

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

Consolidated Financial Statements
For the years ended 31st March 2023 and 2022

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Balance Sheet
As of 31st March 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Assets			
Cash and deposits	¥ 27,627	¥ 31,344	\$ 206,897
Monetary receivables bought	-	5,999	-
Securities (Notes 5(2) and (4))	675,100	658,893	5,055,792
Loans (Note 5 (3))	510	512	3,819
Tangible fixed assets (Note 5 (1))			
Land	6,780	6,744	50,775
Buildings	2,437	2,533	18,250
Leased assets	176	273	1,318
Other tangible fixed assets	577	292	4,321
	<u>9,972</u>	<u>9,844</u>	<u>74,679</u>
Intangible fixed assets			
Software	835	1,534	6,253
Other intangible fixed assets	2	2	14
	<u>837</u>	<u>1,536</u>	<u>6,268</u>
Other assets			
Foreign reinsurance accounts receivable	110,244	89,096	825,612
Rest of other assets	48,866	37,450	365,955
	<u>159,110</u>	<u>126,547</u>	<u>1,191,567</u>
Deferred tax assets	33,723	27,083	252,549
Less: Allowance for doubtful accounts	(1,133)	(1,339)	(8,484)
Total assets	<u>¥ 905,749</u>	<u>¥ 860,421</u>	<u>\$ 6,783,112</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 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Liabilities			
Underwriting funds			
Outstanding claims	¥ 392,277	¥ 346,775	\$ 2,937,744
Underwriting reserves	248,666	249,495	1,862,248
	<u>640,943</u>	<u>596,270</u>	<u>4,799,992</u>
Other liabilities	49,142	41,405	368,022
Net defined benefit liabilities	7,771	10,099	58,196
Accrued retirement benefits for directors	117	101	876
Reserve under the special law			
Reserve for price fluctuation	11,472	11,236	85,913
	<u>11,472</u>	<u>11,236</u>	<u>85,913</u>
Total liabilities	<u>709,446</u>	<u>659,114</u>	<u>5,313,008</u>
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	37,444
Capital surplus	456	456	3,414
Retained earnings	123,088	121,810	921,800
Treasury stock	(4,649)	(4,649)	(34,816)
	<u>123,895</u>	<u>122,617</u>	<u>927,843</u>
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	41,708	68,430	312,349
Net foreign currency translation adjustments	30,769	12,876	230,427
Remeasurements of defined benefit plans	(70)	(2,616)	(524)
	<u>72,407</u>	<u>78,690</u>	<u>542,252</u>
Total net assets	<u>196,303</u>	<u>201,307</u>	<u>1,470,104</u>
Total liabilities and net assets	<u>¥ 905,749</u>	<u>¥ 860,421</u>	<u>\$ 6,783,112</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 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Ordinary income and expenses:			
Ordinary income			
Underwriting income			
Net premiums written	¥ 320,822	¥ 302,024	\$ 2,402,621
Investment income on deposit premiums	229	199	1,714
Reversal of underwriting reserves	4,720	5,815	35,347
Other underwriting income	2,912	1,959	21,807
	<u>328,683</u>	<u>309,997</u>	<u>2,461,491</u>
Investment income			
Interest and dividends income	18,714	12,896	140,148
Gain on trading securities	-	3,075	-
Gain on sales of securities	1,146	3,249	8,582
Gain on redemption of securities	152	348	1,138
Gain on derivatives	413	-	3,092
Other investment income	12	174	89
Transfer of investment income on deposit premiums	(229)	(199)	(1,714)
	<u>20,210</u>	<u>19,544</u>	<u>151,351</u>
Other ordinary income	443	262	3,317
	<u>349,337</u>	<u>329,804</u>	<u>2,616,168</u>
Ordinary expenses			
Underwriting expenses			
Net claims paid	235,379	189,411	1,762,742
Commissions and brokerage (Note 6(1))	61,596	63,604	461,289
Provision for outstanding claims	19,190	57,480	143,713
	<u>316,165</u>	<u>310,496</u>	<u>2,367,745</u>
Investment expenses			
Loss on money held in trust	-	133	-
Loss on trading securities	7,604	-	56,946
Loss on sales of securities	2,040	659	15,277
Impairment losses on securities	114	94	853
Loss on redemption of securities	741	968	5,549
Loss on derivatives	-	66	-
Other investment expenses	3,125	81	23,402
	<u>13,626</u>	<u>2,003</u>	<u>102,044</u>
Operating and general administrative expenses (Note 6 (1))	16,119	15,069	120,714
Other ordinary expenses			
Interest expenses	0	0	0
Provision for allowance for doubtful accounts	-	1,302	-
Other expenses	187	105	1,400
	<u>187</u>	<u>1,407</u>	<u>1,400</u>
	<u>346,099</u>	<u>328,977</u>	<u>2,591,919</u>
Ordinary profit	<u>¥ 3,238</u>	<u>¥ 827</u>	<u>\$ 24,249</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 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Extraordinary income and loss:			
Extraordinary income			
Gain on disposal of fixed assets	¥ -	¥ 2	\$ -
	-	2	-
Extraordinary loss			
Loss on disposal of fixed assets	0	0	0
Provision for reserve under the special law			
Provision for reserve for price fluctuation	235	277	1,759
	236	278	1,767
Income before income taxes	3,001	551	22,474
Income taxes:			
Current	342	336	2,561
Deferred	208	1,463	1,557
	550	1,799	4,118
Net income (loss)	2,450	(1,248)	18,347
Net income (loss) attributable to owners of the parent	¥ 2,450	¥ (1,248)	\$ 18,347

