

Progress of Mid-Term Management Plan



November 26, 2024

Sompo Holdings, Inc.

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Executive Summary

Mid-Term Management Plan progress

- ✓ **The Group is on track** toward achieving the FY2026 management targets (adjusted consolidated ROE of 13-15%, EPS growth of above +12% CAGR)
- ✓ Adjusted consolidated profit forecast for FY2024 was **revised up by ¥15.0 bn. due to outperforming investment income**
- ✓ Segment initiatives in the mid-term management plan announced in May have been delivered
 - (1) Domestic P&C: SJ-R (**improved profitability of fire insurance by strengthening underwriting**, etc.)
 - (2) Overseas: Stabilized underwriting result (**Nat Cat control**), geographic expansion
 - (3) Wellbeing: "Connect and be connected" has made progress through **capital/business alliance with RIZAP**

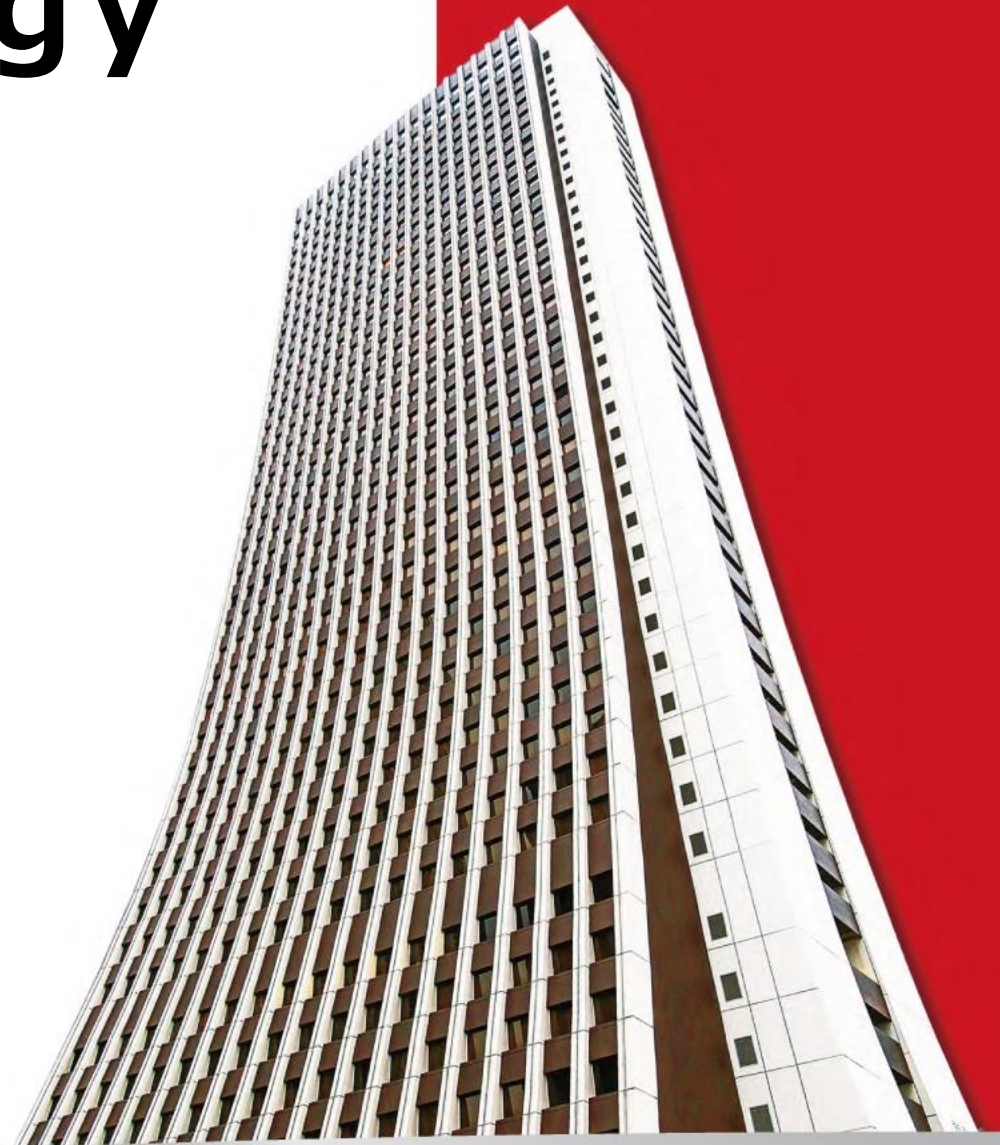
Capital policy

- ✓ **The forecast for sale of strategic shareholdings was revised up to ¥400.0 bn. in FY2024 Upscaling the Mid-Term Management Plan target is considered**
- ✓ Capital allocation to facilitate organic growth, such as through insurance underwriting (excluding Nat Cat) and investment (credit investments) has been in line with the plan
- ✓ Growth investment, including capital/business alliance with RIZAP, was executed in H1 FY2024
The Group's appetite for growth investment for the future remains strong while focusing on discipline

Shareholder return

- ✓ **Walk the talk** (improve capital efficiency to achieve the FY2026 management target while securing growth investment capacity)
Specifically, **to improve capital efficiency**, share buyback of ¥155.0 bn. based on FY2024 interim results was announced
- ✓ Furthermore, **growth of ordinary dividends increased** by taking into account the increase in gains on sale of strategic shareholdings and mid-term growth of base earnings (DPS growth in FY2024 (Forecast): +32% YoY)

I . Group Strategy



Stock Performance and Valuation

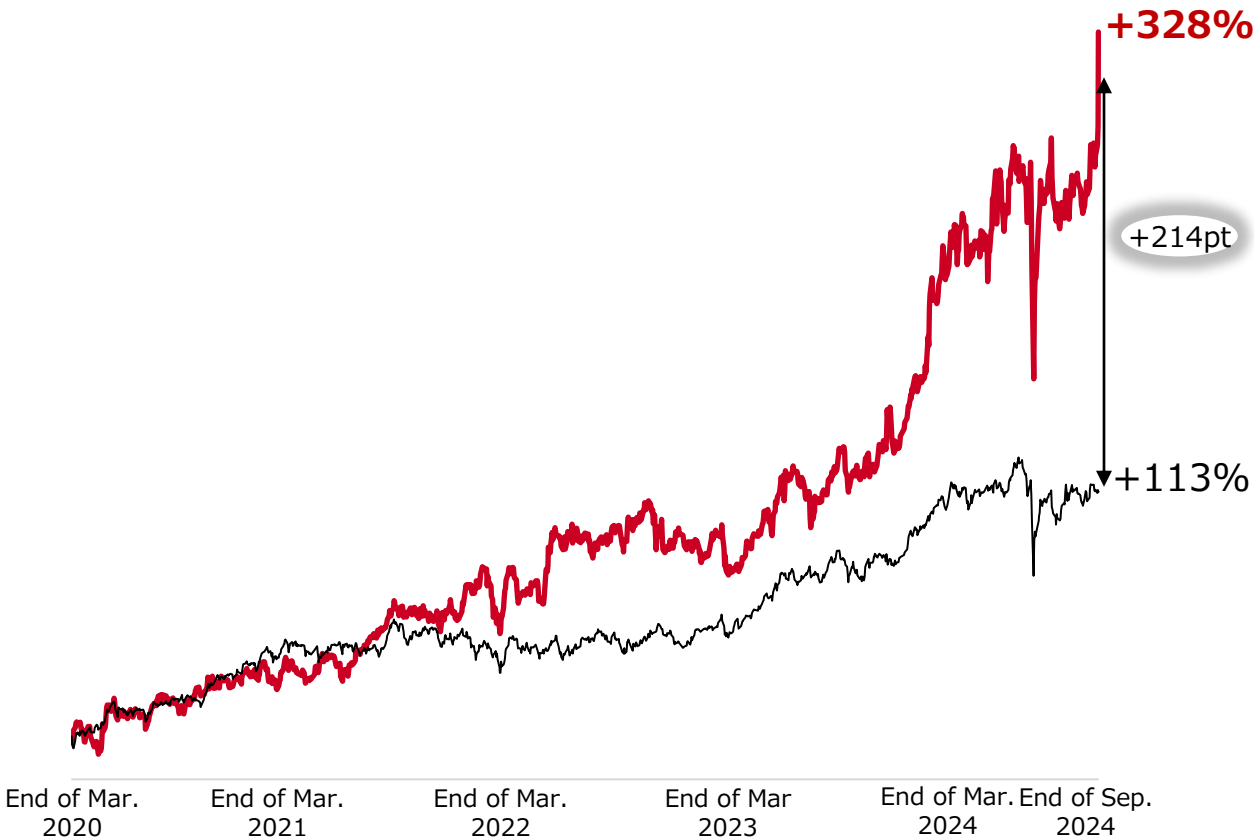
- Despite the steady rise in SOMPO's share price since FY2020, supported by profit growth, the adjusted P/B ratio is still around 1x. We aim to further improve the valuation
- FY2024 is the year of laying foundation for mid-term growth. So far progress has been successful, toward a big leap in FY2025 and beyond

Total shareholder return*1

(End of Mar. 2020=1)

— SOMPO

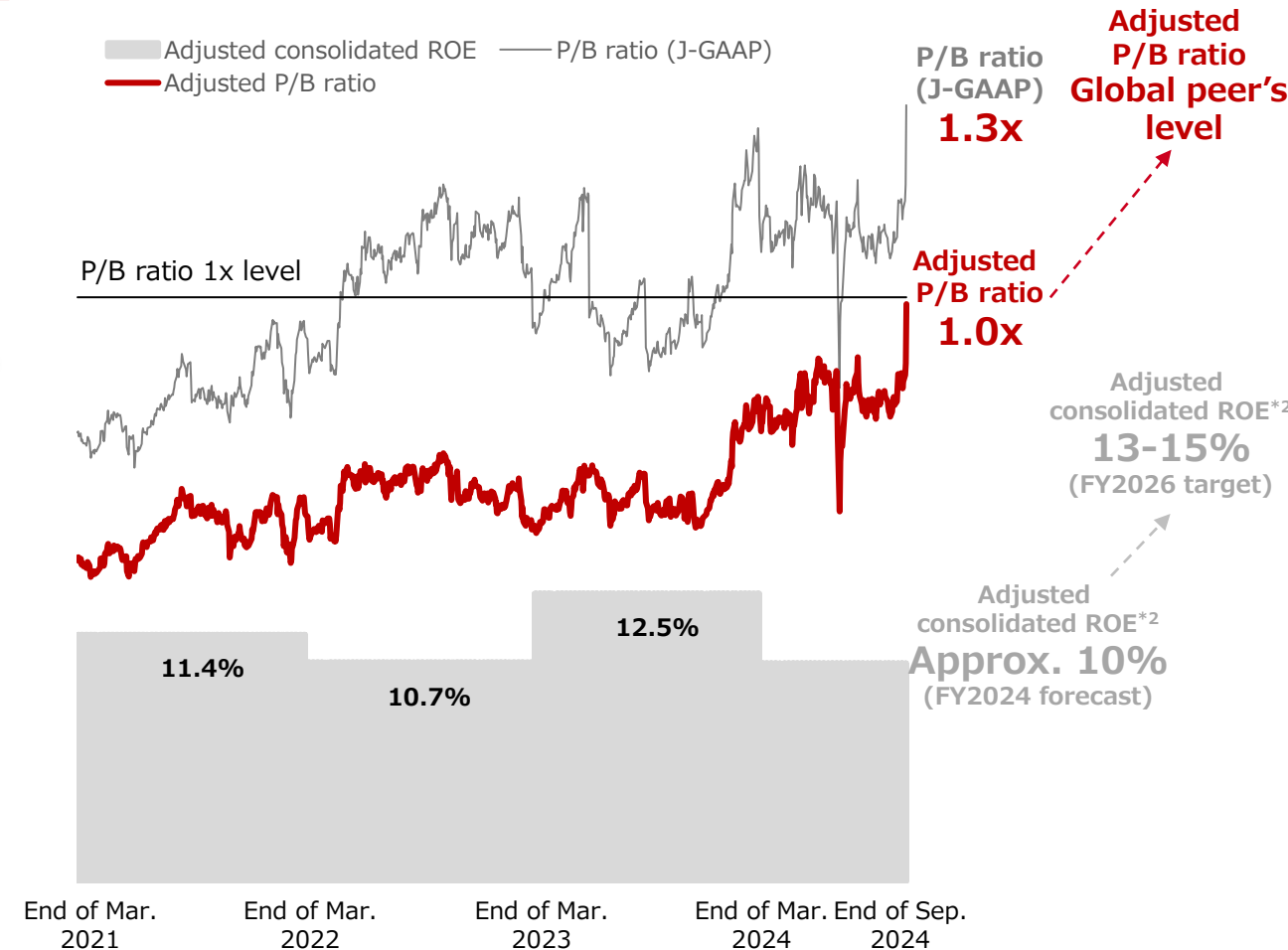
— TOPIX



*1 SOMPO estimate by using Bloomberg data, etc.

P/B ratio*1 and adjusted consolidated ROE*2

Adjusted consolidated ROE P/B ratio (J-GAAP)
Adjusted P/B ratio



*2 IFRS-based estimate. Figures for FY2021 and FY2022 use normalized earnings. FY2023 figure is adjusted for change in shareholders' equity due to financial market fluctuations, etc.

Growth History of SOMPO Group

- Since its establishment in 1888, SOMPO Group has grown by continuing to provide solutions to society's evolving challenges
- SOMPO Group's capabilities have grown by continuing to make growth investment in the domestic life insurance, overseas insurance, and nursing care businesses, based on the domestic P&C insurance business, the founding business of the Group

The Group continued to grow through the steady execution of growth investments

Domestic P&C

**Founded
in 1888**



**Two business consolidation
events**



**Strengthening direct
through M&A**

SOMPO DIRECT

Overseas Insurance/Reinsurance

2017
Acquisition of former Endurance
(Above ¥600.0 bn.)



Expansion through bolt-on M&As

Surety
Lexon
(2018)

Aviation
w. Brown
(2020)

Agriculture
Diversified
(2020)

EXIT

Scor
(2015)

Canopus
(2017)

Lloyd's business
(2020)

Brazil consumer
(2022)

Domestic Life

2001
Acquisition of former
INA Himawari Life*
SOMPO HIMAWARI LIFE

Launch of Insurhealth®
(2018)

EXIT

DIY Life
(2014)

Nursing Care

2015-2016
Acquisition of former Watami
no Kaigo and Message
SOMPO CARE

2023
Acquisition of ND Software
ND Software

EXIT

Cedar
(2021)

Other

Acquisition / Alliance

Wellness
Communications
(2019)

ABEJA
(2021)

EXIT

Freshhouse
(2024)

* Former Yasuda F&M increased its ownership in former INA Himawari Life to 100%

Growth Story of SOMPO Group (FY2030: To-Be state with zero strategic shareholding)

- Aim to double FY2030 profit and market cap from FY2024 forecast levels by focusing on the global P&C insurance and wellbeing businesses
- For a future of health, wellbeing and financial protection, SOMPO Group will continue to invest for growth while improving capital efficiency to further increase profits and market cap

FY2024 (Forecast)

Mid-Term Management Plan (FY2024-2026)

To-Be (FY2030)

Rebuilding
(FY2024)

Return to growth
(FY2025)

Management targets
(FY2026)

ROE: 13-15%
EPS growth:
above 12% (CAGR)

Insurance business Foundation

Domestic P&C

Regain trust and improve profitability (SJ-R)
Break away from industry practices*2

Overseas

Scale up and
geographic expansion

Increase resilience
Connect and be connected

Growth investment
Selection and concentration

Wellbeing business Foundation

Domestic Life

Expand Insurhealth®

Nursing Care

Promote
future nursing care

SOMPO P&C

A strong integrated
balance sheet

Retention Reinsurance

Center of excellence

SOMPO Wellbeing

At your side at all times
Extension of healthy
life expectancy

Health

Nursing care

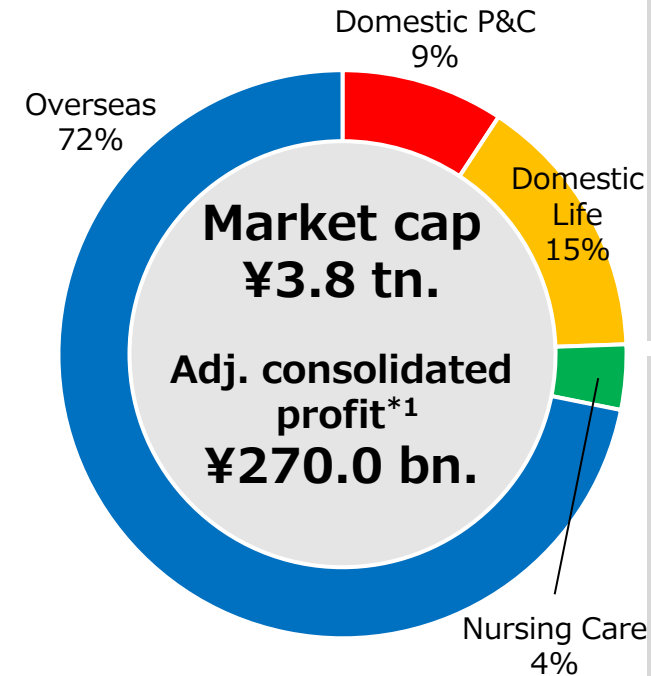
Retirement finances

Overseas
60%

Domestic P&C
20%

Double Market cap
Double Adj. consolidated profit*1

Wellbeing
20%



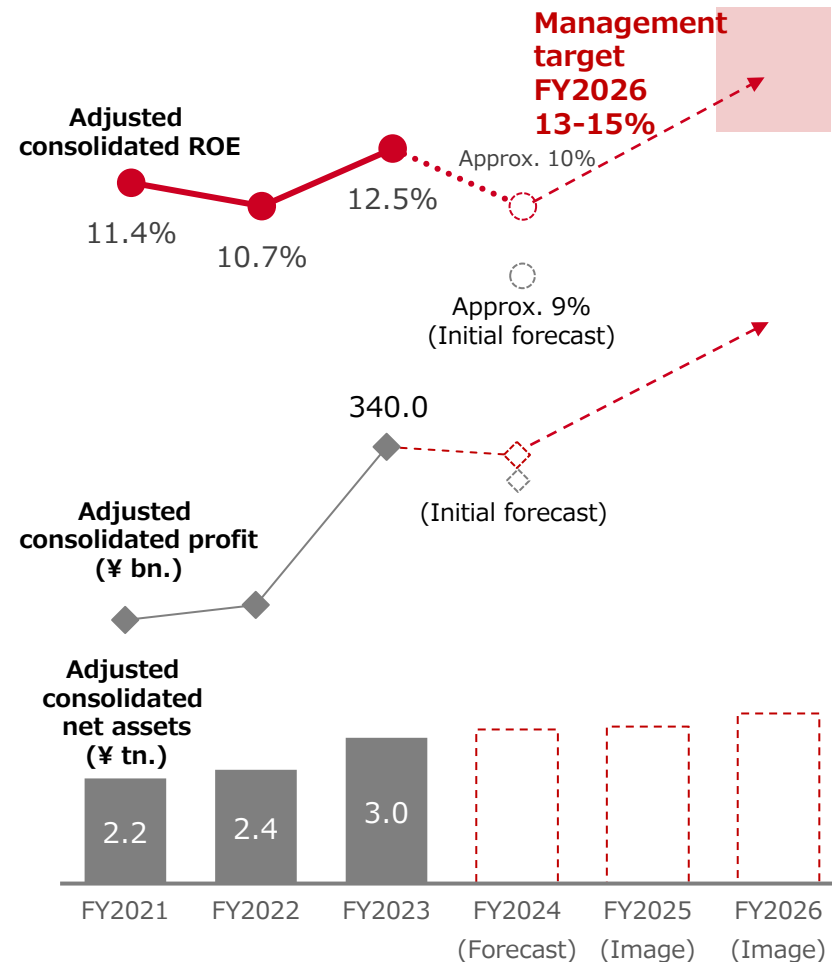
*1 FY2024 figure is based on the current definition, FY2030 figure is IFRS-based

*2 See page 50 for details

Progress towards the Achievement of Management Targets

- Adjusted consolidated profit, which is used to calculate ROE and EPS is on track, and our forecast for FY2024, the year of foundation strengthening, was revised upward
- Also, capital efficiency is being improved to achieve the FY2026 ROE target while securing growth investment capacity

Adjusted consolidated ROE (IFRS basis)*1



Adjusted consolidated ROE

Toward FY2026 target
On track

Adjusted EPS growth

Toward target
Ahead of plan

See page 9

Adjusted consolidated profit

Upward revision
FY2024 forecast

- Revised up FY2024 forecast
- Steady foundation strengthening for earnings recovery in FY2025 onwards

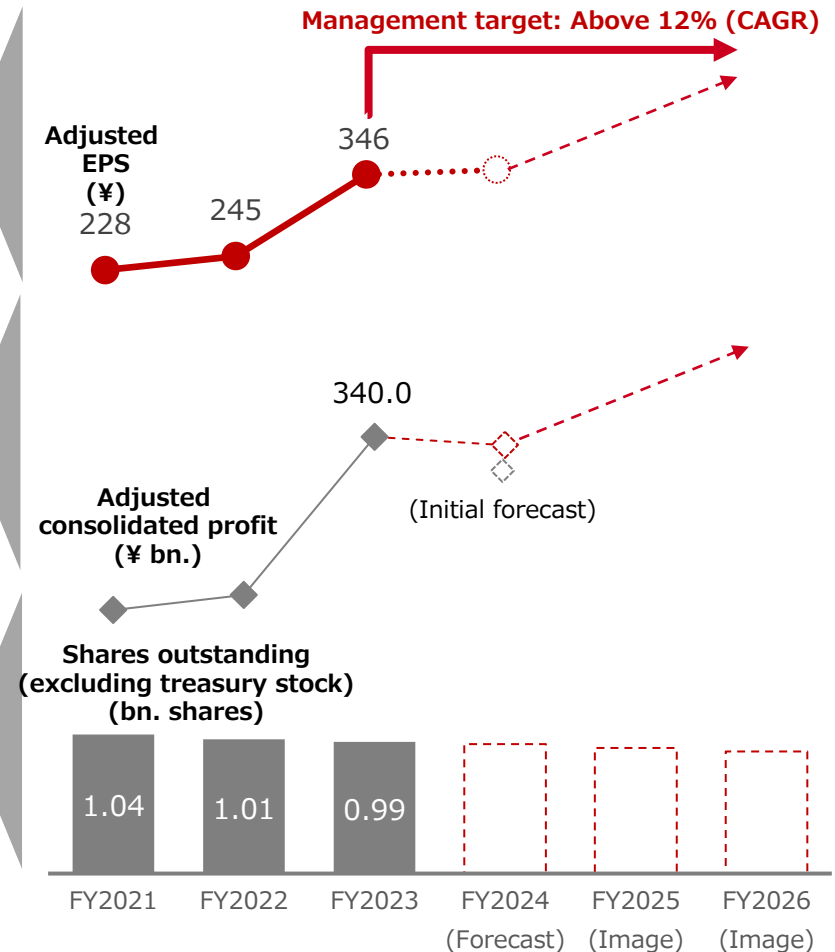
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Adjusted consolidated net assets

Improved capital efficiency
Growth capacity secured

- Further promotion of circulation of capital to achieve FY2026 ROE target
- Capital efficiency improvement while securing growth investment capacity

Adjusted EPS*1*2



Adjusted consolidated profit (¥ bn.)

