securities	12,143	12,143	–
Loans	2,013	2,024	10
Policy loans	181	181	–
Industrial and consumer loans	1,832	1,843	10
Total assets	30,698	28,477	(2,220)
Bonds payable	686	672	(14)
Loans payable	545	568	22
Total liabilities	1,232	1,240	8
Derivative financial instruments	(13)	(13)	–
Hedge accounting not applied	1	1	–
Hedge accounting applied	(14)	(14)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Unlisted stocks and others, including investments in subsidiaries and affiliates, without market prices are not included in the tables above. The amounts of the unlisted stocks and others, including investments in subsidiaries and affiliates, reported in the consolidated balance sheets were ¥18,238 million (US$121 million) and ¥21,431 million as of March 31, 2025 and 2024, respectively. The amounts of losses on valuation on unlisted stocks and others, including investments in subsidiaries and affiliates were ¥3,277 million (US$21 million) and ¥1 million, for the years ended March 31, 2025 and 2024, respectively.

Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021) are included in the tables above.

Investments in partnerships and others which are accounted for in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the tables above. The amounts of the investments in partnerships and others, reported in the consolidated balance sheets were ¥58,131 million (US$388 million) and 59,645 million as of March 31, 2025 and 2024, respectively.

(3) Matters regarding securities and others by purpose of holding

i) Trading securities

Net unrealized gains (losses) on trading securities included in gains (losses) recorded were ¥(205) million (US$(1) million) and ¥6,278 million for the years ended March 31, 2025 and 2024, respectively.

ii) Held-to-maturity debt securities

The balance sheet amounts, fair values and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	¥ 3,267	¥ 3,480	¥ 212
	Domestic bonds	10,603	10,758	155
	Foreign bonds	81,000	86,365	5,365
	Subtotal	94,871	100,604	5,733
Fair value does not exceed the balance sheet amount	Monetary claims bought	6,449	6,174	(275)
	Domestic bonds	47,826	46,417	(1,408)
	Foreign bonds	63,600	60,552	(3,047)
	Subtotal	117,875	113,144	(4,731)
Total		212,747	213,749	1,002

Millions of Yen

As of March 31, 2024	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	¥ 15,456	¥ 16,553	¥ 1,097
	Domestic bonds	82,262	83,745	1,482
	Foreign bonds	160,200	175,898	15,698
	Subtotal	257,918	276,197	18,278
Fair value does not exceed the balance sheet amount	Monetary claims bought	2,500	2,343	(156)
	Domestic bonds	17,978	17,827	(150)
	Foreign bonds	14,400	12,789	(1,610)
	Subtotal	34,878	32,961	(1,916)
Total		292,796	309,158	16,361

Millions of U.S. Dollars

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	$ 21	$ 23	$ 1
	Domestic bonds	70	71	1
	Foreign bonds	541	577	35
	Subtotal	634	672	38
Fair value does not exceed the balance sheet amount	Monetary claims bought	43	41	(1)
	Domestic bonds	319	310	(9)
	Foreign bonds	425	404	(20)
	Subtotal	788	756	(31)
Total		1,422	1,429	6

iii) Policy-reserve-matching bonds

The balance sheet amounts, fair values and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	¥ 914,283	¥ 939,278	¥ 24,994
	Subtotal	914,283	939,278	24,994
Fair value does not exceed the balance sheet amount	Domestic bonds	1,317,042	957,375	(359,666)
	Subtotal	1,317,042	957,375	(359,666)
Total		2,231,326	1,896,654	(334,672)

Millions of Yen

As of March 31, 2024	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	¥ 1,103,411	¥ 1,191,967	¥ 88,556
	Subtotal	1,103,411	1,191,967	88,556
Fair value does not exceed the balance sheet amount	Domestic bonds	1,136,972	924,312	(212,659)
	Subtotal	1,136,972	924,312	(212,659)
Total		2,240,383	2,116,280	(124,103)

Millions of U.S. Dollars

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	$ 6,114	$ 6,281	$ 167
	Subtotal	6,114	6,281	167
Fair value does not exceed the balance sheet amount	Domestic bonds	8,808	6,402	(2,405)
	Subtotal	8,808	6,402	(2,405)
Total		14,923	12,684	(2,238)

iv) Available-for-sale securities

The acquisition cost or amortized cost, the balance sheet amounts and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	¥ 337	¥ 428	¥ 90
	Domestic bonds	67,728	68,633	905
	Domestic stocks	145,859	499,601	353,741
	Foreign bonds	16,545	16,789	243
	Others	285,822	327,171	41,349
	Subtotal	516,293	912,624	396,330
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	377	335	(41)
	Domestic bonds	398,484	383,496	(14,988)
	Domestic stocks	21,550	19,008	(2,541)
	Foreign bonds	412,406	371,881	(40,525)
	Others	144,560	129,113	(15,446)
	Subtotal	977,379	903,836	(73,543)
Total		1,493,673	1,816,460	322,787

Millions of Yen

As of March 31, 2024	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	¥ 754	¥ 855	¥ 100
	Domestic bonds	192,004	196,069	4,065
	Domestic stocks	149,061	506,454	357,392
	Foreign bonds	79,708	81,569	1,860
	Others	284,624	332,845	48,221
	Subtotal	706,153	1,117,794	411,641
Balance sheet amount does not exceed acquisition cost or amortized cost	Domestic bonds	251,912	242,263	(9,648)
	Domestic stocks	13,587	12,317	(1,269)
	Foreign bonds	379,003	337,582	(41,420)
	Others	145,007	130,865	(14,142)
	Subtotal	789,510	723,029	(66,481)
Total		1,495,663	1,840,824	345,160

Millions of U.S. Dollars

As of March 31, 2025	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	$ 2	$ 2	$ 0
	Domestic bonds	452	459	6
	Domestic stocks	975	3,341	2,365
	Foreign bonds	110	112	1
	Others	1,911	2,188	276
	Subtotal	3,453	6,103	2,650
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	2	2	(0)
	Domestic bonds	2,665	2,564	(100)
	Domestic stocks	144	127	(16)
	Foreign bonds	2,758	2,487	(271)
	Others	966	863	(103)
	Subtotal	6,536	6,044	(491)
Total		9,989	12,148	2,158

The amounts of impairment losses on available-for-sale securities were ¥1 million (US$0 million) and ¥104 million for the years ended March 31, 2025 and 2024, respectively.

(4) Maturity analysis of monetary claims, securities with maturities, bonds payable and other liabilities

Scheduled redemption amounts for monetary claims and securities with maturities, and repayment amounts for bonds payable and other liabilities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 10,481
Held-to-maturity debt securities	–	–	–	–	–	9,717
Available-for-sale securities	–	–	–	–	–	764
Securities	17,979	205,834	319,883	403,057	531,809	1,747,521
Held-to-maturity debt securities	900	6,100	–	28,000	40,000	128,026
Policy-reserve-matching bonds	10,000	137,550	190,200	229,800	228,320	1,388,110
Available-for-sale securities	7,079	62,184	129,683	145,257	263,489	231,384
Loans *1	34,481	56,800	44,990	35,114	68,892	23,749
Bonds payable *2	–	–	–	–	–	15,000
Loans payable *2	–	6,600	31,000	–	–	5,000

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

Millions of Yen

As of March 31, 2024	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 18,811
Held-to-maturity debt securities	–	–	–	–	–	17,956
Available-for-sale securities	–	–	–	–	–	855
Securities	90,168	140,371	366,305	418,679	661,042	1,687,542
Held-to-maturity debt securities	65,000	2,500	3,500	20,000	48,000	135,833
Policy-reserve-matching bonds	8,800	101,200	152,000	207,400	348,300	1,368,830
Available-for-sale securities	16,368	36,671	210,805	191,279	264,742	182,878
Loans *1	56,310	62,169	46,111	29,411	65,861	23,081
Bonds payable *2	–	–	–	–	–	15,000
Loans payable *2	–	2,750	22,650	–	–	5,000

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

Millions of U.S. Dollars

As of March 31, 2025	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	$ –	$ –	$ –	$ –	$ –	$ 70
Held-to-maturity debt securities	–	–	–	–	–	64
Available-for-sale securities	–	–	–	–	–	5
Securities	120	1,376	2,139	2,695	3,556	11,687
Held-to-maturity debt securities	6	40	–	187	267	856
Policy-reserve-matching bonds	66	919	1,272	1,536	1,527	9,283
Available-for-sale securities	47	415	867	971	1,762	1,547
Loans *1	230	379	300	234	460	158
Bonds payable *2	–	–	–	–	–	100
Loans payable *2	–	44	207	–	–	33

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level

Fair values of financial instruments are categorized into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value.

Level 1: Fair values measured by unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by inputs which are directly or indirectly observable other than Level 1 inputs

Level 3: Fair values measured by significant unobservable inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels to which each of the inputs belongs.

(1) Financial assets and liabilities recorded at fair values on the consolidated balance sheets

Millions of Yen

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 764	¥ 764
Available-for-sale securities	–	–	764	764
Securities*1	618,913	1,035,640	21,042	1,675,596
Trading securities	–	28,325	–	28,325
Others	–	28,325	–	28,325
Available-for-sale securities	618,913	1,007,313	21,042	1,647,271
National government bonds and local government bonds	21,622	616	–	22,239
Corporate bonds	–	429,890	–	429,890
Domestic stocks	518,610	–	–	518,610
Foreign bonds	–	367,628	21,042	388,670
Others	78,680	209,180	–	287,860
Total assets	618,913	1,035,640	21,806	1,676,360
Derivative financial instruments*2	–	(1,956)	–	(1,956)
Currency-related	–	(1,956)	–	(1,956)

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥163,120 million (US$1,090 million) as of March 31, 2025. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,304 million (US$35 million) as of March 31, 2025.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 855	¥ 855
Available-for-sale securities	–	–	855	855
Securities*1	621,493	1,050,162	32,062	1,703,718
Trading securities	–	30,399	–	30,399
Others	–	30,399	–	30,399
Available-for-sale securities	621,493	1,019,763	32,062	1,673,319
National government bonds and local government bonds	13,196	650	–	13,847
Corporate bonds	–	424,486	–	424,486
Domestic stocks	518,771	–	–	518,771
Foreign bonds	–	387,089	32,062	419,152
Others	89,525	207,536	–	297,061
Total assets	621,493	1,050,162	32,918	1,704,574
Derivative financial instruments*2	–	(4,109)	1	(4,107)
Currency-related	–	(4,109)	–	(4,109)
Stock-related	–	–	1	1

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million as of March 31, 2024.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of U.S. Dollars

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ –	$ 5	$ 5
Available-for-sale securities	–	–	5	5
Securities*1	4,139	6,926	140	11,206
Trading securities	–	189	–	189
Others	–	189	–	189
Available-for-sale securities	4,139	6,736	140	11,017
National government bonds and local government bonds	144	4	–	148
Corporate bonds	–	2,875	–	2,875
Domestic stocks	3,468	–	–	3,468
Foreign bonds	–	2,458	140	2,599
Others	526	1,399	–	1,925
Total assets	4,139	6,926	145	11,211
Derivative financial instruments*2	–	(13)	–	(13)
Currency-related	–	(13)	–	(13)

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥163,120 million (US$1,090 million) as of March 31, 2025. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,304 million (US$35 million) as of March 31, 2025.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

i) Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

a) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Beginning balance	¥ 161,421	¥ 134,005	$ 1,079
Gains (losses) and other comprehensive income for the fiscal year:	(567)	11,912	(3)
Gains (losses) recorded for the fiscal year*1	(1)	1,040	(0)
Other comprehensive income recorded for the fiscal year*2	(566)	10,871	(3)
Net amount of purchase, sale, and redemption	2,266	15,504	15
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	163,120	161,421	1,090
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(1)	1,040	(0)

*1 Those amounts are included in investment income and investment expenses in the consolidated statements of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statements of comprehensive income.

b) Breakdown of balance by restriction on cancellation as of the end of fiscal years

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Investment trusts which need more than 1 month to cancel from the notification of cancellation	¥ 34,739	¥ 41,015	$ 232
Other than above	128,381	120,406	858

c) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Beginning balance	¥ 5,227	¥ 5,196	$ 34
Gains (losses) and other comprehensive income for the fiscal year:	77	26	0
Gains (losses) recorded for the fiscal year*1	–	–	–
Other comprehensive income recorded for the fiscal year*2	77	26	0
Net amount of purchase, sale, and redemption	(0)	4	(0)
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	5,304	5,227	35
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	–	–	–

*1 Those amounts are included in investment income and investment expenses in the consolidated statements of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statements of comprehensive income.

