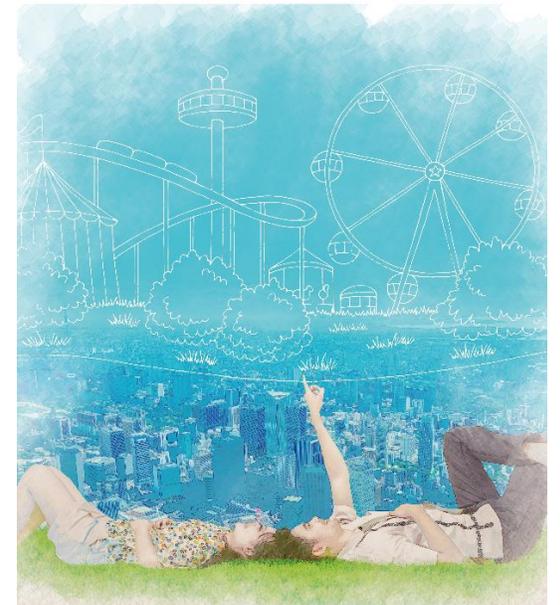


# Progress of Mid-Term Management Plan

November 25, 2022  
Sompo Holdings, Inc.



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# Key Points of Today's Presentation

## Financial Performance

- ✓ Adjusted consolidated profit is expected to be ¥160.0 bn. in FY2022, but **normalized earnings excluding the one-off effects is around ¥245.0 bn.**
- ✓ Aim to **achieve the adjusted consolidated profit and ROE targets of ¥300.0 bn. and 10%, respectively, in FY2023** through steady progress in earnings structure reform in the domestic P&C insurance business, top line growth and higher investment income in the overseas insurance business, and creation of a conglomerate premium

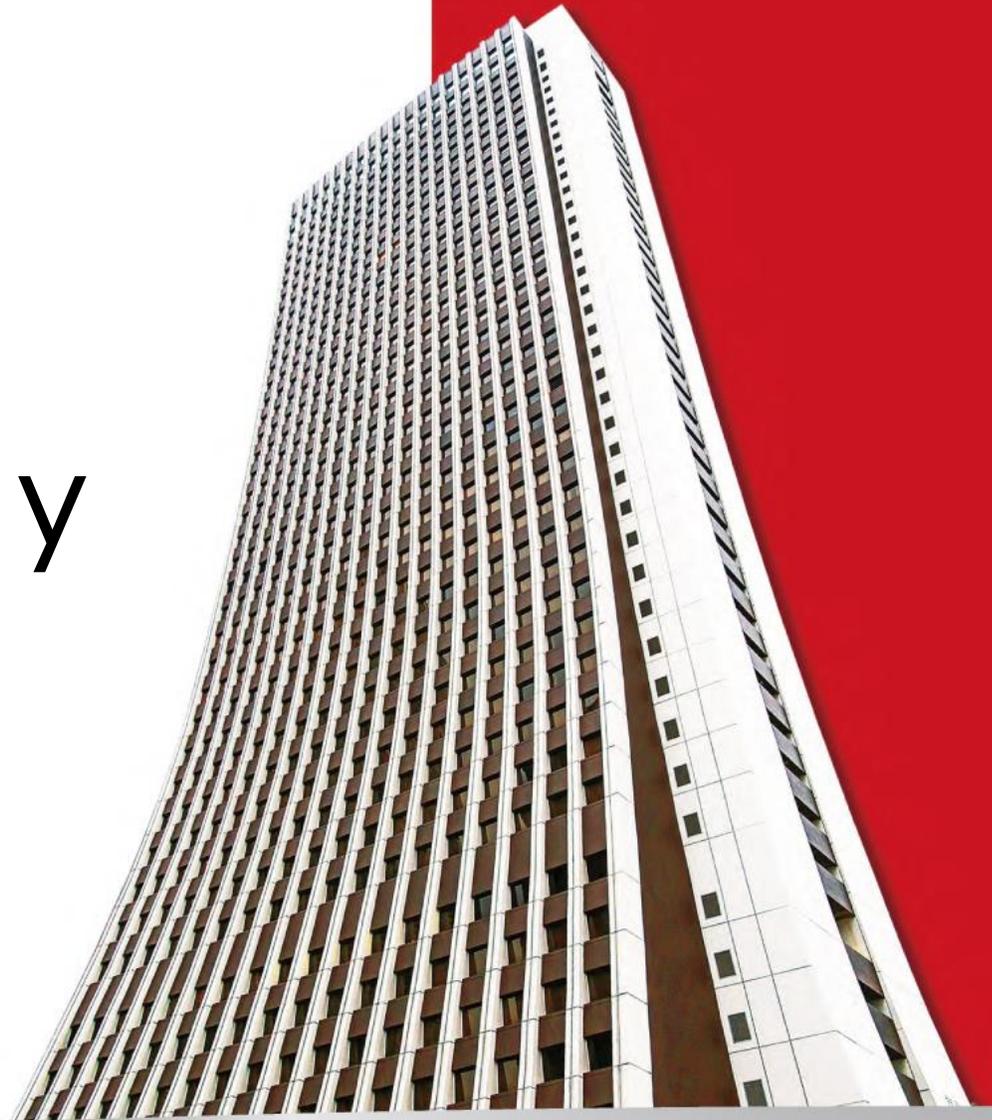
## Shareholder Return

- ✓ **No change in FY2022 dividend forecast of ¥260 per share**
- ✓ **Flexible decision-making on supplemental return by taking into account the following:**
  - Prospect of growth investment and capital situation
  - H2 FY2022 financial performance, including snow damage
  - Basic return in FY2021: ¥130.7 billion

## Nursing Care RDP

- ✓ **Long-awaited launch of business in FY2023** to address the pressing social challenge of the widening supply-demand gap in caregivers
- ✓ Aim to **generate operating profit of ¥10.0 billion** in FY2030 and become a de facto standard for the nursing care industry in the long term

# I . Group Strategy

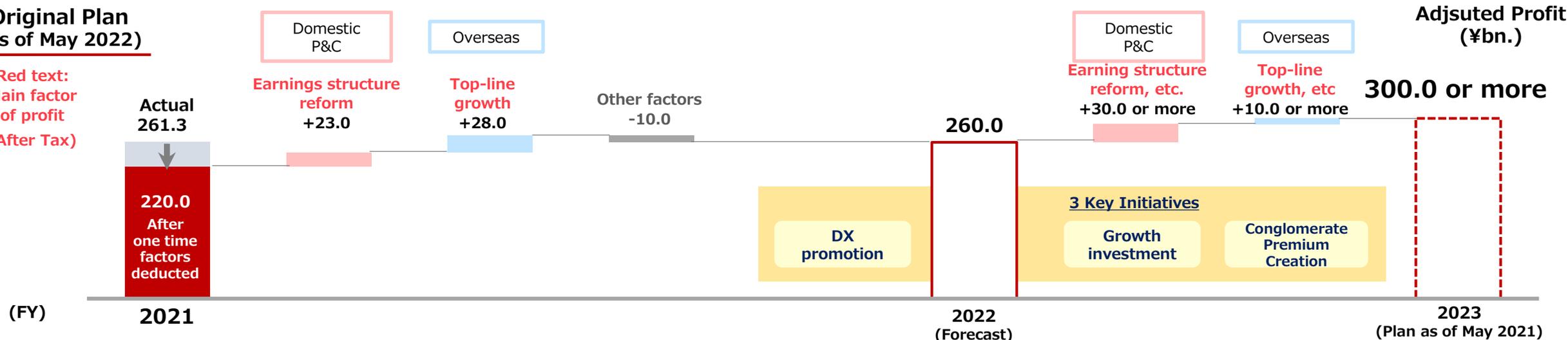


# Path Toward Achieving the FY2023 Plan (1)

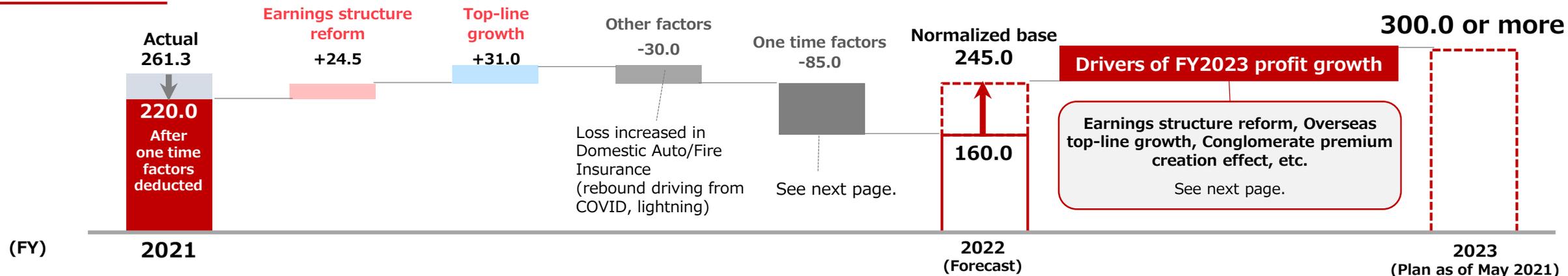
- We recognize adjusted consolidated profit for FY2022 on a normalized basis, excluding one-time factors, as ¥245.0 bn.
- Upper load for FY2023 is steadily accumulating, including efforts to create a conglomerate premium, we expect to achieve adjusted consolidated profit ¥300.0 bn.

## Original Plan (As of May 2022)

Red text: Main factor of profit (After Tax)



## Present (As of November 2022)



## Path Toward Achieving the FY2023 Plan (2)

- We recognized one time factors such as the impact of natural disasters and COVID-19 in FY2022 of approximately ¥85.0 bn.
- We expect to achieve adjusted consolidated profit of ¥300.0 bn. with a high probability of profit increase driver in FY2023

### Adjusted profit after one-time factors of FY2022

Revised forecast for FY2022 Adjusted consolidated profit(11/18 disclosure)

¥160.0 bn.

One Time Factors

Domestic P&C

Overseas

- Natural disasters**  
Claims paid in excess of normal year level
- Other than natural disasters**
  - Large loss exceeding expectation
  - Loss from the business to be sold in Sompo Seguros

Domestic P&C

Domestic Life

- COVID-19 (Deemed Hospitalization payment)**  
Assumption of approx. 80% less by application of new standards

+ ¥43.0 bn.

+ ¥17.0 bn.

+ ¥25.0 bn.

Adjusted profit after one-time factors in FY 2022  
= Launch pad in FY 2023

¥245.0 bn.

### Drivers of fiscal 2023 profit growth

FY 2023 Adjusted consolidated profit

¥300.0 bn.

Group

Allowance for foreign exchange effects and other uncertainties

Group

Conglomerate Premium  
See P28

Overseas

Top line growth, increase in investment income  
See P20 based on \$1bn. × ¥145/\$

Domestic P&C

Increased profit mainly from Earnings structure reform  
See P18

Domestic Life

Increase in Insurhealth in-force  
See P24

- ¥30.0 bn.+

+ ¥20.0 bn.+

+ ¥30.0 bn.+

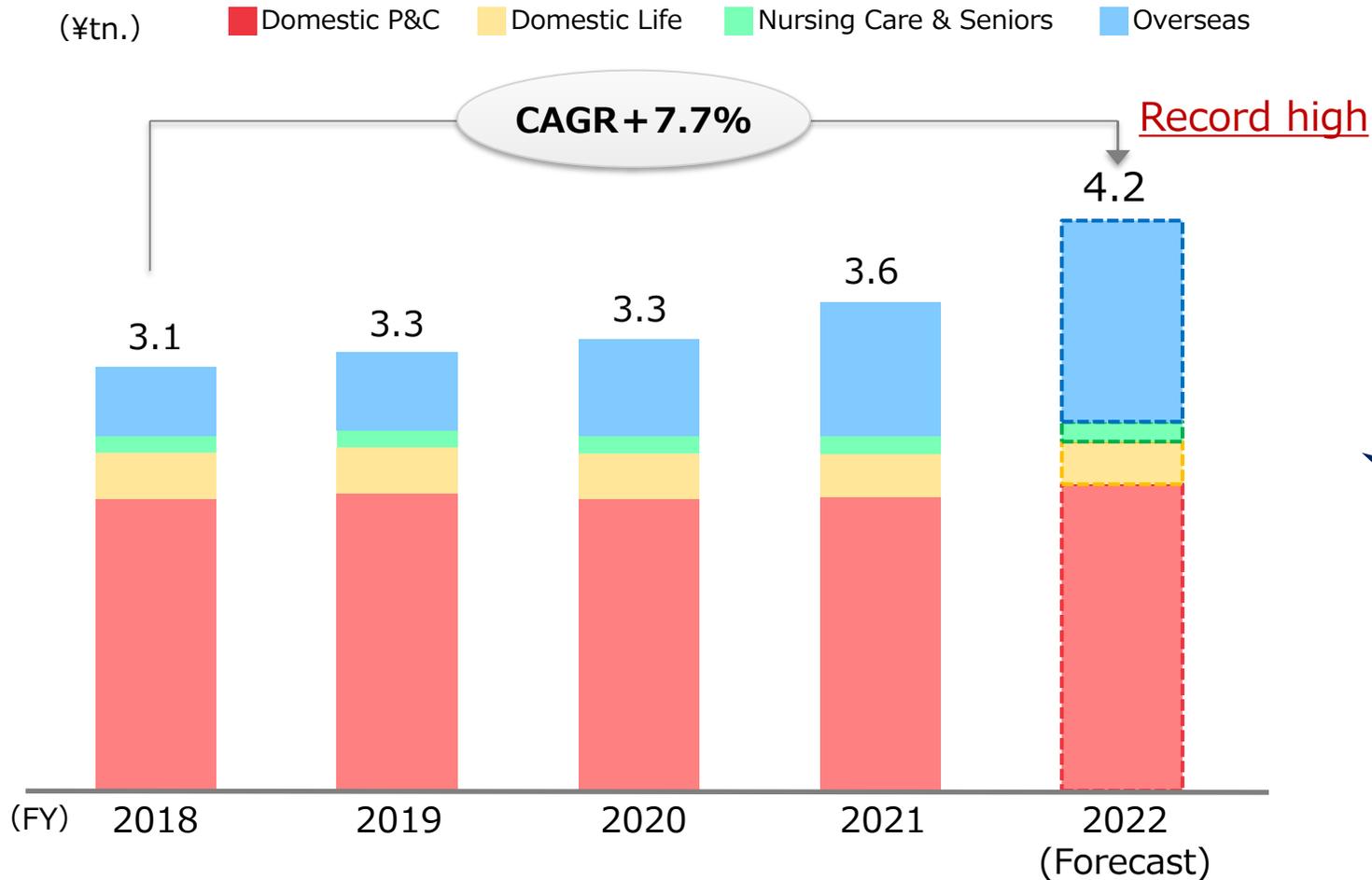
+ ¥25.0 bn.+

+ ¥10.0 bn.+

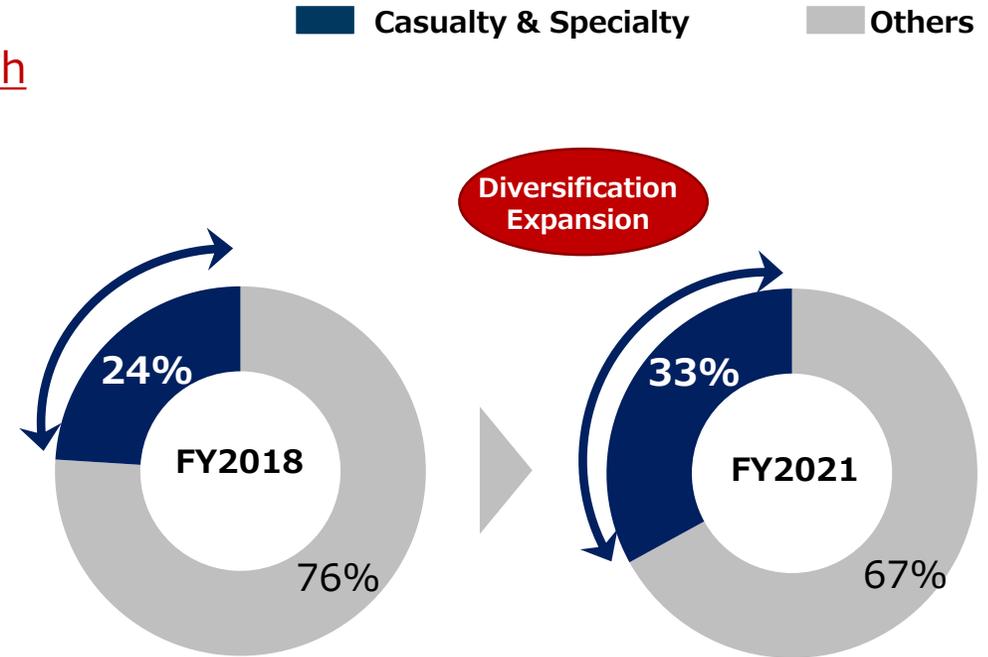
# Expansion of Scale and Diversification

- Overseas insurance business expands dramatically due to SI's high expertise in underwriting
- We will continue to expand our scale and diversification by taking on risk in the growth area of overseas insurance business

Trend of topline\*1



Premium by lines\*2



\*1 Net premiums written + life insurance premium + Sales in Nursing Care & Seniors Business

\*2 Sampo Japan + SI Commercial

# Risk Reduction and Capital Circulation

- Steady progress in risk management through reduction of strategic-holding stocks and investment in ultra-long-term bonds
- Allocate capital to growth areas such as risk-taking in overseas insurance business to improve capital efficiency and achieve sustainable growth

## Risk taking in growth area

- Risk taking with a focus on overseas insurance business with high growth potential
- Expansion of Insurhealth policy in force in the domestic life insurance business

## Resource allocation for Capital Efficiency and Sustainable Growth

### Reduction of strategic-holding stocks

Upwardly revised from ¥50.0 bn. reduction in this FY's plan to ¥70.0 bn. per year