Shares outstanding (excluding treasury stock) (bn. shares)

Rebuilding **Return to growth**

Rebuilding **Return to growth**

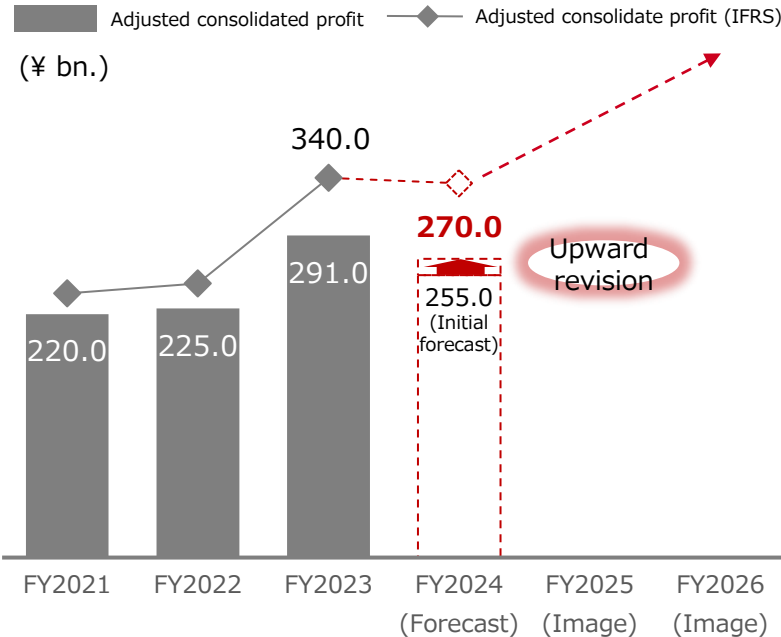
*1 IFRS-based estimate. Figures for FY2021 and FY2022 use normalized earnings. *2 Figures for FY2021-2023 are adjusted for stock split

Progress in Improving Profitability and Earnings Stability (Increase in Adjusted Consolidated Profit)

- Strengthen underwriting profitability management in the global P&C insurance business to achieve profit growth in excess of 10% (CAGR)
- Started to correct the term-length contracts in addition to rate revision in Japan.
Ensuring overseas insurance underwriting based on market conditions to improve profitability



Profit growth: Above 10% (CAGR)



* IFRS basis (excl. OCI)

Profitability improvement: Lower combined ratio

Domestic P&C	FY2024 Interim		FY2026 Plan
	Combined ratio	99.3%	Below 95%
	Rate revision effect (vs. FY2023)	¥4.0 bn.	¥75.0 bn.
	UW condition review by segment	Individual underwriting	Work style review AI utilization
Overseas	FY2024 Q3		FY2026 Plan
	Combined ratio	95.0%	93.8%
	Rate increase	+ 3.2%	Adjust according to loss cost
	Retention policy	Adjust according to profitability	

More stable earnings: Underwriting portfolio management

Domestic P&	Reduction of long-term contracts	Long-term coefficient revision At the time of auto and fire insurance product revision	
	Ratio of old buildings (New business in fire)	20% Apr. 2023	4% Sep. 2024
	Scale and diversification (Geographic expansion)	Top line effect \$400 mn. Q3 FY2024	
Overseas	Cat loss ratio	22.7% FY2017	5.4% FY2024 Forecast
	Prior year loss development	-\$ 150 mn. Q3 FY2023	-\$19 mn. Q3 FY2024

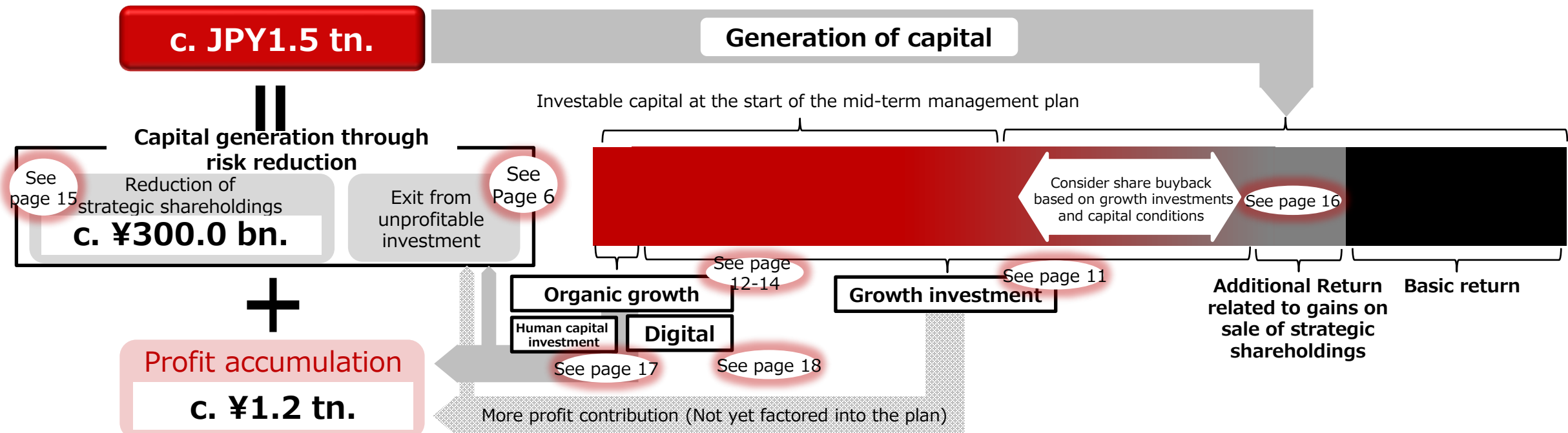
Evolution of Circulation of the Capital (Appropriate Management of Adjusted Net Assets)

- A more advanced circulation of capital is adopted to achieve the FY2026 adjusted consolidated ROE target
- Capital generated by reducing strategic shareholdings and profit accumulation is allocated to organic growth and growth investments, alongside the capital efficiency being improved to achieve the ROE target



New capital generation in FY2024-2026 (Plan)

Disciplined utilization of capital (Image summary)



Risk-Taking (1): M&A and Growth Investment

- Earned high returns from growth investment to date, primarily through investing in the overseas insurance business and Palantir shares
- Continue to explore M&A opportunities with strict investment discipline, by focusing on the overseas insurance and wellbeing businesses

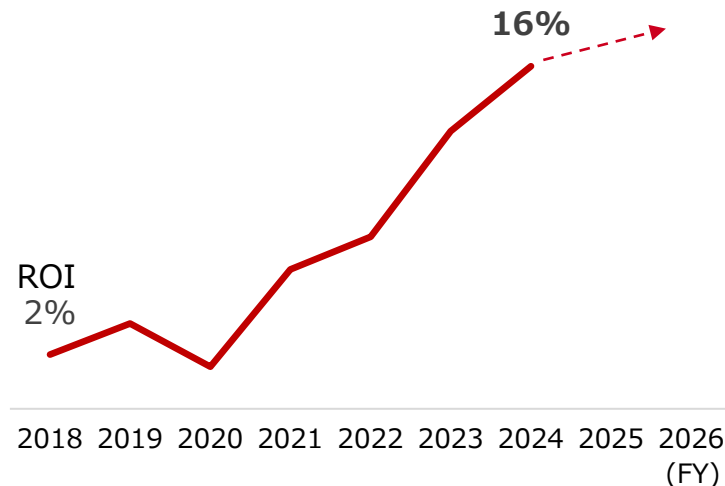
Post Endurance acquisition track record

ROI

(FY2024 Forecast)

16%

- ✓ Consolidated the Group's overseas insurance and reinsurance business
- ✓ Growth by focusing on the commercial business, the strength of SI
- ✓ Strengthened investment through capital transfer to SI from FY2022



* Source: Bloomberg

M&A, growth investment, and business alliance

Domestic P&C

JBR

JAPAN BEST RESCUE SYSTEM

Alliance to developing unique services to differentiate from peers

Overseas

Unifying underwriting philosophies

Advanced scale and diversification

ROI exceeding the cost of capital

Investments that support sustainable and stable growth with a view to large M&A or bolt-on M&A

Wellbeing


Investment to connect customers, businesses, products, and services to address three concerns

Investment in Palantir shares

IRR

(p.a.)

106.3%

(Investment multiple: 9.2x)

- ✓ Formed a capital alliance in FY2019
- ✓ Shares were partially sold several times

Realized gains	Unrealized gains
¥160.0 bn.	¥200.0 bn.
- ✓ Utilization of "Foundry" by business segments and business alliance through the JV have been on track

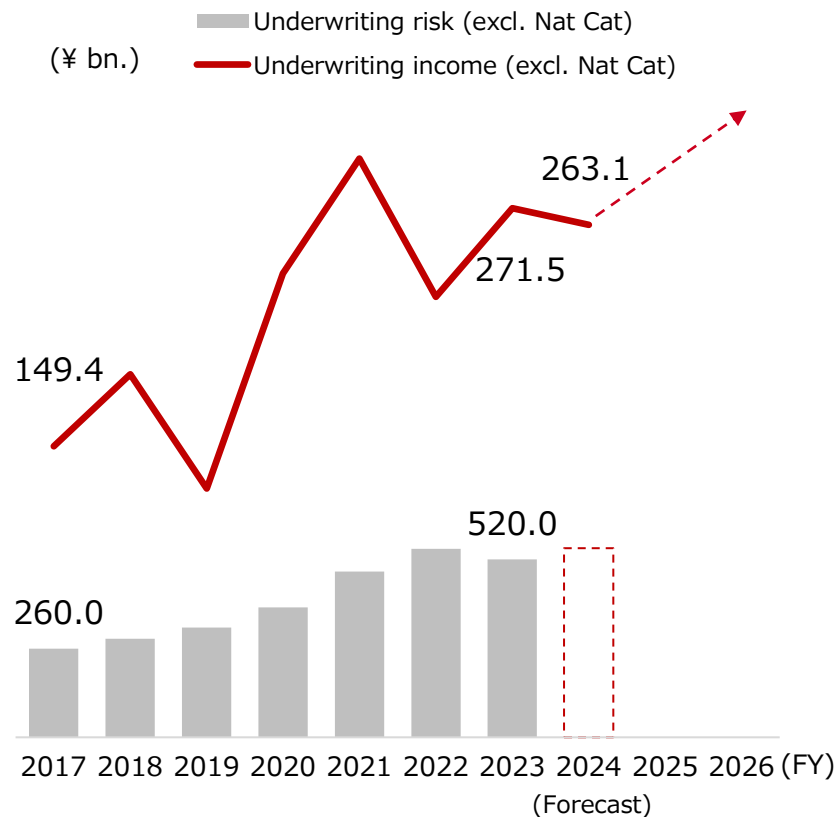


Risk-Taking (2): Organic Growth (Underwriting)

- Aim for stable growth in underwriting profit by increasing on-Nat Cat underwriting risk
- In Japan, fire insurance is expected to return to profit by strengthening underwriting.
In overseas insurance business, the geographic expansion effect more than doubled compared with last year

Increase in underwriting risk* (excluding Nat Cat risk)

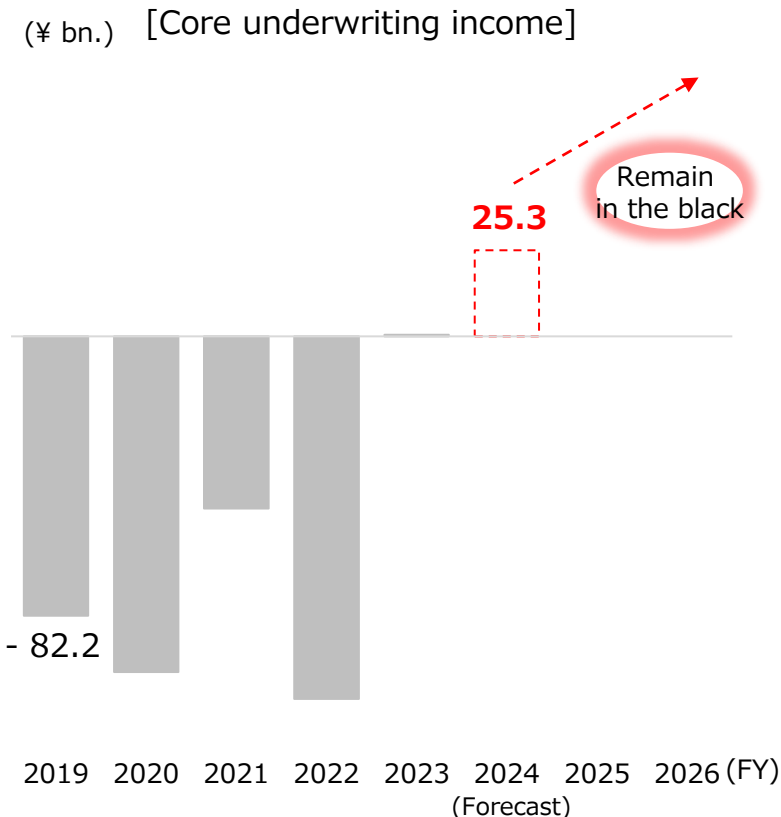
Steady growth in global underwriting profit



Profitability improvement through SJ-R (Fire insurance)

Fire insurance core underwriting income

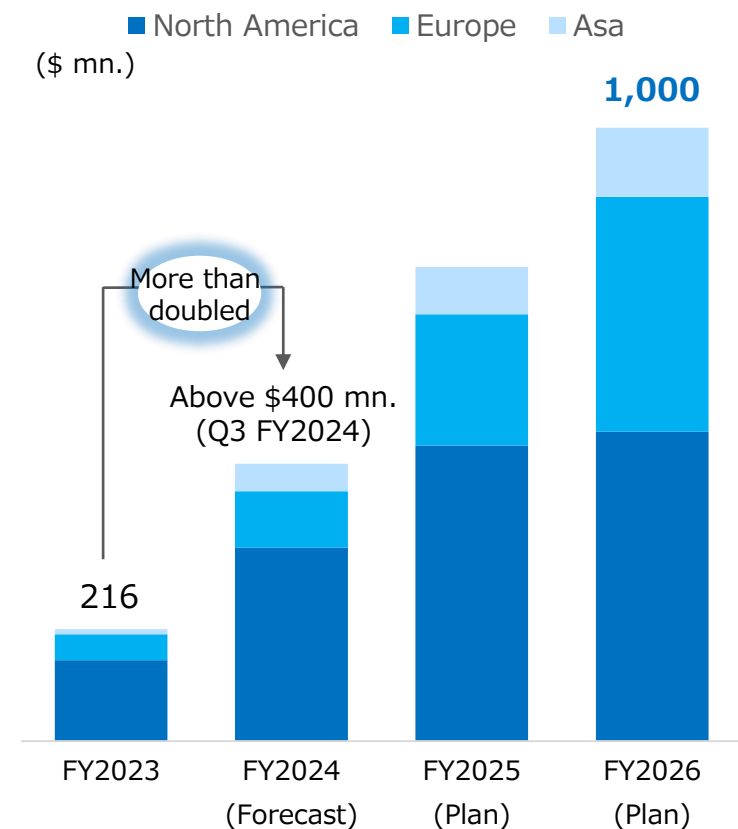
Remain in the black



Progress in geographic expansion in the overseas business

Gross written premium (Geographic expansion effect)

More than doubled YoY (Top line effect)

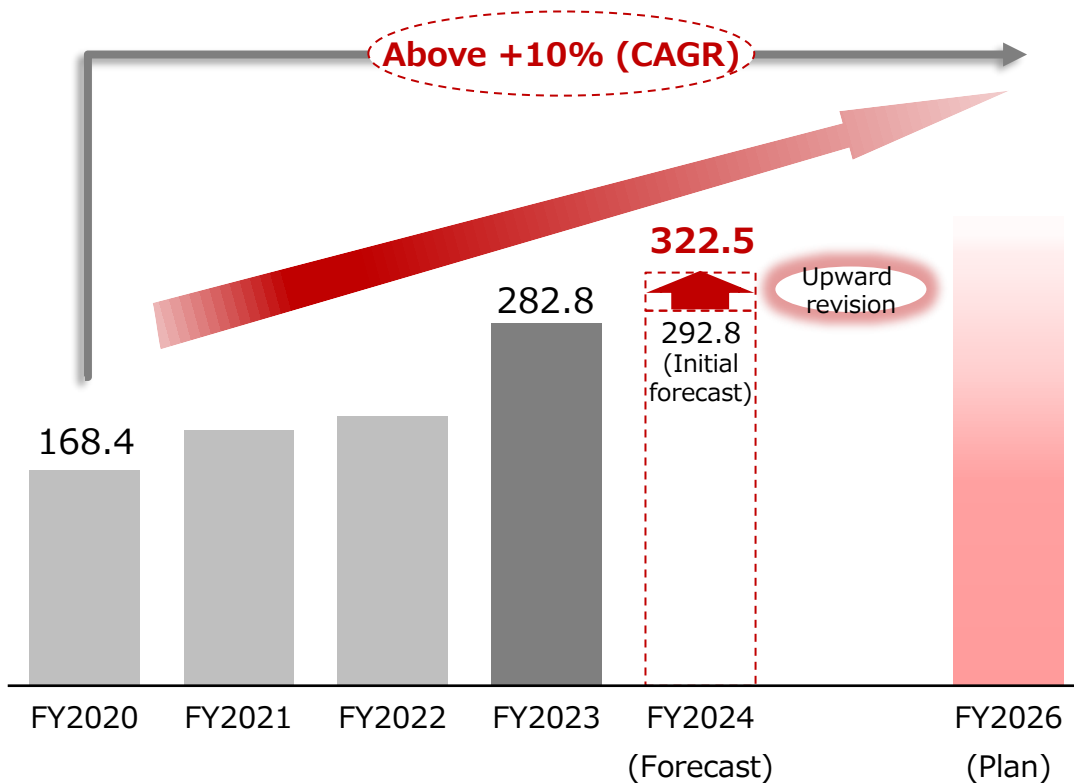


Risk-Taking (3): Organic Growth (Group Investment)

- The Group's investment continues to grow driven by an increase in investment assets with the expansion of the overseas insurance business and higher yields
- Aim to steadily increase investment income through risk-taking, mainly in overseas credit investments, while respecting liability characteristics and liquidity

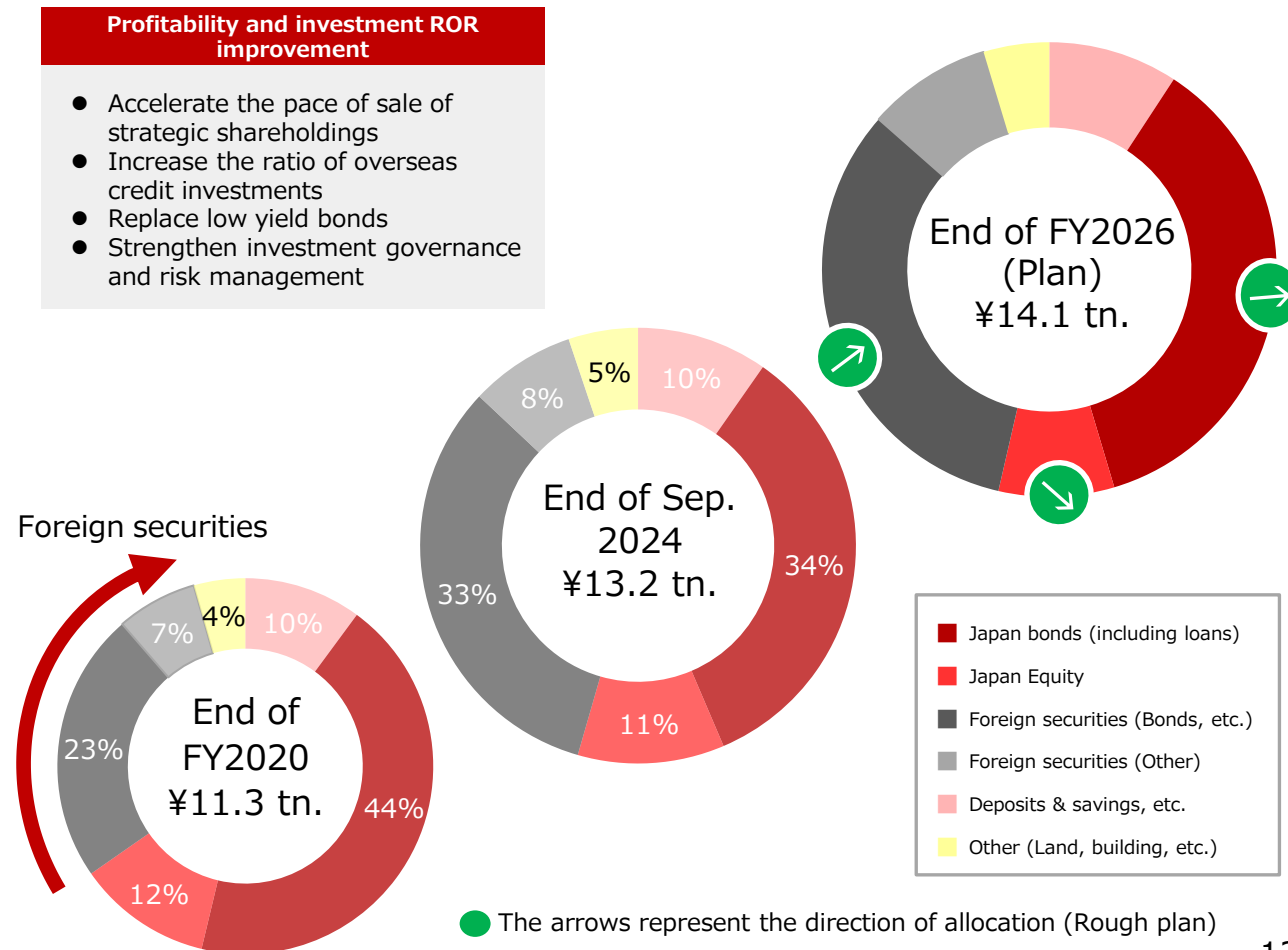
Group investment income – On track –

(¥ bn.)



* Before tax, adjusted profit basis

Group investment asset composition – Progress in portfolio diversification –

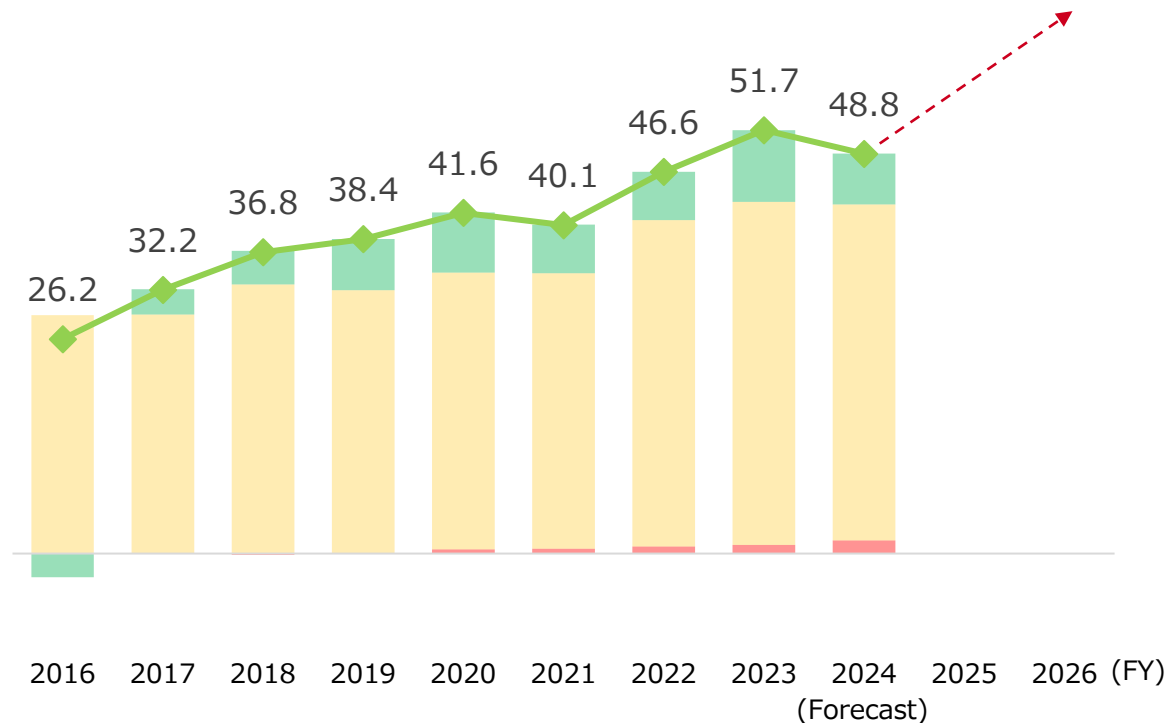


Risk-Taking (4): Wellbeing Business

- Expand the wellbeing business by focusing on the domestic life insurance business in the meantime, while developing alliances for future growth
- Progress has been made in “connect and be connected”, for example by starting collaboration with RIZAP in addition to connecting existing businesses (Sompo Himawari Life and Sompo Care)

Adjusted profit of the wellbeing business

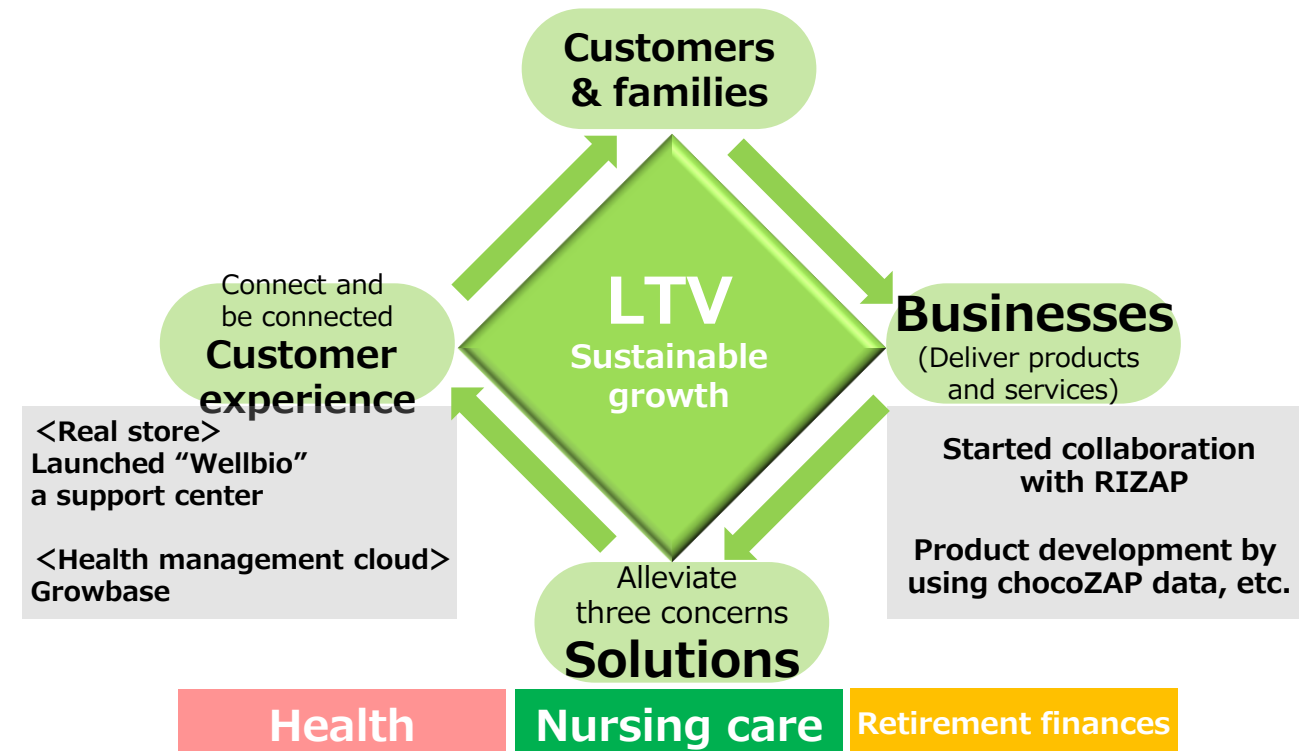
(¥ bn.) ■ Healthcare, etc. ■ Domestic Life ■ Nursig Care ◆ Wellbeing Business



* Figures for FY2022 was adjusted for the COVID-19 effect (c. - ¥22.0 bn.)

Progress in “connect and be connected” in wellbeing for mid- and long-term growth

**Sustainable grow life time value (LTV)
through “long-term” and “solid” connections
SOMPO becomes a brand chosen by customers**



Capital Generation through Risk Reduction: Sale of Strategic Shareholdings

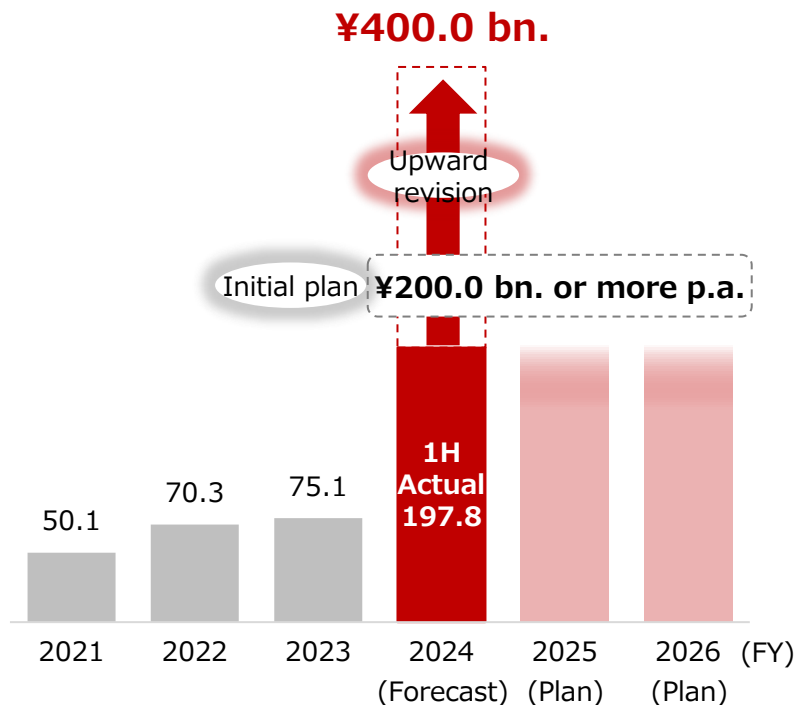
- Sale of strategic shareholdings was accelerated in FY2024 and is expected to reach ¥400.0 bn. for the full year (+ ¥200.0 bn. vs. initial plan) .
The Mid-Term Management Plan target (¥600.0 bn. at the minimum) will be revised
- The pace of cash generation will increase due to accelerated sale of shareholdings, but there is no change in the principle of use, which emphasizes a balance between investment for future growth and shareholder return

Sale of strategic shareholdings

FY2024
(Full-year forecast)

¥400.0 bn.
(Initial plan ¥200.0 bn.)

(¥ bn.)

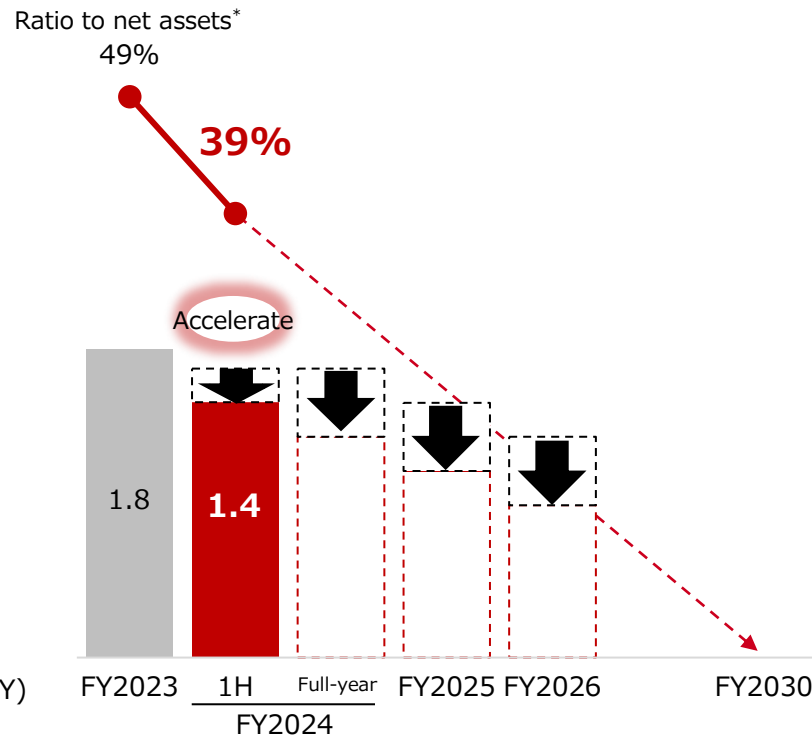


Remaining balance of strategic shareholdings

Market value
(End of Sep. 2024)

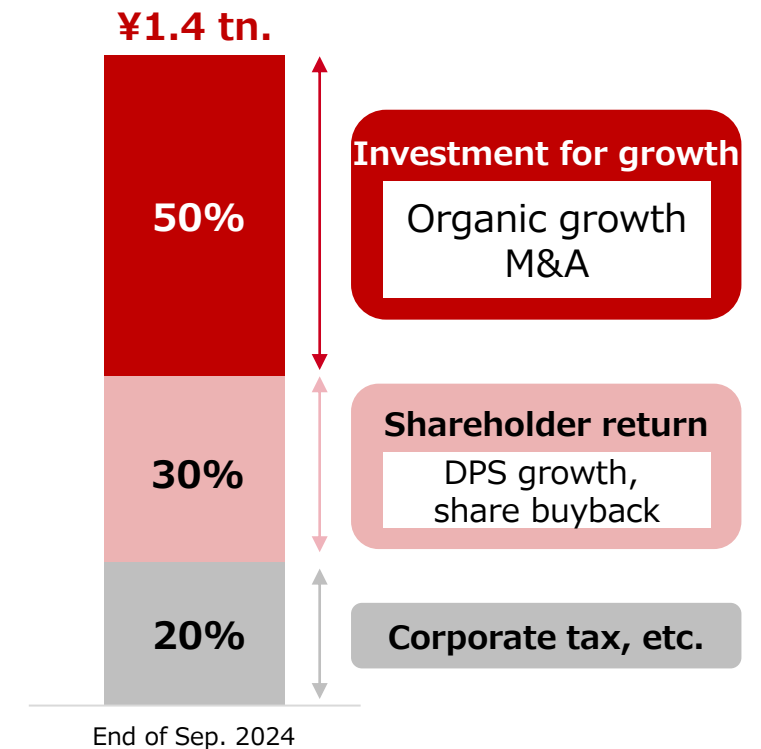
¥1.4 tn.
(39% to net assets*)

(¥ tn.)



Use of cash generated (Rough plan)

Emphasis on balance between investment for growth and shareholder return



* Ratio to net adjusted net assets, rough plan of the ratio to IFRS adjusted net assets for FY2024 onwards

Shareholder Return

- The rate of DPS growth increased by taking into account gains on sale of strategic shareholdings and mid-term growth of base earnings. We also plan to increase DPS in line with base earnings growth in the future
- Aim to improve capital efficiency to achieve the FY2026 ROE target while securing growth investment capacity for the future

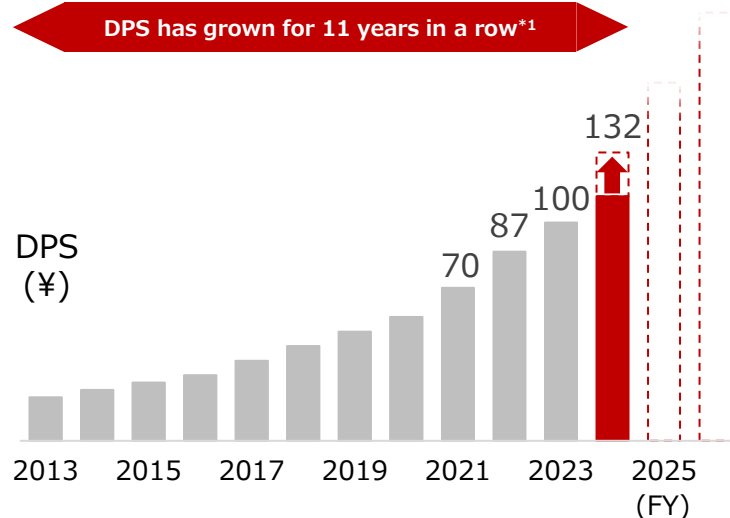
Increased rate of DPS growth

DPS growth
(FY2024 forecast) **+32%**
(Initial forecast: +12%)

- ✓ DPS growth increased by using part of the gains on sale of strategic shareholdings for ordinary dividends
- ✓ Aim to increase DPS steadily over the medium term through base earnings growth, even after all strategic shareholdings have been sold

FY2024 DPS (Forecast) ¥132
(+¥20 against initial forecast)

DPS has grown for 11 years in a row*1

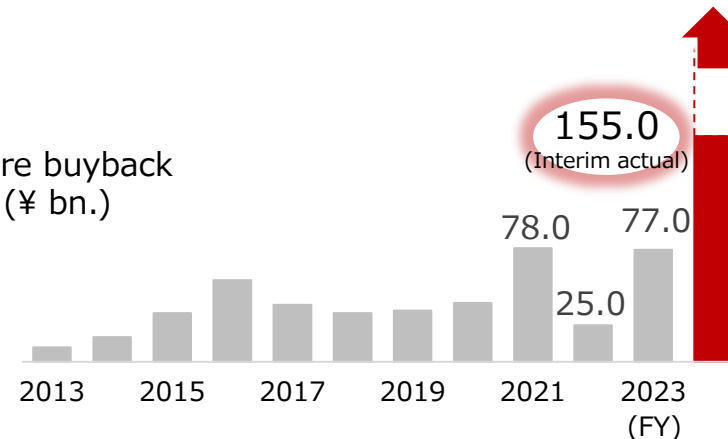


Large share buyback

Share buyback
(FY2024 interim) **¥155.0 bn.**

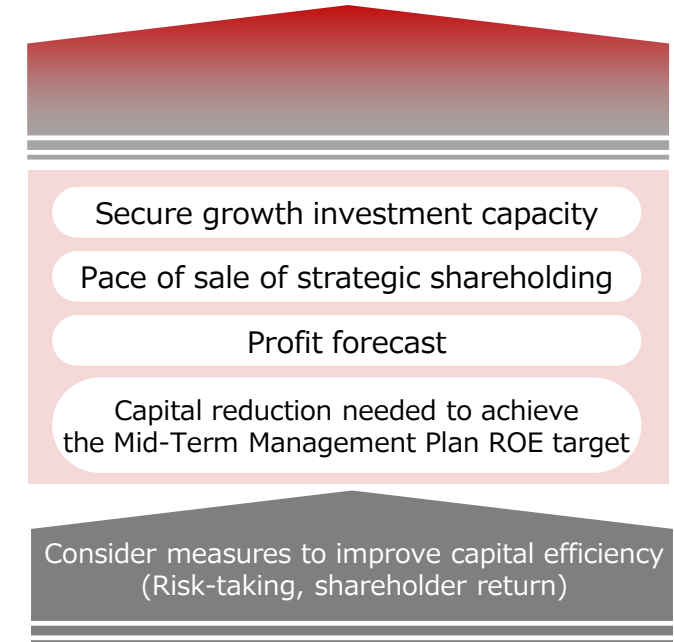
- ✓ Improve capital efficiency by considering the ESR level
- ✓ Determinants of the scale of sales
 - (1) Achieve FY2026 ROE target
 - (2) Growth investment made
 - (3) Normalize effects of accelerated sale of strategic shareholdings

Share buyback
(¥ bn.)



(Reference) Approach to improving capital efficiency

Achieve ROE target while securing growth investment capacity for the future



ESR level

Expected to constantly exceed the target range

*1 Includes FY2024 forecast *2 Forecast for FY2024, rough plan for FY2025 onwards

Foundation Strengthening (1): Progress in HR Strategy

- Create an environment where both the employees and the companies can grow and strengthen the operational foundation through HR system and initiatives that help “all employees can feel pride and satisfaction” and “all employees can feel empowered in their careers and growth”
- Now considering the introduction of a stock compensation program for Group employees to create a sense of solidarity within the Group

Progress in three HR strategies

Corporate culture change	<ul style="list-style-type: none"> ➤ “SOMPO’s Purpose” rephrased and newly “SOMPO’s Values” newly established. Group competency as well as recruitment, evaluation, executive officer appointment, and management promotion guidelines, etc. are all revised ➤ Visualized reform by conducting “Culture change survey” at Sompo Holdings and Sompo Japan
Strengthening Group human capital	<ul style="list-style-type: none"> ➤ Concrete human capital investment initiatives have been launched through “SOMPO human capital fund” of ¥30.0 bn. in size
HR system improvement and strengthening human capital base	<ul style="list-style-type: none"> ➤ <u>Integrate and improve job-based HR systems across the Group</u>, such as abolishment or reduction of company-driven job rotation, to facilitate self-directed career development and increase in specialization ➤ <u>Considering the introduction of a stock compensation program for Group employees</u> to create a sense of solidarity within the Group

Expansion of human capital investment (c. ¥30.0 bn.)

Examples of human capital investment

P&C commercial sales reform Specialist development program

Acquisition and development of underwriting specialists, and sharing of expertise with the frontline

Started training related to operations utilizing generative AI (LLM)

Improving development of future leaders through secondment to other companies

Introduction of a Group-wide learning management system

Investment in promoting DEI (understanding of different cultures, women’s empowerment, diverse talent, etc.)

Continue enhancing the Group’s enterprise value by delivering value as professionals

Foundation Strengthening (2): Progress in Digital Strategy

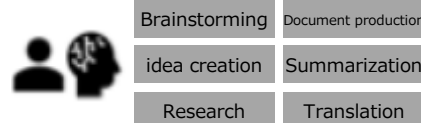
- Introduced generative AI and data-driven operations, enabling all employees to enjoy the benefits of utilizing AI and digital technologies in daily work
- Our digital businesses strengthened relationships with Group customers and initiatives to address social challenges.

Contribution to businesses

Utilization of generative AI

Introduce AI assistant for employees

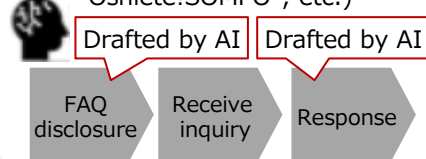
Use as an assistant to more than 50K Group employees



etc.

Integrate generative AI into operational processes

Use cases in responding to external inquiries (Q&A support system "Oshiete!SOMPO", etc.)

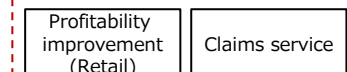


Expand data-driven operations (Using Palantir's Foundry)

Domestic P&C insurance



New use cases (example)



Foundry



- ✓ Various use cases are developed and used by many employees
- ✓ Under writing profit improvement: **+¥850 mn. YoY** (As of 1H FY2024)

Unique business domain

Initiatives to solidify relationships with customers



(Value Creation Unit)

Established a unit that supports initiatives to solve management challenges of customers and create businesses by using Group assets

Example



Meiji Seika ファルマ株式会社

Support the establishment of an open innovation center in the U.S.

Initiatives to address social challenges

- ✓ POC business to improve product sustainability, including reserve battery



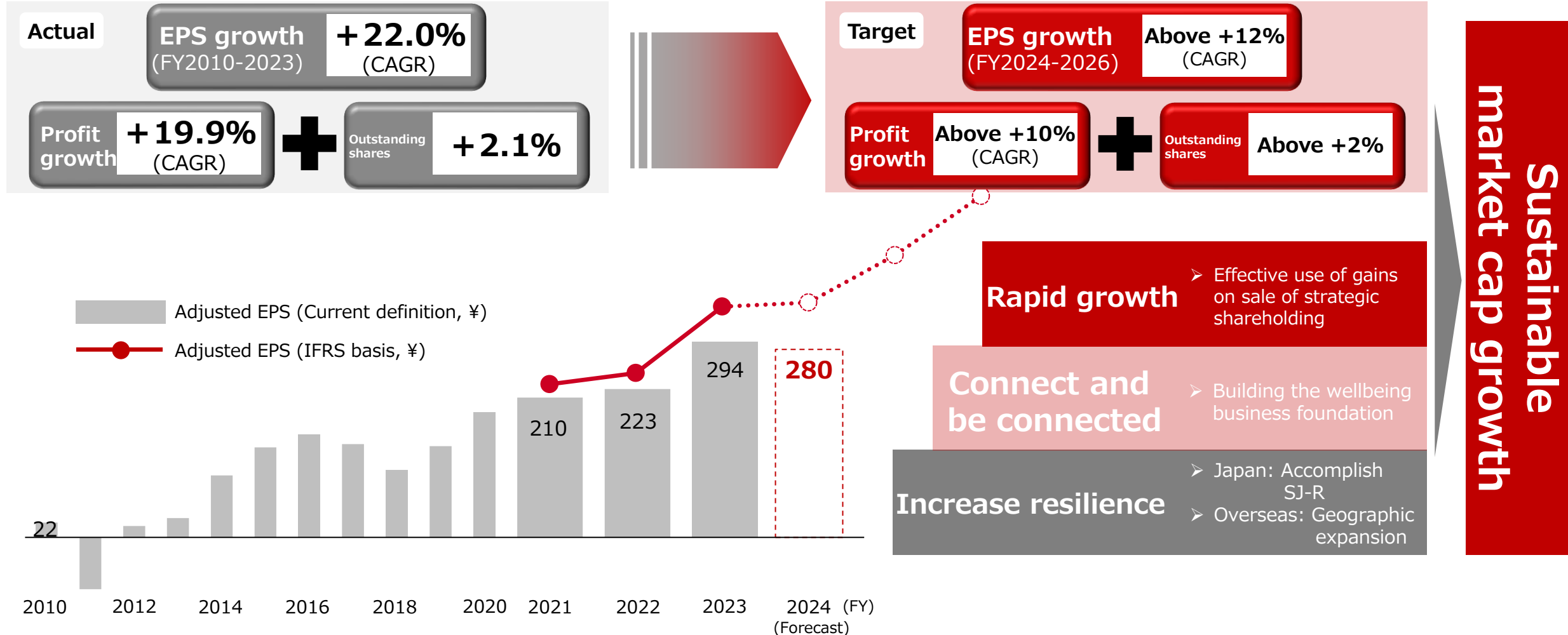
- ✓ Change the company name to Aux Mobility in Dec. 2024 to expand business



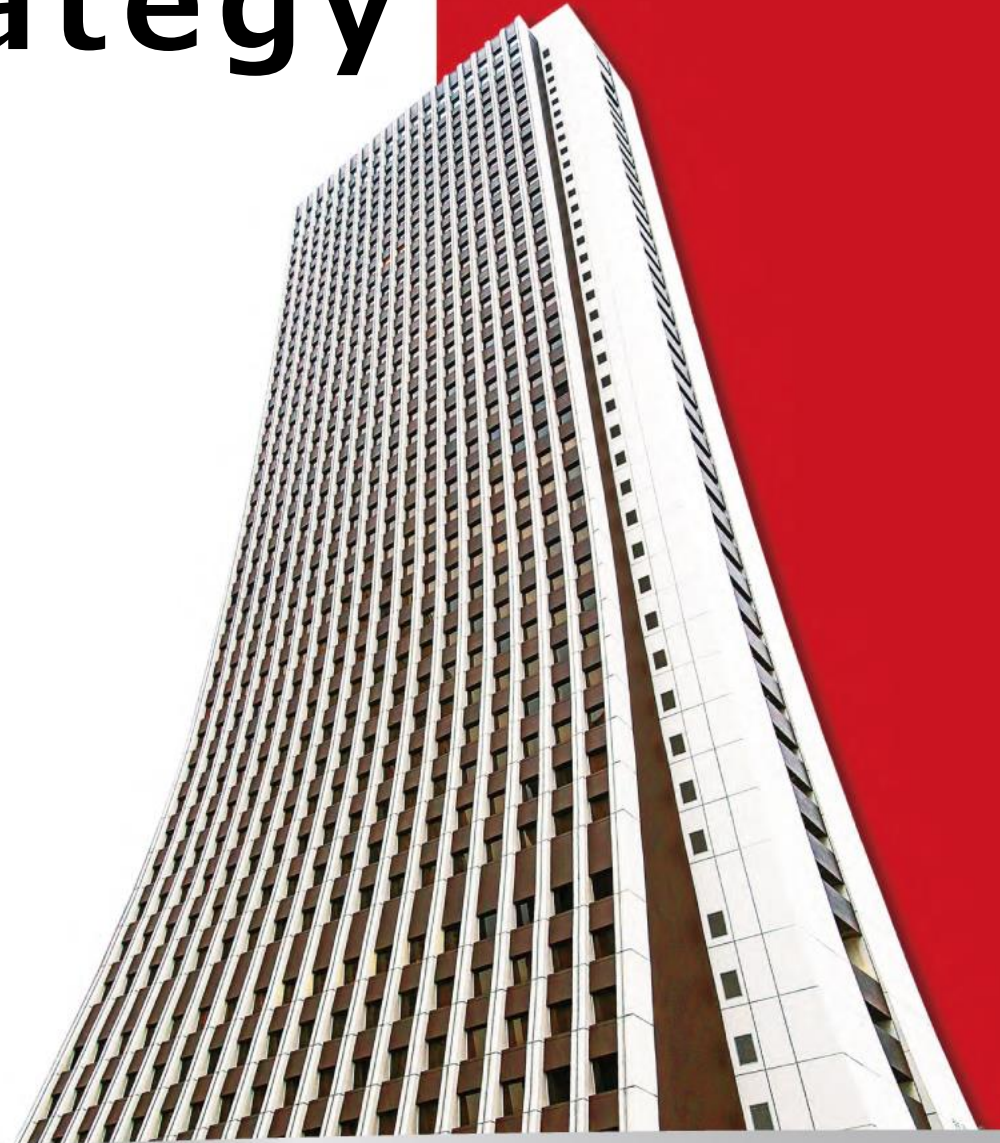
Sustainable EPS Growth and Market Cap Increase

- SOMPO Group has achieved high EPS growth through both growth investments and shareholder return
- Aim to sustainably grow EPS and increase market cap by improving the profitability of the P&C insurance business and allocating the capital generated in a well-balanced manner to growth investments and shareholder return

Sustainably high EPS growth and market cap increase



II. Business Strategy

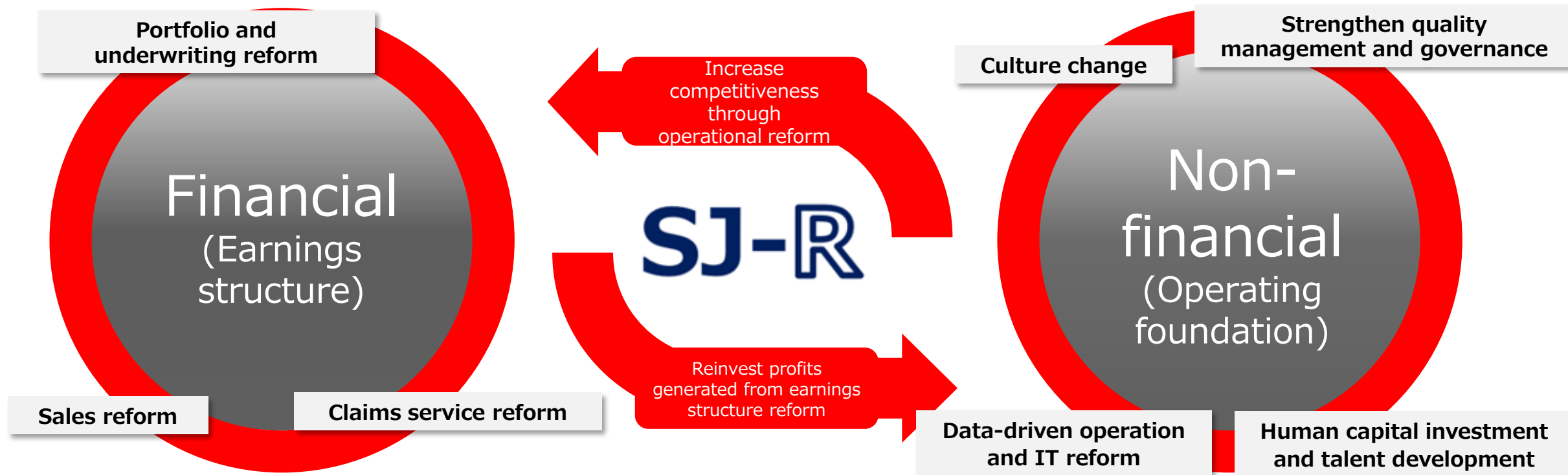


To-Be State of SJ-R (Recap)

- The goals of SJ-R is to become “new Sompo Japan” by reforming the earnings structure and operating foundation while giving first priority to regaining trust of customers and society

Dedicated to customers, society, and our values

Pursue uniqueness and resilience



Become “new Sompo Japan” renowned for uniqueness and resilience

Plan and Progress of SJ-R Initiatives (1): Financial

- In portfolio and underwriting reform, greater progress has been made in rate revision and underwriting control based on policies, etc.
- In commercial sales and claims service reforms, pilots are being conducted based on reform policies, while retail sales reform will be fully started from 2H

Area	Plan	Progress to date
Portfolio and underwriting reform	<ul style="list-style-type: none"> • Achieve global standards by improving underwriting and pricing techniques • Carry out detailed segment analysis, portfolio management, and clarify risk appetite 	<ul style="list-style-type: none"> • Recent rate revisions (fire and auto) were implemented by giving first priority to portfolio and profitability improvement among low profitability segments • Underwriting control was placed on areas that cannot be covered by pricing (old buildings, high LR industries, etc.) and producing noticeable results
Retail sales reform	<ul style="list-style-type: none"> • Standardize sales activities by utilizing data • Improve productivity through full processing by agencies and digitalization, "selection and concentration" by considering growth and profitability 	<ul style="list-style-type: none"> • Focused on foundation strengthening in 1H, including secondment policy, prohibition of excessive business support, research to eliminate the duplicate structure, and change business of target system • Fully start standardization effort in 2H by also using SFA tool, etc.
Commercial sales reform	<ul style="list-style-type: none"> • Aim to become a partner that provides risk assessment and solutions to businesses without relying on strategic shareholdings, etc. • Increase solution lineup through further expertise by expanding division of duties 	<ul style="list-style-type: none"> • Held a commercial academy for all sales employees (35 hours p.a. is mandatory) and provided highly specialized training to about 20 employees by cooperating with third-party consultant • Halfway through diversifying solution lineups
Claims service reform	<ul style="list-style-type: none"> • Pursue customer satisfaction, payment adequacy, efficiency, and employee satisfaction by transforming to operations based on division of duties and aggregation 	<ul style="list-style-type: none"> • Conducting a pilot projects in claim allocation covering broader area (efficiency), and concentration of triage of fraud detection (payment adequacy) • A formal review is not carried out yet, but improvements are becoming evident

Plan and Progress of SJ-R Initiatives (2): Non-Financial

- Sompo Japan has overcome the worst of a series of problems, as indicated by the rise in the Culture Change Survey score, NPS improvement, etc.
- Sompo Japan will improve operational processes, promote data-driven operations, invest steadily in talent development, etc. to more fundamentally strengthen business foundation

Area	Plan	Progress to date
Culture change	<ul style="list-style-type: none"> Create a healthy culture that emphasizes compliance and customer protection Aim to create an environment where employees are fulfilled by working at Sompo Japan 	<ul style="list-style-type: none"> Held town hall meetings presented by head office executives (34 claims service depts./branches, 142 sales depts./branches) Survey results improved for 4 consecutive months. Voice of employees collected by questionnaires changed from sense of distrust to proposal of improvement, etc.
Quality management and governance	<ul style="list-style-type: none"> Instill and embed “customer trust quality” Continuously reduce the number of complaints and claims based on scientific process analysis 	<ul style="list-style-type: none"> Sales NPS and claims service NPS improved from last year (Sales +6.3pt, claims service +0.8pt) Identified the cause of complaints by process. Began implementing remedial measures for identified causes from 2H
Data-driven operations and IT reform	<ul style="list-style-type: none"> Strengthen foundation and build a framework so that management, corporate functions, frontline (sales, claims service) can all make decisions and take action based on data Consider turning IT costs into variable expenses to change the IT cost structure 	<ul style="list-style-type: none"> SJ-R dashboard which allows all employees to check the profitability of own department, etc. in a timely manner went live (Jul. 2024) Build a data infrastructure to check E/I based profitability by microsegment (for use of product depts. covering auto and personal fire)
Human capital investment and talent development	<ul style="list-style-type: none"> Increase specialization to bring the ratio of specialists and generalists in specific corporate functions to 50:50. Invest ¥30.0 bn. in Group talent development over the next 5 years 	<ul style="list-style-type: none"> Considering revising the HR system to increase specialists Transfer hand down skills by assigning highly specialized talent from SI to key areas Providing OJT by assigning talented frontline employees to the head office for 3 months

Progress in KPIs

- In FY2024, the ROE and E/I combined ratio are expected to be in line with the plan.
- Reduction of strategic shareholdings is on track (vs. initial plan of ¥200.0 bn. or more) and is expected to be ¥400.0 bn. for the full year.

ROE*

MTMP KPI
(FY2026 plan)

8% +

E/I combined ratio

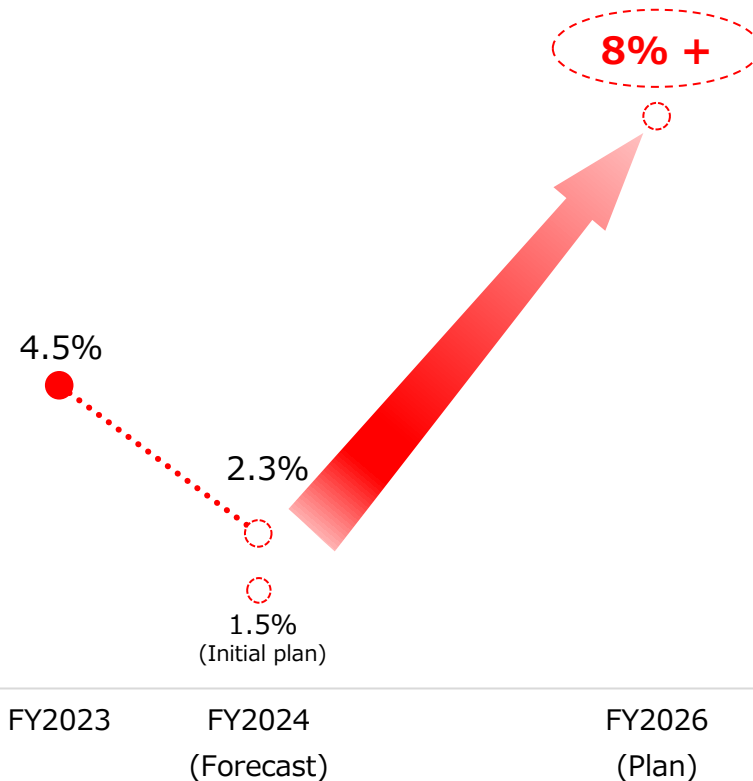
MTMP KPI
(FY2026 plan)

Below 95%

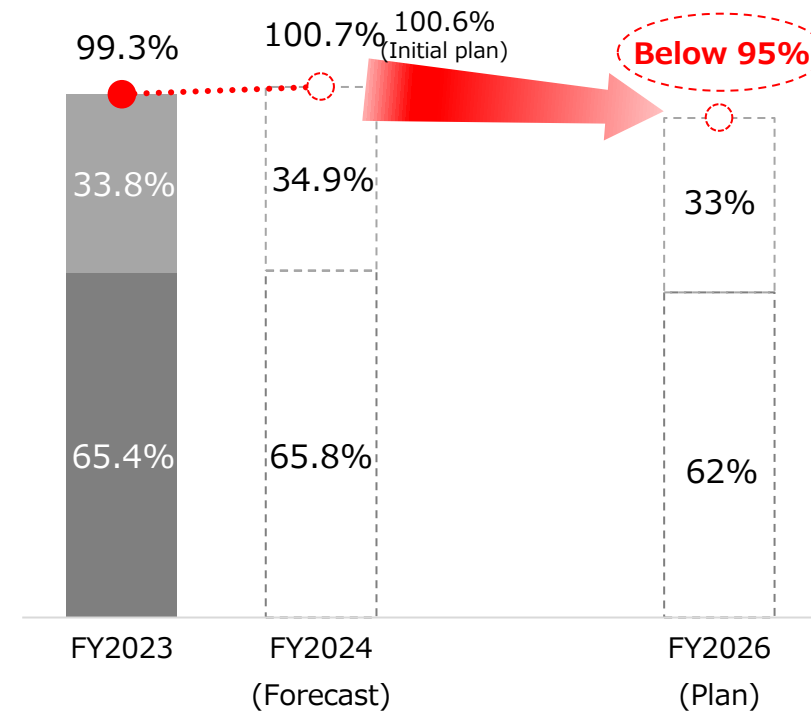
Reduction of strategic shareholding

MTMP KPI
(Cum. total)

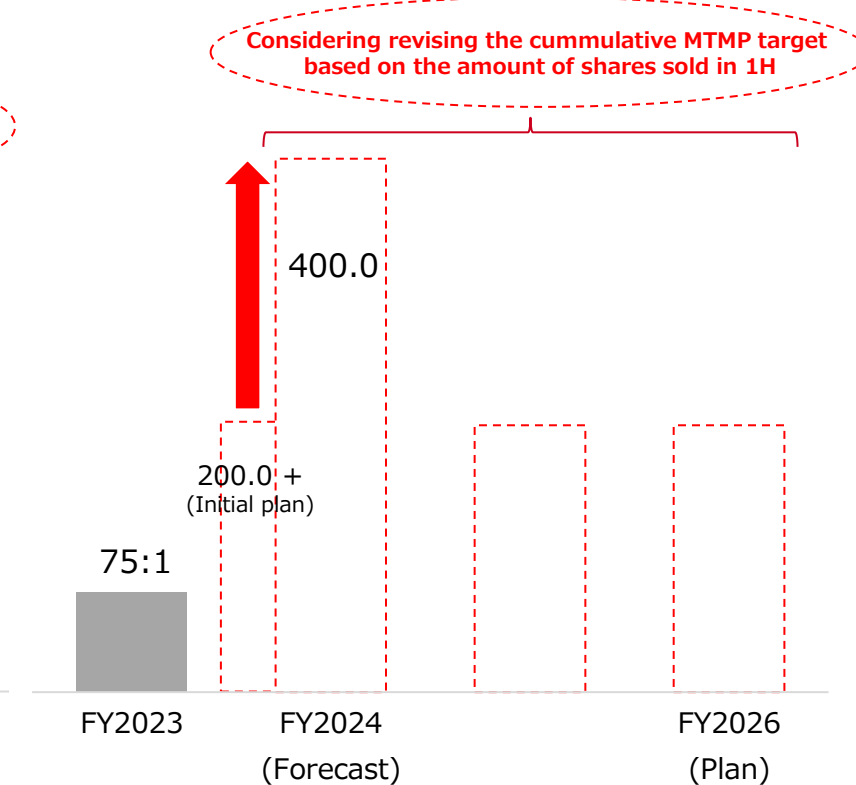
At least by ¥600.0 bn.
(Prepare for investment opportunities
by further accelerating reduction)



* Current definition is used



(¥ bn.)

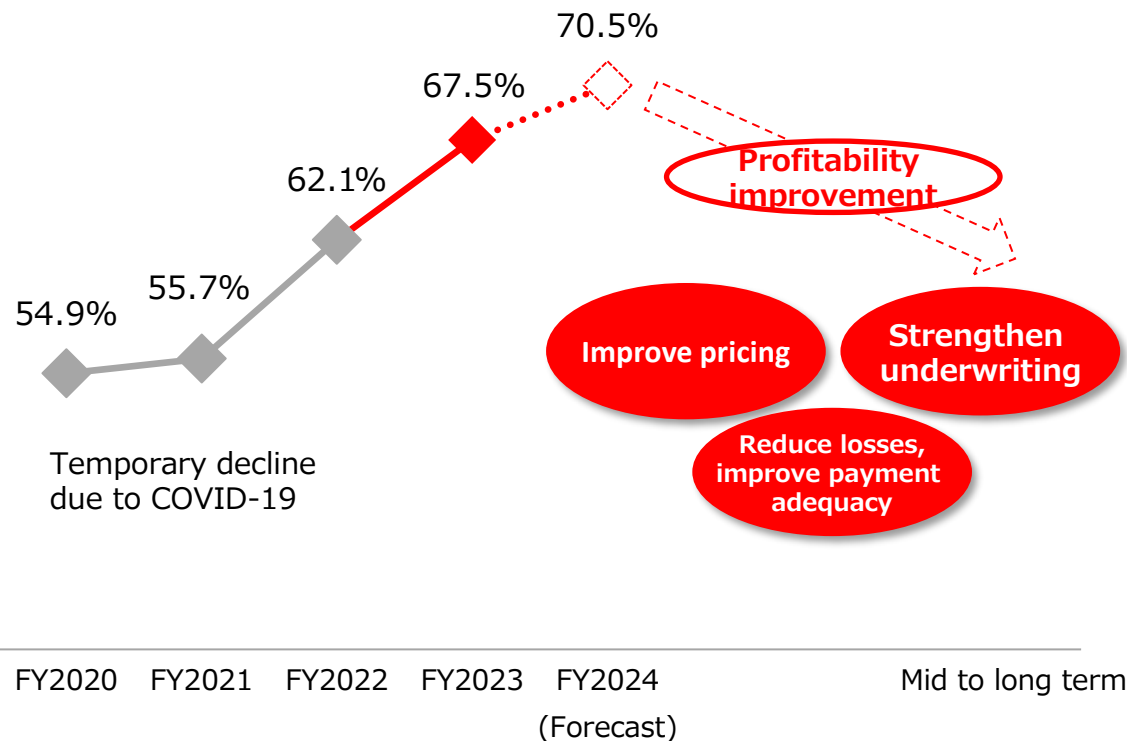


Considering revising the cumulative MTMP target
based on the amount of shares sold in 1H

Progress and Challenges in Profitability Improvement Initiatives (1): Auto Insurance

- The auto loss ratio has been trending upward recently due to deterioration of environment, including rising cost of repair and increasing the severity and frequency of natural disasters.
- Aim to bring down the E/I combined ratio in auto insurance to 95% over the medium term by strengthening underwriting and reducing losses while focusing on pricing

The E/I LR is rising but plan to stabilize over the mid to long term by implementing various initiatives



Main actions to improve profitability

Price improvement

- Rate revision by taking into account changes in the business environment (Jan. 2025)
- (Profit contribution of about ¥15.0 bn. in FY2025 and ¥25.0 bn. in FY2026)
- Plan to implement additional revisions as soon as possible by considering advisory rate revision

Strengthen underwriting

- Revised coverage conditions and placed underwriting control by microsegment (Segmentation example: age, vehicle age, grade, etc.)
- Individual underwriting for high LR fleet contracts by utilizing Palantir's technologies (A high LR controlling tool for the frontline offices went live in Oct.)

Reduce losses, improve payment adequacy

- Started a PoC of a service that alerts customers of impending hail by collaborating with Weathernews
- Improve payment adequacy by strengthening fraud detection and introducing closed file review (CFR)

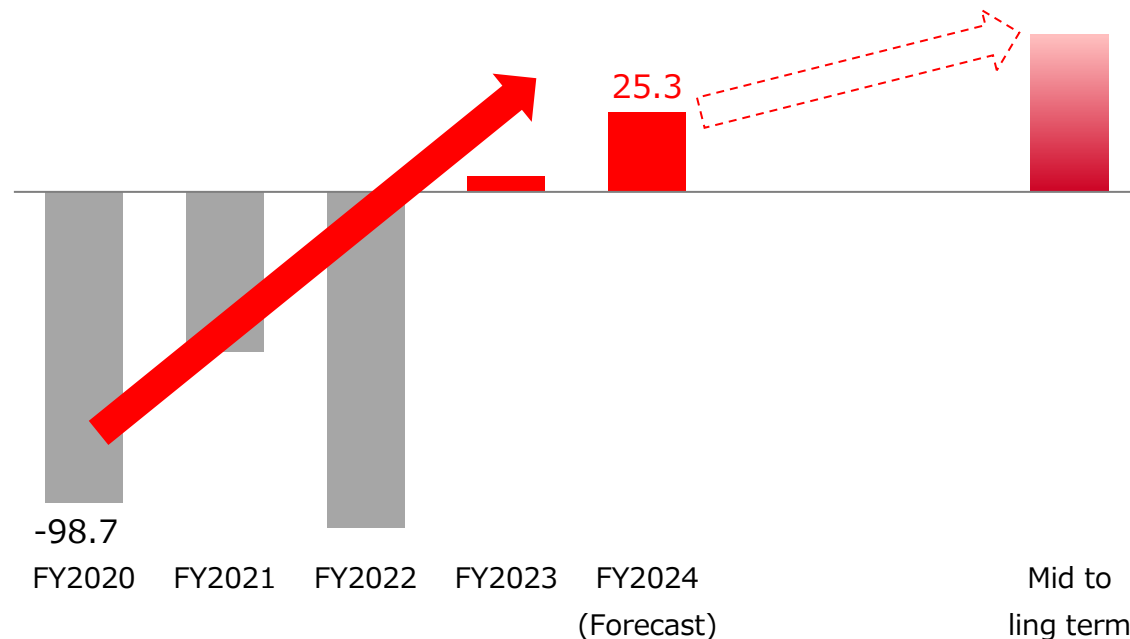
Progress and Challenges in Profitability Improvement Initiatives (2): Fire Insurance

- Core underwriting in fire insurance is expected to be profitable for two years in row
- Aim to bring down the E/I combined ratio to 90% or less in the medium term by ensuring disciplined underwriting in addition to improving rates

Core underwriting profit in fire insurance is steadily improving

(¥ bn.)

Maintain and increase profits by improving profitability and adaptability to changes in the business environment

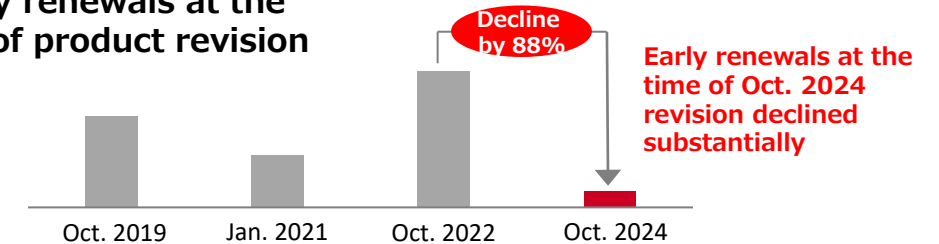


Main actions to improve profitability

Pricing improvement

Rate revision based on advisory rate revision (Oct. 2024)
Curb last minute, early renewals because of rate revision

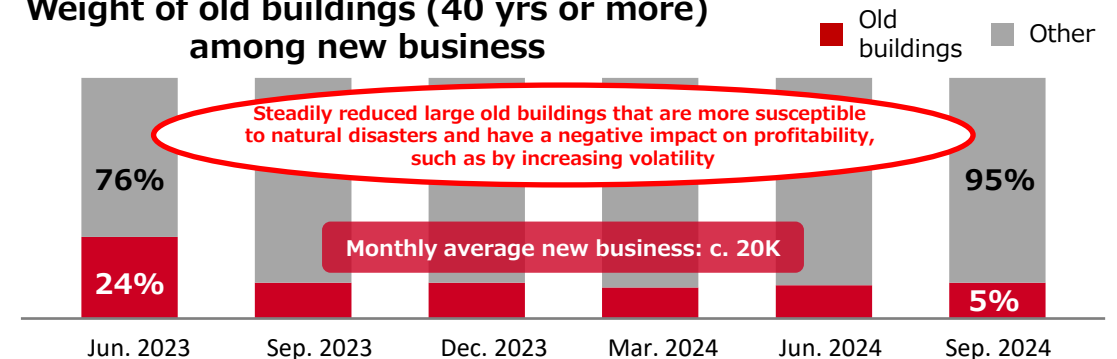
Early renewals at the time of product revision



Strengthen underwriting

Strengthen underwriting in old buildings and high LR industries
New business of old buildings declined substantially from Jul. 2023 owing to underwriting control

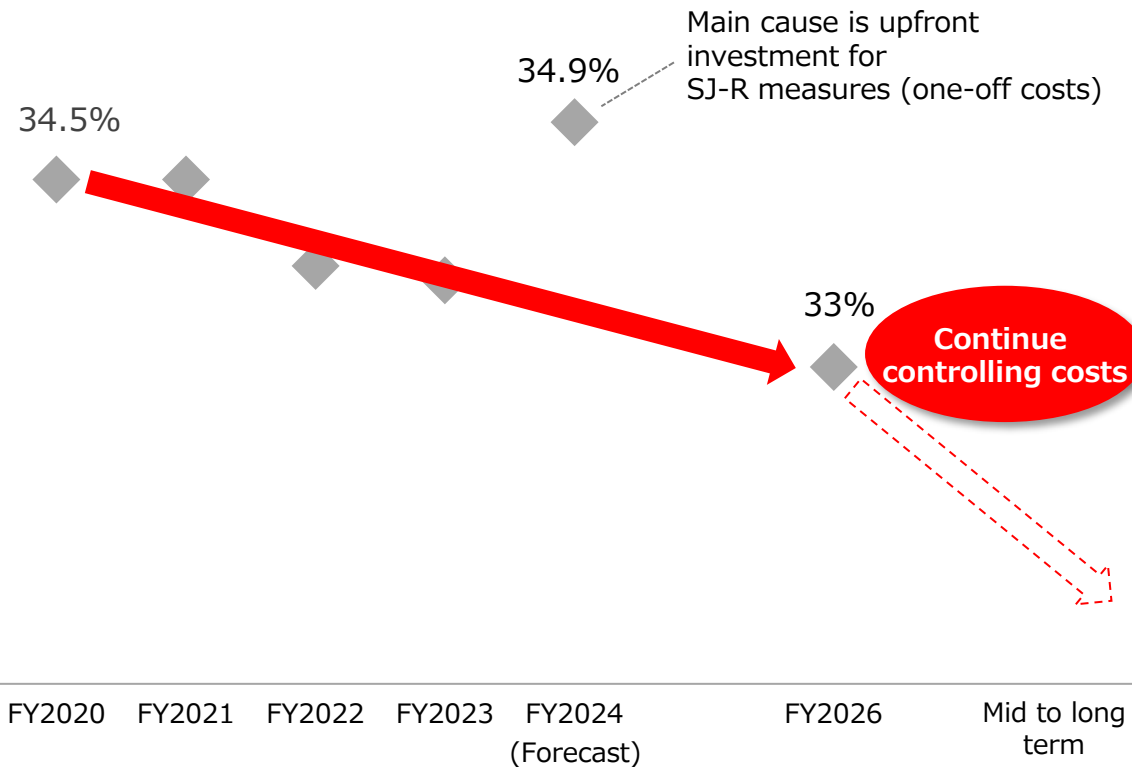
Weight of old buildings (40 yrs or more) among new business



Progress and Challenges in Profitability Improvement Initiatives (3): Expense Ratio

- Reduce fixed expenses, including branches, company-owned cars, and systems, while improving productivity by utilizing AI and digital transformation (DX)
- Aim to bring down the expense ratio to the 30% level in the medium term by improving productivity and reducing costs, despite upfront investment in FY2024 for SJ-R initiatives

The base expense ratio excluding one-off costs will decline



Work to control costs in various areas, including work style review

No. of
Offices

-30*

IT system
costs

Control the
rising costs

No. of company-
owned cars

-1,000*

Head
count

Appropriate control
linked with
productivity
improvement

* FY2024 reduction target

Examples of generative AI initiatives for improving productivity

Develop and deploy tools for improving operational efficiency by utilizing large language model (LLM)



SOMPO AI CHAT

- SOMPO's generative AI
- Capable of data collection, programming, summarization/translation, text classification, etc.
- Active users: c. 3,800 people (As of end-Oct.)

教えて!SOMPO

- Conducting a pilot of integrating specialized LLM into a system for responding to inquiries from the frontline
- Significantly reduce workload of responding to agency inquiries which account for 15% of frontline sales work by creating automated responses by utilizing LLM

Retail Sales Initiatives

- Improve operational efficiency mainly by eliminating the duplicate structure and centralizing administrative tasks to the operations quality support center (from 2H FY2025)
- Enhance competitiveness by allocating resources to building high quality agency networks (new or develop existing), developing the SME market, etc.

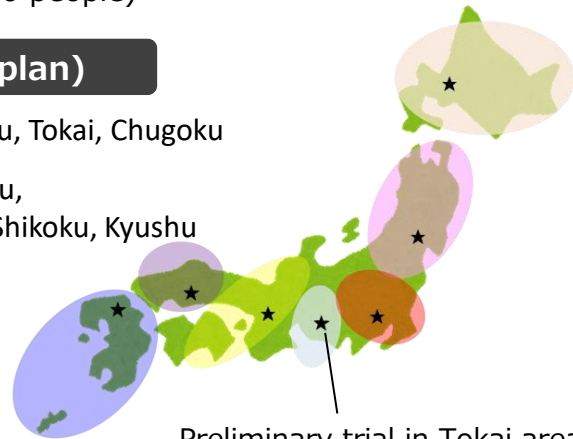
Allocate resources to focused areas, while substantially reduce current workload of retail sales

Concentration of sales back office

- Concentrate back offices of sales branches in 7 regions across Japan
- Improve efficiency by reducing 15% of sales back office headcount (currently 3,500 people)

Transition schedule (plan)

- Oct. 2025** | Hokkaido, Tohoku, Tokai, Chugoku
- Apr. 2026** | Kanto/Koshinetsu,
Kinki/Hokuriku/Shikoku, Kyushu



Preliminary trial in Tokai area from October 2024

Optimization of sale activities (Success Factors Analytics)

- Record sales activities, analyze these together with various data (profit/quality metrics, etc.) to automatically suggest the best action (**Started a test covering about 450 employees in Oct.**)

Recording and digitalizing sales activities



- Activity recording system linked with the calendar
- Input completes in 60 seconds, voice input is also available

Automatic suggestion of Next Action (under development)

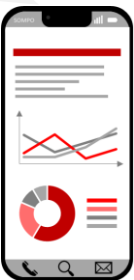
(Example)

- ✓ Hold a fire insurance study seminar for agency A
- ✓ Propose transport insurance to company B
- ✓ Follow up on an increase in cost of auto insurance of agency C

Analyze using internal data



Top line growth, renewal rate, operational quality metrics, etc.



More resources allocated to SME market development and building high quality agency networks (new or develop)

Commercial Sales Initiatives

- Provision of comprehensive solutions in risk and wellbeing will be defined as the strength of commercial sales
- Sompo Japan will build a highly specialized sales team by reviewing the organizational structure and talent development by using external insights

Transform into a “solution provider” from “insurance provider”

Products & services

「SOMPO Commercial Solutions」

Develop a new structure to deliver risk solutions, including insurance, under one brand at one stop



Develop and strengthen specialists

- Provide highly specialized training by using external consultant as well as enhancing the internal learning platform
- (Improve talent capabilities + increase specialization)
- Increase specialization by reorganizing by industry (from Apr. 2025)
- Division of duties and specialization of sales

Transform into a solution provider with a competitive edge
Target ratio of transaction with businesses with revenue of ¥100.0 bn. or more: 100%

Example of total solution (cybersecurity measures))

- Build a brand to deliver total risk solution in cybersecurity
- Comprehensive support in cybersecurity measures at normal and emergency times, not just insurance



SOMPO CYBER SECURITY

Service at normal times
~Loss prevention~

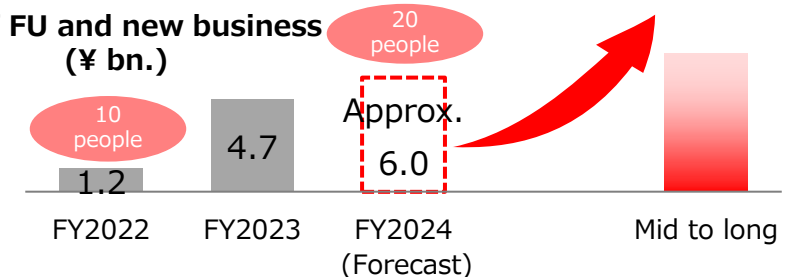
Service at time of emergency
~Loss control~

Cyber insurance
~Loss financing~

New business developments by field underwriters*(FU) have been increasing

- Improvement in sales capabilities through specialization is evident in financial performance and Sompo Japan will strengthen sales capabilities across the team by accelerating specialization mainly in liability and specialty

No. of FU and new business (¥ bn.)



* Member of product dept. and negotiates directly with client companies and brokers

Initiatives in Pursuit of Uniqueness and Further Growth

- Sompo Japan is strengthening alliance in peripheral businesses of insurance as an initiative on uniqueness under SJ-R
- Sompo Japan will create new revenue streams and deliver social value by improving value-added services and delivering products which are fully processed online, etc.

Example (1) (Business alliance with home assistance company)

- Sompo Holdings and Japan Best Rescue System (JBR) executed a business alliance agreement in Oct.
- Leverage uniqueness by delivering services with larger value-added, such as by adding on JBR's home assistance service to Sompo Japan's insurance products

Domestic P&C insurance

- Customer base of c. 20 million people
- Deliver insurance products and services conducive to "health, wellbeing and financial protection"



JBR JAPAN BEST RESCUE SYSTEM

- Wide range of high quality, home assistance service that solve everyday problems
- Strong customer base in industries related to housing, including students, rental property, and owned home

We will always be close to people's lives, create the best system, and provide "health, wellbeing, financial protection, and comfortable" services.

Example of JBR's wide range of assistance services

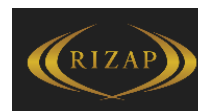
Emergency assistance: Wet areas, key, glass, gas, electric facility, bicycle, etc.
Counselling service (Students): Lost property, theft, hospital information, employment counselling, etc.

Example (2) (New value conducive to health and wellbeing)

- Add on RIZAP's "Trial service to create your ideal body" as an add-on service group income protection insurance for long-term impairment from Dec. 2024

Trial service to create your ideal body

- ✓ Personal training trial, body composition analysis
- ✓ Diet and exercise advice and planning
- ✓ One free trial per policy period



Example (3) (Mysurance's P2P insurance product which is fully processed online)

- Started selling "Aisha Protect Toyota Mini car insurance" from April by using the peer-to-peer structure and collaborating with Toyota Finance
- (Introduced by approx. 550 dealer shops as of end-Oct., plan to increase to 2,500 dealer shops or more by the end of FY2025)
- Received the Good Design Award, the first ever** small amount & short-term insurance product

Main characteristics of "Aisha protect Toyota mini car insurance"

- ✓ ¥100K at a maximum in case of an accident (small amount accident)
- ✓ No impact on auto insurance grade
- ✓ Fully processed online from purchase to payment



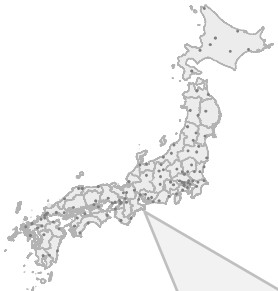
Claims Service Initiatives

- Trials are conducted to optimize claim allocation processes and further sophisticate fraud detection
- Although a formal review is yet to come, improvements over current the operation are becoming evident.
Sompo Japan expedites full development

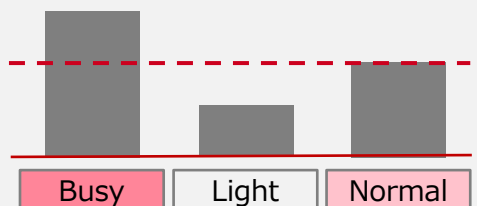
Business process reform test (1) (Optimize claim allocation process)

As-Is

- Allocation by section and easily become overloaded
- The responsible section processes a claim by cooperating with the agency

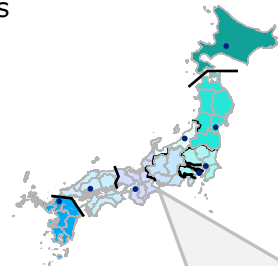


Section A Section B Section C

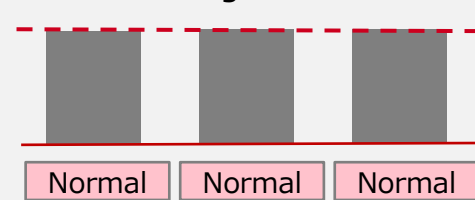


To-Be

- Normalize workload and reduce overload by allocating claims across regions
- Process claims without long wait times by cooperating with agencies across regions



Region D

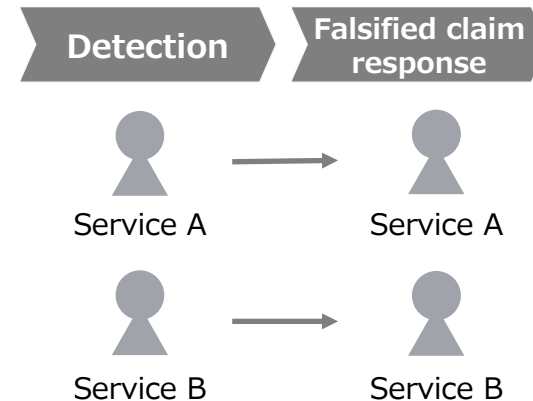


- The test confirmed that individual workload can be normalized and the degree of overload tends to fall
- **On track toward countrywide rollout from FY2025**

Business process reform test (2) (Increase sophistication of fraud detection)

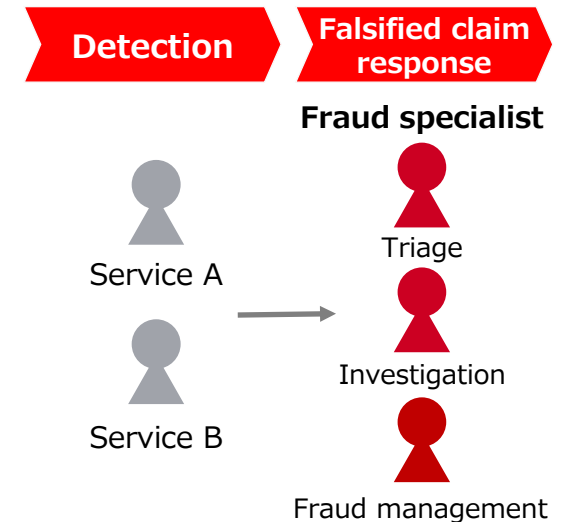
As-is

- Fraud detection relies on individual experience
- Insufficient response to falsified claims in some cases, due to a service rep's heavy workload from other claims



To-Be

- Newly establish a dept. specializing in falsified claim response
- Improve payment adequacy by building a standardized work process for fraud detection



- The trials confirmed that the detection rate of suspicious claims rose by about 4pt
- **Prevent falsified claims and improve payment adequacy by striving to detect all fraud**

Culture Change Initiatives

- Making efforts to use voices of employees, such as through a countrywide town hall meeting, to change the undesirable culture which was identified as a cause of the recent problems
- Voice of employees collected by questionnaires changed from “sense of distrust” in the company at the beginning of FY2024 to “specific proposal” and “easing sense of distrust”. Survey results have been improving

New direct reporting system for adverse information

- The “**Doro-Tama Box**” was launched as a mechanism that enables all employees in Japan to report negative information directly to the management
- Opinions and information exceeding 1,900 were already received and the management and corporate functions are checking one by one to develop and implement remedial measures



Promotion of dialogues between the management and frontline employees

- Executive Officers of the head office held town hall meetings with frontline employees (For all 34 claims service depts./branches and 142 sales depts./branches)
- The post-event survey confirmed that **employee concern and distrust in the company are eased and hope for change toward improvement rise** each time



Remembering the fact and memory of lost trust of society

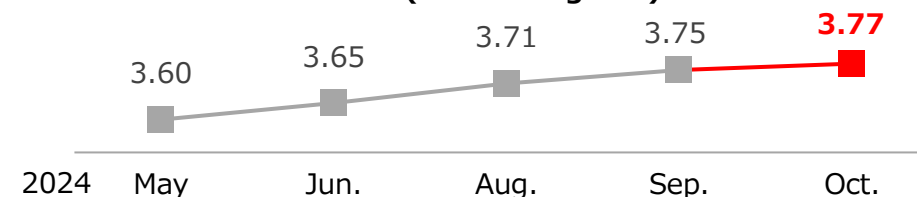
- Established the “**Day to look back: Think like a customers and take action**” in November as an opportunity to regret deeply and look back at the recent problems
(Every year November is a month to look back, and each unit holds meetings)
- Set up the “**Room for passing down: Learn from the past**” in the Shinjuku head office building so as not to forget the fact and memory of lost trust of society and pass down to the next generation



Data gathering for culture change

- Started the “**Culture Change Survey**” covering all executives and employees to quantitatively understand the real situation. The score has risen steadily through period reviews of the situation and improvement efforts

(Reference) Average total score of the Culture Change Survey
(5 is the highest)



Key Messages



Strong year-to-date performance through Q3



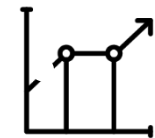
Mid-term financial targets remain on track



FY2024 adjusted profit forecast trending above target



Good progress on strategic growth initiatives; on-track to deliver 2024 target



Stable underwriting performance driven by market opportunities

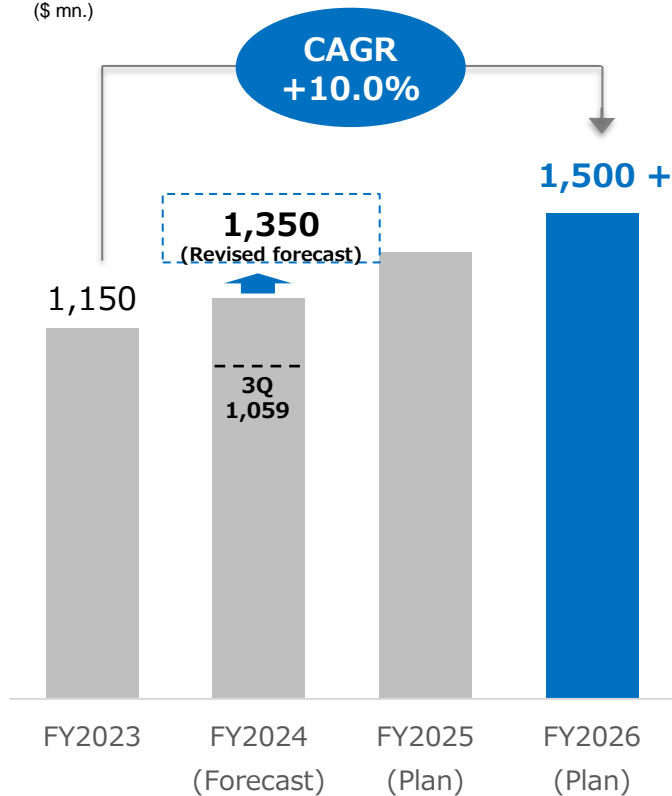
FY2024 - 2026 Mid-term Management Plan Financial Targets

- Mid-term financial targets remain on track
- Adjusted profit and operating ROE trending above plan in FY2024 primarily due to strong net investment income performance

Overseas adjusted profit

MTMP KPI **CACR+ 10%**

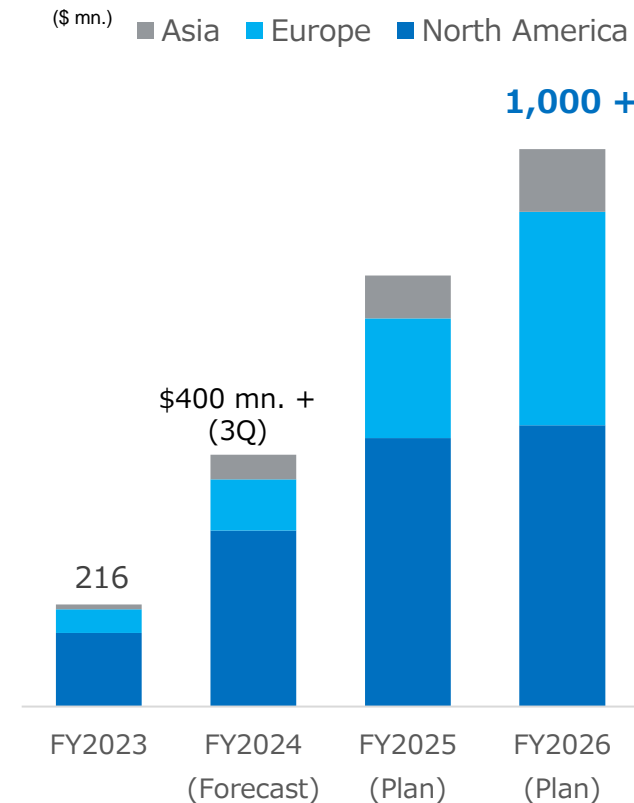
(\$ mn.)



Gross written premium for growth strategies

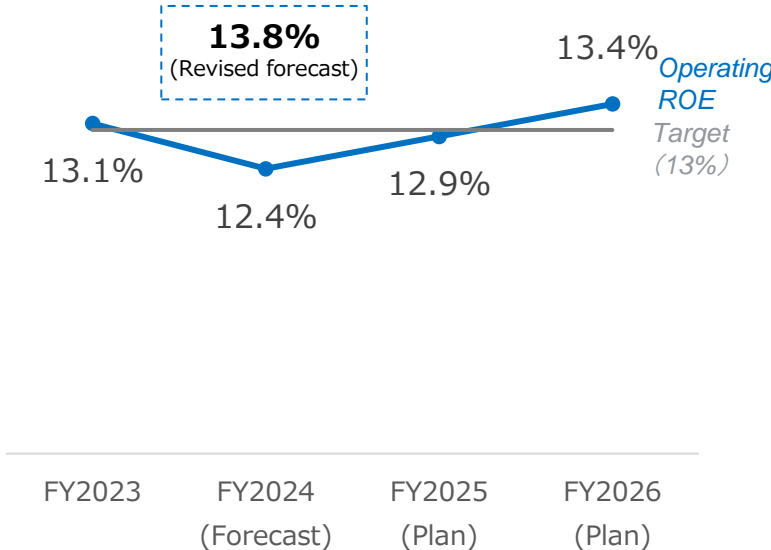
MTMP KPI **\$1.0 bn. +**

(\$ mn.)



Operating return on equity for SI

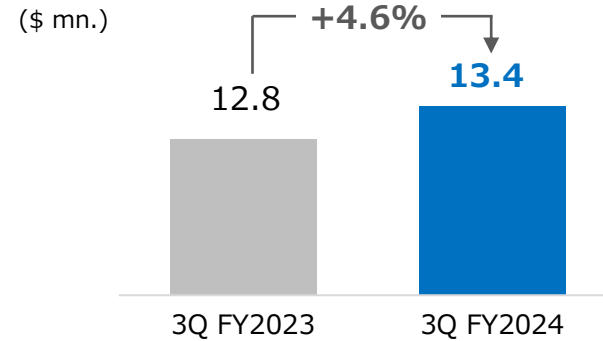
MTMP KPI **13%**



3Q YTD FY2024 Performance

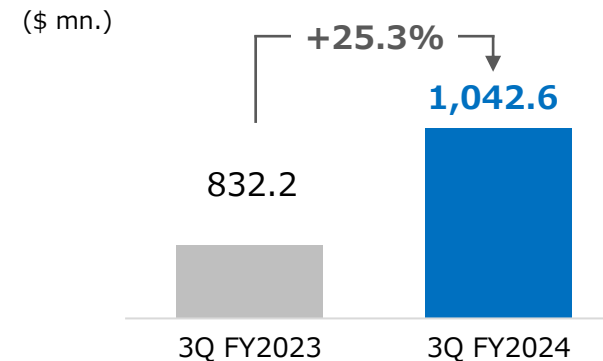
- Q3 YTD performance was strong across GWP, operating income and operating ROE %

Gross Written Premium



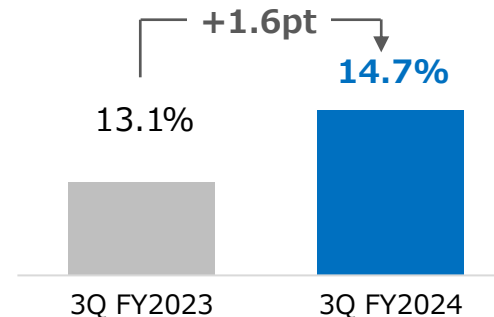
- Grew 9.1% excluding AgriSompo
- ~\$400M+ from Growth Initiatives
- Most lines contributing rate in excess of trend

Operating Income



- ~1.8ppt Loss Ratio improvement
- Net Investment Income up +42.6%

Operating ROE* %



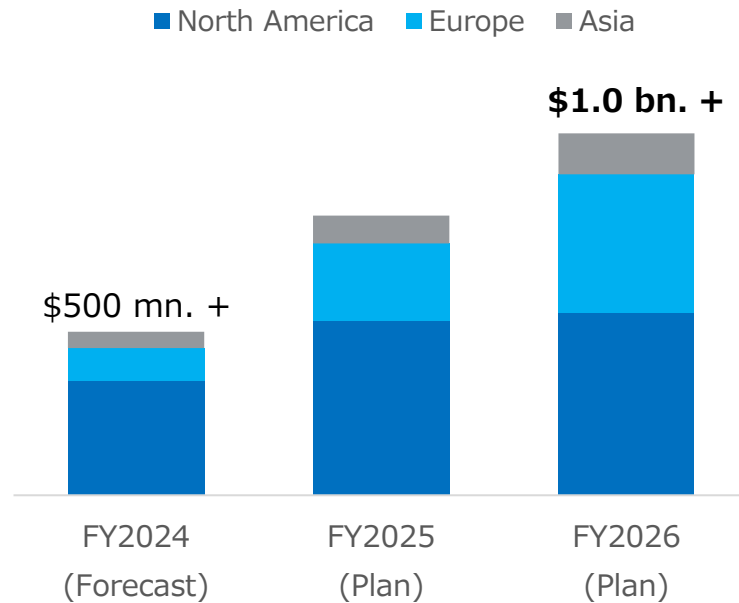
- Shareholders' Equity up 7% from 4Q FY2023
- Remitted \$619M dividend in 1Q 2024
- ~\$390M dividend declared for 4Q 2024

* Annualized ROE calculated based on the adjusted profit of Q3 and the average balance of net asset in Q3

Growth Strategies

- Good progress on strategic growth initiatives started in FY2023
- Strategic growth initiatives are expected to increase gross written premiums by over \$1 billion by FY2026 through organic growth opportunities in the US, Continental Europe (including UK), Canada and Singapore

Gross written premiums for growth strategies



GWP ~\$400M+
through 3Q '24

North America



- Q3YTD GWP +~\$285M
- Driving new business growth across the US
- Emphasis on middle market penetration
- Growth in Canada in compliance with local laws
- Opened Denver, Houston, and Miami offices and expanded others

Europe



- Q3YTD GWP +~\$100M
- Operational in 6 CE markets and 2 new UK offices
- Geographic and product expansion

Singapore

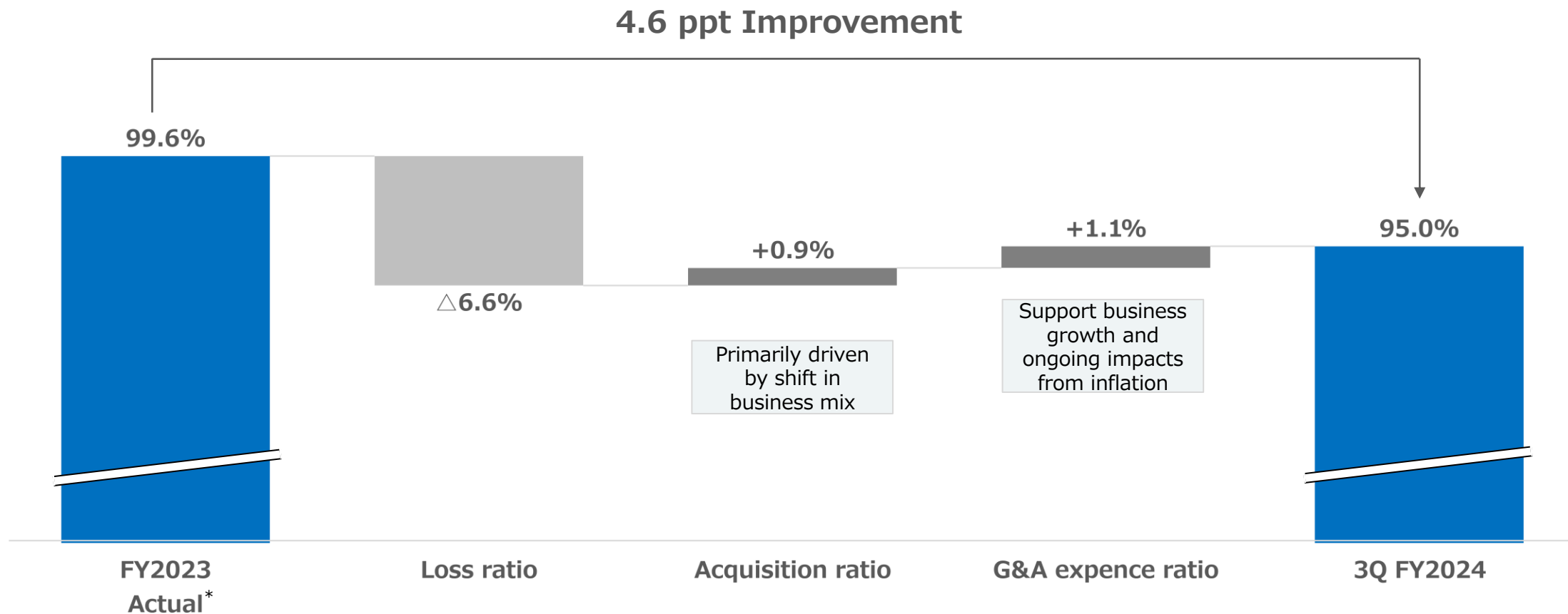


- Q3YTD GWP +~\$25M
- 36 of 43 roles onboard
- Good traction with brokers, with strong submissions

Combined Ratio Improvement Driven by Underwriting Improvement

- Combined ratio in line with expectations; catastrophe loss experience modestly offset by mix shift
- SIH Combined ratio is 4.6 ppt lower than FY2023 reflecting stable underwriting results
- Well on our way to achieve ~6 ppt targeted reduction in combined ratio

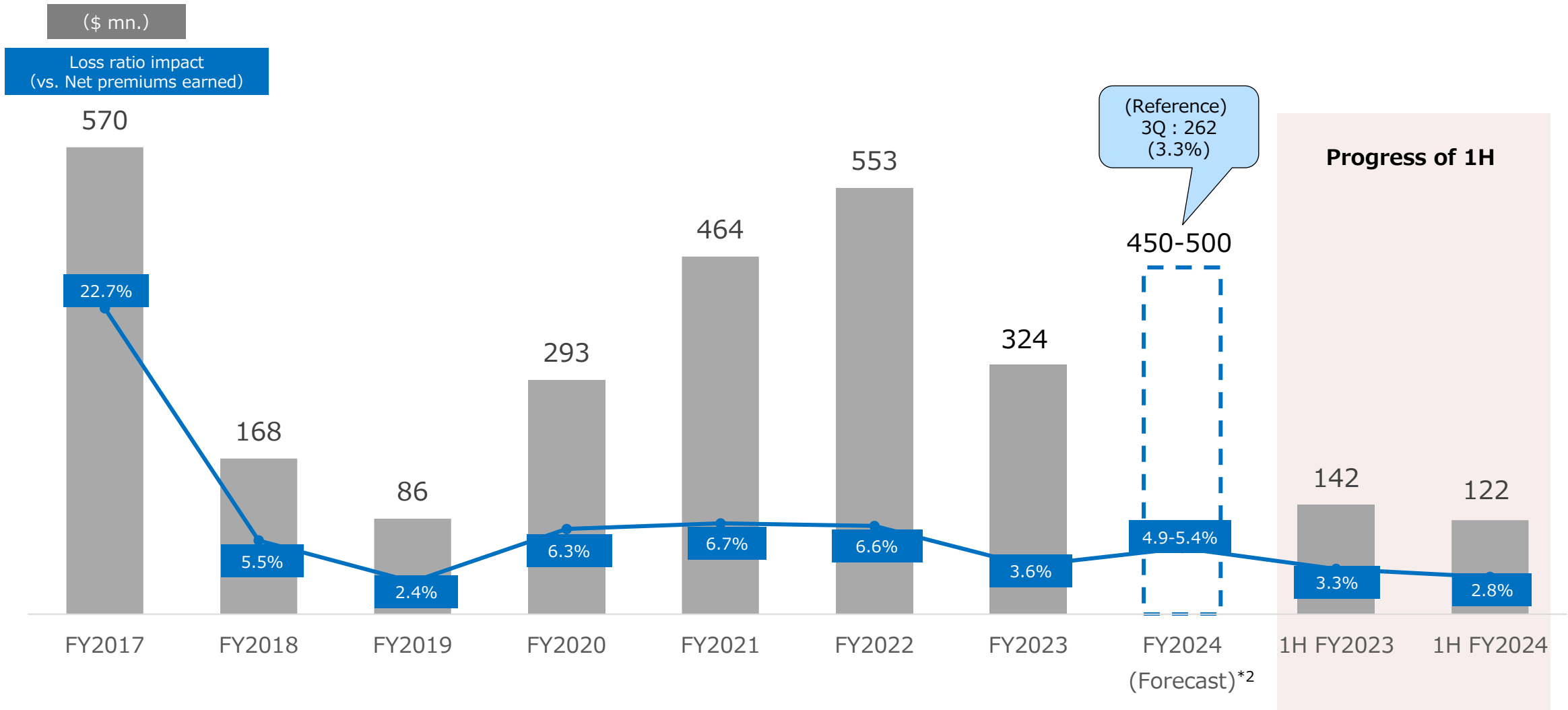
Changing factors



* Incl. one-time prior year reserve strengthening of \$575m

(Reference) Overseas Natural Disasters (SI Commercial)

Net incurred losses related to overseas natural disasters*¹ (accident year)



*¹ Losses related to natural disasters includes the impact reinstatement premiums

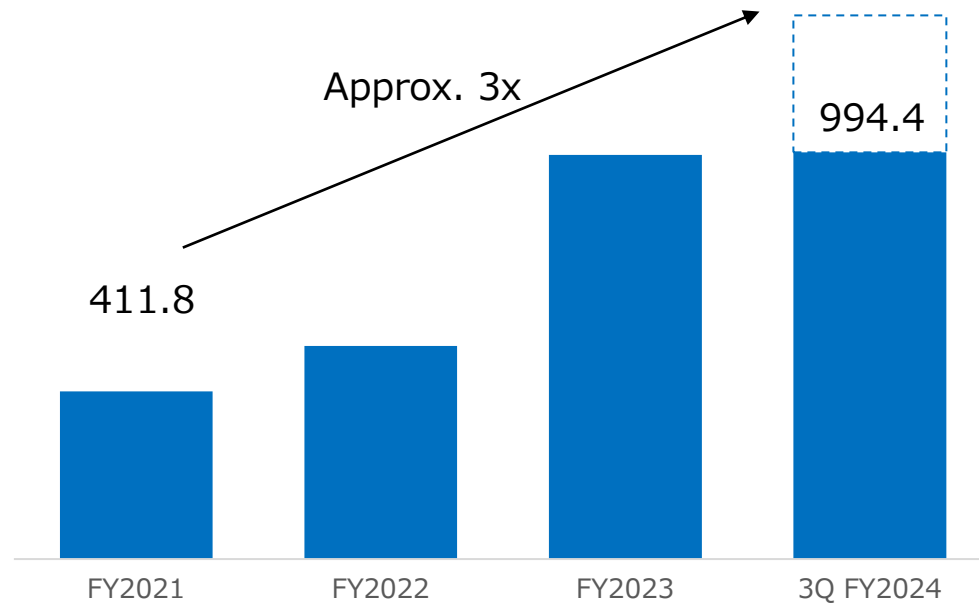
*² Includes impact from Hurricane Helene and Hurricane Milton

Strong Growth in Investment Income Fueled by Higher Yields and AUM Growth

- Net investment income has increased approx. 3x since 2021 driven by strategic growth, growth in AUM, high market yields, and tactical portfolio reallocations
- Portfolio is matched for currency, duration, and liquidity and is well diversified and highly rated
- Total return and ROE focus

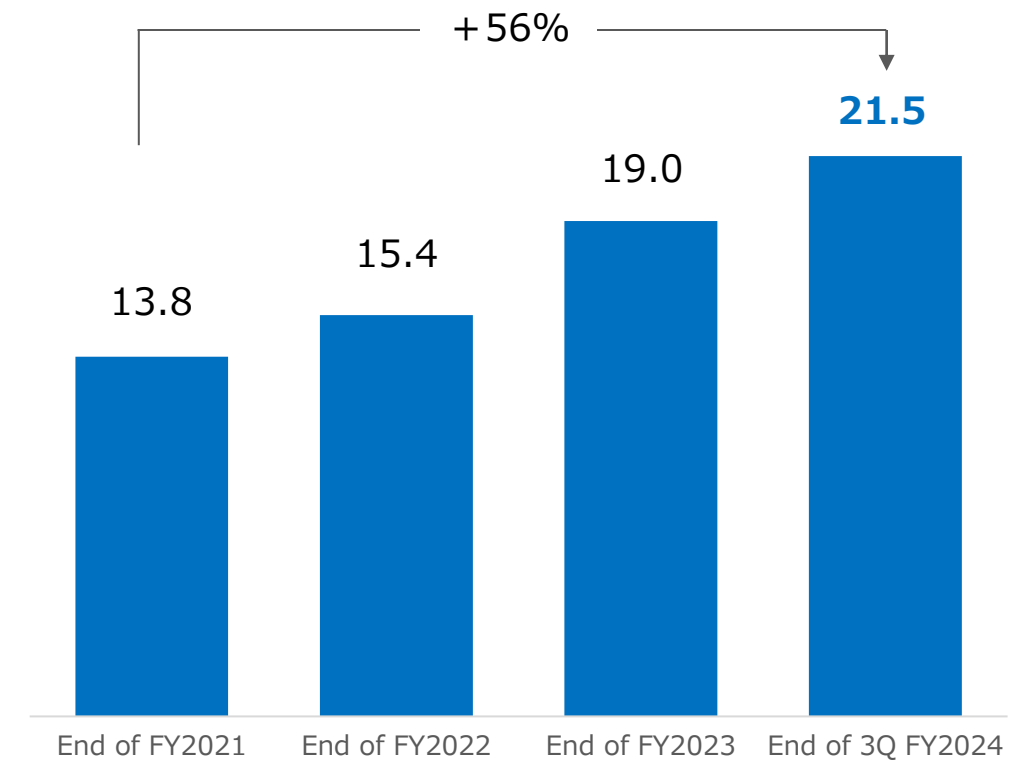
SI net investment income

(\$ mn.)



AUM*

(\$ bn.)



* Excludes Non-consolidated Sompo International Holdings entities and operating cash North American and Europe portfolio

Key Messages Revisited



Strong year-to-date performance through Q3



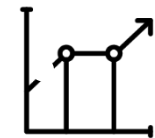
Mid-term financial targets remain on track



FY2024 adjusted profit forecast trending above target



Good progress on strategic growth initiatives; on-track to deliver 2024 target

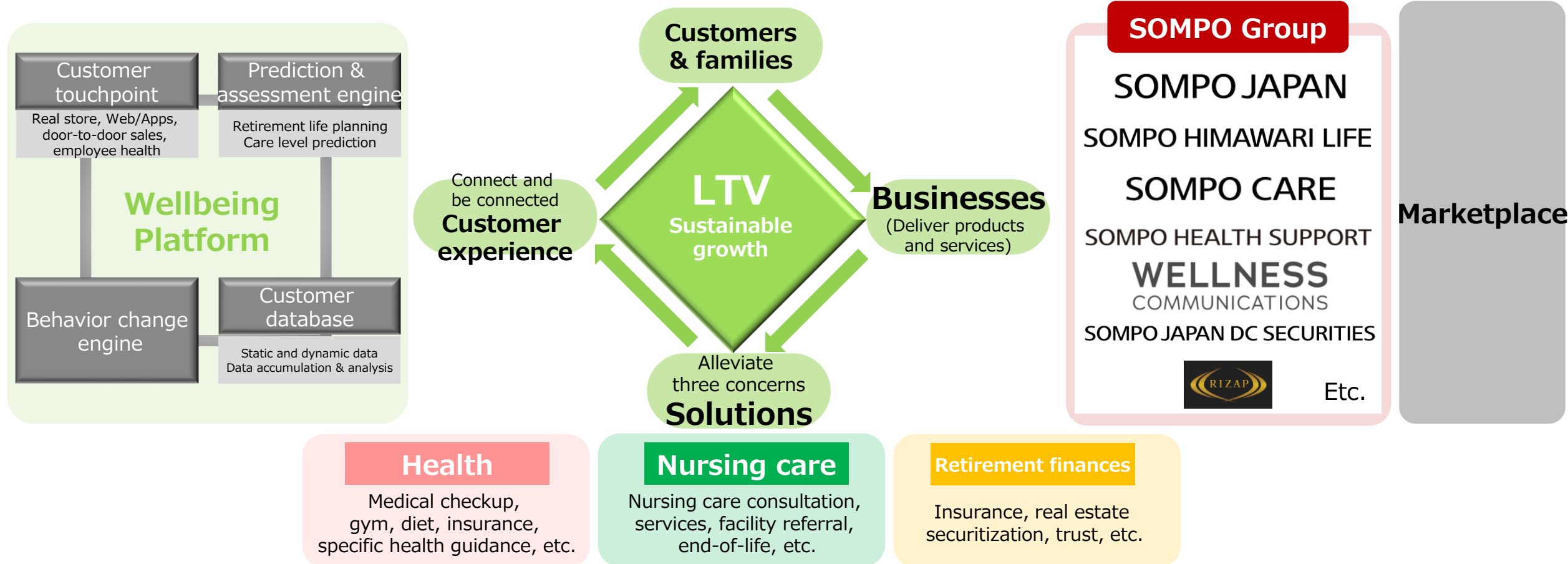


Stable underwriting performance driven by market opportunities

Growth Model of SOMPO Wellbeing

- Maximize value delivered by SOMPO Group by connecting businesses, products, and services of the Group as well as being connected with customers and data
- Sustainably enhance life time value (LTV) by continuously scaling solutions for three concerns from the customer's perspective and improving customer experience (CX)

**Sustainable grow life time value (LTV) through “long-term” and “solid” connections
SOMPO becomes a brand chosen by customers**



Wellbeing Business: Progress in New Business

- Developed and launched a new value package that combines “Growbase”, a health management cloud by Wellness Communications, and chocoZAP
- Opened the first branch of “Wellbio” that addresses three concerns in Granduo Tachikawa in September and started providing nursing care consultation, etc.

Collaboration with RIZAP



Launched a new value package that allows each employee to use Growbase and chocoZAP at ¥1,000* per month

* Before consumption tax

Support center for the three concerns

親とあなたの「健康・介護・お金」をともに考える

ウェルビオ



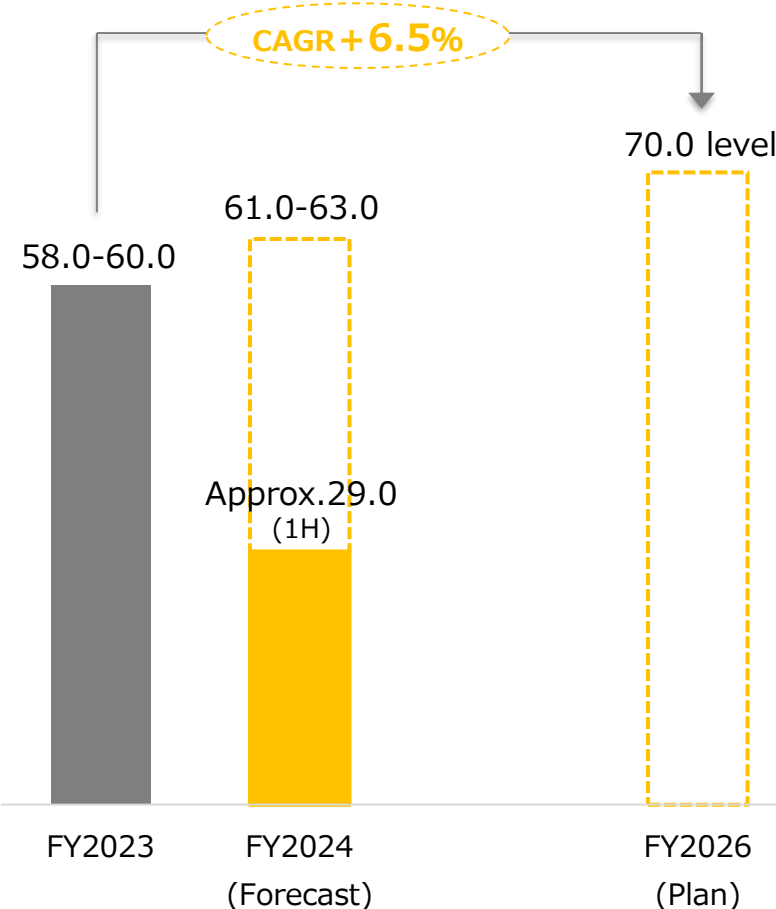
Opened the first branch in Tachikawa under the name of Wellbio Plan to open 3 branches in total by the end of FY2024

Domestic Life Insurance (1): Progress in KPIs

- In FY2026, ROE is expected to exceed 12% driven by the expansion of Insurhealth® and cross-business cooperation in wellbeing
- In 2H FY2024, Sompo Himawari Life aims to catch up the profit, CSM and ROE by launching new products/services

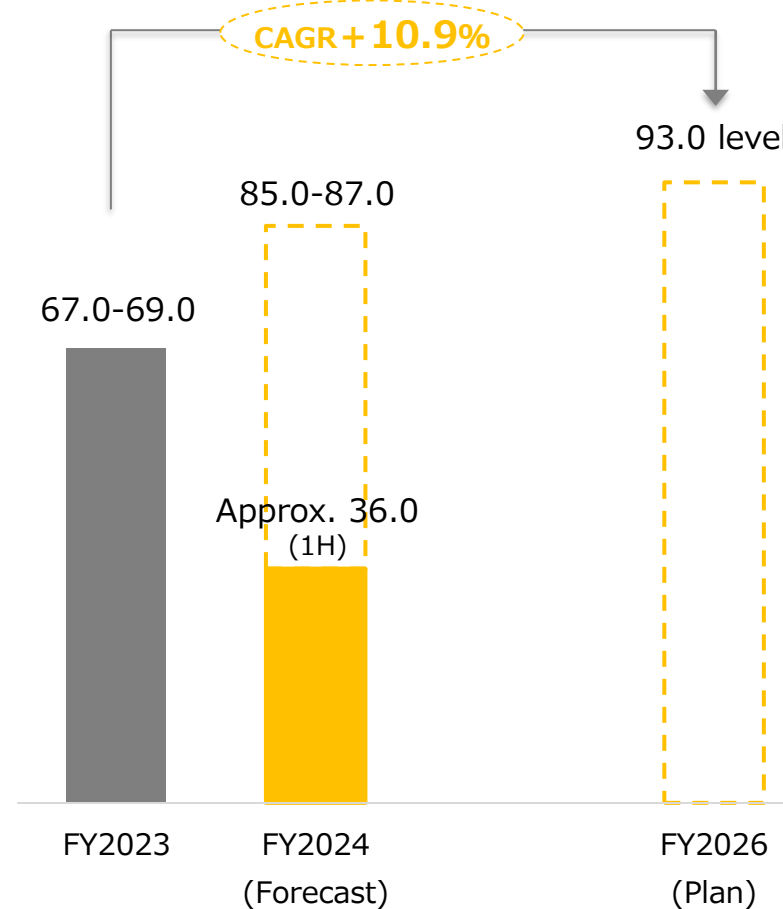
Adjusted profit (IFRS basis*)

(¥ bn.)

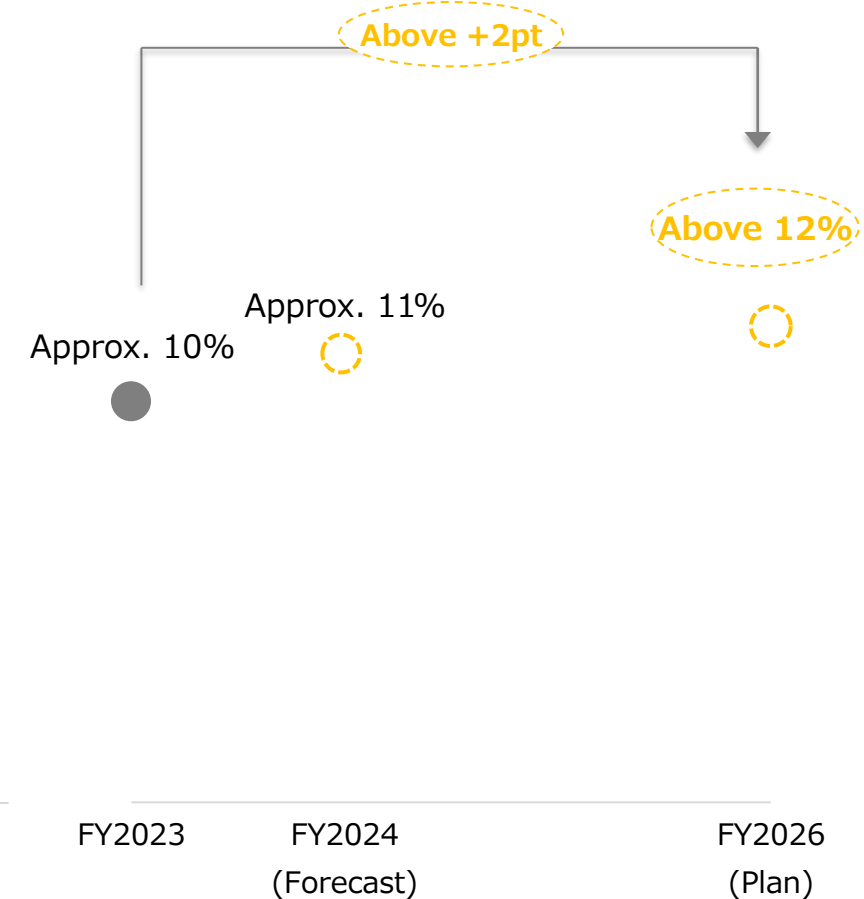


New business CSM

(¥ bn.)



ROE (IFRS basis*)



* Estimates

Domestic Life Insurance (2): Progress of Initiatives

- Sompo HL achieved growth above industry average by focusing on Insurhealth® with the aim of transforming Himawari Life into a health support enterprise from a traditional life insurer.
- Aim to increase profits and grow larger by enhancing the healthcare function as part of the wellbeing business

Growth history in life insurance

Vision Health support enterprise

Insurhealth



Health & productivity management

Insurance



Healthcare

Income protection, Medical/cancer, unit-linked

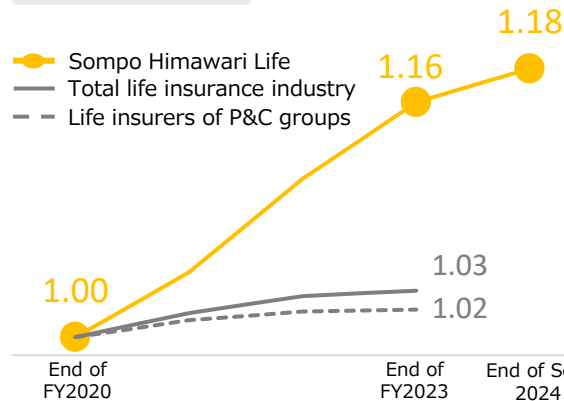
Get☆Healthy Challenge! Program*1
Prevention/early detection
Disease care

Outstanding organizations in health & productivity management
Large enterprise: White 500

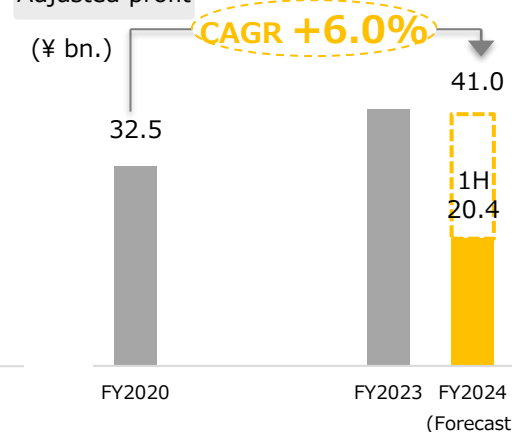
Certified for 8 consecutive years

Realized growth with Insurhealth

Policies in force*2



Adjusted profit



Acceleration of growth with healthcare and wellbeing

Track record in healthcare

Get☆Healthy Challenge! Program: 20K people

Halved hospitalization rate*3

Health app users: 20K people

Retention rate: +1.5pt p.a.*4

FY2023 end

No. of health actions

60K

Challenge is to scale up

Business expansion initiatives

My Himawari

Medical checkup encouragement, data recording, light intensity activities

RIZAP collaboration

New market Mutual referral, data integration

My Himawari users: 450K people (Increase with a loyalty program)

chocoZAP users, etc.: +α K people

FY2026 end target

No. of health actions

550K

Profit contribution: +¥ α mn.

To-Be state as a health support enterprise

Achieve a state where an increase in health actions contributes to profit growth

No. of health actions

Profit

*1 Cash refund discount system based on BMI/blood pressure improvement and stop smoking after enrollment *2 Indexed with FY2020 end figure as 1

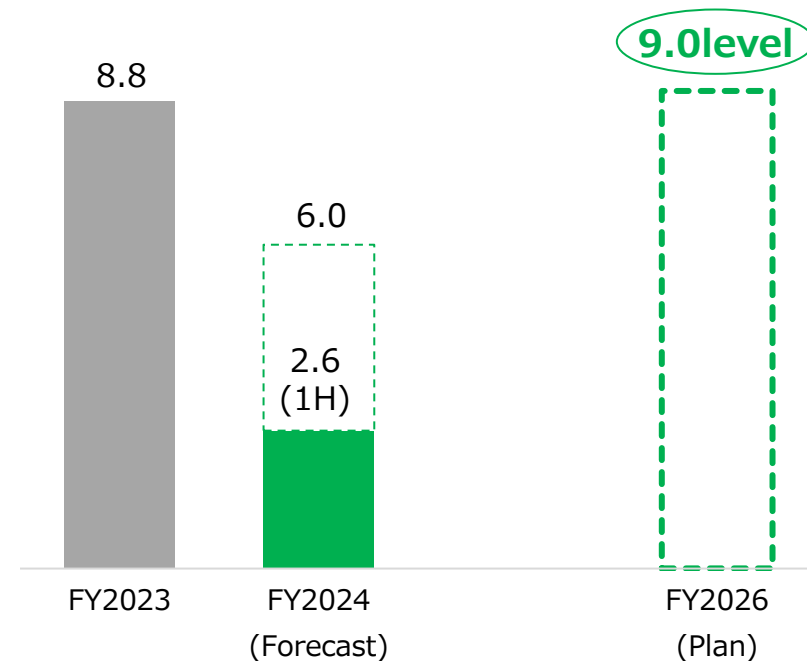
*3 Comparison with customers who did not succeed in the Get☆Healthy Challenge! Program *4 Users of health trial app

Nursing Care (1): Progress in KPIs

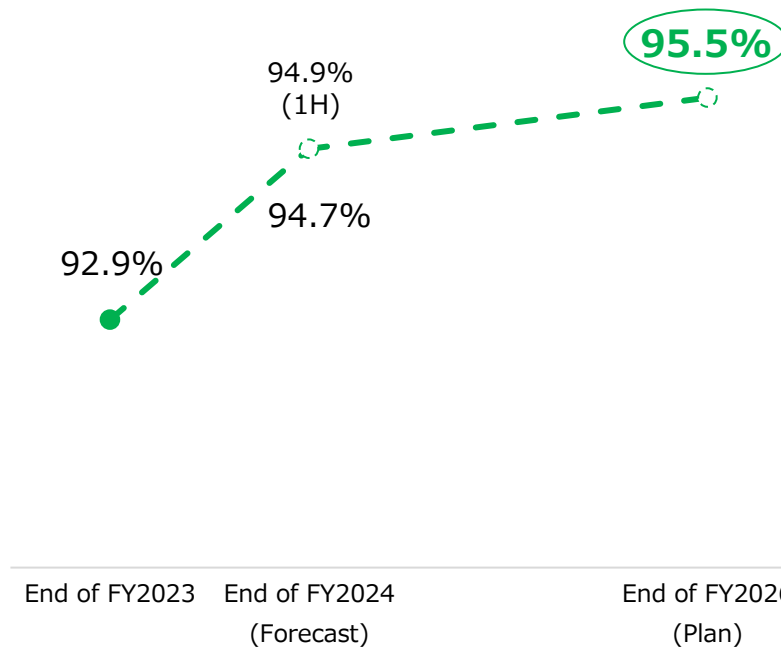
- In 1H FY2024, adjusted profit, occupancy rate, and ROE were all in line with the plan
- The ROE is expected to drop temporarily due to compensation improvement and new facility investment but is likely to recover to above 12% in FY2026 driven by growth of the existing businesses and new facility and productivity improvement

Adjusted profit

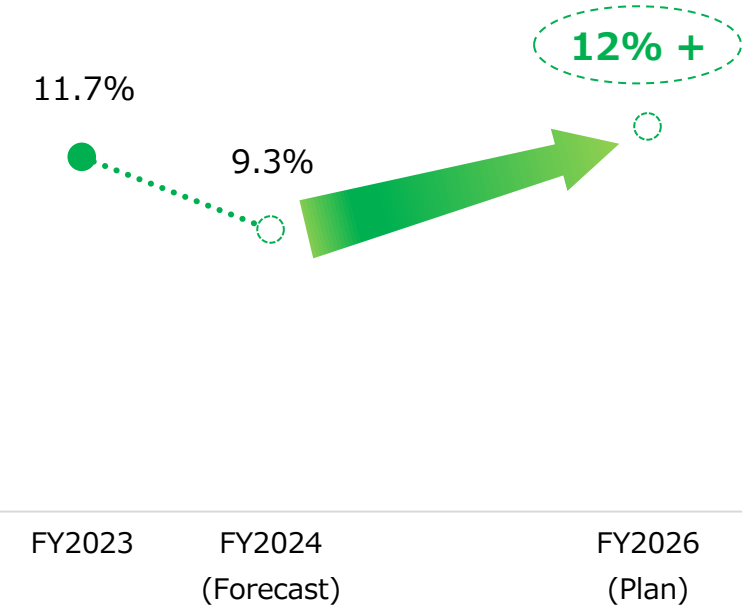
(¥ bn.)



Occupancy rate



ROE (Operator business*)



* IFRS basis, calculated by using adjusted profit generated mainly from public long-term care insurance benefits received for facility-based and at-home care, etc. as the numerator

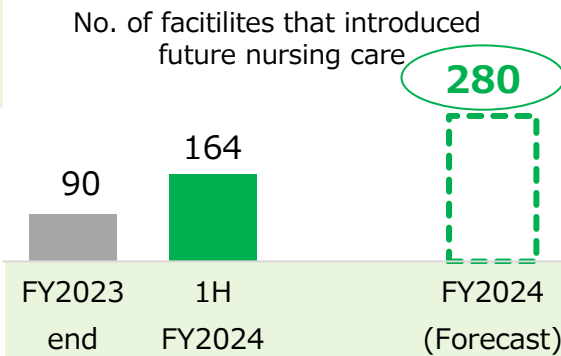
Nursing Care (2): Progress of Initiatives

- Steady progress has been made in the operator business with “improvement of productivity with quality” and “increase in non-public long term care insurance (LTCI) benefit earnings base”
- The platform business (meal distribution) is growing faster than last year, and services to “connect and be connected” are being developed and tested in the wellbeing business

Operator business

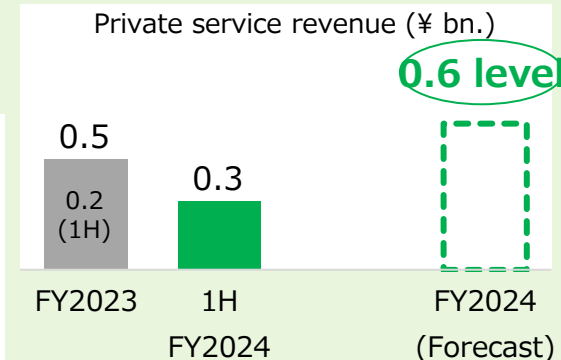
Improvement of productivity with quality (Future nursing care)

- ✓ Improve quality and productivity by utilizing data and technologies in reviewing operations
- ✓ Introduction at all care homes will complete by the end of FY2024 with expected profit contribution of ¥1.1 bn.



Increase in non-public LTCI benefit earnings base (Private service)

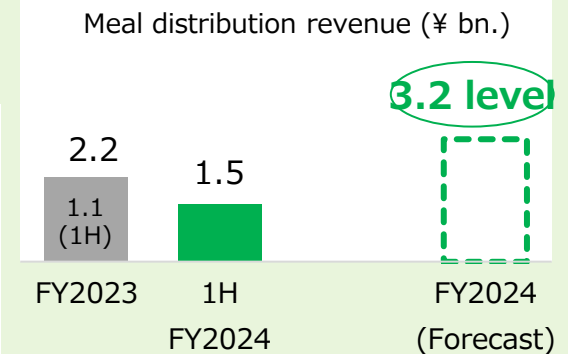
- ✓ Fully launched a non-public LTCI service and revenue grew faster than last year in 1H
- ✓ Aim to offer a fulfilling life to clients by delivering services



Platform and Wellbeing businesses

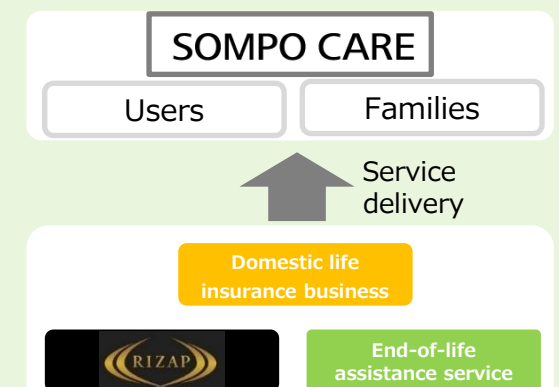
Solution business/ ND Software

- ✓ Aim to increase earnings base by providing know-how and services
- ✓ Meal distribution to senior care homes is growing faster than last year
- ✓ Implementation record of “Connected family*”, a new product of NDS, is on track



Wellbeing business

Developing and testing services for users and families that alleviate three concerns



* Online service that connects care facilities with users and families. It enables them to check the information, including the monthly invoice and receipt, and how users are doing, by using the app

Reference



Progress of Business Improvement Plan Initiatives

- Sompo Holdings strengthened governance framework, reviewed corporate philosophy, and strengthened monitoring, etc. of Sompo Japan
- Sompo Japan is implementing the business improvement plan with discipline, and conducts periodic third-party assessment to ensure that corrective actions are taking hold

Sompo Holdings

Common

Significantly strengthen governance framework

- The Group CEO became the chair of the Board of Directors of Sompo Japan
- Appointed the Executive Officer in charge of compliance
- Established the Compliance Office
- Appointed the Executive Officer in charge of internal audit

Create a healthy corporate culture

- Reviewed corporate philosophy to realize "SOMPO's Purpose" which was rephrased

Establish a framework for ensuring compliance and customer protection

- Strengthened monitoring of adequacy and effectiveness of internal control at Sompo Japan and reporting to the Audit Committee
- Improved reporting rules for subsidiaries (to Sompo Holdings) regarding important matters
- Strengthened cooperation between the Internal Audit Departments of Sompo Japan and Sompo Holdings

Sompo Japan

Common

Significantly strengthen governance framework

- Become a company with Audit & Supervisory Committee, etc. and appointed outside Directors
- Appointed outside member of the Quality Management Committee

Create a healthy corporate culture

- Reviewed the sales target, award system, etc.
- Promoted dialogues between the management and frontline (Held town hall meetings, etc.)

Establish a framework for ensuring compliance and customer protection

- Clarified disciplinary guidelines for anticompetitive conduct
- Established reporting rules for negative information
- Established rules for ensuring independence of claims service operation

Falsified auto insurance claims

Build an appropriate claims service framework

- Central management of relevant information for detecting falsified claims
- Build a ex-post examination framework for claims service, etc.

Build an effective agency management framework

- Revised the agency commission system to focus more on quality
- Established response rules for agency misconduct

Price-fixing

Create an environment for fair competition in commercial insurance

- Reduction of strategic shareholding towards zero
- Established guidelines for preventing excessive provision of convenience
- Improved underwriting rules for coinsurance and group insurance, etc.

Establish appropriate sales and underwriting management framework

- Underwriting management framework, profitability management by contract, sales activity to propose appropriate premiums depending on risks

Response to Inappropriate Customer Data Management Issue

- Investigated the facts and analyzed the root causes of inappropriate management of insurance contract data
- Implement additional measures to prevent recurrence on top of various measures in the business improvement plan

Root causes of customer data management issue

Like the Bigmotor and price-fixing issues, the root causes are corporate culture, old industry practices, internal control weaknesses, etc.

Insufficient education of independent agencies and employees about the Personal Information Protection Act

Secondment system with excessive focus on the top line and market share

Weaknesses of risk management system and internal control framework

Old corporate culture and industry practices



Recurrent prevention measures (Example)

Establish a secondee management framework

- Revise secondment guidelines and performance evaluation to comply with the secondment guidelines of the General Insurance Association of Japan (GIAJ) and establish secondment policy and rules, such as by newly establishing a department for managing secondment

Strengthen risk management and internal control framework

- Newly establish an advisory body to manage and mitigate risks involved in operations
- Examine compliance and conduct risks by also bring in third party experts' perspectives

Provide education and training about the Personal Information Protection Act

- Provide training for all employees, including Executive Officers and secondees
- Provide training for independent agencies and request improvement of operational framework

Response to Business Environment Changes and Developments in the Japanese P&C Insurance Industry

- Determine the appropriate action based on developments in the Financial System Council and revision of supervisory guidelines

Subject	Key point and approach to remedial action	Current situation and future action
Commercial agencies - Specified contract ratio restriction - Insurance broker - Role of corporate group agencies	Deregulation of brokers, transitory measure of specified ratio restriction and review of scope of specified persons, improve adequacy of agency commission, etc.	Determine future action by closely monitoring regulatory developments
Large independent agencies	Strengthen governance of large independent agencies by insurers	Agency guidance to establish customer protection framework, newly establish a performance evaluation system, carry out monitoring by the Compliance Department
Comparative sales	Comparative sales of insurance products according to customer intention and review of territory system centered around dealers	Determine future action by closely monitoring regulatory developments
Agency commission system	Revise the commission system to focus more on quality, clarify the definition of quality and requirements, etc.	Increase the weight of quality in the agency commission system
Coinsurance	Review the contract process and structuring method of coinsurance	Establish rules for coinsurance underwriting
Strategic shareholding	Create an environment for fair competition that is uninfluenced by strategic shareholding	Plan to reduce the balance to zero by FY2030
Seconded	Eliminate excessive provision of convenience to agencies, inhibitors of agency independence, conflict of interest, etc.	Discontinue secondment to agencies in principle Revise the seconded management system
Excessive provision of convenience	Clarify transactions that represent excessive provision of convenience and develop a prevention system	Establish rules for preventing excessive provision of convenience

Sustainability (Climate Change and Biodiversity)

- SOMPO Group will contribute as one to address social challenges, such as through insurance products conducive to carbon neutrality, to create a sustainable society

Climate change and biodiversity initiatives towards net-zero by 2050 and nature positive

Climate Change

SOMPO Climate Action

Adapt to climate change

Mitigate climate change

Contribute to societal transformation

Collaboration

Biodiversity

Contribute to Nature Positive

Insurance underwriting

- **Transition Insurance Target**
FY2026 : ¥25.0 bn. (domestic and overseas)
- **Calculation/disclosure of Insurance-Associated Emissions in the commercial insurance sector**

Investments and loans

- **Investments and loans GHG Emissions Reduction Targets***
FY2030 : 50-60% reduction compared to FY2019

* Intensity base

Carbon neutral / Disaster prevention and mitigation

- **SOMPO SUSTAINA**: A web service visualizes adaptation to climate change and improve resilience against natural disasters
- **SORA Resilience**: Helps mitigate damage and ensure business continuity for companies and its supply chain
- **ONE SOMPO WIND Service**: Supports risk management for offshore wind power generation operators

Nature positive / Disclosure

- **Collaboration with companies, local governments, and NGOs ("SAVE JAPAN Project", "100 OECMs Project")**
- **TCFD/TNFD disclosure**

The 16th Conference of the Parties to the Convention on Biological Diversity (COP16)



Speaker at the side event

October, 2024
Cali, Colombia

Promoting nature positive initiatives that utilize land owned by companies and local governments

The 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29)



Japan Pavilion event

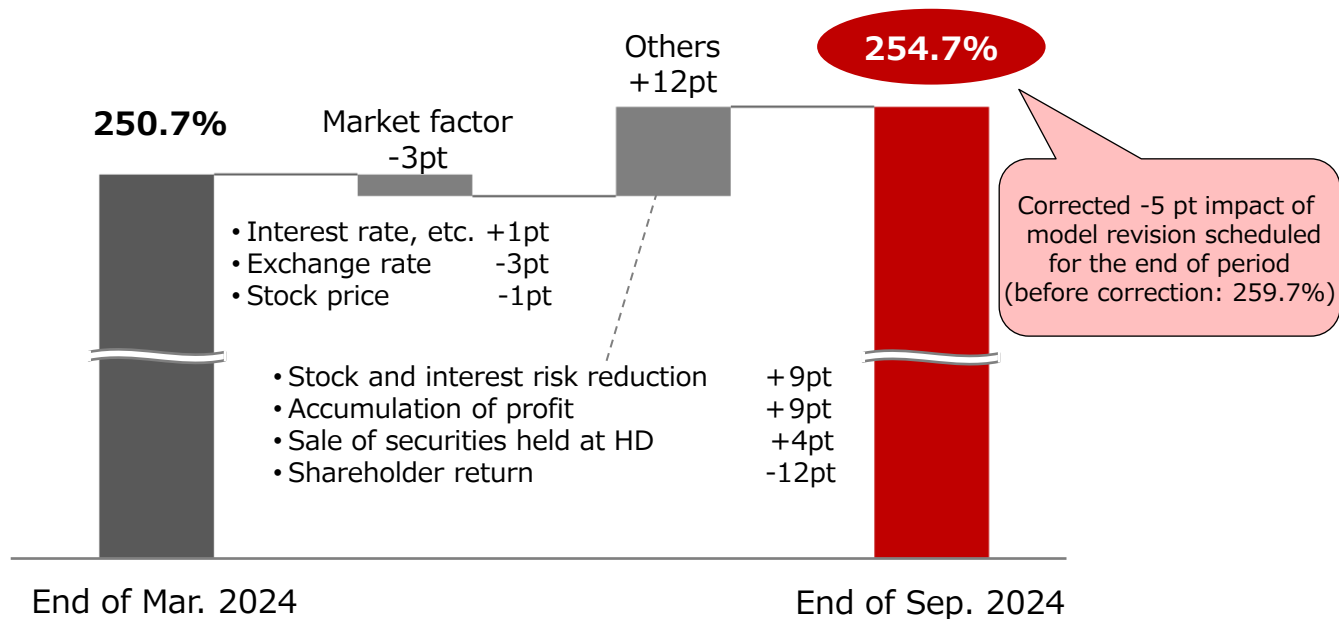
November, 2024
Baku, Azerbaijan

Announcing efforts to detect methane gas emissions using satellites and strengthen risk management through insurance

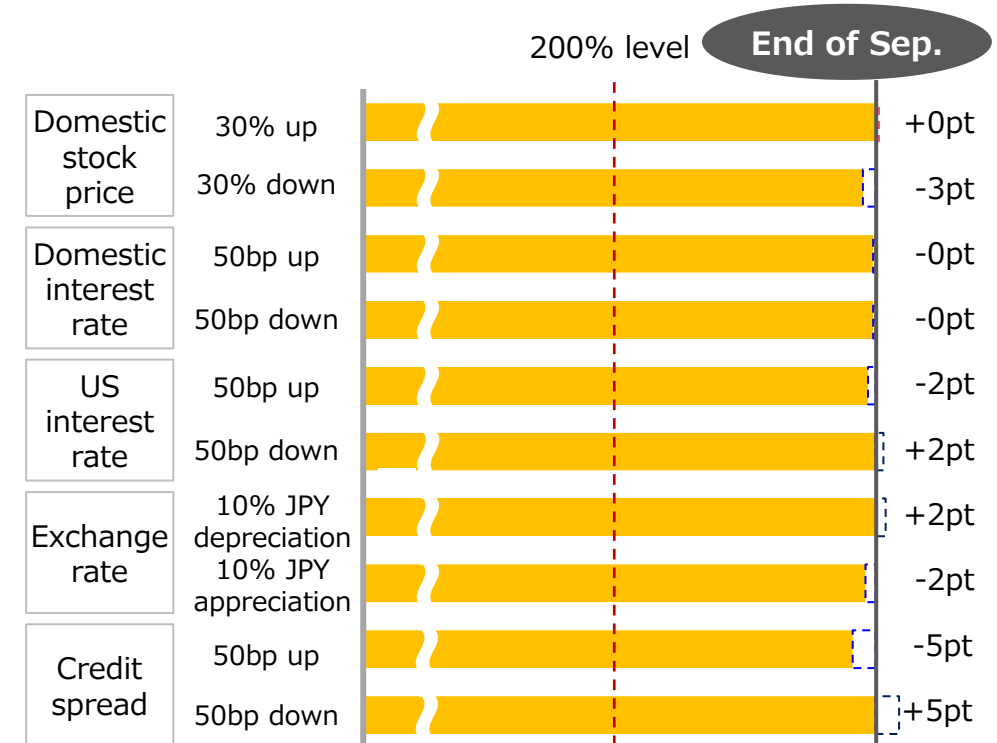
ESR (99.5%VaR)

- Financial soundness is solid while implementing capital level adjustment

Trend of ESR (99.5%VaR)*1



Sensitivity analysis of ESR (99.5%VaR) (as of the end of Sep. 2024)



(Reference) Market indicators	End of Sep. 2024	Variance*3
Domestic stock price (TOPIX)	2,645.94	(-4.4%)
Domestic interest rate (30y JGB)	2.11%	(+32bp)
US interest rate (3y Treasury)*2	4.55%	(+54bp)
Exchange rate (JPY/USD)	¥142.73	(-5.7%)
Credit spread (U.S. corporate bond)	0.89%	(-1bp)

*1 In accordance with Solvency II

*2 End of Jun. 2024, variance is against end of Dec. 2023

*3 Against end of Mar. 2024

Management Targets/Definition of Financial Metrics

Adjusted consolidated profit and adjusted consolidated ROE

(¥ bn.)	FY2024		FY2026 (IFRS basis)
	(Forecast)	(Segment ROE)	(Plan)
Adjusted consolidated ROE	Approx. 7%	-	13-15%
Adjusted EPS growth		-	CAGR 12%+
Adjusted consolidated profit	270.0	-	-
Domestic P&C	25.0	2.3%	-
Overseas	194.0	13.8%	-
Domestic Life	41.0	7.3%	-
Nursing Care	6.0	9.3%	-
Other	4.0	-	-

*1 Adjusted profit for each business excludes one-time factors and special factors, such as group company dividends

*2 Operating income excl. one-time factors

(Net income – Foreign exchange gains/losses – Realized and unrealized gains/losses on securities – Impairment losses, etc.)

*3 Average balance at the start/end of each fiscal year

*4 Total of consolidated net assets of companies belonging to the business segment or required capital based on the risk model, average balance at the start/end of each fiscal year
ROE of nursing care is ROE of the operator business

Definition of adjusted profit*¹ (FY2024)

Domestic P&C	Net income +Provision for catastrophic loss reserve, etc. (after tax) +Provision for price fluctuation reserves (after tax) - Gains/losses on sale of securities and unrealized losses on securities (after tax)
Overseas	Operating Income* ² Net income for equity-method affiliates on principle
Domestic Life	Net income +Provision for contingency reserve, etc. (after tax) +Provision for price fluctuation reserve (after tax) +Adjustment of underwriting reserve (after tax) +Deferral of acquisition costs (after tax) - Amortization of acquisition costs (after tax) - Gains/losses on sale of securities and unrealized losses on securities (after tax)
Nursing Care	Net income
Other	Net income - Gains/losses on sale of investment and unrealized losses on investment (after tax)

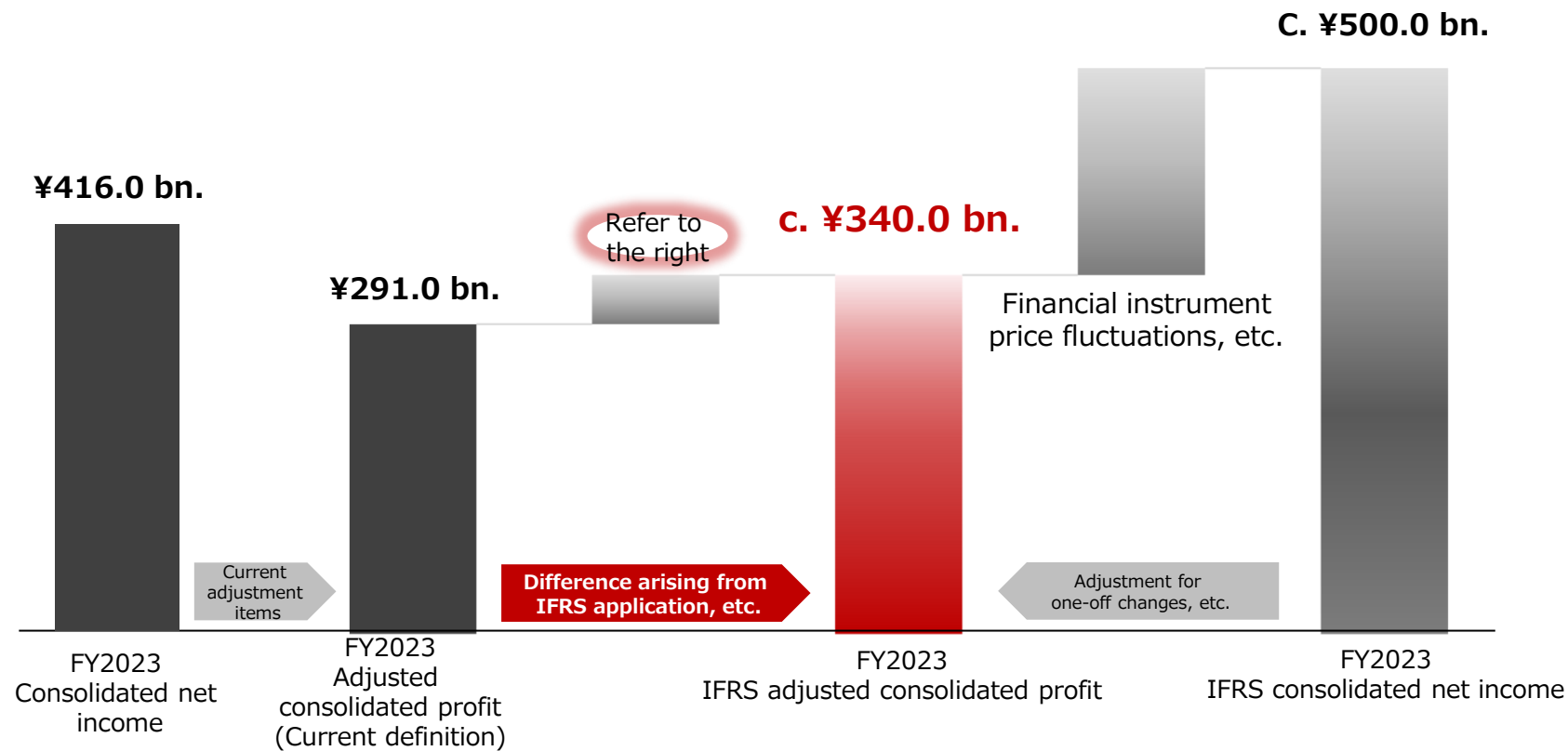
Definition of adjusted net assets and adjusted ROE (FY2024)

Adjusted consolidated net assets	Consolidated net assets (excl. net assets of domestic life insurance) +Catastrophic loss reserve, etc. in domestic P&C insurance (after tax) +Price fluctuation reserve in domestic P&C insurance (after tax) +Domestic life insurance adjusted ne assets
Domestic life insurance adjusted net assets	Net assets of domestic life insurance (J-GAAP) +Contingency reserve (after tax) +Price fluctuation reserve (after tax) +Adjustment of underwriting reserve (after tax) +Unamortized acquisition costs
Adjusted consolidated ROE	Adjusted consolidated profit / Adjusted consolidated net assets* ³
Segment ROE	Adjusted profit of the business / Capital allocated to the business* ⁴

Impact of IFRS Application (1): Summary

- Adjusted consolidated profit after IFRS adoption (IFRS adjusted consolidated profit) will increase from under the current definition, primarily due to economic value measurement of insurance liabilities of the domestic P&C insurance business
- The level of adjusted consolidated profit rises, but this is due to the application of different accounting standards, and there are no changes to the management strategies and Group management targets under the current Mid-Term Management Plan

Conversion of adjusted consolidated profit (current definition) to IFRS adjusted consolidated profit*



Main changes from current definition

Economic value measurement of insurance liabilities

Domestic P&C

Domestic Life

Adjustment for FX rate, different accounting periods

Overseas

Increase in the number of consolidated companies

Other

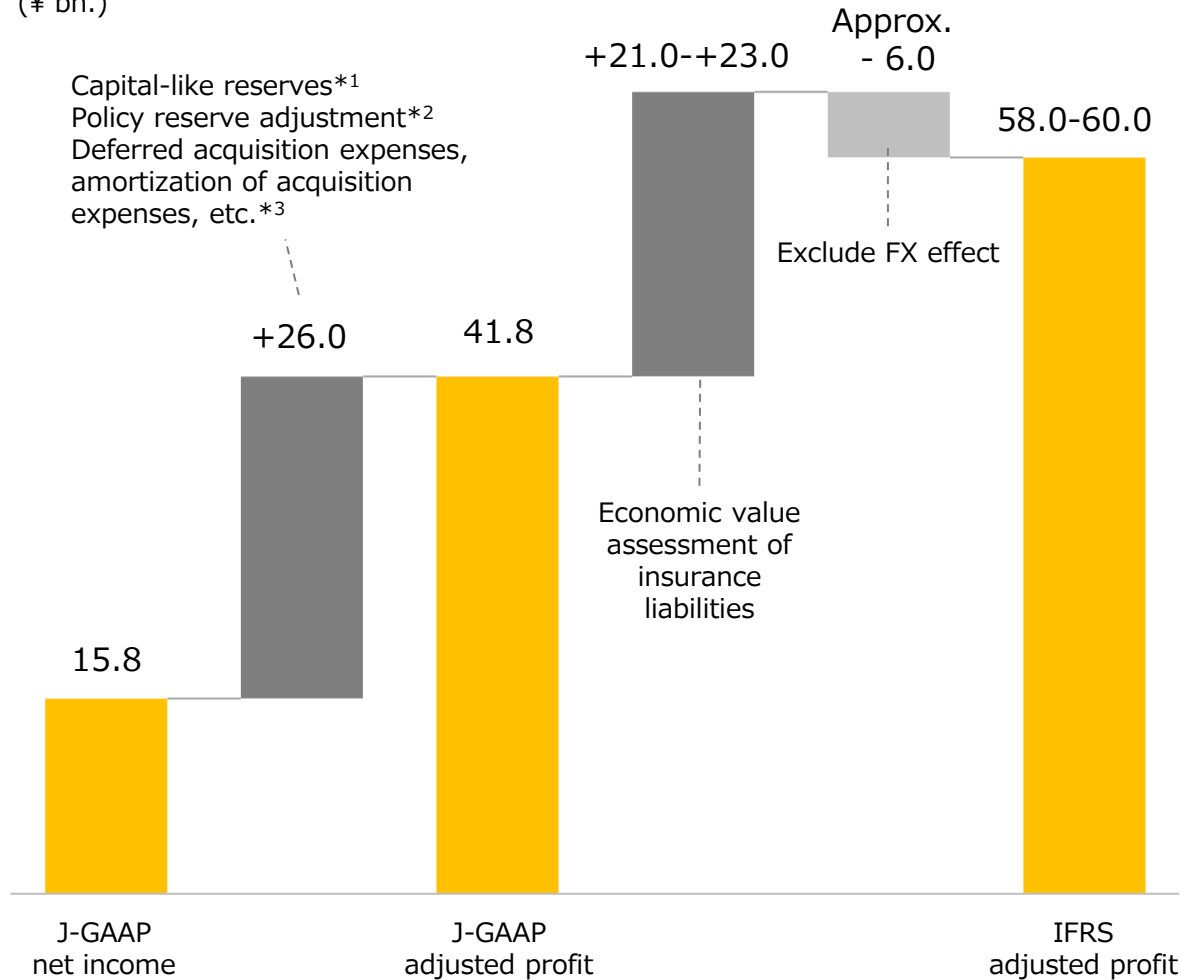
See next page for the example of the domestic life insurance business

* The impact of IFRS application on various financial figures is being carefully evaluated and is subject to change in 4Q FY2024

Impact of IFRS Application (2): Domestic Life Insurance

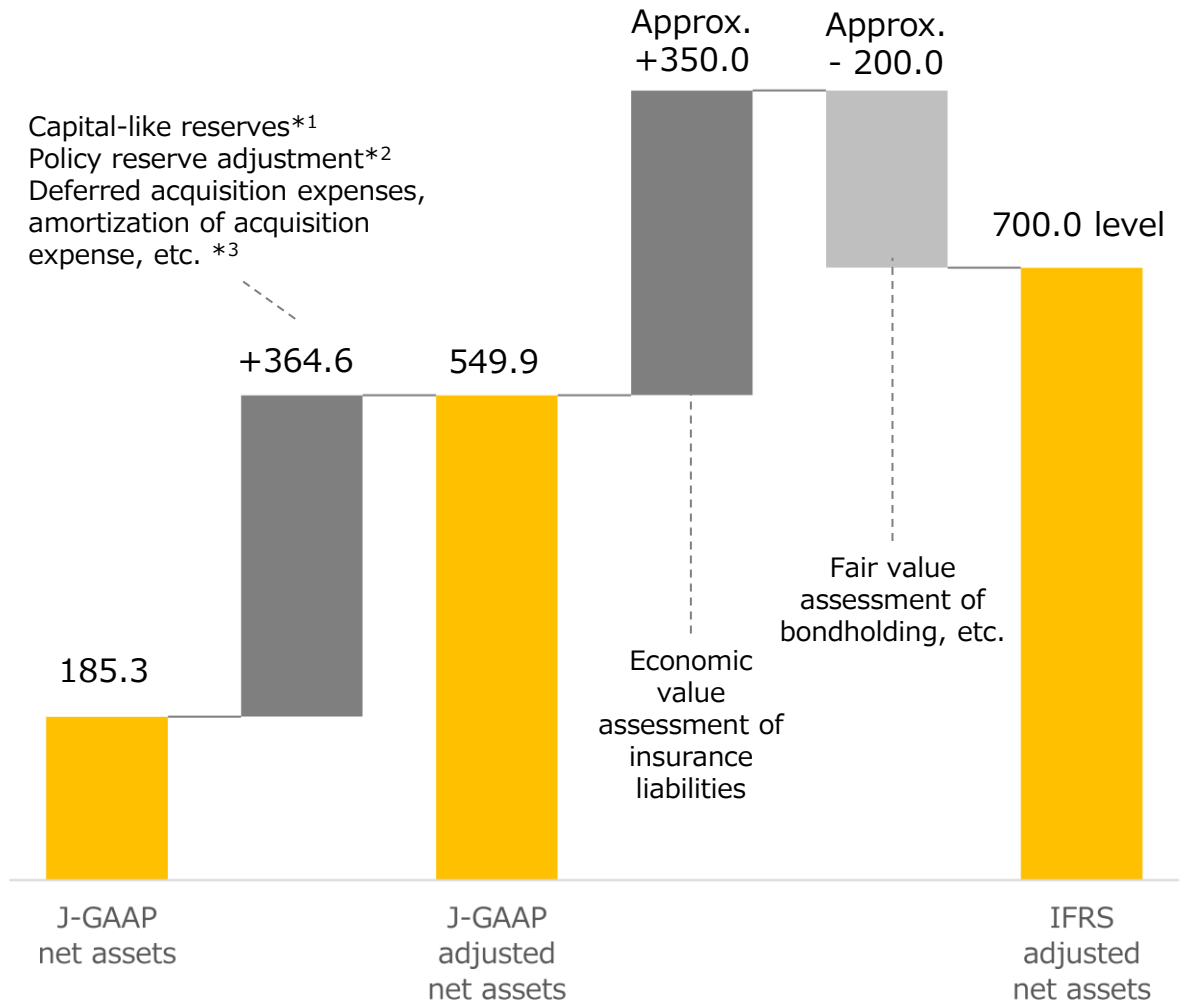
Conversion from J-GAAP profit to IFRS adjusted profit (FY2023)

(¥ bn.)



Conversion from J-GAAP net assets to IFRS adjusted net assets (End of FY2023)

(¥ bn.)



*1 Contingency reserves and price fluctuation reserves (after tax) *2 Recalculated conservative policy reserves by using the base rate for calculating premiums (after tax)

*3 Amortization of acquisition expenses arising in the initial contract year, including sales commission, over 10 years (after tax)

Note Regarding Forward-looking Statements

Forecasts included in this document are based on currently available information and certain assumptions that we consider reasonable at this point in time. Actual results may differ materially from those projected herein depending on various factors.

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