

Independent Auditor’s Review Report

The Board of Directors
Asahi Mutual Life Insurance Company

We have reviewed the accompanying interim non-consolidated financial statements of Asahi Mutual Life Insurance Company (the Company), which comprise the interim non-consolidated balance sheet as at September 30, 2024, the interim non-consolidated statements of income and changes in net assets for the six-month periods ended September 30, 2024 and 2023 and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Interim Non-Consolidated Financial Statements

Management is responsible for the preparation of these interim non-consolidated financial statements in accordance with the Insurance Business Act and related rules and regulations applicable to the mutual life industry and accounting principles for semiannual financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation of interim non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these interim non-consolidated financial statements based on our review. We conducted our review in accordance with “Practical Guidelines on Review Engagements 2400” issued by the Japanese Institute of Certified Public Accountants (the Practical Guidelines). The Practical Guidelines requires us to conclude whether, on the basis of our review, anything has come to our attention that causes us to believe that the interim non-consolidated financial statements are not, in all material respects, prepared in accordance with the Insurance Business Act and related rules and regulations applicable to the mutual life industry and accounting principles for semiannual financial statements generally accepted in Japan. The Practical Guidelines also requires that we comply with the Code of Professional Ethics in Japan.

A review of interim non-consolidated financial statements conducted in accordance with the Practical Guidelines is a limited assurance engagement. The review consists of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan. Accordingly, we do not express an audit opinion on the interim non-consolidated financial statements.

Auditor’s Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim non-consolidated financial statements referred to above have not been prepared, in all material respects, in accordance with the Insurance Business Act and related rules and regulations applicable to the mutual life industry and accounting principles for semiannual financial statements generally accepted in Japan.

We have previously audited, in accordance with auditing standards generally accepted in Japan, the non-consolidated balance sheet of the Company as at March 31, 2024, and the related non-consolidated statements of income, changes in net assets and proposed appropriation of surplus(loss) for the year then ended (not presented herein); and in our report

dated August 29, 2024, we expressed an unqualified opinion on those non-consolidated financial statements. In our opinion, the information set forth in the accompanying interim non-consolidated balance sheet as at March 31, 2024, is fairly stated, in all material respects, in relation to the non-consolidated balance sheet from which it has been derived.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

We have reviewed the translation of these interim non-consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, based on our review, the accompanying interim non-consolidated financial statements have been properly translated on the basis described in Note I.2.

Ernst & Young ShinNihon LLC
Tokyo, Japan
December 17, 2024

Yuji Ozawa

Yuji Ozawa
Designated Engagement Partner
Certified Public Accountant

Interim Non-consolidated Balance Sheets

Asahi Mutual Life Insurance Company

	Millions of Yen		Millions of U.S. Dollars
	Interim Non-consolidated Balance Sheet As of September 30, 2024	Annual Non-consolidated Balance Sheet As of March 31, 2024	Interim Non-consolidated Balance Sheet As of September 30, 2024
ASSETS:			
Cash and deposits	\ 39,321	\ 39,393	\$ 275
Call loans	42,000	73,000	294
Monetary claims bought	18,204	18,811	127
Securities	4,542,142	4,525,808	31,823
Loans	302,296	321,346	2,117
Tangible fixed assets	353,244	353,725	2,474
Intangible fixed assets	34,692	35,456	243
Agency accounts receivable	1	1	0
Reinsurance receivables	95	394	0
Other assets	48,889	90,980	342
Prepaid pension cost	464	480	3
Customers' liabilities under acceptances and guarantees	38,495	26,425	269
Allowance for possible loan losses	(728)	(738)	(5)
Total assets	\ 5,419,119	\ 5,485,084	\$ 37,967
LIABILITIES:			
Policy reserves and other reserves:			
Reserve for outstanding claims	\ 36,077	\ 36,748	\$ 252
Policy reserves	4,154,892	4,206,149	29,110
Reserve for dividends to policyholders	27,216	26,064	190
	4,218,186	4,268,961	29,553
Reinsurance payables	289	670	2
Bonds payable	102,609	102,609	718
Other liabilities:			
Income taxes payable	2,760	3,797	19
Lease obligations	3,656	4,138	25
Asset retirement obligations	1,077	1,087	7
Others	329,207	373,029	2,306
	336,701	382,052	2,359
Reserve for employees' retirement benefits	27,816	28,195	194
Reserve for price fluctuation	41,450	40,370	290
Deferred tax liabilities	41,743	41,386	292
Deferred tax liabilities for land revaluation	14,202	14,301	99
Acceptances and guarantees	38,495	26,425	269
Total liabilities	4,821,493	4,904,972	33,780
NET ASSETS:			
Foundation funds	51,000	51,000	357
Reserve for redemption of foundation funds	206,000	206,000	1,443
Reserve for revaluation	281	281	1
Surplus:			
Reserve for future losses	397	381	2
Other surplus:			
Reserve for fund redemption	40,800	31,700	285
Equalized reserve for dividends to policyholders	5,945	6,893	41
Unappropriated surplus (loss)	74,636	63,629	522
Subtotal	121,382	102,223	850
	121,779	102,604	853
Total foundation funds and others	379,061	359,886	2,655
Net unrealized gains (losses) on available-for-sale securities, net of tax	269,192	270,597	1,886
Land revaluation differences	(50,626)	(50,371)	(354)
Total valuation and translation adjustments	218,565	220,226	1,531
Total net assets	597,626	580,112	4,187
Total liabilities and net assets	\ 5,419,119	\ 5,485,084	\$ 37,967