(2) Financial assets and liabilities not recorded at fair values on the consolidated balance sheets

Millions of Yen

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 9,342	¥ 311	¥ 9,654
Held-to-maturity debt securities	–	9,342	311	9,654
Securities	1,545,981	407,848	146,918	2,100,749
Held-to-maturity debt securities	–	57,176	146,918	204,095
National government bonds and local government bonds	–	985	–	985
Corporate bonds	–	56,190	–	56,190
Foreign bonds	–	–	146,918	146,918
Policy-reserve-matching bonds	1,545,981	350,672	–	1,896,654
National government bonds and local government bonds	1,545,981	37,821	–	1,583,803
Corporate bonds	–	312,850	–	312,850
Loans	–	–	302,751	302,751
Policy loans	–	–	27,081	27,081
Industrial and consumer loans	–	–	275,670	275,670
Total assets	1,545,981	417,191	449,981	2,413,154
Bonds payable	–	100,504	–	100,504
Loans payable	–	–	84,961	84,961
Total liabilities	–	100,504	84,961	185,465

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 18,517	¥ 379	¥ 18,897
Held-to-maturity debt securities	–	18,517	379	18,897
Securities	1,737,193	480,660	188,687	2,406,541
Held-to-maturity debt securities	35,500	66,072	188,687	290,260
National government bonds and local government bonds	35,500	–	–	35,500
Corporate bonds	–	66,072	–	66,072
Foreign bonds	–	–	188,687	188,687
Policy-reserve-matching bonds	1,701,692	414,587	–	2,116,280
National government bonds and local government bonds	1,701,692	43,183	–	1,744,876
Corporate bonds	–	371,404	–	371,404
Loans	–	–	329,278	329,278
Policy loans	–	–	28,399	28,399
Industrial and consumer loans	–	–	300,879	300,879
Total assets	1,737,193	499,177	518,346	2,754,717
Bonds payable	–	103,456	–	103,456
Loans payable	–	–	108,167	108,167
Total liabilities	–	103,456	108,167	211,624

Millions of U.S. Dollars

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ 62	$ 2	$ 64
Held-to-maturity debt securities	–	62	2	64
Securities	10,339	2,727	982	14,049
Held-to-maturity debt securities	–	382	982	1,365
National government bonds and local government bonds	–	6	–	6
Corporate bonds	–	375	–	375
Foreign bonds	–	–	982	982
Policy-reserve-matching bonds	10,339	2,345	–	12,684
National government bonds and local government bonds	10,339	252	–	10,592
Corporate bonds	–	2,092	–	2,092
Loans	–	–	2,024	2,024
Policy loans	–	–	181	181
Industrial and consumer loans	–	–	1,843	1,843
Total assets	10,339	2,790	3,009	16,139
Bonds payable	–	672	–	672
Loans payable	–	–	568	568
Total liabilities	–	672	568	1,240

(3) Description of the evaluation methods and inputs used to measure fair value

i) Securities including monetary claims bought which are treated as securities based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

Fair values of securities for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which mainly include listed stocks, listed investment trusts and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are categorized as Level 2, which mainly include corporate bonds and foreign bonds. In the case the quoted market price is not available, fair values are measured by evaluation methods such as discounting future cash flows. In evaluation, the Company maximizes the use of observable inputs including swap rates, interest rate swap spreads, currency basis and others. When significant unobservable inputs are used to measure fair values, those securities are categorized as Level 3.

The fair value of unlisted investment trusts, which have no restriction on cancellation that is significant enough to require compensation for risk from market participants, are based on the quoted prices and others offered by counterparty financial institutions and categorized as level 2.

ii) Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company considers book value as fair value with assumption that fair value approximates book value in light of factors such as projected repayment period and interest terms. Policy loans are categorized as level 3.

As for industrial and consumer loans, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value by type of loan, using market interest rates with some adjustments based on internal credit rating. Industrial and consumer loans are categorized as level 3. The fair value of loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts by deducting estimated losses from the book value before direct write-offs. Loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy are categorized as level 3.

iii) Bonds payable

The fair value of bonds payable issued by the Company is stated at fair market value. Bonds payable issued by the Company are categorized as level 2. The fair value of bonds payable for which designated hedge accounting ("Furiate-shori") for currency swaps are applied is stated at fair market value added by the fair value of currency swaps. The Company adopts prices obtained from external information venders as the fair value of currency swaps.

iv) Loans payable

As for loans payable, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value, using market interest rates with some adjustments based on the Company's credit risk. Loans payable are categorized as level 3.

v) Derivative financial instruments

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options are stated at the quoted prices obtained from external information vendors.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

Note for the fiscal year ended March 31, 2024

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options, stock options and interest rate swaptions are stated at the quoted prices offered by counterparty financial institutions.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

(4) Quantitative information about financial assets and liabilities measured and stated in the consolidated balance sheets at fair value and categorized as Level 3

i) Quantitative information on significant unobservable inputs

Quoted prices obtained from third parties are used for fair values categorized as level 3 without adjustment.

ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal year

Millions of Yen

For the year ended March 31, 2025	Monetary claims bought Available-for-sale securities Others (i)	Securities Available-for-sale securities Foreign bonds (ii)	Total (i) + (ii)	Derivative financial instruments Stock-related
Beginning balance	¥ 855	¥ 32,062	¥ 32,918	¥ 1
Gains (losses) and other comprehensive income for the fiscal year:	(72)	3,952	3,880	681
Gains (losses) recorded for the fiscal year*1	(20)	1,190	1,170	681
Other comprehensive income recorded for the fiscal year*2	(51)	2,761	2,709	–
Net amount of purchase, sale, issue, and settlement	(19)	(14,972)	(14,991)	(683)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	764	21,042	21,806	–
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(20)	1,190	1,170	–

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

Millions of Yen

For the year ended March 31, 2024	Monetary claims bought Available-for-sale securities Others (i)	Securities Available-for-sale securities Foreign bonds (ii)	Total (i) + (ii)	Derivative financial instruments Stock-related
Beginning balance	¥ 897	¥ 64,899	¥ 65,796	¥ 550
Gains (losses) and other comprehensive income for the fiscal year:	(24)	12,396	12,371	1,245
Gains (losses) recorded for the fiscal year*1	(20)	4,535	4,515	1,245
Other comprehensive income recorded for the fiscal year*2	(4)	7,860	7,856	–
Net amount of purchase, sale, issue, and settlement	(16)	(45,233)	(45,249)	(1,794)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	855	32,062	32,918	1
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(20)	4,535	4,515	(681)

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

Millions of U.S. Dollars

For the year ended March 31, 2025	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	$ 5	$ 214	$ 220	$ 0
Gains (losses) and other comprehensive income for the fiscal year:	(0)	26	25	4
Gains (losses) recorded for the fiscal year*1	(0)	7	7	4
Other comprehensive income recorded for the fiscal year*2	(0)	18	18	–
Net amount of purchase, sale, issue, and settlement	(0)	(100)	(100)	(4)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	5	140	145	–
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*1	(0)	7	7	–

*1 Those amounts are included in investment income and investment expenses in the consolidated statement of income.

*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the consolidated statement of comprehensive income.

iii) Description of the fair value evaluation process

The Company establishes policies and procedures for measuring the fair value in the actuarial and accounting department and the risk management department. In accordance with these policies and procedures, the risk management department measures the fair value. The validity of the evaluation methods and inputs used to measure fair value and the appropriateness of categorization of fair value are verified in the independent division in the risk management department.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used. In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of evaluation method and used inputs and comparison with the fair values of similar financial instruments.

5. Investments and Rental Properties

The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥226,570 million (US$1,515 million) and ¥287,195 million (US$1,920 million) as of March 31, 2025 and ¥232,502 million and ¥286,956 million as of March 31, 2024, respectively. The fair value is mainly based on the value (including some adjustments using the reference prices) of real estate appraisal report prepared by the external real-estate appraiser in accordance with real estate appraisal standards.

6. Securities Lent under Lending Agreements

The amounts of securities lent under lending agreements were ¥319,110 million (US$2,134 million) and ¥292,339 million as of March 31, 2025 and 2024, respectively.

7. Claims

The total amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans three or more months past due and restructured loans, which were included in claims, were ¥458 million (US$3 million) and ¥501 million as of March 31, 2025 and 2024, respectively.

i) Claims against bankrupt and quasi-bankrupt obligors were ¥386 million (US$2 million) and ¥401 million as of March 31, 2025 and 2024, respectively.

ii) There were no claims with collection risk as of March 31, 2025 and 2024.

iii) Delinquent loans three or more months past due were ¥51 million (US$0 million) and ¥80 million as of March 31, 2025 and 2024, respectively.

iv) Restructured loans were ¥20 million (US$0 million) and ¥20 million as of March 31, 2025 and 2024, respectively.

Claims against bankrupt and quasi-bankrupt obligors are claims to obligors who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other obligors in serious financial difficulties.

Claims with collection risk are claims to obligors with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the claims will be recovered, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors.

Delinquent loans three or more months past due are loans for which interest payments or repayments of principal are delinquent for three months or more from the due dates under the terms of the related loan agreements, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors and claims with collection risk.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due dates of principal or interest payments, waivers of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes claims classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk and delinquent loans three or more months past due.

The direct write-offs related to claims decreased the amounts of claims against bankrupt and quasi-bankrupt obligors described above by ¥2 million (US$0 million) and ¥3 million as of March 31, 2025 and 2024, respectively.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled ¥280,284 million (US$1,874 million) and ¥278,094 million as of March 31, 2025 and 2024, respectively.

9. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥28,712 million (US$192 million) and ¥30,689 million as of March 31, 2025 and 2024, respectively. The amounts of separate account liabilities were the same as separate account assets.

10. Reserve for Dividends to Policyholders

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Balance at the beginning of the fiscal year	¥ 26,064	¥ 27,103	$ 174
Transfer to reserve from surplus in the previous fiscal year	2,896	2,497	19
Dividends to policyholders paid out during the fiscal year	3,693	3,540	24
Increase in interest	3	3	0
Balance at the end of the fiscal year	¥ 25,270	¥ 26,064	$ 169

11. Stocks of Unconsolidated Subsidiaries and affiliates

The amounts of stocks of unconsolidated subsidiaries and affiliates the Company held as of March 31, 2025 and 2024 were ¥5,418 million (US$36 million) and ¥8,232 million, respectively.

12. Pledged Assets

Assets pledged as collateral as of March 31, 2025 and 2024 were securities in the amount of ¥322,655 million (US$2,157 million) and ¥315,013 million, respectively.

13. Unamortized Ceding Commissions

The amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2025 and 2024 were ¥58,443 million (US$390 million) and ¥41,821 million, respectively.

14. Assets with Rights to Sell

The Company has the legal right to sell or collateralize securities borrowed under loan agreements. The market values of these assets that were not sold or pledged as collateral as of March 31, 2025 and 2024 were ¥44,850 million (US$299 million) and ¥37,590 million, respectively. No assets were pledged as collateral as of March 31, 2025 and 2024.

15. Commitment Line

As of March 31, 2025 and 2024, there were unused commitment line agreements under which the Company is the lender of ¥7,690 million (US$51 million) and ¥9,372 million, respectively.

16. Subordinated Bonds Payable

As of March 31, 2025 and 2024, bonds payable are subordinated bonds payable, for which the repayments are subordinated to other obligations.

17. Subordinated Loans Payable

As of March 31, 2025 and 2024, other liabilities included subordinated loans payable of ¥44,000 million (US$294 million) and ¥78,000 million, respectively, for which the repayments are subordinated to other obligations.

18. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Deferred tax assets	¥ 79,209	¥ 69,326	$ 529
Valuation allowance for deferred tax assets	14,939	13,961	99
Subtotal	64,270	55,364	429
Deferred tax liabilities	91,974	94,516	615
Net deferred tax assets (liabilities)	¥ (27,704)	¥ (39,151)	$ (185)

Major components of deferred tax assets/liabilities were as follows:

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Deferred tax assets			
Reserve for price fluctuation	¥ 16,548	¥ 11,263	$ 110
Contingency reserves	15,274	12,702	102
Additional policy reserves	13,048	12,942	87
Net defined benefit liabilities	7,391	8,173	49
Impairment losses	7,009	6,884	46
IBNR reserves	6,965	5,741	46
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	85,293	89,235	570

(2) The statutory tax rates were 27.9% and 27.9% for the fiscal years ended March 31, 2025 and 2024, respectively. The main factors causing the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

For the year ended March 31	2025
Impact from a change in the tax rate	(61.9)%
Dividends and other non-taxable income	(31.8)%
Reserve for dividends to policyholders	(29.3)%
Interest on foundation funds	(28.6)%

For the year ended March 31	2024
Reserve for dividends to policyholders	(9.8)%
Interest on foundation funds	(9.8)%

(3) Pursuant to the enactment of “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025), the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 27.9% to 28.8% if the recovery or settlement are expected on or after April 1, 2026.

