

## **Independent Auditor’s Review Report**

The Board of Directors  
Asahi Mutual Life Insurance Company

We have reviewed the accompanying interim consolidated financial statements of Asahi Mutual Life Insurance Company and its consolidated subsidiaries (the Group), which comprise the interim consolidated balance sheet as at September 30, 2024, the interim consolidated statements of income, comprehensive income, changes in net assets, and cash flows 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 Consolidated Financial Statements**

Management is responsible for the preparation of these interim 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 consolidated 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 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 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 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 consolidated 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 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 consolidated financial statements.

### **Auditor’s Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim 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 consolidated financial statements generally accepted in Japan.

We have previously audited, in accordance with auditing standards generally accepted in Japan, the consolidated balance sheet of the Group as at March 31, 2024, and the related

consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended (not presented herein); and in our report dated August 29, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying interim consolidated balance sheet as at March 31, 2024, is fairly stated, in all material respects, in relation to the 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 Group 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 consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, based on our review, the accompanying interim 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

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Yuji Ozawa

Designated Engagement Partner

Certified Public Accountant

## Interim Consolidated Balance Sheets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
	Interim Consolidated Balance Sheet As of September 30, 2024	Annual Consolidated Balance Sheet As of March 31, 2024	Interim Consolidated Balance Sheet As of September 30, 2024
<b>ASSETS:</b>			
Cash and deposits	\ 57,748	\ 53,705	\$ 404
Call loans	42,000	73,000	294
Monetary claims bought	18,204	18,811	127
Securities	4,484,000	4,466,669	31,415
Loans	302,296	321,346	2,117
Tangible fixed assets	353,812	354,240	2,478
Intangible fixed assets	39,561	40,331	277
Agency accounts receivable	126	2	0
Reinsurance receivables	47,215	42,415	330
Other assets	60,730	101,567	425
Net defined benefit assets	776	799	5
Deferred tax assets	106	74	0
Customers' liabilities under acceptances and guarantees	895	1,025	6
Allowance for possible loan losses	(851)	(738)	(5)
<b>Total assets</b>	<b>\ 5,406,623</b>	<b>\ 5,473,252</b>	<b>\$ 37,880</b>
<b>LIABILITIES:</b>			
Policy reserves and other reserves:			
Reserve for outstanding claims	\ 41,194	\ 41,060	\$ 288
Policy reserves	4,163,175	4,211,835	29,168
Reserve for dividends to policyholders	27,216	26,064	190
	4,231,586	4,278,959	29,647
Reinsurance payables	546	915	3
Bonds payable	102,609	102,609	718
Other liabilities	376,291	407,649	2,636
Net defined benefit liabilities	28,467	29,297	199
Reserve for price fluctuation	41,451	40,370	290
Deferred tax liabilities	39,534	39,226	276
Deferred tax liabilities for land revaluation	14,202	14,301	99
Acceptances and guarantees	895	1,025	6
<b>Total liabilities</b>	<b>4,835,584</b>	<b>4,914,355</b>	<b>33,879</b>
<b>NET ASSETS:</b>			
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
Consolidated surplus	95,331	81,934	667
Total foundation funds and others	352,613	339,216	2,470
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)
Accumulated remeasurements of defined benefit plans	(212)	(646)	(1)
Total accumulated other comprehensive income	218,352	219,580	1,529
Non-controlling interests	71	100	0
<b>Total net assets</b>	<b>571,038</b>	<b>558,896</b>	<b>4,000</b>
<b>Total liabilities and net assets</b>	<b>\ 5,406,623</b>	<b>\ 5,473,252</b>	<b>\$ 37,880</b>

