Consolidated Financial Statements 2026

T&D Insurance Group

Consolidated Financial Statements

Consolidated Balance Sheet

Millions of yen

As of March 31,	2025	2026
Assets:		
Cash and deposits	¥ 778,681	**¥ 422,810**
Call loans	10,089	**279,703**
Monetary claims purchased	170,671	**120,609**
Monetary trusts	1,115,454	**1,220,462**
Securities (Notes 8, 12 and 13)	12,305,953	**12,869,591**
Loans (Notes 3 and 7)	1,653,720	**1,508,095**
Tangible fixed assets (Note 4)	373,697	**370,247**
Land (Note 2 (13))	208,807	**207,188**
Buildings	157,831	**154,457**
Lease assets	405	**1,860**
Construction in progress	368	**713**
Other tangible fixed assets	6,284	**6,028**
Intangible fixed assets	55,057	**66,245**
Software	53,882	**65,119**
Lease assets	22	**7**
Other intangible fixed assets	1,152	**1,118**
Due from agencies	282	**248**
Reinsurance receivable	60,578	**229,946**
Other assets (Note 13)	181,355	**215,817**
Retirement benefit asset	10,062	**17,357**
Deferred tax assets	301	**359**
Reserve for possible loan losses	(2,962)	**(3,166)**
Total assets	¥16,712,943	**¥17,318,329**

Millions of yen

As of March 31,	2025	**2026**
Liabilities:		
Policy reserves	¥13,721,161	**¥13,979,640**
Reserve for outstanding claims	84,167	**86,953**
Policy reserve	13,568,704	**13,825,376**
Reserve for policyholder dividends (Note 6)	68,289	**67,311**
Due to agencies	1,215	**1,293**
Reinsurance payable	42,233	**36,017**
Short-term debentures	7,989	**7,980**
Bonds (Note 9)	120,000	**224,000**
Other liabilities (Notes 10 and 13)	1,063,238	**1,028,181**
Provision for bonuses to directors and audit & supervisory committee members	349	**379**
Provision for share-based remuneration	2,265	**3,128**
Retirement benefit liability	33,767	**22,976**
Provision for directors' and audit & supervisory committee members' retirement benefits	27	**19**
Reserves under the special laws	281,262	**299,844**
Reserve for price fluctuations	281,262	**299,844**
Deferred tax liabilities	25,897	**92,823**
Deferred tax liabilities on land revaluation (Note 2 (13))	4,470	**4,406**
Total liabilities	15,303,878	**15,700,692**
Net assets:		
Capital stock	207,111	**207,111**
Retained earnings	598,756	**522,349**
Treasury shares	(75,106)	**(23,740)**
Total shareholders' equity	730,762	**705,720**
Valuation difference on available-for-sale securities	533,048	**735,816**
Deferred gains (losses) on hedging instruments	(1,853)	**(1,891)**
Revaluation reserve for land (Note 2 (13))	(6,124)	**(6,232)**
Foreign currency translation adjustments	28,079	**51,354**
Debt value adjustments of foreign subsidiaries and affiliates	(1,704)	**(5,135)**
Insurance contract value adjustments of foreign subsidiaries and affiliates	(3,618)	**(3,440)**
Valuation difference on policy reserves of foreign subsidiaries and affiliates	124,448	**135,736**
Total accumulated other comprehensive income	672,276	**906,208**
Subscription rights to shares	304	**196**
Non-controlling interests	5,721	**5,511**
Total net assets	1,409,064	**1,617,637**
Total liabilities and net assets	¥16,712,943	**¥17,318,329**

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Operations

Millions of yen

Years ended March 31,	2025	2026
Ordinary revenues	¥3,730,479	**¥3,482,214**
Income from insurance premiums	2,579,821	**2,635,783**
Investment income	488,335	**747,973**
Interest, dividends and income from real estate for rent	356,497	**397,775**
Gains from monetary trusts, net	—	**91,696**
Gains on sales of securities	115,711	**171,544**
Foreign exchange gains, net	9,290	**55,942**
Reversal of reserve for possible loan losses	1,366	**—**
Other investment income	4,561	**4,472**
Gains on separate accounts, net	909	**26,542**
Other ordinary revenues	662,322	**96,489**
Equity in earnings of affiliates	—	**1,967**
Ordinary expenses	3,531,884	**3,225,023**
Insurance claims and other payments	2,968,213	**2,309,106**
Insurance claims	305,142	**307,743**
Annuity payments	340,747	**341,183**
Insurance benefits	176,981	**175,354**
Surrender payments	851,478	**880,702**
Other payments	109,889	**130,752**
Reinsurance premiums	1,183,974	**473,368**
Provision for policy reserves	14	**259,444**
Provision for reserve for outstanding claims	—	**2,745**
Provision for policy reserve	—	**256,641**
Interest portion of reserve for policyholder dividends	14	**57**
Investment expenses	216,038	**296,040**
Interest expenses	2,403	**7,316**
Losses from monetary trusts, net	6,807	**—**
Losses on investments in trading securities, net	228	**385**
Losses on sales of securities	87,357	**158,070**
Devaluation losses on securities	10,853	**556**
Losses from derivatives, net	74,393	**90,059**
Provision for reserve for possible loan losses	—	**287**
Write-off of loans	—	**0**
Depreciation of real estate for rent	6,495	**6,744**
Other investment expenses	27,499	**32,620**
Operating expenses	265,445	**273,747**
Other ordinary expenses	80,968	**86,684**
Equity in losses of affiliates	1,202	**—**
Ordinary profit	¥ 198,595	**¥ 257,191**

(continued)

Millions of yen

Years ended March 31,	2025	2026
Extraordinary gains	¥ 8,232	**¥ 6,377**
Gains on disposal of fixed assets	5,541	**4,476**
Gains on negative goodwill	1,341	**1,721**
State subsidy	1,349	**179**
Extraordinary losses	12,215	**46,949**
Losses on disposal of fixed assets	2,449	**26,442**
Impairment losses (Note 14)	1,580	**1,126**
Provision for reserve for price fluctuations	6,814	**18,582**
Head office relocation expenses	—	**603**
Subsidized Project Expenses	1,370	**179**
Other extraordinary losses	—	**15**
Provision for reserve for policyholder dividends	25,917	**25,459**
Profit before income taxes	168,695	**191,160**
Income taxes (current)	53,704	**60,199**
Income taxes (deferred)	(12,386)	**(9,014)**
Total income taxes	41,318	**51,185**
Profit	127,377	**139,974**
Profit attributable to non-controlling interests	992	**1,006**
Profit attributable to owners of parent	¥126,384	**¥138,968**

Consolidated Statement of Comprehensive Income

Millions of yen

Years ended March 31,	2025	2026
Profit	¥127,377	**¥139,974**
Other comprehensive income:		
Valuation difference on available-for-sale securities	(140,827)	**192,409**
Deferred gains (losses) on hedging instruments	367	**(37)**
Revaluation reserve for land	(139)	**—**
Foreign currency translation adjustments	(3)	**180**
Share of other comprehensive income of companies accounted for under the equity method	11,635	**41,418**
Total other comprehensive income (Note 15)	(128,966)	**233,971**
Comprehensive income	¥ (1,589)	**¥373,945**
(Breakdown)		
Comprehensive income attributable to owners of parent	(2,906)	**373,015**
Comprehensive income attributable to non-controlling interests	1,316	**930**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Millions of yen

Year ended March 31, 2025	Shareholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Accumulated other comprehensive income: Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Revaluation reserve for land
Balance at the beginning of the year	¥207,111	—	¥533,841	¥(26,610)	¥714,342	¥668,135	¥(2,221)	¥(19,410)
Cumulative effect of revision in accounting standards for foreign subsidiaries and affiliates			(8,458)		(8,458)	24,088		
Restated opening balance	207,111	—	525,382	(26,610)	705,883	692,224	(2,221)	(19,410)
Changes in the period								
Dividends			(39,561)		(39,561)			
Profit attributable to owners of parent			126,384		126,384			
Purchase of treasury shares				(48,778)	(48,778)			
Disposal of treasury shares		(24)		283	259			
Reversal of revaluation reserve for land			(13,425)		(13,425)			
Transfer to capital surplus from retained earnings		24	(24)		—			
Net changes of items other than stockholders' equity						(159,176)	367	13,285
Total changes in the period	—	—	73,373	(48,495)	24,878	(159,176)	367	13,285
Balance at the end of the period	¥207,111	—	¥598,756	¥(75,106)	¥730,762	¥533,048	¥(1,853)	¥ (6,124)

Millions of yen

Year ended March 31, 2025	Accumulated other comprehensive income: Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Insurance contract value adjustments of foreign subsidiaries and affiliates	Valuation difference on policy reserves of foreign subsidiaries and affiliates	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	¥38,906	¥ 3,810	—	—	¥689,220	¥343	¥6,020	¥1,409,926
Cumulative effect of revision in accounting standards for foreign subsidiaries and affiliates	(3,048)	(6,299)	(8,764)	92,944	98,921			90,463
Restated opening balance	35,858	(2,488)	(8,764)	92,944	788,142	343	6,020	1,500,389
Changes in the period								
Dividends								(39,561)
Profit attributable to owners of parent								126,384
Purchase of treasury shares								(48,778)
Disposal of treasury shares								259
Reversal of revaluation reserve for land								(13,425)
Transfer to capital surplus from retained earnings								—
Net changes of items other than stockholders' equity	(7,778)	784	5,146	31,504	(115,865)	(39)	(298)	(116,203)
Total changes in the period	(7,778)	784	5,146	31,504	(115,865)	(39)	(298)	(91,324)
Balance at the end of the period	¥28,079	¥(1,704)	¥(3,618)	¥124,448	¥672,276	¥304	¥5,721	¥1,409,064

