Sompo Holdings, Inc.

Financial and Corporate Data Report 2026

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Financial Highlights

From the fiscal year ended March 31, 2025, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Consolidated Financial Indicators for Sompo Holdings

1. IFRS

	IFRS			
	Transition date (Beginning of FY2023)	FY2023	FY2024	FY2025
Key figures (Millions of yen)				
Insurance revenue	—	4,836,830	5,065,520	**5,372,921**
Net income before tax	—	614,529	330,279	**843,226**
Net income attributable to owners of parent	—	529,655	243,132	**640,086**
Comprehensive income attributable to owners of parent	—	1,253,872	381,260	**1,328,436**
Per share information (Yen)				
Earnings per share — Basic	—	534.46	250.90	**701.03**
Earnings per share — Diluted	—	534.28	250.90	**701.03**
Dividend per share (Yen)				
Annual dividends	—	300.00	132.00	**150.00**
(Of which, Interim)	—	150.00	56.00	**75.00**
Financial condition (Millions of yen)				
Total equity	2,984,618	4,127,198	4,226,153	**5,291,009**
Total equity attributable to owners of parent	2,967,633	4,107,621	4,205,192	**5,167,823**
Total assets	14,860,669	16,459,939	15,890,039	**18,603,704**
Ratio of equity attributable to owners of parent to total assets (%)	20.0	25.0	26.5	**27.8**
Consolidated solvency margin ratio (%)	—	—	—	**—**
Stock information (Thousand shares)				
Number of shares outstanding	347,698	330,160	990,482	**934,228**
Adjusted financial indicators				
Adjusted consolidated profit (Billions of yen)	—	335.9	323.4	**535.2**
Adjusted consolidated ROE (%)	—	10.9	9.2	**13.4**

Notes:
1. The shares of the Company remaining in the Board Benefit Trust (BBT) are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic income per share and diluted income per share.
2. A 3-for-1 common stock split was implemented on April 1, 2024. Basic earnings per share and diluted earnings per share are calculated on the assumption the stock split occurred on the transition date. In addition, total numbers of shares outstanding and dividends per share for the fiscal year ended March 31, 2024 and earlier periods are stated based on the actual numbers prior to the split.
3. Disclosure of the consolidated solvency margin ratio for the fiscal year ended March 31, 2026, is scheduled for the end of October 2026. Figures for the fiscal year ended March 31, 2025 and earlier periods are not disclosed, in accordance with Article 3 (Transitional Measures) of the Supplementary Provisions in Cabinet Office Ordinance No. 71 published on July 23, 2025.
4. Since net assets are not calculated under IFRS, please refer to the corresponding items (equity).

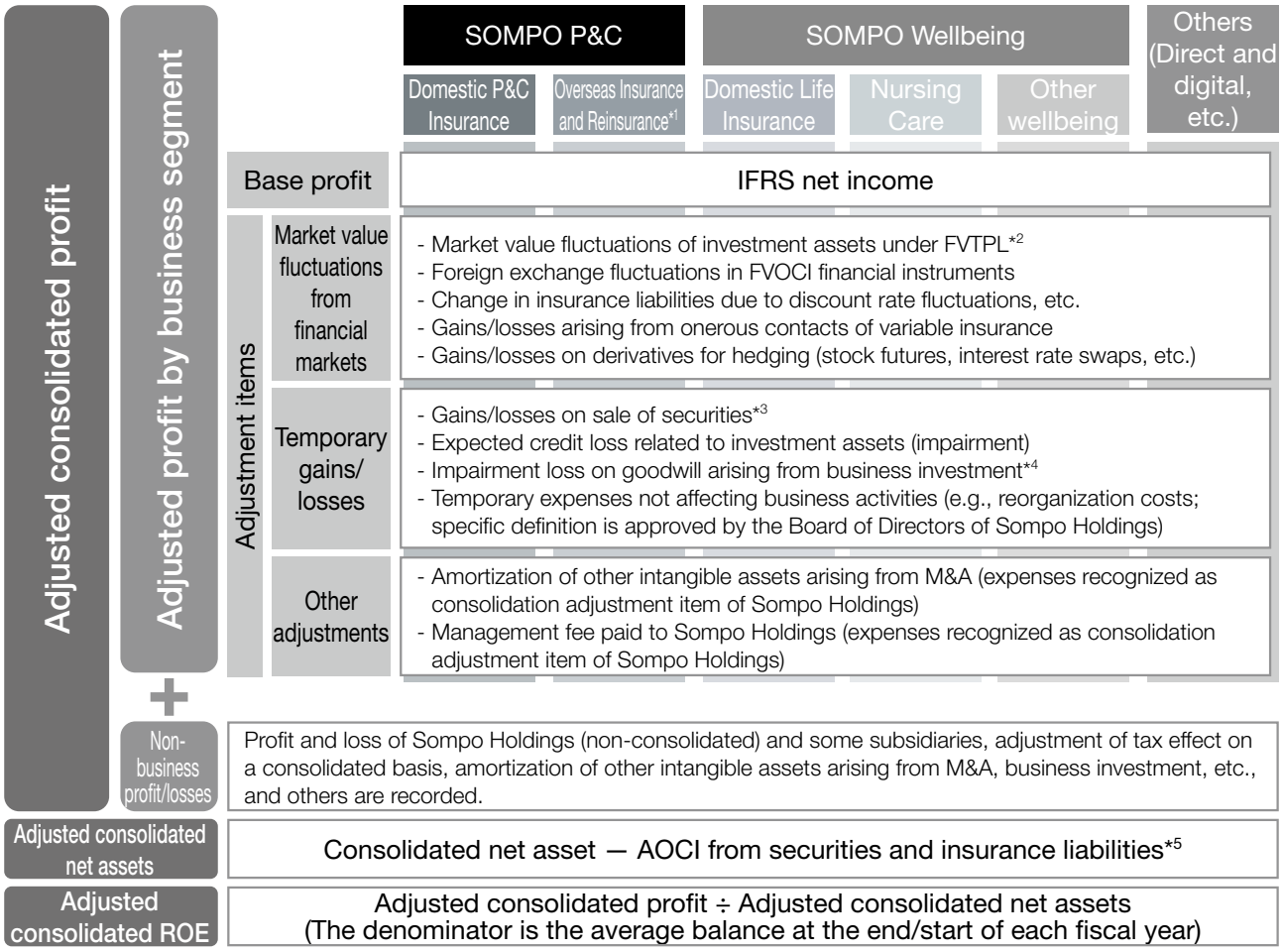
2. Japanese GAAP

	Japanese GAAP			
	FY2021	FY2022	FY2023	FY2024
Key figures (Millions of yen)				
Ordinary income	4,167,496	4,525,869	4,933,646	5,453,769
Net premiums written (P&C Insurance)	3,215,713	3,670,717	3,690,419	4,016,599
Life insurance premiums	325,183	316,752	311,850	316,610
Ordinary profit	315,512	49,504	488,034	552,924
Net income attributable to shareholders of the parent	224,842	26,413	416,054	422,927
Comprehensive income	143,823	29,346	1,061,846	281,096
Per share information (Yen)				
Net income	214.74	26.14	419.83	436.45
Diluted net income	214.62	26.13	419.69	436.45
Dividend per share (Yen)				
Annual dividends	210.00	260.00	300.00	132.00
(Of which, Interim)	105.00	130.00	150.00	56.00
Financial condition (Millions of yen)				
Total net assets	2,040,789	1,919,140	2,868,258	2,865,132
Total assets	13,787,835	13,351,277	14,832,778	15,030,015
Equity ratio (%)	14.71	14.25	19.23	18.94
Consolidated solvency margin ratio (%)	—	—	—	—
Stock information (Thousand shares)				
Number of shares outstanding	347,698	347,698	330,160	990,482
Adjusted financial indicators				
Adjusted consolidated profit (Billions of yen)	261.3	152.2	291.0	334.3
Adjusted consolidated ROE (%)	9.4	5.5	9.2	9.0

Notes:
1. The shares of the Company remaining in the “Board Benefit Trust (BBT)” are included in treasury stock as a deduction in the calculation of the average number of shares outstanding during the period for the purpose of calculating net income per share and diluted net income per share.
2. A 3-for-1 common stock split was implemented on April 1, 2024. Net income per share and diluted net income per share are calculated on the assumption the stock split occurred at the start of the fiscal year ended March 31, 2022. In addition, total numbers of shares outstanding and dividends per share for the fiscal year ended March 31, 2024 and earlier periods are stated based on the actual numbers prior to the split.
3. Overseas consolidated subsidiaries that have adopted International Financial Reporting Standards (IFRS) have applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” from the beginning of the fiscal year ended March 31, 2024. Accordingly, figures for the fiscal year ended March 31, 2023 have been retrospectively applied. The cumulative effect of the change for the fiscal year ended March 31, 2022 and earlier is reflected in the net asset amount at the beginning of the fiscal year ended March 31, 2023.
4. Consolidated financial statements (Japanese GAAP) for the fiscal year ended March 31, 2025, are unaudited, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.
5. The consolidated solvency margin ratio for the fiscal year ended March 31, 2025 and earlier periods is not disclosed, in accordance with Article 3 (Transitional Measures) of the Supplementary Provisions in Cabinet Office Ordinance No. 71 published on July 23, 2025.

(Reference) Definition of Adjusted Consolidated Profit

IFRS



*1 Adjusted profit by business segment of the overseas insurance business is measured for the January to December accounting period (adjusted consolidated profit is for the April to March accounting period).
*2 Mutual funds. In addition, stocks and bonds, etc., held in the overseas insurance business, excluding non-traditional assets.
*3 Some adjustment made to the scope of exclusion for the domestic P&C insurance and overseas insurance and reinsurance businesses.
*4 Includes impairment losses (reversal) on tangible fixed assets and leases in the nursing care business.
*5 Unrealized gains/losses on securities held and insurance liabilities (AOCI: Accumulated Other Comprehensive Income).

Japanese GAAP

Adjusted consolidated profit is the sum of the adjusted profit*1 of each business segment.

Domestic P&C Insurance

Net income
+ Provisions for catastrophic loss reserve, etc. (after tax)
+ Provisions for reserve for price fluctuation (after tax)
– Gains/losses on sales of securities and impairment losses on securities (after tax)

Overseas Insurance and Reinsurance

Operating income*2
Net income is used for affiliates accounted for under the equity method in principle.

Domestic Life Insurance

Net income
+ Provision of contingency reserve (after tax)
+ Provision of reserve for price fluctuation (after tax)
+ Adjustment of underwriting reserve (after tax)
+ Deferral of acquisition cost (after tax)
– Depreciation of acquisition cost (after tax)
– Gains/losses on sales of securities and impairment losses on securities (after tax)
– Surplus relief reinsurance effect (after tax)

Nursing Care

Net income

Digital & Others

Net income
– Gains/losses on sales and impairment losses related to investment (after tax)

*1 Adjusted profit by business segment excludes temporary gains and losses or special factors such as dividend from group companies.
*2 Defined as the operating income, which excludes temporary fluctuation factors (= Net income – Net foreign exchange gains and losses – Net realized and unrealized gains and losses on securities – Net impairment losses recognized in earnings, etc.)

Consolidated Business Overview

1. Management's Discussion and Analysis of Financial Condition, Results of Operations, and Cash Flows

(1) Overview of results of operations, etc.

An overview of financial condition, results of operations, and cash flows (collectively "results of operations, etc.") of SOMPO Holdings, Inc. (the "Company") and its group companies (collectively, the "Group") for the fiscal year ended March 31, 2026 is as follows.

(i) Financial condition and results of operations

■ The Group's results of operations

The global economy grew at a moderate pace in the fiscal year ended March 31, 2026, led by the U.S. economy which was supported by robust consumer spending. The Japanese economy continued to recover gradually, supported by improvement in corporate earnings as well as stable labor market and income conditions. However, many uncertainties remain about the economic outlook, including the situation in the Middle East, developments in U.S. trade policy, and the impact of associated financial/capital market fluctuations on the economy.

Under these circumstances, the consolidated financial results of the Group for the fiscal year ended March 31, 2026 were as follows:

Insurance service result increased by 284.1 billion yen to 588.2 billion yen compared to the previous fiscal year, the components of which were insurance revenue of 5,372.9 billion yen, insurance service expenses of 4,459.7 billion yen and income or expenses from reinsurance contracts held of (324.9) billion yen. Finance result increased by 225.1 billion yen to 344.9 billion yen compared to the previous fiscal year, the components of which were investment gains and losses of 582.9 billion yen and insurance finance gains and losses of (238.0) billion yen.

As a result of the foregoing, the Group reported net income before tax, calculated as the sum of insurance service result, finance result and other income and expenses, of 843.2 billion yen, an increase of 512.9 billion yen from the previous fiscal year. The Group posted net income attributable to owners of parent, net of income tax expenses and others, of 640.0 billion yen, an increase of 396.9 billion yen from the previous fiscal year.

■ The Group's financial condition

Total assets as of March 31, 2026 amounted to 18,603.7 billion yen on a consolidated basis, an increase of 2,713.6 billion yen from March 31, 2025. Total liabilities as of March 31, 2026 amounted to 13,312.6 billion yen, an increase of 1,648.8 billion yen on a consolidated basis from March 31, 2025. Total equity as of March 31, 2026 amounted to 5,291.0 billion yen on a consolidated basis, an increase of 1,064.8 billion yen from March 31, 2025.

■ Results of operations by reportable segments

Domestic P&C insurance business

In the domestic P&C insurance business, insurance revenue amounted to 2,730.5 billion yen, an increase of 96.0 billion yen from the previous fiscal year. The domestic P&C insurance business posted net income attributable to owners of parent of 268.1 billion yen, an increase of 209.7 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		%
Insurance revenue	2,634,478	1.9	**2,730,572**	**3.6**
Net income attributable to owners of parent	58,338	(69.7)	**268,112**	**359.6**

(Note) Figures are amounts before the elimination of internal transactions between segments.

Overseas insurance business

In the overseas insurance business, insurance revenue amounted to 2,441.1 billion yen, an increase of 213.4 billion yen from the previous fiscal year. Net income attributable to owners of parent increased by 116.7 billion yen to a net income of 294.4 billion yen compared to the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		%
Insurance revenue	2,227,704	8.6	**2,441,152**	**9.6**
Net income attributable to owners of parent	177,771	(31.7)	**294,489**	**65.7**

(Note) Figures are amounts before the elimination of internal transactions between segments.

Domestic life insurance business

In the domestic life insurance business, insurance revenue amounted to 258.7 billion yen, an increase of 3.9 billion yen from the previous fiscal year. The domestic life insurance business posted net income attributable to owners of parent of 68.6 billion yen, an increase of 38.7 billion yen from the previous fiscal year.

(Millions of yen)

Category	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
		%		%
Insurance revenue	254,716	2.5	**258,707**	**1.6**
Net income attributable to owners of parent	29,876	(60.5)	**68,605**	**129.6**

(Note) Figures are amounts before the elimination of internal transactions between segments.

Nursing care business

Other revenue increased by 4.8 billion yen to 186.2 billion yen compared to the previous fiscal year. Net income attributable to owners of parent increased by 2.6 billion yen to a net income of 7.9 billion yen compared to the previous fiscal year.

■ Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2026 amounted to 6,444.1 billion yen on a consolidated basis, an increase of 132.1 billion yen from March 31, 2025, mainly due to an increase in investment securities.

Overseas insurance business

Segment assets as of March 31, 2026 amounted to 8,164.3 billion yen on a consolidated basis, an increase of 2,921.1 billion yen from March 31, 2025, mainly due to an increase in investment securities.

Domestic life insurance business

Segment assets as of March 31, 2026 amounted to 3,029.7 billion yen on a consolidated basis, a decrease of 362.7 billion yen from March 31, 2025, mainly due to a decrease in investment securities.

Nursing care business

Segment assets as of March 31, 2026 amounted to 431.1 billion yen on a consolidated basis, an increase of 2.0 billion yen from March 31, 2025, mainly due to an increase in cash and cash equivalents.

(ii) Cash flows

Cash flows for the fiscal year ended March 31, 2026 were as follows:

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 706.4 billion yen, an increase of 133.4 billion yen from the previous fiscal year. This was mainly due to an increase in interest received.

Cash flows from investing activities

Cash flows from investing activities resulted in a net inflow of (232.9) billion yen, an increase of 39.3 billion yen from the previous fiscal year. This was mainly due to an increase in proceeds from sales and redemption of investment securities.

Cash flows from financing activities

Cash flows from financing activities resulted in a net inflow of (412.6) billion yen, an increase of 68.9 billion yen from the previous fiscal year. This was mainly due to the absence of cash outflows associated with decreases in repo and similar securities borrowings recorded in the previous fiscal year.

As a result, cash and cash equivalents at the end of the period were 1,134.9 billion yen, an increase of 107.3 billion yen from the end of the previous fiscal year.

(2) Analysis and discussion of results of operations, etc., from a management perspective

Management's recognition, analysis, and discussion of the Group's results of operations, etc., from a management perspective are as follows. Forward-looking statements contained herein represent judgments made as of June 17, 2026.

(i) Financial condition and results of operations

■ The Group's results of operations

During the fiscal year ended March 31, 2026, the Group strengthened collaboration across business and regional boundaries by concentrating its operations into two business domains: SOMPO P&C (insurance business) and SOMPO Wellbeing in order to accelerate initiatives aimed at achieving sustainable growth in corporate value through the realization of the two key objectives set forth in its Mid-Term Management Plan: "increase resilience" and "connect with customers and deliver connected services."

Within SOMPO P&C, the Group promoted the integrated management of its domestic P&C insurance business and overseas insurance business. By maximizing the expertise of both businesses and leveraging the Group's scale advantages, the Group worked to improve profitability through initiatives such as enhancing underwriting capabilities and increasing the efficiency of asset management. In addition, the acquisition of Aspen Insurance Holdings Limited and other initiatives strengthened the Group's ability to respond to a rapidly changing risk environment and reinforced its business foundation.

Within SOMPO Wellbeing, in addition to the steady growth of its domestic life insurance and nursing care businesses, the Group pursued the creation of new business opportunities aimed at addressing three key customer concerns relating to health, nursing care, and retirement finance. Such initiatives included the launch of services supporting the balance between work and nursing care, based on expertise accumulated through nursing care operations, and a capital and business alliance with Kamakura Shinsho, Ltd., which has strengths in end-of-life planning-related services.

The Group has also expanded its focus beyond its existing business domains. Through its investment in Nousouken Corporation, the Group has undertaken initiatives to create new businesses aimed at addressing social challenges in a new area—supporting the stable supply of food in Japan.

As a result of these initiatives, the Group's key consolidated indicators were as follows.

Key consolidated indicators

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance revenue	5,065,520	**5,372,921**	307,400	6.1
Insurance service result	304,162	**588,290**	284,128	93.4
Finance result	119,734	**344,907**	225,173	188.1
Other revenue	220,689	**228,575**	7,885	3.6
Net income attributable to owners of parent	243,132	**640,086**	396,954	163.3

Insurance revenue amounted to 5,372.9 billion yen, an increase of 307.4 billion yen from the previous fiscal year. This was mainly due to increased revenue in the domestic P&C insurance business and the overseas insurance business.

Insurance service result amounted to 588.2 billion yen, an increase of 284.1 billion yen from the previous fiscal year. This was mainly due to an improvement in incurred claims in the domestic P&C insurance business and the overseas insurance business.

Finance result amounted to 344.9 billion yen, an increase of 225.1 billion yen from the previous fiscal year. This was mainly due to the impact of changes in market conditions in the domestic P&C insurance business.

For the fiscal year ended March 31, 2026, the Group reported net income before tax—the aggregate of insurance service result and finance result, net of other income and expenses—of 843.2 billion yen, an increase of 512.9 billion yen from the previous fiscal year. The Group posted net income attributable to owners of parent—net of income tax expenses and other items—of 640.0 billion yen, an increase of 396.9 billion yen from the previous fiscal year.

■ The Group's financial condition

Assets

Total assets as of March 31, 2026 amounted to 18,603.7 billion yen, an increase of 2,713.6 billion yen from the end of the previous fiscal year. This was mainly due to an increase in investment securities, including foreign bonds.

Liabilities

Total liabilities as of March 31, 2026 amounted to 13,312.6 billion yen, an increase of 1,648.8 billion yen from the end of the previous fiscal year. This was mainly due to an increase in insurance contract liabilities.

Equity

Total equity as of March 31, 2026 amounted to 5,291.0 billion yen, an increase of 1,064.8 billion yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings resulting from the recording of net income attributable to owners of parent.

■ Results of operations by reportable segments

Domestic P&C insurance business

Sompo Japan Insurance Inc. continued to advance its company-wide transformation project, "SJ-R," aimed at creating a "New Sompo Japan" through the transformation of its operating foundation and earnings structure.

With respect to the transformation of its operating foundation, Sompo Japan implemented initiatives to ensure that frontline voices are reflected in management, strengthened its three-lines-of-defense structure, introduced an agency evaluation system that places greater emphasis on operational quality, and promoted cross-functional understanding through initiatives such as "Inter-departmental Dialogue." Key performance indicators (KPIs), including the "Culture Change Survey," which measures the extent to which the awareness and actions necessary for cultural transformation have been embedded within the organization, and the "Engagement Survey," which measures employees' enthusiasm and commitment, continued to show improvement. These results indicate steady progress in fostering a healthy organizational culture and advancing cultural transformation.

With respect to the transformation of its earnings structure, Sompo Japan further enhanced its underwriting capabilities by leveraging the expertise and knowledge accumulated through the overseas insurance business. Progress was made in portfolio underwriting reforms through initiatives such as pricing optimization and strengthened profitability management by segment. As a result, the benefits of improved profitability, particularly in the fire insurance business, have become evident. In addition, initiatives including the optimization of agency commission rates and disciplined control of operating expenses have begun to generate tangible results, as reflected in a declining expense ratio.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance revenue	2,634,478	**2,730,572**	96,094	3.6
Net income attributable to owners of parent	58,338	**268,112**	209,774	359.6

Insurance revenue amounted to 2,730.5 billion yen, an increase of 96.0 billion yen from the previous fiscal year, mainly due to the impact of pricing optimization in automobile and fire insurance, as well as expanded sales of casualty (other) insurance.

Net income attributable to owners of parent amounted to 268.1 billion yen, an increase of 209.7 billion yen from the previous fiscal year, mainly due to higher insurance revenue, a decrease in natural disasters, and an increase in investment profits.

Overseas insurance business

In the overseas insurance business, the Group pursued initiatives including strengthening its position in the middle-market segment in North America, transforming its business model in Europe through the expansion of products and services, and steadily expanding its business in Asia Pacific through greater underwriting authority delegated to underwriters and deeper collaboration with insurance brokers. In addition, the Group has generated synergies through more efficient asset management by leveraging its substantial balance sheet and through the development of appropriate reinsurance arrangements in collaboration with the domestic P&C insurance business.

Furthermore, in February 2026, the Group completed the acquisition of Aspen Insurance Holdings Limited, which has an established presence in major insurance markets, including Lloyd's, the United Kingdom, the United States, and the reinsurance market. This strategic acquisition strengthens the Group's global commercial P&C operating foundation, particularly its reinsurance portfolio and presence in the UK market, and is expected to accelerate long-term growth and the achievement of its strategic objectives.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance revenue	2,227,704	**2,441,152**	213,448	9.6
Net income attributable to owners of parent	177,771	**294,489**	116,718	65.7

Insurance revenue amounted to 2,441.1 billion yen, an increase of 213.4 billion yen from the previous fiscal year, mainly due to higher revenue at Sompo International Holdings Ltd.

Net income attributable to owners of parent amounted to 294.4 billion yen, an increase of 116.7 billion yen from the previous fiscal year, mainly due to an increase in interest and dividend income resulting from a decrease in natural disasters and an increase in assets under management.

Domestic life insurance business

Sompo Himawari Life Insurance Inc. sought to expand new business by broadening its ability to capture customer demand in an environment of positive interest rates through the launch of new types of variable insurance products, deepening market penetration through its trade-on sales approach, which integrates insurance proposals with health support services, and increasing sales activities through enhanced productivity and greater time creation at sales offices. In addition, while continuing to invest in initiatives such as the introduction of an inquiry support system utilizing generative AI, the company worked to reduce operating expenses through organizational restructuring and the optimization of administrative costs.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance revenue	254,716	**258,707**	3,991	1.6
Net income attributable to owners of parent	29,876	**68,605**	38,728	129.6

Insurance revenue amounted to 258.7 billion yen, an increase of 3.9 billion yen from the previous fiscal year, mainly due to a steady increase in policies in force, particularly for protection-type products and variable insurance products.

Net income attributable to owners of parent amounted to 68.6 billion yen, an increase of 38.7 billion yen from the previous fiscal year, mainly due to improved investment results driven by yen depreciation and higher interest rates.

Nursing care business

The nursing care business is implementing a Mid-Term Management Plan centered on three pillars: the operator business, the solution business, and the wellbeing business, which is promoted across the Group. In the operator business, under which Sompo Care Inc. provides a full lineup of services ranging from home-based to facility-based nursing care, profitability was strengthened through productivity improvements while maintaining service quality by advancing the “future nursing care” model, cost optimization, and revisions to administrative fees, meal fees, and other fees.

In the solution business, efforts were focused on expanding external sales of core nursing care food services, while new businesses, including external sales of consulting services for nursing care facilities and human resource development programs, were also pursued. At ND Software Co., Ltd., a product renewal project aimed at improving the quality of care and operational efficiency in nursing care settings was advanced, while hands-on support services to promote the effective utilization of implemented systems were strengthened.

The results of operations were as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Other revenue	181,368	**186,220**	4,851	2.7
Net income attributable to owners of parent	5,303	**7,951**	2,647	49.9

Other revenue amounted to 186.2 billion yen, an increase of 4.8 billion yen from the previous fiscal year. This was mainly due to an increase in the number of service users and the effects of price revisions.

Net income attributable to owners of parent amounted to 7.9 billion yen, an increase of 2.6 billion yen from the previous fiscal year. This was mainly due to higher revenue, despite an increase in personnel expenses associated with improvements in employee compensation and benefits.

■ Financial condition by reportable segments

Domestic P&C insurance business

Segment assets as of March 31, 2026 amounted to 6,444.1 billion yen, an increase of 132.1 billion yen from the end of the previous fiscal year, mainly due to an increase in investment securities, including other securities.

Overseas insurance business

Segment assets as of March 31, 2026 amounted to 8,164.3 billion yen, an increase of 2,921.1 billion yen from the end of the previous fiscal year, mainly due to an increase in investment securities, including foreign bonds.

Domestic life insurance business

Segment assets as of March 31, 2026 amounted to 3,029.7 billion yen, a decrease of 362.7 billion yen from the end of the previous fiscal year, mainly due to a decrease in investment securities, including Japanese government bonds.

Nursing care business

Segment assets as of March 31, 2026 amounted to 431.1 billion yen, an increase of 2.0 billion yen from the end of the previous fiscal year, mainly due to an increase in cash and cash equivalents.

(ii) Cash flows, capital resources and liquidity

■ Cash flows for the fiscal year ended March 31, 2026

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)
Cash flows from operating activities	573,009	**706,419**	133,410
Cash flows from investing activities	(272,236)	**(232,914)**	39,322
Cash flows from financing activities	(481,660)	**(412,697)**	68,963
Ending balance of cash and cash equivalents	1,027,628	**1,134,996**	107,368

Cash flows from operating activities

Cash flows from operating activities resulted in a net inflow of 706.4 billion yen, an increase of 133.4 billion yen from the previous fiscal year. This was mainly due to an increase in interest received by Sompo International Holdings Ltd. and other Group companies.

Cash flows from investing activities

Cash flows from investing activities resulted in a net inflow of (232.9) billion yen, an increase of 39.3 billion yen from the previous fiscal year. This was mainly due to an increase in proceeds from sales and redemption of investment securities by Sompo International Holdings Ltd. and other Group companies.

Cash flows from financing activities

Cash flows from financing activities resulted in a net inflow of (412.6) billion yen, an increase of 68.9 billion yen from the previous fiscal year. This was mainly due to the absence of cash outflows associated with decreases in repo and similar securities borrowings recorded by Sompo Japan Insurance Inc. in the previous fiscal year.

■ The Group's capital resources and liquidity

Approach to allocation of management resources

The Company's business plans are formulated through deliberation at the Group Executive Committee, which serves as an advisory body to the Group CEO. Based on these business plans, capital is allocated to the two business segments "SOMPO P&C" and "SOMPO Wellbeing" and then to the individual businesses within each segment, taking into account growth potential and profitability. Each business segment and its individual businesses operate using the allocated capital with the aim of achieving the targets set forth in the business plan, namely adjusted consolidated ROE and adjusted EPS growth. In addition, the Group regularly monitors the relevant facts and circumstances, including changes in the business environment and the progress of the plan, and revises the business plan and capital allocation as necessary.

Funding requirements and capital resources

The Group's primary funding requirements consist of working capital, investments in growth business areas, and shareholder returns. Among these, working capital and shareholder returns are mainly funded through cash flows from operating and investing activities. In addition, investments in growth business areas are funded using internal resources, supplemented as necessary by funds raised externally, such as through the issuance of corporate bonds or borrowings.

When raising funds, the Group carefully selects the most appropriate financing methods, with due consideration given to maintaining financial soundness and minimizing funding costs. The target capital level for the Economic Solvency Ratio (ESR)—an indicator of whether the Group maintains sufficient capital relative to its risks—is set at 200% or higher. As of March 31, 2026, the ESR stood at 270%, indicating that the Group continues to maintain a high level of financial soundness.

The shareholder return policy under the Mid-Term Management Plan sets forth that 50% of the average of the adjusted consolidated profit for the most recent three years is paid as a basic return, and we look to increase the total payout amount as profits grow by adding share buybacks to the total dividend amount. Furthermore, in principle, we pay an additional return of 50% of the after-tax gains on the sale of strategic shareholdings and also consider adjusting the capital level depending on risk and capital conditions, trends in earnings, and the financial market environment. In addition, we basically aim to raise dividends in line with profit growth over the medium term and increase the ratio of dividends to the basic return.

Liquidity

The ending balance of cash and cash equivalents as of March 31, 2026 was 1,134,996 million yen. The Group manages liquidity risks by closely controlling day-to-day cash positions as well as the potential peak cash outflows that could result from incidents such as large-scale natural disasters and by protecting the liquid assets required to meet such funding needs.

(iii) Material accounting estimates and underlying assumptions

The consolidated financial statements of the Group are prepared in accordance with IFRS pursuant to the provisions of Article 312 of "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (hereinafter the "Regulation for Consolidated Financial Statements"). In preparing these consolidated financial statements, the necessary estimates have been made based on reasonable criteria. The estimates that have a material impact on the amounts presented in the Group's consolidated financial statements are as follows.

- Fair value measurement of financial instruments
- Impairment of goodwill
- Estimation of fulfilment cash flows relating to insurance contracts and reinsurance contracts

The material accounting policies, estimates, and underlying assumptions adopted in the Group's consolidated financial statements are disclosed in "Summary of Accounting, Notes to the Consolidated Financial Statements, 3. Summary of material accounting policies, and 4. Use of material accounting estimates and judgments."

2. Summary of Results of Operations of Major Businesses

(1) Domestic P&C insurance business (of which, Sompo Japan Insurance Inc.)

(Billions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance service result:	81	**195**	114	140.6
(+) Insurance revenue	2,561	**2,655**	94	3.7
(–) Insurance service expenses:	2,295	**2,268**	(26)	(1.2)
Incurred claims, etc.	1,583	**1,520**	(63)	(4.0)
Other insurance service expenses	758	**780**	22	3.0
Gains and losses on onerous contracts	(46)	**(32)**	13	—
(+) Income or expenses from reinsurance contracts held	(184)	**(191)**	(6)	—
Finance result:	74	**231**	157	212.4
(+) Interest income	31	**33**	2	7.8
(+) Other investment gains and losses:	72	**239**	166	231.9
Dividend income	106	**82**	(24)	(23.0)
Gains and losses on sales	(63)	**(24)**	39	—
FVTPL/Foreign exchange gains and losses, etc.	29	**180**	151	520.4
(–) Expenses related to investment	5	**5**	0	0.4
(+) Insurance finance gains and losses	(23)	**(35)**	(12)	—
Other income and expenses	(19)	**(20)**	(0)	—
Net income before tax	135	**406**	271	199.9
(–) Income tax expenses	15	**94**	79	501.0
Net income	119	**311**	192	160.2

(2) Overseas insurance business (of which, Sompo International Holdings Ltd. (Consolidated))

(Billions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance service result:	142	**307**	164	115.2
(+) Insurance revenue	2,216	**2,431**	214	9.7
(–) Insurance service expenses:	1,884	**1,958**	74	3.9
Incurred claims, etc.	1,433	**1,455**	21	1.5
Other insurance service expenses	453	**509**	56	12.5
Gains and losses on onerous contracts	(2)	**(6)**	(3)	—
(+) Income or expenses from reinsurance contracts held	(188)	**(164)**	24	—
Finance result:	115	**132**	17	14.9
(+) Interest income	17	**14**	(3)	(18.5)
(+) Other investment gains and losses:	236	**262**	25	10.9
FVTPL/Foreign exchange gains and losses, etc.	236	**262**	25	10.9
(–) Expenses related to investment	8	**8**	0	0.9
(+) Insurance finance gains and losses	(129)	**(135)**	(5)	—
Other income and expenses	(48)	**(70)**	(22)	—
Net income before tax	209	**369**	159	76.3
(–) Income tax expenses	36	**74**	38	104.2
Net income	172	**294**	121	70.4
Net income attributable to owners of parent	170	**291**	120	70.8

(3) Domestic life insurance business

(Billions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	Increase (Decrease)	Rate of change
				%
Insurance service result:	79	**81**	1	1.4
(+) Insurance revenue	254	**258**	3	1.6
(–) Insurance service expenses:	174	**177**	2	1.6
Incurred claims, etc.	95	**96**	0	0.7
Other insurance service expenses	77	**78**	1	2.3
Gains and losses on onerous contracts	1	**1**	0	23.5
(+) Income or expenses from reinsurance contracts held	(0)	**(0)**	(0)	—
Finance result:	(16)	**16**	32	—
(+) Interest income	56	**58**	1	2.9
(+) Other investment gains and losses:	(18)	**25**	44	—
Gains and losses on sales	(11)	**(30)**	(18)	—
FVTPL/Foreign exchange gains and losses, etc.	(7)	**55**	63	—
(+) Insurance finance gains and losses	(53)	**(67)**	(13)	—
Other income and expenses	(5)	**(2)**	3	—
Net income before tax	58	**95**	37	63.5
(–) Income tax expenses	28	**27**	(1)	(5.5)
Net income	29	**68**	38	129.6
New CSM	69	**54**	(15)	(22.2)
CSM balance	736	**653**	(83)	(11.4)

(Note) CSM stands for Contractual Service Margin and represents the unearned profit that will be recognized in the future as insurance services are provided.

3. Solvency margin ratio

(1) Consolidated solvency margin ratio

Insurance groups are required to maintain sufficient capital to absorb losses arising from low-frequency but potentially severe risks, such as natural disasters and sudden market fluctuations. The solvency margin ratio indicates the extent of the solvency margins, or the ability to pay possible insurance claims and others, to withstand such risks beyond normal estimates.

Solvency Margin Ratio (%) = Qualifying Capital / Required Capital x 100

A ratio of 100% or more is considered to indicate that a certain level of financial soundness has been secured. If the ratio falls below 100%, measures designed to restore financial soundness may be implemented by the Commissioner of the Financial Services Agency under the prompt corrective action framework.

Effective from the fiscal year 2025 financial results, this ratio will be calculated under a new system based on the economic value of assets and liabilities. This enables an assessment that reflects actual market values and risks, rather than financial statements.

The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 (capital, reserves, etc., used as the standard of soundness) and 210-11-4 (amount equivalent to risks exceeding normal estimates) of Regulations for Enforcement of the Insurance Business Act, as well as Public Notice No.74 of the Financial Services Agency (2025) and other relevant laws and regulations. The consolidated ratio is calculated based on the capital and risks of the entire insurance group, which encompasses the Company and its subsidiaries.

Although the disclosure of the Company's consolidated solvency margin ratio as of March 31, 2026 is scheduled for end of October 2026, the ratio is expected to exceed 100%, which is the threshold for triggering prompt corrective action.

(2) Non-consolidated solvency margin ratio of principal consolidated subsidiaries

Insurance companies are required to maintain sufficient capital to absorb losses arising from low-frequency but potentially severe risks, such as natural disasters and sudden market fluctuations. The solvency margin ratio indicates the extent of the solvency margins, or the ability to pay possible insurance claims and others, to withstand such risks beyond normal estimates.

Solvency Margin Ratio (%) = Qualifying Capital / Required Capital x 100

A ratio of 100% or more is considered to indicate that a certain level of financial soundness has been secured. If the ratio falls below 100%, measures designed to restore financial soundness may be implemented by the Commissioner of the Financial Services Agency under the prompt corrective action framework.

Effective from the fiscal year 2025 financial results, this ratio will be calculated under a new system based on the economic value of assets and liabilities. This enables an assessment that reflects actual market values and risks, rather than financial statements.

Domestic insurance companies calculate the non-consolidated solvency margin ratio based on the provisions of Articles 86 (capital, funds, reserves, etc., used as the standard of soundness) and 87 (amount equivalent to risks exceeding normal estimates) of Regulations for Enforcement of the Insurance Business Act, as well as Public Notice No.74 of the Financial Services Agency (2025) and other relevant laws and regulations. The non-consolidated ratio is calculated based solely on the internal capital and risks of a single insurance company.

Although the disclosure of the non-consolidated solvency margin ratios of the domestic insurance subsidiaries as of March 31, 2026 is scheduled for end of October 2026, the ratios for Sompo Japan Insurance Inc. and Sompo Himawari Life Insurance Inc. are all expected to exceed 100%, which is the threshold for triggering prompt corrective action.

