SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (Under IFRS)

June 29, 2026

Named of Listed Company: **MS&AD Insurance Group Holdings, Inc.**
Stock Exchange Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Securities Code Number: 8725
URL: https://www.ms-ad-hd.com
Representative: Shinichiro Funabiki, President & CEO
Contact: Corporate Communications Dept.
https://www.ms-ad-hd.com/en/ir/contact.html

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

1. Consolidated Financial Highlights for the Year Ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(1) Consolidated business performance (Yen in millions)

	Insurance revenue		Income before tax		Net income		Net income attributable to owners of the parent		Comprehensive income	
Year ended March 31, 2026	6,436,026	8.2 %	703,521	53.4 %	516,131	68.8 %	510,612	70.1 %	1,493,364	- %
Year ended March 31, 2025	5,949,509	- %	458,500	- %	305,791	- %	300,191	- %	(50,371)	- %

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

(Yen)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of income before tax to total assets
Year ended March 31, 2026	342.98	342.94	8.7 %	2.5 %
Year ended March 31, 2025	193.36	193.33	5.3 %	1.7 %

(Reference) Gains (losses) on equity method investments
For the year ended March 31, 2026: ¥ 36,426 million
For the year ended March 31, 2025: ¥ 30,276 million

(2) Consolidated financial conditions (Yen in millions)

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share (Yen)
March 31, 2026	29,592,153	6,481,239	6,419,831	21.7 %	4,424.60
March 31, 2025	26,821,452	5,434,114	5,381,586	20.1 %	3,560.97

(3) Consolidated cash flows (Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Year ended March 31, 2026	954,001	(719,514)	(138,762)	2,513,765
Year ended March 31, 2025	707,427	(555,927)	(680,424)	2,341,388

2. Dividends

	Dividends per share (Yen)					Total annual dividends (Yen in millions)	Dividend pay-out ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (Consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual Total			
Year ended March 31, 2025	-	72.50	-	72.50	145.00	221,331	75.0 %	3.9 %
Year ended March 31, 2026	-	77.50	-	82.50	160.00	235,617	46.6 %	4.0 %
Year ending March 31, 2027 (Forecast)	-	85.00	-	85.00	170.00		58.0 %	

(Note) The 2nd quarter and the 4th quarter dividends per share for the year ended March 31, 2025 consist of ¥50.00 ordinary dividend and ¥22.50 special dividend. The 2nd quarter dividends per share for the year ended March 31, 2026 consists of ¥60.00 ordinary dividend and ¥17.50 special dividend and the 4th quarter dividends per share for the year ended March 31, 2026 consists of ¥65.00 ordinary dividend and ¥17.50 special dividend. The 2nd quarter and the 4th quarter dividends per share for the year ending March 31, 2027 (Forecast) consist of ¥70.00 ordinary dividend and ¥15.00 special dividend.

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(Yen in millions)

	Net income attributable to owners of the parent		Basic earnings per share (Yen)
Year ending March 31, 2027	425,000	(16.8) %	292.91

Percent figure represents changes from the preceding year.

*** Notes**

(1) Significant changes in the scope of consolidation during the period : Yes

Newly included: 1 (MSIG Specialty Insurance America, Inc.)

Excluded: 1 (MSIG Insurance Europe AG)

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

1. Changes in accounting policies required by IFRS: None
2. Changes in accounting policies other than above: None
3. Changes in accounting estimates: None

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

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

As of March 31, 2026:	1,492,551,732 shares
As of March 31, 2025:	1,608,398,708 shares

2. Number of shares of treasury stock

As of March 31, 2026:	41,612,213 shares
As of March 31, 2025:	97,131,980 shares

3. Average number of shares of outstanding stock

For the year ended March 31, 2026:	1,488,714,590 shares
For the year ended March 31, 2025:	1,552,438,540 shares

*** This report is unaudited.**

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

1. For the purpose of enhancing the international comparability of financial information disclosed in the capital markets, MS&AD Insurance Group Holdings, Inc. (“the Company”) voluntarily adopts International Financial Reporting Standards (IFRS), instead of Japanese GAAP, for its consolidated financial statements, beginning with the Annual Securities Report for the fiscal year ended March 31, 2026.
2. This summary of consolidated financial results and the appendix disclose the principal items required to be disclosed in the Annual Securities Report.
3. The Company has announced its summary of consolidated financial results for the year ended March 31, 2026 (under Japanese GAAP) on May 20, 2026.
4. Any earnings forecasts in this report have been made based on the information available to the Company as of the disclosure date of the report and certain assumptions, and therefore do not guarantee future performance. Actual results may differ substantially from these forecasts depending on various factors. For key assumptions of the earnings forecasts and other relevant information, please refer to “Consolidated Earnings Forecast for the Year Ending March 31, 2027” on page 3 of the Appendix.

[Appendix]

Contents

1. Overview of Business Performance and Forecasts
(1) Overview of Business Performance in the Fiscal Year under Review

Financial and Economic Environment Surrounding the Group

During the reporting fiscal year, the global economy experienced a moderate recovery in many regions, particularly in the United States and Europe, as personal consumption increased in response to changes in price trends. However, heightened geopolitical risks, including those related to the Middle East, and the impact of U.S. policy developments led to ongoing uncertainty regarding the future outlook.

In the Japanese economy, the employment and income environment showed improvement, and despite rising prices, a pickup in consumer spending and capital expenditures was observed. Interest rates were raised in a phased manner. While some areas of weakness remained, the overall economy continued its gradual recovery trend.

In the insurance industry, while a contracting domestic market is anticipated due to the declining birthrate and aging population, the emergence of new risks—such as climate change, the rapid adoption of AI, and the rise in cyber risks—has required the industry to respond to dramatic changes in the business environment. As a result, there is an increasing need for transformation beyond the traditional framework of insurance business practices.

Key Initiatives and Objectives for the Reporting Fiscal Year

<"Customer-Oriented Business Operations," "Thorough Compliance," and "Strengthening Governance "for the Enhancement of Corporate Value>

In light of the issues related to premium adjustment practices in the field of corporate insurance and the leaking of information between insurance companies at Mitsui Sumitomo Insurance Co., Ltd. ("MSI ") and Aioi Nissay Dowa Insurance Co., Ltd. ("ADI"), the Group has continued to implement measures to prevent recurrence of such incidents. At the same time, it has promoted a review of its business practices and undertook the transformation of its business model, taking into account changes in competition rules due to amendments to the Insurance Business Act and other relevant regulations.

In addition, following approval at the Ordinary General Meeting of Shareholders in June 2025, the Company transitioned to a company with an Audit and Supervisory Committee, thereby strengthening the supervisory function of the Board of Directors and expediting decision-making and business execution. Furthermore, by having a majority of the Board comprised of outside directors, the objectivity of management decisions by the Board of Directors has been enhanced.

As a holding company, the Company will continue to take the lead in promoting initiatives across the entire Group.

<"Reorganization of the Domestic Non-Life Insurance Business Structure" to Establish an Advantage in the New Competitive Environment>

MSI and ADI reached a final agreement to merge, with the effective date set for April 1, 2027, and entered into a merger contract. In aiming to become "the insurance and financial group most chosen by customers," the Group will, through this merger, create a new non-life insurance company that enhances the foundation for growth and strengthens governance, thereby improving reliability. Entrusted with the customers' important futures, and amid increasing uncertainty, the Group is committed to becoming an entity that anticipates change and solves social risks— "taking on risk, leading the world." Through these efforts, the Group aims to achieve sustainable growth and enhance corporate value.

Furthermore, aiming to promote further development of the insurance industry by fostering a sound competitive environment, MSI has agreed with GINSEN CO., LTD., an insurance agency of the SMBC Group, and Sumitomo Mitsui Financial Group, Inc. to jointly establish an insurance agency business company through joint investment, effective April 1, 2026.

<"Enhancing the Management Structure of Overseas Business" for Sustainable Profit Generation>

Through the investment in W.R. Berkley Corporation, a leading specialty insurance company in the United States by MSI, the Company has promoted diversification of earnings and pursued collaborative initiatives that leverage advanced underwriting*1 capabilities. To expedite decision-making, it centralized the management of its overseas business division within the organization and decided to establish the International Executive Committee (IEC), a forum where multinational personnel engage in discussions on overseas business strategies and critical issues. These efforts are intended to further enhance the Group's resource allocation capabilities and foster future growth.

*1 Underwriting
Assessing whether to accept an insurance application and determining the terms and conditions of coverage.