Millions of yen

Year ended March 31, 2026	Shareholders' equity Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Accumulated other comprehensive income Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments	Revaluation reserve for land
Balance at the beginning of the year	**¥207,111**	**—**	**¥598,756**	**¥(75,106)**	**¥730,762**	**¥533,048**	**¥(1,853)**	**¥(6,124)**
Changes in the period								
Dividends			**(51,437)**		**(51,437)**			
Profit attributable to owners of parent			**138,968**		**138,968**			
Purchase of treasury shares				**(113,073)**	**(113,073)**			
Disposal of treasury shares		**(116)**		**509**	**393**			
Cancellation of treasury shares		**(163,929)**		**163,929**	**—**			
Reversal of revaluation reserve for land			**108**		**108**			
Transfer to capital surplus from retained earnings		**164,046**	**(164,046)**		**—**			
Net changes of items other than stockholders' equity						**202,768**	**(37)**	**(108)**
Total changes in the period	**—**	**—**	**(76,407)**	**51,365**	**(25,041)**	**202,768**	**(37)**	**(108)**
Balance at the end of the period	**¥207,111**	**—**	**¥522,349**	**¥(23,740)**	**¥705,720**	**¥735,816**	**¥(1,891)**	**¥(6,232)**

Millions of yen

Year ended March 31, 2026	Accumulated other comprehensive income Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Insurance contract value adjustments of foreign subsidiaries and affiliates	Valuation difference on policy reserves of foreign subsidiaries and affiliates	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	**¥28,079**	**¥(1,704)**	**¥(3,618)**	**¥124,448**	**¥672,276**	**¥304**	**¥5,721**	**¥1,409,064**
Changes in the period								
Dividends								**(51,437)**
Profit attributable to owners of parent								**138,968**
Purchase of treasury shares								**(113,073)**
Disposal of treasury shares								**393**
Cancellation of treasury shares								**—**
Reversal of revaluation reserve for land								**108**
Transfer to capital surplus from retained earnings								**—**
Net changes of items other than stockholders' equity	**23,274**	**(3,431)**	**177**	**11,287**	**233,931**	**(107)**	**(209)**	**233,614**
Total changes in the period	**23,274**	**(3,431)**	**177**	**11,287**	**233,931**	**(107)**	**(209)**	**208,572**
Balance at the end of the period	**¥51,354**	**¥(5,135)**	**¥(3,440)**	**¥135,736**	**¥906,208**	**¥196**	**¥5,511**	**¥1,617,637**

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Cash Flows

Millions of yen

Years ended March 31,	2025	2026
Cash flows from operating activities:		
Profit before income taxes	¥ 168,695	**¥191,160**
Depreciation of real estate for rent	6,495	**6,744**
Depreciation	15,391	**16,598**
Impairment losses	1,580	**1,126**
Gains on negative goodwill	(1,341)	**(1,721)**
Increase (decrease) in reserve for outstanding claims	(413)	**2,745**
Increase (decrease) in policy reserve	(579,691)	**256,641**
Interest portion of reserve for policyholder dividends	14	**57**
Provision for reserve for (reversal of) policyholder dividends	25,917	**25,459**
Increase (decrease) in reserve for possible loan losses	(1,654)	**287**
Increase (decrease) in provision for bonuses to directors and audit & supervisory committee members	76	**33**
Increase (decrease) in provision for share-based remuneration	861	**862**
Decrease (increase) in retirement benefit asset	673	**(7,294)**
Increase (decrease) in retirement benefit liability	(1,694)	**(10,790)**
Increase (decrease) in provision for directors' and audit & supervisory committee members' retirement benefits	2	**(7)**
Increase (decrease) in reserve for price fluctuations	6,814	**18,582**
Interest, dividends and income from real estate for rent	(356,497)	**(397,775)**
Losses (gains) on investment securities	(18,180)	**(39,074)**
Interest expenses	2,403	**7,316**
Foreign exchange losses (gains), net	(10,866)	**(55,352)**
Losses (gains) on disposal of tangible fixed assets	(3,337)	**(3,009)**
Equity in losses (earnings) of affiliates	1,202	**(1,967)**
Decrease (increase) in amount due from agencies	42	**34**
Decrease (increase) in amount reinsurance receivable	17,102	**(168,714)**
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(32,717)	**(17,628)**
Increase (decrease) in amount due to agencies	(368)	**78**
Increase (decrease) in amount reinsurance payable	12,675	**(6,215)**
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	(2,772)	**3,677**
Others, net	104,302	**51,579**
Subtotal	(645,284)	**(126,569)**
Interest, dividends and income from real estate for rent received	325,498	**368,397**
Interest paid	(2,023)	**(6,776)**
Policyholder dividends	(26,440)	**(26,483)**
Others, net	1,869	**6,741**
Income taxes (paid) refunded	(13,486)	**(65,087)**
Net cash provided by (used in) operating activities	¥(359,867)	**¥150,221**

(continued)

Millions of yen

Years ended March 31,		2025		2026
Cash flows from investing activities:				
Net decrease (increase) in cash and deposits	¥	(17,400)	**¥**	**10,300**
Investments in monetary claims purchased		(4,194)		**(6,997)**
Proceeds from sales and redemption of monetary claims purchased		16,350		**6,065**
Investments in monetary trusts		(90,418)		**(79,330)**
Proceeds from monetary trusts		124,000		**62,000**
Purchase of securities		(1,763,246)		**(1,817,067)**
Proceeds from sales and redemption of securities		1,749,088		**1,738,612**
Investments in loans		(290,453)		**(313,364)**
Collection of loans		370,133		**470,325**
Others, net		5,977		**(328,610)**
Subtotal		99,836		**(258,068)**
Total of net cash provided by (used in) operating activities and investment transactions as above		(260,030)		**(107,847)**
Purchase of tangible fixed assets		(19,598)		**(13,424)**
Proceeds from disposal of tangible fixed assets		14,563		**8,663**
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation		—		**1,775**
Others, net		(531)		**(446)**
Net cash provided by (used in) investing activities		94,269		**(261,502)**
Cash flows from financing activities:				
Net increase (decrease) in short-term debentures		(5)		**(8)**
Proceeds from issuance of debt		16,000		**182,900**
Repayments of debt		(13,245)		**(142,306)**
Proceeds from issuance of bonds		30,000		**104,000**
Redemption of bonds		(30,000)		**—**
Proceeds from share issuance to non-controlling shareholders		92		**87**
Repayments to non-controlling shareholders		(1,688)		**(1,205)**
Payment of lease obligations		(490)		**(788)**
Purchase of treasury shares		(48,778)		**(106,322)**
Disposal of treasury shares		220		**285**
Dividends paid		(39,420)		**(51,303)**
Dividends paid to non-controlling interests		(23)		**(23)**
Others, net		0		**0**
Net cash provided by (used in) financing activities		(87,340)		**(14,685)**
Effect of exchange rate changes on cash and cash equivalents		2,363		**(978)**
Net increase (decrease) in cash and cash equivalents		(350,573)		**(126,945)**
Cash and cash equivalents at the beginning of the year		1,172,006		**823,096**
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)	¥	823,096	**¥**	**696,151**

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: 24

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 Investment Management North America Inc.
T&D United Capital North America Inc.
T&D United Capital Europe GmbH
T&D Risk Solutions Co., Ltd.
T&D Confirm Ltd.
T&D Information Systems, Ltd.
T&D Lease Co., Ltd.
Toyo Insurance Agency Co., Ltd.
Taiyo Life Aging Society Institute
Taiyo Building Service Co., Ltd.
Daido Management Service Co., Ltd.
Nihon System Shuno, Inc.
Zenkoku Business Center Co., Ltd.
Toyo Kosan Ltd.
All Right Small Amount & Short Term Insurance Co., Ltd.
and 2 other companies

In the consolidated fiscal year ended March 31, 2026, the following companies were included in the scope of consolidation: T&D Investment Management North America Inc. due to its establishment; Taiyo Building Service Co., Ltd. due to its establishment by Taiyo Life Insurance Co., Ltd.; T&D United Capital Europe GmbH due to its establishment by T&D United Capital Co., Ltd.; and All Right Small Amount & Short Term Insurance Co., Ltd. (former Aflac Pet Short-Term Insurance Co., Ltd.) due to its conversion to a subsidiary by All Right Co., Ltd. In addition, Taiyo Credit Guarantee Co., Ltd. was excluded from the scope of consolidation since Taiyo Life Insurance Company transferred all of its shares in its consolidated subsidiary Taiyo Credit Guarantee Co., Ltd. to a company outside the T&D Insurance Group.

(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: 15

The names of the companies:

Capital Taiyo Life Insurance Ltd.
Thuriya Ace Technology Co., Ltd.
Alternative Investment Capital, Ltd.
FGH Parent, L.P.
Viridium Group Sarl and its seven affiliated companies
Carlyle FCA Re, L.P.

and 2 other companies

In the consolidated fiscal year ended March 31, 2026, Viridium Group Sarl and its seven affiliated companies, Carlyle FCA Re, L.P., and another company were included in the scope of affiliated entities accounted for under the equity method due to acquisition of stakes by T&D United Capital Co., Ltd.

(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 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 ¥1,844 million and ¥327 million for the years ended March 31, 2025 and 2026, 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, 2026.

(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, 2026.

(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.

(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
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

Notes to Consolidated Financial Statements

(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 Holdings, Inc.

(i) Method for hedge accounting
The special treatment is adopted for the method for hedge accounting, since the interest rate swap agreements qualify for the special treatment.

(ii) Hedging instrument and hedged item
Hedging instrument: interest rate swap
Hedged item: borrowings

(iii) Hedging policy
Based on the resolution made at the Board of Directors' meeting regarding variable-rate loans, interest rate fluctuation risks of hedged items are hedged within a certain range.