Interim Non-consolidated Statements of Income

Asahi Mutual Life Insurance Company

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Ordinary income:			
Premium and other income:			
Insurance premiums	\ 177,574	\ 182,647	\$ 1,244
	177,920	183,248	1,246
Investment income:			
Interest, dividends and other income	67,491	60,355	472
Gains on sales of securities	7,408	7,201	51
Investment gains on separate accounts	—	2,759	—
	78,442	77,890	549
Other ordinary income	55,098	63,189	386
Total ordinary income	311,461	324,329	2,182
Ordinary expenses:			
Claims and other payments:			
Claims	52,822	52,213	370
Annuities	51,196	51,588	358
Benefits	36,956	36,675	258
Surrender benefits	43,489	43,053	304
	186,530	185,899	1,306
Provision for policy reserves and other reserves:			
Provision for interest on policyholders' dividend reserves	1	1	0
	1	1	0
Investment expenses:			
Interest expenses	2,300	2,504	16
Losses on trading securities	—	206	—
Losses on sales of securities	5,807	29,835	40
Losses on valuation of securities	6	1	0
Investment losses on separate accounts	161	—	1
	19,463	52,326	136
Operating expenses	55,898	54,084	391
Other ordinary expenses	17,157	15,954	120
Total ordinary expenses	279,051	308,266	1,955
Ordinary profit	32,409	16,062	227
Extraordinary gains	282	206	1
Extraordinary losses	1,653	1,589	11
Surplus before income taxes	31,038	14,679	217
Income taxes including deferred taxes	6,867	3,417	48
Total income taxes	6,867	3,417	48
Net surplus	\ 24,170	\ 11,262	\$ 169

Interim Non-consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company

Millions of Yen

For the six months ended September 30, 2024	Foundation funds and others								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Surplus			Total surplus	Total foundation funds and others
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)		
Beginning balance	\ 51,000	\ 206,000	\ 281	\ 381	\ 31,700	\ 6,893	\ 63,629	\ 102,604	\ 359,886
Changes in the interim period:									
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							24,170	24,170	24,170
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							255	255	255
Net changes, excluding foundation funds and others									
Net changes in the interim period	—	—	—	16	9,100	(947)	11,006	19,175	19,175
Ending balance	\ 51,000	\ 206,000	\ 281	\ 397	\ 40,800	\ 5,945	\ 74,636	\ 121,779	\ 379,061

Millions of Yen

For the six months ended September 30, 2024	Valuation and translation adjustments			
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Land revaluation differences	Total valuation and translation adjustments	Total net assets
Beginning balance	\ 270,597	\ (50,371)	\ 220,226	\ 580,112
Changes in the interim period:				
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				24,170
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				255
Net changes, excluding foundation funds and others	(1,405)	(255)	(1,661)	(1,661)
Net changes in the interim period	(1,405)	(255)	(1,661)	17,513
Ending balance	\ 269,192	\ (50,626)	\ 218,565	\ 597,626