Due to this change, as of March 31, 2025, net deferred tax liabilities increased by ¥1,183million (US$7 million), and deferred tax liabilities for land revaluation increased by ¥454 million (US$3 million).

In addition, income taxes-deferred decreased by ¥1,445 million (US$9 million) as of March 31, 2025.

(4) The Company and part of its subsidiaries have applied the group tax sharing system. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

19. Accrued Retirement Benefits and Net Defined Benefit Liabilities

(1) Summary of retirement benefit plans

As defined benefit plan, the Company and its consolidated subsidiaries have defined benefit corporate pension plans, which are funded-type, and lump-sum retirement allowance plans which are non-funded type but resulted in funded type due to setting of employee pension trust.

(2) Defined benefit plan

i) Reconciliation of beginning and ending balance of retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Retirement benefit obligations at the beginning of the fiscal year	¥ 38,157	¥ 39,538	$ 255
Service cost	1,692	1,808	11
Interest cost	375	389	2
Actuarial difference occurred during the fiscal year	210	78	1
Retirement benefit payments	(4,007)	(3,659)	(26)
Retirement benefit obligations at the end of the fiscal year	¥ 36,428	¥ 38,157	$ 243

ii) Reconciliation of beginning and ending balance of pension plan assets

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Pension plan assets at the beginning of the fiscal year	¥ 9,659	¥ 8,411	$ 64
Expected return on pension plan assets	94	80	0
Actuarial difference occurred during the fiscal year	1,685	1,163	11
Contributions by the employer	247	245	1
Retirement benefit payments	(160)	(241)	(1)
Pension plan assets at the end of the fiscal year	¥ 11,527	¥ 9,659	$ 77

iii) Reconciliation of retirement benefit obligation and pension plan assets with net defined benefit liabilities and assets presented on the consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2025	2024	2025
a. Funded plan retirement benefit obligation	¥ 36,428	¥ 38,157	$ 243
b. Pension plan assets	(11,527)	(9,659)	(77)
c. Net amount of liabilities and assets presented on the consolidated balance sheet	24,900	28,497	166
d. Net defined benefit liabilities	25,789	29,297	172
e. Net defined benefit assets	(888)	(799)	(5)
f. Net amount of liabilities and assets presented on the consolidated balance sheet	¥ 24,900	¥ 28,497	$ 166

iv) Breakdown of retirement benefit expenses

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Service cost	¥ 1,692	¥ 1,808	$ 11
Interest cost	375	389	2
Expected return on pension plan assets	(94)	(80)	(0)
Amortization of actuarial differences	866	942	5
Retirement benefit expenses related to defined benefit plan	¥ 2,839	¥ 3,060	$ 18

v) Breakdown of items included in other comprehensive income

The breakdown of items included in other comprehensive income (before tax effects) was as follows:

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Amortization of actuarial differences	¥ 2,341	¥ 2,027	$ 15
Total	¥ 2,341	¥ 2,027	$ 15

vi) Breakdown of items included in accumulated other comprehensive income

The breakdown of items included in total accumulated other comprehensive income (before tax effects) was as follows:

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Unrecognized actuarial differences	¥ (1,444)	¥ 896	$ (9)
Total	¥ (1,444)	¥ 896	$ (9)

vii) Breakdown of main pension plan assets

The breakdown of main asset categories as a percentage of pension plan assets was as follows:

As of March 31	2025	2024
Stocks	52%	43%
Bonds	15%	17%
Others	33%	40%
Total	100%	100%

viii) Method for determining the expected long-term rate of return

To determine the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on the diverse range of assets that makes up the pension assets.

ix) Underlying actuarial assumptions

The main underlying actuarial assumptions were as follows:

As of March 31	2025	2024
Discount rate	1.0%	1.0%
Expected long-term rate of return on pension plan assets	0.8%	0.8%
Defined benefit corporate pension plans	1.8%	1.6%

20. Significant Subsequent Events

(1) Redemption of Foundation Funds

The Company redeemed ¥40,000 million (US$267 million) of foundation funds on August 1, 2025. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

(2) Transfer of Fixed Assets

The Company transferred the following fixed assets on July 31, 2025.

i) Reason for the transfer

The Company transferred the following fixed assets as part of the restructuring of its real estate portfolio.

ii) Transferee

The transferee is not disclosed in accordance with the agreement with the transferee. There are no capital, personnel, business relationships or related party to note between the Company and the transferee.

iii) Details of transferred assets

Asset transferred	Location	Gains on transfer
Land and Building	Shibuya-ku, Tokyo	Approx. ¥9,000 million (Approx. US$60 million)

iv) Transfer timing

July 31, 2025

v) Impact on profit or loss

As a result of this transaction, the Company plans to record approximately ¥9,000 million (US$60 million) in gains on disposal of fixed assets in the fiscal year ending March 31, 2026.

III. Notes to Consolidated Statements of Income

1. Investment Income and Expenses

The major components of gains on sales of securities were as follows:

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Domestic bonds	¥ 3,746	¥ 3,283	$ 25
Domestic stocks and other securities	9,298	38,914	62
Foreign securities	2,033	1,890	13

The major components of losses on sales of securities were as follows:

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Domestic bonds	¥ 3,117	¥ 5,711	$ 20
Domestic stocks and other securities	3,777	2,210	25
Foreign securities	19,568	33,527	130

The major components of losses on valuation of securities were as follows:

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Domestic stocks and other securities	¥ 304	¥ 104	$ 2
Foreign securities	1	1	0

Losses on trading securities were losses on sales of ¥226 million for the fiscal year ended March 31, 2024.

Losses on derivative financial instruments included net valuation gains of ¥411 million (US$2 million) and net valuation losses of ¥1,824 million for the fiscal years ended March 31, 2025 and 2024, respectively.

2. Reinsurance Revenue and Reinsurance Premiums

The increased amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2025 and 2024 were ¥35,778 million (US$239 million) and ¥32,351 million, respectively, which were included in reinsurance revenue among premium and other income.

The decreased amount of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 for the fiscal year ended March 31, 2025 and 2024 were ¥19,156 million (US$128 million) and ¥16,635 million, respectively, which were included in reinsurance premiums among claims and other payments.

3. Impairment Losses of Fixed Assets

For the fiscal years ended March 31, 2025 and 2024, impairment losses of fixed assets by the Company were as follows:

(1) Method of grouping

The method of grouping is described in "Note 1. (17) Impairment losses of tangible fixed assets" of the consolidated balance sheets.

(2) Background information on recognizing the impairment losses

As the profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend in the market prices of land, the Company reduced the book values of such real estate for rent, real estate not in use and real estate scheduled to be sold to their recoverable amounts. The write-downs were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups for which impairment losses were recognized and losses by classification of fixed assets

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Real estate for rent:			
Land	¥ –	¥ –	$ –
Building	–	–	–
Total real estate for rent (i)	–	–	–
Real estate not in use:			
Land	411	562	2
Building	210	579	1
Total real estate not in use (ii)	622	1,141	4
Real estate scheduled to be sold:			
Land	70	–	0
Building	42	–	0
Total real estate scheduled to be sold (iii)	113	–	0
Total:			
Land	482	562	3
Building	253	579	1
Total (i) + (ii) + (iii)	¥ 736	¥ 1,141	$ 4

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for rent are determined at net realizable value or value in use. The recoverable amounts for real estate not in use and real estate scheduled to be sold are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 3.1% and 3.2% for the fiscal years ended March 31, 2025 and 2024, respectively. Net realizable value is calculated based on the appraisal value in accordance with “Real Estate Appraisal Standards” or the publicly announced appraisal value after deducting expected disposal costs.

IV. Notes to Consolidated Statements of Comprehensive Income

Other Comprehensive Income

The reclassification adjustments and tax effect amounts related to other comprehensive income were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Net unrealized gains on available-for-sale securities, net of tax			
Amount incurred during the fiscal year	¥ (33,928)	¥ 193,729	$ (226)
Reclassification adjustments	10,602	(1,368)	70
Amount before income taxes and income tax effects	(23,325)	192,361	(156)
Income taxes and income tax effects	4,093	(52,431)	27
Net unrealized gains on available-for-sale securities, net of tax	(19,232)	139,929	(128)
Land revaluation differences			
Amount incurred during the fiscal year	–	–	–
Reclassification adjustments	–	–	–
Amount before income taxes and income tax effects	–	–	–
Income taxes and income tax effects	(454)	–	(3)
Land revaluation differences	(454)	–	(3)
Accumulated remeasurements of defined benefit plans			
Amount incurred during the fiscal year	1,475	1,084	9
Reclassification adjustments	866	942	5
Amount before income taxes and income tax effects	2,341	2,027	15
Income taxes and income tax effects	(673)	(569)	(4)
Accumulated remeasurements of defined benefit plans	1,668	1,458	11
Total other comprehensive income	¥ (18,018)	¥ 141,387	$ (120)

V. Notes to Consolidated Statements of Cash Flows

Scope of Cash and Cash Equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, demand deposits and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present an insignificant risk of changes in value.

The consolidated financial statements in this annual report have been audited by Ernst & Young ShinNihon LLC, an independent certified public accountant.

12. Non-consolidated Financial Statements

Non-consolidated Balance Sheets

Asahi Mutual Life Insurance Company

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
ASSETS:			
Cash and deposits:			
Cash	¥ 18	¥ 18	$ 0
Deposits	54,746	39,375	366
	54,765	39,393	366
Call loans	78,000	73,000	521
Monetary claims bought	10,481	18,811	70
Securities:			
National government bonds	1,788,496	1,812,423	11,961
Local government bonds	46,878	48,037	313
Corporate bonds	905,513	918,496	6,056
Domestic stocks	596,067	599,280	3,986
Foreign securities	968,143	1,027,985	6,475
Other securities	108,090	119,584	722
	4,413,189	4,525,808	29,515
Loans:			
Policy loans	27,081	28,399	181
Industrial and consumer loans	274,027	292,946	1,832
	301,108	321,346	2,013
Tangible fixed assets:			
Land	204,082	207,428	1,364
Buildings	137,091	138,556	916
Lease assets	3,339	4,138	22
Construction in progress	885	1,188	5
Other tangible fixed assets	2,335	2,414	15
	347,734	353,725	2,325
Intangible fixed assets:			
Software	28,161	28,886	188
Other intangible fixed assets	7,039	6,569	47
	35,201	35,456	235
Agency accounts receivable	1	1	0
Reinsurance receivables	499	394	3
Other assets:			
Accounts receivable	12,787	60,684	85
Prepaid expenses	4,985	4,472	33
Accrued income	18,410	18,389	123
Money on deposit	3,080	3,006	20
Derivative financial instruments	2,978	896	19
Cash collateral paid for financial instruments	2,298	1,417	15
Suspense payments	749	756	5
Other assets	1,159	1,358	7
	46,450	90,980	310
Prepaid pension cost	598	480	4
Customers' liabilities under acceptances and guarantees	39,025	26,425	261
Allowance for possible loan losses	(720)	(738)	(4)
Total assets	¥ 5,326,334	¥ 5,485,084	$ 35,622

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
LIABILITIES:			
Policy reserves and other reserves:			
Reserve for outstanding claims	¥ 39,821	¥ 36,748	$ 266
Policy reserves	4,113,660	4,206,149	27,512
Reserve for dividends to policyholders	25,270	26,064	169
	4,178,753	4,268,961	27,947
Reinsurance payables	632	670	4
Bonds payable	102,609	102,609	686
Other liabilities:			
Payables under securities borrowing transactions	207,786	248,836	1,389
Loans payable	44,000	78,000	294
Income taxes payable	326	3,797	2
Accounts payable	13,427	8,974	89
Accrued expenses	7,417	8,053	49
Deferred income	178	196	1
Deposits received	530	421	3
Guarantee deposits received	16,726	17,081	111
Derivative financial instruments	4,934	5,004	33
Cash collateral received for financial instruments	7,544	6,359	50
Lease obligations	3,339	4,138	22
Asset retirement obligations	1,068	1,087	7
Suspense receipts	283	101	1
	307,562	382,052	2,056
Reserve for employees' retirement benefits	27,077	28,195	181
Reserve for price fluctuation	57,460	40,370	384
Deferred tax liabilities	30,444	41,386	203
Deferred tax liabilities for land revaluation	14,553	14,301	97
Acceptances and guarantees	39,025	26,425	261
Total liabilities	4,758,117	4,904,972	31,822
NET ASSETS:			
Foundation funds	51,000	51,000	341
Reserve for redemption of foundation funds	206,000	206,000	1,377
Reserve for revaluation	281	281	1
Surplus:			
Reserve for future losses	397	381	2
Other surplus:			
Reserve for fund redemption	40,800	31,700	272
Equalized reserve for dividends to policyholders	5,945	6,893	39
Unappropriated surplus (loss)	58,335	63,629	390
Subtotal	105,081	102,223	702
	105,478	102,604	705
Total foundation funds and others	362,760	359,886	2,426
Net unrealized gains (losses) on available-for-sale securities, net of tax	251,365	270,597	1,681
Land revaluation differences	(45,909)	(50,371)	(307)
Total valuation and translation adjustments	205,456	220,226	1,374
Total net assets	568,216	580,112	3,800
Total liabilities and net assets	¥ 5,326,334	¥ 5,485,084	$ 35,622

Non-consolidated Statements of Income

Asahi Mutual Life Insurance Company

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Ordinary income:			
Premium and other income:			
Insurance premiums	¥ 367,847	¥ 366,054	$ 2,460
Reinsurance revenue	1,052	1,225	7
	368,900	367,279	2,467
Investment income:			
Interest, dividends and other income:			
Interest on deposits	3	0	0
Interest and dividends on securities	109,235	97,390	730
Interest on loans	6,246	6,068	41
Rent revenue from real estate	15,886	16,102	106
Other interest and dividends	746	1,317	4
	132,117	120,879	883
Gains on sales of securities	15,078	44,086	100
Gains on redemption of securities	119	–	0
Foreign exchange gains	–	4,528	–
Reversal of allowance for possible loan losses	16	–	0
Other investment income	7,107	7,159	47
Investment gains on separate accounts	386	6,583	2
	154,826	183,237	1,035
Other ordinary income:			
Fund receipt from annuity riders	7	0	0
Fund receipt from deposit of claims paid	3,554	5,082	23
Reversal of reserve for employees' retirement benefits	1,117	532	7
Reversal of policy reserves	92,488	63,755	618
Other ordinary income	2,459	2,505	16
	99,628	71,876	666
Total ordinary income	623,355	622,393	4,169
Ordinary expenses:			
Claims and other payments:			
Claims	107,641	105,474	719
Annuities	108,059	109,610	722
Benefits	76,250	74,480	509
Surrender benefits	91,559	87,320	612
Other payments	2,017	4,593	13
Reinsurance premiums	2,339	2,449	15
	387,868	383,929	2,594
Provision for policy reserves and other reserves:			
Provision for reserve for outstanding claims	3,073	2,234	20
Provision for interest on policyholders' dividend reserves	3	3	0
	3,076	2,237	20
Investment expenses:			
Interest expenses	4,732	4,392	31
Losses on trading securities	–	226	–
Losses on sales of securities	26,463	41,448	176
Losses on valuation of securities	6	105	0
Losses on redemption of securities	206	275	1
Losses on derivative financial instruments	3,447	14,508	23
Foreign exchange losses	1,364	–	9
Provision for allowance for possible loan losses	–	92	–
Depreciation of rental real estate and other assets	5,334	5,337	35
Other investment expenses	10,626	10,298	71
	52,180	76,685	348
Operating expenses	112,825	108,533	754

	Millions of Yen				Millions of U.S. Dollars	
For the years ended March 31	2025		2024		2025	
Other ordinary expenses:						
Claim deposit payments		8,526		8,961		57
Taxes		9,449		9,060		63
Depreciation		14,219		11,846		95
Other ordinary expenses		2,479		3,024		16
		34,674		32,892		231
Total ordinary expenses		**590,625**		**604,278**		**3,950**
Ordinary profit		**32,730**		**18,115**		**218**
Extraordinary gains:						
Gains on disposal of fixed assets		1,676		5,542		11
Other extraordinary gains		31		–		0
		1,707		5,542		11
Extraordinary losses:						
Losses on disposal of fixed assets		904		905		6
Impairment losses		736		1,141		4
Provision for reserve for price fluctuation		17,090		2,160		114
Losses on reduction entry of real estate		29		96		0
Losses on valuation of shares of subsidiaries and affiliates		2,972		–		19
Other extraordinary losses		–		5		–
		21,732		4,308		145
Surplus before income taxes		**12,705**		**19,348**		**84**
Income taxes:						
Current		6,715		10,212		44
Deferred		(7,052)		(6,115)		(47)
Total income taxes		**(336)**		**4,097**		**(2)**
Net surplus	**¥**	**13,042**	**¥**	**15,251**	**$**	**87**

Non-consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company

Millions of Yen

For the year ended March 31, 2025	Foundation funds and others								
				Surplus					
					Other surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)	Total surplus	Total foundation funds and others
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 381	¥ 31,700	¥ 6,893	¥ 63,629	¥102,604	¥359,886
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(2,896)	(2,896)	(2,896)
Additions to reserve for future losses				16			(16)		
Payment of interest on foundation funds							(2,354)	(2,354)	(2,354)
Net surplus							13,042	13,042	13,042
Additions to reserve for fund redemption					9,100		(9,100)		
Reversal of equalized reserve for dividends to policyholders						(947)	947		
Reversal of land revaluation differences							(4,916)	(4,916)	(4,916)
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	–	–	–	16	9,100	(947)	(5,294)	2,874	2,874
Ending balance	¥ 51,000	¥206,000	¥ 281	¥ 397	¥ 40,800	¥ 5,945	¥ 58,335	¥105,478	¥362,760

Millions of Yen

For the year ended March 31, 2025	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	¥ 270,597	¥ (50,371)	¥ 220,226	¥ 580,112
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(2,896)
Additions to reserve for future losses				
Payment of interest on foundation funds				(2,354)
Net surplus				13,042
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				(4,916)
Net changes, excluding foundation funds and others	(19,232)	4,462	(14,770)	(14,770)
Net changes in the fiscal year	(19,232)	4,462	(14,770)	(11,895)
Ending balance	¥ 251,365	¥ (45,909)	¥ 205,456	¥ 568,216

Millions of Yen

For the year ended March 31, 2024	Foundation funds and others								
				Surplus					
					Other surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)	Total surplus	Total foundation funds and others
Beginning balance	¥ 51,000	¥ 206,000	¥ 281	¥ 366	¥ 22,600	¥ 7,093	¥ 60,148	¥ 90,207	¥347,489
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(2,497)	(2,497)	(2,497)
Additions to reserve for future losses				15			(15)		
Payment of interest on foundation funds							(2,323)	(2,323)	(2,323)
Net surplus							15,251	15,251	15,251
Additions to reserve for fund redemption					9,100		(9,100)		
Reversal of equalized reserve for dividends to policyholders						(199)	199		
Reversal of land revaluation differences							1,965	1,965	1,965
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	–	–	–	15	9,100	(199)	3,481	12,396	12,396
Ending balance	¥ 51,000	¥206,000	¥ 281	¥ 381	¥ 31,700	¥ 6,893	¥ 63,629	¥102,604	¥359,886

Millions of Yen

For the year ended March 31, 2024	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	¥ 130,668	¥ (48,406)	¥ 82,261	¥ 429,751
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(2,497)
Additions to reserve for future losses				
Payment of interest on foundation funds				(2,323)
Net surplus				15,251
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				1,965
Net changes, excluding foundation funds and others	139,929	(1,965)	137,964	137,964
Net changes in the fiscal year	139,929	(1,965)	137,964	150,361
Ending balance	¥ 270,597	¥ (50,371)	¥ 220,226	¥ 580,112

Millions of U.S. Dollars

For the year ended March 31, 2025	Foundation funds and others								
				Surplus					Total foundation funds and others
					Other surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)	Total surplus	
Beginning balance	$ 341	$ 1,377	$ 1	$ 2	$ 212	$ 46	$ 425	$ 686	$ 2,406
Changes in the fiscal year:									
Additions to reserve for dividends to policyholders							(19)	(19)	(19)
Additions to reserve for future losses				0			(0)		
Payment of interest on foundation funds							(15)	(15)	(15)
Net surplus							87	87	87
Additions to reserve for fund redemption					60		(60)		
Reversal of equalized reserve for dividends to policyholders						(6)	6		
Reversal of land revaluation differences							(32)	(32)	(32)
Net changes, excluding foundation funds and others									
Net changes in the fiscal year	–	–	–	0	60	(6)	(35)	19	19
Ending balance	$ 341	$ 1,377	$ 1	$ 2	$ 272	$ 39	$ 390	$ 705	$ 2,426

Millions of U.S. Dollars

For the year ended March 31, 2025	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	
Beginning balance	$ 1,809	$ (336)	$ 1,472	$ 3,879
Changes in the fiscal year:				
Additions to reserve for dividends to policyholders				(19)
Additions to reserve for future losses				
Payment of interest on foundation funds				(15)
Net surplus				87
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				(32)
Net changes, excluding foundation funds and others	(128)	29	(98)	(98)
Net changes in the fiscal year	(128)	29	(98)	(79)
Ending balance	$ 1,681	$ (307)	$ 1,374	$ 3,800

Non-consolidated Statements of Proposed Appropriation of Surplus (Loss)

Asahi Mutual Life Insurance Company

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Unappropriated surplus (loss)	¥ 58,335	¥ 63,629	$ 390
Reversal of Voluntary surplus reserves:	3,239	947	21
Reversal of equalized reserve for dividends to policyholders	3,239	947	21
Total	61,575	64,577	411
Appropriation of surplus (loss):	14,886	14,367	99
Reserve for dividends to policyholders	3,359	2,896	22
Net surplus (loss):	11,527	11,470	77
Reserve for future losses	18	16	0
Interest on foundation funds	2,409	2,354	16
Voluntary surplus reserves:	9,100	9,100	60
Reserve for fund redemption	9,100	9,100	60
Surplus (loss) carried forward	¥ 46,688	¥ 50,210	$ 312

Notes to Non-consolidated Financial Statements

Asahi Mutual Life Insurance Company

I. Presentation of Non-consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Asahi Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations applicable to the mutual life insurance industry and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total amounts in yen shown herein do not necessarily agree with the sum of the individual amounts.

The Insurance Business Act shall prescribe the disclosure of a single fiscal year. The Company provides the disclosure of comparative financial information corresponding to each comparative fiscal year in the presented financial statements for use by readers outside Japan.

In preparing the accompanying non-consolidated financial statements, certain reclassifications have been made to the non-consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of \149.52 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2025.

The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rate.

II. Notes to Non-consolidated Balance Sheets

1. Significant Accounting Policies

(1) Valuation methods of securities

The valuation of securities, including deposits and monetary claims bought which are equivalent to securities is as follows:

i) Trading securities are stated at fair market value. Costs of sales are determined by the moving average method.

ii) Held-to-maturity debt securities are stated at amortized cost (straight-line method) determined by the moving average method.

iii) Policy-reserve-matching bonds, which are in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants

("JICPA")), are stated at amortized cost (straight-line method) determined by the moving average method.

iv) Investments in subsidiaries and affiliates are stated at cost.

v) Available-for-sale securities except for the following are stated at fair market value based on the market prices at the balance sheet date, of which costs of sales are determined by the moving average method. Available-for-sale securities, of which public and corporate bonds including foreign bonds with the difference between acquisition cost and face value considered as an adjustment of interest, are stated at amortized cost (straight-line method) determined by the moving average method. Stocks and others without a market price are stated at cost determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of tax, are recorded as a separate component of net assets.

(2) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance and individual annuities as policy-reserve-matching bonds in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by the JICPA).

(3) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(4) Revaluation of land

The Company revalued the land for business purposes based on the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as land revaluation differences as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation.

■ Date of revaluation: March 31, 2001

■ Method of revaluation as prescribed for in Article 3, Paragraph 3 of the said Act:

The calculation is based on the publicly announced appraisal value with certain adjustments set forth in Article 2, Item 1 of the Enforcement Ordinance of the Act on Revaluation of Land (Government Ordinance No. 119 promulgated on March 31, 1998) or the appraisal value determined by the real-estate appraiser set forth in Article 2, Item 5 of the said Ordinance with certain reasonable adjustments.

(5) Depreciation of tangible fixed assets

Depreciation of the Company's tangible fixed assets is calculated by the following methods.