(iv) Evaluation method for hedge effectiveness
The evaluation is omitted, since the interest rate swap agreements qualify for the special treatment.

(15) Method and period of amortization of goodwill

The investment cost in excess of the corresponding amount of investee's capital arising from the application of the equity method (goodwill equivalent) is amortized on a straight-line basis over the period during which its effect is expected to be realized, not exceeding 20 years. If the amount is immaterial, it is fully amortized in the consolidated fiscal year in which it arises.

(16) 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.

(17) 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.

(18) 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, 2026 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.

(19) 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, 2026 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 stipulated by the main rule in Article 1, Paragraph 1 of IBNR Notification.

(20) 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.

(21) Significant Accounting Estimates

a. Policy reserve

(i) Amounts recognized on the consolidated financial statements

Millions of yen

As of March 31,	2025	2026
Policy reserve	¥13,568,704	**¥13,825,376**
Other ordinary revenues (Reversal for policy reserve)	¥ 579,691	**—**
Provision for policy reserve	—	**¥ 256,641**

(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,	2025	2026
Retirement benefit asset	¥10,062	**¥17,357**
Retirement benefit liability	¥33,767	**¥22,976**

(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 24 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,	2025	2026
Impairment loss	¥1,580	**¥1,126**

(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.

d. Evaluation of goodwill equivalent of a company accounted for under the equity method
(i) Amounts recognized on the consolidated financial statements

Millions of yen

Years ended March 31,	2025	2026
Securities (Equity-method investments (carrying amount) of Viridium Group Sarl)	¥—	**¥124,885**
Goodwill equivalent included in these securities	¥—	**¥ 65,847**

(ii) Information on significant accounting estimates in connection with items identified
The difference between the investment made on the date of the acquisition of the equity in Viridium Group Sarl (hereinafter referred to as "Viridium") and the corresponding amount of Viridium's capital was recognized as goodwill equivalent included in the investment and is amortized over 10 years using the straight-line method.
The said goodwill equivalent is tested for impairment to confirm whether there is an indication of impairment in the overall investments in Viridium. The indication of impairment is reviewed comprehensively taking into account current and estimated states of profit or loss or cash flow situation of Viridium, whether there has been or is likely to be a significant deterioration in the business environment, and other factors.
If it is determined that there is an indication of impairment, an assessment is made as to whether an impairment loss should be recognized in respect of the entire portfolio of securities including goodwill equivalent. If the assessment concludes that an impairment loss should be recognized, the book value of the securities is reduced to their recoverable amount, and the resulting decrease in book value is recognized as equity in losses of affiliates.
If there is a significant deterioration in profit or loss, cash flow situation or the business environment as indicators of impairment, equity in losses of affiliates constituting an impairment loss may arise in the following consolidated fiscal year onward.
For the consolidated fiscal year ended March 31, 2026, it was determined that there was no indication of impairment, and equity in losses of affiliates was not recognized.

(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) Additional information

[Transactions to grant the Company's stock to employees, etc. in using the scheme of trust]

a. Stock Compensation Plan for Officers

The Company has introduced the Board Incentive Plan Trust (hereinafter referred to as the "BIP"), under which shares of the Company and other benefits are granted through a trust scheme, for Directors of the Company who are not Audit & Supervisory Committee Members (excluding part-time Directors, including Outside Directors, and non-residents of Japan) and Executive Officers (excluding non-residents of Japan; collectively with such Directors, "Directors, etc."), as well as Directors of the Three Life Insurance Companies (excluding part-time Directors, including Outside Directors, and non-residents of Japan) and Executive Officers (excluding non-residents of Japan; collectively with the Directors, etc., "Eligible Directors, etc."). The purpose of the BIP is to enhance motivation of Eligible Directors, etc. to contribute to the improvement of medium- to long-term business performance and the enhancement of corporate value.

The accounting treatment for the BIP adopts the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015).

(i) Overview of the transaction

Points are granted to Eligible Directors, etc. based on the internal rules of the Company and the Three Life Insurance Companies. Upon retirement, shares of the Company and cash equivalent to the proceeds from the conversion and disposal of such shares corresponding to the accumulated points are delivered and paid through the trust. The Company's shares and other benefits to be delivered to Eligible Directors, etc. are acquired in advance using cash contributed by the Company to the trust.

(ii) Shares of the Company remaining in the trust

Shares of the Company remaining in the trust are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury shares in net assets. The carrying amount of the treasury shares at the end of the year ended March 31, 2025 and March 31, 2026 were ¥2,299 million and ¥2,031 million, respectively. The number of shares as of March 31, 2025 and March 31, 2026 were 1,303,900 shares and 1,151,800 shares, respectively.

b. Stock Compensation Plan for Employees

To further enhance Group employees' awareness of company performance and stock price increases, thereby promoting the sharing of value with shareholders and increasing their commitment to improving medium- to long-term corporate value, the Company introduced an Employee Stock Ownership Plan (ESOP) trust based on a trust structure (hereinafter referred to as the “Employee Program”). 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 for the Employee Program adopts the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

(i) Overview of the transaction
Based on the stock grant rules established by each Group company, points are granted to employees, and shares of the Company corresponding to their accumulated points are delivered through the trust to employees who satisfy certain requirements. The shares of the Company delivered to employees are acquired in advance using funds entrusted by the Company. The beneficiaries of the Employee Program are employees who satisfy the requirements prescribed in the stock grant rules established by the Company and each Group company.

(ii) Shares of the Company remaining in the trust
Shares of the Company remaining in the trust are recorded at the carrying amount (excluding the amount for incidental expenses) as treasury shares in net assets. The carrying amount of the treasury shares at the end of the year ended March 31, 2025 and March 31, 2026 were ¥4,096 million and ¥4,079 million, respectively. The number of shares as of March 31, 2025 and March 31, 2026 were 1,563,331 shares and 1,556,843 shares, respectively.

[Application of Revised U.S. GAAP by Overseas Affiliates]
Certain overseas affiliates that apply U.S. GAAP adopted “Financial Services—Insurance (Topic 944)” (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026.

These accounting standards revised the accounting treatment for liabilities for future policy benefits and certain other items. Upon adoption of these standards, certain insurance liabilities of the affiliate have been measured using a new methodology, including changes in discount rates and revisions to insurance assumptions.

The accounting standards were applied retrospectively, and the consolidated financial statements for the previous fiscal year have been restated to reflect such retrospective application. The cumulative effect of applying these accounting standards was recognized as an adjustment to net assets at the beginning of the previous fiscal year.

As a result, compared with the amounts before retrospective application, profit attributable to owners of parent for the previous fiscal year decreased by ¥27 million, and deferred income taxes increased by ¥27 million.

In addition, securities increased by ¥93,933 million, other liabilities decreased by ¥8,329 million, deferred tax liabilities increased by ¥27 million, retained earnings decreased by ¥8,486 million, valuation difference on available-for-sale securities increased by ¥6,067 million, foreign currency translation adjustments decreased by ¥10,662 million, debt value adjustments of foreign subsidiaries and affiliates decreased by ¥5,514 million, and valuation adjustments on insurance contract value adjustments of foreign subsidiaries and affiliates of negative ¥3,618 million and valuation difference on policy reserves of foreign subsidiaries and affiliates of ¥124,448 million were newly recognized.

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,	2025	2026
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥ 388	**¥27**
Claims with risks	35	**6**
Loans overdue for three months or more	763	**12**
Restructured loans	20	**36**
Total	¥1,207	**¥82**

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,	2025	2026
Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥1,638	**¥122**

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,	2025	2026
Accumulated depreciation of tangible fixed assets	¥243,172	**¥241,044**

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,	2025	2026
Separate account assets as provided in Article 118, Paragraph 1 of the Insurance Business Act	¥127,831	**¥156,710**

Note 6 Reserve for Policyholder Dividends

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

Millions of yen

Years ended March 31,	2025	2026
Balance at the beginning of the year	¥68,752	**¥68,289**
Policyholder dividends	26,440	**26,483**
Increase in interest	14	**57**
Increase due to other reasons	46	**—**
Decrease due to other reasons	—	**11**
Provision for reserve for policyholder dividends	25,917	**25,459**
Balance at the end of the year	¥68,289	**¥67,311**

Notes to Consolidated Financial Statements

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,	2025	2026
Total amount of loan commitments	¥24,935	**¥33,491**
Balance of loans outstanding	10,627	**12,687**
Balance	¥14,307	**¥20,803**

Note 8 Lending Securities for Loan Agreements

The lending securities for loan agreements are as follows:

Millions of yen

As of March 31,	2025	2026
Lending securities for loan agreement	¥1,517,548	**¥1,311,244**

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,	2025	2026
Subordinated bonds	¥90,000	**¥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,	2025	2026
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,	2025	2026
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,	2025	**2026**
Stocks	¥ 1,276	**¥126,846**
Capital	107,597	**118,683**

As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.

Note 13 Assets Pledged as Collateral and Secured Debts

Assets pledged as collateral are as follows:

Millions of yen

As of March 31,	2025	**2026**
Securities (Japanese government bonds)	¥1,652,505	**¥1,457,585**
Securities (Foreign securities)	127,805	**127,300**
Cash collateral pledged for financial instruments	1,298	**4,542**
Balance	¥1,781,608	**¥1,589,428**

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,	2025	**2026**
Cash collateral received for bond-lending transactions	¥849,918	**¥731,104**

Note 14 Impairment Losses on Fixed Assets

Losses on disposal of fixed assets and other assets include a loss on the sale of Taiyo Life loan receivables of ¥24,913 million, including related expenses.

