

Advancing with you

MS&AD

INSURANCE GROUP

Fiscal 2021 Second Information Meeting

November 24, 2021

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MS&AD Group Overview

Holding company

MS&AD MS&AD Insurance Group Holdings, Inc.

Domestic Non-Life

MS&AD Mitsui Sumitomo Insurance 

MS&AD Aioi Nissay Dowa Insurance 

MS&AD Mitsui Direct General Insurance 

Domestic Life

MS&AD Mitsui Sumitomo Aioi Life Insurance 

MS&AD Mitsui Sumitomo Primary Life Insurance 

International

Non-Life Insurance

Regional Business

Asia

Europe

Americas

Telematics and Mobility

Head Office Reinsurance

Life Insurance

Financial Services

Risk-Related Services

Abbreviations of company names used in this presentation.

- MS&AD Holdings, Holding Company : MS&AD Insurance Group Holdings, Inc.
- MS&AD : MS&AD Insurance Group
- MSI : Mitsui Sumitomo Insurance Co., Ltd.
- ADI : Aioi Nissay Dowa Insurance Co., Ltd.
- Mitsui Direct General, MD : Mitsui Direct General Insurance Co., Ltd.
- MSI Aioi Life, MSA Life : Mitsui Sumitomo Aioi Life Insurance Co., Ltd.
- MSI Primary Life, MSP Life : Mitsui Sumitomo Primary Life Insurance Co., Ltd.
- InterRisk, IRRC : MS&AD InterRisk Research & Consulting, Inc.
- MS Amlin : Sum of business segments including AUL, AAG, AISE and ACS
 - AUL MS Amlin Underwriting Limited
 - AAG MS Amlin AG
 - AISE MS Amlin Insurance SE
 - ACS MS Amlin Corporate Services Limited
- MSIGEU : MSIG Insurance Europe AG
- MS First Capital, MSFC : MS First Capital Insurance Limited
- Challenger : Challenger Limited
- Aioi : Aioi Insurance Co., Ltd.
- NDI : Nissay Dowa General Insurance Co., Ltd.

Caution About Forward-Looking Statements

This presentation contains statements about future plans, strategies, and earnings forecasts for MS&AD Insurance Group Holdings and MS&AD Group companies that constitute forward-looking statements. These statements are based on information currently available to the MS&AD Group. Investors are advised that actual results may differ substantially from those expressed or implied by forward-looking statements for various reasons. Actual performance could be adversely affected by (1) economic trends surrounding our business, (2) fierce competition in the insurance sector, (3) exchange-rate fluctuations, (4) changes in tax and other regulatory systems, etc.

Introduction:

Toward the Completion of “Vision 2021” and Growth for the Next 10 Years

FY2021 Results

- During 1H of FY2021, even with the intermittent spread of COVID-19 infections ongoing, the new business styles with the use of digital tools established throughout the Group allowed us to steadily implement initiatives in each business.
- Group Adjusted Profit in 1H was ¥183.7 billion, but excluding the ¥31.5 billion impact of large-scale natural catastrophe losses additionally recorded by overseas subsidiaries in the third quarter, it was ¥215.2 billion.
- Overseas, losses occurred due to large-scale natural catastrophes such as floods in Europe and Hurricane Ida in the US, but due to fewer natural catastrophes in Japan compared with regular years, net income for the full year in FY2021 is expected to reach ¥230 billion, in line with initial forecasts.

Vision 2021 Progress

- At the end of the interim period, we had achieved 61% of progress towards the Vision 2021 target of ¥300 billion in Group Adjusted Profit, reflecting steady progress towards its eventual achievement.
- We have made steady progress with the three key strategies and established a system to achieve resilient growth in response to environmental changes over the next ten years.

Growth for the Next 10 Years

- Over the ten years since its founding, the Group has built up seven competitive advantages: “a strong sales network,” “the No. 1 position in the domestic non-life insurance market,” “a domestic life insurance business with high growth potential,” “Asia and Lloyd’s,” “portfolio diversification through foreign currency-based asset management,” “the world’s leading venture investments,” and “the CSV awareness among employees.”
- With the aim of generating ¥500 billion in profits on an IFRS basis and becoming a corporate group that supports a resilient and sustainable society, the MS&AD Group will leverage its competitive advantages in an effort to create sustainable value.
- As a risk solution platform holder, we will help solve climate change and other social issues while growing together with society.

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I . FY2021 1H Results and Revised Full-year Forecast

1. Progress Toward Numerical Management Targets and Forecasts

- Group Adjusted Profit in 1H of FY2021 rose by ¥52.6 billion to ¥183.7 billion, despite the additionally booked ¥31.5 billion of natural catastrophe losses in overseas subsidiaries' 3rd quarter.
- Group Adjusted Profit forecast for FY2021 remains at the initial ¥300.0 billion. Net income forecast for FY2021 remains at the initial 230.0 billion yen. (¥bn)

	Interim results				FY2021 Full-year forecast			
	FY2019 1H	FY2020 1H	FY2021 1H	YoY	Revised forecast	YoY	Change from the initial	Target ^{*1}
Group Adjusted Profit	152.3	131.0	183.7	52.6	300.0	85.3	-	300.0
Domestic non-life insurance business (excluding gain/loss from sale of strategic equity holdings)	93.1	102.4	138.6	36.2	199.0	40.4	28.0	177.0
Domestic life insurance business	(82.8)	(88.7)	(118.5)	(29.7)	(167.0)	(47.0)	(31.0)	(150.0)
International business	17.7	36.2	29.6	-6.5	45.0	-11.9	2.0	41.0
Financial services business/ Risk-related services business	38.6	-10.1	13.8	23.9	50.0	57.1	-30.0	75.0
	2.7	2.5	1.4	-1.0	6.0	-0.1	-	7.0
Group Adjusted ROE	-	-	-	-	8.5%	1.8pp	-	10.0%
Net Income/Losses	163.5	96.6	124.8	28.1	230.0	85.6	-	-
Consolidated net premiums written	1,926.8	1,869.0	1,928.5	59.4	3,580.0	79.0	-33.0	3,580.0
Life insurance premiums ^{*2} (gross premiums)	733.2	541.0	665.4	124.3	1,255.0	-42.3	55.0	1,000.0
EEV of MSI Aioi Life	869.6	914.1	1,012.1	98.0	963.0	4.6	-47.0	962.0
ESR (Economic Solvency Ratio)	185%	209%	254%	45%	-	-	-	180% ~ 220%

*1 Announced in May 2020

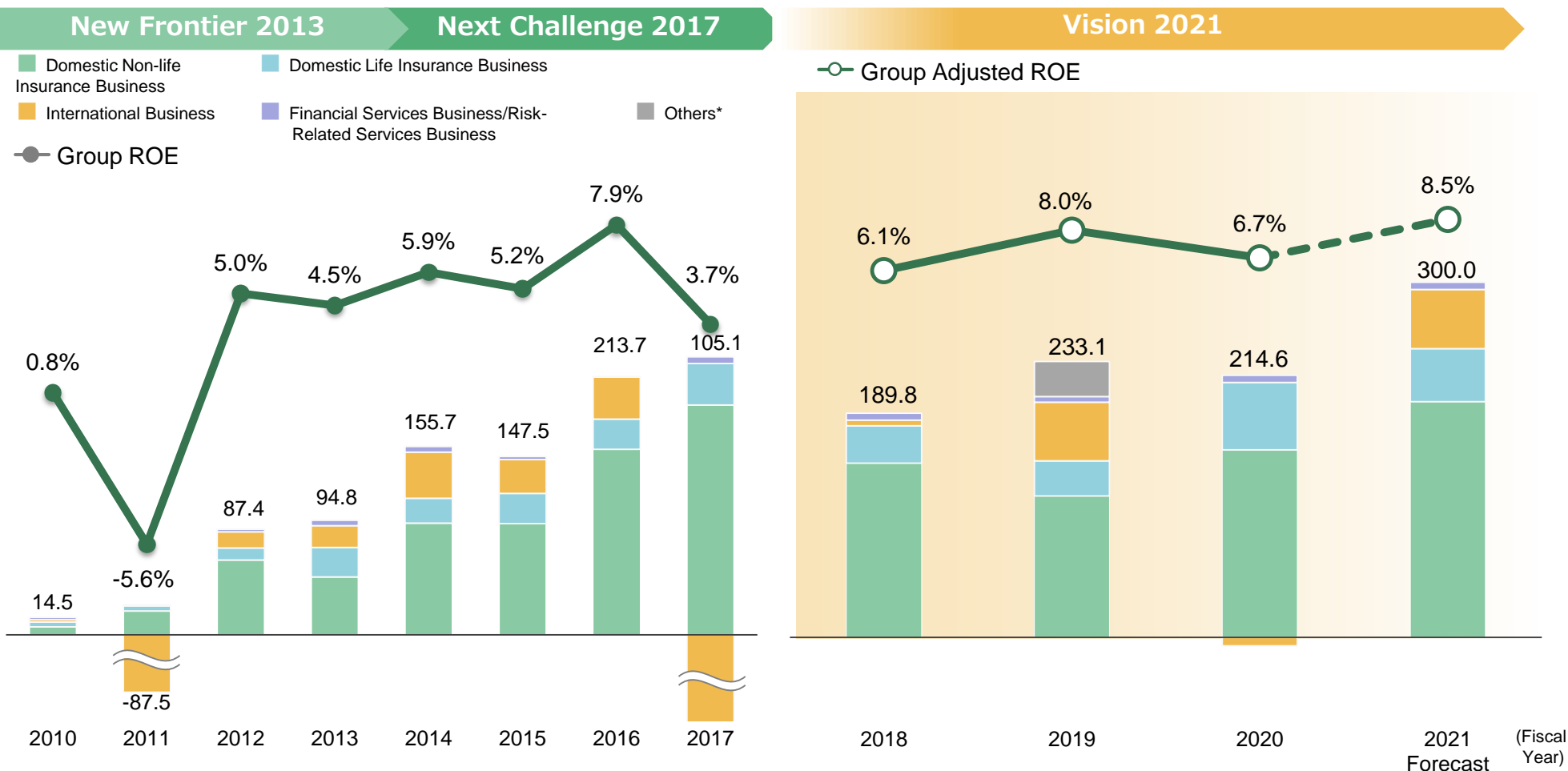
*2 Gross premiums income is for domestic life insurance subsidiaries only.

1. Progress Toward Numerical Management Targets and Forecasts

Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

(¥bn)



2. Interim Results: Natural Catastrophes

- Incurred losses of domestic natural catastrophes decreased by 24.5 billion yen year-on-year to 31.3 billion yen. Incurred losses of overseas natural catastrophes increased by 47.9 billion to 57.0 billion yen due to additionally booked losses in overseas subsidiaries from European floods of July and Hurricane Ida of August.

Natural Catastrophes in FY2021

Impact of domestic natural catastrophes

(¥bn)

	Incurred losses			Incurred losses	
	FY2020 2Q	FY2021 2Q	YoY Change	FY2021	Change from initial
	Results	Results		Forecast	
Mitsui Sumitomo Insurance	34.2	18.6	- 15.5	31.0	- 9.0
Aioi Nissay Dowa Insurance	21.6	12.7	- 8.9	20.0	- 10.0
Total	55.8	31.3	- 24.5	51.0	- 19.0

Impact of overseas natural catastrophes

(¥bn)

	Incurred losses			Incurred losses	
	FY2020 2Q	FY2021 2Q	YoY Change	FY2021	Change from initial
	Results	Results		Forecast	
Aioi Nissay Dowa Insurance	7.3	21.8	14.5	27.5	14.5
MS Amlin	1.7	9.6	7.9	46.5	13.5
Other (MSI, overseas subsidiaries)	-	5.0	5.0	5.9	5.9
Additionally booked nat. cat. losses at overseas subsidiaries* ¹	-	32.4	32.4	-	-
Consolidation adjustments* ²	-	- 12.0	- 12.0	- 12.0	-
Total	9.0	57.0	47.9	68.0	34.0

After tax:
¥31.5 billion

(Ref: FY2021 2Q)
Europe floods Hurricane Ida
23.1 33.1

*1 Additionally booked in 2Q, these losses at overseas subsidiaries are related to European floods and Hurricane Ida that occurred in FY2021 3Q (Jan.-Dec. reporting basis) (MS Amlin: 31.4 billion yen).

*2 "Consolidation adjustments" is the reversal of the estimated North American cold wave losses of February 2021 that were additionally booked in the consolidated financial statements for FY2020.

* The scope of overseas natural catastrophes aggregation is on the Group' internal basis. Figures for MSI include European floods and Hurricane Ida only.

Total impact from domestic and overseas natural catastrophes

(¥bn)



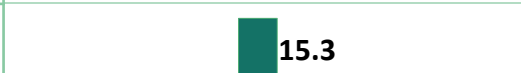







	Incurred losses			Incurred losses	
	FY2020 2Q	FY2021 2Q	YoY Change	FY2021	Change from initial
	Results	Results		Forecast	
Total	64.9	88.4	23.4	119.0	15.0

3. Aiming to Achieve Full-Year Group Adjusted Profit Target

- The profit growth in the international business in the second half of this fiscal year will lead to achievement of the Group Adjusted Profit target of 300 billion yen for fiscal 2021.

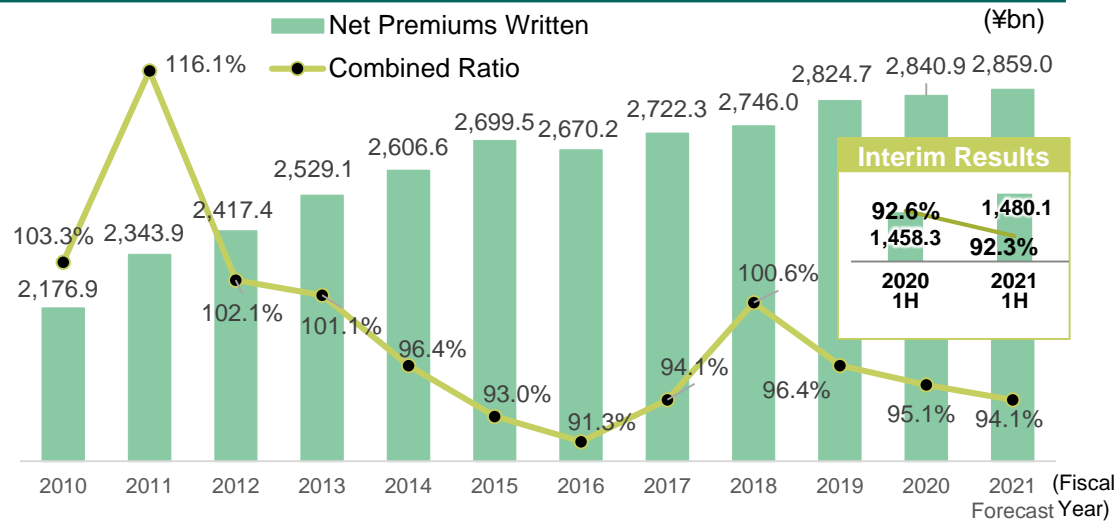
Achievement structure of Group Adjusted Profit forecast

Major factors behind the year-on-year changes in the second half of FY2021 (+/- shows impact on profit)

FY2021 1H Group Adjusted Profit	 183.7 (¥bn)	+52.6	Profit growth in domestic non-life insurance business and international business
Domestic non-life insurance	 60.3	+4.1	Although investment profit will decrease, underwriting profit will grow.
Domestic life insurance	 15.3	-5.4	Rebound from a decrease in provision for policy reserves due to a large number of cancellation caused by target hits in the previous fiscal year at MSI Primary Life
International business	 36.1	+33.1	Mainly MS Amlin's profit growth
MS Amlin	 17.5	+33.6	Mainly due to a decrease in natural catastrophes losses, including the North American cold wave that was additionally booked in the previous fiscal year.
Asian non-life insurance	 12.9	+0.4	
Other international non-life insurance	 1.9	+1.2	Reduction of loss from natural catastrophes
International life insurance	 3.8	-2.2	Rebound from strong earnings in the second half of the previous fiscal year
Financial services and Risk-related services	 4.5	+0.8	
FY2021 Group Adjusted Profit forecast	 300.0	+85.3	

4. Status by Business Domain: (1) Domestic Non-life Insurance Business

Net Premium Written and Combined Ratio*1



Premium growth rate continuing at top industry level

[Interim Results]

- Healthy top line performance in voluntary automobile insurance and casualty insurance
- Reduced premiums from fire insurance due to large maturity losses and from compulsory automobile liability insurance due to rate decreases

[Full-year Outlook]

- Forecast revised upward from the initial. Steady progress.

Maintaining high profitability

[Interim Results]

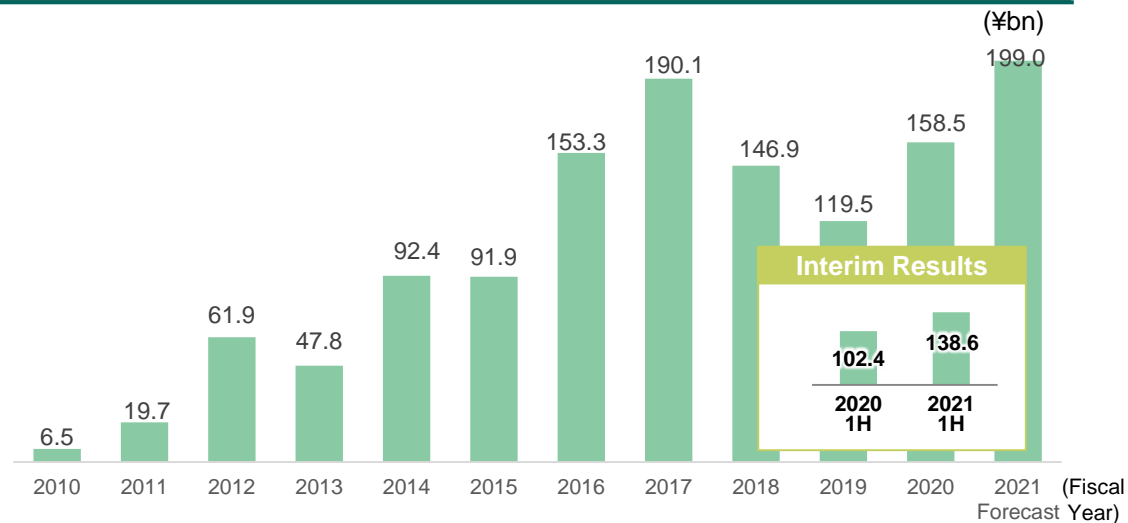
- Losses from automobile insurance have been maintained at a low level but are still up from the previous fiscal year
- Profitability of fire insurance has improved, mainly due to a reduction in domestic natural catastrophes and major losses.

[Full-year Outlook]

- A good combined ratio has been maintained

*1 Simple sums of non-consolidated figures for MSI and ADI (For FY2010, simple sums of non-consolidated figures for MSI, Aioi and NDI)
Combined ratio is on a EI basis excluding residential earthquake and CALI.

Group Adjusted Profit*2



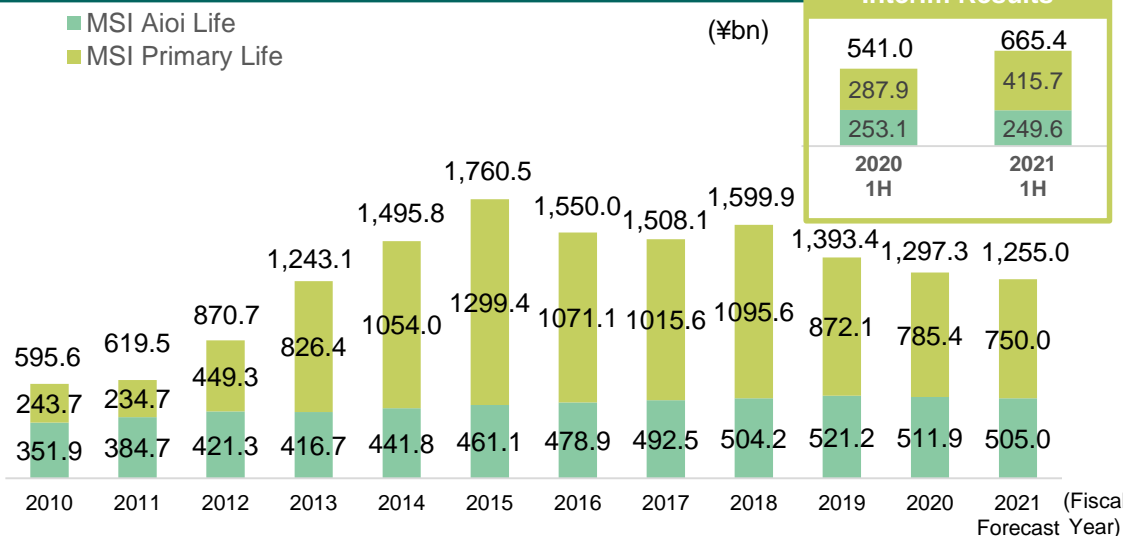
*2 Group Adjusted Profit for 2010 - 2017

ROR
(Average of FY2018 to FY2020)

11.9%

4. Status by Business Domain: (2) Domestic Life Insurance Business

Gross Premiums Income



We expect to recover to pre-pandemic levels in the second half of the year

[Interim Results]

- Gross premiums income rose ¥124.3 billion to ¥665.4 billion from the previous fiscal year, which was heavily impacted by the COVID-19 pandemic.

[Full-year Outlook]

- Considering recent business performance that continues to steadily escape the effects of COVID-19, the full-year forecast has been increased by ¥55.0 billion to ¥1,255.0 billion.

Strong progress of profit due to market fluctuations

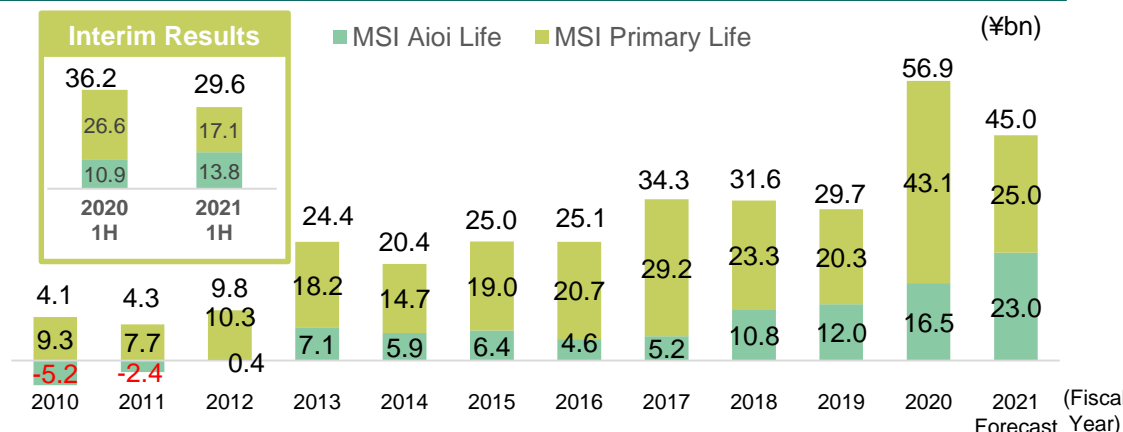
[Interim Results]

- At MSI Aioi Life, profit rose ¥2.9 billion year on year to ¥13.8 billion.
- At MSI Primary Life, although profit fell ¥9.4 billion year on year to ¥17.1 billion in a reactionary decline from higher profit in the previous fiscal year due to foreign currency-denominated insurance becoming a target hit, profit has been steady and running above planned levels.

[Full-year Outlook]

- MSI Aioi Life expects to generate profit of ¥23.0 billion, in line with initial forecast.
- In light of positive performance in the first half of the year, MSI Primary Life expects to generate profit of ¥25.0 billion, up ¥2.0 billion from initial forecasts.

Group Adjusted Profit*1, *2



*1 Years 2010 to 2017 show Group Core Profit.

*2 As the figures for the total domestic life insurance business (figures at the top of the graph) include purchase difference and other adjustments, they do not match the simple sum of the values for each subsidiary.

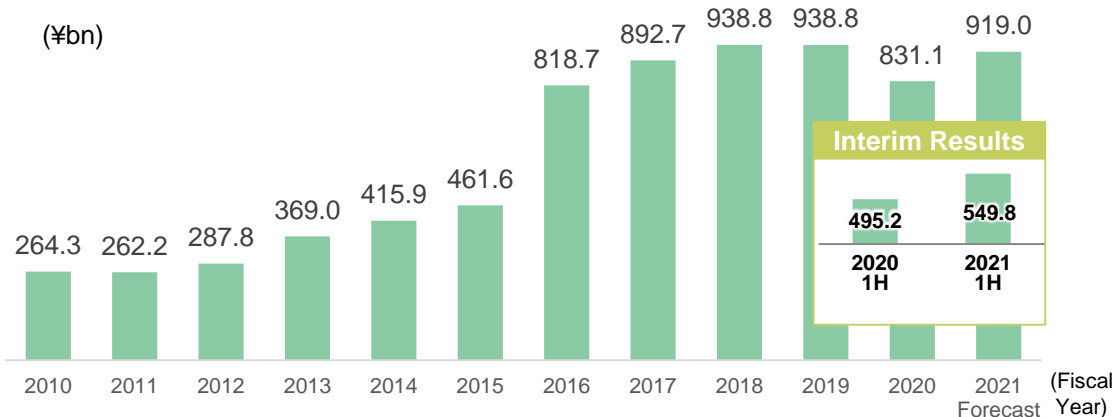
ROR

(Average of FY2018 to FY2020)

7.1%

4. Status by Business Domain: (3) International Business

Net Premiums Written*1



Higher premiums due to rate hikes and foreign exchange effects

[Interim Results]

- Premiums increased 11% overall due to increased premiums from MS Amlin and foreign exchange effects.

[Full-year Forecast]

- Even for the full-year we forecast that premiums will increase by 11% overall.

Increase in profit due to the absence of COVID-19 effects and recovery of investment profit

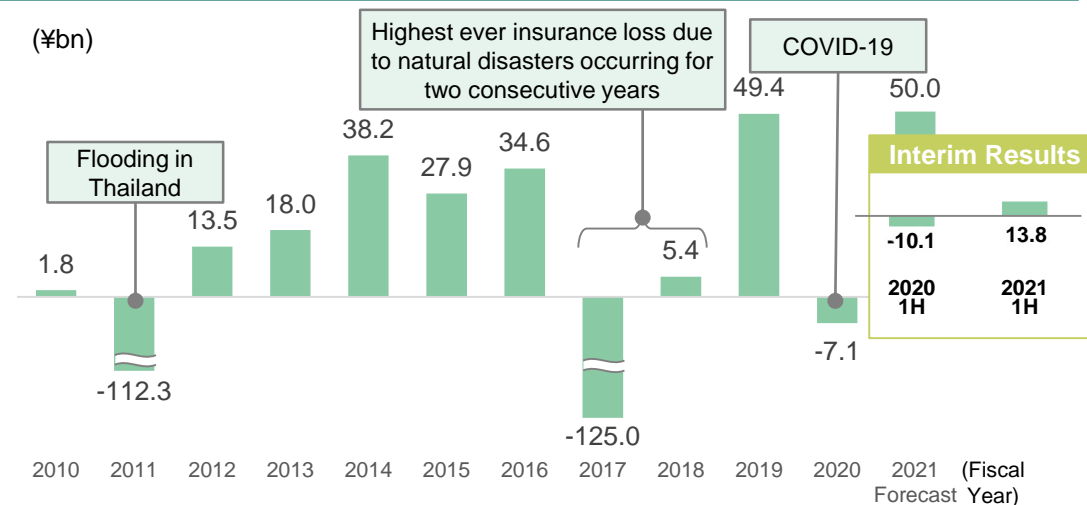
[Interim Results]

- Profit increases mainly due to the absence of COVID-19-related losses from the previous fiscal year and recovering investment profit.
- This also reflects a reversal of ¥10.3 billion in additional losses from the 2020 cold wave in North America and additional losses of ¥31.5 billion due to floods in Europe and Hurricane Ida.

[Full-year Forecast]

- Due to losses from natural catastrophes exceeding the initial forecast, we forecast profit of ¥50.0 billion, down ¥30.0 billion from the initial forecast.

Group Adjusted Profit*1



*1 Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office inward reinsurance. Figures for FY2017 and beyond include Head Office Reinsurance Business. Figures until FY2017 are Group Core Profit.

ROR

(Average of FY2018 to FY2020)

2.9%

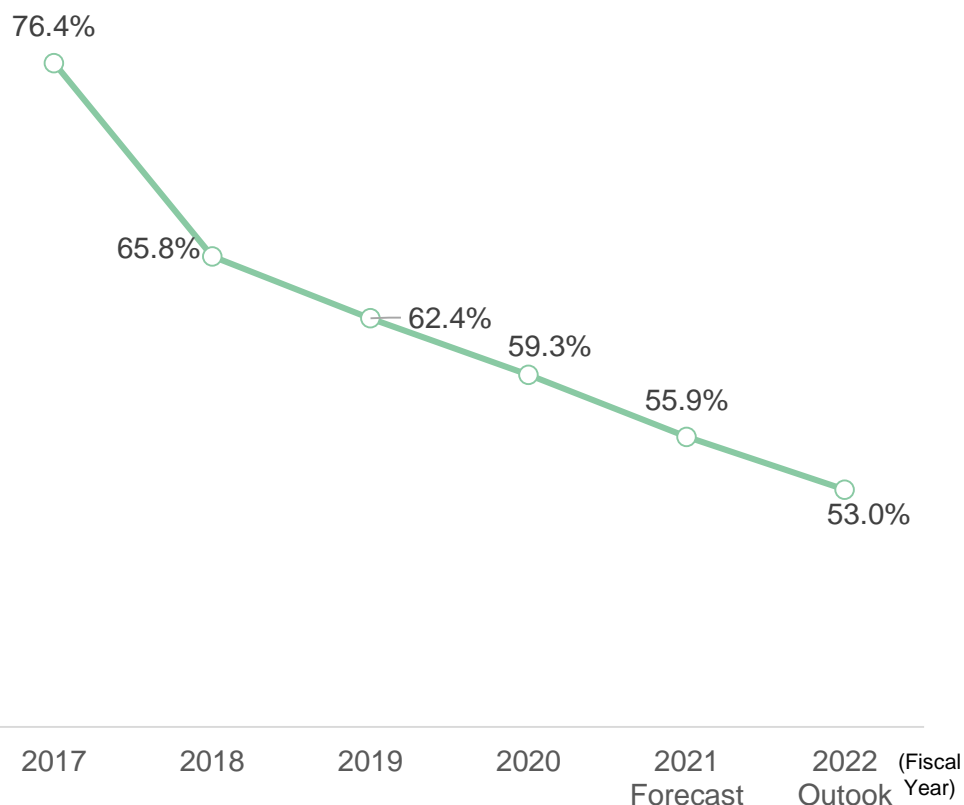
(6% excluding the impact from COVID-19)

4. Status by Business Domain: (3) International Business

MS Amlin (Measures to improve profitability)

- We will continue our efforts to recover profitability by curbing the volatility of income and expenditure due to the impact of natural catastrophes, carefully selecting underwriting, improving conditions, and raising rates.
- Steady progress has been made in improving the non-cat risk loss ratio at MS Amlin as a whole, particularly at AUL.
- MS Amlin will pursue medium- to long-term earnings growth through organic and in-organic growth by expanding the underwriting of lucrative insurance lines and taking advantage of the hardening of the market, while also contributing to greater Group synergies.

Improvement of Loss Ratio* in Non-cat Lines



* On basis that excludes the impact due to COVID-19

Expanding Earnings and Enhancing Functions Towards 2025

Improving portfolio profitability

- Expanding underwriting in specialty fields including marine and energy markets
- Improvements to underwriting system (increased hiring of specialists including underwriters well versed in specialty types) and more sophisticated results management placing a greater emphasis on profitability
- Expansion of specialty risk underwriting through strategic investments in MGAs, which possess high-level expertise and a unique business primarily in North America, among others

Curbing volatility caused by natural catastrophes

- Further reducing risks and promoting the development of more sophisticated catastrophe risk management, particularly for lower class layers

Reductions to operating expenses

- Exploring business process automation and the use of advanced IT outsourcing

Contributing to Group synergy

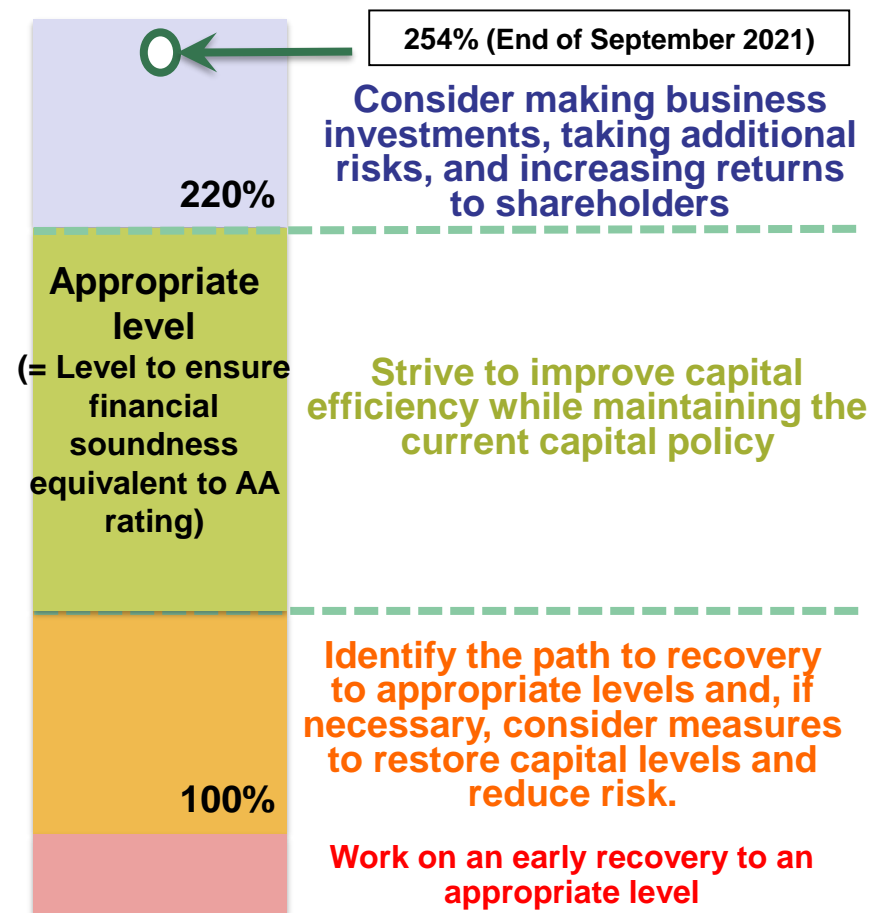
- Taking part in the launch of a platform that will provide advanced and specialized know-how about specialty risks along with stable capacity
- Supporting the promotion of optimum strategy for retained reinsurance

5. ESR

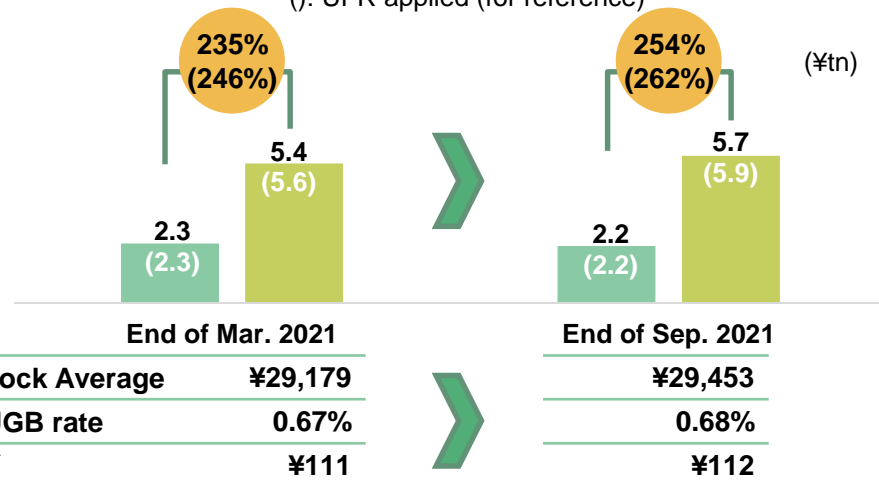
- ESR at the end of September 2021 rose to 254% (up by 19 points from the end of March 2021), mainly due to a decrease in the integrated risk amount and an increase in internal reserves. An appropriate level of financial soundness is maintained.
- ESR is expected to decrease at the end of March 2022 mainly due to redemption of subordinated bonds (approx. 8 points down).

ESR* (Confidence level 99.5%)

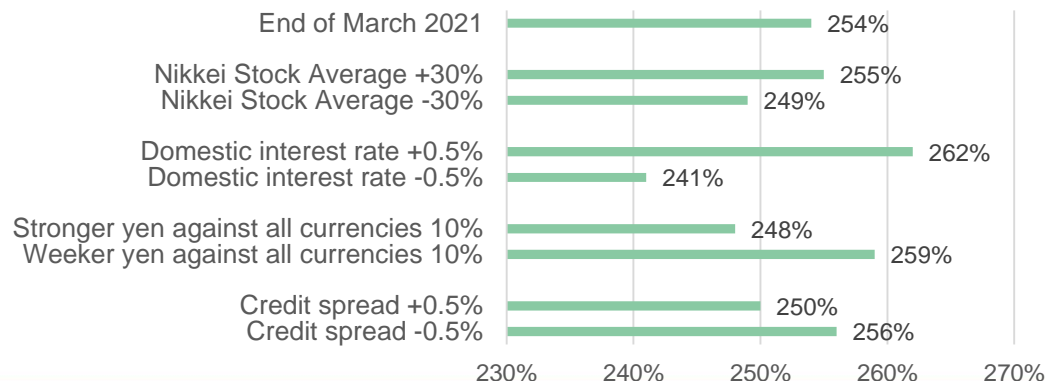
The policy below is based on the medium- to long-term ESR outlook.



■ Integrated Risk Amount ■ Net Asset Value
(): UFR applied (for reference)



Impact of market price fluctuation on ESR (as of end of Sep. 2021)



* ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)

6. Shareholder Return Policy and Shareholder Return for FY2021

- The interim dividend is planned at ¥82.5. The second half-year dividend is also planned at ¥82.5, and the annual dividend at ¥165 (up ¥10 from the previous year).
- In addition, share buybacks of up to ¥25 billion are planned.

Shareholder Return Policy

Provide shareholder return based on shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%-60% of Group Adjusted Profit*.

Shareholder Return Forecast for FY2021

Dividend	FY2021	The annual dividend is planned at ¥165 (up ¥10 from the previous year, up ¥5 from the initial forecast) Of which, interim dividend is ¥82.5 (up ¥7.5 from the previous year)
Share buybacks	FY2021 First Half	Up to ¥25 billion (Decided on November 19, 2021)

* Please see p. 100 for the calculation method of Group Adjusted Profit.

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Ⅱ. Progress of “Vision 2021”

1. Progress of "Vision 2021": Financial Targets

- Our scale, financial soundness, and profitability are maintained at the target level.
- We will continuously strive to achieve the targets in terms of capital efficiency, portfolio diversity, and the share of strategic equity holdings.

Vision 2021 (FY2018 - FY2021)

Development of management based on CSV*

Image of society in 2030

A resilient and sustainable society

Achieving the medium-term aspirations
Building resilient systems that can respond to changes in the environment

Next Challenge 2017
(FY2014 - FY2017)

Construction of
the story of
value creation

Enhancing earning power in
domestic non-life insurance
business

Improving capital efficiency

Formulation
of Mission,
Vision and
Values

Improving profitability
in domestic non-life
insurance business

Ensuring financial
soundness

	Progress in FY2021 1H	FY2021 Targets		
Scale	8th (FORTUNE GLOBAL 500 2021, P&C)	Within the top 10 non-life insurance groups in the world		Achieved
Capital efficiency	8.5% (Full-year forecast)	Group Adjusted ROE	10%	Pending
Financial soundness	254%	ESR	180% ~220%	Achieved (excess)
Portfolio diversity	38% (Full-year forecast)	Profit share of other than the domestic non- life insurance business	50%	Pending
Share of strategic equity holdings	34.1% of integrated risk amount	Integrated risk amount	Less than 30%	Pending
	11.8% of consolidated total assets	Consolidated total assets	Less than 10%	
Profitability	87.8% (excl. nat. cat.)	EI combined ratio in the domestic non-life insurance business	95% or less	Achieved

*CSV: Creating Shared Value

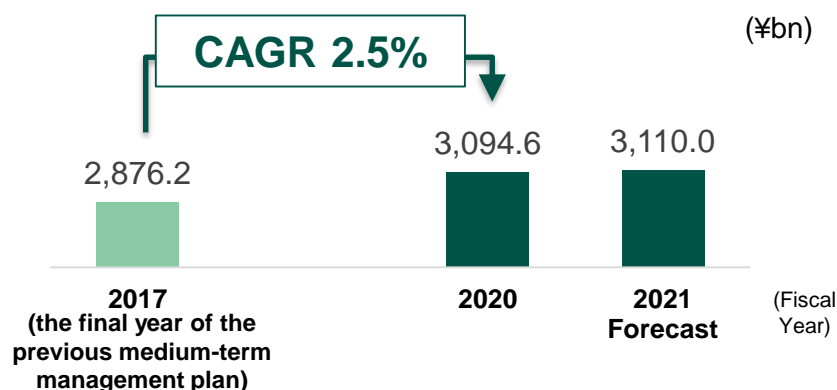
2. Three Key Strategies: (1) Pursue Group's Comprehensive Strengths

- During this mid-term management plan, we grew at top industry-level growth rate.
- In FY2021, we expect to make an additional ¥3 billion in cost reductions on top of the ¥49 billion in our initial forecast

Effects of Demonstrating the Group's Comprehensive Strengths

Top industry-level growth potential

(Domestic direct written premiums*1)

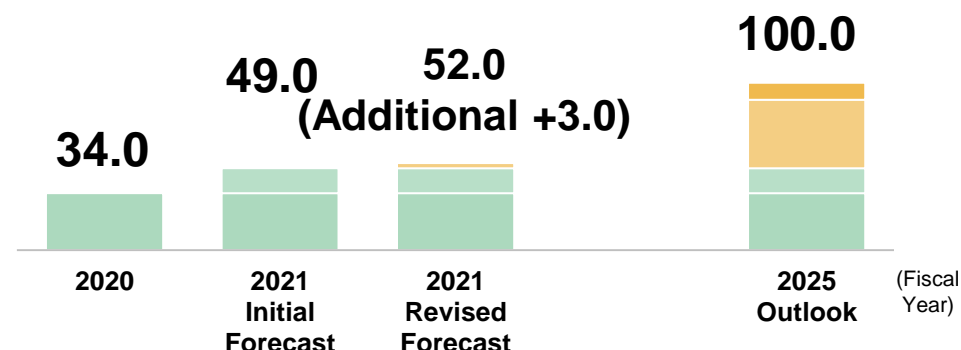


*1 Simple sums of non-consolidated figures for MSI and ADI. Excluding policyholder premium deposits.

Productivity improvements

(Cost reduction compared with FY2019*2)

(¥bn)



*2 See page 53 for details on expense reductions in the domestic non-life insurance business

Achievements and Challenges

Achievements

- Operating of the new claim service system (from July 2021 onwards)
 - ⇒ Improve customer service and achieve cost reductions
- The Group will jointly implement impact investment aimed at contributing to the SDGs (December 2021)
 - ⇒ Help achieve the SDGs ... etc.

Challenges

- Combined ratio measures aimed at further growth
 - Top line measures
 - Loss ratio measures
 - Cost reductions ... etc.

2. Three Key Strategies: (2) Promote Digitalization

- Build digitalization infrastructure at a global scale and implement a CSV × DX strategy.

Progress on three Initiatives (DX, DI, DG)

DX Digitalization of key services and business operations

- Introduction of the AI-integrated agent system (MS1 Brain)
- Launch of a new claim service system, etc.

DI Launch new businesses by utilizing digital technologies

- Consulting that utilizes data (RisTech)
- Telematics data business in the US, etc.

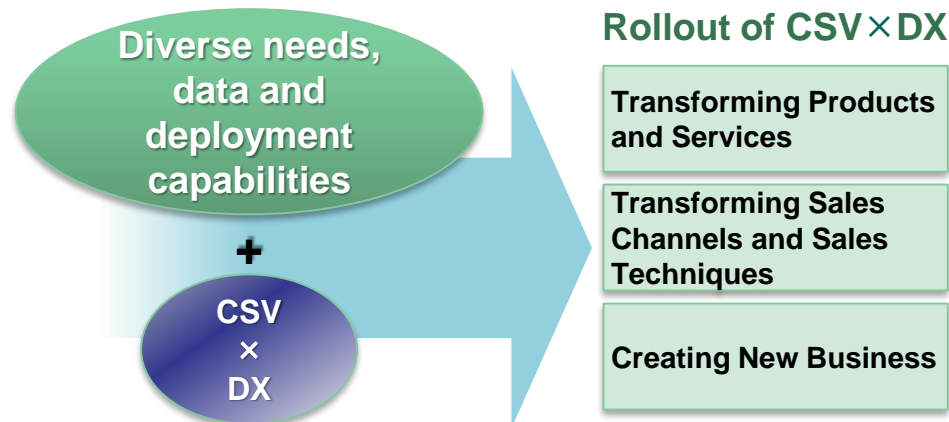
DG Global Expansion

- Rollout of MS1 Brain in Asia, etc.

Rollout of the CSV×DX strategy

Develop new businesses that solve social issues

MS&AD's Strengths



Examples of Implementation

- Insurance covering cattle medical expenses for livestock breeders using sensors
- Providing disaster prevention information with the cmap real-time disaster prediction site
- Streamlining road maintenance for local governments

Achievements and Challenges

Achievements

- Build a promotion infrastructure on a global scale
- Launch new businesses by utilizing digital technologies

Challenges

- Achieve further streamlining through DX
- Make CSV×DX the driver of revenue expansion

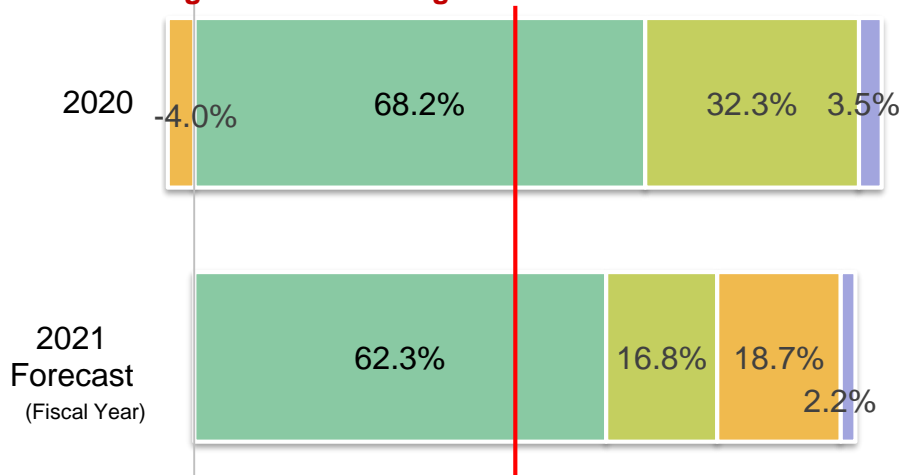
2. Three Key Strategies: (3) Reform the Portfolio

- In FY2021, we expect the weighting of the domestic non-life insurance business to continue to exceed 60%, despite the weighting of the International Business rising to 18.7%.
- Sales of strategic equity holdings in the first half of FY2021 totaled ¥54.9 billion, representing steady progress towards the full-year target of ¥100 billion.

Diversification of Business Portfolio

Share of Each Business Domain in Group Adjusted Profit

Target: 50% excluding domestic non-life business

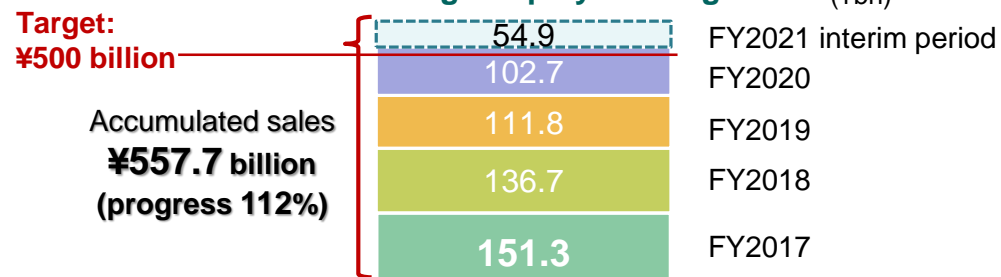


- Domestic Non-life Insurance (excluding gain on sales of strategic equity holdings)
- Domestic Life Insurance
- Overseas
- Financial Services Business/Risk-Related Services Business

Diversification of Risk Portfolio

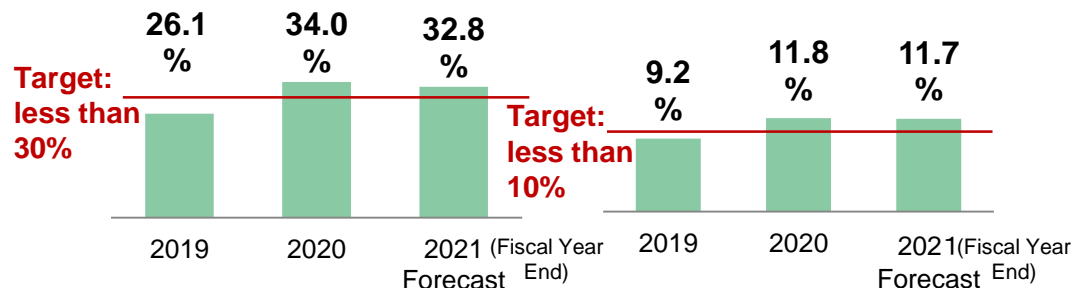
Sales of Strategic Equity Holdings

(¥bn)



Percentage in Integrated Risk Amount

Percentage in Consolidated Total Assets



Achievements and Challenges

Achievements

- Achieved the target of ¥500 billion in sales of strategy equity holdings from FY2017 to FY2021.

Challenges

- Increase the profit weighting of the international business in business portfolio diversification.
- Continue to reduce strategic equity holdings, lowering amount of Group risk and their weighting as part of consolidated total assets.

3. Initiatives Supporting Our Growth

- We steadily promote initiatives that support our growth.
- CO₂ emission reduction, percentage of female managers and other targets have been achieved. New targets were set for FY2030 onward.

Quality that earns the trust of society



【Quality improvement】

Indicator	FY2019 Results	FY2020 Results	Target
Customer satisfaction survey about insurance contract procedures	97.7%	97.3%	Equal to or greater than the previous year
Customer satisfaction survey about payment of insurance claims*1	96.6%	96.7%	

【Reduction of environmental burden】

Indicator	FY2019 Results	FY2020 Results	Target	New target
CO ₂ emission reduction rate	-20.7%	-30.5%	Base year: 2009	FY2030: -50% (vs. 2019)
Total energy consumption	948,583GJ (-33.0%)*2	871,338GJ (-38.5%)	FY2020: -30% FY2050: -70%	
Paper consumption	13,041t (+23.7%)*3	10,035t (-23.1%)	Improvement compared to previous year	—

*1 MSI, ADI, Mitsui Direct General, MSI Aioi Life

*2 Revised from 943,090GJ (-33.4%) stated at Information Meeting of May 2021 (P.16)

*3 From FY2020, the scope of "paper consumption" includes not only printing paper. The FY2019 was also revised accordingly.

Management platforms that enable employees to play active roles



【Health management】

Indicator	FY2019 Results	FY2020 Results	Target
Ratio of taking fully paid paternity leave	64.6%	69.0%	Equal to or greater than the previous year
Employee satisfaction "Pride, job satisfaction" (max. 6pt)	4.4pt	4.4pt	
Number of annual paid holidays taken	15.7 days	15.0 days	
Number of employees participating in social contribution activities	27,673	26,519	

【D&I】

Indicator	FY2019 Results	FY2020 Results	Target	FY2030 target
Percentage of female managers (domestic)	14.8%	16.1%	(FY2020) 15%	30%
Employee satisfaction "play active roles" (max. 6pt)	4.5pt	4.5pt	Equal to or greater than the previous year	—

Advancing with you

MS&AD

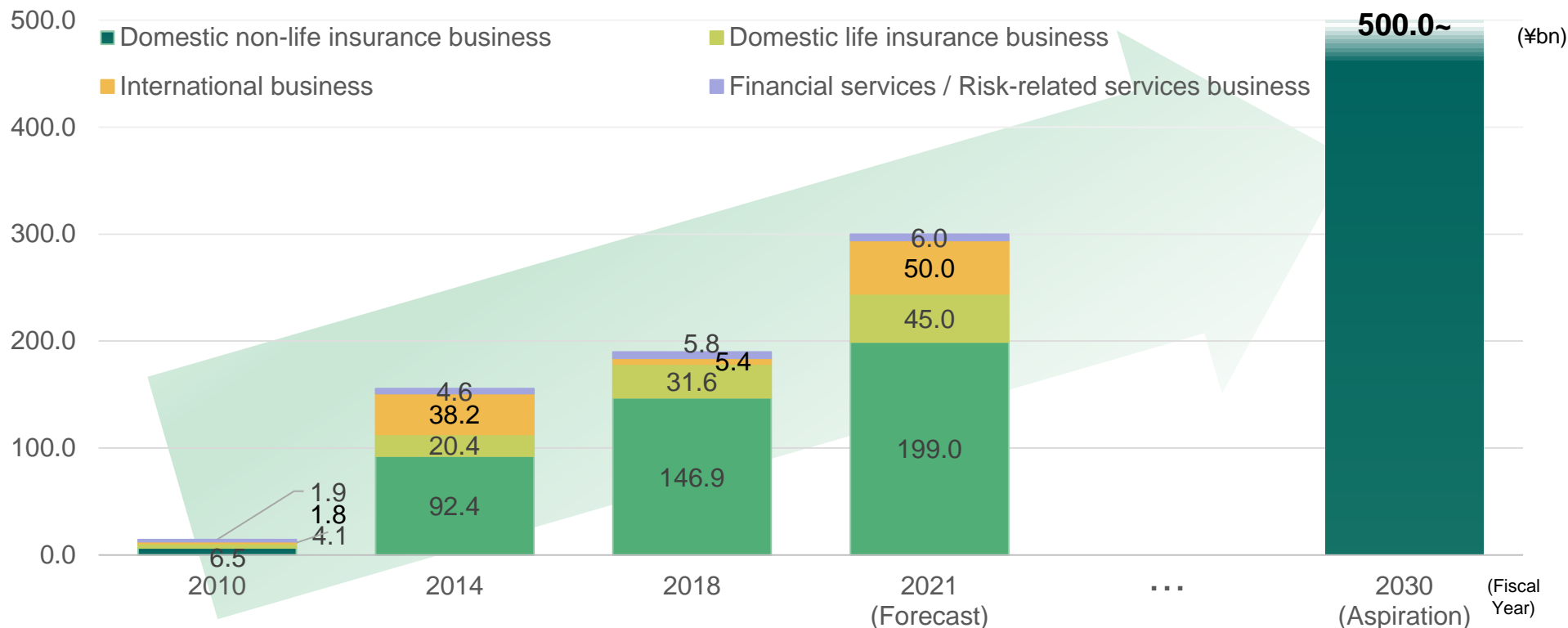
INSURANCE GROUP

Ⅲ. MS&AD's Competitive Advantages and Medium- to Long-term Strategy

1. Aspirations in 2030

- In addition to ensuring stable expansion of profit from the Domestic Non-life Insurance Business, accelerate profit growth in the Domestic Life Insurance Business and International Business.

Breakdown of Group Profit Growth



New Frontier 2013
(Group Core Profit)

Next Challenge 2017
(Group Core Profit)

Vision 2021
(Group Adjusted Profit)

Next medium-term management plan
and beyond (IFRS basis)

S

D&I (by the end of 2030)

Percentage of female officers* (holding company)	Percentage of female managerial positions (Group target)	Percentage of female line managers (Group target)
30%	30%	15%

* Directors + auditors + executive officers

E

CO₂ emissions

2030	2050
50% reduction (compared with FY2019 levels)	Zero

2. Growth Vision for the Next Medium-Term Management Plan

- The entire Group will work together under the new growth vision to achieve our aspirations for 2030.

Growth Vision

Becoming a Platform Holder of Risk Solutions

- In addition to covering economic losses, seamlessly provide services before and after coverage and protection.
- Offer optimal solutions through marketing, underwriting, claim services and risk consulting that utilize digital technologies.
- Advance these initiatives domestically and overseas, help solve climate change and other social issues, and grow together with society.

3. MS&AD's Competitive Advantages:

(1) Robust sales network

- Maintain collaborative relationships with leading corporate groups in Japan to build the largest sales network in Japan and expand the life and non-life insurance businesses.
- Expand by maintaining business entities in 49 countries and regions around the world and collaborate with the top insurance groups in each region.

The largest sales channels and customer base in Japan

Strong Customer Base

A strong customer base backed up by leading Japanese corporate groups, financial institutions and Japan's largest network of agents

Toyota Group

Nippon Life Insurance Group

Mitsui Group

Sumitomo Group

Number of customers

Individual:

44 million people

Corporate:

2.5 million companies

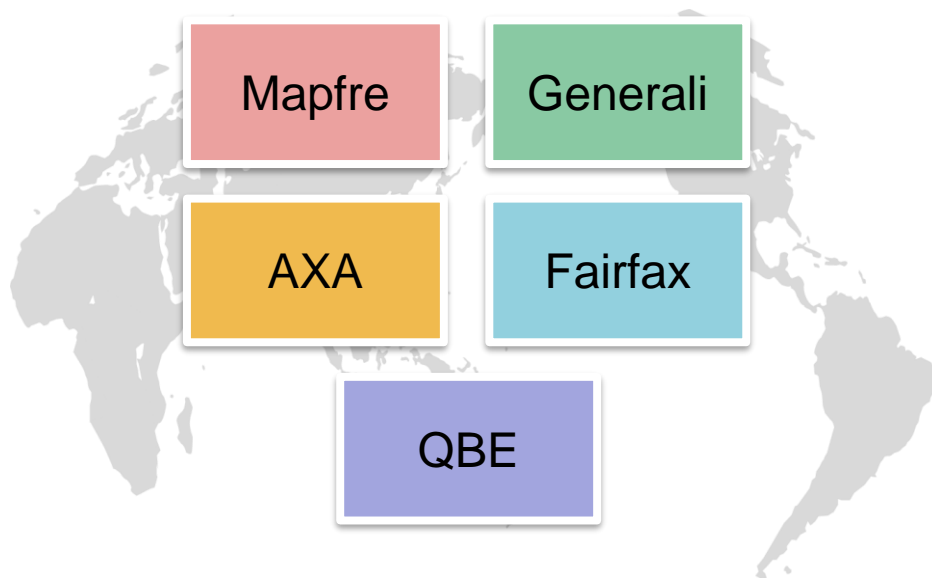
Largest Sales Network in Japan

Number of Non-life Insurance Agents in Japan:

**83,073 agents
(as of March 31, 2021)**

Presence in the global market

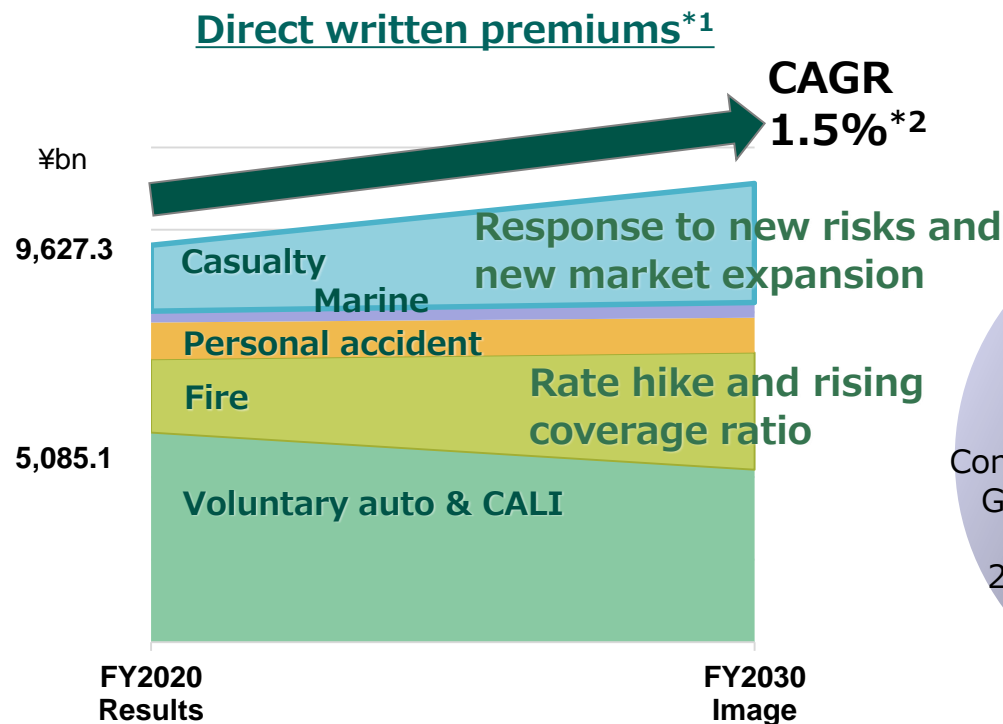
- Expand by maintaining business sites in 49 countries and regions around the world
- Foster strong collaborative relationships with fellow top global companies



3. MS&AD's Competitive Advantages: (2) No.1 in the growing Japanese non-life insurance market

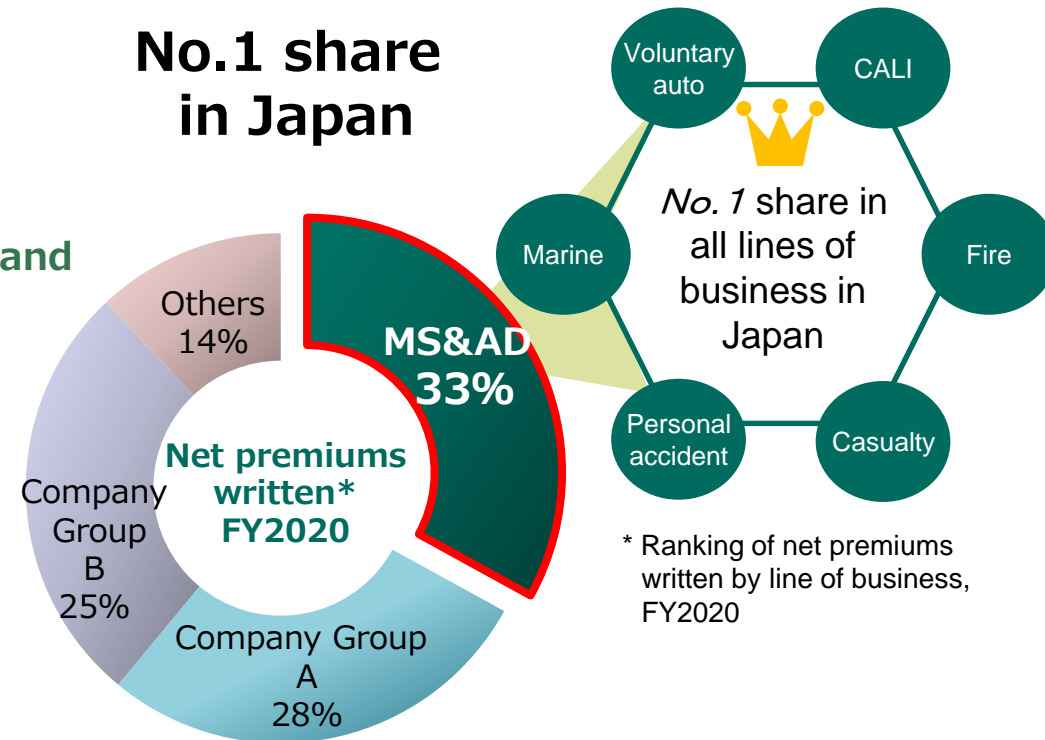
- A strong position in the market that is expected to continue to grow steadily and improve profitability.

Outlook for the Japanese non-life insurance market



Positioning in the Japanese non-life insurance market

No.1 share in Japan



*1 Sources: FY2020 Results: The General Insurance Association of Japan
FY2030 Image: MS&AD

*2 Source: Allianz Insurance Report 2021, Japan P&C CAGR (2021-2031)

Sources: Prepared by MS&AD based on publicly announced Information from each insurance company and data from the General Insurance Association of Japan.

* MS&AD figures are the simple sums of figures for MSI, ADI and Mitsui Direct General.

* Figures for other insurance groups are simple sums of non-consolidated figures for domestic companies in each group.

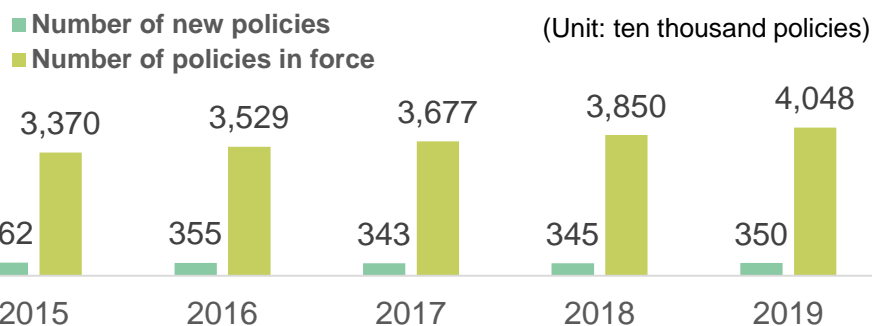
3. MS&AD's Competitive Advantages:

(3) Domestic life insurance business with a strong growth potential

- In the domestic life insurance market, which faces growing demands for healthcare, nursing care, inheritance and asset formation due to Japan's aging population, we will achieve high growth potential by maintaining two unique life insurance subsidiaries.

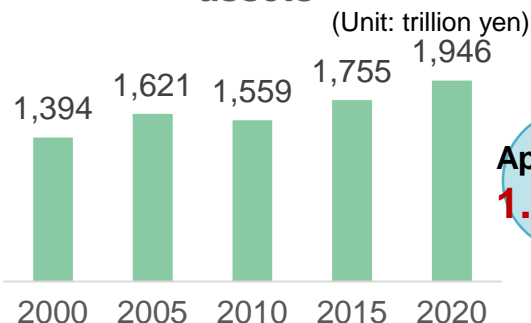
Domestic life insurance market

Expansion of the Medical Insurance Market

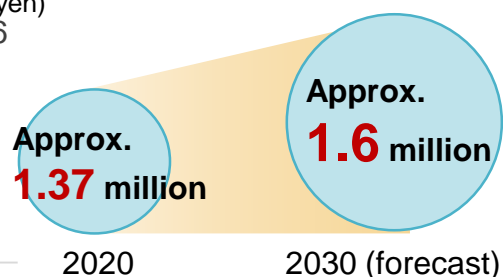


Expanding Asset Building and Asset Inheritance Market

Household financial assets



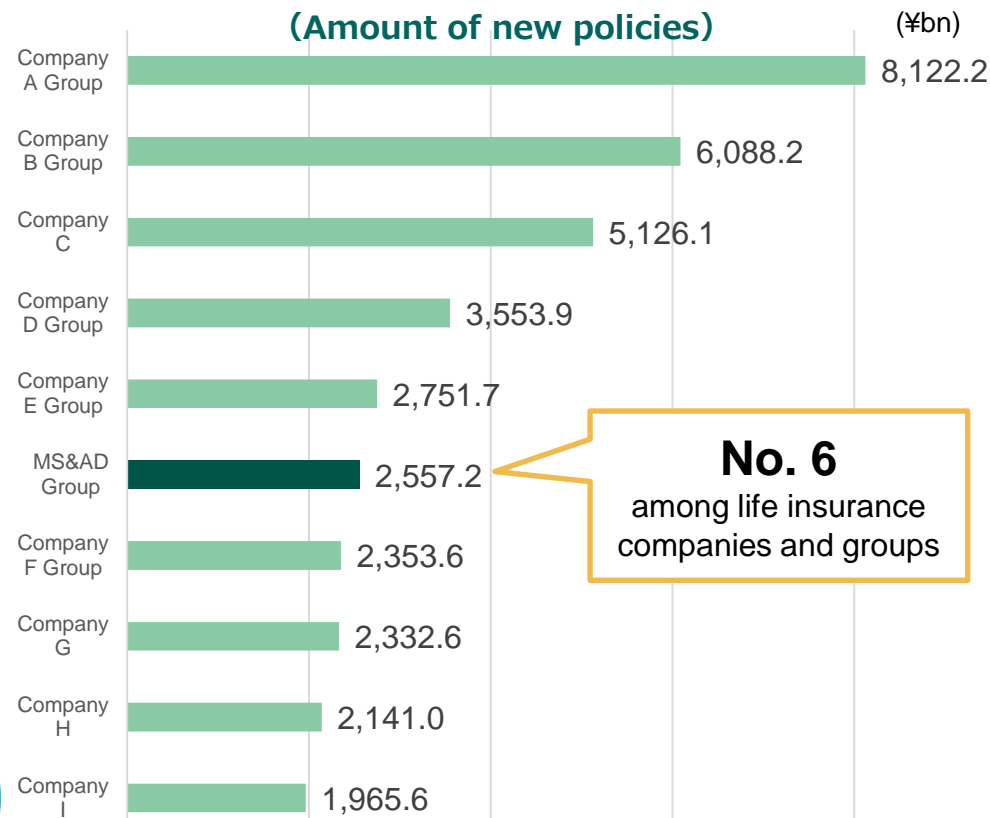
Rise in the number of inheritance cases



Sources: Life Insurance Association of Japan, Flow of Funds Statistics from the Bank of Japan, National Institute of Population and Social Security Research

Positioning in the domestic life insurance market

(Amount of new policies)



No. 6
among life insurance
companies and groups

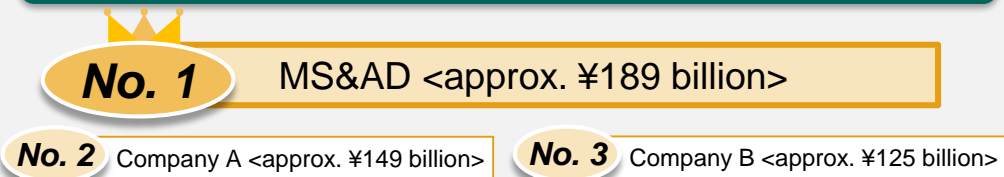
Source: Created by the Company based on financial statements for the fiscal year ended March 31, 2021 from each company. In the case of corporate groups, figures are calculated based on simple sums of non-consolidated domestic life insurance subsidiaries. The amount of new policies is the total of individual insurance and individual annuity insurance. Increases/decreases due to conversion are not included.

3. MS&AD's Competitive Advantages: (4) International business striving to grow with a focus on Asia, Lloyd's and the reinsurance business

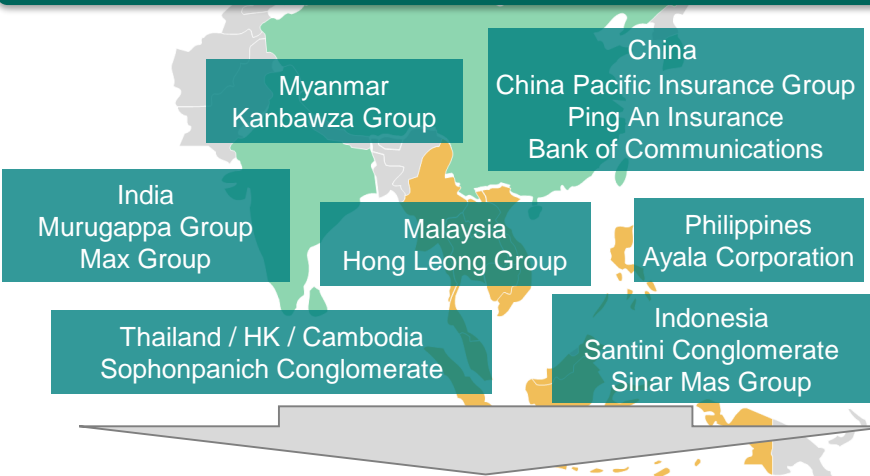
- In Asia, we have promoted alliances with strong local partners and established a position as No.1 in the ASEAN region, with the aim of being the No. 1 non-life insurer*1 in Asia in the future.
- MS Amlin's Lloyd's and reinsurance business supplement local brokerage businesses and maintain the base to flexibly take on promising projects around the world.

Competitive Advantages in Asia

Ranking of total premiums written in the ASEAN region
(FY2019 / based on MS&AD research / excluding reinsurance companies)



Alliances with leading local partners representing each country

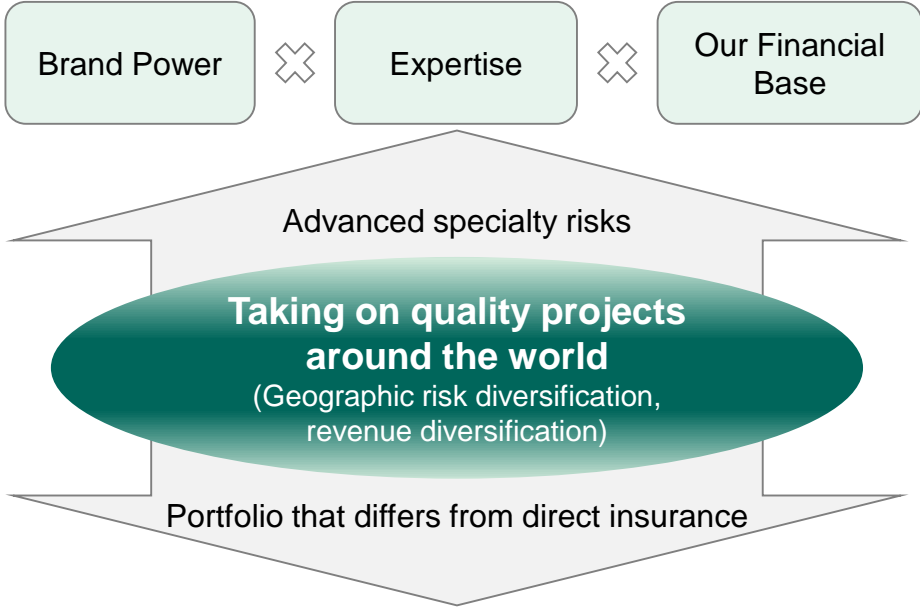


By 2030, we will aim to be the **No.1 non-life insurance provider in Asia***1, whose non-life insurance market is expected to be 2.1 times*2 its size in 2019.

*1 Among foreign companies (premiums excluding countries in which insurance companies are headquartered)
 *2 Source: Munich Re Insurance Market Report

MS Amlin's Competitive Advantages in the Lloyd's and Reinsurance Markets

Lloyd's Business



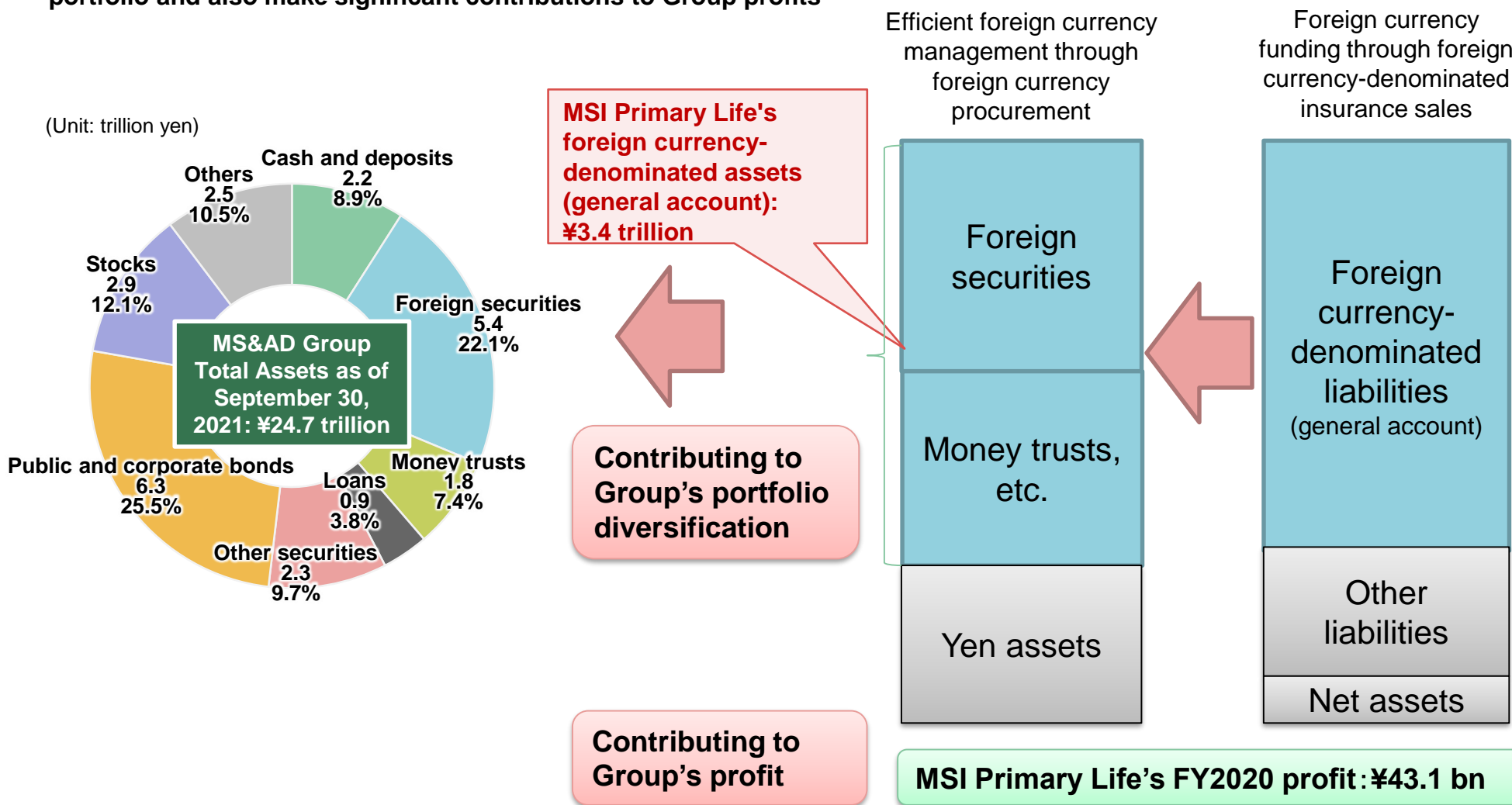
Reinsurance Business

Expanding business in major reinsurance markets around the world



3. MS&AD's Competitive Advantages: (5) Portfolio diversification and profit contribution from MSI Primary Life's management of foreign currency assets

- MSI Primary Life mainly sells foreign currency-denominated insurance through OTC bank sales, and is the only life insurance provider affiliated with a non-life insurance company with a business model that focuses on managing assets in foreign currencies.
- The foreign currency assets managed by MSI Primary Life contribute to the diversification of the Group's asset management portfolio and also make significant contributions to Group profits



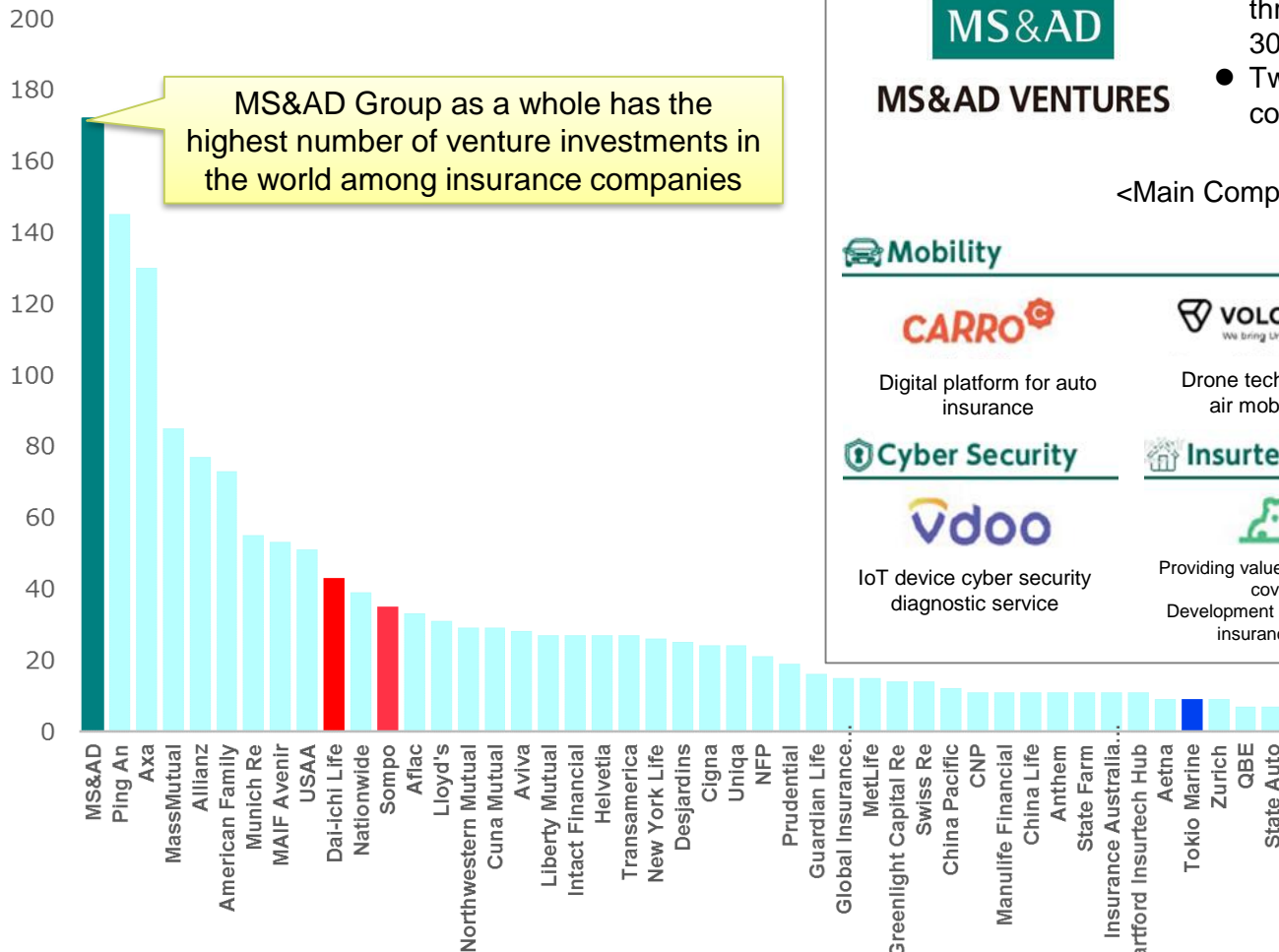
3. MS&AD's Competitive Advantages:

(6) Innovation leveraging the strength of world-class venture investments

- Through world-class venture investments by corporate venture capital in Silicon Valley (MS&AD Ventures, Inc.) and similar endeavors, we will collaborate and coordinate with innovation partners possessing cutting edge technologies.

Number of venture investments by insurance companies*1

(Number of investments)



MS&AD Group as a whole has the highest number of venture investments in the world among insurance companies

MS&AD MS&AD VENTURES

- Active in eight countries, invested in 61 companies in three years since its establishment (as of September 30, 2021)
- Two employees given GCV Power List Award*2 for two consecutive years, selected as part of the "Top 100"

<Main Companies Targeted for Investment>

Mobility



Digital platform for auto insurance



Drone technology-based air mobility service

Sustainability



AI-based climate change risk assessments consistent with the TCFD recommendations

Life/Healthcare



Health data platform for hospitals and pharmacies

Cyber Security



IoT device cyber security diagnostic service

Insurtech



Providing value before and after coverage
Development of advanced fire insurance service



Provision of cloud-based insurance IT platform



Top 10 insurance tech company in the U.S.

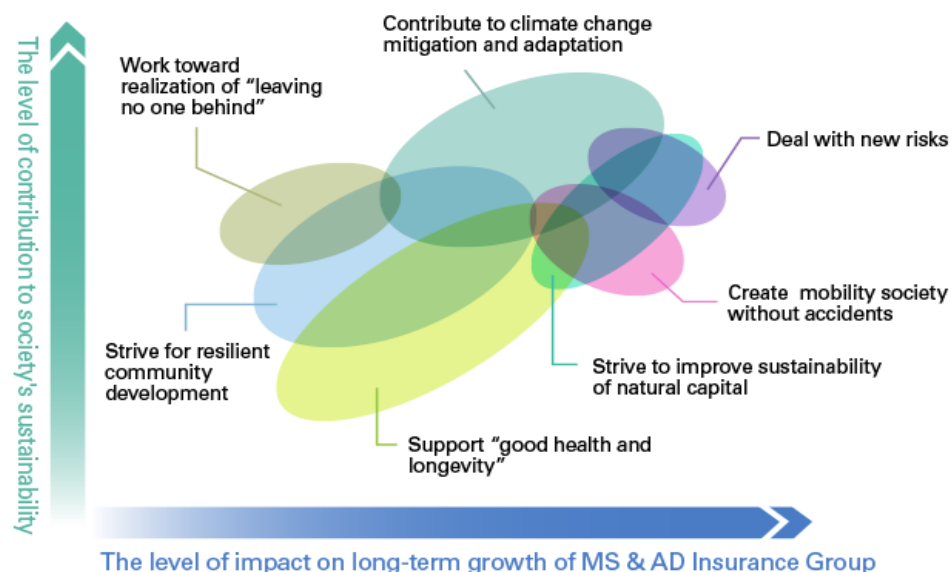
*2 Prominent global award recognizing the important role played in the venture business field presented by the worldwide media outlet Global Corporate Venturing (GCV)

*1 Number of investments made between January 1, 2012 – November 5, 2021. Source: CB Insights (Analysis by Accenture)

3. MS&AD's Competitive Advantages: (7) CSV initiatives backed by high employee awareness

- The idea that CSV is the basis of business activities is understood well among employees.
- We support the realization of a resilient and sustainable society as a leader in the conservation of natural capital in Japan.

Seven Key Issues for CSV



Contributing to sustainability

CDP



Natural Capital
Finance Alliance



Japan Business Initiative for
Biodiversity (JBIB)

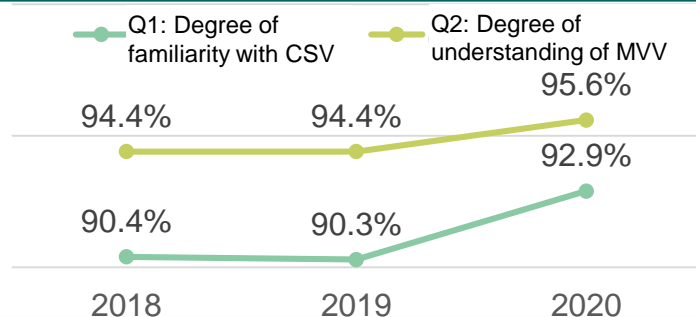


TNFD Forum



Taskforce on Nature-related
Financial Disclosures

Employee Awareness Survey



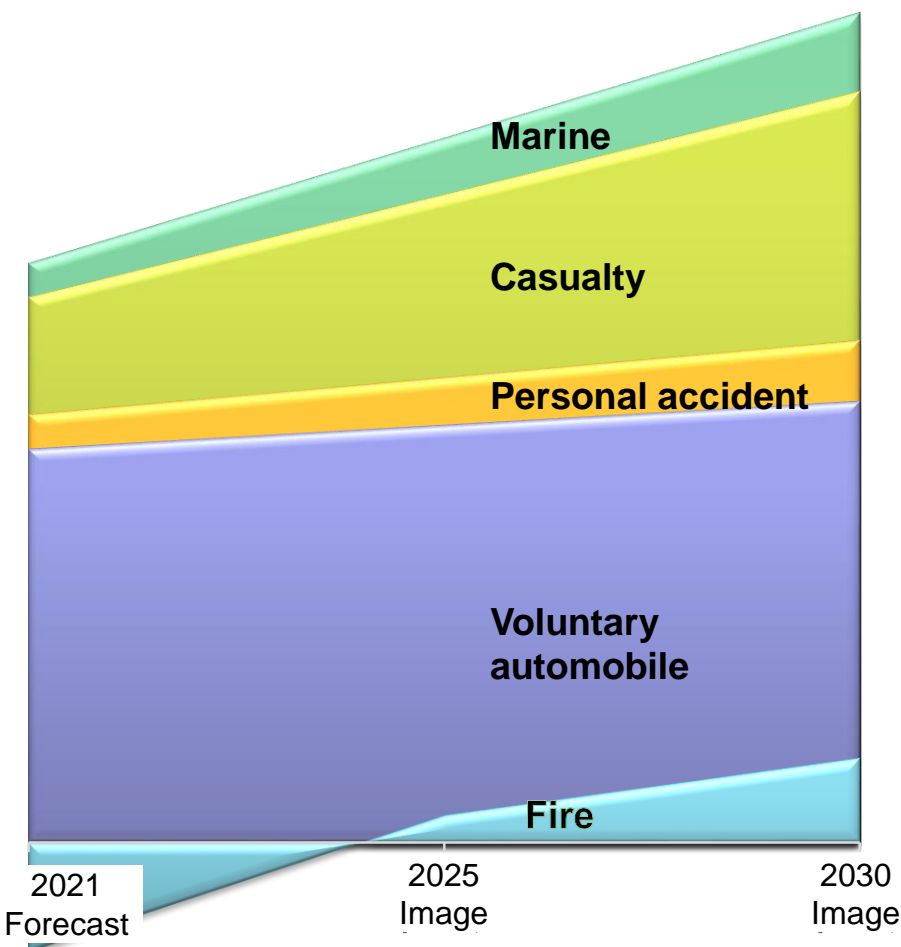
4. Growth Strategy Utilizing Competitive Advantages:

(1) Domestic Non-Life Insurance Business

- Aim to achieve steady growth by maintaining profits from voluntary automobile insurance and bringing fire insurance into profitability while expanding profits from other insurance lines with growth potential (casualty, marine, personal accident).

Image of Growth in the Domestic Non-Life Insurance Business

Image of Insurance Underwriting Profit (before reflecting catastrophe reserve)*



Insurance Lines with Growth Potential

In addition to casualty insurance which is driving growth, we will expand profits by catering to new needs and expanding our top line in marine insurance and personal accident insurance, which are also securing insurance income.

Voluntary Automobile Insurance

Although factors such as the number of vehicles owned will have an impact in the long-term, we will maintain profits by expanding the sales of products that provide services before and after coverage, such as dash cam-based voluntary automobile insurance.

Fire Insurance

While factors such as the progress in aging of structures will have an impact, we will shift into profitability during the next medium-term management plan and generate profits by continuing with measures to optimize revenue and expenditures.

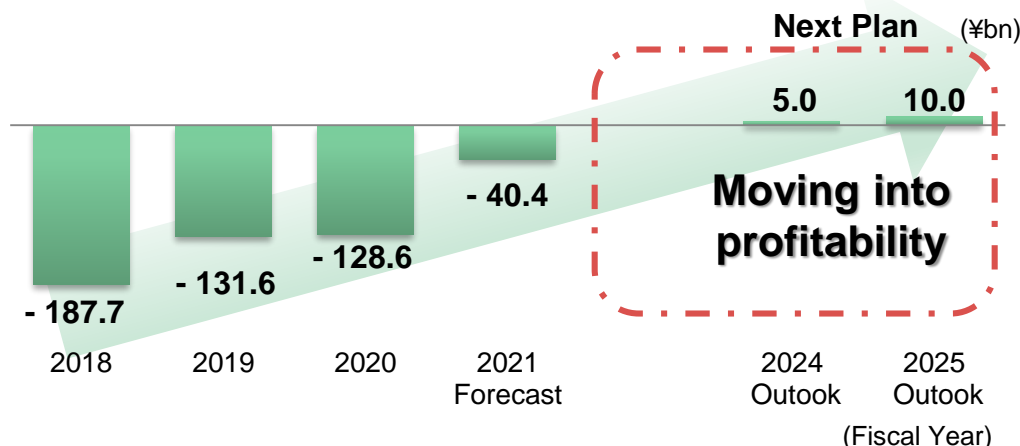
* The graph depicts a conceptual image of growth and does not reflect actual plans or forecast figures.

4. Growth Strategy Utilizing Competitive Advantages:

(1) Domestic Non-Life Insurance Business - Improving Results in Fire Insurance

- Loss improvement initiatives aimed at bringing fire insurance into profitability during the next medium-term management plan are proceeding according to plan.

Trend in insurance underwriting profit (before reflecting catastrophe reserve)*1



*1 Simple sums of non-consolidated figures for MSI and ADI (management accounting basis, excl. overseas fire insurance (e.g. from Head Office Reinsurance))
These figures are different from those on an financial accounting basis used in Information Meeting of May 2021 (p. 24 "Outlook for Improving Profitability of Fire Insurance")

Effects of fire insurance rate revisions (rate revisions in October 2019 and January 2021)

Outlook for increase in underwriting profit (before reflecting catastrophe reserve)*2

FY	2021	2022	2023	2025	Final
Cumulative Effects	17.0	20.0	22.0	25.0	36.0

*2 Simple sum of MSI and ADI (cumulative basis, rounded down below ¥1 billion)

Promotion status of loss prevention efforts

Measures for policies with a high loss ratio

- Strengthening of individual measures such as loss prevention through risk surveys
- Loss reduction measures by utilizing recovery services for disaster victims' facilities, etc.

<Corporate Fire Insurance - number of individual loss measures implemented*3>

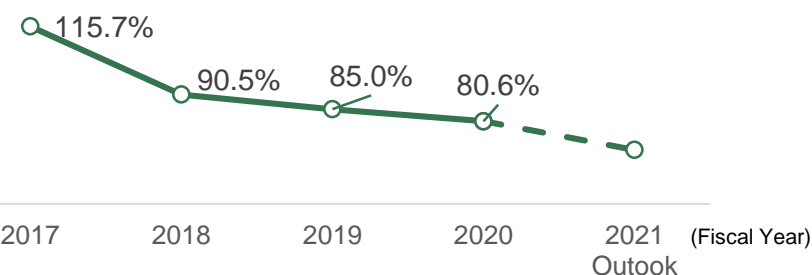
FY2018	FY2019	FY2020
600	740	780

*3 Simple sums of non-consolidated figures for MSI and ADI.

Improving results for products aimed at condominium management associations

- EI loss ratio has shown a steady trend of improvement due to measures such as the detailed segmentation of rate settings based on risk

<Change in EI loss ratio in policies for condominium management associations*4>



*4 Simple sums of non-consolidated figures for MSI and ADI.

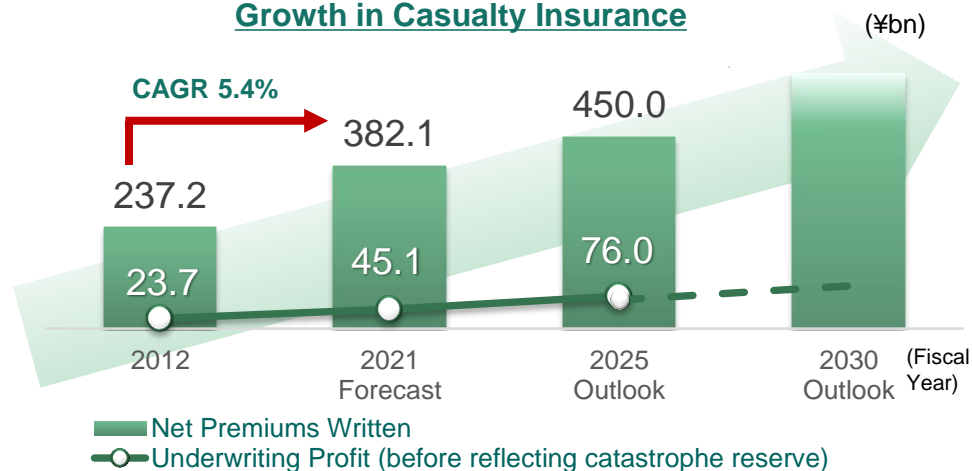
4. Growth Strategy Utilizing Competitive Advantages:

(1) Domestic Non-life Insurance Business - Expansion of Casualty Insurance

- Proceed with an expansion strategy utilizing the competitive advantage of being in the No.1 domestic position.

Casualty Insurance Growth and Further Expansion

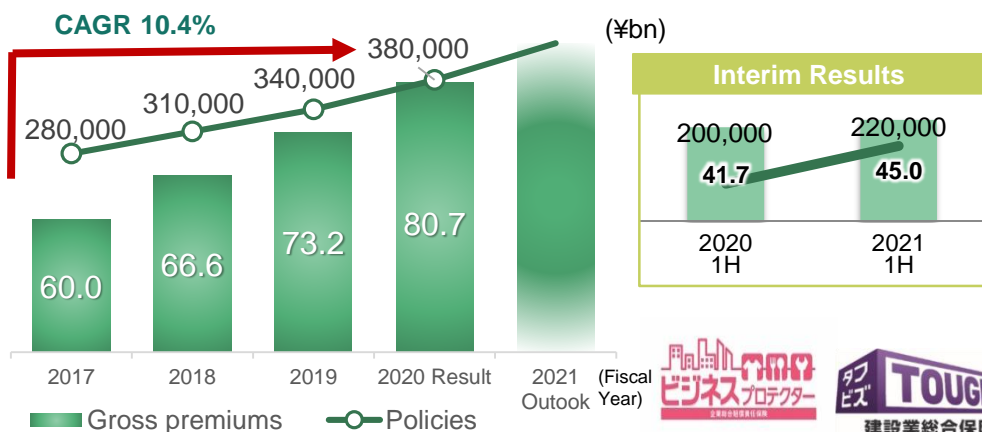
Growth in Casualty Insurance



Steady growth in both the top line and bottom line

- The top line has shown steady growth with a CAGR of around 5.4% over the past ten years starting in 2012.
- As for the bottom line, underwriting profit has grown to ¥40 billion a year.
- We will steadily expand the highly profitable, high growth potential market for small-to-medium-sized companies and expand underwriting in new risk areas.

Sales of Package Insurance for Small to Medium Sized Companies*



The market is expanding with environmental changes and the advance of technology

Mobility

Development of autonomous driving technologies has accelerated and sharing economy-driven markets have expanded

Energy

Expansion of the renewable energy market

Healthcare

Paradigm shift in medical services with utilization of AI, etc.

Robot

Advancement and utilization of technologies such as AI and drones

Others

Acceleration of digitalization in every industry

Expansion of casualty insurance market to deal with a range of new risks

* Simple sums of non-consolidated figures for MSI and ADI, domestic only.

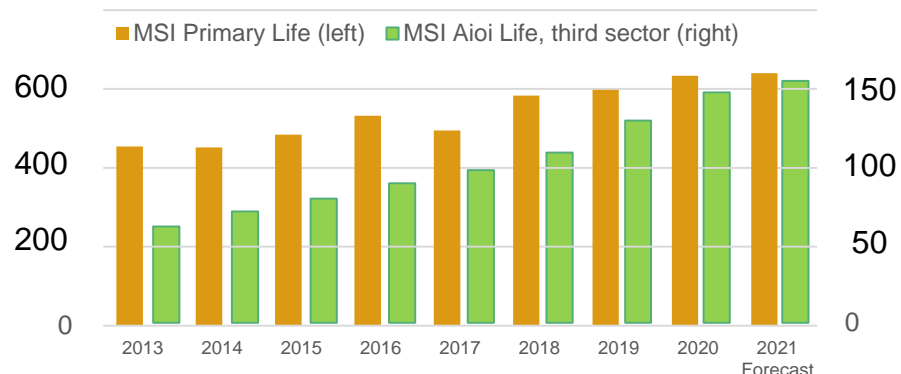
4. Growth Strategy Utilizing Competitive Advantages:

(2) Domestic Life Insurance Business

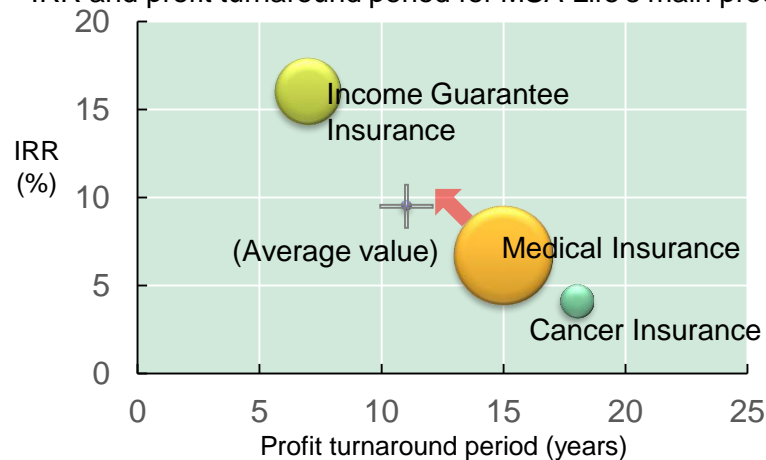
- We will accelerate profit growth by expanding policies in force and the sales of highly profitable products.

Image of Growth in the Domestic Life Insurance Business

(¥bn) Annualized premiums of policies in force (¥bn)



IRR and profit turnaround period for MSA Life's main products



* Size of the bubble reflects FY2020 annualized premiums of new policies

MSI Aioi Life

- Provide products and services aimed at solving social issues such as nursing care and dementia, with a focus on protection type products such as medical and cancer insurance
- Utilizing the largest non-life insurance agent channels and customer base in Japan, we will expand the top line through cross selling and strengthening of the workplace insurance market

MSI Primary Life

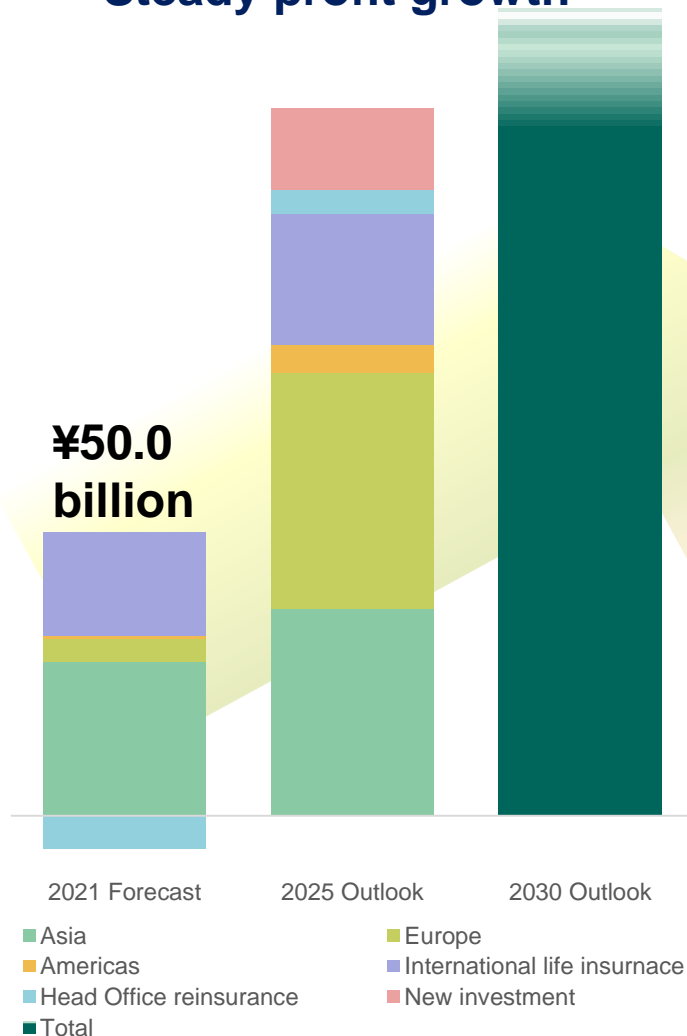
- Provide a range of products with different options such as fixed or variable amounts, foreign currency-denominations and one-time or level-payment, to capture needs for asset building and asset inheritance in the era of 100-year lifespans.
- Specialize in the financial institution over-the-counter market for life insurance and ensure our leading position in the market by taking advantage of our expertise, flexibility and unique qualities.

4. Growth Strategy Utilizing Competitive Advantages:

(3) International Business

- We will aim to achieve steady profit growth based around the key pillars of 1) expanding profit in both life and non-life insurance with a focus on the retail business in Asia, 2) shifting MS Amlin into a growth trajectory and expanding revenue, and 3) steady growth in the United States (including the consideration of inorganic growth).

Steady profit growth



Details of Medium-to-Long Term Initiatives

International Non-life Insurance

- Creation of group synergy
 - Turn the expert know-how and underwriting systems of each Group company with global competitiveness into platforms, and leverage those platforms in pursuit of further growth.
 - ✓ AUL: Specialty risks
 - ✓ MSIGEU: Global program for multi-national corporations (GIP)
 - ✓ AAG: Optimal retention scheme for reinsurance
 - ✓ MSFC: Infrastructure, corporate properties (Asia region)
- Promotion of Retail × Digital
 - Utilize digital technologies and telematics, etc. to establish ties with platform holders, establish more in-depth bank channels and develop end users, with a focus on Asia
 - Promotion of the data business tied with the Toyota Mobility Strategy, insurance rates utilizing AI and driving data, strengthening of underwriting and claims support, etc.
- Revenue growth from MS Amlin
 - Expanding underwriting in lucrative fields, enhancing underwriting structure by hiring more specialist human resources, expanding underwriting for specialty risks through strategic investments in MGA, etc.
- Business investment
 - Consider investments with a focus on MGA and insurance companies with strengths in specialty insurance in the US, and on strengthening the retail business in Asia

Head Office Reinsurance

- Improving profitability by controlling overseas catastrophe risks and expanding quality policies

International Life Insurance

- Strengthening of sales channels (delving deeper into main sales channels such as OTC bank sales, and establishing new channels)
- Flexible investment in profitable products

4. Growth Strategy Utilizing Competitive Advantages: (4) Asset Management Strategy - Overseas Asset Management Through Overseas Joint Ventures

- An asset management joint venture was established in New York in the United States with the Swiss asset management firm LGT Capital Partners (investment assets of around USD 75 billion).
- We will aim to utilize this as a common platform of the Group to enhance Group-wide investment earning capabilities and create Group synergy.

Establishment of asset management joint venture based in New York

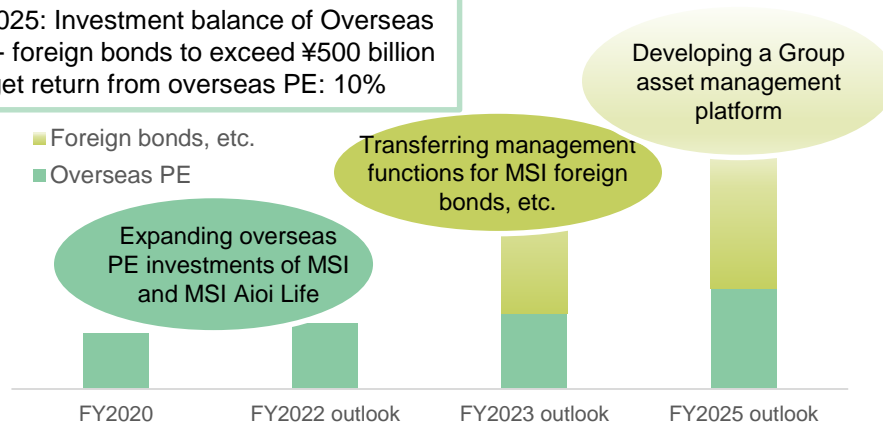
Dispatch of expert human assets from the Group

- Expat employees: plans to increase the number of expat employees from five to around ten
- One investment advisor dispatched from LGT



(1) Build a common Group platform in overseas assets expected to produce a return

- FY2025: Investment balance of Overseas PE + foreign bonds to exceed ¥500 billion
- Target return from overseas PE: 10%

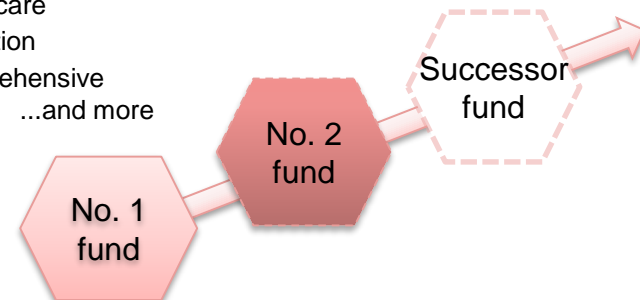


(2) Promote impact investment with participation of the Group's four life and non-life insurance companies

Investment Themes

- Action on climate change
- Healthcare
- Education
- Comprehensive growth ...and more

Expanding investment balance through formation of specialized funds



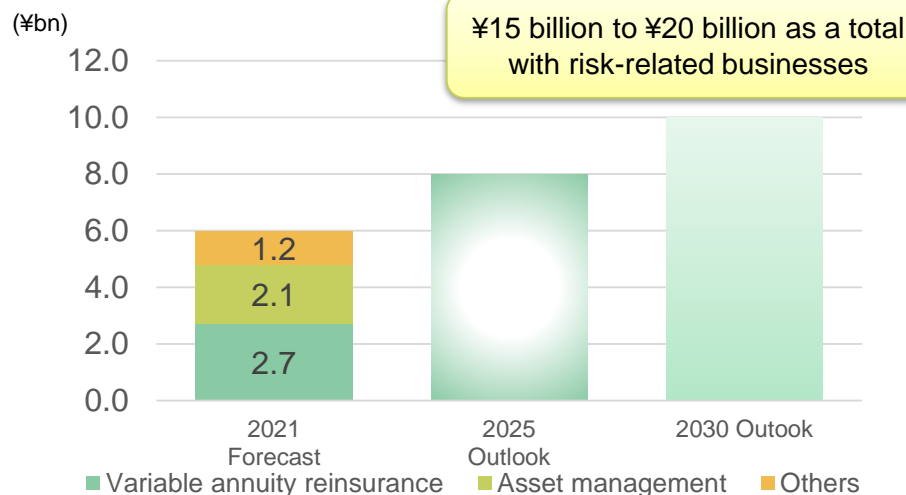
Enhance Group-wide investment earning capabilities and create Group synergy

4. Growth Strategy Utilizing Competitive Advantages:

(5) Financial Services Business

- Further expansion and profit contribution of the financial services business with the unique strengths of the MS&AD Group, including ART and variable annuity reinsurance

Group Adjusted Profit



Providing risk solutions in forms other than insurance

ART

(weather derivatives, insurance-linked securities, etc.)

Provision of weather and other risk solutions that respond to climate change and customer needs

Sell weather index insurance in Asia, Europe, North America and Oceania.



Promote insurance-linked securities business with Leadenhall Capital (CAT bond fund, life insurance risk fund, etc.)

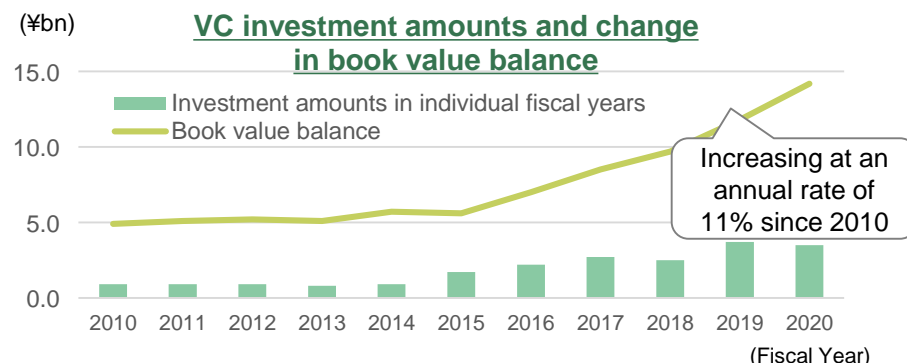


Profit contribution through expanded size

MS&AD 三井住友海上キャピタル株式会社

Domestic Venture Capital

Expand investment in IT startups harnessing environmental changes as business opportunities



Expansion of profit and dividend income due to increase in investment assets



Asset management

Expanded profit from equity method affiliates and increased dividend income associated with expanded balance of investment assets from Sumitomo Mitsui DS Asset Management and Leadenhall Capital

Strong profit base

Variable annuity reinsurance

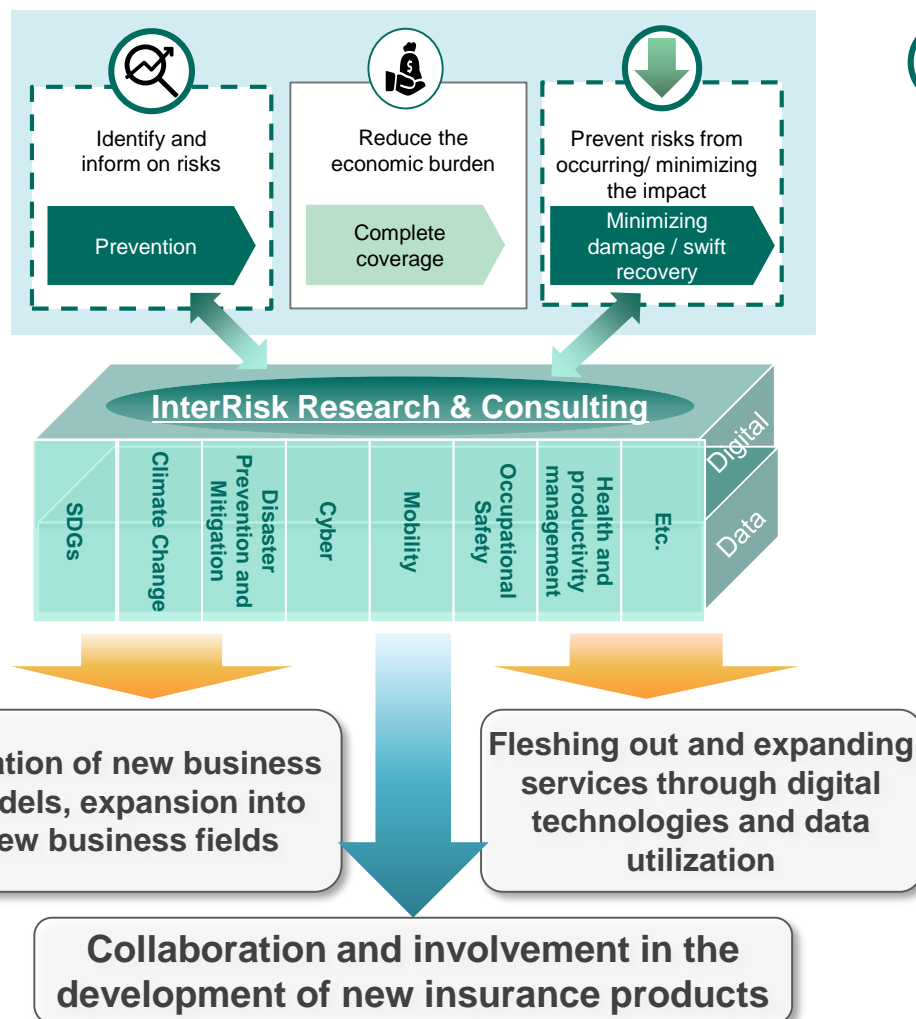
Maintain and expand the variable annuity reinsurance business through the development of new products

4. Growth Strategy Utilizing Competitive Advantages:

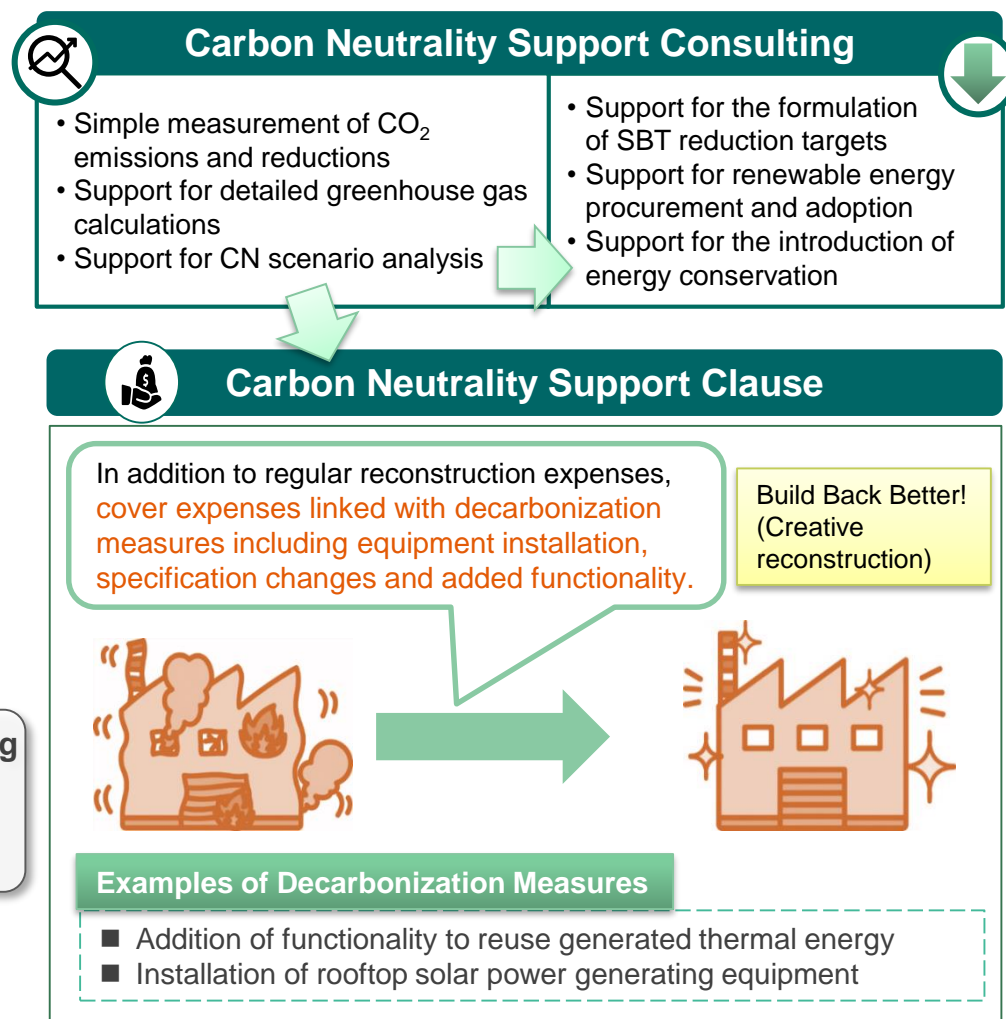
(6) Risk-Related Services Business

- Find, analyze and assess risks, develop insurance products for Group insurance companies and new risk consulting services, and function as the base of a Risk Solution Platform Holder.
- Combine risk consulting services with digital technologies and data utilization to further flesh out and expand services.

Functions that support the story of value creation



Example of initiative: Carbon Neutrality Support



4. Growth Strategy Utilizing Competitive Advantages: (7) CSV x DX x Global Strategy

- Utilize digital technologies and cutting-edge telematics technologies to rollout new businesses on a global scale.

Creation of New Businesses

CSV

×

DX

×

Global

Create and generate revenue from new businesses

- Develop a good balance of **order-made businesses** such as consulting, and **ready-made businesses** such as the data business
- Leverage the consulting functions of InterRisk Research & Consulting to promote endeavors using the combined strength of the Group

Generate revenue in areas before and after insurance coverage (MS&AD Value Strategy)

- Expand and update services before and after coverage and protection such as dash cam-based voluntary automobile insurance
- Increase the lineup of services and roll them out globally

Example of Global Rollout

MOTER Technologies (US-based software development company)

Insurance software that can be installed in
OEM and after market automotive devices

Vehicle-side processing

Only the required data is
extracted
> Personal information such as
GPS positioning is deleted



Data is processed and
analyzed in real-time



Functions expanded
as needed



A new company that
will engage in R&D into
advanced technologies
including software was
established

Developing new
products and services
through research into
insurance software

Development of Smart Medical Insurance in Vietnam

Smart Medical Insurance development project to
collaborate with InsurTech and medical DX companies
to develop apps and advance health (aiming for sales
launch in 2022)

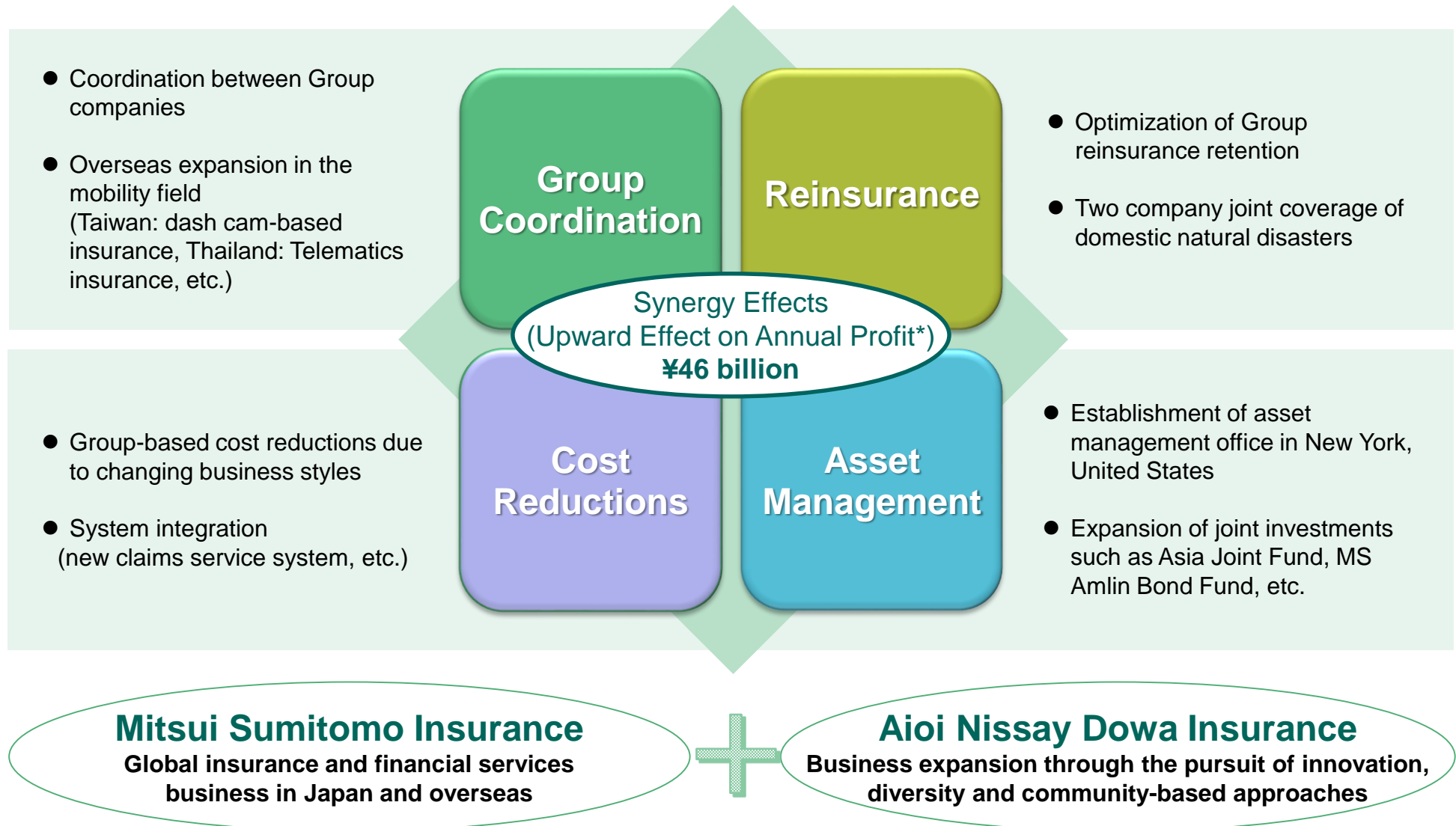
Building a business model in
Vietnam's growing economy

Setting sights on business expansion into
Asian countries in the medium and long term

4. Growth Strategy Utilizing Competitive Advantages:

(8) Demonstrating Group Synergy

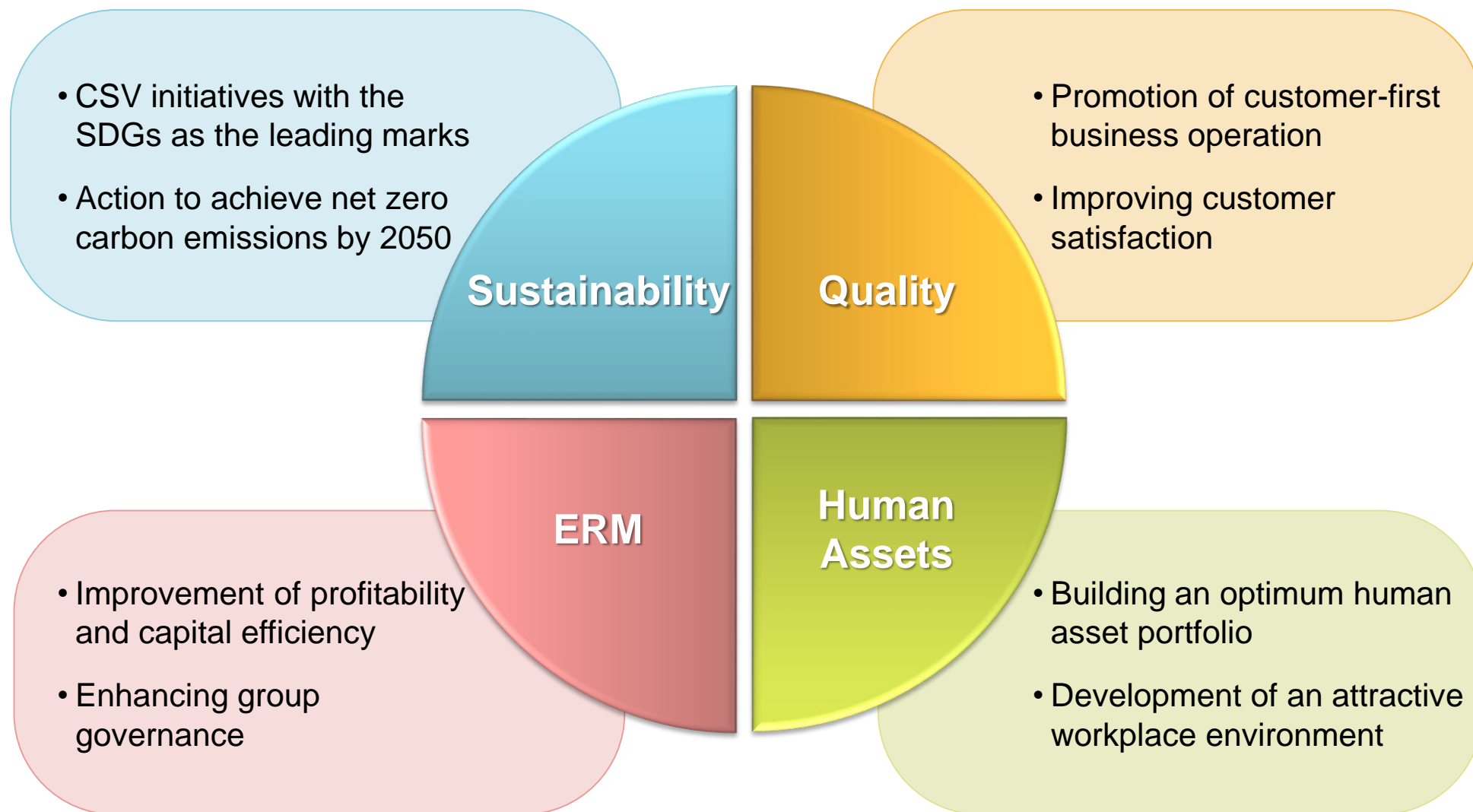
- Based on the respective strengths of MSI and ADI, demonstrate Group synergy that leverages the characteristics of each company



* Expected to be realized by FY2025 (compared with FY2018 levels), before tax

5. Initiatives Supporting Our Growth

- As the mechanisms supporting our growth strategy aimed at achieving our vision in 2030, we will continue to tackle initiatives in the four areas of sustainability, quality, human resources and ERM.



6. Initiatives to Reduce Capital Costs

- We will control business volatility and reduce capital costs (currently 7%) by reducing interest rate risks faced by MSI Aioi Life, reducing strategic equity holdings, and making efforts to reduce catastrophe risks.
- We will expand corporate value by achieving an ROE that is higher than the capital cost ratio.



Capital Cost Reduction Initiative (1) Reducing the Interest Rate Risks Faced by MSI Aioi Life

We will reduce the interest rate risks faced by MSI Aioi Life by matching the interest rate sensitivity of assets and liabilities. We will aim to achieve a hedge ratio (*) of at least 90% from FY2021 onwards.

Expected Improvements in Hedge Ratio

FY2019	FY2020	FY2021 onwards
Approx. 60%	Approx. 80%	Aim for a hedge ratio of at least 90%

* Hedge ratio: Calculated by dividing the interest rate sensitivity of assets by the interest rate sensitivity of liabilities. At 100%, interest rate fluctuations in assets and liabilities are hedged.

Reduction in the Group ESR Volatility

	FY2019	FY2020	H1 FY2021
ESR	186%	235%	254%
Degree of ESR fluctuation when domestic interest rates change $\pm 0.5\%$	46pt	27pt	22pt

Volatility will be further reduced due to the reduction of interest rate risks

Capital Cost Reduction Initiative (2) Reducing Strategic Equity Holdings

Continue to sell strategic equity holdings at a pace of ¥100 billion a year, aiming to make the risk weighting of strategic equity holdings less than 30% of total Group risks.

Capital Cost Reduction Initiative (3) Reducing Catastrophe Risks

For domestic catastrophe risks, control losses through extensive reinsurance coverage (common annual aggregate coverage). Similarly, for overseas catastrophe risks, make efforts to reduce exposure in light of losses that have occurred in recent years.

【Reference】

I . Group's Current Status

- 1 . Premium Income
- 2 . Bottom Line and ROE
- 3 . Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings Forecast

II . Basic Information on Each Business Domain

- 1 . Domestic Non-life Insurance
- 2 . Domestic Life Insurance
- 3 . International Business
- 4 . Asset Management

III . Systems Supporting Value Creation

- 1 . Sustainability Initiatives
- 2 . ERM

IV . Shareholder Return and Stock Price-related Indices

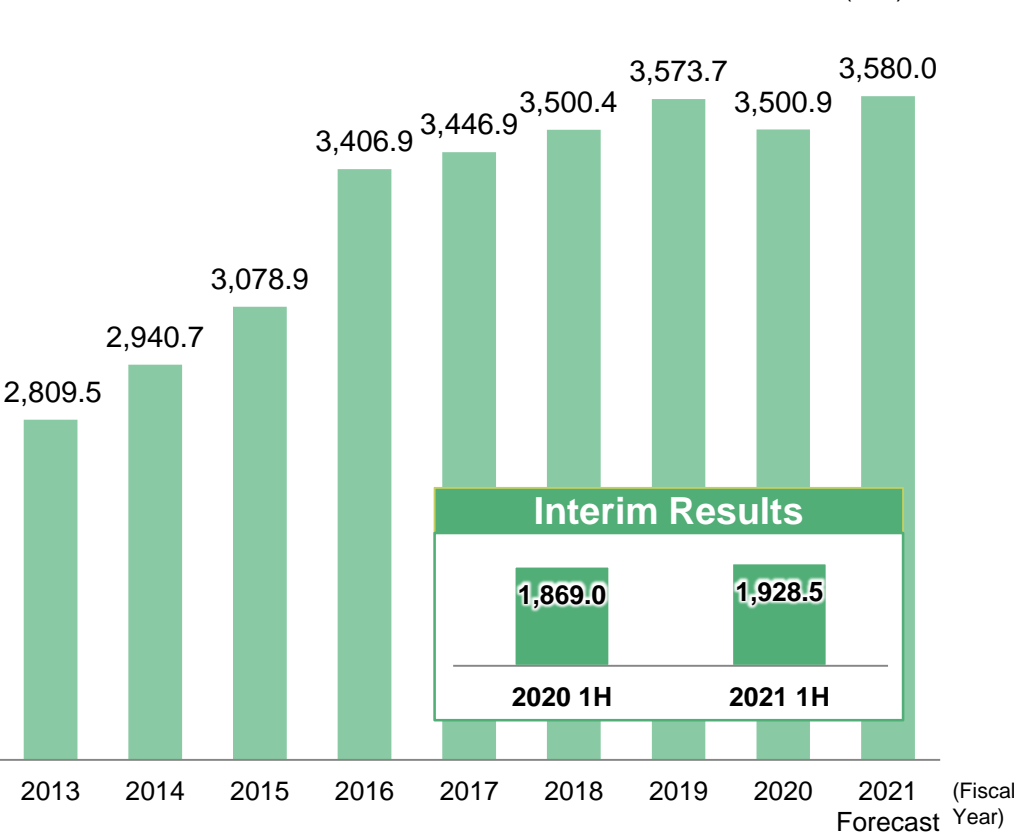
I. Group's Current Status

1. Premium Income
2. Bottom Line and ROE
3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings Forecast

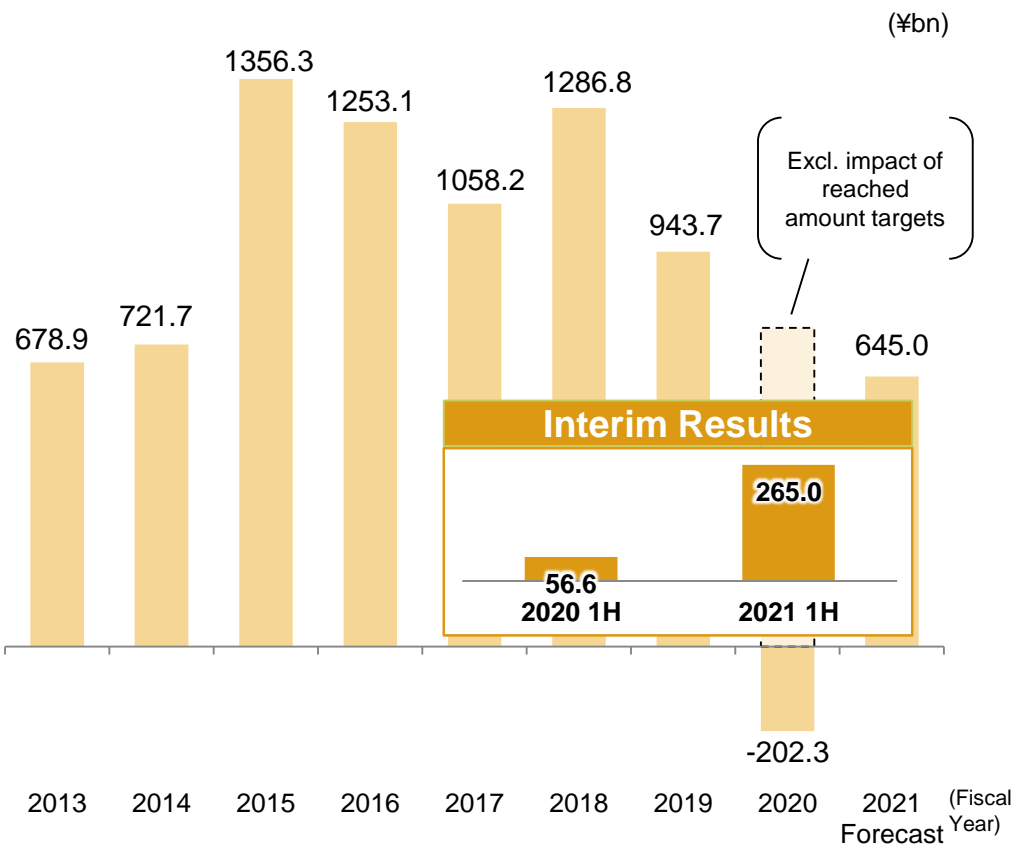
1. Premium Income

- Consolidated net premiums written for FY2021 1H increased by ¥59.4 billion year-on-year to ¥1,928.5 billion, mainly due to an increase at domestic non-life insurance and overseas subsidiaries.
- Consolidated life insurance premiums increased by ¥208.4 billion to ¥265.0 billion.

Non-Life Insurance:
Consolidated Net Premiums Written* (¥bn)



Life Insurance:
Consolidated Life Insurance Premiums (¥bn)

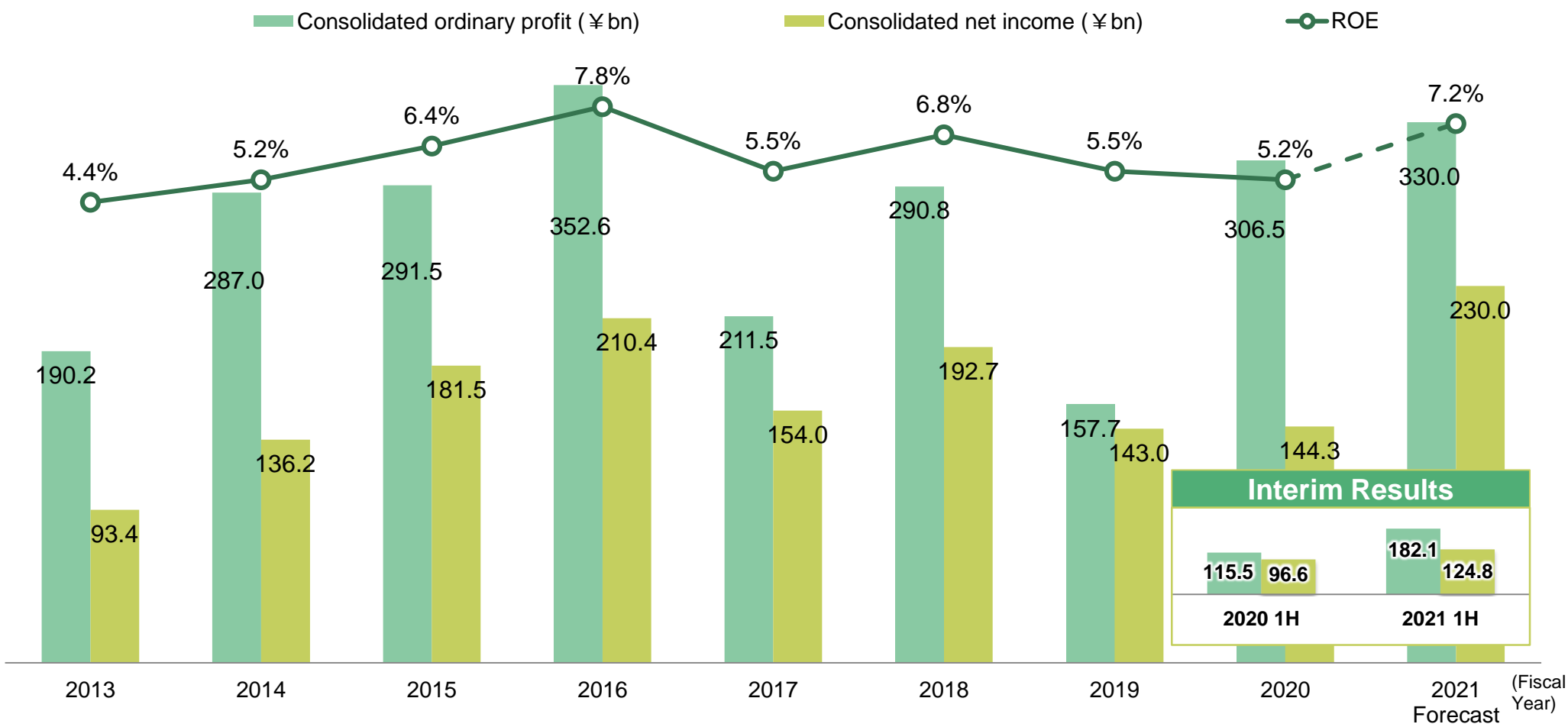


* Net premiums written exclude the good results return premiums of the ModoRich auto insurance product.

2. Bottom Line and ROE (on a Financial Accounting Basis)

- Net income forecast for FY2021 remains at the initial ¥230.0 billion. The net income forecast for overseas subsidiaries was revised downwards, while the forecast for domestic non-life and life insurance subsidiaries was revised upwards.


Consolidated Ordinary Profit, Net Income and ROE



3. Impact of Foreign Exchange/Interest Rate Fluctuation on Earnings Forecast

- The impact of a 5% JPY appreciation against all currencies is a decrease of approx. ¥1.0 billion in net income and a decrease of approx. ¥1.5 billion in Group Adjusted Profit.
- The impact of an increase of 0.1% in JPY interest rate is an increase of about ¥0.7 billion both in net income and Group Adjusted Profit.

Impact of 5% JPY appreciation on profits

Impact on net income	Decrease by approx. ¥1.0 billion
● Decrease in profits of overseas subsidiaries	decrease by approx. ¥1.0 billion
● Domestic non-life insurance subsidiaries	increase by approx. ¥1.0 billion
Decrease in claims reserve in foreign currency Change in valuation of foreign currency deposits and exchange gain/loss on currency hedge positions, etc.	
● Decrease of amortization of goodwill and others in foreign currency	increase by approx. ¥0.5 billion
● Decrease of profit margin of domestic life insurance subsidiaries, etc.	decrease by approx. ¥1.5 billion
The impact on Group Adjusted Profit excluding a decrease of amortization of goodwill and others in foreign currency	Decrease by approx. ¥1.5 billion

Impact of 0.1% rise in JPY interest rate on profits

Impact on net income and Group Adjusted Profit	increase by approx. ¥0.7 billion
● Increase in interest for new investment bonds/loans	increase by approx. ¥0.7 billion

* Impact on earnings forecast for FY2021

Ⅱ. Basic Information on Each Business Domain

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
4. Asset Management

II. Basic Information on Each Business Domain

1. Domestic Non-life Insurance Business

2. Domestic Life Insurance Business

3. International Business

4. Asset Management

1. Domestic Non-Life Insurance Business:

(1) Group Adjusted Profit

- Group Adjusted Profit in 1H increased by ¥36.2 billion year on year to ¥138.6 billion, mainly due to the decrease in domestic natural catastrophe losses. Full-year forecast for FY2021 was revised upwards (+¥28.0 billion) from the initial forecast of ¥171.0 billion to ¥199.0 billion.

Group Adjusted Profit

<Reference> Group Core Profit

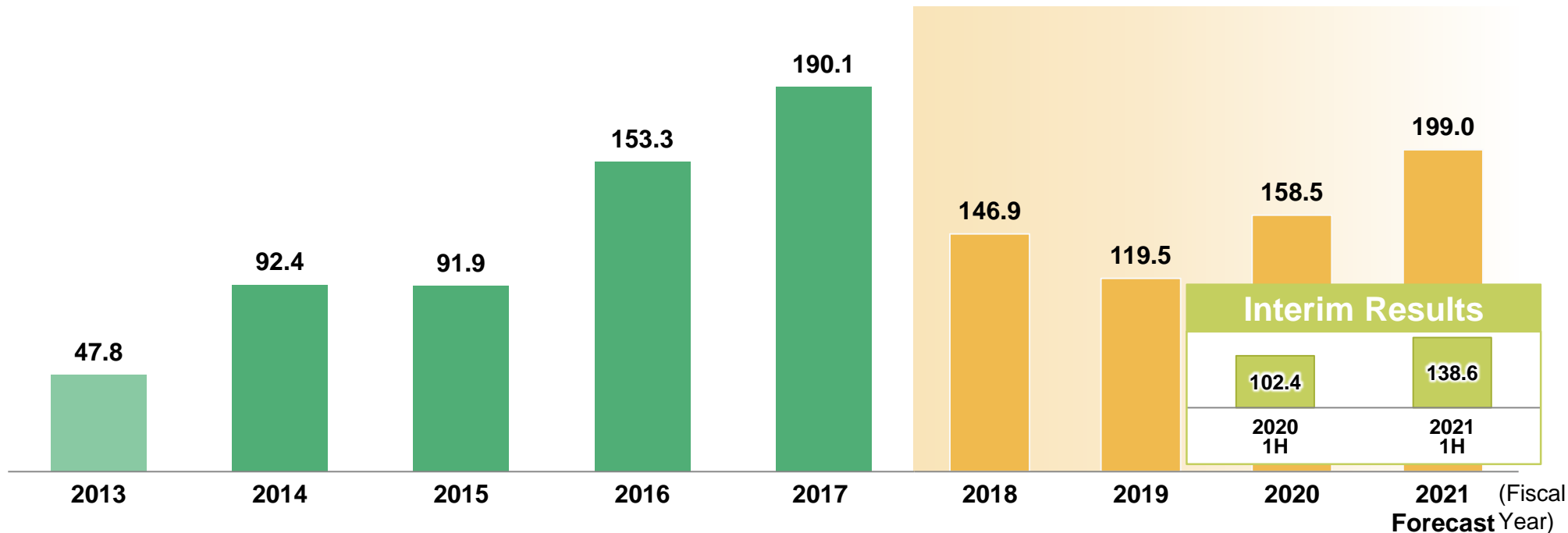
(¥ bn)

(¥ bn)

New Frontier
2013

Next Challenge 2017

Vision 2021



1. Domestic Non-Life Insurance Business :

(2) Automobile Insurance

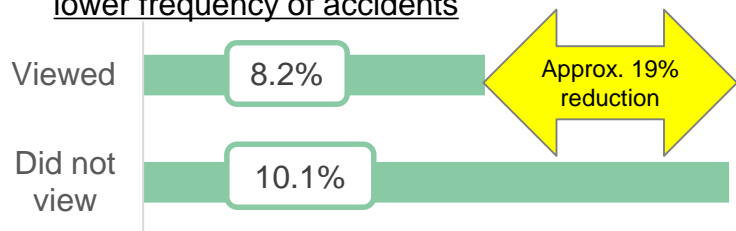
- Promoted safe driving through telematics automobile insurance and services.
- Improved customer satisfaction and increased sales by expanding the provision of product and services based on the CSV x DX concept.

Conveying and preventing risks, promoting safe driving

● Safe driving assistance report

- ➔ Objectively assess driving through individual safe driving advice, etc.

Customers who view their driving diagnostic reports have a lower frequency of accidents



*For Tough Tsunagaru auto insurance (end of March 2021)

● Improving safe driving scores through Brain Training Driving Skill Improvement Game

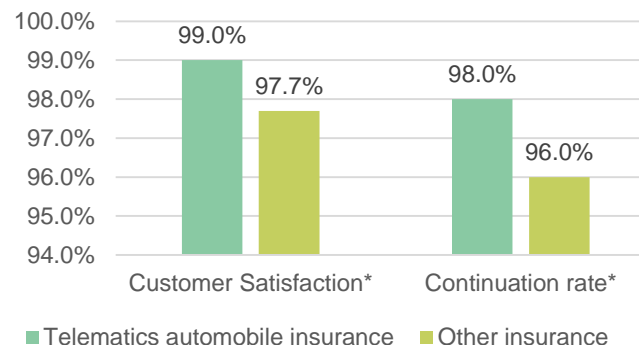


Joint research with Tohoku University Institute of Development, Aging and Cancer, utilizing data from the Telematics & Brain Exercise smartphone app

Age	Score difference between users and non-users
~20s	+2.9
30s	+2.2
40s	+3.4
50s	+3.2
60s	+2.9
70s~	+4.0

Telematics automobile insurance customer satisfaction, continuation rate, state of sales

- Customer satisfaction for telematics automobile insurance is high and the continuation rate is also high.



* Simple averages of MSI and ADI survey results

- Sales over the past year steadily increased and exceeded 1.2 million policies



(Number of policies sold)

Approx. 867,000

* As of end of March, 2021

+420,000

Approx. 1,287,000

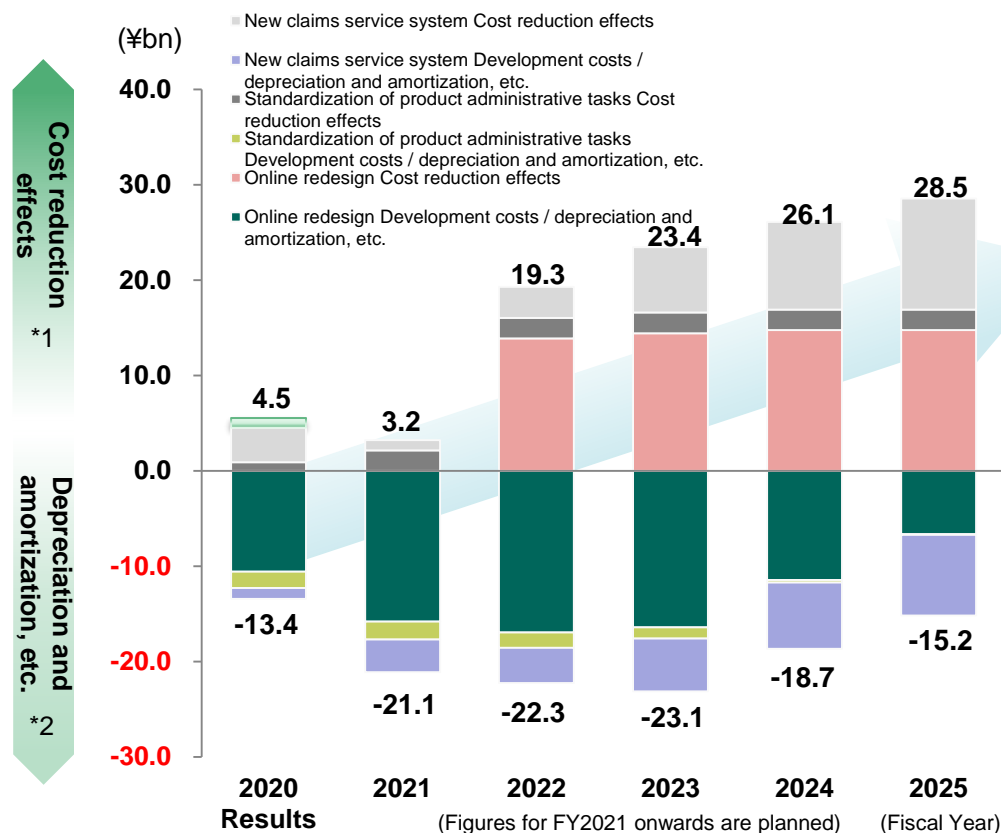
* As of end of September, 2021

1. Domestic Non-life Insurance Business:

(3) Expense Reduction

- Large-scale system development has proceeded according to plan. For instance, in July the new claims service system jointly developed by MSI and ADI entered operation.
- The expense ratio has continued at planned levels through the promotion of other efforts to reduce expenses.

Effects of large-scale system investments

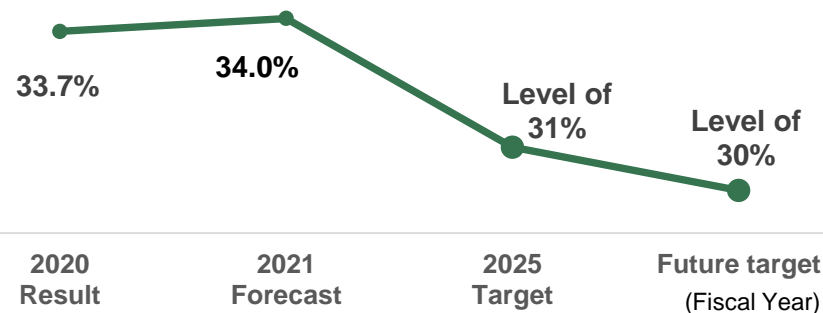


*1 Conversion of expected workload reductions due to business streamlining into expenses

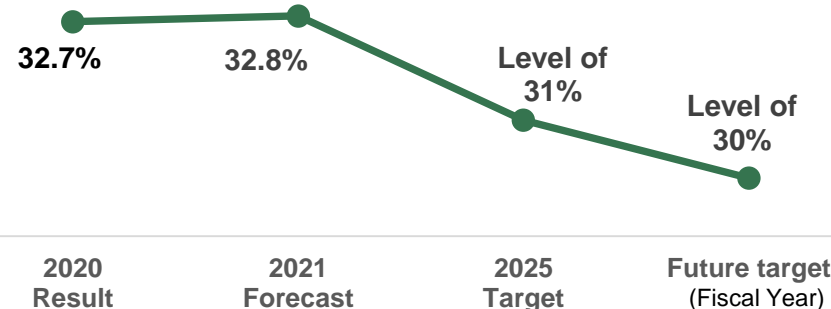
*2 Including depreciation and amortization + system development costs / operating costs (expense processing amount), costs to deal with aging servers

Improvement of expense ratio

Change in expense ratio *3



Change in expense ratio *3 (excluding R&D *4 Expense)



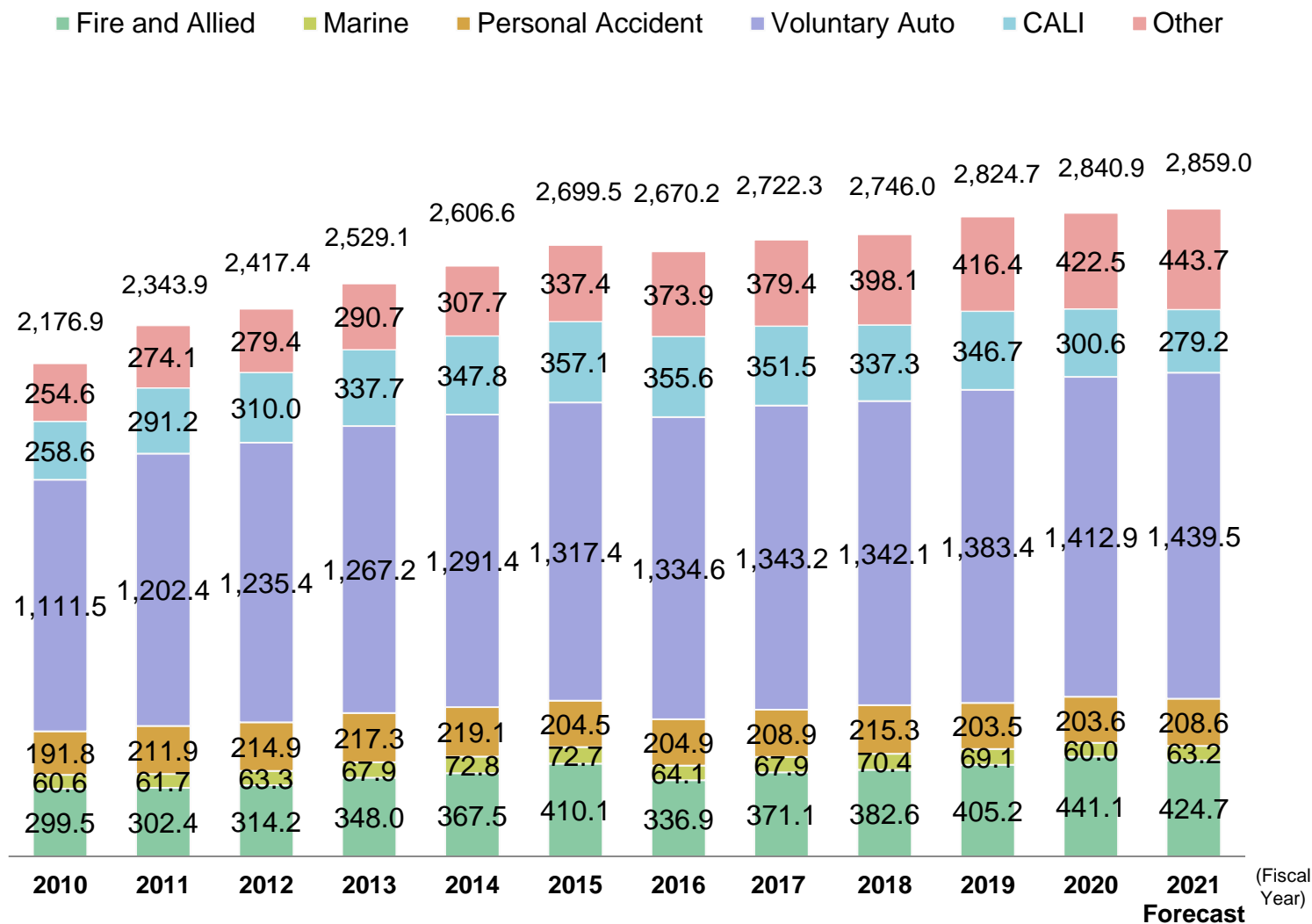
*3 Simple sum of non-consolidated figures of MSI and ADI

*4 Investment costs for measures to respond to environmental changes, including infrastructure construction and R&D to improve productivity and quality.

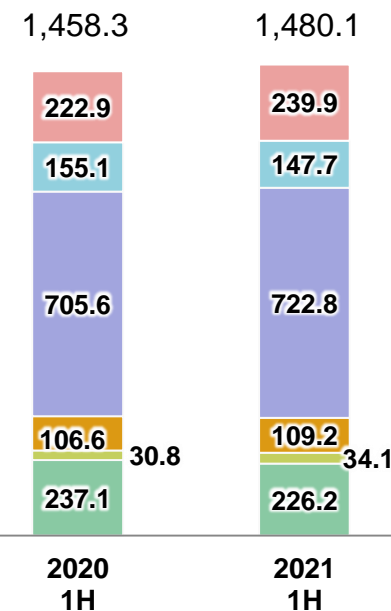
1. Domestic Non-Life Insurance Business:

(4) Net Premiums Written by Line of Business

(¥bn)



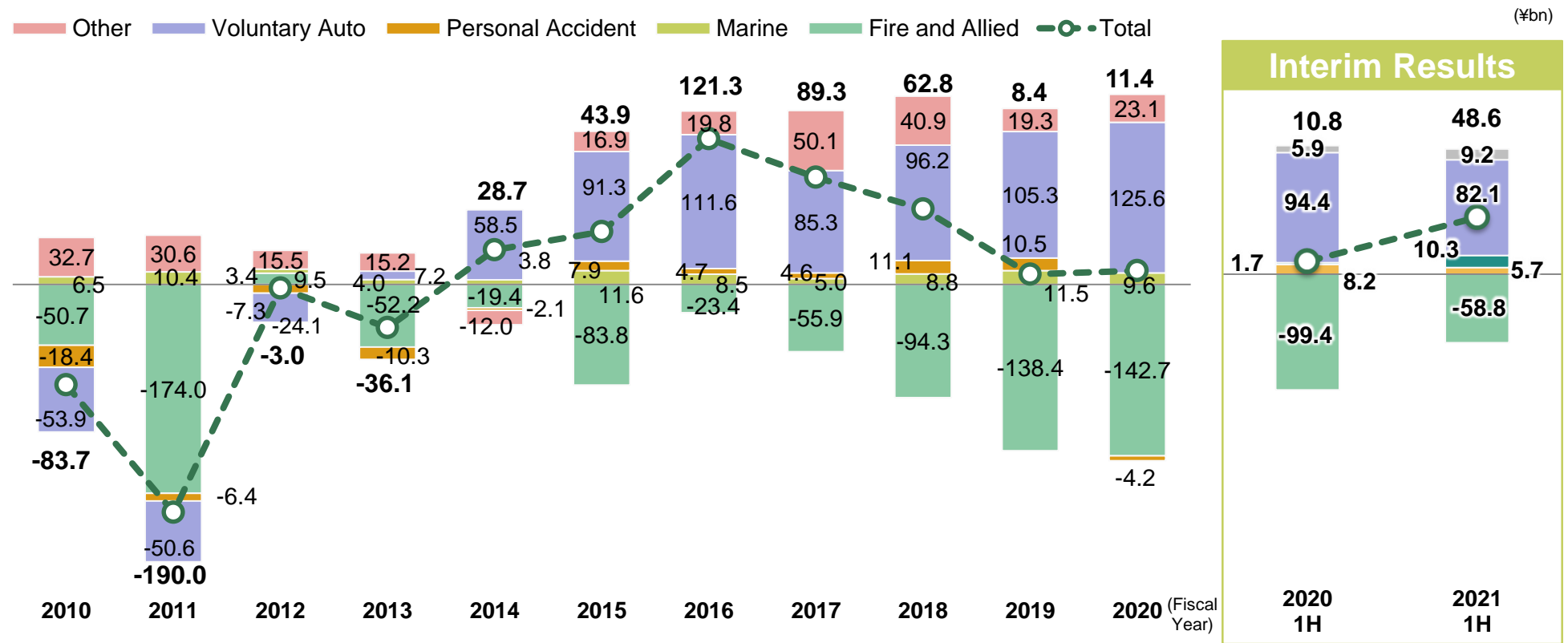
Interim Results



* Simple sums of non-consolidated figures for MSI and ADI (For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).

1. Domestic Non-Life Insurance Business:

(5) Underwriting profit/loss by line of business



Item / Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Forecast)
Underwriting Profit	-83.7	-190.0	-3.0	-36.1	28.7	43.9	121.3	89.3	62.8	8.4	11.4	100.0
Net reversal of catastrophe reserve (profit impact)	-0.0	139.5	41.9	3.0	-31.3	-81.6	-81.8	-44.6	79.8	-33.3	-65.3	-64.6
Underwriting profit (before reflecting catastrophe reserve)	-83.7	-329.5	-44.9	-39.1	60.1	125.6	203.1	133.9	-16.9	41.8	76.7	164.6
Impact of natural catastrophes* ¹ (ref.)	-65.9	-311.5	-55.1	-96.3	-27.2	-68.1	-51.0	-118.8	-235.3	-122.9	-85.0	-82.5

* Simple sums of non-consolidated figures for MSI and ADI. (For FY2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).

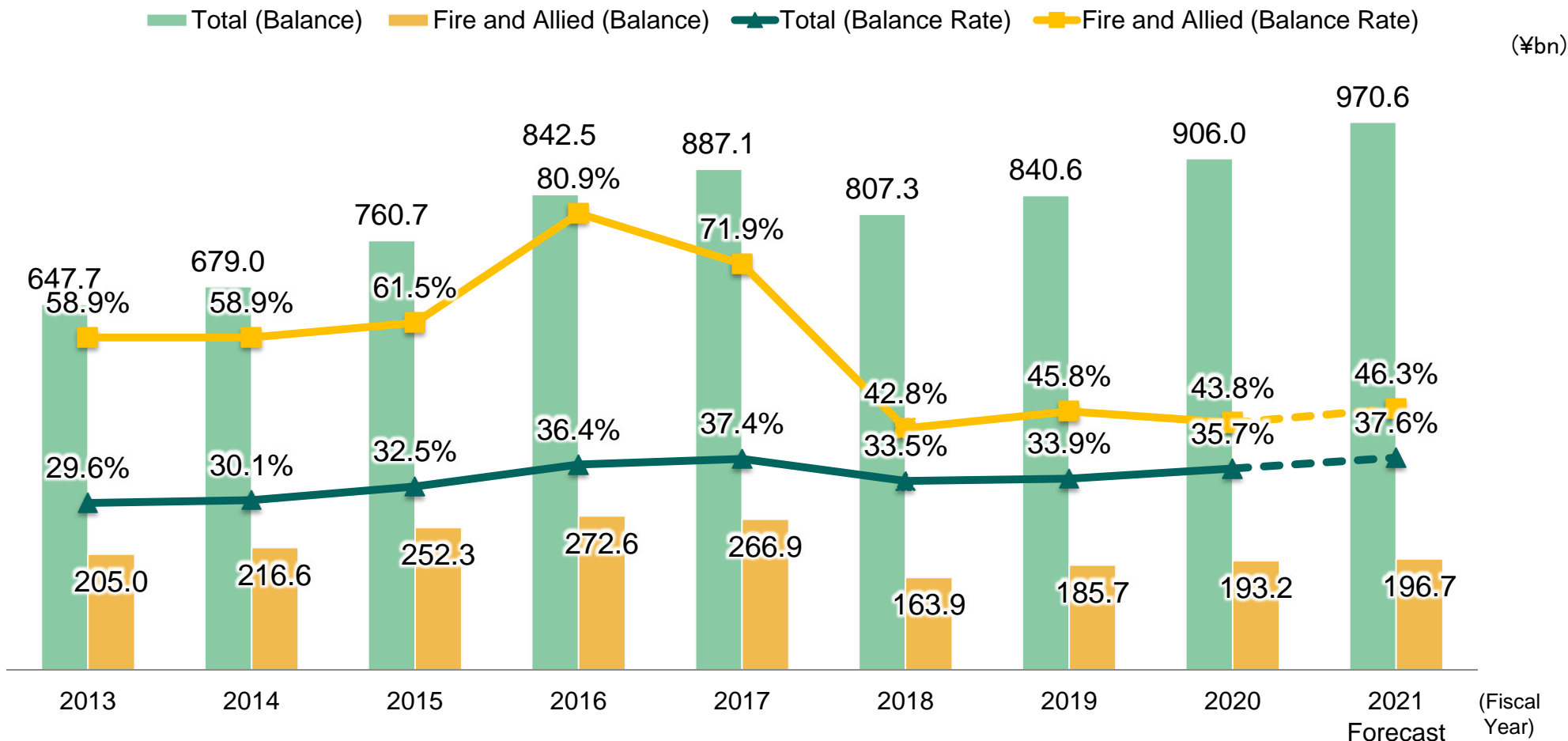
*¹ The figures from FY2017 show incurred losses from domestic and overseas natural catastrophes for MSI and ADI. The figures from FY2019 show incurred losses from domestic and overseas natural catastrophes in the each year for MSI and ADI deducting the collected amount of Cat Bonds related to natural catastrophes in FY2018.

1. Domestic Non-Life Insurance Business:

(6) Balance of Catastrophe Reserve

- The provision ratio of fire insurance in FY2021 is 6% for MSI and 15% for ADI.

Balance of Catastrophe Reserve



* Simple sum of MSI and ADI

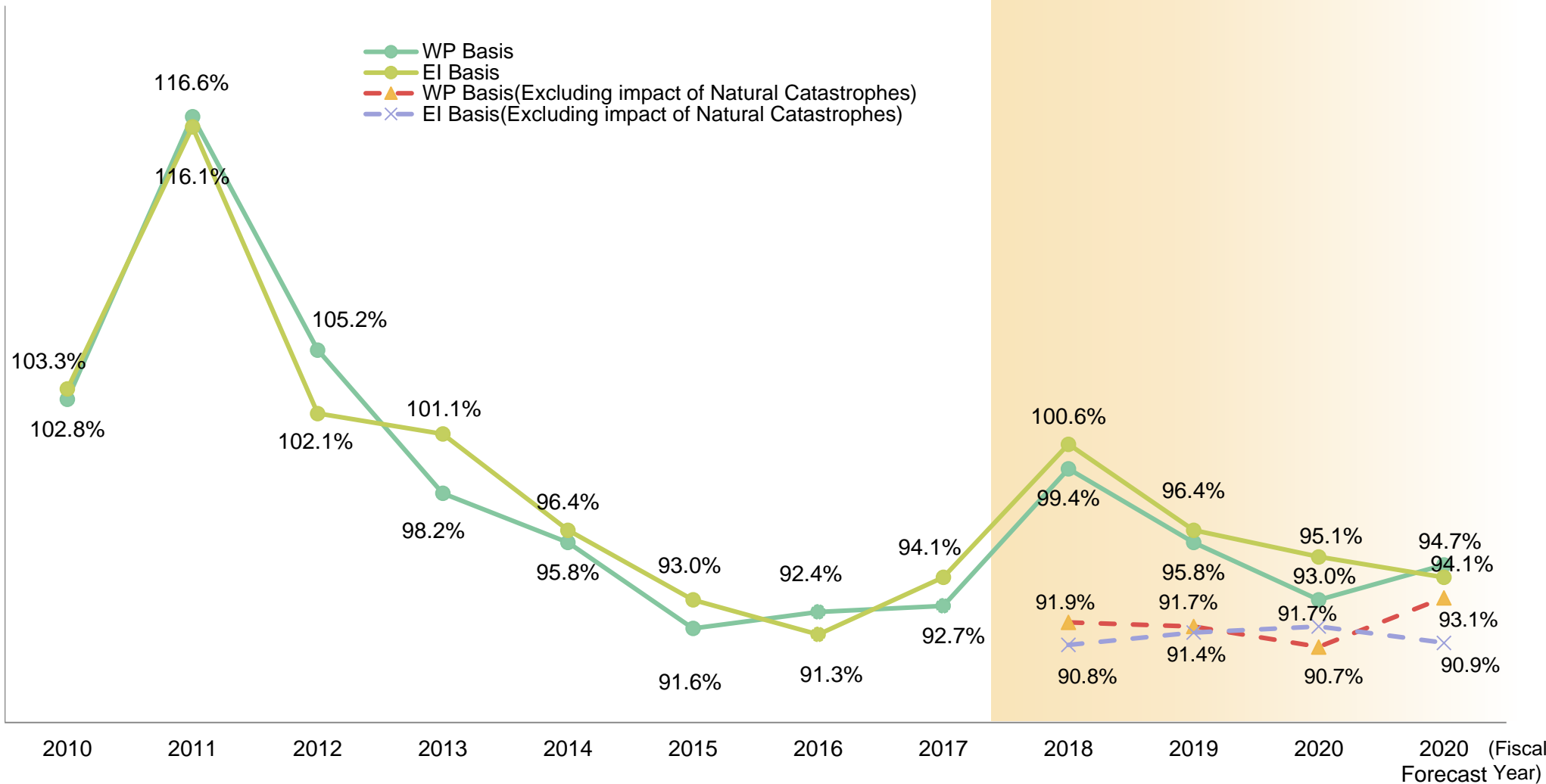
* Balance Rate = Balance of catastrophe reserve / Net premiums written (excluding residential earthquake and CALI)

1. Domestic Non-Life Insurance Business: (7) Combined Ratio

New Frontier 2013

Next Challenge 2017

Vision 2021

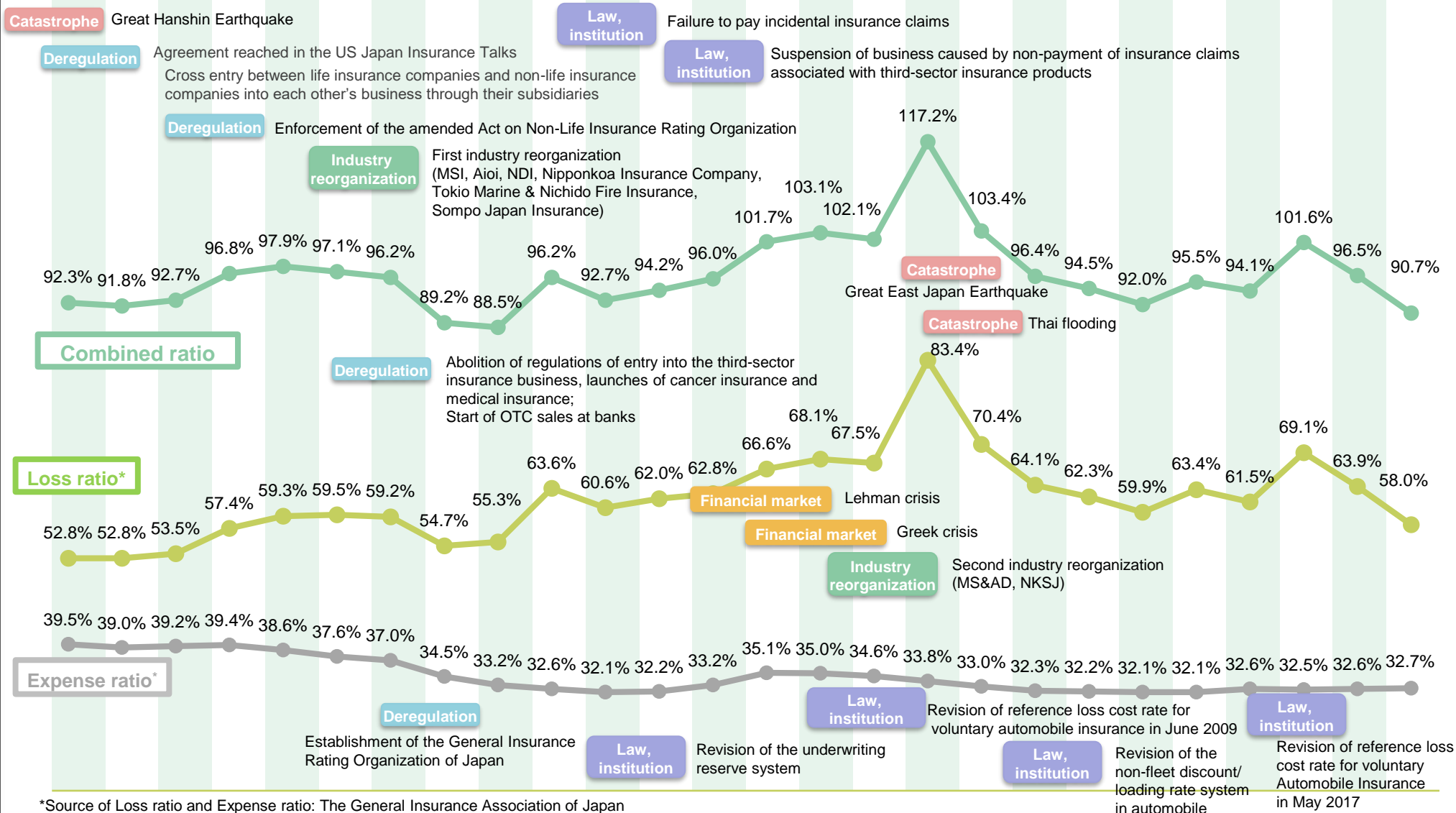


- Simple sums of non-consolidated figures for MSI and ADI (For FY 2010, simple sums of non-consolidated figures for MSI, Aioi and NDI).
- W/P: all lines, E/I: excludes residential earthquake insurance and CALI.

1. Domestic Non-Life Insurance Business: (8) Combined Ratio (WP) in the Domestic Non-Life Insurance Industry

(Fiscal Year)

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020



*Source of Loss ratio and Expense ratio: The General Insurance Association of Japan

II. Basic Information on Each Business Domain

1. Domestic Non-life Insurance Business

2. Domestic Life Insurance Business

3. International Business

4. Asset Management

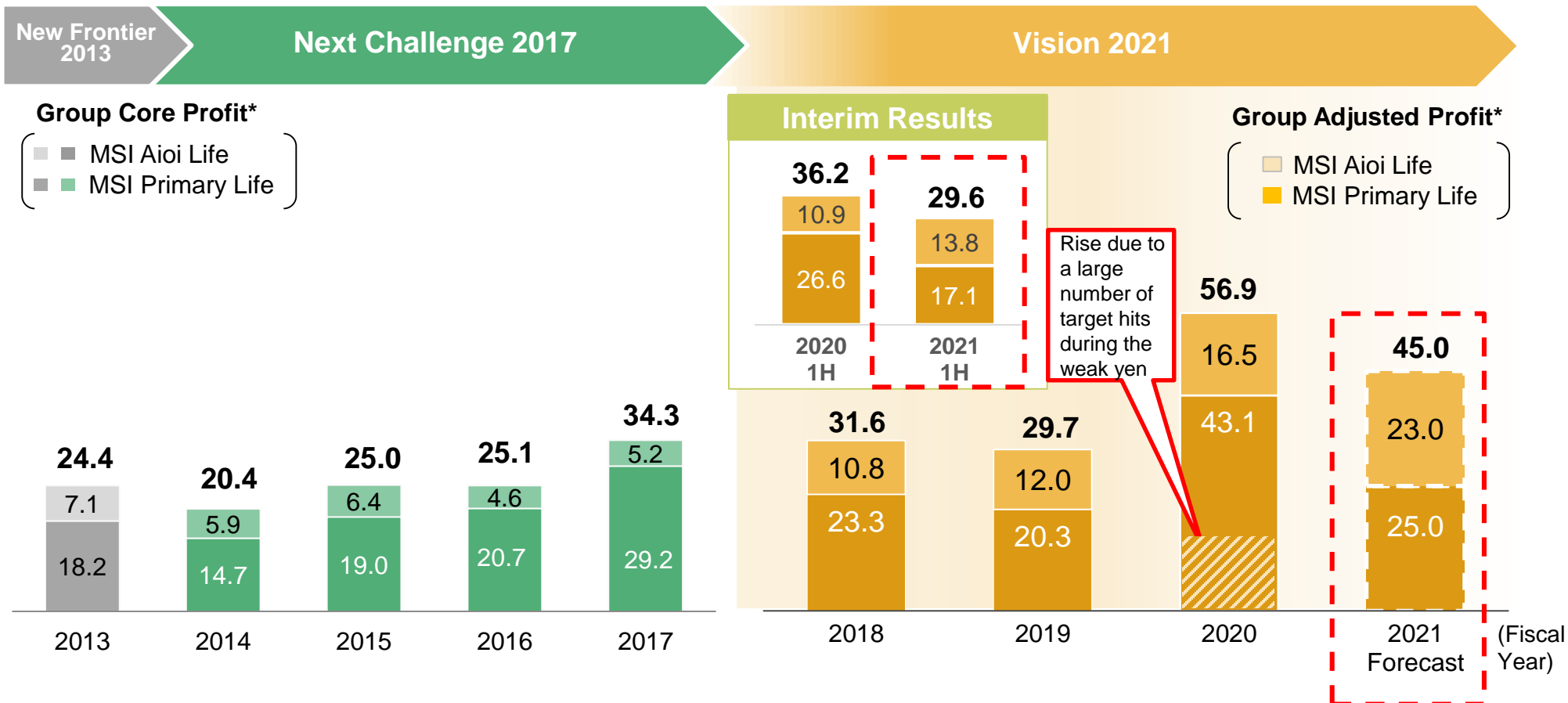
2. Domestic Life Insurance Business: (1) Group Adjusted Profit

- Group Adjusted Profit in 1H was ¥29.6 billion. Full-year forecast for FY2021 was revised upwards (+¥2.0 billion from the initial forecast) to ¥45.0 billion.

Group Adjusted Profit

<Reference> Group Core Profit

(¥ bn)



* Total of life insurance business includes purchase difference adjustment etc.

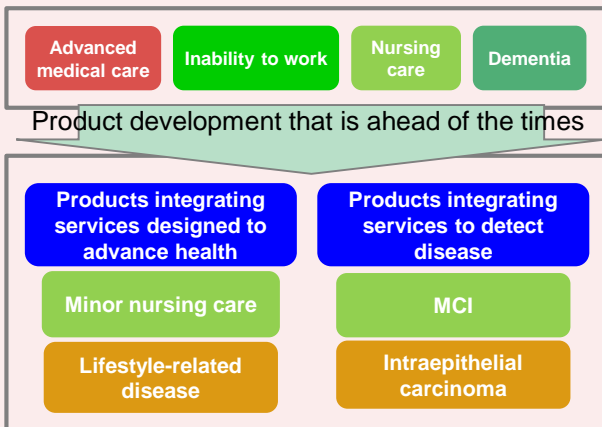
2. Domestic Life Insurance Business:

(2) MSI Aioi Life Growth Strategy

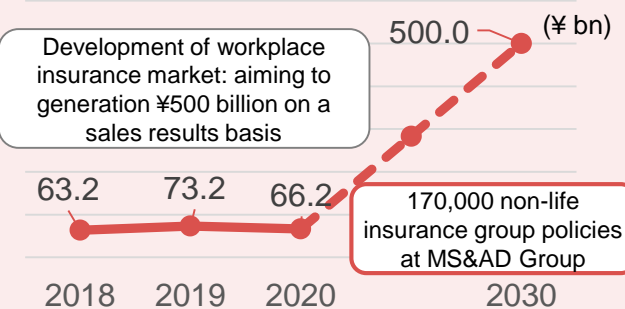
- Expand the top line with attractive products and services designed to solve social issues such as growing medical and nursing care burdens, and by utilizing non-life insurance markets.
- Expand stable earnings by improving the profitability of products and reducing interest rate risks. In addition, underpin these efforts with digitalization.

Overall Structure of the Growth Strategy

(1) Product strategy



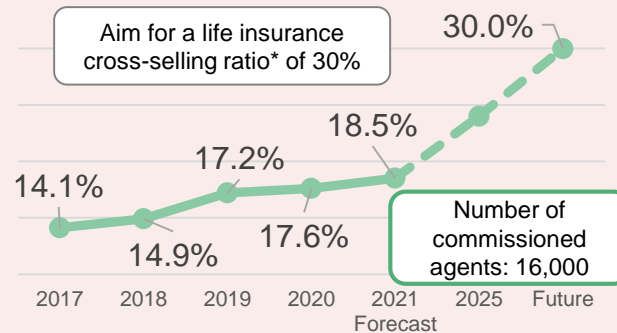
(3) Market strategy



<Top Line Strategy>

Expand the top line with products and services that deliver peace of mind and satisfaction, and by utilizing non-life insurance channels and markets

(2) Channel strategy



* MSI Aioi Life's in-force policy holders acquired through cross-selling channels (professional, corporate, motor, auto dealership) divided by the number of MSI and ADI auto and fire insurance policyholders (From FY2020 onwards, the above number of MSI Aioi Life's in-force policy holders includes those that come under the transfer of long-term policies in the third sector)

<Bottom Line Strategy>

(4) Improved earnings power

Expanding assets expected to generate higher return

Expanding product profitability

Shift to expense profits (three structural innovations)

Earnings structure innovation / operational innovation / System structure innovation

(5) Financial soundness

Expanded sales weight of protection-type products

Improved hedge ratio (Stronger resilience to interest rate fluctuations)

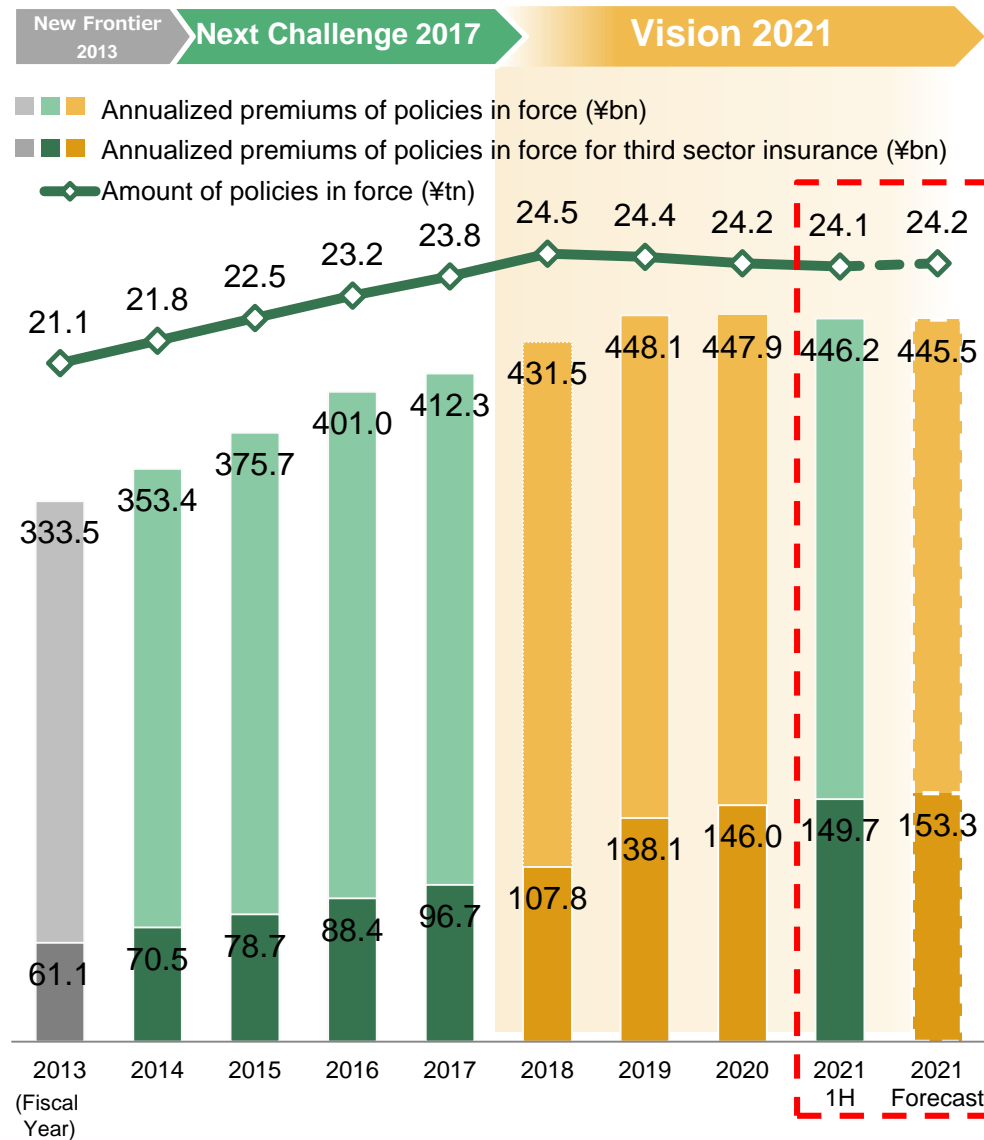
Reduction of interest rate risks

(6) Digitalization strategy (CSV×DX)

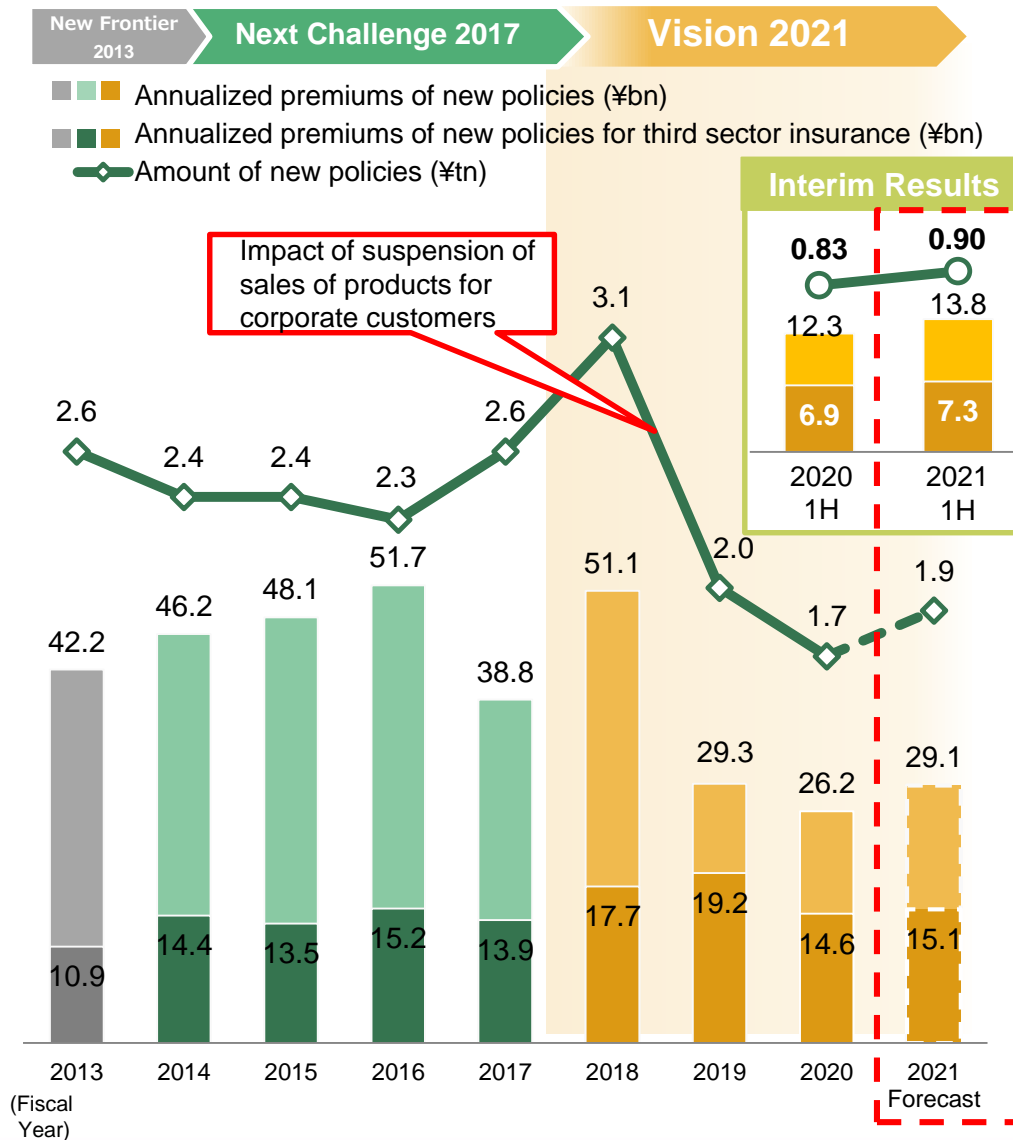
Transform business operations and boost productivity through the use of digital technologies. Solve social issues such as advancing health and preventing progression to serious disease through DX.

2. Domestic Life Insurance Business: (3) MSI Aioi Life (Amount of Policies and Annualized Premiums)

Amount of Policies in Force and Annualized Premiums
of Policies in Force



Amount of New Policies and Annualized Premiums
of New Policies



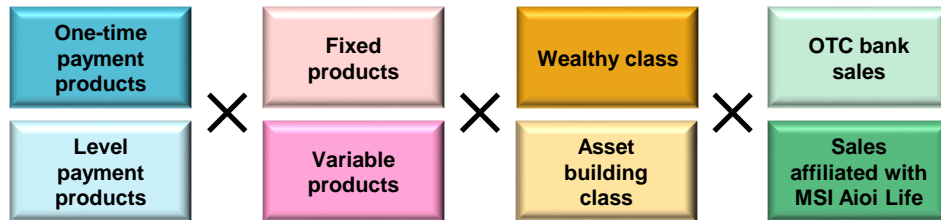
2. Domestic Life Insurance Business:

(4) MSI Primary Life Growth Strategy

- Maintain the top position in OTC sales through expertise, flexibility and unique qualities, while also utilizing new sales styles to expand the product and sales mix.
- Improve earnings power and the management foundations through more sophisticated asset and risk management, customer focused business operation, digitalization, and so on.

Strategy (1) Product × Sales Mix

Delve deeper into our core business (one-time payments × wealthy customers × OTC sales) to maintain our top position while expanding the asset building market for younger demographics through level payment products as a new growth business



Strategy (2) New Sales Styles

- ◆ Respond so that the form of sales and number of personnel is appropriate to both in-person and digital sales.
- ◆ Establish new sales styles through the best match of data analysis and experience
- ◆ Enhanced sales support, education and training to support agents



PRIMARY CREATIVE STUDIO: a video streaming studio to enhance online sales support and training

Strategy (3) Asset and Risk Management

- ◆ Diversity asset management methods and investment targets, mainly with investment grade bonds
=> Utilize net assets to expand alternative investments that can obtain illiquidity premiums
- ◆ ALM in light of changing characteristics of liabilities
- ◆ More sophisticated investment risk management and monitoring systems

Strategy (4) Strengthening and Expanding Management Foundations

<Customer-focused Business Operation>

- ◆ Having customer-focused business operations take root as corporate culture
- ◆ Enhanced after-sales follow-ups and initiatives encouraging customers to maintain policies in the long term

<Digitalization>

- ◆ Business transformation and streamlining through digitalization
- ◆ Promoting utilization of the data analysis infrastructure
- ◆ Hiring and developing digitally-minded human resources

<Human assets>

- ◆ Strategic shift in human assets
- ◆ Promoting "total employee success" including senior employees
- ◆ A workplace environment that enables employees to work in a lively manner and excel in their jobs

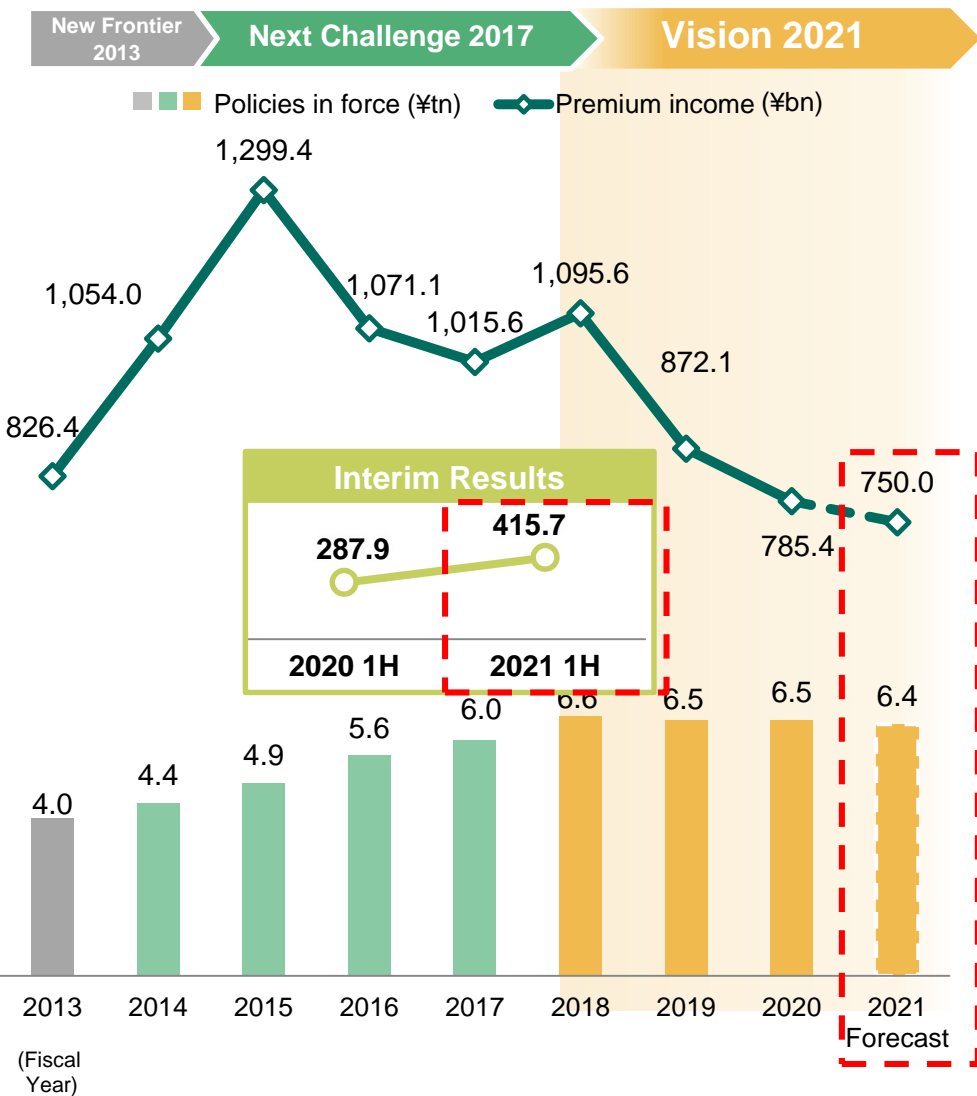
<Sustainability>

- ◆ Joint efforts with the MS&AD Group to achieve carbon neutrality
- ◆ ESG investment and initiatives to reduce environmental impact

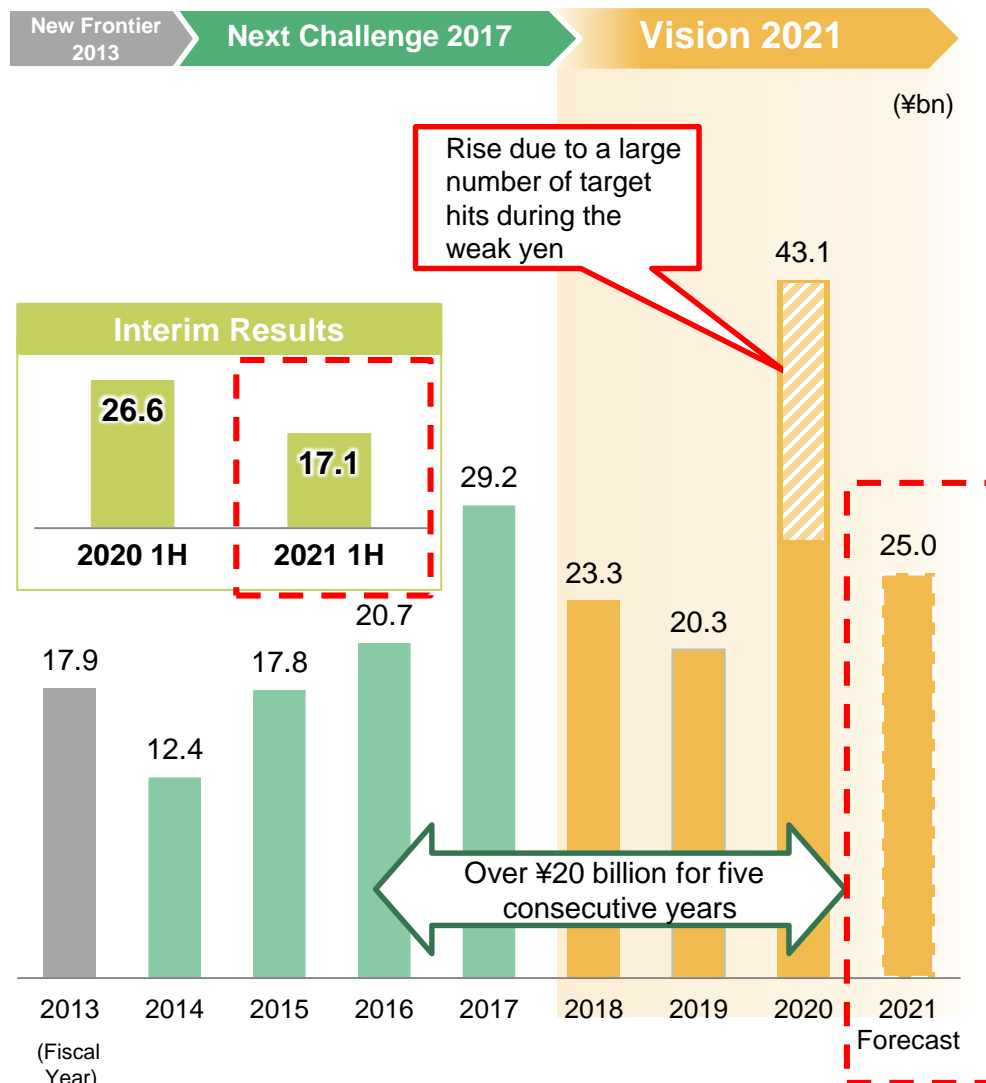
2. Domestic Life Insurance Business:

(5) MSI Primary Life (Premium Income, Amount of Policies in Force and Net Income)

Amount of Policies in Force and Premium Income



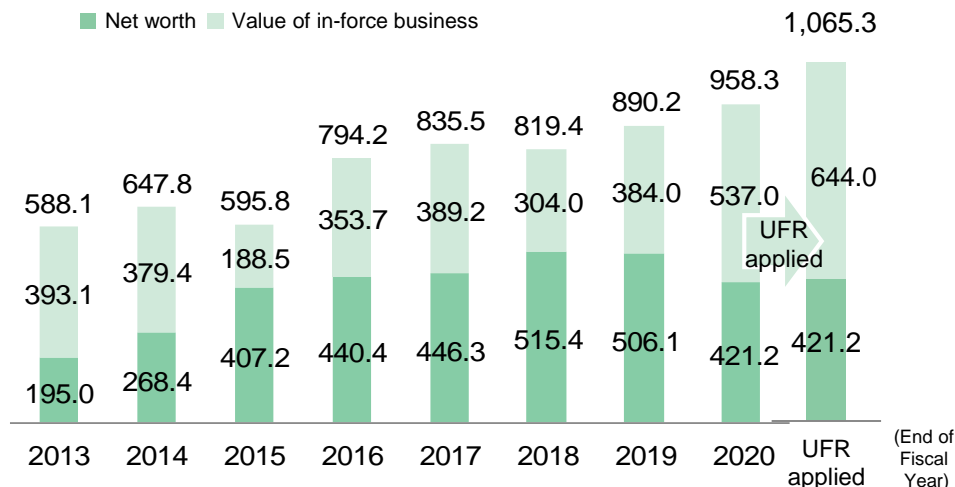
Net Income



2. Domestic Life Insurance Business: (6) Embedded Value (EEV) from the End of FY2013 to the End of FY2020

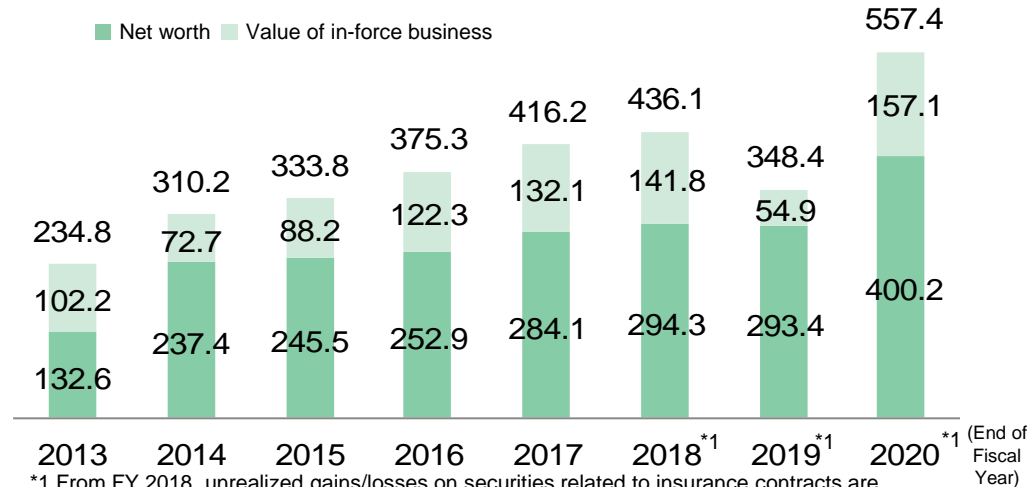
MSI Aioi Life

(¥bn)



MSI Primary Life

(¥bn)



■ Changes in FY2020 (¥bn)

Factor	Change
Opening adjustments	-4.9
New business in reporting year	44.7
Expected existing business contribution at the risk free rate	5.9
Expected existing business contribution above risk free rate	4.4
Operating experience variances	-0.4
Changes in operating assumptions	-39.1
Economic variances and changes to economic assumptions	53.0
Other operating movements	4.4
Total	68.1

■ EEV Sensitivity (at March 31, 2021, ¥bn)

Assumptions	Change
Risk-free yield curve Up 50bp	3.8
Risk-free yield curve Down 50bp	-28.8
Equity and real estate values Down 10%	-3.1
Maintenance expenses Down 10%	29.9
Surrender and lapse rates Down 10%	-16.3
Mortality and morbidity rates for life insurance Down 5%	55.1
Mortality and morbidity rates for annuity Down 5%	-0.1
Equity and property implied volatility Up 25%	0.0
Swaption implied volatility Up 25%	-20.7
Required capital set at statutory minimum level	4.8
Applying an Ultimate Forward Rate (UFR) to extrapolate long term interest rates	107.0

■ Changes in FY2020 (¥bn)

Factor	Change
Opening adjustments	-6.2
New business in reporting year ^{*2}	-10.8
Expected existing business contribution at the reference rate	2.1
Expected existing business contribution above reference rate	2.3
Operating experience variances	0.9
Changes in operating assumptions	-5.7
Economic variances and changes to economic assumptions	226.3
Total	208.9

^{*2} In the EEV calculation, the value of new business reflects only a portion of the excess spread above the risk-free rate. The substantial value of new business, taking into account the excluded spread, is positive.

■ EEV Sensitivity (at March 31, 2021, ¥bn)

Assumptions	Change
Reference yield curve Up 50bp	-14.1
Reference yield curve Down 50bp	15.1
Equity and real estate values Down 10%	-3.7
Maintenance expenses Down 10%	7.7
Surrender and lapse rates Down 10%	-2.2
Mortality and morbidity rates for life insurance Down 5%	1.0
Mortality and morbidity rates for annuity Down 5%	-0.9
Equity and property implied volatility Up 25%	-2.1
Swaption implied volatility Up 25%	-2.4
Required capital set at statutory minimum level	2.2
Nil illiquidity premium	-13.9

II. Basic Information on Each Business Domain

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
- 3. International Business**
4. Asset Management

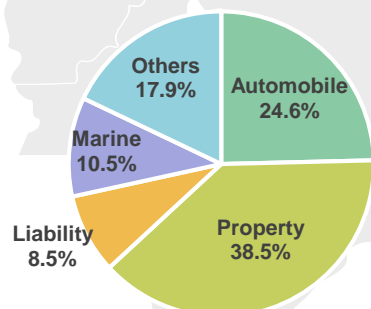
3. International Business:

(1) Profitability of the Asia Business

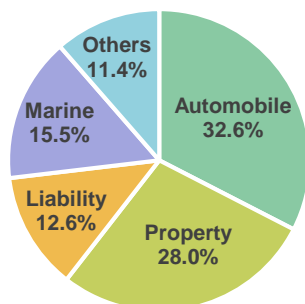
- We have solid business foundations as the only non-life insurance group in the world to maintain offices in all 10 countries of the ASEAN region.
- From our well-balanced portfolio, we maintain a generally favorable combined ratio and high profitability.

Portfolio Composition*¹

Composition of Gross Premiums by Line



Composition of Insurance Underwriting Profit by Line



Combined Ratio

Major ASEAN Countries* ²	Combined Ratio (%)		
	FY2018	FY2019	FY2020
Singapore	86.1	89.0	72.6
Malaysia	91.4	85.8	77.4
Thailand	96.5	98.2	93.7
Indonesia	90.3	86.0	92.0
Philippines	87.2	87.6	85.3
Vietnam	79.8	74.6	75.1

*¹ Total for Singapore, Malaysia, Vietnam, Thailand and Hong Kong
 *² Consolidated subsidiary and equity-method affiliate basis

3. International Business:

(2) Asia Business Growth Strategy

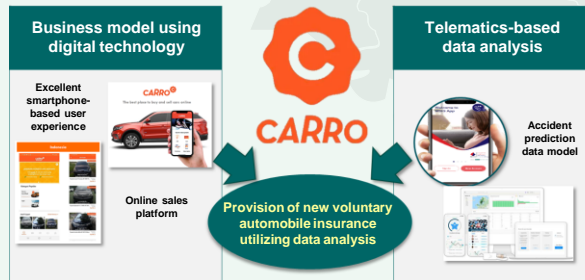
- Asia is a promising market undergoing GDP and population growth with a middle income class that is expected to expand. In the Asia business we will capture market growth through retail market development, improved earnings power and the pursuit of Group synergy.

Pillars of the Strategy to Capture Asian Growth

Retail Market Development

- Alliances and collaboration with local partners, platform holders and financial institutions, strengthening of sales channels utilizing digital technologies

[Example] Collaboration utilizing digital technology with Carro



[Example] India: Chola MS

Efforts to develop the retail market focused on small-to-medium-sized cities and rural areas by deploying small stores and virtual stores that allow sales clerical work to be completed using digital technology



Small stores



Virtual stores

Improved Earnings Power

- Efficient operations utilizing digital technologies

[Examples]

Introduction of process automation and RPA



Chat bot



Customer-facing app



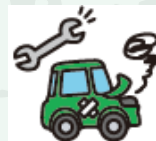
- Efforts to improve loss ratio

[Examples]

Video surveys



Enhanced checks of repair costs
Fraud detection in insurance claims



Pursuit of Group Synergy

- Corporate expansion utilizing the underwriting expertise of MSFC and MS Amlin

[Examples]



Development of companies and infrastructure projects in Asia through excellent underwriting expertise

Providing and supporting expert underwriting knowledge to help each overseas entity strengthen sales in the corporate field

- Collaboration between life and non-life insurance

[Examples]

Insurance sales by having life and non-life insurance providers jointly form alliances with platform holders

Producing cost synergies through the joint use of personnel training and licensing, etc.

Introducing banks affiliated with life insurance to non-life insurance

Bancassurance digitalization project

- Improved asset management by utilizing Asia joint fund

3. International Business:

(3) Telematics-based Insurance Efforts

- Accumulation of driving data for 5.8 billion km in Japan and 36.6 billion km globally (the equivalent of driving 910,000 times around the earth, estimate as of September 30, 2021).
- With sales of new connected cars expected to reach 94.8 million by 2035 (31.2 million in 2019)*, data accumulation will accelerate further.
- Driving data is being utilized to achieve a safe and secure mobility society.

Data equivalent to around 910,000 circuits around the earth

Europe

9.5 billion km

Japan

5.8 billion km

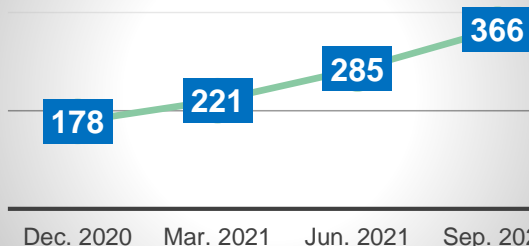
USA

20.0 billion km

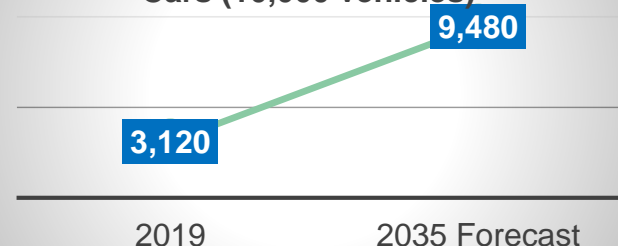
Asia

1.2 billion km

Status of driving data accumulated (100 million km)



Expected Number of Connected Cars (10,000 vehicles)



* Source: Fuji Keizai "Future of connected cars, V2X, and autonomous driving-related market" (2021)

Driving Data

X

Public data (weather, etc.)
Partner data (payments, etc.)
Lifestyle data

=

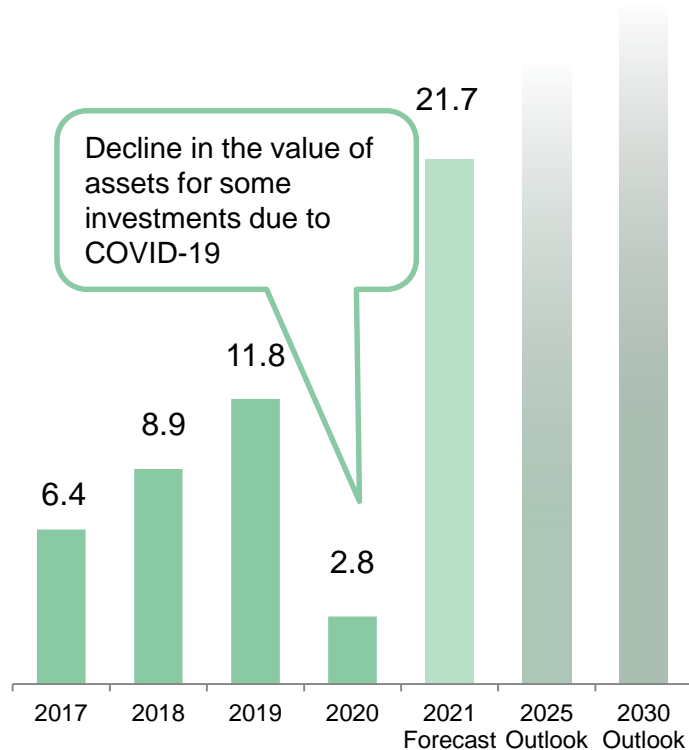
**Aim to provide
new added value**

3. International Business:

(4) Growth of the International Life Insurance Business

- Despite a temporary decline in profit in FY2020 due to the COVID-19 pandemic, we expect to achieve steady profit growth in FY2021 and beyond.
- In FY2021, we completed investments in life insurance companies that maintain strong bank sales channels in heavily populated China and India, and are now poised to tap into the growth of the international life insurance market.

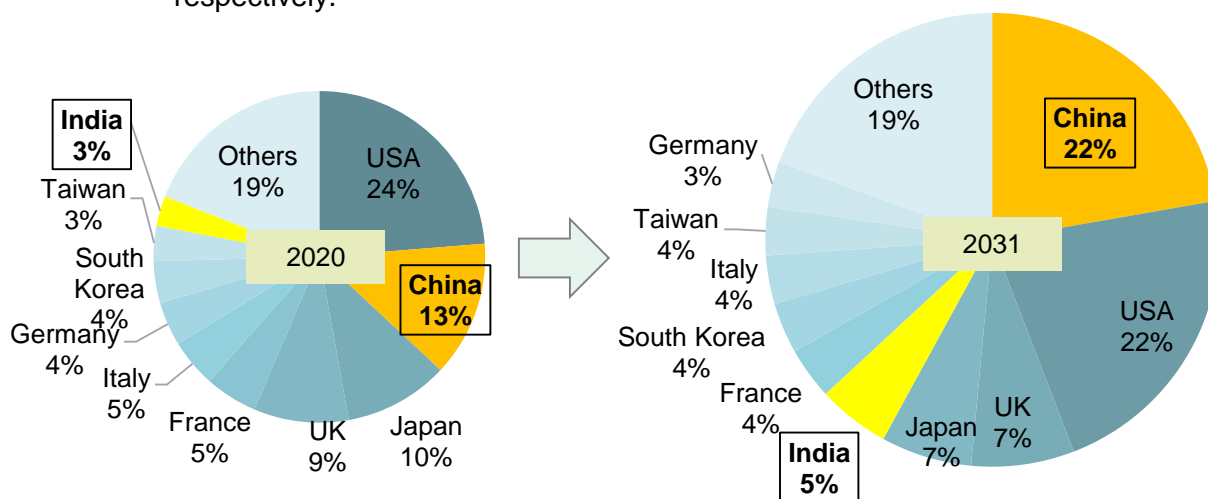
Group Adjusted Profit



(Group holdings: ¥bn)

Growth of the Global Life Insurance Market

The life insurance market in 2031 is expected to expand significantly, growing to 3.0 times and 3.2 times of 2020 levels in heavily populated China and India respectively.



	Size of the Life Insurance Market (trillion yen)*		CAGR
	2020	2031	
China	39.0	118.9	10.7%
India	8.5	27.6	11.2%
Worldwide	294.9	534.4	5.6%

* Allianz Insurance Report 2021 (JPY/EUR conversion at 130.11)

3. International Business:

(5) Net Premiums Written and Group Adjusted Profit

Net Premiums Written (Non-life insurance)

(¥bn)

	FY2020 1H	FY2021 1H		FY2021 Full Year (Revised Forecast)		
	Result	Result	YoY change	Forecast	YoY change	Change from the initial
International Business Total^{*1}	495.2	549.8	54.5	919.0	87.8	-49.0
Asia	138.5	147.9	9.3	307.5	28.5	-13.0
Europe	301.9	345.5	43.5	503.3	58.3	-32.7
Americas	26.8	29.5	2.6	59.8	3.5	-2.3
Head Office Reinsurance	28.8	27.9	-0.8	50.5	-2.3	-0.8

Group Adjusted Profit

(¥bn)

	FY2020 1H	FY2021 1H		FY2021 Full Year (Revised Forecast)		
	Result	Result	YoY change	Forecast	YoY change	Change from the initial
International Business Total^{*1}	-10.1	13.8	23.9	50.0	57.1	-30.0
Asia	20.3	19.5	-0.8	32.5	-0.3	1.2
Europe	-28.8	-11.5	17.3	5.0	48.5	-20.0
Americas	3.4	0.1	-3.2	0.6	-3.6	-5.1
Head Office Reinsurance	0.3	-10.4	-10.8	-7.0	-6.5	-10.9
International Life Insurance	-3.2	17.9	21.1	21.7	18.8	2.7

* International Business: Business results of overseas consolidated subsidiaries and equity-method affiliates plus the business results of overseas branches of non-life insurance companies, overseas non-consolidated subsidiaries, and non-life insurance companies' head office reinsurance.

*1 Figures in "International Business Total" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business.

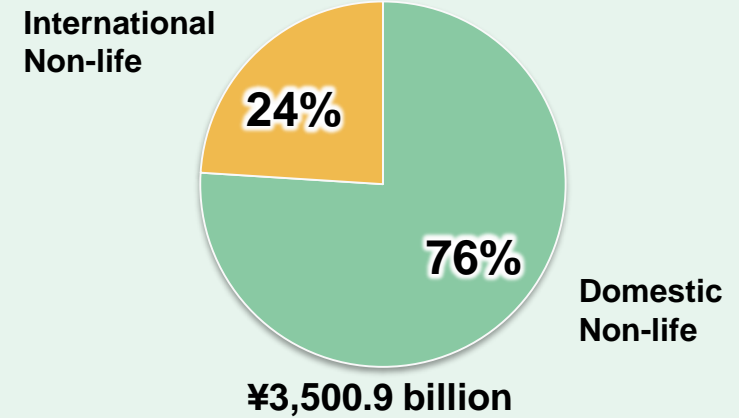
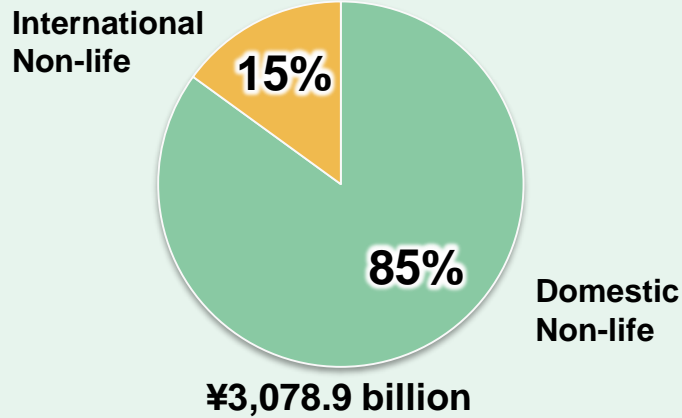
3. International Business:

(6) Weight of International Business and Geographical Diversification

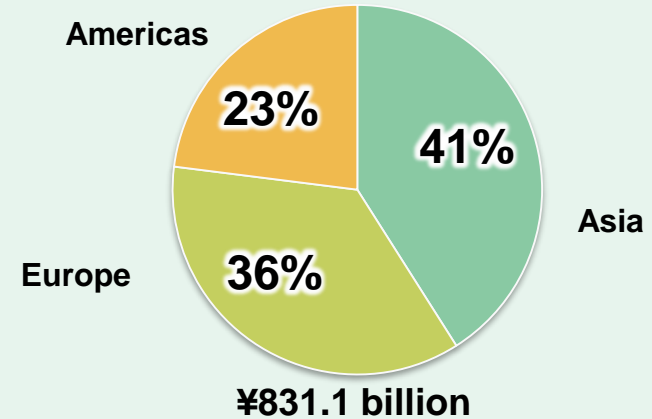
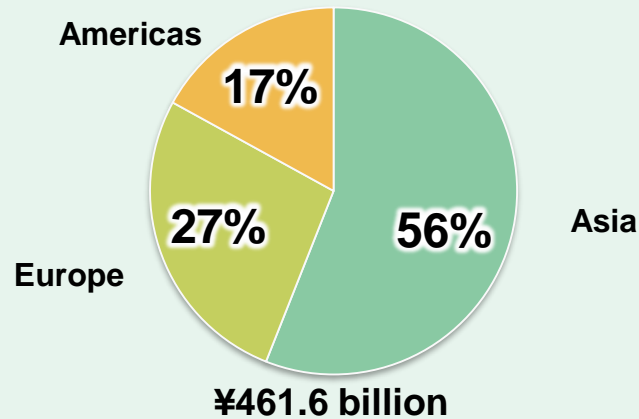
FY2015

FY2020

Net Premiums Written



International Business
Net Premiums Written
by Region*



* MS Amlin and Head office reinsurance business for FY2020 are categorized into regions. Other than Europe and Americas is categorized into Asia.

II. Basic Information on Each Business Domain

1. Domestic Non-life Insurance Business
2. Domestic Life Insurance Business
3. International Business
- 4. Asset Management**

4. Asset Management:

(1) Asset Management Strategy

- By enhancing ALM and reducing strategic equity holdings, we will seek to stabilize Group investment earnings and will maintain financial soundness.
- We aim to improve earnings by expanding diversified investments globally, while also considering environment.



4. Asset Management:

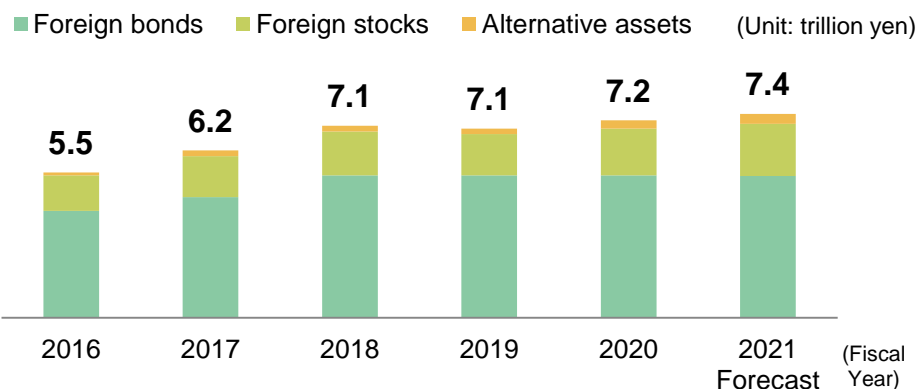
(2) Action to Increase Investment Income

- The Group is diversifying its investments and is investing in assets from which it expects to gain relatively high returns (Higher-Return Assets) in stages.
- The Group is strengthening the asset management system in the domestic life insurance business.
- We will respond to the rise in the domestic stock market by hedging futures on or moving up the sale of some of the strategic equity holdings we planned to sell.

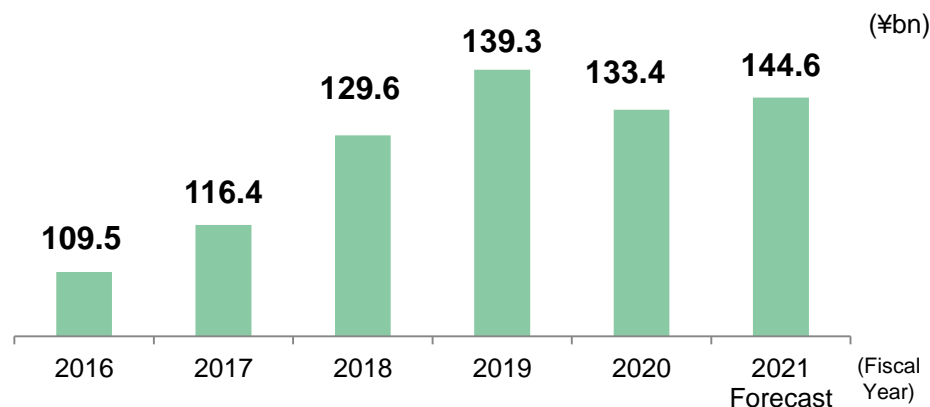
Major Initiatives in the First Half of FY2021 and Future Initiatives

- Increase diversification of investment in higher-return assets => increased balance of assets by ¥1.9 trillion from FY2016
- Promoting ALM, holding longer yen bonds at MSI Aioi Life
- Strengthening the asset management system of the life insurance business, a growth area
- We will continue the expanded diversification of investment in higher-return assets while keeping close watch on the market environment

Higher-Return Assets investment balance



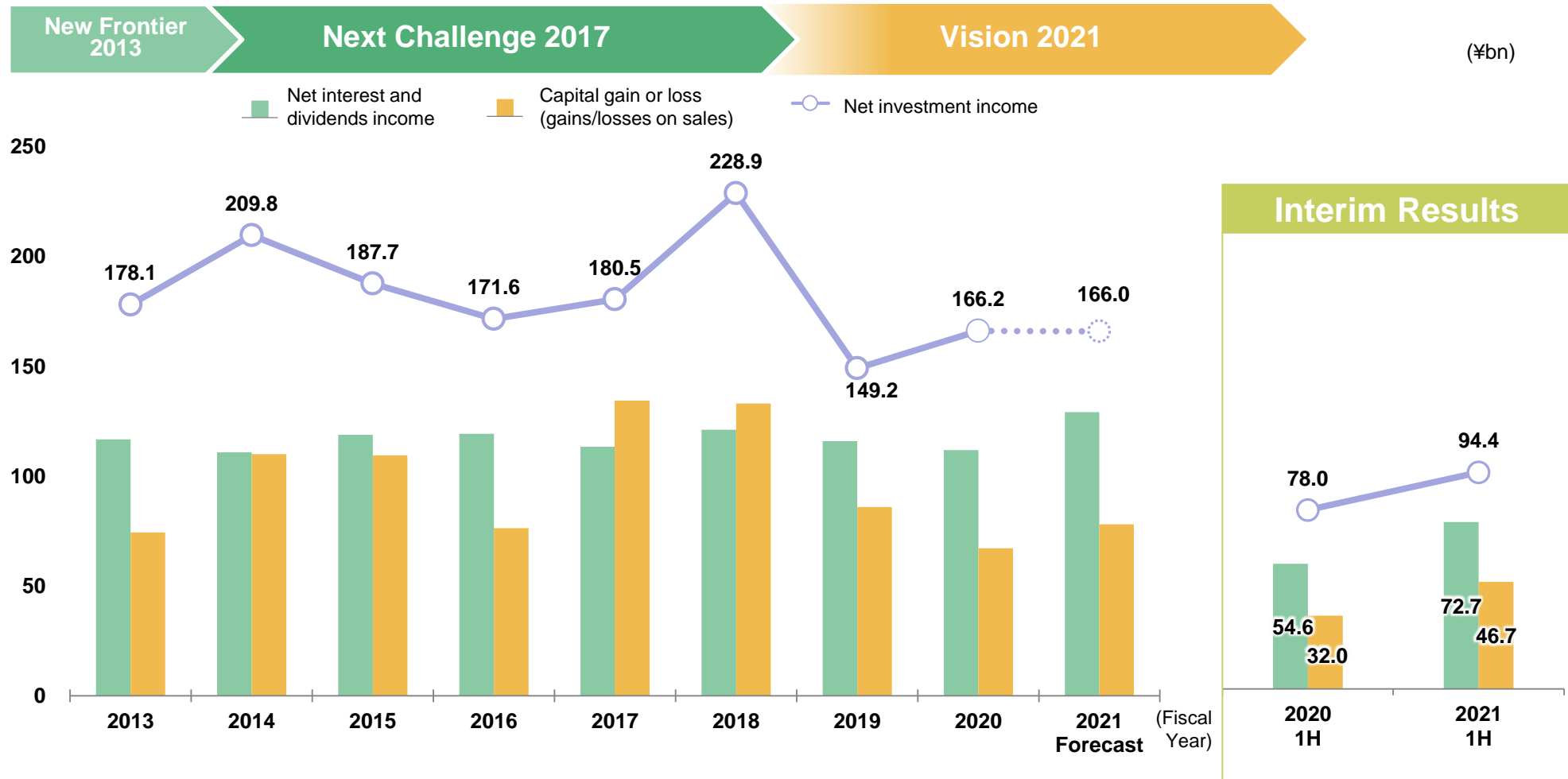
Interest and dividend income from Higher-Return Assets



4. Asset Management:

(3) Net Investment Income (Domestic Non-Life Insurance Business)

Net Investment Income

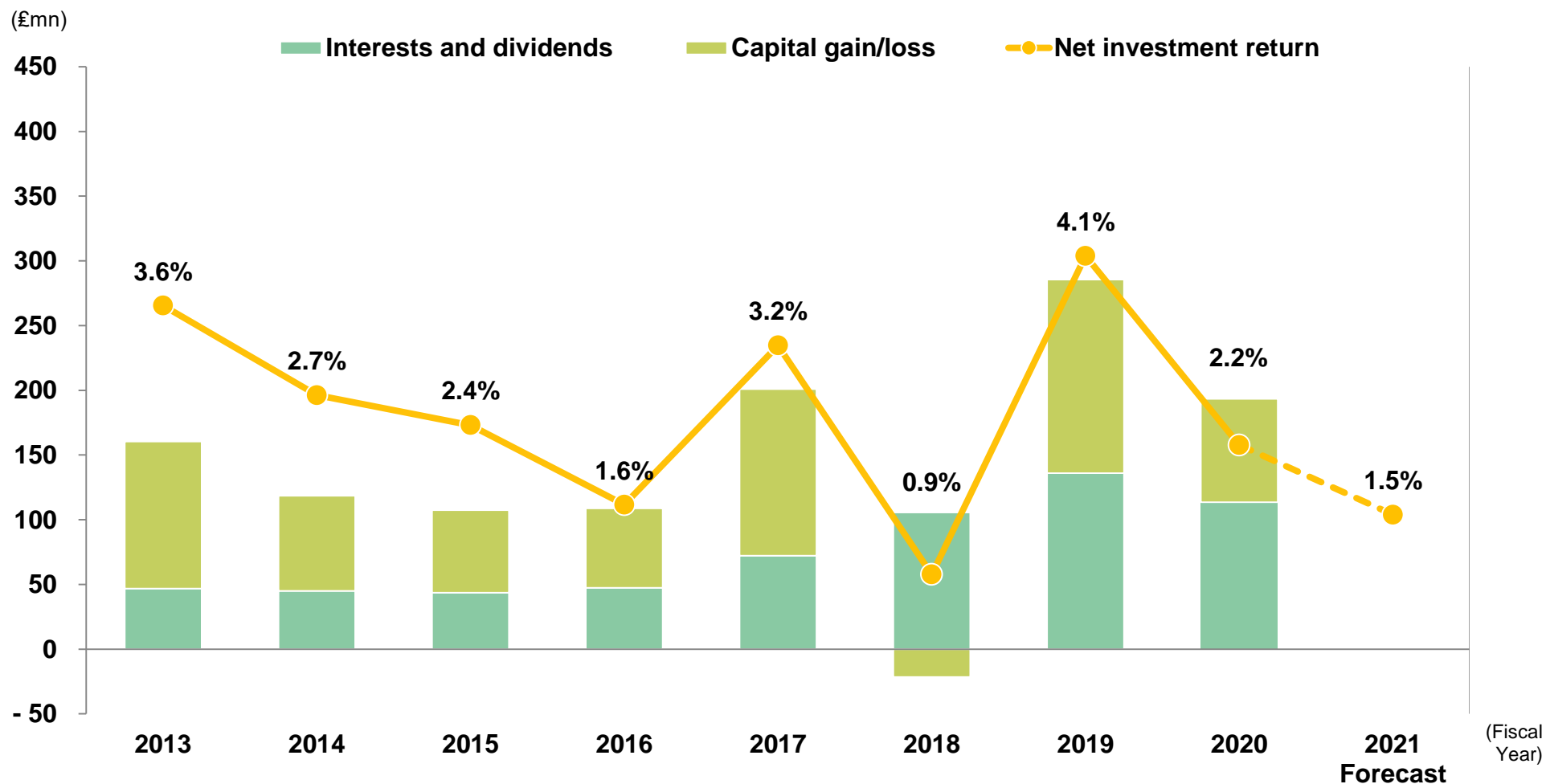


* Simple sum of MSI (non-consolidated) and ADI (non-consolidated)

* In FY2014, capital gain or loss (gains/losses on sales of securities) includes ¥63.0 bn of gains for additional provision for reserve for price fluctuation.

4. Asset Management: (4) Net Investment Return (MS Amlin)

Net Investment Return

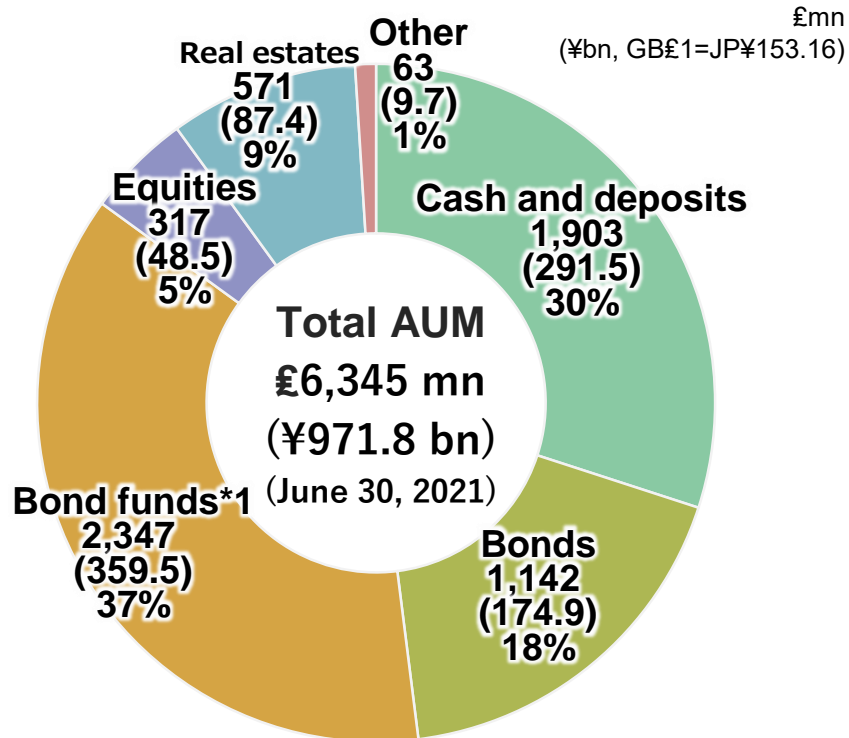


* MS Amlin's local basis, before deduction of asset management fee.

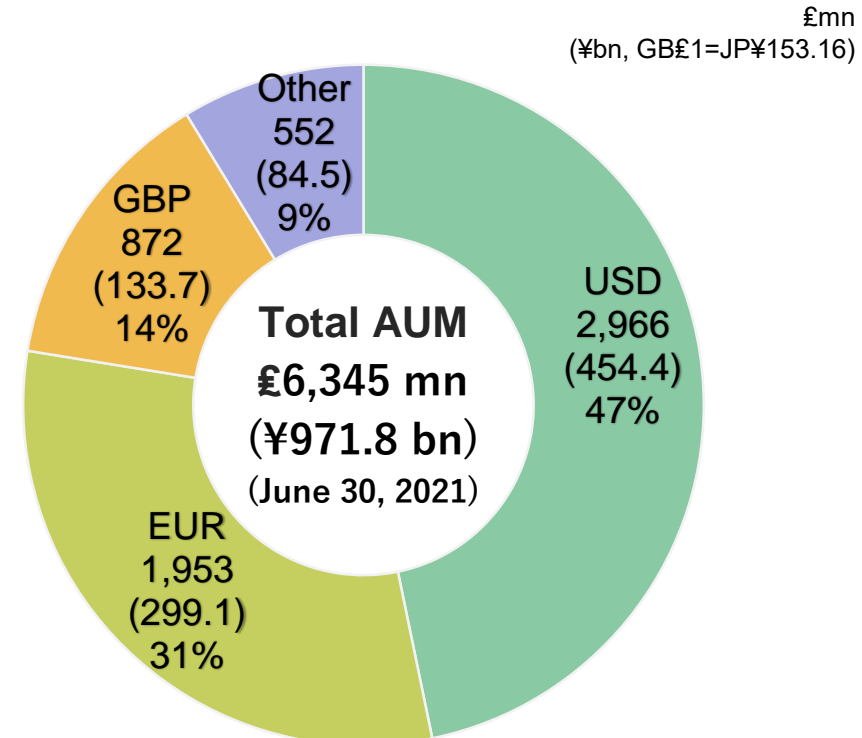
4. Asset Management:

(5) Asset Breakdown by Asset and Currency (MS Amlin) (June 30,2021)

Investment Assets Breakdown by Assets



Investment Assets Breakdown by Currency



Credit Ratings

AAA - BBB	Less than BBB
90%	10%

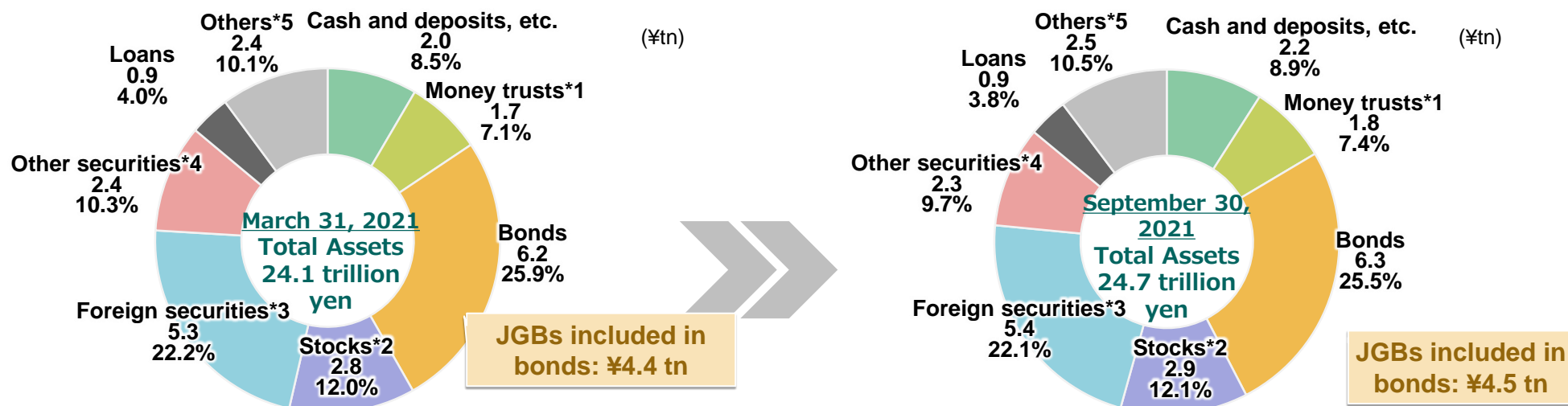
* The above break down includes derivatives.

*1 Bond funds are funds whose basic strategy is to sell high-priced bonds and purchase low-priced bonds.
We will take credit risks while controlling losses caused by overall rises in interest rates.

4. Asset Management:

(6) Consolidated Total Assets and Asset Allocation (MS&AD Insurance Group)

Asset allocation (on a consolidated total assets basis)



Interest rate and foreign exchange rate sensitivity*6 (as of Sep. 30, 2021)

	Total for MS&AD Group	Total for Non-Life Insurers*7	Total for Domestic Life Insurers
100 bps rise in yen interest rates	+231.5	+57.9	+153.5
100 bps rise in US dollar interest rates	-95.0	-62.2	-32.8
10% rise in the yen against all currencies	-269.2	-167.2	-79.9
10% rise in the yen against the US dollar	-139.4	-99.8	-39.9
10% rise in the yen against the Euro	-21.0	-20.0	-1.0
10% rise in the yen against the British Pound	-21.7	-6.6	-0.4

Percent distribution by rating*9 (as of Sep. 30, 2021)

AAA - BBB	Less than BBB, no rating
97.5%	2.5%

Net investment for Higher-Return Assets*8 (FY2021 1H)

Total for MSI, ADI, MSA Life, MSP Life	Foreign bonds (no currency hedge)	Foreign stocks	Alternative assets
+72.2	+50.5	+6.3	+15.3

- *1 Mainly assets corresponding to liabilities of domestic life insurance companies
- *2 Strategic equity holdings and shares held purely for investment purpose. See p.94 for details of the ratio of strategic equity holdings.
- *3 Foreign securities held by domestic insurance companies and securities held by foreign insurance subsidiaries
- *4 Mainly special account assets of domestic life insurance companies
- *5 Mainly tangible fixed assets, intangible fixed assets and goodwill
- *6 Impact on difference between assets and liabilities (surplus)
- *7 Including overseas subsidiaries
- *8 Net Investment amount (purchase – sales/redemption) for assets having higher expected return, Total for MSI, ADI, MSI Aioi Life and MSP Life
- *9 Aggregated figures for credit by internal rating for total credit management by individual issuers (market value, consolidated). Excluding loans to our group, reinsurance, and guarantee credits.

4. Asset Management:

(7) Total Assets and Asset Allocation (MSI / ADI)

(¥bn)

	Mitsui Sumitomo Insurance				Aioi Nissay Dowa Insurance			
	As of Mar 31, 2021		As of Sep 30, 2021		As of Mar 31, 2021		As of Sep 30, 2021	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	6,595.2	100.0%	6,866.6	100.0%	3,250.4	100.0%	3,188.0	100.0%
Deposits, etc.	490.4	7.4%	625.9	9.1%	203.7	6.3%	172.0	5.4%
Bonds	1,507.8	22.9%	1,493.9	21.8%	787.3	24.2%	779.8	24.5%
of which, JGBs	843.6	12.8%	830.7	12.1%	449.1	13.8%	436.7	13.7%
Foreign securities	2,014.7	30.5%	2,059.1	30.0%	801.8	24.7%	783.3	24.6%
Foreign bonds	298.1	4.5%	258.4	3.8%	523.6	16.1%	491.6	15.4%
Foreign stocks	1,364.3	20.7%	1,400.5	20.4%	85.3	2.6%	83.5	2.6%
Foreign investment trusts, etc.	352.3	5.3%	400.1	5.8%	192.8	5.9%	208.1	6.5%
Stocks	1,893.6	28.7%	1,999.1	29.1%	952.1	29.3%	942.6	29.6%
Other securities	78.1	1.2%	89.1	1.3%	102.0	3.1%	104.9	3.3%
Loans	423.3	6.4%	413.9	6.0%	232.9	7.2%	237.7	7.5%
Land & buildings	187.0	2.8%	185.2	2.7%	170.3	5.2%	167.4	5.3%

* Based on financial statement categorization

4. Asset Management:

(8) Total Assets and Asset Allocation (MSI Aioi Life / MSI Primary Life)

(¥bn)

	MSI Aioi Life				MSI Primary Life (General account)			
	As of Mar 31, 2021		As of Sep 30, 2021		As of Mar 31, 2021		As of Sep 30, 2021	
	Balance	Proportion	Balance	Proportion	Balance	Proportion	Balance	Proportion
Total AUM	4,448.0	100.0%	4,624.1	100.0%	4,863.2	100.0%	4,816.8	100.0%
Deposits etc.	74.8	1.7%	94.7	2.0%	900.4	18.5%	834.2	17.3%
Bonds	4,006.0	90.1%	4,115.3	89.0%	79.9	1.6%	71.4	1.5%
of which, JGBs	3,077.2	69.2%	3,259.9	70.5%	14.4	0.3%	14.5	0.3%
Foreign securities	253.5	5.7%	288.6	6.2%	1,901.8	39.1%	1,834.9	38.1%
Money trusts	-	-	-	-	1,710.4	35.2%	1,815.9	37.7%
Stocks	0.7	0.0%	0.9	0.0%	-	-	-	-
Other securities	53.4	1.2%	65.1	1.4%	6.0	0.1%	6.0	0.1%
Loans	58.8	1.3%	58.8	1.3%	264.1	5.4%	253.9	5.3%
Land & buildings	0.4	0.0%	0.3	0.0%	0.3	0.0%	0.2	0.0%

*Based on financial statement categorization

Ⅲ. Systems Supporting Value Creation

1. Sustainability Initiatives
2. ERM

1. Sustainability Initiatives: (1) Responding to Climate Change

- Continuing to promote initiatives to achieve net zero CO₂ emissions by 2050

Achieving Net Zero by 2050

- We set new targets for CO₂ emissions reduction in May 2021 with the aim of achieving net zero by 2050.
- We will work with stakeholders to help realize a zero-carbon society, such as by expanding the categories covered by the CO₂ emission reduction target for Scope 3*1 emissions.

(Targets) (Scope 1 + 2, 3)

Target Year	Reduction Rate	Categories Covered by Scope 3*2	Renewable Energy Adoption Rate
FY2030	50% reduction (compared with FY2019 levels)	1, 3, 5, 7, 13	60%
FY2050	Net Zero	All categories	100%

*1 Indirect emissions from the MS&AD Group's business activities that do not fall under Scope 2

*2 Category Numbers – 1: purchased goods and services, 3: Fuel- and energy-related activities other than Scope 1 and 2, 5: Waste generated in operations, 7: Employee commuting, 13: Downstream leased assets

Initiatives to Reduce Group' CO₂ Emissions

CO₂ reduction through natural capital

- 31,700 tons of CO₂ have been absorbed through our Indonesia Reforestation Project in 14 years up to 2019.
- Began tree planting activities in Bihoro-cho, Hokkaido in Japan



Use of renewable energy in office buildings

- Since October 2021, renewable energy has been introduced at Tokyo Sumitomo Twin Building West Tower, MS&AD's head office building
- Also introduced at MSI's Surugadai Building and others

Other initiatives

- Switching company vehicles to EVs
- Reducing office space
- Paperless operation, etc.



1. Sustainability Initiatives: (2) Promotion of ESG Investments and Loans

- Enhance the system for expanding ESG investments and loans, and develop asset management-based CSV activities

Current State of ESG Investment and Loan Initiatives

Vision 2021 Stage II Initiatives	Details of Initiatives by ESG Investment and Loan Method, Targeted Assets		
● Integration into investment processes Establishing an investment and loan process that takes ESG aspects into account	◆ Integration		
	Negative screening	➤ Business types, companies and funding uses such as those below are excluded - Newly established coal-fired power plants - Companies manufacturing cluster munitions - Countries involved with money laundering or the financing of terrorists	All investment assets
● Advancement of dialogue Engaging in constructive dialogue in light of ESG factors	Incorporation into research	➤ Utilizing the ratings from ESG assessment companies, etc. for investment decisions	Bonds, stocks and loans
	◆ Constructive dialogue	➤ Engaging in dialogue with a focus on stewardship	Stocks
● Theme-based / impact investment Investment in assets based on themes leading to solutions to social issues	◆ Theme-based investment		
	Sustainable theme-based investment	➤ Renewable energy investments and loans, investments and loans for green/sustainable/social bonds, etc. (Balance of investments and loans: 137.7 billion yen*1)	Bonds, stocks, loans and PE
	Impact investment	➤ Impact investment themed after issues such as climate change*2	Start of joint Group investments in December

*1 As of September 30, 2021. Of the bonds held, supranational bonds are only purchased for the purpose of sustainability themes.

*2 Impact investment is a kind of investment that is designed to produce a measurable positive impact on the environment or society in addition to investment return.



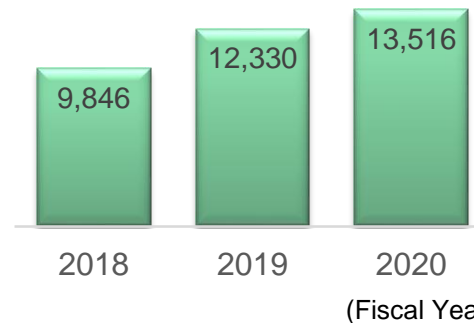
1. Sustainability Initiatives : (3) CSV Initiatives (i)

Deal with new risks

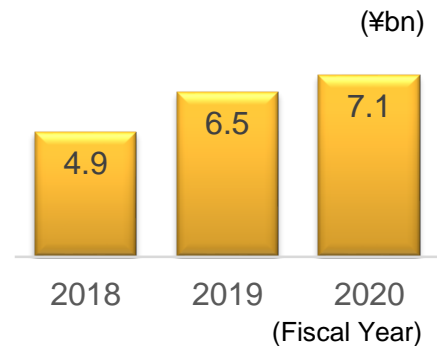
Products and services that lead to solutions

- Cyber risk Insurance
- Comprehensive telecommuting compensation plan
- Compensation plan for GIGA school program sales businesses
- Comprehensive drone compensation insurance
- Comprehensive compensation plan for smartphone payment service providers
- IoT device cyber security diagnostic service ... and more

Number of corporations and organizations protected from cyber risks



Net premiums written for cyber risk insurance (¥bn)



Create mobility society without accidents

Products and services that lead to solutions

- Support for remote autonomous driving mobility services
- Telematics automobile insurance
- Claims services utilizing telematics technologies, AI, etc. ...and more

Number of vehicles protected with telematics based safe driving support service* (thousand)

* Sum of "Mimamoru" and "Tsunagaru" car insurance



Sales premiums for telematics automobile insurance (for individual customers) (¥bn)



Strive for resilient community development

Products and services that lead to solutions

- Diagnostic cost coverage service for beef cattle (included with U-motion product)
- Support for events such as local government-run seminars aimed at the widespread adoption of smart agriculture
- Logistics services for remote islands through drone networks...and more

Number of agreements with local governments (Number of agreements)



Ripple effect on net premiums written by Regional revitalization initiatives (¥bn)

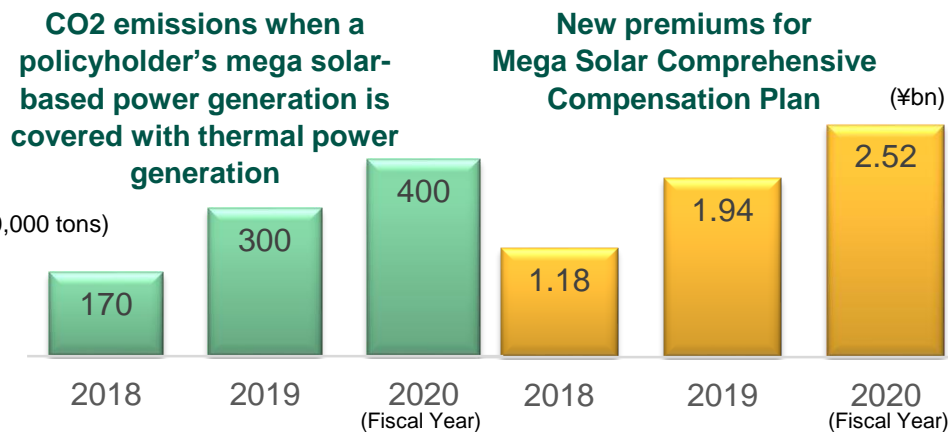


1. Sustainability Initiatives : (3) CSV Initiatives (ii)

Contribute to climate change mitigation and adaptation

Products and services that lead to solutions

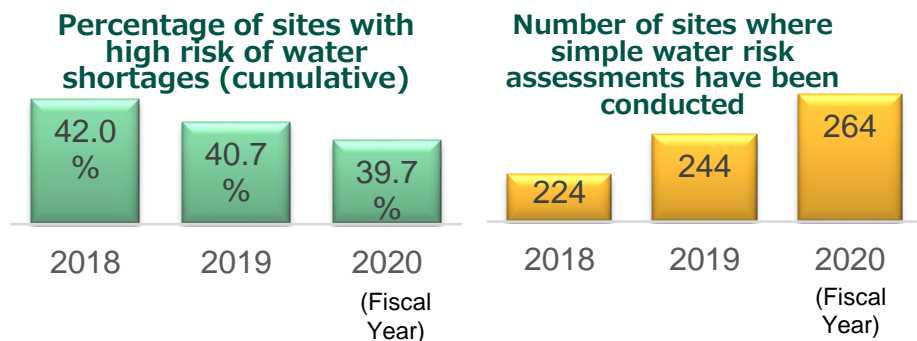
- Sale of carbon neutrality support clauses
- Quantitative Climate Change Impact Assessment Service for TCFD offered through alliance with Jupiter
- LaRC-Flood Project Prediction Map of Flooding Frequency Changes Due to Climate Change
- Provision of cmap.dev real-time damage forecast
- Comprehensive cover insurance for mega solar power plant...and more



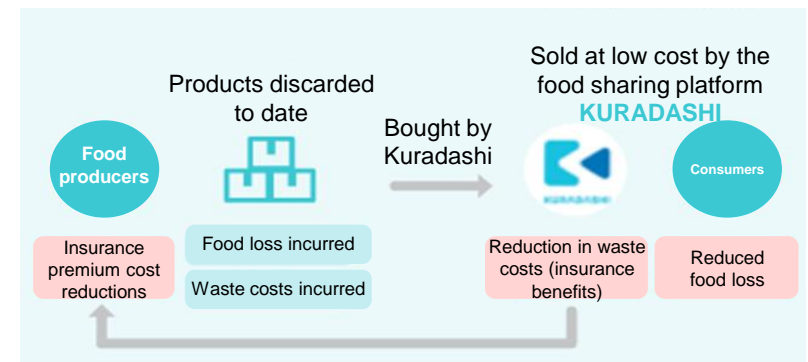
Strive to improve sustainability of natural capital

Products and services that lead to solutions

- “Shoku-eco”: Produce recall insurance for food producers
- Environmental supply chain consulting
- Biodiversity land utilization consulting
- Simple water risk assessment service... and more



“Shoku-eco”: Produce recall insurance for food producers

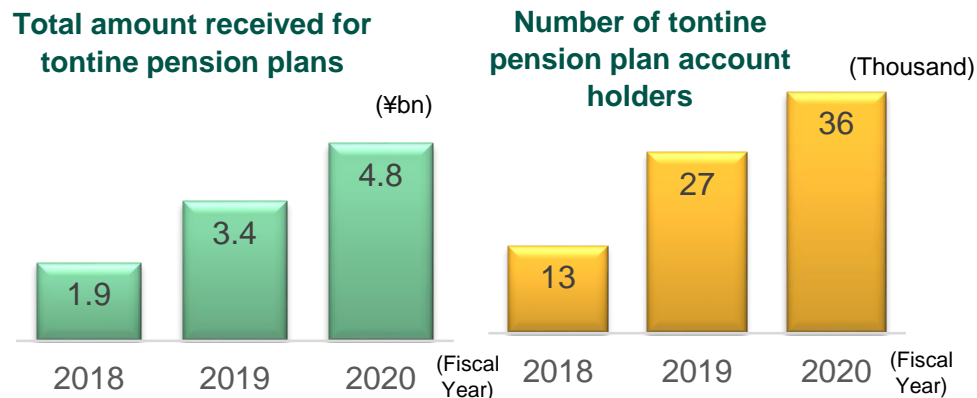


1. Sustainability Initiatives : (3) CSV Initiatives (iii)

Support “good health and longevity”

Products and services that lead to solutions

- Health and Productivity Management Support Insurance
- Ubie AI-based diagnosis and consultation
- Tontine pension plans supporting future asset building



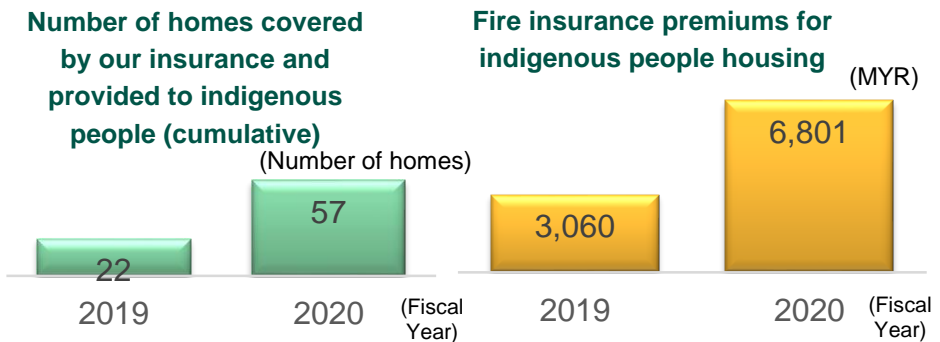
Ubie - the first AI-based diagnosis and consultation service offered by a domestic life insurance company



Work toward realization of “leaving no one behind”

Products and services that lead to solutions

- Dementia Kobe Model
- Voluntary automobile insurance for autonomous driving vehicles that utilize electromagnetic induction lines, helping to provide solutions to regional traffic issues
- Providing residential fire insurance to indigenous people in Malaysia...and more



Volunteer participation in the EPIC Home residential program

1. Sustainability Initiatives:

(4) Response to Stewardship and the Corporate Governance Code

1. Response to Stewardship (Dialogues Held, Results of Exercising Voting Rights)

Dialogues held (July 2020 to June 2021)

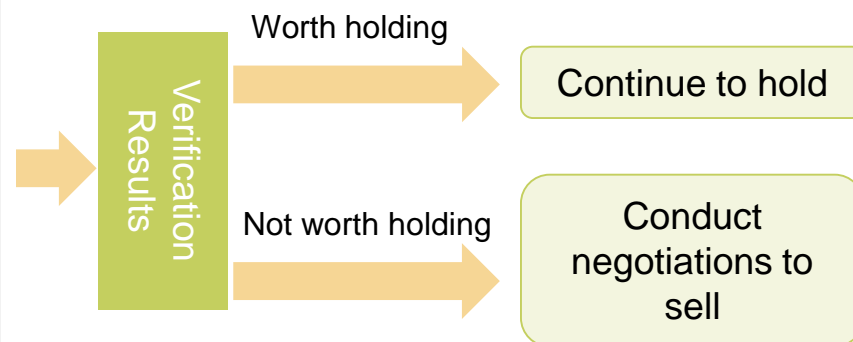
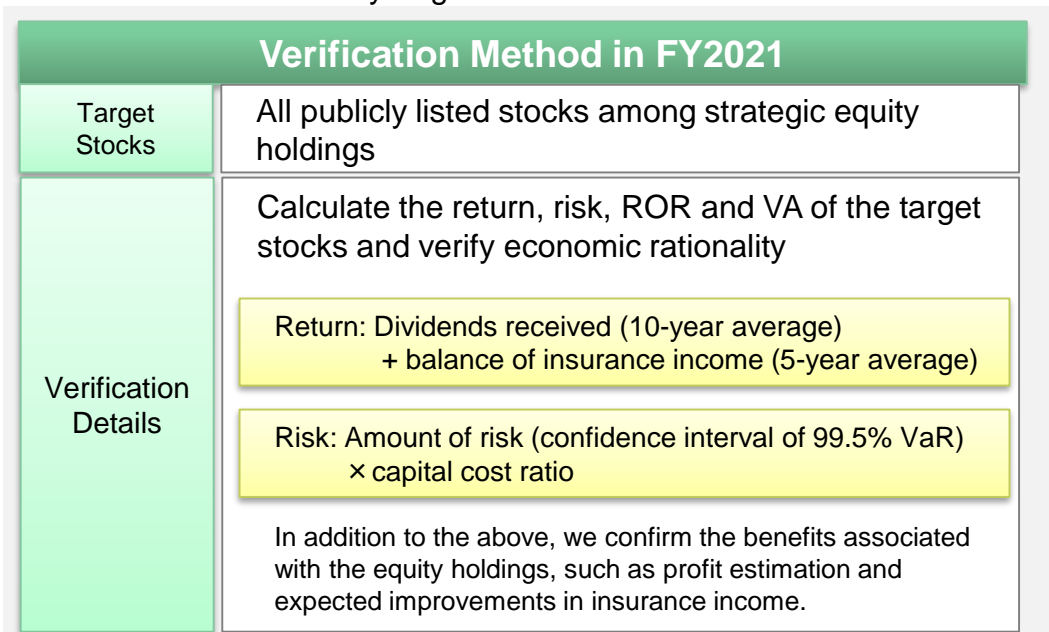
	MSI	ADI	Total (simple sum)
Number of companies	179	135	314

Results of exercising voting rights (July 2020 to June 2021)

	MSI	ADI	Total (simple sum)
Number of disagreements (Number of bills)	4 (2,412)	3 (1,642)	7 (4,054)

2. Response to Corporate Governance (Verifying the Appropriateness of Strategic Equity Holdings)

- With regard to strategic equity holdings, we verify the appropriateness of holdings for each individual stock in terms of whether the benefits to holding are consistent with the capital costs, and confirm the verification results at Board of Directors meetings.
- According to the results of the FY2021 verification, 85% of investee companies on a stock basis and 86% on a market value basis exceeded the rationality target.



2. ERM: (1) Response to Natural Catastrophe Risks Overseas

- In light of the increasing frequency and severity of overseas natural catastrophes, in addition to managing and improving overseas catastrophe risks, we will pursue initiatives to stabilize periodic profit.

Overseas natural catastrophe risk management

- This is managed as the Group's material risk of "large-scale natural catastrophes," with the necessary capital secured based on risks with a once-in-200-years probability of occurring.
- We conduct stress tests based on large-scale natural catastrophes such as hurricanes in the United States to verify our financial health.
- Management based on an annual process of setting upper limits for catastrophe risk, formulating and executing policies on inward and outward reinsurance to comply with those limits, and confirmation of the results

Strengthening management of overseas natural catastrophe risks

Responding to climate change

- Climate change has now been classified as a Group's material risk, and we continue to explore the ways to analyze how climate change impacts loss paid and other factors.

Enhancement of stress tests

- Conducting stress tests based on scenarios of frequent and increasingly severe disasters

Strengthening management of periodic profit fluctuation risks

- As with the management of financial health, set upper limits for catastrophe risk, formulate and execute policies and verify the results.



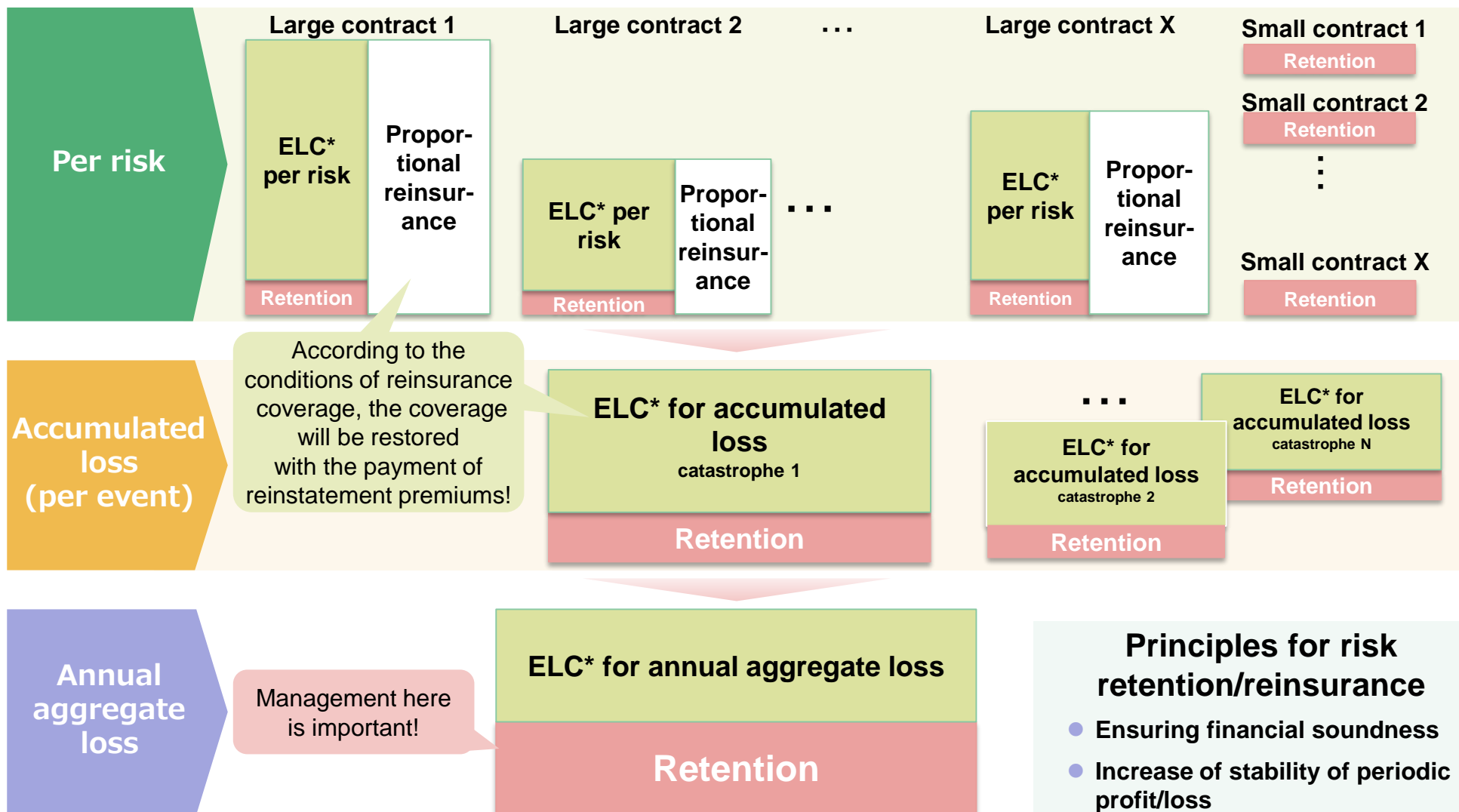
We pursue action to stabilize periodic profit in light of the increasing frequency and severity of natural catastrophes

- Examination of appropriate overseas natural catastrophe risk levels and control in light of catastrophe risk uncertainties

Reducing the impact on periodic profit by reducing, rearranging or diversifying the underwriting portfolio

<Reference>

Image of Risk Retention/Reinsurance for Natural Catastrophe Risk



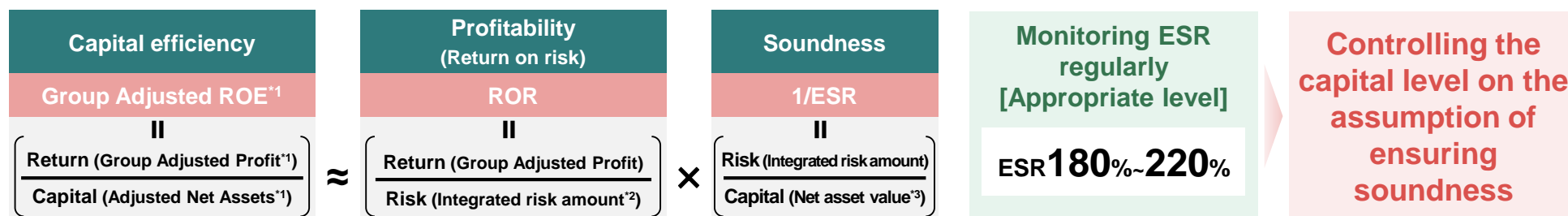
* ELC (excess of loss cover):
Reinsurance policy for collection of the excess portion over a certain amount of loss

Principles for risk retention/reinsurance

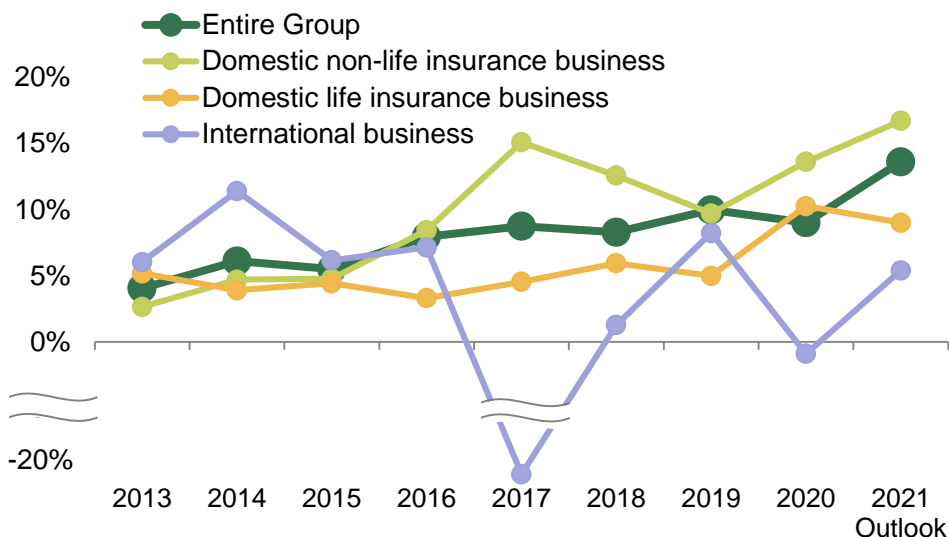
- Ensuring financial soundness
- Increase of stability of periodic profit/loss
- Improvement of return on risk

2. ERM: (2) Improvement of Capital Efficiency (Initiatives for Improvement of ROR)

- The Group will monitor ROR at each business and each company and will promote initiatives for improving ROR.



Monitoring ROR



Initiatives for improvement of ROR

Products, sales and initiatives management	Revenue Management by Product and Type	
	Domestic non-life insurance	More sophisticated risk and return management according to the characteristics of products
	MSI Aioi Life	Assessing new policies ROR when products are developed and revised and a sales policy is formulated
	MSI Primary Life	Assessing the profitability of each product
Asset management strategy	Promoting diversified investment in assets with relatively high returns, while appropriately controlling risks	
Retention/reinsurance policy	Enhancing reinsurance schemes based on risk and return	

*1: Calculation method of Group Adjusted ROE, Group Adjusted Profit and Adjusted Net Assets is on p.100.

*2: Integrated risk amount represents the maximum amount of losses that are likely to be encountered once in 200 years. It is marked to market value.

*3: Net asset value: Adjusted net assets + unrealized insurance liabilities + other equity liabilities, etc. .

2. ERM: (3) Strengthening Systems to Streamline Business Investment

- In October 2021, we strengthened coordination on investment activities within the Group through reorganization.
- We will strengthen this coordination to efficiently pursue business investment on a Group basis, improve the precision of business investment, and expand corporate value.

Strengthening Business Investment

- We will strive to enhance coordination with Group companies, conduct detailed analyses of potential projects in light of Group companies' needs, and work to enhance the precision of business investments.
- We will enhance the coordination of information on business investment between Group companies while establishing common Group guidelines on business investment to achieve consistent business investment without waste on a Group-wide scale.



Perspectives for investment considerations

Strengthen: Investment to strengthen the competitiveness of existing businesses

- We will carry out investments that demonstrate a strong awareness of ROI, including investments aimed at promoting digitalization, such as investments in information systems.

Expand: Investment to diversify and expand the business portfolio

<Perspectives for investment considerations>

- Sharing values
- Sustainable growth model
- Risk diversification (geographically and contextually)
- ROI *

<Targets>

US: Specialty, MGA, InsurTech
Asia: Retail Insurance Market

Innovate: Investment to create new business territories

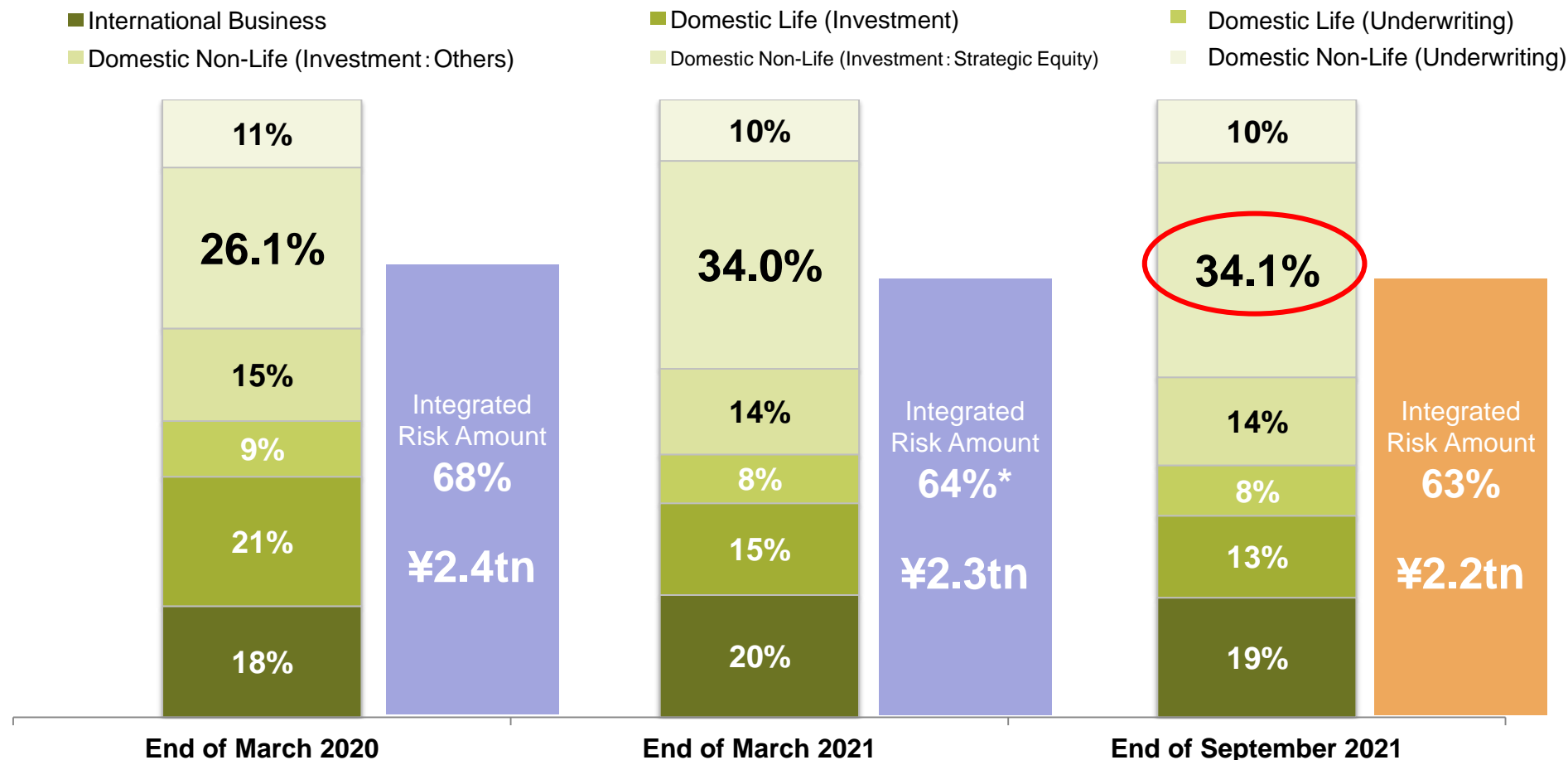
- Investment to search for technologies and business models that will be game changers over the next 3 to 5 years
- During the actual technology implementation phase, carry out investments that demonstrate a strong awareness of ROI

* The hurdle rate is set based on the cost of capital (7%), the difference between domestic and foreign interest rates, and the risk assessments for each business

2. ERM: (4) Ensuring Financial Soundness (Risk Portfolio)

- Although we reduced 54.9 billion yen of strategic equity holdings in 1H, the share in risk amount has increased to 34.1% (target: less than 30%) due to the decrease in the integrated risk amount as a result of promotion of ALM through the purchase of super-long-term bonds.

Risk Portfolio



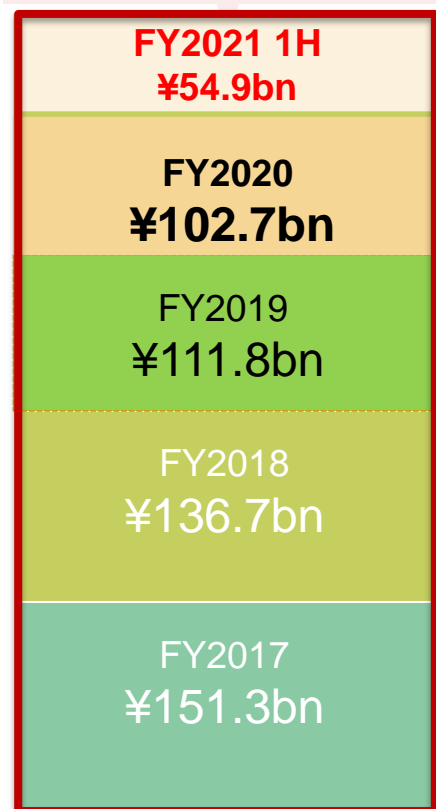
* Revised from 72% in the First Information Meeting (p.66).

2. ERM: (5) Sales of Strategic Equity Holdings

- ¥54.9 billion of strategic equity holdings were sold in FY2021 1H, which brought the total to 112% of the target of ¥500.0 billion (FY2017 to FY2021).

Sales in Vision 2021

Sales target in Vision 2021:
¥500.0 bn*1



Total ¥557.7bn
(Progress: 112%)

Vision 2021

*1 Including FY2017

Actual Sales

				(¥bn)	
Actual sales before business integration (FY2003*2~FY2009)				800.7	
MS & AD	New Frontier 2013	FY2010	57.4	57.4	
		FY2011	88.7	(Sub-total)	
		FY2012	114.1		
		FY2013	173.5	376.4	
	Next Challenge 2017	FY2014	91.0	(Sub-total)	
		FY2015	181.1		
		FY2016	133.0		
		FY2017	151.3	556.6	
	Vision 2021	FY2018	136.7	Total from FY2017	557.7
		FY2019	111.8		
		FY2020	102.7		
		FY2020 1H	54.9		
Total				2,197.3	

*2 The figures for FY2003 to FY2009 are the simple sum of results for MSI, Aioi, and NDI. (Sales before FY2002 are not disclosed, since it is difficult to collect data in the same criteria from the entities before merger.)

Ratio of Strategic Equity Holdings in Consolidated Total Assets and Risk Amount

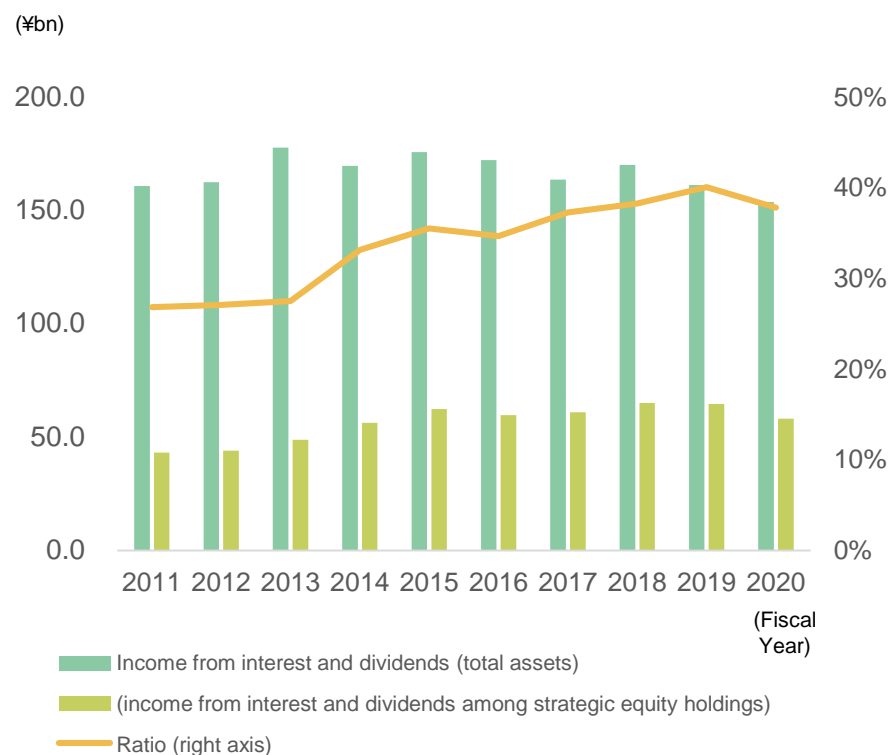
	March 2021	Sep. 2021	Target
Fair value weight*3 of strategic equity holdings in consolidated total assets	11.8%	11.8%	Less than 10%
Risk weight*3 of strategic equity holdings in risk amount	34.0%	34.1%	Less than 30%

*3 Weight of all strategic equity holdings including unlisted stocks

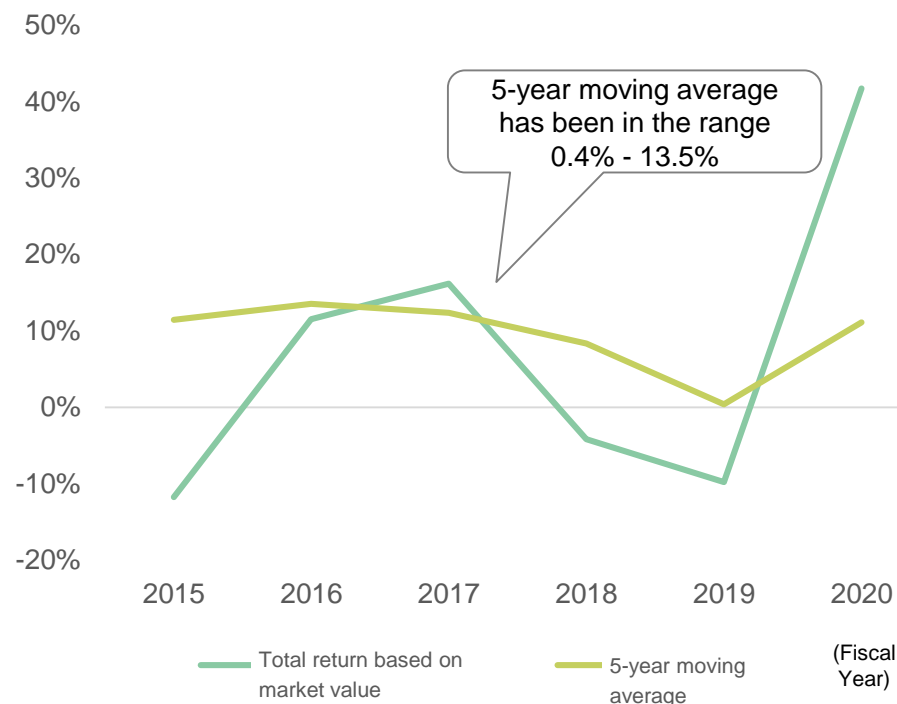
2. ERM: (6) Operational Performance of Strategic Equity Holdings (Dividends, total return based on market value)

- Dividends from strategic equity holdings were stable at around ¥60 billion, with income from interests and dividends accounting for a rising percentage. In addition, even after the transition to IFRS, strategic equity holdings have been an asset that helps ensure stable investment profit.
- 5-year moving average of the total return based on market value from strategic equity holdings has been in the range between 0.4% ~ 13.5%.

Change in dividends from strategic equity holdings



Total return based on market value of strategic equity holdings



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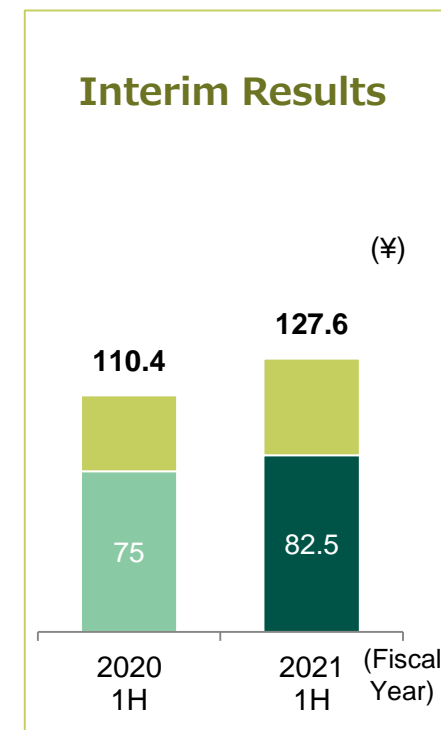
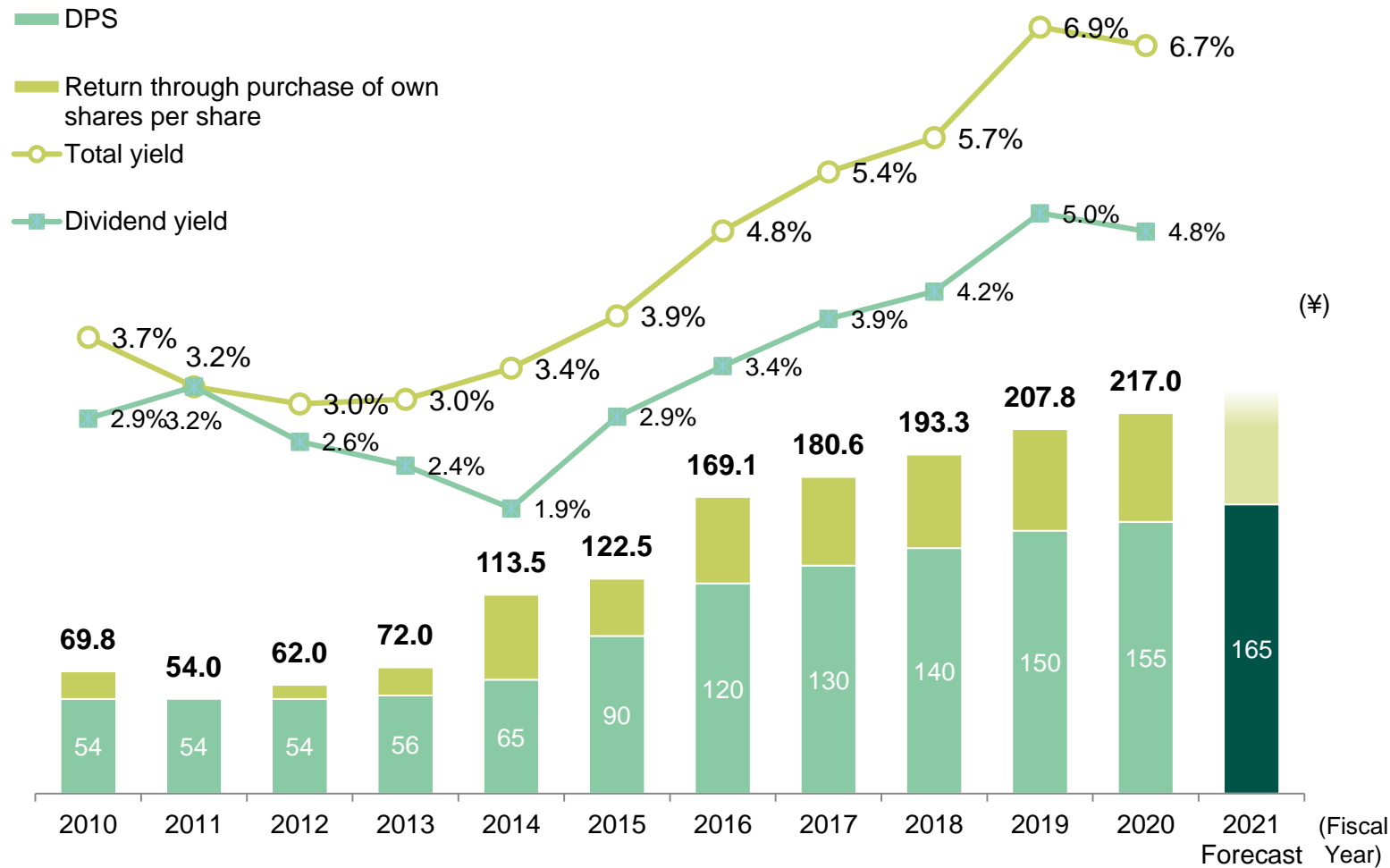
MS&AD

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IV. Shareholder Return and Stock Price-related Indices

Total Shareholder Return per share, Total Yield, and Dividend Yield

Total Shareholder Return per share, Total Yield, and Dividend Yield

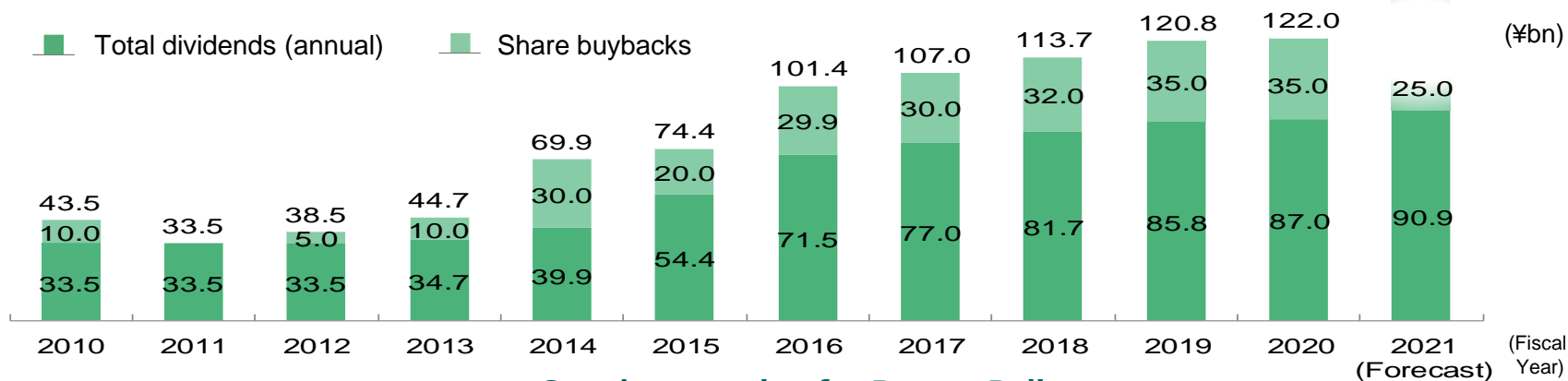


Past Shareholder Returns; Supplementation for Return Policy

Total shareholder returns (as of November 19, 2021)

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total	FY2021 (Forecast)
Group Adjusted Profit*1	14.5	-87.5	87.4	94.8	155.7	147.5	213.7	105.1	189.8	233.1	214.6	1,368.7	300.0
Total returns	43.5	33.5	38.5	44.7	69.9	74.4	101.4	107.0	113.7	120.8	122.0	869.4	—
Shareholder return ratio*1	300%	-	44%	47%	45%	50%	47%	102%	60%	52%	57%	64%	—
DOE*2									2.9%	3.3%	3.1%	—	—
Returns per share (yen)	69.8	54.0	62.0	72.0	113.5	122.5	169.1	180.6	193.3	207.8	217.0	—	—



Supplementation for Return Policy

<Dividends>

Stable dividends as a basic policy. (DOE: Dividend on equity ratio: Aim for level of 3.0% +/-1.0%)

<Share buybacks>

Repurchase own shares flexibly, and as opportunities arise, with due consideration paid to market conditions and the state of capital.

*1 Figures until FY2017 are Group Core Profit. Please refer to p.100 for the method of calculating the single-year shareholder return ratio.

*2 DOE: Dividend on equity = Annual dividend (interim dividend, year-end dividend, etc.) ÷ Net assets

Stock Price-Related Indices

	End of FY2010	End of FY2011	End of FY2012	End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021 1H
Net Income (¥bn)	5.4	-169.4	83.6	93.4	136.2	181.5	210.4	154.0	192.7	143.0	144.3	124.8 FY forecast 230.0
Earnings per share (EPS) (¥)	8.68	-272.49	134.46	150.58	221.34	298.72	350.94	260.04	328.72	248.36	255.79	224.26 FY forecast 414.15
Stock price (closing price) (¥)	1,894	1,699	2,066	2,364	3,370	3,136	3,540	3,355	3,370	3,025	3,249	3,756
Rate of change*	-27.0%	-10.3%	21.6%	14.4%	42.6%	-6.9%	12.9%	-5.2%	0.4%	-10.2%	7.4%	15.6%
(For reference) TOPIX Rate of change*	-11.2%	-1.7%	21.1%	16.3%	28.3%	-12.7%	12.3%	13.5%	-7.3%	-11.8%	39.3%	3.9%
Book-value per share (BPS) (¥)	2,597.19	2,400.48	3,215.33	3,646.22	4,911.40	4,469.58	4,572.82	4,964.64	4,712.11	4,308.37	5,525.42	5,994.88
Price book-value ratio (PBR)	0.73	0.71	0.64	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59	0.63
Price earnings ratio (PER)	218.20	—	15.36	15.70	15.23	10.50	10.08	12.90	10.25	12.18	12.70	9.07

* Rate of change is a percentage change from the end of the previous fiscal year.

Calculation Method of Group Adjusted Profit, Group Adjusted ROE, Shareholder Return Ratio and Adjusted Net Assets

“Group Adjusted Profit”, “Adjusted Net Assets” and “Group Adjusted ROE”

Group Adjusted ROE	Group Adjusted Profit	=	Consolidated net income	+	Provision ^{*2} for catastrophe loss reserve and others ^{*1}	-	Other incidental factors (amortization of goodwill and other intangible fixed assets and others)	+	Equity in earnings of non-consolidated group companies
	Adjusted Net Assets (Average of beginning and ending amounts of B/S)	=	Consolidated net assets ^{*3}	+	Catastrophe loss reserve and others ^{*1}	-	Goodwill and other intangible fixed assets		

* Each adjustment amount is on an after-tax basis

*1 Catastrophe reserves, contingency reserves and reserve for price fluctuation of domestic non-life insurance business and MSI Aioi Life

*2 Subtraction in case of reversal

*3 Excluding non-controlling interests and stock acquisition rights

“Single-Year Shareholder Return Ratio”

Shareholder Return Ratio	=	Dividends for the current fiscal year (To be paid in December of the year and in June of the next year)	+	Value of share buybacks determined by the day of the annual general meeting of shareholders in the next fiscal year
		<div>Group Adjusted Profit of the current fiscal year</div> <p>*Provide shareholder return based on shareholder dividends and repurchase of our own shares by adopting a benchmark of 40%~60% of Group Adjusted Profit.</p>		

Group Adjusted Profit for FY2021 1H

Group Adjusted Profit 183.7	=	Consolidated net income 124.8	+	Provision for catastrophe loss reserve and others 44.1	-	Other incidental factors^{*4} (amortization of goodwill and other intangible fixed assets and others) -14.5	+	Equity in earnings of non-consolidated group companies 0.1
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*4 Amortization of goodwill and others: ¥-12.1 billion

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