Millions of Yen

For the six months ended September 30, 2023	Foundation funds and others								
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Surplus			Total surplus	Total foundation funds and others
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)		
Beginning balance	\ 51,000	\ 206,000	\ 281	\ 366	\ 22,600	\ 7,093	\ 60,148	\ 90,207	\ 347,489
Changes in the interim period:									
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							11,262	11,262	11,262
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							382	382	382
Net changes, excluding foundation funds and others									
Net changes in the interim period	—	—	—	15	9,100	(199)	(2,090)	6,824	6,824
Ending balance	\ 51,000	\ 206,000	\ 281	\ 381	\ 31,700	\ 6,893	\ 58,057	\ 97,031	\ 354,313

Millions of Yen

For the six months ended September 30, 2023	Valuation and translation adjustments				
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Total valuation and translation adjustments	Total net assets
Beginning balance	\ 130,668	\ —	\ (48,406)	\ 82,261	\ 429,751
Changes in the interim period:					
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					11,262
Additions to reserve for fund redemption					
Reversal of equalized reserve for dividends to policyholders					
Reversal of land revaluation differences					382
Net changes, excluding foundation funds and others	65,850	1,173	(382)	66,642	66,642
Net changes in the interim period	65,850	1,173	(382)	66,642	73,466
Ending balance	\ 196,518	\ 1,173	\ (48,788)	\ 148,903	\ 503,217

Millions of U.S. Dollars

For the six months ended September 30, 2024	Foundation funds and others								Total surplus	Total foundation funds and others
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Reserve for future losses	Surplus			Total surplus		
					Reserve for fund redemption	Equalized reserve for dividends to policyholders	Unappropriated surplus (loss)			
Beginning balance	\$ 357	\$ 1,443	\$ 1	\$ 2	\$ 222	\$ 48	\$ 445	\$ 718	\$ 2,521	
Changes in the interim period:										
Additions to reserve for dividends to policyholders							(20)	(20)	(20)	
Additions to reserve for future losses				0			(0)			
Payment of interest on foundation funds							(16)	(16)	(16)	
Net surplus							169	169	169	
Additions to reserve for fund redemption					63		(63)			
Reversal of equalized reserve for dividends to policyholders							(6)	6		
Reversal of land revaluation differences							1	1	1	
Net changes, excluding foundation funds and others							77	134	134	
Net changes in the interim period	—	—	—	0	63	(6)	77	134	134	
Ending balance	\$ 357	\$ 1,443	\$ 1	\$ 2	\$ 285	\$ 41	\$ 522	\$ 853	\$ 2,655	

Millions of U.S. Dollars

For the six months ended September 30, 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	\$ 1,895	\$ (352)	\$ 1,542	\$ 4,064
Changes in the interim period:				
Additions to reserve for dividends to policyholders				(20)
Additions to reserve for future losses				
Payment of interest on foundation funds				(16)
Net surplus				169
Additions to reserve for fund redemption				
Reversal of equalized reserve for dividends to policyholders				
Reversal of land revaluation differences				1
Net changes, excluding foundation funds and others	(9)	(1)	(11)	(11)
Net changes in the interim period	(9)	(1)	(11)	122
Ending balance	\$ 1,886	\$ (354)	\$ 1,531	\$ 4,187

Notes to Interim Non-consolidated Financial Statements

Asahi Mutual Life Insurance Company

I. Presentation of Interim Non-consolidated Financial Statements

1. Basis of Presentation

The accompanying interim 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 semi-annual 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 interim non-consolidated financial statements include information which is not required under semi-annual 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 interim 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 ¥142.73 = US\$1.00, the effective rate of exchange at the balance sheet date of September 30, 2024.

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 Interim 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.

(For the interim reporting purposes, the amount for the semi-annual period is determined.)

■ 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 September 30, 2024 and as of March 31, 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 other assets and amortized equally over five years.

Consumption taxes other than deferred consumption taxes are recognized as an expense for the current interim period.

(12) Group tax sharing system

The Company has applied the group tax sharing system.

(13) 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 interim period 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.

(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 interim period.

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 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.

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) 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 interim period, in preparation for the performance of future obligations under the insurance policies.

Of policy reserves, the premium reserves at the end of the interim period 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 additional policy reserves which the Company has accumulated 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.