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, 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

Year ended March 31, 2026 — Millions of yen

Asset	Location	Land	Buildings, etc.	Total
Unused real estates, etc.	Kurume City, Fukuoka Prefecture, etc. (3 assets)	**¥156**	**¥ 65**	**¥ 222**
Rental properties, etc.	Kochi City, Kochi Prefecture, etc. (5 assets)	**¥334**	**¥568**	**¥ 903**
Total	-	**¥491**	**¥634**	**¥1,126**

(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 recoverable amount was determined using either net realizable value or value in use.

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,	2025	**2026**
Valuation difference on available-for-sale securities:		
Amount occurred during the year	¥(119,270)	**¥345,709**
Reclassification adjustments	(64,636)	**(77,458)**
Amount before income taxes and tax effect	(183,906)	**268,250**
Income taxes and tax effect	43,078	**(75,840)**
Valuation difference on available-for-sale securities	(140,827)	**192,409**
Deferred gains (losses) on hedging instruments:		
Amount occurred during the year	272	**(272)**
Reclassification adjustments	212	**212**
Amount before income taxes and tax effect	484	**(59)**
Income taxes and tax effect	(117)	**21**
Deferred gains (losses) on hedging instruments	367	**(37)**
Revaluation reserve for land		
Income taxes and tax effect	(139)	**—**
Foreign currency translation adjustments:		
Amount occurred during the year	(3)	**180**
Share of other comprehensive income of companies accounted for under the equity method:		
Amount occurred during the year	11,635	**41,418**
Total other comprehensive income	¥(128,966)	**¥233,971**

Note:
As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted “Financial Services—Insurance (Topic 944)” (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.

Note 16 Consolidated Statement of Changes in Net Assets

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:
1. 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
2. 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
3. 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:
1. 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.
2. 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:
1. It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025.
2. 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.

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

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

Year ended March 31, 2026	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**	**—**	**56,000,000**	**488,000,000**
Treasury shares:				
Common stock	**31,906,171**	**32,478,888**	**56,250,888**	**8,134,171**

Notes:
1. Issued shares of common stock decreased due to the following reasons:
   - Cancellation of treasury shares based on the resolution made at the Board of Directors' meeting held on February 13, 2026: 56,000,000 shares
2. 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 March 31, 2025: 27,980,400 shares
   - Purchase of treasury shares based on the resolution made at the Board of Directors' meeting held on May 15, 2024: 2,265,800 shares
   - Purchase of treasury stock applicable to the provisions of Article 155, Item 8 of the Japanese Companies Act. 2,211,219 shares
   - Purchase of odd-lot shares: 21,469 shares
3. Treasury shares of common stock decreased due to the following reasons:
   - Cancellation of treasury shares based on the resolution made at the Board of Directors' meeting held on February 13, 2026: 56,000,000 shares
   - Exercise of stock option: 92,300 shares
   - Delivery by the BIP Trust: 101,200 shares
   - Sale of the BIP Trust: 50,900 shares
   - Delivery by the ESOP Trust: 6,009 shares
   - Sale of the ESOP Trust: 479 shares
4. The number of treasury shares of common stock includes 1,151,800 shares of the Company's treasury share owned by the BIP Trust as of the end of the fiscal year. (1,303,900 shares as of beginning of the fiscal year.) and 1,556,843 shares of the Company's treasury share owned by the ESOP Trust as of the end of the fiscal year. (1,563,331 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	**¥196**

(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, 2025	Common stock	**¥20,598**	**¥40.0**	March 31, 2025	June 27, 2025
Board of Directors' meeting held on November 14, 2025	Common stock	**¥30,839**	**¥62.0**	September 30, 2025	December 5, 2025

Notes:
1. The total amount of shareholder dividends, which based on the resolution made at the Ordinary General Meeting of Shareholders held on June 26, 2025, 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.
2. The total amount of shareholder dividends, which based on the resolution made at the Board of Directors' meeting held on November 14, 2025, includes ¥72 million of the dividends for the Company's treasury share owned by the BIP Trust and ¥96 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, 2026, while their effective date is in the fiscal year ending March 31, 2027

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 25, 2026	Common stock	**¥32,815**	Retained earnings	**¥68.0**	March 31, 2026	June 26, 2026

Notes:
1. It is planned to submit the bill to the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026.
2. The total amount of shareholder dividends includes ¥78 million of the dividends for the Company's treasury share owned by the BIP Trust and ¥105 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,	2025	2026
Cash and deposits	¥ 778,681	**¥ 422,810**
Less: Term deposits with an original maturity of more than three months	(21,660)	**(11,360)**
Call loans	10,089	**279,703**
Monetary claims purchased	170,671	**120,609**
Less: monetary claims purchased other than cash equivalents	(115,686)	**(115,612)**
Monetary trusts	1,115,454	**1,220,462**
Less: monetary trusts other than cash equivalents	(1,114,453)	**(1,220,462)**
Cash and cash equivalents	¥ 823,096	**¥ 696,151**

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,	2025	2026
Due within one year	¥15	**¥15**
Due after one year	13	**25**
Total	¥29	**¥40**

[As lessor]

(1) Details of Lease investment assets

Other assets

Millions of yen

As of March 31,	2025	2026
Lease income receivables	¥53,833	**¥53,815**
Estimated residual value	319	**343**
Interest income	(5,011)	**(5,299)**
Total lease investment assets	¥49,140	**¥48,860**

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

Millions of yen

As of March 31,	Lease receivables	Lease investment assets	Lease receivables	Lease investment assets
		2025		**2026**
Due within one year	¥1,848	¥12,783	**¥2,069**	**¥12,858**
Due after one year through two years	1,573	10,920	**1,848**	**10,807**
Due after two years through three years	1,353	8,857	**1,528**	**8,835**
Due after three years through four years	1,038	6,861	**1,101**	**7,027**
Due after four years through five years	617	5,026	**679**	**5,017**
Due after five years	900	9,383	**1,186**	**9,269**

Note 19 Tax-Effect Accounting

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

Millions of yen

As of March 31,	2025	**2026**
Deferred tax assets:		
Reserve for price fluctuations	¥ 81,284	**¥ 86,655**
Policy reserves	65,656	**69,221**
Retirement benefit liability	25,541	**23,132**
Devaluation losses on securities	16,686	**15,947**
Valuation difference on available-for-sale securities	4,983	**6,636**
Others	34,002	**38,265**
Subtotal	228,155	**239,858**
Valuation allowance	(18,883)	**(18,029)**
Total deferred tax assets	209,271	**221,828**
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(220,722)	**(298,033)**
Others	(14,145)	**(16,258)**
Total deferred tax liabilities	(234,867)	**(314,292)**
Net deferred tax assets (liabilities)	¥ (25,596)	**¥ (92,463)**

Notes:

1. As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.
2. Tax loss carried forward and the deferred tax assets by carry forward period were as follows:
   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.

   As of March 31, 2026
   - There is no significance in tax loss carried forward for the year ended March 31, 2026. 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,	2025	**2026**
Effective statutory tax rate	28.0%	—
(Adjustments)		
Adjustment of year-end deferred tax assets due to change in tax rate	(3.3)%	—
Reversal of revaluation reserve for land	(2.3)%	—
Valuation allowance	1.0%	—
Others	1.1%	—
Corporate tax rate, etc., after applying tax-effect accounting	24.5%	—

Note:
The statutory tax rate for the consolidated fiscal year is 28.0%. Notes on the difference between the statutory tax rate and the effective income tax rate after the application of tax effect accounting have been omitted, as this difference is 5% or less of the statutory tax rate.

(3) 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 a 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 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, 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.

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Fair value	Difference
Monetary claims purchased	¥ 115,612	¥ 101,351	¥ (14,260)
Treated as securities	113,281	99,228	(14,053)
Held-to-maturity bonds	86,500	72,447	(14,053)
Available-for-sale securities	26,781	26,781	—
Others	2,330	2,123	(206)
Monetary trusts	1,220,462	1,061,854	(158,608)
Monetary trusts for trading purposes	1,989	1,989	—
Monetary trusts for held-to-maturity purposes	26,849	19,692	(7,157)
Monetary trusts for policy-reserve-matching purposes	962,091	810,641	(151,450)
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	229,531	229,531	—
Securities	12,029,486	10,435,480	(1,594,005)
Trading securities*1	149,310	149,310	—
Held-to-maturity bonds	650,366	559,939	(90,426)
Policy-reserve-matching bonds	5,526,433	4,022,854	(1,503,578)
Available-for-sale securities*1	5,703,375	5,703,375	—
Loans	1,505,512	1,447,981	(57,530)
Policy loans*2	107,060	109,671	2,620
Commercial loans*2	1,401,035	1,338,309	(60,151)
Reserve for possible loan losses*3	(2,583)	—	—
Total assets	14,871,073	13,046,668	(1,824,405)
Bonds	224,000	216,643	(7,357)
Borrowings within other liabilities	96,962	94,830	(2,131)
Total liabilities	320,962	311,473	(9,488)
Derivative financial instruments*4			
Hedge accounting not applied	[3,099]	[3,099]	—
Hedge accounting applied	[26,844]	[24,795]	2,048
Total derivative financial instruments	¥ [29,943]	¥ [27,895]	¥ 2,048

*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,	2025	**2026**
Unlisted stocks of affiliates, etc.	¥108,873	**¥245,529**
Unlisted stocks, etc.*2	1,276	**126,846**
Investments in capital of partnerships and so forth*1, *3	107,597	**118,683**
Available-for-sale securities	529,564	**594,574**
Unlisted stocks, etc.*2, *4	28,996	**29,780**
Investments in capital of partnerships and so forth*3, *4	500,568	**564,793**

*1. As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.

*2. 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).

*3. 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).

*4. 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. Unlisted stocks, etc. and the investments in capital of partnerships and so forth were impaired by ¥437 million in the consolidated fiscal year ended March 31, 2026.

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, 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.

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2026	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	¥412,783	¥ 10,000	¥ —	¥ —
Call loans	279,703	—	—	—
Monetary claims purchased	5,612	2,905	933	112,910
Securities:				
Held-to-maturity bonds:				
Government bonds	8,527	77,037	99,330	269,215
Municipal bonds	—	1,570	2,449	37,799
Corporate bonds	19,681	10,215	28,431	68,357
Foreign securities	—	10,917	3,000	25,269
Policy-reserve-matching bonds:				
Government bonds	16,465	199,011	418,653	3,716,192
Municipal bonds	13,845	9,757	27,121	215,901
Corporate bonds	14,200	131,280	272,920	659,074
Foreign securities	5,437	25,320	6,858	4,918
Available-for-sale fixed maturity securities:				
Government bonds	13,600	136,783	114,113	494,216
Municipal bonds	9,964	15,038	3,450	100
Corporate bonds	33,286	147,067	112,941	131,804
Foreign securities	9,942	194,993	187,052	147,990
Other securities	—	1	—	0
Loans	175,427	602,408	444,085	134,880

* Securities without contractual maturity dates in the amount of ¥1,499,474 million are not included. In addition, loans without contractual maturity dates such as policy loans in the amount of ¥152,060 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, 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

Millions of yen

As of March 31, 2026	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	—	—	34,000	30,000	50,000	110,000
Cash collateral received for bond-lending transactions within other liabilities	731,104	—	—	—	—	—
Borrowings within other liabilities	12,176	8,946	6,411	4,559	20,078	44,789

(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

	Fair value			
As of March 31, 2025	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.

Notes to Consolidated Financial Statements

Millions of yen

As of March 31, 2026	Fair value Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 25,606	¥1,174	¥ 26,781
Available-for-sale securities	—	25,606	1,174	26,781
Monetary trusts	1,933	229,587	—	231,521
Monetary trusts for trading purposes	1,933	56	—	1,989
Monetary trusts for other than trading, held-to-maturity or policy-reserve-matching purposes	—	229,531	—	229,531
Securities	2,355,230	2,560,641	—	4,915,872
Trading securities	—	149,252	—	149,252
Foreign securities	—	21	—	21
Foreign other securities	—	21	—	21
Other securities	—	149,231	—	149,231
Available-for-sale securities	2,355,230	2,411,388	—	4,766,619
Domestic bonds	684,972	847,569	—	1,532,541
Government bonds	624,180	—	—	624,180
Municipal bonds	—	28,210	—	28,210
Corporate bonds	60,791	819,359	—	880,151
Domestic stocks	768,423	—	—	768,423
Foreign securities	548,301	1,479,849	—	2,028,150
Foreign bonds	229,639	267,751	—	497,391
Foreign stocks	38,169	—	—	38,169
Foreign other securities	280,492	1,212,097	—	1,492,589
Other securities	353,533	83,970	—	437,504
Derivative financial instruments	455	8,368	—	8,824
Currency-related transactions	—	3,825	—	3,825
Stock-related transactions	455	4,543	—	4,999
Total assets	2,357,620	2,824,204	1,174	5,182,999
Derivative financial instruments	—	38,082	686	38,768
Currency-related transactions	—	37,768	—	37,768
Stock-related transactions	—	313	686	999
Total liabilities	¥ —	¥ 38,082	¥ 686	¥ 38,768

* 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, 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

Millions of yen

As of March 31, 2026	Fair value Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ 72,447	¥ 2,123	¥ 74,570
Held-to-maturity bonds	—	72,447	—	72,447
Not treated as securities	—	—	2,123	2,123
Monetary trusts	830,333	—	—	830,333
Monetary trusts for held-to-maturity purposes	19,692	—	—	19,692
Monetary trusts for policy-reserve-matching purposes	810,641	—	—	810,641
Securities	3,410,798	1,171,995	—	4,582,794
Held-to-maturity bonds	384,701	175,238	—	559,939
Domestic bonds	383,783	141,761	—	525,544
Government bonds	383,311	—	—	383,311
Municipal bonds	—	35,357	—	35,357
Corporate bonds	472	106,403	—	106,876
Foreign securities	917	33,477	—	34,394
Foreign bonds	917	33,477	—	34,394
Policy-reserve-matching bonds	3,026,097	996,757	—	4,022,854
Domestic bonds	3,002,761	979,285	—	3,982,047
Government bonds	2,992,631	—	—	2,992,631
Municipal bonds	—	183,784	—	183,784
Corporate bonds	10,130	795,501	—	805,631
Foreign securities	23,336	17,471	—	40,807
Foreign bonds	23,336	17,471	—	40,807
Loans	—	—	1,447,981	1,447,981
Policy loans	—	—	109,671	109,671
Commercial loans	—	—	1,338,309	1,338,309
Derivative financial instruments	—	2,048	—	2,048
Interest-related transactions	—	2,048	—	2,048
Total assets	4,241,132	1,246,491	1,450,104	6,937,728
Bonds	—	216,643	—	216,643
Borrowings within other liabilities	—	58,028	36,801	94,830
Total liabilities	¥ —	¥ 274,671	¥ 36,801	¥ 311,473

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, foreign exchange forwards, 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, the 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.

Fair values of borrowings issued at floating rates are calculated based on their carrying amount because their interest rates reflect market interest rates within a short period of time, and their fair values are considered to approximate their carrying amount unless the credit standing of the Company has significantly changed after the borrowings are made.

Derivatives

a. Fair value of forward exchange contract transactions use forward exchange rates, etc., and are classified into Level 2.
b. 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. If significant unobservable inputs are used, those are classified into Level 3.

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, 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%

As of March 31, 2026	Valuation techniques	Significant unobservable input	Range of inputs	Weighted average of inputs
Monetary claims purchased	Discounted-cash-flow method	Discount rate	**3.11%**	**3.11%**

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, 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.

Millions of yen

Year ended March 31, 2026	Monetary claims purchased	Derivative transactions	Total
Balance at the beginning of the fiscal year	**¥1,299**	**¥ —**	**¥1,299**
Gains/losses or other comprehensive income in the period	**(33)**	**(461)**	**(495)**
Recorded in gains/losses*1	**—**	**(461)**	**(461)**
Recorded in other comprehensive income*2	**(33)**	**—**	**(33)**
Net amount for purchase, sale, issuance and settlement	**(91)**	**(224)**	**(315)**
Transfer to Level 3 fair values	**—**	**—**	**—**
Transfer from Level 3 fair values	**—**	**—**	**—**
Balance at the end of the fiscal year	**1,174**	**(686)**	**488**
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	**—**	**(461)**	**(461)**

*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.

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 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 ¥936,813 million in financial assets. (¥755,136 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	
Year ended March 31, 2025	Foreign other securities	Foreign other securities	Total
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.

Millions of yen

	Trading securities	Available-for-sale securities	
Year ended March 31, 2026	Foreign other securities	Foreign other securities	Total
Balance at the beginning of the fiscal year	**¥ 511**	**¥686,814**	**¥687,326**
Gains/losses or other comprehensive income in the period	**(385)**	**94,490**	**94,104**
Recorded in gains/losses*1	**(385)**	**67,156**	**66,770**
Recorded in other comprehensive income*2	**—**	**27,333**	**27,333**
Net amount for purchase, sale and redemption	**(67)**	**79,894**	**79,826**
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	**58**	**861,199**	**861,257**
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	**(41)**	**5,898**	**5,856**

*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

As of March 31, 2025	Trading securities Foreign other securities	Available-for-sale securities Foreign other securities	Total
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

Millions of yen

As of March 31, 2026	Trading securities Foreign other securities	Available-for-sale securities Foreign other securities	Total
Having limitation in frequency, etc., of cancellation or buyback request	**¥58**	**¥654,634**	**¥654,692**
Others	**—**	**206,564**	**206,564**
Total	**¥58**	**¥861,199**	**¥861,257**

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

Millions of yen

Year ended March 31, 2025	Available for sale securities Foreign other securities	Available for sale securities Other securities	Total
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.

Millions of yen

Year ended March 31, 2026	Available for sale securities Foreign other securities	Available for sale securities Other securities	Total
Balance at the beginning of the fiscal year	**¥7,052**	**¥60,757**	**¥67,810**
Gains/losses or other comprehensive income in the period	**376**	**1,592**	**1,968**
Recorded in gains/losses	**—**	**—**	**—**
Recorded in other comprehensive income*	**376**	**1,592**	**1,968**
Net amount for purchase, sale and redemption	**—**	**5,777**	**5,777**
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	**7,429**	**68,127**	**75,556**
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,	2025	2026
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(7,328)	**¥13,652**

(2) Held-to-maturity bonds

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.

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**¥119,750**	**¥121,186**	**¥ 1,435**
Government bonds	**91,517**	**92,547**	**1,029**
Municipal bonds	**3,229**	**3,248**	**18**
Corporate bonds	**25,003**	**25,391**	**387**
Foreign securities	**912**	**917**	**5**
Foreign bonds	**912**	**917**	**5**
Other securities	**2,528**	**2,554**	**25**
Total	**123,191**	**124,658**	**1,467**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**491,105**	**404,357**	**(86,747)**
Government bonds	**351,099**	**290,763**	**(60,335)**
Municipal bonds	**38,568**	**32,109**	**(6,459)**
Corporate bonds	**101,437**	**81,484**	**(19,952)**
Foreign securities	**38,598**	**33,477**	**(5,121)**
Foreign bonds	**38,598**	**33,477**	**(5,121)**
Other securities	**83,972**	**69,892**	**(14,079)**
Total	**613,675**	**507,728**	**(105,947)**
Grand total	**¥736,867**	**¥632,386**	**¥(104,480)**

Note: Other securities include beneficiary trust certificates (consolidated balance sheet amount of ¥86,500 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, 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)

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Domestic bonds	**¥ 313,087**	**¥ 316,141**	**¥ 3,054**
Government bonds	**216,602**	**218,580**	**1,978**
Municipal bonds	**22,806**	**23,028**	**221**
Corporate bonds	**73,678**	**74,532**	**854**
Foreign securities	**1,597**	**1,598**	**1**
Foreign bonds	**1,597**	**1,598**	**1**
Total	**314,684**	**317,740**	**3,055**
Fair value not exceeding consolidated balance sheet amount:			
Domestic bonds	**5,170,020**	**3,665,905**	**(1,504,115)**
Government bonds	**3,917,633**	**2,774,050**	**(1,143,583)**
Municipal bonds	**244,635**	**160,756**	**(83,879)**
Corporate bonds	**1,007,751**	**731,099**	**(276,652)**
Foreign securities	**41,727**	**39,208**	**(2,519)**
Foreign bonds	**41,727**	**39,208**	**(2,519)**
Total	**5,211,748**	**3,705,113**	**(1,506,634)**
Grand total	**¥5,526,433**	**¥4,022,854**	**¥(1,503,578)**

(4) Available-for-sale securities

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.

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
Domestic bonds	**¥ 186,144**	**¥ 182,358**	**¥ 3,786**
Government bonds	**74,126**	**73,208**	**918**
Municipal bonds	**10,564**	**10,458**	**106**
Corporate bonds	**101,453**	**98,691**	**2,762**
Domestic stocks	**711,752**	**267,488**	**444,263**
Foreign securities	**2,076,617**	**1,732,043**	**344,574**
Foreign bonds	**168,112**	**158,452**	**9,659**
Foreign stocks	**38,207**	**12,887**	**25,319**
Foreign other securities	**1,870,297**	**1,560,702**	**309,595**
Other securities	**491,420**	**285,213**	**206,207**
Total	**3,465,934**	**2,467,103**	**998,831**
Consolidated balance sheet amount not exceeding acquisition cost:			
Domestic bonds	**1,346,396**	**1,462,674**	**(116,277)**
Government bonds	**550,053**	**631,925**	**(81,871)**
Municipal bonds	**17,645**	**18,142**	**(496)**
Corporate bonds	**778,697**	**812,606**	**(33,909)**
Domestic stocks	**43,950**	**46,138**	**(2,188)**
Foreign securities	**832,882**	**884,054**	**(51,172)**
Foreign bonds	**329,279**	**356,979**	**(27,700)**
Foreign stocks	**12,753**	**14,584**	**(1,831)**
Foreign other securities	**490,850**	**512,490**	**(21,640)**
Other securities	**50,990**	**55,069**	**(4,079)**
Total	**2,274,219**	**2,447,936**	**(173,716)**
Grand total	**¥5,740,154**	**¥4,915,039**	**¥ 825,114**

Note: Other securities include certificates of deposit (consolidated balance sheet amount of ¥5,000 million) which are represented as cash and deposits, commercial paper (consolidated balance sheet amount of ¥4,997 million) and beneficiary trust certificates (consolidated balance sheet amount of ¥26,781 million) which are represented as monetary claims purchased in the consolidated balance sheet.

(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, 2025.
- There were no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2026.

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

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

Millions of yen

Year ended March 31, 2026	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**¥336,743**	**¥1,733**	**¥66,048**
Government bonds	**246,402**	**368**	**59,696**
Municipal bonds	**31,775**	**368**	**1,141**
Corporate bonds	**58,566**	**996**	**5,210**
Foreign securities	**686**	**30**	**14**
Foreign bonds	**686**	**30**	**14**
Total	**¥337,430**	**¥1,763**	**¥66,063**

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

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

Millions of yen

Year ended March 31, 2026	Proceeds of sales	Gross gains	Gross losses
Domestic bonds	**¥295,609**	**¥ 653**	**¥42,134**
Government bonds	**233,835**	**2**	**36,441**
Municipal bonds	**15,480**	**123**	**2,638**
Corporate bonds	**46,293**	**528**	**3,054**
Domestic stocks	**186,949**	**105,827**	**3,060**
Foreign securities	**449,927**	**37,712**	**46,810**
Foreign bonds	**281,698**	**1,871**	**43,671**
Foreign stocks	**173**	**3**	**8**
Foreign other securities	**168,055**	**35,837**	**3,130**
Other securities	**67,330**	**25,586**	**1**
Total	**¥999,817**	**¥169,780**	**¥92,006**

(8) Impairment of securities

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 recognized ¥119 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 ¥437 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, 2026.

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,	2025	**2026**
Valuation difference included in earnings (losses) of the consolidated fiscal year	¥(11)	**¥20**

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

Millions of yen

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

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**¥26,849**	**¥19,692**	**¥(7,157)**

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

Millions of yen

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

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	**¥962,091**	**¥810,641**	**¥(151,450)**

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

Millions of yen

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

Millions of yen

As of March 31, 2026	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	**¥229,531**	**¥219,529**	**¥10,001**

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, 2025	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
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.

Millions of yen

As of March 31, 2026	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Foreign exchange contracts:				
Sold	**¥443,697**	**¥ —**	**¥(2,844)**	**¥(2,844)**
U.S. dollar	**213,716**	**—**	**(1,417)**	**(1,417)**
Euro	**14,449**	**—**	**30**	**30**
British pound	**34,153**	**—**	**188**	**188**
Canadian dollar	**17,116**	**—**	**195**	**195**
Australian dollar	**164,260**	**—**	**(1,841)**	**(1,841)**
Bought	**33,733**	**—**	**(20)**	**(20)**
U.S. dollar	**26,963**	**—**	**(8)**	**(8)**
Euro	**3,779**	**—**	**(3)**	**(3)**
Australian dollar	**2,990**	**—**	**(8)**	**(8)**
Currency options:				
Sold	**43,285**	**—**		
Call	**[63]**	**[—]**	**(63)**	**(0)**
	43,285	**—**		
U.S. dollar	**[63]**	**[—]**	**(63)**	**(0)**
Bought	**35,987**	**—**		
Call	**[63]**	**[—]**	**59**	**(3)**
	35,987	**—**		
U.S. dollar	**[63]**	**[—]**	**59**	**(3)**
Total			**¥(2,868)**	**¥(2,868)**

Note:
1. 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.
2. Figures in square brackets represent option premiums recorded on the consolidated balance sheet.

b. Interest-related transactions

As of March 31, 2025

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

As of March 31, 2026

- There were no Interest-related transactions for the year ended March 31, 2026.

c. Stock-related transactions

Millions of yen

As of March 31, 2025	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
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.

Millions of yen

As of March 31, 2026	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Exchange-traded transactions:				
Stock index options:				
Bought				
Put	**¥24,990**	**¥ —**		
	[989]	**[—]**	**455**	**(534)**
Over-the-counter transactions:				
Individual stock options:				
Sell				
Call	**¥31,483**	**¥31,483**		
	[224]	**[224]**	**(686)**	**(461)**
Total			**¥(230)**	**¥(996)**

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, 2025	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
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.

Millions of yen

As of March 31, 2026	Notional amount Total	Notional amount Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions:				
Currency-related transactions:				
Foreign exchange contracts:				
Sold	**¥28,188**	**¥ —**	**¥(191)**	**¥(191)**
U.S. dollar	**20,561**	**—**	**(366)**	**(366)**
Australian dollar	**7,626**	**—**	**175**	**175**
Currency options:				
Bought				
Put	**186**	**105**		
	[53]	**[33]**	**0**	**(52)**
U.S. dollar	**134**	**87**		
	[42]	**[29]**	**0**	**(41)**
Euro	**52**	**17**		
	[10]	**[4]**	**0**	**(10)**
Over-the-counter transactions:				
Stock-related transactions:				
Stock index options:				
Bought				
Put	**686**	**484**		
	[175]	**[138]**	**7**	**(167)**
Total			**¥(182)**	**¥(411)**

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, 2025	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
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:	Foreign currency-denominated stocks (forecast transaction)			
Bought		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)

Notes:
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

Millions of yen

As of March 31, 2026	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Foreign exchange contracts:	Foreign currency-denominated assets			
Sold		**¥1,368,692**	**¥ —**	**¥(26,207)**
U.S. dollar		**1,103,557**	**—**	**(27,208)**
Euro		**243,559**	**—**	**588**
Australian dollar		**21,575**	**—**	**412**
Bought		**46,070**	**—**	**25**
U.S. dollar		**37,630**	**—**	**32**
Australian dollar		**8,439**	**—**	**(6)**
Currency options:	Foreign currency-denominated assets			
Sold				
Call		**295,773**	**—**	
		[3,282]	**[—]**	**(5,962)**
U.S. dollar		**295,773**	**—**	
		[3,282]	**[—]**	**(5,962)**
Bought				
Put		**290,809**	**—**	
		[3,282]	**[—]**	**1,068**
U.S. dollar		**290,809**	**—**	
		[3,282]	**[—]**	**1,068**
Allocation treatment for foreign exchange contracts, etc.:				
Currency swaps:	Foreign currency-denominated loans			
Receive yen/pay foreign currency		**23,278**	**13,336**	**—**
U.S. dollar		**23,278**	**13,336**	**—**
Total				**¥(31,074)**

Notes:
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.

b. Interest-related transactions

Millions of yen

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

Millions of yen

As of March 31, 2026	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Special treatment for interest rate swaps:				
Interest rate swaps:				
Receive fixed/pay floating	Borrowings	**¥29,250**	**¥29,250**	**¥2,048**
Total				**¥2,048**

c. Stock-related transactions

Millions of yen

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

Millions of yen

As of March 31, 2026	Hedged item	Notional amount Total	Notional amount Over one year	Fair value
Recognition of valuation gains/losses on hedged items:				
Stock forward:				
Sold	Domestic and foreign stocks	**¥116,103**	**¥—**	**¥4,230**
Total				**¥4,230**

Note 24 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,	2025	**2026**
Balance at the beginning of the year	¥136,943	**¥131,240**
Service cost	5,054	**4,794**
Interest cost	1,920	**2,435**
Actuarial gains and losses	(6,088)	**(16,560)**
Retirement benefit paid	(6,462)	**(6,431)**
Others	(127)	**27**
Balance at the end of the year	¥131,240	**¥115,505**

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,	2025	**2026**
Balance at the beginning of the year	¥112,221	**¥107,535**
Expected return on plan assets	1,753	**2,157**
Actuarial gains and losses	(5,720)	**(2,501)**
Employer contribution	3,962	**7,445**
Benefit obligation paid	(4,680)	**(4,749)**
Balance at the end of the year	¥107,535	**¥109,886**

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,	2025	2026
Retirement benefit obligations for funded plans	¥ 106,626	**¥ 93,795**
Plan assets	(107,535)	**(109,886)**
Employee pension trusts	[(50,903)]	**[(48,571)]**
	(909)	**(16,091)**
Retirement benefit obligations for unfunded plans	24,613	**21,709**
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	23,704	**5,618**
Retirement benefit liability	33,767	**22,976**
Retirement benefit asset	(10,062)	**(17,357)**
Net amount of defined benefit liability and defined benefit asset stated in the consolidated balance sheet	¥ 23,704	**¥ 5,618**

d. Components of retirement benefit expense are as follows:

Millions of yen

Years ended March 31,	2025	2026
Service cost	¥ 5,054	**¥ 4,794**
Interest cost	1,920	**2,435**
Expected return on plan assets	(1,753)	**(2,157)**
Recognized actuarial gains and losses	(367)	**(14,058)**
Others	(129)	**27**
Retirement benefit expense relating to defined benefit retirement plan	¥ 4,724	**¥ (8,958)**

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,	2025	2026
Bonds	61.6%	**58.1%**
General account	14.9%	**15.5%**
Foreign securities	11.6%	**11.5%**
Stocks	5.9%	**7.5%**
Cash and deposits	3.2%	**3.4%**
Joint assets	1.1%	**2.1%**
Real Estates	1.7%	**1.8%**
Others	0.0%	**0.0%**
Total	100.0%	**100.0%**

Note: The total includes 47.3% and 44.2% of employee pension trusts set up for corporate pension plans for the fiscal years ended March 31, 2025 and 2026, 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,	2025	2026
Discount rate	1.30% – 2.04%	**2.12% – 3.40%**
Expected long-term rate of return on plan assets	1.03% – 2.29%	**1.75% – 2.75%**

(3) Defined contribution retirement plan

The required contribution for the defined contribution retirement plan of the consolidated subsidiaries amounted to ¥281 million and ¥287 million for the fiscal years ended March 31, 2025 and 2026, respectively.

Note 25 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, 2025 and 2026.

(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.

	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, 2026, 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	12,000 shares	6,900 shares	12,000 shares
Forfeited	—	—	—
Exercisable	19,700 shares	14,500 shares	22,100 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	36,100 shares	79,800 shares	56,500 shares
Vested	—	—	—
Exercised	15,300 shares	29,500 shares	16,600 shares
Forfeited	—	—	—
Exercisable	20,800 shares	50,300 shares	39,900 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	3,179 yen	3,179 yen	3,179 yen
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	3,178 yen	3,178 yen	3,178 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 26 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,	2025	**2026**
Balance at the beginning of the year	¥2,200	**¥2,200**
Changes in scope of consolidation	—	**8**
Settlement of asset retirement obligations	—	**(8)**
Balance at the end of the year	¥2,200	**¥2,200**

Note 27 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,	2025	**2026**
Balance sheet amount:		
Balance at the beginning of the year	¥277,492	**¥276,660**
Net increase (decrease)	(832)	**(2,447)**
Balance at the end of the year	276,660	**274,213**
Fair value at the end of the year	¥408,848	**¥419,455**

Notes:
1. Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
2. 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.
   For the year ended March 31, 2026, the increase mainly consisted of purchase of real estate totaling ¥8,467 million and the decrease mainly consisted of depreciation totaling ¥6,545 million and sales of real estate totaling ¥3,640 million.
3. 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.

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

Millions of yen

Years ended March 31,	2025	**2026**
Ordinary revenues	¥21,895	**¥22,077**
Ordinary expenses	13,976	**14,533**
Ordinary profit	7,919	**7,543**
Other gains (losses)	505	**1,041**

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, 2025 and March 31, 2026, other gains were mainly gains on disposal of fixed assets, and these amounts are recorded in extraordinary gains.

Notes to Consolidated Financial Statements

Note 28 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 discloses the revenues without separating from other revenues on the consolidated statement of operations as well as discloses 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 omits 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 performance 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 29 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 the 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."

[Application of Revised U.S. GAAP by Overseas Affiliates]
As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.

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

Millions of yen

Year ended March 31, 2025	Reportable segments: Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total	Adjustments	Amount on consolidated financial statements
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	109,063	16,628,039	1,163,611	17,791,650	(1,078,707)	16,712,943
Segment liabilities	6,319,150	7,029,948	1,782,150	149,425	15,280,675	328,143	15,608,819	(304,941)	15,303,878
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	794	41,193	681	41,874	(556)	41,318
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.

Notes to Consolidated Financial Statements

Millions of yen

Year ended March 31, 2026	Reportable segments: Taiyo Life	Daido Life	T&D Financial Life	T&D United Capital (consolidated)	Subtotal	Others	Total	Adjustments	Amount on consolidated financial statements
Ordinary revenues	¥1,275,387	¥1,246,058	¥ 912,827	¥ 4,218	¥ 3,438,491	¥ 44,596	¥ 3,483,087	¥ (872)	¥ 3,482,214
Intergroup transfers	4,579	672	—	—	5,252	184,890	190,143	(190,143)	—
Total	1,279,966	1,246,730	912,827	4,218	3,443,743	229,487	3,673,230	(191,015)	3,482,214
Segment income (loss)	116,588	134,680	12,328	(1,816)	261,780	160,555	422,335	(165,144)	257,191
Segment assets	6,754,113	8,224,988	1,960,191	272,295	17,211,588	1,304,612	18,516,201	(1,197,871)	17,318,329
Segment liabilities	6,295,197	7,200,712	1,874,879	283,055	15,653,843	474,515	16,128,358	(427,666)	15,700,692
Others									
Depreciation of real estate for rent	3,620	3,510	—	—	7,131	—	7,131	(387)	6,744
Depreciation	6,403	7,827	1,084	7	15,323	935	16,258	339	16,598
Provision for (reversal of) policy reserve	49,287	107,311	99,328	—	255,927	713	256,641	—	256,641
Provision for (reversal of) reserve for policyholder dividends	14,612	10,847	0	—	25,459	—	25,459	—	25,459
Interest, dividends and income from real estate for rent	163,313	233,680	6,140	363	403,497	162,450	565,948	(168,173)	397,775
Interest expenses	5,220	22	0	2,532	7,776	3,049	10,825	(3,509)	7,316
Equity in earnings (losses) of affiliates	—	—	—	3,684	3,684	—	3,684	(1,717)	1,967
Extraordinary gains	963	3,513	—	—	4,476	179	4,655	1,721	6,377
Gains on negative goodwill	—	—	—	—	—	—	—	1,721	1,721
Extraordinary losses	29,691	17,799	907	1	48,400	192	48,593	(1,644)	46,949
Impairment losses	405	720	—	—	1,126	—	1,126	—	1,126
Provision for reserve for price fluctuations	2,623	15,663	295	—	18,582	—	18,582	—	18,582
Taxes	20,986	27,318	3,199	371	51,874	122	51,997	(812)	51,185
Investments in affiliates	453	365	—	244,476	245,295	—	245,295	—	245,295
Increase in tangible fixed assets and intangible fixed assets	¥ 9,121	¥ 22,656	¥ 4,428	¥ 6	¥ 36,211	¥ 1,643	¥ 37,855	¥ 16	¥ 37,872

Notes:
1. Ordinary revenues instead of net sales are presented here.
2. Adjustments are as follows:
   (1) The adjustment of ¥(872 million) to ordinary revenues is the transferred amount, which mainly consists of reversal of reserve for possible loan losses of ¥361 million, gains from derivatives, net of ¥160 million and reversal of reserve for outstanding claims of ¥126 million included in ordinary revenues, which are included in ordinary expenses of the consolidated statement of operations as provision for reserve for possible loan losses, losses from derivatives, net and provision for reserve for retirement benefits of ¥118 million included in ordinary expenses, which is included in ordinary revenues of the consolidated statement of operations as reversal of reserve for retirement benefits.
   (2) The adjustment of ¥(165,144 million) to segment income (loss) is mainly due to the elimination of dividends from subsidiaries and affiliates.
   (3) The adjustment of ¥(1,197,871 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 ¥(427,666 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, 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	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.

For the year ended March 31, 2026

1. Information by product and service

Sales to external customers

Millions of yen

Year ended March 31, 2026	Taiyo Life	Daido Life	T&D Financial Life	Others	Total
Income from insurance premiums	**¥983,087**	**¥855,326**	**¥784,664**	**¥12,706**	**¥2,635,783**
Insurance premiums	**649,130**	**834,345**	**625,354**	**12,706**	**2,121,537**
Individual insurance and individual annuities	**557,146**	**784,555**	**625,215**	**—**	**1,966,917**
Group insurance	**28,088**	**19,424**	**0**	**—**	**47,513**
Group annuities	**63,016**	**29,128**	**121**	**—**	**92,266**
Others	**878**	**1,237**	**16**	**12,706**	**14,838**
Ceded reinsurance recoveries	**¥333,956**	**¥ 20,980**	**¥159,309**	**¥ —**	**¥ 514,246**

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.

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

For the years ended March 31, 2025 and 2026
Information on impairment losses on fixed assets by reportable segment is disclosed in "Note 29. Segment information."

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

For the years ended March 31, 2025 and 2026: Not applicable.

[Information on gains on negative goodwill by reportable segment]

For the years ended March 31, 2025 and 2026: Not applicable.

[Related party information]

1. Related party transactions

(1) Transactions with the Company:
For the years ended March 31, 2025 and 2026: 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, 2025 and 2026: Not applicable.
b. The Company's non-consolidated subsidiaries and affiliates, etc.

Year ended March 31, 2025

Type	Name	Location	Paid-in capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction (Millions of yen)	Accounting item	Balance at the end of the year (Millions of yen)
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.

Year ended March 31, 2026

Type	Name	Location	Paid-in capital	Type of business	Voting rights ownership (%)	Relation of related party	Transaction	Amount of transaction (Millions of yen)	Accounting item	Balance at the end of the year (Millions of yen)
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	**¥146,751**	Reinsurance payable	**¥ 6,570**
Subsidiary of affiliate	Fortitude International Reinsurance Ltd.	Bermuda (British territory)	**$1 million**	Reinsurance	Indirect ownership 26.37	Conclusion of reinsurance contract with Taiyo Life	Receipt of reinsurance premiums	**¥258,663**	Reinsurance receivable	**¥147,215**

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, 2025 and 2026: Not applicable.

d. The Company's officer and major shareholders (limited to individuals), etc.:
For the years ended March 31, 2025 and 2026: Not applicable.

2. Notes on the parent company or any important affiliates

(1) Notes on the parent company:

For the years ended March 31, 2025 and 2026: Not applicable.

(2) Summarized financial information of important affiliates

For the consolidated fiscal year ended March 31, 2025 and March 31, 2026 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

	2025	**2026**
Total assets	¥16,562,416	**¥18,339,853**
Total liabilities	¥16,204,463	**¥17,933,734**
Total net assets	¥ 357,953	**¥ 406,118**
Total revenues	¥ 481,768	**¥ 872,215**
Total expenses	¥ 671,002	**¥ 725,580**
Income before income taxes	¥ (189,233)	**¥ 146,635**
Profit	¥ (143,828)	**¥ 122,453**

Note: FGH Parent, L.P. has adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment.

Note 30 Per Share Information

Yen

Years ended March 31,	2025	**2026**
Net assets per share	¥2,739.81	**¥3,359.12**
Earnings per share	241.67	**279.64**
Earnings per share (fully diluted)	241.55	**279.54**

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,	2025	**2026**
Earnings per share:		
Profit attributable to owners of parent	¥126,384	**¥138,968**
Amount not attributable to common shareholders	—	**—**
Profit attributable to owners of parent attributable to common shareholders	¥126,384	**¥138,968**

Shares

Weighted-average number of common stocks outstanding	522,960,330	**496,951,329**

Millions of yen

Years ended March 31,	2025	**2026**
Earnings per share (fully diluted):		
Adjusted profit attributable to owners of parent	¥—	**¥—**

Shares

Increase in common stock	261,726	**186,303**
Subscription rights to shares	261,726	**186,303**
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,	2025	**2026**
Net assets	¥1,409,064	**¥1,617,637**
Deduction from net assets	6,025	**5,708**
Subscription rights to shares	304	**196**
Non-controlling interests	5,721	**5,511**
Net assets available to common shareholders	¥1,403,038	**¥1,611,928**

Shares

The number of common stock outstanding	512,093,829	**479,865,829**

(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 2,761,401, and the number of treasury shares to be deducted in calculation of net assets per share is 2,491,583 for the consolidated fiscal year ended March 31, 2026. Also, for the consolidated fiscal year ended March 31, 2025, the average number of treasury shares to be deducted in calculation of earnings per share and earnings per share (fully diluted) was 2,708,643, and the number of treasury shares to be deducted in calculation of net assets per share was 2,867,231.

(4) As described in (23) Additional information of Note 2, Summary of Significant Accounting Policies, certain overseas affiliates have adopted "Financial Services—Insurance (Topic 944)" (ASU No. 2018-12, ASU No. 2019-09 and ASU No. 2020-11) from the beginning of the fiscal year ended March 31, 2026. As a result, certain insurance liabilities of those affiliates are measured under a new methodology reflecting changes in discount rates and revisions to insurance assumptions. Therefore, the corresponding figures for the previous fiscal year have been retrospectively adjusted to reflect the application of this accounting treatment. Compared with the amounts before retrospective application, net assets per share for the previous fiscal year increased by ¥199.64, while earnings per share and earnings per share (fully diluted) decreased by ¥0.05.

Note 31 Significant Subsequent Events

[Material Subsequent Events]

[Transfer of Shares in a Consolidated Subsidiary]

At the meeting of the Board of Directors held on June 4, 2026, the Company resolved to enter into separate share transfer agreements with PayPay Corporation ("PayPay") and One IM Indigo Holdings Ltd ("OneIM Indigo"), an affiliate of One Investment Management Ltd ("OneIM"), an investment management company, and to transfer shares of T&D Financial Life Insurance Company ("T&D Financial Life"), a consolidated subsidiary of the Company, to PayPay and OneIM Indigo.

The share transfer is scheduled to be completed on October 1, 2027, subject to the fulfillment of certain conditions, including obtaining approvals from the relevant regulatory authorities and completing measures required under International Financial Reporting Standards ("IFRS") for the consolidation of T&D Financial Life into the PayPay Group. Upon completion of the share transfer, T&D Financial Life is expected to cease to be a consolidated subsidiary of the Company.

(1) Purpose of the share transfer

In light of recent changes in the business environment and other factors, the Company determined that transferring shares of T&D Financial Life to PayPay, which provides financial services including credit card, banking, and securities services through its payment platform, represents the best option for the further growth of T&D Financial Life.

PayPay intends to further enhance T&D Financial Life's existing businesses and add the life insurance products offered by T&D Financial Life to PayPay's financial services, with the aim of providing comprehensive financial services tailored to the various life stages of PayPay users. These initiatives are expected to contribute to the business growth of T&D Financial Life.

In addition, OneIM has strengths in alternative investments and is expected to contribute to enhancing T&D Financial Life's asset management capabilities.

The Company intends to use the proceeds from the share transfer for shareholder returns and reallocate them to investments aimed at realizing "Enhancing Group Resilience," including its digital transformation strategy, as set forth in the Group Long-Term Vision, thereby seeking to achieve further sustainable growth in profit and dividends.

(2) Names of the transferees

- PayPay Corporation
- One IM Indigo Holdings Ltd

(3) Schedule of the transfer

1. Date of execution of the agreements: June 4, 2026
2. Scheduled date of completion of the transfer: October 1, 2027

(4) Overview of the subsidiary

1. Name: T&D Financial Life Insurance Company
2. Business activities: Life insurance business
3. Relationship between the Company and the subsidiary:

Capital relationship:
The subsidiary is a wholly owned consolidated subsidiary of the Company.

Personnel relationship:
An executive officer of the Company concurrently serves as the representative director of the subsidiary. In addition, employees are seconded between the Company and the subsidiary.

Business relationship:
The Company conducts transactions with the subsidiary relating to management and administrative services and other matters.

(5) Number of shares to be transferred, ownership interest after the transfer, and transfer price

1. Number of shares to be transferred: 1,361,600 shares
2. Transfer price: Approximately ¥160,000 million
3. Ownership interest after the transfer: 14.9%

The amount above is the estimated amount assuming that the share transfer is completed on October 1, 2027. The final transfer price will be determined after adjustments and other procedures are made in accordance with the methods stipulated in the share transfer agreements.

(6) Other matters

The impact of the share transfer on the Company's consolidated financial results for the fiscal year ending March 31, 2028 is currently under review and will be announced promptly once determined.

The shareholders' agreement that the Company plans to enter into with PayPay and OneIM on the date of completion of the share transfer is expected to provide for a call option exercisable by PayPay after the completion date and a put option exercisable by the Company on or after the date three years following the completion date, in respect of the 238,400 shares of T&D Financial Life that the Company will continue to hold, representing an ownership interest of 14.9%.

[Acquisition of Treasury Shares]

At the meeting of the Board of Directors held on June 4, 2026, the Company resolved on matters relating to the acquisition of treasury shares pursuant to Article 31 of the Company's Articles of Incorporation, in accordance with Article 459, paragraph (1), item (i) of the Companies Act.

(1) Reason for the acquisition of treasury shares

To enhance shareholder returns and improve capital efficiency.

(2) Details of the acquisition

1. Class of shares to be acquired: Common shares
2. Maximum number of shares to be acquired: 12,000,000 shares
3. Maximum total acquisition price: ¥30,000 million
4. Acquisition period: From June 8, 2026 to September 30, 2026
5. Method of acquisition: Market purchases under a discretionary trading agreement

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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, 2026, 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, 2026, 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, including those applicable to audits of financial statements of public interest entities, 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 ¥13,825,376 million on the consolidated balance sheet as of March 31,	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

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2026. The policy reserve was a significant account, accounting for 88.1% of total liabilities of ¥15,700,692 million. 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. 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 (21) 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. To prepare for the future performance of obligations under insurance policies, a policy	procedures, as well as other procedures, 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. ・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.

reserve must be set aside based on sound 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.	

Other Information

Other information comprises the information included in disclosure documents that contain 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.

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

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

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

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

We communicate with the 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.

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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, 2026 are 783 million yen and 152 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 7, 2026

Hiroshi Yamano
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant