

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

Consolidated Financial Statements
For the years ended 31st March 2025 and 2024

The Toa Reinsurance Company, Limited and Subsidiaries
Consolidated Balance Sheet
As of 31st March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Assets			
Cash and deposits	¥ 27,376	¥ 29,161	\$ 183,092
Securities (Notes 4(2) and (4))	887,940	814,813	5,938,603
Loans (Note 4 (3))	500	509	3,344
Tangible fixed assets (Note 4 (1))			
Land	6,701	6,667	44,816
Buildings	2,250	2,357	15,048
Leased assets	104	73	695
Other tangible fixed assets	757	786	5,062
	9,813	9,885	65,630
Intangible fixed assets			
Software	168	351	1,123
Software in progress	223	51	1,491
Other intangible fixed assets	1	1	6
	393	405	2,628
Other assets			
Foreign reinsurance accounts receivable	112,540	107,669	752,675
Rest of other assets	46,732	45,038	312,546
	159,273	152,707	1,065,228
Deferred tax assets	14,545	15,129	97,277
Less: Allowance for doubtful accounts	(890)	(1,170)	(5,952)
Total assets	¥ 1,098,952	¥ 1,021,441	\$ 7,349,866

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 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Liabilities			
Underwriting funds			
Outstanding claims	¥ 395,302	¥ 393,160	\$ 2,643,806
Underwriting reserves	279,130	254,730	1,866,840
	674,432	647,891	4,510,647
Other liabilities	64,622	63,120	432,196
Net defined benefit liabilities	7,716	8,661	51,605
Accrued retirement benefits for directors	99	104	662
Reserve under the special law			
Reserve for price fluctuation	12,084	11,782	80,818
	12,084	11,782	80,818
Deferred tax liabilities	-	223	-
Total liabilities	758,956	731,783	5,075,949
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	33,440
Capital surplus	335	335	2,240
Retained earnings	164,583	137,286	1,100,742
Treasury stock	(3,885)	(3,885)	(25,983)
	166,033	138,737	1,110,440
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	114,096	106,129	763,081
Net foreign currency translation adjustments	59,874	46,159	400,441
Remeasurements of defined benefit plans	(8)	(1,367)	(53)
	173,962	150,921	1,163,469
Total net assets	339,995	289,658	2,273,909
Total liabilities and net assets	¥ 1,098,952	¥ 1,021,441	\$ 7,349,866

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 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Ordinary income and expenses:			
Ordinary income			
Underwriting income			
Net premiums written	¥ 275,892	¥ 280,826	\$ 1,845,184
Investment income on deposit premiums	308	275	2,059
Reversal of outstanding claims	23,178	9,516	155,016
Other underwriting income	8	5,585	53
	<u>299,388</u>	<u>296,203</u>	<u>2,002,327</u>
Investment income			
Interest and dividends income	30,476	25,527	203,825
Gain on trading securities	3,148	1,315	21,054
Gain on sales of securities	7,652	5,807	51,177
Gain on redemption of securities	122	117	815
Gain on derivatives	-	134	-
Other investment income	1,722	7	11,516
Transfer of investment income on deposit premiums	(308)	(275)	(2,059)
	<u>42,812</u>	<u>32,634</u>	<u>286,329</u>
Other ordinary income	<u>242</u>	<u>232</u>	<u>1,618</u>
	<u>342,443</u>	<u>329,071</u>	<u>2,290,282</u>
Ordinary expenses			
Underwriting expenses			
Net claims paid	214,006	229,507	1,431,286
Commissions and brokerage (Note 5(1))	49,199	54,488	329,046
Provision for underwriting reserves	19,488	2,918	130,337
Other underwriting expenses	1,583	1,170	10,587
	<u>284,277</u>	<u>288,084</u>	<u>1,901,264</u>
Investment expenses			
Loss on sales of securities	797	1,077	5,330
Impairment losses on securities	-	13	-
Loss on redemption of securities	469	311	3,136
Loss on derivatives	417	-	2,788
Other investment expenses	3	3,301	20
	<u>1,688</u>	<u>4,703</u>	<u>11,289</u>
Operating and general administrative expenses (Note 5 (1))	<u>18,060</u>	<u>15,047</u>	<u>120,786</u>
Other ordinary expenses			
Interest expenses	0	0	0
Provision for allowance for doubtful accounts	40	1	267
Other expenses	562	35	3,758
	<u>603</u>	<u>37</u>	<u>4,032</u>
	<u>304,630</u>	<u>307,873</u>	<u>2,037,386</u>
Ordinary profit	<u>¥ 37,813</u>	<u>¥ 21,197</u>	<u>\$ 252,895</u>

The accompanying notes are an integral part of the statements.

The Toa Reinsurance Company, Limited and Subsidiaries

Consolidated Statement of Income, continued

For the years ended 31st March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Extraordinary income and loss:			
Extraordinary income			
Gain on disposal of fixed assets	¥ 7	¥ 136	\$ 46
Other extraordinary income	1	-	6
	9	136	60
Extraordinary loss			
Loss on disposal of fixed assets	3	22	20
Provision for reserve under the special law			
Provision for reserve for price fluctuation	302	309	2,019
	305	332	2,039
Income before income taxes	37,517	21,002	250,916
Income taxes:			
Current	14,041	9,547	93,907
Deferred	(4,999)	(4,101)	(33,433)
	9,041	5,445	60,466
Net income	28,475	15,556	190,442
Net income attributable to owners of the parent	¥ 28,475	¥ 15,556	\$ 190,442

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 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Comprehensive income			
Net income	¥ 28,475	¥ 15,556	\$ 190,442
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	7,966	64,421	53,277
Net foreign currency translation adjustments	13,715	15,389	91,726
Remeasurements of defined benefit plans, net of tax	1,358	(1,297)	9,082
Total other comprehensive income (Note 6(1))	23,040	78,513	154,093
	<u>¥ 51,516</u>	<u>¥ 94,070</u>	<u>\$ 344,542</u>
(Breakdown)			
Comprehensive income attributable to owners of the parent	¥ 51,516	¥ 94,070	\$ 344,542
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 2025 and 2024

For the year ended 31st March 2025

(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	¥ 335	¥ 137,286	¥ (3,885)	¥ 138,737
Cumulative effects of changes in accounting policies					-
Restated balance	5,000	335	137,286	(3,885)	138,737
Changes during the period					
Dividends from retained earnings			(1,179)		(1,179)
Net income attributable to owners of the parent			28,475		28,475
Disposal of treasury stock					-
Net changes in items other than shareholders' equity					-
Total changes during the period	-	-	27,296	-	27,296
Balance at the end of the period	¥ 5,000	¥ 335	¥ 164,583	¥ (3,885)	¥ 166,033

	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	¥ 106,129	¥ 46,159	¥ (1,367)	¥ 150,921	¥ 289,658
Cumulative effects of changes in accounting policies					-
Restated balance	106,129	46,159	(1,367)	150,921	289,658
Changes during the period					
Dividends from retained earnings					(1,179)
Net income attributable to owners of the parent					28,475
Disposal of treasury stock					-
Net changes in items other than shareholders' equity	7,966	13,715	1,358	23,040	23,040
Total changes during the period	7,966	13,715	1,358	23,040	50,337
Balance at the end of the period	¥ 114,096	¥ 59,874	¥ (8)	¥ 173,962	¥ 339,995

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 2025 and 2024

(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	\$ 33,440	\$ 2,240	\$ 918,178	\$ (25,983)	\$ 927,882
Cumulative effects of changes in accounting policies					-
Restated balance	33,440	2,240	918,178	(25,983)	927,882
Changes during the period					
Dividends from retained earnings			(7,885)		(7,885)
Net income attributable to owners of the parent			190,442		190,442
Disposal of treasury stock					-
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	182,557	-	182,557
Balance at the end of the period	\$ 33,440	\$ 2,240	\$ 1,100,742	\$ (25,983)	\$ 1,110,440

	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	\$ 709,798	\$ 308,714	\$ (9,142)	\$ 1,009,369	\$ 1,937,252
Cumulative effects of changes in accounting policies					-
Restated balance	709,798	308,714	(9,142)	1,009,369	1,937,252
Changes during the period					
Dividends from retained earnings					(7,885)
Net income attributable to owners of the parent					190,442
Disposal of treasury stock					-
Net changes in items other than shareholders' equity	53,277	91,726	9,082	154,093	154,093
Total changes during the period	53,277	91,726	9,082	154,093	336,657
Balance at the end of the period	\$ 763,081	\$ 400,441	\$ (53)	\$ 1,163,469	\$ 2,273,909

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 2025 and 2024

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 Cash Flows
For the years ended 31st March 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Cash flows from operating activities			
Income before income taxes	¥ 37,517	¥ 21,002	\$ 250,916
Depreciation and amortization	608	910	4,066
Increase (decrease) in outstanding claims	(22,616)	(18,956)	(151,257)
Increase (decrease) in underwriting reserves	20,962	317	140,195
Increase (decrease) in allowance for doubtful accounts	(280)	36	(1,872)
Increase (decrease) in accrued retirement benefits for directors	(4)	(12)	(26)
Increase (decrease) in accrued bonuses for employees	1	(4)	6
Increase (decrease) in net defined benefit liabilities	235	(1,191)	1,571
Increase (decrease) in reserve for price fluctuation	302	309	2,019
Interest and dividends income	(30,476)	(25,527)	(203,825)
Loss (gain) on securities	(9,652)	(5,837)	(64,553)
Interest expenses	0	0	0
Foreign exchange loss (gain)	(1,805)	4,205	(12,071)
Loss (gain) on tangible fixed assets	(4)	(114)	(26)
Decrease (increase) in other assets (other than investing and financing activities)	134	14,835	896
Increase (decrease) in other liabilities (other than investing and financing activities)	1,278	3,843	8,547
Others, net	2,248	(512)	15,034
Subtotal	(1,551)	(6,693)	(10,373)
Interest and dividends received	32,495	26,770	217,328
Interest paid	(0)	(0)	(0)
Income taxes paid	(15,510)	(883)	(103,731)
Income taxes refund	294	1,024	1,966
Net cash provided by (used in) operating activities	15,727	20,218	105,183
Cash flows from investing activities			
Purchases of securities	(191,893)	(147,789)	(1,283,393)
Proceeds from sales or redemption of securities	148,405	139,007	992,542
Loans made	(500)	-	(3,344)
Proceeds from collection of loans	509	1	3,404
Total of net cash provided by (used in) investment transactions	(43,478)	(8,780)	(290,783)
Total of net cash provided by (used in) operating activities and investment transactions	(27,751)	11,437	(185,600)
Purchases of tangible fixed assets	(164)	(203)	(1,096)
Proceeds from sales of tangible fixed assets	20	268	133
Purchases of intangible fixed assets	(166)	(49)	(1,110)
Net cash provided by (used in) investing activities	(43,789)	(8,765)	(292,863)
Cash flows from financing activities			
Dividends paid	(1,179)	(1,165)	(7,885)
Repayment for lease liabilities	(122)	(170)	(815)
Proceeds from disposal of treasury stock	-	643	-
Net cash provided by (used in) financing activities	(1,301)	(692)	(8,701)
Effect of exchange rate changes on cash and cash equivalents	6,737	7,565	45,057
Net increase (decrease) in cash and cash equivalents	(22,626)	18,326	(151,324)
Cash and cash equivalents at the beginning of the period	97,436	79,109	651,658
Cash and cash equivalents at the end of the period (Note 8(1))	¥ 74,810	¥ 97,436	\$ 500,334

