

**The Toa Reinsurance Company, Limited  
and Subsidiaries**

**Consolidated Financial Statements**  
For the years ended 31st March 2022 and 2021

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Balance Sheet  
As of 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Assets</b>			
Cash and deposits	¥ 31,344	¥ 37,440	\$ 256,099
Call loans	-	1,000	-
Monetary receivables bought	5,999	8,998	49,015
Money held in trust	-	8,873	-
Securities (Notes 6(2), (4) and (5))	658,893	558,529	5,383,552
Loans (Note 6 (3))	512	513	4,183
Tangible fixed assets (Note 6 (1))			
Land	6,744	6,721	55,102
Buildings	2,533	2,669	20,696
Leased assets	273	382	2,230
Other tangible fixed assets	292	201	2,385
	<u>9,844</u>	<u>9,974</u>	<u>80,431</u>
Intangible fixed assets			
Software	1,534	2,249	12,533
Other intangible fixed assets	2	2	16
	<u>1,536</u>	<u>2,251</u>	<u>12,550</u>
Other assets			
Foreign reinsurance accounts receivable	89,096	76,412	727,967
Rest of other assets	37,450	34,819	305,989
	<u>126,547</u>	<u>111,232</u>	<u>1,033,965</u>
Deferred tax assets	27,083	33,332	221,284
Less: Allowance for doubtful accounts	(1,339)	(39)	(10,940)
Total assets	<u>¥ 860,421</u>	<u>¥ 772,108</u>	<u>\$ 7,030,157</u>

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Balance Sheet, continued  
As of 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Liabilities</b>			
Underwriting funds			
Outstanding claims	¥ 346,775	¥ 273,411	\$ 2,833,360
Underwriting reserves	249,495	253,347	2,038,524
	<u>596,270</u>	<u>526,758</u>	<u>4,871,884</u>
Other liabilities	41,405	42,003	338,303
Net defined benefit liabilities	10,099	9,586	82,514
Accrued retirement benefits for directors	101	106	825
Reserve under the special law			
Reserve for price fluctuation	11,236	10,958	91,804
	<u>11,236</u>	<u>10,958</u>	<u>91,804</u>
Deferred tax liabilities	-	437	-
Total liabilities	<u>659,114</u>	<u>589,851</u>	<u>5,385,358</u>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	5,000	5,000	40,853
Capital surplus	456	456	3,725
Retained earnings	121,810	124,224	995,261
Treasury stock	(4,649)	(4,649)	(37,985)
	<u>122,617</u>	<u>125,031</u>	<u>1,001,854</u>
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	68,430	58,745	559,114
Net foreign currency translation adjustments	12,876	1,564	105,204
Remeasurements of defined benefit plans	(2,616)	(3,084)	(21,374)
	<u>78,690</u>	<u>57,226</u>	<u>642,944</u>
Total net assets	<u>201,307</u>	<u>182,257</u>	<u>1,644,799</u>
Total liabilities and net assets	<u>¥ 860,421</u>	<u>¥ 772,108</u>	<u>\$ 7,030,157</u>

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**

Consolidated Statement of Income

For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Ordinary income and expenses:			
Ordinary income			
Underwriting income			
Net premiums written	¥ 302,024	¥ 287,547	\$ 2,467,717
Investment income on deposit premiums	199	178	1,625
Reversal of underwriting reserves	5,815	-	47,512
Other underwriting income	1,959	2,324	16,006
	<u>309,997</u>	<u>290,050</u>	<u>2,532,862</u>
Investment income			
Interest and dividends income	12,896	11,326	105,368
Gain on money held in trust	-	448	-
Gain on trading securities	3,075	3,573	25,124
Gain on sales of securities	3,249	6,038	26,546
Gain on redemption of securities	348	120	2,843
Other investment income	174	397	1,421
Transfer of investment income on deposit premiums	(199)	(178)	(1,625)
	<u>19,544</u>	<u>21,726</u>	<u>159,686</u>
Other ordinary income	262	324	2,140
	<u>329,804</u>	<u>312,101</u>	<u>2,694,697</u>
Ordinary expenses			
Underwriting expenses			
Net claims paid	189,411	188,492	1,547,601
Commissions and brokerage (Note 7(1))	63,604	62,952	519,682
Provision for outstanding claims	57,480	25,372	469,646
Provision for underwriting reserves	-	17,157	-
	<u>310,496</u>	<u>293,975</u>	<u>2,536,939</u>
Investment expenses			
Loss on money held in trust	133	-	1,086
Loss on sales of securities	659	1,092	5,384
Impairment losses on securities	94	-	768
Loss on redemption of securities	968	494	7,909
Loss on derivatives	66	212	539
Other investment expenses	81	48	661
	<u>2,003</u>	<u>1,848</u>	<u>16,365</u>
Operating and general administrative expenses (Note 7 (1))	15,069	14,096	123,122
Other ordinary expenses			
Interest expenses	0	0	0
Provision for allowance for doubtful accounts	1,302	-	10,638
Other expenses	105	17	857
	<u>1,407</u>	<u>17</u>	<u>11,496</u>
	<u>328,977</u>	<u>309,937</u>	<u>2,687,940</u>
Ordinary profit	<u>¥ 827</u>	<u>¥ 2,164</u>	<u>\$ 6,757</u>

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Income, continued  
For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Extraordinary income and loss:			
Extraordinary income			
Gain on disposal of fixed assets	¥ 2	¥ -	\$ 16
	<u>2</u>	<u>-</u>	<u>16</u>
Extraordinary loss			
Loss on disposal of fixed assets	0	9	0
Provision for reserve under the special law			
Provision for reserve for price fluctuation	277	269	2,263
	<u>278</u>	<u>279</u>	<u>2,271</u>
Income before income taxes	551	1,884	4,502
Income taxes:			
Current	336	50	2,745
Deferred	1,463	(911)	11,953
	<u>1,799</u>	<u>(860)</u>	<u>14,698</u>
Net income (loss)	<u>(1,248)</u>	<u>2,745</u>	<u>(10,196)</u>
Net income (loss) attributable to owners of the parent	<u>¥ (1,248)</u>	<u>¥ 2,745</u>	<u>\$ (10,196)</u>

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Comprehensive Income  
For the year ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Comprehensive income			
Net income (loss)	¥ (1,248)	¥ 2,745	\$ (10,196)
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	9,684	15,628	79,124
Net foreign currency translation adjustments	11,312	(2,453)	92,425
Remeasurements of defined benefit plans, net of tax	467	(795)	3,815
Total other comprehensive income (Note 8(1))	21,463	12,380	175,365
	¥ 20,215	¥ 15,125	\$ 165,168
(Breakdown)			
Comprehensive income attributable to owners of the parent	¥ 20,215	¥ 15,125	\$ 165,168
Comprehensive income attributable to non-controlling interests	-	-	-

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Changes in Shareholders' Equity  
For the years ended 31st March 2022 and 2021

For the year ended 31st March 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 5,000	¥ 456	¥ 124,224	¥ (4,649)	¥ 125,031
Changes during the period					
Dividends from retained earnings			(1,165)		(1,165)
Net income (loss) attributable to owners of the parent			(1,248)		(1,248)
Disposal of treasury stock					-
Changes in the scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	(2,413)	-	(2,413)
Balance at the end of the period	¥ 5,000	¥ 456	¥ 121,810	¥ (4,649)	¥ 122,617

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	¥ 58,745	¥ 1,564	¥ (3,084)	¥ 57,226	¥ 182,257
Changes during the period					
Dividends from retained earnings					(1,165)
Net income (loss) attributable to owners of the parent					(1,248)
Disposal of treasury stock					-
Changes in the scope of consolidation					-
Net changes in items other than shareholders' equity	9,684	11,312	467	21,463	21,463
Total changes during the period	9,684	11,312	467	21,463	19,050
Balance at the end of the period	¥ 68,430	¥ 12,876	¥ (2,616)	¥ 78,690	¥ 201,307

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Changes in Shareholders' Equity, continued  
For the years ended 31st March 2022 and 2021

(Thousands of U.S. dollars (Note 1(2)))

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	\$ 40,853	\$ 3,725	\$ 1,014,984	\$ (37,985)	\$ 1,021,578
Changes during the period					
Dividends from retained earnings			(9,518)		(9,518)
Net income (loss) attributable to owners of the parent			(10,196)		(10,196)
Disposal of treasury stock					-
Changes in the scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	(19,715)	-	(19,715)
Balance at the end of the period	\$ 40,853	\$ 3,725	\$ 995,261	\$ (37,985)	\$ 1,001,854

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	\$ 479,982	\$ 12,778	\$ (25,198)	\$ 467,570	\$ 1,489,149
Changes during the period					
Dividends from retained earnings					(9,518)
Net income (loss) attributable to owners of the parent					(10,196)
Disposal of treasury stock					-
Changes in the scope of consolidation					-
Net changes in items other than shareholders' equity	79,124	92,425	3,815	175,365	175,365
Total changes during the period	79,124	92,425	3,815	175,365	155,649
Balance at the end of the period	\$ 559,114	\$ 105,204	\$ (21,374)	\$ 642,944	\$ 1,644,799

The accompanying notes are an integral part of the statements.



