May 27, 2022
Sompo Holdings, Inc.

Progress of Mid-Term Management Plan
Today's Point

Start of New Executive Structure
Overview of the Presentation

I. Group Strategy

Basic Strategy (1) Scale and Diversification - Group Management Targets -
Basic Strategy (1) Scale and Diversification - Roadmap to Achieve Adjusted Consolidated Profit Objectives -
Basic Strategy (1) Scale and Decentralization - Scale Expansion -
Basic Strategy (1) Scale and Diversification - Diversification of Business Portfolio -
Basic Strategy (2) New Customer Value Creation - SOMPO Group DX × RDP* Strategy -
Basic Strategy (2) New Customer Value Creation - SOMPO Group DX -
Basic Strategy (2) New Customer Value Creation - Business Model of Nursing Care RDP -
Basic Strategy (2) New Customer Value Creation - Status of Care RDP/ Product Development -
Basic Strategy (2) New Customer Value Creation - Nursing Care RDP Initiatives and Future Prospects -
Basic Strategy (3) New Work Style
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ERM and Capital Policy - Risk Mitigation and Capital Cycle -
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ERM and Capital Policy - Shareholder Return -
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Domestic P&C Insurance Business (2) - Earnings Structure Reform (Pricing Optimization) -
Domestic P&C Insurance Business (3) - Earnings Structure Reform (Underwriting) -
Domestic P&C Insurance Business (4) - Earnings Structure Reform (Productivity Improvement, Others) -
Overseas Insurance Business (1) - Progress of Each KPI -
Overseas Insurance Business (2) - Net premiums written benefitting from improved pricing -
(Reference) Overseas Commercial P&C Achieving Significant Growth And Product Diversification
Overseas Insurance Business (3) - Improvement of Loss Ratio and Expense Ratio -
Overseas Insurance Business (4) - Mid-Term Plan Progress -
Domestic Life Insurance Business (1) - Progress of Each KPI -
Domestic Life Insurance Business (2) - Growth Model Using Insurhealth® as a Leverance -
Domestic Life Insurance Business (3) - Prospects for achieving FY 2023 target -
Nursing Care & Seniors Business (1) - Progress of each KPI -
Nursing Care & Seniors Business (2) - Initiatives in 3 Basic Strategies -
Toward Achieving FY 2023 Plan (Summary)
Generation of conglomerate premium

II. Business Strategy

Domestic P&C Insurance Business (1) - Progress of Each KPI -
Domestic P&C Insurance Business (2) - Earnings Structure Reform (Pricing Optimization) -
Sompo Climate Action - Underwriting -
Sompo Climate Action - Asset Management -
Sompo Climate Action - Achievements -
Numerica Management Targets, etc.

*Real data Platform
• Launched a new executive structure to accelerate the transformation of the Sompo Group toward the achievement of FY2023 targets
Overview of the Presentation

- In fiscal 2021, we achieved results in excess of the planned values. Mid-Term Management Plan on track to achieve adjusted consolidated profit target for FY2023
- Achieve medium- to long-term profit growth while responding to changing customer needs, and thoroughly improve capital efficiency through appropriate capital allocation
I. Group Strategy
Basic Strategy (1) Scale and Diversification -Group Management Targets-

- Steadily achieved KPIs and made a good start in FY2021, the first year of the Mid-Term Management Plan
- Aiming to achieve FY2023 plan and attractive return to shareholders while increasing the contribution from already profitable Overseas Businesses with improving margins

### Management numerical targets

<table>
<thead>
<tr>
<th></th>
<th>FY2020 Actual</th>
<th>FY2021 Actual</th>
<th>FY2022 Forecast</th>
<th>FY2023 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted consolidated profit</td>
<td>¥ 202.1 bn.</td>
<td>¥ 261.3 bn.</td>
<td>¥ 260.0 bn.</td>
<td>¥ 300 bn.+</td>
</tr>
<tr>
<td>Adjusted consolidated ROE</td>
<td>8.0%</td>
<td>9.4%</td>
<td>9.2%</td>
<td>10% or more</td>
</tr>
<tr>
<td>Diversification effect</td>
<td>39.4%</td>
<td>41.1%</td>
<td>42.2%</td>
<td>Improvement compared to FY 2020</td>
</tr>
<tr>
<td>Overseas business ratio</td>
<td>14.9%</td>
<td>23.7%</td>
<td>38.5%</td>
<td>30%+</td>
</tr>
</tbody>
</table>

### (Reference) Shareholder Returns

<table>
<thead>
<tr>
<th>Return to shareholders (Dividends + share buyback)</th>
<th>FY2020 Actual</th>
<th>FY2021 Actual</th>
<th>FY2022 Forecast</th>
<th>FY2023 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ 101.1 bn.</td>
<td></td>
<td>¥ 150.7 bn.</td>
<td></td>
<td>Refer to Shareholder Return Policy (See P19 )</td>
</tr>
<tr>
<td>Total payout ratio</td>
<td>50%</td>
<td>58%</td>
<td></td>
<td></td>
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</table>
I. Group Strategy

Basic Strategy (1) Scale and Diversification - Roadmap to Achieve Adjusted Consolidated Profit Objectives -

- Excluding one-time factors, adjusted consolidated profit for FY2021 is estimated to be around ¥220.0 billion, a steady improvement
- In addition to the Overseas Insurance & Reinsurance and Domestic P&C Insurance Business, the addition of three Key initiatives increases the probability of achieving the FY2023 adjusted consolidated profit target

### Adjusted consolidated profit (¥bn.)

<table>
<thead>
<tr>
<th>FY</th>
<th>Actual breakdown</th>
<th>2021 (Forecast)</th>
<th>2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic P&amp;C</td>
<td>Overseas</td>
<td>Domestic P&amp;C</td>
</tr>
<tr>
<td>2018</td>
<td>113.5</td>
<td>150.8</td>
<td>150.0+</td>
</tr>
<tr>
<td>2019</td>
<td>150.8</td>
<td>202.1</td>
<td>110.0+</td>
</tr>
<tr>
<td>2020</td>
<td>202.1</td>
<td>261.3</td>
<td>300.0 or more</td>
</tr>
<tr>
<td>2021</td>
<td>260.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Red text: Main factor of profit (After tax)**

- Positive covid-19 impact - 25.0
- Investment environment - 15.0
- Others (gain on sales of company's buildings, other) - 10.0
- Transient loss in Brazil + 10.0

#### 3 Key Initiatives

- **DX promotion** (See P11)
- **Growth investment** (See P18)
- **Conglomerate Premium Generation** (See P37)

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### Adjusted consolidated profit (¥bn.)

- **Domestic P&C**
  - Earning structure reform (See P23-25)
  - Top-line growth (See P27-29)
  - Others (gain on sales of company's buildings, other) - 10.0

- **Overseas**
  - Earning structure reform, etc. (See P23-25)
  - Top-line growth, etc. (See P27-29)

**Forecast breakdown**

- Domestic P&C: 120.0
- Overseas: 100.0
- Life Insurance: 35.0
- Nursing Care: 6.0
- Others: 1.0

**Plan breakdown**

- Domestic P&C: 150.0+
- Overseas: 110.0+
- Life Insurance: 40.0+
- Nursing Care: 8.0+
- Others: 2.0+
I. Group Strategy

Basic Strategy (1) Scale and Decentralization -Scale Expansion-

- Overseas insurance business has expanded significantly based on favorable pricing and disciplined underwriting. Sompo Group pursues further growth.

Trend of net premiums written* and life insurance premium

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Overseas Insurance Business</th>
<th>Domestic Life Insurance Business</th>
<th>Domestic P&amp;C Insurance Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.7</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>2019</td>
<td>2.8</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2020</td>
<td>3.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>3.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>3.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>3.5</td>
<td></td>
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*Net premiums written (excluding CALI, household earthquakes)

(Yen)
I. Group Strategy

Basic Strategy (1) Scale and Diversification - Diversification of Business Portfolio -

- Strict control of risk on a group basis, top-line growth in Overseas Business, and diversification of insurance lines (expansion of casualty and specialty lines) led to greater risk diversification than planned
- Portfolio of reduced volatility provides stable profit growth

Changes in adjusted consolidated profit, net premiums written and group risk amount*1

<table>
<thead>
<tr>
<th>(FY)</th>
<th>Adjusted consolidated profit (¥bn.)</th>
<th>Net premiums written (¥tn.)</th>
<th>Group Risk Amount (¥tn.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>113.5</td>
<td>2.7</td>
<td>1.3</td>
</tr>
<tr>
<td>2019</td>
<td>150.8</td>
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<td>1.2</td>
</tr>
<tr>
<td>2020</td>
<td>202.1</td>
<td>3.0</td>
<td>1.4</td>
</tr>
<tr>
<td>2021</td>
<td>261.3</td>
<td>3.3</td>
<td>1.4</td>
</tr>
</tbody>
</table>

(Reference) Changes in the composition ratio of net premiums written*2

**By region**
- FY2018: Overseas 22% Domestic 78%
- FY2021: Overseas 32% Domestic 68%

**By product**
- FY2018: Casualty & Specialty 76% Others 24%
- FY2021: Casualty & Specialty 67% Others 33%

*1 Risk amount measured with a holding period of one year and 99.5% VaR, after deducting diversification effect and tax effect

*2 Target: Sompo Japan (excluding CALI and household earthquakes) + SI

Dispersion Expand

Volatility mitigation
1. Group Strategy

**Basic Strategy (2) New Customer Value Creation - SOMPO Group DX × RDP Strategy -**

- We will thoroughly implement DX in the insurance and nursing care businesses, which are the pillars of the group, to enhance corporate value through differentiation.
- RDP must meet certain conditions: uniqueness, differentiation factors such as difficulty of imitation, and growing social needs for the creation of an ecosystem.
- Accelerate transformation into a platformer in the nursing care/healthcare domain, the first of the five domains we have focused on, that meet these conditions.

### Differentiation through DX of each business (See P11)

<table>
<thead>
<tr>
<th>Profit Increase</th>
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<tbody>
<tr>
<td>Optimize underwriting through analysis of accident and claims data</td>
</tr>
<tr>
<td>Improving the supply of nursing care services</td>
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</table>

<table>
<thead>
<tr>
<th>Improving operational efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving efficiency of business processes (insurance sales and claims, nursing care operations, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Best CX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating the new business models, including services that contribute to accident prevention and unwellness</td>
</tr>
<tr>
<td>Increasing the value of Insurhealth</td>
</tr>
</tbody>
</table>

### Transformation into Platformer (See P12-14)

- Develop and provide innovative SaaS solutions in the nursing care and healthcare fields to significantly improve the quality and productivity of nursing care providers.
- Launching the challenge of RDP's overseas expansion, including family caregiver support in the US
- Invest in resources (Palantir, AIST, etc.) and evolve into a provider of solutions to social issues as a platformer.

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**SOMPO Group DX × RDP Strategy**

**Focus on five RDP domain**

- Disaster prevention / mitigation
- Mobility
- Agriculture
- Healthy Aging
- Nursing care

**Add Value to existing businesses through DX**

**Realize SOMPO's unique RDP business in the nursing care/healthcare field, where social needs are high**
# Basic Strategy (2) New Customer Value Creation -SOMPO Group DX-

- Position DX as the center of a growth strategy for each business line and aim to increase profit

### What we aim to achieve with DX

<table>
<thead>
<tr>
<th>Business Line</th>
<th>What we aim to achieve with DX</th>
<th>Mid-term Goals</th>
<th>Bottom Impact (Before Tax)</th>
</tr>
</thead>
</table>
| Domestic P&C                  | ◆ Transforming organizations and business processes through digital initiatives (Defensive DX)  
◆ Creating a new digital business model to improve CX/UX (Offensive DX)                                                                                                                     | ➢ About 15 billion yen in UW L/R improvement and personnel cost reductions*1 by FY2023  
➢ Aim to achieve Combined Ratio 91%  
*1Difference between actual personnel expenses (planned) for FY21 and FY23                                                                                                           | ¥bn.  
(FY) 2021: 1.6  
2022: 6.2  
2023: 15.1  
|                                |                                                                                                                                                                                                                                    | Insurance UW Improvement | Operational Efficiency |
| Overseas                      | ◆ Differentiating us from our competitors with leapfrog technologies and services  
◆ Transforming/automating business process with digital  
◆ Powering the digital transformation of Loss Prevention  
◆ Empowering organizations to make quick and right decisions by integrating data                                                                                           | ➢ Generate $1 billion of Operating Profit across organization in FY2023                                                                                                                                         | ¥bn.  
(FY) 2021: 1.1  
2022: 1.9  
2023:          
|                                |                                                                                                                                                                                                                                    | Operational Efficiency | New Business Opportunities | Insurance UW Improvement |
| Domestic Life                 | ◆ Increasing “Himawari Fans” with increasing the value of Insurhealth (Insurance + Health)  
◆ Ultimate the efficiency and optimization of operations                                                                                                                 | ➢ Aim to increase the number of Himawari fans to 1 million and achieve operating profit of 40 billion yen or more in FY2023  
➢ Establish a virtuous cycle of Himawari fan expansion to double DX impact in FY2025                                                                               | ¥bn.  
(FY) 2021: 0.6  
2022: 1.7  
2023: 4.0  
|                                |                                                                                                                                                                                                                                    | New Business Opportunities | Operational Efficiency |
| Nursing Care & Senior         | ◆ Embodying a project to create future caregiving with high quality and productivity, leveraging digital data (e.g., the evolution of assisted living homes and home care models)                                                      | ➢ Completion of expansion to 270 care homes of the Future Care Project by FY2025  
➢ ¥4 billion in productivity improvement benefits*2 in FY2025  
*2 Assuming regulatory reforms related to staffing of assisted homes in FY2024 Long-Term Care Insurance Amendments.                                                                   | ¥bn.  
(FY) 2021:          
2022:          
2023: 0.9  
|                                |                                                                                                                                                                                                                                    | Operational Efficiency |
Basic Strategy (2) New Customer Value Creation -Business Model of Nursing Care RDP-

- Industry-leading SOMPO care operation capability, Palantir's big data analytical capacity for nursing care RDP and intellectual property strategy/standardization which collaborated with AIST resulted in a contribution to building a sustainable nursing care model.
- Initial target is about 7,000 companies (about 14,000 facilities). Quantitative aspects such as expected price and sales plan will be disclosed in the next IR meeting in November 2022.
- Support for DX at nursing care facilities through detailed arrangements tailored to the needs of nursing care facilities from a wide range of service lineup.

### Customer

- Digitize about 70% of non-digitized nursing care facility
- Support the data utilization at about 30% of digitized nursing care facility
- Assist the establishment and expertise of new business by providing real services

### Solutions

- Acquire the data by digitalization
- Improve the productivity and quality by utilizing data
- Fix and advance the operation

### Service by SOMPO group

#### Supporting digitalization

- Infrastructure development
- Various sensors/Nursing care technology
- Assessment system

#### Nursing care RDP

- Apps development with Palantir
  - Care Management
  - Health Management
  - Prediction
  - Nutrition Management
  - Quality Management

- Development will be added at any time depending on market needs

#### Business process support services

- Linked service with nursing care RDP
  - Consulting (Business improvement·Work style reform)
  - Real service support for QOL improvement (For nursing care service workers)
  - Proposal of menu and provision of meal

#### Co-creation and implementation with AIST

- Automatic recording device for nursing care history
- Standardize quality evaluation

### Expected price · Sales plan

- Scheduled to be disclosed in IR Meeting in November 2022
Basic Strategy (2) New Customer Value Creation -Status of Care RDP/Product Development-

- Started to improve UI/UX and generalize the product with partner companies, and plan to sell the first product in FY2022, which is designed to solve issues at nursing care facilities
- Develop the "Predictive Care" application, a model for predicting future deterioration of physical condition, and plan to sell additional products in FY2023
- We are also looking at solutions for caregivers (including family caregivers) by leveraging our knowledge and experience with nursing care facility operators and users

Visible Nursing care

Systematization of expertise (know-how)

Collaboration with partner companies from June 2022 for product generalization.
Full-scale sales start within the year at SOMPO Care.

Predictable Nursing care

Currently operating at two of our own facilities.
Scheduled to be sold by FY2023.

Visualization

Reduce variation in quality and productivity

Data integration for "visualization"

Health Management
(e.g., coordinate with physician for medication)

Care Management
(e.g., level of care required, care plan review)

Independence Support
(e.g., prediction of future health deterioration, suggestions for effective interventions)
Basic Strategy (2) New Customer Value Creation - Nursing Care RDP Initiatives and Future Prospects -

- Begin market-specific initiatives to expand business, not only by providing solutions to nursing care facility operators, but also by evolving into a business model through the realization of a sustainable nursing care insurance system in cooperation with the national and local governments, collaborating with peripheral businesses, and, in the future, expanding overseas.

Nursing care RDP business expansion image

Market

Expand from nursing homes to domestic and international business

Target

- Overseas expansion of SaaS solutions and other services
- Family caregiver support in North America
- Expansion utilizing network of partners such as Palantir

- Consider collaboration with nursing care service providers (ex: welfare equipment) to improve added value by utilizing data

- Advocate and implement a pay-for-performance model in collaboration with local governments

- Collaboration with local governments to develop a three-pronged home care model that leverages nursing, medical, and administrative data.

- A home care model that utilizes caregiving, medical care, and administrative data in collaboration with local governments

- Provide SaaS solutions to external parties
- Product evolution (Predictable Nursing care)
- Combination with business process support services and digitalization support
- Participate in national demonstration project to show a model of compatibility between productivity and quality
- SaaS development linked to LIFE (scientific caregiving) promoted by the government

From FY2023 onwards

Measures to be developed and initiated in FY2022

Time

Measures to be developed and initiated in FY2022

Expand from nursing homes to domestic and international business
While utilizing DX, new work style is progressing very smoothly. Employee engagement is improving and benefiting corporate performance.

**Overview of New Work Style**

- SOMPO’s Purpose
  - Achieve the Goal of New Work Style
  - Realize a Talent Group that shares three Human Resources Core Values
  - Each of us feels a sense of fulfillment and happiness
  - Achieve the highest Productivity
  - Mission-Driven
  - Professionalism
  - Diversity & Inclusion

- Pursue MY Purpose

**Main Initiatives**

1. Town Hall Meetings with Group CEO
2. MY Purpose 1 on 1 Training
3. Job-based personnel system
4. Development of digital talent
5. Each entity’s initiatives such as inhouse university

**Achievements**

- **Cost reduction based on new work style**
  - FY2020/2021 Group Total
  - Cost reduction effect: -¥6 bn./year

- **Efforts to re-stack bases (FY2023 and FY2024 effects)**
  - Effects of office space reduction and relocation
  - Cost reduction effect: -¥2 bn./year

- **Employee engagement**
  - *2 Gallup Engagement Survey
  - FY2021: Domestic - 4.02, Overseas - 3.46
Aiming for Sustainable Growth

- Contributing to the realization of a sustainable society by solving social issues and pursuing SOMPO’s sustainable growth

Main Initiatives

- SOMPO initiatives based on Climate Action
  - "Adaptation" to climate change
  - "Mitigation" of climate change

- Contributing to Social Transformation
  - Providing Value through Insurance and Nursing Care Care Businesses etc.
  - Development of RDP toward solution of social issues
  - Purpose penetration starting from MY Purpose and realization of Sompo’s targeted talent group

- Establishment and implementation of a succession plan
- Increasing the diversity of Outside Directors, Executive Officers, Executive Officer portfolio
- Review of revision of executive compensation system

Purpose Realization

- Strengthening Efforts on Climate Change Details P43-45
  - Setting new GHG reduction targets
    - **Scope 3 Category 15 (Investments)**
      - 25% reduction by 2025*
  - Strengthening underwriting restrictions on coal, oil and gas project insurance
  - Participation in international initiatives, etc.

*Target for March 2025, compared to fiscal 2019. Based on total GHG emissions from stocks and corporate bonds.

- Efforts to Increase Unrealized Financial Value
  - Reinforcing Efforts to Increase Unrealized Financial Value Driven by MY Purpose to realize sustainable growth and SOMPO’s Purpose

Our company’s Sustainability: [Click](#)
ERM and Capital Policy -Risk Mitigation and Capital Cycle-

- Risk reduction (reduction of cross-shareholdings and reduction of domestic interest rate risk) has been steady
- Further allocate resources to areas where growth is expected and capital efficiency is high to improve capital efficiency and achieve sustainable growth

**Reduction of cross-shareholdings**

<table>
<thead>
<tr>
<th>FY 2021 Actual</th>
<th>Planned Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ 50.1 bn.</td>
<td>¥ 50.0 bn. / year</td>
</tr>
</tbody>
</table>

Achievement of the plan

Risk amount – ¥ 22.2 bn. (-3.3% YoY)

*1 market value basis

**Reduction of domestic interest rate risk**

- Amount of super long-term bonds*2 purchased by Himawari Life

<table>
<thead>
<tr>
<th>FY 2021 Actual</th>
<th>Planned Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ 329.4 bn.</td>
<td>¥ 300.0 bn./year</td>
</tr>
</tbody>
</table>

Against the plan +9.8%

Risk amount – ¥ 41.5 bn (-7.9% YoY)

*2 Conversion to 30 year bonds
ERM and Capital Policy -Growth Investment-

- Maintaining a strong appetite for growth investment toward the transformation of SOMPO Group
- Continuously pursue optimal portfolio construction with discipline and awareness of the capital cycle

### Growth investment (in-organic M&A) stance

Focus on discipline while investing for future growth

- Large M&A deals
- Bolt-on M&A
- Others
- Nursing care RDP-related
- Digital Business-related

### Current use of growth investment limits

**Capital used**: ¥75.0bn.  
**Allocated capital**: ¥600.0 bn.

< Major M&A deals in FY2021 >
- Overseas Insurance business: Cover Genius, ARA Nursing Care business: Nexus Care

(Ref.) Digital Investment*2 (ex. Palantir)  
Total Investment approx. ¥43bn. Current equity value approx. ¥73bn.

### Continuously seeking to build an optimal portfolio for sustainable growth

#### Acquisition example

**Endurance**

Realize ROE above capital cost

Consolidation start on FY2017  
(FY) 2017 2018 2019 2020 2021 (Forecast) 2022 2023 (Plan)  
11.4% 7.9% 13.5%

#### Sale example

**Consumer business in Brazil**

Disclosed May 24th 2022

**Focus and Concentration**

**Commercial**

- Middle/Large Corporate
- Marine 1st position*3
- Focus on specialty with Sompo International

**Consumer**

- Individual, SME
- Motor, Fire, Accident Insurance, etc
  (Health Insurance was sold separately to another)

*1 Include investments in digital-related VC funds  
*2 For direct investments, estimate the equity value based on the valuation at the time of the most recent capital increase. For VC investments, estimate the total amount of recovery and residual market value.  
*3 Market share based on GWP as of End of Dec.2021
ERM and Capital Policy -Shareholder Return-

- Declared a record-high shareholder return of ¥150.7 bn. [dividend increase for 9 consecutive years including FY2022 dividend forecast], including the additional return of ¥20.0 bn. disclosed in the interim period (share buyback)

Estimate based on the assumption that the share price at the end of FY2021 is 5,381 yen and that the pace of dividend increases is maintained at +50 yen

I. Group Strategy

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<tbody>
<tr>
<td>Total Payout (¥bn.)</td>
<td>34.7</td>
<td>45.6</td>
<td>65.8</td>
<td>91.5</td>
<td>81.3</td>
<td>81.9</td>
<td>90.0</td>
<td>101.1</td>
<td>150.7</td>
<td>72.7</td>
<td>100%</td>
</tr>
<tr>
<td>Additional return</td>
<td>¥10.0</td>
<td>¥17.0</td>
<td>¥33.5</td>
<td>¥56.1</td>
<td>¥39.1</td>
<td>¥33.5</td>
<td>¥35.3</td>
<td>¥40.4</td>
<td>¥58.0</td>
<td>¥72.7</td>
<td>¥60%</td>
</tr>
<tr>
<td>Share buyback</td>
<td>¥24.7</td>
<td>¥28.6</td>
<td>¥32.3</td>
<td>¥35.4</td>
<td>¥42.2</td>
<td>¥48.4</td>
<td>¥54.7</td>
<td>¥60.7</td>
<td></td>
<td></td>
<td>¥30%</td>
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<tr>
<td>Dividend</td>
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<td></td>
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<td>58%</td>
</tr>
</tbody>
</table>

DPS

- ¥60
- ¥70
- ¥80
- ¥90
- ¥110
- ¥130
- ¥150
- ¥170
- ¥210
- ¥260 (Forecast)

Total payout ratio

- 220%
- 50%
- 50%
- 50%
- 50%
- 72%
- 60%
- 50%
- 58%

< No change > Current medium-term management plan return policy

= Basic return 50% (dividend + share buyback) + Supplemental return
Through the steady implementation of the Mid-Term Management Plan, we will continue to increase profitability while improving capital efficiency, and continue to achieve sustained growth in EPS.

**EPS Trend (Adjusted EPS *)**

*The numerator is adjusted consolidated profit (figures before FY 2015 are estimates based on the adjusted profit definition for FY 2016).
Ⅱ. Business Strategy
II. Business Strategy

Domestic P&C Insurance Business (1) –Progress of Each KPI-

- Steady expansion in both fire & allied and casualty & specialty insurance accelerates further growth
- The Earnings Structure Reform has been effective and visible, and the business is on track to achieve an adjusted profit of ¥150 bn. or more in FY2023.

<table>
<thead>
<tr>
<th>Adjusted profit (¥bn.)</th>
<th>CAGR + 5.1% or more due to transitory factor of prolonged COVID19 positive effects, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(<strong>FY</strong> 2020) 130.1</td>
<td>(<strong>FY</strong> 2021) 157.4</td>
</tr>
<tr>
<td>(<strong>Plan as of May 2021</strong>) 120.0</td>
<td>(<strong>Forecast</strong> 2023) 150.0+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net premiums written* (¥bn.)</th>
<th>CAGR + 1.7% or more Pricing optimization of fire &amp; allied insurance and positive sales expansion of casualty &amp; specialty Insurance, mainly &quot;Business Masters Plus&quot; contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(<strong>FY</strong> 2020) 1,903.4</td>
<td>(<strong>FY</strong> 2021) 1,941.7</td>
</tr>
<tr>
<td>(<strong>Forecast</strong> 2022) 1,987.6</td>
<td>(<strong>Plan as of May 2021</strong>) 2,000+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E/I Combined Ratio* (%)</th>
<th>94.3</th>
<th>93.5</th>
<th>93.7</th>
<th>91.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>(<strong>FY</strong> 2020) 94.3</td>
<td>(<strong>FY</strong> 2021) 93.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(<strong>Forecast</strong> 2022) 93.7</td>
<td>(<strong>Plan as of May 2021</strong>) 91.7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Sompo Japan Insurance Inc. (excluding CALI and household earthquakes)
Domestic P&C Insurance Business (2) - Earnings Structure Reform (Pricing Optimization) -

- The pricing optimization has been steadily realized and the contributing amount is revised upward in FY2022 due to the rate increase to further improve the profitability of fire & allied insurance.
- Further contribution is expected in FY2023

Earnings Structure Reform Effect (Results of FY 2020 Post-Tax Estimates)

<table>
<thead>
<tr>
<th>Earnings structure reform effects (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity improvement and others</td>
</tr>
<tr>
<td>Underlighting</td>
</tr>
<tr>
<td>Pricing optimization</td>
</tr>
</tbody>
</table>

(vs original plan  + ¥10.5 bn)

<table>
<thead>
<tr>
<th>FY 2021</th>
<th>FY 2022 (Plan as of May 2021)</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.0</td>
<td>43.5</td>
<td>54.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Major Initiatives and Benefits (Pricing Optimization)

- **Major Initiatives**
  - Tariff rate increase of fire insurance based on age of building (implemented in January 2021)
  - Tariff rate increase of fire insurance due to revision of Reference Agency Rate (from FY 2022 onward)

< Effect (Pricing optimization) >

<table>
<thead>
<tr>
<th>(¥bn.)</th>
<th>FY 2021</th>
<th>FY 2022 (Plan as of May 2021)</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18.4</td>
<td>27.3</td>
<td>31.5</td>
</tr>
</tbody>
</table>

< Fire & allied insurance* E/I loss ratio and net premiums written >

- E/I loss ratio improved due to expansion of top line through rate-up, etc.

<table>
<thead>
<tr>
<th>vs FY2020 -20.0 pt or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>88.4%</td>
</tr>
<tr>
<td>73.9%</td>
</tr>
<tr>
<td>68.2%</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022 (Forecast)</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>306.1</td>
<td>327.4</td>
<td>352.1</td>
</tr>
</tbody>
</table>

*excluding household earthquakes

II. Business Strategy
Domestic P&C Insurance Business (3) - Earnings Structure Reform (Underwriting) -

- Contribution from Enhancement of underwriting by utilizing technology, etc., outperformed the planned level in FY2022
- Aim to increase effectiveness by implementing measures at customer relationship divisions

**Earnings Structure Reform Benefits** (Results of FY 2020 Post-Tax Estimates)

<table>
<thead>
<tr>
<th>Earnings structure reform effects (total)</th>
<th>Major Initiatives and Effects (Underwriting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity improvement and others</td>
<td>■ Main Initiatives</td>
</tr>
<tr>
<td>Underlighting</td>
<td>- Expand “result underwriting” which utilizes Palantir to high loss ratio casualty &amp; specialty insurance policies of small &amp; medium sized policies in FY2022</td>
</tr>
<tr>
<td>Pricing optimization</td>
<td>- Aim to strengthen initiatives by developing an AI underwriting platform at marketing divisions</td>
</tr>
</tbody>
</table>

**< Amount of effect (underwriting) >**

(Ybn.)

<table>
<thead>
<tr>
<th>FY 2021</th>
<th>FY 2022 (Plan as of May 2021)</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.0</td>
<td>43.5</td>
<td>54.0</td>
</tr>
<tr>
<td>11.8</td>
<td>13.2</td>
<td>15.7</td>
</tr>
</tbody>
</table>

**< Deployment of platform to marketing divisions >**

(Ybn.)

<table>
<thead>
<tr>
<th>FY 2021 (Plan as of May 2021)</th>
<th>FY 2022 (Forecast)</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.4</td>
<td>+ 2.5 billion yen</td>
<td>+ ¥101.5 bn.</td>
</tr>
</tbody>
</table>

Integration of Marketing and U/W functions

Marketing Person (Front U/Wer) with high-skilled U/W

With speedy and optimal proposals
Aim to further improve profitability
Domestic P&C Insurance Business(4) -Earnings Structure Reform (Productivity Improvement, Others)-

- Promote initiatives to optimize personnel by improving productivity through the use of digital technology
- Outcome of personnel optimization will be further visible in the final year of the mid-term plan

Earnings Structure Reform Benefits (Results of FY 2020 Post-Tax Estimates)

<table>
<thead>
<tr>
<th>Earnings structure reform effects (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity improvement and others</td>
</tr>
<tr>
<td>Underlighting</td>
</tr>
<tr>
<td>Pricing optimization</td>
</tr>
</tbody>
</table>

(FY 2021: 31.0, FY 2022: 43.5, FY 2023: 54.0)

Major Initiatives and Benefits (Productivity Improvement, Others)

- **Main Initiatives**
  - Reforming business processes and reducing back-office operations through the use of digital technologies
  - Workforce Optimization through Productivity Enhancements
    - The end of FY 2023 approximately ~2,600 persons (realized by natural attrition compared to the end of FY 2020)

- **AI Utilization in Response to Accidents**
  - Calculating repair cost automatically and checking repair quotes at claim handling and improve productivity
  - Scheduled for release in November 2022

- **Defensive DX**
  - Accident Report
  - Initial Response
  - Damage Investigation
  - Payment
  - Through AI-driven business process reform
    - Aim to improve productivity

- **AI Estimating (Automatic Estimates)**
  - Through a web application
    - The AI automatically calculates the repair cost from the image of the damaged part.

- **AI Review (Estimate Check)**
  - AI makes primary validation of repairs and repair estimates. Streamline the process of checking, reviewing, and verifying claims
II. Business Strategy

Overseas Insurance Business (1) - Progress of Each KPI -

- Well Positioned to Achieve Our Adjusted Profit Targets Established in the Mid Term Plan Based on Continued Profitable Growth and Improving Underwriting Margins

**Overseas Adjusted Profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>SI Commercial P&amp;C</th>
<th>Consumer Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>30.0</td>
<td>18.8</td>
</tr>
<tr>
<td>2021</td>
<td>61.8</td>
<td>64.6</td>
</tr>
<tr>
<td>2022</td>
<td>93.5</td>
<td></td>
</tr>
<tr>
<td>2023P (Forecast)</td>
<td>110.0+</td>
<td></td>
</tr>
</tbody>
</table>

CAGR +54.2%

Already above FY2023 plan disclosed on May 2021

**Gross Premiums Written**

<table>
<thead>
<tr>
<th>Year</th>
<th>SI Commercial P&amp;C</th>
<th>Consumer Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>9,354</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>12,272</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>12,861</td>
<td></td>
</tr>
<tr>
<td>2023P (Forecast)</td>
<td>Disclosed 12,000 on May 2021</td>
<td></td>
</tr>
</tbody>
</table>

**Combined Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>SI Commercial</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>97.8</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>93.9</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>90.7</td>
<td></td>
</tr>
</tbody>
</table>

88% level

*1 SI Commercial P&C
Overseas Insurance Business (2) - Net premiums written benefitting from improved pricing -

- Significant growth in net written premiums supported by organic growth, improved market pricing, bolt on acquisitions and a higher retention of premiums

### Overseas Commercial P&C Insurance Pricing and Retention*1

<table>
<thead>
<tr>
<th>Price Increases</th>
<th>Retention Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Insurance Pricing and Assumed Price Increases (Current)</td>
<td>0%</td>
</tr>
<tr>
<td>Price Increases Included in the Mid-Term Plan (Original)</td>
<td>10%</td>
</tr>
<tr>
<td>Retention Rates (NPW/GPW)</td>
<td>20%</td>
</tr>
</tbody>
</table>

* Excludes AgriSompo Insurance’s pricing and retention

### Overseas Commercial P&C Net Premiums Written

- CAGR + 25.9%
- Above FY2023 plan disclosed on May 2021

Disclosed Approx. 8,100 on May 2021

<table>
<thead>
<tr>
<th>($ million)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,684</td>
<td>3,319</td>
<td>3,921</td>
<td>5,882</td>
<td>7,564</td>
<td>Disclosed Approx. 8,100 on May 2021</td>
<td>8,484</td>
</tr>
</tbody>
</table>

II. Business Strategy

- Disclosed Approx. 8,100 on May 2021 (Forecast)
II. Business Strategy

(Reference) Overseas Commercial P&C Achieving Significant Growth And Product Diversification

- Increasing scale and build a stable portfolio with reduced volatility from natural disasters

*Exclude Sompo America etc.
Improved Pricing Has Led to Loss Ratio Improvements (Overseas Commercial P&C)

Growth in earned premiums and improved market pricing has generated improved margins.
Significant strategic and financial progress was made in the first year of the medium-term plan.

Overall environmental factors remain supportive for our successfully achieving the medium-term plan targets.

### FY2021 Result
- Exceeded Adjusted profit plan in FY2021.

### Addressing Market Risks
- Underwriting approach tailored to address inflation and loss trend changes.
  - Products can be re-priced annually.
  - Lower impact on casualty and professional lines.
  - Current pricing exceeds inflation trends.
  - Cautious approach to property catastrophe exposures.

### Re-alignment of Operations
- Aligning commercial lines activities in Consumer business entities with Commercial P&C to leverage global brand/licenses and local infrastructure with Global Underwriting skillset.
- Southeast Asia (commercial and consumer) expansion is a key priority.

### FY2023 Mid-Term Management Plan Targets

### Favorable Market Conditions Expected
- Pricing expected to remain ahead of loss trend.
- Expect to leverage Sompo platform, underwriting skills, and global presence to achieve profit growth.

### Interest Rate Environment
- Interest rates rising faster than originally planned.
- Improving yields will positively impact 2023 results.

### FY2021 Result
- Leveraging technology to support profitable growth in Southeast Asia.
- Addressing local market challenges in Brazil and Turkey to reduce volatility and improve profitability.
Domestic Life Insurance Business (1) - Progress of Each KPI -

- Centered on Insurhealth®*1, adjusted profit is expected to grow as planned driven by expansion of sales scale and number of customers (Number of Contracts in Force)

Adjustied profit

<table>
<thead>
<tr>
<th>(¥bn.)</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
<th>2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>32.5**2</td>
<td>33.6</td>
<td>35.0</td>
<td>40.0+</td>
<td></td>
</tr>
</tbody>
</table>

CAGR+7.2%

Annualized premiums of new policies (sales performance basis)

<table>
<thead>
<tr>
<th>(¥bn.)</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
<th>2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.8</td>
<td>35.6</td>
<td>46.0</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

CAGR+18.7%

Number of policies in force

<table>
<thead>
<tr>
<th>(10,000)</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
<th>2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>426</td>
<td>445</td>
<td>472</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

CAGR+5.4%

*1 New value combining the insurance function (insurance) with the health support function (healthcare)
*2 Recalculate FY2020 adjusted profit at Current Definition
*3 Plan of Insurhealth contribution is as of May 2022
II. Business Strategy

Domestic Life Insurance Business (2) -Growth Model Using Insurhealth ® as Leverage-

- Increase profitability and IRR by expanding the number of new Insurhealth® contracts, which focus on protection type products, and by accumulating existing contracts
- Taking full advantage of the actual data on customers staying healthy with the “Health Support CX”*1, we will leverage DX to increase value and accelerate scale expansion.

Profitability management by new contract margin and new contract ROR

- Overall new contract portfolio in FY2021
  - New contract IRR:
    - Insurhealth Products: 13.2% (adjusted profit)
    - Medical: 7.1% (J-GAAP)
- FY 2022 Forecast
  - New contract IRR:
    - Insurhealth Products: 19.3% (adjusted profit)
    - Medical: 9.0% (J-GAAP)

Track record of Insurhealth

- Cancer insurance: Strong sales in “total support”
  - More than 130,000 sales in six months after launch

Income Protection Insurance:
- Experience of customers’ health through digital marketing
  - Accumulate results and use them to improve products and services through data integration and analysis
- Adopting Industry’s first “Health ★ Challenge!” incentive*2
- Approx. 6,200*3 customers got healthy through successful challenges

*1 Communication activities to improve the health of customers through providing value through Insurhealth
*2 An incentive that provides cash back and insurance premium discounts based on improvements in BMI, blood pressure and success in quitting smoking two years after enrollment
*3 Results from May 2020 to April 2022
Domestic Life Insurance Business (3) -Prospects for achieving FY 2023 target-

- Insurhealth®, protection type products, is a growth driver with high new contract margins
- Aim to achieve the FY2023 adjusted profit plan by steadily increasing the number of Insurhealth® policies in force, including new cancer insurance with strong sales

### Annualized Insurhealth premiums in force

(¥bn.)

<table>
<thead>
<tr>
<th></th>
<th>End of FY 2020</th>
<th>End of FY 2021</th>
<th>End of FY 2022 (Forecast)</th>
<th>End of FY 2023 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In force</td>
<td>55.2</td>
<td>84.0</td>
<td>118.5</td>
<td></td>
</tr>
<tr>
<td>New contract by increment</td>
<td>+17.4</td>
<td>+32.5</td>
<td>+40.0</td>
<td></td>
</tr>
<tr>
<td>(With the introduction of cancer insurance)</td>
<td>+24.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+63.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted profit

(¥bn.)

- FY2021 (Actual): 33.6
- Expanding policies in force: +7.2
- Expense: -1.0
- FY2023 (Plan): 40.0+
Nursing Care & Seniors Business (1) - Progress of each KPI -

- Launched a new building in April FY2022 for the first time since entering the nursing care business. The number of facilities and home-based service are projected to expand in FY2022 and FY2023.
- Also challenge to improve productivity and quality by exercising DX toward FY2023 and aim to achieve our initial plan.

### Adjusted profit

<table>
<thead>
<tr>
<th>(¥bn.)</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.3</td>
<td>5.9</td>
<td>6.0</td>
<td>8.0+</td>
</tr>
</tbody>
</table>

### Sales

<table>
<thead>
<tr>
<th>(¥bn.)</th>
<th>Occupancy rate</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023 (Plan as of May 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>131.8</td>
<td>136.1</td>
<td>151.1</td>
<td>162.0</td>
</tr>
<tr>
<td></td>
<td>89.4%</td>
<td>91.1%</td>
<td>92.9%</td>
<td>93.8%</td>
<td></td>
</tr>
</tbody>
</table>

### (Reference) Number of newly opened facilities and service office

- Residential service office
- Home-based service facility

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022 (Forecast)</th>
<th>FY 2023 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>5</td>
<td>12</td>
<td>42</td>
<td>57</td>
</tr>
<tr>
<td>Home-based</td>
<td>5</td>
<td>12</td>
<td>42</td>
<td>57</td>
</tr>
</tbody>
</table>

In addition to the construction of a new facility, we will also utilize M&A to continuously expand the number of users.
(We purchased “Nexus Care” which became a subsidiary in April 2022)
• 3 basic strategies progress steadily in spite of the COVID-19 pandemic, aiming for further early development toward FY2023, the final year of the Medium-Term Management Plan

- Support as nursing care provider
  - The nursing care model of the future has already been applied at 25 facilities of the company. Plans to expand to 41 sites in FY2022
  - Start the business from April 2020
    - Profit contribution from the first year
    - The number of clients increased to more than 600
  - Aim to design consulting services to start external sales of Nursing care RDP and build sales structure

- Support by ecosystem
  - Smart Community Business
    - Expand the number of regions and core users by further rolling out trial models that have already been implemented by FY 2021
  - Measures against dementia
    - Sompo Smile Aging Program to be offered at 130 facilities in FY 2022

- Solution Business
  - Productivity improvement with quality
    - End of FY 2021
    - End of FY 2022 (Plan)
    - End of FY 2023 (Plan)
      - No. of clients
        - End of FY 2021: 669
        - End of FY 2022 (Plan): 750
        - End of FY 2023 (Plan): 1,000
      - Sales (Ybn.)
        - End of FY 2021: 1.7
        - End of FY 2022 (Plan): 2.5
        - End of FY 2023 (Plan): 3.4
  - Quality improvement of care management
  - Scientific nursing care utilizing data

< Future Nursing Care Creation Project >

① Quality improvement of service and facility management
② Quality improvement of care management
③ Scientific nursing care utilizing data
Toward Achieving FY2023 Plan (Summary)

- Our initiatives to achieve sustainable growth in each business has been on track
- Achievability of FY2023 business plan has been reinforced by the Group’s three priority initiatives.

**Domestic P&C Insurance business**
- Complete Earnings Structure Reform
- With aggressive DX (business creation)
  Through defensive DX (business innovation),
  Achieve sustainable growth

**Domestic Life Insurance business**
- The strong performance of new cancer insurance and other products.
  Expanding the number of customers driven by Insurhealth products that support customer’s health
- Scale profit by Insurhealth’s high profitability and productivity increases

**Oversea Insurance Business**
- Continue to expand “scale and diversification” with disciplined underwriting
- Recruiting talented underwriters and search for M&A opportunities in the specialty area

**Nursing Care & Seniors Business**
- Aggressive expansion of M&As and new openings
- Expand businesses related to Nursing care RDP, such as solutions business

**Three Priority Initiatives**
- DX Initiatives
- Growth investment
- Conglomerate premium generation

See next page
Generation of conglomerate premium

- The Group initiates a project to intensively pursue the Group’s best leveraging the holding company’s centripetal force
- As first step, deliverables are sought in the areas of reinsurance, investment, and multi-national business to enforce the achievability of the FY 2023 business target

Project Overview

The Steering Committee headed by Group COO and three working groups thereunder thoroughly pursue the Group’s best

- **Retention and Cession**
  - Optimization of holdings on a group basis
  - Review of reinsurance cover

- **Investment**
  - Further risk-taking
  - Utilization of group surplus capital

- **Multi-National Business**
  - Establishment of a multi-national platform
  - Joint use of systems and digital technologies and expansion of cross-selling
### Reference

<table>
<thead>
<tr>
<th>Title</th>
<th>page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSR</td>
<td>39</td>
</tr>
<tr>
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<td>40</td>
</tr>
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<td>46</td>
</tr>
</tbody>
</table>
Total Shareholder Returns (March 31, 2014 to March 31, 2022)

SOMPO  TOPIX  Tokyo Stock Price Index (Insurance)  Index with March 31, 2014 as 100

- +65.8%
• Stable portfolio has been developed mainly consisting of bonds, with liability, liquidity, credit and other risk factors focused.
• Flexibly review and adjust hedging strategies and asset allocation in light of interest rate and foreign exchange trends

### Amount of investment assets (as of the end of March 2022, group consolidated basis)

#### Investment assets by company

<table>
<thead>
<tr>
<th></th>
<th>Amount of investment assets</th>
<th>Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sompo Japan</td>
<td>5,552.8</td>
<td>47%</td>
</tr>
<tr>
<td>Overseas subsidiaries</td>
<td>1,995.4</td>
<td>17%</td>
</tr>
<tr>
<td>Himawari Life (General account)</td>
<td>3,800.8</td>
<td>32%</td>
</tr>
<tr>
<td>Saison Automobile &amp; Fire</td>
<td>67.7</td>
<td>1%</td>
</tr>
<tr>
<td>Other domestic subsidiaries</td>
<td>338.7</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,755.6</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.
Asset Portfolio - Strategic Holding Stocks Reduction Initiatives -

Change in strategic-holding stocks book value of Sompo Japan

(¥bn.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>846.0</td>
<td>625.5</td>
<td>555.2</td>
<td>519.6</td>
<td>459.7</td>
<td>421.1</td>
<td>397.6</td>
<td>386.1</td>
</tr>
</tbody>
</table>

-54.4%

Strategic-holding stocks Reduction Plan and Results *1

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016 to FY 2020</th>
<th>FY 2021 to FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction result in Previous Medium-Term Management Plan Period</td>
<td>¥542.7 bn.</td>
<td>¥150.0 bn.</td>
</tr>
<tr>
<td>Reduction plan in Current Medium-Term Management Plan Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2021 Reduction Results</td>
<td>¥50.1 bn.</td>
<td></td>
</tr>
</tbody>
</table>

(Reference)
Five-year average ROR from the companies stocks we hold *2 10.0%

*1 market value basis  *2 FY 2016 – FY 2020
**ESR trend and target range**

- **In case of above target**
  - Increase shareholder return
  - Additional growth investment

- **In case of below target**
  - Risk reduction measure
  - Recapitalization through hybrid Bonds, etc.
  - Increase internal reserve

**ESR target range for the Mid-Term Management Plan**

- **270%**
  - 238%
  - 245%
  - 252%
  - 252%
  - 246%

**Sensitivity analysis of ESR (99.5% VaR)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>200% level</th>
<th>246%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Stock price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% up</td>
<td></td>
<td>+1pt</td>
</tr>
<tr>
<td>30% down</td>
<td></td>
<td>-3pt</td>
</tr>
<tr>
<td>Domestic interest rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50bp up</td>
<td></td>
<td>+9pt</td>
</tr>
<tr>
<td>50bp down</td>
<td></td>
<td>-13pt</td>
</tr>
<tr>
<td>US interest rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50bp up</td>
<td></td>
<td>-2pt</td>
</tr>
<tr>
<td>50bp down</td>
<td></td>
<td>+2pt</td>
</tr>
<tr>
<td>Exchange rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% JPY depreciation</td>
<td></td>
<td>+1pt</td>
</tr>
<tr>
<td>10% JPY appreciation</td>
<td></td>
<td>-1pt</td>
</tr>
</tbody>
</table>

**(Reference) Market indicators**

<table>
<thead>
<tr>
<th>Market Indicator</th>
<th>End of Mar. 2022</th>
<th>Variance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic stock price (Nikkei 225)</td>
<td>¥27,821</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Domestic interest rate (30y JGB)</td>
<td>0.94%</td>
<td>+27bp</td>
</tr>
<tr>
<td>US interest rate (10y Treasury)</td>
<td>2.34%</td>
<td>+60bp</td>
</tr>
<tr>
<td>Exchange rate (JPY/USD)</td>
<td>¥122.39</td>
<td>+10.6%</td>
</tr>
</tbody>
</table>

*Against end of Mar. 2021
**SOMPO Climate Action -Underwriting-**

- Insurance for virtual power plants (VPP)
- Comprehensive insurance for tidal power generation
- Insurance for onshore/offshore wind power generation
- Solar panel reuse and recycle service

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**Contribution to transformation of society**

**Promotion of decarbonization through UW**

- Supporting renewable energy
- Participation in international initiatives

**Strengthen underwriting policies of high emitting sectors**

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**SOMPO Group** will not underwrite any new insurance policy and stop investments and financing for new and existing coal-fired power plants and coal mine. ¹

In addition, SOMPO will also stop underwriting new policy or investment for tar sands and energy exploration projects in Arctic National Wildlife Refuge (ANWR).

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¹ However, if the integrated greenhouse gas reduction efforts are expected to align with the Paris Agreement, we may consider to insure or invest in projects with innovative technologies and techniques such as carbon dioxide capture, utilization and storage technology (CCS, CCUS), and ammonia co-firing, with a careful thought.
ESG questionnaires are conducted annually for approximately 1,700 investees of corporate equity, including unlisted companies, to promote decarbonization.

Provide climate risk analysis services in collaboration with NIED*1 to support TCFD disclosure.

Strengthen dialogue with around top 20 GHG emitters in investment portfolio by 2025.

Strengthen engagement with clients.

Participation in international initiatives.

Reduction of GHG emissions of assets.

Reduction of Sompo Group GHG emissions.

Scope 1-3 (Excluding Category 15)
60% reduction by 2030*2

In addition

Scope 3 Category 15 (Investments)
25% reduction by 2025*3

First P&C insurer in Japan to join NZAOA.
SOMPO Asset Management joins NZAM.

*1 National Research Institute for Earth Science and Disaster Prevention; *2 Relative to FY 2017; *3 Target for March 2025, compared to fiscal 2019.
## SOMPO Climate Action - Achievements -

<table>
<thead>
<tr>
<th>Insurance Products</th>
<th>Other Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Expansion of AgriSompo (2nd in North America Agricultural insurance market share)</td>
<td></td>
</tr>
<tr>
<td>✓ Weather Index Insurance (Thailand)</td>
<td></td>
</tr>
<tr>
<td>✓ “ONE SOMPO WIND SERVICE” for offshore wind power operators</td>
<td></td>
</tr>
<tr>
<td>✓ Tidal power generation</td>
<td></td>
</tr>
<tr>
<td>✓ Virtual power plants (VPP)</td>
<td></td>
</tr>
<tr>
<td>✓ Municipal renewable energy supply</td>
<td></td>
</tr>
<tr>
<td>✓ [First in Japan] Disaster prevention and mitigation using AI</td>
<td></td>
</tr>
<tr>
<td>✓ Partnership with One Concern and Weathernews</td>
<td></td>
</tr>
<tr>
<td>✓ Issuance of Nat Cat bond “Sakura Re 2021-1”</td>
<td></td>
</tr>
<tr>
<td>✓ “Nobody left behind” POC (Kochi)</td>
<td></td>
</tr>
<tr>
<td>✓ “Zero Carbon Consulting” [Collaboration with Kansai Electric]</td>
<td></td>
</tr>
<tr>
<td>✓ Service to promote the reuse &amp; recycle of solar panels</td>
<td></td>
</tr>
<tr>
<td>✓ [First in Japan] Ammonia Transportation</td>
<td></td>
</tr>
<tr>
<td>✓ Climate risk analysis service in collaboration with NIED(^1)</td>
<td></td>
</tr>
<tr>
<td>✓ Investment into Tokyo Green Bond</td>
<td></td>
</tr>
<tr>
<td>✓ Energy conversion of organic office waste POC (Shinjuku, Tokyo)</td>
<td></td>
</tr>
</tbody>
</table>

1 National Research Institute for Earth Science and Disaster Prevention

\(^1\) National Research Institute for Earth Science and Disaster Prevention

### SOMPO Climate Action

- **Adapt**
  - Expansion of AgriSompo
  - Weather Index Insurance (Thailand)

- **Mitigate**
  - “ONE SOMPO WIND SERVICE” for offshore wind power operators
  - Tidal power generation
  - Virtual power plants (VPP)
  - Municipal renewable energy supply

- **Transform**
  - [First in Japan] Ammonia Transportation
  - Climate risk analysis service in collaboration with NIED\(^1\)
  - Investment into Tokyo Green Bond
  - Energy conversion of organic office waste POC (Shinjuku, Tokyo)
### Numerical Management Targets, etc.

#### Numerical management targets for plan

<table>
<thead>
<tr>
<th>(¥ bn.)</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Actual)</td>
<td>(Variance)</td>
<td>(Segment ROE)*5</td>
</tr>
<tr>
<td>Domestic P&amp;C insurance</td>
<td>157.4</td>
<td>+27.3</td>
<td>11.7%</td>
</tr>
<tr>
<td>Overseas insurance</td>
<td>61.8</td>
<td>+31.8</td>
<td>7.1%</td>
</tr>
<tr>
<td>Domestic life insurance</td>
<td>33.6</td>
<td>-0.2</td>
<td>4.5%</td>
</tr>
<tr>
<td>Nursing care &amp; seniors*3</td>
<td>5.9</td>
<td>-2.2</td>
<td>10.7%</td>
</tr>
<tr>
<td>Digital, etc.</td>
<td>2.4</td>
<td>+2.4</td>
<td>-</td>
</tr>
<tr>
<td>Total (Adjusted consolidated profit)</td>
<td>261.3</td>
<td>+59.1</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted consolidated ROE*4</td>
<td>9.4%</td>
<td>+1.4pt</td>
<td>-</td>
</tr>
<tr>
<td>ROE (J-GAAP)</td>
<td>11.1%</td>
<td>+3.2pt</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.
*2 Operating income excluding one-time factors = Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.
*3 FY2020 nursing care & healthcare, etc., adjusted profit = Net income (excluding one-time factors)
*4 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

#### Definition of adjusted profit*1

<table>
<thead>
<tr>
<th>Domestic P&amp;C insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income + Provisions for catastrophic loss reserve, etc. (after tax) + Provisions for reserve for price fluctuation (after tax) - Gains/losses on sales of securities and impairment losses on securities (after tax)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overseas insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income*2</td>
</tr>
<tr>
<td>Equity-method affiliates are in principle included as net income</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic life insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income + Provision of contingency reserve (after tax) + Provision of reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Deferral of acquisition costs (after tax) - Depreciation of acquisition costs (after tax) - Gains/losses on sales of securities and impairment losses on securities (after tax)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nursing care/seniors</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income - Gains/losses and impairment losses on investment (after tax)</td>
</tr>
</tbody>
</table>

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*5 ROE for each business = Adjusted profit for each business / Allocated capital for each business (Total consolidated net assets of the companies of each business or the required capital based on risk model. Average at the end/start of each fiscal year.)

Regarding the ROE for each business, it is not suitable to use for comparison between businesses since each business is defined differently based on its characteristics. The introduction of this aims to increase the probability of achieving the adjusted consolidated ROE and ROE targets for each business by monitoring the progress of each business.
Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

Contacts

Sompo Holdings, Inc.

Investor Relations Department
Telephone : +81-3-3349-3913
E-Mail : ir@sompo-hd.com
URL : https://www.sompo-hd.com/en/