



Consolidated Financial Statements 2025

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen

As of March 31,	2024	2025
Assets:		
Cash and deposits	¥ 1,137,609	¥ 778,681
Call loans	797	10,089
Monetary claims purchased	165,643	170,671
Monetary trusts	1,155,716	1,115,454
Securities (Notes 8, 12 and 13)	12,280,990	12,212,019
Loans (Notes 3 and 7)	1,743,364	1,653,720
Tangible fixed assets (Note 4)	378,019	373,697
Land (Note 2 (13))	210,498	208,807
Buildings	152,636	157,831
Lease assets	462	405
Construction in progress	10,369	368
Other tangible fixed assets	4,052	6,284
Intangible fixed assets	43,378	55,057
Software	42,180	53,882
Lease assets	40	22
Other intangible fixed assets	1,158	1,152
Due from agencies	325	282
Reinsurance receivable	78,915	60,578
Other assets (Note 13)	217,487	181,355
Retirement benefit asset	10,736	10,062
Deferred tax assets	256	301
Reserve for possible loan losses	(6,130)	(2,962)
Total assets	¥17,207,110	¥ 16,619,009

Millions of yen

As of March 31,	2024	2025
Liabilities:		
Policy reserves	¥14,301,729	¥13,721,161
Reserve for outstanding claims	84,581	84,167
Policy reserve	14,148,395	13,568,704
Reserve for policyholder dividends (Note 6)	68,752	68,289
Due to agencies	1,584	1,215
Reinsurance payable	29,557	42,233
Short-term debentures	7,994	7,989
Bonds (Note 9)	120,000	120,000
Other liabilities (Notes 10 and 13)	939,120	1,071,568
Provision for bonuses to directors and audit & supervisory committee members	269	349
Provision for share-based remuneration	1,403	2,265
Retirement benefit liability	35,455	33,767
Provision for directors' and audit & supervisory committee members' retirement benefits	23	27
Reserves under the special laws	274,447	281,262
Reserve for price fluctuations	274,447	281,262
Deferred tax liabilities	81,241	25,870
Deferred tax liabilities on land revaluation (Note 2 (13))	4,356	4,470
Total liabilities	15,797,184	15,312,180
Net assets:		
Capital stock	207,111	207,111
Retained earnings	533,841	607,242
Treasury shares	(26,610)	(75,106)
Total shareholders' equity	714,342	739,248
Valuation difference on available-for-sale securities	668,135	526,981
Deferred gains (losses) on hedging instruments	(2,221)	(1,853)
Revaluation reserve for land (Note 2 (13))	(19,410)	(6,124)
Foreign currency translation adjustments	38,906	38,742
Debt value adjustments of foreign subsidiaries and affiliates	3,810	3,810
Total accumulated other comprehensive income	689,220	561,555
Subscription rights to shares	343	304
Non-controlling interests	6,020	5,721
Total net assets	1,409,926	1,306,829
Total liabilities and net assets	¥ 17,207,110	¥ 16,619,009

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Operations

Millions of yen

Years ended March 31,	2024	2025
Ordinary revenues	¥3,207,991	¥3,730,479
Income from insurance premiums	2,474,555	2,579,821
Investment income	642,076	488,335
Interest, dividends and income from real estate for rent	327,694	356,497
Gains from monetary trusts, net	77,414	—
Gains on investments in trading securities, net	153	—
Gains on sales of securities	142,662	115,711
Foreign exchange gains, net	67,480	9,290
Reversal of reserve for possible loan losses	—	1,366
Other investment income	5,456	4,561
Gains on separate accounts, net	21,216	909
Other ordinary revenues	91,359	662,322
Ordinary expenses	3,048,182	3,531,884
Insurance claims and other payments	2,165,126	2,968,213
Insurance claims	314,664	305,142
Annuity payments	320,873	340,747
Insurance benefits	169,197	176,981
Surrender payments	675,485	851,478
Other payments	73,966	109,889
Reinsurance premiums	610,938	1,183,974
Provision for policy reserves	246,726	14
Provision for reserve for outstanding claims	9,011	—
Provision for policy reserve	237,700	—
Interest portion of reserve for policyholder dividends	15	14
Investment expenses	305,210	216,038
Interest expenses	1,434	2,403
Losses from monetary trusts, net	—	6,807
Losses on investments in trading securities, net	—	228
Losses on sales of securities	99,536	87,357
Devaluation losses on securities	5,317	10,853
Losses from derivatives, net	151,641	74,393
Provision for reserve for possible loan losses	4,468	—
Depreciation of real estate for rent	6,127	6,495
Other investment expenses	36,684	27,499
Operating expenses	250,726	265,445
Other ordinary expenses	77,994	80,968
Equity in losses of affiliates	2,397	1,202
Ordinary profit	¥ 159,809	¥ 198,595

(continued)

Millions of yen

Years ended March 31,	2024	2025
Extraordinary gains	¥ 10,623	¥ 8,232
Gains on disposal of fixed assets	9,804	5,541
Gains on negative goodwill	—	1,341
State subsidy	819	1,349
Extraordinary losses	10,302	12,215
Losses on disposal of fixed assets	634	2,449
Impairment losses (Note 14)	1,730	1,580
Provision for reserve for price fluctuations	7,118	6,814
Subsidized Project Expenses	819	1,370
Provision for reserve for policyholder dividends	25,050	25,917
Profit before income taxes	135,080	168,695
Income taxes (current)	34,048	53,704
Income taxes (deferred)	990	(12,413)
Total income taxes	35,038	41,290
Profit	100,041	127,404
Profit attributable to non-controlling interests	1,264	992
Profit attributable to owners of parent	¥ 98,777	¥126,411

Consolidated Statement of Comprehensive Income

Millions of yen

Years ended March 31,	2024	2025
Profit	¥100,041	¥127,404
Other comprehensive income:		
Valuation difference on available-for-sale securities	391,860	(140,827)
Deferred gains (losses) on hedging instruments	(2,382)	367
Revaluation reserve for land	—	(139)
Foreign currency translation adjustments	26	(3)
Share of other comprehensive income of companies accounted for under the equity method	3,812	(163)
Total other comprehensive income (Note 15)	393,316	(140,766)
Comprehensive income	¥493,358	¥ (13,361)
(Breakdown)		
Comprehensive income attributable to owners of parent	492,306	(14,678)
Comprehensive income attributable to non-controlling interests	1,051	1,316

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income								
					Total	Valuation	Deferred		Foreign	Debt value	Total			
Year ended March 31, 2024	Capital stock	Capital surplus	Retained earnings	Treasury shares	shareholders' equity	difference on available-for-sale securities	gains (losses) on hedging instruments	Revaluation reserve for land	currency translation adjustments	adjustments of foreign subsidiaries and affiliates	other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	¥207,111	¥ 64,040	¥504,160	¥(68,361)	¥706,952	¥274,861	¥ 161	¥(34,256)	¥35,070	¥3,810	¥279,647	¥570	¥6,511	¥ 993,681
Cumulative effects of revision in accounting standards for foreign subsidiaries and affiliates			(1,198)		(1,198)	1,198					1,198			—
Restated balance	207,111	64,040	502,962	(68,361)	705,754	276,059	161	(34,256)	35,070	3,810	280,845	570	6,511	993,681
Changes in the period														
Dividends			(35,895)		(35,895)									(35,895)
Profit attributable to owners of parent			98,777		98,777									98,777
Purchase of treasury shares				(40,049)	(40,049)									(40,049)
Disposal of treasury shares		(104)		705	601									601
Retirement of treasury shares		(81,094)		81,094	—									—
Reversal of revaluation reserve for land			(14,846)		(14,846)									(14,846)
Change of scope of consolidation			0		0									0
Transfer to capital surplus from retained earnings		17,157	(17,157)		—									—
Net changes of items other than shareholders' equity						392,076	(2,382)	14,846	3,835	—	408,375	(226)	(491)	407,656
Total changes in the period	—	(64,040)	30,878	41,750	8,587	392,076	(2,382)	14,846	3,835	—	408,375	(226)	(491)	416,244
Balance at the end of the year	¥207,111	¥ —	¥533,841	¥(26,610)	¥714,342	¥668,135	¥(2,221)	¥(19,410)	¥38,906	¥3,810	¥689,220	¥343	¥6,020	¥1,409,926

Millions of yen

Year ended March 31, 2025	Shareholders' equity					Accumulated other comprehensive income								Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Revaluation reserve for land	Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income					
Balance at the beginning of the year	¥207,111	¥ —	¥533,841	¥(26,610)	¥714,342	¥668,135	¥(2,221)	¥(19,410)	¥38,906	¥3,810	¥689,220	¥343	¥6,020	¥1,409,926		
Changes in the period																
Dividends			(39,561)		(39,561)									(39,561)		
Profit attributable to owners of parent			126,411		126,411									126,411		
Purchase of treasury shares				(48,778)	(48,778)									(48,778)		
Disposal of treasury shares		(24)		283	259									259		
Reversal of revaluation reserve for land			(13,425)		(13,425)									(13,425)		
Transfer to capital surplus from retained earnings		24	(24)		—									—		
Net changes of items other than shareholders' equity						(141,154)	367	13,285	(164)	—	(127,665)	(39)	(298)	(128,002)		
Total changes in the period	¥ —	¥ —	73,401	(48,495)	24,906	(141,154)	367	13,285	(164)	—	(127,665)	(39)	(298)	(103,096)		
Balance at the end of the period	¥207,111	¥ —	¥607,242	¥(75,106)	¥739,248	¥526,981	¥(1,853)	¥(6,124)	¥38,742	¥3,810	¥561,555	¥304	¥5,721	¥1,306,829		

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Millions of yen

Years ended March 31,	2024	2025
Cash flows from operating activities:		
Profit before income taxes	¥135,080	¥168,695
Depreciation of real estate for rent	6,127	6,495
Depreciation	14,900	15,391
Impairment losses	1,730	1,580
Gains on negative goodwill	—	(1,341)
Increase (decrease) in reserve for outstanding claims	9,011	(413)
Increase (decrease) in policy reserve	237,700	(579,691)
Interest portion of reserve for policyholder dividends	15	14
Provision for reserve for (reversal of) policyholder dividends	25,050	25,917
Increase (decrease) in reserve for possible loan losses	4,465	(1,654)
Increase (decrease) in provision for bonuses to directors and audit & supervisory committee members	(33)	76
Increase (decrease) in provision for share-based remuneration	(21)	861
Decrease (increase) in retirement benefit asset	(7,992)	673
Increase (decrease) in retirement benefit liability	(5,363)	(1,694)
Increase (decrease) in provision for directors' and audit & supervisory committee members' retirement benefits	(38)	2
Increase (decrease) in reserve for price fluctuations	7,118	6,814
Interest, dividends and income from real estate for rent	(327,694)	(356,497)
Losses (gains) on investment securities	(59,177)	(18,180)
Interest expenses	1,434	2,403
Foreign exchange losses (gains), net	(67,464)	(10,866)
Losses (gains) on disposal of tangible fixed assets	(9,409)	(3,337)
Equity in losses (earnings) of affiliates	2,397	1,202
Decrease (increase) in amount due from agencies	99	42
Decrease (increase) in amount reinsurance receivable	(32,810)	17,102
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(24,293)	(32,717)
Increase (decrease) in amount due to agencies	(771)	(368)
Increase (decrease) in amount reinsurance payable	1,952	12,675
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	9,250	5,348
Others, net	105,540	104,302
Subtotal	26,804	(637,163)
Interest, dividends and income from real estate for rent received	306,437	317,377
Interest paid	(1,432)	(2,023)
Policyholder dividends	(25,898)	(26,440)
Others, net	3,905	1,869
Income taxes (paid) refunded	(47,062)	(13,486)
Net cash provided by (used in) operating activities	¥262,754	¥(359,867)

(continued)

Consolidated Financial Statements

Millions of yen

Years ended March 31,	2024	2025
Cash flows from investing activities:		
Net decrease (increase) in cash and deposits	¥ 1,200	¥ (17,400)
Investments in monetary claims purchased	(6,807)	(4,194)
Proceeds from sales and redemption of monetary claims purchased	7,962	16,350
Investments in monetary trusts	(82,050)	(90,418)
Proceeds from monetary trusts	219,000	124,000
Purchase of securities	(1,864,639)	(1,763,246)
Proceeds from sales and redemption of securities	2,198,230	1,749,088
Investments in loans	(297,165)	(290,453)
Collection of loans	341,556	370,133
Others, net	(699,320)	5,977
Subtotal	(182,034)	99,836
Total of net cash provided by (used in) operating activities and investment transactions as above	80,719	(260,030)
Purchase of tangible fixed assets	(15,507)	(19,598)
Proceeds from disposal of tangible fixed assets	17,454	14,563
Others, net	(158)	(531)
Net cash provided by (used in) investing activities	(180,245)	94,269
Cash flows from financing activities:		
Net increase (decrease) in short-term debentures	1,995	(5)
Proceeds from issuance of debt	9,000	16,000
Repayments of debt	(12,541)	(13,245)
Proceeds from issuance of bonds	—	30,000
Redemption of bonds	—	(30,000)
Proceeds from share issuance to non-controlling shareholders	149	92
Repayments to non-controlling shareholders	(1,669)	(1,688)
Payment of lease obligations	(633)	(490)
Purchase of treasury shares	(40,049)	(48,778)
Disposal of treasury shares	374	220
Dividends paid	(35,829)	(39,420)
Dividends paid to non-controlling interests	(23)	(23)
Others, net	0	0
Net cash provided by (used in) financing activities	(79,227)	(87,340)
Effect of exchange rate changes on cash and cash equivalents	3,157	2,363
Net increase (decrease) in cash and cash equivalents	6,438	(350,573)
Cash and cash equivalents at the beginning of the year	1,165,567	1,172,006
Net increase (decrease) in cash and cash equivalents resulting in change in scope of consolidation	—	1,664
Cash and cash equivalents at the end of the year (Note 17)	¥ 1,172,006	¥ 823,096

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Notes on Going-Concern Assumption

Not applicable.

Note 2 Summary of Significant Accounting Policies

(1) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the "Company") was established as a life insurance holding company, of which Taiyo Life Insurance Company ("Taiyo Life"), Daido Life Insurance Company ("Daido Life") and T&D Financial Life Insurance Company ("T&D Financial Life") (hereafter, the "Three Life Insurance Companies") became wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries (the "T&D Insurance Group"), maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Act of Japan (the "Insurance Business Act") and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

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

(2) Principles of consolidation

a. Matters related to the scope of consolidation

(i) Number of consolidated subsidiaries: 21

The names of the consolidated subsidiaries:

Taiyo Life Insurance Company
Daido Life Insurance Company
T&D Financial Life Insurance Company
T&D United Capital Co., Ltd.
T&D Asset Management Co., Ltd.
Pet & Family Insurance Co., Ltd.

All Right Co., Ltd.
T&D Information System, Ltd.
T&D United Capital North America Inc.
T&D Risk Solutions Co., Ltd.
T&D Confirm Ltd.
T&D Lease Co., Ltd.
Taiyo Credit Guarantee Co., Ltd.
Toyo Insurance Agency Co., Ltd.
Taiyo Life Aging Society Institute
Toyo Kosan Ltd.
Daido Management Service Co., Ltd.
Nihon System Shuno Inc.
Zenkoku Business Center Co., Ltd.
and 2 other companies

In the consolidated fiscal year ended March 31, 2025, Toyo Kosan Ltd. was included in the scope of consolidation due to an increase in the voting rights ratio following its repurchase of treasury stock.

(ii) Names of main non-consolidated subsidiaries, etc.: none

b. Matters related to the application of the equity method

(i) Number of non-consolidated subsidiaries accounted for under the equity method: none

(ii) Number of affiliates accounted for under the equity method: 5

The affiliates accounted for under the equity method are Capital Taiyo Life Insurance, Ltd., Thuriya Ace Technology Co., Ltd., Alternative Investment Capital Ltd., FGH Parent, L.P., and 1 other company.

(iii) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none

(iv) For the companies accounted for under the equity method for which the closing date is different from the consolidated closing date, the financial statements of each company's fiscal year are used. In addition, for some of the companies accounted for under the equity method, financial statements, based on provisional settlement of accounts implemented on other record date, are used.

c. Matters related to the fiscal year of consolidated subsidiaries, etc.

The closing dates of some consolidated subsidiaries are December 31 and their financial statements as of the same date are used for preparing the consolidated financial

Notes to Consolidated Financial Statements

statements. The necessary adjustments for consolidation are made when important transactions occur between the closing dates and the consolidated closing date.

(3) Foreign currency translation

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the prevailing foreign exchange rates at the consolidated balance sheet date.

Assets, liabilities, revenues and expenses of the Company's affiliates located outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet date. Translation differences of foreign currencies are included in net assets as foreign currency translation adjustments.

(4) Accounting policy for measuring significant assets

- a. Evaluation criteria and evaluation method for securities (including cash and deposits/monetary claims purchased which are equivalent to securities and securities invested as trust properties in monetary trusts)
- (i) Trading securities
 - Fair value method (costs of securities sold are calculated based on the moving average method)
 - (ii) Held-to-maturity bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iii) Policy-reserve-matching bonds
 - Amortized cost method based on the moving average method (straight-line method)
 - (iv) Available-for-sale securities
 - Securities other than stocks without market prices are valued by using the fair value method (cost of sales is calculated by using the moving average method).
 - Stocks without market prices are valued at the cost method using the moving average method.

The valuation differences of available-for-sale securities are reported as a component of net assets.

For some of the consolidated subsidiaries, translation differences of bonds in foreign currency-denominated available-for-sale securities are treated as follows: the translation differences from foreign currency fair value fluctuations are recorded as "net unrealized gains (losses)" and the remaining differences as "foreign exchange gains (losses).

The overview of the risk management policies of policy-reserve-matching bonds

[Taiyo Life]

Managed by setting the investment policy of attempting to effectively reduce the risk of the whole portfolio by asset mix which is based on a balanced-type ALM aiming at exceeding medium- and long-term liability cost.

