

*This document is an English translation of the notice of convocation of the ordinary general meeting of shareholders in Japanese for the convenience of shareholders overseas. In the event of any discrepancy between the English translation and the Japanese version, the Japanese version shall prevail.*

Securities Code 8795

June 4, 2024

(Date of commencement of electronic provision measures: May 20, 2024)

## To Our Shareholders

T&D Holdings, Inc.  
7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan  
Masahiko Moriyama  
Representative Director and President

### **Notice of Convocation of the 20th Ordinary General Meeting of Shareholders**

We are pleased to inform you that the 20th Ordinary General Meeting of Shareholders of the Company will be held as described below.

As shareholders may exercise your voting rights via the Internet or in writing instead of attending the Meeting in person, please review the Reference Materials for the General Meeting of Shareholders, and exercise your voting rights according to the “Announcement on Exercise of Voting Rights” (pages 3–4) by 5:00 p.m. on Tuesday, June 25, 2024 (JST).

Shareholders may also view a live broadcast of the General Meeting of Shareholders on the day of the Meeting. For details, please refer to “Information on the Live Streaming via the Internet” and “Information on advance questions” (pages 5–6).

In convening this General Meeting of Shareholders, the Company has electronically provided information contained in the reference materials for the general meeting of shareholders, etc. (the “matters subject to electronic provision”) and has posted the matters subject to electronic provision on the Company’s website below on the Internet as the “Notice of Convocation of the 20th Ordinary General Meeting of Shareholders” and “Other Matters Subject to Electronic Provision for the 20th Ordinary General Meeting of Shareholders (Matters excluded from paper-based documents).”

[The Company’s website]

<https://www.td-holdings.co.jp/en/ir/stock/meeting/>

In addition to the above website, the matters subject to electronic provision are also made available on the website of the Tokyo Stock Exchange (TSE). Please access the Listed Company Search on the TES website below, enter “T&D Holdings” into “Issue name (company name)” or “8795” into “Code,” and select “Basic information” and “Documents for public inspection/PR information” in that order to find the information.

[TSE website]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

- 1. Date & Time:** 10:00 a.m. Wednesday, June 26, 2024 (JST)
- 2. Venue:** Concord Ballroom, 5th Floor, Main Tower,  
Keio Plaza Hotel Tokyo  
2-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo, Japan

**3. Agenda of the Meeting:**

**Matters to be reported:**

- Item No.1:** Report on the Business Report and the Consolidated Financial Statements for fiscal year 2023 (from April 1, 2023 to March 31, 2024), as well as the results of audits on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee
- Item No.2:** Report on the Non-consolidated Financial Statements for fiscal year 2023 (from April 1, 2023 to March 31, 2024)

**Matters to be resolved:**

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Nine Directors Who Are Not Audit & Supervisory Committee Members
- Proposal No. 3:** Election of Five Directors Who Are Audit & Supervisory Committee Members
- Proposal No. 4:** Election of One Alternate Director Who Is an Audit & Supervisory Committee Member

**<Matters determined upon convocation>**

- The Company is uniformly delivering the Notice of Convocation in writing for this General Meeting of Shareholders, regardless of whether or not a request for delivery of the documents has been made. This Notice of Convocation contains all matters to be included in the paper copy to be delivered to shareholders who have requested it (except for matters that are not to be included in such document pursuant to the provisions of the Articles of Incorporation set forth in Article 325-5, Paragraph 3 of the Companies Act).
- In the event of any amendments to the matters subject to electronic provision, a notice of such amendments, as well as the matters before and after the amendments will be posted on the Company's website and the TSE website on the Internet.
- Other Matters Subject to Electronic Provision (Matters excluded from paper-based documents)

The following matters are not included in the documents delivered, as they are posted only on the Company's and TSE websites as indicated on page 1 of this Notice of Convocation in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation. However, the Audit & Supervisory Committee and the Accounting Auditor have audited documents including the following which are subject to audit.

(1) In the Business Report, "Principal offices of the corporate group," "Employees of the corporate group," "The Group's main source of debt," "Liability limitation agreement," "Directors and Officers Liability Insurance contract," "Matters regarding shares," "Matters regarding new share subscription rights etc.," "Matters regarding the Accounting Auditor," "Basic policy as respects the manner of presence of the party having control over the financial and business policy of the Company," "Structures to ensure adequacy of business operations," "Matters concerning specified wholly owned subsidiaries," "Matters concerning transactions with the parent company, etc.," "Matters concerning Accounting Advisors," and "Other matters."

(2) "Consolidated Statement of Changes in Net Assets" and "Individual notes to consolidated financial statements" of the Consolidated Financial Statements and "Non-consolidated Balance Sheet," "Non-consolidated Statement of Operations," "Non-consolidated Statement of Changes in Net Assets," and "Individual notes to non-consolidated financial statements" of the Non-consolidated Financial Statements.

(3) "Audit Report of the Accounting Auditor" of the Audit Reports

An English translation of this Notice of Convocation of General Meeting of Shareholders is available on the Company's website. <https://www.td-holdings.co.jp/en/ir/stock/meeting/>

## **Announcement on Exercise of Voting Rights**

**Shareholders may exercise voting rights at the General Meeting of Shareholders by either of the following methods.**

### **In the case of exercise of voting rights by attending the General Meeting of Shareholders**

When you attend the Meeting in person, please bring the enclosed Voting Rights Exercise Form and submit it at the receptionist.

If you attend the meeting by proxy, you may only appoint one other shareholder with voting rights at the meeting as your proxy by submitting a document evidencing your proxy's power of representation. (If you attend the meeting in person, you do not need to follow either the procedures for exercising voting rights via the Internet or by mail as described below.)

**Date & Time of the General Meeting of Shareholders 10:00 a.m. Wednesday, June 26, 2024 (JST)**

### **In the case of exercise of voting rights via the Internet**

The Company recommends its shareholders to exercise their voting rights via the Internet.

Access the voting rights exercise website ▶ <https://evote.tr.mufg.jp/> and follow the on-screen instructions to exercise voting rights.

**Deadline for exercising voting rights via the Internet By 5:00 p.m. Tuesday, June 25, 2024 (JST)**

For details, please refer to "Exercise of voting rights via the Internet" in the following page.

### **Your exercising of voting rights via the Internet contributes to scholarship services to students.**

The Company will donate the amount equal to postage fee saved by your exercising of voting rights via the Internet to support financially challenged students in their scholarship through a fund that the Company establishes.

A thousand shareholders who exercise their voting rights in advance via the Internet will be selected in a drawing to receive a QUO card worth 500 yen.

### **In the case of exercise of voting rights by mail**

Please return the enclosed Voting Rights Exercise Form with your selections to each proposal by making a circle mark to the proposals you select, to the transfer agent (Mitsubishi UFJ Trust and Banking Corporation) of the Company.

If there is no circle mark to any of the proposals, it will be treated as an indication of approval.

**Deadline for exercising voting rights by mail Received by 5:00 p.m. Tuesday, June 25, 2024 (JST)**

### **Platform for Electronic Exercise of Voting Rights**

If nominee shareholders such as trust & custody services banks, etc. (including standing proxies) make prior application to use the platform for the electronic exercise of voting rights operated by ICJ Inc. established by Tokyo Stock Exchange, Inc., etc., such shareholders may use the said platform.

## Exercise of voting rights via the Internet

Exercise of voting rights via the Internet is only possible by accessing the **website** (<https://evote.tr.mufg.jp/>) designated by the Company for the purpose of exercising voting rights from your computer, smartphone, etc.

### <For smartphones>

#### How to scan the QR Code

**The exercise of voting rights via smartphone is easy as it does not require a login ID or temporary password!**

You can login by scanning the “Login QR Code” displayed on the side slip of the enclosed Voting Rights Exercise Form (right side).

Afterwards, please follow the on-screen instructions to exercise voting rights.

When exercising your voting rights without using the QR Code, please confirm the “How to enter the login ID and temporary password” section below.

\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED (same hereafter).

### <For computers>

#### How to enter the login ID and temporary password

**[1] Access the website of the platform for exercising voting rights.**

- i) Access the website (<https://evote.tr.mufg.jp/>).
- ii) Click “Proceed to the next screen.”

**[2] Log in.**

- iii) Enter the login ID and temporary password supplied on **the lower right-hand portion of your Voting Rights Exercise Form.**
- iv) Click “Log in.”

Afterwards, please follow the on-screen instructions to exercise your voting rights.

#### (Precautions)

- 1) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing your Voting Rights Exercise Form, your voting results via the Internet shall be deemed valid.
- 2) If you exercise your voting rights via the Internet more than once, using computer, smartphone, etc., only your final vote shall be deemed valid.

|   |   |
|---|---|
| Contact for inquiries related to the exercise of voting rights via the Internet | Transfer Agent (Help desk), Mitsubishi UFJ Trust and Banking Corporation<br>Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (JST), toll free)<br><i>Please note that the above service is only available the call from Japan.</i> |
|---|---|

## Information on the Live Streaming via the Internet

The Company will provide live streaming of the General Meeting of Shareholders via the Internet as follows so that shareholders can view the meeting from the comfort of their homes or other locations.

### 1. Delivery date and time

From 10:00 a.m. Wednesday, June 26, 2024 to the closing time of the General Meeting of Shareholders

\* The live streaming page will be accessible from around 9:30 a.m., 30 minutes before the start of the meeting.

### 2. How to watch

#### (1) How to log-in

##### i) For PC: logging in using individual login IDs and passwords

a. Please access the following URL and enter the login ID and password shown on the reverse side of the Voting Rights Exercise Form.

URL: <https://engagement-portal.tr.mufg.jp/>

b. Please read the Terms of Use and check “I agree to the Terms of Use.”

c. Click “Login.”

\* The passwords changed on the “voting rights exercise website” (page 4) will not be transferred to this website.

##### ii) For smartphones: logging in by reading a QR code

Please read the QR code printed on the back of the Voting Rights Exercise Form with your smartphone or other device.

You can log in without entering your “Login ID” and “Password.”

#### (2) How to watch

Click “Watch Live on the Day,” read the Terms of Use, check “I agree to the Terms of Use,” and then click “Watch.”

### 3. Matters that require attention

- Watching the live streaming of the meeting via the Internet is not considered attendance at the general meeting of shareholders under the Companies Act. Therefore, you will not be able to ask questions, exercise your voting rights, or make motions at the meeting, which are permitted for shareholders to do, through participation via the Internet.
- Please note that video and audio problems may occur depending on your computer environment (model, performance, etc.) and Internet connection environment (line conditions, connection speed, etc.).
  - Recommended environment
    - The recommended environment for this site is listed in the URL below. Please check it in advance.
    - Please note that Internet Explorer cannot be used.
    - <https://www.tr.mufg.jp/daikou/pdf/faq.pdf>
- Telecommunication charges for watching the live streaming are to be borne by the shareholder.
- Photography, recording, videotaping, and unauthorized disclosure of the live streaming on social networking services are strictly prohibited.

Please contact below for the live streaming (video player viewing problems, etc.):

V-cube, Inc.

Phone: +81-(0)3-6833-6880 (Call charges are to be borne by the shareholder.)

From 9:00 a.m. Wednesday, June 26, 2024 to closing time of the General Meeting of Shareholders

## Information on advance questions

Prior to the General Meeting of Shareholders, the Company will accept questions via the Internet for the convenience of shareholders who will not be able to attend the General Meeting of Shareholders.

Acceptance period: From 5:00 a.m. Tuesday, June 4, 2024 to 5:00 p.m. Thursday, June 20, 2024

How to submit your advance questions

(1) Please access the following URL and log in, then click “Advance Questions.” (Please refer to page 5 for login instructions.)

URL : <https://engagement-portal.tr.mufg.jp/>

(2) After selecting a question category and entering your question, please read the Terms of Use, check “I agree to the Terms of Use,” and click “Go to confirmation screen.”

(3) After confirming your question, click “Submit.”

[Matters that require attention]

The Company intends to address matters that are of particular interest to many shareholders on the day of the Meeting.

To allow the Company sufficient preparation time, shareholders are asked to send in questions by 5:00 p.m. on Thursday, June 20.

Please be advised that the Company will not provide individual replies.

Contact for inquiries related to how to watch the live streaming (login ID and password) and how to submit advance questions.

Transfer Agent, Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-676-808 (toll free)

9:00 a.m. to 5:00 p.m. (JST) (except Saturdays, Sundays and holidays)

On the day of the General Meeting of Shareholders,

from 9:00 a.m. to the closing time of the General Meeting of Shareholders

*Please note that the above service is only available for the call from Japan.*

## Reference Materials for the General Meeting of Shareholders

### Proposals and references

#### Proposal No.1: Appropriation of Surplus

The returns to shareholders for fiscal year 2023 has been prepared in line with the basic policy of the Company, which is to improve the future value of equity for our shareholders and to continue to distribute a constant dividend while ensuring the sound operation of the business of the Company and its group companies and securing the internal reserves necessary for the group.

In accordance with this basic policy and based on careful consideration of the Company's overall business performance during the term, we hereby propose that the year-end dividend be set at 35 yen per share. Since the Company paid 35 yen per share as an interim dividend, annual dividend for fiscal year 2023 will amount to 70 yen per share.

This amount represents an increase of 8 yen per share, relative to the annual dividend of 62 yen per share paid in fiscal year 2022.

1. Type of property for dividend

Cash

2. Dividend and its total amount

35 yen per share (common stock) total amount 18,588,266,795 yen

3. Effective date of distribution of surplus

June 27, 2024

**Proposal No. 2: Election of Nine Directors Who Are Not Audit & Supervisory Committee Members**

The terms of office of seven Directors who are not Audit & Supervisory Committee Members, Hirohisa Uehara, Masahiko Moriyama, Hotaka Nagai, Naoki Ohgo, Kensaku Watanabe, Naoki Soejima, and Mutsuro Kitahara, will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes to elect nine Directors who are not Audit & Supervisory Committee Members (six of whom are candidates for reappointment and three of whom are new candidates), in order to enhance corporate governance by securing the Board diversity and further strengthening its oversight function.

The candidates for Directors who are not Audit & Supervisory Committee Members are as follows.

The candidates have been resolved by the Board of Directors, upon deliberation by the Nomination and Compensation Committee, where the majority of the members are independent outside directors.

| No. | Name<br>(Age)                       |   | Current positions and responsibilities at<br>the Company   | Attendance to the<br>Board of Directors'<br>meetings |
|-----|-------------------------------------|---|--|--|
| 1   | Hirohisa Uehara<br>(62 years old)   | Reappointment                           | Representative Director and Chairman   | All 17 meetings                                      |
| 2   | Masahiko Moriyama<br>(58 years old) | Reappointment                           | Representative Director and President  | All 17 meetings                                      |
| 3   | Hotaka Nagai<br>(60 years old)      | Reappointment                           | Director and Senior Managing Executive<br>Officer<br>In charge of Financial Strategy<br>Department and Accounting Department | All 14 meetings                                      |
| 4   | Yoko Futami<br>(61 years old)       | New                                     | –  | –  |
| 5   | Kensaku Watanabe<br>(53 years old)  | Reappointment<br>Outside<br>Independent | Director   | All 17 meetings                                      |
| 6   | Masazumi Kato<br>(72 years old)     | New<br>Outside<br>Independent           | –  | –  |
| 7   | Kenji Fuma<br>(44 years old)        | New<br>Outside<br>Independent           | –  | –  |
| 8   | Naoki Soejima<br>(65 years old)     | Reappointment                           | Director   | All 17 meetings                                      |
| 7   | Mutsuro Kitahara<br>(64 years old)  | Reappointment                           | Director   | All 17 meetings                                      |

Reappointment: Candidate for Director to be reappointed

New: Candidate for Director to be newly appointed

Outside: Candidate for Outside Director

Independent: Independent director/auditor to be registered with Tokyo Stock Exchange, Inc.

Notes:

1. No special interest exists between the Company and the candidates above.
2. The age of the candidates is as of the conclusion of this General Meeting of Shareholders.

|   |   |
|---|---|
| Composition of the Board of Directors including Directors who are Audit & Supervisory Committee Members if Proposals No. 2 and 3 are approved |   |
| Board of Directors  | 14 Directors (of which, six Outside Directors and including 2 female Directors) |
| Audit & Supervisory Committee   | 5 Members (of which, 3 Outside Directors and including 1 female Director)       |

[Reference] Reason for the increase in the number of its internal Director candidates from five to six

In addition to enhancing the Company's monitoring of Group companies, the Company mainly aims to develop the Group's cooperative structure to upgrade its internal audit function and realize the Group Long-Term Vision. To this end, the Company has decided to elect an individual with experience as the general manager of audit office or executive officer in charge of general risk management/legal affairs and compliance departments within the Group companies as a candidate for Director who is not an Audit & Supervisory Committee Member. Should the election be approved, the candidate will be appointed to the role of the Company's Director and Managing Executive Officer in charge of Internal Auditing Department on a full-time basis, as the Group's Chief Audit Executive (CAE.)

|   |   |  |
|---|---|--|
| 1.  | Hirohisa Uehara (January 25, 1962)  | Number of the Company's shares held: 60,700  |
| Reappointment<br><br>Attendance to the Board of Directors' meetings: All 17 meetings<br><br>Tenure as Director: 7 years (at the conclusion of this General Meeting of Shareholders) | Personal history, position, responsibilities and significant concurrent positions   |  |
|   | APR 1984  | Entered Taiyo Mutual Life Insurance Company  |
|   | FEB 2005  | Director of T&D Asset Management Co., Ltd.   |
|   | APR 2011  | Executive Officer of the Company   |
|   | APR 2012  | Director of T&D Financial Life Insurance Company                                     |
|   | APR 2014  | Executive Officer of Taiyo Life Insurance Company                                    |
|   | JUN 2014  | Director and Executive Officer of Taiyo Life Insurance Company                       |
|   | APR 2015  | Director and Managing Executive Officer of Taiyo Life Insurance Company              |
|   | APR 2016  | Director and Senior Executive Officer of Taiyo Life Insurance Company                |
|   | APR 2017  | Director of Taiyo Life Insurance Company   |
|   | APR 2017  | Executive Vice President of the Company  |
|   | JUN 2017  | Director of T&D Financial Life Insurance Company                                     |
|   | JUN 2017  | Representative Director and Executive Vice President of the Company                  |
|   | APR 2018  | Representative Director and President of the Company                                 |
|   | APR 2024  | Representative Director and Chairman of the Company (present)                        |
|   | (Position and responsibilities)   |  |
|   |   | Representative Director and Chairman   |
|   | (Significant concurrent positions)  |  |
|   |   | Director of Taiyo Life Insurance Company (Scheduled to take office on June 21, 2024) |
|   | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)  |  |
|   | Mr. Hirohisa Uehara has operational experience within the Group including asset investment and sales. In addition, he has previously been in charge of Group Planning at the Company. Following service as Representative Director and President, he is currently serving as Representative Director and Chairman of the Company. Considering these factors, Mr. Hirohisa Uehara is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc. |  |

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| 2.   | Masahiko Moriyama (August 16, 1965)  | Number of the Company's shares held: 17,100  |
| Reappointment<br><br>Attendance to the Board of Directors' meetings:<br>All 17 meetings<br><br>Tenure as Director:<br>2 years<br>(at the conclusion of this General Meeting of Shareholders) | Personal history, position, responsibilities and significant concurrent positions                        |  |
|  | APR 1989   | Entered Daido Mutual Life Insurance Company  |
|  | APR 2016   | Executive Officer of Daido Life Insurance Company  |
|  | APR 2019   | Managing Executive Officer of Daido Life Insurance Company   |
|  | JUN 2019   | Director and Managing Executive Officer of Daido Life Insurance Company  |
|  | APR 2022   | Director of Daido Life Insurance Company (Scheduled to retire from the post on June 18, 2024)  |
|  | APR 2022   | Senior Managing Executive Officer of the Company   |
|  | JUN 2022   | Director and Senior Managing Executive Officer of the Company  |
|  | OCT 2022   | Director of All Right Co., Ltd.  |
|  | JUN 2023   | Representative Director and Senior Managing Executive Officer of the Company   |
|  | APR 2024   | Representative Director and President of the Company (present)   |
|  | (Position and responsibilities)  |  |
|  |  | Representative Director and President  |
|  | (Significant concurrent positions)   |  |
|  |  | –  |
|  | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member) |  |
|  |  | <p>Mr. Masahiko Moriyama has operational experience within the Group including sales, products, planning and systems. In addition, he has previously been in charge of Group Planning at the Company. Following service as Representative Director and Senior Managing Executive Officer, he is currently serving as Representative Director and President of the Company. Considering these factors, Mr. Masahiko Moriyama is proposed as a candidate for Director who is not an Audit &amp; Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc.</p> |

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| 3.   | Hotaka Nagai (July 2, 1963)  | Number of the Company's shares held: 15,600   |
| Reappointment<br><br>Attendance to the Board of Directors' meetings: All 14 meetings<br><br>Tenure as Director: 1 year (at the conclusion of this General Meeting of Shareholders) | Personal history, position, responsibilities and significant concurrent positions                        |   |
|  | APR 2002   | Entered Daido Life Insurance Company  |
|  | APR 2015   | Executive Officer of the Company  |
|  | APR 2017   | Managing Executive Officer of T&D Financial Life Insurance Company  |
|  | JUN 2017   | Director and Managing Executive Officer of T&D Financial Life Insurance Company   |
|  | APR 2020   | Director and Senior Managing Executive Officer of T&D Financial Life Insurance Company  |
|  | JUN 2021   | Director of T&D Financial Life Insurance Company (present)  |
|  | JUN 2021   | Managing Executive Officer of the Company   |
|  | JUN 2022   | Director of T&D Asset Management Co., Ltd. (Scheduled to retire from the post on June 19, 2024)   |
|  | JUN 2023   | Director and Managing Executive Officer of the Company  |
|  | APR 2024   | Director and Senior Managing Executive Officer of the Company (present)   |
|  | (Position and responsibilities)  |   |
|  |  | Director and Senior Managing Executive Officer<br>In charge of Financial Strategy Department and Accounting Department  |
|  | (Significant concurrent positions)   |   |
|  |  | Director of T&D Financial Life Insurance Company  |
|  |  | Director of Daido Life Insurance Company (Scheduled to take office on June 18, 2024)  |
|  | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member) |   |
|  |  | Mr. Hotaka Nagai has operational experience within the Group including planning and business management. In addition, he has been in charge of Financial Strategy Department and Accounting Department at the Company. Considering these factors, Mr. Hotaka Nagai is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc. |

|     |   |  |  |
|-----|---|--|--|
| 4.  | Yoko Futami (July 31, 1962)   |  | Number of the Company's shares held: 5,700 |
| New | Personal history and significant concurrent positions   |  |  |
|     | FEB 1991  | Entered Taiyo Mutual Life Insurance Company  |  |
|     | APR 2017  | Executive Officer of Taiyo Life Insurance Company  |  |
|     | JUN 2018  | Director and Executive Officer of Taiyo Life Insurance Company   |  |
|     | APR 2024  | Director and Managing Executive Officer of Taiyo Life Insurance Company (Scheduled to retire from the post on June 21, 2024) |  |
|     | (Significant concurrent positions)  |  |  |
|     |   | -  |  |
|     | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)  |  |  |
|     | Ms. Yoko Futami has operational experience within the Group including risk management, legal affairs, asset management, and human resources. She is currently serving as Director and Managing Executive Officer at Taiyo Life Insurance Company. Ms. Yoko Futami is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as she is expected to serve her role in making key management decisions and supervising the execution of operations, leveraging her wealth of knowledge and experience relating to the management of insurance companies. |  |  |

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| 5.   | Kensaku Watanabe (February 17, 1971)   | Number of the Company's shares held: 1,300   |
| Reappointment<br>Outside<br>Independent<br><br>Attendance to<br>the Board of<br>Directors'<br>meetings:<br>All 17 meetings<br><br>Tenure as<br>Director:<br>4 years<br>(at the<br>conclusion of<br>this General<br>Meeting of<br>Shareholders) | Personal history, position, responsibilities and significant concurrent positions                                |  |
|  | APR 1997   | Registered as an Attorney  |
|  | JAN 2006   | Partner of Tokei Partners (present)  |
|  | JUN 2016   | Audit & Supervisory Board Member of T&D Financial Life Insurance Company   |
|  | JUN 2020   | Director of the Company (present)  |
|  | AUG 2023   | Director of JDC Corporation (present)  |
|  | (Position and responsibilities)  |  |
|  |  | Director   |
|  | (Significant concurrent positions)   |  |
|  |  | Attorney<br>Director of JDC Corporation  |
|  | (Reasons for appointment as a candidate for Outside Director who is not an Audit & Supervisory Committee Member) |  |
|  |  | <p>Mr. Kensaku Watanabe has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Mr. Kensaku Watanabe is proposed as a candidate for Outside Director who is not an Audit &amp; Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders.</p> <p>Although Mr. Kensaku Watanabe has not been engaged in corporate management other than as an outside director and outside audit &amp; supervisory board member, the Company believes that he can perform his duties appropriately as an Outside Director who is not an Audit &amp; Supervisory Committee Member for the reasons above.</p> |

|                               |  |  |
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| 6.                            | Masazumi Kato (January 29, 1952)   | Number of the Company's shares held: 0   |
| New<br>Outside<br>Independent | Personal history and significant concurrent positions  |  |
|                               | APR 1974   | Entered The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited)  |
|                               | MAR 2000   | Executive Officer of The Long-Term Credit Bank of Japan, Limited   |
|                               | JUN 2004   | Managing Executive Officer of Shinsei Bank, Limited  |
|                               | SEP 2005   | Senior Managing Executive Officer of Shinsei Bank, Limited   |
|                               | MAR 2008   | Director of LIFENET INSURANCE COMPANY  |
|                               | JUN 2008   | Representative Executive Officer and Vice President of Shinsei Bank, Limited   |
|                               | OCT 2010   | Representative Executive Officer and Vice Chairman of Russell Investments Japan Co., Ltd.  |
|                               | JAN 2013   | Representative Director and Vice Chairman of Russell Investments Japan Co., Ltd.   |
|                               | OCT 2023   | Representative Director of Russell Investments Japan Co., Ltd. (Scheduled to retire from the post on June 1, 2024)   |
|                               | (Significant concurrent positions)   |  |
|                               |  | –  |
|                               | (Reasons for appointment as a candidate for Outside Director who is not an Audit & Supervisory Committee Member) |  |
|                               |  | Mr. Masazumi Kato possesses wealth of knowledge and experience of corporate management, gained from his positions as Representative Executive Officer and Vice President at a bank and Representative Director and Vice Chairman at a foreign-owned asset management company. Mr. Masazumi Kato is proposed as a candidate for Outside Director who is not an Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders. |

|                               |   |   |  |
|-------------------------------|---|---|--|
| 7.                            | Kenji Fuma (March 27, 1980)   |   | Number of the Company's shares held: 0 |
| New<br>Outside<br>Independent | Personal history and significant concurrent positions   |   |  |
|                               | APR 2004  | Entered Recruit Ablic Inc. (currently Recruit Co., Ltd.)  |  |
|                               | JUL 2013  | Representative Director and CEO of Neural, Inc. (present)   |  |
|                               | NOV 2021  | Director of Valuence Holdings Inc. (present)  |  |
|                               | JUL 2022  | Specially Appointed Professor, Shinshu Sustainability Transformation Initiative, Shinshu University (present) |  |
|                               | (Significant concurrent positions)  |   |  |
|                               |   | Representative Director and CEO of Neural, Inc.<br>Director of Valuence Holdings Inc.                         |  |
|                               | (Reasons for appointment as a candidate for Outside Director who is not an Audit & Supervisory Committee Member)  |   |  |
|                               | Mr. Kenji Fuma possesses wealth of knowledge and experience gained from his position as CEO of a sustainability management and ESG investment advisory company. Mr. Kenji Fuma is proposed as a candidate for Outside Director who is not an Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders. |   |  |

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| 8.   | Naoki Soejima (November 20, 1958)  | Number of the Company's shares held: 25,310   |
| Reappointment<br><br>Attendance to the Board of Directors' meetings:<br>All 17 meetings<br><br>Tenure as Director:<br>5 years<br>(at the conclusion of this General Meeting of Shareholders) | Personal history, position, responsibilities and significant concurrent positions                        |   |
|  | APR 1981   | Entered Taiyo Mutual Life Insurance Company   |
|  | APR 2009   | Executive Officer of Taiyo Life Insurance Company   |
|  | APR 2011   | Managing Executive Officer of Taiyo Life Insurance Company  |
|  | JUN 2011   | Director and Managing Executive Officer of Taiyo Life Insurance Company   |
|  | APR 2014   | Representative Director and Senior Executive Officer of Taiyo Life Insurance Company  |
|  | APR 2016   | Representative Director and Executive Vice President of Taiyo Life Insurance Company  |
|  | APR 2019   | Representative Director and President of Taiyo Life Insurance Company (present)   |
|  | JUN 2019   | Director of the Company (present)   |
|  | (Position and responsibilities)  |   |
|  |  | Director  |
|  | (Significant concurrent positions)   |   |
|  |  | Representative Director and President of Taiyo Life Insurance Company   |
|  | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member) |   |
|  |  | Mr. Naoki Soejima has operational experience within the Group including products, planning and sales. He currently serves as Representative Director and President of Taiyo Life Insurance Company. In addition, he currently holds office of Director of the Company. Mr. Naoki Soejima is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc. |

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| 9.  | Mutsuro Kitahara (November 7, 1959)  | Number of the Company's shares held: 40,800  |
| Reappointment<br><br>Attendance to the Board of Directors' meetings: All 17 meetings<br><br>Tenure as Director: 3 years (at the conclusion of this General Meeting of Shareholders) | Personal history, position, responsibilities and significant concurrent positions  |  |
|   | APR 1982   | Entered Daido Mutual Life Insurance Company  |
|   | APR 2010   | Executive Officer of Daido Life Insurance Company                                    |
|   | APR 2013   | Managing Executive Officer of Daido Life Insurance Company                           |
|   | JUN 2013   | Director and Managing Executive Officer of Daido Life Insurance Company              |
|   | APR 2015   | Managing Executive Officer of the Company  |
|   | APR 2016   | Director and Senior Executive Officer of Daido Life Insurance Company                |
|   | APR 2017   | Senior Managing Executive Officer of the Company                                     |
|   | JUN 2019   | Representative Director and Senior Executive Officer of Daido Life Insurance Company |
|   | APR 2020   | Representative Director and Executive Vice President of Daido Life Insurance Company |
|   | APR 2021   | Representative Director and President of Daido Life Insurance Company (present)      |
|   | JUN 2021   | Director of the Company (present)  |
|   | (Position and responsibilities)  |  |
|   |  | Director   |
|   | (Significant concurrent positions)   |  |
|   |  | President and Representative Director of Daido Life Insurance Company                |
|   | (Reasons for appointment as a candidate for Director who is not an Audit & Supervisory Committee Member)   |  |
|   | Mr. Mutsuro Kitahara has operational experience within the Group including products, planning and human resources. He is currently serving as Representative Director and President of Daido Life Insurance Company and as Director of the Company. Considering these factors, Mr. Mutsuro Kitahara is proposed as a candidate for Director who is not an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions and supervising the execution of operations, leveraging his wealth of knowledge and experience relating to the management of insurance holding companies, insurance companies, etc. |  |

<Notes on candidates for Outside Directors who are not Audit & Supervisory Committee Members>

1. Mr. Kensaku Watanabe, Mr. Masazumi Kato, and Mr. Kenji Fuma are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act. Mr. Kensaku Watanabe has been registered with Tokyo Stock Exchange, Inc. by the Company as an independent director/auditor without potential conflict of interests with general shareholders. If the election of Mr. Masazumi Kato and Mr. Kenji Fuma are approved, the Company will register them with Tokyo Stock Exchange, Inc. as independent directors/auditors. Mr. Kensaku Watanabe, Mr. Masazumi Kato, and Mr. Kenji Fuma meet the independence criteria for Outside Directors prescribed by the Company.
2. At Russell Investments Japan Co., Ltd. ("Russell"), Mr. Masazumi Kato serves as Representative Director. The Company's subsidiary has investment trust transactions with Russell, but as the subsidiary's annual trust fee payments to Russell accounts for less than 1% of Russell's annual sales revenues, his independence as an Outside Director is not affected.

3. At Neural Inc. (“Neural”), Mr. Kenji Fuma serves as Representative Director and CEO. The Company had transactions with Neural under an advisory agreement, but as the Company’s annual payments to Neural amounted to less than ¥2 million, his independence as an Outside Director is not affected.
4. The Company now has an agreement with Mr. Kensaku Watanabe that liabilities which may be claimed against him under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If the reelection of Mr. Kensaku Watanabe is approved, the Company will continue the liability limitation agreement with him. If the elections of Mr. Masazumi Kato and Mr. Kenji Fuma are approved, the Company will enter into the liability limitation agreement with them.

#### Opinion of the Audit & Supervisory Committee

We have confirmed the process of deliberations, etc. by the Nomination and Compensation Committee regarding the election of the candidates for Directors who are not Audit & Supervisory Committee Members. As a result, we have concluded that the process regarding the election of the candidates for Directors who are not Audit & Supervisory Committee Members was appropriate.

We have also concluded the compensation, etc. for Directors who are not Audit & Supervisory Committee Members was determined following an appropriate process based on the Company’s Basic Policy on Corporate Governance and other rules.

**Proposal No. 3: Election of Five Directors Who Are Audit & Supervisory Committee Members**

The terms of office of five Directors who are Audit & Supervisory Committee Members, Takashi Ikawa, Takashi Tojo, Seiji Higaki, Shinnosuke Yamada, and Atsuko Taishido will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes to elect five Directors who are Audit & Supervisory Committee Members (four of whom are candidates for reappointment and one of whom is new candidate), separately from Directors who are not Audit & Supervisory Committee Members. The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

The candidates have been resolved by the Board of Directors upon consent by Audit & Supervisory Committee after deliberation by the Nomination and Compensation Committee, where the majority of the members are independent outside directors.

| No. | Name<br>(Age)                       |   | Current positions<br>and responsibilities<br>at the Company | Attendance to the<br>Board of Directors'<br>meetings | Attendance to the<br>Audit & Supervisory<br>Committee meetings |
|-----|-------------------------------------|---|---|--|--|
| 1   | Takashi Ikawa<br>(61 years old)     | Reappointment                           | Director  | All 17 meetings                                      | All 19 meetings  |
| 2   | Takashi Tojo<br>(60 years old)      | Reappointment                           | Director  | All 17 meetings                                      | All 19 meetings  |
| 3   | Shinnosuke Yamada<br>(68 years old) | Reappointment<br>Outside<br>Independent | Director  | All 17 meetings                                      | All 19 meetings  |
| 4   | Atsuko Taishido<br>(48 years old)   | Reappointment<br>Outside                | Director  | 15 out of 17<br>meetings                             | All 19 meetings  |
| 5   | Koji Nitto<br>(63 years old)        | New<br>Outside<br>Independent           | –   | –  | –  |

Reappointment: Candidate for Director to be reappointed

New: Candidate for Director to be newly appointed

Outside: Candidate for Outside Director

Independent: Independent director/auditor to be registered with Tokyo Stock Exchange, Inc.

Notes:

1. No special interest exists between the Company and the candidates above.
2. The age of the candidates is as of the conclusion of this General Meeting of Shareholders.

|   |  |  |
|---|--|--|
| 1.  | Takashi Ikawa (July 17, 1962)  | Number of the Company's shares held: 65,900                              |
| Reappointment   | Personal history, position, responsibilities and significant concurrent positions  |  |
|   | APR 1985   | Entered Daido Mutual Life Insurance Company                              |
| Attendance to the Board of Directors' meetings:   | APR 2012   | Executive Officer of Daido Life Insurance Company                        |
|   | APR 2016   | Managing Executive Officer of Daido Life Insurance Company               |
| All 17 meetings   | JUN 2017   | Director and Managing Executive Officer of Daido Life Insurance Company  |
|   | APR 2020   | Managing Executive Officer of the Company                                |
| Attendance to the Audit & Supervisory Committee meetings                                | APR 2021   | Senior Managing Executive Officer of the Company                         |
|   | APR 2021   | Director and Senior Executive Officer of Daido Life Insurance Company    |
| All 19 meetings   | JUN 2022   | Director of the Company (present)  |
|   | JUN 2022   | Audit & Supervisory Board Member, T&D United Capital Co., Ltd. (present) |
| Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders) | (Position and responsibilities)  |  |
|   |  | Director   |
|   | (Significant concurrent positions)   |  |
|   |  | Audit & Supervisory Board Member of T&D United Capital Co., Ltd.         |
|   | (Reasons for appointment as a candidate for Director who is an Audit & Supervisory Committee Member)   |  |
|   | <p>Mr. Takashi Ikawa has operational experience within the Group including asset investment and accounting, and he has considerable expertise in finance and accounting. He has been in charge of risk control and internal administration departments. Considering these factors, Mr. Takashi Ikawa is proposed as a candidate for Director who is an Audit &amp; Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit &amp; Supervisory Committee Members, leveraging his wealth of knowledge and experience relating to the operations of insurance holding companies, insurance companies, etc.</p> |  |

|   |   |   |
|---|---|---|
| 2.  | Takashi Tojo (October 29, 1963)   | Number of the Company's shares held: 15,000       |
| Reappointment   | Personal history, position, responsibilities and significant concurrent positions   |   |
|   | APR 1986  | Entered Taiyo Mutual Life Insurance Company       |
| Attendance to the Board of Directors' meetings:   | APR 2017  | Executive Officer of Taiyo Life Insurance Company |
|   | APR 2021  | Executive Officer of the Company                  |
|   | APR 2021  | Director of Pet & Family Insurance Co., Ltd.      |
|   | JUN 2021  | Director of T&D United Capital Co., Ltd.          |
| All 17 meetings   | JUN 2022  | Director of the Company (present)                 |
|   | (Position and responsibilities)   |   |
| Attendance to the Audit & Supervisory Committee meetings                                      | Director  |   |
|   | (Significant concurrent positions)  |   |
|   | Audit & Supervisory Board Member of Taiyo Life Insurance Company (Scheduled to take office on June 21, 2024)  |   |
| All 19 meetings   | (Reasons for appointment as a candidate for Director who is an Audit & Supervisory Committee Member)  |   |
| Tenure as Director:<br>2 years<br>(at the conclusion of this General Meeting of Shareholders) | Mr. Takashi Tojo has operational experience within the Group including asset investment and legal affairs, and he has considerable expertise in finance and accounting. He has been in charge of Risk Control Department. Considering these factors, Mr. Takashi Tojo is proposed as a candidate for Director who is an Audit & Supervisory Committee Member, as he is expected to continue to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit & Supervisory Committee Members, leveraging his wealth of knowledge and experience relating to the operations of insurance holding companies, insurance companies, etc. |   |

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| 3.   | Shinnosuke Yamada (February 20, 1956)  | Number of the Company's shares held: 2,200   |
| Reappointment<br>Outside<br>Independent  | Personal history, position, responsibilities and significant concurrent positions  |  |
|  | MAR 1987   | Registered as a Certified Public Accountant  |
| Attendance to<br>the Board of<br>Directors'<br>meetings:<br>All 17 meetings                                  | JUL 2010   | Partner of KPMG AZSA LLC   |
|  | JUL 2010   | Executive Board Member of The Japanese Institute of Certified Public Accountants   |
| Attendance to<br>the Audit &<br>Supervisory<br>Committee<br>meetings<br>All 19 meetings                      | JUN 2020   | Director of the Company (present)  |
|  | JUN 2020   | Audit & Supervisory Board Member of Kyowa Exeo Corporation (current EXEO Group, Inc.) (Scheduled to retire from the post on June 26, 2024) |
| Attendance to<br>the Audit &<br>Supervisory<br>Committee<br>meetings<br>All 19 meetings                      | DEC 2021   | Audit & Supervisory Board Member of RAKUTEN BANK LTD. (present)  |
|  | (Position and responsibilities)  |  |
| Tenure as<br>Director:<br>4 years<br>(at the<br>conclusion of<br>this General<br>Meeting of<br>Shareholders) |  | Director   |
|  | (Significant concurrent positions)   |  |
| Tenure as<br>Director:<br>4 years<br>(at the<br>conclusion of<br>this General<br>Meeting of<br>Shareholders) |  | Certified public accountant<br>Audit & Supervisory Board Member of RAKUTEN BANK LTD.   |
|  | (Reasons for appointment as a candidate for Outside Director who is an Audit & Supervisory Committee Member)   |  |
|  | <p>Mr. Shinnosuke Yamada has sophisticated expertise and extensive insight as a certified public accountant. Mr. Shinnosuke Yamada is proposed as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to continue to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit &amp; Supervisory Committee Members from a perspective of protecting general shareholders.</p> <p>Although Mr. Shinnosuke Yamada has not been engaged in corporate management other than as an outside director and outside audit &amp; supervisory board member, the Company believes that he can perform his duties appropriately as an Outside Director who is an Audit &amp; Supervisory Committee Member for the reasons above.</p> |  |

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| 4.  | Atsuko Taishido (July 3, 1975)   | Number of the Company's shares held: 0   |
| Reappointment Outside   | Personal history, position, responsibilities and significant concurrent positions                            |  |
|   | OCT 2001   | Registered as an Attorney  |
| Attendance to the Board of Directors' meetings: 15 out of 17 meetings                   | JAN 2010   | Partner of Mori Hamada & Matsumoto (present)   |
|   | JUN 2015   | Audit & Supervisory Board Member of Kanda Holdings Co., Ltd.   |
|   | APR 2019   | Audit & Supervisory Board Member of Pigeon Corporation (present)   |
|   | JUN 2022   | Director of the Company (present)  |
| Attendance to the Audit & Supervisory Committee meetings: All 19 meetings               | (Position and responsibilities)  |  |
|   |  | Director   |
|   | (Significant concurrent positions)   |  |
|   |  | Attorney<br>Audit & Supervisory Board Member of Pigeon Corporation   |
| Tenure as Director: 2 years (at the conclusion of this General Meeting of Shareholders) | (Reasons for appointment as a candidate for Outside Director who is an Audit & Supervisory Committee Member) |  |
|   |  | <p>Ms. Atsuko Taishido has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Ms. Atsuko Taishido is proposed as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member because she can be expected to capitalize on this knowledge and experience to continue to serve her role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit &amp; Supervisory Committee Members from a perspective of protecting general shareholders.</p> <p>Although Ms. Atsuko Taishido has not been engaged in corporate management other than as an outside director and outside audit &amp; supervisory board member, the Company believes that she can perform her duties appropriately as an Outside Director who is an Audit &amp; Supervisory Committee Member for the reasons above.</p> |

|                               |  |  |
|-------------------------------|--|--|
| 5.                            | Koji Nitto (February 1, 1961)  | Number of the Company's shares held: 0   |
| New<br>Outside<br>Independent | Personal history and significant concurrent positions  |  |
|                               | APR 1983   | Entered Tateishi Electric Corporation (currently OMRON Corporation)  |
|                               | JUN 2011   | Executive Officer of OMRON Corporation   |
|                               | APR 2013   | Managing Executive Officer of OMRON Corporation  |
|                               | APR 2014   | Senior Managing Executive Officer of OMRON Corporation   |
|                               | JUN 2014   | Director and Senior Managing Executive Officer of OMRON Corporation  |
|                               | APR 2017   | Director, Senior Managing Executive Officer and CFO of OMRON Corporation   |
|                               | APR 2023   | Director of OMRON Corporation  |
|                               | JUN 2023   | Director of Wacoal Holdings Corp. (present)  |
|                               | (Significant concurrent positions)   |  |
|                               |  | Director of Wacoal Holdings Corp.<br>Director of GS Yuasa Corporation (Scheduled to assume the office on June 27, 2024)  |
|                               | (Reasons for appointment as a candidate for Outside Director who is an Audit & Supervisory Committee Member) |  |
|                               |  | Mr. Koji Nitto has wealth of knowledge and experience in corporate management, having served as Director, Senior Managing Executive Officer and CFO at a globally operating company listed on the Tokyo Stock Exchange Prime Sector. Additionally, he has considerable expertise in finance and accounting. Mr. Koji Nitto is proposed as a candidate for Outside Director who is an Audit & Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit & Supervisory Committee Members from a perspective of protecting general shareholders. |

<Notes on candidates for Outside Directors who are Audit & Supervisory Committee Members>

1. Mr. Shinnosuke Yamada is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act, who has been registered with Tokyo Stock Exchange, Inc. by the Company as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Shinnosuke Yamada meets the independence criteria for Outside Directors prescribed by the Company.
2. Ms. Atsuko Taishido is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act. She meets the criteria for independent director/auditor set forth by Tokyo Stock Exchange, Inc. and is deemed not to pose a risk of conflict of interests with general shareholders. However, in accordance with the rules of Mori Hamada & Matsumoto, to which she belongs, she has not been registered as an independent director/auditor. Ms. Atsuko Taishido meets the independence criteria for Outside Directors prescribed by the Company.
3. Mr. Koji Nitto is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act. If his election is approved, the Company will register him with Tokyo Stock Exchange Inc. as an independent director/auditor without potential conflict of interests with general shareholders. Mr. Koji Nitto meets the independence criteria for Outside Directors prescribed by the Company.  
The Company had transactions with Mr. Koji Nitto under an advisory agreement, but as the amount the Company paid to Mr. Koji Nitto amounted to less than ¥2 million, his independence as an Outside Director is not affected.
4. The Company now has an agreement with Mr. Shinnosuke Yamada and Ms. Atsuko Taishido that liabilities which may be claimed against them under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If their reelections are approved, the Company will continue the liability limitation agreement with them. If the election of Mr. Koji Nitto is approved, the Company will enter into the liability limitation agreement with him.

**Proposal No. 4: Election of One Alternate Director Who Is an Audit & Supervisory Committee Member**

Since the validity of the appointment of Mr. Yuichiro Shimma as Alternate Director who is an Audit & Supervisory Committee Member made effective at the 18th Ordinary General Meeting of Shareholders held on June 28, 2022, will expire at the beginning of this General Meeting of Shareholders, it is proposed that the Company preliminarily elect one person as an Alternate Outside Director who is an Audit & Supervisory Committee Member in order to prepare for the event of an unexpected shortfall in the number of Directors who are Audit & Supervisory Committee Members required by law.

The candidate for Alternate Director who is an Audit & Supervisory Committee Member is as follows.

The election under this proposal may be cancelled upon the consent of the Audit & Supervisory Committee and the subsequent resolution by the Board of Directors, provided such cancellation is done prior to the assumption of office.

The candidate has been resolved by the Board of Directors upon consent by Audit & Supervisory Committee after deliberation by the Nomination and Compensation Committee, where the majority of the members are independent outside directors.

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| Yuichiro Shimma (December 11, 1978)  |  | Number of the Company's shares held: 0 |
| Personal history and significant concurrent positions  |  |  |
| OCT 2004   | Registered as an Attorney  |  |
| JUL 2014   | Partner of Tokei Partners (present)  |  |
| APR 2016   | Visiting Professor of Aoyama Gakuin University (present)   |  |
| JUN 2020   | Audit & Supervisory Board Member of T&D Financial Life Insurance Company (Scheduled to retire from the post on June 20, 2024)  |  |
| (Significant concurrent positions)   |  |  |
|  | Attorney   |  |
| (Reasons for appointment as a candidate for Alternate Outside Director who is an Audit & Supervisory Committee Member) |  |  |
|  | <p>Mr. Yuichiro Shimma has sophisticated expertise and extensive insight as an attorney at law specialized in corporate legal affairs. Mr. Yuichiro Shimma is proposed as a candidate for Alternate Director who is an Audit &amp; Supervisory Committee Member because he can be expected to capitalize on this knowledge and experience to serve his role in making key management decisions as well as auditing and supervising the execution of duties of Directors who are not Audit &amp; Supervisory Committee Members from a perspective of protecting general shareholders.</p> <p>Although Mr. Yuichiro Shimma has not been engaged in corporate management other than as an outside audit &amp; supervisory board member, the Company believes that he can perform his duties appropriately for the reasons above if he is appointed as a Director who is an Audit &amp; Supervisory Committee Member of the Company.</p> |  |

<Notes on candidates for Outside Directors who are Audit & Supervisory Committee Members>

1. No special interest exists between the Company and Mr. Yuichiro Shimma.
2. Mr. Yuichiro Shimma is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Japanese Companies Act. If his appointment is approved as proposed and he assumes office of Director who is an Audit & Supervisory Committee Member, the Company will register him with Tokyo Stock Exchange, Inc. as an independent director/auditor without potential conflict of interests with general shareholders. In addition, Mr. Yuichiro Shimma meets the independence criteria for Outside Directors

prescribed by the Company.

3. The Company has an agreement with each Outside Director that liabilities which may be claimed against him or her under Article 423, Paragraph 1 of the Japanese Companies Act shall not exceed ¥10 million or the minimum amount as set forth by law, whichever is higher. If the election of Mr. Yuichiro Shimma is approved, and he assumes office of Director who is an Audit & Supervisory Committee Member, the Company will enter into the liability limitation agreement with him.

(Reference)

The Composition, Expertise, Experience, Etc. of the Board of Directors, after Proposals No. 2 and 3 are Approved by this Ordinary General Meeting of Shareholders

The Company aims to further demonstrate the functions of the Board of Directors by ensuring a balance of the necessary expertise and experience from the standpoint of the three major board functions.

By electing as outside Directors talent with experience in corporate management from outside of the Group, legal and accounting experts, as well as those with the expertise and experience required to achieve the Group's growth strategies, and electing as internal Directors talent equipped with expertise and experience in line with the wide-ranging fields of the Group's core business of life insurance, the Company ensures a balance of expertise and experience of the entire Board of Directors.

### The Three Main Functions of the Board of Directors

Formulation of overall strategy function

Supervisory function

Business management function

### Board of Directors Skills Matrix

The following illustrates the expertise and experience that are particularly anticipated from the Outside and internal Directors of the Company.

| Name              | Position at the Company                                   | Nomination and Compensation Committee Member | Expertise and experience particularly anticipated |                               |           |        |                           |                        |                 |                              |
|-------------------|---|--|---|-------------------------------|-----------|--------|---------------------------|------------------------|-----------------|------------------------------|
|                   |   |  | Corporate management and business strategy        | Capital and financial markets | Marketing | Global | Sustainability management | Finance and accounting | Risk management | Legal affairs and Compliance |
| Hirohisa Uehara   | Representative Director and Chairman                      |  | ●   | ●                             | ●         | ●      | ●                         |                        |                 | ●                            |
| Masahiko Moriyama | Representative Director and President                     | ●  | ●   | ●                             | ●         |        | ●                         |                        | ●               | ●                            |
| Hotaka Nagai      | Director and Senior Managing Executive Officer            |  | ●   | ●                             |           |        |                           | ●                      |                 |                              |
| Yoko Futami       | Director and Managing Executive Officer                   |  |   |                               |           |        |                           |                        | ●               | ●                            |
| Kensaku Watanabe  | Outside Director  | ●  |   |                               |           |        |                           |                        | ●               | ●                            |
| Masazumi Kato     | Outside Director  | ●  | ●   | ●                             |           | ●      |                           | ●                      |                 |                              |
| Kenji Fuma        | Outside Director  | ●  | ●   | ●                             |           | ●      | ●                         |                        | ●               |                              |
| Naoki Soejima     | Director  |  | ●   | ●                             | ●         | ●      | ●                         |                        |                 |                              |
| Mutsuro Kitahara  | Director  |  | ●   | ●                             | ●         |        | ●                         |                        |                 |                              |
| Takashi Ikawa     | Director (Full-time Audit & Supervisory Committee Member) |  |   |                               |           | ●      |                           | ●                      | ●               | ●                            |
| Takashi Tojo      | Director (Full-time Audit & Supervisory Committee Member) |  |   |                               |           |        |                           | ●                      | ●               | ●                            |
| Shinnosuke Yamada | Outside Director (Audit & Supervisory Committee Member)   |  |   |                               |           |        |                           | ●                      | ●               |                              |
| Atsuko Taishido   | Outside Director (Audit & Supervisory Committee Member)   | ●  |   |                               |           |        |                           |                        | ●               | ●                            |
| Koji Nitto        | Outside Director (Audit & Supervisory Committee Member)   |  | ●   | ●                             |           | ●      | ●                         | ●                      |                 |                              |

\* The Company utilizes outside knowledge to further improve the functions of the Board of Directors by inviting persons with the necessary expertise and experience to serve as outside members of advisory committees established as necessary in each field, and by reporting the content of each committee meeting to the Board of Directors.

Please refer to the next page for the relationship between the Group's growth strategies and the expertise and experience anticipated from the Board of Directors and the reasons for selection of the expertise and experience.

■ **The relationship between the Group’s growth strategies and the expertise and experience anticipated from the Board of Directors and the reasons for selection of the expertise and experience**

In the management policy for the period from FY2021 to FY2025, the Group Long-Term Vision, the Company has set the following primary themes in the Group’s growth strategies.

The relationship between the primary themes in the Group’s growth strategies and the expertise and experience anticipated from the Board of Directors and the reasons for selection of the expertise and experience are as follows.

<Relationship between the Group’s growth strategies and the expertise and experience anticipated from the Board of Directors >

| Primary themes in the Group’s growth strategies |  | Expertise and experience  |                              |
|---|--|---|------------------------------|
| I   | Strengthening of core business                         | Corporate management and business strategy, Marketing   | Legal affairs and Compliance |
| II  | Diversification and optimization of business portfolio | Corporate management and business strategy, Capital and financial markets, Marketing, Risk management, Global   | Legal affairs and Compliance |
| III   | Upgrading of capital management                        | Capital and financial markets, Finance and accounting, Risk management  | Legal affairs and Compliance |
| IV  | Promoting integrated Group management                  | Corporate management and business strategy, Marketing   | Legal affairs and Compliance |
| V   | SDGs management and creation of value                  | Corporate management and business strategy, Capital and financial markets, Marketing, Sustainability management | Legal affairs and Compliance |

<Reasons for selection of the expertise and experience>

| Expertise and experience                   | Reasons for selection   |
|--|---|
| Corporate management and business strategy | Because a wealth of expertise and experience in overall corporate management and business strategy is necessary to make important management decisions and to formulate and promote business strategies that contribute to improving corporate value over the medium to long term.              |
| Capital and financial markets              | Because a wealth of expertise and experience in finance and capital markets, including corporate finance, is necessary for the appropriate operation of group capital management, etc.  |
| Marketing                                  | Because a wealth of expertise and experience in marketing, including branding, is necessary to accurately grasp the business environment and the intentions of stakeholders, and to continuously provide valuable products and services, etc.   |
| Global                                     | Because a wealth of knowledge and experience in global business management is necessary to further advance the closed book business as a promising area and explore new investment opportunities to diversify and optimize our business portfolio.  |
| Sustainability management                  | Because a wealth of expertise and experience in sustainability management is necessary to achieve the Group’s objective of “creation of shared value” by implementing SDGs management and resolving societal challenges.  |
| Finance and accounting                     | Because a wealth of expertise and experience in finance and accounting is necessary for the preparation of appropriate financial statements and the fulfillment of auditing and supervisory roles from the perspective of protecting investors and ensuring credibility in the capital markets. |
| Risk management                            | Because a wealth of expertise and experience in risk management is necessary to maintain and increase group corporate value by systematically managing group-wide risks and avoiding or reducing losses, etc.   |
| Legal affairs and Compliance               | Because a wealth of expertise and experience in various legal aspects is necessary to establish an appropriate governance structure and fulfill an effective supervisory role for fair and reliable corporate management.   |

<Reference>

#### Directors and Officers (D&O) Liability Insurance

• The Company has concluded a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the Directors as the insured. The insurance policy covers any damages that may result from the Directors being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. However, there are grounds for exemptions, including such damages caused intentionally or with gross negligence, and a compensation curtailment rate has been set for the insurance claims.

• If the candidates are elected and assume office as Directors, each Director will be included as an insured in the D&O insurance.

• The contract period of the directors and officers liability insurance is one year, and the Company intends to renew the contract prior to the expiry of this period upon resolution of the Board of Directors.

#### Basic Policy on Corporate Governance of T&D Holdings, Inc.

##### (Appointment of Directors)

###### Article 6

The Board of Directors shall discuss the appointment of candidates for directors in the Nomination and Compensation Committee, and shall appoint individuals that satisfy, in principle, the following criteria:

- (1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently manage business as well as possessing a sufficient degree of public trust.
- (2) In addition to the requirements set forth in the previous criterion, candidates for outside director must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

##### (Appointment of Audit & Supervisory Committee Members)

###### Article 11

The Board of Directors shall discuss candidates for audit & supervisory committee members in the Nomination and Compensation Committee. After obtaining the consent of the Audit & Supervisory Committee, the Board of Directors shall appoint individuals that satisfy, in principle, the following criteria:

- (1) The candidate possesses the knowledge and experience needed to accurately, impartially and efficiently audit the directors' performance of duties as well as possessing a sufficient degree of public trust.
- (2) In addition to the requirements set forth in the previous criterion, candidates for the position of outside audit & supervisory committee member must satisfy the independence criteria established by the Company and the Tokyo Stock Exchange, and must be recognized as being free from the risk of any conflicts with the common interests of shareholders.

##### (Independence Criteria for Independent Outside Directors)

###### Article 13

The Company shall appoint candidates for outside director from among individuals who satisfy the following independence criteria:

- (1) The candidate is not currently, nor has been in the past 10 years, a person who executes the business of the Company or its subsidiaries.
- (2) The candidate is not currently, nor has recently been, a person/entity for which the Company is a major client or a person who executes business for such client, nor a major client of the Company or a person who executes business for such client.
- (3) The candidate is not currently, nor has recently been, a consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company.
- (4) The candidate is not currently, nor has recently been, a relative of a person who executes business of the Company or its subsidiary, or a relative of persons described in (2) or (3) above.
- (5) In addition to the above, there must be no doubt about the independence of the candidate in terms of fulfilling his or her duties as an independent outside director.

## **Business Report for Fiscal Year 2023**

(From April 1, 2023 to March 31, 2024)

### **1. Matters concerning the current state of the insurance holding company**

#### **(1) Development and performance, etc. of the business of the corporate group**

##### **Main business lines of the corporate group**

T&D Insurance Group (“the Group”) comprises mainly the Company’s three direct subsidiaries (hereafter, the “Three Life Insurance Companies”), namely Taiyo Life Insurance Company, Daido Life Insurance Company and T&D Financial Life Insurance Company (“Taiyo Life,” “Daido Life,” and “T&D Financial Life,” respectively), along with 20 subsidiaries and 5 affiliated entities, and operates life insurance business as its core business. The Group is working to diversify its business portfolio by investing in closed book business [note 1] through T&D United Capital Co., Ltd. (“T&D United Capital”), a direct subsidiary of the Company.

[note 1] A business model in which an insurance company generates profit by obtaining and consolidating blocks of policies in force for products that are no longer sold (closed book) and enhancing their value. In Western countries, there has been an increase in the number of closed books separated as a part of revisions of the business strategy and the product portfolio according to changes in the business environment.

##### **Financial and economic environment**

In fiscal 2023, the Japanese economy was on a gradual recovery trend amid the normalization of socioeconomic activity after the reclassification of COVID-19 to category 5 under Japan’s Infectious Disease Act in May. Corporate revenue was high overall and the economy followed, with improvements in the employment and wage environments.

In financial markets, overseas interest rates rose due to continued interest rate hikes in the United States and Europe to curb strong inflationary pressures worldwide during the first half of the fiscal year. However, the rise narrowed due to the moves to determine the economic impact of these interest rate hikes and their effects on the price of goods, and when the interest rates would start being lowered. Domestic interest rates also rose as the Bank of Japan revised and eliminated its long-term interest rate targets and abandoned its negative interest rate policy. Under these circumstances, Japanese stock prices rose significantly as a result of strong corporate performance and the yen’s depreciation, and the Nikkei Stock Average reached a record high.

In the life insurance industry, although payments for hospitalization benefits and other benefits resulting from the spread of COVID-19 infection tapered, the business environment continued to be difficult due to foreign exchange hedge costs remaining high. On the other hand, the rise in domestic interest rates led to an increase in sales of yen-denominated single-premium insurance, and new policy performance increased from the previous fiscal year.

##### **Development and performance of the business of the corporate group for the current fiscal year**

The Group carries out its business management under the Group management philosophy “to contribute to people and society through the value creation with the ‘Try & Discover’ spirit.” Under this Group management philosophy, we established our management vision, “Create happiness for society as a whole through insurance, starting with each individual, and become a Group that engages closely with stakeholders and makes bold changes.” In order to realize this vision, we are working on the five-year management policy, “Group Long-Term Vision: Try & Discover 2025—In Pursuit of the Happiness of All Stakeholders—,” initiated in April 2021.

In the Group Long-Term Vision, we set the overall policy to promote a growth story with improved capital efficiency by establishing Group KPIs and the Group’s growth strategies as follows.

● Group Key Performance Indicators (KPIs)

|                |                                     |  |
|----------------|-------------------------------------|--|
| Financial KPIs | Group Adjusted Profit* <sup>1</sup> | FY2025: ¥130 billions  |
|                | Adjusted ROE* <sup>2</sup>          | FY2025: 8.0%   |
|                | Value of New Business               | FY2025: ¥200 billions  |
|                | ROEV* <sup>3</sup>                  | Stable and sustainable growth of over 7.5% per year over the medium to long term |

\*1 Group adjusted profit = net income ± valuation gains/losses, etc. caused by discrepancy of accounting treatment of assets and liabilities + additional internal reserves in excess of the legal standard requirements

\*2 Adjusted ROE = Group adjusted profit / Average net asset balance

\*3 ROEV = Amount of EV increase (excluding increases or decreases in capital, etc.) / Average EV balance (Group basis)

|                    |                                 |   |
|--------------------|---------------------------------|---|
| Non-financial KPIs | Customer satisfaction           | Minimum FY2020 level                          |
|                    | Employee engagement score       | Minimum FY2020 level                          |
|                    | CO <sub>2</sub> emission volume | Reduction of 40% from FY2013 levels by FY2025 |

● Group Growth Strategy (Five Primary Themes)

|     |  |   |
|-----|--|---|
| I   | Strengthening of core business                         | <ul style="list-style-type: none"> <li>The three domestic life insurance companies will aim to build the top brand in each specialized market</li> </ul>                                  |
| II  | Diversification and optimization of business portfolio | <ul style="list-style-type: none"> <li>Further developing existing investment sectors, such as the closed book business and developing new domains</li> </ul>                             |
| III | Upgrading of capital management                        | <ul style="list-style-type: none"> <li>Improving capital efficiency through new capital management and risk management</li> </ul>   |
| IV  | Promoting integrated Group management                  | <ul style="list-style-type: none"> <li>Seeking unconventional new synergies transcending the boundaries between life/non-life insurance, asset management and other businesses</li> </ul> |
| V   | SDGs management and creation of value                  | <ul style="list-style-type: none"> <li>Contributing to a sustainable society with the “creation of shared value” to create both financial and social value</li> </ul>                     |

Here we report on the major initiatives of the Company, the Three Life Insurance Companies of the Group, and T&D United Capital in fiscal 2023.

The Company, as an insurance holding company, aims to control the management of its subsidiaries, and businesses pertaining thereto, as its business objectives.

The Company serves the role of formulating and executing the management strategies and capital policies of the Group and adequately allocating management resources. Additionally, the Company promotes the Enterprise Risk Management (ERM) [note 2] system to accurately identify management risks in direct subsidiaries, mainly the Three Life Insurance Companies, and to carry out integrated management of the capital, profit, and risk of the Group as a whole on an economic value basis.

[note 2] ERM (Enterprise Risk Management) refers to a strategic business management method aimed at achieving management targets such as enhancing corporate value and maximizing profits by taking control of capital, profit, and risk in an integrated manner.

(i) Strengthening of core business

Led by the Group-wide, customer-oriented philosophy, the Company has defined the T&D Insurance Group's Basic Policy Related to Customer-oriented Business Operations in order to engage in sincere, earnest, fair, and appropriate corporate activities which benefit customers, and will work to foster a corporate culture that respects the spirit and intent of this Basic Policy. In accordance with this Basic Policy, the Three Life Insurance Companies worked on enhancement of their core business, life insurance business, based on their individual, unique business models within their own specialized markets.

(Initiatives at Taiyo Life)

Taiyo Life mainly targets the home market and is working to enhance the contents of its products and services to provide lifelong security to customers through high-quality products and services. In terms of products, in the prevention insurance series, "Himawari Dementia Prevention Insurance" has been well received mainly by senior customers, while "Cancer/Critical Illness Prevention Insurance" has been well received by a wide range of age groups, including the responsible generation. Furthermore, it is expanding its products for those who are concerned about their health conditions, and in May 2023 it launched "simplified cancer diagnosis insurance" and "simplified cancer treatment insurance."

In terms of services, Taiyo Life has made continuous efforts to improve customer convenience and satisfaction. On "Taiyo Life My Page," an Internet service exclusively for customers, Taiyo Life has begun accepting "electronic barcode payment" for premiums and other payments.

In terms of sales, in addition to the conventional sales approach of visits in pairs by in-house sales representatives, Taiyo Life is also promoting a hybrid-style sales approach that uses digital technologies to integrate face-to-face and non-face-to-face sales activities. By using this approach, it is working to expand its market by broadening the areas and times it can respond to customers.

(Initiatives at Daido Life)

To further contribute to the sustainable development of SMEs through its solid relationships with tie-up organizations, Daido Life has been working on expanding the range of products that support their business continuity and services that help resolve management issues.

In terms of products, while strengthening total insurance combining corporations and individuals, Daido Life launched "Lump Sum M-Type Product" insurance in June 2023. This insurance can be used to provide compensation for fixed costs and to pay for medical expenses if managers take temporary leave from their employment.

In terms of services, with health management becoming even more important for SMEs, Daido Life is working to support the promotion of health and productivity management® [note 3] by identifying health risks and improving the lifestyle habits of people working at SMEs by offering the "Daido Life's KENCO SUPPORT PROGRAM [note 4]" and expanding its function. With the aim of working together with small- and medium-sized enterprise owners to solve problems, the web

community called “Dodai?” has more than 60,000 members and is used by many people.

Daido Life will continue to improve and expand the value-added services that goes beyond insurances, leading to the further deepening and diversification of our customer contact points going forward.

[note 3] The term “health and productivity management®” is a registered trademark of the Workshop for the Management of Health on Company and Employee.

[note 4] This online service offers integrated support for implementing a PDCA cycle necessary for health management, such as providing support to promote taking health exams for companies, risk analysis for lifestyle diseases, etc. for individual managers and employees, as well as solutions for healthier living and incentives to encourage continuous efforts towards the promotion of health.

(Initiatives at T&D Financial Life)

T&D Financial Life’s core business is to sell insurance products through independent insurance agent channels such as financial institutions. It has been working to increase its corporate value by developing new products that consider the financial market environment and customer needs and expanding services for customers and agents by using IT.

In terms of products, in April 2023, T&D Financial Life launched the updated “Fivetenworld 3,” which adds a yen-denominated plan using domestic interest rates to its single-premium individual annuity insurance that utilizes overseas interest rates and foreign exchange. In March 2024, it also launched a single-premium variable life insurance called “Hybrid Omakase Life” as a new product of the Hybrid series, which aims to integrate investment trusts and life insurance. With this product, customers can leave asset management up to T&D Financial Life, which will manage assets based on the individual customers’ desires and needs.

In terms of services, T&D Financial Life is actively using AI to enrich its customer services and to improve the efficiency of its operations. “AI Voice Response System” is available to handle customer telephone inquiries 24 hours a day, and the “AI Fund Prediction Service” uses AI to predict unit price movement for separate accounts (funds).

(ii) Diversification and optimization of business portfolio

The Group allocates the steady revenue generated by its life insurance business to growth businesses such as the closed book business, thereby diversifying its revenue sources, developing new business domains, and pursuing Group synergies. Through these efforts, we strive to optimize our business portfolio.

(Initiatives at T&D United Capital)

T&D United Capital engages in closed book business through Fortitude Group Holdings, LLC (“Fortitude”), which is a Company’s equity method affiliate specializing in the closed book business.

In November 2023, Fortitude completed roughly 28.0 billion USD (of insurance liabilities) in reinsurance transactions related to life insurance and pensions with U.S. life insurance companies. It is also focusing on the Japanese market as the second most attractive trading opportunity after the U.S., and is increasing its presence in the domestic closed book market, which is expected to expand in the future, by acquiring closed books from Japanese life insurance companies.

In August 2023, T&D United Capital launched the reinsurance brokerage subsidiary called T&D Risk Solutions Co., Ltd., through which it is working on further deepening its domestic closed book business.

(Initiatives by our CVC fund)

In the Group’s long-term vision, it is our policy to explore new areas and engage in new businesses to strengthen our core business of life insurance. Based on this policy, our corporate venture capital (CVC) fund, established in June 2022, invested a total of roughly 1.4 billion yen in 11 startup companies with advanced technologies and business models in areas such as healthcare, insurtech, and pets (as of March 31, 2024).

(iii) Upgrading of the Group's capital management

The Group has established return on capital indicators (adjusted ROE and ROEV) based on cost of capital as the Group's financial KPI. By upgrading capital and risk management, the Group is working to improve profit levels and capital efficiency.

(Improvement of the Group's asset management portfolio)

In order to improve the returns in comparison to risk of assets held, we are improving our asset management portfolio. Daido Life, which has relatively long-term debt characteristics in the Group, has continued to reduce its interest rate risk through purchases of super-long-term government bonds, etc. In addition, the cross-shareholdings of Taiyo Life and Daido Life have been gradually reduced. Furthermore, Taiyo Life and Daido Life are continuing to reduce their holdings of foreign currency-denominated bonds (hedged) given consistently high foreign exchange hedge costs. Through these efforts, Taiyo Life and Daido Life are striving to reduce the cost of shareholders' capital by suppressing fluctuations in investment income while at the same time promoting the allocation of capital to businesses with high returns in comparison to risk, primarily consisting of growth businesses.

(Enhancement of shareholder returns)

With regard to shareholder returns, while aiming for stable and sustainable increases in cash dividends, the Company has a policy of continuously implementing treasury stock repurchases based on the level of capital adequacy ratio, the potential for growth investments, and the level of stock price. Based on this policy, the annual dividend per share for FY2023 is planned to be ¥70 (including an interim dividend of ¥35), an increase of ¥8 from the previous year, which will be the ninth consecutive year of dividend increase [note 5]. Moreover, as part of its shareholder returns for FY2023, the Company determined to purchase a maximum of ¥50.0 billion in treasury stock in May 2024.

[note 5] The year-end dividend for FY2023 is subject to approval at the 20th Ordinary General Meeting of Shareholders of the Company to be held on June 26, 2024.

(iv) Promoting integrated Group management

To seek new Group synergies that transcend the boundaries between life/non-life insurance, asset management, and other businesses, we are promoting integrated Group management and reinforcing our Group governance.

(Reinforcing the collective power of the Group)

We consider all of our employees to be human capital that contributes to enhancing our corporate value. We use our entire Group as the field on which we develop and utilize our human resources through Group personnel exchanges and open recruiting within the Group. We will strive to achieve sustainable growth of the Group by fostering perspectives as shareholders among employees through efforts such as our internal Group IR activities and a stock option system for employees. We are also advancing our functions, such as our asset management, DX [note 6] and systems, and internal auditing functions from a Group-focused perspective, led by our policy of strengthening the business models of each company while increasing our collective power.

As a commemorative project for the 20th anniversary of the Company's establishment in April 2024, we have been broadcasting our first Group commercial since April 2023. We will further improve Group awareness and accelerate our progress toward achieving the Group's long-term vision by promoting our stance of "We want to be a company that contributes to the happiness of all stakeholders." both internally and externally more than ever before.

[note 6] The transformation of business models, organizations, operations, corporate culture and climate toward the creation of new value by understanding the needs of customers and society through the use of evolving digital technology, big data and AI.

(Strengthening our officer structure)

In April 2024, we introduced a Group executive officer system under which the Representative Directors and Presidents of each company manage their own companies with a more Group-focused perspective in order to promote and further reinforce our integrated Group management. With this

system, we will further reinforce the collaboration among our Group companies and seek to achieve even greater Group synergies.

(v) SDGs management and creation of value

The Group engages in SDGs management with the aim of helping solve social issues through our business and contributing to a sustainable society with the creation of shared value to create both financial and social value.

(Reducing CO<sub>2</sub> emissions)

In order to help mitigate and adapt to climate change across the entire Group, the Group has set a long-term target of reducing its CO<sub>2</sub> emissions to zero in real terms (net zero) by FY2040. We joined RE100, an international initiative aimed at procuring 100% of the electricity used in our business activities from renewable energy. We are actively switching to renewable energy for the power we use, such as switching to 100% renewable energy for the head office buildings of the Company, Taiyo Life, and Daido Life from April 2023. As a responsible institutional investor, the Group also targets net zero emissions of CO<sub>2</sub> from its investments and loans (by FY2050) and is engaging in constructive dialogue (engagement) to achieve this target.

(Enhancing initiatives on respect for human rights)

The “T&D Insurance Group CSR Charter” calls for respect for human rights, and the Group promotes business activities that respect the human rights of all executives and employees of the Group and all stakeholders. As one of the concrete actions, based on the “T&D Insurance Group Human Rights Policy,” the Group implements human rights due diligence every year to identify any negative effects that its business activities could potentially have on human rights and to prevent or mitigate such effects. In FY2023, we referred to major international norms related to human rights and obtained the knowledge of experts as we strove to further elevate our human rights due diligence.

In addition to respecting the intent of the Corporate Governance Code established by the Tokyo Stock Exchange, and complying with and implementing all 83 principles required of a prime market listed company, the Company has established its policy for addressing the main principles in its “Basic Policy on Corporate Governance.” Based on this basic policy, we will work to achieve sustainable growth of our group and increase our corporate value over the medium to long term through continuous efforts to enhance corporate governance.

## **Main performance during the current fiscal year**

Annualized premiums of new policies combining individual insurance and individual annuities for this fiscal year rose to ¥198.3 billion (31.5% increase year-on-year) due to strong sales of core products including individual term life insurance and yen-denominated single-premium products. Third Sector annualized premiums of new policies also rose to ¥41.9 billion (9.5% increase year-on-year).

Annualized premiums of total policies combining individual insurance and individual annuities at the end of this fiscal year were ¥1,633.6 billion (4.4% increase from the end of the previous fiscal year).

New policy amount for the current fiscal year was ¥4,490.2 billion (11.0% increase year-on-year). Policy amount in force as at year-end was ¥51,756.9 billion (2.0% decrease from the end of the previous fiscal year).

Income from insurance premiums increased by 13.6% year-on-year to ¥2,474.5 billion. Income from interests and dividends increased by 1.1% year-on-year to ¥327.6 billion. Other ordinary income decreased by 82.9% year-on-year to ¥91.3 billion due to rebound effects from the reversal of policy reserve in line with the implementation of reinsurance transactions at life insurance subsidiaries in the previous fiscal year. As a result, ordinary revenues increased to ¥3,207.9 billion (0.2% decrease year-on-year).

Ordinary expenses decreased by 7.3% year-on-year to ¥3,048.1 billion, due to a decrease in insurance claims and other payments.

As a result, ordinary profit was ¥159.8 billion (ordinary loss of ¥74.1 billion for the previous fiscal year).

Profit attributable to owners of parent was ¥98.7 billion (loss attributable to owners of parent of ¥132.1 billion for the previous fiscal year). The Group adjusted profit [note 7] increased by 14.7% year-on-year to ¥103.5 billion.

[note 7] The term “Group adjusted profit” is the original indicator of the Group’s actual business performance, which is calculated by adjusting profit (loss) attributable to owners of parent for gains (losses) that arise in accounting due to market fluctuations, etc. and do not represent actual business performance, and additional internal reserves in excess of the legal standard requirements.

Combined total core profit for this fiscal year at the Three Life Insurance Companies increased by 35.2% year-on-year to ¥125.8 billion. Positive spread decreased by 29.4% year-on-year to ¥39.3 billion, due primarily to increased foreign exchange hedge cost.

The Company’s consolidated solvency margin ratio [note 8], a criterion subject to government supervision, indicating management soundness of an insurance holding company (consolidated) and an insurance company, was 995.7% at the end of the current fiscal year (920.1% at the end of the previous fiscal year).

Solvency margin ratios of the Group’s Three Life Insurance Companies were 716.2% for Taiyo Life Insurance Company (580.9% at the end of the previous fiscal year), 1,193.5% for Daido Life Insurance Company (1,116.1% at the end of the previous fiscal year) and 567.6% for T&D Financial Life Insurance Company (659.4% at the end of the previous fiscal year).

[note 8] The solvency margin ratio determines whether or not an insurance company has sufficient “insurance claims payment ability” to deal with the occurrence of risks exceeding normal estimates. A figure of 200% or more indicates that the business meets one standard for soundness.

Results of individual insurance and individual annuities at the Three Life Insurance Companies  
(along with combined results)

(Billions of yen)

| Company Name  | FY2022   |         | FY2023<br>(year under review) |         |
|---|----------|---------|-------------------------------|---------|
| Annualized premiums of new policies (Third Sector products)   | 150.8    | (38.3)  | 198.3                         | (41.9)  |
| Taiyo Life Insurance Company                                  | 33.3     | (20.7)  | 32.4                          | (19.4)  |
| Daido Life Insurance Company                                  | 67.0     | (17.3)  | 73.5                          | (18.2)  |
| T&D Financial Life Insurance Company                          | 50.5     | (0.3)   | 92.3                          | (4.3)   |
| Annualized premiums of total policies (Third Sector products) | 1,565.0  | (287.0) | 1,633.6                       | (296.8) |
| Taiyo Life Insurance Company                                  | 572.7    | (133.6) | 564.1                         | (136.9) |
| Daido Life Insurance Company                                  | 802.0    | (149.9) | 806.4                         | (152.2) |
| T&D Financial Life Insurance Company                          | 190.2    | (3.5)   | 263.0                         | (7.6)   |
| New policy amount   | 4,044.7  |         | 4,490.2                       |         |
| Taiyo Life Insurance Company                                  | 237.1    |         | 240.9                         |         |
| Daido Life Insurance Company                                  | 3,119.9  |         | 3,382.2                       |         |
| T&D Financial Life Insurance Company                          | 687.5    |         | 867.1                         |         |
| Policy amount in force as at the end of the year              | 52,834.9 |         | 51,756.9                      |         |
| Taiyo Life Insurance Company                                  | 12,991.9 |         | 11,461.8                      |         |
| Daido Life Insurance Company                                  | 36,586.1 |         | 36,343.2                      |         |
| T&D Financial Life Insurance Company                          | 3,256.8  |         | 3,951.7                       |         |

Notes:

1. Annualized premiums refer to an amount equivalent to premiums per year, calculated by multiplying the insurance premium paid each time by a coefficient according to the premium payment method (for single premium policies, etc., the amount is calculated by dividing the premium by the insurance period).
2. Annualized premiums for the Third Sector products recorded above include health benefits (hospitalization benefits, surgical benefits, etc.), living benefits (critical illness benefits, nursery care benefits, etc.), and a waiver of premium benefits (excluding accident coverage, but including critical illness and nursery care coverage).
3. The new policy amount of individual insurance and individual annuities includes net increase from conversions.
4. The new policy amount and policy amount in force as of the end of the year of individual insurance represent the total of the death protection policy amount and living protection policy amount.
5. New policy amount of individual annuities is the amount of annuity resources at the commencement of annuity payment.
6. Policy amount in force of individual annuities at the end of each fiscal year is the total sum of the annuity resource at the commencement of payment of the annuity contracts under which payments have not yet commenced, and the policy reserve of the annuity contracts under which payments have already commenced.

## **Challenges to be addressed by the Group**

The Japanese economy is expected to continue its recovery due to the expansion of virtuous cycle from income to spending as a result of the growing movement of sustained wage increases in response to rising commodity prices, despite the risks posed by declines in overseas economies.

In the life insurance industry, the business environment is also changing due to the declining population, falling birthrate and aging population, diversification of customers' needs with changing values and lifestyles, acceleration of digitalization triggered by IT sophistication and the COVID-19 pandemic, and increasing uncertainty in the financial markets. It is necessary to further improve the quality of business operations by providing customer-oriented products and services, enhancing the sophistication of asset management, improving capital efficiency based on the cost of capital, and managing the company in light of social issues.

To ensure steady progress toward achieving the Group's long-term vision, in FY2024, we will carry out various initiatives as part of our Group's growth strategies (five primary themes).

### **(i) Strengthening of core business**

The Group's strength and distinguishing feature is that "multiple independent life insurance companies pursue their own specialized strategies." The Group will continue to promote DX to transform its sales activities and expand its customer contact points, strengthen its insurance profitability, and reinforce the Group's earnings base by expanding and reinforcing business domains through the pursuit of each company's specialization strategy.

Taiyo Life is working to increase earnings mainly targeting the home market under its management policy of becoming a company that supports the health and longevity of customers with the best products and services. It will reinforce its customer base by expanding opportunities to approach new customers through the use of the "Taiyo Life My Page," "Sma-Hoken" and "infomercials," and the operational reforms by promoting DX. Taiyo Life aims to support the health and longevity of more customers, as well as expand its market, improve productivity, and achieve sustainable growth.

Daido Life will protect SMEs by providing total insurance combining corporations and individuals. It will also further contribute to the business continuity, growth and development of SMEs that support the economy, family planning and employment in Japan, with evolving and expanding the value to provide and strengthening the "power to create connections." It will accomplish this by developing and providing services to help SMEs resolve various issues they face (practicing health management and solving social issues). It will deliver value beyond expectations to SMEs and aim to realize a better future society as a trusted partner for SMEs.

T&D Financial Life will expand sales primarily in the three product categories of yen-denominated fixed amount insurance, foreign currency-denominated fixed amount insurance, and variable insurance, based on customer-oriented business operations perspectives, to further strengthen its business model, which specializes in the independent insurance agent market. At the same time, it will expand its market share by flexibly developing products and services that are differentiated from those of competitors with improvement of its human capital and promotion of DX, promoting the expansion of agents, and strengthening its agent support systems, and will work toward the sustainable enhancement of corporate value.

(ii) Diversification and optimization of business portfolio

In addition to increasing profits in the Group's existing businesses, with the domestic life insurance business as its core, the Group is working to improve capital efficiency by allocating Group management resources to growth businesses. Based on this policy, in order to leverage the Group's strengths in areas with a high affinity with the life insurance business, the Group will expand and develop its closed book business, and create and develop new businesses. The Group will also work to reform low ROE business through the Group's business portfolio management, in order to improve the entire Group's capital efficiency by effective use of capital, thereby strengthening the Group's earnings base.

(iii) Upgrading of the Group's capital management

The foundation of the Group's capital management is to secure sufficient capital, working to improve profitability through further utilization of ERM, while ensuring capital adequacy. The Group will strive to improve capital efficiency based on cost of capital by optimizing the Group's management resources and balancing investment in growth and shareholder returns, while responding appropriately to changes in economic circumstances and fluctuations in financial markets.

In regard to risk management, we are steadily making progress for the introduction of an economic value-based solvency regulation (planned for FY2025) by reducing interest rate risk and cross-held stocks. This will enable us to control asset management risks while allowing us to expand risk from business investment and achieve an optimum balance with insurance underwriting risk.

(iv) Promoting integrated Group management

To cope with the highly uncertain business environment, we will optimize our management resources, leveraging the entire Group as our field, and we will continue to take on new challenges, unconstrained by existing frameworks, pursuing an even greater level of business synergies through collaborations among Group companies. To further raise the Group awareness of employees, which is the foundation for realizing these goals, we are actively working on various measures for 20th-anniversary project. We will continue striving to revitalize communication within the Group so that each and every executive and employee works with pride in being a member of our Group, and we will further strengthen our integrated management.

(v) SDGs management and creation of value

Through the Group's business, the Group will create shared value and contribute to the achievement of the SDGs by addressing the primary sustainability themes (four materiality themes): promoting healthy and abundant lives, providing workplace environments in which diverse people can participate actively, contributing to global environment conservation and climate change mitigation and adaptation, and investing to help build a sustainable society.

Primary theme 1: Promote healthy and abundant lives

We will contribute to the sustainable growth of society and the resolution of social issues through our insurance business by providing optimal, high-quality products and services that meet the needs of our customers.

Primary theme 2: Provide workplace environments in which diverse people can participate actively

We respect the human rights of all people and the personalities and diversity of our employees, and we develop human resources by ensuring a healthy and safe working environment.

Primary theme 3: Contribution to global environment conservation and climate change mitigation and adaptation

Through our own business activities of providing insurance products and services to our customers, we will contribute to climate change mitigation and adaptation, achieve a net-zero society, and preserve biodiversity.

Primary theme 4: Invest to help build a sustainable society

As a responsible institutional investor, we aim to contribute to securing long-term stable earnings and the realization of a sustainable society, and to grow sustainably together with society by making investments that consider environmental, social, and corporate governance (ESG) issues.

The Group considers human resources that work together to be the most important and greatest driving force for its business activities to realize the Group's corporate philosophy, and are working to improve human capital. Under the human resource development policy to develop "autonomous human resources who can think independently, act proactively, and deliver the expected results," we will develop leaders who will drive the Group's growth, provide educational opportunities for growth, and promote the advancement of female employees. In addition, we will promote diversity, health management, and work-life balance to create an environment in which employees can work energetically with peace of mind.

As stated above, we will continue our efforts to realize the Group's Long-Term Vision in fiscal 2024.

The Company celebrated its 20th anniversary on April 1, 2024. We would like to take this opportunity to express our gratitude to all of the stakeholders we have had the pleasure of engaging with over the past two decades. Going forward, we will carry on our Group management philosophy of "Try & Discover."

The Group will implement the creation of shared value to progress even further in its pursuit of both economic value and social value to ensure that we continue to be chosen by our customers and those in financial markets. Through these efforts, we will endeavor to maintain our position as an essential part of society.

The life insurance business has a social mission: taking part in the creation of a sustainable society, as a foundation for stabilizing and improving the lives of the Japanese people, development of the economy, and social infrastructure. The Group is united in its commitment to fulfilling this social mission.

We would like to ask all of our shareholders for their continued support.

**(2) Transition of assets and profits (losses) of the corporate group and the insurance holding company**

**A. Transition of assets and profits (losses) of the corporate group**

(Millions of yen)

| Categories                                     | FY2020     | FY2021     | FY2022     | FY2023<br>(year under review) |
|--|------------|------------|------------|-------------------------------|
| Ordinary revenues                              | 2,360,470  | 2,614,377  | 3,214,110  | 3,207,991                     |
| Ordinary profit (loss)                         | 174,649    | 57,029     | (74,144)   | 159,809                       |
| Profit (Loss) attributable to owners of parent | 108,512    | 14,180     | (132,150)  | 98,777                        |
| Comprehensive income                           | 418,061    | (36,079)   | (335,943)  | 493,358                       |
| Net assets                                     | 1,501,796  | 1,389,506  | 993,681    | 1,409,926                     |
| Total assets                                   | 17,826,238 | 17,813,408 | 16,773,877 | 17,207,110                    |

Notes:

- Financial results for FY2023 are as stated in (1) Development and performance, etc. of the business of the corporate group. Comprehensive income increased by ¥829.3 billion year-on-year due to rebound effects from loss attributable to owners of parent in the previous fiscal year and an increase in net unrealized gains on securities resulting from rising domestic and foreign stock prices. Net assets also increased by ¥416.2 billion year-on-year due to recorded comprehensive income and other factors.
- The Group's adjusted profit for the year under review increased by 14.7% year-on-year to ¥103.5 billion.
- FGH Parent, L.P., an overseas insurance holding affiliate, revalued its liabilities under U.S. GAAP retroactively to June 2, 2020 using a new calculation method in accordance with the group restructuring effective October 1, 2021. The Company has also applied the equity method of accounting to the company retroactively as of June 2, 2020. The figures for FY2020 in the table above are retroactively applied to reflect this accounting treatment.

**B. Transition of assets and profits (losses) of the insurance holding company**

(Millions of yen, except for net income per share)

| Categories                                       | FY2020  | FY2021  | FY2022  | FY2023<br>(year under review) |
|--|---------|---------|---------|-------------------------------|
| Operating revenues                               | 44,136  | 132,007 | 51,827  | 110,298                       |
| Dividend received                                | 39,048  | 126,736 | 46,025  | 103,846                       |
| Insurance operating subsidiaries                 | 39,048  | 126,736 | 44,025  | 103,846                       |
| Other subsidiaries                               | —       | —       | 2,000   | —                             |
| Net income                                       | 39,277  | 126,842 | 46,273  | 103,918                       |
| Net income per share (¥)                         | ¥65.71  | ¥218.13 | ¥83.10  | ¥192.66                       |
| Total assets                                     | 913,299 | 957,122 | 985,650 | 1,000,720                     |
| Stocks, etc. of insurance operating subsidiaries | 734,827 | 736,527 | 736,527 | 736,527                       |
| Stocks, etc. of other subsidiaries               | 21,649  | 21,649  | 25,064  | 25,899                        |

### (3) Financing of the corporate group

(New establishment and capital increase)

The Company invested an additional ¥1 billion in its subsidiary, T&D Innovation Fund, on October 5, 2023. As a result, of the total amount to be committed by the Company of ¥5 billion, the cumulative total investment amount comes to ¥3 billion. The Company plans to invest the remaining ¥2 billion in the fund in the future.

| Date of investment | Total             | Purpose of funds                       | Investment performance per unit |
|--------------------|-------------------|--|---------------------------------|
| October 5, 2023    | 1,000 million yen | Investment in start-up companies, etc. | 20,000 yen                      |

T&D United Capital Co., Ltd., the Company's subsidiary, established its own subsidiary, T&D Risk Solutions Co., Ltd., on May 19, 2023, and has made the following investment and capital increase.

| Date of issue | Total          | Purpose of funds | Issue price per share |
|---------------|----------------|------------------|-----------------------|
| May 19, 2023  | 0 million yen  | Working capital  | 10,000 yen            |
| June 26, 2023 | 99 million yen | Working capital  | 10,000 yen            |

(Issuance of bonds)

For the purpose of diversifying means of financing, T&D Lease Co., Ltd. has issued the following short-term bonds:

| (Millions of yen)              |                    |                     |
|--------------------------------|--------------------|---------------------|
| Date of issue                  | Maturity date      | Amount (face value) |
| May 24, 2023                   | August 24, 2023    | 4,000               |
| June 23, 2023                  | September 25, 2023 | 4,000               |
| August 24, 2023                | November 24, 2023  | 4,000               |
| September 25, 2023             | December 25, 2023  | 4,000               |
| November 24, 2023              | February 22, 2024  | 4,000               |
| December 25, 2023              | March 26, 2024     | 4,000               |
| February 22, 2024              | May 24, 2024       | 4,000               |
| March 26, 2024                 | June 25, 2024      | 4,000               |
| Total amount issued in FY2023  |                    | 32,000              |
| (Balance at the end of FY2023) |                    | (8,000)             |

### (4) Capital expenditure of the corporate group

#### A. Total capital expenditure

| (Millions of yen)                          |        |
|--|--------|
| Divisions                                  | Amount |
| Insurance and insurance-related businesses | 35,011 |
| Investment-related businesses              | 82     |
| Administration-related businesses          | 458    |
| Total                                      | 35,552 |

#### B. New construction of material equipment, etc.

| Company name                 | Description                              | Amount            |
|------------------------------|--|-------------------|
| Daido Life Insurance Company | Establishment of next-generation systems | 7,506 million yen |

**(5) Significant affairs at the parent company and subsidiaries, etc.**

**A. Affairs at the parent company**

Not applicable.

**B. Affairs at the subsidiaries**

| Company name                          | Location                            | Main operations   | Date of incorporation | Capital (Millions of yen, except where otherwise noted) | The Company's share of voting right (%) | Remarks |
|---------------------------------------|-------------------------------------|---|-----------------------|---|---|---------|
| Taiyo Life Insurance Company          | Chuo-ku, Tokyo                      | Life Insurance Business   | February 16, 1948     | 62,500  | 100.0                                   |         |
| Daido Life Insurance Company          | Nishi-ku, Osaka, Osaka-fu           | Life Insurance Business   | July 14, 1947         | 110,000   | 100.0                                   |         |
| T&D Financial Life Insurance Company  | Minato-ku, Tokyo                    | Life Insurance Business   | July 16, 1947         | 56,000  | 100.0                                   |         |
| T&D United Capital Co., Ltd.          | Chuo-ku, Tokyo                      | Principal investment and investment management business   | June 11, 2019         | 5,500   | 100.0                                   |         |
| T&D Asset Management Co., Ltd.        | Minato-ku, Tokyo                    | Type II financial instruments business, investment management business, investment advice and agency business | December 19, 1980     | 1,100   | 100.0                                   |         |
| Pet & Family Insurance Co., Ltd.      | Taito-ku, Tokyo                     | Non-life Insurance Business   | August 8, 2003        | 3,656   | 100.0                                   |         |
| All Right Co., Ltd.                   | Chuo-ku, Tokyo                      | Services, etc. in healthcare and wellness field   | September 15, 2022    | 750   | 100.0                                   |         |
| T&D United Capital North America Inc. | New York, United States             | Principal investment and investment management business   | December 11, 2019     | USD 10  | 100.0 (100.0)                           |         |
| T&D Risk Solutions Co., Ltd.          | Chuo-ku, Tokyo                      | Insurance brokerage business  | May 19, 2023          | 50  | 100.0 (100.0)                           |         |
| T&D Confirm Ltd.                      | Kita-ku, Tokyo                      | Policyholder confirmation agency services   | July 5, 1991          | 30  | 100.0 (100.0)                           |         |
| T&D Information Systems, Ltd.         | Urawa-ku, Saitama, Saitama-ken      | Computer software and system services   | July 15, 1999         | 300   | 100.0 (100.0)                           |         |
| T&D Lease Co., Ltd.                   | Minato-ku, Tokyo                    | Leasing business  | September 5, 1966     | 150   | 100.0 (100.0)                           |         |
| Taiyo Credit Guarantee Co., Ltd.      | Toshima-ku, Tokyo                   | Credit guarantee services   | April 1, 1981         | 50  | 100.0 (100.0)                           |         |
| Toyo Insurance Agency Co., Ltd.       | Kita-ku, Tokyo                      | Insurance agency business   | June 4, 1971          | 70  | 100.0 (100.0)                           |         |
| Taiyo Life Aging Society Institute    | Chuo-ku, Tokyo                      | Surveys and research on health and medical care   | April 1, 2020         | 20  | 100.0 (100.0)                           |         |
| Capital Taiyo Life Insurance Ltd.     | Yangon, Myanmar                     | Life Insurance Business   | October 12, 2012      | MMK 9,230 million                                       | 35.0 (35.0)                             |         |
| Thuriya Ace Technology Co., Ltd.      | Yangon, Myanmar                     | IT for insurance companies, IT systems and software solutions design, and development services                | February 1, 2017      | MMK 2,351 million                                       | 49.0 (49.0)                             |         |
| Daido Management Service Co., Ltd.    | Chuo-ku, Tokyo                      | Insurance agency business   | November 1, 1974      | 30  | 100.0 (100.0)                           |         |
| Nihon System Shuno, Inc.              | Suita, Osaka-fu                     | Premium collection  | October 1, 2002       | 36  | 50.0 (50.0)                             |         |
| Zenkoku Business Center Co., Ltd.     | Chuo-ku, Tokyo                      | Premium collection  | May 18, 1972          | 12  | 100.0 (100.0)                           |         |
| Alternative Investment Capital, Ltd.  | Chiyoda-ku, Tokyo                   | Investment in private equity funds  | July 15, 2002         | 400   | 36.0 (36.0)                             |         |
| FGH Parent, L.P.                      | Bermuda, British Overseas Territory | Insurance holding company   | October 1, 2021       | USD 5,291 million                                       | 26.4 (26.4)                             |         |

Notes:

1. The Company's material consolidated subsidiaries and affiliated entities accounted for under the equity method are listed above.
2. Shares of voting rights at subsidiary entities that belong to subsidiary entities (including subsidiaries) are stated within the parenthesis of the column for "The Company's share of voting right."
3. Dates of incorporation of Taiyo Life Insurance Company and Daido Life Insurance Company are the dates of incorporation as mutual companies. Both were converted to stock corporations, the former on April 1, 2003, and the latter on April 1, 2002 respectively.
4. Date of incorporation of T&D Financial Life Insurance Company is the date of incorporation as Tokyo Mutual Life Insurance Company. Tokyo Mutual Life Insurance Company was converted to a stock corporation on October 17, 2001 and its company name was changed to the current one.
5. Date of incorporation of Pet & Family Insurance Co., Ltd. is the date of incorporation as Japan Family Insurance Planning, Inc. After changing its business name to Pet & Family Small-amount Short-term Insurance Company on January 5, 2007, it was renamed its current name upon obtaining a non-life insurance business license from Financial Services Agency on April 1, 2019.
6. The yen equivalent of the capital amount of Capital Taiyo Life Insurance Ltd., calculated using the exchange rate as of the date of the close of the account, is ¥665 million.
7. The yen equivalent of the capital amount of Thuriya Ace Technology Co., Ltd., calculated using the exchange rate as of the date of the close of the account, is ¥169 million.
8. Development and performance of significant business combination  
The Group comprises 20 subsidiaries and 5 affiliated entities, where the consolidated ordinary revenues and profit attributable to owners of parent of the Group including the Company for fiscal year 2023 were ¥3,207.9 billion and ¥98.7 billion, respectively.

**(6) Transfer of business from or to the corporate group**

Not applicable.

**(7) Other significant matters regarding the current state of the corporate group**

Not applicable.

## 2. Matters concerning corporate officers

### (1) Status of corporate officers

(As of March 31, 2024)

| Name              | Positions/Responsibilities   | Significant concurrent positions held  | Remarks  |
|-------------------|--|--|--|
| Hirohisa Uehara   | Representative Director and President  | —  |  |
| Masahiko Moriyama | Representative Director and Senior Managing Executive Officer<br>(In charge of Group Planning Department and vice in charge of Internal Auditing Department) | Director, Daido Life Insurance Company   |  |
| Hotaka Nagai      | Director and Managing Executive Officer<br>(In charge of Financial Strategy Department and Accounting Department)  | Director, T&D Financial Life Insurance Company<br>Director, T&D Asset Management Co., Ltd. |  |
| Naoki Ohgo        | Director (Outside Director)  | Representative Director, Root F Co., Ltd.<br>Outside Director, Orient Corporation          |  |
| Kensaku Watanabe  | Director (Outside Director)  | Attorney<br>Outside Director, JDC Corporation  |  |
| Naoki Soejima     | Director   | Representative Director and President, Taiyo Life Insurance Company                        |  |
| Mutsuro Kitahara  | Director   | Representative Director and President, Daido Life Insurance Company                        |  |
| Takashi Ikawa     | Director (Full-time Audit & Supervisory Committee Member)  | Audit & Supervisory Board Member, T&D United Capital Co., Ltd.                             | He has considerable expertise in finance and accounting, gained through his operational experience in asset management and accounting, etc. at a life insurance subsidiary of the Group. |
| Takashi Tojo      | Director (Full-time Audit & Supervisory Committee Member)  | —  | He has considerable expertise in finance and accounting, gained through his operational experience in asset management, etc. at a life insurance subsidiary of the Group.                |
| Seiji Higaki      | Director (Audit & Supervisory Committee Member) (Outside Director)   | —  |  |

| Name              | Positions/Responsibilities   | Significant concurrent positions held  | Remarks  |
|-------------------|--|--|--|
| Shinnosuke Yamada | Director (Audit & Supervisory Committee Member) (Outside Director) | Certified public accountant<br>Outside Auditor, EXEO Group, Inc.<br>Outside Audit and Supervisory Board Member, Rakuten Bank, Ltd. | As a certified public accountant, he has considerable expertise in finance and accounting. |
| Atsuko Taishido   | Director (Audit & Supervisory Committee Member) (Outside Director) | Attorney<br>Outside Audit & Supervisory Board Member, Pigeon Corporation   |  |

Notes:

- Apart from the above, changes in officers as of April 1, 2024 are as follows:
 

|  |                   |
|--|-------------------|
| Representative Director and Chairman           | Hirohisa Uehara   |
| Representative Director and President          | Masahiko Moriyama |
| Director and Senior Managing Executive Officer | Hotaka Nagai      |
- Mr. Masahiko Moriyama retired as Director of All Right Co., Ltd. on March 31, 2024.
- Executive officers (excluding directors concurrently serving as executive officers) as of March 31, 2024 are as follows:

| Name             | Positions/Responsibilities  |
|------------------|---|
| Yasuro Tamura    | Senior Managing Executive Officer (in charge of General Affairs Department and Internal Auditing Department)<br>(Retired on March 31, 2024)     |
| Tomoyasu Isobe   | Managing Executive Officer (in charge of Business Development Department)   |
| Iwao Kanazawa    | Managing Executive Officer (in charge of Risk Control Department)   |
| Yasuhiro Mori    | Executive Officer (in charge of Sustainability Promotion Department and Public Relations Department, vice in charge of Risk Control Department) |
| Kanaya Morinaka  | Executive Officer (vice in charge of Group Planning Department)   |
| Yoshihisa Tanaka | Executive Officer (vice in charge of Group Planning Department)   |
| Osamu Ikebata    | Executive Officer (vice in charge of Group Planning Department)   |

- Apart from the above, changes in executive officers and Group executive officers (excluding directors concurrently serving as executive officers) as of April 1, 2024 are as follows:
 

|                                   |                   |
|-----------------------------------|-------------------|
| Senior Managing Executive Officer | Tomoyasu Isobe    |
| Executive Officer                 | Kazunori Watanabe |
| Executive Officer                 | Yoshitaka Moriya  |
| Executive Officer                 | Takahiro Honda    |
| Executive Officer                 | Toshikatsu Imai   |
| Group Executive Officer           | Kanaya Morinaka   |
| Group Executive Officer           | Yoshihisa Tanaka  |
| Group Executive Officer           | Osamu Ikebata     |
- Messrs. Naoki Ohgo, Kensaku Watanabe, Seiji Higaki and Shinnosuke Yamada have been registered with Tokyo Stock Exchange, Inc. as independent directors/auditors without potential conflict of interests with general shareholders. Ms. Atsuko Taishido meets the criteria for independence set forth by Tokyo Stock Exchange, Inc. and is deemed not to pose a risk of conflict of interests with general shareholders. However, in accordance with the rules of Mori Hamada & Matsumoto, to which she belongs, she has not been registered as an independent director/auditor.
- Messrs. Takashi Ikawa and Takashi Tojo have been selected as Full-time Audit & Supervisory Committee Members to ensure the effectiveness of Audit & Supervisory Committee auditing and supervisory functions facilitated by the gathering and sharing of information through attendance at Executive Management Board meetings and other important meetings, receiving operational reports from business execution divisions, and collaborating closely with internal auditing divisions.

**(2) Executive compensation, etc.****1. Amounts of compensation, etc. for Directors during the current fiscal year**

(Millions of yen)

| Categories  | Monthly compensation   |        | Reserve for bonus      |        | Trust-type stock compensation<br>(BIP trust executive compensation) |        | Total amount of compensation, etc. |        |
|---|------------------------|--------|------------------------|--------|---|--------|------------------------------------|--------|
|   | Number of persons paid | Amount | Number of persons paid | Amount | Number of persons paid  | Amount | Number of persons paid             | Amount |
| Directors who are not Audit & Supervisory Committee Members                     | 8                      | 145    | 3                      | 36     | 3   | 35     | 8                                  | 217    |
| (Of which, Outside Directors who are not Audit & Supervisory Committee Members) | 2                      | 20     | 0                      | –      | 0   | –      | 2                                  | 20     |
| Directors who are Audit & Supervisory Committee Members                         | 5                      | 123    | 0                      | –      | 0   | –      | 5                                  | 123    |
| (Of which, Outside Directors who are Audit & Supervisory Committee Members)     | 3                      | 37     | 0                      | –      | 0   | –      | 3                                  | 37     |
| Total   | 13                     | 268    | 3                      | 36     | 3   | 35     | 13                                 | 341    |

Notes:

1. Monthly compensation and reserve for bonus for Directors who are not Audit & Supervisory Committee Members (excluding part-time Directors (includes Outside Directors) are performance-linked compensation and trust-type stock compensation is non-monetary compensation. For Directors who are not Audit & Supervisory Committee Members (excluding part-time Directors (includes Outside Directors)) (four Directors), performance-linked compensation is a total of ¥142 million and non-monetary compensation, etc. is a total of ¥35 million.
2. The compensation limit stipulated at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥450 million per annum for Directors who are not Audit & Supervisory Committee Members, of which ¥40 million per annum is for Outside Directors. (There were nine Directors who were not Audit & Supervisory Committee Members immediately after the conclusion of the shareholders meeting (two of those were Outside Directors.)) The total bonus amount within this figure is decided as an annual figure by the Board of Directors. Aside from the above compensation limit for Directors who are not Audit & Supervisory Committee Members, the upper limit of the trust money to be contributed to the trust relating to trust-type stock compensation resolved at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥500 million for every three consecutive fiscal years. The upper limit of the number of points to be awarded to Directors per fiscal year will be 215,000 points (1 point = 1 share of the Company). (There were four Directors who were not Audit & Supervisory Committee Members eligible for trust-type stock compensation immediately after the conclusion of the shareholders meeting.)  
The compensation limit resolved at the 16th Ordinary General Meeting of Shareholders held on June 25, 2020 is ¥150 million per annum for Directors who are Audit & Supervisory Committee Members. (There were five Directors who were Audit & Supervisory Committee Members immediately after the conclusion of the shareholders meeting (three of those were Outside Directors.)) Compensation within this limit is determined by discussions with Directors who are Audit & Supervisory Committee Members.
3. The number of persons paid and the amount of compensation, etc. above include those for one Director who is not an Audit & Supervisory Committee Member, who retired as of the conclusion of the 19th Ordinary General Meeting of Shareholders held on June 28, 2023. As of the end of the current fiscal year, the Company had seven Directors who are not Audit & Supervisory Committee Members and five Directors who are Audit & Supervisory Committee Members.
4. The amount of trust-type stock compensation indicates the cost of points awarded during the fiscal year under review based on this system.
5. There is no compensation received by Outside Directors from the Company's parent company, etc.

## 2. Policy related to determining compensation for individual officers and calculation formulae

The Company's executive compensation system lays down compensation systems and compensation amounts that function as sound incentives, towards enhancing Group business performance and increasing corporate value over the medium- to long-term. Compensation, etc. to Directors (excluding part-time Directors which include Outside Directors and Directors who are Audit & Supervisory Committee Members) comprises of monthly compensation that varies depending on role and performance, bonuses, and trust-type stock compensation which delivers shares of the Company and utilizes a trust mechanism (excluding Directors residing outside of Japan). The Company regards company performance linked compensation as not suitable for part-time Directors including Outside Directors and Directors who are Audit & Supervisory Committee Members who are independent from operational functions. Therefore, a fixed amount of compensation is paid.

Furthermore, the Basic Policy on Corporate Governance (hereinafter, the "Basic Policy") stipulates the Company's policy related to determining compensation for individual officers and calculation formulae. The amendment or abolition of the Basic Policy shall be determined by the Company's Board of Directors. Calculation formulae for individual officer compensation, etc. is as shown below.

| Compensation type    | Timing of payment | Calculation formulae for individual officer compensation, etc.                   | Payment method |
|----------------------|-------------------|--|----------------|
| Monthly compensation | Monthly           | Monthly compensation and bonuses are within the scope stipulated by a resolution | Monetary       |

|                               |                 |   |                                      |
|-------------------------------|-----------------|---|--------------------------------------|
| Bonuses                       | Annually        | <p>of the shareholders meeting. Figures are calculated based on the compensation table determined by the Board of Directors and individual evaluations of each officer. Amounts are deliberated by the Nomination and Compensation Committee, which offers its opinions to the Board of Directors, and then approved at the Board of Directors meeting.</p> <p>Individual evaluations of officers are based on an assessment of the Company's performance and an evaluation of the division the officer is in charge of, in accordance with the evaluation criteria decided on by the Board of Directors. Evaluations are deliberated by the Nomination and Compensation Committee, which offers its opinions to the Board of Directors, and then approved at the Board of Directors meeting.</p> |                                      |
| Trust-type stock compensation | Upon retirement | <p>Trust-type stock compensation for Directors (excluding part-time Directors (includes Outside Directors), Directors who are Audit &amp; Supervisory Committee Members, and Directors residing outside of Japan) is calculated based on the table determined by the Board of Directors and awarded as points in accordance with their position. This compensation will be provided in the form of Company stock and monetary payments based on accumulated points when a Company officer retires. Malus and clawback provisions (*) have been established for this system.</p>   | <p>Shares: 70%<br/>Monetary: 30%</p> |

(\*) Malus and clawback provisions

The trust-type stock compensation system includes provisions to halt the issue of Company stock and payments from sales of that stock if the person concerned is found to have engaged in misconduct, etc. as stipulated by the Company (significant negligence of duties, illegal conduct, leaking of confidential information, etc.) before the date of acquisition of the beneficial interest. If misconduct, etc. is discovered after the date of acquisition of the beneficial interest, the provisions stipulate that compensation can be claimed for the amount calculated by multiplying the stock price by the basic number of shares.

**<Involvement of the Nomination and Compensation Committee and the Board of Directors>**

- In January 2015, the Company established the non-statutory Nomination and Compensation Committee as an advisory body to the Board of Directors for deliberations on the fairness and reasonableness of executive appointment or dismissal (including planning of successors) and compensation, with a view to enhancing the corporate governance system of the Company and the Group by ensuring management transparency and clarified accountability. Nomination and Compensation Committee consists of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to enhance independence, objectivity, and accountability. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.
- The Nomination and Compensation Committee deliberates items regarding important decisions or changes relating to executive treatment at the Company or direct subsidiaries and offers its opinions to the Board of Directors. The amount of monthly compensation and bonuses for Directors (excluding part-time Directors (includes Outside Directors) and Directors who are Audit & Supervisory Committee Members) and evaluation of individual officers are deliberated by the Nomination and Compensation Committee, which offers its opinions to the Board of Directors, and then approved at the Board of Directors meeting.

**<Calculation method for Company performance assessment and evaluation of the division in charge>**

A weighted average is used for the evaluation weightings for both the Company performance assessment and the evaluation of the division each officer is in charge of, based on criteria set by the Board of Directors according to the responsibilities of each role. Note that the Representative Director's evaluation weighting for the Company performance assessment is 100%.

|                                      |   |
|--------------------------------------|---|
| Assessment of company performance    | <ul style="list-style-type: none"><li>● To clarify the assessment according to how much progress has been made on achieving company targets, total shareholder return (TSR) is used as a benchmark to assess the company's performance, alongside a number of other performance indicators (financial/non-financial) stipulated based on the mid- to long-term management strategy.</li><li>● For performance indicators, a coefficient according to the achievement rate for each item is multiplied to yield a score.</li></ul> |
| Evaluation of the division in charge | <ul style="list-style-type: none"><li>● A score for the division an individual officer is in charge of is calculated based on how much progress has been made on achieving divisional targets.</li></ul>  |

**<Key performance indicators of Company performance (FY2023)>**

- Key performance indicators of Company performance are as follows.
- For finance performance indicators, we evaluate the single fiscal year target achievement ratio and progress toward the achievement of the target in fiscal year 2025 based on the Group's long-term vision established in fiscal year 2021.

(i) Single fiscal year evaluation items

- The single fiscal year target achievement ratio was evaluated toward the achievement of the target in FY2025.

|                       | Target in FY2025 |
|-----------------------|------------------|
| Group adjusted profit | ¥130 billion     |
| Value of new business | ¥200 billion     |

|                       | Single year target | Actual         | Achievement ratio |
|-----------------------|--------------------|----------------|-------------------|
| Group adjusted profit | ¥99.5 billion      | ¥103.5 billion | 104.0%            |
| Value of new business | ¥173.9 billion     | ¥161.7 billion | 93.0%             |

(ii) Medium- and long-term evaluation items

- These items were evaluated based on progress as an evaluation criterion for the achievement of the target in FY2025.

|              | Target in FY2025 |
|--------------|------------------|
| Adjusted ROE | 8.0%             |
| ROEV         | 7.5%             |

- Actual adjusted ROE is 8.6%.
- Actual ROEV is 16.8%.

(iii) Market evaluation items

|                          | Evaluation criteria, etc.  |
|--------------------------|--|
| Total shareholder return | <ul style="list-style-type: none"> <li>● Total shareholder return (TSR) is calculated, taking into account factors such as the deviation rate between the actual result and the listed life insurance company as the benchmark.</li> </ul> |

Actual TSR performance is 247.0% over five years.

Note: TSR is calculated as follows:

- Five years: (Share price on March 31, 2024 + cumulative total of dividends per share from FY2019 to FY2023) / share price on March 31, 2019

(iv) ESG evaluation items

- In addition to the above financial performance indicators, the following non-financial performance indicators were evaluated.

|  | Evaluation criteria, etc.   |
|--|---|
| Customer satisfaction level            | <ul style="list-style-type: none"> <li>● The status of achievement of these items are evaluated based on the evaluation criteria which are set in line with the levels of these items in the previous fiscal year.</li> </ul> |
| Employee engagement score              |   |
| Reduction of CO <sub>2</sub> emissions |   |

- The results of the customer satisfaction level and the employee engagement score have exceeded the levels of the previous fiscal year, achieving the evaluation criteria.
- CO<sub>2</sub> emissions have been reduced by 14.4% (estimated) compared to the level of the previous fiscal year, achieving the evaluation criteria.

**<Payment ratios by type of compensation>**

In terms of the compensation structure for officers, we assign ratios to performance-linked compensation (monthly compensation and bonuses) and the trust-type stock compensation so the system can function as a sound incentive geared towards boosting the Group's medium-to long-term earnings and enhancing corporate value. Monthly compensation, which is performance-linked, shall range between approximately 57% and 74% of the total compensation (commensurate with the duties of each position), while bonuses shall range between approximately 14% and 21%, and trust-type

stock compensation shall range between approximately 10% and 22%. Furthermore, for monthly compensation, the ratio fluctuates either negatively or positively by roughly 5% on the basis of a standard assessment according to an individual officer evaluation. For bonuses, the ratio fluctuates either negatively or positively by roughly 40% on the basis of a standard assessment according to an individual officer evaluation.

(Ratio of compensation components)

| Performance-linked compensation              |                               | Stock compensation                                    |
|--|-------------------------------|---|
| Monthly compensation<br>approximately 57-74% | Bonus<br>approximately 14-21% | Trust-type stock compensation<br>approximately 10-22% |

**<Reason for the Board of Directors' decision that details of individual Director compensation, etc. are in line with the Basic Policy>**

The Board of Directors determined that details of individual compensation, etc. are in line with the Basic Policy after confirming that individual compensation is calculated based on the compensation table determined by the Board of Directors and individual evaluations of each officer deliberated by the Nomination and Compensation Committee.

### (3) Liability limitation agreement

| Name              | Outline of the liability limitation agreement  |
|-------------------|--|
| Naoki Ohgo        | He has concluded an agreement with the Company which limits the liability prescribed in Article 423, Paragraph 1 of the Japanese Companies Act to the greater of either ¥10 million or the minimum amount set forth in laws and regulations. |
| Kensaku Watanabe  | Same as above  |
| Seiji Higaki      | Same as above  |
| Shinnosuke Yamada | Same as above  |
| Atsuko Taishido   | Same as above  |

Note: The Company stipulates in its Articles of Incorporation provisions for liability limitation agreements with Outside Directors. The above is an outline of the liability limitation agreements the Company has entered into with all Outside Directors, in accordance with the Articles of Incorporation.

**(4) Directors and Officers Liability Insurance contract**

The Company has entered into a Directors and Officers Liability Insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Japanese Companies Act.

| Overview of Directors and Officers Liability Insurance contract                          |  |
|--|--|
| Scope of insured individuals   | Directors and Executive Officers of the Company as well as Directors, Audit & Supervisory Board Members, and Executive Officers of direct subsidiaries                         |
| Actual ratio of premiums paid by the insured   | None (Insurance premiums are fully borne by the Company and its direct subsidiaries)   |
| Outline of events insured against  | The policy covers damages payments and expenses arising from corporate litigations, derivative lawsuits, and third party litigations against corporate officers.               |
| Measures to avoid undermining the proper performance of duties by Directors and Officers | Liability claims arising from intentional or gross negligence are outside the scope of insurance payments. A reduced coverage rate has been established for insurance amounts. |

Note: Direct subsidiaries are Taiyo Life Insurance Company, Daido Life Insurance Company, T&D Financial Life Insurance Company, T&D United Capital Co., Ltd., T&D Asset Management Co., Ltd., Pet & Family Insurance Co., Ltd., All Right Co., Ltd., and T&D Risk Solutions Co., Ltd.

### 3. Matters concerning outside officers

#### (1) Concurrent positions held by outside officers

(As of March 31, 2024)

| Name              | Concurrent positions, etc. |  |
|-------------------|----------------------------|--|
| Naoki Ohgo        | Root F Co., Ltd.           | Representative Director                    |
|                   | Orient Corporation         | Outside Director                           |
| Kensaku Watanabe  | JDC Corporation            | Outside Director                           |
| Seiji Higaki      | —                          |  |
| Shinnosuke Yamada | EXEO Group, Inc.           | Outside Auditor                            |
|                   | Rakuten Bank, Ltd.         | Outside Audit and Supervisory Board Member |
| Atsuko Taishido   | Pigeon Corporation         | Outside Audit & Supervisory Board Member   |

Note: The Company has neither major transactions nor any other type of relationship with Root F Co., Ltd., Orient Corporation, JDC Corporation, EXEO Group, Inc., Rakuten Bank, Ltd., or Pigeon Corporation.

#### (2) Main activities of outside officers

The Company appoints multiple Outside Directors to appropriately reflect the opinions of individuals with extensive experience and knowledge in their capacity as outside corporate managers, legal experts, accounting professionals and so forth in the Group's management policies and development of internal controls and other systems as well as in the oversight of execution of business. Our Outside Directors have sophisticated expertise and extensive insight, and they can be expected to capitalize on their knowledge and experience to serve his role in making key management decisions and supervising the execution of operations from a perspective of protecting general shareholders. The main activities of our Outside Directors are as follows:

| Name       | Term of office                                 | Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings | Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities  |
|------------|--|---|--|
| Naoki Ohgo | 6 years 9 months (assumed office in June 2017) | Board of Directors' Meeting: attended all 17 meetings                                 | At the Board of Directors' Meetings, he has presented his views as necessary from a global perspective and with a broad insight as a business manager, following his career as a partner (business partner) of a foreign consulting company.<br>Additionally, as chair of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, he has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.<br>In addition to the above, Mr. Ohgo carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries. |

| Name              | Term of office                                 | Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings   | Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities  |
|-------------------|--|---|--|
| Kensaku Watanabe  | 3 years 9 months (assumed office in June 2020) | Board of Directors' Meeting: attended all 17 meetings   | <p>At the Board of Directors' Meetings, he has presented his views as an attorney as necessary, mainly from a professional perspective of corporate legal affairs. Additionally, as a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, he has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.</p> <p>In addition to the above, Mr. Watanabe carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries.</p> |
| Seiji Higaki      | 5 years 9 months (assumed office in June 2018) | <p>Board of Directors' Meeting: attended all 17 meetings</p> <p>Audit &amp; Supervisory Committee Meeting: attended all 19 meetings</p> | <p>At the Board of Directors' Meetings and Audit &amp; Supervisory Committee Meetings, he has presented his views as necessary from his wealth of knowledge and experience in corporate management, having served as Director, President and Representative Executive Officer of a bank holding company and Representative Director and Executive Officer of a bank.</p> <p>In addition to the above, Mr. Higaki carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries.</p>  |
| Shinnosuke Yamada | 3 years 9 months (assumed office in June 2020) | <p>Board of Directors' Meeting: attended all 17 meetings</p> <p>Audit &amp; Supervisory Committee Meeting: attended all 19 meetings</p> | <p>At the Board of Directors' Meetings and Audit &amp; Supervisory Committee Meetings, he has presented his views as a certified public accountant as necessary, mainly from a professional perspective of finance and accounting matters.</p> <p>In addition to the above, Mr. Yamada carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under his supervision, and Representative Directors and Presidents of major subsidiaries.</p>  |
| Atsuko Taishido   | 1 year 9 months (assumed office in             | Board of Directors' Meeting: attended 15 of 17 meetings<br>Audit & Supervisory  | At the Board of Directors' Meetings and Audit & Supervisory Committee Meetings, she has presented her views as an attorney as necessary, mainly from a professional  |

| Name | Term of office | Attendance to Board of Directors' Meetings and Audit & Supervisory Committee Meetings | Remarks made at Board of Directors' Meetings and Audit & Supervisory Committee Meetings, and other activities   |
|------|----------------|---|---|
|      | June 2022)     | Committee Meeting:<br>attended all 19 meetings  | <p>perspective of corporate legal affairs. Additionally, as a member of the Nomination and Compensation Committee, which is an advisory body to the Board of Directors, she has presented valuable opinions as to appointment/dismissal of corporate officers of the Company and its main subsidiaries, their compensation, etc.</p> <p>In addition to the above, Ms. Taishido carries out other activities, including exchanges of views with the Representative Directors, the Accounting Auditor, heads of the departments under her supervision, and Representative Directors and Presidents of major subsidiaries.</p> |

**(3) Opinions of outside officers**

Not applicable.

#### 4. Matters regarding shares

##### (1) Number of shares

|  |                           |
|--|---------------------------|
| Total number of shares authorized to be issued | 1,932,000 thousand shares |
| Total number of shares issued                  | 544,000 thousand shares   |

(2) Number of shareholders (as of March 31, 2024) 203,218

##### (3) Major shareholders

| Name  | Status of equity participation   |                                |
|---|----------------------------------|--------------------------------|
|   | Shares held<br>(Thousand shares) | Percentage of<br>ownership (%) |
| The Master Trust Bank of Japan Ltd. (Trust Account) | 90,320                           | 17.01                          |
| Custody Bank of Japan, Ltd. (Trust Account)         | 29,680                           | 5.59                           |
| Goldman, Sachs & Co. Reg                            | 13,844                           | 2.61                           |
| SSBTC Client Omnibus Account                        | 13,251                           | 2.50                           |
| JP Morgan Chase Bank 385632                         | 10,339                           | 1.95                           |
| State Street Bank West Client—Treaty 505234         | 9,380                            | 1.77                           |
| JP Morgan Chase Bank 385781                         | 7,799                            | 1.47                           |
| JP Morgan Securities Japan Co., Ltd.                | 6,222                            | 1.17                           |
| The Bank of New York Mellon 140044                  | 6,014                            | 1.13                           |
| AIG General Insurance Company, Ltd.                 | 6,000                            | 1.13                           |

Note: The Company owns treasury stock of 12,906 thousand shares but is excluded from the list of major shareholders shown above. Percentage of ownership is calculated after deducting treasury stock.

##### (4) Stock issued to corporate officers

Not applicable.

[Reference]

## **1. Governance Structure**

(Establishment of the Basic Policy on Corporate Governance)

The Company's basic approach to corporate governance is to create efficient and transparent management systems to facilitate flexible and cohesive Group operations, and the Company has continuously endeavored to enhance corporate governance.

In respect for the spirit of the "Corporate Governance Code," which applies to all listed companies, the Company has adopted all of its principles, and has formulated the "Basic Policy on Corporate Governance," which provides the Company's initiatives to address the major principles, etc. of the code.

"Basic Policy on Corporate Governance"

[https://www.td-holdings.co.jp/company/governance/pdf/governance\\_policy.pdf](https://www.td-holdings.co.jp/company/governance/pdf/governance_policy.pdf)

(Basic approach)

The Company is working to achieve sustainable growth and increase corporate value over the medium- and long-term by continuously enhancing corporate governance, as follows.

1. The Company shall respect the rights of all shareholders and strive to develop a conducive environment for shareholders to appropriately exercise those rights. Efforts shall also be made to ensure the effective equality of all shareholders.
2. The Company shall strive to foster a sound corporate culture and climate by appropriately collaborating with a variety of stakeholders, including customers, all shareholders, employees, insurance agents, business partners and local communities.
3. The Company shall strive to increase the transparency of management through appropriate and timely disclosure of corporate information, including financial information and non-financial information regarding management strategies, management challenges, and other matters.
4. The Company shall strive to ensure the effectiveness of the Board of Directors' supervising function over the execution of business as the holding company responsible for the business execution management function of each Group company.
5. The Company shall engage in constructive dialogue with stakeholders in order to contribute to sustained growth and the enhancement of corporate value over the medium- and long-term.

(Corporate governance system)

The Company makes decisions on important business matters and oversees the execution of business through its Board of Directors. The Company, as a "Company with an Audit & Supervisory Committee," audits the performance of Directors' duties through its Audit & Supervisory Committee, which is independent of the Board of Directors.

Moreover, the Company has introduced an executive officer system for the purpose of bolstering its business execution capabilities. By sharply delineating responsibilities for oversight and execution, the Company strengthens the governance function of the Board of Directors.

Furthermore, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors for the purpose of discussing the fairness and appropriateness of the appointment and compensation of Directors and Audit & Supervisory Committee Members, among other related issues, as well as for ensuring the transparency of management and enhancing accountability.

The Company has also put in place an Executive Management Board as a body to discuss and resolve important matters concerning the business of the Company and the management of businesses of the Group. Along with this body is a Group Strategy Board which was established by the Company as a body to deliberate matters concerning the Group's growth strategies, etc. and related important matters from a Group-wide perspective to sustainably enhance the corporate value of the Group.

(Role of the Board of Directors)

The Board of Directors makes decisions on important business matters and oversees the execution of business in accordance with laws and ordinances, the Articles of Incorporation, and the Company's relevant rules. As a result of the transition to a company with an Audit & Supervisory Committee, in accordance with the provisions of the Articles of Incorporation, decisions on some important business executions are delegated from the Board of Directors to the Directors themselves pursuant to a resolution by the Board of Directors.

This separates management oversight from business execution, thereby further strengthening the

management functions (deciding on management policies and overall strategy) and oversight functions of the Board of Directors. It also drives improvement in the flexibility and efficiency of business execution.

The monthly compensation, bonuses, and individual evaluations of executives are deliberated by the Nomination and Compensation Committee, which reports its opinions to the Board of Directors, and then resolved by the Board of Directors.

#### (Role of the Audit & Supervisory Committee)

As an independent organization tasked with carrying out the mandate of the Company's shareholders, the Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties in accordance with the provisions set forth in laws, regulations, the Articles of Incorporation, and Company rules.

#### (Assessment of effectiveness of the Board of Directors)

In fiscal year 2023, the Board of Directors of the Company conducted analysis and assessment on the effectiveness of the Board of Directors as a whole (including the non-statutory Nomination and Compensation Committee), based on a questionnaire survey and interviews to Directors. It also began a new initiative in which Directors performed self-assessments.

In the questionnaire survey, the effectiveness of the Board of Directors was assessed based on answers to the multiple-choice questions and opinions described on the evaluation items in the questionnaires such as the composition, operation, discussions, and supervisory function. In the interviews, we confirmed the grounds for the evaluation presented in the questionnaire and the problems of the Board of Directors that should be addressed.

As a result of the analysis and assessment, the Company has identified the following items and determined that the Board of Directors has generally fulfilled its duties as expected and effectively functioned.

- The number of the Board of Directors and the ratio of Outside Directors are generally appropriate.
- From the perspective of integrated Group management, further progress is being made in discussions with an awareness of business portfolios and cost of capital such as ROE.
- Supervision and governance regarding subsidiaries are progressing well.
- The quality of discussions at meetings of the Board of Directors is improving, with more time spent on important agenda items.
- Progress is being made in sharing the contents of dialogues with investors, applying them to our measures, and addressing issues within the company.

The Company addressed the issues identified in the fiscal year 2022 assessment (e.g. ensuring diversity of the Board of Directors based on management strategy, promotion of ROE management with an awareness of cost of capital and return on capital, and promotion of Group human resources that contribute to improving human capital) and believes that those issues have been steadily improved.

In addition, we recognized a room for improvement, as issues to be addressed by the Board of Directors, to make further improvements by "promoting Group human resources that contribute to improving human capital (effective allocation of human capital)," "ensuring the diversity of the Board of Directors in connection to our management strategy (expansion of the Skills Matrix)," and "promoting integrated Group management and Group synergies."

Furthermore, we will use the results of the newly implemented Director self-assessments to further enhance executive training.

The Company will continue to work on further enhancement of the effectiveness of the Board of Directors through addressing the issues identified in the effectiveness assessment.

#### (Goals, mission, and composition of the Nomination and Compensation Committee)

The Company established the Nomination and Compensation Committee as an advisory body to the Board of Directors for deliberation on the fairness and reasonableness of executive appointment or dismissal (including planning of successors) and compensation, with a view to enhancing the corporate governance system of the Company and the Group by ensuring management transparency and clarified

accountability. The Committee members consist of the President and Outside Directors, and the majority of the members are assigned from Outside Directors to enhance independence, objectivity, and accountability. Furthermore, the chair of the Committee is chosen out of Outside Directors by mutual vote of the Committee's members.

The Committee deliberates on executive appointment or dismissal, compensation at the Company and its direct subsidiaries, and on successor planning for Representative Directors and Presidents. It reports the results of its deliberations to the Board of Directors and submits opinions as necessary.

(Contributions to appointment or dismissal of Representative Director and President, and executive team)

The Committee deliberates on the results of evaluations of each Representative Director and President and each executive team member based on such factors as evaluations of the performance of the company or the division that the member is in charge of. It deliberates on the appointment or dismissal (reappointment or non-reappointment) of Representative Directors and Presidents, and executive team members, confirming the executive's evaluation and appropriateness, reporting the results of the deliberation to the Board of Directors and submitting an opinion as necessary.

(Contributions to Representative Director and President successor planning)

With regard to matters concerning successor planning, the Committee deliberates on the plan's appropriateness and periodic reviews of candidates for successors, reporting the results of the deliberations to the Board of Directors and submitting an opinion as necessary.

## **2. Current Status of Reduction of Cross-Shareholdings**

In order to improve capital efficiency, the Group is reducing its cross-shareholdings balance in stages. In FY2023, the balance of cross-shareholdings has been reduced by approximately ¥27.0 billion (on book value basis, approximately ¥64.0 billion on market value basis) (on book value basis, the balance has been reduced by more than half from the end of FY2020). As a result, the balance of cross-shareholdings as of the end of FY2023 was 17% of net assets, surpassing our target level of 20% or below set out in the Group Long-Term Vision.

From FY2024, the Group will continuously reduce its balance of cross-shareholdings, excluding shares of business alliance partners, collaborators, and the like, with the aim of reaching zero by the end of FY2030.

### 3. Changes in ROE

ROE, an indicator of capital efficiency, was 8.2% in FY2023, and has averaged 2.5% over the past five years.

The adjusted ROE, which is calculated with the Group adjusted profit\* as the numerator, was 8.6% in FY2023, and has averaged 6.2% over the period since FY2020.

<Changes in profit attributable to owners of parent>

| Fiscal year | Profit attributable to owners of parent | Group adjusted profit |
|-------------|---|-----------------------|
| FY2019      | <b>¥67.1 billion</b>                    | -                     |
| FY2020      | <b>¥108.5 billion</b>                   | <b>¥77.9 billion</b>  |
| FY2021      | <b>¥14.1 billion</b>                    | <b>¥39.2 billion</b>  |
| FY2022      | <b>¥(132.1) billion</b>                 | <b>¥90.2 billion</b>  |
| FY2023      | <b>¥98.7 billion</b>                    | <b>¥103.5 billion</b> |

\* Group adjusted profit, which was introduced in FY2020, is an original indicator of the Group's actual business performance, which is calculated by adjusting profit (loss) attributable to owners of parent for gains (losses) that arise in accounting due to market fluctuations, etc. and do not represent actual business performance, and additional internal reserves in excess of the legal standard requirements.

<Changes in ROE>

|                          | FY2019 | FY2020      | FY2021      | FY2022      | FY2023      | Average     |
|--------------------------|--------|-------------|-------------|-------------|-------------|-------------|
| Financial accounting ROE | 5.9%   | 8.3%        | 1.0%        | (11.1)%     | 8.2%        | 2.5%        |
| Adjusted ROE             | -      | <b>5.9%</b> | <b>2.7%</b> | <b>7.6%</b> | <b>8.6%</b> | <b>6.2%</b> |

#### 4. Improving Human Capital - Creating an Environment in which Diverse Human Resources Can Thrive -

The T&D Insurance Group considers human resources that work together to be the most important and greatest driving force for its business activities to realize the Group's corporate philosophy. We are creating an environment in which diverse human resources can play an active role to improve the wellbeing of our employees. Such initiatives will be measured annually for effectiveness using the Employee Engagement Score, leading to more effective human resource strategies.

|                                     |   |
|-------------------------------------|---|
| Providing educational opportunities | We provide educational opportunities through publicly offered business schools, MBAs, language study abroad dispatches and online tools. We also provide education on data analysis and the use of AI to provide new value and improve business productivity, and promote the acquisition of IT Passport certification to improve IT literacy.  |
| Diversity, equity and inclusion     | By accepting the diversity of human resources and fostering a sense of unity, we are working to promote the advancement of women, employment of people with disabilities, and senior human resources so that we can build a corporate culture of mutual trust, appreciation, and respect among employees.   |
| Promotion of female advancement     | We recognize that the further exercise of female talent is a source of sustainable corporate value enhancement and that female advancement is an important management issue for the Group. Based on this recognition, the T&D Insurance Group is setting Group-wide targets for women in managerial positions and systematically working to develop human resources to promote female employees to these positions.             |
| Promotion of diverse work styles    | To enable employees to fully demonstrate their abilities and enhance their performance at work while fulfilling family responsibilities such as housework, childcare, and nursing care, we are strengthening various initiatives, including enhancement of systems such as childcare leave, reduction of total working hours, and introduction of work-at-home and satellite office work systems to enable diverse work styles. |

<Performance and targets for human capital-related indicators (total of the Three Life Insurance Companies)>

|                           | FY2022 | FY2023 | Target  |
|---------------------------|--------|--------|---|
| Employee engagement score | 3.75   | 3.80   | Equal to or greater than the previous fiscal year |

\*Evaluation ranges from a minimum of 1.0 to a maximum of 5.0 in a five-option multiple choice format.

|                          | April 2023 | April 2024 | Target       |              |
|--------------------------|------------|------------|--------------|--------------|
| Ratio of female managers | 21.9%      | 23.7%      | 2027         | 2030         |
|                          |            |            | 25% or above | 30% or above |

|   | FY2022 | FY2023 | Target |
|---|--------|--------|--------|
| Percentage of male employees taking childcare leave | 100%   | 100%   | 100%   |

## 5. Contributions to the SDGs Through Sustainability Initiatives

T&D Insurance Group has established the Group’s corporate philosophy, “With our ‘Try & Discover’ motto for creating value, we aim to be a group that contributes to all people and societies.”

The SDGs are aimed at realizing a sustainable world through initiatives that address issues in a wide range of fields. They are in line with the goal of Group’s corporate philosophy.

The Group will continue to incorporate contributions to SDGs into the process for selecting sustainability priority themes and make efforts to contribute to achieving SDGs through our initiatives to promote Group sustainability, taking advantage of the features and strengths of the business.

### ○ Recent efforts

| Priority theme 1<br>Promote healthy and abundant lives                                     |         |  |
|--|---------|--|
| Provided products that fit the needs of customers to contribute to resolving social issues |         |  |
| Company  | Product | Key feature  |
| Taiyo Life   |         | Cancer insurance available to people who have concerns about their health, such as people who have had cancer in the past              |
| Daido Life   |         | Health promotion insurance that combines “prevention of illness through health management” and “preparation for unexpected retirement” |
| T&D Financial Life   |         | Single-premium variable insurance that manages assets based on the individual customers’ desires and needs                             |

|   |
|---|
| Priority theme 2<br>Provide workplace environments in which diverse people can participate actively   |
| Made efforts to provide employees with comfortable workplace environment  |
| <ul style="list-style-type: none"> <li>● Provided educational opportunities through publicly funded business schools, online tools, etc.</li> <li>● Diversity, equity and inclusion</li> <li>● Promoted advancement of women</li> <li>● Promoted diverse lifestyles</li> <li>● The Three Life Insurance Companies have been approved as Certified Health and Productivity Management Outstanding Organizations (White 500)</li> </ul> |

| Priority theme 3<br>Contribution to global environment conservation and climate change mitigation and adaptation  |                                      |                |        |                                      |        |                                      |        |          |
|---|--------------------------------------|----------------|--------|--------------------------------------|--------|--------------------------------------|--------|----------|
| Promoted reduction of CO <sub>2</sub> emissions   |                                      |                |        |                                      |        |                                      |        |          |
| [Establishment of the Company’s CO <sub>2</sub> emission volume (Scope 1 and 2) reduction goal]   |                                      |                |        |                                      |        |                                      |        |          |
| <table border="1"> <thead> <tr> <th>Target fiscal year</th> <th>Reduction rate</th> </tr> </thead> <tbody> <tr> <td>FY2025</td> <td>40% reduction (compared with FY2013)</td> </tr> <tr> <td>FY2030</td> <td>70% reduction (compared with FY2013)</td> </tr> <tr> <td>FY2040</td> <td>Net zero</td> </tr> </tbody> </table> | Target fiscal year                   | Reduction rate | FY2025 | 40% reduction (compared with FY2013) | FY2030 | 70% reduction (compared with FY2013) | FY2040 | Net zero |
| Target fiscal year  | Reduction rate                       |                |        |                                      |        |                                      |        |          |
| FY2025  | 40% reduction (compared with FY2013) |                |        |                                      |        |                                      |        |          |
| FY2030  | 70% reduction (compared with FY2013) |                |        |                                      |        |                                      |        |          |
| FY2040  | Net zero                             |                |        |                                      |        |                                      |        |          |
| [Promotion of introduction of renewable energy]   |                                      |                |        |                                      |        |                                      |        |          |
| <ul style="list-style-type: none"> <li>● Participated in “RE100” </li> <li>● Established an intermediate goal, “increase in a renewable energy use rate to 60% by FY2030.” (The Tokyo Nihombashi Tower, where the head office function is located, has been 100% powered by renewable energy since April 2023.)</li> </ul>  |                                      |                |        |                                      |        |                                      |        |          |

Priority theme 4

Invest to help build a sustainable society

[Establishment of CO<sub>2</sub> emission volume (Scope 3, Category 15) reduction goal through investments and loans]

| Target fiscal year | Reduction rate  |
|--------------------|---|
| FY2030             | 50% reduction (compared with FY2020)<br>* Investment targets are shares and bonds of, and loans to, listed companies in Japan |
| FY2050             | Net zero  |

[Investment and loan by ESG theme (examples of major efforts)]

- Invested in green bonds that help address environmental problems
- Invested in social bonds that provide support for emerging countries and contribute to gender equality
- Invested in other themed bonds that addressed societal problems in Japan and abroad

## Consolidated Balance Sheet for Fiscal Year 2023

(as of March 31, 2024)

(Millions of yen)

| Account                          | Amount     | Account   | Amount     |
|----------------------------------|------------|---|------------|
| (Assets)                         |            | (Liabilities)   |            |
| Cash and deposits                | 1,137,609  | Policy reserves   | 14,301,729 |
| Call loans                       | 797        | Reserve for outstanding claims  | 84,581     |
| Monetary claims purchased        | 165,643    | Policy reserve  | 14,148,395 |
| Monetary trusts                  | 1,155,716  | Reserve for policyholder dividends  | 68,752     |
| Securities                       | 12,280,990 | Due to agencies   | 1,584      |
| Loans                            | 1,743,364  | Due to reinsurers   | 29,557     |
| Tangible fixed assets            | 378,019    | Short-term bonds  | 7,994      |
| Land                             | 210,498    | Subordinated bonds  | 120,000    |
| Buildings                        | 152,636    | Other liabilities   | 939,120    |
| Lease assets                     | 462        | Reserve for bonus to directors and audit & supervisory board members              | 269        |
| Construction in progress         | 10,369     | Provision for share-based remuneration  | 1,403      |
| Other tangible fixed assets      | 4,052      | Net defined benefit liability   | 35,455     |
| Intangible fixed assets          | 43,378     | Reserve for directors' and audit & supervisory board members' retirement benefits | 23         |
| Software                         | 42,180     | Reserve for price fluctuations  | 274,447    |
| Lease assets                     | 40         | Deferred tax liabilities  | 81,241     |
| Other intangible fixed assets    | 1,158      | Deferred tax liabilities on land revaluation                                      | 4,356      |
| Due from agencies                | 325        |   |            |
| Due from reinsurers              | 78,915     |   |            |
| Other assets                     | 217,487    |   |            |
| Net defined benefit asset        | 10,736     |   |            |
| Deferred tax assets              | 256        |   |            |
| Reserve for possible loan losses | (6,130)    |   |            |
|                                  |            | Total liabilities   | 15,797,184 |
|                                  |            | (Net assets)  |            |
|                                  |            | Common stock  | 207,111    |
|                                  |            | Capital surplus   | -          |
|                                  |            | Retained earnings   | 533,841    |
|                                  |            | Treasury stock  | (26,610)   |
|                                  |            | Total stockholders' equity  | 714,342    |
|                                  |            | Net unrealized gains on securities  | 668,135    |
|                                  |            | Deferred gains on hedging instruments   | (2,221)    |
|                                  |            | Land revaluation  | (19,410)   |
|                                  |            | Foreign currency translation adjustments  | 38,906     |
|                                  |            | Valuation adjustments on liabilities of foreign affiliates                        | 3,810      |
|                                  |            | Total accumulated other comprehensive income                                      | 689,220    |
|                                  |            | New share subscription rights   | 343        |
|                                  |            | Non-controlling interests   | 6,020      |
|                                  |            | Total net assets  | 1,409,926  |

|              |            |                                  |            |
|--------------|------------|----------------------------------|------------|
| Total assets | 17,207,110 | Total liabilities and net assets | 17,207,110 |
|--------------|------------|----------------------------------|------------|

## Consolidated Statement of Operations for Fiscal Year 2023

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

| Account   | Amount    |
|---|-----------|
| Ordinary revenues   | 3,207,991 |
| Income from insurance premiums                            | 2,474,555 |
| Investment income   | 642,076   |
| Interests, dividends and income from real estate for rent | 327,694   |
| Gains from monetary trusts, net                           | 77,414    |
| Gains on investments in trading securities, net           | 153       |
| Gains on sales of securities                              | 142,662   |
| Foreign exchange gains, net                               | 67,480    |
| Other investment income                                   | 5,456     |
| Gains on separate accounts, net                           | 21,216    |
| Other ordinary income                                     | 91,359    |
| Ordinary expenses   | 3,048,182 |
| Insurance claims and other payments                       | 2,165,126 |
| Insurance claims  | 314,664   |
| Annuity payments  | 320,873   |
| Insurance benefits  | 169,197   |
| Surrender payments  | 675,485   |
| Other payments  | 73,966    |
| Reinsurance premiums                                      | 610,938   |
| Provision for policy and other reserves                   | 246,726   |
| Provision for outstanding claims                          | 9,011     |
| Provision for policy reserve                              | 237,700   |
| Interest portion of reserve for policyholder dividends    | 15        |
| Investment expenses                                       | 305,210   |
| Interest expenses   | 1,434     |
| Losses on sales of securities                             | 99,536    |
| Devaluation losses on securities                          | 5,317     |
| Net derivative financial instruments loss                 | 151,641   |
| Provision for reserve for possible loan losses            | 4,468     |
| Depreciation of real estate for rent                      | 6,127     |
| Other investment expenses                                 | 36,684    |
| Operating expenses  | 250,726   |
| Other ordinary expenses                                   | 77,994    |
| Equity in net loss of affiliated companies                | 2,397     |
| Ordinary profit   | 159,809   |

(Millions of yen)

| Account  | Amount  |
|--|---------|
| Extraordinary gains                                      | 10,623  |
| Gains on sale of fixed assets                            | 9,804   |
| State subsidy  | 819     |
| Extraordinary losses                                     | 10,302  |
| Losses on sale, disposal and devaluation of fixed assets | 634     |
| Impairment loss  | 1,730   |
| Provision for reserve for price fluctuations             | 7,118   |
| Other extraordinary losses                               | 819     |
| Provision for reserve for policyholder dividends         | 25,050  |
| Income before income taxes                               | 135,080 |
| Income taxes-current                                     | 34,048  |
| Income taxes-deferred                                    | 990     |
| Total income taxes                                       | 35,038  |
| Net income   | 100,041 |
| Profit attributable to non-controlling interests         | 1,264   |
| Profit attributable to owners of parent                  | 98,777  |

## Non-consolidated Balance Sheet for Fiscal Year 2023

(as of March 31, 2024)

(Millions of yen)

| Account                                      | Amount  | Account  | Amount   |
|--|---------|--|----------|
| (Assets)                                     |         | (Liabilities)  |          |
| Current assets                               | 39,628  | Current liabilities  | 3,062    |
| Cash and deposits                            | 17,559  | Lease obligations  | 1        |
| Prepaid expenses                             | 41      | Accounts payable   | 1,930    |
| Accounts receivable                          | 21,799  | Accrued expenses   | 456      |
| Other current assets                         | 228     | Income tax payable   | 32       |
| Fixed assets                                 | 961,091 | Consumption tax payable  | 52       |
| Tangible fixed assets                        | 169     | Deposits received  | 397      |
| Buildings                                    | 156     | Reserve for bonus to directors and audit & supervisory board members | 73       |
| Machinery and equipment                      | 6       | Other  | 117      |
| Lease assets                                 | 5       | Fixed liabilities  | 194,375  |
| Investments and other assets                 | 960,922 | Subordinated bonds   | 120,000  |
| Investments in subsidiaries                  | 759,677 | Long-term borrowings   | 13,500   |
| Investments in capital of subsidiaries       | 2,750   | Long-term borrowings from subsidiaries                               | 59,300   |
| Long-term loans receivable from subsidiaries | 198,100 | Lease obligations  | 4        |
| Deferred tax assets                          | 272     | Long-term accounts payable-other                                     | 163      |
| Deposit for rent                             | 122     | Provision for share-based remuneration                               | 1,403    |
|  |         | Provision for retirement benefits                                    | 1        |
|  |         | Deposits received  | 2        |
|  |         | Total liabilities  | 197,437  |
|  |         | (Net assets)   |          |
|  |         | Stockholders' equity   | 802,938  |
|  |         | Common stock   | 207,111  |
|  |         | Capital surplus  | 327,498  |
|  |         | Additional paid-in capital   | 89,420   |
|  |         | Other capital surplus  | 238,078  |
|  |         | Retained earnings  | 294,939  |
|  |         | Other retained earnings  | 294,939  |
|  |         | Retained earnings brought forward                                    | 294,939  |
|  |         | Treasury stock   | (26,610) |
|  |         | New share subscription rights  | 343      |
|  |         | Total net assets   | 803,282  |

|              |           |                                  |           |
|--------------|-----------|----------------------------------|-----------|
| Total assets | 1,000,720 | Total liabilities and net assets | 1,000,720 |
|--------------|-----------|----------------------------------|-----------|

**Non-consolidated Statement of Operations for Fiscal Year 2023**

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

| Account  | Amount  |
|--|---------|
| Operating income                                       | 110,298 |
| Dividends on investments in affiliate companies        | 103,846 |
| Fees and commissions received from affiliate companies | 4,725   |
| Interest on loans receivable from affiliate companies  | 1,726   |
| Operating expenses                                     | 4,646   |
| General and administrative expenses                    | 4,646   |
| Operating profit                                       | 105,651 |
| Non-operating income                                   | 182     |
| Gains on expired dividends payable                     | 175     |
| Other income   | 6       |
| Non-operating expenses                                 | 1,845   |
| Interest expenses                                      | 1,702   |
| Commissions  | 122     |
| Other expenses   | 20      |
| Ordinary profit  | 103,988 |
| Extraordinary losses                                   | 0       |
| Loss on retirement of fixed assets                     | 0       |
| Income before income taxes                             | 103,988 |
| Income taxes-current                                   | 28      |
| Income taxes-deferred                                  | 40      |
| Total income taxes                                     | 69      |
| Net income   | 103,918 |

**Audit Report of the Independent Auditor**

May 16, 2024

To the Board of Directors  
T&D Holdings, Inc.

Kenji Usukura  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Norio Hashiba  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Yohei Kondo  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Tokyo, Japan  
Ernst & Young ShinNihon LLC

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of T&D Holdings, Inc. (the “Company”) for the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other Information**

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors’ performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the consolidated financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the consolidated financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

**Responsibilities of Management, the Audit & Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

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

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

**Interest**

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

**Audit Report of the Independent Auditor**

May 16, 2024

To the Board of Directors  
T&D Holdings, Inc.

Kenji Usukura  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Norio Hashiba  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Yohei Kondo  
Designated Limited Liability Partner, Engagement Partner, and Partner  
Certified Public Accountant [Seal]  
Tokyo, Japan  
Ernst & Young ShinNihon LLC

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of T&D Holdings, Inc. (the “Company”) for the 20th fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period covered by the financial statements in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules.” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Responsibilities of Management, the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules**

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

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors’ duties related to designing and operating the financial reporting process.

**Other Information**

Other information consists of the business report and supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory

Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibility for the audit of the financial statements is to read the other information, and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or our knowledge obtained during audit, and give attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If, based on the audit work performed, we determine that there is a material misstatement in the other information, we are required to report such facts.

We have no matters to report with respect to the other information.

#### **Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- The auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report if it is not appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern, and if there is a significant uncertainty in regard to events that may cast significant doubt on the entity's ability to continue as a going concern based on the audit evidence obtained. Or the auditor is required to issue a modified opinion on the financial statements and the accompanying supplementary schedules if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

**Interest**

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

## Report of Audit

We performed our audit of the execution of duties by the Directors of T&D Holdings, Inc. (the "Company") during the 20th fiscal year from April 1, 2023 to March 31, 2024, and herein submit our report concerning the method and result of our audit.

### 1. The Method and Content of the Audit

Regarding the system (internal control system) established based on the content and conclusion of the Board of Directors' meeting concerning the matters stipulated in Article 399-13, Paragraph 1, Item (i), (b) and (c) of the Japanese Companies Act, we periodically received reports from the Directors, employees and others about the establishment and the status of operation, requested explanations as necessary, expressed our opinion and performed our audit by the method stated below.

In addition, cooperating with the Accounting Auditor and the Internal Audit Department, we made efforts to improve the audit by periodically holding trilateral meetings, reporting the audit status and exchanging information to enhance the effectiveness of the audit. Further, regarding the internal control of financial reporting based on the Financial Instruments and Exchange Act, we received reports from Directors, etc. and Ernst & Young ShinNihon LLC, and requested explanations as necessary, about the conditions concerning evaluation and audit of such internal control.

- (1) We conformed to the Audit & Supervisory Committee's auditing standards, etc. stipulated by the Audit & Supervisory Committee and followed the audit policy for the fiscal year, the audit plan and division of duties. We attended the meetings of the Board of Directors and other important meetings by also using the internet and other means with cooperation of the Internal Control Department, received business reports from the Directors and other employees concerning the execution of their duties, and requested explanations as necessary. We read important documents concerning decision-making, and investigated the conditions of the business and financial standing at the Company. With regard to subsidiaries, we attempted to communicate and exchange information with the subsidiaries' directors, audit & supervisory board members, and others, and received reports from subsidiaries on their business as necessary.
- (2) We monitored and verified whether the Accounting Auditors maintained independent positions and executed appropriate audits. In addition, we received from the Accounting Auditor a report concerning the execution of their duties and requested explanations as necessary arose. In addition, we received a notice from the Accounting Auditor that the "system to ensure that business duties are appropriately executed" (matters listed in each Item of Article 131 of the Ordinance on the Accounting of Companies) has been developed in accordance with the "standard for quality control of audit" (Business Accounting Council) and other documents, and requested explanations as necessary from the Accounting Auditor. Furthermore, we discussed major audit issues with Ernst & Young ShinNihon LLC, received the audit status report, and requested explanations as necessary.

Based on the method described above, we reviewed the Business Report and its Supporting Schedules, Consolidated Financial Statements for the fiscal year (the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Assets, and the Individual Notes to Consolidated Financial Statements) and their Supporting Schedules, as well as Financial Statements (the Balance Sheet, the Statement of Operations, the Statement of Changes in Net Assets, and the Individual Notes to Financial Statements).

### 2. The Result of Audit

- (1) Result of Audit of Business Report and Other Documents

- 1) In our opinion, the Business Report and its Supporting Schedules fairly represent the condition of the Company in compliance with applicable laws and regulations as well as the Articles of Incorporation of the Company.
  - 2) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws and regulations or the Company's Articles of Incorporation by any of the Directors in carrying out the duties and responsibilities of their offices, including those regarding subsidiaries.
  - 3) We have determined that the resolution of the Board of Directors regarding the internal control system is appropriate. In addition, we have determined that there are no matters that should be highlighted as a concern regarding the contents of the Business Report and the Directors' execution of duties in relation to such internal control system, including the internal controls of financial reporting based on the Financial Instruments and Exchange Act.
- (2) Result of Audit of Consolidated Financial Statements and Supporting Schedules  
In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Result of Audit of Financial Statements  
In our opinion, the method and result of audit received from the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2024

Seiji Higaki, Head of Audit & Supervisory Committee Member  
Takashi Ikawa, Full-Time Audit & Supervisory Committee Member  
Takashi Tojo, Full-Time Audit & Supervisory Committee Member  
Shinnosuke Yamada, Audit & Supervisory Committee Member  
Atsuko Taishido, Audit & Supervisory Committee Member

The Audit & Supervisory Committee  
T&D Holdings, Inc.

(Note) Audit & Supervisory Committee Members Seiji Higaki, Shinnosuke Yamada and Atsuko Taishido are Outside Directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Japanese Companies Act.

## 1. Matters concerning the current state of the insurance holding company

### (1) Principal offices of the corporate group (as of March 31, 2024)

#### The Company

| Name of office | Address                                       | Date of establishment |
|----------------|---|-----------------------|
| Head office    | 7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan | January 1, 2016       |

#### Subsidiaries

| Company name                         | Name of office | Address   | Date of establishment |
|--------------------------------------|----------------|---|-----------------------|
| Taiyo Life Insurance Company         | Head office    | 7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan         | January 1, 2016       |
| Daido Life Insurance Company         | Head office    | 2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan | October 1, 1993       |
| T&D Financial Life Insurance Company | Head office    | 1-1 Shibaura 1-chome, Minato-ku, Tokyo, Japan         | May 2, 2016           |

#### Notes:

- The information here refers only to the main Three Life Insurance Companies among all the subsidiaries.
- Head office of Daido Life Insurance Company was originally established at the time when it was a mutual company. Thus the date of establishment as in the registration of head office is quoted here. Incidentally Daido Life Insurance Company was converted from a mutual company to a stock corporation on April 1, 2002.

### (2) Employees of the corporate group

#### Employees of the Company

| Classification | At the end of FY2022 | At the end of FY2023 | Change during FY2023 | At the end of the current fiscal year |                       |                        |
|----------------|----------------------|----------------------|----------------------|---------------------------------------|-----------------------|------------------------|
|                |                      |                      |                      | Average age                           | Average service years | Average monthly salary |
| Employees      | 123                  | 129                  | 6                    | 46.1 years                            | 21.3 years            | ¥608 thousand          |

#### Notes:

- For employees seconded from Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company, the cumulative total service years at each company are used to calculate average service years.
- Average monthly salary is the average monthly salary for March 2024 (including overtime payment), excluding bonus payment.

#### Employees of the consolidated companies

| Divisions                                  | At the end of FY2022 | At the end of FY2023 | Change during FY2023 |
|--|----------------------|----------------------|----------------------|
| Insurance and insurance-related businesses | 18,794               | 19,165               | 371                  |
| Investment-related businesses              | 483                  | 494                  | 11                   |
| Administration-related businesses          | 739                  | 749                  | 10                   |
| Total                                      | 20,016               | 20,408               | 392                  |

### (3) The Group's main source of debt

Not applicable.

**2. Matters regarding new share subscription rights etc.**

**(1) New share subscription rights, etc. of the insurance holding company held by the executives of said insurance holding company as of the end of the fiscal year**

|   | Summary of the new share subscription rights, etc.   | Number of holders of new share subscription rights, etc. |
|---|--|--|
| Directors<br>(excluding<br>Directors who<br>are Audit &<br>Supervisory<br>Committee<br>Members and<br>Outside<br>Directors) | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 0</li> <li>• Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥68,500 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 1, 2012 to July 31, 2042</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul>     | 0  |
|   | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 0</li> <li>• Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥114,300 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 2, 2013 to August 1, 2043</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul> | 0  |
|   | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 0</li> <li>• Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥115,300 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 2, 2014 to August 1, 2044</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul> | 0  |

|   | Summary of the new share subscription rights, etc.  | Number of holders of new share subscription rights, etc. |
|---|---|--|
|   | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 0</li> <li>• Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥170,800 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 4, 2015 to August 3, 2045</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul>      | 0  |
| Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 0</li> <li>• Class and number underlying the new share subscription rights: 0 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥91,800 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 2, 2016 to August 1, 2046</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul>       | 0  |
|   | <p>T&amp;D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017)</p> <ul style="list-style-type: none"> <li>• Total number of new share subscription rights issued: 69</li> <li>• Class and number underlying the new share subscription rights: 6,900 shares of common stock (100 shares for each new share subscription right)</li> <li>• Amount to be paid in for new share subscription rights: ¥148,500 for each new share subscription right</li> <li>• Amount of assets to be contributed upon exercise of new share subscription rights: ¥1 per share</li> <li>• Exercise period of the new share subscription rights: From August 2, 2017 to August 1, 2047</li> <li>• Conditions for exercise of new share subscription rights: (Note 1)</li> </ul> | 1  |

|  | Summary of the new share subscription rights, etc. | Number of holders of new share subscription rights, etc. |
|--|--|--|
| Outside Directors (excluding Directors who are Audit & Supervisory Committee Members and limited to Outside Directors) | -  | -  |
| Directors who are Audit & Supervisory Committee Members  | -  | -  |

Notes:

- The holder of the new share subscription rights shall exercise his/her new share subscription rights only within ten days from the day following the date on which he/she is relieved of his/her position(s) as a Director or Executive Officer of each of the companies of the Company, Taiyo Life Insurance Company, Daido Life Insurance Company, and/or T&D Financial Life Insurance Company (if the tenth date is not a business day of the Company, then the following business day). The holder of the new share subscription rights shall exercise the total number of rights allotted to him/her at once.
- The table indicates the new share subscription rights issued by the Company to its officers as a result of offsetting the officers' claims to monetary compensation representing consideration for the execution of duties against the amount payable for the new share subscription rights.
- This table contains Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom rights were granted by the Company as a Director of the Company and as a Directors or Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company. Number of such persons as of the end of the current fiscal year is as follows:
  - T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 0
  - T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
  - T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 0
  - T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 0
  - T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 0
  - T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 0
- This table does not contain the number of Directors of the Company who also were a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, and to whom the rights were granted only as a Director or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company, but not as a Director of the Company. The number of such persons as of the end of the current fiscal year is as follows:
  - T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012): 0
  - T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): 0
  - T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): 0
  - T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): 0
  - T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): 0
  - T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): 0
- This table does not contain new share subscription rights that were issued to the Directors of the Company who also were an officer or an Executive Officer of Taiyo Life Insurance Company, Daido Life Insurance Company or T&D Financial Life Insurance Company when new share subscription rights were issued, by offsetting the monetary compensation claims representing consideration for the execution of duties at each company except the Company against the amount

payable for the new share subscription rights. The number of such rights and the class and number of shares underlying them as of the end of the current fiscal year is as follows:

|  |                            |
|--|----------------------------|
| T&D Holdings, Inc. New Share Subscription Rights (1st series) (issued in July 2012):   | 0                          |
|  | (0 shares of common stock) |
| T&D Holdings, Inc. New Share Subscription Rights (2nd series) (issued in August 2013): | 0                          |
|  | (0 shares of common stock) |
| T&D Holdings, Inc. New Share Subscription Rights (3rd series) (issued in August 2014): | 0                          |
|  | (0 shares of common stock) |
| T&D Holdings, Inc. New Share Subscription Rights (4th series) (issued in August 2015): | 0                          |
|  | (0 shares of common stock) |
| T&D Holdings, Inc. New Share Subscription Rights (5th series) (issued in August 2016): | 0                          |
|  | (0 shares of common stock) |
| T&D Holdings, Inc. New Share Subscription Rights (6th series) (issued in August 2017): | 0                          |
|  | (0 shares of common stock) |

**(2) New share subscription rights, etc. of the insurance holding company issued to employees, etc. during the fiscal year**

Not applicable.

### 3. Matters regarding the Accounting Auditor

#### (1) Accounting Auditor

| Name of the audit corporation   | Remuneration for the fiscal year under review | Others   |
|---|---|--|
| Ernst & Young<br>ShinNihon LLC<br><br>Designated partner<br>Kenji Usukura<br>Designated partner<br>Norio Hashiba<br>Designated partner<br>Yohei Kondo | ¥204 million                                  | i) Reason for consent to remuneration by Audit & Supervisory Committee under Article 399, Paragraph 1 of the Japanese Companies Act based on Paragraph 3 of the Act <ul style="list-style-type: none"> <li>• Audit &amp; Supervisory Committee checked and deliberated on the status of execution of the previous fiscal year's audit, the audit plan for the current fiscal year, the basis for calculation of remuneration estimates, etc., after receiving necessary materials and reports from the Board of Directors, relevant internal departments, and the Accounting Auditor. As a result of the checking and deliberation, the Audit &amp; Supervisory Committee determined that these items were appropriate and consented to the remuneration of the Accounting Auditor.</li> </ul> ii) Non-audit related duties <ul style="list-style-type: none"> <li>• The amount of remuneration paid in addition to the remuneration for audit work, etc. stated on the left was ¥28 million for advisory service, etc. related to introduction of economic value-based solvency regulations.</li> </ul> |

Notes:

1. Amount of remuneration for the fiscal year under review is the total amount in return for the audit under the Japanese Companies Act and that under the Financial Instruments and Exchange Act, as the audit engagement by the Accounting Auditor does not differentiate the two.
2. Total amount of money and other property benefits payable by the Company and its subsidiary entities is ¥487 million.

#### (2) Liability limitation agreement

Not applicable.

#### (3) Other matters regarding the Accounting Auditor

##### A. Company policy in deciding the dismissal or non-reappointment of the Accounting Auditor

The Audit & Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all Audit & Supervisory Committee Members, if the Accounting Auditor is found applicable to the provisions specified in items of Article 340, Paragraph 1 of the Japanese Companies Act.

In addition, the Audit & Supervisory Committee holistically assesses the capability, organization and structure, audit quality, independence and other characteristics of the Accounting Auditor in accordance with the assessment criteria for an accounting auditor defined by the Audit & Supervisory Committee. Based on this assessment, the Audit & Supervisory Committee shall implement the procedure of presenting to a General Meeting of Shareholders a proposal on the dismissal or non-reappointment of the Accounting Auditor if the Accounting Auditor is found to have difficulty in carrying out duties adequately and appropriately, or at other circumstances deemed appropriate.

##### B. Whether any certified public accountant or audit corporation other than the Accounting Auditor for the insurance holding company is engaged in auditing the account statements of the significant subsidiary entities of the insurance holding company

Not applicable.

#### **4. Basic policy as respects the manner of presence of the party having control over the financial and business policy of the Company**

Not applicable.

#### **5. Structures to ensure adequacy of business operations**

##### **1 Outline of resolutions of the Board of Directors**

The Company has built up a system to ensure the properness of business operations (internal control system) in accordance with the Japanese Companies Act and the Group management philosophy, etc. for the purpose of achieving the Group's sustainable growth and enhancing corporate value in a medium- and long-term to provide adequate policyholders protection as the basis of insurance business, by ensuring the management soundness and compliance preparedness across the Group. The resolutions concerned have been revised when appropriate and the amendments were voted on by the Board of Directors. The details of the current resolutions are as follows.

##### **(1) Internal controls within the Group**

- 1) The Group clarifies the following matters by entering into business management agreements with its directly managed subsidiaries with a view to establishing a structure to ensure the adequacy of operations within the Group:
  - i) Basic policy applicable across the Group
  - ii) Matters to be decided at subsidiaries subject to prior approval by the Company
  - iii) Matters to be reported to the Company by subsidiaries
  - iv) Guidance, advice and directions to be provided by the Company to subsidiaries
  - v) Implementation by the Company of internal audits at each subsidiary
- 2) "Matters to be decided at subsidiaries subject to prior approval by the Company" above include important matters that impact the operation of the Group, such as the agenda at shareholders meetings, management plans, important accounting strategies, as well as the important matters as part of the business management at a Group company by one of the Company's direct subsidiaries.

##### **(2) Structures for compliance with laws and regulations, etc.**

- 1) Basic policy and reference regarding compliance with laws and regulations, etc. of the Group are to be established and made fully known to Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group in an effort to promote compliance.
- 2) Directors and Executive Officers must fulfill their duties faithfully for the Company, according to the above basic policy and reference regarding the compliance with laws and regulations, etc., and with the care of a good manager.
- 3) A Group-wide committee subordinate to the Board of Directors is to be established, with the purpose to monitor and enhance the compliance preparedness across the Group.
- 4) Determination and preparedness to exclude the anti-social forces must be resolutely declared, along with the formulation of the practical procedures to this purpose, which shall be thoroughly followed through by Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Group.
- 5) A whistle-blowing procedure available to Directors, Audit & Supervisory Board Members, Executive Officers and employees, etc. of the Group is to be developed and thoroughly communicated, in which an entity is arranged outside the Group that receives information from whistle-blowers under confidentiality obligation, while the general rules to prohibit disadvantageous treatment of whistle-blowers are introduced, to create an effective system for preventing, or identifying immediately any breach of compliance and any acts which are liable to damage the credibility or reputation of the Group.
- 6) Rules are to be established to develop methods to adequately and promptly deal with the

situation in the event of misconducts by employees, as well as methods to prescribe preventative measures.

### **(3) Structures for ensuring efficiency**

- 1) Rules regarding the organization and administrative authority are to be established, in order to clarify the purposes and functions of the meeting bodies and matters concerning basic job duties, responsibilities and authority, related to the execution of duties by Directors and Executive Officers, etc., for more flexible and efficient running of the organization.
- 2) With a view to enhancing corporate governance, the Executive Officer System is in place to clarify the roles of supervision and business execution. At the same time, the Group Strategy Board is in place to deliberate important matters concerning the Group's growth strategies, etc., and the Executive Management Board is in place to discuss and resolve important matters concerning the management of businesses of the Group.
- 3) Internal rules are in place to facilitate the proper control of the Group management plans, and to serve as the basis for the development of the Group's long-term vision and single fiscal year plans, etc. at the Board of Directors level.

### **(4) Structures for information retention and management**

- 1) Information relating to the execution of duties by Directors and Executive Officers must be kept and managed properly according to the record management rules which specify the responsible department and storage period for each information.
- 2) Guidelines on the proper management of Group's information assets are to be clearly established by the rules including the Group's policy on information security, to develop the framework which protects information assets from leakage, wrongful alteration, or damage, etc. due to accidents, mechanical failure, natural disasters and fire.

### **(5) Structures for Enterprise Risk Management (ERM)**

- 1) In order to increase profitability in a steady manner, while grasping the risk status of the Group and ensuring sound management, the Company shall develop an ERM (Enterprise Risk Management) system for the integrated management of capital, profit, and risk.
- 2) A committee is to be established to promote the Group's ERM, in order to appropriately manage the status of capital, profit, and risk of the Group as a whole based on the "Group Risk Appetite" that sets standards for soundness and profitability.
- 3) The Company defines a basic concept of the Group's risk management, and establishes the Group-wide risk management structure to ensure sound and appropriate management for the future.
- 4) The committee is to be established with the authority to coordinate risk management across the Group, which grasps and manages the status of various risks at each Group company through the Group-wide risk monitoring based on the consolidated risk management criteria.
- 5) Basic policy and other primary framework to cope with the crisis in the Group are to be established, in an effort to develop the Group-wide crisis preparedness.

### **(6) Internal controls of financial reporting**

- (1) Based on the full recognition that financial reporting provides critically important information for the concerned parties both inside and outside the Group to appreciate its performance and activities, and that ensuring the credibility of financial reporting is vital to maintain and enhance the public trust in the Group, internal controls of financial reporting in an appropriate manner must be developed.

### **(7) Internal audits structure**

- 1) In order to ensure effectiveness of internal audits, basic matters relating to internal audits shall be prescribed under the Group's basic policy on internal auditing and internal audit rules, while independence of the Internal Audit Department from other operational

functions shall be established, and internal audits shall be carried out appropriately according to the internal audit plan.

- 2) Appropriateness and validity of the Group's internal control system shall be tested and evaluated through internal audits, and improvements thereof shall be facilitated to ensure appropriateness of operations.

#### **(8) Structures for ensuring the effectiveness of Audit & Supervisory Committee's audits**

##### **[Structures for ensuring independence of the employees of Audit & Supervisory Committee Office]**

- 1) The Audit & Supervisory Committee Office is in place in which employees are placed to assist the Audit & Supervisory Committee's work and to do the day-to-day running of the Audit & Supervisory Committee. Personnel matters such as merit rating and transfer, etc. of the employees of the Audit & Supervisory Committee Office shall require approval of the Audit & Supervisory Committee, to ensure their independence from Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter).
- 2) Command authority over the employees shall belong to Audit & Supervisory Committee Members, and the authority for access to the information required in the work to be done under the instruction of Audit & Supervisory Committee Members shall be prescribed under the relevant internal rules.
- 3) Directors and Executive Officers shall do their best to comply with the requests from Audit & Supervisory Committee Members or the Audit & Supervisory Committee on staffing of the Audit & Supervisory Committee Office and related issues.

##### **[Structures for the reporting to the Audit & Supervisory Committee]**

- 1) Directors and Executive Officers shall report to the Audit & Supervisory Committee on the status of their business execution through the key meetings including those of the Board of Directors and Executive Management Board.
- 2) Directors, Executive Officers and employees shall provide prompt explanations, in conjunction with the review of significant decisions and reports of the Company by Audit & Supervisory Committee Members, if such explanation is found necessary or requested by Audit & Supervisory Committee Members.
- 3) Directors, Executive Officers and employees shall report promptly to the Audit & Supervisory Committee on the facts which could cause serious damage to the Company, wrongful conducts of Directors and Executive Officers in the execution of their duties, significant facts in breach of laws and regulations and the Articles of Incorporation, reports on the status of internal audits, facts reported via the whistle-blowing procedure, etc., information required for the purpose of the Audit & Supervisory Committee's audits and other material facts identified by the Company.
- 4) Concerning the above 1) to 3), Directors and Executive Officers shall establish a system in which Directors, Audit & Supervisory Board Members, Executive Officers and employees of subsidiaries or persons having received reports therefrom, report without exception to the Audit & Supervisory Committee of the Company.
- 5) Provisions shall be established in the relevant internal rules to the effect that persons having reported to the Audit & Supervisory Committee regarding the above 1) to 4) shall not be subjected to any disadvantageous treatment.

##### **[Other structures for ensuring the effectiveness of Audit & Supervisory Committee's audits]**

- 1) Directors and the Board of Directors endeavor to develop a basic framework for smooth and effective implementation of Audit & Supervisory Committee's audits.
- 2) Guidelines on the expenses or obligations arising from the execution of duties of Audit & Supervisory Committee Members shall be provided under the relevant internal rules, while opportunities to appoint legal counsel and other outside advisors shall be ensured, if they are found necessary by Audit & Supervisory Committee Members for the purpose of audits.
- 3) Representative Directors are to have regular meetings with Audit & Supervisory Committee Members to exchange opinions on the important audit agenda, development of the framework for Audit & Supervisory Committee's audits, along with the matters to

be addressed by the Company.

- 4) Departments responsible for compliance with laws and regulations and general management of various risks shall have regular meetings with Audit & Supervisory Committee Members to exchange opinions on the matters to be addressed.
- 5) Internal Audit Department shall report to the Audit & Supervisory Committee on the formulation of internal audit plans and the results of internal audits, have regular exchanges of opinions, and receive specific instructions, as necessary, from the Audit & Supervisory Committee.

## **2 Overview of status of operation**

A summary of the operational status of the structure to ensure adequacy of operations (hereinafter referred to as the “Internal Control System”) is as follows.

### **(1) Internal Control System in general**

- The Company ensures to achieve sustainable growth and enhance the corporate value in a medium- and long-term while ensuring the adequacy of business operations by the development of the Internal Control System following the resolution of the Board of Directors.
- Monitoring of the internal control system is conducted twice each year. The Board of Directors verified the adequacy of development and operation of the Internal Control System and made revisions as necessary to work to improve and strengthen the Internal Control System consistently.
- The Group promotes business operations based on the customers’ point of view under the basic policies related to customer-oriented business operations. The result of customer-oriented business operations was announced in June 2023.

### **(2) Initiatives to ensure the adequacy of the business operation of the Group**

- The Company has entered into a Business Management Agreement with its directly invested subsidiaries (“direct subsidiaries”) that clarifies the basic policy to be standardized with across the Group, and prescribes matters subject to prior consultation and matters to be reported regarding decision-making, etc., on important matters, in order to secure adequate business management.
- Based on the above-mentioned agreement, the Company provides guidance and advice, as appropriate to its direct subsidiaries to improve and reinforce the internal control system within the Group.

### **(3) Initiatives regarding compliance with laws and regulations**

- In order to gain a thorough understanding of the Group’s basic policy and standards regarding compliance, the Company conducted training sessions and educational training sessions for raising compliance awareness on an ongoing basis.
- The Company formulated the “Compliance Program,” which is a practical plan for promoting compliance, and regularly reports to the Group Compliance Committee and the Board of Directors on the preparedness for compliance with laws and regulations achieved through the implementation of the Program by the Company and its group companies.
- The Company formulated the “T&D Insurance Group’s Basic Policy of Measure to Anti-social Forces” and has been consistently providing education and training on the exclusion of anti-social forces based on its “Compliance Program.” The status of measures taken to exclude connection with anti-social forces is regularly reported to the Group Compliance Committee and the Board of Directors.
- To prevent money laundering and terrorist financing, the Company conducts regular monitoring of the status of measures taken by the Group companies and reports to the Group Compliance Committee and the Board of Directors.
- The “T&D Insurance Group Helpline,” the Group’s whistle-blowing contact, is

established externally, and the reported cases are being dealt with, while at the same time the rules of the whistle-blowing system including the prohibition of disadvantageous treatment for whistleblowers are being communicated.

#### **(4) Initiatives to ensure efficiency**

- The Company defines matters to be resolved by, and to be reported to the Board of Directors, as well as the division of duties and administrative authorities in the overall organization. Directors and Executive Officers execute their duties based on the defined division of duties and administrative authorities.
- Rules for the adequate control of the Group's management plan were developed, and in April 2021, the Group formulated "Try & Discover 2025," the Group's long-term vision to clarify the course the Group will take in the long-term, and the strategic approaches needed to achieve its goals. The review and evaluation of the progress and results of the Group's long-term vision were reported to the Board of Directors every six months.

#### **(5) Initiatives regarding retention and management of information**

- The Company adequately stores and manages information related to the execution of duties by Directors and Executive Officers, such as materials and minutes of the meetings of the Board of Directors and the Executive Management Board, based on the rules for managing documents.
- The Company has formulated various policies and rules including the "Group Information Security Policy" in order to develop a system for protecting information assets from leakage, alteration, accident, failure, and loss from natural disasters or fire, etc., and appropriately manage information assets within the Group.
- The Company makes an effort to raise its security management level and reinforce its incident response system by introducing and reviewing various security tools and other technical measures, conducting drills cooperated with an external organization and a cyber security training course in the Group in preparation for cyber-attacks, etc.

#### **(6) Initiatives regarding Enterprise Risk Management (ERM)**

- The Company, through the Group ERM Committee which promotes Enterprise Risk Management (ERM), regularly analyzed and evaluated the status of capital, profit and risk of the Group, based on the "Group Risk Appetite," which sets forth appropriate levels of soundness and profitability while reported the results to the Executive Management Board, the Group Strategy Board, and the Board of Directors.
- The Company conducted a quantitative evaluation based on unified risk indicators, analyzed and evaluated the status of various risks through the Group Risk Management Committee, which coordinates risk management throughout the Group, and reported the results to the Executive Management Board and the Board of Directors.
- The Company has formulated the "Rules on the Group's Crisis Management," which addresses the dealing of crisis caused by major natural disasters and cyber-attacks that lead to difficulty in continuing the execution of operation, and developed a Group-wide crisis response framework, as well as regularly conducting emergency drills for a possible crisis. The Company also reviews the status of responses to the events of crisis after the event occurs and makes revisions as appropriate, as well as regularly conducts drills, etc. in order to ensure the effectiveness of response to the crisis.

#### **(7) Initiatives for internal control over financial reporting**

- In accordance with the basic policy for developing the internal control over the Group's financial reporting and evaluating the status of asset management, the Company appropriately implemented an evaluation regarding the effectiveness of internal control over financial reporting and reported the results to the Board of Directors.

## **(8) Initiatives concerning internal audit**

- The Company has determined the basic policy to ensure the effectiveness of the Group internal audit system in the Group Basic Policy on Internal Audits, and verifies and evaluates the adequacy and effectiveness of the internal control system within the Group through internal audits and monitoring conducted based on the internal audit plan resolved by the Board of Directors, and reports the results to the Representative Director and President, the Audit & Supervisory Committee, and the Board of Directors.

## **(9) Initiatives to ensure the effectiveness of audits by the Audit & Supervisory Committee**

- Audit & Supervisory Committee Members as Board members participate in the resolutions of the Board of Directors. The Company also ensures opportunities for Audit & Supervisory Committee Members to attend the Executive Management Board and other key meetings to receive reports from Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter) and Executive Officers, etc., on the execution of their duties, and to voice their opinions.
- The Company has developed rules regarding reporting to the Audit & Supervisory Committee so that Directors, Executive Officers and employees may report to the Audit & Supervisory Committee regarding the status of execution of business, etc. They also report, without delay and as necessary, regarding the matters for which an explanation is required by the Audit & Supervisory Committee Members.
- Regular meetings were arranged between Audit & Supervisory Committee Members and the Representative Director and President in order to exchange opinions on matters to be addressed by the Company, important audit agenda, the development of the framework for Audit & Supervisory Committee's audits.
- The Company has established the Audit & Supervisory Committee Office, which is independent from the chain of command of the Directors, and assigns staff who assists the Audit & Supervisory Committee in performing its duties.
- The Risk Management Department regularly organized liaison meetings, to ensure effective audits by the Audit & Supervisory Committee. They reported on the matters requested by the Audit & Supervisory Committee Members and exchanged opinions regarding the issues to be addressed, etc., during the meetings.
- The Internal Audit Department regularly reported the status of the Group's internal audits to the Audit & Supervisory Committee, as well as matters instructed by the Audit & Supervisory Committee. Furthermore, the formulation of internal audit plans, etc. have been designated as matters requiring the prior consent of the Audit & Supervisory Committee.

## 6. Matters concerning specified wholly owned subsidiaries

| Name                         | Address   | Total book value | Total assets of the Company |
|------------------------------|---|------------------|-----------------------------|
| Taiyo Life Insurance Company | 7-1 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan         | ¥275,240 million | ¥1,000,720 million          |
| Daido Life Insurance Company | 2-1 Edobori 1-chome, Nishi-ku, Osaka, Osaka-fu, Japan | ¥363,053 million |                             |

## 7. Matters concerning transactions with the parent company, etc.

Not applicable.

## 8. Matters concerning Accounting Advisors

Not applicable.

## 9. Other matters

In accordance with the resolution of the 18th Ordinary General Meeting of Shareholders held on June 28, 2022, the Company amended its Articles of Incorporation to allow the Board of Directors to make a resolution on the distribution of surplus and other matters pursuant to Article 459, Paragraph 1 of the Companies Act in order to achieve a flexible capital and dividend policy. The basic policy of the Company is to increase shareholder value and to implement stable dividend while ensuring the sound management of the Company and its group companies and securing the internal reserves necessary for the group.

## Consolidated Statement of Changes in Net Assets for Fiscal Year 2023

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

|   | Stockholders' equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity |
| Balance as of April 1, 2023   | 207,111              | 64,040          | 504,160           | (68,361)       | 706,952                    |
| Accumulated effect of revision of accounting standards of foreign affiliates                      |                      |                 | (1,198)           |                | (1,198)                    |
| Balance as of April 1, 2023 reflecting the revision of accounting standards of foreign affiliates | 207,111              | 64,040          | 502,962           | (68,361)       | 705,754                    |
| Changes in the period   |                      |                 |                   |                |                            |
| Dividends from surplus  |                      |                 | (35,895)          |                | (35,895)                   |
| Profit attributable to owners of parent   |                      |                 | 98,777            |                | 98,777                     |
| Acquisition of treasury stock   |                      |                 |                   | (40,049)       | (40,049)                   |
| Disposal of treasury stock  |                      | (104)           |                   | 705            | 601                        |
| Cancellation of treasury stock  |                      | (81,094)        |                   | 81,094         | -                          |
| Reversal of land revaluation  |                      |                 | (14,846)          |                | (14,846)                   |
| Change of scope of consolidation  |                      |                 | 0                 |                | 0                          |
| Transfer from retained earnings to capital surplus  |                      | 17,157          | (17,157)          |                | -                          |
| Net changes of items other than stockholders' equity  |                      |                 |                   |                |                            |
| Total changes in the period   | -                    | (64,040)        | 30,878            | 41,750         | 8,587                      |
| Balance as of March 31, 2024  | 207,111              | -               | 533,841           | (26,610)       | 714,342                    |

(Millions of yen)

|   | Accumulated other comprehensive income |                                       |                  |  |  |  | New share subscription rights | Non-controlling interests | Total net assets |
|---|--|---------------------------------------|------------------|--|--|--|-------------------------------|---------------------------|------------------|
|   | Net unrealized gains on securities     | Deferred gains on hedging instruments | Land revaluation | Foreign currency translation adjustments | Valuation adjustments on liabilities of foreign affiliates | Total accumulated other comprehensive income |                               |                           |                  |
| Balance as of April 1, 2023   | 274,861                                | 161                                   | (34,256)         | 35,070                                   | 3,810  | 279,647                                      | 570                           | 6,511                     | 993,681          |
| Accumulated effect of revision of accounting standards of foreign affiliates                      | 1,198                                  |                                       |                  |  |  | 1,198  |                               |                           | -                |
| Balance as of April 1, 2023 reflecting the revision of accounting standards of foreign affiliates | 276,059                                | 161                                   | (34,256)         | 35,070                                   | 3,810  | 280,845                                      | 570                           | 6,511                     | 993,681          |
| Changes in the period   |  |                                       |                  |  |  |  |                               |                           |                  |
| Dividends from surplus  |  |                                       |                  |  |  |  |                               |                           | (35,895)         |
| Profit attributable to owners of parent   |  |                                       |                  |  |  |  |                               |                           | 98,777           |
| Acquisition of treasury stock   |  |                                       |                  |  |  |  |                               |                           | (40,049)         |
| Disposal of treasury stock  |  |                                       |                  |  |  |  |                               |                           | 601              |
| Cancellation of treasury stock  |  |                                       |                  |  |  |  |                               |                           | -                |
| Reversal of land revaluation  |  |                                       |                  |  |  |  |                               |                           | (14,846)         |
| Change of scope of consolidation  |  |                                       |                  |  |  |  |                               |                           | 0                |
| Transfer from retained earnings to capital surplus  |  |                                       |                  |  |  |  |                               |                           | -                |
| Net changes of items other than stockholders' equity  | 392,076                                | (2,382)                               | 14,846           | 3,835                                    | -  | 408,375                                      | (226)                         | (491)                     | 407,656          |
| Total changes in the period   | 392,076                                | (2,382)                               | 14,846           | 3,835                                    | -  | 408,375                                      | (226)                         | (491)                     | 416,244          |
| Balance as of March 31, 2024  | 668,135                                | (2,221)                               | (19,410)         | 38,906                                   | 3,810  | 689,220                                      | 343                           | 6,020                     | 1,409,926        |

## Individual notes to consolidated financial statements

### Notes concerning important matters which become the basis of consolidated financial statements

#### 1. Matters concerning the scope of consolidation

(1) The number of consolidated subsidiaries: 20

The names of the consolidated companies:

Taiyo Life Insurance Company

Daido Life Insurance Company

T&D Financial Life Insurance Company

T&D United Capital Co., Ltd.

T&D Asset Management Co., Ltd.

Pet & Family Insurance Co., Ltd.

All Right Co., Ltd.

T&D United Capital North America Inc.

T&D Risk Solutions Co., Ltd.

T&D Confirm Ltd.

T&D Information Systems, Ltd.

T&D Lease Co., Ltd.

Taiyo Credit Guarantee Co., Ltd.

Toyo Insurance Agency Co., Ltd.

Taiyo Life Aging Society Institute

Daido Management Service Co., Ltd.

Nihon System Shuno, Inc.

Zenkoku Business Center Co., Ltd.

and 2 other companies

In the first quarter of the consolidated fiscal year under review, T&D Risk Solutions Co., Ltd. was included in the scope of consolidation due to its establishment by T&D United Capital Co., Ltd. In addition, in the second quarter of the consolidated fiscal year under review, T&D Customer Services Co., Ltd. was excluded from the scope of consolidation due to the completion of liquidation.

(2) The number of major non-consolidated subsidiaries: 0

#### 2. Matters concerning the equity method

(1) The number of non-consolidated subsidiaries over which the equity method is applied: 0

(2) The number of affiliated companies over which the equity method is applied: 5

The names of the companies: Capital Taiyo Life Insurance Ltd.  
Thuriya Ace Technology Co., Ltd.  
Alternative Investment Capital, Ltd.  
FGH Parent, L.P., and 1 other company

(3) The number of non-consolidated subsidiaries and affiliated companies over which the equity method is not applied: 0

(4) Matters concerning the fiscal year of affiliated companies over which the equity method is applied

For the affiliated companies over which the equity method is applied but the dates of settlement are different from the consolidated settlement date, financial statements concerning the fiscal year of each of these companies are used. Additionally, some companies use financial statements prepared based on provisional settlements of accounts conducted as of different reporting dates.

#### 3. Matters concerning the fiscal year of consolidated subsidiaries

The fiscal year end of certain consolidated subsidiaries is December 31. In preparing the consolidated financial statements, financial statements as of that date are used, and adjustments necessary for consolidation are made for significant transactions that occurred between that date and the consolidated balance sheet date.

#### 4. Matters concerning accounting policy

- (1) Appraisal standards and appraisal methods of securities (including cash and deposits, quasi-securities within monetary claims purchased, and securities within monetary trusts that are invested as trust assets):
  - (i) Trading securities  
The market value method (cost of sales is calculated by the moving average method)
  - (ii) Held-to-maturity debt securities  
The amortized cost method using the moving average method (straight-line method)
  - (iii) Policy-reserve-matching securities  
The amortized cost method using the moving average method (straight-line method)
  - (iv) Other securities
    - Securities other than securities without market value are valued by using the market value (cost of sales is calculated by using the moving average method).
    - Securities with market value are valued at the cost method using the moving average method. The valuation differences of other securities are reported as a component of shareholders' equity. Certain consolidated subsidiaries report translation adjustments relating to bonds included in foreign currency-denominated other securities in the following manner; the portion attributable to changes in the securities' market values in their local currencies is accounted for as valuation differences, and all other translation adjustments are included in foreign exchange gains or losses.

The following is an overview of the risk management policies over policy-reserve-matching bonds:

#### (Taiyo Life Insurance Company)

The risk is managed by minimizing the risks of the portfolio as a whole with an asset mix, and establishing an operation policy based on the balanced-type ALM aiming at exceeding medium- and long-term liability cost.

In consideration of this kind of operation policy, the following insurance policies are identified and classified as a subcategory in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds within the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA):

- With regard to general fund category, all insurance policies excluding group insurance product category, other insurance product category, non-participating designated currency-type single premium individual annuity insurance, and special endowment insurance with non-participating designated currency-type survivor benefit, etc.
- With regard to non-participating designated currency-type single premium individual annuity insurance and special endowment insurance with non-participating designated currency-type survivor benefit in the general fund category, all insurance policies by currency
- With regard to group annuity insurance fund category, all contribution-type corporate pension insurance policies
- With regard to variable-interest single-premium insurance fund category, all insurance policies

#### (Additional Information)

Traditionally, the group annuity insurance fund category covered all contribution-type corporate pension insurance policies and all group pure endowment insurance policies. However, the group pure endowment insurance policies have been excluded from the subcategory from the consolidated fiscal year under review because the significance of risk management using policy-reserve-matching securities has diminished due to the decrease in the balance of policy reserves and the shortening of the duration in the subcategory. There is no effect of this change on the consolidated balance sheet and consolidated statement of operations.

#### (Daido Life Insurance Company)

In order to steadily fulfill future obligations, the risk is managed by setting an investment policy that fully takes into account the features of the insurance products and their risk tolerance.

In accordance with such investment policy, subcategories are set as follows according to the features of the insurance product, and bonds held with the purpose to control durations of liabilities in each subcategory are classified as policy-reserve-matching bonds.

- Individual insurance and annuity in the general fund category

- Individual insurance and annuity in the non-participating insurance fund category (capturing the cash flows likely to arise in the period in excess of 5 years but within 40 years from now)
- Group annuity insurance in the group annuity insurance fund category.

(T&D Financial Life Insurance Company)

In order to appropriately manage interest rate risk by setting subcategories according to the features of insurance products, investment policies are developed in line with each subcategory. In addition, it is regularly tested to ensure that the durations of policy reserve and that of policy-reserve-matching bonds are synchronized within the margin of error. The subcategories are classified as follows:

- Individual insurance (capturing the portion of the future spending for insurance policies falling under this subcategory that is used for policyholders of predetermined age or above)
- Interest reserve rate-type individual insurance
- Interest reserve rate-type fixed annuity insurance

However, certain classes of insurance and certain portions of insurance benefits are excluded.

(2) Appraisal standard and appraisal method of derivative financial instruments

Derivative financial instruments are stated at market value.

(3) Depreciation method for significant depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Tangible fixed assets (except for lease assets) are depreciated based primarily on the declining balance method. Buildings (except attached facilities and structures) acquired on or after April 1, 1998 and attached facilities and structures acquired on or after April 1, 2016 are depreciated based on the straight-line method.

The service life ranges of major types of assets are:

Buildings, attached facilities and structures: 2 to 50 years

Furniture and equipment: 2 to 20 years

(ii) Intangible fixed assets (excluding lease assets)

The straight-line method is used in depreciation of software for in-house use, on the basis of the usable period of five years.

(iii) Lease assets

With regard to the lease assets concerning finance lease transactions that involve transfer of ownership, the identical depreciation method applied on self-owned fixed assets is used. In terms of the lease assets concerning finance lease transactions that do not involve transfer of ownership, the lease periods are considered their service life, and the straight-line method is used.

(4) Accounting standard for major reserves

(i) Reserve for possible loan losses

To provide for the losses due to bad debt, Taiyo Life Insurance Company, Daido Life Insurance Company, and T&D Financial Life Insurance Company (hereinafter referred to as the “Three Life Insurance Companies”) record an estimated reserve for possible loan losses based on the internal asset valuation standards and the write-off/provision standards for assets, as follows:

The amount of allowance for receivables from debtors who are legally or formally bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings (hereinafter referred to as the “Bankrupt Debtors”) and debtors who are effectively bankrupt (hereinafter referred to as the “Effectively Bankrupt Debtors”), is recognized based on the amount of credit remaining after deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of receivables directly reduced as mentioned below.

The allowance for receivables from debtors who are not currently legally bankrupt but have high possibility of bankruptcy (hereinafter referred to as the “Potentially Bankrupt Debtors”), is recognized in the amounts deemed necessary considering the debtors’ overall solvency assessment within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

The allowance for receivables from debtors other than the above (loans to healthy debtors and loans to debtors who require attention) is provided based on the debtors’ balance multiplied by the historical average of percentage of bad debt calculated based on bad-debt records of a certain past period and others.

All credits are assessed by the sections concerned in accordance with the Company’s asset

valuation regulations. The assessments are verified by an independent Asset Auditing Department, and the results of the assessments are reflected in the calculation of the above-mentioned allowance for doubtful accounts.

With regard to mortgage or guaranteed loans to the Bankrupt Debtors and the Effective Bankrupt Debtors, the amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of receivables is the estimated uncollectible amount, which stood at 337 million yen.

Regarding the consolidated subsidiaries other than the Three Life Insurance Companies, credits are assessed within the scope as deemed necessary in consideration of the importance of assets and based on the results of the assessments, allowances are recorded based on the above methods.

- (ii) Reserve for bonus to directors and audit & supervisory board members  
To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company records an estimated reserve for the consolidated fiscal year under review.
  - (iii) Provision for share-based remuneration  
To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based benefit remuneration is recorded based on the internal rules of the Company and the Three Life Insurance Companies.
  - (iv) Reserve for directors' and audit & supervisory board members' retirement benefits  
To provide for the payment of retirement benefits for directors and audit & supervisory board members, some consolidated subsidiaries record an estimated reserve for the consolidated fiscal year under review in accordance with their internal regulations.
- (5) Method for recognizing retirement benefits
- (i) Method for attributing expected retirement benefits to fiscal periods  
In the calculation of retirement benefits obligations, benefit formula basis is adopted for the purpose of attributing expected retirement benefits over the period up to the end of the consolidated fiscal year under review.
  - (ii) Method for amortizing actuarial gain/loss and past service cost  
Fully amortized in the fiscal year when they are incurred.
- (6) Recognition method for reserve for price fluctuations  
Reserve for price fluctuations at the Three Life Insurance Companies is recognized and calculated based on the provisions in Article 115 of the Insurance Business Act to prepare for price fluctuations.
- (7) Standards of conversion for foreign currency-denominated assets and liabilities into the Japanese currency  
All monetary assets and liabilities denominated in foreign currencies are translated into the Japanese yen at the spot exchange rates prevailing on the consolidated closing date. All asset, liability, income, and expense accounts of foreign subsidiaries and affiliates are translated into the Japanese yen at the spot exchange rates prevailing on their consolidated balance sheet date. The resulting translation adjustments are accumulated as foreign currency translation adjustments and non-controlling interests under net assets.
- (8) Important hedge accounting method
- A. Hedge accounting method of Taiyo Life Insurance Company
- (i) Hedge accounting method  
Taiyo Life Insurance Company applies deferral hedge accounting and the mark-to-market method of hedge accounting. Special treatment is applied to interest swap agreements that meet special treatment requirements and deferred designation is applied to currency swap agreements that meet deferred designation requirements.
  - (ii) Hedging instruments and hedged assets
 

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>(hedging instrument)</li> <li>Interest swap</li> <li>Currency swap</li> <li>Exchange contracts, currency options</li> <li>Option</li> <li>Credit transaction</li> </ul> | <ul style="list-style-type: none"> <li>(hedged assets)</li> <li>Loan receivable, bonds</li> <li>Foreign currency denominated loans</li> <li>Foreign currency-denominated assets</li> <li>Domestic and foreign stocks, domestic and foreign listed investment trusts, domestic bonds</li> <li>Domestic and foreign stocks, domestic and foreign listed investment trusts</li> </ul> |
|--|--|

Forward contracts

Domestic and foreign stocks, domestic  
and foreign listed investment trusts

(iii) Hedging policy

Based on the internal rules and regulations developed under Taiyo Life's risk management policy concerning asset operations, the cash flow- and price-fluctuation risks concerning hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Effectiveness of hedging activities is evaluated for each half-year period by performing a ratio analysis and other methods comparing the market fluctuations or the accumulated cash flow movements of hedged assets with the market fluctuations or the accumulated cash flow movements of hedging instruments. However, evaluation of hedging effectiveness is omitted for interest swap agreements under the special treatment etc., currency swap agreements under deferred designation, exchange contracts and currency options in which both the hedged assets and the hedging instruments are denominated in the same currency, options hedging domestic and foreign stocks as well as domestic and foreign listed investment trusts, and options hedging credit transactions, forward contracts and domestic bonds.

(Matters concerning hedges which apply "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR")

Among the above hedges, all hedges included in the scope of application of the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ PITF No. 40, March 17, 2022) are subject to this exceptional treatment. Details of the hedges which apply the treatment are as follows.

Hedge accounting methods: The exceptional treatment for interest rate swaps

Hedging instruments: Interest rate swap transactions

Hedged items: Loans receivable

Hedge transactions: Cash flow hedges

B. Hedge accounting method of Daido Life Insurance Company

(i) Hedge accounting method

Daido Life Insurance Company applies the mark-to-market method of hedge accounting. Daido Life also applies method for translating foreign currency receivables and payables on the basis of yen value cash flow fixed by forward contract for exchange contract transactions hedging foreign currency deposits in cases where the transactions satisfy the requirements for the method.

(ii) Hedging instruments and hedged assets

| (hedging instrument) | (hedged assets)   |
|----------------------|---|
| Exchange contracts   | Foreign currency-denominated securities, foreign currency-denominated certificates of deposit |
| Currency options     | Foreign currency-denominated securities   |

(iii) Hedging policy

Based on the internal rules and regulations concerning asset operations, exchange fluctuation risks of hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons between the hedging instruments and hedging methods taken. However, evaluation of hedging effectiveness is omitted in cases where important conditions for the hedged assets and hedging instruments are identical and hedging is highly effective.

C. Hedge accounting method of T&D United Capital Co., Ltd.

(i) Hedge accounting method

T&D United Capital Co., Ltd. applies deferral hedge accounting. Deferred designation is applied as the requirements are satisfied.

(ii) Hedging instruments and hedged assets

T&D United Capital Co., Ltd. employs exchange contract transactions as a hedging instrument, with the hedged assets of foreign currency-denominated stocks (planned transaction).

(iii) Hedging policy

Based on the resolution of the Board of Directors concerning the acquisition of foreign currency-denominated stocks, exchange fluctuation risks of hedged assets are hedged within a certain scope.

(iv) Evaluation of the effectiveness of hedging activities

Evaluation of hedging effectiveness is omitted since important conditions for the hedged assets and hedging instruments are identical and hedging is highly effective.

(9) Other important accounting policies adopted by the Company

(i) Accounting for consumption and other taxes

National and local consumption taxes are accounted for by using the tax exclusion method. However, expenses such as loss adjustment expenses, operating expenses and general and administrative expenses, etc. of non-life insurance subsidiaries are inclusive of taxes. Note that consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as other assets and amortized over a 5-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred.

(ii) Income from insurance premiums

In general, income from insurance premiums (excluding reinsurance premium income) is recorded by the Three Life Insurance Companies at the amount of premiums received, for insurance contracts for which the premiums are received and the contractual liabilities have commenced.

Of premiums received, the amount corresponding to the unexpired period as of the end of the fiscal year under review is accounted for as policy reserve 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.

(iii) Insurance claims and other payments / Reserve for outstanding claims

Insurance claims and other payments (excluding reinsurance premiums) are recognized by the Three Life Insurance Companies at the amount of claims calculated based on the insurance policies, for which the insured events provided in the insurance contracts have occurred.

Based on Article 117 of the Insurance Business Act and Article 72 of the Ordinance for Enforcement of the Insurance Business Act, reserve for outstanding claims is provided to accrued insurance proceeds as of the end of the consolidated fiscal year under review, when payment obligations are recognized or it is deemed that the insured events provided in the insurance contracts have occurred although the occurrence of the insured events have not been reported (hereinafter "reserve for outstanding claims for IBNR").

With regard to the reserve for outstanding claims for IBNR, due to the termination of the special treatment for payment of hospitalization benefits, etc., in cases where a patient is diagnosed with COVID-19 and is treated under the supervision of a doctor or other health care provider at an accommodation facility or at home (hereinafter "deemed hospitalization"), etc., since May 8, 2023, it is not possible to calculate the appropriate level of the amount by the calculation based on the main provisions of Article 1, Paragraph 1 of the Public Notice of the Ministry of Finance No. 234 of 1998 (hereinafter the "IBNR Notice"). Therefore, the amount calculated in accordance with the proviso of Article 1, Paragraph 1 of the IBNR Notice is recorded based on the following method. (Outline of calculation method)

From the amount of reserve for outstanding claims for IBNR required and claims paid for all fiscal years listed in Article 1, Paragraph 1, main provision of the IBNR Notice, the amount related to deemed hospitalization is excluded, and calculated in the same manner as in Article 1, Paragraph 1, main provision of the IBNR Notice.

At the end of the previous consolidated fiscal year, the amount related to deemed hospitalization other than those with a high risk of serious illness was excluded in place of the amount related to deemed hospitalizations. However, due to the termination of the treatment of hospitalization benefits, etc. for deemed hospitalization during the first quarter of the consolidated fiscal year, the calculation method has been revised to exclude the amount related to deemed hospitalization.

(iv) Reinsurance premium income and reinsurance premium

As for reinsurance premiums income of the Three Life Insurance Companies, insurance proceeds, etc. to be received based on a reinsurance contract are recorded at the time of payment, etc. of insurance premiums, etc. relating to an underlying insurance contract.

As for reinsurance premiums of the Three Life Insurance Companies, insurance premiums, etc. to be paid based on a reinsurance contract are recorded at the time of receipt of insurance premiums relating to the underlying insurance contract or at the time of conclusion of the said agreement.

As for modified coinsurance, an amount received as a part of the amount equivalent to the new contract expenses relating to the underlying insurance contract based on the reinsurance agreement is recorded as reinsurance income, and the same amount is recorded as an unamortized concession fee and is amortized over the reinsurance period.

Also, a part of policy reserve and reserve for outstanding claims equivalent to the amount corresponding to the reinsurance is not set aside based on Article 71, Paragraph 1 and Article 73, Paragraph 3 of the Regulation for Enforcement of the Insurance Business Act.

(v) Policy reserve

To prepare for future performance of obligations under insurance contracts for which contractual obligations have commenced as of the end of the fiscal year under review, policy reserve is provided by the Three Life Insurance Companies at the amount calculated in accordance with procedures stipulated in the statement of calculation procedures for insurance premiums and policy reserve (Article 4, Paragraph 2, Item 4 of the Insurance Business Act) based on Article 116, Paragraph 1 of the Insurance Business Act.

Of policy reserve, insurance premiums reserve is recognized by performing a calculation based on the following methodology:

a. Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Commissioner of the Financial Services Agency (Ordinance No. 48 issued by the Ministry of Finance in 1996).

b. Reserves for other contracts are computed based on the net level premium method.

Based on Article 121, Paragraph 1 of the Insurance Business Act and Article 80 of the Ordinance for Enforcement of the Insurance Business Act, policy reserve is reviewed by a qualified actuary to confirm whether the policy reserve is properly provided as of the fiscal year end.

Of policy reserve, contingency reserve is provided at the amount calculated for covering risks which may accrue in the future, so as to secure performance of the future obligations under the insurance contracts, based on Article 116 of the Insurance Business Act and Article 69, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Insurance Business Act.

5. Revenue recognition

As for breakdown of ordinary revenue in lieu of net sales, most of it consists of insurance premium income and asset management revenue which are outside the application of the said accounting standard based on Paragraph 3 of "Accounting Standard for Revenue Recognition, etc." (ASBJ Statement No. 29, March 31, 2020), and revenue from contracts with customers is immaterial. Therefore, categorized presentation separate from the other revenue in the consolidated statement of income and categorized presentation of contract assets and contract liabilities or liabilities from contracts with customers separate from other assets or liabilities are omitted. Also, presentation concerning the following information is also omitted.

- (1) Information on disaggregated revenue from contracts with customers
- (2) Underlying information for the understanding of revenue from contracts with customers
  - (i) Information concerning contracts with customers and performance obligations
  - (ii) Information concerning the determination of the transaction price
  - (iii) Information concerning the determination of the amounts allocated to performance obligations
  - (iv) Information concerning the point in time of satisfaction of performance obligations
  - (v) Significant judgements in the application of the Revenue Recognition Accounting Standard
- (3) Information concerning the relation between the performance obligations based on the contract with a customer and the cash flows from the said contract, and the amount of revenue expected to be recognized in and after the subsequent consolidated fiscal year from the contract with a customer who exists as of the end of the consolidated fiscal year under review and the timing.
  - (i) Balances of contract assets and contract liabilities, etc.
  - (ii) Transaction price allocated to the remaining performance obligations

6. Significant accounting estimates

(1) Policy reserve

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

|                              | As of March 31, 2024 |
|------------------------------|----------------------|
| Policy reserve               | 14,148,395           |
| Provision for policy reserve | 237,700              |

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

It is stated in “Notes concerning important matters which become the basis of consolidated financial statements, 4. Matters concerning accounting policy, (9) Other important accounting policies adopted by the Company, (v) Policy reserve.”

b. Major assumptions and effect on the consolidated financial statements of the following fiscal year

If assumptions (base rates such as assumed incidence rate and assumed interest rate) stated in the statement of calculation procedures for insurance premiums and policy reserve significantly deviate from recent actual rates and it is found to likely to be insufficient to cover the performance of the future obligations, additional policy reserve must be set aside in accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act.

(2) Accounting treatment for retirement benefits

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

|                               | As of March 31, 2024 |
|-------------------------------|----------------------|
| Net defined benefit asset     | 10,736               |
| Net defined benefit liability | 35,455               |

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

Retirement benefit obligations and retirement benefit cost are calculated based on actuarial assumption used for calculation of future retirement benefit obligations, expected long-term rate of return on pension assets and other.

The method for recognizing retirement benefits is as stated in “Notes concerning important matters which become the basis of consolidated financial statements, 4. Matters concerning accounting policy, (5) Method for recognizing retirement benefits.”

b. Major assumption and effect on the consolidated financial statements of the following fiscal year

Matters concerning the basis for actuarial assumption are as stated in “Notes to the Consolidated Balance Sheet, 15. Retirement benefits.” If any of the major assumptions such as discount rate and expected long-term rate of return on assets changes, there may be a significant impact on the net defined benefit asset or liability.

(3) Impairment loss of fixed assets

(i) Amounts recognized on the consolidated balance sheet

(Millions of yen)

|                 | As of March 31, 2024 |
|-----------------|----------------------|
| Impairment loss | 1,730                |

(ii) Information on significant accounting estimates in connection with items identified

a. Calculation method

All of the real estate used by the Three Life Insurance Companies, consolidated subsidiaries, for the purpose of insurance sales and related operations is classified as one asset group (operating assets), while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own (investment assets).

Each party namely the Company and consolidated subsidiaries, has its own asset group (operating assets) each containing the real estate used by respective party for business purpose. For an asset group with an indication of impairment, impairment loss is recognized, when the

total amount of undiscounted future cash flows is less than the book value of the asset, at the amount calculated by deducting the recoverable amount (the larger of discounted future cash flows and net sales value) from the book value.

- b. Major assumptions and effect on the consolidated financial statements of the following fiscal year

For calculation of undiscounted future cash flows for the purpose of determining impairment recognition, the amounts of future income from insurance operations on the Mid-Term Management Plan, etc. are used for operating assets, and the past history and future outlook of revenues by property are used for investment assets.

If the future income from insurance operations and future outlook of revenues, which are the major assumptions, deteriorate and the undiscounted future cash flows change, there may be a possibility to recognize impairment loss.

## 7. Additional information

(Transactions to grant the Company's stock to employees, etc. in using the scheme of trust)

The Company has the Board Incentive Plan Trust (hereinafter referred to as the "BIP") to grant the stock of the Company, etc. in using the scheme of trust for the Directors of the Company, who are not Audit & Supervisory Committee Members (excluding those who are part-time, and non-residents in Japan, including Outside Directors), and the Executive Officers (excluding those who are non-residents in Japan, and together with Directors who are not Audit & Supervisory Committee Members, referred to as "Directors, etc.") and Directors of the Three Life Insurance Companies (excluding those who are part-time, and non-residents in Japan, including Outside Directors) and the Executive Officers (excluding non-residents in Japan; together with the Directors, etc., collectively referred to as "Eligible Directors"), aiming at improving medium- and long-term business result and raising the awareness of contribution to boost corporate value.

The accounting treatment for the BIP adopts the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015).

### (1) Overview of transaction

Points are granted to the Eligible Directors based on the internal rules of the Company and the Three Life Insurance Companies, and upon their resignation from the positions, the stock of the Company and money equivalent to the amount of converted and disposed amount of the stock of the Company, which are equivalent to accumulated points, are granted and benefited. The stock, etc. to be granted and so forth to the Eligible Directors are acquired with the money trusts of the Company funded in advance.

### (2) The number of stocks of the Company remaining in trust

The stock of the Company remaining in the trust is accounted for as treasury stock under net assets at the book value in the trust (excluding the amount of expenses accompanied). The book value of the treasury stock thereof at the end of the consolidated fiscal year under review is 1,643 million yen and the number of shares is 1,090,300 shares.

### (Change of Category for Holding Securities)

Daido Life Insurance Company changed its held-to-maturity debt securities held under the general fund category (159,230 million yen recorded on the consolidated balance sheet) to other securities in the first quarter of the consolidated fiscal year. This change was made to flexibly replace bonds held for the purpose of prolonging the investment period in line with the longevity of insurance liabilities. As a result, securities increased by 18,451 million yen, deferred tax liabilities increased by 5,153 million yen, and net unrealized gains on securities increased by 13,297 million yen at the end of the first quarter of the consolidated fiscal year. This change has no impact on profit or loss.

### (Application of Revised U.S. Accounting Standards to Foreign Affiliates)

As of the end of the fiscal year under review, certain foreign affiliates that apply U.S. GAAP have adopted Accounting Standard Update No. 2016-13, "Financial Instruments – Credit Losses-" as announced by the Financial Accounting Standards Board in the United States.

Although the accounting standard mainly applies to financial assets in the amortized cost category, there was a change in the impairment model for available-for-sale debt securities such as bonds.

The accumulated effect as of the beginning of the consolidated fiscal year under review has been adjusted to retained earnings and net unrealized gains (losses) on securities in accordance with the transitional treatment specified in the accounting standards. As a result, retained earnings decreased

by 1,198 million yen and net unrealized gains on securities increased by 1,198 million yen at the beginning of the consolidated fiscal year under review.

Although the affiliated companies are our equity method affiliates, the impact on ordinary profit and income before income taxes for the consolidated fiscal year under review was minimal.

## Notes to the Consolidated Balance Sheet

1. Matters concerning the current state of the financial instruments, their market values and the breakdown of financial instruments for each level of fair value” of the Notes to the Consolidated Balance Sheet

(1) Matters concerning the current state of the financial instruments

(i) The Group’s policy of investment in financial instruments

Being primarily focused on life insurance business, the Group underwrites various classes of life insurance, and invests the money collected as insurance premiums in financial assets including securities and loans.

The Group’s policy for asset management is to efficiently invest the insurance premiums trusted to us by policyholders in a portfolio built up to ensure long-term stable returns in accordance with the ERM concept involving management of capital, earnings and risk on an integrated basis, taking into account the long-term obligations involved in life insurance contracts, with due attention to management soundness and public welfare.

Financial derivative contracts are basically used to hedge fluctuation risks involved in our investment in financial instruments, as well as partially to complement physical assets.

Furthermore, in order to pursue further strength of financial soundness, the Group has been financing the subordinated-class capital (bonds and borrowings).

(ii) Description of the concerned financial instruments and the risks involved

Financial assets held by the Group mainly comprise securities and loans.

Securities here include corporate and public bonds, stocks and investment trusts offered at home and abroad that are held on a long-term basis for the purpose of investment geared to market prospects to ensure stable returns. These financial instruments are exposed to credit risks of the issuing entities and market risks associated with fluctuations in interest rate, exchange rates and stock prices, as well as market liquidity risks.

Loans here include policy loans for policyholders, commercial loans (non-policy loans) provided mainly to domestic businesses and individuals. Commercial loans, though intended to ensure stable returns, are exposed to credit risks of borrowers’ default. A policy loan is provided within the surrender cash value of each insurance policy, thus its credit risk is minimal.

Derivative transactions including stock index futures contracts, forward exchange contracts, interest rate swap agreements are used primarily to hedge price fluctuation risks of our financial assets, while partially to complement physical assets by, for example, providing solution to the time constraint prior to the inclusion of physical assets into our portfolio, excluding speculative transactions whatsoever in any case.

Stringent risk management is in place for derivative transactions, by clearly defining tolerable allowances in terms of nature, underlying assets and trading limits of the transactions as well as by properly controlling their status.

Hedge accounting is appropriately practiced in interest rate swap agreements for loans and forward exchange contracts for foreign currency denominated assets, under the internal rules clearly defining qualifications, applicable types of transactions, methods of evaluation of its effectiveness and methods of its designation. Effectiveness of hedging is determined by ratio analysis methodology comparing the movements of fair market values of the hedged assets and hedging instruments.

(iii) Risk management of investment in financial instruments

a. Overall risk management

The Group, in consideration of the social and public nature of life insurance business as its core business, defines precise identification and management of risks as one of the crucial management tasks for ensuring the soundness and adequacy of management, where the Company, as the Group’s holding company has developed “Group Risk Management Policy” which set out the basic risk management philosophy within the Group and provides the risk management structure in line with business characteristics and risk profiles at each of the Three Life Insurance Companies.

Under such context, the Group Risk Control Committee has been in place for the purpose of coordinated management of risks within the Group, which grasps the status of various risks at each of the Three Life Insurance Companies, through the reports prepared on a regular or as-needed basis at each company using the unified risk management criteria. Meanwhile, the Company, by providing guidance and advice as appropriate to the Three Life Insurance Companies, is tackling the enhancement of risk management at each company as well as across the Group.

At each of the Three Life Insurance Companies, a committee has been established to supervise

company-wide risk management at an enhanced level, while mutual check-and-balance system is in place under the internal organizational arrangement including the separation of investment and loan execution function from the administration function within investment division, independence of credit check function and implementation of internal audits by internal audit department.

The Group has established the Group ERM Committee with the purpose to manage risks in combination with revenue and capital on the basis of economic value, and tackles the task of achieving stable and sustainable increases in Group enterprise value through the implementation and enrichment of ERM.

b. Management of market risks

Market risks are appropriately controlled in line with the risk characteristics of each asset class based on the precise grasp of the sensitivity of investment assets to the changes in investment environment including interest rate, stock prices and exchange rates, and in addition, the risks are under adequate control through the review of asset allocation and risk hedging subject to identification of the overall risk of the portfolio using the Value at Risk criterion (hereafter referred to as “VaR”).

c. Management of credit risks

Credit risk of the entire portfolio is identified and controlled through its quantification by the use of VaR based on the internal rating for individual borrowers. Meanwhile, the aggregate amount of investment and loan is capped by each industry sector or by group of companies, according to the corresponding risks, whereby concentration of loans to specific industry sector or group of companies is restrained.

d. Management of liquidity risks

Liquidity risks are adequately managed by the responsible risk management department through maintaining certain level of liquidity based on the grasp of the latest risk information including the share of highly liquid assets, cash flow situation, trend of the general financial/securities markets and status of individual financial instruments, as well as providing a structure for efficient liquidation of assets for financing purpose.

(iv) Supplementary explanation regarding the market values of financial instruments

Calculations of market values of financial instruments are based on certain assumptions, and thus market values could vary when different assumptions are used.

(2) Matters regarding the market value of financial instruments

Consolidated balance sheet amounts, as compared with market values of the investment in financial instruments, and the difference between the two as of March 31, 2024 are as follows. Securities, etc. without market value and investments in partnerships and other similar entities in which the net amount of equity interest is recorded on the consolidated balance sheets (“investments in partnerships, etc.”) are not included in the following table. (Please refer to (Note 1).) Also, of cash and deposits, call loans and monetary claims purchased, and of commercial papers and monetary trust, notes to monetary trust, short-term bonds and payables under securities lending transactions are omitted because whose transactions are carried out mainly for a short period of time and whose feature is equivalent to cash and deposits.

(Millions of yen)

|   | Consolidated<br>balance sheet<br>amounts | Fair market values | Difference |
|---|--|--------------------|------------|
| (i) Monetary claims purchased                   | 129,644                                  | 122,562            | (7,081)    |
| a Those treated as securities                   | 126,971                                  | 119,909            | (7,062)    |
| • Held-to-maturity debt securities              | 83,930                                   | 76,868             | (7,062)    |
| • Other securities                              | 43,040                                   | 43,040             | -          |
| b Other than above                              | 2,672                                    | 2,653              | (19)       |
| (ii) Monetary trusts                            | 1,150,856                                | 1,078,154          | (72,701)   |
| a Monetary trust for investment                 | 3,126                                    | 3,126              | -          |
| b Held-to-maturity monetary trusts              | 28,138                                   | 25,329             | (2,809)    |
| c Policy-reserve-matching monetary trusts       | 927,158                                  | 857,265            | (69,892)   |
| d Other monetary trusts                         | 192,432                                  | 192,432            | -          |
| (iii) Securities                                | 11,743,006                               | 11,351,791         | (391,215)  |
| a Trading securities (*1)                       | 95,034                                   | 95,034             | -          |
| b Held-to-maturity debt securities              | 643,088                                  | 671,947            | 28,858     |
| c Policy-reserve-matching securities            | 5,073,824                                | 4,653,750          | (420,074)  |
| d Other securities (*1)                         | 5,931,059                                | 5,931,059          | -          |
| (iv) Loans                                      | 1,738,319                                | 1,729,944          | (8,375)    |
| a Policy loans (*2)                             | 103,274                                  | 110,233            | 6,966      |
| b Commercial loans (*2)                         | 1,640,090                                | 1,619,710          | (15,342)   |
| c Reserve for possible loan losses (*3)         | (5,044)                                  | -                  | -          |
| Total assets                                    | 14,761,827                               | 14,282,452         | (479,374)  |
| (i) Subordinated bonds                          | 120,000                                  | 117,973            | (2,027)    |
| (ii) Borrowings as part of Other liabilities    | 53,614                                   | 53,172             | (441)      |
| Total liabilities                               | 173,614                                  | 171,145            | (2,468)    |
| Derivatives (*4)                                |  |                    |            |
| (i) Those outside the scope of hedge accounting | [8,604]                                  | [8,604]            | -          |
| (ii) Those subject to hedge accounting (*5)     | [47,513]                                 | [47,468]           | 45         |
| Total derivatives                               | [56,117]                                 | [56,072]           | 45         |

(\*1) In accordance with generally accepted accounting principles, the net asset value per share of certain investment trusts is considered to be the fair market value of the investment trusts, and such investment trusts are included.

(\*2) The column of Difference indicates the difference between consolidated balance sheet amounts less reserve for possible loan losses and market values.

(\*3) Reserve for possible loan losses corresponding to loans is deducted.

(\*4) Net credits and debts generated from the transactions of derivative financial instruments are indicated in net amounts, and items amounting to net debts are marked with brackets [ ].

(\*5) With respect to the exceptional accrual method for a part of interest rate swaps, “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ PITF No. 40, March 17, 2022) is applied.

(Note 1) Consolidated balance sheet amounts of securities without market value, etc. (such as unlisted shares) and investments in partnerships etc. are as follows, and these are not included in “Assets ③ Securities”.

(Millions of yen)

| Categories                                  | Consolidated balance sheet amounts |
|---|------------------------------------|
| Shares of affiliates                        | 16,158                             |
| Unlisted shares, etc. (*1)                  | 1,157                              |
| Investments in partnerships, etc. (*2)      | 15,000                             |
| Other securities                            | 521,824                            |
| Unlisted shares, etc. (*1) (*3)             | 30,040                             |
| Investments in partnerships, etc. (*2) (*3) | 491,784                            |

(\*1) Unlisted shares have no fair values and therefore are not subject to disclosure of fair value based on Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

(\*2) Investments in partnerships, etc. are not subject to disclosure of fair value based on Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(\*3) The Company recognized impairment losses of 4,336 million yen for unlisted shares, etc. and investment in partnerships, etc.

(3) Matters relating to breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three levels as below on the basis of the observability and the importance of the valuation inputs used in fair value measurements.

Level 1: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs

Level 2: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

Level 3: Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

(i) Financial instruments recorded at their market values on the consolidated balance sheet  
(Millions of yen)

| Categories                         | Market value |           |         |           |
|------------------------------------|--------------|-----------|---------|-----------|
|                                    | Level 1      | Level 2   | Level 3 | Total     |
| Monetary claims purchased          | -            | 40,816    | 2,224   | 43,040    |
| Other securities                   | -            | 40,816    | 2,224   | 43,040    |
| Monetary trusts                    | 3,061        | 192,498   | -       | 195,559   |
| Monetary trusts for investment     | 3,061        | 65        | -       | 3,126     |
| Other Monetary trusts              | -            | 192,432   | -       | 192,432   |
| Securities                         | 2,599,809    | 2,680,748 | 22,023  | 5,302,581 |
| Trading securities                 | -            | 94,288    | -       | 94,288    |
| Foreign securities                 | -            | 27        | -       | 27        |
| Other foreign securities           | -            | 27        | -       | 27        |
| Other securities                   | -            | 94,260    | -       | 94,260    |
| Other securities                   | 2,599,809    | 2,586,459 | 22,023  | 5,208,293 |
| Public and corporate bonds         | 577,561      | 948,443   | 0       | 1,526,004 |
| Government bonds                   | 536,072      | -         | -       | 536,072   |
| Local government bonds             | -            | 61,676    | -       | 61,676    |
| Corporate bonds                    | 41,488       | 886,766   | 0       | 928,254   |
| Stocks                             | 800,185      | -         | -       | 800,185   |
| Foreign securities                 | 869,239      | 1,530,695 | 22,023  | 2,421,958 |
| Foreign public and corporate bonds | 482,228      | 337,829   | 22,023  | 842,082   |
| Foreign stocks                     | 23,124       | -         | -       | 23,124    |
| Other foreign securities           | 363,885      | 1,192,865 | -       | 1,556,751 |
| Other securities                   | 352,823      | 107,320   | -       | 460,144   |
| Derivative transactions            | -            | 628       | -       | 628       |
| Currencies related                 | -            | 624       | -       | 624       |
| Stocks related                     | -            | 4         | -       | 4         |
| Total assets                       | 2,602,871    | 2,914,691 | 24,248  | 5,541,810 |
| Derivative transactions            | -            | 56,746    | -       | 56,746    |
| Currencies related                 | -            | 46,005    | -       | 46,005    |
| Stocks related                     | -            | 10,741    | -       | 10,741    |
| Total liabilities                  | -            | 56,746    | -       | 56,746    |

(\*) In accordance with generally accepted accounting principles, the net asset value per share of certain investment trusts is considered to be the fair market value of the investment trusts, and such investment trusts are not included.

- (ii) Financial instruments other than those recorded at their market values on the consolidated balance sheet

(Millions of yen)

| Categories                              | Market value     |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Level 1          | Level 2          | Level 3          | Total            |
| Monetary claims purchased               | -                | 76,868           | 2,653            | 79,521           |
| Held-to-maturity debt securities        | -                | 76,868           | -                | 76,868           |
| Other than those treated as securities  | -                | -                | 2,653            | 2,653            |
| Monetary trusts                         | 882,595          | -                | -                | 882,595          |
| Held-to-maturity monetary trusts        | 25,329           | -                | -                | 25,329           |
| Policy-reserve-matching monetary trusts | 857,265          | -                | -                | 857,265          |
| Securities                              | 3,797,671        | 1,527,926        | 99               | 5,325,697        |
| Held-to-maturity debt securities        | 472,283          | 199,563          | 99               | 671,947          |
| Public and corporate bonds              | 471,479          | 166,134          | -                | 637,614          |
| Government bonds                        | 471,479          | -                | -                | 471,479          |
| Local government bonds                  | -                | 43,481           | -                | 43,481           |
| Corporate bonds                         | -                | 122,653          | -                | 122,653          |
| Foreign stocks                          | 804              | 33,428           | 99               | 34,332           |
| Foreign public and corporate bonds      | 804              | 33,428           | 99               | 34,332           |
| Policy-reserve-matching securities      | 3,325,387        | 1,328,362        | -                | 4,653,750        |
| Public and corporate bonds              | 3,304,476        | 1,311,228        | -                | 4,615,704        |
| Government bonds                        | 3,295,289        | -                | -                | 3,295,289        |
| Local government bonds                  | -                | 284,372          | -                | 284,372          |
| Corporate bonds                         | 9,186            | 1,026,855        | -                | 1,036,042        |
| Foreign securities                      | 20,911           | 17,134           | -                | 38,045           |
| Foreign public and corporate bonds      | 20,911           | 17,134           | -                | 38,045           |
| Loans                                   | -                | -                | 1,729,944        | 1,729,944        |
| Policy loans                            | -                | -                | 110,233          | 110,233          |
| Commercial loan                         | -                | -                | 1,619,710        | 1,619,710        |
| Derivative transactions                 | -                | 45               | -                | 45               |
| Interest rate related                   | -                | 45               | -                | 45               |
| <b>Total assets</b>                     | <b>4,680,266</b> | <b>1,604,839</b> | <b>1,732,697</b> | <b>8,017,803</b> |
| Subordinated bonds                      | -                | 117,973          | -                | 117,973          |
| Borrowings as part of Other liabilities | -                | 13,149           | 40,023           | 53,172           |
| <b>Total liabilities</b>                | <b>-</b>         | <b>131,122</b>   | <b>40,023</b>    | <b>171,145</b>   |

(Note 1) Descriptions of inputs of valuation methodologies used for fair value measurements

#### Monetary claims purchased

Securities that are deemed appropriate as securities are measured in the same way as in securities and the calculated amount is shown as fair value. Those deemed appropriate as loans receivable are measured in the same way as in loans and the calculated amount is shown as fair value.

#### Monetary trust

Monetary trust managed primarily with securities is measured in the same way as in securities and the calculated amount is shown as fair value, and fair values are categorized according to composition levels. In addition to the above, currency options and stock index option contracts are used as part of monetary trusts, and their market values are calculated in the same way as in derivatives transactions.

#### Securities

Market prices of listed shares in markets are their fair values, and shares with unadjusted market prices in active markets are categorized into Level 1 fair value.

In the cases of debt securities, observable transaction prices are shown as fair value, and those with unadjusted transaction price, etc. in active markets are categorized into Level 1, those with observable transaction price but not in active markets are categorized into Level 2 fair values. If transaction price,

etc. is not available, fair value is calculated by the discounted cash flow methodologies, using future cash flows. When calculating, observable inputs are best utilized, and inputs include yield of government bonds, premiums of credit risks, etc. When calculating, if important inputs that cannot be observed are used, Level 3 is chosen, and otherwise, Level 2 is chosen.

In the case of investment trusts, market price in markets or net asset value per share published by an industry association or investment management company is shown as fair value, and amounts of those with unadjusted market prices are categorized into Level 1 fair value, and amounts otherwise, Level 2 fair value.

#### Loans receivable

##### (i) Policy loans

Market values are calculated by discounting by risk-free rate, the expected future cash flow derived from the repayment rate based on the past actual repayment performance, and amounts are categorized into Level 3.

##### (ii) Commercial loans

Market values of commercial loans provided at variable rates can reflect market rates at short intervals, thus are recorded in book values as their market values are proximate to the book values, unless borrowers' credit standings significantly change meanwhile after loans were provided.

Market values of commercial loans provided at fixed rates are calculated by discounting principals and interests by risk-free rates weighted by credit risks involved.

Since estimated bad debts associated with loans to Bankrupt Debtors, loans to Effectively Bankrupt Debtors and loans to Potentially Bankrupt Debtors, are calculated based on the present value of the estimated future cash flows, or estimated amounts recoverable through pledge or guarantee, thus their market values are proximate to consolidated balance sheet amounts less estimated bad debts as at the balance sheet date, which are recorded as market values.

These transactions use unobservable inputs and therefore are categorized into Level 3 market value.

#### Corporate bonds

Market price in markets or the amount calculated by discounting the Company's credit risk, using the total amount of the principal and interests and the said bond's remaining period is shown as fair value. Bonds with market value in markets are categorized into Level 2 fair value, and bonds without market value in markets, Level 3, because the said discount rate is unobservable.

#### Loans payable

Fair value is calculated by discounting the total amount of the principal and interests by a discount rate, taking into consideration the said loan's remaining period and credit risk, and loans with the said discount rates are categorized into Level 2 fair value, and other wise, Level 3 fair value.

#### Derivatives transaction

(i) Forward exchange contracts are based on forward exchange rates and are categorized into Level 2 fair value.

(ii) In the cases of stock index futures, stock forward contracts, stock index options, individual stock options, bond futures, bond options, currency options, currency swaps and interest rate swaps, market price in markets or an amount calculated based on observable market data is shown as fair value, and amounts of those with unadjusted market price in active markets are categorized into Level 1 fair value, and amounts otherwise, Level 2 fair value.

(Note 2) Of those financial instruments recorded at market price on the consolidated balance sheet, information concerning Level 3 fair values

#### (1) Quantitative information concerning important inputs that cannot be observed.

| Categories                              | Valuation methodology           | Important input that cannot be observed | Scope of input | Weighted average of input |
|---|---------------------------------|---|----------------|---------------------------|
| Monetary claims purchased               | Discounted present value method | Discount rate                           | 1.88%–8.38%    | 4.19%                     |
| Securities (Public and corporate bonds) | Discounted present value method | Discount rate                           | 0.66%          | 0.66%                     |
| Securities (Foreign securities)         | Discounted present value method | Discount rate                           | 0.44%–0.49%    | 0.46%                     |



- (2) Reconciliation table from beginning balance to ending balance, valuation profit or loss recognized in the net income for the year under review.

(Millions of yen)

|  | Monetary claims purchased | Public and corporate bonds | Foreign securities | Total  |
|--|---------------------------|----------------------------|--------------------|--------|
| Beginning balance  | 1,517                     | 91                         | -                  | 1,608  |
| Profit or loss for the consolidated fiscal year or other comprehensive income  | (5)                       | 0                          | 23                 | 18     |
| Recognized in profit or loss (*1)  | -                         | -                          | -                  | -      |
| Recorded in other comprehensive income   | (5)                       | 0                          | 23                 | 18     |
| Net of purchase, sale, issuance and settlement   | 712                       | (91)                       | 22,000             | 22,621 |
| Transferred to Level 3 fair value  | -                         | -                          | -                  | -      |
| Transferred from Level 3 fair value (*2)   | -                         | -                          | -                  | -      |
| Ending balance   | 2,224                     | 0                          | 22,023             | 24,248 |
| Of those amounts recorded in profit or loss for the year under review, valuation profit or loss of financial assets and liabilities held as of the date of the consolidated balance sheet. | -                         | -                          | -                  | -      |

(\*1) Included in “Investment income” and “Investment expenses” in the consolidated statement of operations.

(\*2) It is a transfer of fair value from Level 3 to Level 2 due to changes in observability of inputs used for calculation of fair value based on market liquidity. The said transfer is implemented on the last date of the fiscal period.

- (3) Explanation concerning fair value valuation process

The Group has established policy and procedures regarding calculations of fair values, which the Group follows when calculating fair values. An independent valuation division checks the operational status of the valuation methodologies, adequacy of inputs, appropriateness of categorization of fair value levels used for the calculations of fair value to ensure appropriateness of fair value calculation policy and procedures.

When calculating fair values, a valuation model which can most appropriately reflect the nature, features and risks of individual assets is used. When using market prices obtained from a third party, adequacy of prices is examined. The Company checks adequacy of prices through appropriate methods, such as checking the valuation methodologies and inputs used and comparing fair values of similar financial instruments.

- (4) Explanation concerning effects on fair values when important inputs that cannot be observed are changed.

The important input that cannot be observed used for the calculations of fair values of monetary claims purchased and securities is a discount rate. This discount rate is consisted of government bond interest rate and credit risk premium. In general, a considerable rise (fall) of the discount rate causes a significant fall (rise).

- (4) Investment trusts that deem the net asset value per share of investment trusts to be fair market value in accordance with generally accepted accounting principles  
 Certain investment trusts for which the net asset value per share is deemed to be the fair value in accordance with generally accepted accounting principles are not disclosed in (3) Matters relating to breakdown of fair value of financial instruments by level. The amount of such investment trusts in the consolidated balance sheet is 723,512 million yen in financial assets.

- (1) Reconciliation table from beginning balance to ending balance of investment trusts in which the investment trust assets are financial instruments

(Millions of yen)

|   | Trading securities       | Other securities         | Total   |
|---|--------------------------|--------------------------|---------|
|   | Other foreign securities | Other foreign securities |         |
| Beginning balance   | 649                      | 511,683                  | 512,332 |
| Profit or loss for the consolidated fiscal year or other comprehensive income   | 150                      | 108,806                  | 108,957 |
| Recognized in profit or loss (*)  | 150                      | 57,126                   | 57,277  |
| Recorded in other comprehensive income  | -                        | 51,680                   | 51,680  |
| Net of purchase, sale and redemption  | (54)                     | 36,256                   | 36,202  |
| The amount of investment trust of which net asset value per share is deemed to be the fair market value   | -                        | -                        | -       |
| The amount of investment trust of which net asset value per share is not deemed to be the fair market value   | -                        | -                        | -       |
| Ending balance  | 746                      | 656,746                  | 657,492 |
| Of those amounts recorded in profit or loss for the year under review, valuation profit or loss of investment trusts held as of the date of the consolidated balance sheet. | 141                      | 5,055                    | 5,196   |

- (\*) Included in "Investment income" and "Investment expenses" in the consolidated statement of operations.

- (2) Breakdown by nature of restrictions on cancellation or repurchase requests for investment trusts whose investment trust assets are financial instruments

(Millions of yen)

|  | Trading securities       | Other securities         | Total   |
|--|--------------------------|--------------------------|---------|
|  | Other foreign securities | Other foreign securities |         |
| Investment trusts with restrictions on the frequency, etc. of dates on which cancellation or repurchase requests can be made | 746                      | 513,018                  | 513,764 |
| Other than above   | -                        | 143,728                  | 143,728 |
| Total  | 746                      | 656,746                  | 657,492 |

(3) Reconciliation table from beginning balance to ending balance of investment trusts in which the investment trust assets are real estate

(Millions of yen)

|   | Other securities         |                  | Total  |
|---|--------------------------|------------------|--------|
|   | Other foreign securities | Other securities |        |
| Beginning balance   | 7,298                    | 56,195           | 63,494 |
| Profit or loss for the consolidated fiscal year or other comprehensive income   | 190                      | 999              | 1,189  |
| Recognized in profit or loss  | -                        | -                | -      |
| Recorded in other comprehensive income  | 190                      | 999              | 1,189  |
| Net of purchase, sale and redemption  | -                        | 1,335            | 1,335  |
| The amount of investment trust of which net asset value per share is deemed to be the fair market value   | -                        | -                | -      |
| The amount of investment trust of which net asset value per share is not deemed to be the fair market value   | -                        | -                | -      |
| Ending balance  | 7,489                    | 58,530           | 66,019 |
| Of those amounts recorded in profit or loss for the year under review, valuation profit or loss of investment trusts held as of the date of the consolidated balance sheet. | -                        | -                | -      |

2 Matters concerning the current state of the rental property and their market values

The Group owns office buildings primarily for rent in the main cities across the country and their consolidated balance sheet amount is 277,492 million yen while their market value is 398,680 million yen as at the end of the consolidated fiscal year under review.

The above market value is the aggregate of the value derived from the calculation based on the valuation by third-party real property appraisers for the main properties, and the value derived from the internal calculation for other properties based on their posted prices.

3 Status of claims based on the Insurance Business Act

Of the claims, the total amount of claims subject to bankruptcy proceeding and reorganization proceedings and claims thereto, claims with risks, claims overdue for three months or more, and claim with relaxed terms is 3,987 million yen, and breakdown of each is as shown below.

- (1) Of the claims, the amount of claims subject to bankruptcy proceeding and reorganization proceedings and claims equivalent thereto is 109 million yen. Of the above, direct write-off for estimated uncollectable is 131 million yen.  
Claims subject to bankruptcy proceeding and reorganization proceedings and claims equivalent thereto means the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.
- (2) Of the claims, the amount of claims with risks is 3,131 million yen.  
Claims with risks means the claims whose debtor is not yet in the status of failure in business although such debtor's financial status and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible.
- (3) Of the claims, the amount of claims overdue for three months or more is 725 million yen.  
Claims overdue for three months or more means claims for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date and which do not fall under claims subject to bankruptcy proceeding and reorganization proceedings and claims thereto and claims with risks.
- (4) Of the claims, the amount of claims with relaxed terms is 20 million yen.  
Claim with relaxed terms means the loan for which an arrangement favorable for the debtor

has been made, such as reduction or exemption of interests, granting of grace period for payment of interest, granting of grace period for payment of principal, waiver of claims, etc., and which do not fall under claims subject to bankruptcy proceeding and reorganization proceedings and claims thereto, claims with risks, claims overdue for three months or more.

- 4 Cumulative amount of depreciation for tangible fixed assets  
The cumulative amount of depreciation for tangible fixed assets stood at 255,299 million yen.
- 5 The amount of separate account assets and liabilities prescribed under Article 118, Paragraph 1 of the Insurance Business Act  
The amount of separate account assets stood at 99,694 million yen, and the amount of separate account liabilities was also 99,694 million yen.
- 6 Net assets per share  
Net assets per share was 2,648.22 yen.  
Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share. As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 1,090,300 shares.
- 7 Increase/decrease in reserve for policyholder dividends and payment of policyholder dividends  
Changes in reserve for policyholder dividends were as follows:

|  |                    |
|--|--------------------|
| Balance at the beginning of the consolidated fiscal year under review      | 69,605 million yen |
| Policyholder dividend payment in the consolidated fiscal year under review | 25,898 million yen |
| Increase due to interest, etc.   | 15 million yen     |
| Increase due to other reasons  | 19 million yen     |
| Provision for reserve for policyholder dividends                           | 25,050 million yen |
| Balance at the end of the consolidated fiscal year under review            | 68,752 million yen |
8. Unused credit balances in respect of loan commitments are as follows:

|                        |                    |
|------------------------|--------------------|
| Total loan commitments | 36,935 million yen |
| Loans carried out      | 22,136 million yen |
| Balance                | 14,799 million yen |
9. Amount of securities loaned  
The consolidated balance sheet amount of securities loaned under the contract of loans for consumption of securities was 1,220,605 million yen.
10. Subordinated bonds  
Of the bonds, 120,000 million yen was subordinated bonds, which rank after other debts should the Company fall into receivership or be closed.
11. Subordinated borrowings  
Of the debts categorized as other liabilities, 13,500 million yen was subordinated borrowings, which rank after other debts should the Company fall into receivership or be closed.
12. The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land  
In pursuant to the Act Concerning Revaluation of Land (Law No. 34 promulgated on March 31, 1998), Taiyo Life Insurance Company revalued its land for business purposes. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as "deferred tax liabilities on land revaluation" within the liabilities section. The valuation difference excluding tax is recognized as "land revaluation" within the net assets section.  
  
The method of land revaluation as stipulated in Article 3, Paragraph 3 of the Act Concerning Revaluation of Land  
The amount is rationally calculated by using the land listed value as stipulated in Article 2, Item 1 of the Enforcement Regulations for the Act Concerning Revaluation of Land (Ordinance No. 119 promulgated on March 31, 1998), the standard price of the benchmark land as stipulated in its Item 2, and the appraisal by real estate appraisers as stipulated in its Item 5, among other data.

Date of revaluation

March 31, 2002

13. The amount of surplus on organizational change

The amount of surplus on organizational change as stipulated in Article 91 of the Insurance Business Act was 63,158 million yen for Taiyo Life Insurance Company and 10,836 million yen for Daido Life Insurance Company.

14. Stocks of affiliated companies and investments therein

Securities include the stock of affiliated companies worth 1,157 million yen and investments in partnerships worth 15,000 million yen.

15. Retirement benefits

Matters concerning employees' retirement benefit obligations are as follows:

(1) Summary of the retirement benefits plans adopted within the Group

The Company and its domestic consolidated subsidiaries have instituted defined benefit plans namely defined benefit corporate pension plan, retirement pension plan and retirement lump sum plan.

Meanwhile, some of the consolidated subsidiaries have instituted defined contribution plans namely defined contribution pension plans.

Also, certain consolidated subsidiaries have instituted retirement benefits trust.

## (2) Defined benefit plan

## (i) Reconciliation of beginning and ending balances of retirement benefit obligations

|   |                      |
|---|----------------------|
| Beginning balance of retirement benefit obligations | 147,194 million yen  |
| Service cost  | 5,734 million yen    |
| Interest cost                                       | 1,215 million yen    |
| Actuarial gain/loss                                 | (10,777) million yen |
| Payment of retirement benefits                      | (6,427) million yen  |
| Past service costs                                  | 4 million yen        |
| Ending balance of retirement benefit obligations    | 136,943 million yen  |

Note: Retirement benefit cost for consolidated subsidiaries adopting a simplified method is included in "service cost."

## (ii) Reconciliation of beginning and ending balances of pension assets

|                                       |                     |
|---------------------------------------|---------------------|
| Beginning balance of pension assets   | 109,119 million yen |
| Expected return on assets             | 1,186 million yen   |
| Actuarial gain/loss                   | 1,556 million yen   |
| Contribution by the business operator | 5,263 million yen   |
| Payment of retirement benefits        | (4,904) million yen |
| Ending balance of pension assets      | 112,221 million yen |

## (iii) Reconciliation of ending balance of retirement benefit obligations as well as pension assets, and liabilities for retirement benefits as well as assets for retirement benefits recorded in consolidated balance sheet

|  |                        |
|--|------------------------|
| Retirement benefit obligations for funded plans                              | 111,427 million yen    |
| Pension assets   | (112,221) million yen  |
| [Retirement benefits trust of the above]                                     | [(56,407) million yen] |
|  | (793) million yen      |
| Retirement benefits obligations for unfunded plans                           | 25,512 million yen     |
| Net amounts of liabilities and assets recorded in consolidated balance sheet | 24,718 million yen     |
|  |                        |
| Net defined benefit liability  | 35,455 million yen     |
| Net defined benefit asset  | (10,736) million yen   |
| Net amounts of liabilities and assets recorded in consolidated balance sheet | 24,718 million yen     |

## (iv) Retirement benefit cost and its breakdown

|   |                      |
|---|----------------------|
| Service cost                                      | 5,734 million yen    |
| Interest cost                                     | 1,215 million yen    |
| Expected return on assets                         | (1,186) million yen  |
| Amount of actuarial gain/loss treated as expenses | (12,333) million yen |
| Amount of past service cost as expenses           | 4 million yen        |
| Retirement benefits cost for defined benefit plan | (6,566) million yen  |

Note: Retirement benefit cost for consolidated subsidiaries adopting a simplified method is included in "service cost."

(v) Matters concerning pension assets

a. Breakdown by main items of pension assets

|                                |        |
|--------------------------------|--------|
| Corporate bonds                | 63.0%  |
| Life insurance general account | 13.3%  |
| Foreign securities             | 12.1%  |
| Stocks                         | 6.9%   |
| Cash and deposits              | 2.3%   |
| Joint investment assets        | 0.8%   |
| Other                          | 1.6%   |
| Total                          | 100.0% |

Note: Total pension assets include retirement benefits trust that accounts for 50.3% of the total instituted for corporate pension plans.

b. Method for defining expected long-term rate of return on pension assets

In order to determine expected long-term rate of return on pension assets, the present as well as expected future allocation of pension assets, along with the present as well as expected long-term rate of return on various assets comprising pension assets are considered.

(vi) Matters concerning the basis for actuarial calculation

|   |             |
|---|-------------|
| Discount rate                               | 0.66%–1.80% |
| Expected long-term rate of return on assets | 0.58%–2.02% |

(3) Defined contribution plans

Amount of contribution required for defined contribution plans at the Company and its consolidated subsidiaries is 278 million yen.

16. Notes to tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major reason

Deferred tax assets

|  |                      |
|--|----------------------|
| Reserve for price fluctuation                            | 76,752 million yen   |
| Policy reserves  | 62,897 million yen   |
| Net defined benefit liability                            | 26,015 million yen   |
| Devaluation losses on securities                         | 14,542 million yen   |
| Losses on sale, disposal and devaluation of fixed assets | 5,935 million yen    |
| Net unrealized gains (losses) on securities              | 5,016 million yen    |
| Reserve for bonuses                                      | 2,970 million yen    |
| Tax loss carried forward                                 | 1,175 million yen    |
| Reserve for possible loan losses                         | 1,740 million yen    |
| Others   | 17,910 million yen   |
| Subtotal   | 214,956 million yen  |
| Valuation allowance                                      | (16,149) million yen |
| Total deferred tax assets                                | 198,806 million yen  |

Deferred tax liabilities

|   |                       |
|---|-----------------------|
| Net unrealized gains (losses) on securities | (263,818) million yen |
| Securities dividend receivables             | (2,678) million yen   |
| Reserve for reduction entry of real estate  | (684) million yen     |
| Others                                      | (12,611) million yen  |
| Total deferred tax liabilities              | (279,792) million yen |
| Net deferred tax assets (liabilities)       | (80,985) million yen  |

(2) Breakdown of major items that caused major differences between the statutory tax rate and the effective income tax rate after the application of tax effect accounting, when such discrepancies exist

|  |        |
|--|--------|
| The effective tax rate stipulated by the law                                 | 28.0%  |
| (Adjustment)   |        |
| Items that will never be categorized as loss, such as entertainment expenses | 0.4%   |
| Resident tax per capita rate   | 0.4%   |
| Valuation allowance  | (0.3)% |

|  |        |
|--|--------|
| Tax deduction under Act on Special Measures Concerning Taxation  | (0.3)% |
| Reversal of land revaluation   | (3.2)% |
| Others   | 0.8%   |
| The contribution ratio of corporate and other taxes after the application of the deferred tax accounting | 25.9%  |

- (3) Accounting for corporate and local income taxes or tax effect accounting related to these taxes  
The Company and some of its consolidated domestic subsidiaries have applied the group tax sharing system under which the Company is the aggregate parent company. In accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021), the Company accounts for and discloses corporate and local income taxes or tax effect accounting related to these taxes.

17. The amount of assets pledged as collaterals and the amount of secured liabilities  
The assets that are pledged as collaterals and the secured liabilities are as follows:

|  |                       |
|--|-----------------------|
| Assets pledged as collaterals:                 |                       |
| Securities (government bonds)                  | 1,316,209 million yen |
| Securities (foreign securities)                | 196,041 million yen   |
| Cash collateral paid for financial instruments | 5,210 million yen     |
| Total  | 1,517,461 million yen |

Of these collaterals, securities are pledged mainly as collaterals for exclusive accounts for Real Time Gross Settlement (RTGS) of government bonds, securities lending transactions secured by securities and the substitutes for future trades margin.

|  |                     |
|--|---------------------|
| Secured liabilities:                           |                     |
| Payables under securities lending transactions | 706,530 million yen |

18. Market value of financial assets held as collateral for which the Company has free disposal rights  
Not applicable.

19. Matters concerning stock options

(1) Amount and account of expenses related to stock options

Not applicable.

(2) Details, size and status of stock options

(i) Details of stock options

|   |   |
|---|---|
|   | The Company new share subscription rights (1st series)  |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 7<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 40 |
| Number of stock options by class (Note) | Common stock: 449,600 shares  |
| Grant date                              | July 31, 2012   |
| Conditions for vesting                  | Stock options are vested on the grant date.   |
| Requisite service period                | Not applicable.   |
| Exercise period                         | August 1, 2012 to July 31, 2042   |

Note: Presented in terms of the number of shares.

|   |   |
|---|---|
|   | The Company new share subscription rights (2nd series)  |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 7<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 39 |
| Number of stock options by class (Note) | Common stock: 235,500 shares  |
| Grant date                              | August 1, 2013  |
| Conditions for vesting                  | Stock options are vested on the grant date.   |
| Requisite service period                | Not applicable.   |
| Exercise period                         | August 2, 2013 to August 1, 2043  |

Note: Presented in terms of the number of shares.

|   |   |
|---|---|
|   | The Company new share subscription rights (3rd series)  |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 6<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 41 |
| Number of stock options by class (Note) | Common stock: 231,300 shares  |
| Grant date                              | August 1, 2014  |
| Conditions for vesting                  | Stock options are vested on the grant date.   |
| Requisite service period                | Not applicable.   |
| Exercise period                         | August 2, 2014 to August 1, 2044  |

Note: Presented in terms of the number of shares.

|   |  |
|---|--|
|   | The Company new share subscription rights (4th series)   |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 15<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 43 |
| Number of stock options by class (Note) | Common stock: 170,700 shares   |
| Grant date                              | August 3, 2015   |
| Conditions for vesting                  | Stock options are vested on the grant date.  |
| Requisite service period                | Not applicable.  |
| Exercise period                         | August 4, 2015 to August 3, 2045   |

Note: Presented in terms of the number of shares.

|   |  |
|---|--|
|   | The Company new share subscription rights (5th series)   |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 10<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 48 |
| Number of stock options by class (Note) | Common stock: 379,800 shares   |
| Grant date                              | August 1, 2016   |
| Conditions for vesting                  | Stock options are vested on the grant date.  |
| Requisite service period                | Not applicable.  |
| Exercise period                         | August 2, 2016 to August 1, 2046   |

Note: Presented in terms of the number of shares.

|   |  |
|---|--|
|   | The Company new share subscription rights (6th series)   |
| Title and number of grantees            | Directors (excluding Outside Directors) and Executive Officers of the Company: 10<br>Directors (excluding Outside Directors) and Executive Officers of subsidiaries of the Company: 47 |
| Number of stock options by class (Note) | Common stock: 208,200 shares   |
| Grant date                              | August 1, 2017   |
| Conditions for vesting                  | Stock options are vested on the grant date.  |
| Requisite service period                | Not applicable.  |
| Exercise period                         | August 2, 2017 to August 1, 2047   |

Note: Presented in terms of the number of shares.

(ii) Size and status of stock options

For stock options existed during the consolidated fiscal year under review, the number of stock options is presented in terms of the number of shares.

a. Number of stock options

|                                    | The Company new share subscription rights (1st series) | The Company new share subscription rights (2nd series) | The Company new share subscription rights (3rd series) |
|------------------------------------|--|--|--|
| Before vesting                     |  |  |  |
| At the end of previous fiscal year |  |  |  |
| Granted                            |  |  |  |
| Forfeited                          |  |  |  |
| Vested                             |  |  |  |
| Outstanding                        |  |  |  |
| After vesting                      |  |  |  |
| At the end of previous fiscal year | 73,300 shares  | 48,300 shares  | 60,000 shares  |
| Vested                             |  |  |  |
| Exercised                          | 41,600 shares  | 26,900 shares  | 25,900 shares  |
| Forfeited                          |  |  |  |
| Exercisable                        | 31,700 shares  | 21,400 shares  | 34,100 shares  |

|                                    | The Company new share subscription rights (4th series) | The Company new share subscription rights (5th series) | The Company new share subscription rights (6th series) |
|------------------------------------|--|--|--|
| Before vesting                     |  |  |  |
| At the end of previous fiscal year |  |  |  |
| Granted                            |  |  |  |
| Forfeited                          |  |  |  |
| Vested                             |  |  |  |
| Outstanding                        |  |  |  |
| After vesting                      |  |  |  |
| At the end of previous fiscal year | 59,200 shares  | 144,900 shares   | 108,600 shares   |
| Vested                             |  |  |  |
| Exercised                          | 21,000 shares  | 48,000 shares  | 38,700 shares  |
| Forfeited                          |  |  |  |
| Exercisable                        | 38,200 shares  | 96,900 shares  | 69,900 shares  |

b. Unit price information

|                          | The Company new share subscription rights (1st series) | The Company new share subscription rights (2nd series) | The Company new share subscription rights (3rd series) |
|--------------------------|--|--|--|
| Exercise price           | 1 yen  | 1 yen  | 1 yen  |
| Average exercise price   | 2,088 yen  | 2,088 yen  | 2,088 yen  |
| Fair value at grant date | 685 yen  | 1,143 yen  | 1,153 yen  |

|                          | The Company new share subscription rights (4th series) | The Company new share subscription rights (5th series) | The Company new share subscription rights (6th series) |
|--------------------------|--|--|--|
| Exercise price           | 1 yen  | 1 yen  | 1 yen  |
| Average exercise price   | 2,043 yen  | 2,076 yen  | 2,028 yen  |
| Fair value at grant date | 1,708 yen  | 918 yen  | 1,485 yen  |

(3) Method to estimate number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

## Notes to the Consolidated Statement of Operations

### 1. Net income per share

Net income per share in the consolidated fiscal year under review was 183.13 yen.

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stock deducted in calculating the average number of shares during the period.

As a result, the average number of treasury stock during the period deducted in calculating net income per share is 1,181,201 shares.

### 2. Matters concerning impairment loss

Matters concerning impairment loss of the fixed assets in the consolidated fiscal year under review are as follows.

#### (1) Method of asset grouping

All of the real estate used by the Three Life Insurance Companies for the purpose of insurance sales and related operations is classified as one asset group, while each property in the category of the real estate that are used for other purposes or underutilized is classified into individual asset group on its own.

Each party namely the Company and consolidated subsidiaries other than the Three Life Insurance Companies, has its own asset group each containing the real estate used by respective party for business purpose.

#### (2) Reason for the recognition of impairment loss

A part of asset groups saw declines in profitability due partly to a significant fall in market prices and stagnant rents, and as a result their book values were reduced to recoverable amounts where such reduced amounts are recorded as impairment loss under extraordinary losses.

#### (3) Asset groups that recognized impairment loss and the amount of such impairment loss by type of fixed assets

(Millions of yen)

| Use                             | Location  | Type  |               | Total |
|---------------------------------|---|-------|---------------|-------|
|                                 |   | Land  | Building etc. |       |
| Underutilized real estate, etc. | 2 properties in Kanazawa-shi, Ishikawa prefecture | 218   | 84            | 303   |
| Real estate for rent, etc.      | 2 properties in Shunan-shi, Yamaguchi prefecture  | 1,178 | 248           | 1,426 |
| Total                           | -   | 1,397 | 333           | 1,730 |

#### (4) Method of calculating recoverable amount

For recoverable amounts, the net sales value is applied to underutilized real estate, etc. and the use value is applied to real estate for rent, etc.

The net sales value is, in principle, calculated based on appraisal value based on the real estate appraisal standard less estimated cost of disposal. Use value is calculated by discounting future cash flows at 5.20%.

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Matters concerning class and number of issued shares, and class and number of treasury stock

|   | Number of shares at the beginning of the consolidated fiscal year under review (shares) | Increase in the consolidated fiscal year under review (shares) | Decrease in the consolidated fiscal year under review (shares) | Number of shares at the end of the consolidated fiscal year under review (shares) |
|---|---|--|--|---|
| Total number of shares issued:<br>Common shares | 589,000,000   | –  | 45,000,000   | 544,000,000   |
| Treasury stock:<br>Common shares                | 41,882,256  | 17,565,387   | 45,450,680   | 13,996,963  |

Notes: 1. The decrease in the number of shares issued of common shares are due to the reasons as follows.

Cancellation of treasury stock in accordance with the resolution at the Board of Directors' Meeting on November 14, 2023: 45,000,000 shares

2. The increase in the number of treasury stock of common shares are due to the reasons as follows.

Acquisition of treasury stock in accordance with the resolution at the Board of Directors' Meeting on May 15, 2023: 17,543,400 shares

Purchase of fractional shares: 21,987 shares

3. The decrease in the number of treasury stock of common shares are due to the reasons as follows.

Cancellation of treasury stock in accordance with the resolution at the Board of Directors' Meeting on November 14, 2023: 45,000,000 shares

The exercise of stock option: 202,100 shares

Delivery due to the BIP trust: 161,000 shares

Sale due to the BIP trust: 87,400 shares

The Company's sales of fractional shares upon shareholders' request: 180 shares

4. The number of treasury stocks of common shares at the end of the consolidated fiscal year under review includes 1,090,300 shares (1,338,700 shares at the beginning of the consolidated fiscal year under review) of the Company held by the BIP.

### 2. Matters concerning dividends

#### (1) Dividend payment

|   | Class of shares | Total dividends    | Dividends per share | Record date        | Effective date   |
|---|-----------------|--------------------|---------------------|--------------------|------------------|
| Ordinary General Meeting of Shareholders on June 28, 2023 | Common stock    | 17,002 million yen | 31.0 yen            | March 31, 2023     | June 29, 2023    |
| Board of Directors' Meeting on November 14, 2023          | Common stock    | 18,893 million yen | 35.0 yen            | September 30, 2023 | December 6, 2023 |

Notes: 1. The total dividends resolved at the Ordinary General Meeting of Shareholders held on June 28, 2023 include 41 million yen of dividends on treasury stock held by the BIP.

2. The total dividends resolved at the Board of Directors' Meeting held on November 14, 2023 include 40 million yen of dividends on treasury stock held by the BIP.

(2) Of the dividends whose record date is within the consolidated fiscal year under review, those whose effective date is within the following consolidated fiscal year

|   | Class of shares | Total dividends    | Source of dividends | Dividends per share | Record date    | Effective date |
|---|-----------------|--------------------|---------------------|---------------------|----------------|----------------|
| Ordinary General Meeting of Shareholders on June 26, 2024 | Common stock    | 18,588 million yen | Retained earnings   | 35.0 yen            | March 31, 2024 | June 27, 2024  |

Notes: 1. This proposal is scheduled to be voted on June 26, 2024, at the Ordinary General Meeting of Shareholders for approval.

2. Total dividends include 38 million yen of dividends on treasury stock held by the BIP.

### 3. Matters concerning new share subscription rights

| Category    | Breakdown of new share subscription rights     | Balance at the end of the consolidated fiscal year under review (Millions of yen) |
|-------------|--|---|
| The Company | New share subscription rights as stock options | 343   |

### Significant subsequent events

(Acquisition of treasury stock)

At a meeting of the Board of Directors held on May 15, 2024, the Company resolved matters pertaining to the acquisition of treasury stock in accordance with Article 31 of the Articles of Incorporation of the Company pursuant to Article 459, Paragraph 1, Item 1 of the Companies Act.

#### 1. Reason for the acquisition of treasury stock

To enhance shareholder returns and improve capital efficiency.

#### 2. Details of matters relating to the acquisition

|   |  |
|---|--|
| (1) Class of shares to be acquired              | Common stock   |
| (2) Total number of shares that may be acquired | Up to 50,000,000 shares                                    |
| (3) Total acquisition cost of shares            | Up to 50,000 million yen                                   |
| (4) Acquisition period                          | May 23, 2024 to May 13, 2025                               |
| (5) Acquisition method                          | Market purchase through a discretionary transaction method |

The amounts listed in this financial statement are rounded down to the nearest displayed unit.

## Non-consolidated Statement of Changes in Net Assets for Fiscal Year 2023

(from April 1, 2023 to March 31, 2024)

(Millions of yen)

|  | Stockholders' equity |                            |                       |                                   |                         |                         |
|--|----------------------|----------------------------|-----------------------|-----------------------------------|-------------------------|-------------------------|
|  | Common stock         | Capital surplus            |                       |                                   | Retained earnings       |                         |
|  |                      | Additional paid-in capital | Other capital surplus | Total capital surplus             | Other retained earnings | Total retained earnings |
|  |                      |                            |                       | Retained earnings brought forward |                         |                         |
| Balance as of April 1, 2023                          | 207,111              | 89,420                     | 319,276               | 408,697                           | 226,915                 | 226,915                 |
| Changes in the period                                |                      |                            |                       |                                   |                         |                         |
| Dividends from surplus                               |                      |                            |                       |                                   | (35,895)                | (35,895)                |
| Net income   |                      |                            |                       |                                   | 103,918                 | 103,918                 |
| Acquisition of treasury stock                        |                      |                            |                       |                                   |                         |                         |
| Disposal of treasury stock                           |                      |                            | (104)                 | (104)                             |                         |                         |
| Cancellation of treasury stock                       |                      |                            | (81,094)              | (81,094)                          |                         |                         |
| Net changes of items other than stockholders' equity |                      |                            |                       |                                   |                         |                         |
| Total changes in the period                          | -                    | -                          | (81,198)              | (81,198)                          | 68,023                  | 68,023                  |
| Balance as of March 31, 2024                         | 207,111              | 89,420                     | 238,078               | 327,498                           | 294,939                 | 294,939                 |

(Millions of yen)

|  | Stockholders' equity |                            | New share subscription rights | Total net assets |
|--|----------------------|----------------------------|-------------------------------|------------------|
|  | Treasury stock       | Total stockholders' equity |                               |                  |
| Balance as of April 1, 2023                          | (68,361)             | 774,363                    | 570                           | 774,933          |
| Changes in the period                                |                      |                            |                               |                  |
| Dividends from surplus                               |                      | (35,895)                   |                               | (35,895)         |
| Net income   |                      | 103,918                    |                               | 103,918          |
| Acquisition of treasury stock                        | (40,049)             | (40,049)                   |                               | (40,049)         |
| Disposal of treasury stock                           | 705                  | 601                        |                               | 601              |
| Cancellation of treasury stock                       | 81,094               | -                          |                               | -                |
| Net changes of items other than stockholders' equity |                      |                            | (226)                         | (226)            |
| Total changes in the period                          | 41,750               | 28,575                     | (226)                         | 28,348           |
| Balance as of March 31, 2024                         | (26,610)             | 802,938                    | 343                           | 803,282          |

## Individual notes to non-consolidated financial statements

### Notes to matters concerning important accounting policies

1. Appraisal standard and appraisal method for securities  
Appraisal of subsidiary stocks and investments in capital is stated at cost determined by the moving average method.  
In addition, securities with market value are valued by using the market value on the end of the fiscal year under review (valuation differences are reported as a component of shareholders' equity while cost of sales/disposal is valued by the moving average method).
2. Depreciation method for fixed assets
  - (1) Tangible fixed assets (excluding lease assets)  
The Japanese declining balance method is adopted for tangible fixed assets (provided, however, that the straight-line method is adopted for buildings (excluding attached facilities) and for attached facilities acquired on or after April 1, 2016).  
The service life ranges of major types of assets are as follows:  
Buildings and attached facilities: 8 to 38 years  
Equipment and furniture: 3 to 15 years
  - (2) Lease assets  
With regard to the lease assets concerning finance lease transactions that do not involve transfer of ownership, the lease periods are considered their service life, and the straight-line method is used.
3. Posting standard for reserves
  - (1) Reserve for bonus to directors and audit & supervisory board members  
To provide for the payment of directors' and audit & supervisory board members' bonuses, the Company has posted an allowance for an estimated amount of bonus payment during the fiscal year under review.
  - (2) Provision for share-based remuneration  
To provide for the grant of the Company's shares to directors and audit & supervisory board members, the estimated provision of share-based remuneration obligations is recorded based on the internal rules of the Company and the Three Life Insurance Companies.
  - (3) Provision for retirement benefits  
To provide for the payment of employees' retirement benefits, the Company has posted an allowance for an estimated amount of retirement benefits at the end of the fiscal year under review. The simplified method is applied to the calculation of retirement benefit obligations, using the amount required for voluntary retirement at the end of the fiscal year as the retirement benefit obligation.
4. Matters relating to revenue recognition  
Breakdown of ordinary revenue in lieu of net sales is omitted because most of it consists of dividends received from affiliated companies outside the scope of application of the same accounting standard and revenue from contracts with customers is immaterial based on Paragraph 3 of the ASBJ Statement No. 29 (March 31, 2020) Accounting Standard for Revenue Recognition.
5. Additional information  
(Transactions to deliver the Company's shares to employees, etc. through trust)  
Notes on the BIP is omitted as the same information is stated in "Additional information" under "Individual notes to consolidated financial statements."

### Notes to the Non-consolidated Balance Sheet

#### 1. Monetary claims and liabilities toward affiliated companies

|                                 |                     |
|---------------------------------|---------------------|
| Short-term monetary claims      | 779 million yen     |
| Short-term monetary liabilities | 491 million yen     |
| Long-term monetary claims       | 198,188 million yen |
| Long-term monetary liabilities  | 59,302 million yen  |

|  |                 |
|--|-----------------|
| 2. Accumulated depreciation of tangible fixed assets | 241 million yen |
|--|-----------------|

### Notes to the Non-consolidated Statement of Operations

#### Volume of transactions with affiliated companies

|   |                     |
|---|---------------------|
| Volume of transactions by operating transaction         |                     |
| Operating income  | 110,298 million yen |
| Operating expenses                                      | 307 million yen     |
| Volume of transactions other than operating transaction |                     |
| Non-operating expenses                                  | 410 million yen     |

### Notes to the Non-consolidated Statement of Changes in Net Assets

#### Class and number of treasury stock shares at the end of the fiscal year under review

|              |                   |
|--------------|-------------------|
| Common stock | 13,996,963 shares |
|--------------|-------------------|

Note: The number of treasury stocks of common shares at the end of the fiscal year under review includes 1,090,300 shares of the Company held by the BIP.

### Notes to deferred tax accounting

#### 1. Breakdown of deferred tax assets by major reason

|   |                   |
|---|-------------------|
| (Deferred tax assets)                             |                   |
| Losses on valuation of investment in subsidiaries | 652 million yen   |
| Long-term accounts payable-other                  | 50 million yen    |
| Share-based compensation expenses                 | 106 million yen   |
| Reserve for bonuses                               | 52 million yen    |
| Others  | 47 million yen    |
| <hr/>   |                   |
| Subtotal of deferred tax assets                   | 909 million yen   |
| Valuation reserve                                 | (637) million yen |
| <hr/>   |                   |
| Total of deferred tax assets                      | 272 million yen   |

#### 2. Breakdown of major items that caused major differences between the normal effective statutory tax rate and the contribution ratio of corporate and other taxes after the application of the deferred tax accounting, when such discrepancies exist

|  |          |
|--|----------|
| The effective tax rate stipulated by the law   | 30.6 %   |
| (Adjustment)   |          |
| Non-calculation of proceeds such as received dividend  | (30.6) % |
| Valuation reserve  | (0.0) %  |
| Others   | 0.1 %    |
| <hr/>  |          |
| The contribution ratio of corporate and other taxes after the application of the deferred tax accounting | 0.1 %    |

#### 3. Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company has applied the group tax sharing system under which the Company is the aggregate parent company. In accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021), the Company accounts for and discloses corporate and local income taxes or tax effect accounting related to these taxes.

## Notes to transactions with related parties

### Subsidiaries and affiliated companies

| Type       | Name of company, etc.        | Ratio of ownership of voting rights, etc. | Relationship with related parties                   | Description of transactions     | Amounts of transactions (Millions of Yen) | Account title                                     | Balance at end of the fiscal year (Millions of Yen) |
|------------|------------------------------|---|---|---------------------------------|---|---|---|
| Subsidiary | Taiyo Life Insurance Company | Direct ownership 100%                     | Major subsidiary engaged in the insurance business  | -                               | -   | Long-term loans receivable from subsidiaries (*1) | 50,000  |
|            |                              |   |   | Receipt of interest (*1)        | 601                                       | Other   | 9   |
|            |                              |   |   | Repayment of loans payable (*2) | 6,400                                     | Long-term borrowings from subsidiaries (*2)       | 29,650  |
|            |                              |   |   | Payment of interests etc. (*2)  | 205                                       | Accounts payable                                  | 27  |
| Subsidiary | Daido Life Insurance Company | Direct ownership 100%                     | Major subsidiary engaged in the insurance business  | Repayment of loans payable (*2) | 6,400                                     | Long-term borrowings from subsidiaries (*2)       | 29,650  |
|            |                              |   |   | Payment of interests etc. (*2)  | 205                                       | Accrued expenses                                  | 27  |
| Subsidiary | T&D United Capital Co., Ltd. | Direct ownership 100%                     | Major subsidiary engaged in the investment business | -                               | -   | Long-term loans receivable from subsidiaries (*3) | 148,100   |
|            |                              |   |   | Receipt of interests (*3)       | 1,125                                     | Other   | 218   |

Terms and conditions for the transactions and the decision policy thereof

Notes:

\*1 The interest rate on long-term loans receivable from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, the entire loan is a subordinated loan.

\*2 The interest rate on long-term borrowings from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc.

\*3 The interest rate on long-term loans receivable from subsidiaries, which is an unsecured loan with lump-sum repayment at maturity, is reasonably determined by taking into account market interest rate, etc. Additionally, the balance of long-term loans receivable from subsidiaries of 148.1 billion yen as of the fiscal year end includes a subordinated loan of 79.4 billion yen.

### Notes on information per share

Net assets per share 1,514.97 yen

Net income per share 192.66 yen

Note: The shares held by the Company remaining in the BIP which are accounted for as treasury stock in shareholders' equity are included in the number of treasury stocks deducted from the total number of shares issued at the end of the fiscal year under review to calculate net assets per share, and also included in the number of treasury stock deducted from the average number of shares during the period to calculate net income per share.

As a result, the number of treasury stocks at the end of the fiscal year under review deducted in calculating net assets per share is 1,090,300 shares, and the average number of treasury shares during the period deducted in calculating net income per share is 1,181,201 shares.

## Notes concerning important subsequent event

### (Acquisition of treasury stock)

At a meeting of the Board of Directors held on May 15, 2024, the Company resolved matters pertaining to the acquisition of treasury stock in accordance with Article 31 of the Articles of Incorporation of the Company pursuant to Article 459, Paragraph 1, Item 1 of the Companies Act.

1. Reason for the acquisition of treasury stock  
To enhance shareholder returns and improve capital efficiency.
2. Details of matters relating to the acquisition
  - (1) Class of shares to be acquired                      Common stock
  - (2) Total number of shares that may be acquired      Up to 50,000,000 shares
  - (3) Total acquisition cost of shares                      Up to 50,000 million yen
  - (4) Acquisition period                                      May 23, 2024 to May 13, 2025
  - (5) Acquisition method                                      Market purchase through a discretionary transaction method

The amounts listed in this financial statement are rounded down to the nearest displayed unit.