■ Tangible fixed assets (excluding lease assets): Declining-balance method

However, buildings are depreciated using the straight-line method.

■ Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value

(6) Foreign currency translation

Foreign currency-denominated assets and liabilities (excluding the shares of subsidiaries and affiliates) are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. The shares of subsidiaries and affiliates are translated into Japanese yen at the exchange rate at the acquisition date.

(7) Allowance for possible loan losses

Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:

i) For credit to borrowers who are legally bankrupt such as being in bankruptcy proceedings or civil rehabilitation (hereinafter "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter "substantially bankrupt borrowers"), the Company provides the remaining amount of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

ii) For credit to borrowers who are not currently bankrupt but have a high risk of bankruptcy (hereinafter "borrowers with high possibility of bankruptcy"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

iii) For credit to borrowers other than the above, the Company provides the amounts calculated by multiplying the book value by the actual ratio of bad debt losses on defaults during a certain past period.

All credit is assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, allowance for possible loan losses is provided based on the results of these assessments.

For credit to legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the book value as the estimated uncollectible amounts. The amounts written-off were ¥2 million (US$0 million) and ¥3 million as of March 31, 2025 and 2024, respectively.

(8) Accounting for employees' retirement benefits and method of amortizing retirement benefit expenses

Reserve for employees' retirement benefits and prepaid pension cost are presented for the employees' retirement benefits based on projected benefit obligation and pension plan assets at the balance sheet date.

The Company uses the following methods of accounting in relation to retirement benefits.

- The retirement benefit obligation is attributed to each period by the benefit formula method.
- Actuarial differences are amortized under the straight-line method over a period of six years starting the following year.
- Prior service cost is charged to income when incurred.

(9) Reserve for price fluctuation

Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

(10) Accounting for hedging activities

Hedging activities are accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10).

The Company mainly applies the following hedging activities:

The Company applies deferred hedge accounting and the exceptional accounting treatment ("Tokurei-shori") for interest rate swaps used to hedge the cash flow volatility of certain loans.

The Company also applies fair value hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds, investment trusts and others denominated in foreign currencies.

The Company also applies designated hedge accounting ("Furiate-shori") for currency swaps used to hedge foreign exchange rate fluctuation exposures on the foreign currency-denominated bonds issued by the Company.

The Company also applies designated hedge accounting ("Furiate-shori") for the foreign currency-denominated transactions other than the above.

The effectiveness of a hedge is mostly assessed by a ratio analysis, comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments.

(11) Accounting for consumption taxes

The Company accounts for consumption tax and local consumption tax by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Corporation Tax Act of Japan, are deferred as prepaid expenses and amortized equally over five years.

Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(12) Premium and other income (excluding reinsurance revenue)

Premium and other income (excluding reinsurance revenue) are recorded in principle for insurance policies for which insurance premium has been received and the insurer's liability under the insurance policies or insurance coverage period has commenced by the relevant amounts received.

Of insurance premiums, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is set aside as policy reserves in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Enforcement Regulation of the Insurance Business Act.

(13) Claims and other payments (excluding reinsurance premiums)

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of hospitalization benefits with regard to people with diagnoses of COVID-19 given and under the care of a doctor and the like at an accommodation facility or at home ("deemed hospitalizations") was terminated on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Japanese Ministry of Finance Public Notice No.234, 1998 ("IBNR Notice"). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notice (the "Proviso").

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

Note for the fiscal year ended March 31, 2024

Claims and other payments (excluding reinsurance premiums) are recorded for insurance policies for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims is set aside for claims, etc. which is not recorded as payment of claims, etc. but for which the Company has payment obligation or the occurrence of insured events has not been reported but the Company finds that insured events have already occurred, as of the end of the fiscal year.

With respect to reserve for outstanding claims incurred but not reported events (referring to claims for which the occurrence of the insured events has not been reported but the Company finds that insured events have already occurred; hereinafter the same), the special treatment of the payment of deemed hospitalizations was terminated on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice. The Company therefore records the amount that was calculated using the following method, pursuant to the Proviso.

(Overview of the calculation method)

The Company calculates the amount of reserve for outstanding claims incurred but not reported events using the same manner as that set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice, excluding the amount related to deemed hospitalizations from a required amount of reserves for incurred but not reported events and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notice.

In the fiscal year ended March 31, 2023, the Company calculated the reserve for outstanding claims incurred but not reported events for deemed hospitalizations and the others separately; however, the special treatment of the payment of hospitalization benefits with regard to deemed hospitalization was terminated for the fiscal year ended March 31, 2024. Therefore, the Company revised its methodology to calculate the amount of reserve for outstanding claims incurred but not reported events for deemed hospitalizations as zero.

(14) Policy reserves

Policy reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance policies under which the insurer’s liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

Policy reserves include policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2025, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As of March 31, 2025, of policy reserves, additional policy reserves accumulated for policies for which annuity payment commenced for the fiscal year ended March 31, 2025 were ¥6,143 million (US$41 million). As a result, ordinary profits and surplus before income taxes decreased by ¥6,143 million (US$41 million) compared with if the additional reserves had not been accumulated as of March 31, 2025.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

Note for the fiscal year ended March 31, 2024

Policy reserves are calculated as stated in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) pursuant to Article 116, Paragraph 1 of the Insurance Business Act, for insurance policies under which the insurer's liability has started as of the end of the fiscal year, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the fiscal year are calculated by the following method:

In regard to the policies subject to the standard policy reserves, the method as prescribed by the Commissioner of Financial Services Agency (Japanese Ministry of Finance Public Notice No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserves, the net level premium method is applied.

As of March 31, 2024, the Company accumulated additional policy reserves for individual annuity insurance policies with an assumed rate of 3.75% or higher for which annuity payment commenced on or before March 31, 2024, in accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act.

As a result, policy reserves increased by ¥46,388 million and ordinary profits and surplus before income taxes decreased by ¥46,388 million compared with if the additional reserves had not been accumulated.

Regarding policy reserves, the chief actuary checks that policy reserves are appropriately accumulated in each fiscal year, pursuant to Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure the performance of future obligations under insurance policies.

(15) Impairment losses of tangible fixed assets

Impairment losses of the Company's tangible fixed assets are calculated by the following method.

i) Calculation method

Real estate and other assets used for insurance business operations are classified as one asset group as a whole. Other assets such as real estate for rent, real estate not in use and real estate scheduled to be sold are classified as one group individually. As for real estate used for multiple purposes, the asset group to which the real estate belongs is decided depending on usage rate and others.

The Company identifies indications of impairment on each asset group when earnings from business operations using the asset group continuously become negative.

As for asset groups for which indications of impairment are identified, when total amounts of undiscounted net future cash flows from the asset groups are less than their book values, the Company recognizes impairment losses and reduces the book values to their recoverable amounts.

The recoverable amounts of real estate and other assets for insurance business operation and real estate for rent are determined at value in use or net realizable value. The recoverable amounts of real estate not in use and real estate scheduled to be sold are determined at net realizable value. Value in use is determined as the discounted present value of estimated net future cash flows and discount rate used in the calculation is based on the cost of capital of the Company.

Net realizable value is calculated based on the appraisal value in accordance with "Real Estate Appraisal Standards" or the publicly announced appraisal value after deducting expected disposal costs.

ii) Key assumptions

Key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are usage plans considering current status of use of asset groups, including tenancy rates, rents and others. These assumptions may be affected by economic condition and changes specific to asset groups.

iii) Effects on non-consolidated financial statements for the following fiscal year

While the Company considers key assumptions for the estimated net future cash flows which are used in recognizing impairment losses and calculating value in use are best estimate based on available information including external information, impairment losses may occur in the following fiscal year due to future uncertainties.

Furthermore, the appraisal value in accordance with "Real Estate Appraisal Standards" may be affected by future real estate market trends. In case that net realizable value decreases as a result, impairment losses may occur in the following fiscal year.

(16) Software

Capitalized software for internal use owned by the Company is amortized using the straight-line method over the estimated useful lives.

2. Accounting Standards Issued but Not Yet Effective

The accounting standards and relevant implementation guidance issued by the fiscal year-end but not yet effective are as follows:

- "Accounting Standard for Leases" (ASBJ Statement No. 34, issued on September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, issued on September 13, 2024), etc.

i) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. As a basic policy, the ASBJ issued the Accounting Standard for Leases, etc., which were developed with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

ii) Scheduled date of application

The above accounting standards and relevant implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

iii) Effects of application of the Accounting Standards and relevant implementation guidance

The effects of the application are under assessment at the time of preparing these non-consolidated financial statements.

3. Financial Instruments

(1) Qualitative information on financial instruments

Asset management of the general accounts other than the separate accounts stipulated in Article 118, Paragraph 1 of the Insurance Business Act is conducted based on the following principles.

- For accumulation whole life with variable interest rates, accumulation insurance with variable interest rates and new single premium individual annuities which have an effective date on or after April 2, 2012, the Company mainly invests in domestic bonds, engaging in matching asset liability management, or Matching ALM, which aims at matching the duration to outstanding insurance liabilities to avoid interest rate fluctuation risks.
- For individual life insurance and individual annuities other than above, the Company holds yen-denominated fixed income investments, including bonds and loans, as the core of its asset portfolio. The Company also holds domestic stocks, foreign securities and real estate assets to enhance its profitability.

Derivatives are mainly used to hedge market price fluctuation risk and exchange rate fluctuation risk regarding securities and exchange rate fluctuation risk related to the foreign currency-denominated bonds issued by the Company. As the major financial instruments, securities are exposed to market risk and credit risk, loans are exposed to credit risk and exchange rate fluctuation risk, and derivatives are exposed to market risk and credit risk.

In managing market risks, the following two methods are used. One is the quantitative risk management of securities etc. using the Value at Risk ("VaR") method and the other is the risk management by stress test and sensitivity analysis which analyze the effect on the Company's whole portfolio, simulating scenarios of deteriorating market environments. This is for the purpose of managing an appropriate asset allocation within the ranges of acceptable risks.

In managing credit risks, the Company quantifies the credit risks of entire portfolio through VaR method and controls the amount of risks within an acceptable range. Furthermore, the Company assigns in-house credit ratings to our borrowers in accordance with the creditworthiness of each borrower. Strict credit research of each borrower before lending as well as following up on any changes of creditworthiness of each borrower after lending are implemented by Risk Management Department, which is independent of the departments executing investments and lending. Maximum limits of credit are set up for each borrower in accordance with its credit risks to avoid the concentration of credit risks on specific corporations and specific corporation groups. Through all these measures, the Company endeavors to develop high quality portfolio.

(2) Fair value of financial instruments

The balance sheet amounts, fair values and the differences for major financial assets and liabilities as of March 31, 2025 and 2024 were as follows. The following tables do not include cash and deposits, call loans and payables under securities borrowing transactions which are mostly settled in a short term and their fair values approximate their book values.

Millions of Yen

As of March 31, 2025	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 10,481	¥ 10,418	¥ (62)
Held-to-maturity debt securities	9,717	9,654	(62)
Available-for-sale securities	764	764	–
Securities	4,277,380	3,943,784	(333,595)
Trading securities	28,325	28,325	–
Held-to-maturity debt securities	202,032	203,109	1,076
Policy-reserve-matching bonds	2,231,326	1,896,654	(334,672)
Available-for-sale securities	1,815,694	1,815,694	–
Loans	301,108	302,751	1,642
Policy loans	27,081	27,081	–
Industrial and consumer loans	274,027	275,670	1,642
Total assets	4,588,969	4,256,953	(332,016)
Bonds payable	102,609	100,504	(2,104)
Loans payable	44,000	47,148	3,148
Total liabilities	146,609	147,653	1,043
Derivative financial instruments	(1,956)	(1,956)	–
Hedge accounting not applied	157	157	–
Hedge accounting applied	(2,114)	(2,114)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of Yen

As of March 31, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	¥ 18,811	¥ 19,753	¥ 941
Held-to-maturity debt securities	17,956	18,897	941
Available-for-sale securities	855	855	–
Securities	4,385,592	4,276,909	(108,683)
Trading securities	30,399	30,399	–
Held-to-maturity debt securities	274,840	290,260	15,419
Policy-reserve-matching bonds	2,240,383	2,116,280	(124,103)
Available-for-sale securities	1,839,968	1,839,968	–
Loans	321,346	329,278	7,932
Policy loans	28,399	28,399	–
Industrial and consumer loans	292,946	300,879	7,932
Total assets	4,725,750	4,625,940	(99,809)
Bonds payable	102,609	103,456	847
Loans payable	78,000	82,387	4,387
Total liabilities	180,609	185,843	5,234
Derivative financial instruments	(4,107)	(4,107)	–
Hedge accounting not applied	(876)	(876)	–
Hedge accounting applied	(3,231)	(3,231)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

As of March 31, 2025	Balance Sheet Amount	Fair Value	Difference
	Millions of U.S. Dollars		
Monetary claims bought	$ 70	$ 69	$ (0)
Held-to-maturity debt securities	64	64	(0)
Available-for-sale securities	5	5	–
Securities	28,607	26,376	(2,231)
Trading securities	189	189	–
Held-to-maturity debt securities	1,351	1,358	7
Policy-reserve-matching bonds	14,923	12,684	(2,238)
Available-for-sale securities	12,143	12,143	–
Loans	2,013	2,024	10
Policy loans	181	181	–
Industrial and consumer loans	1,832	1,843	10
Total assets	30,691	28,470	(2,220)
Bonds payable	686	672	(14)
Loans payable	294	315	21
Total liabilities	980	987	6
Derivative financial instruments	(13)	(13)	–
Hedge accounting not applied	1	1	–
Hedge accounting applied	(14)	(14)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Unlisted stocks and others, including investments in subsidiaries and affiliates, without market prices are not included in the tables above. The amounts of unlisted stocks and others, including investments in subsidiaries and affiliates, reported in the non-consolidated balance sheets were ¥77,678 million (US$519 million) and ¥80,570 million as of March 31, 2025 and 2024, respectively. The amounts of losses on valuation on unlisted stocks and others, including investments in subsidiaries and affiliates were ¥2,977 million (US$19 million) and ¥1 million, for the year ended March 31, 2025 and 2024, respectively.

Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021) are included in the tables above.

Investments in partnerships and others which are accounted for in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the tables above. The amounts of the investments in partnerships and others, reported in the non-consolidated balance sheets were ¥58,131 million (US$388 million) and ¥59,645 million as of March 31, 2025 and 2024, respectively.

(3) Matters regarding securities and others by purpose of holding

i) Trading securities

Net unrealized gains (losses) on trading securities included in gains (losses) recorded were ¥(205) million (US$(1) million) and ¥6,278 million for the years ended March 31, 2025 and 2024, respectively.

ii) Held-to-maturity debt securities

The balance sheet amounts, fair values and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	¥ 3,267	¥ 3,480	¥ 212
	Domestic bonds	10,603	10,758	155
	Foreign bonds	81,000	86,365	5,365
	Subtotal	94,871	100,604	5,733
Fair value does not exceed the balance sheet amount	Monetary claims bought	6,449	6,174	(275)
	Domestic bonds	46,829	45,432	(1,397)
	Foreign bonds	63,600	60,552	(3,047)
	Subtotal	116,878	112,159	(4,719)
Total		211,750	212,763	1,013

Millions of Yen

As of March 31, 2024	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	¥ 15,456	¥ 16,553	¥ 1,097
	Domestic bonds	82,262	83,745	1,482
	Foreign bonds	160,200	175,898	15,698
	Subtotal	257,918	276,197	18,278
Fair value does not exceed the balance sheet amount	Monetary claims bought	2,500	2,343	(156)
	Domestic bonds	17,978	17,827	(150)
	Foreign bonds	14,400	12,789	(1,610)
	Subtotal	34,878	32,961	(1,916)
Total		292,796	309,158	16,361

Millions of U.S. Dollars

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Monetary claims bought	$ 21	$ 23	$ 1
	Domestic bonds	70	71	1
	Foreign bonds	541	577	35
	Subtotal	634	672	38
Fair value does not exceed the balance sheet amount	Monetary claims bought	43	41	(1)
	Domestic bonds	313	303	(9)
	Foreign bonds	425	404	(20)
	Subtotal	781	750	(31)
Total		1,416	1,422	6

iii) Policy-reserve-matching bonds

The balance sheet amounts, fair values and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	¥ 914,283	¥ 939,278	¥ 24,994
	Subtotal	914,283	939,278	24,994
Fair value does not exceed the balance sheet amount	Domestic bonds	1,317,042	957,375	(359,666)
	Subtotal	1,317,042	957,375	(359,666)
Total		2,231,326	1,896,654	(334,672)

Millions of Yen

As of March 31, 2024	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	¥ 1,103,411	¥ 1,191,967	¥ 88,556
	Subtotal	1,103,411	1,191,967	88,556
Fair value does not exceed the balance sheet amount	Domestic bonds	1,136,972	924,312	(212,659)
	Subtotal	1,136,972	924,312	(212,659)
Total		2,240,383	2,116,280	(124,103)

Millions of U.S. Dollars

As of March 31, 2025	Type	Balance Sheet Amount	Fair Value	Difference
Fair value exceeds the balance sheet amount	Domestic bonds	$ 6,114	$ 6,281	$ 167
	Subtotal	6,114	6,281	167
Fair value does not exceed the balance sheet amount	Domestic bonds	8,808	6,402	(2,405)
	Subtotal	8,808	6,402	(2,405)
Total		14,923	12,684	(2,238)

iv) Available-for-sale securities

The acquisition cost or amortized cost, the balance sheet amounts and the differences by type of securities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	¥ 337	¥ 428	¥ 90
	Domestic bonds	67,728	68,633	905
	Domestic stocks	145,859	499,601	353,741
	Foreign bonds	16,545	16,789	243
	Others	285,821	327,171	41,349
	Subtotal	516,293	912,623	396,330
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	377	335	(41)
	Domestic bonds	398,484	383,496	(14,988)
	Domestic stocks	21,550	19,008	(2,541)
	Foreign bonds	412,406	371,881	(40,525)
	Others	144,559	129,112	(15,446)
	Subtotal	977,378	903,835	(73,543)
Total		1,493,671	1,816,459	322,787

Millions of Yen

As of March 31, 2024	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	¥ 754	¥ 855	¥ 100
	Domestic bonds	192,004	196,069	4,065
	Domestic stocks	149,061	506,454	357,392
	Foreign bonds	79,708	81,569	1,860
	Others	284,623	332,845	48,221
	Subtotal	706,152	1,117,794	411,641
Balance sheet amount does not exceed acquisition cost or amortized cost	Domestic bonds	251,912	242,263	(9,648)
	Domestic stocks	13,587	12,317	(1,269)
	Foreign bonds	379,003	337,582	(41,420)
	Others	145,007	130,865	(14,142)
	Subtotal	789,510	723,029	(66,481)
Total		1,495,663	1,840,823	345,160

Millions of U.S. Dollars

As of March 31, 2025	Type	Acquisition Cost or Amortized Cost	Balance Sheet Amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Monetary claims bought	$ 2	$ 2	$ 0
	Domestic bonds	452	459	6
	Domestic stocks	975	3,341	2,365
	Foreign bonds	110	112	1
	Others	1,911	2,188	276
	Subtotal	3,453	6,103	2,650
Balance sheet amount does not exceed acquisition cost or amortized cost	Monetary claims bought	2	2	(0)
	Domestic bonds	2,665	2,564	(100)
	Domestic stocks	144	127	(16)
	Foreign bonds	2,758	2,487	(271)
	Others	966	863	(103)
	Subtotal	6,536	6,044	(491)
Total		9,989	12,148	2,158

The amounts of impairment losses on available-for-sale securities were ¥1 million (US$0 million) and ¥104 million for the years ended March 31, 2025 and 2024, respectively.

(4) Maturity analysis of monetary claims, securities with maturities, bonds payable and other liabilities

Scheduled redemption amounts for monetary claims and securities with maturities, and repayment amounts for bonds payable and other liabilities as of March 31, 2025 and 2024 were as follows.

Millions of Yen

As of March 31, 2025	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 10,481
Held-to-maturity debt securities	–	–	–	–	–	9,717
Available-for-sale securities	–	–	–	–	–	764
Securities	17,979	204,834	319,883	403,057	531,809	1,747,521
Held-to-maturity debt securities	900	5,100	–	28,000	40,000	128,026
Policy-reserve-matching bonds	10,000	137,550	190,200	229,800	228,320	1,388,110
Available-for-sale securities	7,079	62,184	129,683	145,257	263,489	231,384
Loans *1	34,481	56,800	44,990	35,114	68,892	23,749
Bonds payable *2	–	–	–	–	–	15,000
Loans payable *2	–	–	–	–	–	5,000

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

Millions of Yen

As of March 31, 2024	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	¥ –	¥ –	¥ –	¥ –	¥ –	¥ 18,811
Held-to-maturity debt securities	–	–	–	–	–	17,956
Available-for-sale securities	–	–	–	–	–	855
Securities	90,168	140,371	366,305	418,679	661,042	1,687,542
Held-to-maturity debt securities	65,000	2,500	3,500	20,000	48,000	135,833
Policy-reserve-matching bonds	8,800	101,200	152,000	207,400	348,300	1,368,830
Available-for-sale securities	16,368	36,671	210,805	191,279	264,742	182,878
Loans *1	56,310	62,169	46,111	29,411	65,861	23,081
Bonds payable *2	–	–	–	–	–	15,000
Loans payable *2	–	–	–	–	–	5,000

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

Millions of U.S. Dollars

As of March 31, 2025	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Monetary claims bought	$ –	$ –	$ –	$ –	$ –	$ 70
Held-to-maturity debt securities	–	–	–	–	–	64
Available-for-sale securities	–	–	–	–	–	5
Securities	120	1,369	2,139	2,695	3,556	11,687
Held-to-maturity debt securities	6	34	–	187	267	856
Policy-reserve-matching bonds	66	919	1,272	1,536	1,527	9,283
Available-for-sale securities	47	415	867	971	1,762	1,547
Loans *1	230	379	300	234	460	158
Bonds payable *2	–	–	–	–	–	100
Loans payable *2	–	–	–	–	–	33

*1 The loans which are expected to be unrecoverable, such as claims against bankrupt obligors, are not included. Policy loans are not included because they have no defined maturity dates.

*2 Bonds payable and loans payable without maturities are not included.

4. Matters Concerning Fair Value of Major Financial Instruments and Breakdown by Input Level

Fair values of financial instruments are categorized into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value.

Level 1: Fair values measured by unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured by inputs which are directly or indirectly observable other than Level 1 inputs

Level 3: Fair values measured by significant unobservable inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels to which each of the inputs belongs.

(1) Financial assets and liabilities recorded at fair values on the non-consolidated balance sheets

Millions of Yen

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 764	¥ 764
Available-for-sale securities	–	–	764	764
Securities*1	618,913	1,035,639	21,042	1,675,595
Trading securities	–	28,325	–	28,325
Others	–	28,325	–	28,325
Available-for-sale securities	618,913	1,007,313	21,042	1,647,269
National government bonds and local government bonds	21,622	616	–	22,239
Corporate bonds	–	429,890	–	429,890
Domestic stocks	518,610	–	–	518,610
Foreign bonds	–	367,628	21,042	388,670
Others	78,680	209,178	–	287,859
Total assets	618,913	1,035,639	21,806	1,676,359
Derivative financial instruments*2	–	(1,956)	–	(1,956)
Currency-related	–	(1,956)	–	(1,956)

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥163,120 million (US$1,090 million) as of March 31, 2025. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,304 million (US$35 million) as of March 31, 2025.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ –	¥ 855	¥ 855
Available-for-sale securities	–	–	855	855
Securities*1	621,493	1,050,162	32,062	1,703,718
Trading securities	–	30,399	–	30,399
Others	–	30,399	–	30,399
Available-for-sale securities	621,493	1,019,762	32,062	1,673,319
National government bonds and local government bonds	13,196	650	–	13,847
Corporate bonds	–	424,486	–	424,486
Domestic stocks	518,771	–	–	518,771
Foreign bonds	–	387,089	32,062	419,152
Others	89,525	207,536	–	297,061
Total assets	621,493	1,050,162	32,918	1,704,574
Derivative financial instruments*2	–	(4,109)	1	(4,107)
Currency-related	–	(4,109)	–	(4,109)
Stock-related	–	–	1	1

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥161,421 million as of March 31, 2024. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,227 million as of March 31, 2024.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

Millions of U.S. Dollars

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ –	$ 5	$ 5
Available-for-sale securities	–	–	5	5
Securities*1	4,139	6,926	140	11,206
Trading securities	–	189	–	189
Others	–	189	–	189
Available-for-sale securities	4,139	6,736	140	11,017
National government bonds and local government bonds	144	4	–	148
Corporate bonds	–	2,875	–	2,875
Domestic stocks	3,468	–	–	3,468
Foreign bonds	–	2,458	140	2,599
Others	526	1,399	–	1,925
Total assets	4,139	6,926	145	11,211
Derivative financial instruments*2	–	(13)	–	(13)
Currency-related	–	(13)	–	(13)

*1 Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" are not included in the table above. The balance sheet amount of the investment trusts which are accounted for in accordance with paragraph 24-3 of the implementation guidance, was ¥163,120 million (US$1,090 million) as of March 31, 2025. The balance sheet amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, was ¥5,304 million (US$35 million) as of March 31, 2025.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented on a net basis. Net liabilities in total are presented in parentheses.

i) Investment trusts which are accounted for in accordance with Paragraph 24-3 and 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

a) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-3 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Beginning balance	¥ 161,421	¥ 134,005	$ 1,079
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(567)	11,912	(3)
Gains (losses) recorded for the fiscal year*	(1)	1,040	(0)
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(566)	10,871	(3)
Net amount of purchase, sale, and redemption	2,266	15,504	15
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	163,120	161,421	1,090
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(1)	1,040	(0)

* Those amounts are included in investment income and investment expenses in the non-consolidated statements of income.

b) Breakdown of balance by restriction on cancellation as of the end of fiscal years

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2025	2024	2025
Investment trusts which need more than 1 month to cancel from the notification of cancellation	¥ 34,739	¥ 41,015	$ 232
Other than above	128,381	120,406	858

c) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal years, of the investment trusts which are accounted for in accordance with Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Beginning balance	¥ 5,227	¥ 5,196	$ 34
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	77	26	0
Gains (losses) recorded for the fiscal year*	–	–	–
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	77	26	0
Net amount of purchase, sale, and redemption	(0)	4	(0)
Amount of investment trusts whose NAV is deemed as market value	–	–	–
Amount of investment trusts whose NAV is not deemed as market value	–	–	–
Ending balance	5,304	5,227	35
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	–	–	–

* Those amounts are included in investment income and investment expenses in the non-consolidated statements of income.