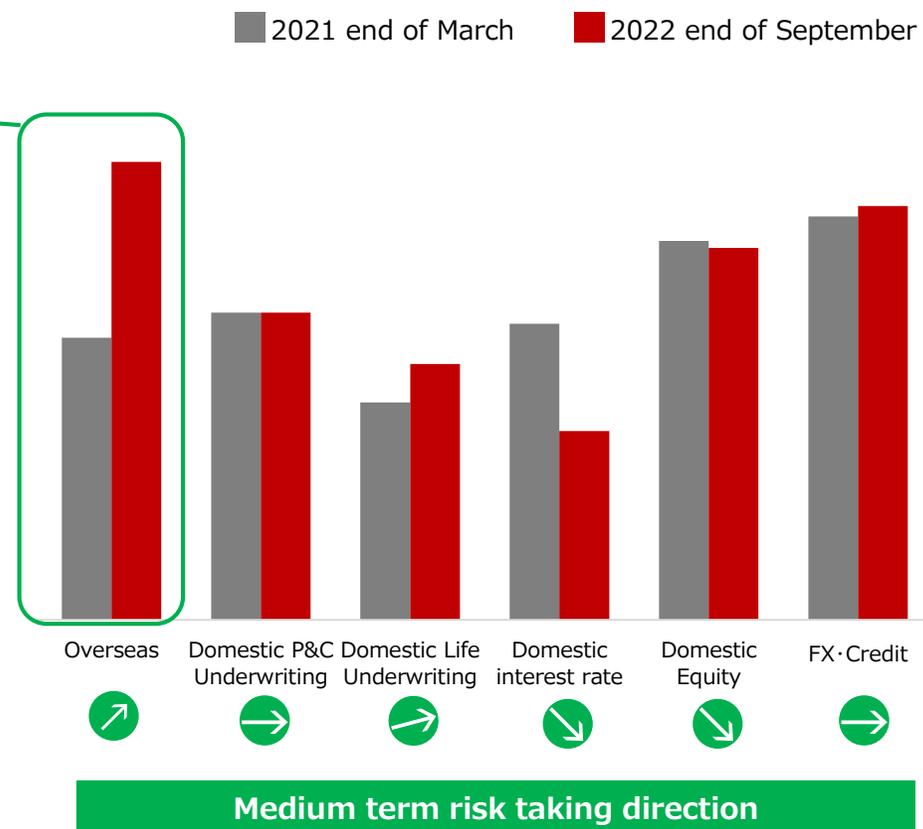
**¥29.4 bn.\*1**  
(FY2022 1H)

### Investment in ultra-long-term bonds

Upwardly revised from ¥300.0 bn. reduction in this FY's plan to ¥500.0 bn. per year

**¥264.9 bn.\*2**  
(FY2022 1H)

(Reference) Trend in risk amount\*3



\*1 Include stock future hedging \*2 Conversion to 30 years bonds \*3 Include FX impact in Overseas risk increase

# Growth Investment/DX

- Maintain an appetite for investment in growth for SOMPO's sustainable growth, and transfer capital from the perspective of group optimization
- Focus on organic growth through DX to achieve sustainable growth of the Group

## Growth investment

### ● Stance on inorganic M&A

Focus on discipline while investing for future growth



### ● Capital transfer to support organic growth

Additional allocation of ¥200.0 bn. to SI, a growth driver

Additional risk-taking based on the group's best perspective  
(Underwriting, Investment)

**Initiative for Conglomerate  
Premium Creation**

See  
P28

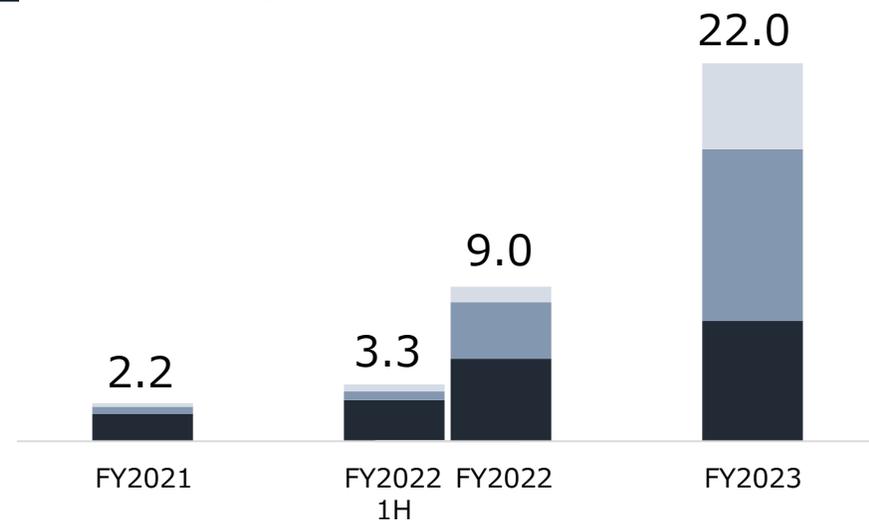
## Value-up of existing business through DX

**DX contributes significantly to organic growth in existing businesses, including Earnings Structure Reforms in the Domestic P&C**

### Bottom-line contribution to existing business through DX

¥bn.(Before tax)

- New business opportunities
- Operational efficiency
- Increase UW improvement



# Business Portfolio Transformation

- Overseas insurance business grew dramatically while improving profitability through the diversification and expansion initiatives undertaken in the current mid-term business plan
- Further improve the Group's business portfolio and enhance profit stability

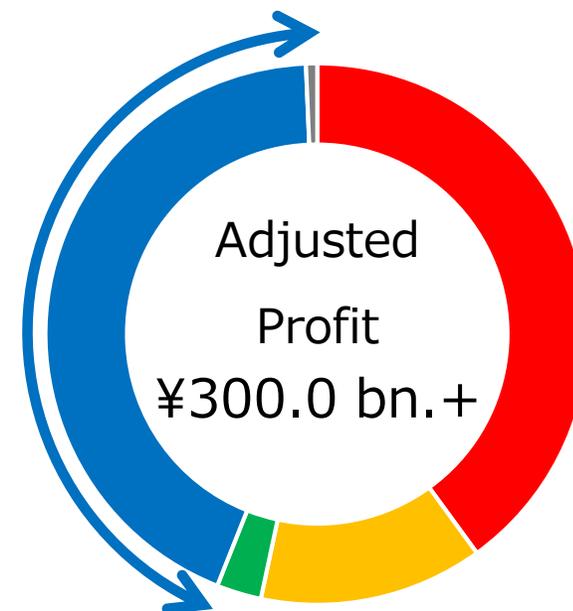
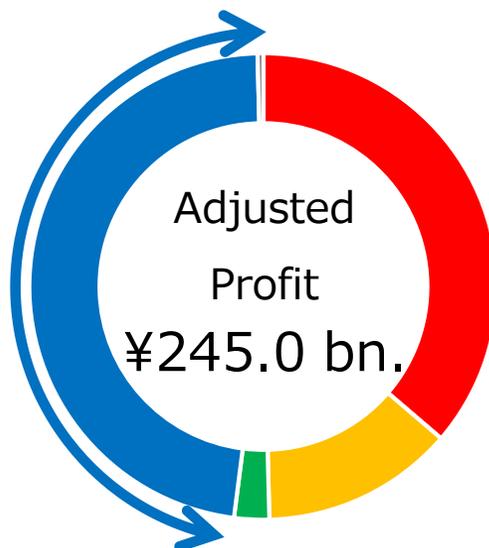
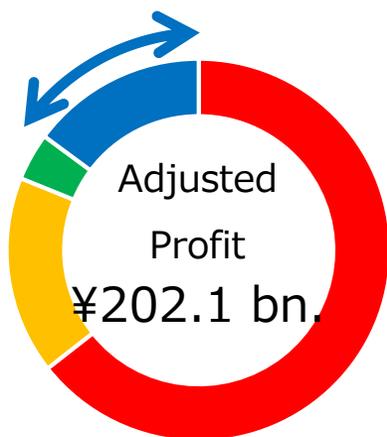
Beginning of Mid-term management plan  
FY2020

FY2022(forecast)  
After one-time factor deducted

FY2023

Overseas business ratio  
**15%**

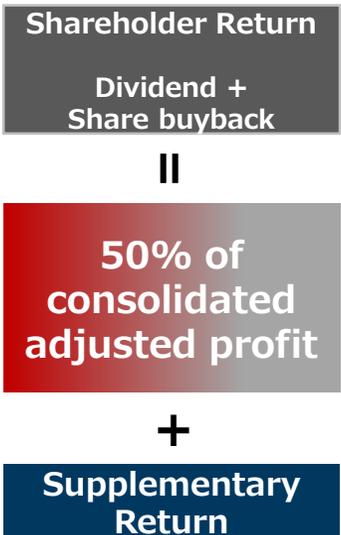
**Building a well-diversified business portfolio**



# Shareholder Return

- No change to the current shareholder return policy, which is based on increasing dividends in line with profit growth, and increasing the ratio of dividends to shareholder returns
- Additional shareholder returns toward the end of the fiscal year will be determined timely, based on (1) the outlook for investment in growth and capital conditions, (2) the second half performance situation, including the impact of snow damage, and (3) the actual amount of basic shareholder returns in the previous fiscal year

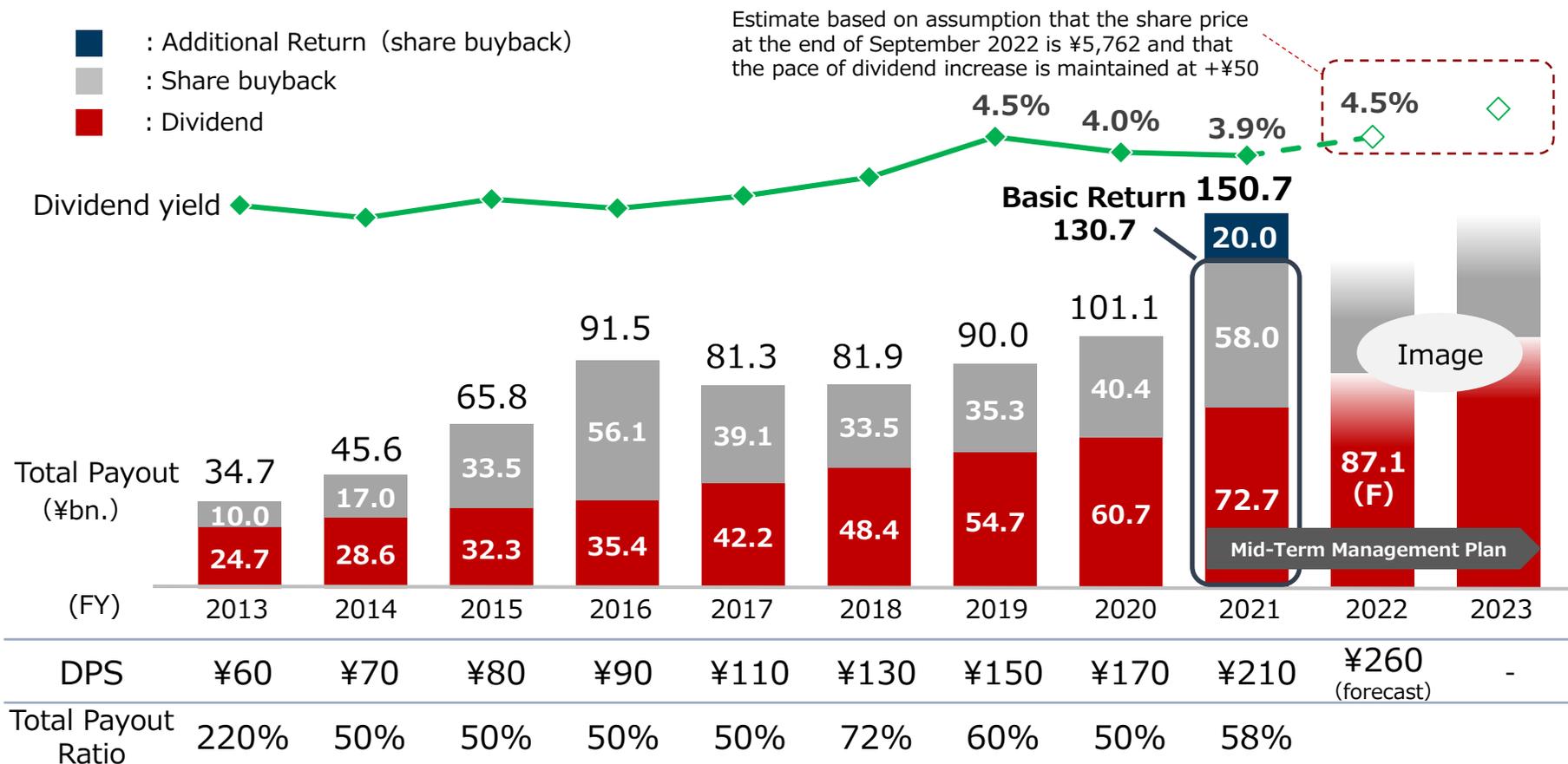
## Shareholder return policy on current Mid-Term Management Plan



Supplementary return will be made based on the risk and capital situation and future outlook.

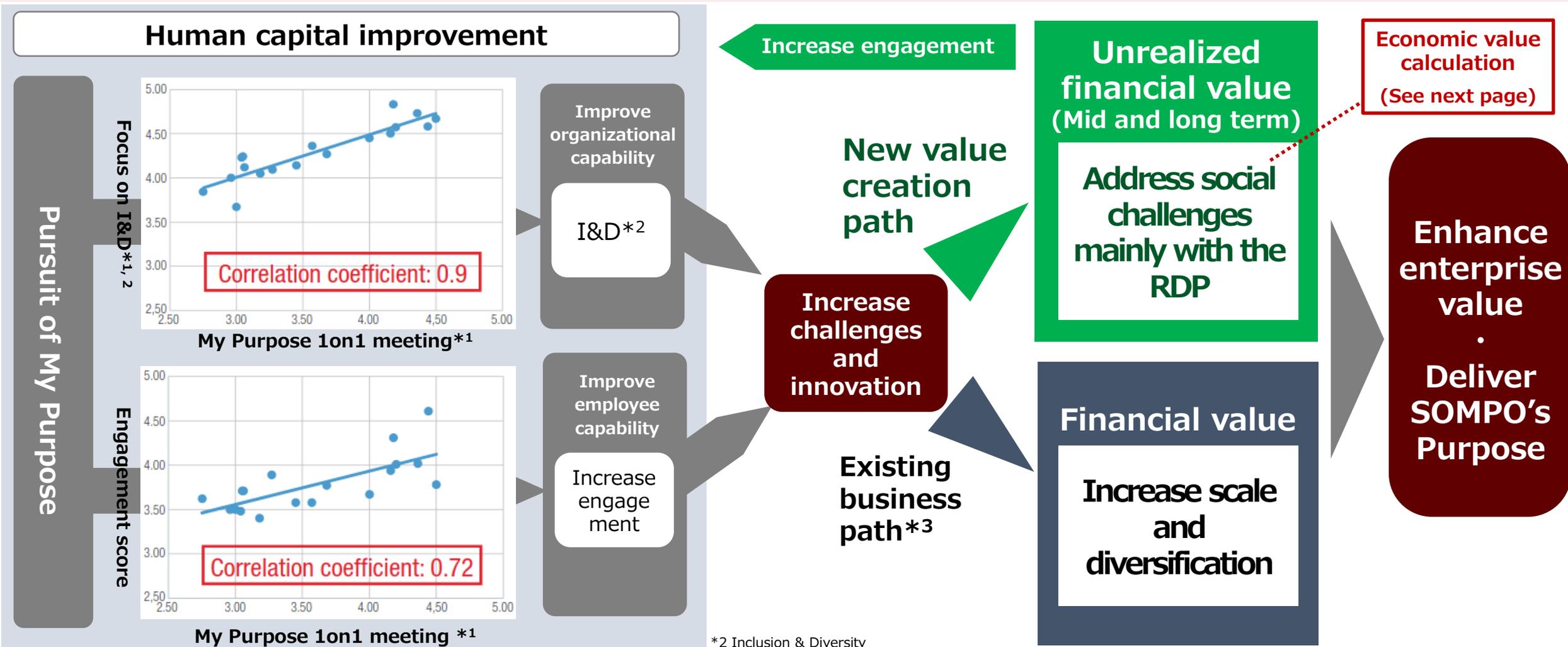
- Constantly exceed ESR target range
- Maintain the prior FY level of return when adjusted profit declines due to one-off factors such as natural disasters
- Growth investment such as large M&A is not expected
- When it is determined that enhancement of capital efficiency, etc. are needed

## History of shareholder return



# Increasing Financial Value and Unrealized Financial Value by Improving Human Capital

- Initiatives to improve human capital contribute to increasing challenges and innovation in existing businesses and new value creating operations
- Also work to calculate future economic value regarding social impact created and increased through new value creation in the long term



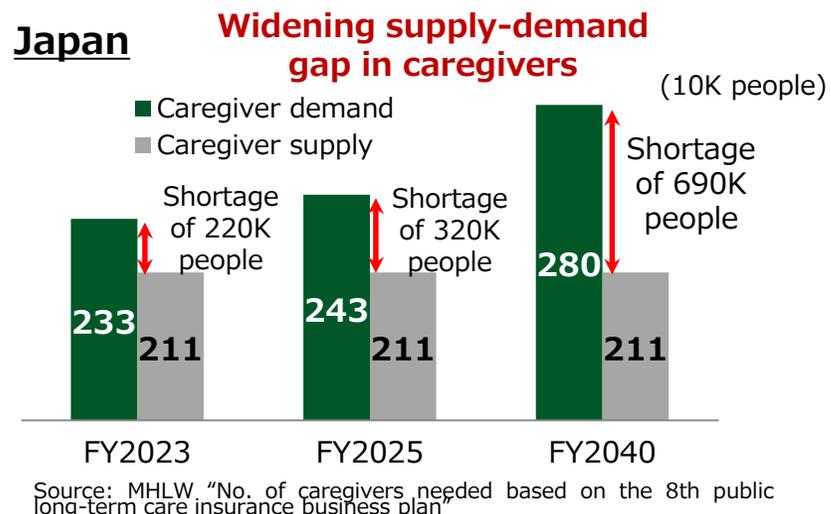
\*2 Inclusion & Diversity

\*3 Short-term increase in unrealized financial value, such as improvement in product quality, customer recognition and evaluation, helps increase financial value.