**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Changes in Shareholders' Equity, continued  
For the years ended 31st March 2022 and 2021

For the year ended 31st March 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 5,000	¥ 313	¥ 122,778	¥ (5,796)	¥ 122,295
Changes during the period					
Dividends from retained earnings			(1,144)		(1,144)
Net income attributable to owners of the parent			2,745		2,745
Disposal of treasury stock		142		1,146	1,289
Changes in the scope of consolidation			(156)		(156)
Net changes in items other than shareholders' equity					
Total changes during the period	-	142	1,445	1,146	2,735
Balance at the end of the period	¥ 5,000	¥ 456	¥ 124,224	¥ (4,649)	¥ 125,031

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	¥ 43,116	¥ 4,018	¥ (2,288)	¥ 44,845	¥ 167,141
Changes during the period					
Dividends from retained earnings					(1,144)
Net income attributable to owners of the parent					2,745
Disposal of treasury stock					1,289
Changes in the scope of consolidation					(156)
Net changes in items other than shareholders' equity	15,628	(2,453)	(795)	12,380	12,380
Total changes during the period	15,628	(2,453)	(795)	12,380	15,115
Balance at the end of the period	¥ 58,745	¥ 1,564	¥ (3,084)	¥ 57,226	¥ 182,257

The accompanying notes are an integral part of the statements.

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Statement of Cash Flows  
For the years ended 31st March 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
<b>Cash flows from operating activities</b>			
Income before income taxes	¥ 551	¥ 1,884	\$ 4,502
Depreciation and amortization	1,065	915	8,701
Increase (decrease) in outstanding claims	56,690	25,153	463,191
Increase (decrease) in underwriting reserves	(6,319)	16,994	(51,630)
Increase (decrease) in allowance for doubtful accounts	1,302	(8)	10,638
Increase (decrease) in accrued retirement benefits for directors	(5)	(71)	(40)
Increase (decrease) in accrued bonuses for employees	5	1	40
Increase (decrease) in net defined benefit liabilities	765	20	6,250
Increase (decrease) in reserve for price fluctuation	277	269	2,263
Interest and dividends income	(12,896)	(11,326)	(105,368)
Loss (gain) on securities	(4,948)	(8,160)	(40,428)
Interest expenses	0	0	0
Foreign exchange loss (gain)	387	310	3,162
Loss (gain) on tangible fixed assets	(1)	1	(8)
Loss (gain) on money held in trust	133	(448)	1,086
Decrease (increase) in other assets (other than investing and financing activities)	(11,655)	(20,327)	(95,228)
Increase (decrease) in other liabilities (other than investing and financing activities)	2,080	9,510	16,994
Others, net	(440)	3	(3,595)
Subtotal	26,992	14,722	220,540
Interest and dividends received	13,395	12,309	109,445
Interest paid	(0)	(0)	(0)
Income taxes paid	(2,051)	(1,294)	(16,757)
Income taxes refund	476	1,956	3,889
Net cash provided by (used in) operating activities	38,813	27,693	317,125
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits	11	(139)	89
Increase in money held in trust	-	(2,900)	-
Decrease in money held in trust	8,734	2,900	71,362
Purchases of securities	(251,613)	(234,875)	(2,055,829)
Proceeds from sales or redemption of securities	203,522	207,975	1,662,897
Proceeds from collection of loans	1	1	8
Total of net cash provided by (used in) investment transactions	(39,343)	(27,038)	(321,456)
Total of net cash provided by (used in) operating activities and investment transactions	(530)	654	(4,330)
Purchase of tangible fixed assets	(160)	(142)	(1,307)
Proceeds from sales of tangible fixed assets	3	-	24
Purchase of intangible fixed assets	(4)	(671)	(32)
Net cash provided by (used in) investing activities	(39,505)	(27,852)	(322,779)
<b>Cash flows from financing activities</b>			
Proceeds from disposal of treasury stock	-	1,289	-
Dividends paid	(1,165)	(1,144)	(9,518)
Repayment for lease liabilities	(133)	(111)	(1,086)
Net cash provided by (used in) financing activities	(1,298)	33	(10,605)
Effect of exchange rate changes on cash and cash equivalents	3,317	616	27,101
Net increase (decrease) in cash and cash equivalents	1,326	492	10,834
Cash and cash equivalents at the beginning of the period	62,671	62,195	512,059
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(16)	-
Cash and cash equivalents at the end of the period (Note 10(1))	¥ 63,997	¥ 62,671	\$ 522,894

The accompanying notes are an integral part of the statements.

## The Toa Reinsurance Company, Limited and Subsidiaries

### Notes to the Consolidated Financial Statements

#### 1. Basis of Presenting the Consolidated Financial Statements

- (1) The accompanying consolidated financial statements of The Toa Reinsurance Company, Limited (the “Company”) and its subsidiaries (collectively, the “Companies”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to both application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan.

- (2) Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥122.39 = US\$1, the rate of exchange on 31st March 2022, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.
- (3) Fractional amounts of less than ¥1 million or \$1 thousand have been rounded down. Accordingly, the totals in yen and US dollars do not necessarily agree with the sum of the individual amounts.

#### 2. Principal Matters for Preparation of Consolidated Financial Statements

- (1) Scope of Consolidation

##### A. Consolidated Subsidiaries

Of the Company’s subsidiaries, two subsidiaries are consolidated. The names of the consolidated subsidiaries are as follows:

- The Toa Reinsurance Co. of America (U.S.A.)
- The Toa 21st Century Reinsurance Co., Ltd. (Switzerland)

##### B. Non-consolidated Subsidiary

The other subsidiary is a small-scale operations, in terms of total assets, ordinary profit (loss), net income (loss) for the year and retained earnings, and is excluded from the scope of consolidation, due to its insignificant effect on the consolidated financial statements of the Company as a whole. The name of the non-consolidated subsidiary is as follows:

- Sundai Company, Limited.

- (2) Application of the Equity Method

Since the effect of the non-consolidated subsidiary on the net income (loss) for the year and the retained earnings is negligible and it is considered immaterial, this company is not accounted for by the equity method.

- (3) Fiscal Years of Consolidated Subsidiaries

The fiscal year ends of all consolidated subsidiaries are 31st December. Since the differences in the fiscal year ends do not exceed three months, financial statements as of the fiscal year end of each subsidiary are used in preparing the consolidated financial statements. As for significant transactions occurring between that date and the date of the Company’s fiscal year end, necessary adjustments are made upon consolidation.

#### (4) Significant Accounting Policies

##### A. Financial Instruments

###### (a) Trading Securities

Trading securities are carried at fair value. Cost of sales is calculated using cost determined by the moving-average method.

###### (b) Stocks of Non-consolidated Subsidiaries not Accounted for by the Equity Method

Stocks of non-consolidated subsidiaries not accounted for by the equity method are recorded at cost determined by the moving-average method.

###### (c) Available-for-sale Securities

Available-for-sale securities with fair value are carried at fair value based on the prices prevailing in the market on the balance sheet date and others. Unrealized gains or losses, net of tax are included in a separate component of net assets. Cost of sales is calculated using cost determined by the moving-average method. Available-for-sale securities with no market prices are recorded at cost or amortized cost determined by the moving-average method.

###### (d) Money Held in Trust

Securities held in individually managed money trusts that are mainly invested in securities for trading are carried at fair value.

###### (e) Derivatives

Derivatives are carried at fair value.

##### B. Depreciation Method for Fixed Assets

###### (a) Tangible Fixed Assets (Except for Leased Assets)

Depreciation of tangible fixed assets (except for leased assets) held by the Company is calculated by the declining balance method.

However, the depreciation of buildings (except for fixtures attached to buildings) acquired on or after 1st April 1998, and the depreciation of fixtures attached to buildings and structures acquired on or after 1st April 2016, are calculated by the straight-line method.

Depreciation of property and equipment held by consolidated subsidiaries is mainly calculated by the straight-line method.

###### (b) Intangible Fixed Assets (Except for Leased Assets)

Amortization of intangible fixed assets (except for leased assets) is calculated by the straight-line method. Amortization of software for internal use is calculated by the straight-line method over its estimated useful life (5 years).

###### (c) Leased Assets

Depreciation of leased assets held by the Company with regard to finance leases for which ownership does not transfer to the lessees is calculated by the straight-line method over a period up to the length of the relevant lease contracts with no residual value.

## C. Accounting Policies for Major Reserves

### (a) Allowance for Doubtful Accounts

The Company books an allowance for doubtful accounts, in accordance with the standard for self-assessment of assets and rules for write-offs and provisions, as follows:

- (i) For debts of debtors who are legally or formally bankrupt (due to bankruptcy, special liquidation or suspension of service at clearing houses, etc.) or virtually bankrupt, a reserve is provided based on the amount that remains after anticipated proceeds from the disposal of collateral and the anticipated recovery of debt through guarantees are deducted from the debt balances.
- (ii) For debts of debtors who are likely to become bankrupt, a reserve is provided based on the amount considered to be necessary to cover the amount that remains after anticipated proceeds from the disposal of collateral and the anticipated recovery of debt through guarantees are deducted from the debt balances. This reserve amount is based on an overall judgment regarding the solvency status of each debtor.
- (iii) For debts other than those described above, a reserve is provided for an amount determined by multiplying debt balances by the default rate, which is computed based on historical loan loss experience in certain previous period.

All debts are assessed by each asset management department of the Company in accordance with the standard for self-assessment of assets. The allowance for doubtful accounts mentioned above is computed based on the result of this assessment and rules for write-offs and provisions. These results are audited by the Internal Audit Department which is independent from each department.

### (b) Accrued Retirement Benefits for Directors

Accrued retirement benefits for directors are provided on the basis of the estimated amounts to be paid based on internally established rules at the end of the fiscal year.

### (c) Reserve for Price Fluctuation

The Company books a reserve for price fluctuation in accordance with Article 115 of the Insurance Business Act to provide for contingent losses caused by price fluctuation on stocks and other investments.

## D. Retirement Benefits

### (a) Method of Attributing Expected Retirement Benefits to Periods

In calculating retirement benefit obligations, the method of attributing the expected retirement benefits to periods is mainly based on the benefit formula method.

### (b) Method for Amortizing Actuarial Differences and Prior Service Cost

The Company fully amortizes actuarial differences in the following fiscal year and charges prior service cost to income when incurred.

## E. Hedge Accounting

The fair value hedge accounting and the assignment accounting are applied to certain forward foreign exchange contracts utilized to hedge future foreign exchange risk associated with monetary credits and debts, etc. denominated in foreign currencies. Assessment of hedge effectiveness is omitted since the hedge is highly effective because the principal conditions of the hedging instruments and the hedged items are identical, and meets the required conditions to apply the assignment accounting.

## F. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, deposits able to be withdrawn on demand and short-term investments such as time deposits with original maturities of three months or less and which have minimal risk of fluctuation in value.

## G. Other Significant Accounting Policies

### Consumption Tax Accounting Treatment

Consumption tax is accounted for separately from the transactions subject to such tax. However, the consumption tax on certain expenses, such as operating and general administrative expenses, is included in those expenses. Non-deductible consumption tax on the purchase of assets is included in “Rest of other assets” and amortized evenly over a period of five years.

## H. Accounting Treatments Pertaining to Insurance Contracts

With regard to accounting treatments pertaining to insurance contracts, including net premiums written, outstanding claims and underwriting reserves, the Company complies with the provisions of laws and regulations, such as the Insurance Business Act.

## 3. Significant Accounting Estimates

### (1) Deferred Tax Assets

#### A. Amount recorded in the consolidated financial statements for the fiscal year ended 31st March 2022 and 2021:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2022	2021	2022
¥ 27,083	¥ 33,332	\$ 221,284

#### B. Information on the details of significant accounting estimates pertaining to identified items

##### (a) Calculation method of estimates and principal assumptions used for calculation

The recoverability of deferred tax assets is judged by estimating the amount of taxable income that will be available against deductible temporary differences, on the basis of future forecasts of profit and loss.

Net premiums written, net claims paid and provision for outstanding claims, which serve as the principal assumptions of future forecasts of profit and loss, are calculated based on past business results and budgets formulated based on the medium-term management plan. These amounts of estimates in the future forecasts of profit and loss will affect the taxable income in and after the following fiscal year.

With regard to the impact of the COVID-19 pandemic on net claims paid and provision for outstanding claims, the Company made an estimate of the fiscal year in which part of the outstanding claims incurred in the current fiscal year will be included in deductible expenses, and of the amount of net claims paid and provision for outstanding claims that will be newly incurred in and after the following fiscal year (forecast based on the publicly announced number of deaths in life reinsurance, actual payments made, etc.).

##### (b) Impact on the consolidated financial statements for the following fiscal year

Currently, the Companies have tax loss carryforwards, and deferred tax assets or valuation allowance on the said tax loss carryforwards is calculated by the method stated in (a). The recoverable amount of deferred tax assets, however, could fluctuate in cases where the estimate of taxable income fluctuates due to major changes in the environment surrounding the Companies and other factors.

## (2) Outstanding Claims

A. Amount recorded in the consolidated financial statements for the fiscal year ended 31st March 2022 and 2021:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2022	2021	2022
¥ 346,775	¥ 273,411	\$ 2,833,360

B. Information on the details of significant accounting estimates pertaining to identified items

### (a) Calculation method of estimates and principal assumptions used for calculation

Pursuant to the provisions of laws and regulations, such as the Insurance Business Act, with regard to insurance claims, etc. for which the obligation of payment has occurred based on insurance contracts (including those for which suits are pending pertaining to the said payment obligation), but that have not been recorded as expenditures in each accounting period (hereinafter "ordinary outstanding claims"), the cedants, etc. will estimate the amount required for such payment, and the Company will record the amount based on the written notices on outstanding claims, etc. which reflect the results of estimates made by the cedants, etc. and submitted to the Company.

Likewise, with regard to insurance claims, etc. for which causes for payment specified in insurance contracts are considered to have arisen but no report on the occurrence of such causes for payment have been received (hereinafter "IBNR reserves"), the Company records the amounts necessary for the said payments, which are rationally calculated by a statistical estimating method on the basis of claims paid, ordinary outstanding claims, etc.

### (b) Impact on the consolidated financial statements for the following fiscal year

Outstanding claims could fluctuate from the initial amounts of estimates necessary for the said payments in cases where they are affected by future changes in circumstances such as judicial precedents pertaining to each cause for payment, revisions of laws and regulations and fluctuations in exchange rates. In addition, IBNR reserves could fluctuate in or after the following fiscal year since it is calculated using a statistical estimating method.

## 4. Change in Accounting Policies

"Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No.30, 4th July 2019) and others have been applied from the beginning of the fiscal year ended 31st March 2022. In accordance with the transitional treatment set forth in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, 4th July 2019), a new accounting policy prescribed by "Accounting Standard for Fair Value Measurement" and others has been applied prospectively. The effect of applying this accounting standard on consolidated financial statements is immaterial.

Also, fair value of financial instruments and breakdown by input level have been disclosed in Note 11. Financial Instruments. However, the details pertaining to the previous fiscal year have not been provided in the said notes, pursuant to the transitional treatment specified in Paragraph 7-4 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, 4th July 2019).

## 5. Accounting Standards and Guidance Issued but not yet Effective

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, 17th June 2021)

### (1) Outline

The implementation guidance established the treatment of measurement of the fair value of investment trust funds and notes thereon, as well as notes on investments in partnerships and other similar entities for which equity interests are recorded on a net basis on the balance sheet.

(2) Scheduled Date of Application

The implementation guidance is scheduled to be applied from the beginning of the fiscal year ending 31st March 2023.

(3) Effects of Application of the Accounting Standards

The effects of the application on the consolidated financial statements are currently undetermined.

## 6. Notes to the Consolidated Balance Sheet

(1) The amounts of accumulated depreciation and advanced depreciation of tangible fixed assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Accumulated depreciation	¥ 10,471	¥ 9,961	\$ 85,554
Advanced depreciation	29	29	236

(2) The carrying amounts of stocks of non-consolidated subsidiary are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Securities	¥ 10	¥ 26	\$ 81

(3) The amounts of loans to be disclosed based on the Insurance Business Act are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Bankrupt or de facto bankrupt	-	-	-
Doubtful	-	-	-
Accruing loans contractually past due 3 months or more	-	-	-
Restructured loans	-	-	-

The definitions of the loans are as follows:

- A. “Bankrupt or de facto bankrupt” are loans or loan equivalents to borrowers who have gone bankrupt for reasons such as a declaration of bankruptcy, reorganization, or revitalization proceedings.
- B. “Doubtful” are loans to borrowers who have not yet reached a state of legal bankruptcy but whose financial position and business performance have deteriorated; therefore, the prospect of complete repayment of principal and interest is remote in accordance with the contract obligations, and are not included in “Bankrupt or de facto bankrupt.”
- C. “Accruing loans contractually past due 3 months or more” are those loans for which payments of principal or interest has not been received for a period of three months or more, beginning with the next day following the last due date for such payments, and are not included in “Bankrupt or de facto bankrupt” or “Doubtful.”
- D. “Restructured loans” are those loans for which the Company has provided more favorable terms and conditions than those contained in the original loan agreement (including reducing interest rates, rescheduling interest and principal payments, or the waiving of claims on the borrowers) to the borrowers with the aim of providing restructuring assistance and support, and are not included in “Bankrupt or de facto bankrupt,” “Doubtful” or “Accruing loans contractually past due 3 months or more.”



(Change in Presentation)

In line with the Cabinet Office Order to Amend the Ordinance for Enforcement of the Banking Act (Cabinet Office Order No. 3, 24th January 2020), which came into force on 31st March 2022, the classification of “risk-managed loans” under the Insurance Business Act is presented in accordance with the classification of loans to be disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions.

- (4) The carrying amounts of assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Securities	¥ 31,798	¥ 28,711	\$ 259,808

These securities are pledged to deposit for overseas operations and to establish letters of credit.

- (5) The amounts of securities lent under loan agreements are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	¥ -	¥ 1,818	\$ -

## 7. Notes to the Consolidated Statement of Income

- (1) The significant components of business expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Commissions, net of reinsurance ceded	¥ 63,604	¥ 62,952	\$ 519,682

Business expenses are the total of “Operating and general administrative expenses” and “Commissions and brokerage” in the consolidated statement of income.

## 8. Notes to the Consolidated Statement of Comprehensive Income

### (1) Reclassification Adjustments and Income Tax Effects of Other Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Net unrealized gains on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	¥ 16,018	¥ 25,637	\$ 130,876
Reclassification adjustments	(1,876)	(4,584)	(15,328)
Before income tax effect adjustments	14,141	21,053	115,540
Income tax effects	(4,457)	(5,424)	(36,416)
Net unrealized gains on available-for-sale securities, net of tax	9,684	15,628	79,124
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	11,148	(2,621)	91,085
Reclassification adjustments	229	263	1,871
Before income tax effect adjustments	11,378	(2,358)	92,965
Income tax effects	(66)	(95)	(539)
Net foreign currency translation adjustments	11,312	(2,453)	92,425
Remeasurements of defined benefit plans, net of tax:			
Gains (losses) arising during the period	(3)	(1,295)	(24)
Reclassification adjustments	621	264	5,073
Before income tax effect adjustments	617	(1,030)	5,041
Income tax effects	(150)	235	(1,225)
Remeasurements of defined benefit plans, net of tax	467	(795)	3,815
Total other comprehensive income	¥ 21,463	¥ 12,380	\$ 175,365

## 9. Notes to the Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31st March 2022

### (1) Detailed Information for Outstanding Shares and Treasury Stock

(Thousand shares)

	Number of shares as of 1st April 2021	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2022
Outstanding shares				
Common stock	98,070	-	-	98,070
Class A stock	1,930	-	-	1,930
Total	100,000	-	-	100,000
Treasury stock				
Common stock	6,791	-	-	6,791
Total	6,791	-	-	6,791

### (2) Detailed Information for Cash Dividends

Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2021	Common stock	¥ 1,140million \$ 9,314 thousand (Note 1(2))	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2021	30th June 2021
General meeting of shareholders on 29th June 2021	Class A stock	¥ 24million \$ 196 thousand (Note 1(2))	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2021	30th June 2021

Of dividends with record date within the year ended 31st March 2022, dividends with the effective date after 31st March 2022

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2022	Common stock	¥ 1,140 million \$ 9,314 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2022	30th June 2022
General meeting of shareholders on 29th June 2022	Class A stock	¥ 24 million \$ 196 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.10 (Note 1(2))	31st March 2022	30th June 2022

For the year ended 31st March 2021

(1) Detailed Information for Outstanding Shares and Treasury Stock

(Thousand shares)

	Number of shares as of 1st April 2020	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2021
Outstanding shares				
Common stock	98,070	-	-	98,070
Class A stock	1,930	-	-	1,930
Total	100,000	-	-	100,000
Treasury stock				
Common stock	8,466	-	1,675	6,791
Total	8,466	-	1,675	6,791

The number of shares decreased during the period in common treasury stock is 1,675 thousand shares, as a result of disposal by third party allotment.

(2) Detailed Information for Cash Dividends

Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 26th June 2020	Common stock	¥ 1,120million	¥ 12.5	31st March 2020	29th June 2020
General meeting of shareholders on 26th June 2020	Class A stock	¥ 24million	¥ 12.5	31st March 2020	29th June 2020

Of dividends with record date within the year ended 31st March 2021, dividends with the effective date after 31st March 2021

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2021	Common stock	¥ 1,140 million	Retained earnings	¥ 12.5	31st March 2021	30th June 2021
General meeting of shareholders on 29th June 2021	Class A stock	¥ 24 million	Retained earnings	¥ 12.5	31st March 2021	30th June 2021

## 10. Notes to the Consolidated Statement of Cash Flows

- (1) Reconciliations of the balance of cash and cash equivalents at the end of the period to the amounts shown in the consolidated balance sheet are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Cash and deposits	¥ 31,344	¥ 37,440	\$ 256,099
Call loans	-	1,000	-
Monetary receivables bought	5,999	8,998	49,015
Securities	658,893	558,529	5,383,552
Time deposits with original maturities of more than three months	(316)	(328)	(2,581)
Securities other than cash equivalents	(631,922)	(542,969)	(5,163,183)
Cash and cash equivalents	<u>¥ 63,997</u>	<u>¥ 62,671</u>	<u>\$ 522,894</u>

- (2) Cash flows from investing activities include those related to insurance business.

## 11. Financial Instruments

- (1) Outline of Financial Instruments

### A. Policy for Financial Instruments

The Company underwrites non-life reinsurance (such as Fire, Marine, Motor, General liabilities, Pet reinsurance) and life reinsurance. The Company invests in financial instruments paying attention to adequate safety, liquidity and profitability, as a funding source of the reinsurance claims to be paid securely and promptly.

The Company maintains Enterprise Risk Management system to control investment risk, to keep adequate solvency in case of the risk occurrence.

### B. Types of Financial Instruments and Related Risk

The Company holds financial instruments mainly for the purpose of investment and business cooperation. Main components of the instruments are bonds, stocks and investment trust funds, which are exposed to price risk due to market fluctuation (interest rate, foreign exchange rate and stock price), and credit risk of the issuers.

Derivatives utilized by the Company are forward foreign exchange contracts. Forward foreign exchange contracts are utilized for hedging fluctuation risk in future foreign exchange rates, arising from foreign bonds. The hedge accounting is applied to certain forward foreign exchange contracts. Additionally, derivatives applying the hedge accounting are described in “Principal Matters for Preparation of Consolidated Financial Statements”.

Derivatives are only taken out with counterparties or referenced entities with a high credit rating.

Loans are exposed to credit risk due to breach of contracts.

### C. Risk Management for Financial Instruments

The board of directors establishes risk management policies and internal rules for investment, and defines risk management department to be responsible for risk managements, management processes and management methodologies. The department in charge performs the risk managements in accordance with the policies and the rules, and condition of the risk is reported to the board regularly or properly, to enable the board to recognize the actual condition of the risk.

Foreign consolidated subsidiaries establish investment policies and manage the risk in accordance with the policies, and hold investment committee and other meetings regularly to discuss condition of risk management and future investment policies. The third party investment management arrangements are made in accordance with the investment guidelines and compliance with the guidelines is monitored.

As part of the audit for the risk management, Internal Audit Department performs internal audit under its internal audit plan for the risk management mentioned above.

(a) Market risk management

(i) Interest rate risk management

The department in charge recognizes risk amount by "Value at Risk" (hereafter "VaR"), sensitivity analysis for interest rate and other methods, and monitors the compliance with the rules. Then it reports to the board regularly.

(ii) Foreign exchange risk management

The department in charge recognizes risk amount by VaR of foreign bonds, sensitivity analysis and other methods, and monitors the compliance with the rules. In addition, the department in charge of integrated risk management recognizes overall foreign exchange risk amount (offsetting foreign currency assets and liabilities). Then they report to the board regularly.

(iii) Price fluctuation risk management

The department in charge recognizes risk amount by VaR, sensitivity analysis for market and other methods, and monitor the compliance with the rules. Then it reports to the board regularly.

(b) Credit risk management

With respect to credit risk of bond issuer, the department in charge regularly recognizes market environments, financial condition, credit information and fair value. For loans, the department in charge performs credit management such as credit screening, requiring collaterals and guarantees, on individual debtor basis.

Compliance with the rules is reported to the board regularly.

(c) Liquidity risk management

The Company performs management for liquidity risk by holding assets with adequate liquidity, obtaining committed lines of credit from several financial institutions and others in order to pay the reinsurance claims securely and promptly in addition to appropriate fund management.

Liquidity risk is monitored by the department in charge, and reported to the board regularly.

D. Supplementary Explanation for the Fair Value of Financial Instruments

As variable factors are incorporated in the measurement of the fair value of financial instruments, the adoption of different assumptions and other factors may cause such value to fluctuate.

(2) Fair Value of Financial Instruments and Breakdown by Input Level

The carrying amounts, fair value, unrealized gain (loss) of financial instruments and breakdown by input level as of 31st March 2022 and 2021 are as follows.

In accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, 4th July 2019) and Item 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, 4th July 2019), stocks with no market prices, etc. as of 31st March 2022 and financial instruments extremely difficult to measure fair value as of 31st March 2021 are not included in the table. Also please see note (b) and (c) below.

The fair values of financial instruments are classified into the following three levels in accordance with the observability and significance of the inputs used to measure the fair value:

Level 1: Fair value determined based on the observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value determined based on observable inputs other than Level 1 inputs

Level 3: Fair value determined based on unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

(a) Financial assets and liabilities measured at fair value on the consolidated balance sheets

As of 31st March 2022

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	¥ 15,612	¥ -	¥ -	¥ 15,612
Available for sale	126,154	469,990	-	596,145
Total assets	<u>¥ 141,767</u>	<u>¥ 469,990</u>	<u>¥ -</u>	<u>¥ 611,757</u>
	Thousands of U.S. dollars (Note 1(2))			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	\$ 127,559	\$ -	\$ -	\$ 127,559
Available for sale	1,030,754	3,840,101	-	4,870,863
Total assets	<u>\$ 1,158,321</u>	<u>\$ 3,840,101</u>	<u>\$ -</u>	<u>\$ 4,998,423</u>

\* Investment trust funds, etc. for which transitional measures are applied in accordance with Paragraph 26 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, 4th July 2019) are not included in the table above. The amount of such investment trust funds, etc. on the consolidated balance sheet is ¥43,211 million (\$ 353,059 thousand).

As of 31st March 2021

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
Monetary receivables bought	¥ 8,998	¥ 8,998	¥ -
Money held in trust	8,873	8,873	-
Securities			
Trading	31,294	31,294	-
Available for sale	524,143	524,143	-
Total assets	<u>¥ 573,310</u>	<u>¥ 573,310</u>	<u>¥ -</u>

(b) Financial assets and liabilities not measured at fair value on the consolidated balance sheets

Information regarding fair value of cash and deposits is omitted since it is scheduled to be settled in a short period of time and fair value approximates book value.

(Notes)

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

Assets

Securities

Securities of which the fair value is based on the quoted prices in active markets with no adjustment is classified into Level 1. That includes mainly Japanese government bonds and stocks. Securities that are based on the presented quoted prices in inactive markets are classified into Level 2.

The fair value of bonds other than bonds of which the fair values are based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present value that is calculated by discounting future cash flows at a rate comprising a risk-free interest

rate and a credit spread. Since observable inputs are used in the calculation, the fair value is classified into Level 2.

- (b) Financial instruments extremely difficult to measure fair value are as follows and are not included in “Securities” in the above table:

	Millions of yen
	2021
Non-listed stocks	¥ 3,091
Total	¥ 3,091

Above mentioned financial instruments where there are no available market prices and extremely difficult to measure fair value, are not subject to disclosure of fair value.

- (c) Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are as follows and are not included in “Securities” in the above table:

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	2022	2022
Stocks with no market prices, etc.*	¥ 3,074	\$ 25,116
Ownership stakes in partnerships, etc.**	849	6,936
Total	¥ 3,924	\$ 32,061

\* Stocks with no market prices, etc. include unlisted stocks. In accordance with Item 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, 4th July 2019), these amounts are not included in disclosures of fair value.

\*\* Ownership stakes in the partnership, etc. are mainly investment partnerships. In accordance with Item 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, 4th July 2019), these amounts are not included in disclosures of fair value.

- (d) The redemption schedules as of 31st March 2022 and 2021 for monetary receivables and securities with maturities are as follows:

As of 31st March 2022

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 31,343	¥ -	¥ -	¥ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	1,800	6,980	-
Municipal bonds	-	-	-	-
Corporate bonds	13,283	117,929	10,473	6,300
Foreign securities	28,527	127,472	62,350	104,788
Total	¥ 73,154	¥ 247,201	¥ 79,804	¥ 111,088

Thousands of U.S. dollars (Note 1(2))				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	\$ 256,091	\$ -	\$ -	\$ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	14,707	57,030	-
Municipal bonds	-	-	-	-
Corporate bonds	108,530	963,550	85,570	51,474
Foreign securities	233,082	1,041,523	509,437	856,181
Total	\$ 597,712	\$ 2,019,781	\$ 652,046	\$ 907,655

As of 31st March 2021

Millions of yen				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 37,440	¥ -	¥ -	¥ -
Monetary receivables bought	9,000	-	-	-
Securities				
Available-for-sale securities with maturities				
Government bonds	3,600	-	6,480	-
Municipal bonds	-	-	-	-
Corporate bonds	23,918	76,914	6,707	5,000
Foreign securities	25,925	102,365	60,180	81,246
Total	¥ 99,884	¥ 179,280	¥ 73,367	¥ 86,246

## 12. Investments in Securities

(1) Information regarding trading securities as of 31st March 2022 and 2021 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Net unrealized gains (losses) recognized for the fiscal year	¥ (2,369)	¥ 118	\$ (19,356)

(2) There are no held-to-maturity securities.



(3) Information regarding available-for-sale securities with fair value as of 31st March 2022 and 2021 is as follows:

As of 31st March 2022

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 24,614	¥ 24,016	¥ 598
Stocks	101,281	16,902	84,378
Foreign securities	219,454	207,198	12,255
Others	5,962	5,589	373
Subtotal	351,312	253,706	97,606
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	134,937	135,461	(524)
Stocks	1,236	1,365	(129)
Foreign securities	122,678	124,996	(2,318)
Others	8,434	8,471	(37)
Subtotal	267,285	270,294	(3,008)
Total	¥ 618,598	¥ 524,000	¥ 94,597
	Thousands of U.S. dollars (Note 1(2))		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	\$ 201,111	\$ 196,225	\$ 4,886
Stocks	827,526	138,099	689,419
Foreign securities	1,793,071	1,692,932	100,130
Others	48,713	45,665	3,047
Subtotal	2,870,430	2,072,930	797,499
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	1,102,516	1,106,797	(4,281)
Stocks	10,098	11,152	(1,054)
Foreign securities	1,002,353	1,021,292	(18,939)
Others	68,910	69,213	(302)
Subtotal	2,183,879	2,208,464	(24,577)
Total	\$ 5,054,318	\$ 4,281,395	\$ 772,914

\* Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

\*\* Commercial papers classified as “Monetary receivables bought” in the consolidated balance sheet are included in “Others” above.