(2) Financial assets and liabilities not recorded at fair values on the non-consolidated balance sheets

Millions of Yen

As of March 31, 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 9,342	¥ 311	¥ 9,654
Held-to-maturity debt securities	–	9,342	311	9,654
Securities	1,545,981	406,863	146,918	2,099,763
Held-to-maturity debt securities	–	56,190	146,918	203,109
Corporate bonds	–	56,190	–	56,190
Foreign bonds	–	–	146,918	146,918
Policy-reserve-matching bonds	1,545,981	350,672	–	1,896,654
National government bonds and local government bonds	1,545,981	37,821	–	1,583,803
Corporate bonds	–	312,850	–	312,850
Loans	–	–	302,751	302,751
Policy loans	–	–	27,081	27,081
Industrial and consumer loans	–	–	275,670	275,670
Total assets	1,545,981	416,205	449,981	2,412,169
Bonds payable	–	100,504	–	100,504
Loans payable	–	–	47,148	47,148
Total liabilities	–	100,504	47,148	147,653

Millions of Yen

As of March 31, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 18,517	¥ 379	¥ 18,897
Held-to-maturity debt securities	–	18,517	379	18,897
Securities	1,737,193	480,660	188,687	2,406,541
Held-to-maturity debt securities	35,500	66,072	188,687	290,260
National government bonds and local government bonds	35,500	–	–	35,500
Corporate bonds	–	66,072	–	66,072
Foreign bonds	–	–	188,687	188,687
Policy-reserve-matching bonds	1,701,692	414,587	–	2,116,280
National government bonds and local government bonds	1,701,692	43,183	–	1,744,876
Corporate bonds	–	371,404	–	371,404
Loans	–	–	329,278	329,278
Policy loans	–	–	28,399	28,399
Industrial and consumer loans	–	–	300,879	300,879
Total assets	1,737,193	499,177	518,346	2,754,717
Bonds payable	–	103,456	–	103,456
Loans payable	–	–	82,387	82,387
Total liabilities	–	103,456	82,387	185,843

Millions of U.S. Dollars

As of March 31 2025	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	$ –	$ 62	$ 2	$ 64
Held-to-maturity debt securities	–	62	2	64
Securities	10,339	2,721	982	14,043
Held-to-maturity debt securities	–	375	982	1,358
Corporate bonds	–	375	–	375
Foreign bonds	–	–	982	982
Policy-reserve-matching bonds	10,339	2,345	–	12,684
National government bonds and local government bonds	10,339	252	–	10,592
Corporate bonds	–	2,092	–	2,092
Loans	–	–	2,024	2,024
Policy loans	–	–	181	181
Industrial and consumer loans	–	–	1,843	1,843
Total assets	10,339	2,783	3,009	16,132
Bonds payable	–	672	–	672
Loans payable	–	–	315	315
Total liabilities	–	672	315	987

(3) Description of the evaluation methods and inputs used to measure fair value

i) Securities including monetary claims bought which are treated as securities based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10)

Fair values of securities for which unadjusted quoted market prices in active markets are available are categorized as Level 1, which mainly include listed stocks, listed investment trusts and government bonds. In the case the market is inactive even if the quoted market price is available, those securities are categorized as Level 2, which mainly include corporate bonds and foreign bonds. In the case the quoted market price is not available, fair values are measured by evaluation methods such as discounting future cash flows. In evaluation, the Company maximizes the use of observable inputs including swap rates, interest rate swap spreads, currency basis and others. When significant unobservable inputs are used to measure fair values, those securities are categorized as Level 3.

The fair value of unlisted investment trusts, which have no restriction on cancellation that is significant enough to require compensation for risk from market participants, are based on the quoted prices and others offered by counterparty financial institutions and categorized as level 2.

ii) Loans

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company considers book value as fair value with assumption that fair value approximates book value in light of factors such as projected repayment period and interest terms. Policy loans are categorized as level 3.

As for industrial and consumer loans, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value by type of loan, using market interest rates with some adjustments based on internal credit rating. Industrial and consumer loans are categorized as level 3. The fair value of loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy is stated at the amounts by deducting estimated losses from the book value before direct write-offs. Loans to legally bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy are categorized as level 3.

iii) Bonds payable

The fair value of bonds payable issued by the Company is stated at fair market value. Bonds payable issued by the Company are categorized as level 2. The fair value of bonds payable for which designated hedge accounting ("Furiate-shori") for currency swaps are applied is stated at fair market value added by the fair value of currency swaps. The Company adopts prices obtained from external information venders as the fair value of currency swaps.

iv) Loans payable

As for loans payable, the fair value of loans is stated at theoretical prices calculated by discounting the future cash flows to the present value, using market interest rates with some adjustments based on the Company's credit risk. Loans payable are categorized as level 3.

v) Derivative financial instruments

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options are stated at the quoted prices obtained from external information vendors.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

Note for the fiscal year ended March 31, 2024

As for derivative financial instruments, the fair values of foreign currency forward contracts are stated at theoretical prices calculated by the Company based on the TTM at the balance sheet date. The fair values of currency options, equity options and interest rate swaptions are stated at the quoted prices offered by counterparty financial institutions.

In evaluation of derivative financial instruments, the Company maximizes the use of observable inputs. In the case unobservable inputs are not used or impact of unobservable inputs are not material, derivative financial instruments are categorized as level 2. In the case significant unobservable inputs are used, derivative financial instruments are categorized as level 3.

(4) Quantitative information about financial assets and liabilities measured and stated in the non-consolidated balance sheets at fair value and categorized as Level 3

i) Quantitative information on significant unobservable inputs

Quoted prices obtained from third parties are used for fair values categorized as level 3 without adjustment.

ii) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the fiscal year

Millions of Yen

For the year ended March 31, 2025	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	¥ 855	¥ 32,062	¥ 32,918	¥ 1
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(72)	3,952	3,880	681
Gains (losses) recorded for the fiscal year*	(20)	1,190	1,170	681
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(51)	2,761	2,709	–
Net amount of purchase, sale, issue, and settlement	(19)	(14,972)	(14,991)	(683)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	764	21,042	21,806	–
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(20)	1,190	1,170	–

* Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

Millions of Yen

For the year ended March 31, 2024	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	¥ 897	¥ 64,899	¥ 65,796	¥ 550
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(24)	12,396	12,371	1,245
Gains (losses) recorded for the fiscal year*	(20)	4,535	4,515	1,245
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(4)	7,860	7,856	–
Net amount of purchase, sale, issue, and settlement	(16)	(45,233)	(45,249)	(1,794)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	855	32,062	32,918	1
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(20)	4,535	4,515	(681)

* Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

Millions of U.S. Dollars

For the year ended March 31, 2025	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for-sale securities	Available-for-sale securities		
	Others (i)	Foreign bonds (ii)		Stock-related
Beginning balance	$ 5	$ 214	$ 220	$ 0
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year:	(0)	26	25	4
Gains (losses) recorded for the fiscal year*	(0)	7	7	4
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the fiscal year	(0)	18	18	–
Net amount of purchase, sale, issue, and settlement	(0)	(100)	(100)	(4)
Transfer to fair values of Level 3	–	–	–	–
Transfer from fair values of Level 3	–	–	–	–
Ending balance	5	140	145	–
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the fiscal year*	(0)	7	7	–

* Those amounts are included in investment income and investment expenses in the non-consolidated statement of income.

iii) Description of the fair value evaluation process

The Company establishes policies and procedures for measuring the fair value in the actuarial and accounting department and the risk management department. In accordance with these policies and procedures, the risk management department measures the fair value. The validity of the evaluation methods and inputs used to measure fair value and the appropriateness of categorization of fair value are verified in the independent division in the risk management department.

In fair value measurement, valuation models in which the nature, characteristics and risks of individual assets are most appropriately reflected are used. In addition, when quoted prices obtained from third parties are used, the validity of the prices is verified by appropriate methods such as confirmation of evaluation method and used inputs and comparison with the fair values of similar financial instruments.

5. Investments and Rental Properties

The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥229,748 million (US$1,536 million) and ¥290,335 million (US$1,941 million) as of March 31, 2025 and ¥235,406 million and ¥289,417 million as of March 31, 2024, respectively. The fair value is mainly based on the value (including some adjustments using the reference prices) of real estate appraisal report prepared by the external real-estate appraiser in accordance with real estate appraisal standards.

6. Securities Lent under Lending Agreements

The amounts of securities lent under lending agreements were ¥319,110 million (US$2,134 million) and ¥292,339 million as of March 31, 2025 and 2024, respectively.

7. Claims

The total amounts of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans three or more months past due and restructured loans, which were included in claims, were ¥458 million (US$3 million) and ¥501 million as of March 31, 2025 and 2024, respectively.

i) Claims against bankrupt and quasi-bankrupt obligors were ¥386 million (US$2 million) and ¥401 million as of March 31, 2025 and 2024, respectively.

ii) There were no claims with collection risk as of March 31, 2025 and 2024.

iii) Delinquent loans three or more months past due were ¥51 million (US$0 million) and ¥80 million as of March 31, 2025 and 2024, respectively.

iv) Restructured loans were ¥20 million (US$0 million) and ¥20 million as of March 31, 2025 and 2024, respectively.

Claims against bankrupt and quasi-bankrupt obligors are claims to obligors who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other obligors in serious financial difficulties.

Claims with collection risk are claims to obligors with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the claims will be recovered, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors.

Delinquent loans three or more months past due are loans for which interest payments or repayments of principal are delinquent for three months or more from the due dates under the terms of the related loan agreements, excluding those claims classified as claims against bankrupt and quasi-bankrupt obligors and claims with collection risk.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due dates of principal or interest payments, waivers of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes claims classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk and delinquent loans three or more months past due.

The direct write-offs related to claims decreased the amounts of claims against bankrupt and quasi-bankrupt obligors described above by ¥2 million (US$0 million) and ¥3 million as of March 31, 2025 and 2024, respectively.

8. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled ¥279,757 million (US$1,871 million) and ¥277,659 million as of March 31, 2025 and 2024, respectively.

9. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥28,712 million (US$192 million) and ¥30,689 million as of March 31, 2025 and 2024, respectively. The amounts of separate account liabilities were the same as separate account assets.

10. Receivables from/Payables to Subsidiaries

The total amounts of receivables from/payables to subsidiaries were ¥476 million (US$3 million) and ¥3,677 million (US$24 million) as of March 31, 2025 and ¥523 million and ¥5,487 million as of March 31, 2024, respectively.

