# Independent Auditor’s Report

The Board of Directors
Asahi Mutual Life Insurance Company

## *The Audit of the Consolidated Financial Statements*

### Opinion

We have audited the accompanying consolidated financial statements of Asahi Mutual Life Insurance Company (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheets as at March 31, 2025 and 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Insurance Business Act and related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">1. Evaluation of the accuracy of calculating policy reserves and the adequacy of the amount of policy reserves</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>The Group recorded policy reserves of ¥4,127,067 million on the consolidated balance sheet. The policy reserves of the Company being the parent company amounted to ¥4,113,660 million, accounting for a significant portion of 86.4% of total liabilities. Of this amount, the policy reserves for individual life insurance and individual annuity insurance categories are of quantitative significance. In accordance with the provision of Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act, additional policy reserves were recorded for individual annuity insurance contracts with an assumed rate of 3.75% or higher, for which annuity payments commenced on or before March 31, 2025. Of these, ¥6,143 million in additional policy reserves were recorded for contracts that commenced annuity payments during the current consolidated fiscal year.<br><br>As described in Note 16 to Consolidated Balance Sheet, the Company sets aside policy reserves to prepare for future performance of obligations under its insurance policies, 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.</td><td>Our audit procedures performed to examine the accuracy of calculating policy reserves and the adequacy of the amount of policy reserves included the following, among others:<br><br>・ We involved IT specialists of our firm to evaluate the design and operation of internal controls including IT general controls over the process to account for policy reserves for individual life insurance and individual annuity categories. We also examined the accuracy and the completeness of in-force policy information at the balance sheet date, which serves as the basis of accounting for policy reserves, by assessing the consistency between the insurance contract data used in the policy reserve calculation system and the data maintained in the insurance contract management system.<br><br>We involved actuarial specialists from our network firms and performed audit procedures included the following, among others:<br><br>・ We assessed the accuracy of calculations of policy reserves in accordance with the statement of calculation procedures by recalculating samples selected from insurance policies newly sold during the current consolidated fiscal year and policies for which additional policy reserves were recorded. In addition, we confirmed that the calculation procedures for additional insurance policy reserves in the current fiscal year have been approved by the Financial Services Agency.</td></tr>
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|---|---|
| In addition, life insurance companies are required to set aside additional policy reserves in accordance with Article 69, Paragraph 5 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 if the assumptions for calculations (e.g., expected mortality rate, expected interest rates, expected expense ratio) specified in the statement of calculation procedures for insurance premiums and policy reserves significantly deviate from the most recent actual rates. The Company evaluates whether it is necessary to set aside additional reserves, based on the stress testing for Third-Sector insurance and the analysis of future income and expenditure conducted by the appointed actuary.<br><br>The calculation of the policy reserves is complex, requiring a high degree of actuarial expertise. The stress testing for Third-Sector insurance and the analysis of future income and expenditure conducted by the appointed actuary requires estimates of future cash flows and other factors, and professional judgment is required to examine the adequacy of the amount set aside as policy reserves.<br><br>Based on the above factors, evaluating the accuracy of calculating policy reserves and the adequacy of the amount of policy reserves is of particular significance in our audit of the consolidated financial statements for the current fiscal year and is considered a key audit matter. | ・ We assessed whether the stress testing for Third-Sector insurance and the analysis of future income and expenditure performed by the appointed actuary were conducted in accordance with applicable laws and regulations and the “Standard of Practice for Appointed Actuaries of Life Insurance Companies” issued by The Institute of Actuaries of Japan and the Company’s in-house rules by inspecting the results of stress testing for Third-Sector insurance, as well as the written opinions and the supplementary report provided by the appointed actuary. We also compared the calculation results to results from prior years and made inquiries to the appointed actuary. |

| 2.Evaluation of impairment of tangible fixed assets | |
|---|---|
| **Description of Key Audit Matter** | **Auditor’s Response** |
| The Group recorded tangible fixed assets of ¥348,305 million on the consolidated balance sheet. The tangible fixed assets of the Company being the parent company | Our audit procedures performed related to the grouping of assets to evaluate impairment of real estate used for insurance business operations or real estate for rent, as well as |