# Addressing Social Challenge Through New Value Creation

- Improve nursing care operations across the industry with the Nursing Care RDP to be launched in FY2023 and tackle national crisis of widening supply-demand gap in caregivers
- Create ecosystems by collaborating with leading partners and become a platformer for addressing a global social challenge

## Social challenge



## SOMPO's solution

Create new value to improve care quality and productivity as a leading care provider



## Social impact (2040)

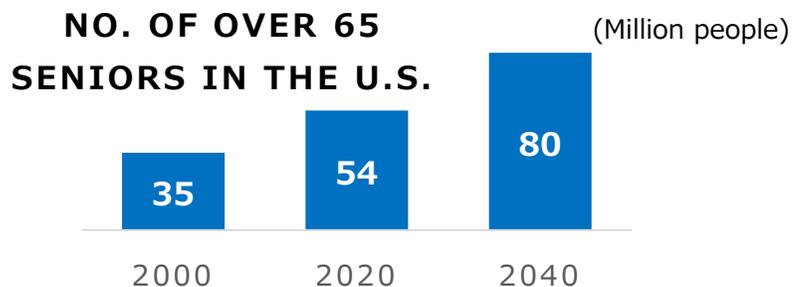
**¥3.7 tn.**

(SOMPO's estimate)

Close the supply-demand gap in caregivers by approx. 220K people with the Nursing Care RDP

See P34

**US, UK** **Population aging has advanced like in Japan**  
**Caregiver attrition and low productivity have become apparent**



Develop new services that support family caregivers by using insight from Japan and collaborating with competent partners



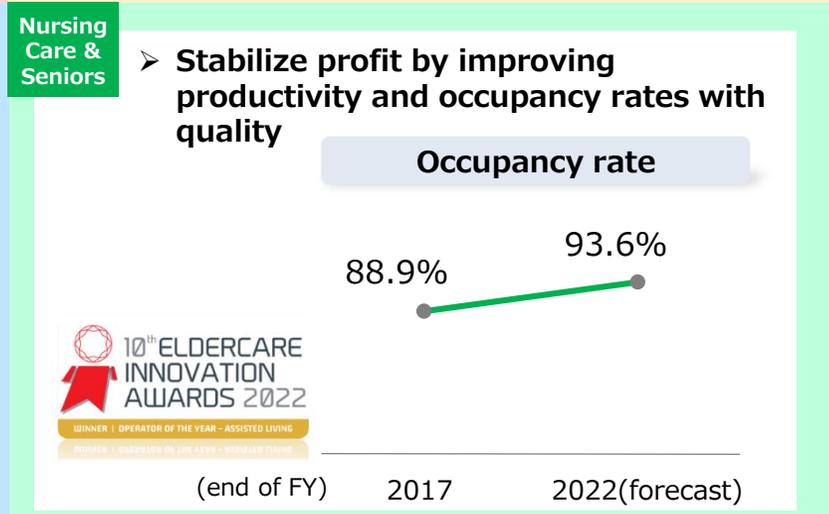
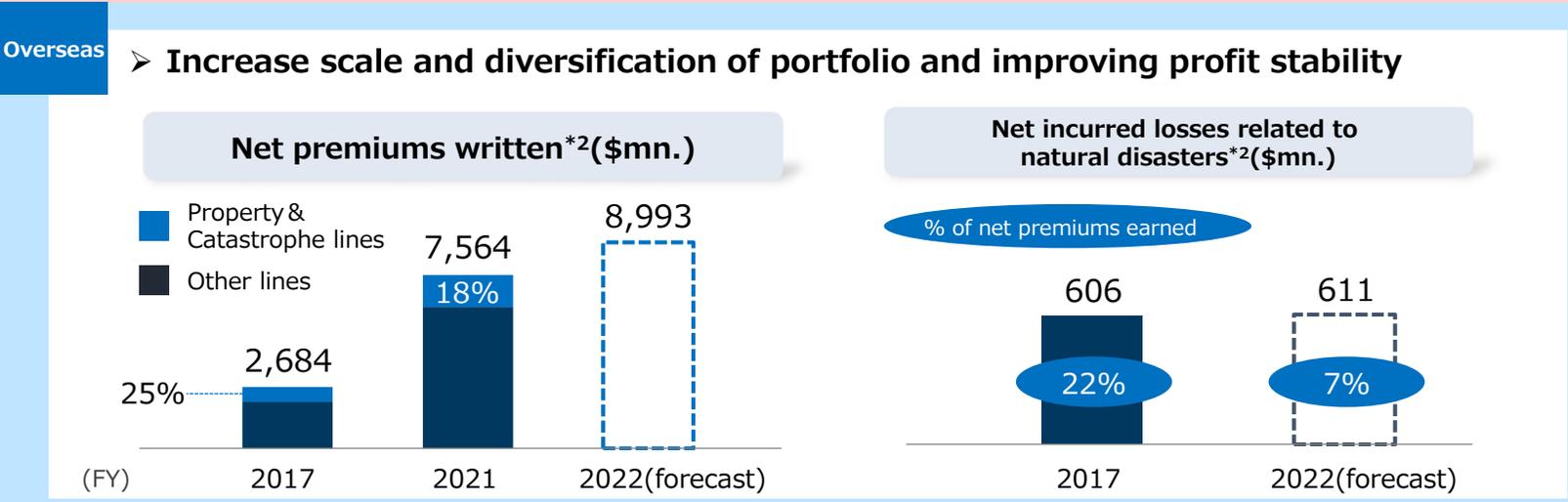
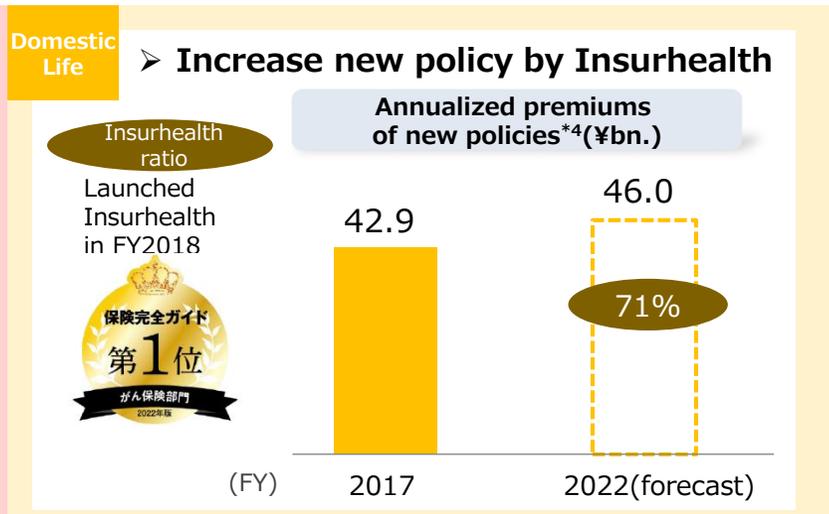
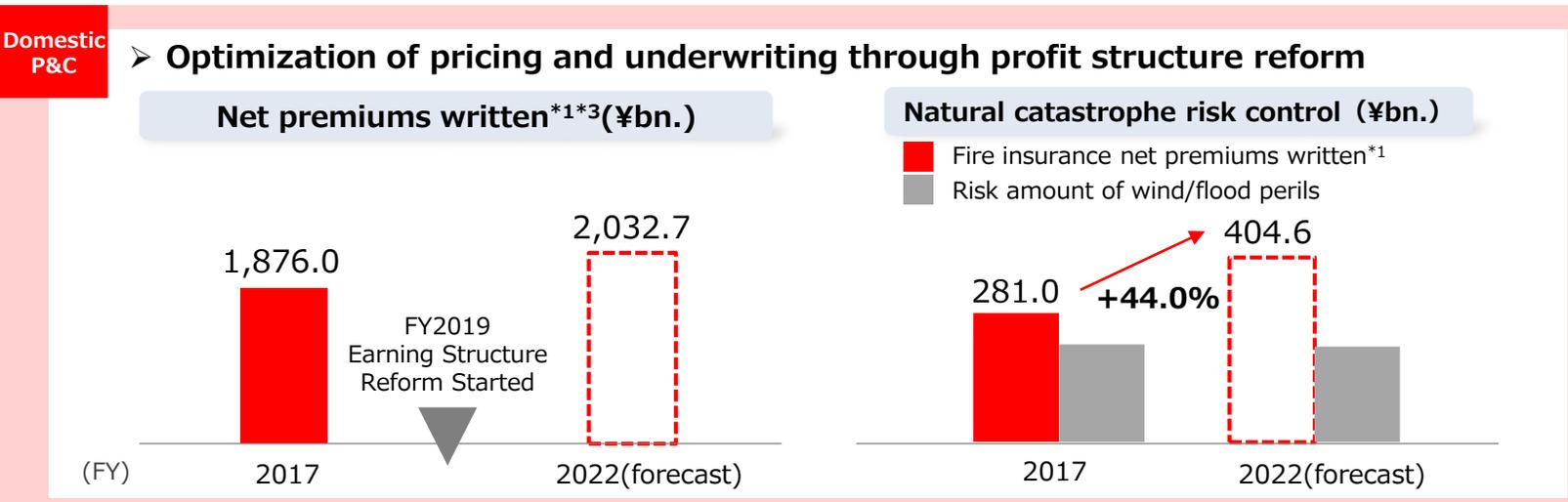
**Platformer for addressing social challenges**

# II . Business Strategy



# Achievement of Last 5 Years

- Steady progress in qualitative changes in business portfolio through execution of each business strategy

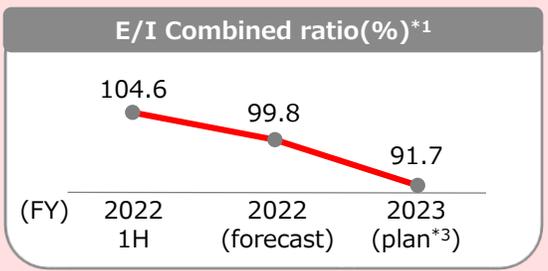
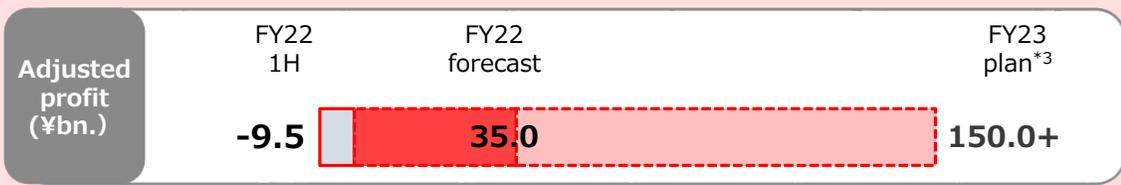


\*1 Sampo Japan \*2 SI Commercial \*3 Excl. CALI and household earthquake \*4 sales performance basis

# Key Points for FY2023

- Steady progress in medium-term plan measures and expect to achieve adjusted consolidated profit of ¥300.0 bn. in FY2023 as a result of the effects of each business's initiatives

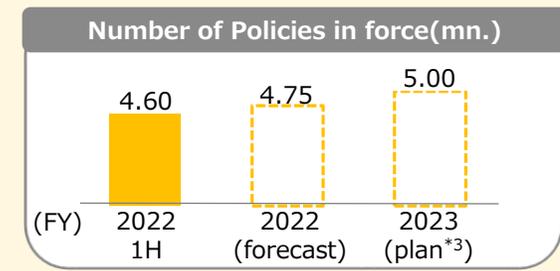
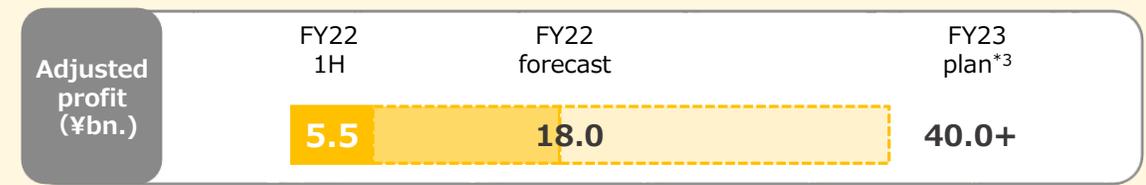
Domestic P&C



**Key point for FY2023**

✓ Effects of profit structure reforms are expected to far exceed original plan in medium-term management plan announced in 2021 May

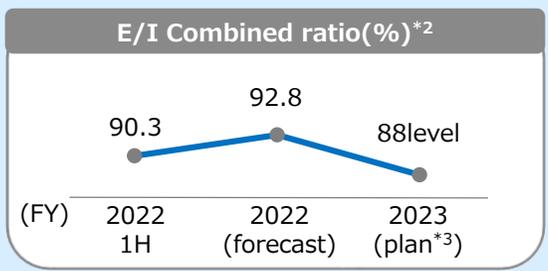
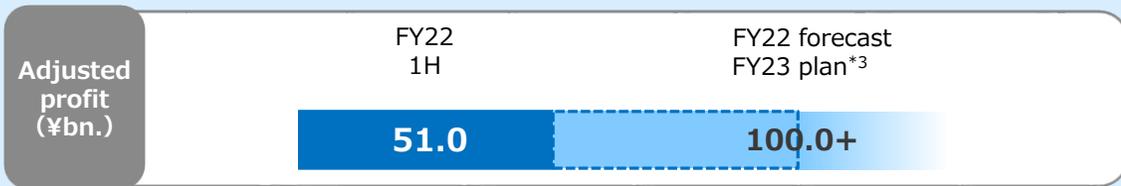
Domestic Life



**Key point for FY2023**

✓ Expanding earnings through Insurhealth including top-class-selling cancer insurance

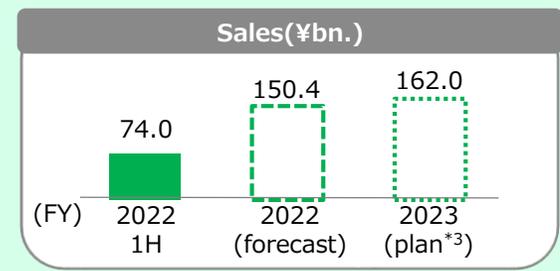
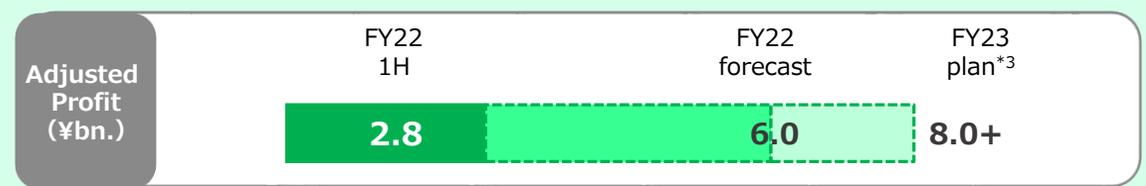
Overseas



**Key point for FY2023**

✓ Top-line growth and increased investment income will be further realized. Profit level would be around \$1bn.

Nursing Care & Seniors



**Key point for FY2023**

✓ Occupancy rate is improving  
Expand the number of offices including M&A

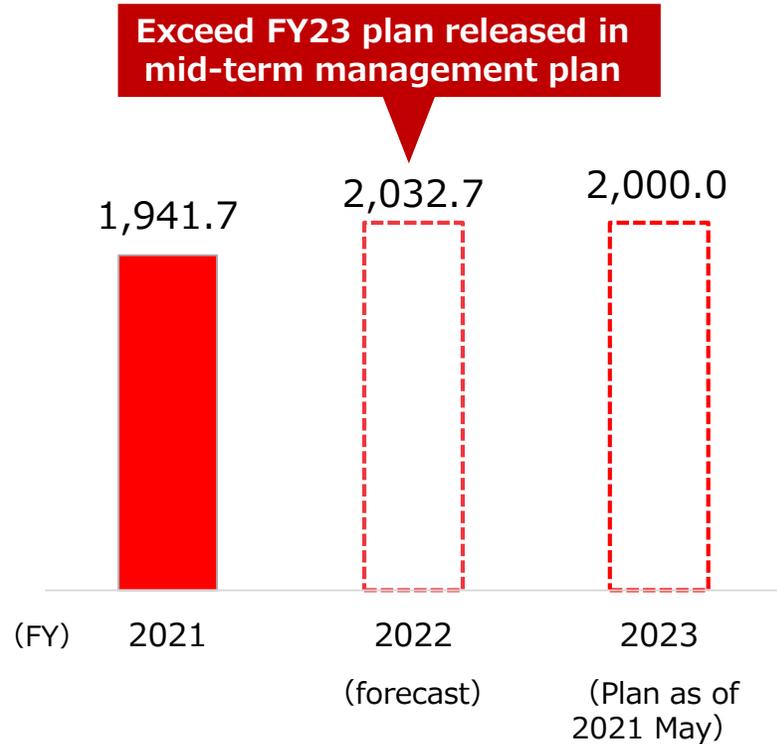
\*1 Sompo Japan (excl. CALI and household earthquake) \*2 SI Commercial \$ basis \*3 Plan released in 2021 May

# Highlight of Domestic P&C Insurance Business

- Steady progress in Earnings Structure Reform efforts, leading to good expansion of top line
- Aiming to achieve FY2023 plan by further accelerating efforts and building up profit factors

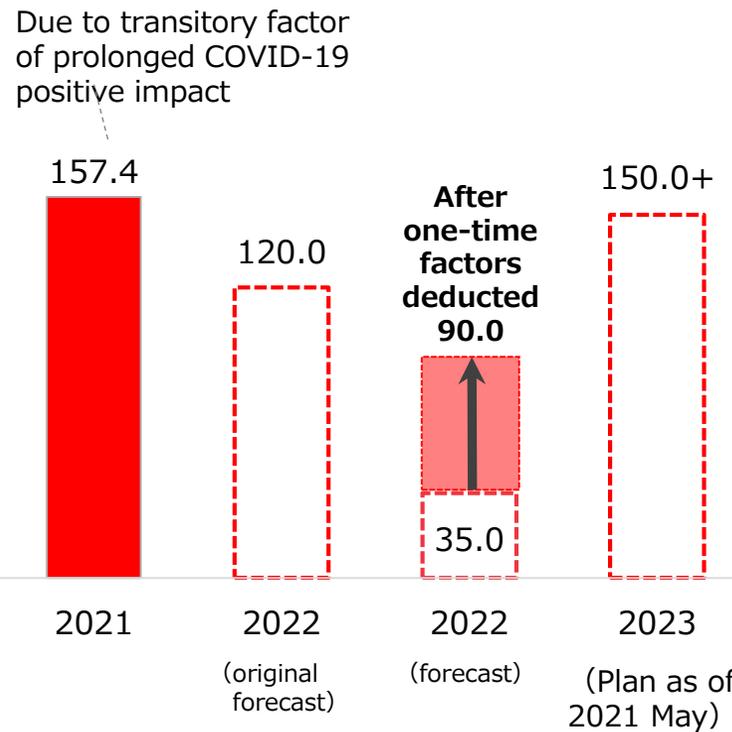
## Net premiums written\*1

(¥bn.)