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.

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.

(16) Software

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

2. Financial Instruments

The balance sheet amounts, fair values and the differences between those of major financial assets and liabilities as of September 30, 2024 and as of March 31, 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 September 30, 2024	Balance Sheet Amount	Fair Value	Difference	
Monetary claims bought	¥ 18,204	¥ 18,983	¥	778
Held-to-maturity debt securities	17,376	18,155		778
Available-for-sale securities	827	827		–
Securities	4,404,867	4,207,871		(196,995)
Trading securities	29,010	29,010		–
Held-to-maturity debt securities	269,500	282,304		12,803
Policy-reserve-matching bonds	2,237,688	2,027,888		(209,799)
Available-for-sale securities	1,868,668	1,868,668		–
Loans	302,296	309,114		6,818
Policy loans	27,740	27,740		–
Industrial and consumer loans	274,555	281,374		6,818
Total assets	4,725,368	4,535,969		(189,398)
Bonds payable	102,609	102,798		189
Loans payable	44,000	47,780		3,780
Total liabilities	146,609	150,579		3,970
Derivative financial instruments	(3,290)	(3,290)		–
Hedge accounting not applied	1,590	1,590		–
Hedge accounting applied	(4,880)	(4,880)		–

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

Millions of U.S. Dollars

As of September 30, 2024	Balance Sheet Amount	Fair Value	Difference
Monetary claims bought	\$ 127	\$ 133	\$ 5
Held-to-maturity debt securities	121	127	5
Available-for-sale securities	5	5	–
Securities	30,861	29,481	(1,380)
Trading securities	203	203	–
Held-to-maturity debt securities	1,888	1,977	89
Policy-reserve-matching bonds	15,677	14,207	(1,469)
Available-for-sale securities	13,092	13,092	–
Loans	2,117	2,165	47
Policy loans	194	194	–
Industrial and consumer loans	1,923	1,971	47
Total assets	33,107	31,780	(1,326)
Bonds payable	718	720	1
Loans payable	308	334	26
Total liabilities	1,027	1,054	27
Derivative financial instruments	(23)	(23)	–
Hedge accounting not applied	11	11	–
Hedge accounting applied	(34)	(34)	–

* Assets and liabilities generated by derivative financial instruments are offset and presented net. 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 interim non-consolidated balance sheets were ¥80,498 million (US\$563 million) and ¥80,570 million as of September 30, 2024 and as of March 31, 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 interim non-consolidated balance sheets were ¥56,777 million (US\$397 million) and ¥59,645 million as of September 30, 2024 and as of March 31, 2024, respectively.

3. 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 interim non-consolidated balance sheet as of September 30, 2024 and non-consolidated balance sheet as of March 31, 2024

		Millions of Yen			
As of September 30, 2024	Fair Value				
	Level 1	Level 2	Level 3	Total	
Monetary claims bought	¥ –	¥ –	¥ 827	¥ 827	
Available-for-sale securities	–	–	827	827	
Securities *1	617,920	1,086,665	29,497	1,734,083	
Trading securities	–	29,010	–	29,010	
Others	–	29,010	–	29,010	
Available-for-sale securities	617,920	1,057,654	29,497	1,705,072	
National government bonds and local government bonds	12,218	643	–	12,862	
Corporate bonds	–	424,811	–	424,811	
Domestic stocks	523,739	–	–	523,739	
Foreign bonds	–	427,154	29,497	456,652	
Others	81,963	205,044	–	287,007	
Total assets	617,920	1,086,665	30,325	1,734,911	
Derivative financial instruments *2	–	(3,290)	–	(3,290)	
Currency-related	–	(3,534)	–	(3,534)	
Stock-related	–	244	–	244	

- *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 amount of the investment trusts which are accounted for in accordance with Paragraph 24-3 of the implementation guidance, reported in the interim non-consolidated balance sheet was ¥158,337 (US\$1,109 million) million as of September 30, 2024. The amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, reported in the interim non-consolidated balance sheet was ¥5,258 (US\$36 million) million as of September 30, 2024.
- *2 Assets and liabilities generated by derivative financial instruments are offset and presented net. 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 net. Net liabilities in total are presented in parentheses.

Millions of U.S. Dollars

As of September 30, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ –	\$ –	\$ 5	\$ 5
Available-for-sale securities	–	–	5	5
Securities *1	4,329	7,613	206	12,149
Trading securities	–	203	–	203
Others	–	203	–	203
Available-for-sale securities	4,329	7,410	206	11,946
National government bonds and local government bonds	85	4	–	90
Corporate bonds	–	2,976	–	2,976
Domestic stocks	3,669	–	–	3,669
Foreign bonds	–	2,992	206	3,199
Others	574	1,436	–	2,010
Total assets	4,329	7,613	212	12,155
Derivative financial instruments *2	–	(23)	–	(23)
Currency-related	–	(24)	–	(24)
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 amount of the investment trusts which are accounted for in accordance with Paragraph 24-3 of the implementation guidance, reported in the interim non-consolidated balance sheet was ¥158,337 (US\$1,109 million) million as of September 30, 2024. The amount of the investment trusts which are accounted for in accordance with Paragraph 24-9 of the implementation guidance, reported in the interim non-consolidated balance sheet was ¥5,258 (US\$36 million) million as of September 30, 2024.

*2 Assets and liabilities generated by derivative financial instruments are offset and presented net. 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 reporting periods ended September 30, 2024 and March 31, 2024, 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 six months ended September 30, 2024	For the fiscal year ended March 31, 2024	For the six months ended September 30, 2024
Balance at the beginning of the reporting period	¥161,421	¥134,005	\$1,130
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the reporting period:			
Gains (losses) recorded for the reporting period *	(1)	1,040	(0)
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the reporting period	(6,320)	10,871	(44)
Net amount of purchase, sale and redemption	3,237	15,504	22
Amount of investment trusts whose NAV is deemed as market value	—	—	—
Amount of investment trusts whose NAV is not deemed as market value	—	—	—
Balance at the end of the reporting period	158,337	161,421	1,109
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the reporting period *	(1)	1,040	(0)

* Those amounts are included in investment income and investment expenses in the interim non-consolidated statement of income for the six months ended September 30, 2024 and non-consolidated statement of income for the fiscal year ended March 31, 2024.

- b) Breakdown of balance by restriction on cancellation as of the end of reporting periods

	Millions of Yen		Millions of U.S. Dollars
	As of September 30, 2024	As of March 31, 2024	As of September 30, 2024
Investment trusts which need more than 1 month to cancel from the notification of cancellation	¥ 39,983	¥ 41,015	\$280
Other than above	118,353	120,406	829

- c) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized as gains (losses) for the reporting periods ended September 30, 2024 and March 31, 2024, 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 six months ended September 30, 2024	For the fiscal year ended March 31, 2024	For the six months ended September 30, 2024
Balance at the beginning of the reporting period	¥5,227	¥5,196	\$36
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the reporting period:			
Gains (losses) recorded for the reporting period *	31	26	0
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the reporting period	—	—	—
Net amount of purchase, sale and redemption	31	26	0
Amount of investment trusts whose NAV is deemed as market value	(0)	4	(0)
Amount of investment trusts whose NAV is not deemed as market value	—	—	—
Balance at the end of the reporting period	5,258	5,227	36
Net unrealized gains (losses) on investment trusts held at the balance sheet date among the amount recorded to gains (losses) for the reporting period *	—	—	—

* Those amounts are included in investment income and investment expenses in the interim non-consolidated statement of income for the six months ended September 30, 2024 and non-consolidated statement of income for the fiscal year ended March 31, 2024.

- (2) Financial assets and liabilities not recorded at fair values on the interim non-consolidated balance sheet as of September 30, 2024 and non-consolidated balance sheet as of March 31, 2024

Millions of Yen				
As of September 30, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ –	¥ 17,807	¥ 347	¥ 18,155
Held-to-maturity debt securities	–	17,807	347	18,155
Securities	1,675,002	448,346	186,844	2,310,192
Held-to-maturity debt securities	35,150	60,309	186,844	282,304
National government bonds and local government bonds	35,150	–	–	35,150
Corporate bonds	–	60,309	–	60,309
Foreign bonds	–	–	186,844	186,844
Policy-reserve-matching bonds	1,639,851	388,037	–	2,027,888
National government bonds and local government bonds	1,639,851	41,121	–	1,680,973
Corporate bonds	–	346,915	–	346,915
Loans	–	–	309,114	309,114
Policy loans	–	–	27,740	27,740
Industrial and consumer loans	–	–	281,374	281,374
Total assets	1,675,002	466,153	496,306	2,637,462
Bonds payable	–	102,798	–	102,798
Loans payable	–	–	47,780	47,780
Total liabilities	–	102,798	47,780	150,579

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 September 30, 2024	Fair Value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	\$ –	\$ 124	\$ 2	\$ 127
Held-to-maturity debt securities	–	124	2	127
Securities	11,735	3,141	1,309	16,185
Held-to-maturity debt securities	246	422	1,309	1,977
National government bonds and local government bonds	246	–	–	246
Corporate bonds	–	422	–	422
Foreign bonds	–	–	1,309	1,309
Policy-reserve-matching bonds	11,489	2,718	–	14,207
National government bonds and local government bonds	11,489	288	–	11,777
Corporate bonds	–	2,430	–	2,430
Loans	–	–	2,165	2,165
Policy loans	–	–	194	194
Industrial and consumer loans	–	–	1,971	1,971
Total assets	11,735	3,265	3,477	18,478
Bonds payable	–	720	–	720
Loans payable	–	–	334	334
Total liabilities	–	720	334	1,054

(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 vendors 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, equity options and equity forward contracts 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 interim non-consolidated balance sheet as of September 30, 2024 and non-consolidated balance sheet as of March 31, 2024 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 interim period

Millions of Yen

For the six months ended September 30, 2024	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for- sale securities	Available-for- sale securities		Stock-related
	Others (i)	Foreign bonds (ii)		
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 interim period:				
Gains (losses) recorded for the interim period *	(16)	1,597	1,581	681
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the interim period	(5)	434	428	—
Net amount of purchase, sale, issue and settlement	(11)	(4,162)	(4,174)	(683)
Transfer to fair values of Level 3	—	—	—	—
Transfer from fair values of Level 3	—	—	—	—
Ending balance	827	29,497	30,325	—
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the interim period *	(10)	1,163	1,153	—

* Those amounts are included in investment income and investment expenses in the interim 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		Stock-related
	Others (i)	Foreign bonds (ii)		
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:				
Gains (losses) recorded for the fiscal year *	(24)	12,396	12,371	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 six months ended September 30, 2024	Monetary claims bought	Securities	Total (i) + (ii)	Derivative financial instruments
	Available-for- sale securities	Available-for- sale securities		Stock-related
	Others (i)	Foreign bonds (ii)		
Beginning balance	\$ 5	\$ 224	\$ 230	\$ 0
Gains (losses) and net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the interim period:				
Gains (losses) recorded for the interim period *	(0)	11	11	4
Net unrealized gains (losses) on available-for-sale securities, net of tax recorded for the interim period	(0)	8	8	4
Net amount of purchase, sale, issue and settlement	(0)	3	3	—
Transfer to fair values of Level 3	(0)	(29)	(29)	(4)
Transfer from fair values of Level 3	—	—	—	—
Ending balance	5	206	212	—
Net unrealized gains (losses) on financial assets and liabilities held at the balance sheet date among the amount recorded to gains (losses) for the interim period *	(0)	8	8	—

* Those amounts are included in investment income and investment expenses in the interim 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.

4. Investments and Rental Properties

The fair values of investment and rental properties are omitted because there have been no significant changes compared with the corresponding fair values at the end of the previous fiscal year.

5. Securities Lent under Lending Agreements

The amounts of securities lent under lending agreements were ¥333,661 million (US\$2,337 million) and ¥292,339 million as of September 30, 2024 and as of March 31, 2024, respectively.

6. 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 ¥429 million (US\$3 million) and ¥501 million as of September 30, 2024 and as of March 31, 2024, respectively.

- i) Claims against bankrupt and quasi-bankrupt obligors were ¥364 million (US\$2 million) and ¥401 million as of September 30, 2024 and as of March 31, 2024, respectively.
- ii) As of September 30, 2024 and as of March 31, 2024, the Company does not have claims with collection risk.
- iii) Delinquent loans three or more months past due were ¥44 million (US\$0 million) and ¥80 million as of September 30, 2024 and as of March 31, 2024, respectively.
- iv) Restructured loans were ¥20 million (US\$0 million) and ¥20 million as of September 30, 2024 and as of March 31, 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 September 30, 2024 and as of March 31, 2024, respectively.

7. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥29,283 million (US\$205 million) and ¥30,689 million as of September 30, 2024 and as of March 31, 2024, respectively. The amounts of separate account liabilities were the same as separate account assets.

8. Reserve for Dividends to Policyholders

The changes in reserve for dividends to policyholders for the reporting periods ended September 30, 2024 and March 31, 2024 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	For the six months ended September 30, 2024	For the fiscal year ended March 31, 2024	For the six months ended September 30, 2024
Balance at the beginning of the reporting period	¥26,064	¥27,103	\$182
Transfer to reserve from surplus in the previous fiscal year	2,896	2,497	20
Dividends to policyholders paid out during the reporting period	1,746	3,540	12
Increase in interest	1	3	0
Balance at the end of the reporting period	¥27,216	¥26,064	\$190

9. Stocks of Subsidiaries and Affiliates

The amounts of stocks of subsidiaries and affiliates the Company held were ¥67,671 million (US\$474 million) and ¥67,671 million as of September 30, 2024 and as of March 31, 2024, respectively.

10. Pledged Assets

Assets pledged as collateral were securities in the amount of ¥336,719 million (US\$2,359 million) and ¥315,013 million as of September 30, 2024 and as of March 31, 2024, respectively.

11. Policy Reserves for the Reinsurance Contracts

Reserves 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”) were ¥9 million (US\$0 million) and ¥5 million as of September 30, 2024 and as of March 31, 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 ¥252 million (US\$1 million) and ¥335 million as of September 30, 2024 and as of March 31, 2024, respectively.

12. 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 were ¥43,264 million (US\$303 million) and ¥37,590 million as of September 30, 2024 and as of March 31, 2024, respectively. No assets were pledged as collateral as of September 30, 2024 and as of March 31, 2024.

13. Commitment Line

As of September 30, 2024 and as of March 31, 2024, there were unused commitment line agreements under which the Company is the lender of ¥8,367 million (US\$58 million) and ¥9,372 million, respectively.

14. Subordinated Bonds Payable

As of September 30, 2024 and as of March 31, 2024, bonds payable are subordinated bonds payable, for which the repayments are subordinated to other obligations.

15. Subordinated Loans Payable

As of September 30, 2024 and as of March 31, 2024, other liabilities included subordinated loans payable of ¥44,000 million (US\$308 million) and ¥78,000 million, respectively, for which the repayments are subordinated to other obligations.

III. Notes to Interim Non-consolidated Statements of Income

1. Investment Income and Expenses

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

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Domestic bonds	¥3,000	¥3,156	\$21
Domestic stocks and other securities	3,233	2,340	22
Foreign securities	1,173	1,704	8

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

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Domestic bonds	¥ 934	¥ 5,571	\$ 6
Domestic stocks and other securities	2,198	499	15
Foreign securities	2,674	23,764	18

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

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Domestic stocks and other securities	¥4	¥0	\$0
Foreign securities	1	0	0

2. Policy Reserves for the Reinsurance Contracts

Provision for reserve for outstanding claims for ceded reinsurance, which was added in calculating reversal of reserve for outstanding claims for the interim period ended September 30, 2024 was ¥4 million (US\$0 million).

Reversal of reserve for outstanding claims for ceded reinsurance, which was deducted in calculating reversal of reserve for outstanding claims for the interim period ended September 30, 2023 was ¥9 million.

Reversals of policy reserves for ceded reinsurance, which were deducted in calculating reversal of policy reserves for the interim periods ended September 30, 2024 and 2023 were ¥82 million (US\$0 million) and ¥89 million, respectively.

3. Interest and Dividend Income

The breakdown of interest, dividends and other income was as follows:

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
Interest on deposits	¥ 0	¥ 0	\$ 0
Interest and dividends on securities	55,725	48,493	390
Interest on loans	3,334	2,912	23
Rent revenue from real estate	7,965	8,039	55
Other interest and dividends	465	909	3
Total	¥67,491	¥60,355	\$472

4. Income Tax Expense

The simplified method is applied for tax effect accounting to calculate income tax expense for the interim period ended September 30. Therefore, deferred taxes are included in income taxes.