Summary of Accounting

Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
Sompo Holdings, Inc.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

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Measurement of the liabilities for remaining coverage related to the contracts measured by not applying the Premium Allocation Approach (PAA)	
Description of Key Audit Matter	**Auditor's Response**
The Group's consolidated statement of financial position as of March 31, 2026, includes ¥10,737,677 million of the "Insurance contract liabilities." The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts" and the Notes to the Consolidated Financial Statements "18. Insurance contracts and reinsurance contracts." "Insurance contract liabilities" for insurance contracts other than those with direct participation features include "Liability for remaining coverage" which consists of the fulfilment cash flows of services to be provided under the insurance contracts in future periods and the CSM (Contractual Service Margin) at the reporting date, with respect to contracts measured by not applying the premium allocation approach (PAA). Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of "Liability for remaining coverage" included in the "Insurance contract liabilities" in the consolidated statement of financial position are "Liability for remaining coverage" of Sompo Japan Insurance Inc. in the domestic P&C insurance business and Sompo Himawari Life Insurance Inc. in the domestic life insurance business. It also includes the insurance contract groups acquired through the business combination with Aspen Insurance Holdings Limited, a subsidiary of Sompo International Holdings Ltd. ("SIH"), which was acquired by the Group in February 2026 as part of its overseas insurance business. The fulfilment cash flows of insurance contracts in the measurement of "Liabilities for remaining coverage" of these consolidated subsidiaries are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of a risk adjustment for non-financial risk. The measurement of fulfilment cash flows of an insurance contract requires a high degree of actuarial expertise, as it requires current estimates of future cash flows based on actuarial	Our audit procedures performed to assess the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) included the following, among others: ● We assessed the design and tested the operating effectiveness of internal controls over the measurement of liabilities for remaining coverage. This assessment included an evaluation of internal controls related to the determination of key assumptions, such as the assumptions related to non-financial risks specific to the P&C and life insurance businesses, a risk adjustment for non-financial risk, inflation rates, and discount rates. ● We involved our network firm's actuarial experts (actuaries) to perform the procedures, among others: - We assessed that the category used to determine the assumptions for the fulfilment cash flows of the insurance contracts was established based on the characteristics of the insurance products. - We compared and examined the assumptions for non-financial risks categorized based on the characteristics of the insurance product with the historical experience of such assumptions for the relevant insurance products and trends, including premium rate updates, as well as evaluated the Group's judgment as to whether the adjustment to outlier was necessary. - We tested, by recalculation, that the discount rate was determined by interpolating between the risk-free rate and the ultimate forward rate based on the most recent market data available. - We performed recalculations to assess whether inflation rates were determined using break-even inflation rates and the latest consumer price indexes, and whether interpolations were appropriately performed. - We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at the risk-free rate adjusted for illiquidity.

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calculations, with future assumptions for each category based on the characteristics of the insurance product. The key assumptions in the measurement of fulfilment cash flows of an insurance contract include, among other things, assumptions related to non-financial risks represented by loss ratios and maintenance expense ratios in the P&C insurance industry and mortality ratios and morbidity ratios in the life insurance industry, a risk adjustment for non-financial risk, inflation rates, and discount rates. Based on the above, the measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) requires a high degree of actuarial expertise and the key assumptions used in the actuarial calculations are highly dependent on management's judgment. The measurement of the liabilities for remaining coverage related to the contracts measured by not applying the premium allocation approach (PAA) was considered a key audit matter.	- We inspected the documents related to the fulfilment cash flows of insurance contracts categorized based on the characteristics of the insurance products, as well as selected samples and recalculated the fulfilment cash flows thereof. - With respect to the insurance contract groups acquired through the business combination with Aspen Insurance Holdings Limited, we maintained ongoing communications with our network firm's local auditors and actuarial experts (actuaries) serving SIH in connection with their evaluation of the estimation calculation related to the measurement of fulfilment cash flows and the assessment of key assumptions, and we also inspected the audit workpapers related to the local audits and examined the results of the procedures performed. ● In order to evaluate the data used to measure the fulfilment cash flows of the insurance contracts, we compared and examined the relevant materials including premiums with the underlying data for the measurement of the fulfilment cash flows.

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Method to estimate liabilities for incurred claims	
Description of Key Audit Matter	**Auditor's Response**
The Group's consolidated statement of financial position as of March 31, 2026, includes ¥10,737,677 million of the "Insurance contract liabilities." The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (11) Insurance contracts and reinsurance contracts" and the Notes to the Consolidated Financial Statements "18. Insurance contracts and reinsurance contracts." "Insurance contract liabilities" include "Liabilities for incurred claims", which consists of incurred claims that have not yet been paid (including claims that have been incurred but not yet reported) and fulfilment cash flows related to associated expenses. Fulfilment cash flows are calculated based on estimates of future cash flows adjusted to reflect the time value of money and the financial risks related to the future cash flows, in addition to a risk adjustment for non-financial risk. The majority of "Liabilities for incurred claims" contained in the "Insurance contract liabilities" recorded in the consolidated statement of financial position are "Liabilities for incurred claims" of Sompo Japan Insurance Inc. included in the domestic P&C insurance business and Sompo International Holdings Ltd. included in the overseas insurance business. "Liabilities for incurred claims" of these consolidated subsidiaries include the estimated amount of insurance claims and other liabilities, individually estimated based on the details of the reported event triggering payment, the details of the insurance contract, and the details of the loss investigation, as well as the estimated amount of payment of insurance claims for which an event triggering payment stipulated in the insurance contract is deemed to have already occurred, although the occurrence of such event has not yet been reported (liabilities for incurred but not reported losses). Liability for incurred but not reported losses includes the liabilities estimated using statistical approach for each unit of account, such as insurance lines of business. The liabilities estimated using statistical approach, included in the liabilities for incurred but not reported losses are estimated by actuarial calculations based on a certain estimation method using statistical approach, which requires a high	Our audit procedures performed to assess the method to estimate the liabilities using statistical approach, included in the liabilities for incurred but not reported losses, included among others: ● We assessed the design and tested the operating effectiveness of internal controls over the method of estimating the liabilities using the statistical approach included in the liabilities for incurred but not reported losses. This assessment included an evaluation of internal controls over the selection of statistical estimation methods and the establishment of key assumptions, such as loss development factors, assumptions represented by expected loss ratios and loss adjustment expense ratios, a risk adjustment for non-financial risk and discount rates. ● We involved our network firm's actuarial experts (actuaries) to perform the following procedures, among others: - We assessed the consistency of the exclusion of anomaly such as losses arising from natural catastrophic disasters from the actuarial calculations as well as compared and considered the development in the loss development factor with the development in the amount of insurance claims. - We compared and considered the loss adjustment expense ratios with actual results. - We tested, by recalculation, that the risk adjustment for non-financial risk was equal to the amount of required capital multiplied by the cost of capital ratios, discounted at a risk-free rate adjusted for illiquidity. - We tested, by recalculation, that the discount rate was set by interpolating between the risk-free rate and the ultimate forward rate, based on the most recent market data available. - With regard to the liabilities estimated using statistical approach included in the liabilities for incurred but not reported losses for significant unit of account, we

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degree of technical expertise in actuarial calculation. The key assumptions in the estimation using statistical approach include, the factors used to estimate the ultimate amount of insurance claims and other losses (i.e. loss development factors) and other assumptions (e.g. an expected loss ratios and a loss adjustment expense ratios), in light of the actual payment of insurance claims and other losses by accident year over a certain period of time in the past, in addition to a risk adjustment for non-financial risk and the discount rate. Also, these key assumptions are affected by the identification of large losses attributable to natural catastrophic disasters and the development of losses including insurance claims and other losses over passage of time. Based on the above, as the method of estimating the liabilities using statistical approach requires a high degree of technical expertise in actuarial calculation and the key assumptions used in the estimation using statistical approach are highly dependent on management's judgment, the method of estimating the liability for incurred but not reported losses included in "Liabilities for incurred claims", using statistical approach of estimation, is considered a key audit matter.	independently estimated the liabilities in consideration of expected loss ratios reflecting trends, including the premium rate updates, the development of losses, including insurance claims and other losses, and considered the management's estimates by comparing them with our estimates. ● In order to assess the data used for estimating the liabilities using statistical approach included in the liabilities for incurred but not reported losses (e.g. insurance claims), we selected samples to consider the actual data such as insurance claims payments which were reconciled with underlying payment evidence, and compared them with the underlying data used for estimation. ● We inspected the materials on the estimation of the liabilities using statistical approach for each unit of account, such as insurance lines of business, included in the liabilities for incurred but not reported losses, and recalculated the estimation of those liabilities, including the determination of loss development factors.

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Assessment of goodwill related to the commercial business of the overseas insurance business	
Description of Key Audit Matter	**Auditor's Response**
Goodwill and intangible assets of ¥599,080 million recorded in the Group's consolidated statement of financial position as of March 31, 2026, includes ¥141,327 million of goodwill related to overseas insurance business. Such goodwill relates to the commercial business. The related note is the Notes to the Consolidated Financial Statements "15. Goodwill and intangible assets." Goodwill related to overseas insurance business is recognized at the cost less any accumulated impairment losses. The related notes are the Notes to the Consolidated Financial Statements "3. Summary of material accounting policies (8) Goodwill and (10) Impairment of non-financial assets." In testing goodwill related to overseas insurance business for impairment, the recoverable amount of the groups of cash-generating units to which goodwill has been allocated is estimated, and if the recoverable amount of the groups of cash-generating units is less than its carrying amount, the difference is recognized as a profit or loss. The recoverable amount of the groups of cash-generating units to which goodwill has been allocated is calculated at its value in use. The value in use is determined by discounting the estimated cash flows to present value based on the business plan approved by the management. The business plan is set for a five-year period and is based on management's assessment of future trends in the industry, past performance, and information from within and outside the Group. The cash flows expected to occur beyond the business plan period used to calculate value in use are determined based on continuing value, taking into account the long-term average growth rate of the market for the groups of cash-generating units (perpetual growth rate). The overseas insurance business consists of the commercial business covering specialty insurance, and the consumer business covering personal insurance, with SIH being the core company. The overseas insurance business is operated both in developed markets such as Bermuda and North America, and in emerging markets such as Turkey, South America, and Southeast Asia. The Group has established the commercial business as the groups of cash-generating units to	Our audit procedures performed to assess goodwill included the following, among others: ● We assessed the design and tested operating effectiveness of the Group's internal controls over assessments of goodwill. Our assessments included the Group's internal controls, including the Group's decisions regarding groups of cash-generating units, the consideration of developments in operating performance, the consideration of any changes that would significantly reduce the recoverable amount due to discontinuation or reorganization of business, and the consideration of any significant deterioration in market conditions. ● We made inquiries to the relevant division responsible for testing goodwill for impairment regarding the business plans. In addition, in order to assess the goodwill for the commercial business of the overseas insurance business, our audit procedures performed to assess the recoverable amount included the following, among others: ● We inspected the meeting minutes of the Group's decision-making bodies, including the Board of Directors and the Management Committee to consider the business plan, strategies, and performance of the commercial business of the overseas insurance business. ● We made inquiries to the Group's officers in charge of the overseas insurance business and the management of SIH with respect to the results of operations and business plans of the commercial business of the overseas insurance business, as well as the impact of the current global situation. ● We conducted ongoing communications with our network firms serving as the local auditors of SIH and inspected the audit workpapers of the local auditors to assess the outlook of the direct insurance and reinsurance markets, interest rate trends and changes in regulations. ● For the key assumptions used in estimating

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which it allocates goodwill related to the overseas insurance business. The goodwill related to the commercial business of the overseas insurance business relates to the business of SIH, which consists primarily of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently SIH), as well as goodwill relating to Aspen Insurance Holdings Limited, which was acquired in February 2026. The overseas insurance business is operated globally both in developed and emerging markets. The commercial business has achieved business growth as a result of improved underwriting profit and geographic expansion in line with the business plans, which enhance the importance of the commercial business in Sompo Group. On the other hand, business performance has been ongoingly affected by trends such as a competitive environment, regulations in each country, inflation, foreign exchange, and interest rate. As described above, the execution of the business strategy for commercial business is challenged by the various risk factors, such as development of premiums reflected by the demand-supply in the insurance market, uncertainty over the current global situation, natural catastrophic losses such as hurricanes, competitive environment in each country where the business is conducted, and trends in regulations and economic indicators. Therefore, testing goodwill for impairment requires careful consideration in an audit. The Group determined that no impairment of goodwill related to the commercial business was required for the current period. In our audit, it is crucial to assess the business performance of SIH's commercial business and the progress of the business plans approved by the management. The various risk factors mentioned above affect the estimates of future cash flows which serve as the basis for recoverable amounts, as they cause fluctuations in premiums, claims, and insurance liabilities in the performance and business plan. Key assumptions in the estimation of future cash flows include the rate of increase in premiums and the loss ratios, related to the performance of underwriting business as well as perpetual growth rates used to estimate cash flows expected to occur beyond the five-year business plan period. In addition, the discount rate used is also important in the calculation of the recoverable amount. These key assumptions are highly dependent on management's judgment.	future cash flows, including the rate of increase in premiums and loss ratios, we performed trend analyses based on historical results and compared the assumptions with those of comparable companies. ● We involved the valuation experts of our network firms serving as the local auditors of SIH to assess the reasonableness of the perpetual growth rate used in the calculation of the recoverable amount by comparing it with the market forecast data published by external organizations. ● We involved the valuation experts of our network firms serving as the local auditors of SIH to assess the appropriateness of the method used by the management to derive the discount rate in the calculation of the recoverable amount and to assess its reasonableness by comparing it with the discount rate independently calculated by the said expert.

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Based on the above, the assessment of goodwill related to the commercial business of the overseas insurance business is highly dependent on management's judgment related to the business of the relevant subsidiaries and is considered a key audit matter.	

Other Information

The other information comprises the information included in the annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of 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 and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRS Accounting Standards, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

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Fee-related Information

The fees for the audits of the financial statements of Sompo Holdings, Inc. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2026 are presented in paragraph (3) titled "Audit" in Section "Corporate Governance" included in Item "Information about Reporting Company" in Part 1 of the annual report for the year ended March 31, 2026 of the Group.

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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 17, 2026

Norio Hashiba
Designated Engagement Partner
Certified Public Accountant

Yohei Kondo
Designated Engagement Partner
Certified Public Accountant

Yasuo Oba
Designated Engagement Partner
Certified Public Accountant

Please note that the information referred to in "Other Information" and "Fee-related Information" in this audit report is information related to the annual report (Yukashoken Hokokusho), and this audit report is merely a translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of March 31, 2025	As of March 31, 2026
Assets			
Cash and cash equivalents	7	1,027,628	**1,134,996**
Reverse-repo and similar securities lending		—	**36,065**
Derivative assets	10	9,519	**5,654**
Investment securities	8	11,068,996	**12,451,875**
Loans and advances	9	508,363	**545,958**
Reinsurance contract assets	18	1,209,313	**2,194,887**
Insurance contract assets	18	16,294	**57,345**
Investments in associates	17	42,175	**42,869**
Property and equipment	14	619,769	**646,548**
Goodwill and intangible assets	15	535,795	**599,080**
Retirement benefit assets	20	687	**1,266**
Deferred tax assets	19	81,919	**119,458**
Other assets	13	769,576	**767,698**
Total assets		15,890,039	**18,603,704**
Liabilities			
Repo and similar securities borrowings	22	139,832	**3,078**
Derivative liabilities	10	5,410	**16,421**
Insurance contract liabilities	18	9,343,635	**10,737,677**
Reinsurance contract liabilities	18	1,235	**91,164**
Bonds issued and borrowings	22	691,201	**744,946**
Retirement benefit liabilities	20	28,338	**14,659**
Current tax liabilities	19	113,725	**129,718**
Deferred tax liabilities	19	544,491	**710,731**
Provisions	21	4,302	**4,474**
Other liabilities	13	791,711	**859,821**
Total liabilities		11,663,885	**13,312,694**
Equity			
Share capital	23	100,045	**100,045**
Capital surplus	23	32,733	**(187,445)**
Retained earnings	23	3,521,076	**4,344,319**
Treasury stocks	23	(188,418)	**(197,905)**
Other equity components		739,755	**1,108,810**
Total equity attributable to owners of parent		4,205,192	**5,167,823**
Non-controlling interests		20,961	**123,185**
Total equity		4,226,153	**5,291,009**
Total liabilities and equity		15,890,039	**18,603,704**

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Insurance revenue	26	5,065,520	**5,372,921**
Insurance service expenses	27	4,401,125	**4,459,715**
Income or expenses from reinsurance contracts held	28	(360,232)	**(324,914)**
Insurance service result		304,162	**588,290**
Interest income	29	105,817	**106,582**
Other investment gains and losses	29	235,852	**491,052**
Expenses related to investment	30	14,501	**14,668**
Investment gains and losses		327,168	**582,966**
Insurance finance expenses, net	29	272,708	**305,419**
Reinsurance finance income, net	29	65,274	**67,360**
Insurance finance gains and losses		(207,434)	**(238,059)**
Finance result		119,734	**344,907**
Other revenue		220,689	**228,575**
Administrative expenses	30	91,390	**141,916**
Other finance expenses	31	18,026	**24,547**
Other income	32	17,464	**27,506**
Other expenses	32	197,605	**183,162**
Investment gains and losses on the equity method	17	(24,749)	**3,571**
Other income and expenses		(93,617)	**(89,972)**
Net income before tax		330,279	**843,226**
Income tax expenses	19	85,068	**200,270**
Net income		245,210	**642,955**
Net income attributable to:			
Owners of parent		243,132	**640,086**
Non-controlling interests		2,078	**2,868**
Earnings per share			
Earnings per share - Basic	34	250.90 yen	**701.03 yen**
Earnings per share - Diluted	34	250.90 yen	**701.03 yen**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Net income		245,210	**642,955**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Investments in equity instruments	29	27,141	**433,962**
Remeasurements of defined benefit plans	20	(8,155)	**4,577**
Share of other comprehensive income of associates accounted for by the equity method	17	217	**(357)**
Total of items that will not be reclassified to profit or loss		19,203	**438,183**
Items that may be reclassified subsequently to profit or loss:			
Investments in debt instruments	29	(228,833)	**(292,473)**
Cash flow hedges	11	—	**(503)**
Translation difference related to foreign operations		(25,730)	**159,375**
Changes on insurance contracts due to changes in discount rates	29	375,113	**388,845**
Changes on reinsurance contracts due to changes in discount rates	29	(345)	**(3)**
Share of other comprehensive income of associates accounted for by the equity method	17	(542)	**(343)**
Total of items that may be reclassified subsequently to profit or loss		119,661	**254,897**
Other comprehensive income	33	138,864	**693,080**
Comprehensive income		384,075	**1,336,035**
Comprehensive income attributable to:			
Owners of parent		381,260	**1,328,436**
Non-controlling interests		2,815	**7,598**

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Notes	Equity attributable to owners of parent						
						Other equity components		
		Share capital	Capital surplus	Retained earnings	Treasury stocks	Investments in equity Instruments	Remeasure-ment of defined benefit plans	Investments in debt instruments
Beginning balance		100,045	33,156	3,120,777	(4,125)	1,109,491	—	(199,198)
Effect due to hyperinflation				4,976				
Beginning balance (adjusted)		100,045	33,156	3,125,753	(4,125)	1,109,491	—	(199,198)
Comprehensive income								
Net income				243,132				
Other comprehensive income	33					27,358	(8,199)	(228,833)
Total comprehensive income		—	—	243,132	—	27,358	(8,199)	(228,833)
Transactions with owners, etc.								
Dividends	25			(103,915)				
Acquisition of treasury stocks	23		(48)		(186,125)			
Sale of treasury stocks	23		(411)		1,832			
Share-based payment transactions	24		36					
Reclassification to retained earnings				256,105		(264,305)	8,199	
Others						(33)		
Total transactions with owners, etc.		—	(423)	152,190	(184,292)	(264,339)	8,199	—
Ending balance		100,045	32,733	3,521,076	(188,418)	872,510	—	(428,032)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other equity components				Total		
		Translation difference related to foreign operations	Changes on insurance contracts due to changes in discount rates	Changes on reinsurance contracts due to changes in discount rates	Total			
Beginning balance		172,923	(224,962)	(486)	857,767	4,107,621	19,576	4,127,198
Effect due to hyperinflation					—	4,976		4,976
Beginning balance (adjusted)		172,923	(224,962)	(486)	857,767	4,112,597	19,576	4,132,174
Comprehensive income								
Net income					—	243,132	2,078	245,210
Other comprehensive income	33	(26,965)	375,113	(345)	138,127	138,127	737	138,864
Total comprehensive income		(26,965)	375,113	(345)	138,127	381,260	2,815	384,075
Transactions with owners, etc.								
Dividends	25				—	(103,915)	(1,588)	(105,504)
Acquisition of treasury stocks	23				—	(186,173)		(186,173)
Sale of treasury stocks	23				—	1,421		1,421
Share-based payment transactions	24				—	36		36
Reclassification to retained earnings					(256,105)	—		—
Others					(33)	(33)	157	123
Total transactions with owners, etc.		—	—	—	(256,139)	(288,665)	(1,431)	(290,096)
Ending balance		145,957	150,151	(831)	739,755	4,205,192	20,961	4,226,153

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Notes	Equity attributable to owners of parent							
						Other equity components			
		Share capital	Capital surplus	Retained earnings	Treasury stocks	Investments in equity Instruments	Remeasure-ment of defined benefit plans	Investments in debt instruments	Cash flow hedges
Beginning balance		**100,045**	**32,733**	**3,521,076**	**(188,418)**	**872,510**	**—**	**(428,032)**	**—**
Effect due to hyperinflation				**3,974**					
Beginning balance (adjusted)		**100,045**	**32,733**	**3,525,051**	**(188,418)**	**872,510**	**—**	**(428,032)**	**—**
Comprehensive income									
Net income				**640,086**					
Other comprehensive income	33					**433,605**	**4,578**	**(292,473)**	**(503)**
Total comprehensive income		**—**	**—**	**640,086**	**—**	**433,605**	**4,578**	**(292,473)**	**(503)**
Transactions with owners, etc.									
Dividends	25			**(140,113)**					
Acquisition of treasury stocks	23		**(75)**		**(229,290)**				
Sale of treasury stocks	23		**0**		**181**				
Cancellation of treasury stocks	23		**(219,622)**		**219,622**				
Share-based payment transactions	24		**(328)**						
Changes in the scope of consolidation									
Reclassification to retained earnings				**319,295**		**(314,717)**	**(4,578)**		
Others			**(153)**						
Total transactions with owners, etc.		**—**	**(220,179)**	**179,181**	**(9,486)**	**(314,717)**	**(4,578)**	**—**	**—**
Ending balance		**100,045**	**(187,445)**	**4,344,319**	**(197,905)**	**991,399**	**—**	**(720,506)**	**(503)**

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other equity components				Total		
		Translation difference related to foreign operations	Changes on insurance contracts due to changes in discount rates	Changes on reinsurance contracts due to changes in discount rates	Total			
Beginning balance		**145,957**	**150,151**	**(831)**	**739,755**	**4,205,192**	**20,961**	**4,226,153**
Effect due to hyperinflation					**—**	**3,974**		**3,974**
Beginning balance (adjusted)		**145,957**	**150,151**	**(831)**	**739,755**	**4,209,166**	**20,961**	**4,230,127**
Comprehensive income								
Net income					**—**	**640,086**	**2,868**	**642,955**
Other comprehensive income	33	**154,301**	**388,845**	**(3)**	**688,349**	**688,349**	**4,730**	**693,080**
Total comprehensive income		**154,301**	**388,845**	**(3)**	**688,349**	**1,328,436**	**7,598**	**1,336,035**
Transactions with owners, etc.								
Dividends	25				**—**	**(140,113)**	**(2,508)**	**(142,622)**
Acquisition of treasury stocks	23				**—**	**(229,366)**		**(229,366)**
Sale of treasury stocks	23				**—**	**181**		**181**
Cancellation of treasury stocks	23				**—**	**—**		**—**
Share-based payment transactions	24				**—**	**(328)**		**(328)**
Changes in the scope of consolidation					**—**	**—**	**96,925**	**96,925**
Reclassification to retained earnings					**(319,295)**	**—**		**—**
Others					**—**	**(153)**	**209**	**56**
Total transactions with owners, etc.		**—**	**—**	**—**	**(319,295)**	**(369,779)**	**94,625**	**(275,153)**
Ending balance		**300,259**	**538,996**	**(835)**	**1,108,810**	**5,167,823**	**123,185**	**5,291,009**

(iv) Consolidated Statement of Cash Flows

(Millions of yen)

	Notes	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Cash flows from operating activities:			
Net income before tax		330,279	**843,226**
Depreciation and amortization		103,363	**107,286**
Impairment losses		3,329	**6,283**
Investment losses (gains)		(341,824)	**(597,635)**
Other finance expenses		17,987	**24,547**
Investment losses (gains) on the equity method		24,749	**(3,571)**
Increase (decrease) in insurance contract liabilities		253,556	**206,890**
Decrease (increase) in reinsurance contract assets		7,091	**(85,818)**
Increase (decrease) in retirement benefit liabilities		(5,514)	**(7,305)**
Increase (decrease) in provisions		66	**81**
Others		(26,829)	**39,810**
Subtotal		366,256	**533,793**
Interest received		327,883	**381,951**
Dividends received		54,107	**50,030**
Interest paid		(18,407)	**(24,857)**
Tax expenses paid		(156,832)	**(234,498)**
Net cash provided by (used in) operating activities		573,009	**706,419**
Cash flows from investing activities:			
Net decrease (increase) in reverse-repo and similar securities lending		—	**(36,065)**
Purchase of investment securities		(2,088,689)	**(3,221,759)**
Proceeds from sales and redemption of investment securities		2,142,404	**3,602,763**
Net decrease (increase) in deposits		(34,358)	**(23,628)**
Payments for loans receivable		(111,095)	**(120,812)**
Collection of loans receivable		129,923	**116,787**
Net increase (decrease) in repo and similar securities borrowings		(232,117)	**(136,753)**
Purchase of property and equipment		(25,357)	**(34,772)**
Proceeds from sale of property and equipment		2,523	**4,191**
Purchase of intangible assets		(32,425)	**(25,194)**
Proceeds from sale of intangible assets		195	**12**
Payments for acquisition of subsidiaries	6	—	**(300,345)**
Proceeds from sale of subsidiaries		7,506	**—**
Payments for sale of subsidiaries		(2,226)	**—**
Others		(28,517)	**(57,336)**
Net cash provided by (used in) investing activities		(272,236)	**(232,914)**
Cash flows from financing activities:			
Net increase (decrease) in repo and similar securities borrowings		(155,078)	**—**
Proceeds from borrowings		6,570	**9,141**
Repayments of borrowings		(5,583)	**(10,863)**
Proceeds from sale of treasury stocks		577	**0**
Acquisition of treasury stocks		(186,125)	**(229,290)**
Dividends paid		(103,794)	**(140,017)**
Dividends paid to non-controlling interests		(254)	**(1,908)**
Others		(37,972)	**(39,758)**
Net cash provided by (used in) financing activities		(481,660)	**(412,697)**
Translation difference on cash and cash equivalents		(8,224)	**46,559**
Net increase (decrease) in cash and cash equivalents		(189,111)	**107,368**
Beginning balance of cash and cash equivalents		1,216,739	**1,027,628**
Ending balance of cash and cash equivalents	7	1,027,628	**1,134,996**

Notes to the Consolidated Financial Statements

1. Reporting entity

SOMPO Holdings, Inc. (the "Company") is a stock company domiciled in Japan and its registered headquarters is at 26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan.

The consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group"), as well as the Group's interest in associates. The content of the Group's businesses is as stated in Note "5. Segment information."

2. Basis of preparation of the consolidated financial statements

(1) Compliance with IFRS Accounting Standards ("IFRS")

The consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB"). As the Group meets all the criteria for "Specified Companies Complying with Designated International Accounting Standards" pursuant to Article 1-2, Item 1 of the Regulation for Consolidated Financial Statements, the stipulations of Article 312 of the same are applied.

These consolidated financial statements were approved by Mikio Okumura—Group CEO, Director, President and Representative Executive Officer—and Katsuyuki Tajiri—Group CFO, Deputy President and Representative Executive Officer—on June 17, 2026.

(2) Basis of measurement

As stated in Note "3. Summary of material accounting policies," the consolidated financial statements were prepared based on historical cost, except for insurance contracts, financial instruments, and the application of hyperinflationary accounting in Turkey.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. All amounts have been rounded down to the nearest million yen.

(4) Early adoption of new standards and interpretations

No new accounting standards or interpretations have been early adopted in the preparation of the consolidated financial statements.

(5) Standards and interpretations issued but not yet adopted

The followings include the new standards, amendments to the existing standards and interpretations published on or before the approval date of the consolidated financial statements. The effect of applying these standards and interpretations to the Group is currently under assessment and cannot be estimated at this time.

IFRS		Mandatory effective date	Schedule of adoption by Group	Description
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027	Fiscal year ending March 31, 2028	• Improved comparability of the statement of income • Enhanced transparency by introducing management-defined performance measures • Providing useful structured summaries in financial statements
IFRS 9 IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026	Fiscal year ending March 31, 2027	• Clarified classification of financial assets and addition of related disclosure requirements • Revised disclosure requirements for equity instruments

3. Summary of material accounting policies

The material accounting policies adopted to prepare the consolidated financial statements are as follows.

(1) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group. The Group is deemed to control an investee when the Group has exposures or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group's consolidated financial statements contain all accounts of the structured entities that are controlled by the Company and its subsidiaries. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The Company and its subsidiaries consider all facts and

circumstances including the percentage of voting or similar rights held by them and contractual arrangements with their investees to determine whether they control the structured entities and consolidate them.

The Company and its subsidiaries that are directly or indirectly controlled by the Company are consolidated from the date when the Company acquires control until the date when the Company loses it. All material intercompany receivables and payables and transactions are eliminated upon the preparation of the consolidated financial statements.

(ii) Associates and joint arrangements

An associate is an entity over which the Group has significant influence on management decisions over the operating and financial policy, but does not have controlling interests. Generally, the Group is presumed to have significant influence over the other entity when the Group holds between 20% and 50% of voting rights of the other entity. Other factors considered in determining whether the Group has significant influence include participation in the board of directors of the other entity. If these factors exist, the Group may have significant influence even though it holds less than 20% of voting rights of the other entity.

Although the Company owns 26.6% of the voting rights of Japan Earthquake Reinsurance Co., Ltd. through its consolidated domestic P&C insurance subsidiary, this company is excluded from associates. This is because, in light of the public nature of its business, the Company is deemed unable to exercise significant influence over its financial and operating policy decisions.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about activities that significantly affect variable returns of the arrangement require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures based on the contractual rights and obligations of the respective investors. A joint operation is a joint arrangement whereby the parties having joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method, unless they are classified as assets held for sale, which are accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5"). The Group's interests in the financial results of associates and joint ventures are adjusted to be consistent with the Group's accounting policies and recognized as investment gains and losses on the equity method in the consolidated statement of income. Unrealized gains or losses on intercompany transactions with associates and joint ventures are eliminated to the extent of the Group's interests in the associates and joint ventures. Under the equity method, on initial recognition, the Group's investments in associates and joint ventures are recognized at cost, and the carrying amount of the investments is then increased or decreased to recognize the Group's share of the profit or loss of the associates and joint ventures and the Group's share of other changes directly reflected in equity (net assets) of the associates and joint ventures.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for a business combination is measured as the sum of the assets transferred and liabilities assumed in exchange for control of acquirees and the fair value at the acquisition date of equity instruments issued by the Company.

At the acquisition date, the identifiable assets and liabilities are measured at their fair value, except that:

- deferred tax assets (or liabilities) and liabilities (or assets) related to employee benefits are recognized and measured in accordance with IAS 12 *Income Taxes* ("IAS 12") and IAS 19 *Employee Benefits*, respectively;
- liabilities related to share-based payment are recognized and measured in accordance with IFRS 2 *Share-based Payment*;
- assets or disposal groups classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard; and
- groups of insurance contracts within the scope of IFRS 17 *Insurance Contracts* ("IFRS 17") are measured in accordance with that standard.

Goodwill is measured as the excess of the total amount of the consideration for acquisition, the amount of any non-controlling interests in the acquiree measured as of the acquisition date, and the fair value of any previously held equity interest in the acquiree as of the date on which control is obtained, over the net identifiable assets and liabilities of the acquiree as of the acquisition date. If the difference is negative, it is immediately recognized in profit or loss. On the acquisition date and for each business combination, the Group chooses whether to measure non-controlling interests at fair value or to measure them with the proportionate share in identifiable net assets of the acquiree.

Acquisition-related costs incurred to effect a business combination are recognized as expenses when incurred.

(3) Foreign currency translation

(i) Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated using the rates prevailing at the end of the period. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated to the functional currency using the rates prevailing at the date when the fair value was measured.

Exchange differences arising from the translation and settlement of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the period in which they arise. However, for financial assets measured at fair value through other comprehensive income ("FVTOCI"), exchange differences arising from equity and cash flow hedges are recognized as other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations (including goodwill arising from acquisitions and fair value adjustments) are translated into the presentation currency using the exchange rates prevailing at the end of the fiscal year. Revenues and expenses of the foreign operations are translated into the Group's presentation currency, using the average exchange rates during the period, unless the rates fluctuate significantly.

Exchange differences arising from translating the financial statements of the foreign operations are recognized in other comprehensive income. The exchange differences are reclassified to profit or loss on disposal of the Group's entire interest or partial disposal involving from the loss of control, significant influence or joint control over the foreign operations.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible to a known amount of cash and subject to insignificant risk of change in value.

(5) Financial instruments

(i) Non-derivative financial assets

(a) Initial recognition and measurement

Non-derivative financial assets are initially recognized when the Group becomes party to the contractual provisions of the instruments. All financial assets excluding those classified as financial assets measured at fair value through profit or loss ("FVTPL") are initially measured at their fair value plus transaction costs.

Non-derivative financial assets are classified into financial assets measured at amortized cost, FVTOCI or FVTPL on initial recognition.

Financial assets measured at amortized cost

Financial assets are classified as measured at amortized cost if both the following conditions are met:

- the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVTOCI

(i) Debt instruments measured at FVTOCI

Financial assets are classified as debt instruments measured at FVTOCI if both the following conditions are met:

- the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Equity instruments measured at FVTOCI

Equity instruments that are irrevocably elected at initial recognition to present subsequent changes in fair value in other comprehensive income are classified as equity instruments measured at FVTOCI.

Financial assets measured at FVTPL

Financial assets other than those measured at amortized cost or FVTOCI are classified as FVTPL.

However, the Group may, at initial recognition, designate financial assets not measured at fair value through profit or loss as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch.

(b) Subsequent measurement

After initial recognition, the Group measures financial assets in accordance with the following classifications.

Financial assets measured at amortized cost

Financial assets classified as measured at amortized cost are evaluated using the effective interest method. In addition, the amount of accrued interest on financial assets measured at amortized cost is included in "Interest income" in the consolidated statement of income.

Financial assets measured at FVTOCI

(i) Debt instruments measured at FVTOCI

After initial recognition, debt instruments measured at FVTOCI are measured at fair value, and changes except for impairment gains or losses or foreign exchange gains/losses are recognized in other comprehensive income until the financial assets are derecognized. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is reclassified to profit or loss.

(ii) Equity instruments measured at FVTOCI

After initial recognition, equity instruments measured at FVTOCI are measured at fair value, and changes are recognized in other comprehensive income. When the financial assets are derecognized, the accumulated other comprehensive income previously recognized is directly reclassified to retained earnings. Dividends from these financial assets are recognized in profit or loss.

Financial assets measured at FVTPL

Financial assets measured at FVTPL are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

(c) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows arising from the financial assets expire, or when the Group transfers the contractual rights to receive the cash flows and substantially all risks and rewards of ownership of the financial assets are transferred.

(ii) Non-derivative financial liabilities

(a) Initial recognition and measurement

Non-derivative financial liabilities are initially recognized on the issuance date in the case of debt instruments issued by the Group and all other financial liabilities are initially recognized at the date of transaction when the Group becomes party to the contractual provisions of the financial liabilities. All financial liabilities are initially measured at their fair value minus transaction costs.

Non-derivative financial liabilities are classified into financial liabilities measured at amortized cost on initial recognition.

(b) Subsequent measurement

Financial liabilities classified as measured at amortized cost are evaluated using the effective interest method. In addition, the amount of accrued interest on financial liabilities measured at amortized cost is included in "Other finance expenses" in the consolidated statement of income.

(c) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e., when the obligations specified in the contracts are discharged, cancelled or expired.

(iii) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position, only when the Group currently has legally enforceable rights to offset the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(iv) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost or debt instruments measured at FVTOCI. However, the loss allowances on debt instruments measured at FVTOCI are recognized in other comprehensive income.

At each reporting date, the Group assesses whether the credit risk on the financial assets has increased significantly since initial recognition. To make that assessment, the Group compares the risk of defaults occurring on the financial assets as at the reporting date with the risk of defaults occurring on the financial assets as at the date of initial recognition and considers reasonable and supportable information, which is available without undue cost or effort, indicative of significant increases in credit risk since initial recognition.

The Group assumes that the credit risk on financial assets has not increased significantly since initial recognition if the financial assets are determined to have low credit risk at the reporting date.

If the credit risk on the financial assets has increased significantly since initial recognition, the Group measures the loss allowance for the financial assets at an amount equal to the lifetime expected credit losses. If the credit loss on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for the financial assets at an amount equal to 12-month expected credit losses.

The Group measures the expected credit losses of the financial assets in a way that reflects:

- an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial assets. Credit losses are the present value of the difference between the cash flows that are due to the Group in accordance with the contracts and the cash flows that the Group expects to receive.

Expected credit losses of the financial assets are recognized as impairment losses in profit or loss. In case of any event where the impairment losses are subsequently reduced, the reduced amount of the impairment losses is reversed in profit or loss.

If the Group does not have reasonable expectations of recovering the financial assets in their entirety or a portion thereof, the Group directly reduces the gross carrying amount of the financial assets.

(v) Derivatives and hedge accounting

The Group uses derivative instruments such as forward exchange contracts, currency swaps, currency options, interest rate swaps, and stock index futures to hedge foreign exchange risk, interest rate risk, etc. These derivatives, classified as FVTPL, are initially recognized at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair value.

Changes in the fair value of derivatives are recognized in profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

(a) Qualifying criteria for hedge accounting

To assess whether hedging relationships qualify for hedge accounting, at the inception of the hedge transactions, the Group documents the relationships between hedging instruments and hedged items, and the Group's risk management objective and strategy for undertaking various hedge transactions. At the inception of the hedging relationships, the Group documents the method used to assess whether the relationships meet all of the hedge effectiveness requirements when the derivatives used in the hedge transactions offset changes in the fair value or cash flows of the relevant hedged items. The method is assessed on an ongoing basis. The Group performs the ongoing assessment of the hedge effectiveness at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first.

(b) Accounting for qualified hedging relationship

The Group accounts for hedging relationships that qualify for hedge accounting in accordance with the following classifications.

Fair value hedges

Changes in the fair value of hedging instruments are recognized in profit or loss. Of changes in the fair value of hedged items, gains or losses caused by hedged risk adjust the carrying amount of the hedged items and are recognized in profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Additionally, currency basis spread portions of currency swaps are excluded from hedging instruments and recognized in other comprehensive income as hedge costs with the accumulated amount included in other equity component.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability become a firm commitment to which fair value hedge accounting is applied, the Group directly reclassifies the cumulative gain or loss recognized in other comprehensive income to the initial cost or other carrying amount of the assets or liabilities.

For cash flow hedges other than those mentioned above, the cumulative gain or loss recognized in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The ineffective portion of changes in the fair value of hedging instruments is recognized immediately in profit or loss.

When the Group discontinues hedge accounting, the cumulative gain or loss recognized in other comprehensive income remains in other equity components until the hedged future cash flows occur, if they are still expected to occur, or is immediately reclassified to profit or loss if the hedged future cash flows are no longer expected to occur.

(6) Property and equipment (excluding right-of-use assets)

(i) Recognition and measurement

The cost model is used for property and equipment, which are recorded at their cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenses directly related to the acquisition of the asset and expenses incurred for demolition, removal, and restoration of the land to its original state. Gain or loss on the disposal of property and equipment (calculated as the difference between the net amount received from the disposal and the carrying amount of the property and equipment) is recognized as other income or other expenses in profit or loss.