Taking into account this investment policy and based on the "Temporary Treatment of Accounting and Auditing Concerning

Policy-Reserve-Matching Bonds within the Insurance Industry" (JICPA, Industry Audit Committee Report No. 21), the following insurance policies are identified and classified as a sub-segment.

- All policies except for group insurance products segment, other insurance product segment, non-participating currency designation type single-premium individual annuity insurance, non-participating currency designation type special endowment insurance with living benefit, etc. in the general asset segment
- All non-participating currency specific-type single-premium individual annuity insurance policies and non-participating currency designation type special endowment insurance with living benefit by currency in the general asset segment
- All defined contribution corporate pension insurance policies in the group annuity insurance asset segment
- All insurance policies in the variable interest rate type single-premium insurance asset segment

[Daido Life]

Managed by setting the investment policy fully considering the characteristics and the risk tolerance of insurance products in order to ensure the fulfillment of future obligations.

Based on this investment policy, sub-segments in accordance with the characteristics of the insurance products are set and bonds held in the attempt to control the duration within each sub-segment are classified as policy-reserve-matching bonds. The sub-segments are set as follows:

- Individual insurance/individual annuity insurance in the general asset segment
- Individual insurance/individual annuity insurance in the non-participating insurance asset segment (subjects are the cash flows likely to occur in the period of over 5 years and within 40 years in the future)
- Group annuity insurance in the group annuity insurance asset segment

[T&D Financial Life]

Sub-segments are set in accordance with the characteristics of the insurance products and the asset management policy is formulated considering each sub-segment in order to manage interest rate risk appropriately. Further, the matching of the duration of policy reserve and policy-reserve-matching bonds within constant width are verified regularly. The sub-segments are set as follows:

- Individual insurance (the portion of the future payout at the certain attained age and above of the subject insurance type)
- Accumulation rate type individual insurance
- Accumulation rate type fixed annuity insurance

Note that some insurance types and benefits are excluded.

- b. Evaluation criteria and evaluation method of derivative transactions

Evaluation of derivative transactions is processed based on the fair value method.

(5) Reserve for possible loan losses

The reserve for possible loan losses of the Three Life Insurance Companies is allocated in accordance with the self-assessment criteria and amortization/provision criteria of assets in order to provide for losses due to irrecoverable credits, as follows:

For loans to borrowers who are in a state of legal/formal bankruptcy such as bankruptcy and civil rehabilitation, or in a state of substantial bankruptcy, the remaining amount of the loan after directly deducting the amount stated below, less the estimated amount collectible from collateral and guarantees is recorded.

For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, the amount deemed necessary from the overall assessment of the borrowers' solvency is recorded from the remaining amount of the loan after deducting the estimated amount collectible from collateral and guarantees.

For loans other than the above (performing loans and doubtful loans), historical loan-loss ratio calculated from the loan losses from the fixed period in the past, multiplied by the loan amount, etc., is recorded.

All loans are subject to asset assessment by the related division based on the self-assessment criteria of the assets. The reserve mentioned above is implemented based on the assessment results, after the asset auditing division independent from the related division audits the assessment results.

For collateralized or guaranteed loans to borrowers subject to bankruptcy or substantial bankruptcy, the amount of loans exceeding the estimated value of collateral or guarantees, which were deemed uncollectible, was directly deducted from the amount of loans in the amounts of ¥337 million and ¥1,844 million for the years ended March 31, 2024 and 2025, respectively.

Consolidated subsidiaries other than the Three Life Insurance Companies allocate reserves for possible loan losses, in accordance with criteria equivalent to the above, based on the results of the assessment which is implemented in the scope deemed necessary considering the importance.

(6) Allocation method for reserve for price fluctuations

Reserves for price fluctuations of the Three Life Insurance Companies are allocated in order to provide for losses due to price fluctuations, which is pursuant to requirements under Article 115 of the Insurance Business Act.

(7) Policy reserve

To prepare for future performance of obligations under insurance policies for which contractual liability have commenced on or before the end of the consolidated fiscal year ended March 31, 2025, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with methodologies stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph

2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, premium reserve is calculated based on the following methodologies:

- For policies subject to standard policy reserve, the method established by the Commissioner of the Financial Services Agency (Notification No. 48 of the Ministry of Finance (1996))
- For policies not subject to standard policy reserve, net level premium method

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by an appointed actuary whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance policies, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

(8) Provision for bonuses to directors and Audit & Supervisory Committee members

To provide for payment of bonuses to directors and Audit & Supervisory Committee members, a provision for the directors' and Audit & Supervisory Committee members' bonuses is recorded based on the expected amount to be paid as of the end of the year ended March 31, 2025.

(9) Provision for share-based remuneration

To provide for delivery of stock of the Company to employees, etc., the estimated amount of share benefit obligations based on the internal rules of the Company and its Group companies is recorded in provision for share-based remuneration.

(10) Provision for directors' and Audit & Supervisory Committee members' retirement benefits

To provide for directors' and Audit & Supervisory Committee members' retirement benefits, the Company sets up a provision for directors' and Audit & Supervisory Committee members' retirement benefits based on the internal rules of certain consolidated subsidiaries, which is recorded in the amount recognized to have accrued as of March 31, 2025.

(11) Accounting method for employees' retirement benefits

For the calculation of retirement benefit obligations, the method for attributing the expected retirement benefit amount to each period up to the current fiscal year-end is based on the benefit formula standard.

Actuarial gains and losses and past service costs are fully expensed in the fiscal year which they accrue.

Notes to Consolidated Financial Statements

(12) Depreciation method for significant depreciable assets

- a. Tangible fixed assets (except for lease assets)

Depreciation of tangible fixed assets (except for lease assets) is mainly calculated under the declining-balance method. Depreciation of buildings (except for facilities attached to buildings and structures) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016, is calculated under the straight-line method. The main durable years are as follows:

 - Buildings, facilities attached to buildings and structures: 2-50 years
 - Furniture and fixtures: 2-20 years
- b. Intangible fixed assets (except for lease assets)

Depreciation of software used in-house is calculated under the straight-line method over a useful life of five years.
- c. Lease assets

For the depreciation of lease assets, lease assets with respect to ownership-transfer finance leases are calculated under the same method for self-owned tangible fixed assets, and lease assets with respect to non-ownership-transfer finance leases are calculated under the straight-line method over the lease period.
- d. Treatment of deferred assets

Bond issuance expenses are treated in full at the time of incurrence.

(13) Revaluation reserve for land

- Taiyo Life revalued its land for operating purposes based on Act on Revaluation of Land (Act No. 34 of 1998). Regarding the valuation differences between the previous and the revalued amounts, the tax equivalent to this valuation differences has been recorded in Liabilities section as "Deferred tax liabilities on land revaluation" and the amount after deducting the tax equivalent from the valuation differences is recorded in Net Assets as "Revaluation reserve for land."
- The method of revaluation provided for in Article 3, Paragraph 3 of the same law
- The amount is rationally adjusted and calculated based on the listed land price value as prescribed in Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Order No. 119 of 1998), the benchmark land price as prescribed in Article 2, Item 2 of the same, and an appraisal by the real estate appraisers as prescribed in Article 2, Item 5 of the same, etc.
- Date of revaluation: March 31, 2002

(14) Method for significant hedge accounting

- a. Hedge accounting method for Taiyo Life
 - (i) Method for hedge accounting

Deferral hedge treatment and fair value hedge

treatment are used in hedge accounting. Special treatment is applied for interest rate swap transactions qualifying for special treatment, and allocation treatment is applied for currency swap transactions qualifying for allocation treatment.

- (ii) Hedging instrument and hedged item
 - 1) Hedging instrument: interest rate swap
Hedged item: loans and bonds
 - 2) Hedging instrument: currency swap
Hedged item: foreign currency-denominated loans
 - 3) Hedging instrument: foreign exchange contract and currency options
Hedged item: foreign currency-denominated assets
 - 4) Hedging instrument: option
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds
 - 5) Hedging instrument: credit transaction
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts
 - 6) Hedging instrument: forward contract
Hedged item: domestic and foreign stocks, domestic and foreign-listed investment trusts

(iii) Hedging policy

Based on internal rules, etc., in accordance with the risk management policy concerning asset management, cash flow and price fluctuation risks related to hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated semi-annually by methods such as ratio analysis which compares the cumulative total of market fluctuations or cash flow fluctuations of hedged items and hedging instruments. However, evaluation of hedge effectiveness is omitted for interest rate swap transactions under special treatment, etc., currency swap transactions under allocation treatment, foreign exchange contracts and currency options in which both the hedged item and the hedging instrument are denominated in the same currency, option transactions in which hedged items are domestic/foreign stocks and domestic/foreign-listed investment trusts, credit transactions and forward contracts, and option transactions in which domestic bonds are the hedged item.

b. Hedge accounting method for Daido Life

- (i) Method for hedge accounting

Fair value hedge treatment is adopted for the method for hedge accounting. Allocation treatment is adopted

for foreign exchange contract transactions hedging foreign currency-denominated term deposits qualifying for allocation treatment.

(ii) Hedging instrument and hedged item

- 1) Hedging instrument: foreign exchange contract
Hedged item: foreign currency-denominated securities and term deposits
- 2) Hedging instrument: currency options
Hedged item: foreign currency-denominated securities

(iii) Hedging policy

Based on internal rules, etc., concerning asset management, foreign exchange fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

Hedge effectiveness is evaluated by ratio analysis which mainly compares the fair value fluctuation of hedged items and hedging instruments.

However, the evaluation is omitted if the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

c. Hedge accounting method for T&D United Capital Co., Ltd.

(i) Method for hedge accounting

Deferral hedge treatment is adopted for the method for hedge accounting. Furthermore, allocation treatment is adopted since the transaction qualify for the treatment.

(ii) Hedging instrument and hedged item

- Hedging instrument: foreign exchange contract
- Hedged item: foreign currency-denominated stocks (forecast transaction)

(iii) Hedging policy

Based on the resolution made at the Board of Directors' meeting regarding the acquisition of foreign currency-denominated stocks, foreign exchange fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness

The evaluation is omitted, since the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.

(15) Accounting treatment for consumption taxes

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method. However, expenses of the nonlife insurance subsidiary such as loss adjustment expenses, sales and administrative expenses, etc. are treated based on the tax inclusion method. Furthermore, non-deductible consumption tax on assets, etc., which is prescribed in the tax law as deferred consumption tax, etc., is recorded in other assets and amortized over a 5-year period on a straight-line basis, whereas tax other than deferred consumption tax is expensed in the fiscal year in which it accrues.

(16) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash, deposits withdrawable at any time and readily convertible into cash, and short-term investments (term deposits, call loans, commercial paper, treasury discount bills, etc.) with insignificant risk of price fluctuations and with a maturity of 3 months or less at the time of acquisition.

(17) Income from insurance premiums

In general, income from insurance premiums (excluding reinsurance income) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance policies for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the end of the consolidated fiscal year ended March 31, 2025 is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.

(18) Insurance claims and other payments/ Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated and paid based on the policy conditions, for which the insured events provided in the policy conditions have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided for unpaid insurance proceeds over the contracts for which payment obligations exist as of the end of the consolidated fiscal year ended March 31, 2025 or for which insured events have already incurred but not reported (hereinafter the "IBNR claims").

On May 8, 2023, the special treatment of hospital benefit, etc. for those who are diagnosed with COVID-19 and receive medical treatment at accommodation facilities or home under the supervision of doctors, etc. (hereinafter the "deemed hospitalization") ended. As a result, the reserve for IBNR claims cannot be calculated at an appropriate level based on the main rule in Article 1, Paragraph 1 of Notification of the Ministry of Finance No. 234 (1998) (hereinafter the "IBNR Notification"). Therefore, the reserve is calculated and recognized as follows based on the proviso of Article 1, Paragraph 1 of IBNR Notification.

(Overview of calculation method)

The reserve is calculated by the same method as the main rule in Article 1, Paragraph 1 of IBNR Notification after excluding the amount relating to deemed hospitalization from the required amount of reserve for IBNR claims and payment amount of insurance claims, etc. for all the consolidated fiscal years

Notes to Consolidated Financial Statements

stipulated by the main rule in Article 1, Paragraph 1 of IBNR Notification.

(19) Reinsurance income and Reinsurance premiums

As for reinsurance income of the Three Life Insurance Companies, insurance claims and others to be received based on a reinsurance contract are recorded at the time of payment of insurance claims and others relating to an underlying insurance contract, etc.

As for reinsurance premiums of the Three Life Insurance Companies, insurance premiums and others to be paid based on a reinsurance contract are recorded at the time of receipt of insurance premiums and others relating to an underlying insurance contract or at the time of conclusion of the reinsurance contract.

As for modified coinsurance, amounts received based on a reinsurance contract as part of amounts equivalent to acquisition costs relating to an underlying insurance contract are recorded on reinsurance income, and the same amounts are recorded on reinsurance receivable as unamortized ceded commissions, which are amortized over the period of the reinsurance contract.

Also, part of policy reserve and reserve for outstanding claims equivalent to amounts which have been ceded is not set aside based on Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Ordinance for Enforcement of the Insurance Business Act.

(20) Significant Accounting Estimates

a. Policy reserve

- (i) Amounts recognized on the consolidated financial statements

Millions of yen		
As of March 31,	2024	2025
Policy reserve	¥14,148,395	¥13,568,704
Other ordinary revenues (Reversal of policy reserve)	—	¥ 579,691
Provision for policy reserve	¥ 237,700	—

- (ii) Information on significant accounting estimates in connection with items identified
- 1) Calculation method
It is stated in "Note 2 (7) Policy reserve".
 - 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of

the Ordinance for Enforcement of the Insurance Business Act.

b. Accounting treatment for employees' retirement benefits

- (i) Amounts recognized on the consolidated financial statements

Millions of yen		
As of March 31,	2024	2025
Retirement benefit asset	¥10,736	¥10,062
Retirement benefit liability	¥35,455	¥33,767

- (ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

Retirement benefit obligations and retirement benefit expense are calculated based on actuarial assumptions used for calculation of future retirement benefit obligations, expected long-term rate of return on plan assets and others.

The method for attributing the expected retirement benefit amount is stated in "Note 2 (11) Accounting method for employees' retirement benefits"

- 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

Matters related to actuarial basis are stated in "Note 25 Employees' Retirement Benefits." If any of the major assumptions such as discount rate and expected long-term rate of return on plan assets changes, there may be a significant impact on the retirement benefit asset or liability.

c. Impairment losses on fixed assets

- (i) Amounts recognized on the consolidated financial statements

Millions of yen		
Years ended March 31,	2024	2025
Impairment loss	¥1,730	¥1,580

- (ii) Information on significant accounting estimates in connection with items identified

1) Calculation method

For the Three Life Insurance Companies, consolidated subsidiaries, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group (operating assets) and other assets such as rental properties and unused real estates are grouped separately by each property (investment assets).

For the Company and other consolidated subsidiaries, real estates, etc. owned for their own operations are grouped as a single asset group (operating

assets) by each company.

For an asset group with an indication of impairment, impairment loss is recognized, when the total amount of undiscounted future cash flows is less than the carrying amount of the asset group, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net realizable value) from the carrying amount.

- 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc.

For calculation of undiscounted future cash flows for the purpose of determining impairment recognition, the amounts of future net income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the track record and future outlook of net income by each property are used for investment assets.

If the future net income from insurance operations and the future outlook of net income of each property, which are the major assumptions, deteriorate and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

(21) Changes in accounting policies

Accounting Standard for Income taxes-current (ASBJ Statement No. 27, issued on October 28, 2022), etc., were adopted from the beginning of the consolidated fiscal year ended March 31, 2025. This change has no impact on the consolidated financial statements.

(22) Unapplied accounting standards, etc.

- a. Accounting Standards for Leases, etc.

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

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

- (i) Overview

As part of efforts to align J-GAAP with international standards, the Accounting Standards Board of Japan has been considering the development of accounting standards for leases that require lessees to recognize assets and liabilities for all leases. Based on international accounting standards, the fundamental policy is to base the lease accounting standards on the single accounting model of IFRS 16, but not adopt all of its provisions. Instead, only the main provisions are adopted to aim for a simple, convenient, and easily applicable standard that would require minimal adjustments even if the provisions of IFRS 16 were used in individual financial statements. The Accounting Standards for Leases, etc., were made available to achieve these factors.

As for the lessee's accounting treatment, regardless of whether a lease is a finance lease or an operating lease, a single accounting model is applied, similar to IFRS 16, where depreciation expense for the right-of-use asset and interest expense equivalent to the lease liability are recognized.

- (ii) Scheduled date of application

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

- (iii) Impact of applying the accounting standards

The impact amount is currently being evaluated.

- b. Practical Guidelines on the Accounting for Financial Instruments (Transferred Guidance No. 9, issued on March 11, 2025, ASBJ)

- (i) Overview

The Accounting Standards Board of Japan has revised the "Practical Guidelines on the Accounting for Financial Instruments" to improve the transparency of financial statements and enhance information disclosure to investors by valuing unlisted stocks included in funds at fair value. It is also expected that, as a result, more growth capital will be supplied to venture capital funds, etc., from institutional investors both domestically and internationally.

Under the amendment, a new provision has been established allowing investors in certain qualifying partnerships or similar entities to base their accounting treatment on the fair value of all unlisted shares included in the assets of such partnerships or entities. When applying this provision, unlisted shares held as part of the partnership's assets should be measured at fair value, and the portion corresponding to the investor's share of valuation difference is to be recorded under net assets. Impairment treatment shall follow the provisions applicable to impairment of securities that have fair value.

- (ii) Scheduled date of application

The guidelines are scheduled to be applied from the beginning of the fiscal year ending March 31, 2027.

- (iii) Impact of applying the accounting standards

The impact amount is currently being evaluated.

