Offering Circular

MS&AD Mitsui Sumitomo Insurance

Mitsui Sumitomo Insurance Company, Limited

(joint stock corporation under the laws of Japan)

€600,000,000 2.897 per cent Bonds due 2030
Offer Price: 100 per cent
€800,000,000 3.460 per cent Bonds due 2034
Offer Price: 100 per cent

The €600,000,000 2.897 per cent Bonds due 2030 (the "2030 Bonds") and the €800,000,000 3.460 per cent Bonds due 2034 (the "2034 Bonds" and together with the 2030 Bonds, the "Bonds" and each, a "Series") will be issued by Mitsui Sumitomo Insurance Company, Limited (the "Issuer"). Interest on the Bonds of each Series will be payable semi-annually in arrear on March 5 and September 5 in each year commencing on September 5, 2026.

The 2030 Bonds will mature on March 5, 2030 and the 2034 Bonds will mature on March 5, 2034. The Bonds of each Series are subject to redemption in whole, but not in part, at any time at their principal amount, together with accrued interest, in the event of certain changes to tax laws. See "Conditions of the Bonds—5. Redemption and Purchase" of the relevant Series.

The Bonds will constitute our direct, unconditional, unsubordinated and unsecured obligations. See "Conditions of the Bonds—2. Status" of the relevant Series. Payments on the Bonds will be made without withholding or deduction for or on account of Japanese taxes to the extent described under "Conditions of the Bonds—7. Taxation" of the relevant Series.

The Bonds will be in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Upon issue, the Bonds of each Series will be evidenced by a global certificate (each, a "Global Certificate") in registered form, which will be deposited with, and registered in the name of, or a nominee for, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on or about March 5, 2026 (the "Closing Date") for the accounts of their respective accountholders.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of us, our subsidiaries, our associated companies or the Bonds.

The Bonds are expected to be rated A+ by S&P Global Ratings Japan Inc. ("S&P"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Offering Circular does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, the Bonds in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("Regulation S") under the Securities Act). For a summary of certain restrictions on the sale and transfer of the Bonds and distribution of this Offering Circular, see "Subscription and Sale".

See "Risk Factors" for a discussion of certain factors that should be considered in connection with an investment in the Bonds.

Joint Bookrunners and Joint Lead Managers

Citigroup	**J.P. Morgan**	**BofA Securities**	**Goldman Sachs International**
Nomura	**SMBC NIKKO**		**Daiwa Capital Markets**

The date of this Offering Circular is February 26, 2026

Having made all reasonable enquiries, we confirm that this Offering Circular contains all information which is material in the context of the issuance and offering of the Bonds, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular by us are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. We accept responsibility accordingly.

The Joint Lead Managers (as defined in "Subscription and Sale") or their respective subsidiaries and affiliates have not independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or their respective subsidiaries and affiliates as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by us in connection with the Bonds.

No person is authorized to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the Joint Lead Managers or their respective subsidiaries and affiliates.

To the fullest extent permitted by law, the Joint Lead Managers or their respective subsidiaries and affiliates accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Joint Lead Managers or their respective subsidiaries and affiliates or on their behalf, in connection with us or the issue and offering of the Bonds. Each of the Joint Lead Managers or their respective subsidiaries and affiliates accordingly disclaims all and any liability, whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us or the Joint Lead Managers to subscribe or purchase, any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in jurisdictions including the United States, the European Union, the United Kingdom, Japan, Singapore and Hong Kong and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale."

The Bonds are only being offered and sold in offshore transactions to non-U.S. persons outside the United States in reliance on Regulation S.

MiFID II Product Governance / Professional investors and ECPs only target market—For the purposes of Directive EU 2014/65/EU (as amended, "MiFID II") (i) the target market in respect of the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person offering, selling or recommending the Bonds (a "distributor") should take into consideration such target market; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds and determining appropriate distribution channels.

UK MiFIR Product Governance / Professional investors and ECPs only target market—For the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law (the "UK MiFIR") (i) the target market in respect of the Bonds is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in the UK MiFIR and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration such target market; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors—The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in

the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors—The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is neither: (i) a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law; nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (the "POATRs"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of UK domestic law (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

All applicable provisions of the FSMA with respect to anything done by any person in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with. See "Subscription and Sale".

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA") and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Act on Special Taxation Measures"). The Bonds may not be offered or sold in Japan or to, or for the benefit of, any person resident in Japan, or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a person resident in Japan, for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan. In addition, the Bonds may not, as part of the initial distribution by the Joint Lead Managers under the subscription agreement relating to the Bonds, at any time be directly or indirectly offered or sold to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (a) an individual resident of Japan or a Japanese corporation, nor (b) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Issuer as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures (a "specially-related person of the issuer") (excluding an underwriter designated in Article 6, Paragraph (12), item 1 of the Act on Special Taxation Measures which purchases unsubscribed portions of the Bonds from the other underwriters) or (ii) a Japanese financial institution, or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order (Cabinet Order No. 43 of 1957, as amended) (the "Cabinet Order"), relating to the Act on Special Taxation Measures.

BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS A PERSON WHO FALLS INTO THE CATEGORY OF (i) OR (ii) ABOVE.

Interest payments on the Bonds will generally be subject to Japanese withholding tax unless it is established that the Bonds are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer, or (ii) a Japanese financial institution or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order which complies with the requirement for tax exemption under Article 6, Paragraph (11) of the Act on Special Taxation Measures or (iii) a Japanese public corporation, a Japanese financial institution or a Japanese financial instruments business operator, etc. which has received such payments through a payment handling agent in Japan, as provided in Article 3-3, Paragraph (6) of the Act on Special Taxation Measures, in compliance with the requirement for tax exemption under that paragraph.

Interest payments on the Bonds to an individual resident of Japan, to a Japanese corporation not described in the preceding paragraph, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer will be subject to deduction in respect of Japanese income tax.

Each prospective investor who places an order for the Bonds consents to the disclosure to us by the Joint Lead Managers of the prospective investor's identity, the details of such order and the actual amount of Bonds subscribed, if any.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication (i) that there has been no change in our affairs since the date hereof, (ii) that there has been no adverse change in our financial position since the date hereof, or (iii) that the information contained in this Offering Circular or any other information supplied in connection with the Bonds is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In connection with the issue of the Bonds, Citigroup Global Markets Limited (the "Stabilization Manager") (or any person acting on behalf of the Stabilization Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilization Manager (or any person acting on behalf of the Stabilization Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilization action or over-allotment must be conducted by the Stabilization Manager (or any person acting on behalf of the Stabilization Manager) in accordance with all applicable laws and rules.

Presentation of Financial and Other Information

In this Offering Circular, "we," "us," and "our" refer to Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries or, as the context may require, Mitsui Sumitomo Insurance Company, Limited on a non-consolidated basis. The term "MS&AD" or the "MS&AD group" refers to MS&AD Insurance Group Holdings, Inc. and its consolidated subsidiaries or, as the context may require, MS&AD Insurance Group Holdings, Inc. on a non-consolidated basis. The term "Aioi Nissay" refers to Aioi Nissay Dowa Insurance Co., Ltd. and its consolidated subsidiaries or, as the context may require, Aioi Nissay on a non-consolidated basis.

In this Offering Circular, references to "U.S. dollars" and "$" refer to the lawful currency of the United States, references to "yen" and "¥" refer to the lawful currency of Japan, references to "euros" and "€" are to the currency of those member states of the European Union which are participating in the European Economic and Monetary Union pursuant to the Treaty on European Union and references to "S$" are to the lawful currency of Singapore.

In this Offering Circular, where information is presented in thousands, millions, billions or trillions of yen or thousands or millions of dollars, amounts of less than one thousand, one million, one billion or one trillion, as the case may be, have been truncated. Amounts presented as percentages have been rounded to the nearest tenth of a percent or one hundredth of a percent. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

Except as otherwise indicated, all financial information with respect to us presented in this Offering Circular is presented on a consolidated basis. Our fiscal year end is March 31 of each year.

Financial Statements and Other Financial Data

In accordance with applicable Japanese legal requirements, we prepare audited consolidated financial statements for each fiscal year in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which differs in certain respects from International Financial Reporting Standards ("IFRS") and accounting principles generally accepted in other jurisdictions. The following financial statements of ours, in

each case translated from the Japanese version prepared in accordance with the FIEA and the Insurance Business Act of Japan (Act No. 105 of 1995, as amended, the "Insurance Business Act") and related regulations thereunder are contained elsewhere in this Offering Circular:

- our audited consolidated financial statements as of and for the fiscal years ended March 31, 2025 and 2024, including the consolidated balance sheets as of March 31, 2025 and 2024 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the fiscal years then ended,
- our audited consolidated financial statements as of and for the fiscal years ended March 31, 2024 and 2023, including the consolidated balance sheets as of March 31, 2024 and 2023 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the fiscal years then ended, and
- our unaudited consolidated financial statements as of and for the six months ended September 30, 2025, including the consolidated balance sheet as of September 30, 2025 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the six months ended September 30, 2025, with corresponding figures as of March 31, 2025 and for the six months ended September 30, 2024.

We have included in this Offering Circular our financial information as of and for the nine months ended December 31, 2025 on a non-consolidated basis as we have not prepared consolidated financial information as of and for the nine months ended December 31, 2025. Our non-consolidated financial information as of and for the nine months ended December 31, 2025 is not required to be audited or reviewed and is not necessarily indicative of our consolidated financial information as of and for the nine months ended December 31, 2025. We also present certain of our financial information only on a non-consolidated basis as it is not published on a consolidated basis for any period. There would be differences between the non-consolidated information presented and the equivalent consolidated information if it was available.

In accordance with applicable Japanese legal requirements, Aioi Nissay prepares audited consolidated financial statements for each fiscal year in accordance with Japanese GAAP. The following financial statements of Aioi Nissay, in each case translated from the Japanese version prepared in accordance with the FIEA and the Insurance Business Act and related regulations thereunder, are contained elsewhere in this Offering Circular:

- Aioi Nissay's audited consolidated financial statements as of and for the fiscal years ended March 31, 2025 and 2024, including the consolidated balance sheets as of March 31, 2025 and 2024 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the fiscal years then ended,
- Aioi Nissay's audited consolidated financial statements as of and for the fiscal years ended March 31, 2024 and 2023, including the consolidated balance sheets as of March 31, 2024 and 2023 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the fiscal years then ended, and
- Aioi Nissay's unaudited consolidated financial statements as of and for the six months ended September 30, 2025, including the consolidated balance sheet as of September 30, 2025 and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the six months ended September 30, 2025, with corresponding figures as of March 31, 2025 and for the six months ended September 30, 2024.

Except as otherwise indicated, all financial information with respect to Aioi Nissay presented in this Offering Circular is presented on a consolidated basis. The fiscal year end for Aioi Nissay is March 31.

Unaudited Selected Pro Forma Financial Information

This Offering Circular contains unaudited selected pro forma financial information prepared on a voluntary basis in order to illustrate the potential impact of our proposed merger with Aioi Nissay, as if such merger had been completed on April 1, 2024. This assumption does not reflect the actual timing of the merger, which is expected to be completed on April 1, 2027, subject to approval at the shareholders' meetings of the respective companies and receipt of necessary regulatory approvals from relevant authorities. Accordingly, the unaudited selected pro forma financial information addresses a hypothetical situation and does not purport to represent what our actual financial position or results of operations would have been had the merger occurred on

April 1, 2024, nor does it purport to project our financial position or results of operations for any future period or as of any future date. The unaudited selected pro forma financial information represents a simulation, for illustrative purposes only, and is based upon available information and certain assumptions and estimates that we believe are reasonable under the circumstances.

The following unaudited selected pro forma financial information is included in this Offering Circular

- unaudited selected pro forma consolidated statement of income data for the year ended March 31, 2025,
- unaudited selected pro forma consolidated balance sheet data as of September 30, 2025, and
- unaudited selected pro forma consolidated statement of income data for the six months ended September 30, 2025.

The unaudited selected pro forma consolidated statement of income data for the year ended March 31, 2025 has been prepared based on (a) our audited consolidated financial statements for the year ended March 31, 2025 and (b) the audited consolidated financial statements of Aioi Nissay for the year ended March 31, 2025.

The unaudited selected pro forma consolidated balance sheet data as of September 30, 2025 and the unaudited selected pro forma consolidated statement of income data for the six months ended September 30, 2025 have been prepared based on (i) our unaudited consolidated financial statements as of and for the six months ended September 30, 2025 and (ii) the unaudited consolidated financial statements of Aioi Nissay as of and for the six months ended September 30, 2025.

The unaudited selected pro forma financial information has not been prepared or presented in accordance with rules, regulations or guidance of any stock exchange or regulatory authority including those of the Tokyo Stock Exchange, Inc., the European Securities and Markets Authority, SEC Rule 11-02 of Regulation S-X or any other regulation or regulatory body. Further, the selected pro forma financial information has not been prepared or presented in accordance with any particular accounting principles and has not been subject to any audit, review or other procedures by our independent auditor. Furthermore, in consideration of the different purpose of the selected pro forma financial information as compared to historical financial statements and the different methods of calculation of the effects of the merger on the selected pro forma financial information, the two should be read and interpreted with caution and should not be directly compared.

See “Proposed Merger with Aioi Nissay—Unaudited Selected Pro Forma Financial Information.”

Economic Value-Based Solvency Ratio (“ESR”)

In this Offering Circular, MS&AD discloses ESR data of the MS&AD group as of March 31, 2024 and 2025 and September 30, 2025, on a consolidated basis. This data is calculated for internal management purposes, pursuant to the framework MS&AD has developed as an internal economic value-based solvency framework, and MS&AD discloses its internal economic value-based solvency ratio as a supplement to its solvency margin ratio. The internal model which MS&AD has developed and uses to calculate ESR on a voluntary basis to monitor MS&AD’s financial soundness may differ from, and accordingly may not be directly comparable to, the economic value-based solvency frameworks currently or ultimately adopted by other similar insurance companies in Japan. In addition, there may be potential modifications to MS&AD’s ESR framework based on developments regarding the ESR framework of the Financial Services Agency of Japan (the “FSA”) to be implemented from March 31, 2026. Accordingly, MS&AD’s ESR may differ from its regulatory ESR, as MS&AD’s ESR framework retains certain methodological elements. MS&AD cautions potential investors to pay attention to the above in making any decision to purchase the Bonds.

See “Risk Factors—ESR frameworks of MS&AD and us may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and differ from what is required under regulations adopted in Japan”.

Statistical and Industry Information Based on Third Party Publications

In this Offering Circular, we make references to certain statistical and industry data based on information from certain governmental or third party sources or publications. We have not verified the accuracy of statistical or industry data contained in this Offering Circular that were taken or derived from such governmental or third party sources or publications. It should be noted in particular that results of surveys are not necessarily exact reflections of the state of the relevant market.

Forward-looking Statements

This Offering Circular contains "forward-looking statements." These statements appear in a number of places in this Offering Circular and include statements regarding the intent, belief or current expectations of our management with respect to our business, results of operations and financial condition. In many cases, but not all, we use such words as "anticipate," "believe," "estimate," "expect," "intend," "may," "outlook," "plan," "probability," "project," "risk," "seek," "should," "target" and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate.

Important risks and factors that could cause our actual results to differ materially from our expectations are discussed under "Risk Factors" and elsewhere in this Offering Circular. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Offering Circular. We disclaim any obligation to update, or to announce publicly any revision to, any of the forward-looking statements contained in this Offering Circular to reflect future actual events or developments. The information contained in this Offering Circular, including without limitation the information under "Risk Factors," "Recent Business," and "Business," identifies important factors that might cause the forward-looking statements not to be realized.

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THE OFFERINGS

Issuer	Mitsui Sumitomo Insurance Company, Limited
Securities Offered	€600,000,000 2.897 per cent Bonds due 2030. €800,000,000 3.460 per cent Bonds due 2034.
Offer Price	2030 Bonds: 100 per cent. 2034 Bonds: 100 per cent.
Closing Date	On or about March 5, 2026.
Delivery	It is expected that the Global Certificates will be deposited with, and registered in the name of a nominee for a common depositary for each of Euroclear and Clearstream, Luxembourg on or about the Closing Date.
Form	The Bonds of each Series will be issued in registered form and evidenced by a Global Certificate. The Definitive Certificate in respect of a Bond will only be available in certain limited circumstances. See "Summary of Provisions Relating to the Bonds While in Global Form."
Listing	Approval in-principle has been received for the listing and quotation of each Series on the Official List of the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. In respect of this issuance, each Series of Bonds will be traded on the SGX-ST in a minimum board lot size of €200,000.
Use of Proceeds	The net proceeds of the issue of the Bonds are estimated to be approximately €1,395 million and will be used for general corporate purposes. See "Use of Proceeds."
Fiscal Agent and Paying Agent	The Bank of New York Mellon, London Branch
Transfer Agent and Registrar	The Bank of New York Mellon SA/NV, Dublin Branch

THE BONDS

Form and Denomination	The Bonds are issued in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof.
Status	The Bonds will constitute our direct, unconditional, unsubordinated and unsecured obligations.
Interest Payment Dates	Interest on the Bonds is payable semi-annually in arrear on March 5 and September 5 in each year commencing September 5, 2026.
Interest Rate	2030 Bonds: 2.897 per cent per annum. 2034 Bonds: 3.460 per cent per annum.
Maturity Date	2030 Bonds: March 5, 2030. 2034 Bonds: March 5, 2034.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 3 (Negative Pledge) of the relevant Series.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on March 5, 2030, in the case of the 2030 Bonds and March 5, 2034, in the case of the 2034 Bonds.
Redemption for Taxation Reasons	The Bonds may be redeemed at our option in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' prior notice to the Bondholders, at their principal amount (together with interest accrued to the date fixed for redemption), if (i) we have or will become obliged to pay Additional Amounts (as defined in Condition 7 of the relevant Series) as a result of any change in, amendment to, or judicial decision relating to the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after February 26, 2026 and (ii) such obligation cannot be avoided by us taking reasonable measures available to us. See Condition 5(b) of the relevant Series.
Events of Default	The Bonds will contain certain events of default as further described in Condition 8 of the relevant Series.
Governing Law	English law.
Clearance and Settlement	Euroclear and Clearstream, Luxembourg.
Jurisdiction	English courts.
International Securities Identification Number ("ISIN")	2030 Bonds: XS3300158964. 2034 Bonds: XS3300161752.
Common Code	2030 Bonds: 330015896. 2034 Bonds: 330016175.
Legal Entity Identifier (LEI)	5493006KRZ0SJO41LZ83.
Ratings	The Bonds are expected to be rated A+ by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

RISK FACTORS

Prior to making an investment decision, you should carefully consider the following risks, along with the other information in this Offering Circular.

Risks Relating to Our Business

We have been subject to regulatory actions, and ongoing compliance, governance and integration risks could result in additional regulatory measures, increased costs, operational constraints or reputational harm.

As described under "Business—Regulatory Actions and Supervisory Measures," we have been subject to business improvement orders from the FSA and enforcement actions by the Japan Fair Trade Commission (the "JFTC") and the Personal Information Protection Commission (the "PPC") in recent years. These actions related to (i) inappropriate coordination of insurance premiums and related terms in certain corporate insurance transactions and (ii) deficiencies in the management and protection of customer information. These matters have resulted in heightened supervisory attention and ongoing regulatory review. Although we have implemented, and continue to implement, extensive remedial measures, there can be no assurance that regulatory authorities will not identify additional issues or impose further supervisory measures, administrative sanctions or other corrective actions.

The regulatory actions and supervisory processes described above have attracted significant public, customer and regulatory attention. Actual or perceived compliance failures, whether arising from past issues, ongoing supervisory processes, future incidents or enquiries and investigations from authorities outside Japan, may result in penalties and/or sanctions, damage our reputation, reduce customer confidence, impair relationships with corporate clients and insurance agencies, and negatively affect our ability to retain and attract business. In addition, the implementation of remedial measures and ongoing supervisory engagement may require substantial management attention and result in increased costs, including expenditures for systems, controls, training, monitoring, legal and advisory services, and regulatory reporting.

Certain structural aspects of our business increase the complexity of maintaining compliance and effective controls. A significant portion of our business is conducted through multi-tied insurance agencies, and we have historically seconded employees to certain agencies or related entities. As highlighted by the FSA, these arrangements increase the risk of deficiencies in customer information management, competition law compliance and overall operational oversight. As part of the business improvement plan, we have reviewed and revised our secondment practices, including by in principle suspending new secondments premised on employees' return to us and continuing secondments premised on transfers only on the basis that no preferential treatment or inducement regarding the handling of our insurance products is provided. Such arrangements are subject to periodic review in light of changes in the business and regulatory environment. Even with strengthened controls, there is a risk that improper information handling, insufficient supervision or other compliance failures could occur, which could lead to further regulatory scrutiny, operational restrictions or sanctions.

We are also subject to group-wide governance, compliance and risk management frameworks established and overseen by MS&AD, as our ultimate holding company. In response to the regulatory actions described above, MS&AD has strengthened its oversight and supervisory involvement across the group. While enhanced group oversight is intended to improve compliance and risk management, it may also result in increased reporting obligations, additional internal controls, reduced management discretion or other constraints on our operations. In addition, regulatory, compliance or governance issues affecting other subsidiaries of MS&AD, including Aioi Nissay, could lead to heightened regulatory scrutiny or reputational harm at the group level, which could indirectly affect us regardless of whether such issues arise directly from our operations.

Furthermore, we plan to integrate with Aioi Nissay in April 2027, in respect of which we are expected to be the surviving company following the merger. See "Proposed Merger with Aioi Nissay." Aioi Nissay has also been subject to regulatory actions and supervisory measures in recent years. For example, the FSA issued a business improvement order to Aioi Nissay on March 24, 2025, requiring, among other things, a fundamental strengthening of its compliance and customer information management frameworks (including in relation to multi-tier agencies and secondments), following confirmed incidents involving the handling and sharing of customer information. In addition, Aioi Nissay has been involved in matters that have attracted competition-law scrutiny, including the JFTC's actions concerning insurance premium coordination conduct (including cease-and-desist and surcharge payment orders). As a result, our planned integration with Aioi Nissay is being planned and implemented against the backdrop of heightened regulatory scrutiny and enhanced group

governance expectations. While we are coordinating remedial measures and internal control frameworks in advance, the integration process may increase operational, compliance and execution risks, including challenges in harmonizing policies, systems, corporate cultures, governance structures and control environments. If these risks are not effectively managed, the integration could result in operational disruption, additional costs, management distraction or further regulatory scrutiny, which could adversely affect our business, financial condition and results of operations.

Increased regulatory scrutiny of the non-life insurance industry in Japan may result in additional obligations or constraints on our business, even in the absence of new violations.

The non-life insurance industry in Japan has been subject to heightened and continuing regulatory scrutiny in recent years, reflecting regulatory concerns regarding competition law compliance, customer protection, data governance, insurance agency management and corporate governance. This heightened scrutiny has already resulted in concrete, industry-wide regulatory and supervisory initiatives, including revisions to supervisory guidelines, legislative and institutional reforms and enhanced monitoring frameworks, and may continue to lead to additional or more stringent requirements on non-life insurers, including us, even where no new violations are identified.

In particular, the FSA has taken steps to raise baseline supervisory expectations across the industry, rather than limiting its response to entity-specific enforcement actions. These initiatives include revisions to the Comprehensive Guidelines for Supervision for Insurance Companies, strengthening of supervisory monitoring practices through thematic and industry-wide reviews, and legislative and institutional reforms affecting insurance agency regulation, including measures facilitating more direct oversight of large-scale or higher-risk insurance agencies.

These measures are designed to apply on an industry-wide basis and may increase compliance obligations for non-life insurers as a sector, regardless of whether any particular insurer is found to have committed new misconduct. As a result, even in the absence of additional violations by us, increased regulatory scrutiny could lead to more intensive supervisory inspections, increased documentation and reporting requirements, more prescriptive regulatory expectations, operational constraints on sales practices or agency arrangements, and group-wide implications affecting us through MS&AD's governance and oversight frameworks.

Compliance with these evolving regulatory and supervisory expectations may require substantial management attention, investments in systems and controls, revisions to business processes and increased staffing or external advisory costs. Such measures could increase our operating expenses, reduce operational flexibility or otherwise adversely affect our business, financial condition, results of operations or competitive position.

Moreover, regulatory expectations and supervisory approaches may continue to evolve in response to industry-wide developments, enforcement actions affecting other market participants or public scrutiny of the non-life insurance sector. There can be no assurance that future regulatory or supervisory measures will not be more restrictive, intrusive or burdensome than those currently applicable, even if we continue to enhance our compliance and control frameworks.

Natural disasters and other catastrophic events can result in substantial claims on insurance policies.

Natural disasters and other catastrophic events, including those exacerbated by climate change, can significantly impact our business, financial condition and results of operations due to substantial claims under the insurance policies we write.

Japan is frequently subject to earthquakes, typhoons, windstorms, floods, hailstorms and other types of natural disasters, the frequency and severity of which are inherently unpredictable. In addition, our overseas operations, including operations conducted by our overseas branches and overseas subsidiaries, expose us to claims arising out of natural disasters and other catastrophes outside of Japan, which may negatively affect our financial condition and results of operations.

Natural disasters, which may be further exacerbated by the effects of climate change, can cause a serious impact on our financial condition and results of operations. The impact depends on their frequency, nature, and scope; the amount of insurance coverage we have written in respect of them; the amount of claims for

losses; the timing of such claims; and the extent to which our liability is covered by reinsurance. The amount of losses caused by natural disasters has been increasing in recent years due to more frequent large-scale natural disasters such as hurricanes and earthquakes. Climate change could contribute to an increase in the frequency and severity of large-scale natural disasters both in Japan and overseas, including windstorms, floods, wildfires, hail and droughts. The occurrence of such climate-related disasters has resulted in increased insurance claim payments. Catastrophes can be caused by not only various natural events but also man-made events, such as military actions, terrorist attacks, riots, explosions, wildfires, infrastructure failures and other events that may be caused or exacerbated by political instability or climate change. Catastrophes may also affect our business by impacting the financial markets and economies in Japan and elsewhere around the world and by reducing the availability and increasing the cost of reinsurance. The occurrence of large-scale natural disasters may adversely affect the availability and cost of reinsurance coverage. For a discussion of risks associated with reinsurance, see "—We are subject to risks associated with reinsurance." Furthermore, large-scale natural disasters could disrupt our operations and prevent us from properly executing our business activities and providing services to our customers. As we continue to seek expansion in markets outside of Japan, we will become more susceptible to catastrophes outside of Japan. Each of the aforementioned could have a material adverse impact on our financial condition and results of operations.

Along with others in the industry, we use models that assume various conditions and probability scenarios in assessing our exposure to catastrophe losses. However, such models do not necessarily accurately predict future losses. In addition, such models may be revised from time to time and are inherently subject to uncertainties. The occurrence of a natural disaster, or a series of natural disasters, the severity, frequency or nature of which we did not predict, or for which we were not adequately reinsured, could have a material adverse impact on our financial condition and results of operations. Along with others in the non-life insurance industry, we set aside reserves for catastrophe losses to ease the impact from natural disasters on our financial condition and results of operations. However, despite such reserves, the impact and scope of natural disasters are inherently unpredictable, and natural disasters may have a material adverse impact on our financial condition and results of operations.

Our investment activities entail risks.

We invest our policyholders' premiums in a portfolio of assets. See "Business—Domestic Non-Life Insurance Business—Investments" for the breakdown of our asset portfolio on a non-consolidated basis. These assets are subject to the normal risks associated with these kinds of investments. These risks include the risk that changes in market prices, interest rates, foreign exchange rates, market indices, levels of volatility, price correlations, liquidity, or other market factors might result in losses for a specific position or portfolio. They also include the risk that a counterparty to a transaction might fail to perform under its contractual commitment, resulting in our incurring losses. These risks create significant challenges in managing our investment portfolio and can result in declines in our revenues and profit margins. The various types of risks our investment portfolio exposes us to are summarized below.

Equity Securities Risk. Our investment securities are subject to price fluctuations, which could result in devaluations. In particular, we have exposure to a large amount of Japanese equity securities. Changes in the value of such equity securities could have a material adverse impact on our financial condition and results of operations. As of September 30, 2025, Japanese corporate equities represented 39% of our total securities available for sale on a non-consolidated basis and included ownership of shares in major corporate customers with which we have business relationships. Global financial markets, including the Japanese equity markets, are subject to significant volatility. For example, declines in equity prices may decrease the amount of net unrealized gains on available-for-sale securities, which may negatively affect our net assets, our total solvency margin and our solvency margin ratio. Any declines in equity prices could have a significant adverse impact on our net investment income, net assets and solvency margin ratio. Any adverse, or worsening, economic conditions and conditions in equity markets in Japan and elsewhere could expose us to material losses in the future. In February 2024, we announced a policy to reduce listed strategic equity holdings to zero by the end of fiscal year ending March 31, 2030. Accordingly, we have been reducing such holdings, and, in particular, the size of such holdings has decreased on a book-value basis in recent periods. While we expect to continue reducing strategic equity holdings, the overall level of our domestic equity investments may fluctuate depending on market conditions and our investment strategy, including potential increases in equity securities held for pure investment purposes. Furthermore, while we seek to dispose of strategic equity holdings after discussions with the relevant issuer, disposing of shareholdings of our major customers may affect our business relationships with such customers.

Interest Rate Risk. Changes in interest rates could have a material adverse impact on our results of operation and financial condition. We are subject to interest rate risk due to our investments in fixed income

instruments as well as deposit-type insurance and long-term insurance liabilities. A decrease in interest rates may lead to lower investment return from fixed income investments. Conversely, if interest rates rise, there is also a risk that the prices on holdings of fixed interest-rate assets such as bonds and loans will decline. Interest rates on yen-denominated debt securities have been subject to significant fluctuations in recent periods, reflecting changes in monetary policy expectations and market conditions. If there is a mismatch in the interest rates or terms for assets and liabilities, interest rate fluctuations may cause declines in the market value of our assets, including unrealized valuation losses, may reduce our investment returns, and, in certain circumstances, may result in losses.

Foreign Exchange Risk. Our investment securities include non-yen-denominated securities. There is a risk that the prices on holdings of assets denominated in foreign currencies, mainly the U.S. dollar, will decline in response to exchange rate movements and could affect our financial position. Any significant strengthening of the yen against major foreign currencies, as has occurred in the past, would expose us to the risk of significant foreign exchange losses. In addition, since we have increased the proportion of non-yen-denominated investments as part of our efforts to diversify our portfolio, our investment income will become more sensitive to exchange rate fluctuations to the extent that our non-yen-denominated liabilities do not increase to the same degree, which may lead to reduced investment returns and losses.

Credit Risk. We are subject to the risk that issuers of the debt securities and borrowers under loans we hold may suffer a decline in credit quality, such as a credit rating downgrade, which could adversely affect the market value of such debt securities or the recoverability of such loans as a result of credit deterioration and lead to losses on valuation of debt securities, reduced gains or losses on sales of securities or reduced unrealized gains on securities. We are also subject to the risk that issuers of the debt securities or borrowers under loans we hold may default on principal and interest payments due on their obligations. In particular, our single largest debt exposure is to Japanese government bonds. As Japan has a high level of government debt, its sovereign credit ratings may be downgraded in the future. To the extent there is a decline in confidence regarding Japan's fiscal condition and sovereign credit, the value of our Japanese government bond holdings may decrease. Each of the aforementioned could have a material adverse impact on our financial condition and results of operations.

Adverse conditions in the financial markets and the economy in Japan and elsewhere around the world could have a material adverse impact on our financial condition and results of operations.

Our financial condition and results of operations are materially affected by conditions in the global financial markets and in the economy generally, in Japan and elsewhere.

The outlook for the economy in Japan, which accounts for the majority of our net premiums written, remains highly uncertain and could be adversely affected by a range of economic, social and geopolitical developments. In Japan, the economic environment continues to be challenging due to a number of other factors, including longer-term challenges such as the declining birthrate and the decline and aging of the overall population. Changes to tax laws and regulations could also hurt consumer sentiment and weaken demand and have a negative effect on the Japanese economy. In regions and countries outside Japan, geopolitical instability in various parts of the world is giving rise to concerns about economic instability. This includes the ongoing military conflict between Russia and Ukraine, which has contributed to increased volatility in energy and commodity prices; the continued tensions in the Middle East; heightened geopolitical tensions in East Asia, including uncertainties relating to the Taiwan Strait; the potential threat of North Korea's nuclear weapons program; strained diplomatic and economic relations between certain major economies in the Asia-Pacific region, including Japan and China; material changes in regional economic or political unions or associations between countries; and trade and security tensions, particularly between the United States and China. These factors could adversely affect Japanese and global economic conditions. There are also uncertainties about the monetary policy of central banks in Japan and other countries and any potential impact related to policies implemented by the Trump administration in the United States, including the implementation of new or increased tariffs on imported goods with unknown duration globally, potential renewed inflation and increased uncertainty regarding policy interest rates in the United States and other countries around the world as well as changes in political leadership in other major economies, and potential impacts of U.S. policy measures and involvement in certain countries, including Venezuela, on broader economic conditions.

Negative economic developments in Japan and elsewhere, including but not limited to those described above, could depress demand for our insurance products due to reductions in consumer or corporate spending on insurance or otherwise. In addition, our investment portfolios could be adversely affected as a result of deteriorating financial and business conditions in Japan and elsewhere. A substantial portion of the investments

in our investment portfolio are Japanese securities, including bonds and equities, thus exposing us to downturns in the Japanese financial markets, particularly to Japanese stock prices. At the same time, we also maintain a significant portfolio of foreign securities that exposes us to fluctuations in global financial markets. Any weakness in the Japanese and global economy could thus adversely affect both our underwriting and investment income, and could have a material adverse impact on our financial condition and results of operations.

Competition in the non-life insurance industry in Japan and in overseas markets could have a negative impact on our business, financial condition and results of operations.

We face intense competition in the Japanese non-life insurance industry. Japanese insurance companies overall have undergone a process of consolidation as industry participants seek to enhance their product and geographic reach, client base, operating efficiency and general market power through merger and acquisition activities. The Japanese non-life insurance market is largely dominated by three major insurance groups, including MS&AD, which we belong to, as well as Sompo Holdings, Inc. and Tokio Marine Holdings, Inc. These three groups accounted for approximately 85% of the total net premiums written in the fiscal year ended March 31, 2025, according to data compiled by the General Insurance Association of Japan and publicly disclosed information of each insurance group. The two other large groups may benefit from their scale and group structure, which could result in increased competitive pressures in the market. Moreover, the non-life insurance market in Japan may become more competitive in the future if the insurance market in Japan is not able to expand further due to factors such as the overall aging of the population, the low birthrate and stagnating growth of automobile sales and real property sales in Japan.

Japan's current Insurance Business Act contains provisions designed to deregulate and increase competition in the insurance business in Japan. The Insurance Business Act has provisions permitting life insurance companies and non-life insurance companies to enter each other's business through subsidiaries, and also permits the entry of foreign insurance companies with global operations into the Japanese insurance market and the entry of new competitors that have traditionally been engaged in non-insurance business activities. Some of these foreign insurance companies and other new competitors may, over time, succeed in increasing their sales and may have an effect on the industry as a whole. In addition, certain direct automobile insurance companies, which primarily distribute their products through online or direct channels, have increased their market share in Japan in recent years, intensifying price competition and competitive pressure, particularly in the automobile insurance market. Such developments may further heighten competition and adversely affect industry-wide profitability.

We also face intense competition in the non-life insurance market overseas. As we have expanded our business into markets in Europe, Asia and the Americas, we have become subject to increasing competition from global non-life insurance groups as well as local insurance companies in each of our operating markets. Some of these insurance groups may have stronger market positions, more financial or other resources or more experience operating in the relevant market. There can be no assurance that we will be able to compete effectively in overseas markets, and we may become subject to additional competition as we continue to expand our business into new geographical regions.

If competitive pressures compel us to reduce our prices, our operating margins will decrease. In addition, competition for customers may intensify and the importance of acquiring and properly servicing each customer will become greater. We could incur greater expenses in relation to customer acquisition and retention, which could reduce our operating margins. Moreover, consolidated insurance companies may be able to enhance their negotiating position when buying reinsurance or may be able to spread their risks across a larger capital base so that they require less reinsurance.

Our business is heavily regulated and future changes in the applicable laws and regulations could have a material adverse impact on our financial condition and results of operations.

We conduct our business based on the provisions of applicable laws, such as the Insurance Business Act, and we issue financial reports in accordance with the laws, regulations and accounting standards that relate to corporate accounting and tax affairs. Changes in the laws and regulations applicable to us, and changes in government policies regarding their enforcement, could adversely affect our policy sales, lead to increased compliance risk, increase the level of competition we face, require a change to the methods of selling insurance products and the product content, as well as the methods for estimating and accounting for insurance reserves, deferred tax assets and other items or otherwise adversely affect our business. For example, as a result of

amendments to the Insurance Business Act that became effective in 2016, formal rules were introduced requiring persons offering certain insurance products to provide customers with specified information and to understand the customers' motivations for purchasing such products. While this legislation was largely a formal codification of the requirements previously published in the FSA's supervisory guidelines with certain clarifications and revisions, we were required to adjust our sales practices to ensure we were in compliance with such requirements. In addition, pursuant to the amendments enacted in 2025 to the Insurance Business Act and the FSA's supervisory guidelines, the regulatory framework regarding benefits or support provided to insurance agents have been strengthened. In response to these enhancements, we may be required to adjust our business practices with insurance agents. To the extent that any new or modified rules or regulations are introduced in the future, our sales representatives and third-party sales agencies may encounter difficulties adjusting their sales practices to comply with such regulatory changes.

We may also face increased compliance and reputational risk as a result of regulatory actions against us or our competitors or in connection with future expansions of our product offerings and related regulatory initiatives, any of which could adversely affect our business strategies or require significant and additional expenditures for training, improved compliance or remediation.

In addition, a variety of taxes or levies are applicable to us as well as our services to customers. Any change in tax laws or related regulations could adversely affect our results of operations or business performance. For example, amendments to the Income Tax Act of Japan (Act No. 33 of 1965, as amended) or related tax regulations affecting the tax treatment of insurance premiums, insurance proceeds or other payments under insurance contracts could influence customer demand, product design or sales practices.

Consumer and demographic trends in Japan and in other markets could cause demand for our products and services to be lower than we anticipate.

Consumer trends may have a material adverse impact on our business. For example, if consumers become more cost-conscious in our operating markets, they may choose more limited insurance coverage or forgo insurance coverage altogether. In Japan, the overall market for automobile insurance may decline due to factors such as the total number of registered vehicles remaining relatively flat in recent years, an increasing number of vehicles equipped with safety support functions and the spread of automated driving. For example, our sales of automobile insurance may further decline if consumers continue to purchase fewer automobiles or opt for car-sharing services or new technologies, such as self-driving cars. Introduction of self-driving cars may reduce the demand for automobile insurance coverages because liabilities for personal injury and property damages may attach to the automakers as opposed to the car owners. In addition, if self-driving cars prove to be safer and less prone to accidents, car accidents may decline and the automobile insurance premiums may decrease.

Changing demographic trends, including the overall aging of the population and the low birthrate, could also negatively affect the demand for our products. Since the 1970s, Japan's birth rate has generally been in gradual decline and is currently one of the lowest in the world. As a result, the number of people aged between 15 and 64, which represents Japan's potential workforce, has declined by approximately 15.2% from 86.2 million in 2000 to a projected 73.1 million in 2025, based on official statistics and population projections published by the Statistics Bureau of Japan and the National Institute of Population and Social Security Research of Japan. The National Institute of Population and Social Security Research of Japan projects that the number of people in this age group will further decrease to an estimated 70.8 million in 2030 and will continue to decline for decades thereafter. These trends are expected to continue and lead to reduced demand for insurance products, and, as a result, the scale of our business may diminish. Moreover, the aging population trend may have a negative impact on our loss ratio, for example, in our automobile business, as driving skills generally begin to decline above a certain age. Such situations could have a material adverse impact on our financial condition and results of operations.

We may not be able to respond effectively to technological and other changes in our industry.

We are also exposed to changes in the market environment for financial services. Our industry is rapidly evolving due to the adoption of new technologies, including artificial intelligence and big data, and the expansion of the sharing economy globally. Any changes to our market environment could give rise to new business models and market entrants that could negatively affect our market position and ability to compete. If we are unable to respond effectively to technological or other changes in the insurance industry, our business, financial performance and competitive position in our industry could be negatively and adversely affected.

System failures could have a material adverse impact on our reputation, financial condition and results of operations.

System failure risk is inherent in our operations, which rely heavily on computer and other information systems. For example, we rely on information technology systems to manage customer policies, invest our assets, record and maintain statistics and personal information of our customers and in other areas of our operations. System failures may occur due to a variety of reasons. For example, our information technology systems could fail due to causes including problems affecting the internet generally or damage to equipment, software or networks as a result of accidents, fires, earthquakes or other natural disasters, power loss, high user volume, human error, sabotage, hacking, employee misconduct, software and hardware defects and malfunctions, viruses or network security breaches, including cyberattacks targeting our systems or those of our third-party service providers, which could cause significant disruptions or suspensions of our operations and/or leakage of confidential or personal information. System failures, including those of our third-party service providers, could result in adverse effects on our operations by disrupting the services we provide to customers at our branches, our payments and collections, and the investment of our assets, among other things. Such failures could have other adverse consequences, including reputational damage, customer dissatisfaction or a loss of customer confidence, any of which could result in an increase in policy surrenders, a decrease in new policy sales, legal or regulatory sanctions or other penalties or orders and an increase in direct or indirect costs due to recovery operations. In addition, an earthquake or other natural disaster could significantly disrupt our operations. If we experience such a failure in our systems or operations, there is no assurance that we or our third-party service providers and business partners would be able to fix our systems or resume our operations in a timely fashion, or at all, depending on the cause of such failure. As we expand our operations and product offerings, our systems may require additional investment. Any significant system failure could have a material adverse impact on our financial condition and results of operations.

The proposed merger with Aioi Nissay is subject to conditions and approvals that may not be satisfied or obtained, and the merger may not be completed on the anticipated terms or timeline.

On March 28, 2025, MS&AD announced that it would proceed with specific discussions and preparations for the merger of us and Aioi Nissay, with a target completion date of April 1, 2027. See "Proposed Merger with Aioi Nissay." Completion of the merger is subject to approval at the shareholders' meetings of the respective companies and receipt of necessary regulatory approvals from relevant authorities. There can be no assurance that such approvals will be obtained on the expected terms or timeline.

While decisions regarding the surviving company and corporate structure have been preliminarily determined, they remain subject to prescribed procedures and approvals. As the merger method and other details are to be announced when decided, there remains a risk of changes to merger terms, structure or timetable in response to regulatory feedback, market conditions or due diligence outcomes. Regulatory authorities may impose material conditions on their approval, require modifications to the merger structure, or delay or refuse approval altogether. Changes in economic conditions, financial market volatility, deterioration in the business or financial condition of either company, or adverse developments in the insurance industry could lead to renegotiation, postponement or termination of the merger.

Any failure to obtain necessary approvals, material conditions imposed by regulators, significant delays in the approval process, or withdrawal of the merger plan could adversely affect our business strategy, market perception, competitive position, employee morale and retention, customer and agent relationships, and our ability to access capital markets on favorable terms. We may also incur significant non-recoverable costs related to merger preparation and integration planning that would not be offset by the anticipated benefits of the merger.

The integration of us and Aioi Nissay involves substantial execution risks that may result in operational disruptions, failure to achieve anticipated synergies, and costs that exceed expectations.

The merger aims to strengthen the domestic non-life insurance platform and enhance value delivery through the integrated strengths of us and Aioi Nissay. However, the integration of two major insurance companies with substantial operations, systems, personnel and customer bases is highly complex and subject to significant execution risks.

IT Systems Integration: Achieving effective integration of IT platforms, capital and reinsurance strategies, and agency sales model transformations is complex and may disrupt ongoing operations. The two companies have been working towards unifying their core systems, policy administration platforms, claims

processing systems, and data architectures, but they are not yet fully integrated. System failures or disruptions, including those of third-party service providers, during the integration process could harm operations, damage our reputation, result in loss of customers and agents, and adversely affect our financial results. The integration may take longer than anticipated, require greater investment than budgeted, or fail to deliver the expected operational efficiencies and cost savings.

Information Governance and Data Protection: Recent information leakage incidents involving agents and service providers have required extensive remedial measures; integrating information management systems and controls across the merged company and vendors raises execution risk and the potential for further incidents. The merger will require consolidation of customer databases, harmonization of data protection policies and procedures, and integration of information security systems. Any data breaches, privacy violations, or information security incidents during or after the integration could result in regulatory sanctions, litigation, reputational damage, and loss of customer trust.

Human Capital and Organizational Alignment: Our performance depends on retaining and training experienced agents and personnel; integration may heighten attrition risks, reduce morale, or necessitate higher incentives, increasing costs and impacting productivity, including the efficiency and effectiveness of underwriting, claims handling, policy administration and customer service operations. The merger will involve significant organizational restructuring, potential redundancies, changes in reporting lines and responsibilities, and integration of different corporate cultures. Key employees may leave due to uncertainty, disagreement with the new organizational structure, or attractive offers from competitors seeking to exploit the integration period. Loss of key personnel, particularly experienced underwriters, claims specialists, actuaries, and senior managers, could impair our ability to execute the integration, maintain service quality, and achieve business objectives.

Synergy Realization: Targeted improvements in underwriting capacity, reinsurance strategy, sales model quality and investment discipline may be delayed or underachieved, while integration and transformation expenditures could exceed expectations. We have identified potential synergies from the merger, including enhanced underwriting capacity through combined capital, improved reinsurance purchasing power, optimization of distribution networks and branch facilities, elimination of duplicative functions, and enhanced digital capabilities. However, realizing these synergies will require successful execution of numerous integration initiatives over several years. Synergies may be delayed, reduced in magnitude, or fail to materialize due to integration difficulties, regulatory constraints, competitive responses, or changes in market conditions. At the same time, integration costs, including systems conversion, facility consolidation, employee severance payments, rebranding, and professional fees, may significantly exceed our estimates.

Customer and Distribution Impacts: Changes to the agency model and partner collaborations, and digital shifts in personal and commercial channels, may lead to loss of agents or customers, slower new business growth, or adverse channel mix effects. The merger will involve changes to agent commission structures, consolidation of overlapping agency relationships, and potential changes to product offerings and underwriting guidelines. Agents may choose to reduce their business with us or terminate their relationships entirely if they are dissatisfied with the changes. Customers may move their business to competitors due to concerns about service continuity, changes in coverage or pricing, or general uncertainty during the integration period. The new company intends to leverage combined capital and underwriting capacity, agency model transformation and digital initiatives to deliver optimal security, improved customer experience and cutting-edge solutions, but there can be no assurance that these initiatives will be successfully implemented or accepted by customers and agents.

If we fail to successfully integrate the operations of us and Aioi Nissay, experience significant delays or disruptions, lose key personnel, customers or agents, or incur costs substantially in excess of estimates, our business, financial condition, results of operations and prospects could be materially and adversely affected, and the anticipated benefits of the merger may not be realized.

The merger is being pursued concurrently with extensive regulatory remediation efforts, creating substantial management and operational burdens that may strain resources and increase the risk of compliance failures.

The MS&AD group received business improvement orders from the FSA and surcharge payment orders from the JFTC in connection with its premium adjustment practices. Regarding the information leakage incident, the MS&AD group received second business improvement orders from the FSA, administrative guidance from the PPC, and guidance from the General Insurance Association of Japan. The MS&AD group has already completed submitting reports to the PPC and the General Insurance Association of Japan and have no

ongoing reporting obligations. However, regarding the two sets of business improvement orders from the FSA, the MS&AD group will be submitting quarterly progress reports. In light of these circumstances, the MS&AD group is advancing extensive improvement measures, including organizational restructuring, compliance training, strengthening of technical systems, and governance improvements. See "Business—Regulatory Actions and Supervisory Measures."

We are undertaking a process to align and harmonize the business improvement plans of us and Aioi Nissay for the planned merger. Given that both companies have been subject to business improvement orders and regulatory actions, the coordination and implementation of remedial measures at two entities simultaneously may further complicate the integration process. This creates additional execution risks and uncertainties. The simultaneous implementation of business improvement plans and merger integration may strain management resources, risking delays or deficiencies and potential further regulatory scrutiny or sanctions. Senior management and key personnel must divide their attention and resources between ensuring full compliance with regulatory remediation requirements and executing the complex merger integration. This dual burden increases the risk that neither effort receives adequate attention and resources, potentially resulting in:

- Delays or deficiencies in implementing required compliance improvements, which could lead to additional regulatory actions, fines, or restrictions on our business activities;
- Slower progress on merger integration, extending the period of uncertainty and operational disruption;
- Increased costs as we must maintain separate compliance infrastructures and remediation programs at both companies until integration is complete;
- Higher risk of new compliance failures or operational errors due to divided management attention and employee fatigue; and
- Reputational damage if regulators or the public perceive that we are not adequately prioritizing compliance and customer protection.

Industry-wide reforms under consideration include potential changes to agency commission structures to link compensation to service quality rather than premium volume, restrictions on multi-carrier agency practices, requirements for technical adjusters to be retained as employees rather than contractors, and enhanced governance and risk management standards. If such reforms are implemented, they may require material changes to our business practices and cost structures. Implementing these changes while simultaneously integrating two companies and remediating past compliance failures would further strain our resources and capabilities.

Regulatory remediation and merger integration costs are substantial and expected to continue for several years, with reputational effects potentially weighing on customer acquisition, agency relationships and recruiting. If we fail to satisfy regulatory requirements, experience further compliance incidents, or are perceived as not adequately prioritizing compliance during the integration period, we could face additional regulatory sanctions, restrictions on our business activities, increased supervisory oversight, reputational damage, and loss of customers and agents, any of which could materially and adversely affect our business, financial condition and results of operations.

The merger will result in substantial costs and may adversely affect our financial condition, results of operations and liquidity in the near to medium term.

The merger will require significant expenditures over multiple years, including:

- Systems integration and data migration costs, including software licenses, hardware, consulting fees, and internal IT resources;
- Facility consolidation costs, including lease termination payments, relocation expenses, and write-offs of leasehold improvements;
- Employee-related costs, including severance payments, relocation assistance, and training;
- Rebranding costs, including signage, marketing materials, and advertising;
- Professional fees for legal, accounting, actuarial, and other advisors;
- Regulatory compliance costs related to obtaining approvals and implementing required changes; and
- Operational inefficiencies and duplicative costs during the transition period.

The new company's initiatives, including sales model reform, advancement of reinsurance strategy and growth investments, may require elevated spending before benefits are realized, pressuring profit margins. These costs will reduce our profitability in the near to medium term, and there can be no assurance that the anticipated benefits and synergies from the merger will be sufficient to offset these costs or will be realized within the expected timeframe.

Adverse market conditions or negative impacts on our credit ratings could limit our access to funding; unexpected integration outlays could increase our liquidity needs. If the integration costs significantly exceed our estimates, our liquidity needs may increase and we may need to rely more heavily on borrowing or other funding sources, potentially on unfavorable terms. Such financing could increase our leverage, reduce our financial flexibility, and limit our ability to pursue other strategic opportunities or return capital to shareholders.

Perceived reductions in financial strength or credit rating pressure during the integration period could increase policy surrenders and cancellations, reduce new business sales, and raise our funding costs. Rating agencies may view the merger integration as a period of increased risk and uncertainty, potentially leading to negative rating actions or outlook changes. Any downgrade of our financial strength or credit ratings could trigger increased surrenders and non-renewals, make it more difficult and expensive to write new business, increase collateral requirements under reinsurance agreements and derivatives contracts, and raise our cost of borrowing.

The diversion of management attention and resources to the merger may also result in missed business opportunities, slower response to competitive threats, and reduced focus on organic growth initiatives. Scaling and diversifying products and services through integration increases operational complexity; ineffective risk management during this period could adversely affect our results. The integration process will require continued and effective operation of IT systems and third-party service providers across a more complex operational environment, including parallel operation of multiple systems, data migration, system modifications and coordination with external vendors; disruptions affecting our IT systems or third-party service providers could impair our ability to provide service and handle claims.

If integration costs are substantially higher than anticipated, if the integration takes longer than expected, if we experience significant operational disruptions, or if market conditions or our financial performance deteriorate during the integration period, our business, financial condition, results of operations, liquidity and credit profile could be materially and adversely affected.

During the integration period, we may experience competitive disadvantages, loss of market share, and deterioration in customer and agent relationships.

Japan's non-life insurance market is highly competitive; competitors may seek to exploit our integration period to gain market share, putting pressure on prices, profit margins, and customer retention. The merger integration will create a period of uncertainty and potential disruption that competitors may use to their advantage. Competitors may:

- Target our customers and agents with aggressive pricing, enhanced service offerings, or incentives to switch;
- Recruit our key employees, particularly experienced underwriters, claims specialists, and sales personnel;
- Emphasize their stability and continuity of service in contrast to our integration challenges;
- Accelerate their own strategic initiatives to gain competitive advantages while our attention is focused on integration; and
- Form alliances or pursue acquisitions to strengthen their competitive positions.

Demand headwinds from consumer preferences and demographic trends, including population aging, changes in automobile sales and usage patterns, and the development of connected and autonomous vehicle technologies, could compound integration challenges and adversely impact our product mix and pricing. If we are slower to respond to these market trends due to our focus on integration, we may lose market share to more agile competitors.

Following regulatory actions and information leakage incidents, negative rumors or amplified scrutiny on digital and social media platforms could erode customer and agent trust during the merger period, leading to

increased policy surrenders and cancellations and reduced new business production. The combination of past compliance issues and the uncertainties inherent in a major merger may make customers and agents particularly sensitive to any service disruptions, communication failures, or negative publicity. Social media can rapidly amplify concerns and complaints, potentially causing reputational damage disproportionate to the underlying issues.

Changes to the agency model and partner collaborations, and digital shifts in personal and commercial distribution channels, may lead to loss of agents or customers, slower new business growth, or adverse changes in business mix. Agents who are dissatisfied with commission changes, concerned about their future role, or uncertain about the merged company's strategy may reduce their commitment to our products or shift their business to competitors. Large corporate customers may use the merger as an opportunity to renegotiate terms or move their business to competitors. Personal lines customers may be more likely to shop for alternatives during policy renewal if they are uncertain about service continuity or changes to their coverage.

Any significant loss of customers, agents, or market share during the integration period could have lasting effects on our competitive position and financial performance. Regaining lost business typically requires substantial time and investment, and there can be no assurance that we would be able to fully recover lost market share. If competitive pressures intensify, customer or agent attrition is significant, or our market position deteriorates during the integration period, our business, results of operations and prospects could be materially and adversely affected.

The planned governance restructuring and centralization of decision-making at the holding company level may not achieve the intended benefits and could create new operational and strategic risks.

MS&AD transitioned from a company with board of company auditors to a company with audit and supervisory committee in June 2025, and constituted a majority of the board of directors with outside directors to enhance the objectivity of management decisions and further strengthen the governance system. MS&AD is also strengthening holding company governance and strategic planning functions, with increased centralization of decision-making and consolidation of international business functions at the holding company level.

The governance changes implemented and underway involve:

- Directors who are audit and supervisory committee members having voting rights at board of directors meetings, which enhances the supervisory and checking functions of the board of directors;
- Delegation of some decisions regarding the execution of important business to directors to expedite decision-making and business execution;
- Strengthening of holding company functions through expansion of human resources, general affairs, and financial planning departments;
- Establishment of new strategic planning functions for life insurance and international businesses at the holding company level;
- Consolidation of international business functions from operating companies into the holding company; and
- Deployment of holding company personnel to front-line sales operations to enhance risk detection capabilities.

While these changes are intended to strengthen governance, enhance strategic coordination, and improve risk management, they involve significant execution risks, particularly as they are being implemented concurrently with the major merger integration. The recent transition to the new governance structure means that the board and management are still adapting to new roles, responsibilities and decision-making processes at the same time they must oversee and execute the complex merger of us and Aioi Nissay. The consolidation of international business functions may disrupt existing relationships with overseas partners, customers, and regulators, and may result in loss of personnel with critical local market knowledge and relationships.

The transition to a new governance structure during the same period as a major merger integration creates additional complexity and risk. There may be confusion about roles and responsibilities, delays in decision-making, or conflicts between holding company and operating company management. The increased proportion of outside directors, while enhancing independence and oversight, may result in a board with less detailed knowledge of the insurance business and the specific challenges of the merger integration, particularly during the initial period following the governance transition.

Post-merger, international operations decision-making is planned to be centralized at the holding company level to expedite governance and execution. However, there can be no assurance that this centralization will achieve the intended benefits or that it will not create new coordination challenges, slow decision-making in practice, or reduce the effectiveness of our international operations.

If the governance restructuring does not function effectively during the critical merger integration period, if it creates unintended operational difficulties, or if the new governance structure proves to be poorly suited to overseeing the complex merger process, our ability to execute our business strategy, respond to competitive threats, and achieve our financial objectives could be impaired, which could materially and adversely affect our business, results of operations and prospects.

Our reputation and business could be harmed and we could be subject to legal claims if there is unintentional loss, disclosure or misappropriation of our customers' personal information or other breaches of our security.

We maintain large amounts of customer information, including personal information, and any large-scale leak of such information poses a risk of loss of trust from customers and society as a whole. There can be no assurance that customer information has not been and will not be lost or disclosed or taken without consent or that our information technology and other systems, or those of our third-party service providers or strategic business partners, will not be compromised. If we lose our customers' personal information or if a third party is able to penetrate our or our business partners' or service providers' network security or otherwise misappropriate our customers' personal information, we could be subject to claims, and our reputation could be damaged, in addition to possible sanctions imposed by supervisory authorities. Inadvertent loss, disclosure or misappropriation of customer information by our own employees would subject us to similar risks. The Japanese media, regulators and consumers have intensified their scrutiny of such incidents in recent years and there have been many cases of personal information and records in the possession of corporations and institutions being improperly accessed or disclosed. In addition, the regulatory requirements applicable to us in our handling of our customers' personal information have become more stringent under the Personal Information Protection Act of Japan (Act No. 57 of 2003, as amended, the "Personal Information Protection Act") and rules, regulations and guidelines relating thereto. Moreover, pursuant to the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure of Japan (Act. No. 27 of 2013, as amended), each resident in Japan is issued a unique identification number, called "My Number," which identifies each resident in specific administrative procedures related to social security and taxation. We handle My Number information of our customers. Any loss, disclosure or misappropriation of customer information, including My Number, or other breach of our security would likely have a serious impact on our reputation and could have a significant adverse effect on our business and results of operations. In addition, we may have to provide compensation for economic loss arising out of a failure to protect such information.

In 2024, we experienced significant information leakage incidents involving insurance agents and our seconded employees, where information of 345,417 customers was disclosed to other insurance companies through email communications and other means between insurance agents and competing insurers with whom the agents also had agency relationships. In a separate but related incident, 13 of our employees seconded to insurance agencies transmitted customer information of the insurance agencies, including information beyond insurance contracts, to us without obtaining consent from the agencies to which they were seconded, resulting in the leakage of 12,846 items of customer information. Additionally, in October 2024, we announced that customer information of approximately 120,000 customers may have been compromised due to an unauthorized access incident at Tokyo Sonpo Kantei Co., Ltd., a third-party service provider to whom we outsource loss adjustment services, with the leaked information including names, addresses, telephone numbers, policy numbers and damage assessment documents. These incidents resulted in orders from the FSA under the Insurance Business Act due to deficiencies in the compliance system for the Personal Information Protection Act and Unfair Competition Prevention Act (Act No. 47 of 1993, as amended), and we received administrative sanctions requiring us to submit business improvement plans. We also received guidance from the PPC and the General Insurance Association of Japan regarding these information leakage incidents. In July 2025, we further disclosed that customer information may have been leaked due to an unauthorized access incident at Shinchosha Co., Ltd., another service provider handling loss adjustment operations. Whilst no misuse of the leaked customer information has been confirmed to date, these incidents have caused significant concern amongst our customers and the public, and we have had to implement extensive remedial measures and strengthen our information management systems, including those of our service providers and business partners.

We may be adversely affected if our pricing is inaccurate.

The profitability of our business substantially depends on the extent to which our actual claims experience is consistent with the assumptions we use in pricing our policies. We price our policies by considering various factors. For example, we refer to advisory rates calculated by the General Insurance Rating Organization of Japan ("GIROJ"), and consider sales and expenses history and general statistical data. We also use methods to analyze loss trends with respect to certain risk assumptions relating to natural disasters. However, these methods and analyses are complex and subject to uncertainties. For example, future experience may be materially different from past and current experience. If we fail to appropriately price the risks we insure, or fail to change our pricing to appropriately reflect our current experience, or if our claims experience is more frequent or severe than our underlying risk assumptions, our profit margins may be negatively affected. If we underestimate the frequency and/or severity of extreme adverse events occurring, our financial condition and results of operations may be adversely affected, due for example to higher than expected payouts of claims or a need to increase reserves to take into account upward revisions from previous cost estimates. If we overestimate the risks we are exposed to, we may overprice our products, and new business growth and retention of our existing business may be adversely affected. Further, as we expand into different markets and geographies, we will write more policies in markets and geographical areas where we have less data specific to these new markets and geographies, and, accordingly, we may be more susceptible to making an error in determining our pricing and strategy.

Our reputation and business could be harmed by negative rumors about us or the insurance industry.

Rumors about us or the insurance industry have the potential to affect our social credibility, regardless of whether or not they are true. Such rumors can be created or spread through the mass media, social media postings on the Internet or other means. We strive to minimize the effect of rumors by discovering them quickly and responding to them in a timely and appropriate fashion. However, if a malicious rumor were to be circulated, there is a risk that it may cause a material adverse impact on our reputation and business.

Following regulatory actions related to premium adjustment practices and information leakage incidents (See "—We have been subject to regulatory actions, and ongoing compliance, governance and integration risks could result in additional regulatory measures, increased costs, operational constraints or reputational harm"), we are particularly vulnerable to reputational damage. The rapid spread of information through digital channels can amplify negative news and make reputation management more challenging. Rebuilding trust with customers, regulators and the public requires sustained effort and considerable time, during which our competitive position and financial performance may be adversely affected. The cumulative reputational impact may result in increased policy surrenders, reduced new business acquisition and heightened customer scrutiny of our business practices.

We may not be able to train and retain a sufficient number of qualified insurance agents and other employees.

Our insurance in Japan is primarily sold through a network of full- or part-time third-party insurance agents. Our business depends to a significant extent on our ability to train and retain qualified insurance agents and employees. Our efforts to increase productivity of insurance agents or retain insurance agents may not be successful. Any failure to train and retain qualified insurance agents, particularly those who are more experienced, and other personnel, or if we need to offer increased sales incentives, could have a material adverse impact on our business, financial condition and results of operations. In addition, the strengthening of regulations and supervisory expectations regarding benefits or support provided to insurance agents, as well as the expansion of requirements relating to secondment or re-assignment of personnel to agents, may require insurance agents to further enhance their internal control, compliance and operational frameworks, potentially increasing the administrative and cost burden on such agents. As a result, some insurance agents may be unable or unwilling to continue operating at the same scale or maintain their relationship with us, which could adversely affect the stability and sufficiency of our insurance agent network.

We are exposed to liquidity risk and may be unable to meet liquidity needs or obtain credit on acceptable terms in adverse capital and credit market conditions.

We manage our liabilities and configure our investment portfolios in an effort to provide and maintain sufficient liquidity to meet anticipated withdrawal and surrender demands and payments of policy benefits. However, if we are required to pay significant amounts of cash on short notice, for example due to unanticipated withdrawal or surrender activity or a catastrophic event such as a major earthquake or pandemic, we could be forced to procure funds at a cost significantly above normal rates or be forced to sell assets at extremely low prices to raise funds. In addition, the capital and credit markets have experienced high volatility in the past. In

some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity. In a liquidity crisis, our ability to obtain additional funds may be limited and the cost of any such funds may be significant. Our access to additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the insurance industry, our credit ratings and credit capacity. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. If any or a combination of these factors were to occur, our liquidity may prove to be insufficient, which could have a material adverse impact on our financial condition and results of operations.

A downgrade in our financial strength ratings or a reduction or perceived reduction in our financial strength, including as a result of a downgrade in our credit ratings, could limit our ability to market products, increase the number of policies being surrendered and hurt our relationships with customers and trading counterparties.

Financial strength ratings, which are intended to measure an insurer's ability to meet policyholder obligations, are an important factor affecting public confidence in most of our products and, as a result, our competitiveness. On an ongoing basis, rating agencies review our financial performance and condition and could downgrade or change the outlook on our ratings due to, for example, a change in a rating agency's determination of the amount of risk-adjusted capital required to maintain a particular rating, or an increase in the perceived risk of our investment portfolio.

In addition to a downgrade in our financial strength ratings, developments that reduce our actual or perceived financial strength could have an adverse effect on our business due to increases in policy surrenders, withdrawals, decreases in new policy sales or increased costs and other difficulties with respect to our investment, funding and capital raising activities. Such effects could also be caused by an actual downgrade in our credit rating or a significant reduction in our solvency margin ratio, which if it were to fall below the applicable regulatory threshold, could result in the FSA requiring us to submit and implement a business improvement plan or take other corrective measures (see "Recent Business— Solvency Margin Ratio"), as well as the potential for a ratings downgrade, negative media coverage, negative rumors or negative developments in the insurance industry as a whole. In the event of future reduction or perceived reduction in our financial strength or adverse conditions in debt or equity capital markets or other factors, we may be unable to raise capital on favorable terms, or at all.

We may not succeed in executing our growth strategies outside of Japan, and our acquisitions and strategic investments expose us to various risks.

We have significantly expanded our international business in regions such as Asia, Europe and the Americas through our branches and subsidiaries as well as through acquisitions, capital alliances and minority investments in foreign insurance companies, and we intend to continue to expand our overseas presence. For example, we acquired Amlin plc, a leading reinsurance group and a significant player on the Lloyd's market in the United Kingdom in 2016 and First Capital Insurance Limited, Singapore's largest property and casualty insurer, in 2017. In 2023, we acquired Transverse Insurance Group, LLC, a Delaware-based fronting company specializing in managing general agent (MGA) business. We have also made a number of minority investments in overseas insurance companies, including Max Life Insurance Company Limited, a life insurer based in India, Hong Leong Assurance Berhad, a life insurance company based in Malaysia, PT Asuransi Jiwa Sinarmas MSIG, a life insurance company based in Indonesia, and W.R. Berkley Corporation, a U.S-based property and casualty insurance holding company. Separately, we have announced an investment in Barings LLC, a U.S.-based asset management company.

The expansion of our international operations exposes us to risks. Each of the following additional factors, among others, could additionally affect our future international operations:

- The impact of economic slowdown or currency crises in economies outside Japan.
- Difficulties and uncertainties in obtaining and maintaining necessary government or regulatory approvals.
- Difficulties integrating different systems, controls, governance and risk management policies and procedures.
- Changes in or delays resulting from regulatory requirements.
- Compliance with additional domestic and foreign laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws in other countries, as well as additional regulatory oversight in the overseas markets where we operate.

- Exchange controls.
- Foreign currency fluctuations, including the effect of such fluctuations on the fair value of our assets that are denominated in foreign currencies and foreign currency translation gains or losses, especially under the recent trend of depreciation in Japanese yen.
- Restrictions on foreign investment or the repatriation of profits or invested capital.
- Changes in the tax systems or rate of taxation.
- Social, political and economic risks, including both civil and international conflicts and terrorism.
- Limited understanding of customer needs, market conditions and local regulations.
- Difficulties in recruiting and retaining personnel and managing international operations.
- Difficulties in retaining employees and maintaining employee morale in acquired businesses.
- Less developed infrastructures.
- Natural disasters.
- Emergence or outbreaks of contagious diseases.
- Difficulties integrating acquired businesses, which may be consuming and result in additional costs and consume significant management time and resources.

In addition, we have recorded goodwill relating to certain of our past acquisitions and may record additional goodwill relating to future acquisitions. As goodwill is required to be amortized over a period of up to 20 years under Japanese GAAP (which also requires impairment testing), any additional goodwill we record would increase our amortization expenses. If we were to adopt IFRS in the future, goodwill would not be amortized but would instead be subject to annual impairment testing, which could result in greater volatility in our results of operations due to the absence of periodic amortization. Our results of operations would also be negatively impacted if we recognize impairment of our goodwill in the future. Furthermore, a portion of our overseas expansion has been accomplished through minority investments, and we expect to continue to consider opportunities for additional minority investments in the future. Such minority investments expose us to the risk that we will not be able to adequately control the companies in which we have invested, and that such companies may not be managed effectively or in a manner consistent with our overall strategy, which may lead to a loss in the value of, or impair our ability to realize the benefits that we anticipated from, such investments.

We expect acquisitions and strategic investments to continue to be an important component of our growth strategy going forward. However, we may be unable to identify appropriate acquisitions or investments or successfully complete any of the transactions we identify. Even where we announce acquisitions or strategic investments, such transactions may be subject to various conditions, including regulatory approvals, and may not be completed on the terms or within the timeframe anticipated, or at all. Even if we do complete any such acquisitions or investments, we may become exposed to additional risks, including becoming subject to liabilities that we failed to identify at the time we made the acquisition or investment. There is also no assurance that we will be able to achieve the expected synergies and positive results from any such transactions. For example, we may face unexpected difficulties integrating acquired businesses, which may result in additional costs and require significant management time and resources. As a result of any of the foregoing, our business and results of operations could be materially and adversely affected.

Changes in relationships with, or performance of, our strategic partners could harm our business and our reputation.

We enter into alliances and strategic partnerships with third parties as part of our business strategy. We also have a number of joint investments with partners as part of our international strategy. If our partners encounter financial or other business difficulties, if their strategic objectives change (due to industry consolidation or otherwise), or if they come to believe we are no longer an attractive partner, they may no longer desire or be able to participate in our alliances or joint investments. Our business could be harmed if we become unable to continue our alliances or joint investments. In addition, we cannot control the actions of these third-party partners and if they do not perform their functions to our satisfaction or the satisfaction of our customers or if they do not behave in a professional and ethical manner, it may damage our brand and reputation.

We are subject to risks associated with reinsurance.

Like many other non-life insurance companies, we use reinsurance to diversify our liabilities assumed under insurance contracts and to stabilize earnings. Reinsurance is a form of insurance that insurance companies

buy for their own protection. Reinsurance provides a greater capacity to write larger policies and to control our exposure to extraordinary losses or catastrophes. An insurance company, referred to as a reinsured, reduces its probable maximum loss on risks by giving, or ceding, a portion of its liability to another insurance company, referred to as a reinsurer. Reinsurance is subject to prevailing market conditions, both in terms of price, which could affect the profitability of the reinsured, and in terms of availability, which could affect the ability of the reinsured to offer certain insurance policies. Major catastrophes inside and outside of Japan could raise the prices for reinsurance and make it difficult or impossible for us to obtain reinsurance coverage on acceptable terms. In addition, we are subject to credit risk with respect to our ability to recover amounts due from our reinsurers, as the ceding of liabilities to reinsurers does not relieve us from our liability as the direct insurer to policyholders under the contracts with respect to which liabilities have been ceded. In the past, certain reinsurers have ceased writing new business and entered into run-off, which limits our options for obtaining new reinsurance policies. Some of our reinsurance claims may be disputed by reinsurers and we may ultimately receive partial or no payment. The ability of reinsurers to transfer their risks to other, less creditworthy reinsurers may adversely affect our ability to collect amounts due to us.

We also provide reinsurance coverage to other insurers through our subsidiaries, particularly MS Amlin Underwriting Limited ("MS Amlin") and MS Amlin AG ("MS Re"), which primarily engage in writing reinsurance to other insurance companies mainly in the United Kingdom, Continental Europe, Bermuda, and North America. Accordingly, MS Amlin and MS Re's business in particular exposes us to disasters and catastrophic events in a wide range of geographies. If we fail to price or negotiate appropriate underwriting terms for the reinsurance contracts we write, we could be exposed to significant losses in connection with our reinsurance business, particularly resulting from catastrophic events. We also assume reinsurance from our domestic reinsurance pools and overseas affiliates. To the extent we assume reinsurance, we are exposed to the risks associated with the underlying insurance policies, which may cover events or risks that differ from those that we assume in our ordinary underwriting business. In addition, as part of our strategic partnership with Barings LLC, we may utilize reinsurance vehicles, including Martello Re Limited, to facilitate certain reinsurance transactions. Such arrangements may expose us to additional underwriting, counterparty, structuring or operational risks, and losses arising from catastrophic events or other adverse developments could exceed our expectations.

We are involved in legal actions relating to our insurance operations on an ongoing basis, and such legal actions could result in financial losses or harm our business.

As is typical for a company such as ours, we are involved in various legal actions relating to our insurance operations on an ongoing basis. We cannot predict the outcome of any pending or future litigation. Given the inherent unpredictability of litigation, it is possible that an adverse outcome in one or more of these matters could have a material adverse effect on our cash flows, financial condition and results of operations.

Changes to accounting standards relating to the calculation of policy reserves could have a material adverse effect on our reported financial condition and results of operations.

The Insurance Business Act and related regulations and guidelines set forth the standards under which policy reserves are calculated. Changes to such standards that would require us to increase our policy reserves could have a material adverse effect on our reported financial condition and results of operations.

The International Accounting Standards Board, which develops IFRS, published a new standard, IFRS 17 Insurance Contracts, which became effective for annual reporting periods beginning on or after January 1, 2023.

This new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. Adopting IFRS is not currently mandatory in Japan. However, we applied IFRS 17 Insurance Contracts to our overseas consolidated subsidiaries and overseas equity-method affiliates that have applied IFRS from April 1, 2023. Additionally, MS&AD has announced its plan to adopt IFRS for its consolidated financial statements from the fiscal year ending March 31, 2026.

Upon adoption of IFRS, we will be required to calculate policy reserves based on the current fulfillment value of policy obligations taking into account factors such as current interest rate levels. This could increase the volatility of our reported financial condition and results of operations as compared to currently applicable accounting standards. In addition, certain prudential measures applicable under Japanese statutory

accounting applicable to insurance companies, including the upper limit on policy reserves, which has historically mitigated volatility in reported reserves, are expected to be abolished or modified upon the transition to IFRS. As a result, fluctuations in interest rates and other assumptions may have a more direct impact on the amount of policy reserves recognized under IFRS. Furthermore, the transition to IFRS may require us to provide additional disclosures and explanations regarding changes in the measurement of insurance liabilities and policy reserves, which could increase the complexity of our financial reporting and affect the comparability of our financial information across periods.

We may be required to augment our reserves in case of unforeseen losses.

The insurance business is unlike manufacturing and most other businesses in that, at the time of a "sale" (the writing of an insurance policy and the payment of the premium), the "cost" of sale (the payment of a claim for a loss under the insurance policy) is not yet determined.

Reserves for outstanding claims (loss reserves) represent management's estimate of the ultimate unpaid cost of losses for claims that have been reported and claims that have been incurred but not yet reported, or IBNR claims. Loss reserves do not represent an exact calculation of liability, but instead represent management estimates, generally utilizing actuarial expertise and projection techniques, as of a given accounting date. These losses reserve estimates are expectations of what the ultimate settlement and administration of claims will cost upon final resolution in the future, based on our assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity and frequency, expected interpretations of legal theories of liability and other factors. In establishing reserves, we also take into account estimated recoveries from reinsurance, salvage and subrogation.

The process of estimating loss reserves involves a high degree of judgment and is subject to a number of variables. These variables can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation or deflation, legal trends and legislative changes, among others. The impact of many of these items on ultimate costs for claims is difficult to estimate. Loss reserve estimation difficulties also differ significantly by product line due to variations in claim complexity, volume of claims, potential severity of individual claims, determination of occurrence date for a claim and reporting lags (the time between the occurrence of the policyholder event and when it is actually reported to the insurer).

We continually refine our loss reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. Informed judgment is applied throughout the process, including the application, on a consistent basis over time, of various individual experiences and expertise to multiple sets of data and analyses. Different experts may choose different assumptions, based on their individual backgrounds, professional experiences and areas of focus. Hence, such experts may at times produce estimates materially different from one another. Experts providing input to the various estimates and underlying assumptions include actuaries, underwriters, claim personnel and lawyers, as well as other members of management. Therefore, management may have to consider varying individual viewpoints as part of its estimation of loss reserves.

We rigorously attempt to consider all significant facts and circumstances known to us at the time such loss reserves are established. Due to the inherent uncertainty underlying loss reserve estimates, including but not limited to the future settlement environment, final resolution of the estimated liability could be significantly different from that anticipated at the reporting date. Therefore, actual paid losses in the future may yield a materially greater amount than previously reserved.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of current reserves. In addition, our estimates of claims may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could have a material adverse impact on our financial condition and results of operations in future periods.

See "Recent Business—Critical Accounting Policies—Losses and Claims Liability" for relevant discussion of reserve estimation methodologies regarding losses and claims in our non-life insurance business.

Our risk management policies and procedures may not be effective against risks that may adversely affect our financial results.

Our risk management policies and procedures are intended to address a range of risks, encompassing insurance underwriting, asset management, investment, liquidity, claims processing, servicing, financial, tax reporting, operational and system risk and compliance with regulatory requirements and other activities.

Many of our methods of managing risks and exposures are based on our use of observed historical market behavior or statistics based on historical data. These methods may not correctly predict future losses, which could be significantly greater than indicated by the relevant historical data. Other risk management methods depend in part on our evaluation of publicly available information regarding markets, customers or other matters and such information may not always be accurate, complete, up-to-date or properly evaluated. In addition, our risk management procedures depend in part on the consolidation of information gathered from numerous branch offices and other sources, and errors may be introduced during the process of gathering and compiling such information. Management of operational risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot guarantee that our processes and procedures will effectively control all known risks or effectively identify unforeseen risks or that our employees and third-party agents will implement them effectively. For example, operational risk is inherent in our business and can manifest itself in various ways, including business interruptions, malfunctioning of information systems, legal or regulatory breaches, human errors, employee and sales agent misconduct, and external fraud by third-party service providers or customers by, among other things, illegal sales practices, willful unsubstantiated claims, identity theft and loss or other misuse of personal information. These events could potentially result in financial loss, harm to our reputation, sanctions or other administrative penalties or orders imposed by supervisory authorities and otherwise hinder our operational effectiveness. Management of business risks could fail for reasons including design failure, system failure, failures to perform or unlawful activities on the part of employees or third parties. Losses resulting from these failures can vary significantly in size, scope and scale. More generally, any failure or ineffectiveness of our risk management policies or procedures or the implementation thereof could have a material adverse impact on our business, financial condition and results of operations.

In addition, as insurance markets continue to evolve and develop in the future, we intend to broaden and diversify the range of products and services that we offer while also expanding our customer base. As we expand our product and service offerings and increase the scale of our business, we may have difficulty achieving the risk management improvements necessary to manage the risks associated with new business activities and increased scale. Any failure to adapt our risk management policies and procedures to changes in our business and in the business environment in which we operate could have a material adverse impact on our financial condition and results of operations.

ESR frameworks of MS&AD and us may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan.

Economic value-based solvency ratios measure the solvency of an insurance company based on the economic value of its assets and liabilities and can be valuable in assessing an insurance company's specific risk profile. The introduction of economic value-based solvency ratios has been widely discussed in the insurance industry and has been considered by various insurance regulators around the globe. The EU has already adopted a full-scale economic solvency-based regime, in the form of the EU Solvency II Directive (2009/138/EEC), which became effective on January 1, 2016. Regulatory ESR has not been formally implemented in Japan, but the FSA announced the amendments to the relevant laws and regulations in July 2025, which will apply from the fiscal year ending March 31, 2026.

In addition to our preparations for the formal implementation of an economic value-based solvency regime, MS&AD has voluntarily adopted an internal economic value-based solvency framework, and discloses its internal economic value-based solvency ratio as a supplement to its solvency margin ratio. The internal model which MS&AD has developed and use to calculate ESR on a voluntary basis to monitor MS&AD's financial soundness may differ from, and accordingly may not be directly comparable to, the economic value-based solvency frameworks currently or ultimately adopted by other similar insurance companies in Japan.

See "Recent Business—Economic Solvency Ratio" and "Regulations of the Japanese Non-Life Insurance Industry—Solvency Margin Ratio."

The determination of the fair value of our financial assets is highly subjective and could have a material adverse impact on our financial condition and results of operations.

In determining the fair value of our financial assets, we generally utilize market transaction data for the same or similar instruments. The degree of management judgment involved in determining fair value is inversely

related to the availability of observable market information. The fair value of financial assets may differ from the amount actually received to sell an asset in an orderly transaction between market participants at the measurement date. Moreover, the use of different valuation assumptions may have a material effect on the financial assets' fair values. Changing market conditions could materially affect the determination of the fair value of our securities and unrealized net capital gains and losses could vary significantly. Also, a similar type of impact may occur upon any introduction of fair value accounting with respect to financial liabilities. The determination of fair value is highly subjective and the uncertainty inherent in such determinations could have a material adverse impact on our financial condition and results of operations.

Our financial condition and results of operations will be negatively affected if we are required to reduce our deferred tax assets.

Pursuant to Japanese GAAP, we establish deferred tax assets for tax benefits that are expected to be realized during a period that is reasonably foreseeable, net of deferred tax liabilities. The calculation of deferred tax assets is based on various assumptions, including assumptions with respect to future taxable income. Adverse changes in economic conditions or other factors could lead us to decrease our estimated future taxable income, which would require us to increase the valuation allowance for our deferred tax assets. As a result, we would recognize additional income tax expense, which may have a material adverse impact on our financial condition and results of operations.

In addition, changes in Japanese tax policies could result in the reduction of our deferred tax assets. In the event the corporate income tax rate is changed following tax reforms and our effective statutory tax rate decreases, our results of operations would likely improve in the medium- to long-term. On the other hand, a decrease in our effective statutory tax rate may require us to reverse our deferred tax assets estimated based on the corporate income tax rates in effect prior to the reform, and this could have an adverse effect on our results of operations. See "Recent Business—Deferred Tax Assets and Deferred Tax Liabilities."

Declines in our pension assets or revisions in actuarial assumptions could increase our pension costs.

We have faced in the past, and may face in the future, additional costs relating to our employees' retirement benefit plans from changes in the market value of pension assets and a decline in returns on our pension assets. We may also experience unrecognized losses on plan amendments in the future resulting from amendments to our employees' retirement benefit plans.

The failure of other Japanese non-life insurance companies could require us to increase our contributions to industry-wide policyholder protection funds and could undermine consumer confidence.

We, along with other non-life insurers in Japan, are required to support policyholders of failed non-life insurance companies through payments to the Non-Life Insurance Policyholders Protection Corporation of Japan (the "NLIPPC"). The NLIPPC provides funds upon acceptance and assumption by a successor non-life insurance company of the insurance policies of a failed non-life insurance company and also performs certain other specified functions. See "Regulation of the Japanese Non-Life Insurance Industry—Insurance Business Act—Regulations for the Protection of Policyholders." The proportion of required contributions allocated to us could increase if our income from insurance premiums and policy reserves increases relative to other non-life insurance companies in Japan. In the event of future failures of Japanese non-life insurance companies or if the legal requirements for contributing to the NLIPPC change, we may be required to make additional contributions to the NLIPPC and our financial condition and results of operations could be adversely affected. The failure of other Japanese non-life insurance companies could also damage the reputation of the Japanese non-life insurance industry and undermine consumer confidence in Japanese non-life insurers in general, which could lead to a decrease in our sales of new policies or an increase in lapses or surrenders of existing policies.

The unaudited selected pro forma financial information included in this Offering Circular is presented on a voluntary basis for illustrative purposes only, and is based on assumptions that may prove inaccurate, and may not be indicative of our actual financial position or results of operations.

This Offering Circular includes unaudited selected pro forma financial information for the fiscal year ended March 31, 2025 and as of and for the six months ended September 30, 2025 which has been prepared on a voluntary basis to illustrate the estimated effect of the proposed merger of us and Aioi Nissay. The pro forma financial information has not been prepared or presented in accordance with rules, regulations, or guidance of

any stock exchange or regulatory authority, including those of the Tokyo Stock Exchange, Inc., the European Securities and Markets Authority, SEC Rule 11-02 of Regulation S-X, or any other regulation or regulatory body. Further, the selected pro forma financial information has not been prepared or presented in accordance with any particular accounting principles and has not been subject to any audit, review or other procedures by our independent auditor.

The unaudited selected pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. Accordingly, the unaudited selected pro forma financial information does not purport to represent what our actual financial position or results of operations would have been had the merger occurred on April 1, 2024, nor does it purport to project our financial position or results of operations for any future period or as of any future date. The unaudited selected pro forma financial information is based upon available information and certain assumptions and estimates that we believe are reasonable under the circumstances. However, actual results may differ materially from those reflected in the pro forma financial information for a variety of reasons.

Nature and Limitations of Pro Forma Assumptions: The unaudited selected pro forma financial information is based on the assumption that the merger was completed on April 1, 2024, which is a hypothetical assumption for illustrative purposes only. This assumption does not reflect the actual timing of the merger, which is expected to be completed on April 1, 2027, subject to approval at the shareholders' meetings of the respective companies and receipt of necessary regulatory approvals from relevant authorities. The unaudited selected pro forma adjustments are based on available information and certain assumptions that management believes are reasonable. However, these assumptions may prove to be inaccurate, and other assumptions that might be equally reasonable could result in materially different pro forma results. The pro forma financial information may not reflect all adjustments that would be required or appropriate, and may omit the effects of potential divestitures, structural changes or other consequential adjustments.

Merger Completion Uncertainty: Completion of the merger is subject to approval at the shareholders' meetings of the respective companies and receipt of necessary regulatory approvals from relevant authorities, and there can be no assurance that such approvals will be obtained on the expected terms or timeline, or at all. For a discussion of risks relating to merger completion, see "—Risks Relating to the Proposed Merger with Aioi Nissay—The proposed merger with Aioi Nissay is subject to conditions and approvals that may not be satisfied or obtained, and the merger may not be completed on the anticipated terms or timeline, or at all." The unaudited selected pro forma financial information is prepared on the basis of assumptions regarding the merger structure, timing and terms, and it is not intended to, and should not be regarded as, indicative of our actual financial position or results of operations. Any change to, or any failure to complete, the merger, could cause our actual financial position or results to differ, potentially materially, from the unaudited selected pro forma financial information.

Integration Execution Risks: The unaudited selected pro forma financial information does not fully reflect the substantial execution risks, costs and uncertainties associated with integrating two major insurance companies. For a discussion of risks relating to merger integration, including IT systems integration, information governance, human capital alignment, synergy realization, customer and distribution impacts, regulatory remediation burdens, financial impacts, competitive disadvantages and governance restructuring, see "—Risks Relating to the Proposed Merger with Aioi Nissay—The integration of us and Aioi Nissay involves substantial execution risks that may result in operational disruptions, failure to achieve anticipated synergies, and costs that exceed expectations," "—The merger is being pursued concurrently with extensive regulatory remediation efforts, creating substantial management and operational burdens that may strain resources and increase the risk of compliance failures," "—The merger will result in substantial costs and may adversely affect our financial condition, results of operations and liquidity in the near to medium term," "—During the integration period, we may experience competitive disadvantages, loss of market share, and deterioration in customer and agent relationships" and "—The planned governance restructuring and centralization of decision-making at the holding company level may not achieve the intended benefits and could create new operational and strategic risks." The unaudited selected pro forma financial information also does not take into account any integration or synergistic benefits which may be achieved as a result of the merger. Actual integration outcomes may differ materially from the assumptions underlying the unaudited selected pro forma financial information, and such differences could be significant.

Accounting Framework Differences: The unaudited selected pro forma financial information has been prepared based upon consolidated financial statements that have been prepared and presented in accordance with Japanese GAAP. Differences between Japanese GAAP and other accounting frameworks such as IFRS, as

well as differences in presentation conventions, can limit comparability and may affect investors' ability to evaluate the unaudited selected pro forma financial information. MS&AD has announced its plan to adopt IFRS for its consolidated financial statements from the fiscal year ending March 31, 2026. Upon adoption of IFRS, we will be required to calculate policy reserves based on the current fulfilment value of policy obligations taking into account factors such as current interest rate levels. This could increase the volatility of our reported financial condition and results of operations as compared to the currently applicable accounting standards under Japanese GAAP. Any such transition may affect comparability between the pro forma periods presented (which are prepared under Japanese GAAP) and future reported results under IFRS. In addition, the evolution of economic value-based solvency frameworks and our ESR disclosures may introduce further differences between current metrics used in, or alongside, the unaudited selected pro forma information and future reported metrics.

Unaudited Selected Pro Forma Financial Information is Unaudited and Unreviewed, and Is For Illustrative Purposes Only: The pro forma adjustments reflected in the selected pro forma financial information have not been audited, reviewed or subject to other procedures by our independent auditor in accordance with applicable auditing or review standards. The unaudited selected pro forma financial information is presented for illustrative purposes only and has been prepared by management based on available data and assumptions. There can be no assurance that an audit or review of the selected pro forma financial information or other procedures would not result in material changes to the pro forma adjustments or the conclusions drawn from such information.

Forward-Looking Assumptions: The unaudited selected pro forma financial information is based in part on forward-looking assumptions regarding the effects of the merger. Forward-looking assumptions are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. We undertake no obligation to update the unaudited selected pro forma financial information or the assumptions underlying it for events or circumstances occurring after the date of this Offering Circular, and no implication should be drawn that there has been no change in our affairs since the dates to which the unaudited selected pro forma financial information relates.

Given the substantial uncertainties inherent in pro forma financial information and the significant risks associated with the proposed merger and its integration, investors should not place undue reliance on the pro forma financial information in making an investment decision regarding the Bonds. Investors should consider the pro forma financial information in conjunction with the full spectrum of risks described in this Offering Circular, including risks relating to merger completion and integration as described in "—Risks Relating to the Proposed Merger with Aioi Nissay," as well as risks relating to our business, investments, regulatory environment, competitive dynamics and general economic and market conditions. The selected pro forma financial information is unaudited, presented for illustrative purposes only based on the assumption that the merger was completed on April 1, 2024, and is not necessarily indicative of our results had the merger occurred on that date or of our future results following the actual completion of the merger; differences between the unaudited selected pro forma financial information and actual results may be material and could adversely affect the market value of the Bonds and your investment.

Risks Relating to the Bonds

The Bonds are unsecured obligations.

The Bonds constitute our unsecured obligations. Repayment of the Bonds may be compromised if, among other things:

- we enter into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- we default in payment of our secured indebtedness or other unsecured indebtedness; or
- any of our indebtedness is accelerated.

If any of these events occurs, our assets may be insufficient to pay amounts due on any of the Bonds.

In making an investment decision with respect to the Bonds offered hereby, prospective investors should understand that we are the issuer of the Bonds and that no guarantee or other credit support has or will be provided by MS&AD or Aioi Nissay, and holders of the Bonds will have no claims against the assets or either entity.

Modification and waivers.

The Conditions contain provisions for calling meetings of Bondholders (as defined in the Conditions) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Change of law.

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision, or change to English law or administrative practice, after the date of this Offering Circular.

Integral multiples of less than €100,000.

The denomination of the Bonds is €100,000 and integral multiples of €1,000 in excess thereof. A Bondholder who as a result of trading the Bonds holds a principal amount of less than €100,000 will not receive a definitive certificate evidencing the Bond in respect of such holding (should definitive certificates be printed) and would need to purchase an additional principal amount of Bonds.

The rating of the Bonds could be lowered.

It is expected that the Bonds will be assigned a security rating of A+ by S&P. In addition, other rating agencies may assign security ratings to the Bonds without solicitation from or provision of information by us. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Bonds, but reflect only the view of each rating agency at the time the rating is issued. There is no assurance that such security ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. A downgrade or potential downgrade in these ratings, or the assignment of new ratings that are lower than existing ratings, could reduce the population of potential investors in the Bonds and adversely affect the price and liquidity of the Bonds. A rating is based upon information furnished by us or obtained by the rating agency from its own sources and is subject to revision, suspension or withdrawal by the rating agency at any time.

Insolvency laws of Japan.

Because we are incorporated under the laws of Japan, any insolvency proceeding relating to us would likely involve Japanese insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. The Bonds may have no established trading market when issued, and there can be no assurance as to the liquidity of any market that may develop for the Bonds or the prices at which investors will be able to sell Bonds, if at all. Future trading prices of the Bonds will depend on many factors, including:

- prevailing interest rates;
- our financial condition and results of operations;
- the then-current ratings assigned to the Bonds;
- the market for similar securities; and
- general economic conditions.

Any trading market that may develop would be affected by many factors independent of and in addition to the foregoing, including the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally and time remaining to the maturity of the Bonds.

The Bonds may not be suitable for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks pertaining to an investment in the Bonds;

(iv) thoroughly understand the Conditions and be familiar with the behavior of any relevant markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors including those set forth in these "Risk Factors" that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations.

The investment activities of certain investors may be restricted by laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether, and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. In addition, financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds are estimated to be approximately €1,395 million and will be used for general corporate purposes.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2025, on an actual basis and on an adjusted basis giving effect to the offering of the Bonds but not the use of proceeds thereof. The data set forth in the following table should be read in conjunction with the audited and unaudited consolidated financial statements and notes thereto included elsewhere in this Offering Circular.

	As of September 30, 2025	
	Actual	As adjusted
	(Yen in millions)	
Bonds issued (other than those offered hereby)	685,190	685,190
Bonds offered hereby[(1)]	—	244,258
Net assets:		
Common stock	139,595	139,595
Authorized—3,000,000,000 shares Issued—1,404,402,464 shares		
Capital surplus	84,387	84,387
Retained earnings	1,352,377	1,352,377
Net unrealized gains/(losses) on available-for-sale securities	968,564	968,564
Net deferred gains/(losses) on hedges	(7,521)	(7,521)
Foreign currency translation adjustments	258,697	258,697
Accumulated actuarial gains/(losses) on retirement benefits	22,339	22,339
Net unrealized gains/(losses) on policy liabilities for overseas consolidated subsidiaries, etc,	5,098	5,098
Non-controlling interests	47,972	47,972
Total net assets	¥2,871,510	¥2,871,510
Total capitalization[(1)(2)(3)]	¥3,556,700	¥3,800,958

Notes:

(1) Translation of the euro amount of the Bonds into yen has been made at the rate of €1.00 = ¥174.47, the approximate rate of exchange prevailing as of September 30, 2025.

(2) Total capitalization is the sum of Bonds issued (other than those offered hereby), Bonds offered hereby and total net assets.

(3) Except as set forth above, there has been no material change to our consolidated capitalization as of the date of this Offering Circular.

CONDITIONS OF THE 2030 BONDS

The following conditions of the bonds, save for paragraphs in italics, will be endorsed on the Certificates (as defined below) evidencing the 2030 Bonds (as defined below). Reference to the Bonds, Conditions or the Global Certificate in this section shall be construed as applying to the 2030 Bonds, unless otherwise specified or the context otherwise requires.

The issue of the €600,000,000 2.897 per cent Bonds due 2030 (the "Bonds") was authorised by resolutions of the Board of Directors of Mitsui Sumitomo Insurance Company, Limited (the "Issuer") passed on 27 March 2025 and 30 October 2025. A fiscal agency agreement dated 5 March 2026 (the "Fiscal Agency Agreement") has been entered into in relation to the Bonds among the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and paying agent and The Bank of New York Mellon SA/NV, Dublin Branch as transfer agent and registrar, and any further transfer agents and paying agents named in it. The fiscal agent, registrar, transfer agents and paying agents for the time being are referred to below, respectively, as the "Fiscal Agent", the "Registrar", the "Transfer Agents" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the certificate in respect of the Bonds. The Bonds have the benefit of a deed of covenant dated 5 March 2026 (the "Deed of Covenant") executed by the Issuer in relation to the Bonds. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Fiscal Agent or may be provided by email to such Bondholders (as defined below) requesting copies of the Fiscal Agency Agreement and the Deed of Covenant following prior written request and satisfactory proof of holdings being provided to the Fiscal Agent. Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination, Title and Transfer of Bonds

(a) **Form and Denomination**: The Bonds are serially numbered and in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof and are not exchangeable for bonds in bearer form. A bond certificate (each, a "Certificate") will be issued in respect of each holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of holders of Bonds to be kept by the Registrar in accordance with Condition 1(c)(i).

(b) **Title**: Title to the Bonds passes only by transfer and registration of title in the Register. The holder (as defined below) of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it, or its theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and "holder" mean the person in whose name the Bond is registered.

Upon issue, the 2030 Bonds will be evidenced by a Global Certificate in registered form which will be deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

These Conditions applicable to the 2030 Bonds are modified by certain provisions contained in the relevant Global Certificate. Except in the limited circumstances described in such Global Certificate, owners of interests in the 2030 Bonds evidenced by a Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of 2030 Bonds.

(c) Transfer of Bonds

(i) **The Register**: The Issuer will cause to be kept at the specified office of the Registrar, and in accordance with the terms of the Fiscal Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions of the Bonds.

(ii) **Transfers**: A Bond may be transferred upon the surrender at the specified offices of the Registrar or the Transfer Agent of the Certificate representing such Bond, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar and the Transfer Agent may reasonably require. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued

to the transferee in respect of the Bond so transferred. Where some only of the Bonds in respect of which a Certificate is issued are transferred, a new Certificate in respect of the Bonds not so transferred will be issued. No transfer may be made which would result in the principal amount of Bonds held by a holder and in respect of which a Certificate is to be issued being less than €100,000. All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of the Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Transfer Agent or the Registrar to any Bondholder upon request.

Transfers of interests in the 2030 Bonds represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing systems, as described in "Summary of Provisions Relating to the Bonds while in Global Form".

(iii) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 1(c)(ii) shall be available for delivery within three Transfer Business Days (as defined below) of receipt of the duly completed and signed form of transfer, and surrender of the original Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent to whom delivery or surrender of such form of transfer and Certificate shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address so specified (at the Issuer's expense), unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In these Conditions, "Transfer Business Day" means a day, other than Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(iv) **Formalities Free of Charge**: Registration of a transfer of Bonds and issue of Certificates in relation thereto shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon (A) payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require); and (B) the Issuer and the Registrar or the Transfer Agent being reasonably satisfied that the regulations concerning transfer of Bonds have been satisfied.

(v) **No Registration of Transfer**: No Bondholder may require the transfer of a Bond to be registered (A) during the period of seven days ending on (and including) the due date for redemption pursuant to Condition 5(a), (B) after a notice of redemption has been given pursuant to Condition 5(b), or (C) during the period commencing on (and including) any Interest Record Date (as defined in Condition 6(a)) and ending on the immediately following Interest Payment Date (as defined in Condition 4).

2. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 3) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond remains outstanding the Issuer will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any Securities (as defined below) upon the whole or any part of the property or assets, present or future, of the Issuer to secure (i) payment of any sum due in respect of any Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation in respect of Securities, in any such case in which:

(a) either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than Japanese yen, or such Securities are denominated in Japanese yen and more than 50 per cent of the aggregate principal amount thereof is initially offered or distributed outside Japan by or with the authorisation of the Issuer; and

(b) such Securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan,

unless, at the time or prior thereto, the Issuer's obligations under the Bonds (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement, in each case, as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In these Conditions, "Securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities of any person.

4. Interest

The Bonds bear interest from and including 5 March 2026 at the rate of 2.897 per cent per annum, payable semi-annually in arrear in equal instalments of €14.49 per Calculation Amount (as defined below) on 5 March and 5 September in each year, with the first interest payment on 5 September 2026 (each an "Interest Payment Date"). Each Bond will cease to bear interest from the due date for redemption unless, upon due surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for an Accrual Period (as defined below) that is shorter than the Interest Determination Period (as defined below), the relevant day-count fraction will be the actual number of days in the Accrual Period, divided by the product of (1) the number of days in such Interest Determination Period and (2) the number of Interest Determination Periods normally ending in any year.

In these Conditions, the period beginning on and including 5 March 2026 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "Interest Determination Period", and "Accrual Period" means the relevant period for which interest is to be calculated (beginning on and including the first day of such relevant period and ending on but excluding the last day of such relevant period).

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any Accrual Period shorter than the Interest Determination Period in which such Accrual Period falls shall be equal to the product of 2.897 per cent, the Calculation Amount and the day-count fraction for the Accrual Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate principal amount of the Bonds evidenced by the Global Certificate.

5. Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 5 March 2030. The Bonds may not be redeemed at the option of the Issuer other than in accordance with these Conditions.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7) as a result of any change in, amendment to, or judicial decision relating to the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 February 2026, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than

90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Representative Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of tax counsel of recognised standing confirming such facts. The Fiscal Agent shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate and opinion.

(c) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Bonds purchased by the Issuer or any of its Subsidiaries may be held or resold or, at the discretion of the Issuer, be cancelled. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

(e) **Cancellation**: All Certificates in respect of Bonds so redeemed will be, and any Certificates in respect of Bonds purchased may be at the option of the Issuer, cancelled and thereafter may not be re-issued or resold.

6. Payments

(a) **Method of Payment**: Payment of principal and interest payable on redemption of the Bonds will be made in euro by transfer to the Registered Account (as defined below) of the Bondholder. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of the relevant Paying Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date").

In these Conditions, "Registered Account" means a euro account maintained by the payee with a bank, details of which appear on the Register at the close of business on the sixth day before the due date of payment.

So long as the 2030 Bonds are evidenced by a Global Certificate and such 2030 Bonds are held on behalf of a clearing system, the requirement that the relevant Certificate shall be surrendered in order to receive payment shall not apply. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(b) **Payments Subject to Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment or other laws to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payments on Business Days**: If the due date for payment of any amount of principal or interest in respect of any Bond is not a business day, then the holder thereof shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition:

"business day" means a day on which commercial banks and foreign exchange markets are open for business in the city in which the specified office of the relevant Paying Agent is located and in Tokyo and London and which is a TARGET Business Day.

"TARGET Business Day" means a day on which T2 is open for the settlement of payments in euro.

"T2" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(d) **Paying Agents, Transfer Agents and Registrar**: The initial Paying Agents, Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Transfer Agents and the Registrar and appoint additional or other Paying Agents or Transfer Agents, provided that it will maintain (i) a Fiscal Agent, (ii) a Transfer Agent, (iii) a Registrar and (iv) a Paying Agent having a specified office in Singapore, so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require. Notice of any change in the Paying Agents, the Transfer Agents, the Registrar or their specified offices will promptly be given to the Bondholders.

7. Taxation

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or government charges of whatever nature imposed or levied by or on behalf of Japan or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts ("Additional Amounts") as shall be necessary in order that the net amounts received by the holders of the Bonds after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Bonds, as the case may be, in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable with respect to any Bond:

(a) **Presented for Payment**: presented for payment by or on behalf of a holder (i) who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation or who is not an individual resident of Japan or a Japanese corporation but is a person having a special relationship as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures with the Issuer for purposes of the exemption from Japanese income tax, including withholding tax, applicable to private foreign issued notes (*minkan kokugaisai*) under Article 6 of the Act on Special Taxation Measures or (ii) who is subject to such taxes, duties, assessments or governmental charges in respect of the Bonds by reason of his having some connection with Japan or any political subdivision or any authority thereof or therein having power to tax other than the mere holding or ownership of such Bond; or

(b) **Japanese Law Requirements**: to, or to a third party on behalf of, a holder who fails to comply with the Japanese law requirements in respect of the exemption from such withholding or deduction; or

(c) **More than 30 Days after the Relevant Date**: where the Certificate in respect of the Bond is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Bonds by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "FATCA Withholding"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

(i) ''Relevant Date'' means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 13; and

(ii) "principal" and/or "interest" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. Events of Default

If any of the following events (an "Event of Default") shall have occurred and be continuing:

(a) **Non-Payment**: the Issuer defaults in the payment of any principal or interest on any of the Bonds when due and such failure continues for a period of seven days in relation to the principal or 14 days in relation to the interest; or

(b) **Breach of Other Obligations**: the Issuer defaults in the performance or observance of any other covenant, condition or provision contained in the Bonds and on its part to be performed or observed and (except where such failure is not capable of remedy, when no such notice shall be required and no grace period shall apply) such default shall continue for 30 days after notice requiring such default to be remedied shall have been given to the Fiscal Agent at its specified office by any Bondholder; or

(c) **Cross-Default**: (i) the obligation to repay any indebtedness for money borrowed by the Issuer is accelerated prior to its stated maturity (otherwise than pursuant to a provision permitting prepayment at the option of the Issuer), or any such indebtedness is not paid when due (or at the expiration of any applicable grace period as originally provided), or (ii) the Issuer defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed, provided that the aggregate amount in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds ¥1,000,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against Japanese yen as quoted by any leading bank on the day on which this Condition 8(c) operates); or

(d) **Initiation of Insolvency Proceedings**: proceedings shall have been initiated against the Issuer seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(e) **Decree of Insolvency/Dissolution**: a final decree or order is made or issued by a court of competent jurisdiction approving a petition seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or any material part of its property, or for the winding-up, dissolution or liquidation of the Issuer in its bankruptcy or insolvency; or

(f) **Resolution for Dissolution**: a resolution is passed for the winding-up, dissolution or liquidation of the Issuer except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of English law) the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement); or

(g) **Institution of Insolvency Proceedings**: the Issuer institutes proceedings seeking with respect to itself a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil

Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or any material part of its property, or makes a general assignment for the benefit of its creditors; or

(h) **Stop Payment**: the Issuer stops payment (within the meaning of the Bankruptcy Act or any other similar applicable law of Japan or of any other jurisdiction); or

(i) **Cessation of Business**: the Issuer ceases, or through an official action of its board of directors threatens to cease, to carry on business, except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution; or

(j) **Encumbrancer**: any encumbrancer takes possession of the whole or any material part of the assets or undertakings of the Issuer or a distress, execution or other similar process is levied or enforced upon or sued out against the whole or any material part of the assets of the Issuer and is not removed, discharged or paid out within 30 days,

then any Bondholder for the time being may, by written notice given to the Fiscal Agent at its specified office, declare the principal amount of, and all interest accrued on, the Bonds held by the Bondholder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without presentment, demand, protest or other notice of any kind.

In these Conditions:

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended); and

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended).

9. Prescription

Claims in respect of principal and interest will become void unless made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Meetings of Bondholders and Modification

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes

consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to amend, vary or terminate the Deed of Covenant in a manner which would materially and adversely affect the Bondholders or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit (i) any modification of any of these Conditions or any of the provisions of the Fiscal Agency Agreement, or (ii) any waiver or authorisation of any breach or proposed breach of or any failure to comply with the Fiscal Agency Agreement, if to do so could not, in the sole opinion of the Issuer, reasonably be expected to be prejudicial to the interests of the Bondholders or if necessary to comply with mandatory provisions of the law. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination by the Issuer. Any such modification shall be binding on the Bondholders and any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

13. Notices

Notices to Bondholders will be valid if mailed to them at their respective addresses in the Register and published in one leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the later of (i) the seventh day after being so mailed and (ii) the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the 2030 Bonds are represented by a Global Certificate and such 2030 Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by these Conditions.

14. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If

that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Fiscal Agency Agreement, the Bonds, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process:** The Issuer irrevocably appoints Cogency Global (UK) Limited at its registered office for the time being in England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

CONDITIONS OF THE 2034 BONDS

The following conditions of the bonds, save for paragraphs in italics, will be endorsed on the Certificates (as defined below) evidencing the 2034 Bonds (as defined below). Reference to the Bonds, Conditions or the Global Certificate in this section shall be construed as applying to the 2034 Bonds, unless otherwise specified or the context otherwise requires.

The issue of the €800,000,000 3.460 per cent Bonds due 2034 (the "Bonds") was authorised by resolutions of the Board of Directors of Mitsui Sumitomo Insurance Company, Limited (the "Issuer") passed on 27 March 2025 and 30 October 2025. A fiscal agency agreement dated 5 March 2026 (the "Fiscal Agency Agreement") has been entered into in relation to the Bonds among the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and paying agent and The Bank of New York Mellon SA/NV, Dublin Branch as transfer agent and registrar, and any further transfer agents and paying agents named in it. The fiscal agent, registrar, transfer agents and paying agents for the time being are referred to below, respectively, as the "Fiscal Agent", the "Registrar", the "Transfer Agents" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the certificate in respect of the Bonds. The Bonds have the benefit of a deed of covenant dated 5 March 2026 (the "Deed of Covenant") executed by the Issuer in relation to the Bonds. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Fiscal Agent or may be provided by email to such Bondholders (as defined below) requesting copies of the Fiscal Agency Agreement and the Deed of Covenant following prior written request and satisfactory proof of holdings being provided to the Fiscal Agent. Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination, Title and Transfer of Bonds

(a) **Form and Denomination**: The Bonds are serially numbered and in registered form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof and are not exchangeable for bonds in bearer form. A bond certificate (each, a "Certificate") will be issued in respect of each holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of holders of Bonds to be kept by the Registrar in accordance with Condition 1(c)(i).

(b) **Title**: Title to the Bonds passes only by transfer and registration of title in the Register. The holder (as defined below) of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it, or its theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "Bondholder" and "holder" mean the person in whose name the Bond is registered.

Upon issue, the 2034 Bonds will be evidenced by a Global Certificate in registered form which will be deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

These Conditions applicable to the 2034 Bonds are modified by certain provisions contained in the relevant Global Certificate. Except in the limited circumstances described in such Global Certificate, owners of interests in the 2034 Bonds evidenced by a Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of 2034 Bonds.

(c) Transfer of Bonds

(i) **The Register**: The Issuer will cause to be kept at the specified office of the Registrar, and in accordance with the terms of the Fiscal Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions of the Bonds.

(ii) **Transfers**: A Bond may be transferred upon the surrender at the specified offices of the Registrar or the Transfer Agent of the Certificate representing such Bond, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar and the Transfer Agent may reasonably require. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued

to the transferee in respect of the Bond so transferred. Where some only of the Bonds in respect of which a Certificate is issued are transferred, a new Certificate in respect of the Bonds not so transferred will be issued. No transfer may be made which would result in the principal amount of Bonds held by a holder and in respect of which a Certificate is to be issued being less than €100,000. All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of the Bonds scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Transfer Agent or the Registrar to any Bondholder upon request.

Transfers of interests in the 2034 Bonds represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing systems, as described in "Summary of Provisions Relating to the Bonds while in Global Form".

(iii) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 1(c)(ii) shall be available for delivery within three Transfer Business Days (as defined below) of receipt of the duly completed and signed form of transfer, and surrender of the original Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent to whom delivery or surrender of such form of transfer and Certificate shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address so specified (at the Issuer's expense), unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In these Conditions, "Transfer Business Day" means a day, other than Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(iv) **Formalities Free of Charge**: Registration of a transfer of Bonds and issue of Certificates in relation thereto shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon (A) payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require); and (B) the Issuer and the Registrar or the Transfer Agent being reasonably satisfied that the regulations concerning transfer of Bonds have been satisfied.

(v) **No Registration of Transfer**: No Bondholder may require the transfer of a Bond to be registered (A) during the period of seven days ending on (and including) the due date for redemption pursuant to Condition 5(a), (B) after a notice of redemption has been given pursuant to Condition 5(b), or (C) during the period commencing on (and including) any Interest Record Date (as defined in Condition 6(a)) and ending on the immediately following Interest Payment Date (as defined in Condition 4).

2. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 3) at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Negative Pledge

So long as any Bond remains outstanding the Issuer will not create or permit to be outstanding any pledge, mortgage, charge or other security interest for the benefit of the holders of any Securities (as defined below) upon the whole or any part of the property or assets, present or future, of the Issuer to secure (i) payment of any sum due in respect of any Securities or (ii) any payment under any guarantee of Securities or (iii) any payment under any indemnity or other like obligation in respect of Securities, in any such case in which:

(a) either such Securities are by their terms payable, or confer a right to receive payment, in any currency other than Japanese yen, or such Securities are denominated in Japanese yen and more than 50 per cent of the aggregate principal amount thereof is initially offered or distributed outside Japan by or with the authorisation of the Issuer; and

(b) such Securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan,

unless, at the time or prior thereto, the Issuer's obligations under the Bonds (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement, in each case, as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

In these Conditions, "Securities" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities of any person.

4. Interest

The Bonds bear interest from and including 5 March 2026 at the rate of 3.460 per cent per annum, payable semi-annually in arrear in equal instalments of €17.30 per Calculation Amount (as defined below) on 5 March and 5 September in each year, with the first interest payment on 5 September 2026 (each an "Interest Payment Date"). Each Bond will cease to bear interest from the due date for redemption unless, upon due surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified the Bondholders of its receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for an Accrual Period (as defined below) that is shorter than the Interest Determination Period (as defined below), the relevant day-count fraction will be the actual number of days in the Accrual Period, divided by the product of (1) the number of days in such Interest Determination Period and (2) the number of Interest Determination Periods normally ending in any year.

In these Conditions, the period beginning on and including 5 March 2026 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "Interest Determination Period", and "Accrual Period" means the relevant period for which interest is to be calculated (beginning on and including the first day of such relevant period and ending on but excluding the last day of such relevant period).

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any Accrual Period shorter than the Interest Determination Period in which such Accrual Period falls shall be equal to the product of 3.460 per cent, the Calculation Amount and the day-count fraction for the Accrual Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate principal amount of the Bonds evidenced by the Global Certificate.

5. Redemption and Purchase

(a) **Final Redemption**: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 5 March 2034. The Bonds may not be redeemed at the option of the Issuer other than in accordance with these Conditions.

(b) **Redemption for Taxation Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days nor more than 60 days' prior notice to the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7) as a result of any change in, amendment to, or judicial decision relating to the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 February 2026, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90

days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Representative Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of tax counsel of recognised standing confirming such facts. The Fiscal Agent shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate and opinion.

(c) **Notice of Redemption**: All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) **Purchase**: The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Bonds purchased by the Issuer or any of its Subsidiaries may be held or resold or, at the discretion of the Issuer, be cancelled. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).

(e) **Cancellation**: All Certificates in respect of Bonds so redeemed will be, and any Certificates in respect of Bonds purchased may be at the option of the Issuer, cancelled and thereafter may not be re-issued or resold.

6. Payments

(a) **Method of Payment**: Payment of principal and interest payable on redemption of the Bonds will be made in euro by transfer to the Registered Account (as defined below) of the Bondholder. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of the relevant Paying Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date").

In these Conditions, "Registered Account" means a euro account maintained by the payee with a bank, details of which appear on the Register at the close of business on the sixth day before the due date of payment.

So long as the 2034 Bonds are evidenced by a Global Certificate and such 2034 Bonds are held on behalf of a clearing system, the requirement that the relevant Certificate shall be surrendered in order to receive payment shall not apply. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(b) **Payments Subject to Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment or other laws to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payments on Business Days**: If the due date for payment of any amount of principal or interest in respect of any Bond is not a business day, then the holder thereof shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition:

"business day" means a day on which commercial banks and foreign exchange markets are open for business in the city in which the specified office of the relevant Paying Agent is located and in Tokyo and London and which is a TARGET Business Day.

"TARGET Business Day" means a day on which T2 is open for the settlement of payments in euro.

"T2" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(d) **Paying Agents, Transfer Agents and Registrar**: The initial Paying Agents, Transfer Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, Transfer Agents and the Registrar and appoint additional or other Paying Agents or Transfer Agents, provided that it will maintain (i) a Fiscal Agent, (ii) a Transfer Agent, (iii) a Registrar and (iv) a Paying Agent having a specified office in Singapore, so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited and the rules of that exchange so require. Notice of any change in the Paying Agents, the Transfer Agents, the Registrar or their specified offices will promptly be given to the Bondholders.

7. Taxation

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or government charges of whatever nature imposed or levied by or on behalf of Japan or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts ("Additional Amounts") as shall be necessary in order that the net amounts received by the holders of the Bonds after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Bonds, as the case may be, in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable with respect to any Bond:

(a) **Presented for Payment**: presented for payment by or on behalf of a holder (i) who is for Japanese tax purposes treated as an individual resident of Japan or a Japanese corporation or who is not an individual resident of Japan or a Japanese corporation but is a person having a special relationship as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures with the Issuer for purposes of the exemption from Japanese income tax, including withholding tax, applicable to private foreign issued notes (*minkan kokugaisai*) under Article 6 of the Act on Special Taxation Measures or (ii) who is subject to such taxes, duties, assessments or governmental charges in respect of the Bonds by reason of his having some connection with Japan or any political subdivision or any authority thereof or therein having power to tax other than the mere holding or ownership of such Bond; or

(b) **Japanese Law Requirements**: to, or to a third party on behalf of, a holder who fails to comply with the Japanese law requirements in respect of the exemption from such withholding or deduction; or

(c) **More than 30 Days after the Relevant Date**: where the Certificate in respect of the Bond is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Bonds by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "FATCA Withholding"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

(i) ''Relevant Date'' means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 13; and

(ii) "principal" and/or "interest" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. Events of Default

If any of the following events (an "Event of Default") shall have occurred and be continuing:

(a) **Non-Payment**: the Issuer defaults in the payment of any principal or interest on any of the Bonds when due and such failure continues for a period of seven days in relation to the principal or 14 days in relation to the interest; or

(b) **Breach of Other Obligations**: the Issuer defaults in the performance or observance of any other covenant, condition or provision contained in the Bonds and on its part to be performed or observed and (except where such failure is not capable of remedy, when no such notice shall be required and no grace period shall apply) such default shall continue for 30 days after notice requiring such default to be remedied shall have been given to the Fiscal Agent at its specified office by any Bondholder; or

(c) **Cross-Default**: (i) the obligation to repay any indebtedness for money borrowed by the Issuer is accelerated prior to its stated maturity (otherwise than pursuant to a provision permitting prepayment at the option of the Issuer), or any such indebtedness is not paid when due (or at the expiration of any applicable grace period as originally provided), or (ii) the Issuer defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed, provided that the aggregate amount in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds ¥1,000,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against Japanese yen as quoted by any leading bank on the day on which this Condition 8(c) operates); or

(d) **Initiation of Insolvency Proceedings**: proceedings shall have been initiated against the Issuer seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(e) **Decree of Insolvency/Dissolution**: a final decree or order is made or issued by a court of competent jurisdiction approving a petition seeking with respect to the Issuer a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of all or any material part of its property, or for the winding-up, dissolution or liquidation of the Issuer in its bankruptcy or insolvency; or

(f) **Resolution for Dissolution**: a resolution is passed for the winding-up, dissolution or liquidation of the Issuer except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of English law) the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement); or

(g) **Institution of Insolvency Proceedings**: the Issuer institutes proceedings seeking with respect to itself a decree of commencement of bankruptcy, reorganisation or rehabilitation procedures or special liquidation under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil

Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or any material part of its property, or makes a general assignment for the benefit of its creditors; or

(h) **Stop Payment**: the Issuer stops payment (within the meaning of the Bankruptcy Act or any other similar applicable law of Japan or of any other jurisdiction); or

(i) **Cessation of Business**: the Issuer ceases, or through an official action of its board of directors threatens to cease, to carry on business, except in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the establishment of a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Issuer under the Bonds or where the terms have previously been approved by an Extraordinary Resolution; or

(j) **Encumbrancer**: any encumbrancer takes possession of the whole or any material part of the assets or undertakings of the Issuer or a distress, execution or other similar process is levied or enforced upon or sued out against the whole or any material part of the assets of the Issuer and is not removed, discharged or paid out within 30 days,

then any Bondholder for the time being may, by written notice given to the Fiscal Agent at its specified office, declare the principal amount of, and all interest accrued on, the Bonds held by the Bondholder to be forthwith due and payable, whereupon the same shall become immediately due and payable, without presentment, demand, protest or other notice of any kind.

In these Conditions:

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended); and

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended).

9. Prescription

Claims in respect of principal and interest will become void unless made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Meetings of Bondholders and Modification

(a) **Meetings of Bondholders**: The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes

consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to amend, vary or terminate the Deed of Covenant in a manner which would materially and adversely affect the Bondholders or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of Fiscal Agency Agreement**: The Issuer shall only permit (i) any modification of any of these Conditions or any of the provisions of the Fiscal Agency Agreement, or (ii) any waiver or authorisation of any breach or proposed breach of or any failure to comply with the Fiscal Agency Agreement, if to do so could not, in the sole opinion of the Issuer, reasonably be expected to be prejudicial to the interests of the Bondholders or if necessary to comply with mandatory provisions of the law. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination by the Issuer. Any such modification shall be binding on the Bondholders and any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

13. Notices

Notices to Bondholders will be valid if mailed to them at their respective addresses in the Register and published in one leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the later of (i) the seventh day after being so mailed and (ii) the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the 2034 Bonds are represented by a Global Certificate and such 2034 Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by these Conditions.

14. Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If

that euro amount is less than the euro amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law and Jurisdiction

(a) **Governing Law**: The Fiscal Agency Agreement, the Bonds, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process:** The Issuer irrevocably appoints Cogency Global (UK) Limited at its registered office for the time being in England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

Transfers of interests in the Bonds in respect of which a Global Certificate is issued shall be effected through the records of the relevant clearing system and their respective participants in accordance with the rules and procedures of the relevant clearing system and their respective direct and indirect participants.

Transfers of the holding of Bonds represented by a Global Certificate pursuant to Condition 1(c) of the relevant Series may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if principal in respect of any Bond is not paid when due,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the holder has given the Registrar not less than 30 days' notice at its specified office of the holder's intention to effect such transfer.

Upon issue, each Series will be represented by a Global Certificate. Each Global Certificate will be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and may be delivered on or prior to the original issue date of the Bonds.

Upon the registration of each Global Certificate in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and delivery of such Global Certificate to the common depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Bonds equal to the nominal amount thereof for which it has subscribed and paid. In the event that definitive certificates for the Bonds are issued, a Bondholder who holds a principal amount of less than €100,000 will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Bonds such that it holds an amount of €100,000 or above in integral multiples of €1,000 thereof.

Each Global Certificate contains provisions which apply to the Bonds in respect of which such Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of the Bonds evidenced by a Global Certificate will be made without presentation or surrender of such Global Certificate to or to the order of the Fiscal Agent (as defined in the Conditions) or such other Paying Agent (as defined in the Conditions) as shall have been notified to the Bondholders for such purpose and without the requirement to be a business day in the location of the relevant Paying Agent.

All payments in respect of Bonds represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except December 25 and January 1.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, we will pay interest in respect of such Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation will be made in respect of the total principal aggregate amount of the Bonds represented by the Global Certificate.

Notices

So long as the Bonds are evidenced by a Global Certificate and such Global Certificate is registered in the name of a nominee for a common depositary for Euroclear and/or Clearstream, Luxembourg or any other clearing system, notices to Bondholders, including notices of redemption, shall be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or, as the case may be, such other clearing system,

for communication by it to accountholders entitled to the Bonds in substitution for publication and mailing as required by the Conditions. Such notices shall be deemed to have been given in accordance with the Conditions on the date of delivery to the relevant clearing system.

Meetings

The holder of the Bonds, in respect of which a Global Certificate is issued, shall be treated as being two persons for the purposes of any quorum requirements of a meeting of the Bondholders in respect of the Bonds and, at any such meeting, as having one vote in respect of each €1,000 of Bonds in respect of which such Global Certificate is issued.

Written Resolution/Electronic Consent

While each Global Certificate is registered in the name of any nominee for, or a nominee for any common depositary for, a clearing system, then (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent in nominal amount of the Bonds then outstanding (an "Electronic Consent" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an extraordinary resolution to be passed at a meeting subject to a special quorum), take effect as an extraordinary resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, subject to certain requirements set out in the Fiscal Agency Agreement, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the relevant clearing system with entitlements to the Bonds evidenced by a Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries.

Default

If principal in respect of any Bond is not paid when due and payable, the holder of a Bond represented by a Global Certificate may elect for direct enforcement rights against us under the terms of the Deed of Covenant (as defined in the Conditions) to come into effect in relation to a principal amount of Bonds up to an aggregate principal amount in respect of which failure to pay has occurred in favour of the persons entitled to such part of such Bonds as accountholders with a clearing system. Following any such acquisition of direct rights, the relevant Global Certificate and the corresponding entry in the Register kept by the Registrar will become void as to the specified Bonds.

SELECTED FINANCIAL AND OTHER DATA

The table below sets forth certain selected consolidated and non-consolidated financial data as of and for the periods indicated.

The selected consolidated financial data set forth below as of and for the fiscal years ended March 31, 2023, 2024 and 2025 has been derived from, and should be read in conjunction with, our audited annual consolidated financial statements and notes thereto contained elsewhere in this Offering Circular.

The selected consolidated financial data as of September 30, 2025 and for the six months ended September 30, 2024 and 2025 has been derived from our unaudited consolidated financial statements as of September 30, 2025 and for the six months ended September 30, 2024 and 2025, contained elsewhere in this Offering Circular.

The information below should also be read in conjunction with, and is qualified in its entirety by reference to, "Recent Business."

The following table sets forth our selected consolidated financial data as of the dates and for the periods indicated.

	As of and for the fiscal year ended March 31,			As of and for the six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Consolidated Financial Data:					
Statement of income data:					
Ordinary income:					
Net premiums written	¥2,469,055	¥2,753,874	¥3,071,208	¥1,710,687	¥ 1,867,484
Income from other underwriting income items[(1)]	72,244	126,866	78,560	40,900	41,222
Underwriting income	2,541,300	2,880,741	3,149,768	1,751,587	1,908,706
Investment income	301,061	337,951	696,655	465,188	402,441
Other ordinary income	17,429	32,736	39,511	18,226	17,924
Total ordinary income	2,859,790	3,251,429	3,885,935	2,235,003	2,329,072
Ordinary expenses:					
Underwriting expenses	2,155,618	2,385,124	2,595,858	1,454,914	1,543,220
Investment expenses	107,005	55,473	63,852	37,144	38,937
Operating expenses and general and administrative expenses	395,578	454,485	483,550	233,794	234,625
Other ordinary expenses	13,383	22,618	29,288	14,128	11,892
Total ordinary expenses	2,671,586	2,917,701	3,172,550	1,739,982	1,828,676
Ordinary profit	188,204	333,727	713,384	495,021	500,396
Extraordinary income	34,200	16,458	11,509	4,198	215
Extraordinary losses	14,071	17,638	12,139	5,576	10,059
Income before income taxes	208,334	332,548	712,754	493,643	490,552
Total income taxes	54,583	54,929	153,531	99,119	118,703
Net income attributable to non-controlling interests	3,874	2,973	4,806	2,685	2,110
Net income attributable to owners of the parent	¥ 149,875	¥ 274,645	¥ 554,416	¥ 391,838	¥ 369,738
Balance sheet data:					
Total assets	¥8,577,350	¥9,866,262	¥9,620,290	¥9,640,771	¥10,026,928
Liabilities:					
Outstanding claims	1,814,658	1,994,888	2,366,066	2,213,795	2,386,257
Underwriting reserves	3,218,290	3,008,409	2,993,306	3,098,882	3,126,967
Bonds issued	584,743	585,045	485,565	485,628	685,190
Total liabilities	6,572,016	6,861,364	6,865,177	6,791,123	7,155,418

	As of and for the fiscal year ended March 31,			As of and for the six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Net assets:					
Shareholders' equity:					
Common stock	139,595	139,595	139,595	139,595	139,595
Capital surplus	85,008	84,425	84,387	84,387	84,387
Retained earnings	685,527	859,344	1,111,412	1,065,137	1,352,377
Total shareholders' equity	910,130	1,083,364	1,335,394	1,289,120	1,576,360
Accumulated other comprehensive income:					
Net unrealized gains/(losses) on securities	971,512	1,644,414	979,735	1,093,392	968,564
Net deferred gains/(losses) on hedges	1,431	(3,140)	(7,009)	(5,200)	(7,521)
Foreign currency translation adjustments	70,677	199,680	367,497	387,920	258,697
Accumulated actuarial gains/(losses) on retirement benefits	(9,256)	30,320	22,492	29,103	22,339
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries	7,415	4,395	5,563	7,216	5,098
Total accumulated other comprehensive income	1,041,781	1,875,670	1,368,280	1,512,431	1,247,178
Non-controlling interests	53,422	45,863	51,437	48,095	47,972
Total net assets	2,005,334	3,004,898	2,755,113	2,849,647	2,871,510
Total liabilities and net assets	¥8,577,350	¥9,866,262	¥9,620,290	¥9,640,771	¥10,026,928
Other Consolidated Data:					
Consolidated solvency margin ratio	655.3%	698.6%	656.0%	654.6%	689.1%

Note:

(1) Sum of deposit premiums from policyholders, investment income on deposit premiums from policyholders, life insurance premiums, reversal of outstanding claims, reversal of underwriting reserves and other underwriting income.

The following table sets forth our non-consolidated financial data as of the dates and for the periods indicated.

	As of and for the fiscal year ended March 31,			As of and for the nine months ended December 31,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Selected non-consolidated data:					
Statement of Income data:					
Ordinary income	¥1,956,362	¥2,058,063	¥2,453,546	¥1,926,780	¥1,862,758
Net premiums written	1,629,832	1,623,307	1,679,248	1,249,242	1,301,467
Net interest and dividends income[1]	109,463	129,412	145,844	116,120	120,890
Net investment income[2]	165,752	204,967	532,017	472,761	428,679
Ordinary profit	141,224	214,319	576,026	543,237	515,362
Underwriting income (loss), net:					
Fire and Allied Lines	¥ (34,339)	¥ (5,945)	¥ 7,531	¥ 8,186	¥ 22,139
Marine	1,151	15,011	12,175	12,873	11,725
Personal Accident	(5,037)	(3,230)	(1,073)	5,068	7,394
Voluntary Automobile	29,969	3,800	14,405	23,227	21,430
Other	(7,680)	11,074	21,563	28,066	33,480
Total underwriting income (loss), net	(15,937)	20,709	54,601	77,423	96,170
Interest and dividends received	134,995	154,765	170,438	133,301	137,819
Gain on sales of securities	110,702	106,682	450,590	383,318	311,866
Impairment losses on securities	(26,137)	(24,598)	(16,102)	(11,804)	(235)
Net income	107,899	167,777	459,900	425,430	382,785
Balance sheet data:					
Total assets	7,000,023	7,864,388	6,822,620	7,024,507	7,173,078
Underwriting reserves	2,991,931	2,867,322	2,751,617	2,744,618	2,675,927
Common stock	139,595	139,595	139,595	139,595	139,595
Capital surplus	93,107	93,107	93,107	93,107	93,107
Retained earnings	709,093	777,866	935,418	900,948	1,035,785
Total shareholders' equity	941,796	1,010,569	1,168,121	1,133,651	1,268,488
Net unrealized gains/(losses) on securities	1,006,761	1,661,847	996,116	1,206,251	1,063,253
Net deferred gains/(losses) on hedges	13,972	9,305	6,047	6,558	3,917
Total valuation and translation adjustments	1,020,734	1,671,152	1,002,163	1,212,810	1,067,171
Total net assets	1,962,531	2,681,722	2,170,285	2,346,461	2,335,659
Non-consolidated combined ratio:					
Net loss ratio (written-paid basis)[3](a)	64.3%	65.6%	66.7%	67.4%	63.4%
Net expense ratio[4](b)	32.5%	32.7%	32.0%	32.0%	30.6%
Combined ratio(a+b)	96.8%	98.3%	98.7%	99.4%	94.0%
Other non-consolidated data:					
Return on investment (income yield)[5]	2.56%	3.01%	3.46%	— %	— %
Return on investment (realized yield)[5]	3.79%	4.66%	11.48%	— %	— %
Solvency margin ratio[6]:					
Non-consolidated solvency margin ratio	684.3%	691.1%	706.3%	732.6%	746.7%

Notes:

(1) Interest and dividends received minus transfer of investment income on deposit premiums.

(2) Sum of net interest and dividend income, transfer of investment income on deposit premiums from policyholders, gains (losses) on sales of securities, impairment losses on securities and other.

(3) Ratio of (i) the sum of net claims paid and loss adjustment expenses to (ii) net premiums written.

(4) Ratio of (i) the sum of commission and collection expenses and such portion of operating expenses and general and administrative expenses that relate to underwriting activities to (ii) net premiums written.

(5) Return on investment is not calculated for the nine months ended December 31 for each fiscal year.

(6) For more information on the calculation methodology of solvency margin ratio, see "Recent Business—Solvency Margin Ratio."

RECENT BUSINESS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Circular. The consolidated financial statements have been prepared in accordance with Japanese GAAP, which differs in certain respects from IFRS and accounting principles generally accepted in other jurisdictions. This section contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in those forward-looking statements as a result of factors including, but not limited, those set forth under "Risk Factors" and elsewhere in this Offering Circular.

We are one of the largest non-life insurance companies in Japan and a core operating company of MS&AD, Japan's largest non-life insurance group in terms of volume of consolidated net premiums written for the fiscal year ended March 31, 2025. We underwrite the full range of non-life insurance coverage, including voluntary automobile, compulsory automobile liability, personal accident, fire and allied lines and marine insurance.

In addition to our core non-life insurance business in Japan, we operate in overseas markets and have significantly expanded our international business in recent years through targeted acquisitions, including our acquisitions of Amlin plc in 2016 and Transverse Insurance Group, LLC in 2023. In our international business, we engaged in reinsurance and also underwrite lines of non-life and life insurance coverage through our subsidiaries in 41 countries and regions as of July 22, 2025 in Asia, Europe and the Americas.

Our ordinary income is comprised of underwriting income, investment income and other ordinary income. Our primary source of ordinary income is underwriting income, which is comprised primarily of net premiums written. For the fiscal year ended March 31, 2025, 81.1% of our ordinary income was generated by underwriting income, and 17.9% was generated by investment income.

Our net premiums written, ordinary profit and net income attributable to owners of the parent for the fiscal year ended March 31, 2025 were ¥3,071.2 billion, ¥713.3 billion and ¥554.4 billion, respectively, as compared with ¥2,753.8 billion, ¥333.7 billion and ¥274.6 billion, respectively, for the fiscal year ended March 31, 2024.

The breakdown of our net premiums written by line of business for the fiscal year ended March 31, 2025 was 30.5% for voluntary automobile, 24.0% for fire and allied lines, 7.7% for marine, 7.1% for personal accident, 4.0% for compulsory automobile liability and 26.7% for other insurances.

Our net premiums written, ordinary profit and net income attributable to owners of the parent for the six months ended September 30, 2025 were ¥1,867.4 billion, ¥500.3 billion and ¥369.7 billion, respectively, as compared with ¥1,710.6 billion, ¥495.0 billion and ¥391.8 billion, respectively, for the six months ended September 30, 2024.

We have two reporting segments: domestic non-life insurance business and international business. Businesses that do not fall within these two reporting segments are included within our other businesses segment. The domestic non-life insurance business segment is the largest reporting segment, and includes all of the businesses operated by us on a non-consolidated basis, including those of our overseas branches (but not our overseas subsidiaries). The international business segment includes all the businesses operated by our overseas subsidiaries. The other businesses segment includes financial services businesses operated by group companies other than domestic insurance companies. For the fiscal year ended March 31, 2025, revenues in our domestic non-life insurance business segment accounted for ¥1,679.2 billion (or ¥1,622.9 billion after excluding intersegment sales and transfers, representing 52.5% of our total of revenues from transactions with external customers), revenues in our international business segment accounted for ¥1,400.9 billion (or ¥1,457.1 billion after adjustments for intersegment sales and transfers, representing 47.1% of our total of revenues from transactions with external customers) and revenues in our other businesses segment accounted for ¥14.0 billion.

Recent Financial Highlights

Results of Operations for the Nine months ended December 31, 2025 and 2024 (Non-consolidated basis)

The following table sets forth our selected income statement data for each of the periods indicated:

	Nine months ended December 31,	
	2024	2025
	(Yen in millions)	
Ordinary income:		
Underwriting income:		
Net premiums written	¥1,249,242	¥1,301,467
Deposit premiums from policyholders	17,510	17,849
Investment income on deposit premiums from policyholders	17,180	16,928
Reversal of underwriting reserves	122,703	75,690
Total underwriting income	1,408,546	1,413,294
Investment income:		
Interest and dividends received	133,301	137,819
Investment gains on money trusts	—	146
Gains on sales of securities	383,318	311,866
Transfer of investment income on deposit premiums from policyholders	(17,180)	(16,928)
Total investment income	514,436	445,350
Other ordinary income	3,798	4,114
Total ordinary income	1,926,780	1,862,758
Ordinary expenses:		
Underwriting expenses:		
Net claims paid	759,293	731,700
Loss adjustment expenses	82,414	93,214
Commissions and collection expenses	235,002	236,040
Maturity refunds to policyholders	75,577	74,419
Provision for outstanding claims	14,701	18,652
Total underwriting expenses	1,167,327	1,154,368
Investment expenses:		
Investment losses on money trusts	1,341	—
Losses on sales of securities	8,087	4,729
Impairment losses on securities	11,804	235
Losses on derivative transactions	10,833	4
Total investment expenses	35,289	10,247
Operating expenses and general and administrative expenses	176,079	174,780
Other ordinary expenses:		
Interest expense	3,487	4,986
Total ordinary expenses	4,846	8,000
Ordinary profit	543,237	515,362
Extraordinary income	212	745
Extraordinary losses	3,774	13,744
Income before income taxes	539,676	502,363
Total income taxes	114,245	119,578
Net income	¥ 425,430	¥ 382,785

Underwriting Income. Underwriting income increased 0.3% from ¥1,408,546 million for the nine months ended December 31, 2024 to ¥1,413,294 million for the nine months ended December 31, 2025.

Investment Income. Investment income decreased 13.4% from ¥514,436 million for the nine months ended December 31, 2024 to ¥445,350 million for the nine months ended December 31, 2025 due to decrease in gains on sales of securities.

Underwriting Expenses. Underwriting expenses decreased 1.1% from ¥1,167,327 million for the nine months ended December 31, 2024 to ¥1,154,368 million for the nine months ended December 31, 2025.

Investment Expenses. Investment expenses decreased 71.0% from ¥35,289 million for the nine months ended December 31, 2024 to ¥10,247 million for the nine months ended December 31, 2025 due primarily to decreases in impairment losses on securities and losses on derivative transactions.

Operating Expenses and General and Administrative Expenses. Operating expenses and general and administrative expenses decreased 0.7% from ¥176,079 million for the nine months ended December 31, 2024 to ¥174,780 million for the nine months ended December 31, 2025.

Ordinary Profit. Ordinary profit decreased 5.1% from ¥543,237 million for the nine months ended December 31, 2024 to ¥515,362 million for the nine months ended December 31, 2025.

Extraordinary Income. Extraordinary income increased 250.5% from ¥212 million for the nine months ended December 31, 2024 to ¥745 million for the nine months ended December 31, 2025 primarily due to gains from sales of fixed assets.

Extraordinary Losses. Extraordinary losses increased 264.2% from ¥3,774 million for the nine months ended December 31, 2024 to ¥13,744 million for the nine months ended December 31, 2025 primarily due to other extraordinary losses.

Income Before Income Taxes. As a result of the foregoing, income before income taxes was ¥502,363 million for the nine months ended December 31, 2025 compared to ¥539,676 million for the nine months ended December 31, 2024.

Total Income Taxes. We recorded an income tax expense in the amount of ¥119,578 million for the nine months ended December 31, 2025, representing an effective income tax rate of 23.8%, compared to ¥114,245 million for the nine months ended December 31, 2024, representing an effective income tax rate of 21.2%.

Net Income. As a result of the foregoing, net income decreased to ¥382,785 million for the nine months ended December 31, 2025 from ¥425,430 million for the nine months ended December 31, 2024.

Business Environment

Our financial condition and results of operations are generally affected by economic conditions and the financial markets in Japan as well as around the world.

For the year ended March 31, 2025, the global economy, including Japan, saw sustained moderate recovery. However, concerns remain that downside risks to the overseas economy could exert downward pressure on Japan's economy. These risks include developments in U.S. trade policy, the continuation of high interest rates in Europe and the U.S., the ongoing stagnation of China's property market, and the impact of escalating geopolitical tensions in multiple regions.

Recent economic indicators in Japan include:

- According to the Economic and Social Research Institute of the Cabinet Office, Japan's nominal GDP exceeded ¥600 trillion in the fiscal year ended 31 March 2025, primarily driven by moderate inflation and a recovery in domestic demand, and has remained above that level thereafter; however, recent real GDP growth has been relatively modest, and the pace of economic expansion has remained uneven.
- The Nikkei Stock Average, which is an average of the price of 225 major domestic stocks listed on the Tokyo Stock Exchange, reached levels above ¥40,000 during calendar year 2024 and experienced significant volatility thereafter; it subsequently exceeded ¥50,000 in late 2025. This volatility was influenced by economic data, fiscal and monetary policy developments, movements in Japanese government bond yields, and foreign investor flows.
- According to data released by the Bank of Japan, the total financial assets of Japanese households exceeded ¥2,000 trillion as of March 31, 2025 and continued to increase thereafter.

- The yield on 10-year Japanese government bonds, which serves as an indicator of long-term interest rates, increased during recent fiscal years, reflecting changes in expectations regarding the Bank of Japan's monetary policy, including adjustments to government bond purchases, as well as developments in overseas interest rates.
- Foreign exchange markets experienced significant volatility during recent periods. The Japanese yen fluctuated against the U.S. dollar and has generally remained at relatively weak levels, influenced by diverging monetary policies between Japan and the United States, market expectations regarding future interest rate developments and speculative movements by overseas investors.
- According to data released by the Statistics Bureau of the Ministry of Internal Affairs and Communications, the seasonally adjusted unemployment rate in Japan remained relatively low and stable through the fiscal year ending 31 March 2026 (to date), indicating continued tight labor market conditions.
- According to data released by the Federal Reserve Bank of New York, movements in the average noon buying rate for the Japanese yen against the U.S. dollar during 2024 and 2025 reflected changes in global interest rate differentials and foreign exchange market conditions.
- According to data released by the Japan Automobile Dealers Association, new car sales in Japan declined during the calendar year 2024, primarily due to issues affecting certain domestic automobile manufacturers, but showed signs of recovery thereafter.

In regions and countries outside Japan, the outlook has become increasingly uncertain due to several factors. These include the continued impact of monetary tightening; depreciation of the yen against the U.S. dollar; rising inflation expectations, which may contribute to an environment where central banks continue to raise or become hesitant to cut interest rates; the implementation of new or increased tariffs by the United States and other countries; a slowdown in global trade; and heightened geopolitical risks in various regions and countries. Geopolitical risks include uncertainty in the future trajectory of the Chinese and European economies, the ongoing military conflict between Russia and Ukraine, the continued tensions in the Middle East, and uncertainties about the monetary policy of central banks and any potential impact related to the Trump administration in the United States.

In general, within the Japanese insurance industry, following the identification of certain inappropriate practices, including premium adjustment activities, the FSA convened expert panels and working groups to examine structural issues and the nature of competition in the non-life insurance industry. These bodies have engaged in ongoing discussions regarding measures to enhance trust in the insurance market and to promote its sound development. Going forward, industry participants are expected to respond appropriately to regulatory developments, including amendments to the Insurance Business Act and related measures, while continuing to fulfill their role as a social infrastructure supporting societal resilience through the provision of insurance and related services.

Factors Affecting Our Results of Operations

Underwriting Income and Expenses

Underwriting Income

Underwriting income forms the core of our ordinary income and consists primarily of net premiums written. Underwriting income also includes deposit premiums from policyholders and investment income on deposit premiums from policyholders, which as explained below have no impact on our underwriting profit. Underwriting income may also consist of any net amount of reversal of outstanding claims and reversal of underwriting reserves in any given period.

Net Premiums Written. Net premiums written are calculated as direct premiums written plus reinsurance premiums assumed minus reinsurance premiums ceded. Under Japanese GAAP, net premiums written are presented on a cash basis and then adjusted to an accrual basis through provisions and reversals of underwriting reserves (as described under "—Reserves—Underwriting Reserves" below).

Our single largest source of net premiums written is automobile insurance, which includes both voluntary automobile insurance and compulsory automobile liability insurance. For the fiscal year ended March 31, 2025, on a non-consolidated basis, 43.0% of our net premiums written was for voluntary automobile

insurance, while an additional 7.3% was for compulsory automobile liability insurance. In addition, 9.8% of our net premiums written was for personal accident insurance, 16.0% was for fire and allied lines insurance (including 0.0% for residential earthquake insurance), 4.5% was for marine insurance, and 19.4% was for other non-life insurance, each on a non-consolidated basis.

Generally, net premiums written is a function of the amounts and types of policies written, as well as prevailing market prices. Some of the specific factors that affect net premiums written include the overall market in Japan for non-life insurance, market conditions in overseas markets in which we operate, premium rates, number of new policies that our insurance agents are able to sell, competition, reinsurance, and business alliances.

Net premiums written with regard to compulsory automobile liability insurance and residential earthquake insurance are subject to a "no-loss and no-profit rule", whereby non-life insurance companies are not permitted to take into account any profit or loss from the operation of such businesses. Specifically, net premiums written in respect of such types of insurance are offset in their entirety by a required provisioning of related reserves, and thus have no direct impact on our profit or loss. For more information regarding the application of the "no-loss and no-profit rule" for these business lines, see "Business—Domestic Non-Life Insurance Business—Compulsory Automobile Liability."

Deposit Premiums from Policyholders. In the case of deposit-type insurance products (see "Business—Domestic Non-Life Insurance Business—Deposit-Type Insurance Products"), only the insurance portion of premiums received in respect of such products is included in direct premiums written, while the savings portion (which, unlike the insurance portion, is invested and repaid at maturity to policyholders) is recorded under a separate item called deposit premiums from policyholders. Deposit premiums from policyholders have no direct impact on our profit or loss because such premiums are offset in their entirety by provision for reserve for maturity refunds to policyholders, which is in turn included in provision for underwriting reserves.

Investment Income on Deposit Premiums from Policyholders. The amount of investment income up to the amount of "committed interest" (as described under "Business—Domestic Non-Life Insurance Business—Deposit-Type Insurance Products") on the savings portion of premiums received in respect of deposit-type insurance is transferred from investment income to underwriting income as "investment income on deposit premiums from policyholders." Such investment income on deposit premiums from policyholders has no impact on our underwriting profits because such income is generally offset in its entirety by provision for reserve for maturity refunds to policyholders. To the extent actual investment income exceeds the amount of committed interest and a portion of such excess is payable as dividends to policyholders, the amount of such dividends payable is recorded as provision for reserve for dividends to policyholders, which is also included in provision for underwriting reserves. If, however, actual investment income is less than the amount of such committed interest, an adjustment is made to investment income to take into account the amount of such shortfall. The portion of such investment income that exceeds the amount of committed interest and that is not payable as dividends to policyholders is also reflected under investment income.

Reversal of Outstanding Claims. As discussed under "—Reserves—Outstanding Claim Reserves" below, we record provisions for and reversals of outstanding claims on a net basis. Thus, to the extent reversals exceed provisions for a particular period, we record the net amount under reversal of outstanding claims.

Reversal of Underwriting Reserves. In order to record profits related to premiums on an accrual basis, we record the portion of the insurance premiums received during a particular accounting period that relates to future accounting periods as underwriting reserves. As discussed under "—Reserves—Underwriting Reserves" below, we record provisions for and reversals of underwriting reserves on a net basis. Thus, to the extent reversals exceed provisions for a particular period, we record the net amount under reversal of underwriting reserves.

Underwriting Expenses

Underwriting expenses consist primarily of net claims paid, as well as commissions and collection expenses and loss adjustment expenses. In addition, underwriting expenses include maturity refunds to policyholders and dividends to policyholders, which as explained below have no impact on our underwriting profit. Underwriting expenses may also consist of any net amount of provision for outstanding claim and provision for underwriting reserves in any given period.

Net Claims Paid. Net claims paid represent payments of insurance claims under policies directly written by us, as adjusted to reflect recoveries from reinsurers and payments by us under policies we have reinsured. Under Japanese GAAP, net claims paid are recorded on a cash basis, and then adjusted to an accrual basis through provisions and reversals of outstanding claims (as further described in "—Reserves—Outstanding Claim Reserves" below).

The primary factors affecting the amount of net claims paid are the number, amount and type of insurance policies outstanding. Some of the specific factors that affect net claims paid include traffic volume, natural disasters, new products available, effective use of digital technology, and economic environment.

Commissions and Collection Expenses. Commissions and collection expenses consist primarily of payments of commissions to third-party insurance agents who have referred customers to us. Commission amounts are determined based on annual performance reviews, and thus vary among agents even for the same insurance product. For more information regarding insurance agents, see "Business—Domestic Non-Life Insurance Business—Sales Promotion."

Loss Adjustment Expenses. Loss adjustment expenses are the expenses we incur in assessing damages related to claims under policies we have written, while direct expenses for fees relating to the settlement of policyholder claims are included in net claims paid.

Maturity Refunds to Policyholders. With respect to deposit-type insurance, when the savings portion of premiums together with the investment income attributable thereto is paid to policyholders at maturity, such payment is recorded as maturity refunds to policyholders. All such amounts, however, are offset in their entirety by an equivalent amount of reversal of underwriting reserves, and thus have no impact on our profits or losses.

Dividends to Policyholders. To the extent investment income attributable to deposit-type insurance exceeds the amount of committed interest, and a portion of such excess is distributed to policyholders as dividends, such amount is recorded as dividends to policyholders. However, all such amounts are also offset in their entirety by an equivalent amount of reversal of underwriting reserves, and thus have no impact on our profits or losses.

Provision for Outstanding Claims. As discussed under "—Reserves—Outstanding Claim Reserves" below, to the extent provisions for outstanding claims exceed reversals of outstanding claims for a particular period, we record the net amount under provision for outstanding claims.

Provision for Underwriting Reserves. As also discussed under "—Reserves—Underwriting Reserves" below, to the extent provisions for underwriting reserves exceed reversals of underwriting reserves for a particular period, we record the net amount under provision for underwriting reserves.

Investment Income and Expenses

Investment Income

Our investment income is generated from our investment portfolio and consists primarily of interest and dividends received, as well as gain on sale of securities.

The core of our investment portfolio is investments in securities. In general, we endeavor to secure stable investment income sources with high liquidity to adequately meet our claims and other obligations, which are mostly in Japan. As a result, we invest primarily in yen-denominated securities, including Japanese government bonds and Japanese corporate bonds, as well as Japanese equity securities. In addition, we seek to diversify our investments with foreign securities, as well as real estate and other investments.

Our investment income is affected by a number of factors, including average balances held; relative proportion of balances held in each asset category; fluctuations in prevailing market interest rates, particularly for Japanese government bonds; performance of the equity markets in Japan and overseas; and fluctuations in foreign exchange rates.

Our investment income is also affected by the proportion of our investments with corresponding hedge positions and the effectiveness of such hedging positions. We utilize derivatives to offset a portion of the interest rate risk and foreign exchange risk related to our investments and liabilities (long term premium from policyholders or foreign currency-denominated claims paid, etc.). Gains (losses) related to interest rate risk, such as gains (losses) on sale of domestic bonds, and gains (losses) related to foreign exchange risk, such as foreign

exchange gain (losses)-net, are offset by (losses) gains on derivatives–net to the extent such hedges are utilized. Also, some portion of profits and losses generated from derivative transactions are deferred until the profits and losses resulting from the objective of the hedging transactions are realized. For further information regarding hedge accounting, see the notes to our consolidated financial statements for the fiscal years ended March 31, 2024 and 2025 included elsewhere in this Offering Circular.

In addition, any income generated from investment of the savings portion of premiums is also first recorded as an investment income item—typically, interest and dividends income. However, an amount up to the committed interest on the savings portion and, if there is any excess, a portion of such excess that is payable as dividends to the policyholders is then deducted as transfer of investment income on deposit premiums from policyholders, and an equivalent amount is recorded under underwriting income as investment income on deposit premiums from policyholders. As discussed above, if actual investment income is less than the amount of such committed interest, an adjustment is made to investment income to take into account the amount of such shortfall. The portion of such investment income that exceeds the amount of committed interest and that is not payable as dividends to policyholders is also reflected under investment income.

Investment Expenses

Investment expenses consist mainly of losses on sales of securities, impairment losses on securities, and other investment expenses. Accordingly, investment expenses are affected primarily by the conditions in the markets in which we invest. For the six months ended September 30, 2025, our losses on derivative transactions were ¥1.3 billion while our impairment losses on securities were ¥0.1 billion, each on a non-consolidated basis. In general, we incur impairment losses when the fair value of securities as of the applicable measurement date has declined by 30% or more compared to its acquisition cost.

Other Ordinary Income and Expenses

Our other ordinary income represents a relatively insignificant portion of our ordinary income, and consists of gains generated from our non-insurance businesses.

Our other ordinary expenses also represent a relatively insignificant portion of our ordinary expenses, and are comprised primarily of interest expenses, provision for bad debts and loss on bad debts.

Operating Expenses and General and Administrative Expenses

Operating expenses and general and administrative expenses consist primarily of personnel expenses, as well as certain other expenses such as system costs, office related costs, depreciation expenses and others.

Deferred Tax Assets and Deferred Tax Liabilities

We record deferred tax assets and deferred tax liabilities on a net basis using the asset and liability approach to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities, and for net operating loss carried forward. In establishing the appropriate amount of deferred tax assets, we evaluate available evidence, both positive and negative, concerning our future taxable income and other possible sources for realization of the deferred tax assets, and the statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities. Our judgment of the likelihood of realization of deferred tax assets may inherently rely on our subjective views concerning uncertainties with respect to future taxable income and other factors. As a result, the amount of actual taxable income may be different from our current estimates, which would result in a larger or smaller amount of deferred tax assets or deferred tax liabilities than have been recognized.

Our balance of deferred tax liabilities (net of assets) as of September 30, 2025 was ¥140.5 billion.

Reserves

Pursuant to the Insurance Business Act and the rules and regulations thereunder, we and other Japanese non-life insurance companies are required to set aside certain reserves on the balance sheets as follows:

Outstanding Claim Reserves

Outstanding claims include reserve for reported claims and reserve for incurred but not reported claims, or IBNR reserves. The purpose of these reserves is to achieve the approximate effect that any losses

relating to insured events that occur during a particular accounting period be recognized in reporting profits for such accounting period, whether payments for such losses are made during such accounting period or succeeding periods, and thereby to enable the insurance company to record its related profits effectively on an accrual basis.

Reserves for reported claims are reserves set aside as provisions for claims reported prior to the end of the accounting period on the basis of the estimated ultimate cost of settling such claims. We estimate losses and claims liability for reported claims on a case-by-case basis, based on the facts known to us at the time the relevant reserves are established. We periodically adjust these estimates to recognize the estimated ultimate cost of a claim.

IBNR reserves are primarily determined utilizing the "loss triangle method," under which claims paid and reserves for reported claims are tracked by accident year or underwriting year for each line of business to analyze the loss development trend. This historical loss trend is then used for estimating ultimate losses.

For a further description of the methodology used for estimating losses and claims liability, see "—Critical Accounting Policies—Losses and Claims Liability."

With respect to any given fiscal period, we reverse the entire amount of all outstanding claims as of the end of the previous fiscal period. In addition, we make provisions for outstanding claims for the current fiscal period. The net amount of such reversal and provisions for each fiscal period is recorded as either a provision for outstanding claims, which is recorded under underwriting expenses, or reversal of outstanding claims, which is recorded as underwriting income.

The following table shows our outstanding claims, including reserve for reported claims and IBNR reserves by principal lines of business, as of March 31, 2023, 2024 and 2025 and September 30, 2025.

	As of March 31,			As of September 30,
	2023	2024	2025	2025
			(Yen in millions)	
Outstanding claims (non-consolidated):				
Reserve for reported claims:				
Fire and Allied Lines	¥ 100,877	¥ 113,854	¥ 122,623	¥ 119,826
Marine	23,020	23,011	24,210	27,245
Personal Accident	30,665	33,215	34,000	33,106
Voluntary Automobile	230,650	242,163	244,009	254,849
Compulsory Automobile Liability	41,289	40,656	40,303	42,322
Other	139,985	162,476	150,688	158,624
Total reserve for reported claims	566,489	615,377	615,835	635,974
IBNR reserves:				
Fire and Allied Lines	54,717	64,331	64,110	58,902
Marine	11,258	11,001	12,690	12,675
Personal Accident	22,713	24,932	27,842	27,819
Voluntary Automobile	10,723	16,228	22,412	16,105
Other	101,778	112,390	129,874	124,760
Total IBNR reserves	201,191	228,883	256,930	240,263
Total outstanding claims (non-consolidated)	¥ 767,681	¥ 844,260	¥ 872,765	¥ 876,237
Total outstanding claims of subsidiaries, excluding us	1,046,977	1,150,627	1,493,300	1,510,019
Total outstanding claims (consolidated)	¥1,814,658	¥1,994,888	¥2,366,066	¥2,386,257

Underwriting Reserves

The following sets forth the various components of our underwriting reserves.

Reserve for Ordinary Losses

Reserve for ordinary losses must be set for future insurance liabilities for existing policyholders as of the end of a fiscal period. For all lines of business except compulsory automobile liability insurance and residential earthquake insurance, we set aside as provisions for (i) reserve for future insurance liabilities and unearned premiums at the end of the fiscal period or (ii) premium income less applicable policy losses and other expenses for contracts entered into during the fiscal period, whichever is greater, and record such amount as provision for reserve for ordinary losses. This reserve is intended to allocate a portion of the insurance premiums received during a particular accounting period to one or more succeeding accounting periods to the extent such portion related to the insurance coverage for such succeeding accounting period, and thereby to enable the insurance company to record related profits effectively on an accrual basis.

With respect to any given fiscal period, we reverse the entire amount of reserve for ordinary losses outstanding as of the end of the previous fiscal period. In addition, we make provisions for reserve for ordinary losses for the current fiscal period. The net amount of such reversal and provisions for each fiscal period is recorded as either a provision for underwriting reserves, which is recorded under underwriting expenses, or reversal of underwriting reserves, which is recorded as underwriting income.

Reserves for Compulsory Automobile Liability and Residential Earthquake Insurance

Reserves for compulsory automobile liability insurance and residential earthquake insurance are provided for in accordance with the "no-loss and no-profit rule" as required under applicable Japanese law (see "Business—Domestic Non-Life Insurance Business—Compulsory Automobile Liability"), whereby non-life insurance companies are not permitted to take into account any profit or loss from the operation of such businesses. Specifically, net premiums written in respect of such types of insurance are offset in their entirety by a required provisioning of related reserves, while net claims paid are offset in their entirety by a required reversal of the same reserves, and thus have no direct impact on our profit or loss.

Reserve for Catastrophe Losses

Reserve for catastrophe losses must be set aside for unexpected substantial losses, such as catastrophe, for cases where the "law of large numbers" will not function in a single fiscal year. The purpose of the requirement is for insurance companies to be able to maintain the stability of their businesses in the aftermath of an unpredicted catastrophe. Pursuant to the Insurance Business Act and its related rules and ministerial orders, the statutory minimum amount set aside as provisions for reserve for catastrophe losses in any fiscal period is the higher of (i) the amount calculated using certain predetermined rates based on net premium income (as detailed in the table below), or (ii) the amount calculated using the provision rate permitted under Japanese tax law (as also detailed in the table below).

A non-life insurance company may only set aside a reserve for catastrophe losses that is less than the statutory minimum required amount with notification to the FSA. In addition, a non-life insurance company may only set aside a reserve for catastrophe losses that is more than the statutory minimum required amount with notification to the FSA, if the actual balance ratio (calculated as the amount of reserves for catastrophe losses, after deducting certain taxable amounts, divided by the net premium income) for a particular business line is higher than the applicable statutory balance ratio. However, in the case where the actual balance ratio for a particular business line is not higher than the applicable statutory balance ratio, a non-life insurance company may set aside a reserve for catastrophe losses that is up to 150% of the statutory minimum required amount without notification to the FSA, whereas any provision over 150% of the statutory minimum required amount will require notification to the FSA. Moreover, any provision of reserves for catastrophe losses may not exceed pre-determined reserve maximum amounts for each business line. We generally set aside reserves for catastrophe losses in excess of the statutory minimum amount required with respect to certain insurance lines with low balance ratios and bond insurance.

In addition, reserve for catastrophe losses may be reversed under certain conditions under the Insurance Business Act and its related rules and ministerial orders. Specifically, a "catastrophe loss ratio threshold" is designated for each business line. To the extent the loss ratio (on a written-paid basis) for a particular fiscal

period exceeds such catastrophe loss ratio threshold for a given business line, we reverse such excess amount up to the amount of reserve for catastrophe losses outstanding as of the end of the previous fiscal period. In addition, because reversals are triggered by the loss ratio for a business on a written-paid basis, depending on the timing of payments, there may be a time differential between the recognition of incurred losses and related reversals.

The following table sets forth with respect to each type of insurance policy, as of March 31, 2025: (i) the predetermined provision rate, (ii) the provision rate permitted by Japanese tax law, (iii) the statutory balance ratio and (iv) the catastrophe loss ratio threshold.

	Predetermined provision rate	Provision rate permitted by Japanese tax law	Statutory balance ratio	Catastrophe loss ratio threshold
Marine hull, aviation	3.0%	3.0%	50%	80%
Fire[2]	3.8%	2.0%	35%	50%
Marine cargo, inland transit[2]	2.0%	2.0%	35%	50%
Liability insurance[2]	2.0%	2.0%	35%	50%
Automobile, personal accident and miscellaneous casualty	3.2%	0.0%	15%	50%
Nursing care expenses	3.2%	0.0%	15%	50%
Surety bonds	3.2%	0.0%	15%	50%
Atomic energy	50.0%	50.0%	—	0%

Notes:
(1) The rates and thresholds shown above are prescribed under applicable Japanese laws and regulations and do not represent our actual loss ratios or balance ratios.
(2) The catastrophe loss ratio threshold of fire, marine cargo, inland transit and liability insurance was revised to 55% effective April 1, 2025.

Reserve for Contingency Losses

Reserve for contingency losses must be set aside to cover unexpectedly high losses resulting from certain specialized "third sector" insurance products such as cancer, hospitalization and personal accident insurance or to cover unexpectedly low actual rates of return on investments. With respect to unexpectedly high losses, we consider the need to make a provision for reserve for contingency losses by comparing estimating future losses over a ten-year period based on actual results with the amount already included in reserve for ordinary losses of the relevant business line.

Reserve for Maturity Refunds to Policyholders

Reserve for maturity refunds to policyholders must be set aside for deposit-type insurance policies, and the amount so set aside must equal the amount of the savings portion of the insurance premiums plus related committed interest.

Reserve for Dividends to Policyholders

Reserve for dividends to policyholders must be set aside for dividends payable under deposit-type insurance policies. Dividends to policyholders are a portion of investment income in excess of committed interest that is distributed to policyholders before the maturity date.

The following table sets forth a breakdown of the above-mentioned components of underwriting reserves by principal lines of business on a non-consolidated basis, as well as total underwriting reserves of our subsidiaries as of March 31, 2023, 2024 and 2025, and September 30, 2025.

	As of March 31,			As of September 30,
	2023	2024	2025	2025
	(Yen in millions)			
Underwriting reserves (non-consolidated):				
Reserve for ordinary losses:				
Fire and Allied Lines[1]	¥680,119	¥648,197	¥620,826	¥618,586
Marine	40,751	39,281	39,930	39,729
Personal Accident	51,868	51,945	52,452	57,392

	As of March 31,			As of September 30,
	2023	2024	2025	2025
			(Yen in millions)	
Voluntary Automobile	204,319	208,623	220,775	224,815
Compulsory Automobile Liability	283,873	270,444	254,591	246,032
Other	294,036	295,851	309,362	311,320
Total reserve for ordinary losses	¥1,554,969	¥1,514,344	¥1,497,938	¥1,497,876
Reserve for catastrophe losses	618,334	602,338	570,088	582,369
Reserve for contingency losses	814	1,631	2,738	3,276
Reserve for maturity refunds and dividends to policyholders	817,813	749,007	680,852	651,356
Total underwriting reserves (non-consolidated)	¥2,991,931	¥2,867,322	¥2,751,617	¥2,734,878
Total underwriting reserves of subsidiaries, excluding us	226,359	141,087	241,688	392,088
Total underwriting reserves (consolidated)	¥3,218,290	¥3,008,409	¥2,993,306	¥3,126,967

Note:
(1) Includes reserve for residential earthquake insurance.

Reserve for Price Fluctuation

Pursuant to the Insurance Business Act, we maintain a reserve to cover losses due to price fluctuations in assets subject to market price volatility, particularly investments in equities, bonds and foreign currency-denominated investments. This reserve may generally be used only to reduce deficits arising from price fluctuations of those assets. The provision of reserve for price fluctuation is recorded as an extraordinary loss and a reversal of reserve for price fluctuation is recorded as an extraordinary income. The Insurance Business Act establishes a minimum provision for each fiscal year and a maximum amount of reserve with parameters pursuant to a formula based on investment risk and other factors within which an insurance company may make provision of, or cause reversal of, the reserve for price fluctuation. If net profit and loss by price fluctuation is negative, a portion of the reserve may be reversed within the amount permitted under the Insurance Business Act. Specifically, we are required to consider all profits and losses by assets with price fluctuations and may reverse reserves only to the extent necessary to compensate net losses. For the fiscal year ended March 31, 2025, for example, we made a provision for reserve for price fluctuation in the amount of ¥4.3 billion. The amount of our reserve for price fluctuation as of March 31, 2023, 2024 and 2025 was ¥31.5 billion, ¥35.9 billion and ¥40.2 billion, respectively. The amount of our reserve for price fluctuation was ¥42.5 billion as of September 30, 2025.

Results of Operations

The following table sets forth our selected consolidated income statement data for each of the periods indicated:

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
			(Yen in millions)		
Ordinary income:					
Underwriting income:					
Net premiums written	¥2,469,055	¥2,753,874	¥3,071,208	¥1,710,687	¥1,867,484
Deposit premiums from policyholders	31,397	23,364	21,648	11,924	13,600
Investment income on deposit premiums from policyholders	25,531	25,353	24,594	11,564	11,464
Life insurance premiums	14,000	23,504	15,376	7,319	4,920
Reversal of underwriting reserves	—	42,906	3,951	—	—
Other underwriting income	1,316	11,737	12,989	10,092	11,235
Total underwriting income	2,541,300	2,880,741	3,149,768	1,751,587	1,908,706

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
			(Yen in millions)		
Investment income:					
Interest and dividends income	141,380	174,152	199,330	100,482	102,610
Investment gains on money trusts	20	76	—	—	9
Investment gains on trading securities	—	59,940	54,604	21,643	38,387
Gains on sales of securities	123,793	112,605	456,532	347,652	265,272
Gains on redemption of securities	1,867	2,080	1,871	—	—
Gain on Derivative transactions	58,007	—	—	—	—
Other investment income	1,522	14,449	8,911	—	—
Transfer of investment income on deposit premiums from policyholders	(25,531)	(25,353)	(24,594)	(11,564)	(11,464)
Total investment income	301,061	337,951	696,655	465,188	402,441
Other ordinary income	17,429	32,736	39,511	18,226	17,924
Total ordinary income	2,859,790	3,251,429	3,885,935	2,235,003	2,329,072
Ordinary expenses:					
Underwriting expenses:					
Net claims paid	¥1,367,296	¥1,383,529	¥1,528,026	¥ 718,421	¥ 749,731
Loss adjustment expenses	123,269	138,261	149,560	69,498	79,737
Commissions and collection expenses	430,487	488,854	528,561	279,686	271,363
Maturity refunds to policyholders	112,220	106,913	102,805	47,314	49,083
Dividends to policyholders	47	46	42	—	—
Life insurance claims	4,448	5,957	6,835	3,131	4,499
Provision for outstanding claims	50,852	258,749	274,577	136,207	97,515
Provision for underwriting reserve	54,203	—	—	199,590	288,678
Other underwriting expenses	12,793	2,811	5,449	—	—
Total underwriting expenses	2,155,618	2,385,124	2,595,858	1,454,914	1,543,220
Investment expenses:					
Investment losses on money trusts	—	—	1,448	1,203	—
Investment losses on trading securities	19,512	—	—	—	—
Losses on sales of securities	27,469	11,300	22,550	10,325	5,151
Impairment losses on securities	20,369	1,989	7,152	109	140
Losses on redemption of securities	138	6	93	—	—
Losses on derivative transactions	—	32,322	11,341	19,667	14,370
Other investment expenses	39,514	9,855	21,266	—	—
Total investment expenses	107,005	55,473	63,852	37,144	38,937
Operating expenses and general and administrative expenses	395,578	454,485	483,550	233,794	234,625
Other ordinary expenses	13,383	22,618	29,288	14,128	11,892
Total ordinary expenses	2,671,586	2,917,701	3,172,550	1,739,982	1,828,676
Ordinary profit	188,204	333,727	713,384	495,021	500,396
Extraordinary income:					
Gains on sales of fixed assets	¥ 34,200	¥ 16,458	¥ 8,401	¥ 1,090	¥ 215
Gains on changes in equity	—	—	3,108	3,108	—
Total extraordinary income	34,200	16,458	11,509	4,198	215
Extraordinary losses:					
Losses on sales of fixed assets	¥ 2,708	¥ 2,320	¥ 955	¥ 332	¥ 419
Impairment losses on fixed assets	466	10,936	6,871	3,094	—

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions)				
Provision for reserves under the special laws:					
Provision for reserve for price fluctuation	4,258	4,380	4,312	2,149	2,233
Other extraordinary losses	6,637	—	—	—	7,406
Total extraordinary losses	14,071	17,638	12,139	5,576	10,059
Income before income taxes	208,334	332,548	712,754	493,643	490,552
Income taxes—current	21,032	74,108	147,350	92,538	104,729
Income taxes—deferred	33,550	(19,179)	6,180	6,581	13,974
Total income taxes	54,583	54,929	153,531	99,119	118,703
Net income	153,750	277,619	559,223	394,523	371,848
Net income attributable to non-controlling interests	3,874	2,973	4,806	2,685	2,110
Net income attributable to owners of the parent	¥149,875	¥274,645	¥554,416	¥391,838	¥369,738

Certain information broken down by lines of insurance is set forth below for each of the periods indicated.

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions)				
Direct Premiums Written:					
Fire and Allied Lines	¥ 630,675	¥ 729,475	¥ 906,322	¥ 471,725	¥ 548,636
Marine	257,592	267,328	300,775	168,195	181,278
Personal Accident	218,966	228,057	240,473	122,038	145,125
Voluntary Automobile	831,945	859,776	922,854	457,120	504,520
Compulsory Automobile Liability	132,470	116,361	115,287	57,689	57,516
Other	578,031	755,898	832,991	457,910	502,919
Total direct premiums written	¥2,649,683	¥2,956,898	¥3,318,705	¥1,734,681	¥1,939,996
Net Premiums Written:					
Fire and Allied Lines	500,588	578,609	736,851	423,750	464,464
Marine	191,815	202,710	235,564	127,439	137,207
Personal Accident	186,857	198,914	219,237	114,715	125,673
Voluntary Automobile	846,116	876,896	935,265	483,247	508,684
Compulsory Automobile Liability	142,102	130,287	123,417	61,998	62,917
Other	601,575	766,455	820,872	499,536	568,537
Total net premiums written	¥2,469,055	¥2,753,874	¥3,071,208	¥1,710,687	¥1,867,484
Net Claims Paid:					
Fire and Allied Lines	332,876	287,121	297,643	153,734	149,681
Marine	78,712	87,730	105,609	46,544	76,616
Personal Accident	123,630	101,784	107,990	52,697	56,061
Voluntary Automobile	471,525	497,707	545,991	265,798	268,852
Compulsory Automobile Liability	99,530	103,916	104,477	52,195	50,658
Other	261,020	¥ 305,268	366,313	147,450	147,860
Total net claims paid	¥1,367,296	¥1,383,529	¥1,528,026	¥ 718,421	¥ 749,731

Six Months Ended September 30, 2025 compared with the Six Months Ended September 30, 2024

Net premiums written increased 9.2% to ¥1,867.4 billion for the six months ended September 30, 2025 from ¥1,710.6 billion for the six months ended September 30, 2024, primarily due to increase in Voluntary

Automobile and Fire and Allied Lines in the domestic non-life insurance business, and increase in Lloyd's business and Reinsurance business, as well as in the Americas, Europe, and Asia in the overseas business.

Ordinary Profit. Ordinary profit increased 1.1% to ¥500.3 billion for the six months ended September 30, 2025 from ¥495.0 billion for the six months ended September 30, 2024, driven by increased profits in overseas operations, particularly in the Americas and Europe, despite a decrease in profits in the domestic non-life insurance business.

Net Income Attributable to Owners of the Parent. Net income attributable to owners of the parent decreased 5.6% to ¥369.7 billion for the six months ended September 30, 2025 from ¥391.8 billion for the six months ended September 30, 2024.

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

Net premiums written increased 11.5% to ¥3,071.2 billion for the fiscal year ended March 31, 2025 from ¥2,753.8 billion for the fiscal year ended March 31, 2024 primarily due to increase in Voluntary Automobile and Fire and Allied Lines in the domestic non-life insurance business, as well as increase in the overseas business, including Lloyd's business and Reinsurance business, and in Asia, Europe, and the Americas, along with the impact of foreign exchange rates.

Ordinary Profit. Ordinary profit significantly increased to ¥713.3 billion for the fiscal year ended March 31, 2025 from ¥333.7 billion for the fiscal year ended March 31, 2024 mainly due to increase in gains on sale of securities in domestic non-life insurance and profit growth in overseas business.

Net Income Attributable to Owners of the Parent. Net income attributable to owners of the parent increased 101.9% to ¥554.4 billion for the fiscal year ended March 31, 2025 from ¥274.6 billion for the fiscal year ended March 31, 2024.

Solvency Margin Ratio

The solvency margin ratio was introduced by the Japanese government as a means of measuring the financial soundness of insurance companies to provide for better policyholder protection under a system of prompt corrective action. The solvency margin ratio is a measure of capital adequacy which is calculated by dividing the solvency margin amount (net assets (less certain items) plus certain other items, as detailed below) by a quantified measure of total unforeseeable risks borne by a company, all on a consolidated as well as on a non-consolidated basis. In July 2025, the FSA finalised and announced the new regulations regarding an ESR framework which will be implemented in Japan from March 31, 2026. See "—Economic Solvency Ratio ("ESR")."

As an indicator of an insurance company's ability to pay claims in the event of risk exceeding ordinary forecasts, in the event that the solvency margin ratio falls below a fixed level, the regulatory authorities may require the insurance company to submit a plan for management reform. According to the Ordinance of the Cabinet Office and the Ministry of Finance No. 45 of 2000, as amended, a solvency margin ratio of 200% (which, under the new regulation from March 31, 2026, will be economic value-based solvency ratio at 100%) or higher indicates that an insurance company has sufficient capability to pay insurance claims and other obligations. If the solvency margin ratio falls below 200% (which, under the new regulation from March 31, 2026, will be economic value-based solvency ratio at 100%), the Commissioner of the FSA may order the insurance company to submit and implement a business improvement plan.

The following table sets forth, on a consolidated basis, our solvency margin ratio and information related to its calculation as of the dates indicated:

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions, except ratios)		
Net assets (less certain items)	¥689,327	¥1,012,726	¥1,244,031
Reserve for price fluctuation	35,971	40,284	42,517
Contingency reserve	1,631	2,738	3,276
Catastrophe reserve	604,337	571,918	584,237
General bad debt reserve	706	620	451

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions, except ratios)		
Net unrealized gains / (losses) on securities and net deferred gains / (losses) on hedges (before tax)	2,048,903	1,232,248	1,219,604
Net unrealized gains on real estate	56,689	65,897	76,831
Total amount of unrecognized actual gains / (losses) and unrecognized past service costs	43,308	32,907	32,812
Excess of policyholders' contract deposits (a)	—	—	—
Subordinated debts, etc.(b)	330,902	330,902	330,902
Amount excluded from the margin, out of (a) and (b)	—	—	—
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	4,395	5,563	5,098
Total margin relating to small amount and short term insurance provider	—	0	0
Deductions	198,795	219,834	222,745
Others	216,351	299,669	362,678
Total solvency margin	¥3,833,729	¥3,375,643	¥3,679,696
General insurance risk of non-life insurance contracts (R_1)	268,438	298,659	305,164
Insurance risk of life insurance contracts (R_2)	682	618	564
Insurance risk of third sector insurance contracts (R_3)	1,063	1,731	2,164
Insurance risk relating to small amount and short term insurance provider (R_4)	—	8	14
Assumed interest rate risk (R_5)	8,828	7,764	7,510
Minimum guarantee risk (R_6)	3,350	2,916	3,337
Asset management risk (R_7)	804,167	687,238	713,450
Business management risk (R_8)	25,967	24,865	25,749
Major catastrophe risk (R_9)	211,838	244,324	255,260
Total risk[(1)(3)]	¥1,097,487	¥1,029,013	¥1,067,820
Solvency margin ratio[(2)]	698.6%	656.0%	689.1%

Notes:

(1) Total risk = $\sqrt{\left(\sqrt{R_1^2+R_2^2}+R_3+R_4\right)^2+\left(R_5+R_6+R_7\right)^2}+R_8+R_9$

(2) Solvency margin ratio % = Total solvency margin / Total risk x 1/2 x 100.

(3) "Risk exceeding ordinary forecast" is a sum of the following risks:

(i) Risk of underwriting insurance policies (general insurance risk of non-life insurance contracts (R_1), insurance risk of life insurance contracts (R_2), insurance risk of third sector insurance contracts (R_3) and insurance risk relating to small amount and short term insurance provider (R_4)): Risk which occurs when incidence of insured events exceeds the normally projected rates (excluding catastrophe).

(ii) Assumed interest rate risk (R_5): Risk which occurs when actual investment yields fall below assumed yields projected at the time premiums are calculated.

(iii) Minimum guarantee risk (R_6): Risk related to minimum guarantee of insurance premiums of variable insurance.

(iv) Asset management risk (R_7): Risk which occurs when prices of securities and other assets show wider fluctuations than generally predicted.

(v) Business management risk (R_8): Risk relating to business administration, which could occur but cannot be predicted in the normal course of business and which are not included in (i)-(iv) above and below.

(vi) Major catastrophe risk (R_9) Risk from catastrophic disasters, the damages of which exceed standard predictions.

As indicated in the table above, our consolidated solvency margin ratio decreased from 698.6% as of March 31, 2024 to 656.0% as of March 31, 2025. Our consolidated solvency margin ratio increased from 656.0% as of March 31, 2025 to 689.1% as of September 30, 2025.

The following table sets forth, on a non-consolidated basis, our solvency margin ratio and information related to its calculation as of the dates indicated:

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions, except ratios)		
Net assets (less certain items)	¥ 824,524	¥1,039,348	¥1,201,944
Reserve for price fluctuation	35,971	40,284	42,517
Contingency reserve	1,631	2,738	3,276
Catastrophe reserve	604,337	571,918	584,237
General provision for bad debt	704	618	449
Net unrealized gains on securities (before tax)	2,072,271	1,254,077	1,228,327
Net unrealized gains on real estate	50,574	58,605	69,704
Policy reserves in excess of surrender values	—	—	—
Qualifying subordinated debt	330,902	330,902	330,902
Excluded items	—	—	—
Deductions	3,642	4,240	4,240
Others	216,351	299,669	362,678
Total solvency margin	¥4,133,628	¥3,593,924	¥3,819,798
Ordinary insurance risk (R_1)	151,983	154,508	157,354
Third sector insurance risk (R_2)	—	—	—
Assumed interest rate risk (R_3)	8,828	7,764	7,510
Asset management risk (R_4)	1,002,957	819,290	821,785
Business management risk (R_5)	26,211	22,700	22,729
Major catastrophe risk (R_6)	146,805	153,476	149,814
Total risk[(1)(3)]	¥1,196,153	¥1,017,541	¥1,016,635
Solvency margin ratio[(2)]	691.1%	706.3%	751.4%

Notes:

(1) Total risk = $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$.

(2) Solvency margin ratio % = Total solvency margin/ Total risk x 1/2 x 100.

(3) "Risk exceeding ordinary forecast" is a sum of the following risks:

(i) Insurance underwriting risk (ordinary insurance risk (R_1) and third sector insurance risk (R_2)): Risk which occurs when incidence of insured events exceeds the normally projected rates (excluding catastrophe).

(ii) Assumed interest rate risk (R_3): Risk which occurs when actual investment yields fall below assumed yields projected at the time premiums are calculated.

(iii) Asset management risk (R_4): Risk which occurs when prices of securities and other assets show wider fluctuations than generally predicted.

(iv) Business management risk (R_5): Risk relating to business administration, which could occur but cannot be predicted in the normal course of business and which are not included in (i), (ii) and (iii) above and below.

(v) Major catastrophe risk (R_6): Risk from catastrophic disasters, the damages of which exceed standard predictions.

The following table sets forth, on a consolidated basis, MS&AD's solvency margin ratio and information related to its calculation as of the dates indicated:

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions, except ratios)		
Total net assets	¥1,572,017	¥1,915,937	¥2,170,015
Reserve for price fluctuation	231,871	251,732	254,499
Contingency reserve	155,676	168,593	180,750
Catastrophe reserve	898,596	847,803	863,260
General bad debt reserve	847	777	739
Net unrealized gains/(losses) on investments in securities and net deferred gains/(losses) on hedges (prior to tax effect deductions)	2,740,540	1,649,870	1,829,071

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions, except ratios)		
Net unrealized gains/(losses) on land	37,449	52,016	72,432
Total amount of unrecognized actuarial gains/(losses) and unrecognized past service costs (prior to tax effect deductions)	46,366	35,530	29,218
Excess of policyholders' contract deposits (a)	392,677	376,855	388,908
Subordinated debts, etc. (b)	460,902	435,902	435,902
Amount excluded from the margin, out of (a) and (b)	—	—	—
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries, etc.	4,625	5,732	(83,532)
Total margin relating to small amount and short term insurance provider	33	33	34
Deductions	354,877	394,528	353,515
Others	344,598	445,307	526,197
Total amount of solvency margin	¥6,531,328	¥5,791,564	¥6,313,983
General insurance risk of non-life insurance contracts (R_1)	396,323	430,899	436,310
Insurance risk of life insurance contracts (R_2)	18,955	18,790	18,755
Insurance risk of third sector insurance contracts (R_3)	19,449	20,892	21,584
Insurance risk relating to small amount and short term insurance provider (R_4)	99	78	84
Assumed interest rate risk (R_5)	75,875	86,408	96,146
Minimum guarantee risk of life insurance contracts (R_6)	4,677	4,140	4,572
Asset management risk (R_7)	1,242,916	1,127,077	1,163,997
Business administration risk (R_8)	40,454	39,678	40,872
Catastrophe risk of non-life insurance contracts (R_9)	264,451	295,614	302,179
Total amount of risks[1][3]	¥1,692,314	¥1,634,204	¥1,688,275
Consolidated solvency margin ratio[2]	771.8%	708.7%	747.9%

Notes:

(1) Total risk = $\sqrt{\left(\sqrt{R_1^2+R_2^2}+R_3+R_4\right)^2+\left(R_5+R_6+R_7\right)^2}+R_8+R_9$

(2) Solvency margin ratio % = Total solvency margin / Total risk x 1/2 x 100.

(3) "Risk exceeding ordinary forecast" is a sum of the following risks:

(i) Risk of underwriting insurance policies (general insurance risk of non-life insurance contracts (R_1), insurance risk of life insurance contracts (R_2), insurance risk of third sector insurance contracts (R_3) and insurance risk relating to small amount and short term insurance provider (R_4)): Risk which occurs when incidence of insured events exceeds the normally projected rates (excluding catastrophe).

(ii) Assumed interest rate risk (R_5): Risk which occurs when actual investment yields fall below assumed yields projected at the time premiums are calculated.

(iii) Minimum guarantee risk (R_6): Risk related to minimum guarantee of insurance premiums of variable insurance.

(iv) Asset management risk (R_7): Risk which occurs when prices of securities and other assets show wider fluctuations than generally predicted.

(v) Business management risk (R_8): Risk relating to business administration, which could occur but cannot be predicted in the normal course of business and which are not included in (i)-(iv) above and below.

(vi) Major catastrophe risk (R_9) Risk from catastrophic disasters, the damages of which exceed standard predictions.

Economic Solvency Ratio

Economic value-based solvency ratios measure the solvency of an insurance company based on the economic value and can be useful in assessing an insurance company's specific risk profile. The introduction of economic value-based solvency ratios has been widely discussed in the insurance industry and has been considered by various insurance regulators, including the FSA. The EU has already adopted a full-scale economic value-based solvency regime, in the form of the Solvency II, which became effective on January 1, 2016. In Japan, the new regulations were finalised and announced in July 2025 and the economic value-based solvency regime under such regulations will be implemented from March 31, 2026 as described below.

Effective March 31, 2026, the solvency framework will be revised with the introduction of the new economic value-based solvency regime. Under the new regime, economic value-based solvency ratio will be

calculated by dividing the qualifying capital, which is generally calculated based on the economic value of assets and liabilities and certain external financing capital, such as outstanding subordinated bonds, by the required capital. The required capital is the integrated risk amount, which represents the estimated amount of capital necessary to cover all quantifiable risk, including insurance underwriting risk, catastrophe risk, market risk, credit risk, and operational risk, subject to certain adjustments, for a one-year period at a 99.5 per cent. confidence level (i.e., losses exceeding the risk amount would occur on average once every 200 years).

We are in preparation for the formal implementation of an economic value-based solvency regime and currently do not disclose our regulatory ESR. However MS&AD has voluntarily adopted an internal economic value-based solvency framework, and it discloses its internal economic value-based solvency ratio as a supplement to its solvency margin ratio. As of March 31, 2024 and 2025, MS&AD's consolidated ESR, calculated based on an internal economic value-based solvency framework, was 229% and 226%, respectively. As of September 30, 2025, MS&AD's consolidated ESR, calculated based on an internal economic value-based solvency framework, was 234%. Integrated risk amount and net asset value as of March 31, 2025 was ¥2.9 trillion and ¥6.5 trillion, respectively, and the same figures as of September 30, 2025 were ¥3.0 trillion and ¥7.0 trillion, respectively.

The internal model which MS&AD has developed and uses to calculate ESR on a voluntary basis to monitor MS&AD's financial soundness may differ from, and accordingly may not be directly comparable to the economic value-based solvency frameworks currently or ultimately adopted by other similar insurance companies in Japan. In addition, MS&AD reviews its ESR framework on an ongoing basis and may from time to time revise the ESR framework based on its own assessment of the appropriateness of the current framework.

See "Risk Factors—ESR frameworks of MS&AD and us may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan."

Our Financial Strength Ratings

Our financial strength ratings as of January 31, 2026, which reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our obligations to policyholders, are as follows:

Rating Agency	Category	Rating	Rating Structure
S&P Global Ratings Japan Inc. . . .	Insurer Financial Strength Rating/ Long-Term Issuer Credit Rating	A+	Third highest of eleven rating categories and highest within the category based on modifiers (e.g. A+, A and A- are within the same category).
	Short-Term Issuer Credit Rating	A-1	Highest of eight rating categories. Within this category, certain issuers are designated with a plus sign (+), which indicates that the issuer's capacity to meet its financial commitments is extremely strong.
Moody's Japan K.K.	Insurance Financial Strength Rating	A1	Highest of nine rating categories and highest within the category based on modifiers (e.g. A1, A2, A3 are within the same category).
	Long-term Issuer Rating	A1	Third highest of nine rating categories and highest within the category based on modifiers (e.g. A1, A2, A3 are within the same category).
Japan Credit Rating Agency, Limited	Long-Term Issuer Rating	AA+	Second highest of nine rating categories.

Rating Agency	Category	Rating	Rating Structure
Rating and Investment Information, Inc	Issuer Rating	AA	Second highest of nine rating categories and second highest within the category based on modifiers (e.g. AA+, AA and AA- are within the same category).
A.M. Best Co.	Financial Strength Rating	A+	Highest of three rating categories and second highest within the category based on modifiers (e.g. A++, A+, A and A- are within the same category).
	Issuer Credit Rating	aa	Second highest of nine rating categories and second highest within the category based on modifiers (e.g. aa+, aa and aa-are within the same category)

These ratings are not a recommendation to buy, sell or hold any of our securities, and are subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating. These ratings are solely the responsibility of the assigning rating organization. We do not and cannot affirm their accuracy or suitability for any purpose.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with Japanese GAAP. In doing so, we make estimates and assumptions that affect our reported amounts of assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. In addition, certain accounting principles require significant judgment by management in applying complex accounting principles to individual transactions to determine the most appropriate accounting treatment. Although our actual results may be different from the results anticipated in the estimates we use, we base our estimates on our historical experience and other assumptions that we consider reasonable under the circumstances based on the best information available to us at the time we make our estimates.

In some cases, we could reasonably have used different accounting policies and estimates. For a discussion of significant accounting policies used in the preparation of our financial statements, see the notes to our audited consolidated financial statements and the notes to our unaudited consolidated financial statements, in each case included elsewhere in this Offering Circular.

We refer to some of our accounting policies as “critical accounting policies” because:

- the estimates involved in these policies require us to make assumptions about matters that are uncertain at the time the estimates are made; and
- different estimates that we reasonably could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, could have a material impact on the presentation of our financial condition, or changes in our financial condition or results of operations.
- We consider the following significant accounting policies to be our critical accounting policies.

Losses and Claims Liability

Our losses and claims liability represents estimates of future payments that we will make in respect of property and casualty insurance claims for insured events that have already occurred as of the balance sheet date. We determine our accounting policies for losses and claims liability depending on the entity.

With respect to us on a non-consolidated basis, the establishment of losses and claims liability is an inherently uncertain process, involving assumptions as to factors such as court decisions, changes in laws, social, economic and demographic trends, inflation and other factors affecting claim costs. We estimate losses and claims liability for reported claims on a case-by-case basis, based on the facts known to us at the time reserves are established. We periodically adjust these estimates to recognize the estimated ultimate cost of a claim.

In addition, we establish reserves in our non-life insurance business to recognize IBNR claims. The majority of IBNR reserves are determined utilizing the incurred loss triangle method. Under the incurred loss triangle method, reported losses (i.e., paid claims plus case reserves) and loss ratios are tracked by accident year or underwriting year for each line of business to determine loss development factors. These historical loss development factors, along with any known or anticipated trends in claims developments, are considered in determining the loss development factors to be utilized in calculating the appropriate level of reserve for the current fiscal year. Essentially, the loss development factor utilizes past results. This is because we believe that, in the absence of significant changes to either the products themselves or the method used for estimating case reserves, an estimate based on past actual loss development factors is the best representative estimate of IBNR claims. The method for estimating IBNR reserves, and the estimated amounts of loss reserves including IBNR reserves are submitted at least once a year to our board of directors for approval. When actual claims experience differs from our previous estimate, the resulting difference will be reflected in our reported results. In addition, changes in reported losses may affect our historical loss development factors, which in turn may affect our estimate of the amount of losses and claims liability.

With respect to our subsidiaries, we have adopted methods to determine losses and claims liability that we deem appropriate depending on the business and operating region of the subsidiary and other factors.

Fair Value Measurements

We measure the fair value of financial instruments, including certain types of securities, derivatives and monetary claims and obligations such as loans and debt in accordance with the Accounting Standards Board of Japan, or ASBJ, Statement No. 10, "Accounting Standard for Financial Instruments," and Implementation Guidance No. 19, "Guidance on Disclosures about Fair Value of Financial Instruments." The fair value of financial instruments is determined based on market price or reasonable estimate when market price is not available. If the market price is not readily available, we estimate the fair value of financial instruments using the discounted cash flow method and other methods. Certain assumptions are required to be applied in determining the fair value as a reasonable estimate and the fair value may be determined differently when other assumptions are applied.

In order to enhance the consistency and comparability of fair value measurements, we classify value measurements into a three-level hierarchy based on the nature of the inputs used in the valuation techniques. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable inputs.

Under this fair value hierarchy:

- Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs.
- Level 3: Fair value measured using significant unobservable inputs.

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

The following tables summarize the fair value hierarchy of financial assets and liabilities measured at fair value on our consolidated balance sheet as of March 31, 2024 and 2025.

	March 31, 2024			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
	(Yen in millions)			
Monetary claims bought	¥ —	¥ 95,293	¥ 2,121	¥ 97,415
Money trusts	—	750	—	750
Securities:				
Trading securities:				
Domestic bonds	23,435	1,771	—	25,207
Domestic stocks	2,904	—	—	2,904
Foreign securities	413,060	337,745	127,916	878,721

	March 31, 2024			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
	(Yen in millions)			
Available-for-sale securities				
Domestic bonds	573,288	603,788	—	1,177,076
Domestic stocks	2,552,132	—	—	2,552,132
Foreign securities	314,423	976,895	287,777	1,579,095
Others	35,940	32,516	15,171	83,627
Derivative transactions[(1)]:				
Currency	—	12,154	—	12,154
Interest rate	103	24,248	277	24,629
Equity	132	—	—	132
Bond	6,807	—	—	6,807
Credit	—	533	842	1,376
Others	—	—	686	686
Total assets	3,922,228	2,085,697	434,792	6,442,718
Derivative transactions[(1)]:				
Currency	—	23,425	—	23,425
Interest rate	99	28,428	266	28,793
Equity	2,842	—	—	2,842
Bond	4,474	—	—	4,474
Credit	—	2,556	842	3,398
Others	—	—	752	752
Total liabilities	7,416	54,409	1,861	63,688

	March 31, 2025			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
	(Yen in millions)			
Monetary claims bought	¥ —	¥ 196,960	¥ 1,482	¥ 198,442
Money trusts	—	3,402	—	3,402
Securities:				
Trading securities:				
Domestic bonds	16,862	652	—	17,515
Domestic stocks	6,397	—	—	6,397
Foreign securities	557,394	453,052	140,202	1,150,649
Available-for-sale securities				
Domestic bonds	507,187	611,393	—	1,118,581
Domestic stocks	1,565,818	—	—	1,565,818
Foreign securities	430,687	1,205,357	320,075	1,956,120
Others	35,679	22,808	15,500	73,988
Derivative transactions[(1)]:				
Currency	—	24,256	—	24,256
Interest rate	393	21,142	—	21,536
Equity	1,395	—	—	1,395
Bond	3,277	2,305	—	5,583
Credit	—	421	—	421
Others	—	—	1,147	1,147
Total assets	3,125,094	2,541,753	474,408	6,145,256
Derivative transactions[(1)]:				
Currency	—	17,994	—	17,994
Interest rate	354	28,096	—	28,450
Bond	5,026	1,402	—	6,429
Credit	—	2,866	—	2,866
Others	—	—	641	641
Total liabilities	5,380	50,360	641	56,382

Note:

(1) The carrying amounts of derivative transactions applying hedge accounting are ¥61 million and ¥599 million as an asset and ¥6,704 million and ¥4,613 million as a liability as of March 31, 2024 and March 31, 2025, respectively.

The following tables summarize the carrying amounts and fair values of financial assets and liabilities that are not measured at fair value on our consolidated balance sheets as of March 31, 2024 and 2025. Certain financial instruments are excluded from the tables below where the determination of fair value is impracticable.

	March 31, 2024					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
	(Yen in millions)					
Monetary claims bought	¥ —	¥ 16,788	¥ —	¥ 16,788	¥ 16,788	¥ —
Securities:						
Held-to-maturity securities:						
Foreign securities	—	4,735	—	4,735	4,593	142
Investments in associates	137,635	5,020	—	142,656	36,930	105,725
Loans					371,168	
Bad debt reserves[1]					(314)	
	—	53	368,047	368,101	370,854	(2,752)
Total assets	137,635	26,598	368,047	532,282	429,167	103,115
Bonds issued	—	483,626	98,288	581,914	585,045	(3,130)
Total liabilities	—	483,626	98,288	581,914	585,045	(3,130)

	March 31, 2025					
	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
	(Yen in millions)					
Monetary claims bought	¥ —	¥ 16,948	¥ —	¥ 16,948	¥ 16,948	¥ —
Securities:						
Held-to-maturity securities:						
Foreign securities	—	3,490	—	3,490	3,432	58
Investments in associates	151,555	6,242	—	157,798	38,334	119,463
Loans					368,729	
Bad debt reserves[1]					(302)	
	—	56	360,583	360,640	368,427	(7,786)
Total assets	151,555	26,738	368,583	538,878	427,142	111,735
Bonds issued	—	370,944	101,186	472,130	485,565	(13,434)
Total liabilities	—	370,944	101,186	472,130	485,565	(13,434)

Notes:
(1) Bad debt reserve for loans is deducted from the carrying amount.
(2) Cash, deposits and savings, call loans and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

Hedge Accounting

In general, derivative financial instruments are initially recognized at fair value and subsequent changes in their fair value are recognized in earnings when incurred with the corresponding assets or liabilities to be recognized on the balance sheet. However, we can apply hedge accounting using different accounting models, only if we can satisfy certain conditions required for hedge accounting under Japanese GAAP.

Several hedge accounting models are allowed under Japanese GAAP. Under the fundamental approach, gains and losses that resulted from changes in the fair value of derivative financial instruments should be deferred and accounted for as a separate component of net assets (the "deferred hedge method") or, in limited circumstances in respect of available for sale securities, recognized in earnings together with the corresponding gains or losses of the hedged item attributable to the risk being hedged (the "fair value hedge method"). However, certain accounting models are also allowed to hedge for interest rate risk and foreign exchange rate risk. In addition, hedge of a group of items, which is to mitigate interest rate variability arising from a portfolio of insurance contracts by using interest rate derivatives, is also allowed for insurance companies in accordance with Industry Audit Committee Report No. 26 "Accounting and Auditing Treatment of the Application of Accounting Standard for Financial Instruments in the Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on September 3, 2002).

The hedge accounting model for interest rate risk enables us not to recognize changes in the fair value of our interest rate derivatives, if the changes substantially offset those of the hedged items (the "exceptional method"). Under the exceptional method, the net amount received or paid arising from the interest rate derivatives is added to, or deducted from, the interest on the hedged items. As for foreign exchange risk, the hedge accounting model allows us to remeasure the hedged items, such as foreign currency monetary assets and liabilities, using the contracted rate of the foreign exchange derivatives (the "allocation method"). Accordingly, under the allocation method, no foreign exchange gains or losses arising from both foreign exchange risk derivatives and hedged items will be recognized through the re-measurement process. In addition, insurance companies can apply the hedge of a group of items if their interest rate derivatives are used for Asset Liability Management to ensure adequate control of risks from interest rate variability arising from their portfolio of insurance contracts. The accounting treatment under the hedge of a group of items is the same as that of the deferred hedge method, in which gains and losses that resulted from changes in the fair value of the interest rate derivatives are deferred and accounted for as a separate component of net assets.

We use derivatives in order to mitigate risks arising from financial instruments and our portfolio of insurance contracts, and we apply hedge accounting where it is applicable under Japanese GAAP. Equity forward contracts are used for hedging risks of variability in the fair value of equity securities and currency swap contracts are used for hedging foreign exchange rate risks in foreign currency bonds. The corresponding gains and losses on the derivatives are accounted for under the deferred hedge method. Certain forward exchange contracts that are used for hedging foreign exchange rate risks are also accounted for under the fair value hedge method or the allocation method. Interest rate swaps for hedging risks of variability in the cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge method or the exceptional method. We also apply the hedge of a group of items for our portfolio of insurance contracts and the deferred hedge method as to interest rate swaps used for this hedging relationship.

In order to apply hedge accounting, we are continuously required to meet certain conditions under Japanese GAAP. Hedge effectiveness is assessed when we enter into the hedge transaction and is continuously monitored on a quarterly basis by comparing cumulative fluctuations of the fair value or cash flows of the hedged items and the hedging instruments from the respective origination dates of the hedges to the assessment dates. The hedge effectiveness of the hedge of a group of items, is tested by assessing interest rate fluctuations that may affect pricing of the theoretical values of both the hedged items and the hedging instruments. In certain cases, the assessment of hedge effectiveness for interest rate swaps not used for the hedge of a group of items is not required under Japanese GAAP when the hedged items and hedging instruments are highly and clearly interrelated or when interest rate swap transactions meet the criteria for applying the exceptional method.

Impairment of Goodwill

Goodwill represents the excess of the cost of an acquired entity over the net of the amounts assigned to the assets acquired and liabilities assumed. Goodwill is tested for impairment whenever events or changes in circumstances indicate that there may be impairment. Recoverability of goodwill is assessed by a comparison between the carrying amount of a cash generating unit to which goodwill is allocated and the total estimated undiscounted future cash flows generated from the cash generating unit. If the carrying amount exceeds the estimated undiscounted future cash flows, the fair value of goodwill is estimated and the excess of the carrying amount of goodwill compared to the fair value is recognized as an impairment loss.

Bad Debt Reserve

For our domestic non-life insurance business, we establish bad debt reserves under an internal standard for self-assessment of assets and policy for write-off and provision.

With respect to loans to debtors who are legally deemed to be experiencing financial difficulties such as bankruptcy, special liquidation or whose notes are under suspension at clearing houses, and loans for debtors who are substantially deemed to be experiencing financial difficulties or likely to experience financial difficulties in the future, a bad debt reserve is provided based on the amount remaining after deducting the resale value of the collateral and amounts collectible through guarantees, while considering the debtor's ability to repay the entire outstanding debt.

For loans other than those described above, a bad debt reserve is calculated at an amount of the outstanding balances multiplied by actual historical bad debt ratios.

All loans and receivables are provided for based on an assessment under an internal standard for self-assessment of assets. In each case, departments responsible for the respective assets perform the assessment and independent internal audit departments review the results.

For our overseas consolidated subsidiaries, bad debt reserves are established based on an assessment of collectability of individual receivables.

Our bad debt reserve was ¥5,662 million as of March 31, 2024 and ¥5,528 million as of March 31, 2025.

Impairment Losses on Securities

We recognize impairment losses of our investments in securities based on the following methods. For marketable securities, if the fair value of a security at a measurement date declines by 30% or more compared to its carrying value, we write down the carrying value of the security to its fair value, with a corresponding charge to income. For non-marketable securities, we determine whether there is an indication that an impairment loss should be recognized based on fundamental valuation factors, such as the deterioration of the issuer's financial position and credit rating.

Impairment Losses on Fixed Assets

We classify our fixed assets into asset groups for purposes of determining the necessity of recording impairment losses on fixed assets. One asset group consists of real estate and other assets used for insurance business purposes. Each property recorded as real estate for rent and each property recorded as real estate not in use, none of which are used for insurance business purposes, is treated as an independent asset group. In the event of a significant decline in the profitability or market value of any asset group, we compare the book value of the assets belonging to that asset group with the estimated future undiscounted cash flows generated through the use of the assets and on their eventual disposition. If the estimated future undiscounted cash flows do not exceed the book value of the assets, we write down the book value of the assets to their recoverable value and record such reduced amount on our statement of earnings as an impairment loss under extraordinary losses.

Impairment losses on fixed assets for the fiscal years ended March 31, 2024 and 2025 were as follows:

	Fiscal year ended March 31,	
	2024	2025
	(Yen in millions)	
Impairment losses on idle real estate and real estate for sale:		
Land	¥1,042	¥1,757
Buildings	1,595	1,418
Total	¥2,637	¥3,175
Impairment losses on other fixed assets		
Goodwill	¥3,967	¥2,529
Other intangible fixed assets	1,762	—
Software	2,568	1,166
Total	¥8,298	¥3,695

Valuation of Deferred Tax Assets

We record deferred tax assets using the asset and liability approach to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities, and for net operating loss carried forward. In establishing the appropriate amount of deferred tax assets, we evaluate available evidence, both positive and negative, concerning our future taxable income and other possible sources for realization of the deferred tax assets. Our judgment of the likelihood of realization of deferred tax assets may inherently rely on our subjective views concerning uncertainties with respect to future taxable income and other factors. As a result, the amount of actual taxable income may be different from our current estimates, which would result in a larger or smaller amount of deferred tax assets than have been recognized.

Reserve for Pension and Retirement Benefits

We have defined benefit corporate pension plans and lump-sum severance payment plans as defined benefit plans, and defined contribution pension plans as defined contribution plans. A domestic consolidated subsidiary and some foreign consolidated subsidiaries have defined benefit plans or defined contribution plans.

Reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligations and plan assets at end of the financial year. Unrecognized actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees. In estimating retirement benefit obligations of some consolidated subsidiaries, we use the simplified method, under which retirement benefit obligations are calculated based primarily on the amount payable at the balance sheet date without applying full actuarial valuation techniques.

Retirement benefit obligations as of March 31, 2024 and 2025 were as follows:

	As of March 31,	
	2024	2025
	(Yen in millions)	
Funded retirement benefit obligations	¥ 327,305	¥ 325,692
Plan assets	(387,171)	(384,979)
Unfunded retirement benefit obligations	79,887	80,197
Net carrying amount on the Consolidated Balance Sheet	¥ 20,021	¥ 20,911

Retirement benefit expenses for the fiscal years ended March 31, 2024 and 2025 were as follows:

	Fiscal year ended March 31,	
	2024	2025
	(Yen in millions)	
Service costs[1]	¥13,886	¥12,260
Interest costs	3,788	6,688
Expected return on plan assets	(7,426)	(7,655)
Amortization of unrecognized actuarial gains and losses	2,106	(2,590)
Others	184	(199)
Total	¥12,540	¥ 8,504

Note:
(1) Retirement benefit expenses relating to consolidated subsidiaries adopting the simplified method are included in "Service costs."

Liquidity and Capital Resources

Liquidity

In the insurance industry, liquidity generally refers to the ability of an enterprise to generate adequate amounts of cash from its normal operations, including its investment portfolio, in order to meet its financial commitments, which are principally obligations under its insurance or reinsurance contracts. The liquidity of a non-life insurer's operations is generally affected by the frequency and severity of losses under its insurance policies, as well as by the rate of cancellations of its insurance policies. Future catastrophic events, the timing and effect of which are inherently unpredictable, may also increase liquidity requirements for a non-life insurer's operations.

We typically generate substantial positive cash flow from operations as a result of insurance premiums being received in advance of the time when claim payments, as the case may be, are required. In general, we seek to hold highly liquid securities, including cash equivalents and government bonds, for unexpected outbreaks, such as huge disasters or declines in the market liquidity and turmoil in the money markets.

In addition to ordinary course payment obligations arising from insurance or reinsurance contracts, our capital requirements, except in special situations such as mergers and acquisitions or insurance payments for catastrophes, consist principally of capital expenditures, debt repayment and dividends paid to our parent company. Capital expenditures for the fiscal years ended March 31, 2023, 2024 and 2025 were ¥43.2 billion, ¥40.1 billion and ¥48.1 billion, respectively, in each case primarily for operational purposes. Dividends (including dividends in kind) paid to shareholders in the fiscal years ended March 31, 2023, 2024 and 2025 were ¥103.1 billion, ¥99.0 billion and ¥302.3 billion, respectively.

We also utilize financing from external sources, such as issuances of debt securities. Our outstanding long-term debt securities (including the current portion) as of December 31, 2025 consisted of ¥50.0 billion

1.39% subordinated bonds due February 10, 2076, ¥80.0 billion 1.17% subordinated notes due December 10, 2077 and $0.91 billion of 4.95% perpetual subordinated notes, ¥100.0 billion 1.02% subordinated notes due February 7, 2081, ¥150.0 billion 0.19% senior unsecured notes due November 13, 2026, ¥40.0 billion 1.127% senior unsecured notes due July 25, 2028, ¥60 billion 1.437% senior unsecured notes due July 25, 2030, ¥50 billion 1.709% senior unsecured notes due July 23, 2032, ¥50 billion 2.066% senior unsecured notes due July 25, 2035 and MS Transverse Insurance Group, LLC's $29 million of 6.00% senior unsecured notes due December 15, 2026.

Our total senior notes outstanding as of December 31, 2025 included the following:

- On November 15, 2021, we issued 0.19% senior unsecured notes due 2026 with a total principal amount of ¥150.0 billion. The notes will bear interest at 0.19% per annum payable semi-annually and will mature on November 13, 2026;
- On July 25, 2025, we issued 1.127% senior unsecured notes due 2028, with a total principal amount of ¥40.0 billion. The notes will bear interest at 1.127% per annum payable semi-annually and will mature on July 25, 2028;
- On July 25, 2025, we issued 1.437% senior unsecured notes due 2030 with a total principal amount of ¥60 billion. The notes will bear interest at 1.437% per annum payable semi-annually and will mature on July 25, 2030;
- On July 25, 2025, we issued 1.709% senior unsecured notes due 2032, with a total principal amount of ¥50 billion. The notes will bear interest at 1.709% per annum payable semi-annually and will mature on July 23, 2032;
- On July 25, 2025, we issued 2.066% senior unsecured notes due 2035, with a total principal amount of ¥50 billion. The notes will bear interest at 2.066% per annum payable semi-annually and will mature on July 25, 2035; and
- On December 3, 2021, MS Transverse Insurance Group, LLC issued 6.00% senior unsecured notes due 2026, with a total principal amount of $29 million. The notes will bear interest at 6.00% payable semi-annually and will mature on December 15, 2026.

We may also raise funds through commercial paper issuances.

In addition, we seek to diversify our sources of funds to secure and maintain enough liquidity to cover our cash requirements under various changes in our environment. In the future, we intend to explore funding opportunities from diversified external sources within the framework of applicable regulations.

Our sources of funds, including our positive cash flow from our insurance operations, have met, and we expect will continue to meet, our liquidity requirements. We manage liquidity risk by monitoring our total liquidity needs and resources regularly.

Cash Flows

The principal sources of cash flows from operating activities are insurance premiums and investment income while the payment of claims and losses, benefits and expenses are our main uses of cash resources.

In general, there is a time lag between premium collections and payment for losses and benefits resulting from an event specified in the policy. During this intervening time period, the premiums we collect are invested to generate investment income cash flows, primarily from interest and dividends.

While cash flows from operating activities have been generally sufficient to meet our funding requirements for claim payments and other operating needs, we may, if required, liquidate a portion of our investment portfolio and/or arrange for financing to address liquidity needs.

Our insurance operations include issuances of deposit-type insurance contracts classified as investment contracts for accounting purposes. These deposit-type insurance contracts generally have certain cash payment requirements which may differ in timing and amount from our returns on the asset portfolio allocated to fund the deposit-type insurance contract payments.

The following table sets forth our cash flows for each of the periods indicated:

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
			(Yen in millions)		
Net cash provided by operating activities	¥ 177,789	¥ 231,205	¥ 391,013	¥ 181,409	¥ 124,695
Net cash provided by (used in) investing activities	45,076	107,063	30,182	90,588	(86,634)
Net cash provided by (used in) financing activities	(258,882)	(219,309)	(409,405)	(285,942)	66,689
Effect of exchange rate changes on cash and cash equivalents	32,273	49,278	65,781	75,854	(22,109)
Net increase (decrease) in cash and cash equivalents	(3,742)	168,236	77,573	61,909	82,640
Cash and cash equivalents at the beginning of period	1,086,744	1,083,001	1,251,238	1,251,238	1,329,216
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	—	405	—	544
Cash and cash equivalents at the end of period	¥1,083,001	¥1,251,238	¥1,329,216	¥1,313,147	¥1,412,401

Six Months Ended September 30, 2025 compared with the Six Months Ended September 30, 2024

Net cash provided by operating activities was ¥124.6 billion for the six months ended September 30, 2025, compared to ¥181.4 billion for the six months ended September 30, 2024. This change was primarily attributable to an increase in insurance payouts.

Net cash used in investing activities was ¥(86.6) billion for the six months ended September 30, 2025, compared to net cash provided by investing activities of ¥90.5 billion for the six months ended September 30, 2024. This change was mainly attributable to an increase in expenditure relating to the purchase of securities, despite an increase in income from the sale and redemption of securities.

Net cash provided by financing activities amounted to ¥66.6 billion for the six months ended September 30, 2025, compared to net cash used in financing activities of ¥(285.9) billion for the six months ended September 30, 2024. This change was primarily attributable to an increase in income from the issuance of bonds.

The operating, investing and financing activities described above resulted in net cash and cash equivalents of ¥1,412.4 billion as of September 30, 2025, compared to ¥1,313.1 billion as of September 30, 2024, representing an increase of 7.6%.

Fiscal Year Ended March 31, 2025 compared with the Fiscal Year Ended March 31, 2024

Net cash provided by operating activities amounted to ¥391.0 billion for the fiscal year ended March 31, 2025, compared to ¥231.2 billion for the fiscal year ended March 31, 2024. This change was primarily attributable to an increase in premium income.

Net cash provided by investing activities was ¥30.1 billion for the fiscal year ended March 31, 2025, compared to net cash provided by investing activities of ¥107.0 billion for the fiscal year ended March 31, 2024. This change was primarily attributable to an increase in expenditure relating to the purchase of securities, despite an increase in income from the sale and redemption of securities.

Net cash used by financing activities amounted to ¥(409.4) billion for the fiscal year ended March 31, 2025, compared to net cash used in financing activities of ¥(219.3) billion for the fiscal year ended March 31, 2024. This change was primarily attributable to an increase in dividend paid to shareholders.

The operating, investing and financing activities described above resulted in net cash and cash equivalents of ¥1,329.2 billion as of March 31, 2025, compared to ¥1,251.2 billion as of March 31, 2024, representing an increase of 6.2%.

Capital Resources

Reserves

We maintain substantial underwriting reserves to cover losses arising from ordinary claims and catastrophes. As of March 31, 2025, on a non-consolidated basis, we had ¥2,751.6 billion of underwriting reserves including ¥570.0 billion of reserve for catastrophe losses, and separately had ¥40.2 billion of reserve for price fluctuation. We also believe we have a strong capital base, with net assets (excluding valuation and translation adjustments) of ¥1,168.1 billion as of March 31, 2025, on a non-consolidated basis.

The following table sets forth the amounts of our reserve for catastrophe losses and reserve for price fluctuation on a non-consolidated basis as of the dates indicated:

	As of March 31,			As of September 30,
	2023	2024	2025	2025
	(Yen in millions)			
Reserve for catastrophe losses	¥618,334	¥602,338	¥570,088	¥582,369
Reserve for price fluctuation	31,590	35,971	40,284	42,517

Net Assets

The following table also sets forth the amounts of our net assets excluding valuation and translation adjustment on a non-consolidated basis as of the dates indicated:

	As of March 31,			As of September 30,
	2023	2024	2025	2025
	(Yen in millions)			
Net assets	¥1,962,531	¥2,681,722	¥2,170,285	¥2,325,997
Valuation and translation adjustments	1,020,734	1,671,152	1,002,163	981,082
Net assets excluding valuation and translation adjustments	¥ 941,796	¥1,010,569	¥1,168,121	¥1,344,914

Subordinated Notes

Qualifying subordinated notes that are carried on our balance sheet as liabilities function as additional sources of capital under the Insurance Business Act. Our total subordinated notes outstanding as of December 31, 2025 included the following:

- On February 10, 2016, we issued 1.39% step-up callable subordinated notes due 2076 with a total principal amount of ¥50,000 million, which are subject to interest deferral options. On February 10, 2026, we redeemed all the outstanding indebtedness under the notes.
- On December 12, 2017, we issued 1.17% step-up callable subordinated notes due 2077 with a total principal amount of ¥80,000 million, which are subject to interest deferral options. Beginning on, but excluding, December 12, 2017 to, and including, December 12, 2027, the notes will bear interest at 1.17% per annum payable semi-annually; and beginning on, but excluding, December 12, 2027 to the maturity date, the notes will bear interest at a floating rate determined in accordance with the terms of the notes payable semi-annually.
- On March 6, 2019, we issued 4.95% U.S. dollar-denominated perpetual subordinated notes with an aggregate principal amount of U.S.$910 million, which are subject to interest deferral options and have no stated maturity date. Beginning on, but excluding, March 6, 2019, the notes bear interest at a fixed rate payable semi-annually; and from the first reset date thereafter, the notes bear interest at a reset rate determined in accordance with the terms of the notes. The notes are callable at our option on the first reset date and on each subsequent reset date, subject to the terms of the notes and applicable regulatory approvals.
- On February 8, 2021, we issued 1.02% step-up callable subordinated notes due 2081 with a total principal amount of ¥100,000 million, which are subject to interest deferral options. Beginning on, but excluding, February 8, 2021 to, and including, February 8, 2031, the bonds bear interest at 1.02% per annum; and beginning on, but excluding, February 8, 2031 to the maturity date, the bonds bear interest at a reset rate determined in accordance with the terms of the bonds, payable semi-annually. The bonds are callable at our option on each reset date and in certain other circumstances in accordance with the terms of the bonds and applicable regulatory approvals.

Each series of subordinated notes described above (collectively, the "Subordinated Notes") constitute our irrevocable, direct, unsecured and subordinated obligations and rank pari passu and without any preference among themselves, with other series of the Subordinated Notes and in priority to the claims of holders of our common stock.

Other

We also consider other forms of financing and liquidity to support our operations and financial position.

Derivative Instruments

In general, derivative transactions involve risks of fluctuations in fair value of derivative instruments, market risks, and risks of changes in events that underlie the derivative transactions. Derivative transactions also are exposed to credit risks, including risks of nonperformance as a result of insolvency of the counterparty. Derivative transactions which we enter into are also exposed to market risks. However, derivative transactions for hedging risks effectively reduce market risks because the fair value of hedged items and hedging instruments fluctuate oppositely. In order to avoid credit risks by nonperformance, derivative instruments are entered into with selected counterparties with high creditworthiness and transactions are diversified across such counterparties.

For more information on our derivative instruments, see "Notes on Derivative Transactions" in our audited consolidated financial statements as of and for the fiscal years ended March 31, 2024 and 2025 and our unaudited consolidated financial statements as of and for the six months ended September 30, 2025.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements or transactions.

Contractual Obligations

The following table summarizes our contractual obligations (excluding bonds issued without fixed maturities and contractual interest payments) as of March 31, 2025 that will affect our liquidity position for the next several years other than contractual obligations arising directly from the terms of our insurance products.

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
	(Yen in millions)				
Bonds issued (excluding bonds issued without maturities)	¥384,662	¥ —	¥154,662	¥ —	¥230,000
Lease obligations	24,647	4,798	7,287	5,247	7,313
Total contractual obligations (excluding contractual interest payments)	¥409,309	¥4,798	¥161,950	¥5,247	¥237,313

MS&AD INSURANCE GROUP HOLDINGS, INC.

The following discussion includes financial and other information relating to MS&AD on a consolidated basis, which includes us, as of and for the years ended March 31, 2024 and 2025. This information is derived from the consolidated financial statements of MS&AD. Although we are a core operating subsidiary of MS&AD, MS&AD conducts its business through subsidiaries other than us and our subsidiaries, and our results may differ, sometimes materially, from that of MS&AD on a consolidated basis. In making an investment decision with respect to the Bonds offered hereby, prospective investors should understand that we are the issuer of the Bonds and that no guarantee or other credit support has or will be provided by MS&AD or Aioi Nissay.

MS&AD, through its current subsidiaries, including us, operates a broad range of domestic and international non-life and life insurance businesses, as well as financial services and risk-related services businesses. The MS&AD group was originally established as a result of business integration in April 2010 among Mitsui Sumitomo Insurance Group Holdings, Inc., Aioi Insurance Company, Limited and Nissay Dowa General Insurance Company, Limited. The MS&AD group was one of the largest non-life insurance groups in Japan in terms of volume of consolidated net premiums written for the fiscal year ended March 31, 2025 based on publicly disclosed information of other Japanese non-life insurance companies. MS&AD operated in 41 countries and regions as of July 22, 2025.

MS&AD's five principal businesses are the following:

- *Domestic Non-Life Insurance Business*. MS&AD's domestic non-life insurance business is operated primarily by the following three subsidiaries: us, Aioi Nissay and Mitsui Direct General Insurance Company, Limited.
- *Domestic Life Insurance Business*. MS&AD's domestic life insurance business is operated primarily by the following two subsidiaries: Mitsui Sumitomo Aioi Life Insurance Company, Limited and Mitsui Sumitomo Primary Life Insurance Company, Limited.
- *International Business*. MS&AD's international business is operated by international divisions of its domestic non-life insurance subsidiaries, including us, in Japan and overseas subsidiaries.
- *Financial Services Business*. MS&AD's financial services business, including asset management, financial guarantees, 401k, alternative risk transfer, personal finance and venture capital finance, is primarily operated by its domestic non-life insurance subsidiaries, Sumitomo Mitsui DS Asset Management Company, Limited, Mitsui Sumitomo Insurance Venture Capital Co., Ltd. and Leadenhall Capital Partners LLP, among others.
- *Digital/Risk-Related Services Business*. MS&AD's risk-related services business, including risk management, is operated primarily by MS&AD InterRisk Research & Consulting, Inc. and others.

The following table sets forth MS&AD's consolidated ordinary income, net premiums written and net income attributable to owners of the parent for the fiscal years ended March 31, 2024 and 2025:

	Fiscal year ended March 31,	
	2024	2025
	(Yen in billions)	
Ordinary income	¥6,572	¥6,660
Net premiums written	4,261	4,674
Net income attributable to owners of the parent	369	691

MS&AD also discloses group adjusted profit and group adjusted ROE, which are financial measures that are not calculated in accordance with Japanese GAAP, as supplementary information to illustrate underlying trends in its business. In particular, MS&AD uses group adjusted profit and group adjusted ROE as key benchmarks of performance under its medium-term business plan. MS&AD calculates group adjusted profit as consolidated net income plus provision for catastrophe reserve and others minus other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) plus equity in earnings of non-consolidated group companies. Group adjusted ROE is calculated as group adjusted profit divided by average of beginning and ending amounts of adjusted net assets (consolidated net assets plus catastrophe reserve and others minus goodwill and other intangible fixed assets). For the year ended March 31, 2024 and 2025, group adjusted profit was ¥379.9 billion and ¥731.7 billion respectively, and group adjusted ROE was 9.0% and 15.7%, respectively.

For the fiscal year ended March 31, 2025, group adjusted profit by business domain was ¥487.5 billion (including ¥412.3 billion of gains from sale of strategic equity holdings) for the domestic non-life insurance business, ¥52.2 billion for the domestic life insurance business, ¥188.8 billion for the international business and ¥3.1 billion for the financial services business and digital/risk-related services business.

PROPOSED MERGER WITH AIOI NISSAY

Overview

On March 28, 2025, the Board of Directors of MS&AD, our parent company, resolved to proceed with preparations for the merger of us and Aioi Nissay, which are the two principal non-life insurance operating companies within the MS&AD group. Subject to approval at the respective shareholders' meetings of us and Aioi Nissay, the receipt of required regulatory approvals in Japan and the satisfaction of other customary conditions, the merger is scheduled to become effective on April 1, 2027. We are the surviving company designated under the merger agreement.

On September 30, 2025, MS&AD publicly indicated further details regarding the planned integration of our business with that of Aioi Nissay, and on February 13, 2026, MS&AD announced that a final merger agreement between us and Aioi Nissay had been executed. In connection with the planned merger, MS&AD has publicly indicated its intention to integrate the domestic non-life insurance operations of us and Aioi Nissay into a single operating company. The principal framework of the merged entity, including the surviving company, company name and governance structure, has been determined pursuant to the executed merger agreement. The merged company is planned to be established as a company with an Audit and Supervisory Committee, and the board composition and representative appointments have been publicly disclosed. Certain detailed implementation matters, including specific organizational arrangements, branding rollout and integration measures, remain subject to shareholder approvals, required regulatory approvals and further refinement. Since the March 2025 resolution, we and Aioi Nissay have commenced integration-related preparatory activities, including coordination in selected operational, administrative and human resource areas, for the purpose of facilitating a smooth transition upon completion of the merger. The scope, timing and implementation of such measures remain subject to ongoing review and adjustment.

The proposed merger forms part of MS&AD's broader strategy to strengthen its domestic non-life insurance business. As part of this strategy, MS&AD has indicated that the integration of us and Aioi Nissay is intended to:

- consolidate overlapping functions, systems and business platforms;
- enhance operational efficiency and cost structure;
- enable more effective allocation of management resources; and
- strengthen the competitive position of the combined domestic non-life insurance business.

In connection with the proposed merger, MS&AD has publicly indicated that the integration of us and Aioi Nissay is expected to create a single domestic non-life insurance operating platform with a leading market position under a single brand. The combined domestic non-life insurance business would hold the largest market share in Japan based on net premiums written and is expected to rank first in 27 out of Japan's 47 prefectures, compared to 20 prefectures prior to the integration, based on direct premiums as of March 31, 2024. In the Toyota automobile dealer channel, the combined business is expected to achieve a market share of over 55%, based on direct premiums as of March 31, 2024, and the combined operations are expected to maintain leading positions in key product lines, including fire insurance, personal accident insurance and marine insurance (with marine insurance figures reflecting the aggregate of cargo and hull insurance).

The integration of us and Aioi Nissay is intended to enhance operational efficiency through economies of scale and the consolidation of overlapping functions and systems. In this context, the combined business expense ratio of the domestic non-life insurance operations was approximately 33.3% for the fiscal year ended March 31, 2024 and approximately 32.8% for the fiscal year ended March 31, 2025, and MS&AD aims to improve such ratio to approximately 30.0% over the medium term, supported by cost reduction initiatives with an indicative target amount of approximately ¥150 billion.

MS&AD has further indicated that, following the integration, it intends to centralize oversight of international businesses at the holding company level through the establishment of an International Executive Committee ("IEC"). The IEC is expected to function as a group-level forum for deliberation and decision-making on international strategy and capital allocation, with the aim of enhancing governance, speed of decision-making and group-wide coordination.

Regulatory Approvals and Competition Law Considerations

The completion of the proposed merger between us and Aioi Nissay is subject to approval by the FSA pursuant to the Insurance Business Act. In reviewing an application for approval, the FSA generally examines, among other matters:

- the financial soundness and solvency of the merged entity;
- the adequacy of governance, internal controls and risk management systems;
- the ability of the merged entity to conduct insurance business on a sound and stable basis; and
- the protection of policyholders and insured persons.

The FSA has broad discretion in its review process and may impose conditions, restrictions or remedial measures as part of its approval, may require additional information, or may request modifications to the merger structure, business plans or post-merger operations.

In addition, the proposed merger is also expected to be subject to review by the JFTC under the Anti-monopoly Act of Japan (Act No. 54 of 1947, as amended the "Anti-monopoly Act"). Because we and Aioi Nissay operate in overlapping segments of the Japanese non-life insurance market, including personal and commercial insurance lines, the JFTC may assess the impact of the merger on competition, market concentration and consumer choice in certain product lines or geographic areas. As part of such review, the JFTC may:

- request detailed information regarding market shares, pricing, distribution channels and competitive dynamics;
- require the submission of commitments, undertakings or other remedies designed to address competition concerns; or
- extend the review period beyond the statutory waiting period.

There can be no assurance that the JFTC will not require behavioral or structural remedies, or that any such remedies would not adversely affect the expected benefits, implementation plan or timing of the merger.

Overview of Aioi Nissay

Aioi Nissay and its group companies operate insurance and financial services businesses, including domestic non-life insurance operations, overseas operations, and financial services, under the parent company MS&AD Insurance Group Holdings, Inc. Aioi Nissay specializes in general non-life insurance products, including fire insurance, marine insurance, accident insurance, motor insurance, motor vehicle liability insurance and others.

Aioi Nissay and its group companies operate through a network of 278 sales sections and subbranches and 185 claims service centers in Japan as of April 1, 2025. It also maintains operations in 32 cities worldwide as of March 31, 2025.

The main business activities and the positioning of key companies within these businesses are as follows.

- *Domestic Non-Life Insurance Business*: Aioi Nissay conducts insurance business in Japan centered on underwriting direct and reinsurance contracts and paying insurance claims, while its group companies such as Aioi Nissay Dowa Insurance Investigation Co., Ltd. and Aioi Nissay Dowa Insurance Service Co., Ltd. conducts related businesses.
- *International Business*: Overseas subsidiaries, including Aioi Nissay Dowa Europe Limited, Aioi Nissay Dowa Insurance (China) Company Limited, DTRIC Insurance Company, Limited, and Aioi Nissay Dowa Insurance Company Australia Pty Ltd, along with Aioi Nissay's overseas branches, conduct international insurance businesses worldwide.
- *Financial Services Business/Risk-Related Services Business*: Aioi Nissay and its group companies operate defined contribution pension schemes and debt guarantee businesses. It also provides risk-related services through Aioi Nissay Dowa Motor Research Institute Co., Ltd. which conducts research and training activities related to automobile repairs.

Summary Financial Data of Aioi Nissay

The following table sets forth Aioi Nissay's consolidated selected financial data as of the dates and for the periods indicated:

	As of and for the fiscal year ended March 31,			As of and for the six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Consolidated Financial Data:					
Statement of income data:					
Ordinary income:					
Net premiums written	¥1,429,766	¥1,472,650	¥1,565,698	¥ 811,115	¥ 822,150
Income from other underwriting income item[(1)]	75,355	107,137	80,800	13,204	35,256
Underwriting income	1,505,122	1,579,788	1,646,499	824,320	857,407
Investment income	103,033	179,518	192,036	71,653	75,926
Other ordinary income	16,566	16,500	16,611	7,984	11,112
Total ordinary income	1,624,722	1,775,807	1,855,147	903,958	944,446
Ordinary expenses:					
Underwriting expenses	1,301,872	1,413,567	1,414,301	720,965	681,933
Investment expenses	27,292	55,566	49,963	32,535	8,426
Operating expenses and general and administrative expenses	222,692	224,562	240,731	114,469	119,269
Other ordinary expenses	6,679	8,586	12,713	6,676	7,268
Total ordinary expenses	1,558,537	1,702,283	1,717,709	874,648	816,897
Ordinary profit	66,185	73,523	137,438	29,310	127,548
Extraordinary income	379	1,054	2,733	54	73
Extraordinary losses	11,299	7,961	9,440	2,090	16,099
Income before income taxes	55,264	66,616	130,731	27,274	111,522
Total income taxes	13,558	14,999	26,450	4,540	27,412
Net income attributable to non-controlling interests	(64)	323	194	25	115
Net income attributable to owners of the parent	41,770	51,293	104,086	22,708	83,995
Balance sheet data:					
Total assets	3,835,618	4,245,430	3,852,392	4,024,548	3,976,652
Liabilities:					
Outstanding claims	688,657	795,113	836,183	824,373	838,536
Underwriting reserves	1,840,775	1,773,039	1,713,479	1,793,842	1,693,577
Bonds issued	50,000	50,000	25,000	25,000	25,000
Total liabilities	3,082,793	3,225,100	2,998,636	3,101,782	2,978,099
Net assets:					
Shareholders' equity:					
Common stock	100,005	100,005	100,005	100,005	100,005
Capital surplus	79,673	79,656	78,223	78,223	78,223
Retained earnings	201,087	216,222	216,224	175,196	253,076
Total shareholders' equity	380,766	395,883	394,452	353,424	431,304
Accumulated other comprehensive income:					
Net unrealized gains (losses) on securities	377,578	619,398	450,732	552,987	560,778
Foreign currency translation adjustments	(5,534)	2,186	10,055	14,269	7,921
Accumulated actuarial gains (losses) on retirement benefits	(110)	2,380	(2,169)	1,536	(2,296)

	As of and for the fiscal year ended March 31,			As of and for the six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Net unrealized gains (losses) on policy liabilities for foreign subsidiaries	(22)	(33)	(95)	(72)	(51)
Total accumulated other comprehensive income	371,910	623,931	458,523	568,721	566,351
Non-controlling interests	148	515	779	619	896
Total net assets	752,825	1,020,329	853,756	922,765	998,553
Total liabilities and net assets	¥3,835,618	¥4,245,430	¥3,852,392	¥4,024,548	¥3,976,652
Other Consolidated Data:					
Consolidated solvency margin ratio	845.2%	799.1%	762.7%	759.0%	841.6%

Note:

(1) Sum of deposit premiums from policyholders, investment income on deposit premiums from policyholders, life insurance premiums, reversal of outstanding claims, reversal of underwriting reserves and other underwriting income.

Unaudited Selected Pro Forma Financial Information

The tables below set forth unaudited selected pro forma financial information for the fiscal year ended March 31, 2025 and as of and for the six months ended September 30, 2025, which has been prepared on a voluntary basis to illustrate the estimated effects of the proposed merger of us and Aioi Nissay, assuming that the merger had been completed on April 1, 2024. This assumption does not reflect the actual timing of the merger, which is expected to be completed on April 1, 2027, subject to approval at the shareholders' meetings of the respective companies and receipt of necessary regulatory approvals from relevant authorities. Accordingly, the unaudited selected pro forma financial information does not purport to represent what our actual financial position or results of operations would have been had the merger occurred on April 1, 2024, nor does it purport to project our financial position or results of operations for any future period or as of any future date.

The unaudited selected pro forma financial information is based upon available information and certain assumptions and estimates that we believe are reasonable under the circumstances.

The unaudited selected pro forma consolidated statement of income data for the fiscal year ended March 31, 2025 has been prepared based on (a) our audited consolidated financial statements for the fiscal year ended March 31, 2025 and (b) the audited consolidated financial statements of Aioi Nissay for the fiscal year ended March 31, 2025.

The unaudited selected pro forma consolidated balance sheet data as of September 30, 2025 and the unaudited selected pro forma statement of income data for the six months ended September 30, 2025 have been prepared based on (i) our unaudited consolidated financial statements as of and for the six months ended September 2025 and (ii) the unaudited consolidated financial statements of Aioi Nissay as of and for the six months ended September 30, 2025.

The unaudited selected pro forma financial information has not been prepared or presented in accordance with rules, regulations or guidance of any stock exchange or regulatory authority including those of the Tokyo Stock Exchange, Inc., the European Securities and Markets Authority, SEC Rule 11-02 of Regulation S-X or any other regulation or regulatory body. Further, the selected pro forma financial information has not been prepared or presented in accordance with any particular accounting principles and has not been subject to any audit, review or other procedures by our independent auditor. Future results may vary significantly from the results reflected in the selected unaudited selected pro forma financial information due to a variety of factors, including those described in "Risk Factors—Risks Relating to the Proposed Merger with Aioi Nissay."

The unaudited selected pro forma financial information is as follows:

Unaudited Selected Pro Forma Consolidated Statement of Income Data for the fiscal year ended 31 March 2025

	Issuer	Aioi Nissay	Pro Forma Adjustments	Pro Forma Statement of Income
		(Yen in millions)		
Ordinary income:				
Net premiums written	¥3,071,208	¥1,565,698	¥ —	¥4,636,906
Income from other underwriting income items(1)	78,560	80,800	—	159,361
Underwriting income	3,149,768	1,646,499	—	4,796,267
Investment income(2)	696,655	192,036	(652)	888,039
Other ordinary income(3)	39,511	16,611	(2,999)	53,124
Total ordinary income	3,885,935	1,855,147	(3,651)	5,737,431
Ordinary expenses:				
Underwriting expenses(3)	2,595,858	1,414,301	(2,346)	4,007,813
Investment expenses	63,852	49,963	—	113,816
Operating expenses and general and administrative expenses(2)(4)	483,550	240,731	(1,305)	722,976
Other ordinary expenses	29,288	12,713	—	42,002
Total ordinary expenses	3,172,550	1,717,709	(3,651)	4,886,608
Ordinary profit	713,384	137,438	—	850,822
Extraordinary income	11,509	2,733	—	14,243
Extraordinary losses	12,139	9,440	—	21,580
Income before income taxes	712,754	130,731	—	843,485
Total income taxes	153,531	26,450	—	179,981
Net income attributable to non-controlling interests	4,806	194	—	5,001
Net income attributable to owners of the parent	¥ 554,416	¥ 104,086	¥ —	¥ 658,503

Notes:
(1) Sum of Deposit premiums from policyholders, Investment income on deposit premiums from policyholders, Life insurance premiums, Reversal of outstanding claims, Reversal of underwriting reserves and Other underwriting income.
(2) Pro forma adjustments made for real estate transactions between Aioi Nissay and us.
(3) Pro forma adjustments made for insurance transactions between Aioi Nissay and us.
(4) Pro forma adjustments made for insurance-related transactions between Aioi Nissay and us.

Unaudited Selected Pro Forma Consolidated Balance Sheet Data as of 30 September 2025

	Issuer	Aioi Nissay	Pro Forma Adjustments	Pro Forma Balance Sheet
		(Yen in millions)		
Total assets(1)	¥10,026,928	¥3,976,652	¥(3,212)	¥14,000,368
Liabilities:				
Outstanding claims	2,386,257	838,536	—	3,224,794
Underwriting reserves	3,126,967	1,693,577	—	4,820,544
Bonds issued	685,190	25,000	—	710,190
Total liabilities(1)	7,155,418	2,978,099	(3,212)	10,130,304
Net assets:				
Shareholders' equity:				
Common stock	139,595	100,005	—	239,600
Capital surplus	84,387	78,223	—	162,610
Retained earnings	1,352,377	253,076	—	1,605,454
Total shareholders' equity	1,576,360	431,304	—	2,007,665

	Issuer	Aioi Nissay	Pro Forma Adjustments	Pro Forma Balance Sheet
		(Yen in millions)		
Accumulated other comprehensive income:				
Net unrealized gains/(losses) on investments in securities	968,564	560,778	—	1,529,342
Net deferred gains/(losses) on hedges	(7,521)	—	—	(7,521)
Foreign currency translation adjustments	258,697	7,921	—	266,618
Accumulated actuarial gains/(losses) on retirement benefits	22,339	(2,296)	—	20,043
Net unrealized gains/(losses) on policy liabilities for foreign subsidiaries	5,098	(51)	—	5,046
Total accumulated other comprehensive income	1,247,178	566,351	—	1,813,529
Non-controlling interests	47,972	896	—	48,868
Total net assets	2,871,510	998,553	—	3,870,063
Total liabilities and net assets	¥10,026,928	¥3,976,652	¥(3,212)	¥14,000,368

Note:
(1) Pro forma adjustments made for insurance transactions between Aioi Nissay and us.

Unaudited Selected Pro Forma Consolidated Statement of Income Data for the six months ended 30 September 2025

	Issuer	Aioi Nissay	Pro Forma Adjustments	Pro Forma Statement of Income
		(Yen in millions)		
Ordinary income:				
Net premiums written	¥1,867,484	¥822,150	¥ —	¥2,689,635
Income from other underwriting income items(1)	41,222	35,256	—	76,478
Underwriting income(2)	1,908,706	857,407	(16,586)	2,749,527
Investment income	402,441	75,926	—	478,368
Other ordinary income(3)	17,924	11,112	(1,501)	27,534
Total ordinary income	2,329,072	944,446	(18,088)	3,255,430
Ordinary expenses:				
Underwriting expenses(2)(3)	1,543,220	681,933	(17,779)	2,207,374
Investment expenses	38,937	8,426	—	47,364
Operating expenses and general and administrative expenses(3)	234,625	119,269	(308)	353,587
Other ordinary expenses	11,892	7,268	—	19,160
Total ordinary expenses	1,828,676	816,897	(18,088)	2,627,486
Ordinary profit	500,396	127,548	—	627,944
Extraordinary income	215	73	—	289
Extraordinary losses	10,059	16,099	—	26,158
Income before income taxes	490,552	111,522	—	602,075
Total income taxes	118,703	27,412	—	146,116
Net income attributable to non-controlling interests	2,110	115	—	2,225
Net income attributable to owners of the parent	¥ 369,738	¥ 83,995	¥ —	¥ 453,733

Notes:
(1) Sum of Deposit premiums from policyholders, Investment income on deposit premiums from policyholders, Life insurance premiums, Reversal of outstanding claims, Reversal of underwriting reserves and Other underwriting income.
(2) Pro forma adjustments made for the transfer to and reversal of the reserve for payments.
(3) Pro forma adjustments made for insurance transactions and insurance-related transactions between Aioi Nissay and us.

BUSINESS

Overview

We are one of the largest non-life insurance companies in Japan and a core operating company of MS&AD, the largest non-life insurance group in the Japanese non-life insurance industry in terms of net premiums written for the fiscal year ended March 31, 2025. We underwrite the full range of non-life insurance coverage, including voluntary automobile, compulsory automobile liability, personal accident, fire and allied lines and marine insurance.

In addition to our core non-life insurance business in Japan, we operate in overseas markets and have significantly expanded our international business in recent years through targeted acquisitions, including our acquisitions of Amlin plc in 2016 and Transverse Insurance Group, LLC in 2023. In our international business, we engaged in reinsurance and also underwrite lines of non-life and life insurance coverage through our subsidiaries in 41 countries and regions in Asia, Europe and the Americas as of July 22, 2025.

Our ordinary income is comprised of underwriting income, investment income and other ordinary income. Our primary source of ordinary income is underwriting income, which is comprised primarily of net premiums written. For the fiscal year ended March 31, 2025, 81.1% of our ordinary income was generated by underwriting income, and 17.9% was generated by investment income.

Our net premiums written, ordinary profit and net income attributable to owners of the parent for the fiscal year ended March 31, 2025 were ¥3,071.2 billion, ¥713.3 billion and ¥554.4 billion, respectively, as compared with ¥2,753.8 billion, ¥333.7 billion and ¥274.6 billion, respectively, for the fiscal year ended March 31, 2024. Our net premiums written, ordinary profit and net income attributable to owners of the parent for the six months ended September 30, 2025 were ¥1,867.4 billion, ¥500.3 billion and ¥369.7 billion, respectively, as compared with ¥1,710.6 billion, ¥495.0 billion and ¥391.8 billion, respectively, for the six months ended September 30, 2024.

We have two reporting segments: domestic non-life insurance business and international business. Businesses that do not fall within these two reporting segments are included within our other businesses segment. Domestic non-life insurance business segment is the largest reporting segment, and includes all of the businesses operated by us on a non-consolidated basis, including those of its overseas branches (but not its overseas subsidiaries). The international business segment includes all the businesses operated by our overseas subsidiaries. The other businesses segment includes financial services businesses operated by group companies other than domestic insurance companies. For the fiscal year ended March 31, 2025, revenues in our domestic non-life insurance business segment accounted for ¥1,679.2 billion, revenues in our international business segment accounted for ¥1,400.9 billion and revenues in our other businesses segment accounted for ¥14.0 billion.

History

We were established through a merger in October 2001 between Mitsui Marine and Fire Insurance Company, Limited, an insurance company established in Tokyo, Japan in 1918, and Sumitomo Marine and Fire Insurance Company, Limited, an insurance company established in Osaka, Japan in 1893, with Mitsui Marine and Fire Insurance Company, Limited as the surviving company. The surviving company adopted the name Mitsui Sumitomo Insurance Company, Limited.

In April 2008, we adopted a holding company structure and became a wholly owned subsidiary of Mitsui Sumitomo Insurance Group Holdings, Inc., which was newly established as the holding company of the group. In connection with a subsequent group restructuring, in July 2008, we transferred all of the shares of certain subsidiaries to Mitsui Sumitomo Insurance Group Holdings, Inc.

In April 2010, Mitsui Sumitomo Insurance Group Holdings, Inc. was renamed MS&AD Insurance Group Holdings, Inc. Following the business integration of Aioi Insurance Company, Limited and Nissay Dowa General Insurance Company, Limited, Aioi Insurance Company, Limited became a wholly owned subsidiary of MS&AD Insurance Group Holdings, Inc. Subsequently, in October 2010, Aioi Insurance Company, Limited and Nissay Dowa General Insurance Company, Limited merged to become Aioi Nissay Dowa Insurance Company, Limited.

In February 2016, we acquired 100% of the shares of Amlin plc, a U.K.-based specialty insurance and reinsurance group primarily operating in the Lloyd’s market, and integrated its operations under the MS Amlin

brand. Through this acquisition, we established a substantial overseas platform for specialty insurance and reinsurance, with underwriting operations in the United Kingdom, Continental Europe, the United States, Bermuda and other major international insurance markets.

In December 2017, we acquired First Capital Insurance Limited in Singapore, which was subsequently renamed MS First Capital Insurance Limited, thereby strengthening our presence in Southeast Asia and expanding our underwriting capabilities for large corporate and commercial risks in the region.

In January 2023, we acquired Transverse Insurance Group, LLC, a U.S.-based specialty insurance platform, thereby further strengthening our specialty underwriting capabilities in the United States.

In addition to acquisitions, we have also pursued strategic minority investments intended to complement our overseas business platform. See "Recent Developments" for a discussion of strategic minority investments announced in 2025.

As a result of these initiatives, we have established a diversified overseas insurance platform encompassing specialty insurance and reinsurance, which complements our domestic operations and supports the global expansion of our insurance business.

In March 2025, MS&AD announced that we and Aioi Nissay are scheduled to merge in April 2027. See "Proposed Merger with Aioi Nissay" for further details.

Recent Developments

As part of our strategy to strengthen the earnings base and capital efficiency of our international business, we have recently undertaken the following strategic investments. These investments are intended to complement our existing insurance operations and asset management framework.

- In March 2025, we announced an investment and voting agreement pursuant to which we expect to acquire an approximately 15% minority equity interest in W. R. Berkley Corporation, a U.S.-based property and casualty insurance holding company, from third parties over a reasonable period of time. This investment is intended to establish a cooperative relationship with a major participant in the U.S. specialty insurance market and to complement our existing specialty insurance platform. Through this relationship, we aim to enhance our access to specialty underwriting expertise and business know-how, while maintaining disciplined capital management.
- In November 2025, we announced an agreement to acquire an approximately 18% minority equity interest in Barings LLC, a global asset management firm headquartered in the United States, from its parent company, Massachusetts Mutual Life Insurance Company. Upon completion, Barings is expected to be accounted for as an equity-method affiliate. Through this investment, we seek to enhance our asset management capabilities and improve capital efficiency by strengthening cooperation with a global asset manager with extensive investment expertise. This investment is intended to support more efficient capital allocation, improve investment portfolio management across the group and contribute to stable fee-based income.

Strengths

A Stable Domestic Earnings Foundation, Underpinned by No. 1 Market Share as a Group

As the MS&AD group, we have held the leading market share in Japan based on net premiums written. Japan represented the eighth-largest non-life insurance market globally (based on premium volume data published by the Swiss Re Institute and the General Insurance Association of Japan for the year ended December 31, 2023 for all countries except Japan, which covered the fiscal year ended March 31, 2024), with total non-life insurance net premiums of approximately ¥9.6 trillion for the fiscal year ended March 31, 2025 (calculated as the simple aggregation of non-consolidated net premiums written by domestic non-life insurance companies within each insurance group, as published by the General Insurance Association of Japan). Within this market, the MS&AD group accounted for approximately 33% of total net premiums written in fiscal year ended March 31, 2025.

We have maintained a stable earnings track record by focusing on bottom-line performance through disciplined underwriting. Our domestic non-life insurance business is supported by a diversified product

portfolio, including voluntary automobile insurance, fire and allied insurance, marine insurance, personal accident insurance and compulsory automobile liability insurance. On a consolidated basis, net premiums written increased steadily from ¥2,197 billion in the fiscal year ended March 31, 2020 to ¥3,071 billion in the fiscal year ended March 31, 2025. For the six months ended September 30, 2025, we recorded net premiums written of ¥1,867 billion, compared with ¥1,710 billion for the corresponding six months ended September 30, 2024. Net income attributable to owners of the parent (on a consolidated basis) increased from ¥135 billion in the fiscal year ended March 31, 2020 to ¥554 billion in the fiscal year ended March 31, 2025. For the six months period ended September 30, 2025, net income attributable to owners of the parent amounted to ¥369 billion, compared with ¥391 billion for the corresponding six months ended September 30, 2024.

Our underwriting discipline is also reflected in the management of the combined ratio. Our combined ratio, calculated on a non-consolidated basis as the sum of the net loss ratio and the net expense ratio, remained below 100% throughout the fiscal years ended March 31, 2020 through March 31, 2025. While the combined ratio has moderately increased since 2021 due primarily to higher loss ratios, it has continued to be maintained at a level below 100%, supported by controlled underwriting expenses. For the six months ended September 30, 2025, we recorded a combined ratio of 90.3%, compared with 94.5% for the corresponding six months ended September 30, 2024.

Sustainable Growth Supported by International Business

We have expanded our global network to 41 countries and regions as of July 22, 2025 and diversified revenues from international business through a series of acquisitions and strategic investments since early 2000s. As a result of this expansion, international business has become an increasingly important component of our revenue base. For the fiscal year ended March 31, 2016, revenue in our international business segment accounted for approximately 17% of our total sales from external customers, whereas for the fiscal year ended March 31, 2025, net premiums written in our international business segment accounted for approximately 47% of our total sales from external customers, each after excluding intersegment sales and transfers.

Our international business has delivered steady profit growth, driven by expansion of the reinsurance business, capturing market growth in Asia and continued investment in North America. At the MS&AD group level, group adjusted profit from the international business (including Lloyd's and reinsurance, Asia, Europe, the Americas, international life insurance and related businesses) amounted to ¥67 billion for the fiscal year ended March 31, 2023, ¥140 billion for the fiscal year ended March 31, 2024, and ¥189 billion for the fiscal year ended March 31, 2025.

In addition, we have announced strategic initiatives aimed at further strengthening our international business platform. As described above in "—Recent Developments," in March 2025, we announced an investment and voting agreement under which we plan to acquire approximately 15% of the outstanding common stock of W. R. Berkley Corporation, a U.S.-based property and casualty insurance holding company, and in November 2025, we announced an investment to acquire approximately 18% of Barings LLC from Massachusetts Mutual Life Insurance Company. These investments are intended to establish a cooperative relationship with a major participant in the U.S. specialty insurance market and to enhance our asset management capabilities, respectively.

Asset Management Strategy and Portfolio that Maintain Financial Soundness and Increase Net Asset Value

At the MS&AD group level, we are focused on reducing listed strategic equity holdings, while strengthening investment in higher-return assets, including through expanding asset allocation to private assets and overseas corporate bonds, within the scope of acceptable risk and with due consideration for asset-liability management ("ALM") and liquidity.

As part of this group-wide asset allocation policy, the MS&AD group has set a clear direction to reduce listed strategic equity holdings to zero by the end of fiscal year ending March 31, 2030 and to reallocate the proceeds toward higher-return assets. In practice, this includes increasing exposure primarily to foreign currency-denominated assets, such as overseas corporate bonds and alternative investments, while maintaining disciplined capital allocation and risk management across the MS&AD group.

Through asset risk diversification and portfolio optimization at the group level, we seek to expand investment profit while maintaining high creditworthiness and controlling interest rate and foreign exchange rate sensitivities. As of March 31, 2025, approximately 95% of the MS&AD group's credit portfolio consisted of

investment-grade bonds and other assets rated BBB or higher, reflecting a portfolio structure that emphasizes credit quality. In addition, interest rate risk associated with ALM assets is generally matched and controlled across major group companies, limiting sensitivity of net asset value to interest rate movements.

We aim to secure stable investment income by implementing a disciplined investment strategy supported by a diversified asset portfolio. While our investment income in the fiscal year ended March 31, 2025 increased significantly, partly driven by gains on the sale of strategic equity holdings, the reallocation of capital toward higher-return assets is intended to support sustainable investment income generation over the medium to long term, rather than reliance on one-off gains. By reallocating the proceeds from the sale of strategic equity holdings to higher-return assets, diversifying investment risks, and strengthening global investment capabilities through both in-house management and external asset management partnerships at the MS&AD group level, we seek to enhance capital efficiency and increase net asset value while maintaining overall financial soundness.

Robust Financials Based on Disciplined Enterprise Risk Management

We have maintained a robust capital base under Japan's current solvency regime. Our solvency margin ratio has consistently remained well above the minimum required threshold of 200%. On a consolidated basis, the solvency margin ratio stood at 689.1% as of September 30, 2025, reflecting a strong buffer against adverse stress scenarios. In addition, we are highly rated by major international and domestic rating agencies. As of December 31, 2025, we were rated as high as JGB by both S&P and Moody's.

At the MS&AD group level, we manage risk, returns, and capital in an integrated manner through our enterprise risk management framework, with the objective of maintaining financial soundness while enhancing capital efficiency and risk-adjusted returns.

Under this framework, group adjusted profit, integrated risk amount, and net asset value ("NAV") are managed in a coordinated way. Profitability is monitored using return on risks ("ROR"), which measures returns relative to the integrated risk amount, while capital adequacy is assessed through the ESR, calculated as NAV divided by the integrated risk amount based on an internal model calibrated to a 99.5% confidence level. We have improved our ROR through enhancing profitability of domestic non-life insurance and international businesses.

Although domestic equity prices have risen in recent years, the percentage of strategic equity holdings within the MS&AD group's integrated risk amount has declined, reflecting the accelerated reduction of such holdings. As a result, the contribution of strategic equity risk to the overall risk portfolio decreased from 35.4% as of March 31, 2024 to 21.5% as of September 30, 2025, even as the absolute level of integrated risk increased moderately in line with business expansion.

This disciplined reduction of equity-related market risk has contributed to improved stability of the group's risk profile and reduced sensitivity of capital adequacy to market volatility. At the MS&AD group level, we have maintained robust capital strength by managing our ESR within our target range of 180% to 250% and reducing the impact of market volatility on our ESR through the disciplined reduction of equity-related market risk.

Potential for Achieving Global Top-Tier Efficiency through an Intra-Group Merger

Our announced merger with Aioi Nissay is planned to be completed by March 31, 2027 and is expected to significantly upgrade our competitiveness, brand awareness, and operational efficiency as a single non-life insurance company. Through the integration of the two principal domestic non-life insurance operating companies within the MS&AD group, we aim to consolidate overlapping functions, systems, and business platforms, thereby enhancing operational efficiency and strengthening our cost structure (see "Proposed Merger with Aioi Nissay"). Based on the current market positions, the merged entity is expected to hold the largest market share in Japan based on net premiums written, maintain leading positions across key product lines such as fire, personal accident, and marine insurance, and further strengthen its presence in major distribution channels, including the automobile dealer channel. The integration is also expected to contribute to further improvements in operational efficiency through cost synergies. The combined domestic non-life insurance operations recorded a business expense ratio of approximately 33% in recent fiscal years, and MS&AD has indicated an intention to improve this ratio toward approximately 30% over the medium term, supported by cost-reduction initiatives with an indicative target amount of approximately ¥150 billion.

With a history spanning over 130 years, we have built a proven track record of successful mergers and acquisitions, restructuring, reorganization, and business transformation. The MS&AD group has repeatedly executed large-scale integrations and organizational reforms, enabling us to manage complex integration processes while maintaining business continuity and financial soundness. This accumulated experience will underpin our ability to execute the proposed merger with Aioi Nissay in a disciplined and controlled manner and supports our potential to achieve global top-tier efficiency following the completion of the integration.

Strategy

Overall Strategic Framework and Business Environment

Our business strategies are aligned with MS&AD's medium-term management plan.

While a gradual recovery in the domestic economy is expected, our operating environment continues to be affected by structural challenges, including changes in U.S. monetary policy, fluctuations in financial markets, geopolitical risks, increasing natural disasters and climate-related losses.

Against this backdrop, and following incidents related to premium coordination practices and improper claims handling by certain agents, we recognize that restoring and maintaining the trust of customers and society is a fundamental prerequisite for sustainable growth. Accordingly, all of our strategic initiatives are pursued on the basis of customer-first principles, robust governance and strict compliance.

Strategic Direction under the Medium-Term Management Plan (Second Stage)

Under the second stage (for the fiscal year ended March 31, 2025 and the fiscal year ending March 31, 2026) of MS&AD's current medium-term management plan (covering the fiscal year ended March 31, 2023 through the fiscal year ending March 31, 2026), we conduct our business based on the following core strategic pillars:

- structural reform of the domestic non-life insurance business;
- expansion of international business profitability;
- enhancement of asset management-related earnings;
- creation of new businesses through digital technologies; and
- maximization of group synergies.

These pillars are supported by a comprehensive business style transformation, which fundamentally reviews traditional business practices and strengthens execution capabilities across the organization.

Our Strategic Priorities and Transformation Initiatives

Customer-First Value Creation and Product Transformation

We are transforming our value proposition by placing customer-first principles at the center of all business activities. We aim to provide optimal products and services by accurately understanding customer needs and social expectations, while strengthening our risk solution capabilities across the insurance value chain.

This includes enhancing underwriting and pricing disciplines, strengthening pre- and post-loss solutions and utilizing digital technologies, including artificial intelligence, generative AI and advanced data analytics, to improve underwriting quality, productivity and customer experience.

Structural Reform of Domestic Non-Life Insurance Operations

In our domestic non-life insurance business, we are promoting structural reforms to improve profitability and productivity. These initiatives include:

- reviewing business processes and organizational structures;
- strengthening underwriting through cross-departmental risk information sharing, data utilization and improved risk literacy across the company;
- enhancing early detection, evaluation and response capabilities for risks that may arise in the execution of business activities; and

- improving productivity through platform strategies, digitalization and the elimination of over-specification in operations.

These reforms are intended to establish a more resilient and efficient domestic business model.

Expansion of International Business Profitability

In light of the medium- to long-term slowdown in growth in the domestic market, we are accelerating the expansion of international and specialty insurance businesses to achieve a more diversified and resilient earnings base.

Our international strategy focuses on:

- strengthening profitability in the Lloyd's and reinsurance businesses, including through MS Amlin, a major Lloyd's syndicate and MS Re, a reinsurance company based in Bermuda and Switzerland;
- capturing growth opportunities in Asian markets, including ASEAN, through digitalization, sales channel expansion and collaboration with local partners;
- expanding specialty insurance and MGA-related businesses in the Americas, including through MSIG USA and MS Transverse;
- reducing profit volatility by managing and controlling catastrophe risk, portfolio replacements that comply with underwriting discipline, and reducing operating expenses through operational efficiency improvements; and
- investing in and partnering with W. R. Berkley, a leading U.S. specialty insurance company to expand our revenue in the world's largest insurance market, the United States and to build a top-tier global insurance group alliance with an extensive worldwide network.

These initiatives are aimed at achieving stable earnings growth across different regions and insurance cycles.

Asset Management and Capital Recycling Strategy

We are enhancing asset management-related earnings by our group-wide asset management capabilities through the One Platform Strategy and optimizing strategic asset allocation within a disciplined risk-return framework. At the same time, we are utilizing proceeds from the sale of strategic equity holdings to invest in growth areas, including international business expansion, new business creation and human capital development.

Through these capital recycling initiatives, we aim to improve capital efficiency while maintaining financial soundness and resilience.

Creation of New Businesses through Digital Technologies

We are creating new business opportunities by leveraging digital technologies and data. These initiatives include the development of cyber risk-related services, digital risk diagnostics and other solutions that address emerging risks faced by customers.

Through collaboration with platform providers and the utilization of advanced technologies, we aim to establish new revenue streams and strengthen our position as a comprehensive risk solution provider.

Group Synergies and Global Collaboration

We seek to maximize group synergies by strengthening collaboration across MS&AD group companies domestically and internationally. Through initiatives such as the TENKAI Project, we promote the sharing of expertise, skills and human resources across the MS&AD group.

Strengthened Governance, Compliance and Risk Management Foundations

We are reinforcing governance, compliance and enterprise risk management frameworks across the MS&AD group. These efforts include strengthening oversight by management, enhancing the effectiveness of the three line model, improving monitoring and escalation processes and reinforcing compliance education and awareness.

By embedding compliance and customer-first principles into all business activities, we aim to prevent the recurrence of misconduct and support sustainable growth.

Business Style Transformation and Organizational Culture

To ensure effective execution of our strategy, we are advancing a comprehensive business style transformation that encompasses:

- embedding our mission, vision and values throughout the organization;
- fostering a corporate culture in which employees are encouraged to voice concerns and proactively challenge existing practices; and
- transforming our value proposition to establish ourselves as a risk solution platform provider chosen by customers in a fair and competitive environment.

These initiatives strengthen the foundations necessary for long-term corporate value enhancement.

Domestic Non-Life Insurance Business

We engage primarily in underwriting voluntary automobile, fire and allied lines, personal accident, compulsory automobile liability, marine, and other insurance in our domestic non-life insurance business. The following table sets forth a breakdown of our direct premiums written by principal types of insurance for each of the periods indicated in Japan on a non-consolidated basis:

	Fiscal year ended March 31,[1][2]			Six months ended September 30,
	2023	2024	2025	2025[1][2]
	(Yen in millions)			
Fire and Allied Lines	¥ 378,437	¥ 367,689	¥ 399,823	¥ 233,146
Marine	108,808	109,858	112,773	65,004
Personal Accident	162,513	171,391	180,553	103,797
Voluntary Automobile	695,445	703,894	722,567	372,018
Compulsory Automobile Liability	132,470	116,361	115,287	57,516
Other	369,819	378,352	393,360	203,357
Total	¥1,847,495	¥1,847,547	¥1,924,364	¥1,034,842

Notes:
(1) The figures represent amounts after inter-company eliminations.
(2) Direct premiums written are the premiums written after deduction of surrender value and other repayments.

The following table sets forth a breakdown of each key component of our insurance premiums written for the fiscal year ended March 31, 2025 in Japan on a non-consolidated basis:

	Fiscal year ended March 31, 2025				
	Direct Premiums Written[1]	Reinsurance Premiums Assumed	Reinsurance Premiums Ceded	Net Premiums Written[1][2]	
				Amount	%
	(Yen in millions, except percentages)				
Fire and Allied Lines	¥ 399,823	¥ 50,385	¥182,265	¥ 267,943	16.0%
Marine	112,773	22,467	59,437	75,803	4.5
Personal Accident	180,553	849	17,507	163,895	9.8
Voluntary Automobile	722,567	6,412	6,095	722,883	43.0
Compulsory Automobile Liability	115,287	76,749	68,619	123,417	7.3
Other	393,360	34,491	102,546	325,305	19.4
Total	¥1,924,364	¥191,355	¥436,471	¥1,679,248	100%

Notes:
(1) The figures represent amounts after inter-company eliminations.
(2) Net premiums written = direct premiums written + reinsurance premiums assumed - reinsurance premiums ceded.

The following table sets forth a breakdown of each key component of our insurance premiums written for the six months ended September 30, 2025 in Japan on a non-consolidated basis:

	Six months ended September 30, 2025				
	Direct Premiums Written[1]	Reinsurance Premiums Assumed	Reinsurance Premiums Ceded	Net Premiums Written[1][2]	
				Amount	%
	(Yen in millions, except percentages)				
Fire and Allied Lines	¥ 233,146	¥25,771	¥ 98,756	¥160,161	18.0%
Marine	65,004	12,279	38,014	39,269	4.4
Personal Accident	103,797	291	15,492	88,596	9.9
Voluntary Automobile	372,018	2,862	2,747	372,134	41.7
Compulsory Automobile Liability	57,516	39,473	34,072	62,917	7.1
Other	203,357	16,019	50,590	168,786	18.9
Total	¥1,034,842	¥96,697	¥239,674	¥891,865	100.0%

Notes:
(1) The figures represent amounts after inter-company eliminations.
(2) Net premiums written = direct premiums written + reinsurance premiums assumed - reinsurance premiums ceded.

Products

Fire and Allied Lines (Excluding Earthquake)

Fire and allied lines insurance (excluding earthquake insurance) is one of our traditional lines of insurance. Fire and allied lines insurance (excluding earthquake insurance) generally covers dwelling houses, shops, offices, factories and warehouses and their contents against fire, flood, storm, lightning, explosion, theft and other perils. In addition, some policies cover loss of income and/or third-party liability caused by such perils.

This type of insurance is written for individual customers to safeguard their personal lives and for business customers to protect their ongoing business operations through coverage of the risks mentioned above. This type of insurance also generally provides mortgage lenders, whether residential or commercial, with protection against loss or damage to mortgaged properties. Traditionally, fire and allied lines insurance (excluding earthquake insurance) has been one of the major lines of business for domestic non-life insurance companies. This is reflected in the strong public awareness of the risks addressed by this insurance, as many houses in Japan have traditionally been susceptible to fires and because Japan is struck by typhoons every year.

Under fire and allied lines insurance (excluding earthquake insurance), domestic non-life insurers may be required to make indemnity payments of a very large aggregate amount in the event of a large windstorm, flood or other natural catastrophic events. The following table, based on data from the General Insurance Association of Japan, sets forth information concerning major windstorms and floods in Japan over the historical period covered by such data (through March 31, 2025).

	Major Claims Paid (Disasters)			Amount of Claims Paid (Yen in billions)			
Ranking	Disaster	Region	Date	Fire and miscellaneous	Automobile	Marine	Total[1]
1.	Typhoon No. 21 (Typhoon Jebi)	Osaka, Kyoto, Hyogo, etc.	Sep. 3-5, 2018	936.3	78.0	53.5	1,067.8
2.	Typhoon No. 19 (Typhoon Hagibis)	East Japan	Oct. 6-13, 2019	518.1	64.5	—	582.6
3.	Typhoon No. 19 (Typhoon Mireille)	Nationwide	Sep. 26-28, 1991	522.5	26.9	18.5	568.0
4.	Typhoon No. 15 (Typhoon Faxai)	Kanto	Sep. 5-10, 2019	439.8	25.8	—	465.6
5.	Typhoon No. 18 (Typhoon Songda)	Nationwide	Sep. 4-8, 2004	356.4	25.9	5.1	387.4
6.	2014 Snowfall	Kanto	Feb. 2014	298.4	24.1	—	322.4

	Major Claims Paid (Disasters)			Amount of Claims Paid (Yen in billions)			
Ranking	Disaster	Region	Date	Fire and miscellaneous	Automobile	Marine	Total[(1)]
7.	Typhoon No. 18 (Typhoon Bart)	Kumamoto, Yamaguchi, Fukuoka, etc.	Sep. 21-25, 1999	284.7	21.2	8.8	314.7
8.	Typhoon No. 24 (Typhoon Trami)	Tokyo, Kanagawa, Shizuoka, etc.	Sep. 28-Oct. 1, 2018	294.6	11.5	—	306.1
9.	The Heavy Rain Event of July 2018	Okayama, Hiroshima, Ehime, etc.	Jun. 28-Jul. 8, 2018	167.3	28.3	—	195.6
10.	Typhoon No. 15 (Typhoon Goni)	Nationwide	Aug. 24-26, 2015	156.1	8.1	—	164.2

Note:
(1) Some of the total amounts have been rounded.

Earthquakes

Japan is subject to frequent earthquakes. Earthquake risks, however, are not a type of risk that may easily be underwritten by private non-life insurance companies because the loss that may result from one earthquake could be disastrously large and the actuarial analysis may not be effective due to the lack of adequate statistical data. The Act on Earthquake Insurance (Act No. 73 of 1966, as amended) was enacted in 1966 to implement the residential earthquake insurance system for dwellings and the contents thereof. The residential earthquake insurance system is a joint government-private scheme, under which the Japanese government takes on a significant part of the liability for payment through reinsurance, subject to limitations, because of the huge amount of insurance expected to be payable if a large earthquake occurs.

We write residential earthquake insurance pursuant to the Act on Earthquake Insurance in the form of an extension of the coverage of fire insurance for dwellings and the contents thereof. The insured amount for earthquakes under such policies does not exceed a range of 30% to 50% of the insured amount for fire thereunder up to a maximum of ¥50 million for dwellings and ¥10 million for the contents thereof, all as prescribed by the Act on Earthquake Insurance.

Residential earthquake risks written by direct insurers, such as us, are wholly reinsured with Japan Earthquake Reinsurance Company, Limited, a private reinsurer in Japan owned by major domestic non-life insurance companies, including us. Pursuant to the Act on Earthquake Insurance, the reinsurance scheme for residential earthquake insurance (covering earthquakes, volcanic eruptions and tsunamis) provides for the sharing of insurance claims between the Japanese government and the private sector (non-life insurers and Japan Earthquake Reinsurance Company, Limited), subject to an aggregate limit. The aggregate amount of indemnity payable by all insurers to all policyholders per any one occurrence is limited to ¥12.0 trillion (for occurrences on or after April 2, 2025). Under the scheme currently applicable to such occurrences, insurance claims up to ¥191.3 billion are borne by the private sector; insurance claims exceeding ¥191.3 billion up to ¥410.5 billion are shared equally between the Japanese government and the private sector; and insurance claims exceeding ¥410.5 billion up to ¥12.0 trillion are borne predominantly by the Japanese government (approximately 99.7%), with the remaining portion borne by the private sector. The Act on Earthquake Insurance requires that, if there are special needs, e.g., insufficient existing funds, for the payment of indemnity under earthquake insurance policies, the Japanese government will make efforts to arrange for, or to facilitate, financing by non-life insurance companies for such payment.

We also take on earthquake risks for buildings and structures other than dwellings as an extension of commercial and industrial fire insurance coverage on a private basis separately from insurance under the Act on Earthquake Insurance. Such earthquake coverage is not entitled to the reinsurance arrangements under the Act on Earthquake Insurance, and a substantial part of the risk thereunder is reinsured by reinsurers. Such earthquake insurance has not fared well in the Japanese market due to its high premium rates. However, the demand for this type of insurance has grown since 1995 when the Great Hanshin Earthquake occurred, and our exposure has also been increasing on a gross underwritten basis. We seek to maintain an appropriate level of reinsurance coverage with respect to this risk to manage our net exposure.

Marine

Cargo and Transit. Marine cargo insurance covers goods aboard vessels against risks during international transportation or risks during transportation in coastal seas. The terms of international cargo insurance are generally governed by the Institute Cargo Clauses of International Underwriting Association. This line of insurance is distinctive in that it provides coverage to risks of acts of war. A significant portion of the insurance premiums of our marine cargo insurance policies written in Japan is from coverage provided for international cargo shipments. Our major clients for international cargo insurance are Japanese manufacturers and trading companies.

Insurance premiums for international cargo insurance are primarily affected by the level of Japanese import and export trading activities.

Inland transit insurance is usually purchased by owners of goods that are transported and stored on land to cover physical damage to such goods. Carriers of the goods, on the other hand, purchase inland transit liability insurance to cover their legal or contractual liabilities arising out of the physical damage of such goods.

Hull. Hull insurance is one of the traditional lines of insurance we write. Hull insurance covers ocean-going and coastal vessels against damage or loss caused by sinking, stranding, grounding, fire, collision and other maritime accidents. Damage and losses covered include damage to hull, disbursements for voyage, loss of earnings and liability to others for damages. Hull war risk insurance covers vessels against damage or loss resulting from acts of war. Hull insurance is available not only to vessels in operation but also to those under construction in respect of damage caused during the construction period.

Our primary customers for hull insurance are Japanese shipping companies who operate Japan-flagged vessels or "flag of convenience" vessels, as well as Japanese shipbuilders, and we usually market to such customers directly without insurance agents. Our revenues in hull insurance are influenced primarily by the number of vessels that are operated by Japanese shipping companies and the number of vessels that are being built by Japanese shipbuilders, which are in turn influenced by overall worldwide economic conditions and a number of global competitive factors surrounding those customers' respective industries.

Losses resulting from an accident involving a vessel may be very large. Thus, we actively reinsure risks under hull insurance contracts to Japanese and overseas reinsurers.

Personal Accident

We write personal accident insurance for individual customers which generally covers bodily injuries of the insured person resulting from accidents. Typically, under personal accident insurance, a fixed amount, without regard to the actual damage incurred, is payable pursuant to a pre-set payment table. We offer a variety of personal accident insurance policy products, which include general personal accident insurance, income indemnity insurance, overseas traveler's personal accident insurance and traffic accident insurance.

General Personal Accident. This insurance covers the insured against a broad range of accidents resulting in personal injury, whether they occur at home or abroad. A fixed amount of indemnity is payable in accordance with the particular type of the injury, such as death, permanent disability or hospitalization. A general personal accident insurance policy may cover either one particular individual or all members of a particular household.

Income Indemnity. This insurance provides the insured with coverage against loss of income caused by an injury or sickness.

Overseas Traveler's Personal Accident. This insurance provides the insured with coverage against accidents during travels and, if the insured has elected a special policy condition, against sickness during travels.

Traffic Accident. This insurance covers the insured against collisions with, or accidents occurring on, automobiles, trains, planes, ships and other vehicles. A traffic accident insurance policy may cover either one particular individual or all members of a particular household.

We write personal accident insurance for individual customers primarily through our agents. In addition, certain personal insurance products are offered through online distribution channels. Among various

types of personal accident insurance, the three largest were general personal accident, overseas traveler's personal accident and family accident which together accounted for approximately 80% of the total direct premiums we wrote for this insurance for the fiscal year ended March 31, 2025.

We expect that demand for personal accident insurance to grow over the long term as individuals focus more time and spending on leisure activities. However, demand for personal accident insurance may fluctuate depending on changes in travel patterns, consumer behavior and distribution methods, as well as the level of consumer spending, which is affected by general economic conditions.

Voluntary Automobile

According to the Japan Automobile Manufacturers Association, Inc., in 2025, the number of automobiles owned in Japan ranked third largest in the world, after the United States and China, although the Japanese market has matured and been largely flat in recent years. According to Automobile Inspection & Registration Information Association, automobile ownership amounted to approximately 82.7 million automobiles as of March 31, 2025, an increase of 0.08% from approximately 82.6 million as of March 31, 2024. The number of automobile accidents and the number of persons being injured or killed in such accidents have generally declined in recent years, although they remain at levels that continue to require substantial insurance coverage. To serve the public policy of reducing losses from automobile accidents, the Automobile Liability Security Act (Act No. 97 of 1955, as amended) provides for owner-operators' tort liabilities that are stricter than those under the general tort theory under the Civil Code of Japan. Over the years, the average amount of damage awards granted by Japanese courts for liability claim cases relating to automobile accidents has increased, which has raised the public awareness of the risks involved in automobile ownership in Japan. These circumstances have led to a substantial increase in demand for automobile insurance offered by domestic non-life insurance companies, including us. According to data gathered by the General Insurance Association of Japan, the industry-wide aggregate amount of net premiums written for voluntary automobile insurance in Japan was approximately ¥4,458.5 billion for the fiscal year ended March 31, 2025, an increase of 2.9% from the previous fiscal year.

Automobile insurance in Japan generally carries one or more of the following five types of coverage: bodily injury, property damage, personal injury, protection against uninsured automobiles and vehicular damage. Each type of coverage is briefly described below.

Bodily Injury Liability. This coverage relates to liability to others for bodily injuries resulting from the ownership, use or maintenance of automobiles subject to the policy. Such bodily injury liability is likewise covered by compulsory automobile liability insurance up to a certain maximum amount provided by law. Bodily injury liability covers the portion of the overall liability that exceeds the maximum amount covered by compulsory automobile liability insurance. In line with the growing public awareness of the risks of automobile ownership, the insured amount per person under a policy is generally unlimited.

Property Damage Liability. This coverage relates to liability for property damage resulting from the ownership, use or maintenance of automobiles subject to the policy. Property damage covered typically includes damage to other automobiles caused by collisions.

Personal Injury. This coverage relates to bodily injuries of drivers and passengers of automobiles resulting from collisions or other accidents. Under this coverage, damage resulting from injury, including those caused by the insured's own fault, are compensated up to the amount of insurance.

Protection against Uninsured Automobiles. This coverage relates to damage claims for deaths or permanent disabilities resulting from the ownership, use or maintenance by others of automobiles, to the extent that these claims are not satisfied because such automobiles are not covered by any liability insurance or the liability insurance covering such automobiles is insufficient.

Vehicular Damage. This coverage relates to physical damage to automobiles resulting from collision, theft or other accidents.

In connection with bodily injury and property damage liability coverage, we provide under certain circumstances settlement assistance services whereby we assist the insured, with the insured's prior consent and at our expense, in settling the insured's liability with other persons who make claims by negotiating, proceeding with a mediation, making an out-of-court settlement, or by proceeding with a civil trial and any subsequent appeals process for a final judgment. The scope of such services is subject to limitations under applicable law,

including the law restricting non-attorneys' participation in dispute-settlement processes. Such settlement assistance services have contributed to the growth in the demand for automobile insurance in Japan as Japanese customers are generally averse to directly participating in dispute resolution procedures.

We underwrite voluntary automobile insurance for businesses, individuals and households. The marketing for business customers is conducted through agents in charge of respective business customers, including agents affiliated with major corporate customers. The marketing for individual and household customers is also conducted generally through agents, including agents who are automobile dealers, gas stations and automobile service stations, as well as through general agents.

We classify our customers for voluntary automobile insurance into two broad categories: fleet customers who take out policies each covering ten or more automobiles and non-fleet customers who take out policies each covering less than ten vehicles. Fleet customers generally include medium-size and large businesses, and non-fleet customers include individual and household customers as well as small businesses.

Compulsory Automobile Liability

Under the Automobile Liability Security Act, with certain minor exceptions, all automobiles operated on public roads in Japan are required to be covered by "compulsory automobile liability insurance," which covers liability for bodily injuries. The purchase of such insurance is a condition for the official registration of automobiles and for periodic vehicle inspections. Generally, without such registration, an automobile cannot be operated in Japan. Compulsory automobile liability insurance is designed to serve the public policy of assuring those injured in automobile accidents receive minimum payments for their claims against those who are liable due to the operation of automobiles involved in such accidents. In light of such public policy, licensed domestic non-life insurance companies may not refuse to issue compulsory automobile liability policies absent reasonable grounds under the Act.

Under these policies, the maximum amount of coverage for accidents resulting in deaths is up to ¥30 million per person; for accidents resulting in bodily injury, up to ¥1.2 million per person; and for accidents resulting in residual disabilities, amounts ranging from ¥750,000 to a maximum of ¥40 million per person, depending on the severity and statutory classification of the disability. Persons who wish to purchase coverage beyond these maximum amounts may purchase automobile insurance with bodily injury liability coverage on a voluntary basis. In order to mitigate any inconvenience caused by this dual structure, i.e., compulsory and voluntary coverage, the insured is permitted to submit claims for indemnity under both the compulsory and voluntary policies to the insurance company that wrote the voluntary policy.

Premium rates of compulsory automobile liability insurance are calculated and filed with the FSA by the GIROJ. A filing is deemed approved after a 90-day examination period, which may be changed at the FSA's discretion. After the approval of the filed premium rates, they become standard rates, and each licensed non-life insurance company in Japan, as a member insurer of the GIROJ, may use these rates by making individual filings of their intent to make such use with the FSA.

Under the Automobile Liability Security Act, it is stipulated that premium rates should be as low as possible within the range of compensating reasonable costs of the insurance business efficiently. This provision has been construed to prohibit the insurer from making undue benefit from the operation of compulsory automobile liability insurance, which operates under a "no-loss and no-profit" rule. Under this rule, if there is any underwriting loss or profit to the insurer from compulsory automobile liability insurance, the result of such underwriting is adjusted by the future revision of standard premium rates. In recent years, premium rates have been revised from time to time in response to changes in accident frequency, claims experience and the overall financial condition of the system, including a reduction implemented in April 2023, and revisions to premium rates, including potential increases, may be implemented in the future in accordance with the statutory review process.

Licensed non-life insurance companies reinsure 100% of the risk under compulsory automobile liability insurance by means of a pooling arrangement among themselves. Each company's participating share in the pool is determined mainly on the basis of the market share of direct premiums written by it for compulsory automobile liability insurance and the aggregate amount of its investment assets as compared with those of other insurers.

Other

Other insurance written by us includes, among others, liabilities insurance, including product liability insurance, as well as workers' compensation insurance, movables all-risks insurance and credit and guarantee insurance. Liabilities insurance is written primarily for business customers and includes contractors' liability insurance and product liability insurance. Workers' compensation insurance is offered to employers for provisions of benefits to employees as supplements to public insurance for employees. Movables all-risks insurance generally covers damages resulting from loss, theft or destruction of various types of movables, primarily for businesses.

Premium Rates

A premium under an insurance policy constitutes the "sales price" of that insurance product. There are two components to the premium: the "pure premium," which represents the cost of claims payment, and the "loading," which represents the agent commissions and certain other costs to the insurer. The pure premium is determined by multiplying the amount insured by the applicable premium rate, which represents the probability of the occurrence of the loss covered by the insurance policy. This premium rate is calculated by a formula which, on the basis of the "law of large numbers," purports to reflect the statistical likelihood of such an occurrence. The "law of large numbers" is a mathematical premise that states that the greater the number of exposures, (1) the more accurate the prediction, (2) the less the deviation of the actual losses from the expected losses and (3) the greater the credibility of the prediction. Out of a large group of policyholders, an insurance company can fairly and accurately predict the number of policyholders who will suffer a loss, but not the specific policyholders who will suffer a loss, provided that its actuarial assumptions and empirical data are reasonably accurate and its risk models appropriate to analyze the risks insured. The Insurance Business Act and the regulations thereunder require that premium rates be "reasonable and appropriate in accordance with the mathematical principles of insurance" and that they not be "unfairly discriminatory."

Until 1998, for certain lines of non-life insurance that are considered to have particularly strong public aspects, such as automobile and fire insurance, the applicable non-life insurance rating organization established pursuant to the Act on Non-Life Insurance Rating Organizations determined premium rates. Such organizations included the Automobile Insurance Rating Organization of Japan and the Property and Casualty Insurance Rating Organization of Japan. As discussed in "Regulation of the Japanese Non-Life Insurance Industry," the 1998 amendments to the Act on Non-Life Insurance Rating Organizations abolished this arrangement. The role of the rating organizations in respect of most voluntary lines of non-life insurance is now that of supporting the non-life insurers by calculating reference loss cost rates (pure premium rates), preparing standard forms of insurance contracts and collecting a wide range of insurance-related data. As a result of this liberalization, non-life insurance companies may set their own premium rates for their products. This has had the effect of intensifying the competition in the industry.

In July 2002, the Automobile Insurance Rating Organization of Japan and the Property and Casualty Insurance Rating Organization of Japan merged to form and subsequently changed its name to the General Insurance Rating Organization of Japan (GIROJ).

With respect to certain lines of non-life insurance that continue to be regarded as having particularly strong public policy implications, including compulsory automobile liability insurance and residential earthquake insurance, GIROJ calculates and revises standard full rates pursuant to applicable laws and regulations. In contrast, for most voluntary lines of non-life insurance, including voluntary automobile insurance and fire insurance, GIROJ calculates reference loss cost rates, which are not binding on insurers and are used as an actuarial reference in determining each insurer's own premium rates.

There has generally been a trend over time toward revisions of premium rates and reference loss cost rates in response to changes in claims experience, loss severity and frequency, and broader risk factors. In recent years, such revisions have reflected, among other factors, the increased adoption of vehicle safety systems in automobile insurance and increased losses from natural catastrophes, including typhoons and heavy rainfall events, in fire insurance. Non-life insurers, including us, take such revisions into account when determining their own premium rates, together with their expense structures, reinsurance arrangements and risk management strategies.

Net Loss, Net Expense and Combined Ratios

The profitability of the underwriting business of non-life insurance companies is often analyzed through loss, expense and combined ratios.

Net Loss Ratio. The net loss ratio measures total losses paid out on insurance policies as a percentage of net premiums written. The net loss ratio may be calculated on either a "written-paid" basis or an "earned-incurred basis."

The "written-paid" loss ratio is calculated as the ratio of (i) the sum of net claims paid and loss adjustment expenses to (ii) net premiums written. As discussed above, net claims paid are recorded on a cash basis, and net premiums written are recorded on a cash basis.

The "earned-incurred" loss ratio is intended to approximate the loss ratio on an accrual basis. Specifically, the "earned-incurred" loss ratio is calculated as the ratio of (i) incurred losses plus loss adjustment expenses to (ii) earned premium, as such terms are further described below.

Net Expense Ratio. The net expense ratio measures the expenses associated with acquiring, writing and servicing insurance and reinsurance activities. The net expense ratio is calculated as (i) the sum of commission and collection expenses and such portion of operating expenses and general and administrative expenses that relate to underwriting activities to (ii) net premiums written.

Combined Ratio. The combined ratio is the sum of the net loss ratio and the net expense ratio, and thus is a general measure of a non-life insurance company's profitability with respect to its underwriting business. In general, a ratio below 100% indicates that the company is making underwriting profit, while a ratio above 100% means that it is paying out more money in claims than it is receiving from premiums. The combined ratio may be expressed either on the basis of the "written-paid" loss ratio or the "earned-incurred" loss ratio.

Incurred Losses. Incurred losses are intended to show underwriting losses on an accrual basis, and are calculated as the sum of (i) net claims paid and (ii) the net provision or reversal for reserves for outstanding claims in a particular financial period. Incurred losses with respect to residential earthquake insurance and compulsory automobile liability insurance, however, are recognized on a reported basis, and thus do not include incurred but not reported claims.

Earned Premium. Earned premium is intended to show underwriting income on an accrual basis more accurately, and is calculated by adjusting net premiums written by adding deferred unearned premium from the previous period and deducting deferred unearned premium attributable to subsequent periods.

The following table sets forth information with respect to our loss, expense and combined ratios for each of the periods indicated with respect to our domestic non-life insurance business on a non-consolidated basis, which includes results of our overseas branches.

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Fire and Allied Lines:					
Net premiums written	266,048	250,590	267,943	151,638	160,161
Net premiums earned[(1)]	256,423	279,636	296,240	153,229	162,345
Net claims paid	199,385	173,502	169,189	86,005	75,666
Net loss incurred	191,572	196,093	177,737	93,134	67,661
Net loss ratio (written-paid)[(2)]	77.3%	72.1%	65.6%	58.9%	49.4%
Net loss ratio excluding residential earthquake (earned-incurred)[(3)]	76.6%	72.7%	62.2%	63.0%	43.8%
Combined ratio[(4)(5)]	115.7%	110.0%	102.1%	93.4%	80.6%
Marine:					
Net premiums written	76,070	73,466	75,803	40,750	39,269
Net premiums earned	75,001	73,936	74,738	37,081	38,243
Net claims paid	34,996	39,263	37,671	18,661	16,809
Net loss incurred	42,366	38,997	40,558	18,604	19,830
Net loss ratio (written-paid)[(2)]	48.3%	56.2%	52.6%	48.3%	45.4%
Net loss ratio (earned-incurred)[(3)]	58.8%	55.5%	57.2%	52.9%	54.6%
Combined ratio[(4)]	70.1%	77.5%	73.9%	64.1%	60.2%

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
	(Yen in millions, except percentages)				
Personal Accident:					
Net premiums written	151,856	158,616	163,895	85,926	88,596
Net premiums earned	146,942	158,574	163,423	81,457	83,687
Net claims paid	82,614	79,551	87,135	42,549	43,627
Net loss incurred	85,994	84,319	90,831	43,360	42,710
Net loss ratio (written-paid)[2]	59.4%	55.6%	58.8%	54.6%	54.6%
Net loss ratio (earned-incurred)[3]	63.7%	58.6%	61.2%	58.6%	56.7%
Combined ratio[4]	99.7%	95.7%	97.7%	92.3%	90.8%
Voluntary Automobile:					
Net premiums written	688,505	698,382	722,883	358,692	372,134
Net premiums earned	688,894	694,078	710,732	352,509	368,093
Net claims paid	367,488	393,128	425,108	207,240	207,962
Net loss incurred	365,675	410,144	433,138	217,501	212,495
Net loss ratio (written-paid)[2]	63.5%	67.2%	69.3%	67.8%	67.2%
Net loss ratio (earned-incurred)[3][6]	63.2%	70.0%	71.6%	71.9%	69.1%
Combined ratio[4]	96.1%	99.8%	101.2%	98.9%	97.9%
Compulsory Automobile Liability:					
Net premiums written	142,102	130,287	123,417	61,998	62,917
Net claims paid	99,530	103,916	104,477	52,195	50,658
Net loss incurred	99,731	103,283	104,124	56,106	52,676
Net loss ratio (written-paid)[2]	78.3%	89.4%	94.4%	94.6%	90.4%
Combined ratio[4]	104.1%	118.7%	123.9%	125.7%	119.0%
Other:					
Net premiums written	305,248	311,963	325,305	167,637	168,786
Net premiums earned	302,570	309,637	313,075	156,042	164,565
Net claims paid	160,556	160,799	182,311	87,574	80,889
Net loss incurred	209,828	193,902	188,007	79,501	83,711
Net loss ratio (written-paid)[2]	54.8%	54.2%	58.7%	54.7%	50.5%
Net loss ratio (earned-incurred)[3]	71.6%	65.3%	62.8%	53.6%	53.5%
Combined ratio[4]	83.7%	83.0%	87.2%	83.1%	78.5%
Total:					
Net premiums written	1,629,832	1,623,307	1,679,248	866,643	891,865
Net claims paid	944,572	950,161	1,005,894	494,226	475,613
Net loss incurred	995,168	1,026,741	1,034,399	508,209	479,085
Net loss ratio (written-paid)[2](a)	64.3%	65.6%	66.7%	63.4%	60.3%
Loss adjustment expenses	103,503	114,369	114,483	55,441	61,860
Commission and collection expenses	308,339	301,842	309,573	160,770	159,631
Underwriting-related operating and administrative expenses	221,217	228,179	227,542	108,719	107,586
Net expense ratio[7](b)	32.5%	32.7%	32.0%	31.1%	30.0%
Combined ratio (written-paid)[4](a+b)	96.8%	98.3%	98.7%	94.5%	90.3%

Notes:

(1) Excludes natural disaster reserve.

(2) Ratio of (i) the sum of net claims paid and loss adjustment expenses to (ii) net premiums written.

(3) Ratio of (i) incurred losses plus loss adjustment expenses to (ii) earned premiums. Incurred losses are calculated as the sum of (i) net claims paid and (ii) the net provision or reversal for reserves for outstanding claims. Earned premiums are calculated by adjusting net premiums written to match the term in correspondence with each fiscal year.

(4) Sum of net loss ratio (written-paid) and net expense ratio.

(5) Including residential earthquake.

(6) The net loss ratio (earned-incurred), excluding loss adjustment expenses and provisions for IBNR reserves, was 52.9% for the fiscal year ended March 31, 2023, 58.3% for the fiscal year ended March 31, 2024 and 60.1% for the fiscal year ended March 31, 2025.

(7) Ratio of (i) the sum of commission and collection expenses and underwriting-related operating and administrative expenses to (ii) net premiums written.

Sales Promotion

In addition to our head office, we operate a nationwide sales network across Japan through 348 sales sections and sub-branches as of July 1, 2025, which are organized to enable close contact with customers and prompt responses to local market conditions. These sales sections and sub-branches are responsible for conducting ordinary non-life insurance business activities within their respective geographical areas, including policy issuance, insurance underwriting, establishment of new agents, revision or abolition, training and supervision at their own discretion within authorized limits. In connection with the planned merger with Aioi Nissay (see "Proposed Merger with Aioi Nissay"), MS&AD has indicated that it intends to review and, where appropriate, streamline certain domestic sales offices and branch locations of us and Aioi Nissay as part of the integration of domestic non-life insurance business with a view to improving operational efficiency. Our sales organization is designed to balance centralized governance with local responsiveness. While certain matters, such as reinsurance-related activities and transactions exceeding delegated authority limits, are managed or overseen by our head office in Tokyo, day-to-day sales and customer-facing operations are conducted at the regional level within clearly defined authority frameworks. This structure enables us to respond efficiently to regional customer needs while maintaining consistent underwriting standards, risk management practices and internal controls across our domestic operations.

Insurance Agents

Our domestic non-life insurance is sold primarily through a network of full- or part-time third-party insurance agents. As of March 31, 2025, we maintained agency contracts with 26,838 third-party insurance agents, approximately 50% of whom sell insurance exclusively for us. These agents include corporations and individuals. Agents in Japan are required to be registered with the FSA.

We aim to establish sales agency channels of higher quality and with growth potential as a key factor to be successful in a rapidly changing market environment. We stress educating our insurance agents thoroughly and on an ongoing basis, ensure thorough compliance with laws and regulations by implementing annual auditing of our insurance agents for all of our insurance agents where we inspect and assess the status of their business operations including legal compliance, with the goal of maintaining and strengthening professional insurance agency operations, and also produce various types of system infrastructure for education. We seek to enable our agents to respond effectively to customers' needs with appropriate knowledge of products and the ability to deal with and meet consumer demands.

Insurance agents are compensated on a commission basis, depending on a performance rating system with performance reviews conducted every year. Commission rates may vary from agent to agent even when dealing with the same type of insurance, according to factors such as qualifications, expansion of business volume and profitability.

Reinsurance

For a variety of purposes, insurers cede liabilities under their policies to reinsurers. The benefits of reinsurance include stabilization of profits by reducing fluctuations in loss amounts arising from large or multiple claims, procurement of greater capacities to write larger risks and control over exposures to extraordinary losses or catastrophes.

We cede a portion of the risks we underwrite and pay reinsurance premiums based upon the risks subject to the terms and conditions of the reinsurance contracts. Although a reinsurer is liable to us to the extent of the risks assumed, we remain liable as the direct insurer to policyholders on all such risks.

We cede liabilities under our policies to various reinsurers in the world, which we select primarily from the viewpoint of financial strength. To protect ourselves from defaults of counterparties under outward reinsurance transactions, we set a guideline where we may only cede liabilities to counterparties that are basically rated at "A-/A3" or higher by at least one of the internationally recognized rating agencies A- by S&P Global Ratings, a division of S&P Global, Inc., A- by A.M. Best Company, Inc. or A3 by Moody's Ratings, a subsidiary of Moody's Corporation.

Nevertheless, in case that the creditworthiness of reinsurance companies might be weakened in an economic turmoil, our reinsurance protection could be affected by the reduction of available secured reinsurance capacity and such situation could limit our abilities in transferring our insurance risks. In addition, in recent

years, frequent natural disasters in Japan and elsewhere have contributed to increased uncertainty in the global reinsurance market. In the changing environments, we will seek the most suitable balance of strong equity capital and reinsurance protection to deal with every potential insurance risk.

We believe that there are no material amounts uncollectible from our current reinsurers.

The following table sets forth our reinsurance premiums assumed and ceded and retention ratio for each of the periods indicated on a non-consolidated basis:

	Fiscal year ended March 31,			Six months ended September 30,
	2023	2024	2025	2025
	(Yen in millions, except percentages)			
Direct premiums written	¥1,847,495	¥1,847,547	¥1,924,364	¥1,034,842
Reinsurance premiums assumed	211,320	206,819	191,355	96,697
Reinsurance premiums ceded	428,983	431,060	436,471	239,674
Net premiums written	1,629,832	1,623,307	1,679,248	891,865
Retention ratio(1)	79.2%	79.0%	79.4%	78.8%

Note:

(1) Retention ratio is calculated by dividing the net premiums written by the aggregate of the direct premiums written and the reinsurance premiums assumed.

A major portion of our assumed reinsurance comes from domestic reinsurance pools and from overseas subsidiaries that write direct insurance. In domestic reinsurance pools, each member company sets its case reserves and reports the ceded portion to the pools, whereby each member assumes its share portion of the pooled reserves from all members. Therefore, the majority of our assumed reinsurance is, substantially, of a direct insurance nature, and not as uncertain in loss reserve amounts as it would be under ordinary assumed reinsurance.

We book case reserves principally based on the information from ceding companies or otherwise on reasonable materials. In addition to the above, we book IBNR principally based on actuarial analysis of the past claims or historical loss tendencies, and incorporate uncertainties through the IBNR calculation process.

The case reserves and IBNR of assumed reinsurance are reviewed periodically based on the information by ceding companies or on other reasonable materials. At the closing of fiscal years, we endeavor to minimize the time lag of information and to reflect the updated figures to our financial statements. Furthermore, the conservative methods to book IBNR provide certain allowances for time lags until claims are reported to us.

There are no notable backlogs related to the processing of assumed reinsurance information as all statements of account received from cedants are booked in a timely manner, except for those embracing specific concerns about our payment obligation under the terms and conditions of original contracts, which are scrutinized respectively. In order for management to determine the accuracy and completeness of the cedants' information, at the closing of financial years, we endeavor to obtain the latest case reserves and IBNR from cedants, and as necessary ask cedants for any background of the information received.

In resolving disputes against cedants under our assumed reinsurance, upon necessity, we consult with lawyers, actuarial firms and other external professional advisors, particularly where the disputed amount is significant. As a result of our general stance to seek commutation with cedants, where appropriate, only a minimal number of disputes against cedants occur in a year.

Alliances with Other Financial Institutions

As part of our strategy to enhance our non-life insurance business in Japan and to expand other operations such as financial services businesses and risk-related services, we have entered into a number of alliances with other financial institutions. For example, we have had a business alliance with Sumitomo Life Insurance Company ("SLIC"), since February 2000 in the areas of claims support and wholesale marketing of the non-life insurance business. Our business alliance with SLIC was subsequently expanded to areas including SLIC's sale of our non-life insurance products (including automobile, fire and personal injury insurance).

Deposit-Type Insurance Products

Deposit-type insurance products combine the characteristics of long-term non-life insurance policies, such as fire and allied lines and personal accident, with those of savings accounts. The key terms of this type of policy are fixed at the inception of the policy and remain in effect during the policy period. The policyholder can terminate the deposit-type insurance contract before the maturity date. The policyholder is informed at policy inception of the maturity value related to the savings portion of the policy. The maturity value of the policy represents the savings portion of the premium paid by the policyholder plus credited interest. The maturity value is paid on the policy maturity date unless a total loss as defined under the policy occurs during the policy term. No amount is paid under the savings portion of the policy if a total loss occurs during the policy term. A total loss under this type of policy occurs when the aggregate amount of claims paid in connection with losses covered by the policy within any one insurance year reaches the insured amount covered by the policy, regardless of whether claims are caused by one or more events. If a total loss occurs, the policy is immediately terminated. The contractual rate of interest credited to the policy varies by product and is established at the beginning of the policy period. The committed interest rate cannot be changed by us at any time during the policy term.

The premiums received under deposit-type insurance are generally invested in loans and fixed income securities. Such investments are managed in accordance with our asset-liability management policies, taking into account, among other factors, expected interest rates, prevailing market conditions and the extent to which the terms of such assets match the terms of the relevant deposit-type insurance policies. The investment return may exceed or fall short of the committed interest depending on investment performance.

Investments (at the Issuer level)

We manage our investments with the aim to continuously expand our net asset value while securing sufficient liquidity through appropriate risk management. We strive to ensure the stability of our investment income and the safety of our managed investments by working towards the continuous improvement of our risk management methods, such as by advancing the sophistication of our Asset Liability Management which takes into account the characteristics of liabilities in preparation for the payment of liabilities related to insurance policies such as claims paid, maturity refunds, and cancellation refunds.

We invest in a portfolio of asset funds which are either (i) our other general funds including such portion of net premiums written that have not been disbursed as indemnity payments or (ii) such portion of deposit premiums by policyholders under deposit-type insurance that have not been due for refund to the policyholders. Other general funds are to be used by us for indemnity payments under insurance policies upon occurrence of the risks covered, for working capital and for other general corporate purposes. The deposit premiums are to be refunded to policyholders at maturity of deposit-type insurance, together with interest which is calculated at pre-agreed rates of interest and a portion of the investment return on the relevant deposit premiums. The investment return on the deposit premiums directly affects the attractiveness to policyholders of our deposit-type products.

With regard to deposit-type insurance, because our liabilities consist of yen-denominated liabilities with respect to maturity refunds and dividends, we endeavor to secure stable investment income sources, as well as sufficient liquidity while limiting our risk, by allocating the corresponding investment assets primarily among yen-denominated deposits and savings, call loans, bonds and loans and other short-term liquidity management instruments. With regard to our general funds, in addition to the above-mentioned yen-denominated assets, we diversify our investments among Japanese equities (excluding, in principle, strategic equity holdings) and foreign securities, land and buildings, private assets and other alternative assets and other investments, thereby seeking stable investment income sources while at the same time seeking higher returns on investments.

As of March 31, 2025, our managed investments totaled ¥6,363.6 billion on a non-consolidated basis. Our asset portfolio consisted of 17.5% of Japanese bonds, 25.3% of Japanese equities, 38.0% of foreign securities, 5.8% of loans, 3.7% of deposits and savings, 2.7% of land and buildings and 7.0% of others (call loans, receivables under resale agreements, monetary claims bought, money trusts and other securities) on a non-consolidated basis. As of March 31, 2025, our managed investments totaled ¥8,438.2 billion on a consolidated basis. Our asset portfolio consisted of 13.5% of Japanese bonds, 19.1% of Japanese equities, 39.7% of foreign securities, 4.4% of loans, 14.9% of deposits and savings, 2.1% of land and buildings and 6.3% of others (call loans, receivables under resale agreements, monetary claims bought, money trusts and other securities) on a consolidated basis.

The following table sets forth our managed investments as of each date indicated on a non-consolidated basis:

	As of March 31,			As of September 30,
	2023	2024	2025	2025
	(Yen in millions)			
Deposits and savings	¥ 621,810	¥ 569,605	¥ 233,392	¥ 217,548
Call loans	—	—	60,000	60,000
Receivables under resale agreements	—	—	86,904	207,855
Monetary claims bought	3,091	2,121	133,444	252,226
Money trusts	494	570	3,114	5,123
Investments in securities	5,288,584	6,266,431	5,307,331	5,362,506
Loans	403,552	390,765	366,908	358,210
Land and buildings	186,854	178,120	172,524	170,187
Total amount of managed investments	¥6,504,387	¥7,407,614	¥6,363,620	¥6,633,658
Total assets	¥7,000,023	¥7,864,388	¥6,822,620	¥7,209,881

The following tables set forth our average yield of the investments for each of the periods indicated on a non-consolidated basis:

(a) Income basis

	Fiscal year ended March 31,								
	2023			2024			2025		
	Income[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]	Income[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]	Income[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]
	(Yen in billions, except percentage)								
Deposits and savings	¥ 1.1	¥ 675.3	0.17%	¥ 2.7	¥ 633.0	0.44%	¥ 3.3	¥ 335.2	1.00%
Call loans	—	—	—	—	—	—	0.0	14.2	0.39%
Receivables under resale agreements	—	—	— %	—	—	—	0.0	18.4	0.30%
Monetary claims bought	0.0	5.5	1.57%	0.0	5.3	1.15%	0.2	71.2	0.40%
Money trusts	0.0	0.3	2.22%	0.0	0.4	2.66%	0.0	4.1	0.87%
Investments in securities	125.0	3,984.0	3.14%	143.0	3,908.0	3.66%	157.6	3,924.0	4.02%
Loans	2.3	403.8	0.59%	2.8	396.8	0.71%	3.3	374.4	0.90%
Land and buildings	6.2	192.8	3.25%	5.8	187.2	3.12%	5.4	180.1	3.04%
Subtotal	¥134.9		2.56%	¥154.5		3.01%	¥170.2		3.46%
Others[4]	0.0			0.2			0.2		
Total	¥135.0	¥5,261.9		¥154.7	¥5,131.0		¥170.4	¥4,921.9	

Notes:

(1) Income of each managed investment includes the amount of "Interest and dividends received" and the amounts equivalent to interests and dividends recognized in "Investment gains on money trusts" and "Investment losses on money trusts" presented in the non-consolidated statements of income.

(2) Average amounts of managed investments are calculated based on month-end average balances of acquisition costs or depreciable costs of managed investment assets, except call loans, receivables under resale agreements and monetary claims bought for which the daily average balances of the acquisition costs or depreciable costs are used for calculation.

(3) Annual rate of return is calculated by dividing income by the average amounts of managed investments for the period.

(4) The calculation for Others has not been made for the six months ended September 30, 2025.

(b) Realized basis

	Fiscal year ended March 31,								
	2023			2024			2025		
	Profit (Loss) on Investments[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]	Profit (Loss) on Investments[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]	Profit (Loss) on Investments[1]	Average Amount of Managed Investments[2]	Annual Rate of Return[3]
	(Yen in billions, except percentage)								
Deposits and savings	¥ 4.4	¥ 675.3	0.67%	¥ 11.9	¥ 633.0	1.89%	¥ 1.3	¥ 335.2	0.40%
Call loans	—	—	—	—	—	—	0.0	14.2	0.39%
Receivables under resale agreements	—	—	—	—	—	—	0.0	18.4	0.30%
Monetary claims bought	0.0	5.5	1.57%	0.0	5.3	1.15%	0.2	71.2	0.40%
Money trusts	0.0	0.3	5.41%	0.0	0.4	16.5%	(1.4)	4.1	(35.28)%
Investments in securities	188.3	3,984.0	4.73%	213.6	3,908.0	5.47%	559.8	3,924.0	14.27%
Loans	2.3	403.8	0.59%	3.5	396.8	0.90%	13.0	374.4	3.49%
Land and buildings	6.2	192.8	3.25%	5.8	187.2	3.12%	5.4	180.1	3.04%
Derivatives	(2.2)	—	—	4.0	—	—	(12.5)	—	—
Others[4]	0.2	—	—	(0.1)	—	—	(0.9)	—	—
Total	¥199.5	¥5,261.9	3.79%	¥239.0	¥5,131.0	4.66%	¥565.2	¥4,921.9	11.48%

Notes:

(1) Profits/losses on investments (realized basis) of each managed investment are the totals of the corresponding amounts recognized in “Investment income” and “Investment income on deposit premiums from policyholders” less the corresponding amounts recognized in “Investment expenses” presented in the non-consolidated statements of income.

(2) Average amounts of managed investments (acquisition cost basis) are calculated based on month-end average balances of acquisition costs or depreciable costs of managed investment assets, except call loans, receivables under resale agreements and monetary claims bought for which the daily average balances of the acquisition costs or depreciable costs are used for calculation.

(3) Annual rate of return is calculated by dividing profit (loss) on investments by the average amounts of managed investments for the period.

(4) “Others” has not been calculated for the six months ended September 30, 2025.

Investments in Securities

We invest in a diversified portfolio of securities. The following table sets forth our securities by type as of each date indicated on a non-consolidated basis:

	As of March 31,			As of September 30,
	2023	2024	2025	2025
	(Yen in millions)			
Japanese government bonds	¥ 605,721	¥ 573,288	¥ 507,187	¥ 498,598
Japanese local government bonds	77,611	75,469	71,426	67,720
Japanese corporate bonds	534,191	526,310	538,010	530,963
Japanese equities	1,785,604	2,600,340	1,608,060	1,507,287
Foreign securities	2,166,296	2,332,051	2,420,479	2,594,382
Other securities	119,158	158,970	162,166	163,553
Total	¥5,288,584	¥6,266,431	¥5,307,331	¥5,362,506

The following table sets forth unrealized gains of our securities available for sale by type as of each date indicated on a non-consolidated basis.

	As of March 31,		
	2023	2024	2025
	(Yen in billions)		
Securities of which the amount recorded on the balance sheet exceeds the acquisition cost			
Japanese bonds	¥ 67	¥ 46	¥ 13
Japanese equities	1,256	2,102	1,226
Foreign securities	105	171	176
Other securities[1]	3	15	8
Sub-total[2]	¥1,432	¥2,336	¥1,425
Securities of which amount recorded on the balance sheet does not exceed the acquisition cost			
Japanese bonds	¥ (16)	¥ (22)	¥ (27)
Japanese equities	(1)	(0)	(0)
Foreign securities	(21)	(17)	(8)
Other securities[1]	(1)	—	(0)
Sub-total[2]	¥ (40)	¥ (39)	¥ (36)
Total	¥1,391	¥2,296	¥1,388

Notes:

(1) Other securities include certificates of deposits that are shown as cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates that are shown as monetary claims bought.

(2) Available for sale securities for which fair value is deemed to be extremely difficult to determine are not included.

Japanese government bonds, Japanese local government bonds and Japanese corporate bonds. We invest in Japanese government bonds, local government bonds and corporate bonds, which we believe generally yield higher returns on investment, yet are nearly as liquid, when compared with deposits and savings or call loans.

We invest in government and corporate bonds of foreign issuers with a view toward generating interest income which is expected to be higher as compared with investments in Japanese bonds depending on market conditions, as well as toward ensuring a certain degree of liquidity in our assets in the event of a major natural disaster in Japan that temporarily incapacitates the Japanese financial and monetary system and necessitates indemnity payments under our policies.

Fluctuations in market interest rates and exchange rates increase and decrease the fair value of our assets and liabilities. For example, when the interest rates in Japan rise, the fair value of insurance liabilities decreases while the fair value of yen-denominated assets decreases. When the yen gets stronger, the fair value of

non-yen-denominated assets and insurance liabilities decreases. In order to limit our interest rate risk and exchange rate risk for the net asset value of assets and liabilities, we employ methods such as interest-rate swaps and exchange contracts.

Japanese equities. We are selling our strategic equity holdings ahead of schedule and reallocating the proceeds towards growth investments. In the fiscal year ended March 31, 2025, we sold strategic equity holdings with aggregate gross proceeds of ¥546.5 billion on a non-consolidated basis and are on track to achieve a zero balance at the end of the fiscal year ending March 31, 2030.

Foreign Securities. We invest in a variety of foreign securities, including bonds, equities (including those of our subsidiaries and affiliates) and investment trusts. See also "Japanese government bonds, Japanese local government bonds and Japanese corporate bonds" above for a discussion on our bond portfolio.

Loans

Loans are one of our primary investment assets. Loans generally generate relatively high interest income. Credit risk management is the key element in operating loans. The following table sets forth our loans outstanding as of each date indicated on a non-consolidated basis:

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions)		
Mortgage loans on real estate	¥ 2,464	¥ 2,246	¥ 2,143
Other long-term investments:			
Mortgage loans on vessels and facilities	100	100	100
Collateral and guaranteed loans	47,537	39,153	35,697
Unsecured loans	338,034	323,256	318,334
Policy loans	2,628	2,151	1,935
Total	¥390,765	¥366,908	¥358,210

Mortgage loans on vessels and facilities, collateral and guaranteed loans and unsecured loans are included in other long-term investments.

Our loans to corporate borrowers in Japan totaled ¥302 billion as of March 31, 2025 and most of the others, ¥45 billion, were to individual borrowers in Japan. Our loan businesses have seen a decline in corporate lending due to selective lending practices as a result of refraining from proactive lending proposals and engaging in negotiations for an increase in interest rates.

Total investment income on loans on a non-consolidated basis increased by ¥0.6 billion from ¥2.6 billion for the fiscal year ended March 31, 2024 to ¥3.2 billion for the fiscal year ended March 31, 2025, largely due to change in the rates. The amounts of change in interest income on loan attributable to changes in volume and rates are ¥(0.1) billion and ¥0.7 billion, respectively.

The following table shows a breakdown of loan amounts held due after one year by interest rate type on a non-consolidated basis as of the dates indicated:

	As of March 31, 2025	As of September 30, 2025
	(Yen in millions)	
Fixed interest rate loans	¥221,312	¥198,547
Floating or adjustable interest rate loans	69,517	87,627
Total	¥290,830	¥286,175

Of our outstanding corporate loans, approximately 77% are fixed-rate loans and 23% are floating-rate loans, while the respective percentages are 44% and 56% for outstanding individual loans as of September 30, 2025.

Credit Losses and Non-Performing Loans

The following table sets forth carrying value of our risk-monitored loans outstanding as of each date indicated on a non-consolidated basis, as classified according to definition provided in the Insurance Business Act, for financial reporting purposes based on the repayment condition of our loans:

	As of March 31,		As of September 30,
	2024	2025	2025
	(Yen in millions)		
Delinquent loans	¥—	¥10	¥38
Total non-accrual loans past due for three months or more	42	48	13
Restructured loans	65	38	30
Total	¥107	¥97	¥83

Deposits and Savings

We seek to hold adequate levels of deposits and savings in order to maintain liquidity for our operating funds such as indemnity payments which may become due any time upon occurrence of the risks covered by the policies.

Investments (at the MS&AD Group Level)

In addition to the investment activities conducted by us, the MS&AD group manages a large and diversified investment portfolio at the group level with the objective of increasing net asset value within the scope of acceptable risk, while ensuring ALM discipline and sufficient liquidity. Group-level investment management focuses on enhancing medium- to long-term profitability through portfolio optimization, disciplined risk management and the selective expansion of higher-return assets, while maintaining a high level of creditworthiness.

Asset Management Strategy and Portfolio Composition

The MS&AD group's asset management strategy is based on an asset allocation policy that aims to steadily reduce listed strategic equity holdings and reallocate capital toward assets with higher risk-adjusted returns, particularly foreign currency-denominated assets, overseas corporate bonds, private assets and alternative investments. As part of this strategy, the MS&AD group plans to reduce listed strategic equity holdings to zero by March 31, 2030 and has been progressively reallocating the proceeds from such sales to higher-return asset classes.

The following table sets forth MS&AD's managed investments as of each date indicated on a consolidated basis:

	As of March 31,		
	2023	2024	2025
	(Yen in millions)		
Deposits and savings	¥ 2,771,949	¥ 2,911,322	¥ 2,139,774
Call loans	—	—	60,000
Receivables under resale agreements	—	—	86,904
Monetary claims bought	142,976	184,200	301,320
Money trusts	2,083,012	2,420,170	2,663,333
Investments in securities	16,144,021	18,166,668	17,760,073
Loans	959,478	970,148	909,825
Land and buildings	413,872	403,179	397,174
Total amount of managed investments	¥22,514,311	¥25,055,690	¥24,318,406
Total assets	¥24,349,984	¥26,960,207	¥26,241,298

The following table sets forth MS&AD's securities by type as of each date indicated on a consolidated basis:

	As of March 31,		
	2023	2024	2025
		(Yen in millions)	
Japanese government bonds	¥ 4,355,273	¥ 4,470,341	¥ 4,675,506
Japanese local government bonds	219,781	186,711	172,710
Japanese corporate bonds	1,298,299	1,257,438	1,231,477
Japanese equities	2,693,594	3,729,586	2,454,534
Foreign securities	5,734,004	6,676,866	7,574,995
Other securities	1,843,066	1,845,723	1,650,845
Total	¥16,144,021	¥18,166,668	¥17,760,073

Credit Quality and Risk Profile

As of March 31, 2025, approximately 95% of credit exposure was investment grade (rated BBB or higher based on internal ratings).

Asset management risks are measured and monitored using a group-wide internal risk management framework based on a 99.5% value-at-risk ("VaR") methodology. As of March 31, 2024, the principal components of asset management risk consisted of domestic stock risk (approximately 36%), foreign exchange risk (approximately 23%), credit risk (approximately 15%), foreign interest rate risk (approximately 9%), alternative investment risk (approximately 6%), foreign stock risk (approximately 6%), domestic interest rate risk (approximately 2%) and real estate risk (approximately 3%). As of March 31, 2025, asset management risks remained diversified, with domestic stock risk accounting for approximately 26%, foreign exchange risk for approximately 28%, credit risk for approximately 17%, foreign interest rate risk for approximately 9%, alternative investment risk for approximately 8%, foreign stock risk for approximately 7%, domestic interest rate risk for approximately 2% and real estate risk for approximately 3%.

Capital Reallocation and Expansion of Higher-Return Assets

The MS&AD group actively reallocates capital toward higher-return assets by utilizing proceeds from the sale of strategic equity holdings. As of March 31, 2025, cumulative growth investments amounted to approximately ¥2.0 trillion, including investments in overseas asset managers, domestic equity investments managed separately from insurance operations, and various alternative investments aimed at improving profitability and growth potential.

In addition, the balance of higher-return assets increased from approximately ¥3.7 trillion as of March 31, 2024 to approximately ¥4.0 trillion as of March 31, 2025, driven by growth in alternative investments and domestic and foreign equity investments, while maintaining exposure to foreign bonds.

Global Investment Framework

The MS&AD group operates a global investment framework designed to consolidate investment opportunities, investment technology and market information across the group, while leveraging external asset managers and strategic partners with specialized expertise in specific asset classes and regions. Under this framework, higher-return investments, including overseas corporate bonds, private assets and alternative investments, are pursued through a combination of centralized coordination and selective outsourcing, enabling the group to access global investment opportunities while maintaining appropriate governance and risk controls.

Investment opportunities identified by external managers and partners are assessed and coordinated at the group level, with relevant information shared across operating subsidiaries. At the same time, operating companies manage assets in accordance with their respective liability structures, ensuring consistency with ALM requirements while benefiting from centralized expertise and global investment networks. This framework supports efficient capital deployment, enhanced diversification and the strengthening of the group's global credit investment capabilities.

International Business

Overview

Our international business constitutes an important component of our overall operations and is intended to support the diversification and stability of our earnings base. We conduct our international insurance business through a network of overseas subsidiaries, branches and affiliates spanning 41 countries and regions as of July 2025, providing insurance products and related services to customers operating across a wide range of industries and jurisdictions.

The scope of our international business expanded following our acquisition of Amlin plc in February 2016. Following the acquisition, Amlin plc was delisted from the London Stock Exchange and renamed MS Amlin plc, becoming a wholly owned subsidiary of us. Through this acquisition, our overseas operations expanded to include specialty insurance and reinsurance businesses, and our underwriting portfolio became more geographically diversified. In addition to organic initiatives, we have expanded and restructured our international business through selected transactions. In Asia, we acquired First Capital Insurance Limited in December 2017, thereby strengthening our presence in the Singapore property and casualty insurance market. In the United States, we have also expanded our presence in the Excess & Surplus market through the organic growth of MSIG USA and through acquisitions, including Transverse Insurance Group, LLC in January 2023. In Continental Europe, we consolidated our insurance operations through the merger of MS Amlin Insurance SE and MSIG Insurance Europe AG and subsequently commenced operations under MSIG Europe SE, with the aim of enhancing operational efficiency and supporting sustainable growth in the region. In addition, we have undertaken selected strategic investments to complement our international business platform, including a strategic investment in W. R. Berkley Corporation that were announced in March 2025. Under an active growth strategy leveraged by mergers and acquisitions, revenue in our international business have generally increased steadily over the last decade. The following table sets forth a summary of revenue in our international business segment, aggregate of consolidated overseas subsidiaries, for the periods indicated:

	Fiscal year ended March 31,			Six months ended September 30,	
	2023	2024	2025	2024	2025
			(Yen in billions)		
Revenue in our international business segment	¥846.0	¥1,148.6	¥1,400.9	¥848.1	¥977.3

In order to manage our international business portfolio, MSI Head Office oversees and controls the operating framework. This structure is intended to facilitate pursuit of overall optimization of our group across regions and streamlining business operations for efficiency and speed by simplifying the multi-layered structure.

For the fiscal year ended March 31, 2025, net premiums written in our international business were derived 36.8% in Asia (excluding Japan), 32.0% in Europe and 31.3% in the Americas.

At the MS&AD group level, the international business is conducted through multiple business segments, including Lloyd's and reinsurance operations, Asia, the Americas, Europe, international life insurance and other overseas businesses. Group adjusted profit from the international business is disclosed on a segment-by-segment basis at the MS&AD group level. The following table sets forth the group adjusted profit attributable to each international business segment for the periods indicated:

	Fiscal year ended March 31,		
	2023	2024	2025
	(Yen in billions)		
Lloyd's & Reinsurance	¥24.8	¥ 83.0	¥ 73.9
Asia	34.7	49.5	58.1
Europe	8.0	10.1	15.7
Americas	3.2	5.7	25.6
Toyota Retails	(0.4)	(4.0)	3.5
Head office reinsurance business	2.7	4.3	7.0
International life Insurance	10.7	22.9	34.9
Additional impact due to natural catastrophe	—	—	(17.4)
Total international business	¥67.0	¥139.5	¥188.8

Note:

(1) Figures in "Total International Business" include head office adjustments and other factors and are not equal to the sum of figures for each region and each business. Each segment for Asia, Europe, and the Americas does not include Aioi Nissay's international business.

Europe

We conduct our European insurance and reinsurance business primarily through Lloyd's Reinsurance and our Continental European insurance operations, which together constitute a core component of our international business.

Lloyd's and Reinsurance

On February 1, 2016, we acquired 100% of the shares of Amlin plc, a U.K. insurance holding company that operated primarily in the Lloyd's market and other specialty insurance and reinsurance markets.

Currently Lloyd's operations are conducted by MS Amlin. MS Amlin has strength in the underwriting of specialty products requiring high levels of underwriting expertise. It is a leading player in Lloyd's market, a center of the insurance industry and global information, and underwrites risks throughout the world.

Reinsurance business is led by MS Amlin AG (MS Re). MS Re has offices in major reinsurance markets such as Zurich and Bermuda, leveraging its expertise in special products (agriculture, financial lines, etc.) to provide reinsurance for quality deals from around the world in support of insurance business in numerous countries.

MS Amlin and MS Re business models are focused on generating underwriting profits over the insurance cycle while managing exposure to volatility arising from large losses, including natural catastrophe events. To this end, they seek to maintain a diversified underwriting portfolio by geography, product line and risk type, supported by centralized risk management and capital allocation frameworks.

Continental European Insurance Operations

As part of the reorganization of our Continental European operations, we merged MS Amlin Insurance SE and MSIG Insurance Europe AG and formed a new company, MSIG Europe SE. MSIG Europe SE operates under the European regulatory framework and maintains branches and business activities in multiple Continental European jurisdictions.

Through MSIG Europe SE, we underwrite insurance business for various commercial customers with operations in Europe. The business focuses on areas such as marine insurance, large corporate property and casualty insurance and specialty insurance. Through the merger and reorganization of our Continental European operations, we aim to expand our underwriting activities in a diversified manner across customer segments, regions and product lines.

Asia

Our Asian operations comprise a broad operating footprint across the region and span all ten ASEAN markets, as well as other Asian and Oceania markets, including Mainland China, Hong Kong, Taiwan, India, Korea, Australia and New Zealand. We conduct business through a combination of locally incorporated insurance companies, branches and representative offices, depending on local regulatory requirements and market conditions.

In Asia, we are one of the leading non-life insurers by scale. According to MS&AD's internal research based on gross written premiums, we ranked No.1 in the ASEAN region in the fiscal year ended March 31, 2024, with gross written premiums of approximately ¥306.3 billion, calculated as the aggregate of gross written premiums in Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam.

Beyond ASEAN, we have also established strong business platforms in key East and South Asian markets, including India (through Cholamandalam MS General Insurance Company Limited) and Taiwan (through MSIG Ming Tai Insurance Co., Ltd.), in addition to our operations in Mainland China and Hong Kong. These platforms enable us to tailor our business models to local market characteristics while leveraging the broader MS&AD group network.

Our competitive strength lies not only in our leading position in ASEAN but also in our extensive Asia-wide operating footprint, which allows us to deploy management resources, underwriting expertise and digital capabilities across multiple jurisdictions. This integrated regional platform differentiates us from many competitors that operate primarily within individual domestic markets.

Our Asian business comprises a combination of insurance business derived from Japanese corporate customers and insurance business generated from local markets. While the relative contribution of these segments varies by country, product line and period, our Asian operations include substantial local underwriting activities across multiple markets.

In India, we are capturing structural market growth by expanding our retail automobile insurance business while strengthening our corporate and specialty lines. Across Asia, we are advancing region-specific initiatives in response to evolving social and economic dynamics, including the expansion of digital consumer channels.

In addition to non-life insurance operations, we maintain equity interests and strategic investments in certain Asian insurance companies, including life insurance businesses, in selected markets. Such investments are generally structured as minority interests or joint ventures and are subject to local regulatory frameworks.

Americas

We conduct our insurance and related business in the Americas primarily through our operations in the United States and through offices, branches and partnerships in Latin America.

Our U.S. platform includes Mitsui Sumitomo Insurance USA Inc., Mitsui Sumitomo Insurance Company of America, MSIG Specialty Insurance USA Inc., MSIG Specialty Insurance America Inc., and related underwriting, distribution and service entities (MSIG USA). Our U.S. platform's insurance subsidiaries are licensed across all U.S. states, the District of Columbia and Puerto Rico, subject to applicable licensing and policy terms. We have strengthened our U.S. platform through selected acquisitions, including Transverse Insurance Group, LLC, acquired in January 2023, which now operates as MS Transverse Insurance Group, LLC.

In March 2025, we announced an agreement to acquire 15% of the outstanding common stock of W. R. Berkley Corporation, a U.S.-based property and casualty insurance holding company, with the aim of strategic cooperation.

In Latin America, we maintain a combination of locally incorporated entities, branches and representative offices, including a locally incorporated subsidiary in Brazil (Mitsui Sumitomo Seguros S.A.) and offices or representative functions in jurisdictions such as Panama, Peru, Colombia and Argentina. In addition, we utilize strategic partnerships in Latin America, including alliances with MAPFRE and Porto Seguro S.A., to support Japanese and other corporate customers operating in the region.

Africa

We provide insurance-related services in Africa primarily through overseas office and a network of local partner insurers and brokers. Our presence includes a Johannesburg office which supports mainly Japanese corporate customers. To enhance our ability to arrange local cover in certain African regions, we have entered into strategic alliance arrangements with local insurers, including AXA, Bryte Insurance Company and ICEA LION General Insurance Company, subject to local regulations and contractual terms.

Middle East

We maintain an operational presence in the Middle East primarily to support Japanese corporate customers, including branches in Dubai and Abu Dhabi (UAE). These offices provide customer service and coordination for insurance arrangements in the Middle East region, including cooperation with local insurers, as appropriate.

Investments

In general, each of our overseas subsidiaries and overseas branches manages its investments in accordance with our company-wide investment management guidelines. Permitted investments for a particular subsidiary or branch are categorized into four types, with asset allocation and risk management specified for each type. The categories are: (1) management of assets limited to domestic deposits (denominated in the domestic currency of a given country), (2) management of assets that may include domestic deposits and domestic bonds, (3) management of assets that may include domestic deposits, domestic bonds and domestic equity (including listed REITS), (4) management of assets that may include deposits, domestic and foreign bonds, domestic and foreign equity, and (5) management of assets that may include deposits, domestic and foreign bonds, domestic and foreign equity, new investment assets including hedge funds, private equity funds, property funds and special securitized products.

Other Businesses

Defined Contribution Pension Plans

On October 1, 2001, "Defined Contribution Pension Plan" ("DC") was introduced in Japan upon the Defined Contribution Pension Act (Act No. 88 of 2001, as amended) becoming effective. We have been supplying deposit-type insurance and investment trust products for DC to our corporate customers and individual customers. In February 2006, we became an administrator for DC, and developed a multi-employer corporate-type defined contribution pension arrangement primarily designed for small- and medium-sized companies. We have been promoting this arrangement and supporting the revision of retirement pension plans for those companies. We are also actively cultivating business in the individual defined contribution plan for eligible individuals in Japan.

Financial Guarantees

We have been engaged in the business of providing guarantees in financial transactions, including those involving asset-backed securities, securitization products and credit derivative contracts since the 1990s, in a position as a direct insurer, a reinsurer and a protection seller of credit derivative contracts. In principle, we maintain a conservative policy for underwriting such financial guarantees and require that such transactions have at least an investment-grade credit rating. As a result of the above-mentioned policy, the proportion of the exposure rated as investment-grade is 100% of our entire financial guarantee portfolio.

Alternative Risk Transfer

Following the December 1998 amendment to the Insurance Business Act, in March 1999, we started our own derivatives business, including trading and sales of interest rate and currency derivatives, as part of the expansion of our financial services. Subsequently, our derivatives business has included the development and sales of alternative risk transfer products, including weather and earthquake derivatives. In 2001, our weather derivatives business for customers who are financially affected by unexpected weather conditions expanded through domestic alliances with banks and other participants in the markets.

Our financial services include overseas alternative risk transfer products, such as weather and earthquake derivatives. Our weather derivatives business serves customers who are financially affected by unexpected weather conditions. In April 2007, we expanded our weather derivative insurance business globally by establishing MSI GuaranteedWeather LLC as our wholly-owned subsidiary and acquiring the weather-related business of GuaranteedWeather, Kansas, U.S., a risk management company and our business alliance partner up to the date of acquisition, through MSI GuaranteedWeather LLC.

Competition

As a result of industry consolidation since 2000, the Japanese non-life insurance market has come to be dominated by three domestic groups: MS&AD, Tokio Marine Holdings, Inc. and Sompo Holdings, Inc. The combined market share of these three insurance groups was approximately 85% in terms of total net premiums written in the fiscal year ended March 31, 2025, according to data compiled by the General Insurance Association of Japan and publicly disclosed information of each insurance group. As a result, our primary competitors in the Japanese market are Tokio Marine Holdings, Inc. and Sompo Holdings, Inc. We also compete to a lesser degree with other non-life insurance companies such as the Japanese businesses of major global insurance companies.

In overseas markets, we generally compete with global non-life insurance companies that operate in our target markets and, in some cases, local insurance companies.

Integrated Risk Management (at the Issuer level)

We proactively manage our risks as part of our enterprise risk management ("ERM") framework, in line with the basic policies and framework for risk management established within the MS&AD group. While we align our risk management with MS&AD group-wide policies (See "— Integrated Risk Management at MS&AD Group Level".), we maintain our own risk management system appropriate to our business characteristics as a non-life insurance company. We have established an integrated risk management system under which risks across our operations are identified, assessed, monitored and controlled on a consolidated basis.

Our integrated risk management activities are overseen by our ERM Committee and relevant management committees, and material risk matters are regularly reported to our Board of Directors. Reports on our risk profile and risk management activities are prepared on a regular basis, and significant issues are escalated to senior management as appropriate.

Enterprise Risk Management

Based on the reports we prepare regarding our risks and risk management activities, we manage the various risks we face by adopting both quantitative and qualitative approaches, including risks that are difficult to measure quantitatively. In managing risks, we take into account the balance between risk, return and capital, as well as factors such as the volatility and usability of assets, medium- to long-term trends in domestic and overseas insurance markets, rating agencies' perspectives on financial soundness, regulatory solvency requirements, and our business plans and financial forecasts.

Quantitative Approach. We utilize probabilistic risk assessment methods, such as value-at-risk ("VaR") and other economic capital-based metrics, to estimate potential losses under stressed conditions at a specified confidence level. We periodically measure insurance underwriting risk, asset management risk and operational risk to confirm that our overall risk exposure remains manageable within our capital resources. We also conduct stress testing and scenario analysis to assess the impact of severe but plausible events, including large-scale natural catastrophes, significant market disruptions, and other extraordinary events. Stress scenarios are developed based on assumptions such as declines in stock prices, changes in interest rates, foreign exchange movements and the occurrence of major catastrophic events, taking into account historical data and forward-looking considerations. The results of such analyses are used in capital management and risk appetite discussions.

Qualitative Approach. To complement quantitative analysis, we evaluate risks through qualitative assessments, including reviews of our underwriting policies, asset allocation, liquidity management and operational processes. We regulate the accumulation and concentration of risks, monitor transactions within the MS&AD group, and ensure that risks arising from business activities, outsourcing and group transactions are appropriately controlled, so that the overall soundness of our operations is not compromised. We have adopted a "three lines of defense" framework, under which business units, risk management and compliance functions, and internal audit each play distinct roles in managing and overseeing risks.

Insurance Business Risks

Our insurance business is subject to various categories of risk that we manage through our integrated risk management framework. These risks include:

Insurance Underwriting Risks. Insurance underwriting risks are risks for underwriting loss by frequency or damageability which significantly surpass the projection on which the insurance premiums are calculated.

Asset Management Risks. Asset management risks are risks for fluctuation of interest rates, stock prices, exchange rates, real estate prices, rents, etc. or financial situation of investing entities that cause reduction in value or income, including offset assets. They also include risks that we cannot hold assets in alignment with characteristics of liability such as claims payment.

Liquidity Risks. Liquidity risks are risks that cash shortage caused by large claims, such as a natural disaster like a major earthquake, forces us to secure financing in exchange for selling assets at significantly undervalued prices (cash management risk) or risks that market disturbance prevents market transaction or forces undervalued trade (market liquidity risk).

Operational Risks. Operational risks are risks of losses resulting from inadequate or failed internal processes, human error, system failures, misconduct or external events, including natural disasters.

Integrated Risk Management (at the MS&AD Group Level)

MS&AD manages risk, returns and capital on an integrated basis with the objective of maintaining financial soundness while improving capital efficiency and risk-adjusted returns. Under this framework, MS&AD holistically manages integrated risk amount, returns and capital, and makes internal and external investment decisions for sustainable profit growth based on a balanced assessment of these three metrics.

As part of its capital efficiency management, MS&AD manages profitability and capital allocation with reference to group adjusted ROE as one of its internal performance indicators, while assessing returns in relation to the level of risk assumed. In this context, MS&AD monitors profitability using ROR and manages solvency by maintaining an ESR in the range of 180% to 250%, which it considers an appropriate level for financial soundness. Capital levels are controlled on the assumption that sufficient capital is secured in a stable manner, while the amount of risk that can be held is clarified in light of economic rationality.

Risk Portfolio and Integrated Risk Amount

Within this framework, MS&AD actively manages its risk portfolio to ensure financial soundness. Although domestic stock prices have risen in recent years, MS&AD has reduced the proportion of strategic equity holdings within its integrated risk amount through accelerated reduction efforts.

As of March 31, 2024, MS&AD's integrated risk amount was approximately ¥2.9 trillion, representing 65% of net asset value. The composition at that time consisted of domestic non-life insurance (underwriting) at 10%, domestic non-life insurance (investment: other) at 16%, domestic life insurance (investment) at 12%, domestic life insurance (underwriting) at 6%, and international business at 21%, while domestic non-life insurance (investment: strategic equity) accounted for 35.4% of the integrated risk amount.

As of March 31, 2025, the integrated risk amount remained at approximately ¥2.9 trillion, increasing to 67% of net asset value. The composition shifted to domestic non-life insurance (underwriting) at 12%, domestic non-life insurance (investment: other) at 18%, domestic life insurance (investment) at 14%, domestic life insurance (underwriting) at 7%, and international business at 26%, while the proportion of strategic equity risk declined to 23.3%.

As of September 30, 2025, MS&AD further reduced its strategic equity exposure. At that date, the integrated risk amount increased slightly to approximately ¥3.0 trillion, representing 68% of net asset value. The composition consisted of domestic non-life insurance (underwriting) at 11%, domestic non-life insurance (investment: other) at 18%, domestic life insurance (investment) at 15%, domestic life insurance (underwriting) at 6%, and international business at 28%, while strategic equity risk declined further to 21.5%.

MS&AD has publicly stated that it has established a policy of not holding strategic equities and has decided to reduce its current holdings of listed strategic equity investments to zero by the end of March 2030.

Monitoring of Profitability and Risk-Adjusted Returns

MS&AD monitors ROR at each business unit level and promotes initiatives to improve profitability on a risk-adjusted basis. ROR is managed in conjunction with group adjusted ROE and ESR, with profitability evaluated as the relationship between returns and integrated risk amount, and solvency assessed through the inverse of ESR (1/ESR). These metrics are monitored across domestic non-life insurance, domestic life insurance and international business, and are used to guide capital allocation decisions while maintaining overall financial soundness.

Through the integrated management of risk, returns and capital, MS&AD aims to enhance capital efficiency, control risk concentrations and maintain a stable financial foundation while pursuing sustainable growth across its business portfolio.

Capital Management and Dividend Policies

Subject to our risk management policies described in "—Integrated Risk Management" above, we manage our capital with the objective of maintaining sound financial conditions, meeting regulatory requirements applicable to non-life insurance companies in Japan and ensuring our ability to meet policyholder obligations on an ongoing basis. In managing our capital, we take into account the scale and characteristics of our business, risk exposures under various stress scenarios, regulatory solvency requirements and other relevant factors. As a member of the MS&AD group, our capital management is conducted in coordination with group-wide policies; however, capital decisions relating to us are made with due regard to our own financial condition, risk profile and regulatory requirements. Our capital management framework is designed to ensure that our total risk exposure does not exceed available capital under stressed conditions.

Our dividends to MS&AD follow the capital management policies of MS&AD and are decided on the basis of our capital position and profits while taking into account the maintaining of balance within MS&AD as a

whole. Our articles of incorporation provide that dividend payments may be authorized at the discretion of our board of directors, subject only to limits set forth in applicable laws and regulations, and we generally anticipate making dividend payments at least twice per year.

Information Technology

We utilize information technology systems extensively in conducting our insurance and related businesses. These systems, including those operated or supported by third-party service providers, are used to support a wide range of core functions, such as policy administration, claims-related processes, asset management, and the processing, storage and management of customer and other operational data. Our information technology infrastructure plays an important role in enabling efficient business operations, maintaining service quality for policyholders and supporting data-driven decision-making across our organization. In addition, the use of digital systems allows us to enhance operational efficiency and respond to changes in business volume and customer needs.

Given the importance of information technology to our operations, we seek to manage and maintain the stability and reliability of our systems, including through appropriate internal controls and oversight of third-party service providers. We also take measures to manage cybersecurity and information security, including the protection of personal information, in accordance with applicable laws, regulations and guidelines.

Property

We own or lease real property for our head office in Tokyo, our other major offices in Osaka and Nagoya and other branches nationwide.

As of September 30, 2025, the net book value of our land and buildings on a non-consolidated basis was ¥68 billion and ¥101 billion, respectively.

Employees

As of September 30, 2025, we had 21,275 employees total, including 12,741 employees on a non-consolidated basis. We consider our level of remuneration and non-wage benefits to be generally competitive with those offered by other major non-life insurance companies in Japan. We consider our labor relations to be excellent.

Accident Response Service

For the protection of our customers and other parties, we have established an internal policy to ensure appropriate claims payment and strive to adequately prepare for and manage claims. No matter where an accident may occur in Japan, we have the ability to respond quickly through our claims service network of, as of April 1, 2025, 180 locations across Japan and approximately 8,190 claim handlers and supporting staff, who offer careful and fine-tuned claims service. For any accidents that occur in Japan, including, but not limited to, automobile accidents, fire and other property damages, we have set up a 24 hour, 365 days-a-year claim reporting service in our accident call center. In addition, our overseas subsidiaries in our expanding non-life insurance business provide extensive customer service.

Regulatory Actions and Supervisory Measures

We have been subject to certain regulatory actions and supervisory measures by Japanese authorities in recent years, primarily relating to (i) inappropriate coordination of insurance premiums and related terms in certain corporate insurance transactions and (ii) deficiencies in the management of customer information in connection with agency and secondment arrangements. These matters, the regulatory responses thereto and our remedial actions are summarized below.

Insurance Premium Coordination in Corporate Insurance Transactions

On December 26, 2023, the FSA issued a business improvement order against us pursuant to the Insurance Business Act, following its supervisory review of certain corporate insurance transactions. The FSA concluded that, in connection with quotations and renewals of certain large-scale corporate insurance policies, inappropriate coordination of insurance premiums and related terms had occurred among multiple non-life insurance companies. The FSA further identified deficiencies in our internal control framework, including governance, compliance oversight and risk management relating to competition law compliance.

In response to the FSA's order, we conducted a comprehensive investigation, identified root causes, and submitted a business improvement plan to the FSA, which included enhanced competition law controls, revisions to underwriting and quotation procedures, strengthened training and monitoring, and improvements to management oversight.

Subsequently, on October 31, 2024, the JFTC issued cease-and-desist orders and surcharge payment orders against us and other non-life insurance companies, finding that coordination of insurance premiums and related conditions in certain corporate insurance transactions constituted an unreasonable restraint of trade in violation of the Anti-monopoly Act. We accepted the JFTC's decision and paid the applicable surcharge.

Customer Information Management and Data Leakage Issues

On March 24, 2025, the FSA issued an additional business improvement order against us pursuant to the Insurance Business Act, following the identification of inappropriate handling and sharing of customer information. The FSA found that, in certain cases, personal data and other customer-related information had been shared without obtaining appropriate customer consent, including in the context of relationships with multi-tied insurance agencies and through employees seconded to agencies or related entities.

The FSA concluded that these incidents reflected deficiencies in our customer information management framework, including insufficient controls over agency operations, inadequate supervision of secondees, and an insufficient assessment of risks arising from our business model. The FSA required us to strengthen compliance with the Personal Information Protection Act and other applicable laws, enhance governance and internal controls, conduct thorough root-cause analysis, and implement and report on remedial measures.

Remedial Measures, Group Oversight and Ongoing Supervisory Process

Following the March 2025 order, we submitted a revised and comprehensive business improvement plan to the FSA on May 30, 2025. This plan integrated remedial measures relating both to the premium coordination matters and the customer information management issues, and addressed governance, compliance culture, internal controls, training, monitoring and agency management on a group-wide basis.

In connection with these regulatory actions, MS&AD, as the ultimate holding company of our group, has been actively involved in overseeing and strengthening group-wide governance, compliance and risk management frameworks. MS&AD has conducted its own reviews, enhanced supervision of subsidiaries, clarified roles and responsibilities between the holding company and operating companies, and reinforced internal audit, compliance and reporting lines across the group. MS&AD has also monitored the formulation and implementation of our business improvement plans and periodic progress reports submitted to the FSA, and has taken steps to promote consistency of remedial measures throughout the group.

We have since submitted periodic progress reports to the FSA, most recently in December 2025, covering the status of implementation as of November 2025. In light of the planned integration with Aioi Nissay, scheduled for April 2027 (see "Proposed Merger with Aioi Nissay."), MS&AD has further strengthened its oversight of integration planning, with a particular focus on harmonizing internal control frameworks, competition law compliance, customer information management and governance structures at the group level.

While we believe that we are making steady progress in implementing these remedial measures, we remain subject to ongoing supervisory review by the FSA and other relevant authorities.

In addition, regulatory and supervisory developments affecting the non-life insurance industry in Japan more broadly, including enhanced supervisory expectations or industry-wide measures, could result in additional obligations or constraints on our business, regardless of whether we are found to have committed any new violations. See "Risk Factors—Increased regulatory scrutiny of the non-life insurance industry in Japan may result in additional obligations or constraints on our business, even in the absence of new violations."

REGULATION OF THE JAPANESE NON-LIFE INSURANCE INDUSTRY

Insurance Business Act

General

The Japanese non-life insurance business is regulated principally by the Insurance Business Act (Act No. 105 of 1995) as amended, which governs both life and non-life insurance businesses in Japan. In addition, it is also subject to associated cabinet orders, cabinet office ordinances, ministerial ordinances and various rules and regulations made by the FSA and relevant ministries. Under the Insurance Business Act and the regulations thereunder, all insurance companies, including non-life insurance companies, must be either joint stock corporations or mutual companies, and they must each obtain a license (non-life or life insurance) from the Prime Minister of Japan, with certain limited exceptions. Although the same entity cannot obtain both non-life and life insurance licenses, non-life insurance companies are allowed to establish subsidiaries to engage in the life insurance business and life insurance companies are also allowed to establish subsidiaries to engage in non-life insurance business. The Insurance Business Act and the regulations thereunder also contain detailed provisions regarding, among other things, accounting principles, restrictions relating to the investment of insurance companies' funds, registration of insurance agents and insurance brokers and restrictions on the nature of their soliciting activities. Foreign insurance companies which intend to conduct insurance business in Japan are required, with certain limited exceptions, to establish a branch or office in Japan, which is also subject to the Insurance Business Act.

Regulations on Business

The business operations and financial condition of insurance companies are under the supervision of the Prime Minister of Japan. Most of such supervisory authority is delegated to the Commissioner of the FSA, who in turn has delegated a part of such authority to the Directors of the Local Finance Bureaus of the Ministry of Finance of Japan. The insurance companies must comply with the internal regulations that must be approved by the FSA, including the statement of methods of operations, general policy conditions and the statement of calculation procedures for insurance premiums and underwriting reserves. The FSA may require insurance companies to submit reports and other documents on the status of their businesses or assets and may carry out inspections at the companies' offices. It is the practice of the FSA to review the business operations of insurance companies regularly.

Japanese insurance companies, including non-life insurance companies, are permitted to engage only in the business of underwriting insurance in accordance with their licenses, investing premium revenue and other assets, and certain other businesses provided in the Insurance Business Act, with the prior approval of the Commissioner of the FSA required for certain types of businesses. In addition, insurance companies, including non-life insurance companies, are limited by the Insurance Business Act and the regulations thereunder as to the types of investment which they may make. Under these provisions, an insurance company's investment portfolio must, in general, be held in the form of cash on deposit, loans, shares, bonds, money trusts, real estate and certain other investments. In addition, except as approved by the Commissioner of the FSA, investments in any single company and its specially related persons are, in general, limited to 10% (in the case of loans and guarantees, 3%) of the book value of the total assets of an insurance company, less the assets belonging to the accounts for deposit-type or investment-type policies, under Japanese GAAP. Similar limitations also apply to an insurance company's group on an aggregated basis.

In the "third sector" insurance business, including accident, sickness and nursing-care insurance, life and non-life insurance companies have been allowed entry through their subsidiaries or by directly conducting this business by themselves without using their subsidiaries from 2001. The deregulation of the Japanese insurance industry has intensified competition in the "third sector" insurance business among non-life and life insurance companies, as well as foreign insurance companies.

Under the Insurance Business Act as amended in 1998, non-life and life insurance companies were permitted to enter into the banking business through their subsidiaries in October 1999, and banks were permitted to enter into non-life and life insurance businesses through their subsidiaries in October 2000. Furthermore, amendments were made in 1998 to the Act on Non-Life Insurance Rating Organizations of Japan abolishing the obligation previously imposed on non-life insurance companies to use the tariffs established by these organizations. As a result, non-life insurance companies may set their own premiums for the products that they offer, and competition has increased. Moreover, a ministerial ordinance liberalized the procedure for certain changes to (i) the statement of method of operations, (ii) general policy conditions, and (iii) the statement of

calculation procedures for premiums and underwriting reserves, by only requiring prior notification for certain items which previously required approval from the Commissioner of the FSA. Such liberalization has also contributed to the increase in competition among non-life insurance companies.

On September 30, 2007, in line with the enactment of the FIEA, certain amendments to the Insurance Business Act became effective. Under the amendments, among other things, the regulations on the solicitation and selling activities of certain insurance products with market risks (such as variable insurance or annuity) have been enhanced.

Regulations on the Scope of Business of Subsidiaries

There are certain restrictions as to the type of subsidiaries which an insurance company, including a non-life insurance company, may have. An insurance company may only have as its subsidiaries life and non-life insurance companies, banks, securities companies, trust companies, foreign companies engaging in the insurance, banking, securities or trust business and certain other companies.

Regulations on Shareholding

The Insurance Business Act and the regulations thereunder prohibit an insurance company, including a non-life insurance company, and its subsidiaries from acquiring or holding, on an aggregated basis, more than 10% of the total voting rights of all shareholders of any other company in Japan except certain companies. Additionally, under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of Japan (Act No. 54 of 1947), no insurance company, including a non-life insurance company, can acquire or hold more than 10% of the total voting rights of all shareholders of any other company in Japan without obtaining the prior approval of the Fair Trade Commission, except in certain limited circumstances.

Regulation of Dividend Payments

Under the Companies Act, the payment of dividends takes the form of distribution of surplus. We may make a distribution of surplus in cash and/or in kind, with no restrictions on the timing and frequency of such distributions. Our articles of incorporation provides that surplus may be distributed by resolution of our board of directors (except certain cases set forth in the Companies Act, for example, the case where surplus made in kind without granting shareholders a right to require us to make the distribution in cash instead) pursuant to Article 459 of the Companies Act.

Under the Companies Act and its related rules, distribution of surplus is restricted to a statutory "distributable amount" calculated as of the effective date of such distribution, which cannot be made in any case if our net assets are less than ¥3,000,000. Such "distributable amount" is, in general, calculated as the aggregate of other capital surplus and other retained earnings amounts at the end of the previous fiscal year, from which certain decreases in surpluses after the end of the previous fiscal year (such as the book value of other past distributions of surpluses after the end of the previous fiscal year) and certain other items set forth under the Companies Act and its related rules are deducted, while certain increases in surpluses after the end of the previous fiscal year (such as reduction in additional paid-in capital and/or legal earnings reserves after the end of the previous fiscal year which did not accompany a transfer to stated capital) are added, so as to determine the "distributable amount" as of a record date.

In addition to the foregoing, under the Insurance Business Act, when an insurance company that is a joint stock company, such as us, makes a distribution of surplus, it must set aside in its additional paid-in capital and/or legal earnings reserves an amount equal to 20% of the amount of surplus so distributed, until the sum of additional paid-in capital and legal earnings reserves reaches the amount of its stated capital.

Solvency Margin Ratio

Under the Insurance Business Act, insurance companies are required to set aside underwriting reserves at the end of each fiscal year for the fulfillment of future obligations under insurance policies. In addition, the Commissioner of the FSA has the authority to set standards for measuring the financial soundness of the management of insurance companies. The solvency margin ratio is a standard designed to measure the ability of insurance companies to make payments for insurance claims and other claims upon the occurrence of unforeseeable events, such as natural disasters.

Amendments to the calculation method of the solvency margin ratio which were introduced in March 2012 include:

(i) restrictions on the inclusion of certain items in the amount of solvency margin, such as certain surplus portions of the policy reserves and deferred tax assets related to net loss carried forward, and with regard to subordinated debt, the total amount of subordinated debt and certain surplus portions of the policy reserves to be included in the solvency margin will be limited to the amount of core margin (*chukaku-teki shiharai yoryoku*), which is a new concept under the revised solvency margin regulations in Japan, generally calculated by summing up net assets, reserve for price fluctuations, contingency reserves, catastrophic loss reserves and unallotted portions of reserves for policyholder dividends, and making certain deductions (including loss on valuation of other securities) and adjustments. However, this limitation is not be applied in the case of certain perpetual subordinated debt ("specified subordinated debt" or "*tokutei fusaisei shihon*") which satisfy not only certain requirements for subordinated debt under the current regulations (such as limitation of redemption and deferral of interest payment obligations), but also additional requirements under the revised regulations (such as stricter restrictions on coupon step-up and the requirement of deferred interest being non-cumulative or cumulative but deferrable for an unlimited period);

(ii) a requirement of stricter and more elaborate risk assessment, by such means as raising the confidence level of the co-efficient of each risk (from 90% to 95%), renewing statistical data to be used as the basis of the co-efficient of each risk and introducing a calculation of the investment diversification effect related to the price change risk based on each company's portfolio; and

(iii) a requirement of actuaries' confirmation on the appropriate calculation of the solvency margin ratio.

In addition, the amendments to the Insurance Business Act effective from March 31, 2012 introduced the consolidated solvency margin ratio regulation, covering insurance companies or insurance holding companies and their subsidiaries and affiliates.

Furthermore, in connection with the development and introduction of new standards for solvency assessment by the International Association of Insurance Supervisors, the FSA issued the new regulation to adopt an economic value-based solvency framework in July 2025 and such framework is scheduled to be implemented from the fiscal year ending March 31, 2026. See "Risk Factors—Risks Relating to Our Business—ESR frameworks of MS&AD and us may not be directly comparable to the economic value-based solvency frameworks voluntarily adopted by other similar insurance companies in Japan and may differ from what is required under regulations adopted in Japan" and "Recent Business—Economic Solvency Ratio".

Subordinated Debt (fusaisei shihon) and Specified Subordinated Debt (tokutei fusaisei shihon)

Under the current solvency regulations as prescribed in the Insurance Business Act and its related rules, subordinated debt (*fusaisei shihon*) may be included into the amount of solvency margin subject to certain conditions on qualification. In order for an amount of debt to qualify as a subordinated debt which may be included into the amount of solvency margin (*fusaisei shihon choutatsu shudan to*), it must satisfy either of the following conditions:

(i) a debt instrument which (a) is unsecured, subordinated to any other debts and fully paid-in; (b) will not be subject to redemption except at the option and sole discretion of the issuer and under certain conditions as specified in the related rules thereto; (c) may be used for loss compensation; and (d) interest deferral provisions exist; or

(ii) a subordinated debt obligation with fixed maturity which (a) has a maturity period of over 5 years at the time of execution; and (b) in the event where early redemption provisions exist, such early redemption to be at the option and sole discretion of the issuer and under certain conditions as specified in the related rules thereto.

In addition, the amount of such qualifying subordinated debt that may be included into the amount of solvency margin is subject to certain limitations as specified in the related rules thereto, except for certain "specified subordinated debt (*tokutei fusaisei shihon*)", which satisfy not only (i) above but also additional conditions including stricter restriction on coupon step-up and the requirement of deferred interest being non-cumulative or cumulative but deferrable for an unlimited period.

Prompt Corrective Action

The Commissioner of the FSA has the authority to order an insurance company with an insufficient solvency margin ratio to take prompt corrective action. In general, insurance companies with solvency margin ratios of 200% or higher are considered sound. If the ratio falls below 200% (which, under the new regulation from March 31, 2026, will be economic value-based solvency ratio at 100%), the Commissioner of the FSA may order the insurance company to submit and implement a business improvement plan that will reasonably ensure the soundness of the management. If the ratio falls below 100% (which, under the new regulation from March 31, 2026, will be economic value-based solvency ratio at 70%), the Commissioner of the FSA may order the insurance company to take measures to enhance solvency, including an order to implement suspension or deduction of payment of dividends to shareholders or policyholders, or payment of bonuses to directors. If the ratio falls below 0% (which, under the new regulation from March 31, 2026, will be economic value-based solvency ratio at 35%), the Commissioner of the FSA may order the insurance company to suspend all or parts of its operations for a certain period specified by the Commissioner of the FSA.

Regulations for the Protection of Policyholders

The Non-Life Insurance Policyholders Protection Corporation of Japan (the "NLIPPC"), is the sole corporation for the protection of non-life insurance policyholders, established in accordance with the Insurance Business Act. Under the Insurance Business Act, all non-life insurance companies in Japan are required to be members of the NLIPPC and make contributions to the NLIPPC, with certain limited exceptions.

Insurance companies, including non-life insurance companies, under difficulty to continue operations have been allowed to change the terms of their insurance policies (including reductions of insurance payments) subject to the approvals of the Commissioner of the FSA and, in general, a special majority resolution by the shareholders' meeting of such insurance company, implementing procedures to protect the interests of policyholders, and other conditions and procedures prescribed in the Insurance Business Act.

Insurance Act

The Insurance Act (Act No. 56 of 2008), which is the successor to the insurance section of the Commercial Code and which governs the contractual relationship between the insurer and policyholder, was promulgated on June 6, 2008 and came into effect on April 1, 2010. The Insurance Act enhanced protection of policyholders and the insured and provides that, among other things, (i) an applicant for insurance is required to answer only inquiries specified by the insurer in connection with his/her duty to disclose, (ii) an insurer shall be deemed to be defaulted on payment of claims and benefits to the insured after reasonable time for necessary verification or investigation has elapsed (even if the insurance contract provides for a longer payment term) and (iii) any agreement that is in contravention of the above as well as certain other provisions of the Insurance Act, and is unfavorable to policyholders or the insured, shall be null and void.

Act on Preventing Transfer of Profits Generated from Crime

Under the Act on Preventing Transfer of Profits Generated from Crime of Japan (Act No.22 of 2007), or the Act on Preventing Transfer of Profits Generated from Crime, financial institutions and other entities, including us, are required to perform customer identification procedures and keep records of customer identifications and transactions with customers as prescribed by a ministerial ordinance. The Act on Preventing Transfer of Profits Generated from Crime also requires financial institutions and other entities, including us, to report to a competent authority if they suspect that any property accepted from a customer has been obtained illegally or the customer conducts certain criminal acts. Customer identification requirements were tightened by the amendment to the Act on Preventing Transfer of Profits Generated from Crime which came into effect in April 2013 and October 2016.

Personal Information Protection Act

The Personal Information Protection Act aims to protect personal information in the context of a society increasingly reliant on information technology. The Personal Information Protection Act contains various provisions including those imposing obligations on a business enterprise, including us, utilizing personal information databases which store personal information. A business enterprise utilizing personal information databases is required to (i) specify the purpose of the use of the personal information as clearly as possible, (ii) refrain from using the personal information beyond such purpose without consent by the person to whom

such information relates, (iii) notify the person to whom such information relates or publish the purpose of the use when or prior to acquiring the personal information, and (iv) disclose the personal information if the person to whom such information relates requests it. Further, in certain cases, the person to whom such information relates may request the business enterprise to correct, add, refrain from using or erase the personal data.

Other Laws and Regulations

The Consumer Contracts Act (Act No. 61 of 2000) and the Act on Provision and Development of Usage Environment of Financial Services, etc. (Act No. 101 of 2000) regulate soliciting and selling activities of non-life insurance products. Under these regulations, an insurance company, including a non-life insurance company, is required to, among other things, (i) provide adequate explanation to customers on certain material matters regarding its insurance products, (ii) conduct sale solicitation of customers in a fair manner and (iii) refrain from providing deceptive or misleading information in respect of uncertain matters in connection with the sale of its insurance products, and customers may cancel any insurance products purchased under certain conditions within a set period of time.

Directors and Audit and Supervisory Board Members

The table below sets forth our current directors and audit and supervisory board members.

Name	Title	Date first elected as director or audit and supervisory board member
Noriyuki Hara	Representative Director Chairman of the Board	2012
Shinichiro Funabiki	Representative Director President, Chief Executive Officer	2017
Hironori Morimoto	Director, Senior Executive Officer	2025
Hiroshi Umiyama	Director, Senior Executive Officer	2025
Naoki Iguchi	Director, Managing Executive Officer	2023
Kazuhiro Tsuji	Director, Managing Executive Officer	2025
Kuniyuki Hirano	Director, Managing Executive Officer	2025
Hideki Kawatsu	Director	2025
Hiroshi Kimura	Director (Outside)	2018
Atsuko Ishii	Director (Outside)	2017
Tomonori Ito	Director (Outside)	2022
Chiharu Takakura	Director (Outside)	2023
Hideyuki Tanaka	Audit and Supervisory Board Member	2022
Kazuhisa Kishikage	Audit and Supervisory Board Member	2022
Toshiya Kawabe	Audit and Supervisory Board Member	2024
Kenichi Akiba	Outside Audit and Supervisory Board Member	2018
Akemi Suzuki	Outside Audit and Supervisory Board Member	2021
Makoto Ando	Outside Audit and Supervisory Board Member	2022

Note:

(1) On January 30, 2026, the Company announced the following changes to its directors as of April 1, 2026:

Name	Current title (until March 31, 2026)	New title (from April 1, 2026)
Shinichiro Funabiki	Representative Director President, Chief Executive Officer	Representative Director, Chairman of the Board
Hiroshi Umiyama	Director, Senior Executive Officer	Representative Director, President, Chief Executive Officer
Noriyuki Hara	Representative Director, Chairman of the Board	Director

Our board of directors has the ultimate responsibility for the management and administration of our affairs. Our articles of incorporation provide for not more than 15 directors and not more than 6 audit and supervisory board members. Our articles of incorporation stipulates that directors and audit and supervisory board members will be elected at the shareholders' meeting and resolutions to elect directors and audit and supervisory board members shall be adopted by a majority votes of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights are present.

The term of a director expires at the close of the annual shareholders' meeting for the last business year ending within one year of the director's election. The term of an audit and supervisory board member generally expires at the close of the annual shareholders' meeting for the last business year ending within four years of the audit and supervisory board member's election. Outside directors may serve for four years (four terms) as a guideline and may be reappointed for additional terms up to a maximum cumulative service of eight years (eight terms). Outside audit and supervisory board members may serve for four years (one term) in principle and may be reappointed for one additional term up to a maximum cumulative service of eight years (two terms).

Under our articles of incorporation, our board of directors, by its resolution, shall appoint one or more representative directors and may appoint Chairman and President.

Our audit and supervisory board members are not required to be certified public accountants. The audit and supervisory board members may not at the same time be directors, managers or any other type of employees of us or any of our subsidiaries or accounting advisors (*kaikei sanyo*) or executive officers of any of our

subsidiaries, and at least one-half of them must be outside audit and supervisory board members under the Companies Act who have never been, including but not limited to, directors, accounting advisors, executive officers, managers or any other type of employees of us or any of our subsidiaries within ten years prior to their election as an audit and supervisory board member, and at least one of the audit and supervisory board members must be a full-time audit and supervisory board member. Each audit and supervisory board member has a statutory duty to examine the financial statements and business reports to be submitted by a representative director at general meetings of shareholders, to prepare an audit report and to supervise the administration by the directors of our affairs. They are obligated to participate in meetings of the board of directors and, if necessary, to express their opinions at such meetings, but are not entitled to vote.

The audit and supervisory board members form the audit and supervisory board. The audit and supervisory board has a statutory duty to prepare audit reports based on the audit reports issued by individual audit and supervisory board members and submit such audit reports to a designated director and (only with regard to the audit report related to financial statements) to the independent auditor each fiscal year. An audit and supervisory board member may note his or her opinion in the audit report if his or her opinion expressed in the individual audit report is different from the opinion expressed in the audit report issued by the audit and supervisory board. The audit and supervisory board is empowered to establish audit principles, the method of examination by the audit and supervisory board members of our affairs and financial position and any other matters relating to the performance of the audit and supervisory board members' duties.

We are required to appoint and have appointed an independent auditor, who has a statutory duty to audit the financial statements to be submitted by a representative director at the general meeting of shareholders and to report their opinion thereon to the relevant audit and supervisory board members and directors. Currently, KPMG AZSA LLC acts as our independent auditor.

The table below sets forth our current non-director executive officers.

Name	Title
Hiroaki Yokoo	Executive Vice President
Yoshiharu Shimmi	Senior Executive Officer
Takuya Tsuda	Senior Executive Officer
Tomoyuki Motoyama	Senior Executive Officer
Masaki Yoshida	Senior Executive Officer
Taro Inoue	Senior Executive Officer
Yasuko Fukuda	Senior Executive Officer
Mitsuhiro Hokita	Managing Executive Officer
Akihiko Ikeno	Managing Executive Officer
Takehisa Chiba	Managing Executive Officer
Tetsuya Adachi	Managing Executive Officer
Minako Sakuma	Managing Executive Officer
Yoshihiko Samoto	Managing Executive Officer
Takehiko Arimoto	Managing Executive Officer
Junichiro Mizukami	Managing Executive Officer
Hiroo Yamamoto	Managing Executive Officer
Kazuhiro Terakawa	Managing Executive Officer
Koji Kitagawa	Executive Officer
Tsutomu Ikegami	Executive Officer
Masato Tanaka	Executive Officer
Clemens Philippi	Executive Officer
Tomoi Noda	Executive Officer
Masakazu Sugiyama	Executive Officer
Masaru Sugimoto	Executive Officer
Tsutomu Aoki	Executive Officer
Kazuki Nakamura	Executive Officer
Hidenori Kotera	Executive Officer
Yoshihito Higashiguchi	Executive Officer
Nobuyuki Seki	Executive Officer
Klaus Przybyla	Executive Officer
Andrew Carrier	Executive Officer
Robert Wiest	Executive Officer

Name	Title
Chiemi Akahane	Executive Officer
Kazuna Watanabe	Executive Officer
Satoshi Komiya	Executive Officer
Keizo Hikihara	Executive Officer
Kanae Kitajima	Executive Officer
Katsuya Kobayashi	Executive Officer
Yoshikazu Nishiyama	Executive Officer
Ryoichi Hayashi	Executive Officer
Yasuhiro Fujii	Executive Officer
Hiroshi Saeki	Executive Officer
Hideki Matsumura	Executive Officer

Our executive officers are appointed by our board of directors and have executive responsibility within their appointed business areas. Generally, the term of office for executive officers shall expire on the March 31 which comes within one year of the executive officer's assumption of office, although executive officers may serve any number of consecutive terms.

Agreements with our Directors and Audit and Supervisory Board Members

Under the Companies Act and our articles of incorporation, we may exempt, by resolution of the board of directors, our directors (including former directors) from liabilities to us arising in connection with their failure to execute their duties in good faith and without knowledge and gross negligence, within the limits stipulated by applicable laws and regulations. In addition, our articles of incorporation provide that we may enter into agreements with our outside directors and outside audit and supervisory board members to limit their respective liabilities to us in accordance with the Companies Act. We have entered into such agreements with our outside directors, Mr. Kimura, Ms. Ishii, Mr. Ito and, Ms. Takakura and outside audit and supervisory board members, Mr. Akiba, Ms. Suzuki and Mr. Ando, to limit their respective liabilities to us to the total amount stipulated in Article 425, paragraph (1) of the Companies Act, so long as those outside directors or outside audit and supervisory board members act in good faith and without gross negligence in performing their duties.

Compensation

The aggregate compensations, including remuneration and benefits in consideration of performance of duties, we paid to our directors (excluding outside directors) and audit and supervisory board members (excluding outside audit and supervisory board members) for the fiscal year ended March 31, 2025 were ¥506 million and ¥84 million respectively.

There were no retirement benefits in consideration of performance of duties made by directors and audit and supervisory board members during the fiscal year ended March 31, 2025, because we abolished the retirement benefit plan for executives as of March 31, 2005. The retirement benefits paid during the fiscal year ended March 31, 2025 in consideration of performance of duties which had been made by directors and audit and supervisory board members who were in service before March 31, 2005 amounted to ¥32 million in total (¥31 million for directors and ¥1 million for audit and supervisory board members, including the amount paid as pensions for directors and audit and supervisory board members already retired).

SUBSIDIARIES AND AFFILIATES

The following table represents our significant subsidiaries and affiliates as of December 31, 2025.

Name	Country of incorporation	Voting rights held by us (%)[3]	Main business
Parent Company			
MS&AD Insurance Group Holdings, Inc.[1][2]	Japan	— [1]	Insurance Holding Company
Subsidiaries			
MS Plus One Small Amounts & Short Term Insurance Co., Ltd.	Japan	100.0%	Domestic Non-Life Insurance Business
MITSUI SUMITOMO INSURANCE Venture Capital Co., Ltd.	Japan	100.0%	Financial Services Business
MSIG Holdings (U.S.A.), lnc.[4]	U.S.A.	100.0%	International Business
Mitsui Sumitomo Insurance USA Inc.	U.S.A.	100.0% (100.0%)	International Business
Mitsui Sumitomo Insurance Company of America	U.S.A.	100.0% (100.0%)	International Business
MSIG Specialty Insurance USA Inc.	U.S.A	100.0% (100.0%)	International Business
MS Transverse Insurance Group, LLC[4]	U.S.A	100.0% (100.0%)	International Business
MS Transverse Specialty Insurance Company	U.S.A	100.0% (100.0%)	International Business
MS Transverse Insurance Company	U.S.A	100.0% (100.0%)	International Business
TRM Specialty Insurance Company	U.S.A	100.0% (100.0%)	International Business
Mitsui Sumitomo Seguros S.A.[4]	Brazil	100.0% (0.0%)	International Business
MS Amlin Corporate Member Limited.	U.K.	100.0%	International Business
MS Amlin Underwriting Limited	U.K.	100.0%	International Business
MSI Corporate Capital Limited	U.K.	100.0% (100.0%)	International Business
Mitsui Sumitomo Insurance Company (Europe), Limited[4]	U.K.	100.0%	International Business
Leadenhall Capital Partners LLP	U.K.	80.0%	Financial Services Business
MS Amlin AG[5]	Switzerland	100.0%	International Business
MS Financial Reinsurance Limited	Bermuda	100.0%	Financial Services Business
MSIG Europe SE[4]	Belgium	100.0%	International Business
MSIG Insurance (Singapore) Pte. Ltd.[4]	Singapore	100.0%	International Business
MS First Capital Insurance Limited	Singapore	100.0%	International Business
MSIG Mingtai Insurance Co., Ltd.	Taiwan	100.0%	International Business
MSIG Insurance (Hong Kong) Limited[4]	China (Hong Kong)	100.0%	International Business
Mitsui Sumitomo Insurance (China) Company Limited	China	100.0%	International Business
MSIG Insurance (Vietnam) Company Limited	Vietnam	100.0%	International Business
PT. MSIG Life Insurance Indonesia Tbk	Indonesia	80.0%	International Business
PT. Asuransi MSIG Indonesia	Indonesia	80.0%	International Business
MSIG Insurance (Thailand) Public Company Limited	Thailand	86.4% (37.4%)	International Business
MSIG Insurance (Malaysia) Bhd.[4]	Malaysia	65.4% (31.8%) [1.4%]	International Business

Name	Country of incorporation	Voting rights held by us (%)[3]	Main business
Equity-Method Affiliates			
Sumitomo Mitsui DS Asset Management Company, Limited[6]	Japan	15.0%	Financial Services Business
Cholamandalam MS General Insurance Company Limited	India	40.0%	International Business
Max Financial Services Limited	India	21.9%	International Business
Axis Max Life Insurance Limited[6]	India	— (—) [81.0%]	International Business
Ceylinco Holdings PLC[6]	Sri Lanka	15.0%	International Business
BPI/MS Insurance Corporation	Philippines	48.5% (48.5%)	International Business
Hong Leong Assurance Berhad	Malaysia	30.0%	International Business
MSIG Sokxay Insurance Co., Ltd.	Laos	35.0%	International Business

Notes:

(1) We are 100% owned by MS&AD Insurance Group Holdings, Inc.

(2) MS&AD Insurance Group Holdings, Inc. has submitted a securities report.

(3) Each figure in "( )" indicates a percentage of voting rights owned indirectly by the Company, included in the aggregate percentage of voting rights owned by the Company. The figures in brackets represent ownership percentages held by closely related parties or parties acting in concert and are excluded from the total.

(4) Of the above subsidiaries, the following companies are specified subsidiaries: MSIG Holdings (U.S.A.), Inc., MS Transverse Insurance Group, LLC, Mitsui Sumitomo Seguros S.A., Mitsui Sumitomo Insurance Company (Europe), Limited, MSIG Europe SE, MSIG Insurance (Singapore) Pte. Ltd., MSIG Insurance (Hong Kong) Limited and MSIG Insurance (Malaysia) Bhd.

(5) Of the above subsidiaries, MS Amlin AG has sales (excluding internal sales between consolidated companies) accounting for more than 10% of consolidated sales.

(6) With respect to Sumitomo Mitsui DS Asset Management Company Limited, Axis Max Life Insurance Limited and Ceylinco Holdings PLC, while we have less than 20% voting rights, they are treated as affiliates due to the existence of significant influence.

TAXATION

The following is a general description of certain aspects of Japanese tax treatment primarily in relation to payments of principal of and interest on the bonds. It does not purport to be a comprehensive description of the tax treatment of the bonds. Prospective investors should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.

Prospective investors are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on the current tax laws and regulations of Japan all as in effect on the date of this Offering Circular and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statement in this Offering Circular are to be regarded as advice on the tax position of any holder or beneficial owner of the bonds or any person subscribing for, purchasing, selling or otherwise dealing in the bonds or any tax implication arising from the subscription for or purchase, sale or other dealings in respect of the bonds.

In the following statements, a "Resident Holder" is an individual resident of Japan or a Japanese corporation and a "Non-Resident Holder" is an individual non-resident of Japan or a non-Japanese corporation for Japanese tax purposes.

The Bonds

The bonds do not fall under the concept of so called "taxable linked bonds" as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures, being bonds of which the amount of interest is to be calculated or determined by reference to certain indicators (as prescribed in the Cabinet Order) in respect of the issuer of such bonds or any other person who has a special relationship with such issuer of the bonds (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is directly or indirectly controlled by a person who also directly or indirectly controls, such issuer) as described in Article 6, Paragraph (4) of the Act on Special Taxation Measures and Article 3-2-2, Paragraphs (5) to (7) of the Cabinet Order (such person is referred to as a specially-related person of the issuer).

Representation Investor upon Distribution

The bonds may not, as part of the distribution by the initial purchasers under the subscription agreement relating to the bonds, at any time be directly or indirectly offered or sold to, or for the benefit of, any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (a) a Resident Holder, nor (b) a Non-Resident Holder that in either case is a specially-related person of the issuer (excluding an underwriter designated in Article 6, Paragraph (12), item 1 of the Act on Special Taxation Measures which purchases unsubscribed portions of the bonds from the other underwriters), or (ii) a Japanese financial institution or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order.

By subscribing for the bonds, an investor will be deemed to have represented that it is a person who falls into the category of (i) or (ii) above.

Interest Payments on the Bonds and Redemption Gain

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the bonds and the redemption gain, meaning any positive difference between the acquisition price of the interest-bearing bonds of the holder and the amount which the holder receives upon redemption of such interest-bearing bonds, or the Redemption Gain. In addition, the following description assumes that only global bonds are issued for the bonds and no definitive bonds and coupons that are independently traded are issued, in which case different tax consequences may apply. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.

1. Non-Resident Holders

If the recipient of interest on the bonds or of the Redemption Gain with respect to interest-bearing bonds is a Non-Resident Holder for Japanese tax purposes, as described below, the Japanese tax consequences on such Non-Resident Holder are significantly different depending upon whether such Non-Resident Holder is a specially-related person of the issuer. Most importantly, if such Non-Resident Holder is a specially-related person of the issuer, income tax at the rate of 15.315% of the amount of such interest will be withheld by the issuer of the bonds under Japanese tax law.

1.1 Interests

(1) If the recipient of interest on the bonds is a Non-Resident Holder having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the bonds is not attributable to such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding, deduction or otherwise, if such recipient complies with certain requirements, inter alia:

(i) if the relevant bonds are held through certain participants in an international clearing organization such as Euroclear and Clearstream, Luxembourg or certain financial intermediaries prescribed by the Act on Special Taxation Measures and the Cabinet Order (together with the ministerial ordinance and other regulations thereunder, the "Law") (each such participant or financial intermediary, a "Participant"), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant bonds, certain information (the "Interest Recipient Information") prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the Participant if such Non-Resident Holder ceases to be so exempted (including the case where it became a specially-related person of the issuer); and

(ii) if the relevant bonds are not held through a Participant, the requirement to submit to the relevant paying agent a written application for tax exemption (*hikazei tekiyo shinkokusho*) or certain information to be stated in such written application in an electronic form (the "Written Application for Tax Exemption") together with certain documentary evidence. If the information required to be stated in the Written Application for Tax Exemption is submitted to the relevant paying agent in an electronic form prescribed by the Law, the Written Application for Tax Exemption will be deemed to be submitted to the relevant paying agent.

Failure to comply with the foregoing requirements (including the case where the Interest Recipient Information is not duly communicated through a Participant or to the relevant paying agent as required under the Law) will result in the withholding by the issuer of the bonds of income tax at the rate of 15.315% of the amount of such interest.

(2) If the recipient of interest on the bonds is a Non-Resident Holder having a permanent establishment within Japan and the receipt of interest is attributable to such permanent establishment, such interest will not be subject to a 15.315% withholding tax by the issuer of the bonds, if the recipient provides the Interest Recipient Information or submits the Written Application for Tax Exemption as set out in paragraph (1) above. Failure to do so will result in the withholding by the issuer of the bonds of income tax at the rate of 15.315% of the amount of such interest. The amount of such interest will be aggregated with the recipient's other Japanese source income and will be subject to regular income tax or corporate tax, as appropriate.

(3) Notwithstanding paragraphs 1.1(1) and (2) above, if a Non-Resident Holder mentioned above is a specially-related person of the issuer as of the beginning of the year of the issuer of the bonds in which the relevant interest payment date falls, the exemption from Japanese withholding tax on interest mentioned above will not apply, and income tax at the rate of 15.315% of the amount of such interest will be withheld by the issuer of the bonds. If such Non-Resident Holder has a permanent establishment within Japan and the receipt of interest is attributable to such permanent establishment, regular income tax or corporate tax, as appropriate, collected otherwise by way of withholding, will apply to such interest under Japanese tax law.

(4) Under the Law, if a Non-Resident Holder that is a beneficial owner of the bonds becomes a specially-related person of the issuer, or a Non-Resident Holder that is a specially-related person of the issuer becomes a beneficial owner of the bonds, and if such bonds are held through a Participant, then such Non-Resident Holder should notify the Participant of such change in status by the immediately following interest payment date of the bonds. As described in paragraph 1.1(3) above, as the status of such Non-Resident Holder as a specially-related person of the issuer for Japanese withholding tax purposes is determined based on the status as of the beginning of the year of the issuer in which the relevant interest payment date falls, such Non-Resident Holder should, by such notification, identify and advise the Participant of the specific interest payment date on which Japanese withholding tax starts to apply with respect to such Non-Resident Holder as being a specially-related person of the issuer.

1.2 Redemption Gain

(1) If the recipient of the Redemption Gain is a Non-Resident Holder having no permanent establishment within Japan or having a permanent establishment within Japan but the receipt of such Redemption Gain is not attributable to such permanent establishment, no income tax or corporate tax is payable with respect to such Redemption Gain.

(2) If the recipient of the Redemption Gain is a Non-Resident Holder having a permanent establishment within Japan and the receipt of such Redemption Gain is attributable to such permanent establishment, such Redemption Gain will not be subject to any withholding tax but will be aggregated with the recipient's other Japanese source income which is subject to Japanese taxation and subject to regular income tax or corporate tax, as appropriate.

(3) Notwithstanding paragraphs 1.2(1) and (2) above, if a Non-Resident Holder mentioned above is a specially-related person of the issuer as of the beginning of the year of the issuer of the bonds in which such Non-Resident Holder acquired such bonds, the Redemption Gain will not be subject to withholding tax but will be subject to regular income tax or corporate tax, as appropriate, under Japanese tax law, regardless of whether such Non-Resident Holder has a permanent establishment within Japan.

2. Resident Holders

If the recipient of interest on the bonds is a Resident Holder for Japanese tax purposes, as described below, regardless of whether such recipient is a specially-related person of the issuer, income tax will be withheld at the rate of 15.315% of the amount of such interest, if such interest is paid to a Resident Holder (except for (i) a Japanese financial institution or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order, each, a Designated Financial Institution, which complies with the requirement for tax exemption under Article 6, Paragraph (11) of the Act on Special Taxation Measures or (ii) a Japanese public corporation or a Japanese public-interest corporation designated by the relevant law, each, a Public Corporation etc., or a Japanese bank, a Japanese insurance company, a Japanese financial instruments business operator or other Japanese financial institution falling under certain categories prescribed by Article 3-3, Paragraph (6) of the Act on Special Taxation Measures, each, a Specified Financial Institution, to which such interest is paid through a payment handling agent in Japan as defined in Article 2-2, Paragraph (2) of the Cabinet Order, or a Japanese Payment Handling Agent, with custody of the bonds, or the Japanese Custodian, in compliance with the requirement for tax exemption under Article 3-3, Paragraph (6) of the Act on Special Taxation Measures). In addition to the withholding tax consequences upon Resident Holders as explained in this section 2, Resident Holders should consult their own tax advisors regarding their regular income tax or corporate tax consequences other than by way of withholding.

2.1 Interest

(1) If a Resident Holder (other than a Specified Financial Institution or a Public Corporation etc., who complies with the requirement as referred to in paragraph 2.1(2) below) receives payments of interest on the bonds through Japanese Payment Handling Agents, income tax at the rate of 15.315% of the amount of such interest will be withheld by the Japanese Payment Handling Agent rather than by the issuer of the bonds. As the issuer of the bonds is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform the issuer of the bonds through a paying agent of its status in a timely manner. Failure to so inform may result in double withholding. In addition, interest on the bonds received by an individual resident of Japan through a Japanese Payment Handling Agent will be subject to 15.315% separate net basis taxation in Japan by filing a separate tax return, and if any withholding tax stated above is to be withheld by the Japanese Payment Handling Agent, the amount of such withholding tax would be credited to Japanese individual income tax upon filing of such separate tax return; provided, however, that an individual bondholder being an individual resident of Japan may choose not to include the interest on the bonds to be paid each time in his or her tax return, in which case the above-stated withholding tax would be the final Japanese tax for such individual bondholder being an individual resident of Japan. On the other hand, in the case of other recipients who are Japanese corporations referred to in the beginning of this paragraph, the amount of interest received by any such recipient will be included in such recipient's other taxable income and subject to regular corporate tax.

(2) If the recipient of interest on the bonds is a Public Corporation etc. or a Specified Financial Institution that keeps its bonds deposited with, and receives the interest through, the Japanese Custodian, and such recipient submits through such Japanese Custodian to the competent tax authority the report

prescribed by the Law, no withholding tax is levied on the amount of interest, provided that a Specified Financial Institution will be subject to regular corporate tax with respect to such interest. However, since the issuer of the bonds is not in a position to know in advance the recipient's tax exemption status, the recipient of interest falling within this category should inform the issuer of the bonds through a paying agent of its status in a timely manner. Failure to so notify the issuer of the bonds may result in the withholding by the issuer of the bonds of a 15.315% income tax.

(3) If a Resident Holder (except for a Designated Financial Institution which complies with the requirements described in paragraph 2.1(4) below) receives interest on the bonds not through a Japanese Payment Handling Agent, income tax at the rate of 15.315% of the amount of such interest will be withheld by the issuer of the bonds, and the amount of such interest will be aggregated with the recipient's other taxable income and subject to income tax or corporate tax, as appropriate.

(4) If a Designated Financial Institution receives interest on the bonds not through a Japanese Payment Handling Agent and such recipient complies with the requirement, inter alia, to provide the Interest Recipient Information or to submit the Written Application for Tax Exemption as referred to in paragraph 1.1(1) above, no withholding tax will be imposed, while the Designated Financial Institution will be subject to regular corporate tax with respect to such interest.

2.2 Redemption Gain

If the recipient of the Redemption Gain is a Resident Holder, such Redemption Gain will not be subject to any withholding tax. In addition, if the recipient of the Redemption Gain is an individual resident of Japan, such Redemption Gain will be subject to 15.315% separate net basis taxation in Japan by filing a separate tax return. If the recipient of the Redemption Gain is a Japanese corporation, such Redemption Gain will be included in the recipient's other taxable income and subject to regular corporate tax with some limited exceptions.

3. Special Additional Withholding Tax for Reconstruction from the Great East Japan Earthquake

Due to the imposition of a special additional withholding tax of 0.315% (or 2.1% of 15%) to secure funds for reconstruction from the Great East Japan Earthquake, the withholding tax rate has been effectively increased to 15.315% during the period beginning on January 1, 2013 and ending on December 31, 2037.

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance Tax and Gift Tax

Gains derived from the sale or disposition of bonds outside Japan by a Non-Resident Holder having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by holders of the bonds in connection with the issue of the bonds, or will such taxes be payable by holders of the bonds in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired the bonds from another individual as legatee, heir or donee.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated February 26, 2026 in respect of the Bonds (the "Subscription Agreement") between us and Citigroup Global Markets Limited, J.P. Morgan Securities plc, Merrill Lynch International, Goldman Sachs International, Nomura International plc, SMBC Bank International plc and Daiwa Capital Markets Europe Limited (together, the "Joint Lead Managers"), the Joint Lead Managers have agreed, subject to the satisfaction of certain conditions, to purchase severally but not jointly, from us the aggregate principal amount of the Bonds as indicated in the table below and to offer the Bonds at the offer price as stated on the cover page of this Offering Circular.

	Principal Amount of the 2030 Bonds	Principal Amount of the 2034 Bonds
Joint Lead Managers		
Citigroup Global Markets Limited	€180,000,000	€240,000,000
J.P. Morgan Securities plc	168,000,000	224,000,000
Merrill Lynch International	60,000,000	80,000,000
Goldman Sachs International	60,000,000	80,000,000
Nomura International plc	54,000,000	72,000,000
SMBC Bank International plc	54,000,000	72,000,000
Daiwa Capital Markets Europe Limited	24,000,000	32,000,000
Total	€600,000,000	€800,000,000

We have agreed to pay certain costs in connection with the issue and offering of the Bonds. The Joint Lead Managers are entitled to be released and discharged from their obligations under the Subscription Agreement or to terminate the Subscription Agreement in certain circumstances prior to payment to us as set out therein. We have agreed to indemnify the Joint Lead Managers, any of their affiliates, controlling persons, representatives, directors, officers, employees or agents against certain liabilities in connection with the issue and offering of the Bonds.

Selling Restrictions

General

Neither we nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or us that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering or publicity material relating to the Bonds may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with applicable laws and regulations.

United States

The Bonds have not been and will not be registered under the Securities Act or any state securities laws and are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented and agreed that it will not, except as permitted by the Subscription Agreement, offer or sell the Bonds (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to Retail Investors in the EEA

The Bonds have not been, and may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Prohibition of Sales to UK Retail Investors

The Bonds have not been, and may not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is neither:

(i) a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law; nor

(ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to buy or subscribe for the Bonds.

This Offering Circular is being distributed only to, and is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this Offering Circular relates is only available to, and will be engaged in with, relevant persons.

Japan

The Bonds have not been and will not be registered under the FIEA and are subject to the Act on Special Taxation Measures. Each Joint Lead Manager has represented and agreed that (i) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, any Bonds in Japan or to, or for the benefit of, any resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and governmental guidelines of Japan, and (ii) it has not, directly or indirectly, offered or sold and will not, as part of its distribution under the subscription agreement relating to the Bonds, at any time, directly or indirectly, offer or sell any of the Bonds to, or for the benefit of, any person other than a beneficial owner that is, (a) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person of the issuer (excluding an underwriter designated in Article 6, Paragraph (12), item 1 of the Act on Special Taxation Measures which purchases unsubscribed portions of the Bonds from the other underwriters) or (b) a Japanese financial institution, or a Japanese financial instruments business operator, designated in Article 3-2-2, Paragraph (29) of the Cabinet Order.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds may not be circulated or

distributed, nor may any Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the "SFA" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

This Offering Circular has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Bonds have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance") and any rules made under that Ordinance or (b) in other circumstances which do not result in this Offering Circular being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance have been or will be issued, whether in Hong Kong or elsewhere.

Canada

The Bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Other Relationships

Some of the Joint Lead Managers and their respective affiliates have engaged in, and may in the future engage in, various activities, which may include securities trading, commercial and investment banking, financial advisory, investment research, hedging, financing, and brokerage activities, and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates may act as investors for their own accounts and may take up the Bonds in the offering and in that capacity, may retain, purchase or sell for their own accounts such securities and any other of our securities or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references in this Offering Circular to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such person does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may purchase or sell, make or hold long or short positions in, a broad array of investments and debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with us or our affiliates routinely hedge their credit exposure to us or our affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/ or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

(1) We have obtained all necessary consents, approvals and authorizations in Japan in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized pursuant to the resolutions of our board of directors dated March 27, 2025 and October 30, 2025.

(2) The Issuer's Legal Entity Identifier (LEI) is 5493006KRZ0SJO41LZ83.

(3) The Bonds have been accepted for clearance through Euroclear and through Clearstream, Luxembourg. The International Securities Identification Number (ISIN) and the Common Code are XS3300158964 and 330015896 in respect of the 2030 Bonds and XS3300161752 and 330016175 in respect of the 2034 Bonds, respectively.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

(4) Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds of each Series on the Official List of the SGX-ST.

For so long as the Bonds of each Series are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate for such Series is exchanged for definitive Certificates, we will appoint and maintain a paying agent in Singapore, where the definitive Certificates in respect of such Series may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate for a Series is exchanged for definitive Certificates, an announcement of such exchange will be made by us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore.

The Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. In respect of this issuance, each Series of Bonds will be traded on the SGX-ST in a minimum board lot size of €200,000.

(5) Except as disclosed elsewhere in this Offering Circular, there has been no significant change in our financial or trading position and no material adverse change in our financial position or prospects since September 30, 2025.

(6) There are no, nor have there been any, governmental, legal, arbitral, administrative or other proceedings involving us or any other member of our group which may have, or have had during the 12 months immediately preceding the date of this Offering Circular, a material effect on our financial position or the profitability and, so far as we are aware, there are no such proceedings pending or threatened.

(7) Copies of the latest audited annual consolidated financial statements and English translations of our latest unaudited consolidated semi-annual financial statements published subsequently to such audited annual consolidated financial statements, may be obtained, and copies of the Fiscal Agency Agreement (as defined in the Conditions) will be available for inspection, at the specified offices of the Fiscal Agent during normal business hours, or provided by email to the requesting Bondholder, in each case, upon prior written request and satisfactory proof of holdings, so long as any of the Bonds is outstanding.

(8) Our audited consolidated financial statements as of and for the years ended March 31, 2025 and 2024, included in this Offering Circular, have been audited by KPMG AZSA LLC, independent auditor, as stated in its report appearing herein.

(9) Our audited consolidated financial statements as of and for the years ended March 31, 2024 and 2023, included in this Offering Circular, have been audited by KPMG AZSA LLC, independent auditor, as stated in its report appearing herein.

(10) Aioi Nissay's audited consolidated financial statements as of and for the years ended March 31, 2025 and 2024, included in this Offering Circular, have been audited by KPMG AZSA LLC, independent auditor, as stated in its report appearing herein.

(11) Aioi Nissay's audited consolidated financial statements as of and for the years ended March 31, 2024 and 2023, included in this Offering Circular, have been audited by KPMG AZSA LLC, independent auditor, as stated in its report appearing herein.

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Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2025, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as at March 31, 2025, outstanding claims of ¥2,366,066 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG"). As described in Note, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have been incurred or are	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We involved the component auditors of AUL and AAG in our audit procedures for the outstanding claims of AUL and AAG, through providing the direction and supervision to the component auditors and reviewing their work. (1) **Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

deemed to have been incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have been incurred but not reported as at the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and the calibration of data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involves a high degree of uncertainty, because of the above characteristics in estimating ultimate losses. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	**(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and ● For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and whether an impairment loss should be recognized	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as at March 31, 2025, goodwill of ¥124,990 million was recognized. In addition, the amount representing goodwill of ¥26,164 million related to equity method associates was included in securities. As described in Note, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. In the current fiscal year, an indication of impairment was identified for MS First Capital Insurance Limited, an overseas consolidated subsidiary that operates the non-life insurance business, due to significant changes in its business environment. Accordingly, the Group assessed whether it was necessary to recognize an impairment loss for the asset group that includes goodwill (consisting of tangible fixed assets of ¥3,868 million, goodwill of ¥76,487 million and intangible fixed assets excluding goodwill of ¥48,859 million). Since the total undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and whether an impairment loss should be recognized included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired and whether an impairment loss should be recognized. In this assessment, we focused our testing on controls to address the risk that the determinations as to whether there is any indication of impairment are not made on reasonable grounds as well as controls to address the risk that inappropriate assumptions are adopted in the preparation of the business plan and in the consideration of required undistributed earnings, both of which are used as the basis for estimating undiscounted future cash flows . **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment and whether an impairment loss should be recognized** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there was any indication of impairment, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We obtained an understanding of the business environment of each business through inspection of the materials of management meetings and inquiry of management, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● We analyzed the causes of variances for businesses with a significant amount of asset group including goodwill that

such a decline in performance or failure to achieve the business plan is considered as a significant deterioration of its business environment. The total undiscounted future cash flows used to assess whether an impairment loss should be recognized were estimated based on the business plans of the relevant business units, taking into account factors such as undistributed earnings necessary to maintain a certain level of required capital. The assumptions underlying these estimates reflect management's assessment of future prospects considering the historical performance and the management directions based on current business environment. In particular, for MS First Capital Insurance Limited, the assumptions regarding the loss ratio underlying the business plan and the assumptions regarding the required level of undistributed earnings involve a high degree of estimation uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimated undiscounted future cash flows. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired and whether an impairment loss should be recognized was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	underperformed compared to the business plans used as the basis for their valuation at the time of acquisition and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered as a significant deterioration of their business environment. In addition, the primary procedures we performed to assess the appropriateness of management's judgment as to whether an impairment loss should be recognized for MS First Capital Insurance Limited, and particularly to assess the appropriateness of key assumptions adopted by management in the preparation of the business plan and in the consideration of required level of undistributed earnings both of which are used as the basis for estimating undiscounted future cash flows, included the following: ● We assessed that the estimated undiscounted future cash flows appropriately reflected historical performance, recent changes in the business environment, and management directions by comparing them with available external information and regulatory filings, inquiring of management, and inspecting materials from internal meetings. ● We performed a sensitivity analysis considering the risk of fluctuations in future cash flows, and assessed how changes in assumptions could affect the determination of whether an impairment loss should be recognized. Furthermore, based on the result of the sensitivity analysis and the degree of uncertainty inherent in each assumption, we particularly assessed the reasonableness of the assumptions, regarding the loss ratio and the required level of undistributed earnings, by discussing with management their consistency with our understanding of changes in the business environment; and ● We estimated undiscounted future cash flows by incorporating a certain stressed scenario that we determined independently into management's future prospects, which reflected recent changes in the business environment and management directions. We then assessed how these estimates could affect management's determination of whether an impairment loss should be recognized.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to Mitsui Sumitomo Insurance Company, Limited and its subsidiaries for the current year are 1,952 million yen and 446 million yen, respectively. Such fees for the previous year are 1,431 million yen and 222 million yen, respectively.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Masako Kanno
Designated Engagement Partner
Certified Public Accountant

/S/ Koki Minowa
Designated Engagement Partner
Certified Public Accountant

/S/ Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
February 10, 2026

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Group and KPMG AZSA LLC.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2024 and 2025

		March 31, 2024	March 31, 2025
		(Yen in millions)	
Assets			
Assets			
Cash, deposits and savings	¥	*5 1,460,565	*5 1,256,802
Call loans		-	60,000
Receivables under resale agreements		-	86,904
Monetary claims bought		114,204	215,391
Money trusts		750	3,402
Securities		*3,*5,*6 6,632,802	*3,*5,*6 6,266,622
Loans		*4,*8 371,168	*4,*8 368,729
Tangible fixed assets:		*1,*2 225,517	*1,*2 220,191
Land		77,992	74,900
Buildings		107,625	105,485
Lease assets		19,563	20,629
Construction in progress		2,438	2,434
Other tangible fixed assets		17,897	16,740
Intangible fixed assets:		360,505	354,360
Software		81,320	76,668
Goodwill		131,665	124,990
Other intangible fixed assets		147,519	152,700
Other assets		*4 582,619	*4 682,140
Assets for pension and retirement benefits		68,064	68,280
Deferred tax assets		42,878	31,893
Customers' liabilities under acceptances and guarantees		*7 12,848	*7 11,101
Bad debt reserve		(5,662)	(5,528)
Total assets	¥	9,866,262	9,620,290

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

Liabilities and Net Assets		March, 31 2024	March 31, 2025
		(Yen in millions)	
Liabilities			
Policy liabilities:	¥	5,003,298	5,359,372
Outstanding claims		1,994,888	2,366,066
Underwriting reserves		3,008,409	2,993,306
Bonds issued		585,045	485,565
Other liabilities		697,588	688,352
Liabilities for pension and retirement benefits		88,086	89,191
Reserve for retirement benefits for officers		86	55
Accrued bonuses for employees and operating officers		24,685	30,223
Reserve for stock payments		956	388
Reserves under the special laws:		35,971	40,284
Reserve for price fluctuation		35,971	40,284
Deferred tax liabilities		412,798	160,643
Acceptances and guarantees		*7 12,848	*7 11,101
Total liabilities		6,861,364	6,865,177
Net Assets			
Shareholders' equity:			
Common stock		139,595	139,595
Capital surplus		84,425	84,387
Retained earnings		859,344	1,111,412
Total shareholders' equity		1,083,364	1,335,394
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		1,644,414	979,735
Net deferred gains (losses) on hedges		(3,140)	(7,009)
Foreign currency translation adjustments		199,680	367,497
Accumulated actuarial gains (losses) on retirement benefits		30,320	22,492
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		4,395	5,563
Total accumulated other comprehensive income (loss)		1,875,670	1,368,280
Non-controlling interests		45,863	51,437
Total net assets		3,004,898	2,755,113
Total liabilities and net assets	¥	9,866,262	9,620,290

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2024 and 2025

	March 31, 2024	March 31, 2025
	(Yen in millions)	
Ordinary income:	¥ 3,251,429	3,885,935
Underwriting income:	2,880,741	3,149,768
Net premiums written	2,753,874	3,071,208
Deposit premiums from policyholders	23,364	21,648
Investment income on deposit premiums from policyholders	25,353	24,594
Life insurance premiums	*1 23,504	*1 15,376
Reversal of underwriting reserves	42,906	3,951
Other underwriting income	11,737	12,989
Investment income:	337,951	696,655
Interest and dividends income	174,152	199,330
Investment gains on money trusts	76	-
Investment gains on trading securities	59,940	54,604
Gains on sales of securities	112,605	456,532
Gains on redemption of securities	2,080	1,871
Other investment income	14,449	8,911
Transfer of investment income on deposit premiums from policyholders	(25,353)	(24,594)
Other ordinary income:	32,736	39,511
Gains on equity method investments	13,499	15,630
Other ordinary income	19,237	23,881
Ordinary expenses:	2,917,701	3,172,550
Underwriting expenses:	2,385,124	2,595,858
Net claims paid	1,383,529	1,528,026
Loss adjustment expenses	*2 138,261	*2 149,560
Commissions and collection expenses	*2 488,854	*2 528,561
Maturity refunds to policyholders	106,913	102,805
Dividends to policyholders	46	42
Life insurance claims	5,957	6,835
Provision for outstanding claims	258,749	274,577
Other underwriting expenses	2,811	5,449
Investment expenses:	55,473	63,852
Investment losses on money trusts	-	1,448
Losses on sales of securities	11,300	22,550
Impairment losses on securities	1,989	7,152
Losses on redemption of securities	6	93
Losses on derivative transactions	32,322	11,341
Other investment expenses	9,855	21,266
Operating expenses and general and administrative expenses	*2 454,485	*2 483,550
Other ordinary expenses:	22,618	29,288
Interest expense	8,956	8,927
Provision for bad debt reserve	834	427
Losses on bad debts	606	68
Other ordinary expenses	12,221	*3 19,865
Ordinary profit (loss)	333,727	713,384

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		March 31, 2024	March 31, 2025
		(Yen in millions)	
Extraordinary income:	¥	16,458	11,509
Gains on sales of fixed assets		16,458	8,401
Gains on change in equity		-	3,108
Extraordinary losses:		17,638	12,139
Losses on sales of fixed assets		2,320	955
Impairment losses on fixed assets		*4 10,936	*4 6,871
Provision for reserves under the special laws:		4,380	4,312
Provision for reserve for price fluctuation		4,380	4,312
Income (loss) before income taxes		332,548	712,754
Income taxes - current		74,108	147,350
Income taxes - deferred		(19,179)	6,180
Total income taxes		54,929	153,531
Net income (loss)		277,619	559,223
Net income (loss) attributable to non-controlling interests		2,973	4,806
Net income (loss) attributable to owners of the parent	¥	274,645	554,416

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2024 and 2025

		March 31, 2024	March 31, 2025
		(Yen in millions)	
Net income (loss)	¥	277,619	559,223
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		665,510	(664,443)
Net deferred gains (losses) on hedges		(6,318)	(4,722)
Foreign currency translation adjustments		120,076	166,442
Actuarial gains (losses) on retirement benefits		39,566	(7,770)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(3,166)	1,146
Share of other comprehensive income (loss) of equity method investments		20,782	7,205
Total other comprehensive income (loss)		*1 836,450	*1 (502,141)
Total comprehensive income (loss)	¥	1,114,069	57,081
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	1,108,251	47,027
Comprehensive income (loss) attributable to non-controlling interests		5,818	10,054

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2024 and 2025

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	685,527	910,130
Cumulative effect of changing accounting policies			(1,824)	(1,824)
Beginning balance (Adjusted)	139,595	85,008	683,703	908,306
Changes for the year:				
Dividends paid			(99,004)	(99,004)
Net income (loss) attributable to owners of the parent			274,645	274,645
Changes in equity resulting from transactions with non-controlling interests		(582)		(582)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(582)	175,641	175,058
Ending balance	¥ 139,595	84,425	859,344	1,083,364

	Accumulated other comprehensive income (loss)					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)
Beginning balance	¥ 971,512	1,431	70,677	(9,256)	7,415	1,041,781
Cumulative effect of changing accounting policies	254					254
Beginning balance (Adjusted)	¥ 971,767	1,431	70,677	(9,256)	7,415	1,042,035
Changes for the year:						
Dividends paid						
Net income (loss) attributable to owners of the parent						
Changes in equity resulting from transactions with non-controlling interests						
Net changes of items other than shareholders' equity	672,646	(4,571)	129,002	39,577	(3,020)	833,634
Total changes for the year	672,646	(4,571)	129,002	39,577	(3,020)	833,634
Ending balance	¥ 1,644,414	(3,140)	199,680	30,320	4,395	1,875,670

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Non-controlling interests	Total net assets
Beginning balance	53,422	2,005,334
Cumulative effect of changing accounting policies		(1,569)
Beginning balance (Adjusted)	53,422	2,003,765
Changes for the year:		
Dividends paid		(99,004)
Net income (loss) attributable to owners of the parent		274,645
Changes in equity resulting from transactions with non-controlling interests		(582)
Net changes of items other than shareholders' equity	(7,559)	826,074
Total changes for the year	(7,559)	1,001,133
Ending balance	45,863	3,004,898

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	84,425	859,344	1,083,364
Changes for the year:				
Dividends paid			(302,348)	(302,348)
Net income (loss) attributable to owners of the parent			554,416	554,416
Changes in equity resulting from transactions with non-controlling interests		(38)		(38)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(38)	252,068	252,030
Ending balance	¥ 139,595	84,387	1,111,412	1,335,394

	Accumulated other comprehensive income (loss)					
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)
Beginning balance	¥ 1,644,414	(3,140)	199,680	30,320	4,395	1,875,670
Changes for the year:						
Dividends paid						
Net income (loss) attributable to owners of the parent						
Changes in equity resulting from transactions with non-controlling interests						
Net changes of items other than shareholders' equity	(664,678)	(3,869)	167,816	(7,827)	1,168	(507,389)
Total changes for the year	(664,678)	(3,869)	167,816	(7,827)	1,168	(507,389)
Ending balance	¥ 979,735	(7,009)	367,497	22,492	5,563	1,368,280

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Non-controlling interests	Total net assets
Beginning balance	45,863	3,004,898
Changes for the year:		
Dividends paid		(302,348)
Net income (loss) attributable to owners of the parent		554,416
Changes in equity resulting from transactions with non-controlling interests		(38)
Net changes of items other than shareholders' equity	5,574	(501,815)
Total changes for the year	5,574	(249,785)
Ending balance	51,437	2,755,113

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2025

		March 31, 2024	March 31, 2025
		(Yen in millions)	
I. Cash flows from operating activities:			
Income (loss) before income taxes	¥	332,548	712,754
Depreciation		64,496	64,884
Impairment losses on fixed assets		10,936	6,871
Amortization of goodwill		16,196	15,073
Increase (decrease) in outstanding claims		78,482	265,261
Increase (decrease) in underwriting reserves		(227,332)	(27,793)
Increase (decrease) in bad debt reserve		1,254	(411)
Increase (decrease) in reserve for retirement benefits for officers		(43)	(31)
Increase (decrease) in accrued bonuses for employees and operating officers		4,426	3,935
Increase (decrease) in reserve for stock payments		478	(568)
Increase (decrease) in assets for pension and retirement benefits		(7,455)	(8,409)
Increase (decrease) in liabilities for pension and retirement benefits		(2,046)	(2,159)
Increase (decrease) in reserve for price fluctuation		4,380	4,312
Interest and dividends income		(174,152)	(199,330)
Losses (gains) on securities		(161,330)	(483,211)
Losses (gains) on derivative transactions		32,322	11,341
Interest expense		8,956	8,927
Foreign exchange losses (gains)		(14,790)	(1,357)
Losses (gains) on disposal of tangible fixed assets		(14,089)	(7,535)
Losses (gains) on equity method investments		(13,499)	(15,630)
Losses (gains) on change in equity		-	(3,108)
Decrease (increase) in other assets		41,122	(48,814)
Increase (decrease) in other liabilities		59,300	9,471
Other, net		45,652	9,584
Subtotal		85,814	314,055
Interest and dividends received		178,459	216,614
Interest paid		(8,908)	(8,919)
Income taxes refunded (paid)		(24,160)	(130,737)
Net cash provided by (used in) operating activities (a)		231,205	391,013

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		March 31, 2024	March 31, 2025
		(Yen in millions)	
II.	Cash flows from investing activities:		
	Net decrease (increase) in deposits and savings	¥ (77,806)	(5,920)
	Purchase of monetary claims bought	(13,670)	(1,661)
	Proceeds from sales and redemption of monetary claims bought	6,208	8,780
	Purchase of money trusts	(29)	(4,065)
	Proceeds from sales of money trusts	-	18
	Purchase of securities	(2,292,495)	(3,294,836)
	Proceeds from sales and redemption of securities	2,511,047	3,467,286
	Investment in loans	(61,820)	(72,473)
	Collection of loans	73,479	74,932
	Net increase (decrease) in cash collateral under securities lending transactions	(843)	(71,357)
	Other, net	(17,159)	(34,187)
	Subtotal (b)	126,911	66,516
	(a + b)	358,116	457,530
	Acquisition of tangible fixed assets	(13,871)	(13,881)
	Proceeds from sales of tangible fixed assets	20,929	12,215
	Acquisition of intangible fixed assets	(26,258)	(34,219)
	Other, net	(647)	(447)
	Net cash provided by (used in) investing activities	107,063	30,182
III.	Cash flows from financing activities:		
	Repayments of borrowings	(100,000)	-
	Redemption of bonds	-	(100,000)
	Dividends paid to shareholders	(99,004)	(297,936)
	Dividends paid to non-controlling interests	(3,600)	(4,327)
	Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(10,223)	(180)
	Other, net	(6,482)	(6,960)
	Net cash provided by (used in) financing activities	(219,309)	(409,405)
IV.	Effect of exchange rate changes on cash and cash equivalents	49,278	65,781
V.	Net increase (decrease) in cash and cash equivalents	168,236	77,573
VI.	Cash and cash equivalents at beginning of year	1,083,001	1,251,238
VII.	Increase in cash and cash equivalents due to inclusion in consolidation	-	405
VIII.	Cash and cash equivalents at end of year	¥ *1 1,251,238	*1 1,329,216

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Consolidated Financial Statements

For the years ended March 31, 2024 and 2025

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

72 companies

The major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd.
MS Insurance (Malaysia) Bhd.

Changes in scope of consolidation

MS Plus One Small Amounts &Short Term Insurance Co., Ltd. and two other companies were established and have been included in the scope of consolidation from the year ended March 31, 2025. Launch Underwriters, LLC and one other company ceased to be subsidiaries due to sales and other factors, and have been excluded from the scope of consolidation from the year ended March 31, 2025.

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

10 companies

The major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Axis Max Life Insurance Limited

(2) Other associates, including unconsolidated subsidiaries (e.g., MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 70 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established based on the assessment under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the year-end.

(v) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method.

Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method. Gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on cross-currency interest rate swaps used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the cross-currency interest rate swaps meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(8) Amortization of goodwill

Goodwill is amortized using the straight-line method over a period of 10 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

(9) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months.

(10) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amounts on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and domestic consolidated subsidiaries have applied the group tax sharing system with MS&AD Insurance Group Holdings, Inc. as the parent company.

(Accounting estimates)

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2024 and March 31, 2025

In the consolidated balance sheets of the Company as of March 31, 2024 and March 31, 2025, "Goodwill" of ¥131,665 million and ¥124,990 million were recognized, respectively. In addition, goodwill of ¥30,176 million and ¥26,164 million related to equity method associates were included in "Securities" therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

In the year ended March 31, 2025, an indication of impairment was identified for MS First Capital Insurance Limited, an overseas consolidated subsidiary that operates the non-life insurance business, due to significant changes in its business environment. Accordingly, the Company assessed whether an impairment loss should be recognized for the asset group, including goodwill of MS First Capital Insurance Limited (consisting of tangible fixed assets of ¥3,868 million, goodwill of ¥76,487 million, and intangible fixed assets excluding goodwill of 48,859 million yen). Since the total undiscounted future cash flows exceeded the carrying amount of the asset group, no impairment loss was recognized. The estimate of the total undiscounted future cash flows for MS First Capital Insurance Limited was based on the business plan of the relevant business and also took into account undistributed earnings and other factors necessary to maintain a certain level of required capital.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2024 and March 31, 2025

In the consolidated balance sheets of the Company as of March 31, 2024 and March 31, 2025, outstanding claims of ¥1,994,888 million and ¥2,366,066 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Insurance Business Act in Japan as well as Articles 72 and 73 of the Regulation for Enforcement of the Insurance Business Act in Japan, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have been incurred or deemed to have been incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported claim events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations, as well as inflation and changes in foreign exchange rates.

(Changes in accounting policies)

(1) Application of IFRS 9 “Financial Instruments”

Overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 9 “Financial Instruments” from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on retained earnings and accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, a decrease of ¥1,824 million on retained earnings and an increase of ¥254 million of net unrealized gains on available-for-sale securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥4,170 million was recorded on ordinary profit and income before income taxes for the year ended March 31, 2024.

(2) Application of IFRS 17 “Insurance Contracts”

Overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 17 “Insurance Contracts” from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts. The change in accounting policy has been applied retrospectively.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
March 31, 2024	March 31, 2025
327,539	312,734

*2. The amounts of accelerated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
March 31, 2024	March 31, 2025
11,507	10,175

*3. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

		(Yen in millions)
	March 31, 2024	March 31, 2025
Securities (Domestic stocks)	24,603	22,869
Securities (Foreign securities)	169,309	199,292
Securities (Other securities)	31,090	37,532
Total	225,003	259,693

*4. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

		(Yen in millions)
	March 31, 2024	March 31, 2025
Bankrupt and quasi-bankrupt loans	-	-
Doubtful loans	-	10
Loans overdue for three months or more	42	48
Restructured loans	65	38
Total	107	97

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*5. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Cash, deposits and savings	51,668	40,744
Securities	441,323	395,483
Total	492,991	436,227

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities for Real Time Gross Settlement of the current account with the Bank of Japan.

*6. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
197,670	88,579

*7. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥41,148 million and ¥28,834 million, respectively, in a negative liability position as of March 31, 2024 and March 31, 2025. These amounts were not included in customers' liabilities under acceptances and guarantees or acceptances and guarantees since there was no substantial exposure.

*8. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
9,401	4,335

(Notes to Consolidated Statements of Income)

*1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Premium income	26,147	16,398
Surrender benefits and ceding reinsurance premiums paid	(2,643)	(1,022)
Life insurance premiums	23,504	15,376

*2. The major components of business expenses are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Commission expenses	468,152	538,915
Salaries	187,797	199,186

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*3. Details of other ordinary expenses are as follows:

(For the year ended March 31, 2025)

Other ordinary expenses (the amounts recorded on the consolidated statement of income: ¥19,865 million) include surcharge payments of ¥885 million under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

*4. Impairment losses recognized on fixed assets are as follows:

(For the year ended March 31, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	10 properties, including an office in Okayama	2,637	Land Buildings	1,042 1,595
-	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
-	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill Other intangible fixed assets	3,967 1,762

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of idle real estate and real estate for sale were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under extraordinary losses.

For goodwill related to the MGA (see note below) business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to the recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

(For the year ended March 31, 2025)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	9 properties, including an office in Ishikawa	3,175	Land Buildings	1,757 1,418
-	Software	Software owned by overseas consolidated subsidiaries	1,166	Software	1,166
-	Goodwill	ILS business operated by Leadenhall Capital Partners LLP and other entities	2,529	Goodwill	2,529

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of idle real estate and real estate for sale were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under extraordinary losses.

For goodwill related to the ILS business (see note below) operated by Leadenhall Capital Partners LLP and other entities, which is an overseas consolidated subsidiary, carrying amounts were reduced to the recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 14.3%.

(Note) A fund management business that invests in insurance-linked securities.

(Notes to Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustments and income taxes and tax effects related to other comprehensive income

	March 31, 2024	March 31, 2025
	(Yen in millions)	(Yen in millions)
Net unrealized gains (losses) on available-for-sale securities:		
Gains (losses) arising during the period	1,017,024	(470,290)
Reclassification adjustments	(107,073)	(425,166)
Before income taxes and income tax effect adjustments	909,951	(895,457)
Income taxes and income tax effects	(244,440)	231,014
Net unrealized gains (losses) on available-for-sale securities	665,510	(664,443)
Net deferred gains (losses) on hedges:		
Gains (losses) arising during the period	(2,994)	(1,272)
Reclassification adjustments	(5,130)	(4,638)
Before income taxes and income tax effect adjustments	(8,125)	(5,910)
Income taxes and income tax effects	1,806	1,188
Net deferred gains (losses) on hedges	(6,318)	(4,722)
Foreign currency translation adjustments:		
Gains (losses) arising during the period	120,104	166,442
Reclassification adjustments	(28)	-
Foreign currency translation adjustments	120,076	166,442
Actuarial gains (losses) on retirement benefits:		
Gains (losses) arising during the period	53,831	(7,808)
Reclassification adjustments	2,106	(2,590)
Before income taxes and income tax effect adjustments	55,938	(10,398)
Income taxes and income tax effects	(16,371)	2,628
Actuarial gains (losses) on retirement benefits	39,566	(7,770)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains (losses) arising during the period	(4,171)	1,108
Before income taxes and income tax effect adjustments	(4,171)	1,108
Income taxes and income tax effects	1,005	38
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	(3,166)	1,146
Share of other comprehensive income (loss) of equity method investments:		
Gains (losses) arising during the period	24,993	14,494
Reclassification adjustments	(4,210)	(7,289)
Share of other comprehensive income (loss) of equity method investments	20,782	7,205
Total other comprehensive income	836,450	(502,141)

(Notes to Consolidated Statements of Changes in Net Assets)

(For the year ended March 31, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	44.35	March 31, 2023	May 24, 2023
Board meeting held on November 16, 2023	Common stock	36,706	26.13	-	November 22, 2023

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	181,632	Retained earnings	129.33	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	1,707	Retained earnings	1.21	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	2,377	Retained earnings	1.69	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Common stock and Class stock	326	Retained earnings	0.23	March 31, 2024	June 20, 2024

(For the year ended March 31, 2025)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	181,632	129.33	March 31, 2024	May 23, 2024
Board meeting held on November 18, 2024	Common stock	116,303	82.81	-	November 22, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	1,707	Retained earnings	1.21	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	2,377	Retained earnings	1.69	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Common stock and Class stock	326	Retained earnings	0.23	March 31, 2024	June 20, 2024

(2) Dividends declared effective after March 31, 2025 for which the date of record is in the year ended March 31, 2025

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 19, 2025	Common stock	128,772	Retained earnings	91.69	March 31, 2025	May 23, 2025

(Notes to Consolidated Statements of Cash Flows)

*1. Reconciliation of the consolidated balance sheets items to cash and cash equivalents

(Yen in millions)

	March 31, 2024	March 31, 2025
Cash, deposits and savings	1,460,565	1,256,802
Call loans	-	60,000
Receivables under resale agreements	-	86,904
Monetary claims bought	114,204	215,391
Securities	6,632,802	6,266,622
Time deposits exceeding three months and deposits pledged as collateral	(321,167)	(360,138)
Monetary claims bought other than cash equivalents	(63,215)	(66,809)
Securities other than cash equivalents	(6,571,951)	(6,129,555)
Cash and cash equivalents	1,251,238	1,329,216

2. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)

Operating leases

The details of future lease payments on noncancellable operating lease transactions

(The Group as lessee)

(Yen in millions)

	March 31, 2024	March 31, 2025
Due within 1 year	38	115
Due over 1 year	125	231
Total	164	347

(The Group as lessor)

(Yen in millions)

	March 31, 2024	March 31, 2025
Due within 1 year	151	158
Due over 1 year	270	137
Total	422	296

(Notes on Financial Instruments)

1. Qualitative information on financial instruments

(1) Policy on financial instruments

The Group applies ALM (Asset and Liability Management) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(2) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, bond option contracts, equity index future contracts, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and cross-currency interest rate swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "5. Accounting policies (7) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under CSA (Credit Support Annex), the Group obtains collateral from counterparties.

(3) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors and other related bodies. At the Company, the risk management department is independent from the trading execution departments and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(i) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(ii) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading execution departments and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(iii) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of market liquidity arising from turmoil in the financial markets.

(4) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied. Notional amounts of derivative financial instruments shown in "Notes on Derivative Financial Instruments" do not represent exposures to market risks.

2. Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2024)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	95,293	2,121	97,415
(ii) Money trusts	-	750	-	750
(iii) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	-	25,207
Domestic stocks	2,904	-	-	2,904
Foreign securities	413,060	337,745	127,916	878,721
Available-for-sale securities				
Domestic bonds	573,288	603,788	-	1,177,076
Domestic stocks	2,552,132	-	-	2,552,132
Foreign securities	314,423	976,895	287,777	1,579,095
Others	35,940	32,516	15,171	83,627
Derivative transactions (*1):				
Currency	-	12,154	-	12,154
Interest rate	103	24,248	277	24,629
Equity	132	-	-	132
Bond	6,807	-	-	6,807
Credit	-	533	842	1,376
Others	-	-	686	686
Total assets	3,922,228	2,085,697	434,792	6,442,718
Derivative transactions (*1):				
Currency	-	23,425	-	23,425
Interest rate	99	28,428	266	28,793
Equity	2,842	-	-	2,842
Bond	4,474	-	-	4,474
Credit	-	2,556	842	3,398
Others	-	-	752	752
Total liabilities	7,416	54,409	1,861	63,688

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥61 million as an asset and ¥6,704 million as a liability.

(March 31, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	196,960	1,482	198,442
(ii) Money trusts	-	3,402	-	3,402
(iii) Securities:				
Trading securities				
Domestic bonds	16,862	652	-	17,515
Domestic stocks	6,397	-	-	6,397
Foreign securities	557,394	453,052	140,202	1,150,649
Available-for-sale securities				
Domestic bonds	507,187	611,393	-	1,118,581
Domestic stocks	1,565,818	-	-	1,565,818
Foreign securities	430,687	1,205,357	320,075	1,956,120
Others	35,679	22,808	15,500	73,988
Derivative transactions (*1):				
Currency	-	24,256	-	24,256
Interest rate	393	21,142	-	21,536
Equity	1,395	-	-	1,395
Bond	3,277	2,305	-	5,583
Credit	-	421	-	421
Others	-	-	1,147	1,147
Total assets	3,125,094	2,541,753	478,408	6,145,256
Derivative transactions (*1):				
Currency	-	17,994	-	17,994
Interest rate	354	28,096	-	28,450
Bond	5,026	1,402	-	6,429
Credit	-	2,866	-	2,866
Others	-	-	641	641
Total liabilities	5,380	50,360	641	56,382

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥599 million as an asset and ¥4,613 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets

Cash, deposits and savings, call loans and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2024)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	16,788	-	16,788	16,788	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,735	-	4,735	4,593	142
Investments in associates	137,635	5,020	-	142,656	36,930	105,725
(iv) Loans					371,168	
Bad debt reserve (*1)					(314)	
	-	53	368,047	368,101	370,854	(2,752)
Total assets	137,635	26,598	368,047	532,282	429,167	103,115
Bonds issued	-	483,626	98,288	581,914	585,045	(3,130)
Total liabilities	-	483,626	98,288	581,914	585,045	(3,130)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(March 31, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	16,948	-	16,948	16,948	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	3,490	-	3,490	3,432	58
Investments in associates	151,555	6,242	-	157,798	38,334	119,463
(iv) Loans					368,729	
Bad debt reserve (*1)					(302)	
	-	56	360,583	360,640	368,427	(7,786)
Total assets	151,555	26,738	360,583	538,878	427,142	111,735
Bonds issued	-	370,944	101,186	472,130	485,565	(13,434)
Total liabilities	-	370,944	101,186	472,130	485,565	(13,434)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Monetary claims bought

With regard to commercial papers (CPs), the price quoted by counterparty financial institutions is deemed to be the fair value. Certain CPs are measured at their carrying amounts as they approximate the fair value. With regard to monetary claims bought other than CPs, the price quoted by counterparty financial institutions is deemed to be the fair value. These are mainly categorized within Level 2.

(ii) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(iii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1. Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iv) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value, provided that there are no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread, for each category of loans classified by type, term and credit rating. The fair value of certain personal loans is determined at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods, interest rates and other factors.

For loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed to be the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3.

Liabilities

Bonds issued

With regard to bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by the JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to OTC transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

Market transactions are mainly categorized within Level 1. OTC transactions using significant unobservable inputs are categorized within Level 3, whereas those not using such inputs are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains (losses) recognized in profit or loss

(March 31, 2024)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Transfer from Level 3 to Level 2 (*3) (*5)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	3,091	0	(47)	(922)	-	-	2,121	-
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	-	-	127,916	10,077
Available-for-sale securities	229,546	8,605	37,292	28,848	1,000	(2,344)	302,948	-
Total assets	355,259	2,688	48,953	27,429	1,000	(2,344)	432,986	10,077
Derivative transactions (*6)	112	1,042	0	(1,209)	-	-	(55)	260

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains (losses) on available-for-sale securities” or “Foreign currency translation adjustments.”
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 2 to Level 3 due to the fact that observable inputs for domestic corporate bonds are no longer available.
(*5) Transfer from Level 3 to Level 2 due to the fact that observable inputs for domestic and foreign corporate bonds became available.
(*6) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(March 31, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 to Level 2 (*3) (*4)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	2,121	0	(43)	(595)	-	1,482	-
Securities:							
Trading securities	127,916	(2,566)	13,259	1,593	-	140,202	28,573
Available-for-sale securities	302,948	10,392	5,775	17,260	(800)	335,575	-
Total assets	432,986	7,825	18,990	18,258	(800)	477,260	28,573
Derivative transactions (*5)	(55)	1,406	0	(845)	-	506	870

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.
(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains (losses) on available-for-sale securities” or “Foreign currency translation adjustments.”
(*3) Transfers between levels are made at the end of each quarter.
(*4) Transfer from Level 3 to Level 2 due to the fact that observable inputs for domestic corporate bonds became available.
(*5) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2024 and March 31, 2025, which are not included in "(iii) Securities" in "Fair value of financial instruments and breakdown by level of fair value" above, are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Stocks and other securities without market prices (*1) (*3)	227,082	254,190
Investments in partnerships, etc. (*2) (*4)	65,429	81,594
Total	292,512	335,784

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2024 and March 31, 2025 were ¥1,000 million and ¥3,934 million, respectively.

(*4) Impairment losses on investments in partnerships, etc. for the years ended March 31, 2024 and March 31, 2025 were ¥405 million and ¥3,185 million, respectively.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	1,451,192	9,367	-	-
Monetary claims bought	112,082	-	-	2,053
Securities:				
Held-to-maturity securities				
Foreign securities	1,334	874	2,438	-
Available-for-sale securities with fixed maturities				
Government bonds	42,000	76,100	126,700	308,300
Municipal bonds	600	36,500	17,700	15,200
Corporate bonds	79,995	283,062	99,241	65,511
Foreign securities	94,021	355,038	325,980	75,847
Loans (*)	67,622	224,170	54,159	22,583
Total	1,848,849	985,112	626,219	489,495

(*) The amounts in the above table do not include ¥2,628 million of loans without fixed maturities.

(March 31, 2025)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	1,245,185	13,624	-	-
Call loans	60,000	-	-	-
Receivables under resale agreements	86,904	-	-	-
Monetary claims bought	213,629	357	307	1,458
Securities:				
Held-to-maturity securities				
Foreign securities	-	921	2,570	-
Available-for-sale securities with fixed maturities				
Government bonds	37,700	81,300	107,900	301,100
Municipal bonds	5,100	46,200	3,400	14,700
Corporate bonds	74,500	337,166	75,893	63,100
Foreign securities	111,074	439,333	387,299	131,428
Loans (*)	76,022	211,230	59,485	19,825
Total	1,910,117	1,130,133	636,855	531,612

(*) The amounts in the above table do not include ¥10 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥2,151 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	100,000	-	154,142	-	-	230,000
Total	100,000	-	154,142	-	-	230,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

(March 31, 2025)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	-	154,662	-	-	-	230,000
Total	-	154,662	-	-	-	230,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

(Notes on Securities)
1. Trading securities

(Yen in millions)

	March 31, 2024	March 31, 2025
Net unrealized gains (losses) included in earnings for the year	31,636	(14,258)

(Note) "Trading securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers included in monetary claims bought on the consolidated balance sheets.

2. Held-to-maturity securities

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	4,593	4,735	142
	Other securities	-	-	-
	Subtotal	4,593	4,735	142
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	16,788	16,788	-
	Subtotal	16,788	16,788	-
Total		21,382	21,524	142

(Note) "Other securities" includes commercial papers included in monetary claims bought on the consolidated balance sheet.

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	3,432	3,490	58
	Other securities	-	-	-
	Subtotal	3,432	3,490	58
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	16,948	16,948	-
	Subtotal	16,948	16,948	-
Total		20,380	20,439	58

(Note) "Other securities" includes commercial papers included in monetary claims bought on the consolidated balance sheet.

3. Available-for-sale securities

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	629,472	583,300	46,171
	Domestic stocks	2,549,786	446,790	2,102,996
	Foreign securities	919,315	744,063	175,252
	Other securities	85,748	70,252	15,496
	Subtotal	4,184,322	1,844,405	2,339,916
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	547,604	570,102	(22,498)
	Domestic stocks	2,346	2,518	(172)
	Foreign securities	659,780	709,193	(49,413)
	Other securities	143	146	(2)
	Subtotal	1,209,874	1,281,961	(72,086)
Total		5,394,196	3,126,366	2,267,829

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. "Other securities" includes certificates of deposits included in cash, deposits and savings, and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	437,665	423,978	13,687
	Domestic stocks	1,563,285	337,189	1,226,095
	Foreign securities	1,171,417	991,032	180,384
	Other securities	68,898	60,092	8,805
	Subtotal	3,241,266	1,812,292	1,428,973
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	680,915	709,185	(28,269)
	Domestic stocks	2,533	2,757	(223)
	Foreign securities	784,703	823,034	(38,331)
	Other securities	141,604	142,079	(474)
	Subtotal	1,609,757	1,677,056	(67,298)
Total		4,851,024	3,489,348	1,361,675

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. "Other securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.

4. Available-for-sale securities sold during the year

(For the year ended March 31, 2024)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	109,790	900	4,676
Domestic stocks	139,424	96,887	49
Foreign securities	353,454	14,818	6,574
Other securities	-	-	-
Total	602,668	112,605	11,300

(For the year ended March 31, 2025)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	99,539	1,439	17,426
Domestic stocks	546,551	435,634	274
Foreign securities	367,531	18,510	4,849
Other securities	7,493	947	-
Total	1,021,116	456,532	22,550

5. Impairment of securities during the year

The Group recognized impairment losses on available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows.

For the year ended March 31, 2024: ¥583 million (comprised of ¥580 million on domestic stocks and ¥3 million on foreign securities)

For the year ended March 31, 2025: ¥32 million (comprised of ¥30 million on domestic stocks and ¥1 million on foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if the fair value declines by 30% or more from their acquisition cost.

(Notes on Money Trusts)

1. Money trusts classified as trading

(Yen in millions)

	March 31, 2024	March 31, 2025
Net unrealized gains (losses) through profit and loss for the year	8	6

2. Money trusts classified as held-to-maturity

Not applicable.

3. Money trusts classified as other than trading and held-to-maturity

Not applicable.

(Notes on Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	777,424	-	(2,286)	(2,286)
	Bought	940,799	-	3,283	3,283
	Currency options				
	Sold	23,195	-	(245)	(56)
	Bought	33,772	-	347	(174)
	Currency swaps	48,853	21,025	(5,727)	(5,727)
Total		-	-	(4,628)	(4,961)

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	919,907	-	1,182	1,182
	Bought	1,179,063	-	7,487	7,487
	Currency options				
	Sold	16,694	-	(255)	356
	Bought	43,096	-	800	192
	Currency swaps	39,269	-	1,058	1,058
Total		-	-	10,274	10,279

(2) Interest rate-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	123,583	-	(58)	(58)
	Bought	65	-	0	0
	Interest rate swap futures				
	Sold	2,426	2,426	(26)	(26)
	Interest rate future options				
	Sold	195	-	(9)	10
	Bought	502	-	98	(8)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	820,118	780,209	1,582	1,582
	Receiving floating, paying fixed rates	714,374	677,067	(6,452)	(6,452)
	Interest rate options				
	Swaptions				
	Sold	319,760	24,748	(2,285)	(1,147)
	Bought	301,747	49,622	2,986	1,074
Total		-	-	(4,164)	(5,024)

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	208,061	16,169	55	55
	Bought	97,122	95	(76)	(76)
	Interest rate future options				
	Sold	2,189	-	(269)	5
	Bought	2,771	-	329	(44)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	1,215,160	974,965	(18,845)	(18,845)
	Receiving floating, paying fixed rates	932,058	932,058	9,290	9,290
	Interest rate options				
	Swaptions				
	Sold	124,976	26,069	(2,004)	(1,828)
	Bought	213,326	47,480	4,605	1,520
Total		-	-	(6,914)	(9,922)

(3) Equity-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	133,027	-	(2,710)	(2,710)
Total		-	-	(2,710)	(2,710)

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	47,737	-	1,395	1,395
Total		-	-	1,395	1,395

(4) Bond-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	300,779	-	(4,442)	(4,442)
	Bought	41,425	-	6,764	6,764
	Bond future options				
	Sold	26	-	(11)	3
	Bought	25	-	21	(6)
Total		-	-	2,332	2,319

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	323,437	-	2,425	2,425
	Bought	146,180	-	(4,172)	(4,172)
	Bond future options				
	Sold	3	-	(1)	(0)
OTC Transactions	Bond options				
	Sold	87,850	-	(1,402)	(1,402)
	Bought	87,850	-	605	605
	Total return swap	16,296	-	1,700	1,700
Total		-	-	(845)	(845)

(Note) Bond options are zero-cost options in which no premiums are paid or received.

(5) Credit-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	20,937	19,306	483	483
	Bought	95,288	95,288	(2,505)	(2,505)
Total		-	-	(2,022)	(2,022)

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	23,634	17,853	143	143
	Bought	71,752	70,252	(2,589)	(2,589)
Total		-	-	(2,445)	(2,445)

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(6) Others

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	299	30	(50)	(8)
	Bought	299	30	50	12
	Catastrophe derivatives				
	Sold	32,450	8,258	(702)	1,184
	Bought	30,837	7,845	357	(688)
	Others				
	Comprehensive risk underwriting contracts	-	-	278	278
Total		-	-	(66)	778

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	256	30	(7)	30
	Bought	256	30	7	(26)
	Catastrophe derivatives				
	Sold	30,776	15,258	(633)	791
	Bought	28,441	13,992	343	(439)
	Others				
	Comprehensive risk underwriting contracts	-	-	796	796
Total		-	-	506	1,152

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related derivatives

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Hedged items	Notional amounts		Fair value
			Total	Over 1 year	
Allocation method (Foreign exchange contracts and others)	Currency swaps	Foreign currency bonds issued (Liabilities)	100,902	100,902	(Note)
Deferred hedge accounting method	Currency swaps	Available-for-sale securities	8,109	7,070	(2,396)
Fair value hedge accounting method	Foreign exchange contracts				
	Sold	Available-for-sale securities	194,252	-	(4,246)
Total			-	-	(6,642)

(Note) As currency-related derivatives that apply the allocation method for foreign exchange contracts and others are treated as integrated with the hedged foreign currency bonds issued (liabilities), their fair values are included in those of the hedged foreign currency bonds issued (liabilities).

(March 31, 2025)

(Yen in millions)

Hedge accounting method	Classification	Hedged items	Notional amounts		Fair value
			Total	Over 1 year	
Allocation method (Foreign exchange contracts and others)	Currency swaps	Foreign currency bonds issued (Liabilities)	100,902	100,902	(Note)
Deferred hedge accounting method	Currency swaps	Available-for-sale securities	7,070	6,104	(2,289)
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	259,412	-	(1,724)
Total			-	-	(4,013)

(Note) As currency-related derivatives that apply the allocation method for foreign exchange contracts and others are treated as integrated with the hedged foreign currency bonds issued (liabilities), their fair values are included in those of the hedged foreign currency bonds issued (liabilities).

(Notes on Retirement Benefits)

1. Overview of the retirement benefit plans

The Company has a defined benefit plan such as a defined benefit pension plan and a lump-sum payment plan, and a defined contribution plan such as a defined contribution pension plan.
Domestic consolidated subsidiaries and some overseas consolidated subsidiaries also have defined benefit and defined contribution pension plans.
Some consolidated subsidiaries use the simplified method for the calculation of retirement benefit obligations.

2. Defined benefit plan
   (1) Reconciliation of beginning and ending balances of retirement benefit obligations

(Yen in millions)

	March 31, 2024	March 31, 2025
Beginning balance of retirement benefit obligations	443,688	407,192
Service costs	13,886	12,260
Interest expenses	3,788	6,688
Actuarial gains and losses	(41,139)	(5,043)
Retirement benefits paid	(21,899)	(23,145)
Foreign exchange rate changes	8,536	7,748
Other	332	188
Ending balance of retirement benefit obligations	407,192	405,890

(Note) Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method are included in “Service costs.”

(2) Reconciliation of beginning and ending balances of plan assets

(Yen in millions)

	March 31, 2024	March 31, 2025
Beginning balance of plan assets	359,155	387,171
Expected return on assets	7,426	7,655
Actuarial gains and losses	12,444	(12,575)
Employer contributions	13,036	8,841
Retirement benefits paid	(12,642)	(12,787)
Foreign exchange rate changes	7,910	6,928
Other	(159)	(254)
Ending balance of plan assets	387,171	384,979

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets to net liabilities and assets for pension and retirement benefits reported on the consolidated balance sheets

(Yen in millions)

	March 31, 2024	March 31, 2025
Funded retirement benefit obligations	327,305	325,692
Plan assets	(387,171)	(384,979)
Net amount	(59,865)	(59,286)
Unfunded retirement benefit obligations	79,887	80,197
Net amount of assets and liabilities reported on the consolidated balance sheets	20,021	20,911
Liabilities for pension and retirement benefits	88,086	89,191
Assets for pension and retirement benefits	(68,064)	(68,280)
Net amount of assets and liabilities reported on the consolidated balance sheets	20,021	20,911

(4) Retirement benefit expenses and their breakdown

(Yen in millions)

	March 31, 2024	March 31, 2025
Service costs	13,886	12,260
Interest expenses	3,788	6,688
Expected return on assets	(7,426)	(7,655)
Amortization of actuarial gains and losses	2,106	(2,590)
Others	184	(199)
Retirement benefit expenses for defined benefit plans	12,540	8,504

(Note) Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method are included in “Service costs.”

(5) Actuarial gains and losses on retirement benefits

The breakdown of actuarial gains and losses on retirement benefits (before income taxes and income tax effects) is as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Actuarial gains and losses	55,938	(10,398)
Total	55,938	(10,398)

(6) Accumulated actuarial gains and losses on retirement benefits

The breakdown of accumulated actuarial gains and losses on retirement benefits (before income taxes and income tax effects) is as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Unrecognized actuarial gains and losses	(43,354)	(32,955)
Total	(43,354)	(32,955)

(7) Plan assets

(i) Breakdown of major plan assets

The breakdown of the total plan assets by major asset class is as follows:

(%)

	March 31, 2024	March 31, 2025
Bonds	66	66
Stocks	21	20
Others	13	14
Total	100	100

(ii) Calculation of the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The major items related to actuarial assumptions are as follows:

(%)

	March 31, 2024	March 31, 2025
Discount rate	Mainly 1.1	Mainly 1.1
Long-term expected rate of return	Mainly 1.5	Mainly 1.5

3. Defined contribution plan

The required contribution to the defined contribution plan by the Company and its consolidated subsidiaries is as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
5,567	6,589

(Notes on Income Taxes)

1. Significant components of deferred tax assets and liabilities are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Deferred tax assets		
Securities	12,464	14,955
Land and others	9,644	9,992
Software	26,805	28,713
Underwriting reserves and others	190,373	190,413
Outstanding claims	40,044	56,563
Reserve for price fluctuation	10,036	11,642
Liabilities for pension and retirement benefits	5,288	5,613
Net operating loss carried forward (Note 2)	52,318	52,581
Others	56,524	61,035
Deferred tax assets subtotal	403,499	431,510
Valuation allowance on net operating loss carried forward	(23,284)	(21,458)
Valuation allowance on deductible temporary differences	(10,952)	(19,712)
Valuation allowance subtotal (Note 1)	(34,237)	(41,171)
Deferred tax assets total	369,261	390,339
Deferred tax liabilities		
Net unrealized gains (losses) on available-for-sale securities	(643,175)	(401,278)
Outstanding claims	(23,126)	(35,673)
Carrying amount adjusted for fair value evaluation	(18,188)	(17,928)
Retained earnings of consolidated subsidiaries and associates	(17,261)	(22,327)
Others	(37,428)	(41,880)
Deferred tax liabilities total	(739,181)	(519,089)
Net deferred tax assets (liabilities)	(369,919)	(128,749)

(Note 1) Valuation allowance increased by ¥6,933 million. This increase is mainly due to an increase in valuation allowance for securities.

(Note 2) Schedule by expiration of net operating loss carried forward and the corresponding deferred tax assets

(March 31, 2024)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*1)	15	15	15	15	15	52,240	52,318
Valuation allowance	-	-	-	-	-	(23,284)	(23,284)
Deferred tax assets	15	15	15	15	15	28,955	(*2) 29,033

(*1) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(*2) The deferred tax assets for net operating loss carried forward are deemed to be recoverable based on the expected future taxable income.

(March 31, 2025)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*3)	309	258	135	3,306	4,875	43,694	52,581
Valuation allowance	(281)	(258)	(135)	(3,306)	(1,009)	(16,466)	(21,458)
Deferred tax assets	28	-	-	-	3,865	27,228	(*4) 31,122

(*3) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(*4) The deferred tax assets for net operating loss carried forward are deemed to be recoverable based on the expected future taxable income.

2. A reconciliation of the significant difference between statutory income tax rate and the effective income tax rate after application of deferred tax accounting is as follows:

(%)

	March 31, 2024	March 31, 2025
Statutory income tax rate	27.9	27.9
(Reconciliation)		
Non-taxable dividends received and others	(3.7)	(5.3)
Tax rate differences on consolidated subsidiaries	(4.7)	(2.7)
Tax rate change	0.3	(1.1)
Gains or losses on equity method investments	(1.1)	(0.7)
Retained earnings of consolidated subsidiaries and associates	1.0	0.7
Controlled foreign company rules	0.7	0.6
Amortization of goodwill	1.4	0.5
Changes in valuation allowance	(3.0)	0.0
Tax relief measure for the introduction of the Bermuda Corporate Income Tax Act	(3.9)	0.0
Others	1.6	1.6
Effective income tax rate after application of deferred tax accounting	16.5	21.5

3. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to the changes in corporate income tax rates

   The "Act for Partial Revision of the Income Tax Act and, etc." (Act No. 13 of 2025) was enacted on March 31, 2025, and from the year beginning on or after April 1, 2026, Special Defense Surtax will be imposed on corporate income tax.
   Accordingly, the statutory effective tax rate for deferred tax assets and liabilities related to temporary differences that are expected to be reversed in the fiscal year beginning on or after April 1, 2026, has been changed from 27.9% to 28.9%.
   As a result, deferred tax assets increased by ¥1 million, underwriting reserves increased by ¥1,552 million and deferred tax liabilities increased by ¥3,747 million while unrealized gains on available-for-sale securities decreased by ¥10,183 million and income taxes - deferred decreased by ¥6,840 million, respectively. Additionally, net income increased by ¥5,288 million.

4. Accounting treatment for corporate and local corporate taxes including the related tax effects

   The Company and domestic consolidated subsidiaries have adopted the group tax sharing system and have applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) to the accounting treatment for corporate and local corporate taxes, or the accounting treatment and disclosure of deferred tax accounting related to them.

(Notes on Investment and Leasing Properties)

1. The Company and certain consolidated subsidiaries own investment and leasing properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment and leasing properties are as follows:

(Yen in millions)

Carrying amount	March 31, 2024	March 31, 2025
Beginning balance	38,460	37,368
Changes during the year	(1,092)	(2,167)
Ending balance	37,368	35,200
Fair value	100,950	96,370

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Among the changes during the year, changes for the year ended March 31, 2024 are comprised of the increases mainly due to the change of use from internal use properties (¥6,715 million) and the decreases mainly due to sales of investment and leasing properties (¥4,816 million), and changes for the year ended March 31, 2025 are comprised of the increases mainly due to the change of use from internal use properties (¥4,506 million) and the decreases mainly due to sales of investment and leasing properties (¥3,251 million).
3. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

2. Gains (losses) related to investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Rent income	5,415	5,229
Rent expenses	4,989	4,896
Net amount	426	333
Others (sales gains (losses) and others)	12,466	3,934

(Note) Rent income is included in "Interest and dividends income", and rent expenses (depreciation, repair expenses, insurance expenses, taxes and dues and others) are included in "Operating expenses and general and administrative expenses." "Others" which consists mainly of sales gains (losses) and impairment losses, is included in "Extraordinary income or losses."

(Notes on Segment Information)

1. Outline of reportable segments

The reportable segments are the units of the Company and its subsidiaries 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 business domains of MS&AD insurance Group Holdings, Inc. to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group's business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies which operate insurance business in various foreign countries.
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. Life insurance subsidiaries engage in life insurance business for the international business.

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

The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.
Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

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

(For the year ended March 31, 2024)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,562,777	1,209,159	26,159	2,798,096	(20,717)	2,777,378
Intersegment revenues or transfers	60,529	(60,529)	-	-	-	-
Total	1,623,307	1,148,630	26,159	2,798,096	(20,717)	2,777,378
Net income (loss) by segment	167,777	151,358	5,617	324,752	(50,107)	274,645
Assets by segment	7,864,388	3,874,441	68,320	11,807,150	(1,940,887)	9,866,262
Other items:						
Depreciation	38,147	14,525	48	52,721	11,774	64,496
Amortization of goodwill	-	-	-	-	16,196	16,196
Interest and dividends received	154,765	50,721	0	205,487	(31,334)	174,152
Interest expenses	4,842	4,113	0	8,956	-	8,956
Impairment losses on securities	24,598	-	-	24,598	(22,608)	1,989
Gains (losses) from equity method investments	-	13,973	2,962	16,936	(3,436)	13,499
Extraordinary income	16,242	216	-	16,458	-	16,458
(Gains on sales of fixed assets)	16,242	216	-	16,458	-	16,458
Extraordinary losses	9,299	2,608	-	11,907	5,730	17,638
(Impairment losses on fixed assets)	2,637	2,568	-	5,206	5,730	10,936
Income taxes	53,485	(1,868)	(1,981)	49,635	5,293	54,929
Investments in associates accounted for by equity method	109,344	1,783	-	111,127	58,789	169,917
Increases in tangible fixed assets and intangible fixed assets	29,837	10,203	48	40,089	-	40,089

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and

premium income for life insurance business, totaling ¥(2,643) million, and the adjustments for ordinary income for other business, amounting to ¥(18,074) million.

4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(31,272) million, adjustments to impairment losses on equities of insurance subsidiaries recognized by the Company, amounting to ¥22,608 million and amortization of goodwill and others, totaling ¥(41,444) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,410,104) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(757,521) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥226,738 million.
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, 2025)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,622,979	1,457,182	14,001	3,094,163	(7,579)	3,086,584
Intersegment revenues or transfers	56,268	(56,268)	-	-	-	-
Total	1,679,248	1,400,914	14,001	3,094,163	(7,579)	3,086,584
Net income (loss) by segment	459,900	175,203	4,407	639,511	(85,094)	554,416
Assets by segment	6,822,620	4,818,709	78,822	11,720,151	(2,099,861)	9,620,290
Other items:						
Depreciation	36,408	12,791	59	49,259	15,625	64,884
Amortization of goodwill	-	-	-	-	15,073	15,073
Interest and dividends received	170,438	69,461	2	239,902	(40,572)	199,330
Interest expenses	4,645	4,274	7	8,927	-	8,927
Impairment losses on securities	16,102	-	-	16,102	(8,949)	7,152
Gains (losses) from equity method investments	-	18,143	1,276	19,419	(3,789)	15,630
Extraordinary income	7,293	1,107	-	8,401	3,108	11,509
(Gains on sales of fixed assets)	7,293	1,107	-	8,401	-	8,401
Extraordinary losses	8,360	1,308	0	9,670	2,469	12,139
(Impairment losses on fixed assets)	3,175	1,225	-	4,401	2,469	6,871
Income taxes	115,059	39,581	224	154,865	(1,334)	153,531
Investments in associates accounted for by equity method	113,658	1,980	-	115,639	82,076	197,715
Increases in tangible fixed assets and intangible fixed assets	32,268	15,728	110	48,107	-	48,107

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business, totaling ¥(1,022) million, and the adjustments for ordinary income for other business, amounting to ¥(6,556) million.

4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(40,508) million, adjustments to impairment losses on equities of insurance subsidiaries recognized by the Company, amounting to ¥8,949 million, adjustments to profit and loss due to 2025 California wildfires which occurred during the period between the fiscal year end of overseas insurance subsidiaries and that of the Company, which amount to ¥(17,409) million, and amortization of goodwill and others, totaling ¥(36,126) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,409,837) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(940,764) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥250,740 million.
6. "Net income (loss) by segment" is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

[Related information]

(For the year ended March 31, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	578,609	202,710	198,914	876,896	130,287	766,455	2,753,874

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	12,382	8,084	5,680	26,147

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
(Non-life insurance) Net premiums written	1,532,558	347,702	873,613	2,753,874

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	8,084	18,062	26,147

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
193,943	31,574	225,517

3. Information by major customer

Not applicable.

(For the year ended March 31, 2025)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	736,851	235,564	219,237	935,265	123,417	820,872	3,071,208

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	5,501	7,424	3,473	16,398

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
(Non-life insurance) Net premiums written	1,608,150	483,492	979,564	3,071,208

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	7,424	8,974	16,398

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
186,984	33,206	220,191

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment]

(For the year ended March 31, 2024)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the year	15,992	203	16,196
Balance of goodwill at the end of the year	129,206	2,458	131,665

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment." In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

(For the year ended March 31, 2025)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the year	14,963	109	15,073
Balance of goodwill at the end of the year	124,990	-	124,990

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment." In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

[Information related to gains on negative goodwill by reportable segment]

Not applicable.

[Information on related parties]

1. Transactions with related parties

There are no significant transactions to be disclosed.

2. Note on parent company or material associates

Information related to parent company
MS&AD Insurance Group Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(Notes on Per Share Information)

	March 31, 2024	March 31, 2025
Net assets per share (in Yen)	2,106.97	1,925.14
Net income per share (in Yen)	195.56	394.77

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2024 and 2025, diluted net income (loss) per share is not presented.

2. The basis of calculation for net income per share is as follows:

	March 31, 2024	March 31, 2025
Total net income attributable to owners of the parent (Yen in millions)	274,645	554,416
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	274,645	554,416
Average number of common shares outstanding during the year (in thousands)	1,404,402	1,404,402

3. The basis of calculation for net assets per share is as follows:

	March 31, 2024	March 31, 2025
Total net assets (Yen in millions)	3,004,898	2,755,113
Amounts deducted from total net assets (Yen in millions)	45,863	51,437
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	45,863	51,437
Net assets as of the year end attributable to common shares (Yen in millions)	2,959,034	2,703,675
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	1,404,402	1,404,402

(Notes on Significant Subsequent Events)

(Issuance of domestic unsecured straight bonds)

On July 25, 2025, the Company issued domestic unsecured straight bonds, as described below based on the comprehensive resolution regarding the bond issuance made at the Board meeting held on March 27, 2025.

1	Name of bond	Mitsui Sumitomo Insurance Company, Limited 8th series of unsecured straight bonds with an inter-bond pari passu clause	Mitsui Sumitomo Insurance Company, Limited 9th series of unsecured straight bonds with an inter-bond pari passu clause	Mitsui Sumitomo Insurance Company, Limited 10th series of unsecured straight bonds with an inter-bond pari passu clause	Mitsui Sumitomo Insurance Company, Limited 11th series of unsecured straight bonds with an inter-bond pari passu clause
2	Total amount of issuance	¥200 billion			
3	Principal amount	¥40 billion	¥60 billion	¥50 billion	¥50 billion
4	Denomination	¥100 million			
5	Issue price	¥100 per amount of ¥100 of each bond			
6	Redemption price	¥100 per amount of ¥100 of each bond			
7	Maturity date	July 25, 2028 (3-year bonds)	July 25, 2030 (5-year bonds)	July 23, 2032 (7-year bonds)	July 25, 2035 (10-year bonds)
8	Interest rate	1.127% per annum	1.437% per annum	1.709% per annum	2.066% per annum
9	Interest payment dates	January 25 and July 25 each year			
10	Subscription period	July 18, 2025			
11	Payment date	July 25, 2025			
12	Credit rating	AA (Rating and Investment Information, Inc.)			
13	Use of funds	Working capital, bond redemption funds, and long-term investment funds			
14	Method of offering	Public offering in Japan. Mainly offered to institutional investors in the domestic securities market.			
15	Joint lead underwriters	Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd., and SMBC Nikko Securities Inc.			
16	Underwriters	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Mizuho Securities Co., Ltd.			
17	Fiscal agent	Sumitomo Mitsui Banking Corporation			
18	Securities depository	Japan Securities Depository Center, Incorporated			

(Early redemption of domestic subordinated unsecured bonds)
On February 10, 2026, the Company fully redeemed its domestic subordinated unsecured bonds prior to the maturity date as below.

Bonds redeemed prior to the maturity date	Mitsui Sumitomo Insurance Company, Limited. second series of domestic subordinated unsecured bond with interest deferrable option and early redeemable option
Total amount of early redemption	¥50 billion
Early redemption price	¥100 per amount of ¥100 of each bond
Early redemption date	February 10, 2026
Early redemption method	Early redemption of the entire outstanding balance

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Supplementary Schedules

1. Schedule of bonds

Entity	Description	Date of issuance	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon rate (%)	Collateral	Maturity date
The Company	Second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	February 10, 2016	50,000	50,000	1.39 (Note 2)	None	February 10, 2076
The Company	Fourth series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	December 12, 2017	80,000	80,000	1.17 (Note 3)	None	December 10, 2077
The Company	US dollar-denominated perpetual subordinated notes with interest deferral options (Note 1)	March 6, 2019	100,902 [US$910 million]	100,902 [US$910 million]	4.95 (Note 4)	None	None (perpetual)
The Company	Sixth series of unsecured straight bonds with an inter-bond pari passu clause	July 31, 2019	100,000	-	0.13	None	July 31, 2024
The Company	Fifth series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	February 8, 2021	100,000	100,000	1.02 (Note 5)	None	February 7, 2081
The Company	Seventh series of unsecured straight bonds with an inter-bond pari passu clause	November 15, 2021	150,000	150,000	0.19	None	November 13, 2026

Supplementary Schedules (Continued)

Entity	Description	Date of issuance	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon rate (%)	Collateral	Maturity date
MS Transverse Insurance Group, LLC	US dollar-denominated unsecured bonds with early redemption option (Note 1)	December 3, 2021	4,142 [US$29 million]	4,662 [US$29 million]	6.00	None	December 15, 2026
Total	-	-	585,045	485,565	-	-	-

(Notes)
1. Figures shown in [ ] represent amounts in original foreign currencies.
2. From the date following February 10, 2026, a floating rate (with a step-up) will be applied.
3. From the date following December 12, 2027, a floating rate (with a step-up) will be applied.
4. On or after March 6, 2029, a fixed rate (with a step-up, reset every 5 years) will be applied.
5. From the date following February 8, 2031, the interest rate is based on 5-year Government bond yield plus 1.96%.
6. The following table shows the redemption schedule for the next 5 years after March 31, 2025.

(Yen in millions)

Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
-	154,662	-	-	-

2. Schedule of borrowings

Classification	Balances at the beginning of the year (Yen in millions)	Balances at the end of the year (Yen in millions)	Average interest rate (%)	Maturity
Short-term borrowings	-	-	-	-
Current portion of long-term borrowings	-	-	-	-
Current portion of lease obligations	5,183	4,798	-	-
Long-term borrowings (excluding current portion)	-	-	-	-
Lease obligations (excluding current portion)	19,002	19,848	-	January 1, 2026 – July 31, 2035
Other interest-bearing debt	-	-	-	-
Total	24,186	24,647	-	-

(Notes)
1. Lease obligations are included in “Other liabilities” on the consolidated balance sheet.
2. Average interest rate for lease obligations is not presented as the amount equivalent to interest included in total lease fees for some lease obligations is allocated to each fiscal year using the straight-line method.

3. The following table shows the redemption schedule of lease obligations (excluding current portion) for the next 5 years after March 31, 2025.

(Yen in millions)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Lease obligations	3,935	3,351	2,813	2,433

3. Schedule of asset retirement obligations

Since the amounts of asset retirement obligations at the beginning and end of the year ended March 31, 2025 account for 1% or less of the total of liabilities and net assets at the beginning and end of the year ended March 31, 2025, this information is not presented.

[Others]
Not applicable

Independent Auditor's Report

To the Board of Directors of Mitsui Sumitomo Insurance Company, Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Mitsui Sumitomo Insurance Company, Limited (hereinafter, "MSI") and its consolidated subsidiaries as at March 31, 2024, outstanding claims of ¥ 1,994,888 million were recognized. Of this amount, a substantial portion was attributable to the non-life insurance contracts under the domestic non-life insurance business operated by MSI, under the Lloyd's business operated by MS Amlin Underwriting Limited (hereinafter, "AUL"), and under the reinsurance business operated by MS Amlin AG (hereinafter, "AAG"). As described in Note, "Accounting estimates, (2) Outstanding claims" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have been incurred or are deemed	The primary procedures we performed to assess the reasonableness of the Group's estimate of the outstanding claims related to non-life insurance contracts are set forth below. We requested the component auditors of AUL and AAG to perform audit procedures for the outstanding claims of AUL and AAG and we evaluated the results of those procedures reported. **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to recognizing the outstanding claims at MSI, AUL and AAG. In this assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

to have been incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have been incurred but not reported as at the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involves a high degree of uncertainty, because of the above characteristics in estimating ultimate losses. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	**(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm and network firms to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● For MSI, AUL, and AAG, we assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and ● For MSI, AUL, and AAG, in particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, which they have underwritten, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

Appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of the Group as at March 31, 2024, goodwill of ¥131,665 million was recognized. In addition, the amount representing goodwill of ¥30,176 million related to equity method associates was included in securities. As described in Note, "Accounting estimates, (1) Impairment losses on goodwill" to the consolidated financial statements, whenever there is an indication that the asset group including goodwill may be impaired, a test needs to be performed by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount to determine whether an impairment loss should be recognized. If the recognition of an impairment loss is deemed necessary for the asset group, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The Group determines whether there is any indication of impairment by comprehensively considering, among others, whether the businesses that use an asset group including goodwill have reported a net loss for two consecutive years and/or their business environments have significantly deteriorated. Especially when a business has incurred a loss or underperformed compared to the business plan used as the basis for its valuation at the time of acquisition, significant management judgment is involved in determining whether such a decline in performance or failure to achieve the business plan is considered as a significant deterioration of its business environment. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired was one of the most significant matters in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of management's judgment as to whether there was any indication that goodwill may be impaired included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the process of determining whether there is any indication that goodwill may be impaired. In this assessment, we focused our testing on controls to prevent and/or detect determinations that are not made on reasonable grounds as to whether there is any indication of impairment. **(2) Assessment of the appropriateness of the judgment concerning whether there is any indication of impairment** The primary procedures we performed to assess the appropriateness of management's judgment concerning whether there was any indication of impairment, particularly with respect to the judgment as to whether the business environment of the business, to which goodwill has been allocated, has deteriorated, included the following: ● We obtained an understanding of the business environment of each business through inspection of the materials of management meetings and inquiry of management, and assessed the appropriateness of management's judgment as to whether there was any business whose results have deteriorated or failed to achieve its business plan; and ● We analyzed the causes of variances for businesses with a significant amount of asset group including goodwill that underperformed compared to the business plans used as the basis for their valuation at the time of acquisition and assessed the appropriateness of management's judgment as to whether the failure to achieve those business plans was considered as a significant deterioration of their business environment.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to Mitsui Sumitomo Insurance Company, Limited and its subsidiaries for the current year are 1,431 million yen and 222 million yen, respectively. Such fees for the previous year are 1,204 million yen and 109 million yen, respectively.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Masako Kanno
Designated Engagement Partner
Certified Public Accountant

/S/ Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

/S/ Kenichi Ishii
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
February 10, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Group and KPMG AZSA LLC.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2023 and 2024

	March 31, 2023	March 31, 2024
	(Yen in millions)	
Assets		
Assets		
Cash, deposits and savings	¥ *5 1,239,050	*5 1,460,565
Monetary claims bought	67,979	114,204
Money trusts	609	750
Securities	*3, *5, *6 5,636,558	*3, *5, *6 6,632,802
Loans	*4, *8 383,271	*4, *8 371,168
Tangible fixed assets:	*1, *2 232,910	*1, *2 225,517
Land	80,855	77,992
Buildings	113,363	107,625
Lease assets	19,084	19,563
Construction in progress	1,239	2,438
Other tangible fixed assets	18,365	17,897
Intangible fixed assets:	373,203	360,505
Software	79,059	81,320
Goodwill	131,835	131,665
Other intangible fixed assets	162,309	147,519
Other assets	*4 594,154	*4 582,619
Assets for pension and retirement benefits	10,368	68,064
Deferred tax assets	25,952	42,878
Customers' liabilities under acceptances and guarantees	*7 17,524	*7 12,848
Bad debt reserve	(4,232)	(5,662)
Total assets	¥ 8,577,350	9,866,262

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

		March, 31 2023	March 31, 2024
		(Yen in millions)	
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥	5,032,949	5,003,298
Outstanding claims		1,814,658	1,994,888
Underwriting reserves		3,218,290	3,008,409
Bonds issued		584,743	585,045
Other liabilities		643,756	697,588
Liabilities for pension and retirement benefits		95,065	88,086
Reserve for retirement benefits for officers		130	86
Accrued bonuses for employees and operating officers		19,219	24,685
Reserve for stock payments		478	956
Reserves under the special laws:		31,590	35,971
Reserve for price fluctuation		31,590	35,971
Deferred tax liabilities		146,559	412,798
Acceptances and guarantees		*7 17,524	*7 12,848
Total liabilities		6,572,016	6,861,364
Net Assets			
Shareholders' equity:			
Common stock		139,595	139,595
Capital surplus		85,008	84,425
Retained earnings		685,527	859,344
Total shareholders' equity		910,130	1,083,364
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		971,512	1,644,414
Net deferred gains (losses) on hedges		1,431	(3,140)
Foreign currency translation adjustments		70,677	199,680
Accumulated actuarial gains (losses) on retirement benefits		(9,256)	30,320
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		7,415	4,395
Total accumulated other comprehensive income (loss)		1,041,781	1,875,670
Non-controlling interests		53,422	45,863
Total net assets		2,005,334	3,004,898
Total liabilities and net assets	¥	8,577,350	9,866,262

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2023 and 2024

	March 31, 2023	March 31, 2024
	(Yen in millions)	
Ordinary income:	¥ 2,859,790	3,251,429
Underwriting income:	2,541,300	2,880,741
Net premiums written	2,469,055	2,753,874
Deposit premiums from policyholders	31,397	23,364
Investment income on deposit premiums from policyholders	25,531	25,353
Life insurance premiums	*1 14,000	*1 23,504
Reversal of underwriting reserves	-	42,906
Other underwriting income	1,316	11,737
Investment income:	301,061	337,951
Interest and dividends income	141,380	174,152
Investment gains on money trusts	20	76
Investment gains on trading securities	-	59,940
Gains on sales of securities	123,793	112,605
Gains on redemption of securities	1,867	2,080
Gains on derivative transactions	58,007	-
Other investment income	1,522	*2 14,449
Transfer of investment income on deposit premiums from policyholders	(25,531)	(25,353)
Other ordinary income:	17,429	32,736
Gains on equity method investments	5,385	13,499
Other ordinary income	12,043	19,237
Ordinary expenses:	2,671,586	2,917,701
Underwriting expenses:	2,155,618	2,385,124
Net claims paid	1,367,296	1,383,529
Loss adjustment expenses	*3 123,269	*3 138,261
Commissions and collection expenses	*3 430,487	*3 488,854
Maturity refunds to policyholders	112,220	106,913
Dividends to policyholders	47	46
Life insurance claims	4,448	5,957
Provision for outstanding claims	50,852	258,749
Provision for underwriting reserves	54,203	-
Other underwriting expenses	12,793	2,811
Investment expenses:	107,005	55,473
Investment losses on trading securities	19,512	-
Losses on sales of securities	27,469	11,300
Impairment losses on securities	20,369	1,989
Losses on redemption of securities	138	6
Losses on derivative transactions	-	32,322
Other investment expenses	*2 39,514	9,855
Operating expenses and general and administrative expenses	*3 395,578	*3 454,485
Other ordinary expenses:	13,383	22,618
Interest expense	8,447	8,956
Provision for bad debt reserve	1,535	834
Losses on bad debts	224	606
Other ordinary expenses	3,176	12,221
Ordinary profit (loss)	188,204	333,727

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		March 31, 2023	March 31, 2024
		(Yen in millions)	
Extraordinary income:	¥	34,200	16,458
Gains on sales of fixed assets		34,200	16,458
Extraordinary losses:		14,071	17,638
Losses on sales of fixed assets		2,708	2,320
Impairment losses on fixed assets		*4 466	*4 10,936
Provision for reserves under the special laws:		4,258	4,380
Provision for reserve for price fluctuation		4,258	4,380
Other extraordinary losses		*5 6,637	-
Income (loss) before income taxes		208,334	332,548
Income taxes - current		21,032	74,108
Income taxes - deferred		33,550	(19,179)
Total income taxes		54,583	54,929
Net income (loss)		153,750	277,619
Net income (loss) attributable to non-controlling interests		3,874	2,973
Net income (loss) attributable to owners of the parent	¥	149,875	274,645

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and 2024

		March 31, 2023	March 31, 2024
		(Yen in millions)	
Net income (loss)	¥	153,750	277,619
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		(175,797)	665,510
Net deferred gains (losses) on hedges		(4,422)	(6,318)
Foreign currency translation adjustments		127,490	120,076
Actuarial gains (losses) on retirement benefits		(5,425)	39,566
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		9,606	(3,166)
Share of other comprehensive income (loss) of equity method investments		444	20,782
Total other comprehensive income (loss)		*1 (48,103)	*1 836,450
Total comprehensive income (loss)	¥	105,647	1,114,069
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	99,340	1,108,251
Comprehensive income (loss) attributable to non-controlling interests		6,306	5,818

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and 2024

For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	602,068	826,672
Cumulative effect of changing accounting policies			36,780	36,780
Beginning balance (Adjusted)	139,595	85,008	638,848	863,452
Changes for the year:				
Dividends paid			(103,197)	(103,197)
Net income (loss) attributable to owners of the parent			149,875	149,875
Changes in equity resulting from transactions with non-controlling interests				
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	46,678	46,678
Ending balance	¥ 139,595	85,008	685,527	910,130

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)		
Beginning balance	¥ 1,147,533	5,473	(55,237)	(3,858)	-	1,093,911	47,596	1,968,179
Cumulative effect of changing accounting policies					(1,594)	(1,594)	1,742	36,928
Beginning balance (Adjusted)	¥ 1,147,533	5,473	(55,237)	(3,858)	(1,594)	1,092,316	49,339	2,005,108
Changes for the year:								
Dividends paid								(103,197)
Net income (loss) attributable to owners of the parent								149,875
Changes in equity resulting from transactions with non-controlling interests								
Net changes of items other than shareholders' equity	(176,021)	(4,041)	125,915	(5,398)	9,010	(50,535)	4,083	(46,451)
Total changes for the year	(176,021)	(4,041)	125,915	(5,398)	9,010	(50,535)	4,083	226
Ending balance	¥ 971,512	1,431	70,677	(9,256)	7,415	1,041,781	53,422	2,005,334

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	85,008	685,527	910,130
Cumulative effect of changing accounting policies			(1,824)	(1,824)
Beginning balance (Adjusted)	139,595	85,008	683,703	908,306
Changes for the year:				
Dividends paid			(99,004)	(99,004)
Net income (loss) attributable to owners of the parent			274,645	274,645
Changes in equity resulting from transactions with non-controlling interests		(582)		(582)
Net changes of items other than shareholders' equity				
Total changes for the year	—	(582)	175,641	175,058
Ending balance	¥ 139,595	84,425	859,344	1,083,364

	Accumulated other comprehensive income (loss)							
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	¥ 971,512	1,431	70,677	(9,256)	7,415	1,041,781	53,422	2,005,334
Cumulative effect of changing accounting policies	254					254		(1,569)
Beginning balance (Adjusted)	971,767	1,431	70,677	(9,256)	7,415	1,042,035	53,422	2,003,765
Changes for the year:								
Dividends paid								(99,004)
Net income (loss) attributable to owners of the parent								274,645
Changes in equity resulting from transactions with non-controlling interests								(582)
Net changes of items other than shareholders' equity	672,646	(4,571)	129,002	39,577	(3,020)	833,634	(7,559)	826,074
Total changes for the year	672,646	(4,571)	129,002	39,577	(3,020)	833,634	(7,559)	1,001,133
Ending balance	¥1,644,414	(3,140)	199,680	30,320	4,395	1,875,670	45,863	3,004,898

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and 2024

		Year ended March 31, 2023	Year ended March 31, 2024
		(Yen in millions)	
I. Cash flows from operating activities:			
Income (loss) before income taxes	¥	208,334	332,548
Depreciation		57,487	64,496
Impairment losses on fixed assets		466	10,936
Amortization of goodwill		12,257	16,196
Increase (decrease) in outstanding claims		71,342	78,482
Increase (decrease) in underwriting reserves		(49,109)	(227,332)
Increase (decrease) in bad debt reserve		(1,287)	1,254
Increase (decrease) in reserve for retirement benefits for officers		(41)	(43)
Increase (decrease) in accrued bonuses for employees and operating officers		(2,065)	4,426
Increase (decrease) in reserve for stock payments		478	478
Increase (decrease) in assets for pension and retirement benefits		(19,911)	(7,455)
Increase (decrease) in liabilities for pension and retirement benefits		352	(2,046)
Increase (decrease) in reserve for price fluctuation		4,258	4,380
Interest and dividends income		(141,380)	(174,152)
Losses (gains) on securities		(58,170)	(161,330)
Losses (gains) on derivative transactions		(58,007)	32,322
Interest expense		8,447	8,956
Foreign exchange losses (gains)		(7,504)	(14,790)
Losses (gains) on disposal of tangible fixed assets		(31,596)	(14,089)
Losses (gains) on equity method investments		(5,385)	(13,499)
Decrease (increase) in other assets		(12,960)	41,122
Increase (decrease) in other liabilities		30,972	59,300
Other, net		42,478	45,652
Subtotal		49,453	85,814
Interest and dividends received		151,777	178,459
Interest paid		(8,553)	(8,908)
Income taxes refunded (paid)		(14,887)	(24,160)
Net cash provided by (used in) operating activities (a)		177,789	231,205

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

			Year ended March 31, 2023		Year ended March 31, 2024
			(Yen in millions)		
II.	Cash flows from investing activities:				
	Net decrease (increase) in deposits and savings	¥	(26,723)		(77,806)
	Purchase of monetary claims bought		(4,812)		(13,670)
	Proceeds from sales and redemption of monetary claims bought		12,135		6,208
	Purchase of money trusts		-		(29)
	Proceeds from sales of money trusts		3		-
	Purchase of securities		(2,547,992)		(2,292,495)
	Proceeds from sales and redemption of securities		2,773,393		2,511,047
	Investment in loans		(71,572)		(61,820)
	Collection of loans		80,459		73,479
	Net increase (decrease) in cash collateral under securities lending transactions		(89,631)		(843)
	Other, net		(36,488)		(17,159)
	Subtotal (b)		88,772		126,911
	(a + b)		266,562		358,116
	Acquisition of tangible fixed assets		(15,417)		(13,871)
	Proceeds from sales of tangible fixed assets		47,424		20,929
	Acquisition of intangible fixed assets		(27,856)		(26,258)
	Purchase of shares of subsidiaries resulting in changes in scope of consolidation		*2 (45,002)		-
	Other, net		(2,844)		(647)
	Net cash provided by (used in) investing activities		45,076		107,063
III.	Cash flows from financing activities:				
	Repayments of borrowings		(98,381)		(100,000)
	Redemption of bonds		(50,000)		-
	Dividends paid to shareholders		(103,197)		(99,004)
	Dividends paid to non-controlling interests		(2,704)		(3,600)
	Purchase of shares of subsidiaries not resulting in changes in scope of consolidation		-		(10,223)
	Other, net		(4,599)		(6,482)
	Net cash provided by (used in) financing activities		(258,882)		(219,309)
IV.	Effect of exchange rate changes on cash and cash equivalents		32,273		49,278
V.	Net increase (decrease) in cash and cash equivalents		(3,742)		168,236
VI.	Cash and cash equivalents at beginning of year		1,086,744		1,083,001
VII.	Cash and cash equivalents at end of year	¥	*1 1,083,001		*1 1,251,238

See accompanying notes to Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Consolidated Financial Statements

For the years ended March 31, 2023 and 2024

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

71 companies

The major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MS Amlin Insurance SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co.,Ltd.
MS Insurance (Malaysia) Bhd.

Changes in scope of consolidation

Launch Underwriters, LLC and two other companies have been included in the scope of consolidation from the year ended March 31, 2024 as they have become the Company's subsidiaries due to the acquisition of equity interests and other reasons. As MSIG Insurance (Lao) Co., Ltd. was merged with Sokxay Insurance Sole Company Limited, this subsidiary has been excluded from the scope of consolidation from the year ended March 31, 2024.

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

MSK Anshin Station Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

10 companies

The major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Max Life Insurance Limited

Changes in scope of application of equity method
As Sokxay Insurance Sole Company Limited was merged with MSIG Insurance (Lao) Co., Ltd. to form an associate (current company name: MSIG Sokxay Insurance Co., Ltd.), this company has been included in the scope of application of the equity method from the year ended March 31, 2024.

(2) Other associates, including unconsolidated subsidiaries (e.g., MSK Anshin Station Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 70 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Trading securities are valued at their year-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established based on the assessment under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iv) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the year-end.

(v) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan’s benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method.

Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method. Gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on cross-currency interest rate swaps used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the cross-currency interest rate swaps meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(8) Amortization of goodwill

Goodwill is amortized using the straight-line method over a period of 7 to 20 years. Insignificant amounts of goodwill are charged to expenses as incurred.

(9) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months.

(10) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (“IFRS”) or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amounts on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company and domestic consolidated subsidiaries have applied the group tax sharing system with MS&AD Insurance Group Holdings, Inc. as the parent company.

(Accounting estimates)

(1) Impairment losses on goodwill

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheets of the Company as of March 31, 2023 and March 31, 2024, "Goodwill" of ¥131,835 million and ¥131,665 million were recognized, respectively. In addition, goodwill of ¥31,139 million and ¥30,176 million related to equity method associates were included in "Securities" therein, respectively.

(ii) Details of accounting estimates

(a) Measurement approach

For the asset group including goodwill whose invested amount is not recoverable due to decline of profitability, an impairment loss should be recognized by reflecting its recoverability under certain conditions. In accordance with "Accounting Standard for Impairment of Fixed Assets" (ASBJ Statement, August 9, 2002), if there is any indication of impairment such as consecutive net losses and/or deterioration of business environment, the Company and its consolidated subsidiaries (collectively "the Group") determine whether an impairment loss should be recognized by comparing the sum of the undiscounted future cash flows that are expected to be generated from the related asset group with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount of the asset group is reduced to its recoverable amount and an impairment loss is recognized for the amount by which the asset group is reduced.

The Group estimates the sum of the undiscounted future cash flows based on the relevant business plans. The recoverable amount represents the present value of future cash flows expected to be derived from the continuing use of the asset and from its disposal thereafter and the amount of an impairment loss relies on the estimated future cash flows based on reasonable assumptions and projections.

(b) Effects on the consolidated financial statements for the next year

An impairment loss may be recognized if the profitability of a business declines and estimated future cash flows are significantly decreased as a result of changes in business environment.

(2) Outstanding claims

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheets of the Company as of March 31, 2023 and March 31, 2024, outstanding claims of ¥1,814,658 million and ¥1,994,888 million were recognized, respectively. Of this amount, outstanding claims of non-life insurance business accounted for a substantial portion.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Insurance Business Act in Japan as well as Articles 72 and 73 of the Regulation for Enforcement of the Insurance Business Act in Japan, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have been incurred or deemed to have been incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Group individually recognized expected claims payments for reported claims based on the details of reported claim events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations, as well as inflation and changes in foreign exchange rates.

(Changes in accounting policies)

(1) Application of IFRS 9 “Financial Instruments”

Overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 9 “Financial Instruments” from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on retained earnings and accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, a decrease of ¥1,824 million on retained earnings and an increase of ¥254 million of net unrealized gains on available-for-sale securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥4,170 million was recorded respectively on ordinary profit and income before income taxes for the year ended March 31, 2024.

(2) Application of IFRS 17 “Insurance Contracts”

Overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 17 “Insurance Contracts” from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts.

In terms of transition from IFRS 4 (*) to IFRS 17, the consolidated financial statements for the year ended March 31, 2023 were retrospectively restated. Compared to the results of the year ended March 31, 2023 under IFRS 4, ordinary profit and income before income taxes were increased by ¥66,408 million for the year ended March 31, 2023, mainly due to a decrease of ¥60,558 million in provision for outstanding claims. In addition, decreases of ¥591,582 million in

other assets, ¥17,356 million in deferred tax assets, ¥488,295 million in policy liabilities and ¥213,732 million in other liabilities and increases of ¥13,895 million in investment in associates and ¥6,836 million in deferred tax liabilities were recorded respectively. According to the reflection of retrospective impacts to net assets for the year ended March 31, 2023, increases of ¥36,780 million in retained earnings and ¥1,742 million in non-controlling interests and a decrease of ¥1,594 million in accumulated other comprehensive income arising from net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc. were recorded at the beginning of the year ended March 31, 2023, respectively.

The impacts on per share information are described in the relevant section.

(*) IFRS 4 was the standard for insurance contracts replaced by IFRS 17 on January 1, 2023.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

(Yen in millions)	
March 31, 2023	March 31, 2024
325,154	327,539

*2. The amounts of accelerated depreciation of tangible fixed assets are as follows:

(Yen in millions)	
March 31, 2023	March 31, 2024
11,615	11,507

*3. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

		(Yen in millions)
	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	16,108	24,603
Securities (Foreign securities)	138,965	169,309
Securities (Other securities)	28,113	31,090
Total	183,187	225,003

*4. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

		(Yen in millions)
	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	3	-
Doubtful loans	642	-
Loans overdue for three months or more	54	42
Restructured loans	188	65
Total	889	107

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*5. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Cash, deposits and savings	26,799	51,668
Securities	439,027	441,323
Total	465,827	492,991

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities for Real Time Gross Settlement of the current account with the Bank of Japan.

*6. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
129,989	197,670

*7. Guarantees on transactions conducted by a limited partnership entity are as follows:

The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥29,682 million and ¥41,148 million, respectively, in a negative liability position as of March 31, 2023 and March 31, 2024. These amounts were not included in customers' liabilities under acceptances and guarantees or acceptances and guarantees since there was no substantial exposure.

*8. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
10,521	9,401

(Notes to Consolidated Statements of Income)

*1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Premium income	15,615	26,147
Surrender benefits and ceding reinsurance premiums paid	(1,614)	(2,643)
Life insurance premiums	14,000	23,504

*2. The amounts of foreign exchange gains (losses) included in other investment income (expenses) are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Other investment income	-	5,629
Other investment expenses	33,770	-

*3. The major components of business expenses are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Commission expenses	437,085	468,152
Salaries	173,628	187,797

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*4. Impairment losses recognized on fixed assets are as follows:

(For the year ended March 31, 2023)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	5 properties, including a dormitory in Tokyo	466	Land Buildings	1 464

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of idle real estate and real estate for sale were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

(For the year ended March 31, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Idle real estate and real estate for sale	Land and buildings	10 properties, including an office in Okayama	2,637	Land Buildings	1,042 1,595
-	Software	Software owned by overseas consolidated subsidiaries	2,568	Software	2,568
-	Goodwill and Intangible fixed assets	MGA business in the United States, which mainly handles insurance products for carriers	5,730	Goodwill Other intangible fixed assets	3,967 1,762

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future, the carrying amounts of idle real estate and real estate for sale were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers.

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under extraordinary losses.

For goodwill related to the MGA (see note below) business in the United States, which mainly handles insurance products for carriers, carrying amounts were reduced to recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 22.9%.

(Note) MGA
An agent authorized by an insurance company to underwrite insurance and to adjust or assess the amount of damage, in addition to insurance solicitation.

*5. Details of other extraordinary losses are as follows:

(For the year ended March 31, 2023)

Other extraordinary losses represent special funding, etc. in relation to the outside career change support program.

(Notes to Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustments and income tax effects related to other comprehensive income

	March 31, 2023 (Yen in millions)	March 31, 2024 (Yen in millions)
Net unrealized gains (losses) on available-for-sale securities:		
Gains (losses) arising during the period	(149,305)	1,017,024
Reclassification adjustments	(85,623)	(107,073)
Before income tax effect adjustments	(234,928)	909,951
Income tax effects	59,131	(244,440)
Net unrealized gains (losses) on available-for-sale securities	(175,797)	665,510
Net deferred gains (losses) on hedges:		
Gains (losses) arising during the period	(798)	(2,994)
Reclassification adjustments	(5,188)	(5,130)
Before income tax effect adjustments	(5,987)	(8,125)
Income tax effects	1,564	1,806
Net deferred gains (losses) on hedges	(4,422)	(6,318)
Foreign currency translation adjustments:		
Gains (losses) arising during the period	127,490	120,104
Reclassification adjustments	-	(28)
Foreign currency translation adjustments	127,490	120,076
Actuarial gains (losses) on retirement benefits:		
Gains (losses) arising during the period	(7,763)	53,831
Reclassification adjustments	64	2,106
Before income tax effect adjustments	(7,699)	55,938
Income tax effects	2,273	(16,371)
Actuarial gains (losses) on retirement benefits	(5,425)	39,566
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains (losses) arising during the period	12,744	(4,171)
Before income tax effect adjustments	12,744	(4,171)
Income tax effects	(3,137)	1,005
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	9,606	(3,166)
Share of other comprehensive income (loss) of equity method investments:		
Gains (losses) arising during the period	2,541	24,993
Reclassification adjustments	(2,096)	(4,210)
Share of other comprehensive income (loss) of equity method investments	444	20,782
Total other comprehensive income	(48,103)	836,450

(Notes to Consolidated Statements of Changes in Net Assets)

(For the year ended March 31, 2023)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	71,086	50.61	March 31, 2022	May 25, 2022
Board meeting held on November 16, 2022	Common stock	32,111	22.86	-	November 22, 2022

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	Retained earnings	44.35	March 31, 2023	May 24, 2023

(For the year ended March 31, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 18, 2023	Common stock	62,298	44.35	March 31, 2023	May 24, 2023
Board meeting held on November 16, 2023	Common stock	36,706	26.13	—	November 22, 2023

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	181,632	Retained earnings	129.33	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	1,707	Retained earnings	1.21	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	2,377	Retained earnings	1.69	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Common stock and Class stock	326	Retained earnings	0.23	March 31, 2024	June 20, 2024

(Notes to Consolidated Statements of Cash Flows)

*1. Reconciliation of the consolidated balance sheets items to cash and cash equivalents

(Yen in millions)

	March 31, 2023	March 31, 2024
Cash, deposits and savings	1,239,050	1,460,565
Monetary claims bought	67,979	114,204
Securities	5,636,558	6,632,802
Time deposits exceeding three months and deposits pledged as collateral	(223,364)	(321,167)
Monetary claims bought other than cash equivalents	(49,408)	(63,215)
Securities other than cash equivalents	(5,587,814)	(6,571,951)
Cash and cash equivalents	1,083,001	1,251,238

*2. The major components of assets and liabilities of a newly consolidated subsidiary due to acquisition of shares

(For the year ended March 31, 2023)

Transverse has been included in the scope of consolidation. The components of assets and liabilities at the acquisition date, the acquisition cost of an equity interest in Transverse and net consideration paid for acquisition of Transverse are as follows:

(Yen in millions)

Policy liabilities	62,840
Intangible fixed assets	31,874
Other assets	34,614
Total Assets	129,329
Goodwill	18,345
Policy liabilities	(65,081)
Other liabilities	(29,156)
Total liabilities	(94,237)
Non-controlling interests	(481)
Acquisition cost of Transverse' shares	52,956
Cash and cash equivalents held at Transverse	(6,456)
Other payables included in acquisition cost of Transverse' shares	(1,497)
Net consideration paid for acquisition of Transverse	45,002

3. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)

Operating leases

The details of future lease payments on noncancellable operating lease transactions

(The Group as lessee)

(Yen in millions)

	March 31, 2023	March 31, 2024
Due within 1 year	119	38
Due over 1 year	12	125
Total	131	164

(The Group as lessor)

(Yen in millions)

	March 31, 2023	March 31, 2024
Due within 1 year	352	151
Due over 1 year	586	270
Total	939	422

(Notes on Financial Instruments)

1. Qualitative information on financial instruments

(1) Policy on financial instruments

The Group applies ALM (Asset and Liability Management) policies to maintain stability of investment returns, safety of assets and sufficient liquidity under an appropriate risk management framework to attain sustainable growth of the net asset value. In addition, the Group is exposed to investment risks such as market risks and credit risks and manages those risks in accordance with the risk management policies of the Company and each group company.

The Group's cash inflows which mainly arise from insurance operations and investment activities are affected by changes in external environment such as occurrences of natural disasters and changes in financial market conditions. To enhance efficiency of funds operations and strengthen financial capacity under such changing conditions, the Group undertakes to raise funds through the issuance of long-term or short-term corporate bonds or other financing methods as the needs arise.

(2) Details of financial instruments and associated risks

The Group's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other

market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Group utilizes derivative transactions represented by interest rate swaps, interest rate options, bond future contracts, equity index future contracts, equity forward contracts, currency swaps, foreign exchange forward contracts, currency options, and cross-currency interest rate swaps for the purpose of hedging risks such as fluctuations in interest rates, stock prices and foreign exchange rates. In addition, the Group utilizes credit derivatives, weather derivatives and catastrophe derivatives to generate investment returns with consideration given to the associated risks.

For details of derivative transactions to which hedge accounting is applied, please refer to "5. Accounting policies (7) Hedge accounting."

Derivative transactions involve risks associated with fluctuations in fair value of derivative financial instruments, risks of non-performance resulting from insolvency of counterparties and market liquidity risks. Derivative transactions utilized by the Group are also exposed to these risks. However, market risks associated with derivative transactions utilized for the purpose of hedging are mitigated, as changes in the fair value of hedged items and hedging instruments offset each other. To mitigate credit risks arising from the non-performance of counterparties, most of the Group's derivative transactions are executed only with select counterparties of high credit quality and diversified among various counterparties. Furthermore, under CSA (Credit Support Annex), the Group obtains collateral from counterparties.

(3) Risk management structure related to financial instruments

The Group manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors and other related bodies. At the Company, the risk management department is independent from the trading execution departments and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(i) Market risk management

The Group maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(ii) Credit risk management

The Group maintains and operates a risk management structure in accordance with its internal policies for credit risk management. For loans at the Company, the trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis. For securities and derivative transactions at the Company, the trading execution departments and risk management departments manage credit risks of security issuers and derivative counterparties by regularly monitoring the credit information and fair values associated with the investment assets.

(iii) Liquidity risk management

The Group maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of market liquidity arising from turmoil in the financial markets.

(4) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied. Notional amounts of derivative financial instruments shown in "Notes on Derivative Financial Instruments" do not represent exposures to market risks.

2. Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

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

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

Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2023)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	41,566	3,091	44,658
(ii) Money trusts	-	609	-	609
(iii) Securities:				
Trading securities				
Domestic bonds	42,755	2,522	-	45,278
Domestic stocks	7,662	-	-	7,662
Foreign securities	446,094	380,295	122,621	949,012
Available-for-sale securities				
Domestic bonds	605,721	613,589	-	1,219,311
Domestic stocks	1,747,591	-	-	1,747,591
Foreign securities	280,030	839,889	214,821	1,334,742
Others	14,308	31,012	14,725	60,045
Derivative transactions (*1):				
Currency	-	21,619	-	21,619
Interest rate	519	27,423	-	27,942
Equity	3,457	-	-	3,457
Bond	6,471	-	-	6,471
Credit	-	866	-	866
Others	-	-	803	803
Total assets	3,154,612	1,959,396	356,063	5,470,073
Derivative transactions (*1):				
Currency	-	21,479	-	21,479
Interest rate	507	23,037	-	23,544
Equity	1,198	-	-	1,198
Bond	8,690	-	-	8,690
Credit	-	756	-	756
Others	-	-	691	691
Total liabilities	10,395	45,272	691	56,360

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥115 million as an asset and ¥1,699 million as a liability.

(March 31, 2024)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	95,293	2,121	97,415
(ii) Money trusts	-	750	-	750
(iii) Securities:				
Trading securities				
Domestic bonds	23,435	1,771	-	25,207
Domestic stocks	2,904	-	-	2,904
Foreign securities	413,060	337,745	127,916	878,721
Available-for-sale securities				
Domestic bonds	573,288	603,788	-	1,177,076
Domestic stocks	2,552,132	-	-	2,552,132
Foreign securities	314,423	976,895	287,777	1,579,095
Others	35,940	32,516	15,171	83,627
Derivative transactions (*1):				
Currency	-	12,154	-	12,154
Interest rate	103	24,248	277	24,629
Equity	132	-	-	132
Bond	6,807	-	-	6,807
Credit	-	533	842	1,376
Others	-	-	686	686
Total assets	3,922,228	2,085,697	434,792	6,442,718
Derivative transactions (*1):				
Currency	-	23,425	-	23,425
Interest rate	99	28,428	266	28,793
Equity	2,842	-	-	2,842
Bond	4,474	-	-	4,474
Credit	-	2,556	842	3,398
Others	-	-	752	752
Total liabilities	7,416	54,409	1,861	63,688

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥61 million as an asset and ¥6,704 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2023)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	23,321	-	23,321	23,321	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,375	-	4,375	4,262	113
Investments in associates	78,582	4,128	-	82,710	35,659	47,050
(iv) Loans					383,271	
Bad debt reserve (*1)					(745)	
	-	-	380,793	380,793	382,525	(1,732)
Total assets	78,582	31,825	380,793	491,200	445,769	45,431
Bonds issued	-	476,785	96,280	573,066	584,743	(11,676)
Total liabilities	-	476,785	96,280	573,066	584,743	(11,676)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(March 31, 2024)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	16,788	-	16,788	16,788	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	4,735	-	4,735	4,593	142
Investments in associates	137,635	5,020	-	142,656	36,930	105,725
(iv) Loans					371,168	
Bad debt reserve (*1)					(314)	
	-	53	368,047	368,101	370,854	(2,752)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
Total assets	137,635	26,598	368,047	532,282	429,167	103,115
Bonds issued	-	483,626	98,288	581,914	585,045	(3,130)
Total liabilities	-	483,626	98,288	581,914	585,045	(3,130)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Monetary claims bought

With regard to commercial papers (CPs), the price quoted by counterparty financial institutions is deemed to be the fair value. Certain CPs are measured at their carrying amounts as they approximate the fair value. With regard to monetary claims bought other than CPs, the price quoted by counterparty financial institutions is deemed to be the fair value. These are mainly categorized within Level 2.

(ii) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(iii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.

Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iv) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value, provided that there are no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread, for each category of loans classified by type, term and credit rating. The fair value of certain personal loans is determined at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods, interest rates and other factors.

For loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed to be the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3.

Liabilities

Bonds issued

With regard to bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association ("JSDA") or prices quoted by counterparty financial institutions. Those based on "Reference Statistical Prices for OTC Bond Transactions" published by the JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to OTC transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

Market transactions are mainly categorized within Level 1. OTC transactions using significant unobservable inputs are categorized within Level 3, whereas those not using such inputs are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains (losses) recognized in profit or loss

(March 31, 2023)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Others (*3)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	4,368	0	(72)	(1,204)	-	3,091	-
Securities:							
Trading securities	100,330	16,568	10,194	(4,471)	-	122,621	13,195
Available-for-sale securities	187,892	10,349	18,775	11,809	720	229,546	-
Total assets	292,590	26,917	28,897	6,133	720	355,259	13,195
Derivative transactions (*4)	(316)	1,009	-	(580)	-	112	752

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains (losses) on available-for-sale securities” or “Foreign currency translation adjustments.”

(*3) Includes an increase due to business combination.

(*4) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(March 31, 2024)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Transfer from Level 3 to Level 2 (*3) (*5)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	3,091	0	(47)	(922)	-	-	2,121	-
Securities:								
Trading securities	122,621	(5,917)	11,708	(496)	-	-	127,916	10,077
Available-for-sale securities	229,546	8,605	37,292	28,848	1,000	(2,344)	302,948	-
Total assets	355,259	2,688	48,953	27,429	1,000	(2,344)	432,986	10,077
Derivative transactions (*6)	112	1,042	0	(1,209)	-	-	(55)	260

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 2 to Level 3 due to the fact that observable inputs for domestic corporate bonds are no longer available.

(*5) Transfer from Level 3 to Level 2 due to the fact that observable inputs for domestic and foreign corporate bonds became available.

(*6) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total are presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2023 and March 31, 2024, which are not included in "(iii) Securities" in "Fair value of financial instruments and breakdown by level of fair value" above, are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Stocks and other securities without market prices (*1) (*3)	181,417	227,082
Investments in partnerships, etc. (*2) (*4)	51,576	65,429
Total	232,993	292,512

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥6,105 million and ¥1,000 million, respectively.

(*4) Impairment losses on investments in partnerships, etc. for the years ended March 31, 2024 were ¥405 million.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

(March 31, 2023)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	1,224,554	14,498	-	-
Monetary claims bought	59,678	4,750	-	2,976
Securities:				
Held-to-maturity securities				
Foreign securities	-	1,232	1,657	1,402
Available-for-sale securities with fixed maturities				
Government bonds	8,800	102,700	138,400	310,600
Municipal bonds	500	32,500	22,000	15,300
Corporate bonds	71,071	296,406	94,981	70,047
Foreign securities	73,440	357,225	304,088	54,811
Loans (*)	62,281	225,958	66,442	24,619
Total	1,500,325	1,035,272	627,570	479,757

(*) The amounts in the above table do not include ¥645 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥3,319 million of loans without fixed maturities.

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	1,451,192	9,367	-	-
Monetary claims bought	112,082	-	-	2,053
Securities:				
Held-to-maturity securities				
Foreign securities	1,334	874	2,438	-
Available-for-sale securities with fixed maturities				
Government bonds	42,000	76,100	126,700	308,300
Municipal bonds	600	36,500	17,700	15,200
Corporate bonds	79,995	283,062	99,241	65,511
Foreign securities	94,021	355,038	325,980	75,847
Loans (*)	67,622	224,170	54,159	22,583
Total	1,848,849	985,112	626,219	489,495

(*) The amounts in the above table do not include ¥2,628 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

(March 31, 2023)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	-	100,000	-	153,840	-	230,000
Total	-	100,000	-	153,840	-	230,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued (*)	100,000	-	154,142	-	-	230,000
Total	100,000	-	154,142	-	-	230,000

(*) The amounts in the above table do not include ¥100,902 million of bond issued without fixed maturities.

(Notes on Securities)
1. Trading securities

(Yen in millions)

	March 31, 2023	March 31, 2024
Net unrealized gains (losses) included in earnings for the year	(22,200)	31,636

(Note) "Trading securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers included in monetary claims bought on the consolidated balance sheets.

2. Held-to-maturity securities

(March 31, 2023)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	4,262	4,375	113
	Other securities	-	-	-
	Subtotal	4,262	4,375	113
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	25,030	25,030	-
	Subtotal	25,030	25,030	-
Total		29,292	29,405	113

(Note) "Other securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers included in monetary claims bought on the consolidated balance sheet.

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	4,593	4,735	142
	Other securities	-	-	-
	Subtotal	4,593	4,735	142
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	16,788	16,788	-
	Subtotal	16,788	16,788	-
Total		21,382	21,524	142

(Note) "Other securities" includes commercial papers included in monetary claims bought on the consolidated balance sheet.

3. Available-for-sale securities

(March 31, 2023)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	751,378	684,207	67,171
	Domestic stocks	1,737,878	480,881	1,256,997
	Foreign securities	506,776	397,782	108,994
	Other securities	45,483	42,253	3,230
	Subtotal	3,041,517	1,605,124	1,436,393
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	467,932	484,818	(16,885)
	Domestic stocks	9,713	11,275	(1,562)
	Foreign securities	827,965	898,753	(70,787)
	Other securities	18,164	19,485	(1,320)
	Subtotal	1,323,775	1,414,331	(90,556)
Total		4,365,292	3,019,455	1,345,837

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. “Other securities” includes certificates of deposits included in cash, deposits and savings, and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	629,472	583,300	46,171
	Domestic stocks	2,549,786	446,790	2,102,996
	Foreign securities	919,315	744,063	175,252
	Other securities	85,748	70,252	15,496
	Subtotal	4,184,322	1,844,405	2,339,916
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	547,604	570,102	(22,498)
	Domestic stocks	2,346	2,518	(172)
	Foreign securities	659,780	709,193	(49,413)
	Other securities	143	146	(2)
	Subtotal	1,209,874	1,281,961	(72,086)
Total		5,394,196	3,126,366	2,267,829

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

2. “Other securities” includes certificates of deposits included in cash, deposits and savings, and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.

4. Available-for-sale securities sold during the year

(For the year ended March 31, 2023)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	138,254	545	1,091
Domestic stocks	132,280	88,946	218
Foreign securities	470,497	27,384	26,158
Other securities	3,359	2,071	-
Total	744,391	118,948	27,469

(For the year ended March 31, 2024)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	109,790	900	4,676
Domestic stocks	139,424	96,887	49
Foreign securities	353,454	14,818	6,574
Other securities	-	-	-
Total	602,668	112,605	11,300

5. Impairment of securities during the year

The Group recognized impairment losses on available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows.

For the year ended March 31, 2023: ¥14,263 million (comprised of ¥161million on domestic stocks and ¥14,102 million on foreign securities)

For the year ended March 31, 2024: ¥583 million (comprised of ¥580 million on domestic stocks and ¥3 million on foreign securities)

In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if the fair value declines by 30% or more from their acquisition cost.

(Notes on Money Trusts)
1. Money trusts classified as trading

(Yen in millions)

	March 31, 2023	March 31, 2024
Net unrealized gains (losses) through profit and loss for the year	40	8

2. Money trusts classified as held-to-maturity

Not applicable.

3. Money trusts classified as other than trading and held-to-maturity

Not applicable.

(Notes on Derivative Transactions)
1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	895,177	-	(12,717)	(12,717)
	Bought	833,185	-	15,230	15,230
	Currency options				
	Sold	24,366	-	(34)	383
	Bought	27,093	-	718	274
	Currency swaps	21,025	21,025	(1,471)	(1,471)
Total		-	-	1,724	1,698

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	777,424	-	(2,286)	(2,286)
	Bought	940,799	-	3,283	3,283
	Currency options				
	Sold	23,195	-	(245)	(56)
	Bought	33,772	-	347	(174)
	Currency swaps	48,853	21,025	(5,727)	(5,727)
Total		-	-	(4,628)	(4,961)

(2) Interest rate-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	136,672	110	207	207
	Bought	35,618	11.933	(35)	(35)
	Interest rate future options				
	Sold	1,517	-	(271)	80
	Bought	1,183	-	110	(133)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	609,804	580,697	(10,360)	(10,360)
	Receiving floating, paying fixed rates	378,021	356,607	14,880	14,880
	Interest rate options				
	Swaptions				
	Sold	143,102	75,751	(2,926)	(1,275)
	Bought	86,498	23,330	2,793	1,200
Total		-	-	4,398	4,564

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	123,583	-	(58)	(58)
	Bought	65	-	0	0
	Interest rate swap futures				
	Sold	2,426	2,426	(26)	(26)
	Interest rate future options				
	Sold	195	-	(9)	10
	Bought	502	-	98	(8)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	820,118	780,209	1,582	1,582
	Receiving floating, paying fixed rates	714,374	677,067	(6,452)	(6,452)
	Interest rate options				
	Swaptions				
	Sold	319,760	24,748	(2,285)	(1,147)
	Bought	301,747	49,622	2,986	1,074
Total		-	-	(4,164)	(5,024)

(3) Equity-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	139,992	-	2,259	2,259
Total		-	-	2,259	2,259

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	133,027	-	(2,710)	(2,710)
Total		-	-	(2,710)	(2,710)

(4) Bond-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	429,293	-	2,521	2,521
	Bought	73,463	-	(4,593)	(4,593)
	Bond future options				
	Sold	143	-	(146)	57
Total		-	-	(2,218)	(2,014)

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	300,779	-	(4,442)	(4,442)
	Bought	41,425	-	6,764	6,764
	Bond future options				
	Sold	26	-	(11)	3
	Bought	25	-	21	(6)
Total		-	-	2,332	2,319

(5) Credit-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	28,567	28,080	434	434
	Bought	79,557	79,557	(324)	(324)
Total		-	-	110	110

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	20,937	19,306	483	483
	Bought	95,288	95,288	(2,505)	(2,505)
Total		-	-	(2,022)	(2,022)

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(6) Others

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	451	42	(37)	19
	Bought	451	42	37	(14)
	Catastrophe derivatives				
	Sold	32,550	15,692	(654)	782
	Bought	30,932	14,907	352	(445)
	Others				
	Comprehensive risk underwriting contracts	-	-	414	414
Total		-	-	112	756

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	299	30	(50)	(8)
	Bought	299	30	50	12
	Catastrophe derivatives				
	Sold	32,450	8,258	(702)	1,184
	Bought	30,837	7,845	357	(688)
	Others				
	Comprehensive risk underwriting contracts	-	-	278	278
Total		-	-	(66)	778

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related derivatives

(March 31, 2023)

(Yen in millions)

Hedge accounting method	Classification	Hedged items	Notional amounts		Fair value
			Total	Over 1 year	
Allocation method (Foreign exchange contracts and others)	Foreign exchange contracts Sold	Accounts receivable from the sale of foreign currency bonds	2,696	-	(Note)
	Currency swaps	Foreign currency bonds issued (Liabilities)	100,902	100,902	
Deferred hedge accounting method	Currency swaps	Available-for-sale securities	8,109	8,109	(967)
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for- sale securities	104,074	-	(616)
Total			-	-	(1,584)

(Note) As currency-related derivatives that apply the allocation method for foreign exchange contracts and others are treated as integrated with the hedged accounts receivable and foreign currency bonds issued (liabilities), their fair values are included in those of the hedged accounts receivable and foreign currency bonds issued (liabilities).

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Hedged items	Notional amounts		Fair value
			Total	Over 1 year	
Allocation method (Foreign exchange contracts and others)	Currency swaps	Foreign currency bonds issued (Liabilities)	100,902	100,902	(Note)
Deferred hedge accounting method	Currency swaps	Available-for-sale securities	8,109	7,070	(2,396)
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	194,252	-	(4,246)
Total			-	-	(6,642)

(Note) As currency-related derivatives that apply the allocation method for foreign exchange contracts and others are treated as integrated with the hedged foreign currency bonds issued (liabilities), their fair values are included in those of the hedged foreign currency bonds issued (liabilities).

(Notes on Retirement Benefits)

1. Overview of the retirement benefit plans

The Company has a defined benefit plan such as a defined benefit pension plan and a lump-sum payment plan, and a defined contribution plan such as a defined contribution pension plan.
Domestic consolidated subsidiaries and some overseas consolidated subsidiaries also have defined benefit and defined contribution pension plans.
Some consolidated subsidiaries use the simplified method for the calculation of retirement benefit obligations.

2. Defined benefit plan
(1) Reconciliation of beginning and ending balances of retirement benefit obligations

(Yen in millions)

	March 31, 2023	March 31, 2024
Beginning balance of retirement benefit obligations	482,298	443,688
Service costs	13,901	13,886
Interest expenses	2,354	3,788
Actuarial gains and losses	(24,439)	(41,139)
Retirement benefits paid	(23,611)	(21,899)
Foreign exchange rate changes	5,337	8,536
Other	(12,151)	332
Ending balance of retirement benefit obligations	443,688	407,192

(Note) Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method are included in “Service costs.”

(2) Reconciliation of beginning and ending balances of plan assets

(Yen in millions)

	March 31, 2023	March 31, 2024
Beginning balance of plan assets	398,565	359,155
Expected return on assets	6,253	7,426
Actuarial gains and losses	(44,184)	12,444
Employer contributions	18,222	13,036
Retirement benefits paid	(12,893)	(12,642)
Foreign exchange rate changes	5,218	7,910
Other	(12,026)	(159)
Ending balance of plan assets	359,155	387,171

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets to net liabilities and assets for pension and retirement benefits reported on the consolidated balance sheets

(Yen in millions)

	March 31, 2023	March 31, 2024
Funded retirement benefit obligations	351,923	327,305
Plan assets	(359,155)	(387,171)
Net amount	(7,232)	(59,865)
Unfunded retirement benefit obligations	91,765	79,887
Adjustments for asset ceiling	163	-
Net amount of assets and liabilities reported on the consolidated balance sheets	84,696	20,021
Liabilities for pension and retirement benefits	95,065	88,086
Assets for pension and retirement benefits	(10,368)	(68,064)
Net amount of assets and liabilities reported on the consolidated balance sheets	84,696	20,021

(Note) "Adjustments for asset ceiling" represents the adjustment for partially limiting assets for pension and retirement benefits recognized by the overseas consolidated subsidiaries that apply IAS 19 "Employee Benefits."

(4) Retirement benefit expenses and their breakdown

(Yen in millions)

	March 31, 2023	March 31, 2024
Service costs	13,901	13,886
Interest expenses	2,354	3,788
Expected return on assets	(6,253)	(7,426)
Amortization of actuarial gains and losses	64	2,106
Others	429	184
Retirement benefit expenses for defined benefit plans	10,495	12,540

(Note) Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method are included in "Service costs."

(5) Actuarial gains and losses on retirement benefits

The breakdown of actuarial gains and losses on retirement benefits (before income tax effects) is as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Actuarial gains and losses	(7,699)	55,938
Total	(7,699)	55,938

(6) Accumulated actuarial gains and losses on retirement benefits

The breakdown of accumulated actuarial gains and losses on retirement benefits (before income tax effects) is as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Unrecognized actuarial gains and losses	12,583	(43,354)
Total	12,583	(43,354)

(7) Plan assets

(i) Breakdown of major plan assets

The breakdown of the total plan assets by major asset class is as follows:

(%)

	March 31, 2023	March 31, 2024
Bonds	64	66
Stocks	23	21
Others	13	13
Total	100	100

(ii) Calculation of the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The major items related to actuarial assumptions are as follows:

(%)

	March 31, 2023	March 31, 2024
Discount rate	Mainly 0.2	Mainly 1.1
Long-term expected rate of return	Mainly 1.5	Mainly 1.5

3. Defined contribution plan
The required contribution to the defined contribution plan by the Company and its consolidated subsidiaries is as follows:

(Yen in millions)	
March 31, 2023	March 31, 2024
5,199	5,567

(Notes on Income Taxes)
1. Significant components of deferred tax assets and liabilities are as follows:

	(Yen in millions)	
	March 31, 2023	March 31, 2024
Deferred tax assets		
Securities	13,761	12,464
Land and others	5,332	9,644
Software	24,855	26,805
Underwriting reserves and others	185,858	190,373
Outstanding claims	25,598	40,044
Reserve for price fluctuation	8,813	10,036
Liabilities for pension and retirement benefits	23,627	5,288
Net operating loss carried forward (Note 2)	58,159	52,318
Others	45,495	56,524
Deferred tax assets subtotal	391,502	403,499
Valuation allowance on net operating loss carried forward	(28,172)	(23,284)
Valuation allowance on deductible temporary differences	(12,520)	(10,952)
Valuation allowance subtotal (Note 1)	(40,692)	(34,237)
Deferred tax assets total	350,809	369,261
Deferred tax liabilities		
Net unrealized gains (losses) on available-for-sale securities	(390,675)	(643,175)
Outstanding claims	(19,517)	(23,126)
Carrying amount adjusted for fair value evaluation	(19,121)	(18,188)
Others	(42,102)	(54,690)
Deferred tax liabilities total	(471,416)	(739,181)
Net deferred tax assets (liabilities)	(120,607)	(369,919)

(Note 1) Valuation allowance decreased by ¥6,455 million. This decrease is mainly due to a decrease in valuation allowance on net operating loss carried forward at some overseas consolidated subsidiaries.

(Note 2) Schedule by expiration of net operating loss carried forward and the corresponding deferred tax assets

(March 31, 2023)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*1)	0	0	0	0	0	58,156	58,159
Valuation allowance	(0)	(0)	(0)	(0)	(0)	(28,169)	(28,172)
Deferred tax assets	-	-	-	-	-	29,987	(*2) 29,987

(*1) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(*2) The deferred tax assets for net operating loss carried forward are deemed to be recoverable based on the expected future taxable income.

(March 31, 2024)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*3)	15	15	15	15	15	52,240	52,318
Valuation allowance	-	-	-	-	-	(23,284)	(23,284)
Deferred tax assets	15	15	15	15	15	28,955	(*4) 29,033

(*3) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(*4) The deferred tax assets for net operating loss carried forward are deemed to be recoverable based on the expected future taxable income.

2. A reconciliation of the significant difference between statutory income tax rate and the effective income tax rate after application of deferred tax accounting is as follows:

(%)

	March 31, 2023	March 31, 2024
Statutory income tax rate	27.9	27.9
(Reconciliation)		
Tax rate differences on consolidated subsidiaries	(4.1)	(4.7)
Tax relief measure for the introduction of the Bermuda Corporate income Tax Act	-	(3.9)
Non-taxable dividends received and others	(4.4)	(3.7)
Changes in valuation allowance	3.5	(3.0)
Amortization of goodwill	1.6	1.4
Gains or losses on equity method investments	(0.5)	(1.1)
Controlled foreign company rules	1.2	0.7
Others	1.0	2.9
Effective income tax rate after application of deferred tax accounting	26.2	16.5

3. Accounting treatment for corporate and local corporate taxes including the related tax effects

The Company and domestic consolidated subsidiaries have adopted the group tax sharing system and have applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) to the accounting treatment for corporate and local corporate taxes, or the accounting treatment and disclosure of deferred tax accounting related to them.

(Notes on Business Combination)

(Additional Information)

On December 28, 2017, the Company acquired shares of First Capital Insurance Limited. As per the business combination agreement, the contingent consideration for the acquisition shall be increased or decreased based on the reevaluation at some point in the future in relation to the acquired company's insurance liability at the date of the business combination. As additional payment of the acquisition consideration became certain in the current fiscal year, the consideration is additionally recognized as acquisition cost and goodwill is additionally recognized. Goodwill that is additionally recognized is calculated on the assumption that it was recognized at the date of the business combination.

(1) Acquisition cost additionally recognized: ¥12,171 million

(2) Amount of goodwill additionally recognized, amount of amortization, and method and period of amortization Amount of goodwill additionally recognized: ¥12,171 million Amount of amortization: ¥3,428 million Amortization method and period: The straight-line method and over 20 years

(Notes on Investment and Leasing Properties)

1. The Company and certain consolidated subsidiaries own investment and leasing properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Carrying amount		
Beginning balance	40,075	38,460
Changes during the year	(1,615)	(1,092)
Ending balance	38,460	37,368
Fair value	103,980	100,950

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Among the changes during the year, changes for the year ended March 31, 2023 are comprised of the increases mainly due to the change of use from internal use properties (¥7,068 million) and the decreases mainly due to sales of investment and leasing properties (¥7,085 million), and changes for the year ended March 31, 2024 are comprised of the increases mainly due to the change of use from internal use properties (¥6,715 million) and the decreases mainly due to sales of investment and leasing properties (¥4,816 million).
3. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or

indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

2. Gains (losses) related to investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Rent income	6,215	5,415
Rent expenses	5,284	4,989
Net amount	931	426
Others (sales gains (losses) and others)	22,109	12,466

(Note) Rent income is included in "Interest and dividends income", and rent expenses (depreciation, repair expenses, insurance expenses, taxes and dues and others) are included in "Operating expenses and general and administrative expenses." "Others" which consists mainly of sales gains (losses) and impairment losses, is included in "Extraordinary income or losses."

(Notes on Segment Information)

1. Outline of reportable segments

The reportable segments are the units of the Company and its subsidiaries 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 business domains of MS&AD insurance Group Holdings, Inc. to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group's business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies which operate insurance business in various foreign countries.
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. Life insurance subsidiaries engage in life insurance business for the international business.

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

The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.
Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

(Application of IFRS 17 "Insurance Contracts")
As described in "Changes in accounting policies", overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 17 "Insurance Contracts", since these entities have already adopted IFRS. The figures for the year ended March 31, 2023 are presented on IFRS 17 basis retrospectively. Compared to the results under IFRS 4, revenues from transactions with external customers decreased by ¥17,631 million, net income (loss) by segment increased by ¥55,801 million, assets by segment decreased by ¥795,092 million, gain (losses) from equity method investments decreased by ¥116 million, income taxes increased by ¥11,254 million in the international business for the year ended March 31, 2023.

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

(For the year ended March 31, 2023)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,562,829	913,068	14,415	2,490,313	(7,257)	2,483,055
Intersegment revenues or transfers	67,003	(67,003)	-	-	-	-
Total	1,629,832	846,065	14,415	2,490,313	(7,257)	2,483,055
Net income (loss) by segment	107,899	72,519	3,188	183,607	(33,731)	149,875
Assets by segment	7,000,023	3,415,903	73,855	10,489,781	(1,912,430)	8,577,350
Other items:						
Depreciation	37,597	11,319	63	48,980	8,506	57,487
Amortization of goodwill	-	-	-	-	12,257	12,257
Interest and dividends received	134,995	29,866	12	164,874	(23,493)	141,380
Interest expenses	4,881	3,565	-	8,447	-	8,447
Impairment losses on securities	26,137	7,858	-	33,996	(13,626)	20,369
Gains (losses) from equity method investments	-	8,390	482	8,872	(3,487)	5,385
Extraordinary income	13,745	20,284	-	34,029	170	34,200
(Gains on sales of fixed assets)	13,745	20,284	-	34,029	170	34,200
Extraordinary losses	13,548	445	-	13,993	77	14,071
(Impairment losses on fixed assets)	466	-	-	466	-	466
(Other extraordinary losses)	6,637	-	-	6,637	-	6,637
Income taxes	33,522	19,427	148	53,098	1,484	54,583
Investments in associates accounted for by equity method	109,203	1,867	-	111,071	27,226	138,297
Increases in tangible fixed assets and intangible fixed assets	33,284	9,944	41	43,270	-	43,270

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business, totaling ¥(1,614) million, and the adjustments for ordinary income for other business, amounting to ¥(5,642) million.
4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(23,716) million, adjustments to impairment losses on equities of insurance subsidiaries recognized by the Company, amounting to ¥13,665 million, and amortization of goodwill and others, totaling ¥(23,680) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,385,095) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(669,713) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥142,377 million.
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, 2024)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,562,777	1,209,159	26,159	2,798,096	(20,717)	2,777,378
Intersegment revenues or transfers	60,529	(60,529)	-	-	-	-
Total	1,623,307	1,148,630	26,159	2,798,096	(20,717)	2,777,378
Net income (loss) by segment	167,777	151,358	5,617	324,752	(50,107)	274,645
Assets by segment	7,864,388	3,874,441	68,320	11,807,150	(1,940,887)	9,866,262
Other items:						
Depreciation	38,147	14,525	48	52,721	11,774	64,496
Amortization of goodwill	-	-	-	-	16,196	16,196
Interest and dividends received	154,765	50,721	0	205,487	(31,334)	174,152
Interest expenses	4,842	4,113	0	8,956	-	8,956
Impairment losses on securities	24,598	-	-	24,598	(22,608)	1,989
Gains (losses) from equity method investments	-	13,973	2,962	16,936	(3,436)	13,499
Extraordinary income	16,242	216	-	16,458	-	16,458
(Gains on sales of fixed assets)	16,242	216	-	16,458	-	16,458
Extraordinary losses	9,299	2,608	-	11,907	5,730	17,638
(Impairment losses on fixed assets)	2,637	2,568	-	5,206	5,730	10,936
Income taxes	53,485	(1,868)	(1,981)	49,635	5,293	54,929
Investments in associates accounted for by equity method	109,344	1,783	-	111,127	58,789	169,917
Increases in tangible fixed assets and intangible fixed assets	29,837	10,203	48	40,089	-	40,089

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business, totaling ¥(2,643) million, and the adjustments for ordinary income for other business, amounting to ¥(18,074) million.
4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(31,272) million, adjustments to impairment losses on equities of insurance subsidiaries recognized by the Company, amounting to ¥22,608 million, and amortization of goodwill and others, totaling ¥(41,444) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,410,104) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(757,521) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥226,738 million.
6. "Net income (loss) by segment" is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

[Related information]

(For the year ended March 31, 2023)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	500,588	191,815	186,857	846,116	142,102	601,575	2,469,055

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	2,253	8,772	4,588	15,615

2. Information by geographic area

(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
(Non-life insurance) Net premiums written	1,536,951	231,641	700,462	2,469,055

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	8,772	6,842	15,615

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
202,331	30,579	232,910

3. Information by major customer

Not applicable.

(For the year ended March 31, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	578,609	202,710	198,914	876,896	130,287	766,455	2,753,874

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	12,382	8,084	5,680	26,147

2. Information by geographic area

(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
(Non-life insurance) Net premiums written	1,532,558	347,702	873,613	2,753,874

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	8,084	18,062	26,147

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
193,943	31,574	225,517

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment]

(For the year ended March 31, 2023)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the year	12,067	190	12,257
Balance of goodwill at the end of the year	129,343	2,492	131,835

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

(For the year ended March 31, 2024)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the year	15,992	203	16,196
Balance of goodwill at the end of the year	129,206	2,458	131,665

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment." In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

[Information related to gains on negative goodwill by reportable segment]
Not applicable.

[Information on related parties]
1. Transactions with related parties
There are no significant transactions to be disclosed.

2. Note on parent company or material associates
Information related to parent company

MS&AD Insurance Group Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(Notes on Per Share Information)

	March 31, 2023	March 31, 2024
Net assets per share (in Yen)	1,389.85	2,106.97
Net income per share (in Yen)	106.71	195.56

(Notes)
1. Since there was no potential dilution for the years ended March 31, 2023 and 2024, diluted net income (loss) per share is not presented.

2. The basis of calculation for net income per share is as follows:

	March 31, 2023	March 31, 2024
Total net income attributable to owners of the parent (Yen in millions)	149,875	274,645
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	149,875	274,645
Average number of common shares outstanding during the year (in thousands)	1,404,402	1,404,402

3. The basis of calculation for net assets per share is as follows:

	March 31, 2023	March 31, 2024
Total net assets (Yen in millions)	2,005,334	3,004,898
Amounts deducted from total net assets (Yen in millions)	53,422	45,863
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	53,422	45,863
Net assets as of the year end attributable to common shares (Yen in millions)	1,951,912	2,959,034
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	1,404,402	1,404,402

4. As stated in the “Change in accounting policies”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries and overseas equity method associates that apply IFRS. As a result, net assets per share for the previous period has increased by 71.36 yen, and net income per share for the previous period has increased by 39.30 yen, as compared to the amount prior to the retrospective application.

(Notes on Significant Subsequent Events)
Not applicable.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Supplementary Schedules

1. Schedule of bonds

Entity	Description	Date of issuance	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon rate (%)	Collateral	Maturity date
The Company	Second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	February 10, 2016	50,000	50,000	1.39 (Note 3)	None	February 10, 2076
The Company	Fourth series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	December 12, 2017	80,000	80,000	1.17 (Note 4)	None	December 10, 2077
The Company	US dollar-denominated perpetual subordinated notes with interest deferral options (Note 2)	March 6, 2019	100,902 [US$910 million]	100,902 [US$910 million]	4.95 (Note 5)	None	None (perpetual)
The Company	Sixth series of unsecured straight bonds with an inter-bond pari passu clause	July 31, 2019	100,000	100,000 (100,000)	0.13	None	July 31, 2024
The Company	Fifth series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	February 8, 2021	100,000	100,000	1.02 (Note 6)	None	February 7, 2081
The Company	Seventh series of unsecured straight bonds with an inter-bond pari passu clause	November 15, 2021	150,000	150,000	0.19	None	November 13, 2026
MS Transverse Insurance Group, LLC	US dollar-denominated unsecured bonds with early redemption option (Note 2)	December 3, 2021	3,840 [US$28 million]	4,142 [US$29 million]	6.00	None	December 15, 2026
Total	-	-	584,743	585,045 (100,000)	-	-	-

(Notes)

1. Figures in Ending balance shown in brackets are the current portion of unsecured bonds.
2. Figures shown in [ ] represent amounts in original foreign currencies.
3. From the date following February 10, 2026, a floating rate (with a step-up) will be applied.
4. From the date following December 12, 2027, a floating rate (with a step-up) will be applied.
5. On or after March 6, 2029, a fixed rate (with a step-up, reset every 5 years) will be applied.
6. From the date following February 8, 2031, the interest rate is based on 5-year Government bond yield plus 1.96%.
7. The following table shows the redemption schedule for the next 5 years after March 31, 2024.

(Yen in millions)

Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
100,000	-	154,142	-	-

2. Schedule of borrowings

Classification	Balances at the beginning of the year (Yen in millions)	Balances at the end of the year (Yen in millions)	Average interest rate (%)	Maturity
Short-term borrowings	-	-	-	-
Current portion of long-term borrowings	100,000	-	-	-
Current portion of lease obligations	5,326	5,183	-	-
Long-term borrowings (excluding current portion)	-	-	-	January 1, 2025 – July 31, 2035
Lease obligations (excluding current portion)	18,328	19,002	-	-
Other interest-bearing debt	-	-	-	-
Total	123,655	24,186	-	-

(Notes)

1. Borrowings and Lease obligations are included in “Other liabilities” on the consolidated balance sheet.
2. Average interest rate for lease obligations is not presented as the amount equivalent to interest included in total lease fees for some lease obligations is allocated to each fiscal year using the straight-line method.
3. The following table shows the redemption schedule of lease obligations (excluding current portion) for the next 5 years after March 31, 2024.

(Yen in millions)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Lease obligations	4,232	2,709	2,186	2,050

3. Schedule of asset retirement obligations

Since the amounts of asset retirement obligations at the beginning and end of the year ended March 31, 2024 account for 1% or less of the total of liabilities and net assets at the beginning and end of the year ended March 31, 2024, this information is not presented.

[Others]

Not applicable

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Balance Sheets

As of March 31, 2025 and September 30, 2025

		March 31, 2025	September 30, 2025
		(Yen in millions)	
Assets			
Assets			
Cash, deposits and savings	¥	*3 1,256,802	*3 1,071,850
Call loans		60,000	60,000
Receivables under resale agreements		86,904	207,855
Monetary claims bought		215,391	335,395
Money trusts		3,402	5,317
Securities		*3, *4 6,266,622	*3, *4 6,453,437
Loans		*2, *7 368,729	*2, *7 359,999
Tangible fixed assets		*1 220,191	*1 220,828
Intangible fixed assets		354,360	333,702
Other assets		682,140	879,815
Assets for pension and retirement benefits		68,280	71,796
Deferred tax assets		31,893	21,807
Customers' liabilities under acceptances and guarantees		*6 11,101	*6 11,179
Bad debt reserve		(5,528)	(6,058)
Total assets	¥	9,620,290	10,026,928

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Balance Sheets (Continued)

	March, 31 2025	September 30, 2025
	(Yen in millions)	
Liabilities and Net Assets		
Liabilities		
Policy liabilities:	¥ 5,359,372	5,513,225
Outstanding claims	2,366,066	2,386,257
Underwriting reserves	2,993,306	3,126,967
Bonds issued	485,565	685,190
Other liabilities	688,352	625,047
Liabilities for pension and retirement benefits	89,191	90,816
Reserve for retirement benefits for officers	55	43
Accrued bonuses for employees and operating officers	30,223	24,444
Reserve for stock payments	388	582
Reserves under the special laws:	40,284	42,517
Reserve for price fluctuation	40,284	42,517
Deferred tax liabilities	160,643	162,369
Acceptances and guarantees	*6 11,101	*6 11,179
Total liabilities	6,865,177	7,155,418
Net Assets		
Shareholders' equity:		
Common stock	139,595	139,595
Capital surplus	84,387	84,387
Retained earnings	1,111,412	1,352,377
Total shareholders' equity	1,335,394	1,576,360
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on available-for-sale securities	979,735	968,564
Net deferred gains (losses) on hedges	(7,009)	(7,521)
Foreign currency translation adjustments	367,497	258,697
Accumulated actuarial gains (losses) on retirement benefits	22,492	22,339
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	5,563	5,098
Total accumulated other comprehensive income (loss)	1,368,280	1,247,178
Non-controlling interests	51,437	47,972
Total net assets	2,755,113	2,871,510
Total liabilities and net assets	¥ 9,620,290	10,026,928

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Income

For the six-month periods ended September 30, 2024 and 2025

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
	(Yen in millions)	
Ordinary income:	¥ 2,235,003	2,329,072
Underwriting income:	1,751,587	1,908,706
Net premiums written	1,710,687	1,867,484
Deposit premiums from policyholders	11,924	13,600
Investment income on deposit premiums from policyholders	11,564	11,464
Life insurance premiums	*1 7,319	*1 4,920
Investment income:	465,188	402,441
Interest and dividends income	100,482	102,610
Investment gains on money trusts	-	9
Investment gains on trading securities	21,643	38,387
Gains on sales of securities	347,652	265,272
Transfer of investment income on deposit premiums from policyholders	(11,564)	(11,464)
Other ordinary income	18,226	17,924
Ordinary expenses:	1,739,982	1,828,676
Underwriting expenses:	1,454,914	1,543,220
Net claims paid	718,421	749,731
Loss adjustment expenses	*2 69,498	*2 79,737
Commissions and collection expenses	*2 279,686	*2 271,363
Maturity refunds to policyholders	47,314	49,083
Life insurance claims	3,131	4,499
Provision for outstanding claims	136,207	97,515
Provision for underwriting reserves	199,590	288,678
Investment expenses:	37,144	38,937
Investment losses on money trusts	1,203	-
Losses on sales of securities	10,325	5,151
Impairment losses on securities	109	140
Losses on derivative transactions	19,667	14,370
Operating expenses and general and administrative expenses	*2 233,794	*2 234,625
Other ordinary expenses	*3 14,128	11,892
Interest expense	4,422	4,453
Ordinary profit (loss)	495,021	500,396

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
Extraordinary income:	¥	4,198	215
Gains on sales of fixed assets		1,090	215
Gains on change in equity		3,108	-
Extraordinary losses:		5,576	10,059
Losses on sales of fixed assets		332	419
Impairment losses on fixed assets		*4 3,094	-
Provision for reserves under the special laws:		2,149	2,233
Provision for reserve for price fluctuation		2,149	2,233
Other extraordinary losses		-	*5 7,406
Income (loss) before income taxes		493,643	490,552
Income taxes - current		92,538	104,729
Income taxes - deferred		6,581	13,974
Total income taxes		99,119	118,703
Net income (loss)		394,523	371,848
Net income (loss) attributable to non-controlling interests		2,685	2,110
Net income (loss) attributable to owners of the parent	¥	391,838	369,738

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Comprehensive Income

For the six-month periods ended September 30, 2024 and 2025

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
Net income (loss)	¥	394,523	371,848
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		(558,242)	(10,957)
Net deferred gains (losses) on hedges		(3,181)	2,377
Foreign currency translation adjustments		188,502	(103,279)
Actuarial gains (losses) on retirement benefits		(1,225)	(157)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		2,819	(650)
Share of other comprehensive income (loss) of equity method investments		12,118	(11,042)
Total other comprehensive income (loss)		(359,209)	(123,709)
Total comprehensive income (loss)	¥	35,314	248,138
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	28,600	248,635
Comprehensive income (loss) attributable to non-controlling interests		6,714	(496)

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Net Assets

For the six-month periods ended September 30, 2024 and 2025

For the six-month period ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 139,595	84,425	859,344	1,083,364
Changes for the year:				
Dividends paid			(186,044)	(186,044)
Net income (loss) attributable to owners of the parent			391,838	391,838
Changes in equity resulting from transactions with non-controlling interests		(38)		(38)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(38)	205,793	205,755
Ending balance	¥ 139,595	84,387	1,065,137	1,289,120

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)		
Beginning balance	¥1,644,414	(3,140)	199,680	30,320	4,395	1,875,670	45,863	3,004,898
Changes for the year:								
Dividends paid								(186,044)
Net income (loss) attributable to owners of the parent								391,838
Changes in equity resulting from transactions with non-controlling interests								(38)
Net changes of items other than shareholders' equity	(551,021)	(2,060)	188,240	(1,217)	2,820	(363,238)	2,232	(361,005)
Total changes for the year	(551,021)	(2,060)	188,240	(1,217)	2,820	(363,238)	2,232	(155,250)
Ending balance	¥1,093,392	(5,200)	387,920	29,103	7,216	1,512,431	48,095	2,849,647

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Net Assets (Continued)

For the six-month period ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥139,595	84,387	1,111,412	1,335,394
Changes for the year:				
Dividends paid			(128,772)	(128,772)
Net income (loss) attributable to owners of the parent			369,738	369,738
Net changes of items other than shareholders' equity				
Total changes for the year	-	-	240,965	240,965
Ending balance	¥139,595	84,387	1,352,377	1,576,360

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)		
Beginning balance	¥979,735	(7,009)	367,497	22,492	5,563	1,368,280	51,437	2,755,113
Changes for the year:								
Dividends paid								(128,772)
Net income (loss) attributable to owners of the parent								369,738
Net changes of items other than shareholders' equity	(11,171)	(512)	(108,799)	(153)	(464)	(121,102)	(3,465)	(124,567)
Total changes for the year	(11,171)	(512)	(108,799)	(153)	(464)	(121,102)	(3,465)	116,397
Ending balance	¥968,564	(7,521)	258,697	22,339	5,098	1,247,178	47,972	2,871,510

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Cash Flows

For the six-month periods ended September 30, 2024 and 2025

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
I. Cash flows from operating activities:			
Income (loss) before income taxes	¥	493,643	490,552
Depreciation		33,481	30,084
Impairment losses on fixed assets		3,094	-
Amortization of goodwill		7,606	7,711
Increase (decrease) in outstanding claims		88,372	77,983
Increase (decrease) in underwriting reserves		80,886	139,971
Increase (decrease) in bad debt reserve		(341)	618
Increase (decrease) in reserve for retirement benefits for officers		(18)	(11)
Increase (decrease) in accrued bonuses for employees and operating officers		(5,242)	(5,335)
Increase (decrease) in reserve for stock payments		(762)	194
Increase (decrease) in reserve for surcharge payments under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade		885	-
Increase (decrease) in assets for pension and retirement benefits		(3,944)	(3,911)
Increase (decrease) in liabilities for pension and retirement benefits		1,667	1,519
Increase (decrease) in reserve for price fluctuation		2,149	2,233
Interest and dividends income		(100,482)	(102,610)
Losses (gains) on securities		(359,992)	(299,479)
Losses (gains) on derivative transactions		19,667	14,370
Interest expense		4,422	4,453
Foreign exchange losses (gains)		282	45
Losses (gains) on disposal of tangible fixed assets		(812)	153
Losses (gains) on equity method investments		(7,933)	(8,409)
Losses (gains) on change in equity		(3,108)	-
Decrease (increase) in other assets		(110,015)	(122,292)
Increase (decrease) in other liabilities		42,436	(103,342)
Other, net		(13,565)	(32,316)
Subtotal		172,377	92,180
Interest and dividends received		108,252	112,167
Interest paid		(4,401)	(3,700)
Income taxes refunded (paid)		(94,818)	(75,952)
Net cash provided by (used in) operating activities (a)		181,409	124,695

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Cash Flows Continued)

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
II.	Cash flows from investing activities:		
	Net decrease (increase) in deposits and savings	¥ 7,768	25,618
	Purchase of monetary claims bought	(1,663)	(3,700)
	Proceeds from sales and redemption of monetary claims bought	18,373	17,584
	Purchase of money trusts	(4,060)	(2,012)
	Proceeds from sales of money trusts	19	84
	Purchase of securities	(1,471,481)	(2,425,392)
	Proceeds from sales and redemption of securities	1,656,094	2,394,622
	Investment in loans	(34,891)	(28,419)
	Collection of loans	35,782	37,115
	Net increase (decrease) in cash collateral under securities lending transactions	(71,357)	-
	Other, net	(25,142)	(85,449)
	Subtotal (b)	109,440	(69,951)
	(a + b)	290,850	54,744
	Acquisition of tangible fixed assets	(5,220)	(3,484)
	Proceeds from sales of tangible fixed assets	1,494	643
	Acquisition of intangible fixed assets	(15,007)	(13,634)
	Other, net	(119)	(208)
	Net cash provided by (used in) investing activities	90,588	(86,634)
III.	Cash flows from financing activities:		
	Issuance of bonds	-	199,489
	Redemption of bonds	(100,000)	-
	Dividends paid to shareholders	(181,632)	(128,772)
	Dividends paid to non-controlling interests	(869)	(1,001)
	Purchase of shares of subsidiaries not resulting in changes in scope of consolidation	(180)	-
	Other, net	(3,259)	(3,026)
	Net cash provided by (used in) financing activities	(285,942)	66,689
IV.	Effect of exchange rate changes on cash and cash equivalents	75,854	(22,109)
V.	Net increase (decrease) in cash and cash equivalents	61,909	82,640
VI.	Cash and cash equivalents at beginning of period	1,251,238	1,329,216
VII.	Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiary	-	544
VIII.	Cash and cash equivalents at end of period	¥ *1 1,313,147	*1 1,412,401

See accompanying notes to Unaudited Consolidated Financial Statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Unaudited Consolidated Financial Statements

For the six-month periods ended September 30, 2024 and 2025

1. Basis of presentation

The accompanying unaudited consolidated financial statements have been translated from the unaudited consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying unaudited consolidated financial statements, certain additional information has been provided for the unaudited consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying unaudited consolidated financial statements are expressed in Japanese yen. As permitted by the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statement, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying unaudited consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying unaudited consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

71 companies

The major consolidated subsidiaries are as follows:

MSIG Holdings (U.S.A.), Inc.
MS Amlin Corporate Member Limited
MS Amlin Underwriting Limited
MS Amlin AG
MSIG Europe SE
MS First Capital Insurance Limited
MSIG Mingtai Insurance Co., Ltd
MSIG Insurance (Malaysia) Bhd.

Changes in scope of consolidation

PT. MSIG Sharia Life Insurance Indonesia was established and has been included in the scope of consolidation from the six-month period ended September 30, 2025. MSIG Insurance Europe AG and one other company ceased to be subsidiaries due to a merger and other factors, and have been excluded from the scope of consolidation from the six-month period ended September 30, 2025.

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

Mitsui Sumitomo Insurance Agency Service Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

10 companies

The major associates accounted for under the equity method are as follows:

Sumitomo Mitsui DS Asset Management Company, Limited
Axis Max Life Insurance Limited

(2) Other associates, including unconsolidated subsidiaries (e.g., Mitsui Sumitomo Insurance Agency Service Company, Limited and Hong Leong MSIG Takaful Berhad), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. The six-month period end of consolidated subsidiaries

The six-month period end of 69 overseas consolidated subsidiaries is June 30, which is different from that of the Company. The Company uses the financial statements as of their latest six-month period end for consolidation purposes since the intervening period does not exceed three months from its six-month period end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Trading securities are valued at their period-end market prices. Cost of sales is calculated using the moving average method. For certain overseas consolidated subsidiaries, cost of sales is calculated using the first-in, first-out method.

(ii) Held-to-maturity securities are valued at amortized cost.

(iii) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iv) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(v) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(vi) Money trusts specifically managed for the Company for trading purposes are valued at fair value. Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

For the Company, bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For domestic consolidated subsidiaries, bad debt reserve is established based on the assessment under their internal standards for self-assessment of assets and policies for provision similar to those of the Company.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Reserve for retirement benefits for officers

Reserve for retirement benefits that covers the cost of services rendered by officers and operating officers of the Company up to the year ended March 31, 2005, the date on which the retirement benefit plans for officers were terminated, is established to provide for their future retirement benefits (including pension).

(iii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the six-month period end to provide for future bonuses for employees and operating officers.

(iv) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the six-month period end.

(v) Reserve for price fluctuation

For the Company, the reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (primarily 10 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the six-month period end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated

subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective six-month period ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the period. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments). Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the differentials paid or received under the swap agreements are recognized and included in interest expense or income of the hedged items (the exceptional method).

For the Company, gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method.

Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the deferred hedge method.

Gains and losses on certain foreign exchange forward contracts are accounted for under the fair value hedge method, deferred hedge method or the allocation method. Gains and losses on equity forward contracts and cash collateral used for hedging risks of variability in the fair value and foreign exchange rates on the forecast purchase transaction of foreign currency equity securities are accounted for under the deferred hedge method. Gains and losses on currency swap contracts used for hedging risks of variability in foreign exchange rates on foreign currency bonds issued by the Company are accounted for under the allocation method.

Gains and losses on interest rate swap contracts used for hedging risks of variability in interest rates of loans, bonds and borrowings are accounted for under the deferred hedge method or the exceptional method when they meet certain criteria.

Gains and losses on cross-currency interest rate swaps used for hedging risks of variability in foreign exchange rates and interest rates on foreign currency borrowings are accounted for under the integrated method when they meet certain criteria. The integrated method is to hedge foreign

currency risks and interest rate risks using the allocation method and the exceptional method, respectively.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations in fair value or cash flows of the hedged items and hedging instruments for the periods from the respective start dates of the hedges to the assessment dates. When the hedged items and the hedging instruments are highly and clearly interrelated, when the interest rate swap transactions meet the criteria for the application of the exceptional method, or when the cross-currency interest rate swaps meet the criteria for the application of the integrated method, hedge effectiveness is not assessed.

(8) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months.

(9) Deferred tax

The amount of current and deferred income taxes for the six-month period are calculated based on the assumption of accruals and reversals of the reserves for accelerated depreciation and others for the current year end.

(10) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards (“IFRS”) or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

Notes to Unaudited Consolidated Financial Statements

(Notes to Unaudited Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

(Yen in millions)

March 31, 2025	September 30, 2025
312,734	314,251

*2. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Bankrupt and quasi-bankrupt loans	-	-
Doubtful loans	10	38
Loans overdue for three months or more	48	13
Restructured loans	38	30
Total	97	83

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*3. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Cash, deposits and savings	40,744	31,592
Securities	395,483	385,434
Total	436,227	417,027

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities for Real Time Gross Settlement of the current account with the Bank of Japan.

*4. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)	
March 31, 2025	September 30, 2025
88,579	68,239

*5. The amounts of commercial paper received as collateral under transactions with repurchase agreements in which the Company has the right to sell or repledge are as follows:

(Yen in millions)	
March 31, 2025	September 30, 2025
86,904	207,855

(Change in Presentation)
Financial assets received as collateral with the right to sell or repledge without restrictions are presented due to an increase in monetary materiality from the six-month period ended September 30, 2025.

*6. Guarantees on transactions conducted by a limited partnership entity are as follows:

(As of March 31, 2025)
The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥28,834 million in a negative liability position. This amount was not included in customers' liabilities under acceptances and guarantees or acceptances and guarantees since there was no substantial exposure.

(As of September 30, 2025)
The Company provides guarantees on transactions conducted by a limited partnership entity. Aggregate net present value of these transactions was ¥17,036 million in a liability position. This amount was not included in customers' liabilities under acceptances and guarantees or acceptances and guarantees since there was no substantial exposure considering guarantees, such as collateral.

*7. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)	
March 31, 2025	September 30, 2025
4,335	3,682

(Notes to Unaudited Consolidated Statements of Income)

*1. Life insurance premiums are presented at an amount of premium income less cash surrender value or withdrawals (hereinafter referred to as "surrender benefits") and ceding reinsurance premiums paid. The breakdown of life insurance premiums is as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Premium income	7,885	5,166
Surrender benefits and ceding reinsurance premiums paid	(566)	(245)
Life insurance premiums	7,319	4,920

*2. The major components of business expenses are as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Commission expenses	263,189	327,654
Salaries	92,893	98,010

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*3. Details of other ordinary expenses are as follows:

(For the six-month period ended September 30, 2024)

Other ordinary expenses (the amounts recorded on the consolidated statement of income: ¥14,128 million) include surcharge payments of ¥885 million under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

*4. Impairment losses recognized on fixed assets are as follows:

(For the six-month period ended September 30, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
-	Software	Software owned by overseas consolidated subsidiaries	535	Software	535
-	Goodwill	ILS business operated by Leadenhall Capital Partners LLP	2,559	Goodwill	2,559

For software owned by overseas consolidated subsidiaries, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under extraordinary losses.

For goodwill related to the ILS business (see note below) operated by Leadenhall Capital Partners LLP, which is an overseas consolidated subsidiary, carrying amounts were reduced to the recoverable amounts because the profitability of the business has declined from the assumptions at the time of acquisition, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses. The recoverable amount of such assets was determined as their value in use, which was calculated by discounting future cash flows at a rate of 14.3%.

(Note) A fund management business that invests in insurance-linked securities.

*5. Details of other extraordinary losses are as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Merger expenses	-	4,064
Continental Europe business reorganization expenses	-	3,342

(Notes to Unaudited Consolidated Statements of Changes in Net Assets)
(For the six-month period ended September 30, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	181,632	129.33	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	1,707	1.21	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	2,377	1.69	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Common stock and Class stock	326	0.23	March 31, 2024	June 20, 2024

(2) Dividends declared effective after September 30, 2024 for which the date of record is in the six-month period ended September 30, 2024

Not applicable.

(For the six-month period ended September 30, 2025)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 19, 2025	Common stock	128,772	91.69	March 31, 2025	May 23, 2025

(2) Dividends declared effective after September 30, 2025 for which the date of record is in the six-month period ended September 30, 2025

Not applicable.

(Notes to Unaudited Consolidated Statements of Cash Flows)
*1. Reconciliation of the consolidated balance sheets items to cash and cash equivalents

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Cash, deposits and savings	1,404,802	1,071,850
Call loans	20,000	60,000
Receivables under resale agreements	62,989	207,855
Monetary claims bought	153,371	335,395
Securities	6,221,401	6,453,437
Time deposits exceeding three months and deposits pledged as collateral	(346,064)	(330,993)
Monetary claims bought other than cash equivalents	(53,743)	(53,639)
Securities other than cash equivalents	(6,149,608)	(6,331,505)
Cash and cash equivalents	1,313,147	1,412,401

2. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)
Operating leases
The details of future lease payments on noncancellable operating lease transactions
(The Group as lessee)

(Yen in millions)

	March 31, 2025	September 30, 2025
Due within 1 year	115	711
Due over 1 year	231	2,356
Total	347	3,068

(The Group as lessor)

(Yen in millions)

	March 31, 2025	September 30, 2025
Due within 1 year	158	158
Due over 1 year	137	133
Total	296	292

(Notes on Financial Instruments)
Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	196,960	1,482	198,442
(ii) Money trusts	-	3,402	-	3,402
(iii) Securities:				
Trading securities				
Domestic bonds	16,862	652	-	17,515
Domestic stocks	6,397	-	-	6,397
Foreign securities	557,394	453,052	140,202	1,150,649
Available-for-sale securities				
Domestic bonds	507,187	611,393	-	1,118,581
Domestic stocks	1,565,818	-	-	1,565,818
Foreign securities	430,687	1,205,357	320,075	1,956,120
Others	35,679	22,808	15,500	73,988
Derivative transactions (*1):				
Currency	-	24,256	-	24,256
Interest rate	393	21,142	-	21,536
Equity	1,395	-	-	1,395
Bond	3,277	2,305	-	5,583
Credit	-	421	-	421
Others	-	-	1,147	1,147
Total assets	3,125,094	2,541,753	478,408	6,145,256
Derivative transactions (*1):				
Currency	-	17,994	-	17,994
Interest rate	354	28,096	-	28,450
Bond	5,026	1,402	-	6,429
Credit	-	2,866	-	2,866
Others	-	-	641	641
Total liabilities	5,380	50,360	641	56,382

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥599 million as an asset and ¥4,613 million as a liability.

(September 30, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Monetary claims bought	-	322,464	1,302	323,767
(ii) Money trusts	-	5,317	-	5,317
(iii) Securities:				
Trading securities				
Domestic bonds	48,555	1,110	-	49,666
Domestic stocks	6,150	-	-	6,150
Foreign securities	553,824	558,673	134,563	1,247,062
Available-for-sale securities				
Domestic bonds	498,598	600,721	-	1,099,319
Domestic stocks	1,463,687	-	-	1,463,687
Foreign securities	553,793	1,248,808	308,773	2,111,374
Others	29,071	30,299	15,727	75,098
Derivative transactions (*1):				
Currency	-	16,616	-	16,616
Interest rate	132	16,946	-	17,079
Equity	30	4,183	-	4,213
Bond	4,577	1,687	-	6,265
Credit	-	903	-	903
Others	-	-	342	342
Total assets	3,158,422	2,807,733	460,709	6,426,864
Derivative transactions (*1):				
Currency	-	24,102	-	24,102
Interest rate	225	24,081	-	24,306
Equity	1,288	-	-	1,288
Bond	1,843	1,941	-	3,784
Credit	-	3,100	-	3,100
Others	-	-	664	664
Total liabilities	3,357	53,225	664	57,247

(*1) The carrying amounts of derivative transactions applying hedge accounting are ¥4,183 million as an asset and ¥4,504 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets

Cash, deposits and saving, call loans and receivables under resale agreements are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	16,948	-	16,948	16,948	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	3,490	-	3,490	3,432	58
Investments in associates	151,555	6,242	-	157,798	38,334	119,463
(iv) Loans					368,729	
Bad debt reserve (*1)					(302)	
	-	56	360,583	360,640	368,427	(7,786)
Total assets	151,555	26,738	360,583	538,878	427,142	111,735
Bonds issued	-	370,944	101,186	472,130	485,565	(13,434)
Total liabilities	-	370,944	101,186	472,130	485,565	(13,434)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(September 30, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(i) Monetary claims bought	-	11,628	-	11,628	11,628	-
(iii) Securities:						
Held-to-maturity securities						
Foreign securities	-	3,202	-	3,202	3,149	52
Investments in associates	199,776	6,371	-	206,147	37,699	168,447
(iv) Loans					359,999	
Bad debt reserve (*1)					(192)	
	-	52	351,069	351,121	359,806	(8,685)
Total assets	199,776	21,254	351,069	572,099	412,284	159,815
Bonds issued	-	570,247	101,381	671,628	685,190	(13,561)
Total liabilities	-	570,247	101,381	671,628	685,190	(13,561)

(*1) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Monetary claims bought

With regard to commercial papers (CPs), the price quoted by counterparty financial institutions is deemed to be the fair value. With regard to certain CPs, the carrying amounts approximate the fair value since they are scheduled to be settled in a short period of time. With regard to monetary claims bought other than CPs, the price quoted by counterparty financial institutions is deemed to be the fair value.

These are mainly categorized within Level 2.

(ii) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 based on the level of components of assets in trust.

(iii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.

Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iv) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value, provided that there are no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread, for each category of loans classified by type, term and credit rating. The fair value of certain personal loans is determined at the present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods, interest rates and other factors.

For loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed to be the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3.

Liabilities

Bonds issued

With regard to bonds issued, the fair value is determined based on “Reference Statistical Prices for OTC Bond Transactions” published by the Japan Securities Dealers Association (“JSDA”) or prices quoted by counterparty financial institutions. Those based on “Reference Statistical Prices for OTC Bond Transactions” published by the JSDA are categorized within Level 2, and those based on prices quoted by counterparty financial institutions are categorized within Level 3.

Derivative transactions

With regard to market transactions, the fair value is determined based on the closing prices at exchanges. With regard to OTC transactions, the fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as interest rates, exchange rates, and volatility.

Market transactions are mainly categorized within Level 1. OTC transactions using significant unobservable inputs are categorized within Level 3, whereas those not using such inputs categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains (losses) recognized in profit or loss

(March 31, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 3 to Level 2 (*3) (*4)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	2,121	0	(43)	(595)	-	1,482	-
Securities:							
Trading securities	127,916	(2,566)	13,259	1,593	-	140,202	28,573
Available-for-sale securities	302,948	10,392	5,775	17,260	(800)	335,575	-
Total assets	432,986	7,825	18,990	18,258	(800)	477,260	28,573
Derivative transactions (*5)	(55)	1,406	0	(845)	-	506	870

(*1) Included in “Investment income” and “Investment expenses” of the consolidated statement of income.

(*2) Included in “Other comprehensive income” of the consolidated statement of comprehensive income, as a component of “Net unrealized gains (losses) on available-for-sale securities” or “Foreign currency translation adjustments.”

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 3 to Level 2 due to the fact that observable inputs for domestic corporate bonds became available.

(*5) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(September 30, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Transfer from Level 2 to Level 3 (*3) (*4)	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Monetary claims bought	1,482	0	(4)	(175)	-	1,302	-
Securities:							
Trading securities	140,202	311	(9,082)	3,132	-	134,563	(956)
Available-for-sale securities	335,575	15,248	4,263	(31,633)	1,046	324,501	-
Total assets	477,260	15,560	(4,823)	(28,676)	1,046	460,366	(956)
Derivative transactions (*5)	506	138	-	(967)	-	(322)	(649)

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(*3) Transfers between levels are made at the end of each quarter.

(*4) Transfer from Level 2 to Level 3 due to the fact that observable inputs for foreign corporate bonds became available.

(*5) Derivative assets and liabilities included in other assets and other liabilities are presented on a net basis. Receivables and payables as well as gains and losses arising from derivative transactions are netted, and items that result in a net payable or a net loss in total is presented in parentheses.

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2025 and September 30, 2025, which are not included in "(iii) Securities" in "Fair value of financial instruments and breakdown by level of fair value" above, are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Stocks and other securities without market prices (*1) (*3)	254,190	252,188
Investments in partnerships, etc. (*2) (*4)	81,594	108,040
Total	335,784	360,229

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2025 and September 30, 2025 were ¥3,934 million and ¥1 million, respectively.

(*4) Impairment losses on investments in partnerships, etc. for the years ended March 31, 2025 and September 30, 2025 were ¥3,185 million and ¥139 million, respectively.

(Notes on Securities)

1. Held-to-maturity securities

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	3,432	3,490	58
	Other securities	-	-	-
	Subtotal	3,432	3,490	58
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	16,948	16,948	-
	Subtotal	16,948	16,948	-
Total		20,380	20,439	58

(Note) "Other securities" includes commercial papers included in monetary claims bought on the consolidated balance sheet.

(September 30, 2025)

(Yen in millions)

Category		Carrying amount	Fair value	Difference
Securities with fair value exceeding carrying amount	Foreign securities	3,149	3,202	52
	Other securities	-	-	-
	Subtotal	3,149	3,202	52
Securities with fair value not exceeding carrying amount	Foreign securities	-	-	-
	Other securities	11,628	11,628	-
	Subtotal	11,628	11,628	-
Total		14,778	14,830	52

(Note) "Other securities" includes commercial papers included in monetary claims bought on the consolidated balance sheet.

2. Available-for-sale securities

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	437,665	423,978	13,687
	Domestic stocks	1,563,285	337,189	1,226,095
	Foreign securities	1,171,417	991,032	180,384
	Other securities	68,898	60,092	8,805
	Subtotal	3,241,266	1,812,292	1,428,973
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	680,915	709,185	(28,269)
	Domestic stocks	2,533	2,757	(223)
	Foreign securities	784,703	823,034	(38,331)
	Other securities	141,604	142,079	(474)
	Subtotal	1,609,757	1,677,056	(67,298)
Total		4,851,024	3,489,348	1,361,675

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

2. "Other securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.
3. The Company and its consolidated subsidiaries recognized impairment losses on available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows:
   For the year ended March 31, 2025, ¥32 million (comprised of ¥30 million on Domestic stocks and ¥1 million on Foreign securities)
   In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if the fair value declines by 30% or more from their acquisition cost.

(September 30, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	310,100	301,395	8,704
	Domestic stocks	1,461,032	284,231	1,176,801
	Foreign securities	1,549,227	1,333,351	215,875
	Other securities	76,474	65,086	11,388
	Subtotal	3,396,835	1,984,064	1,412,770
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	789,219	829,531	(40,312)
	Domestic stocks	2,654	2,787	(133)
	Foreign securities	562,147	587,550	(25,403)
	Other securities	250,924	250,924	-
	Subtotal	1,604,945	1,670,794	(65,849)
Total		5,001,780	3,654,858	1,346,921

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. "Other securities" includes certificates of deposits included in cash, deposits and savings, and commercial papers and loan receivable trust beneficiary certificates included in monetary claims bought on the consolidated balance sheet.

(Notes on Money Trusts)
1. Money trusts classified as held-to-maturity

   Not applicable.

2. Money trusts classified as other than trading and held-to-maturity investment

   Not applicable.

(Notes on Derivative Transactions)
Derivative transactions to which hedge accounting is applied are excluded from the disclosure.

(1) Currency-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	919,907	-	1,182	1,182
	Bought	1,179,063	-	7,487	7,487
	Currency options				
	Sold	16,694	-	(255)	356
	Bought	43,096	-	800	192
	Currency swaps	39,269	-	1,058	1,058
Total		-	-	10,274	10,279

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	1,115,229	-	957	957
	Bought	1,263,066	-	(4,876)	(4,876)
	Currency options				
	Sold	17,110	-	(184)	187
	Bought	49,089	-	627	(179)
	Currency swaps	17,335	-	494	494
Total		-	-	(2,981)	(3,415)

(2) Interest rate-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	208,061	16,169	55	55
	Bought	97,122	95	(76)	(76)
	Interest rate future options				
	Sold	2,189	-	(269)	5
	Bought	2,771	-	329	(44)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	1,215,160	974,965	(18,845)	(18,845)
	Receiving floating, paying fixed rates	932,058	932,058	9,290	9,290
	Interest rate options				
	Swaptions				
	Sold	124,976	26,069	(2,004)	(1,828)
	Bought	213,326	47,480	4,605	1,520
Total		-	-	(6,914)	(9,922)

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Interest rate futures				
	Sold	203,859	202,332	(156)	(156)
	Bought	1,835	102	32	32
	Interest rate future options				
	Sold	192,750	-	(28)	73
	Bought	172,298	-	58	(63)
OTC Transactions	Interest rate swaps				
	Receiving fixed, paying floating rates	876,440	812,973	(13,854)	(13,854)
	Receiving floating, paying fixed rates	844,776	785,020	4,032	4,032
	Interest rate options				
	Swaptions				
	Sold	85,552	-	(309)	236
	Bought	346,334	32,030	2,997	(263)
Total		-	-	(7,227)	(9,962)

(3) Equity-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	47,737	-	1,395	1,395
Total		-	-	1,395	1,395

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Equity price index futures				
	Sold	43,920	-	(1,288)	(1,288)
	Bought	1,736	-	30	30
Total		-	-	(1,258)	(1,258)

(4) Bond-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	323,437	-	2,425	2,425
	Bought	146,180	-	(4,172)	(4,172)
	Bond future options				
	Sold	3	-	(1)	(0)
OTC Transactions	Bond options				
	Sold	87,850	-	(1,402)	(1,402)
	Bought	87,850	-	605	605
	Total return swap	16,296	-	1,700	1,700
Total		-	-	(845)	(845)

(Note) Bond options are zero-cost options in which no premiums are paid or received.

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
Market Transactions	Bond futures				
	Sold	336,596	-	(471)	(471)
	Bought	114,981	-	3,209	3,209
	Bond future options				
	Sold	1,450	-	(3)	1
OTC Transactions	Bond options				
	Sold	106,839	-	(937)	(937)
	Bought	106,839	-	1,062	1,062
	Total return swap	84,690	-	(378)	(378)
Total		-	-	2,480	2,485

(Note) Bond options are zero-cost options in which no premiums are paid or received.

(5) Credit-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	23,634	17,853	143	143
	Bought	71,752	70,252	(2,589)	(2,589)
Total		-	-	(2,445)	(2,445)

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Credit derivatives				
	Sold	33,899	25,676	755	755
	Bought	68,753	67,253	(2,952)	(2,952)
Total		-	-	(2,197)	(2,197)

(Note) "Sold" represents transactions in which the credit risk is accepted and "Bought" represents transactions in which the credit risk is transferred.

(6) Others

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	256	30	(7)	30
	Bought	256	30	7	(26)
	Catastrophe derivatives				
	Sold	30,776	15,258	(633)	791
	Bought	28,441	13,992	343	(439)
	Others				
	Comprehensive risk underwriting contracts	-	-	796	796
Total		-	-	506	1,152

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Weather derivatives				
	Sold	210	20	(16)	0
	Bought	210	20	16	1
	Catastrophe derivatives				
	Sold	23,808	1,350	(576)	823
	Bought	21,622	1,080	326	(469)
	Others				
	Comprehensive risk underwriting contracts	-	-	(71)	(71)
Total		-	-	(322)	283

(Notes on Investment and Leasing Properties)

(September 30, 2025)

Information on investment and leasing properties is not required to be presented, as the changes in their carrying amounts and fair values of investment and leasing properties for the six-month period ended September 30, 2025, compared to the year ended March 31, 2025, are not considered significant.

(Notes on Segment Information)

1. Outline of reportable segments

   The reportable segments are the units of the Company and its subsidiaries 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 business domains of MS&AD insurance Group Holdings, Inc. to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group's business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies which operate insurance business in various foreign countries. 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. Life insurance subsidiaries engage in life insurance business for the international business.

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

   The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.
   Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

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

(For the six-month period ended September 30, 2024)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Note 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	838,323	876,425	6,630	1,721,379	(3,372)	1,718,006
Intersegment revenues or transfers	28,319	(28,319)	-	-	-	-
Total	866,643	848,105	6,630	1,721,379	(3,372)	1,718,006
Net income (loss) by segment	331,406	89,490	1,348	422,245	(30,406)	391,838
Assets by segment	7,033,755	4,652,558	70,687	11,757,001	(2,116,229)	9,640,771
Other items:						
Depreciation	19,030	6,447	29	25,507	7,973	33,481
Amortization of goodwill	-	-	-	-	7,606	7,606
Interest and dividends received	90,245	32,524	0	122,769	(22,287)	100,482
Interest expenses	2,328	2,091	2	4,422	-	4,422
Gains (losses) from equity method investments	-	9,109	563	9,672	(1,738)	7,933
Extraordinary income	37	1,053	-	1,090	3,108	4,198
Extraordinary losses	2,467	609	-	3,076	2,500	5,576
(Impairment losses on fixed assets)	-	594	-	594	2,500	3,094
Income taxes	83,295	16,499	250	100,046	(926)	99,119
Investments in associates accounted for by equity method	109,344	1,977	-	111,321	79,722	191,043
Increases in tangible fixed assets and intangible fixed assets	12,927	7,299	0	20,227	-	20,227

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business, totaling ¥(566) million, and the adjustments for ordinary income for other business, amounting to ¥(2,806) million.
4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(22,301) million, adjustments to impairment losses on equities of insurance subsidiaries recognized by the Company, amounting to ¥8,949 million and amortization of goodwill and others, totaling ¥(17,054) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,375,667) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(971,225) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥230,663 million.
6. "Net income (loss) by segment" is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

(For the six-month period ended September 30, 2025)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Note 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	864,525	1,004,710	14,968	1,884,204	(11,798)	1,872,405
Intersegment revenues or transfers	27,340	(27,340)	-	-	-	-
Total	891,865	977,370	14,968	1,884,204	(11,798)	1,872,405
Net income (loss) by segment	305,565	88,286	1,540	395,393	(25,655)	369,738
Assets by segment	7,209,881	4,929,728	77,121	12,216,731	(2,189,802)	10,026,928
Other items:						
Depreciation	16,100	6,433	24	22,559	7,525	30,084
Amortization of goodwill	-	-	-	-	7,711	7,711
Interest and dividends received	94,671	33,920	1	128,593	(25,983)	102,610
Interest expenses	2,974	1,472	6	4,453	-	4,453
Gains (losses) from equity method investments	-	9,422	670	10,092	(1,683)	8,409
Extraordinary income	171	44	-	215	-	215
Extraordinary losses	6,694	3,364	-	10,059	-	10,059
Income taxes	96,288	18,154	63	114,505	4,197	118,703
Investments in associates accounted for by equity method	113,658	1,976	-	115,634	78,272	193,907
Increases in tangible fixed assets and intangible fixed assets	9,149	7,964	165	17,279	-	17,279

(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, represents financial services business that group companies other than domestic insurance companies operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business, totaling ¥(245) million and the adjustments for ordinary income for other business, amounting to ¥(11,553) million.
4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions in the amount of ¥(25,983) million, the reversal of adjustments to profit and loss due to 2025 California wildfires which occurred during the period between the fiscal year end of overseas insurance subsidiaries and that of the Company, which amount to ¥17,409 million, and amortization of goodwill and others, totaling ¥(17,080) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(1,423,810) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(990,911) million, and unamortized balance of goodwill not allocated to respective reportable segments and others, totaling ¥224,919 million.
6. "Net income (loss) by segment" was reconciled with net income attributable to owners of the parent on the consolidated financial statements.

[Related information]

(For the six-month period ended September 30, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	423,750	127,439	114,715	483,247	61,998	499,536	1,710,687

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	2,191	3,824	1,869	7,885

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
(Non-life insurance) Net premiums written	836,680	250,485	623,521	1,710,687

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	3,824	4,061	7,885

(Note) Revenues are classified into countries or regions in line with the classification used for management purpose based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
191,852	33,575	225,427

3. Information by major customer

Not applicable.

(For the six-month period ended September 30, 2025)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	464,464	137,207	125,673	508,684	62,917	568,537	1,867,484

(Yen in millions)

	Individual insurance	Individual annuity	Group insurance	Total
(Life insurance) Premiums income	76	3,385	1,704	5,166

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United States	Others	Total
Net premiums written	850,397	284,038	733,048	1,867,484

(Yen in millions)

	Japan	Indonesia	Total
(Life insurance) Premiums income	3,385	1,780	5,166

(Note) Revenues are classified into countries or regions in line with the classification used for management purpose based on locations of policyholders.

(2) Tangible fixed assets

(Yen in millions)

Japan	Overseas	Total
183,019	37,809	220,828

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]

(For the six-month period ended September 30, 2024)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the six-month period ended	7,495	111	7,606
Unamortized balance of goodwill at the six-month period ended	134,439	-	134,439

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment." In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

(For the six-month period ended September 30, 2025)

(Yen in millions)

	Overseas insurance subsidiaries	Others	Total
Amortization of goodwill for the six-month period ended	7,711	-	7,711
Unamortized balance of goodwill at the six-month period ended	117,885	-	117,885

(Note) Amortization of goodwill is not included in net income (loss) by segment in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment." In addition, the balance of goodwill on the consolidated balance sheet, except for those that are recorded on the balance sheets of consolidated subsidiaries, is not included in assets by segment.

[Information on gains on negative goodwill by reportable segment]

Not applicable

(Notes on Per Share Information)

1. The amounts of net assets per share and the basis for its calculation are as follows:

	March 31, 2025	September 30, 2025
Net assets per share (in Yen)	1,925.14	2,010.49
(Basis for calculation)		
Total net assets (Yen in millions)	2,755,113	2,871,510
Amounts deducted from total net assets (Yen in millions)	51,437	47,972
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	51,437	47,972
Net assets as of the period end attributable to common shares (Yen in millions)	2,703,675	2,823,538
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	1,404,402	1,404,402

2. The amounts of net income per share and the basis for its calculation are as follows:

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Net income per share (in Yen)	279.00	263.27
(Basis for calculation)		
Total net income attributable to owners of the parent (Yen in millions)	391,838	369,738
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	391,838	369,738
Average number of common shares outstanding during the period (in thousands)	1,404,402	1,404,402

(Note) Since there was no potential dilution, diluted net income per share is not presented.

(Notes on Significant Subsequent Events)

(Investment in Barings LLC)

On November 17, 2025, the Company has reached an agreement to acquire an 18% equity interest in Barings LLC, a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company, through a subsidiary to be newly established by the Company.

(1) Objectives of the investment
The objectives of the investment are to secure asset management capabilities, improve capital efficiency, diversify the business portfolio, and enhance insurance product development capabilities.

(2) Name of the counterparty of the equity interest acquisition
Massachusetts Mutual Life Insurance Company

(3) Overview of company acquired

Company name	Barings LLC
Primary business	Asset management
Company size as of December 31, 2024	Total assets of USD 3,982 million

(4) Investment amount and shareholding ratio after the investment

Investment amount	USD 1,440 million
Shareholding ratio after the investment	18%

(5) Date of the equity interest acquisition The acquisition is expected to be completed after the necessary applications and notifications to relevant authorities have been finalized.

(6) Sources of funds Cash on hand and external funding

[Others]

Not applicable.

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Independent Auditor's Report

To the Board of Directors of Aioi Nissay Dowa Insurance Company, Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aioi Nissay Dowa Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2025, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matter

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

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI") and its consolidated subsidiaries as at March 31, 2025, outstanding claims of ¥836,183 million were recognized. Of this amount, a substantial portion was attributable to ADI. As described in Note, "Accounting estimates (Outstanding claims)" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have been incurred or are deemed to have been incurred under insurance contracts. The Group recognizes outstanding claims for expected payments arising from reported losses as well as losses that are deemed to have been incurred but not reported as at the end of each reporting period, based on its estimate of ultimate losses.	The primary procedures we performed to assess the reasonableness of ADI's estimate of the outstanding claims related to non-life insurance contracts are set forth below. **(1) Internal control testing** We tested the design and operating effectiveness of certain of ADI's internal controls relevant to recognizing the outstanding claims. In this assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and the calibration of data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involves a high degree of uncertainty, because of the above characteristics in estimating ultimate losses. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	**(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm to assess the reasonableness of the estimated ultimate losses included the following: • We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on historical results; • We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; • We assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and • In particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

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

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

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

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to Aioi Nissay Dowa Insurance Company, Limited and its subsidiaries for the current year are 608 million yen and 58 million yen, respectively. Such fees for the previous year are 509 million yen and 57 million yen, respectively.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Masako Kanno
Designated Engagement Partner
Certified Public Accountant

/S/ Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

/S/ Koki Minowa
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
February 10, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Group and KPMG AZSA LLC.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2024 and 2025

	March 31, 2024	March 31, 2025
	(Yen in millions)	
Assets		
Assets		
Cash, deposits and savings	¥ *5 374,573	*5 289,319
Money trusts	*5 3,419	*5 3,580
Securities	*3,*5, *6 2,871,805	*3, *5, *6 2,567,197
Loans	*4, *8 269,267	*4 270,163
Tangible fixed assets:	*1, *2 176,296	*1, *2 174,721
Land	67,313	66,044
Buildings	94,660	94,782
Lease assets	3,141	3,008
Construction in progress	117	333
Other tangible fixed assets	11,062	10,551
Intangible fixed assets:	81,017	76,880
Software	50,088	41,907
Lease assets	84	36
Other intangible fixed assets	30,844	34,937
Other assets	424,443	*4 406,067
Assets for pension and retirement benefits	32,589	30,654
Deferred tax assets	5,964	31,772
Customers' liabilities under acceptances and guarantees	10,000	7,000
Bad debt reserve	(3,946)	(4,964)
Total assets	¥ 4,245,430	3,852,392

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

		March, 31 2024	March 31, 2025
		(Yen in millions)	
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥	2,568,152	2,549,662
Outstanding claims		795,113	836,183
Underwriting reserves		1,773,039	1,713,479
Bonds issued		50,000	25,000
Other liabilities:		465,390	324,075
Payables under securities lending transactions		219,944	91,806
Other liabilities		245,446	232,268
Liabilities for pension and retirement benefits		43,903	44,143
Accrued bonuses for employees and operating officers		6,450	8,795
Reserve for stock payments		892	349
Reserves under the special laws:		37,707	39,611
Reserve for price fluctuation		37,707	39,611
Deferred tax liabilities		42,603	-
Acceptances and guarantees		10,000	7,000
Total liabilities		3,225,100	2,998,636
Net Assets			
Shareholders' equity:			
Common stock		100,005	100,005
Capital surplus		79,656	78,223
Retained earnings		216,222	216,224
Total shareholders' equity		395,883	394,452
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		619,398	450,732
Foreign currency translation adjustments		2,186	10,055
Accumulated actuarial gains (losses) on retirement benefits		2,380	(2,169)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(33)	(95)
Total accumulated other comprehensive income (loss)		623,931	458,523
Non-controlling interests		515	779
Total net assets		1,020,329	853,756
Total liabilities and net assets	¥	4,245,430	3,852,392

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2024 and 2025

	March 31, 2024	March 31, 2025
	(Yen in millions)	
Ordinary income:	¥ 1,775,807	1,855,147
Underwriting income:	1,579,788	1,646,499
Net premiums written	1,472,650	1,565,698
Deposit premiums from policyholders	8,293	6,802
Investment income on deposit premiums from policyholders	14,792	15,089
Life insurance premiums	4,688	5,500
Reversal of underwriting reserves	55,893	48,966
Other underwriting income	*1 23,469	*1 4,442
Investment income:	179,518	192,036
Interest and dividends income	77,176	94,961
Investment gains on money trusts	0	0
Gains on sales of securities	114,601	112,128
Other investment income	2,533	35
Transfer of investment income on deposit premiums from policyholders	(14,792)	(15,089)
Other ordinary income:	16,500	16,611
Gains on equity method investments	544	470
Other ordinary income	15,955	16,140
Ordinary expenses:	1,702,283	1,717,709
Underwriting expenses:	1,413,567	1,414,301
Net claims paid	886,210	937,262
Loss adjustment expenses	*2 85,918	*2 90,830
Commissions and collection expenses	*2 295,617	*2 306,291
Maturity refunds to policyholders	45,016	41,974
Dividends to policyholders	5	18
Life insurance claims	1,072	1,223
Provision for outstanding claims	98,659	35,657
Other underwriting expenses	1,067	1,042
Investment expenses:	55,566	49,963
Losses on sales of securities	31,614	21,483
Impairment losses on securities	720	4,154
Losses on derivative transactions	19,947	15,153
Other investment expenses	3,283	9,172
Operating expenses and general and administrative expenses	*2 224,562	*2 240,731
Other ordinary expenses:	8,586	12,713
Interest expense	501	643
Provision for bad debt reserve	115	36
Losses on bad debts	0	823
Other ordinary expenses	7,969	*3 11,209
Ordinary profit (loss)	73,523	137,438

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		March 31, 2024	March 31, 2025
		(Yen in millions)	
Extraordinary income:	¥	1,054	2,733
Gains on sales of fixed assets		1,054	2,733
Extraordinary losses:		7,961	9,440
Losses on sales of fixed assets		3,654	6,780
Impairment losses on fixed assets		*4 2,308	*4 755
Provision for reserves under the special laws:		1,998	1,903
Provision for reserve for price fluctuation		1,998	1,903
Income (loss) before income taxes		66,616	130,731
Income taxes – current		23,082	33,832
Income taxes – deferred		(8,083)	(7,382)
Total income taxes		14,999	26,450
Net income (loss)		51,617	104,281
Net income (loss) attributable to non-controlling interests		323	194
Net income (loss) attributable to owners of the parent	¥	51,293	104,086

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2024 and 2025

		March 31, 2024	March 31, 2025
		(Yen in millions)	
Net income (loss)	¥	51,617	104,281
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		241,879	(168,665)
Foreign currency translation adjustments		7,746	7,925
Actuarial gains (losses) on retirement benefits		2,491	(4,549)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(10)	(61)
Total other comprehensive income (loss)		*1 252,106	*1 (165,351)
Total comprehensive income (loss)	¥	303,723	(61,070)
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	303,374	(61,321)
Comprehensive income (loss) attributable to non-controlling interests		349	250

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2024 and 2025

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	79,673	201,087	380,766
Cumulative effect of changing accounting policies			56	56
Beginning balance (Adjusted)	100,005	79,673	201,144	380,823
Changes for the year:				
Dividends paid			(36,215)	(36,215)
Net income (loss) attributable to owners of the parent			51,293	51,293
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)		(17)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(17)	15,077	15,060
Ending balance	¥ 100,005	79,656	216,222	395,883

	Accumulated other comprehensive income (loss)						
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	¥ 377,578	(5,534)	(110)	(22)	371,910	148	752,825
Cumulative effect of changing accounting policies	(59)				(59)		(3)
Beginning balance (Adjusted)	¥ 377,519	(5,534)	(110)	(22)	371,850	148	752,821
Changes for the year:							
Dividends paid							(36,215)
Net income (loss) attributable to owners of the parent							51,293
Changes in equity resulting from increase in capital of consolidated subsidiaries							(17)
Net changes of items other than shareholders' equity	241,879	7,720	2,491	(10)	252,080	367	252,447
Total changes for the year	241,879	7,720	2,491	(10)	252,080	367	267,507
Ending balance	¥ 619,398	2,186	2,380	(33)	623,931	515	1,020,329

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	79,656	216,222	395,883
Changes for the year:				
Dividends paid		(1,419)	(104,083)	(105,503)
Net income (loss) attributable to owners of the parent			104,086	104,086
Changes in equity resulting from increase in capital of consolidated subsidiaries		(13)		(13)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(1,433)	2	(1,430)
Ending balance	¥ 100,005	78,223	216,224	394,452

	Accumulated other comprehensive income (loss)						
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
Beginning balance	¥ 619,398	2,186	2,380	(33)	623,931	515	1,020,329
Changes for the year:							
Dividends paid							(105,503)
Net income (loss) attributable to owners of the parent							104,086
Changes in equity resulting from increase in capital of consolidated subsidiaries							(13)
Net changes of items other than shareholders' equity	(168,665)	7,869	(4,549)	(61)	(165,407)	264	(165,142)
Total changes for the year	(168,665)	7,869	(4,549)	(61)	(165,407)	264	(166,573)
Ending balance	¥ 450,732	10,055	(2,169)	(95)	458,523	779	853,756

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2024 and 2025

	March 31, 2024	March 31, 2025
	(Yen in millions)	
I. Cash flows from operating activities:		
Income (loss) before income taxes	¥ 66,616	130,731
Depreciation	25,426	26,529
Impairment losses on fixed assets	2,308	755
Increase (decrease) in outstanding claims	101,302	34,892
Increase (decrease) in underwriting reserves	(72,130)	(64,080)
Increase (decrease) in bad debt reserve	2,117	689
Increase (decrease) in accrued bonuses for employees and operating officers	2	2,303
Increase (decrease) in reserve for stock payments	446	(543)
Increase (decrease) in liabilities for pension and retirement benefits	2,434	(539)
Increase (decrease) in reserve for price fluctuation	1,998	1,903
Interest and dividends income	(77,176)	(94,961)
Losses (gains) on securities	(82,266)	(86,490)
Losses (gains) on derivative transactions	19,947	15,153
Interest expense	501	643
Foreign exchange losses (gains)	(2,522)	414
Losses (gains) on disposal of tangible fixed assets	626	(1,254)
Losses (gains) on equity method investments	(544)	(470)
Decrease (increase) in other assets	(51,816)	24,327
Increase (decrease) in other liabilities	18,274	1,264
Other, net	1,531	12,675
Subtotal	(42,921)	3,943
Interest and dividends received	69,809	76,732
Interest paid	(548)	(227)
Income taxes refunded (paid)	13,701	(37,568)
Net cash provided by (used in) operating activities (a)	40,041	42,880

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		March 31, 2024	March 31, 2025
		(Yen in millions)	
II. Cash flows from investing activities:			
Net decrease (increase) in deposits and savings	¥	(20,123)	9,497
Purchase of money trusts		-	(310)
Proceeds from sales of money trusts		-	110
Purchase of securities		(487,153)	(395,642)
Proceeds from sales and redemption of securities		652,574	556,893
Investment in loans		(84,470)	(75,273)
Collection of loans		69,136	74,376
Net increase (decrease) in cash collateral under securities lending transactions		(4,996)	(79,524)
Other, net		(63,646)	(25,248)
Subtotal (b)		61,319	64,877
(a + b)		101,361	107,757
Acquisition of tangible fixed assets		(8,659)	(10,881)
Proceeds from sales of tangible fixed assets		2,356	4,247
Acquisition of intangible fixed assets		(30,678)	(18,001)
Other, net		(786)	(583)
Net cash provided by (used in) investing activities		23,553	39,657
III. Cash flows from financing activities:			
Proceeds from borrowings		-	1,248
Repayments of borrowings		-	(1,248)
Redemption of bonds		-	(25,000)
Net increase (decrease) in payables under securities lending transactions		23,692	(48,612)
Dividends paid to shareholders		(36,215)	(104,083)
Other, net		(299)	(996)
Net cash provided by (used in) financing activities		(12,822)	(178,692)
IV. Effect of exchange rate changes on cash and cash equivalents		6,821	5,443
V. Net increase (decrease) in cash and cash equivalents		57,593	(90,711)
VI. Cash and cash equivalents at beginning of year		278,724	336,317
VII. Cash and cash equivalents at end of year	¥	*1 336,317	*1 245,606

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Consolidated Financial Statements

For the years ended March 31, 2024 and 2025

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Aioi Nissay Dowa Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

25 companies

The major consolidated subsidiaries are as follows:

Aioi Nissay Dowa Europe Limited
Aioi Nissay Dowa Insurance Company Australia Pty Ltd
Aioi Nissay Dowa Insurance (China) Company Limited
DTRIC Insurance Company, Limited

Changes in scope of consolidation

ITB Premium Finance Limited has been excluded from the scope of consolidation from the year ended March 31, 2025, due to the completion of liquidation.

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

Aioi Nissay Dowa Insurance Claims Research Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

1 company

The major associate accounted for under the equity method is as follows:

au Insurance Company, Limited

(2) Other associates, including unconsolidated subsidiaries (e.g., Zenkankyo Reiwa Insurance Company, Limited and other), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 24 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(ii) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(iii) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(iv) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

Bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iii) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the year-end.

(iv) Reserve for price fluctuation

The reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments).

Gains and losses on foreign exchange forward contracts and currency options used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the fair value hedge method.

Gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method.

Gains and losses on certain foreign exchange forward contracts are accounted for under the allocation method when they meet certain criteria.

When the fair value hedge is applied to foreign currency bonds, foreign currency investment trusts, and equity securities, specific contracts to be hedged are designated as the hedged items in advance to apply the hedge accounting on an individual basis.

Hedge effectiveness is not assessed, since critical terms related to the hedged items and the hedging instruments are substantially identical and such hedging transactions are highly and clearly interrelated.

(8) Amortization of goodwill

Goodwill has not been recognized for the year-ends presented.

(9) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months, which are subject to an insignificant risk of change in value.

(10) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019.)

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amounts on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company has applied the group tax sharing system with MS&AD Insurance Group Holdings, Inc. as the parent company.

(Accounting estimates)

(Outstanding claims)

(i) Amounts recorded in the consolidated financial statements as of March 31, 2024 and March 31, 2025

In the consolidated balance sheets of the Company as of March 31, 2024 and March 31, 2025, outstanding claims of ¥795,113 million and ¥836,183 million were recognized, respectively.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Insurance Business Act in Japan as well as Articles 72 and 73 of the Regulation for Enforcement of the Insurance Business Act in Japan, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have been incurred or deemed to have been incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Company and its consolidated subsidiaries (collectively "the Group") individually recognized expected claims payments for reported claims based on the details of reported claim events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations, as well as inflation and changes in foreign exchange rates.

(Changes in accounting policies)

(1) Application of IFRS 9 "Financial Instruments"

Overseas consolidated subsidiaries have adopted IFRS 9 "Financial Instruments" from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on retained earnings and accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, an increase of ¥56 million on retained earnings and a decrease of ¥59 million of net unrealized gains on available-for-sale securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥56 million was recorded on ordinary profit and income before income taxes for the year ended March 31, 2024.

(2) Application of IFRS 17 "Insurance Contracts"

Overseas consolidated subsidiaries and overseas equity method associates have adopted IFRS 17 "Insurance Contracts" from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts. The change in accounting policy has been applied retrospectively.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
March 31, 2024	March 31, 2025
240,206	244,492

*2. The amounts of accelerated depreciation of tangible fixed assets are as follows:

	(Yen in millions)
March 31, 2024	March 31, 2025
5,947	5,658

*3. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

		(Yen in millions)
	March 31, 2024	March 31, 2025
Securities (Domestic stocks)	7,539	7,738
Securities (Foreign securities)	9,696	7,066
Total	17,235	14,805

*4. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

		(Yen in millions)
	March 31, 2024	March 31, 2025
Bankrupt and quasi-bankrupt loans	35	22
Doubtful loans	37	3
Loans overdue for three months or more	53	30
Restructured loans	97	24
Total	224	81

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of

debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*5. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Cash, deposits and savings	37	37
Money trusts	3,119	3,080
Securities	68,905	55,201
Total	72,062	58,319

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities pledged as collateral for derivative transactions.

*6. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
219,203	91,664

7. Guarantees of obligations

(March 31, 2024)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥5,488 million.

(March 31, 2025)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥16,827 million.

*8. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
1,800	—

(Notes to Consolidated Statements of Income)

*1. The amounts of gains on derivative transactions to reduce the foreign currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
12,998	2,763

*2.The major components of business expenses are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Commission expenses	265,265	279,683
Salaries	104,536	107,079

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*3.Details of other ordinary expenses are as follows:

(For the year ended March 31, 2025)

Other ordinary expenses (the amounts recorded on the consolidated statement of income: ¥11,209 million) include surcharge payments of ¥506 million under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

*4.Impairment losses recognized on fixed assets are as follows:

(For the year ended March 31, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	4 properties, including an office in Aichi	31	Buildings	31
Idle real estate and real estate for sale	Land and buildings	17 properties, including an office in Tokyo	2,276	Land Buildings	1,525 751

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other factors, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers and other information.

(For the year ended March 31, 2025)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	A building for rent in Miyagi	2	Buildings	2
Idle real estate and real estate for sale	Land and buildings	11 properties, including a company dormitory for single employees in Saitama	684	Land Buildings	234 450
-	Software	Software owned by a domestic consolidated subsidiary	68	Software	68

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other factors, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers and other information.

For software owned by a domestic consolidated subsidiary, the portion that is not expected to be used in the future was recognized as impairment losses on fixed assets under extraordinary losses.

(Notes to Consolidated Statements of Comprehensive Income)

*1.Reclassification adjustments and income taxes and tax effects related to other comprehensive income

	March 31, 2024 (Yen in millions)	March 31, 2025 (Yen in millions)
Net unrealized gains (losses) on available-for-sale securities:		
Gains (losses) arising during the period	419,069	(141,371)
Reclassification adjustments	(84,144)	(85,998)
Before income taxes and income tax effect adjustments	334,925	(227,370)
Income taxes and income tax effects	(93,046)	58,705
Net unrealized gains (losses) on available-for-sale securities	241,879	(168,665)
Foreign currency translation adjustments:		
Gains (losses) arising during the period	7,746	7,925
Actuarial gains (losses) on retirement benefits:		
Gains (losses) arising during the period	5,345	(4,009)
Reclassification adjustments	(1,889)	(2,340)
Before income taxes and income tax effect adjustments	3,455	(6,349)
Income taxes and income tax effects	(964)	1,800
Actuarial gains (losses) on retirement benefits	2,491	(4,549)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains (losses) arising during the period	(10)	(61)
Total other comprehensive income	252,106	(165,351)

(Notes to Consolidated Statements of Changes in Net Assets)

(For the year ended March 31, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2023	Common stock	23,305	31.74	March 31, 2023	May 24, 2023
Board meeting held on November 15, 2023	Common stock	12,910	17.58	-	November 22, 2023

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	63,734	Retained earnings	86.81	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	105	Capital surplus	0.14	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	217	Capital surplus	0.29	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Class stock	1,096	Capital surplus	1.49	March 31, 2024	June 20, 2024

(For the year ended March 31, 2025)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	63,734	86.81	March 31, 2024	May 23, 2024
Board meeting held on November 15, 2024	Common stock	40,349	54.96	-	November 22, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	105	Capital surplus	0.14	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	217	Capital surplus	0.29	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Class stock	1,096	Capital surplus	1.49	March 31, 2024	June 20, 2024

(2) Dividends declared effective after March 31, 2025 for which the date of record is in the year ended March 31, 2025

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 16, 2025	Common stock	47,143	Retained earnings	64.21	March 31, 2025	May 23, 2025

(Notes to Consolidated Statements of Cash Flows)

*1. Reconciliation of consolidated balance sheets items to cash and cash equivalents

(Yen in millions)

	March 31, 2024	March 31, 2025
Cash, deposits and savings	374,573	289,319
Securities	2,871,805	2,567,197
Time deposits exceeding three months and deposits pledged as collateral	(73,540)	(69,120)
Securities other than cash equivalents	(2,836,519)	(2,541,789)
Cash and cash equivalents	336,317	245,606

2. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)

Operating leases

The details of future lease payments on noncancellable operating lease transactions

(The Group as lessee)

(Yen in millions)

	March 31, 2024	March 31, 2025
Due within 1 year	694	374
Due over 1 year	1,013	1,666
Total	1,707	2,040

(Notes on Financial Instruments)

1. Qualitative information on financial instruments

(1) Policy on financial instruments

The Group operates the non-life insurance business and manages cash received from policyholders as insurance premium and other investment assets. The Group adopts the basic policy of ensuring the soundness of assets and enhancing profitability while maintaining adequate liquidity in order to provide for payments of the insurance liabilities such as claims and maturity-refunds.

As for the investment management related to long-term insurance such as saving type insurance and other insurance, the Group applies asset and liability management ("ALM") to maintain sufficient assets that reflect maturity-refunds to be paid in the future and to obtain stable investment income.

The Company utilizes derivative transactions for the purpose of hedging market risks and other risks such as fluctuations of foreign exchange rates and stock prices within a certain range.

Mainly through these approaches, the Group aims to secure stable investment returns in the medium to long term.

The Company issues unsecured subordinated bonds in order to strengthen its financial base and raises short-term funds to meet temporary cash needs and improve capital efficiency.

(2) Details of financial instruments and associated risks

The Company's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Company utilizes derivative transactions represented by forward equity contracts, forward exchange contracts, currency options and credit derivatives for the purpose of hedging risks such as fluctuations of stock prices and foreign exchange rates, as well as changes in credit status of obligors.

Derivative transactions are also exposed to market risks, credit risks, and market liquidity risks. However, market risks, credit risks and market liquidity risks associated with derivative transactions are mitigated, as the fair value of hedged items and hedging instruments moves in the opposite direction.

In addition, hedge accounting is applied to some derivative transactions. For hedge instruments, hedge items, hedging policies and evaluation methods for hedge effectiveness of derivative transactions to which hedge accounting is applied, please refer to "5. Accounting policies (7) Hedge accounting."

(3) Risk management structure related to financial instruments

The Company manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors and other related bodies. The risk management department is independent from the trading execution departments and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(i) Market risk management

The Company maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(ii) Credit risk management

The Company maintains and operates a risk management structure in accordance with its internal policies for credit risk management. The trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, management of concentration of credit risks, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

In order to avoid credit risks arising from the nonperformance of counterparties, derivative transactions are executed only with selected counterparties of high credit quality and diversified amongst various counterparties.

(iii) Liquidity risk management

The Company maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(4) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied. Notional amounts of derivative financial instruments shown in "Notes on Derivative Financial Instruments" do not represent exposures to market risks.

2. Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

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

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

Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2024)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	3,119	300	3,419
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	378,531	232,928	-	611,459
Domestic stocks	1,054,686	-	-	1,054,686
Foreign securities	302,367	649,174	90,445	1,041,987
Others	-	90,958	-	90,958
Derivative transactions (*):				
Currency	-	937	-	937
Equity	-	191	-	191
Total assets	1,735,585	977,309	90,745	2,803,640
Derivative transactions (*):				
Currency	-	12,048	-	12,048
Equity	-	1,257	-	1,257
Total liabilities	-	13,306	-	13,306

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥435 million as an asset and ¥11,937 million as a liability.

(March 31, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	3,080	500	3,580
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	363,308	201,970	-	565,278
Domestic stocks	769,645	-	-	769,645
Foreign securities	381,102	582,257	124,754	1,088,114
Others	-	70,360	-	70,360
Derivative transactions (*):				
Currency	-	5,563	-	5,563
Total assets	1,514,055	863,231	125,254	2,502,542
Derivative transactions (*):				
Currency	-	2,905	-	2,905
Total liabilities	-	2,905	-	2,905

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥3,865 million as an asset and ¥2,904 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2024)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					269,267	
Bad debt reserve (*)					(29)	
	-	-	267,985	267,985	269,237	(1,252)
Total assets	-	-	267,985	267,985	269,237	(1,252)
Bonds issued	-	49,202	-	49,202	50,000	(797)
Total liabilities	-	49,202	-	49,202	50,000	(797)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(March 31, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					270,163	
Bad debt reserve (*)					(11)	
	-	-	262,957	262,957	270,152	(7,194)
Total assets	-	-	262,957	262,957	270,152	(7,194)
Bonds issued	-	23,790	-	23,790	25,000	(1,210)
Total liabilities	-	23,790	-	23,790	25,000	(1,210)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(ii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1.

Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iii) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are categorized within Level 3.

Liabilities

Bonds issued

With regard to Bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association. These are categorized within Level 2.

Derivative transactions

The fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as exchange rates.

Transactions using significant unobservable inputs are categorized within Level 3, whereas those not using such inputs are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains (losses) recognized in profit or loss

(March 31, 2024)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	300	-	-	-	300	-
Securities:						
Available-for-sale securities	66,215	(651)	10,455	14,426	90,445	-
Total assets	66,515	(651)	10,455	14,426	90,745	-

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(March 31, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	300	0	-	200	500	0
Securities:						
Available-for-sale securities	90,445	-	5,677	28,632	124,754	-
Total assets	90,745	0	5,677	28,832	125,254	0

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2024 and March 31, 2025, which are not included in "(ii) Securities" in "Fair value of financial instruments and breakdown by level of fair value" above, are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Stocks and other securities without market prices (*1) (*3)	53,141	49,553
Investments in partnerships, etc. (*2)	19,572	24,245
Total	72,713	73,799

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."
(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."
(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2024 and March 31, 2025 were ¥ 569 million and ¥ 3,583 million, respectively.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	344,761	29,795	-	1
Securities:				
Available-for-sale securities with fixed maturities				
Government bonds	7,400	123,345	144,955	95,914
Municipal bonds	200	9,781	-	1,700
Corporate bonds	28,728	103,539	92,966	4,064
Foreign securities	18,540	163,485	322,711	332,909
Loans (*)	52,341	105,631	53,497	56,994
Total	451,972	535,577	614,130	491,583

(*) The amounts in the above table do not include ¥73 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥717 million of loans without fixed maturities.

(March 31, 2025)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	254,259	35,038	-	5
Securities:				
Available-for-sale securities with fixed maturities				
Government bonds	28,370	109,020	128,210	113,164
Municipal bonds	3,281	7,100	-	1,700
Corporate bonds	12,900	105,177	77,941	2,420
Foreign securities	32,591	123,440	346,537	295,046
Loans (*)	44,800	116,636	53,942	54,373
Total	376,202	496,413	606,632	466,710

(*) The amounts in the above table do not include ¥25 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥482 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued	-	-	-	-	-	50,000
Total	-	-	-	-	-	50,000

(March 31, 2025)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued	-	-	-	-	-	25,000
Total	-	-	-	-	-	25,000

(Notes on Securities)
1. Trading securities

Not applicable.

2. Held-to-maturity securities

Not applicable.

3. Available-for-sale securities

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	365,404	346,528	18,875
	Domestic stocks	1,045,560	298,413	747,147
	Foreign securities	673,435	571,533	101,901
	Other securities	66,440	38,018	28,422
	Subtotal	2,150,840	1,254,493	896,346
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	246,054	255,375	(9,320)
	Domestic stocks	9,125	10,332	(1,206)
	Foreign securities	368,552	391,468	(22,915)
	Other securities	24,517	29,593	(5,075)
	Subtotal	648,251	686,770	(38,519)
Total		2,799,091	1,941,264	857,827

(Note) Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	258,832	249,165	9,667
	Domestic stocks	756,110	235,845	520,265
	Foreign securities	700,262	592,086	108,176
	Other securities	70,360	40,322	30,038
	Subtotal	1,785,566	1,117,419	668,146
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	306,446	326,154	(19,708)
	Domestic stocks	13,534	14,060	(525)
	Foreign securities	387,851	405,521	(17,669)
	Other securities	-	-	-
	Subtotal	707,832	745,736	(37,903)
Total		2,493,398	1,863,155	630,242

(Note) Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

4. Available-for-sale securities sold during the year

(For the year ended March 31, 2024)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	168,241	4,443	3,540
Domestic stocks	131,284	87,326	97
Foreign securities	309,007	22,832	27,976
Total	608,534	114,601	31,614

(For the year ended March 31, 2025)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	98,140	1,053	2,879
Domestic stocks	161,966	104,163	191
Foreign securities	239,022	6,911	18,412
Total	499,130	112,128	21,483

5. Impairment of Securities during the year

The Company recognized impairment losses on Available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows.
For the year ended March 31, 2024: ¥150 million (comprised of Domestic stocks only)
For the year ended March 31, 2025: ¥570 million (comprised of Domestic stocks only)

In principle, the Company recognize impairment losses on securities if the fair value declines by 30% or more from the cost.

(Notes on Money Trusts)
1. Money trusts classified as trading

Not applicable.

2. Money trusts classified as held-to-maturity

Not applicable.

3. Money trusts classified as other than trading and held-to-maturity

(March 31, 2024)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	3,119	2,235	883

(March 31, 2025)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	3,080	2,235	844

(Notes on Derivative Transactions)

1. Derivative transactions to which hedge accounting are not applied

Currency-related derivatives

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	8,991	-	(1,354)	(1,354)
	Bought	93,978	-	680	680
Total		-	-	(674)	(674)

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	16,077	-	213	213
	Bought	88,215	-	1,484	1,484
Total		-	-	1,697	1,697

2. Derivative transactions to which hedge accounting are applied

(1) Currency-related derivatives

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	357,451	-	(9,677)
	Currency options Sold	Available-for-sale securities	48,885	-	(937)
	Bought		47,335	-	178
Total			-	-	(10,436)

(March 31, 2025)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	339,882	-	1,031
	Currency options Sold	Available-for-sale securities	20,527	-	(284)
	Bought		20,053	-	213
Total			-	-	960

(2) Equity-related derivatives

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Stock forwards Sold	Available-for-sale securities	4,192	-	(1,066)
Total			-	-	(1,066)

(March 31, 2025)

Not applicable.

(Notes on Retirement Benefits)

1. Overview of the retirement benefit plans

The Company has a defined benefit plan such as a defined benefit pension plan managed by the corporate pension fund and a lump-sum payment plan, and a defined contribution plan such as a defined contribution pension plan. Additionally, the Company has a retirement benefit trust for a lump-sum payment plan.
Some consolidated subsidiaries also have defined benefit and defined contribution pension plans.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

(Yen in millions)

	March 31, 2024	March 31, 2025
Beginning balance of retirement benefit obligations	161,468	158,621
Service costs	6,438	6,547
Interest expenses	1,183	1,165
Actuarial gains and losses	122	2,144
Retirement benefits paid	(10,681)	(11,258)
Foreign exchange rate changes	-	5
Other	89	88
Ending balance of retirement benefit obligations	158,621	157,312

(2) Reconciliation of beginning and ending balances of plan assets

(Yen in millions)

	March 31, 2024	March 31, 2025
Beginning balance of plan assets	146,936	147,307
Expected return on assets	2,531	3,349
Actuarial gains and losses	5,468	(1,865)
Employer contributions	2,776	2,729
Retirement benefits paid	(10,404)	(7,697)
Ending balance of plan assets	147,307	143,823

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets to net liabilities and assets for pension and retirement benefits reported on the consolidated balance sheets

(Yen in millions)

	March 31, 2024	March 31, 2025
Funded retirement benefit obligations	157,090	155,598
Plan assets	(147,307)	(143,823)
Net amount	9,783	11,774
Unfunded retirement benefit obligations	1,530	1,714
Net amount of assets and liabilities reported on the consolidated balance sheets	11,313	13,488
Liabilities for pension and retirement benefits	43,903	44,143
Assets for pension and retirement benefits	(32,589)	(30,654)
Net amount of assets and liabilities reported on the consolidated balance sheets	11,313	13,488

(4) Retirement benefit expenses and their breakdown

(Yen in millions)

	March 31, 2024	March 31, 2025
Service costs	6,438	6,547
Interest expenses	1,183	1,165
Expected return on assets	(2,531)	(3,349)
Amortization of actuarial gains and losses	(1,889)	(2,340)
Retirement benefit expenses for defined benefit plans	3,201	2,021

(5) Actuarial gains and losses on retirement benefits

The breakdown of actuarial gains and losses on retirement benefits (income taxes and income tax effects) is as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Actuarial gains and losses	3,455	(6,349)
Total	3,455	(6,349)

(6) Accumulated actuarial gains and losses on retirement benefits

The breakdown of accumulated actuarial gains and losses on retirement benefits (income taxes and income tax effects) is as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Unrecognized actuarial gains and losses	(3,302)	3,047
Total	(3,302)	3,047

(7) Plan assets

(i) Breakdown of major plan assets

The breakdown of the total plan assets by major asset class is as follows:

(%)

	March 31, 2024	March 31, 2025
Bonds	28	30
Stocks	22	15
Life insurance general accounts	24	24
Others	26	31
Total	100	100

(Note) The retirement benefit trust accounts for 1% of total plan assets as of March 31, 2024.

(ii) Calculation of the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The major items related to actuarial assumptions are as follows:

(%)

	March 31, 2024	March 31, 2025
Discount rate	0.7	0.7
Long-term expected rate of return		
Defined benefit pension plan managed by the corporate pension fund	1.8	2.3
Retirement benefit trust	0.0	0.0

3. Defined contribution plan

The required contribution to the defined contribution plan by the Company and its consolidated subsidiaries is as follows:

(Yen in millions)

March 31, 2024	March 31, 2025
1,325	1,407

(Notes on Income Taxes)

1. Significant components of deferred tax assets and liabilities are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Deferred tax assets		
Underwriting reserves and others	113,253	114,068
Outstanding claims	33,217	39,410
Software	18,145	17,438
Liabilities for pension and retirement benefits	12,253	12,649
Reserve for price fluctuation	10,524	11,427
Securities	10,179	11,247
Net operating loss carried forward (Note 2)	12,602	11,186
Land and others	8,404	8,520
Prepaid Expenses	3,225	5,748
Others	3,869	3,846
Deferred tax assets subtotal	225,675	235,544
Valuation allowance on net operating loss carried forward (Note 2)	(10,217)	(8,159)
Valuation allowance on deductible temporary difference	(8,727)	(10,817)
Valuation allowance subtotal (Note 1)	(18,944)	(18,977)
Deferred tax assets total	206,731	216,567
Deferred tax liabilities		
Net unrealized gains (losses) on available-for-sale securities	(241,137)	(182,433)
Others	(2,233)	(2,361)
Deferred tax liabilities total	(243,370)	(184,794)
Net deferred tax assets (liabilities)	(36,638)	31,772

(Note 1) Valuation allowance increased by ¥32 million. This increase is mainly due to an increase in valuation allowance for securities.

(Note 2) Schedule by expiration of net operating loss carried forward and the corresponding deferred tax assets.

(March 31, 2024)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*1)	13	-	-	-	1	12,588	12,602
Valuation allowance	(0)	-	-	-	(0)	(10,216)	(10,217)
Deferred tax assets	13	-	-	-	1	2,371	2,385

(*1) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(March 31, 2025)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*2)	-	-	-	1	2	11,182	11,186
Valuation allowance	-	-	-	-	-	(8,159)	(8,159)
Deferred tax assets	-	-	-	1	2	3,022	3,026

(*2) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

2. A reconciliation of the significant difference between the statutory income tax rate and the effective income tax rate after application of deferred tax accounting is as follows:

(%)

	March 31, 2024	March 31, 2025
Statutory income tax rate	27.91	27.92
(Reconciliation)		
Non-taxable dividends received and others	(5.18)	(5.85)
Non-deductible entertainment expenses and others	0.57	0.21
Inhabitant taxes on a per capita basis	0.54	0.25
Changes in valuation allowance	(1.73)	(1.43)
Tax rate differences on consolidated subsidiaries	0.76	1.55
Tax rate change	0.07	(3.47)
Additional taxes for the prior fiscal years and others	(1.18)	0.01
Others	0.76	1.04
Effective income tax rate after application of deferred tax accounting	22.52	20.23

(Change in Presentation)
"Tax rate change", which was included in "Others" in the year ended March 31, 2024, is presented separately from the year ended March 31, 2025 due to its increased materiality. The figures for the year ended March 31, 2024 have been reclassified to reflect this change. As a result, 0.83% presented under "Others" in the year ended March 31, 2024 has been reclassified as 0.07% under "Tax rate change" and 0.76% under "Others."

3. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to the changes in corporate income tax rates

The "Act for Partial Revision of the Income Tax Act and, etc." (Act No. 13 of 2025) was enacted on March 31, 2025, and from the fiscal year beginning on or after April 1, 2026, Special Defense Surtax will be imposed on corporate income tax.

Accordingly, the statutory effective tax rate for deferred tax assets and liabilities related to temporary differences that are expected to be reversed in the fiscal year beginning on or after April 1, 2026, has been changed from 27.92% to 28.85%.

As a result, underwriting reserves increased by ¥1,607 million while deferred tax assets (net of deferred tax liabilities) decreased by ¥5 million, unrealized gains on available-for-sale securities decreased by ¥4,949 million and income taxes - deferred decreased by ¥4,915 million, respectively. Additionally, net income increased by ¥3,308 million.

4. Accounting treatment for corporate and local taxes including the related tax effects

The Company has adopted the group tax sharing system and have applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) to the accounting treatment for corporate and local corporate taxes, or the accounting treatment and disclosure of deferred tax accounting related to them.

(Notes on Investment and Leasing Properties)

1. The Company and certain consolidated subsidiaries own investment and leasing properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Carrying amount		
Beginning balance	45,831	46,069
Changes during the year	237	242
Ending balance	46,069	46,311
Fair value	65,157	66,329

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Among the changes during the year, changes for the year ended March 31, 2024 are comprised of the increases mainly due to the change of use from internal use properties (¥3,727 million) and the decreases mainly due to impairment of investment and leasing properties (¥2,300 million), and changes for the year ended March 31, 2025 are comprised of the increases mainly due to purchases of investment and leasing properties (¥2,681 million) and the decreases mainly due to depreciation (¥1,677 million).
3. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

2. Gains (losses) related to investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2024	March 31, 2025
Rent income	4,671	4,791
Rent expenses	3,211	3,294
Net amount	1,460	1,497
Others (sales gains (losses) and others)	(1,912)	676

(Note) Rent income is included in "Interest and dividends income", and rent expenses (depreciation, repair expenses, insurance expenses, taxes and dues and others) are included in "Operating expenses and general and administrative expenses." "Others" which consists mainly of sales gains (losses) and impairment losses, is included in "Extraordinary income or losses."

(Notes on Segment Information)

1. Outline of reportable segments

The reportable segments are the units of 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 business domains of MS&AD insurance Group Holdings, Inc. to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group's business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies (overseas insurance subsidiaries) which operate insurance business in various foreign countries.

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. Life insurance subsidiaries engage in life insurance business for the international business.

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

The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.

Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

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

(For the year ended March 31, 2024)

(Yen in millions)

	Domestic non-life insurance business	International business	Other (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,304,626	171,654	1,077	1,477,358	(20)	1,477,338
Intersegment revenues or transfers	64,362	(63,839)	(522)	-	-	-
Total	1,368,988	107,814	555	1,477,358	(20)	1,477,338
Net income (loss) by segment	56,081	(4,071)	(435)	51,573	(280)	51,293
Assets by segment	4,111,688	344,228	856	4,456,774	(211,343)	4,245,430
Other items:						
Depreciation	23,252	2,118	55	25,426	-	25,426
Interest and dividends received	73,643	4,412	0	78,055	(878)	77,176
Interest expenses	401	540	-	942	(440)	501
Gains (losses) from equity method investments	-	-	544	544	-	544
Extraordinary income	1,032	21	-	1,054	-	1,054
Extraordinary losses	7,961	0	-	7,961	-	7,961
(Losses on sales of fixed assets)	3,654	0	-	3,654	-	3,654
(Impairment losses on fixed assets)	2,308	-	-	2,308	-	2,308
Income taxes	16,054	(1,189)	2	14,867	131	14,999
Investments in associates accounted for by equity method	1,532	-	-	1,532	2,213	3,745
Increases in tangible fixed assets and intangible fixed assets	28,722	1,031	38	29,792	-	29,792

(Notes)

1. "Revenues" represents net premiums written for non-life insurance business, premium income for life insurance 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, represents domestic non-life insurance business that domestic insurance companies not included in reportable segments operate.
3. “Adjustments” in “Revenues from transactions with external customers” represents the difference between Life insurance premiums in the consolidated statement of income and premium income for life insurance business.
4. “Adjustments” in net income (loss) by segment includes the elimination of intersegment transactions.
5. “Adjustments” in assets by segment includes the elimination of intersegment transactions in the amount of ¥(118,338) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(94,739) million, and adjustments of assets for pension and retirement benefits, totaling ¥1,734 million.
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, 2025)

(Yen in millions)

	Domestic non-life insurance business	International business	Other (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,362,341	207,020	1,864	1,571,226	(27)	1,571,199
Intersegment revenues or transfers	68,022	(66,176)	(1,846)	-	-	-
Total	1,430,364	140,844	18	1,571,226	(27)	1,571,199
Net income (loss) by segment	108,747	(3,086)	(522)	105,138	(1,051)	104,086
Assets by segment	3,706,643	388,541	994	4,096,179	(243,786)	3,852,392
Other items:						
Depreciation	24,932	1,531	66	26,529	-	26,529
Interest and dividends received	89,654	6,752	-	96,406	(1,445)	94,961
Interest expenses	485	576	-	1,061	(418)	643
Gains (losses) from equity method investments	-	-	470	470	-	470
Extraordinary income	2,711	22	-	2,733	-	2,733
(Gains on sales of fixed assets)	2,711	22	-	2,733	-	2,733
Extraordinary losses	9,369	1	68	9,440	-	9,440
(Losses on sales of fixed assets)	6,778	1	-	6,780	-	6,780
(Impairment losses on fixed assets)	687	-	68	755	-	755
Income taxes	24,699	1,723	2	26,425	24	26,450
Investments in associates accounted for by equity method	1,532	-	-	1,532	2,684	4,216
Increases in tangible fixed assets and intangible fixed assets	28,396	689	51	29,137	-	29,137

(Notes)

1. "Revenues" represents net premiums written for non-life insurance business, premium income for life insurance 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, represents domestic non-life insurance business that domestic insurance companies not included in reportable segments operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between Life insurance premiums in the consolidated statement of income and premium income for life insurance business.
4. "Adjustments" in net income (loss) by segment includes the elimination of intersegment transactions.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(154,257) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(88,702) million, and adjustments of assets for pension and retirement benefits, totaling ¥(827) million.
6. "Net income (loss) by segment" is reconciled with Net income attributable to owners of the parent on the consolidated financial statements.

[Related information]

(For the year ended March 31, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	207,366	5,157	60,785	901,693	124,982	172,664	1,472,650

(Yen in millions)

	Total
(Life insurance) Premiums income	4,708

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	Overseas	Total
(Non-life insurance) Net premiums written	1,183,643	289,006	1,472,650
(Life insurance) Premiums income	-	4,708	4,708

(Note) Revenues are classified into Japan or Overseas in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets
The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

(For the year ended March 31, 2025)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	254,104	4,937	60,508	955,394	119,907	170,845	1,565,698

(Yen in millions)

	Total
(Life insurance) Premiums income	5,528

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	Overseas	Total
(Non-life insurance) Net premiums written	1,251,530	314,167	1,565,698
(Life insurance) Premiums income	0	5,528	5,528

(Note) Revenues are classified into Japan or Overseas in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets
The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment]
Not applicable.

[Information related to gains on negative goodwill by reportable segment]
Not applicable.

[Information on related parties]
1. Transactions with related parties
There are no significant transactions to be disclosed.

2. Note on parent company or material associates

Information related to parent company

MS&AD Insurance Group Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(Notes on Per Share Information)

	March 31, 2024	March 31, 2025
Net assets per share (in Yen)	1,389.20	1,161.93
Net income per share (in Yen)	69.87	141.78

(Notes)

1. Since there was no potential dilution for the years ended March 31, 2024 and 2025, diluted net income (loss) per share is not presented.
2. The basis of calculation for net income per share is as follows:

	March 31, 2024	March 31, 2025
Total net income attributable to owners of the parent (Yen in millions)	51,293	104,086
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	51,293	104,086
Average number of common shares outstanding during the year (in thousands)	734,101	734,101

3. The basis of calculation for net assets per share is as follows:

	March 31, 2024	March 31, 2025
Total net assets (Yen in millions)	1,020,329	853,756
Amounts deducted from total net assets (Yen in millions)	515	779
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	515	779
Net assets as of the year end attributable to common shares (Yen in millions)	1,019,814	852,976
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	734,101	734,101

(Notes on Significant Subsequent Events)

Not applicable.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Supplementary Schedules

1. Schedule of bonds

Entity	Description	Date of issuance	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon rate (%)	Collateral	Maturity date
The Company	First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	September 10, 2019	25,000	-	0.66 (Note 1)	None	September 10, 2079
The Company	Second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	September 10, 2019	25,000	25,000	0.87 (Note 2)	None	September 10, 2079
Total	-	-	50,000	25,000	-	-	-

(Notes)
1. From the date following September 10, 2024, a floating rate (from the date following September 10, 2029, with a step-up) will be applied.
2. From the date following September 10, 2029, a floating rate (with a step-up) will be applied.
3. There is no redemption scheduled for the next 5 years after March 31, 2025.

2. Schedule of borrowings

Classification	Balances at the beginning of the year (Yen in millions)	Balances at the end of the year (Yen in millions)	Average interest rate (%)	Maturity
Short-term borrowings	-	-	-	-
Current portion of long-term borrowings	-	-	-	-
Current portion of lease obligations	810	965	4.54	-
Long-term borrowings (excluding current portion)	-	-	-	-
Lease obligations (excluding current portion)	2,814	2,447	3.70	January 1, 2026 - August 19, 2034
Other interest-bearing debt Cash collateral under securities lending transactions (current portion)	-	91,806	0.44	-
Total	3,625	95,219	-	-

(Notes)

1. Lease obligations and other interest-bearing debt are included in “Other liabilities” on the consolidated balance sheet.
2. Average interest rate represents the weighted average interest rate based on the interest rates on borrowings at the end of the year.
3. The following table shows the redemption schedule of lease obligations (excluding current portion) for the next 5 years after March 31, 2025.

(Yen in millions)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Lease obligations	891	458	310	231

3. Schedule of asset retirement obligations

Since the amounts of asset retirement obligations at the beginning and end of the year ended March 31, 2025 account for 1% or less of the total of liabilities and net assets at the beginning and end of the year ended March 31, 2025 this information is not presented.

[Others]

Not applicable.

Independent Auditor's Report

To the Board of Directors of Aioi Nissay Dowa Insurance Company, Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aioi Nissay Dowa Insurance Company, Limited and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2023 and 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matter

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

Reasonableness of the estimate of outstanding claims related to non-life insurance contracts	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of Aioi Nissay Dowa Insurance Company, Limited (hereinafter, "ADI") and its consolidated subsidiaries as at March 31, 2024, outstanding claims of ¥795,113 million were recognized. Of this amount, a substantial portion was attributable to ADI. As described in Note, "Accounting estimates (Outstanding claims)" to the consolidated financial statements, outstanding claims represent the estimated amount of unpaid claims for losses that have been incurred or are deemed to have been incurred under insurance contracts. The Group recognizes outstanding claims for	The primary procedures we performed to assess the reasonableness of ADI's estimate of the outstanding claims related to non-life insurance contracts are set forth below. **(1) Internal control testing** We tested the design and operating effectiveness of certain of ADI's internal controls relevant to recognizing the outstanding claims. In this assessment, we focused our testing on controls to assess the reasonableness of the selection of estimation methods and the calibration of data used for the estimate.

expected payments arising from reported losses as well as losses that are deemed to have been incurred but not reported as at the end of each reporting period, based on its estimate of ultimate losses. The result of the estimate of ultimate losses is dependent upon the selection of actuarial estimation methods and data used for the estimate. In selecting the estimation methods, the risk characteristics of insurance contracts, including the frequency of loss events and the length of time from the occurrence of an event to its settlement, are required to be considered. In addition, the historical data used for the estimate needs to be calibrated as appropriate in consideration of environmental changes that could affect future insurance claim payments and of losses larger in scale than those normally expected, among others. In particular, increasing severity and frequency of natural disasters both within and outside Japan in recent years, as well as inflation should be considered. The selection of estimation methods, and the consideration of whether calibration of data used for the estimate is necessary, as well as the selection of methods to apply calibration all require a high degree of professional judgment by management. The estimate of outstanding claims involves a high degree of uncertainty, because of the above characteristics in estimating ultimate losses. We, therefore, determined that our assessment of the reasonableness of the estimate of outstanding claims related to non-life insurance contracts was of most significance in our audit of the consolidated financial statements of the current period, and accordingly, a key audit matter.	**(2) Assessment of the reasonableness of the estimated ultimate losses** The primary procedures we performed with the assistance of actuarial specialists within our firm to assess the reasonableness of the estimated ultimate losses included the following: ● We assessed the appropriateness of the actuarial estimation methods selected by management by inspecting relevant materials documenting the basis for selecting those methods, examining consistency with the risk characteristics of insurance contracts, comparing the methods with established actuarial practice, comparing the estimates in the prior years with actual results, and performing a trend analysis on historical results; ● We assessed the reasonableness of management's judgment as to whether the data should be calibrated, as well as the selection of methods to apply calibrations, by inquiring of management about reasons for calibrating data used for the estimate, and examining the consistency with available information, including external information; ● We assessed the reasonableness of the estimated ultimate losses for significant insurance lines by evaluating the extent of the difference between management's estimate and our own estimate developed using alternative assumptions reflecting the characteristics of and the circumstances leading to loss events; and ● In particular, we assessed the reasonableness of the estimated ultimate losses from natural disasters, considering the nature and scale of disasters, the historical experiences up to the time of estimate, as well as a trend of actual claims from similar natural disasters that occurred in previous years.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

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

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

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to Aioi Nissay Dowa Insurance Company, Limited and its subsidiaries for the current year are 509 million yen and 57 million yen, respectively. Such fees for the previous year are 484 million yen and 61 million yen, respectively.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Masako Kanno
Designated Engagement Partner
Certified Public Accountant

/S/ Takao Suzuki
Designated Engagement Partner
Certified Public Accountant

/S/ Fumito Hirose
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
February 10, 2026

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Group and KPMG AZSA LLC.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets

As of March 31, 2023 and 2024

	March 31, 2023	March 31, 2024
	(Yen in millions)	
Assets		
Assets		
Cash, deposits and savings	¥ *5 323,221	*5 374,573
Money trusts	*5 3,050	*5 3,419
Securities	*3, *5, *6 2,522,127	*3, *5, *6 2,871,805
Loans	*4, *8 253,915	*4 269,267
Tangible fixed assets:	*1, *2 181,477	*1, *2 176,296
Land	69,791	67,313
Buildings	95,768	94,660
Lease assets	3,419	3,141
Construction in progress	468	117
Other tangible fixed assets	12,030	11,062
Intangible fixed assets:	77,565	81,017
Software	31,452	50,088
Lease assets	107	84
Other intangible fixed assets	46,004	30,844
Other assets	390,746	424,443
Assets for pension and retirement benefits	26,004	32,589
Deferred tax assets	49,172	5,964
Customers' liabilities under acceptances and guarantees	10,000	10,000
Bad debt reserve	(1,663)	(3,946)
Total assets	¥ 3,835,618	4,245,430

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheets (Continued)

		March, 31 2023	March 31, 2024
		(Yen in millions)	
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥	2,529,433	2,568,152
Outstanding claims		688,657	795,113
Underwriting reserves		1,840,775	1,773,039
Bonds issued		50,000	50,000
Other liabilities:		410,218	465,390
Payables under securities lending transactions		201,248	219,944
Other liabilities		208,970	245,446
Liabilities for pension and retirement benefits		40,536	43,903
Accrued bonuses for employees and operating officers		6,429	6,450
Reserve for stock payments		446	892
Reserves under the special laws:		35,708	37,707
Reserve for price fluctuation		35,708	37,707
Deferred tax liabilities		19	42,603
Acceptances and guarantees		10,000	10,000
Total liabilities		3,082,793	3,225,100
Net Assets			
Shareholders' equity:			
Common stock		100,005	100,005
Capital surplus		79,673	79,656
Retained earnings		201,087	216,222
Total shareholders' equity		380,766	395,883
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		377,578	619,398
Foreign currency translation adjustments		(5,534)	2,186
Accumulated actuarial gains (losses) on retirement benefits		(110)	2,380
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(22)	(33)
Total accumulated other comprehensive income (loss)		371,910	623,931
Non-controlling interests		148	515
Total net assets		752,825	1,020,329
Total liabilities and net assets	¥	3,835,618	4,245,430

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income

For the years ended March 31, 2023 and 2024

	March 31, 2023	March 31, 2024
	(Yen in millions)	
Ordinary income:	¥ 1,624,722	1,775,807
Underwriting income:	1,505,122	1,579,788
Net premiums written	1,429,766	1,472,650
Deposit premiums from policyholders	9,962	8,293
Investment income on deposit premiums from policyholders	13,971	14,792
Life insurance premiums	4,140	4,688
Reversal of underwriting reserves	33,171	55,893
Other underwriting income	*1 14,109	*1 23,469
Investment income:	103,033	179,518
Interest and dividends income	66,267	77,176
Investment gains on money trusts	0	0
Gains on sales of securities	50,061	114,601
Gains on redemption of securities	22	-
Other investment income	652	2,533
Transfer of investment income on deposit premiums from policyholders	(13,971)	(14,792)
Other ordinary income:	16,566	16,500
Gains on equity method investments	356	544
Other ordinary income	16,210	15,955
Ordinary expenses:	1,558,537	1,702,283
Underwriting expenses:	1,301,872	1,413,567
Net claims paid	854,836	886,210
Loss adjustment expenses	*2 82,882	*2 85,918
Commissions and collection expenses	*2 291,324	*2 295,617
Maturity refunds to policyholders	53,057	45,016
Dividends to policyholders	3	5
Life insurance claims	966	1,072
Provision for outstanding claims	17,686	98,659
Other underwriting expenses	1,115	1,067
Investment expenses:	27,292	55,566
Losses on sales of securities	10,887	31,614
Impairment losses on securities	2,271	720
Losses on redemption of securities	2	-
Losses on derivative transactions	10,786	19,947
Other investment expenses	3,344	3,283
Operating expenses and general and administrative expenses	*2 222,692	*2 224,562
Other ordinary expenses:	6,679	8,586
Interest expense	943	501
Provision for bad debt reserve	-	115
Losses on bad debts	184	0
Other ordinary expenses	5,552	7,969
Ordinary profit (loss)	66,185	73,523

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Income (Continued)

		March 31, 2023	March 31, 2024
		(Yen in millions)	
Extraordinary income:	¥	379	1,054
Gains on sales of fixed assets		379	1,054
Extraordinary losses:		11,299	7,961
Losses on sales of fixed assets		7,432	3,654
Impairment losses on fixed assets		*3 1,955	*3 2,308
Provision for reserves under the special laws:		1,911	1,998
Provision for reserve for price fluctuation		1,911	1,998
Income (loss) before income taxes		55,264	66,616
Income taxes - current		875	23,082
Income taxes - deferred		12,683	(8,083)
Total income taxes		13,558	14,999
Net income (loss)		41,706	51,617
Net income (loss) attributable to non-controlling interests		(64)	323
Net income (loss) attributable to owners of the parent	¥	41,770	51,293

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and 2024

		March 31, 2023	March 31, 2024
		(Yen in millions)	
Net income (loss)	¥	41,706	51,617
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		(43,314)	241,879
Foreign currency translation adjustments		3,073	7,746
Actuarial gains (losses) on retirement benefits		(5,702)	2,491
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		5	(10)
Total other comprehensive income (loss)		*1 (45,938)	*1 252,106
Total comprehensive income (loss)	¥	(4,231)	303,723
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	(4,224)	303,374
Comprehensive income (loss) attributable to non-controlling interests		(6)	349

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2023 and 2024

For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	79,704	200,111	379,820
Cumulative effect of changing accounting policies			228	228
Beginning balance (Adjusted)	100,005	79,704	200,339	380,049
Changes for the year:				
Dividends paid			(41,022)	(41,022)
Net income (loss) attributable to owners of the parent			41,770	41,770
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)		(30)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(30)	748	717
Ending balance	¥ 100,005	79,673	201,087	380,766

	Accumulated other comprehensive income (loss)				
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)
Beginning balance	¥ 420,893	(8,550)	5,591	-	417,934
Cumulative effect of changing accounting policies				(28)	(28)
Beginning balance (Adjusted)	¥ 420,893	(8,550)	5,591	(28)	417,906
Changes for the year:					
Dividends paid					
Net income (loss) attributable to owners of the parent					
Changes in equity resulting from increase in capital of consolidated subsidiaries					
Net changes of items other than shareholders' equity	(43,314)	3,015	(5,702)	5	(45,995)
Total changes for the year	(43,314)	3,015	(5,702)	5	(45,995)
Ending balance	¥ 377,578	(5,534)	(110)	(22)	371,910

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the years ended March 31, 2023 and 2024

	Non-controlling interests	Total net assets
Beginning balance	123	797,879
Cumulative effect of changing accounting policies		199
Beginning balance (Adjusted)	123	798,079
Changes for the year:		
Dividends paid		(41,022)
Net income (loss) attributable to owners of the parent		41,770
Changes in equity resulting from increase in capital of consolidated subsidiaries		(30)
Net changes of items other than shareholders' equity	24	(45,971)
Total changes for the year	24	(45,254)
Ending balance	148	752,825

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	79,673	201,087	380,766
Cumulative effect of changing accounting policies			56	56
Beginning balance (Adjusted)	100,005	79,673	201,144	380,823
Changes for the year:				
Dividends paid			(36,215)	(36,215)
Net income (loss) attributable to owners of the parent			51,293	51,293
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)		(17)
Net changes of items other than shareholders' equity				
Total changes for the year	-	(17)	15,077	15,060
Ending balance	¥ 100,005	79,656	216,222	395,883

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

For the years ended March 31, 2023 and 2024

	Accumulated other comprehensive income (loss)				
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)
Beginning balance	¥ 377,578	(5,534)	(110)	(22)	371,910
Cumulative effects of changes in accounting policies	(59)				(59)
Beginning balance (Adjusted)	377,519	(5,534)	(110)	(22)	371,850
Changes for the year:					
Dividends paid					
Net income (loss) attributable to owners of the parent					
Changes in equity resulting from increase in capital of consolidated subsidiaries					
Net changes of items other than shareholders' equity	241,879	7,720	2,491	(10)	252,080
Total changes for the year	241,879	7,720	2,491	(10)	252,080
Ending balance	¥ 619,398	2,186	2,380	(33)	623,931

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Changes in Net Assets (Continued)

	Non-controlling interests	Total net assets
Beginning balance	148	752,825
Cumulative effects of changes in accounting policies		(3)
Beginning balance (Adjusted)	148	752,821
Changes for the year:		
Dividends paid		(36,215)
Net income (loss) attributable to owners of the parent		51,293
Changes in equity resulting from increase in capital of consolidated subsidiaries		(17)
Net changes of items other than shareholders' equity	367	252,447
Total changes for the year	367	267,507
Ending balance	515	1,020,329

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and 2024

	March 31, 2023	March 31, 2024
	(Yen in millions)	
I. Cash flows from operating activities:		
Income (loss) before income taxes	¥ 55,264	66,616
Depreciation	23,580	25,426
Impairment losses on fixed assets	1,955	2,308
Increase (decrease) in outstanding claims	20,198	101,302
Increase (decrease) in underwriting reserves	(38,466)	(72,130)
Increase (decrease) in bad debt reserve	289	2,117
Increase (decrease) in accrued bonuses for employees and operating officers	(849)	2
Increase (decrease) in reserve for stock payments	446	446
Increase (decrease) in liabilities for pension and retirement benefits	2,479	2,434
Increase (decrease) in reserve for price fluctuation	1,911	1,998
Interest and dividends income	(66,267)	(77,176)
Losses (gains) on securities	(36,922)	(82,266)
Losses (gains) on derivative transactions	10,786	19,947
Interest expense	943	501
Foreign exchange losses (gains)	(731)	(2,522)
Losses (gains) on disposal of tangible fixed assets	1,550	626
Losses (gains) on equity method investments	(356)	(544)
Decrease (increase) in other assets	13,395	(51,816)
Increase (decrease) in other liabilities	(6,266)	18,274
Other, net	6,978	1,531
Subtotal	(10,081)	(42,921)
Interest and dividends received	64,552	69,809
Interest paid	(903)	(548)
Income taxes refunded (paid)	(35,177)	13,701
Net cash provided by (used in) operating activities (a)	18,390	40,041

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

		March 31, 2023	March 31, 2024
		(Yen in millions)	
II. Cash flows from investing activities:			
Net decrease (increase) in deposits and savings	¥	(11,119)	(20,123)
Purchase of securities		(224,781)	(487,153)
Proceeds from sales and redemption of securities		359,448	652,574
Investment in loans		(68,735)	(84,470)
Collection of loans		62,294	69,136
Net increase (decrease) in cash collateral under securities lending transactions		84,521	(4,996)
Other, net		(70,598)	(63,646)
Subtotal (b)		131,029	61,319
(a + b)		149,420	101,361
Acquisition of tangible fixed assets		(8,457)	(8,659)
Proceeds from sales of tangible fixed assets		1,147	2,356
Acquisition of intangible fixed assets		(17,943)	(30,678)
Other, net		1,204	(786)
Net cash provided by (used in) investing activities		106,981	23,553
III. Cash flows from financing activities:			
Redemption of bonds		(22,000)	-
Net increase (decrease) in payables under securities lending transactions		27,951	23,692
Dividends paid to shareholders		(41,022)	(36,215)
Other, net		(643)	(299)
Net cash provided by (used in) financing activities		(35,715)	(12,822)
IV. Effect of exchange rate changes on cash and cash equivalents		1,269	6,821
V. Net increase (decrease) in cash and cash equivalents		90,925	57,593
VI. Cash and cash equivalents at beginning of year		187,798	278,724
VII. Cash and cash equivalents at end of year	¥	*1 278,724	*1 336,317

See accompanying notes to Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Consolidated Financial Statements

For the years ended March 31, 2023 and 2024

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Aioi Nissay Dowa Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying consolidated financial statements, certain additional information has been provided for the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying consolidated financial statements are expressed in Japanese yen. As permitted by the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

26 companies

The major consolidated subsidiaries are as follows:

Aioi Nissay Dowa Europe Limited
Aioi Nissay Dowa Insurance Company Australia Pty Ltd
Aioi Nissay Dowa Insurance (China) Company Limited
DTRIC Insurance Company, Limited

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

Aioi Nissay Dowa Insurance Claims Research Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

1 company

The major associate accounted for under the equity method is as follows:

au Insurance Company, Limited

(2) Other associates, including unconsolidated subsidiaries (e.g., Zenkankyo Reiwa Insurance Company, Limited and other), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. Fiscal year of consolidated subsidiaries

The fiscal year end of 25 overseas consolidated subsidiaries is December 31, which is different from that of the Company. The Company uses the financial statements as of their latest fiscal year end for consolidation purposes since the intervening period does not exceed three months from its fiscal year end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(ii) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(iii) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(iv) Money trusts specifically managed for the Company for trading purposes are valued at fair value.

Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

Bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the year-end to provide for future bonuses for employees and operating officers.

(iii) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the year-end.

(iv) Reserve for price fluctuation

The reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the year-end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments).

Gains and losses on foreign exchange forward contracts and currency options used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the fair value hedge method.

Gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method. Gains and losses on certain foreign exchange forward contracts are accounted for under the allocation method when they meet certain criteria.

When the fair value hedge is applied to foreign currency bonds, foreign currency investment trusts, and equity securities, specific contracts to be hedged are designated as the hedged items in advance to apply the hedge accounting on an individual basis.

Hedge effectiveness is not assessed, since critical terms related to the hedged items and the hedging instruments are substantially identical and such hedging transactions are highly and clearly interrelated.

(8) Amortization of goodwill

Goodwill has not been recognized for the year-ends presented.

(9) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months, which are subject to an insignificant risk of change in value.

(10) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts

The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes

Consumption taxes received or paid by the Company are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

(iii) Application of the group tax sharing system

The Company has applied the group tax sharing system with MS&AD Insurance Group Holdings, Inc. as the parent company.

(Accounting estimates)

(Outstanding claims)

(i) Amounts recorded in the consolidated financial statements as of March 31, 2023 and March 31, 2024

In the consolidated balance sheets of the Company as of March 31, 2023 and March 31, 2024, outstanding claims of ¥688,657 million and ¥795,113 million were recognized, respectively.

(ii) Details of accounting estimates

In accordance with the provisions set forth in Article 117 of the Insurance Business Act in Japan as well as Articles 72 and 73 of the Regulation for Enforcement of the Insurance Business Act in Japan, the Company recognizes outstanding claims which represent the estimated amount of unpaid claims for the losses that have been incurred or deemed to have been incurred under insurance contracts. Overseas consolidated subsidiaries apply similar methods for recording outstanding claims.

(a) Measurement approach

The Company and its consolidated subsidiaries (collectively "the Group") individually recognized expected claims payments for reported claims based on the details of reported claim events, insurance contract terms and claim investigations.

For incurred but not reported claims, the Group recognized expected claims payments based on the estimated ultimate losses determined in consideration of the past experience of claims payments in the previous years.

(b) Effects on the consolidated financial statements for the next year

The amounts of insurance claim payments and outstanding claims may differ from their initial estimates due to the development of claim investigations, outcome of litigations, as well as inflation and changes in foreign exchange rates.

(Changes in accounting policies)

(1) Application of IFRS 9 "Financial Instruments"

Overseas consolidated subsidiaries have adopted IFRS 9 "Financial Instruments" from the beginning of the year ended March 31, 2024, as these entities have already adopted IFRS. Therefore, the principles for classification and measurement of financial instruments have been changed. According to the transitional arrangements of IFRS 9, accumulated transitional impacts were adjusted on retained earnings and accumulated other comprehensive income at the beginning of the year ended March 31, 2024. As a result, an increase of ¥56 million on retained earnings and a decrease of ¥59 million of net unrealized gains on available-for-sale securities were recorded at the beginning of the year ended March 31, 2024. In addition, an increase of ¥56 million was recorded respectively on ordinary profit and income before income taxes for the year ended March 31, 2024.

(2) Application of IFRS 17 "Insurance Contracts"

Overseas consolidated subsidiaries have adopted IFRS 17 "Insurance Contracts" from the beginning of the year ended March 31, 2024, since these entities have already adopted IFRS. Therefore, policy liabilities are measured by reflecting the time value of money, financial risks and non-financial risks related to future cash flows of insurance contracts.

Significant Items for Presenting Consolidated Financial Statements (Continued)

In terms of transition from IFRS 4 (*) to IFRS 17, the consolidated financial statements for the year ended March 31, 2023 were retrospectively restated. Compared to the results of the year ended March 31, 2023 under IFRS 4, ordinary profit and income before income taxes were decreased by ¥1,064 million for the year ended March 31, 2023, mainly due to a decrease of ¥1,759 million in reversal of underwriting reserves. In addition, decreases of ¥36,147 million in other assets, ¥22,510 million in policy liabilities, ¥12,759 million in other liabilities and ¥138 million in deferred tax liabilities and an increase of ¥114 million in deferred tax assets were recorded respectively. According to the reflection of retrospective impacts to net assets for the year ended March 31, 2023, an increase of ¥228 million in retained earnings and a decrease of ¥28 million in accumulated other comprehensive income arising from net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc. were recorded at the beginning of the year ended March 31, 2023, respectively.

The impacts on per share information are described in the relevant section.

(*) IFRS 4 was the standard for insurance contracts replaced by IFRS 17 on January 1, 2023.

Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

(Yen in millions)	
March 31, 2023	March 31, 2024
234,748	240,206

*2. The amounts of accelerated depreciation of tangible fixed assets are as follows:

(Yen in millions)	
March 31, 2023	March 31, 2024
6,062	5,947

*3. The carrying amounts of equity investments in unconsolidated subsidiaries and associates are as follows:

	(Yen in millions)	
	March 31, 2023	March 31, 2024
Securities (Domestic stocks)	7,400	7,539
Securities (Foreign securities)	7,738	9,696
Total	15,139	17,235

*4. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

	(Yen in millions)	
	March 31, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	2	35
Doubtful loans	79	37
Loans overdue for three months or more	44	53
Restructured loans	112	97
Total	239	224

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*5. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Cash, deposits and savings	3,560	37
Money trusts	2,750	3,119
Securities	78,727	68,905
Total	85,038	72,062

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities pledged as collateral for derivative transactions.

*6. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
200,175	219,203

7. Guarantees of obligations

(March 31, 2023)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥2,248 million.

(March 31, 2024)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥5,488 million.

*8. The unutilized balances of commitment lines to third parties are as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
1,579	1,800

(Notes to Consolidated Statements of Income)

*1. The amounts of gains on derivative transactions to reduce the foreign currency risks of foreign currency reinsurance transactions, included in other underwriting income, are as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
6,210	12,998

*2. The major components of business expenses are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Commission expenses	272,201	265,265
Salaries	105,263	104,536

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*3. Impairment losses recognized on fixed assets are as follows:

(For the year ended March 31, 2023)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets	Breakdown	
Investment properties	Land and buildings	3 properties, including a building for rent in Osaka	459	Land Buildings	83 375
Idle real estate and real estate for sale	Land, buildings and other	11 properties, including a training center in Kanagawa	1,496	Land Buildings Others	1,016 479 0

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the decline in real estate value, the disposal in the near future and other factors, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers and other information.

(For the year ended March 31, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets	Breakdown	
Investment properties	Buildings	4 properties, including an office in Aichi	31	Buildings	31
Idle real estate and real estate for sale	Land and buildings	17 properties, including an office in Tokyo	2,276	Land Buildings	1,525 751

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other factor, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers and other information.

(Notes to Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustments and income tax effects related to other comprehensive income

	March 31, 2023 (Yen in millions)	March 31, 2024 (Yen in millions)
Net unrealized gains (losses) on available-for-sale-securities:		
Gains (losses) arising during the period	(20,074)	419,069
Reclassification adjustments	(37,655)	(84,144)
Before income tax effect adjustments	(57,729)	334,925
Income tax effects	14,415	(93,046)
Net unrealized gains (losses) on available-for-sale-securities	(43,314)	241,879
Foreign currency translation adjustments:		
Gains (losses) arising during the period	3,073	7,746
Actuarial gains (losses) on retirement benefits:		
Gains (losses) arising during the period	(5,693)	5,345
Reclassification adjustments	(2,217)	(1,889)
Before income tax effect adjustments	(7,910)	3,455
Income tax effects	2,207	(964)
Actuarial gains (losses) on retirement benefits	(5,702)	2,491
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.:		
Gains (losses) arising during the period	5	(10)
Total other comprehensive income	(45,938)	252,106

(Notes to Consolidated Statements of Changes in Net Assets)

(For the year ended March 31, 2023)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 18, 2022	Common stock	29,795	40.58	March 31, 2022	May 25, 2022
Board meeting held on November 16, 2022	Common stock	11,227	15.29	-	November 25, 2022

(2) Dividends declared effective after March 31, 2023 for which the date of record is in the year ended March 31, 2023

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2023	Common stock	23,305	Retained earnings	31.74	March 31, 2023	May 24, 2023

(For the year ended March 31, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2023	Common stock	23,305	31.74	March 31, 2023	May 24, 2023
Board meeting held on November 15, 2023	Common stock	12,910	17.58	-	November 22, 2023

(2) Dividends declared effective after March 31, 2024 for which the date of record is in the year ended March 31, 2024

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	63,734	Retained earnings	86.81	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Source of dividends	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	105	Capital surplus	0.14	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	217	Capital surplus	0.29	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Common stock and Class stock	1,096	Capital surplus	1.49	March 31, 2024	June 20, 2024

(Notes to Consolidated Statements of Cash Flows)

*1. Reconciliation of consolidated balance sheets items to cash and cash equivalents

(Yen in millions)

	March 31, 2023	March 31, 2024
Cash, deposits and savings	323,221	374,573
Securities	2,522,127	2,871,805
Time deposits exceeding three months and deposits pledged as collateral	(49,881)	(73,540)
Securities other than cash equivalents	(2,516,742)	(2,836,519)
Cash and cash equivalents	278,724	336,317

2. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)

Operating leases

The details of future lease payments on noncancellable operating lease transactions

(The Group as lessee)

(Yen in millions)

	March 31, 2023	March 31, 2024
Due within 1 year	650	694
Due over 1 year	1,395	1,013
Total	2,046	1,707

(Notes on Financial Instruments)

1. Qualitative information on financial instruments

(1) Policy on financial instruments

The Group operates the non-life insurance business and manages cash received from policyholders as insurance premium and other investment assets. The Group adopts the basic policy of ensuring the soundness of assets and enhancing profitability while maintaining adequate liquidity in order to provide for payments of the insurance liabilities such as claims and maturity-refunds.

As for the investment management related to long-term insurance such as saving type insurance and other insurance, the Group applies asset and liability management ("ALM") to maintain sufficient assets that reflect maturity-refunds to be paid in the future and to obtain stable investment income.

The Company utilizes derivative transactions for the purpose of hedging market risks and other risks such as fluctuations of foreign exchange rates and stock prices within a certain range.

Mainly through these approaches, the Group aims to secure stable investment returns in the medium to long term.

The Company issues unsecured subordinated bonds in order to strengthen its financial base and raises short-term funds to meet temporary cash needs and improve capital efficiency.

(2) Details of financial instruments and associated risks

The Company's financial assets mainly consist of securities including domestic bonds, domestic stocks and foreign securities, loans and other financial instruments. Risks pertaining to investments include market risks, credit risks, market liquidity risks and other risks. Market risks arise from fluctuations in interest rates, stock prices, foreign exchange rates and other market indicators. Credit risks arise from the deterioration in the financial condition of security issuers and counterparties of loans. Market liquidity risks represent the risks that investment assets are forced to be sold at extremely unfavorable prices under turmoil in the financial markets.

The Company utilizes derivative transactions represented by forward equity contracts, forward exchange contracts, currency options and credit derivatives for the purpose of hedging risks such as fluctuations of stock prices and foreign exchange rates, as well as changes in credit status of obligors.

Derivative transactions are also exposed to market risks, credit risks, and market liquidity risks. However, market risks, credit risks and market liquidity risks associated with derivative transactions are mitigated, as the fair value of hedged items and hedging instruments moves in the opposite direction.

In addition, hedge accounting is applied to some derivative transactions. For hedge instruments, hedge items, hedging policies and evaluation methods for hedge effectiveness of derivative transactions to which hedge accounting is applied, please refer to "5. Accounting policies (7) Hedge accounting."

(3) Risk management structure related to financial instruments

The Company manages risks in accordance with the basic policy for risk management and internal policies for asset management risks, which stipulate the definition of risks and the management method established by the Board of Directors and other related bodies. The risk management department is independent from the trading execution departments and the back-office departments and maintains a structure that enables to exercise organizational checks and balances. The risk management department assesses, analyzes, and manages risks related to financial instruments by quantifying market and credit risks using the VaR (Value-at-Risk) method and risk limit management based on the asset and liability position, and regularly reports the results to the Board of Directors.

(i) Market risk management

The Company maintains and operates a risk management structure taking into account the characteristics of each financial instrument in accordance with its internal policies for market risk management. In addition to monitoring of risk amount by quantifying risks using the VaR method as described above, the Company manages market risks through the assessment of potential risks that cannot be identified using the VaR method, analysis of sensitivity of existing assets to changes in interest rates, stock prices and foreign exchange rates and analysis of concentration and weakness of portfolio.

(ii) Credit risk management

The Company maintains and operates a risk management structure in accordance with its internal policies for credit risk management. The trading and risk management departments maintain a credit risk management structure through credit screening, setting internal credit ratings and credit limits, management of concentration of credit risks, managing credit information, requiring collateral and guarantees where necessary, and resolving delinquent loans on an individual loan basis.

In order to avoid credit risks arising from the nonperformance of counterparties, derivative transactions are executed only with selected counterparties of high credit quality and diversified amongst various counterparties.

(iii) Liquidity risk management

The Company maintains and operates a funding and market liquidity risk management structure in accordance with its internal policies for liquidity risk management. The Group's treasury management classifies funding needs into "ordinary" and "emergency" depending on the urgency level and oversees operation and management for the liquidity in each level, which gives the foremost consideration to the liquidity risk. The treasury management also ensures the diversification of fundraising activities to secure and maintain liquidity in various environments. The Group manages funding liquidity risks by holding a sufficient amount of cash, savings and deposits, and highly liquid securities such as government bonds, and regularly monitoring their aggregate amounts in case of unexpected events like catastrophes and the deterioration of funding liquidity arising from turmoil in the financial markets.

(4) Supplementary explanation of matters related to the fair value of financial instruments and other information

In determining the fair value of financial instruments, certain assumptions and methods are used, thus the fair value may differ if alternative assumptions are applied. Notional amounts of derivative financial instruments shown in "Notes on Derivative Financial Instruments" do not represent exposures to market risks.

2. Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.

Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).

The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

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

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

Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2023)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	2,750	300	3,050
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	407,935	278,744	-	686,679
Domestic stocks	829,302	-	-	829,302
Foreign securities	171,455	627,392	54,647	853,496
Others	-	69,995	11,567	81,563
Derivative transactions (*):				
Currency	-	2,589	-	2,589
Equity	-	124	-	124
Total assets	1,408,693	981,597	66,515	2,456,807
Derivative transactions (*):				
Currency	-	6,912	-	6,912
Equity	-	463	-	463
Total liabilities	-	7,376	-	7,376

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥2,690 million as an asset and ¥6,685 million as a liability.

(March 31, 2024)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	3,119	300	3,419
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	378,531	232,928	-	611,459
Domestic stocks	1,054,686	-	-	1,054,686
Foreign securities	302,367	649,174	90,445	1,041,987
Others	-	90,958	-	90,958
Derivative transactions (*):				
Currency	-	937	-	937
Equity	-	191	-	191
Total assets	1,735,585	977,309	90,745	2,803,640
Derivative transactions (*):				
Currency	-	12,048	-	12,048
Equity	-	1,257	-	1,257
Total liabilities	-	13,306	-	13,306

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥435 million as an asset and ¥11,937 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets

Cash, deposits and savings are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2023)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					253,915	
Bad debt reserve (*)					(24)	
	-	-	254,725	254,725	253,890	834
Total assets	-	-	254,725	254,725	253,890	834
Bonds issued	-	48,735	-	48,735	50,000	(1,265)
Total liabilities	-	48,735	-	48,735	50,000	(1,265)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(March 31, 2024)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					269,267	
Bad debt reserve (*)					(29)	
	-	-	267,985	267,985	269,237	(1,252)
Total assets	-	-	267,985	267,985	269,237	(1,252)
Bonds issued	-	49,202	-	49,202	50,000	(797)
Total liabilities	-	49,202	-	49,202	50,000	(797)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(ii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1. Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iii) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are categorized within Level 3.

Liabilities

Bonds issued

With regard to bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association. These are categorized within Level 2.

Derivative transactions

The fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as exchange rates.

Transactions using significant unobservable inputs are categorized within Level 3, whereas those not using such inputs are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains (losses) recognized in profit or loss

(March 31, 2023)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	300	-	-	-	300	-
Securities:						
Available-for-sale securities	55,669	(582)	2,535	8,592	66,215	-
Total assets	55,969	(582)	2,535	8,592	66,515	-

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(March 31, 2024)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	300	-	-	-	300	-
Securities:						
Available-for-sale securities	66,215	(651)	10,455	14,426	90,445	-
Total assets	66,515	(651)	10,455	14,426	90,745	-

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2023 and March 31, 2024, which are not included in "(ii) Securities" in "Fair value of financial instruments and breakdown by level of fair value" above, are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Stocks and other securities without market prices (*1) (*3)	52,542	53,141
Investments in partnerships, etc. (*2) (*4)	18,543	19,572
Total	71,085	72,713

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2023 and March 31, 2024 were ¥ 1,926 million and ¥ 569 million, respectively.

(*4) Impairment losses on investments in partnerships, etc. for the year ended March 31, 2023 were ¥4 million.

(Note 4) Maturity analysis of monetary assets and securities with fixed maturities

(March 31, 2023)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	304,329	17,622	-	1,250
Securities:				
Available-for-sale securities with fixed maturities				
Government bonds	19,190	108,770	103,510	152,324
Municipal bonds	1,700	8,481	2,374	10,070
Corporate bonds	17,900	134,807	104,593	4,943
Foreign securities	17,717	202,718	364,999	108,860
Loans (*)	45,550	96,503	51,196	59,489
Total	406,387	568,902	626,674	336,937

(*) The amounts in the above table do not include ¥82 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥1,081 million of loans without fixed maturities.

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 5 years	Over 5 to 10 years	Over 10 years
Deposits and savings	344,761	29,795	-	1
Securities:				
Available-for-sale securities with fixed maturities				
Government bonds	7,400	123,345	144,955	95,914
Municipal bonds	200	9,781	-	1,700
Corporate bonds	28,728	103,539	92,966	4,064
Foreign securities	18,540	163,485	322,711	332,909
Loans (*)	52,341	105,631	53,497	56,994
Total	451,972	535,577	614,130	491,583

(*) The amounts in the above table do not include ¥73 million of loans in which repayments cannot be expected since the debtors are legally bankrupt, substantially bankrupt or likely to go bankrupt, and ¥717 million of loans without fixed maturities.

(Note 5) Maturity analysis of bonds issued

(March 31, 2023)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued	-	-	-	-	-	50,000
Total	-	-	-	-	-	50,000

(March 31, 2024)

(Yen in millions)

	Within 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years
Bonds issued	-	-	-	-	-	50,000
Total	-	-	-	-	-	50,000

(Notes on Securities)
1. Trading securities

Not applicable.

2. Held-to-maturity securities

Not applicable.

3. Available-for-sale securities

(March 31, 2023)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	405,867	377,994	27,873
	Domestic stocks	807,525	299,285	508,240
	Foreign securities	349,701	302,040	47,660
	Other securities	39,131	26,649	12,482
	Subtotal	1,602,226	1,005,970	596,255
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	280,811	290,420	(9,608)
	Domestic stocks	21,776	24,114	(2,337)
	Foreign securities	503,795	560,916	(57,121)
	Other securities	42,431	47,211	(4,779)
	Subtotal	848,815	922,663	(73,847)
Total		2,451,042	1,928,633	522,408

(Note) Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

(March 31, 2024)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	365,404	346,528	18,875
	Domestic stocks	1,045,560	298,413	747,147
	Foreign securities	673,435	571,533	101,901
	Other securities	66,440	38,018	28,422
	Subtotal	2,150,840	1,254,493	896,346
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	246,054	255,375	(9,320)
	Domestic stocks	9,125	10,332	(1,206)
	Foreign securities	368,552	391,468	(22,915)
	Other securities	24,517	29,593	(5,075)
	Subtotal	648,251	686,770	(38,519)
Total		2,799,091	1,941,264	857,827

(Notes) Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.

4. Available-for-sale securities sold during the year

(For the year ended March 31, 2023)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	91,760	1,213	2,311
Domestic stocks	74,610	40,609	494
Foreign securities	135,659	8,238	8,081
Total	302,030	50,061	10,887

(For the year ended March 31, 2024)

(Yen in millions)

Description	Total proceeds on sales	Gross gains on sales	Gross losses on sales
Domestic bonds	168,241	4,443	3,540
Domestic stocks	131,284	87,326	97
Foreign securities	309,007	22,832	27,976
Total	608,534	114,601	31,614

5. Impairment of Securities during the year

The Company recognized impairment losses on Available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows.

For the year ended March 31, 2023: ¥340 million (comprised of Domestic stocks only)

For the year ended March 31, 2024: ¥150 million (comprised of Domestic stocks only)

In principle, the Company recognize impairment losses on securities if the fair value declines by 30% or more from the cost.

(Notes on Money Trusts)

1. Money trusts classified as trading

   Not applicable.

2. Money trusts classified as held-to-maturity

   Not applicable.

3. Money trusts classified as other than trading and held-to-maturity

(March 31, 2023)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	2,750	2,235	515

(March 31, 2024)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	3,119	2,235	883

(Notes on Derivative Transactions)

1. Derivative transactions to which hedge accounting are not applied

Currency-related derivatives

(March 31, 2023)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	15,452	-	(415)	(415)
	Bought	55,031	-	(251)	(251)
Total		-	-	(667)	(667)

(March 31, 2024)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	8,991	-	(1,354)	(1,354)
	Bought	93,978	-	680	680
Total		-	-	(674)	(674)

2. Derivative transactions to which hedge accounting are applied

(1) Currency-related derivatives

(March 31, 2023)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	406,980	-	(3,516)
	Currency options Sold	Available-for-sale securities	13,938	-	(324)
	Currency options Bought		13,501	-	186
Total			-	-	(3,655)

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Foreign exchange contracts Sold	Available-for-sale securities	357,451	-	(9,677)
	Currency options Sold	Available-for-sale securities	48,885	-	(937)
	Currency options Bought		47,335	-	178
Total			-	-	(10,436)

(2) Equity-related derivatives

(March 31, 2023)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Stock forwards Sold	Available-for-sale securities	4,376	-	(339)
Total			-	-	(339)

(March 31, 2024)

(Yen in millions)

Hedge accounting method	Classification	Principal items hedged	Notional amounts		Fair value
			Total	Over 1 year	
Fair value hedge accounting method	Stock forwards Sold	Available-for-sale securities	4,192	-	(1,066)
Total			-	-	(1,066)

(Notes on Retirement Benefits)

1. Overview of the retirement benefit plans

The Company has a defined benefit plan such as a defined benefit pension plan managed by the corporate pension fund and a lump-sum payment plan, and a defined contribution plan such as a defined contribution pension plan. Additionally, the Company has a retirement benefit trust for a lump-sum payment plan.

Some consolidated subsidiaries also have defined contribution pension plans.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

(Yen in millions)

	March 31, 2023	March 31, 2024
Beginning balance of retirement benefit obligations	162,850	161,468
Service costs	6,622	6,438
Interest expenses	1,193	1,183
Actuarial gains and losses	624	122
Retirement benefits paid	(9,917)	(10,681)
Other	94	89
Ending balance of retirement benefit obligations	161,468	158,621

(2) Reconciliation of beginning and ending balances of plan assets

(Yen in millions)

	March 31, 2023	March 31, 2024
Beginning balance of plan assets	155,848	146,936
Expected return on assets	2,625	2,531
Actuarial gains and losses	(5,068)	5,468
Employer contributions	3,041	2,776
Retirement benefits paid	(9,510)	(10,404)
Ending balance of plan assets	146,936	147,307

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets to net liabilities and assets for pension and retirement benefits reported on the consolidated balance sheets

(Yen in millions)

	March 31, 2023	March 31, 2024
Funded retirement benefit obligations	159,904	157,090
Plan assets	(146,936)	(147,307)
Net amount	12,967	9,783
Unfunded retirement benefit obligations	1,564	1,530
Net amount of assets and liabilities reported on the consolidated balance sheets	14,532	11,313
Liabilities for pension and retirement benefits	40,536	43,903
Assets for pension and retirement benefits	(26,004)	(32,589)
Net amount of assets and liabilities reported on the consolidated balance sheets	14,532	11,313

(4) Retirement benefit expenses and their breakdown

(Yen in millions)

	March 31, 2023	March 31, 2024
Service costs	6,622	6,438
Interest expenses	1,193	1,183
Expected return on assets	(2,625)	(2,531)
Amortization of actuarial gains and losses	(2,217)	(1,889)
Retirement benefit expenses for defined benefit plans	2,973	3,201

(5) Actuarial gains and losses on retirement benefits

The breakdown of actuarial gains and losses on retirement benefits (before income tax effects) is as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Actuarial gains and losses	(7,910)	3,455
Total	(7,910)	3,455

(6) Accumulated actuarial gains and losses on retirement benefits
The breakdown of accumulated actuarial gains and losses on retirement benefits (before income tax effects) is as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Unrecognized actuarial gains and losses	153	(3,302)
Total	153	(3,302)

(7) Plan assets

(i) Breakdown of major plan assets
The breakdown of the total plan assets by major asset class is as follows:

(%)

	March 31, 2023	March 31, 2024
Bonds	34	28
Stocks	16	22
Life insurance general accounts	25	24
Others	25	26
Total	100	100

(Note) The retirement benefit trust accounts for 4% of total plan assets as of March 31, 2023 and 1% of total plan assets as of March 31, 2024.

(ii) Calculation of the long-term expected rate of return on plan assets
The long-term expected rate of return on plan assets is determined based on the current and expected allocation of plan assets and the current and expected long-term rates of return on various asset classes of plan assets.

(8) Actuarial assumptions

The major items related to actuarial assumptions are as follows:

(%)

	March 31, 2023	March 31, 2024
Discount rate	0.7	0.7
Long-term expected rate of return		
Defined benefit pension plan managed by the corporate pension fund	1.8	1.8
Retirement benefit trust	0.0	0.0

3. Defined contribution plan
The required contribution to the defined contribution plan by the Company and its consolidated subsidiaries is as follows:

(Yen in millions)

March 31, 2023	March 31, 2024
1,127	1,325

(Notes on Income Taxes)

1. Significant components of deferred tax assets and liabilities are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Deferred tax assets		
Underwriting reserves and others	112,599	113,253
Outstanding claims	27,001	33,217
Software	14,314	18,145
Net operating loss carried forward (Note 2)	11,684	12,602
Liabilities for pension and retirement benefits	11,313	12,253
Reserve for price fluctuation	9,966	10,524
Securities	11,492	10,179
Land and others	7,729	8,404
Prepaid expenses	7,155	3,225
Others	6,226	3,869
Deferred tax assets subtotal	219,484	225,675
Valuation allowance on net operating loss carried forward (Note 2)	(9,843)	(10,217)
Valuation allowance on deductible temporary difference	(9,958)	(8,727)
Valuation allowance subtotal (Note 1)	(19,802)	(18,944)
Deferred tax assets total	199,682	206,731
Deferred tax liabilities		
Net unrealized gains (losses) on available-for-sale securities	(149,077)	(241,137)
Others	(1,451)	(2,233)
Deferred tax liabilities total	(150,529)	(243,370)
Net deferred tax assets (liabilities)	49,152	(36,638)

(Note 1) Valuation allowance decreased by ¥857 million. This decrease is mainly accounted for by a decrease in valuation allowance on net operating loss carried forward at some overseas consolidated subsidiaries.

(Note 2) Schedule by expiration of net operating loss carried forward and the corresponding deferred tax assets

(March 31, 2023)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*1)	-	26	12	-	-	11,645	11,684
Valuation allowance	-	(26)	(4)	-	-	(9,811)	(9,843)
Deferred tax assets	-	-	7	-	-	1,833	1,841

(*1) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

(March 31, 2024)

(Yen in millions)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Net operating loss carried forward (*2)	13	-	-	-	1	12,588	12,602
Valuation allowance	(0)	-	-	-	(0)	(10,216)	(10,217)
Deferred tax assets	13	-	-	-	1	2,371	2,385

(*2) The amounts of net operating loss carried forward are calculated by using statutory income tax rates.

2. A reconciliation of the significant difference between the statutory income tax rate and the effective income tax rate after application of deferred tax accounting is as follows:

(%)

	March 31, 2023	March 31, 2024
Statutory income tax rate	27.91	27.91
(Reconciliation)		
Non-taxable dividends received and others	(6.02)	(5.18)
Non-deductible entertainment expenses and others	0.73	0.57
Inhabitant taxes on a per capita basis	0.69	0.54
Changes in valuation allowance	1.97	(1.73)
Tax rate differences on consolidated subsidiaries	1.74	0.76
Additional taxes for the prior fiscal years and others	(1.74)	(1.18)
Others	(0.75)	0.83
Effective income tax rate after application of deferred tax accounting	24.53	22.52

3. Accounting treatment for corporate and local taxes including the related tax effects

The Company has adopted the group tax sharing system and have applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021) to the accounting treatment for corporate and local corporate taxes, or the accounting treatment and disclosure of deferred tax accounting related to them.

(Notes on Investment and Leasing Properties)

1. The Company and certain consolidated subsidiaries own investment and leasing properties in Tokyo and other areas. The carrying amounts, changes in carrying amounts and fair value of the investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Carrying amount		
Beginning balance	47,574	45,831
Changes during the year	(1,742)	237
Ending balance	45,831	46,069
Fair value	63,220	65,157

(Notes)

1. Carrying amount represents the acquisition cost less accumulated depreciation.
2. Among the changes during the year, changes for the year ended March 31, 2023 are comprised of the increases mainly due to purchases of investment and leasing properties (¥1,838 million) and the decreases mainly due to impairment of investment and leasing properties (¥1,927 million), and changes for the year ended March 31, 2024 are comprised of the increases mainly due to the change of use from internal use properties (¥3,727 million) and the decreases mainly due to impairment of investment and leasing properties (¥2,300 million).
3. Fair value is primarily determined based on the appraisal values provided by qualified external appraisers. With respect to the properties with no substantial changes in their appraisal values or indices that were considered to appropriately reflect market prices since most recent appraisal dates, the fair value is determined based on these appraisal values or the values adjusted by the relevant indices.

2. Gains (losses) related to investment and leasing properties are as follows:

(Yen in millions)

	March 31, 2023	March 31, 2024
Rent income	4,475	4,671
Rent expenses	3,082	3,211
Net amount	1,393	1,460
Others (sales gains (losses) and others)	(2,015)	(1,912)

(Note) Rent income is included in “Interest and dividends income”, and rent expenses (depreciation, repair expenses, insurance expenses, taxes and dues and others) are included in “Operating expenses and general and administrative expenses.” “Others” which consists mainly of sales gains (losses) and impairment losses, is included in “Extraordinary income or losses.”

(Notes on Segment Information)

1. Outline of reportable segments

The reportable segments are the units of 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 business domains of MS&AD insurance Group Holdings, Inc. to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group’s business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies (overseas insurance subsidiaries) which operate insurance business in various foreign countries.

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. Life insurance subsidiaries engage in life insurance business for the international business.

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

The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.

Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

(Application of IFRS 17 "Insurance Contracts")
As described in "Changes in accounting policies", overseas consolidated subsidiaries have adopted IFRS 17 "Insurance Contracts", since these entities have already adopted IFRS. The figures for the year ended March 31, 2023 are presented on IFRS 17 basis retrospectively. Compared to the results under IFRS 4, net income (loss) by segment decreased by ¥787 million, assets by segment decreased by ¥52,204 million, income taxes decreased by ¥276 million in the international business for the year ended March 31, 2023.

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

(For the year ended March 31, 2023)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,299,975	133,462	483	1,433,920	(13)	1,433,907
Intersegment revenues or transfers	35,582	(35,582)	-	-	-	-
Total	1,335,557	97,880	483	1,433,920	(13)	1,433,907
Net income (loss) by segment	43,195	(761)	(535)	41,898	(127)	41,770
Assets by segment	3,733,689	246,589	741	3,981,020	(145,401)	3,835,618
Other items:						
Depreciation	21,684	1,842	53	23,580	-	23,580
Interest and dividends received	63,636	2,630	0	66,267	-	66,267
Interest expenses	595	303	-	899	43	943
Gains (losses) from equity method investments	-	-	356	356	-	356
Extraordinary income	379	0	-	379	-	379
Extraordinary losses	11,299	0	-	11,299	-	11,299
(Losses on sales of fixed assets)	7,432	0	-	7,432	-	7,432
(Impairment losses on fixed assets)	1,955	-	-	1,955	-	1,955
Income taxes	12,641	832	0	13,474	83	13,558
Investments in associates accounted for by equity method	1,532	-	-	1,532	1,669	3,201
Increases in tangible fixed assets and intangible fixed assets	27,506	1,222	32	28,761	-	28,761

(Notes)

1. "Revenues" represents net premiums written for non-life insurance business, premium income for life insurance 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, represents domestic non-life insurance business that domestic insurance companies not included in reportable segments operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business.
4. "Adjustments" in net income (loss) by segment includes tax effect amount related to retained earning of overseas insurance subsidiaries.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(91,295) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(51,067) million, and adjustments of assets for pension and retirement benefits, totaling ¥(3,038) million.
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, 2024)

(Yen in millions)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	1,304,626	171,654	1,077	1,477,358	(20)	1,477,338
Intersegment revenues or transfers	64,362	(63,839)	(522)	-	-	-
Total	1,368,988	107,814	555	1,477,358	(20)	1,477,338
Net income (loss) by segment	56,081	(4,071)	(435)	51,573	(280)	51,293
Assets by segment	4,111,688	344,228	856	4,456,774	(211,343)	4,245,430
Other items:						
Depreciation	23,252	2,118	55	25,426	-	25,426
Interest and dividends received	73,643	4,412	0	78,055	(878)	77,176
Interest expenses	401	540	-	942	(440)	501
Gains (losses) from equity method investments	-	-	544	544	-	544
Extraordinary income	1,032	21	-	1,054	-	1,054
Extraordinary losses	7,961	0	-	7,961	-	7,961
(Losses on sales of fixed assets)	3,654	0	-	3,654	-	3,654
(Impairment losses on fixed assets)	2,308	-	-	2,308	-	2,308
Income taxes	16,054	(1,189)	2	14,867	131	14,999
Investments in associates accounted for by equity method	1,532	-	-	1,532	2,213	3,745
Increases in tangible fixed assets and intangible fixed assets	28,722	1,031	38	29,792	-	29,792

(Notes)

1. “Revenues” represents net premiums written for non-life insurance business, premium income for life insurance 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, represents domestic non-life insurance business that domestic insurance companies not included in reportable segments operate.
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.
4. “Adjustments” in net income (loss) by segment includes the elimination of intersegment transactions.
5. “Adjustments” in assets by segment includes the elimination of intersegment transactions in the amount of ¥(118,338) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial

statements, amounting to ¥(94,739) million, and adjustments of assets for pension and retirement benefits, totaling ¥1,734 million.

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

[Related information]

(For the year ended March 31, 2023)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	225,009	7,930	60,761	847,226	133,306	155,533	1,429,766

(Yen in millions)

	Total
(Life insurance) Premiums income	4,153

2. Information by geographic area

(1) Revenues

(Yen in millions)

	Japan	Overseas	Total
(Non-life insurance) Net premiums written	1,201,053	228,713	1,429,766
(Life insurance) Premiums income	-	4,153	4,153

(Note) Revenues are classified into Japan or Overseas in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets

The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

(For the year ended March 31, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	207,366	5,157	60,785	901,693	124,982	172,664	1,472,650

(Yen in millions)

	Total
(Life insurance) Premiums income	4,708

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	Overseas	Total
(Non-life insurance) Net premiums written	1,183,643	289,006	1,472,650
(Life insurance) Premiums income	-	4,708	4,708

(Note) Revenues are classified into Japan or Overseas in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets
The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment]
Not applicable.

[Information related to gains on negative goodwill by reportable segment]

Not applicable.

[Information on related parties]

1. Transactions with related parties

There are no significant transactions to be disclosed.

2. Note on parent company or material associates

Information related to parent company
MS&AD Insurance Group Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(Notes on Per Share Information)

	March 31, 2023	March 31, 2024
Net assets per share (in Yen)	1,025.30	1,389.20
Net income per share (in Yen)	56.90	69.87

(Notes)
1. Since there was no potential dilution for the years ended March 31, 2023 and 2024, diluted net income (loss) per share is not presented.
2. The basis of calculation for net income per share is as follows:

	March 31, 2023	March 31, 2024
Total net income attributable to owners of the parent (Yen in millions)	41,770	51,293
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	41,770	51,293
Average number of common shares outstanding during the year (in thousands)	734,101	734,101

3. The basis of calculation for net assets per share is as follows:

	March 31, 2023	March 31, 2024
Total net assets (Yen in millions)	752,825	1,020,329
Amounts deducted from total net assets (Yen in millions)	148	515
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	148	515
Net assets as of the year end attributable to common shares (Yen in millions)	752,677	1,019,814
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	734,101	734,101

4. As stated in the “Change in accounting policies”, from the beginning of the year ended March 31, 2024, IFRS 17 “Insurance Contracts” has been adopted by overseas consolidated subsidiaries that apply IFRS. As a result, net assets per share for the year ended March 31, 2023 has decreased by 0.85 yen, and net income per share for the year ended March 31, 2023 has decreased by 1.10 yen, as compared to the amount prior to the retrospective application.

(Notes on Significant Subsequent Events)
Not applicable.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Supplementary Schedules

1. Schedule of bonds

Entity	Description	Date of issuance	Beginning balance (Yen in millions)	Ending balance (Yen in millions)	Coupon rate (%)	Collateral	Maturity date
The Company	First series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	September 10, 2019	25,000	25,000	0.66 (Note 1)	None	September 10, 2079
The Company	Second series of domestic subordinated unsecured bonds with interest deferral option and early redemption option	September 10, 2019	25,000	25,000	0.87 (Note 2)	None	September 10, 2079
Total	-	-	50,000	50,000	-	-	-

(Notes)
1. From the date following September 10, 2024, a floating rate (from the date following September 10, 2029, with a step-up) will be applied.
2. From the date following September 10, 2029, a floating rate (with a step-up) will be applied.
3. There is no redemption scheduled for the next 5 years after March 31, 2024.

2. Schedule of borrowings

Classification	Balances at the beginning of the year (Yen in millions)	Balances at the end of the year (Yen in millions)	Average interest rate (%)	Maturity
Short-term borrowings	-	-	-	-
Current portion of long-term borrowings	-	-	-	-
Current portion of lease obligations	662	810	4.26	-
Long-term borrowings (excluding current portion)	-	-	-	-
Lease obligations (excluding current portion)	2,905	2,814	3.43	January 1, 2025 - May 31, 2034
Other interest-bearing debt	-	-	-	-
Total	3,567	3,625	-	-

(Notes)

1. Lease obligations are included in “Other liabilities” on the consolidated balance sheet.
2. Average interest rate represents the weighted average interest rate based on the interest rates on borrowings at the end of the year.
3. The following table shows the redemption schedule of lease obligations (excluding current portion) for the next 5 years after March 31, 2024.

(Yen in millions)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Lease obligations	877	579	387	256

3. Schedule of asset retirement obligations

Since the amounts of asset retirement obligations at the beginning and end of the year ended March 31, 2024 account for 1% or less of the total of liabilities and net assets at the beginning and end of the year ended March 31, 2024, this information is not presented.

[Others]

Not applicable.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Balance Sheets

As of March 31, 2025 and September 30, 2025

		March 31, 2025	September 30, 2025
		(Yen in millions)	
Assets			
Assets			
Cash, deposits and savings	¥	*3 289,319	*3 262,752
Money trusts		*3 3,580	*3 16,268
Securities		*3, *4 2,567,197	*3, *4 2,731,094
Loans		*2 270,163	*2 262,134
Tangible fixed assets:		*1 174,721	*1 169,871
Intangible fixed assets:		76,880	75,816
Other assets		406,067	419,948
Assets for pension and retirement benefits		30,654	31,614
Deferred tax assets		31,772	5,227
Customers' liabilities under acceptances and guarantees		7,000	7,000
Bad debt reserve		(4,964)	(5,076)
Total assets	¥	3,852,392	3,976,652

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Balance Sheets (Continued)

		March 31, 2025	September 30, 2025
		(Yen in millions)	
Liabilities and Net Assets			
Liabilities			
Policy liabilities:	¥	2,549,662	2,532,114
Outstanding claims		836,183	838,536
Underwriting reserves		1,713,479	1,693,577
Bonds issued		25,000	25,000
Other liabilities		324,075	283,132
Liabilities for pension and retirement benefits		44,143	47,396
Accrued bonuses for employees and operating officers		8,795	8,544
Reserve for stock payments		349	538
Reserves for losses on liquidation of subsidiaries		-	6,533
Reserves under the special laws:		39,611	40,564
Reserve for price fluctuation		39,611	40,564
Deferred tax liabilities		-	27,273
Acceptances and guarantees		7,000	7,000
Total liabilities		2,998,636	2,978,099
Net Assets			
Shareholders' equity:			
Common stock		100,005	100,005
Capital surplus		78,223	78,223
Retained earnings		216,224	253,076
Total shareholders' equity		394,452	431,304
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		450,732	560,778
Foreign currency translation adjustments		10,055	7,921
Accumulated actuarial gains (losses) on retirement benefits		(2,169)	(2,296)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(95)	(51)
Total accumulated other comprehensive income (loss)		458,523	566,351
Non-controlling interests		779	896
Total net assets		853,756	998,553
Total liabilities and net assets	¥	3,852,392	3,976,652

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Income

For the six-month periods ended September 30, 2024 and 2025

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
	(Yen in millions)	
Ordinary income:	¥ 903,958	944,446
Underwriting income:	824,320	*1 857,407
Net premiums written	811,115	822,150
Deposit premiums from policyholders	3,617	3,497
Investment income on deposit premiums from policyholders	6,787	7,036
Life insurance premiums	2,689	1,742
Reversal of outstanding claims	-	16,586
Investment income:	71,653	75,926
Interest and dividends income	42,810	43,222
Investment gains on money trusts	0	16
Gains on sales of securities	35,612	39,543
Transfer of investment income on deposit premiums from policyholders	(6,787)	(7,036)
Other ordinary income:	7,984	11,112
Ordinary expenses:	874,648	816,897
Underwriting expenses:	*1 720,965	681,933
Net claims paid	457,626	448,617
Loss adjustment expenses	*2 44,819	*2 53,892
Commissions and collection expenses	*2 159,491	*2 155,360
Maturity refunds to policyholders	19,657	18,492
Life insurance claims	663	582
Provision for outstanding claims	18,368	-
Provision for underwriting reserves	17,567	4,442
Investment expenses:	32,535	8,426
Investment losses on money trusts	-	112
Losses on sales of securities	16,930	989
Impairment losses on securities	818	668
Operating expenses and general and administrative expenses	*2 114,469	*2 119,269
Other ordinary expenses:	*3 6,676	7,268
Interest expense	538	349
Ordinary profit (loss)	29,310	127,548

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Income (Continued)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
	(Yen in millions)	
Extraordinary income:	¥ 54	73
Gains on sales of fixed assets	54	73
Extraordinary losses:	2,090	16,099
Losses on sales of fixed assets	460	2,513
Impairment losses on fixed assets	*4 685	*4 2,571
Provision for reserves under the special laws:	945	953
Provision for reserve for price fluctuation	945	953
Other extraordinary losses	-	*5 10,060
Income (loss) before income taxes	27,274	111,522
Income taxes - current	3,195	18,945
Income taxes - deferred	1,345	8,466
Total income taxes	4,540	27,412
Net income (loss)	22,733	84,110
Net income (loss) attributable to non-controlling interests	25	115
Net income (loss) attributable to owners of the parent	¥ 22,708	83,995

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Comprehensive Income

For the six-month periods ended September 30, 2024 and 2025

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
Net income (loss)	¥	22,733	84,110
Other comprehensive income (loss):			
Net unrealized gains (losses) on available-for-sale securities		(66,410)	110,045
Foreign currency translation adjustments		12,148	(2,132)
Actuarial gains (losses) on retirement benefits		(843)	(127)
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.		(38)	43
Total other comprehensive income (loss)		(55,144)	107,829
Total comprehensive income (loss)	¥	(32,410)	191,939
Allocation:			
Comprehensive income (loss) attributable to owners of the parent	¥	(32,501)	191,823
Comprehensive income (loss) attributable to non-controlling interests		90	116

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Net Assets

For the six-month periods ended September 30, 2024 and 2025

For the six-month period ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	79,656	216,222	395,883
Changes for the period:				
Dividends paid		(1,419)	(63,734)	(65,153)
Net income (loss) attributable to owners of the parent			22,708	22,708
Changes in equity resulting from increase in capital of consolidated subsidiaries		(13)		(13)
Net changes of items other than shareholders' equity				
Total changes for the period	-	(1,433)	(41,025)	(42,458)
Ending balance	¥ 100,005	78,223	175,196	353,424

	Accumulated other comprehensive income (loss)					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)		
Beginning balance	¥ 619,398	2,186	2,380	(33)	623,931	515	1,020,329
Changes for the period:							
Dividends paid							(65,153)
Net income (loss) attributable to owners of the parent							22,708
Changes in equity resulting from increase in capital of consolidated subsidiaries							(13)
Net changes of items other than shareholders' equity	(66,410)	12,083	(843)	(38)	(55,209)	104	(55,105)
Total changes for the period	(66,410)	12,083	(843)	(38)	(55,209)	104	(97,563)
Ending balance	¥ 552,987	14,269	1,536	(72)	568,721	619	922,765

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Net Assets (Continued)

For the six-month period ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(Yen in millions)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Beginning balance	¥ 100,005	78,223	216,224	394,452
Changes for the period:				
Dividends paid			(47,143)	(47,143)
Net income (loss) attributable to owners of the parent			83,995	83,995
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	36,852	36,852
Ending balance	¥ 100,005	78,223	253,076	431,304

	Accumulated other comprehensive income (loss)					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Accumulated actuarial gains (losses) on retirement benefits	Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	Total accumulated other comprehensive income (loss)		
Beginning balance	¥ 450,732	10,055	(2,169)	(95)	458,523	779	853,756
Changes for the period:							
Dividends paid							(47,143)
Net income (loss) attributable to owners of the parent							83,995
Net changes of items other than shareholders' equity	110,045	(2,134)	(127)	43	107,827	116	107,944
Total changes for the period	110,045	(2,134)	(127)	43	107,827	116	144,796
Ending balance	¥ 560,778	7,921	(2,296)	(51)	566,351	896	998,553

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Cash Flows

For the six-month periods ended September 30, 2024 and 2025

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
	(Yen in millions)	
I. Cash flows from operating activities:		
Income (loss) before income taxes	¥ 27,274	111,522
Depreciation	13,511	12,678
Impairment losses on fixed assets	685	2,571
Increase (decrease) in outstanding claims	21,285	4,784
Increase (decrease) in underwriting reserves	14,476	(18,806)
Increase (decrease) in bad debt reserve	183	123
Increase (decrease) in accrued bonuses for employees and operating officers	(222)	(647)
Increase (decrease) in reserve for stock payments	(718)	189
Increase (decrease) in reserves for losses on liquidation of subsidiaries	-	6,533
Increase (decrease) in reserve for surcharge payments under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	506	-
Increase (decrease) in liabilities for pension and retirement benefits	1,404	1,441
Increase (decrease) in reserve for price fluctuation	945	953
Interest and dividends income	(42,810)	(43,222)
Losses (gains) on securities	(17,862)	(37,886)
Losses (gains) on derivative transactions	7,543	6,090
Interest expense	538	349
Foreign exchange losses (gains)	860	3
Losses (gains) on disposal of tangible fixed assets	306	320
Losses (gains) on equity method investments	(398)	(447)
Decrease (increase) in other assets	(17,182)	(18,314)
Increase (decrease) in other liabilities	(21,278)	(31,043)
Other, net	7,272	10,488
Subtotal	(3,679)	7,681
Interest and dividends received	36,752	37,072
Interest paid	(390)	(258)
Income taxes refunded (paid)	(24,330)	(17,263)
Net cash provided by (used in) operating activities (a)	8,351	27,232

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Unaudited Consolidated Statements of Cash Flows (Continued)

		For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
		(Yen in millions)	
II. Cash flows from investing activities:			
Net decrease (increase) in deposits and savings	¥	(17,171)	(13,903)
Purchase of money trusts		(200)	(12,900)
Proceeds from sales of money trusts		-	331
Purchase of securities		(207,423)	(74,369)
Proceeds from sales and redemption of securities		318,660	134,215
Investment in loans		(42,000)	(20,171)
Collection of loans		36,369	28,207
Net increase (decrease) in cash collateral under securities lending transactions		(79,524)	-
Other, net		(20,898)	(19,462)
Subtotal (b)		(12,189)	21,947
(a + b)		(3,837)	49,179
Acquisition of tangible fixed assets		(3,370)	(3,209)
Proceeds from sales of tangible fixed assets		298	183
Acquisition of intangible fixed assets		(9,629)	(10,871)
Other, net		(94)	(435)
Net cash provided by (used in) investing activities		(24,985)	7,613
III. Cash flows from financing activities:			
Issuance of bonds		1,263	-
Redemption of bonds		(25,000)	-
Net increase (decrease) in payables under securities lending transactions		(6,076)	(15,697)
Dividends paid to shareholders		(63,734)	(47,143)
Other, net		(487)	(221)
Net cash provided by (used in) financing activities		(94,034)	(63,061)
IV. Effect of exchange rate changes on cash and cash equivalents		5,348	(872)
V. Net increase (decrease) in cash and cash equivalents		(105,319)	(29,089)
VI. Cash and cash equivalents at beginning of year		336,317	245,606
VII. Increase in cash and cash equivalents resulting from absorption-type split		-	2,109
VIII. Cash and cash equivalents at end of period	¥	*1 230,998	*1 218,626

See accompanying notes to Unaudited Consolidated Financial Statements.

AIOI NISSAY DOWA INSURANCE COMPANY, LIMITED
AND ITS CONSOLIDATED SUBSIDIARIES

Significant Items for Presenting Unaudited Consolidated Financial Statements

For the six-month periods ended September 30, 2024 and 2025

1. Basis of presentation

The accompanying unaudited consolidated financial statements have been translated from the unaudited consolidated financial statements of Aioi Nissay Dowa Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act, the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the Regulation for Enforcement of the Insurance Business Act in Japan and related rules, and regulations applicable to the non-life insurance industry in general, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. In preparing the accompanying unaudited consolidated financial statements, certain additional information has been provided for the unaudited consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

The accompanying unaudited consolidated financial Statements are expressed in Japanese yen. As permitted by the regulations under the Rules of Corporate Accounting, amounts are rounded down to the nearest million of Japanese yen, except for those stated otherwise. As a result, the total amounts in Japanese yen shown in the accompanying unaudited consolidated financial statements do not necessarily agree with the sums of the individual amounts.

"Subsidiary" and "Associate" appearing in the accompanying unaudited consolidated financial statements and notes thereto refer to those defined in Article 2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

2. Scope of consolidation

(1) Number of consolidated subsidiaries

25 companies

The major consolidated subsidiaries are as follows:

Aioi Nissay Dowa Europe Limited
Aioi Nissay Dowa Insurance Company Australia Pty Ltd
Aioi Nissay Dowa Insurance (China) Company Limited
DTRIC Insurance Company, Limited

(2) Unconsolidated subsidiaries

The major unconsolidated subsidiary is as follows:

Aioi Nissay Dowa Insurance Claims Research Company, Limited

Certain subsidiaries including the above subsidiary are not consolidated, as they are not considered to have any impact on, in all material aspects, the consolidated financial conditions and business performance of the group, in view of the size of their total assets, ordinary income, net income and retained earnings attributable to the Company.

3. Application of equity method

(1) Number of associates accounted for under the equity method

1 company

The major associate accounted for under the equity method is as follows:

au Insurance Company, Limited

(2) Other associates, including unconsolidated subsidiaries (e.g., Zenkankyo Reiwa Insurance Company, Limited and other), have been excluded from the scope of application of the equity method as their effects on the consolidated net income and retained earnings are not considered material, individually and in aggregate.

4. The six-month period end of consolidated subsidiaries

The six-month period end of 24 overseas consolidated subsidiaries is June 30, which is different from that of the Company. The Company uses the financial statements as of their latest six-month period end for consolidation purposes since the intervening period does not exceed three months from its six-month period end.

The Company makes adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities (including those included in cash, deposits and savings, and monetary claims bought as set forth in the Regulation for Enforcement of the Insurance Business Act in Japan)

(i) Investments in unconsolidated subsidiaries and associates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(ii) Available-for-sale securities (except for stocks and other securities without market prices) are valued at their market prices.

Net unrealized gains and losses are reported as a separate line item of net assets and cost of sales is calculated by the moving average method.

(iii) Stocks and other securities without market prices that are classified as available-for-sale securities are valued at cost using the moving average method.

(iv) Money trusts specifically managed for the Company for trading purposes are valued at fair value. Money trusts specifically managed for the Company, other than money trusts held for trading purposes and money trusts held to maturity, are valued on the same basis as available-for-sale securities.

(2) Valuation policies and methods of derivative financial instruments

Derivative financial instruments are valued at fair value.

(3) Depreciation methods of significant depreciable assets

(i) Depreciation of tangible fixed assets is computed using the straight-line method.

(ii) Intangible fixed assets are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over its estimated useful life.

(4) Accounting policies for significant reserves

(i) Bad debt reserve

Bad debt reserve is established under the internal standards for self-assessment of assets and the policy for write-off and provision.

Bad debt reserve for loans to debtors who are legally deemed to be insolvent due to bankruptcy or special liquidation, or whose notes are under suspension at clearing houses, and loans to debtors who are deemed to be substantially insolvent is provided based on the outstanding balance remaining after deducting the resale value of collateral and the amount collectible through guarantees.

Bad debt reserve for loans to debtors who are likely to become insolvent in the future is provided based on the outstanding balance remaining after deducting the resale value of collateral, the amount collectible through guarantees and the amount expected to be repaid by the debtors considering their overall ability to pay.

For loans other than those described above, bad debt reserve is calculated by multiplying the outstanding balances by the historical bad debt ratios.

Bad debt reserve for all loans and receivables is provided based on the assessment under the internal standards for self-assessment of assets. The assessment is performed by the departments responsible for the respective assets and the results are reviewed by independent internal audit departments.

For overseas consolidated subsidiaries, bad debt reserve is recorded based on the estimated expected credit losses.

(ii) Accrued bonuses for employees and operating officers

Accrued bonuses for employees and operating officers are determined based on the estimated amounts to be paid at the six-month period end to provide for future bonuses for employees and operating officers.

(iii) Reserve for stock payments

To provide for the delivery of shares of MS&AD Insurance Group Holdings, Inc., the parent company, in accordance with the share delivery rules under the share compensation plan for employees, the Company records the reserve for stock payments based on the estimated amount of share delivery obligations at the six-month period end.

(iv) Reserve for losses on liquidation of subsidiaries

The reserve for losses on liquidation of subsidiaries is recognized based on estimated amounts to be incurred in the future related to the liquidation of subsidiaries.

(v) Reserve for price fluctuation

The reserve for price fluctuation is recognized under Article 115 of the Insurance Business Act to provide for possible losses arising from price fluctuation of investment assets such as equity securities.

(5) Accounting for retirement benefits

(i) Attribution method of retirement benefits over the service period

In computing retirement benefit obligations, the estimated retirement benefits are attributed to the periods up to the current year using the plan's benefit formula.

(ii) Accounting for actuarial gains and losses

Actuarial gains and losses are amortized, commencing from the following year, using the straight-line method over a certain number of years (11 years) that do not exceed the expected average remaining service period of employees at the time of occurrence.

(6) Translation of foreign currency assets and liabilities

Foreign currency monetary assets and liabilities of the Company and its domestic consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at the six-month period end. The foreign exchange gains and losses resulting from the translation are recognized in earnings. Foreign currency assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective six-month period ends, while shareholders' equity is translated at the historical rates. Income and expenses of overseas consolidated subsidiaries are translated into Japanese yen using the average exchange rate for the year. Differences arising from such translations are included in foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

Under Japanese GAAP, several methodologies are allowed for hedge accounting. Two fundamental approaches are the deferred hedge method and the fair value hedge method. Under the deferred hedge method, gains and losses on changes in fair value of derivative financial instruments are deferred and accounted for as a separate line item of net assets. Under the fair value hedge method, which is allowed only with respect to available-for-sale securities being the hedged items, gains and losses on changes in fair value of the hedging instruments are recognized in earnings together with the corresponding gains and losses of the hedged items attributable to the risks being hedged.

In addition, for certain derivative financial instruments, alternative treatments are permitted under Japanese GAAP. Assets and Liabilities denominated in foreign currencies and hedged by foreign exchange forward contracts or currency swaps can be accounted for by the allocation method. Under this method, the foreign exchange forward contracts and currency swaps used as hedging instruments are not measured at fair value since gains and losses on the derivatives are assumed to be offset with changes in fair value of the corresponding hedged items, and hedged items are translated at the foreign exchange rates that are stipulated in the foreign exchange forward contracts or currency swaps (hedging instruments).

Gains and losses on foreign exchange forward contracts and currency options used for hedging risks of variability in foreign exchange rates on foreign currency assets are accounted for under the fair value hedge method.

Gains and losses on equity forward contracts used for hedging risks of variability in the fair value of investments in equity securities are accounted for under the fair value hedge method.

Gains and losses on certain foreign exchange forward contracts are accounted for under the allocation method when they meet certain criteria.

When the fair value hedge is applied to foreign currency bonds, foreign currency investment trusts, and equity securities, specific contracts to be hedged are designated as the hedged items in advance to apply the hedge accounting on an individual basis.

Hedge effectiveness is not assessed, since critical terms related to the hedged items and the hedging instruments are substantially identical and such hedging transactions are highly and clearly interrelated.

(8) Cash and cash equivalents on the consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash and cash equivalents constitute cash on hand, demand deposits and short-term highly liquid investments with original maturities not exceeding three months, which are subject to an insignificant risk of change in value.

(9) Other important matters for the preparation of consolidated financial statements

(i) Accounting for insurance contracts
The Company accounts for insurance contracts related items including insurance premiums, outstanding claims and underwriting reserves in accordance with the Insurance Business Act in Japan and related rules. Overseas consolidated insurance subsidiaries apply either International Financial Reporting Standards ("IFRS") or U.S. generally accepted accounting principles for the items in accordance with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for the Consolidated Financial Statements (PITF No. 18 revised on June 28, 2019).

(ii) Accounting for consumption taxes
Consumption taxes received or paid by the Company are not included in income or expenses, except for those related to loss adjustment expenses and operating expenses and general and administrative expenses incurred by the Company. Consumption taxes excluded from income and expenses are recorded at the net amount on the consolidated balance sheets.

Non-deductible consumption taxes are recognized as expenses for the period, except for those related to the purchase of depreciable fixed assets that are not charged to expenses but deferred as other assets and amortized over a period of 5 years on a straight-line basis.

Notes to Unaudited Consolidated Financial Statements

(Notes to Unaudited Consolidated Balance Sheets)

*1. The amounts of accumulated depreciation of tangible fixed assets are as follows:

(Yen in millions)	
March 31, 2025	September 30, 2025
244,492	247,894

*2. Among the loans in accordance with the Insurance Business Act, the amounts of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Bankrupt and quasi-bankrupt loans	22	1
Doubtful loans	3	3
Loans overdue for three months or more	30	21
Restructured loans	24	23
Total	81	49

(Note) Bankrupt and quasi-bankrupt loans are claims to debtors that went bankrupt due to reasons such as the initiation of bankruptcy proceedings, the start of reorganization proceedings and the submission of an application to start rehabilitation proceedings, as well as claims of a similar nature.

Doubtful loans are claims to debtors that are not yet bankrupt but whose financial conditions and business performance have deteriorated, and where it is highly probable that the principal and interest in line with the original contracts cannot be collected, excluding bankrupt and quasi-bankrupt loans.

Loans overdue for three months or more represent those for which the principal or interest has been past due for three months or more after the contractual due date, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans represent those with certain agreements favorable to debtors, such as interest exemption or reduction, grace on interest or principal payments, or forgiveness of debts for the purpose of restructuring of or provision of support to the debtors in financial difficulties, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue for three months or more.

*3. The amounts of assets pledged as collateral are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Cash, deposits and savings	37	37
Money trusts	3,080	3,067
Securities	55,201	50,530
Total	58,319	53,635

(Note) The amounts in the above table primarily consist of collateral assets for international operations and securities pledged as collateral for derivative transaction.

*4. The amounts of securities loaned under securities lending agreements are as follows:

(Yen in millions)	
March 31, 2025	September 30, 2025
91,664	74,950

5. Guarantees of obligations

(March 31, 2025)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥16,827 million.

(September 30, 2025)

The Company guarantees insurance underwriting of MSIG Specialty Insurance USA Inc. in the amount of ¥24,798 million.

(Notes to Unaudited Consolidated Statements of Income)

*1. The amounts of gains (loss) on derivative transactions to reduce the foreign currency risks of foreign currency reinsurance transactions, included in underwriting income (underwriting expenses), are as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Underwriting income	-	2,808
Underwriting expenses	1,053	-

*2. The major components of business expenses are as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Commission expenses	145,050	144,522
Salaries	50,243	55,516

(Note) Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses, and commissions and collection expenses presented in the consolidated statements of income.

*3. Details of other ordinary expenses are as follows:

(For the six-month period ended September 30, 2024)

Other ordinary expenses include surcharge payments of ¥506 million under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

*4. Impairment losses recognized on fixed assets are as follows:

(For the six-month period ended September 30, 2024)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	Buildings for rent in Miyagi	2	Buildings	2
Idle real estate and real estate for sale	Land and buildings	10 properties, including a company dormitory for single employees in Saitama	683	Land Buildings	233 449

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other factors, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers, expected sale value and other information.

(For the six-month period ended September 30, 2025)

(Yen in millions)

Use	Category	Description	Impairment losses on fixed assets		
				Breakdown	
Investment properties	Buildings	A building for rent in Miyagi	1	Buildings	1
Idle real estate and real estate for sale	Land and buildings	11 properties, including an office in Shizuoka	2,569	Land Buildings	1,068 1,501

Fixed assets used for the insurance business operations are grouped as a single asset group by each insurance company. Other assets such as investment properties, idle real estate and assets for sale are grouped on an individual basis.

Due to the disposal in the near future and other factors, the carrying amounts of the assets above were reduced to the recoverable amounts, and the amount of the reduction was recognized as impairment losses on fixed assets under extraordinary losses.

The recoverable amounts of assets to be disposed represent their net sales value, which are determined based on the appraisal value provided by qualified appraisers and other information.

*5. Details of other extraordinary losses are as follows:

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Reserves for losses on liquidation of subsidiaries	-	6,533
Merger expenses	-	3,526

(Notes to Unaudited Consolidated Statements of Changes in Net Assets)

(For the six-month period ended September 30, 2024)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	63,734	86.81	March 31, 2024	May 23, 2024

Resolution	Type of stock	Type of assets for dividends and their book value (Yen in millions)		Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 17, 2024	Common stock	MS&AD InterRisk Research & Consulting, Inc. Class stock	105	0.14	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD Business Support Company, Limited Class stock	217	0.29	March 31, 2024	June 20, 2024
Board meeting held on May 17, 2024	Common stock	MS&AD GRAND ASSISTANCE Co., Ltd. Class stock	1,096	1.49	March 31, 2024	June 20, 2024

(2) Dividends declared effective after September 30, 2024 for which the date of record is in the six-month period ended September 30, 2024

Not applicable.

(For the six-month period ended September 30, 2025)

1. Type and number of issued stock and treasury stock

(in thousands of shares)

	Beginning balance	Increase	Decrease	Ending balance
Issued stock:				
Common stock	734,101	-	-	734,101
Total	734,101	-	-	734,101

(Note) Not applicable for treasury stock.

2. Dividends

(1) Dividends paid

Resolution	Type of stock	Aggregate amount of dividends (Yen in millions)	Dividends per share (in Yen)	Date of record	Effective date
Board meeting held on May 16, 2025	Common stock	47,143	64.21	March 31, 2025	May 23, 2025

(2) Dividends declared effective after September 30, 2025 for which the date of record is in the year ended September 30, 2025

Not applicable.

(Notes to Unaudited Consolidated Statements of Cash Flows)
*1. Reconciliation of balance sheets items to cash and cash equivalents

(Yen in millions)

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Cash, deposits and savings	327,258	262,752
Securities	2,659,865	2,731,094
Time deposits exceeding three months and deposits pledged as collateral	(99,219)	(79,283)
Securities other than cash equivalents	(2,656,906)	(2,695,936)
Cash and cash equivalents	230,998	218,626

2. Cash flows from investing activities include those from investments made as part of the insurance business.

(Notes on Lease Transactions)

Operating leases
The details of future lease payments on noncancellable operating lease transactions

(The Group as lessee)

(Yen in millions)

	March 31, 2025	September 30, 2025
Due within 1 year	374	924
Due over 1 year	1,666	2,287
Total	2,040	3,211

(Notes on Financial Instruments)

Fair value of financial instruments and breakdown by level of fair value

The carrying amounts on the consolidated balance sheets, the fair values, the differences between the carrying amounts and fair values, and each level of fair values of financial instruments are as follows.
Stocks and other securities without market prices and investments in partnerships, etc. are not included in the following table (see Note 3).
The fair value of financial instruments is categorized within the following three levels based on the observability and significance of the inputs used to measure fair value.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3: Fair value measured using significant unobservable inputs

If multiple inputs are used with significant effects on the fair value measurement, the fair value is categorized within the lowest priority level of fair value measurement among the levels where those inputs belong.

(1) Financial assets and liabilities measured at fair value on the consolidated balance sheets

(March 31, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	3,080	500	3,580
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	363,308	201,970	-	565,278
Domestic stocks	769,645	-	-	769,645
Foreign securities	381,102	582,257	124,754	1,088,114
Others	-	70,360	-	70,360
Derivative transactions (*):				
Currency	-	5,563	-	5,563
Total assets	1,514,055	863,231	125,254	2,502,542
Derivative transactions (*):				
Currency	-	2,905	-	2,905
Total liabilities	-	2,905	-	2,905

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥3,865 million as an asset and ¥2,904 million as a liability.

(September 30, 2025)

(Yen in millions)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
(i) Money trusts	-	3,067	13,201	16,268
(ii) Securities:				
Available-for-sale securities				
Domestic bonds	348,353	195,315	-	543,669
Domestic stocks	843,818	-	-	843,818
Foreign securities	432,371	610,998	136,307	1,179,676
Others	-	86,239	-	86,239
Derivative transactions (*):				
Currency	-	1,270	-	1,270
Total assets	1,624,543	896,891	149,509	2,670,944
Derivative transactions (*):				
Currency	-	7,060	-	7,060
Total liabilities	-	7,060	-	7,060

(*) The carrying amounts of derivative transactions applying hedge accounting are ¥227 million as an asset and ¥6,513 million as a liability.

(2) Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets.

Cash, deposits and saving are not included in the following tables as they are mostly short term (within one year) and their fair values approximate their carrying amounts.

(March 31, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					270,163	
Bad debt reserve (*)					(11)	
	-	-	262,957	262,957	270,152	(7,194)
Total assets	-	-	262,957	262,957	270,152	(7,194)
Bonds issued	-	23,790	-	23,790	25,000	(1,210)
Total liabilities	-	23,790	-	23,790	25,000	(1,210)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(September 30, 2025)

(Yen in millions)

	Fair value				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total		
(iii) Loans					262,134	
Bad debt reserve (*)					(6)	
	-	-	253,780	253,780	262,127	(8,346)
Total assets	-	-	253,780	253,780	262,127	(8,346)
Bonds issued	-	23,882	-	23,882	25,000	(1,117)
Total liabilities	-	23,882	-	23,882	25,000	(1,117)

(*) Bad debt reserve for loans is deducted from the carrying amount.

(Note 1) Description of the valuation techniques and inputs used to measure fair value

Assets

(i) Money trusts

With regard to money trusts, the price quoted by trustees is deemed to be the fair value. These are categorized within Level 2 or Level 3 based on the level of components of assets in trust.

(ii) Securities

Those with unadjusted quoted prices available in active markets, mainly including listed stocks, government bonds, and listed investment trusts, are categorized within Level 1. Those with published quoted prices in markets that are not active, mainly including municipal bonds and corporate bonds, are categorized within Level 2.

With regard to unlisted investment trusts, prices quoted by investment trust management companies are deemed to be the fair value. These are categorized within Level 2 or Level 3 mainly based on the level of components of assets in trust.

(iii) Loans

With regard to floating rate loans, the carrying amounts approximate the fair value contingent on no significant changes in the credit conditions of the debtor, because the floating rates on the loans reflect market interest rates. With regard to fixed rate loans, for loans sorted by type, term and credit rating, the fair value is based on the present value of the estimated future cash flows discounted at market interest rates, such as yields on government bonds, plus a credit spread. The fair value of certain personal loans is determined at the net present value of the estimated future cash flows discounted at interest rates applicable to the same type of new loans.

With regard to policy loans that do not have contractual maturities, as the loan amount is limited to the surrender value, the carrying amounts approximate the fair value, considering their estimated repayment periods and interest rates.

With regard to loans to debtors that are legally or substantially bankrupt and loans to doubtful debtors, the carrying amounts less bad debt reserve are deemed the fair value, because the bad debt reserve is determined based on the present value of the estimated future cash flows or the value of the collateral and the amount collectible through guarantees.

These are mainly categorized within Level 3.

Liabilities

Bonds issued

With regard to bonds issued, the fair value is determined based on "Reference Statistical Prices for OTC Bond Transactions" published by the Japan Securities Dealers Association. These are categorized within Level 2.

Derivative transactions

The fair value is determined based on prices quoted by counterparty financial institutions or prices calculated by the valuation model using inputs such as exchange rates.

The transactions using significant unobservable inputs are categorized within Level 3, and the other transactions are categorized within Level 2.

(Note 2) Financial assets and liabilities measured at fair value on the consolidated balance sheets and categorized within Level 3

The Level 3 fair value mostly comprises instruments with unadjusted prices obtained from third parties. Accordingly, notes such as quantitative information on significant unobservable inputs used to measure fair value are omitted.

(1) Reconciliation from beginning balance to ending balance, and net unrealized gains(losses) recognized in profit or loss

(March 31, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	300	0	-	200	500	0
Securities:						
Available-for-sale securities	90,445	-	5,677	28,632	124,754	-
Total assets	90,745	0	5,677	28,832	125,254	0

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(September 30, 2025)

(Yen in millions)

	Beginning balance	Recorded in profit or loss for the current fiscal year (*1)	Recorded in other comprehensive income (*2)	Changes due to purchases, issues, sales and settlements	Ending balance	Net unrealized gains (losses) recorded in profit or loss on financial assets and liabilities held at the consolidated balance sheet date (*1)
Money trusts	500	(97)	132	12,666	13,201	132
Securities:						
Available-for-sale securities	124,754	-	2,925	8,626	136,307	-
Total assets	125,254	(97)	3,058	21,293	149,509	132

(*1) Included in "Investment income" and "Investment expenses" of the consolidated statement of income.

(*2) Included in "Other comprehensive income" of the consolidated statement of comprehensive income, as a component of "Net unrealized gains (losses) on available-for-sale securities" or "Foreign currency translation adjustments."

(2) Descriptions of the valuation process of fair value

At the Group, departments that are independent from those responsible for transactions of financial instruments stipulate policies and procedures on the fair value measurement and measure fair value. With regard to the measured fair value, the appropriateness of the inputs and valuation techniques used to measure fair value are verified. When using quoted prices obtained from third parties as fair value, the appropriateness is verified by suitable methods such as reviewing the inputs and valuation techniques used and comparing with the fair value of similar financial instruments.

(Note 3) The carrying amounts of stocks and other securities without market prices and investments in partnerships, etc. as of March 31, 2025 and September 30, 2025, which are not included in "(ii) Securities" in Fair value of financial instruments and breakdown by level of fair value above, are as follows:

(Yen in millions)

	March 31, 2025	September 30, 2025
Stocks and other securities without market prices (*1) (*3)	49,553	52,399
Investments in partnerships, etc. (*2)	24,245	25,289
Total	73,799	77,689

(*1) Stocks and other securities without market prices include unlisted stocks, etc., and are not subject to fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19 "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

(*2) Investments in partnerships, etc. are not subject to fair value disclosure, in accordance with the Paragraph 24-16 of ASBJ Guidance No. 31 "Revised Implementation Guidance on Accounting Standard for Fair Value Measurement."

(*3) Impairment losses on stocks and other securities without market prices for the years ended March 31, 2025 and for the six-month period ended September 30, 2025 were ¥ 3,583 million and ¥ 668 million, respectively.

(Notes on Securities)

1. Held-to-maturity securities

Not applicable.

2. Available-for-sale securities

(March 31, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	258,832	249,165	9,667
	Domestic stocks	756,110	235,845	520,265
	Foreign securities	700,262	592,086	108,176
	Other securities	70,360	40,322	30,038
	Subtotal	1,785,566	1,117,419	668,146
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	306,446	326,154	(19,708)
	Domestic stocks	13,534	14,060	(525)
	Foreign securities	387,851	405,521	(17,669)
	Other securities	-	-	-
	Subtotal	707,832	745,736	(37,903)
Total		2,493,398	1,863,155	630,242

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. The Group recognized impairment losses on available-for-sale securities (excluding stocks and other securities without market prices and investments in partnerships, etc.) as follows.
   For the year ended March 31, 2025, ¥570 million (comprised of domestic stocks only)
   In principle, the Company and its domestic consolidated subsidiaries recognize impairment losses on securities if the fair value declines by 30% or more from the cost.

(September 30, 2025)

(Yen in millions)

Category		Carrying amount	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	Domestic bonds	220,303	211,249	9,053
	Domestic stocks	841,512	221,362	620,150
	Foreign securities	877,389	724,915	152,474
	Other securities	83,303	41,322	41,981
	Subtotal	2,022,509	1,198,849	823,659
Securities with carrying amount not exceeding acquisition cost	Domestic bonds	323,366	346,120	(22,753)
	Domestic stocks	2,306	2,450	(144)
	Foreign securities	302,287	318,468	(16,181)
	Other securities	4,030	4,094	(64)
	Subtotal	631,990	671,133	(39,143)
Total		2,654,499	1,869,983	784,516

(Notes)
1. Stocks and other securities without market prices and investments in partnerships, etc. are excluded from the above table.
2. “Other securities” includes certificates of deposits included in cash, deposits and savings on the consolidated balance sheet.

(Notes on Money Trusts)

1. Money trusts classified as held-to-maturity

Not applicable.

2. Money trusts classified as other than trading and held-to-maturity

(March 31, 2025)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	3,080	2,235	844

(September 30, 2025)

(Yen in millions)

Category	Carrying amount	Acquisition cost	Difference
Money trusts	15,568	14,604	963

(Notes on Derivative Transactions)

Derivative transactions to which hedge accounting is applied are excluded from the disclosure.

Currency-related derivatives

(March 31, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	16,077	-	213	213
	Bought	88,215	-	1,484	1,484
Total		-	-	1,697	1,697

(September 30, 2025)

(Yen in millions)

Type	Classification	Notional amounts		Fair value	Valuation gains (losses)
		Total	Over 1 year		
OTC Transactions	Foreign exchange contracts				
	Sold	18,924	-	(545)	(545)
	Bought	80,642	-	1,040	1,040
Total		-	-	495	495

(Notes on Investment and Leasing Properties)

(September 30, 2025)
Information on investment and leasing properties is not required to be presented, as the changes in their carrying amounts and fair values of investment and leasing properties for the six-month period ended September 30, 2025, compared to the year ended March 31, 2025, are not considered significant.

(Notes on Segment Information)
1. Outline of reportable segments

   The reportable segments are the units of 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 business domains of MS&AD insurance Group to which the Company belongs comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Segment information is presented based on the Group's business domains, resulting in two reportable segments that comprise the Company which operates non-life insurance business mainly in Japan and overseas affiliated companies (overseas insurance subsidiaries) which operate insurance business in various foreign countries.
   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. Life insurance subsidiaries engage in life insurance business for the international business.

2. Methods of calculating revenues, net income or losses, assets, liabilities and other items by reportable segments

   The accounting methods for reportable segments are substantially the same as those mentioned in "Accounting polices." The Company and its subsidiaries use net income (after taking equity shares into consideration) as a measure for the reportable segments.
   Intersegment revenues and transfers are based on transaction prices between the Company and independent third parties.

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

(For the six-month period ended September 30, 2024)

(Yen in million)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	700,894	112,071	854	813,821	(16)	813,805
Intersegment revenues or transfers	39,092	(38,245)	(846)	-	-	-
Total	739,986	73,826	8	813,821	(16)	813,805
Net income (loss) by segment	22,803	1,030	(89)	23,744	(1,036)	22,708
Assets by segment	3,846,299	394,671	1,624	4,242,595	(218,046)	4,024,548
Other items:						
Depreciation	12,749	730	31	13,511	-	13,511
Interest and dividends received	40,683	3,170	-	43,853	(1,042)	42,810
Interest expenses	225	329	-	554	(16)	538
Gains (losses) from equity method investments	-	-	398	398	-	398
Extraordinary income	54	-	-	54	-	54
Extraordinary losses	2,090	0	-	2,090	-	2,090
(Impairment losses on fixed assets)	685	-	-	685	-	685
Income taxes	4,150	379	1	4,531	9	4,540
Investments in associates accounted for by equity method	1,532	-	-	1,532	2,612	4,144
Increases in tangible fixed assets and intangible fixed assets	11,086	161	15	11,262	-	11,262

(Notes)

1. "Revenues" represents net premiums written for non-life insurance business, premium income for life insurance 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, represents domestic non-life insurance business that domestic insurance companies not included in reportable segments operate.
3. "Adjustments" in "Revenues from transactions with external customers" represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business.

4. "Adjustments" in net income (loss) by segment includes elimination of intersegment transactions.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(129,495) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(90,867) million, and adjustments of Assets for pension and retirement benefits, totaling ¥2,316 million.
6. "Net income (loss) by segment" is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements (Continued)

(For the six-month period ended September 30, 2025)

(Yen in million)

	Domestic non-life insurance business	International business	Others (Note 2)	Total	Adjustments (Notes 3, 4, and 5)	Amount on the consolidated financial statements (Note 6)
	The Company	Overseas insurance subsidiaries				
Revenues: (Note 1)						
Revenues from transactions with external customers	709,671	113,038	1,193	823,903	(10)	823,892
Intersegment revenues or transfers	39,288	(38,151)	(1,137)	-	-	-
Total	748,959	74,887	56	823,903	(10)	823,892
Net income (loss) by segment	77,539	2,884	296	80,720	3,275	83,995
Assets by segment	3,832,174	398,129	1,054	4,231,358	(254,706)	3,976,652
Other items:						
Depreciation	12,099	567	10	12,678	-	12,678
Interest and dividends received	40,609	3,501	-	44,111	(888)	43,222
Interest expenses	339	434	-	774	(424)	349
Gains (losses) from equity method investments	-	-	447	447	-	447
Extraordinary income	70	3	-	73	-	73
Extraordinary losses	21,363	0	-	21,363	(5,264)	16,099
(Losses on sales of fixed assets)	2,512	0	-	2,513	-	2,513
(Impairment losses on fixed assets)	2,571	-	-	2,571	-	2,571
(Other extraordinary losses)	15,325	-	-	15,325	(5,264)	10,060
Income taxes	25,390	495	1	25,887	1,525	27,412
Investments in associates accounted for by equity method	1,532	-	-	1,532	3,132	4,664
Increases in tangible fixed assets and intangible fixed assets	11,846	204	13	12,064	-	12,064

(Notes)

1. “Revenues” represents net premiums written for non-life insurance business, premium income for life insurance 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, represents financial services business that group companies other than domestic insurance companies operate.
3. “Adjustments” in “Revenues from transactions with external customers” represents the difference between life insurance premiums in the consolidated statement of income and premium income for life insurance business.

4. "Adjustments" in net income (loss) by segment includes adjustments to provision of reserves for losses on liquidation of subsidiaries amounting to ¥3,768 million, and the elimination of intersegment transactions amounting to ¥(493) million.
5. "Adjustments" in assets by segment includes the elimination of intersegment transactions in the amount of ¥(174,288) million, transfers due to offsetting reinsurance recoverables included in assets of overseas insurance subsidiaries and policy liabilities on the consolidated financial statements, amounting to ¥(77,901) million, and adjustments of assets for pension and retirement benefits, totaling ¥(2,516) million.
6. "Net income (loss) by segment" is reconciled with net income attributable to owners of the parent on the consolidated financial statements.

[Related information]

(For the six-month period ended September 30, 2024)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	141,332	2,905	31,893	484,278	60,456	90,249	811,115

(Yen in millions)

	Total
(Life insurance) Premiums income	2,705

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United Kingdom	Others	Total
(Non-life insurance) Net premiums written	644,475	83,524	83,115	811,115

(Yen in millions)

	Japan	Overseas	Total
(Life insurance) Premiums income	-	2,705	2,705

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets
The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

(For the six-month period ended September 30, 2025)

1. Information by product and service

(Yen in millions)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
(Non-life insurance) Net premiums written	139,613	2,426	32,659	497,296	61,497	88,658	822,150

(Yen in millions)

	Individual insurance	Group insurance	Other insurance	Total
(Life insurance) Premiums income	1	1,749	0	1,752

2. Information by geographic area
(1) Revenues

(Yen in millions)

	Japan	United Kingdom	Others	Total
(Non-life insurance) Net premiums written	660,940	80,448	80,761	822,150

(Yen in millions)

	Japan	Overseas	Total
(Life insurance) Premiums income	0	1,751	1,752

(Note) Revenues are classified into countries or regions in line with the classification used for management purposes based on locations of policyholders.

(2) Tangible fixed assets
The information by geographic area is not presented as more than 90% of the Group's tangible fixed assets on the consolidated balance sheet are located in Japan.

3. Information by major customer

Not applicable.

[Information related to impairment losses on fixed assets by reportable segment]

Information regarding impairment losses on fixed assets by reportable segment is included in "3. Information on revenues, net income or losses, assets, liabilities and other items by reportable segment."

[Information related to amortization of goodwill and unamortized balance of goodwill by reportable segment]

Not applicable.

[Information related to gains on negative goodwill by reportable segment]

Not applicable.

(Notes on Per Share Information)

1. The amounts of net assets per share and the basis for its calculation are as follows:

	March 31, 2025	September 30, 2025
Net assets per share (in Yen)	1,161.93	1,359.01
(Basis for calculation)		
Total net assets (Yen in millions)	853,756	998,553
Amounts deducted from total net assets (Yen in millions)	779	896
(Non-controlling interests deducted from net assets included in the above (Yen in millions))	779	896
Net assets as of the period end attributable to common shares (Yen in millions)	852,976	997,656
Outstanding number of common shares as of the period end to calculate net assets per share (in thousands)	734,101	734,101

2. The amounts of net income per share and the basis for its calculation are as follows:

	For the six-month period ended September 30, 2024	For the six-month period ended September 30, 2025
Net income per share (in Yen)	30.93	114.41
(Basis for calculation)		
Total net income attributable to owners of the parent (Yen in millions)	22,708	83,995
Amounts not attributable to common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to common shares (Yen in millions)	22,708	83,995
Average number of common shares outstanding during the period (in thousands)	734,101	734,101

(Note) Since there was no potential dilution, diluted net income per share is not presented.

(Notes on Significant Subsequent Events)

Not applicable.

[Others]

Not applicable.

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