<"A New Business Portfolio" for Further Growth>

With the aim of further improving capital efficiency, the Company sold its shares in Challenger Limited, an Australian financial group. In addition, by investing in Barings LLC, an asset management company that was a wholly owned subsidiary of the major U.S. life insurer Massachusetts Mutual Life Insurance Company, the Company has promoted initiatives to diversify its business portfolio, enhance capital efficiency, and strengthen its insurance product development capabilities, thereby aiming to further increase the corporate value of the Group

As a result of these efforts, the consolidated financial results for the current fiscal year are as follows.

Insurance service result amounted to ¥ 525.4 billion, comprising insurance revenue of ¥ 6,436.0 billion, insurance service expenses of ¥ 5,422.7 billion, and reinsurance result of (¥ 487.8 billion). Financial result amounted to ¥ 261.0 billion, comprising investment result of ¥ 931.9 billion and Insurance finance gains (losses) of (¥ 670.8 billion).

After adding and subtracting other income and expenses and share of profit (loss) of investments accounted for using the equity method, profit before tax amounted to ¥ 703.5 billion. After adding and subtracting income tax expense of ¥ 187.3 billion, profit for the year attributable to owners of the parent increased by ¥ 210.4 billion from the previous consolidated fiscal year to ¥ 510.6 billion.

The results by segment were as follows:
Note that insurance revenue, insurance service expenses, reinsurance results, and insurance service result for the domestic non-life insurance business do not include earthquake insurance for households or compulsory automobile liability insurance.

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

Insurance service result amounted to ¥ 124.9 billion, comprising insurance revenue of ¥ 1,934.7 billion, insurance service expenses of ¥ 1,632.3 billion, and reinsurance result of (¥ 177.4 billion). Financial result amounted to ¥ 146.3 billion, comprising investment result of ¥ 179.5 billion and Insurance finance gains (losses) of (¥ 33.1 billion).

After adding and subtracting other income and expenses, profit before tax amounted to ¥ 233.9 billion. After adding and subtracting income tax expense of ¥ 50.9 billion, profit for the year attributable to owners of the parent increased by ¥ 74.3 billion from the previous consolidated fiscal year to ¥ 182.9 billion.

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

Insurance service result amounted to ¥ 90.1 billion, comprising insurance revenue of ¥ 1,445.1 billion, insurance service expenses of ¥ 1,264.2 billion, and reinsurance result of (¥ 90.8 billion). Financial result amounted to ¥ 89.8 billion, comprising investment result of ¥ 118.9 billion and Insurance finance gains (losses) of (¥ 29.0 billion). After adding and subtracting other income and expenses, profit before tax amounted to ¥ 154.1 billion.

After adding and subtracting income tax expense of ¥ 35.1 billion, profit for the year attributable to owners of the parent increased by ¥ 51.3 billion from the previous consolidated fiscal year to ¥ 118.9 billion.

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

Insurance service result amounted to (¥ 3.1 billion), comprising insurance revenue of ¥ 40.2 billion, and insurance service expenses of ¥ 43.2 billion. Financial result amounted to ¥ 0.3 billion. After adding and subtracting other income and expenses, loss before tax amounted to ¥ 2.9 billion.

After adding and subtracting income tax expense of (¥ 0.7 billion), loss for the year attributable to owners of the parent decreased by ¥ 0.7 billion from the previous consolidated fiscal year to ¥ 2.2 billion.

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

Insurance service result amounted to ¥ 85.5 billion, comprising insurance revenue of ¥ 256.2 billion, insurance service expenses of ¥ 170.3 billion, and reinsurance result of (¥ 0.3 billion). Financial result amounted to (¥ 166.9 billion), comprising investment result of (¥ 88.1 billion) and Insurance finance gains (losses) of (¥ 78.7 billion). After adding and subtracting other income and expenses, loss before tax amounted to ¥ 83.8 billion.

After adding and subtracting income tax expense of (¥ 23.5 billion), loss for the year attributable to owners of the parent decreased by ¥ 82.5 billion from the previous consolidated fiscal year to ¥ 60.2 billion.

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

Insurance service result amounted to ¥ 28.8 billion, comprising insurance revenue of ¥ 106.7 billion, insurance service expenses of ¥ 90.3 billion, and reinsurance result of ¥ 12.4 billion. Financial result amounted to ¥ 152.1 billion, comprising investment result of ¥ 653.6 billion and Insurance finance gains (losses) of (¥ 501.4 billion).

After adding and subtracting other income and expenses, profit before tax amounted to ¥ 179.2 billion. After adding and subtracting income tax expense of ¥ 51.9 billion, profit for the year attributable to owners of the parent increased by ¥ 76.3 billion from the previous consolidated fiscal year to ¥ 127.3 billion.

6) International Business (Overseas insurance subsidiaries and associates)

Insurance service result amounted to ¥197.6 billion, comprising insurance revenue of ¥2,507.6 billion, insurance service expenses of ¥2,010.7 billion, and reinsurance result of (¥299.2 billion). Financial result amounted to ¥72.8 billion, comprising investment result of ¥119.1 billion and Insurance finance gains (losses) of (¥46.3 billion).

After adding and subtracting other income and expenses, profit before tax amounted to ¥297.6 billion. After adding and subtracting income tax expense of ¥57.7 billion, profit for the year attributable to owners of the parent increased by ¥57.0 billion from the previous consolidated fiscal year to ¥234.4 billion.

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

Total assets as of the end of the current consolidated fiscal year totaled ¥29,592.1 billion, a year-on-year increase of ¥2,770.7 billion. Total equity increased by ¥1,047.1 billion year-on-year to ¥6,481.2 billion.

For the fiscal year under review, net cash provided by operating activities increased by ¥ 246.5 billion year on year to ¥ 954.0 billion, mainly due to an increase in premium income. Net cash used in investing activities decreased by ¥ 163.5 billion year on year to (¥ 719.5 billion), mainly due to an increase in payments for the acquisition of investment securities, despite an increase in proceeds from the sale and redemption of investment securities. Net cash used in financing activities increased by ¥ 541.6 billion year on year to (¥ 138.7 billion), mainly due to an increase in proceeds from the issuance of corporate bonds. As a result, cash and cash equivalents at the end of the fiscal year increased by ¥ 172.3 billion from the end of the previous fiscal year to ¥ 2,513.7 billion.

For long-term investment funding, including growth investments, the Group primarily utilizes funds generated from operating and investing activities and internal reserves, while also securing external financing through the issuance of corporate bonds and long-term borrowings from financial institutions.

In addition, with respect to liquidity, in preparation for potential deterioration in funding conditions caused by insurance claim payments and market disruption in the event of a major natural disaster, the Group maintains sufficient liquid assets and appropriately manages its cash position by assessing liquidity from both asset and liability perspectives, based on trends in cash inflows and outflows.

(3) Consolidated Earnings Forecast for the Year Ending March 31, 2027

Based on the following assumptions, the Group forecasts net income attributable to owners of the parent of ¥425.0 billion for the fiscal year ending March 31, 2027.

・Insurance income forecast is based on the Company's own forecast, taking into account past trends in results.
・Incurred losses related to new domestic natural catastrophes are expected to be ¥83.0 billion for Mitsui Sumitomo Insurance Co., Ltd. and ¥67.0 billion for Aioi Nissay Dowa Insurance Co., Ltd.
・No significant fluctuations in market interest rates, exchange rates, or stock market prices will take place from the end of March 2026.

The Company's consolidated earnings forecast is based on certain assumptions including the above; however, actual results may differ materially due to various factors. Please note that as the Company voluntarily adopts International Financial Reporting Standards (IFRS) starting from the Annual Securities Report for the fiscal year ended March 31, 2026, the above forecast was prepared in accordance with IFRS.