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 ¥149.52 = US\$1, the rate of exchange on 31st March 2025, 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 2025 and 2024:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2025	2024	2025
¥ 14,545	¥ 15,129	\$ 97,277

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

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

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

The estimated amount of taxable income before addition or deduction of temporary differences and the company classification are based on future forecasts of profit and loss as well as previous fiscal years’ performance. The recoverability of deferred tax assets is judged based on the estimated amount of taxable income before addition or deduction of temporary differences. Net premiums written, net claims paid and provision for outstanding claims, which serve as the principal assumptions of future forecasts of profit and loss, are calculated based on past business results and budgets formulated based on the medium-term management plan. These amounts of estimates in the future forecasts of profit and loss will affect the taxable income in and after the following fiscal year.

(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 2025 and 2024:

Millions of yen		Thousands of U.S. dollars (Note 1(2))
2025	2024	2025
¥ 395,302	¥ 393,160	\$ 2,643,806

- 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.

- (c) Accounting Standards and Guidance Issued but not yet Effective

- Accounting Standard for Leases (ASBJ Statement No. 34, 13th September 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, 13th September 2024)

Other amendments to related Accounting Standards, Implementation Guidance, Practical Issues Task Force Reports, and Transition Guidelines

- (i) Outline

Consistent with international accounting standards, this standard requires lessees to recognize assets and liabilities for all leases.

- (ii) Schedule Date of Application

The Accounting Standards and the Guidance are scheduled to be applied from the beginning of the fiscal year ending 31st March 2028.

- (iii) Effects of Application of the Accounting Standards

The effects of the application on the consolidated financial statements are under evaluation.

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 U.S. dollars (Note 1(2))
	2025	2024	2025
Accumulated depreciation	¥ 11,814	¥ 11,301	\$ 79,012
Advanced depreciation	21	21	140

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
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 U.S. dollars (Note 1(2))
	2025	2024	2025
Bankrupt or de facto bankrupt	-	-	-
Doubtful	-	-	-
Accruing loans contractually past due 3 months or more	-	-	-
Restructured loans	-	-	-

The definitions of the loans are as follows:

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

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Securities	¥ 23,360	¥ 29,213	\$ 156,233

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 U.S. dollars (Note 1(2))
	2025	2024	2025
Commissions, net of reinsurance ceded	¥ 49,199	¥ 54,488	\$ 329,046
Salaries	¥ 7,282	¥ 6,380	\$ 48,702

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, Income Taxes and Tax Effects relating to Other Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Net unrealized gains on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	¥ 20,105	¥ 93,309	\$ 134,463
Reclassification adjustments	(6,507)	(4,522)	(43,519)
Before income taxes and tax effect adjustments	13,597	88,787	90,937
Income taxes and tax effects	(5,631)	(24,365)	(37,660)
Net unrealized gains on available-for-sale securities, net of tax	7,966	64,421	53,277
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	13,308	15,411	89,004
Reclassification adjustments	312	33	2,086
Before income taxes and tax effect adjustments	13,620	15,444	91,091
Income taxes and tax effects	95	(54)	635
Net foreign currency translation adjustments	13,715	15,389	91,726
Remeasurements of defined benefit plans, net of tax:			
Gains (losses) arising during the period	1,869	(594)	12,500
Reclassification adjustments	(54)	(1,141)	(361)
Before income taxes and tax effect adjustments	1,815	(1,736)	12,138
Income taxes and tax effects	(456)	438	(3,049)
Remeasurements of defined benefit plans, net of tax	1,358	(1,297)	9,082
Total other comprehensive income	¥ 23,040	¥ 78,513	\$ 154,093

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

For the year ended 31st March 2025

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

	Number of shares as of 1st April 2024	Number of shares increased during the period	Number of shares decreased during the period	(Thousand shares) Number of shares as of 31st March 2025
Outstanding shares				
Common stock	98,070	-	-	98,070
Class A stock	1,930	-	-	1,930
Total	100,000	-	-	100,000
Treasury stock				
Common stock	5,674	-	-	5,674
Total	5,674	-	-	5,674

(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 27th June 2024	Common stock	¥ 1,154 million \$ 7,718 thousand (Note 1(2))	¥ 12.5 \$ 0.08 (Note 1(2))	31st March 2024	28th June 2024
General meeting of shareholders on 27th June 2024	Class A stock	¥ 24 million \$ 160 thousand (Note 1(2))	¥ 12.5 \$ 0.08 (Note 1(2))	31st March 2024	28th June 2024

Of dividends with record date within the year ended 31st March 2025, dividends with the effective date after 31st March 2025

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2025	Common stock	¥ 1,616 million \$ 10,807 thousand (Note 1(2))	Retained earnings	¥ 17.5 \$ 0.11 (Note 1(2))	31st March 2025	30th June 2025
General meeting of shareholders on 27th June 2025	Class A stock	¥ 33 million \$ 220 thousand (Note 1(2))	Retained earnings	¥ 17.5 \$ 0.11 (Note 1(2))	31st March 2025	30th June 2025

Note: Dividend per share includes ¥ 2.50 special dividends for the 85th Anniversary.

For the year ended 31st March 2024

(1) Detailed Information for Outstanding Shares and Treasury Stock

(Thousand shares)

	Number of shares as of 1st April 2023	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as 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	¥ 12.5	31st March 2023	30th June 2023
General meeting of shareholders on 29th June 2023	Class A stock	¥ 24million	¥ 12.5	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	Retained earnings	¥ 12.5	31st March 2024	28th June 2024
General meeting of shareholders on 27th June 2024	Class A stock	¥ 24 million	Retained earnings	¥ 12.5	31st March 2024	28th June 2024

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 (Note 1(2))
	2025	2024	2025
Cash and deposits	¥ 27,376	¥ 29,161	\$ 183,092
Securities	887,940	814,813	5,938,603
Securities other than cash equivalents	(840,506)	(746,537)	(5,621,361)
Cash and cash equivalents	¥ 74,810	¥ 97,436	\$ 500,334

- (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 2025 and 2024 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 2025

Millions of yen				
Fair value				
	Level 1	Level 2	Level 3	Total
Securities				
Trading	¥ 28,625	¥ 18,274	¥ -	¥ 46,899
Available for sale	257,563	567,313	-	824,877
Total assets	¥ 286,189	¥ 585,587	¥ -	¥ 871,777

Thousands of U.S. dollars (Note 1(2))				
Fair value				
	Level 1	Level 2	Level 3	Total
Securities				
Trading	\$ 191,445	\$ 122,217	\$ -	\$ 313,663
Available for sale	1,722,598	3,794,228	-	5,516,833
Total assets	\$ 1,914,051	\$ 3,916,445	\$ -	\$ 5,830,504

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

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

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

(Notes)

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

Assets

Securities

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

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

The fair value of bonds other than bonds of which the fair value is based on the quoted prices is mainly based on the prices presented by third parties and counterparty financial institutions. These prices are the present value that is calculated by discounting future cash flows at a rate comprising a risk-free interest rate and a credit spread. Since observable inputs are used in the calculation, the fair value is classified into Level 2.

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Stocks with no market prices, etc.*	¥ 2,902	¥ 2,884	\$ 19,408
Ownership stakes in partnerships, etc.**	1,862	1,715	12,453
Total	¥ 4,765	¥ 4,599	\$ 31,868

* 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 as of 31st 2024 is ¥ 9,266 million and as of 31st 2025 is ¥11,397 million (\$ 76,223 thousand).

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

For the year ended 31st March 2025

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities	Available-for-sale securities
	2025	2025
As of 1st April 2024	¥ 2,199	\$ 14,707
Net income (loss) or other comprehensive income for the year ended 31st March 2025	(117)	(782)
Net income (loss)*	(41)	(274)
Other comprehensive income**	(75)	(501)
Net amount of purchases, sales and redemption	63	421
As of 31st March 2025	¥ 2,146	\$ 14,352

* The above amount is included in “Investment expenses” in the consolidated statement of income.

** 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 31st March 2024

	Millions of yen
	Available-for-sale securities
	2024
As of 1st April 2023	¥ 2,217
Net income (loss) or other comprehensive income for the year ended 31st March 2024	(104)
Net income (loss) *	-
Other comprehensive income **	(104)
Net amount of purchases, sales and redemption	87
As of 31st March 2024	¥ 2,199

* The above amount is included in “Investment expenses” in the consolidated statement of income.

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

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

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities 2025	Available-for-sale securities 2025
	2024	
Investment trust funds which have certain restrictions, such as frequency of dates for applying to cancellation or repurchase requests	¥ 2,146	\$ 14,352

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

For the year ended 31st March 2025

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
	Available-for-sale securities	Available-for-sale securities
	2025	2025
As of 1st April 2024	¥ 7,066	\$ 47,257
Net income (loss) or other comprehensive income for the year ended 31st March 2025	114	762
Net income (loss)	-	-
Other comprehensive income*	114	762
Net amount of purchases, sales and redemption	2,070	13,844
As of 31st March 2025	¥ 9,251	\$ 61,871

* 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 31st March 2024

	Millions of yen
	Available-for-sale securities
	2024
As of 1st April 2023	¥ 5,568
Net income (loss) or other comprehensive income for the year ended 31st March 2024	58
Net income (loss)	-
Other comprehensive income*	58
Net amount of purchases, sales and redemption	1,440
As of 31st March 2024	¥ 7,066

* 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 2025 and 2024 for monetary receivables and securities with maturities are as follows:

As of 31st March 2025

	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 27,376	¥ -	¥ -	¥ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	12,469	5,366	27
Municipal bonds	-	-	-	-
Corporate bonds	45,928	120,475	576	4,100
Foreign securities	64,356	153,028	96,299	139,046
Total	¥ 137,660	¥ 285,974	¥ 102,241	¥ 143,173

Thousands of U.S. dollars (Note 1(2))				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	\$ 183,092	\$ -	\$ -	\$ -
Securities				
Available-for-sale securities with maturities				
Government bonds	-	83,393	35,888	180
Municipal bonds	-	-	-	-
Corporate bonds	307,169	805,745	3,852	27,421
Foreign securities	430,417	1,023,461	644,054	929,949
Total	<u>\$ 920,679</u>	<u>\$ 1,912,613</u>	<u>\$ 683,794</u>	<u>\$ 957,550</u>

As of 31st March 2024

Millions of yen				
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 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>

10. Investments in Securities

(1) Information regarding trading securities as of 31st March 2025 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Net unrealized gains (losses) recognized for the fiscal year	¥ 547	¥ 524	\$ 3,658

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

(3) Information regarding available-for-sale securities with fair value as of 31st March 2025 and 2024 is as follows:

As of 31st March 2025

	Millions of yen		
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	¥ 8,665	¥ 7,898	¥ 767
Stocks	205,100	17,450	187,650
Foreign securities	144,893	135,942	8,951
Others	10,475	9,799	676
Subtotal	<u>369,136</u>	<u>171,091</u>	<u>198,045</u>
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	179,916	182,302	(2,385)
Stocks	140	170	(29)

Foreign securities	285,599	318,152	(32,553)
Others	1,481	1,497	(15)
Subtotal	467,138	502,122	(34,983)
Total	¥ 836,275	¥ 673,213	¥ 163,061

Thousands of U.S. dollars (Note 1(2))			
	Carrying amount	Cost	Unrealized gain (loss)
Securities for which carrying amount exceeds their cost			
Government, municipal and corporate bonds	\$ 57,952	\$ 52,822	\$ 5,129
Stocks	1,371,722	116,706	1,255,016
Foreign securities	969,054	909,189	59,864
Others	70,057	65,536	4,521
Subtotal	2,468,806	1,144,268	1,324,538
Securities for which carrying amount does not exceed their cost			
Government, municipal and corporate bonds	1,203,290	1,219,248	(15,951)
Stocks	936	1,136	(193)
Foreign securities	1,910,105	2,127,822	(217,716)
Others	9,905	10,012	(100)
Subtotal	3,124,250	3,358,226	(233,968)
Total	\$ 5,593,064	\$ 4,502,494	\$ 1,090,563

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

As of 31st March 2024

Millions of yen			
	Carrying amount	Cost	Unrealized 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 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

* 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))
	2025	2024	2025
Proceeds from sales			
Government, municipal and corporate bonds	¥ 2,037	¥ 20,208	\$ 13,623
Stocks	6,453	5,712	43,158
Foreign securities	44,332	41,134	296,495
Others	-	-	-
Total	¥ 52,823	¥ 67,056	\$ 353,283
Gain on sales			
Government, municipal and corporate bonds	¥ -	¥ 2	\$ -
Stocks	6,230	5,289	41,666

Foreign securities	1,421	515	9,503
Others	-	-	-
Total	<u>¥ 7,652</u>	<u>¥ 5,807</u>	<u>\$ 51,177</u>
Loss on sales			
Government, municipal and corporate bonds	¥ 55	¥ 27	\$ 367
Stocks	-	0	-
Foreign securities	742	1,049	4,962
Others	-	-	-
Total	<u>¥ 797</u>	<u>¥ 1,077</u>	<u>\$ 5,330</u>

(5) Securities for which impairment losses are recognized

For the year ended 31st March 2025, the Company and consolidated subsidiaries recognized no impairment losses regarding available-for-sale securities with fair value in the consolidated statement of income.

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 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 U.S. dollars (Note 1(2))
	2025	2024	2025
Retirement benefit obligations at the beginning of the period	¥ 22,266	¥ 20,206	\$ 148,916
Service cost	1,010	797	6,754
Interest cost	791	687	5,290
Actuarial differences	(2,096)	912	(14,018)
Benefit paid	(1,286)	(962)	(8,600)
Others	1,514	624	10,125
Retirement benefit obligations at the end of the period	¥ 22,198	¥ 22,266	\$ 148,461

B. Changes in the plan assets during the period

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Plan assets at the beginning of the period	¥ 13,604	¥ 12,434	\$ 90,984
Expected return on plan assets	519	426	3,471
Actuarial differences	(243)	237	(1,625)
Employer contributions	902	872	6,032
Benefit paid	(1,027)	(743)	(6,868)
Others	727	376	4,862
Plan assets at the end of the period	¥ 14,482	¥ 13,604	\$ 96,856

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Retirement benefit obligations for funded plan	¥ 16,033	¥ 16,571	\$ 107,229
Plan assets	(14,482)	(13,604)	(96,856)
	1,550	2,967	10,366
Retirement benefit obligations for unfunded plan	6,165	5,694	41,231
Net amount of liabilities (assets) recognized in the consolidated balance sheet	¥ 7,716	¥ 8,661	\$ 51,605
Net defined benefit liabilities	¥ 7,716	¥ 8,661	\$ 51,605
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥ 7,716	¥ 8,661	\$ 51,605

D. Components of retirement benefit cost

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Service cost	¥ 1,010	¥ 797	\$ 6,754
Interest cost	791	687	5,290
Expected return on plan assets	(519)	(426)	(3,471)
Amortization of actuarial differences	110	(989)	735
Amortization of prior service cost	4	4	26
Others	-	(174)	-
Retirement benefit cost for defined benefit plan	¥ 1,397	¥ (99)	\$ 9,343

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

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

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Actuarial differences	¥ 1,963	¥ (1,664)	\$ 13,128
Prior service cost	4	4	26
Others	(153)	(76)	(1,023)
Total	¥ 1,815	¥ (1,736)	\$ 12,138

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 income taxes and tax effect are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Unrecognized actuarial differences	¥ 96	¥ (1,715)	\$ 642
Unrecognized prior service cost	(14)	(18)	(93)
Total	¥ 81	¥ (1,733)	\$ 541

G. Plan assets

(a) Major Components of plan assets

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

	2025	2024
Bonds	26%	41%
Stocks	18	2
General accounts	52	53
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:

	2025	2024
Discount rate	Mainly 2.2%	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 U.S. dollars (Note 1(2))
	2025	2024	2025
Deferred tax assets			
Underwriting reserves	¥ 43,073	¥ 34,941	\$ 288,075
Outstanding claims	11,762	12,874	78,665
Net unrealized losses on available-for-sale securities	6,208	5,772	41,519
Tax loss carryforwards **	5,226	6,066	34,951
Reserve for price fluctuation	3,496	3,299	23,381
Net defined benefit liabilities	1,656	1,933	11,075
Others	2,334	2,286	15,609
Subtotal of deferred tax assets	73,758	67,173	493,298
Valuation allowance on tax loss carryforwards **	(1,318)	(731)	(8,814)
Valuation allowance on deductible temporary differences	(370)	(353)	(2,474)
Subtotal of Valuation allowance *	(1,688)	(1,085)	(11,289)
Total deferred tax assets	72,069	66,088	482,002
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	(55,648)	(49,581)	(372,177)
Others	(1,874)	(1,600)	(12,533)
Total deferred tax liabilities	(57,523)	(51,182)	(384,717)
Net deferred tax assets	¥ 14,545	¥ 14,906	\$ 97,277

(Notes)

* Valuation allowance increased by ¥ 603 million (\$ 4,032 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 2025

Millions of yen							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards	¥ 961	1,486	239	1,427	556	554	¥ 5,226
Valuation allowance	¥ 353	810	-	154	-	-	¥ 1,318
Deferred tax assets	¥ 608	676	239	1,273	556	554	¥ 3,907

Thousands of U.S. dollars (Note 1(2))							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards	\$ 6,427	9,938	1,598	9,543	3,718	3,705	\$ 34,951
Valuation allowance	\$ 2,360	5,417	-	1,029	-	-	\$ 8,814
Deferred tax assets	\$ 4,066	4,521	1,598	8,513	3,718	3,705	\$ 26,130

(Notes)

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

(b) For the tax loss carryforward of ¥ 5,226 million (\$ 34,951 thousand) (amounts multiplied by effective statutory tax

rate), deferred tax assets of ¥ 3,907 million (\$ 26,130 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 2024

Millions of yen							
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards	¥ -	1,737	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

(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 (amounts multiplied by effective statutory tax rate), deferred tax assets of ¥ 5,334 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 2025 and 2024 are as follows:

	2025	2024
Effective statutory income tax rate of the Company	28.0%	28.0%
(Adjustments)		
Valuation allowance	1.5	3.2
Foreign tax	0.8	2.7
Foreign tax credit	(0.8)	(5.4)
Non-taxable revenue such as dividends received	(1.8)	(2.6)
Tax rate applied to consolidated subsidiaries	(1.8)	(1.0)
Effect of changes in the tax rate	(3.6)	-
Others	1.8	1.0
Effective income tax rate of the Company	24.1%	25.9%

- (3) Revisions of deferred tax assets and deferred tax liabilities following changes in the corporate tax rate, etc.

“Act for Partial Revision of the Income Tax Act and, etc.”(Act No. 13 of 2025) was enacted on 31st March 2025, whereby a special defense corporation tax will be imposed from a fiscal year beginning on or after 1st April 2026. In line with this, the effective statutory income tax rate for the calculation of deferred tax assets and deferred tax liabilities relating to temporary differences expected to be eliminated in and after a fiscal year beginning on or after 1st April 2026, was changed from 28.0% to 28.9%.

As a result of this change, deferred tax assets (after deducting deferred tax liabilities) decreased by 344 million yen, net unrealized gains on available-for-sale securities, net of tax decreased by 1,701 million yen, deferred income taxes decreased by 1,356 million yen, and net income attributable to owners of the parent increased by 1,356 million yen, for the fiscal year ended 31st March 2025.

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 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 2025

(Millions of yen)

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	¥ 175,256	¥ 58,350	¥ 42,286	¥ 275,892
Inter-segment sales or transfers	773	(740)	57	89
Total	176,029	57,609	42,343	275,982
Profit by reportable segments	22,687	2,699	3,038	28,425
Assets by reportable segments	669,392	336,722	176,414	1,182,529
Liabilities by reportable segments	403,130	250,700	107,969	761,800
Other items				
Depreciation	372	181	54	608
Interest and dividends income	20,195	8,611	1,669	30,476
Interest expenses	0	-	-	0
Extraordinary income	9	-	-	9
Gain on disposal of fixed assets	7	-	-	7
Extraordinary loss	305	-	-	305
Provision for reserve under the special law	302	-	-	302
Income tax expense	6,105	1,499	1,425	9,030

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

	Reportable segments			
	Toa	TRA	TRE	Total
Sales				
Sales to external customers	\$ 1,172,124	\$ 390,248	\$ 282,811	\$ 1,845,184
Inter-segment sales or transfers	5,169	(4,949)	381	595
Total	1,177,294	385,292	283,192	1,845,786
Profit by reportable segments	151,732	18,051	20,318	190,108
Assets by reportable segments	4,476,939	2,252,019	1,179,868	7,908,834
Liabilities by reportable segments	2,696,161	1,676,698	722,104	5,094,970
Other items				
Depreciation	2,487	1,210	361	4,066
Interest and dividends income	135,065	57,590	11,162	203,825
Interest expenses	0	-	-	0
Extraordinary income	60	-	-	60
Gain on disposal of fixed assets	46	-	-	46
Extraordinary loss	2,039	-	-	2,039
Provision for reserve under the special law	2,019	-	-	2,019
Income tax expense	40,830	10,025	9,530	60,393

* Sales represent "Net premiums written".

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 or loss 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

* 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))
	2025	2024	2025
Total of reportable segments	¥ 275,982	¥ 280,867	\$ 1,845,786
Elimination of inter-segment transactions	(89)	(41)	(595)
Sales in consolidated financial statements	<u>¥ 275,892</u>	<u>¥ 280,826</u>	<u>\$ 1,845,184</u>

* Sales represent “Net premiums written”.

B. Profit

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Total of reportable segments	¥ 28,425	¥ 15,619	\$ 190,108
Elimination of inter-segment transactions	49	(62)	327
Net income attributable to owners of the parent in consolidated financial statements	<u>¥ 28,475</u>	<u>¥ 15,556</u>	<u>\$ 190,442</u>

C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Total of reportable segments	¥ 1,182,529	¥ 1,105,140	\$ 7,908,834
Elimination of inter-segment transactions	(83,577)	(83,698)	(558,968)
Total assets in consolidated financial statements	<u>¥ 1,098,952</u>	<u>¥ 1,021,441</u>	<u>\$ 7,349,866</u>

D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Total of reportable segments	¥ 761,800	¥ 733,779	\$ 5,094,970
Elimination of inter-segment transactions	(2,843)	(1,996)	(19,014)
Total liabilities in consolidated financial statements	¥ 758,956	¥ 731,783	\$ 5,075,949

E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2025	2024	2025
Income tax expense			
Total of reportable segments	¥ 9,030	¥ 5,461	\$ 60,393
Elimination of inter-segment transactions	11	(15)	73
Amounts in consolidated financial statements	¥ 9,041	¥ 5,445	\$ 60,466

(5) Related Information

For the year ended 31st March 2025

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	¥65,687	¥8,723	¥35,808	¥37,999	¥91,967	¥7,393	¥28,312	¥275,892

	(Thousands of U.S. dollars (Note 1(2)))							
	Fire	Marine	Motor	General Liabilities	Life	Pet	Others	Total
Sales to external customers	\$439,319	\$58,340	\$239,486	\$254,139	\$615,081	\$49,444	\$189,352	\$1,845,184

* Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

	(Millions of yen)			
	Japan	United States	Others	Total
	¥ 148,978	¥ 77,859	¥ 49,055	¥ 275,892

	(Thousands of U.S. dollars (Note 1(2)))			
	Japan	United States	Others	Total
	\$996,375	\$ 520,726	\$ 328,083	\$1,845,184

* 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	United States	Others	Total
	¥ 8,216	¥ 940	¥ 656	¥ 9,813

	(Thousands of U.S. dollars (Note 1(2)))			
	Japan	United States	Others	Total
	\$ 54,949	\$ 6,286	\$ 4,387	\$ 65,630

(Change in Presentation)

As for tangible fixed assets, the “United States”, which was included in “Others” in the previous fiscal year, is presented separately as its increased importance. Figures of tangible fixed assets for the previous fiscal year are presented in this classification after the change.

As a result, “Others” which was 1,622 million yen in the previous fiscal year, has been reclassified and represented to “United States” 911 million yen and “Others” 711 million yen.

C. Information about major customers

None.

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

* 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

* 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	United States	Others	Total
¥ 8,263	¥ 911	¥ 711	¥ 9,885

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 2025 and 2024.

17. Per Share Information

	Yen		U.S. dollars (Note 1(2))
	2025	2024	2025
Net assets per share	¥ 3,604.47	¥ 3,070.82	\$ 24.11
Net income per share	301.88	166.65	2.02

* 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 2025	For the year ended 31st March 2024
Net income attributable to owners of the parent (Millions of yen)	¥ 28,475	¥ 15,556
Amounts not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent related to common shareholders (Millions of yen)	¥ 28,475	¥ 15,556
Average number of common shares outstanding for the year (Thousand shares)	94,326	93,347
Major Components of Average number of common shares outstanding and equivalent for the year (Thousand shares)	Common Stock 92,396 Class A Stock 1,930	Common Stock 91,417 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 2025.

