Sompo Holdings

Integrated Annual Report 2026
Executive Message

Message from the Group CEO

Targeting our evolution into a “global platform for resilience and wellbeing”

Group CEO Director, President and Representative Executive Officer

When I became Group CEO in 2024, I signaled my commitment to transform to stakeholders both within the Group and outside. I took this stance because I believe transformation would be essential to addressing the challenges in our business environment—ranging increasingly severe natural disasters, geopolitical risks, mounting inflation, and generative AI and other technological advances to demographic trends in Japan such as a declining population and the progressive aging of society—while also addressing changing customer needs. Since then, I have continually stressed the need for executives and employees to grasp the significance of reform and the importance of taking action. As Group CEO, I see it as my greatest responsibility to complete this transformation.

The fruit of transformations and a confident sense of moving forward

The Group’s Mid-Term Management Plan covering the period from FY2024 to FY2026 set out two goals for qualitative transformation: to “increase resilience” and realize our aim to “connect and be connected.” Sompo Japan Insurance, which runs our domestic P&C insurance operations, initiated the SJ-R project to rebuild the operating foundation by reforming areas such as corporate culture and quality control, and by earning structure through reforms to the underwriting portfolio, sales operations, and other aspects of business.

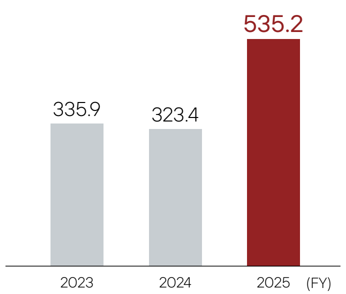
Message from the Group CEO

Our transformations began to bear tangible fruit in FY2025, with adjusted consolidated profit reached a record high of ¥535.2 billion. This put us over our target of ¥500 billion, originally set for FY2030, five years ahead of schedule. Adjusted consolidated ROE rose to 13.4%, against a FY2026 target of 13–15%. As of the end of March 2026, market capitalization was around ¥5.3 trillion, a robust 70% improvement over the level of roughly ¥3.1 trillion (excluding treasury stock) at the end of March 2024, when we formulated the FY2024-2026 management plan.

Aside from external factors such as fewer natural disasters, these results were also due to the gradual recovery in profitability at Sompo Japan Insurance stemming from the SJ-R project, alongside steady growth driven by Sompo International. All four of the Group's core businesses, including domestic life insurance and nursing care, recorded year-on-year increases in revenue and profit, contributing to growth at the Group level.

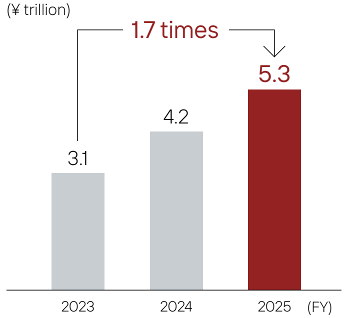
Adjusted Consolidated Profit

(¥ billion)



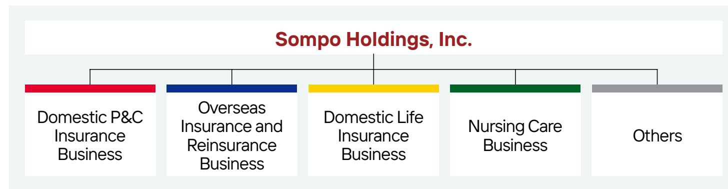
Market Capitalization

(¥ trillion)

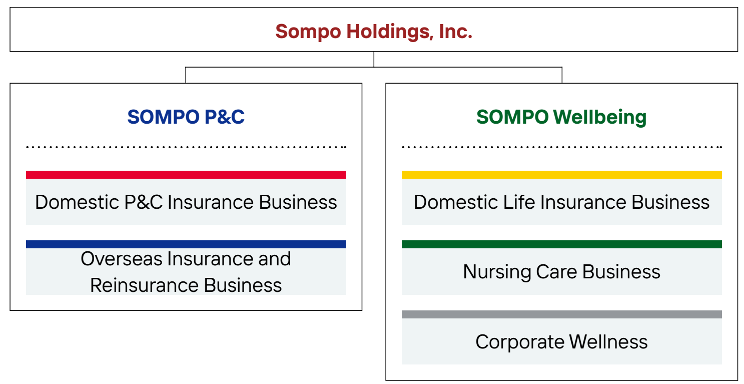


In April 2025, we transitioned to a new management structure, integrating operations into the two business segments of SOMPO P&C and SOMPO Wellbeing. The aim of the transition was to break down the silos that had been created by our earlier adoption of a four business-segment structure encompassing the domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care. This marked a major decision to accelerate ongoing moves to "connect and be connected," in addition to creating Centers of Excellence to foster reciprocal learning across geographical and business boundaries, and position the Group to meet the genuine needs of customer. Recent positive results prove the wisdom of our reforms. I believe that, over the past year, our employees have gained a confident sense of moving forward—that our company is capable of change and that, together, we can build a future.

Management structure prior to March 2025



Management structure from April 2025



Message from the Group CEO

A year of laying foundations for future growth

FY2026 will be a critical year for solidifying progress on the current growth trajectory and further enhancing corporate value. Besides achieving the targets to which we have committed in the Mid-Term Management Plan (adjusted consolidated ROE of 13%–15% and a CAGR of at least 12% for adjusted EPS), we will focus on preparing for the next stage of growth.

Under the leadership of business CEO James Shea, alongside further organic growth based on geographical expansion, SOMPO P&C is working to streamline costs, pursue more sophisticated underwriting, and generate other operating synergies in the reinsurance business as quickly as possible from the post-merger integration following the FY2025 acquisition of Aspen. At Sompo Japan Insurance, as well as steadily putting the business improvement plans into place, efforts will focus on further increasing profitability and customer value by speeding up reforms to the operating foundation and earnings structure under the SJ-R project.

In FY2025, with the establishment of Sompo Wellbeing Inc., we created the operational foundations for the SOMPO Wellbeing segment, whose mission is to address the three concerns that people face in terms of health, nursing care, and retirement finance. We built our presence in this segment through capital and business alliances with the RIZAP Group and with Kamakura Shinsho. In FY2026, under the leadership of business CEO Yasuhiro Oba, we will try to expand touchpoints with customers and pursue related business initiatives by integrating these foundations with the operational strengths of Sompo Himawari Life Insurance and Sompo Care.

Elsewhere, we are accelerating efforts to create new businesses that can drive future growth. In FY2025, we acquired Japanese agricultural company Nousouken, whose work focuses on addressing food security issues related to factors such as climate change. We will continue to develop new businesses proactively in FY2026 to help realize SOMPO's Purpose.

We continue to sell down our strategic shareholdings as part of our efforts to fund growth investments. We are reallocating capital raised from such divestments to M&A projects that build scale in the P&C insurance business, promote regional diversification, or fill in missing pieces in the wellbeing segment. We see acquisitions as a means of sustaining growth rather than as an end. We will only move ahead with a deal if it meets stringent criteria in terms of its strategic and economic rationale.

As we move forward in building these foundations, our aim is to achieve adjusted profit by FY2030 of three times the average recorded over the previous management plan period (¥250 billion in FY2021–2023) and a market capitalization three times its level as of the end of March 2024 (around ¥3.1 trillion).

Maximizing human capital in an era of human-AI collaboration

Fully capitalizing on digital, data, and AI assets is undoubtedly the key to accelerating business growth. It will not only dramatically boost productivity—it will also create original value distinctive to Sompo in the customer experience while evolving our business model to the next level. We see the role of human beings becoming even more vital as evolving technologies change the way we collaborate with AI. While AI handles routine tasks, we see our source of competitiveness arising from the abilities only people possess, in terms of creating solutions from scratch and having the enthusiasm and empathy to engage with others.

We established the ¥30 billion SOMPO Human Capital Fund in FY2024 to further our investment in human resources as the Group's key source of non-financial capital. We will continue to embody the SOMPO's Values of Integrity, Self-Motivation, and Diversity by actively cultivated talented professionals who can create genuine value in this emerging era of human-AI collaboration.

Starting in FY2026, we have also introduced a stock compensation program for employees of Group companies in Japan to reward and incentivize them to embrace personal growth development challenges that will also benefit the company and society. We see this fostering a positive cycle in which employees can take ownership of value-added creation, share that value with other shareholders, and contribute to the development of their asset formation.

Dive into Challenges, Drive our Evolution

In April 2027, to further reinforce the Group cohesion that is indispensable to moving toward the next stage of growth, we will change our company name from Sompo Holdings, Inc. to Sompo Group, Inc. In addition, to express the Group's commitment to supporting every employee in taking on challenges and being confident in their limitless potential, we have redefined the Group Vision as "The vision to unlock possibilities," as well as reformulated the SOMPO's Materiality that sets out the material issues to be addressed by the Group. Under "ONE SOMPO" approach, our shared goal is to realize the company's Purpose while achieving sustainable growth, both by deepening collaboration between the holding and operating companies and across divisional boundaries, and by speeding up processes to enable employees to take on challenges in ways that promote personal growth.

Message from the Group CEO

The origins of the SOMPO Group date back to 1888, with the establishment of Tokyo Fire Insurance as Japan's first insurer of fire-related risks, with a spirit of "*hikeshi*," or dealing with fires. Protecting people from fire was a major issue for Japanese society at the time, expressed in the *hikeshi* spirit of acting for the sake of people and society. We have since grown by addressing social issues through insurance, nursing care, and other services.

Japan, the SOMPO Group's home market, is an advanced country that faces a range of issues stemming from the growing intensity of natural disasters, a shrinking population, and other factors. I am not pessimistic, however. On the contrary, I prefer to see opportunities for the Group to lead the world in developing better solutions that will address such societal issues.

Examples of ways the Group can offer value that is unique and priceless—even by global standards—include the HIKESHI DNA 2030 Project of Sompo Japan Insurance, which offers seamless solutions spanning everything from disaster prevention and mitigation to recovery support, and the nursing care services of Sompo Care that draw on advanced technology to boost quality and productivity. By building diverse businesses that span countries and regions to offer solutions to address issues, the Group will evolve into a platform for global resilience and wellbeing. This is our vision for 2030 and beyond.

The key to making this vision a reality is for every Group employee to consider thoroughly the genuine needs of customers and to embrace this challenge in our founding spirit of acting for the sake of people and society. Teamwork and collaboration across both borders and divisions will also be essential here. To underpin this, we must foster a corporate culture grounded in frank, fearless discussions based on data and concepts, as well as in celebrating success in embracing challenges, which emphasizes "Harmony, but not Conformity."

Our aim is to make SOMPO a platform for global resilience and wellbeing. Fully committed to the spirit of acting for the sake of people and society, I will drive our evolution into a corporate group that addresses diverse social issues and consistently provides solutions that meet the genuine needs of customers. I will also continue to give my full support to employees—the driving force behind this mission—as they drive into challenges.

Group CEO message video

Watch the video message to stakeholders from the Group CEO here.

Message from the Group CFO

Evolving Capital Circulation for the Sustained Enhancement of Corporate Value

Launched in FY2024, Sompo Holdings' current Mid-Term Management Plan (MTMP) has now entered its final year. Over this period, the Group has resolutely sought to pursue transformation and take decisive action, with the result that adjusted consolidated profit surpassed ¥500 billion in FY2025, and our market capitalization had surpassed ¥5 trillion at the end of FY2025—an increase of more than ¥2 trillion compared with the end of FY2023.

My mission is to relentlessly pursue further transformation and decisive action and take them to an even higher level. As head of the Group's finances, I am resolved to be deeply involved in all aspects of value creation without being held back by existing frameworks or the way things have been done in the past. I believe two areas warrant attention in particular.

Our primary aim is to improve capital efficiency in the Group by further increasing ROE. Group ROE has steadily improved since the start of the current MTMP, but taking ROE to the next level will require rigorous efforts to improve the capital efficiency of individual businesses. At the same time, we will focus on generating high-quality profits that generate cash flow, thereby further accelerating the circulation of capital.

Following our acquisition of Aspen Insurance Holdings, we will also consider further investments in inorganic growth. Compared to our global peers, we are still at the stage of aspiring to ongoing growth and expansion. In principle, therefore, we will allocate the capital we generate to growth investments. While practicing strict investment discipline, we will boldly embrace the challenge of investing in growth, confident that we can further expand profits and harness that growth to increase total shareholder returns, thereby maximizing shareholder value over the medium to long term.

Katsuyuki Tajiri
Group CFO

Message from the Group CFO

Review of FY2025 and outlook

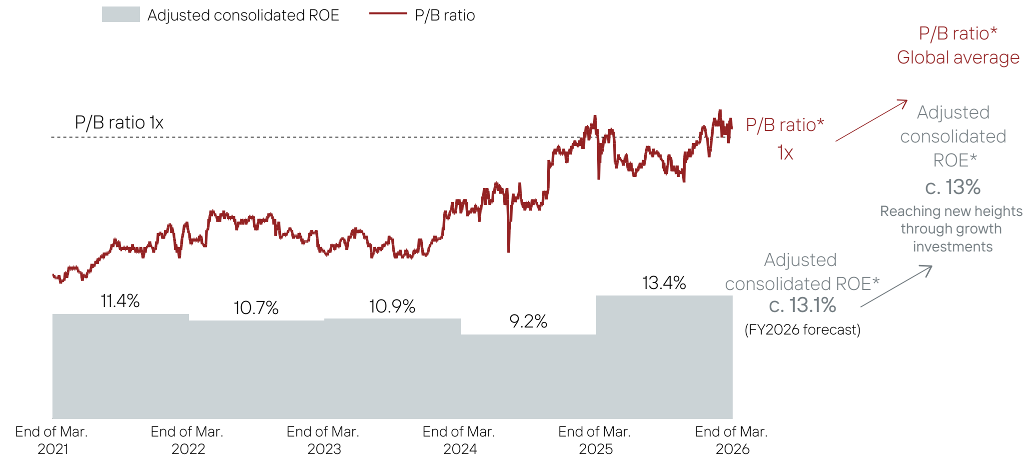
Amid favorable business conditions, including a decline in natural disasters both in Japan and abroad, adjusted consolidated profit for the Group was ¥535.2 billion in FY2025. In the Domestic P&C Insurance Business, we achieved our FY2030 target of ¥500 billion ahead of schedule, boosting profitability by making steady headway with the SJ-R project while progressively expanding the Overseas Insurance and Reinsurance Business.

We also completed the Aspen acquisition in February 2026, a growth investment equivalent to more than ¥500 billion, and subsequent post-merger integration (PMI) has been progressing smoothly. We regard this as a significant outcome of the growth strategy outlined in the current MTMP.

The MTMP has as its management targets adjusted consolidated ROE of 13-15% and adjusted EPS growth of over 12% for FY2026. As of FY2025, adjusted consolidated ROE was 13.4% and our adjusted EPS growth forecast for the current MTMP was 19%.

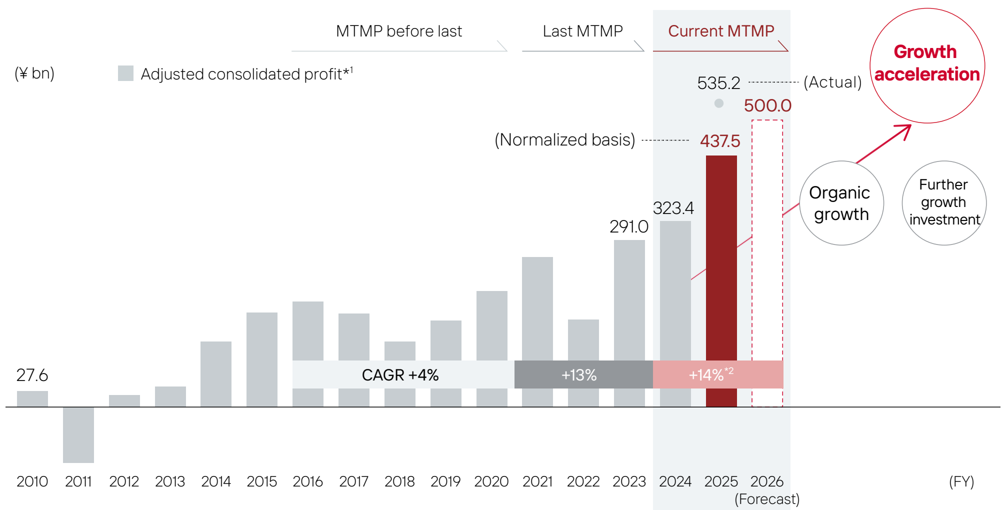
Not settling for the status quo, to further accelerate this smooth progress we have raised our FY2030 target for enhancing corporate value, taking it to a higher level. In the following section, I discuss in detail our vision for FY2030 and the growth scenario for bringing it about.

P/B ratio and adjusted consolidated ROE*



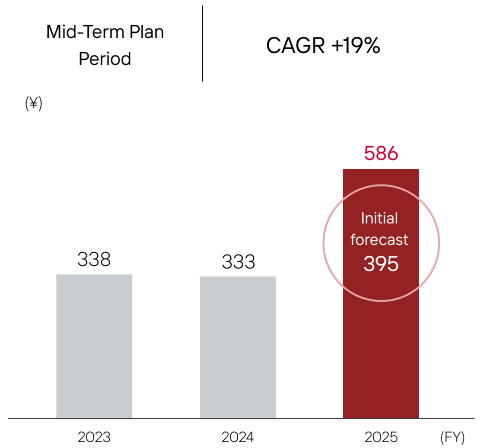
* Estimates for FY2021-2022, The forecast for FY2026 reflects an adjusted ROE (11.0% prior to adjustment) based on assumptions revised at the time of the medium-term plan's formulation to account for factors such as financial market volatility, consolidated net assets for the period were linearly interpolated

Trend of Adjusted Consolidated Profit



*1 J-GAAP basis until FY2023, IFRS basis from FY2024
*2 Adjusted consolidated profit for FY2023 (base year) was calculated by using IFRS profit of ¥335.9 bn.

Adjusted EPS Growth Rate



Message from the Group CFO

Vision for FY2030

We aim to raise our adjusted consolidated profit, adjusted consolidated ROE, and market capitalization to even higher levels.

While creating corporate value in this manner, our main focus will be on steadily increasing adjusted consolidated ROE to around 13% and then going on to pursue further improvement. We believe initiatives to improve profitability organically and investments in inorganic growth are both vital in terms of increasing capital efficiency.

Ideally, we seek to improve ROE at the same time as achieving profit growth—that is, realizing sustainable growth in both ROE and EPS. We have maintained robust growth in EPS since the launch of the current MTMP. To continue this growth momentum, we think it is essential to expand profits by taking appropriate risks while engaging in growth investments that will have an impact not only in the near term but also over the longer term. We will also target additional profit through high-quality growth investments.

More sophisticated management of capital circulation

Managing the circulation of capital is at the heart of our financial strategy. This entails the holding company getting maximum use out of the profits generated by each business by reinvesting the capital in activities that contribute to Group management targets, namely adjusted consolidated ROE and growth in adjusted EPS, as well as putting it toward attractive shareholder returns. It also includes redistributing capital to each business and monitoring performance. Initiatives to manage the circulation of capital under the current MTMP have proven successful, leading to steady improvement in ROE.

If we are to improve ROE further, we must maintain a state in which profit growth (the ROE numerator) exceeds growth in net assets (the ROE denominator). To this end, we will be even more rigorous in our use of capital, taking fewer risks on investments with low capital efficiency and channeling capital into areas with high capital efficiency.

To effectively manage the circulation of capital, we have to create a framework for facilitating the smooth transfer of capital between businesses and selectively allocating capital and funds to areas with high capital efficiency. This demands that we work as a Group to further enhance the capacity of each business to generate cash flow as well as our capital mobility (fungibility). In addition to such flexible use of Group funds, we will also make use of external financing (fund procurement) as needed. To this end, in April 2026 we issued U.S. dollar-denominated senior unsecured corporate bonds—the first to qualify as fully paid-up structurally subordinated Tier 2 capital instruments under Japan's new solvency regulations.

Going forward, we will continue working toward the optimal capital structure and instruments while at the same time addressing funding needs, with a focus on maintaining and improving our financial soundness and credit ratings.

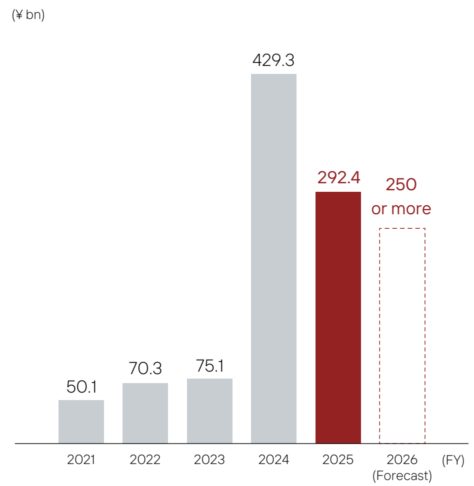
Drawing down strategic shareholdings

With a goal of completely shedding our strategic shareholdings by the end of FY2030, we reduced such shareholdings by ¥292.4 billion in FY2025, surpassing our initial plan. Based on this result, at the start of FY2026 we revised our initial target for the total reduction in strategic shareholdings upward from ¥600 billion to ¥970 billion or more.

We are resolved to see this reduction in strategic shareholdings through, as it will contribute to enhancing capital efficiency and ROE while at the same time lowering the cost of capital. At the same time, simply selling off the shareholdings and retaining the proceeds could decrease our stable dividend income and risk the excessive accumulation of capital, which could actually lower capital efficiency. As I mentioned earlier, we believe therefore that a balanced use of the capital and funds yielded by the sales, encompassing disciplined growth investments (including investments in inorganic growth) and shareholder returns, will be critical to our ongoing management of the circulation of capital.

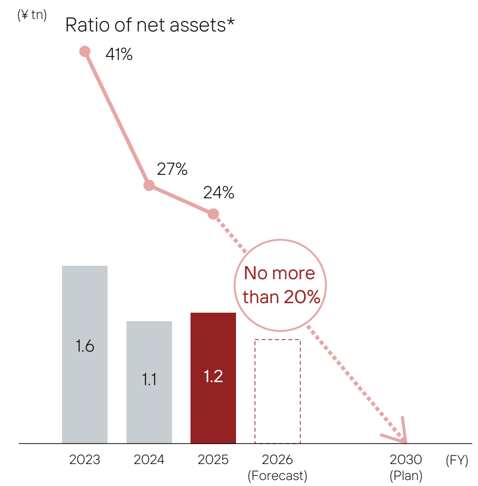
Reduction of strategic shareholding

Sale over the MTMP period	¥970 bn or more (Initial plan: ¥600 bn)



Balance of listed shares held

Fair value of balance (As of end-Mar. 2026)	¥1.2 tn (Ratio to net assets 24%*)



* Listed strategic-holding shares / IFRS consolidated net assets

Message from the Group CFO

Growth investments

Recognizing that inorganic profit growth is essential to meeting our FY2030 targets, we are constantly seeking out new growth investment opportunities. This is what led to our acquisition of Aspen in February 2026, a deal we considered to be a good fit in terms of our investment discipline and culture. A large-scale overseas acquisition valued at more than ¥500 billion, this represented a growth investment geared toward realizing the Group's growth strategy. As I mentioned, PMI with Aspen is now smoothly underway.

As we venture further into the PMI process, we are seeking at an early stage to generate synergies with SOMPO P&C—with the Overseas Insurance and Reinsurance Business in particular.

Our Economic Solvency Ratio (ESR), an indicator of financial soundness, remains at a sufficient level even after the Aspen acquisition. This allows us to pursue further investment opportunities. In the P&C insurance business, we continue to have a strong appetite for M&A deals with overseas insurance companies and other businesses that we think would enhance both our earnings and our resilience. Dedicated M&A teams at Sompo Holdings and Sompo International continue to collaborate in an ongoing search for potential investment opportunities. With the number of deals on the rise as the overseas P&C insurance market softens, we will continue to explore possibilities with a focus on areas that promise further growth and contribute to risk diversification.

At SOMPO Wellbeing, we will apply strict discipline in pursuing investments aimed at securing the missing pieces necessary to realize our vision of a wellbeing ecosystem. To achieve that end, we recently entered into a capital and business alliance with Kamakura Shinsho, acquiring a portion of that company's shares.

Policy on shareholder returns

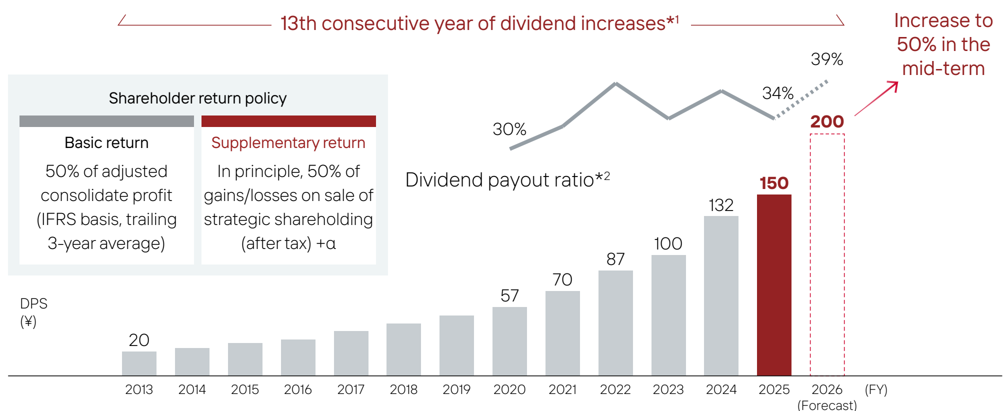
Our policy under the current MTMP is to enhance the predictability and stability of shareholder returns by setting the basic return at 50% of adjusted consolidated profits, based on the latest three-year average, and providing an additional return that is set, as a rule, at 50% of gains from the sales of strategic shareholdings (on a post-tax basis). We will also flexibly consider capital adjustments.

On the other hand, the dividend yield has been trending downward amid a rise in our stock valuation (share price), which has eroded the appeal of our shares somewhat from a dividend perspective. While acknowledging this as an issue, we believe we can achieve further profit growth and enhance resilience by continuing to improve the profitability of existing businesses, making steady headway with the Aspen PMI, and executing growth investments. Accordingly, we have adopted a policy of progressively increasing the payout ratio.

As a first step in this direction, we intend to raise the target payout ratio to roughly 40% in FY2026, which would mean a projected DPS of ¥200—an increase of ¥50 from the FY2025 dividend of ¥150. Our plan is to gradually increase the target payout ratio to 50% over the medium term. We will also consider flexibly conducting share buybacks (capital adjustments) when necessary, maintaining a balance between growth investments and shareholder returns, with due consideration for medium-term adjusted consolidated ROE.

As Group CFO, I will further emphasize an approach geared toward achieving our target ROE, seeking the optimal allocation between growth investments and shareholder returns.

Dividend per share (DPS) and dividend payout ratio



(¥ bn)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (Forecast)
Total payout	34.7	45.6	65.8	91.6	81.3	81.9	90.0	101.1	150.7	112.1	175.9	385.9	281.6	–
Dividends	24.7	28.6	32.3	35.4	42.2	48.4	54.7	60.7	72.7	87.1	98.9	125.9	135.6	175.0
Share buyback	10.0	17.0	33.5	56.2	39.1	33.5	35.3	40.4	78.0	25.0	77.0	260.0	146.0	–

*1 Since FY2013, including FY2026 forecast

*2 Dividends/Adjusted consolidated profit, adjusted profits for FY2021 and FY2022 are normalized by excluding one-off effects, J-GAAP basis until FY2024, IFRS basis (3-year average) from FY2025

Message from the CEO of SOMPO P&C

Strengthening Connection and Coordination Across Sompo P&C

Following the establishment of Sompo P&C in April 2025, our focus has been on strengthening the connections across our Property & Casualty businesses. The purpose of Sompo P&C is to support a more integrated way of working between our Overseas operations and Japan, enabling the Group as a whole to leverage its collective strengths more effectively.

At its core, Sompo P&C is designed to foster closer collaboration in areas where greater alignment enriches our overall franchise. That includes how we share expertise, how we link capabilities across regions and functions, and how we engage with the market in a more consistent manner. The objective is not uniformity for its own sake, rather ensuring we work more effectively together where it delivers tangible value.

This matters not only internally, but also externally. As the needs of our customers continue to evolve, and the environments in which we operate become more complex, there is real value in presenting a clearer and more unified proposition to customers, distribution partners, reinsurance partners and third-party vendors. By approaching these relationships with greater consistency and a shared purpose, we can improve the quality of our engagement, deepen key partnerships across the value chain and reinforce the broader value of the Sompo franchise.

Building the Foundations for Better Coordination

During the year, we made encouraging progress in a number of areas, including:

- In Operations and IT, we established a three-year Business and IT Transformation program and successfully delivered the first year of that plan. This included achieving the initial savings target, putting in place a clearer target operating model and establishing a more regular meeting cadence to support alignment and execution. These are important foundations for stronger coordination and for a more scalable business over time.

James Shea
CEO of SOMPO P&C
Overseas Insurance and Reinsurance Business (Officer)

Message from the CEO of SOMPO P&C

- In HR, we also continued to strengthen connectivity through people. Colleagues from Japan worked in SIH locations across a wide range of departments through Japan Representative (J-Rep) and trainee programs, helping to deepen mutual understanding, share knowledge and build relationships across the Group. We also held regular cross-functional leadership meetings to exchange views and share best practices. These efforts may appear simple, but they are essential. Strong coordination ultimately depends on trust, familiarity and open channels between people and teams.

- In Finance and Investments, we have actively leveraged the benefits of scale across Sompo P&C. By taking a unified approach to the market as we have aligned teams more closely across regions, we are improving consistency, strengthening execution and vertical integrating decision-making. This also helps us engage the market more effectively, improve efficiency in how capital is deployed within Sompo P&C while making use of the Group's broader financial resources. We have also improved profitability by leveraging scale and aligning our asset allocation to the most effective capital structures at both Sompo P&C and Group levels which has delivered meaningful financial benefits. Importantly, this is not about centralization for its own sake, but about facilitating alignment where a Group-wide perspective produces better outcomes.

- Sompo Türkiye and Sompo Japan partnered on a motor/automobile claims transformation initiative, with Sompo Japan visiting Türkiye to learn from their operating model. These insights are helping shape Sompo Japan's future business process, IT architecture, and transformation roadmap, with Sompo Türkiye serving as a benchmark for best practices in specialization, standardization, digitalization, centralization, and performance visibility.

- In addition, Sompo Japan CEO Ishikawa-san and I also visited several offices across Japan to speak directly with colleagues and share our perspective on what a more connected Sompo P&C can become.

What links these efforts together is a common principle: identifying where closer coordination creates meaningful value, and then building the relationships, disciplines and processes needed to support it. In that sense, Sompo P&C is a platform for facilitation as much as for execution. It provides a framework through which our businesses can work more closely together while continuing to respect the distinct strengths, responsibilities and market realities of each part of the Group.

Balancing Global Connectivity with Local Strength

That balance is important. Our ambition is to be better connected globally while remaining responsive locally. We believe Sompo's strength comes in part from the diversity of its businesses, the quality of its underwriting and distribution capabilities, and the trust it has built across different markets. The role of Sompo P&C is to help connect those strengths more effectively, so that the whole Group benefits where coordination makes sense, while preserving the local expertise and accountability that remain essential to success.

Looking ahead, our priority is to continue building on this momentum. We will remain focused on practical coordination across functions and businesses where it adds value, on facilitating stronger collaboration between our Overseas operations and Japan, and on strengthening how we present ourselves to our external partners. We will continue to pursue a "connect and be connected" approach across Sompo P&C as we build a more capable and effective global P&C platform for the Group.

Message from the Head of the Domestic P&C Insurance Business

Initiatives to regain trust

More than two years have passed since we initiated actions based on our business improvement plans to rectify the issues of falsified auto insurance claims and manipulation of corporate insurance premiums. We have also taken ongoing measures to prevent reoccurrence of the improper management of policy information and other data with insurance agents.

Seeking to ensure that this series of incidents is never forgotten, we have worked to transform the corporate culture and strengthen governance. Listening to feedback from employees on the front lines, it is evident that there have been many positive changes in terms of employee awareness and behavior, including employee-led activities for improvement, greater dialogue between divisions, and more prompt reporting of negative information.

We will continue working together across the company to help realize a "new Sompo Japan Insurance Inc.," a company that will inspire customers, people in local communities, shareholders, and all of our stakeholders to say, "We're glad we chose Sompo Japan. We're glad we chose SOMPO."

Transforming the corporate culture and strengthening governance

Based on the business improvement plans, we have implemented a total of 183 specific company-wide measures. As of the end of May 2026, more than half of the measures had entered the stage of taking root and being fully effective, having been integrated into our internal controls. The majority of the remaining measures are in the stage of continuing to take effect.

Our goal is for every employee on the front lines to cultivate an in-depth understanding of the nature and purpose of our rules, so that they can apply principles to determine and adopt the correct course of action, regardless of circumstances. Three clear signs of internal change are now emerging out of our pursuit of this fundamental approach.

The first involves transforming the corporate culture. Employees on the front lines are steadily growing in their awareness of "risk ownership" with regard to the risks inherent to our operations. They are increasingly enthusiastic about our collective ability to change the company, as seen in initiatives such as a "Day to Review the Past Incidents" for learning from past mistakes, a "Dorotama Box" used to convey employee feedback directly to management, and the "Heritage and Reflection Room: Learn from the Past," a special installation set up to ensure that past lessons are passed down to future generations.

The second involves strengthening governance. We have put systems in place to detect issues early on and are following a PDCA cycle to establish clearly defined roles and responsibilities for our first (front lines), second (management), and third (audit) lines of defense. We have also made strides in revising our business processes, including ensuring that damage assessment systems function properly and that insurance claims are processed fairly and appropriately.

The third change involves solving structural issues. Not bound by the way things have been done before, we have discontinued the secondment system, which was not contributing to a customer-oriented business management policy. We have also reoriented agency evaluation to a quality-focused framework to support the autonomous development of our agencies.

Transforming the business foundation and improving profitability through SJ-R

The SJ-R project, launched in FY2024, has the twin goals of regaining the trust of customers and society and improving the profitability of the P&C insurance business. FY2026 is the year when we aim to achieve both these goals.

We have focused resources over the past year on reinforcing the operating foundation. In the Retail Business, we have worked to improve quality through more in-depth collaboration with agencies, while also making headway in terms of raising quality and productivity through the operation of the Administrative Quality Department. In the Commercial Business, in response to increasingly complex corporate risks, we have invested in systems to support greater specialization in underwriting and other capabilities. Our efforts in claims servicing have focused on instilling and establishing quality standards for earning customer trust.

Leveraging the power of transformation to realize a "new Sompo Japan Insurance Inc."

Koji Ishikawa

President of Sompo Japan Insurance

Message from the Head of the Domestic P&C Insurance Business

These initiatives are steadily transforming our earnings structure. The improvement in profitability with fire insurance has been especially noteworthy. Ensuring an appropriate level of profit is necessary to enable us to supply insurance products sustainably in the future. Collaboration between staff on the front lines and head office divisions to make improvements, such as optimizing premium rates and revising underwriting guidelines, have made our fire insurance lines able to ensure a steady level of profit. In automobile insurance, another core product, we have made progress in improving profitability despite persistently high inflation, by means of more advanced data analysis and pricing technology.

Reflecting these efforts, adjusted profit for the Domestic P&C Insurance Business rose to a new high in FY2025, at ¥219.4 billion. While there were comparatively few natural disasters in Japan, I believe the steady improvement in earnings was due to better customer service grounded in quality standards aimed at regaining customer trust, alongside improvements in day-to-day operations. We hope to build on this momentum in FY2026. Under the new SOMPO P&C, we will deepen our sense of unity and collaboration with Sompo International. By integrating their global expertise and high-level specialized knowledge at an even deeper level, we aim to transform the Domestic P&C Insurance Business into a strong growth driver for the Sompo Group.

Future growth strategy: launch of the HIKESHI DNA 2030 Project

We are currently facing unprecedented changes in the business environment for the P&C insurance industry in Japan, including a shrinking population, increasingly severe and frequent natural disasters, heightened cyber risks, and regulatory reforms. We cannot continue to meet the expectations society has for insurers under such conditions if all we do is continue the business as usual of paying out insurance claims after an accident occurs.

In this context, we launched the “HIKESHI DNA 2030 Project” as our growth strategy to build a new future. The project aims to broaden our business focus beyond compensation after an accident to include more proactive areas such as disaster recovery and mitigation as well as recovery support after an accident. We will seek to evolve the Sompo Japan brand so that customers continue to choose us as their reliable partner not only when an accident happens, but also in supporting them before and afterwards.

We are building an advanced platform for disaster prediction and damage analysis that integrates policy data with weather information, satellite imaging, and other input. We are offering personalized insurance using an AI-based building diagnostic service. We are collaborating with strategic partners with unique strengths. Progress with these multifaceted initiatives will enable us to generate fresh social value in terms of disaster recovery and mitigation while at the same time ensuring the growth of Sompo Japan.

We have inherited a spirit of deep dedication to protecting local communities from disaster, as exemplified by the Tokyo Fire Brigade formed by our predecessors in the 1880s in Japan (known as *“hikeshi”*). Our goal is to turn the word *“hikeshi”* into a global emblem of advanced risk management and resilience, while making disaster prevention and mitigation a new element of Japanese culture.

Continuing to evolve for the sake of people and society

Our mission is not simply to be a company that generates excellent financial results, but to ensure that customers and society as a whole feel “We’re glad we chose Sompo Japan. We’re glad we chose SOMPO.” Through our core business, we aspire to realize disaster-resilient local communities where everyone can live with peace of mind.

Delivering such social value sustainably requires us to further evolve the Group’s financial position, which includes maintaining a combined ratio of no more than 95% along with an adjusted consolidated ROE of more than 13%. We will carry the reforms set forth in the SJ-R project through to completion. Based on the shared determination of all of our employees, I believe we can translate Sompo’s DNA of acting for the sake of people and society into real value for society.

Driven by the passion contained in the company’s HIKESHI DNA, we will continue to capitalize on the diverse talents and enthusiasm of our employees to ensure that Sompo Japan evolves for the sake of people and society.

Message from the CEO of SOMPO Wellbeing

Driving global wellbeing by addressing three concerns

Addressing the three concerns that have emerged as risks in the 21st century

Harking back to the Sompo Group's origins as Tokyo Fire Insurance, which was animated by a spirit of "*hikeshi*," or dealing with fires, SOMPO Wellbeing is also facing new risks that have arisen in the 21st century as a consequence of declining birthrates, aging societies, and shrinking populations. We are working to address the three concerns people now face in terms of health care, nursing care, and retirement finances. These are complex risks, in which the underlying causes build up over a long period of time and often eventually surface simultaneously, such as in the form of the need to care for elderly parents, the need to set aside funds for retirement, and personal health issues. We therefore saw the importance of a business that, rather than addressing the three concerns one by one, would take a holistic approach to providing long-term support to help customers address them. To my knowledge, no other business in the world is capable of providing such a comprehensive response to such complex issues. Anticipating that societies around the world will come to face the same 21st century risks, our goal at SOMPO Wellbeing is to build a business that can expeditiously deliver solutions pioneered here in Japan, an advanced nation confronting multiple challenges ahead of other countries.

Interconnecting customer touchpoints and developing deeper relationships are the key

I believe the Sompo Group is the group that stands closest to customers worried about the three concerns. It has a more in-depth understanding of the gravity and complexity of the issues than anyone in the industry and has put in place the business foundation needed to guide customers toward solutions. This business foundation encompasses SOMPO Himawari Life Insurance, which now has over 2.3 million Insurhealth® policies in force; SOMPO Care, Japan's leading provider of facility-based care; and the corporate wellness business, which boasts numerous corporate clients in the health and productivity management domain. Our greatest strength lies in the unique services and customer touchpoints that drive each of these businesses.

The purpose of SOMPO Wellbeing is to bring these businesses together, capitalizing on their respective customer touchpoints to offer solutions that transcend business boundaries. Guided by the key phrase "connect and be connected," our strategy is to go beyond simply providing standalone services by expanding touchpoints from which we can provide customers with the solutions that will best meet their needs, thereby building relationships that continue throughout customers' lives.

For example, at SOMPO Care, which supports roughly 87,000 users, we provide services that address the

Yasuhiro Oba
CEO of SOMPO Wellbeing

Message from the CEO of SOMPO Wellbeing

health and retirement finance concerns felt by users' families. We also provide cancer risk screening and other services to support health for customers who have achieved better health through SOMPO Himawari Life's Insurhealth® initiative. We deliver these wellbeing solutions to a wide range of customers by also collaborating with Sompo Japan Insurance, which has the Group's most extensive customer network. Interconnecting customer touchpoints in this way drives value creation.

The result ought to be that our customers can think, "We're glad we chose SOMPO's services. We're glad we chose SOMPO." We are endeavoring to create a cycle that heightens the value of each company with an approach grounded in these touchpoints.

Specific initiatives

The foundation for this cycle will be the common customer platform we plan to bring onstream in the fall of 2026, which will entail common customer IDs and shared analytics. This platform will facilitate progressive linkage between the systems of each Group company, enabling us, with customer consent, to integrate and analyze data previously held by the separate businesses. This will realize a framework to support the timely provision of services optimized to needs of each customer.

We are also engaged in developing services that offer added value. Since it was launched in October 2025, Sompo Wellbeing Inc. has established Wellbio consultation desks in Tokyo, Saitama, Kanagawa, Osaka, and Nagoya, aiding customers in addressing the three concerns. More than 1,000 customers have already made use of these consultation desks, even though full-scale promotional campaigns for the service are not yet under way. We have been encouraged by the hypothetical and empirical data collected so far, which suggest that customers who initially approach the consultation desks to talk about caregiving will often go on to enquire about retirement finances and their own health issues. In FY2026, we will also begin building a new solution provision model by leveraging the extensive, trusted agency networks of Sompo Japan Insurance and SOMPO Himawari Life.

For corporate customers, we offer a package service called "Wellbio Biz" that supports employees in balancing work and nursing care. The number of "working carers" (individuals balancing work with nursing care) is expected to reach approximately 3.18 million in Japan by 2030. To address this issue, Wellbio Biz has already grown to the point of serving around 150,000 people (including about 120,000 people outside the Sompo Group), mainly employees of large companies that do business with Sompo Japan Insurance.

In December 2025, we also entered into a capital and business alliance with Kamakura Shinsho, operator of Japan's largest portal sites in the end-of-life planning space. By aligning ourselves with Kamakura Shinsho, which targets the various needs of individuals approaching the end of life, our aim is to build an end-of-life infrastructure that offers comprehensive support, from advance directives and preparations to procedures after death to care for families left behind. We have already begun providing these services to SOMPO Care users, SOMPO Himawari Life customers, and their families, receiving appreciative feedback.

To elevate the quality of our recommendations and service offerings, we are also taking a behavioral-science approach to encouraging customers to adopt health-conscious behavior. In the SOMPO Choco-Katsu! Trial for Group employees, participants with no previous exercise habits were encouraged to make use of the casual ChocoZAP gyms operated by RIZAP, Inc., located in numerous convenient locations. In addition to participating employees building exercise habits, the trial yielded data that demonstrated productivity improvements, such as a reduction in presenteeism. We have also incorporated behavioral science into the specific health guidance offered by the corporate wellness business, driving an increase in the percentage of people booking initial consultations and an accompanying boost to sales. Going forward, we plan to draw on this evidence in developing B2B services.

Expectations for operating companies within SOMPO Wellbeing

A year after the launch of SOMPO Wellbeing, we are working to hone the strengths of each business to further accelerate our initiatives. For our domestic life insurance business, SOMPO Himawari Life Insurance has the largest number of customer touchpoints in the Group, with over 2.3 million Insurhealth® policies in force. We expect that company to further expand its customer touchpoints and play a leading role to serve as touchpoints for other businesses. For our nursing care business, we envision SOMPO Care moving further ahead to create the future of nursing care, helping to transform nursing care in Japan by offering solutions to other care providers. For our healthcare and corporate wellness business, we look to SOMPO Health Support and Wellness Communications to capitalize on their wealth of accomplishments and data in expanding their reach to include small and medium-sized businesses in addition to the large corporations that have been the focus to date.

I believe it is also essential to engage in collaboration that transcends organizational boundaries. Since taking office as CEO, in addition to communicating with employees, I have made personnel changes across the businesses that make up SOMPO Wellbeing. It has been encouraging to see employees from different businesses getting to know one another and engaging in daily communication, naturally enhancing cross-organizational efforts to "connect and be connected" and contributing to customer-centric recommendations.

Our vision for 2030 and subsequent global expansion in view

SOMPO Wellbeing has set a target of increasing adjusted consolidated profit to ¥100 billion or more by FY2030. We aim to make that goal more attainable, not only through organic growth at the level of each business and through the extension of customer touchpoints between businesses, but also by acquiring the missing pieces needed to realize our ideal business model.

Looking further ahead, we aspire to deploy globally the solutions we have created here in Japan—a nation confronting these demographic challenges ahead of the rest of the world. We are seeking to establish a business model in Japan by FY2030, and have begun preparations for global expansion beyond that point. Our aim is to export superior solutions crafted in Japan to countries worldwide, evolving into an unparalleled entity that supports global wellbeing by enhancing people's resilience in their everyday lives. As a front-runner in the global pursuit of wellbeing, SOMPO Wellbeing is paving the way for a world in which everyone can flourish and think positively about aging.

Message from the Group CHRO

Unlock the potential of our people and empower self-directed challenges: A virtuous cycle of growth and engagement shaping the future of SOMPO

The Sompo Group has established its group vision—"The vision to unlock possibilities"—with the aim of pursuing sustainable growth through value creation for society. We now stand at a new stage of challenges—an endeavor unlike anything we have faced in the past.

Since our inception in the P&C insurance, we have championed social wellbeing for over a century, continuously creating value that evolves with the times. Our people have always been the cornerstone of our success. As the Group CHRO, my mission is to realize the Group vision. I achieve this by unlocking the potential of every employee—across Japan and worldwide—and channeling that collective power into sustainable growth for the Group.

A stock compensation program to make our vision a reality

Unlocking employee potential requires individual ownership and proactive initiative to drive the company forward and shape its future.

To foster ownership and translate our Group vision into tangible action, we introduced a stock compensation program in July 2026 for approximately 48,000 employees across more than 30 Group companies in Japan. The program was designed around three key principles: (1) Group-wide implementation in Japan; (2) equal share grants regardless of position; and (3) annual share grants.

Beyond a mere enhancement of employee benefits, this initiative is designed to enhance the Group's corporate value through our people's dedication, empower employees to directly share in the value they create as owners, and align the company's growth with employees' financial wellbeing. Through this program, we aim to cultivate a Group-wide culture in which employees are inspired to contribute, believe in their own potential, and proactively embrace new challenges.

Shinichi Hara
Group Chief Human Resources Officer (CHRO)

Message from the Group CHRO

Cultivating professionals who create value in the age of AI

To ensure that each employee continues to drive value creation by proactively taking on challenges, we must cultivate their ability to anticipate change, evolve continuously, and blaze new trails.

To support this growth, we launched the ¥30 billion SOMPO Human Capital Fund in FY2024 to strengthen our people's skills and professional expertise. This significant investment in human capital focuses on: (1) broadening expertise across diverse fields, (2) developing future leaders, (3) cultivating leadership to drive a new culture, and (4) providing certification support for self-directed learning. At the heart of this investment lies human-AI collaboration, which is unlocking the potential of our people and organization to drive growth and value creation.

Beginning in FY2025, the Sompo Group positioned AI literacy and English as Group-wide core skills for executives and employees—the modern-day equivalent of "reading, writing, and arithmetic"—and is actively strengthening capabilities in both areas. Concurrently in FY2025, we incorporated AI-related elements into the Group Common Competencies, which set forth the expected behaviors for all executives and employees. Our aim is to make the Sompo Group a place where professionals thrive in the age of AI—not by being replaced by technology but by mastering it and creating value that only people can deliver.

By connecting diverse professionals with specialized expertise through the shared languages of AI and English, we will foster collaboration and mutual learning across organizational and national boundaries, accelerating the creation of value unique to SOMPO.

Looking ahead: The future envisioned by our Human Capital Value Creation Story

This fiscal year, we formalized our Human Capital Value Creation Story—the overarching blueprint for our talent strategy. The story is designed to ensure that employee ownership and self-directed growth translate into sustained improvements in corporate value over the medium to long term, rather than remaining one-off initiatives.

At the heart of our Human Capital Value Creation Story are SOMPO's Values: Integrity (doing what is right for society and people), Self-motivation (thinking independently and challenging convention), and Diversity (welcoming diverse perspectives and respecting others) guide the decisions and actions of every executive and employee across the Group. Among these, integrity underpins everything we do. No matter how much expertise we develop or how effectively we harness technology, without integrity we cannot achieve sustainable growth for our people and organization or deliver lasting value to our customers. Without embodying SOMPO's Values, our Human Capital Value Creation Story would be nothing more than a castle built on sand.

Building on a culture rooted in these values, our continued pursuit of employee experience supports the growth of both our people and our organization. That growth, in turn, enhances the enjoyment of working at the Sompo Group and strengthens employee engagement. Sustaining this virtuous cycle through the self-directed efforts of our people is the essence of the human capital management we aspire to, and serves as the roadmap for the transformation of the Sompo Group. Moving forward, we will work to realize the future envisioned in this story by executing a talent strategy aligned with our business strategy and strengthening the mechanism that enables employees to share in the value we create.

We will change our company name to Sompo Group, Inc. effective April 2027. As all executives and employees across the Group take pride in being part of the Sompo Group, embrace the responsibility that comes with it, and put our "Connect and Be Connected" philosophy into practice, we will accelerate value creation across the Group. In parallel, we will establish a governance framework that enables SOMPO P&C and SOMPO Wellbeing to autonomously execute talent strategies tailored to their respective business needs.

By unlocking the potential of every employee across the Sompo Group, we will work together with our customers and all other stakeholders to help shape a future of safety, wellbeing, and financial protection.