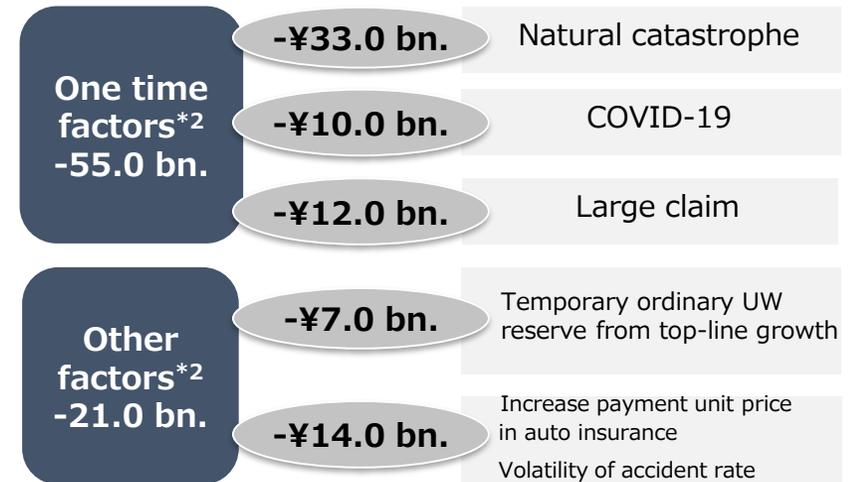


## Adjusted profit

(¥bn.)



### Main factors for decrease in profit in FY2022 (vs original forecast)



### Factors for increased profits for FY2023

- Earnings structure Reform
- Top-line growth on fire/specialty & casualty lines
- Conglomerate premium creation
- Removal of one-time factors and other temporary factors

\*1 Sompo Japan (excl. CALI and household earthquake)

\*2 After tax approximate figure

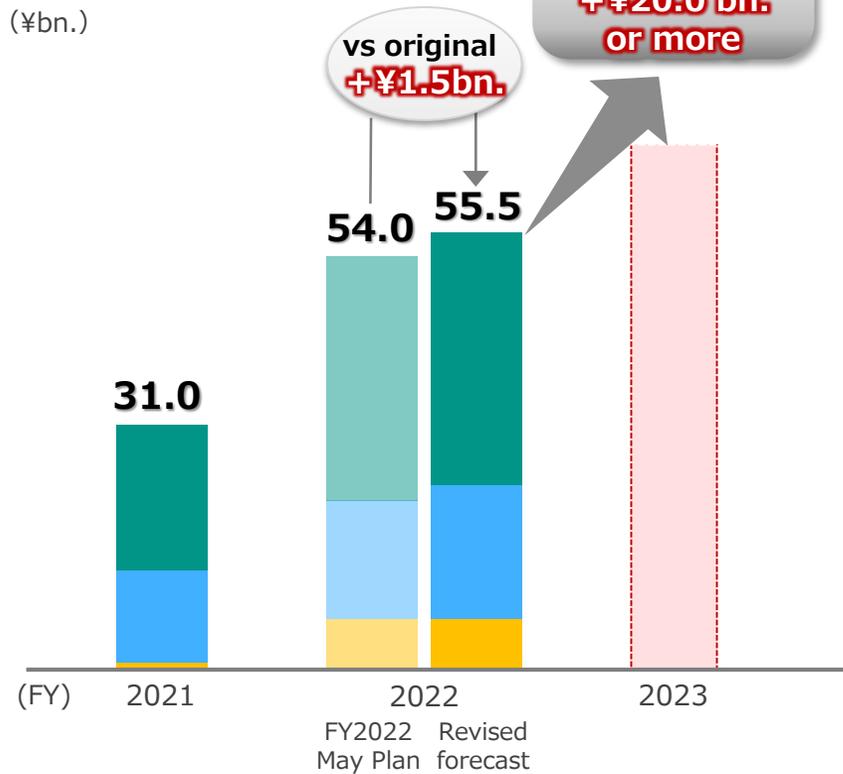
# Domestic P&C Insurance Business – Earnings Structure Reform –

- Steady effects of various initiatives are expected to be realized, exceeding the effects of the initial plan by ¥1.5 bn. in FY2022
- Aim to achieve effects in excess of ¥20.0 bn. (compared to FY2022) in FY2023 through the optimization of fire insurance premium rates, etc.

## Earnings structure reform effects\* (total)

- Pricing optimization
- Underwriting
- Productivity improvement and others

(¥bn.)



\*vs FY2020 After-Tax estimates

## Effects·Initiatives

### Pricing optimization

FY2022 effect: ¥32.0 bn.

- Rate-up for fire insurance (2022 October)
  - Refer revised advisory rate and change our rate average +12%
- Revision of Auto insurance (expect 2023)
  - Minimize rate down from original plan

### Underwriting

FY2022 effect: ¥17.0 bn.

- Accelerating initiatives by deploying efficient tools for SME High-Loss Policies that leverage Palantir’s Technology
  - Expanding effect on SME high-loss policies

### Productivity improvement and other

FY2022 effect: ¥6.5 bn.

- Optimize personnel by business process reform using digital
  - Decrease 2,600 persons in end of FY2023(vs end of FY2020 will be realized by natural attrition)

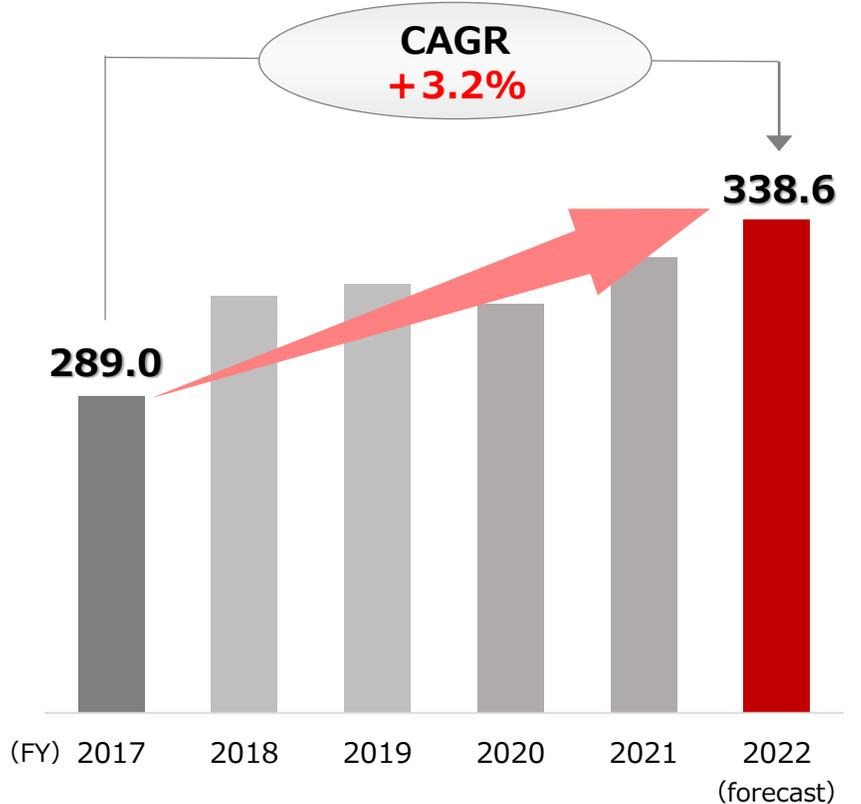
# Domestic P&C Insurance Business – Growth Strategy by Casualty & Specialty Lines –

- Steady growth in the top line of Casualty & Specialty insurance, thanks to strong sales of “Business Master Plus”
- Further acceleration of growth by establishing a sales structure for new risks

## Growth Strategy by casualty & specialty insurance

Net premiums written (line : casualty & specialty)

(¥bn.)



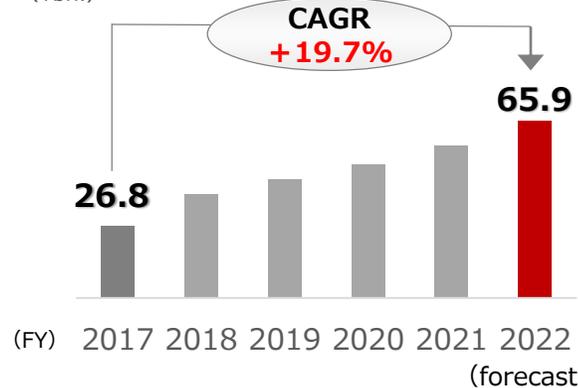
## Main initiatives

### Action to improve the merchantability of Business Master Plus(package policy) and further expand sales

#### 【Business Master Plus】

(sales performance basis premium)

(¥bn.)



- Increase the number of customers by taking advantage of the simplicity of insurance design and enrollment procedures
- Expansion of coverage to contribute to solving social issues  
-Started sales of three new products in October 2022, the first of their kind in the industry



Safety Trade Master



Child care & Nursing care endorsement



Sharing Economy Endorsement

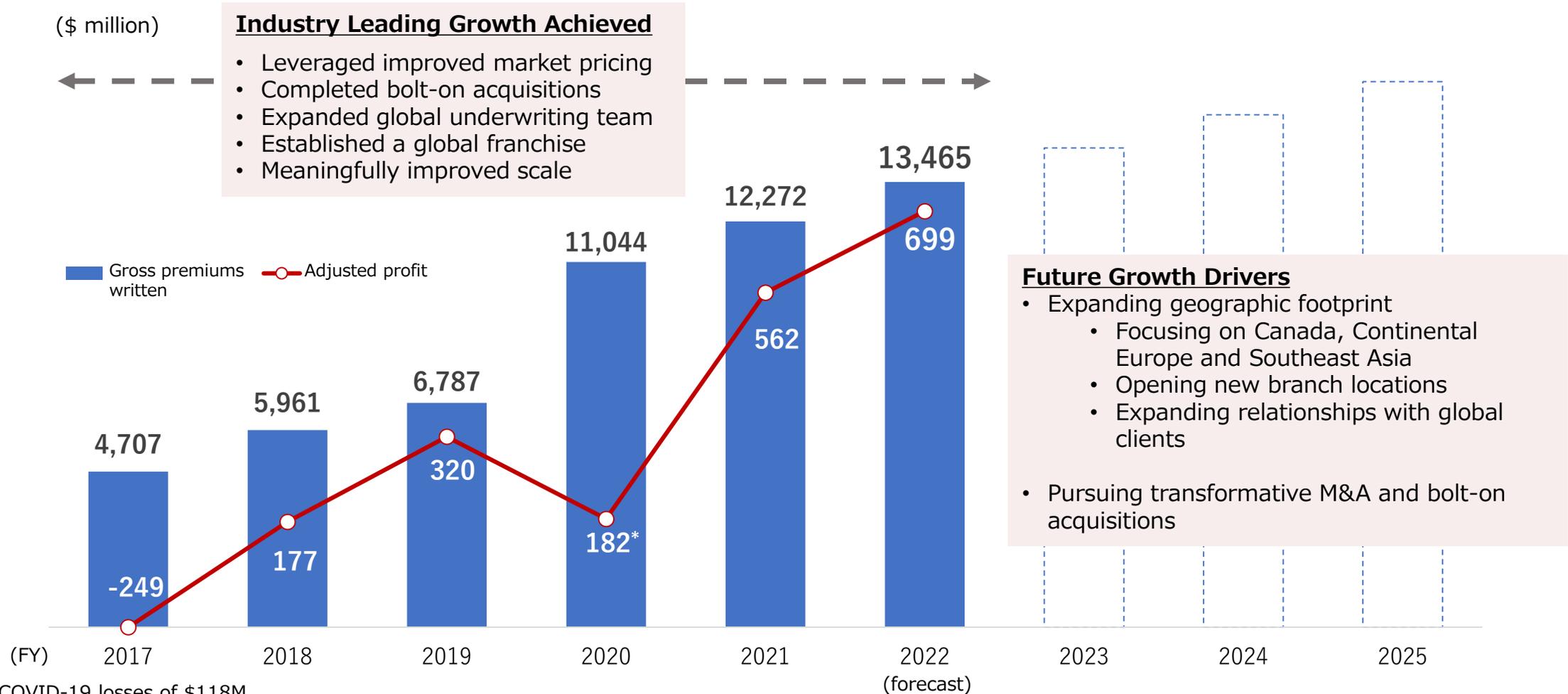
### Initiatives for new risk taking

- A new sales force with UW authority was established to accelerate prompt and optimal proposals
- Cyber Insurance has established a global underwriting structure in cooperation with SI Commercial and strengthened its claim handling structure

# Overseas Insurance Business –Track of SI Commercial’s Growth and Future Driver–

- SI Commercial has grown gross premiums and adjusted profit significantly to become a top-tier global (re)insurance company
- Future growth will be supported by leveraging our global capabilities across new geographies

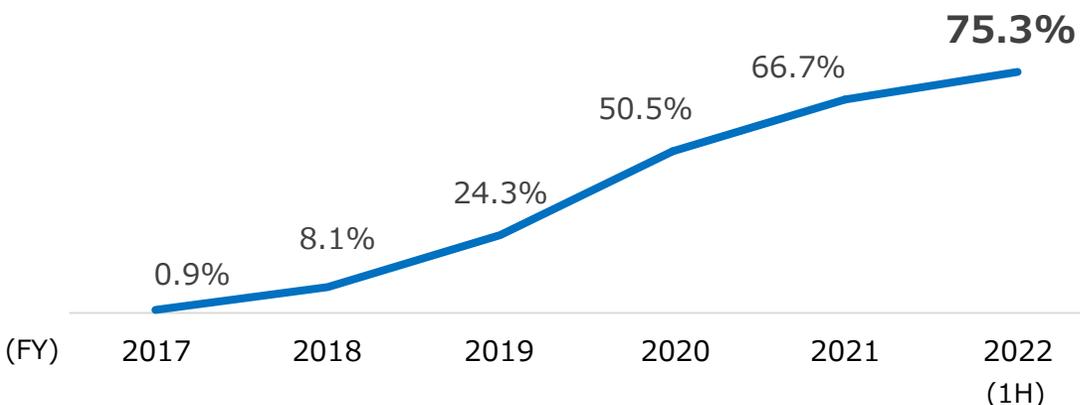
## Gross premiums written and adjusted profit (SI Commercial)



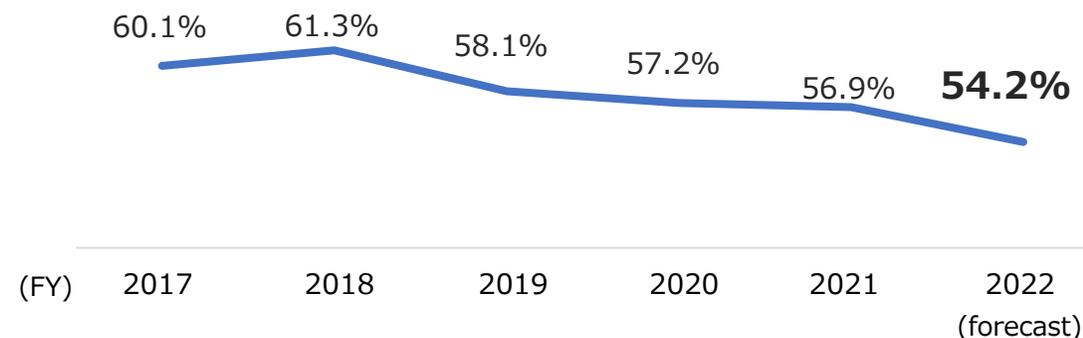
# Overseas Insurance Business –SI Commercial Portfolio Improvement–

- Achieved greater scale, diversification and improved pricing to materially enhance profitability and the stability of earnings
- Our expanding fixed income portfolio will benefit from rising interest rates and generate greater future profitability

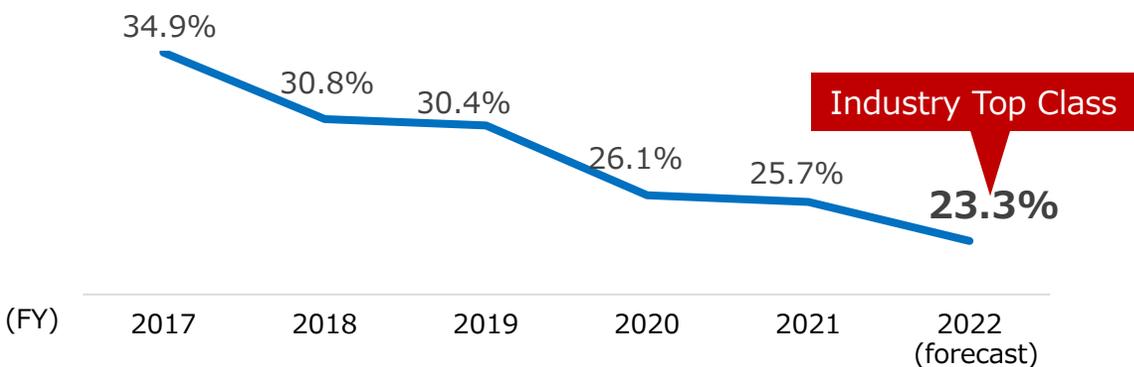
## Price Improvement



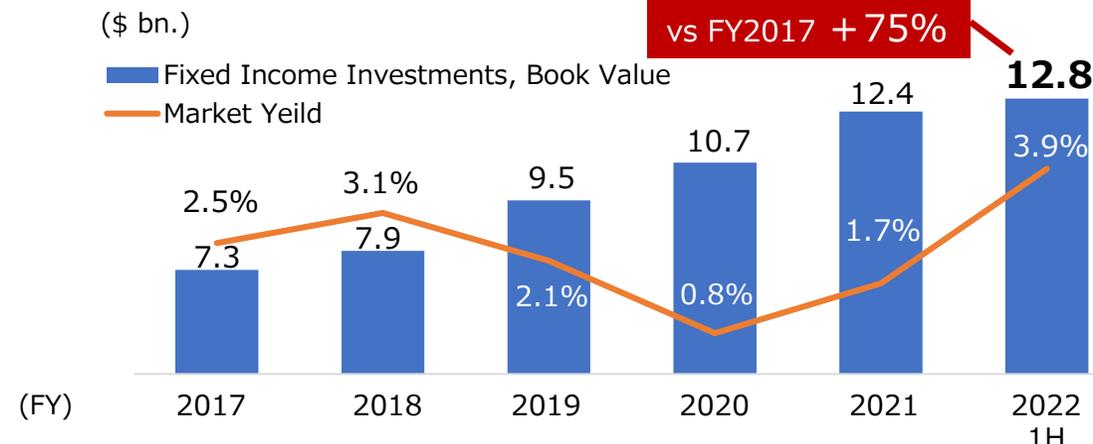
## Core Loss ratio (AY LR Excl. AgriSompo and CAT/COVID-19)