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

5,674,000 shares (maximum)

(3) Transfer price

¥ 837 per share (minimum)

\$ 5.59 per share (minimum) (Note 1(2))

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

The Toa Reinsurance Company, Limited and Subsidiaries

Related Information to the Consolidated Financial Statements

1. Detailed Information for Corporate Bonds

None.

2. Detailed Information for Borrowings

(Millions of yen)

	As of 1st April 2024	As of 31st March 2025	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	¥ 112	¥ 89	-	-
Lease liabilities (except for those due in 1 year or less)	250	265	-	From 1st January 2026 to 1st October 2029
Total	¥ 362	¥ 355	-	-

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

	As of 1st April 2024	As of 31st March 2025	Average interest rate (%)	The term of repayment
Lease liabilities due in 1 year or less	\$ 749	\$ 595	-	-
Lease liabilities (except for those due in 1 year or less)	1,672	1,772	-	From 1st January 2026 to 1st October 2029
Total	\$ 2,421	\$ 2,374	-	-

(Notes)

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

(Millions of yen)

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	¥ 79	¥ 76	¥ 69	¥ 39

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

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities	\$ 528	\$ 508	\$ 461	\$ 260

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, 2025, 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, 2025, 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 ¥14,545 million in its consolidated balance sheet as of March 31, 2025.</p> <p>As described in Note (Deferred Tax Accounting), deferred tax assets before offsetting against deferred tax liabilities amounted to ¥72,069 million calculated by deducting a valuation allowance of ¥1,688 million from total deferred tax assets for future deductible temporary differences, including unused tax loss carryforward of ¥73,758 million.</p> <p>The Group records deferred tax assets by determining the company classification and taking into account the amount of taxable income before addition or deduction of temporary differences expected against deductible temporary differences, and the schedule for the year in which the deductible temporary differences are anticipated to reverse, on the basis of “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26).</p> <p>Given that the Group has tax loss carryforwards that expired within the past three years, the Group determined its company classification in consideration of factors such as progress on KIZUNA 2026 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 ¥3,907 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"> • We evaluated the design and operating effectiveness of internal controls relating to the recoverability of deferred tax assets. • In order to evaluate the determination of company classification made by management, we examined factors such as progress on the 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. • 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. • In order to evaluate management's estimation of future taxable income, we examined the future forecasts of profit and loss. In reviewing the future forecasts of profit and loss, we examined the consistency with the business plan approved by management and examined the accuracy of management's estimates by, for example, comparing the estimates of taxable income for the prior years with actual results. • We held discussions with the Group's management about the expected net premiums written, expected net claims paid, and expected outstanding claims, which are key assumptions underlying future forecasts of profit and loss. • We performed trend analysis of net premiums written and the amount of loss, including the net claims paid, in future forecasts of profit and loss for each line of business. For lines of business with large fluctuations, we made inquiries about the factors resulting in the fluctuations and compared our analysis results with recent business results to examine management's assumptions. • With regard to expected major loss (e.g., loss resulting from natural disasters) affecting future forecasts of profit and loss, we compared forecasts for the prior years with actual results to examine management's assumptions.

Calculation of IBNR reserves	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note (Significant Accounting Estimates), the Group recorded outstanding claims of ¥395,302 million in its consolidated balance sheet as of March 31, 2025. Outstanding claims accounted for 52.1% of total liabilities. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the reinsurance business operated by the Company and its consolidated subsidiary, The Toa Reinsurance Co. of America.</p> <p>As described in Note (Significant accounting estimates), outstanding claims consist of ordinary outstanding claims and IBNR reserves (IBNR is an abbreviation for "Incurred But Not Reported" and refers to claims that have not yet been reported but are deemed to have occurred as defined in the insurance contract).</p> <p>IBNR reserves are recorded at the amount of expected ultimate loss claims paid and ordinary outstanding claims. The key assumptions for calculating the expected ultimate loss are the loss development factor, which is calculated based on past claim payment experience, etc. in order to estimate the ultimate loss of insurance claims, and the expected loss ratio.</p> <p>Given that the calculation of IBNR reserves requires a high degree of actuarial expertise and that the key assumptions used in the calculation are strongly influenced by management's judgment, we determined that this is a key audit matter.</p>	<p>In assessing the IBNR reserves, we involved the component auditor and mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the design and operating effectiveness of internal controls relating to the calculation of the IBNR reserves. • In order to evaluate the effectiveness of the IBNR reserves calculation process, we compared estimates for the prior years with actual amounts to examine these amounts. • In order to detect any unusual changes from the last fiscal year, we performed a comparative analysis between the IBNR reserves recorded for the current fiscal year and that recorded for the last fiscal year. • We obtained an understanding of the estimation model used for IBNR reserves calculations and the key assumption involved by making inquiries of management. • We involved our network firm's actuarial specialists to recalculate the estimate of the IBNR reserves, including the calculation of the loss development factor and the expected loss ratio, which are key assumptions, and then examined the accuracy of the calculation and the calculation method used. • We performed tests of details by vouching the basic data used to calculate ultimate loss with external vouchers. • We examined calculation of expected loss ratio based on the occurrence of the insurance events in the past, loss ratio, and actuarial practices. • We compared the loss development factor applied to the calculation of the IBNR reserves with the historical change in the amount of insurance claims to examine these items.

Other Information

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

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

Responsibilities of Management, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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, 2025 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, 2025 are 164 million yen and 66 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 10, 2025

/s/ Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

/s/ Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant