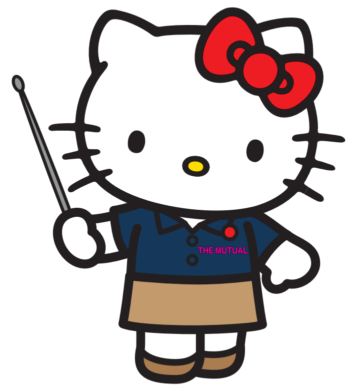
ANNUAL REPORT

YEAR ENDED MARCH 31, 2024



HelloKitty

2024

FUKOKU MUTUAL LIFE
INSURANCE COMPANY

Management Philosophy of Fukoku Life

Management Philosophy

Fukoku Life will continue adhering to its original management philosophy of protecting the interests of policyholders and contributing to society. In addition, we will continue to help our employees achieve personal fulfillment.

- Protecting the interests of our policyholders
- Contributing to society
- Helping our employees achieve personal fulfillment

Customer-centered Values

First & Fast

Values

Customer-centered Values

Applying customer-centered values means that all executives and employees of Fukoku Mutual Life Insurance Company consistently adopt customer perspectives while creating and rendering distinctive services and experiences that provide our customers with a true sense of security.

We will continue to view customer-centered values as the springhead for all of our most critical corporate activities.

Code of Conduct

Our Customers

- **Consistently apply customer-centered values**
- **Always act in an honorable and upright manner**

Ask yourself:
- Are your actions, and your future actions, customer centered?
- Can you confidently tell your family and friends that your actions today were customer- centered?

Our Communities

- **Continue to emphasize the importance of life insurance**
- **Facilitate the achievement of a brighter future**

Ask yourself:
- Have you impressed upon others the importance of life insurance today?
- Will your actions give children a brighter future?

Our Employees

- **Remain willing to act without fear of failure**
- **Respect each other and pursue growth as a team**

Ask yourself:
- Do you voluntarily challenge yourself to attempt new things and make improvements?
- Do you share goals with your co-workers and take action?

Business Policies

Further strengthen our management base and provide our customers with stability and security

Fukoku Life will increase the size of its customer base and secure a stable business foundation through enhancement of its consulting capabilities while building a strong financial base through the establishment of a beneficial and self-perpetuating cycle consisting of capital enhancement, appropriate risk-taking, and improvement of returns.

Contribute to the realization of a sustainable society as a mutual company engaged in the life insurance business

A sustainable society is an essential cornerstone for the fulfillment of long-term promises associated with life insurance. Together with its customers, its employees, and the regions and communities it serves, Fukoku Life remains committed to facilitating the achievement of a sustainable society.

Increase employee job satisfaction through human resource development based on customer-centered values

Fukoku Life is committed to enhancing the job satisfaction of its employees by developing human resources capable of applying customer-centered values and establishing environments that encourage them to take on new challenges.

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Message from the President

Founding Principles Inform Management Philosophy

As the only life insurance company in Japan that has maintained a mutual company structure since its establishment, Fukoku Life applies the principles of mutual corporate management in pursuit of a concept it calls THE MUTUAL. Here, the word mutual has the same meaning as when used in the terms mutual company and mutual aid, in reference to the next generation of mutual assistance provided.

Celebrating our centennial

Fukoku Life was founded in 1923 as a mutual company based on policyholder-oriented values, and thanks to your support we celebrated our 100th anniversary last November 22. I would like to take this opportunity to express our Company's sincere gratitude to all of you for your support and patronage.

Yoshiteru Yoshida, our second president and effectively the founder of Fukoku Life, insisted on adopting a mutual company format. He was committed to the idea in the belief that the ethos underlying insurance is based on the mutual support provided by policyholders who form insurance organizations and help each other. Our founding policyholder-oriented principles have been passed down through our management philosophy of protecting customer-centered interests and values.

Mutual company insurance business

Life insurance is a highly public business that is closely related to people's lives. Article 1 of the Insurance Business Law refers to the public nature of the insurance business, meaning that policyholders are to be protected. Given that our management philosophy stipulates the need to protect the interests of our policyholders, we see the mutual company structure as being the best format. It is one in which mutual company management concentrates on the interests of long-term policyholders, while at the same time life insurance guarantees customers' contracts for a very long time.

We believe that our most important responsibility as an insurance company is to ensure the reliable payment of claims, no matter when. And, being a mutual company, we consider it our mission to provide customers with reductions in insurance premiums by increasing dividend payouts.

To celebrate our 100th anniversary, we have been working on a centennial project based on a concept called THE MUTUAL since 2018. This refers to the next generation of mutual aid that will evolve over the coming century, based on empathy, connection, and mutual support.

As a mutual company, we play a role in connecting people who help each other. For people to connect, empathy is necessary, but it requires face-to-face interaction. Since empathy leads to trust, and trust to peace of mind, we are committed to delivering peace of mind face to face.

That said, we are flexible in responding to the requests of those who do not wish to meet in person; we strive to provide customer-oriented services by using IT and digital technologies. In effect, we will continue engaging in sales activities that combine real and digital interaction.

Essence of life insurance

All our executives and employees receive a booklet we have compiled, titled Our Founding Spirit, that summarizes Yoshida's thoughts and beliefs. It is used in training, and I myself reread it from time to time. Having reached our centennial, we are working to ensure that the founding philosophy continues to be reflected in our business operations.

Life insurance differs from other financial products in that it involves not only money but also life. For this reason, I find that Yoshida's words quoted in the booklet, Insurance Gives Policyholders and Their Families Mental and Financial Well-being and Benefits, resonate with me. By preparing policy holders for emergencies, insurance provides peace of mind, which is the foundation of well-being.

Consequently, when emergencies do occur, financial hardship is not inflicted on top of tragedy. Making sure of this is, I believe, the role of life insurance. In addition to delivering economic benefits through the payment of insurance claims and benefits, customer advisors pay close attention to what customers tell them. I believe that by doing so, as a company, we can be a source of emotional support.

Keeping our promises

Life insurance is a covenant that extends beyond a single lifetime to include subsequent generations, making it a never-ending endeavor. Just as we have been doing for the past century, we aim to maintain sound management for the coming 100 years, remaining a Company that fulfills promises to its customers, even in the face of major disasters and economic crises.

Echoing the words of our fourth president, Jiro Satake, we are committed to maintaining the soundness of our Company so as to cause our customers no inconvenience. Back in 1951, he emphasized the need to value quality over quantity, based on sound management principles. This is the essence of the life insurance business, and it is the DNA that has been consistently passed down through the core of our management. I believe that following this management philosophy has resulted in exceptional soundness.

In the past fiscal year, our robust financial base received top marks. We were upgraded by three credit rating agencies, thus allowing our customers to judge for themselves our ability to pay insurance claims. The US rating agency Standard & Poor's has given us the highest rating of AAA for capital adequacy. I attribute this to our practice of quality-oriented management and our motto, "Value quality over quantity." We intend to continue working to further enhance dividend returns and maintain top-notch financial soundness, so that we may keep our promises to our customers irregardless of circumstances.

Unwavering core values

I believe we have been able to celebrate our centennial precisely because we have been able to differentiate our management based on unwavering core values, namely, our policyholder-oriented founding principles; the unwavering founding legacy of our management philosophy of protecting the interests of our policyholders; our Company motto and DNA of valuing quality over quantity; together with our commitment to the mutual company format, face-to-face interaction, and soundness.

Thanks to the differentiation of our business management, we enjoy robust financial soundness built on solid capital. We have raised the dividends of individual insurance policyholders for 12 consecutive years.

The Company's Medium-term Management Plan is to achieve our long-term management vision of being the top insurance company in terms of customer satisfaction. That said, while we will remain true to our fundamental core values, ours is an era of upheaval. This requires that we continue making fine-tuned adjustments, while at the same time thoroughly pursuing differentiation.

Adapting to a new era of positive interest rates

In July and October 2023, the Bank of Japan loosened its yield curve control, which it then abolished in March 2024. The bank went on to lift its negative interest rate policy and raise interest rates for the first time in 17 years. In the capital markets, 10-year government bond yields, which serve as indicators of long-term interest rates, are on the rise, and Japan is in the process of going back to having interest-bearing markets again.

In addition, I sense a growing need for asset building. This, I believe, is due in part to the creation of a new type of tax exemption program—the Nippon Individual Savings Account—began in April 2024 and designed for small investments. Insurance companies, too, are being called on to provide savings products that meet such needs.

We have increased profitability through a risk-taking strategy in asset management backed by strong capital. As a result, in April 2023 and April 2024 respectively, we raised the assumed interest rates of our Mirai no Tsubasa educational insurance and Mirai Plus individual annuity insurance to the highest levels in the industry. We will continue working to raise our profitability and to provide products and services that meet our customers' asset building needs in this new era of positive interest rate.

Financial Results for FY2023

In terms of insurance performance, sales of Fukoku Life's educational insurance and Fukokushinrai Life's interest rate renewal type single premium whole life insurance were strong. The combined annualized premiums for new policies of the companies increased 6.6% year on year, marking the third consecutive year of growth.

In terms of asset management, Fukoku Life Insurance's non-consolidated interest and dividend income reached a record high for the sixth consecutive year, and interest rate gains also reached a record high. Our fundamental profit (the standard measure of an insurance company's profitability) saw significant growth, doubling year on year to a record high. Our consolidated solvency margin ratio, an indicator of soundness, remained high at 1,189.7%.

In order to meet the expectations of policyholders, we added a centennial commemorative dividend and increased the interest dividend on our savings products. This marks the 12th consecutive year of dividend increases for policyholders of our individual insurance policies.

In the corporate insurance sector, we have also increased the dividend rate on defined benefit corporate pension plans, and our yield, including dividends, is now the highest in the industry.

Since life insurance is based on the spirit of mutual assistance, a portion of the insurance premiums we receive is used to pay out insurance benefits to customers in the event of an accident. In fiscal 2023, along with Fukokushinrai Life, we received a combined total of ¥758.3 billion in insurance premiums and paid out ¥509.8 billion in insurance claims, annuities, and benefits.

Medium-term Management Plan

To draw closer to our long-term management vision of being the top insurance company in terms of customer satisfaction the key themes of our Medium-term Management Plan (fiscal 2022–2024) are laying the groundwork for business transformation and adopting initiatives aimed at resolving increasingly diverse social issues. By promoting these themes, we are striving to build a virtuous cycle for sustainable growth that links improvement in employee satisfaction with growth in customer satisfaction.

Specifically, we are promoting action plans formulated across the organization for each initiative theme and, overall, we have been making progress on schedule. Aiming to boost customer satisfaction, our head office and branch offices are working to improve continuation rates, as well as lapses and surrenders, and to enhance after-sales service. We have adopted a plan to use our customers' word-of-mouth recommendation of our services as an indicator of progress in building a virtuous cycle of sustainable growth.

In a policyholder survey conducted in fiscal 2023, there was a year-on-year increase in the percentage of customers who responded that they were "very satisfied," the highest rating on a seven-point scale regarding overall satisfaction with our Company. We plan to continue providing products and services that will leave even more of our customers with the same feeling of satisfaction.

People: The bottom line:

Given our strong financial base and exceptional soundness, Fukoku Life tends to be perceived as being overly cautious. Yet we are an entity with a history of undertaking bold challenges. Our track record of differentiation, including the development of a number of industry-first products, shows this clearly.

As we reflect the changing times by creating new value, products, and services over the coming years, we ask that employees remain steadfast to our core policyholder-oriented and mutual company values. I also head our Human Resource Development Headquarters, and follow Fukoku Life as it approaches human resource development by encouraging spontaneity, creativity, and altruism among our employees.

Synchronization between people means empathy, which is mutually generated. This means that the synchronization of emotions can occur only in real—rather than virtual—face-to-face interaction. This is a fact that has been scientifically proved by measuring blood flow in the brain during remote and face-to-face interactions.

Because face-to-face contact is essential in the life insurance business, it is crucial that opportunities for this be created. Since 2011, we have held roundtable meetings for two-way dialogue with our staff and, as of the end of March this year, we have held a total of 341 such meetings with 2,487 participants. It is a true joy to spend time with employees from a range of workplaces, and of different ages and genders, and to witness the development of empathy through dialogue.

In response to employee requests, since fiscal 2022, we have also been holding open application round-table meetings with officers (including external officers).

Since the atmosphere must be open and relaxed if meetings are to be beneficial, we not only acknowledge each other's individuality, but also believe and trust each other. In this way, we aim to attain a servant leadership style, in which leaders prioritize serving the greater good of the Company. I use the term "servant" here in the sense of "steward." Through this prioritization, leaders can encourage employees with a variety of abilities to step up and play an active role.

By using one-on-one meetings to explore opportunities for employees to thrive and to promote the delegation of authority in their daily work, we encourage our staff to take independent action while supporting their individual aspirations. I believe it is only with such a foundation that we can create new value, which means nothing less than differentiation. And I am convinced that this is what will shape the next 100 years for our Company.

Yoshiteru Yoneyama
President

Fukoku Life's Value Creation Process

Sources of Value Creation

Our founding spirit

Commitment to a policyholder-oriented approach

The only company that has maintained a mutual company structure since its founding

Motto (company motto and company DNA)

Valuing quality over quantity

Management philosophy

Protecting the interests of our policyholders

Contributing to society

Helping our employees achieve personal fulfillment

Values

Customer-Centered Value

Human resource development

Spontaneity, creativity, and altruism

Management Base

Financial capital

Strong financial base

- Solvency margin ratio: 1,147.0%*
- Capital ratio: 13.99%*

Social capital

Stability and security for customers

- Number of policies in force: 3.6 million*
- Insurance claims, annuities, and benefits provided: ¥380.8 billion**

Human capital

Human resources who apply customer-centered values

- Number of sales representatives: 9,515*
- Number of office-based personnel: 2,858*

Intellectual capital

Distinctive, quality-driven management

- Industry-leading product development
- Dynamic asset management that draws on unique perspectives

Management under a Mutual Company System:

Business Policies

- Further strengthen our management base and provide customers with stability and security
- Contribute to the realization of a sustainable society as a mutual company engaged in the life insurance business

Long-term Management Vision

Management strategy — Target differentiation in all business areas

Medium-term Management Plan (Fiscal 2022–2024)

Initiatives targeting the resolution of increasingly diverse social issues

1. Strengthen capacity to provide self-help consulting by integrating face-to-face and digital approaches.
2. Bolster our ties with Generation Z, which includes society's future leaders.
3. Provide stability and security for working women, senior citizens.
4. Promote Groupwide efforts to resolve local issues.
5. Fulfill stakeholder expectations through sustainability-oriented initiatives.

Further strengthen our management base

* As of March 31, 2024
** For the fiscal year ended March 31, 2024

Pursuing Ultra-Long-Term Sustainability

- Increase employee job satisfaction through human resource development based on customer-centered values

Be the top life insurance company in terms of customer satisfaction

Building a virtuous cycle for sustainable growth

Value Created Jointly with Stakeholders

Partnerships with stakeholders

Customers

Sound management of our life insurance business

Offer coverage through our life insurance business

Community and Society

Promote ESG investment and financing

Address climate change and other environmental issues

Employees

Promote health management, work style reforms

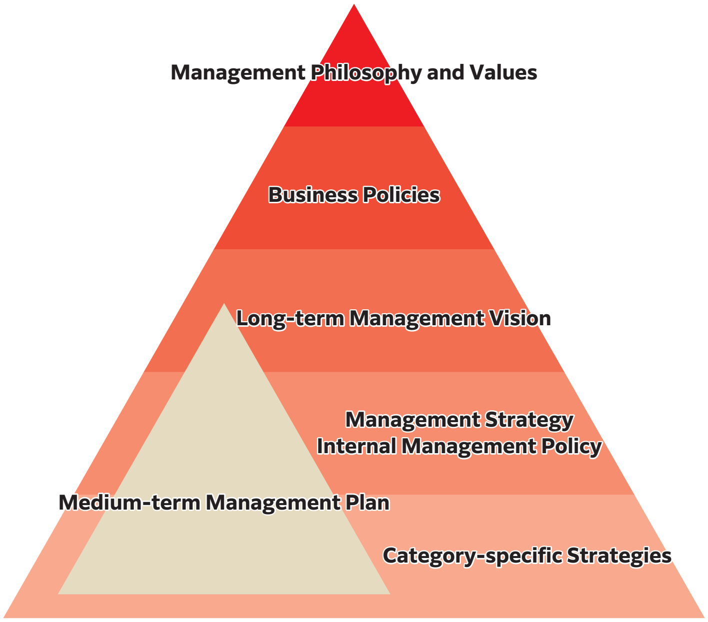
Address human rights and diversity

Achievement of Steadfast and Sustainable Societies

Medium-term Management Plan (Fiscal 2022–2024)

Role of Plan in Management Philosophy

Our Medium-term Management Plan outlines initiatives we will implement over the next three years, as we aim to draw closer to our long-term management vision of being the top life insurance company in terms of customer satisfaction.



Management Philosophy

- Protecting the interests of our policyholders
- Contributing to society
- Helping our employees achieve personal fulfillment

Values

Customer-centered Values
First & Fast

Business Policies

- Further strengthen our management base and provide our customers with stability and security
- Contribute to the realization of a sustainable society as a mutual company engaged in the life insurance business
- Increase employee job satisfaction through human resource development based on customer-centered values

Long-term Management Vision

Be the top life insurance company in terms of customer satisfaction

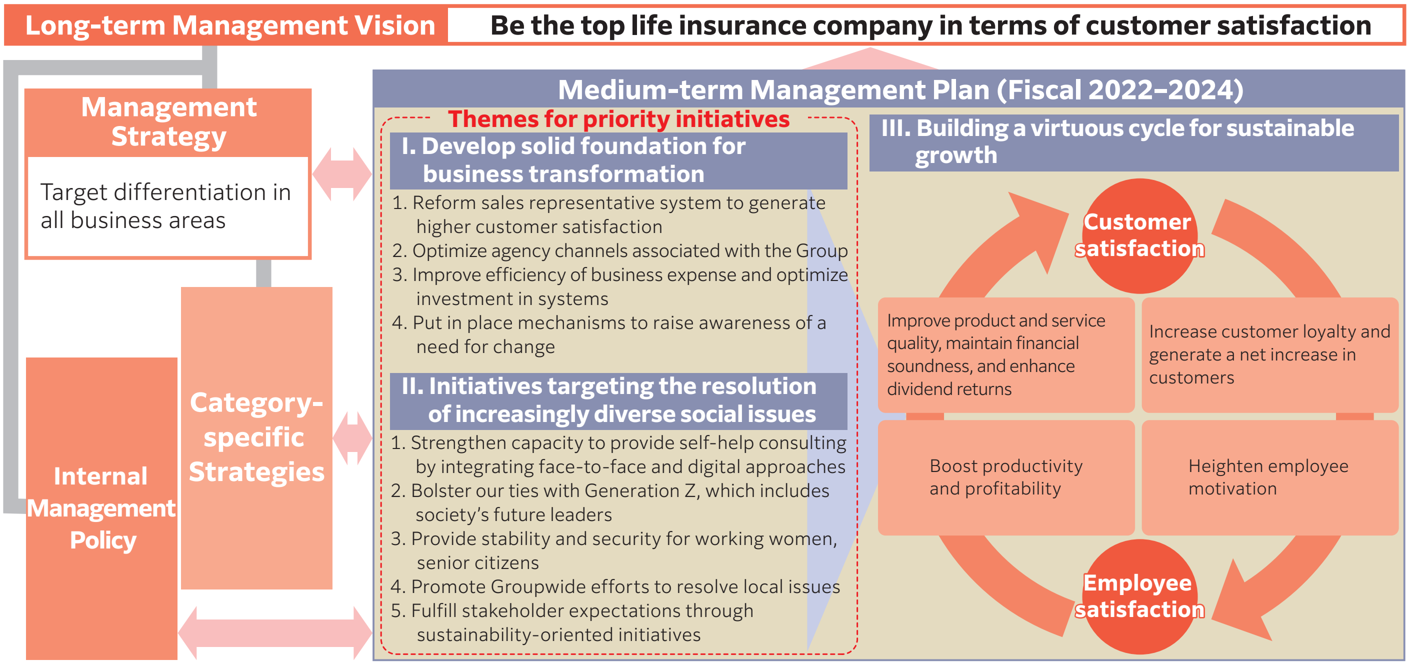
Management Strategy

Target differentiation in all business areas

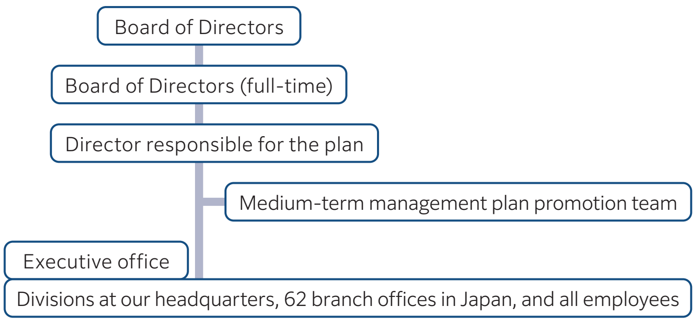
Overview of Current Plan

We have decided to apply two priority themes: development of a solid foundation for business transformation, and initiatives targeting resolution of increasingly diverse social issues. Our objective is to close the gap between our current status, and our long-term management vision, which is to be the top life insurance company in terms of customer satisfaction.

By implementing these themes, we aim to create a virtuous cycle of sustainable growth, involving employee and customer satisfaction.



Framework for Plan's Implementation



Medium-term Management Plan Promotion Team

We have formed a cross-departmental project team that, under the leadership of the general manager of the Priority Theme Administration Division, will ensure the effective implementation PDCA cycles when managing initiatives associated with these priority themes.

Divisions at our headquarters

We will implement the action plans established for each department.

Sixty-two branch offices in Japan (Branch Office Medium-term Management Plan Committee)

Through monthly meetings of the Branch Office Medium-term Management Plan Committee, we will seek to enhance the quality of our services by attaining improved customer-centered indicators.

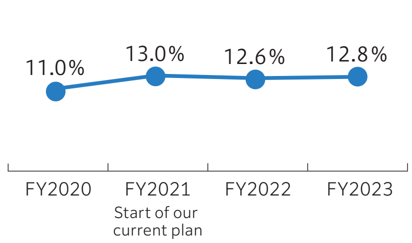
Customer-Centered Action at Headquarters Departments and 62 Branches Nationwide

We implement customer-centered action aimed encouraging realization and awareness so that we can act with customer-oriented values. These endeavors include training centered on discussions for all employees in each department.

We have carried these activities since fiscal 2013, and we will continue to implement them so as to improve employee satisfaction through our business policy of increase employee job satisfaction through human resource development based on customer-centered values, which in turn leads to improved customer satisfaction.

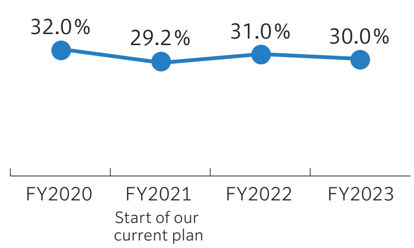
Indicators of Progress in Setting Up a Virtuous Cycle for Sustainable Growth

Indicator One: Customer Satisfaction*



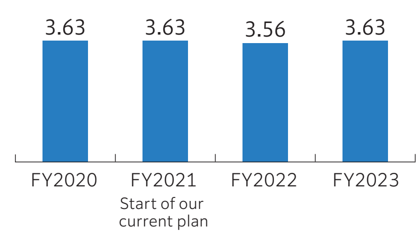
* Percentage of customers who responded "very satisfied" (the highest level of satisfaction out of a total of seven options) to the question, "How satisfied are you with Fukoku Life overall?" in our policyholder survey

Indicator Two: Plan to Recommend Coverage to Others*



* Percentage of customers who answered "yes, I would strongly recommend" or "yes, I would recommend" (the top two choices out of a total of seven) in response to the policyholder survey question "Would you recommend insurance from Fukoku Life to others?"

Indicator Three: Employee Satisfaction*



* Average point total generated by responses to the question "Are you satisfied with your work at Fukoku Mutual Life Insurance Company?" in our staff attitude survey. The possible responses were "yes, very satisfied" (five points), "somewhat satisfied" (four points), "neither satisfied nor dissatisfied" (three points), "somewhat dissatisfied" (two points), and "not at all satisfied" (one point).

Looking Back on Fiscal 2023

Employee satisfaction (indicator three above) dipped in fiscal 2022. Recognizing the urgent need to improve that metric, we reviewed our evaluation process and improved internal communication. The result was increased satisfaction in FY2023.

In sight of customer satisfaction (indicator one), percentage of customers, who responded "very satisfied," increased year on year, although there was a decrease in the number of those indicating willingness to recommend Fukoku Life to family and friends (indicator two).

Our Medium-term Management Plan Promotion Project Team will continue to study and implement effective initiatives, adding and revising action plans by means of the PDCA cycle.

Management As a Mutual Company —Pursuing Ultra-Long-Term Sustainability—

Approach to Sustainability

Fukoku Life is the only company in Japan that has maintained a mutual company structure since its establishment.

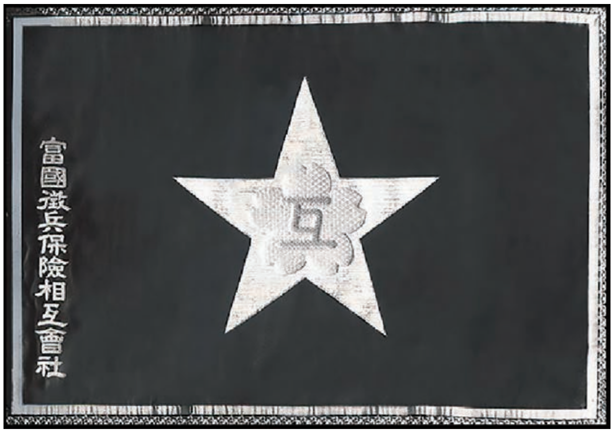
Based on a desire to build a policyholder-oriented company, Yoshiteru Yoshida, the second president and effectively the founder of Fukoku Life, insisted on that structure. Yoshida was committed to the idea in the belief that the ethos underlying insurance is based on mutual support provided by policyholders who form insurance organizations and help each other. Yoshida viewed mutual companies as policyholder-centered organizations, born from a spirit of mutual support.

Our life insurance business, which has a highly public nature and is closely connected to people's lives, is predicated on ultra-long-term sustainability. We believe a mutual company structure is optimal for life insurance companies, since it involves no shareholders and allows such levels of growth to be sought as will best benefit and protect customers.

Life insurance business, which involves lifelong and multigenerational commitment to our customers, is a never-ending endeavor. To ensure that we can fulfill our obligations in perpetuity, we must achieve sustainable growth and ensure ongoing viability.

Sustainable society being a necessary prerequisite for achieving our goals, we view corporate activities aimed at attaining such a society as indispensable. Accordingly, we strive to help secure a sustainable society through each of our mutual support-based corporate activities.

Yoshiteru Yoshida, Fukoku Life's second president



The Company's flag at the time of its establishment. To indicate the company's status as a mutual organization, a Japanese character meaning mutual was embroidered in the center of the flag.

In 1968, we began donating to the Children's Cancer Association of Japan, in order to facilitate more effective treatment for pediatric cancer. By 1983, we had donated ¥1.0 billion.

In 2023, we donated boxes of THE MUTUAL Art for children Oyasai Crayons* (vegetable-based crayons) to nursery schools and other facilities nationwide.

* For more information about Oyasai Crayons, please see the section "Centenary Project" on pages 24 of this report.

Relationship between Fukoku Life and Its Stakeholders

Corporate activities in the spirit of mutual aid

17 PARTNERSHIPS FOR THE GOALS

Contributing to society

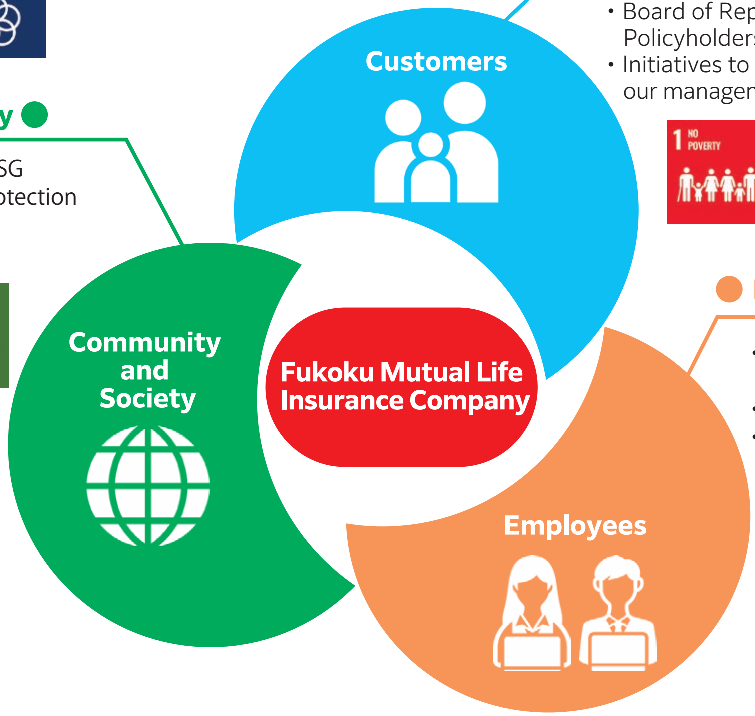
Asset management-driven ESG initiatives, environmental protection initiatives, and others

7 AFFORDABLE AND CLEAN ENERGY · 13 CLIMATE ACTION

Protect policyholder interests

- Offer coverage through our insurance business
- Board of Representative Members of Policyholders
- Initiatives to reflect the voice of customers in our management (Conferences of Policyholders)

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Personal fulfillment

- Promote health management initiatives and work style reform
- Address human rights and diversity
- Employee's personal fulfilment

3 GOOD HEALTH AND WELL-BEING · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES

Priority Initiatives

We have established seven priority initiatives, based on factors such as congruity with our business operations and potential impact on stakeholders.

SUSTAINABLE DEVELOPMENT GOALS

	Initiatives		Relevant SDGs
Customers	**1. Sound management of our life insurance business.** **2. Offer coverage through our life insurance business.**	**7. Partnerships with stakeholders** 17 PARTNERSHIPS FOR THE GOALS	1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Community and Society	**3. Promote ESG investment and financing.** **4. Address climate change and other environmental issues.**		7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Employees	**5. Promote health management, work style reforms.** **6. Address human right and diversity.**		3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES

Review of Operations in Fiscal 2023

Business Performance

Note. Consolidated: total for both Fukoku Mutual Life Insurance Company and Fukokushinrai Life Insurance Company;
non-consolidated: total for Fukoku Mutual Life Insurance Company

New Policies (Individual Insurance and Individual Annuities, Consolidated)

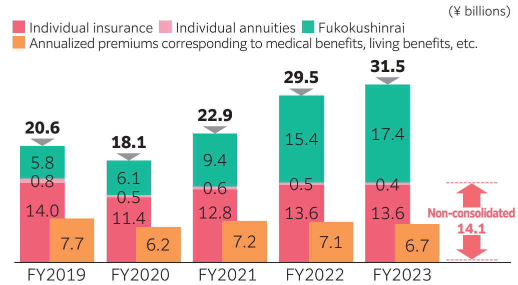
Annualized Premiums

¥31.5 billion (¥14.1 billion, non-consolidated)

Annualized premiums for new policies increased 6.6% year on year, to ¥31.5 billion, exceeding their pre-COVID-19 level in fiscal 2019 and showing substantial growth for the third consecutive year.

■ What are annualized premiums?

Annualized premiums are a indicator that demonstrates how much revenue a life insurance company earns from its policies in one year. They are calculated by adjusting for differences in payment methods and payment periods among various policies (monthly payments, yearly payments, single-premium payments, etc.) and determining the average amount of premiums paid over the entire durations of these policies.



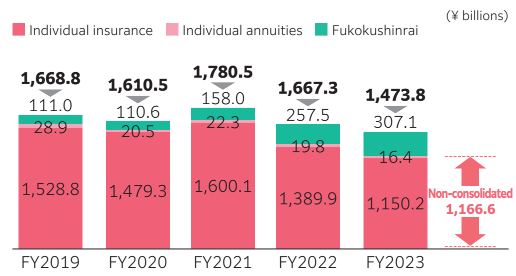
Policy Amounts

¥1,473.8 billion (¥1,166.6 billion, non-consolidated)

Policy amounts for new policies fell 11.6% year on year, amounting to ¥1,473.8 billion. The main reason for this was an increase in the number of insurance policy reviews at Fukoku Life, which resulted in a reduction in coverage amounts for middle-aged and elderly customers as a share of sales of the Company's main products.

■ What are policy amounts?

Policies amounts indicate the total monetary guarantees for which a life insurance company is responsible.



Surrendered and Lapsed Policies (Individual Insurance and Individual Annuities, Consolidated)

Annualized Premiums

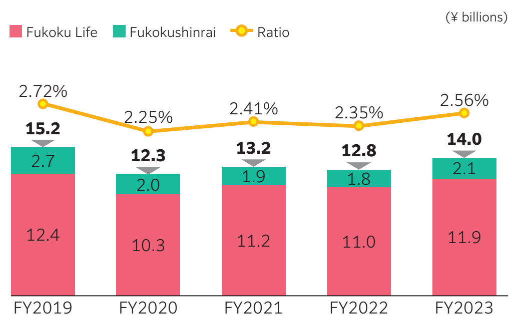
¥14.0 billion (¥11.9 billion, non-consolidated)

Surrendered and Lapsed Ratio (based on annualized premiums)

2.56 % (3.24 %, non-consolidated)

Annualized premiums for surrendered and lapsed policies increased 9.4% year on year, to ¥14.0 billion. The surrendered and lapsed ratio rose year on year, to 2.56%, and remains at a favorable level compared with its pre-COVID-19 level.

$$\text{Surrendered and lapsed policy ratio (based on annualized premiums)} = \frac{\text{Annualized premiums for surrendered and lapsed policies}}{\text{Policies in force at the beginning of the fiscal year}}$$



Policy Amounts

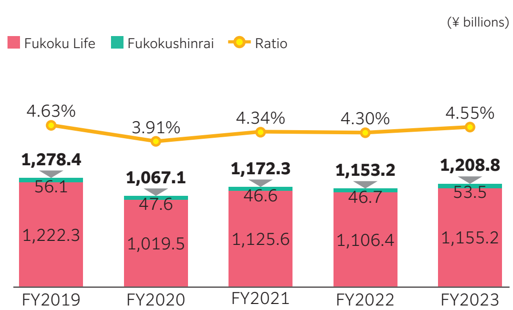
¥1,208.8 billion (¥1,155.2 billion, non-consolidated)

Surrendered and Lapsed Ratio (based on amounts insured)

4.55 % (4.75 %, non-consolidated)

Policy amounts for surrendered and lapsed policies increased 4.8% year on year, to ¥1,208.8 billion. The surrendered and lapsed ratio rose year on year to 4.55%, and remains at a favorable level compared with its pre-COVID-19 level.

$$\text{Surrendered and lapsed policy ratio (based on amounts insured)} = \frac{\text{Policy amounts for surrendered and lapsed policies}}{\text{Policies in force at the beginning of the fiscal year}}$$

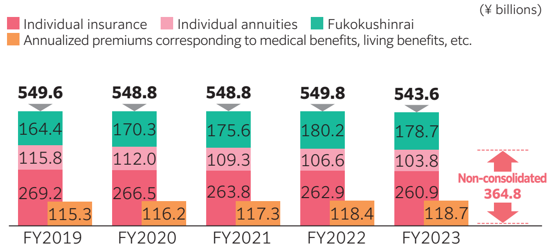


Policies in Force (Individual Insurance and Individual Annuities, Consolidated)

Annualized Premiums

¥543.6 billion (¥364.8 billion, non-consolidated)

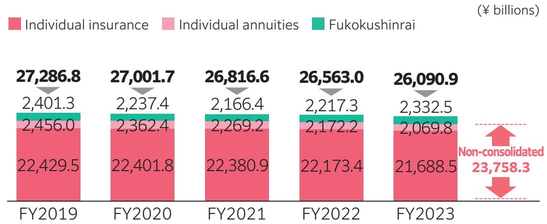
Annualized premiums for policies in force decreased by 1.1% from the end of the previous fiscal year to ¥543.6 billion. Medical coverage and living benefits included in this amount have continued to grow since the Company began disclosing statistics regarding these benefits in FY2003 and have increased for 20 years running.



Policy Amounts

¥26,090.9 billion (¥23,758.3 billion, non-consolidated)

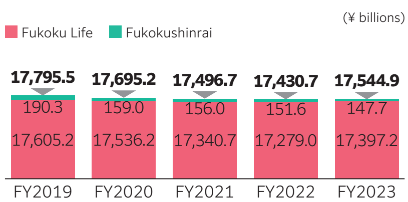
Policy amounts in force declined 1.8% from the end of the previous fiscal year, to ¥26,090.9 billion. Fukokushinrai Life's policy amounts in force increased 5.2% year on year, marking the second consecutive year of growth.



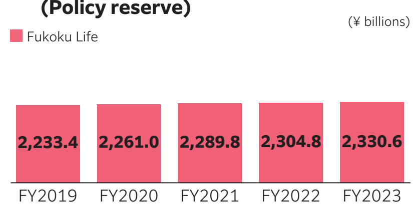
Corporate Insurance (Group Insurance and Group Annuities, Non-consolidated)

We provide comprehensive support to our corporate insurance customers by proposing various products and plans geared toward corporations. Policy amounts in force for group insurance increased 0.7% compared with the end of FY2022, to ¥17,544.9 billion. Meanwhile, policy amounts in force for group annuities increased 1.1% at fiscal year-end, to ¥2,330.6 billion.

Policy Amounts for Group Insurance



Policy Amounts for Group Annuities (Policy reserve)

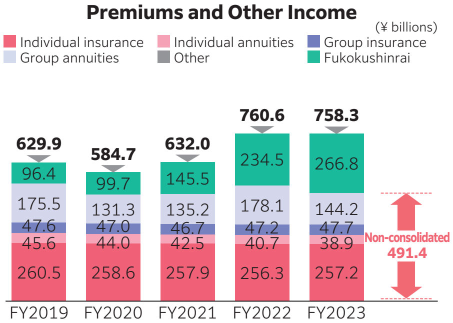


Premiums and Other Income (Consolidated)

¥758.3 billion (¥491.4 billion, non-consolidated)

Premiums and other income fell to ¥758.3 billion, down 0.3% year on year.

Premiums and Other Income



Financial Soundness and Profitability (Non-consolidated)

Fundamental Profit

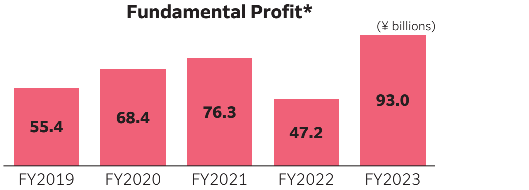
¥93.0 billion

Fundamental profit rose to ¥93.0 billion, 2.0 fold year on year due to an increase in interest gains and an increase in mortality and morbidity gains due to lower hospitalization payouts related to COVID-19.

■ What is fundamental profit?

Fundamental profit is a indicator that demonstrates the periodic fundamental profit or loss of a life insurance company. It includes impact from both insurance-related income and expenses (insurance premiums, payment of insurance claims, operating expenses, etc.) and investment income and expenses (primarily interest, dividends, and other income). It is similar to operating profit reported by general industrial companies and net operating profit recorded by banks.

Fundamental Profit*



* Fundamental profit based on a new definition that is applied since FY2022. Figures for prior years are also calculated using the same definition.

Breakdown of Fundamental Profit

(¥ billions)

	FY2022	FY2023
Fundamental profit*	**47.2**	**93.0**
Insurance-related profit/loss	5.4	33.4
Expense gains/losses	(23.6)	(24.5)
Mortality and morbidity gains/losses	29.0	57.9
Interest gains/losses	41.8	59.5

Solvency Margin Ratio/ Economic Solvency Ratio (ESR)

Solvency Margin Ratio

1,147.0%

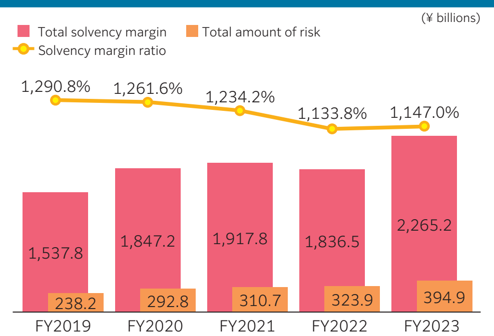
The solvency margin ratio increased to 1,147.0%, up 13.2 percentage points year on year due to factors such as an increase in unrealized gains on securities due to rising stock prices and weaker yen, as well as an increase in internal reserves.

This ratio greatly exceeds the level of 200%, which is widely considered to be a standard indicating financial soundness.

$$\text{Solvency margin ratio (\%)} = \frac{\text{Total solvency margin}}{(1/2) \times \text{Total amount of risk}} \times 100$$

■ What is solvency margin ratio?

Solvency margin ratio is an indicator used by regulatory authorities that measures an insurance company's ability to respond to unexpected events such as major disasters or stock market crashes.



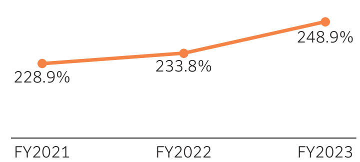
ESR

248.9%

Fukoku Life calculates its ESR in accordance with the leading European methodology, and utilizes it for earnings management, dividend policy, and others, as well as for enterprise risk management (ERM).

The ESR for FY2023 increased year on year thanks to higher capital adequacy resulting from climbing interest rates and a weaker yen, resulting in an ESR of 248.9%.

(Reference) In Europe, ESR-based soundness regulations were introduced in 2016, and major insurance groups generally have ESRs of around 200%.



■ What is ESR?

ESR is an indicator of an insurance company's soundness and indicates whether or not a company has sufficient capital to cover its risks based on market-value assessment of its assets and liabilities. ESR is lower than the solvency margin ratio because ESR is subject to more risk than the solvency margin ratio and the level of that risk is also greater.

In Japan, ESR-based soundness regulations are scheduled to be introduced in FY2025 (ending March 31, 2026), and authorities are considering setting an ESR of 100% as a barometer of soundness.

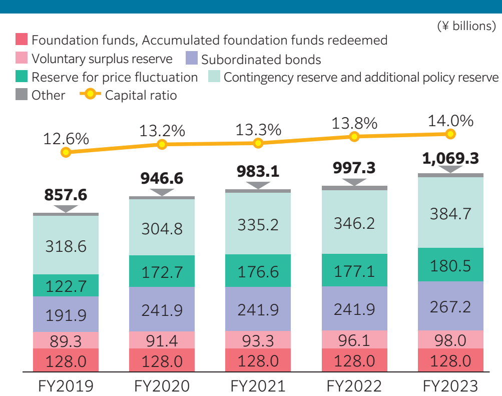
Capital

¥1,069.3 billion

On-balance capital increased to ¥1,069.3 billion, up ¥71.9 billion year on year. Our capital ratio (capital÷total assets) was 13.99%. The solvency margin ratio which accounted for on-balance capital alone is 541.4%.

■ What Is On-balance capital?

We place a great deal of importance on the portion of our total solvency margin that constitutes capital base (excluding unrealized gains on securities and real estate, etc.). Accordingly, we routinely strive to strengthen our capital base, enhancing our internal reserves and obtaining external financing.



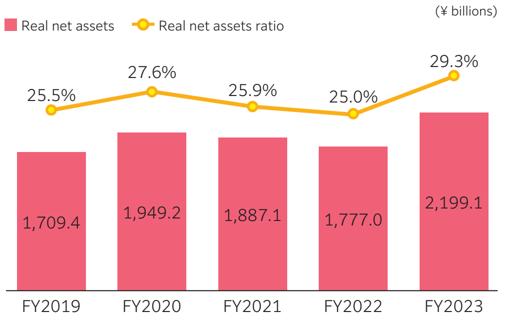
Real Net Assets

¥2,199.1 billion

Real net assets increased to ¥2,199.1 billion, up 23.8% year on year. Meanwhile, our real net assets ratio (real net assets÷general account assets) came to 29.3%.

■ What are real net assets?

In addition to solvency margin ratio, real net assets is an indicator used by supervisory authorities to measure the financial soundness of insurance companies. It is calculated by subtracting liabilities (excluding liabilities with highly capitalistic characteristics, such as reserve for price fluctuation and contingency reserve) from the current market value of total assets. Negative real net assets values sometimes lead to judgments of effective insolvency, as well as business-suspension orders and other restrictions.



Unrealized Gains on Securities and Real Estate

¥1,127.2 billion

Unrealized gains on securities and real estate increased to ¥1,127.2 billion, up ¥361.1 billion year on year. Unrealized gains on securities rose to ¥951.0 billion, up ¥349.1 billion, and unrealized gains on real estate increased to ¥176.2 billion, up ¥11.9 billion year on year, respectively.

■ What are unrealized gains/losses?

Unrealized gains/losses are calculated by subtracting the book values of assets from their corresponding market values. A positive value indicates an unrealized gain, while a negative value indicates an unrealized loss.

(¥ billions)

	As of March 31, 2023	As of March 31, 2024
Securities	**601.8**	**951.0**
Domestic bonds	88.2	(8.9)
Domestic stocks	387.3	581.5
Foreign secutities	101.3	328.2
Real estate (land, leasehold right)	**164.3**	**176.2**
Total	**766.1**	**1,127.2**

Ratings

To help our customers objectively determine how capable we are of paying claims, Fukoku Life obtain ratings from five neutral and unbiased rating organizations. Our current ratings can be found below. We believe this is a reflection of the strong assessment of our financial soundness and profitability. Furthermore, our rating was upgraded by Standard & Poor's from "A" to "A+" in July 2023, and by Fitch Ratings from "A" to "A+" in August 2023.

■ What are life insurance company ratings?

Ratings of life insurance companies are determined by independent third-party rating agencies and demonstrate the degree of reliability at which life insurance companies are capable of paying insurance claims and benefits in accordance with policies (insurance claims paying ability).

Rating and Investment Information, Inc. (Insurance Claims Paying Ability)	Japan Credit Rating Agency, Ltd. (Insurance Claims Paying Ability)	S&P Global Ratings (Insurer Financial Strength Rating)	Moody's (Insurance Financial Strength Rating)	Fitch Ratings, Inc. (Insurance company financial rating)
AA-	**AA**	**A+**	**A2**	**A+**
Very high claims paying ability supported by some excellent factors.	A very high level of certainty to honor the financial obligations.	The Company has a high capacity for fulfilling its insurance policy obligations, but is slightly too susceptible to potential impact from business environment deterioration to achieve either of our highest two ratings (AAA and AA).	Outlook:positive The Company is in the upper-middle range of rated organizations and has low credit risk.	Suspension or stoppage of payments is unlikely, and the ability to meet policyholder and other contractual obligations without delay is strong. However, the impact of changes in the business and economic environment can be greater compared with higher rated entities.

Notes:
1. The ratings indicated are current as of August, 2024.
2. The ratings indicated are the opinions of their respective rating agencies and do not indicate guarantees regarding the payment of insurance claims. These ratings are also continuously monitored by their respective agencies and are subject to change.
3. Rating and Investment Information, Inc., Japan Credit Rating Agency, Standard & Poor's, Moody's, and Fitch Ratings are credit rating agencies stipulated by the Financial Instruments and Exchange Act.
4. A "+" or "-" sign may be added after the rating to indicate its relative position within the same grade. (Moody's assigns the numbers 1, 2, and 3 to the rating, with "1" being the highest and "3" being the lowest.)

Investment Performance (General Account)

Overview

In fiscal 2023, the global economy remained resilient, particularly in the United States, while inflation rates kept slow due to continued monetary tightening by major central banks around the world.

The U.S. economy remained strong thanks to growing consumer consumption amid a robust employment and income environment, as well as increased capital investment driven by factory construction in response to the trend toward reshoring of production to the U.S. The European economy stagnated as inflation sapped consumer consumption and rising loan interest rates sapped capital investment and housing investment. The Chinese economy made modest headway, despite the drag on the economy from sluggish housing demand, thanks to solid consumer consumption buttressed by increased spending on dining out, travel, and automobiles, as well as increased capital investment, primarily in the manufacturing industry. The Japanese economy was sluggish due to rising prices outpacing wage increases in personal consumption, but it has been on a gradual recovery thanks to strong inbound demand due to the weak yen and increased exports, including automobiles, whose production recovered as a result of easing of parts shortages.

In terms of monetary policy, major central banks around the world continued to tighten its monetary policy in order to achieve their price targets. The Federal Reserve Board raised its policy interest rate from 4.75-5.00% at the end of March 2023 to 5.25-5.50% in July, and has left it at that level since. The European Central Bank raised its key policy interest rate from 3.5% at the end of March 2023 to 4.5% in September and has left it unchanged since. Both central banks also continued with quantitative tightening. After loosening its Yield Curve Control (YCC) management in July and October, the Bank of Japan determined that the situation had become such that it could anticipate a sustainable and stable achievement of its 2% "price stability target," and in March it abolished YCC and lifted its negative interest rate policy, raising interest rates for the first time in 17 years and setting its target range for the uncollateralized overnight rate at 0.0-0.1%. However, it decided to continue purchasing long-term Japanese Government Bonds (JGBs) for the time being.

We continued a risk-taking strategy backed by our robust capital. Specifically, we continued to reduce FX hedged foreign currency-denominated bonds until reaching a balance to zero, the profitability of which had declined significantly due to high forex hedging cost rates. On the other hand, we increased unhedged foreign currency-denominated bonds, as global long-term interest rates have risen to a level that allows us to secure a certain level of profits even if the yen were to appreciate significantly in the future. In addition, in the interest of diversifying investments, we also increased the volume of alternative assets such as private equity funds. In terms of yen-denominated bonds, we took advantage of the timing when interest rates rose and increased our holdings, mainly of super-long JGBs.

We also engaged in ESG (environmental, social, and governance) related investments and financing based on our policy, "contribute to the realization of a sustainable society as a mutual company engaged in the life insurance business". Specifically, we invested in bonds that support women's health and empowerment in Latin American and Caribbean countries.

In stewardship activities, we made recommendations aimed at contributing to enhancement of corporate value and sustainable growth through constructive "purposeful dialogue" based on a deep understanding of investee companies and their business circumstances, as well as consideration for factors related to medium- to long-term sustainability (ESG-related factors, etc.).

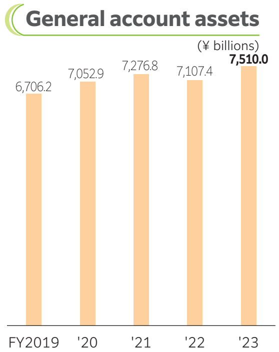
In addition to these efforts, in order to further set our asset management apart from our competition, we endeavored to deepen our global diversification of investments by, strengthening the investment capabilities of our overseas asset management subsidiaries and working with other overseas asset management companies with which we have signed memorandum of understanding regarding the investment of regions and asset classes in which our Group lacks sufficient coverage on its own. By sending trainees to these asset management companies and acquiring investment know-how through regular exchanges of ideas, we are working to enhance our asset management capabilities as well as cultivate globally minded human resources who can put advanced asset management into practice.

Investment income increased by ¥13.5 billion to ¥246.0 billion (up 5.8% year-on-year). This was due to an increase in interest and dividend income, which reached a record high thanks to growth in domestic and foreign stock dividends, as well as an increase in gains on the sale of securities thanks to the realization of unrealized gains on domestic stocks.

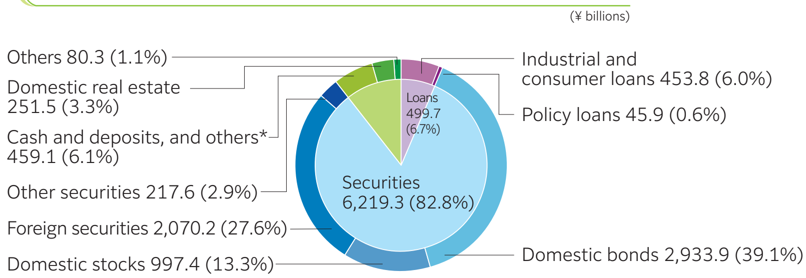
Investment expenses shrank by ¥4.3 billion to ¥86.7 billion (down 4.8% year-on-year) thanks to a significant drop in forex hedging costs through a reduction in FX-hedged foreign currency-denominated bonds, despite an increase in losses on the sale of securities due to the replacement JGBs to improve yields.

As a result, net investment income increased by ¥17.8 billion to ¥159.3 billion (up 12.6% year-on-year).

General account assets



Breakdown of general account assets (as of March 31, 2024)



Total: ¥7,510.0 billion

* This total includes cash and deposits, call loans and money held in trust.

Domestic Bonds

As domestic super-long-term interest rates climbed, we increased super-long JGBs, but unrealized gains on already held bonds decreased, resulting in a decline of ¥69.1 billion, to ¥2,933.9 billion (down 2.3% year-on-year).

Domestic Stocks

Owing to an increase in unrealized gains due to rising stock prices, domestic stocks increased by ¥188.6 billion to ¥997.4 billion (up 23.3% year-on-year).

Foreign Securities

The profitability of FX-hedged foreign currency-denominated bonds fell off sharply due to persistently high foreign exchange hedging cost rates, and we therefore reduced balance to zero. Meanwhile, we significantly increased super-long-term FX unhedged foreign currency-denominated bonds, which became more attractive investments thanks to rising long-term interest rates globally, and unrealized gains increased due to the depreciation of the yen, resulting in an increase of ¥365.1 billion to ¥2,070.2 billion (up 21.4% year-on-year).

Industrial and Consumer Loans

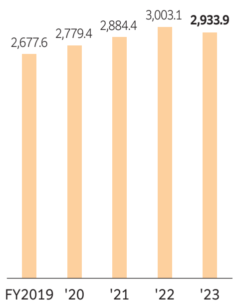
Thanks to our focus on projects with sufficient profits, repayments exceeded lendings, resulting in a decrease of ¥23.3 billion to ¥453.8 billion (down 4.9% year-on-year).

Domestic Real Estate

Investments in domestic properties that are expected to generate stable rental income over the medium to long term led to an increase of ¥8.5 billion to ¥251.5 billion (up 3.5% year on year).

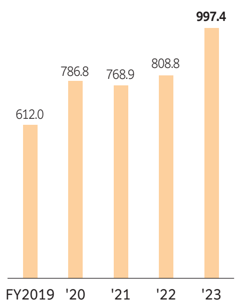
Domestic bonds

(¥ billions)



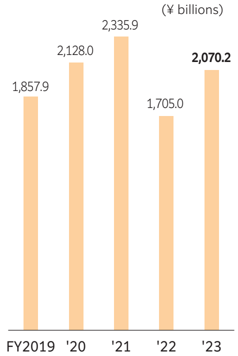
Domestic stocks

(¥ billions)



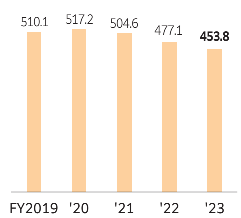
Foreign securities

(¥ billions)



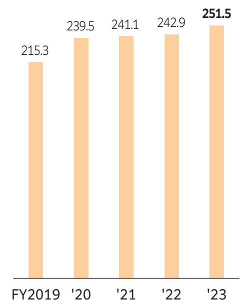
Industrial and consumer loans

(¥ billions)



Domestic Real estate

(¥ billions)



Investment Policies for Fiscal 2024

Investment Environment

The global economy will likely remain resilient, driven by personal consumption, as the employment and income environment remains strong. Given this economic environment, long-term interest rates in the United States and Europe are likely to decline slightly as inflation slows. Japan's long-term interest rates are likely to rise slightly as the Bank of Japan raises policy rate gradually. Stock prices both in Japan and overseas are expected to continue to rise, driven by solid corporate earnings. As for exchange rates, the yen is likely to appreciate slightly against the US dollar due to the narrowing interest rate gap between Japan and the United States.

That said, financial markets carry a high level of uncertainty, and if Donald Trump wins the US presidential election, factors such as expanded domestic tax cuts and increased international friction could have a significant impact on stock prices and long-term interest rates. In addition, depending on the situation in the Middle East and Ukraine, resource prices could undergo significant fluctuation, which could impact the monetary policies of major central banks around the world.

Domestic Bonds

We will refrain from aggressively increasing super-long JGBs until the yield reaches a level (over 2%) that adequately improves the profitability of our portfolio. For the time being, we will limit our operations to selling low-yielding bonds and replacing them with bonds with longer remaining maturities.

Domestic Stocks

We will invest in stocks that are likely to generate increased profits even if inflation accelerates.

Foreign Securities

In unhedged foreign currency-denominated bonds, we plan to build up our holdings, focusing on super-long-term sovereign bonds, which can be held over long periods of time and ensure sufficient profitability even if the yen appreciates significantly at the time of redemption. In foreign stocks and other securities, we will increase our holdings of funds that more profitable than other asset classes and whose performance is more immune to market trends.

Industrial and Consumer Loans

We will select and execute projects that are commensurate with our assumed interest rate.

Domestic Real Estate

We will invest in domestic properties and real estate funds that are expected to generate stable rent income over the medium to long term.

Environmental Protection Initiatives

Fukoku Life Implements Environment-friendly Activities.
We believe that the issue of climate change, including measures to deal with global warming, presents tremendous impacts for a sustainable society. We pursue environment-friendly activities through initiatives for environmental protection (energy and resource conservation initiatives, forest protection activities) and initiatives channeled through asset management (ESG investment and financing).

Initiatives for Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
In June 2020, Fukoku Life officially endorsed recommendations issued by the Task Force on Climate-related Financial Disclosures. Our endorsement of the TCFD recommendations reflects our recognition of the importance of climate change and our commitment to helping attain a secure and sustainable society.

●Governance
Our Sustainability Working Group monitors the status of SDG-related initiatives, including those associated with climate change, and reports its findings to the Board of Directors.

●Strategy
By managing climate change-related risks, we endeavor to limit downward slides in earnings and use climate change-related issues as opportunities to generate revenue.

Risks
- Increase in payments of insurance claims and other benefits following natural disasters, such as floods caused by global warming, and typhoons; growth in morbidity and mortality rates stemming from outbreaks of mosquito-borne tropical diseases and other infectious contagions caused by rising average temperatures (physical risk)
- Negative impact on the value of invested and financed assets, resulting from policy changes in, and technological innovations associated with, the transition to a low-carbon and decarbonized society (transition risk)
- Reputational damage, resulting from a passive approach toward reducing greenhouse gas emissions, the main cause of climate change (reputational risk)

Opportunities
- Growth in coverage requirements, stemming from risks posed by climate change
- Growth in opportunities to earn returns through investment in, and financing of, companies and projects that contribute to the resolution of climate change issues
- Improvement in reputation of stakeholders, reflecting disaster mitigation and other initiatives

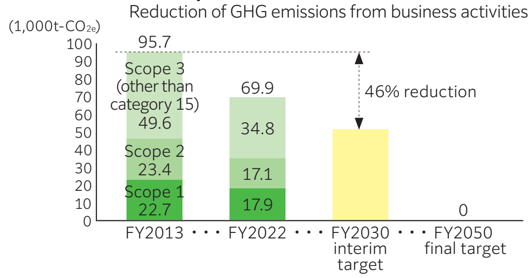
●Risk Management
We consider risks associated with global warming and large-scale flooding to be emerging risks. We manage them from an integrated risk perspective, while assessing the likelihood and potential impact of their occurrence.

Physical risks
- Scenario-based testing concerning tropical infectious disease outbreaks caused by rising average temperatures; quantitative assessments regarding the financial impact of resultant increases in the payment of insurance claims and benefits
- Assignment of a major flood (storm surges, flooding) risk rating to all operating locations on a five-point scale

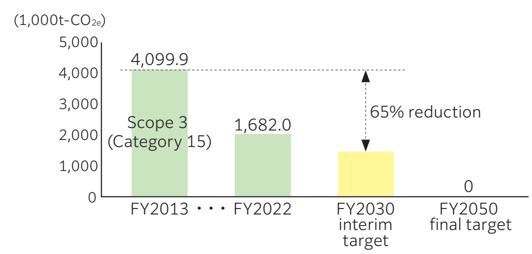
Transition risk
- Appropriate execution and improvement of the management of credit and market risks arising from policy changes and technological innovations associated with the transition to a low-carbon and decarbonized society

●Metrics and Targets

【Life insurance providers】
Reduction of GHG emissions from business activities



【Institutional investors】
Reduction of GHG emissions in the investment portfolio



Indicators	Results	Goals	
GHG emissions from business activities Scope 1+2+3*1	FY2022 (compared to FY2013)	FY2030 (compared to FY2013)	FY2050
	27.0% reduction	46% reduction	Net zero

Indicators	Results	Goals	
GHG emissions in the investment portfolio*2 Scope 3 (Category 15)	FY2022 (compared to FY2013)	FY2030 (compared to FY2013)	FY2050
	59.0% reduction	65% reduction	Net zero

*1 Scope 1, 2, and 3 are concepts in the GHG Protocol's GHG emissions accounting and reporting standards for businesses, and refer to the following:
Scope 1: Direct emissions from the Company's fuel consumption
Scope 2: Indirect emissions from the use of electricity and heat purchased by the Company
Scope 3: Indirect emissions from business activities other than Scope 1 and 2. This covers Category 1 (purchased goods and services), Category 3 (fuel-and energy-related activities (not included in Scope 1 or 2), Category 4 (upstream transportation and distribution), Category 5 (waste generated in operations), Category 6 (business travel), Category 7 (employee commuting), Category 12 (end-of-life treatment of sold products), and Category 13 (downstream leased assets). Category 15 (investments) is managed separately as "GHG emissions from the investment portfolio."
*2 This covers stocks, bonds, and loans of domestic listed companies, and items subject to measurement consist of Scope 1 + 2 of companies in which the Company invests and provides financing.
These figures consist of actual and estimated GHG emissions values provided by MSCI Inc. If no figures are provided, they are included in the parent company or calculated using industry-specific intensity.

【Road Map】

FY2022-2030	FY2031-2050

● **Initiatives as a business operator**

Scope 1 Initiatives

FY2022-2030	FY2031-2050
○ Conversion of company-owned and leased cars to EVs, PHVs, and FCVs	○ Conversion of other business vehicles to EVs, PHVs, and FCVs

Scope 2 Initiatives

○ Environment-friendly real estate development, such as by converting commercial buildings into ZEB buildings, utilizing renewable energy sources, and installing solar power generation facilities

Scope 3 Initiatives

○ Paperless customer procedures
○ Paperless operations in all other areas
○ Environment-friendly real estate development, such as converting rental buildings into ZEB buildings, utilizing renewable energy sources, and installing solar power generation facilities

● **Initiatives as an institutional investor**

○ Encouraging investee companies to reduce GHG emissions through engagement
○ Providing green financing investments and loans that contribute to the realization of a decarbonized society, participating in renewable energy project financing, and investing in transition financing to support the transition to a decarbonized society

●Environmental Protection Initiatives

Fukoku Life Forest Project

Since fiscal 2006, we have been conducting the Fukoku Life Forest project, mainly to counter damage caused by bamboo.* This forest provides a venue for hands-on, staff participation in environmental preservation activities.

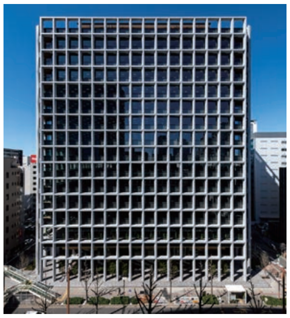
Our employees fall bamboo groves to conserve mountain forests we own in Ito City, Shizuoka Prefecture. The project is designed to help the forest regenerate, and restore the health of bamboo groves through thinning. The activities are led by the Usami Club, which comprises Company volunteers. We also encourage staff to dig for bamboo shoots, which are used in many traditional Japanese dishes, and are prized for their nutritional value and subtle taste. This, we hope, helps arouse workforce interest in nature conservation.

* When the quick-spreading, shallow-rooted Moso bamboo encroaches on forests, it contributes to soil erosion, leading to landslides and forest degradation.

Environment-friendly Real Estate Development

As part of our effort to help achieve a sustainable society, the need for energy conservation and environmental protection are taken into account when we build new buildings. Moreover, three of our office buildings have been certified as ZEB (net zero-energy building) Ready under the Building-Housing Energy-efficiency Labeling System. This environmental certification system is the cornerstone of next-generation real estate business. In addition, three of our rental condominiums have been certified as ZEH-M (net zero-energy house mansion) Oriented.

Kichijoji Fukoku Seimei Building
Completion in fiscal 2023



Nagoya Shimizu-Fukoku Building
Completion in fiscal 2023

Fukoku Clean Club Activities

Since fiscal 2006, the Fukoku Clean Club, a volunteer group made up of employees of the Chiba New Town head office, has been conducting cleanup activities in front of the nearby Chiba New Town Chuo train station, on the Hokuso line.

ESG Investment and Financing

Basic Approach to ESG Investment and Financing

Based on our management philosophy of protecting the interests of our policyholders, we practice asset management that ensures a high level of investment returns in accordance with the principle of safety and profitability while taking into account the public nature of the life insurance business. Concurrently, in line with our business policy of contributing to the realization of a sustainable society as a mutual company engaged in the life insurance business, we are working on investments that incorporate ESG (environmental, social, and governance) factors. It is our belief that ESG investment contributes to profitability enhancement of the precious funds entrusted to us by our customers, while at the same time further fulfilling our responsibilities as an institutional investor whose management philosophy is to contribute to society.

Based on this belief, since becoming a PRI signatory in March 2016, we have incorporated ESG factors into our investment decision. In addition, in our stewardship activities, we focus on dialogue with investee companies with ESG factors as one of the main themes. We also became a supporter of TCFD recommendations in June 2020.

Going forward, while maintaining our awareness of various issues that affect the sustainability of society, including climate change, we aim to contribute to a more sustainable society by promoting ESG investments and stewardship activities while assuming to secure profitability.

Signing of the Principles for Responsible Investment (PRI)

We endorse the aims of the United Nations Principles for Responsible Investment (PRI) and became a signatory on March 21, 2016. The principles affirm the need to integrate ESG factors into the investment decision so as to support the realization of a sustainable society.

Signatory of:

PRI Principles for Responsible Investment

ESG Investment and Financing Initiative

In accordance with the business policy of "contributing to the realization of a sustainable society as a mutual company operating life insurance business," we are committed to investing assets with themes that help solve social issues, including environmental problems.

Initiatives to support women's health and empowerment

In March 2024, we invested in sustainable development bonds issued by the Inter-American Development Bank. The bonds will boost activities aimed at supporting women's health and improving their status in Latin American and Caribbean countries. One example of the Inter-American Development Bank's support for these objectives is its help in financing a Dominican Republic project. The undertaking involves building a Women's City Center to provide comprehensive social welfare services for women.

Source: IDB

• Incorporating ESG in research

When picking domestic stocks, we conduct screenings based on ESG scores provided by a subsidiary, Fukoku Capital Management, Inc., a PRI signatory with extensive expertise concerning ESG research. In addition, when making investment decisions we take into account ESG-related information obtained through our stewardship activities. We also screen some bonds based on ESG-related data.

Thanks to these efforts, the amount of new ESG investments we made and loans we extended in fiscal 2023 totaled ¥89.3 billion. Our balance of ESG investments and loans at fiscal FY2023 year-end totaled ¥606.6 billion, accounting for approximately 9% of total assets under management.

Contribution to Society

We are engaged in various social contribution activities to create a better society.

Connections through art and culture

Art and culture have the power to connect people from all walks of life. By organizing classical music concerts, for example, we have been able to connect with many customers, local residents, and children with disabilities. Not limited merely to concerts, we have continued to develop and grow such artistic and cultural activities into a variety of other activities.

• Visiting and Charity Concerts

These recitals have evolved since the initial Fukoku Salon Concert, held in the lobby of our Uchisaiwaicho headquarters in fiscal 1989.

Communities benefit from the music events we organize. These include visiting concerts, featuring professional musicians performing classical music for special-needs schools and institutions for individuals with disabilities. We also arrange charity concerts, where audiences are asked to donate to local charities supporting community welfare efforts. A total of 306 such concerts have been held during by fiscal 2023, with donations having reached approximately ¥66.0 million.

Charity Concert

• Fukoku Life Smile Concert

Starting in fiscal 2022, we spun off our visiting concerts as part of a Smile Concert program. This we did in order to deliver the gift of music to even more special-needs schools and facilities for persons with disabilities than ever before.

Smile Concert

Other Social Contributions

• Reconstruction support

Since fiscal 2011, we have been selling local products from the Tohoku region's Fukushima, Miyagi, and Iwate Prefectures that were affected by the Great East Japan Earthquake and Tsunami of 2011. The products have been sold at our headquarters in both the Tokyo district of Uchisaiwaicho and Chiba New Town.

In fiscal 2023, we resumed the face-to-face sales we had conducted prior to the COVID-19 pandemic.

During the prefecture, the cafeteria of our Chiba New Town headquarters offered menus featuring specialties from each of the prefectures. Fukoku Life donated a portion of the proceeds to disaster-hit areas.

Sales event featuring specialty products from Miyagi Prefecture

Kesennuma tuna and bonito cutlet served with vegetable tartar sauce

Communication

• Brand mascot

We feature Sanrio Co., Ltd.'s popular Hello Kitty character as a brand mascot on posters, pamphlets, flyers, and merchandise.

Initiatives for the Respect of Human Rights

Each and every employee will deepen their understanding of human rights issues and respect the human rights of stakeholders.

• Promoting human rights awareness

Given their social and public nature, life insurance companies are required to respond to customers based on a correct understanding and recognition of human rights issues. These include issues surrounding *burakumin*—a social minority descended from outcaste communities of feudal times—ethnicity, women, and persons with disabilities.

The need to tackle the issue of discrimination as part of company training sessions has also been taken up by government administrations. They have called for staff at companies in Japan to adopt a spirit of respect for human rights.

Fukoku Life promotes in-house awareness activities for head office staff in charge of internal affairs education at our human resources development department, and for deputy general managers of internal affairs at our branch offices. These members of staff are charged with promoting fair recruitment, selection, and human rights awareness.

We see harassment as a human rights issue that adversely affects the dignity of individual victims, and consider it a work environment issue that hinders workplace order and business performance.

Besides setting up a contact point for harassment reporting and consultation, we provide training to ensure that all our employees are thoroughly aware of the issues involved and the appropriate responses.

1. Understanding

We promote in-house awareness primarily through staff who are responsible for fair recruitment and selection, as well as instilling human rights awareness.

2. External training

A representative of our branch offices acquires necessary knowledge by participating in off-site training sessions organized on our behalf by activist organizations and government agencies.

3. Internal training

Instructional sessions are held at our office once a year, under the auspices of the Human Resources Development Division. In addition, branch offices collaborate with the Human Resources Development department to hold training sessions tailored to the needs of actual circumstances.

Main points covered
- Priority goals of human rights and human rights awareness
- Japan's Act for the Elimination of Discrimination against Persons with Disabilities
- The COVID-19 pandemic and human rights
- Online human rights violations

Training materials

Outstanding organization recognition

On March 11, 2024, Fukoku Life was selected—for the seventh consecutive year—under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program. This acknowledged our role in promoting health and productivity management.

Reflecting the management philosophy that we have cultivated since our founding, we will continue both to work with our executives, employees, and their respective families to take care of their health; and to promote health management, to better contribute to the community and society at large.

2024
健康経営優良法人
Health and productivity

On the occasion of our 100th anniversary, we have released THE MUTUAL Declaration, outlining the path we believe we need to follow. It represents our determination to be a mutual organization based on empathy, connection, and mutual support.

THE MUTUAL Declaration

Fukoku Life was founded in 1923 as a mutual company based on policyholder-oriented principles. These principles have been passed down through our enduring management philosophy of protecting the interests of policyholders, and in our customer-centered values.

Fukoku Life is the only life insurance company in Japan that has maintained a mutual structure since its establishment. We have done so because of the appeal that the ethos underlying mutual insurance has always held for Fukoku management. Our organization's principles are based on mutual support provided by policyholders, while our policyholder-centric approach derives from a spirit of mutual aid.

As a mutual company, we are a go-between, bringing together people who share mutual sentiments, while also protecting their thoughts and feelings. Bringing people together requires empathy. This leads to trust and, finally, peace of mind, which we deliver through face-to-face interaction.

Empathy, connection, and mutual support are the foundations on which are based the motto of THE MUTUAL, our aspirations for the next generation of mutual aid, and our goal to become a mutual organization. Since life insurance is a lifelong, even intergenerational, promise to our customers, it is a never-ending job. Based on the spirit of mutual assistance, we will continue to stand by our customers and forever keep our promises to them.

November 22, 2023
Fukoku Mutual Life Insurance Company

人と人の間に
フコク生命
THE MUTUAL

Celebrating our 100th anniversary —Conclusion of Centennial Project—

THE MUTUAL

Next generation of mutual aid

November 2023 marked both the Company's 100th anniversary and the end of our related project, which we had undertaken based on the concept of THE MUTUAL, which embodies our aspirations at the end of our first century of existence.

The project was aimed at expanding our circle of empathy by conveying a message of next-generation mutual aid associated with THE MUTUAL. We would thereby become a company that empathizes with all its stakeholders.

THE MUTUAL refers to the next generation of mutual aid that is expected to evolve over the coming century, as well as our aim to become an enterprise representing true mutual aid by deepening our connection to, and support for, all our stakeholders.

Founding

- The Company was founded as a mutual company, based on the idea that the only path ahead for the insurance business lay in customer-centered values
- It is the only company that has maintained a mutual company structure since its founding

Launch of Centenary Project

- Our centenary project aims to reaffirm our philosophy and ideas as we approach the conclusion of our first 100 years
- The actor Takumi Saitoh was selected to be the ambassador for THE MUTUAL

1923 Founding

2018 The 95th Anniversary

2019 The 96th Anniversary

The MUTUAL Art for children

THE MUTUAL
Art for children

This is a collection of initiatives through which we help children connect with their surrounding communities. We produce vegetable-based crayons featuring artwork from the Smile Gallery in our Tokyo head office building, where we have been holding exhibitions of children's art since fiscal 2012.

Since the start of our crayon project in May 2021, we have donated approximately 107,000 of the vegetable-based crayons nationwide.

Vegetable-based crayons

Some of the children who have received our crayon donations.

Find the MUTUAL

Find THE MUTUAL

We report on personal narratives concerning community-based connections and mutual support. We relay our stories through our 62 branches nationwide and disseminate them using newspaper advertisements and websites. We do this to convey the Company's stance to the public at large.

The content of the reporting carried out by our 28 branches is published on the Fukoku Life official website.

Matsue Branch
*Unnan Community Foundation

New Corporate Message

As an easily understood expression of our core values, we have adopted a new corporate message: From Person to Person. This encapsulates the fact that, at the root of THE MUTUAL are our policyholder-oriented founding principles, our original management philosophy of protecting the interests of our policyholders, and our customer-centered values.

In addition, we have revamped our code of conduct to better convey our judgment criteria to all our stakeholders, namely, our customers, communities, society at large, and our employees.

Given that our role as a mutual company is to connect people who assist each other, we will continue to safeguard that spirit through mutual empathy.

人と人の間に
フコク生命
THE MUTUAL

THE MUTUAL Declaration

THE MUTUAL 宣言

On the occasion of our centennial, we have taken a fresh look back at our history as a mutual company, and have outlined the path we now need to take.

*Please see page 23 for the declaration.

THE MUTUAL Foundation

Our Fukoku Life THE MUTUAL Foundation is an empathy-based foundation that takes in donations from not only the Company, but also the public. Its goal is to support NPOs and civic groups that work to provide aid to needy children and their families.

2020 The 97th Anniversary

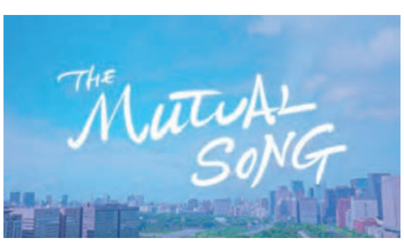
2021 The 98th Anniversary

2022 The 99th Anniversary

2023 The 100th Anniversary

THE MUTUAL SONG

We have produced a company song —THE MUTUAL SONG— to express the concept of THE MUTUAL, which refers to the next generation of mutual aid. The video featuring the song serves to unite the entire company through its more than 700 performers.



THE MUTUAL DAY

THE MUTUAL DAY

Last year, to commemorate our centennial, we held a ceremony under the title of THE MUTUAL DAY. We also screened THE MUTUAL Movie: Centenarian Manzai, which focused on the lives of ordinary Japanese people around the age of 100 from all over Japan. The individuals featured made hilarious comments, reminiscent of those typically made in a traditional Japanese form of entertainment called Manzai. In addition, we held a Fukoku Life 100-Year History Quiz.

Approximately 500 people attended the movie, while over 1,000 people watched the live broadcast.

Business Management System

Corporate Governance Enhancement Initiatives

We have formulated a Basic Policy on Corporate Governance to foster an understanding of our perspective to enhance corporate governance. We publicize this policy, along with our Corporate Governance Report.

Basic Approach to Corporate Governance

Our mutual company's insurance business is a business of our policyholders that have entrusted the management of this business to us. No matter the circumstances, we must survive as a life insurance company to continue fulfilling our responsibility of reliably paying insurance claims and benefits. To this end, we will establish a corporate governance system based on this fundamental policy in an effort to stabilize and ensure the stability our business while providing policyholders with peace of mind.

Establishment of Management Control Measures

The Board of Directors makes important business decisions and monitors business execution. The two external directors bring an outside perspective to the deliberations of the board. In April 2009, Fukoku Life introduced an executive officer system. Under this system, we have separated and strengthened decision-making and business execution functions, with the Board of Directors fulfilling decision-making and supervisory functions. The Board of Full-Time Directors, comprising the president and executive officer and other titled executive officers, deliberates important business execution policy for the Company. Meanwhile, various committees have been established beneath the Board of Directors in an effort to strengthen internal controls.

Members of the Audit & Supervisory Board attend meetings of the Board of Directors, the Board of Full-Time Directors and other important boards, auditing the execution of operations by directors. The internal audit department performs internal audits, verifies the appropriateness of corporate operations and strives to ensure the soundness of business operations.

Enhancement of Internal Control System

We are a mutual company that operates a highly public life insurance business with the goal of protecting the livelihoods of policyholders. As such, we have established a "Basic Internal Control System Policy" aimed at ensuring the suitability of our operations, with the ultimate goal of achieving sound and appropriate management. Based on this policy, we are working to enhance our internal control systems, which include our risk management and compliance systems.

Compliance Enhancement Initiatives

As members of the community, all executives and employees are expected to be fully aware of the need to respect the spirit of compliance, not only from the perspective of laws and regulations, but also from that of protocols and social conventions. To this end, as well as to improve and reinforce the system of compliance, we conduct ongoing hands-on compliance training.

That said, we recognize that even the most robust of systems cannot guarantee the complete elimination of improper conduct. We thus believe it important to detect any improper conduct early, deal with it swiftly and appropriately, and make constant improvements to rectify such behavior and prevent a recurrence.

• Compliance framework

The Compliance Committee—comprising full-time directors and other executives, and chaired by the president—is mandated by the Board of Directors to deliberate matters related to compliance, while promoting it using means such as the formulation of relevant programs. The Compliance Control Department serves as the committee's secretariat.

An officer responsible for compliance promotion (the head of compliance promotion) and officers in charge of practical compliance-related matters (compliance promotion officers) in each department at Head Office and branch offices are involved in ensuring adherence to the strictures of, and in promoting, compliance under the direction of the Compliance Control Department. It is the duty of the chief compliance officer and compliance officers at Head Office to carry out regular compliance checks.

• Protection of personal information

Fukoku Life believes that proper handling of personal information is vital if it is to maintain its status among customers as a trusted insurance company. Thus we have formulated a privacy policy and a basic policy on the handling of specific personal information, both to ensure appropriate treatment and safeguarding of personal data.

We will continue to comply with Japan's Act on the Protection of Personal Information and other related laws and ordinances, while continuing to properly handle and protect personal data.

Enterprise Risk Management

• Risk management based on customer-centered values

Life insurance is a "promise" to pay insurance claims and benefits in the event of an unforeseen emergency. It involves a lifetime commitment to customers that even can span generations. Events may occur, such as drastic changes in the economic environment or other catastrophes, during the many months and years in which we accompany customers on their life journey. When this happens, the role of life insurance companies becomes even more important. Only after fulfilling this promise with unwavering reliability regardless of the circumstances can customers enjoy peace of mind.

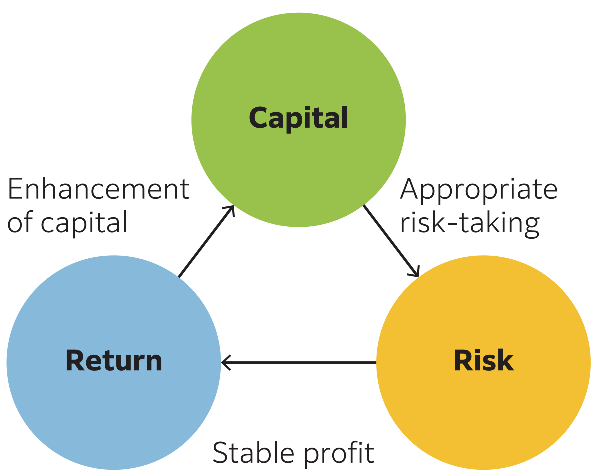
To maintain this reliability in the future, Fukoku Life promotes enterprise risk management (ERM) for overall management of a diverse range of complicated risks from a strategic perspective, based on the recognition that each executive officer and employee is responsible for risk management commensurate with their position.

• Integrated management of capital, risk, and return

As a mutual company, we look ahead several decades and, based on management that prioritizes the interests of our customers, we are working hard to strengthen our capital in order to adequately respond to risks, as well as secure stable profits (return), which are the source of that capital.

Profit and risk are two sides of the same coin, and appropriate risk-taking is necessary to ensure stable profits. Integrated management of capital, risk, and return means securing profits through appropriate risk-taking, based on capital adequacy. This results in the improvement of capital adequacy and promotion of appropriate risk-taking. It is an advanced ERM concept that aims to attain a virtuous cycle.

By utilizing important risk management indicators, such as the economic solvency ratio, return on required capital, and the economic internal rate of return in management, we implement integrated management of capital, risk, and return.



• Comprehensive risk management policies and regulations

Fukoku Life's Risk-Taking Statement lays out its management policy-based risk tolerance. Meanwhile, the Company conducts integrated risk management in conjunction with management strategies based on the risk management rules set by the Board of Directors.

We have formulated a set of risk management regulations that define our basic concept of comprehensive risk management, our broad risk management system, and the roles and authorities related to managing risk. Based on these, we have devised practical directives for the implementation of the rules for each type of risk.

Risk-Taking Statement

I. Risk-taking strategic goals
- Make insurance underwriting the main source of revenue
- Make sound and profitable asset management our principle
- Provide the highest level of service in the industry through differentiation by applying customer-centered values
- Aim to strengthen capital in preparation for the future

II. Risk tolerance
- Retain sufficient capital to act as a buffer, to ensure business continuity
- Use capital after deducting management reserve to cover losses that may occur in the course of business operations

• Risk management system

At Fukoku Life, the Board of Directors established the Risk Management Committee to perform ERM. Several subcommittees have been established under this committee to manage the various risks that arise in business operations, and to conduct asset and liability management. The committee consolidates and evaluates risks at the corporate level, before considering the appropriate level of acceptable risk and risk response. In addition, the committee has established a specialized risk management committee to help enhance enterprise risk management.

Full-time directors are members of the Risk Management Committee, which is chaired by the president. Other directors chair subcommittees, creating a risk management structure led by top management.

The specialized risk management committee is central to understanding the Group's overall risk management situation. At Fukokushinrai Life, the Company's Risk Management Committee secretariat and the secretariats of various subcommittees directly monitor the management status of risks under their jurisdiction.

Furthermore, the audit department verifies that the risk management system is functioning effectively.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

Fukoku Mutual Life Insurance Company
As of March 31, 2023 and 2024

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Assets:			
Cash and deposits:			
Cash	¥156	¥138	$0
Bank deposits	402,315	307,494	2,030
	402,472	307,632	2,031
Call loans	130,000	128,000	845
Money held in trust	25,897	23,502	155
Securities:			
Government bonds	2,395,965	2,333,062	15,408
Local government bonds	92,958	97,504	643
Corporate bonds	542,134	533,321	3,522
Stocks	836,501	1,033,612	6,826
Foreign securities	1,756,176	2,134,166	14,095
Other securities	175,445	217,644	1,437
	5,799,182	6,349,312	41,934
Loans:			
Policy loans	47,088	45,991	303
Ordinary loans	477,104	453,802	2,997
	524,193	499,793	3,300
Tangible fixed assets:			
Land	149,747	149,483	987
Buildings	89,583	101,324	669
Lease assets	928	908	5
Construction in progress	3,649	700	4
Other tangible fixed assets	3,412	3,371	22
	247,321	255,788	1,689
Intangible fixed assets:			
Software	24,148	20,962	138
Lease assets	311	124	0
Other intangible fixed assets	2,456	3,792	25
	26,917	24,879	164
Agency receivables	100	94	0
Reinsurance receivables	62	85	0
Other assets:			
Accounts receivable	13,940	5,838	38
Prepaid expenses	4,281	3,935	25
Accrued income	29,089	32,167	212
Deposits	1,801	1,838	12
Differential account for futures trading	147	—	—
Derivatives	1,481	0	0
Suspense payments	1,621	3,639	24
Rest of the other asset	3,153	3,768	24
	55,516	51,188	338
Prepaid pension cost	1,614	2,313	15
Deferred tax assets	13,829	—	—
Allowance for possible loan losses	(826)	(703)	(4)
Total assets	¥7,226,280	¥7,641,887	$50,471

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Liabilities:			
Policy reserves:			
Reserve for outstanding claims	¥21,523	¥23,334	$154
Policy reserve	5,830,565	5,885,784	38,873
Reserve for dividends to policyholders	64,420	61,903	408
	5,916,509	5,971,022	39,436
Reinsurance payables	46	41	0
Subordinated bonds	241,935	267,260	1,765
Other liabilities:			
Cash received as collateral under securities lending transactions	155,483	121,299	801
Corporate income tax payable	101	7,429	49
Accounts payable	6,324	4,413	29
Accrued expenses	10,580	12,123	80
Unearned income	437	420	2
Deposits received	6,592	6,611	43
Guarantee deposits received	13,700	14,276	94
Derivatives	3,005	1,030	6
Cash collateral received for financial instruments	3,822	22	0
Lease obligations	345	138	0
Asset retirement obligations	2,328	2,355	15
Suspense receipts	1,319	1,244	8
	204,041	171,364	1,131
Reserve for employees' retirement benefits	25,951	26,701	176
Reserve for price fluctuation	177,188	180,566	1,192
Deferred tax liabilities	—	79,748	526
Deferred tax liabilities for land revaluation	14,164	14,132	93
Total liabilities	6,579,836	6,710,837	44,322
Net assets:			
Foundation funds	12,000	12,000	79
Accumulated foundation funds redeemed	116,000	116,000	766
Reserve for revaluation	112	112	0
Surplus:			
Legal reserve for future losses	3,463	3,548	23
Other surplus:			
Reserve for redemption of foundation funds	7,200	9,600	63
Reserve for dividend allowances	20,000	20,000	132
Accumulated fund for price fluctuation	41,000	41,000	270
Reserve for advanced depreciation of real estate for tax purpose	205	204	1
Other reserves	767	767	5
Unappropriated surplus	54,346	63,509	419
	123,518	135,080	892
	126,981	138,628	915
Total foundation funds, surplus and others	255,093	266,740	1,761
Net unrealized gains (losses) on available-for-sale securities, net of tax	386,882	659,808	4,357
Revaluation reserve for land, net of tax	4,468	4,500	29
Total valuation and translation adjustments	391,350	664,308	4,387
Total net assets	646,444	931,049	6,149
Total liabilities and net assets	¥7,226,280	¥7,641,887	$50,471

See notes to the non-consolidated financial statements.

Non-consolidated Statements of Operations

Fukoku Mutual Life Insurance Company
For the years ended March 31, 2023 and 2024

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Ordinary revenues:			
Premium and other income:			
Premium income	¥525,871	¥491,362	$3,245
Reinsurance income	166	118	0
	526,037	491,480	3,246
Investment income:			
Interest, dividends and other income:			
Interest on deposits	3	3	0
Interest and dividends on securities	136,893	143,193	945
Interest on loans	8,237	8,896	58
Income from real estate for rent	19,292	19,833	130
Other interest and dividends	343	229	1
	164,768	172,157	1,137
Gains on money held in trust, net	—	1,185	7
Gains on trading securities, net	348	803	5
Gains on sales of securities	54,756	66,405	438
Gains on redemption of securities, net	11,702	2,508	16
Foreign exchange gains, net	—	2,525	16
Reversal of allowance for possible loan losses	624	117	0
Other investment income	322	321	2
Gains on separate accounts, net	2,174	27,117	179
	234,698	273,141	1,803
Other ordinary revenues:			
Fund receipt from annuity rider	1,270	2,372	15
Proceeds from deferred insurance	3,122	3,743	24
Reversal of reserve for outstanding claims	1,461	—	—
Reversal of reserve for claims and other payments	3,400	—	—
Others	3,817	4,277	28
	13,072	10,393	68
Total ordinary revenues	773,808	775,016	5,118
Ordinary expenses:			
Claims and other payments:			
Claims	131,371	105,387	696
Annuities	153,869	151,933	1,003
Benefits	144,757	123,479	815
Surrenders	49,579	59,480	392
Other payments	25,008	25,366	167
Reinsurance premiums	204	191	1
	504,790	465,840	3,076
Provision of policy reserve and others:			
Provision of reserve for outstanding claims	—	1,811	11
Provision of policy reserves	30,549	55,218	364
Provision of interest portion of reserve for dividends to policyholders	13	13	0
	¥30,563	¥57,043	$376

	Year ended March 31,		
	2023	**2024**	**2024**
	Millions of yen		Millions of U.S. dollars
Investment expenses:			
Interest expenses	¥4,469	**¥4,245**	**$28**
Losses on money held in trust, net	161	**—**	**—**
Losses on sales of securities	46,169	**56,613**	**373**
Losses on valuation of securities	3,608	**1,089**	**7**
Losses on redemption of securities, net	185	**137**	**0**
Losses on derivative instruments, net	11,221	**7,349**	**48**
Foreign exchange losses, net	8,231	**—**	**—**
Depreciation of real estate for rent and other assets	4,850	**5,163**	**34**
Other investment expenses	12,185	**12,117**	**80**
	91,083	**86,716**	**572**
Operating expenses	90,478	**92,264**	**609**
Other ordinary expenses:			
Deferred annuity payments	3,618	**3,876**	**25**
Taxes	7,546	**7,966**	**52**
Depreciation	11,388	**10,174**	**67**
Provision of reserve for employees' retirement benefits	399	**53**	**0**
Others	1,426	**1,722**	**11**
	24,380	**23,794**	**157**
Total ordinary expenses	741,296	**725,658**	**4,792**
Ordinary profits	32,512	**49,357**	**325**
Extraordinary gains:			
Gains on disposal of fixed assets	393	**33**	**0**
Total extraordinary gains	393	**33**	**0**
Extraordinary losses:			
Losses on disposal of fixed assets	178	**201**	**1**
Impairment losses	32	**657**	**4**
Provision of reserve for price fluctuation	518	**3,378**	**22**
100th anniversary bonuses and other losses	—	**4,471**	**29**
Total extraordinary losses	730	**8,708**	**57**
Surplus before income taxes	32,175	**40,682**	**268**
Income taxes:			
Current	3,096	**13,340**	**88**
Deferred	(1,793)	**(12,441)**	**(82)**
Total income taxes	1,303	**898**	**5**
Net surplus for the year	¥30,872	**¥39,783**	**$262**

See notes to the non-consolidated financial statements.

Non-consolidated Statements of Changes in Net Assets

Fukoku Mutual Life Insurance Company
For the years ended March 31, 2023 and 2024

	Millions of yen											
	Foundation funds, surplus and others											
				Surplus								
					Other surplus							
For the year ended March 31, 2023	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Legal reserve for future losses	Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropri-ated surplus	Total surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	¥12,000	¥116,000	¥112	¥3,370	¥4,800	¥20,000	¥41,000	¥206	¥767	¥57,078	¥127,222	¥255,334
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(30,726)	(30,726)	(30,726)
Additions to legal reserve for future losses				93						(93)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year......										30,872	30,872	30,872
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Reversal of revaluation reserve for land, net of tax										(284)	(284)	(284)
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	93	2,400	—	—	(1)	—	(2,732)	(240)	(240)
Balance at the end of the fiscal year	¥12,000	¥116,000	¥112	¥3,463	¥7,200	¥20,000	¥41,000	¥205	¥767	¥54,346	¥126,981	¥255,093

	Millions of yen			
	Valuation and translation adjustments			
For the year ended March 31, 2023	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	Total net assets
Balance at the beginning of the fiscal year	¥480,860	¥4,184	¥485,044	¥740,379
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(30,726)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				30,872
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				(284)
Net changes, excluding foundation funds, surplus and others	(93,978)	284	(93,694)	(93,694)
Total changes in the fiscal year	(93,978)	284	(93,694)	(93,935)
Balance at the end of the fiscal year	¥386,882	¥4,468	¥391,350	¥646,444

For the year ended March 31, 2024	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Legal reserve for future losses	Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropri-ated surplus	Total surplus	Total foundation funds, surplus and others
	Millions of yen											
	Foundation funds, surplus and others											
				Surplus								
					Other surplus							
Balance at the beginning of the fiscal year	¥12,000	¥116,000	¥112	¥3,463	¥7,200	¥20,000	¥41,000	¥205	¥767	¥54,346	¥126,981	¥255,093
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(28,002)	(28,002)	(28,002)
Additions to legal reserve for future losses				85						(85)	—	—
Payment of interest on foundation funds										(102)	(102)	(102)
Net surplus for the fiscal year										39,783	39,783	39,783
Additions to reserve for redemption of foundation funds					2,400					(2,400)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(1)		1	—	—
Reversal of revaluation reserve for land, net of tax										(32)	(32)	(32)
Net changes, excluding foundation funds, surplus and others												
Total changes in the fiscal year	—	—	—	85	2,400	—	—	(1)	—	9,163	11,647	11,647
Balance at the end of the fiscal year	¥12,000	¥116,000	¥112	¥3,548	¥9,600	¥20,000	¥41,000	¥204	¥767	¥63,509	¥138,628	¥266,740

For the year ended March 31, 2024	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	Total net assets
	Millions of yen			
	Valuation and translation adjustments			
Balance at the beginning of the fiscal year	¥386,882	¥4,468	¥391,350	¥646,444
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(28,002)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(102)
Net surplus for the fiscal year				39,783
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				(32)
Net changes, excluding foundation funds, surplus and others	272,926	32	272,958	272,958
Total changes in the fiscal year	272,926	32	272,958	284,605
Balance at the end of the fiscal year	¥659,808	¥4,500	¥664,308	¥931,049

For the year ended March 31, 2024	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Legal reserve for future losses	Reserve for redemption of foundation funds	Reserve for dividend allowances	Accumulated fund for price fluctuation	Reserve for advanced depreciation of real estate for tax purpose	Other reserves	Unappropri-ated surplus	Total surplus	Total foundation funds, surplus and others
	Millions of U.S. dollars											
	Foundation funds, surplus and others											
				Surplus								
					Other surplus							
Balance at the beginning of the fiscal year	$79	$766	$0	$22	$47	$132	$270	$1	$5	$358	$838	$1,684
Changes in the fiscal year												
Additions to reserve for dividends to policyholders										(184)	(184)	(184)
Additions to legal reserve for future losses				0						(0)	—	—
Payment of interest on foundation funds										(0)	(0)	(0)
Net surplus for the fiscal year......										262	262	262
Additions to reserve for redemption of foundation funds					15					(15)	—	—
Reversal of reserve for advanced depreciation of real estate for tax purpose								(0)		0	—	—
Reversal of revaluation reserve for land, net of tax										(0)	(0)	(0)
Net changes, excluding foundation funds, surplus and others.........												
Total changes in the fiscal year	—	—	—	0	15	—	—	(0)	—	60	76	76
Balance at the end of the fiscal year	$79	$766	$0	$23	$63	$132	$270	$1	$5	$419	$915	$1,761

For the year ended March 31, 2024	Net unrealized gains (losses) on available- for-sale securities, net of tax	Revaluation reserve for land, net of tax	Total valuation and translation adjustments	Total net assets
	Millions of U.S. dollars			
	Valuation and translation adjustments			
Balance at the beginning of the fiscal year	$2,555	$29	$2,584	$4,269
Changes in the fiscal year				
Additions to reserve for dividends to policyholders				(184)
Additions to legal reserve for future losses				—
Payment of interest on foundation funds				(0)
Net surplus for the fiscal year				262
Additions to reserve for redemption of foundation funds				—
Reversal of reserve for advanced depreciation of real estate for tax purpose				—
Reversal of revaluation reserve for land, net of tax				(0)
Net changes, excluding foundation funds, surplus and others	1,802	0	1,802	1,802
Total changes in the fiscal year	1,802	0	1,802	1,879
Balance at the end of the fiscal year	$4,357	$29	$4,387	$6,149

Non-consolidated Statements of Surplus

Fukoku Mutual Life Insurance Company
For the years ended March 31, 2023 and 2024

	Year ended March 31,		
	2023	**2024**	**2024**
	Millions of yen		Millions of U.S. dollars
Unappropriated surplus	¥54,346	**¥63,509**	**$419**
Reversal of voluntary surplus reserve:			
Reversal of reserve for advanced depreciation of real estate for tax purpose	1	**1**	**0**
	1	**1**	**0**
Total	54,347	**63,510**	**419**
Appropriation of surplus			
Reserve for dividends to policyholders	28,002	**37,138**	**245**
Net surplus:			
Legal reserve for future losses	85	**112**	**0**
Interest payment for foundation funds	102	**102**	**0**
Voluntary surplus reserve:			
Reserve for redemption of foundation funds	2,400	**2,400**	**15**
	2,400	**2,400**	**15**
	2,587	**2,614**	**17**
Total of appropriation of surplus	30,589	**39,752**	**262**
Unappropriated surplus carried forward	¥23,758	**¥23,758**	**$156**

Note: Net surplus is calculated by deducting reserve for dividends to policyholders from the sum of unappropriated surplus and reversal of voluntary surplus reserve.

Notes to the Non-consolidated Financial Statements

I. Presentation of the Non-consolidated Financial Statements

1. Basis of presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded down. As a result, the totals do not add up.

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥151.41 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2024. The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rates.

II. Notes to the Non-consolidated Balance Sheets

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:
   i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
   ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
   iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry" (Industry Audit Committee Report No. 21, issued by the Japanese Institute of Certified Public Accountants (JICPA) on November 16, 2000).
   iv) Investments in subsidiaries and affiliates are stated at cost, cost being determined by the moving average method.
   v) Available-for-sale securities are stated at fair market value based on the market prices at the end of the fiscal year. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.

(2) Derivative instruments are stated at fair market value.

(3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.
- Date of revaluation: March 31, 2002
- Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:
  Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of tangible fixed assets is calculated by the following methods.
- Tangible fixed assets (excluding lease assets): Declining-balance method
  However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(5) Assets and liabilities denominated in foreign currencies, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.

(6) Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:
   i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.

ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called "not currently bankrupt borrowers"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.

iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers' balances as the estimated uncollectible amounts. The amount written-off as of March 31, 2023 and 2024 were ¥0 million and ¥0 million (US$4 thousand).

(7) Reserve for employees' retirement benefits and prepaid pension cost are presented based on projected benefit obligations and pension plan assets at the balance sheet date.

The Company uses the following methods for amortizing retirement benefit obligations and retirement benefit expenses:

・Method for allocation of projected retirement benefits ....Benefit formula basis
・Amortization period of actuarial gains and losses .. 10 years
・Amortization period of prior service cost................ 10 years

(8) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

(9) Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting ("Furiate shori") for foreign currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.

For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.

(10) Accounting of unrecognized actuarial differences and unrecognized prior service cost related to employees' retirement benefits is different to the methods used for these items in the consolidated financial statements.

(11) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(12) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.

Subsequent premium incomes are also recorded as the amount of payments that have been received.

Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.

Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.

(13) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of the end of the fiscal year.

Regarding claims for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred ("IBNR reserves"), the special treatment providing payment of hospitalization benefits with respect to those diagnosed with COVID-19 and were under the care of a doctor or the like at an lodging facility or at home ("deemed hospitalization") was discontinued on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 ("IBNR Notification"). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the "Proviso").

(Overview of the calculation method)
The Company first deducts an amount pertaining to deemed hospitalization of policy holders from a required amount of IBNR reserves and the amount of claim payments for all the

fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

Furthermore, at the end of the previous fiscal year, instead of the amount related to the deemed hospitalization, the amount related to the deemed hospitalization other than those with a high risk of severity was deducted, but due to the termination of treatment of hospitalization benefits for deemed hospitalizations during the fiscal year, we have revised the calculation method to deduct the amount related to such deemed hospitalizations.

Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.

(14) Policy reserve of the Company is accumulated in accordance with the methods stated in the statement of calculation procedures for Insurance Premiums and Policy Reserves (Article 4 Paragraph 2 Item 4 of the Insurance Business Act) pursuant to Article 116 Paragraph 1 of the Insurance Business Act to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started as of the end of the fiscal year.

Premium reserves, one of the components of policy reserve, are calculated by the following method.

i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.

ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1,2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.

- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2023, the balance of these policy reserves was ¥71,649 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2023, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of March 31, 2023, the balance of these policy reserves was ¥106,590 million.
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and transplant medical riders. As of March 31, 2023, the balance of these policy reserves was ¥105 million.
- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2024, the balance of these policy reserves was ¥69,848 million (US$461 million).
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2024, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of March 31, 2024, the balance of these policy reserves was ¥105,883 million (US$699 million).
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and transplant medical riders. As of March 31, 2024, the balance of these policy reserves was ¥84 million (US$554 thousand).

Appointed actuary, for each fiscal year, verify whether policy reserves have been reasonably accumulated in accordance with Article 121 Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(15) Depreciation of intangible fixed assets is calculated by the following methods.

- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

(16) Of the bonds corresponding to the sub-groups of individual insurance, individual annuities, and group annuities which

are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry” (Industry Audit Committee Report No. 21 issued by JICPA on November 16, 2000).

2. Asset management of the general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Act is conducted on the principle of prudent and profitable investments, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities, stocks and real estates within the acceptable range of risks in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios under the asset liability management. Derivatives are mainly used to hedge the market risk regarding spot-priced assets and liabilities.

Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk.

The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the “Three Basic Rules related to Enterprise Risk Management” established by the Board of Directors. Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account were as follows:

	As of March 31,		
	2023		
	Millions of yen		
	Carrying amount	Fair value	Difference
Money held in trust:			
Trading securities	¥24,897	¥24,897	¥—
Total money held in trust	24,897	24,897	—
Securities:			
Trading securities	10,232	10,232	—
Held-to-maturity debt securities	738,300	808,660	70,360
Available-for-sale securities	4,839,472	4,839,472	—
Total securities	5,588,005	5,658,365	70,360
Loans:			
Policy loans	47,088	47,088	(0)
Ordinary loans	477,104	487,443	10,339
Total loans	524,193	534,532	10,339
Assets total	6,137,096	6,217,795	80,699
Subordinated bonds*1	241,935	238,498	(3,436)
Liabilities total	241,935	238,498	(3,436)
Derivative instruments*2:			
Hedge accounting not applied	(683)	(683)	—
Hedge accounting applied	(840)	(840)	—
Total derivative instruments	¥(1,524)	¥(1,524)	¥—

*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.

*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table. The amount of these stocks on the balance sheet as of March 31, 2023 was ¥73,497 million.
2. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021. Hereinafter called “Implementation Guidance on Accounting Standard for Fair Value Measurement”), investments in partnerships are not included in Securities of the above table. The amount of investments in partnerships included on the balance sheet as of March 31, 2023, was ¥30,957 million.
3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

	As of March 31,					
	2024			2024		
	Millions of yen			Millions of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Money held in trust:						
Trading securities	¥22,502	¥22,502	¥—	$148	$148	$—
Total money held in trust	22,502	22,502	—	148	148	—
Securities:						
Held-to-maturity debt securities	708,320	759,424	51,104	4,678	5,015	337
Policy-reserve-matching bonds	290,573	283,026	(7,546)	1,919	1,869	(49)
Available-for-sale securities	5,103,160	5,103,160	—	33,704	33,704	—
Total securities	6,102,053	6,145,611	43,558	40,301	40,589	287
Loans:						
Policy loans	45,991	45,991	(0)	303	303	(0)
Ordinary loans	453,802	458,559	4,756	2,997	3,028	31
Total loans	499,793	504,550	4,756	3,300	3,332	31
Assets total	6,624,349	6,672,664	48,314	43,751	44,070	319
Subordinated bonds*1	267,260	263,910	(3,349)	1,765	1,743	(22)
Liabilities total	267,260	263,910	(3,349)	1,765	1,743	(22)
Derivative instruments*2:						
Hedge accounting not applied	(1,029)	(1,029)	—	(6)	(6)	—
Total derivative instruments	¥(1,029)	¥(1,029)	¥—	$(6)	$(6)	$—

*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.
*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table.
The amount of these stocks on the balance sheet as of March 31, 2024 was ¥73,611 million (US$486 million).
2. In accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, investments in partnerships are not included in Securities of the above table. As of March 31, 2024, the amount of investments in partnerships included on the balance sheet was ¥43,658 million (US$288 million).
3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

3. Matters concerning the breakdown of financial instruments by fair value level are as follows.

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Fair Value Level 3: Fair values measured using material unobservable inputs

When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.

(1) Financial assets and liabilities with fair values recorded on the balance sheet were as follows:

Classification	As of March 31,			
	2023			
	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust:				
Trading securities	¥—	¥24,897	¥—	¥24,897
Total money held in trust	—	24,897	—	24,897
Securities:				
Trading securities:				
Foreign securities	—	10,232	—	10,232
Total trading securities	—	10,232	—	10,232
Available-for-sale securities:				
Government bonds	1,665,641	—	—	1,665,641
Local government bonds	—	86,960	—	86,960
Corporate bonds	—	512,254	—	512,254
Stocks	739,891	—	—	739,891
Foreign securities	595,331	1,053,931	26,490	1,675,753
Other securities	40,683	112,692	—	153,375
Total available-for-sale securities	3,041,547	1,765,839	26,490	4,833,876
Total securities	3,041,547	1,776,071	26,490	4,844,109
Assets total	3,041,547	1,800,969	26,490	4,869,007
Derivative instruments*:				
Currency-related	—	(1,402)	—	(1,402)
Interest-related	—	47	—	47
Stock-related	(31)	—	—	(31)
Bond-related	(137)	—	—	(137)
Total derivative instruments	¥(169)	¥(1,355)	¥—	¥(1,524)

* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2023 was ¥5,596 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2023 for the investment trusts were as follows:

	As of March 31,
	2023
	Millions of yen
Balance at the beginning of the fiscal year	¥3,654
Changes in net unrealized gains or losses	441
Purchase, sales, and redemption	1,500
Purchase	1,500
Balance at the end of the fiscal year	¥5,596

Classification	As of March 31,							
	2024				2024			
	Millions of yen				Millions of U.S. dollars			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money held in trust:								
Trading securities	¥—	¥22,502	¥—	¥22,502	$—	$148	$—	$148
Total money held in trust	—	22,502	—	22,502	—	148	—	148
Securities:								
Available-for-sale securities:								
Government bonds	1,343,935	—	—	1,343,935	8,876	—	—	8,876
Local government bonds	—	89,684	—	89,684	—	592	—	592
Corporate bonds	—	501,467	—	501,467	—	3,311	—	3,311
Stocks	928,443	—	—	928,443	6,131	—	—	6,131
Foreign securities	905,046	1,113,911	26,352	2,045,310	5,977	7,356	174	13,508
Other securities	50,829	133,544	—	184,373	335	882	—	1,217
Total available-for-sale securities	3,228,254	1,838,607	26,352	5,093,214	21,321	12,143	174	33,638
Total securities	3,228,254	1,838,607	26,352	5,093,214	21,321	12,143	174	33,638
Assets total	3,228,254	1,861,109	26,352	5,115,716	21,321	12,291	174	33,787
Derivative instruments*:								
Currency-related	—	(940)	—	(940)	—	(6)	—	(6)
Stock-related	(89)	—	—	(89)	(0)	—	—	(0)
Total derivative instruments	¥(89)	¥(940)	¥—	¥(1,029)	$(0)	$(6)	$—	$(6)

* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2024 was ¥9,945 million (US$65 million). Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2024 for the investment trusts were as follows:

	As of March 31,	
	2024	2024
	Millions of yen	Millions of U.S. dollars
Balance at the beginning of the fiscal year	¥5,596	$36
Changes in net unrealized gains or losses	203	1
Purchase, sales, and redemption	4,146	27
Purchase	4,146	27
Balance at the end of the fiscal year	¥9,945	$65

(2) Financial assets and liabilities with fair values not recorded on the balance sheet were as follows:

Classification	As of March 31,			
	2023			
	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities:				
Government bonds	¥780,191	¥—	¥—	¥780,191
Local government bonds	—	7,357	—	7,357
Corporate bonds	—	21,110	—	21,110
Total held-to-maturity debt securities	780,191	28,468	—	808,660
Total securities	780,191	28,468	—	808,660
Loans:				
Policy loans	—	—	47,088	47,088
Ordinary loans	—	—	487,443	487,443
Total loans	—	—	534,532	534,532
Assets total	780,191	28,468	534,532	1,343,192
Subordinated bonds	—	238,498	—	238,498
Liabilities total	¥—	¥238,498	¥—	¥238,498

As of March 31,

Classification	2024 Millions of yen Fair value Level 1	Level 2	Level 3	Total	2024 Millions of U.S. dollars Fair value Level 1	Level 2	Level 3	Total
Securities:								
Held-to-maturity debt securities:								
Government bonds	¥744,790	¥—	¥—	¥744,790	$4,919	$—	$—	$4,919
Local government bonds	—	7,058	—	7,058	—	46	—	46
Corporate bonds	—	7,576	—	7,576	—	50	—	50
Total held-to-maturity debt securities	744,790	14,634	—	759,424	4,919	96	—	5,015
Policy-reserve-matching bonds:								
Government bonds	269,948	—	—	269,948	1,782	—	—	1,782
Local government bonds	—	1,837	—	1,837	—	12	—	12
Corporate bonds	—	11,241	—	11,241	—	74	—	74
Total policy-reserve-matching bonds	269,948	13,078	—	283,026	1,782	86	—	1,869
Total securities	1,014,738	27,713	—	1,042,451	6,701	183	—	6,884
Loans:								
Policy loans	—	—	45,991	45,991	—	—	303	303
Ordinary loans	—	—	458,559	458,559	—	—	3,028	3,028
Total loans	—	—	504,550	504,550	—	—	3,332	3,332
Assets total	1,014,738	27,713	504,550	1,547,002	6,701	183	3,332	10,217
Subordinated bonds	—	263,910	—	263,910	—	1,743	—	1,743
Liabilities total	¥—	¥263,910	¥—	¥263,910	$—	$1,743	$—	$1,743

(3) Explanation of valuation techniques and inputs used to measure fair value

i) Securities (including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1. Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classifed as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

iii) Loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans are used as their book values. The fair values of fixed interest rate loans are primarily calculated by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

Because significant unobservable inputs used to measure the fair values of loans, the resulting fair values are classified as Fair Value Level 3.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

ii) Reconciliation of beginning to end of balance as of March 31, 2023 and 2024, and the valuation gains or losses recognized in the statements of operations for the respective fiscal years were as follows:

	Year ended March 31, 2023 Millions of yen	
	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current fiscal year	¥28,139	¥28,139
Gains or losses during the fiscal year	(10)	(10)
Values recognized as gains or loses*	(10)	(10)
Changes in net unrealized gains or losses	(1,638)	(1,638)
Balance at the end of the current fiscal year	¥26,490	¥26,490

* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the fiscal year ended March 31, 2023.

	Year ended March 31, 2024 Millions of yen		2024 Millions of U.S. dollars	
	Securities, Available-for-sale securities, Foreign securities	Total	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the current fiscal year	**¥26,490**	**¥26,490**	**$174**	**$174**
Gains or losses during the fiscal year	**(10)**	**(10)**	**(0)**	**(0)**
Values recognized as gains or loses*	**(10)**	**(10)**	**(0)**	**(0)**
Changes in net unrealized gains or losses	**(127)**	**(127)**	**(0)**	**(0)**
Balance at the end of the current fiscal year	**¥26,352**	**¥26,352**	**$174**	**$174**

* These amounts are included in investment income and investment expenses in the non-consolidated statements of operations for the fiscal year ended March 31, 2024.

iii) Explanation of the valuation process for fair value

The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming techniques and inputs utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

iv) Explanation of the impact on fair value in case of change in material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

4. The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥199,666 million and ¥351,564 million as of March 31, 2023, ¥208,136 million (US$1,374 million) and ¥372,027 million (US$2,457 million) as of March 31, 2024, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties were ¥327 million as of March 31, 2023, ¥281 million (US$1 million) as of March 31, 2024, respectively.

5. The amount of securities lent under lending agreements were ¥504,760 million and ¥518,568 million (US$3,424 million) as of March 31, 2023 and 2024, respectively.

6. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans were ¥1,236 million and ¥1,137 million (US$7 million) as March 31, 2023 and 2024, respectively. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors were ¥130 million and ¥110 million (US$730 thousand) as of March 31, 2023 and 2024, respectively.

Of which, the estimated uncollectible amount written-off were ¥0 million and ¥0 million (US$4 thousand) as of March 31, 2023 and 2024, respectively.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

ii) The balance of claims with collection risk were ¥544 million and ¥508 million (US$3 million) as of March 31, 2023 and 2024, respectively.

Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of March 31, 2023 and 2024, respectively.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans were ¥561 million and ¥518 million (US$3 million) as of March 31, 2023 and 2024, respectively.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

7. Accumulated depreciation of tangible fixed assets were ¥182,618 million and ¥182,699 million (US$1,206 million) as of March 31, 2023 and 2024, respectively.

8. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥118,783 million and ¥141,452 million (US$934 million) as of March 31, 2023 and 2024, respectively. The amounts of separate account liabilities were the same as separate account assets.

9. The total amounts of receivables from/payables to subsidiaries were ¥2,405 million and ¥1,891 million as of March 31, 2023, and ¥3,098 million (US$20 million) and ¥2,348 million (US$15 million) as of March 31, 2024, respectively.

10. The total amount of monetary obligations owed to directors was ¥3 million (US$22 thousand) as of March 31, 2024.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2023 were ¥172,319 million and ¥153,674 million, respectively. Valuation allowance for deferred tax assets was ¥4,815 million.

Major components of deferred tax assets were ¥101,887 million of policy reserves, ¥49,612 million of reserve for price fluctuation and ¥12,959 million of reserve for employees' retirement benefits as of March 31, 2023.

Major component of deferred tax liabilities was ¥148,218 million of net unrealized gains on available-for-sale securities as of March 31, 2023.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2023 were 28.0% and 4.1%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -24.4% of reserve for dividends to policyholders.

Deferred tax assets and deferred tax liabilities as of March 31, 2024 were ¥185,225 million (US$1,223 million) and ¥260,074 million (US$1,717 million), respectively. Valuation allowance for deferred tax assets was ¥4,899 million (US$32 million).

Major components of deferred tax assets were ¥113,745 million (US$751 million) of policy reserves, ¥50,558 million (US$333 million) of reserve for price fluctuation and ¥13,149 million (US$86 million) of reserve for employees' retirement benefits as of March 31, 2024.

Major component of deferred tax liabilities was ¥254,206 million (US$1,678 million) of net unrealized gains on available-for-sale securities as of March 31, 2024.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2024 were 28.0% and 2.2%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -25.6% of reserve for dividends to policyholders.

12. Changes in reserve for dividends to policyholders were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Balance at the beginning of the fiscal year	¥63,411	¥64,420	$425
Transfer from surplus in the previous fiscal year	30,726	28,002	184
Dividend payments to policyholders during the fiscal year	(29,731)	(30,532)	(201)
Increase in interest	13	13	0
Balance at the end of the fiscal year	¥64,420	¥61,903	$408

13. The amount of stocks of subsidiaries were ¥64,787 million and ¥64,787 million (US$427 million) as of March 31, 2023 and 2024, respectively.

14. Assets pledged as collateral as of March 31, 2023 were ¥175,557 million of securities.
Secured debts as of March 31, 2023, were ¥161,480 million.
These amounts include ¥147,552 million of investments in securities deposited and ¥155,483 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2023.
Assets pledged as collateral as of March 31, 2024 were ¥138,648 million (US$915 million) of securities.
Secured debts as of March 31, 2024, were ¥127,337 million (US$841 million).
These amounts include ¥114,460 million (US$755 million) of investments in securities deposited and ¥121,299 million (US$801 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2024.

15. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) were ¥0 million and ¥0 million (US$6 thousand) as of March 31, 2023 and 2024, respectively.
Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) were ¥21 million and ¥18 million (US$125 thousand) as of March 31, 2023 and 2024, respectively.

16. The total amounts of adjustment items for redemption of foundation funds and appropriation of net surplus defined in Article 30 Paragraph 2 of the Enforcement Regulation of the Insurance Business Act were ¥391,462 million and ¥664,421 million (US$4,388 million) as of March 31, 2023 and 2024, respectively.

17. There were unused commitment line agreements under which the Company is the lender of ¥8,604 million and ¥4,344 million (US$28 million) as of March 31, 2023 and 2024, respectively.

18. Repayments of subordinated bonds are subordinated to other obligations.

19. Following the amendment to the Articles of Incorporation approved by the Board of Representative Member of Policyholders on July 2, 2024, the Company raised an additional ¥8,000 million in funds on August 7, 2024 in accordance with Article 60 of the Insurance Business Act.

20. Matters Related to Employees’ Retirement Benefits
(1) Overview of Employees’ Retirement Benefit Plan
As for a defined benefit plan for office-based employees, the Company has a defined benefit corporate pension plan and retirement lump-sum payments. As for a defined contribution plan for these employees, the Company also has a defined contribution pension plan.
Furthermore, the retirement benefit plan for internal service employees was revised at the end of September 2023 due to factors including the raising of the retirement age to 65, resulting in a prior service cost of ¥-6,929 million (US$-45 million).
As for a defined benefit plan for sales employees, the Company has retirement lump-sum payments.
The Company places a retirement benefit trust in relation to the retirement lump-sum grant plan for sales employees.
The simplified method for calculating retirement benefit obligation is applied to a portion of the Company’s retirement lump-sum grant plans.

(2) Defined Benefit Plan
i) Reconciliation of beginning and end of balance of retirement benefit obligation

	As of March 31,		
	2023	**2024**	**2024**
	Millions of yen		Millions of U.S. dollars
Retirement benefit obligation at the beginning of the fiscal year	¥90,644	**¥90,426**	**$597**
Service cost	3,639	**3,573**	**23**
Interest cost	542	**520**	**3**
Actuarial differences occurred during the fiscal year	(12)	**(9,156)**	**(60)**
Retirement benefit payments	(4,386)	**(3,715)**	**(24)**
Prior service cost	—	**(6,929)**	**(45)**
Retirement benefit obligation at the end of the fiscal year	¥90,426	**¥74,720**	**$493**

ii) Reconciliation of beginning and end of balance of pension plan assets

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Pension plan assets at the beginning of the fiscal year	¥63,886	¥66,470	$439
Expected return on pension plan assets	1,232	1,229	8
Actuarial differences occurred during the fiscal year	2,410	12,579	83
Contributions by the employer	1,075	918	6
Retirement benefit payments	(2,134)	(1,577)	(10)
Pension plan assets at the end of the fiscal year	¥66,470	¥79,620	$525

iii) Reconciliation of retirement benefit obligation and pension plan assets with reserve for employees' retirement benefits and prepaid pension cost presented on the non-consolidated balance sheet

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
a. Funded plan retirement benefit obligation	¥78,820	¥65,969	$435
b. Pension plan assets	(66,470)	(79,620)	(525)
c. (a + b)	12,349	(13,650)	(90)
d. Unfunded plan retirement benefit obligation	11,606	8,750	57
e. Unrecognized actuarial differences	421	22,740	150
f. Unrecognized prior service cost	(40)	6,547	43
g. Net amount of liabilities and assets presented on the non-consolidated balance sheet	24,337	24,387	161
h. Reserve for employees' retirement benefits	25,951	26,701	176
i. Prepaid pension cost	(1,614)	(2,313)	(15)
j. Net amount of liabilities and assets presented on the non-consolidated balance sheet	¥24,337	¥24,387	$161

iv) Breakdown of retirement benefit gains and losses

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Service cost	¥3,639	¥3,573	$23
Interest cost	542	520	3
Expected return on pension plan assets	(1,232)	(1,229)	(8)
Amortization of actuarial differences	772	582	3
Amortization of prior service cost	5	(341)	(2)
Retirement benefit expenses related to defined benefit plan	¥3,726	¥3,106	$20

v) Breakdown of pension plan assets

The breakdown of asset categories as a percentage of total pension plan assets were as follows:

	As of March 31,	
	2023	2024
Domestic stocks	45.1%	49.7%
Life insurance general account	30.0%	26.1%
Domestic bonds	9.4%	9.1%
Foreign stocks	8.3%	8.9%
Assets under joint management	3.7%	3.1%
Foreign bonds	3.5%	3.0%
Total	100.0%	100.0%

Within the total of pension assets as of March 31, 2023 and 2024, 38.3% and 42.3% of these amount are accounted for by the retirement benefit trust established in relation to the retirement lump-sum payments plan for sales employees, respectively.

vi) Method for setting the expected long-term rate of return

To set the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on a variety of assets that makes up the pension assets.

vii) Underlying actuarial assumptions

Main underlying actuarial assumptions were as follows:

	As of March 31,	
	2023	2024
Discount rate	0.6%	**1.6%**
Expected long-term rate of return on pension plan assets		
Defined Benefit Plan	3.0%	**3.0%**
Retirement benefit trust	0.0%	**0.0%**

(3) Defined Contribution Plan

The required contribution amount by the Company to the defined contribution plan were ¥219 million and ¥235 million (US$1 million) as of March 31, 2023 and 2024, respectively.

III. Notes to the Non-consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with subsidiaries were ¥1,804 million and ¥9,116 million for the year ended March 31, 2023, and ¥2,096 million (US$13 million) and ¥10,727 million (US$70 million) for the year ended March 31, 2024, respectively.

2. The details of gains on sales of securities were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Domestic bonds	¥7,576	**¥4,527**	**$29**
Domestic stocks and others	16,946	**46,314**	**305**
Foreign securities	30,203	**15,564**	**102**
Others	¥29	**¥—**	**$—**

3. The details of losses on sales of securities were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Domestic bonds	¥10,732	**¥30,091**	**$198**
Domestic stocks and others	339	**803**	**5**
Foreign securities	34,777	**25,719**	**169**
Others	¥319	**¥—**	**$—**

4. The details of losses on valuation of securities were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Domestic bonds	¥593	**¥262**	**$1**
Domestic stocks and others	610	**513**	**3**
Foreign securities	¥2,403	**¥312**	**$2**

5. For the year ended March 31, 2023, in calculating the reversal of reserve for outstanding claims, a reversal of reserve for outstanding claims for ceded reinsurance of ¥0 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥1 million was added.

For the year ended March 31, 2024, in calculating the provision of reserve for outstanding claims, a provision of reserve for outstanding claims for ceded reinsurance of ¥0 million (US$3 thousand) was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥2 million (US$15 thousand) was added.

6. The details of gains on trading securities were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Interest, dividends and other income	¥455	¥152	$1
Gains on sales of trading securities	—	1,025	6
Losses on sales of trading securities	(2)	—	—
Gains on redemption of trading securities	549	—	—
Losses on redemption of trading securities	—	(1,510)	(9)
Gains on valuation of trading securities	—	1,135	7
Losses on valuation of trading securities	¥(653)	¥—	$—

7. Losses on money held in trust for the year ended March 31, 2023 included valuation losses of ¥0 million.
Gains on money held in trust for the year ended March 31, 2024 included valuation gains of ¥0 million (US$0 thousand).

8. Losses on derivative instruments for the year ended March 31, 2023 included valuation gains of ¥4,130 million.
Losses on derivative instruments for the year ended March 31, 2024 included valuation losses of ¥346 million (US$2 million).

9. Items related to impairment losses were as follows:

(1) Asset grouping method

Real estate and similar used for the insurance business is treated as one asset group for the insurance business as a whole. For other assets such as real estate for rent and idle real estate, each property is treated as one asset group.

(2) Process leading to recognition of impairment losses

For certain assets such as real estate for rent, and idle real estate whose profitability declined significantly due to a decrease in rental income and a fall in land prices, the book value was reduced to the recoverable amount, and the reduced amount was recorded as an impairment losses in extraordinary losses.

(3) Asset groups for which impairment losses were recognized and breakdown of impairment losses by fixed asset type.

i) Real estate for rent and similar assets

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥3	¥56	$0
Buildings	—	8	0
Total	¥3	¥64	$0

ii) Idle real estate and similar assets

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥0	¥107	$0
Buildings	29	485	3
Total	¥29	¥593	$3

iii) Total (i + ii)

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥3	¥163	$1
Buildings	29	494	3
Total	¥32	¥657	$4

(4) Calculation method for recoverable amounts

Net selling prices are used to represent recoverable amounts. Appraisal value, or assessed value based on the published price or roadside land price is used to represent net selling prices.

Independent Auditor's Report

September 27, 2024

To the Board of Directors of
Fukoku Mutual Life Insurance Company:

Moore Mirai & Co.
Tokyo, Japan

Designated Engagement Partner
Certified Public Accountant
Shinnosuke Tsuruta

Designated Engagement Partner
Certified Public Accountant
Osamu Sano

< Financial Statements Audit >

Opinion

We have audited the accompanying non-consolidated financial statements of Fukoku Mutual Life Insurance Company (collectively referred to as "the Company"), which comprise the non-consolidated balance sheets as at March 31, 2024, the non-consolidated statements of operations, the non-consolidated statements of changes in net assets, and the non-consolidated statements of surplus for the year then ended, and notes to the non-consolidated financial statements, all expressed in Japanese yen.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the non-consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Non-Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Convenience Translation

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note I.1 to the accompanying non-consolidated financial statements with respect to the year ended March 31, 2024.

Fee-related Information

Fee-related information is described in the auditor's report on the consolidated financial statements.

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

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

Consolidated Financial Statements

Consolidated Balance Sheets

Fukoku Mutual Life Insurance Company and consolidated subsidiaries
As of March 31, 2023 and 2024

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Assets:			
Cash and deposits	¥524,841	¥396,782	$2,620
Call loans	130,000	128,000	845
Money held in trust	25,897	23,502	155
Securities	7,321,344	8,015,906	52,941
Loans	527,561	503,151	3,323
Tangible fixed assets:			
Land	149,747	149,483	987
Buildings	89,751	101,477	670
Lease assets	991	985	6
Construction in progress	3,649	700	4
Other tangible fixed assets	3,583	3,538	23
	247,723	256,185	1,691
Intangible fixed assets:			
Software	23,558	20,421	134
Lease assets	2,635	2,065	13
Other intangible fixed assets	2,497	3,852	25
	28,690	26,339	173
Agency receivables	0	0	0
Reinsurance receivables	83	121	0
Other assets	61,085	57,951	382
Net defined benefit assets	1,184	15,696	103
Deferred tax assets	16,131	3,634	24
Allowance for possible loan losses	(826)	(703)	(4)
Total assets	¥8,883,718	¥9,426,567	$62,258

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Liabilities:			
Policy reserves:			
Reserve for outstanding claims	¥26,326	¥28,805	$190
Policy reserve	7,449,355	7,613,135	50,281
Reserve for dividends to policyholders	64,420	61,903	408
Reserve for dividends to policyholders (subsidiary)	304	290	1
	7,540,406	7,704,135	50,882
Agency payables	461	449	2
Reinsurance payables	60	53	0
Subordinated bonds	241,935	267,260	1,765
Other liabilities	208,704	175,739	1,160
Net defined benefit liabilities	25,220	10,914	72
Reserve for price fluctuation	188,538	193,279	1,276
Deferred tax liabilities	0	91,924	607
Deferred tax liabilities for land revaluation	14,164	14,132	93
Total liabilities	8,219,491	8,457,889	55,860
Net assets:			
Foundation funds	12,000	12,000	79
Accumulated foundation funds redeemed	116,000	116,000	766
Reserve for revaluation	112	112	0
Consolidated surplus	133,303	143,344	946
Total foundation funds, surplus and others	261,415	271,456	1,792
Net unrealized gains (losses) on available-for-sale securities, net of tax	390,148	663,271	4,380
Revaluation reserve for land, net of tax	4,468	4,500	29
Foreign currency translation adjustment	(58)	257	1
Accumulated remeasurements of defined benefit plans	274	21,087	139
Total accumulated other comprehensive income	394,833	689,116	4,551
Non-controlling interests	7,977	8,104	53
Total net assets	664,226	968,677	6,397
Total liabilities and net assets	¥8,883,718	¥9,426,567	$62,258

See notes to the consolidated financial statements.

Consolidated Statements of Operations

Fukoku Mutual Life Insurance Company and consolidated subsidiaries
For the year ended March 31, 2023 and 2024

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Ordinary revenues:			
Premium and other income	¥760,603	¥758,323	$5,008
Investment income:			
Interest, dividends and other income	182,754	193,012	1,274
Gains on money held in trust, net	—	1,185	7
Gains on trading securities, net	348	803	5
Gains on sales of securities	55,764	66,425	438
Gains on redemption of securities, net	11,702	2,508	16
Foreign exchange gains, net	—	2,525	16
Reversal of allowance for possible loan losses	624	117	0
Other investment income	322	321	2
Gains on separate accounts, net	2,174	27,117	179
	253,691	294,016	1,941
Other ordinary revenues	14,327	11,408	75
Total ordinary revenues	1,028,622	1,063,748	7,025
Ordinary expenses:			
Claims and other payments:			
Claims	144,133	118,266	781
Annuities	288,512	263,969	1,743
Benefits	150,002	127,650	843
Surrenders	71,845	87,879	580
Other payments	25,473	25,817	170
	679,967	623,582	4,118
Provision of policy reserve and others:			
Provision of reserve for outstanding claims	—	2,478	16
Provision of policy reserves	92,956	163,780	1,081
Provision of interest portion of reserve for dividends to policyholders	13	13	0
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0	0
	92,970	166,272	1,098
Investment expenses:			
Interest expenses	4,479	4,262	28
Losses on money held in trust, net	161	—	—
Losses on sales of securities	46,995	59,348	391
Losses on valuation of securities	3,608	1,089	7
Losses on redemption of securities, net	185	137	0
Losses on derivative instruments, net	11,221	7,349	48
Foreign exchange losses, net	8,235	—	—
Depreciation of real estate for rent and other assets	4,850	5,163	34
Other investment expenses	10,868	10,659	70
	90,607	88,009	581
Operating expenses	101,175	104,824	692
Other ordinary expenses	29,486	27,673	182
Total ordinary expenses	994,207	1,010,362	6,673
Ordinary profits	¥34,415	¥53,385	$352

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Extraordinary gains:			
Gains on disposal of fixed assets	¥393	¥33	$0
Total extraordinary gains	393	33	0
Extraordinary losses:			
Losses on disposal of fixed assets	182	202	1
Impairment losses	32	657	4
Provision of reserve for price fluctuation	845	4,741	31
100th anniversary bonuses and other losses	—	4,467	29
Total extraordinary losses	1,060	10,069	66
Provision of reserve for dividends to policyholders (subsidiary)	173	153	1
Surplus before income taxes	33,574	43,197	285
Income taxes:			
Current	4,008	14,678	96
Deferred	(2,191)	(9,778)	(64)
Total income taxes	1,816	4,899	32
Net surplus	31,757	38,297	252
Net surplus (loss) attributable to non-controlling interests	106	119	0
Net surplus attributable to the parent company	¥31,650	¥38,177	$252

See notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

Fukoku Mutual Life Insurance Company and consolidated subsidiaries
For the year ended March 31, 2023 and 2024

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Net surplus	¥31,757	¥38,297	$252
Other comprehensive income:			
Net unrealized gains (losses) on available-for-sale securities, net of tax	(96,789)	273,145	1,804
Foreign currency translation adjustments	254	315	2
Remeasurements of defined benefit plan, net of tax	2,305	20,812	137
	(94,229)	294,273	1,943
Comprehensive income:			
Comprehensive income attributable to the parent company	(62,286)	332,428	2,195
Comprehensive income attributable to non-controlling interests	(186)	142	0
	¥(62,472)	¥332,570	$2,196

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flow

Fukoku Mutual Life Insurance Company and consolidated subsidiaries
For the year ended March 31, 2023 and 2024

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Cash flows from operating activities:			
Surplus before income taxes	¥33,574	¥43,197	$285
Depreciation of real estate for rent and other assets	4,850	5,163	34
Depreciation	13,720	11,034	72
Impairment losses	32	657	4
Increase (decrease) in reserve for outstanding claims	(1,392)	2,478	16
Increase (decrease) in policy reserve	92,956	163,780	1,081
Provision of interest portion of reserve for dividends to policyholders	13	13	0
Provision of interest portion of reserve for dividends to policyholders (subsidiary)	0	0	0
Provision of reserve for dividends to policyholders (subsidiary)	173	153	1
Increase (decrease) in allowance for possible loan losses	(1,689)	(123)	(0)
Increase (decrease) in reserve for claims and other payments	(3,432)	—	—
Increase (decrease) in net defined benefit liabilities	382	88	0
Increase (decrease) in reserve for price fluctuation	845	4,741	31
Interest, dividends and other income	(182,754)	(193,012)	(1,274)
Losses (gains) on securities, net	(7,817)	(30,114)	(198)
Interest expenses	4,479	4,262	28
Foreign exchange losses (gains), net	8,235	(2,525)	(16)
Losses (gains) on tangible fixed assets, net	(218)	120	0
Decrease (increase) in agency receivable	(0)	(0)	(0)
Decrease (increase) in reinsurance receivable	92	(37)	(0)
Decrease (increase) in other assets except from investing and financing activities	(5,974)	(4,016)	(26)
Increase (decrease) in agency payable	295	(11)	(0)
Increase (decrease) in reinsurance payable	(43)	(6)	(0)
Increase (decrease) in other liabilities except from investing and financing activities	(1,548)	1,961	12
Others	20,590	22,179	146
Subtotal	(24,627)	29,983	198
Interest, dividends and other income received	185,806	188,008	1,241
Interest expenses paid	(4,450)	(3,590)	(23)
Dividends to policyholders paid	(29,731)	(30,532)	(201)
Dividends to policyholders paid (subsidiary)	(192)	(167)	(1)
Corporate income tax (paid) refunded	(6,640)	(1,628)	(10)
Net cash provided by (used in) operating activities (a)	120,164	182,072	1,202
Cash flows from investing activities:			
Net decrease (increase) in deposits	(9,767)	(4,594)	(30)
Proceeds from sales and redemption of monetary claims bought	77	—	—
Increase in money held in trust	—	(2,700)	(17)
Decrease in money held in trust	—	6,273	41
Payments for purchase of securities	(983,240)	(1,355,140)	(8,950)
Proceeds from sales and redemption of securities	1,307,916	1,078,987	7,126
Payments for additions to loans	(75,769)	(66,140)	(436)
Proceeds from collections of loans	96,953	83,638	552
Proceeds from and payments for settlements of derivatives, net	(146,423)	(14,624)	(96)
Increase (decrease) in cash received as collateral under securities lending transactions	(5,445)	(34,183)	(225)
Others	(9,853)	(7,887)	(52)
Subtotal (b)	174,447	(316,371)	(2,089)
(a + b)	¥294,611	¥(134,298)	$(886)

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Payments for purchase of tangible fixed assets	¥(8,976)	¥(16,085)	$(106)
Proceeds from sales of tangible fixed assets	1,036	95	0
Payments for purchase of intangible fixed assets	(8,863)	(7,346)	(48)
Net cash provided by (used in) investing activities	157,643	(339,707)	(2,243)
Cash flows from financing activities:			
Proceeds from issuance of subordinated bonds	—	74,260	490
Redemption of subordinated bonds	—	(49,870)	(329)
Payment of interest on foundation funds	(102)	(102)	(0)
Dividends paid to non-controlling interests	(112)	(15)	(0)
Payments for lease obligations	(2,467)	(1,184)	(7)
Net cash provided by (used in) financing activities	(2,681)	23,089	152
Effect of exchange rate changes on cash and cash equivalents	(1,226)	(212)	(1)
Net increase (decrease) in cash and cash equivalents	273,899	(134,757)	(890)
Cash and cash equivalents at the beginning of the fiscal year	366,999	640,899	4,232
Cash and cash equivalents at the end of the fiscal year	¥640,899	¥506,141	$3,342

See notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Fukoku Mutual Life Insurance Company and consolidated subsidiaries
For the year ended March 31, 2023 and 2024

	Millions of yen				
	Foundation funds, surplus and others				
For the year ended March 31, 2023	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	¥12,000	¥116,000	¥112	¥132,765	¥260,877
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(30,726)	(30,726)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				31,650	31,650
Reversal of revaluation reserve for land, net of tax				(284)	(284)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	537	537
Balance at the end of the fiscal year	¥12,000	¥116,000	¥112	¥133,303	¥261,415

	Millions of yen						
	Accumulated other comprehensive income						
For the year ended March 31, 2023	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥486,644	¥4,184	¥ (312)	¥ (2,030)	¥488,486	¥8,276	¥757,640
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(30,726)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							31,650
Reversal of revaluation reserve for land, net of tax							(284)
Net changes, excluding foundation funds, surplus and others	(96,496)	284	254	2,305	(93,652)	(298)	(93,951)
Total changes in the fiscal year	(96,496)	284	254	2,305	(93,652)	(298)	(93,413)
Balance at the end of the fiscal year	¥390,148	¥4,468	¥ (58)	¥274	¥394,833	¥7,977	¥664,226

For the year ended March 31, 2024	Foundation funds, surplus and others (Millions of yen)				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	¥12,000	¥116,000	¥112	¥133,303	¥261,415
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(28,002)	(28,002)
Payment of interest on foundation funds				(102)	(102)
Net surplus attributable to the parent company for the fiscal year				38,177	38,177
Reversal of revaluation reserve for land, net of tax				(32)	(32)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	10,041	10,041
Balance at the end of the fiscal year	¥12,000	¥116,000	¥112	¥143,344	¥271,456

For the year ended March 31, 2024	Accumulated other comprehensive income (Millions of yen)						
	Net unrealized gains (losses) on available-for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	¥390,148	¥4,468	¥(58)	¥274	¥394,833	¥7,977	¥664,226
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(28,002)
Payment of interest on foundation funds							(102)
Net surplus attributable to the parent company for the fiscal year							38,177
Reversal of revaluation reserve for land, net of tax							(32)
Net changes, excluding foundation funds, surplus and others	273,122	32	315	20,812	294,282	127	294,409
Total changes in the fiscal year	273,122	32	315	20,812	294,282	127	304,450
Balance at the end of the fiscal year	¥663,271	¥4,500	¥257	¥21,087	¥689,116	¥8,104	¥968,677

For the year ended March 31, 2024	Millions of U.S. dollars				
	Foundation funds, surplus and others				
	Foundation funds	Accumulated foundation funds redeemed	Reserve for revaluation	Consolidated surplus	Total foundation funds, surplus and others
Balance at the beginning of the fiscal year	$79	$766	$0	$880	$1,726
Changes in the fiscal year					
Additions to reserve for dividends to policyholders				(184)	(184)
Payment of interest on foundation funds				(0)	(0)
Net surplus attributable to the parent company for the fiscal year				252	252
Reversal of revaluation reserve for land, net of tax				(0)	(0)
Net changes, excluding foundation funds, surplus and others					
Total changes in the fiscal year	—	—	—	66	66
Balance at the end of the fiscal year	$79	$766	$0	$946	$1,792

For the year ended March 31, 2024	Millions of U.S. dollars						
	Accumulated other comprehensive income						
	Net unrealized gains (losses) on available- for-sale securities, net of tax	Revaluation reserve for land, net of tax	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the beginning of the fiscal year	$2,576	$29	$(0)	$1	$2,607	$52	$4,386
Changes in the fiscal year							
Additions to reserve for dividends to policyholders							(184)
Payment of interest on foundation funds							(0)
Net surplus attributable to the parent company for the fiscal year							252
Reversal of revaluation reserve for land, net of tax							(0)
Net changes, excluding foundation funds, surplus and others	1,803	0	2	137	1,943	0	1,944
Total changes in the fiscal year	1,803	0	2	137	1,943	0	2,010
Balance at the end of the fiscal year	$4,380	$29	$1	$139	$4,551	$53	$6,397

Notes to the Consolidated Financial Statements

I. Presentation of the Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Act of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded down. As a result, the totals do not add up.

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥151.41 = US$1.00, the effective rate of exchange at the balance sheet date of March 31, 2024. The translations should not be construed as representations that such yen amounts have been or could in the future be, converted into U.S. dollars at that or any other rates.

2. Principles of Consolidation

(1) Scope of Consolidation

Consolidated subsidiaries as of March 31, 2023 and 2024 are listed below:

Fukoku Capital Management, Inc.
Fukokushinrai Life Insurance Co., Ltd.
Fukoku Information Systems Co., Ltd.
Fukoku Life International (U.K.) Ltd.
Fukoku Life International (America) Inc.
Fukoku Life Investments Singapore Pte. Ltd.

Major unconsolidated subsidiary is Fukoku Business Service Company Limited.

Four subsidiaries are excluded from the scope of consolidation, as each one of them is small in its total assets, amount of sales, net surplus for the period and surplus and are sufficiently insignificant to reasonable judgement on their impact on the financial position and results of operation of the Company's group.

(2) Application of Equity Method

Unconsolidated subsidiaries (such as Fukoku Business Service Company Limited, etc.) are insignificant in their impact on net surplus attributable to the parent company and consolidated surplus, and also immaterial as a whole, therefore, application of equity method is not applied.

There are no affiliates for the year ended March 31, 2023 and 2024.

(3) Fiscal Year of Consolidated Subsidiaries

Among the subsidiaries to be consolidated, fiscal year-end of overseas subsidiaries is December 31. For the preparation of consolidated financial statements, financial statements as of that date are used and concerning any important transaction taking place in between December 31 and the consolidated closing date, necessary adjustments for consolidation are made.

II. Notes to the Consolidated Balance Sheets

1. (1) The valuation of securities, including cash and deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:

i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.

ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.

iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry" (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

iv) Investments in unconsolidated subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.

v) Available-for-sale securities are stated at fair market value based on the market prices at the end of the fiscal year. Costs of their sales are determined by the moving average method. Public and corporate bonds (including foreign bonds) with differences between their acquisition costs and fair values that are considered as adjustments of interest are stated at amortized cost (straight-line method) determined by the moving average method. However, stocks and other securities without quoted market prices are stated at cost, as determined using the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.

(2) Derivative instruments are stated at fair market value.

(3) The Company revalued the land used in the operations based on the Act for Revaluation of Land (Act No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for land revaluation.

・Date of revaluation: March 31, 2002

・Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Act:
Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Act for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of the Company's tangible fixed assets is calculated by the following methods.
・Tangible fixed assets (excluding lease assets): Declining-balance method
However, buildings (excluding building attachments and structures acquired on or before March 31, 2016) acquired on or after April 1, 1998 are depreciated using Straight-line method.
・Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.
Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(5) Assets and liabilities denominated in foreign currencies, except for investments in unconsolidated subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in unconsolidated subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.

(6) Allowance for possible loan losses for the Company is provided in accordance with the standards of self-assessment and write-offs and reserves on credit quality:
i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amounts of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy (hereinafter called "not currently bankrupt borrowers"), the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amounts expected to be collected through the disposal of collateral or the execution of guarantees.
iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses is provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees are written-off directly from the borrowers' balances as the estimated uncollectible amounts. The amount written-off as of March 31, 2023 and 2024 were ¥0 million and ¥0 million (US$4 thousand).

(7) Net defined benefit liabilities and assets, which are provided for employees' retirement benefits, are calculated by deducting the amount of pension assets from the amount of retirement benefit obligations incurred as of the balance sheet date based on the projected retirement benefits as of the current fiscal year end.

The Company uses the following methods of accounting in relation to retirement benefits:
・Method for allocation of projected retirement benefits .... Benefit formula basis
・Amortization period of actuarial gains and losses ....10 years
・Amortization period of prior service cost ....10 years

(8) Reserve for price fluctuation is calculated in accordance with Article 115 of the Insurance Business Act.

(9) Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The Company applies a fair value hedge accounting as a hedge against the risk of foreign exchange fluctuation in relation to bonds and others denominated in foreign currencies, and a designated hedge accounting ("Furiate shori") for foreign currency swaps as a hedge against the risk of foreign exchange fluctuation in relation to bonds denominated in foreign currencies issued by the Company.

For assessing the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mainly applied.

(10) The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Act, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(11) Initial premium incomes are recorded by the relevant amounts received when the premium incomes have been received and the responsibilities on the insurance contract have been commenced, in principal.

Subsequent premium incomes are also recorded as the amount of payments that have been received.

Of premium incomes that have been received, the portion corresponding to the period that has yet to pass as of the end of the fiscal year is accumulated as policy reserve in accordance with Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 2 of the Enforcement Regulation of the Insurance Business Act.

Premium incomes associated with the acceptance of group annuities are recorded as amounts equivalent to the policy reserve received when accepting the transfers of these group annuities.

(12) Claims and other payments (excluding reinsurance premiums) are recorded by the relevant amounts paid when the cause for payment under the policy conditions is occurred and the calculated amounts are paid based on the policy conditions.

In accordance with Article 117 of the Insurance Business Act and Article 72 of the Enforcement Regulation of the Insurance Business Act, reserve for outstanding claims are accumulated as for claims for which the Company has a payment due but has not paid, or for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred as of the end of the fiscal year.

Regarding claims for which the occurrence of cause for payment has not been reported but the Company recognizes that insured payment has already occurred ("IBNR reserves"), the special treatment providing payment of hospitalization benefits with respect to those diagnosed with COVID-19 and were under the care of a doctor or the like at an lodging facility or at home ("deemed hospitalization") was discontinued on May 8, 2023. As a result of this change, an appropriate amount of reserves cannot be obtained with the calculation method set forth in the main rules in Article 1, Paragraph 1 of the Notification of the Minister of Finance No.234, 1998 ("IBNR Notification"). The Company therefore records the amount that was calculated using the following method, pursuant to provisions in the proviso of Article 1, Paragraph 1 of IBNR Notification (the "Proviso").

(Overview of the calculation method)
The Company first deducts an amount pertaining to deemed hospitalization of policy holders from a required amount of IBNR reserves and the amount of claim payments for all the fiscal years, as set forth in the main rules in Article 1, Paragraph 1 of IBNR Notification, and then calculates in the same manner as in the main rules in Article 1, Paragraph 1 of IBNR Notification.

Furthermore, at the end of the previous fiscal year, instead of the amount related to the deemed hospitalization, the amount related to the deemed hospitalization other than those with a high risk of severity was deducted, but due to the termination of treatment of hospitalization benefits for deemed hospitalizations during the fiscal year, we have revised the calculation method to deduct the amount related to such deemed hospitalizations.

Claims and other payments associated with the outgoing transfer of group annuities are recorded as amounts equivalent to the policy reserve transferred when recognizing the transfers of these group annuities.

(13) Policy reserve of the Company is accumulated in accordance with the methods stated in the statement of calculation procedures for Insurance Premiums and Policy Reserves (Article 4 Paragraph 2 Item 4 of the Insurance Business Act) pursuant to Article 116 Paragraph 1 of the Insurance Business Act to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started as of the end of the consolidated fiscal year.

Premium reserves, one of the components of policy reserve, are calculated by the following method.

i) In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No.48, 1996) is applied.
ii) In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

In regard to the policy reserve accumulated pursuant to Article 69 Paragraphs 1,2, and 4 of the Enforcement Regulation of the Insurance Business Act, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The following reserves have been established in compliance with this regulation.

- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2023, the balance of these policy reserves was ¥71,649 million.
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2023, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of March 31, 2023, the balance of these policy reserves was ¥106,590 million.
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and transplant medical riders. As of March 31, 2023, the balance of these policy reserves was ¥105 million.

- Among individual annuity insurance policies with an assumed interest rate of 5.00% or higher, for policies that have begun paying annuities (excluding wife's annuity insurance additional rider), the Company has reduced the assumed interest rate to 1.00% and funded additional policy reserves. As of March 31, 2024, the balance of these policy reserves was ¥69,848 million (US$461 million).
- Among whole life insurance policies with assumed interest rates of 5.00% or higher following the fiscal year ended March 31, 2024, the Company has reduced assumed interest rates for policies with premiums that have been paid in full (excluding policies that have been converted into paid-up or extended policies, single premium policies, and policies for which premiums have been waived) to 1.00% and funded additional policy reserves. As of March 31, 2024, the balance of these policy reserves was ¥105,883 million (US$699 million).
- The Company has also funded additional policy reserves for certain whole life insurance policies that include distribution of surplus every five years, new cancer riders, highly advanced medical riders and transplant medical riders. As of March 31, 2024, the balance of these policy reserves was ¥84 million (US$554 thousand).

Appointed actuary, for each fiscal year, verify whether policy reserves have been reasonably accumulated in accordance with Article 121 Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act.

Contingency reserves, one of the components of policy reserve, are accumulated pursuant to Article 116 of the Insurance Business Act and Article 69 Paragraph 1 Item 3 of the Enforcement Regulation of the Insurance Business Act to cover risks that may accrue in the future in order to ensure performing future obligations under the insurance contracts.

(14) Depreciation of intangible fixed assets is calculated by the following methods.
- Software: Straight-line method over the estimated useful lives.
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term with no residual value.

(15) Of the bonds corresponding to the sub-groups of individual insurance, individual annuities, and group annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No. 21 issued by JICPA on November 16, 2000).

2. Asset management of the general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Act is conducted on the principle of prudent and profitable investments by the Company, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities, stocks and real estates within the acceptable range of risk in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios under the asset liability management. Derivatives are mainly used to hedge the market risk regarding spot-priced assets and liabilities.

Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk.

The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the "Three Basic Rules related to Enterprise Risk Management" established by the Board of Directors. Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities in the general account were as follows:

	As of March 31,		
	2023		
	Millions of yen		
	Carrying amount	Fair value	Difference
Money held in trust:			
Trading securities	¥24,897	¥24,897	¥—
Total money held in trust	24,897	24,897	—
Securities:			
Trading securities	10,232	10,232	—
Held-to-maturity debt securities	1,252,237	1,368,169	115,931
Policy-reserve-matching bonds	835,657	844,467	8,810
Available-for-sale securities	5,076,422	5,076,422	—
Total securities	7,174,550	7,299,292	124,741
Loans:			
Policy loans	50,456	50,456	(0)
Ordinary loans	477,104	487,443	10,339
Total loans	527,561	537,900	10,339
Assets total	7,727,009	7,862,089	135,080
Subordinated bonds*1	241,935	238,498	(3,436)
Liabilities total	241,935	238,498	(3,436)
Derivative instruments*2 :			
Hedge accounting not applied	(683)	(683)	—
Hedge accounting applied	(840)	(840)	—
Total derivative instruments	¥(1,524)	¥(1,524)	¥—

*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.
*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table.
The amount of these stocks on the balance sheet as of March 31, 2023 was ¥9,114 million.
2. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021. Hereinafter called "Implementation Guidance on Accounting Standard for Fair Value Measurement"), investments in partnerships are not included in Securities of the above table.
The amount of investments in partnerships included on the balance sheet as of March 31, 2023, was ¥30,957 million.
3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

	As of March 31,					
	2024			2024		
	Millions of yen			Millions of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Money held in trust:						
Trading securities	¥22,502	¥22,502	¥—	$148	$148	$—
Total money held in trust	22,502	22,502	—	148	148	—
Securities:						
Held-to-maturity debt securities	1,214,754	1,289,968	75,213	8,022	8,519	496
Policy-reserve-matching bonds	1,265,018	1,233,702	(31,316)	8,354	8,148	(206)
Available-for-sale securities	5,353,256	5,353,256	—	35,356	35,356	—
Total securities	7,833,029	7,876,927	43,897	51,733	52,023	289
Loans:						
Policy loans	49,348	49,348	(0)	325	325	(0)
Ordinary loans	453,802	458,559	4,756	2,997	3,028	31
Total loans	503,151	507,908	4,756	3,323	3,354	31
Assets total	8,358,683	8,407,337	48,654	55,205	55,526	321
Subordinated bonds*1	267,260	263,910	(3,349)	1,765	1,743	(22)
Liabilities total	267,260	263,910	(3,349)	1,765	1,743	(22)
Derivative instruments*2 :						
Hedge accounting not applied	(1,029)	(1,029)	—	(6)	(6)	—
Total derivative instruments	¥(1,029)	¥(1,029)	¥—	$(6)	$(6)	$—

*1 The fair value of derivative instruments that are currency swaps under designated hedge accounting is included in the fair value of subordinated bonds because it is accounted for as an integral part of the subordinated bonds that are the hedge items.
*2 Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Notes: 1. Stocks without market prices, such as unlisted stocks, are not included in Securities of the above table.
The amount of these stocks on the balance sheet as of March 31, 2024 was ¥9,229 million(US$60 million).
2. In accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, investments in partnerships are not included in Securities of the above table. As of March 31, 2024, the amount of investments in partnerships included on the balance sheet was ¥43,658 million(US$288 million).
3. Investment trusts with real estate as investment trust properties which have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are included in Securities.

3. Matters concerning the breakdown of financial instruments by fair value level are as follows.
The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair value.
Fair Value Level 1: Fair values measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Fair Value Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs
Fair Value Level 3: Fair values measured using material unobservable inputs
When multiple inputs with material impact are used to measure fair value, the resulting fair value is classified into the lowest fair value level into which any of these inputs can be categorized.

(1) Financial assets and liabilities with fair values recorded on the balance sheet were as follows:

As of March 31,

Classification	2023			
	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust:				
Trading securities	¥—	¥24,897	¥—	¥24,897
Total money held in trust	—	24,897	—	24,897
Securities:				
Trading securities:				
Foreign securities	—	10,232	—	10,232
Total trading securities	—	10,232	—	10,232
Available-for-sale securities:				
Government bonds	1,724,721	—	—	1,724,721
Local government bonds	—	124,909	—	124,909
Corporate bonds	—	642,457	—	642,457
Stocks	740,041	—	—	740,041
Foreign securities	595,331	1,053,931	26,490	1,675,753
Other securities	47,246	115,697	—	162,943
Total available-for-sale securities	3,107,340	1,936,996	26,490	5,070,826
Total securities	3,107,340	1,947,228	26,490	5,081,059
Assets total	3,107,340	1,972,126	26,490	5,105,957
Derivative instruments*:				
Currency-related	—	(1,402)	—	(1,402)
Interest-related	—	47	—	47
Stock-related	(31)	—	—	(31)
Bond-related	(137)	—	—	(137)
Total derivative instruments	¥(169)	¥(1,355)	¥—	¥(1,524)

* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2023 was ¥5,596 million. Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2023 for the investment trusts were as follows:

As of March 31,

	2023
	Millions of yen
Balance at the beginning of the fiscal year	¥3,654
Gains or losses and other comprehensive income during the fiscal year	441
Values recognized as other comprehensive income*	441
Purchase, sales, and redemption	1,500
Purchase	1,500
Balance at the end of the fiscal year	¥5,596

* These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2023.

As of March 31,

Classification	2024				2024			
	Millions of yen				Millions of U.S. dollars			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money held in trust:								
Trading securities	¥—	¥22,502	¥—	¥22,502	$—	$148	$—	$148
Total money held in trust	—	22,502	—	22,502	—	148	—	148
Securities:								
Available-for-sale securities:								
Government bonds	1,394,506	—	—	1,394,506	9,210	—	—	9,210
Local government bonds	—	113,621	—	113,621	—	750	—	750
Corporate bonds	—	658,552	—	658,552	—	4,349	—	4,349
Stocks	928,657	—	—	928,657	6,133	—	—	6,133
Foreign securities	905,046	1,113,911	26,352	2,045,310	5,977	7,356	174	13,508
Other securities	65,823	136,839	—	202,662	434	903	—	1,338
Total available-for-sale securities	3,294,033	2,022,924	26,352	5,343,310	21,755	13,360	174	35,290
Total securities	3,294,033	2,022,924	26,352	5,343,310	21,755	13,360	174	35,290
Assets total	3,294,033	2,045,426	26,352	5,365,813	21,755	13,509	174	35,438
Derivative instruments*:								
Currency-related	—	(940)	—	(940)	—	(6)	—	(6)
Stock-related	(89)	—	—	(89)	(0)	—	—	(0)
Total derivative instruments	¥(89)	¥(940)	¥—	¥(1,029)	$(0)	$(6)	$—	$(6)

* Assets and liabilities generated by derivative instruments are offset and presented net. Net liabilities in total are presented in parentheses.

Note: Investment trusts with real estate as investment trust properties that have applied Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the figures above. The amount of the investment trusts on the balance sheet as of March 31, 2024 was ¥9,945 million (US$65 million). Reconciliation of balances from the beginning of the current fiscal year to balances as of March 31, 2024 for the investment trusts were as follows:

	As of March 31, 2024	2024
	Millions of yen	Millions of U.S. dollars
Balance at the beginning of the fiscal year	¥5,596	$36
Gains or losses and other comprehensive income during the fiscal year	203	1
Values recognized as other comprehensive income*	203	1
Purchase, sales, and redemption	4,146	27
Purchase	4,146	27
Balance at the end of the fiscal year	¥9,945	$65

* These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income for the fiscal year ended March 31, 2024.

(2) Financial assets and liabilities with fair values not recorded on the balance sheet were as follows:

Classification	As of March 31, 2023			
	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities:				
Held-to-maturity debt securities:				
Government bonds	¥1,171,314	¥—	¥—	¥1,171,314
Local government bonds	—	93,825	—	93,825
Corporate bonds	—	103,028	—	103,028
Total held-to-maturity debt securities	1,171,314	196,854	—	1,368,169
Policy-reserve-matching bonds:				
Government bonds	404,527	—	—	404,527
Local government bonds	—	126,664	—	126,664
Corporate bonds	—	313,275	—	313,275
Total policy-reserve-matching bonds	404,527	439,940	—	844,467
Total securities	1,575,842	636,794	—	2,212,636
Loans:				
Policy loans	—	—	50,456	50,456
Ordinary loans	—	—	487,443	487,443
Total loans	—	—	537,900	537,900
Assets total	1,575,842	636,794	537,900	2,750,536
Subordinated bonds	—	238,498	—	238,498
Liabilities total	¥—	¥238,498	¥—	¥238,498

Classification	As of March 31, 2024				2024			
	Millions of yen				Millions of U.S. dollars			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities:								
Held-to-maturity debt securities:								
Government bonds	¥1,113,884	¥—	¥—	¥1,113,884	$7,356	$—	$—	$7,356
Local government bonds	—	90,996	—	90,996	—	600	—	600
Corporate bonds	—	85,087	—	85,087	—	561	—	561
Total held-to-maturity debt securities	1,113,884	176,084	—	1,289,968	7,356	1,162	—	8,519
Policy-reserve-matching bonds:								
Government bonds	781,655	—	—	781,655	5,162	—	—	5,162
Local government bonds	—	120,376	—	120,376	—	795	—	795
Corporate bonds	—	331,670	—	331,670	—	2,190	—	2,190
Total policy-reserve- matching bonds	781,655	452,047	—	1,233,702	5,162	2,985	—	8,148
Total securities	1,895,539	628,131	—	2,523,670	12,519	4,148	—	16,667
Loans:								
Policy loans	—	—	49,348	49,348	—	—	325	325
Ordinary loans	—	—	458,559	458,559	—	—	3,028	3,028
Total loans	—	—	507,908	507,908	—	—	3,354	3,354
Assets total	1,895,539	628,131	507,908	3,031,579	12,519	4,148	3,354	20,022
Subordinated bonds	—	263,910	—	263,910	—	1,743	—	1,743
Liabilities total	¥—	¥263,910	¥—	¥263,910	$—	$1,743	$—	$1,743

(3) Explanation of valuation techniques and inputs used to measure fair value

i) Securities (including deposits and monetary claims bought which are treated as securities based on "Accounting Standards for Financial Instruments" [ASBJ Statement No.10, July 4, 2019])

The fair values of securities for which unadjusted quoted market prices in active markets are available (primarily listed stocks and government bonds [including some foreign securities]) are classified as Fair Value Level 1. Meanwhile, the fair values of securities for which quoted market prices are available, but are not available in active markets, are classified as Fair Value Level 2 (This category primarily includes local government bonds and corporate bonds [including some foreign securities]). When quoted market prices are not available for securities, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these securities. If the inputs used to measure the fair value of a given security are material but unobservable, the resulting fair value is classified as Fair Value Level 3.

ii) Money held in trust

In principle, the fair values of securities managed as trust assets and classified as money held in trust are measured using the Company's prescribed method for determining the value of securities. These fair values are categorized as Fair Value Level 2.

iii) Loans

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadlines have not been set up due to the characteristics that the loans are limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans are used as their book values. The fair values of fixed interest rate loans are primarily calculated by discounting the future cash flows to the present values.

The fair values of loans from legally bankrupt borrowers, substantially bankrupt borrowers and not currently bankrupt borrowers are computed by deducting the amount of the allowance for possible loan losses from the book values before direct write-offs.

Because significant unobservable inputs used to measure the fair values of loans, the resulting fair values are classified as Fair Value Level 3.

iv) Subordinated bonds

The fair values of corporate bonds issued by the Company are classified as Fair Value Level 2 and are measured using the same method applied to securities.

v) Derivative instruments

The fair values of derivative instruments for which unadjusted quoted market prices in active markets are available (primarily exchange-traded futures and options) are classified as Fair Value Level 1. However, most derivative instruments are traded over the counter and have no quoted market prices. Accordingly, prices obtained from third parties (mainly from information vendors and financial institutions with which the Company conducts business) and determined to have been measured in accordance with prescribed accounting standards are used to measure the fair values of these derivative instruments. Fair values of derivative instruments that were measured using only observable inputs or with unobservable inputs considered to be immaterial are classified as Fair Value Level 2. Meanwhile, fair values of derivative instruments that have been measured using material unobservable inputs are categorized as Fair Value Level 3.

(4) Information concerning fair values of financial assets and liabilities that have been recorded on the balance sheet and classified as Fair Value Level 3

i) Quantitative information regarding material unobservable inputs

When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, quantitative information regarding material unobservable inputs have been omitted.

ii) Reconciliation of beginning to end of balance as of March 31, 2023 and 2024, and the valuation gains or losses recognized in the statements of operations for the respective consolidated fiscal years were as follows:

	2023		2024		2024	
	Millions of yen				Millions of U.S. dollars	
	Securities, Available-for-sale securities, Foreign securities	Total	Securities, Available-for-sale securities, Foreign securities	Total	Securities, Available-for-sale securities, Foreign securities	Total
Balance at the beginning of the fiscal year ...	¥28,139	¥28,139	**¥26,490**	**¥26,490**	**$174**	**$174**
Gains or losses and other comprehensive income during the fiscal year..................	(1,648)	(1,648)	**(137)**	**(137)**	**(0)**	**(0)**
Values recognized as gains or losses*1	(10)	(10)	**(10)**	**(10)**	**(0)**	**(0)**
Values recognized as other comprehensive income*2............................	(1,638)	(1,638)	**(127)**	**(127)**	**(0)**	**(0)**
Balance at the end of the fiscal year	¥26,490	¥26,490	**¥26,352**	**¥26,352**	**$174**	**$174**

*1 These amounts are included in investment income and investment expenses in the consolidated statements of operations.
*2 These amounts are included in net unrealized gains (losses) on available-for-sale securities, net of tax under other comprehensive income in the consolidated statements of comprehensive income.

iii) Explanation of the valuation process for fair value
The Company's asset management division is responsible for the formulation of policies and procedures related to the measurement of fair value and the actual measurement of fair value. These fair values are subsequently checked by the risk management department to ensure their appropriateness and compliance with relevant policies and procedures.

The Company verifies the appropriateness of the fair values it measures using a variety of suitable methods, which include comparing quoted market prices obtained from different third parties; confirming techniques and inputs utilized for calculation; and further comparing measured fair values with the fair values of similar financial instruments.

iv) Explanation of the impact on fair value in case of change in material unobservable inputs
When measuring fair value, the Company does not adjust quoted prices obtained from third parties and does not make estimates related to inputs that it cannot observe. Accordingly, it has omitted information concerning impact on fair value stemming from changes in material unobservable inputs.

4. The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amounts and the fair values of investment and rental properties were ¥197,979 million and ¥349,089 million as of March 31, 2023, and ¥206,835 million (US$1,366 million) and ¥369,871 million (US$2,442 million) as of March 31, 2024, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties were ¥321 million and ¥277 million (US$1 million) as of March 31, 2023 and 2024, respectively.

5. The amount of securities lent under lending agreements were ¥504,760 million and ¥518,568 million (US$3,424 million) as of March 31, 2023 and 2024, respectively.

6. The total amount of claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, delinquent loans past three months or more, and restructured loans were ¥1,246 million and ¥1,160 million (US$7 million) as March 31, 2023 and 2024, respectively. The details are as follows.

i) The balance of claims against bankrupt and quasi-bankrupt obligors were ¥140 million and ¥133 million (US$880 thousand) as of March 31, 2023 and 2024, respectively.

Of which, the estimated uncollectible amount written-off were ¥0 million and ¥0 million (US$4 thousand) as of March 31, 2023 and 2024, respectively.

Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

ii) The balance of claims with collection risk were ¥544 million and ¥508 million (US$3 million) as of March 31, 2023 and 2024, respectively.

Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

iii) There was no balance of delinquent loans past three months or more as of March 31, 2023 and 2024.

Delinquent loans past three months or more are loans for which interest payments or repayments of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk.

iv) The balance of restructured loans were ¥561 million and ¥518 million (US$3 million) as of March 31, 2023 and 2024, respectively.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemption, rescheduling of due date for repayments of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as claims against bankrupt and quasi-bankrupt obligors, claims with collection risk, and delinquent loans past three months or more.

7. Accumulated depreciation of tangible fixed assets were ¥183,559 million and ¥183,509 million (US$1,212 million) as of March 31, 2023 and 2024, respectively.

8. Total assets in separate accounts provided for in Article 118 of the Insurance Business Act were ¥118,783 million and ¥141,452 million (US$934 million) as of March 31, 2023 and 2024, respectively. The amounts of separate account liabilities were the same as separate account assets.

9. The total amounts of receivables from/payables to unconsolidated subsidiaries were ¥2,229 million and ¥42 million as of March 31, 2023, and ¥2,914 million (US$19 million) and ¥40 million (US$265 thousand) as of March 31, 2024, respectively.

10. The total amount of monetary obligations owed to directors was ¥3 million (US$22 thousand) as of March 31, 2024.

11. Deferred tax assets and deferred tax liabilities as of March 31, 2023 were ¥177,047 million and ¥156,019 million, respectively. Valuation allowance for deferred tax assets was ¥4,896 million.

Major components of deferred tax assets were ¥102,788 million of policy reserves, ¥52,790 million of reserve for price fluctuation and ¥12,766 million of net defined benefit liabilities as of March 31, 2023.

Major component of deferred tax liabilities was ¥149,777 million of net unrealized gains on available-for-sale securities as of March 31, 2023.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2023 were 28.0% and 5.4%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -23.4% of reserve for dividends to policyholders.

Deferred tax assets and deferred tax liabilities as of March 31, 2024 were ¥186,185 million (US$1,229 million) and ¥269,459 million (US$1,779 million), respectively. Valuation allowance for deferred tax assets was ¥5,016 million (US$33 million).

Major components of deferred tax assets were ¥114,810 million (US$758 million) of policy reserves, ¥54,118 million (US$357 million) of reserve for price fluctuation and ¥8,742 million (US$57 million) of net defined benefit liabilities as of March 31, 2024.

Major component of deferred tax liabilities was ¥255,853 million (US$1,689 million) of net unrealized gains on available-for-sale securities as of March 31, 2024.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2024 were 28.0% and 11.3%, respectively. The difference between the statutory tax rate and the actual effective tax rate was attributable mainly to -24.1% of reserve for dividends to policyholders.

12. Changes in reserve for dividends to policyholders were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Balance at the beginning of the fiscal year	¥63,411	**¥64,420**	**$425**
Transfer from surplus in the previous fiscal year	30,726	**28,002**	**184**
Dividend payments to policyholders during the fiscal year	(29,731)	**(30,532)**	**(201)**
Increase in interest	13	**13**	**0**
Balance at the end of the fiscal year	¥64,420	**¥61,903**	**$408**

13. Changes in reserve for dividends to policyholders (Fukokushinrai Life Insurance Co., Ltd.) were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Balance at the beginning of the fiscal year	¥322	**¥304**	**$2**
Dividend payments to policyholders during the fiscal year	(192)	**(167)**	**(1)**
Increase in interest	0	**0**	**0**
Provision of reserve for dividends to policyholders	173	**153**	**1**
Balance at the end of the fiscal year	¥304	**¥290**	**$1**

14. The amount of stocks of unconsolidated subsidiaries were ¥404 million and ¥404 million (US$2 million) as of March 31, 2023 and 2024, respectively.

15. Assets pledged as collateral as of March 31, 2023 were ¥175,557 million of securities.

Secured debts as of March 31, 2023, were ¥161,480 million.

These amounts include ¥147,552 million of investments in securities deposited and ¥155,483 million of cash received as collateral under securities lending transactions secured by cash as of March 31, 2023.

Assets pledged as collateral as of March 31, 2024 were ¥138,648 million (US$915 million) of securities.

Secured debts as of March 31, 2024, were ¥127,337 million (US$841 million).

These amounts include ¥114,460 million (US$755 million) of investments in securities deposited and ¥121,299 million (US$801 million) of cash received as collateral under securities lending transactions secured by cash as of March 31, 2024.

16. Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “reserve for outstanding claims for ceded reinsurance”) were ¥0 million and ¥0 million (US$6 thousand) as of March 31, 2023 and 2024, respectively.

    Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Act (hereinafter called “policy reserve for ceded reinsurance”) were ¥40 million and ¥33 million (US$219 thousand) as of March 31, 2023 and 2024, respectively.

17. There were unused commitment line agreements under which the Company is the lender of ¥8,604 million and ¥4,344 million (US$28 million) as of March 31, 2023 and 2024, respectively.

18. Repayments of subordinated bonds are subordinated to other obligations.

19. Following the amendment to the Articles of Incorporation approved by the Board of Representative Member of Policyholders on July 2, 2024, the Company raised an additional ¥8,000 million in funds on August 7, 2024 in accordance with Article 60 of the Insurance Business Act.

20. Matters Related to Employees’ Retirement Benefits

(1) Overview of Employees’ Retirement Benefit Plan

As for a defined benefit plan for office-based employees, the Company and its consolidated subsidiaries have a defined benefit corporate pension plan and retirement lump-sum payments. As for a defined contribution plan for these employees, the Company also has a defined contribution pension plan.

Furthermore, the retirement benefit plan for internal service employees was revised at the end of September 2023 due to factors including the raising of the retirement age to 65, resulting in a prior service cost of ¥-6,929 million (US$-45 million).

As for a defined benefit plan for sales employees, the Company has retirement lump-sum payments.

The Company places a retirement benefit trust in relation to the retirement lump-sum grant plan for sales employees.

The simplified method for calculating retirement benefit obligation is applied to a portion of the Company and some consolidated subsidiaries’ retirement lump-sum grant plans.

(2) Defined Benefit Plan

i) Reconciliation of beginning and end of balance of retirement benefit obligation

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Retirement benefit obligation at the beginning of the fiscal year	¥91,156	¥90,953	$600
Service cost	3,718	3,696	24
Interest cost	542	520	3
Actuarial differences occurred during the fiscal year	(12)	(9,156)	(60)
Retirement benefit payments	(4,450)	(3,766)	(24)
Prior service cost	—	(6,929)	(45)
Retirement benefit obligation at the end of the fiscal year	¥90,953	¥75,319	$497

ii) Reconciliation of beginning and end of balance of pension plan assets

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Pension plan assets at the beginning of the fiscal year	¥64,301	¥66,918	$441
Expected return on pension plan assets	1,232	1,229	8
Actuarial differences occurred during the fiscal year	2,410	12,579	83
Contributions by the employer	1,105	949	6
Retirement benefit payments	(2,135)	(1,578)	(10)
Others	3	3	0
Pension plan assets at the end of the fiscal year	¥66,918	¥80,101	$529

iii) Reconciliation of retirement benefit obligation and pension plan assets with net defined benefit liabilities and assets presented on the consolidated balance sheet

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
a. Funded plan retirement benefit obligation	¥78,877	**¥66,035**	**$436**
b. Pension plan assets	(66,918)	**(80,101)**	**(529)**
c. (a + b)	11,959	**(14,066)**	**(92)**
d. Unfunded plan retirement benefit obligation	12,076	**9,284**	**61**
e. Net amount of liabilities and assets presented on the consolidated balance sheet	24,035	**(4,782)**	**(31)**
f. Net defined benefit liabilities	25,220	**10,914**	**72**
g. Net defined benefit assets	(1,184)	**(15,696)**	**(103)**
h. Net amount of liabilities and assets presented on the consolidated balance sheet	¥24,035	**¥(4,782)**	**$(31)**

iv) Breakdown of retirement benefit gains and losses

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Service cost	¥3,718	**¥3,696**	**$24**
Interest cost	542	**520**	**3**
Expected return on pension plan assets	(1,232)	**(1,229)**	**(8)**
Amortization of actuarial differences	772	**582**	**3**
Amortization of prior service cost	5	**(341)**	**(2)**
Others	(3)	**(3)**	**(0)**
Retirement benefit expenses related to defined benefit plan	¥3,802	**¥3,225**	**$21**

v) Remeasurements of defined benefit plan

Remeasurements of defined benefit plan (before tax effects) comprised the following:

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Actuarial differences	¥3,196	**¥22,318**	**$147**
Prior service cost	5	**6,588**	**43**
Total	¥3,201	**¥28,906**	**$190**

vi) Accumulated remeasurements of defined benefit plan

Accumulated remeasurements of defined benefit plan (before tax effects) comprised the following:

	As of March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Unrecognized actuarial differences	¥421	**¥22,740**	**$150**
Unrecognized prior service cost	(40)	**6,547**	**43**
Total	¥381	**¥29,288**	**$193**

vii) Breakdown of pension plan assets

The breakdown of asset categories as a percentage of total pension plan assets were as follows:

	As of March 31,	
	2023	2024
Domestic stocks	44.8%	**49.4%**
Life insurance general account	30.4%	**26.6%**
Domestic bonds	9.3%	**9.1%**
Foreign stocks	8.2%	**8.9%**
Assets under joint management	3.7%	**3.1%**
Foreign bonds	3.5%	**3.0%**
Total	100.0%	**100.0%**

Within the total of pension assets as of March 31, 2023 and 2024, 38.1% and 42.0% of this amount is accounted for by the retirement benefit trust established in relation to the retirement lump-sum payments plan for sales employees, respectively.

viii) Method for setting the expected long-term rate of return

To set the expected long-term rate of return on pension plan assets, the Company takes into account the present and future allocation of pension plan assets, and the present and expected future long-term rate of return on a variety of assets that makes up the pension assets.

ix) Underlying actuarial assumptions

Main underlying actuarial assumptions were as follows:

	As of March 31,	
	2023	2024
Discount rate	0.6%	**1.6%**
Expected long-term rate of return on pension plan assets		
Defined benefit plan	3.0%	**3.0%**
Retirement benefit trust	0.0%	**0.0%**

(3) Defined contribution plan

The required contribution amount by the Company and its consolidated subsidiaries to the defined contribution plan were ¥339 million and ¥358 million (US$2 million) as of March 31, 2023 and 2024, respectively.

III. Notes to the Consolidated Statements of Operations

1. The total amounts of revenues and expenses in connection with unconsolidated subsidiaries were ¥120 million and ¥1,184 million for the year ended March 31, 2023, and ¥105 million (US$699 thousand) and ¥1,281 million (US$8 million) for the year ended March 31, 2024, respectively.

2. For the year ended March 31, 2023, in calculating the provision of reserve for outstanding claims, a reversal of reserve for outstanding claims for ceded reinsurance of ¥1 million was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥2 million was added.

For the year ended March 31, 2024, in calculating the provision of reserve for outstanding claims, a provision of reserve for outstanding claims for ceded reinsurance of ¥0 million (US$3 thousand) was deducted. In calculating the provision of policy reserves, a reversal of policy reserve for ceded reinsurance of ¥7 million (US$50 thousand) was added.

3. Items related to impairment losses were as follows:

(1) Asset grouping method

Real estate and similar used for the insurance business is treated as one asset group for the insurance business as a whole. For other assets such as real estate for rent and idle real estate, each property is treated as one asset group.

(2) Process leading to recognition of impairment losses

For certain assets such as real estate for rent, and idle real estate whose profitability declined significantly due to a decrease in rental income and a fall in land prices, the book value was reduced to the recoverable amount, and the reduced amount was recorded as an impairment losses in extraordinary losses.

(3) Asset groups for which impairment losses were recognized and breakdown of impairment losses by fixed asset type.

i) Real estate for rent and similar assets

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥3	**¥56**	**$0**
Buildings	—	**8**	**0**
Total	¥3	**¥64**	**$0**

ii) Idle real estate and similar assets

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥0	**¥107**	**$0**
Buildings	29	**485**	**3**
Total	¥29	**¥593**	**$3**

iii) Total (i + ii)

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Land	¥3	**¥163**	**$1**
Buildings	29	**494**	**3**
Total	¥32	**¥657**	**$4**

(4) Calculation method for recoverable amounts

Net selling prices are used to represent recoverable amounts. Appraisal value, or assessed value based on the published price or roadside land price is used to represent net selling prices.

IV. Notes to the Consolidated Statements of Comprehensive Income

1. Other Comprehensive Income

The reclassification adjustments and tax effect amounts related to other comprehensive income were as follows:

i) Net unrealized gains (losses) on available-for-sale securities, net of tax

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Amount incurred during the fiscal year	¥(117,506)	¥390,203	$2,577
Reclassification adjustments	(17,496)	(10,982)	(72)
Before tax adjustments	(135,002)	379,221	2,504
Tax effects	38,212	(106,075)	(700)
Net unrealized gains (losses) on available-for-sale securities, net of tax	¥(96,789)	¥273,145	$1,804

ii) Foreign currency translation adjustments

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Amount incurred during the fiscal year	¥254	¥315	$2
Reclassification adjustments	—	—	—
Before tax adjustments	254	315	2
Tax effects	—	—	—
Foreign currency translation adjustments	¥254	¥315	$2

iii) Remeasurements of defined benefit plans, net of tax

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Amount incurred during the fiscal year	¥2,423	¥28,664	$189
Reclassification adjustments	777	241	1
Before tax adjustments	3,201	28,906	190
Tax effects	(896)	(8,093)	(53)
Remeasurements of defined benefit plans, net of tax	2,305	20,812	137
Total other comprehensive income	¥(94,229)	¥294,273	$1,943

V. Notes to the Consolidated Statements of Cash Flows

1. Cash and cash equivalents as of March 31, 2023 and 2024 consist of "Cash," "Deposits in transfer account," "Current deposits," "Ordinary deposits," "Notice deposits," "Time deposits maturing within 3 months of the date of acquisition," "Foreign currency deposits maturing within three months of the date of acquisition," "Negotiable certificate of deposits maturing within three months of the date of acquisition," "Call loans" and "Monetary claims bought maturing within three months of the date of acquisition. "

2. Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to the consolidated balance sheet accounts were as follows:

	Year ended March 31,		
	2023	2024	2024
	Millions of yen		Millions of U.S. dollars
Cash and deposits	¥524,841	¥396,782	$2,620
Call loans	130,000	128,000	845
Time deposits maturing over 3 months of the date of acquisition	(13,100)	(17,000)	(112)
Foreign currency deposits maturing over 3 months of the date of acquisition	(842)	(1,640)	(10)
Cash and cash equivalents	¥640,899	¥506,141	$3,342

Management's Report on Internal Control over Financial Reporting

1. Matters relating to the basic framework of internal control over financial reporting

Yoshiteru Yoneyama, President of Fukoku Mutual Life Insurance Company (the Company), is responsible for the design and operation of internal control over financial reporting for the Company's financial statements, namely, consolidated balance sheet and the related consolidated statements of operations, comprehensive income, cash flows, changes in net assets and a summary of significant accounting policies and other explanatory information for the year ended March 31, 2024, prepared in accordance with Article 110 Paragraph 2 of the Insurance Business Act. The Company designs and operates its internal control over financial reporting in accordance with the basic framework for internal control set forth in the Revision of Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinions) issued by the Business Accounting Council of the Financial Service Agency of Japan.

Internal control aims at achieving the objectives to a reasonable extent with the organized and integrated function of individual components of internal control as a whole. Therefore, internal control over financial reporting cannot always ensure the prevention or detection of misstatements in the presentation of financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The Company performed an assessment of internal control over financial reporting for its consolidated financial statements as of the end of the fiscal year, March 31, 2024 in accordance with generally accepted assessment standards in Japan for internal control over financial reporting.

In the assessment of internal control over financial reporting, the Company first assessed internal controls that have a material impact on overall consolidated financial reporting (company-level controls) and, based on the results, the Company selected the business processes to be assessed. In assessing those business processes, the Company analyzed selected business processes, identified a key control that would have a material impact on the reliability of financial reporting, and assessed the establishment and operation with regard to the key control. The Company assessed the effectiveness of internal control by the aforementioned procedures.

For the Company and its consolidated subsidiaries, the Company determined the scope of assessment of internal control over financial reporting from the perspective of their materiality to the reliability of financial reporting. The materiality to the reliability of financial reporting is determined in light of their degree of quantitative and qualitative impact. The Company rationally determined the scope of assessment of internal controls incorporated into business processes (process-level controls) based on the results of assessment of company-level controls regarding the Company and one consolidated subsidiary. Other than those indicated above, five consolidated subsidiaries were determined to be immaterial from quantitative and qualitative perspectives. Consequently, they are excluded from the scope of assessment of company-level controls.

With respect to the scope of assessment of process-level controls, the locations or business units were selected in descending order of ordinary revenues (after elimination of inter-company transactions) in the previous fiscal year until their combined amount reached about two-thirds of consolidated ordinary revenues. As a result, two companies (the Company and its consolidated subsidiary) were selected as significant locations or business units. At selected significant locations and business units, business processes related to accounting items that were closely associated with the company's business objectives, including securities, ordinary loans and policy reserves, as well as premium and other income and claims and other payments, which have a material impact on the calculation of policy reserves, were determined to be within the scope of assessment. Furthermore, at selected significant locations and business units and any other locations and business units, added to the scope of assessment were business processes relating to important accounting items that have a high possibility of material misstatements and involve estimates and judgments, and business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters relating to the results of the assessment

As a result of performing the assessment, the Company concluded that the design and operation of internal control over financial reporting for the Company were effective as of March 31, 2024.

4. Supplementary information

Not applicable

5. Other special information

Not applicable

May 16, 2024
Yoshiteru Yoneyama
President
Fukoku Mutual Life Insurance Company

Independent Auditor's Report

September 27, 2024

To the Board of Directors of
Fukoku Mutual Life Insurance Company:

Moore Mirai & Co.
Tokyo, Japan

Designated Engagement Partner
Certified Public Accountant
Shinnosuke Tsuruta
Shinnosuke Tsuruta

Designated Engagement Partner
Certified Public Accountant
Osamu Sano
Osamu Sano

< Consolidated Financial Statements Audit >

Opinion

We have audited the accompanying consolidated financial statements of Fukoku Mutual Life Insurance Company (collectively referred to as "the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows, and the consolidated statements of changes in net assets for the year then ended, and notes to the consolidated financial statements, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Appropriateness of the amount of policy reserve
(The key audit matter) In the consolidated financial statements of the Group, the value of policy reserve is amounted to ¥7,613,135 million which is 90.0% of the total liabilities. As described in the Notes to the Consolidated Balance Sheets 1.(13), policy reserve is accumulated in accordance with the methods stated in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" (Article 4 Paragraph 2 Item 4 of the Insurance Business Act) pursuant to Article 116 Paragraph 1 of the Insurance Business Act to prepare for the future performance of obligations under the insurance contracts for which the insurer's responsibilities have started. In addition, when the actual assumptions for long-term future cash flows (such as assumed incidence rate and assumed interest rate) deviate from those assumptions set in the "statement of calculation procedures for Insurance Premiums and Policy Reserves" and policy reserve is considered to be possibly insufficient to cover the future performance of obligations, additional policy reserve is required to accumulate in accordance with Article 69 Paragraph 5 of the Enforcement Regulation of the Insurance Business Act. The appointed actuary verifies the sufficiency of policy reserve based on the future cash flow analysis in accordance with Article 121 Paragraph 1 of the Insurance Business Act and Article 80 of the Enforcement Regulation of the Insurance Business Act. The policy reserve is significant in terms of amount, and the insurance amount to be paid in the future are calculated based on long-term insurance policy in accordance with the actuarial science. Accordingly, the process of the policy reserve calculation is complex and specialized. We, therefore, determined that the appropriateness of the amount of policy reserve was a key audit matter.
(How the key audit matter was addressed in our audit) In order to assess whether the amount of policy reserve was appropriate, we tested the design and operating effectiveness of certain of the Group's internal controls relevant to the amount of policy reserve and primarily performed the following audit procedures. It should be noted that actuarial specialists and IT specialists were involved in those audit procedures since the policy reserve is automatically calculated by IT system under the actuarial science. (1) Accuracy of the calculation of the amount of policy reserve We independently recalculated the policy reserve on a sample basis to ensure whether those policy reserve follow the "statement of calculation procedures for Insurance Premiums and Policy Reserves". Samples were selected based on our risk assessment including the newly sold insurance products and additional policy reserves funded by reducing the assumed interest rates. Furthermore, we evaluated the movement in policy reserve, including consideration of whether the movements were in line with the insurance premiums, claims and so on.

(2) Completeness of the amount of policy reserve

In terms of completeness of policy reserves, we tested through the aggregation process if all insurance policies in the administration system were included in the scope of the policy reserve calculation and the result of calculations were appropriately aggregated.

(3) Sufficiency of the amount of policy reserve

We assessed whether "the opinion letter of appointed actuary and supplementary report" that includes the result of the future cash flow analysis following the related laws, regulations and "Standard of Practice for Appointed Actuaries of Life Insurance Companies" (issued by the Institute of Actuaries of Japan) by the following procedures. We discussed with the appointed actuary. Then we compared the current fiscal year result of the future cash flow analysis with that of last fiscal year. And we tested whether the management booked the policy reserve balance based on the "the opinion letter of appointed actuary and supplementary report" by interview with management and by inspection of the board meeting minutes.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board 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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note I.1 to the accompanying consolidated financial statements with respect to the year ended March 31, 2024.

< Internal Control Audit >

Opinion

We also have audited the accompanying management's report on internal control over financial reporting of the Company, which comprise the consolidated balance sheets as at March 31, 2024, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows, and the consolidated statements of changes in net assets for the year then ended, and notes to the consolidated financial statements.

In our opinion, the management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of the Company as at March 31, 2024 is effectively maintained, presents fairly, in all material respects, the results of management's assessment of internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the ethical requirements in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Management's Report on Internal Control over Financial Reporting

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our responsibility is to obtain reasonable assurance about whether the management's report on internal control over financial reporting is free from material misstatement, and to express an opinion from an independent perspective on an internal control report, based on our internal control audit.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence for the assessment results for internal control over financial reporting in management's report on internal control. Internal control audit procedures selected and applied depend on the auditor's judgment, taking into account the significance of effects on the reliability of financial reporting.

- Examine representations on the scope, procedures, and results of assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Obtain sufficient appropriate audit evidence regarding the results of assessment of internal control over financial reporting in the management's report on internal control. We are responsible for direction, supervision and performance of the audit of management's report on internal control. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, results of the internal control audit, including identified material weakness which should be disclosed, the results of remediation, and other matters that are required by auditing standards for internal control.

Fee-related Information

Fees paid to our firm and other firms within the same network as our firm for audit and non-audit services provided to the Company and the Group for the current year are ¥91 million and ¥36 million, respectively.

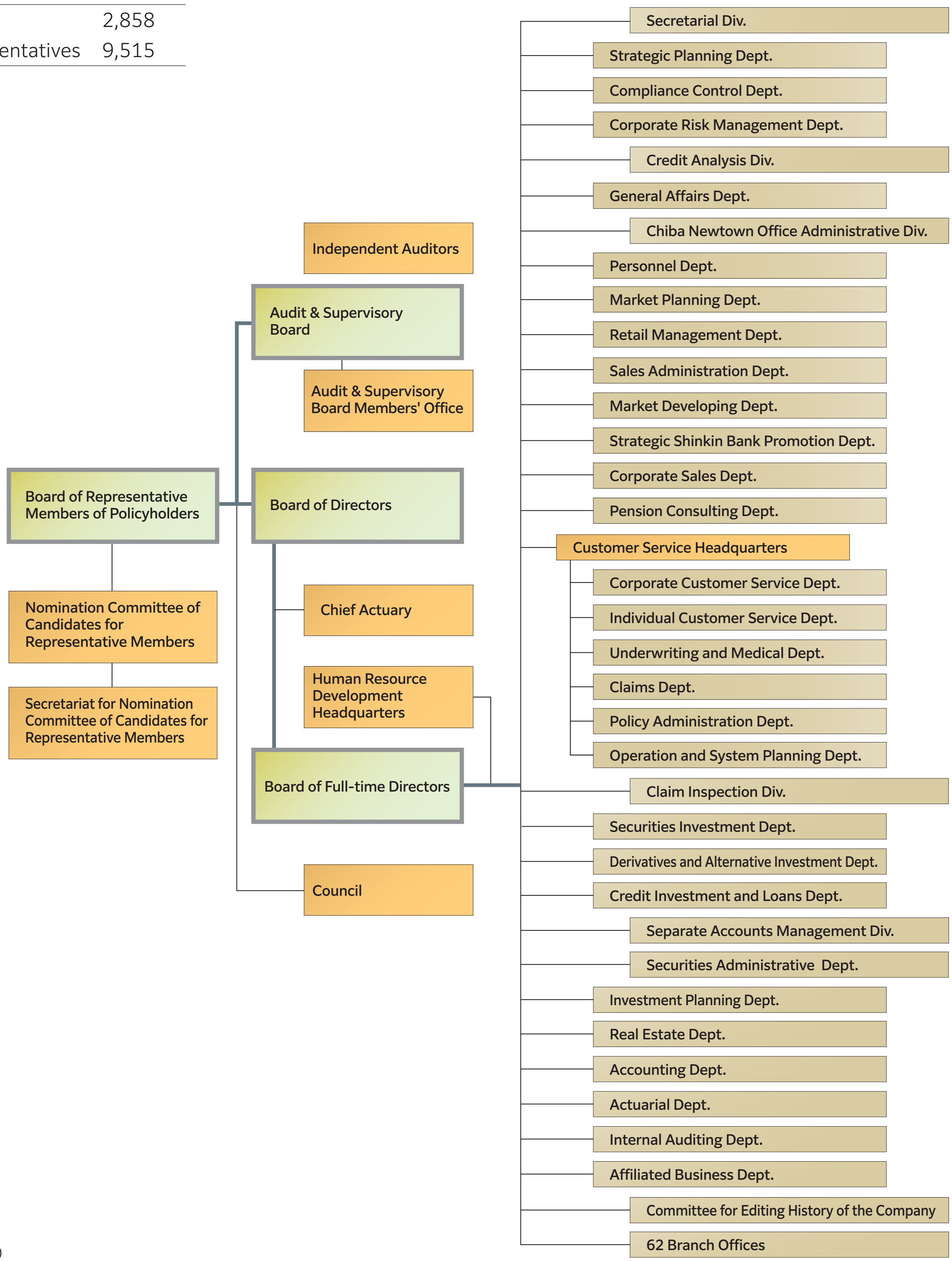
Interest required to be disclosed by the Certified Public Accountants Act of Japan

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

Corporate Organization

Employees (As of March 31, 2024)

Office Staff	2,858
Sales Representatives	9,515



(As of July 4, 2024)

Directors, Audit & Supervisory Board Members, and Executive Officers

President and Chief Executive Officer
Yoshiteru Yoneyama*

Deputy President and Executive Officer
Toshikatsu Hayashi

Director and Senior Managing Executive Officer
Takehiko Watabe

Director and Senior Managing Executive Officer
Yasuyuki Kitamura

Director and Managing Executive Officer
Naoki Sunamoto

Director and Managing Executive Officer
Ichiro Yamada

Director
Hiroshi Sato**

Director
Aya Komaki**

Director
Hajime Watanabe**

Director and Executive Officer
Takeshi Kondou

Director and Executive Officer
Yuuji Yoshida

Audit & Supervisory Board Member
Yoshizumi Nezu***

Audit & Supervisory Board Member
Kyohei Takahashi***

Audit & Supervisory Board Member
Toshifumi Watanabe***

Audit & Supervisory Board Member (Standing)
Keiichi Kurota

Audit & Supervisory Board Member (Standing)
Hideaki Shigematsu

Managing Executive Officer
Takeshi Oomori

Executive Officer
Kenichi Yoshioka

Executive Officer
Hirotaka Kurihara

Executive Officer
Hideki Matsushiro

Executive Officer
Osamu Eguchi

Executive Officer
Hitoshi Yazaki

Executive Officer
Hiroshi Omoto

Executive Officer
Yasuhiro Kinoshita

Executive Officer
Yusuke Onodera

*Representative Director
**External Directors
***External Audit & Supervisory Board Member

(As of July 2, 2024)

Directory

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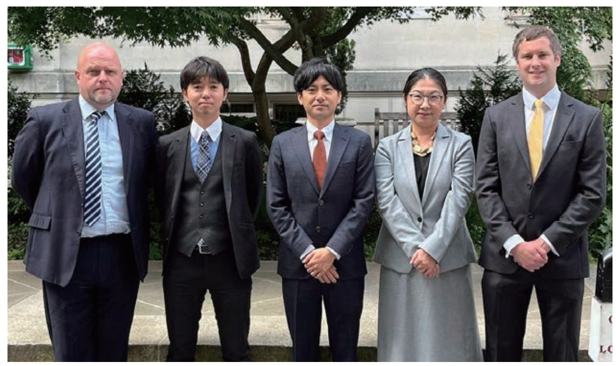

(From left: J.Doran, Y.Suzuki, T.Taguchi, K.Sato and T.Keevil)

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