## Interim Consolidated Statements of Income

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

Millions of  
U.S. Dollars

For the six months ended September 30	Millions of Yen		2024
	2024	2023	
<b>Ordinary income:</b>			
Premium and other income	\	219,037	\ 213,016
Investment income:			\$ 1,534
Interest, dividends and other income		67,109	60,095
Gains on sales of securities		7,408	7,202
Investment gains on separate accounts		—	2,759
		78,014	77,604
Other ordinary income		54,614	63,983
<b>Total ordinary income</b>		<b>351,666</b>	<b>354,604</b>
<b>Ordinary expenses:</b>			
Claims and other payments:			
Claims		52,832	52,213
Annuities		51,196	51,588
Benefits		41,310	38,844
Surrender benefits		43,489	43,053
		209,195	198,649
Provision for policy reserves and other reserves:			
Provision for reserve for outstanding claims		134	571
Provision for interest on policyholders' dividend reserves		1	1
		136	572
Investment expenses:			
Interest expenses		2,405	2,518
Losses on trading securities		—	206
Losses on sales of securities		5,807	29,836
Losses on valuation of securities		6	1
Investment losses on separate accounts		161	—
		19,684	52,341
Operating expenses		77,792	74,428
Other ordinary expenses		20,119	18,489
<b>Total ordinary expenses</b>		<b>326,927</b>	<b>344,481</b>
<b>Ordinary profit</b>		<b>24,739</b>	<b>10,123</b>
<b>Extraordinary gains</b>		<b>282</b>	<b>206</b>
<b>Extraordinary losses</b>		<b>1,653</b>	<b>1,590</b>
<b>Surplus before income taxes</b>		<b>23,368</b>	<b>8,739</b>
<b>Income taxes including deferred taxes</b>		<b>4,946</b>	<b>1,871</b>
<b>Total income taxes</b>		<b>4,946</b>	<b>1,871</b>
<b>Net surplus</b>		<b>18,421</b>	<b>6,867</b>
<b>Net surplus attributable to non-controlling interests</b>		<b>28</b>	<b>28</b>
<b>Net surplus attributable to the Parent Company</b>	\	<b>18,393</b>	\ <b>6,839</b>
			\$ <b>128</b>

## Interim Consolidated Statements of Comprehensive Income

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

For the six months ended September 30	Millions of Yen		Millions of U.S. Dollars
	2024	2023	2024
<b>Net surplus</b>	\ 18,421	\ 6,867	\$ 129
<b>Other comprehensive income:</b>			
Net unrealized gains (losses) on available-for-sale securities, net of tax	(1,405)	65,850	(9)
Deferred gains (losses) on derivatives under hedge accounting	—	1,173	—
Remeasurements of defined benefit plans	433	471	3
<b>Total other comprehensive income</b>	<b>(972)</b>	<b>67,495</b>	<b>(6)</b>
<b>Comprehensive income:</b>			
Comprehensive income attributable to the Parent Company	17,420	74,335	122
Comprehensive income attributable to non-controlling interests	28	28	0
<b>Total comprehensive income</b>	<b>\ 17,449</b>	<b>\ 74,363</b>	<b>\$ 122</b>

## Interim Consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

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	Consolidated surplus	Total foundation funds and others
<b>Beginning balance</b>	\ 51,000	\ 206,000	\ 281	\ 81,934	\ 339,216
<b>Changes in the interim period:</b>					
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				18,393	18,393
Reversal of land revaluation differences				255	255
Net changes, excluding foundation funds and others					
<b>Net changes in the interim period</b>	—	—	—	13,397	13,397
<b>Ending balance</b>	\ 51,000	\ 206,000	\ 281	\ 95,331	\ 352,613

Millions of Yen

For the six months ended September 30, 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			
<b>Beginning balance</b>	\ 270,597	\ (50,371)	\ (646)	\ 219,580	\ 100	\ 558,896	
<b>Changes in the interim period:</b>							
Additions to reserve for dividends to policyholders						(2,896)	
Payment of interest on foundation funds						(2,354)	
Net surplus attributable to the Parent Company						18,393	
Reversal of land revaluation differences						255	
Net changes, excluding foundation funds and others	(1,405)	(255)	433	(1,228)	(28)	(1,256)	
<b>Net changes in the interim period</b>	(1,405)	(255)	433	(1,228)	(28)	12,141	
<b>Ending balance</b>	\ 269,192	\ (50,626)	\ (212)	\ 218,352	\ 71	\ 571,038	

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	Consolidated surplus	Total foundation funds and others
<b>Beginning balance</b>	\ 51,000	\ 206,000	\ 281	\ 79,001	\ 336,283
<b>Changes in the interim period:</b>					
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				6,839	6,839
Reversal of land revaluation differences				382	382
Net changes, excluding foundation funds and others					
<b>Net changes in the interim period</b>	—	—	—	2,401	2,401
<b>Ending balance</b>	\ 51,000	\ 206,000	\ 281	\ 81,402	\ 338,684