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 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Comprehensive income			
Net income (loss)	¥ 2,450	¥ (1,248)	\$ 18,347
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	(26,721)	9,684	(200,112)
Net foreign currency translation adjustments	17,892	11,312	133,992
Remeasurements of defined benefit plans, net of tax	2,546	467	19,066
Total other comprehensive income (Note 7(1))	<u>(6,282)</u>	<u>21,463</u>	<u>(47,045)</u>
	<u>¥ (3,831)</u>	<u>¥ 20,215</u>	<u>\$ (28,690)</u>
(Breakdown)			
Comprehensive income attributable to owners of the parent	¥ (3,831)	¥ 20,215	\$ (28,690)
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 2023 and 2022

For the year ended 31st March 2023

(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	¥ 121,810	¥ (4,649)	¥ 122,617
Cumulative effects of changes in accounting policies			(7)		(7)
Restated balance	5,000	456	121,802	(4,649)	122,609
Changes during the period					
Dividends from retained earnings			(1,165)		(1,165)
Net income attributable to owners of the parent			2,450		2,450
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	1,285	-	1,285
Balance at the end of the period	¥ 5,000	¥ 456	¥ 123,088	¥ (4,649)	¥ 123,895

	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	¥ 68,430	¥ 12,876	¥ (2,616)	¥ 78,690	¥ 201,307
Cumulative effects of changes in accounting policies					(7)
Restated balance	68,430	12,876	(2,616)	78,690	201,299
Changes during the period					
Dividends from retained earnings					(1,165)
Net income attributable to owners of the parent					2,450
Net changes in items other than shareholders' equity	(26,721)	17,892	2,546	(6,282)	(6,282)
Total changes during the period	(26,721)	17,892	2,546	(6,282)	(4,996)
Balance at the end of the period	¥ 41,708	¥ 30,769	¥ (70)	¥ 72,407	¥ 196,303

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 2023 and 2022

(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	\$ 37,444	\$ 3,414	\$ 912,229	\$ (34,816)	\$ 918,273
Cumulative effects of changes in accounting policies			(52)		(52)
Restated balance	37,444	3,414	912,169	(34,816)	918,213
Changes during the period					
Dividends from retained earnings			(8,724)		(8,724)
Net income attributable to owners of the parent			18,347		18,347
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	9,623	-	9,623
Balance at the end of the period	\$ 37,444	\$ 3,414	\$ 921,800	\$ (34,816)	\$ 927,843

	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	\$ 512,469	\$ 96,427	\$ (19,591)	\$ 589,305	\$ 1,507,578
Cumulative effects of changes in accounting policies					(52)
Restated balance	512,469	96,427	(19,591)	589,305	1,507,518
Changes during the period					
Dividends from retained earnings					(8,724)
Net income attributable to owners of the parent					18,347
Net changes in items other than shareholders' equity	(200,112)	133,992	19,066	(47,045)	(47,045)
Total changes during the period	(200,112)	133,992	19,066	(47,045)	(37,414)
Balance at the end of the period	\$ 312,349	\$ 230,427	\$ (524)	\$ 542,252	\$ 1,470,104

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 2023 and 2022

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
Cumulative effects of changes in accounting policies					
Restated balance	5,000	456	124,224	(4,649)	125,031
Changes during the period					
Dividends from retained earnings			(1,165)		(1,165)
Net loss attributable to owners of the parent			(1,248)		(1,248)
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
Cumulative effects of changes in accounting policies					
Restated balance	58,745	1,564	(3,084)	57,226	182,257
Changes during the period					
Dividends from retained earnings					(1,165)
Net loss attributable to owners of the parent					(1,248)
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 Cash Flows
For the years ended 31st March 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Cash flows from operating activities			
Income before income taxes	¥ 3,001	¥ 551	\$ 22,474
Depreciation and amortization	1,099	1,065	8,230
Increase (decrease) in outstanding claims	16,368	56,690	122,579
Increase (decrease) in underwriting reserves	(5,870)	(6,319)	(43,960)
Increase (decrease) in allowance for doubtful accounts	(205)	1,302	(1,535)
Increase (decrease) in accrued retirement benefits for directors	15	(5)	112
Increase (decrease) in accrued bonuses for employees	(12)	5	(89)
Increase (decrease) in net defined benefit liabilities	364	765	2,725
Increase (decrease) in reserve for price fluctuation	235	277	1,759
Interest and dividends income	(18,714)	(12,896)	(140,148)
Loss (gain) on securities	9,204	(4,948)	68,928
Interest expenses	0	0	0
Foreign exchange loss (gain)	4,192	387	31,393
Loss (gain) on tangible fixed assets	0	(1)	0
Loss (gain) on money held in trust	-	133	-
Decrease (increase) in other assets (other than investing and financing activities)	(22,567)	(11,655)	(169,003)
Increase (decrease) in other liabilities (other than investing and financing activities)	5,898	2,080	44,169
Others, net	(2,311)	(440)	(17,306)
Subtotal	(9,301)	26,992	(69,654)
Interest and dividends received	18,421	13,395	137,954
Interest paid	(0)	(0)	(0)
Income taxes paid	(822)	(2,051)	(6,155)
Income taxes refund	1,137	476	8,514
Net cash provided by (used in) operating activities	9,435	38,813	70,658
Cash flows from investing activities			
Net decrease (increase) in deposits	316	11	2,366
Decrease in money held in trust	-	8,734	-
Purchases of securities	(171,240)	(251,613)	(1,282,408)
Proceeds from sales or redemption of securities	173,307	203,522	1,297,888
Proceeds from collection of loans	1	1	7
Total of net cash provided by (used in) investment transactions	2,385	(39,343)	17,861
Total of net cash provided by (used in) operating activities and investment transactions	11,821	(530)	88,526
Purchases of tangible fixed assets	(285)	(160)	(2,134)
Proceeds from sales of tangible fixed assets	-	3	-
Purchases of intangible fixed assets	-	(4)	-
Net cash provided by (used in) investing activities	2,100	(39,505)	15,726
Cash flows from financing activities			
Dividends paid	(1,165)	(1,165)	(8,724)
Repayment for lease liabilities	(174)	(133)	(1,303)
Net cash provided by (used in) financing activities	(1,339)	(1,298)	(10,027)
Effect of exchange rate changes on cash and cash equivalents	4,915	3,317	36,808
Net increase (decrease) in cash and cash equivalents	15,112	1,326	113,173
Cash and cash equivalents at the beginning of the period	63,997	62,671	479,270
Cash and cash equivalents at the end of the period (Note 9(1))	¥ 79,109	¥ 63,997	\$ 592,443

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 ¥133.53 = US\$1, the rate of exchange on 31st March 2023, 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.

The consolidated subsidiary amortizes prior service costs using the straight-line method over a certain period within the average remaining service period of employees at the time of occurrence (5.8 years).

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 2023 and 2022:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2023	2022	2023
¥ 33,723	¥ 27,083	\$ 252,549

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 Company records deferred tax assets by determining the company classification and taking into account the amount of taxable income before addition or deduction of temporary differences expected against deductible temporary differences, and the schedule for the year in which the deductible temporary differences are anticipated to reverse, on the basis of “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26). Deferred tax assets are recorded partly for tax loss carryforwards of consolidated subsidiaries on the basis of anticipated future taxable income.

The estimated amount of taxable income before addition or deduction of temporary differences and the company classification are based on future forecasts of profit and loss as well as previous fiscal years’ performance. The recoverability of deferred tax assets is judged based on the estimated amount of taxable income before addition or deduction of temporary differences. 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

As deferred tax assets are recorded on the basis of forecasts and assumptions of future taxable income, the

amount of deferred tax assets recorded could fluctuate in cases where there are changes in judgments of the recoverability of deductible temporary differences or tax loss carryforwards due to actual taxable income and future business results.

(2) Outstanding Claims

A. Amount recorded in the consolidated financial statements for the fiscal year ended 31st March 2023 and 2022:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2023	2022	2023
¥ 392,277	¥ 346,775	\$ 2,937,744

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

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, revised on 17th June, 2021) has been applied from the beginning of the fiscal year ended 31st March 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy has been applied prospectively. The effect of applying this accounting standard on consolidated financial statements is immaterial.

The details pertaining to investment trust funds in the previous fiscal year have not been provided in Fair Value of Financial Instruments and Breakdown by Input Level, Note 10. Financial Instruments, pursuant to Paragraph 27-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

5. 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))
	2023	2022	2023
Accumulated depreciation	¥ 11,136	¥ 10,471	\$ 83,396
Advanced depreciation	29	29	217

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Securities	¥ 10	¥ 10	\$ 74

- (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))
	2023	2022	2023
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.”

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Securities	¥ 33,628	¥ 31,798	\$ 251,838

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

6. 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))
	2023	2022	2023
Commissions, net of reinsurance ceded	¥ 61,596	¥ 63,604	\$ 461,289

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

7. 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))
	2023	2022	2023
Net unrealized gains on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	¥ (34,897)	¥ 16,018	\$ (261,342)
Reclassification adjustments	1,451	(1,876)	10,866
Before income tax effect adjustments	(33,445)	14,141	(250,468)
Income tax effects	6,723	(4,457)	50,348
Net unrealized gains on available-for-sale securities, net of tax	(26,721)	9,684	(200,112)
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	17,539	11,148	131,348
Reclassification adjustments	239	229	1,789
Before income tax effect adjustments	17,779	11,378	133,146
Income tax effects	113	(66)	846
Net foreign currency translation adjustments	17,892	11,312	133,992
Remeasurements of defined benefit plans, net of tax:			
Gains (losses) arising during the period	3,080	(3)	23,065
Reclassification adjustments	229	621	1,714
Before income tax effect adjustments	3,310	617	24,788
Income tax effects	(763)	(150)	(5,714)
Remeasurements of defined benefit plans, net of tax	2,546	467	19,066
Total other comprehensive income	¥ (6,282)	¥ 21,463	\$ (47,045)

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

For the year ended 31st March 2023

(1) Detailed Information for Outstanding Shares and Treasury Stock

	(Thousand shares)			
	Number of shares as of 1st April 2022	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2023
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 2022	Common stock	¥ 1,140million \$ 8,537 thousand (Note 1(2))	¥ 12.5 \$ 0.09 (Note 1(2))	31st March 2022	30th June 2022
General meeting of shareholders on 29th June 2022	Class A stock	¥ 24million \$ 179 thousand (Note 1(2))	¥ 12.5 \$ 0.09 (Note 1(2))	31st March 2022	30th June 2022

Of dividends with record date within the year ended 31st March 2023, dividends with the effective date after 31st March 2023

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 29th June 2023	Common stock	¥ 1,140 million \$ 8,537 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.09 (Note 1(2))	31st March 2023	30th June 2023
General meeting of shareholders on 29th June 2023	Class A stock	¥ 24 million \$ 179 thousand (Note 1(2))	Retained earnings	¥ 12.5 \$ 0.09 (Note 1(2))	31st March 2023	30th June 2023

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	¥ 12.5	31st March 2021	30th June 2021
General meeting of shareholders on 29th June 2021	Class A stock	¥ 24million	¥ 12.5	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	Retained earnings	¥ 12.5	31st March 2022	30th June 2022
General meeting of shareholders on 29th June 2022	Class A stock	¥ 24 million	Retained earnings	¥ 12.5	31st March 2022	30th June 2022

9. 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))
	2023	2022	2023
Cash and deposits	¥ 27,627	¥ 31,344	\$ 206,897
Monetary receivables bought	-	5,999	-
Securities	675,100	658,893	5,055,792
Time deposits with original maturities of more than three months	-	(316)	-
Securities other than cash equivalents	(623,617)	(631,922)	(4,670,238)
Cash and cash equivalents	<u>¥ 79,109</u>	<u>¥ 63,997</u>	<u>\$ 592,443</u>

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

10. 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 2023 and 2022 are as follows.

Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are not included in the table. Please see note (b) 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 2023

	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	¥ 35,241	¥ 15,815	¥ -	¥ 51,057
Available for sale	160,755	451,571	-	612,327
Total assets	<u>¥ 195,996</u>	<u>¥ 467,387</u>	<u>¥ -</u>	<u>¥ 663,384</u>

	Thousands of U.S. dollars (Note 1(2))			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Trading	\$ 263,918	\$ 118,437	\$ -	\$ 382,363
Available for sale	1,203,886	3,381,794	-	4,585,688
Total assets	<u>\$ 1,467,804</u>	<u>\$ 3,500,239</u>	<u>\$ -</u>	<u>\$ 4,968,052</u>

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	-	596,148
Total assets	<u>¥ 141,767</u>	<u>¥ 469,990</u>	<u>¥ -</u>	<u>¥ 611,757</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.

(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, stocks and exchange traded funds. Securities that are based on the presented quoted prices in inactive markets are classified into Level 2.

The fair value of unlisted investment trust funds is mainly based on net asset value provided by investment trust management companies. The fair value of the investment trust funds is classified into either Level 1 or Level 2, mainly based on constituents held in trust.

The fair value of bonds other than bonds of which the fair value is 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) 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))
	2023	2022	2023
Stocks with no market prices, etc.*	¥ 2,784	¥ 3,074	\$ 20,849
Ownership stakes in partnerships, etc.**	1,146	849	8,582
Total	¥ 3,930	¥ 3,924	\$ 29,431

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

** Ownership stakes in partnerships, etc. are mainly investment partnerships. In accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31), these amounts are not included in disclosures of fair value.

(c) Investment trust funds of which a net asset value is deemed to be a fair value to the investment trust funds, in accordance with accounting principles generally accepted in Japan

In accordance with accounting principles generally accepted in Japan, certain investment trust funds of which a net asset value is deemed to be a fair value to the investment trust funds are not subject to disclosure of Fair Value of Financial Instruments and Breakdown by Input Level. The amount of the investment trust funds on the consolidated balance sheets is ¥7,785 million (\$ 58,301 thousand).

- (i) Changes in investment trust funds whose investment trust property is financial instruments during the period

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities	Available-for-sale securities
	2023	2023
As of 1st April 2022	¥ 2,132	\$ 15,966
Net income (loss) or other comprehensive income for the year ended 31st March 2023	61	456
Net income (loss)	-	-
Other comprehensive income*	61	456
Net amount of purchases, sales and redemption	22	164
As of 31st March 2023	¥ 2,217	\$ 16,603

* The above amount is included in “Net unrealized gains on available-for-sale securities, net of tax” of “Other comprehensive income” in the consolidated statement of comprehensive income.

- (ii) Components of restrictions on cancellation or repurchase requests of investment trust funds whose investment trust property is financial instruments

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities	Available-for-sale securities
	2023	2023
Investment trust funds which have certain restrictions, such as frequency of dates for applying to cancellation or repurchase requests	¥ 2,217	\$ 16,603

- (iii) Changes in investment trust funds whose investment trust property is real estate during the period

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities	Available-for-sale securities
	2023	2023
As of 1st April 2022	¥ 5,456	\$ 40,859
Net income (loss) or other comprehensive income for the year ended 31st March 2023	111	831
Net income (loss)	-	-
Other comprehensive income*	111	831
Net amount of purchases, sales and redemption	-	-
As of 31st March 2023	¥ 5,568	\$ 41,698

* The above amount is included in “Net unrealized gains on available-for-sale securities, net of tax” of “Other comprehensive income” in the consolidated statement of comprehensive income.

- (d) The redemption schedules as of 31st March 2023 and 2022 for monetary receivables and securities with maturities are as follows:

As of 31st March 2023

	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	¥ 27,627	¥ -	¥ -	¥ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	2,137	7,377	93
Municipal bonds	-	-	-	-
Corporate bonds	8,735	105,540	6,267	5,400
Foreign securities	56,606	146,471	68,592	122,636
Total	¥ 92,969	¥ 254,148	¥ 82,237	¥ 128,130

	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	\$ 206,897	\$ -	\$ -	\$ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	16,003	55,246	696
Municipal bonds	-	-	-	-
Corporate bonds	65,416	790,384	46,933	40,440
Foreign securities	423,919	1,096,914	513,682	918,415
Total	\$ 696,240	\$ 1,903,302	\$ 615,869	\$ 959,559

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

11. Investments in Securities

(1) Information regarding trading securities as of 31st March 2023 and 2022 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Net unrealized gains (losses) recognized for the fiscal year	¥ (7,963)	¥ (2,369)	\$ (59,634)

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

(3) Information regarding available-for-sale securities with fair value as of 31st March 2023 and 2022 is as follows:

As of 31st March 2023

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 12,216	¥ 11,393	¥ 823
Stocks	105,995	18,097	87,898
Foreign securities	102,858	95,424	7,433
Others	6,070	5,588	481
Subtotal	227,141	130,504	96,637
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	124,764	125,552	(787)
Stocks	136	170	(34)
Foreign securities	267,120	301,735	(34,615)
Others	949	1,000	(50)
Subtotal	392,971	428,458	(35,487)
Total	¥ 620,113	¥ 558,963	¥ 61,150

	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	\$ 91,485	\$ 85,321	\$ 6,163
Stocks	793,791	135,527	658,264
Foreign securities	770,298	714,625	55,665
Others	45,457	41,848	3,602
Subtotal	1,701,048	977,338	723,710
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	934,351	940,253	(5,893)
Stocks	1,018	1,273	(254)
Foreign securities	2,000,449	2,259,679	(259,230)
Others	7,107	7,488	(374)
Subtotal	2,942,941	3,208,702	(265,760)
Total	\$ 4,643,997	\$ 4,186,048	\$ 457,949

* Stocks with no market prices, etc. and ownership stakes in partnerships, etc. are not included in the above table.

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

* Stocks with no market prices, etc. and ownership stakes in partnerships, etc. 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))
	2023	2022	2023
Proceeds from sales			
Government, municipal and corporate bonds	¥ 17,369	¥ 9,114	\$ 130,075
Stocks	150	3	1,123
Foreign securities	81,791	87,139	612,529
Others	1,386	35	10,379
Total	¥ 100,697	¥ 96,292	\$ 754,115
Gain on sales			
Government, municipal and corporate bonds	¥ 7	¥ 147	\$ 52
Stocks	4	2	29
Foreign securities	1,134	3,098	8,492
Others	-	1	-
Total	¥ 1,146	¥ 3,249	\$ 8,582
Loss on sales			
Government, municipal and corporate bonds	¥ 11	¥ 88	\$ 82
Stocks	150	-	1,123
Foreign securities	1,778	569	13,315
Others	99	0	741
Total	¥ 2,040	¥ 657	\$ 15,277

(5) Securities for which impairment losses are recognized

For the year ended 31st March 2023, the Company recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥ 114 million (\$ 853 thousand) in the consolidated statement of income.

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 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.

12. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Net unrealized gains (losses) recognized for the fiscal year	¥ -	¥ (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.

13. Derivatives

None.

14. 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))
	2023	2022	2023
Retirement benefit obligations at the beginning of the period	¥ 23,106	¥ 21,801	\$ 173,039
Service cost	955	918	7,151
Interest cost	465	364	3,482
Actuarial differences	(5,187)	(381)	(38,845)
Benefit paid	(1,117)	(935)	(8,365)
Prior service cost	-	(19)	-
Others	1,984	1,358	14,858
Retirement benefit obligations at the end of the period	¥ 20,206	¥ 23,106	\$ 151,321

B. Changes in the plan assets during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
	Plan assets at the beginning of the period	¥ 13,006	¥ 12,214
Expected return on plan assets	411	401	3,077
Actuarial differences	(1,639)	11	(12,274)
Employer contributions	675	566	5,055
Benefit paid	(913)	(783)	(6,837)
Others	893	595	6,687
Plan assets at the end of the period	¥ 12,434	¥ 13,006	\$ 93,117

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))
	2023	2022	2023
	Retirement benefit obligations for funded plan	¥ 15,458	¥ 17,512
Plan assets	(12,434)	(13,006)	(93,117)
	3,023	4,506	22,639
Retirement benefit obligations for unfunded plan	4,747	5,593	35,550
Net amount of liabilities (assets) recognized in the consolidated balance sheet	¥ 7,771	¥ 10,099	\$ 58,196
Net defined benefit liabilities	¥ 7,771	¥ 10,099	\$ 58,196
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 7,771	¥ 10,099	\$ 58,196

D. Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
	Service cost	¥ 955	¥ 918
Interest cost	465	364	3,482
Expected return on plan assets	(411)	(401)	(3,077)
Amortization of actuarial differences	229	621	1,714
Amortization of prior service cost	4	(19)	29
Retirement benefit cost for defined benefit plan	¥ 1,243	¥ 1,483	\$ 9,308

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))
	2023	2022	2023
	Actuarial differences	¥ 3,778	¥ 1,014
Prior service cost	4	-	29
Others	(472)	(396)	(3,534)
Total	¥ 3,310	¥ 617	\$ 24,788

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))
	2023	2022	2023
Unrecognized actuarial differences	¥ 24	¥ (3,307)	\$ 179
Unrecognized prior service cost	(21)	-	(157)
Total	¥ 2	¥ (3,307)	\$ 14

G. Plan assets

(a) Major Components of plan assets

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

	2023	2022
Bonds	23%	18%
Stocks	16	25
General accounts	57	54
Others	4	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:

	2023	2022
Discount rate	Mainly 1.3%	Mainly 0.6%
Long-term expected rate of return	Mainly 1.1%	Mainly 1.2%

15. Deferred Tax Accounting

(1) Major Components of Net Deferred Tax Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Deferred tax assets			
Underwriting reserves	¥ 27,991	¥ 31,119	\$ 209,623
Outstanding claims	14,548	14,186	108,949
Net unrealized losses on available-for-sale securities	7,087	-	53,074
Tax loss carryforwards **	5,722	3,854	42,851
Reserve for price fluctuation	3,212	3,146	24,054
Net defined benefit liabilities	1,751	2,313	13,113
Others	1,885	1,895	14,116
Subtotal of deferred tax assets	62,200	56,515	465,812
Valuation allowance on tax loss carryforwards **	-	(430)	-
Valuation allowance on deductible temporary differences	(364)	(441)	(2,725)
Subtotal of Valuation allowance *	(364)	(871)	(2,725)
Total deferred tax assets	61,835	55,644	463,079
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	(26,506)	(26,167)	(198,502)
Others	(1,605)	(2,393)	(12,019)
Total deferred tax liabilities	(28,111)	(28,561)	(210,521)
Net deferred tax assets	¥ 33,723	¥ 27,083	\$ 252,549

(Notes)

* Valuation allowance decreased by ¥ 506 million (\$ 3,789 thousand). The main reason of this decrease is due to the decrease in the valuation allowance related to the consolidated subsidiary's tax loss carryforwards

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

As of 31st March 2023

	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	¥ -	-	1,682	1,218	196	2,625	¥ 5,722
Valuation allowance	¥ -	-	-	-	-	-	¥ -
Deferred tax assets	¥ -	-	1,682	1,218	196	2,625	¥ 5,722

	Thousands of U.S. dollars (Note 1(2))						
	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	\$ -	-	12,596	9,121	1,467	19,658	\$ 42,851
Valuation allowance	\$ -	-	-	-	-	-	\$ -
Deferred tax assets	\$ -	-	12,596	9,121	1,467	19,658	\$ 42,851

(Notes)

(a) Figures for tax loss carryforwards were the amounts multiplied by effective statutory tax rate.

(b) For the tax loss carryforward of ¥ 5,722 million (\$ 42,851 thousand) (amounts multiplied by effective statutory tax

rate), deferred tax assets of ¥ 5,722 million (\$ 42,851 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 2022

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	¥ -	-	-	1,471	1,066	1,316	¥ 3,854
Valuation allowance	¥ -	-	-	-	253	176	¥ 430
Deferred tax assets	¥ -	-	-	1,471	812	1,139	¥ 3,424

(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 (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,424 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 2023 and 2022 are as follows:

	2023	2022
Effective statutory income tax rate of the Company	28.0%	28.0%
(Adjustments)		
Expiration of term of tax loss carryforwards	-	559.3
Tax rate applied to consolidated subsidiaries	32.4	94.9
Non-taxable revenue such as dividends received	(17.4)	(71.9)
Valuation allowance	(18.2)	(310.0)
Others	(6.4)	26.3
Effective income tax rate of the Company	18.4%	326.6%

16. 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 2023

(Millions of yen)

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	¥ 211,043	¥ 74,287	¥ 35,491	¥ 320,822
Inter-segment sales or transfers	2,552	(1,873)	171	850
Total	213,595	72,414	35,662	321,672
Profit or loss by reportable segments	12,490	(8,734)	(1,419)	2,336
Assets by reportable segments	579,671	293,456	121,531	994,658
Liabilities by reportable segments	416,943	229,744	70,873	717,561
Other items				
Depreciation	964	97	37	1,099
Interest and dividends income	10,827	7,392	494	18,714
Interest expenses	0	-	-	0
Extraordinary loss	236	-	-	236
Provision for reserve under the special law	235	-	-	235
Income tax expense	4,027	(2,555)	(946)	525

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

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	\$ 1,580,491	\$ 556,331	\$ 265,790	\$ 2,402,621
Inter-segment sales or transfers	19,111	(14,026)	1,280	6,365
Total	1,599,603	542,305	267,071	2,408,986
Profit or loss by reportable segments	93,537	(65,408)	(10,626)	17,494
Assets by reportable segments	4,341,129	2,197,678	910,140	7,448,947
Liabilities by reportable segments	3,122,466	1,720,542	530,764	5,373,781
Other items				
Depreciation	7,219	726	277	8,230
Interest and dividends income	81,082	55,358	3,699	140,148
Interest expenses	0	-	-	0
Extraordinary loss	1,767	-	-	1,767
Provision for reserve under the special law	1,759	-	-	1,759
Income tax expense	30,158	(19,134)	(7,084)	3,931

* Sales represent "Net premiums written".

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

* 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))
	2023	2022	2023
Total of reportable segments	¥ 321,672	¥ 301,780	\$ 2,408,986
Elimination of inter-segment transactions	(850)	244	(6,365)
Sales in consolidated financial statements	<u>¥ 320,822</u>	<u>¥ 302,024</u>	<u>\$ 2,402,621</u>

* Sales represent “Net premiums written”.

B. Profit or loss

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Total of reportable segments	¥ 2,336	¥ (1,110)	\$ 17,494
Elimination of inter-segment transactions	114	(138)	853
Net income (loss) attributable to owners of the parent in consolidated financial statements	<u>¥ 2,450</u>	<u>¥ (1,248)</u>	<u>\$ 18,347</u>

C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
Total of reportable segments	¥ 994,658	¥ 934,698	\$ 7,448,947
Elimination of inter-segment transactions	(88,909)	(74,276)	(665,835)
Total assets in consolidated financial statements	<u>¥ 905,749</u>	<u>¥ 860,421</u>	<u>\$ 6,783,112</u>

D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
	Total of reportable segments	¥ 717,561	¥ 662,893
Elimination of inter-segment transactions	(8,114)	(3,779)	(60,765)
Total liabilities in consolidated financial statements	¥ 709,446	¥ 659,114	\$ 5,313,008

E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2023	2022	2023
	Income tax expense		
Total of reportable segments	¥ 525	¥ 1,833	\$ 3,931
Elimination of inter-segment transactions	25	(33)	187
Amounts in consolidated financial statements	¥ 550	¥ 1,799	\$ 4,118

(5) Related Information

For the year ended 31st March 2023

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	¥85,009	¥12,808	¥29,042	¥55,214	¥97,713	¥9,233	¥31,799	¥320,822

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

	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	\$636,628	\$95,918	\$217,494	\$413,495	\$731,768	\$69,145	\$238,141	\$2,402,621

* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

(Millions of yen)

Japan	United States	Others	Total
¥ 178,740	¥ 77,804	¥ 64,277	¥ 320,822

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

Japan	United States	Others	Total
\$1,338,575	\$ 582,670	\$ 481,367	\$2,402,621

* 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
¥ 8,597	¥ 1,375	¥ 9,972

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

Japan	Others	Total
\$ 64,382	\$ 10,297	\$ 74,679

C. Information about major customers

None.

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

* 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

* 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

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.

17. Related Party Transactions

There are no material transactions with related parties to report for the years ended 31st March 2023 and 2022.

18. Per Share Information

	Yen		U.S. dollars (Note 1(2))
	2023	2022	2023
Net assets per share	¥ 2,106.05	¥ 2,159.74	\$ 15.77
Net income (loss) per share	26.29	(13.39)	0.20

* There are no potential common shares, therefore diluted net income per share is not described for the fiscal year ended 31st March 2023.

** 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.

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

	For the year ended 31st March 2023	For the year ended 31st March 2022
Net income (loss) attributable to owners of the parent (Millions of yen)	¥ 2,450	¥ (1,248)
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)	¥ 2,450	¥ (1,248)
Average number of common shares outstanding for the year (Thousand shares)	93,209	93,209
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 91,279 Class A Stock 1,930

19. 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 2023.

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

¥ 576 per share (minimum)

\$ 4.31 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 2022	As of 31st March 2023	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	¥ 167	¥ 163	-	-
Lease liabilities (except for those due in 1 year or less)	268	134	-	From 1st January 2024 to 28th February 2027
Total	¥ 436	¥ 297	-	-

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

	As of 1st April 2022	As of 31st March 2023	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	\$ 1,250	\$ 1,220	-	-
Lease liabilities (except for those due in 1 year or less)	2,007	1,003	-	From 1st January 2024 to 28th February 2027
Total	\$ 3,265	\$ 2,224	-	-

(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	¥ 100	¥ 27	¥ 6	¥ -

(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	\$ 748	\$ 202	\$ 44	\$ -

3. Detailed Information for Asset Retirement Obligations

None.

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, 2023, 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, 2023, 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.

Evaluation of recoverability of deferred tax assets	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note (Significant Accounting Estimates), the Group recorded deferred tax assets of ¥33,723 million in its consolidated balance sheet as of March 31, 2023. Deferred tax assets accounted for 17.2% of the net assets of ¥196,303 million.</p> <p>The Group records deferred tax assets by determining the company classification and taking into account the amount of taxable income before addition or deduction of temporary differences expected against deductible temporary differences, and the schedule for the year in which the deductible temporary differences are anticipated to reverse, on the basis of “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26).</p> <p>Given that the Group has tax loss carryforwards that expired within the past three years, the Group determined its company classification in consideration of factors such as progress on the TEAM TOA 2023 mid-term management plan and the expected future results of the plan, the recent hardening of the reinsurance market, renewals of reinsurance contracts, the occurrence of major loss (e.g., loss resulting from natural disasters), and estimates of future taxable income before addition or deduction of temporary differences.</p> <p>The Group recorded deferred tax assets of ¥5,722 million which resulted from tax loss carryforwards. Of this amount, a substantial portion was recorded by its consolidated subsidiary, The Toa 21st Century Reinsurance Co. Ltd.</p> <p>The company classification and the estimates of future taxable income before addition or deduction of temporary differences are based on actual results for the prior periods and the future forecasts of profit and loss, for which the key assumptions are expected net premiums written, expected net claims paid, and expected outstanding claims.</p> <p>Given that the evaluation of the recoverability of deferred tax assets is based primarily on the judgment of management and that the underlying future forecasts of profit and loss are affected by the key assumptions noted above, we determined that this is a key audit matter.</p>	<p>In evaluating the recoverability of the deferred tax assets, we mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the design and operating effectiveness of internal controls relating to the recoverability of deferred tax assets. • In order to evaluate the determination of company classification made by management, we examined factors such as progress on the TEAM TOA 2023 mid-term management plan and the expected future results of the plan, the recent hardening of the reinsurance market, renewals of reinsurance contracts, the occurrence of major loss (e.g., loss resulting from natural disasters), and estimates of future taxable income before temporary differences. • With regard to the amount of temporary differences and tax loss carryforwards, we involved our network firm's tax specialists to examine the schedule of reversals and expiration of temporary differences and tax loss carryforwards. • In order to evaluate 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 management and examined the accuracy of management's estimates by, for example, comparing the estimates of taxable income for the prior years with actual results. • We held discussions with the Group's management about the impact of the COVID-19 on expected net premiums written, expected net claims paid, and expected outstanding claims, which are key assumptions underlying future forecasts of profit and loss. • We performed trend analysis of net premiums written and the amount of loss, including the net claims paid, in future forecasts of profit and loss for each line of business. For lines of business with large fluctuations, we made inquiries about the factors resulting in the fluctuations and compared our analysis results with recent business results to examine management's assumptions. • With regard to expected major loss (e.g., loss resulting from natural disasters) affecting future forecasts of profit and loss, we compared forecasts for the prior years with actual results to examine management's assumptions.

Calculation of IBNR reserves	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note (Significant Accounting Estimates), the Group recorded outstanding claims of ¥392,277 million its consolidated balance sheet as of March 31, 2023. Outstanding claims accounted for 55.3% of total liabilities. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the reinsurance business operated by the Company and its consolidated subsidiary The Toa Reinsurance Co. of America.</p> <p>As described in Note (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 recorded at the amount of expected ultimate loss claims paid and ordinary outstanding claims. The key assumptions for calculating the expected ultimate loss are the loss development factor, which is calculated based on past claim payment experience, etc. in order to estimate the ultimate loss of insurance claims, and the expected loss ratio.</p> <p>Given that the calculation of IBNR reserves requires a high degree of actuarial expertise and that the key assumptions used in the calculation are strongly influenced by management's judgment, we determined that this is a key audit matter.</p>	<p>In assessing the IBNR reserves, we involved the component auditor and mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the design and operating effectiveness of internal controls relating to the calculation of the IBNR reserves. • In order to evaluate the effectiveness of the IBNR reserves calculation process, we compared estimates for the prior years with actual amounts to examine these amounts. • In order to detect any unusual changes from the last fiscal year, we performed a comparative analysis between the IBNR reserves recorded for the current fiscal year and that recorded for the last fiscal year. • We obtained an understanding of the estimation model used for IBNR reserves calculations and the key assumption involved by making inquiries of management. • We involved our network firm's actuarial specialists to recalculate the estimate of the IBNR reserves, 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 the calculation method used. • We performed tests of details by vouching the basic data used to calculate ultimate loss with external vouchers. • We examined calculation of expected loss ratio based on the occurrence of the insurance events in the past, loss ratio, and actuarial practices. • We compared the loss development factor applied to the calculation of the IBNR reserves with the historical change in the amount of insurance claims to examine these items.

Other Information

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

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

Responsibilities of Management, 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.

- 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.



Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 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 7, 2023

/s/Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

/s/Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant