

SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

May 20, 2021

Name of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
 Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities Code Number: 8725
 URL: <https://www.ms-ad-hd.com>
 Representative: Noriyuki Hara, President & CEO
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Scheduled date to hold the ordinary general meeting of shareholders: June 28, 2021
 Scheduled date to file the Securities Report: June 28, 2021
 Scheduled date to commence dividend payments: June 29, 2021
 Explanatory material for business results: Available
 IR Conference (for institutional investors and analysts): To be held

(Note) Amounts of less than one million yen are truncated.

1. Consolidated Financial Highlights for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated business performance

(Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Year ended March 31, 2021	4,892,244	(5.3) %	306,524	94.4 %	144,398	1.0 %
Year ended March 31, 2020	5,168,361	(6.0) %	157,701	(45.8) %	143,030	(25.8) %

Percent figures represent changes from the corresponding period of the preceding year.

(Note) Comprehensive income For the year ended March 31, 2021: ¥ 753,938 million - %
 For the year ended March 31, 2020: ¥ (157,288) million - %

(Yen)

	Net income attributable to owners of the parent per share - Basic	Net income attributable to owners of the parent per share - Diluted	Return on equity	Ordinary profit to total assets	Ordinary profit to ordinary income
Year ended March 31, 2021	255.79	255.65	5.2 %	1.3 %	6.3 %
Year ended March 31, 2020	248.36	248.22	5.5 %	0.7 %	3.1 %

(Reference) Gains/(losses) on equity method investments For the year ended March 31, 2021: ¥ (6,601) million
 For the year ended March 31, 2020: ¥ (30,878) million

(2) Consolidated financial conditions

(Yen in millions)

	Total assets	Net assets	Ratio of net assets less non-controlling interests to total assets	Net assets less non-controlling interests per share (Yen)
March 31, 2021	24,142,562	3,126,657	12.8 %	5,525.42
March 31, 2020	23,196,455	2,494,038	10.6 %	4,308.37

(Reference) Net assets less non-controlling interests As of March 31, 2021: ¥ 3,084,349 million
 As of March 31, 2020: ¥ 2,451,670 million

(3) Consolidated cash flows

(Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Year ended March 31, 2021	(323,912)	43,925	79,278	1,994,434
Year ended March 31, 2020	667,896	(330,363)	65,321	2,198,680

2. Dividends

	Dividends per share (Yen)					Total annual dividends (Yen in millions)	Dividend pay-out ratio (Consolidated)	Dividends on net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual total			
Year ended March 31, 2020	-	75.00	-	75.00	150.00	85,770	60.4 %	3.3 %
Year ended March 31, 2021	-	75.00	-	80.00	155.00	86,995	60.6 %	3.2 %
Year ending March 31, 2022 (Forecast)	-	80.00	-	80.00	160.00		38.8 %	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Yen in millions)

	Ordinary profit		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (Yen)
Year ending March 31, 2022	330,000	7.7 %	230,000	59.3 %	412.03

Percent figures represent changes from the preceding year.

*** Notes**

(1) Changes in significant subsidiaries for the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates and restatements

1. Changes in accounting policies due to revisions of accounting standards: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of shares of issued stock (common stock)

1. Number of shares of issued stock (including treasury stock)

As of March 31, 2021:	593,473,207 shares
As of March 31, 2020:	593,291,754 shares
2. Number of shares of treasury stock

As of March 31, 2021:	35,263,101 shares
As of March 31, 2020:	24,244,439 shares
3. Average number of shares of outstanding stock

For the year ended March 31, 2021:	564,504,353 shares
For the year ended March 31, 2020:	575,887,317 shares

*** This report is unaudited.**

*** Notes to the earnings forecasts and others**

Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to "Consolidated Earnings Forecasts for the Year Ending March 31, 2022" on page 3 of the Appendix. The forecasts of consolidated ordinary income for the fiscal year and consolidated earnings for the second quarter (cumulative) are not disclosed due to difficulties in calculating reasonable forecast figures stemming from a high susceptibility to natural disasters and market conditions.

[Appendix]

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[Attachment]

Explanatory Material for Business Results for the Year Ended March 31, 2021

1. Overview of Business Performance and Forecasts

(1) Overview of Business Performance and Financial Conditions in the Fiscal Year under Review (Overview of business performance in the fiscal year under review)

During the fiscal year under review, the global and Japanese economies continued to be in a difficult situation due to the impact of COVID-19 that has been spreading globally. However, we have seen a trend of recovery since the middle of the year as economic activities have gradually returned.

The MS&AD Insurance Group (“the Group”) also faced the impact of the pandemic such as increasing insurance payment in overseas countries and decreasing life insurance premiums in Japan. However, while carrying out initiatives to construct business styles in response to customers’ growing preference for contactless services, the Group took measures to increase productivity further by using teleworking, promoting paperless operations and utilizing office space effectively.

In the fiscal year under review, the Group has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio,” in order to achieve sustainable growth and enhance corporate value by maximizing the utilization of the Group’s resources, based on the Group’s Medium-Term Management Plan “Vision 2021” (from FY2018 to FY2021).

Pursue Group’s comprehensive strengths	We strengthened competitiveness by promoting measures to improve quality and productivity, including joint initiatives of the marketing & sales divisions such as sales promotion of jointly developed products, standardization and sharing of products, services, administration, systems, etc. and an increase in efficiency of printing and logistics.
Promote digitalization	We promoted measures to build up the foundation across the entire Group, such as three initiatives contributing to enhancing the value of customers’ actual experiences (digital transformation, digital innovation and digital globalization) and development of human resources for digitalization.
Reform portfolio	We promoted reform of our risk portfolio by continuing a reduction in strategic equity holdings and natural disaster risk management utilizing reinsurance and made efforts to reform our business portfolio by dispersing and diversifying our revenue source including new investment in international businesses.

As a result of these efforts, earnings for the current consolidated fiscal year to date are as follows.

Ordinary income was ¥4,892.2 billion, due to underwriting income of ¥3,425.3 billion, investment income of ¥1,450.7 billion and other ordinary income of ¥16.0 billion. At the same time, ordinary expenses amounted to ¥4,585.7 billion, including ¥3,800.4 billion in underwriting expenses, ¥69.6 billion in investment expenses, ¥688.5 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥27.0 billion.

As a result, ordinary profit for the current fiscal year was ¥306.5 billion, reflecting a year-on-year increase of ¥148.8 billion. After adjustments to ordinary profit mainly for extraordinary income and losses and income taxes, net income attributable to owners of the parent for the current fiscal year was ¥144.3 billion, reflecting a year-on-year increase of ¥1.3 billion.

Summaries of each business segment are given below.

1) Domestic Non-life Insurance Business (Mitsui Sumitomo Insurance Co., Ltd)

Ordinary income for the current fiscal year totaled ¥1,802.1 billion yen, including underwriting income of ¥1,664.6 billion, investment income of ¥132.6 billion, and other ordinary income of ¥4.7 billion. At the same time, ordinary expenses amounted to ¥1,670.5 billion, including ¥1,420.9 billion in underwriting expenses, ¥6.4 billion in investment expenses, ¥232.2 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥10.8 billion.

As a result, ordinary profit for the current fiscal year was ¥131.6 billion, reflecting a year-on-year increase of ¥42.4 billion. After adjustments to ordinary profit mainly for extraordinary income and losses and income taxes, net income for the current fiscal year was ¥92.2 billion, reflecting a year-on-year decrease of ¥1.8 billion.

2) Domestic Non-life Insurance Business (Aioi Nissay Dowa Insurance Co., Ltd)

Ordinary income for the current fiscal year totaled ¥1,389.8 billion yen, including underwriting income of ¥1,322.1 billion, investment income of ¥62.1 billion, and other ordinary income of ¥5.6 billion. At the same time, ordinary expenses amounted to ¥1,357.4 billion, including ¥1,149.8 billion in underwriting expenses, ¥7.9 billion in investment expenses, ¥197.0 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥2.5 billion.

As a result, ordinary profit for the current fiscal year was ¥32.4 billion, reflecting a year-on-year decrease of ¥26.1 billion. After adjustments to ordinary profit mainly for extraordinary income and losses and income taxes, net income for the current fiscal year was ¥21.6 billion, reflecting a year-on-year decrease of ¥23.1 billion.

3) Domestic Non-life Insurance Business (Mitsui Direct General Insurance Co., Ltd.)

Ordinary income was ¥36.5 billion after recording underwriting income of ¥36.4 billion. Meanwhile, ordinary expenses came to ¥35.1 billion resulting from underwriting expenses of ¥24.0 billion and operating expenses and general and administrative expenses of ¥11.0 billion.

As a result, ordinary profit for the current fiscal year was ¥1.4 billion, reflecting a year-on-year increase of ¥1.2 billion. Net income for the current fiscal year was ¥0.9 billion, reflecting a year-on-year increase of ¥0.8 billion. As a result, net income after taking ownership interests into account (net income by segment) was ¥0.8 billion, reflecting a year-on-year increase of ¥0.7 billion.

4) Domestic Life Insurance Business (Mitsui Sumitomo Aioi Life Insurance Co., Ltd.)

Ordinary income for the current fiscal year totaled ¥568.4 billion yen, including insurance premiums and others of ¥513.1 billion, investment income of ¥51.0 billion, and other ordinary income of ¥4.2 billion. At the same time, ordinary expenses amounted to ¥542.7 billion, including ¥218.1 billion in insurance claims and others, ¥228.0 billion in provision for underwriting reserves and others, ¥0.7 billion in investment expenses, ¥77.2 billion in operating expenses, and other ordinary expenses amounting to ¥18.6 billion.

As a result, ordinary profit for the current fiscal year was ¥25.6 billion, reflecting a year-on-year increase of ¥6.9 billion. After adjustments to ordinary profit mainly for extraordinary income and losses and income taxes, net income for the current fiscal year was ¥11.9 billion, reflecting a year-on-year increase of ¥4.4 billion.

5) Domestic Life Insurance Business (Mitsui Sumitomo Primary Life Insurance Co., Ltd.)

Ordinary income for the current fiscal year totaled ¥2,039.1 billion yen, including insurance premiums and others of ¥892.1 billion, investment income of ¥1,142.8 billion, and other ordinary income of ¥4.0 billion. At the same time, ordinary expenses amounted to ¥1,879.0 billion, including ¥1,805.6 billion in insurance claims and others, ¥18.6 billion in provision for underwriting reserves and others, ¥0.7 billion in investment expenses, ¥44.2 billion in operating expenses, and other ordinary expenses amounting to ¥9.7 billion.

As a result, ordinary profit for the current fiscal year was ¥160.0 billion, reflecting a year-on-year increase of ¥128.6 billion. After adjustments to ordinary profit mainly for extraordinary income and losses and income taxes, net income for the current fiscal year was ¥43.1 billion, reflecting a year-on-year increase of ¥22.8 billion.

6) International Business (Overseas Insurance Subsidiaries)

In the overseas insurance subsidiaries segment, net premiums written was ¥623.5 billion, reflecting a year-on-year decrease of ¥88.3 billion

Ordinary profit was ¥12.8 billion, reflecting a year-on-year decrease of ¥37.9 billion. Net loss after taking ownership interests into account (net loss by segment) was ¥3.1 billion, a decrease of ¥39.3 billion from the previous fiscal year.

(Overview of Financial Conditions in the Fiscal Year under Review)

Total assets as of the end of the current fiscal year totaled ¥24,142.5 billion, reflecting a year-on-year increase of ¥946.1 billion. Net assets, on the other hand, increased ¥632.6 billion year-on-year to ¥3,126.6 billion, due primarily to an increase in net unrealized gains/(losses) on investments in securities

(Overview of Cash Flows in the Fiscal Year under Review)

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities decreased by ¥991.8 billion over the previous fiscal year to ¥(323.9) billion, due in part to an increase in foreign currency insurance contracts returns of Mitsui Sumitomo Primary Life Insurance Co. Net cash flows from investing activities increased by ¥374.2 billion over the previous fiscal year to ¥43.9 billion, due in part to an increase in income due to a decrease in money trusts and proceeds from sales and redemption of securities. In addition, cash flows provided by financial activities increased by ¥13.9 billion over the previous fiscal year to ¥79.2 billion, due in part to an increase in income from sales under repurchase agreements, despite an increase in expenditure from redemption of corporate bonds. As a result, cash and cash equivalents at the end of the fiscal year under review have decreased by ¥204.2 billion from the end of the previous fiscal year to ¥1,994.4 billion.

With regard to the liquidity of funds, in preparation for the possibility that cash flow may worsen due to cash outflows used for the payment of claims, etc. or due to unstable market conditions, etc., the Group will ensure appropriate cash flow by maintaining sufficient liquidity and evaluating liquidity with consideration of cash-flow trends, taking into account both assets and liabilities.

(2) Consolidated Earnings Forecasts for the Year Ending March 31, 2022

For consolidated earnings for the next fiscal year, the Company forecasts ordinary profit of ¥330.0 billion and net income attributable to owners of the parent of ¥230.0 billion on the basis of the assumptions set forth below.

- Net premiums written are based on the Company's own forecasts in view of past trends in results.
- Incurred losses due to new natural disasters (domestic) are expected to be ¥40.0 billion for Mitsui Sumitomo Insurance Co. and ¥30.0 billion for Aioi Nissay Dowa Insurance Co. (total of net claims paid and provision of outstanding claims).
- We estimate that no significant fluctuations in market interest rates, exchange rates, or stock market prices will take place from the end of March 2021.

The Company's consolidated earnings forecasts have been made based on certain assumptions including those above mentioned but actual results may differ substantially from these forecasts depending on various factors

2. Basic Stance for Adopting Accounting Standards

The Company is considering adopting International Financial Reporting Standards (IFRS) to improve international comparability of financial information for the capital market, and necessary actions such as information gathering and examination of introducing process are being conducted. The adoption date has not yet been determined, but it is expected to be decided following the progress in discussion of the accounting standard for insurance contracts (IFRS 17) and other factors.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2020	March 31, 2021
Assets		
Cash, deposits and savings	1,846,225	2,057,789
Receivables under resale agreements	407,722	1,999
Monetary claims bought	160,091	175,740
Money trusts	1,666,494	1,717,804
Investments in securities	15,494,580	16,793,584
Loans	892,335	960,174
Tangible fixed assets:	488,331	494,818
Land	231,122	228,230
Buildings	185,178	195,825
Lease assets	24,722	27,531
Construction in progress	12,463	6,598
Other tangible fixed assets	34,843	36,631
Intangible fixed assets:	442,695	431,929
Software	108,892	127,921
Goodwill	138,584	122,617
Lease assets	346	217
Other intangible fixed assets	194,873	181,172
Other assets	1,535,400	1,436,401
Assets for retirement benefits	24,113	26,768
Deferred tax assets	219,385	30,549
Customers' liabilities under acceptances and guarantees	31,500	28,500
Bad debt reserve	(12,421)	(13,498)
Total assets	23,196,455	24,142,562
Liabilities		
Policy liabilities:	17,809,540	18,107,028
Outstanding claims	2,149,921	2,256,900
Underwriting reserves	15,659,619	15,850,128
Bonds issued	809,093	809,093
Other liabilities	1,672,264	1,602,349
Liabilities for pension and retirement benefits	179,686	160,828
Reserve for retirement benefits for officers	325	241
Accrued bonuses for employees	28,392	28,256
Reserve for losses on sales of shares of subsidiaries and associates	16,957	-
Reserves under the special laws:	137,400	244,975
Reserve for price fluctuation	137,400	244,975
Deferred tax liabilities	17,254	34,630
Acceptances and guarantees	31,500	28,500
Total liabilities	20,702,416	21,015,905

(Yen in millions)

	March 31, 2020	March 31, 2021
Net assets		
Shareholders' equity:		
Common stock	100,000	100,276
Capital surplus	553,163	553,428
Retained earnings	1,019,468	1,078,850
Treasury stock	(84,432)	(119,267)
Total shareholders' equity	1,588,199	1,613,287
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	982,042	1,630,325
Net deferred gains/(losses) on hedges	30,916	14,997
Foreign currency translation adjustments	(140,106)	(178,080)
Accumulated actuarial gains/(losses) on retirement benefits	(9,381)	3,819
Total accumulated other comprehensive income	863,470	1,471,062
Stock acquisition rights	1,206	1,019
Non-controlling interests	41,161	41,288
Total net assets	2,494,038	3,126,657
Total liabilities and net assets	23,196,455	24,142,562

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Yen in millions)

	Year ended March 31, 2020	Year ended March 31, 2021
Ordinary income:	5,168,361	4,892,244
Underwriting income:	4,640,584	3,425,364
Net premiums written	3,573,732	3,500,996
Deposit premiums from policyholders	75,553	72,635
Investment income on deposit premiums from policyholders	39,177	36,384
Life insurance premiums	943,721	(202,321)
Other underwriting income	8,400	17,669
Investment income:	511,529	1,450,793
Interest and dividends income	304,514	293,587
Investment gains on money trusts	64,627	212,824
Investment gains on trading securities	55,652	35,605
Gains on sales of securities	118,845	233,371
Gains on redemption of securities	4,387	2,567
Investment gains on separate accounts	-	311,765
Other investment income	2,679	397,456
Transfer of investment income on deposit premiums from policyholders	(39,177)	(36,384)
Other ordinary income:	16,247	16,085
Other ordinary income	16,247	16,085
Ordinary expenses:	5,010,660	4,585,719
Underwriting expenses:	3,749,818	3,800,437
Net claims paid	2,027,212	1,902,248
Loss adjustment expenses	177,354	188,784
Commissions and collection expenses	727,409	735,307
Maturity refunds to policyholders	220,697	221,162
Dividends to policyholders	103	73
Life insurance claims	376,620	405,474
Provision for outstanding claims	19,962	133,130
Provision for underwriting reserves	196,179	208,901
Other underwriting expenses	4,278	5,353
Investment expenses:	512,978	69,695
Investment losses on money trusts	47,310	9
Losses on sales of securities	18,021	8,096
Impairment losses on securities	39,685	7,100
Losses on redemption of securities	310	738
Losses on derivative transactions	18,547	46,838
Investment losses on separate accounts	57,457	-
Other investment expenses	331,646	6,911
Operating expenses and general and administrative expenses	694,618	688,576
Other ordinary expenses:	53,244	27,010
Interest expense	13,363	14,599
Provision for bad debts	4,456	1,474
Loss on bad debts	163	137
Losses on equity method investments	30,878	6,601
Other ordinary expenses	4,383	4,197
Ordinary profit	157,701	306,524

(Yen in millions)

	Year ended March 31, 2020	Year ended March 31, 2021
Extraordinary income:	51,426	15,920
Gains on sales of fixed assets	4,809	7,717
Reversal of reserves under the special laws:	35,848	-
Reversal of reserve for price fluctuation	35,848	-
Gains on step acquisitions	6,587	-
Gains on change in equity	2,804	89
Reversal of reserve for losses on sales of shares of subsidiaries and associates	-	8,113
Other extraordinary income	1,377	-
Extraordinary losses:	196,622	120,717
Losses on sales of fixed assets	2,973	6,071
Impairment losses on fixed assets	173,611	1,949
Provision for reserves under the special laws:	-	107,575
Provision for reserve for price fluctuation	-	107,575
Losses on reduction of tangible fixed assets	-	3
Losses on change in equity	-	1,685
Provision for losses on sales of shares of subsidiaries and associates	16,957	-
Other extraordinary losses	3,080	3,432
Income before income taxes	12,505	201,727
Income taxes - current	34,420	93,223
Income taxes - deferred	(167,482)	(39,167)
Total income taxes	(133,061)	54,056
Net income	145,567	147,670
Net income attributable to non-controlling interests	2,536	3,272
Net income attributable to owners of the parent	143,030	144,398

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Year ended March 31, 2020	Year ended March 31, 2021
Net income	145,567	147,670
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	(298,942)	641,845
Net deferred gains/(losses) on hedges	6,101	(16,184)
Foreign currency translation adjustments	3,001	(47,613)
Accumulated actuarial gains/(losses) on retirement benefits	(13,737)	13,220
Share of other comprehensive income of equity method investments	721	14,998
Total other comprehensive income	<u>(302,855)</u>	<u>606,267</u>
Total comprehensive income	<u>(157,288)</u>	<u>753,938</u>
Allocation:		
Comprehensive income attributable to owners of the parent	(161,004)	751,990
Comprehensive income attributable to non-controlling interests	3,716	1,947

(3) Consolidated Statements of Changes in Net Assets
For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	553,168	962,385	(32,539)	1,583,013
Cumulative effect of changing accounting policies			(942)		(942)
Beginning balance (adjusted)	100,000	553,168	961,442	(32,539)	1,582,070
Changes for the year:					
Issuance of new shares					-
Dividends paid			(83,951)		(83,951)
Net income attributable to owners of the parent			143,030		143,030
Repurchase of treasury stock				(52,019)	(52,019)
Disposal of treasury stock		(5)		127	121
Other			(1,052)		(1,052)
Net changes of items other than shareholders' equity					
Total changes for the year	-	(5)	58,026	(51,892)	6,128
Ending balance	100,000	553,163	1,019,468	(84,432)	1,588,199

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,778,047
Cumulative effect of changing accounting policies					-			(942)
Beginning balance (adjusted)	1,273,881	25,168	(135,992)	4,448	1,167,505	785	26,743	2,777,104
Changes for the year:								
Issuance of new shares								-
Dividends paid								(83,951)
Net income attributable to owners of the parent								143,030
Repurchase of treasury stock								(52,019)
Disposal of treasury stock								121
Other								(1,052)
Net changes of items other than shareholders' equity	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(289,194)
Total changes for the year	(291,838)	5,747	(4,113)	(13,829)	(304,034)	421	14,418	(283,065)
Ending balance	982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038

For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,000	553,163	1,019,468	(84,432)	1,588,199
Cumulative effect of changing accounting policies					-
Beginning balance (adjusted)	100,000	553,163	1,019,468	(84,432)	1,588,199
Changes for the year:					
Issuance of new shares	276	276			552
Dividends paid			(85,017)		(85,017)
Net income attributable to owners of the parent			144,398		144,398
Repurchase of treasury stock				(35,036)	(35,036)
Disposal of treasury stock		(11)		201	189
Other					-
Net changes of items other than shareholders' equity					
Total changes for the year	276	264	59,381	(34,835)	25,087
Ending balance	100,276	553,428	1,078,850	(119,267)	1,613,287

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains/(losses) on investments in securities	Net deferred gains/(losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains/(losses) on retirement benefits	Total accumulated other comprehensive income			
Beginning balance	982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038
Cumulative effect of changing accounting policies					-			-
Beginning balance (adjusted)	982,042	30,916	(140,106)	(9,381)	863,470	1,206	41,161	2,494,038
Changes for the year:								
Issuance of new shares								552
Dividends paid								(85,017)
Net income attributable to owners of the parent								144,398
Repurchase of treasury stock								(35,036)
Disposal of treasury stock								189
Other								-
Net changes of items other than shareholders' equity	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	607,530
Total changes for the year	648,283	(15,918)	(37,974)	13,201	607,591	(187)	126	632,618
Ending balance	1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657

(4) Consolidated Statements of Cash Flows

	(Yen in millions)	
	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities:		
Income before income taxes	12,505	201,727
Depreciation	65,613	72,348
Impairment losses on fixed assets	173,611	1,949
Amortization of goodwill	12,737	11,712
Increase/(decrease) in outstanding claims	(67,233)	123,275
Increase/(decrease) in underwriting reserves	186,053	201,047
Increase/(decrease) in bad debt reserve	3,145	1,202
Increase/(decrease) in reserve for retirement benefits for officers	(88)	(84)
Increase/(decrease) in accrued bonuses for employees	461	115
Increase/(decrease) in reserve for losses on sales of shares of subsidiaries and associates	13,143	(13,143)
Increase/(decrease) in reserve for reorganization by function	(6,498)	-
Increase/(decrease) in liabilities for pension and retirement benefits	(10,352)	(3,475)
Increase/(decrease) in reserve for price fluctuation	(35,848)	107,575
Interest and dividends income	(304,514)	(293,587)
Losses/(gains) on money trusts	(17,299)	(212,815)
Losses/(gains) on investments in securities	(120,868)	(255,609)
Losses/(gains) on derivative transactions	18,547	46,838
Investment losses/(gains) on separate accounts	57,457	(311,765)
Interest expense	13,363	14,599
Foreign exchange losses/(gains)	319,557	(393,298)
Losses/(gains) on disposal of tangible fixed assets	(2,319)	(3,949)
Losses/(gains) on equity method investments	30,878	6,601
Losses/(gains) on step acquisitions	(6,587)	-
Losses/(gains) on change in equity	(2,804)	1,595
Decrease/(increase) in other assets	(30,875)	52,791
Increase/(decrease) in other liabilities	76,050	(6,415)
Others, net	(22,530)	(22,378)
Subtotal	<u>355,302</u>	<u>(673,140)</u>
Interest and dividends received	401,686	394,404
Interest paid	(13,259)	(14,566)
Income taxes refunded/(paid)	(75,833)	(30,609)
Net cash provided by/(used in) operating activities (a)	<u>667,896</u>	<u>(323,912)</u>

(Yen in millions)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from investing activities:		
Net decrease/(increase) in deposits and savings	20,391	(4,198)
Purchase of monetary claims bought	(18,809)	(19,828)
Proceeds from sales and redemption of monetary claims bought	15,982	2,127
Purchase of money trusts	(232,980)	(380,662)
Proceeds from sales of money trusts	116,399	553,405
Purchase of securities	(4,537,656)	(4,423,413)
Proceeds from sales and redemption of securities	4,434,208	4,759,491
Investments in loans	(226,329)	(213,370)
Collection of loans	200,104	197,834
Net increase/(decrease) in payables under repurchase agreements	(55,816)	(412,965)
Net increase/(decrease) in cash collateral under securities lending transaction	62,989	76,465
Others, net	11,452	(8,842)
Subtotal (b)	(210,064)	126,042
(a + b)	457,831	(197,869)
Acquisition of tangible fixed assets	(32,021)	(33,696)
Proceeds from sales of tangible fixed assets	7,439	10,954
Acquisition of intangible fixed assets	(78,519)	(57,407)
Acquisition of subsidiaries resulting in changes in scope of consolidation	(9,715)	-
Net payments for sale of subsidiaries resulting in changes in scope of consolidation	(6,327)	-
Others, net	(1,152)	(1,967)
Net cash provided by/(used in) investing activities	(330,363)	43,925
Cash flows from financing activities:		
Proceeds from borrowings	149,381	-
Repayments of borrowings	(167,648)	-
Issuance of bonds	149,427	99,321
Redemption of bonds	-	(100,000)
Net increase/(decrease) in payables under repurchase agreements	-	110,343
Net increase/(decrease) in cash collateral under securities lending transactions	79,080	103,510
Repurchase of treasury stock	(52,019)	(35,036)
Dividends paid to shareholders	(83,861)	(84,928)
Dividends paid to non-controlling interests	(1,233)	(1,829)
Others, net	(7,805)	(12,102)
Net cash provided by/(used in) financing activities	65,321	79,278
Effect of exchange rate changes on cash and cash equivalents	(2,701)	(3,537)
Net increase/(decrease) in cash and cash equivalents	400,153	(204,245)
Beginning balance of cash and cash equivalents	1,798,526	2,198,680
Ending balance of cash and cash equivalents	2,198,680	1,994,434

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Segment Information)

1 Overview of reportable segments

The reportable segments are the units of MS&AD group (“the Group”) for which separate financial information is available and that are evaluated regularly by the board of directors in deciding allocation of resources and assessing their performance.

The Group's business domains comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and risk-related services business. Mitsui Sumitomo Insurance Co., Ltd. (“MSI”), Aioi Nissay Dowa Insurance Co., Ltd. (“ADI”) and Mitsui Direct General Insurance Co., Ltd. (“Mitsui Direct General”) primarily operate domestic non-life insurance business, and Mitsui Sumitomo Aioi Life Insurance Co., Ltd. (“MSI Aioi Life”) and Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“MSI Primary Life”) primarily operate domestic life insurance business. The Company and domestic non-life insurance subsidiaries engage in international business, and overseas affiliated companies also develop insurance business in various foreign countries.

Segment information is presented based on the Group's business domains where the domestic life and non-life insurance businesses are further identified by each insurance company, resulting in six reportable segments that comprise the five domestic insurance companies and the international business (overseas insurance subsidiaries).

Each non-life insurance company underwrites fire and allied insurance, marine insurance, personal accident insurance, voluntary automobile insurance, compulsory automobile liability insurance and other non-life insurance products. Each life insurance company underwrites individual insurance, individual annuity insurance, group insurance and other life insurance products.

2 Methods of calculating revenues, net income or loss, assets, liabilities and other items by reportable segment

The accounting methods for reportable segments are substantially the same as those mentioned in “Significant Accounting Policies” of the Securities Report filed on June 25, 2020. Net income by segment is the amount based on net income of each company (after taking ownership interests into consideration).

Intersegment revenues and transfers are calculated based on prices used in transactions between the Company and independent third parties.

3 Information on revenues, net income or loss, assets, liabilities and other items by reportable segment

For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from transactions with external customers	1,516,001	1,248,416	36,432	376,903	557,764
Intersegment revenues or transfers	31,928	28,354	(57)	-	(11,571)
Total	1,547,930	1,276,770	36,374	376,903	546,193
Net income/(loss) by segment	94,079	44,784	142	7,500	20,310
Assets by segment	6,686,089	3,420,733	59,768	4,510,472	6,814,907
Other items:					
Depreciation	22,027	13,562	1,690	8,419	3,366
Amortization of goodwill	-	-	-	-	-
Interest and dividends income	101,912	59,396	50	48,920	87,232
Interest expense	9,353	617	-	-	15
Impairment losses on securities	20,878	11,023	-	-	2,256
Gains/(losses) on equity method investments	-	-	-	-	-
Extraordinary income:	61,429	168	-	0	-
Reversal of reserve for price fluctuation	56,996	-	-	-	-
Extraordinary losses:	189,539	18,420	31	939	3,500
Impairment losses on fixed assets	499	261	-	-	-
Provision for reserve for price fluctuation	-	16,714	7	926	3,500
Losses on valuation of shares of subsidiaries and associates	186,325	-	-	-	-
Provision for losses on sales of shares of subsidiaries and associates	-	-	-	-	-
Income taxes	(133,076)	(4,420)	(12)	1,580	7,650
Equity method investments	101,615	1,532	-	-	-
Increase in tangible fixed assets and intangible fixed assets	59,068	34,361	2,417	9,616	5,170

(Yen in millions)

	International business	Others (Note 2)	Total	Adjustments (Notes 3,4 and 5)	Amount on the consolidated financial statements (Note 6)
	Overseas insurance subsidiaries				
Revenues: (Note 1)					
Revenues from transactions with external customers	780,875	11,808	4,528,202	(10,749)	4,517,453
Intersegment revenues or transfers	(59,909)	11,355	100	(100)	-
Total	720,966	23,164	4,528,302	(10,849)	4,517,453
Net income/(loss) by segment	36,151	5,599	208,569	(65,539)	143,030
Assets by segment	3,402,719	81,127	24,975,817	(1,779,361)	23,196,455
Other items:					
Depreciation	12,308	144	61,519	4,093	65,613
Amortization of goodwill	-	-	-	12,737	12,737
Interest and dividends income	23,538	1,331	322,381	(17,866)	304,514
Interest expense	1,667	-	11,654	1,708	13,363
Impairment losses on securities	1,668	0	35,826	3,858	39,685
Gains/(losses) on equity method investments	12,249	365	12,614	(43,493)	(30,878)
Extraordinary income:	77	-	61,675	(10,248)	51,426
Reversal of reserve for price fluctuation	-	-	56,996	(21,148)	35,848
Extraordinary losses:	4,270	-	216,701	(20,078)	196,622
Impairment losses on fixed assets	171	-	931	172,679	173,611
Provision for reserve for price fluctuation	-	-	21,148	(21,148)	-
Losses on valuation of shares of subsidiaries and associates	-	-	186,325	(186,325)	-
Provision for losses on sales of shares of subsidiaries and associates	-	-	-	16,957	16,957
Income taxes	7,835	203	(120,240)	(12,821)	(133,061)
Equity method investments	194,114	-	297,261	(5,912)	291,349
Increase in tangible fixed assets and intangible fixed assets	6,917	84	117,636	(3,946)	113,690

(Notes)

- 1 “Revenues” represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for “Amount on the consolidated financial statements”.
- 2 “Others”, which is business segments not included in reportable segments and other revenue generating business activities, represents domestic non-life insurance business operated by domestic insurance companies other than reportable segment, financial services business and risk-related services business operated by group companies other than domestic insurance companies and business investments by the Company into companies other than group companies.
- 3 “Adjustments” in “Revenues from transactions with external customers” represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.
- 4 “Adjustments” in “Net income/(loss) by segment” includes elimination of intersegment transactions of ¥(12,941) million, companywide expenses not allocated to respective reportable segments of ¥(13,838) million, provision for losses on sales of shares of subsidiaries and associates of ¥(16,957) million, adjustments related to losses on valuation of shares of overseas insurance subsidiaries recorded at MSI of ¥186,325 million, impairment losses of ¥(172,679) million, tax effect on impairment losses of ¥15,063 million, and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥(50,511) million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.

- 5 “Adjustments” in “Assets by segment” includes elimination of intersegment transactions of ¥(1,545,115) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(468,106) million, companywide assets not allocated to respective reportable segments of ¥53,263 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥180,597 million. The companywide assets are the Company's assets that do not belong to any reportable segments.
- 6 “Net income/(loss) by segment” is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from transactions with external customers	1,525,182	1,249,195	36,541	393,439	(599,802)
Intersegment revenues or transfers	34,385	32,231	(64)	-	(10,875)
Total	1,559,567	1,281,426	36,477	393,439	(610,677)
Net income/(loss) by segment	92,215	21,610	878	11,911	43,117
Assets by segment	7,098,116	3,745,278	61,850	4,534,486	7,024,753
Other items:					
Depreciation	28,790	17,013	1,793	9,109	3,690
Amortization of goodwill	-	-	-	-	-
Interest and dividends income	98,834	54,910	51	48,701	81,570
Interest expense	9,900	787	-	-	11
Gains/(losses) on equity method investments	-	-	-	-	-
Extraordinary income:	6,572	651	-	0	-
Gains on sales of fixed assets	6,572	651	-	0	-
Reversal of reserve for losses on sales of shares of subsidiaries and associates	-	-	-	-	-
Extraordinary losses:	5,931	8,295	62	1,438	100,500
Impairment losses on fixed assets	230	2,362	-	-	-
Provision for reserve for price fluctuation	4,131	1,808	7	1,128	100,500
Income taxes	40,029	3,222	328	4,124	16,479
Equity method investments	111,148	1,532	-	-	-
Increase in tangible fixed assets and intangible fixed assets	41,085	33,817	855	7,527	4,458

(Yen in millions)

	International business	Others (Note 2)	Total	Adjustments (Notes 3,4 and 5)	Amount on the consolidated financial statements (Note 6)
	Overseas insurance subsidiaries				
Revenues: (Note 1)					
Revenues from transactions with external customers	694,118	24,414	3,323,089	(24,414)	3,298,674
Intersegment revenues or transfers	(66,552)	10,875	-	-	-
Total	627,566	35,289	3,323,089	(24,414)	3,298,674
Net income/(loss) by segment	(3,195)	5,445	171,984	(27,585)	144,398
Assets by segment	3,357,674	221,909	26,044,070	(1,901,508)	24,142,562
Other items:					
Depreciation	11,370	100	71,868	480	72,348
Amortization of goodwill	-	-	-	11,712	11,712
Interest and dividends income	23,868	4,758	312,695	(19,107)	293,587
Interest expense	2,198	-	12,897	1,701	14,599
Gains/(losses) on equity method investments	1,218	(3,797)	(2,579)	(4,022)	(6,601)
Extraordinary income:	292	-	7,516	8,403	15,920
Gains on sales of fixed assets	292	-	7,516	200	7,717
Reversal of reserve for losses on sales of shares of subsidiaries and associates	-	-	-	8,113	8,113
Extraordinary losses:	4,308	-	120,535	182	120,717
Impairment losses on fixed assets	-	-	2,593	(643)	1,949
Provision for reserve for price fluctuation	-	-	107,575	-	107,575
Income taxes	8,700	1,382	74,267	(20,211)	54,056
Equity method investments	114,719	-	227,399	139	227,539
Increase in tangible fixed assets and intangible fixed assets	5,438	28	93,212	60	93,273

(Notes)

1 “Revenues” represents net premiums written for non-life insurance business, life insurance premiums for life insurance business, ordinary income for other business, and the sum total of net premiums written and life insurance premiums for “Amount on the consolidated financial statements”.

In the consolidated statements of income, life insurance premiums are calculated by subtracting refunds for surrenders, etc. and reinsurance premiums from insurance premiums. The amount of insurance premiums for MSI Primary Life, ¥(610,677) million, is negative because the sum of refunds for surrenders, etc. and reinsurance premiums exceeds insurance premiums.

2 “Others”, which is business segments not included in reportable segments and other revenue generating business activities, represents domestic non-life insurance business operated by domestic insurance companies other than reportable segment, financial services business and risk-related services operated by group companies other than domestic insurance companies and business investments by the Company into companies other than group companies.

3 “Adjustments” in “Revenues from transactions with external customers” represents the sum total of ordinary income items other than net premiums written and life insurance premiums for other business.

4 “Adjustments” in “Net income/(loss) by segment” includes elimination of intersegment transactions of ¥(15,016) million, companywide expenses not allocated to respective reportable segments of ¥(13,907) million, reversal of reserve for losses on sales of shares of subsidiaries and associates of ¥8,113 million, income tax expenses associated with application of the consolidated tax return filing system for the fiscal year 2021 of ¥20,282 million, adjustments to profit and loss due to North American winter storm in February 2021 which occurred during the period between the fiscal year end of overseas insurance subsidiaries and that of the Company of ¥(10,300) million, and adjustments to profit and loss due to application of the purchase method to domestic insurance subsidiaries and amortization of goodwill of ¥(16,756) million. Most of the companywide expenses are expenses associated with the Company's administrative departments that do not belong to any reportable segments.

5 “Adjustments” in “Assets by segment” includes elimination of intersegment transactions of ¥(1,574,494) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(525,279) million, companywide assets not allocated to respective reportable segments of ¥77,803 million, adjustments to assets due to application of the purchase method to domestic insurance subsidiaries and unamortized balance of goodwill not allocated to respective reportable segments of ¥120,462 million. The companywide assets are the Company's assets that do not belong to any reportable segments.

6 “Net income/(loss) by segment” is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

(Notes to Per Share Information)

(Yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net assets less non-controlling interests per share	4,308.37	5,525.42
Net income attributable to owners of the parent per share - Basic	248.36	255.79
Net income attributable to owners of the parent per share - Diluted	248.22	255.65

(Notes)

1 The bases for calculation of "Net income attributable to owners of the parent per share - Basic" and "Net income attributable to owners of the parent per share - Diluted" are as follows.

	Year ended March 31, 2020	Year ended March 31, 2021
Net income attributable to owners of the parent per share - Basic		
Net income attributable to owners of the parent (Yen in millions)	143,030	144,398
Net income attributable to owners of the parent not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common stock (Yen in millions)	143,030	144,398
Average number of shares of outstanding stock (in thousands of shares)	575,887	564,504
Net income attributable to owners of the parent per share - Diluted		
Adjustment to net income attributable to owners of the parent (Yen in millions)	-	-
Increased number of shares of common stock (in thousands of shares)	313	313
Stock acquisition rights (in thousands of shares)	313	313
Outline of dilutive shares which were not included in the calculation of "Net income attributable to owners of the parent per share - Diluted" because they are antidilutive for the each period	-	-

2 The bases for calculation of net assets less non-controlling interests per share are as follows.

	March 31, 2020	March 31, 2021
Total net assets (Yen in millions)	2,494,038	3,126,657
Amounts deduced from net assets: (Yen in millions)	42,368	42,307
Stock acquisition rights (Yen in millions)	1,206	1,019
Non-controlling interests (Yen in millions)	41,161	41,288
Net assets attributable to common stock (Yen in millions)	2,451,670	3,084,349
Number of shares of outstanding stock to calculate net assets less non-controlling interests per share (in thousands of shares)	569,047	558,210

(Notes to Significant Subsequent Events)

Not applicable.