11. Deferred Taxes

(1) Deferred tax assets/liabilities were recognized as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2025	2024	2025
Deferred tax assets	¥ 74,336	¥ 65,384	$ 497
Valuation allowance for deferred tax assets	12,943	12,382	86
Subtotal	61,393	53,001	410
Deferred tax liabilities	91,837	94,388	614
Net deferred tax assets (liabilities)	¥ (30,444)	¥ (41,386)	$ (203)

Major components of deferred tax assets/liabilities were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2025	2024	2025
Deferred tax assets			
Reserve for price fluctuation	¥ 16,548	¥ 11,263	$ 110
Contingency reserves	13,897	12,047	92
Additional policy reserves	13,048	12,942	87
Reserve for employees' retirement benefits	7,762	7,866	51
Impairment losses	7,009	6,884	46
IBNR reserves	5,277	4,570	35
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	85,293	89,235	570

(2) The statutory tax rates were 27.9% and 27.9% for the fiscal years ended March 31, 2025 and 2024, respectively. The main factors causing the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

For the year ended March 31	2025
Impact from a change in the tax rate	(11.1)%
Dividends and other non-taxable income	(5.7)%
Reserve for dividends to policyholders	(5.4)%
Interest on foundation funds	(5.2)%

For the year ended March 31	2024
Reserve for dividends to policyholders	(3.4)%
Interest on foundation funds	(3.4)%

(3) Pursuant to the enactment of “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025), the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 27.9% to 28.8% if the recovery or settlement are expected on or after April 1, 2026.

Due to this change, as of March 31, 2025, net deferred tax liabilities increased by ¥1,210million (US$8 million), and deferred tax liabilities for land revaluation increased by ¥454 million (US$3 million).

In addition, income taxes-deferred decreased by ¥1,405 million (US$9 million) as of March 31, 2025.

(4) The Company has applied the group tax sharing system. As a result, the Company has applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No.42, issued on August 12, 2021) to the accounting and disclosure treatment of corporate tax, local corporate tax and tax effect accounting.

12. Reserve for Dividends to Policyholders

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Balance at the beginning of the fiscal year	¥ 26,064	¥ 27,103	$ 174
Transfer to reserve from surplus in the previous fiscal year	2,896	2,497	19
Dividends to policyholders paid out during the fiscal year	3,693	3,540	24
Increase in interest	3	3	0
Balance at the end of the fiscal year	¥ 25,270	¥ 26,064	$ 169

13. Stocks of Subsidiaries and Affiliates

The amounts of stocks of subsidiaries and affiliates the Company held as of March 31, 2025 and 2024 were ¥64,857 million (US$433 million) and ¥67,671 million, respectively.

14. Pledged Assets

Assets pledged as collateral as of March 31, 2025 and 2024 were securities in the amount of ¥322,655 million (US$2,157 million) and ¥315,013 million, respectively.

15. Policy Reserves for the Reinsurance Contracts

Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 73, Paragraph 3 of the Enforcement Regulation of the Insurance Business Act which applies mutatis mutandis to Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter "reserve for outstanding claims for ceded reinsurance") was ¥7 million (US$0 million) and ¥5 million as of March 31, 2025 and 2024, respectively.

Policy reserves for the reinsurance contracts provided in accordance with Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter "policy reserves for ceded reinsurance") were ¥320 million (US$2 million) and ¥335 million as of March 31, 2025 and 2024, respectively.

16. Adjustment to Redemption of Foundation Funds and Appropriation of Net Surplus

The total amounts of adjustment to redemption of foundation funds and appropriation of net surplus defined in Article 30, Paragraph 2 of the Enforcement Regulation of the Insurance Business Act were ¥251,647 million (US$1,683 million) and ¥270,879 million as of March 31, 2025 and 2024, respectively.

17. Assets with Rights to Sell

The Company has the legal right to sell or collateralize securities borrowed under loan agreements. The market values of these assets that were not sold or pledged as collateral as of March 31, 2025 and 2024 were ¥44,850 million (US$299 million) and ¥37,590 million, respectively. No assets were pledged as collateral as of March 31, 2025 and 2024.

18. Commitment Line

As of March 31, 2025 and 2024, there were unused commitment line agreements under which the Company is the lender of ¥7,690 million (US$51 million) and ¥9,372 million, respectively.

19. Subordinated Bonds Payable

As of March 31, 2025 and 2024, bonds payable are subordinated bonds payable, for which the repayments are subordinated to other obligations.

20. Subordinated Loans Payable

As of March 31, 2025 and 2024, loans payable are subordinated loans payable, for which the repayments are subordinated to other obligations.

21. Reserve for Employees' Retirement Benefits

(1) Summary of retirement benefit plans

As defined benefit plan, the Company has defined benefit corporate pension plans, which are funded-type, and lump-sum retirement allowance plans which are non-funded type but resulted in funded type due to setting of employee pension trust.

(2) Defined benefit plan

i) Reconciliation of beginning and ending balance of retirement benefit obligations

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Retirement benefit obligations at the beginning of the fiscal year	¥ 37,123	¥ 38,558	$ 248
Service cost	1,598	1,718	10
Interest cost	371	385	2
Actuarial difference occurred during the fiscal year	384	85	2
Retirement benefit payments	(3,999)	(3,624)	(26)
Retirement benefit obligations at the end of the fiscal year	¥ 35,477	¥ 37,123	$ 237

ii) Reconciliation of beginning and ending balance of pension plan assets

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Pension plan assets at the beginning of the fiscal year	¥ 8,521	¥ 7,399	$ 56
Expected return on pension plan assets	72	60	0
Actuarial difference occurred during the fiscal year	1,747	1,117	11
Contributions by the employer	148	150	0
Retirement benefit payments	(152)	(206)	(1)
Pension plan assets at the end of the fiscal year	¥ 10,336	¥ 8,521	$ 69

iii) Reconciliation of retirement benefit obligation and pension plan assets with reserve for employees' retirement benefits and prepaid pension cost presented on the non-consolidated balance sheets

As of March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
a. Funded plan retirement benefit obligation	¥ 35,477	¥ 37,123	$ 237
b. Pension plan assets	(10,336)	(8,521)	(69)
c. a + b	25,140	28,602	168
d. Unrecognized actuarial differences	(1,338)	(886)	(8)
e. Net amount of liabilities and assets presented on the non-consolidated balance sheet	26,478	27,715	177
f. Reserve for employees' retirement benefits	27,077	28,195	181
g. Prepaid pension cost	(598)	(480)	(4)
h. Net amount of liabilities and assets presented on the non-consolidated balance sheet	¥ 26,478	¥ 27,715	$ 177

iv) Breakdown of retirement benefit expenses

For the years ended March 31	Millions of Yen 2025	Millions of Yen 2024	Millions of U.S. Dollars 2025
Service cost	¥ 1,598	¥ 1,718	$ 10
Interest cost	371	385	2
Expected return on pension plan assets	(72)	(60)	(0)
Amortization of actuarial differences	862	936	5
Retirement benefit expenses related to defined benefit plan	¥ 2,759	¥ 2,980	$ 18

v) Breakdown of main pension plan assets

The breakdown of main asset categories as a percentage of pension plan assets was as follows:

As of March 31	2025	2024
Stocks	55%	46%
Bonds	8%	9%
Others	37%	45%
Total	100%	100%

vi) Method for determining the expected long-term rate of return

To determine the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on the diverse range of assets that makes up the pension assets.

vii) Underlying actuarial assumptions

The main underlying actuarial assumptions were as follows:

As of March 31	2025	2024
Discount rate	1.0%	1.0%
Expected long-term rate of return on pension plan assets	0.8%	0.8%
Defined benefit corporate pension plans	1.8%	1.6%

22. Significant Subsequent Events

(1) Redemption of Foundation Funds

The Company redeemed ¥40,000 million (US$267 million) of foundation funds on August 1, 2025. Accompanying the redemption, the Company transferred the same amount from reserve for fund redemption to reserve for redemption of foundation funds in accordance with Article 56 of the Insurance Business Act.

(2) Transfer of Fixed Assets

The Company transferred the following fixed assets on July 31, 2025.

i) Reason for the transfer

The Company transferred the following fixed assets as part of the restructuring of its real estate portfolio.

ii) Transferee

The transferee is not disclosed in accordance with the agreement with the transferee. There are no capital, personnel, business relationships or related party to note between the Company and the transferee.

iii) Details of transferred assets

Asset transferred	Location	Gains on transfer
Land and Building	Shibuya-ku, Tokyo	Approx. ¥9,000 million (Approx. US$60 million)

iv) Transfer timing

July 31, 2025

v) Impact on profit or loss

As a result of this transaction, the Company plans to record approximately ¥9,000 million (US$60 million) in gains on disposal of fixed assets in the fiscal year ending March 31, 2026.

III. Notes to Non-consolidated Statements of Income

1. Transactions with Subsidiaries and Affiliates

The total amounts of revenues and expenditures in connection with subsidiaries and affiliates were ¥851 million (US$5 million) and ¥10,212 million (US$68 million) for the fiscal year ended March 31, 2025 and ¥705 million and ¥10,075 million for the fiscal year ended March 31, 2024, respectively.

2. Investment Income and Expenses

The major components of gains on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Domestic bonds	¥ 3,746	¥ 3,283	$ 25
Domestic stocks and other securities	9,298	38,913	62
Foreign securities	2,033	1,890	13

The major components of losses on sales of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Domestic bonds	¥ 3,117	¥ 5,711	$ 20
Domestic stocks and other securities	3,777	2,209	25
Foreign securities	19,568	33,527	130

The major components of losses on valuation of securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Domestic stocks and other securities	¥ 4	¥ 104	$ 0
Foreign securities	1	1	0

Losses on trading securities were losses on sales of ¥226 million for the fiscal year ended March 31, 2024.

Losses on derivative financial instruments included net valuation gains of ¥411 million (US$2 million) and losses of ¥1,824 million for the fiscal years ended March 31, 2025 and 2024, respectively.

3. Policy Reserves for the Reinsurance Contracts

Provision for outstanding claims for ceded reinsurance, which was deducted in calculating provision for reserve for outstanding claims for the fiscal year ended March 31, 2025 was ¥2million (US$0 million).

Reversal of reserve for outstanding claims for ceded reinsurance, which was added in calculating provision for reserve for outstanding claims for the fiscal year ended March 31, 2024 was ¥11 million.

Reversals of policy reserves for ceded reinsurance, which were deducted in calculating reversal of policy reserves for the fiscal years ended March 31, 2025 and 2024 were ¥14 million (US$0 million) and ¥22 million, respectively.

4. Impairment Losses of Fixed Assets

For the fiscal years ended March 31, 2025 and 2024, impairment losses of fixed assets by the Company were as follows:

(1) Method of grouping

The method of grouping is described in “Note 1. (15) Impairment losses of tangible fixed assets” of the non-consolidated balance sheets.

(2) Background information on recognizing the impairment losses

As the profitability of certain real estate for rent dropped down significantly due to a decrease in the level of rental income and a declining trend in the market prices of land, the Company reduced the book values of such real estate for rent, real estate not in use and real estate scheduled to be sold to their recoverable amounts. The write-downs were recognized as impairment losses and included in the extraordinary losses.

(3) Asset groups for which impairment losses were recognized and losses by classification of fixed assets

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	2025	2024	2025
Real estate for rent:			
Land	¥ –	¥ –	$ –
Building	–	–	–
Total real estate for rent (i)	–	–	–
Real estate not in use:			
Land	411	562	2
Building	210	579	1
Total real estate not in use (ii)	622	1,141	4
Real estate scheduled to be sold:			
Land	70	–	0
Building	42	–	0
Total real estate scheduled to be sold (iii)	113	–	0
Total:			
Land	482	562	3
Building	253	579	1
Total (i) + (ii) + (iii)	¥ 736	¥ 1,141	$ 4

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for rent are determined at net realizable value or value in use. The recoverable amounts for real estate not in use and real estate scheduled to be sold are net realizable value. Value in use is determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 3.1% and 3.2% for the fiscal years ended March 31, 2025 and 2024, respectively. Net realizable value is calculated based on the appraisal value in accordance with “Real Estate Appraisal Standards” or the publicly announced appraisal value after deducting expected disposal costs.

The non-consolidated financial statements in this annual report have been audited by Ernst & Young ShinNihon LLC, an independent certified public accountant.

13. Company Overview (as of March 31, 2025)

Tokyo Head Office

Tama Head Office

Company Name:	Asahi Mutual Life Insurance Company
Founded:	March 1, 1888
Location of Tokyo Head Office:	6-1, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8570, Japan
Tel:	81-3-4214-3111
Total Assets:	5.3263 trillion yen
Number of Offices:	58 branches; 554 sales offices (as of April 1, 2025)
Number of Employees:	19,187 (office staff: 4,179; sales representatives: 15,008)