As of 31st March 2021

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 54,344	¥ 53,767	¥ 577
Stocks	82,676	16,903	65,772
Foreign securities	259,152	244,002	15,149
Others	9,476	9,103	372
Subtotal	405,649	323,776	81,873
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	72,280	72,420	(139)
Stocks	1,259	1,365	(106)
Foreign securities	40,980	42,134	(1,153)
Others	12,973	12,991	(18)
Subtotal	127,493	128,910	(1,417)
Total	¥ 533,142	¥ 452,686	¥ 80,455

\* Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

\*\* Commercial papers classified as “Monetary receivables bought” in the consolidated balance sheet are included in “Others” above.

(4) Sales of securities classified as available-for-sale and the aggregate gain and loss are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Proceeds from sales			
Government, municipal and corporate bonds	¥ 9,114	¥ 6,380	\$ 74,466
Stocks	3	5,555	24
Foreign securities	87,139	114,238	711,978
Others	35	2,378	285
Total	¥ 96,292	¥ 128,552	\$ 786,763
Gain on sales			
Government, municipal and corporate bonds	¥ 147	¥ 11	\$ 1,201
Stocks	2	3,469	16
Foreign securities	3,098	2,247	25,312
Others	1	310	8
Total	¥ 3,249	¥ 6,038	\$ 26,546
Loss on sales			
Government, municipal and corporate bonds	¥ 88	¥ 249	\$ 719
Stocks	-	33	-
Foreign securities	569	808	4,649
Others	0	0	0
Total	¥ 657	¥ 1,092	\$ 5,368

(5) Securities for which impairment losses are recognized

For the year ended 31st March 2022, the Company recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥ 94 million (\$ 768 thousand) in the consolidated statement of income.

For the year ended 31st March 2021, the Company and consolidated subsidiaries recognized no impairment losses regarding available-for-sale securities with fair value in the consolidated statement of income.

In principle, impairment losses on available-for-sale securities with fair value held by the Company are recognized

when the fair value has declined by 30% or more of their book value. Impairment losses on available-for-sale securities with fair value held by consolidated subsidiaries are recognized when the fair value has declined below their book value and the decline in fair value is deemed to be other than temporary.

### 13. Money Held in Trust

#### (1) Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Net unrealized gains (losses) recognized for the fiscal year	¥ (0)	¥ 121	\$ (0)

#### (2) Money Held in Trust for Being Held to Maturity

None.

#### (3) Money Held in Trust Not for Trading Purposes or Not Being Held to Maturity

None.

### 14. Derivatives

None.

### 15. Retirement Benefits

#### (1) Outline of Retirement Benefit Plans

The Company and consolidated subsidiaries mainly have funded and unfunded defined retirement benefit plans covering substantially all employees.

For defined benefit retirement plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment and pension.

For lump-sum payment retirement plans which are all unfunded plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment.

#### (2) Defined Benefit Plan

##### A. Changes in the retirement benefit obligations during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Retirement benefit obligations at the beginning of the period	¥ 21,801	¥ 20,092	\$ 178,127
Service cost	918	781	7,500
Interest cost	364	381	2,974
Actuarial differences	(381)	1,752	(3,112)
Benefit paid	(935)	(550)	(7,639)
Prior service cost	(19)	-	(155)
Others	1,358	(656)	11,095
Retirement benefit obligations at the end of the period	¥ 23,106	¥ 21,801	\$ 188,789

B. Changes in the plan assets during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Plan assets at the beginning of the period	¥ 12,214	¥ 11,386	\$ 99,795
Expected return on plan assets	401	363	3,276
Actuarial differences	11	264	89
Employer contributions	566	917	4,624
Benefit paid	(783)	(424)	(6,397)
Others	595	(293)	4,861
Plan assets at the end of the period	¥ 13,006	¥ 12,214	\$ 106,266

C. Reconciliations of retirement benefit obligations and plan assets to net defined benefit liabilities and assets recognized in the consolidated balance sheet at the end of the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Retirement benefit obligations for funded plan	¥ 17,512	¥ 16,874	\$ 143,083
Plan assets	(13,006)	(12,214)	(106,266)
	4,506	4,659	36,816
Retirement benefit obligations for unfunded plan	5,593	4,927	45,698
Net amount of liabilities (assets) recognized in the consolidated balance sheet	¥ 10,099	¥ 9,586	\$ 82,514
Net defined benefit liabilities	¥ 10,099	¥ 9,586	\$ 82,514
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 10,099	¥ 9,586	\$ 82,514

D. Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Service cost	¥ 918	¥ 781	\$ 7,500
Interest cost	364	381	2,974
Expected return on plan assets	(401)	(363)	(3,276)
Amortization of actuarial differences	621	264	5,073
Amortization of prior service cost	(19)	-	(155)
Retirement benefit cost for defined benefit plan	¥ 1,483	¥ 1,064	\$ 12,117

E. Remeasurements of defined benefit plans included in other comprehensive income

Components of remeasurements of defined benefit plans included in other comprehensive income before tax effect are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Actuarial differences	¥ 1,014	¥ (1,223)	\$ 8,284
Others	(396)	192	(3,235)
Total	¥ 617	¥ (1,030)	\$ 5,041

F. Remeasurements of defined benefit plans included in accumulated other comprehensive income

Components of remeasurements of defined benefit plans included in accumulated other comprehensive income before tax effect are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Unrecognized actuarial differences	¥ (3,307)	¥ (3,924)	\$ (27,020)

G. Plan assets

(a) Major Components of plan assets

Percentages of total plan assets by major categories are as follows:

	2022	2021
Bonds	18%	26%
Stocks	25	15
General accounts	54	56
Others	3	3
Total	100%	100%

(b) Determination of long-term expected rate of return

The long-term expected rate of return on plan assets has been estimated based on the current and anticipated allocation to each asset class and the current and anticipated long-term rates of returns on assets held in each category.

H. Actuarial assumptions

Major actuarial assumptions (based on weighted average) are as follows:

	2022	2021
Discount rate	Mainly 0.6%	Mainly 0.6%
Long-term expected rate of return	Mainly 1.2%	Mainly 1.3%

## 16. Deferred Tax Accounting

### (1) Major Components of Net Deferred Tax Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
Deferred tax assets			
Underwriting reserves	¥ 31,119	¥ 34,831	\$ 254,260
Outstanding claims	14,186	11,768	115,908
Tax loss carryforwards **	3,854	5,750	31,489
Reserve for price fluctuation	3,146	3,068	25,704
Net defined benefit liabilities	2,313	2,214	18,898
Others	1,895	2,011	15,483
Subtotal of deferred tax assets	56,515	59,645	461,761
Valuation allowance on tax loss carryforwards **	(430)	(2,298)	(3,513)
Valuation allowance on deductible temporary differences	(441)	(261)	(3,603)
Subtotal of Valuation allowance *	(871)	(2,559)	(7,116)
Total deferred tax assets	55,644	57,085	454,644
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	(26,167)	(21,710)	(213,800)
Others	(2,393)	(2,480)	(19,552)
Total deferred tax liabilities	(28,561)	(24,190)	(233,360)
Net deferred tax assets	¥ 27,083	¥ 32,894	\$ 221,284

(Notes)

\* Valuation allowance decreased by ¥ 1,688 million (\$ 13,791 thousand). The main reason of this decrease is due to the decrease in the valuation allowance related to the Company's tax loss carryforwards

\*\* Schedule by expiration of tax loss carryforwards and the corresponding deferred tax assets

As of 31st March 2022

	Millions of yen						Total
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	
Tax loss carryforwards	¥ -	-	-	1,471	1,066	1,316	¥ 3,854
Valuation allowance	¥ -	-	-	-	253	176	¥ 430
Deferred tax assets	¥ -	-	-	1,471	812	1,139	¥ 3,424

	Thousands of U.S. dollars (Note 1(2))						Total
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	
Tax loss carryforwards	\$ -	-	-	12,018	8,709	10,752	\$ 31,489
Valuation allowance	\$ -	-	-	-	2,067	1,438	\$ 3,513
Deferred tax assets	\$ -	-	-	12,018	6,634	9,306	\$ 27,976

(Notes)

- (a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.
- (b) For the tax loss carryforward of ¥ 3,854 million (\$ 31,489 thousand) (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,424 million (\$ 27,976 thousand) were recorded. The tax loss carryforwards were

determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance was not recognized.

As of 31st March 2021

Millions of yen							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards	¥ 3,104	-	-	-	1,371	1,274	¥ 5,750
Valuation allowance	¥ 2,298	-	-	-	-	-	¥ 2,298
Deferred tax assets	¥ 806	-	-	-	1,371	1,274	¥ 3,451

(Notes)

- (a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.
- (b) For the tax loss carryforward of ¥ 5,750 million (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,451 million were recorded. The tax loss carryforwards were determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance was not recognized.
- (2) The reconciliation of the statutory income tax rate to the effective income tax rate for the years ended 31st March 2022 and 2021 are as follows:

	2022	2021
Effective statutory income tax rate of the Company	28.0%	28.0%
(Adjustments)		
Expiration of term of tax loss carryforwards	559.3	141.0
Tax rate applied to consolidated subsidiaries	94.9	6.7
Non-taxable revenue such as dividends received	(71.9)	(20.4)
Impact of the U.S. tax reform	-	(64.6)
Valuation allowance	(310.0)	(140.8)
Others	26.3	4.4
Effective income tax rate of the Company	326.6%	(45.7)%

## 17. Segment Information

### (1) Outline of Reportable Segments

The Companies' reportable segments are components of the Companies about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

Our reportable segments are "The Toa Reinsurance Company, Limited (hereinafter Toa)", "The Toa Reinsurance Co. of America (hereinafter TRA)" and "The Toa 21st Century Reinsurance Co., Ltd. (hereinafter TRE)".

The Companies' business is assuming reinsurance, and within the company TRA is mainly in charge of North America area, Toa and TRE are mainly in charge of others.

### (2) Measurement of Sales, Profit or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

Accounting policies of each reported segment are in a manner consistent with that in the "Principal Matters for Preparation of Consolidated Financial Statements"

Profit or loss of each reportable segment shown in the following table represents "Net loss attributable to owners of the parent".

Inter-segment revenues are measured on the basis of market transactions on arm's length terms.

(3) Information about Sales, Profit or Loss, Assets, Liabilities, and Other Items on Each Reportable Segment

For the year ended 31st March 2022

(Millions of yen)

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	¥ 207,783	¥ 68,990	¥ 25,249	¥ 302,024
Inter-segment sales or transfers	(514)	(132)	402	(244)
Total	207,269	68,858	25,652	301,780
Profit or loss by reportable segments	4,529	(1,388)	(4,251)	(1,110)
Assets by reportable segments	569,525	268,882	96,290	934,698
Liabilities by reportable segments	421,224	194,013	47,655	662,893
Other items				
Depreciation	1,000	53	11	1,065
Interest and dividends income	7,056	5,630	209	12,896
Interest expenses	0	-	-	0
Extraordinary income	0	1	-	2
Gain on disposal of fixed assets	0	1	-	2
Extraordinary loss	278	-	-	278
Provision for reserve under the special law	277	-	-	277
Income tax expense	2,564	(199)	(531)	1,833

(Thousands of U.S. dollars (Note 1(2)))

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	\$ 1,697,712	\$ 563,689	\$ 206,299	\$ 2,467,717
Inter-segment sales or transfers	(4,199)	(1,078)	3,284	(1,993)
Total	1,693,512	562,611	209,592	2,465,724
Profit or loss by reportable segments	37,004	(11,340)	(34,733)	(9,069)
Assets by reportable segments	4,653,362	2,196,927	786,747	7,637,045
Liabilities by reportable segments	3,441,653	1,585,203	389,370	5,416,234
Other items				
Depreciation	8,170	433	89	8,701
Interest and dividends income	57,651	46,000	1,707	105,368
Interest expenses	0	-	-	0
Extraordinary income	0	8	-	16
Gain on disposal of fixed assets	0	8	-	16
Extraordinary loss	2,271	-	-	2,271
Provision for reserve under the special law	2,263	-	-	2,263
Income tax expense	20,949	(1,625)	(4,338)	14,976

\* Sales represent "Net premiums written".



For the year ended 31st March 2021

(Millions of yen)

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	¥ 211,310	¥ 63,513	¥ 12,723	¥ 287,547
Inter-segment sales or transfers	(1,488)	(1,563)	2,505	(547)
Total	209,821	61,949	15,228	287,000
Profit or loss by reportable segments	3,253	(992)	(257)	2,003
Assets by reportable segments	543,280	229,759	76,320	849,359
Liabilities by reportable segments	413,506	156,432	26,475	596,414
Other items				
Depreciation	848	55	11	915
Interest and dividends income	6,066	5,181	78	11,326
Interest expenses	0	-	-	0
Extraordinary loss	279	-	-	279
Provision for reserve under the special law	269	-	-	269
Income tax expense	398	(1,786)	24	(1,364)

\* Sales represent "Net premiums written".

(4) Reconciliations of Total Reportable Segments Amount to Amount Presented in Financial Statements and Descriptions of Reconciliations

A. Sales

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	Total of reportable segments	¥ 301,780	¥ 287,000
Elimination of inter-segment transactions	244	547	1,993
Sales in consolidated financial statements	<u>¥ 302,024</u>	<u>¥ 287,547</u>	<u>\$ 2,467,717</u>

\* Sales represent "Net premiums written".

B. Profit or loss

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	Total of reportable segments	¥ (1,110)	¥ 2,003
Elimination of inter-segment transactions	(138)	742	(1,127)
Others	-	(0)	-
Net income (loss) attributable to owners of the parent in consolidated financial statements	<u>¥ (1,248)</u>	<u>¥ 2,745</u>	<u>\$ (10,196)</u>

C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	Total of reportable segments	¥ 934,698	¥ 849,359
Elimination of inter-segment transactions	(74,276)	(77,250)	(606,879)
Total assets in consolidated financial statements	<u>¥ 860,421</u>	<u>¥ 772,108</u>	<u>\$ 7,030,157</u>

D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	Total of reportable segments	¥ 662,893	¥ 596,414
Elimination of inter-segment transactions	(3,779)	(6,563)	(30,876)
Total liabilities in consolidated financial statements	¥ 659,114	¥ 589,851	\$ 5,385,358

E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2022	2021	2022
	Income tax expense		
Total of reportable segments	¥ 1,833	¥ (1,364)	\$ 14,976
Elimination of inter-segment transactions	(33)	503	(269)
Others	-	0	-
Amounts in consolidated financial statements	¥ 1,799	¥ (860)	\$ 14,698

(5) Related Information

For the year ended 31st March 2022

A. Information about revenue derived from its products or services

(Millions of yen)

	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	¥80,813	¥11,409	¥33,328	¥47,595	¥93,051	¥10,990	¥24,833	¥302,024

(Thousands of U.S. dollars (Note 1(2)))

	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	\$660,290	\$93,218	\$272,309	\$388,879	\$760,282	\$89,794	\$202,900	\$2,467,717

\* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

(Millions of yen)

Japan	United States	Others	Total
¥ 173,707	¥ 71,477	¥ 56,839	¥ 302,024

(Thousands of U.S. dollars (Note 1(2)))

Japan	United States	Others	Total
\$1,419,290	\$ 584,010	\$ 464,408	\$2,467,717

\* Sales are classified by country based on the geographic area of customers.

\*\* Sales represent "Net premiums written".

(b) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
¥ 8,817	¥ 1,027	¥ 9,844

(Thousands of U.S. dollars (Note 1(2)))

Japan	Others	Total
\$ 72,040	\$ 8,391	\$ 80,431

C. Information about major customers

None.

For the year ended 31st March 2021

A. Information about revenue derived from its products or services

(Millions of yen)

	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	¥79,168	¥10,643	¥36,010	¥43,251	¥85,767	¥9,747	¥22,959	¥287,547

\* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

(Millions of yen)

Japan	United States	Others	Total
¥ 172,943	¥ 68,983	¥ 45,620	¥ 287,547

\* Sales are classified by country based on the geographic area of customers.

\*\* Sales represent "Net premiums written".

(b) Tangible fixed assets

(Millions of yen)

Japan	Others	Total
¥ 9,066	¥ 907	¥ 9,974

C. Information about major customers

None.

(6) Information about Impairment Losses on Fixed Assets by Reportable Segments

None.

(7) Information about Amortization of Goodwill and Carrying Amount by Reportable Segments

None.

(8) Information about Gains on Negative Goodwill by Reportable Segments

None.