| | |
|---|---|
| amounted to ¥347,734 million, accounting for 6.5% of total assets. The Company also recorded impairment losses of ¥736 million as extraordinary losses in the current fiscal year.<br><br>As described in Note 17 to Consolidated Balance Sheet, the Company classifies real estate and other assets used for insurance business operations as one asset group as a whole. Other assets such as real estate for rent, real estate not in use and real estate scheduled to be sold are classified as one group individually. For real estate used for multiple purposes, the asset group to which the real estate belongs is determined depending on usage rate and other factors.<br><br>In cases where indications of impairment are identified for asset groups and total amount of undiscounted net future cash flows from the asset groups are less than their book values, for example, earnings from business operations using the asset groups continuously become negative, the Company recognizes impairment losses and reduces the book values to their recoverable amounts.<br><br>The recoverable amounts of real estate and other assets for insurance business operations and real estate for rent are determined at value in use or net realizable value. The recoverable amounts of real estate not in use and real estate scheduled to be sold are determined at net realizable value. Value in use is determined based on estimated future cash flows. Net realizable value is calculated based on the appraisal value in accordance with “Real Estate Appraisal Standards” or the publicly announced appraisal value after deducting expected disposal costs.<br><br>In the grouping of assets, real estate used for multiple purposes is determined by its classification of whether it should belong to real estate used for insurance business operations or real estate for rent. Determining the intended use of each piece of real estate, which serves as the assumption of | estimating future cash flows in the recognition of impairment losses and calculation of value in use included the following, among others:<br><br>・ We examined whether there were any events affecting the intended purpose of real estate by inspecting documents and minutes of board meetings and management meetings.<br><br>・ We assessed whether the intended purpose of real estate was consistent with the actual use by inspecting the current state of the site.<br><br>We also performed the following audit procedures by involving real estate valuation specialists from our network firms:<br><br>・ We discussed with the departments responsible for real estate regarding the plans to use real estate, based on how such real estate is currently used (e.g., occupancy rate and rent), which is the basis of estimates of future cash flows. We also compared real estate for rent to external information on rent levels of similar real estate in the vicinity.<br><br>We compared the estimation period for future cash flows to the remaining economic useful lives of major assets. |

| | |
|---|---|
| classification, requires management's judgment. In addition, key assumptions for future cash flows used for the recognition of impairment losses and calculation of value in use include forward-looking information regarding the Company's plans to use real estate, based on how such asset groups are currently used (e.g., occupancy rate or rent). This involves uncertainties and management's judgment as well as a high degree of expertise.<br><br>Based on the above factors, the evaluation of impairment losses of real estate used for insurance business operations and real estate for rent is of particular significance in our audit of the consolidated financial statements of the current fiscal year and considered a key audit matter. | |

## Other Information

The other information comprises the information included in a disclosure document that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

## Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

## *Fee-related Information*

The fees for the audits of the financial statements of the Company and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 158 million yen and 80 million yen, respectively, and for the year ended March 31, 2024 are 157 million yen and 71 million yen, respectively.

**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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 28, 2025

Yuji Ozawa
Designated Engagement Partner
Certified Public Accountant

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

| As of March 31 | Millions of Yen 2025 | Millions of Yen 2024 | Millions of U.S. Dollars 2025 |
|---|---|---|---|
| **ASSETS:** | | | |
| Cash and deposits | ¥ 64,454 | ¥ 53,705 | $ 431 |
| Call loans | 78,000 | 73,000 | 521 |
| Monetary claims bought | 10,481 | 18,811 | 70 |
| Securities | 4,354,748 | 4,466,669 | 29,124 |
| Loans | 301,108 | 321,346 | 2,013 |
| Tangible fixed assets: | | | |
| Land | 204,082 | 207,428 | 1,364 |
| Buildings | 137,515 | 138,917 | 919 |
| Lease assets | 3,339 | 4,138 | 22 |
| Construction in progress | 885 | 1,188 | 5 |
| Other tangible fixed assets | 2,482 | 2,568 | 16 |
| | 348,305 | 354,240 | 2,329 |
| Intangible fixed assets: | | | |
| Software | 32,605 | 33,074 | 218 |
| Other intangible fixed assets | 7,091 | 7,257 | 47 |
| | 39,696 | 40,331 | 265 |
| Agency accounts receivable | 171 | 2 | 1 |
| Reinsurance receivables | 59,122 | 42,415 | 395 |
| Other assets | 59,869 | 101,567 | 400 |
| Net defined benefit assets | 888 | 799 | 5 |
| Deferred tax assets | 86 | 74 | 0 |
| Customers' liabilities under acceptances and guarantees | 1,425 | 1,025 | 9 |
| Allowance for possible loan losses | (885) | (738) | (5) |
| **Total assets** | **¥ 5,317,473** | **¥ 5,473,252** | **$ 35,563** |

| As of March 31 | Millions of Yen 2025 | Millions of Yen 2024 | Millions of U.S. Dollars 2025 |
|---|---|---|---|
| **LIABILITIES:** | | | |
| Policy reserves and other reserves: | | | |
| Reserve for outstanding claims | ¥ 46,014 | ¥ 41,060 | $ 307 |
| Policy reserves | 4,127,067 | 4,211,835 | 27,602 |
| Reserve for dividends to policyholders | 25,270 | 26,064 | 169 |
| | 4,198,353 | 4,278,959 | 28,078 |
| Reinsurance payables | 901 | 915 | 6 |
| Bonds payable | 102,609 | 102,609 | 686 |
| Other liabilities | 347,839 | 407,649 | 2,326 |
| Net defined benefit liabilities | 25,789 | 29,297 | 172 |
| Reserve for price fluctuation | 57,460 | 40,370 | 384 |
| Deferred tax liabilities | 27,791 | 39,226 | 185 |
| Deferred tax liabilities for land revaluation | 14,553 | 14,301 | 97 |
| Acceptances and guarantees | 1,425 | 1,025 | 9 |
| **Total liabilities** | **4,776,722** | **4,914,355** | **31,947** |
| **NET ASSETS:** | | | |
| Foundation funds | 51,000 | 51,000 | 341 |
| Reserve for redemption of foundation funds | 206,000 | 206,000 | 1,377 |
| Reserve for revaluation | 281 | 281 | 1 |
| Consolidated surplus | 76,891 | 81,934 | 514 |
| Total foundation funds and others | 334,173 | 339,216 | 2,234 |
| Net unrealized gains (losses) on available-for-sale securities, net of tax | 251,365 | 270,597 | 1,681 |
| Land revaluation differences | (45,909) | (50,371) | (307) |
| Accumulated remeasurements of defined benefit plans | 1,022 | (646) | 6 |
| Total accumulated other comprehensive income | 206,478 | 219,580 | 1,380 |
| Non-controlling interests | 99 | 100 | 0 |
| **Total net assets** | **540,751** | **558,896** | **3,616** |
| **Total liabilities and net assets** | **¥ 5,317,473** | **¥ 5,473,252** | **$ 35,563** |

## 2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

### [Consolidated Statements of Income]

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

| For the years ended March 31 | Millions of Yen 2025 | 2024 | Millions of U.S. Dollars 2025 |
|---|---|---|---|
| **Extraordinary gains:** | | | |
| Gains on disposal of fixed assets | 1,676 | 5,542 | 11 |
| Other extraordinary gains | 31 | — | 0 |
| | 1,707 | 5,542 | 11 |
| **Extraordinary losses:** | | | |
| Losses on disposal of fixed assets | 906 | 906 | 6 |
| Impairment losses | 736 | 1,141 | 4 |
| Provision for reserve for price fluctuation | 17,089 | 2,160 | 114 |
| Losses on reduction entry of real estate | 29 | 96 | 0 |
| Losses on valuation of shares of subsidiaries and affiliates | 2,972 | — | 19 |
| Other extraordinary losses | — | 5 | — |
| | 21,733 | 4,310 | 145 |
| **Surplus before income taxes** | **2,334** | **6,679** | **15** |
| **Income taxes:** | | | |
| Current | 5,384 | 6,698 | 36 |
| Deferred | (8,231) | (5,864) | (55) |
| **Total income taxes** | **(2,846)** | **834** | **(19)** |
| **Net surplus** | **5,180** | **5,845** | **34** |
| **Net surplus attributable to non-controlling interests** | **55** | **57** | **0** |
| **Net surplus attributable to the Parent Company** | **¥ 5,125** | **¥ 5,788** | **$ 34** |

## [Consolidated Statements of Comprehensive Income]

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

## 3. Consolidated Statements of Changes in Net Assets

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

Millions of Yen

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

Millions of Yen

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

Millions of Yen

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

Millions of Yen

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

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

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

## 4. Consolidated Statements of Cash Flows

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

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

## 5. Notes to Consolidated Financial Statements

Asahi Mutual Life Insurance Company and its Consolidated Subsidiaries

### I. Presentation of Consolidated Financial Statements

#### 1. Basis of Presentation

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

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

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

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

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

#### 2. U.S. Dollar Amounts

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

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

#### 3. Principles of Consolidation

(1) Scope of consolidation

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

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

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

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

(2) Application of equity method

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

(3) Fiscal year-end of consolidated subsidiaries

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

(4) Amortization of goodwill

Goodwill is fully expensed as incurred.

## II. Notes to Consolidated Balance Sheets

### 1. Significant Accounting Policies

(1) Valuation methods of securities

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

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

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

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

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

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

(2) Policy-reserve-matching bonds

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

(3) Valuation methods of derivative financial instruments

Derivative financial instruments are stated at fair market value.

(4) Revaluation of land

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

■ Date of revaluation: March 31, 2001

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

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

(5) Depreciation of tangible fixed assets

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

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

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

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

(6) Foreign currency translation

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

(7) Allowance for possible loan losses

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

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

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

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

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

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

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

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

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

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

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

(9) Reserve for price fluctuation

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

(10) Accounting for hedging activities

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

The Company mainly applies the following hedging activities:

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

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

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

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

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

(11) Accounting for consumption taxes

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

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

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

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

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

(13) Reinsurance revenue

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

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

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

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

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

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

(Overview of the calculation method)

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

*Note for the fiscal year ended March 31, 2024*

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

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

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

(Overview of the calculation method)

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

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

(15) Reinsurance premiums

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

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

(16) Policy reserves

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

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

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

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

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

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

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

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

*Note for the fiscal year ended March 31, 2024*

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

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

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

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

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

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

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

Enforcement Regulation of the Insurance Business Act.

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

(17) Impairment losses of tangible fixed assets

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

i) Calculation method

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

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

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

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

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

ii) Key assumptions

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

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

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

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

(18) Software

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

## 2. Accounting Standards Issued but Not Yet Effective

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

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

i) Overview

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

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

ii) Scheduled date of application

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

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

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

## 3. Financial Instruments

(1) Qualitative information on financial instruments

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

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

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

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

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

(2) Fair value of financial instruments

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

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

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

Millions of Yen

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

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

Millions of U.S. Dollars

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

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

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

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

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

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

i) Trading securities

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

ii) Held-to-maturity debt securities

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

Millions of Yen

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

Millions of Yen

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

Millions of U.S. Dollars

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

iii) Policy-reserve-matching bonds

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

Millions of Yen

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

Millions of Yen

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

Millions of U.S. Dollars

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

iv) Available-for-sale securities

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

Millions of Yen

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

Millions of Yen

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

Millions of U.S. Dollars

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

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

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

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

Millions of Yen

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 3: Fair values measured by significant unobservable inputs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Millions of Yen

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

Millions of Yen

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

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

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

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

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

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

ii) Loans

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

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

iii) Bonds payable

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

iv) Loans payable

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

v) Derivative financial instruments

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

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

*Note for the fiscal year ended March 31, 2024*

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

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

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

i) Quantitative information on significant unobservable inputs

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

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

Millions of Yen

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

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

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

Millions of Yen

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

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

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

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

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

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

iii) Description of the fair value evaluation process

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

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

## 5. Investments and Rental Properties

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

## 6. Securities Lent under Lending Agreements

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

## 7. Claims

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

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

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

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

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

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

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

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

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

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

## 8. Accumulated Depreciation of Tangible Fixed Assets

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

## 9. Separate Accounts

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

**10. Reserve for Dividends to Policyholders**

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

**11. Stocks of Unconsolidated Subsidiaries and affiliates**

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

**12. Pledged Assets**

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

**13. Unamortized Ceding Commissions**

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

**14. Assets with Rights to Sell**

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

**15. Commitment Line**

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

**16. Subordinated Bonds Payable**

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

**17. Subordinated Loans Payable**

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

## 18. Deferred Taxes

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

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

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

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

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

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

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

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

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

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

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

## 19. Accrued Retirement Benefits and Net Defined Benefit Liabilities

(1) Summary of retirement benefit plans

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

(2) Defined benefit plan

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

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

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

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

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

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

iv) Breakdown of retirement benefit expenses

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

v) Breakdown of items included in other comprehensive income

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

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

vi) Breakdown of items included in accumulated other comprehensive income

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

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

vii) Breakdown of main pension plan assets

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

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

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

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

ix) Underlying actuarial assumptions

The main underlying actuarial assumptions were as follows:

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

## 20. Significant Subsequent Events

(1) Redemption of Foundation Funds

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

(2) Transfer of Fixed Assets

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

i) Reason for the transfer

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

ii) Transferee

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

iii) Details of transferred assets

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

iv) Transfer timing

July 31, 2025

v) Impact on profit or loss

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

## III. Notes to Consolidated Statements of Income

### 1. Investment Income and Expenses

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

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

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

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

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

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

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

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

### 2. Reinsurance Revenue and Reinsurance Premiums

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

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

## 3. Impairment Losses of Fixed Assets

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

(1) Method of grouping

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

(2) Background information on recognizing the impairment losses

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

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

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

(4) Calculation method of recoverable amounts

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

## IV. Notes to Consolidated Statements of Comprehensive Income

### Other Comprehensive Income

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

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

## V. Notes to Consolidated Statements of Cash Flows

### Scope of Cash and Cash Equivalents

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