(23) Changes in presentation method

[Consolidated Statement of Operations]

"Subsidized project expenses," which was included in "other extraordinary losses" under "extraordinary losses" for the fiscal year ended March 31, 2024, is presented as a separate item from the fiscal year ended March 31, 2025, due to the exceeds of 10/100 of total amount of the "extraordinary losses." To reflect this change in presentation method, the Company reclassified consolidated statement of operations for the fiscal year ended March 31, 2024. As a result, "other extraordinary losses" of ¥819 million under "extraordinary losses" changed to

Notes to Consolidated Financial Statements

“Subsidized project expenses” for the fiscal year ended March 31, 2025.

(24) Additional information

[Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts]

a. Stock Compensation System for Directors and Executive Officers

The Company has introduced a trust type stock compensation system (the “System”), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors who are not Audit & Supervisory Committee members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not Audit & Supervisory Committee members, collectively referred to as “Directors, etc.”) and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., collectively referred to as “Eligible Directors, etc.”), with an aim to enhance the motivation of Eligible Directors, etc. to contribute to improving business performance and enhancing corporate value over the medium-to long-term.

The accounting treatment of the System is based on “Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts” (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015)

(i) Summary

Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Eligible Directors, etc. and they are delivered and provided through a trust of the Company's shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company's shares. The Company's shares to be delivered to Eligible Directors, etc. will be acquired in advance by money in trust by the Company.

(ii) The Company's shares remaining in BIP Trust

For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value of treasury share in the Trust was ¥1,643 million, and the number of treasury share in the Trust was 1,090,300 shares for the fiscal year ended March 31, 2024. Also, as of the end of the fiscal year ended March

31, 2025, the carrying value of treasury share in the Trust is ¥2,299 million, and the number of treasury share in the Trust is 1,303,900 shares.

b. Stock Compensation System for Employees

The Company has introduced a trust type stock compensation system, the Employee Stock Ownership Plan (ESOP) Trust (the “Employee Program”), which uses a trust, with an aim to further enhance Group employees' awareness of company business performance and stock price increases, and thereby boost their commitment to improving corporate value over the medium-to long-term and contribute to share value among shareholders in fiscal year ended March 31, 2025. The eligible participants in the Employee Program are employees of the Company, Taiyo Life Insurance Company, Daido Life Insurance Company, T&D Financial Life Insurance Company, T&D Asset Management Co., Ltd., Pet & Family Insurance Co., Ltd., T&D Information Systems, Ltd., T&D Lease Co., Ltd., Toyo Insurance Agency Co., Ltd., and Daido Management Services Co., Ltd. (excluding non-resident employees in Japan).

The accounting treatment of the Employee Program is based on “Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts” (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015)

(i) Summary

Based on the stock grant rules established by each Group company, points are granted to employees, and the Company's shares are delivered to employees who meet certain requirements through the trust, equivalent to their accumulated points. The Company's shares delivered to employees are acquired in advance using funds entrusted to the trust by the Company.

(ii) The Company's shares remaining in Trust

For the Company's shares remaining in Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). The carrying value of treasury share in the Trust was ¥4,096 million, and the number of treasury share in the Trust was 1,563,331 shares as of the end of the fiscal year ended March 31, 2025.

[Taiyo's reinsurance cession of inforce business to Fortitude Group]

Taiyo Life Insurance Company has ceded a block of inforce policies (excluding certain portions) of its whole life dementia and long-term care annuity insurance to Fortitude International Reinsurance Ltd. through coinsurance reinsurance.

The impact of the reinsurance transaction is as follows:

Other ordinary revenues (Reversal of policy reserve) :
¥656,997 million
Reinsurance premiums : ¥658,500 million

Note 3 Loans

The amounts of Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, Claims with risks, Loans overdue for three months or more, and Restructured loans are as follows:

	Millions of yen	
As of March 31,	2024	2025
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥ 109	¥ 388
Claims with risks	3,131	35
Loans overdue for three months or more	725	763
Restructured loans	20	20
Total	¥3,987	¥1,207

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto are claims held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Claims with risks are claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible excluding the claims described in Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto.

Loans overdue for three months or more are loans, other than Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto and Claims with risks, on which principal and/or interest are in arrears for three months or more beginning the day after the agreed due date.

Restructured loans are loans, other than Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto, Claims with risks and Loans overdue for three months or more, for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims, and/or other terms in favor of the obligor for purposes of restructuring or supporting the obligor.

The direct write-downs of estimated uncollectable loans are as follows:

	Millions of yen	
As of March 31,	2024	2025
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥131	¥1,638

Note 4 Accumulated Depreciation of Tangible Fixed Assets

The amounts of accumulated depreciation of tangible fixed assets are as follows:

	Millions of yen	
As of March 31,	2024	2025
Accumulated depreciation of tangible fixed assets	¥255,299	¥243,172

Note 5 Separate Account Assets

The amounts of separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act are as follows. The amounts of liabilities are equal to the amounts of assets.

	Millions of yen	
As of March 31,	2024	2025
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥99,694	¥127,831

Notes to Consolidated Financial Statements

Note 6 Reserve for Policyholder Dividends

The changes in reserve for policyholder dividends included in policy reserves are as follows:

	Millions of yen	
As of March 31,	2024	2025
Balance at the beginning of the year	¥69,605	¥68,752
Policyholder dividends	25,898	26,440
Increase in interest	15	14
Increase due to other reasons	—	46
Decrease due to other reasons	19	—
Provision for reserve for policyholder dividends	25,050	25,917
Balance at the end of the year	¥68,752	¥68,289

Note 7 Unused Loan Balance under Loan Commitments

The unused loan balance under loan commitments is as follows:

	Millions of yen	
As of March 31,	2024	2025
Total amount of loan commitments	¥36,935	¥24,935
Balance of loans outstanding	22,136	10,627
Balance	¥14,799	¥14,307

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

	Millions of yen	
As of March 31,	2024	2025
Lending securities for loan agreement	¥1,220,605	¥1,517,548

Note 9 Bonds

Bonds include subordinated bonds, of which the payment priority is subordinated to other debts. The amounts are as follows:

	Millions of yen	
As of March 31,	2024	2025
Subordinated bonds	¥120,000	¥90,000

Note 10 Other Liabilities

Other liabilities include subordinated borrowings, of which the payment priority is subordinated to other debts. The amounts are as follows:

	Millions of yen	
As of March 31,	2024	2025
Subordinated borrowings	¥13,500	¥13,500

Note 11 Organizational Change Surplus

The amounts of the organizational change surplus prescribed in Article 91 of the Insurance Business Act, are as follows:

Millions of yen

As of March 31,	2024	2025
Taiyo Life Insurance Company	¥63,158	¥63,158
Daido Life Insurance Company	10,836	10,836

Note 12 Stocks and Capital of Affiliates

Stocks and capital of affiliates are as follows:

Millions of yen

As of March 31,	2024	2025
Stocks	¥ 1,157	¥ 1,276
Capital	15,000	13,663

Note 13 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

Millions of yen

As of March 31,	2024	2025
Securities (Japanese government bonds)	¥1,316,209	¥1,652,505
Securities (Foreign securities)	196,041	127,805
Cash collateral pledged for financial instruments	5,210	1,298
Balance	¥1,517,461	¥1,781,608

Of these assets, securities are mainly pledged as a substitute for the overdraft limit of the exclusive account of real-time gross settlement of government bonds with the Bank of Japan, bond-lending transactions secured by securities, and margin for futures contracts, etc.

Secured debts

Millions of yen

As of March 31,	2024	2025
Cash collateral received for bond-lending transactions	¥706,530	¥849,918

Notes to Consolidated Financial Statements

Note 14 Impairment Losses on Fixed Assets

The items regarding impairment losses on fixed assets are as follows:

(1) Grouping of assets

For the Three Life Insurance Companies, real estates, etc. owned for insurance operations, etc., are grouped as a single asset group and other assets such as rental properties and unused real estates are grouped separately by each property.

For the Company and the consolidated subsidiaries other than the Three Life Insurance Companies, real estates, etc. owned for their own operations are grouped as a single asset group.

(2) Circumstances which led to the recognition of impairment losses

For some asset groups, carrying amount was reduced to the recoverable amount and the reduced amount was recorded in extraordinary losses as impairment losses because of a significant drop in the market price and a decline in profitability due to the stagnant rental income level, etc.

(3) Impairment losses recognized by asset group and the breakdown of the amounts of impairment losses by fixed asset type

Year ended March 31, 2024				Millions of yen
Asset	Location	Land	Buildings, etc.	Total
Unused real estates, etc.	Kanazawa City, Ishikawa Prefecture, etc. (2 assets)	¥ 218	¥ 84	¥ 303
Rental properties, etc.	Shunan City, Yamaguchi Prefecture, etc. (2 assets)	¥1,178	¥248	¥1,426
Total	-	¥1,397	¥333	¥1,730

Year ended March 31, 2025				Millions of yen
Asset	Location	Land	Buildings, etc.	Total
Unused real estates, etc.	Kanazawa City, Ishikawa Prefecture, etc. (5 assets)	¥290	¥131	¥ 422
Rental properties, etc.	Koriyama City, Fukushima Prefecture, etc. (4 assets)	¥605	¥552	¥1,157
Total	-	¥896	¥683	¥1,580

(4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for unused real estates, etc. in the previous consolidated fiscal year. And on value in use for rental properties, etc. In the current consolidated fiscal year, the net realizable value has been applied to all real estates.

In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from the appraisal value calculated in accordance with the real estate appraisal standard. The value in use is calculated by discounting the future cash flows by 5.20%.

Note 15 Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects regarding other comprehensive income are as follows:

		Millions of yen	
Years ended March 31,		2024	2025
Valuation difference on available-for-sale securities:			
Amount occurred during the year		¥ 573,665	¥(119,270)
Reclassification adjustments		(29,911)	(64,636)
Amount before income taxes and tax effect		543,753	(183,906)
Income taxes and tax effect		(151,893)	43,078
Valuation difference on available-for-sale securities		391,860	(140,827)
Deferred gains (losses) on hedging instruments:			
Amount occurred during the year		(3,654)	272
Reclassification adjustments		212	212
Amount before income taxes and tax effect		(3,442)	484
Income taxes and tax effect		1,059	(117)
Deferred gains (losses) on hedging instruments		(2,382)	367
Revaluation reserve for land			
Income taxes and tax effect		—	(139)
Foreign currency translation adjustments:			
Amount occurred during the year		26	(3)
Share of other comprehensive income of companies accounted for under the equity method:			
Amount occurred during the year		3,812	(163)
Total other comprehensive income		¥ 393,316	¥ (140,766)

For the year ended March 31, 2024

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2024	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	589,000,000	—	45,000,000	544,000,000
Treasury shares:				
Common stock	41,882,256	17,565,387	45,450,680	13,996,963

Notes:

- Issued shares of common stock decreased due to the following reasons:
 - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2023: 45,000,000 shares
- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on May 15, 2023: 17,543,400 shares
 - Purchase of odd-lot shares: 21,987 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Retirement of treasury shares based on the resolution made at the Board of Directors' meeting held on November 14, 2023: 45,000,000 shares
 - Exercise of stock option: 202,100 shares
 - Delivery by the BIP Trust: 161,000 shares
 - Sale of the BIP Trust: 87,400 shares
 - Purchase request of odd-lot shares: 180 shares
- The number of treasury shares of common stock includes 1,090,300 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (1,338,700 share as of beginning of the fiscal year.)

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		Millions of yen
The Company	Share subscription rights as stock options	¥343

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective Date
		Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on June 28 2023	Common stock	¥17,002	¥31.0	March 31, 2023	June 29, 2023
Board of Directors' meeting held on November 14, 2023	Common stock	¥18,893	¥35.0	September 30, 2023	December 6, 2023

Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 28, 2023, includes ¥41 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2023, includes ¥40 million of the dividends for the Company's treasury share owned by the BIP Trust.

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2024, while their effective date is in the fiscal year ending March 31, 2025

Date of resolution	Type of shares	Amount of shareholder dividends	Underlying assets	Shareholder dividends per share	Record date	Effective date
		Millions of yen		Yen		
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	¥18,588	Retained earnings	¥35.0	March 31, 2024	June 27, 2024

Notes:

- It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2024.
- The total amount of shareholder dividends includes ¥38 million of the dividends for the Company's treasury share owned by the BIP Trust.

Notes to Consolidated Financial Statements

For the year ended March 31, 2025

(1) Type and number of issued shares and treasury shares

Year ended March 31, 2025	Number of shares at the beginning of the fiscal year	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares at the end of the fiscal year
Issued shares:				
Common stock	544,000,000	—	—	544,000,000
Treasury shares:				
Common stock	13,996,963	18,084,777	175,569	31,906,171

Notes:

- Treasury shares of common stock increased due to the following reasons:
 - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on May 15, 2024: 16,144,700 shares
 - Purchase by the ESOP Trust: 1,564,500 shares
 - Purchase by the BIP Trust: 355,400 shares
 - Purchase of odd-lot shares: 20,177 shares
- Treasury shares of common stock decreased due to the following reasons:
 - Exercise of stock option: 32,600 shares
 - Delivery by the BIP Trust: 119,300 shares
 - Sale of the BIP Trust: 22,500 shares
 - Delivery by the ESOP Trust: 1,019 shares
 - Sale of the ESOP Trust: 150 shares
- The number of treasury shares of common stock includes 1,303,900 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (1,090,300 shares as of beginning of the fiscal year.) and 1,563,331 shares of the Company's treasury share owned by the ESOP Trust as of the end of the fiscal year. (0 shares as of beginning of the fiscal year.)

(2) Subscription rights to shares

Category	Breakdown of subscription rights to shares	Balance at the end of the fiscal year
		Millions of yen
The Company	Share subscription rights as stock options	¥304

(3) Shareholder dividends

a. Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective Date
		Millions of yen	Yen		
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	¥18,588	¥35.0	March 31, 2024	June 27, 2024
Board of Directors' meeting held on November 14, 2024	Common stock	¥20,973	¥40.0	September 30, 2024	December 6, 2024

Notes:

- The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 26, 2024, includes ¥38 million of the dividends for the Company's treasury share owned by the BIP Trust.
- The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2024, includes ¥52 million of the dividends for the Company's treasury share owned by the BIP Trust and ¥62 million of the dividends for the Company's treasury share owned by the ESOP Trust.

b. Shareholder dividends whose record date was in the fiscal year ended March 31, 2025, while their effective date is in the fiscal year ending March 31, 2026

Date of resolution	Type of shares	Amount of shareholder dividends	Underlying assets	Shareholder dividends per share	Record date	Effective date
		Millions of yen		Yen		
Ordinary General Meeting of Shareholders held on June 26, 2025	Common stock	¥20,598	Retained earnings	¥40.0	March 31, 2025	June 27, 2025

Notes:

- It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025.
- The total amount of shareholder dividends includes ¥52 million of the dividends for the Company's treasury share owned by the BIP Trust and ¥62 million of the dividends for the Company's treasury share owned by the ESOP Trust.

Note 17 Consolidated Statement of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and cash deposits as stated in the consolidated balance sheet.

	Millions of yen	
As of March 31,	2024	2025
Cash and deposits	¥ 1,137,609	¥ 778,681
Less: Term deposits with an original maturity of more than three months	(4,260)	(21,660)
Call loans	797	10,089
Monetary claims purchased	165,643	170,671
Less: monetary claims purchased other than cash equivalents	(129,644)	(115,686)
Monetary trusts	1,155,716	1,115,454
Less: monetary trusts other than cash equivalents	(1,153,856)	(1,114,453)
Cash and cash equivalents	¥ 1,172,006	¥ 823,096

Note 18 Lease Transactions

[As lessee]

(1) Finance leases

a. Ownership-transfer finance leases

There are no applicable items.

b. Non-ownership-transfer finance leases

(i) Details of lease assets

- Tangible fixed assets: office appliances such as computer servers
- Intangible fixed assets: software

(ii) Depreciation method for lease assets

Straight-line method over the lease period is applied.

(2) Operating leases

Future lease payments under non-cancellable operating leases are as follows:

	Millions of yen	
As of March 31,	2024	2025
Due within one year	¥14	¥15
Due after one year	19	13
Total	¥34	¥29

[As lessor]

(1) Details of Lease investment assets

Other assets

	Millions of yen	
As of March 31,	2024	2025
Lease income receivables	¥50,888	¥53,833
Estimated residual value	289	319
Interest income	(4,410)	(5,011)
Total lease investment assets	¥46,767	¥49,140

Notes to Consolidated Financial Statements

(2) Projected collection amounts of lease income receivables related to lease receivables and lease investment assets after the consolidated closing dates

Other assets

	2024		2025	
	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
As of March 31,				
Due within one year	¥1,705	¥12,346	¥1,848	¥12,783
Due after one year through two years	1,440	10,495	1,573	10,920
Due after two years through three years	1,168	8,634	1,353	8,857
Due after three years through four years	956	6,551	1,038	6,861
Due after four years through five years	649	4,641	617	5,026
Due after five years	1,002	8,218	900	9,383

Millions of yen

Note 19 Tax-Effect Accounting

(1) Breakdown of the accrual of deferred tax assets and liabilities by main causes

	2024	2025
As of March 31,		
Deferred tax assets:		
Reserve for price fluctuations	¥ 76,752	¥ 81,284
Policy reserves	62,897	65,656
Retirement benefit liability	26,015	25,541
Devaluation losses on securities	14,542	16,686
Valuation difference on available-for-sale securities	5,016	4,983
Provision for bonuses	2,970	2,979
Reserve for possible loan losses	1,740	1,167
Tax loss carry-forward*	1,175	202
Losses on disposal of fixed assets	5,935	136
Others	17,910	29,515
Subtotal	214,956	228,155
Valuation allowance	(16,149)	(18,883)
Total deferred tax assets	198,806	209,271
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(263,818)	(220,722)
Accrued dividend income	(2,678)	(2,796)
Deferred gain on reduction of carrying amount of real estate	(684)	(701)
Others	(12,611)	(10,620)
Total deferred tax liabilities	(279,792)	(234,840)
Net deferred tax assets (liabilities)	¥ (80,985)	¥(25,568)

* Tax loss carried forward and the deferred tax assets by carry forward period were as follows:

As of March 31, 2024

- There is no significance in tax loss carried forward for the year ended March 31, 2024. Therefore, notes are omitted.