2. Basic Stance for Adopting Accounting Standards

In order to enhance international comparability of financial information in capital markets, the Group voluntarily adopts International Financial Reporting Standards (IFRS) in replacement of the current Japanese GAAP, to the consolidated financial statements, starting from the Annual Securities Report for the fiscal year ended March 31, 2026.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Statements of Financial Position

(Yen in millions)

	April 1, 2024 (Transition date)	March 31, 2025	March 31, 2026
Assets			
Cash and cash equivalents	2,851,692	2,341,388	2,513,765
Derivative assets	118,434	107,536	126,967
Investment securities	19,703,999	18,865,208	20,132,834
Loans	1,262,244	1,234,469	1,121,591
Other financial investments	229,769	220,795	244,051
Investment property	59,428	59,942	62,866
Reinsurance contract assets	1,741,358	1,952,246	2,435,453
Insurance contract assets	4,340	9,612	17,483
Investments accounted for using the equity method	245,322	224,978	917,477
Property and equipment	340,313	341,070	375,137
Intangible assets	437,119	337,455	333,980
Retirement benefit assets	2,542	12,901	1,326
Current tax assets	46,084	11,274	42,532
Deferred tax assets	52,696	32,511	29,698
Other assets	980,796	1,023,435	1,216,253
Assets held for sale	567	46,626	20,732
Total assets	28,076,714	26,821,452	29,592,153
Liabilities			
Repurchase agreements and similar securities lendings	778,601	546,612	481,620
Derivative liabilities	154,961	93,281	156,680
Investment contract liabilities	857,916	802,669	789,755
Insurance contract liabilities	17,821,012	17,735,421	18,604,850
Reinsurance contract liabilities	2,325	2,854	3,760
Bonds issued and borrowings	749,938	623,738	1,039,038
Retirement benefit liabilities	139,667	131,037	120,038
Current tax liabilities	74,528	106,865	163,075
Deferred tax liabilities	881,176	631,607	873,246
Provisions	8,032	8,845	16,171
Other liabilities	679,450	704,404	848,065
Liabilities directly associated with assets held for sale	-	-	14,609
Total liabilities	22,147,611	21,387,337	23,110,913
Equity			
Share capital	101,076	101,367	101,367
Capital surplus	347,813	346,843	205,351
Retained earnings	3,941,735	4,443,871	4,928,301
Treasury stock	(36,841)	(285,533)	(150,623)
Other equity components	1,524,669	775,037	1,335,434
Total equity attributable to owners of the parent	5,878,451	5,381,586	6,419,831
Non-controlling interests	50,651	52,528	61,407
Total equity	5,929,103	5,434,114	6,481,239
Total liabilities and equity	28,076,714	26,821,452	29,592,153

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Yen in millions)

	Year ended March 31, 2025	Year ended March 31, 2026
Insurance revenue	5,949,509	6,436,026
Insurance service expenses	5,230,341	5,422,775
Ceded reinsurance result	(390,752)	(487,807)
Insurance service result	328,415	525,444
Interest income	288,811	302,980
Other investment gains (losses)	119,735	628,950
Investment gains (losses)	408,547	931,931
Insurance finance expenses, net	202,062	730,788
Ceded reinsurance finance income, net	27,724	59,956
Insurance finance gains (losses)	(174,338)	(670,831)
Finance result	234,209	261,099
Other finance expenses	12,802	17,672
Other income	64,685	84,764
Other expenses	186,282	186,541
Investment gains (losses) on the equity method	30,276	36,426
Income before tax	458,500	703,521
Income tax expenses	152,709	187,389
Net income	305,791	516,131
Net income attributable to:		
Owners of the parent	300,191	510,612
Non-controlling interests	5,600	5,519
Earnings per share:		
Basic earnings per share	193.36 yen	342.98 yen
Diluted earnings per share	193.33 yen	342.94 yen

(Consolidated Statements of Comprehensive Income)

(Yen in millions)

	Year ended March 31, 2025	Year ended March 31, 2026
Net income	305,791	516,131
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	10,248	(5,168)
Investments in equity instruments	(374,184)	567,623
Fair value hedges	192	-
Share of other comprehensive income of investments accounted for using the equity method	16,684	10,045
Total of items that will not be reclassified to profit or loss:	(347,059)	572,501
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(29,077)	245,294
Investments in debt instruments	(294,059)	(231,770)
Cash flow hedges	4,043	(3,501)
Forward elements of forward contracts and foreign currency basis spread	390	88
Changes in discount rates for insurance contracts issued	342,453	382,387
Changes in discount rates for reinsurance contracts held	(10,151)	(12,895)
Share of other comprehensive income of investments accounted for using the equity method	(22,701)	25,129
Total of items that may be reclassified subsequently to profit or loss:	(9,103)	404,732
Other comprehensive income, net of tax	(356,162)	977,233
Total comprehensive income	(50,371)	1,493,364
Total comprehensive income attributable to:		
Owners of the parent	(56,700)	1,482,121
Non-controlling interests	6,328	11,243

(3) Consolidated Statements of Changes in Equity

Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Yen in millions)

	Equity attributable to owners of the parent					
					Other equity components	
	Share capital	Capital surplus	Retained earnings	Treasury stock	Remeasurements of defined benefit plans	Investment in equity instruments
Beginning balance	101,076	347,813	3,941,735	(36,841)	-	2,001,936
Net income	-	-	300,191	-	-	-
Other comprehensive income	-	-	-	-	10,197	(357,448)
Total comprehensive income	-	-	300,191	-	10,197	(357,448)
Purchases of treasury stock	-	-	-	(250,876)	-	-
Disposal of treasury stock	-	(1,085)	-	2,184	-	-
Dividends	-	-	(190,795)	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-
Changes in ownership interests in subsidiaries without loss of control	-	(49)	-	-	-	-
Transfer from other equity components to retained earnings	-	-	392,740	-	(10,197)	(383,120)
Share-based payment transactions	291	165	-	-	-	-
Total transactions with owners, etc.	291	(969)	201,945	(248,691)	(10,197)	(383,120)
Ending balance	101,367	346,843	4,443,871	(285,533)	-	1,261,367

	Equity attributable to owners of the parent				
	Other equity components				
	Fair value hedges	Exchange differences on translation of foreign operations	Investments in debt instruments	Cash flow hedges	Forward elements of forward contracts and foreign currency basis spread
Beginning balance	(768)	-	(501,124)	378	(129)
Net income	-	-	-	-	-
Other comprehensive income	192	(36,108)	(250,935)	4,897	390
Total comprehensive income	192	(36,108)	(250,935)	4,897	390
Purchases of treasury stock	-	-	-	-	-
Disposal of treasury stock	-	-	-	-	-
Dividends	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-	-
Transfer from other equity components to retained earnings	576	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Total transactions with owners, etc.	576	-	-	-	-
Ending balance	-	(36,108)	(752,059)	5,275	260

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other equity components					
	Changes in discount rates for insurance contracts issued	Changes in discount rates for reinsurance contracts held	Total	Total		
Beginning balance	43,600	(19,223)	1,524,669	5,878,451	50,651	5,929,103
Net income	-	-	-	300,191	5,600	305,791
Other comprehensive income	282,101	(10,178)	(356,891)	(356,891)	728	(356,162)
Total comprehensive income	282,101	(10,178)	(356,891)	(56,700)	6,328	(50,371)
Purchases of treasury stock	-	-	-	(250,876)	-	(250,876)
Disposal of treasury stock	-	-	-	1,098	-	1,098
Dividends	-	-	-	(190,795)	(4,331)	(195,126)
Changes in scope of consolidation	-	-	-	-	11	11
Changes in ownership interests in subsidiaries without loss of control	-	-	-	(49)	(131)	(180)
Transfer from other equity components to retained earnings	-	-	(392,740)	-	-	-
Share-based payment transactions	-	-	-	456	-	456
Total transactions with owners, etc.	-	-	(392,740)	(440,165)	(4,451)	(444,616)
Ending balance	325,701	(29,401)	775,037	5,381,586	52,528	5,434,114

Year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Yen in millions)

	Equity attributable to owners of the parent					
					Other equity components	
	Share capital	Capital surplus	Retained earnings	Treasury stock	Remeasurements of defined benefit plans	Investment in equity instruments
Beginning balance	101,367	346,843	4,443,871	(285,533)	-	1,261,367
Net income	-	-	510,612	-	-	-
Other comprehensive income	-	-	-	-	(5,187)	577,666
Total comprehensive income	-	-	510,612	-	(5,187)	577,666
Purchases of treasury stock	-	-	-	(221,499)	-	-
Disposal of treasury stock	-	(295)	-	2,692	-	-
Cancellation of treasury stock	-	(141,615)	(212,102)	353,717	-	-
Dividends	-	-	(225,191)	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-
Changes in ownership interests in subsidiaries without loss of control	-	(73)	-	-	-	-
Transfer from other equity components to retained earnings	-	-	411,111	-	5,187	(416,299)
Share-based payment transactions	-	493	-	-	-	-
Total transactions with owners, etc.	-	(141,491)	(26,182)	134,910	5,187	(416,299)
Ending balance	101,367	205,351	4,928,301	(150,623)	-	1,422,734

	Equity attributable to owners of the parent			
	Other equity components			
	Exchange differences on translation of foreign operations	Investments in debt instruments	Cash flow hedges	Forward elements of forward contracts and foreign currency basis spread
Beginning balance	(36,108)	(752,059)	5,275	260
Net income	-	-	-	-
Other comprehensive income	285,170	(257,284)	(8,517)	88
Total comprehensive income	285,170	(257,284)	(8,517)	88
Purchases of treasury stock	-	-	-	-
Disposal of treasury stock	-	-	-	-
Cancellation of treasury stock	-	-	-	-
Dividends	-	-	-	-
Changes in scope of consolidation	-	-	-	-
Changes in ownership interests in subsidiaries without loss of control	-	-	-	-
Transfer from other equity components to retained earnings	-	-	-	-
Share-based payment transactions	-	-	-	-
Total transactions with owners, etc.	-	-	-	-
Ending balance	249,062	(1,009,344)	(3,241)	349

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other equity components			Total		
	Changes in discount rates for insurance contracts issued	Changes in discount rates for reinsurance contracts held	Total			
Beginning balance	325,701	(29,401)	775,037	5,381,586	52,528	5,434,114
Net income	-	-	-	510,612	5,519	516,131
Other comprehensive income	392,493	(12,920)	971,509	971,509	5,724	977,233
Total comprehensive income	392,493	(12,920)	971,509	1,482,121	11,243	1,493,364
Purchases of treasury stock	-	-	-	(221,499)	-	(221,499)
Disposal of treasury stock	-	-	-	2,396	-	2,396
Cancellation of treasury stock	-	-	-	-	-	-
Dividends	-	-	-	(225,191)	(3,106)	(228,298)
Changes in scope of consolidation	-	-	-	-	215	215
Changes in ownership interests in subsidiaries without loss of control	-	-	-	(73)	526	452
Transfer from other equity components to retained earnings	-	-	(411,111)	-	-	-
Share-based payment transactions	-	-	-	493	-	493
Total transactions with owners, etc.	-	-	(411,111)	(443,875)	(2,364)	(446,240)
Ending balance	718,195	(42,321)	1,335,434	6,419,831	61,407	6,481,239

(4) Consolidated Statements of Cash Flows

(Yen in millions)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities:		
Income before tax	458,500	703,521
Depreciation and amortization	105,808	103,398
Impairment losses	88,527	1,608
Interest income	(288,811)	(302,980)
Other investment losses (gains)	(148,148)	(641,553)
Other finance expenses	12,802	17,672
Investment losses (gains) on the equity method	(30,276)	(36,426)
Increase (decrease) in investment contract liabilities	(55,247)	(12,913)
Increase (decrease) in insurance contract liabilities	466,200	1,086,515
Decrease (increase) in reinsurance contract assets	(238,603)	(393,594)
Decrease (increase) in retirement benefit assets	(873)	(672)
Increase (decrease) in retirement benefit liabilities	(5,640)	(11,369)
Increase (decrease) in provisions	3,659	9,124
Others	(169,494)	(164,217)
Subtotal	198,403	358,114
Interests received	292,095	399,484
Dividends received	366,012	400,625
Interests paid	(10,998)	(15,799)
Income taxes refunded (paid)	(138,086)	(188,423)
Net cash provided by (used in) operating activities	707,427	954,001

(Yen in millions)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from investing activities:		
Net decrease (increase) in time deposits	10,944	(42,297)
Purchases of investment securities	(7,979,111)	(14,032,758)
Proceeds from sales and redemption of investment securities	7,660,672	13,485,361
Payments for loans receivable	(156,758)	(173,251)
Proceeds from collection of loans	194,358	283,999
Net increase (decrease) in repurchase agreements and similar securities lendings	(151,150)	11,256
Purchases of property and equipment	(23,189)	(30,833)
Proceeds from sales of property and equipment	12,514	4,734
Purchases of intangible assets	(66,421)	(62,302)
Proceeds from sales of intangible assets	217	88
Purchases of investment properties	(3,796)	(4,510)
Proceeds from sales of investment properties	1,867	694
Payments for acquisitions of subsidiaries	(530)	(1,866)
Proceeds from sale of subsidiaries	187	-
Others	(55,731)	(157,830)
Net cash provided by (used in) investing activities	(555,927)	(719,514)
Cash flows from financing activities:		
Net increase (decrease) in repurchase agreements and similar securities lendings	(80,839)	(76,248)
Proceeds from borrowings	1,251	30,000
Repayments of borrowings	(1,251)	(30,000)
Proceeds from issuance of bonds	-	457,847
Redemption of bonds	(125,000)	(50,000)
Purchases of treasury stock	(250,876)	(221,499)
Dividends paid	(190,510)	(224,862)
Dividends paid to non-controlling interests	(3,718)	(3,133)
Purchases of shares in subsidiaries without loss of control	(12,408)	(253)
Others	(17,072)	(20,613)
Net cash provided by (used in) financing activities	(680,424)	(138,762)
Effects of exchange rate changes on cash and cash equivalents	18,619	83,715
Net increase (decrease) in cash and cash equivalents	(510,304)	179,439
Beginning balance of cash and cash equivalents	2,851,692	2,341,388
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	-	(7,061)
Ending balance of cash and cash equivalents	2,341,388	2,513,765

(5) Notes to Consolidated Financial Statements

(Note on Going Concern)

Not applicable.

(Notes on Segment Information)

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

The Group's business domains comprise domestic non-life insurance business, domestic life insurance business, international business, financial services business and digital/risk-related services business. Mitsui Sumitomo Insurance Co., Ltd. ("MSI"), Aioi Nissay Dowa Insurance Co., Ltd. ("ADI") and Mitsui Direct General Insurance Co., Ltd. ("Mitsui Direct General") primarily operate domestic non-life insurance business, asset management, and related businesses. Mitsui Sumitomo Aioi Life Insurance Co., Ltd. ("MSI Aioi Life") and Mitsui Sumitomo Primary Life Insurance Co., Ltd. ("MSI Primary Life") primarily operate domestic life insurance business and asset management. The Company and domestic non-life insurance subsidiaries engage in international business, and overseas subsidiaries also develop insurance business and asset management in various foreign countries. Financial services business operates asset management, venture capital, and other businesses. Digital/risk-related services business operates risk management and related businesses. Segment information is presented based on the Group's business domains where the domestic non-life and life insurance businesses are further identified by each insurance company, resulting in six reportable segments that comprise the five domestic insurance companies and the international business (overseas subsidiaries and affiliates).

The accounting policies for the reportable segments are substantially the same as those applied in preparing the consolidated financial statements. Net income by segment is the amount based on net income of each company (after taking ownership interests into consideration).

Intersegment revenues or transfers are calculated based on third-party transaction prices.

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from external cusutomers	1,800,017	1,329,133	35,924	252,543	108,018
Intersegment revenues or transfers	47,868	59,477	-	-	-
Total	1,847,886	1,388,611	35,924	252,543	108,018
Net income (loss) by segment (Note 5)	108,601	67,632	(1,479)	22,280	50,996
Other items:					
Interest income	29,000	37,856	219	65,850	90,269
Other finance expenses	6,039	564	1	1,150	130
Depreciation and amortization	40,842	25,931	2,135	11,264	5,231
Investment gains (losses) on the equity method	-	-	-	-	-
Impairment losses	15	1	208	-	-
Income tax expenses	28,908	22,695	(488)	19,367	22,814

(Yen in millions)

	International business Overseas subsidiaries and affiliates	Others (Note 2)	Total	Adjustments (Notes 3 and 4)	Amounts on the consolidated financial statements
Revenues: (Note 1)					
Revenues from external cusutomers	2,124,151	19,725	5,669,514	279,994	5,949,509
Intersegment revenues or transfers	2,829	1,414	111,590	(111,590)	-
Total	2,126,981	21,139	5,781,104	168,404	5,949,509
Net income (loss) by segment (Note 5)	177,397	13,608	439,037	(138,846)	300,191
Other items:					
Interest income	68,732	0	291,929	(3,117)	288,811
Other finance expenses	4,320	7	12,216	586	12,802
Depreciation and amortization	14,382	125	99,913	5,894	105,808
Investment gains (losses) on the equity method	28,941	3,095	32,036	(1,760)	30,276
Impairment losses	637	68	931	87,595	88,527
Income tax expenses	44,473	4,732	142,503	10,206	152,709

(Notes)

1 “Revenue” represents insurance revenue for the insurance business, other income for the other businesses, and the amount of insurance revenue for “Amounts on the consolidated financial statements.”

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

3 “Adjustments” in “Revenues from external customers” represents primarily to residential earthquake insurance and CALI.

4 “Adjustments” in “Net income (loss) by segment” includes the elimination of intersegment transactions of ¥(49,100) million, companywide expenses not allocated to the reportable segments of ¥(15,683) million, adjustments to impairment losses on equities of overseas subsidiaries recognized by MSI of ¥30,574 million, impairment losses of ¥(87,595) million, and the adjustments to profit and loss due to application of the purchase method to a domestic insurance subsidiary and amortization of intangible assets of ¥(17,041) million. Companywide expenses mainly comprise costs related to the Company's administrative departments that are not attributable to the reportable segments.

5 “Net income (loss) by segment” represents “Total net income attributable to owners of the parent.”

For the year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Yen in millions)

	Domestic non-life insurance business			Domestic life insurance business	
	MSI	ADI	Mitsui Direct General	MSI Aioi Life	MSI Primary Life
Revenues: (Note 1)					
Revenues from external cusutomers	1,888,116	1,383,727	40,265	256,278	106,741
Intersegment revenues or transfers	46,633	61,427	-	-	-
Total	1,934,749	1,445,154	40,265	256,278	106,741
Net income (loss) by segment (Note 5)	182,987	118,983	(2,248)	(60,293)	127,359
Other items:					
Interest income	30,361	38,526	354	64,717	99,673
Other finance expenses	8,683	816	9	3,324	350
Depreciation and amortization	37,031	25,078	2,027	11,013	5,341
Investment gains (losses) on the equity method	-	-	-	-	-
Impairment losses	(5)	59	-	-	-
Income tax expenses	50,927	35,197	(731)	(23,554)	51,920

(Yen in millions)

	International business	Others (Note 2)	Total	Adjustments (Notes 3 and 4)	Amounts on the consolidated financial statements
	Overseas subsidiaries and affiliates				
Revenues: (Note 1)					
Revenues from external cusutomers	2,462,744	19,156	6,157,031	278,995	6,436,026
Intersegment revenues or transfers	5,314	1,000	114,375	(114,375)	-
Total	2,468,058	20,157	6,271,406	164,619	6,436,026
Net income (loss) by segment (Note 5)	234,456	15,253	616,499	(105,887)	510,612
Other items:					
Interest income	73,222	2	306,857	(3,877)	302,980
Other finance expenses	4,316	42	17,542	129	17,672
Depreciation and amortization	18,106	81	98,679	4,719	103,398
Investment gains (losses) on the equity method	33,491	3,578	37,070	(644)	36,426
Impairment losses	1,486	67	1,608	-	1,608
Income tax expenses	57,744	4,124	175,629	11,760	187,389

(Notes)

1 “Revenue” represents insurance revenue for the insurance business, other income for the other businesses, and the amount of insurance revenue for “Amounts on the consolidated financial statements.”

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

3 “Adjustments” in “Revenues from external customers” represents primarily to residential earthquake insurance and CALI.

4 “Adjustments” in “Net income (loss) by segment” includes the elimination of intersegment transactions of ¥(72,403) million, companywide expenses not allocated to the reportable segments of ¥(20,587) million, adjustments to impairment losses on equities of overseas subsidiaries recognized by MSI of ¥4,681 million, and the adjustments to profit and loss due to application of the purchase method to a domestic insurance subsidiary and amortization of intangible assets of ¥(17,577) million. Companywide expenses mainly comprise costs related to the Company's administrative departments that are not attributable to the reportable segments.

5 “Net income (loss) by segment” represents “Total net income attributable to owners of the parent.”

(Notes on Per Share Information)

The bases for the calculation of "Basic earnings per share" and "Diluted earnings per share" are as follows.

	Year ended March 31, 2025	Year ended March 31, 2026
Net income attributable to owners of the parent (Yen in millions)	300,191	510,612
Net income attributable to owners of the parent not attributable to the common shareholders (Yen in millions)	-	-
Net income attributable to owners of the parent attributable to the common shareholders (Yen in millions)	300,191	510,612
Average number of common shares of outstanding (thousands of shares)	1,552,438	1,488,714
Dilutive effect: Stock acquisition rights (thousands of shares)	254	178
Average number of common shares for diluted earnings per share (thousands of shares)	1,552,693	1,488,892
Basic earnings per share (yen)	193.36	342.98
Diluted earnings per share (yen)	193.33	342.94
Summary of common shares not included in the calculation of diluted earnings per share due to their antidilutive effect	-	-

Note: The Company's shares held by the trusts established under the share compensation plan are included in treasury stock as a deduction in the calculation of "Average number of common shares of outstanding" for the purposes of calculating "Basic earnings per share" and "Diluted earnings per share."
The average number of such treasury shares deducted was 4,114 thousand and 3,451 thousand for the year ended March 31, 2025 and 2026, respectively.

(Note on Significant Subsequent Events)

(Issuance of unsecured domestic corporate bonds)

The Company and Mitsui Sumitomo Insurance Co., Ltd., a subsidiary of the Company, have adopted a comprehensive resolution regarding the issuance of domestic unsecured straight bonds.

(1) Issuer	Mitsui Sumitomo Insurance Co., Ltd.
(2) Class of bonds	Domestic Unsecured Straight Bonds
(3) Total amount of issuance	No more than ¥200 billion It does not prevent multiple issues below the amount.
(4) Maturity	Within 10 years of issuance
(5) Interest rate	No more than 4.5% per annum
(6) Issue price	¥99 or more per amount of ¥100 of each bond
(7) Redemption method	The bonds will be redeemed in full at maturity. However, the bonds may be redeemed by purchase.
(8) Method of interest payment	Semi-annually, deferred payment
(9) Date of issuance	On or after July 1, 2026 and not later than March 31, 2027 However, if the offering is made during this period, it shall be included in the issuance period.
(10) Collateral and guarantees	No collateral or guarantee will be provided.
(11) Use of funds	Working capital, bond redemption funds, loan repayment funds, and long-term investments and loans.
(12) Application of Law Concerning Book-Entry Transfer of Corporate Bonds, etc.	The provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. (Law No.75, 2001) shall apply to all of the bonds issued based on this resolution.

(Transition to IFRS)

The Group has prepared its consolidated financial statements in accordance with IFRS from the current fiscal year. The most recent consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan (“Japanese GAAP”) are those for the fiscal year ended March 31, 2025. The date of transition to IFRS is April 1, 2024.

(1) Exemption under IFRS 1

IFRS 1 requires entities to apply IFRS retrospectively in principle. However, IFRS 1 provides optional exemptions for certain requirements, and establishes mandatory exceptions where retrospective application is prohibited. The Group has applied the relevant exemptions under IFRS 1 to the following items.

(i) Business combinations

IFRS 1 permits entities not to apply IFRS 3 retrospectively to business combinations that occurred prior to the date of transition. The Group has elected to apply this exemption, and accordingly, business combinations that occurred prior to the date of transition have not been restated and continue to be accounted for in accordance with Japanese GAAP. The carrying amount of goodwill arising from business combinations prior to the date of transition is based on the carrying amount under Japanese GAAP as of the date of transition. Such goodwill was tested for impairment as of the date of transition, irrespective of whether there was any indication of impairment.

(ii) Exchange differences on translation of foreign operations

IFRS 1 permits entities to elect to deem the cumulative translation differences related to foreign operations to be zero at the date of transition. The Group has elected to apply this exemption.

(iii) Designation of financial instruments recognized prior to the date of transition

IFRS 1 permits entities to determine the classification under IFRS 9 based on facts and circumstances that exist at the date of transition, rather than those that existed at the time of initial recognition. Based on such assessment, IFRS 1 permits entities to designate equity instruments as financial assets measured at fair value through other comprehensive income (“FVOCI”). The Group has elected to apply this exemption and has designated certain equity instruments as financial assets measured at FVOCI.

(iv) Deemed cost

IFRS 1 permits entities to use fair value as deemed cost for property, plant and equipment and investment property at the date of transition. The Group has applied this exemption to certain items of property, plant and equipment and investment property. For the items of property, plant and equipment and investment property for which fair value has been used as deemed cost, the carrying amount under Japanese GAAP as of the date of transition was ¥465,661 million, while the fair value was ¥399,747 million. The fair values were determined based on valuations performed by third party appraisers and are classified as level 3 in the fair value hierarchy.

(2) Mandatory exceptions to retrospective application under IFRS 1

IFRS 1 prohibits retrospective application of other IFRS in certain areas, including estimates, derecognition of financial assets and financial liabilities, non-controlling interests, classification and measurement of financial assets. The Group has applied IFRS to these items prospectively from the date of transition.

IFRS 1 requires entities to apply the transition requirements under IFRS 17 in measuring groups of insurance contracts at the date of transition. The transition approach applied by the Group is as follows. For insurance contracts acquired in business combinations that fall within the scope of IFRS 3, we classify liabilities for the settlement of claims incurred prior to the acquisition in the business combination as liabilities for incurred claims.

For non-life insurance contracts, the Group applies the fully retrospective approach to groups of insurance contracts to which the PAA, a simplified measurement approach, is applied. For groups of insurance contracts applied the general model, the Group applies the fully retrospective approach to the extent it is not impracticable; for periods for which it is impracticable, the Group applies the modified retrospective approach. Under the modified retrospective approach, in measuring each group of insurance contracts at the date of transition, the Group applies the prescribed modifications permitted by IFRS 17 only to the extent that the Group does not have reasonable and supportable information to apply IFRS 17 retrospectively. Some groups of insurance contracts to which the modified retrospective approach has been applied include insurance contracts issued more than one year apart. For such groups, the insurance finance income or expenses recognized in profit or loss are determined using discount rates as of the date of transition, and the cumulative amount of insurance finance income or expenses recognized in other comprehensive income (“OCI”) is set to nil at the date of transition.

For life insurance contracts, the Group applies the fully retrospective approach to the extent it is not impracticable; for periods for which it is impracticable, the Group applies the modified retrospective approach. For groups of insurance contracts to which the modified retrospective approach has been applied, the cumulative amount of insurance finance income or expenses recognized in OCI at the date of transition is determined as follows:

for direct participating insurance contracts, it is set equal to the cumulative amount recognized in OCI on the underlying items as of the date of transition; and

for other contracts for which changes in assumptions that relate to financial risk substantially affect the amounts paid to

policyholders, it is set to nil.
In addition, the Group applies the fair value approach only to certain groups of contracts. Under the fair value approach, the contractual service margin (“CSM”) or the loss component for each group of insurance contracts at the date of transition is determined as the difference between the fair value of the group of contracts at that date and the fulfillment cash flows measured at the same date.
The fair value is determined using the income approach (a present value technique) in accordance with IFRS 13.

Accumulated Other Comprehensive Income (FVOCI Financial Assets)
The following is a reconciliation (net of tax) of the accumulated other comprehensive income for FVOCI financial assets related to insurance contracts or reinsurance contracts measured at transition using the modified retrospective approach or the fair value approach, for which insurance finance income or expenses are disaggregated between profit or loss and other comprehensive income (OCI).

a. Modified retrospective approach

	Year ended March 31, 2025	Year ended March 31, 2026
Beginning balance	(222,481)	(387,650)
Other comprehensive income	(165,169)	(87,656)
Amount recognized during the period	(190,384)	(168,986)
Reclassification adjustments	25,214	81,330
Ending balance	(387,650)	(475,307)

a. Fair value approach

	Year ended March 31, 2025	Year ended March 31, 2026
Beginning balance	(13,891)	(21,072)
Other comprehensive income	(7,180)	8,135
Amount recognized during the period	(7,180)	(9,582)
Reclassification adjustments	-	17,718
Ending balance	(21,072)	(12,936)

(3) Reconciliation from Japanese GAAP to IFRS
In transitioning from Japanese GAAP to IFRS, the Group has made the necessary adjustments to its previously issued consolidated financial statements prepared in accordance with Japanese GAAP.
In the reconciliation statements, “Reclassification” represents items that do not affect retained earnings or comprehensive income, while “Differences in recognition and measurement” represents items that affect retained earnings and comprehensive income.

Reconciliation of equity

Reconciliation of equity as of April 1, 2024 (Transition date)

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Cash, deposits and savings	2,911,347	(215,372)	155,718	2,851,692	(1)	Cash and cash equivalents
Monetary claims bought	184,200	(184,200)	-	-	(2)	
Money trusts	2,420,170	(2,420,170)	-	-	(2)	
Investments in securities	18,166,668	2,352,234	(814,903)	19,703,999	(1)(2)(9)	Investment securities
	-	245,278	43	245,322		Investments accounted for using the equity method
Loans	970,148	(1,039)	293,135	1,262,244	(3)(9)	Loans
	-	222,229	7,539	229,769	(1)	Other financial investments
	-	2,243,745	(502,386)	1,741,358	(4)(13)	Reinsurance contract assets
	-	1,495	2,844	4,340	(4)(13)	Insurance contract assets
Tangible fixed assets	465,661	(85,911)	(39,436)	340,313	(11)	Property and equipment
	-	85,911	(26,482)	59,428	(11)	Investment property
	-	-	567	567		Assets held for sale
Intangible fixed assets	490,510	4,848	(58,238)	437,119	(12)	Intangible assets
Other assets	1,178,311	(106,433)	(91,081)	980,796		Other assets
	-	47,269	71,165	118,434	(10)	Derivative assets
	-	46,069	14	46,084		Current tax assets
Assets for retirement benefits	100,653	-	(98,111)	2,542	(14)	Retirement benefit assets
Deferred tax assets	59,388	-	(6,692)	52,696	(15)	Deferred tax assets
Customers' liabilities under acceptances and guarantees	22,848	(22,848)	-	-		
Bad debt reserve	(9,701)	9,701	-	-	(5)	
Total assets	26,960,207	2,222,809	(1,106,303)	28,076,714		Total assets

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities
Policy liabilities	19,198,037	2,240,202	(3,617,227)	17,821,012	(3)(4) (13) (16)	Insurance contract liabilities
	-	5,456	(3,131)	2,325	(4)(13)	Reinsurance contract liabilities
	-	-	857,916	857,916		Investment contract liabilities
Bonds issued	715,045	-	34,893	749,938		Bonds issued and borrowings
Other liabilities	1,733,681	(900,773)	(153,457)	679,450		Other liabilities
	-	778,601	-	778,601		Repurchase agreements and similar securities lendings
	-	77,990	76,971	154,961	(10)	Derivative liabilities
	-	72,985	1,542	74,528		Current tax liabilities
	-	7,492	539	8,032		Provisions
Liabilities for pension and retirement benefits	138,027	-	1,639	139,667	(14)	Retirement benefit liabilities
Reserve for retirement benefits for officers	88	(88)	-	-		
Accrued bonuses for employees	34,189	(34,189)	-	-		
Reserve for stocks payments	2,018	(2,018)	-	-		
Reserves under the special laws	231,871	-	(231,871)	-	(16)	
Deferred tax liabilities	370,837	-	510,339	881,176	(15)	Deferred tax liabilities
Acceptances and guarantees	22,848	(22,848)	-	-		
Total liabilities	22,446,645	2,222,809	(2,521,844)	22,147,611		Total liabilities
Net assets						Equity
Common stock	101,076	-	-	101,076		Share capital
Capital surplus	344,785	391	2,636	347,813		Capital surplus
Retained earnings	1,634,444	-	2,307,290	3,941,735	(18)	Retained earnings
Treasury stock	(36,841)	-	-	(36,841)		Treasury stock
Accumulated other comprehensive income	2,423,327	-	(898,658)	1,524,669	(17)	Other equity components
Stock acquisition rights	391	(391)	-	-		
Non-controlling interests	46,378	-	4,272	50,651		Non-controlling interests
Total net assets	4,513,562	-	1,415,540	5,929,103		Total equity
Total liabilities and net assets	26,960,207	2,222,809	(1,106,303)	28,076,714		Total liabilities and equity

Reconciliation of equity as of March, 31, 2025

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Assets						Assets
Cash, deposits and savings	2,139,796	99,679	101,912	2,341,388	(1)	Cash and cash equivalents
Call loans	60,000	(60,000)	-	-	(1)	
Receivables under resale agreements	86,904	(86,904)	-	-	(1)	
Monetary claims bought	301,320	(301,320)	-	-	(2)	
Money trusts	2,663,333	(2,663,333)	-	-	(2)	
Investments in securities	17,760,073	2,492,929	(1,387,794)	18,865,208	(1)(2)(9)	Investment securities
	-	289,746	(64,768)	224,978		Investments accounted for using the equity method
Loans	909,825	(910)	325,554	1,234,469	(3)(9)	Loans
	-	229,202	(8,407)	220,795	(1)	Other financial investments
	-	2,559,498	(607,251)	1,952,246	(4)(13)	Reinsurance contract assets
	-	-	9,612	9,612	(4)(13)	Insurance contract assets
Tangible fixed assets	456,461	(85,299)	(30,091)	341,070	(11)	Property and equipment
	-	85,299	(25,357)	59,942	(11)	Investment property
	-	-	46,626	46,626		Assets held for sale
Intangible fixed assets	478,027	4,768	(145,340)	337,455	(12)	Intangible assets
Other assets	1,214,362	(87,952)	(102,975)	1,023,435		Other assets
	-	62,740	44,795	107,536	(10)	Derivative assets
	-	11,061	212	11,274		Current tax assets
Assets for retirement benefits	98,934	-	(86,033)	12,901	(14)	Retirement benefit assets
Deferred tax assets	64,759	-	(32,248)	32,511	(15)	Deferred tax assets
Customers' liabilities under acceptances and guarantees	18,101	(18,101)	-	-		
Bad debt reserve	(10,602)	10,602	-	-	(5)	
Total assets	26,241,298	2,541,707	(1,961,554)	26,821,452		Total assets

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Liabilities						Liabilities
Policy liabilities	19,553,344	2,557,600	(4,375,523)	17,735,421	(3)(4) (13) (16)	Insurance contract liabilities
	-	2,209	645	2,854	(4)(13)	Reinsurance contract liabilities
	-	-	802,669	802,669		Investment contract liabilities
Bonds issued	590,565	-	33,173	623,738		Bonds issued and borrowings
Other liabilities	1,554,326	(678,028)	(171,894)	704,404		Other liabilities
	-	546,612	-	546,612		Repurchase agreements and similar securities lendings
	-	61,149	32,132	93,281	(10)	Derivative liabilities
	-	104,780	2,085	106,865		Current tax liabilities
	-	8,471	373	8,845		Provisions
Liabilities for pension and retirement benefits	139,696	-	(8,658)	131,037	(14)	Retirement benefit liabilities
Reserve for retirement benefits for officers	55	(55)	-	-		
Accrued bonuses for employees	42,104	(42,104)	-	-		
Reserve for stocks payments	825	(825)	-	-		
Reserves under the special laws	251,732	-	(251,732)	-	(16)	
Deferred tax liabilities	37,711	-	593,895	631,607	(15)	Deferred tax liabilities
Acceptances and guarantees	18,101	(18,101)	-	-		
Total liabilities	22,188,463	2,541,707	(3,342,834)	21,387,337		Total liabilities
Net assets						Equity
Common stock	101,367	-	-	101,367		Share capital
Capital surplus	345,130	266	1,447	346,843		Capital surplus
Retained earnings	2,135,307	-	2,308,564	4,443,871	(18)	Retained earnings
Treasury stock	(285,533)	-	-	(285,533)		Treasury stock
Accumulated other comprehensive income	1,704,079	-	(929,042)	775,037	(17)	Other equity components
Stock acquisition rights	266	(266)	-	-		
Non-controlling interests	52,217	-	311	52,528		Non-controlling interests
Total net assets	4,052,835	-	1,381,279	5,434,114		Total equity
Total liabilities and net assets	26,241,298	2,541,707	(1,961,554)	26,821,452		Total liabilities and equity

Reconciliation of net income and comprehensive income

Reconciliation of net income for the fiscal year ended March 31, 2025

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Underwriting income	5,400,585	1,768,221	(1,219,297)	5,949,509	(13)	Insurance revenue
Underwriting expenses	4,579,458	1,819,336	(1,168,453)	5,230,341	(13)	Insurance service expenses
Operating expenses and general and administrative expenses	846,012	(846,012)	-	-		
	-	(773,366)	382,614	(390,752)	(6)(13)	Ceded reinsurance result
	(24,885)	21,531	331,770	328,415		Insurance service result
Investment income	1,199,375	(709,034)	(490,340)	-	(9)	
Investment expenses	257,138	(256,705)	(433)	-	(9)	
	-	288,688	123	288,811	(9)	Interest income
	-	142,110	(22,374)	119,735	(9)	Other investment gains (losses)
	-	-	202,062	202,062	(13)	Insurance finance expenses, net
	-	-	27,724	27,724	(13)	Ceded reinsurance finance income, net
	942,236	(21,531)	(686,495)	234,209		Finance result
	-	11,783	1,018	12,802		Other finance expenses
	-	25,138	5,138	30,276		Investment gains (losses) on the equity method
Other ordinary income	60,852	(11,332)	15,165	64,685		Other income
Other ordinary expenses	49,213	3,767	133,301	186,282		Other expenses
Extraordinary income	13,805	(13,805)	-	-		
Extraordinary losses	35,412	(15,551)	(19,860)	-		
Income before income taxes	907,382	-	(448,882)	458,500		Income before tax
Total income taxes	210,724	-	(58,014)	152,709		Income tax expenses
Net income	696,658	-	(390,867)	305,791		Net income
						Net Income attributable to:
Net income attributable to owners of the parent	691,657	-	(391,466)	300,191		Owners of the parent
Net income attributable to non-controlling interests	5,001	-	599	5,600		Non-controlling interests

Reconciliation of other comprehensive income for the year ended March 31, 2025

(Yen in millions)

Line items under Japanese GAAP	Japanese GAAP	Reclassification	Differences in recognition and measurement	IFRS	Notes	Line items under IFRS
Net income	696,658	-	(390,867)	305,791		Net income
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss:
Accumulated actuarial gains (losses) on retirement benefits	(12,375)	-	22,623	10,248	(14)	Remeasurements of defined benefit plans
Net unrealized gains (losses) on investments in securities	(902,832)	99,029	429,617	(374,184)	(9)	Investments in equity instruments
	-	-	192	192		Fair value hedges
	-	15,441	1,243	16,684		Share of other comprehensive income of investments accounted for using the equity method
						Items that may be reclassified subsequently to profit or loss:
Foreign currency translation adjustments	174,400	-	(203,478)	(29,077)	(17)	Exchange differences on translation of foreign operations
	-	(99,029)	(195,029)	(294,059)	(9)	Investments in debt instruments
Net deferred gains (losses) on hedges	19,159	-	(15,116)	4,043	(10)	Cash flow hedges
	-	-	390	390		Forward elements of forward contracts and foreign currency basis spread
Net unrealized gains (losses) on policy liabilities for overseas consolidated subsidiaries, etc.	1,084	(333)	341,702	342,453	(13)	Changes in discount rates for insurance contracts issued
	-	333	(10,485)	(10,151)	(13)	Changes in discount rates for reinsurance contracts held
Share of other comprehensive income of equity method investments	6,618	(15,441)	(13,878)	(22,701)		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(713,943)	-	357,780	(356,162)		Other comprehensive income, net of tax
Total comprehensive income	(17,284)	-	(33,086)	(50,371)		Total comprehensive income
						Total comprehensive income attributable to:
Comprehensive income attributable to owners of the parent	(27,590)	-	(29,110)	(56,700)		Owners of the parent
Comprehensive income attributable to non-controlling interests	10,305	-	(3,976)	6,328		Non-controlling interests

(4) Notes on reconciliation of equity and comprehensive income

Reclassifications

(1) Cash and cash equivalents

Of “Cash, deposits and savings” under Japanese GAAP, time deposits with an original maturity of more than three months are presented as “Other financial investments” under IFRS. In addition, “Call loans” and “Receivables under resale agreements,” which are presented as a separate line item under Japanese GAAP, are included in “Cash and cash equivalents” under IFRS.

(2) Investment securities

“Monetary claims bought”, “Money trusts” and “Investments in securities” presented under Japanese GAAP are presented on an aggregated basis as “investment securities” under IFRS.

(3) Loans

Of “Loans” presented under Japanese GAAP, policy loans are presented as part of “Insurance contract liabilities” under IFRS.

(4) Insurance contract assets and Insurance contract liabilities”

Of “Underwriting reserves” presented under Japanese GAAP, those relating to reinsurance contracts are presented on a gross basis as “reinsurance contract assets” under IFRS. In addition, for insurance portfolios that result in either an asset or a liability position, the Group presents such amounts on a gross basis as either “reinsurance contract assets” or “reinsurance contract liabilities,” and either “insurance contract assets” or “insurance contract liabilities,” without offsetting.

(5) Bad debt reserve

The “Bad debt reserve” presented under Japanese GAAP is included as part of “Investment securities,” “Loans,” and “Other assets” under IFRS

(6) Ceded reinsurance result

Under Japanese GAAP, income and expenses relating to reinsurance contracts are offset against those relating to insurance contracts issued and are presented on a net basis as “Underwriting income” and “Underwriting expenses.” Under IFRS, such amounts are presented separately from insurance contracts issued by the Group as “Ceded reinsurance result.”

Differences in recognition and measurement

(7) Scope of consolidation

Under Japanese GAAP, subsidiaries that do not have material impact on the consolidated financial statements are excluded from the scope of consolidation. Under IFRS, the scope of consolidation is determined based on the principle-based approach. In addition, under Japanese GAAP, investments in funds such as investment trusts are accounted for as financial instruments based on the purpose of holding. Under IFRS, such structured entities are assessed based on the substance of control, including whether the Group has power over the relevant activities that significantly affect the investees’ returns. When the Group concludes that it controls such entities, they are included in the scope of consolidation.

(8) Alignment of reporting periods

Under Japanese GAAP, for consolidated subsidiaries whose financial year-end differs from that of the parent, when the difference is not more than three months, the Group prepares consolidated financial statements based on the subsidiaries’ financial statements, with adjustments made for significant transactions occurring between the subsidiaries’ reporting dates and the parent company’s reporting date. Under IFRS, the Group prepares consolidated financial statements based on financial statements prepared as of the parent company’s reporting date using interim closing procedures.

(9) Classification and measurement of financial instruments

Under Japanese GAAP, securities are classified into five categories: trading securities, held to maturity securities, debt securities earmarked for underwriting reserves, investments in unconsolidated subsidiaries and associates and available-for-sale securities. Bonds held to maturity and reserve-requirement-reserve-corresponding bonds are measured at amortized cost, while trading securities and available-for-sale securities are measured at fair value through profit or loss (“FVTPL”) and FVOCI, respectively. Under IFRS, financial assets are classified into one of the following categories based on the business model for managing the financial assets and the characteristics of the contractual cash flows: financial assets measured at amortized cost, debt instruments measured at FVOCI, equity instruments measured at FVOCI, and financial assets measured at FVTPL.

Investment securities (equity instruments)

Under Japanese GAAP, gains or losses on sale and impairment losses on shares classified as available-for-sale securities are recognized in profit or loss. Under IFRS, for equity instruments for which the Group has elected to measure them at FVOCI, changes in fair value are recognized in OCI as a component of other equity components, and are reclassified to retained earnings upon derecognition. In addition, under Japanese GAAP, unlisted shares are generally measured at acquisition cost, whereas under IFRS they are measured at fair value.

<u>Investment securities (debt instruments)</u>

Under Japanese GAAP, bonds classified as held to maturity or debt securities earmarked for underwriting reserves are measured at amortized cost using the straight-line method. Under IFRS, debt instruments classified as debt instruments measured at FVOCI are measured at fair value, while those classified as financial assets measured at amortized cost are measured at amortized cost using the effective interest method. In addition, under Japanese GAAP, impairment losses are recognized based on a significant decline in fair value. Under IFRS, expected credit losses are recognized based on a significant increase in credit risk since initial recognition. Furthermore, under Japanese GAAP, foreign exchange differences on bonds are included in net unrealized gains/(losses) on securities, whereas under IFRS, foreign exchange gains or losses are recognized in profit or loss.

Under Japanese GAAP, investments in funds such as investment trusts, other than trading securities, are classified as available-for-sale securities and changes in fair value are recognized in OCI. Under IFRS, such investments, except for those that are subsidiaries, are classified as financial assets measured at FVTPL, and changes in fair value are recognized in profit or loss.

<u>Loans</u>

Under Japanese GAAP, loans are measured at amortized cost using the straight-line method, whereas under IFRS they are measured at amortized cost using the effective interest method. In addition, under Japanese GAAP, bad debt reserves are recognized based on the assessment of credit risk at the end of the reporting period. Under IFRS, expected credit losses are recognized based on a significant increase in credit risk since initial recognition.

(10) Hedge accounting

Under Japanese GAAP, the Group applies deferred hedge accounting to interest rate risk relating to insurance contracts. Under IFRS, such hedging relationships do not qualify as eligible hedging relationships and, accordingly, hedge accounting is not applied. In addition, under Japanese GAAP, fair value hedge accounting is applied to foreign exchange risk relating to foreign bonds. Under IFRS, hedge accounting is not applied to such foreign exchange risk. Furthermore, under Japanese GAAP, the special treatment (allocation method) is applied to foreign-currency-denominated borrowings and foreign-currency-denominated bonds. Under IFRS, such instruments are designated as cash flow hedges and hedge accounting is applied.

(11) Leases

Under Japanese GAAP, lease assets are not recognized for operating leases. Under IFRS, the Group recognizes right-of-use assets and lease liabilities for all leases that meet the definition of a lease, including operating leases.

(12) Goodwill

Under Japanese GAAP, goodwill is amortized on a straight-line basis over a certain period. Under IFRS, amortization of goodwill is discontinued from the date of transition, and goodwill is tested for impairment annually.

Based on business plans as of the date of transition, the Group performed impairment tests for each group of cash-generating units. As a result of the impairment tests, the recoverable amount, being the discounted cash flows, was lower than the carrying amount including goodwill. Accordingly, the Group recognized impairment loss of ¥27,169 million on goodwill with carrying amount of ¥134,568 million, attributable to the international business, and reduced retained earnings by the same amounts. In addition, the Group recognized impairment loss of ¥48,348 million on intangible assets with carrying amount of ¥134,883 million, attributable to the international insurance business, and reduced retained earnings accordingly.

The recoverable amount was measured based on value in use. Value in use was determined by discounting estimated future cash flows based on five-year business plans approved by management and growth rates, reflecting past experience and external information. The growth rates were determined with reference to factors such as the expected growth rates of the markets in which the relevant cash-generating units operate. The discount rates were determined with reference to the pre-tax weighted average cost of capital of the respective cash-generating units. The discount rates used in the calculation of value in use were 5.5% for the domestic non-life insurance business and from 7.1% to 22.9% for the international business.

(13) Insurance contracts and reinsurance contracts

The measurement and presentation under Japanese GAAP and IFRS are as follows.

<u>Classification and measurement</u>

Under Japanese GAAP, underwriting reserves prescribed by the Insurance Business Act are recognized as liabilities. Under IFRS, insurance contracts issued and reinsurance contracts held are, in principle, measured as the total of the fulfilment cash flows and CSM, and are recognized as either assets or liabilities. Fulfilment cash flows comprise estimates of future cash flows, adjusted to reflect the time value of money and the related financial risks, and a risk adjustment for non-financial risk. For certain insurance contracts and reinsurance contracts, the premium allocation approach ("PAA") is applied, and such contracts are recognized as either assets or liabilities.

The measurement under Japanese GAAP and IFRS is broadly similar for assets and liabilities for remaining coverage relating to contracts measured using the PAA. However, for assets and liabilities for incurred losses relating to such contracts, as well as for assets and liabilities relating to contracts not measured using the PAA, the principal differences are as follows:

・Under Japanese GAAP, discounting was generally not applied. Under IFRS, estimated future cash flows are measured by reflecting the time value of money.

・Under Japanese GAAP, risk adjustments were not explicitly considered. Under IFRS, estimated future cash flows are measured by reflecting a risk adjustment for non-financial risk.
・Under Japanese GAAP, measurements were generally based on assumptions estimated at contract inception. ・Under IFRS, estimated future cash flows are measured based on current estimates as of the reporting date.
・Under Japanese GAAP, expenses relating to insurance contracts were generally recognized as incurred. Under IFRS, insurance acquisition cash flows and maintenance expenses are included in the measurement of estimated future cash flows.

Presentation of insurance revenue

Under Japanese GAAP, insurance-related revenue was presented separately as net premium written recognized when received from policyholders and changes in underwriting reserves, which are part of policy liabilities, presented either as expenses ("provision for underwriting reserves") or as income ("reversal of underwriting reserves"). Under IFRS, such amounts are presented as "insurance revenue."

Presentation of insurance service expenses

Under Japanese GAAP, insurance-related expenses were presented separately as net claims paid recognized when paid to policyholders and changes in outstanding claims, which are part of policy liabilities, presented either as expenses ("provision for outstanding claims") or as income ("reversal of outstanding claim"). Under IFRS, such amounts are presented as "insurance service expenses." In addition, under IFRS, loss on onerous contracts is also included in insurance service expenses.

(14) Retirement benefit obligations related to defined benefit plans

Under Japanese GAAP, actuarial gains and losses and past service costs are recognized as expenses on a straight-line basis over a certain period within the average remaining service period of employees. Under IFRS, actuarial gains and losses are recognized in OCI as a component of other equity components at the time they arise and are immediately transferred to retained earnings. In addition, past service costs are recognized in profit or loss in full at the time they arise.

(15) Deferred tax assets and deferred tax liabilities

As a result of temporary differences arising from the adjustments made in the transition from Japanese GAAP to IFRS, the amounts of deferred tax assets and deferred tax liabilities have been adjusted.

(16) Reserves under special laws

Under Japanese GAAP, reserves for price fluctuation, which are prescribed by the Insurance Business Act, are recognized. Under IFRS, such reserves do not meet the recognition criteria for liabilities and are therefore not recognized.

(17) Transfer of cumulative translation differences relating to foreign operations

Upon first-time adoption of IFRS, the Group elected to apply the exemption provided in IFRS 1 and transferred all cumulative translation differences as of the date of transition to retained earnings.

(18) Retained earnings

The impact of the adjustments arising from the transition to IFRS on retained earnings is as follows.

(Yen in millions)

Item	Notes	As of April 1, 2024 (Transition date)	As of March 31, 2025
Alignment of scopes of consolidation and end of the reporting periods	(7)(8)	93,435	101,483
Financial instruments	(9)(10)	498,547	448,097
Goodwill	(12)	(27,169)	(90,019)
Insurance contracts and reinsurance contracts	(13)	2,210,134	2,348,389
Reserves under special laws	(16)	231,871	251,732
Cumulative translation difference related to foreign operations	(17)	222,849	222,849
Others	(11)(14)	(137,468)	(140,717)
Tax effects	(15)	(784,909)	(833,249)
Effect on retained earnings		2,307,290	2,308,564

(5) Reconciliation of cash flows

There are no material differences between the consolidated statements of cash flows disclosed under Japanese GAAP and those disclosed under IFRS.