(ii) Depreciation

The depreciable amount of property and equipment (calculated as their cost less residual value) is allocated on a systematic basis over their estimated useful lives. The Group mainly applies the straight-line method as it reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation of property and equipment begins when they are available for use and ceases at the earlier of the date when they are extinguished (disposed of or sold) or the date when they are classified as held-for-sale assets.

The estimated useful lives of major items of property and equipment are as follows. The estimated useful life, residual value and depreciation method are reviewed on each financial year-end, and the effects of changes to estimates are recognized through the period when the estimates were changed and future periods.

- Buildings: 3–75 years
- Others: 2–20 years

(7) Intangible assets

The cost model is used for intangible assets, which are recorded at their cost less any accumulated amortization and any accumulated impairment losses. Intangible assets acquired individually are measured at cost when initially recognized. Intangible assets acquired in business combinations are measured at fair value at the acquisition date.

Expenditure for development of software for internal use is recorded as internally generated intangible assets only when measurement is reliably possible, there is a high probability that there will be future economic benefits, the Group has the intent of completing the development of and using or selling the asset, and there are adequate resources available to complete such development.

Expenditure for software that has been recorded as an asset is measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with indefinite useful lives and intangible assets that have yet to be brought into use are not amortized. For intangible assets with indefinite useful lives, whether or not any event or conditions still exist for such intangible assets to have an indefinite useful life is reviewed at the end of each fiscal year.

Intangible assets with definite useful lives are amortized using the straight-line method over the useful lives. The amortization method, estimated useful life, and residual value are reviewed at the end of each fiscal year and revised as necessary.

The useful lives of major intangible assets are as follows.

- Software: 5–10 years
- Other intangible assets: 2–24 years

Impairment is as stated in (10) Impairment of non-financial assets.

(8) Goodwill

Measurement of goodwill at the initial recognition is as stated in (2) Business combinations. Goodwill after initial recognition is not amortized, and the Group records goodwill at its cost less any accumulated impairment losses. Impairment is as stated in (10) Impairment of non-financial assets.

(9) Leases

At the commencement date of a contract, the Group determines whether a contract is, or contains, a lease, and recognizes a right-of-use asset and a lease liability. The Group measures the right-of-use asset at cost on the commencement date of a contract. The cost comprises the amount of the initial measurement of the lease liability and initial direct costs incurred. The Group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date of a contract, discounted using the Group's incremental borrowing rate.

After the commencement date, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The useful life of the right-of-use asset is determined by applying the same basis as the useful life of the property and equipment. The Group measures the lease liability using an effective interest method, and remeasures it to reflect any lease modifications or changes to the lease payments.

On the Group's consolidated statement of financial position, the right-of-use asset is included in "Property and equipment" and the lease liabilities in "Other liabilities."

The Group has elected not to recognize the right-of-use asset and the lease liability for short-term leases (lease term of 12 months or less) and leases of low-value assets. The lease payments related to these leases are recognized as an expense using a straight-line method over the lease term.

(10) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that its non-financial assets other than deferred tax assets may be impaired. If any such indication exists, the Group estimates the recoverable amounts of the assets. The Group also estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives or intangible assets not yet available for use at the same timing annually.

The recoverable amount is the higher of the asset's or cash-generating unit's ("CGU's") value in use or its fair value less costs of disposal. The value in use is calculated by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount of the asset or a CGU is reduced to its recoverable amount and an impairment loss is recognized in profit or loss. The impairment loss recognized in relation to the CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Impairment losses on goodwill are not reversed. For assets other than goodwill, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists and there have been changes in the estimates used to determine the asset's recoverable amounts, the impairment losses are reversed. The Group records a reversal of impairment losses not to exceed the carrying amount that would have been determined (net of depreciation and amortization required) had no impairment loss been recognized.

Goodwill which comprises a part of the carrying amounts of investments in associates accounted for using the equity method is not recognized individually and impairment tests are not individually implemented. However, they are subject to impairment

tests if, considering the total amount of investments in associates accounted for using the equity method as one asset, there is objective evidence that investments in associates accounted for using the equity method may be impaired.

(11) Insurance contracts and reinsurance contracts

(i) Classification

Contracts under which the Group accepts significant insurance risk from policyholders or other insurance companies are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The Group is also exposed to financial risk by insurance and reinsurance contracts.

At initial recognition, the Group classifies an insurance contract as an insurance contract with direct participation features if:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured by applying the premium allocation approach ("PAA").

(ii) Level of aggregation

Insurance contracts are measured after aggregation by each group, and insurance contract groups are determined based on insurance contract portfolios. Each portfolio is comprised of several contracts that are subject to similar risks and managed together and are divided into a minimum of the following groups based on the contract inception and profitability:

- a group of contracts that are onerous on initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- a group of any remaining contracts in the portfolio.

Additionally, any reinsurance contracts are also divided into, at least, the following groups:

- a group of contracts with a net gain on initial recognition;
- a group of contracts that, at initial recognition, have no significant possibility of subsequently generating a net gain; and
- a group of any remaining contracts in the portfolio.

(iii) Initial recognition

The Group recognizes a group of insurance contracts issued from the earlier of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

If there is no contractual due date, it is considered to be the date when the first payment is received from the policyholder.

Additionally, the Group recognizes a group of reinsurance contracts on the following date:

- reinsurance contracts initiated by the Group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognized.
- other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts.

However, if the Group recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into on or before that date, then the group of reinsurance contracts is recognized on the initial recognition date of underlying group of insurance contracts.

Insurance and reinsurance contracts acquired in a business combination are recognized at the acquisition date.

(iv) Boundary of contracts

Measurement of contract groups includes all future cash flows within the contract boundaries.

For insurance contract groups, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or has a substantive obligation to provide the policyholder with insurance contract services. Substantive obligations to provide services are judged to end in either of the following cases:

- the Group has the practical ability to reassess the risk for a particular policyholder and can set a price or benefit level that fully reflects those risks; or
- the Group has the practical ability to reassess the risks of portfolio of insurance contracts and can set a price or benefit level that fully reflects the risk of that portfolio, and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that related to periods after the reassessment date.

Additionally, for reinsurance contract groups, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled by the reinsurer to pay the premiums or the Group has a substantive right to receive reinsurance contract services from the reinsurer. Substantive rights to receive services from the reinsurer are judged to end in either of the following cases:

- the reinsurer has the practical ability to reassess the risk transferred and it can set a price or benefit level that fully reflects those risks; or
- the reinsurer has the substantive right to terminate coverage.

(v) Measurement – Contracts measured without applying the PAA

Insurance contracts

(a) Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and the contractual service margin ("CSM").

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognize as it provides services under those contracts. At the initial recognition of a group of insurance contracts, if the sum of the fulfilment cash flows, the cash flows that occur on that day, the assets related to insurance acquisition cash flows ("acquisition expenses"), and the amounts arising from the derecognition of any asset or liability previously recognized for the cash flows related to that group of insurance contracts results in a net inflow, then the group of insurance contracts is considered not onerous. In this case, the CSM is measured at an amount equal to the net inflow but with the opposite sign, resulting in no profit or loss at initial recognition. If the sum results in a net outflow, the group of insurance contracts is considered onerous, and the net outflow is recognized as a loss in profit or loss at initial recognition.

For a group of insurance contracts acquired in a business combination, the consideration received for those insurance contracts (the fair value of the insurance contracts at the acquisition date) is included in the sum as a substitute for the premiums to be received at the acquisition date.

(b) Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for the remaining coverage and the liability for incurred claims. The liability for the remaining coverage is comprised of the fulfilment cash flows related to services that will be provided under the contracts in future periods and CSM at that date. The liability for incurred claims is comprised of the fulfilment cash flows for incurred claims that have not yet been paid (including claims that have been incurred but not yet reported) and related expenses.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using the current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The CSM of each group of contracts subsequent to initial recognition is calculated on a reporting period basis and the Group has adopted the accounting policy not to subsequently change the treatment of accounting estimates made in previous reporting periods.

(i) Insurance contracts without direct participation features

The carrying amount of the CSM at the end of the period is the carrying amount at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM and accordingly a loss component is created (the excess is recognized as a loss in profit or loss); or
  - any decreases in the fulfilment cash flows are allocated to the loss component (the losses previously recognized in profit or loss are reversed);

- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the period.

(ii) Insurance contracts with direct participation features

The carrying amount of the CSM at the end of the period is the carrying amount at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- changes in the Group's share of the fair value of the underlying items (excluding the following cases):
  - a decrease in the share exceeds the carrying amount of the CSM, resulting in the recognition of a loss component (the excess is recognized as a loss in profit or loss); or
  - an increase in the share is allocated to the loss component (the losses previously recognized in profit or loss are reversed);
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM and accordingly a loss component is created (the excess is recognized as a loss in profit or loss); or
  - any decreases in the fulfilment cash flows are allocated to the loss component (the losses previously recognized in profit or loss are reversed);
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the period.

Reinsurance contracts

The Group applies the same accounting policies in principle to groups of insurance contracts as it does to groups of reinsurance contracts, while certain measurement approaches differ between the two.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used for the underlying groups of insurance contracts. In addition, the Group allows for adjustment for any risk of non-performance by the issuer of reinsurance contracts differently from the measurement of groups of insurance contracts. The effect of the non-performance risk of the issuer of reinsurance contracts is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss. Reinsurance contract groups cannot be onerous.

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognized.

Loss-recovery components reflect adjustments to CSM of reinsurance contract groups and are determined by multiplying the following items, subsequently being adjusted according to change:

- the loss recognized on the underlying group of insurance contracts; and
- the percentage of claims on the underlying group of contracts that the Group expects to recover from the group of reinsurance contracts held.

(vi) Measurement – Contracts measured by applying the PAA

The Group generally uses the PAA to groups of insurance contracts that meet either of the following criteria:

- The groups of contracts in which the coverage period of each contract is one year or less; and
- The groups of contracts of which the resulting measurement is reasonably expected not to differ materially from the result of applying the measurement in (v) above.

Insurance contracts

On initial recognition of each group of insurance contracts, the carrying amount of the liability for the remaining coverage is measured at the premiums received on initial recognition. Acquisition expenses, assets related to acquisition expenses, and amounts resulting from the derecognition of any previously recognized assets or liabilities related to the cash flows of the group of insurance contracts are deducted from the liability for the remaining coverage. Acquisition expenses are allocated to groups of insurance contracts on a systematic and rational basis.

The carrying amount of the liability for the remaining coverage is increased by any premiums received and any amortization of acquisition expenses recognized as expenses and decreased by the amount recognized as insurance revenue for coverage provided and any acquisition expenses on subsequent measurement. In cases where a significant financing component exists, the Group adjusts the liability for the remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Group recognizes a loss in profit or loss and increases the liability for the remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to the remaining coverage exceed the carrying amount of the liability for the remaining coverage. These fulfilment cash flows reflect the time value of money and the effects of financial risk.

The liability for incurred claims of a group of insurance contracts is recognized at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted at current rates unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

The Group applies the same accounting policies in principle to groups of insurance contracts as it does to groups of reinsurance contracts, adapted where necessary to reflect features that differ from those of groups of insurance contracts. If a loss-recovery component is created for a group of reinsurance contracts measured by applying the PAA, then the Group adjusts the carrying amount of the asset for the remaining coverage instead of adjusting the CSM.

(vii) Derecognition and contract modification

The Group derecognizes a contract not only when it is extinguished —i.e., when the specified obligations in the contract expire or are discharged or cancelled—but also when the terms of the contract are modified in such a way that the resulting accounting treatment is significantly different.

(viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The Group disaggregates amounts recognized in the consolidated statement of income and the consolidated statement of comprehensive income into “Insurance service result” comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as “Income or expenses from reinsurance contracts held” in the insurance service result.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

(a) Insurance revenue

Insurance revenue excludes any investment components and is recognized as follows.

Contracts measured without applying the PAA

Insurance revenue is recognized as the Group provides services under groups of insurance contracts, and represents the total of the changes in the liability for the remaining coverage that relate to services for which the Group expects to receive consideration.

In addition, the Group allocates a portion of premiums that relate to recovering acquisition expenses to each period in a systematic way based on the passage of time. The Group recognizes the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The CSM that is recognized as insurance revenue is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the period and expected to be provided in future periods. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

A loss component is established for the liability for the remaining coverage of groups of onerous insurance contracts. In providing services based on the groups of onerous insurance contracts, the fulfilment cash flows are allocated between the loss component of the liability for the remaining coverage and the liability for the remaining coverage excluding loss component on a systematic basis. Fulfilment cash flows for loss components are then excluded from the recognition of insurance revenue.

In the group of onerous insurance contracts, changes in fulfilment cash flows relating to future services and changes in Group’s share of the fair value of the underlying items for insurance contracts with direct participation

features are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of insurance contracts.

Contracts measured by applying the PAA

The insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

(b) Insurance service expenses

Insurance service expenses consist of the following items, excluding the repayment of investment components, and are generally recognized in profit or loss when incurred:

- incurred claims and other expenses;
- amortization of acquisition expenses;
- gains and losses on onerous contracts (changes related to future service); and
- changes in liabilities for incurred claims (changes related to past service)

(c) Income or expenses from reinsurance contracts held

Income or expenses from reinsurance contracts held is the amount resulting from subtracting the portion of allocated reinsurance premiums from the recoveries received from reinsurers.

The Group recognizes an allocation of premiums paid to the reinsurer in profit or loss as it receives services under groups of reinsurance contracts. For contracts measured without applying the PAA, the allocation of premiums paid to the reinsurer relating to services received for each period represents the total of the changes in the assets for the remaining coverage related to services for which the Group expects to pay consideration.

For contracts measured by applying the PAA, the allocation of premiums paid to the reinsurer for each period is the amount of expected premium payments for receiving services in the period.

Additionally, for a group of reinsurance contracts covering an underlying group of onerous insurance contracts, the Group establishes and adjusts a loss-recovery component of the asset for the remaining coverage to depict the recovery of losses recognized. The method for establishment and adjustment is as follows.

- the Group establishes a loss-recovery component for the group of reinsurance contracts at the time the underlying onerous insurance contracts are recognized, if the reinsurance contracts covering an underlying group of onerous insurance contracts were entered into at or before the recognition of the underlying contracts; and
- the Group establishes and adjusts the loss-recovery component when changes in the fulfilment cash flows of an underlying group of onerous insurance contracts result in the recognition or change of a loss component, in order to reflect changes in the fulfilment cash flows of the related group of reinsurance contracts attributable to future services.

In receiving services based on the group of reinsurance contracts, the asset for the remaining coverage is allocated between the loss-recovery component and the asset for the remaining coverage other than the loss-recovery component on a systematic and rational basis. Changes in the loss-recovery component are excluded from the allocation of reinsurance premiums paid.

(d) Insurance finance income or expenses (including reinsurance finance income and expenses)

Insurance finance income or expenses are comprised of changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group has chosen as a general rule, to disaggregate insurance finance income and expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income and expenses over the duration of the group of contracts. As changes in financial risk assumptions do not substantially impact the amount paid to policyholders for most of the groups of insurance contracts, the Group determines the systematic allocation for the assets or liabilities for the remaining coverage using the discount rate determined on initial recognition of the group of contracts. In addition, for the assets or liabilities for incurred claims, the Group uses the discount rates determined at the time the assets or liabilities for those claims are recognized.

(12) Employee benefits

(i) Defined benefit plans

The net defined benefit liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets

(adjusted, if necessary, for the effect of the asset ceiling), and is recognized as a retirement benefit asset or liability in the consolidated statement of financial position. The present value of the defined benefit obligation and the related current and past service costs for each plan are estimated based on the projected unit credit method. The discount rate is determined by establishing the discount period based on a period to the expected benefit payment date, and by reference to market yields at the end of the reporting period on high-quality corporate bonds.

Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and are reclassified to retained earnings immediately in the periods in which they arise. Remeasurements are comprised of actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expenses) and any change in the effect of the asset ceiling (excluding amounts included in net interest expenses). Current service cost and net interest expenses are recognized in profit or loss in the periods in which they arise. Past service cost is recognized in profit or loss in the earlier of the period in which the plan amendment or curtailment occurs, or the period in which related restructuring costs or termination benefits are recognized.

(ii) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans for employee benefits. The defined contribution plans are post-employment benefit plans under which an entity regularly pays fixed contributions into employees' accounts and will have no legal or constructive obligation to make further payments. As a result, contributions to defined contribution plans are expensed over the period during which employees render service.

(iii) Short-term employee benefits

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

In relation to bonus payments, the Group recognizes liability for benefits expected to be paid under these plans when the Group has the present legal or constructive obligation to make such payments for services rendered by employees in the current and prior periods and a reliable estimate can be made of the amount of the obligation.

(iv) Other long-term employee benefits

As long-term employee benefits other than retirement benefits, the Group has extended leave systems and accumulated paid leave systems for employees with more than a certain number of service years.

The liability for such long-term employee benefits is recognized based on the estimated future benefit amounts earned in exchange for services rendered by employees in prior and current periods. The amounts are not discounted unless the effect of the time value of money is material.

(13) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, provisions are measured at the present value of the estimated payments required to settle the obligation. The present value is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Increases in provisions due to the effect of changes over time are recognized in "Other finance expenses."

(14) Equity

(i) Common stock

Equity instruments issued by the Company are recognized at the issue price as share capital and capital surplus, and the direct issuance cost is deducted from capital surplus.

(ii) Treasury stock

When the Group acquires its own equity share capital (Treasury stock), it is recognized at cost and deducted from equity. Direct costs related to the acquisition are deducted from capital surplus. When the Group sells treasury stocks, the difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(15) Share-based payments

(i) Stock options

The Group has an equity-settled share-based compensation plan for directors and corporate officers. The equity-settled share-based compensation is measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model and other models. The fair value determined at the grant date is expensed over the vesting period, based on the estimate of stock options that will eventually vest, with a corresponding increase in equity.

(ii) Board Benefit Trust (BBT)

The Group has a performance-linked share-based payment plan for directors (excluding non-executive inside directors and outside directors), executive officers and senior vice presidents under the Board Benefit Trust ("BBT") in which the Group provides stocks and cash based on the services rendered. The compensation under BBT is classified into the following categories based on the method of settlement.

(a) Equity-settled share-based payments

For equity-settled share-based payments, services received are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in equity.

(b) Cash-settled share-based payments

For cash-settled share-based compensation, services received and liabilities incurred are measured at fair value. The fair value of the compensation included in liability is expensed over the vesting period with a corresponding increase in liabilities. The Group also remeasures the fair value of the liabilities on each reporting date and the settlement date and recognizes the changes in fair values in profit or loss.

(iii) Stock price-linked compensation (phantom stock plan)

The Group has introduced a phantom stock plan for compensation granted to directors (excluding non-executive inside directors and outside directors), executive officers, and senior vice presidents. Under this plan, a cash amount is paid based on the share price of the Company's stock at the time of vesting. At the end of each reporting period, the Group recognizes a liability for the fair value of the expected payment amount based on the number of units expected to vest. The fair value of the liability is remeasured at each reporting date until settlement, and changes in the fair value are recognized in profit or loss.

(16) Revenue recognition

As for the nursing care business, revenue is recognized when performance obligations are satisfied via providing various nursing care services to nursing facility residents and others at nursing homes or providing services relating to the sale of welfare equipment to residents.

Additionally, regarding services for nursing facility residents and others, for transactions where the Group serves a role as an agent for providing products or rendering services to customers, the net amount of consideration received from customers less consideration paid to suppliers is recognized as revenue.

(17) Income taxes

Income tax expenses are comprised of current tax expenses and deferred tax expenses. Income tax expenses are recognized in net profit or loss unless it is related to business combinations or the item is to be recognized directly in equity or in other comprehensive income.

(i) Current tax expenses

Current tax expenses are measured at amounts expected to be paid to tax authorities or refunded from tax authorities. Tax rates and taxation methods used in calculation of taxes are formulated or substantially formulated by the end of the fiscal year.

(ii) Deferred tax expense

Deferred tax expense is calculated based on temporary differences between the tax assessment value and carrying amounts of assets and liabilities as of the end of the fiscal year. Deferred tax assets are recognized to the extent that it is

probable that taxable income will be available by which the deductible temporary differences, unused tax losses, and tax credits can be recovered. Deferred tax liabilities are generally recognized for taxable temporary differences.

Additionally, deferred tax assets and liabilities are not recognized for the following temporary differences.

- Temporary differences arising from initial recognition of goodwill;
- Among taxable temporary differences related to investments in subsidiaries, investments in associates, and interests in joint arrangement, those of which the Group is able to control the timing of reversal and for which it is probable that these differences will not reverse in the foreseeable future; and
- Among deductible temporary differences related to investments in subsidiaries, investments in associates, and interests in joint arrangement, those for which it is not probable that the temporary differences will reverse in the foreseeable future, or that sufficient taxable income will be available against which these temporary differences could be utilized.

Deferred tax assets and liabilities are calculated based on the tax rate expected to be applied in the period during which deferred tax assets are recovered or deferred tax liabilities are settled in accordance with the income tax law enacted or substantially enacted as of the end of the fiscal year.

Deferred tax assets and liabilities are offset and presented on the consolidated statement of financial position if the Group has the enforceable right to offset the current tax assets and liabilities, the income tax is imposed by the same tax authority for the same taxable entity, the income tax is imposed by a different tax authority that either intends to settle current tax assets and liabilities on a net basis, or the Group plans to realize tax assets and tax liabilities simultaneously.

(18) Earnings per share

Basic earnings per share is calculated on the basis that net income attributable to the ordinary shareholders of the parent is divided by the weighted average number of ordinary shares outstanding, adjusted by treasury stocks during the period. Diluted earnings per share is calculated by adjusting the impact of potential shares that have dilutive effects.

4. Use of material accounting estimates and judgments

The consolidated financial statements are prepared based on the accounting estimates and judgments of management that affect the determination of accounting policy and the reported amount of assets, liabilities, income and expenses. Actual results may differ from accounting estimates and the assumptions forming their basis. Estimates and the underlying assumptions are reviewed on an ongoing basis. The effects of changes in estimates are recognized in the period in which the estimates are revised and in future periods, if applicable.

The following items are estimates and judgments made by management that have a material impact on the amounts in the consolidated financial statements.

(1) Fair value measurement of financial instruments

(i) Amounts recorded in the consolidated financial statements for the current fiscal year

The details are stated in Note “12. Fair value of financial instruments.”

(ii) Estimation methods

The details are stated under (ii) Unobservable inputs and (iii) Valuation process within (3) Level 3 fair value measurements in Note “12.1 Financial instruments measured at fair value.”

(iii) Key assumptions used in the calculation of amounts

The details are stated under (ii) Unobservable inputs and (iii) Valuation process within (3) Level 3 fair value measurements in Note “12.1 Financial instruments measured at fair value.”

(iv) Effect on the consolidated financial statements for the subsequent fiscal year

Changes in the conditions underlying the above assumptions may materially affect the fair value of financial instruments. The effect of material unobservable inputs on fair value measurement is stated under (iv) Effect of unobservable inputs on fair value measurement within (3) Level 3 fair value measurements in Note “12.1 Financial instruments measured at fair value.”

(2) Impairment of goodwill

(i) Amounts recorded in the consolidated financial statements for the current fiscal year
The details are stated in Note "15. Goodwill and intangible assets."

(ii) Estimation methods
The details are stated in Note "15. Goodwill and intangible assets."

(iii) Key assumptions used in the calculation of amounts
The details are stated in Note "15. Goodwill and intangible assets."

(iv) Effect on the consolidated financial statements for the subsequent fiscal year
Changes in the conditions underlying the above assumptions may materially affect the recoverable amount related to the impairment of goodwill. The effect of changes in the recoverable amount on the impairment of goodwill is stated in Note "15. Goodwill and intangible assets."

(3) Estimation of fulfilment cash flows relating to insurance contracts and reinsurance contracts

(i) Amounts recorded in the consolidated financial statements for the current fiscal year
The details are stated in Note "18. Insurance contracts and reinsurance contracts."

(ii) Estimation methods
The details are stated in Note "18.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts."

(iii) Key assumptions used in the calculation of amounts
The details are stated in Note "18.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts."

(iv) Effect on the consolidated financial statements for the subsequent fiscal year
Changes in the conditions underlying the above assumptions may materially affect the estimated amounts of fulfilment cash flows. The effects of such changes in assumptions on net income before tax and other comprehensive income before tax are stated in Note "38.2 Insurance risk."

5. Segment information

(1) Overview of reportable segments

The business segments of the Group are the components of the Group for which discrete financial statements are available and operating results are periodically reviewed by the board of directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Group companies develop comprehensive strategies for their operations individually as an independent management unit and roll out their businesses under the group-wide management policy.

Therefore, the Group is composed of business segments, which are comprised of each group company as a minimum unit, and there are four reportable segments, namely "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business," and "Nursing care business." The Company, digital-related business, asset management business and other businesses that are not covered by the reportable segments are included in "Others."

"Domestic P&C insurance business" mainly engages in underwriting of property and casualty insurance, investment, and related activities in Japan; "Overseas insurance business" mainly engages in underwriting of property and casualty insurance and investment activities overseas; "Domestic life insurance business" mainly engages in underwriting of life insurance and investment activities in Japan, and "Nursing care business" mainly engages in providing nursing care and nursing care-related services.

(2) Measurement basis of revenue, income or loss and other items for each reporting segment

The accounting methods applied to reported business segments is consistent with that described in Note "3. Summary of material accounting policies." Income or loss of reportable segments is based on net income attributable to owners of parent.

Internal revenues between segments are based on the price of transactions between third parties and others.

(3) Information on the amounts of revenue, income or loss and other items by reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 4)	Amounts on consolidated financial statements
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care business	Total				
Revenue (Note 1)									
Revenue from external customers	2,590,896	2,219,907	254,716	181,364	5,246,885	39,184	5,286,069	140	5,286,210
Internal revenue or transfers between segments	43,581	7,796	—	3	51,382	26,830	78,212	(78,212)	—
Total	2,634,478	2,227,704	254,716	181,368	5,298,267	66,015	5,364,282	(78,072)	5,286,210
Segment income (loss)	58,338	177,771	29,876	5,303	271,289	(27,551)	243,737	(605)	243,132
Other items									
Interest income	31,132	18,102	56,470	81	105,787	30	105,817	—	105,817
Interest expense	6,911	6,444	476	3,790	17,622	365	17,987	—	17,987
Depreciation and amortization (Note 3)	53,125	18,284	3,684	26,316	101,411	1,952	103,363	—	103,363
Investment gains and losses on the equity method	147	(111)	—	—	36	(24,786)	(24,749)	—	(24,749)
Impairment losses	861	—	—	2,420	3,282	47	3,329	—	3,329
Income tax expenses	15,049	36,624	28,649	2,918	83,240	1,828	85,068	—	85,068
Investments in associates accounted for by the equity method	2,667	14,505	—	—	17,172	25,002	42,175	—	42,175
Capital expenditures (Note 3)	40,138	25,692	3,174	23,447	92,453	1,524	93,978	—	93,978
Segment assets	6,311,943	5,243,189	3,392,431	429,136	15,376,700	513,338	15,890,039	—	15,890,039

(Notes) 1. Revenue represents “Insurance revenue” for the insurance businesses, “Other revenue” for the other businesses, and the total amount of “Insurance revenue” and “Other revenue” for the consolidated financial statements.
2. The category “Others” is a business segment not included in the reportable segments. It includes the Company (insurance holding company), extended warranty business, digital-related business, asset management business and other businesses.
3. Depreciation and amortization as well as capital expenditures include amount related to right-of-use assets.
4. Adjustments of revenue are mainly adjustments of other revenue related to domestic P&C insurance business, overseas insurance business and domestic life insurance business amounting to 140 million yen, and the elimination of intercompany transactions between segments amounting to (78,212) million yen. Adjustments of segment income (loss) are entirely due to the elimination of intercompany transactions between segments.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 4)	Amounts on consolidated financial statements
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care business	Total				
Revenue (Note 1)									
Revenue from external customers	2,685,496	2,428,717	258,707	186,207	5,559,129	41,989	5,601,118	378	5,601,496
Internal revenue or transfers between segments	45,076	12,435	—	12	57,524	27,644	85,168	(85,168)	—
Total	2,730,572	2,441,152	258,707	186,220	5,616,653	69,633	5,686,286	(84,789)	5,601,496
Segment income	268,112	294,489	68,605	7,951	639,158	1,319	640,478	(391)	640,086
Other items									
Interest income	33,760	14,568	58,087	106	106,522	60	106,582	—	106,582
Interest expense	6,930	13,044	346	3,701	24,022	365	24,387	—	24,387
Depreciation and amortization (Note 3)	56,795	20,163	2,206	26,079	105,245	2,041	107,286	—	107,286
Investment gains and losses on the equity method	77	1,788	—	—	1,865	1,706	3,571	—	3,571
Impairment losses	8	2,013	—	4,061	6,083	200	6,283	—	6,283
Income tax expenses	94,895	75,001	27,066	4,057	201,020	(749)	200,270	—	200,270
Investments in associates accounted for by the equity method	2,711	15,244	—	—	17,956	24,912	42,869	—	42,869
Capital expenditures (Note 3)	34,155	30,018	2,049	30,105	96,328	3,130	99,458	—	99,458
Segment assets	6,444,135	8,164,339	3,029,729	431,191	18,069,396	534,308	18,603,704	—	18,603,704

(Notes) 1. Revenue represents “Insurance revenue” for the insurance businesses, “Other revenue” for the other businesses, and the total amount of “Insurance revenue” and “Other revenue” for the consolidated financial statements.
2. The category “Others” is a business segment not included in the reportable segments. It includes the Company (insurance holding company), digital-related business, asset management business and other businesses.
3. Depreciation and amortization as well as capital expenditures include amount related to right-of-use assets.
4. Adjustments of revenue are mainly adjustments of other revenue related to domestic P&C insurance business, overseas insurance business and domestic life insurance business amounting to 378 million yen, and the elimination of intercompany transactions between segments amounting to (85,168) million yen. Adjustments of segment income are entirely due to the elimination of intercompany transactions between segments.

(4) Information by products and services

(Millions of yen)

Insurance revenue	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
P&C insurance business		
Fire	1,057,846	**1,093,695**
Marine	191,381	**193,809**
Personal accident	161,523	**162,043**
Automobile	1,328,861	**1,412,948**
Compulsory automobile liability	225,955	**223,236**
Others (Note)	1,845,236	**2,028,481**
Life insurance business		
Individual insurance	243,420	**247,722**
Individual annuities	1,245	**1,109**
Group insurance	10,050	**9,875**
Group annuities	—	**—**
Total	5,065,520	**5,372,921**

(Note) Others are mainly insurance revenue from the overseas insurance business including agricultural insurance, liability insurance and others.

(5) Information by geographic area

(i) Revenue

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Japan	3,034,937	**3,139,014**
Overseas	2,251,273	**2,462,482**
Total	5,286,210	**5,601,496**

(Notes) 1. Geographic area is classified in line with the categories used for management purposes which are mainly based on the locations of customers.
2. The total amount of insurance revenue and other revenue in the consolidated statement of income is presented. Other revenue primarily consists of revenue from the nursing care business, which is generated domestically.

(ii) Non-current assets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Japan	938,772	**935,804**
Overseas	216,793	**309,824**
Total	1,155,565	**1,245,628**

(Note) Geographic area is classified in line with the categories used for management purposes which are mainly based on the locations of subsidiaries.

(6) Information by major customer

None.

6. Business combinations

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

None.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Acquisition of shares of Aspen Insurance Holdings Limited)

(1) Outline of the business combination

(i) Name of the acquiree and its business

Name of the acquiree: Aspen Insurance Holdings Limited

Business: Overseas insurance business

(ii) Acquisition date

February 24, 2026

(iii) Percentage of voting equity interest acquired

100%

(iv) Main reasons for the business combination

The acquisition of Aspen Insurance Holdings Limited contributes to expanding the business scope of our overseas insurance business and enhances the geographic diversity of its portfolio. In addition to its insurance business that consists of a wide range of global insurance lines, Aspen operates a reinsurance business, which is expected to contribute to improved profitability by providing access to a wide range of opportunities and by strengthening a flexible reinsurance strategy.

(v) Method of acquiring control of the acquiree

Acquisition of the shares for cash

(2) Fair value of consideration paid, assets acquired and liabilities assumed, non-controlling interests and goodwill at the date of the acquisition

(Millions of yen)

	Amount
Fair value of consideration paid	
Cash	**536,600**
Total	**536,600**
Assets	
Cash and cash equivalents	**248,251**
Investment securities	**1,064,414**
Reinsurance contract assets (Note 3)	**997,122**
Insurance contract assets (Note 3)	**159,992**
Intangible assets (Note 1)	**42,598**
Others	**74,848**
Liabilities	
Insurance contract liabilities (Note 3)	**1,567,538**
Reinsurance contract liabilities (Note 3)	**290,190**
Bonds and borrowings	**58,488**
Others	**60,765**
Fair value of assets acquired and liabilities assumed, net	**610,244**
Non-controlling interests (Note 2)	**95,711**
Goodwill	**22,067**

(Notes) 1. The amount allocated to intangible assets mainly consists of customer-related intangible assets and contract-related assets. The fair value of intangible assets is determined using an income approach and a market approach, with the support of external independent valuers. The key assumptions used in the calculation of fair value include future net premiums written, loss ratios and operating expense ratios, return on investment, policy renewal rates, discount rates and growth rates.
2. Non-controlling interests are the amount of preference shares issued by the acquiree measured at fair value.
3. The accounting treatment of insurance contracts acquired in a business combination is described in Note "3. Summary of material accounting policies, (11) Insurance contracts and reinsurance contracts." Contracts acquired during their claims period are valued as if they were new contracts assumed by the acquirer on the acquisition date and are treated as contracts that provide insurance coverage against adverse development in claims events that have already occurred but whose financial impact remains uncertain. Accordingly, assets and liabilities in relation to the settlement of insurance claims and reinsurance claims thereof are recognized as assets and liabilities for remaining coverage.

The acquisition-related costs for the business combination amounted to 4,596 million yen, all of which are recorded in "Administrative expenses" in the consolidated statement of income.

Goodwill arising on the acquisition reflects future excess earnings capacity expected from future business development and synergies with our existing businesses.

No amount of goodwill is expected to be deductible for tax purposes.

(3) Cash flows resulting from the acquisition

(Millions of yen)

	Amount
Cash and cash equivalents paid for acquisition	**536,600**
Cash and cash equivalents held by the acquiree at the time of acquisition	**248,251**
Payments for acquisition of subsidiaries	**288,348**

(4) Impact on our business performance

The amounts of insurance revenue and profit of the acquiree since the acquisition date recognized in the consolidated statement of income for the current fiscal year were 49,048 million yen and (1,867) million yen, respectively. Insurance revenue and profit for the current fiscal year assuming that the business combination had taken place at the beginning of the fiscal year, which is outside the audit scope, are not shown because it is difficult to obtain accurate financial information on the company prior to the acquisition.

7. Cash and cash equivalents

The details of cash and cash equivalents are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and deposits	754,280	**831,134**
Short-term investments	273,347	**303,862**
Total cash and cash equivalents	1,027,628	**1,134,996**

Definition of cash and cash equivalents

The Group considers cash and cash equivalents in the consolidated statement of cash flows as cash on hand, deposits that can be withdrawn at any time and short-term investments such as time deposits that are readily convertible into cash and are subject to insignificant risk of changes in value and have a short maturity of three months or less than three months from the acquisition date. The components of cash and cash equivalents reported in the consolidated statement of cash flows are consistent with the balance of “Cash and cash equivalents” in the consolidated statement of financial position.

Non-cash transactions

The acquisitions of right-of-use assets under leases as major non-cash transactions are disclosed in Note “16. Leases.” The Group did not enter into any other material non-cash transactions in the previous and current fiscal years.

Restrictions on use

Insurance subsidiaries within the Group are subject to laws and regulations in the jurisdiction of their domicile and due to the restriction on dividend (profit) repatriation there are some cases where transfer of funds is restricted. However, there is no material impact on liquidity for the Group.

8. Investment securities

The details of investment securities are as follows.

As of March 31, 2025

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI (Note 1)	Debt instruments measured at FVTOCI	Total
Investment securities				
Japanese government bonds	4,291	—	2,928,451	2,932,743
Municipal bonds	189	—	68,195	68,384
Corporate bonds	126,964	—	589,401	716,365
Foreign bonds	3,022,676	—	763,962	3,786,639
Stocks	175,502	1,620,545	—	1,796,047
Others (Note 2)	1,730,787	2,020	36,008	1,768,815
Allowance for credit losses (Note 3)	—	—	—	—
Total investment securities (Note 4)	5,060,411	1,622,566	4,386,019	11,068,996

As of March 31, 2026

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI (Note 1)	Debt instruments measured at FVTOCI	Total
Investment securities				
Japanese government bonds	**4,644**	**—**	**2,418,742**	**2,423,387**
Municipal bonds	**182**	**—**	**60,988**	**61,171**
Corporate bonds	**116,423**	**—**	**553,116**	**669,540**
Foreign bonds	**4,399,373**	**—**	**736,282**	**5,135,656**
Stocks	**213,269**	**1,707,006**	**—**	**1,920,276**
Others (Note 2)	**2,202,465**	**2,012**	**37,365**	**2,241,843**
Allowance for credit losses (Note 3)	**—**	**—**	**—**	**—**
Total investment securities (Note 4)	**6,936,360**	**1,709,019**	**3,806,496**	**12,451,875**

(Notes) 1. Equity instruments measured at FVTOCI

Equity instruments held for the purposes mainly of maintaining insurance transactions and relationships in insurance sales channels, and strengthening alliances for accomplishing the Group's strategies are classified as equity instruments measured at FVTOCI; and the major issues of such instruments and their fair values are as follows.

(Millions of yen)

Issue	As of March 31, 2025
Palantir Technologies Inc.	262,824
ITOCHU Corporation	94,056
Shin-Etsu Chemical Co., Ltd.	63,086
TOYOTA MOTOR CORPORATION	62,319
CANON INC.	60,757
SUZUKI MOTOR CORPORATION	56,193
Marubeni Corporation	53,538
AEON CO., LTD.	29,655
Kawasaki Kisen Kaisha, Ltd.	25,318
The Chiba Bank, Ltd.	19,639
NIPPON EXPRESS HOLDINGS, INC.	18,129
LPI CAPITAL BERHAD MYR1	16,521
KOMATSU LTD.	15,768
The Toa Reinsurance Company, Limited	14,843
Hitachi, Ltd.	14,589
Others	815,324
Total	1,622,566

(Millions of yen)

Issue	As of March 31, 2026
Palantir Technologies Inc.	**253,210**
ITOCHU Corporation	**134,555**
Marubeni Corporation	**126,405**
TOYOTA MOTOR CORPORATION	**75,326**
Shin-Etsu Chemical Co., Ltd.	**65,249**
AEON CO., LTD.	**45,171**
CANON INC.	**42,742**
Kawasaki Kisen Kaisha, Ltd.	**33,020**
The Chiba Bank, Ltd.	**23,828**
NIPPON EXPRESS HOLDINGS, INC.	**23,622**
KOMATSU LTD.	**22,019**
Resonac Holdings Corporation	**20,630**
LPI CAPITAL BERHAD MYR1	**19,212**
Hitachi, Ltd.	**18,833**
The Toa Reinsurance Company, Limited	**17,821**
Others	**787,367**
Total	**1,709,019**

The following are the fair values and accumulated unrealized gains and losses on securities classified as equity instruments measured at FVTOCI that were derecognized.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Fair value at derecognition	466,023	**524,050**
Accumulated gains/(losses) at derecognition	362,894	**441,367**

Additionally, the after tax amount reclassified (net) to retained earnings in accumulated other comprehensive income due to derecognition in the previous fiscal year and the current fiscal year are a gain of 264,305 million yen and a gain of 314,562 million yen, respectively. These were mainly to reduce strategic shareholdings that could potentially impede fair competition as well as maintaining and enhancing financial strength and improving capital efficiency.

Additionally, of dividends received from equity instruments measured at FVTOCI, those related to securities derecognized in the previous fiscal year and the current fiscal year are 1,668 million yen and 3,152 million yen, respectively.

2. Primarily include investments in investment trusts.

3. Expected credit loss on debt instruments measured at FVTOCI
The amount of allowance for expected credit loss does not include those on debt instruments measured at FVTOCI as they are measured at fair value. The amounts of allowance for expected credit losses on debt instruments measured at FVTOCI for the previous fiscal year and the current fiscal year are 713 million yen and 675 million yen, respectively.

4. Classification by expected recovery period
Of the amounts outstanding at the end of the previous fiscal year and the current fiscal year, the amounts due within one year are 354,160 million yen and 504,659 million yen, respectively.

5. Collateral received
In connection with securities lending transactions, the fair value of financial assets received as collateral that the Group is permitted to sell or repledge in the absence of default was nil at the end of the previous fiscal year and 35,728 million yen at the end of the current fiscal year. None of these assets had been sold or repledged. In accordance with standard practice for securities lending transactions, the Group has the right to sell or repledge the collateral received, provided that equivalent securities are returned upon settlement of the transaction. The Group is obligated to return equivalent bonds.

9. Loans and advances

The details of loans and advances are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Amortized cost	508,407	**545,995**
Allowance for credit losses	(43)	**(37)**
Total loans and advances (Note)	508,363	**545,958**

(Note) Of the amounts outstanding at the end of the previous fiscal year and at the end of the current fiscal year, the amounts due within one year are 205,502 million yen and 228,003 million yen, respectively.

10. Derivatives

The Group conducts various derivative transactions such as forward exchange contracts, currency swaps, currency options, interest rate swaps, and stock index futures.

The Group utilizes derivatives for (a) interest risk management, (b) currency risk management and (c) other purposes. Although these derivatives economically hedge the Group's risk, some of them do not meet the criteria for hedge accounting under IFRS 9 Financial Instruments (hereinafter "IFRS 9"). All derivatives are measured at fair value and recognized as "Derivative assets" or "Derivatives liabilities" in the consolidated statement of financial position and changes in fair value are recognized as "Other investment gains and losses" in the consolidated statement of income, except for those to which hedge accounting is applied.

The details of derivative assets and derivative liabilities are as follows.

Additionally, derivative assets concerning derivatives to which hedge accounting is not applied are classified as FVTPL financial assets, and derivative liabilities as FVTPL financial liabilities.

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	Fair value (Assets)	Fair value (Liabilities)	Fair value (Assets)	Fair value (Liabilities)
Currency	7,987	4,662	**4,970**	**15,738**
Interest rate	1,294	—	**485**	**—**
Stocks	—	—	**—**	**—**
Bonds	—	—	**—**	**—**
Credit	—	—	**—**	**—**
Others	237	747	**198**	**683**
Total	9,519	5,410	**5,654**	**16,421**

11. Hedge accounting

(1) Risk management strategy

The Group is exposed to foreign currency risk arising from forecast transactions denominated in foreign currencies. To manage such risk, the Group applies cash flow hedges using forward exchange contracts.

A hedge ratio of 1:1 is applied to hedge the foreign currency risk, and the forward element of the forward exchange contracts are excluded from the designation of the hedging instrument. As the critical terms of the hedging instrument and the hedged item match, the only potential sources of hedge ineffectiveness arising from the hedge relationship is the effects of the credit risk of the derivative counterparties and the Group. Accordingly, the Group quantitatively assesses the economic relationship between the hedging instrument and the hedged item only when there has been a significant change in credit risk.

(2) Amount, timing and uncertainty of future cash flows

The periods in which the cash flows of the hedging instruments are expected to occur and affect profit or loss are as follows.

As of March 31, 2025

None.

As of March 31, 2026

		Within 1 year	Over 1 year
Forward exchange contracts	Notional amount (millions of yen)	**22,395**	**–**
	Average rate (USD/GBP)	**1.34**	**–**

Although changes in cash flows attributable to foreign exchange rates are expected to be fully offset because the critical terms of the hedging instruments and the hedged items match, hedge ineffectiveness may arise from credit risk and other market factors. The Group recognizes any hedge ineffectiveness immediately in profit or loss.

(3) Effect of hedge accounting

Details of the hedging instruments used for the hedge accounting described above are as follows.

As of March 31, 2025

None.

As of March 31, 2026

(Millions of yen)

		Notional amount	Carrying amount		Line item in the consolidated statement of financial position	Fair value change used to measure hedge ineffectiveness (Note)
			Assets	Liabilities		
Cash flow hedges						
Foreign currency risk	Forward exchange contracts	**22,395**	**–**	**348**	Derivative liabilities	**–**

(Note) As the amount of hedge ineffectiveness recognized in profit or loss during the current fiscal year was not material, disclosure of changes in fair value of the hedging instruments used to recognize hedge ineffectiveness has been omitted.

The amounts relating to items designated as hedged items are as follows.

As of March 31, 2025

None.

As of March 31, 2026

(Millions of yen)

		Cash flow hedges	Cash flow hedge reserve relating to hedging relationships for which hedge accounting is no longer applied	Fair value change used to measure hedge ineffectiveness (Note)
Cash flow hedges				
Foreign currency risk	Forecast foreign currency transactions	**(503)**	**–**	**–**

(Note) As the amount of hedge ineffectiveness recognized in profit or loss during the current fiscal year was not material, disclosure of the fair value change of the hedged items used to measure hedge ineffectiveness has been omitted.

The effects of hedge accounting on the consolidated statement of income and the consolidated statement of comprehensive income are as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

None.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

		Amount recognized in other comprehensive income (before tax) (Note 1)	Amount reclassified from other comprehensive income to profit or loss (before tax) (Note 2)	Line item in the consolidated statement of income affected by the reclassification
Cash flow hedges				
Foreign currency risk	Forecast foreign currency transactions	**(671)**	–	–

(Notes) 1. A reconciliation of the cash flow hedge reserve recognized in equity from the beginning to the end of the fiscal year is presented in Note "33. Other comprehensive income."
2. The amount of hedge ineffectiveness recognized in profit or loss during the current fiscal year was not material.

12. Fair value of financial instruments

12.1 Financial instruments measured at fair value

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices. For all other financial instruments, the Group uses other valuation techniques to determine the fair value.

For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(1) Fair value hierarchy

Fair values are categorized within the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements. Transfers between the levels are assumed to happen at the end of each reporting period.

Level 1: Inputs that are quoted at market prices (unadjusted) in active markets for identical instruments

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs that are unobservable

(2) Fair value by hierarchy

The following table shows the fair values of financial instruments by the level in the fair value hierarchy.

As of March 31, 2025

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Debt instruments measured at FVTOCI				
Japanese government bonds	2,928,451	—	—	2,928,451
Municipal bonds	—	68,195	—	68,195
Corporate bonds	—	589,401	—	589,401
Foreign bonds	402,859	361,102	—	763,962
Others	6,716	18,577	10,713	36,008
Equity instruments measured at FVTOCI				
Stocks	1,436,462	—	184,083	1,620,545
Others	1,098	—	921	2,020
FVTPL				
Japanese government bonds	4,291	—	—	4,291
Municipal bonds	—	189	—	189
Corporate bonds	—	126,964	—	126,964
Foreign bonds (Note 1)	10,470	2,881,301	130,905	3,022,676
Stocks	163,314	12,187	—	175,502
Others (Note 2)	401,915	25,666	1,303,204	1,730,787
Total investment securities	5,355,581	4,083,586	1,629,828	11,068,996
Derivative assets				
Currency	—	7,987	—	7,987
Interest rate	—	1,294	—	1,294
Stocks	—	—	—	—
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	—	237	237
Total financial assets	5,355,581	4,092,868	1,630,065	11,078,515
Derivative liabilities				
Currency	—	4,662	—	4,662
Interest rate	—	—	—	—
Stocks	—	—	—	—
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	34	712	747
Total financial liabilities	—	4,697	712	5,410

As of March 31, 2026

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Investment securities				
Debt instruments measured at FVTOCI				
Japanese government bonds	2,418,742	—	—	2,418,742
Municipal bonds	—	60,988	—	60,988
Corporate bonds	—	553,116	—	553,116
Foreign bonds	306,880	429,402	—	736,282
Others	7,560	19,958	9,846	37,365
Equity instruments measured at FVTOCI				
Stocks	1,514,226	—	192,779	1,707,006
Others	1,035	—	976	2,012
FVTPL				
Japanese government bonds	4,644	—	—	4,644
Municipal bonds	—	182	—	182
Corporate bonds	—	116,423	—	116,423
Foreign bonds (Note 1)	65,531	4,191,035	142,806	4,399,373
Stocks	199,171	13,868	229	213,269
Others (Note 2)	451,640	24,793	1,726,031	2,202,465
Total investment securities	4,969,434	5,409,770	2,072,670	12,451,875
Derivative assets				
Currency	—	4,970	—	4,970
Interest rate	—	485	—	485
Stocks	—	—	—	—
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	—	198	198
Total financial assets	4,969,434	5,415,226	2,072,868	12,457,530
Derivative liabilities				
Currency	—	15,738	—	15,738
Interest rate	—	—	—	—
Stocks	—	—	—	—
Bonds	—	—	—	—
Credit	—	—	—	—
Others	—	29	653	683
Total financial liabilities	—	15,768	653	16,421

(Notes) 1. In the previous fiscal year, foreign bonds amounting to 24,440 million yen were transferred from Level 1 to Level 2 due to the cessation of active trading in the market. In the current fiscal year, foreign bonds amounting to 11,399 million yen were transferred from Level 1 to Level 2 due to the cessation of active trading in the market.
2. These primarily consist investments in investment trusts.

The major valuation techniques and inputs used in determining fair value are as follows.

Investment securities

Assets and liabilities are classified as Level 1 when fair values can be determined using unadjusted market prices in active markets. These mainly include listed securities, Japanese government bonds, and listed investment trusts. Even if published market prices are used, if the market is not active, such securities are classified as Level 2. This primarily includes municipal bonds and corporate bonds. For non-listed investment trusts, etc., valuations are based on net asset values provided by the management company, and these are mainly classified as Level 2 or Level 3 based on the level of the underlying assets of the trust. Private placement bonds are valued at fair value based on prices obtained from third parties: they are classified as Level 2 if the inputs used in the obtained prices are observable or if the effect of unobservable inputs is not significant; they are classified as Level 3 fair value if significant unobservable inputs are used. Monetary receivables bought are valued at fair value based on prices obtained from third parties, and are classified as Level 2 based on the inputs used in the price obtained. The fair value of non-listed stocks and other assets, for which market prices of identical assets are not available in active markets or inactive markets, is measured using appropriate valuation techniques such as the multiple method. These assets are classified as Level 3 since significant unobservable inputs, such as the price book-value ratio and price earnings ratio of comparable companies, are used in the technique.

Derivatives

For exchange-traded transactions, the fair value is determined using the closing price on the exchange. For over-the-counter transactions, fair value is based on the valuation derived from discounted future cash flows or option pricing models, using inputs such as interest rates and foreign exchange rates. Exchange-traded transactions are primarily classified as Level 1. For over-the-counter transactions, those using observable inputs or where the impact of unobservable inputs is not significant are classified as Level 2, whereas those using significant unobservable inputs are classified as Level 3.

(3) Level 3 fair value measurements

(i) Reconciliation

The reconciliation from the beginning to the ending balances of financial instruments categorized under Level 3 is as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Investment securities			Derivative assets/ liabilities (Note 7)
	Foreign bonds	Stocks	Others (Note 6)	
Beginning balance	132,834	197,007	1,180,905	(584)
Gains or losses recognized (Note 1)				
In profit or loss	(1,863)	0	9,558	943
In other comprehensive income	(1,616)	(9,672)	(1,778)	—
Purchases	62,656	195	279,666	(834)
Sales and redemptions	(61,062)	(1,903)	(153,675)	—
Settlements	—	—	—	—
Transfers out of Level 3 (Note 3)	—	(1,543)	—	—
Others	(42)	(0)	164	—
Ending balance	130,905	184,083	1,314,840	(475)
Changes in unrealized gains and losses recognized in profit or loss for assets held as of the period end (Note 5)	2,592	—	(5,574)	359

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Investment securities			Derivative assets/ liabilities (Note 7)
	Foreign bonds	Stocks	Others (Note 6)	
Beginning balance	**130,905**	**184,083**	**1,314,840**	**(475)**
Gains or losses recognized (Note 1)				
In profit or loss	**(354)**	**(0)**	**122,860**	**822**
In other comprehensive income	**8,951**	**24,956**	**16,226**	**—**
Purchases	**50,539**	**45**	**340,660**	**(801)**
Sales and redemptions	**(76,746)**	**(14,320)**	**(107,283)**	**—**
Settlements	**—**	**—**	**—**	**—**
Transfers into Level 3 (Note 2)	**2,282**	**217**	**—**	**—**
Transfers out of Level 3 (Note 3)	**—**	**(1,971)**	**—**	**—**
Others (Note 4)	**27,229**	**(0)**	**49,550**	**—**
Ending balance	**142,806**	**193,009**	**1,736,854**	**(455)**
Changes in unrealized gains and losses recognized in profit or loss for assets held as of the period end (Note 5)	**(943)**	**(0)**	**109,090**	**346**

(Notes) 1. Gains or losses recognized in profit or loss are included in “Interest income” and “Other investment gains and losses” in the consolidated statement of income. Gains or losses recognized in other comprehensive income are included in “Investments in equity instruments” and “Investments in debt instruments” in the consolidated statement of comprehensive income.
2. Transfers into Level 3 arise due to the unavailability of market prices in active markets.
3. Transfers out of Level 3 arise due to the listing of the investee on the stock exchange and other factors.
4. This represents acquisitions through business combinations.
5. These are included in “Other investment gains and losses” in the consolidated statement of income.
6. These primarily consist of investments in investment trusts.
7. These are presented on a net basis.

(ii) Unobservable inputs

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy.

Class of financial instrument	Fair value (Millions of yen)		Main valuation technique	Significant unobservable inputs	Range of estimates	
	Previous fiscal year end	Current fiscal year end			Previous fiscal year end	Current fiscal year end
Unlisted stocks	184,083	**193,009**	Multiple method or book value method	Price book-value ratio	50%–150%	**90%–180%**
				Price earnings ratio	740%–1,320%	**1,260%–1,970%**
				Illiquidity discount	30%	**30%**

(iii) Valuation processes for fair value measurements

Each department in charge calculates and verifies the fair value of financial instruments in accordance with basic policies set by each group company. The calculated results are approved by the appropriate person in charge within each department.

In determining the fair value, steps are taken to ensure that the nature, characteristics, and risks of each asset are most appropriately reflected. Additionally, even when using market prices obtained from third parties, the price verification is conducted through appropriate methods, including confirmation of the valuation techniques and inputs used.

(iv) Effect of unobservable inputs on fair value measurement

The effect of significant unobservable inputs to measure financial assets classified as Level 3 is as follows.

Unlisted stocks

The fair value of unlisted stocks valued by the multiple method will increase (or decrease) due to a rise (or decline) in the price book-value ratio and price earnings ratio which are unobservable inputs. It will also decrease (or increase) due to a rise (or decline) in illiquidity discount.

12.2 Financial instruments not measured at fair value

The table below analyzes the fair value of financial instruments measured at amortized cost by level in the fair value hierarchy. Furthermore, items for which the carrying amount is a reasonable approximation of the fair value are not included in these tables.

As of March 31, 2025

(Millions of yen)

	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Loans and advances	—	120,874	388,941	509,816	508,363
Total financial assets	—	120,874	388,941	509,816	508,363
Corporate bonds	—	681,986	—	681,986	684,686
Borrowings	—	6,485	—	6,485	6,515
Total financial liabilities	—	688,471	—	688,471	691,201

As of March 31, 2026

(Millions of yen)

	Fair value				Carrying amount
	Level 1	Level 2	Level 3	Total	
Loans and advances	**—**	**154,444**	**389,597**	**544,042**	**545,958**
Total financial assets	**—**	**154,444**	**389,597**	**544,042**	**545,958**
Corporate bonds	**—**	**677,108**	**—**	**677,108**	**740,153**
Borrowings	**—**	**4,761**	**—**	**4,761**	**4,793**
Total financial liabilities	**—**	**681,869**	**—**	**681,869**	**744,946**

The major valuation techniques and inputs used in determining fair value are as follows.

Loans and advances

Unless the carrying amount is a reasonable approximation of fair value, the fair value of loans and advances is determined by discounting estimated future cash flows for each loan using a discount rate comprising the risk-free rate for the corresponding period plus a credit risk premium and a liquidity premium based on internal ratings, and is classified as Level 3.

Corporate bonds

The fair values of corporate bonds are based on the values calculated using prices from exchanges and prices published by industry associations and similar organizations, and are classified as Level 2.

Borrowings

Unless the carrying amount is a reasonable approximation of fair value, the fair value is calculated using the discounted cash flow method, based on the total amount and interest, remaining term to maturity of the debt and a rate that reflects credit risk, and are classified as Level 2.

13 Other assets and liabilities

The details of other assets are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Insurance receivables (Note 1)	296,432	**322,744**
Accounts receivable	157,163	**123,087**
Accrued revenue	57,392	**71,685**
Suspense payment	142,746	**160,239**
Others	115,842	**89,940**
Total other assets	769,576	**767,698**

The details of other liabilities are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Insurance payable (Note 2)	55,563	**54,537**
Accounts payable	197,097	**223,005**
Employee benefits obligations	80,587	**101,759**
Deferred income	11,749	**15,485**
Suspense receipt	41,550	**40,615**
Lease liabilities	334,622	**354,800**
Others	70,539	**69,616**
Total other liabilities	791,711	**859,821**

(Notes) 1. Insurance receivables primarily consist of receivables from agencies and from other insurers in co-insurance contracts.
2. Insurance payables primarily consist of payables to other insurers in co-insurance contracts.

14. Property and equipment

The details of property and equipment are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Land and buildings	276,084	**285,344**
Construction in progress	5,290	**3,783**
Others	31,287	**38,042**
Right-of-use assets (Note)	307,107	**319,377**
Total property and equipment	619,769	**646,548**

(Note) Quantitative disclosures related to right-of-use assets are stated in Note "16. Leases."

The changes in the carrying amounts, acquisition costs, accumulated depreciation and accumulated impairment losses of property and equipment excluding right-of-use assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)				Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)			
	Land and buildings	Construction in progress	Others	Total	Land and buildings	Construction in progress	Others	Total
At beginning of period								
Acquisition cost	632,512	5,658	96,372	734,542	**642,660**	**5,290**	**94,486**	**742,437**
Accumulated depreciation	(313,797)	—	(64,615)	(378,412)	**(320,790)**	**—**	**(62,931)**	**(383,721)**
Accumulated impairment losses	(46,004)	—	(241)	(46,246)	**(45,786)**	**—**	**(268)**	**(46,054)**
Carrying amount at beginning of period	272,710	5,658	31,515	309,884	**276,084**	**5,290**	**31,287**	**312,662**
Changes in carrying amounts								
Acquisition	6,095	14,997	4,361	25,455	**6,125**	**18,165**	**10,587**	**34,879**
Disposal	(1,849)	—	(1,430)	(3,280)	**(1,844)**	**—**	**(1,096)**	**(2,940)**
Transfer	13,380	(15,318)	1,782	(154)	**17,476**	**(19,653)**	**2,102**	**(74)**
Impairment losses (Note 1)	(802)	—	(37)	(839)	**(205)**	**—**	**(50)**	**(255)**
Depreciation (Note 2)	(13,502)	—	(4,849)	(18,352)	**(14,108)**	**—**	**(5,305)**	**(19,414)**
Translation differences	(748)	(28)	(108)	(885)	**1,113**	**56**	**540**	**1,710**
Others	800	(18)	53	835	**701**	**(76)**	**(22)**	**602**
Changes in net carrying amount	3,373	(367)	(228)	2,777	**9,259**	**(1,507)**	**6,755**	**14,508**
At end of period								
Acquisition cost	642,660	5,290	94,486	742,437	**660,460**	**3,783**	**99,049**	**763,294**
Accumulated depreciation	(320,790)	—	(62,931)	(383,721)	**(330,404)**	**—**	**(60,709)**	**(391,114)**
Accumulated impairment losses	(45,786)	—	(268)	(46,054)	**(44,711)**	**—**	**(297)**	**(45,008)**
Carrying amount at end of period	276,084	5,290	31,287	312,662	**285,344**	**3,783**	**38,042**	**327,170**

(Notes) 1. Impairment losses are recorded in "Other expenses" on the consolidated statement of income.
2. Depreciation is recorded in "Insurance service expenses," "Expenses related to investment," "Administrative expenses," and "Other expenses" on the consolidated statement of income.

No material impairment losses were recognized in the previous fiscal year and the current fiscal year.

15. Goodwill and intangible assets

The changes in carrying amounts, acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)				Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)			
	Goodwill	Software	Others	Total	Goodwill	Software	Others	Total
At beginning of period								
Acquisition cost	206,703	375,633	192,866	775,203	**205,301**	**399,642**	**191,497**	**796,441**
Accumulated amortization and accumulated impairment losses	(15,375)	(101,580)	(105,778)	(222,734)	**(15,375)**	**(131,811)**	**(113,459)**	**(260,645)**
Carrying amount at beginning of period	191,327	274,052	87,088	552,469	**189,925**	**267,831**	**78,037**	**535,795**
Changes in carrying amounts								
Acquisition	—	33,023	327	33,351	**—**	**24,388**	**234**	**24,623**
Acquisition through business combination	—	—	—	—	**30,817**	**—**	**49,143**	**79,961**
Disposal	—	(1,114)	(20)	(1,134)	**—**	**(1,145)**	**(13)**	**(1,158)**
Impairment losses (Note 1)	—	(59)	(13)	(73)	**—**	**(423)**	**(2,015)**	**(2,438)**
Depreciation (Note 2)	—	(37,143)	(9,117)	(46,260)	**—**	**(40,696)**	**(9,006)**	**(49,702)**
Translation differences	(1,402)	(371)	(232)	(2,006)	**8,317**	**1,005**	**3,288**	**12,610**
Others	—	(555)	5	(549)	**—**	**(620)**	**10**	**(609)**
Changes in net carrying amount	(1,402)	(6,221)	(9,050)	(16,673)	**39,135**	**(17,492)**	**41,641**	**63,284**
At end of period								
Acquisition cost	205,301	399,642	191,497	796,441	**244,436**	**416,642**	**251,199**	**912,278**
Accumulated amortization and accumulated impairment losses	(15,375)	(131,811)	(113,459)	(260,645)	**(15,375)**	**(166,303)**	**(131,519)**	**(313,198)**
Carrying amount at end of period	189,925	267,831	78,037	535,795	**229,061**	**250,339**	**119,679**	**599,080**

(Notes) 1. Impairment losses are recorded in "Other expenses" on the consolidated statement of income.
2. Depreciation is recorded in "Insurance service expenses," "Administrative expenses," and "Other expenses" on the consolidated statement of income.

No impairment losses were recognized for goodwill in the previous fiscal year and the current fiscal year.

The amount of significant goodwill allocated to CGUs or groups of CGUs is as follows.

(Millions of yen)

Reportable segments	CGU or group of CGUs	As of March 31, 2025	As of March 31, 2026
Overseas insurance business	Commercial business	110,942	**141,327**
Nursing care business	Nursing care business	30,428	**30,428**
	Software business related to nursing care	48,555	**48,555**

Goodwill is tested for impairment by comparing the carrying amount and the recoverable amount for each CGU or group of CGUs, and the recoverable amount is determined as the higher of the value in use or the fair value. The value in use is calculated by discounting the estimated cash flows based on the business plan approved by management to the present value. The business plan used to calculate the value in use is for up to five years, and it is prepared on the basis of the evaluation by management related to the future trend of the industry, past results, and information from within and outside the Group. For the cash flows expected to arise beyond the period of the business plan used to calculate the value in use, the continuing value is used, taking into account the long-term average growth rate of the market for the group of CGUs. The pre-tax discount rate is calculated based on the weighted average capital cost of the group of CGUs.

(1) Overseas insurance business

Commercial business

The recoverable amount is calculated based on the value in use.

The key assumptions in the cash flow estimates include the rate of increase in premiums, loss ratios, expense ratios, investment income and expenses, and taxes.

	As of March 31, 2025	As of March 31, 2026
Perpetual growth rate (%)	3.74	**3.62**
Pre-tax discount rate (%)	13.12	**13.15**

Even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

(2) Nursing care business

(i) Nursing care business

The recoverable amount is calculated based on the value in use.

The key assumptions in the cash flow estimates include occupancy rates of facilities.

	As of March 31, 2025	As of March 31, 2026
Perpetual growth rate (%)	2.50	**2.50**
Pre-tax discount rate (%)	5.06	**5.46**

Even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

(ii) Software business related to nursing care

The recoverable amount is calculated based on the fair value after deducting disposal costs.

The amount is calculated by discounting the estimated cash flows based on a five-year business plan (six years for the previous fiscal year) approved by management, to their present value.

The business plan used to calculate the fair value is prepared based on management's assessment of future industry trends, past performance, and information gathered within and outside the Group.

Such fair value is classified as Level 3 based on the significant inputs used in the valuation techniques.

The key assumptions in the cash flow estimates include revenue growth rates.

	As of March 31, 2025	As of March 31, 2026
Perpetual growth rate (%)	0.50	**2.00**
Pre-tax discount rate (%)	8.17	**9.52**

Regarding the previous fiscal year, the recoverable amount exceeds the carrying amount by 9,652 million yen. However, an impairment loss may be recognized if the pre-tax discount rate used to calculate the recoverable amount increases by 90 basis points.

Regarding the current fiscal year, even when the perpetual growth rate or pre-tax discount rate used to calculate the recoverable amount fluctuates within a reasonable range, the Group considers a significant impairment loss as remote, as the recoverable amount well exceeds the carrying amount of the group of CGUs.

16. Leases

Expenses, cash flows, and the carrying amounts of right-of-use assets related to the Group's leasing activities are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Depreciation of right-of-use assets		
With underlying assets of land and buildings	34,676	**33,914**
With underlying assets of others	3,996	**4,185**
Total	38,673	**38,099**
Impairment losses of right-of-use assets		
With underlying assets of land and buildings	2,090	**2,646**
With underlying assets of others	—	**—**
Total	2,090	**2,646**
Interest expense on lease liabilities	5,308	**6,044**
Lease expense from short-term leases	12,100	**11,195**
Lease expense from low-value leases (excluding short-term leases)	9,705	**8,489**
Total cash outflows on lease	63,518	**59,093**
Additions to right-of-use assets	35,171	**39,956**

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Breakdown of right-of-use assets		
With underlying assets of land and buildings	296,006	**309,854**
With underlying assets of others	11,101	**9,523**
Total	307,107	**319,377**

The Group leases operating property for the nursing care business with extension options exercisable at the end of the non-cancellable lease period and the extended periods are included in the expected lease term at the lease commencement date if it is reasonably certain to exercise these options.

The details of maturity analysis on lease liabilities are stated under "38.5 Liquidity risk" in Note "38. Risk and capital management."

17. Investments accounted for using the equity method

(1) Associates and joint ventures that are individually material

There were no associates nor joint ventures that are individually material during the previous fiscal year and the current fiscal year.

(2) Associates and joint ventures that are individually immaterial

The carrying amounts of investment in associates and joint ventures that are individually immaterial are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Carrying amount		
Associates	40,752	**42,869**
Joint ventures	1,422	**—**
Total	42,175	**42,869**

Share of net income, other comprehensive income and total comprehensive income for associates and joint ventures that are individually immaterial are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Associates		
Net income	(24,506)	**3,571**
Other comprehensive income	(324)	**(700)**
Total comprehensive income	(24,831)	**2,871**
Joint ventures		
Net income	(243)	**—**
Other comprehensive income	—	**—**
Total comprehensive income	(243)	**—**

For the fiscal year ended March 31, 2025, an impairment loss of 21,065 million yen on “Investments in associates” is recognized and included in “Investment gains and losses on the equity method.”

(3) Significant restrictions on fund transfer

Of the associates, insurance companies are subject to laws and regulations in their respective countries of domicile, and are usually supervised by local regulatory authorities. Therefore, due to the restriction on dividend (profit) repatriation, there are some cases where transfer of funds is restricted.

18. Insurance contracts and reinsurance contracts

The breakdown of assets and liabilities, separately presented on insurance contracts and reinsurance contracts, is as follows. Additionally, amounts of assets and liabilities recognized on the consolidated statement of financial position are classified by portfolio.

As of March 31, 2025

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Amount recorded in assets	Amount recorded in liabilities	Amount recorded in assets	Amount recorded in liabilities
P&C insurance business				
Assets or liabilities for remaining coverage	13,008	3,101,534	230,181	18,071
Assets or liabilities for incurred claims	(12,063)	4,043,856	977,260	(16,835)
Total of P&C insurance business	945	7,145,390	1,207,441	1,235
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	—	2,258,681	25,801	—
Assets or liabilities for incurred claims	—	520,340	77,940	—
Subtotal	—	2,779,021	103,742	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	13,008	842,853	204,379	18,071
Assets or liabilities for incurred claims	(12,063)	3,523,516	899,319	(16,835)
Subtotal	945	4,366,369	1,103,698	1,235
Life insurance business				
Assets or liabilities for remaining coverage	48,615	2,144,396	352	—
Assets or liabilities for incurred claims	(33,266)	53,848	1,518	—
Total of life insurance business	15,349	2,198,244	1,871	—
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	48,615	2,144,248	—	—
Assets or liabilities for incurred claims	(33,266)	48,818	—	—
Subtotal	15,349	2,193,067	—	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	147	352	—
Assets or liabilities for incurred claims	—	5,029	1,518	—
Subtotal	—	5,177	1,871	—
Amounts recognized in the consolidated statement of financial position	16,294	9,343,635	1,209,313	1,235

As of March 31, 2026

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Amount recorded in assets	Amount recorded in liabilities	Amount recorded in assets	Amount recorded in liabilities
P&C insurance business				
Assets or liabilities for remaining coverage	63,509	4,421,837	1,132,960	102,250
Assets or liabilities for incurred claims	(18,452)	4,508,326	1,059,823	(11,085)
Total of P&C insurance business	45,056	8,930,163	2,192,784	91,164
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	—	3,394,541	689,263	—
Assets or liabilities for incurred claims	—	498,203	55,906	—
Subtotal	—	3,892,745	745,170	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	63,509	1,027,295	443,697	102,250
Assets or liabilities for incurred claims	(18,452)	4,010,122	1,003,916	(11,085)
Subtotal	45,056	5,037,418	1,447,614	91,164
Life insurance business				
Assets or liabilities for remaining coverage	44,292	1,756,586	315	—
Assets or liabilities for incurred claims	(32,003)	50,927	1,788	—
Total of life insurance business	12,288	1,807,513	2,103	—
Of which, insurance contracts and reinsurance contracts measured by not applying the PAA				
Assets or liabilities for remaining coverage	44,292	1,756,431	—	—
Assets or liabilities for incurred claims	(32,003)	45,950	—	—
Subtotal	12,288	1,802,381	—	—
Of which, insurance contracts and reinsurance contracts measured by applying the PAA				
Assets or liabilities for remaining coverage	—	155	315	—
Assets or liabilities for incurred claims	—	4,976	1,788	—
Subtotal	—	5,132	2,103	—
Amounts recognized in the consolidated statement of financial position	57,345	10,737,677	2,194,887	91,164

18.1 Inputs, assumptions, and estimation techniques used in the measurement of insurance contracts and reinsurance contracts

Fulfilment cash flows are comprised of:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risk related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

(1) Estimates of future cash flows

The objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted after weighted by the estimated probability of the respective outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary according to changes in market variables and other cash flows, then stochastic modelling techniques are used to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Furthermore, future cash flows are nominal cash flows, including the effects of inflation.

The Group calculates the assumptions about inflation based on the break-even inflation rate reflected in the most recently issued inflation-indexed government bonds and the latest consumer price index. Additionally, to maintain consistency with the interest rate extrapolation method, the inflation rate beyond the 31st year is linearly interpolated over 40 years to converge to the expected inflation rate within the ultimate forward rate.

P&C insurance business

Future cash flows are estimated by dividing into unexpired and expired periods, as described below.

<Unexpired periods>

The assumptions used in estimating future cash flows, such as loss ratios and maintenance expense ratios, take into account the type of products held by each company, contract contents, and the characteristics of future cash flows, and reflect information on recent actual results and performance in prior fiscal years.

The assumptions on loss ratios are calculated primarily using the past performance of each company; for some products, adjustments are made considering the impact of catastrophic loss events and seasonal characteristics.

The assumptions for maintenance expense ratios are primarily based on each company's past performance, reflecting the characteristics of each expense.

Additionally, the Group also reflects assumptions regarding policyholder behavior, such as surrender rates, in future cash flows.

<Expired periods>

The Group estimates the ultimate cost of settling claims incurred but not yet paid at the reporting date, the loss adjustment expenses, and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques, e.g., the chain-ladder method and the Bornhuetter-Ferguson method. These techniques assume that each company's own claims experience is indicative of future claims development patterns and therefore the ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not be applied in the future as new trends are expected to emerge.

The assumptions for loss adjustment expense ratios are calculated primarily using the past performance of each company, reflecting the characteristics of each expense.

Life insurance business

Assumptions about mortality, morbidity, maintenance expense ratios and policyholder behavior used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality and morbidity assumptions are generally developed using a blend of mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

The assumptions for maintenance expense ratios are primarily based on a combination of the Group's latest actual results and past performance, reflecting the characteristics of each expense.

The assumptions for policyholder behavior are calculated based on the Group's contract management information, using statistical methods to reflect past experience and recent data trends.

(2) Determination of discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The risk-free yield curve is interpolated between the last data point available in the market and an ultimate forward rate, based on observable market data such as government bonds and taking into account long-term real interest rate and inflation expectations. The ultimate forward rates (JPY) for the previous fiscal year and the current fiscal year were 3.20%.

The tables below set out the yield curves used to discount cash flows of insurance contracts for major currencies.

Spot rate (JPY)	1 year	3 years	5 years	10 years	20 years	30 years
As of March 31, 2025	0.74%	1.00%	1.23%	1.62%	2.45%	2.81%
As of March 31, 2026	**1.23%**	**1.63%**	**1.92%**	**2.52%**	**3.67%**	**4.22%**

Spot rate (USD)	1 year	3 years	5 years	10 years	20 years	30 years
As of March 31, 2025	4.53%	4.38%	4.46%	4.76%	5.14%	5.21%
As of March 31, 2026	**4.08%**	**4.24%**	**4.38%**	**4.81%**	**5.42%**	**5.60%**

Spot rate (EUR)	1 year	3 years	5 years	10 years	20 years	30 years
As of March 31, 2025	2.24%	2.36%	2.58%	3.02%	3.37%	3.40%
As of March 31, 2026	**2.70%**	**2.83%**	**2.93%**	**3.24%**	**3.73%**	**3.75%**

(3) Determination of investment components

In all instances, the Group identifies the investment component of a contract by determining the amount required to be repaid to the policyholder even if an insured event does not occur in the policy administration processes. Investment components are excluded from insurance revenue and insurance service expenses.

(4) Risk adjustment for non-financial risk

The Group determines the risk adjustment for non-financial risks by taking into account the compensation for bearing non-financial risk, allocating the amount of adjustment to groups of contracts using methods that are systematic and rational. In addition, the risk adjustment for non-financial risks reflects the diversification benefit using a method that is consistent with the compensation required by the Group and reflects the degree of risk aversion.

The Group fundamentally determines the risk adjustment for non-financial risk using the cost of capital method, whereby the Group calculates the amount of such risk adjustment by multiplying the required capital amount on each future reporting date by the cost of capital rate and then discounting the amount with a risk-free rate adjusted for illiquidity. The required capital amount is calculated by first estimating the probability distribution of the present values of future cash flows arising from insurance contracts as of each future reporting date, and then determining the capital needed to fulfil contractual obligations for insurance claims and expense payments over the duration of the insurance contracts at a 99.5% confidence level. The cost of capital rate is determined as the additional return that investors would demand for exposure to non-financial risks. The cost of capital rate for the previous fiscal year and the current fiscal year are set at 6%.

The risk adjustments for non-financial risk of the major insurance subsidiaries applying the cost of capital method correspond to the following confidence levels.

	As of March 31, 2025	As of March 31, 2026
P&C insurance business	76.1%	**73.3%**
Life insurance business	88.3%	**86.0%**

(5) Determination of the relative weighting of the benefit provided by insurance coverage and investment-return services or investment-related services

In determining the benefits provided by insurance coverage and investment-return services (investment-related services for insurance contracts with direct participation features), for the P&C insurance business, the Group uses earned premiums as the insurance coverage and the surrender value, which corresponds to the investment components, as the investment return services. For the life insurance business, the Group reflects the ratio of the principal coverage amount during the coverage period in the level and whole life converted premiums, and uses the risk premium portion and additional premium portion as the insurance coverage, and the savings premium portion as the investment-return services or investment-related services, to perform a relative weighting of the benefits.

18.2 P&C insurance business

(1) Insurance contracts and reinsurance contracts measured by not applying the PAA

(i) Reconciliation from the beginning to the ending balances of insurance contracts and reinsurance contracts measured by not applying the PAA

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	2,189,757	339,895	537,818	3,067,471
Beginning balance, net (assets)/liabilities	2,189,757	339,895	537,818	3,067,471
Insurance revenue	(1,237,562)	—	—	(1,237,562)
Insurance service expenses				
Incurred claims and other expenses	—	(46,660)	829,518	782,858
Amortization of acquisition expenses	189,205	—	—	189,205
Gains and losses on onerous contracts	—	(225)	—	(225)
Changes in assets or liabilities for incurred claims	—	—	18,687	18,687
Investment components and premium refunds	(193,322)	—	193,322	—
Insurance finance expenses, net	(69,364)	(731)	(3,187)	(73,283)
Translation differences	—	—	—	—
Others	555	(103)	(0)	451
Amount of cash flows				
Premiums received	1,288,292	—	—	1,288,292
Acquisition expenses paid	(201,053)	—	—	(201,053)
Claims paid and other expenses	—	—	(1,055,818)	(1,055,818)
Ending balance, net (assets)/liabilities	1,966,507	292,174	520,340	2,779,021
Ending balance in assets	—	—	—	—
Ending balance in liabilities	1,966,507	292,174	520,340	2,779,021

(Millions of yen)

	Reinsurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss-recovery component	Loss-recovery component		
Beginning balance in assets	(25,797)	(480)	(80,811)	(107,089)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net (assets)/liabilities	(25,797)	(480)	(80,811)	(107,089)
Income or expenses from reinsurance contracts held	113,205	263	(46,596)	66,872
Investment components and premium refunds	635	—	(635)	—
Reinsurance finance income, net	114	1	314	429
Changes in reinsurer's default risk	200	—	(24)	175
Translation differences	—	—	—	—
Others	321	(0)	(5,483)	(5,162)
Amount of cash flows				
Reinsurance premiums paid	(114,265)	—	—	(114,265)
Acquisition expenses paid	—	—	—	—
Reinsurance claims received and others	—	—	55,296	55,296
Ending balance, net (assets)/liabilities	(25,586)	(215)	(77,940)	(103,742)
Ending balance in assets	(25,586)	(215)	(77,940)	(103,742)
Ending balance in liabilities	—	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	1,966,507	292,174	520,340	2,779,021
Beginning balance, net (assets)/liabilities	1,966,507	292,174	520,340	2,779,021
Insurance revenue	(1,311,842)	—	—	(1,311,842)
Insurance service expenses				
Incurred claims and other expenses	—	(33,708)	833,472	799,763
Amortization of acquisition expenses	199,863	—	—	199,863
Gains and losses on onerous contracts	—	(12,436)	—	(12,436)
Changes in assets or liabilities for incurred claims	—	—	2,978	2,978
Investment components and premium refunds	(171,812)	—	171,812	—
Insurance finance expenses, net	(56,879)	(556)	954	(56,481)
Translation differences	75,164	—	—	75,164
Others	(10,053)	0	(181)	(10,235)
Amount of cash flows				
Premiums received	2,662,348	—	—	2,662,348
Acquisition expenses paid	(204,225)	—	—	(204,225)
Claims paid and other expenses	—	—	(1,031,173)	(1,031,173)
Ending balance, net (assets)/liabilities	3,149,069	245,472	498,203	3,892,745
Ending balance in assets	—	—	—	—
Ending balance in liabilities	3,149,069	245,472	498,203	3,892,745

(Millions of yen)

	Reinsurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss-recovery component	Loss-recovery component		
Beginning balance in assets	(25,586)	(215)	(77,940)	(103,742)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net (assets)/liabilities	(25,586)	(215)	(77,940)	(103,742)
Income or expenses from reinsurance contracts held	128,580	133	(54,599)	74,113
Investment components and premium refunds	695	—	(695)	—
Reinsurance finance income, net	281	0	(226)	55
Changes in reinsurer's default risk	84	—	(56)	27
Translation differences	(36,609)	—	—	(36,609)
Others	2,695	(0)	8,039	10,734
Amount of cash flows				
Reinsurance premiums paid	(759,324)	—	—	(759,324)
Acquisition expenses paid	—	—	—	—
Reinsurance claims received and others	—	—	69,573	69,573
Ending balance, net (assets)/liabilities	(689,181)	(82)	(55,906)	(745,170)
Ending balance in assets	(689,181)	(82)	(55,906)	(745,170)
Ending balance in liabilities	—	—	—	—

(ii) Reconciliation from the beginning to the ending balances by component of the insurance contracts and reinsurance contracts in (i) above

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	2,840,015	165,970	61,484	3,067,471
Beginning balance, net (assets)/liabilities	2,840,015	165,970	61,484	3,067,471
Changes related to future services				
Contracts initially recognized	(125,787)	43,213	93,041	10,467
CSM adjustment	(37,544)	1,206	36,338	—
Changes in estimates related to losses and reversal of losses on onerous contracts	(11,979)	1,286	—	(10,693)
Changes related to current services				
CSM amortization	—	—	(109,279)	(109,279)
Changes in risk adjustment for non-financial risk	—	(46,460)	—	(46,460)
Experience adjustments	(109,759)	—	—	(109,759)
Changes related to past services				
Changes in assets or liabilities for incurred claims	21,610	(2,922)	—	18,687
Insurance finance expenses, net	(57,341)	(16,063)	121	(73,283)
Translation differences	—	—	—	—
Others	451	—	—	451
Amount of cash flows	31,419	—	—	31,419
Ending balance, net (assets)/liabilities	2,551,085	146,230	81,705	2,779,021
Ending balance in assets	—	—	—	—
Ending balance in liabilities	2,551,085	146,230	81,705	2,779,021

(Millions of yen)

	Reinsurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	(78,068)	(4,047)	(24,973)	(107,089)
Beginning balance in liabilities	—	—	—	—
Beginning balance, net(assets)/liabilities	(78,068)	(4,047)	(24,973)	(107,089)
Changes related to future services				
Contracts initially recognized	41,999	(6,098)	(35,943)	(41)
CSM adjustment	4,807	(29)	(4,777)	—
Changes in estimates related to losses and reversal of losses on underlying onerous contracts	23	2	—	26
Changes related to current services				
CSM amortization	—	—	38,553	38,553
Changes in risk adjustment for non-financial risk	—	6,071	—	6,071
Experience adjustments	33,024	—	—	33,024
Changes related to past services				
Changes in assets or liabilities for incurred claims	(11,185)	424	—	(10,760)
Reinsurance finance income, net	471	5	(46)	429
Changes in reinsurer's default risk	175	—	—	175
Translation differences	—	—	—	—
Others	(5,162)	—	—	(5,162)
Amount of cash flows	(58,968)	—	—	(58,968)
Ending balance, net (assets)/liabilities	(72,884)	(3,670)	(27,187)	(103,742)
Ending balance in assets	(72,884)	(3,670)	(27,187)	(103,742)
Ending balance in liabilities	—	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	—	—	—	—
Beginning balance in liabilities	2,551,085	146,230	81,705	2,779,021
Beginning balance, net (assets)/liabilities	2,551,085	146,230	81,705	2,779,021
Changes related to future services				
Contracts initially recognized	(402,785)	140,439	263,711	1,365
CSM adjustment	(59,400)	(1,742)	61,143	—
Changes in estimates related to losses and reversal of losses on onerous contracts	(12,852)	(948)	—	(13,801)
Changes related to current services				
CSM amortization	—	—	(146,378)	(146,378)
Changes in risk adjustment for non-financial risk	—	(47,283)	—	(47,283)
Experience adjustments	(118,554)	—	—	(118,554)
Changes related to past services				
Changes in assets or liabilities for incurred claims	5,703	(2,724)	—	2,978
Insurance finance expenses, net	(40,600)	(17,016)	1,135	(56,481)
Translation differences	61,803	5,485	7,875	75,164
Others	(1,168)	(29)	(9,037)	(10,235)
Amount of cash flows	1,426,949	—	—	1,426,949
Ending balance, net (assets)/liabilities	3,410,179	222,410	260,155	3,892,745
Ending balance in assets	—	—	—	—
Ending balance in liabilities	3,410,179	222,410	260,155	3,892,745

(Millions of yen)

	Reinsurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	**(72,884)**	**(3,670)**	**(27,187)**	**(103,742)**
Beginning balance in liabilities	**—**	**—**	**—**	**—**
Beginning balance, net (assets)/liabilities	**(72,884)**	**(3,670)**	**(27,187)**	**(103,742)**
Changes related to future services				
Contracts initially recognized	**168,880**	**(49,297)**	**(119,584)**	**(0)**
CSM adjustment	**20,159**	**1,664**	**(21,824)**	**—**
Changes in estimates related to losses and reversal of losses on underlying onerous contracts	**4**	**2**	**—**	**6**
Changes related to current services				
CSM amortization	**—**	**—**	**45,351**	**45,351**
Changes in risk adjustment for non-financial risk	**—**	**6,633**	**—**	**6,633**
Experience adjustments	**16,849**	**—**	**—**	**16,849**
Changes related to past services				
Changes in assets or liabilities for incurred claims	**4,887**	**385**	**—**	**5,273**
Reinsurance finance income, net	**478**	**37**	**(460)**	**55**
Changes in reinsurer's default risk	**27**	**—**	**—**	**27**
Translation differences	**(28,960)**	**(2,389)**	**(5,259)**	**(36,609)**
Others	**6,460**	**11**	**4,262**	**10,734**
Amount of cash flows	**(689,750)**	**—**	**—**	**(689,750)**
Ending balance, net (assets)/liabilities	**(573,845)**	**(46,622)**	**(124,702)**	**(745,170)**
Ending balance in assets	**(573,845)**	**(46,622)**	**(124,702)**	**(745,170)**
Ending balance in liabilities	**—**	**—**	**—**	**—**

(iii) Effects of contracts initially recognized

Effects of insurance contracts issued and reinsurance contracts held that are initially recognized in the period for the Group are as follows.

Contracts other than those acquired from other entities in business combinations or transfers of contracts

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	720,150	175,351	(64,021)	(1,180)
Acquisition expenses	145,249	50,360	—	—
Expected premiums received and paid	(991,207)	(225,692)	105,888	1,311
Risk adjustment for non-financial risk	32,765	10,448	(6,003)	(94)
CSM	93,041	—	(35,864)	(78)
Amount of losses (gains) recognized on initial recognition	—	10,467	—	(41)

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	**875,081**	**15,512**	**(60,566)**	**(15)**
Acquisition expenses	**193,028**	**4,343**	**—**	**—**
Expected premiums received and paid	**(1,234,595)**	**(18,767)**	**103,980**	**18**
Risk adjustment for non-financial risk	**42,492**	**276**	**(5,551)**	**(0)**
CSM	**123,993**	**—**	**(37,863)**	**(3)**
Amount of losses (gains) recognized on initial recognition	**—**	**1,365**	**—**	**(0)**

Contracts acquired from other entities in business combinations or transfers of contracts

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	—	—	—	—
Acquisition expenses	—	—	—	—
Expected premiums received and paid	—	—	—	—
Risk adjustment for non-financial risk	—	—	—	—
CSM	—	—	—	—
Amount of losses (gains) recognized on initial recognition	—	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts		Reinsurance contracts	
	Other than onerous contracts	Onerous contracts	Contracts without loss-recovery component on initial recognition	Contracts with loss-recovery component on initial recognition
Expected claims paid and received and other expenses	**1,096,690**	**—**	**(522,155)**	**—**
Acquisition expenses	**—**	**—**	**—**	**—**
Expected premiums received and paid	**(1,334,078)**	**—**	**647,618**	**—**
Risk adjustment for non-financial risk	**97,670**	**—**	**(43,745)**	**—**
CSM	**139,717**	**—**	**(81,717)**	**—**
Amount of losses (gains) recognized on initial recognition	**—**	**—**	**—**	**—**

(iv) Timing of CSM amortization

The timing of when CSM is expected to be recognized in profit or loss is as follows.

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	Insurance contracts	Reinsurance contracts	Insurance contracts	Reinsurance contracts
Within 1 year	55,227	(19,003)	**96,267**	**(34,725)**
1–2 years	9,565	(3,321)	**41,927**	**(19,546)**
2–3 years	6,388	(2,073)	**32,188**	**(15,316)**
3–4 years	4,490	(1,243)	**24,784**	**(12,124)**
4–5 years	2,600	(665)	**16,621**	**(9,534)**
Over 5 years	3,433	(879)	**48,365**	**(33,455)**
Total CSM	81,705	(27,187)	**260,155**	**(124,702)**

(2) Insurance contracts and reinsurance contracts measured by applying the PAA

Reconciliation from the beginning to the ending balances of insurance contracts and reinsurance contracts measured by applying the PAA

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	—	—	—	—	—
Beginning balance in liabilities	768,422	16,434	3,115,264	137,543	4,037,666
Beginning balance, net (assets)/liabilities	768,422	16,434	3,115,264	137,543	4,037,666
Insurance revenue	(3,573,241)	—	—	—	(3,573,241)
Insurance service expenses					
Incurred claims and other expenses	—	—	2,590,853	46,680	2,637,533
Amortization of acquisition expenses	640,633	—	—	—	640,633
Gains and losses on onerous contracts	—	(2,214)	—	—	(2,214)
Changes in assets or liabilities for incurred claims	—	—	869	(40,588)	(39,718)
Investment components and premium refunds	(63,555)	—	63,555	—	—
Insurance finance expenses, net	3,987	2,026	181,377	8,713	196,104
Translation differences	(32,683)	(1,556)	(18,580)	(2,368)	(55,189)
Others	(1,652)	(235)	(3,598)	(50)	(5,537)
Amount of cash flows					
Premiums received	3,739,888	—	—	—	3,739,888
Acquisition expenses paid	(666,410)	—	—	—	(666,410)
Claims paid and other expenses	—	—	(2,544,090)	—	(2,544,090)
Ending balance, net (assets)/liabilities	815,389	14,454	3,385,650	149,929	4,365,424
Ending balance in assets	(13,008)	0	11,537	526	(945)
Ending balance in liabilities	828,398	14,454	3,374,112	149,403	4,366,369

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(202,974)	(4,656)	(865,980)	(46,915)	(1,120,527)
Beginning balance in liabilities	—	—	—	—	—
Beginning balance, net (assets)/liabilities	(202,974)	(4,656)	(865,980)	(46,915)	(1,120,527)
Income or expenses from reinsurance contracts held	779,380	1,183	(489,275)	1,697	292,986
Investment components and premium refunds	9,393	—	(9,393)	—	—
Reinsurance finance income, net	162	(550)	(61,951)	(3,012)	(65,352)
Changes in reinsurer's default risk	—	—	(31)	—	(31)
Translation differences	14,094	533	2,568	861	18,058
Others	(857)	(225)	1,155	(213)	(141)
Amount of cash flows					
Reinsurance premiums paid	(781,793)	—	—	—	(781,793)
Acquisition expenses paid	—	—	—	—	—
Reinsurance claims received and others	—	—	554,337	—	554,337
Ending balance, net (assets)/liabilities	(182,593)	(3,714)	(868,571)	(47,583)	(1,102,463)
Ending balance in assets	(200,664)	(3,714)	(852,595)	(46,723)	(1,103,698)
Ending balance in liabilities	18,071	—	(15,976)	(859)	1,235

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(13,008)	0	11,537	526	(945)
Beginning balance in liabilities	828,398	14,454	3,374,112	149,403	4,366,369
Beginning balance, net (assets)/liabilities	815,389	14,454	3,385,650	149,929	4,365,424
Insurance revenue	(3,802,370)	—	—	—	(3,802,370)
Insurance service expenses					
Incurred claims and other expenses	—	—	2,571,555	45,675	2,617,231
Amortization of acquisition expenses	679,552	—	—	—	679,552
Gains and losses on onerous contracts	—	7,866	—	—	7,866
Changes in assets or liabilities for incurred claims	—	—	27,071	(39,357)	(12,285)
Investment components and premium refunds	(64,858)	—	64,858	—	—
Insurance finance expenses, net	(822)	899	208,841	9,881	218,799
Translation differences	26,403	(399)	214,538	11,091	251,634
Others	16,500	(42)	(10,243)	(1,261)	4,952
Amount of cash flows					
Premiums received	3,964,582	—	—	—	3,964,582
Acquisition expenses paid	(693,369)	—	—	—	(693,369)
Claims paid and other expenses	—	—	(2,609,657)	—	(2,609,657)
Ending balance, net (assets)/liabilities	941,007	22,778	3,852,615	175,959	4,992,361
Ending balance in assets	(63,520)	11	17,398	1,053	(45,056)
Ending balance in liabilities	1,004,528	22,767	3,835,216	174,906	5,037,418

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	**(200,664)**	**(3,714)**	**(852,595)**	**(46,723)**	**(1,103,698)**
Beginning balance in liabilities	**18,071**	**—**	**(15,976)**	**(859)**	**1,235**
Beginning balance, net (assets)/liabilities	**(182,593)**	**(3,714)**	**(868,571)**	**(47,583)**	**(1,102,463)**
Income or expenses from reinsurance contracts held	**780,710**	**2,672**	**(534,312)**	**1,288**	**250,359**
Investment components and premium refunds	**5,157**	**—**	**(5,157)**	**—**	**—**
Reinsurance finance income, net	**1,155**	**(77)**	**(65,090)**	**(3,386)**	**(67,400)**
Changes in reinsurer's default risk	**—**	**—**	**(38)**	**—**	**(38)**
Translation differences	**(25,038)**	**50**	**(68,580)**	**(3,992)**	**(97,561)**
Others	**(4,077)**	**417**	**644**	**784**	**(2,230)**
Amount of cash flows					
Reinsurance premiums paid	**(916,107)**	**—**	**—**	**—**	**(916,107)**
Acquisition expenses paid	**—**	**—**	**—**	**—**	**—**
Reinsurance claims received and others	**—**	**—**	**578,993**	**—**	**578,993**
Ending balance, net (assets)/liabilities	**(340,794)**	**(652)**	**(962,113)**	**(52,889)**	**(1,356,449)**
Ending balance in assets	**(443,044)**	**(652)**	**(951,452)**	**(52,464)**	**(1,447,614)**
Ending balance in liabilities	**102,250**	**—**	**(10,661)**	**(424)**	**91,164**

(3) Comparison of actual claims and previous estimates of the undiscounted amount of the claims (i.e., claims development)

Claims development (before reinsurance contracts) is as follows. Due to the transition treatment, the Company has not disclosed claims development for accident year 2019 or before.

(Millions of yen)

Number of years passed	Accident year						
	Total	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
At the end of accident year	—	2,113,294	2,406,245	3,034,349	2,917,391	2,940,632	**3,025,008**
1 year later	—	2,147,828	2,432,549	3,098,437	2,874,955	2,936,556	**—**
2 years later	—	2,178,035	2,427,708	3,079,708	2,888,629	—	**—**
3 years later	—	2,190,136	2,450,508	3,082,585	—	—	**—**
4 years later	—	2,242,283	2,480,502	—	—	—	**—**
5 years later	—	2,263,126	—	—	—	—	**—**
Estimate of undiscounted cumulative claims	16,676,409	2,263,126	2,480,502	3,082,585	2,888,629	2,936,556	**3,025,008**
Cumulative payments to date	12,278,379	2,086,795	2,222,987	2,609,616	2,232,071	1,902,218	**1,224,689**
Undiscounted future cash outflows	4,398,029	176,330	257,515	472,968	656,558	1,034,337	**1,800,318**
Cumulative claims before 2019	423,802						
Effect of discounting	(510,681)						
Others	215,627						
Assets or liabilities for incurred claims	4,526,778						

18.3 Life insurance business

(1) Insurance contracts measured by not applying the PAA

(i) Reconciliation from the beginning to the ending balances for insurance contracts measured by not applying the PAA

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	(53,347)	—	33,826	(19,521)
Beginning balance in liabilities	2,496,282	4,221	50,781	2,551,285
Beginning balance, net (assets)/liabilities	2,442,934	4,221	84,608	2,531,764
Insurance revenue	(244,665)	—	—	(244,665)
Insurance service expenses				
Incurred claims and other expenses	—	(531)	114,062	113,530
Amortization of acquisition expenses	49,324	—	—	49,324
Gain and loss on onerous contracts	—	2,120	—	2,120
Changes in assets or liabilities for incurred claims	—	—	47	47
Investment component and premium refunds	(129,873)	—	129,873	—
Insurance finance expenses, net	(372,114)	64	(1,695)	(373,745)
Translation differences	—	—	—	—
Others	399	—	(5)	394
Amount of cash flows				
Premiums received	420,082	—	—	420,082
Acquisition expenses paid	(76,329)	—	—	(76,329)
Claims paid and other expenses	—	—	(244,805)	(244,805)
Ending balance, net (assets)/liabilities	2,089,757	5,874	82,085	2,177,718
Ending balance in assets	(48,615)	0	33,266	(15,349)
Ending balance in liabilities	2,138,373	5,874	48,818	2,193,067

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts			
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims	Total
	Other than loss component	Loss component		
Beginning balance in assets	(48,615)	0	33,266	(15,349)
Beginning balance in liabilities	2,138,373	5,874	48,818	2,193,067
Beginning balance, net (assets)/liabilities	2,089,757	5,874	82,085	2,177,718
Insurance revenue	(248,832)	—	—	(248,832)
Insurance service expenses				
Incurred claims and other expenses	—	(753)	115,368	114,614
Amortization of acquisition expenses	51,039	—	—	51,039
Gain and loss on onerous contracts	—	2,716	—	2,716
Changes in assets or liabilities for incurred claims	—	—	(352)	(352)
Investment component and premium refunds	(137,056)	—	137,056	—
Insurance finance expenses, net	(402,473)	96	(1,297)	(403,673)
Translation differences	—	—	—	—
Others	968	—	2	970
Amount of cash flows				
Premiums received	421,884	—	—	421,884
Acquisition expenses paid	(71,083)	—	—	(71,083)
Claims paid and other expenses	—	—	(254,909)	(254,909)
Ending balance, net (assets)/liabilities	1,704,204	7,934	77,954	1,790,093
Ending balance in assets	(44,292)	—	32,003	(12,288)
Ending balance in liabilities	1,748,496	7,934	45,950	1,802,381

(ii) Reconciliation from the beginning to the ending balances by component for the insurance contracts in (i) above

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	(110,085)	17,042	73,521	(19,521)
Beginning balance in liabilities	1,547,050	315,898	688,336	2,551,285
Beginning balance (net) (assets)/liabilities	1,436,965	332,940	761,858	2,531,764
Changes related to future services				
Contracts initially recognized	(89,630)	19,755	69,874	—
CSM adjustment	46,957	(1,239)	(45,717)	—
Changes in estimates related to losses and reversal of losses on onerous contracts	2,064	56	—	2,120
Changes related to current services				
CSM amortization	—	—	(61,205)	(61,205)
Changes in risk adjustment for non-financial risk	—	(22,079)	—	(22,079)
Experience adjustments	1,474	—	—	1,474
Changes related to past services				
Changes in assets or liabilities for incurred claims	47	—	—	47
Insurance finance expenses, net	(363,341)	(22,343)	11,939	(373,745)
Translation differences	—	—	—	—
Others	394	—	—	394
Amount of cash flows	98,946	—	—	98,946
Ending balance, net (assets)/liabilities	1,133,878	307,090	736,749	2,177,718
Ending balance in assets	(102,733)	15,535	71,848	(15,349)
Ending balance in liabilities	1,236,611	291,554	664,900	2,193,067

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts			
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Beginning balance in assets	**(102,733)**	**15,535**	**71,848**	**(15,349)**
Beginning balance in liabilities	**1,236,611**	**291,554**	**664,900**	**2,193,067**
Beginning balance (net) (assets)/liabilities	**1,133,878**	**307,090**	**736,749**	**2,177,718**
Changes related to future services				
Contracts initially recognized	**(69,173)**	**14,793**	**54,379**	**—**
CSM adjustment	**44,086**	**55,302**	**(99,389)**	**—**
Changes in estimates related to losses and reversal of losses on onerous contracts	**2,617**	**98**	**—**	**2,716**
Changes related to current services				
CSM amortization	**—**	**—**	**(57,880)**	**(57,880)**
Changes in risk adjustment for non-financial risk	**—**	**(23,217)**	**—**	**(23,217)**
Experience adjustments	**(2,079)**	**—**	**—**	**(2,079)**
Changes related to past services				
Changes in assets or liabilities for incurred claims	**(352)**	**—**	**—**	**(352)**
Insurance finance expenses, net	**(387,674)**	**(35,262)**	**19,262**	**(403,673)**
Translation differences	**—**	**—**	**—**	**—**
Others	**970**	**—**	**—**	**970**
Amount of cash flows	**95,892**	**—**	**—**	**95,892**
Ending balance, net (assets)/liabilities	**818,165**	**318,805**	**653,122**	**1,790,093**
Ending balance in assets	**(99,341)**	**15,576**	**71,475**	**(12,288)**
Ending balance in liabilities	**917,506**	**303,228**	**581,646**	**1,802,381**

(iii) Effects of contracts initially recognized

Effects of insurance contracts issued that are initially recognized in the period for the Group are as follows. No contracts are acquired from other entities in business combinations or transfers of contracts.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts	
	Other than onerous contracts	Onerous contracts
Expected claims paid and other expenses	277,615	—
Acquisition expenses	59,120	—
Expected premiums received	(426,366)	—
Risk adjustment for non-financial risk	19,755	—
CSM	69,874	—
Amount of loss (gain) recognized on initial recognition	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts	
	Other than onerous contracts	Onerous contracts
Expected claims paid and other expenses	**225,948**	**—**
Acquisition expenses	**57,400**	**—**
Expected premiums received	**(352,522)**	**—**
Risk adjustment for non-financial risk	**14,793**	**—**
CSM	**54,379**	**—**
Amount of loss (gain) recognized on initial recognition	**—**	**—**

(iv) Timing of CSM amortization

The timing of when CSM is expected to be recognized in profit or loss is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Within 1 year	47,517	**43,702**
1–2 years	43,659	**40,046**
2–3 years	40,088	**36,689**
3–4 years	36,838	**33,719**
4–5 years	34,064	**31,157**
5–10 years	140,149	**127,276**
Over 10 years	394,432	**340,530**
Total CSM	736,749	**653,122**

(2) Insurance contracts and reinsurance contracts measured by applying the PAA

Reconciliation from the beginning to the ending balances for insurance contracts and reinsurance contracts measured by applying the PAA

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	—	—	—	—	—
Beginning balance in liabilities	111	—	5,084	—	5,195
Beginning balance, net (assets)/liabilities	111	—	5,084	—	5,195
Insurance revenue	(10,050)	—	—	—	(10,050)
Insurance service expenses					
Incurred claims and other expenses	—	—	9,178	—	9,178
Amortization of acquisition expenses	164	—	—	—	164
Gain or loss on onerous contracts	—	—	—	—	—
Changes in assets or liabilities for incurred claims	—	—	—	—	—
Investment component and premium refunds	—	—	—	—	—
Insurance finance expenses, net	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	—	—	—	—	—
Amount of cash flows					
Premiums received	10,087	—	—	—	10,087
Acquisition expenses paid	(164)	—	—	—	(164)
Claims paid and other expenses	—	—	(9,233)	—	(9,233)
Ending balance, net (assets)/liabilities	147	—	5,029	—	5,177
Ending balance in assets	—	—	—	—	—
Ending balance in liabilities	147	—	5,029	—	5,177

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(128)	(181)	(2,010)	—	(2,320)
Beginning balance in liabilities	—	—	—	—	—
Beginning balance, net (assets)/liabilities	(128)	(181)	(2,010)	—	(2,320)
Income or expenses from reinsurance contracts held	4,026	(65)	(3,587)	—	373
Investment component and premium refunds	—	—	—	—	—
Reinsurance finance income, net	—	—	—	—	—
Changes in reinsurer's default risk	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	(37)	—	557	—	519
Amount of cash flows					
Reinsurance premiums paid	(3,966)	—	—	—	(3,966)
Acquisition expenses paid	—	—	—	—	—
Reinsurance claims received and others	—	—	3,521	—	3,521
Ending balance, net (assets)/liabilities	(105)	(247)	(1,518)	—	(1,871)
Ending balance in assets	(105)	(247)	(1,518)	—	(1,871)
Ending balance in liabilities	—	—	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	—	—	—	—	—
Beginning balance in liabilities	**147**	—	**5,029**	—	**5,177**
Beginning balance, net (assets)/liabilities	**147**	—	**5,029**	—	**5,177**
Insurance revenue	**(9,875)**	—	—	—	**(9,875)**
Insurance service expenses					
Incurred claims and other expenses	—	—	**9,009**	—	**9,009**
Amortization of acquisition expenses	**153**	—	—	—	**153**
Gain or loss on onerous contracts	—	—	—	—	—
Changes in assets or liabilities for incurred claims	—	—	—	—	—
Investment component and premium refunds	—	—	—	—	—
Insurance finance expenses, net	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	—	—	—	—	—
Amount of cash flows					
Premiums received	**9,883**	—	—	—	**9,883**
Acquisition expenses paid	**(153)**	—	—	—	**(153)**
Claims paid and other expenses	—	—	**(9,062)**	—	**(9,062)**
Ending balance, net (assets)/liabilities	**155**	—	**4,976**	—	**5,132**
Ending balance in assets	—	—	—	—	—
Ending balance in liabilities	**155**	—	**4,976**	—	**5,132**

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reinsurance contracts				
	Assets or liabilities for remaining coverage		Assets or liabilities for incurred claims		Total
	Other than loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	
Beginning balance in assets	(105)	(247)	(1,518)	—	(1,871)
Beginning balance in liabilities	—	—	—	—	—
Beginning balance, net (assets)/liabilities	(105)	(247)	(1,518)	—	(1,871)
Income or expenses from reinsurance contracts held	3,942	18	(3,519)	—	441
Investment component and premium refunds	—	—	—	—	—
Reinsurance finance income, net	—	—	—	—	—
Changes in reinsurer's default risk	—	—	—	—	—
Translation differences	—	—	—	—	—
Others	(22)	—	(196)	—	(219)
Amount of cash flows					
Reinsurance premiums paid	(3,901)	—	—	—	(3,901)
Acquisition expenses paid	—	—	—	—	—
Reinsurance claims received and others	—	—	3,447	—	3,447
Ending balance, net (assets)/liabilities	(87)	(228)	(1,788)	—	(2,103)
Ending balance in assets	(87)	(228)	(1,788)	—	(2,103)
Ending balance in liabilities	—	—	—	—	—

(3) Comparison of actual claims and previous estimates of the undiscounted amount of the claims (i.e., claims development)

In the life insurance business, the Group has not disclosed claims development table as the uncertainty about the amount and timing of the claims payments is typically resolved within one year.

18.4. Transition to IFRS 17

On transition to IFRS 17, the Group applies the full retrospective approach to the extent practicable. However, in identifying and measuring certain groups of contracts, the Group applied the modified retrospective approach or the fair value approach as the Group did not have reasonable and supportable information to apply IFRS 17 retrospectively.

For the P&C insurance business, domestic insurance companies apply the full retrospective approach to groups of insurance contracts and reinsurance contracts related to new contracts on or after January 1, 2022. For other groups of insurance and reinsurance contracts, the fair value approach is applied. Additionally, overseas insurance companies apply the full retrospective approach to groups of insurance and reinsurance contracts related to new contracts on or after January 1, 2020. For other groups of insurance and reinsurance contracts, the modified retrospective approach is applied.

For the life insurance business, the full retrospective approach is applied to groups of insurance contracts related to new contracts on or after April 1, 2022. For other groups of insurance contracts, the fair value approach is applied to variable insurance contracts, and the modified retrospective approach is applied to non-variable insurance contracts.

For the contracts to which the modified retrospective approach is applied, the Group determined the CSM or the loss component of the liability for remaining coverage at the date of transition based on assumptions and estimates of cash flows with reasonable and supportable information available at the date of transition. In addition, for the insurance contracts acquired through a business combination that falls within the scope of IFRS 3 *Business Combinations*, insurance liabilities for loss incurred prior to the business combination are categorized to insurance liabilities for incurred claims.

For the contracts to which the fair value approach is applied, the Group determined the CSM or the loss component of the liability for remaining coverage at the date of transition as the difference between the fair value of the group of contracts and the fulfilment cash flows based on reasonable and supportable information available at the date of transition. In addition, for all groups of contracts measured under the fair value approach, the amount of insurance finance income and expenses accumulated in OCI at the date of transition was determined to be zero.

For the groups of contracts to which the modified retrospective approach or the fair value approach is applied at the transition date, the effects on CSM and insurance revenue are as follows.

(1) Effects on CSM

(i) P&C insurance business

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	—	13,342	48,142	61,484	—	(5,466)	(19,506)	(24,973)
Changes related to future services								
Contracts initially recognized	—	—	93,041	93,041	—	—	(35,943)	(35,943)
CSM adjustment	—	1,339	34,998	36,338	—	(271)	(4,506)	(4,777)
Changes related to current services								
CSM amortization	—	(4,706)	(104,573)	(109,279)	—	2,567	35,986	38,553
Insurance finance expenses, net and reinsurance finance income, net	—	(2)	123	121	—	0	(47)	(46)
Translation differences	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Ending balance (assets)/liabilities	—	9,973	71,732	81,705	—	(3,169)	(24,017)	(27,187)

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	**—**	**9,973**	**71,732**	**81,705**	**—**	**(3,169)**	**(24,017)**	**(27,187)**
Changes related to future services								
Contracts initially recognized	**—**	**—**	**263,711**	**263,711**	**—**	**—**	**(119,584)**	**(119,584)**
CSM adjustment	**—**	**1,348**	**59,794**	**61,143**	**—**	**(344)**	**(21,479)**	**(21,824)**
Changes related to current services								
CSM amortization	**—**	**(4,219)**	**(142,159)**	**(146,378)**	**—**	**1,669**	**43,681**	**45,351**
Insurance finance expenses, net and reinsurance finance income, net	**—**	**(5)**	**1,141**	**1,135**	**—**	**1**	**(462)**	**(460)**
Translation differences	**—**	**—**	**7,875**	**7,875**	**—**	**—**	**(5,259)**	**(5,259)**
Others	**—**	**—**	**(9,037)**	**(9,037)**	**—**	**—**	**4,262**	**4,262**
Ending balance (assets)/liabilities	**—**	**7,097**	**253,058**	**260,155**	**—**	**(1,842)**	**(122,859)**	**(124,702)**

(ii) Life insurance business

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	648,878	5,036	107,943	761,858	—	—	—	—
Changes related to future services								
Contracts initially recognized	—	—	69,874	69,874	—	—	—	—
CSM adjustment	(19,850)	(106)	(25,760)	(45,717)	—	—	—	—
Changes related to current services								
CSM amortization	(50,752)	(405)	(10,047)	(61,205)	—	—	—	—
Insurance finance expenses, net and reinsurance finance income, net	11,742	1,666	(1,469)	11,939	—	—	—	—
Translation differences	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Ending balance (assets)/liabilities	590,018	6,190	140,541	736,749	—	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Insurance contracts				Reinsurance contracts			
	Modified retrospective approach	Fair value approach	Others	Total	Modified retrospective approach	Fair value approach	Others	Total
Beginning balance (assets)/liabilities	**590,018**	**6,190**	**140,541**	**736,749**	**—**	**—**	**—**	**—**
Changes related to future services								
Contracts initially recognized	**—**	**—**	**54,379**	**54,379**	**—**	**—**	**—**	**—**
CSM adjustment	**(64,492)**	**(3,480)**	**(31,416)**	**(99,389)**	**—**	**—**	**—**	**—**
Changes related to current services								
CSM amortization	**(45,005)**	**(595)**	**(12,280)**	**(57,880)**	**—**	**—**	**—**	**—**
Insurance finance expenses, net and reinsurance finance income, net	**11,072**	**6,775**	**1,414**	**19,262**	**—**	**—**	**—**	**—**
Translation differences	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Others	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Ending balance (assets)/liabilities	**491,593**	**8,890**	**152,638**	**653,122**	**—**	**—**	**—**	**—**

(2) Effects on insurance revenue

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Modified retrospective approach	7,570	200,937	208,508	**6,002**	**189,987**	**195,989**
Fair value approach	147,193	686	147,879	**100,663**	**892**	**101,556**
Others	4,656,040	53,092	4,709,133	**5,007,547**	**67,827**	**5,075,375**
Total	4,810,804	254,716	5,065,520	**5,114,213**	**258,707**	**5,372,921**

(3) Reconciliation of other comprehensive income on financial assets

For financial assets related to insurance contracts to which transitional provisions on other comprehensive income are applied, reconciliation of the cumulative amount included in other comprehensive income is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance	(8,554)	**(5,265)**
Amount recognized during the period	(28,831)	**(21,957)**
Reclassification adjustment	33,227	**13,166**
Tax effect	(1,107)	**2,540**
Ending balance	(5,265)	**(11,516)**

19. Income taxes

(1) Details of deferred tax assets and deferred tax liabilities

The reconciliation of deferred tax assets and deferred tax liabilities by class of temporary differences is as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Balance as of April 1, 2024	Recognized in profit or loss	Recognized in OCI	Others	Balance as of March 31, 2025
Deferred tax assets					
Insurance or reinsurance contracts	197,402	1,275	(100,166)	—	98,510
Investment securities	107,036	(12,415)	98,144	—	192,766
Fixed assets	104,617	2,051	(777)	24	105,915
Employee benefits	42,875	1,316	3,367	—	47,559
Lease liabilities	73,250	(468)	(0)	—	72,782
Others	28,183	21,246	(53)	—	49,376
Subtotal	553,365	13,006	514	24	566,910
Deferred tax liabilities					
Insurance or reinsurance contracts	368,566	27,015	48,304	—	443,886
Investment securities	562,392	(23,194)	(66,296)	—	472,901
Employee benefits	16,353	(51)	183	—	16,486
Right-of-use assets	74,189	(347)	—	—	73,842
Others	20,818	1,863	(111)	(203)	22,366
Subtotal	1,042,321	5,285	(17,919)	(203)	1,029,482
Net amount of deferred tax assets (liabilities)	(488,955)	7,721	18,434	227	(462,572)

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Balance as of April 1, 2025	Recognized in profit or loss	Recognized in OCI	Others (Note)	Balance as of March 31, 2026
Deferred tax assets					
Insurance or reinsurance contracts	**98,510**	**(30,966)**	**291**	**—**	**67,836**
Investment securities	**192,766**	**3,391**	**111,336**	**—**	**307,494**
Fixed assets	**105,915**	**(1,358)**	**5,078**	**16,050**	**125,686**
Employee benefits	**47,559**	**(314)**	**1,118**	**1,641**	**50,004**
Lease liabilities	**72,782**	**1,982**	**122**	**2,086**	**76,974**
Others	**49,376**	**(2,318)**	**1,846**	**22,450**	**71,354**
Subtotal	**566,910**	**(29,583)**	**119,793**	**42,229**	**699,350**
Deferred tax liabilities					
Insurance or reinsurance contracts	**443,886**	**10,727**	**157,963**	**582**	**613,160**
Investment securities	**472,901**	**48,118**	**39,862**	**1,696**	**562,579**
Employee benefits	**16,486**	**(81)**	**3,114**	**—**	**19,519**
Right-of-use assets	**73,842**	**1,695**	**—**	**—**	**75,537**
Others	**22,366**	**(4,183)**	**378**	**1,265**	**19,827**
Subtotal	**1,029,482**	**56,276**	**201,318**	**3,544**	**1,290,622**
Net amount of deferred tax assets (liabilities)	**(462,572)**	**(85,859)**	**(81,525)**	**38,684**	**(591,272)**

(Note) Others primarily include acquisitions through business combinations.

In recognizing deferred tax assets, the Group considers the probability that some or all future deductible temporary differences, unused tax losses and unused tax credits will be available for future taxable income. For the assessment of the recoverability of deferred tax assets, consideration is given to reversal of deferred tax liabilities, projected future taxable income and tax planning. On the basis of the past taxable income level and the prospects on future taxable income for the period during which deferred tax assets can be deducted, the Group believes it is highly probable that the deferred tax assets recognized at the end of the fiscal year will be recovered.

Additionally, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. However, the assessment of recoverability is based on estimates of taxable income for each future fiscal year determined by the Group's business plan. These estimates of future taxable income are subject to potential impacts of uncertain economic conditions in the future, which pose a risk of significant adjustments to the carrying amount of deferred tax assets over time.

(2) Unrecognized deferred tax assets and deferred tax liabilities

Deductible temporary differences for which deferred tax assets have not been recognized, unused tax losses and expiration dates are as follows. Additionally, amounts are stated as the tax amounts.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deductible temporary differences	29,659	**29,385**
Unused tax losses		
Within 1 year	1,629	**1,471**
1–2 years	1,494	**—**
2–3 years	—	**1,321**
3–4 years	1,333	**908**
4–5 years	3,539	**1,219**
Over 5 years (Note)	20,067	**21,351**

(Note) Unused tax losses over 5 years are mainly those without an expiration date arising primarily from the overseas insurance business.

Total taxable temporary differences related to investments in subsidiaries and others for which deferred tax liabilities have not been recognized are 2,276,251 million yen and 2,926,190 million yen as of March 31, 2025 and March 31, 2026, respectively. Deferred tax liabilities have not been recognized as the Group is able to control the timing to reverse the temporary differences and the likelihood is high that the temporary differences will not be reversed within a predictable period.

(3) Income tax expenses

The breakdown of income tax expenses in the consolidated statement of income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Current tax expenses	92,790	**114,411**
Deferred tax expenses		
Origination and reversal of temporary differences	(24,496)	**84,304**
Effects from changes in tax rate	9,454	**321**
Changes in unused tax losses	2,374	**4,231**
Changes in unrecognized deferred tax assets	4,946	**(2,998)**
Subtotal	(7,721)	**85,859**
Income tax expenses recognized in the consolidated statement of income	85,068	**200,270**

(Note) Current tax expenses for the previous fiscal year includes 4,527 million yen of tax expense due to the Global Minimum Tax. No tax expense due to the Global Minimum Tax is recognized for the current fiscal year.

(4) Effective tax rate

The reconciliation from the statutory effective tax rate to the actual average effective tax rate is as follows.

(%)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Statutory effective tax rate in Japan	30.6	**30.6**
Difference in tax rates of subsidiaries	(13.0)	**(5.7)**
Others	8.2	**(1.1)**
Actual average effective tax rate	25.8	**23.8**

The Company is subject to corporate tax, inhabitant tax and enterprise tax, and the statutory effective tax rate based on these taxes is 30.6% for the previous and current fiscal years. For overseas subsidiaries, local corporate income taxes are imposed.

(5) Global Minimum Tax

To comply with the Global Minimum Tax system agreed by the Organization for Economic Co-operation and Development (OECD) in October 2021, Japan introduced corporate taxes and other related taxes on the international minimum taxable amount, effective from April 1, 2024. The Group has applied the revised IAS 12, published in May 2023. In accordance with this revision, the Group has not recognized or disclosed deferred tax assets and liabilities related to corporate income taxes arising from the Global Minimum Tax system.

In connection with the Global Minimum Tax imposed on the Group, tax expense of 4,527 million yen was recognized in the previous fiscal year, while no tax expense due to the Global Minimum Tax was recognized in the current fiscal year.

20. Employee benefits

(1) Overview of retirement benefit plans

The Company has introduced defined benefit pension plans, such as a retirement lump sum payment plan, in addition to defined contribution pension plans.

Sompo Japan Insurance Inc., a subsidiary, has introduced a retirement lump-sum payment plan, a contract-type pension plan covering pensioners and waiting beneficiaries, and a retirement pension plan managed by the subsidiary itself as part of its defined benefit pension plans, in addition to defined contribution pension plans. Corporate pension systems in Japan have uniform rules for funding standards, fiduciary responsibility, information disclosure, etc. Based on the basic policy for the management of pension assets, relevant departments conduct meetings to discuss investment policies and results as required. A financial reassessment is conducted at least every five years based on the company's financial status and asset management outlook, and if funding standards are not met, contributions are increased.

Plan assets are legally separated from the Group. Asset management trustees are responsible for plan assets, obligated to fulfil fiduciary duties to the pension system participants, responsibilities such as obligations for diversified investment, and are prohibited from engaging in actions that pose a conflict of interest. Additionally, a retirement benefit trust has also been established.

Other domestic subsidiaries have unfunded-type retirement lump-sum payment plans as defined benefit plans as well as defined contribution pension plans. Certain overseas subsidiaries have defined contribution-type and defined benefit-type retirement benefit plans.

(2) Defined benefit plans

(i) Reconciliation from the beginning to the ending balances of defined benefit obligation

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance	156,215	**147,455**
Current service cost	9,902	**9,355**
Interest expenses	2,178	**3,213**
Remeasurement of defined benefit obligation		
Changes in demographic assumptions	(705)	**2,117**
Changes in financial assumptions	(6,693)	**(8,612)**
Experience adjustments	2,305	**496**
Amount of benefits paid	(19,526)	**(18,091)**
Past service cost	4,085	**(0)**
Translation differences	(299)	**502**
Others	(6)	**1,322**
Ending balance	147,455	**137,759**

Retirement benefit costs on defined benefit plans are recognized in "Insurance service expenses," "Expenses related to investment," "Administrative expenses," and "Other expenses" on the consolidated statement of income.

Following the revision of part of the retirement lump-sum payment plans, past service cost of 4,085 million yen was incurred and recognized in profit or loss in the previous fiscal year.

Weighted average durations of the defined benefit obligation in Sompo Japan Insurance, Inc., a major subsidiary, are mainly 6.6 years and 6.2 years at the end of the previous fiscal year and at the end of the current fiscal year, respectively. Significant actuarial assumptions used in the measurement of the present value of the defined benefit obligation are as follows.

	As of March 31, 2025	As of March 31, 2026
Discount rate		
Subsidiaries in Japan	1.60%–2.20%	**2.42%–3.30%**
Subsidiaries outside of Japan	2.30%–7.74%	**1.80%–10.85%**

The effect of changes in the discount rate on the present value of the defined benefit obligation for Sompo Japan Insurance, Inc., a major subsidiary, is as follows. This sensitivity analysis is based on the assumption that all other variables are held constant. Changes in other actuarial assumptions, however, may in fact affect the analysis.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
0.5% rise in discount rate	(4,183)	**(3,525)**
0.5% fall in discount rate	4,416	**3,709**

(ii) Reconciliation from the beginning to the ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance	135,563	**120,810**
Interest revenue	1,904	**2,626**
Remeasurement of plan assets		
Income from plan assets	(16,371)	**1,284**
Amount of benefits paid	(2,055)	**(2,095)**
Contribution from employer	2,131	**2,492**
Translation differences	(390)	**445**
Others	28	**(30)**
Ending balance	120,810	**125,532**

The fair value of plan assets by type is as follows.

(Millions of yen)

	As of March 31, 2025			As of March 31, 2026		
	With quoted market price in active market	Without quoted market price in active market	Total	With quoted market price in active market	Without quoted market price in active market	Total
Stocks	22,933	—	22,933	**24,170**	**—**	**24,170**
Equity investment trusts	—	—	—	**—**	**40,530**	**40,530**
Bonds	19,402	21,730	41,132	**21,526**	**21,039**	**42,566**
Cash and cash equivalents	45,769	—	45,769	**6,298**	**—**	**6,298**
Others	—	10,974	10,974	**94**	**11,872**	**11,967**
Total	88,105	32,705	120,810	**52,089**	**73,442**	**125,532**

The asset management policy for the Group's principal plan assets aims to secure stable earnings over the medium to long term in order to ensure payments of future defined benefit obligation. For that reason, the Group thoroughly verifies the acceptable degree of risk, determines the optimal asset mix within the risk range, and makes diversified investments mainly in domestic stocks and bonds. The investment performance of the plan assets is monitored periodically and the asset allocation is reviewed as necessary, taking into account the financial condition and operational environment of the defined benefit pension plans. The amount of contribution expected in the next fiscal year is 1,900 million yen.

(iii) Amounts recognized in the consolidated statement of financial position

Amounts recognized in the consolidated statement of financial position related to the defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Present value of defined benefit plans obligation	137,263	**126,172**
Fair value of plan assets	(120,810)	**(125,532)**
Subtotal	16,453	**639**
Present value of defined benefit obligation on unfunded-type plans	10,192	**11,587**
Effect of asset ceiling	616	**1,079**
Others	389	**86**
Net of defined benefit liabilities (assets) recognized in the consolidated statement of financial position	27,651	**13,393**
Retirement benefit liabilities	28,338	**14,659**
Retirement benefit assets	(687)	**(1,266)**

(iv) Effect of asset ceiling

The changes in the effect of asset ceiling are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance effect	528	**616**
Interest expenses	49	**69**
Changes in effect of asset ceiling (excluding interest expenses)	117	**259**
Others	(79)	**133**
Ending balance effect	616	**1,079**

(Note) When the defined benefit plans are overfunded, the defined benefit assets in the consolidated statement of financial position are set to be up to the present value of future benefits that are available in the form of a reduction in future contributions to the defined benefit plans.

(3) Defined contribution plans

The amount recognized as expenses concerning the defined contribution plans is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Retirement benefit costs on defined contribution plans	38,064	**41,079**

Retirement benefit costs on defined contribution plans are recognized in “Insurance service expenses,” “Expenses related to investment,” “Administrative expenses,” and “Other expenses” on the consolidated statement of income.

21. Provisions

The details of and changes in provisions for the current fiscal year are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	Asset retirement obligation	Others	Total
Beginning balance	**4,302**	**—**	**4,302**
Increase during the period	**95**	**—**	**95**
Decrease during the period (intended use)	**(5)**	**—**	**(5)**
Decrease during the period (reversal)	**—**	**—**	**—**
Interest accretion	**82**	**—**	**82**
Ending balance (Note)	**4,474**	**—**	**4,474**

(Note) Of the amounts outstanding at the end of the current fiscal year, no amounts are due within one year.

Asset retirement obligation

Asset retirement obligations relate to the removal of hazardous substances required at the time of removal or demolition of property and equipment. The expected timing of the outflow of economic benefits in the future is expected to be one year after the end of the fiscal year. However, they may be affected by future business plans and other factors.

22. Bonds issued and borrowings

(1) Bonds issued and borrowings

The details of bonds issued and borrowings are as follows.

(Millions of yen)

Type	As of March 31, 2025	As of March 31, 2026	Average interest rate (Note 1)	Due date
Bonds issued (Note 2)	684,686	**740,153**	—	—
Short-term borrowings (Note 2)	280	**380**	1.25%	—
Long-term borrowings (Note 2)	6,235	**4,413**	1.01%	April 26, 2026 to May 26, 2032
Total	691,201	**744,946**	—	—

(Notes) 1. Average interest rate is weighted average for the balance of the bonds issued and borrowings as of the end of the current fiscal year.
2. Categorized as financial liabilities measured at amortized cost.

The details of bonds issued are as follows.

(Millions of yen)

Entity	Name	As of March 31, 2025	As of March 31, 2026	Issue date	Interest rate	Collateral	Maturity date
The Company	The first series of unsecured straight bonds with inter-bond pari passu clause (Social bond)	69,908	**69,938**	Apr. 27, 2023	0.48%	None	Apr. 27, 2028
Sompo Japan Insurance Inc.	The first series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,891	**99,971**	Aug. 8, 2016	0.84% (Note 2)	None	Aug. 8, 2046
Sompo Japan Insurance Inc.	The second series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,903	**99,974**	Aug. 8, 2016	0.84% (Note 2)	None	Aug. 8, 2076
Sompo Japan Insurance Inc.	The third series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	99,851	**99,922**	Apr. 26, 2017	1.06% (Note 3)	None	Apr. 26, 2077
Sompo Japan Insurance Inc.	The first series of unsecured straight bonds with inter-bond pari passu clause	49,937	**49,961**	Oct. 14, 2022	0.43%	None	Oct. 14, 2027
Sompo Japan Insurance Inc.	The second series of unsecured straight bonds with inter-bond pari passu clause	49,873	**49,889**	Oct. 14, 2022	0.75%	None	Oct. 14, 2032
Sompo Japan Insurance Inc.	The fourth series of unsecured subordinated bonds with interest deferrable clause and early redeemable option	126,288	**126,371**	Feb. 13, 2023	2.50% (Note 4)	None	Feb. 13, 2083
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	33,670 [225 million USD]	**35,663 [223 million USD]**	Jul. 15, 2004	7.00%	None	Jul. 15, 2034
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	13,951 [93 million USD]	**14,805 [92 million USD]**	Mar. 23, 2010	7.00%	None	Jul. 15, 2034
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	41,410 [276 million USD]	**43,886 [274 million USD]**	Dec. 28, 2020	4.50%	None	Dec. 31, 2027
Sompo International Holdings Ltd.	U.S. dollar-denominated straight notes (Note 1)	— [– million USD]	**49,769 [311 million USD]**	Jun. 10, 2025	5.75%	None	Jul. 1, 2030
Total	—	684,686	**740,153**	—	—	—	—

(Notes) 1. As these bonds were issued overseas, foreign currency amounts are presented in brackets [ ].
2. The interest rate will be variable (with a step-up feature) from the day after August 8, 2026.
3. The interest rate will be variable (with a step-up feature) from the day after April 26, 2027.
4. The interest rate will be the 1-year government bond yield plus 3.00% from the day after February 13, 2033.

(2) Collateral

Assets pledged as collateral are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents as well as loans and advances	33,324	**63,800**
Investment securities (Note)	596,875	**951,726**
Property and equipment	826	**783**
Other assets	64	**384**
Total	631,091	**1,016,694**

(Note) Of the investment securities that are pledged as collateral, the amounts of the investment securities that can be repledged as collateral or resold by counterparties under repurchase transactions and securities lending transactions at the end of the previous fiscal year and at the end of the current fiscal year are 139,657 million yen and 3,042 million yen, respectively.

(3) Reconciliation of liabilities from financing activities

The reconciliation of liabilities from financing activities is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	Repo and similar securities borrowings (Note 1)	Bonds issued and borrowings	Other liabilities (Lease liabilities)	Repo and similar securities borrowings (Note 1)	Bonds issued and borrowings	Other liabilities (Lease liabilities)
Beginning balance	155,078	691,738	331,571	**—**	**691,201**	**334,622**
Changes in cash flows from financing activities (Note 2)	(155,078)	986	(37,986)	**—**	**(1,722)**	**(39,342)**
Translation differences	—	(1,119)	(364)	**—**	**8,858**	**4,540**
Lease	—	—	36,880	**—**	**—**	**42,266**
Others (Note 3)	—	(403)	4,521	**—**	**46,608**	**12,712**
Ending balance	—	691,201	334,622	**—**	**744,946**	**354,800**

(Notes) 1. The difference of figures between this table and "Repo and similar securities borrowings" in consolidated statement of financial position is the repo and similar securities borrowings related to investment activities.
2. Changes in cash flows from financing activities related to Other liabilities (Lease liabilities) are included in "Others" of Cash flows from financing activities in consolidated statement of cash flows.
3. Others in the current fiscal year are primarily due to business combinations.

23. Equity and other components of equity

(1) Number of shares authorized and number of shares outstanding

The changes in the number of shares authorized and number of shares outstanding are as follows.

(Thousand shares)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Number of shares authorized (Note 2)		
Common stock	3,600,000	**3,600,000**
Number of shares outstanding (Notes 1 & 3)		
Beginning balance	330,160	**990,482**
Increase during the period	660,321	**—**
Decrease during the period	—	**(56,253)**
Ending balance	990,482	**934,228**

(Notes) 1. The stock issued by the Company is no-par common stock and fully paid. The shares outstanding mentioned above include treasury stocks held by the Group.
2. The Company amended the Articles of Incorporation and conducted a 3-for-1 stock split effective April 1, 2024. As a result, the total number of shares authorized increased by 2,400,000 thousand shares in the previous fiscal year.
3. The increase in the total number of shares outstanding in the previous fiscal year was due to an increase of 660,321 thousand shares resulting from a stock split. The decrease in the total number of shares outstanding in the current fiscal year was due to a decrease of 56,253 thousand shares resulting from the cancellation of treasury stocks based on a resolution of the Board of Directors.

(2) Treasury stocks

The changes in the number of treasury stocks are as follows.

(Thousand shares)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance	959	**50,727**
Increase during the period	51,022	**47,617**
Decrease during the period	(1,254)	**(56,359)**
Ending balance	50,727	**41,985**

The increase of 51,022 thousand shares in the previous fiscal year was due to an increase of 1,919 thousand shares resulting from the 3-for-1 stock split conducted effective April 1, 2024, an increase of 48,779 thousand shares resulting from the purchase of treasury stocks based on a resolution of the Board of Directors, an increase of 316 thousand shares from an acquisition by the Board Benefit Trust (BBT), and an increase of 7 thousand shares from a repurchase of fractional shares. The decrease of 1,254 thousand shares was due to a disposal of 925 thousand treasury stocks resulting from the exercise of rights under the BBT, a disposal of 328 thousand treasury stocks resulting from the exercise of stock acquisition rights, and a sale of 0 thousand shares for fractional shares.

The increase of 47,617 thousand shares in the current fiscal year was due to an increase of 47,540 thousand shares resulting from the purchase of treasury stocks based on a resolution of the Board of Directors, an increase of 71 thousand shares from an acquisition by the Board Benefit Trust (BBT), and an increase of 5 thousand shares from a repurchase of fractional shares. The decrease of 56,359 thousand shares was due to a decrease of 56,253 thousand shares resulting from the cancellation of treasury stocks based on a resolution of the Board of Directors, a disposal of 106 thousand treasury stocks resulting from the exercise of rights under the BBT, and a sale of 0 thousand shares for fractional shares.

The numbers of shares of the Group held by subsidiaries and associates at both the end of the previous fiscal year and the current fiscal year were 5,500.

(3) Surplus

(i) Capital surplus

The Companies Act of Japan stipulates that more than one-half of the payment or contribution to the issuance of stock is incorporated into share capital and the remainder is incorporated into legal capital surplus that is included in capital surplus. In addition, legal capital surplus can be incorporated into share capital by resolution of a general shareholders meeting.

(ii) Retained earnings

Under the Companies Act of Japan, one-tenth of the amount of surplus decreasing as a result of the distribution of surplus is transferred to legal capital surplus or legal retained earnings, until the total amount of legal capital surplus and legal retained earnings reaches one-quarter of share capital. The reserved legal retained earnings can be used to compensate for deficits, and can be released by resolution of a general shareholders meeting.

24. Share-based payment

(1) Stock option plans

(i) Overview of stock option plans

Stock options are granted to directors and executive officers of the Company and its subsidiaries for their retirement benefits. The exercise price of the granted options is 1 yen per share and there is no vesting period under the option plan. Therefore, all options are immediately vested when granted. The grantees can exercise these options only within a period from the day following the date when they lost all of their positions up to the day when 10 days have elapsed. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Moreover, the Company resolved to introduce a performance-linked share-based payment plan called Board Benefit Trust (BBT), at the 6th General Shareholders Meeting held on June 27, 2016 and has decided not to grant new stock options.

(ii) Changes during the period

Changes in the number of unexercised stock options and weighted average exercise prices are as follows.

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Number of stock options	Weighted average exercise price (Yen)	Number of stock options	Weighted average exercise price (Yen)
Unexercised at the beginning of period	331,575	1	**2,700**	**1**
Granted	—	—	**—**	**—**
Lapsed	—	—	**—**	**—**
Exercised	328,875	1	**—**	**—**
Expired	—	—	**—**	**—**
Unexercised at the end of the period	2,700	1	**2,700**	**1**
Exercisable at the end of the period	2,700	1	**2,700**	**1**

The weighted average stock price at the time of exercise in the previous fiscal year was 3,017 yen per share, while there were no exercises during the current fiscal year. The unexercised options at the end of the previous fiscal year and the current fiscal year have an exercise price of 1 yen each and a weighted average remaining contractual life of 15.4 years and 14.4 years, respectively.

(Note) The Group conducted a 3-for-1 stock split effective April 1, 2024. Consequently, the number of options and the weighted average stock price at the time of exercise during the period are stated after conversion to the post-split figures.

(iii) Measurement of fair value

There were no options granted for the previous fiscal year and the current fiscal year.

(2) Board Benefit Trust (BBT)

(i) Overview of Board Benefit Trust (BBT)

The Group employs a performance-linked share-based payment plan called Board Benefit Trust ("BBT" or "the Plan"). This is a performance-linked share-based payment plan whereby the Company's own shares are acquired through the trust using the cash contribution made by the Company, and shares in the Company and the cash amount equivalent to market price of such shares are awarded to the directors pursuant to "The Rules of the Stock Benefit for Directors" established by the board of directors.

Each director of the Group who meets the beneficiary requirements (such as retaining the director status on the point grant date during the applicable period) is granted points (1 point = 3 shares) in respect to the Company's mid-to-long term share value and performance of the Group against the market. Each director, upon his/her resignation, completes designated resignation procedures in order to receive the Company's shares equivalent to the number of points granted or cash in the amount equivalent to the market price of such shares, as per the requirements of "The Rules of the Stock Benefit for Directors." For accounting of the Plan, the stock portion of the compensation is treated as equity-settled share-based payment while the cash part is accounted for as cash-settled share-based payment.

The amounts of costs attributable to equity-settled share-based payment transactions for the previous and current fiscal years are 828 million yen and (184) million yen; the costs related to cash-settled share-based payment transactions in the above periods are 885 million yen and 216 million yen, respectively. The amounts of equity related to equity-settled share-based payment that are recorded for the previous fiscal year and the current fiscal year are 1,418 million yen and 1,090 million yen, respectively; the amounts of liabilities related to cash-settled share-based payment that are recorded for/on the above periods and date are 4,503 million yen and 4,572 million yen, respectively.

(Note) The Group conducted a 3-for-1 stock split effective April 1, 2024. Consequently, the number of shares granted based on points is stated after conversion to the post-split figures.

(ii) Changes during the period

Changes in the number of points are as follows.

There are no exercise prices under the Plan where shares and cash are awarded to the directors.

(Unit: Points)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Beginning balance	808,970	**656,166**
Granted	163,611	**73,206**
Exercised	316,415	**71,315**
Lapsed	—	**153,962**
Ending balance	656,166	**504,095**

(iii) Measurement of fair value

The weighted average fair values at measurement date are as follows.

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Equity-settled	Cash-settled	Equity-settled	Cash-settled
Measurement date	Grant date	Reporting date	**Grant date**	**Reporting date**
Weighted average (Yen) (Note)	1,459	4,521	**1,450**	**6,012**

(Note) Since fair values approximate the stock prices of the Company's stock, measurements are made using the stock price on the measurement date and no adjustments are made for forecast dividends.

(3) Share price-linked remuneration (phantom stock) plan (cash-settled)

The Company and some of its subsidiaries have introduced a phantom stock plan whereby the amount of remuneration which is based on the share price of the Company's stock at the time of vesting and is settled in cash.

The plan covers part of the Group's directors and executive officers, who are basically required under the vesting condition to have served as Director or Executive Officer for three years since the grant date. Since the amount of remuneration is determined and paid based on the share price of the Company's stock, the plan has no exercise price.

The expenses associated with the plan for the previous and current fiscal years are 253 million yen and 479 million yen, respectively. The carrying amounts of liabilities associated with the plan for the previous fiscal year and the current fiscal year are 176 million yen and 580 million yen, respectively.

25. Dividends of surplus

The amounts of dividends paid are as follows. The source of dividends is retained earnings.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Resolution	Type of stock	Dividend amount (Notes 1 & 2) (Millions of yen)	Dividend per share (Note 5) (Yen)	Record date	Effective date
General Shareholders Meeting on June 24, 2024	Common stock	49,491	150	March 31, 2024	June 25, 2024
Board of Directors Meeting on November 19, 2024	Common stock	54,423	56	September 30, 2024	December 4, 2024

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Resolution	Type of stock	Dividend amount (Notes 3 & 4) (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting on June 23, 2025	Common stock	**71,544**	**76**	March 31, 2025	June 24, 2025
Board of Directors Meeting on November 19, 2025	Common stock	**68,568**	**75**	September 30, 2025	December 5, 2025

(Notes) 1. The "Dividend amount" resolved at the General Shareholders Meeting on June 24, 2024 includes dividends of 111 million yen for shares of the Company held by the Board Benefit Trust (BBT).
2. The "Dividend amount" resolved at the Board of Directors Meeting on November 19, 2024 includes dividends of 90 million yen for shares of the Company held by the Board Benefit Trust (BBT).
3. The "Dividend amount" resolved at the General Shareholders Meeting on June 23, 2025 includes dividends of 123 million yen for shares of the Company held by the Board Benefit Trust (BBT).
4. The "Dividend amount" resolved at the Board of Directors Meeting on November 19, 2025 includes dividends of 119 million yen for shares of the Company held by the Board Benefit Trust (BBT).
5. The Company conducted a 3-for-1 stock split effective April 1, 2024. The dividend per share for record dates prior to March 31, 2024 reflects the actual dividend amount paid before the stock split.

Dividends whose effective date falls in the next fiscal year are as follows. The source of dividend is retained earnings.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Resolution	Type of stock	Dividend amount (Note 1) (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting on June 23, 2025	Common stock	71,544	76	March 31, 2025	June 24, 2025

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Resolution	Type of stock	Dividend amount (Note 2) (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting on June 22, 2026	Common stock	**67,037**	**75**	March 31, 2026	June 23, 2026

(Notes) 1. The "Dividend amount" resolved at the General Shareholders Meeting on June 23, 2025 includes dividends of 123 million yen for shares of the Company held by the Board Benefit Trust (BBT).
2. The "Dividend amount" to be resolved at the General Shareholders Meeting on June 22, 2026 (scheduled) includes dividends of 119 million yen for shares of the Company held by the Board Benefit Trust (BBT).

26. Insurance revenue

The details of insurance revenue are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Insurance contracts not measured by applying the PAA						
Changes in assets or liabilities for remaining coverage						
Amortization of CSM	109,279	61,205	170,485	**146,378**	**57,880**	**204,259**
Changes in risk adjustment for non-financial risk	45,804	22,069	67,873	**47,358**	**23,201**	**70,559**
Expected claims paid and other expenses	893,952	112,065	1,006,017	**916,639**	**116,710**	**1,033,349**
Experience adjustments	(679)	—	(679)	**1,603**	**—**	**1,603**
Recovery of acquisition expenses	189,205	49,324	238,529	**199,863**	**51,039**	**250,902**
Subtotal	1,237,562	244,665	1,482,227	**1,311,842**	**248,832**	**1,560,675**
Insurance contracts measured by applying the PAA	3,573,241	10,050	3,583,292	**3,802,370**	**9,875**	**3,812,246**
Total	4,810,804	254,716	5,065,520	**5,114,213**	**258,707**	**5,372,921**

27. Insurance service expenses

The details of insurance service expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Incurred claims, etc.	3,067,250	95,692	3,162,943	**3,021,221**	**96,724**	**3,117,946**
Direct maintenance expenses	399,801	27,548	427,349	**429,482**	**27,652**	**457,135**
Amortization of acquisition expenses	829,838	49,488	879,327	**879,416**	**51,193**	**930,609**
Gains and losses on onerous contracts, etc.	(49,100)	1,589	(47,511)	**(38,278)**	**1,962**	**(36,315)**
Changes in assets or liabilities for incurred claims	(21,031)	47	(20,984)	**(9,306)**	**(352)**	**(9,658)**
Total	4,226,758	174,366	4,401,125	**4,282,534**	**177,181**	**4,459,715**
Of which, insurance contracts measured by not applying the PAA	990,524	165,023	1,155,548	**990,168**	**168,018**	**1,158,187**
Of which, insurance contracts measured by applying the PAA	3,236,234	9,342	3,245,576	**3,292,365**	**9,162**	**3,301,528**

28. Income or expenses from reinsurance contracts held

The details of income or expenses from reinsurance contracts held are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	P&C insurance business	Life insurance business	Total	P&C insurance business	Life insurance business	Total
Amount recovered from reinsurers	532,727	3,653	536,380	**584,817**	**3,501**	**588,318**
Allocation of reinsurance premiums paid	(892,586)	(4,026)	(896,613)	**(909,290)**	**(3,942)**	**(913,233)**
Total	(359,859)	(373)	(360,232)	**(324,473)**	**(441)**	**(324,914)**

29. Investment return and insurance finance income and expenses

(1) The details of investment return by type of portfolio assets are as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Amortized cost	Total
Investment return recognized in profit or loss					
Interest income	—	—	81,906	23,911	105,817
Other investment gains and losses					
Gains and losses on financial assets measured at FVTPL	256,593	—	—	—	256,593
Dividend income (Note)	—	44,017	—	—	44,017
Gains and losses on sales	—	—	(75,060)	—	(75,060)
Credit impairment losses	—	—	(61)	(154)	(215)
Foreign exchange gains and losses	—	—	(10,019)	(2,999)	(13,018)
Subtotal	256,593	44,017	(85,140)	(3,153)	212,316
Others			—		23,535
Total			—		235,852
Total investment return recognized in profit or loss			—		341,670
Total investment return recognized in other comprehensive income	—	57,628	(325,424)	—	(267,795)

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Amortized cost	Total
Investment return recognized in profit or loss					
Interest income	**—**	**—**	**84,881**	**21,701**	**106,582**
Other investment gains and losses					
Gains and losses on financial assets measured at FVTPL	**414,751**	**—**	**—**	**—**	**414,751**
Dividend income (Note)	**—**	**38,837**	**—**	**—**	**38,837**
Gains and losses on sales	**—**	**—**	**(54,138)**	**—**	**(54,138)**
Credit impairment losses	**—**	**—**	**(76)**	**(346)**	**(422)**
Foreign exchange gains and losses	**—**	**—**	**60,898**	**14,914**	**75,812**
Subtotal	**414,751**	**38,837**	**6,683**	**14,567**	**474,839**
Others			**—**		**16,213**
Total			**—**		**491,052**
Total investment return recognized in profit or loss			**—**		**597,635**
Total investment return recognized in other comprehensive income	**—**	**608,681**	**(411,497)**	**—**	**197,184**

(Note) Of the dividend income on Equity instruments measured at FVTOCI, dividends on securities held as of the end of the previous fiscal year and the current fiscal year are 42,349 million yen and 35,670 million yen, respectively.

(2) The breakdown of insurance finance income and expenses is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)		Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)	
	Insurance contracts	Reinsurance contracts	Insurance contracts	Reinsurance contracts
Effect of changes in assumptions related to accrued interest and financial risk	278,341	69,688	**281,146**	**60,386**
Foreign exchange gains and losses	(5,632)	(4,271)	**24,272**	**6,963**
Changes in reinsurer's default risk	—	(143)	**—**	**10**
Insurance finance expenses (net) and reinsurance finance income (net) recognized in profit or loss	272,708	65,274	**305,419**	**67,360**
Insurance finance expenses (net) and reinsurance finance income (net) recognized in other comprehensive income	(523,632)	(495)	**(546,774)**	**(5)**

(3) Relationship between investment return and insurance finance income and expenses is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	Insurance finance expenses (net) and reinsurance finance income (net)		Investment return	Insurance finance expenses (net) and reinsurance finance income (net)		Investment return
	Insurance contracts	Reinsurance contracts		Insurance contracts	Reinsurance contracts	
Recognized in profit or loss	272,708	65,274	341,670	**305,419**	**67,360**	**597,635**
Recognized in other comprehensive income	(523,632)	(495)	(267,795)	**(546,774)**	**(5)**	**197,184**

(4) The breakdown and fair values of the underlying items of contracts with direct participation features are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Domestic bonds	5,754	**5,887**
Foreign bonds	1,379	**1,480**
Domestic stocks	11,406	**14,052**
Foreign stocks	9,015	**10,841**
Domestic investment trusts	11,463	**30,919**
Cash and deposits	2,830	**3,152**
Others	31	**37**
Total	41,880	**66,371**

30. Expenses by nature

The breakdown of expenses by nature and the items to which the expenses are allocated are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Employee benefit expenses	537,062	**581,244**
Depreciation and amortization	103,363	**107,286**
Agent fees	735,648	**738,123**
Others	431,829	**501,460**
Total expenses by nature	1,807,902	**1,928,115**
Details by item to which expense is allocated		
Insurance service expenses (incurred claims)	167,160	**188,164**
Insurance service expenses (acquisition expenses)	943,108	**968,036**
Insurance service expenses (direct maintenance costs)	427,349	**457,135**
Expenses related to investment	14,501	**14,668**
Administrative expenses	91,390	**141,916**
Other expenses	164,391	**158,193**
Total expenses by item to which expense is allocated	1,807,902	**1,928,115**

31. Other finance expenses

The details of other finance expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Interest expenses		
Financial liabilities measured at amortized cost	12,678	**18,342**
Lease liabilities	5,308	**6,044**
Others	38	**159**
Total other finance expenses	18,026	**24,547**

32. Other income and expenses

The details of other income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Gains on disposal of fixed assets	673	**2,658**
Rent revenue	2,664	**2,575**
Others	14,126	**22,271**
Total other income	17,464	**27,506**

The details of other expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Other operating expenses (Note)	166,520	**159,900**
Losses on disposal of fixed assets	2,200	**723**
Impairment losses	3,329	**6,283**
Effect due to hyperinflation	10,404	**9,886**
Others	15,150	**6,368**
Total other expenses	197,605	**183,162**

(Note) Other operating expenses are mainly operating expenses related to the nursing care business.

33. Other comprehensive income

The amounts of reclassification adjustments and tax effect relating to other comprehensive income are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Items that will not be reclassified to profit or loss:		
Investments in equity instruments		
Amount recognized during the period	57,628	**608,681**
Tax effect	(30,487)	**(174,718)**
Investments in equity instruments	27,141	**433,962**
Remeasurements of defined benefit plans		
Amount recognized during the period	(11,414)	**7,034**
Tax effect	3,258	**(2,456)**
Remeasurements of defined benefit plans	(8,155)	**4,577**
Share of other comprehensive income of associates accounted for by the equity method		
Amount recognized during the period	217	**(357)**
Share of other comprehensive income of associates accounted for by the equity method	217	**(357)**
Items that may be reclassified subsequently to profit or loss:		
Investments in debt instruments		
Amount recognized during the period	(400,549)	**(465,883)**
Reclassification adjustments	75,125	**54,386**
Tax effect	96,590	**119,023**
Investments in debt instruments	(228,833)	**(292,473)**
Cash flow hedges		
Amount recognized during the period	—	**(671)**
Reclassification adjustments	—	**—**
Tax effect	—	**167**
Cash flow hedges	—	**(503)**
Translation difference related to foreign operations		
Amount recognized during the period	(25,409)	**159,375**
Reclassification adjustments	(320)	**—**
Tax effect	—	**—**
Translation difference related to foreign operations	(25,730)	**159,375**
Changes on insurance contracts due to changes in discount rates		
Amount recognized during the period	523,632	**546,774**
Reclassification adjustments	—	**—**
Tax effect	(148,519)	**(157,929)**
Changes on insurance contracts due to changes in discount rates	375,113	**388,845**
Changes on reinsurance contracts due to changes in discount rates		
Amount recognized during the period	(495)	**(5)**
Reclassification adjustments	—	**—**
Tax effect	149	**1**
Changes on reinsurance contracts due to changes in discount rates	(345)	**(3)**
Share of other comprehensive income of associates accounted for by the equity method		
Amount recognized during the period	(542)	**(330)**
Reclassification adjustments	—	**(12)**
Share of other comprehensive income of associates accounted for by the equity method	(542)	**(343)**
Total other comprehensive income	138,864	**693,080**

34. Earnings per share

(1) Basic earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the ordinary shareholders of the parent by the average number of ordinary shares outstanding during the year, excluding ordinary shares purchased and held as treasury shares by the Group.

(2) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. The Group's stock acquisition rights are included in the calculation of potential dilutive ordinary shares.

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Net income attributable to the ordinary shareholders of the parent (millions of yen)	243,132	**640,086**
Average number of ordinary shares for basic earnings per share (thousands of shares)	969,003	**913,054**
Dilutive effect: · Stock acquisition rights (thousands of shares)	3	**2**
Average number of ordinary shares for diluted earnings per share (thousands of shares)	969,006	**913,057**
Basic earnings per share (yen)	250.90	**701.03**
Diluted earnings per share (yen)	250.90	**701.03**
Summary of shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

(Note) In the calculation of basic earnings per share and diluted earnings per share, the Company shares outstanding in the "Board Benefit Trust (BBT)" which are recognized as treasury stocks in the shareholders' equity are included in the treasury stocks deducted from the average number of ordinary shares outstanding. The average number of ordinary shares of the treasury stock above mentioned is 1,614 thousand for the fiscal year ended March 31, 2025 and is 1,595 thousand for the fiscal year ended March 31, 2026.

35. Subsidiaries

35.1 Major subsidiaries

(1) Composition of the corporate group

The major subsidiaries that compose the Group are as follows.

Sompo Japan Insurance Inc.
Sompo Direct Insurance Inc.
Sompo International Holdings Ltd.
Endurance Specialty Insurance Ltd.
Aspen Insurance Holdings Limited
Endurance Assurance Corporation
Endurance Worldwide Insurance Limited
SI Insurance (Europe), SA
Sompo Holdings (Asia) Pte. Ltd.
Sompo Sigorta Anonim Sirketi
Sompo Seguros S.A.
Sompo Himawari Life Insurance Inc.
Sompo Care Inc.
ND Software Co., Ltd.
SOMPO Light Vortex, Inc.
Sompo Asset Management Co., Ltd.
Sompo Japan DC Securities Inc.
Sompo Health Support Inc.

(2) Significant restrictions on fund transfer

Insurance subsidiaries are subject to laws and regulations in the country of domicile, and it is usual they are supervised by regulatory authorities in the relevant country/jurisdiction. Therefore, there are some cases in which transfer of funds is restricted due to the restriction on dividend (profit) repatriation.

(3) Subsidiaries with significant non-controlling interests

The Group does not have subsidiaries with significant non-controlling interests.

(4) Loss of control over subsidiaries

There are no material gains or losses recognized due to the loss of control over interests in subsidiaries.

35.2 Interests in unconsolidated structured entities

The Group has interests in unconsolidated structured entities for the purpose of asset management through funds and others. Due to these interests in unconsolidated structured entities, the carrying amounts of assets recognized by the Group in the consolidated statement of financial position and the potential maximum loss exposure from those entities are as follows. The assets recognized by the Group in the consolidated statement of financial position are primarily included in “Investment securities.”

(Millions of yen)

Maximum loss exposure of the Group	As of March 31, 2025	As of March 31, 2026
Carrying amounts of the assets	2,792,636	**3,481,062**
Commitment	323,258	**438,139**
Total	3,115,895	**3,919,201**

The potential maximum loss exposure incurred from the interests in the structured entities is limited to the total of the carrying amount of the assets and commitment. The maximum loss exposure of the Group represents the potential maximum loss amount and does not indicate any estimated loss amount by being involved with structured entities.

During the previous fiscal year and the current fiscal year, the Group has not provided, nor plans to provide, any financial support without contractual obligations to unconsolidated structured entities.

36. Related parties

(1) Related party transactions

There are no significant transactions with related parties to be stated.

(2) Remuneration to management executives

Remuneration to management executives is as follows. The amounts represent the amount of expenses recognized during the previous and current fiscal years.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Salaries and bonuses	3,380	**3,649**
Post-employment benefit	21	**21**
Share-based payments	29	**617**
Total	3,432	**4,288**

37. Commitments

Capital investments for which contracts are entered into but not yet incurred are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Property and equipment	2,838	**10,384**

38. Risk management

38.1 Overview of risk management system

The Group operates an Enterprise Risk Management (ERM) framework to manage risk across the Group, serving as a sophisticated "compass" that points the business towards the optimal direction. This embraces not just the avoidance of losses, but also the avoidance of opportunity losses for profitable risk-taking. These include, for example, potential new business investments in response to risks identified. The ERM system seeks to achieve these goals by providing and strengthening the following "three capabilities":

a.	Correct understanding of the Group's current position
b.	Sensitive detection of potential risks
c.	Clear indication of the routes the Group should take

ERM is effected through a series of business management processes that look to maximize corporate value by achieving a balance of capital, risk, and profit through management of the two objectives: "risk-taking for business strategies" and "risk control for a stable business foundation." In the risk-taking context, the Group makes use of analyses on capital, risk, and profit within the Risk Appetite Framework for important management decisions, corresponding to (c) above. For risk control, the Group uses a framework – the Risk Control System – to identify, analyze, and assess various types of risks surrounding the Group, aiming to minimize unexpected losses and to increase the stability of profit. This corresponds to (a) and (b) in the above description.

(1) Risk management governance structure

In order to ensure the effectiveness of "ERM" based on the "Sompo Group Basic Policy on ERM" established by the Board of Directors, the "Sompo Group's Risk Appetite Statement" – consisting of the Risk Appetite Principles, the Medium-term Risk-taking Strategy, and the Risk Appetite Indicators – is used as a guideline for risk-taking, in alignment with the Group's strategies and business management plans.

The Group Executive Committee, an advisory body to the Group CEO, regularly holds management discussions on matters related to risk management, including the Group's risk appetite statement, the medium-term Group ERM promotion policy, and risk tolerance policies and measures.

The Group ERM Committee, chaired by the Group CRO, has been established as a subordinate body of the Group Executive Committee to conduct cross-sectional management discussions on important Group ERM issues, such as risk-taking strategies, and the status of control of material risks by the departments with primary responsibility and the risk management department. The results are reported to the Board of Directors through the Group Executive Committee, and the Group has established a framework to continuously enhance governance pertaining to its risk management, incorporating advice and recommendations from the Board.

The Group CRO ensures that the "Sompo Group Basic Policy on ERM" and the "Medium-term Group ERM Promotion Policy" are known to all Group companies, and works to improve the effectiveness of ERM for the entire Group through regular monitoring and discussions with the CROs of each company.

Group companies have established risk management systems in line with the Group's policies and managed risk autonomously. The Company and its major subsidiaries have adopted a "three lines" model:

- First line: Each department or business unit responsible for developing and implementing policies and measures within our company and its key subsidiaries autonomously manages its own risks.
- Second line: The risk management department, along with the departments in charge of the relevant duties businesses, oversees and supports first line's risk management activities.
- Third line: The internal audit department independently evaluates the validity and effectiveness of the overall risk governance framework.

These measures collectively ensure and enhance the effectiveness of the Group's risk management system.

(2) The Risk Control System

Under the Risk Control System, the Group conducts risk assessment using "the Material Risk Management" framework – firstly identifying all the material risks it faces, then evaluating them from both a qualitative and quantitative perspective.

For risks that can be quantified, their impacts on capital adequacy and liquidity are analyzed and assessed based on various quantitative indicators in "Capital adequacy management", "Stress testing", "Limit management", and "Liquidity risk management" frameworks. Based on these analyses, the management decides necessary risk control measures to secure and improve the Group's financial soundness.

(i) Material risk management

The Group defines “risks that could have significant impacts on the business” as “material risks” and comprehensively captures and evaluates the risks faced by its business through bottom-up risk assessment and top-down confirmation and discussion by the Board of Directors and others. In conducting risk assessments, it has clarified the criteria so as to emphasize the reputational impact from the viewpoints of customers, society, and other stakeholders, in addition to economic loss and business continuity.

Material risks are comprehensively identified by the Group CRO based on risk assessments and the views of experts, etc., and risks are evaluated both qualitatively and quantitatively in terms of likelihood of occurrence and impact, based on specific scenarios of impact of risks on the Group, and the management status is discussed in the Group ERM Committee, then reported to the Group Executive Committee and the Board of Directors at least twice a year.

Risks for which the risk management structure should be reinforced are raised at the Group Executive Committee.

Further, the Group defines “emerging risks” as risks that, although it is difficult at this time to evaluate risks based on specific impact scenarios, have the potential to emerge or change due to changes in the environment and have a significant impact on the Group in the future, and manages them appropriately by associating them with individual material risks. In selecting emerging risks, the Group gathers information from various public and private sources, identifies potential candidates based on their possible future impact, and then designates them as emerging risks based on their materiality.

(ii) Capital adequacy management

The Group quantifies the insurance underwriting risks, asset management risks, nursing care risks, and operational risks it faces to maintain a sufficient level of capital relative to risks. A system has been established so that countermeasures are properly implemented if necessary.

(iii) Stress testing

The Group conducts “scenario stress testing”, “reverse stress testing”, and “sensitivity analyses” on a Group-wide basis to accurately identify and manage events that could significantly affect its business management. It analyzes the impact on both capital and risk and takes countermeasures as required.

(iv) Risk limit management

The Group has established the maximum limit for each risk on a Group-wide basis such as credit risk, reinsurance counterparty risk, and natural catastrophe risk to avoid outsize losses arising from the occurrence of specific events. The Group has set the limits within the maximum limits based on risk characteristics and established a system to take appropriate measures when those limits are exceeded.

(v) Liquidity risk management

In addition to projecting cash requirements for day-to-day operations, the Group projects the maximum cash outflows that could result from events such as a large-scale natural catastrophe. It then conducts management to ensure it has sufficient liquid assets to meet cash requirements in these scenarios.

(3) Capital regulatory framework for the insurance business

The Group is subject to the capital regulations under the Insurance Business Act of Japan and is monitored by the regulatory authority, the Financial Services Agency of Japan.

Insurance groups are required to maintain sufficient capital to absorb losses arising from low-frequency but potentially severe risks, such as natural disasters and sudden market fluctuations. The solvency margin ratio indicates the extent of the solvency margins, or the ability to pay possible insurance claims and others, to withstand such risks beyond normal estimates.

Solvency Margin Ratio (%) = Qualifying Capital / Required Capital x 100

A ratio of 100% or more is considered to indicate that a certain level of financial soundness has been secured. If the ratio falls below 100%, measures designed to restore financial soundness may be triggered by the Commissioner of the Financial Services Agency of Japan under the prompt corrective action (PCA) framework.

Effective from the fiscal year 2025 financial results, this ratio will be calculated under a new system based on the economic value of assets and liabilities. This enables an assessment that reflects actual market values and risks, rather than book values.

The overseas insurance subsidiaries are supervised by their local regulators and are subject to the capital regulations in the countries of domicile. The Company monitors their compliance with regulatory requirements through reports provided by Sompo International Holdings Ltd.

38.2 Insurance risk

38.2.1 Exposure to insurance risk

(1) P&C insurance business

Insurance risk is the risk to suffer losses due to economic changes and fluctuation of the incidence ratio of insured events that were not expected at the time when the premium rates were set. In particular, a majority of those risks is related to losses arising from claim payments caused by natural disasters such as earthquakes, typhoons and floods. There are other risks related to claim payments due to damage in general as well as the risk of fluctuating insurance liabilities due to changes in future outlook.

Relating to the P&C insurance business, the reported amounts of assets and liabilities of the insurance and reinsurance contracts by lines of business and geographical area are as follows.

As of March 31, 2025

(Millions of yen)

Amount recognized as liabilities (assets)	Insurance contracts			Reinsurance contracts		
	Japan	Overseas	Total	Japan	Overseas	Total
Fire	865,601	550,557	1,416,159	(38,303)	(173,108)	(211,412)
Marine	36,760	109,751	146,512	(9,517)	(55,085)	(64,603)
Personal accident	948,708	356	949,065	(1,753)	82	(1,671)
Automobile	770,681	199,487	970,169	(1,039)	(18,301)	(19,341)
Compulsory automobile liability	505,286	—	505,286	—	—	—
Others	647,114	2,510,139	3,157,253	(92,455)	(816,721)	(909,177)
Total	3,774,153	3,370,292	7,144,445	(143,070)	(1,063,135)	(1,206,205)

As of March 31, 2026

(Millions of yen)

Amount recognized as liabilities (assets)	Insurance contracts			Reinsurance contracts		
	Japan	Overseas	Total	Japan	Overseas	Total
Fire	**766,938**	**462,216**	**1,229,154**	**(23,285)**	**(1,912)**	**(25,197)**
Marine	**39,158**	**146,649**	**185,807**	**(9,121)**	**(41,107)**	**(50,229)**
Personal accident	**852,558**	**476**	**853,034**	**(1,804)**	**57**	**(1,746)**
Automobile	**795,609**	**239,936**	**1,035,545**	**(740)**	**(19,854)**	**(20,594)**
Compulsory automobile liability	**480,743**	**—**	**480,743**	**—**	**—**	**—**
Others	**611,489**	**4,489,331**	**5,100,820**	**(85,142)**	**(1,918,708)**	**(2,003,851)**
Total	**3,546,497**	**5,338,609**	**8,885,106**	**(120,093)**	**(1,981,525)**	**(2,101,619)**

(2) Life insurance business

Insurance risk is the risk to suffer losses due to economic changes and fluctuation of the incidence ratio of insured events that were not expected at the time when the premium rates were set. In addition to risks related to human disease/death, such as changes in mortality rate, survival rate and disability rate, risk related to changes in the surrender rate exists because many insurance contracts are long-term. Also, there are other risks related to changes in the expense ratios and catastrophic loss attributed to natural disaster and pandemic.

Relating to the life insurance business, the reported amounts of assets and liabilities of the insurance and reinsurance contracts by category are as follows.

(Millions of yen)

Amount recognized as liabilities (assets)	As of March 31, 2025		As of March 31, 2026	
	Insurance	Reinsurance	Insurance	Reinsurance
Individual insurance	2,070,964	(1,873)	**1,694,457**	**(2,107)**
Individual annuities	106,753	—	**95,635**	**—**
Group insurance	5,177	1	**5,132**	**3**
Group annuities	—	—	**—**	**—**
Total	2,182,895	(1,871)	**1,795,225**	**(2,103)**

38.2.2 Sensitivity analysis

The effects of reasonably possible changes in insurance risks on net income before tax and other comprehensive income before tax are as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax		Effect on other comprehensive income before tax	
	Before reinsurance coverage	After reinsurance coverage	Before reinsurance coverage	After reinsurance coverage
P&C insurance business				
Loss ratio +10%	(290,767)	(235,611)	10,148	10,123
Maintenance expense ratio +10%	(31,983)	(29,590)	1,105	1,105
Inflation rate +50bp	(68,513)	(54,231)	2,117	2,111
Life insurance business				
Mortality rates +5%	(1,564)	(1,529)	(4,202)	(4,202)
Morbidity rates +5%	(7,142)	(7,140)	11,405	11,405
Maintenance expense ratio +5%	(1,762)	(1,757)	1,671	1,671
Surrender and lapse rates +5%	(811)	(779)	(6,774)	(6,774)
Inflation rate +50bp	(2,656)	(2,648)	5,682	5,682

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Effect on net income before tax		Effect on other comprehensive income before tax	
	Before reinsurance coverage	After reinsurance coverage	Before reinsurance coverage	After reinsurance coverage
P&C insurance business				
Loss ratio +10%	**(314,239)**	**(254,722)**	**16,413**	**16,384**
Maintenance expense ratio +10%	**(36,040)**	**(33,225)**	**1,793**	**1,793**
Inflation rate +50bp	**(78,418)**	**(60,717)**	**3,327**	**3,321**
Life insurance business				
Mortality rates +5%	**(1,255)**	**(1,221)**	**(8,589)**	**(8,589)**
Morbidity rates +5%	**(7,827)**	**(7,825)**	**28,688**	**28,688**
Maintenance expense ratio +5%	**(1,901)**	**(1,895)**	**4,876**	**4,876**
Surrender and lapse rates +5%	**(657)**	**(630)**	**(15,202)**	**(15,202)**
Inflation rate +50bp	**(3,005)**	**(2,997)**	**14,797**	**14,797**

For the liability for remaining coverage, when risk variables used in estimation techniques for the future cash flows change, amortization of CSM is adjusted by reflecting changes in future cash flows. In addition, insurance contracts (including those measured by applying PAA) may become onerous or the gains and losses on onerous contracts may fluctuate due to changes in any loss component. In such cases, these impacts (the amortization of CSM is calculated on an annual basis) are reflected in net income before tax. For the liability for incurred claims, when risk variables used in the estimation techniques for the future cash flows change, insurance service expenses vary due to a fluctuation of future cash flows; therefore, such impacts are reflected in net income before tax.

Simultaneously, fluctuation in future cash flows results in fluctuation in the discount rate differences. As such, the effects are reflected in net income before tax or other comprehensive income before tax, depending on the accounting policy for each portfolio for insurance finance income or expenses.

For each of the above variables, the impact is assessed assuming that only a single variable changes, with all other variables held constant. For the life insurance business, recent inflation rates are varied, assuming the expected inflation rate reflected in the ultimate forward rate remains constant.

38.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, stock prices, and foreign exchange rates, will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. As market risks arise from insurance contracts, asset management and financing activities, the Group is exposed to a number of risks including interest rate risk, stock price risk, and foreign currency risk.

38.3.1 Interest rate risk

Interest rate risk is the risk that the fulfilment cash flows of insurance contracts and reinsurance contracts and the fair value or future cash flows of financial instruments will change due to fluctuation in the market interest rate.

The Group conducts asset management activities by using financial instruments such as bonds and loans. Therefore, there is a risk that the fair value of the fixed income securities would decline if the interest rate is raised. Also, there is a risk that the present value of the insurance contract and reinsurance contract liabilities would increase due to a decline in discount rates, if the interest rate is lowered. For insurance products that guaranteed a fixed interest rate to customers, if the actual interest rate is lower than the initial interest rate guaranteed, the Group is exposed to the risk of loss incurred.

The Group regularly monitors the exposure to the interest rate risk relating to asset and liability positions. Also, the Group manages group-wide interest rate risk appropriately through alignment of the duration of insurance contracts and corresponding portfolio assets as well as adjustment of interest rate exposure using derivatives such as interest rate swaps.

Sensitivity analysis—interest rate risk

The effects of reasonably possible changes in market interest rates on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
Interest rate (JPY) +50bp	34	17	(1,543)	66,278	65,329	(30,487)
Interest rate (JPY) -50bp	(34)	(17)	1,577	(72,525)	(71,557)	32,520
Interest rate (USD) +50bp	33,280	22,776	(56,010)	594	507	(12,404)
Interest rate (USD) -50bp	(33,280)	(22,776)	56,031	(604)	(517)	13,216
Life insurance business						
Interest rate (JPY) +50bp	(400)	(397)	(273)	211,521	211,521	(222,555)
Interest rate (JPY) -50bp	378	375	299	(253,688)	(253,688)	251,843
Ultimate forward rate (JPY) -50bp	59	58	—	(19,812)	(19,812)	—
Interest rate (USD) +50bp	23	23	(548)	—	—	(6,952)
Interest rate (USD) -50bp	(24)	(24)	564	—	—	7,331

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
Interest rate (JPY) +50bp	**31**	**17**	**(1,872)**	**52,537**	**51,733**	**(24,559)**
Interest rate (JPY) -50bp	**(31)**	**(17)**	**1,919**	**(56,733)**	**(55,913)**	**25,830**
Interest rate (USD) +50bp	**32,812**	**22,520**	**(73,033)**	**638**	**527**	**(7,803)**
Interest rate (USD) -50bp	**(32,812)**	**(22,520)**	**73,325**	**(651)**	**(538)**	**8,304**
Life insurance business						
Interest rate (JPY) +50bp	**(1,280)**	**(1,266)**	**(234)**	**161,122**	**161,122**	**(164,865)**
Interest rate (JPY) -50bp	**637**	**634**	**252**	**(185,647)**	**(185,647)**	**186,213**
Ultimate forward rate (JPY) -50bp	**63**	**63**	**—**	**(13,044)**	**(13,044)**	**—**
Interest rate (USD) +50bp	**34**	**34**	**(867)**	**—**	**—**	**(8,515)**
Interest rate (USD) -50bp	**(35)**	**(35)**	**895**	**—**	**—**	**8,976**

As the fair value of fixed-income financial instruments changes when interest rates fluctuate, the effect is reflected in net income before tax for financial assets measured at FVTPL and in other comprehensive income before tax for debt instruments measured at FVTOCI. For insurance and reinsurance contracts, changes in interest rates result in changes in the discounted present value of future cash flows at the end of the period due to fluctuations of discount rates. The effect is reflected in net income before tax or other comprehensive income before tax, depending on the accounting policy of each portfolio for insurance income or expenses. In the life insurance business, future cash flows from certain insurance contracts fluctuate due to changes in interest rates. Therefore, the impacts are reflected in net income before tax (the amortization of CSM is calculated on an annual basis).

In the P&C insurance business, sensitivity represents the impact of parallel shifts in the yield curve, assuming that all other variables are held constant. Additionally, in the life insurance business, the sensitivity to yen interest rates represents the impact of parallel shifts in the yield curve excluding ultimate forward rates, and the sensitivity to ultimate forward rates represents the impact of changes in ultimate forward rates only, assuming that all other variables are held constant.

38.3.2 Stock price risk

Stock price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in stock prices. It results from direct investment in stocks or investment in shares through funds. The Group monitors stock price exposure on a regular basis and utilizes derivative transactions such as stock index futures to appropriately manage stock price risk for the Group as a whole. In addition, certain insurance contracts in the life insurance business are subject to stock price risk because future cash flows fluctuate accordingly due to changes in the stock prices.

Major stock price exposures are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Domestic stocks	1,336,643	**1,432,115**
Foreign stocks	459,404	**488,161**
Others	125,854	**246,820**
Total	1,921,902	**2,167,096**

Sensitivity analysis—stock price risk

The effects of TOPIX (Tokyo Stock Price Index) fluctuations on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
TOPIX +30%	—	—	23,549	—	—	341,722
TOPIX -30%	—	—	(23,549)	—	—	(341,722)
Life insurance business						
TOPIX +30%	(3,502)	(3,502)	6,553	—	—	—
TOPIX -30%	3,498	3,498	(6,553)	—	—	—

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
TOPIX +30%	—	—	**32,813**	—	—	**371,041**
TOPIX -30%	—	—	**(32,813)**	—	—	**(371,041)**
Life insurance business						
TOPIX +30%	**(4,711)**	**(4,711)**	**11,502**	—	—	—
TOPIX -30%	**4,707**	**4,707**	**(11,502)**	—	—	—

The effects of changes in fair values of financial instruments arising from a fluctuations of stock prices are reflected in net income before tax for financial assets measured at FVTPL and in other comprehensive income before tax for equity instruments measured at FVTOCI. In addition, for certain insurance contracts in the life insurance business, changes in future cash flows due to a fluctuation of stock prices are reflected in net income before tax (the amortization of CSM is calculated on an annual basis). The sensitivity represents the impact on domestic listed stocks, and all other variables are assumed to remain constant.

38.3.3 Foreign currency risk

Foreign currency risk is the risk that the fulfilment cash flows of insurance and reinsurance contracts and fair value or future cash flows of financial instruments will fluctuate due to foreign exchange rates. In the Group, foreign currency exposures mainly arise from bonds as well as insurance contract liabilities denominated in any currency other than the functional currency. For some foreign currency risk, derivatives such as forward exchange contracts and currency options are utilized to allow the entire Group to properly manage foreign currency risk.

Major foreign currency exposures are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
USD (assets/(liabilities))	460,463	**394,562**
EUR (assets/(liabilities))	2,704	**(38,694)**

Sensitivity analysis—foreign currency risk

The effects of reasonably possible changes in the exchange rates of currencies other than the functional currency on net income before tax and other comprehensive income before tax are shown below.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
USD -10% (Note 1)	9,446	6,447	(24,224)	(78)	(66)	233
USD +10% (Note 2)	(9,446)	(6,447)	23,569	78	66	(233)
EUR -10% (Note 1)	20,825	13,786	(10,879)	(49)	(45)	(32)
EUR +10% (Note 2)	(20,825)	(13,786)	10,879	49	45	32
Life insurance business						
USD -10% (Note 1)	70	70	(26,536)	—	—	992
USD +10% (Note 2)	(70)	(70)	25,322	—	—	(992)
EUR -10% (Note 1)	39	39	(3,158)	—	—	106
EUR +10% (Note 2)	(39)	(39)	3,158	—	—	(106)

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Effect on net income before tax			Effect on other comprehensive income before tax		
	Insurance contracts		Financial instruments	Insurance contracts		Financial instruments
	Before reinsurance coverage	After reinsurance coverage		Before reinsurance coverage	After reinsurance coverage	
P&C insurance business						
USD -10% (Note 1)	**9,002**	**5,433**	**(14,617)**	**(21)**	**(20)**	**368**
USD +10% (Note 2)	**(9,002)**	**(5,433)**	**11,583**	**21**	**20**	**(368)**
EUR -10% (Note 1)	**32,404**	**22,686**	**(15,453)**	**(61)**	**(57)**	**(32)**
EUR +10% (Note 2)	**(32,404)**	**(22,686)**	**15,453**	**61**	**57**	**32**
Life insurance business						
USD -10% (Note 1)	**2,078**	**2,078**	**(32,589)**	**—**	**—**	**860**
USD +10% (Note 2)	**(2,078)**	**(2,078)**	**29,786**	**—**	**—**	**(860)**
EUR -10% (Note 1)	**478**	**478**	**(3,779)**	**—**	**—**	**101**
EUR +10% (Note 2)	**(478)**	**(478)**	**3,561**	**—**	**—**	**(101)**

(Notes) 1. The impact of a 10% depreciation of the U.S. dollar or the euro represents the impact of a 10% appreciation of the yen against the U.S. dollar or the euro for domestic insurance companies whose functional currency is the Japanese yen and represents the impact of a 10% depreciation of the U.S. dollar or the euro against the relevant functional currency for overseas insurance companies whose functional currency is not the Japanese yen.

2. The impact of a 10% appreciation of the U.S. dollar or the euro represents the impact of a 10% depreciation of the yen against the U.S. dollar or the euro for domestic insurance companies whose functional currency is the Japanese yen and represents the impact of a 10% appreciation of the U.S. dollar or the euro against the relevant functional currency for overseas insurance companies whose functional currency is not the Japanese yen.

For monetary items such as insurance contracts, reinsurance contracts, and bonds, changes in exchange rates other than the functional currency result in corresponding foreign exchange gains or losses, the effects of which are reflected in net income before tax (the amortization of CSM is calculated on an annual basis). For discount rate differences arising from domestic insurance and reinsurance contracts, changes in exchange rates other than the functional currency result in changes in the discount rate differences recognized in other comprehensive income, the effects of which are reflected in other comprehensive income before tax. For discount rate differences arising from overseas insurance and reinsurance contracts, changes in exchange rates other than the functional currency result in changes in the foreign exchange gains or losses, the effects of which are reflected in net income before tax. For valuation differences arising from changes in the fair value of debt instruments measured at FVTOCI, valuation differences recognized in other comprehensive income similarly change, the effects of which are reflected in other comprehensive income before tax. In addition, for all foreign exchange derivatives, regardless of whether the assets or liabilities hedged against foreign exchange risk are monetary or non-monetary, the impact of foreign exchange gains and losses resulting from changes in foreign exchange rates is reflected in net income before tax. For each of the above variables, the impact is assessed assuming that only a single variable changes, with all other variables held constant.

38.4 Credit risk

Credit risk is a risk of incurring financial loss in regard to bonds, loans and advances held by the Group, counterparties for trading assets such as derivative transactions, or reinsuring entities in reinsurance contracts, due to declined value of invested assets and difficulty in debt servicing or difficulty in collection of reinsurance claims as a result of the deterioration of financial conditions or bankruptcy.

38.4.1 Financial assets applicable to expected credit loss model

(1) Credit risk management

The Group manages credit risk of financial assets applicable to expected credit loss model by taking the following measures.

Establishing a credit policy and credit limit

The Group executes respective investments and loans, including bonds and loans, based on an appropriate assessment of the degree of credit risk of the debtors through an internal rating system. In addition, in order to control the concentration of credit risk on specific debtors, the Group sets a maximum amount of credit per debtor for each internal rating and manages credit risk appropriately.

Periodic credit risk monitoring

The Group monitors the financial condition and debt servicing performance of debtors and takes appropriate actions, including timely update of internal ratings and reduction of credit limit or protection of claims as necessary. In addition to managing credit exposure of each debtor, the Group manages credit exposures to avoid excessive concentration of credits to specific sectors such as industries and countries.

Self-assessment of credit quality and verification

The Group conducts self-assessment of credit quality (i.e., examining credit quality of each asset held individually and classifying them according to the degree of collectability or risk of damage to value) for all financial assets.

In the process of self-assessment, each department in charge conducts self-assessment (primary assessment), a department independent from the department in charge conducts verification (secondary assessment), and an audit department conducts an audit, while the expected credit losses are measured and recorded based on the results of self-assessment.

(2) Credit risk exposure by credit rating

The following table analyzes the carrying amount of financial assets subject to the expected credit loss model by internal credit rating. It shows the total amount of the Group's maximum credit exposure (before credit guarantees are taken into account) arising from these investments.

As of March 31, 2025

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Investment securities				
AAA	86,691	—	—	86,691
AA	3,995,933	—	—	3,995,933
A	263,856	—	—	263,856
BBB	28,196	—	—	28,196
BB or below	—	—	—	—
No rating	11,342	—	0	11,342
Carrying amount (Note)	4,386,019	—	0	4,386,019
Loans and advances				
AAA	18,273	—	—	18,273
AA	74,087	258	—	74,346
A	304,734	500	—	305,234
BBB	7,461	500	—	7,961
BB or below	570	20	5	597
No rating	101,893	100	—	101,993
Carrying amount (Note)	507,022	1,379	5	508,407

As of March 31, 2026

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-credit-impaired financial assets	Credit-impaired financial assets	
Investment securities				
AAA	**94,992**	**—**	**—**	**94,992**
AA	**3,379,981**	**—**	**—**	**3,379,981**
A	**304,575**	**—**	**—**	**304,575**
BBB	**16,445**	**—**	**—**	**16,445**
BB or below	**—**	**—**	**—**	**—**
No rating	**10,501**	**—**	**0**	**10,501**
Carrying amount (Note)	**3,806,496**	**—**	**0**	**3,806,496**
Loans and advances				
AAA	**8,000**	**—**	**—**	**8,000**
AA	**72,535**	**50**	**—**	**72,586**
A	**318,494**	**500**	**—**	**318,994**
BBB	**5,212**	**500**	**—**	**5,712**
BB or below	**326**	**16**	**2**	**345**
No rating	**140,355**	**0**	**—**	**140,356**
Carrying amount (Note)	**544,925**	**1,066**	**2**	**545,995**

(Note) The carrying amount of financial assets measured at amortized cost represents the gross carrying amount before deducting allowance for credit losses.

Collateral and other credit enhancement

The Group receives collaterals including securities and property, or a parent company's guarantee for loans and receivables. For credit-impaired financial assets at the end of a fiscal year, the amount of those receivables is, in principle, fully protected by such collaterals.

Credit concentration risk

Credit concentration risk is the risk that a large amount of credit will be concentrated in a particular credit recipient, resulting in a large loss due to deterioration of the financial condition or bankruptcy of the credit recipient.

The Group has introduced an internal credit rating system and sets a limit of exposure per credit recipient for each internal rating, and regularly monitors and appropriately manages the credit concentration. In addition to the concentration in each credit recipient, the Group also periodically monitors the credit status of specific sectors such as industries and regions to ensure that there is no excessive concentration.

The domestic sector accounts for most of the Group's credit concentration. Other than that, however, there is no credit concentration in specific jurisdiction and regions, and there is no credit concentration in specific industries in Japan.

(3) Measurement of expected credit losses

The Group manages credit risks by grouping similar exposures based on types of financial instruments and credit ratings, measuring expected credit losses of the groups on a collective basis.

For assets with a significant increase in credit risk since initial recognition, the Group recognizes lifetime expected credit losses of a financial asset while considering all reasonable and supportable information including forward-looking information. For assets with no significant increase in credit risk since initial recognition, the Group measures allowance for credit losses for such assets at an amount equal to 12-month expected credit losses. Specifically, the expected credit losses are measured based on the probability of default (PD) and loss given default (LGD) for the 12 months or for the lifetime of the asset. To determine the lifetime PD and the 12-month PD, the Group uses a PD table created based on a default history of debtors by each rating provided by several credit rating agencies. LGD is an estimate of potential loss if the loans were to default. LGD is determined on the basis of factors including structure, collateral and seniority ranking of credit claims.

To reflect forward-looking information in a timely manner while considering changes in macro-economic conditions, historical data used will be calibrated by incorporating present and future economic forecasts when significant changes in economic conditions are observed.

Determination of significant increase in credit risk

The Group manages credit risk using an internal credit rating system for each debtor, ensuring a certain level of consistency with external ratings provided such as by S&P and Moody's.

The Group determines that there is a significant increase in credit risk if:

- a certain downgrade of internal rating is observed after the initial recognition of a financial asset;
- a payment is more than 30 days past due without a rebuttable presumption; or
- an event that may significantly change the debtor's ability to fulfil its obligation has occurred due to unfavorable changes in business, financial, or economic conditions.

To reflect forward-looking information in a timely manner while considering changes in macro-economic conditions, historical data used for the determination of credit risk will be calibrated by incorporating present and future economic forecasts when significant changes in economic conditions are observed.

As low credit risk exception has been applied to bonds, the Group considers that there is no significant increase in credit risk of investment-grade securities as of the end of the reporting period.

Definition of default

The Group defines that default occurs when the debtor has more than 90 days past due on a credit obligation or bankruptcy and the like while considering debt servicing history and consistency with assessment classification resulting from self-assessment of credit quality in line with the regulatory requirements.

Determination of credit-impaired financial assets

The Group determines that credit-impaired financial assets are claims that are in default, claims owed by a debtor who is likely to bankrupt and restructured loans that may cause significant disadvantage for a creditor.

Write-off

The gross carrying amount of financial asset is (fully or partly) written-off when there is no reasonable expectation of recovery. This occurs when the Group determines that a debtor does not have enough assets or revenue sources to generate sufficient cash flows to repay the amount subject to write-off.

Modified financial assets

Contractual terms of financial assets may be modified for various reasons such as relevant changes in market conditions and other factors not related to deterioration in the credit worthiness of debtors in current conditions and forecasts of future economic conditions. If a modification occurs, the Group monitors the amounts and ratio affected both before and after the modification and individually determines if a financial asset qualifies for derecognition.

Financial assets that qualify for derecognition are recognized at fair value as new financial assets that are renegotiated.

In case there is no derecognition even if financial assets are modified, the Group determines whether there is a significant increase in credit risk of such assets by comparing internal ratings both at initial recognition and at a reporting date.

The changes in allowance for credit losses related to investment securities are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-credit-impaired financial assets	Credit-impaired financial assets		Non-credit-impaired financial assets	Credit-impaired financial assets
Beginning balance	757	—	—	**713**	**—**	**—**
Changes due to transfer of beginning balance:						
Transfer to 12-month expected credit loss	—	—	—	**—**	**—**	**—**
Transfer to lifetime expected credit loss (non-credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Transfer to lifetime expected credit loss (credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Write-off	—	—	—	**—**	**—**	**—**
Provision due to new acquisition, derecognition and remeasurement (net)	(43)	—	—	**(38)**	**—**	**—**
Foreign exchange	—	—	—	**—**	**—**	**—**
Others	—	—	—	**—**	**—**	**—**
Ending balance	713	—	—	**675**	**—**	**—**

The changes in allowance for credit losses related to loans and advances are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)			Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-credit-impaired financial assets	Credit-impaired financial assets		Non-credit-impaired financial assets	Credit-impaired financial assets
Beginning balance	47	4	3	**36**	**4**	**2**
Changes due to transfer of beginning balance:						
Transfer to 12-month expected credit loss	—	—	—	**0**	**(0)**	**—**
Transfer to lifetime expected credit loss (non-credit-impaired financial assets)	(0)	0	—	**(0)**	**0**	**—**
Transfer to lifetime expected credit loss (credit-impaired financial assets)	—	—	—	**—**	**—**	**—**
Write-off	—	—	—	**—**	**—**	**(1)**
Provision due to new acquisition, derecognition and remeasurement (net)	(10)	(0)	(0)	**(4)**	**(0)**	**(0)**
Foreign exchange	—	—	—	**—**	**—**	**—**
Others	—	—	—	**—**	**—**	**—**
Ending balance	36	4	2	**32**	**3**	**1**

38.4.2 Reinsurance contracts

Although reinsurance is used to manage insurance risk, it does not mean that the Group is exempted from the responsibility as an insurance company. Even if the reinsurer fails to pay insurance claims for any reason, the Group is obliged to make payments to policyholders. The creditworthiness of the reinsurance company is managed by assessing its financial soundness before entering into a contract.

Although reinsurance contract assets are not subject to the expected credit loss model under IFRS 9, the Group estimates cash flows considering credit risk when estimating the future fulfilment cash flows.

The balances of reinsurance contract assets by internal credit rating are as follows. The maximum credit risk exposure equals the balance of reinsurance contract assets.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
AAA	394	**55,393**
AA	557,378	**767,474**
A	513,414	**936,030**
BBB	12,983	**58,524**
BB or below	17,226	**38,162**
No rating	107,915	**339,302**
Total	1,209,313	**2,194,887**

Concentration of ceded reinsurance risk

Concentration of ceded reinsurance risk is the risk of incurring significant losses due to deterioration of the financial condition or bankruptcy of the reinsurer as a result of a concentration of ceding to a specific reinsurer. The Group has implemented an internal rating system and sets a limit on the maximum expected recovery per reinsurer for each internal rating, and regularly monitors and appropriately manages the concentration risk of ceded reinsurers.

38.5 Liquidity risk

Liquidity risk is a risk of incurring losses as a result of deterioration in cash position and being forced to make transactions at a price significantly lower than usual to secure funds. Such risk arises from a decrease in insurance revenue associated with a decrease in new contracts, an increase in the payment of surrender value associated with large cancellations, and the payment of a large amount of insurance claims due to large-scale disasters. It also includes the risk of late payment of claims due to failure to make transactions resulting from market disruptions and other factors.

The Group manages its day-to-day cash management activities and forecasts the maximum outflow of funds such as payments of insurance claims resulting from the development of a liquidity risk scenario including the occurrence of a huge disaster. It also secures sufficient liquid assets in preparation for such outflow of funds.

Maturity analysis

The contractual undiscounted cash flows of non-derivative financial liabilities and derivatives are as follows.

As of March 31, 2025

(Millions of yen)

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities					
Repo and similar securities borrowings	139,832	139,832	139,832	—	—
Bonds issued and borrowings	691,201	1,025,818	13,742	206,320	805,756
Lease liabilities	334,622	372,277	41,431	138,015	192,830
Derivatives					
Derivative assets	(9,519)	(9,543)	(8,686)	(710)	(147)
Derivative liabilities	5,410	5,410	5,410	—	—
Total	1,161,548	1,533,796	191,730	343,625	998,440

As of March 31, 2026

(Millions of yen)

	Carrying amount	Contractual undiscounted cash flows	Within 1 year	1–5 years	Over 5 years
Non-derivative financial liabilities					
Repo and similar securities borrowings	**3,078**	**3,078**	**3,078**	**—**	**—**
Bonds issued and borrowings	**744,946**	**1,079,888**	**16,932**	**263,473**	**799,482**
Lease liabilities	**354,800**	**394,383**	**45,079**	**154,180**	**195,123**
Derivatives					
Derivative assets	**(5,654)**	**(5,656)**	**(5,464)**	**(220)**	**29**
Derivative liabilities	**16,421**	**16,421**	**16,210**	**—**	**211**
Total	**1,113,593**	**1,488,116**	**75,836**	**417,433**	**994,846**

The actual cash flows may differ from contractual cash flows presented above because some bonds issued and borrowings include clause allowing early redemption. Floating interest rates as of the reporting date are assumed to be held unchanged.

The details of undiscounted cash flows of insurance and reinsurance contracts are as follows. The assets and liabilities for remaining coverage measured by applying PAA are not included.

As of March 31, 2025

(Millions of yen)

	P&C insurance business		Life insurance business	
	Insurance contract	Reinsurance contract	Insurance contract	Reinsurance contract
Within 1 year	2,172,189	(399,840)	(128,093)	(1,518)
1–2 years	1,202,056	(200,061)	(133,313)	—
2–3 years	812,993	(142,847)	(108,334)	—
3–4 years	551,113	(94,614)	(88,092)	—
4–5 years	403,335	(67,539)	(67,209)	—
Over 5 years	1,469,924	(168,136)	3,868,727	—
Total undiscounted cash flows	6,611,612	(1,073,038)	3,343,683	(1,518)
Expected present value of future cash flows /(assets)	5,936,735	(941,456)	1,138,907	(1,518)

As of March 31, 2026

(Millions of yen)

	P&C insurance business		Life insurance business	
	Insurance contract	Reinsurance contract	Insurance contract	Reinsurance contract
Within 1 year	**2,529,803**	**(553,403)**	**(130,284)**	**(1,788)**
1–2 years	**1,458,911**	**(322,202)**	**(129,401)**	**—**
2–3 years	**1,039,776**	**(229,505)**	**(105,869)**	**—**
3–4 years	**750,211**	**(169,618)**	**(82,028)**	**—**
4–5 years	**561,604**	**(126,831)**	**(62,819)**	**—**
Over 5 years	**2,001,405**	**(393,850)**	**4,302,285**	**—**
Total undiscounted cash flows	**8,341,712**	**(1,795,412)**	**3,791,882**	**(1,788)**
Expected present value of future cash flows /(assets)	**7,262,794**	**(1,535,958)**	**823,141**	**(1,788)**

The amounts payable on demand from policyholders and the carrying amount of the related group of insurance contracts are as follows.

(Millions of yen)

As of March 31, 2025		As of March 31, 2026	
Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount
4,342,090	9,327,341	**4,287,515**	**10,680,332**

The amount payable on demand includes the amount of surrender value at the reporting date that would be paid if the insurance contracts were terminated.

38.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities that are subject to enforceable master netting arrangement or similar agreement are as follows.

As of March 31, 2025

(Millions of yen)

Class of transaction	Gross amount of recognized financial assets/financial liabilities	Recognized amount offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
Financial assets						
Derivative assets	9,320	—	9,320	3,573	2,638	3,108
Reverse-repo and similar securities lending	—	—	—	—	—	—
Financial liabilities						
Derivative liabilities	4,400	—	4,400	3,573	524	302
Repo and similar securities borrowings	139,832	—	139,832	139,657	—	174

As of March 31, 2026

(Millions of yen)

Class of transaction	Gross amount of recognized financial assets/financial liabilities	Recognized amount offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received/ pledged	
Financial assets						
Derivative assets	**988**	**—**	**988**	**690**	**198**	**99**
Reverse-repo and similar securities lending	**36,065**	**—**	**36,065**	**35,728**	**—**	**336**
Financial liabilities						
Derivative liabilities	**12,390**	**—**	**12,390**	**690**	**10,788**	**910**
Repo and similar securities borrowings	**3,078**	**—**	**3,078**	**3,042**	**—**	**36**

Under an enforceable master netting arrangement or similar agreement, the right of offsetting financial assets and financial liabilities becomes enforceable only when defaults and other specific events that are not expected in the ordinary course of business occur. It affects the settlement of individual financial assets and financial liabilities. Consequently, these agreements do not currently create a legally enforceable right to offset and do not meet offsetting requirements in the statement of financial position.

39. Subsequent events

(1) The issuance of a U.S. dollar-denominated senior unsecured notes

On April 22, 2026, the Company issued a U.S. dollar-denominated senior unsecured notes as follows.

1. Issuer	Sompo Holdings, Inc.
2. Type	U.S. dollar-denominated senior unsecured notes (with optional redemption)
3. Principal amount	USD 1.3 billion
4. Offering price	100% of principal amount
5. Interest rate	Until April 22, 2036: Fixed rate of 5.411% per annum From and including April 22, 2036 Applicable U.S. 1-year treasury yield +2.130% (initial spread +100bp)
6. Interest payment date	April 22 and October 22 of each year
7. Maturity date	April 22, 2037 (The Notes may be redeemed at the Company's option, subject to compliance with applicable regulatory requirements, including prior confirmation of the Commissioner of the Financial Services Agency of Japan, on April 22, 2036 or any Interest Payment Date thereafter)
8. Status of the notes	The Notes will rank pari passu with the Company's other unsecured and unsubordinated obligations; however, because holders of the Notes have recourse only to the Company, the Notes are structurally subordinated to the claims of creditors of each of the Company's subsidiaries
9. Offering	The Notes are offered in overseas securities markets, including the United States, Europe and Asia. (The Notes are not offered or sold within the United States, except to "qualified institutional buyers" in reliance on the exemption from registration provided by Rule 144A under the United States Securities Act of 1933, as amended.)
10. Governing law	The law of the State of New York
11. Listing	Singapore Exchange Securities Trading Limited
12. Use of proceeds	The proceeds will be used to make a subordinated loan to Sompo Japan Insurance Inc.
13. Closing date	April 22, 2026

(2) Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's share buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of the Act at its Board of Directors meeting held on May 20, 2026.

(i) Reason for share buybacks

While maintaining financial soundness and improving capital efficiency by investing in growth fields, the Company upholds a shareholder return policy of paying a basic return (50% of adjusted consolidated profit, based on the latest 3-year average) and, in principle, a supplementary return of 50% of the after-tax gains on the sale of strategic stock holdings. Furthermore, the Company will consider adjusting the capital level based on risk and capital conditions, trends in business results, and market environment. The Company will return by dividends and share buybacks. In accordance with this shareholder return policy, the Company will conduct share buybacks as basic and supplementary returns.

(ii) Details of share buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	17,000,000 shares (upper limit)
(c) Total value	69,000,000,000 yen (upper limit)
(d) Period	June 2, 2026 - November 18, 2026

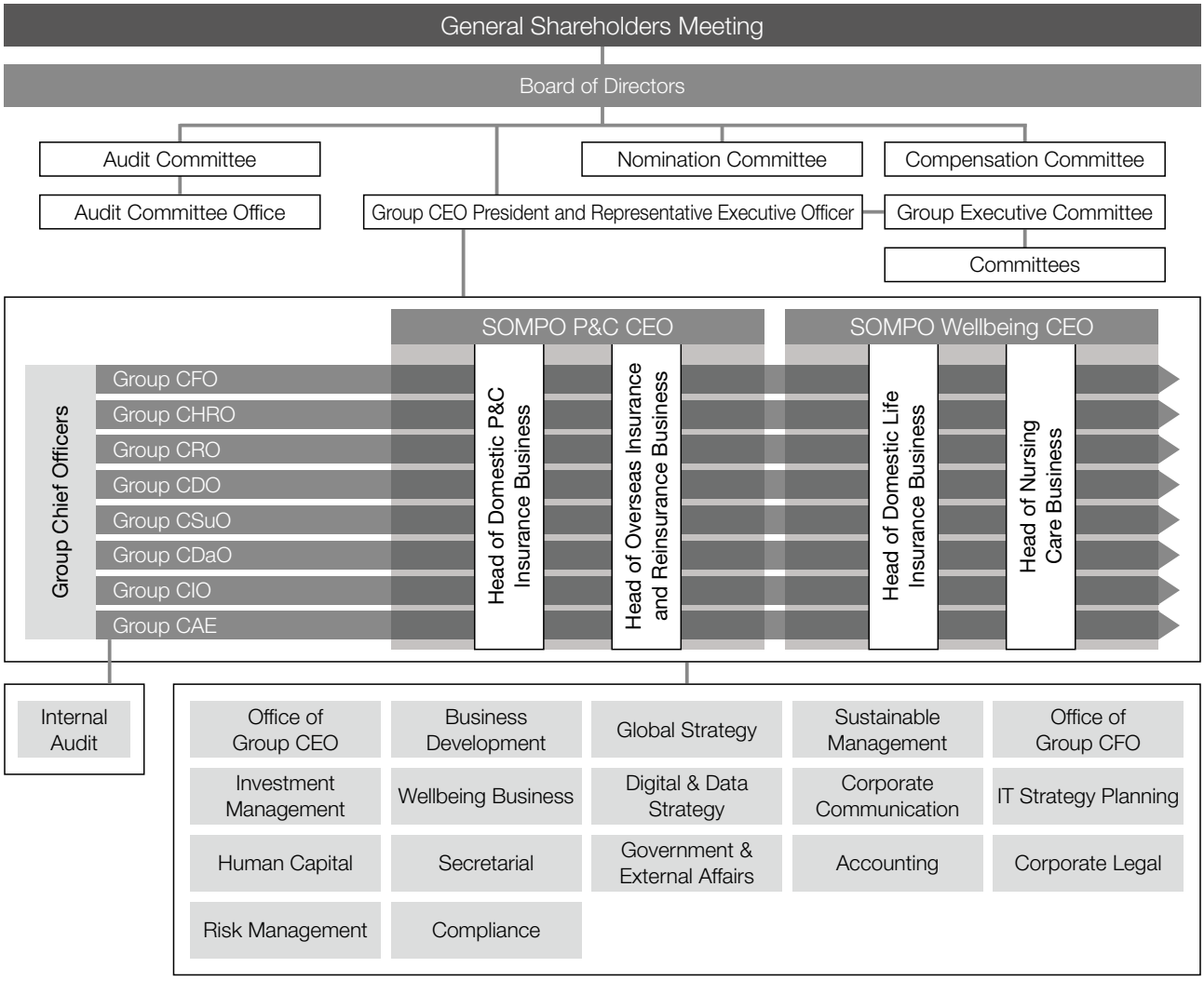
Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, President and Representative Executive Officer:	Mikio Okumura
Employees:	497*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations
Exchange listing:	Tokyo Stock Exchange (Prime Market)
Independent auditor:	Ernst & Young ShinNihon LLC
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2026

Organization Chart

(As of July 1, 2026)



Group CEO and other abbreviated titles represent the following positions: Group CEO:Group Chief Executive Officer/Group CFO:Group Chief Financial Officer/ Group CHRO:Group Chief Human Resource Officer/Group CRO:Group Chief Risk Officer/Group CDO:Group Chief Digital Officer/Group CSuO: Group Chief Sustainability Officer/Group CDaO:Group Chief Data Officer/Group CIO:Group Chief Information Officer/Group CAE:Group Chief Audit Executive

Share and Shareholder Information

Share Information

1. Fiscal year:	April 1 of each year through March 31 of the following year
2. Annual General Meeting of Shareholders:	Held within 3 months of the end of each fiscal year
3. Record date for year-end dividends and voting rights:	March 31 Note: Record date for interim dividends: September 30
4. Share-trading lot size:	100
5. Shareholder registry administrator:	Mizuho Trust & Banking Co., Ltd.
6. Public notices:	Sompo Holdings issues public notices electronically. https://www.sompo-hd.com/en/ Note: If a public notice cannot be issued electronically, it will be published in the Nikkei (newspaper).
7. Exchange listing:	Tokyo Stock Exchange (Prime Market)

Matters for the General Meeting of Shareholders

The 16th General Meeting of Shareholders was held on June 22, 2026. The matters to be reported and the matters to be resolved were as follows:

Matters to Be Reported

1. The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the accounting auditors and the Audit Committee for fiscal 2025 (April 1, 2025 to March 31, 2026)
2. The financial statements for fiscal 2025 (April 1, 2025 to March 31, 2026)

Matters to Be Resolved

[Company proposals]

Proposal No. 1: Disposition of Retained Earnings

Proposal No. 2: Partial Amendments to the Articles of Incorporation

Proposal No. 3: Appointment of 11 Directors

The proposals were approved as initially proposed.

[Shareholder Proposals]

Proposal No. 4: Partial Amendments to the Articles of Incorporation

The proposal was rejected.

Distribution and Shares

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	3,600,000,000
(3) Total number of shares outstanding	934,228,767 (Including treasury stock)
(4) Total number of shareholders	77,874

2. Types of Shareholders

(As of March 31, 2026)

Category	Number of Shareholders	Number of Shares Held (Thousands)*1	Percentage of Shares Outstanding (%)*2
National and Regional Governmental Organizations	2	24	0.00
Financial Institutions	122	266,706	28.55
Securities Companies	55	37,912	4.06
Other Corporations	1,157	47,475	5.08
Foreign Investors	1,279	434,305	46.49
Individuals and Others	75,259	147,803	15.82
Total	77,874	934,228	100.00

Note:
*1 Numbers of shares held are truncated to the unit displayed.
*2 Percentage of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2026)

Name of Shareholder	Number of Shares Held (Thousands)*3	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)*4
The Master Trust Bank of Japan, Ltd. (Trust account)	145,863	16.32
Custody Bank of Japan, Ltd. (Trust account)	52,168	5.84
STATE STREET BANK AND TRUST COMPANY 505103	30,465	3.41
STATE STREET BANK AND TRUST COMPANY 505001	24,830	2.78
Sompo Holdings Employee Shareholders Association	20,726	2.32
JP MORGAN CHASE BANK 380055	16,561	1.85
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	15,441	1.73
THE BANK OF NEW YORK MELLON 140042	13,061	1.46
GOVERNMENT OF NORWAY	12,767	1.43
JP MORGAN CHASE BANK 385781	12,701	1.42

*3. In addition to the above, there are 40,398 thousand shares of treasury stock owned by the Company. The said number of treasury stock does not include 1,587 thousand shares of the Company's stock owned by Mizuho Trust & Banking Co., Ltd. (Retrustee: Custody Bank of Japan, Ltd. (Trust account E), which was set up for the purpose of the "Board Benefit Trust (BBT)" plan.)

*4. The percentage of shares outstanding is calculated after deducting treasury stock (40,398 thousand shares).

The Company, Subsidiaries, and Affiliates (As of March 31, 2026)

The Sompo Group consists of 165 subsidiaries and 22 affiliates, etc. The Group is engaged in Domestic P&C Insurance, Overseas Insurance and Reinsurance, Domestic Life Insurance, Nursing Care, Digital-related, Asset Management. Major Group companies are as follows.

Sompo Holdings, Inc.

Domestic P&C Insurance
- ◎ Sompo Japan Insurance Inc.
- ◎ Sompo Direct Insurance Inc.

Overseas Insurance and Reinsurance
- ◎ Sompo International Holdings Ltd.
- ◎ Endurance Specialty Insurance Ltd.
- ◎ Aspen Insurance Holdings Limited
- ◎ Endurance Assurance Corporation
- ◎ Endurance Worldwide Insurance Limited
- ◎ SI Insurance (Europe), SA
- ◎ Sompo Holdings (Asia) Pte. Ltd.
- ◎ Sompo Sigorta Anonim Sirketi
- ◎ Sompo Seguros S.A.

Domestic Life Insurance
- ◎ Sompo Himawari Life Insurance Inc.

Nursing Care
- ◎ Sompo Care Inc.
- ◎ ND Software Co., Ltd.

Others
- ◎ SOMPO Light Vortex, Inc. (Digital-related)
- ◎ Sompo Asset Management Co., Ltd. (Asset management)
- ◎ Sompo Japan DC Securities Inc. (Defined contribution pension plan)
- ◎ Sompo Health Support Inc. (Healthcare)
- ★ Palantir Technologies Japan K.K. (Software sales)

Note: The meanings of each symbol are as follows.
◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

Subsidiaries and Affiliates, etc.

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Percentage of Voting Rights Held by the Holding Company (%)*1	Percentage of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*1
Sompo Japan Insurance Inc.	Shinjuku-ku, Tokyo	February 12, 1944	167,500 million Japanese yen	Domestic P&C	100.0	—
Sompo Direct Insurance Inc.	Shinjuku-ku, Tokyo	September 22, 1982	40,260 million Japanese yen	Domestic P&C	100.0	100.0
Sompo International Holdings Ltd.	Pembroke (British Overseas Territory of Bermuda)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Specialty Insurance Ltd.	Pembroke (British Overseas Territory of Bermuda)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Aspen Insurance Holdings Limited	Pembroke (British Overseas Territory of Bermuda)	May 23, 2002	91 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Assurance Corporation	Wilmington, DE (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	346,320 thousand U.S. dollars	Overseas Insurance and Reinsurance	100.0	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	685,899 thousand Singapore dollars	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,872,552 thousand Brazilian reals	Overseas Insurance and Reinsurance	100.0	100.0
Sompo Himawari Life Insurance Inc.	Chiyoda-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—
Sompo Care Inc.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care	100.0	—
ND Software Co., Ltd.	Nanyo-shi, Yamagata	December 20, 2018	100 million Japanese yen	Nursing Care	100.0	—
SOMPO Light Vortex, Inc.	Shinjuku-ku, Tokyo	July 1, 2021	18,898 million Japanese yen	Other (Digital-related)	100.0	—
Sompo Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management)	100.0	—
Sompo Japan DC Securities Inc.	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plan)	100.0	100.0
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Other (Healthcare)	100.0	—
147 other companies						

Equity-Method Affiliates, etc.

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Percentage of Voting Rights Held by the Holding Company (%)*1	Percentage of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%)*1
Palantir Technologies Japan K.K.	Shibuya-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
21 other companies						

Note: "Subsidiaries and affiliates, etc." includes subsidiaries and affiliates, etc., as specified in the Insurance Business Act and the Order for Enforcement of the Insurance Business Act.

*1 Figures in percentage of voting rights are rounded to the indicated decimal place.

Directors and Executive Officers (As of June 22, 2026)

Directors

Name	Position
Mikio OKUMURA	Director
Shinichi HARA	Director Member of the Nomination Committee Member of the Compensation Committee
Katsuyuki TAJIRI	Director
Kazuhiro HIGASHI	Director* Chairman of the Board Chair of the Compensation Committee Member of the Nomination Committee
Misuzu SHIBATA	Director* Chair of the Audit Committee
Meyumi YAMADA	Director* Chair of the Nomination Committee Member of the Compensation Committee
Masayuki WAGA	Director* Member of the Audit Committee
Toru KAJIKAWA	Director* Member of the Audit Committee
Jeffrey HAYMAN	Director*
Yuji KAWAUCHI	Director Member of the Audit Committee
Shinobu IMAMURA	Director Member of the Audit Committee

* Outside Director as set forth in Article 2 (XV) of the Companies Act.
* Kazuhiro HIGASHI, Misuzu SHIBATA, Meyumi YAMADA, Masayuki WAGA, Toru KAJIKAWA, and Jeffrey HAYMAN meet the requirements of an "independent director" which is specified by the Tokyo Stock Exchange, Inc., and are deemed as being unlikely to have any conflict of interest with general stockholders.

Executive Officers and Vice Presidents

Name	Position
Mikio OKUMURA	Group CEO Director, President and Representative Executive Officer
Shinichi HARA	Group CHRO Director, Deputy President and Representative Executive Officer
Katsuyuki TAJIRI	Group CFO Director, Deputy President and Representative Executive Officer
James SHEA *1	CEO of SOMPO P&C, Senior Vice President Head of Overseas Insurance and Reinsurance Business under SOMPO P&C (CEO of Sompo International Holdings)
Yasuhiro OBA *2	CEO of SOMPO Wellbeing, Senior Vice President (Chairman of Sompo Himawari Life Insurance)
Koji ISHIKAWA *3	Senior Vice President Head of Domestic P&C Insurance Business under SOMPO P&C (President, Representative Director and CEO of Sompo Japan Insurance)
Yasuki KUME *4	Senior Vice President Head of Domestic Life Insurance Business under SOMPO Wellbeing Business (President, Representative Director and CEO of Sompo Himawari Life Insurance)
Takamitsu WASHIMI *5	Senior Vice President Head of Nursing Care Business under SOMPO Wellbeing Business (President, Representative Director and CEO of Sompo Care)
Koichi NARASAKI	Senior Executive Vice President and Executive Officer Head of Digital & New Business in charge of Investment General Manager, Business Development Department
Kayoko SAKAI	Group CSuO Senior Executive Vice President
Koji TAKAHASHI	Group CRO Executive Vice President and Executive Officer
Masayuki KIMURA	Group Co-CDO Executive Vice President
Ryuichi YOSHIMURA	Group Co-CDO Executive Vice President in charge of Wellbeing Business (Chief Digital & AI Officer)
Akiko MURAKAMI	Group CDaO Executive Vice President
Yoshiyasu SUZUKI	Group CIO Executive Vice President General Manager, IT Strategy Planning Department
David CAMPUTO	Group CAE Senior Vice President
Kyotaro HIROSE	Senior Vice President Head of Direct Insurance Business General Manager, Office of Group CEO
Katsuhito NAKAGAWA *6	Senior Vice President in charge of Direct Insurance Business (President and Representative Director, Sompo Direct Insurance)
Katsuyuki OHARA *7	Senior Vice President in charge of Digital Business (Palantir Technologies Japan CEO)
Ryoko SHIMOKAWA *8	Senior Vice President in charge of Wellbeing Business (President and Representative Director, Sompo Health Support)
Hiroshi HORIE *9	Senior Executive Vice President in charge of Compliance
Nicolas BURNET	Executive Vice President in charge of SOMPO P&C Group Deputy CFO
Junsuke KOIKE	Executive Vice President Group Deputy CFO
Richard HIGA	Senior Vice President Group Deputy CAE General Manager, Internal Audit Department
Sina MARTENS	Senior Vice President in charge of Communications (Group Head of Communications)
Yohei NAMIKI	Senior Vice President in charge of Wellbeing Business
Yoshihiro SASANO	Senior Vice President in charge of Public Relations General Manager, Corporate Communications Department
Tetsuya MORITO	Senior Vice President in charge of Overseas M&A General Manager, Global Strategy Department

*1 James SHEA concurrently serves as Chief Executive Officer and Executive Director at Sompo International Holdings Ltd.
*2 Yasuhiro OBA concurrently serves as Chairman at Sompo Himawari Life Insurance Inc.
*3 Koji ISHIKAWA concurrently serves as President, Representative Director and CEO of Sompo Japan Insurance Inc.
*4 Yasuki KUME concurrently serves as President, Representative Director and CEO of Sompo Himawari Life Insurance Inc.
*5 Takamitsu WASHIMI concurrently serves as President, Representative Director and CEO of Sompo Care Inc.
*6 Katsuhito NAKAGAWA concurrently serves as President and Representative Director of Sompo Direct Insurance Inc.
*7 Katsuyuki OHARA concurrently serves as CEO of Palantir Technologies Japan KK.
*8 Ryoko SHIMOKAWA concurrently serves as President and Representative Director of Sompo Health Support Inc.
*9 Hiroshi HORIE concurrently serves as Representative Director, Senior Executive Vice President of Sompo Japan Insurance Inc.

Risk Management System

In accordance with the "Sompo Group Basic Policy on ERM" established by the Board of Directors, the Sompo Group operates an Enterprise Risk Management (ERM) framework whose aim is to maximize corporate value by minimizing unexpected losses while also seeking to increase earnings through the efficient use of capital.

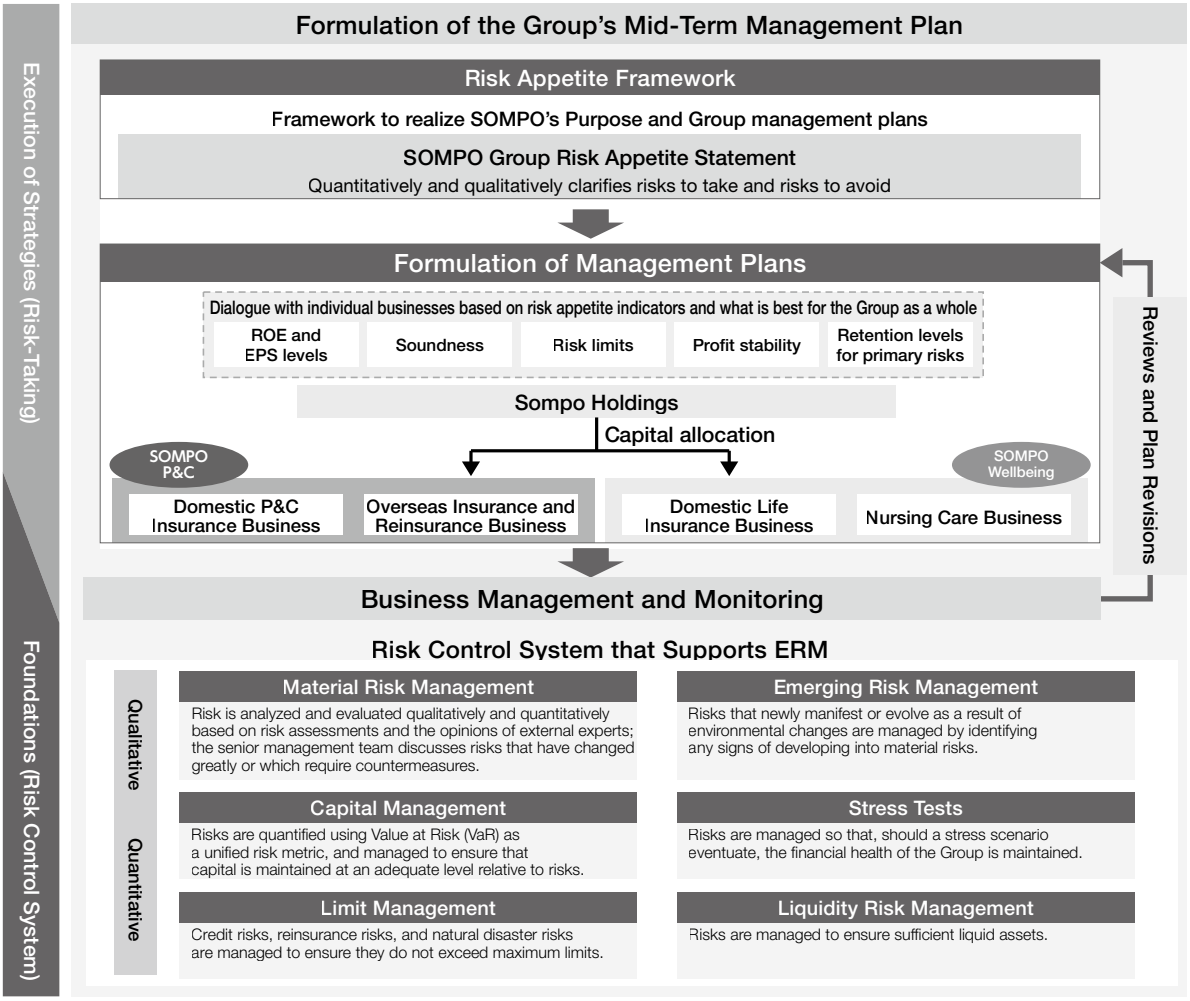
(1) Overview of Risk Management

Sompo Group operates an ERM framework to manage risk across the Group, serving as a sophisticated 'compass' that points the business towards the optimal direction. This embraces not just the avoidance of losses, but also the avoidance of opportunity losses for profitable risk-taking. These include, for example, potential new business investments in response to risks identified. The ERM system seeks to achieve these goals by providing and strengthening the following "three capabilities":

a. Correct understanding of the Group's current position
b. Sensitive detection of potential risks
c. Clear indication of the routes the Group should take

ERM is effected through a series of business management processes that look to maximize corporate value by achieving a balance of capital, risk, and profit through management of the two objectives: "risk-taking for business strategies" and "risk control for a stable business foundation". In the risk-taking context, we make use of analyses on capital, risk, and profit within the Risk Appetite Framework for important management decisions, corresponding to (c) in the above diagram. For risk control, we use a framework – the Risk Control System – to identify, analyze, and assess various types of risks surrounding the Group, aiming to minimize unexpected losses and to increase the stability of profit. This corresponds to (a) and (b) in the diagram above.

Overview of the Sompo Group's Enterprise Risk Management



* The diagram above shows the structure after May 2026.

(2) Risk Management Governance Structure

In order to ensure the effectiveness of "ERM" based on the "Sompo Group Basic Policy on ERM" established by the Board of Directors, "Sompo Group's Risk Appetite Statement" – consisting of the Risk Appetite Principles, the Medium-term Risk-taking Strategy, and the Risk Appetite Indicator – is used as a guideline for risk-taking, in alignment with the Group's strategies and business management plans.

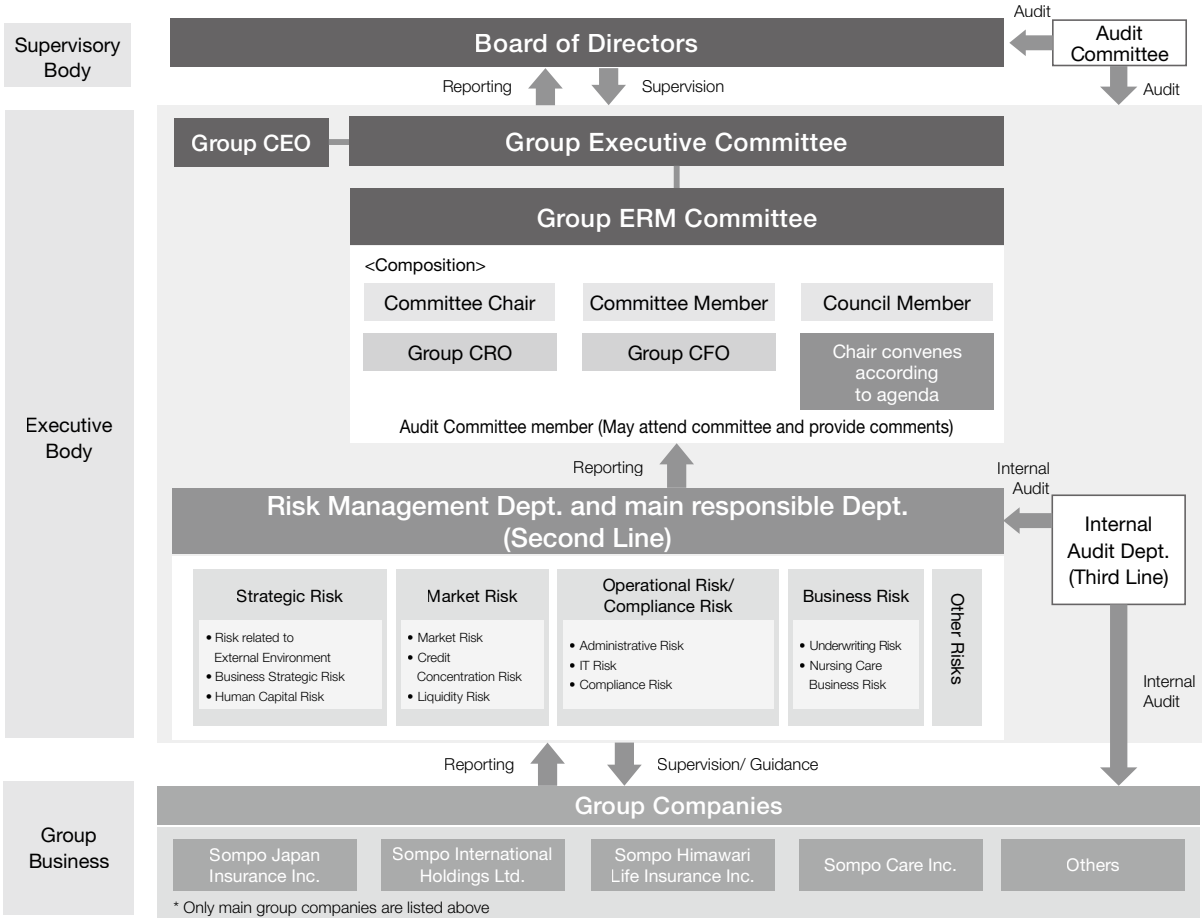
The Group Executive Committee, an advisory body to the Group CEO, regularly holds management discussions on matters related to risk management, including the Group's risk appetite statement, medium-term Group ERM promotion policy, and risk tolerance policies and measures.

The Group ERM Committee, chaired by the Group CRO, has been established as a subordinate body of the Group Executive Committee to conduct cross-sectional management discussions on important Group ERM issues, such as risk-taking strategies, and the status of control of material risks by the department with primary responsibility and risk management department.

The results are reported to the Board of Directors through the Group Executive Committee, and we have established a framework to continuously enhance governance pertaining to group risk management, incorporating advice and recommendations from the Board.

The Group CRO ensures that the "Sompo Group Basic Policy on ERM" and the "Medium-term Group ERM Promotion Policy" are known to all Group companies, and works to improve the effectiveness of ERM for the entire Group through regular monitoring and discussions with the CROs of each company. Group companies have established risk management systems in line with Group policies and manage risk autonomously. The Company and its major subsidiaries have adopted a "three lines" model: First line: Each department or business unit responsible for developing and implementing policies and measures within our company and its key subsidiaries autonomously manages its own risks. Second line: The risk management department, along with the department in charge of relevant duties, oversees and supports first line's risk management activities. Third line: The internal audit section independently evaluates the validity and effectiveness of the overall risk governance framework. These measures collectively ensure and enhance the effectiveness of the Group's risk management system.

<Risk Management Governance Structure>



(3) The Risk Control System and the status of risk and capital

Under the Risk Control System, we conduct risk assessment using “the Material Risk Management” framework – firstly identifying all the material risks we face, then evaluating them from both a qualitative and quantitative perspective. For risks that can be quantified, their impacts on capital adequacy and liquidity are analyzed and assessed based on various quantitative indicators in “Capital adequacy management”, “Stress testing”, “Limit management”, and “Liquidity risk management” frameworks. Based on these analyses, the management decides necessary risk control measures to secure and improve the Group’s financial soundness.

A. Material Risk Management

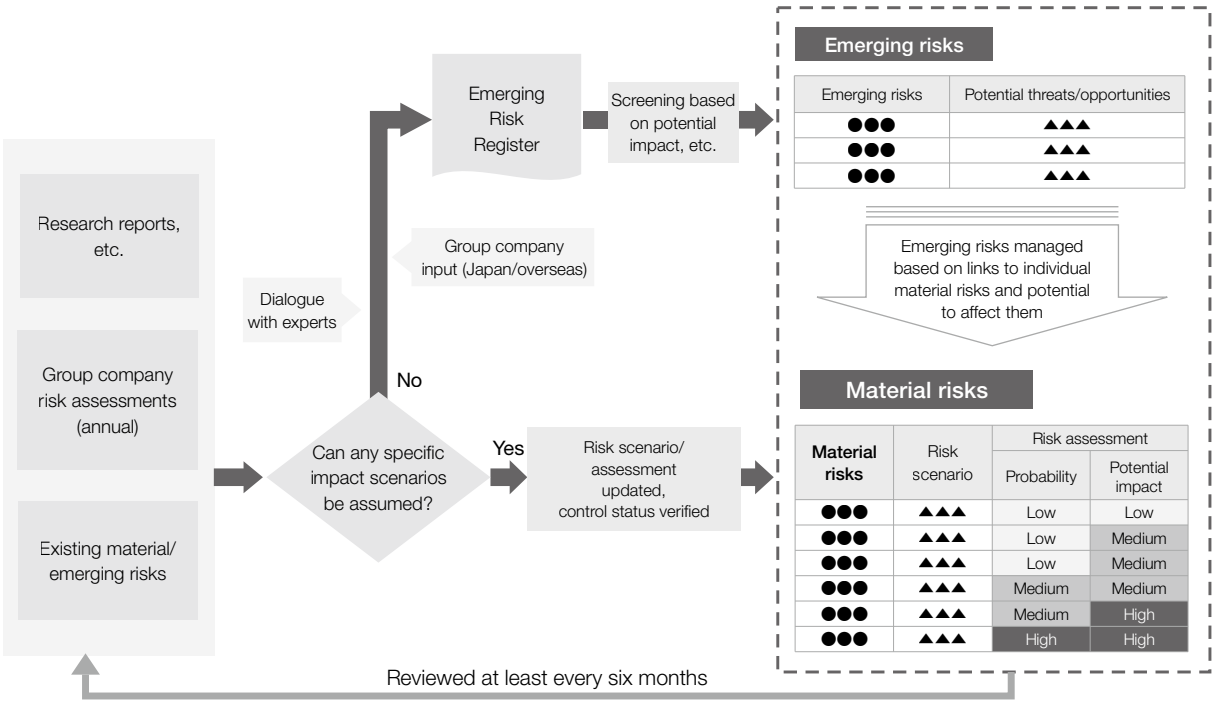
We define “risks that could have significant impacts on the business” as “material risks” and comprehensively capture and evaluate the risks faced by our business through bottom-up risk assessment and top-down confirmation and discussion by the Board of Directors and others. In conducting risk assessment, we have clarified the criteria so as to emphasize the reputational impact from the viewpoints of customers, society, and other stakeholders, in addition to economic loss and business continuity.

Material risks are comprehensively identified by the Group CRO based on risk assessments and the views of experts, etc., and risks are evaluated both qualitatively and quantitatively in terms of likelihood of occurrence and impact, based on specific scenarios of impact of risks on the Group, and the management status is discussed in the Group ERM Committee, then reported to the Group Executive Committee and the Board of Directors at least twice a year.

Risks for which the risk management structure should be reinforced are raised at the Group Executive Committee.

Further, we have defined “emerging risks” as risks that, although it is difficult at this time to evaluate risks based on specific impact scenarios, have the potential to emerge or change due to changes in the environment and have a significant impact on our group in the future, and we manage them appropriately by associating them with individual material risks. In selecting emerging risks, the Group gathers information from various public and private sources, identifies potential candidates based on their possible future impact, and then designates them as emerging risks based on their materiality.

<Management Process for Material and Emerging Risks>



B. Capital Adequacy Management

We quantify the insurance underwriting risks, asset management risks, nursing care risks, and operational risks we are exposed to maintain a sufficient level of capital relative to risks. A system has been established so that countermeasures are properly implemented if necessary.

Risk and Capital Management

In FY2025, efforts to mitigate risk and increase earnings via the sale of strategic shareholdings more than offset the negative impact of the acquisition of Aspen Insurance Holdings Limited. As of March 31, 2026, the Group's ESR*1 of 270% was significantly above the designated target level of 200%*2, indicating a suitable level of financial soundness.

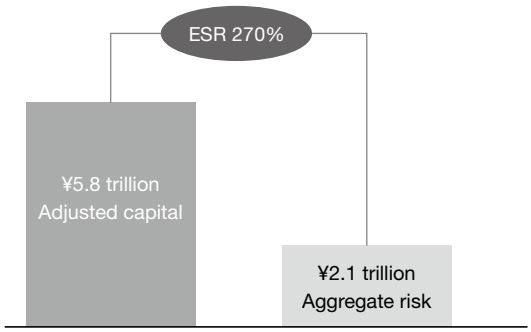
Going forward, with the aim of maintaining financial soundness while improving capital efficiency and the stability of earnings, the Group is committed to further expanding consolidated profits and applying appropriate risk controls.

*1. Economic Solvency Ratio (ESR) is an indicator of capital adequacy relative to risk. The Sompo Group calculates ESR using an internal model tailored to the business portfolio, monitoring ESR as an important management metric. In terms of the domestic solvency margin ratio, which shifted to an economic value basis from FY2025, the Group ensures risk is managed to maintain this metric above the regulatory benchmark of 100% (the level deemed to indicate financial soundness).

*2. Since the full-year financial results for FY2025, the Group has replaced the previous target range and ceiling (250%) with a target level of 200%, the floor of the previous range.

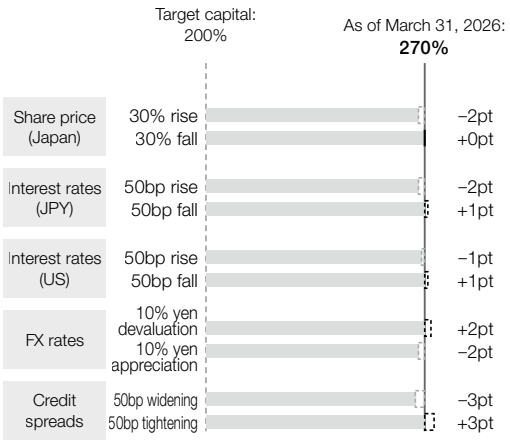
Target capital: min. 200%

200%: stable level of financial soundness even when stress-tested



As of March 31, 2026

ESR sensitivity analysis



C. Stress Testing

We conduct "scenario stress testing", "reverse stress testing", and "sensitivity analyses" on a Group-wide basis to accurately identify and manage events that could significantly affect its business management. We analyze the impact on both capital and risk and take countermeasures as required. As at the end of March 2026, we confirmed that the Group retains sufficient capital even under any of the assumed stress scenarios.

Scenario Stress Testing	We evaluate how significantly large-scale natural catastrophes, financial market disruptions, and other stress scenarios could affect business, verifying capital adequacy and the effectiveness of risk mitigation measures. We regularly verify the validity of stress scenarios to ensure that we can respond appropriately to environmental changes.
Reverse Stress Testing	We identify vulnerability by exploring specific events that breach risk tolerance levels and consider appropriate countermeasures for specific stress events in advance.
Sensitivity Analyses	We identify the impact on capital and risk from fluctuations in key risk factors. Also, we validate in-house models by comparing theoretical figures calculated by the models with the figures of actual results.

D. Risk Limit Management

We have established the maximum limit for each risk on a Group-wide basis such as credit risk, reinsurance counterparty risk, and natural catastrophe risk to avoid outsize losses arising from the occurrence of specific events. The Group sets the limits within the maximum limits based on risk characteristics and has established a system to take appropriate measures when those limits are exceeded. As at the end of March 2026, we have confirmed that each risk was appropriately controlled.

E. Liquidity Risk Management

In addition to projecting cash requirements for day-to-day operations, we project the maximum cash outflows that could result from events such as a large-scale natural catastrophe. We then conduct management to ensure we have sufficient liquid assets to meet cash requirements in these scenarios. As at the end of March 2026, we have confirmed that all Sompo Group insurers have adequate liquid assets to meet such outflows.