As of March 31, 2025

- There is no significance in tax loss carried forward for the year ended March 31, 2025. Therefore, notes are omitted.

(2) Breakdown of important differences between the statutory effective tax rate and the corporate tax rate, etc., after applying tax-effect accounting by main item of the causes

Years ended March 31,	2024	2025
Effective statutory tax rate	28.0%	28.0%
(Adjustments)		
Adjustment of year-end deferred tax assets due to change in tax rate	—%	(3.3)%
Reversal of revaluation reserve for land	(3.2)%	(2.3)%
Valuation allowance	(0.3)%	1.0%
Others	1.4%	1.1%
Corporate tax rate, etc., after applying tax-effect accounting	25.9%	24.5%

(3) Adjustment of deferred tax assets and deferred tax liabilities due to changes in statutory tax rates for income taxes

Following the enactment of the “Act Partially Amending the Income Tax Act, etc” by the Diet on March 31, 2025, deferred tax assets and deferred tax liabilities for the consolidated fiscal year ended March 31, 2025 (however, limited to those to be reversed on or after April 1, 2026) have been calculated using a statutory effective tax rate of 28.9% instead of 28.0%.

This change resulted in a decrease of ¥5,609 million in income taxes (deferred), and an increase of ¥5,609 million in profit attributable to owners of parent. Additionally, deferred tax liabilities increased by ¥1,658 million, and valuation difference on available-for-sale securities decreased by ¥7,178 million.

(4) Accounting treatment for corporate tax and local corporate tax, and tax-effect accounting related to these taxes

The Company and some domestic consolidated subsidiaries have adopted group tax sharing system which regards the Company as the parent company of tax sharing.

These companies have accounted for and made disclosure of corporate tax and local corporate tax, and tax effect accounting, based on “the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 42, issued on August 12, 2021).

Note 20 Financial Instruments

(1) Matters related to the condition of financial instruments

a. Policy for handling financial instruments

T&D Insurance Group's main business is life insurance business. The Group underwrites various classes of life insurance and invests the money collected as insurance premiums in financial assets including securities and loans.

In order to efficiently invest the insurance premiums trusted to us by the policyholders, the Group's asset management policy aims to build a portfolio which ensures long-term stable returns considering the characteristics of obligations involved in life insurance policies, based on the concept of ERM which integrally manages capital, profit, and risk, and at the same time, paying adequate attention to the soundness and public nature of the investments.

Derivative financial instruments are used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially complement physical assets.

Furthermore, in order to pursue greater financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

b. Details and risks of financial instruments

Financial assets held by the Group mainly comprise securities and loans.

Securities include public and corporate bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks.

Loans here include policy loans for policyholders and commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans,

though intended to ensure stable returns, are exposed to credit risks of borrowers' default. A policy loan is provided within the surrender value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts and interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, and partially to complement physical assets by, for example, providing a solution to the time constraint prior to the inclusion of physical assets into our portfolio. Accordingly, the Group does not enter into those transactions for speculative purposes.

Stringent risk management is in place for derivative transactions, by clearly defining tolerable allowances in terms of the details, hedged items and trading limits of the transactions as well as by properly controlling their status.

Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency-denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair values of the hedged items and hedging instruments.

c. Risk management system for financial instruments

(i) Overall risk management system

The Group, in consideration of the social and public nature of the life insurance business which is its main business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group's holding company, has developed a “Group Risk Management Policy” which

Notes to Consolidated Financial Statements

sets out the basic risk management philosophy within the Group and provides the appropriate risk management structure according to the business characteristics and risk profiles of each of the Company including the Three Life Insurance Companies.

As an organizational structure, the Group Risk Management Committee has been established for the purpose of coordinated management of risks within the Group, and has a clear understanding of the status of various risks at each company including the Three Life Insurance Companies, through reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Further, the Company provides guidance and advice as appropriate to companies including the Three Life Insurance Companies, to carry out thorough risk management at each company and strengthen the Group's entire risk management system.

At each of the Three Life Insurance Companies, a committee has been established to supervise company-wide risk management at an enhanced level, while a mutual check-and-balance system is in place under the internal organizational arrangement including the separation of the investment and loan execution function from the administration function within the investment division, independence of the credit check function and implementation of the internal audits by the Internal Auditing Department.

Furthermore, the Group has established the ERM committee to manage risks integrally with profit and capital on an economic value basis. Through the promotion and enhancement of ERM, the Group aims for steady and sustainable growth in its corporate value.

(ii) Management of market risk

Market risks are properly controlled according to the risk characteristic of each asset based on a precise understanding of the sensitivity of investment assets to parameters reflecting changes in the investment environment, including interest rate, stock prices and exchange rates, as well as by reviewing asset allocation and risk hedging based on identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as "VaR").

(iii) Management of credit risk

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on an internal rating for individual borrowers.

Meanwhile, the aggregate amount of investment and loans is capped by each industry sector or by group of companies according to the corresponding risks, whereby concentration of loans to specific industry sectors or groups of companies is restrained.

(iv) Management of liquidity risk

Liquidity risks are properly managed by ensuring a constant amount of liquidity based on the Risk Management Department's precise understanding of the latest risk information, including the share of highly liquid assets, cash flow situation, trends of the general financial/securities markets and the status of individual financial instruments, as well as by developing a management structure that enables smooth liquidation of assets for financing.

d. Supplementary notes concerning the matters related to fair value, etc., of financial instruments

Estimation of fair value requires the use of certain assumptions, etc. Therefore, the use of different assumptions, etc. may lead to a different value.

In addition, notional amounts of derivative financial instruments shown in "(2) Matters related to fair value, etc., of financial instruments" do not represent exposure to market risks.

(2) Matters related to fair value, etc., of financial instruments

The following tables show consolidated balance sheet amounts, fair values and differences. Stocks without market prices and investments in partnerships and other similar business entities that are recorded at net value which is equivalent to the Company's equity interest on the consolidated balance sheet (hereinafter the "Investments in capital of partnerships and so forth") are not included. (See Annotation 1.) In addition, cash and deposits, call loans, commercial paper out of monetary claims purchased, monetary trusts which have similar nature with cash and deposits, short-term debentures, and cash collateral received for bond-lending transactions are omitted, because these are settled in a short period and their fair values are proximate to the carrying amounts.

				Millions of yen
As of March 31, 2024	Consolidated balance sheet amount		Fair value	Difference
Monetary claims purchased	¥	129,644	¥ 122,562	¥ (7,081)
Treated as securities		126,971	119,909	(7,062)
Held-to-maturity bonds		83,930	76,868	(7,062)
Available-for-sale securities		43,040	43,040	—
Others		2,672	2,653	(19)
Monetary trusts		1,150,856	1,078,154	(72,701)
Monetary trusts for trading purposes		3,126	3,126	—
Monetary trusts for held-to-maturity purposes		28,138	25,329	(2,809)
Monetary trusts for policy-reserve-matching purposes		927,158	857,265	(69,892)
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes		192,432	192,432	—
Securities		11,743,006	11,351,791	(391,215)
Trading securities* ¹		95,034	95,034	—
Held-to-maturity bonds		643,088	671,947	28,858
Policy-reserve-matching bonds		5,073,824	4,653,750	(420,074)
Available-for-sale securities* ¹		5,931,059	5,931,059	—
Loans		1,738,319	1,729,944	(8,375)
Policy loans* ²		103,274	110,233	6,966
Commercial loans* ²		1,640,090	1,619,710	(15,342)
Reserve for possible loan losses* ³		(5,044)	—	—
Total assets		14,761,827	14,282,452	(479,374)
Bonds		120,000	117,973	(2,027)
Borrowings within other liabilities		53,614	53,172	(441)
Total liabilities		173,614	171,145	(2,468)
Derivative financial instruments* ⁴				
Hedge accounting not applied		[8,604]	[8,604]	—
Hedge accounting applied* ⁵		[47,513]	[47,468]	45
Total derivative financial instruments	¥	[56,117]	¥ [56,072]	¥ 45

*1. Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are included in the above table.

*2. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*3. Reserve for possible loan losses for loans is deducted.

*4. Claims and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in square brackets.

*5. Regarding the special treatment of some interest rate swaps, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, issued on March 17, 2022) was applied.

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Millions of yen

As of March 31, 2025	Consolidated balance sheet amount	Fair value	Difference
Monetary claims purchased	¥ 115,686	¥ 105,715	¥ (9,970)
Treated as securities	113,183	103,338	(9,845)
Held-to-maturity bonds	83,479	73,634	(9,845)
Available-for-sale securities	29,703	29,703	—
Others	2,502	2,377	(125)
Monetary trusts	1,114,453	1,013,554	(100,898)
Monetary trusts for trading purposes	2,351	2,351	—
Monetary trusts for held-to-maturity purposes	27,094	22,219	(4,874)
Monetary trusts for policy-reserve-matching purposes	863,136	767,112	(96,024)
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	221,871	221,871	—
Securities	11,667,514	10,738,791	(928,723)
Trading securities* ¹	122,536	122,536	—
Held-to-maturity bonds	651,016	622,881	(28,134)
Policy-reserve-matching bonds	5,523,396	4,622,807	(900,588)
Available-for-sale securities* ¹	5,370,565	5,370,565	—
Loans	1,651,491	1,607,839	(43,651)
Policy loans* ²	104,233	108,915	4,691
Commercial loans* ²	1,549,487	1,498,923	(48,342)
Reserve for possible loan losses* ³	(2,229)	—	—
Total assets	14,549,145	13,465,901	(1,083,244)
Bonds	120,000	115,957	(4,043)
Borrowings within other liabilities	56,369	55,196	(1,172)
Total liabilities	176,369	171,153	(5,215)
Derivative financial instruments* ⁴			
Hedge accounting not applied	3,239	3,239	—
Hedge accounting applied* ⁵	3,960	3,960	(0)
Total derivative financial instruments	¥ 7,199	¥ 7,199	¥ (0)

*1. Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are included in the above table.

*2. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.

*3. Reserve for possible loan losses for loans is deducted.

*4. Claims and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in square brackets.

Annotation 1

The balance sheet amounts of stocks, etc. without market prices such as unlisted stocks, etc. and the investments in capital of partnerships and so forth are not included in “Securities” in the above table and summarized as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Unlisted stocks of affiliates, etc.	¥ 16,158	¥ 14,940
Unlisted stocks, etc.* ¹	1,157	1,276
Investments in capital of partnerships and so forth* ²	15,000	13,663
Available-for-sale securities	521,824	529,564
Unlisted stocks, etc.* ^{1, *3}	30,040	28,996
Investments in capital of partnerships and so forth* ^{2, *3}	491,784	500,568

*1. Unlisted stocks, etc. are excluded from disclosure of fair value due to the lack of market prices based on the paragraph 5 of “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 31, 2020).

*2. The investments in capital of partnerships and so forth are excluded from disclosure of fair value based on the paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on June 17, 2021).

*3. Unlisted stocks, etc. and the investments in capital of partnerships and so forth were impaired by ¥4,336 million in the consolidated fiscal year ended March 31, 2024. Unlisted stocks, etc. and the investments in capital of partnerships and so forth were impaired by ¥2,173 million in the consolidated fiscal year ended March 31, 2025.

Annotation 2

Scheduled redemption amounts after the consolidated closing date for monetary claims and fixed-maturity securities are as follows:

	Millions of yen			
As of March 31, 2024	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥1,137,580	¥ —	¥ —	¥ —
Call loans	797	—	—	—
Monetary claims purchased	36,607	2,453	3,206	122,318
Securities:				
Held-to-maturity bonds:				
Government bonds	4,245	33,618	140,022	275,624
Municipal bonds	—	1,660	3,555	36,595
Corporate bonds	458	12,656	31,469	75,382
Foreign securities	100	7,816	3,000	28,585
Policy-reserve-matching bonds:				
Government bonds	47,008	165,552	436,796	2,998,785
Municipal bonds	127	37,201	18,121	253,264
Corporate bonds	25,731	91,035	264,500	725,402
Foreign securities	—	15,842	16,611	6,103
Available-for-sale fixed maturity securities:				
Government bonds	16,346	75,352	76,817	384,743
Municipal bonds	24,583	22,164	3,248	11,302
Corporate bonds	66,226	124,229	129,917	151,768
Foreign securities	29,044	123,465	318,158	470,255
Other securities	—	42	30	—
Loans	192,948	664,020	459,708	287,598

* Securities without contractual maturity dates in the amount of ¥ 1,301,919 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 138,394 million are not included.

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2025	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥778,651	¥ —	¥ —	¥ —
Call loans	10,089	—	—	—
Monetary claims purchased	55,610	2,461	1,889	111,470
Securities:				
Held-to-maturity bonds:				
Government bonds	8,853	32,836	145,673	261,901
Municipal bonds	100	1,170	3,397	36,150
Corporate bonds	10,200	19,650	39,076	66,757
Foreign securities	—	7,810	3,000	25,872
Policy-reserve-matching bonds:				
Government bonds	4,395	176,045	440,849	3,572,397
Municipal bonds	17,427	28,238	23,821	238,522
Corporate bonds	15,900	111,014	280,500	711,123
Foreign securities	2,541	21,642	11,763	6,065
Available-for-sale fixed maturity securities:				
Government bonds	1,239	23,483	76,913	439,956
Municipal bonds	4,163	19,000	3,448	10,102
Corporate bonds	25,537	126,635	125,640	145,221
Foreign securities	10,134	173,247	209,783	294,700
Other securities	—	11	—	—
Loans	177,655	643,537	481,449	208,906

* Securities without contractual maturity dates in the amount of ¥ 1,348,921 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥ 141,751 million are not included.

Annotation 3

Scheduled repayment amounts after the consolidated closing date for bonds, borrowings, and other interest-bearing liabilities are as follows:

Millions of yen

As of March 31, 2024	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debentures	¥ 8,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	—	120,000
Cash collateral received for bond-lending transactions within other liabilities	706,530	—	—	—	—	—
Borrowings within other liabilities	12,060	9,677	7,683	5,370	2,835	15,985

Millions of yen

As of March 31, 2025	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term debentures	¥ 8,000	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds	—	—	—	—	30,000	90,000
Cash collateral received for bond-lending transactions within other liabilities	849,918	—	—	—	—	—
Borrowings within other liabilities	12,245	10,251	7,938	5,403	3,551	16,978

(3) Breakdown of fair values of financial instruments by levels

Fair values of financial instruments are categorized into the following three levels according to observability and importance of inputs related to calculation of the fair values.

Level 1: Fair values calculated by using quoted prices that are formed in active markets and related to assets or liabilities for which the fair values are calculated among inputs related to calculation of observable fair values.

Level 2: Fair values calculated by using inputs related to calculation of observable fair values other than level 1 inputs.

Level 3: Fair values calculated by using inputs related to calculation of unobservable fair values.

When multiple inputs that have some significant impact on calculation of fair values are used, the fair values are categorized into the lowest priority level in the calculation of fair values among the levels to which each of those inputs belongs.

a. Financial instruments for which fair values are used as consolidated balance sheet amount

					Millions of yen
As of March 31, 2024	Fair value				Total
	Level 1	Level 2	Level 3		
Monetary claims purchased	¥ —	¥ 40,816	¥ 2,224	¥	43,040
Available-for-sale securities	—	40,816	2,224		43,040
Monetary trusts	3,061	192,498	—		195,559
Monetary trusts for trading purposes	3,061	65	—		3,126
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	—	192,432	—		192,432
Securities	2,599,809	2,680,748	22,023		5,302,581
Trading securities	—	94,288	—		94,288
Foreign securities	—	27	—		27
Foreign other securities	—	27	—		27
Other securities	—	94,260	—		94,260
Available-for-sale securities	2,599,809	2,586,459	22,023		5,208,293
Domestic bonds	577,561	948,443	0		1,526,004
Government bonds	536,072	—	—		536,072
Municipal bonds	—	61,676	—		61,676
Corporate bonds	41,488	886,766	0		928,254
Domestic stocks	800,185	—	—		800,185
Foreign securities	869,239	1,530,695	22,023		2,421,958
Foreign bonds	482,228	337,829	22,023		842,082
Foreign stocks	23,124	—	—		23,124
Foreign other securities	363,885	1,192,865	—		1,556,751
Other securities	352,823	107,320	—		460,144
Derivative financial instruments	—	628	—		628
Currency-related transactions	—	624	—		624
Stock-related transactions	—	4	—		4
Total assets	2,602,871	2,914,691	24,248		5,541,810
Derivative financial instruments	—	56,746	—		56,746
Currency-related transactions	—	46,005	—		46,005
Stock-related transactions	—	10,741	—		10,741
Total liabilities	¥ —	¥ 56,746	¥ —	¥	56,746

* Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are not included in the above table.