## 18. Related Party Transactions

There are no material transactions with related parties to report for the years ended 31st March 2022 and 2021.

## 19. Per Share Information

	Yen		U.S. dollars (Note 1(2))
	2022	2021	2022
Net assets per share	¥ 2,159.74	¥ 1,955.36	\$ 17.65
Net income (loss) per share	(13.39)	29.80	(0.11)

\* There are net loss per share and no potential common shares, therefore diluted net income per share is not described for the fiscal year ended 31st March 2022.

\*\* There are no potential common shares, therefore diluted net income per share is not described for the fiscal year ended 31st March 2021.

\*\*\* Basis for computing net income (loss) per share is as follows:

	For the year ended 31st March 2022	For the year ended 31st March 2021
Net income (loss) attributable to owners of the parent (Millions of yen)	¥ (1,248)	¥ 2,745
Amounts not attributable to common shareholders (Millions of yen)	-	-
Net income (loss) attributable to owners of the parent related to common shareholders (Millions of yen)	¥ (1,248)	¥ 2,745
Average number of common shares outstanding for the year (Thousand shares)	93,209	92,127
Major Components of Average number of common shares outstanding and equivalent for the year (Thousand shares)	Common Stock 91,279 Class A Stock 1,930	Common Stock 90,197 Class A Stock 1,930

## 20. Significant Subsequent Events after Balance Sheet Date

The Company has resolved to transfer the treasury stock by third party allotment for the purpose of the capital adequacy at the general shareholders' meeting held on 29th June 2022.

The details of the resolution are as follows:

- (1) Type of the shares to be transferred

Common stock

- (2) Total number of the shares to be transferred

5,000,000 shares (maximum)

- (3) Transfer price

¥ 747 per share (minimum)

\$ 6.10 per share (minimum) (Note 1(2))

The Board of Directors of the Company has been delegated on the decision of specific conditions regarding this transfer.

## The Toa Reinsurance Company, Limited and Subsidiaries

### Related Information to the Consolidated Financial Statements

1. Detailed Information for Corporate Bonds

None.

2. Detailed Information for Borrowings

(Millions of yen)

	As of 1st April 2021	As of 31st March 2022	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	¥ 132	¥ 122	-	-
Lease liabilities (except for those due in 1 year or less)	285	177	-	From 19th April 2023 to 28th February 2027
Total	¥ 418	¥ 300	-	-

(Thousands of U.S. dollars (Note 1(2)))

	As of 1st April 2021	As of 31st March 2022	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	\$ 1,078	\$ 996	-	-
Lease liabilities (except for those due in 1 year or less)	2,328	1,446	-	From 19th April 2023 to 28th February 2027
Total	\$ 3,415	\$ 2,451	-	-

(Notes)

- (1) The above amount is included in “Other liabilities” in the consolidated balance sheet.
- (2) “Average interest rate” on lease liabilities is not stated above because lease liabilities in the consolidated balance sheet are recognized without deducting lease interest included in the total lease charges.
- (3) The repayment for the lease liabilities (except for those due in 1 year or less) scheduled within 5 years following the consolidated balance sheet date is as follows:

(Millions of yen)

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	¥ 106	¥ 55	¥ 12	¥ 3

(Thousands of U.S. dollars (Note 1(2)))

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	\$ 866	\$ 449	\$ 98	\$ 24

3. Detailed Information for Asset Retirement Obligations

None.



Building a better  
working world

## Independent Auditor's Report

The Board of Directors  
The Toa Reinsurance Company, Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of The Toa Reinsurance Company, Limited and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements and related information to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

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

### **Key Audit Matters**

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



Building a better  
working world

Evaluation of recoverability of deferred tax assets for tax loss carry forward	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note (Significant Accounting Estimates), the Group stated deferred tax assets of ¥27,083 million in its consolidated balance sheet as of March 31, 2022. Deferred tax assets accounted for 13.5% of the net assets of ¥201,307 million.</p> <p>The Group recognizes deferred tax assets for deductible temporary differences and tax loss carry forwards in consideration of the estimates of future taxable income. In particular, the Group has recognized deferred tax assets of ¥3,424million for tax loss carryforwards in previous years based on the estimates of future taxable income. Of this amount, a substantial portion was deferred tax assets for the tax loss carry forwards recorded by The Toa 21st Century Reinsurance Co. Ltd, that is the consolidated subsidiary.</p> <p>The estimates of future taxable income are based on the future forecasts of profit and loss, where the key assumptions are the prospects of net premiums written, the net claims paid and outstanding claims.</p> <p>Given that the evaluation of the recoverability of deferred tax assets is based primarily on management's estimates of future taxable income and the underlying future forecasts of profit and loss are driven by key assumptions that involve management's judgment.</p> <p>Therefore, we determined this to be a key audit matter.</p>	<p>In evaluating the recoverability of the deferred tax assets, we involved the component auditor and mainly performed the following audit procedures:</p> <ul style="list-style-type: none"><li>• We evaluated the design and operating effectiveness of internal controls relating to the recoverability of deferred tax assets.</li><li>• We involved our network firm's tax specialists to examine the amount of temporary differences and tax loss carryforwards and we also examined the schedule to be reversed or expired.</li><li>• In order to evaluate the management's estimation of future taxable income, we examined the future forecasts of profit and loss. In reviewing the future forecasts of profit and loss, we examined the consistency with the business plan approved by the management and examined the accuracy of management's estimates such as comparing the estimates of taxable income in previous years with actual results.</li><li>• We discussed with the Group's managements about the impact of the spread of the COVID - 19 on the prospects of net premiums written, the net claims paid and outstanding claims, which are key assumptions of future forecasts of profit and loss. In addition, we performed trend analysis of the net premiums written and loss amount including the net claim paid in future forecasts of profit and loss by each line of business. For the line of business with large fluctuation rate, we made inquiry about fluctuation factors and compared with recent business results, and examined the assumptions used by management.</li></ul>



Building a better  
working world

Calculation of IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note (Significant Accounting Estimates), the Group stated outstanding claims of ¥346,775 million in the consolidated balance sheet as of March 31, 2022. Outstanding claims accounted for 52.6% of the total liabilities. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the reinsurance business operated by The Toa Reinsurance Company, Limited and The Toa Reinsurance Co. of America, that is the consolidated subsidiary.</p> <p>As described in the related notes (Significant accounting estimates), outstanding claims consist of ordinary outstanding claims and IBNR reserves (IBNR is an abbreviation for "Incurred But Not Reported" and refers to claims that have not yet been reported but are deemed to have occurred as defined in the insurance contract).</p> <p>IBNR reserves are stated at the amount of expected ultimate loss less claims paid and ordinary outstanding claims. The key assumptions for calculating the expected ultimate losses are the loss development factor which are calculated based on the experience of past claim payments, etc., in order to estimate the ultimate losses of insurance claims and the expected loss ratio.</p> <p>Since the calculation of IBNR reserves requires a high degree of actuarial expertise and the key assumptions used in the calculation are highly influenced by management's judgment, therefore, we determined this to be a key audit matter.</p>	<p>In assessing IBNR reserve, we mainly performed the following audit procedures:</p> <ul style="list-style-type: none"><li>• We evaluated the design and operating effectiveness of internal controls relating to the calculation of IBNR reserve.</li><li>• In order to evaluate the effectiveness of the IBNR reserve calculation process, we compared the estimate in previous years with actual amounts.</li><li>• In order to detect any unusual changes from the last fiscal year, we performed a comparative analysis from the last fiscal year.</li><li>• We understood the estimation model used for IBNR reserve calculations and the key assumption involved through inquiry with the management.</li><li>• We involved our network firm's actuarial specialists to recalculate the estimates of IBNR reserve, including the calculation of the loss development factor and the expected loss ratio, which are key assumptions, and then examined the accuracy of the calculation and calculation method used.</li><li>• We performed tests of details by vouching for the basic data used to calculate ultimate loss with external vouchers.</li><li>• We compared and examined the loss development factor applied to calculation of IBNR reserve with the trend of the amount of insurance claim.</li></ul>





Building a better  
working world

## **Other Information**

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Building a better  
working world

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Building a better  
working world

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(2) to the consolidated financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 8, 2022

---

/s/Yuji Ozawa

Designated Engagement Partner

Certified Public Accountant

---

/s/Hirotsugu Kamoshita

Designated Engagement Partner

Certified Public Accountant