I Overview and Organization of Insurance Holding Company

1 History

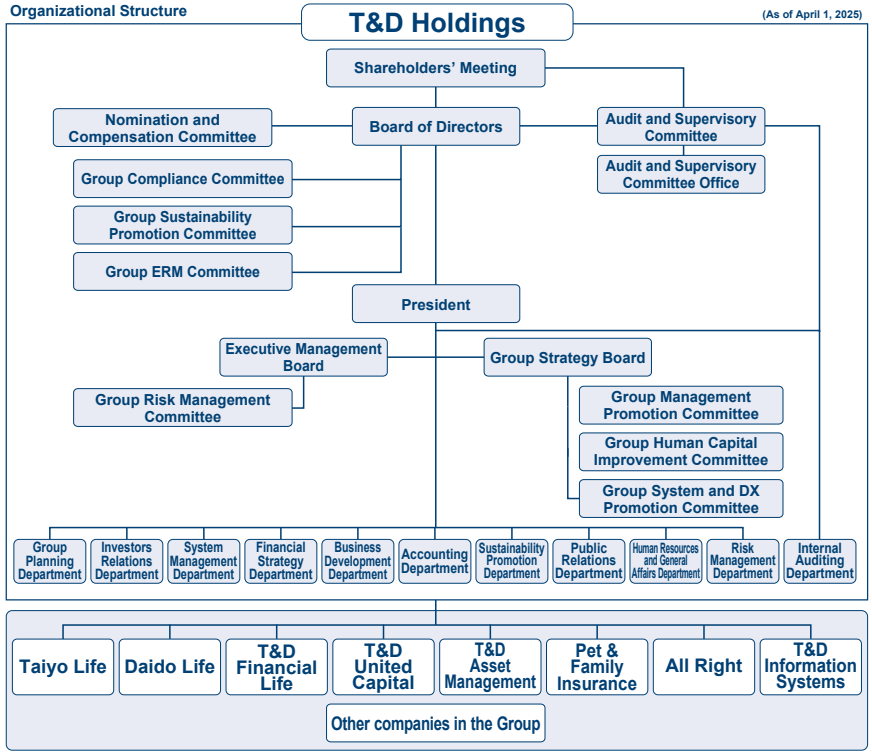
May	1893	Taiyo Life was founded as Nagoya Life Insurance Co., Ltd.
July	1902	Daido Life Insurance Company was founded as a joint stock company through the merger of three companies—Asahi Life, Gokoku Life and Hokkai Life.
July	1947	Daido Life was reestablished as a mutual company.
February	1948	Taiyo Life was reestablished as a mutual company.
January	1999	Taiyo Life and Daido Life formed a broad business alliance.
June	1999	Taiyo Life and Daido Life decided on T&D Insurance Group as the group name.
October	1999	T&D Taiyo Daido Asset Management Co., Ltd. was launched through the merger of domestic investment advisory companies.
October	1999	Operations of policy confirmation was integrated into T&D Confirm Ltd.
October	2001	Taiyo Life and Daido Life jointly acquired shares of T&D Financial Life (former Tokyo Life Insurance Company).
October	2001	System divisions were integrated into T&D Information Systems, Ltd.
April	2002	Daido Life was demutualized to a joint stock company, with its shares listed on the Tokyo Stock Exchange and the Osaka Securities Exchange.
July	2002	T&D Taiyo Daido Asset Management and Daido Life Investment Trust Management were merged into T&D Asset Management Co., Ltd.
August	2002	Leasing businesses were integrated into T&D Lease Co., Ltd.
April	2003	Taiyo Life was demutualized to a joint stock company, with its shares listed on the Tokyo Stock Exchange.
March	2004	Taiyo Life and Daido Life delisted their shares.
April	2004	T&D Holdings, Inc. was established with its shares listed on the Tokyo Stock Exchange and the Osaka Securities Exchange. Taiyo Life, Daido Life and T&D Financial Life became wholly owned subsidiaries of T&D Holdings.
April	2004	Group administrative service companies were merged into T&D Customer Services Co., Ltd.
July	2006	Headquarters operations of four group companies (T&D Holdings, Taiyo Life, Daido Life and T&D Financial Life) and T&D Asset Management were consolidated and relocated.
January	2007	T&D Holdings made Japan Family Insurance Planning, Inc. (currently Pet & Family Insurance Co., Ltd.) a subsidiary.
March	2007	T&D Holdings made T&D Asset Management Co., Ltd. a direct subsidiary.
January	2016	Headquarters operations of three group companies (T&D Holdings, Taiyo Life and Daido Life) were relocated to Nihonbashi, Chuo-ku, Tokyo.
April	2019	Pet & Family Small-amount Short-term Insurance Company was converted to a non-life insurance company and renamed to Pet & Family Insurance Co., Ltd.
July	2019	T&D United Capital Co., Ltd. began its business.
October	2022	All Right Co., Ltd. began its business.
September	2024	T&D Holdings made T&D Information Systems, Ltd. a direct subsidiary.

2 Corporate Overview

Company Name	T&D Holdings, Inc.
Date of Establishment	April 1, 2004
Location of Headquarters	2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6031, Japan
Telephone	+81-(0)3-3272-6110
The Company's Website	https://www.td-holdings.co.jp/en/
Type of Business	● Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations ● Other businesses incidental to the business listed in the preceding item
Paid-in Capital	207,100 million yen
Number of Employees	160 (as of March 31, 2025)

3 Management Organization

Organizational Structure (As of April 1, 2025)



4 Name of Independent Auditor

Ernst & Young ShinNihon LLC

Ⅱ Overview of Insurance Holding Company and Its Subsidiaries, etc.

1 Main Business Activities and Organizational Structure

(1) Business Activities

As an insurance holding company, the Company mainly operates the following businesses:

1) Management control of life insurance subsidiaries under the Insurance Business Act of Japan and other laws and regulations
2) Other business incidental to the business listed in the preceding item

(2) Organizational Structure

As of March 31, 2025, the T&D Insurance Group comprises the Company, 21 subsidiaries, and five affiliated companies. Centered on the life insurance business, the T&D Insurance Group's operations are outlined below:

T&D Holdings, Inc.

Insurance and insurance-related businesses

Insurance

- ● Taiyo Life Insurance Company (Life insurance business)
- ● Daido Life Insurance Company (Life insurance business)
- ● T&D Financial Life Insurance Company (Life insurance business)
- ● Pet & Family Insurance Co., Ltd. (Non-life insurance business)
- ▲ Capital Taiyo Life Insurance Limited (Life insurance business)
- ▲ FGH Parent, L.P. (Insurance holding company)

Insurance-related

- ● All Right Co., Ltd. (Services related to healthcare and fields of health)
- ● T&D Risk Solutions Co., Ltd. (Insurance brokerage business)
- ● T&D Confirm Ltd. (Policyholder confirmation services)
- ● Toyo Insurance Agency Co., Ltd. (Insurance agent)
- ● Daido Management Service Co., Ltd. (Insurance agent)
- ● Taiyo Life Aging Society Institute (Survey and research on health and medical care)

Investment-related businesses

Investment Management and Investment Advisory, etc.

- ● T&D Asset Management Co., Ltd. (Investment advisory and investment trust services)

Other Investment-related

- ● T&D United Capital Co., Ltd. (Principal investment, investment management [administration])
- ● T&D United Capital North America Inc. (Principal investment, investment management [administration])
- ● T&D Lease Co., Ltd. (Leasing)
- ● Taiyo Credit Guarantee Co., Ltd. (Credit guarantee services)
- ▲ Alternative Investment Capital Ltd. (Investment in private equity funds), and other companies

Administration-related businesses

Administration and Calculation-related

- ● T&D Information Systems, Ltd. (Computer software and system services)
- ● Toyo Kosan Ltd. (Goods brokerage and sales business)
- ● Nihon System Shuno, Inc. (Premium collection)
- ● Zenkoku Business Center Co., Ltd. (Premium collection)
- ▲ Thuriya Ace Technology Company Limited (Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry)

●: Consolidated subsidiaries ▲: Affiliated companies accounted for by the equity method

2 Matters Concerning Subsidiaries, etc.

(As of March 31, 2025)

Company name	Location of principal sales office or office	Business activities	Date of establishment	Paid-in capital (Millions of yen, except where otherwise noted)	Ratio of voting rights held by the Company to total (%)	Ratio of voting rights held by the Company's subsidiaries, etc. to total (%)
Taiyo Life Insurance Company	2-7-1, Nihonbashi, Chuo-ku, Tokyo	Life insurance business	February 16, 1948	62,500	100.0	—
Daido Life Insurance Company	1-2-1, Edobori, Nishi-ku, Osaka, Osaka-fu	Life insurance business	July 14, 1947	110,000	100.0	—
T&D Financial Life Insurance Company	1-1-1, Shibaura, Minato-ku, Tokyo	Life insurance business	July 16, 1947	56,000	100.0	—
T&D United Capital Co., Ltd.	2-7-1, Nihonbashi, Chuo-ku, Tokyo	Principal investment, investment management [administration]	June 11, 2019	5,500	100.0	—
T&D Asset Management Co., Ltd.	5-36-7, Shiba, Minato-ku, Tokyo	Investment advisory and investment trust services	December 19, 1980	1,100	100.0	—
Pet & Family Insurance Co., Ltd.	4-27-3, Higashi-Ueno, Taito-ku, Tokyo	Non-life insurance business	August 8, 2003	3,656	100.0	—
All Right Co., Ltd.	7-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo	Services related to healthcare and fields of health	September 15, 2022	750	100.0	—
T&D Information Systems, Ltd.	4-2-18, Harigaya, Urawa-ku, Saitama, Saitama-ken	Computer software and system services	July 15, 1999	300	100.0	—
T&D United Capital North America Inc.	485 Lexington Avenue, Suite 3000, New York, NY 10017, U.S.A.	Principal investment, investment management [administration]	December 11, 2019	USD 10	—	100.0
T&D Risk Solutions Co., Ltd.	Kabutocho 1st Heiwa Bldg. 3rd Floor, 5-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo	Insurance brokerage business	May 19, 2023	50	—	100.0
T&D Confirm Ltd.	2-17-4, Akabane, Kita-ku, Tokyo	Policyholder confirmation services	July 5, 1991	30	—	100.0
T&D Lease Co., Ltd.	2-16-2, Konan, Minato-ku, Tokyo	Leasing	September 5, 1966	150	—	100.0
Taiyo Credit Guarantee Co., Ltd.	2-49-4, Minami-Ikebukuro, Toshima-ku, Tokyo	Credit guarantee services	April 1, 1981	50	—	100.0
Toyo Insurance Agency Co., Ltd.	2-17-4, Akabane, Kita-ku, Tokyo	Insurance agent	June 4, 1971	70	—	100.0
Taiyo Life Aging Society Institute	2-11-2, Nihonbashi, Chuo-ku, Tokyo	Survey and research on health and medical care	April 1, 2020	20	—	100.0
Toyo Kosan Ltd.	Toyo Kosan Bldg., 2-29-13, Minami-Ikebukuro, Toshima-ku, Tokyo	Goods brokerage and sales business	November 13, 1957	100	—	100.0
Daido Management Service Co., Ltd.	17-10, Nihonbashi-Koamicho, Chuo-ku, Tokyo	Insurance agent	November 1, 1974	30	—	100.0
Nihon System Shuno, Inc.	1-23-101, Esakacho, Suita, Osaka-fu	Premium collection	October 1, 2002	36	—	50.0
Zenkoku Business Center Co., Ltd.	17-10, Nihonbashi-Koamicho, Chuo-ku, Tokyo	Premium collection	May 18, 1972	12	—	100.0
Capital Taiyo Life Insurance Limited	No. 7, Pyay Road Hlaing Township, Yangon Region, Myanmar	Life insurance business	October 12, 2012	MMK 9,230 million	—	35.0
Thuriya Ace Technology Company Limited	MICT Park Building 18, 8th Floor Hlaing Township, Yangon Region, Myanmar	Designing and developing information technology, information technology systems, software solutions and business solutions for the insurance industry	February 1, 2017	MMK 2,351 million	—	49.0
Alternative Investment Capital Ltd.	1-8-2, Marunouchi, Chiyoda-ku, Tokyo	Investment in private equity funds	July 15, 2002	400	—	36.0
FGH Parent, L.P.	Chesney House – 3rd Floor 96 Pitts Bay Road Pembroke Parish HM 08, Bermuda	Insurance holding company	October 1, 2021	USD 5,305 million	—	26.4

Notes:

1. The Company's material consolidated subsidiaries and affiliated entities accounted for under the equity method are listed above.
2. Dates of establishment of Taiyo Life Insurance Company and Daido Life Insurance Company are the dates of incorporation as mutual companies. Both were converted to joint stock companies, the former on April 1, 2003, and the latter on April 1, 2002, respectively.
3. Date of establishment of T&D Financial Life Insurance Company is the date of incorporation as Tokyo Mutual Life Insurance Company. Tokyo Mutual Life Insurance Company was converted to a joint stock company on October 17, 2001 and its company name was changed to the current one.
4. Date of establishment of Pet & Family Insurance Co., Ltd. is the date of incorporation as Japan Family Insurance Planning, Inc. After changing its business name to Pet & Family Small-amount Short-term Insurance Company on January 5, 2007, it was renamed its current name upon obtaining a non-life insurance business license from Financial Services Agency on April 1, 2019.
5. All Right Co., Ltd. completed a capital increase through shareholder allocation on April 3, 2025, and capital after the increase is ¥1,250 million.
6. All Right Co., Ltd. acquired all outstanding shares of Aflac Pet Short-Term Insurance Co., Ltd. on April 1, 2025, and subsequently changed the company's name to All Right Small Amount & Short Term Insurance Co., Ltd., making it a subsidiary.
7. Taiyo Life Insurance Co., Ltd. established Taiyo Building Service Co., Ltd. as a subsidiary on April 1, 2025.
8. The yen equivalent of the capital amount of Capital Taiyo Life Insurance Limited, calculated using the exchange rate as of the date of the close of the account, is ¥656 million.
9. The yen equivalent of the capital amount of Thuriya Ace Technology Company Limited, calculated using the exchange rate as of the date of the close of the account, is ¥167 million.
10. Development and performance of significant business combination
    The Group comprises 21 subsidiaries and five affiliated entities, where the consolidated ordinary revenues and profit attributable to owners of parent of the Group including the Company for fiscal year 2024 were ¥3,730.4 billion and ¥126.4 billion, respectively.

III Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

1 Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

Account	As of March 31, 2024	As of March 31, 2025
(Assets)		
Cash and deposits	1,137,609	778,681
Call loans	797	10,089
Monetary claims purchased	165,643	170,671
Monetary trusts	1,155,716	1,115,454
Securities	12,280,990	12,212,019
Loans	1,743,364	1,653,720
Tangible fixed assets	378,019	373,697
Land	210,498	208,807
Buildings	152,636	157,831
Lease assets	462	405
Construction in progress	10,369	368
Other tangible fixed assets	4,052	6,284
Intangible fixed assets	43,378	55,057
Software	42,180	53,882
Lease assets	40	22
Other intangible fixed assets	1,158	1,152
Due from agencies	325	282
Reinsurance receivable	78,915	60,578
Other assets	217,487	181,355
Retirement benefit asset	10,736	10,062
Deferred tax assets	256	301
Reserve for possible loan losses	(6,130)	(2,962)
Total assets	17,207,110	16,619,009
(Liabilities)		
Policy reserves	14,301,729	13,721,161
Reserve for outstanding claims	84,581	84,167
Policy reserve	14,148,395	13,568,704
Reserve for policyholder dividends	68,752	68,289
Due to agencies	1,584	1,215
Reinsurance payable	29,557	42,233
Short-term debentures	7,994	7,989
Bonds	120,000	120,000
Other liabilities	939,120	1,071,568
Provision for bonuses to directors and audit and supervisory committee members	269	349
Provision for share-based remuneration	1,403	2,265
Retirement benefit liability	35,455	33,767
Provision for directors' and audit and supervisory committee members' retirement benefits	23	27
Reserves under the special laws	274,447	281,262
Reserve for price fluctuations	274,447	281,262
Deferred tax liabilities	81,241	25,870
Deferred tax liabilities on land revaluation	4,356	4,470
Total liabilities	15,797,184	15,312,180
(Net assets)		
Capital stock	207,111	207,111
Retained earnings	533,841	607,242
Treasury shares	(26,610)	(75,106)
Total shareholders' equity	714,342	739,248
Valuation difference on available-for-sale securities	668,135	526,981
Deferred gains (losses) on hedging instruments	(2,221)	(1,853)
Revaluation reserve for land	(19,410)	(6,124)
Foreign currency translation adjustments	38,906	38,742
Debt value adjustments of foreign subsidiaries and affiliates	3,810	3,810
Total accumulated other comprehensive income	689,220	561,555
Subscription rights to shares	343	304
Non-controlling interests	6,020	5,721
Total net assets	1,409,926	1,306,829
Total liabilities and net assets	17,207,110	16,619,009

(2) Consolidated Statement of Operations

(Millions of yen)

Account	Year ended March 31, 2024	Year ended March 31, 2025
Ordinary revenues	3,207,991	3,730,479
Income from insurance premiums	2,474,555	2,579,821
Investment income	642,076	488,335
Interest, dividends and income from real estate for rent	327,694	356,497
Gains from monetary trusts, net	77,414	—
Gains on investments in trading securities, net	153	—
Gains on sales of securities	142,662	115,711
Foreign exchange gains, net	67,480	9,290
Reversal of reserve for possible loan losses	—	1,366
Other investment income	5,456	4,561
Gains on separate accounts, net	21,216	909
Other ordinary revenues	91,359	662,322
Ordinary expenses	3,048,182	3,531,884
Insurance claims and other payments	2,165,126	2,968,213
Insurance claims	314,664	305,142
Annuity payments	320,873	340,747
Insurance benefits	169,197	176,981
Surrender payments	675,485	851,478
Other payments	73,966	109,889
Reinsurance premiums	610,938	1,183,974
Provision for policy reserves	246,726	14
Provision for reserve for outstanding claims	9,011	—
Provision for policy reserve	237,700	—
Interest portion of reserve for policyholder dividends	15	14
Investment expenses	305,210	216,038
Interest expenses	1,434	2,403
Losses from monetary trusts, net	—	6,807
Losses on investments in trading securities, net	—	228
Losses on sales of securities	99,536	87,357
Devaluation losses on securities	5,317	10,853
Losses from derivatives, net	151,641	74,393
Provision for reserve for possible loan losses	4,468	—
Depreciation of real estate for rent	6,127	6,495
Other investment expenses	36,684	27,499
Operating expenses	250,726	265,445
Other ordinary expenses	77,994	80,968
Equity in losses of affiliates	2,397	1,202
Ordinary profit	159,809	198,595
Extraordinary gains	10,623	8,232
Gains on disposal of fixed assets	9,804	5,541
Gains on negative goodwill	—	1,341
State subsidy	819	1,349
Extraordinary losses	10,302	12,215
Losses on disposal of fixed assets	634	2,449
Impairment losses	1,730	1,580
Provision for reserve for price fluctuations	7,118	6,814
Subsidized project expenses	819	1,370
Provision for reserve for policyholder dividends	25,050	25,917
Profit before income taxes	135,080	168,695
Income taxes (current)	34,048	53,704
Income taxes (deferred)	990	(12,413)
Total income taxes	35,038	41,290
Profit	100,041	127,404
Profit attributable to non-controlling interests	1,264	992
Profit attributable to owners of parent	98,777	126,411

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

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

(4) Consolidated Statement of Changes in Net Assets

Year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments
Balance at the beginning of the year	207,111	64,040	504,160	(68,361)	706,952	274,861	161
Cumulative effects of revision in accounting standards for foreign subsidiaries and affiliates			(1,198)		(1,198)	1,198	
Restated balance	207,111	64,040	502,962	(68,361)	705,754	276,059	161
Changes in the period							
Dividends			(35,895)		(35,895)		
Profit attributable to owners of parent			98,777		98,777		
Purchase of treasury shares				(40,049)	(40,049)		
Disposal of treasury shares		(104)		705	601		
Retirement of treasury shares		(81,094)		81,094	—		
Reversal of revaluation reserve for land			(14,846)		(14,846)		
Change of scope of consolidation			0		0		
Transfer to capital surplus from retained earnings		17,157	(17,157)		—		
Net changes of items other than shareholders' equity						392,076	(2,382)
Total changes in the period	—	(64,040)	30,878	41,750	8,587	392,076	(2,382)
Balance at the end of the year	207,111	—	533,841	(26,610)	714,342	668,135	(2,221)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income			
Balance at the beginning of the year	(34,256)	35,070	3,810	279,647	570	6,511	993,681
Cumulative effects of revision in accounting standards for foreign subsidiaries and affiliates				1,198			—
Restated balance	(34,256)	35,070	3,810	280,845	570	6,511	993,681
Changes in the period							
Dividends							(35,895)
Profit attributable to owners of parent							98,777
Purchase of treasury shares							(40,049)
Disposal of treasury shares							601
Retirement of treasury shares							—
Reversal of revaluation reserve for land							(14,846)
Change of scope of consolidation							0
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	14,846	3,835	—	408,375	(226)	(491)	407,656
Total changes in the period	14,846	3,835	—	408,375	(226)	(491)	416,244
Balance at the end of the year	(19,410)	38,906	3,810	689,220	343	6,020	1,409,926

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedging instruments
Balance at the beginning of the year	207,111	—	533,841	(26,610)	714,342	668,135	(2,221)
Changes in the period							
Dividends			(39,561)		(39,561)		
Profit attributable to owners of parent			126,411		126,411		
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 shareholders' equity						(141,154)	367
Total changes in the period	—	—	73,401	(48,495)	24,906	(141,154)	367
Balance at the end of the year	207,111	—	607,242	(75,106)	739,248	526,981	(1,853)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustments	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income			
Balance at the beginning of the year	(19,410)	38,906	3,810	689,220	343	6,020	1,409,926
Changes in the period							
Dividends							(39,561)
Profit attributable to owners of parent							126,411
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 shareholders' equity	13,285	(164)	—	(127,665)	(39)	(298)	(128,002)
Total changes in the period	13,285	(164)	—	(127,665)	(39)	(298)	(103,096)
Balance at the end of the year	(6,124)	38,742	3,810	561,555	304	5,721	1,306,829

(5) Consolidated Statement of Cash Flows

(Millions of yen)

Account	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	135,080	168,695
Depreciation of real estate for rent	6,127	6,495
Depreciation	14,900	15,391
Impairment losses	1,730	1,580
Gains on negative goodwill	—	(1,341)
Increase (decrease) in reserve for outstanding claims	9,011	(413)
Increase (decrease) in policy reserve	237,700	(579,691)
Interest portion of reserve for policyholder dividends	15	14
Provision for reserve for (reversal of) policyholder dividends	25,050	25,917
Increase (decrease) in reserve for possible loan losses	4,465	(1,654)
Increase (decrease) in provision for bonuses to directors and audit and supervisory committee members	(33)	76
Increase (decrease) in provision for share-based remuneration	(21)	861
Decrease (increase) in retirement benefit asset	(7,992)	673
Increase (decrease) in retirement benefit liability	(5,363)	(1,694)
Increase (decrease) in provision for directors' and audit and supervisory committee members' retirement benefits	(38)	2
Increase (decrease) in reserve for price fluctuations	7,118	6,814
Interest, dividends and income from real estate for rent	(327,694)	(356,497)
Losses (gains) on investment securities	(59,177)	(18,180)
Interest expenses	1,434	2,403
Foreign exchange losses (gains), net	(67,464)	(10,866)
Losses (gains) on disposal of tangible fixed assets	(9,409)	(3,337)
Equity in losses (earnings) of affiliates	2,397	1,202
Decrease (increase) in amount due from agencies	99	42
Decrease (increase) in amount reinsurance receivable	(32,810)	17,102
Decrease (increase) in other assets (excluding investment activities-related and financing activities-related)	(24,293)	(32,717)
Increase (decrease) in amount due to agencies	(771)	(368)
Increase (decrease) in amount reinsurance payable	1,952	12,675
Increase (decrease) in other liabilities (excluding investment activities-related and financing activities-related)	9,250	5,348
Others, net	105,540	104,302
Subtotal	26,804	(637,163)
Interest, dividends and income from real estate for rent received	306,437	317,377
Interest paid	(1,432)	(2,023)
Policyholder dividends	(25,898)	(26,440)
Others, net	3,905	1,869
Income taxes (paid) refunded	(47,062)	(13,486)
Net cash provided by (used in) operating activities	262,754	(359,867)
Cash flows from investing activities		
Net decrease (increase) in cash and deposits	1,200	(17,400)
Investments in monetary claims purchased	(6,807)	(4,194)
Proceeds from sales and redemption of monetary claims purchased	7,962	16,350
Investments in monetary trusts	(82,050)	(90,418)
Proceeds from monetary trusts	219,000	124,000
Purchase of securities	(1,864,639)	(1,763,246)
Proceeds from sales and redemption of securities	2,198,230	1,749,088
Investments in loans	(297,165)	(290,453)
Collection of loans	341,556	370,133
Others, net	(699,320)	5,977
Subtotal	(182,034)	99,836
Total of net cash provided by (used in) operating activities and investment transactions as above	80,719	(260,030)
Purchase of tangible fixed assets	(15,507)	(19,598)
Proceeds from disposal of tangible fixed assets	17,454	14,563
Others, net	(158)	(531)
Net cash provided by (used in) investing activities	(180,245)	94,269
Cash flows from financing activities		
Net increase (decrease) in short-term debentures	1,995	(5)
Proceeds from issuance of debt	9,000	16,000
Repayments of debt	(12,541)	(13,245)
Proceeds from issuance of bond	—	30,000
Redemption of bonds	—	(30,000)
Proceeds from share issuance to non-controlling shareholders	149	92
Repayments to non-controlling shareholders	(1,669)	(1,688)
Payment of lease obligations	(633)	(490)
Purchase of treasury shares	(40,049)	(48,778)
Disposal of treasury shares	374	220
Dividends paid	(35,829)	(39,420)
Dividends paid to non-controlling interests	(23)	(23)
Others, net	0	0
Net cash provided by (used in) financing activities	(79,227)	(87,340)
Effect of exchange rate changes on cash and cash equivalents	3,157	2,363
Net increase (decrease) in cash and cash equivalents	6,438	(350,573)
Cash and cash equivalents at the beginning of the year	1,165,567	1,172,006
Net increase (decrease) in cash and cash equivalents resulting in change in scope of consolidation	—	1,664
Cash and cash equivalents at the end of the year	1,172,006	823,096

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

Year ended March 31, 2024	Year ended March 31, 2025
1. Matters related to the scope of consolidation (1) Number of consolidated subsidiaries: 20 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 United Capital North America Inc. T&D Risk Solutions Co., Ltd. T&D Confirm Ltd. T&D Information System, Ltd. T&D Lease Co., Ltd. Taiyo Credit Guarantee Co., Ltd. Toyo Insurance Agency Co., Ltd. Taiyo Life Aging Society Institute Daido Management Service Co., Ltd. Nihon System Shuno Inc. Zenkoku Business Center Co., Ltd. and 2 other companies T&D Risk Solutions Co., Ltd. is included within the scope of consolidation, since it was established by T&D United Capital Co., Ltd. during the first quarter accounting period in the consolidated fiscal year ended March 31, 2024. T&D Customer Services Co., Ltd. is excluded from the scope of consolidation, since its liquidation was completed during the second quarter accounting period in the consolidated fiscal year ended March 31, 2024. (2) Names of main non-consolidated subsidiaries, etc.: none	1. Matters related to the scope of consolidation (1) Number of consolidated subsidiaries: 21 The names of the consolidated subsidiaries: Taiyo Life Insurance Company Daido Life Insurance Company T&D Financial Life Insurance Company T&D United Capital Co., Ltd. T&D Asset Management Co., Ltd. Pet & Family Insurance Co., Ltd. All Right Co., Ltd. T&D United Capital North America Inc. T&D Risk Solutions Co., Ltd. T&D Confirm Ltd. T&D Information System, Ltd. T&D Lease Co., Ltd. Taiyo Credit Guarantee Co., Ltd. Toyo Insurance Agency Co., Ltd. Taiyo Life Aging Society Institute Daido Management Service Co., Ltd. Nihon System Shuno Inc. Zenkoku Business Center Co., Ltd. Toyo Kosan Ltd. and 2 other companies In the consolidated fiscal year ended March 31, 2025, Toyo Kosan Ltd. was included in the scope of consolidation due to an increase in the share of voting rights following its purchase of treasury shares. (2) Names of main non-consolidated subsidiaries, etc.: none
2. Matters related to the application of the equity method (1) Number of non-consolidated subsidiaries accounted for under the equity method: none (2) Number of affiliates accounted for under the equity method: 5 The affiliates accounted for under the equity method are Capital Taiyo Life Insurance, Ltd., Thuriya Ace Technology Co., Ltd., Alternative Investment Capital Ltd., FGH Parent, L.P., and 1 other company. (3) Names of non-consolidated subsidiaries and affiliates not accounted for under the equity method, etc.: none (4) 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.	2. Matters related to the application of the equity method (1) Number of non-consolidated subsidiaries accounted for under the equity method: none (2) Number of affiliates accounted for under the equity method: 5 The affiliates accounted for under the equity method are Capital Taiyo Life Insurance, Ltd., Thuriya Ace Technology Co., Ltd., Alternative Investment Capital Ltd., FGH Parent, L.P., and 1 other company. (3) Same as left (4) Same as left
3. 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. Matters related to the fiscal year of consolidated subsidiaries, etc. Same as left
4. Matters concerning accounting policy (1) Evaluation criteria and evaluation method for significant assets 1) 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) a. Trading securities - Fair value method (costs of securities sold are calculated based on the moving average method)	4. Matters concerning accounting policy (1) Evaluation criteria and evaluation method for significant assets 1) 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) a. Trading securities Same as left

Year ended March 31, 2024	Year ended March 31, 2025
b. Held-to-maturity bonds - Amortized cost method based on the moving average method (straight-line method)	b. Held-to-maturity bonds Same as left
c. Policy-reserve-matching bonds - Amortized cost method based on the moving average method (straight-line method)	c. Policy-reserve-matching bonds Same as left
d. 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).	d. Available-for-sale securities Same as left
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 (Additional information) All defined contribution corporate pension insurance policies and all group pure endowment insurance policies used to be included in the group annuity insurance asset segment. Among above policies, group pure endowment insurance policies have been excluded from the sub-segment from the consolidated fiscal year ended March 31, 2024, since the risk management using policy-reserve-matching bonds is less effective due to the decrease in the balance of policy reserve and the shortening of duration. This change has no impact on the consolidated balance sheet and consolidated statement of operations.	(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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2024	Year ended March 31, 2025
(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	(Daido Life) Same as left
(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.	(T&D Financial Life) Same as left
2) Evaluation criteria and evaluation method of derivative transactions Evaluation of derivative transactions is processed based on the fair value method.	2) Evaluation criteria and evaluation method of derivative transactions Same as left
(2) Depreciation method for significant depreciable assets 1) 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	(2) Depreciation method for significant depreciable assets 1) Tangible fixed assets (except for lease assets) Same as left
2) 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.	2) Intangible fixed assets (except for lease assets) Same as left
3) 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.	3) Lease assets Same as left
	4) Treatment of deferred assets Bond issuance expenses are recorded in full as costs at the time of incurrence.

Year ended March 31, 2024	Year ended March 31, 2025
(3) Accounting standard for major reserves 1) 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 amount of ¥337 million for the year ended March 31, 2024. 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.	(3) Accounting standard for major reserves 1) 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 amount of ¥1,844 million for the year ended March 31, 2025. 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.
2) Provision for bonuses to directors and Audit and Supervisory Committee members To provide for payment of bonuses to directors and Audit and Supervisory Committee members, a provision for the directors' and Audit and Supervisory Committee members' bonuses is recorded based on the expected amount to be paid in the year ended March 31, 2024.	2) Provision for bonuses to directors and Audit and Supervisory Committee members To provide for payment of bonuses to directors and Audit and Supervisory Committee members, a provision for the directors' and Audit and Supervisory Committee members' bonuses is recorded based on the expected amount to be paid as of March 31, 2025.
3) Provision for share-based remuneration To provide for delivery of stock of the Company to directors and Audit and Supervisory Committee members, the estimated amount of share benefit obligations based on the internal rules of the Company and Three Life Insurance Companies is recorded in provision for share-based remuneration.	3) 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 Group companies is recorded in provision for share-based remuneration.
4) Provision for directors' and Audit and Supervisory Committee members' retirement benefits To provide for directors' and Audit and Supervisory Committee members' retirement benefits, the Company sets up a provision for directors' and Audit and 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, 2024.	4) Provision for directors' and Audit and Supervisory Committee members' retirement benefits To provide for directors' and Audit and Supervisory Committee members' retirement benefits, the Company sets up a provision for directors' and Audit and Supervisory Committee members' retirement benefits based on the internal rules of certain consolidated subsidiaries, which is recorded in the amount recognized to have accrued as of March 31, 2025.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2024	Year ended March 31, 2025
(4) Accounting method for employees' retirement benefits 1) Method for attributing expected retirement benefits to fiscal periods 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.	(4) Accounting method for employees' retirement benefits 1) Method for attributing expected retirement benefits to fiscal periods Same as left
2) Method for amortizing actuarial gain/loss and past service cost Actuarial gains and losses and past service costs are fully expensed in the fiscal year which they accrue.	2) Method for amortizing actuarial gain/loss and past service cost Same as left
(5) 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.	(5) Allocation method for reserve for price fluctuations Same as left
(6) 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.	(6) Foreign currency translation Same as left
(7) Method for significant hedge accounting	(7) Method for significant hedge accounting
(a) Hedge accounting method for Taiyo Life 1) 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.	(a) Hedge accounting method for Taiyo Life 1) Method for hedge accounting Same as left
2) Hedging instrument and hedged item (Hedging instrument) (Hedged item) Interest rate swap: Loans and bonds Currency swap: Foreign currency-denominated loans Foreign exchange contract and currency options: Foreign currency-denominated assets Options: Domestic and foreign stocks, domestic and foreign-listed investment trusts, domestic bonds Credit transaction: Domestic and foreign stocks, domestic and foreign-listed investment trusts Forward contract: Domestic and foreign stocks, domestic and foreign-listed investment trusts	2) Hedging instrument and hedged item Same as left
3) 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.	3) Hedging policy Same as left
4) 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.	4) 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.

Year ended March 31, 2024	Year ended March 31, 2025
(Hedging relationships which apply "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR") Among the above hedging relationships, all of them included in the scope of application of the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force (PITF) No. 40, issued on March 17, 2022) are subject to this exceptional treatment. Details of the hedging relationships which apply the treatment are as follows: - Hedge accounting methods: the special treatment for interest rate swaps - Hedging instruments: interest rate swaps - Hedged items: loans - Hedge transactions: to fix the cash flows	
(b) Hedge accounting method for Daido Life 1) 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.	(b) Hedge accounting method for Daido Life 1) Method for hedge accounting Same as left
2) Hedging instrument and hedged item (Hedging instrument) (Hedged item) Foreign exchange contract: Foreign currency-denominated securities and term deposits Currency options: Foreign currency-denominated securities	2) Hedging instrument and hedged item Same as left
3) Hedging policy Based on internal rules, etc., concerning asset management, foreign exchange fluctuation risks of hedged items are hedged within a certain range.	3) Hedging policy Same as left
4) 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.	4) Evaluation method for hedge effectiveness Same as left
(c) Hedge accounting method for T&D United Capital Co., Ltd. 1) Method for hedge accounting Deferral hedge treatment is adopted for the method for hedge accounting. Furthermore, allocation treatment is adopted since the transaction qualify for the treatment.	(c) Hedge accounting method for T&D United Capital Co., Ltd. 1) Method for hedge accounting Same as left
2) Hedging instrument and hedged item (Hedging instrument) (Hedged item) Foreign exchange contract: Foreign currency-denominated stocks (forecast transaction)	2) Hedging instrument and hedged item Same as left
3) Hedging policy Based on the resolution made at the Board of Directors' meeting regarding the acquisition of foreign currency-denominated stocks, foreign exchange fluctuation risks of hedged items are hedged within a certain range.	3) Hedging policy Same as left
4) Evaluation method for hedge effectiveness The evaluation is omitted, since the material conditions of the hedged item and the hedging instrument are the same and hedge effectiveness is high.	4) Evaluation method for hedge effectiveness Same as left
(8) 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.	(8) Scope of cash and cash equivalents in the consolidated statements of cash flows Same as left

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2024	Year ended March 31, 2025
(9) Other important accounting policies adopted by the Company 1) 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.	(9) Other important accounting policies adopted by the Company 1) Accounting treatment for consumption taxes Same as left
2) 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, 2024 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.	2) Income from insurance premiums In general, income from insurance premiums (excluding reinsurance income) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance policies for which the premiums are received and the contractual liabilities have commenced. Of premiums received, the amount corresponding to the unexpired period as of the end of the consolidated fiscal year ended March 31, 2025 is accounted for as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Insurance Business Act.
3) 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, 2024 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. As of the end of the consolidated fiscal year ended March 31, 2023, instead of excluding the amount relating to deemed hospitalization, the amount relating to deemed hospitalization for policy holders other than those with high risk of severity was excluded. Calculation method was changed to exclude the amount relating to deemed hospitalization, since the treatment regarding hospital benefit, etc. for deemed hospitalization ended during the first quarter accounting period in the consolidated fiscal year ended March 31, 2024.	3) Insurance claims and other payments/ Reserve for outstanding claims Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated and paid based on the policy conditions, for which the insured events provided in the policy conditions have occurred. Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided for unpaid insurance proceeds over the contracts for which payment obligations exist as of the end of the consolidated fiscal year ended March 31, 2025 or for which insured events have already incurred but not reported (hereinafter the "IBNR claims"). On May 8, 2023, the special treatment of hospital benefit, etc. for those who are diagnosed with COVID-19 and receive medical treatment at accommodation facilities or home under the supervision of doctors, etc. (hereinafter the "deemed hospitalization") ended. As a result, the reserve for IBNR claims cannot be calculated at an appropriate level based on the main rule in Article 1, Paragraph 1 of Notification of the Ministry of Finance No. 234 (1998) (hereinafter the "IBNR Notification"). Therefore, the reserve is calculated and recognized as follows based on the proviso of Article 1, Paragraph 1 of IBNR Notification. (Overview of calculation method) The reserve is calculated by the same method as the main rule in Article 1, Paragraph 1 of IBNR Notification after excluding the amount relating to deemed hospitalization from the required amount of reserve for IBNR claims and payment amount of insurance claims, etc. for all the consolidated fiscal years stipulated by the main rule in Article 1, Paragraph 1 of IBNR Notification.

Year ended March 31, 2024	Year ended March 31, 2025
4) 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.	4) Reinsurance income and Reinsurance premiums Same as left
5) 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, 2024, 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: a. 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)) b. 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.	5) 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: a. 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)) b. 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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Significant Accounting Estimates

Year ended March 31, 2024	Year ended March 31, 2025
1. Policy reserve (1) Amounts recognized on the consolidated financial statements as of March 31, 2024 Policy reserve ¥14,148,395 million Provision for policy reserve ¥237,700 million (2) Information on significant accounting estimates in connection with items identified 1) Calculation method It is stated in "Summary of Significant Accounting Policies, 4. Matters concerning accounting policy, (9) Other important accounting policies adopted by the Company, 5) 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.	1. Policy reserve (1) Amounts recognized on the consolidated financial statements as of March 31, 2025 Policy reserve ¥13,568,704 million Other ordinary revenues ¥579,691 million (Reversal of policy reserve) (2) Information on significant accounting estimates in connection with items identified 1) Calculation method Same as left 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. Same as left
2. Accounting treatment for employees' retirement benefits (1) Amounts recognized on the consolidated financial statements as of March 31, 2024 Retirement benefit asset ¥10,736 million Retirement benefit liability ¥35,455 million (2) 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 "Summary of Significant Accounting Policies, 4. Matters concerning accounting policy, (4) 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 "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.	2. Accounting treatment for employees' retirement benefits (1) Amounts recognized on the consolidated financial statements as of March 31, 2025 Retirement benefit asset ¥10,062 million Retirement benefit liability ¥33,767 million (2) Information on significant accounting estimates in connection with items identified 1) Calculation method Same as left 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. Same as left

Year ended March 31, 2024	Year ended March 31, 2025
3. Impairment losses on fixed assets (1) Amounts recognized on the consolidated financial statements as of March 31, 2024 Impairment loss ¥1,730 million (2) 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.	3. Impairment losses on fixed assets (1) Amounts recognized on the consolidated financial statements as of March 31, 2025 Impairment loss ¥1,580 million (2) Information on significant accounting estimates in connection with items identified 1) Calculation method Same as left 2) Major assumptions and their effects on the consolidated financial statements of the following fiscal year, etc. Same as left

Changes in Accounting Policies

Year ended March 31, 2024	Year ended March 31, 2025
———	"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc., were adopted from the beginning of the consolidated fiscal year ended March 31, 2025. This change has no impact on the consolidated financial statements.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Unapplied Accounting Standards, etc.

Year ended March 31, 2024	Year ended March 31, 2025
———	(1) Accounting standards for leases, etc. - "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024, ASBJ) - "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024, ASBJ) 1) Overview As part of efforts to align J-GAAP with international standards, the Accounting Standards Board of Japan considered the development of accounting standards for leases that require lessees to recognize assets and liabilities for all leases. The fundamental policy is to use the single accounting model of IFRS 16 as a basis, but instead of adopting all of its provisions, only the main provisions are adopted. As a result, the Accounting Standards for Leases, etc. is simple, convenient, and basically does not require any modification even if the provisions of IFRS 16 are used in non-consolidated financial statements. As for the lessee's accounting treatment, a single accounting model for allocating the cost of a lease to the lessee, similar to IFRS 16, which recognizes depreciation on the right-of-use asset and interest expense on the lease liability for all leases, shall be applied all leases, regardless of whether they are finance leases or operating leases. 2) Scheduled date of application The standards, etc. are scheduled to be applied from the beginning of the fiscal year ending March 31, 2028. 3) Impact of applying the accounting standards, etc. The impact amount is currently being evaluated. (2) Practical Guidelines on Accounting for Financial Instruments (Transferred Guidance No. 9, March 11, 2025, ASBJ) 1) Overview The Accounting Standards Board of Japan revised the "Practical Guidelines on Accounting for Financial Instruments" in order to improve the transparency of financial statements and enhance information disclosure to investors by valuing unlisted stocks included in funds at fair value, and in the expectation that this will result in even more growth capital being supplied to venture capital funds, etc., by domestic and foreign institutional investors. Under the revision, a 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 such 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. 2) Scheduled date of application The guidelines are scheduled to be applied from the beginning of the fiscal year ending March 31, 2027. 3) Impact of applying the accounting standards, etc. The impact amount is currently being evaluated.

Changes in Presentation Method

Year ended March 31, 2024	Year ended March 31, 2025
———	(Consolidated Statement of Operations) In the previous fiscal year, "Subsidized project expenses" which were included in "Other extraordinary losses" under "Extraordinary losses" exceeded 10% of the total extraordinary losses. Therefore, these expenses are presented independently from the consolidated fiscal year ended March 31, 2025. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥819 million presented in "Other extraordinary losses" under "Extraordinary losses" has been reclassified as "Subsidized project expenses" in the consolidated statement of operations for the previous fiscal year.

Additional Information

Year ended March 31, 2024	Year ended March 31, 2025
(Transactions of delivering the Company's own stock to employees etc. through trusts) The Company has introduced a trust type stock compensation plan (the "Plan"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors who are not Audit and Supervisory Committee members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not Audit and Supervisory Committee members, collectively referred to as "Directors, etc.") and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., collectively referred to as "Eligible Directors, etc."), with an aim to enhance the motivation of Eligible Directors, etc. to contribute to improving business performance and enhancing corporate value over the medium-to long-term. The accounting treatment of the Plan is based on "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015). (1) Summary Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Eligible Directors, etc. and they are delivered and provided through a trust of the Company's shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company's shares. The Company's shares to be delivered to Eligible Directors, etc. will be acquired in advance by money in trust by the Company. (2) The Company's shares remaining in BIP Trust For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). As of the end of the fiscal year ended March 31, 2024, the carrying value of treasury share in the Trust is ¥1,643 million, and the number of treasury share in the Trust is 1,090,300 shares.	(Transactions of delivering the Company's own stock to employees etc. through trusts) (1) Stock compensation plan for officers The Company has introduced a trust type stock compensation plan (the "Plan"), the Board Incentive Plan (BIP) Trust, which uses a trust to deliver the Company's shares, etc. to directors who are not Audit and Supervisory Committee members of the Company (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Company (excluding those who are non-residents in Japan, and together with directors who are not Audit and Supervisory Committee members, collectively referred to as "Directors, etc.") and directors of the Three Life Insurance Companies (excluding those who are part-time directors such as outside directors and non-residents in Japan) and executive officers of the Three Life Insurance Companies (excluding those who are non-residents in Japan, and together with Directors, etc., collectively referred to as "Eligible Directors, etc."), with an aim to enhance the motivation of Eligible Directors, etc. to contribute to improving business performance and enhancing corporate value over the medium-to long-term. The accounting treatment of the Plan is based on "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015). 1) Summary Based on the internal rules of the Company and Three Life Insurance Companies, the points are granted to Eligible Directors, etc. and they are delivered and provided through a trust of the Company's shares equivalent to accumulated points upon retirement and a monetary equivalent of the substitution value of the Company's shares. The Company's shares to be delivered to Eligible Directors, etc. will be acquired in advance by money in trust by the Company. 2) The Company's shares remaining in BIP Trust For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). As of the end of the fiscal year ended March 31, 2025, the carrying value of treasury share in the Trust is ¥2,299 million, and the number of treasury share in the Trust is 1,303,900 shares.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2024	Year ended March 31, 2025
	(2) Stock ownership plan for employees To further raise Group employees' awareness of company performance and stock price increases, and thereby enhance their commitment to improving medium- to long-term corporate value and promote the sharing of value with shareholders, the Company introduced a stock ownership plan (ESOP) trust based on trust structure (hereinafter referred to as the "ESOP") in the fiscal year ended March 31, 2025. The eligible participants in the ESOP 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 ESOP adopts the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015). 1) Summary Based on the stock grant rules established by each Group company, points are granted to employees, and shares of the Company are delivered to employees who meet certain requirements through the trust, equivalent to their accumulated points. The shares of the Company delivered to employees are acquired in advance using funds entrusted to the trust by the Company. 2) The Company's shares remaining in BIP Trust For the Company's shares remaining in BIP Trust, the carrying value in the trust is recorded as the treasury share in net asset (excluding ancillary expenses). As of the end of the fiscal year ended March 31, 2025, the carrying value of treasury share in the Trust is ¥4,096 million, and the number of treasury share in the Trust is 1,563,331 shares.
(Reclassification due to the change in the holding purposes of securities) Daido Life changed held-to-maturity bonds held in the general asset segment (The amount on the consolidated balance sheet is ¥159,230 million) to available-for-sale securities during the first quarter accounting period. This is because of the aim to replace bonds flexibly to extend the investment duration in line with the long-term nature of life insurance liabilities. As a result, securities increased by ¥18,451 million, deferred tax liabilities increased by ¥5,153 million and valuation difference on available-for-sale securities by ¥13,297 million as of the end of the first quarter accounting period. This reclassification has no impact on the profit and loss.	―――

Year ended March 31, 2024	Year ended March 31, 2025
(Application of revised generally accepted accounting principles in the United States (U.S. GAAP) at foreign affiliates) A certain foreign affiliate that adopts U.S. GAAP has applied "Measurement of Credit Losses on Financial Instruments" (Accounting Standards Update 2016-13 issued by the Financial Accounting Standards Board) from the beginning of the consolidated fiscal year ended March 31, 2024. The accounting standards, which are primarily applied to the financial assets measured at amortized cost, introduced a change in the impairment model for available-for-sale debt securities such as bonds. In accordance with the transitional treatment set forth in the accounting standards, the cumulative effects as of the beginning of the consolidated fiscal year ended March 31, 2024 have been added to or deducted from retained earnings and valuation difference on available-for-sale securities. As a result, retained earnings decreased by ¥1,198 million and valuation difference on available-for-sale securities increased by ¥1,198 million as of the beginning of the consolidated fiscal year ended March 31, 2024. The affiliate is accounted for under the equity method, but the application has minimal impact on the consolidated ordinary profit and profit before income taxes for the consolidated fiscal year ended March 31, 2024.	―――
―――	(Reinsurance of insurance contracts to the Fortitude Group at Taiyo Life Insurance Company) Taiyo Life Insurance Company has reinsured a block of existing contracts (excluding some) for lifetime dementia and long-term care annuities to Fortitude International Reinsurance Ltd. through coinsurance. The impact of this ceded reinsurance transaction is as follows: - Other ordinary revenues (reversal of policy reserve): ¥656,997 million - Reinsurance premiums: ¥658,500 million

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Consolidated Balance Sheet

As of March 31, 2024

1. 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:

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥109 million
Claims with risks	¥3,131 million
Loans overdue for three months or more	¥725 million
Restructured loans	¥20 million
Total	¥3,987 million

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:

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥131 million

In addition, the amount of normal claims, which are classified as claims other than those listed above and for which there are no particular problems with the debtor's financial status and business performance, is ¥2,965,237 million.

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

¥255,299 million

3. 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.

¥99,694 million

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

Balance at the beginning of the year	¥69,605 million
Policyholder dividends	¥25,898 million
Increase in interest	¥15 million
Decrease due to other reasons	¥19 million
Provision for reserve for policyholder dividends	¥25,050 million
Balance at the end of the year	¥68,752 million

As of March 31, 2025

1. 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:

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥388 million
Claims with risks	¥35 million
Loans overdue for three months or more	¥763 million
Restructured loans	¥20 million
Total	¥1,207 million

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:

Claims subject to bankruptcy proceeding and reorganization proceedings and any other type of claims equivalent thereto	¥1,638 million

In addition, the amount of normal claims, which are classified as claims other than those listed above and for which there are no particular problems with the debtor's financial status and business performance, is ¥3,175,899 million.

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

¥243,172 million

3. 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.

¥127,831 million

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

Balance at the beginning of the year	¥68,752 million
Policyholder dividends	¥26,440 million
Increase in interest	¥14 million
Decrease due to other reasons	¥46 million
Provision for reserve for policyholder dividends	¥25,917 million
Balance at the end of the year	¥68,289 million

As of March 31, 2024

5. The unused loan balance under loan commitments is as follows:

Total amount of loan commitments	¥36,935 million
Balance of loans outstanding	¥22,136 million
Balance	¥14,799 million

6. The lending securities for loan agreements are as follows:

¥1,220,605 million

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

¥120,000 million

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

¥13,500 million

9. 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

10. The amounts of the organizational change surplus prescribed in Article 91 of the Insurance Business Act, are ¥63,158 million for Taiyo Life Insurance Company and ¥10,836 million for Daido Life Insurance Company.

11. Stocks and capital of affiliates are as follows:

Stocks	¥1,157 million
Capital	¥15,000 million

12. Assets pledged as collateral and secured debts are as follows:

Assets pledged as collateral	
Securities (Japanese government bonds)	¥1,316,209 million
Securities (Foreign securities)	¥196,041 million
Cash collateral pledged for financial instruments	¥5,210 million
Balance	¥1,517,461 million

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	
Cash collateral received for bond-lending transactions	¥706,530 million

As of March 31, 2025

5. The unused loan balance under loan commitments is as follows:

Total amount of loan commitments	¥24,935 million
Balance of loans outstanding	¥10,627 million
Balance	¥14,307 million

6. The lending securities for loan agreements are as follows:

¥1,517,548 million

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

¥90,000 million

8. Same as left

9. Same as left

10. Same as left

11. Stocks and capital of affiliates are as follows:

Stocks	¥1,276 million
Capital	¥13,663 million

12. Assets pledged as collateral and secured debts are as follows:

Assets pledged as collateral	
Securities (Japanese government bonds)	¥1,652,505 million
Securities (Foreign securities)	¥127,805 million
Cash collateral pledged for financial instruments	¥1,298 million
Balance	¥1,781,608 million

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	
Cash collateral received for bond-lending transactions	¥849,918 million

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Consolidated Statement of Operations

Year ended March 31, 2024

1. 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

(Millions of yen)

Asset	Location	Type		Total
		Land	Buildings, etc.	
Unused real estates, etc.	Kanazawa City, Ishikawa Prefecture, etc. (2 assets)	218	84	303
Rental properties, etc.	Shunan City, Yamaguchi Prefecture, etc. (2 assets)	1,178	248	1,426
Total	-	1,397	333	1,730

(4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for unused real estates, etc. and on value in use for rental properties, etc.

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%.

Year ended March 31, 2025

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

(1) Grouping of assets

Same as left

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

Same as left

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

(Millions of yen)

Asset	Location	Type		Total
		Land	Buildings, etc.	
Unused real estates, etc.	Kanazawa City, Ishikawa Prefecture, etc. (5 assets)	290	131	422
Rental properties, etc.	Koriyama City, Fukushima Prefecture, etc. (4 assets)	605	552	1,157
Total	-	896	683	1,580

(4) Method for calculating the recoverable amount

The recoverable amount is based on net realizable value for all real estates.

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

Consolidated Statement of Comprehensive Income

Year ended March 31, 2024

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

Valuation difference on available-for-sale securities:	
Amount occurred during the year	¥573,665 million
Reclassification adjustments	¥(29,911) million
Amount before tax effect	¥543,753 million
Tax effect	¥(151,893) million
Valuation difference on available-for-sale securities	¥391,860 million
Deferred gains (losses) on hedging instruments:	
Amount occurred during the year	¥(3,654) million
Reclassification adjustments	¥212 million
Amount before tax effect	¥(3,442) million
Tax effect	¥1,059 million
Deferred gains (losses) on hedging instruments	¥(2,382) million
Foreign currency translation adjustments:	
Amount occurred during the year	¥26 million
Share of other comprehensive income of companies accounted for under the equity method:	
Amount occurred during the year	¥3,812 million
Total other comprehensive income	¥393,316 million

Year ended March 31, 2025

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

Valuation difference on available-for-sale securities:	
Amount occurred during the year	¥(119,270) million
Reclassification adjustments	¥(64,636) million
Amount before income taxes and tax effects	¥(183,906) million
Income taxes and tax effects	¥43,078 million
Valuation difference on available-for-sale securities	¥(140,827) million
Deferred gains (losses) on hedging instruments:	
Amount occurred during the year	¥272 million
Reclassification adjustments	¥212 million
Amount before income taxes and tax effects	¥484 million
Income taxes and tax effects	¥(117) million
Deferred gains (losses) on hedging instruments	¥367 million
Revaluation reserve for land:	
Income taxes and tax effects	¥(139) million
Foreign currency translation adjustments:	
Amount occurred during the year	¥(3) million
Share of other comprehensive income of companies accounted for under the equity method:	
Amount occurred during the year	¥(163) million
Total other comprehensive income	¥(140,766) million

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2024

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

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

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

2. Subscription rights to shares (Millions of yen)

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

3. Shareholder dividends

(1) Shareholder dividends paid

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

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

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

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

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

For the year ended March 31, 2025

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

	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
   Acquisition through the ESOP Trust: 1,564,500 shares
   Acquisition through 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 as of the end of the fiscal year includes 1,303,900 shares of the Company's treasury share owned by the BIP Trust (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 (0 shares as of beginning of the fiscal year).

2. Subscription rights to shares (Millions of yen)

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

3. Shareholder dividends

(1) Shareholder dividends paid

Date of resolution	Type of shares	Amount of shareholder dividends	Shareholder dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	¥18,588 million	¥35.0	March 31, 2024	June 27, 2024
Board of Directors' meeting held on November 14, 2024	Common stock	¥20,973 million	¥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 Company's treasury share owned by the ESOP Trust.

(2) 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
Ordinary General Meeting of Shareholders held on June 26, 2025	Common stock	¥20,598 million	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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Consolidated Statement of Cash Flows

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

Lease Transactions

[As lessee]

1. Finance leases

(1) Ownership-transfer finance leases

Not applicable.

(2) Non-ownership-transfer finance leases

1) Details of lease assets

(a) Tangible fixed assets

Office appliances such as computer servers

(b) Intangible fixed assets

Software

2) Depreciation method for lease assets

Straight-line method over the lease period is applied.

2. Operating leases

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

(Millions of yen)

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

[As lessor]

1. Details of Lease investment assets

Other assets

(Millions of yen)

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

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, 2024					
	Due within one year	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
Lease receivables	1,705	1,440	1,168	956	649	1,002
Lease investment assets	12,346	10,495	8,634	6,551	4,641	8,218

(Millions of yen)

	As of March 31, 2025					
	Due within one year	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
Lease receivables	1,848	1,573	1,353	1,038	617	900
Lease investment assets	12,783	10,920	8,857	6,861	5,026	9,383

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Financial Instruments

1. Matters related to the condition of financial instruments

(1) 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).

(2) 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.

(3) Risk management system for financial instruments

1) 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.

2) 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").

3) 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.

4) 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.

(4) 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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

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.

As of March 31, 2024

(Millions of yen)

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

*1. Net asset value of a part of investment trusts is regarded as fair value in accordance with generally accepted accounting principles and such investment trusts are included in the above table.
*2. Difference indicates the difference between the amount after deducting the reserve for possible loan losses recorded in the consolidated balance sheet and its current fair value.
*3. Reserve for possible loan losses for loans is deducted.
*4. Claims and liabilities arising from derivative transactions are shown at net value. In the case of net liabilities, amounts are shown in square brackets.
*5. Regarding the special treatment of some interest rate swaps, "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, issued on March 17, 2022) was applied.

As of March 31, 2025

(Millions of yen)

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(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 "(3) Securities" in the above table and summarized as follows:

(Millions of yen)

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

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

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

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

(Annotation 2) Scheduled redemption amounts after the consolidated closing date for monetary claims and fixed-maturity securities are as follows:

As of March 31, 2024

(Millions of yen)

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

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

As of March 31, 2025

(Millions of yen)

	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:				
1) 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
2) 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
3) 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

Note:
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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(Annotation 3) Scheduled repayment amounts after the consolidated closing date for bonds, borrowings, and other interest-bearing liabilities are as follows:

As of March 31, 2024

(Millions of yen)

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

As of March 31, 2025

(Millions of yen)

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

3. Breakdown of fair values of financial instruments by levels

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

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

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

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

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

(1) Financial instruments for which fair values are used as consolidated balance sheet amount

As of March 31, 2024

(Millions of yen)

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

Note:
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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

As of March 31, 2025

(Millions of yen)

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

Note:
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.

(2) Financial instruments for which fair values are not used as consolidated balance sheet amount

As of March 31, 2024

(Millions of yen)

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

As of March 31, 2025

(Millions of yen)

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

(Annotation 1) Description of the valuation techniques and inputs used to measure fair value

Monetary claims purchased

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

Monetary trusts

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

In addition to the above, currency options and stock index options, etc. are used within monetary trusts and fair value of them is calculated by the same method as that for derivatives.

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

Loans

1) 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.

2) Commercial loans

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

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

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

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

Bonds

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

Borrowings

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

Derivatives

(1) Fair value of forward exchange contract transactions use forward exchange rates, etc., and are classified into Level 2.

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(Annotation 2) Financial instruments for which Level 3 fair values are used as consolidated balance sheet amount

(1) Quantitative information about significant unobservable input

As of March 31, 2024

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

As of March 31, 2025

Category	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%

(2) Reconciliations between the beginning and ending balances, valuation gains / losses recognized in the gains / losses in the period

Year ended March 31, 2024

(Millions of yen)

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

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

Year ended March 31, 2025

(Millions of yen)

	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 (*1)	(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	—	—	—	—

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

(3) 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.

(4) Explanation of the sensitivity of the fair value to changes in significant unobservable input

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

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

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

(1) Reconciliations between the beginning and ending balances of investment trusts whose properties are financial instruments

Year ended March 31, 2024

(Millions of yen)

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

*1. It is included in "Investment income" and "Investment expenses" in the consolidated statement of operations.
*2. It is included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" of the consolidated statement of comprehensive income.

Year ended March 31, 2025

(Millions of yen)

	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
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.

(2) Breakdown of restriction regarding cancellation or buyback request of investment trusts whose properties are financial assets

As of March 31, 2024

(Millions of yen)

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

As of March 31, 2025

(Millions of yen)

	Trading securities	Available-for-sale securities	Total
	Foreign other securities	Foreign other securities	
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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(3) Reconciliations between the beginning and ending balances of investment trusts whose properties are real estates

Year ended March 31, 2024

(Millions of yen)

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

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

Year ended March 31, 2025

(Millions of yen)

	Available for sale securities		Total
	Foreign other securities	Other securities	
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.

Securities

1. Trading securities

(Millions of yen)

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

2. Held-to-maturity bonds

As of March 31, 2024

(Millions of yen)

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

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

As of March 31, 2025

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
(1) Domestic bonds	314,683	326,261	11,577
1) Government bonds	228,351	237,044	8,693
2) Municipal bonds	19,417	20,063	645
3) Corporate bonds	66,914	69,152	2,238
(2) Foreign securities	802	811	8
1) Foreign bonds	802	811	8
(3) Other securities	7,173	7,262	89
Total	322,659	334,335	11,675
Fair value not exceeding consolidated balance sheet amount:			
(1) Domestic bonds	299,308	264,825	(34,483)
1) Government bonds	208,984	188,962	(20,022)
2) Municipal bonds	21,648	18,438	(3,210)
3) Corporate bonds	68,675	57,424	(11,250)
(2) Foreign securities	36,222	30,983	(5,238)
1) Foreign bonds	36,222	30,983	(5,238)
(3) 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.

3. Policy-reserve-matching bonds

As of March 31, 2024

(Millions of yen)

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

As of March 31, 2025

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
(1) Domestic bonds	1,085,092	1,117,612	32,520
1) Government bonds	721,472	743,413	21,941
2) Municipal bonds	64,415	66,142	1,727
3) Corporate bonds	299,204	308,056	8,851
(2) Foreign securities	2,523	2,540	16
1) Foreign bonds	2,523	2,540	16
Total	1,087,615	1,120,152	32,536
Fair value not exceeding consolidated balance sheet amount:			
(1) Domestic bonds	4,395,368	3,464,197	(931,170)
1) Government bonds	3,326,868	2,639,626	(687,241)
2) Municipal bonds	244,751	188,427	(56,324)
3) Corporate bonds	823,747	636,143	(187,604)
(2) Foreign securities	40,411	38,457	(1,954)
1) 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)

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

4. Available-for-sale securities

As of March 31, 2024

(Millions of yen)

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

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

As of March 31, 2025

(Millions of yen)

Category	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount exceeding acquisition cost:			
(1) Domestic bonds	324,252	314,228	10,024
1) Government bonds	146,849	141,416	5,433
2) Municipal bonds	20,410	19,919	490
3) Corporate bonds	156,992	152,892	4,100
(2) Domestic stocks	655,850	289,604	366,245
(3) Foreign securities	1,798,607	1,527,235	271,372
1) Foreign bonds	152,829	151,004	1,824
2) Foreign stocks	27	0	27
3) Foreign other securities	1,645,750	1,376,230	269,519
(4) 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:			
(1) Domestic bonds	1,074,705	1,166,689	(91,983)
1) Government bonds	332,014	397,094	(65,080)
2) Municipal bonds	14,761	16,813	(2,052)
3) Corporate bonds	727,930	752,781	(24,851)
(2) Domestic stocks	51,658	53,986	(2,328)
(3) Foreign securities	1,000,603	1,097,843	(97,239)
1) Foreign bonds	460,726	524,053	(63,327)
2) Foreign stocks	12,417	12,433	(16)
3) Foreign other securities	527,460	561,356	(33,895)
(4) 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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

5. Sales of securities classified as held-to-maturity bonds

Year ended March 31, 2024

There were no sales of securities classified as held-to-maturity bonds.

Year ended March 31, 2025

There were no sales of securities classified as held-to-maturity bonds.

6. Sales of securities classified as policy-reserve-matching bonds

Year ended March 31, 2024

(Millions of yen)

Category	Proceeds of sales	Gross gains	Gross losses
(1) Domestic bonds	124,408	10,510	740
1) Government bonds	123,808	10,510	641
2) Corporate bonds	600	—	99
(2) Foreign securities	4,612	193	—
1) Foreign bonds	4,612	193	—
Total	129,021	10,703	740

Year ended March 31, 2025

(Millions of yen)

Category	Proceeds of sales	Gross gains	Gross losses
(1) Domestic bonds	209,830	792	49,358
1) Government bonds	208,919	782	49,358
2) Corporate bonds	910	10	—
(2) Foreign securities	2,241	55	6
1) Foreign bonds	2,241	55	6
Total	212,071	847	49,365

7. Sales of securities classified as available-for-sale securities

Year ended March 31, 2024

(Millions of yen)

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

Year ended March 31, 2025

(Millions of yen)

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

8. Impairment of securities

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

The Company and its consolidated subsidiaries recognized ¥8,679 million as impairment losses for the available-for-sale securities other than stocks without market prices and the investments in capital of partnerships and so forth and ¥2,173 million as impairment losses for the available-for-sale securities of stocks without market prices and the investments in capital of partnerships and so forth for the fiscal year ended March 31, 2025.

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Monetary Trusts

1. Monetary trusts for trading purposes

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Valuation difference included in earnings (losses) of the consolidated fiscal year	(17)	(11)

2. Monetary trusts for held-to-maturity purposes

As of March 31, 2024 (Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	28,138	25,329	(2,809)

As of March 31, 2025 (Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	27,094	22,219	(4,874)

3. Monetary trusts for policy-reserve-matching purposes

As of March 31, 2024 (Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	927,158	857,265	(69,892)

As of March 31, 2025 (Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Monetary trusts	863,136	767,112	(96,024)

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

As of March 31, 2024 (Millions of yen)

	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	197,292	186,856	10,436

As of March 31, 2025 (Millions of yen)

	Consolidated balance sheet amount	Acquisition cost	Difference
Monetary trusts	222,872	221,059	1,813

Derivative Transactions

1. Derivative financial instruments for which hedge accounting is not applied

(1) Currency-related transactions

As of March 31, 2024 (Millions of yen)

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

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

As of March 31, 2025 (Millions of yen)

Category	Type of transaction	Notional amount		Fair value	Valuation gains (losses)
			Over one year		
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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(2) Interest-related transactions

As of March 31, 2024

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

As of March 31, 2025

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

(3) Stock-related transactions

As of March 31, 2024

(Millions of yen)

Category	Type of transaction	Notional amount	Over one year	Fair value	Valuation gains (losses)
Over-the-counter transactions	Stock index options:				
	Bought				
	Put	99,430	—		
		[101]	[—]	4	(96)
Total				4	(96)

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

As of March 31, 2025

(Millions of yen)

Category	Type of transaction	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.

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.

As of March 31, 2024

(Millions of yen)

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

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

As of March 31, 2025

(Millions of yen)

Category	Type of subject	Type of transaction	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)
	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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

2. Derivative financial instruments for which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2024

(Millions of yen)

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

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

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of transaction	Hedged item	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.

(2) Interest-related transactions

As of March 31, 2024

(Millions of yen)

Hedge accounting method	Type of transaction	Hedged item	Notional amount	Over one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps:	Loans			
	Receive fixed/pay floating		14,232	994	45
Total					45

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of transaction	Hedged item	Notional amount	Over one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps:	Loans			
	Receive fixed/pay floating		947	—	(0)
Total					(0)

(3) Stock-related transactions

As of March 31, 2024

(Millions of yen)

Hedge accounting method	Type of transaction	Hedged item	Notional amount	Over one year	Fair value
Recognition of valuation gains/losses on hedged items	Stock forward:	Foreign stocks			
	Sold		60,872	—	(10,741)
Total					(10,741)

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of transaction	Hedged item	Notional amount	Over one year	Fair value
Recognition of valuation gains/losses on hedged items	Stock forward:	Domestic stocks Foreign stocks			
	Sold		132,162	—	7,893
Total					7,893

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Business Combinations

(Transactions under common control, etc.)

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

1. Overview of transaction

(1) Name and description of the business subject to the transaction
Business involving system development and operation and server maintenance, etc. for Taiyo Life and Daido Life within T&D Information Systems

(2) Date of business combination
April 1, 2024

(3) Legal form of the business combination
An absorption-type split where Taiyo Life and Daido Life are the surviving companies and T&D Information Systems is the split company

(4) Name of the combined entity
Taiyo Life and Daido Life

(5) Other matters regarding the overview of the transaction
To build a swift and agile DX/IT promotion system integrating the overseeing department and the systems department, the system development functions of T&D Information Systems were absorbed and split by Taiyo Life and Daido Life. Furthermore, T&D Information Systems has become a wholly-owned subsidiary of the Company and will now play a role in creating Group synergies in the DX/IT field and promoting research and development of cutting-edge technologies such as AI and cloud.

2. Outline of the accounting treatment implemented

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

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

(1) Reconciliations of the beginning- and end-of-the-year balances of retirement benefit obligations are as follows:

(Millions of yen)

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

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

(2) Reconciliations of the beginning- and end-of-the-year balances of pension plan assets are as follows:

(Millions of yen)

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

(3) Reconciliations of retirement benefit obligations and pension plan assets to retirement benefit liabilities and retirement benefit assets stated in the consolidated balance sheet are as follows:

(Millions of yen)

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(4) Components of retirement benefit expense are as follows:

(Millions of yen)

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

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

(5) Matters related to pension plan assets

1) Components of pension plan assets as follows:

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

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

2) 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.

(6) Matters related to actuarial basis

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

3. Defined contribution retirement plan

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

Stock Options

1. Amount of expenses related to stock options

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

2. Details, size and status of stock options

(1) 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 (Note)	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

Note:
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 (Note)	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

Note:
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 (Note)	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

Note:
Translated to the number of common stock.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

	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 (Note)	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

Note:
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 (Note)	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

Note:
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 (Note)	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

Note:
Translated to the number of common stock.

(2) Size and status of stock options

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

1) Number of stock options

(Shares)

	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)	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	31,700	21,400	34,100	38,200	96,900	69,900
Vested	—	—	—	—	—	—
Exercised	—	—	—	2,100	17,100	13,400
Forfeited	—	—	—	—	—	—
Exercisable	31,700	21,400	34,100	36,100	79,800	56,500

2) Unit price information

(Yen)

	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)	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	1	1	1	1	1
Average stock price at the time of exercise	—	—	—	2,562	2,578	2,653
Fair value at the granted date	685	1,143	1,153	1,708	918	1,485

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.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Tax-Effect Accounting

As of March 31, 2024

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

(Deferred tax assets)	(Millions of yen)
Reserve for price fluctuations	76,752
Policy reserves	62,897
Retirement benefit liability	26,015
Devaluation losses on securities	14,542
Losses on disposal of fixed assets	5,935
Valuation difference on available-for-sale securities	5,016
Provision for bonuses	2,970
Tax loss carry-forward (Note)	1,175
Reserve for possible loan losses	1,740
Others	17,910
Subtotal	214,956
Valuation allowance	(16,149)
Total deferred tax assets	198,806
(Deferred tax liabilities)	(Millions of yen)
Valuation difference on available-for-sale securities	(263,818)
Accrued dividend income	(2,678)
Deferred gain on reduction of carrying amount of real estate	(684)
Others	(12,611)
Total deferred tax liabilities	(279,792)
Net deferred tax assets (liabilities)	(80,985)

Note:
Tax loss carried forward and the deferred tax assets by carry forward period were as follows:
There is no significance in tax loss carried forward for the year ended March 31, 2024. 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

	(%)
Effective statutory tax rate	28.0
(Adjustments)	
Permanent non-deductible items including entertainment expense, etc.	0.4
Inhabitant tax on per capita basis	0.4
Valuation allowance	(0.3)
Tax credit prescribed in Act on Special Measures Concerning Taxation	(0.3)
Reversal of revaluation reserve for land	(3.2)
Others	0.8
Corporate tax rate, etc., after applying tax-effect accounting	25.9

———

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 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).

As of March 31, 2025

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

(Deferred tax assets)	(Millions of yen)
Reserve for price fluctuations	81,284
Policy reserves	65,656
Retirement benefit liability	25,541
Devaluation losses on securities	16,686
Valuation difference on available-for-sale securities	4,983
Provision for bonuses	2,979
Reserve for possible loan losses	1,167
Tax loss carry-forward (Note)	202
Losses on disposal of fixed assets	136
Others	29,515
Subtotal	228,155
Valuation allowance	(18,883)
Total deferred tax assets	209,271
(Deferred tax liabilities)	(Millions of yen)
Valuation difference on available-for-sale securities	(220,722)
Accrued dividend income	(2,796)
Deferred gain on reduction of carrying amount of real estate	(701)
Others	(10,620)
Total deferred tax liabilities	(234,840)
Net deferred tax assets (liabilities)	(25,568)

Note:
Tax loss carried forward and the deferred tax assets by carry forward period were as follows:
There is no significance in tax loss carried forward for the year ended March 31, 2025. Therefore, notes are omitted.

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

	(%)
Effective statutory tax rate	28.0
(Adjustments)	
Revision of year-end deferred tax assets due to changes in tax rates	(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

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in statutory tax rates for income taxes
Following the enactment of the "Act for Partial Amendment to the Income Tax Act, etc." by the Diet on March 31, 2025, deferred tax assets and deferred tax liabilities for the consolidated fiscal year ended March 31, 2025 (however, limited to those to be reversed on or after April 1, 2026) have been calculated using a statutory effective tax rate of 28.9% instead of 28.0%.
This change resulted in a decrease of ¥5,609 million in income taxes (deferred), and an increase of ¥5,609 million in profit attributable to owners of parent. Additionally, deferred tax liabilities increased by ¥1,658 million, and valuation difference on available-for-sale securities decreased by ¥7,178 million.

4. Accounting treatment for corporate tax and local corporate tax, and tax-effect accounting related to these taxes
The Company and some domestic consolidated subsidiaries have adopted group tax sharing system which regards the Company as the parent company of tax sharing. These companies have accounted for and made disclosure of corporate tax and local corporate tax, and tax effect accounting, based on the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Issues Task Force (PITF) No. 42, issued on August 12, 2021).

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)

	Year ended March 31, 2024	Year ended March 31, 2025
Balance at the beginning of the year	2,200	2,200
Time progress adjustment	—	—
Balance at the end of the year	2,200	2,200

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)

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

Notes:
1. Balance sheet amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
2. For the year ended March 31, 2024, the increase mainly consisted of purchase of real estate totaling ¥9,252 million and the decrease mainly consisted of depreciation totaling ¥5,878 million and sales of real estate totaling ¥4,916 million. For the year ended March 31, 2025, the increase mainly consisted of purchase of real estate totaling ¥10,819 million and the decrease mainly consisted of depreciation totaling ¥6,271 million and sales of real estate totaling ¥3,363 million.
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)

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

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Revenue Recognition

Year ended March 31, 2024	Year ended March 31, 2025
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 (1) Information on contracts with customers and performance obligations (2) Information on determining the transaction price (3) Information on the calculation of the price allocated to a performance obligation (4) Information regarding the timing of satisfaction of performance obligations (5) 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 (1) Balance of contract assets and contract liabilities, etc. (2) Transaction price allocated to remaining performance obligations	Same as left

Segment Information

1. Overview of reportable segments

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

The Company is an insurance holding company which manages life insurance companies and other subsidiaries in accordance with the Insurance Business Act. Under the Company, the Three Life Insurance Companies, with unique product strategies and sales strategies, operate life insurance business which is the Group's core business. Each of the Three Life Insurance Companies focuses on different markets. Taiyo Life focuses on the households market, Daido Life focuses on the small and medium enterprises market and T&D Financial Life focuses on independent insurance agent market and each company has different products under its unique marketing strategy.

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

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

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

The method for the accounting treatment of the reportable segments is the same as described in "Summary of Significant Accounting Policies."

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

Year ended March 31, 2024

(Millions of yen)

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

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2025

(Millions of yen)

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

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

Related Information

Year ended March 31, 2024

1. Information by product and service

Sales to external customers

(Millions of yen)

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

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

2. Information by geographic area

(1) Net sales

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

(2) Tangible fixed assets

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

3. Information by major customer

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

Year ended March 31, 2025

1. Information by product and service

Sales to external customers

(Millions of yen)

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

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

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

Year ended March 31, 2024

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

Year ended March 31, 2025

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

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

Year ended March 31, 2024

Not applicable.

Year ended March 31, 2025

Not applicable.

Information on gains on negative goodwill by reportable segment

Year ended March 31, 2024

Not applicable.

Year ended March 31, 2025

Information on gains on negative goodwill by reportable segment is disclosed in "Segment Information."

Related Party Information

Year ended March 31, 2024

1. Related party transactions

(1) Transactions with the Company

Not applicable.

(2) Transactions with the Company's consolidated subsidiaries

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

Not applicable.

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

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	168,229	Reinsurance payable	16,648

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

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

Not applicable.

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

Not applicable.

2. Notes on the parent company or any important affiliates

(1) Notes on the parent company

Not applicable.

(2) Summarized financial information of important affiliates

For the consolidated fiscal year ended March 31, 2024, 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)

	FGH Parent, L.P.
Total assets	15,674,126
Total liabilities	15,675,360
Total net assets	(1,234)
Total revenues	656,048
Total expenses	484,594
Income before income taxes	171,454
Profit	135,759

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Year ended March 31, 2025

1. Related party transactions

(1) Transactions with the Company

Not applicable.

(2) Transactions with the Company's consolidated subsidiaries

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

Not applicable.

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

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 at the time of conclusion of the reinsurance contract. Reinsurance premiums were determined by considering multiple quotes.

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

Not applicable.

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

Not applicable.

2. Notes on the parent company or any important affiliates

(1) Notes on the parent company

Not applicable.

(2) Summarized financial information of important affiliates

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

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

(Millions of yen)

	FGH Parent, L.P.
Total assets	16,698,386
Total liabilities	16,931,024
Total net assets	(232,638)
Total revenues	480,111
Total expenses	672,065
Income before income taxes	(191,954)
Profit	(146,948)

Per Share Information

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

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

(1) Net income per share and net income per share (fully diluted)

(Millions of yen)

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

(2) Net assets per share

(Millions of yen)

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

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

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

Significant Subsequent Events

(Acquisition of treasury shares)

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

(1) Reasons for the acquisition of treasury shares
To increase shareholder returns and improve the capital efficiency.

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

(3) Accumulation of acquired shares until May 31, 2025
1) Total number of shares acquired
1,609,300 shares
2) Total amount of acquisition
¥5,137,491,100

(6) Consolidated Supplementary Schedules

1) Schedule of bonds

(Millions of yen)

Company name	Name of bond	Date of issue	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Interest rate	Secured	Maturity date
The Company	First Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option	September 20, 2018	50,000	50,000	1.12%	No	September 23, 2048
The Company	Second Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option	January 30, 2020	30,000	—	0.69%	No	February 4, 2050
The Company	Third Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option	January 30, 2020	40,000	40,000	0.94%	No	February 4, 2050
The Company	First Series of Domestic Unsecured Straight Bonds with Inter-bond Pari Passu Clause	December 23, 2024	—	10,000	0.99%	No	December 21, 2029
The Company	Second Series of Domestic Unsecured Straight Bonds with Inter-bond Pari Passu Clause	December 12, 2024	—	20,000	0.99%	No	December 12, 2029
T&D Lease Co., Ltd.	Short-term bonds	February 22, 2024 – March 24, 2025	7,994	7,989 [7,989]	0.30% – 0.74%	No	May 24, 2024 – June 24, 2025
Total	—	—	127,994	127,989 [7,989]	—	—	—

Notes:
1. The interest rate presented for First Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option is the annual interest rate from the day after September 20, 2018 to September 20, 2028. From the day after September 20, 2028, 1.74% is added to the base interest rate.
2. The interest rate presented for Second Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option is the annual interest rate from the day after January 30, 2020 to February 4, 2025. From the day after February 4, 2025 to February 4, 2030, 0.64% is added to the base interest rate. Furthermore, from the day after February 4, 2030, 1.64% is added to the base interest rate.
3. The interest rate presented for Third Series of Domestic Subordinated Unsecured Bonds with Interest Deferral Option and Early Redemption Option is the annual interest rate from the day after January 30, 2020 to February 4, 2030. From the day after February 4, 2030, 1.80% is added to the base interest rate.
4. Amounts in square brackets under balance at the end of the fiscal year represent corporate bonds due to mature within one year.
5. Amounts of bonds due to mature within five years after the consolidated closing date are as follows:

(Millions of yen)

Due within one year	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
8,000	—	—	—	30,000

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

2) Schedule of borrowings

(Millions of yen)

Category	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Average interest rate	Repayment periods
Short-term borrowings	—	—	—	—
Current portion of long-term borrowings	12,060	12,245	0.50%	—
Current portion of lease obligations	479	577	0.49%	—
Long-term borrowings (excluding the current portion due within one year)	41,553	44,123	0.80%	April 2026 – June 2051
Lease obligations (excluding the current portion within one year)	882	1,242	0.31%	April 2026 – February 2034
Other interest-bearing liabilities				
Accounts payable - installment purchase (due within one year)	103	94	2.09%	—
Accounts payable - installment purchase (due after one year)	156	72	0.67%	April 2026 – December 2026
Total	55,235	58,356	—	—

Notes:
1. The average interest rates represent weighted average interest rates based on the balances at the end of the fiscal year of borrowings, etc.
2. Amounts of long-term borrowings, lease obligations, and other interest-bearing liabilities (excluding the current portion due within one year) due within five years after the consolidated closing date are as follows:

(Millions of yen)

Category	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
Long-term borrowings	10,251	7,938	5,403	3,551
Lease obligations	451	333	268	132
Other interest-bearing liabilities	72	—	—	—

3) Schedule of asset retirement obligations

The schedule of asset retirement obligations is omitted as the amount of asset retirement obligations at the beginning and end of the fiscal year ended March 31, 2025 was no more than 1% of the total amount of liabilities and net assets at the beginning and end of the fiscal year ended March 31, 2025.

2 Adequacy of Insurance Holding Company and Its Subsidiaries in Terms of Solvency to Meet Insurance Payments (solvency margin ratio)

(1) T&D Holdings, Inc.

1) Consolidated solvency margin ratio

(Millions of yen)

Item	As of March 31, 2024	As of March 31, 2025
Consolidated solvency margin total (A)	2,622,148	2,465,714
Total amount of consolidated risk (B)	526,677	513,310
Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	995.7%	960.7%

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Consolidated solvency margin total	(A)	2,622,148	2,465,714
Capital stock, etc.		702,094	724,652
Reserve for price fluctuations		274,447	281,262
Contingency reserve		153,352	156,044
Extraordinary contingency reserve		334	360
General reserve for possible loan losses		2,519	2,428
(Valuation difference on available-for-sale securities (before tax effect deduction) and deferred gains (losses) on hedging instruments (before tax effect deduction)) × 90% (100% if negative)		844,980	679,380
Unrealized gains (losses) on land × 85% (100% if negative)		138,720	166,402
Total amount of unrecognized actuarial differences and unrecognized past service obligations (before tax effect deduction)		—	—
Excess amount of policy reserve based on Zillmer method		237,258	235,196
Amount of unallocated reserve for dividends		6,952	7,160
Tax effect equivalent		116,085	96,370
Subordinated debt		133,500	103,500
Excess amount of policy reserve based on Zillmer method and Subordinated debt, etc. not included in margin		—	—
Margin for low-cost, short-term insurers		—	—
Deducted items		11,902	12,957
Total amount of consolidated risk	$\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$ (B)	526,677	513,310
Insurance risk equivalent as	R_1	33,598	32,775
General insurance risk equivalent as	R_5	2,752	2,927
Massive disaster risk equivalent as	R_6	—	—
Insurance risk equivalent for third sector insurance as	R_8	19,269	19,354
Insurance risk equivalent for low-cost, short-term insurers as	R_9	—	—
Assumed investment yield risk equivalent as	R_2	26,599	25,562
Minimum guarantee risk equivalent as	R_7	587	582
Asset management risk equivalent as	R_3	485,395	473,348
Business management risk equivalent as	R_4	11,364	11,091
Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		995.7%	960.7%

Notes:
1. The above figures were calculated based on the provisions of Article 210-11-3 and Article 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and the Public Notice of the Financial Services Agency No. 23 of 2011.
2. Capital stock, etc. is the amount obtained by deducting the total accumulated other comprehensive income and the amount of scheduled disbursement from the total net assets on the consolidated balance sheet.
3. The minimum guarantee risk equivalent is calculated using the standard formula.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

What is the solvency margin ratio?

Solvency margin means the ability to pay claims.
The Company is fully capable of handling risks that are normally foreseeable by accumulating policy reserves for future insurance claims and other payments. However, risks beyond normal expectations, such as major earthquakes and share price plunges, may occur. The solvency margin ratio is an indicator used in administrative supervision to determine whether an insurance company possesses sufficient ability to cope with such risks and pay claims.

* If the ratio has fallen below 200%, the regulatory authorities take early corrective measures.

● Consolidated solvency margin total

The consolidated solvency margin total (A) is the total of each of the following items:

Capital stock, etc.	Amount obtained by deducting the total accumulated other comprehensive income and the amount of scheduled disbursement from the total net assets on the consolidated balance sheet
Reserve for price fluctuations	Amount of statutory reserve recorded in the liabilities of the consolidated balance sheet that is accumulated to prepare for losses that could be incurred if the prices of assets with significant price fluctuations, such as shares, fall in the future
Contingency reserve	Amount of part of policy reserve recorded in the liabilities of the consolidated balance sheet that is accumulated to prepare for insurance risk, assumed investment yield risk, minimum guarantee risk, and insurance risk for third sector insurance
Extraordinary contingency reserve	Amount of part of policy reserve recorded in the liabilities of the consolidated balance sheet that is accumulated to cover damage caused by unusual disasters (non-life insurance companies)
General reserve for possible loan losses	Amount of part of reserve for possible loan losses recorded as a deduction item in the assets of the consolidated balance sheet that constitutes expected loan losses calculated using a reasonable method such as historical loan-loss ratio
(Valuation difference on available-for-sale securities (before tax effect deduction) and deferred gains (losses) on hedging instruments (before tax effect deduction)) × 90% (100% if negative)	90% of amount of pre-tax valuation difference on available-for-sale securities and pre-tax deferred gains (losses) on hedging instruments recorded in the net assets of the consolidated balance sheet (100% if negative)
Unrealized gains (losses) on land × 85% (100% if negative)	85% of the total amount of the difference between market value and consolidated balance sheet carrying amount of various rights such as leasehold interests included in land and intangible fixed assets, revaluation reserve for land on the consolidated balance sheet, and deferred tax liabilities on land revaluation on the consolidated balance sheet (100% if negative)
Total amount of unrecognized actuarial differences and unrecognized past service obligations (before tax effect deduction)	Pre-tax accumulated adjustments to retirement benefits recorded in the net assets of the consolidated balance sheet
Excess amount of policy reserve based on Zillmer method	Portion of policy reserve recorded in the liabilities of the consolidated balance sheet less the contingency reserve in excess of whichever is larger of the full-term Zillmerized policy reserve and equivalent to surrender payments equivalent
Amount of unallocated reserve for dividends	Portion of reserve for policyholder dividends recorded in the liabilities of the consolidated balance sheet in excess of the amount allocated as policyholder dividends for insurance policyholders
Tax effect equivalent	Amount expected to be available for risk response by reversal of voluntary reserve, etc.
Subordinated debt	Portion of amount raised externally by borrowing subordinated loans or issuing subordinated bonds that meets certain criteria
Excess amount of policy reserve based on Zillmer method and Subordinated debt, etc. not included in margin	Amount in excess of full-term Zillmerized policy reserve equivalent and debt capital procurement instruments, etc. not included in solvency margin following comparison with components of core solvency such as capital stock and capital reserve
Margin for low-cost, short-term insurers	Amount of extraordinary contingency reserve, etc. for low-cost, short-term insurers (low-cost, short-term insurers)
Deducted items	Amount of capital procurement instruments, etc. held by the Company, of other insurance companies, etc. and financial subsidiaries, etc. that is supposed to be deducted from the consolidated solvency margin

● Total amount of consolidated risk

The total amount of consolidated risk (B) is the sum of the following quantified risks beyond the scope of what is normally foreseeable as calculated using the formula in column (B).

Insurance risk	Risk of a sudden increase in insurance claim payments, etc. due to the occurrence of a major disaster, etc. (life insurance companies)
General insurance risk	Risk that may arise if the occurrence rate of events insured against, etc. exceed normal expectations (non-life insurance companies)
Massive disaster risk	Risk that may arise from a massive disaster that exceeds normal expectations (non-life insurance companies, low-cost, short-term insurers)
Insurance risk for third sector insurance	Risk of insurance claim payments, etc. for third sector insurance that exceed normal expectations
Insurance risk for low-cost, short-term insurers	General insurance risk of low-cost, short-term insurers that are subsidiaries, etc. (low-cost, short-term insurers)
Assumed investment yield risk	Risk of asset management yields falling below the assumed investment yield due to deterioration in the investment environment
Minimum guarantee risk	Risk related to minimum guaranteed insurance claims, etc. for variable insurance and variable annuity insurance (life insurance companies)
Asset management risk	Risk of a substantial decline in asset values mainly due to share price plunges and strong exchange fluctuations in exchange rates, and risk of a sharp increase in loan losses mainly due to the bankruptcies of borrowers
Business management risk	Risk that may arise in business operations in excess of normal expectations

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(2) Taiyo Life Insurance Company

1) Solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Solvency margin total	(A)	803,146	714,802
Total amount of risk	(B)	224,249	210,652
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		716.2%	678.6%

2) Consolidated solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Consolidated solvency margin total	(A)	807,056	719,202
Total amount of consolidated risk	(B)	223,794	210,327
Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		721.2%	683.8%

(3) Daido Life Insurance Company

1) Solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Solvency margin total	(A)	1,637,940	1,531,118
Total amount of risk	(B)	274,456	262,160
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		1,193.5%	1,168.0%

2) Consolidated solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Consolidated solvency margin total	(A)	1,642,584	1,536,876
Total amount of consolidated risk	(B)	273,709	261,552
Consolidated solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		1,200.2%	1,175.1%

(4) T&D Financial Life Insurance Company

1) Solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Solvency margin total	(A)	106,340	113,368
Total amount of risk	(B)	37,467	39,408
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		567.6%	575.3%

2) Consolidated solvency margin ratio

T&D Financial Life has no subsidiaries, etc. subject to consolidation.

(5) Pet & Family Insurance Co., Ltd.

1) Solvency margin ratio

(Millions of yen)

Item		As of March 31, 2024	As of March 31, 2025
Solvency margin total	(A)	5,236	5,356
Total amount of risk	(B)	2,838	3,018
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$		368.9%	354.9%

3 Market Consistent EV (MCEV)

(1) About Market Consistent EV (MCEV)

Embedded value (EV) refers to the value considered to be attributable to shareholders, and is the sum of adjusted net assets calculated based on balance sheets, etc., and the value of in-force business calculated based on policies in force. EV is an indicator used for measuring the corporate value of a life insurance company.

Under current financial accounting practices for life insurance companies, there is a time lag between the acquiring of new policies and the realization of profit. However, with EV, the future profit contribution is recognized at the time of the acquiring of new policies, so it is regarded as complementing financial information based on financial accounting practices.

The Group discloses EV (MCEV) based on the European Insurance CFO Forum Market Consistent Embedded Value Principles©1 (MCEV Principles), which are standards for EV calculation issued by the forum of Chief Financial Officers (CFOs), an organization of the CFOs of major European insurance companies.

For details including the calculation method, please see the T&D Holdings' website (https://www.td-holdings.co.jp/en/).

(2) MCEV and Group MCEV

(Billions of yen)

	As of March 31, 2024	As of March 31, 2025
Group MCEV	3,884.4	3,945.7
MCEV of covered business (Note 1)	3,983.2	4,038.6
Net assets of non-covered business (Note 2)	(98.8)	(92.8)

(Notes)
1. Covered business is the Group's life insurance business.
2. Net assets are based on accounting standards for businesses other than the Group's life insurance business.

Breakdown of MCEV of covered business

(Billions of yen)

	As of March 31, 2024	As of March 31, 2025
MCEV	3,983.2	4,038.6
Adjusted net assets	1,605.9	1,081.7
Total net assets (Note 1)	833.8	851.5
Unrealized gains (losses) on securities (after tax)	347.5	(193.1)
Unrealized gains (losses) on loans (after tax)	(7.5)	(32.7)
Unrealized gains (losses) on real estate (after tax)	116.5	137.0
General reserve for possible loan losses (after tax)	1.7	1.7
Internal reserves in liabilities (Note 2) (after tax)	313.4	316.2
Unrealized gains (losses) on subordinated obligations (after tax)	0.4	0.8
Value of in-force business	2,377.3	2,956.9
Certainty equivalent present value of future profits	2,729.1	3,380.1
Time value of options and guarantees	(93.1)	(95.2)
Frictional cost	(7.1)	(6.8)
Expenses for non-hedgeable risk	(251.4)	(321.1)
Value of new business	161.7	166.1

(Notes)
1. Total valuation and translation adjustment is excluded, and the cumulative amount of stock compensation expenses is included (3.0 billion yen as of March 31, 2024, and 4.0 billion yen as of March 31, 2025).
2. Unallocated amounts of reserve for price fluctuations, contingency reserve, and reserve for dividends.

Financial Positions of Insurance Holding Company and Its Subsidiaries, etc.

(3) Factors behind changes in MCEV

(Billions of yen)

	Free surplus	Required capital	Value of in-force business	MCEV
MCEV as of March 31, 2024	1,432.5	173.4	2,377.3	3,983.2
1) Adjustment of MCEV as of March 31, 2024	(149.2)	49.1	(47.3)	(147.4)
MCEV as of March 31, 2024 (after adjustment)	1,283.2	222.6	2,329.9	3,835.8
2) FY2024 value of new business	(111.3)	10.3	267.1	166.1
3) Expected contribution of policies in force (made by reference interest rate)	0.5	—	34.6	35.1
4) Expected contribution of policies in force (made by excess over reference interest rate)	16.0	—	123.8	139.8
5) Transfer from value of in-force business and required capital to free surplus	230.9	(61.1)	(169.7)	—
6) Difference between insurance-related assumptions and actual results	(15.5)	16.4	(9.0)	(8.1)
7) Changes in insurance-related assumptions	(96.5)	96.5	(69.4)	(69.4)
8) Other insurance-business-related changes	91.4	(92.5)	3.1	2.0
9) MCEV change due to insurance business activities	115.4	(30.3)	180.4	265.6
10) Impact of economic fluctuations and changes in economic assumptions	(366.2)	(146.9)	484.6	(28.5)
11) Other non-business-related changes	(22.1)	25.9	(38.1)	(34.3)
12) Total MCEV change	(272.8)	(151.3)	626.9	202.7
MCEV as of March 31, 2025	1,010.3	71.3	2,956.9	4,038.6

1) Adjustment of MCEV as of March 31, 2024
This is the total amount of dividends paid by T&D Holdings to shareholders in FY2024, treasury shares acquired through market purchases, financial impacts of changes in internal models, adjustments in conjunction with T&D Information Systems becoming a direct subsidiary of T&D Holdings, and the amount of capital transfers from covered business to non-covered business resulting from additional investment in equity method affiliate FGH Parent, L.P., etc.

2) FY2024 value of new business
This represents the value as of March 31, 2025 of new policies (including converted policies) sold during FY2024.

3) Expected contribution of policies in force (made by reference interest rate)
Change in free surplus is the expected investment income (after tax) if assets equivalent to adjusted net assets were invested at the reference interest rate for a period of one year.
Change in the value of in-force business is the sum of the one-year interest equivalent calculated by discounting the future value of in-force business as of March 31, 2024 using the reference interest rate, and the time value of options and guarantees, frictional costs, and expenses for non-hedgeable risk, for FY2024.

4) Expected contribution of policies in force (made by excess over reference interest rate)
This is the portion of expected investment income (after tax) from each asset for one year in excess of what would be earned at the reference interest rate.

5) Transfer from value of in-force business and required capital to free surplus
Of the future value of policies in force as of March 31, 2024, this is the change in free surplus, associated with the transfer of expected income in FY2024 to free surplus and the change in required capital. This amount constitutes a transfer between MCEV components, and the total MCEV is unaffected.

6) Difference between insurance-related assumptions and actual results
This is the impact of the difference between the insurance-related assumptions used in the calculation of MCEV as of March 31, 2025 and the actual results for FY2024. It decreased mainly due to such factors as an increase in surrenders.

7) Changes in insurance-related assumptions
This is the impact of changes in insurance-related assumptions made at the start of FY2024, of the occurrence rate of events insured against, surrender and lapse rate, operating expense rate, and the like. The value of in-force business decreased, mainly due to such factors as an increase in surrender rates.

8) Other insurance-business-related changes
These are changes due to insurance business activities not included in 2)–7) above, and include improvements and modifications to the model used to calculate MCEV.
MCEV increased as a reflection of the ceding out of existing policies by Taiyo Life in March 2025.

9) MCEV change due to insurance business activities
This is the total amount of 2)–8).

10) Impact of economic fluctuations and changes in economic assumptions
This is the impact on future value of the difference between expected investment income and investment performance, and changes in the economic assumptions made on March 31, 2025. It includes the impact of inflation rate changes.
MCEV decreased mainly due to such factors as falls in the market value of domestic shares.

11) Other non-business-related changes
This is the amount of impact of a change in the effective tax rate due to tax revision.

12) Total MCEV change
This is the total amount of 9)–11).

(4) MCEV by company

(Billions of yen)

		As of March 31, 2024	As of March 31, 2025
Taiyo Life	MCEV	1,171.8	1,133.2
	Adjusted net assets	577.5	374.7
	Value of in-force business	594.2	758.4
	Value of new business	28.3	27.2
Daido Life	MCEV	2,636.0	2,731.9
	Adjusted net assets	967.2	694.7
	Value of in-force business	1,668.7	2,037.1
	Value of new business	123.6	130.0
T&D Financial Life	MCEV	153.4	171.7
	Adjusted net assets	39.2	10.4
	Value of in-force business	114.2	161.3
	Value of new business (Note)	9.7	8.8

(Note)
T&D Financial Life's single-premium savings products are recorded based on the value at the time of acquiring of policies.

(5) Impact of changes in assumptions (sensitivities)

(Billions of yen)

	Change in MCEV	Change in value of new business
As of March 31, 2025	4,038.6	166.1
Sensitivity 1: Interest rate increase of 50 bps (Note)	(22.0)	0.6
Sensitivity 2: Interest rate decrease of 50 bps (0% floor) (Note)	3.5	(0.7)
Sensitivity 3: Decrease in interest rate of 50 bps (uniform decrease for all years) (Note)	3.5	(0.6)
Sensitivity 4: Decline in value of shares and real estate of 10%	(183.4)	0.5
Sensitivity 5: Surrender and lapse rate decrease of 10%	237.8	23.7
Sensitivity 6: Operating expense rate (operating expenses related to policy maintenance) decrease of 10%	70.2	6.3
Sensitivity 7: Decrease in occurrence rate of events insured against by life insurance of 5%	92.4	8.3
Sensitivity 8: Decrease in annuity insurance mortality rate of 5%	(3.6)	0.0
Sensitivity 9: Change in required capital to statutory minimum	0.1	0.0
Sensitivity 10: Equity volatility increase of 25%	(2.3)	—
Sensitivity 11: Interest rate volatility increase of 25%	(28.9)	(0.6)

(Note)
The ultimate forward rate level is unchanged.

(6) Main assumptions

- Reference interest rate

The reference interest rate (discount rate and investment yield) is the relevant government bond interest rate on the valuation date. Given the level of liquidity in the ultra-long-term zone, the ultimate forward rate (UFR) is used. Specifically, an UFR of 2.9% for the Japanese yen (3.8% for the U.S. dollar and Australian dollar) is assumed, and the extrapolation year is set as the 40th fiscal year (30th fiscal year for the U.S. dollar and Australian dollar). Forward rates beyond the extrapolation year are extrapolated using the Smith-Wilson method such that they converge to the UFR level over a period of 30 years.

Period	Japanese government bonds	
	As of March 31, 2024	As of March 31, 2025
1 year	0.054%	0.641%
5 years	0.358%	1.114%
10 years	0.758%	1.521%
20 years	1.561%	2.322%
30 years	1.929%	2.688%
40 years	2.075%	2.970%
50 years	2.170%	3.029%

Period	USD government bonds		AUD government bonds	
	As of March 31, 2024	As of March 31, 2025	As of March 31, 2024	As of March 31, 2025
1 year	5.015%	4.018%	3.896%	3.781%
5 years	4.211%	3.963%	3.655%	3.858%
10 years	4.186%	4.256%	4.021%	4.468%
20 years	4.544%	4.756%	4.384%	5.002%
30 years	4.305%	4.639%	4.470%	5.254%
40 years	4.097%	4.460%	4.405%	5.118%
50 years	4.021%	4.337%	4.302%	4.884%

- Other assumptions

Cash flows such as insurance premiums, operating expenses, insurance claims, insurance benefits, surrender payments, taxes, etc. are forecast for each life insurance subsidiary after taking into account past, current, and expected future performance (best estimate assumption) for each type of insurance over the duration of the policies.

(7) Note to use of EV

EV calculations use assumptions that include future forecasts involving risks and uncertainties, so future performance may differ greatly from the assumptions used in EV calculations. Furthermore, while EV is an indicator used for measuring the corporate value of a life insurance company, the actual market value of shares may deviate significantly from the EV.

When using the provided EV, please take the above points into consideration.

(8) Opinions from actuarial consultant

The Group requested verification of the Group's MCEVs and the Group MCEV from a third-party organization with expert knowledge in actuarial science (actuarial consultant) and received opinions. For information about the opinions, please refer to the T&D Holdings' website (https://www.td-holdings.co.jp/en/).

4 Certification of consolidated financial statements by certified public accountants or audit firm

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the Company has its consolidated financial statements for FY2024 audited by Ernst & Young ShinNihon LLC.

5 Submission of confirmation letter concerning content of securities report

Representative Director and President of the Company submits, along with the securities report, a confirmation letter confirming that the content of the securities report has been properly presented in accordance with the Financial Instruments and Exchange Act.

6 Submission of internal control report related to financial reporting

Representative Director and President of the Company assesses internal controls related to financial reporting on a consolidated basis, and then submits, along with the securities report, an internal control report to the effect that the Company's internal controls related to financial reporting are effective.

7 Existence of events or circumstances that may raise significant doubt regarding the assumption of the insurance holding company's ability to continue its business operations into the future, or the existence of other events that may materially affect the management of the insurance holding company, if any, as of the last day of the fiscal year, the indication and details thereof, details of analyses and examinations of such material events, etc., and specific measures to resolve or address such material events, etc.

No applicable issues to report.