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2025	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 28,404	¥ 1,299	¥ 29,703
Available-for-sale securities	—	28,404	1,299	29,703
Monetary trusts	2,288	221,934	—	224,223
Monetary trusts for trading purposes	2,288	62	—	2,351
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	—	221,871	—	221,871
Securities	2,196,900	2,541,065	—	4,737,965
Trading securities	—	122,024	—	122,024
Foreign securities	—	20	—	20
Foreign other securities	—	20	—	20
Other securities	—	122,003	—	122,003
Available-for-sale securities	2,196,900	2,419,040	—	4,615,940
Domestic bonds	534,331	864,627	—	1,398,958
Government bonds	478,864	—	—	478,864
Municipal bonds	—	35,171	—	35,171
Corporate bonds	55,467	829,455	—	884,923
Domestic stocks	707,508	—	—	707,508
Foreign securities	650,244	1,455,099	—	2,105,344
Foreign bonds	337,723	275,831	—	613,555
Foreign stocks	12,372	—	—	12,372
Foreign other securities	300,148	1,179,267	—	1,479,416
Other securities	304,815	99,313	—	404,129
Derivative financial instruments	—	21,176	—	21,176
Currency-related transactions	—	12,823	—	12,823
Stock-related transactions	—	8,353	—	8,353
Total assets	2,199,188	2,812,581	1,299	5,013,068
Derivative financial instruments	—	13,976	—	13,976
Currency-related transactions	—	13,522	—	13,522
Stock-related transactions	—	454	—	454
Total liabilities	¥ —	¥ 13,976	¥ —	¥ 13,976

* Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are not included in the above table.

b. Financial instruments for which fair values are not used as consolidated balance sheet amount

Millions of yen

As of March 31, 2024	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 76,868	¥ 2,653	¥ 79,521
Held-to-maturity bonds	—	76,868	—	76,868
Not treated as securities	—	—	2,653	2,653
Monetary trusts	882,595	—	—	882,595
Monetary trusts for held-to-maturity purposes	25,329	—	—	25,329
Monetary trusts for policy-reserve-matching purposes	857,265	—	—	857,265
Securities	3,797,671	1,527,926	99	5,325,697
Held-to-maturity bonds	472,283	199,563	99	671,947
Domestic bonds	471,479	166,134	—	637,614
Government bonds	471,479	—	—	471,479
Municipal bonds	—	43,481	—	43,481
Corporate bonds	—	122,653	—	122,653
Foreign securities	804	33,428	99	34,332
Foreign bonds	804	33,428	99	34,332
Policy-reserve-matching bonds	3,325,387	1,328,362	—	4,653,750
Domestic bonds	3,304,476	1,311,228	—	4,615,704
Government bonds	3,295,289	—	—	3,295,289
Municipal bonds	—	284,372	—	284,372
Corporate bonds	9,186	1,026,855	—	1,036,042
Foreign securities	20,911	17,134	—	38,045
Foreign bonds	20,911	17,134	—	38,045
Loans	—	—	1,729,944	1,729,944
Policy loans	—	—	110,233	110,233
Commercial loans	—	—	1,619,710	1,619,710
Derivative financial instruments	—	45	—	45
Interest-related transactions	—	45	—	45
Total assets	4,680,266	1,604,839	1,732,697	8,017,803
Bonds	—	117,973	—	117,973
Borrowings within other liabilities	—	13,149	40,023	53,172
Total liabilities	¥ —	¥ 131,122	¥ 40,023	¥ 171,145

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2025	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 73,634	¥ 2,377	¥ 76,011
Held-to-maturity bonds	—	73,634	—	73,634
Not treated as securities	—	—	2,377	2,377
Monetary trusts	789,331	—	—	789,331
Monetary trusts for held-to-maturity purposes	22,219	—	—	22,219
Monetary trusts for policy-reserve-matching purposes	767,112	—	—	767,112
Securities	3,841,758	1,403,930	—	5,245,689
Held-to-maturity bonds	426,818	196,063	—	622,881
Domestic bonds	426,006	165,079	—	591,086
Government bonds	426,006	—	—	426,006
Municipal bonds	—	38,501	—	38,501
Corporate bonds	—	126,577	—	126,577
Foreign securities	811	30,983	—	31,795
Foreign bonds	811	30,983	—	31,795
Policy-reserve-matching bonds	3,414,940	1,207,866	—	4,622,807
Domestic bonds	3,392,374	1,189,435	—	4,581,809
Government bonds	3,383,040	—	—	3,383,040
Municipal bonds	—	254,570	—	254,570
Corporate bonds	9,333	934,865	—	944,199
Foreign securities	22,566	18,431	—	40,997
Foreign bonds	22,566	18,431	—	40,997
Loans	—	—	1,607,839	1,607,839
Policy loans	—	—	108,915	108,915
Commercial loans	—	—	1,498,923	1,498,923
Derivative financial instruments	—	(0)	—	(0)
Interest-related transactions	—	(0)	—	(0)
Total assets	4,631,090	1,477,564	1,610,217	7,718,871
Bonds	—	115,957	—	115,957
Borrowings within other liabilities	—	12,693	42,503	55,196
Total liabilities	¥ —	¥ 128,650	¥ 42,503	¥ 171,153

Annotation 1

Description of the valuation techniques and inputs used to measure fair value

Monetary claims purchased

Fair value of monetary claims purchased which are deemed appropriate to treat as securities is based on the value calculated by the same method as that of securities. Fair value of monetary claims purchased which are deemed appropriate to treat as loans is based on the value calculated by the same method as that of loans.

Monetary trusts

Fair value of monetary trusts invested mainly in securities is based on the value calculated by the same method as that for securities. Monetary trusts are classified based on levels of constituents held in trust.

In addition to the above, currency options and stock index options, etc. are used within monetary trusts and fair value of

them is calculated by the same method as that for derivatives.

See “Note 22 Monetary Trusts” for notes related to monetary trust by holding purposes.

Securities

Fair value of listed stocks is based on the quoted prices in markets, and listed stocks of which the fair value is based on the quoted prices in active markets with no adjustment are classified into Level 1.

Fair value of bonds is based on the observable transaction prices, etc. Bonds of which the fair value is based on the transaction prices, etc. in active markets with no adjustment are classified into Level 1. Bonds of which the fair value is based on the observable transaction prices, etc. in inactive markets are classified into Level 2. If the transaction prices, etc. are not available, the fair value is calculated by the discounted present value method of future cash flow, etc. The Company makes

maximum use of observable inputs in the calculations, including government bond yields and credit risk premiums, etc. If a significant unobservable input is used in the calculation, the fair value is classified into Level 3, and if not, the fair value is classified into Level 2.

Fair value of investment trusts is based on quoted prices in markets or net asset value, etc. announced by industry groups and settlor companies of investment trusts. If the fair value is based on the quoted prices in markets with no adjustment, it is classified into Level 1; otherwise, it is classified into Level 2.

See "Note 21 Securities" for notes related to securities by holding purposes.

Loans

a. Policy loans

Fair value of policy loans is calculated by discounting the expected future cash flow derived from the repayment rate based on the past actual repayment performance by the risk-free rate and classified into Level 3.

b. Commercial loans

Variable interest rate loans reflect the market interest rate in a short period. Therefore, carrying amount is recorded as fair value since fair value is proximate to the carrying amount unless the borrower's credit standing significantly changes after the loan is provided.

Fair value of fixed interest rate loans is calculated by discounting the total amount of principal and interest by risk-free rates weighted by credit risks involved.

For loans to bankrupt companies, effectively bankrupt companies and potentially bankrupt companies, estimated uncollectible amounts are calculated based on the present value of the estimated future cash flows or estimated amounts recoverable through pledge or guarantee, etc. and fair values are proximate to consolidated balance sheet

amounts less the estimated uncollectible amounts at the consolidated closing date, and thus the amounts are recorded as fair values.

For these transactions, unobservable inputs are used. Therefore, they are classified into Level 3.

Bonds

Fair value of bonds is based on quoted price, or calculated by discounting the total amount of principal and interest by discount rate that takes into account the remaining period of the bond and credit risk of the issuer. Those of which the fair value is based on the quoted prices in active markets are classified into Level 2. If not, those are classified into Level 3 as the discount rate is unobservable.

Borrowings

Fair value of borrowings is calculated by discounting the total amount of principal and interest by discount rate that takes into account the remaining period of the borrowing and credit risk of the borrower. If the discount rate is observable, borrowings are classified into Level 2. If not, those are classified into Level 3.

Derivatives

- Fair value of forward exchange contract transactions use forward exchange rates, etc., and are classified into Level 2.
- Fair value of stock index futures, stock forward contracts, stock index options, individual stock options, bond futures, bond options, currency options, currency swaps, and interest swap transactions are based on the quoted prices in markets, or the prices calculated based on observable market data, etc. Those of which the fair value is based on the quoted prices in active markets with no adjustment are classified into Level 1. If not, those are classified into Level 2.

Annotation 2

Financial instruments for which level 3 fair values are used as consolidated balance sheet amount

a. Quantitative information about significant unobservable input

As of March 31, 2024	Valuation techniques	Significant unobservable input	Range of inputs	Weighted average of inputs
Monetary claims purchased	Discounted-cash-flow method	Discount rate	1.88 - 8.38%	4.19%
Securities (Domestic bonds)	Discounted-cash-flow method	Discount rate	0.66%	0.66%
Securities (Foreign securities)	Discounted-cash-flow method	Discount rate	0.44 - 0.49%	0.46%

As of March 31, 2025	Valuation techniques	Significant unobservable input	Range of inputs	Weighted average of inputs
Monetary claims purchased	Discounted-cash-flow method	Discount rate	2.47%	2.47%

Notes to Consolidated Financial Statements

b. Reconciliations between the beginning and ending balances, valuation gains / losses recognized in the gains / losses in the period

	Millions of yen			
Year ended March 31, 2024	Monetary claims purchased	Domestic bonds	Foreign securities	Total
Balance at the beginning of the fiscal year	¥1,517	¥ 91	—	¥ 1,608
Gains/losses or other comprehensive income in the period	(5)	0	23	18
Recorded in gains/losses	—	—	—	—
Recorded in other comprehensive income*	(5)	0	23	18
Net amount for purchase, sale, issuance and settlement	712	(91)	22,000	22,621
Transfer to Level 3 fair values	—	—	—	—
Transfer from Level 3 fair values	—	—	—	—
Balance at the end of the fiscal year	2,224	0	22,023	24,248
Valuation gains / losses on financial assets and liabilities held at the end of the period out of the amount recorded in gains / losses for the period	—	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income..

	Millions of yen			
Year ended March 31, 2025	Monetary claims purchased	Domestic bonds	Foreign securities	Total
Balance at the beginning of the fiscal year	¥2,224	¥ 0	¥22,023	¥24,248
Gains/losses or other comprehensive income in the period	(36)	0	(23)	(59)
Recorded in gains/losses	—	—	—	—
Recorded in other comprehensive income*	(36)	0	(23)	(59)
Net amount for purchase, sale, issuance and settlement	(889)	(0)	(22,000)	(22,889)
Transfer to Level 3 fair values	—	—	—	—
Transfer from Level 3 fair values	—	—	—	—
Balance at the end of the fiscal year	1,299	—	—	1,299
Valuation gains / losses on financial assets and liabilities held at the end of the period out of the amount recorded in gains / losses for the period	—	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

c. Description of the fair value valuation process

The Group has established policies and procedures for calculating the fair value, and calculates the fair value in accordance with them.

The calculated fair value is checked by an independent valuation department to confirm operations for the validity of the valuation technique and inputs used in the calculation of the fair value and the appropriateness of the classification of the fair value level, thereby ensuring the appropriateness of the policies and procedures for calculating the fair value.

In calculating the fair value, we use a valuation model that can most appropriately reflect the nature, characteristics and risks of individual assets. In addition, when using the

quoted price obtained from a third party, the validity of the price is verified by appropriate methods such as confirmation of the valuation technique and inputs used and comparison with the fair value of similar financial instruments.

d. Explanation of the sensitivity of the fair value to changes in significant unobservable input

A significant unobservable input used in calculating the fair value of monetary claims purchased and securities is the discount rate. The discount rate consists of government bond interest rates and credit risk premiums. In general, a significant increase (decrease) in the discount rate results in a significant decrease (increase) in the fair value.

(4) Investment trusts for which net asset value is regarded as fair value in accordance with generally accepted accounting principles

Investment trusts for which net asset value is regarded as fair value in accordance with generally accepted accounting principles are not disclosed in “(3) Breakdown of fair values of financial instruments by levels”. The amount of the investment trusts on the consolidated balance sheet is ¥755,136 million in financial assets. (¥723,512 million in financial assets for the previous fiscal year.)

a. Reconciliations between the beginning and ending balances of investment trusts whose properties are financial instruments

Millions of yen			
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
Year ended March 31, 2024			
Balance at the beginning of the fiscal year	¥649	¥511,683	¥512,332
Gains/losses or other comprehensive income in the period	150	108,806	108,957
Recorded in gains/losses* ¹	150	57,126	57,277
Recorded in other comprehensive income* ²	—	51,680	51,680
Net amount for purchase, sale and redemption	(54)	36,256	36,202
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	746	656,746	657,492
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period* ¹	141	5,055	5,196

*1. It is included in “Investment income” and “Investment expenses” in the consolidated statement of operations.

*2. It is included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” of the consolidated statement of comprehensive income.

Millions of yen			
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
Year ended March 31, 2025			
Balance at the beginning of the fiscal year	¥746	¥656,746	¥657,492
Gains/losses or other comprehensive income in the period	(229)	28,262	28,032
Recorded in gains/losses* ¹	(229)	35,731	35,501
Recorded in other comprehensive income* ²	—	(7,469)	(7,469)
Net amount for purchase, sale and redemption	(4)	1,805	1,800
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	511	686,814	687,326
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period* ¹	(229)	1,469	1,240

*1. It is included in “Investment income” and “Investment expenses” in the consolidated statement of operations.

*2. It is included in “Valuation difference on available-for-sale securities” under “Other comprehensive income” of the consolidated statement of comprehensive income.

Notes to Consolidated Financial Statements

b. Breakdown of restriction regarding cancellation or buyback request of investment trusts whose properties are financial assets

	Millions of yen		
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
As of March 31, 2024			
Having limitation in frequency, etc., of cancellation or buyback request	¥746	¥513,018	¥513,764
Others	—	143,728	143,728
Total	746	656,746	657,492

	Millions of yen		
	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
As of March 31, 2025			
Having limitation in frequency, etc., of cancellation or buyback request	¥511	¥524,511	¥525,022
Others	—	162,303	162,303
Total	511	686,814	687,326

c. Reconciliations between the beginning and ending balances of investment trusts whose properties are real estates

	Millions of yen		
	Available for sale securities		Total
	Foreign other securities	Other securities	
Year ended March 31, 2024			
Balance at the beginning of the fiscal year	¥7,298	¥56,195	¥63,494
Gains/losses or other comprehensive income in the period	190	999	1,189
Recorded in gains/losses	—	—	—
Recorded in other comprehensive income*	190	999	1,189
Net amount for purchase, sale and redemption	—	1,335	1,335
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	7,489	58,530	66,019
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

	Millions of yen		
	Available for sale securities		Total
	Foreign other securities	Other securities	
Year ended March 31, 2025			
Balance at the beginning of the fiscal year	¥7,489	¥58,530	¥66,019
Gains/losses or other comprehensive income in the period	(436)	1,025	588
Recorded in gains/losses	—	—	—
Recorded in other comprehensive income*	(436)	1,025	588
Net amount for purchase, sale and redemption	—	1,202	1,202
Amount of investment trusts for which net asset value is regarded as fair value from the period	—	—	—
Amount of investment trusts for which net asset value is not regarded as fair value from the period	—	—	—
Balance at the end of the fiscal year	7,052	60,757	67,810
Valuation gains/losses on investment trusts held at the end of the period out of the amount recorded in gains/losses for the period	—	—	—

* It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

Note 21 Securities

(1) Trading securities

Millions of yen

Year ended March 31,	2024	2025
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥12,611	¥(7,328)

(2) Held-to-maturity bonds

Millions of yen

As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥513,292	¥562,741	¥ 49,448
Government bonds	406,342	442,984	36,642
Municipal bonds	26,389	29,631	3,242
Corporate bonds	80,561	90,125	9,563
Foreign securities	—	—	—
Foreign bonds	—	—	—
Other securities	10,315	10,633	318
Total	523,608	573,375	49,767
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	89,903	74,873	(15,030)
Government bonds	34,586	28,495	(6,091)
Municipal bonds	15,695	13,849	(1,846)
Corporate bonds	39,620	32,528	(7,091)
Foreign securities	39,892	34,332	(5,560)
Foreign bonds	39,892	34,332	(5,560)
Other securities	79,615	72,234	(7,380)
Total	209,411	181,440	(27,971)
Grand total	¥733,019	¥754,815	¥ 21,795

Note: Other securities include commercial paper (consolidated balance sheet amount of ¥ 5,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥ 83,930 million) which are represented as monetary claims purchased in the consolidated balance sheet.

Millions of yen

As of March 31, 2025	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥314,683	¥326,261	¥ 11,577
Government bonds	228,351	237,044	8,693
Municipal bonds	19,417	20,063	645
Corporate bonds	66,914	69,152	2,238
Foreign securities	802	811	8
Foreign bonds	802	811	8
Other securities	7,173	7,262	89
Total	322,659	334,335	11,675
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	299,308	264,825	(34,483)
Government bonds	208,984	188,962	(20,022)
Municipal bonds	21,648	18,438	(3,210)
Corporate bonds	68,675	57,424	(11,250)
Foreign securities	36,222	30,983	(5,238)
Foreign bonds	36,222	30,983	(5,238)
Other securities	76,306	66,371	(9,934)
Total	411,836	362,180	(49,655)
Grand total	¥734,496	¥696,516	¥(37,979)

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥ 83,479 million) which are represented as monetary claims purchased in the consolidated balance sheet.

Notes to Consolidated Financial Statements

(3) Policy-reserve-matching bonds

	Millions of yen		
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,796,459	¥1,928,363	¥ 131,904
Government bonds	1,206,910	1,293,585	86,675
Municipal bonds	106,987	115,060	8,073
Corporate bonds	482,562	519,717	37,154
Foreign securities	5,000	5,051	51
Foreign bonds	5,000	5,051	51
Total	1,801,459	1,933,415	131,955
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	3,237,644	2,687,340	(550,303)
Government bonds	2,404,745	2,001,703	(403,041)
Municipal bonds	202,946	169,312	(33,634)
Corporate bonds	629,953	516,324	(113,628)
Foreign securities	34,720	32,993	(1,726)
Foreign bonds	34,720	32,993	(1,726)
Total	3,272,364	2,720,334	(552,029)
Grand total	¥5,073,824	¥4,653,750	¥(420,074)

	Millions of yen		
As of March 31, 2025	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	¥1,085,092	¥1,117,612	¥ 32,520
Government bonds	721,472	743,413	21,941
Municipal bonds	64,415	66,142	1,727
Corporate bonds	299,204	308,056	8,851
Foreign securities	2,523	2,540	16
Foreign bonds	2,523	2,540	16
Total	1,087,615	1,120,152	32,536
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	4,395,368	3,464,197	(931,170)
Government bonds	3,326,868	2,639,626	(687,241)
Municipal bonds	244,751	188,427	(56,324)
Corporate bonds	823,747	636,143	(187,604)
Foreign securities	40,411	38,457	(1,954)
Foreign bonds	40,411	38,457	(1,954)
Total	4,435,780	3,502,654	(933,125)
Grand total	¥5,523,396	¥4,622,807	¥(900,588)

(4) Available-for-sale securities

Millions of yen

As of March 31, 2024	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥442,195	¥ 420,315	¥ 21,879
Government bonds	173,673	160,004	13,668
Municipal bonds	24,739	23,491	1,247
Corporate bonds	243,782	236,819	6,963
Domestic stocks	793,411	358,301	435,110
Foreign securities	2,066,274	1,745,080	321,193
Foreign bonds	281,829	276,273	5,556
Foreign stocks	4,517	3,427	1,090
Foreign other securities	1,779,926	1,465,380	314,546
Other securities	523,366	357,329	166,036
Total	3,825,246	2,881,026	944,220
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	1,083,809	1,136,290	(52,481)
Government bonds	362,399	394,457	(32,057)
Municipal bonds	36,937	37,886	(948)
Corporate bonds	684,472	703,946	(19,474)
Domestic stocks	6,774	7,588	(814)
Foreign securities	1,019,919	1,141,133	(121,214)
Foreign bonds	560,252	644,979	(84,727)
Foreign stocks	18,668	20,697	(2,029)
Foreign other securities	440,998	475,456	(34,457)
Other securities	80,349	83,082	(2,733)
Total	2,190,852	2,368,096	(177,243)
Grand total	¥6,016,099	¥5,249,122	¥766,976

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥12,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥29,999 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥43,040 million) which are represented as monetary claims purchased in the consolidated balance sheet.

Millions of yen

As of March 31, 2025	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	¥ 324,252	¥ 314,228	¥ 10,024
Government bonds	146,849	141,416	5,433
Municipal bonds	20,410	19,919	490
Corporate bonds	156,992	152,892	4,100
Domestic stocks	655,850	289,604	366,245
Foreign securities	1,798,607	1,527,235	271,372
Foreign bonds	152,829	151,004	1,824
Foreign stocks	27	0	27
Foreign other securities	1,645,750	1,376,230	269,519
Other securities	454,244	319,379	134,864
Total	3,232,954	2,450,447	782,507
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	1,074,705	1,166,689	(91,983)
Government bonds	332,014	397,094	(65,080)
Municipal bonds	14,761	16,813	(2,052)
Corporate bonds	727,930	752,781	(24,851)
Domestic stocks	51,658	53,986	(2,328)
Foreign securities	1,000,603	1,097,843	(97,239)
Foreign bonds	460,726	524,053	(63,327)
Foreign stocks	12,417	12,433	(16)
Foreign other securities	527,460	561,356	(33,895)
Other securities	97,332	100,668	(3,335)
Total	2,224,300	2,419,187	(194,887)
Grand total	¥5,457,255	¥4,869,635	¥587,619

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥2,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥54,985 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥29,703 million) which are represented as monetary claims purchased in the consolidated balance sheet.

Notes to Consolidated Financial Statements

(5) Sales of securities classified as held-to-maturity bonds

- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2024.
- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2025.

(6) Sales of securities classified as policy-reserve-matching bonds

	Millions of yen		
Year ended March 31, 2024	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥124,408	¥10,510	¥740
Government bonds	123,808	10,510	641
Corporate bonds	600	—	99
Foreign securities	4,612	193	—
Foreign bonds	4,612	193	—
Total	¥129,021	¥10,703	¥740

	Millions of yen		
Year ended March 31, 2025	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥209,830	¥792	¥49,358
Government bonds	208,919	782	49,358
Corporate bonds	910	10	—
Foreign securities	2,241	55	6
Foreign bonds	2,241	55	6
Total	¥212,071	¥847	¥49,365

(7) Sales of securities classified as available-for-sale securities

	Millions of yen		
Year ended March 31, 2024	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥ 213,409	¥ 11,478	¥ 6,609
Government bonds	159,769	10,125	3,980
Municipal bonds	2,108	—	491
Corporate bonds	51,531	1,352	2,138
Domestic stocks	100,012	50,971	2,354
Foreign securities	979,922	63,387	89,829
Foreign bonds	797,678	8,345	89,324
Foreign stocks	2,502	16	452
Foreign other securities	179,742	55,025	51
Other securities	40,512	6,121	2
Total	¥1,333,856	¥131,958	¥98,795

	Millions of yen		
Year ended March 31, 2025	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	¥110,370	¥ 62	¥ 3,026
Government bonds	88,283	—	2,295
Municipal bonds	—	—	—
Corporate bonds	22,086	62	731
Domestic stocks	90,575	54,350	3,100
Foreign securities	710,112	48,738	31,864
Foreign bonds	516,864	4,702	27,737
Foreign stocks	4,640	1,073	19
Foreign other securities	188,606	42,963	4,107
Other securities	52,068	11,712	0
Total	¥963,125	¥114,863	¥37,991

(8) Impairment of securities

The Company and its consolidated subsidiaries recognized ¥980 million as impairment losses for the available-for-sale securities other than stocks without market prices and the investments in capital of partnerships and so forth and ¥4,336 million as impairment losses for the available-for-sale securities of stocks without market prices and the investments in capital of partnerships and so forth for the fiscal year ended March 31, 2024.

The Company and its consolidated subsidiaries recognized ¥8,679 million as impairment losses for the available-for-sale

securities other than stocks without market prices and the investments in capital of partnerships and so forth and ¥2,173 million as impairment losses for the available-for-sale securities of stocks without market prices and the investments in capital of partnerships and so forth for the fiscal year ended March 31, 2025.

The Company and its consolidated subsidiaries recognize impairment losses on the securities in principle if fair value as of the end of the fiscal year declines by 30% or more from their acquisition cost.

Note 22 Monetary Trusts

(1) Monetary trusts for trading purposes

			Millions of yen
Year ended March 31,	2024	2025	
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(17)	¥(11)	

(2) Monetary trusts for held-to-maturity purposes

				Millions of yen
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference	
Monetary trusts	¥28,138	¥25,329	¥(2,809)	

				Millions of yen
As of March 31, 2025	Consolidated balance sheet amount	Fair value	Difference	
Monetary trusts	¥27,094	¥22,219	¥(4,874)	

(3) Monetary trusts for policy-reserve-matching purposes

				Millions of yen
As of March 31, 2024	Consolidated balance sheet amount	Fair value	Difference	
Monetary trusts	¥927,158	¥857,265	¥(69,892)	

				Millions of yen
As of March 31, 2025	Consolidated balance sheet amount	Fair value	Difference	
Monetary trusts	¥863,136	¥767,112	¥(96,024)	

(4) Monetary trusts for those other than trading, held-to-maturity or policy-reserve-matching purposes

				Millions of yen
As of March 31, 2024	Consolidated balance sheet amount	Acquisition cost	Difference	
Monetary trusts	¥197,292	¥186,856	¥10,436	

				Millions of yen
As of March 31, 2025	Consolidated balance sheet amount	Acquisition cost	Difference	
Monetary trusts	¥222,872	¥221,059	¥1,813	

Notes to Consolidated Financial Statements

Note 23 Derivative Transactions

(1) Derivative financial instruments for which hedge accounting is not applied

a. Currency-related transactions

				Millions of yen
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥427,141	¥ —	¥(8,335)	¥(8,335)
U.S. dollar	121,074	—	(3,837)	(3,837)
Euro	33,142	—	(668)	(668)
British pound	41,533	—	(127)	(127)
Canadian dollar	39,635	—	(784)	(784)
Australian dollar	191,755	—	(2,918)	(2,918)
Bought	103,298	—	(273)	(273)
U.S. dollar	29,499	—	(43)	(43)
Euro	6,382	—	(38)	(38)
British pound	257	—	0	0
Canadian dollar	17,970	—	(8)	(8)
Australian dollar	49,187	—	(182)	(182)
Total			¥(8,608)	¥(8,608)

Note: Monetary claims and liabilities denominated in foreign currencies, etc., which have fixed settlement amounts in yen under foreign exchange contracts, etc. and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

				Millions of yen
As of March 31, 2025	Notional amount		Fair value	Valuation gains (losses)
	Total	Over		
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	¥311,574	¥—	¥3,236	¥3,236
U.S. dollar	91,826	—	1,082	1,082
Euro	6,579	—	134	134
British pound	39,888	—	(243)	(243)
Canadian dollar	19,787	—	(367)	(367)
Australian dollar	153,493	—	2,629	2,629
Bought	17,959	—	(2)	(2)
U.S. dollar	1,808	—	(15)	(15)
British pound	227	—	(1)	(1)
Australian dollar	15,923	—	14	14
Total			¥3,233	¥3,233

Note: Monetary claims and liabilities denominated in foreign currencies, etc., which have fixed settlement amounts in yen under foreign exchange contracts, etc. and are disclosed in yen amounts in the consolidated balance sheet, are not subject to this disclosure.

b. Interest-related transactions

As of March 31, 2024

- There were no Interest-related transactions for the year ended March 31, 2024.

As of March 31, 2025

- There were no Interest-related transactions for the year ended March 31, 2025.

c. Stock-related transactions

Millions of yen				
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Stock index options:				
Bought				
Put	¥99,430	¥ —		
	[101]	[—]	4	(96)
Total			¥4	¥(96)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

Millions of yen				
As of March 31, 2025	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Stock index options:				
Bought				
Put	¥98,800	¥ —		
	[104]	[—]	5	(99)
Total			¥5	¥(99)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

Notes to Consolidated Financial Statements

T&D Financial Life uses monetary trusts to execute derivative transactions. The following tables show a summary of the notional amount and fair value of derivative financial instruments.

Millions of yen				
As of March 31, 2024	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥24,992	¥ —	¥(718)	¥(718)
U.S. dollar	24,992	—	(718)	(718)
Bought	4,969	—	(46)	(46)
Australian dollar	4,969	—	(46)	(46)
Currency options:				
Bought				
Put	440	313		
	[121]	[85]	4	(116)
U.S. dollar	282	204		
	[86]	[62]	2	(83)
Euro	157	109		
	[34]	[23]	1	(33)
Over-the-counter transactions:				
Stock-related transactions:				
Stock index options:				
Bought				
Put	1,193	989		
	[271]	[232]	12	(258)
Total			¥(747)	¥(1,140)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

Millions of yen				
As of March 31, 2025	Notional amount		Fair value	Valuation gains (losses)
	Total	Over one year		
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	¥20,792	¥ —	¥(121)	¥(121)
U.S. dollar	20,792	—	(121)	(121)
Bought	6,188	—	8	8
Australian dollar	6,188	—	8	8
Currency options:				
Bought				
Put	313	186		
	[85]	[53]	2	(82)
U.S. dollar	204	134		
	[62]	[42]	1	(60)
Euro	109	52		
	[23]	[10]	0	(22)
Over-the-counter transactions:				
Stock-related transactions:				
Stock index options:				
Bought				
Put	989	686		
	[232]	[175]	12	(220)
Total			¥(97)	¥(415)

Note: Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

(2) Derivative financial instruments for which hedge accounting is applied

a. Currency-related transactions

Millions of yen

As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥1,867,414	¥ —	¥(36,705)
U.S. dollar		1,523,473	—	(32,452)
Euro		327,881	—	(3,959)
Australian dollar		16,059	—	(292)
Bought		94,956	—	(67)
U.S. dollar		75,605	—	14
Euro		18,530	—	(78)
Australian dollar		820	—	(2)
Allocation treatment for foreign exchange contracts, etc.:				
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		29,442	29,442	—
U.S. dollar		29,442	29,442	—
Total				¥(36,772)

Note: Fair value of foreign exchange contracts, etc., with allocation treatments are included in fair value of the relevant hedged items which are foreign currency-denominated loans, because the hedging instruments and the hedged items are treated as a unit.

Millions of yen

As of March 31, 2025	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		¥1,379,899	¥ —	¥(6,545)
U.S. dollar		1,114,292	—	(3,804)
Euro		249,194	—	(3,212)
Australian dollar		16,412	—	471
Bought		22,735	—	9
U.S. dollar		20,529	—	7
Australian dollar		2,205	—	1
Currency options:	Foreign currency-denominated assets			
Sold				
Call		161,940	—	
		[2,176]	[—]	423
U.S. dollar		161,940	—	
		[2,176]	[—]	423
Bought				
Put		158,908	—	
		[2,176]	[—]	2,754
U.S. dollar		158,908	—	
		[2,176]	[—]	2,754
Allocation treatment for foreign exchange contracts, etc.:				
Foreign exchange contracts:				
Bought	Foreign currency-denominated stocks (forecast transaction)	107,850	—	272
Euro		107,850	—	272
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		29,442	23,278	—
U.S. dollar		29,442	23,278	—
Total				¥(3,086)

Note:

1. Fair value of foreign exchange contracts, etc., with allocation treatments are included in fair value of the relevant hedged items which are foreign currency-denominated loans, because the hedging instruments and the hedged items are treated as a unit.
2. Figures in square brackets for "Notional amount" represent option premiums that are reported on the consolidated balance sheet.

Notes to Consolidated Financial Statements

b. Interest-related transactions

				Millions of yen
As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥14,232	¥994	¥45
Total				¥45

				Millions of yen
As of March 31, 2025	Hedged item	Notional amount		Fair value
		Total	Over one year	
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Loans	¥947	¥—	¥(0)
Total				¥(0)

c. Stock-related transactions

				Millions of yen
As of March 31, 2024	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Stock forward:				
Sold	Foreign stocks	¥60,872	¥—	¥(10,741)
Total				¥(10,741)

				Millions of yen
As of March 31, 2025	Hedged item	Notional amount		Fair value
		Total	Over one year	
Recognition of valuation gains/losses on hedged items:				
Stock forward:				
Sold	Domestic and foreign stocks	¥132,162	¥—	¥7,893
Total				¥7,893

Note 24 Business Combinations

[Transactions under common control, etc.]

Our consolidated subsidiaries, Taiyo Life and Daido Life, acquired through absorption-type split effective April 1, 2024, the system development, operation, and server maintenance related businesses from our consolidated subsidiary T&D Information Systems, Ltd. (hereinafter referred to as the "T&D Information Systems"). Furthermore, on September 30, 2024, we acquired all shares of T&D Information Systems held by Taiyo Life and Daido Life, making it a wholly-owned subsidiary directly under our control.

(1) Overview of transaction

a. Name and description of the business subject to the transaction

The business of developing, operating, and maintaining servers for Taiyo Life and Daido Life within T&D Information Systems.

b. Date of business combination

April 1, 2024

c. Legal form of the business combination

An absorption-type split where Taiyo Life and Daido Life are the surviving companies and T&D Information Systems is the split company.

d. Name of the combined entity

Taiyo Life and Daido Life

e. Other matters regarding the overview of the transaction

To build a swift and agile DX/IT promotion system integrating the overseeing department and the systems department, the system development functions of T&D Information Systems were absorbed by Taiyo Life and Daido Life through an absorption-type split. Furthermore, T&D Information Systems has become a wholly-owned subsidiary of the Company and will now play a role in creating group synergy in the DX/IT field and promoting research and development of cutting-edge technologies such as AI and cloud.

(2) Outline of the accounting treatment implemented

The transaction has been accounted for as a transaction under common control based on “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

Note 25 Employees’ Retirement Benefits

(1) Overview of the retirement benefit plan adopted by the T&D Insurance Group

The Company and domestic consolidated subsidiaries have defined benefit retirement plans such as a defined benefit corporate pension plan, a retirement pension plan, and a retirement lump-sum payment plan.

Further, certain consolidated subsidiaries have defined contribution pension plans as their defined contribution retirement plan as well as retirement benefit trusts.

(2) Defined benefit retirement plan

a. Reconciliations of the beginning- and end-of-the-year balances of retirement benefit obligations are as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Balance at the beginning of the year	¥147,194	¥136,943
Service cost	5,734	5,054
Interest cost	1,215	1,920
Actuarial gains and losses	(10,777)	(6,088)
Retirement benefit paid	(6,427)	(6,462)
Accrual of past service costs	4	—
Others	—	(127)
Balance at the end of the year	¥136,943	¥131,240

Note: Retirement benefit expense for companies using the simplified method is recorded in service cost.

b. Reconciliations of the beginning- and end-of-the-year balances of pension plan assets are as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Balance at the beginning of the year	¥109,119	¥112,221
Expected return on plan assets	1,186	1,753
Actuarial gains and losses	1,556	(5,720)
Employer contribution	5,263	3,962
Benefit obligation paid	(4,904)	(4,680)
Balance at the end of the year	¥112,221	¥107,535

Notes to Consolidated Financial Statements

- c. Reconciliations of retirement benefit obligations and pension plan assets to retirement benefit liabilities and retirement benefit assets stated in the consolidated balance sheet are as follows:

	Millions of yen	
As of March 31,	2024	2025
Retirement benefit obligations for funded plans	¥ 111,427	¥106,626
Plan assets	(112,221)	(107,535)
Employee pension trusts	[(56,407)]	[(50,903)]
	(793)	(909)
Retirement benefit obligations for unfunded plans	25,512	24,613
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	24,718	23,704
Retirement benefit liability	35,455	33,767
Retirement benefit asset	(10,736)	(10,062)
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 24,718	¥ 23,704

- d. Components of retirement benefit expense are as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Service cost	¥ 5,734	¥ 5,054
Interest cost	1,215	1,920
Expected return on plan assets	(1,186)	(1,753)
Recognized actuarial gains and losses	(12,333)	(367)
Recognized past service costs	4	—
Others	—	(129)
Retirement benefit expense relating to defined benefit retirement plan	¥ (6,566)	¥ 4,724

Note: Retirement benefit expense for companies using the simplified method is recorded in service cost.

- e. Matters related to pension plan assets

- (i) Components of pension plan assets are as follows:

As of March 31,	2024	2025
Bonds	63.0%	61.6%
General account	13.3	14.9
Foreign securities	12.1	11.6
Stocks	6.9	5.9
Cash and deposits	2.3	3.2
Real Estates	1.6	1.7
Joint assets	0.8	1.1
Others	0.0	0.0
Total	100.0%	100.0%

Note: The total includes 50.3% and 47.3% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2024 and 2025, respectively.

- (ii) The setting method for long-term expected rate of return

The long-term expected rate of return on pension plan assets is set by considering the present and the prospective asset allocation of pension plan assets, as well as the present and the expected long-term rate of return arising from various assets that comprise the plan assets.

- f. Matters related to actuarial basis

Years ended March 31,	2024	2025
Discount rate	0.66% – 1.80%	1.30% – 2.04%
Expected long-term rate of return on plan assets	0.58% – 2.02%	1.03% – 2.29%

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the consolidated subsidiaries amounted to ¥278 million and ¥281 million for the fiscal years ended March 31, 2024 and 2025, respectively.

Note 26 **Stock Options****(1) Amount of expenses related to stock options**

There were no operating expenses related to stock options for the fiscal years ended March 31, 2024 and 2025.

(2) Details, size and status of stock options

a. Details of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 40
Number of stock options by class*	Common stock: 449,600 shares
Grant date	July 31, 2012
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 1, 2012 to July 31, 2042

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (2nd series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 7 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 39
Number of stock options by class*	Common stock: 235,500 shares
Grant date	August 1, 2013
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2013 to August 1, 2043

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (3rd series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 6 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 41
Number of stock options by class*	Common stock: 231,300 shares
Grant date	August 1, 2014
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2014 to August 1, 2044

* Translated to the number of common stock.

	T&D Holdings, Inc. stock subscription rights (4th series)
Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 15 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 43
Number of stock options by class*	Common stock: 170,700 shares
Grant date	August 3, 2015
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 4, 2015 to August 3, 2045

* Translated to the number of common stock.

Notes to Consolidated Financial Statements

T&D Holdings, Inc. stock subscription rights (5th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 48
Number of stock options by class*	Common stock: 379,800 shares
Grant date	August 1, 2016
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2016 to August 1, 2046

* Translated to the number of common stock.

T&D Holdings, Inc. stock subscription rights (6th series)

Title and number of grantees	Directors (excluding outside directors) and executive officers of the Company: 10 Directors (excluding outside directors) and executive officers of subsidiaries of the Company: 47
Number of stock options by class*	Common stock: 208,200 shares
Grant date	August 1, 2017
Conditions for vesting	Stock options are vested on the grant date.
Requisite service period	Not applicable
Exercise period	August 2, 2017 to August 1, 2047

* Translated to the number of common stock.

b. Size and status of stock options

For stock options which existed during the consolidated fiscal year ended March 31, 2025, the number of stock options is translated to the number of common stock.

(i) Number of stock options

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	31,700 shares	21,400 shares	34,100 shares
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	31,700 shares	21,400 shares	34,100 shares

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Before vesting:			
At the end of previous fiscal year	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vesting:			
At the end of previous fiscal year	38,200 shares	96,900 shares	69,900 shares
Vested	—	—	—
Exercised	2,100 shares	17,100 shares	13,400 shares
Forfeited	—	—	—
Exercisable	36,100 shares	79,800 shares	56,500 shares

(ii) Unit price information

	T&D Holdings, Inc. stock subscription rights (1st series)	T&D Holdings, Inc. stock subscription rights (2nd series)	T&D Holdings, Inc. stock subscription rights (3rd series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	—	—	—
Fair value at the granted date	685 yen	1,143 yen	1,153 yen

	T&D Holdings, Inc. stock subscription rights (4th series)	T&D Holdings, Inc. stock subscription rights (5th series)	T&D Holdings, Inc. stock subscription rights (6th series)
Exercise price	1 yen	1 yen	1 yen
Average stock price at the time of exercise	2,562 yen	2,578 yen	2,653 yen
Fair value at the granted date	1,708 yen	918 yen	1,485 yen

(3) Method for estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

Note 27 Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheet are as follows:

(1) Overview of the asset retirement obligations

Asbestos removal obligations for office buildings and rental properties are recorded as asset retirement obligations.

(2) Calculation method for the amount of the asset retirement obligations

For the estimation of the present value of asset retirement obligations, 50 years from the acquisition of buildings is used as an estimated period before the cost will accrue and 2.11% as a discount rate.

(3) Increase or decrease of the total amount of the asset retirement obligations

	Millions of yen	
Years ended March 31,	2024	2025
Balance at the beginning of the year	¥2,200	¥2,200
Time progress adjustment	—	—
Balance at the end of the year	¥2,200	¥2,200

Note 28 Real Estate for Rent

T&D Insurance Group owns real estate for rent, consisting mainly of office buildings in major cities in Japan. Their balance sheet amount, net increase or decrease and fair value at the end of the year are as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Balance sheet amount:		
Balance at the beginning of the year	¥279,913	¥277,492
Net increase (decrease)	(2,420)	(832)
Balance at the end of the year	277,492	276,660
Fair value at the end of the year	¥398,680	¥408,848

Notes:

- Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
- For the year ended March 31, 2024, the increase mainly consisted of purchase of real estate totaling ¥9,252 million and the decrease mainly consisted of depreciation totaling ¥5,878 million and sales of real estate totaling ¥4,916 million.
For the year ended March 31, 2025, the increase mainly consisted of purchase of real estate totaling ¥10,819 million and the decrease mainly consisted of depreciation totaling ¥6,271 million and sales of real estate totaling ¥3,363 million.
- Fair value at the end of the year of major properties is calculated based on their appraisal value by external real estate appraisers. The value of other properties is calculated in-house based on the posted price.

Notes to Consolidated Financial Statements

Gains (losses) on real estate for rent are as follows:

	Millions of yen	
Years ended March 31,	2024	2025
Ordinary revenues	¥21,917	¥21,895
Ordinary expenses	13,114	13,976
Ordinary profit	8,803	7,919
Other gains(losses)	6,453	505

Notes:

1. Ordinary revenues and ordinary expenses constitute income from lease and corresponding expenses, such as depreciation, repair expenses, insurance expenses and taxes. These amounts are recorded in investment income and investment expenses
2. For the year ended March 31, 2024 and March 31, 2025, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.

Note 29 Revenue Recognition

Revenues arising from contracts with customers for the Company are immaterial since a large part of Ordinary revenues, substitute for Sales, consists of Income from insurance premiums and Investment income not subject to the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) in accordance with Paragraph 3 of the standard. Therefore, the Company disclose the revenues without separating from other revenues on the consolidated statement of operations as well as disclose contract assets, contract liabilities and claims arising from contracts with customers without separating from other assets and liabilities on the consolidated balance sheet. Also, the Company omit notes on the following information.

- (1) Information on disaggregated revenue arising from contracts with customers
- (2) Information providing a basis for understanding revenue arising from contracts with customers
 - a. Information on contracts with customers and perfor-

mance obligations

- b. Information on determining the transaction price
 - c. Information on the calculation of the price allocated to a performance obligation
 - d. Information regarding the timing of satisfaction of performance obligations
 - e. Significant judgements on applying the Revenue Recognition Accounting Standard
- (3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the current fiscal year that are expected to be recognized in the following fiscal year or beyond
- a. Balance of contract assets and contract liabilities, etc.
 - b. Transaction price allocated to remaining performance obligations

Note 30 Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components of the Company for which separate financial information is available. These segments are subject to regular review by the Company's Board of Directors to determine the allocation of business resources and evaluate business performances.

The Company is an insurance holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business. Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the households market, Daido Life focuses on the

small and medium enterprises market and T&D Financial Life focuses on independent insurance agent market and each company has different products under its unique marketing strategy.

In addition, T&D United Capital aims for diversification and optimization of the Group's business portfolio and focuses on establishing and strengthening functions as a profit center through the strategic investment in new growth business fields with a strong affinity for the life insurance business.

Therefore, the Company's four reportable segments are the Taiyo Life Insurance Company segment, the Daido Life Insurance Company segment, the T&D Financial Life Insurance Company segment and the T&D United Capital Company (consolidated) segment.

(2) Method for calculating ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

The method for the accounting treatment of the reportable segments is the same as described in “Note 2. Summary of Significant Accounting Policies.”

(3) Information on ordinary revenues, income or loss, assets and liabilities, and others by reportable segment

Year ended March 31, 2024	Reportable segments							Millions of yen	
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total	Adjustments	Amount on consolidated financial statements
Ordinary revenues	¥ 985,895	¥1,181,553	¥1,028,260	¥ 490	¥ 3,196,198	¥ 43,319	¥3,239,518	¥ (31,526)	¥3,207,991
Intergroup transfers	3,395	2,245	—	—	5,641	146,126	151,767	(151,767)	—
Total	989,290	1,183,799	1,028,260	490	3,201,840	189,445	3,391,285	(183,293)	3,207,991
Segment income (loss)	55,314	101,662	7,305	(2,020)	162,261	107,833	270,095	(110,285)	159,809
Segment assets	7,307,852	7,923,413	1,869,028	10,442	17,110,737	1,181,935	18,292,673	(1,085,562)	17,207,110
Segment liabilities	6,888,630	6,938,360	1,795,467	149,418	15,771,876	338,077	16,109,954	(312,769)	15,797,184
Others									
Depreciation of real estate for rent	3,682	3,027	—	—	6,709	—	6,709	(582)	6,127
Depreciation	5,526	7,049	978	3	13,557	829	14,386	513	14,900
Provision for (reversal of) policy reserve	(31,433)	161,403	107,608	—	237,579	121	237,700	—	237,700
Provision for (reversal of) reserve for policyholder dividends	13,606	11,441	1	—	25,050	—	25,050	—	25,050
Interest, dividends and income from real estate for rent	147,589	179,358	5,557	396	332,902	105,675	438,577	(110,883)	327,694
Interest expenses	726	14	0	1,125	1,866	1,763	3,629	(2,194)	1,434
Equity in earnings (losses) of affiliates	—	—	—	(217)	(217)	—	(217)	(2,179)	(2,397)
Extraordinary gains	9,805	1	2	—	9,809	819	10,629	(5)	10,623
Extraordinary losses	3,871	4,968	634	—	9,473	827	10,301	1	10,302
Impairment losses	303	1,426	—	—	1,730	—	1,730	—	1,730
Provision for reserve for price fluctuations	3,124	3,359	634	—	7,118	—	7,118	—	7,118
Taxes	8,658	24,343	1,859	423	35,284	715	36,000	(961)	35,038
Investments in affiliates	453	365	—	142,019	142,838	—	142,838	—	142,838
Increase in tangible fixed assets and intangible fixed assets	¥ 12,073	¥ 21,387	¥ 1,034	¥ 18	¥ 34,514	¥ 1,080	¥35,594	¥ (89)	¥ 35,505

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

- (1) The adjustment of ¥(31,526 million) to ordinary revenues is the transferred amount, which mainly consists of reversal of policy reserve of ¥31,433 million of ordinary revenues which are in ordinary expenses of the consolidated statement of operations as provision for policy reserve.
 - (2) The adjustment of ¥(110,285 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
 - (3) The adjustment of ¥(1,085,562 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates.
 - (4) The adjustment of ¥(312,769 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.
3. Segment income (loss) is adjusted to align with the ordinary profit set forth in the consolidated statement of operations.

Notes to Consolidated Financial Statements

Millions of yen

Year ended March 31, 2025	Reportable segments							Adjustments	Amount on consolidated financial statements
	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total		
Ordinary revenues	¥1,712,800	¥1,147,323	¥959,073	¥ 1,879	¥ 3,821,077	¥ 46,516	¥ 3,867,594	¥ (137,115)	¥ 3,730,479
Intergroup transfers	3,500	1,150	—	—	4,651	96,284	100,935	(100,935)	—
Total	1,716,301	1,148,473	959,073	1,879	3,825,728	142,801	3,968,529	(238,050)	3,730,479
Segment income (loss)	79,486	113,562	7,783	(1,973)	198,858	82,674	281,533	(82,938)	198,595
Segment assets	6,692,604	7,964,439	1,861,932	15,129	16,534,105	1,163,611	17,697,716	(1,078,707)	16,619,009
Segment liabilities	6,319,150	7,029,948	1,782,150	157,727	15,288,977	328,143	15,617,121	(304,941)	15,312,180
Others									
Depreciation of real estate for rent	3,591	3,266	—	—	6,858	—	6,858	(362)	6,495
Depreciation	5,894	7,375	1,051	4	14,325	775	15,100	290	15,391
Provision for (reversal of) policy reserve	(687,842)	134,265	(26,336)	—	(579,912)	221	(579,691)	—	(579,691)
Provision for (reversal of) reserve for policyholder dividends	14,396	11,518	1	—	25,917	—	25,917	—	25,917
Interest, dividends and income from real estate for rent	148,611	206,265	5,433	273	360,583	82,017	442,600	(86,103)	356,497
Interest expenses	1,722	56	0	1,121	2,901	1,629	4,530	(2,127)	2,403
Equity in earnings (losses) of affiliates	—	—	—	—	—	—	—	(1,202)	(1,202)
Extraordinary gains	3,426	2,958	—	—	6,384	1,349	7,733	498	8,232
Gains on negative goodwill	—	—	—	—	—	—	—	1,341	1,341
Extraordinary losses	4,389	5,856	595	—	10,842	1,373	12,215	—	12,215
Impairment losses	459	1,120	—	—	1,580	—	1,580	—	1,580
Provision for reserve for price fluctuations	2,893	3,324	595	—	6,814	—	6,814	—	6,814
Taxes	12,267	26,530	1,600	767	41,166	681	41,847	(556)	41,290
Investments in affiliates	453	365	—	142,019	142,838	—	142,838	—	142,838
Increase in tangible fixed assets and intangible fixed assets	¥ 14,597	¥ 25,114	¥ 1,051	¥ 7	¥ 40,772	¥ 1,163	¥ 41,935	¥ (68)	¥ 41,867

Notes:

1. Ordinary revenues instead of net sales are presented here.

2. Adjustments are as follows:

- (1) The adjustment of ¥(137,115 million) to ordinary revenues is the transferred amount, which mainly consists of provision for policy reserve of ¥134,486 million, provision for reserve for outstanding claims of ¥1,322 million and foreign exchange losses, net of ¥811 million of ordinary expenses, which are in ordinary revenues of the consolidated statement of operations as reversal of policy reserve, reversal of outstanding claims and foreign exchange gains, net.
 - (2) The adjustment of ¥(82,938 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
 - (3) The adjustment of ¥(1,078,707 million) to segment assets is mainly due to the elimination of investments in stocks of subsidiaries and affiliates and the elimination of intersegment receivables and payables.
 - (4) The adjustment of ¥(304,941 million) to segment liabilities is mainly due to the elimination of intersegment receivables and payables.
3. Segment income (loss) is adjusted to align with the ordinary profit set forth in the consolidated statement of operations.

[Related information]

For the year ended March 31, 2024

1. Information by product and service

Sales to external customers

Millions of yen

Year ended March 31, 2024	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	¥702,821	¥843,749	¥917,540	¥—	¥10,444	¥2,474,555
Insurance premiums	617,655	823,650	784,006	—	10,444	2,235,757
Individual insurance and individual annuities	361,447	770,372	783,846	—	—	1,915,666
Group insurance	28,439	19,884	—	—	—	48,323
Group annuities	226,808	32,199	142	—	—	259,150
Others	959	1,195	17	—	10,444	12,616
Ceded reinsurance recoveries	¥ 85,166	¥ 20,098	¥133,533	¥—	¥—	¥ 238,798

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operations.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operations.

For the year ended March 31, 2025

1. Information by product and service

Sales to external customers

Millions of yen

Year ended March 31, 2025	Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Others	Total
Income from insurance premiums	¥805,591	¥841,262	¥921,711	¥—	¥11,256	¥2,579,821
Insurance premiums	725,062	821,887	684,260	—	11,256	2,242,466
Individual insurance and individual annuities	626,776	769,627	684,117	—	—	2,080,521
Group insurance	27,824	19,698	—	—	—	47,523
Group annuities	69,545	31,242	126	—	—	100,914
Others	915	1,318	16	—	11,256	13,507
Ceded reinsurance recoveries	¥ 80,528	¥ 19,375	¥237,450	¥—	¥ —	¥ 337,355

Note: Income from insurance premiums instead of net sales is presented here.

2. Information by geographic area

(1) Net sales

Information by geographic area is omitted, as net sales (ordinary revenues) to external customers in Japan exceed 90% of net sales (ordinary revenues) in the consolidated statement of operations.

(2) Tangible fixed assets

Information by geographic area is omitted, as the amount of tangible fixed assets in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted, as there are no customers to whom sales exceed 10% of net sales (ordinary revenues) to external customers in the consolidated statement of operations.

Notes to Consolidated Financial Statements

[Information on impairment losses on fixed assets by reportable segment]

For the years ended March 31, 2024 and 2025

Information on impairment losses on fixed assets by reportable segment is disclosed in "Note 30. Segment information."

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

For the years ended March 31, 2024 and 2025: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2024 : Not applicable.

For the years ended March 31, 2025 : Information on negative goodwill by reportable segment is disclosed in "Note 30. Segment information."

[Related party information]

1. Related party transactions

(1) Transactions with the Company:

For the years ended March 31, 2024 and 2025: Not applicable.

(2) Transactions with the Company's consolidated subsidiaries

a. The Company's parent company and major shareholders (limited to companies, etc.), etc.:

For the years ended March 31, 2024 and 2025: Not applicable.

b. The Company's non-consolidated subsidiaries and affiliates, etc.

Year ended March 31, 2024								Millions of yen		Millions of yen
Type	Name	Location	Paid-in Capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction	Accounting item	Balance at the end of the year
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 26.37	Conclusion of reinsurance contract with T&D Financial Life	Payment of reinsurance premiums	¥168,229	Reinsurance payable	¥16,648

Note: Reinsurance premiums agreed with the reinsurer based on the reinsurance contract were recorded at the time of receipt of insurance premiums relating to the underlying insurance contract, etc. Reinsurance premiums were determined by considering multiple quotes.

Year ended March 31, 2025								Millions of yen		Millions of yen
Type	Name	Location	Paid-in Capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction	Accounting item	Balance at the end of the year
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 26.37	Conclusion of reinsurance contract with Taiyo Life	Payment of reinsurance premiums	¥658,500	—	—
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	\$ 1 million	reinsurance	Indirect ownership 26.37	Conclusion of reinsurance contract with T&D Financial Life	Payment of reinsurance premiums	¥231,163	Reinsurance payable	¥14,142

Note: Reinsurance premiums agreed with the reinsurer based on the reinsurance contract were recorded at the time of receipt of insurance premiums relating to the underlying insurance contract or conclusion of the reinsurance contract, etc. Reinsurance premiums were determined by considering multiple quotes.

c. Companies, etc. having the same parent company as the Company and subsidiaries, etc. of the Company's other subsidiaries and affiliates:

For the years ended March 31, 2024 and 2025: Not applicable.

d. The Company's officer and major shareholders (limited to individuals), etc.:

For the years ended March 31, 2024 and 2025: Not applicable.

2. Notes on the parent company or any important affiliates

(1) Notes on the parent company:

For the years ended March 31, 2024 and 2025: Not applicable.

(2) Summarized financial information of important affiliates

For the consolidated fiscal year ended March 31, 2024 and March 31, 2025 the important affiliate was FGH Parent, L.P. and its summarized consolidated financial information (main consolidated balance sheet items and consolidated statement of operations items) is as follows.

The consolidated financial statements of the company have been prepared in accordance with U.S. GAAP.

		Millions of yen
Year ended March 31,	2024	2025
Total assets	¥15,674,126	¥16,698,386
Total liabilities	¥15,675,360	¥16,931,024
Total net assets	¥ (1,234)	¥ (232,638)
Total revenues	¥ 656,048	¥ 480,111
Total expenses	¥ 484,594	¥ 672,065
Income before income taxes	¥ 171,454	¥ (191,954)
Profit	¥ 135,759	¥ (146,948)

Note 31 Per Share Information

		Yen
Years ended March 31,	2024	2025
Net assets per share	¥2,648.22	¥2,540.17
Earnings per share	183.13	241.72
Earnings per share (fully diluted)	183.01	241.60

Note: A summary of the net assets per share, the earnings per share and the earnings per share (fully diluted) computations is as follows:

(1) Earnings per share and earnings per share (fully diluted)

		Millions of yen
Years ended March 31,	2024	2025
Earnings per share:		
Profit attributable to owners of parent	¥98,777	¥126,411
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shareholders	¥98,777	¥126,411
		Shares
Weighted-average number of common stocks outstanding	539,387,822	522,960,330
		Millions of yen
Years ended March 31,	2024	2025
Earnings per share (fully diluted):		
Adjusted profit attributable to owners of parent	¥—	¥—
		Shares
Increase in common stock	337,006	261,726
Subscription rights to shares	337,006	261,726
Summary of potential shares that are not included in computation of earnings per share (fully diluted) due to lack of dilution effect	—	—

Notes to Consolidated Financial Statements

(2) Net assets per share

	Millions of yen	
As of March 31,	2024	2025
Net assets	¥1,409,926	¥1,306,829
Deduction from net assets	6,363	6,025
Subscription rights to shares	343	304
Non-controlling interests	6,020	5,721
Net assets available to common shareholders	¥1,403,562	¥1,300,803
	Shares	
The number of common stock outstanding	530,003,037	512,093,829

(3) The Company's shares remaining in the BIP (Board Incentive Plan) Trust and the ESOP (Employee Stock Ownership Plan) Trust, which are recorded as treasury shares in shareholders' equity, are included in treasury shares to be deducted in the calculation of the average number of shares during the period for calculation of earnings per share and earnings per share (fully diluted). Also, for the calculation of net assets per share, it is included in the number of treasury shares deducted from the total number of outstanding shares at the end of the fiscal year.

Accordingly, the average number of treasury shares to be

deducted in calculation of earnings per share and earnings per share (fully diluted) is 2,491,583, and the number of treasury shares to be deducted in calculation of net assets per share is 2,867,231 for the consolidated fiscal year ended March 31, 2025. Also, for the consolidated fiscal year ended March 31, 2024, the average number of treasury shares to be deducted in calculation of earnings per share and earnings per share (fully diluted) was 1,181,201, and the number of treasury shares to be deducted in calculation of net assets per share was 1,090,300.

Note 32 Significant Subsequent Events

[Acquisition of treasury shares]

The Company has resolved the acquisition of treasury shares at the Board of Director's meeting held on March 31, 2025, based on the provisions of Article 31 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1, Item 1 of the Companies Act of Japan.

(1) Reasons for the acquisition of treasury shares

To increase shareholder returns and improve the capital efficiency.

(2) Details of the acquisition

- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 50,000,000 shares
- Total amount of acquisition: up to ¥100,000 million
- Period of acquisition: From May 19, 2025 to March 31, 2026
- Method of acquisition: Open-market repurchase by the discretionary trading method

(3) Accumulation of acquired shares until May 31, 2025

- Total number of acquired shares: 1,609,300 shares
- Total amount of acquisition: ¥5,137,491,100

[Acquisition of a company, etc. through stock purchase]

The Company has resolved at its board of directors meeting held on March 19, 2025 to acquire 29.9% ownership interest in Viridium Group GmbH & Co.KG ("Viridium"), which is a company specialized in closed-book business, from the funds and similar entities of Cinven Limited, through T&D United Capital Co., Ltd., a wholly owned subsidiary of the Company.

The transaction was completed on August 1, 2025 (Japan Standard Time) as outlined below, and Viridium became companies accounted for under the equity method of the Company.

The transaction was executed together with Allianz SE, BlackRock, Inc., Generali Financial Holdings and Hannover Rück SE.

The acquisition costs: approximately 116.0 billion yen
(The acquisition costs include advisory and other costs in relation to the transaction.)

[Financing through borrowings and issuance of corporate bonds]

The company has adopted a policy to raise up to 140.0 billion yen through borrowings and corporate bonds, with the aim of investments for growth investment, etc.

As for 1. Financing through borrowings was arranged through a syndicated loan, and the Company has resolved at its board of directors meeting held on June 26, 2025 to execute the borrowing.

As for 2. Issuance of corporate bonds, the Company has resolved at its board of directors meeting held on July 31, 2025 to issue the domestic unsecured straight bonds.

Furthermore, as bridge financing until the execution of the above-mentioned borrowing and corporate bonds issuance, 3. Financing through borrowings was executed on July 25, 2025. The summary of each transaction is described below.

1. Financing through borrowings

- | | |
|---------------------------------|--|
| (1) Total amount of borrowings: | Maximum of 140.0 billion yen, together with corporate bonds described in 2. |
| (2) Interest rate: | To be determined |
| (3) Execution Date: | From late August 2025 onward (planned) |
| (4) Maturity: | Within ten years from the issue date |
| (5) Redemption method: | The borrowings will be redeemed in full upon maturity |
| (6) Collateral/Guarantee: | Not provided |
| (7) Use of proceeds: | To be appropriated for funds to refinance of borrowings related to growth investment and working capital |

2. Issuance of corporate bonds

- | | |
|----------------------------|--|
| (1) Total amount of issue: | Maximum of 140.0 billion yen, together with borrowings described in 1. |
| (2) Issue price: | 100 yen per 100 yen in face value of each corporate bond |
| (3) Interest rate: | To be determined |
| (4) Issue date: | From August 1, 2025 to March 31, 2026 (planned) |
| (5) Maturity: | Within ten years from the issue date |
| (6) Redemption method: | The bonds will be redeemed in full upon maturity |
| (7) Collateral/Guarantee: | Not provided |
| (8) Use of proceeds: | To be appropriated for funds to refinance of borrowings related to growth investment and working capital |

3. Financing through borrowings

- | | |
|---------------------------------|--|
| (1) Total amount of borrowings: | 115.0 billion yen |
| (2) Interest rate: | 0.80364 percent (floating) |
| (3) Execution Date: | July 25, 2025 |
| (4) Maturity: | July 25, 2026 |
| (5) Redemption method: | The borrowings will be redeemed in full upon maturity |
| (6) Collateral/Guarantee: | Not provided |
| (7) Use of proceeds: | To be appropriated for growth investments and various expenditures |

Independent Auditor's Report



Independent Auditor's Report

The Board of Directors
T&D Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of T&D Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year 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 its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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.

Sufficiency of the policy reserve	
Description of Key Audit Matter	Auditor's Response
T&D Holdings, Inc. and its consolidated subsidiaries (the "Group") recorded a policy reserve of ¥13,568,704 million on the consolidated balance sheet as of March 31, 2025. The policy reserve was a significant	In regard to the sufficiency of the policy reserve, we evaluated the design and operating effectiveness of significant internal controls and performed the following audit procedures, as well as other procedures,

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<p>account, accounting for 88.6% of total liabilities of ¥15,312,180 million.</p> <p>As described in “(7) Policy reserve in Note 2 Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements, the policy reserve of consolidated subsidiaries (Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company) that are life insurance companies is calculated and set aside in accordance with the calculation methodology specified in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, paragraph (2), item (iv) of the Insurance Business Act) to prepare for future performance of obligations under their insurance policies for which contractual responsibilities have commenced before the fiscal year end based on Article 116, paragraph (1) of the Insurance Business Act.</p> <p>In addition, as described in “(2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. in (ii) Information on significant accounting estimates in connection with items identified of a. Policy reserve under (20) Significant Accounting Estimates in Note 2 Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements, if the calculation assumptions (base rates such as assumed incidence rate and assumed interest rate) specified in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from the latest actual rates and it is deemed to be insufficient to cover the performance of the future obligations, an additional policy reserve must be set aside in accordance with Article 69, paragraph (5) of the Ordinance for Enforcement of the Insurance Business Act.</p> <p>To prepare for the future performance of obligations under insurance policies, a policy reserve must be set aside based on sound</p>	<p>involving actuarial specialists from our network firm, to consider whether it was necessary to set aside an additional policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, paragraph (5) of the Ordinance for Enforcement of the Insurance Business Act.</p> <ul style="list-style-type: none"> • In regard to the Group’s assessment for the sufficiency of the policy reserve (by performing future cash flow analysis and stress tests for third-sector insurance), we compared the calculation results to the prior year’s results in order to confirm that the assessment was appropriately performed based on relevant laws, “Standard of Practice for Appointed Actuaries of Life Insurance Companies (issued by the Institute of Actuaries of Japan)” and internal policies. • To evaluate the reasonableness of management judgement related to the sufficiency of the policy reserve, we inspected written opinions of the appointed actuary and supplementary reports, and made inquiries of the actuary. • To confirm that factors such as the latest economic and business environment were taken into consideration for interest rate scenarios used in future cash flow analysis, we assessed the consistency between these interest rate scenarios and interest rate information that we obtained independently.
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Notes to Consolidated Financial Statements



actuarial methodologies, including reasonable forecasts as of the fiscal year end, which take into consideration the occurrence of insured events, operating expenses and investment performance, so that the policy reserve is not insufficient to cover a life insurance company's future ability to make payments. To judge the sufficiency of the policy reserve, it is necessary to understand the economic and business environment, and business policies on matters such as sales and investments, as well as have actuarial expertise taking into consideration correlations among these factors.

Based on the above, we determined the sufficiency of the policy reserve as a key audit matter due to the significance of effect on the consolidated financial statements.

Reasonableness of accounting treatment related to coinsurance type reinsurance transaction at Taiyo Life Insurance Company

Description of Key Audit Matter	Auditor's Response
<p>As described in "[Taiyo's reinsurance cession of inforce business to Fortitude Group] under (24) Additional information in Note 2 Summary of Significant Accounting Policies" in Notes to Consolidated Financial Statements, Taiyo Life Insurance Company ("Taiyo Life"), a consolidated subsidiary, has ceded a block of inforce policies (excluding certain portions) of its whole life dementia and long-term care annuity insurance to Fortitude International Reinsurance Ltd. through coinsurance reinsurance ("Reinsurance"), with the result that Other ordinary revenues (Reversal of policy reserve) of ¥656,997 million and Reinsurance premiums of ¥658,500 million related to the Reinsurance were recorded in the consolidated statement of operations for the fiscal year ended March 31, 2025.</p> <p>The Reinsurance aims to reduce a future cashflow mismatch risk associated with</p>	<p>We evaluated the design and operating effectiveness of significant internal controls relating to the accounting treatment of the Reinsurance transaction.</p> <p>We performed the following audit procedures, as well as other procedures, related to determining the part of the policy reserve not to be set aside.</p> <ul style="list-style-type: none"> • To assess the certainty of risk transfer, we involved actuarial specialists from our network firm, and inspected the reinsurance agreement concluded with the reinsurer and related documents, as well as the minutes of relevant meetings and documents related to discussions with the supervisory authorities and assessed based on the relevant laws and others. • To assess the probability of recovery of reinsurance proceeds, we inspected the external ratings, financial condition, and

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increased surrenders due to rising interest rates and secure funds to sustainably pay the surrender value to the policyholders.

As described in “[Taiyo’s reinsurance cession of inforce business to Fortitude Group]” as well as “b. The Company’s non-consolidated subsidiaries and affiliates, etc. in (2) Transactions with the Company’s consolidated subsidiaries of 1. Related party transactions under [Related party information]” in Notes to Consolidated Financial Statements, this transaction is deemed a related party transaction since the reinsurer of the Reinsurance was Fortitude International Reinsurance Ltd., a subsidiary of FGH Parent, L.P., which is an affiliate of T&D Holdings, Inc.

As described in “(19) Reinsurance income and Reinsurance premiums in Note 2 Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements, Taiyo Life did not set aside a part of the policy reserve that corresponds to the Reinsurance in accordance with Article 71, paragraph (1) of the Ordinance for Enforcement of the Insurance Business Act, with the result that the policy reserve was reversed and Reversal of policy reserve was recorded. In determining whether not to set aside the aforementioned policy reserve, it is necessary to examine the certainty of risk transfer from Taiyo Life to the reinsurer and the probability of recovery of reinsurance and other proceeds received from the reinsurer in the future in accordance with the aforementioned ordinance and the Comprehensive Guidelines for Supervision for Insurance Companies. In other words, even after the Reinsurance transaction is carried out, Taiyo Life needs to pay insurance and other proceeds related to the ceded policies at the time of occurrence of an insured event, and continue to recover reinsurance and other proceeds from the reinsurer corresponding to the amounts paid. Therefore, it is necessary to ascertain the

financial performance trends of the reinsurer.

- We assessed whether the part of the policy reserve not to be set aside was equal to the balances of the policy reserve multiplied by the ceding ratio stipulated in the reinsurance agreement.

We also performed the following audit procedures, as well as other procedures, related to the economic reasonableness of transaction prices for reinsurance premiums and the appropriateness of transaction terms.

- To assess the economic reasonableness of the transaction prices for reinsurance premiums, we involved actuarial specialists from our network firm, and understood the calculation method used for reinsurance premiums, performed analytical procedures and inspected assessments performed by Taiyo Life.
- We assessed whether certain assumptions included in the calculation of the transaction prices of reinsurance premiums, such as the discount rate, were consistent with other audit evidence obtained and made inquiries of the responsible departments at Taiyo Life.
- We performed confirmation procedures for the details of transactions between the reinsurer and Taiyo Life, including the transaction prices of reinsurance premiums.
- To assess the business rationale for selecting a related party as the reinsurer, we made inquiries of management and the responsible departments, and inspected the minutes of relevant meetings and the reinsurance agreement.
- To assess the appropriateness of the transaction terms, including the transaction prices, for the reinsurance transaction, we compared them proposed by the reinsurers that are not related parties.

In addition, with regard to the accuracy and

Notes to Consolidated Financial Statements



financial condition and creditworthiness of the reinsurer.

The reinsurance premiums, which are the transaction prices of reinsurance, are also determined in accordance with amounts agreed to with the reinsurer under the reinsurance agreement, on the basis of calculations using certain assumptions that involve actuarial expertise. In general, reinsurance transactions are highly individual in nature, and the reinsurer is a related party. Therefore, the transaction prices may not be economically reasonable or the terms of the transactions may differ from general transaction terms.

In addition, with regard to the calculations for the part of the policy reserve not to be set aside and the reinsurance premiums, the accuracy and completeness of the ceded policies selected from insurance policy data are important as they are the basis of the calculations.

Based on the above, we determined the reasonableness of accounting treatment related to the aforementioned Reinsurance transaction as a key audit matter due to the significance of effect on the consolidated financial statements.

completeness of the ceded policies, we involved IT specialists of our firm and performed the following audit procedures, as well as other procedures.

- We inspected the results of verifications conducted by Taiyo Life regarding the consistency between data on in-force policies and data on ceded policies, documents and others regarding the sampling process and results of the sampling performed by related systems and tools.
- We assessed whether the ceded policies in the data on in-force policies were consistent with the data on ceded policies used to calculate reinsurance premiums.

Other Information

Other information comprises the information included in disclosure documents 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 and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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.

Notes to Consolidated Financial Statements



We communicate with the Audit and Supervisory Committee 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee, 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.

Fee-related Information

The fees for the audits of the financial statements of T&D Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 502 million yen and 111 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

September 5, 2025

Hiroshi Yamano
Designated Engagement Partner
Certified Public Accountant

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

Yohei Kondo
Designated Engagement Partner
Certified Public Accountant