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<u>Independent Auditor's Report</u>

To the Board of Directors of Meiji Yasuda Life Insurance Company.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Meiji Yasuda Life Insurance Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2025, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets and the consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2025, and its consolidated financial performance and its consolidated cash flows for the years 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 our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's judgment on the sufficiency of the amount of policy reserves	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group, Policy reserves of ¥39,395,766 million were recognized for the current fiscal year, of which ¥33,890,518 million was the policy reserves of the Company, accounting for a significant portion as large as approximately 63.4% of total liabilities and net assets in the consolidated financial statements. The amount included additional policy reserves of ¥68,470 million set aside in the current fiscal year for the difference arising from the calculation of premium reserves using the expected rate of interest of 3.75% for the whole life insurance contracts whose expected rate of interest at the time of signing exceeds 3.75%, entered into on or before April 1, 1994, pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." As described in Note "II. Basis for preparing consolidated financial statements" under 4. "Summary of Significant Accounting Policies": (16) Policy reserves" to the consolidated financial statements, policy reserves are reported at an amount determined by actuarial calculations in accordance with the statement of calculation procedures for insurance premiums and policy reserves approved by the Financial Services Agency to prepare for future fulfilment of obligations under the insurance contracts, pursuant to Article 116, Paragraph 1 of the "Insurance Business Act." In order to validate whether the amount of policy reserves is sufficient, the appointed actuary is engaged to perform future cashflow analysis, pursuant to the "Insurance Business Act" and other relevant regulations. The analysis involved significant judgment in determining assumptions for estimating future cash flows, as well as a high level of actuarial expertise. In addition, if there is deemed to be a risk that the policy reserves provided for in accordance with the statement of calculation procedures for insurance premiums and policy reserves may be insufficient to fulfill future obligations due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the "Ordinance for Enforcement of the Insurance Business Act." The procedures to recognize additional policy reserves required a high level of actuarial expertise and involved significant management judgement. We, therefore, determined that our assessment of the appropriateness of the Company's judgment on the	The primary procedures we performed to assess whether the Company's judgment with respect to the sufficiency of the amount of policy reserves was appropriate, included the following: We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the recognition of policy reserves. In this assessment, we focused our testing on controls in which management validates the sufficiency of the amount of policy reserves based on the opinion letter and the supplementary report provided by the appointed actuary. In addition, we performed the following procedures, with the assistance of actuarial specialists within our firm, with respect to the testing to validate the sufficiency of the amount of policy reserves (i.e., future cashflow analysis) and management judgment on the recognition of additional policy reserves: • assessed whether the testing to validate the sufficiency of the amount of policy reserves was performed pursuant to the relevant laws and regulations, the "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) and the Company's internal rules and compared the policy reserves with the calculation results in the previous fiscal years; • evaluated the appointed actuary's opinion letter and the supplementary report (including additional policy reserves set aside in the current fiscal year) by inquiring of the actuary regarding the contents of the reports; • inspected the minutes of meetings of the Board of Directors and the outcome of the resolution related to the recognition of additional policy reserves and assessed whether management judgment on the scope of the insurance contracts subject to additional policy reserves set aside in the current fiscal year and the timing of their recognition were reasonable; and • confirmed that the statement of calculation procedures for insurance premiums and policy reserves used to calculate the additional policy reserves was approved by the Financial Services Agency, and then evaluated whether additional policy reserves for the relevant insurance contracts were recognized in accordance with the statement of calculation procedures for insurance premiums and policy reserves.

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sufficiency of the amount of policy reserves was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

<table>
<tr><th colspan="2">Appropriateness of the valuation of claim reserves for long-term disability insurance in the group insurance business at StanCorp</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>In the consolidated balance sheets of the Group, Reserves for outstanding claims of ¥1,172,065 million were reported for the current fiscal year. Of this amount, the claim reserves of StanCorp amounted to ¥1,005,387 million, a significant portion of which was related to claim reserves for the long-term disability insurance, called Long-Term Disability-Disabled Life Reserves (hereinafter, “LTD-DLR”), in its group insurance business.

Reserves for outstanding claims are set aside at amounts for which the payment obligation has incurred but the payment to the policyholder has yet to be completed as of the end of the fiscal year. As described in Note “II. Basis for preparing consolidated financial statements” under 4. “Summary of Significant Accounting Policies”: (20) Significant Accounting Estimates a. “Claim reserves of StanCorp Financial Group, Inc. (StanCorp)” to the consolidated financial statements, StanCorp’s claim reserves for LTD-DLR are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp’s consolidated balance sheet date in accordance with U.S. generally accepted accounting principles.

While StanCorp evaluates annually whether the amount of claim reserves is appropriate, the selection of an appropriate valuation methodology used in this evaluation required a high level of actuarial expertise. In addition, claim reserves for LTD-DLR are provided for future payment obligations up to the date when the benefit payment would be terminated upon the reinstatement of the insured, and accordingly, the estimate of claim reserves for LTD-DLR reflected key assumptions, such as the claim termination rates, which involved significant management judgment.

We, therefore, determined that our assessment of the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</td><td>In order to assess the appropriateness of the valuation of claim reserves for LTD-DLR in the group insurance business of StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary.

Such procedures included testing, in accordance with our group audit instructions, of the design and implementation of certain relevant internal controls, with a focus on controls in which StanCorp’s actuary evaluates the appropriateness of key assumptions such as the claim termination rates.

We also focused on the following procedures, performed with the assistance of actuarial specialists within the firm of the component auditor, considering trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors:

• assessed whether the selection of a valuation methodology to evaluate the appropriateness of the amount of claim reserves complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices;

• assessed whether the claim termination rates, which were a key assumption used to estimate the claim reserves, were appropriate;

• compared, for a selection of relevant contracts, the claim reserve independently calculated by the actuarial specialists with the amount recognized by StanCorp; and

• assessed the reliability of underlying information used in evaluating whether the amount of claim reserves was appropriate.</td></tr>
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<table>
<tr><th colspan="2">Appropriateness of the valuation of the in-force business related to the individual disability insurance business at StanCorp</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
In the consolidated balance sheets of the Group, Other intangible fixed assets of ¥390,764 million were reported for the current fiscal year. Of this amount, the value of the in-force business, or a Value of Business Acquired (“VOBA”), that arose from the acquisition of StanCorp accounted for ¥54,802 million, a significant portion of which was related to the individual disability insurance business.
As described in Note “II. Basis for preparing consolidated financial statements” under 4. “Summary of Significant Accounting Policies”: (20) Significant Accounting Estimates c. “Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition” to the consolidated financial statements, the amount of VOBA arising from the acquisition of StanCorp was the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and was recognized in its consolidated financial statements in accordance with U.S. generally accepted accounting principles.
The VOBA related to the individual disability insurance products is being amortized over a certain period based on their contractual terms in proportion to future premiums. However, if assumptions underlying the actuarial calculations deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, StanCorp performs the evaluation of VOBA concurrently with its assessment of the sufficiency of the amount of policy reserves (loss recognition testing). As a result of the testing, StanCorp determined that the recognition of a loss was not necessary.
In the loss recognition testing, the selection of an appropriate methodology used in the testing required a high level of actuarial expertise. In addition, the estimate of future cash flows used in the testing reflected key assumptions, such as the incident rates that estimates the probability of benefit payment being commenced due to the policy holder’s future disability and the claim termination rates that estimates the probability of the benefit payment being terminated due to reinstatement of the disabled insured, that involved significant management judgment.
We, therefore, determined that our assessment of the appropriateness of the valuation of VOBA related to the individual disability insurance business arising from the acquisition of StanCorp was one of the most significant matters in our audit of the
</td><td>
In order to assess the appropriateness of the valuation of VOBA related to the individual disability insurance business at StanCorp, we requested the component auditor of StanCorp to perform an audit of StanCorp’s financial statements. Then we evaluated the report of the component auditor to conclude on whether the audit procedures (including those set out below) were sufficient by inspecting relevant audit documentation and performing additional procedures, as necessary.
Such procedures included testing, in accordance with our group audit instructions, of the design and operating effectiveness of certain of StanCorp’s controls relevant to the loss recognition testing on the individual disability insurance business, with a focus on controls in which StanCorp’s actuary evaluates the appropriateness of key assumptions, such as the incident rates and the claim termination rates.
We also focused on the following procedures with respect to the results of StanCorp’s loss recognition testing, considering trends in economic indicators such as interest rates, inflation rates, and unemployment rate which affected a key assumption of the claim termination rates, and other factors:

assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the selection of a methodology used in the loss recognition testing complied with U.S. generally accepted accounting principles and was also consistent with general actuarial practices;
assessed, with the assistance of actuarial specialists within the firm of the component auditor, whether the incident rates and the claim termination rates used in the loss recognition testing were appropriate; and
evaluated the reliability of underlying information used to estimate future cash flows in the loss recognition testing.

</td></tr>
</table>

consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

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

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Insurance Business Act and its related regulations thereunder and in comformity 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, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 our 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, 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.

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

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

From the matters communicated with the audit committee, 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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Group for the current year are 889 million yen and 369 million yen, respectively.

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 yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note “I. Basis of Presentation” to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Michitaka Shishido
Designated Engagement Partner
Certified Public Accountant

Takanobu Miwa
Designated Engagement Partner
Certified Public Accountant

Hiroki Kobayashi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 4, 2025

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets

As of March 31		Millions of Yen 2024		Millions of Yen 2025		Millions of U.S. Dollars 2025
ASSETS:						
Cash and deposits (*3)	¥	**903,727**	¥	**1,093,824**	$	**7,315**
Call loans		**220,000**		**165,000**		**1,103**
Monetary claims bought		**160,302**		**149,806**		**1,001**
Money held in trust		**143,117**		**130,232**		**871**
Securities (*1, *2, *3, *5)		**43,166,464**		**42,834,868**		**286,482**
Loans (*3, *6, *7)		**5,368,752**		**5,761,005**		**38,530**
Tangible fixed assets (*8, *13)						
Land		623,828		648,301		4,335
Buildings		276,354		287,607		1,923
Leased assets		1,331		1,236		8
Construction in progress		27,075		37,714		252
Other tangible fixed assets		7,574		9,421		63
Subtotal		**936,164**		**984,281**		**6,582**
Intangible fixed assets						
Software		74,490		83,393		557
Goodwill		114,954		144,922		969
Other intangible fixed assets		327,103		390,764		2,613
Subtotal		**516,548**		**619,079**		**4,140**
Due from agents		**1,493**		**1,466**		**9**
Reinsurance receivables		**201,949**		**236,833**		**1,583**
Other assets		**826,747**		**948,630**		**6,344**
Net defined benefit assets		**403,432**		**525,685**		**3,515**
Deferred tax assets		**6,159**		**10,681**		**71**
Customers' liabilities under acceptances and guarantees		**5,063**		**4,766**		**31**
Allowance for possible loan losses		**(9,511)**		**(6,893)**		**(46)**
Total assets	¥	**52,850,412**	¥	**53,459,267**	$	**357,539**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Balance Sheets (continued)

As of March 31	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
LIABILITIES:			
Policy reserves and other reserves			
Reserve for outstanding claims	¥ 991,828	¥ 1,172,065	$ 7,838
Policy reserves	38,182,098	39,395,766	263,481
Policyholders' dividend reserves (*9)	289,545	292,516	1,956
Subtotal	39,463,472	40,860,348	273,276
Due to agents	8,053	8,931	59
Reinsurance payables	74,833	134,510	899
Bonds payable (*10)	640,735	1,207,793	8,077
Other liabilities			
Payables under securities borrowing transactions	3,672,093	3,246,009	21,709
Other liabilities (*11)	1,224,069	1,199,195	8,020
Subtotal	4,896,162	4,445,205	29,729
Net defined benefit liabilities	8,500	8,900	59
Reserve for price fluctuation	1,130,468	1,173,695	7,849
Deferred tax liabilities	762,784	426,103	2,849
Deferred tax liabilities for land revaluation (*13)	77,509	78,575	525
Acceptances and guarantees	5,063	4,766	31
Total liabilities	47,067,583	48,348,829	323,360
NET ASSETS:			
Foundation funds	50,000	—	—
Reserve for redemption of foundation funds	930,000	980,000	6,554
Reserve for revaluation	452	452	3
Surplus	250,733	204,511	1,367
Total funds, reserve and surplus	1,231,186	1,184,964	7,925
Net unrealized gains (losses) on available-for-sale securities	4,174,889	3,373,116	22,559
Deferred unrealized gains (losses) on derivatives under hedge accounting	(67,728)	(92,478)	(618)
Land revaluation differences (*13)	124,222	121,149	810
Foreign currency translation adjustments	146,673	292,609	1,956
Remeasurements of defined benefit plans	171,714	228,119	1,525
Net unrealized gains (losses) on policy reserves and other reserves for overseas subsidiaries	1,871	2,958	19
Total accumulated other comprehensive income	4,551,643	3,925,474	26,253
Total net assets	5,782,829	5,110,438	34,178
Total liabilities and net assets	¥ 52,850,412	¥ 53,459,267	$ 357,539

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income]

Years ended March 31	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
ORDINARY INCOME:			
Insurance premiums and other	¥ 3,343,232	¥ 3,417,226	$ 22,854
Investment income			
Interest, dividends and other income	1,298,654	1,380,456	9,232
Gains on money held in trust	1,087	—	—
Gains on trading securities	47	—	—
Gains on sales of securities	313,423	516,070	3,451
Gains on redemption of securities	43,776	43,705	292
Foreign exchange gains	264,214	—	—
Other investment income	4,485	6,016	40
Investment gains on separate accounts	76,610	—	—
Subtotal	**2,002,299**	**1,946,248**	**13,016**
Other ordinary income			
Reversal of policy reserves	—	108,349	724
Other ordinary income	131,696	149,963	1,002
Subtotal	**131,696**	**258,312**	**1,727**
Total ordinary income	**5,477,227**	**5,621,787**	**37,598**
ORDINARY EXPENSES:			
Benefits and other payments			
Claims paid	755,627	800,163	5,351
Annuity payments	653,196	645,731	4,318
Benefit payments	628,213	720,427	4,818
Surrender benefits	960,179	1,029,643	6,886
Other refunds	111,078	299,199	2,001
Subtotal	**3,108,295**	**3,495,164**	**23,375**
Provision for policy reserves and other reserves			
Provision for reserve for outstanding claims	9,743	5,275	35
Provision for policy reserves	535,951	—	—
Provision for interest on policyholders' dividend reserves	43	36	0
Subtotal	**545,738**	**5,311**	**35**
Investment expenses			
Interest expenses	111,120	150,404	1,005
Losses on money held in trust	—	5,934	39
Losses on sales of securities	85,881	231,916	1,551
Losses on valuation of securities	5,365	6,697	44
Losses on redemption of securities	281	112	0
Losses on derivative financial instruments	539,645	521,600	3,488
Foreign exchange losses	—	84,333	564
Provision for allowance for possible loan losses	999	3,875	25
Depreciation of real estate for non-insurance business	10,167	10,497	70
Other investment expenses	41,372	49,626	331
Investment losses on separate accounts	—	8,557	57
Subtotal	**794,832**	**1,073,555**	**7,180**
Operating expenses	**637,765**	**718,314**	**4,804**
Other ordinary expenses	**158,433**	**165,520**	**1,107**
Total ordinary expenses	**5,245,066**	**5,457,867**	**36,502**
Ordinary profit	**¥ 232,161**	**¥ 163,920**	**$ 1,096**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income
[Consolidated Statements of Income] (continued)

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2024	2025	2025
Extraordinary gains			
Gains on disposals of fixed assets	¥ 305	¥ 2,687	$ 17
Gains on liquidation of subsidiaries and affiliates	—	505	3
Subtotal	**305**	**3,193**	**21**
Extraordinary losses			
Losses on disposals of fixed assets	6,246	8,087	54
Impairment losses (*1)	2,114	1,876	12
Losses on sales of stocks of subsidiaries and affiliates	1,109	—	—
Losses on liquidation of subsidiaries and affiliates	30	—	—
Losses on reorganization of subsidiaries and affiliates	5,014	—	—
Provision for reserve for price fluctuation	56,368	43,062	288
Contributions for promotion of social welfare project	2,306	2,995	20
Other extraordinary losses	117	14	0
Subtotal	**73,307**	**56,037**	**374**
Surplus before income taxes and non-controlling interests	**159,159**	**111,076**	**742**
Income taxes			
Current	66,033	61,571	411
Deferred	(60,410)	(104,010)	(695)
Total income taxes	**5,622**	**(42,439)**	**(283)**
Net surplus	**153,536**	**153,515**	**1,026**
Net surplus attributable to non-controlling interests	**11**	—	—
Net surplus attributable to the Parent Company	**¥ 153,525**	**¥ 153,515**	**$ 1,026**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
[Consolidated Statements of Comprehensive Income]

Years ended March 31	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Net surplus	**¥ 153,536**	**¥ 153,515**	**$ 1,026**
Other comprehensive income (loss)	2,137,810	(624,802)	(4,178)
Net unrealized gains (losses) on available-for-sale securities	1,998,833	(808,156)	(5,405)
Deferred unrealized gains (losses) on derivatives under hedge accounting	(40,800)	(26,393)	(176)
Land revaluation differences	—	(1,707)	(11)
Foreign currency translation adjustments	44,020	126,294	844
Remeasurements of defined benefit plans	109,745	56,404	377
Share of other comprehensive income (loss) of associates accounted for under the equity method	26,010	28,756	192
Comprehensive income (loss)	**¥ 2,291,346**	**¥ (471,287)**	**$ (3,152)**
Comprehensive income (loss) attributable to the Parent Company	2,291,335	(471,287)	(3,152)
Comprehensive income (loss) attributable to non-controlling interests	11	—	—

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2024 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	100,000	880,000	452	301,087	1,281,540
Cumulative effect of changes in accounting policy				(6,532)	(6,532)
Beginning balance after adjusting for changes in accounting policy	100,000	880,000	452	294,554	1,275,007
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(144,240)	(144,240)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(302)	(302)
Net surplus attributable to the Parent Company				153,525	153,525
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				(2,678)	(2,678)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests				(124)	(124)
Net changes, excluding funds, reserves and surplus					–
Net changes in the fiscal year	(50,000)	50,000	–	(43,821)	(43,821)
Ending balance	50,000	930,000	452	250,733	1,231,186

	Accumulated other comprehensive income (loss)								
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Beginning balance	2,167,663	(27,077)	121,544	82,896	61,969	4,157	2,411,154	648	3,693,343
Cumulative effect of changes in accounting policy									(6,532)
Beginning balance after adjusting for changes in accounting policy	2,167,663	(27,077)	121,544	82,896	61,969	4,157	2,411,154	648	3,686,810
Changes in the fiscal year									
Additions to policyholders' dividend reserves									(144,240)
Additions to reserve for redemption of foundation funds									50,000
Payment of interest on foundation funds									(302)
Net surplus attributable to the Parent Company									153,525
Redemption of foundation funds									(50,000)
Reversal of reserve for fund redemption									(50,000)
Reversal of land revaluation differences									(2,678)
Changes in equity attributable to the Parent Company arising from transactions with non-controlling interests									(124)
Net changes, excluding funds, reserves and surplus	2,007,225	(40,650)	2,678	63,776	109,745	(2,286)	2,140,488	(648)	2,139,840
Net changes in the fiscal year	2,007,225	(40,650)	2,678	63,776	109,745	(2,286)	2,140,488	(648)	2,096,019
Ending balance	4,174,889	(67,728)	124,222	146,673	171,714	1,871	4,551,643	—	5,782,829

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2025 — **Millions of Yen**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	50,000	930,000	452	250,733	1,231,186
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(150,958)	(150,958)
Additions to reserve for redemption of foundation funds		50,000			50,000
Payment of interest on foundation funds				(145)	(145)
Net surplus attributable to the Parent Company				153,515	153,515
Redemption of foundation funds	(50,000)				(50,000)
Reversal of reserve for fund redemption				(50,000)	(50,000)
Reversal of land revaluation differences				1,366	1,366
Net changes, excluding funds, reserves and surplus					−
Net changes in the fiscal year	(50,000)	50,000	−	(46,222)	(46,222)
Ending balance	−	980,000	452	204,511	1,184,964

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available −for−sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Total net assets
Beginning balance	4,174,889	(67,728)	124,222	146,673	171,714	1,871	4,551,643	5,782,829
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(150,958)
Additions to reserve for redemption of foundation funds								50,000
Payment of interest on foundation funds								(145)
Net surplus attributable to the Parent Company								153,515
Redemption of foundation funds								(50,000)
Reversal of reserve for fund redemption								(50,000)
Reversal of land revaluation differences								1,366
Net changes, excluding funds, reserves and surplus	(801,772)	(24,750)	(3,073)	145,936	56,404	1,087	(626,168)	(626,168)
Net changes in the fiscal year	(801,772)	(24,750)	(3,073)	145,936	56,404	1,087	(626,168)	(672,390)
Ending balance	3,373,116	(92,478)	121,149	292,609	228,119	2,958	3,925,474	5,110,438

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets (continued)

Year ended March 31, 2025 — **Millions of U.S. Dollars**

	Funds, reserves and surplus				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Surplus	Total funds, reserves and surplus
Beginning balance	334	6,219	3	1,676	8,234
Changes in the fiscal year					
Additions to policyholders' dividend reserves				(1,009)	(1,009)
Additions to reserve for redemption of foundation funds		334			334
Payment of interest on foundation funds				(0)	(0)
Net surplus attributable to the Parent Company				1,026	1,026
Redemption of foundation funds	(334)				(334)
Reversal of reserve for fund redemption				(334)	(334)
Reversal of land revaluation differences				9	9
Net changes, excluding funds, reserves and surplus					―
Net changes in the fiscal year	(334)	334	―	(309)	(309)
Ending balance	―	6,554	3	1,367	7,925

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Deferred unrealized gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Net unrealized gains on policy reserves and other reserves for overseas subsidiaries	Total accumulated other comprehensive income	Total net assets
Beginning balance	27,921	(452)	830	980	1,148	12	30,441	38,675
Changes in the fiscal year								
Additions to policyholders' dividend reserves								(1,009)
Additions to reserve for redemption of foundation funds								334
Payment of interest on foundation funds								(0)
Net surplus attributable to the Parent Company								1,026
Redemption of foundation funds								(334)
Reversal of reserve for fund redemption								(334)
Reversal of land revaluation differences								9
Net changes, excluding funds, reserves and surplus	(5,362)	(165)	(20)	976	377	7	(4,187)	(4,187)
Net changes in the fiscal year	(5,362)	(165)	(20)	976	377	7	(4,187)	(4,496)
Ending balance	22,559	(618)	810	1,956	1,525	19	26,253	34,178

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Cash Flows

Years ended March 31	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
I Cash flows from operating activities			
Surplus before income taxes and non-controlling interests	¥ 159,159	¥ 111,076	$ 742
Depreciation of real estate for non-insurance business	10,167	10,497	70
Depreciation	53,018	62,882	420
Impairment losses	2,114	1,876	12
Amortization of goodwill	20,287	25,815	172
Increase (Decrease) in reserve for outstanding claims	12,033	(3,339)	(22)
Increase (Decrease) in policy reserves	635,168	364,002	2,434
Provision for interest on policyholders' dividend reserves	43	36	0
Increase (Decrease) in allowance for possible loan losses	(2,221)	(2,617)	(17)
Increase (Decrease) in net defined benefit liabilities	(71)	(118)	(0)
Increase (Decrease) in reserve for price fluctuation	56,368	43,062	288
Interest, dividends, and other income	(1,298,654)	(1,380,456)	(9,232)
Losses (Gains) on securities	(862,517)	94,389	631
Interest expenses	111,120	150,404	1,005
Foreign exchange losses (gains)	(15,537)	10,273	68
Losses (Gains) on tangible fixed assets	5,940	5,400	36
Investment losses (gains) on equity method	(3,664)	(13,462)	(90)
Decrease (Increase) in due from agents	(35)	35	0
Decrease (Increase) in reinsurance receivables	1,882	9,654	64
Decrease (Increase) in other assets (excluding those related to investing and financing activities)	(10,893)	(66,523)	(444)
Increase (Decrease) in due to agents	713	(985)	(6)
Increase (Decrease) in reinsurance payables	33,170	51,145	342
Increase (Decrease) in other liabilities (excluding those related to investing and financing activities)	115,338	(154,115)	(1,030)
Others, net	(25,762)	(32,869)	(219)
Subtotal	**(1,002,830)**	**(713,932)**	**(4,774)**
Interest, dividends, and other income received	1,242,026	1,336,574	8,939
Interest paid	(102,115)	(137,625)	(920)
Policyholders' dividends paid	(143,093)	(148,033)	(990)
Income taxes paid	(77,972)	(58,588)	(391)
Net cash provided by (used in) operating activities	**¥ (83,985)**	**¥ 278,394**	**$ 1,861**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Consolidated Statements of Cash Flows (continued)

Years ended March 31	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
II Cash flows from investing activities			
Net decrease (increase) in deposits	¥ (32,814)	¥ 27,765	$ 185
Proceeds from sales and redemption of monetary claims bought	10,681	10,386	69
Increase in money held in trust	(15,300)	(75,600)	(505)
Proceeds from decrease in money held in trust	16,425	67,800	453
Purchase of securities	(5,410,847)	(6,201,789)	(41,477)
Proceeds from sales and redemption of securities	5,727,066	6,279,015	41,994
Loans extended	(1,247,179)	(1,344,146)	(8,989)
Proceeds from collection of loans	1,029,999	1,113,384	7,446
Net increase (decrease) in cash collateral under securities borrowing / lending transactions	(273,088)	(333,599)	(2,231)
Total investment activities (IIa)	**(195,056)**	**(456,782)**	**(3,054)**
[I + IIa]	**(279,042)**	**(178,388)**	**(1,193)**
Purchase of tangible fixed assets	(42,405)	(87,746)	(586)
Proceeds from sales of tangible fixed assets	—	16,146	107
Purchase of intangible fixed assets	(39,096)	(84,411)	(564)
Acquisition of stock of subsidiaries with change in scope of consolidation	—	(54,543)	(364)
Others, net	(4,159)	(1,359)	(9)
Net cash provided by (used in) investing activities	**(280,718)**	**(668,697)**	**(4,472)**
III Cash flows from financing activities			
Proceeds from issuance of bonds payable	—	560,059	3,745
Redemption of foundation funds	(50,000)	(50,000)	(334)
Payment of interest on foundation funds	(302)	(145)	(0)
Acquisition of stock of subsidiaries and affiliates that does not result in change in scope of consolidation	(754)	—	—
Others, net	2,387	(1,591)	(10)
Net cash provided by (used in) financing activities	**(48,669)**	**508,322**	**3,399**
IV Effect of foreign exchange rate changes on cash and cash equivalents	**5,507**	**24,820**	**165**
V Net increase (decrease) in cash and cash equivalents	**(407,865)**	**142,838**	**955**
VI Cash and cash equivalents at the beginning of the year	**1,317,755**	**909,889**	**6,085**
VII Cash and cash equivalents at the end of the year	**¥ 909,889**	**¥ 1,052,728**	**$ 7,040**

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

I. Basis of Presentation

MEIJI YASUDA LIFE INSURANCE COMPANY (hereafter, "the Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese "Insurance Business Act" and its related accounting regulations in Japan, and in conformity with accounting principles generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles in the respective countries of domicile. In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts are rounded down to the nearest million yen. As a result, the totals do not add up. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the exchange rate prevailing at March 31, 2025, which was ¥149.52 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

II. Basis for preparing consolidated financial statements

1. Consolidated subsidiaries

The number of consolidated subsidiaries was 18 and 20 as of March 31, 2024 and 2025, respectively. The main consolidated subsidiaries as of March 31, 2025 are as follows:

Meiji Yasuda General Insurance Co., Ltd. (Japan)
Meiji Yasuda Asset Management Company Ltd. (Japan)
Meiji Yasuda System Technology Company Limited (Japan)
Pacific Guardian Life Insurance Company, Limited (U.S.A.)
StanCorp Financial Group, Inc. (U.S.A.)
Meiji Yasuda America Incorporated (U.S.A.)

The three companies listed below became the Company's subsidiaries and were included in the scope of consolidation in the fiscal year ended March 31, 2025.

Anthem Life Insurance Company
Anthem Life & Disability Insurance Company
Greater Georgia Life Insurance Company

One subsidiary of StanCorp Financial Group, Inc. was excluded from the scope of consolidation in the fiscal year ended March 31, 2025 due to its merger with another subsidiary of StanCorp Financial Group, Inc.

Meiji Yasuda Life Planning Center Company, Limited is the principal non-consolidated subsidiary.

The non-consolidated subsidiaries are excluded from the scope of consolidation, due to all of them being small in scale from the perspective of total assets, sales, current profit/loss and (profit) surplus. This exclusion from consolidation would not prevent a reasonable understanding of the consolidated financial position of the Company and its subsidiaries and the results of their operations.

2. Affiliates

The number of affiliates accounted for by the equity method was 7 as of March 31, 2024 and 2025. The main affiliates accounted for by the equity method as of March 31, 2025 are as follows:

Founder Meiji Yasuda Life Insurance Co., Ltd. (China)
TU Europa S.A. (Poland)
TUiR Warta S.A. (Poland)
Thai Life Insurance Public Company Limited (Thailand)

The non-consolidated subsidiaries (e.g., Meiji Yasuda Life Planning Center Company, Limited and others, along with certain affiliates) are excluded from the scope of the equity method due to their immaterial effect, individually and in aggregate, on the consolidated net income and consolidated surplus.

3. Fiscal year-end of consolidated subsidiaries

The fiscal year-ends of consolidated overseas subsidiaries are December 31. The financial statements used in consolidating such subsidiaries are as of their fiscal year-ends, with appropriate adjustments made for material transactions occurring between their respective fiscal year-ends and the date of the consolidated financial statements.

4. Summary of Significant Accounting Policies

(1) Securities

Securities held by the Company are classified and accounted for as follows:

a. Trading securities are stated at market value at the balance sheet date. The cost of sales is determined by the moving average method.

b. Held-to-maturity debt securities are stated at amortized cost using the moving average method and the amortization is calculated using the straight-line method.

c. Policy-reserve-matching bonds are stated at amortized cost in accordance with the Industry Audit Committee Report No.21, “Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry,” issued by the Japanese Institute of Certified Public Accountants (JICPA). The cost of sales is determined by the moving average method and the amortization of discount/premium is calculated using the straight-line method.

d. Equity securities issued by subsidiaries and affiliates are stated at cost using the moving average method. The subsidiaries are prescribed under Article 2, Paragraph 12 of the “Insurance Business Act” and Article 13-5-2, Paragraph 3 of the “Order for Enforcement of the Insurance Business Act”. The affiliates are under Paragraph 4 of the order.

e. Available-for-sale securities are stated at market value (e.g. quoted prices) at the balance sheet date. The cost of sales is determined by the moving average method. Stocks and others of which market value is not available are stated at cost using the moving average method. Unrealized gains and losses on available-for-sale securities are reported as a component of net assets in the consolidated balance sheets.

(2) Money held in trust

Money held in trust is stated at fair value.

(3) Policy-reserve-matching bonds

The Company classifies bonds held with the aim of matching the duration to outstanding insurance liabilities within the sub-groups (categorized by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No.21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" issued by the JICPA.

(4) Derivative transactions

Derivative transactions are stated at fair value.

(5) Tangible fixed assets

Tangible fixed assets (excluding leased assets) owned by the Company are depreciated as follows:

a. Buildings
Calculated using the straight-line method.

b. Other tangible fixed assets
Calculated using the declining-balance method.

Tangible fixed assets are presented at cost, net of accumulated depreciation and impairment losses.

Tangible fixed assets owned by the Company's overseas consolidated subsidiaries are depreciated by mainly using the straight-line method.

Leased assets related to finance leases that do not transfer ownership to the lessees are depreciated by using the straight-line method, with the lease period being considered as useful lives of assets and residual value being set at zero.

(6) Software

Capitalized software for internal use owned by the Company and subsidiaries (included in intangible fixed assets in the consolidated balance sheets) is amortized using the straight-line method over the estimated useful lives. Intangible fixed assets owned by certain overseas consolidated subsidiaries are amortized based on each country's accounting standard, such as U.S. generally accepted accounting principles (hereafter, "U.S. GAAP").

(7) Allowance for possible loan losses

Allowance for possible loan losses of the Company is provided pursuant to its standards for self-assessment of asset quality and internal rules for write-offs of loans and allowance for possible loan losses.

For loans to borrowers that are legally bankrupt (hereafter, “bankrupt borrowers”) and for loans to borrowers that are not yet legally bankrupt but substantially bankrupt (hereafter, “substantially bankrupt borrowers”), an allowance is provided based on the total amounts of the loans after deduction of charge-offs and any amounts expected to be collected through the disposal of collateral and the execution of guarantees.

For loans to borrowers that have high possibility of bankruptcy (hereafter, “borrowers with high possibility of bankruptcy”), an allowance is provided at the amount deemed necessary based on an overall solvency assessment, net of the expected collection by disposal of collateral and by executing guarantees.

For other loans, an allowance is provided by multiplying the claim amount by an anticipated default rate calculated based on the Company’s actual default experience for a certain period in the past.

All loans are assessed by the department concerned based on the Company’s standards for the self-assessment of asset quality and an independent department is responsible for audit of its self-assessment. The allowance for possible loan losses is provided based on the result of the assessment.

For loans with collateral to bankrupt borrowers and substantially bankrupt borrowers, the amount of loans exceeding the value of estimated recovery through disposal of collateral or execution of guarantees is deemed uncollectible and written off. The amount of loans written off for the years ended March 31, 2024 and 2025 amounted to ¥13 million and ¥14 million (U.S. $0 million), respectively.

Certain overseas consolidated subsidiaries directly deduct an allowance for possible loan losses from the assets in the consolidated balance sheets as of March 31, 2024 and 2025, respectively. The amount is as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Securities	¥ 927	¥ 2,771	$ 18
Loans	11,203	18,903	126
Reinsurance receivables	1,146	1,241	8

(8) Net defined benefit liabilities and assets

Net defined benefit liabilities and assets are provided based on the estimate of retirement benefit obligations and plan assets at the balance sheet date.

Assumptions of the Company used in accounting for the defined benefit plans for the years ended March 31, 2024 and 2025 were as follows:

Years ended March 31	2024	2025
Method of attributing benefit to period of service	Benefit formula basis	Benefit formula basis
Amortization period for actuarial differences	10 years	10 years
Amortization period for past service cost	10 years	10 years

(9) Reserve for price fluctuation

Reserve for price fluctuation of the Company and the domestic consolidated insurance subsidiary is calculated pursuant to Article 115 of the “Insurance Business Act”.

(10) Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for equity securities issued by unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Equity securities issued by unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rates on the dates of acquisition. Assets, liabilities, revenues and expenses of the Company's overseas consolidated subsidiaries are translated into Japanese yen at the exchange rate at the end of their fiscal year, and translation adjustments are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheets.

(11) Method of hedge accounting

Methods of hedge accounting of the Company are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:

- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans receivable;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using equity swaps to hedge against price fluctuation risk related to foreign stocks;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans as well as foreign currency denominated bonds payable issued by the Company; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities, from the year ended March 31, 2010, based on JICPA Industry Audit Committee Practical Guideline No. 26, “Accounting and Auditing Treatments related to Application of Accounting Standard for Financial Instruments in the Insurance Industry”.

Hedge effectiveness for the deferred hedge accounting to hedge against interest rate fluctuation risk related to insurance liabilities is assessed by verifying the correlation between interest rates that would be used in calculating theoretical prices of hedged items and hedging instruments.

(12) Goodwill on consolidation

Goodwill (including goodwill relating to affiliates) is amortized on the straight-line basis over 20 years. However, immaterial amounts of goodwill are expensed as incurred.

(13) Cash and cash equivalents

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents are comprised of cash on hand, demand deposits and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(14) Accounting for consumption taxes

National and local consumption taxes of the Company are accounted for using the tax-excluded method. Non-deductible consumption taxes are recognized as expenses for the period, except for those relating to purchases of depreciable fixed assets which are not charged to expense but deferred as other assets and amortized over a five-year period on the straight-line basis pursuant to the “Corporation Tax Act”.

(15) Income Taxes

The provision for income taxes is calculated based on the pretax surplus included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the effective income tax rates that are based on the enacted statutory rates to the temporary differences.

(16) Policy reserves

Regarding contracts for which the insurer’s liability under insurance policies has started as of the end of the fiscal year, policy reserves of the Company are set aside in accordance with the methods stated in the statement of calculation procedures for insurance premiums and policy reserves (Article 4, Paragraph 2, Item 4 of the “Insurance Business Act”) pursuant to Article 116, Paragraph 1 of the “Insurance Business Act”, in order to prepare for future fulfilment of obligations under the insurance contracts.

Of policy reserves, insurance premium reserves are calculated by the following methods:

a. Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Prime Minister (Notification of the Minister of Finance No. 48, 1996).
b. Reserves for policies not subject to the standard policy reserve requirements are calculated based on the net level premium method.

In addition, if there is deemed to be a risk of inability to fulfill future obligations in the policy reserves, which are set aside in accordance with the statement of calculation procedures approved by the Financial Service Agency, due to a significant deviation between the future cash flows estimated based on the calculation assumptions (such as the expected mortality/morbidity and the expected rate of interest) stipulated in the statement of calculation procedures and recent actual results, additional policy reserves need to be set aside pursuant to Article 69, Paragraph 5 of the “Ordinance for Enforcement of the Insurance Business Act”. In accordance with this provision, the following reserves are set aside:

・The policy reserves set aside in the fiscal year ended March 31, 2015 for single premium endowment contracts concluded on or after September 2, 1995.
・The policy reserves set aside in the fiscal year ended March 31, 2018 for single premium individual annuity contracts concluded on or after April 2, 1998.
・The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 2.00% over 2 years beginning with the fiscal year ended March 31, 2021, for individual annuity contracts concluded on or before April 1, 1999 (excluding the single premium individual annuity policies listed above).
・The policy reserves set aside in the fiscal years ended March 31, 2015 and 2024 for variable life insurance contracts.

・The policy reserves for the difference arising from calculations of premium reserves using the expected rate of interest of 3.75% over 4 years beginning with the fiscal year ended March 31, 2025, for certain whole life insurance contracts concluded on or before April 1, 1994.

From the fiscal year ended March 31, 2025, the Company sets aside the difference arising from calculations of premium reserves using the expected rate of interest of 3.75% for whole life insurance contracts whose expected rate of interest at the time of signing exceeds 3.75%. This difference will be set aside over 4 years. In the fiscal year ended March 31, 2025, the first year of this 4-year period, the Company set aside ¥68,470 million (U.S. $457 million). As a result, the balance of the policy reserves set aside thus far accounted for 22.8% of the total amount of required reserves as of March 31, 2025.

Contingency reserves included in policy reserves are set aside in accordance with Article 116 of the "Insurance Business Act", and Article 69, Paragraph 1, Item 3 of the "Ordinance for Enforcement of the Insurance Business Act" to cover risks that may occur in the future in order to ensure the performance of future obligations under insurance contracts.

Policy reserves of certain overseas consolidated subsidiaries are recorded using the amount calculated in accordance with U.S. GAAP.

(17) Reserve for Incurred But Not Reported (IBNR) Claims

Reserve for Incurred But Not Reported (IBNR) claims is defined as a reserve for claims and benefits for which incidents prescribed in policy clauses are incurred but not reported to the Company (hereinafter "IBNR claims"). The amount of reserve for IBNR claims can no longer be calculated appropriately by using the formula stipulated in the main text of Article 1, Paragraph 1 of the Ministry of Finance Notification No. 234 (hereinafter referred to as "IBNR Notification") in 1998, due to the May 8, 2023 termination of special treatments applied for payments of hospitalization and other benefits to policyholders in such status as "quasi hospitalization," which requires obtaining diagnosis of COVID-19 infection and undergoing treatment at accommodation facilities or their homes under the supervision of physicians or other specialists (hereinafter referred to as "quasi hospitalization"). Accordingly, the Company now records the amount of such reserve by using the following method in accordance with a proviso of Article 1, Paragraph 1 of the IBNR Notification.

(Outline of Calculation Method)
The Company first deducts the amount pertaining to quasi hospitalization from the total amount of required reserve for IBNR claims and payments of benefits and others of all fiscal years set forth in the main text of Article 1, Paragraph 1 of the IBNR Notification, and then calculates the amount of reserve for IBNR claims in the same manner as that stipulated in the main text of Article 1, Paragraph 1 of the IBNR Notification.

In addition, at the end of the fiscal year ended March 31, 2023, the Company deducted the amount pertaining to quasi hospitalization for policyholders other than those categorized at high risk of serious symptoms, instead of deducting the amount pertaining to quasi hospitalization. However, due to the termination of special treatments applied to hospitalization benefits for quasi hospitalization in the fiscal year ended March 31, 2024, the Company revised the above method and deducted the amount pertaining to quasi hospitalization.

(18) Recognition of Insurance Premiums, Benefits and Claims, and Other Payments

Insurance premiums of the Company are, in principle, recorded for insurance contracts for which insurance premium has been received and under which the insurer's liability has commenced by the relevant amounts received.

Also, premiums which correspond to the period that is not expired at the end of the fiscal year, are set aside in the policy reserves in accordance with Article 116 of the "Insurance Business Act", and Article 69, Paragraph 1, Item 2 of the "Ordinance for Enforcement of the Insurance Business Act".

Benefits and claims (excluding reinsurance premiums) of the Company are recorded for contracts for which amounts calculated under policy conditions have been paid in the occurrence of insured events under the policy conditions by the relevant amounts paid.

In addition, the Company recognizes outstanding claims with the amount of unpaid claims over the contracts for which payment obligation exists at the end of the fiscal year or for which incidents prescribed in policy clause already incurred but not reported to the Company, pursuant to Article 117 of the "Insurance Business Act" and Article 72 of the "Ordinance for Enforcement of the Insurance Business Act".

(19) Policy acquisition costs

Policy acquisition costs of the Company are expensed when incurred.

Policy acquisition costs of certain overseas consolidated subsidiaries are calculated based on each country's accounting standard, such as U.S. GAAP.

(20) Significant Accounting Estimates

Significant accounting estimates that are identified pursuant to Accounting Standards for Disclosure of Accounting Estimates (ASBJ Statement No. 31), are as follows.

a. Claim reserves of StanCorp Financial Group, Inc. (StanCorp)

The amounts of ¥835,781 million and ¥1,005,387 million (U.S. $6,724 million) are recorded in Reserve for outstanding claims on the consolidated balance sheets for the fiscal years ended March 31, 2024 and 2025, respectively. Claim reserves for the long-term disabled disability insurance, called Long-Term Disability-Disabled Life Reserves, in its group insurance business accounts for a significant portion of the reserve.

StanCorp's claim reserves are recognized at an amount calculated based on the estimated present value of unpaid claims and claim adjustment expenses as of StanCorp's balance sheet date in accordance with U.S. GAAP. While StanCorp evaluates annually whether the amount of claim reserves is appropriate, key assumptions such as claim termination rates are used for this evaluation.

Those assumptions are subject to a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

b. Impairment of goodwill arising from the acquisition of StanCorp

The balance of the goodwill recognized at the time of the acquisition of StanCorp is recorded as Goodwill of ¥110,515 million and ¥101,179 million (U.S. $676 million) on the consolidated balance sheets for the fiscal years ended March 31, 2024 and 2025, respectively. The goodwill allocated to its group insurance business accounts for a significant portion.

Goodwill arising from the acquisition of StanCorp is recognized in the consolidated financial statements of StanCorp, and is tested for impairment by StanCorp in accordance with U.S. GAAP. In the impairment testing, StanCorp evaluates the indication of impairment in accordance with U.S. GAAP, and assesses qualitative factors to determine whether it is more likely than not that the fair value of the group insurance business is less than its carrying amount including goodwill (qualitative assessment). Additionally, StanCorp performs a quantitative impairment test based on its earnings forecast.

This evaluation uses key assumptions such as premium growth rates and the insurance benefit ratios. Those assumptions involve a high degree of uncertainty and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

As a result of the testing, no impairment losses are recognized.

c. Impairment of the value of in-force business or the Value of Business Acquired (VOBA) at the StanCorp acquisition

The balance of the VOBA recognized at the time of the acquisition of StanCorp is recorded as ¥53,171 million and ¥54,802 million (U.S. $366 million) in Other intangible fixed assets on the consolidated balance sheets for the fiscal years ended March 31, 2024 and 2025, respectively. The balance related to the individual disability insurance business accounts for a significant portion of the VOBA.

The amount of VOBA arising from the acquisition of consolidated overseas subsidiaries is the estimated present value of future profits expected to be generated from the insurance policies held by StanCorp at the acquisition date, and is recognized in its consolidated financial statements in accordance with U.S. GAAP.

Key assumptions such as the incident rates and the claim termination rates are used for the calculation of the VOBA. In addition, the VOBA is being amortized over a certain period based on their contractual terms in proportion to future premiums.

If the assumptions listed above deteriorate, a loss equal to a decline in value of VOBA may be recognized before additional policy reserves are recognized. Accordingly, this evaluation is performed with its assessment of the sufficiency of the amount of policy reserves.

Those assumptions involve a high degree of uncertainty, and may greatly affect the future cash flow estimates to be formulated in the next fiscal year.

As a result of the testing, no impairment losses are recognized.

(Changes in accounting policies)

(For the year ended March 31, 2024)

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

(1) Adoption of the FASB Accounting Standards Codification Topic 326 "Financial Instruments—Credit Losses" at some consolidated overseas subsidiaries engaged in the insurance business
At the beginning of the fiscal year ended March 31, 2024, some consolidated overseas subsidiaries engaged in the insurance business adopted the FASB Accounting Standards Codification Topic 326 "Financial Instruments–Credit Losses." Accordingly, the Company reviewed measurement methods for financial instruments and recognized impairment losses on its financial assets via the use of the current expected credit loss model.

The accounting standard was retrospectively applied, with its cumulative effect being reflected in the carrying amount of net assets at the beginning of the fiscal year ended March 31, 2024.

As a result, the balance of securities, loans and reinsurance receivables at the beginning of the above fiscal year decreased ¥269 million, ¥6,672 million and ¥929 million, respectively, while the balance of deferred tax assets and other liabilities increased ¥1,753 million and ¥414 million, respectively. The beginning balance of retained earnings decreased ¥6,532 million.

(2) Adoption of IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts" at some affiliates accounted for by the equity method

At the beginning of the fiscal year ended March 31, 2024, some affiliates accounted for by the equity method adopted IFRS 9 "Financial Instruments" and IFRS 17 "Insurance Contracts."

(3) Change in the method used for the amortization of goodwill recorded by subsidiaries in the United States

Goodwill recorded by subsidiaries in the United States had been amortized on the straight-line basis over 20 years in the course of consolidated financial accounting. However, as these subsidiaries are now allowed to opt for amortization based on the FASB Accounting Standards Codification Topic 350 "Intangibles—Goodwill and Other," the Company has changed its method of amortization to the straight-line method over 10 years at the beginning of the fiscal year ended March 31, 2024.

As a result, ordinary income and surplus before income taxes and non-controlling interests decreased ¥10,143 million each in the fiscal year ended March 31, 2024 compared with figures calculated using the conventional method.

(Accounting standards and guidance not yet adopted)

The following accounting standard and guidance have been issued but not yet adopted: "Accounting Standard for Leases" (ASBJ Statement No. 34: September 13, 2024) and "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33: September 13, 2024). This accounting standard, along with its implementation guidance, stipulates the accounting treatment of recognizing assets and liabilities for all leases of the lessee, similar to international accounting standards. The Company plans to adopt the standard and guidance above from the fiscal year ending March 31, 2028 onward, with the resulting effect of the adoption now being evaluated.

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

III. Notes to Consolidated Balance Sheets

*1. Securities Lending

Securities loaned under security lending agreements, including securities under securities borrowing transactions, amounted to ¥5,736,830 million and ¥6,715,142 million (U.S. $44,911 million) as of March 31, 2024 and 2025, respectively.

*2. Securities sold under Repurchase Agreements

Securities sold under repurchase agreements amounted to ¥264,703 million and ¥248,244 million (U.S. $1,660 million) as of March 31, 2024 and 2025, respectively.

*3. Pledged Assets

Assets pledged as collateral were cash and deposits in the amount of ¥2,341 million and ¥1,373 million (U.S. $9 million), securities in the amounts of ¥381,920 million and ¥370,286 million (U.S. $2,476 million), and loans in the amounts of ¥257,705 million and ¥271,180 million (U.S. $1,813 million) as of March 31, 2024 and 2025, respectively.

4. Rights to disposal

Assets, which can be freely disposed of, but are not recorded in the Company's consolidated balance sheet as of March 31, 2025, consisted of cash collateral totaling ¥11,604 million (U.S. $77 million), which was accepted via securities lending transactions, and securities totaling ¥12,186 million (U.S. $81 million), which were borrowed via securities borrowing transactions. Cash collateral was entirely loaned, while borrowed securities were entirely held by the Company.

*5. Equity Securities issued by Unconsolidated Subsidiaries and Affiliates

The total amounts of equity securities issued by unconsolidated subsidiaries and affiliates were ¥288,330 million and ¥340,148 million (U.S. $2,274 million) as of March 31, 2024 and 2025, respectively.

*6. Loans

The amounts of risk-monitored loans, which comprised (1) bankrupt and quasi-bankrupt loans, (2) doubtful loans, (3) loans in arrears for three months or longer and (4) restructured loans, were ¥32,698 million and ¥52,310 million (U.S. $349 million) as of March 31, 2024 and 2025, respectively.

The amounts of bankrupt and quasi-bankrupt loans were ¥405 million and ¥377 million (U.S. $2 million) as of March 31, 2024 and 2025, respectively.

The amounts of loans deemed uncollectible and directly deducted from the loans in the consolidated balance sheet as of March 31, 2024 and 2025 were ¥13 million and ¥14 million (U.S. $0 million) for bankrupt and quasi-bankrupt loans, respectively.

Bankrupt and quasi- bankrupt loans are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.

The amounts of doubtful loans were ¥14,307 million and ¥5,130 million (U.S. $34 million) as of March 31, 2024 and 2025, respectively.

Doubtful loans are loans with a high probability of failure in the receipt of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance even though the borrower has yet to enter the state of bankruptcy. These loans do not include bankrupt and quasi-bankrupt loans.

The amounts of loans in arrears for three months or longer were ¥115 million and ¥125 million (U.S. $0 million) as of March 31, 2024 and 2025, respectively.

Loans in arrears for three months or longer represent the loans on which payments of principal or interest are past due over three months from the day following the contractual due date. These loans do not include bankrupt and quasi-bankrupt loans or doubtful loans.

The amounts of restructured loans were ¥17,869 million and ¥46,677 million (U.S. $312 million) as of March 31, 2024 and 2025, respectively.

Restructured loans represent the loans which have been restructured to provide relief to the borrowers by reducing or waiving interest payments, by rescheduling repayments of principal or payments of interest, or by waiving claims for borrowers in order to support their recovery from financial difficulties. Restructured loans do not include bankrupt and quasi-bankrupt loans, doubtful loans, or loans in arrears for three months or longer.

*7. Loan Commitments

The amounts of loan commitments outstanding were ¥131,689 million and ¥165,223 million (U.S. $1,105 million) as of March 31, 2024 and 2025, respectively.

*8. Accumulated Depreciation

Accumulated depreciation of tangible fixed assets amounted to ¥497,177 million and ¥510,008 million (U.S. $3,410 million) as of March 31, 2024 and 2025, respectively.

*9. Policyholders' Dividend Reserves

Changes in policyholders' dividend reserves for the years ended March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Balance at the beginning of the fiscal year	¥ 288,339	¥ 289,545	$ 1,936
Transfer from surplus in the previous fiscal year	144,240	150,958	1,009
Dividend payments to policyholders during the fiscal year	(143,093)	(148,033)	(990)
Interest accrued during the fiscal year	58	46	0
Balance at the end of the fiscal year	289,545	292,516	1,956

*10. Subordinated Bonds

As of March 31, 2024 and 2025, bonds payable in liabilities consisted entirely of subordinated bonds and foreign currency-denominated subordinated bonds, the repayments of which are subordinated to other obligations.

*11. Subordinated Borrowings

As of March 31, 2024 and 2025, other liabilities in liabilities included subordinated borrowings of ¥271,600 million and ¥271,600 million (U.S. $1,816 million), respectively, the repayments of which are subordinated to other obligations.

12. Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the "Insurance Business Act" were ¥607,204 million and ¥549,347 million (U.S. $3,674 million) as of March 31, 2024 and 2025, respectively. The amounts of separate account liabilities were the same as these figures.

*13. Revaluation of land

The Company revalued certain parcels of land owned for operational use as of March 31, 2000, as permitted by the "Act on Revaluation of Land".

The difference in value before and after revaluation is directly included in net assets in the consolidated balance sheets and presented as land revaluation differences, after net of income taxes which is presented as deferred tax liabilities for land revaluation in the consolidated balance sheets. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the Company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the "Order for Enforcement of the Act on Revaluation of Land") for the revaluation.

The Company also revalued certain parcels of land acquired from former Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004 as of March 31, 2001, as permitted by the act. As a revaluation method stipulated in Article 3, Paragraph 3 of the act, the former company used the publicly announced appraisal value with certain adjustments (detailed in Article 2, Item 1 of the order) and appraisal value (detailed in Article 2, Item 5 of the order) for the revaluation.

IV. Notes to Consolidated Statements of Income

*1. Impairment of Fixed Assets

The details of the impairment losses on fixed assets are as follows:

(1) Method for grouping the assets

The Company and certain consolidated subsidiaries group all the fixed assets held and utilized mainly for the insurance business as one asset group for the impairment test.
For real estate for non-insurance business and idle assets, each asset is treated as an independent unit for the impairment test.

(2) Description of impairment losses recognized

For the years ended March 31, 2024 and 2025, the Company recognized impairment losses on real estate for non-insurance business that experienced a significant deterioration of profitability and on the idle assets that experienced a significant decline in fair value. For these assets, the Company reduced the carrying amount to a recoverable amount which is either fair value less costs to dispose or value-in-use, and recognized impairment losses as extraordinary losses in the consolidated statements of income.

(3) Details of fixed assets resulting in impairment losses

For the year ended March 31, 2024

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	1	¥ 529	¥ 869	¥ 1,399
Idle assets	7	377	337	714
Total	8	906	1,207	2,114

For the year ended March 31, 2025

Asset group	Number of properties impaired	Land	Buildings	Millions of Yen Total
Real estate for non-insurance business	1	¥ 304	¥ 1,082	¥ 1,386
Idle assets	5	161	327	489
Total	6	466	1,410	1,876

For the year ended March 31, 2025

Asset group	Land	Buildings	Millions of U.S. Dollars Total
Real estate for non-insurance business	$ 2	$ 7	$ 9
Idle assets	1	2	3
Total	3	9	12

(4) Calculation method of recoverable amounts

The recoverable amounts of real estate for non-insurance business are determined at net realizable value or value in use. The recoverable amounts for idle assets are net realizable value. Value in use is mainly determined as the estimated net future cash flows, reflecting the volatility risk, discounted at 1.71% and 1.77% for the years ended March 31, 2024 and 2025, respectively. Net realizable value is calculated based on the appraisal value with reference to “Real Estate Appraisal Standards” or the publicly announced appraisal value.

V. Notes to Consolidated Statements of Comprehensive Income

The components of other comprehensive income (reclassification adjustments and income tax effects relating to other comprehensive income) for the years ended March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	2024	2025	2025
Net unrealized gains (losses) on available-for-sale securities:			
Amount arising during the fiscal year	¥ 2,862,832	¥ (848,901)	$ (5,677)
Reclassification adjustments	(92,576)	(208,029)	(1,391)
Before income taxes and tax effect adjustments	2,770,255	(1,056,930)	(7,068)
Income taxes and tax effects	(771,421)	248,773	1,663
Net unrealized gains (losses) on available-for-sale securities	1,998,833	(808,156)	(5,405)
Deferred unrealized gains (losses) on derivatives under hedge accounting:			
Amount arising during the fiscal year	¥ (54,308)	¥ (45,511)	$ (304)
Reclassification adjustments	(2,326)	7,163	47
Before income taxes and tax effect adjustments	(56,635)	(38,347)	(256)
Income taxes and tax effects	15,835	11,953	79
Deferred unrealized gains (losses) on derivatives under hedge accounting	(40,800)	(26,393)	(176)
Land revaluation differences:			
Amount arising during the fiscal year	¥ —	¥ —	$ —
Reclassification adjustments	—	—	—
Before income taxes and tax effect adjustments	—	—	—
Income taxes and tax effects	—	(1,707)	(11)
Land revaluation differences	—	(1,707)	(11)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	¥ 44,020	¥ 126,294	$ 844
Reclassification adjustments	—	—	—
Before income taxes and tax effect adjustments	44,020	126,294	844
Income taxes and tax effects	—	—	—
Foreign currency translation adjustments	44,020	126,294	844
Remeasurements of defined benefit plans:			
Amount arising during the fiscal year	¥ 164,056	¥ 106,944	$ 715
Reclassification adjustments	(11,964)	(25,081)	(167)
Before income taxes and tax effect adjustments	152,091	81,863	547
Income taxes and tax effects	(42,346)	(25,458)	(170)
Remeasurements of defined benefit plans	109,745	56,404	377
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	¥ 23,660	¥ 33,209	$ 222
Reclassification adjustments	2,349	(4,452)	(29)
Share of other comprehensive income of	26,010	28,756	192

affiliates accounted for by the equity method			
Total other comprehensive income	2,137,810	(624,802)	(4,178)

VI. Notes to Consolidated Statements of Changes in Net Assets

1. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption.

Having redeemed foundation funds totaling ¥50,000 million in the fiscal year ended March 31, 2024, the Company has transferred reserves for fund redemption of the same amount to reserve for redemption of foundation funds as defined under Article 56 of the "Insurance Business Act."

VII. Notes to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents

The components of cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2024**	**2025**	**2025**
Cash and deposits	¥ 903,727	¥ 1,093,824	$ 7,315
Time deposits (over 3 months)	(249,716)	(221,950)	(1,484)
Call loans	220,000	165,000	1,103
Money held in trust (maturities within 3 months)	25,900	12,100	80
Securities (maturities within 3 months from the date of acquisition)	9,978	3,754	25
Cash and cash equivalents	909,889	1,052,728	7,040

2. Breakdown of assets and liabilities of newly consolidated subsidiaries as a result of the acquisition of shares

As a result of the acquisition of shares associated with the consolidation of three subsidiaries engaged in group insurance businesses, the breakdown of the assets and liabilities at the beginning of the consolidation and the relationship between the acquisition price and net cash flow for the acquisition were as follows:

	Millions of Yen	Millions of U.S. Dollars
As of March 31	**2025**	**2025**
Assets	¥ 208,841	$ 1,396
Cash and deposits	36,483	244
Liabilities	(117,814)	(787)
Policy reserves and other reserves	(106,422)	(711)
Consideration for the acquisition	91,026	608
Cash and cash equivalents included in acquired assets	(36,483)	(244)
Net proceeds from the acquisition of business	54,543	364

VIII. Financial Instruments

1. Qualitative information on financial instruments

The Company develops the asset and liability management based on surplus, and it monitors a surplus derived from the difference between the economic values of assets and liabilities as a measure of financial soundness, in order to manage its investment assets (excluding the assets of the separate account prescribed in Article 118, Paragraph 1 of the "Insurance Business Act").

Based on this risk management, the Company mainly invests in securities and loans. Securities held primarily consist of bonds, stocks and investment trusts. Loans primarily consist of loans to domestic corporate borrowers. Securities held by certain overseas consolidated subsidiaries primarily consist of bonds, and loans primarily consist of loans to overseas borrowers.

Derivatives are mainly used for hedging activities as a primary method of hedging against invested asset risk, insurance liability risk and bonds payable risk.

Methods of hedge accounting are in accordance with the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments”. These methods consist primarily of:
- the special hedge accounting using interest rate swaps to hedge against cash flow volatility related to loans;
- the fair value hedge accounting using forward exchange contracts to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds;
- the deferred hedge accounting using equity swaps to hedge against price fluctuation risk related to foreign stocks;
- the allocation method using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated loans as well as foreign currency denominated bonds payable issued by the Company; and
- the deferred hedge accounting using interest rate swaps to hedge against interest rate fluctuation risk related to insurance liabilities.

Securities held by the Company and certain overseas consolidated subsidiaries are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk. Loans are exposed to credit risk and interest rate fluctuation risk. Derivative transactions are exposed to market risk and credit risk.

Some of the bonds payable of the Company and certain overseas consolidated subsidiaries which are denominated in foreign currencies are exposed to exchange rate fluctuation risk.

With regard to the interest rate fluctuation risk management, the Company manages the fluctuation risk on the basis of economic values from a surplus management perspective, by purchasing super long-term bonds to keep asset duration stable and using interest rate swaps for the interest rate risk hedge against insurance liabilities.

To manage the exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate controls of exchange rate fluctuation risk.

To manage price fluctuation risk and other market risks, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivative transactions and also monitors loss limits to minimize unexpected losses.

In addition to the Value at Risk (VaR) method to measure the maximum expected loss, the Company performs stress tests periodically to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts.

The profit and loss status and compliance with these procedures are monitored by the investment risk management department, reported regularly (or immediately in urgent cases) to the risk management verification committee and, on important matters, reported directly to the Board of Directors and

Committees.

To manage credit risk, the Company carefully identifies risks in each transaction and limits investments to those that are assessed to be of high quality.

Where credit risk assessment is particularly important regarding corporate loans, the credit risk management department ensures that a rigorous screening system is in place, and monitors borrowers and internal credit ratings using corporate screening methods. The Company follows careful discussions by the Investment Council to make decisions on highly important deals.

Further, the Company sets exposure limits based on counterparties' creditworthiness to ensure that risk is not concentrated among certain companies or groups, and diversifies investments.

With regard to derivative transactions, the Company limits risk by setting up policies and establishing limits by the type of transaction and by each counterparty. At the same time, a system of internal checks is in place by segregating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

2. Fair value of financial instruments

The amounts of the principal financial assets and liabilities reported in the consolidated balance sheets at the end of the fiscal years ended March 31, 2024 and 2025, their fair values and the differences between them, were as presented in the following table. In addition, notes for cash are omitted. Moreover, the Company omitted notes for deposits other than CDs; money held in trust that is jointly invested and has a nature similar to deposits; payables under repurchase agreements; and payables under securities borrowing transactions, based on the assumption that the fair value of these instruments approximates book value due to the short-term nature of their contracts.

As of March 31			Millions of Yen
			2024
	Balance sheet amount	Fair value	Difference
Deposits	¥ 16,995	¥ 16,995	¥ —
Available-for-sale securities (CDs)	16,995	16,995	—
Monetary claims bought	160,302	155,836	(4,466)
Held-to-maturity debt securities	155,385	150,919	(4,466)
Available-for-sale securities	4,916	4,916	—
Money held in trust	114,117	114,117	—
Available-for-sale securities	114,117	114,117	—
Securities	42,936,022	42,479,392	(456,629)
Trading securities	1,967,949	1,967,949	—
Held-to-maturity debt securities	3,111,147	3,385,375	274,227
Policy-reserve-matching bonds	14,751,534	14,067,870	(683,663)
Stocks of subsidiaries and affiliates	120,071	72,876	(47,194)
Available-for-sale securities	22,985,319	22,985,319	—
Loans	5,368,752	5,328,279	(40,473)
Policy loans	168,283	168,283	—
Industrial and consumer loans	5,200,468	5,159,995	(40,473)

Allowance for possible loan losses (*1)	(7,996)	—	—
	5,360,756	5,328,279	(32,477)
Bonds payable	640,735	641,039	304
Borrowings	271,600	256,279	(15,320)
Derivative financial instruments (*2)	(258,969)	(258,969)	—
Hedge accounting is not applied	(9,120)	(9,120)	—
Hedge accounting is applied	(249,849)	(249,849)	—

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.

(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥201,426 million as of March 31, 2024. Of this, the amount of stocks of subsidiaries and affiliates was ¥168,259 million as of March 31, 2024. The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥29,016 million as of March 31, 2024.

The amount of impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥5 million for the year ended March 31, 2024.

As of March 31	Millions of Yen			Millions of U.S. Dollars		
	2025			2025		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Deposits	¥ 32,993	¥ 32,993	¥ ―	$220	$220	$ ―
Available-for-sale securities (CDs)	32,993	32,993	―	220	220	―
Monetary claims bought	149,806	141,345	(8,461)	1,001	945	(56)
Held-to-maturity debt securities	145,799	137,338	(8,461)	975	918	(56)
Available-for-sale securities	4,006	4,006	―	26	26	―
Money held in trust	111,332	111,332	―	744	744	―
Available-for-sale securities	111,332	111,332	―	744	744	―
Securities	42,557,870	41,044,906	(1,512,963)	284,629	274,511	(10,118)
Trading securities	2,411,863	2,411,863	―	16,130	16,130	―
Held-to-maturity debt securities	2,903,469	2,986,779	83,310	19,418	19,975	557
Policy-reserve-matching bonds	15,049,301	13,493,303	(1,555,998)	100,650	90,244	(10,406)
Stocks of subsidiaries and affiliates	137,912	97,636	(40,276)	922	652	(269)
Available-for-sale securities	22,055,323	22,055,323	―	147,507	147,507	―
Loans	5,761,005	5,668,030	(92,975)	38,530	37,908	(621)
Policy loans	156,257	156,257	―	1,045	1,045	―
Industrial and consumer loans	5,604,748	5,511,772	(92,975)	37,484	36,863	(621)
Allowance for possible loan losses (*1)	(5,405)	―	―	(36)	―	―
	5,755,600	5,668,030	(87,570)	38,493	37,908	(585)
Bonds payable	1,207,793	1,191,060	(16,732)	8,077	7,965	(111)
Borrowings	271,600	249,836	(21,763)	1,816	1,670	(145)
Derivative financial instruments (*2)	(83,694)	(83,694)	―	(559)	(559)	―
Hedge accounting is not applied	49,906	49,906	―	333	333	―
Hedge accounting is applied	(133,600)	(133,600)	―	(893)	(893)	―

(*1) The amounts are general allowance for possible losses on loans and specific allowance for possible loan losses related to the loans.

(*2) The amounts of receivables and payables arising from derivative transactions are shown as net amounts.

(*3) In accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19) and Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31), unlisted stocks and others of which market value is not available are not included in securities presented in the above table concerning the fair value of financial instruments and the table concerning the fair value hierarchy of financial instruments. Investments in capital partnerships are similarly excluded from the table for the same reason.

The amount of stocks and others of which market value is not available, as reported in the consolidated balance sheets, was ¥238,538 million (U.S. $1,595 million) as of March 31, 2025. Of this, the amount of stocks of subsidiaries and affiliates was ¥202,235 million (U.S. $1,352 million), as of March 31, 2025. The amount of investments in capital partnerships reported in the consolidated balance sheets totaled ¥38,459 million (U.S. $257 million) as of March 31, 2025.

The amount of impairment losses on unlisted stocks and others of which market value is not available and investments in capital partnerships was ¥159 million (U.S. $1 million), for the year ended March 31, 2025.

Notes:

a. Maturity analysis of monetary claims and securities with maturities

As of March 31	Millions of Yen 2024					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (CDs)	¥ 16,995	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	160,302
Loans*	513,925	871,000	654,480	648,721	739,445	1,764,924
Securities	527,451	1,752,034	3,419,026	3,489,784	6,537,230	16,468,370
Held-to-maturity debt securities	195,061	625,104	253,519	23,798	577,160	1,436,503
Policy-reserve-matching bonds	17,459	67,926	635,280	1,494,365	3,016,494	9,520,008
Available-for-sale securities with maturities	314,930	1,059,004	2,530,226	1,971,621	2,943,574	5,511,859
Total	1,058,372	2,623,035	4,073,507	4,138,506	7,276,675	18,393,598

As of March 31	Millions of Yen 2025						Millions of U.S. Dollars 2025					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (CDs)	¥ 32,993	¥ —	¥ —	¥ —	¥ —	¥ —	$ 220	$ —	$ —	$ —	$ —	$ —
Monetary claims bought	—	—	—	—	—	149,806	—	—	—	—	—	1,001
Loans*	686,006	802,354	762,335	554,086	730,594	2,068,971	4,588	5,366	5,098	3,705	4,886	13,837
Securities	716,425	2,482,009	3,087,392	3,980,544	5,561,144	16,093,815	4,791	16,599	20,648	26,622	37,193	107,636
Held-to-maturity debt securities	359,457	455,479	87,560	546,006	371,946	1,083,018	2,404	3,046	585	3,651	2,487	7,243
Policy-reserve-matching bonds	23,492	264,305	1,052,221	1,552,146	2,980,466	9,176,668	157	1,767	7,037	10,380	19,933	61,374
Available-for-sale securities with maturities	333,475	1,762,224	1,947,610	1,882,390	2,208,732	5,834,128	2,230	11,785	13,025	12,589	14,772	39,019
Total	1,435,426	3,284,364	3,849,728	4,534,630	6,291,739	18,312,593	9,600	21,966	25,747	30,327	42,079	122,475

(*) Bankruptcy and reorganization claims, which are expected to be unrecoverable, are not included in this table, and they were ¥7,932 million and ¥318 million (U.S. $2 million) as of March 31, 2024 and 2025, respectively.
(*) Policy loans are not included because they have no defined maturity dates.

b. Maturity analysis of bonds payable and borrowings.

As of March 31	Millions of Yen					
	2024					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 640,735
Borrowings	—	—	—	—	—	271,600
Total	—	—	—	—	—	912,335

As of March 31	Millions of Yen						Millions of U.S. Dollars					
	2025						2025					
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Bonds payable	¥—	¥ —	¥ —	¥ —	¥ —	¥ 1,207,793	$ —	$ —	$ —	$ —	$ —	$ 8,077
Borrowings	—	—	—	—	—	271,600	—	—	—	—	—	1,816
Total	—	—	—	—	—	1,479,393	—	—	—	—	—	9,894

3. Fair value hierarchy of financial instruments

Fair values of financial instruments are classified into three different levels of fair value hierarchy, defined as follows, in accordance with the observability and significance of input used in fair value measurements.

Level 1: Fair value measured at (unadjusted) quoted prices in active markets for the same assets or liabilities

Level 2: Fair value calculated by using directly or indirectly observable input other than Level 1

Level 3: Fair value calculated using significant unobservable input

In addition, multiple inputs that exert a significant impact on calculation results may be used in fair value measurements. In such cases, the Company classifies the fair value of assets and liabilities into the level with lowest priority among the levels to which each input belongs in terms of fair value measurement.

(1) Financial assets and liabilities whose balance sheet amounts are presented at fair value

Millions of Yen

As of March 31	2024			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 16,995	¥ —	¥ 16,995
Monetary claims bought	—	4,916	—	4,916
Available-for-sale securities	—	4,916	—	4,916
Money held in trust	—	114,117	—	114,117
Available-for-sale securities	—	114,117	—	114,117
Securities	12,831,498	11,556,040	106,232	24,493,772
Trading securities	1,795,714	172,235	—	1,967,949
National & local government bonds	130,966	—	—	130,966
Corporate bonds	—	75,362	—	75,362
Domestic stocks	112,745	—	—	112,745
Other	1,552,002	96,873	—	1,648,876
Available-for-sale securities	11,035,784	11,383,805	106,232	22,525,822
National & local government bonds	1,709,428	110,246	—	1,819,675
Corporate bonds	—	1,601,224	—	1,601,224
Domestic stocks	6,553,623	2,207	—	6,555,831
Other	2,772,732	9,670,126	106,232	12,549,091
Derivative financial instruments	739	46,000	6,450	53,190
Currency related	—	26,879	—	26,879
Interest rate related	—	18,956	—	18,956
Stock related	241	—	6,450	6,691
Bond related	498	164	—	662
Total assets	12,832,238	11,738,071	112,683	24,682,992
Derivative financial instruments	80	312,080	—	312,160
Currency related	—	225,047	—	225,047
Interest rate related	—	86,914	—	86,914
Stock related	5	—	—	5
Bond related	75	118	—	193
Total liabilities	80	312,080	—	312,160

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the consolidated balance sheets is ¥459,496 million as of March 31, 2024. Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

Millions of Yen

For the year ended March 31, 2024	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 320,972
Profit (loss) or other comprehensive income (loss) for the period	
Recognized as net unrealized gains (losses) on available-for-sale securities	50,145
Bought, sold and redeemed	
Bought	91,730
Sold	(3,352)
Balance at the end of the fiscal year	459,496

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the consolidated balance sheets was ¥459,496 million as of March 31, 2024.

As of March 31	Millions of Yen 2025				Millions of U.S. Dollars 2025			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Deposits (CDs)	¥ —	¥ 32,993	¥ —	¥ 32,993	$ —	$ 220	$ —	$ 220
Monetary claims bought	—	4,006	—	4,006	—	26	—	26
Available-for-sale securities	—	4,006	—	4,006	—	26	—	26
Money held in trust	—	111,332	—	111,332	—	744	—	744
Available-for-sale securities	—	111,332	—	111,332	—	744	—	744
Securities	11,967,070	11,864,101	90,066	23,921,238	80,036	79,347	602	159,986
Trading securities	2,224,443	187,419	—	2,411,863	14,877	1,253	—	16,130
National & local government bonds	93,629	3,073	—	96,703	626	20	—	646
Corporate bonds	—	91,699	—	91,699	—	613	—	613
Domestic stocks	100,880	—	—	100,880	674	—	—	674
Other	2,029,933	92,646	—	2,122,580	13,576	619	—	14,195
Available-for-sale securities	9,742,627	11,676,681	90,066	21,509,374	65,159	78,094	602	143,856
National & local government bonds	1,471,833	103,772	—	1,575,605	9,843	694	—	10,537
Corporate bonds	—	1,532,402	—	1,532,402	—	10,248	—	10,248
Domestic stocks	5,743,930	923	—	5,744,854	38,415	6	—	38,421
Other	2,526,863	10,039,582	90,066	12,656,512	16,899	67,145	602	84,647
Derivative financial instruments	654	97,837	9,330	107,822	4	654	62	721
Currency related	—	76,816	—	76,816	—	513	—	513
Interest rate related	—	7,771	—	7,771	—	51	—	51
Stock related	73	13,249	9,330	22,654	0	88	62	151
Bond related	580	—	—	580	3	—	—	3
Total assets	11,967,725	12,110,271	99,396	24,177,393	80,040	80,994	664	161,700
Derivative financial instruments	117	191,399	—	191,516	0	1,280	—	1,280
Currency related	—	61,461	—	61,461	—	411	—	411
Interest rate related	—	129,937	—	129,937	—	869	—	869
Stock related	66	—	—	66	0	—	—	0
Bond related	51	—	—	51	0	—	—	0
Total liabilities	117	191,399	—	191,516	0	1,280	—	1,280

(*) In accordance with Paragraph 24-7 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31: June 17, 2021), investment trusts whose fair value is deemed to coincide with net asset value per unit are not included in the above table. The amount of these investment trusts presented in the consolidated balance sheets is ¥545,948 million (U.S. $3,651 million) as of March 31, 2025. Adjustments for such investment trusts from the beginning balance to the ending balance are as presented in the following table.

	Millions of Yen	Millions of U.S. Dollars
For the year ended March 31, 2025	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement	Investment trusts whose fair value is deemed to coincide with net asset value per unit in accordance with Paragraph 24-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement
Balance at the beginning of the fiscal year	¥ 459,496	$ 3,073
Profit (loss) or other comprehensive income (loss) for the period		
Recognized as net unrealized gains (losses) on available-for-sale securities	9,952	66
Bought, sold and redeemed		
Bought	80,145	536
Sold	(3,645)	(24)
Balance at the end of the fiscal year	545,948	3,651

In addition, the main restrictions on surrender, etc. of investment trusts to which Paragraph 24-3 of the implementation guidance applies is the prohibition of voluntary surrender, etc., and the amount of such investment trusts recorded on the consolidated balance sheets was ¥545,948 million (U.S. $3,651 million) as of March 31, 2025.

(2) Financial assets and liabilities whose balance sheet amounts are not presented at fair value

Millions of Yen

As of March 31	2024			
Category	Fair value			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 150,919	¥ —	¥ 150,919
Held-to-maturity debt securities	—	150,919	—	150,919
Securities	14,908,416	2,617,707	—	17,526,123
Held-to-maturity debt securities	2,815,428	569,946	—	3,385,375
National & local government bonds	2,806,706	158,484	—	2,965,191
Corporate bonds	—	340,678	—	340,678
Other	8,721	70,783	—	79,505
Policy-reserve-matching bonds	12,020,110	2,047,760	—	14,067,870
National & local government bonds	11,575,551	—	—	11,575,551
Corporate bonds	—	39,747	—	39,747
Other	444,559	2,008,013	—	2,452,572
Stocks of subsidiaries and affiliates	72,876	—	—	72,876
Loans	—	—	5,328,279	5,328,279
Policy loans	—	—	168,283	168,283
Industrial and consumer loans	—	—	5,159,995	5,159,995
Total assets	14,908,416	2,768,626	5,328,279	23,005,322
Bonds payable	—	641,039	—	641,039
Borrowings	—	256,279	—	256,279
Total liabilities	—	897,319	—	897,319

As of March 31	Millions of Yen 2025				Millions of U.S. Dollars 2025			
Category	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥ —	¥ 137,338	¥ —	¥ 137,338	$ —	$ 918	$ —	$ 918
Held-to-maturity debt securities	—	137,338	—	137,338	—	918	—	918
Securities	13,703,211	2,874,508	—	16,577,720	91,648	19,224	—	110,872
Held-to-maturity debt securities	2,479,150	507,629	—	2,986,779	16,580	3,395	—	19,975
National & local government bonds	2,468,762	149,869	—	2,618,632	16,511	1,002	—	17,513
Corporate bonds	—	299,477	—	299,477	—	2,002	—	2,002
Other	10,387	58,282	—	68,669	69	389	—	459
Policy-reserve-matching bonds	11,126,425	2,366,878	—	13,493,303	74,414	15,829	—	90,244
National & local government bonds	10,664,107	—	—	10,664,107	71,322	—	—	71,322
Corporate bonds	—	35,379	—	35,379	—	236	—	236
Other	462,317	2,331,499	—	2,793,816	3,092	15,593	—	18,685
Stocks of subsidiaries and affiliates	97,636	—	—	97,636	652	—	—	652
Loans	—	—	5,668,030	5,668,030	—	—	37,908	37,908
Policy loans	—	—	156,257	156,257	—	—	1,045	1,045
Industrial and consumer loans	—	—	5,511,772	5,511,772	—	—	36,863	36,863
Total assets	13,703,211	3,011,846	5,668,030	22,383,088	91,648	20,143	37,908	149,699
Bonds payable	—	1,191,060	—	1,191,060	—	7,965	—	7,965
Borrowings	—	249,836	—	249,836	—	1,670	—	1,670
Total liabilities	—	1,440,897	—	1,440,897	—	9,636	—	9,636

Notes:

a. Explanations on valuation methods and inputs used in fair value measurements

(i) Deposits, monetary claims bought, money held in trust and securities

Regarding deposits, monetary claims bought, and money held in trust and securities, the fair values of these instruments are classified into Level 1 when unadjusted quoted prices are available from active markets. This includes mainly listed stocks and government bonds. When publicly announced quoted prices are only available from inactive markets, the Company classifies the fair value of instruments into Level 2. This includes mainly negotiable deposits, local government bonds and corporate bonds.

When quoted prices are unavailable, the Company measures the fair value of instruments based on theoretical prices calculated by discounting the net future cash flows to the present value, or the value at the end of fiscal year based on data provided by pricing vendors or transactional counterparts. In the course of the above valuation process, the Company utilizes observable inputs as much as possible. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

For investment trusts without quoted prices, the Company deems their fair value to coincide with the net asset value per unit, provided there are no significant restrictions requiring the compensation of market participants for risks associated with surrender or repurchase. The Company classifies the fair value of these investment trusts into Level 2.

(ii) Derivative financial instruments
With regard to derivative financial instruments, the Company classifies their fair values into Level 1 when unadjusted quoted prices from active markets are available. This includes mainly stock index futures and bond futures.

However, most derivative financial instruments are traded over the counter and, accordingly, publicly announced quoted prices for these instruments are unavailable. Because of this, the fair value of foreign exchange contracts is stated at theoretical prices based on the TTM, WM Reuters rate or discount rate at the balance sheet date, while the fair value of currency swaps, interest rate swaps, equity swaps and other similar derivative financial instruments is stated at value based on data provided by pricing vendors. The fair values of the above instruments are classified into Level 2.

Since instruments subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans and bonds payable, their fair values are included in the fair values of the relevant loans and bonds payable. Moreover, since instruments subject to special hedge accounting treatment for interest rate swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are included in the fair values of the relevant loans. When significant unobservable inputs are used in its fair value measurement, the Company classifies the fair value into Level 3.

(iii) Loans
The fair values of industrial and consumer loans are, in principle, stated at value calculated by discounting the net future cash flows to the present value utilizing unobservable input. Accordingly, the Company classifies their fair values into Level 3. The fair values of loans to bankrupt borrowers, substantially bankrupt borrowers and borrowers with high possibility of bankruptcy, are stated at value calculated by deducting the estimated amount of loan losses from the book value of loans before direct write-off.

As credit exposure for policy loans without specific repayment periods is limited to the amount of the cash surrender value, the Company regards the book value as the fair value with the assumption that the fair value approximates the book value considering factors such as projected repayment period and interest condition. Accordingly, the fair values of these loans are classified into Level 3.

(iv) Bonds payable
The fair values of bonds issued by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors. The fair values of these instruments are classified into Level 2.

(v) Borrowings
The fair values of borrowings by the Company are stated at value at the end of fiscal year based on data provided by pricing vendors regarding bonds being issued under the backing of the relevant borrowings. The fair values of these instruments are classified into Level 2.

b. Information regarding financial assets and liabilities whose consolidated balance sheet amounts are stated at fair value and classified into Level 3

(i) Quantitative information regarding significant unobservable inputs

Category	Valuation technique	Significant unobservable inputs	Range of input
Derivative financial instruments			
Index option transactions	Black–Scholes model	(*2)	(*2)

(*1) In the fiscal year ended March 31, 2024, trading securities and available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. In the fiscal year ended March 31, 2025, available-for-sales securities classified under securities included instruments whose fair values are classified into Level 3. However, these instruments are not included in the above table as they are valued based on unadjusted prices provided by third parties.
(*2) Inputs used include implied volatility, such as S&P 500 Index.

(ii) Reconciliation from the beginning balance to the ending balance and net unrealized gains and losses recognized in the statement of income

Millions of Yen

For the year ended March 31, 2024	Securities	Securities	Derivative financial instruments	Total
	Trading securities	Available-for-sale securities	Index option transactions	
	Other	Other		
Balance at the beginning of the fiscal year	¥ 1,965	¥ 103,829	¥ 1,740	¥ 107,535
Profit (loss) or other comprehensive income (loss) for the period				
Recognized in the consolidated statement of income (*1)	34	96	3,400	3,530
Recognized in other comprehensive income (loss) (*2)	—	8,075	119	8,195
Bought, sold, issued and settled				
Bought	—	1,193	4,537	5,731
Sold	(2,000)	(3,661)	—	(5,661)
Settled	—	—	(3,347)	(3,347)
Redeemed	—	(5,709)	—	(5,709)
Transferred to Level 3 fair value (*3)	—	3,160	—	3,160
Transferred from Level 3 fair value (*4)	—	(752)	—	(752)
Balance at the end of the fiscal year	—	106,232	6,450	112,683
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	—	—	1,591	1,591

(*1) Included in interest, dividends, and other income and gains on trading securities under investment income and losses on derivative financial instruments under investment expenses.
(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income.
(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.
(*4) Indicating transfer from Level 3 fair value to Level 1 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.

For the year ended March 31, 2025	Millions of Yen: Securities: Available-for-sale securities: Other	Millions of Yen: Derivative financial instruments: Index option transactions	Millions of Yen: Total	Millions of U.S. Dollars: Securities: Available-for-sale securities: Other	Millions of U.S. Dollars: Derivative financial instruments: Index option transactions	Millions of U.S. Dollars: Total
Balance at the beginning of the fiscal year	¥ 106,232	¥ 6,450	¥ 112,683	$ 710	$ 43	$ 753
Profit (loss) or other comprehensive income (loss) for the period						
Recognized in the consolidated statement of income (*1)	(334)	5,608	5,273	(2)	37	35
Recognized in other comprehensive income (loss) (*2)	4,014	743	4,757	26	4	31
Bought, sold, issued and settled						
Bought	701	7,340	8,042	4	49	53
Sold	(30,440)	—	(30,440)	(203)	—	(203)
Settled	—	(10,811)	(10,811)	—	(72)	(72)
Redeemed	(2,741)	—	(2,741)	(18)	—	(18)
Transferred to Level 3 fair value (*3)	12,712	—	12,712	85	—	85
Transferred from Level 3 fair value (*4)	(79)	—	(79)	(0)	—	(0)
Balance at the end of the fiscal year	90,066	9,330	99,396	602	62	664
Net unrealized gains (losses) recorded on financial assets and liabilities held at the consolidated balance sheet date and included in the consolidated statement of income (*1)	—	1,877	1,877	—	12	12

(*1) Included in interest, dividends, and other income under investment income and losses on derivative financial instruments under investment expenses.
(*2) Included in net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments under other comprehensive income.
(*3) Indicating transfer from Level 2 fair value to Level 3 fair value due to the lack of observable data. This transfer is carried out at the end of the fiscal year.
(*4) Indicating transfer from Level 3 fair value to Level 1 fair value due to newly available observable data. This transfer is carried out at the end of the fiscal year.

(iii) Explanation of fair value measurement process

When quoted prices provided by third parties are used in fair value measurement, the Company verifies the appropriateness of such prices in a proper manner via, for example, confirming valuation techniques and inputs used and comparing fair values with those of similar financial instruments. Verification results are reported to departments in charge of risk management. In this way, the Company ensures the appropriateness of its fair value measurement policies and procedures.

(iv) Explanation of impacts on fair value due to changes in significant unobservable inputs
Index volatility is a significant unobservable input for use in the fair value measurement of index option transactions and an indicator representing the speed and magnitude of changes in the relevant indices. A significant increase (decrease) in volatility therefore causes option prices to rise (fall) considerably. In the case of a long position in option transactions, such volatility would result in a considerable rise (fall) in the fair value of these instruments.

IX. Securities

1. Trading securities

The unrealized valuation gains (losses) on trading securities included in profits (losses) amounted to ¥53,029 million and ¥(27,738) million (U.S. $(185) million) for the years ended March 31, 2024 and 2025, respectively.

2. Held-to-maturity debt securities

The amounts reported in the consolidated balance sheets and fair values of the held-to-maturity debt securities by security type at the end of the fiscal year, and the differences between them, are shown in the following table. In addition, no held-to-maturity debt securities were sold during the years ended March 31, 2024 and 2025.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 2,715,929	¥ 2,962,775	¥ 246,845	¥ 2,358,860	¥ 2,442,319	¥ 83,458	$ 15,776	$ 16,334	$ 558
2) Corporate bonds	298,747	325,388	26,641	186,412	193,835	7,422	1,246	1,296	49
3) Others	126,785	129,794	3,008	61,198	62,219	1,020	409	416	6
Total	3,141,462	3,417,958	276,496	2,606,471	2,698,373	91,902	17,432	18,046	614
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	2,454	2,416	(38)	181,004	176,313	(4,690)	1,210	1,179	(31)
2) Corporate bonds	15,437	15,289	(147)	108,455	105,642	(2,812)	725	706	(18)
3) Others	107,179	100,630	(6,548)	153,338	143,788	(9,550)	1,025	961	(63)
Total	125,071	118,336	(6,734)	442,797	425,744	(17,052)	2,961	2,847	(114)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the "Financial Instruments and Exchange Act".

3. Policy-reserve-matching bonds

Disposition of policy-reserve-matching bonds amounted to ¥381,601 million and ¥708,646 million (U.S. $4,739 million) resulting in total gains on sales of ¥25,298 million and ¥23,222 million (U.S. $155 million) for the years ended March 31, 2024 and 2025, respectively. Total losses on sales were ¥317 million and ¥204,544 million (U.S. $1,368 million) for the years ended March 31, 2024 and 2025, respectively. The carrying amounts in the consolidated balance sheets of policy-reserve-matching bonds by security type are shown in the following table, along with their fair values and the differences between these amounts.

As of March 31	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference	Balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the balance sheet amount									
1) National & local government bonds	¥ 6,456,305	¥ 6,884,897	¥ 428,591	¥ 3,650,054	¥ 3,726,278	¥ 76,223	$ 24,411	$ 24,921	$ 509
2) Corporate bonds	13,577	14,869	1,291	13,528	13,581	52	90	90	0
3) Others	673,877	683,203	9,325	1,002,236	1,015,137	12,901	6,703	6,789	86
Total	7,143,761	7,582,969	439,208	4,665,819	4,754,997	89,177	31,205	31,801	596
Securities whose fair value does not exceed the balance sheet amount									
1) National & local government bonds	5,606,088	4,690,653	(915,434)	8,405,585	6,937,829	(1,467,756)	56,217	46,400	(9,816)
2) Corporate bonds	27,325	24,877	(2,448)	24,460	21,797	(2,662)	163	145	(17)
3) Others	1,974,358	1,769,369	(204,988)	1,953,435	1,778,678	(174,757)	13,064	11,895	(1,168)
Total	7,607,772	6,484,900	(1,122,871)	10,383,481	8,738,305	(1,645,175)	69,445	58,442	(11,003)

4. Available-for-sale securities

Disposition of available-for-sale securities amounted to ¥3,020,637 million and ¥3,061,058 million (U.S. $20,472 million) resulting in total gains on sales of ¥288,125 million and ¥492,848 million (U.S. $3,296 million) and total losses of ¥85,563 million and ¥27,371 million (U.S. $183 million) for the years ended March 31, 2024 and 2025, respectively. With regard to available-for-sale securities, acquisition costs, amortized costs, the amounts reported in the consolidated balance sheets and the respective differences by each type of securities are shown in the following table.

As of March 31			Millions of Yen						Millions of U.S. Dollars
			2024			2025			2025
	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference	Acquisition or amortized costs	Balance sheet amount	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs									
(1) Domestic stocks	¥ 1,534,223	¥ 6,543,269	¥ 5,009,046	¥ 1,486,489	¥ 5,724,205	¥ 4,237,715	$ 9,941	$ 38,283	$ 28,342
(2) Bonds	1,650,072	1,779,079	129,006	1,361,807	1,417,298	55,490	9,107	9,478	371
1) National & local government bonds	1,128,962	1,206,952	77,989	932,644	968,312	35,668	6,237	6,476	238
2) Corporate bonds	521,110	572,127	51,017	429,162	448,985	19,822	2,870	3,002	132
(3) Others	6,840,356	8,038,457	1,198,101	5,577,824	6,655,839	1,078,015	37,304	44,514	7,209
Total	10,024,652	16,360,806	6,336,154	8,426,120	13,797,342	5,371,221	56,354	92,277	35,923
Securities whose balance sheet amount does not exceed the acquisition or amortized costs									
(1) Domestic stocks	14,053	12,561	(1,491)	23,875	20,649	(3,225)	159	138	(21)
(2) Bonds	1,718,970	1,641,819	(77,151)	1,823,817	1,690,709	(133,107)	12,197	11,307	(890)
1) National & local government bonds	651,831	612,722	(39,108)	707,339	607,293	(100,046)	4,730	4,061	(669)
2) Corporate bonds	1,067,139	1,029,096	(38,042)	1,116,477	1,083,416	(33,060)	7,467	7,245	(221)
(3) Others	5,566,588	5,106,161	(460,427)	7,196,772	6,694,953	(501,818)	48,132	44,776	(3,356)
Total	7,299,612	6,760,542	(539,069)	9,044,464	8,406,313	(638,151)	60,490	56,221	(4,268)

(*) This table includes financial instruments that are deemed appropriate to be treated as securities under the “Financial Instruments and Exchange Act”.

“Acquisition or amortized costs” in the table above refers to book values after deduction of impairment losses. The amount of impairment losses on policy-reserve-matching bonds was ¥2,096 million (U.S. $14 million) in the year ended March 31, 2025. The amount of impairment losses on available-for-sale securities of which market value is available was ¥746 million and ¥2,704 million (U.S. $18 million) for the years ended March 31, 2024 and 2025, respectively.

X. Derivative Transactions

1. Hedge accounting not applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps				
Receipts fixed, payments floating	¥ 8,000	¥ 8,000	¥ 45	¥ 45
Receipts floating, payments fixed	53,895	53,895	–	–
Total				45

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Interest rate swaps								
Receipts fixed, payments floating	¥ 758	¥ 758	¥ 1	¥ 1	$ 5	$ 5	$ 0	$ 0
Receipts floating, payments fixed	35,590	35,590	–	–	238	238	–	–
Total				1				0

(*) Net gains (losses) represent the fair values.

(2) Currency-related

As of March 31	Millions of Yen 2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts				
Sold	¥ 16,678	¥ —	¥ (30)	¥ (30)
(U.S. dollar)	16,176	—	(30)	(30)
(Euro)	500	—	0	0
(Others)	1	—	0	0
Bought	55,746	—	538	538
(U.S. dollar)	47,459	—	448	448
(Euro)	2,150	—	4	4
(Australian dollar)	5,161	—	85	85
(Others)	974	—	(0)	(0)
Currency options				
Sold				
Call	1,461,497	—		
	[23,587]		43,151	(19,563)
(U.S. dollar)	1,461,497	—		
	[23,587]		43,151	(19,563)
Bought				
Put	1,451,547	—		
	[23,587]		4,447	(19,139)
(U.S. dollar)	1,451,547	—		
	[23,587]		4,447	(19,139)
Cross currency swaps				
Receipts foreign currency, payments yen				
(Australian dollar)	124,025	123,885	11,686	11,686
(U.S. dollar)	85,800	85,800	10,187	10,187
Total				(16,322)

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Foreign currency forward contracts								
Sold	¥ 10,541	¥ ―	¥ 20	¥ 20	$ 70	$ ―	$ 0	$ 0
(U.S. dollar)	9,605	―	17	17	64	―	0	0
(Euro)	814	―	1	1	5	―	0	0
(Australian dollar)	120	―	1	1	0	―	0	0
Bought	88,398	―	602	602	591	―	4	4
(U.S. dollar)	85,387	―	575	575	571	―	3	3
(Euro)	1,013	―	4	4	6	―	0	0
(Australian dollar)	1,998	―	21	21	13	―	0	0
Currency options								
Sold								
Call	1,548,133	―			10,354	―		
	[15,784]		4,305	11,479	[105]		28	76
(U.S. dollar)	1,548,133	―			10,354	―		
	[15,784]		4,305	11,479	[105]		28	76
Bought								
Put	1,460,965	―			9,771	―		
	[15,784]		21,440	5,656	[105]		143	37
(U.S. dollar)	1,460,965	―			9,771	―		
	[15,784]		21,440	5,656	[105]		143	37
Cross currency swaps								
Receipts foreign currency, payments yen								
(Australian dollar)	89,120	89,050	6,967	6,967	596	595	46	46
(U.S. dollar)	85,510	85,510	14,913	14,913	571	571	99	99
Total				39,640				265

(*) Net gains (losses) on foreign currency forward contracts and cross currency swaps represent the fair values.
(*) Net gains (losses) on currency options represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(3) Stock-related

As of March 31	Millions of Yen			
	2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Yen Stock index futures				
Sold	¥ 4,025	¥ ―	¥ 9	¥ 9
Bought	6,017	―	187	187
Foreign currency-denominated stock index futures				
Bought	2,327	―	39	39
Foreign currency-denominated stock index options				
Bought				
Call	137,419	318		
	[4,574]	[16]	6,450	1,876
Total				2,112

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Yen Stock index futures								
Bought	¥ 5,529	¥ —	¥ 34	¥34	$ 36	$ —	$ 0	$ 0
Foreign currency-denominated stock index futures								
Sold	453	—	(2)	(2)	3	—	(0)	(0)
Bought	2,251	—	(24)	(24)	15	—	(0)	(0)
Other								
Equity swaps	151,917	—	397	397	1,016	—	2	2
Foreign currency-denominated stock index options								
Bought								
Call	203,101	—			1,358	—		
	[7,340]	[—]	9,330	1,990	[49]	[—]	62	13
Total				2,394				16

(*) Net gains (losses) represent the difference between the option fees and the fair values for option transactions.
(*) Option fees are shown in [ ].

(4) Bond-related

As of March 31	Millions of Yen			
	2024			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions				
Bond futures				
Sold	¥ 99,854	¥ —	¥ (75)	¥ (75)
Foreign bond futures				
Bought	37,982	—	498	498
OTC transactions				
OTC bond options				
Sold				
Call	20,000	—	—	—
	[160]	—	118	42
Bought				
Put	20,000	—	—	—
	[184]	—	164	(20)
Total				445

As of March 31	Millions of Yen				Millions of U.S. Dollars			
	2025				2025			
	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)	Notional amount/contract value (A)	Over 1 year included in (A)	Fair value	Net gains (losses)
Exchange-traded transactions								
Foreign bond futures								
Bought	¥ 66,705	¥ ―	¥ 529	¥ 529	$ 446	$ ―	$ 3	$ 3
Total				529				3

(*) Net gains (losses) on foreign bond futures represent the fair values.

(*) Net gains (losses) on OTC bond options represent the difference between the option fees and the fair values for option transactions.

(*) Option fees are shown in [ ].

2. Hedge accounting applied

(1) Interest-rate related

As of March 31	Millions of Yen			
	2024			
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Insurance liabilities	¥ 997,600	¥ 994,100	¥ (68,003)
Fair value hedge accounting				
Interest rate swaps				
Receipts floating, payments fixed	Securities (Bonds)	31,992	31,992	–
Special hedge accounting				
Interest rate swaps				
Receipts fixed, payments floating	Loans	2,814	2,300	29
Total				(67,974)

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2025				2025		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Deferred hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Insurance liabilities	¥ 1,007,700	¥ 1,007,700	¥ (122,167)	$ 6,739	$ 6,739	$ (817)
Fair value hedge accounting							
Interest rate swaps							
Receipts floating, payments fixed	Securities (Bonds)	35,680	35,680	–	238	238	–
Special hedge accounting							
Interest rate swaps							
Receipts fixed, payments floating	Loans	2,300	–	3	15	–	0
Total				(122,163)			(817)

(*) The fair values of interest rate swaps represent net gains (losses).

(2) Currency-related

As of March 31	Millions of Yen 2024 Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting				
Foreign currency forward contracts				
Sold	Foreign-currency-denominated bonds	¥ 3,464,061	¥ —	¥ (145,572)
(U.S. dollar)		2,746,141	—	(124,074)
(Euro)		255,506	—	(5,799)
(Australian dollar)		440,318	—	(14,406)
(Others)		22,094	—	(1,291)
Deferred hedge accounting				
Cross currency swaps				
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-denominated bonds	76,594	59,882	(26,821)
(Euro)		35,575	31,179	(7,773)
(Australian dollar)		12,404	12,404	(1,677)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:				
Cross currency swaps				
Receipts foreign currency, payments yen				
(U.S. dollar)	Foreign-currency-dominated bonds payable	345,735	345,735	(*)
Receipts yen, payments foreign currency				
(U.S. dollar)	Foreign-currency-dominated loans	131,049	120,794	(*)
Total				(181,845)

As of March 31		Millions of Yen			Millions of U.S. Dollars		
		2025			2025		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Fair value hedge accounting							
Foreign currency forward contracts							
Sold	Foreign-currency-denominated bonds	¥ 3,808,827	¥ ―	¥ 8,423	$ 25,473	$ ―	$ 56
(U.S. dollar)		2,999,945	―	15,369	20,063	―	102
(Euro)		389,652	―	(8,672)	2,606	―	(57)
(Australian dollar)		396,296	―	2,886	2,650	―	19
(Others)		22,933	―	(1,159)	153	―	(7)
Deferred hedge accounting							
Cross currency swaps							
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-denominated bonds	59,882	44,957	(22,760)	400	300	(152)
(Euro)		31,179	22,552	(8,431)	208	150	(56)
(Australian dollar)		12,404	8,099	(1,516)	82	54	(10)
Foreign currency forward contracts, etc., allocated to and/or combined with corresponding hedged items:							
Cross currency swaps							
Receipts foreign currency, payments yen							
(U.S. dollar)	Foreign-currency-dominated bonds payable	912,793	674,483	(*)	6,104	4,510	(*)
Receipts yen, payments foreign currency							
(U.S. dollar)	Foreign-currency-dominated loans	120,794	120,794	(*)	807	807	(*)
Total				(24,285)			(162)

(*) As foreign currency swaps which apply the currency allotment method are accounted for as combined with foreign currency-denominated bonds payable and loans as hedged items, their fair value is included in the fair value of such foreign currency-denominated bonds payable and loans.

(3) Stock-related

As of March 31	Millions of Yen				Millions of U.S. Dollars		
	2025				2025		
	Main hedged items	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value	Notional amount/ contract value (A)	Over 1 year included in (A)	Fair value
Equity swaps		¥ 151,917	¥ 151,917	¥ 12,852	$ 1,016	$ 1,016	$ 85
Total				12,852			85

XI. Retirement Benefit Plans

The following items provide detailed information for the retirement benefit plans.

1. Summary of the retirement benefit plans

The Company has defined benefit corporate pension plans and retirement allowance plans, which distribute a lump sum payment on retirement, as defined benefit plans. The Company also has defined contribution pension plans as defined contribution plans.

Certain overseas consolidated subsidiaries have defined benefit plans and defined contribution plans.

As for accrued retirement benefits of certain consolidated subsidiaries, the simplified method is applied.

2. Defined benefit plans

(1) Changes in the retirement benefit obligations

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Balance at the beginning of the fiscal year	¥ 305,145	¥ 312,106	$ 2,087
Service costs	10,078	10,114	67
Interest cost on retirement benefit obligations	5,778	6,207	41
Actuarial losses (gains) recognized	6,091	(9,007)	(60)
Benefits paid	(19,557)	(21,474)	(143)
Others	4,568	8,631	57
Balance at the end of the fiscal year	312,106	306,577	2,050

(2) Changes in the plan assets

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Balance at the beginning of the fiscal year	¥ 516,551	¥ 707,038	$ 4,728
Expected return on plan assets	8,768	10,341	69
Actuarial gains (losses) recognized	187,770	108,572	726
Contributions by employer	2,461	2,373	15
Benefits paid	(14,290)	(15,817)	(105)
Others	5,775	10,855	72
Balance at the end of the fiscal year	707,038	823,363	5,506

(3) The amount of the retirement benefit obligations and the plan assets, and the amount of the defined benefit liabilities and the defined benefit assets recognized in the consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
As of March 31	**2024**	**2025**	**2025**
Present value of funded retirement benefit obligations	¥ 303,105	¥ 297,223	$ 1,987
Plan assets at fair value	(707,038)	(823,363)	(5,506)
Net present value of funded retirement benefit obligations	(403,932)	(526,140)	(3,518)
Present value of non-funded retirement benefit obligations	9,000	9,354	62
Net balance on the consolidated balance sheet	(394,932)	(516,785)	(3,456)
Consists of:			
Defined benefit liabilities	8,500	8,900	59
Defined benefit assets	(403,432)	(525,685)	(3,515)

(4) The amounts recognized in retirement benefit expenses in the consolidated statements of income

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Service costs	¥ 10,078	¥ 10,114	$ 67
Interest cost on retirement benefit obligations	5,778	6,207	41
Expected return on plan assets	(8,768)	(10,341)	(69)
Amortization of net actuarial losses (gains)	(27,174)	(34,084)	(227)
Amortization of net past service costs	(2,720)	(2,412)	(16)
Others	(169)	42	0
Retirement benefit expenses	(22,975)	(30,474)	(203)

(5) Major components of other comprehensive income and total accumulated other comprehensive income

Major components of other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Actuarial gains (losses)	¥ 154,786	¥ 84,234	$ 563
Past service costs	(2,695)	(2,371)	(15)
Total	152,091	81,863	547

Major components of total accumulated other comprehensive income (before income tax effect adjustments) for the years ended March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
Years ended March 31	**2024**	**2025**	**2025**
Unrecognized actuarial gains (losses)	¥ 223,231	¥ 307,465	$ 2,056
Unrecognized past service costs	14,414	12,042	80
Total	237,645	319,508	2,136

(6) Plan assets

Plan assets as of March 31, 2024 and 2025 were comprised as follows:

	% of total fair value of plan assets	
As of March 31	**2024**	**2025**
Debt securities	3.4%	2.3%
Stocks	48.6%	54.0%
General account of life insurance companies	20.7%	17.8%
Jointly invested assets	19.0%	15.6%
Investment trusts	2.6%	—
Cash and deposits	1.9%	4.6%
Others	3.9%	5.8%
Total	100.0%	100.0%

Plan assets include the retirement benefit trusts. The percentage of the retirement benefit trusts was 58.0% and 63.2% of total plan assets as of March 31, 2024 and 2025, respectively.

(7) The expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is calculated by aggregating the weighted rate of return derived from each asset category. The expected long-term rate of return for each asset category is based primarily on various aspects of long-term prospects for the economy that include historical performance and the market environment.

(8) Assumptions used in calculation

Assumptions of the Company and certain overseas consolidated subsidiaries used in accounting for the defined benefit plans for the years ended March 31, 2024 and 2025 were as follows:

Years ended March 31	2024	2025
Discount rate		
Domestic	0.9%	0.9%
Overseas	5.0 to 5.1%	5.6%
Expected long-term rate of return on plan assets		
Domestic		
Defined benefit corporate pension plans	2.0%	2.0%
Retirement benefit trusts	0.0%	0.0%
Overseas	3.3 to 6.3%	3.6 to 6.3%

3. Defined contribution plans

The amounts recognized as expenses for the defined contribution pension plans were ¥6,594 million and ¥8,001 million (U.S. $53 million) for the years ended March 31, 2024 and 2025, respectively.

XII. Deferred Taxes

1. Deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2025	2025
Deferred tax assets	¥ 986,042	¥ 1,110,957	$ 7,430
Valuation allowance for deferred tax assets	(13,013)	(25,098)	(167)
Deferred tax liabilities	(1,729,653)	(1,501,280)	(10,040)

2. Major components of deferred tax assets/liabilities

	Millions of Yen		Millions of U.S. Dollars
As of March 31	2024	2025	2025
Deferred tax assets			
Policy reserves and other reserves	¥ 606,392	¥ 705,054	$ 4,715
Reserve for price fluctuation	315,681	338,282	2,262
Deferred tax liabilities:			
Net unrealized gains (losses) on available-for-sale securities	1,619,053	1,375,104	9,196

3. The statutory tax rates

The statutory tax rates were 27.96% and 27.96% for the years ended March 31, 2024 and 2025, respectively. Main factors in the differences between the statutory tax rates and the actual effective tax rates after considering deferred taxes were as follows:

Year ended March 31	2024
Policyholders' dividend reserves	(26.26) %

Year ended March 31	2025
Policyholders' dividend reserves	(38.94%)
Upward adjustment in deferred tax assets at the year-end due to change in tax rates	(29.39%)
Retained earnings of subsidiaries and others	5.38%

Due to the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025), the statutory tax rate was changed from 27.96% to 28.88% for the calculation of deferred tax assets and deferred tax liabilities that will be recovered or paid on April 1, 2026 or later.

Reflecting this change, deferred tax assets as of March 31, 2025 decreased ¥5 million (U.S. $0 million), while deferred tax liabilities and deferred tax liabilities for land revaluation increased ¥11,281 million (U.S. $75 million) and ¥2,528 million (U.S. $16 million), respectively. This change also resulted in a decrease of ¥32,650 million (U.S. $218 million) in income tax—deferred.

XIII. Fair Value of Investment and Rental Properties

The carrying amounts of investment and rental properties were ¥646,756 million and ¥687,226 million (U.S. $ 4,596 million), and their fair values were ¥1,019,964 million and ¥1,071,101 million (U.S. $7,163 million) as of March 31, 2024 and 2025, respectively. The Company and certain subsidiaries own office buildings and land in Tokyo and other areas, the fair value of which is mainly based on appraisals by qualified external appraisers.

XIV. Business Combination

1. StanCorp Financial Group, Inc. (hereinafter "StanCorp"), a consolidated subsidiary of the Company, acquired all shares issued by three subsidiaries of Elevance Health, Inc. on April 1, 2024. These acquired companies are engaged in group insurance business. StanCorp also signed an agreement with Elevance Health, Inc. to form a sales alliance leveraging customer bases possessed by both companies.

   StanCorp recognizes this acquisition of shares as a business acquisition in accordance with Topic 805 "Business Combinations" announced by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Details follow.

   (1) Overview of business combination
   i) Name of the acquired companies and the content of the acquired business

Name of the acquired companies	Anthem Life Insurance Company Anthem Life & Disability Insurance Company Greater Georgia Life Insurance Company
Content of the acquired business	Group insurance business

   ii) Main reasons for the business combination
   This business combination was aimed at enabling StanCorp to achieve further growth in the group insurance business through the strengthening of its customer base, the streamlining of its operations and other positive effects afforded by the acquisition.

   iii) Date of the business combination
   April 1, 2024

   iv) Legal form of the business combination
   Acquisition of shares

v) Name of acquired companies after the business combination
Anthem Life Insurance Company
Anthem Life & Disability Insurance Company
Greater Georgia Life Insurance Company

vi) Voting rights acquired
100%

vii) Main reason for determining the controlling company
Having acquired majority stakes in the acquired companies, StanCorp, a consolidated subsidiary of the Company, has acquired full control of their decision-making bodies.

(2) The period of the acquired companies' operating results included in the consolidated financial statements
From April 1 to December 31, 2024

(3) Acquisition costs of the acquired businesses and their breakdown
Consideration for the acquisition: U.S. $575 million
Acquisition costs: U.S. $575 million
In addition, the consideration for the sales alliance agreement amounts to U.S. $220 million.

(4) Main component of acquisition-related expenses and their amount
Advisory fees and others: U.S. $23 million

(5) Amount of assets received and liabilities assumed at the date of business combination and their breakdown
Total assets: U.S. $1,320 million
Securities: U.S. $570 million
Total liabilities: U.S. $744 million
Policy reserves and other reserves: U.S. $672 million

(6) Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
i) Amount of goodwill recorded
U.S. $268 million

ii) Reasons for recording goodwill
Goodwill is recognized based on the expected profitability in excess of fair value as a result of strengthening the customer base and streamlining operations in StanCorp's group insurance business.

iii) Amortization method and period
Straight-line method: 10 years

(7) Amount of assets allocated to other intangible fixed assets other than goodwill, their breakdown by primary type, and weighted average amortization periods for the entirety of these assets and each primary type

Primary type	Amount	Amortization period
Value of Business Acquired (VOBA)	U.S. $57 million	1 year

In addition, the consideration for the sales alliance agreement and its weighted average amortization period are as follows.

Primary type	Amount	Amortization period
Value of new policies to be obtained via the sales alliance agreement	U.S. $220 million	20 years

XV. Subsequent Events

1. StanCorp Financial Group, Inc. (hereinafter "StanCorp"), a consolidated subsidiary of the Company, acquired all shares issued by two subsidiaries of The Allstate Corporation on April 1, 2025, of which a subsidiary handles group insurance business.

StanCorp recognizes this acquisition of shares as a business acquisition in accordance with Topic 805 "Business Combinations" announced by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Details follow.

(1) Overview of business combination

i) Name of the acquired companies and the content of the acquired business

Name of the acquired companies	American Heritage Life Insurance Company American Heritage Service Company
Content of the acquired business	Group insurance business and related administrative service business

ii) Main reasons for the business combination

This business combination was aimed at enabling StanCorp to achieve further growth in the group insurance business through the strengthening of its operating base and the streamlining of its operations.

iii) Date of the business combination

April 1, 2025

iv) Legal form of the business combination

Acquisition of shares

v) Name of acquired companies after the business combination

American Heritage Life Insurance Company
American Heritage Service Company

vi) Voting rights acquired

100%

vii) Main reason for determining the controlling company

Having acquired majority stakes in the acquired companies, StanCorp has acquired full control of their decision-making bodies.

(2) The period of the acquired companies' operating results included in the consolidated financial statements

Since the most recent operating results of the acquired companies are preliminary as of the date of business combination and do not extend to the Company's fiscal year-end, these operating results are not included in the consolidated financial statements of the Company.

(3) Acquisition costs of the acquired businesses and their breakdown
Consideration for the acquisition: U.S. $1,929 million
Acquisition costs: U.S. $1,929 million
Note: The amount is not finalized and is currently presented as an estimate.

(4) Main component of acquisition-related expenses and their amount
Advisory fees and others: U.S. $29 million
Note: The amount is not finalized and is currently presented as an estimate.

(5) Amount of assets received and liabilities assumed at the date of business combination and their breakdown
Total assets: U.S. $3,996 million
Securities: U.S. $1,676 million
Total liabilities: U.S. $2,067 million
Policy reserves and other reserves: U.S. $1,971 million
Note: The amount is not finalized and is currently presented as an estimate.

(6) Amount of goodwill recorded, reasons for recording goodwill and amortization method and period
i) Amount of goodwill recorded
U.S. $1,018 million
Note: The amount is not finalized and is currently presented as an estimate.

ii) Reasons for recording goodwill
Goodwill is recognized based on the expected profitability in excess of fair value as a result of strengthening the customer base and streamlining operations in StanCorp's group insurance business.

iii) Amortization method and period
Straight-line method: 10 years

(7) Amount of assets allocated to other intangible fixed assets other than goodwill, their breakdown by primary type, and weighted average amortization periods for the entirety of these assets and each primary type

Primary type	Amount	Amortization period
Value of Business Acquired (VOBA)	U.S. $738 million	–

Note: The amount is not finalized and is currently presented as an estimate. Also, the amortization period is not finalized as the assets in question are currently being examined.

(8) Allocation of acquisition costs
As of the end of the first three months of the fiscal year ending March 31, 2026, examinations are under way to measure the fair value of relevant assets and liabilities. Accordingly, the allocation of acquisition costs has yet to be completed and, therefore, is provisionally accounted for based on reasonable information available at that point.

2. On July 1, 2025, the Company acquired shares (representing an 85.1% equity stake) in AEON Allianz Life Insurance Co., Ltd. from AEON Financial Service Co., Ltd.

XVI. Additional Information

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries
Notes to the Consolidated Financial Statements

1. On February 7, 2025, the Company entered into an agreement with Legal & General Group plc (hereinafter "L&G") to acquire all shares issued by Legal & General America, Inc., a U.S.-based holding company owned by L&G and tasked with overseeing such businesses as Banner Life Insurance Company, a life insurer based in the United States. Premised on such conditions as the approval of regulatory authorities in Japan and the United States, the acquisition of these shares is expected to be completed during the second half of the fiscal year ending March 31, 2026.

(1) Overview of business combination

i) Name of the acquired company and the content of the acquired business

Name of the acquired company	Legal & General America, Inc.
Content of the acquired business	Life insurance business and pension risk transfer (PRT) business in the United States

ii) Main reasons for business combination

This business combination is aimed at making Banner Life Insurance Company a subsidiary as it is equipped with access to the U.S. market for individual life insurance, cutting-edge digital technologies, the PRT business and other advantages. Through this business combination, the Meiji Yasuda Group intends to further strengthen its profit base in the life insurance market in the United States.

(2) Acquisition costs of the acquired business and their breakdown

Consideration for the acquisition: U.S. $2,281 million

Note: The amount is not finalized and is currently presented as an estimate.

2. On December 23, 2024, the Company entered into an agreement with Talanx AG (hereinafter "Talanx") to terminate the strategic alliance agreement signed between the two parties in 2010, with the termination date set at December 31, 2025. Although the Company jointly acquired TUiR Warta S.A. (hereinafter "Warta") and TU Europa S.A. (hereinafter "Europa") with Talanx, these two parties also agreed on conditions related to the transfer of its shares in Warta and Europa to Talanx.

(1) Reasons for transferring shares in Warta and Europa

The Company decided to transfer its shares in Warta and Europa as Talanx expressed its intention to acquire these shares in the course of negotiations regarding the strategic alliance in question.

(2) The name of the transferee

Talanx

(3) Schedule for the transfer

Premised on the approval of relevant authorities and other conditions, the transfer of these shares is scheduled approximately for the period from January to March 2026.

(4) The name of affiliates involved in the share transfer, the content of their business and the status of transactions with the Company

Warta:	Nonlife insurance business
Europa:	Nonlife insurance business

The Company has no business transactions with these two affiliates about their business.

(5) The number of shares to be transferred and the Company's equity stake after the transfer

The number of shares to be divested:	Warta: 4,559 thousand shares Europa: 4,724 thousand shares

Equity stake after the divestment:	The Company will have no equity stake in these affiliates after the divestment