

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

**Consolidated Financial Statements**  
For the years ended 31st March 2024 and 2023

**The Toa Reinsurance Company, Limited and Subsidiaries**  
Consolidated Balance Sheet  
As of 31st March 2024 and 2023

|   | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|-----------|---|
|   | 2024            | 2023      | 2024  |
| <b>Assets</b>                           |                 |           |   |
| Cash and deposits                       | ¥ 29,161        | ¥ 27,627  | \$ 192,596                                  |
| Securities (Notes 4(2) and (4))         | 814,813         | 675,100   | 5,381,500                                   |
| Loans (Note 4 (3))                      | 509             | 510       | 3,361                                       |
| Tangible fixed assets (Note 4 (1))      |                 |           |   |
| Land                                    | 6,667           | 6,780     | 44,032                                      |
| Buildings                               | 2,357           | 2,437     | 15,567                                      |
| Leased assets                           | 73              | 176       | 482   |
| Other tangible fixed assets             | 786             | 577       | 5,191                                       |
|   | 9,885           | 9,972     | 65,286                                      |
| Intangible fixed assets                 |                 |           |   |
| Software                                | 351             | 835       | 2,318                                       |
| Software in progress                    | 51              | -         | 336   |
| Other intangible fixed assets           | 1               | 2         | 6   |
|   | 405             | 837       | 2,674                                       |
| Other assets                            |                 |           |   |
| Foreign reinsurance accounts receivable | 107,669         | 110,244   | 711,108                                     |
| Rest of other assets                    | 45,038          | 48,866    | 297,457                                     |
|   | 152,707         | 159,110   | 1,008,566                                   |
| Deferred tax assets                     | 15,129          | 33,723    | 99,920                                      |
| Less: Allowance for doubtful accounts   | (1,170)         | (1,133)   | (7,727)                                     |
| Total assets                            | ¥ 1,021,441     | ¥ 905,749 | \$ 6,746,192                                |

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 2024 and 2023

|  | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|-----------|---|
|  | 2024            | 2023      | 2024  |
| <b>Liabilities</b>   |                 |           |   |
| Underwriting funds   |                 |           |   |
| Outstanding claims   | ¥ 393,160       | ¥ 392,277 | \$ 2,596,658                                |
| Underwriting reserves  | 254,730         | 248,666   | 1,682,385                                   |
|  | 647,891         | 640,943   | 4,279,050                                   |
| Other liabilities  | 63,120          | 49,142    | 416,881                                     |
| Net defined benefit liabilities                                      | 8,661           | 7,771     | 57,202                                      |
| Accrued retirement benefits for directors                            | 104             | 117       | 686   |
| Reserve under the special law  |                 |           |   |
| Reserve for price fluctuation  | 11,782          | 11,472    | 77,815                                      |
|  | 11,782          | 11,472    | 77,815                                      |
| Deferred tax liabilities   | 223             | -         | 1,472                                       |
| Total liabilities  | 731,783         | 709,446   | 4,833,121                                   |
| <b>Net assets</b>  |                 |           |   |
| Shareholders' equity   |                 |           |   |
| Capital stock  | 5,000           | 5,000     | 33,022                                      |
| Capital surplus  | 335             | 456       | 2,212                                       |
| Retained earnings  | 137,286         | 123,088   | 906,716                                     |
| Treasury stock   | (3,885)         | (4,649)   | (25,658)                                    |
|  | 138,737         | 123,895   | 916,300                                     |
| Accumulated other comprehensive income                               |                 |           |   |
| Net unrealized gains on available-for-sale securities,<br>net of tax | 106,129         | 41,708    | 700,937                                     |
| Net foreign currency translation adjustments                         | 46,159          | 30,769    | 304,860                                     |
| Remeasurements of defined benefit plans                              | (1,367)         | (70)      | (9,028)                                     |
|  | 150,921         | 72,407    | 996,770                                     |
| Total net assets   | 289,658         | 196,303   | 1,913,070                                   |
| Total liabilities and net assets                                     | ¥ 1,021,441     | ¥ 905,749 | \$ 6,746,192                                |

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 2024 and 2023

|   | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|-----------|---|
|   | 2024            | 2023      | 2024  |
| Ordinary income and expenses:                                 |                 |           |   |
| Ordinary income   |                 |           |   |
| Underwriting income   |                 |           |   |
| Net premiums written  | ¥ 280,826       | ¥ 320,822 | \$ 1,854,738                                |
| Investment income on deposit premiums                         | 275             | 229       | 1,816                                       |
| Reversal of outstanding claims                                | 9,516           | -         | 62,849                                      |
| Reversal of underwriting reserves                             | -               | 4,720     | -   |
| Other underwriting income                                     | 5,585           | 2,912     | 36,886                                      |
|   | 296,203         | 328,683   | 1,956,297                                   |
| Investment income   |                 |           |   |
| Interest and dividends income                                 | 25,527          | 18,714    | 168,595                                     |
| Gain on trading securities                                    | 1,315           | -         | 8,685                                       |
| Gain on sales of securities                                   | 5,807           | 1,146     | 38,352                                      |
| Gain on redemption of securities                              | 117             | 152       | 772   |
| Gain on derivatives   | 134             | 413       | 885   |
| Other investment income                                       | 7               | 12        | 46  |
| Transfer of investment income on deposit premiums             | (275)           | (229)     | (1,816)                                     |
|   | 32,634          | 20,210    | 215,533                                     |
| Other ordinary income   | 232             | 443       | 1,532                                       |
|   | 329,071         | 349,337   | 2,173,376                                   |
| Ordinary expenses   |                 |           |   |
| Underwriting expenses   |                 |           |   |
| Net claims paid   | 229,507         | 235,379   | 1,515,798                                   |
| Commissions and brokerage (Note 5(1))                         | 54,488          | 61,596    | 359,870                                     |
| Provision for outstanding claims                              | -               | 19,190    | -   |
| Provision for underwriting reserves                           | 2,918           | -         | 19,272                                      |
| Other underwriting expenses                                   | 1,170           | -         | 7,727                                       |
|   | 288,084         | 316,165   | 1,902,674                                   |
| Investment expenses   |                 |           |   |
| Loss on trading securities                                    | -               | 7,604     | -   |
| Loss on sales of securities                                   | 1,077           | 2,040     | 7,113                                       |
| Impairment losses on securities                               | 13              | 114       | 85  |
| Loss on redemption of securities                              | 311             | 741       | 2,054                                       |
| Other investment expenses                                     | 3,301           | 3,125     | 21,801                                      |
|   | 4,703           | 13,626    | 31,061                                      |
| Operating and general administrative expenses<br>(Note 5 (1)) | 15,047          | 16,119    | 99,379                                      |
| Other ordinary expenses                                       |                 |           |   |
| Interest expenses   | 0               | 0         | 0   |
| Provision for allowance for doubtful accounts                 | 1               | -         | 6   |
| Other expenses  | 35              | 187       | 231   |
|   | 37              | 187       | 244   |
|   | 307,873         | 346,099   | 2,033,372                                   |
| Ordinary profit   | ¥ 21,197        | ¥ 3,238   | \$ 139,997                                  |

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 2024 and 2023

|   | Millions of yen |         | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|---------|---|
|   | 2024            | 2023    | 2024  |
| Extraordinary income and loss:                  |                 |         |   |
| Extraordinary income                            |                 |         |   |
| Gain on disposal of fixed assets                | ¥ 136           | ¥ -     | \$ 898                                      |
|   | 136             | -       | 898   |
| Extraordinary loss                              |                 |         |   |
| Loss on disposal of fixed assets                | 22              | 0       | 145   |
| Provision for reserve under the special law     |                 |         |   |
| Provision for reserve for price fluctuation     | 309             | 235     | 2,040                                       |
|   | 332             | 236     | 2,192                                       |
| Income before income taxes                      | 21,002          | 3,001   | 138,709                                     |
| Income taxes:                                   |                 |         |   |
| Current   | 9,547           | 342     | 63,053                                      |
| Deferred  | (4,101)         | 208     | (27,085)                                    |
|   | 5,445           | 550     | 35,961                                      |
| Net income                                      | 15,556          | 2,450   | 102,740                                     |
| Net income attributable to owners of the parent | ¥ 15,556        | ¥ 2,450 | \$ 102,740                                  |

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 2024 and 2023

|   | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|-----------|---|
|   | 2024            | 2023      | 2024  |
| Comprehensive income  |                 |           |   |
| Net income  | ¥ 15,556        | ¥ 2,450   | \$ 102,740                                  |
| Other comprehensive income  |                 |           |   |
| Net unrealized gains on available-for-sale securities, net of tax | 64,421          | (26,721)  | 425,473                                     |
| Net foreign currency translation adjustments                      | 15,389          | 17,892    | 101,637                                     |
| Remeasurements of defined benefit plans, net of tax               | (1,297)         | 2,546     | (8,566)                                     |
| Total other comprehensive income (Note 6(1))                      | 78,513          | (6,282)   | 518,545                                     |
|   | ¥ 94,070        | ¥ (3,831) | \$ 621,293                                  |
| (Breakdown)   |                 |           |   |
| Comprehensive income attributable to owners of the parent         | ¥ 94,070        | ¥ (3,831) | \$ 621,293                                  |
| 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 2024 and 2023

For the year ended 31st March 2024

(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           | ¥ 123,088         | ¥ (4,649)      | ¥ 123,895                  |
| Cumulative effects of changes in accounting policies |                      |                 | (193)             |                | (193)                      |
| Restated balance                                     | 5,000                | 456             | 122,895           | (4,649)        | 123,702                    |
| Changes during the period                            |                      |                 |                   |                |                            |
| Dividends from retained earnings                     |                      |                 | (1,165)           |                | (1,165)                    |
| Net income attributable to owners of the parent      |                      |                 | 15,556            |                | 15,556                     |
| Disposal of treasury stock                           |                      | (121)           |                   | 764            | 643                        |
| Net changes in items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes during the period                      | -                    | (121)           | 14,391            | 764            | 15,035                     |
| Balance at the end of the period                     | ¥ 5,000              | ¥ 335           | ¥ 137,286         | ¥ (3,885)      | ¥ 138,737                  |

|  | 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               | ¥ 41,708  | ¥ 30,769                                     | ¥ (70)                                  | ¥ 72,407                                     | ¥ 196,303        |
| Cumulative effects of changes in accounting policies |   |  |   |  | (193)            |
| Restated balance                                     | 41,708  | 30,769                                       | (70)                                    | 72,407                                       | 196,109          |
| Changes during the period                            |   |  |   |  |                  |
| Dividends from retained earnings                     |   |  |   |  | (1,165)          |
| Net income attributable to owners of the parent      |   |  |   |  | 15,556           |
| Disposal of treasury stock                           |   |  |   |  | 643              |
| Net changes in items other than shareholders' equity | 64,421  | 15,389                                       | (1,297)                                 | 78,513                                       | 78,513           |
| Total changes during the period                      | 64,421  | 15,389                                       | (1,297)                                 | 78,513                                       | 93,548           |
| Balance at the end of the period                     | ¥ 106,129   | ¥ 46,159                                     | ¥ (1,367)                               | ¥ 150,921                                    | ¥ 289,658        |

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 2024 and 2023

(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               | \$ 33,022            | \$ 3,011        | \$ 812,944        | \$ (30,704)    | \$ 818,274                 |
| Cumulative effects of changes in accounting policies |                      |                 | (1,274)           |                | (1,274)                    |
| Restated balance                                     | 33,022               | 3,011           | 811,670           | (30,704)       | 817,000                    |
| Changes during the period                            |                      |                 |                   |                |                            |
| Dividends from retained earnings                     |                      |                 | (7,694)           |                | (7,694)                    |
| Net income attributable to owners of the parent      |                      |                 | 102,740           |                | 102,740                    |
| Disposal of treasury stock                           |                      | (799)           |                   | 5,045          | 4,246                      |
| Net changes in items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes during the period                      | -                    | (799)           | 95,046            | 5,045          | 99,299                     |
| Balance at the end of the period                     | \$ 33,022            | \$ 2,212        | \$ 906,716        | \$ (25,658)    | \$ 916,300                 |

|  | 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               | \$ 275,463  | \$ 203,216                                   | \$ (462)                                | \$ 478,218                                   | \$ 1,296,499     |
| Cumulative effects of changes in accounting policies |   |  |   |  | (1,274)          |
| Restated balance                                     | 275,463   | 203,216                                      | (462)                                   | 478,218                                      | 1,295,218        |
| Changes during the period                            |   |  |   |  |                  |
| Dividends from retained earnings                     |   |  |   |  | (7,694)          |
| Net income attributable to owners of the parent      |   |  |   |  | 102,740          |
| Disposal of treasury stock                           |   |  |   |  | 4,246            |
| Net changes in items other than shareholders' equity | 425,473   | 101,637                                      | (8,566)                                 | 518,545                                      | 518,545          |
| Total changes during the period                      | 425,473   | 101,637                                      | (8,566)                                 | 518,545                                      | 617,845          |
| Balance at the end of the period                     | \$ 700,937  | \$ 304,860                                   | \$ (9,028)                              | \$ 996,770                                   | \$ 1,913,070     |

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 2024 and 2023

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                      |
| Disposal of treasury stock                           |                      |                 |                   |                | -                          |
| 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            |
| Disposal of treasury stock                           |   |  |   |  | -                |
| 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 Cash Flows  
For the years ended 31st March 2024 and 2023

|  | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|-----------|---|
|  | 2024            | 2023      | 2024  |
| <b>Cash flows from operating activities</b>  |                 |           |   |
| Income before income taxes   | ¥ 21,002        | ¥ 3,001   | \$ 138,709                                  |
| Depreciation and amortization  | 910             | 1,099     | 6,010                                       |
| Increase (decrease) in outstanding claims  | (18,956)        | 16,368    | (125,196)                                   |
| Increase (decrease) in underwriting reserves   | 317             | (5,870)   | 2,093                                       |
| Increase (decrease) in allowance for doubtful accounts                                   | 36              | (205)     | 237   |
| Increase (decrease) in accrued retirement benefits for directors                         | (12)            | 15        | (79)  |
| Increase (decrease) in accrued bonuses for employees                                     | (4)             | (12)      | (26)  |
| Increase (decrease) in net defined benefit liabilities                                   | (1,191)         | 364       | (7,866)                                     |
| Increase (decrease) in reserve for price fluctuation                                     | 309             | 235       | 2,040                                       |
| Interest and dividends income  | (25,527)        | (18,714)  | (168,595)                                   |
| Loss (gain) on securities  | (5,837)         | 9,204     | (38,550)                                    |
| Interest expenses  | 0               | 0         | 0   |
| Foreign exchange loss (gain)   | 4,205           | 4,192     | 27,772                                      |
| Loss (gain) on tangible fixed assets   | (114)           | 0         | (752)                                       |
| Decrease (increase) in other assets (other than investing and financing activities)      | 14,835          | (22,567)  | 97,978                                      |
| Increase (decrease) in other liabilities (other than investing and financing activities) | 3,843           | 5,898     | 25,381                                      |
| Others, net  | (512)           | (2,311)   | (3,381)                                     |
| Subtotal   | (6,693)         | (9,301)   | (44,204)                                    |
| Interest and dividends received  | 26,770          | 18,421    | 176,804                                     |
| Interest paid  | (0)             | (0)       | (0)   |
| Income taxes paid  | (883)           | (822)     | (6,756)                                     |
| Income taxes refund  | 1,024           | 1,137     | 7,687                                       |
| Net cash provided by (used in) operating activities                                      | 20,218          | 9,435     | 133,531                                     |
| <b>Cash flows from investing activities</b>  |                 |           |   |
| Net decrease (increase) in deposits  | -               | 316       | -   |
| Purchases of securities  | (147,789)       | (171,240) | (976,084)                                   |
| Proceeds from sales or redemption of securities  | 139,007         | 173,307   | 918,083                                     |
| Proceeds from collection of loans  | 1               | 1         | 6   |
| Total of net cash provided by (used in) investment transactions                          | (8,780)         | 2,385     | (57,988)                                    |
| Total of net cash provided by (used in) operating activities and investment transactions | 11,437          | 11,821    | 75,536                                      |
| Purchases of tangible fixed assets   | (203)           | (285)     | (1,340)                                     |
| Proceeds from sales of tangible fixed assets   | 268             | -         | 1,770                                       |
| Purchases of intangible fixed assets   | (49)            | -         | (323)                                       |
| Net cash provided by (used in) investing activities                                      | (8,765)         | 2,100     | (57,889)                                    |
| <b>Cash flows from financing activities</b>  |                 |           |   |
| Dividends paid   | (1,165)         | (1,165)   | (7,694)                                     |
| Repayment for lease liabilities  | (170)           | (174)     | (1,122)                                     |
| Proceeds from disposal of treasury stock   | 643             | -         | 4,246                                       |
| Net cash provided by (used in) financing activities                                      | (692)           | (1,339)   | (4,570)                                     |
| Effect of exchange rate changes on cash and cash equivalents                             | 7,565           | 4,915     | 49,963                                      |
| Net increase (decrease) in cash and cash equivalents                                     | 18,326          | 15,112    | 121,035                                     |
| Cash and cash equivalents at the beginning of the period                                 | 79,109          | 63,997    | 522,482                                     |
| Cash and cash equivalents at the end of the period (Note 8(1))                           | ¥ 97,436        | ¥ 79,109  | \$ 643,524                                  |

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 ¥151.41 = US\$1, the rate of exchange on 31st March 2024, 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 2024 and 2023:

| Millions of yen |          | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|-----------------|----------|---|
| 2024            | 2023     | 2024  |
| ¥ 15,129        | ¥ 33,723 | \$ 99,920                                   |

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 (Gross amount) 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.

(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 2024 and 2023:

| Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|-----------------|-----------|---|
| 2024            | 2023      | 2024  |
| ¥ 393,160       | ¥ 392,277 | \$ 2,596,658                                |

- 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 Companies 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 Companies.

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 Companies record 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. 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<br>U.S. dollars<br>(Note 1(2)) |
|--------------------------|-----------------|----------|---|
|                          | 2024            | 2023     | 2024  |
| Accumulated depreciation | ¥ 11,301        | ¥ 11,136 | \$ 74,638                                   |
| Advanced depreciation    | 21              | 29       | 138   |

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

|            | Millions of yen |      | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|------------|-----------------|------|---|
|            | 2024            | 2023 | 2024  |
| Securities | ¥ 10            | ¥ 10 | \$ 66                                       |

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

|  | Millions of yen |      | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|------|---|
|  | 2024            | 2023 | 2024  |
| 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<br>U.S. dollars<br>(Note 1(2)) |
|------------|-----------------|----------|---|
|            | 2024            | 2023     | 2024  |
| Securities | ¥ 29,213        | ¥ 33,628 | \$ 192,939                                  |

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



## 5. Notes to the Consolidated Statement of Income

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

|                                       | Millions of yen |          | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---------------------------------------|-----------------|----------|---|
|                                       | 2024            | 2023     | 2024  |
| Commissions, net of reinsurance ceded | ¥ 54,488        | ¥ 61,596 | \$ 359,870                                  |

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

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

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

|  | Millions of yen |            | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|------------|---|
|  | 2024            | 2023       | 2024  |
| Net unrealized gains on available-for-sale securities, net of tax: |                 |            |   |
| Gains (losses) arising during the period                           | ¥ 93,309        | ¥ (34,897) | \$ 616,267                                  |
| Reclassification adjustments                                       | (4,522)         | 1,451      | (29,865)                                    |
| Before income tax effect adjustments                               | 88,787          | (33,445)   | 586,401                                     |
| Income tax effects   | (24,365)        | 6,723      | (160,920)                                   |
| Net unrealized gains on available-for-sale securities, net of tax  | 64,421          | (26,721)   | 425,473                                     |
| Net foreign currency translation adjustments:                      |                 |            |   |
| Gains (losses) arising during the period                           | 15,411          | 17,539     | 101,783                                     |
| Reclassification adjustments                                       | 33              | 239        | 217   |
| Before income tax effect adjustments                               | 15,444          | 17,779     | 102,001                                     |
| Income tax effects   | (54)            | 113        | (356)                                       |
| Net foreign currency translation adjustments                       | 15,389          | 17,892     | 101,637                                     |
| Remeasurements of defined benefit plans, net of tax:               |                 |            |   |
| Gains (losses) arising during the period                           | (594)           | 3,080      | (3,923)                                     |
| Reclassification adjustments                                       | (1,141)         | 229        | (7,535)                                     |
| Before income tax effect adjustments                               | (1,736)         | 3,310      | (11,465)                                    |
| Income tax effects   | 438             | (763)      | 2,892                                       |
| Remeasurements of defined benefit plans, net of tax                | (1,297)         | 2,546      | (8,566)                                     |
| Total other comprehensive income                                   | ¥ 78,513        | ¥ (6,282)  | \$ (518,545)                                |

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

For the year ended 31st March 2024

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

|                    | Number of shares as<br>of 1st April<br>2023 | Number of shares<br>increased during the<br>period | Number of shares<br>decreased during the<br>period | (Thousand shares)<br>Number of shares as<br>of 31st March 2024 |
|--------------------|---|--|--|--|
| 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                                       | -  | 1,117  | 5,674  |
| Total              | 6,791                                       | -  | 1,117  | 5,674  |

The number of shares decreased during the period in common treasury stock is 1,117 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 29th June 2023 | Common stock   | ¥ 1,140million<br>\$ 7,529 thousand<br>(Note 1(2)) | ¥ 12.5<br>\$ 0.08 (Note 1(2)) | 31st March 2023      | 30th June 2023 |
| General meeting of shareholders on 29th June 2023 | Class A stock  | ¥ 24million<br>\$ 158 thousand<br>(Note 1(2))      | ¥ 12.5<br>\$ 0.08 (Note 1(2)) | 31st March 2023      | 30th June 2023 |

Of dividends with record date within the year ended 31st March 2024, dividends with the effective date after 31st March 2024

|   | Type of shares | Total dividends                                     | Source of dividends | Dividend per share            | Dividend record date | Effective date |
|---|----------------|---|---------------------|-------------------------------|----------------------|----------------|
| General meeting of shareholders on 27th June 2024 | Common stock   | ¥ 1,154 million<br>\$ 7,621 thousand<br>(Note 1(2)) | Retained earnings   | ¥ 12.5<br>\$ 0.08 (Note 1(2)) | 31st March 2024      | 28th June 2024 |
| General meeting of shareholders on 27th June 2024 | Class A stock  | ¥ 24 million<br>\$ 158 thousand<br>(Note 1(2))      | Retained earnings   | ¥ 12.5<br>\$ 0.08 (Note 1(2)) | 31st March 2024      | 28th June 2024 |

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  | ¥ 12.5             | 31st March 2022      | 30th June 2022 |
| General meeting of shareholders on 29th June 2022 | Class A stock  | ¥ 24million     | ¥ 12.5             | 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 | Retained earnings   | ¥ 12.5             | 31st March 2023      | 30th June 2023 |
| General meeting of shareholders on 29th June 2023 | Class A stock  | ¥ 24 million    | Retained earnings   | ¥ 12.5             | 31st March 2023      | 30th June 2023 |

## 8. 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<br>(Note 1(2)) |
|--|-----------------|-----------|--|
|  | 2024            | 2023      | 2024                                     |
| Cash and deposits                      | ¥ 29,161        | ¥ 27,627  | \$ 192,596                               |
| Securities                             | 814,813         | 675,100   | 5,381,500                                |
| Securities other than cash equivalents | (746,537)       | (623,617) | (4,930,566)                              |
| Cash and cash equivalents              | ¥ 97,436        | ¥ 79,109  | \$ 643,524                               |

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

## 9. 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 2024 and 2023 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 2024

| Millions of yen    |           |           |         |           |
|--------------------|-----------|-----------|---------|-----------|
| Fair value         |           |           |         |           |
|                    | Level 1   | Level 2   | Level 3 | Total     |
| Securities         |           |           |         |           |
| Trading            | ¥ 45,661  | ¥ 22,253  | ¥ -     | ¥ 67,914  |
| Available for sale | 238,274   | 494,758   | -       | 733,032   |
| Total assets       | ¥ 283,935 | ¥ 517,011 | ¥ -     | ¥ 800,947 |

| Thousands of U.S. dollars (Note 1(2)) |              |              |         |              |
|---------------------------------------|--------------|--------------|---------|--------------|
| Fair value                            |              |              |         |              |
|                                       | Level 1      | Level 2      | Level 3 | Total        |
| Securities                            |              |              |         |              |
| Trading                               | \$ 301,571   | \$ 146,971   | \$ -    | \$ 448,543   |
| Available for sale                    | 1,573,700    | 3,267,670    | -       | 4,841,371    |
| Total assets                          | \$ 1,875,272 | \$ 3,414,642 | \$ -    | \$ 5,289,921 |

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       | ¥ 195,996 | ¥ 467,387 | ¥ -     | ¥ 663,384 |

(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<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|---------|---|
|  | 2024            | 2023    | 2024  |
| Stocks with no market prices, etc.*      | ¥ 2,884         | ¥ 2,784 | \$ 19,047                                   |
| Ownership stakes in partnerships, etc.** | 1,715           | 1,146   | 11,326                                      |
| Total                                    | ¥ 4,599         | ¥ 3,930 | \$ 30,374                                   |

\* 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 ¥9,266 million (\$ 61,198 thousand).

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

For the year ended 31<sup>st</sup> March 2024

|  | Millions of yen               | Thousands of U.S. dollars<br>(Note 1(2)) |
|--|-------------------------------|--|
|  | Available-for-sale securities | Available-for-sale securities            |
|  | 2024                          | 2024                                     |
| As of 1st April 2023   | ¥ 2,217                       | \$ 14,642                                |
| Net income (loss) or other comprehensive income for the year ended 31st March 2024 | (104)                         | (686)                                    |
| Net income (loss)  | -                             | -  |
| Other comprehensive income*  | (104)                         | (686)                                    |
| Net amount of purchases, sales and redemption                                      | 87                            | 574                                      |
| As of 31st March 2024  | ¥ 2,199                       | \$ 14,523                                |

\* 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.

For the year ended 31<sup>st</sup> March 2023

|  | Millions of yen               |
|--|-------------------------------|
|  | Available-for-sale securities |
|  | 2023                          |
| As of 1st April 2022   | ¥ 2,132                       |
| Net income (loss) or other comprehensive income for the year ended 31st March 2023 | 61                            |
| Net income (loss)  | -                             |
| Other comprehensive income*  | 61                            |
| Net amount of purchases, sales and redemption                                      | 22                            |
| As of 31st March 2023  | ¥ 2,217                       |

\* 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<br>(Note 1(2)) |
|--|-------------------------------|--|
|  | Available-for-sale securities | Available-for-sale securities            |
|  | 2024                          | 2024                                     |
| Investment trust funds which have certain restrictions, such as frequency of dates for applying to cancellation or repurchase requests | ¥ 2,199                       | \$ 14,523                                |

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

For the year ended 31<sup>st</sup> March 2024

|  | Millions of yen               | Thousands of U.S. dollars<br>(Note 1(2)) |
|--|-------------------------------|--|
|  | Available-for-sale securities | Available-for-sale securities            |
|  | 2024                          | 2024                                     |

|  |   |              |    |               |
|--|---|--------------|----|---------------|
| As of 1st April 2023   | ¥ | 5,568        | \$ | 36,774        |
| Net income (loss) or other comprehensive income for the year ended 31st March 2024 |   | 58           |    | 383           |
| Net income (loss)  |   | -            |    | -             |
| Other comprehensive income*  |   | 58           |    | 383           |
| Net amount of purchases, sales and redemption                                      |   | 1,440        |    | 9,510         |
| As of 31st March 2024  | ¥ | <u>7,066</u> | \$ | <u>46,667</u> |

\* 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.

For the year ended 31<sup>st</sup> March 2023

|  | Millions of yen               |              |
|--|-------------------------------|--------------|
|  | Available-for-sale securities |              |
|  | 2023                          |              |
| As of 1st April 2022   | ¥                             | 5,456        |
| Net income (loss) or other comprehensive income for the year ended 31st March 2023 |                               | 111          |
| Net income (loss)  |                               | -            |
| Other comprehensive income*  |                               | 111          |
| Net amount of purchases, sales and redemption                                      |                               | -            |
| As of 31st March 2023  | ¥                             | <u>5,568</u> |

\* 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 2024 and 2023 for monetary receivables and securities with maturities are as follows:

As of 31st March 2024

| Millions of yen                               |                             |   |  |                       |
|---|-----------------------------|---|--|-----------------------|
|   | Due in<br>1 year<br>or less | Due after<br>1 year<br>through<br>5 years | Due after<br>5 years through<br>10 years | Due after<br>10 years |
| Deposits                                      | ¥ 29,161                    | ¥ -                                       | ¥ -                                      | ¥ -                   |
| Securities                                    |                             |   |  |                       |
| Available-for-sale securities with maturities |                             |   |  |                       |
| Government bonds                              | -                           | 3,696                                     | 7,361                                    | 47                    |
| Municipal bonds                               | -                           | -   | -  | -                     |
| Corporate bonds                               | 17,875                      | 112,437                                   | 5,186                                    | 6,600                 |
| Foreign securities                            | 72,962                      | 145,244                                   | 69,296                                   | 130,779               |
| Total   | <u>¥ 119,999</u>            | <u>¥ 261,378</u>                          | <u>¥ 81,844</u>                          | <u>¥ 137,426</u>      |
| Thousands of U.S. dollars (Note 1(2))         |                             |   |  |                       |
|   | Due in<br>1 year<br>or less | Due after<br>1 year<br>through<br>5 years | Due after<br>5 years through<br>10 years | Due after<br>10 years |
| Deposits                                      | \$ 192,596                  | \$ -                                      | \$ -                                     | \$ -                  |
| Securities                                    |                             |   |  |                       |
| Available-for-sale securities with maturities |                             |   |  |                       |
| Government bonds                              | -                           | 24,410                                    | 48,616                                   | 310                   |
| Municipal bonds                               | -                           | -   | -  | -                     |
| Corporate bonds                               | 118,056                     | 742,599                                   | 34,251                                   | 43,590                |
| Foreign securities                            | 481,883                     | 959,276                                   | 457,671                                  | 863,740               |
| Total   | <u>\$ 792,543</u>           | <u>\$ 1,726,292</u>                       | <u>\$ 540,545</u>                        | <u>\$ 907,641</u>     |



As of 31st March 2023

|  | Millions of yen             |   |  |                       |
|--|-----------------------------|---|--|-----------------------|
|  | Due in<br>1 year<br>or less | Due after<br>1 year<br>through<br>5 years | Due after<br>5 years through<br>10 years | Due after<br>10 years |
| Deposits   | ¥ 27,627                    | ¥ -                                       | ¥ -                                      | ¥ -                   |
| Securities                                       |                             |   |  |                       |
| Available-for-sale securities with<br>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             |

## 10. Investments in Securities

(1) Information regarding trading securities as of 31st March 2024 and 2023 is as follows:

|   | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|-----------|---|
|   | 2024            | 2023      | 2024  |
| Net unrealized gains (losses) recognized for<br>the fiscal year | ¥ 524           | ¥ (7,963) | \$ 3,460                                    |

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

(3) Information regarding available-for-sale securities with fair value as of 31st March 2024 and 2023 is as follows:

As of 31st March 2024

|  | Millions of yen |           |                           |
|--|-----------------|-----------|---------------------------|
|  | Carrying amount | Cost      | Unrealized<br>gain (loss) |
| Securities for which carrying amount exceeds their cost            |                 |           |                           |
| Government, municipal and corporate bonds                          | ¥ 9,610         | ¥ 8,169   | ¥ 1,441                   |
| Stocks   | 180,667         | 17,673    | 162,994                   |
| Foreign securities   | 148,396         | 134,115   | 14,281                    |
| Others   | 8,778           | 8,229     | 549                       |
| Subtotal   | 347,453         | 168,187   | 179,266                   |
| Securities for which carrying amount does not exceed their<br>cost |                 |           |                           |
| Government, municipal and corporate bonds                          | 144,846         | 145,854   | (1,008)                   |
| Stocks   | 151             | 170       | (19)                      |
| Foreign securities   | 249,355         | 277,876   | (28,521)                  |
| Others   | 492             | 500       | (7)                       |
| Subtotal   | 394,845         | 424,401   | (29,555)                  |
| Total  | ¥ 742,299       | ¥ 592,588 | ¥ 149,710                 |

  

|   | Thousands of U.S. dollars (Note 1(2)) |           |                           |
|---|---------------------------------------|-----------|---------------------------|
|   | Carrying amount                       | Cost      | Unrealized<br>gain (loss) |
| Securities for which carrying amount exceeds their cost |                                       |           |                           |
| Government, municipal and corporate bonds               | \$ 63,470                             | \$ 53,952 | \$ 9,517                  |
| Stocks  | 1,193,230                             | 116,722   | 1,076,507                 |
| Foreign securities                                      | 980,093                               | 885,773   | 94,320                    |
| Others  | 57,975                                | 54,349    | 3,625                     |
| Subtotal  | 2,294,782                             | 1,110,805 | 1,183,977                 |

|   |              |              |            |
|---|--------------|--------------|------------|
| Securities for which carrying amount does not exceed their cost |              |              |            |
| Government, municipal and corporate bonds                       | 956,647      | 963,304      | (6,657)    |
| Stocks  | 997          | 1,122        | (125)      |
| Foreign securities  | 1,646,885    | 1,835,255    | (188,369)  |
| Others  | 3,249        | 3,302        | (46)       |
| Subtotal  | 2,607,786    | 2,802,991    | (195,198)  |
| Total   | \$ 4,902,575 | \$ 3,913,796 | \$ 988,772 |

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

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               |

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

(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)) |
|---|-----------------|-----------|---------------------------------------|
|   | 2024            | 2023      | 2024                                  |
| Proceeds from sales                       |                 |           |                                       |
| Government, municipal and corporate bonds | ¥ 20,208        | ¥ 17,369  | \$ 133,465                            |
| Stocks                                    | 5,712           | 150       | 37,725                                |
| Foreign securities                        | 41,134          | 81,791    | 271,672                               |
| Others                                    | -               | 1,386     | -                                     |
| Total                                     | ¥ 67,056        | ¥ 100,697 | \$ 442,876                            |
| Gain on sales                             |                 |           |                                       |
| Government, municipal and corporate bonds | ¥ 2             | ¥ 7       | \$ 13                                 |
| Stocks                                    | 5,289           | 4         | 34,931                                |
| Foreign securities                        | 515             | 1,134     | 3,401                                 |
| Others                                    | -               | -         | -                                     |
| Total                                     | ¥ 5,807         | ¥ 1,146   | \$ 38,352                             |
| Loss on sales                             |                 |           |                                       |
| Government, municipal and corporate bonds | ¥ 27            | ¥ 11      | \$ 178                                |
| Stocks                                    | 0               | 150       | 0                                     |
| Foreign securities                        | 1,049           | 1,778     | 6,928                                 |
| Others                                    | -               | 99        | -                                     |
| Total                                     | ¥ 1,077         | ¥ 2,040   | \$ 7,113                              |

(5) Securities for which impairment losses are recognized

For the year ended 31st March 2024, the Company recognized impairment losses regarding available-for-sale

securities with fair value (Foreign securities) in the amount of ¥ 13 million (\$ 85 thousand) in the consolidated statement of income.

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 in the consolidated statement of income.

In principle, impairment losses on available-for-sale securities with fair value are recognized when the fair value has declined by 30% or more of their book value.

## 11. Money Held in Trust

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

None.

### (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.

## 12. Derivatives

None.

## 13. 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<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|----------|---|
|   | 2024            | 2023     | 2024  |
| Retirement benefit obligations at the beginning of the period | ¥ 20,206        | ¥ 23,106 | \$ 133,452                                  |
| Service cost  | 797             | 955      | 5,263                                       |
| Interest cost   | 687             | 465      | 4,537                                       |
| Actuarial differences   | 912             | (5,187)  | 6,023                                       |
| Benefit paid  | (962)           | (1,117)  | (6,353)                                     |
| Others  | 624             | 1,984    | 4,121                                       |
| Retirement benefit obligations at the end of the period       | ¥ 22,266        | ¥ 20,206 | \$ 147,057                                  |

B. Changes in the plan assets during the period

|  | Millions of yen |          | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|----------|---|
|  | 2024            | 2023     | 2024  |
| Plan assets at the beginning of the period | ¥ 12,434        | ¥ 13,006 | \$ 82,121                                   |
| Expected return on plan assets             | 426             | 411      | 2,813                                       |
| Actuarial differences                      | 237             | (1,639)  | 1,565                                       |
| Employer contributions                     | 872             | 675      | 5,759                                       |
| Benefit paid                               | (743)           | (913)    | (4,907)                                     |
| Others                                     | 376             | 893      | 2,483                                       |
| Plan assets at the end of the period       | ¥ 13,604        | ¥ 12,434 | \$ 89,848                                   |

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<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|----------|---|
|   | 2024            | 2023     | 2024  |
| Retirement benefit obligations for funded plan                                    | ¥ 16,571        | ¥ 15,458 | \$ 109,444                                  |
| Plan assets   | (13,604)        | (12,434) | (89,848)                                    |
|   | 2,967           | 3,023    | 19,595                                      |
| Retirement benefit obligations for unfunded plan                                  | 5,694           | 4,747    | 37,606                                      |
| Net amount of liabilities (assets) recognized in the consolidated balance sheet   | ¥ 8,661         | ¥ 7,771  | \$ 57,202                                   |
| Net defined benefit liabilities   | ¥ 8,661         | ¥ 7,771  | \$ 57,202                                   |
| Net amount of liabilities and assets recognized in the consolidated balance sheet | ¥ 8,661         | ¥ 7,771  | \$ 57,202                                   |

D. Components of retirement benefit cost

|  | Millions of yen |         | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|---------|---|
|  | 2024            | 2023    | 2024  |
| Service cost                                     | ¥ 797           | ¥ 955   | \$ 5,263                                    |
| Interest cost                                    | 687             | 465     | 4,537                                       |
| Expected return on plan assets                   | (426)           | (411)   | (2,813)                                     |
| Amortization of actuarial differences            | (989)           | 229     | (6,531)                                     |
| Amortization of prior service cost               | 4               | 4       | 26  |
| Others   | (174)           | -       | (1,149)                                     |
| Retirement benefit cost for defined benefit plan | ¥ (99)          | ¥ 1,243 | \$ (653)                                    |

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<br>U.S. dollars<br>(Note 1(2)) |
|-----------------------|-----------------|---------|---|
|                       | 2024            | 2023    | 2024  |
| Actuarial differences | ¥ (1,664)       | ¥ 3,778 | \$ (10,990)                                 |
| Prior service cost    | 4               | 4       | 26  |
| Others                | (76)            | (472)   | (501)                                       |
| Total                 | ¥ (1,736)       | ¥ 3,310 | \$ (11,465)                                 |

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<br>U.S. dollars<br>(Note 1(2)) |
|------------------------------------|-----------------|------|---|
|                                    | 2024            | 2023 | 2024  |
| Unrecognized actuarial differences | ¥ (1,715)       | ¥ 24 | \$ (11,326)                                 |
| Unrecognized prior service cost    | (18)            | (21) | (118)                                       |
| Total                              | ¥ (1,733)       | ¥ 2  | \$ (11,445)                                 |

G. Plan assets

(a) Major Components of plan assets

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

|                  | 2024 | 2023 |
|------------------|------|------|
| Bonds            | 41%  | 23%  |
| Stocks           | 2    | 16   |
| General accounts | 53   | 57   |
| Others           | 4    | 4    |
| 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:

|                                   | 2024        | 2023        |
|-----------------------------------|-------------|-------------|
| Discount rate                     | Mainly 1.3% | Mainly 1.3% |
| Long-term expected rate of return | Mainly 1.1% | Mainly 1.1% |

## 14. Deferred Tax Accounting

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

|   | Millions of yen |          | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|---|-----------------|----------|---|
|   | 2024            | 2023     | 2024  |
| Deferred tax assets                                     |                 |          |   |
| Underwriting reserves                                   | ¥ 34,941        | ¥ 27,991 | \$ 230,770                                  |
| Outstanding claims                                      | 12,874          | 14,548   | 85,027                                      |
| Tax loss carryforwards **                               | 6,066           | 5,722    | 40,063                                      |
| Net unrealized losses on available-for-sale securities  | 5,772           | 7,087    | 38,121                                      |
| Reserve for price fluctuation                           | 3,299           | 3,212    | 21,788                                      |
| Net defined benefit liabilities                         | 1,933           | 1,751    | 12,766                                      |
| Others  | 2,286           | 1,885    | 15,098                                      |
| Subtotal of deferred tax assets                         | 67,173          | 62,200   | 443,649                                     |
| Valuation allowance on tax loss carryforwards **        | (731)           | -        | (4,827)                                     |
| Valuation allowance on deductible temporary differences | (353)           | (364)    | (2,331)                                     |
| Subtotal of Valuation allowance *                       | (1,085)         | (364)    | (7,165)                                     |
| Total deferred tax assets                               | 66,088          | 61,835   | 436,483                                     |
| Deferred tax liabilities                                |                 |          |   |
| Net unrealized gains on available-for-sale securities   | (49,581)        | (26,506) | (327,461)                                   |
| Others  | (1,600)         | (1,605)  | (10,567)                                    |
| Total deferred tax liabilities                          | (51,182)        | (28,111) | (338,035)                                   |
| Net deferred tax assets                                 | ¥ 14,906        | ¥ 33,723 | \$ 98,447                                   |

(Notes)

\* Valuation allowance increased by ¥ 720 million (\$ 4,755 thousand). The main reason of this increase is due to the increase 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 2024

|                        | Millions of yen             |  |  |   |  |                         |         |
|------------------------|-----------------------------|--|--|---|--|-------------------------|---------|
|                        | Due in<br>1 year<br>or less | Due<br>after<br>1 year<br>through<br>2 years | Due after<br>2 years<br>through<br>3 years | Due<br>after<br>3 years<br>through<br>4 years | Due after<br>4 years<br>through<br>5 years | Due<br>after<br>5 years | Total   |
| Tax loss carryforwards | ¥ -                         | 1,737  | 1,426                                      | 229   | 1,370                                      | 1,302                   | ¥ 6,066 |
| Valuation allowance    | ¥ -                         | 176  | 555  | -   | -  | -                       | ¥ 731   |
| Deferred tax assets    | ¥ -                         | 1,561  | 870  | 229   | 1,370                                      | 1,302                   | ¥ 5,334 |

|                        | Thousands of U.S. dollars (Note 1(2)) |  |  |   |  |                         |           |
|------------------------|---------------------------------------|--|--|---|--|-------------------------|-----------|
|                        | Due in<br>1 year<br>or less           | Due<br>after<br>1 year<br>through<br>2 years | Due after<br>2 years<br>through<br>3 years | Due<br>after<br>3 years<br>through<br>4 years | Due after<br>4 years<br>through<br>5 years | Due<br>after<br>5 years | Total     |
| Tax loss carryforwards | \$ -                                  | 11,472                                       | 9,418                                      | 1,512   | 9,048                                      | 8,599                   | \$ 40,063 |
| Valuation allowance    | \$ -                                  | 1,162  | 3,665                                      | -   | -  | -                       | \$ 4,827  |
| Deferred tax assets    | \$ -                                  | 10,309                                       | 5,745                                      | 1,512   | 9,048                                      | 8,599                   | \$ 35,228 |

(Notes)

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

(b) For the tax loss carryforward of ¥ 6,066 million (\$ 40,063 thousand) (amounts multiplied by effective statutory tax

rate), deferred tax assets of ¥ 5,334 million (\$ 35,228 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 2023

| Millions of yen        |                             |  |  |   |  |                         |         |
|------------------------|-----------------------------|--|--|---|--|-------------------------|---------|
|                        | Due in<br>1 year<br>or less | Due<br>after<br>1 year<br>through<br>2 years | Due after<br>2 years<br>through<br>3 years | Due<br>after<br>3 years<br>through<br>4 years | Due after<br>4 years<br>through<br>5 years | Due<br>after<br>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 |

(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 (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 5,722 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 2024 and 2023 are as follows:

|  | 2024  | 2023   |
|--|-------|--------|
| Effective statutory income tax rate of the Company | 28.0% | 28.0%  |
| (Adjustments)                                      |       |        |
| Valuation allowance                                | 3.2   | (18.2) |
| Foreign tax  | 2.7   | 0.4    |
| Tax rate applied to consolidated subsidiaries      | (1.0) | 32.4   |
| Non-taxable revenue such as dividends received     | (2.6) | (17.4) |
| Foreign tax credit                                 | (5.4) | (0.9)  |
| Others   | 1.0   | (5.9)  |
| Effective income tax rate of the Company           | 25.9% | 18.4%  |

## 15. 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 income for the year 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 2024

(Millions of yen)

|   | Reportable segments |          |          |           |
|---|---------------------|----------|----------|-----------|
|   | Toa                 | TRA      | TRE      | Total     |
| Sales                                       |                     |          |          |           |
| Sales to external customers                 | ¥ 184,433           | ¥ 63,048 | ¥ 33,343 | ¥ 280,826 |
| Inter-segment sales or transfers            | 641                 | (690)    | 89       | 41        |
| Total                                       | 185,075             | 62,358   | 33,433   | 280,867   |
| Profit by reportable segments               | 13,577              | 1,639    | 402      | 15,619    |
| Assets by reportable segments               | 642,754             | 312,752  | 149,632  | 1,105,140 |
| Liabilities by reportable segments          | 407,520             | 238,172  | 88,087   | 733,779   |
| Other items                                 |                     |          |          |           |
| Depreciation                                | 725                 | 143      | 41       | 910       |
| Interest and dividends income               | 15,609              | 8,429    | 1,488    | 25,527    |
| Interest expenses                           | 0                   | -        | -        | 0         |
| Extraordinary income                        | 136                 | -        | -        | 136       |
| Gain on disposal of fixed assets            | 136                 | -        | -        | 136       |
| Extraordinary loss                          | 323                 | 8        | -        | 332       |
| Provision for reserve under the special law | 309                 | -        | -        | 309       |
| Income tax expense                          | 4,521               | (2)      | 941      | 5,461     |

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

|   | Reportable segments |            |            |              |
|---|---------------------|------------|------------|--------------|
|   | Toa                 | TRA        | TRE        | Total        |
| Sales                                       |                     |            |            |              |
| Sales to external customers                 | \$ 1,218,103        | \$ 416,405 | \$ 220,216 | \$ 1,854,738 |
| Inter-segment sales or transfers            | 4,233               | (4,557)    | 587        | 270          |
| Total                                       | 1,222,343           | 411,848    | 220,811    | 1,855,009    |
| Profit by reportable segments               | 89,670              | 10,824     | 2,655      | 103,156      |
| Assets by reportable segments               | 4,245,122           | 2,065,596  | 988,257    | 7,298,989    |
| Liabilities by reportable segments          | 2,691,499           | 1,573,026  | 581,777    | 4,846,304    |
| Other items                                 |                     |            |            |              |
| Depreciation                                | 4,788               | 944        | 270        | 6,010        |
| Interest and dividends income               | 103,090             | 55,670     | 9,827      | 168,595      |
| Interest expenses                           | 0                   | -          | -          | 0            |
| Extraordinary income                        | 898                 | -          | -          | 898          |
| Gain on disposal of fixed assets            | 898                 | -          | -          | 898          |
| Extraordinary loss                          | 2,133               | 52         | -          | 2,192        |
| Provision for reserve under the special law | 2,040               | -          | -          | 2,040        |
| Income tax expense                          | 29,859              | (13)       | 6,214      | 36,067       |

\* Sales represent "Net premiums written".



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       |

\* 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)) |
|--|------------------|------------------|---------------------------------------|
|  | 2024             | 2023             | 2024                                  |
| Total of reportable segments               | ¥ 280,867        | ¥ 321,672        | \$ 1,855,009                          |
| Elimination of inter-segment transactions  | (41)             | (850)            | (270)                                 |
| Sales in consolidated financial statements | <u>¥ 280,826</u> | <u>¥ 320,822</u> | <u>\$ 1,854,738</u>                   |

\* Sales represent “Net premiums written”.

B. Profit or loss

|  | Millions of yen |                | Thousands of U.S. dollars (Note 1(2)) |
|--|-----------------|----------------|---------------------------------------|
|  | 2024            | 2023           | 2024                                  |
| Total of reportable segments   | ¥ 15,619        | ¥ 2,336        | \$ 103,156                            |
| Elimination of inter-segment transactions  | (62)            | 114            | (409)                                 |
| Net income attributable to owners of the parent in consolidated financial statements | <u>¥ 15,556</u> | <u>¥ 2,450</u> | <u>\$ 102,740</u>                     |

C. Assets

|   | Millions of yen    |                  | Thousands of U.S. dollars (Note 1(2)) |
|---|--------------------|------------------|---------------------------------------|
|   | 2024               | 2023             | 2024                                  |
| Total of reportable segments                      | ¥ 1,105,140        | ¥ 994,658        | \$ 7,298,989                          |
| Elimination of inter-segment transactions         | (83,698)           | (88,909)         | (552,790)                             |
| Total assets in consolidated financial statements | <u>¥ 1,021,441</u> | <u>¥ 905,749</u> | <u>\$ 6,746,192</u>                   |

D. Liabilities

|  | Millions of yen |           | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|-----------|---|
|  | 2024            | 2023      | 2024  |
| Total of reportable segments                           | ¥ 733,779       | ¥ 717,561 | \$ 4,846,304                                |
| Elimination of inter-segment transactions              | (1,996)         | (8,114)   | (13,182)                                    |
| Total liabilities in consolidated financial statements | ¥ 731,783       | ¥ 709,446 | \$ 4,833,121                                |

E. Other items

|  | Millions of yen |       | Thousands of<br>U.S. dollars<br>(Note 1(2)) |
|--|-----------------|-------|---|
|  | 2024            | 2023  | 2024  |
| Income tax expense                           |                 |       |   |
| Total of reportable segments                 | ¥ 5,461         | ¥ 525 | \$ 36,067                                   |
| Elimination of inter-segment transactions    | (15)            | 25    | (99)  |
| Amounts in consolidated financial statements | ¥ 5,445         | ¥ 550 | \$ 35,961                                   |

(5) Related Information

For the year ended 31st March 2024

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 | ¥65,075 | ¥11,057 | ¥32,478 | ¥41,782             | ¥94,242 | ¥7,605 | ¥28,584 | ¥280,826 |

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

|                             | Fire      | Marine   | Motor     | General Liabilities | Life      | Pet      | Others    | Total       |
|-----------------------------|-----------|----------|-----------|---------------------|-----------|----------|-----------|-------------|
| Sales to external customers | \$429,793 | \$73,026 | \$214,503 | \$275,952           | \$622,429 | \$50,227 | \$188,785 | \$1,854,738 |

\* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

(Millions of yen)

| Japan     | United States | Others   | Total     |
|-----------|---------------|----------|-----------|
| ¥ 160,208 | ¥ 76,077      | ¥ 44,541 | ¥ 280,826 |

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

| Japan       | United States | Others     | Total       |
|-------------|---------------|------------|-------------|
| \$1,058,107 | \$ 502,456    | \$ 294,174 | \$1,854,738 |

\* 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   |
|---------|---------|---------|
| ¥ 8,263 | ¥ 1,622 | ¥ 9,885 |

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

| Japan     | Others    | Total     |
|-----------|-----------|-----------|
| \$ 54,573 | \$ 10,712 | \$ 65,286 |

C. Information about major customers

None.

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 |

\* 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 |

\* 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 |

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.

## 16. Related Party Transactions

There are no material transactions with related parties to report for the years ended 31st March 2024 and 2023.

## 17. Per Share Information

|                      | Yen        |            | U.S. dollars<br>(Note 1(2)) |
|----------------------|------------|------------|-----------------------------|
|                      | 2024       | 2023       | 2024                        |
| Net assets per share | ¥ 3,070.82 | ¥ 2,106.05 | \$ 20.28                    |
| Net income per share | 166.65     | 26.29      | 1.10                        |

\* There are no potential common shares, therefore diluted net income per share is not described.

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

|   | For the year ended 31st March<br>2024      | For the year ended 31st March<br>2023      |
|---|--|--|
| Net income attributable to owners of the parent (Millions of yen)   | ¥ 15,556                                   | ¥ 2,450                                    |
| Amounts not attributable to common shareholders (Millions of yen)   | -  | -  |
| Net income attributable to owners of the parent related to common shareholders (Millions of yen)              | ¥ 15,556                                   | ¥ 2,450                                    |
| Average number of common shares outstanding for the year (Thousand shares)                                    | 93,347                                     | 93,209                                     |
| Major Components of Average number of common shares outstanding and equivalent for the year (Thousand shares) | Common Stock 91,417<br>Class A Stock 1,930 | Common Stock 91,279<br>Class A Stock 1,930 |

## 18. 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 27th June 2024.

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

¥ 686 per share (minimum)

\$ 4.53 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<br>1st April<br>2023 | As of<br>31st March<br>2024 | Average<br>interest rate<br>(%) | The term of repayment                        |
|--|----------------------------|-----------------------------|---------------------------------|--|
| Lease liabilities due in 1 year or less                    | ¥ 163                      | ¥ 112                       | -                               | -  |
| Lease liabilities (except for those due in 1 year or less) | 134                        | 250                         | -                               | From 1st January 2025<br>to 1st October 2029 |
| Total  | ¥ 297                      | ¥ 362                       | -                               | -  |

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

|  | As of<br>1st April<br>2023 | As of<br>31st March<br>2024 | Average<br>interest rate<br>(%) | The term of repayment                        |
|--|----------------------------|-----------------------------|---------------------------------|--|
| Lease liabilities due in 1 year or less                    | \$ 1,076                   | \$ 739                      | -                               | -  |
| Lease liabilities (except for those due in 1 year or less) | 885                        | 1,651                       | -                               | From 1st January 2025<br>to 1st October 2029 |
| Total  | \$ 1,961                   | \$ 2,390                    | -                               | -  |

(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<br>through 2 years | Due after 2 years<br>through 3 years | Due after 3 years<br>through 4 years | Due after 4 years<br>through 5 years |
|-------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Lease liabilities | ¥ 62                                | ¥ 51                                 | ¥ 48                                 | ¥ 49                                 |

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

|                   | Due after 1 year<br>through 2 years | Due after 2 years<br>through 3 years | Due after 3 years<br>through 4 years | Due after 4 years<br>through 5 years |
|-------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Lease liabilities | \$ 409                              | \$ 336                               | \$ 317                               | \$ 323                               |

3. Detailed Information for Asset Retirement Obligations

None.

## Independent Auditor's Report

The Board of Directors  
The Toa Reinsurance Company, Limited

### *The Audit of the Consolidated Financial Statements*

#### **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, 2024, 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, 2024, 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 ¥15,129 million in its consolidated balance sheet as of March 31, 2024. Deferred tax assets accounted for 5.2% of the net assets of ¥289,658 million.</p> <p>The Group records deferred tax assets (Gross amount) 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, the contents of the KIZUNA 2026 new mid-term management plan, 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 ¥5,334 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 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>• 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, the contents of the KIZUNA 2026 new mid-term management plan, 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.</li> <li>• We involved our network firm's tax specialists to examine the amount of temporary differences and tax loss carryforwards. We also examined the schedule of reversals and expiration of temporary differences and tax loss carryforwards.</li> <li>• 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.</li> <li>• We held discussions with the Group's management about the expected net premiums written, expected net claims paid, and expected outstanding claims, which are key assumptions underlying future forecasts of profit and loss.</li> <li>• 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.</li> <li>• 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.</li> </ul> |

| 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 ¥393,160 million its consolidated balance sheet as of March 31, 2024. Outstanding claims accounted for 53.7% 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"> <li>• We evaluated the design and operating effectiveness of internal controls relating to the calculation of the IBNR reserves.</li> <li>• 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.</li> <li>• 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.</li> <li>• We obtained an understanding of the estimation model used for IBNR reserves calculations and the key assumption involved by making inquiries of management.</li> <li>• 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.</li> <li>• We performed tests of details by vouching the basic data used to calculate ultimate loss with external vouchers.</li> <li>• We examined calculation of expected loss ratio based on the occurrence of the insurance events in the past, loss ratio, and actuarial practices.</li> <li>• 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.</li> </ul> |



## **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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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.

### ***Fee-related Information***

The fees for the audits of the financial statements of The Toa Reinsurance Company, Limited and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 208 million yen and 45 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC  
Tokyo, Japan

July 11, 2024

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/s/ Hirotsugu Kamoshita  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Hiroyuki Kobayashi  
Designated Engagement Partner  
Certified Public Accountant