

SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

May 20, 2022

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 27, 2022
 Scheduled date to file the Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 28, 2022
 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, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated business performance (Yen in millions)

	Ordinary income		Ordinary profit		Net income attributable to owners of the parent	
Year ended March 31, 2022	5,132,042	4.9 %	390,499	27.4 %	262,799	82.0 %
Year ended March 31, 2021	4,892,244	(5.3) %	306,524	94.4 %	144,398	1.0 %

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

(Note) Comprehensive income
 For the year ended March 31, 2022: ¥ 310,470 million (58.8) %
 For the year ended March 31, 2021: ¥ 753,938 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, 2022	474.52	474.32	8.3 %	1.6 %	7.6 %
Year ended March 31, 2021	255.79	255.65	5.2 %	1.3 %	6.3 %

(Reference) Gains/(losses) on equity method investments
 For the year ended March 31, 2022: ¥ 16,711 million
 For the year ended March 31, 2021: ¥ (6,601) 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, 2022	25,033,846	3,302,749	13.0 %	5,955.21
March 31, 2021	24,142,562	3,126,657	12.8 %	5,525.42

(Reference) Net assets less non-controlling interests
 As of March 31, 2022: ¥ 3,258,887 million
 As of March 31, 2021: ¥ 3,084,349 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, 2022	236,708	(71,976)	58,545	2,256,216
Year ended March 31, 2021	(323,912)	43,925	79,278	1,994,434

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, 2021	-	75.00	-	80.00	155.00	86,995	60.6 %	3.2 %
Year ended March 31, 2022	-	82.50	-	97.50	180.00	99,088	37.9 %	3.1 %
Year ending March 31, 2023 (Forecast)	-	92.50	-	92.50	185.00		42.2 %	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	350,000	(10.4) %	240,000	(8.7) %	438.57

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: Yes
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, 2022: 593,632,891 shares

As of March 31, 2021: 593,473,207 shares

2. Number of shares of treasury stock

As of March 31, 2022: 46,400,654 shares

As of March 31, 2021: 35,263,101 shares

3. Average number of shares of outstanding stock

For the year ended March 31, 2022: 553,816,469 shares

For the year ended March 31, 2021: 564,504,353 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 MS&AD Insurance Group Holdings, Inc. (“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, 2023” on page 4 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.

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[Attachment]

Explanatory Material for Business Results for the Year Ended March 31, 2022

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 economy saw gradual improvements in the difficult situation due to the impact of COVID-19 that has been spreading globally. On the other hand, an inflationary trend emerged on the back of the rise in raw material prices and supply constraints.

In the fiscal year under review, the final year of the Medium-Term Management Plan “Vision 2021” which started in FY2018, the Group has been making efforts for the three key strategies of “Pursue Group’s comprehensive strengths,” “Promote digitalization,” and “Reform portfolio,” aiming to realize “a world-leading insurance and financial services group” and build a “resilient system that can timely respond to changes in environment.”

Pursue Group’s comprehensive strengths	The Group promoted various measures that leverages its diversity, such as sales expansion of jointly developed products by MSI and ADI, the Group’s two core non-life insurance companies, sales promotion of the products of Mitsui Sumitomo Primary Life through the sales network of Mitsui Sumitomo Aioi Life, and the expansion of concurrent selling of life insurance and non-life insurance products. Meanwhile, we worked to improve quality and productivity through such measures as the implementation of a new claims service system to provide high-quality accident claim services and the standardization of products and administration. At the same time, we pushed forward with business style reform, including the maximum utilization of the renewed online system to support agent operations (insurance estimation, preparation of application forms, contracting and change procedures, etc.) and the active utilization of teleworking, such as working from home, to achieve a cost reduction of ¥54.0 billion for two years, which is above the initial plan.
Promote digitalization	<p>While promoting the initiatives listed below, we implemented the “CSV (*1) x DX” strategy to resolve social issues with digital technologies, and as part of this strategy, we developed and provided products and services with functions to prevent accidents and disasters and to minimize and quickly recover any damage, as well as to compensate for damages.</p> <p>Digital transformation (DX)</p> <ul style="list-style-type: none"> ■ Use of process automation tools to support internal business operations ■ Enhancement of remote functions in response to the “new lifestyle,” such as chat and web interview using a smartphone and non-face-to-face contracting procedure <p>Digital innovation (DI)</p> <ul style="list-style-type: none"> ■ Provision of services to support road maintenance services provided by local governments and road repair companies ■ Sales of built-in insurance (*2) in collaboration with digital business operators and digitalization of insurance sales through small-amount and short-term insurance providers. <p>Digital globalization (DG)</p> <ul style="list-style-type: none"> ■ Overseas expansion of MS1 Brain (*3) and RisTech (*4) ■ Business investment in overseas InsurTech companies and others
Reform portfolio	In the Domestic Non-life Insurance Business, we strengthened measures to improve the profitability of fire insurance and new types of insurance. In the Domestic Life Insurance Business, we significantly reduced interest rate risk, while strengthening product profitability and asset management capability. As a result, profit remained strong. In the International Business, we worked to improve the profitability of MS Amlin and to expand sales in Asian markets that are expected to grow, although profit failed to grow mainly due to the impact of large scale natural disasters overseas and spread of COVID-19. We made a steady progress in reducing strategic equity holdings and have already exceeded the target by FY2021.

*1 CSV

Creating Shared Value

*2 Built-in insurance

A type of insurance products that help EC website (website that sells products and services) users “easily purchase the insurance they need at the time they need it” while purchasing products or using services by integrating insurance product offers into the series of user operations on EC websites.

*3 MS1 Brain

An agent sales support system, which assists the provision of high-quality products and services to customers based on big data analysis results provided by AI.

*4 RisTech

A service that uses big data and the latest analysis algorithms to visualize and optimize the risks that surround companies, helping them to solve issues.

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

Ordinary income was ¥5,132.0 billion, due to underwriting income of ¥4,239.5 billion, investment income of ¥858.6 billion and other ordinary income of ¥33.7 billion. At the same time, ordinary expenses amounted to ¥4,741.5 billion, including ¥3,915.3 billion in

underwriting expenses, ¥108.9 billion in investment expenses, ¥696.3 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥20.8 billion.

As a result, ordinary profit for the current fiscal year was ¥390.4 billion, reflecting a year-on-year increase of ¥83.9 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income attributable to owners of the parent for the current fiscal year was ¥262.7 billion, reflecting a year-on-year increase of ¥118.4 billion.

Operating results by segment were as follows:

1) Domestic Non-life Insurance Business (Mitsui Sumitomo Insurance Company, Limited)

Ordinary income for the current fiscal year totaled ¥1,888.5 billion, including underwriting income of ¥1,682.0 billion, investment income of ¥201.6 billion, and other ordinary income of ¥4.8 billion. At the same time, ordinary expenses amounted to ¥1,704.3 billion, including ¥1,419.5 billion in underwriting expenses, ¥40.4 billion in investment expenses, ¥234.2 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥10.1 billion.

As a result, ordinary profit for the current fiscal year was ¥184.2 billion, reflecting a year-on-year increase of ¥52.6 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income for the current fiscal year was ¥145.7 billion, reflecting a year-on-year increase of ¥53.5 billion.

2) Domestic Non-life Insurance Business (Aioi Nissay Dowa Insurance Company, Limited)

Ordinary income for the current fiscal year totaled ¥1,422.3 billion, including underwriting income of ¥1,343.9 billion, investment income of ¥71.4 billion, and other ordinary income of ¥6.8 billion. At the same time, ordinary expenses amounted to ¥1,341.3 billion, including ¥1,129.6 billion in underwriting expenses, ¥12.6 billion in investment expenses, ¥196.8 billion in operating expenses and general and administrative expenses, and other ordinary expenses amounting to ¥2.1 billion.

As a result, ordinary profit for the current fiscal year was ¥80.9 billion, reflecting a year-on-year increase of ¥48.4 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income for the current fiscal year was ¥53.9 billion, reflecting a year-on-year increase of ¥32.3 billion.

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

Ordinary income was ¥35.9 billion after recording underwriting income of ¥35.8 billion. Meanwhile, ordinary expenses came to ¥35.1 billion resulting from underwriting expenses of ¥23.8 billion and operating expenses and general and administrative expenses of ¥11.3 billion.

As a result, ordinary profit for the current fiscal year was ¥0.8 billion, reflecting a year-on-year decrease of ¥0.6 billion. Net income for the current fiscal year was ¥0.8 billion, reflecting a year-on-year decrease of ¥0.1 billion. As a result, net income after taking ownership interests into account (net income by segment) was ¥0.7 billion, reflecting a year-on-year decrease of ¥0.1 billion.

4) Domestic Life Insurance Business (Mitsui Sumitomo Aioi Life Insurance Company, Limited)

Ordinary income for the current fiscal year totaled ¥563.3 billion, including income from premiums and other such sources of ¥503.5 billion, investment income of ¥57.2 billion, and other ordinary income of ¥2.5 billion.

At the same time, ordinary expenses amounted to ¥524.2 billion, including ¥228.9 billion in claims and other payments, ¥200.1 billion in policy reserves and other provisions, ¥1.9 billion in investment expenses, ¥73.8 billion in operating expenses, and other ordinary expenses amounting to ¥19.4 billion. As a result, ordinary profit for the current fiscal year was ¥39.0 billion, reflecting a year-on-year increase of ¥13.4 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income for the current fiscal year was ¥21.0 billion, reflecting a year-on-year increase of ¥9.1 billion.

5) Domestic Life Insurance Business (Mitsui Sumitomo Primary Life Insurance Company, Limited)

Ordinary income for the current fiscal year totaled ¥1,383.7 billion, including income from premiums and other such sources of ¥925.6 billion, investment income of ¥453.9 billion, and other ordinary income of ¥4.2 billion. At the same time, ordinary expenses amounted to ¥1,296.0 billion, including ¥1,174.5 billion in claims and other payments, ¥63.7 billion in policy reserves and other provisions, ¥3.5 billion in investment expenses, ¥44.0 billion in operating expenses, and other ordinary expenses amounting to ¥10.0 billion.

As a result, ordinary profit for the current fiscal year was ¥87.7 billion, reflecting a year-on-year decrease of ¥72.3 billion. After adjustments to ordinary profit mainly for extraordinary losses and corporate and residence tax, net income for the current fiscal year was ¥53.0 billion, reflecting a year-on-year increase of ¥9.8 billion.

6) International Business (Overseas insurance subsidiaries)

In the overseas insurance subsidiaries segment, net premiums written reached ¥703.0 billion, reflecting a year-on-year increase of ¥79.5 billion.

Ordinary profit was ¥39.6 billion, reflecting a year-on-year increase of ¥26.8 billion. Net income after taking ownership interests into account (net income by segment) was ¥24.5 billion, an increase of ¥27.7 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 ¥25,033.8 billion, a year-to-year increase of ¥891.2 billion. Net assets, on the other hand, increased ¥176.0 billion year-on-year to ¥3,302.7 billion.

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

With regard to cash flows in the fiscal year under review, net cash flows provided by operating activities increased by ¥560.6 billion over

the previous fiscal year to ¥236.7 billion, due in part to a rebound from an increase in foreign currency insurance contracts returns of Mitsui Sumitomo Primary Life Insurance Co., Ltd. in the previous fiscal year. Net cash flows from investing activities decreased by ¥115.9 billion over the previous fiscal year to ¥(71.9) billion, due in part to a decrease in proceeds from sales and redemption of securities, despite a decrease in expenditure on the purchase of securities. In addition, net cash flows provided by financial activities decreased by ¥20.7 billion over the previous fiscal year to ¥58.5 billion, due in part to an increase in expenditure on redemption of corporate bonds, despite an increase in proceeds from the issuance of corporate bonds. As a result, cash and cash equivalents at the end of the fiscal year under review have increased by ¥261.7 billion from the end of the previous fiscal year to ¥2,256.2 billion.

For long-term investment funds, the Group utilizes its own funds and raises funds from external sources through issuing corporate bonds and long-term borrowings from financial institutions.

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, 2023

For consolidated earnings for the next fiscal year, the Company forecasts ordinary profit of ¥350.0 billion and net income attributable to owners of the parent of ¥240.0 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 loss due to new natural disasters (domestic) is expected to be ¥40.0 billion for Mitsui Sumitomo Insurance Co., Ltd. and ¥32.5 billion for Aioi Nissay Dowa Insurance Co., Ltd. (total of net claims paid and provision of outstanding claims).
- We are assuming that no significant fluctuations in market interest rates, exchange rates, or stock market prices will take place from the end of March 2022.

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) from the year ending March 31, 2025 to improve international comparability of financial information for the capital market, and has been conducting preparatory work within the Group.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Yen in millions)

	March 31, 2021	March 31, 2022
Assets		
Cash, deposits and savings	2,057,789	2,357,036
Receivables under resale agreements	1,999	-
Monetary claims bought	175,740	146,489
Money trusts	1,717,804	2,039,135
Investments in securities	16,793,584	16,959,321
Loans	960,174	985,242
Tangible fixed assets:	494,818	487,691
Land	228,230	227,757
Buildings	195,825	197,084
Lease assets	27,531	24,153
Construction in progress	6,598	3,895
Other tangible fixed assets	36,631	34,800
Intangible fixed assets:	431,929	443,159
Software	127,921	154,047
Goodwill	122,617	124,946
Lease assets	217	164
Other intangible fixed assets	181,172	163,999
Other assets	1,436,401	1,529,465
Assets for retirement benefits	26,768	30,265
Deferred tax assets	30,549	40,653
Customers' liabilities under acceptances and guarantees	28,500	23,000
Bad debt reserve	(13,498)	(7,614)
Total assets	24,142,562	25,033,846
Liabilities		
Policy liabilities:	18,107,028	18,608,139
Outstanding claims	2,256,900	2,467,600
Underwriting reserves	15,850,128	16,140,539
Bonds issued	809,093	782,902
Other liabilities	1,602,349	1,837,250
Liabilities for pension and retirement benefits	160,828	137,710
Reserve for retirement benefits for officers	241	176
Accrued bonuses for employees	28,256	30,006
Reserves under the special laws:	244,975	266,381
Reserve for price fluctuation	244,975	266,381
Deferred tax liabilities	34,630	45,528
Acceptances and guarantees	28,500	23,000
Total liabilities	21,015,905	21,731,096

(Yen in millions)

	March 31, 2021	March 31, 2022
Net assets		
Shareholders' equity:		
Common stock	100,276	100,534
Capital surplus	553,428	553,680
Retained earnings	1,078,850	1,251,280
Treasury stock	(119,267)	(159,850)
Total shareholders' equity	1,613,287	1,745,644
Accumulated other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	1,630,325	1,565,167
Net deferred gains/(losses) on hedges	14,997	(998)
Foreign currency translation adjustments	(178,080)	(52,492)
Accumulated actuarial gains/(losses) on retirement benefits	3,819	1,566
Total accumulated other comprehensive income	1,471,062	1,513,242
Stock acquisition rights	1,019	762
Non-controlling interests	41,288	43,099
Total net assets	3,126,657	3,302,749
Total liabilities and net assets	24,142,562	25,033,846

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

	Year ended March 31, 2021	Year ended March 31, 2022
Ordinary income:	4,892,244	5,132,042
Underwriting income:	3,425,364	4,239,589
Net premiums written	3,500,996	3,609,052
Deposit premiums from policyholders	72,635	52,185
Investment income on deposit premiums from policyholders	36,384	35,631
Life insurance premiums	(202,321)	520,037
Other underwriting income	17,669	22,682
Investment income:	1,450,793	858,664
Interest and dividends income	293,587	302,615
Investment gains on money trusts	212,824	170,905
Investment gains on trading securities	35,605	31,346
Gains on sales of securities	233,371	145,320
Gains on redemption of securities	2,567	5,526
Investment gains on separate accounts	311,765	58,239
Other investment income	397,456	180,341
Transfer of investment income on deposit premiums from policyholders	(36,384)	(35,631)
Other ordinary income:	16,085	33,788
Gains on equity method investments	-	16,711
Other ordinary income	16,085	17,076
Ordinary expenses:	4,585,719	4,741,543
Underwriting expenses:	3,800,437	3,915,377
Net claims paid	1,902,248	1,946,975
Loss adjustment expenses	188,784	198,925
Commissions and collection expenses	735,307	725,349
Maturity refunds to policyholders	221,162	180,991
Dividends to policyholders	73	58
Life insurance claims	405,474	471,410
Provision for outstanding claims	133,130	127,190
Provision for underwriting reserves	208,901	259,922
Other underwriting expenses	5,353	4,554
Investment expenses:	69,695	108,908
Investment losses on money trusts	9	14,206
Losses on sales of securities	8,096	17,708
Impairment losses on securities	7,100	36,254
Losses on redemption of securities	738	240
Losses on derivative transactions	46,838	28,062
Other investment expenses	6,911	12,435
Operating expenses and general and administrative expenses	688,576	696,390
Other ordinary expenses:	27,010	20,866
Interest expense	14,599	15,482
Provision for bad debts	1,474	-
Loss on bad debts	137	137
Losses on equity method investments	6,601	-
Other ordinary expenses	4,197	5,247
Ordinary profit	306,524	390,499

(Yen in millions)

	Year ended March 31, 2021	Year ended March 31, 2022
Extraordinary income:	15,920	14,990
Gains on sales of fixed assets	7,717	14,990
Gains on change in equity	89	-
Reversal of reserve for losses on sales of shares of subsidiaries and associates	8,113	-
Extraordinary losses:	120,717	35,462
Losses on sales of fixed assets	6,071	6,296
Impairment losses on fixed assets	1,949	2,684
Provision for reserves under the special laws:	107,575	21,405
Provision for reserve for price fluctuation	107,575	21,405
Losses on reduction of tangible fixed assets	3	-
Losses on change in equity	1,685	-
Other extraordinary losses	3,432	5,076
Income before income taxes	201,727	370,027
Income taxes - current	93,223	72,024
Income taxes - deferred	(39,167)	32,054
Total income taxes	54,056	104,078
Net income	147,670	265,948
Net income attributable to non-controlling interests	3,272	3,149
Net income attributable to owners of the parent	144,398	262,799

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Year ended March 31, 2021	Year ended March 31, 2022
Net income	147,670	265,948
Other comprehensive income:		
Net unrealized gains/(losses) on investments in securities	641,845	(62,428)
Net deferred gains/(losses) on hedges	(16,184)	(15,409)
Foreign currency translation adjustments	(47,613)	109,422
Accumulated actuarial gains/(losses) on retirement benefits	13,220	(2,261)
Share of other comprehensive income of equity method investments	14,998	15,199
Total other comprehensive income	606,267	44,521
Total comprehensive income	753,938	310,470
Allocation:		
Comprehensive income attributable to owners of the parent	751,990	304,979
Comprehensive income attributable to non-controlling interests	1,947	5,490

(3) Consolidated Statements of Changes in Net Assets

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
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
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
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
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

For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	100,276	553,428	1,078,850	(119,267)	1,613,287
Changes for the year:					
Issuance of new shares	258	258			516
Dividends paid			(90,369)		(90,369)
Net income attributable to owners of the parent			262,799		262,799
Repurchase of treasury stock				(40,847)	(40,847)
Disposal of treasury stock		(6)		264	258
Net changes of items other than shareholders' equity					
Total changes for the year	258	252	172,430	(40,582)	132,357
Ending balance	100,534	553,680	1,251,280	(159,850)	1,745,644

	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	1,630,325	14,997	(178,080)	3,819	1,471,062	1,019	41,288	3,126,657
Changes for the year:								
Issuance of new shares								516
Dividends paid								(90,369)
Net income attributable to owners of the parent								262,799
Repurchase of treasury stock								(40,847)
Disposal of treasury stock								258
Net changes of items other than shareholders' equity	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	43,734
Total changes for the year	(65,158)	(15,996)	125,588	(2,253)	42,180	(256)	1,810	176,092
Ending balance	1,565,167	(998)	(52,492)	1,566	1,513,242	762	43,099	3,302,749

(4) Consolidated Statements of Cash Flows

	(Yen in millions)	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities:		
Income before income taxes	201,727	370,027
Depreciation	72,348	84,806
Impairment losses on fixed assets	1,949	2,684
Amortization of goodwill	11,712	12,305
Increase/(decrease) in outstanding claims	123,275	126,516
Increase/(decrease) in underwriting reserves	201,047	249,527
Increase/(decrease) in bad debt reserve	1,202	(6,426)
Increase/(decrease) in reserve for retirement benefits for officers	(84)	(64)
Increase/(decrease) in accrued bonuses for employees	115	960
Increase/(decrease) in reserve for losses on sales of shares of subsidiaries and associates	(13,143)	-
Increase/(decrease) in liabilities for pension and retirement benefits	(3,475)	(26,016)
Increase/(decrease) in reserve for price fluctuation	107,575	21,405
Interest and dividends income	(293,587)	(302,615)
Losses/(gains) on money trusts	(212,815)	(156,698)
Losses/(gains) on investments in securities	(255,609)	(127,990)
Losses/(gains) on derivative transactions	46,838	28,062
Investment losses/(gains) on separate accounts	(311,765)	(58,239)
Interest expense	14,599	15,482
Foreign exchange losses/(gains)	(393,298)	(166,796)
Losses/(gains) on disposal of tangible fixed assets	(3,949)	(11,977)
Losses/(gains) on equity method investments	6,601	(16,711)
Losses/(gains) on change in equity	1,595	-
Decrease/(increase) in other assets	52,791	(39,250)
Increase/(decrease) in other liabilities	(6,415)	(11,216)
Others, net	(22,378)	(26,820)
Subtotal	(673,140)	(39,047)
Interest and dividends received	394,404	400,993
Interest paid	(14,566)	(15,768)
Income taxes refunded/(paid)	(30,609)	(109,469)
Net cash provided by/(used in) operating activities (a)	(323,912)	236,708

	(Yen in millions)	
	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from investing activities:		
Net decrease/(increase) in deposits and savings	(4,198)	6,289
Purchase of monetary claims bought	(19,828)	-
Proceeds from sales and redemption of monetary claims bought	2,127	10,577
Purchase of money trusts	(380,662)	(513,061)
Proceeds from sales of money trusts	553,405	292,136
Purchase of securities	(4,423,413)	(3,688,774)
Proceeds from sales and redemption of securities	4,759,491	3,915,082
Investments in loans	(213,370)	(196,039)
Collection of loans	197,834	195,900
Net increase/(decrease) in payables under repurchase agreements	(412,965)	-
Net increase/(decrease) in cash collateral under securities lending transaction	76,465	23,151
Others, net	(8,842)	(45,671)
Subtotal (b)	126,042	(409)
(a + b)	(197,869)	236,298
Acquisition of tangible fixed assets	(33,696)	(28,130)
Proceeds from sales of tangible fixed assets	10,954	20,594
Acquisition of intangible fixed assets	(57,407)	(53,020)
Acquisition of subsidiaries resulting in changes in scope of consolidation	-	(10,101)
Others, net	(1,967)	(908)
Net cash provided by/(used in) investing activities	43,925	(71,976)
Cash flows from financing activities:		
Issuance of bonds	99,321	149,684
Redemption of bonds	(100,000)	(176,191)
Net increase/(decrease) in payables under repurchase agreements	110,343	116,998
Net increase/(decrease) in cash collateral under securities lending transactions	103,510	110,259
Repurchase of treasury stock	(35,036)	(40,847)
Dividends paid to shareholders	(84,928)	(90,264)
Dividends paid to non-controlling interests	(1,829)	(3,708)
Others, net	(12,102)	(7,385)
Net cash provided by/(used in) financing activities	79,278	58,545
Effect of exchange rate changes on cash and cash equivalents	(3,537)	38,504
Net increase/(decrease) in cash and cash equivalents	(204,245)	261,781
Beginning balance of cash and cash equivalents	2,198,680	1,994,434
Ending balance of cash and cash equivalents	1,994,434	2,256,216

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of “Accounting Standard for Fair Value Measurement” and Others)

The Group has applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019),

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, June 17, 2021) and others from the beginning of the year ended March 31, 2022.

In accordance with transitional measures set forth in Paragraph 19 of “Accounting Standards for Fair Value Measurement”, Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019)

and Paragraph 27-2 of “Implementation Guidance on Accounting Standard for Fair Value Measurement”, the Group has applied new accounting policies prescribed by “Accounting Standard for Fair Value Measurement” and others prospectively from the beginning of the year ended March 31, 2022.

As a result, part of investment trusts for which it is deemed to be extremely difficult to determine the fair value that were recorded on consolidated balance sheets at cost have been changed to be recorded on consolidated balance sheets at fair value.

(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 28, 2021. 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.

(Change in Presentation)

The Company changed “Revenues” for life insurance business from life insurance premiums, which were calculated by subtracting refunds for surrenders etc. and reinsurance premiums, to premium income from the year ended March 31, 2022. This change was made for the purpose of presenting circumstances of sales in life insurance business more appropriately. In order to reflect this change in presentation, the Company reclassified “Revenues” for the year ended March 31, 2021.

As a result, “Revenues from transactions with external customers” increased by ¥118,547 million for MSI Aioi Life, ¥1,396,085 million for MSI Primary Life, ¥26,142 million for Overseas insurance subsidiaries, ¥1,540,775 million in Total, respectively, and decreased by ¥1,540,775 million in Adjustments.

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

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	511,986	796,282
Intersegment revenues or transfers	34,385	32,231	(64)	-	(10,875)
Total	1,559,567	1,281,426	36,477	511,986	785,407
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	720,261	24,414	4,863,864	(1,565,190)	3,298,674
Intersegment revenues or transfers	(66,552)	10,875	-	-	-
Total	653,709	35,289	4,863,864	(1,565,190)	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, premium income 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” represent the difference between “Life insurance premiums” in the Consolidated Statement of Income and premium income for life insurance business, ¥(1,540,775) million and the adjustments for ordinary income for other business, ¥(24,414) million.
- 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.

For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	1,528,633	1,251,355	35,467	501,978	822,792
Intersegment revenues or transfers	50,692	39,989	(67)	-	(10,295)
Total	1,579,325	1,291,344	35,400	501,978	812,496
Net income/(loss) by segment	145,744	53,973	735	21,072	53,011
Assets by segment	7,374,326	3,745,150	62,933	4,883,740	7,053,307
Other items:					
Depreciation	35,752	19,361	1,771	10,130	4,447
Amortization of goodwill	-	-	-	-	-
Interest and dividends income	127,237	56,833	50	50,755	65,569
Interest expense	9,740	789	-	-	9
Impairment losses on securities	30,708	3,816	-	-	-
Gains/(losses) on equity method investments	-	-	-	-	-
Extraordinary income:	13,777	916	-	0	-
Gains on sales of fixed assets	13,777	916	-	0	-
Extraordinary losses:	11,682	9,452	7	1,294	14,031
Impairment losses on fixed assets	807	3,295	-	-	-
Provision for reserve for price fluctuation	4,193	1,900	7	1,272	14,031
Income taxes	40,585	18,454	(24)	7,715	20,747
Equity method investments	111,148	1,532	-	-	-
Increase in tangible fixed assets and intangible fixed assets	36,686	28,976	1,365	5,273	3,269

(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	825,551	5,195	4,970,974	(841,884)	4,129,089
Intersegment revenues or transfers	(90,504)	10,295	109	(109)	-
Total	735,046	15,491	4,971,084	(841,994)	4,129,089
Net income/(loss) by segment	24,575	13,550	312,664	(49,865)	262,799
Assets by segment	3,870,296	212,349	27,202,103	(2,168,256)	25,033,846
Other items:					
Depreciation	12,041	132	83,637	1,169	84,806
Amortization of goodwill	-	-	-	12,305	12,305
Interest and dividends income	23,874	10,668	334,988	(32,372)	302,615
Interest expense	3,427	-	13,967	1,514	15,482
Impairment losses on securities	951	-	35,476	777	36,254
Gains/(losses) on equity method investments	20,856	1,393	22,250	(5,538)	16,711
Extraordinary income:	149	-	14,843	147	14,990
Gains on sales of fixed assets	149	-	14,843	147	14,990
Extraordinary losses:	1,704	-	38,172	(2,710)	35,462
Impairment losses on fixed assets	348	-	4,451	(1,766)	2,684
Provision for reserve for price fluctuation	-	-	21,405	-	21,405
Income taxes	10,103	3,447	101,028	3,050	104,078
Equity method investments	135,055	-	247,736	9,473	257,209
Increase in tangible fixed assets and intangible fixed assets	7,695	244	83,510	34	83,544

(Notes)

- 1 “Revenues” represents net premiums written for non-life insurance business, premium income 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” represent the difference between “Life insurance premiums” in the Consolidated Statement of Income and premium income for life insurance business, ¥(836,753) million and the adjustments for ordinary income for other business, ¥(5,131) million.
- 4 “Adjustments” in “Net income/(loss) by segment” includes elimination of intersegment transactions of ¥(28,642) million, companywide expenses not allocated to respective reportable segments of ¥(13,589) million, reversals of 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 ¥(17,933) 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 ¥(1,616,406) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements of ¥(705,443) million, companywide assets not allocated to respective reportable segments of ¥84,714 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 ¥68,878 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, 2021	Year ended March 31, 2022
Net assets less non-controlling interests per share	5,525.42	5,955.21
Net income attributable to owners of the parent per share - Basic	255.79	474.52
Net income attributable to owners of the parent per share - Diluted	255.65	474.32

(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, 2021	Year ended March 31, 2022
Net income attributable to owners of the parent per share - Basic		
Net income attributable to owners of the parent (Yen in millions)	144,398	262,799
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)	144,398	262,799
Average number of shares of outstanding stock (in thousands of shares)	564,504	553,816
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	235
Stock acquisition rights (in thousands of shares)	313	235
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, 2021	March 31, 2022
Total net assets (Yen in millions)	3,126,657	3,302,749
Amounts deducted from net assets: (Yen in millions)	42,307	43,862
Stock acquisition rights (Yen in millions)	1,019	762
Non-controlling interests (Yen in millions)	41,288	43,099
Net assets attributable to common stock (Yen in millions)	3,084,349	3,258,887
Number of shares of outstanding stock to calculate net assets less non-controlling interests per share (in thousands of shares)	558,210	547,232

- 3 In calculating the amounts of "Net income attributable to owners of the parent per share – Basic" and "Net income attributable to owners of the parent per share – Diluted", the Company's shares outstanding in the trust account for the performance-based share compensation plan of an overseas consolidated subsidiary that were recognized as Treasury Stock shares are included in Treasury Stock shares deducted in the calculation of "Average number of shares of outstanding stock". The average number of such Treasury Stock shares deducted for the year ended March 31, 2022 is 101 thousand. In calculating "Net assets less non-controlling interests per share", such Treasury Stock shares are included in Treasury Stock shares deducted from the number of shares of outstanding stock. The number of such Treasury Stock shares deducted for the year ended March 31, 2022 is 213 thousand.

(Notes to Significant Subsequent Events)

Not applicable.