Millions of Yen

For the six months ended September 30, 2023	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income		
<b>Beginning balance</b>	\ 130,668	\ —	\ (48,406)	\ (2,104)	\ 80,157	\ 96	\ 416,537
<b>Changes in the interim period:</b>							
Additions to reserve for dividends to policyholders							(2,497)
Payment of interest on foundation funds							(2,323)
Net surplus attributable to the Parent Company							6,839
Reversal of land revaluation differences							382
Net changes, excluding foundation funds and others	65,850	1,173	(382)	471	67,113	(24)	67,088
<b>Net changes in the interim period</b>	65,850	1,173	(382)	471	67,113	(24)	69,489
<b>Ending balance</b>	\ 196,518	\ 1,173	\ (48,788)	\ (1,632)	\ 147,271	\ 71	\ 486,027

Millions of U.S. Dollars

For the six months ended September 30, 2024	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Consolidated surplus	Total foundation funds and others
<b>Beginning balance</b>	\$ 357	\$ 1,443	\$ 1	\$ 574	\$ 2,376
<b>Changes in the interim period:</b>					
Additions to reserve for dividends to policyholders				(20)	(20)
Payment of interest on foundation funds				(16)	(16)
Net surplus attributable to the Parent Company				128	128
Reversal of land revaluation differences				1	1
Net changes, excluding foundation funds and others					
<b>Net changes in the interim period</b>	—	—	—	93	93
<b>Ending balance</b>	\$ 357	\$ 1,443	\$ 1	\$ 667	\$ 2,470

Millions of U.S. Dollars

For the six months ended September 30, 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			
<b>Beginning balance</b>	\$ 1,895	\$ (352)	\$ (4)	\$ 1,538	\$ 0	\$ 3,915	
<b>Changes in the interim period:</b>							
Additions to reserve for dividends to policyholders						(20)	
Payment of interest on foundation funds						(16)	
Net surplus attributable to the Parent Company						128	
Reversal of land revaluation differences						1	
Net changes, excluding foundation funds and others	(9)	(1)	3	(8)	(0)	(8)	
<b>Net changes in the interim period</b>	(9)	(1)	3	(8)	(0)	85	
<b>Ending balance</b>	\$ 1,886	\$ (354)	\$ (1)	\$ 1,529	\$ 0	\$ 4,000	



## Interim Consolidated Statements of Cash Flows

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

Millions of  
U.S. Dollars

For the six months ended September 30	Millions of Yen		2024
	2024	2023	
<b>I. Cash flows from operating activities</b>			
Surplus before income taxes	\ 23,368	\ 8,739	\$ 163
Depreciation of rental real estate and other assets	2,723	2,735	19
Depreciation	7,971	6,241	55
Impairment losses	277	280	1
Increase (decrease) in reserve for outstanding claims	134	571	0
Increase (decrease) in policy reserves	(48,659)	(57,410)	(340)
Provision for interest on policyholders' dividend reserves	1	1	0
Increase (decrease) in allowance for possible loan losses	112	13	0
Increase (decrease) in net defined benefit liabilities	(379)	34	(2)
Increase (decrease) in reserve for price fluctuation	1,080	1,080	7
Interest, dividends and other income	(67,109)	(60,095)	(470)
(Gains) losses on securities	(1,226)	20,357	(8)
(Gains) losses on derivative financial instruments	1,094	11,551	7
Interest expenses	2,405	2,518	16
Foreign exchange (gains) losses, net	1,889	(3,983)	13
(Gains) losses on tangible fixed assets	(205)	(107)	(1)
Others, net	(12,500)	(16,577)	(87)
Subtotal	(89,022)	(84,048)	(623)
Interest, dividends and other income received	66,687	60,543	467
Interest paid	(2,885)	(2,839)	(20)
Dividends to policyholders paid	(1,746)	(1,637)	(12)
Income taxes (paid) refunded	(6,116)	5,207	(42)
<b>Net cash provided by (used in) operating activities</b>	<b>(33,082)</b>	<b>(22,773)</b>	<b>(231)</b>
<b>II. Cash flows from investing activities</b>			
Proceeds from sales and redemptions of monetary claims bought	589	867	4
Purchases of securities	(226,942)	(380,134)	(1,590)
Proceeds from sales and redemptions of securities	246,991	419,743	1,730
Disbursements for loans	(21,954)	(29,661)	(153)
Proceeds from collections of loans	39,283	28,320	275
Proceeds from derivative financial instruments	11,547	(62,178)	80
Increase (decrease) in payables under securities borrowing transactions	(9,085)	(2,690)	(63)
Others, net	—	(206)	—
①Total of investing activities	40,429	(25,938)	283
[ I + ① ]	7,347	(48,712)	51
Purchases of tangible fixed assets	(5,515)	(2,673)	(38)
Proceeds from sales of tangible fixed assets	753	1,169	5
Others, net	(4,803)	(6,760)	(33)
<b>Net cash provided by (used in) investing activities</b>	<b>30,865</b>	<b>(34,204)</b>	<b>216</b>
<b>III. Cash flows from financing activities</b>			
Proceeds from debt borrowing	12,200	11,600	85
Redemption of debt borrowing	(34,000)	(5,000)	(238)
Redemption of bonds payable	—	(47,946)	—
Payment of interest on foundation funds	(2,354)	(2,323)	(16)
Dividends paid to non-controlling interests	(56)	(52)	(0)
Others, net	(528)	(202)	(3)
<b>Net cash provided by (used in) financing activities</b>	<b>(24,739)</b>	<b>(43,924)</b>	<b>(173)</b>
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>(26,957)</b>	<b>(100,902)</b>	<b>(188)</b>
<b>V. Cash and cash equivalents at the beginning of the interim period</b>	<b>126,705</b>	<b>216,601</b>	<b>887</b>
<b>VI. Cash and cash equivalents at the end of the interim period</b>	<b>\ 99,748</b>	<b>\ 115,698</b>	<b>\$ 698</b>

\* Range of cash and cash equivalents

Cash and cash equivalents in consolidated cash flow statements includes cash in hand, cash at bank and short-term investments with redemption period of three months and less than three months, which can be withdrawn anytime and can be converted to cash with ease.

# Notes to Interim Consolidated Financial Statements

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

## I. Presentation of Interim Consolidated Financial Statements

### 1. Basis of Presentation

The accompanying interim 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 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 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 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 ¥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.

### 3. Principles of Consolidation

#### (1) Scope of consolidation

The consolidated subsidiaries as of September 30, 2024 and 2023, and as of March 31, 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 interim period. As such non-consolidated subsidiaries are not considered to materially affect any reasonable determination as to the financial position and results of operation of the Company’s group,

these companies are excluded from the consolidation.

(2) Application of equity method

Unconsolidated subsidiaries and affiliates (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) Interim period-end of consolidated subsidiaries

The interim period-end of the consolidated subsidiaries is September 30.

## **II. Notes to Interim 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) 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.

(4) 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

(5) 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.

(6) 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 September 30, 2024 and as of March 31, 2024, respectively.

(7) 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.

(8) 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.

(9) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(10) Reserve for price fluctuation

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

(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 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 and part of its subsidiaries have 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) 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.

(15) 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.

#### (16) 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.

(17) 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.



(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. 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	4,405,864	4,208,865	(196,998)
Trading securities	29,010	29,010	–
Held-to-maturity debt securities	270,496	283,297	12,801
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	4,726,365	4,536,963	(189,401)
Bonds payable	102,609	102,798	189
Loans payable	81,600	85,791	4,191
Total liabilities	184,209	188,590	4,380
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	4,625,941	(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 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	30,868	29,488	(1,380)
Trading securities	203	203	–
Held-to-maturity debt securities	1,895	1,984	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	33,114	31,787	(1,326)
Bonds payable	718	720	1
Loans payable	571	601	29
Total liabilities	1,290	1,321	30
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 consolidated balance sheets were ¥21,358 million (US\$149 million) and ¥21,431 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 consolidated balance sheet 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 consolidated balance sheet as of September 30, 2024 and consolidated balance sheet as of March 31, 2024

As of September 30, 2024	Millions of Yen			
	Fair Value			Total
	Level 1	Level 2	Level 3	
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	–	287,008
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 consolidated balance sheet was ¥158,337 million (US\$1,109 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 consolidated balance sheet was ¥5,258 million (US\$36 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	1,019,763	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 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 consolidated balance sheet was ¥158,337 million (US\$1,109 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 consolidated balance sheet was ¥5,258 million (US\$36 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 other comprehensive income for the reporting period:	(6,322)	11,912	(44)
Gains (losses) recorded for the reporting period *1	(1)	1,040	(0)
Other comprehensive income recorded for the reporting period *2	(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	—	—	—
<b>Balance at the end of the reporting period</b>	<b>158,337</b>	<b>161,421</b>	<b>1,109</b>
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)	1,040	(0)

\*1 Those amounts are included in investment income and investment expenses in the interim consolidated statement of income for the six months ended September 30, 2024 and consolidated statement of income for the fiscal year ended March 31, 2024.

\*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the interim consolidated statement of comprehensive income for the six months ended September 30, 2024 and consolidated statement of comprehensive income for the fiscal year ended March 31, 2024.

- b) Breakdown of balance by restriction on cancellation as of the end of the 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 other comprehensive income for the reporting period:	31	26	0
Gains (losses) recorded for the reporting period *1	—	—	—
Other comprehensive income recorded for the reporting period *2	31	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	—	—	—
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 *1	—	—	—

\*1 Those amounts are included in investment income and investment expenses in the interim consolidated statement of income for the six months ended September 30, 2024 and consolidated statement of income for the fiscal year ended March 31, 2024.

\*2 Those amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax in other comprehensive income in the interim consolidated statement of comprehensive income for the six months ended September 30, 2024 and consolidated statement of comprehensive income for the fiscal year ended March 31, 2024.



- (2) Financial assets and liabilities not recorded at fair values on the interim consolidated balance sheet as of September 30, 2024 and 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	449,339	186,844	2,311,186
Held-to-maturity debt securities	35,150	61,302	186,844	283,297
National government bonds and local government bonds	35,150	993	–	36,143
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	467,147	496,306	2,638,456
Bonds payable	–	102,798	–	102,798
Loans payable	–	–	85,791	85,791
Total liabilities	–	102,798	85,791	188,590

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 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	3,148	1,309	16,192
Held-to-maturity debt securities	246	429	1,309	1,984
National government bonds and local government bonds	246	6	–	253
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	3,272	3,477	18,485
Bonds payable	–	720	–	720
Loans payable	–	–	601	601
Total liabilities	–	720	601	1,321

(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 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 consolidated balance sheet as of September 30, 2024 and 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 other comprehensive income for the interim period:				
Gains (losses) recorded for the interim period *1	(16)	1,597	1,581	681
Other comprehensive income recorded for the interim period *2	(10)	1,163	1,153	681
Net amount of purchase, sale, issue and settlement	(5)	434	428	—
Transfer to fair values of Level 3	(11)	(4,162)	(4,174)	(683)
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 *1	(10)	1,163	1,153	—

\*1 Those amounts are included in investment income and investment expenses in the interim 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 interim consolidated statement of comprehensive 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 other comprehensive income for the fiscal year:				
Gains (losses) recorded for the fiscal year *1	(24)	12,396	12,371	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 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 other comprehensive income for the interim period:				
Gains (losses) recorded for the interim period *1	(0)	11	11	4
Other comprehensive income recorded for the interim period *2	(0)	3	3	—
Net amount of purchase, sale, issue and settlement	(0)	(29)	(29)	(4)
Transfer to fair values of Level 3	—	—	—	—
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 *1	(0)	8	8	—

\*1 Those amounts are included in investment income and investment expenses in the interim 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 interim 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.

#### 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. 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) The Company does not have claims with collection risk as of September 30, 2024 and as of March 31, 2024, respectively.
- 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.

## 6. 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.

## 7. 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

## 8. 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.

## 9. Unamortized Ceding Commissions

The amounts of unamortized ceding commissions for reinsurance contracts stipulated in Article 1, Paragraph 5 of the Japanese Ministry of Finance Public Notice No. 50, 1996 were ¥46,934 million (US\$328 million) and ¥41,821 million as of September 30, 2024 and as of March 31, 2024, respectively.

## 10. 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.

## 11. 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.

## 12. 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.

## 13. 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.

## 14. 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 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	2,341	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	500	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. Reinsurance Revenue and Reinsurance Premiums

The increased amounts 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 interim periods ended September 30, 2024 and 2023 were ¥16,376 million (US\$114 million) and ¥16,105 million, respectively, which were included in reinsurance revenue among premium and other income.

The decreased amounts 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 interim periods ended September 30, 2024 and 2023 were ¥11,263 million (US\$78 million) and ¥7,027 million, respectively, which were included in reinsurance premiums among claims and other payments.

#### 3. Income Tax Expense

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