## Expense Ratio



## Asset Growth and Market Yield



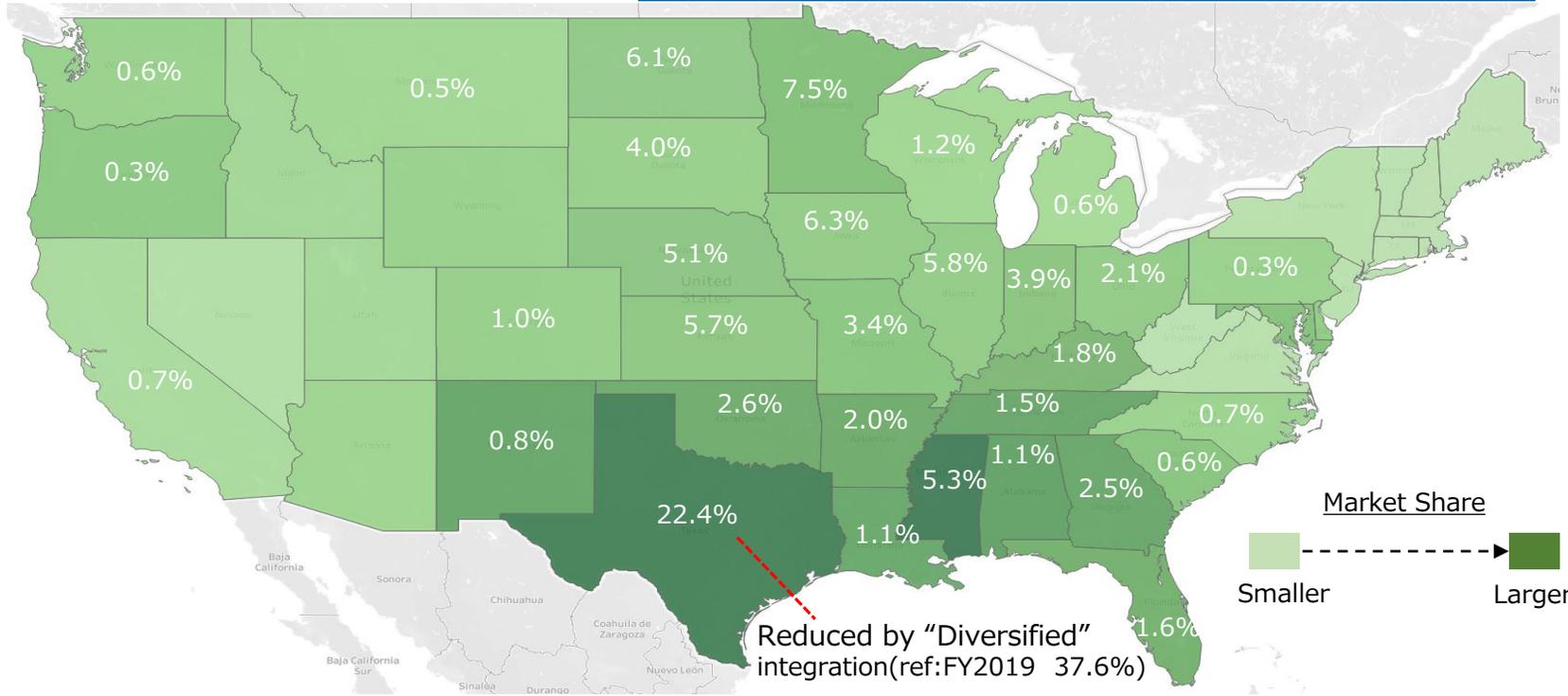
# (Reference) Overseas Insurance Business – Overview of AgriSompo (SI Commercial) –

## U.S. Multi Peril Crop Insurance (MPCI)

- 13 licensed companies
- U.S. Government subsidized insurance program benefitting farmers
- Farmers retain on average 25% of initial losses
- U.S. Government serves as a meaningful reinsurer to companies underwriting MPCI risk



**Net Written MPCI Premium By State (% of Total)**



Stable business with government reinsurance back-up  
AgriSompo have top-class scale and most geographically diversified portfolios in the U.S.

Reduced by "Diversified" integration(ref:FY2019 37.6%)

**Market Share**  
Smaller ———> Larger

## Drought Case Study

- 2012 impacted by a historic U.S. drought
  - Impacted nearly 90% of the U.S. corn and soybean production areas
  - \$6.3 billion overall industry underwriting loss and \$1.3 billion underwriting loss for private insurance companies with remaining claims paid by the U.S. Government

## AgriSompo Overview

- MPCI market share of 14.8% (3<sup>rd</sup> largest participant in 2022)
- From 2013, loss ratio has only exceeded 100% once (101% in 2020)
- Strategically focusing on international expansion
- Successfully acquired and integrated Diversified
- Managing the portfolio to optimize risk/returns

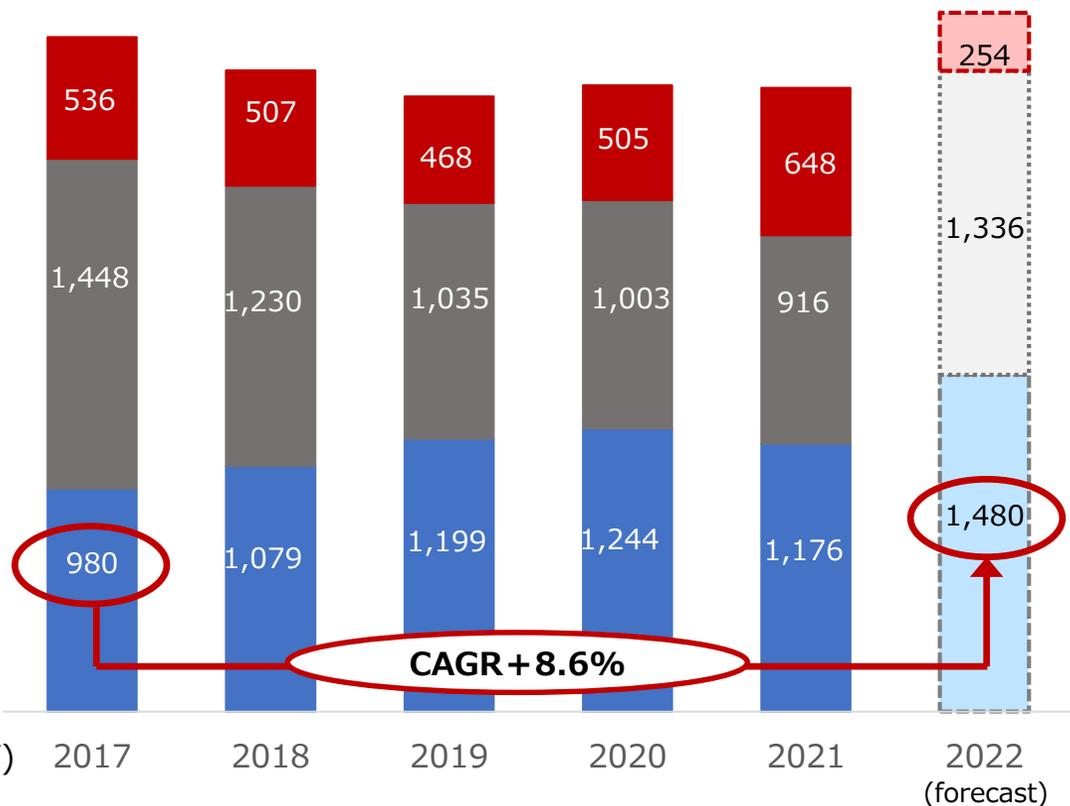
# Overseas Insurance Business –Sompo Seguros (Brazil) Restructuring–

- Sompo Seguros is being re-structured to improve the long-term profitability of the business
- The sub-scale businesses are being divested: the Health business was sold in 2Q2022 and the Consumer business is expected to be sold after 1Q2023

## Earned Premiums

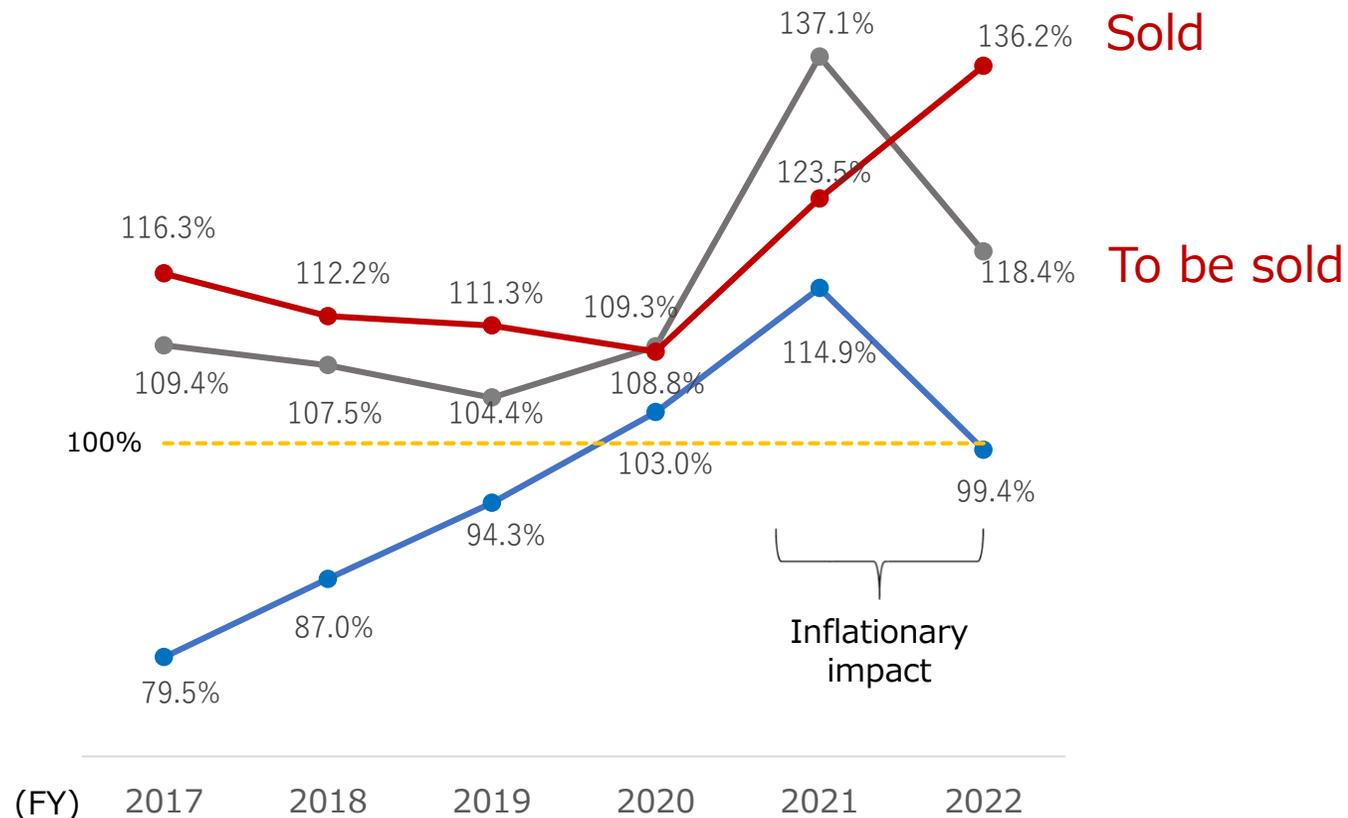
(R\$ million)

Commercial Consumer Health



## Combined ratio

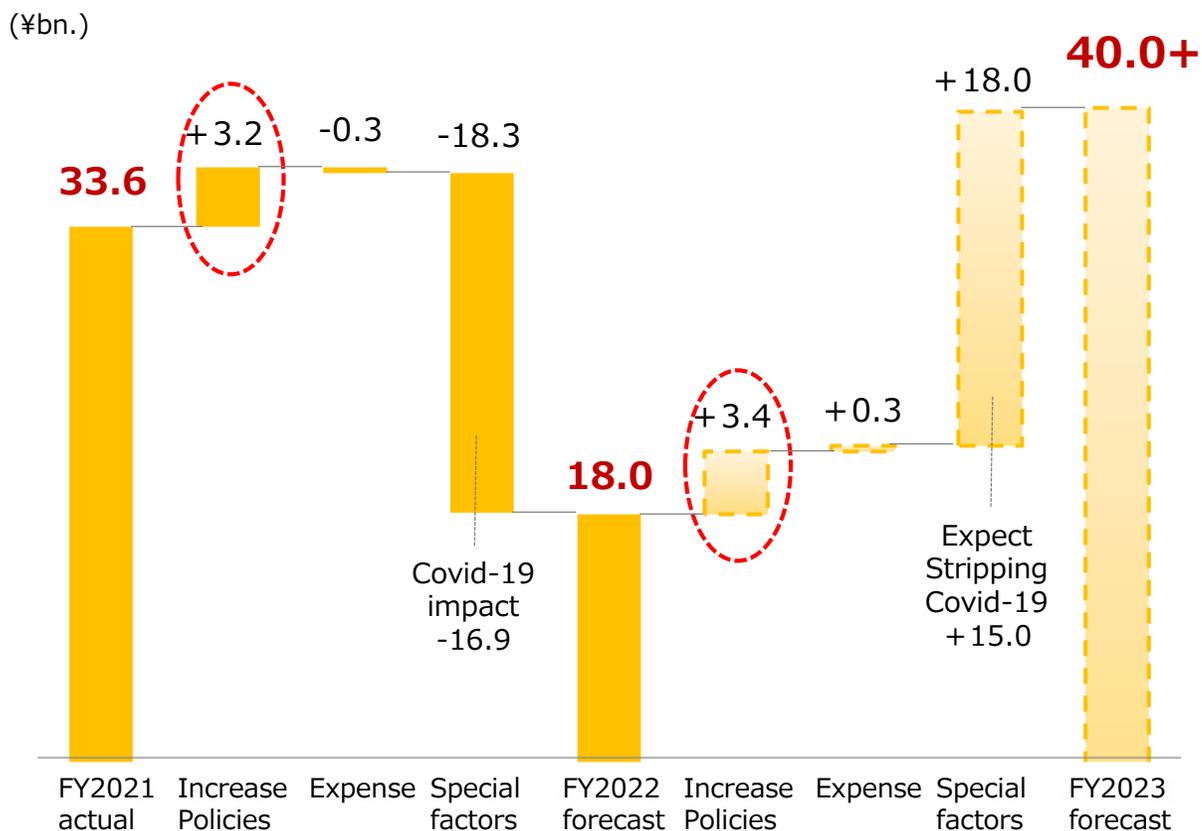
Commercial Consumer Health



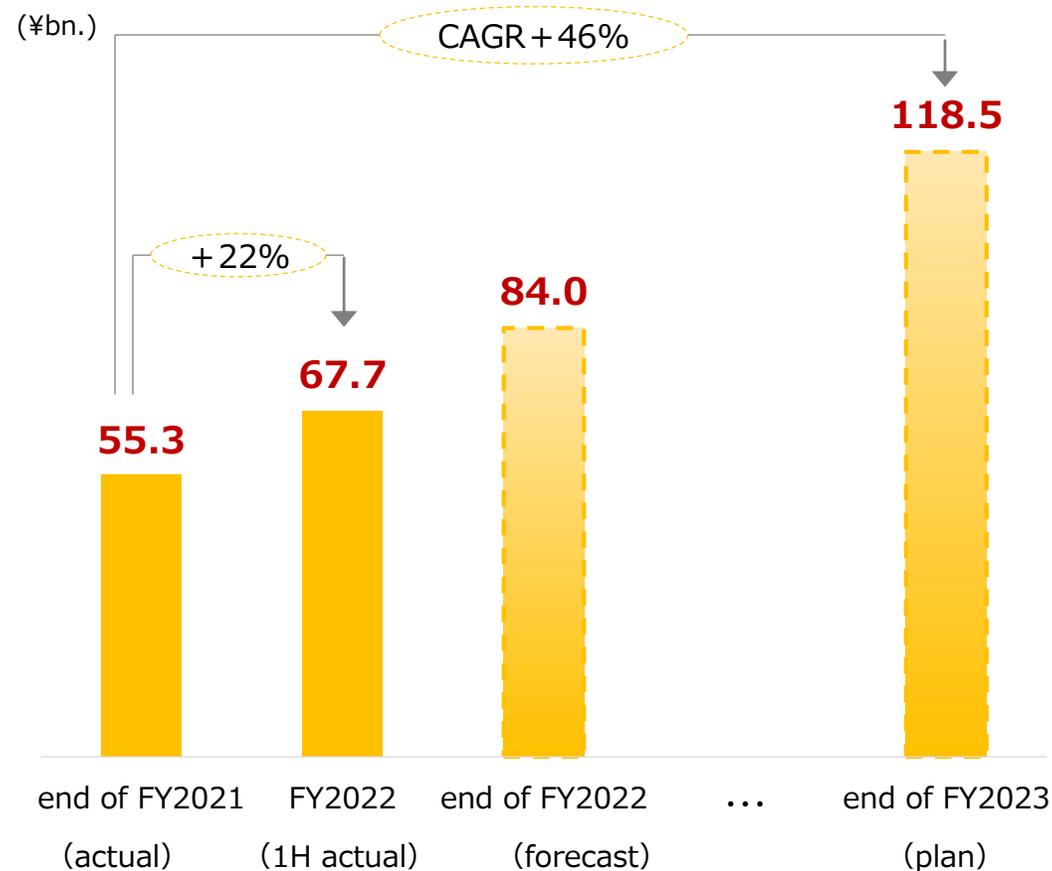
# Domestic Life Insurance Business –Steady Growth in Insurhealth® Policies in Force–

- Steady increase in profitable Insurhealth® products contributes to bottom-line growth
- Aim to achieve revised profit plan for FY2023 by steadily increasing policies in force

## Adjusted Profit



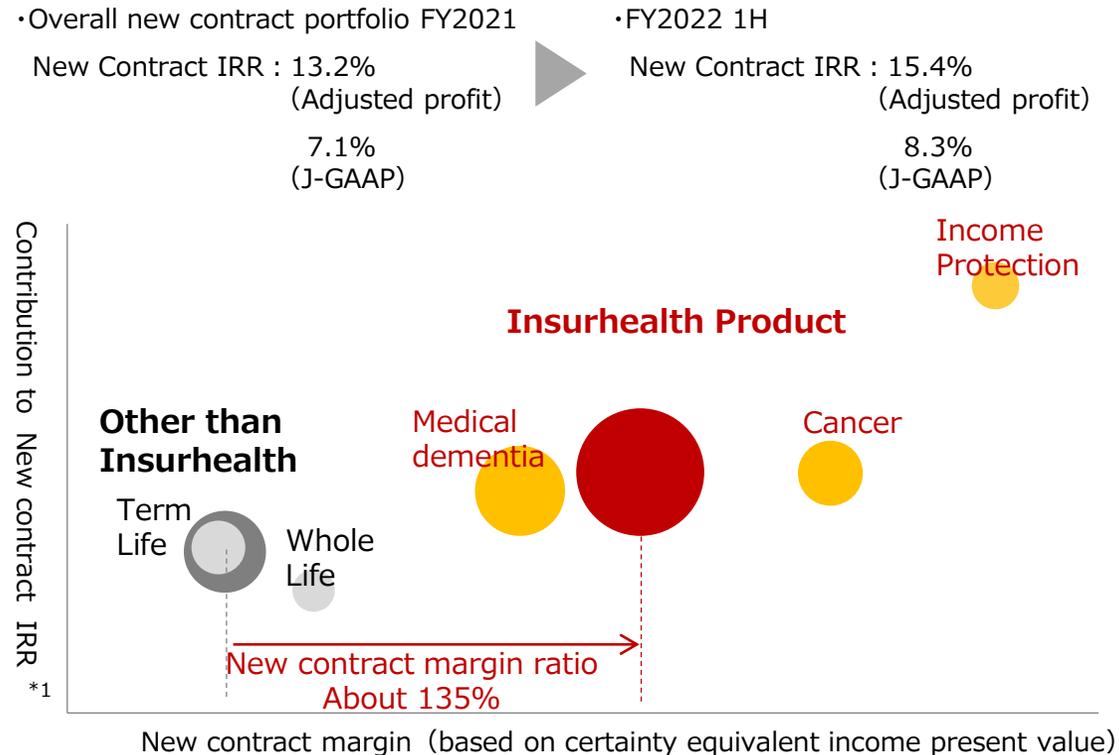
## Annualized Insurhealth Premium in force



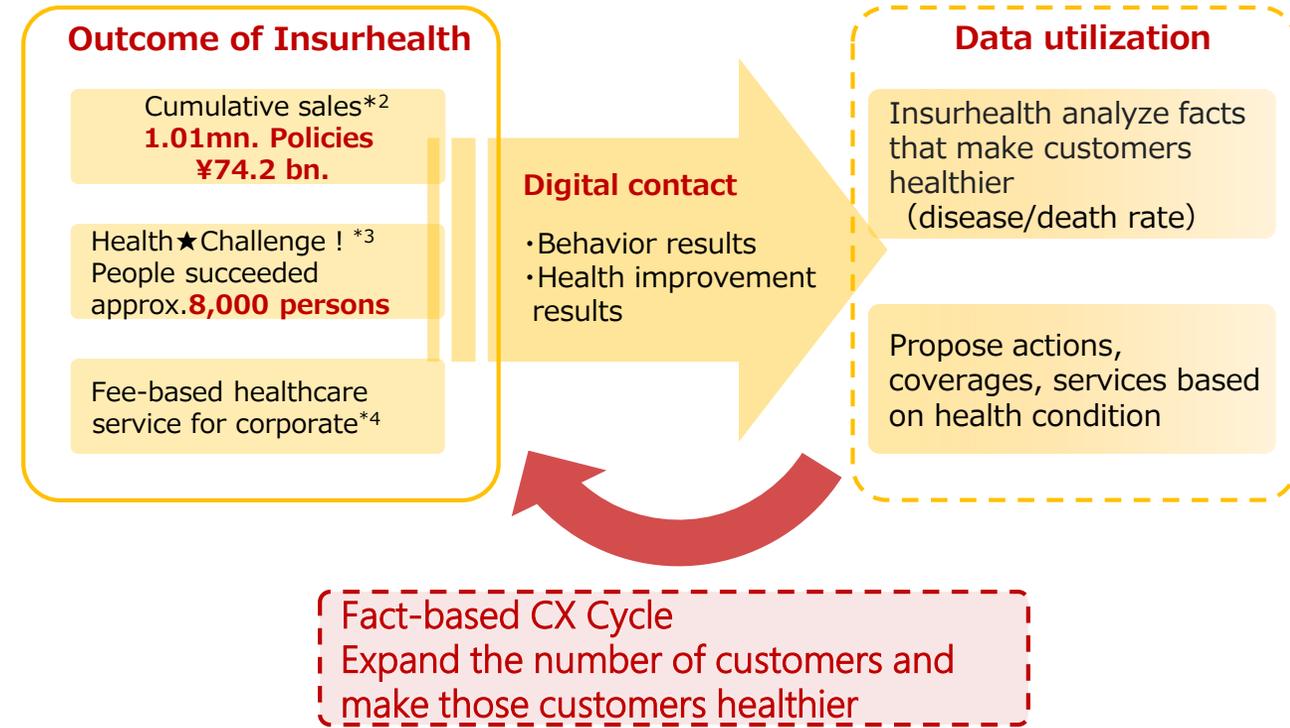
# Domestic Life Insurance Business – Establishing Health-Supporting Company by Insurhealth® –

- Increase profitability and IRR by expanding the scale of Insurhealth® policies in force
- As a health-supporting company, further enhance the value of Insurhealth® by supporting our customers' health through the use of digital technology

## Profitability and IRR contribution of Insurhealth



## Established position as a data-driven Health Support Company



\*1 A point measure of the degree of increase in the portfolio's overall new business IRR due to an increase in new business

\*2 2018 April – 2022 end of October Sales Performance base annualized premium

\*3 2022 End of October No. of successful insured in the cash-back discount program due to improved BMI and blood pressure and smoking cessation

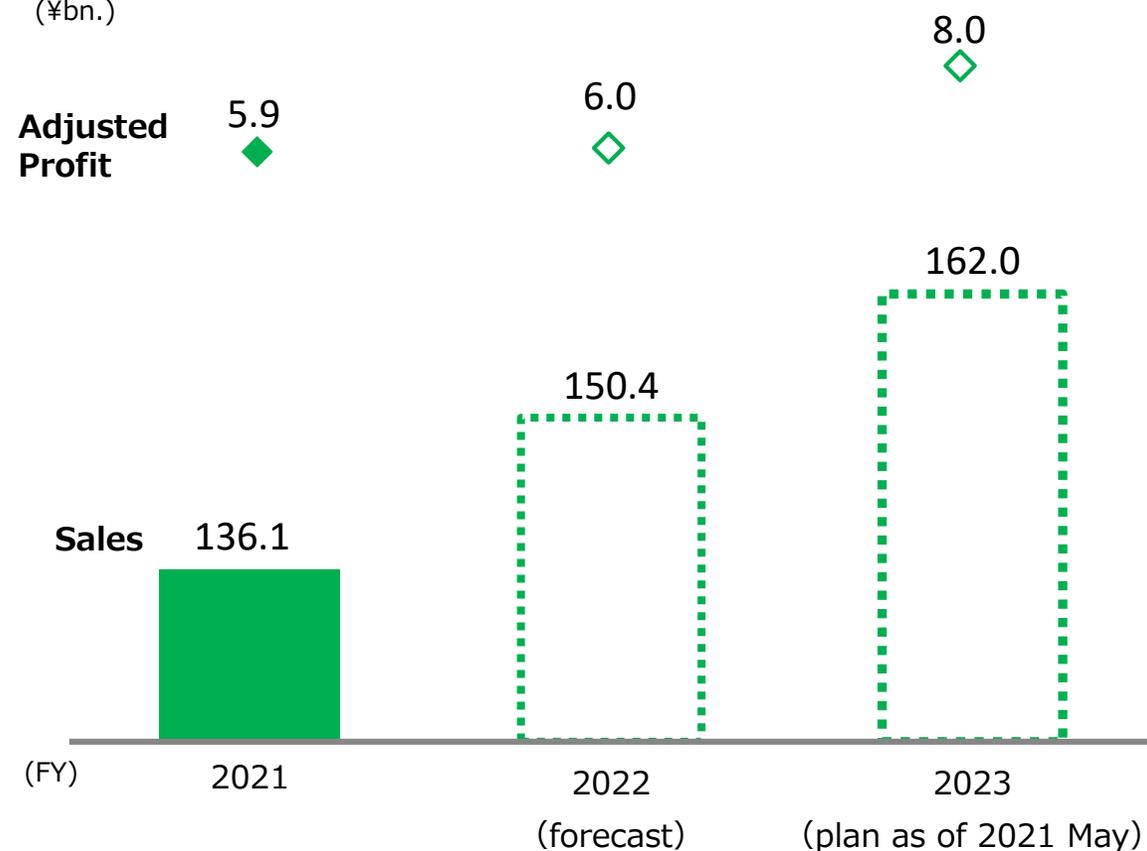
\*4 Started Femtech area From 2022 September, lifestyle-related diseases are from October 2022

# Key Point of Nursing Care & Seniors Business

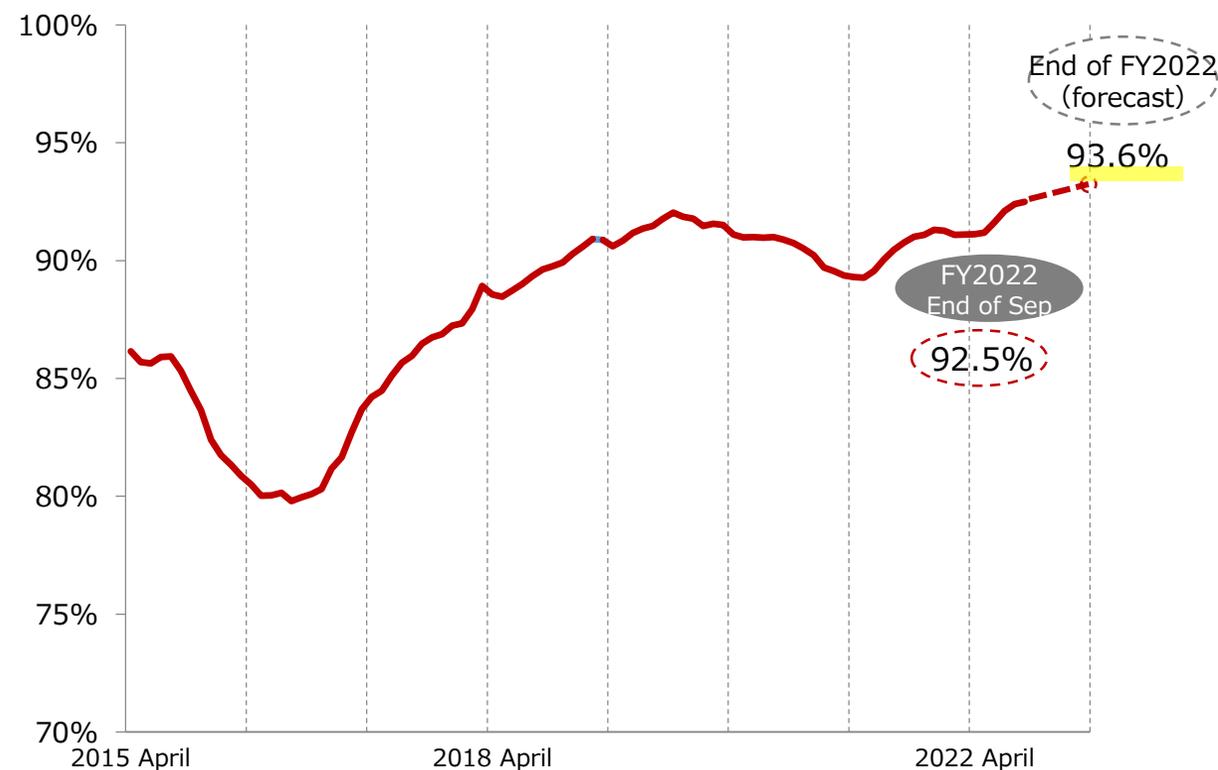
- Steady sales growth due to the effect of integration of Nexus Care and improvement of occupancy rate
- Aiming to achieve the FY2023 plan by promoting productivity improvement with quality

## Sales/Adjusted Profit

(¥bn.)



## Trend of occupancy rate\*1\*2



\*1 Occupancy rate = No. of residents / capacity of facilities

\*2 Integrate the occupancy rate of former SOMPO Care and SOMPO Care Next

# Digital Business –Initiatives for New Value Creation–

- Since the establishment of the joint venture in 2019, speedily creating numerous DX cases within SOMPO to improve business efficiency and contribute to profitability
- Accelerating efforts to solve productivity and efficiency issues common to large Japanese companies through the power of software platforms

## Palantir Technologies Japan

2019 November 18 : Establishment 2022~

Capital	USD100million
% of shareholding	SOMPO Holding 50%、Palantir 50%
CEO	Koichi Narasaki (SOMPO Holdings Digital Business Owner)



Solving social issues (RDP)

Enabling DX for Japanese companies

Creating outcomes with SOMPO

- ◆ Data utilization in nursing care business⇒developing into Nursing care RDP
- ◆ Utilization in underwriting・profit improvement
- ◆ Improving administrative efficiency in wide area disaster  
(\*See right side of this slide)

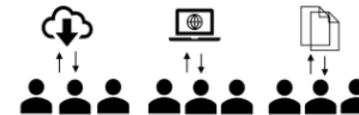
Accelerate differentiation and new business creation through DX

### \* Disaster response project in Sompo Japan

- Palantir Software support early insurance payment in response headquarter for Fukushima earthquake (2022 march 16)

before

- Complex and labor-intensive assessment system
- Issues in building a system and learning operation



after

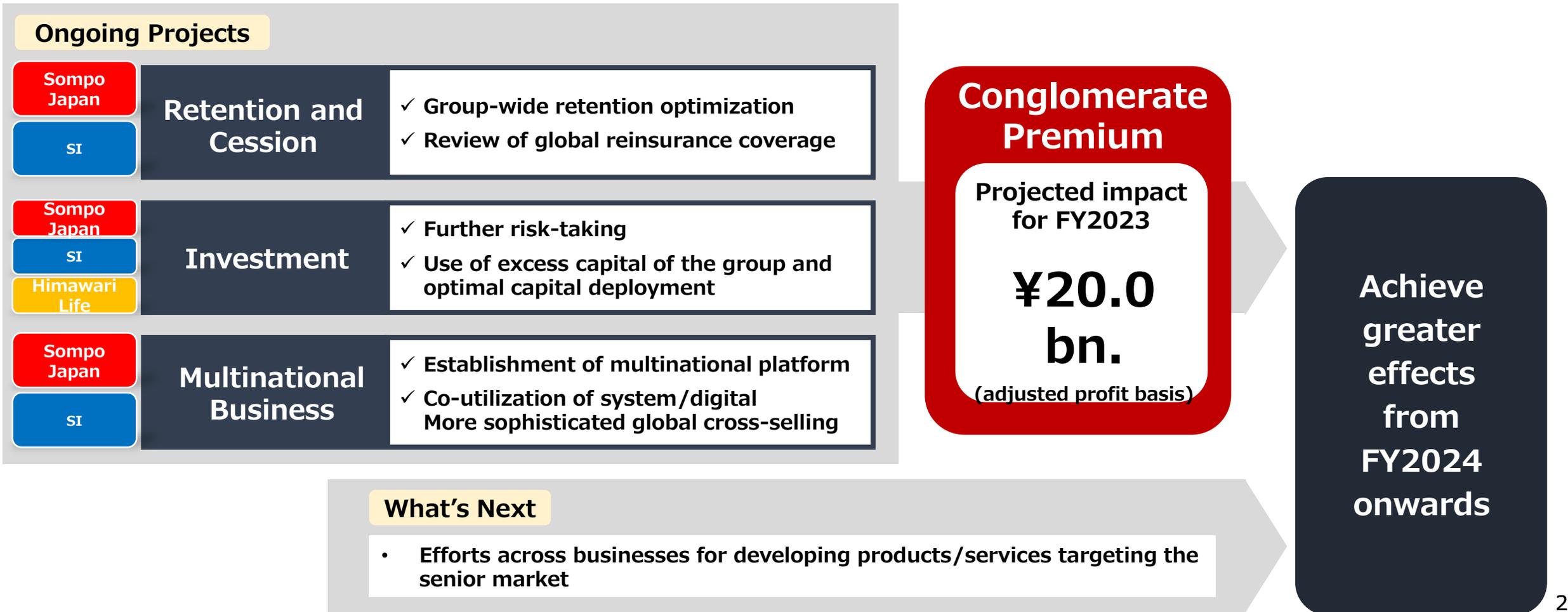
- Establish early structure and operation
- ⇒ **whole administration**  
**Approx.21% efficiency improvement**



# Creation of Conglomerate Premium

- Additional allocation of ¥200.0 bn. to SI Commercial with growth potential from the perspective of group optimization
- Overall estimated benefits of ¥20.0 bn. in FY2023 (adjusted profit basis) and in future years, target larger returns by developing projects across businesses, with the group brand, corporate culture and talent development in mind

## Project Outline and Scope



# III. Nursing Care RDP



# History of the Nursing Care & Seniors Business

- Made a full-scale entry to increase sustainability and attractiveness of the nursing care industry. The Nursing Care & Seniors Business is focused on addressing apparent challenges and has grown into a profitable business
- Aim to realize discontinuous growth by leading the transformation of the nursing care industry with the commercialization of "egaku"\*1 as a new phase of the Nursing Care & Seniors Business

## History of the Nursing Care & Seniors Business \*2



### Initiatives to address apparent challenges

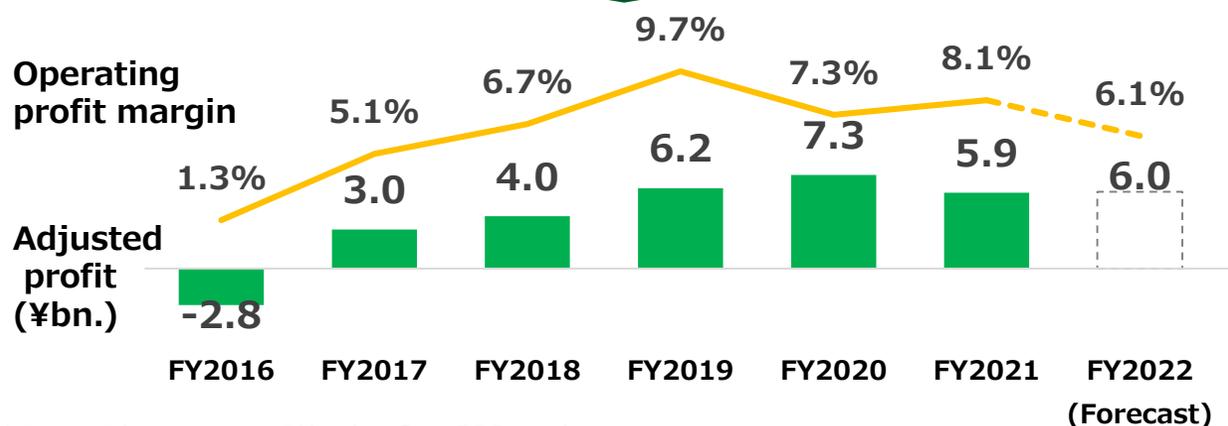
- ✓ Business integration and corporate culture change
- ✓ Talent development, productivity improvement
- ✓ Significant compensation improvement (FY2019, FY2022)

### Challenges that became apparent after full-scale entry

- ✓ Limit to the number of seniors that SOMPO can support on our own
- ✓ Just changing SOMPO is insufficient to change the future of nursing care

Lead the transformation of the nursing care industry, not just SOMPO, to become a nursing care provider that supports a greater number of seniors

**Realize discontinuous growth through the commercialization of "egaku"**

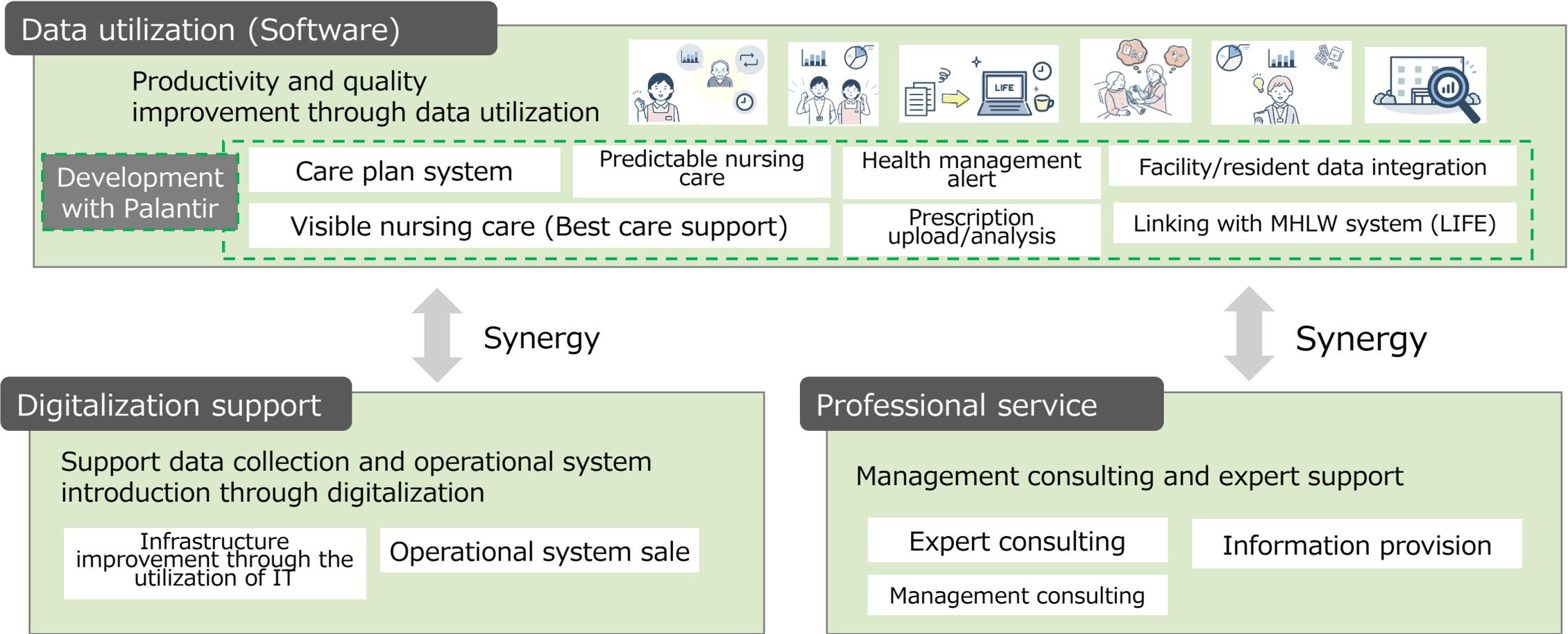


\*1 "egaku" is the name of Nursing Care RDP service

\*2 The Nursing Care & Healthcare Business before FY2020

# “egaku” Service Overview

- “egaku” comprises of 3 types of services which are data utilization, digitalization support, and professional service

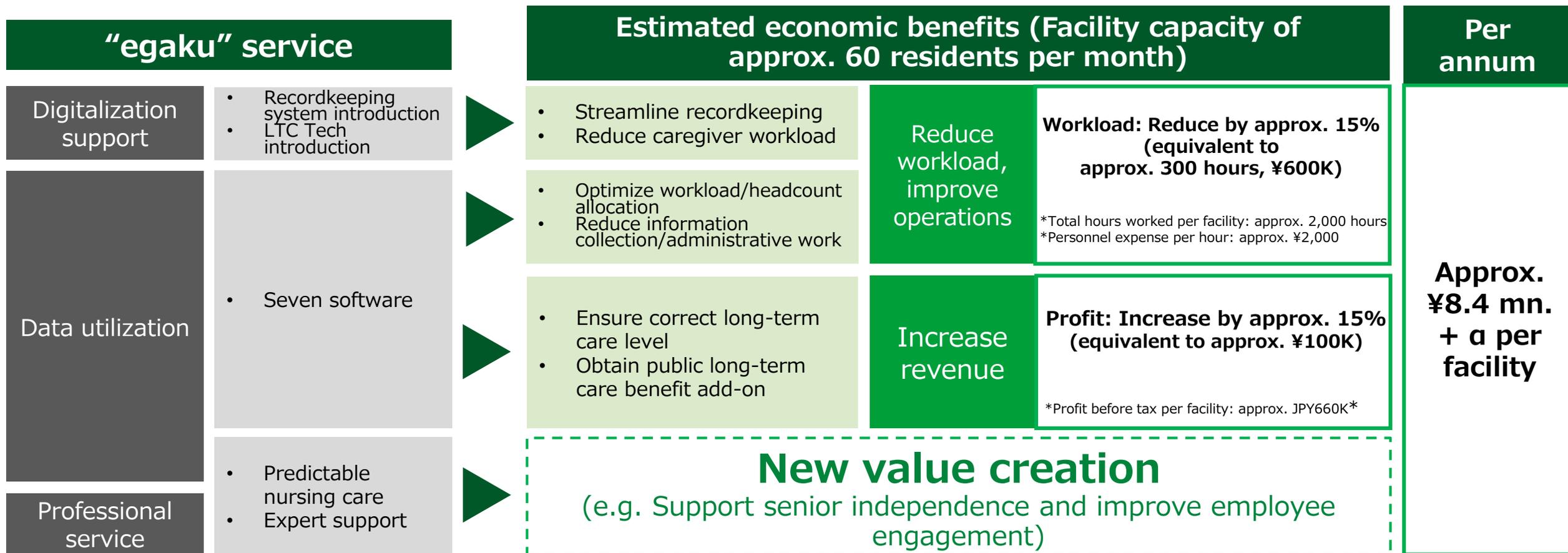


# Economic Benefits to Nursing Care Providers by Introducing “egaku”

- Estimated workload reduction by approx. 15% and profit increase by approx. ¥8.4 mn. p.a. per facility by introducing “egaku”
- “egaku” also creates new value, such as supporting senior independence and improving employee engagement

## Economic benefits

- Estimated benefits based on use cases at Sompo Care (facility capacity of approx. 60 residents)



# Desired Impact of “egaku” Business

- Plan to commercialize “egaku” in FY2023. Refine services, aim to generate operating profit of approx. ¥10.0 bn. in FY2030, and bring benefits of approx. ¥100.0 bn. to the nursing care industry by introducing “egaku”
- Try to (1) increase sustainability of the nursing care industry and (2) minimize the impact on people’s lives, such as caregiver attrition, in the long term

### Business launch and expansion

**Business launch (FY2023-2024)**

- Deploy to early adopter and refine services in every way possible
- Further PoC at SOMPO and build track record
- Build alliance and collaborate with various nursing care providers
- Utilize SOMPO Group network

**Business expansion (FY2025 onwards)**

- Deploy to firms other than early adopters
- Reach out to at-home care providers, not just nursing home providers

### Target business size in FY2030

- Revenue approx. JPY30 billion, operating profit approx. ¥10.0 bn.
- No. of facilities that introduced “egaku”<sup>\*1</sup> approx. 13,000

<b>Nursing home offices</b>	approx. 9,000 Share approx. 30%	<b>At-home care offices</b>	approx. 4,000 Share approx. 10%
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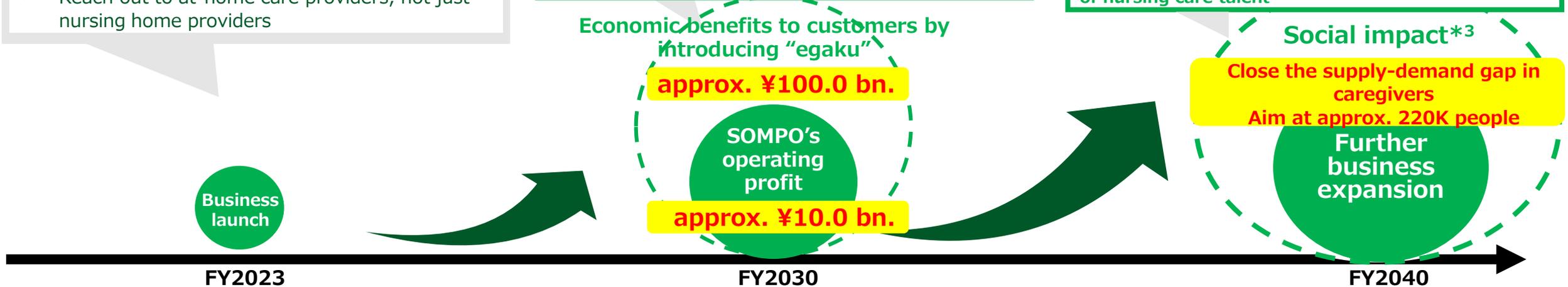
**Economic benefits to customers by introducing “egaku” approx. ¥100.0 bn.**  
(Economic benefits of ¥8.4 mn. per facility × No. of facilities that introduced “egaku” 13,000)

### Long-term vision

**De facto standard for the entire nursing care industry**

- Deploy to adjacent industries, local governments, and other countries in addition to expanding in the nursing care business
- Build sustainable infrastructure in response to an increasing number of people requiring support<sup>\*2</sup>

**① Increase sustainability of the nursing care industry**  
**② Minimize the impact on people’s lives, such as caregiver attrition**  
⇒ The challenge is to close the supply-demand gap of nursing care talent



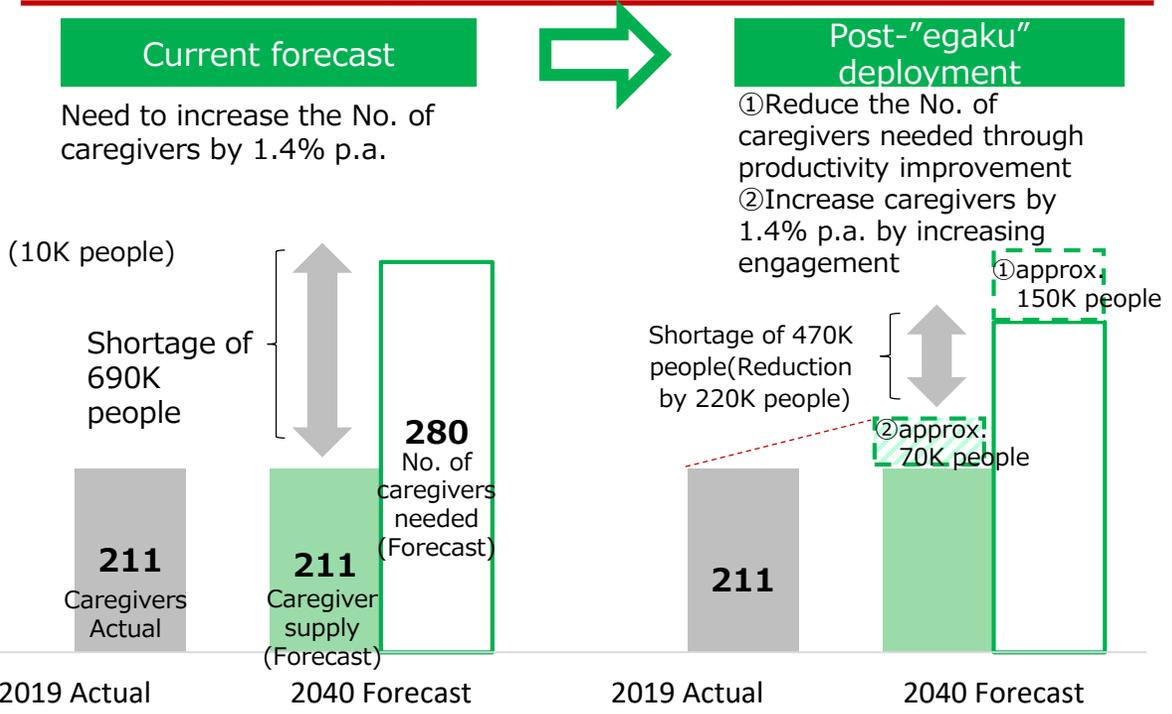
\*1 Nursing home providers (Special nursing home, senior healthcare facility, private care provider, GH): No. of firms approx. 17,000, No. of offices approx. 32,000  
At-home care providers: No. of firms approx. 32,000, No. of offices approx. 45,000

\*2 Increase by approx. 25% in FY2030 and approx. 40% in FY2040 vs. FY2020 (Prepared by SOMPO using the 55th Social Security Council Long-Term Care Insurance Committee meeting materials) \*3 See next page

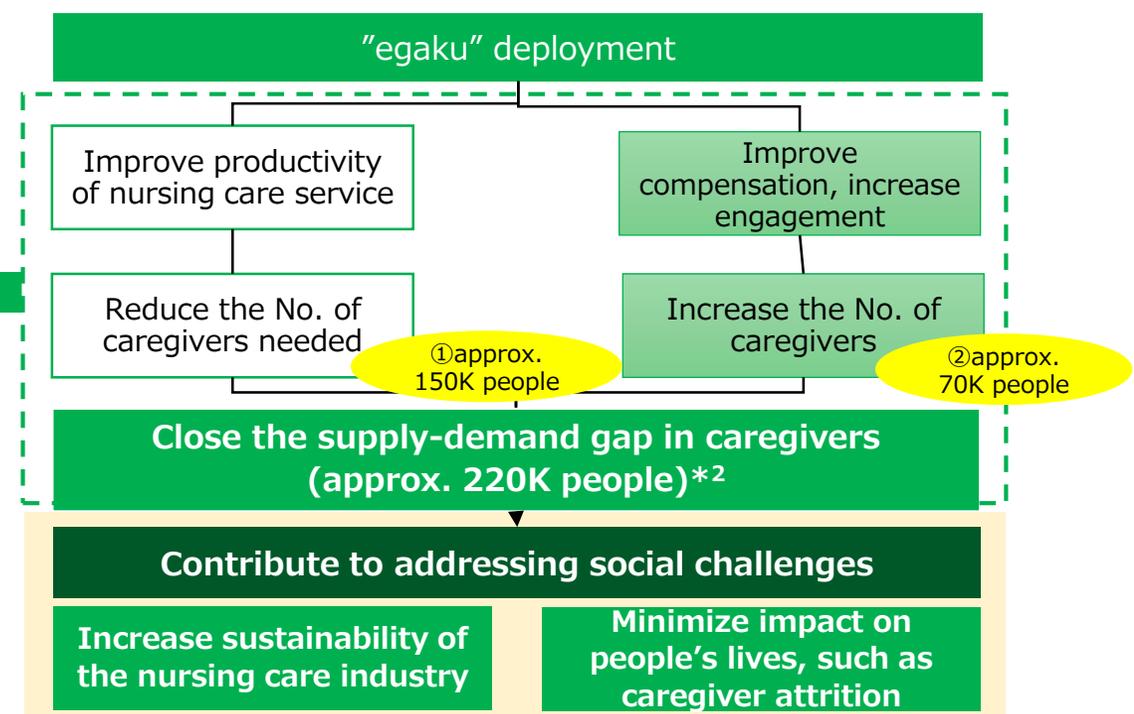
# Impact on the Whole Society

- The supply-demand gap in caregivers is estimated to be approx. 690K people in 2040 due an increasing number of seniors requiring support
- Aim to close the supply-demand gap by 220K people by reducing the number of caregivers needed through productivity improvement with “egaku”, and expanding the talent pool by increasing engagement and job attraction

## Closing the supply-demand gap in caregivers (Outline)



## Impact path\*1



(Reference) Close the supply-demand gap in caregivers by 220K people (GDP equivalent)

Seniors supported by 220K people*3	approx. 880K people	✖	GDP per capita	¥4.26 mn	=	GDP equivalent	¥3.7 tn.
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\*1 There are other likely impact, such as maintenance and improvement of ADL/QOL of seniors with high-quality services and associated potential for reducing social security benefits.  
 \*2 Assuming deployment of “egaku” to 30% of home care providers and 10% of at-home care providers who all successfully reduce the No. of caregivers needed and increase the No. of caregivers, just like at Sompo Care  
 \*3 Assuming that 1 caregivers support about 4 seniors. If 880K seniors cannot receive nursing care service, their families, etc. would need to quit or restrict work for nursing care, which in turn would lower GDP growth. Since not all families, etc. would quit work for nursing care resulting in zero contribution to GDP, this is an estimate of the maximum impact on GDP.

# Impact of the Use of "egaku" on Frontline Nursing Care



## Problems for facility managers and care managers, and use of "egaku"

## Benefits to caregivers

Information centralization

Visible nursing care

**Visualization of condition/challenge**

- Visualize the information of caregivers and residents
- Visualize challenges in care management



**Practice the ideal nursing care**

Predictable nursing care

Care plan system

Health management alert

**Quality of resident care**

- Predict deterioration in health condition and suggest care to support independence
- Propose best care plan based on high-quality assessment
- Send an alert based on change/trend in health condition and drug intake



**Increase social status**

Linking with ministry/agency system

Prescription upload/analysis

**Workload of caregiver**

- Automate and simplify public long-term care benefit add-on work
- Digitalization for easy access to drug information on smartphone



**Improve compensation**



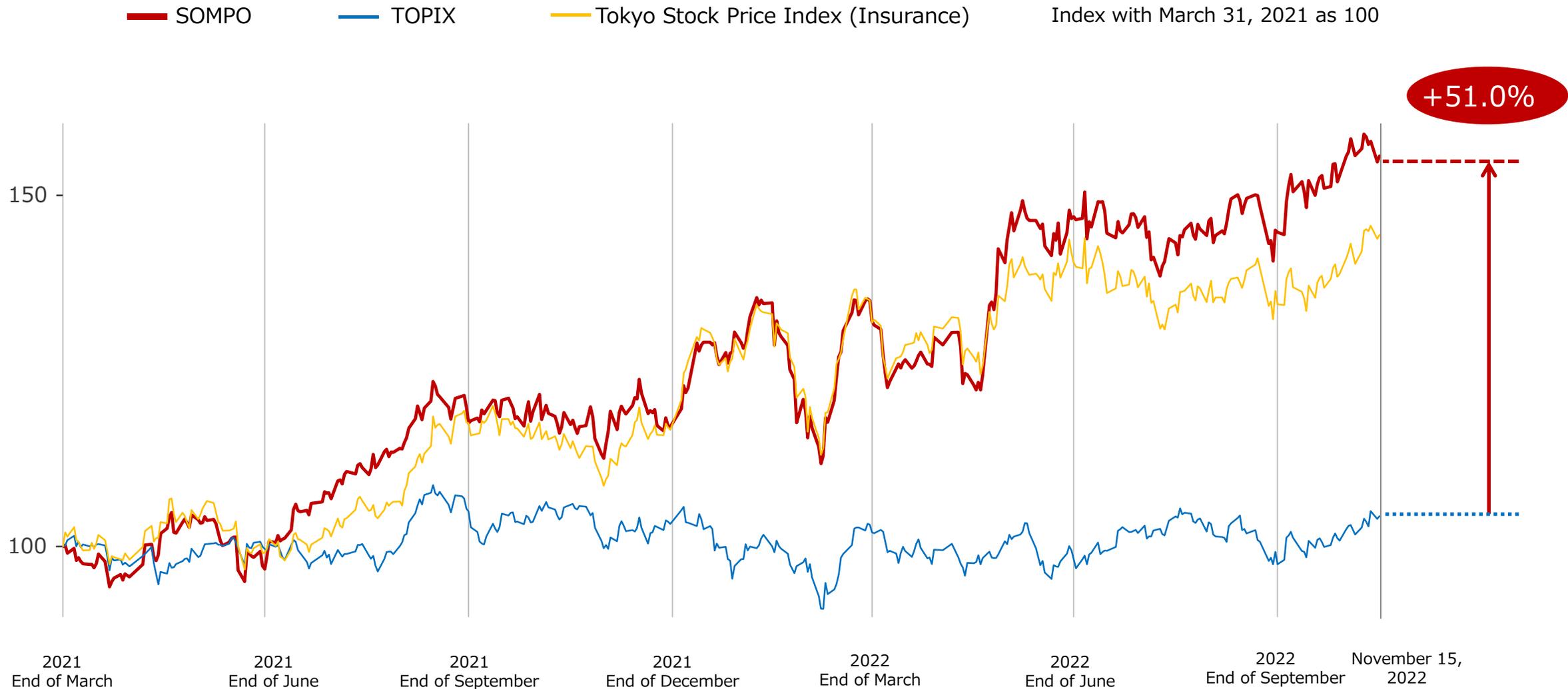
**Standardize operations, reduce workload**

# Reference

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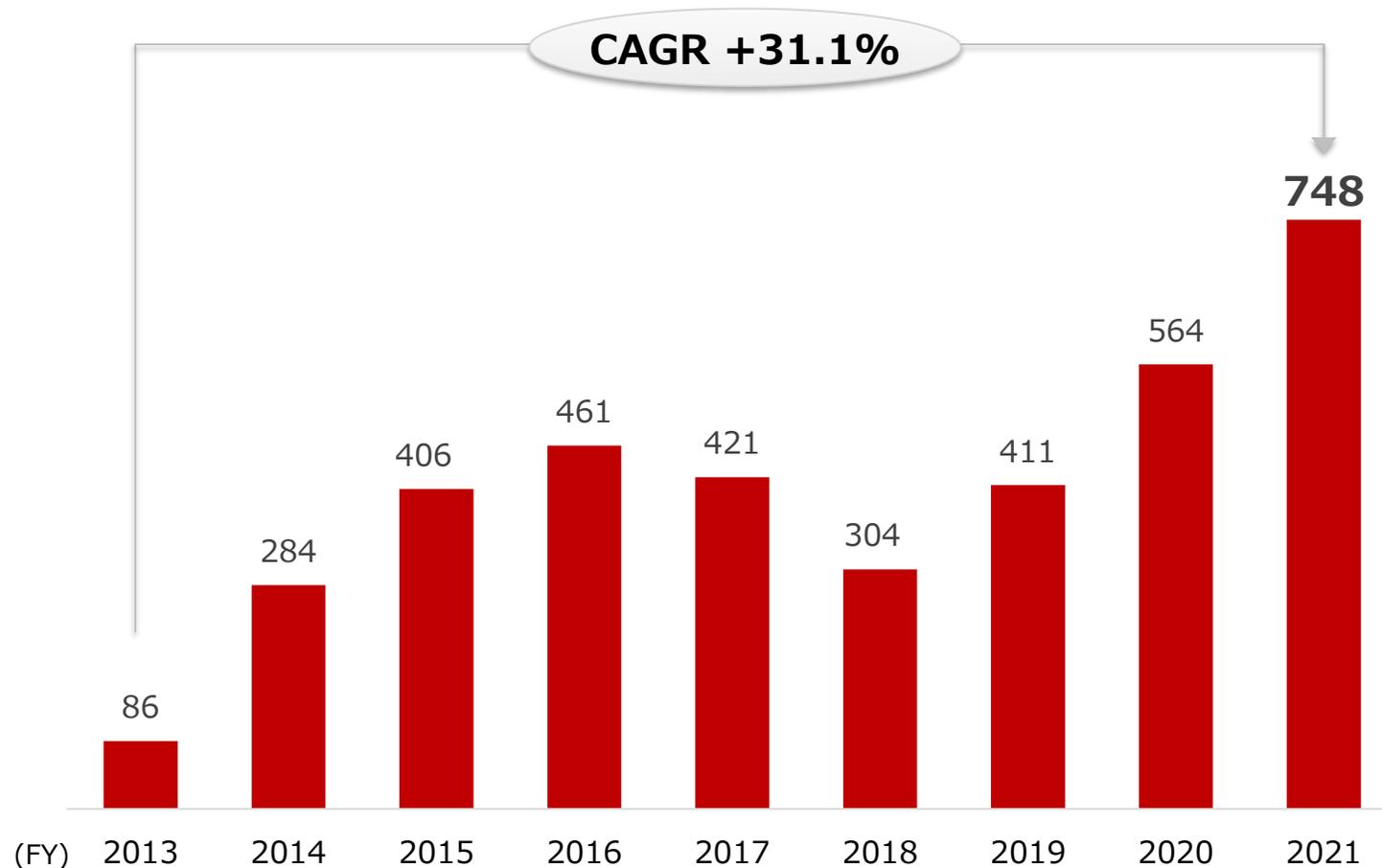
## Total Shareholder Returns (March 31, 2021 to November 15, 2022)



# EPS Track Records

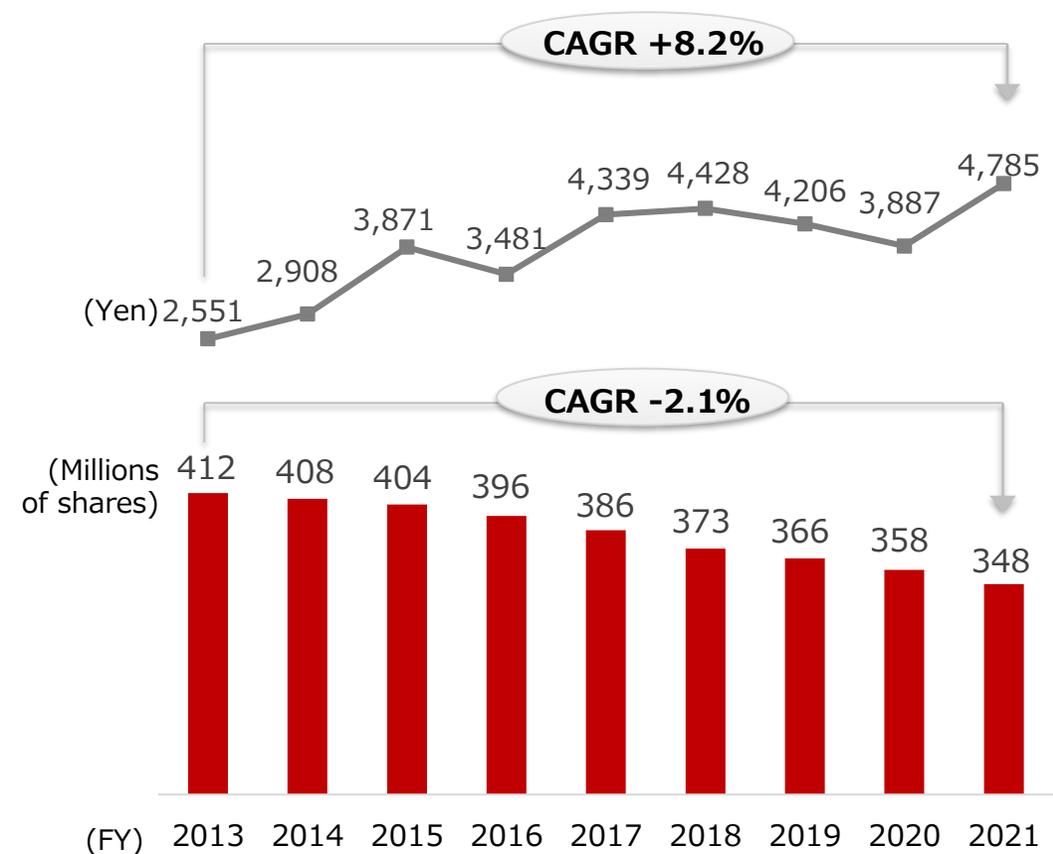
## EPS Trend (Adjusted EPS\*)

(¥)



## (Reference) Average number of shares during the period

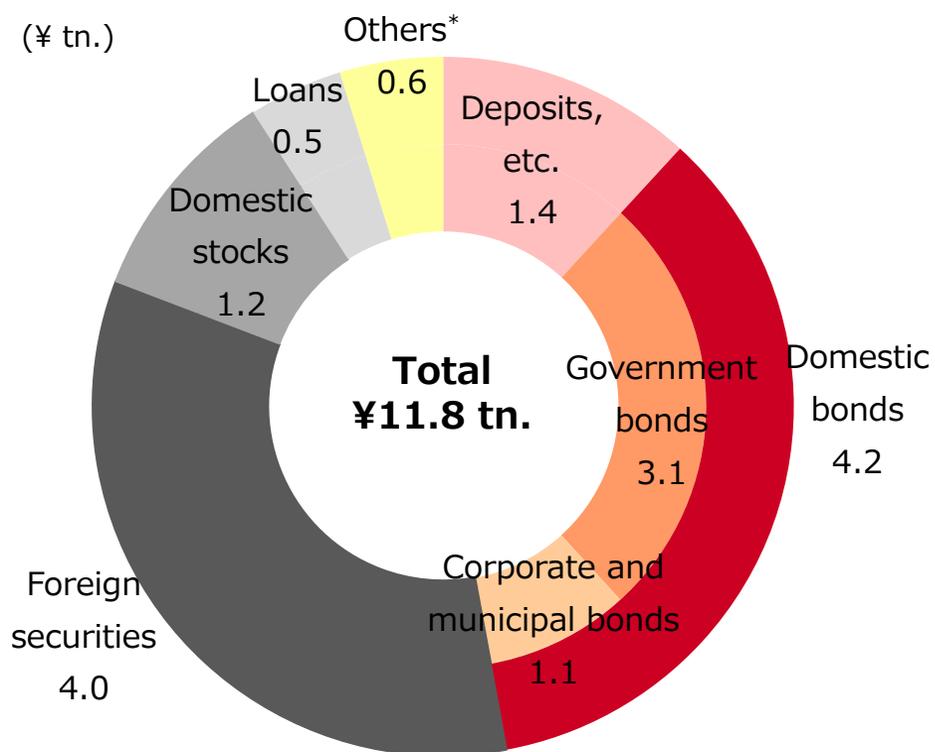
■ Annual average number of shares ■ Annual average stock price



\* The numerator is adjusted consolidated profit (figure before FY2015 are estimates based on the adjusted profit definition for FY2016).

# Asset Portfolio –Group Consolidated–

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



### Investment assets by company

(¥ bn.)

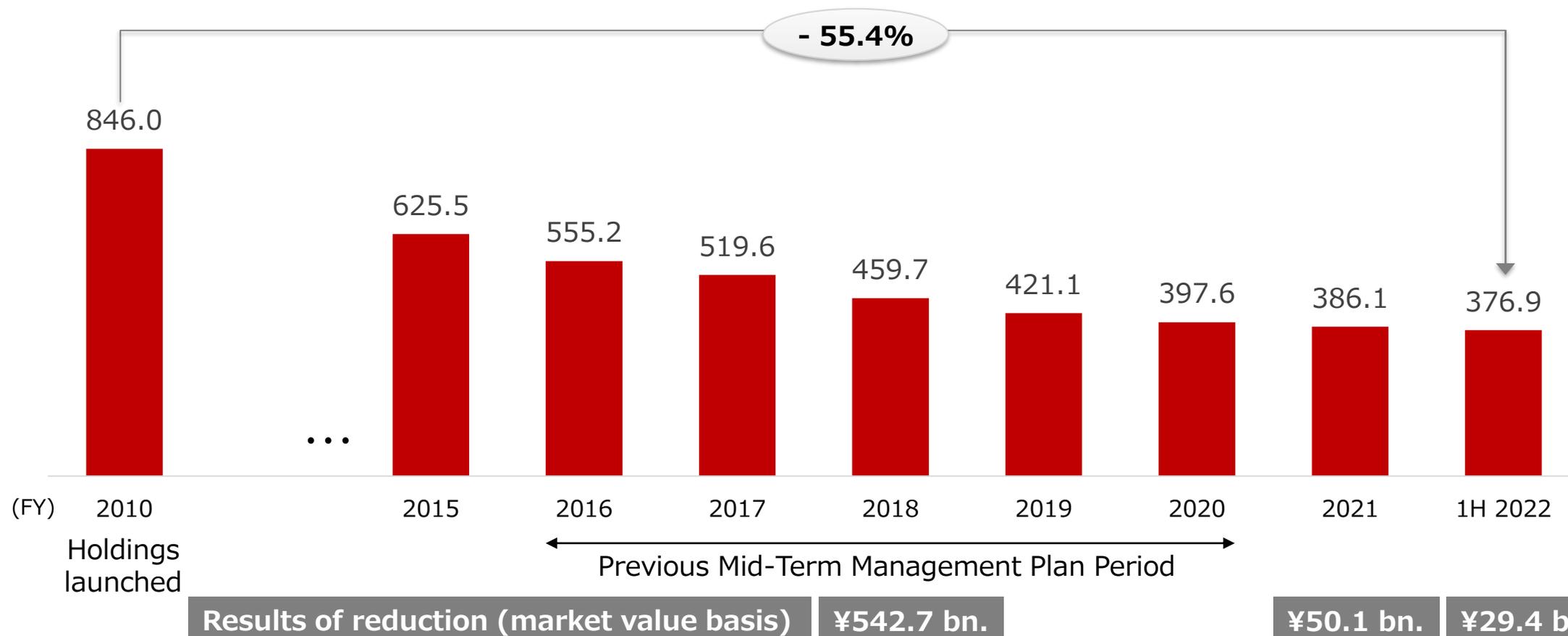
	Amount of investment assets	Composition
Sompo Japan	5,412.6	46%
Sompo International	2,308.9	19%
Himawari Life (General account)	3,722.3	31%
Others	411.4	3%
<b>Total</b>	<b>11,855.3</b>	<b>100%</b>

\* Others include lands, building and stocks of non-consolidated subsidiaries, etc.

# Asset Portfolio –Strategic Holding Stocks Reduction Initiatives–

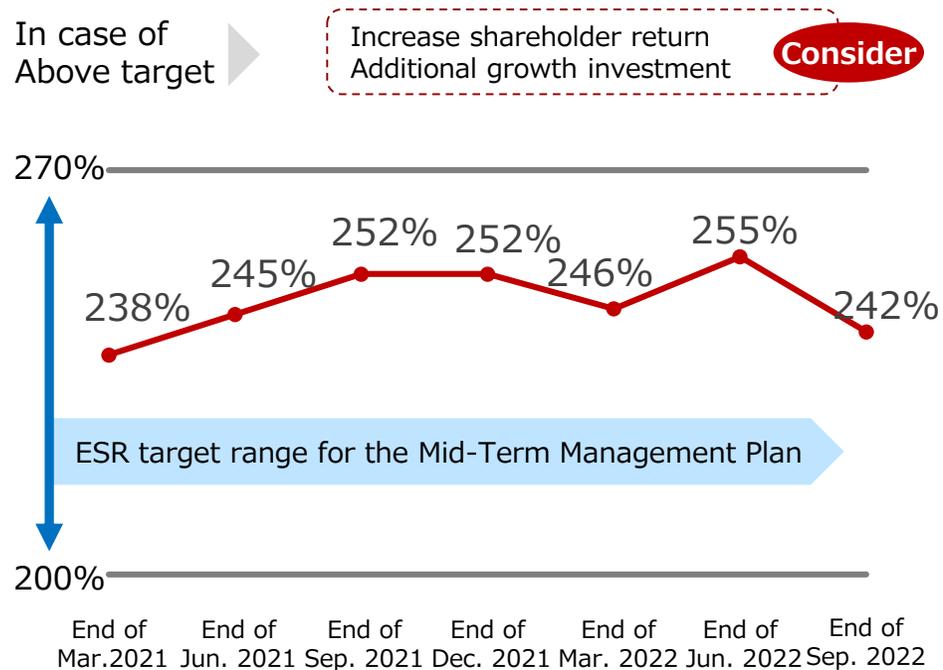
## Change in strategic-holding stocks book value of Sompo Japan

(¥ bn.)



\* Incl. stock futures

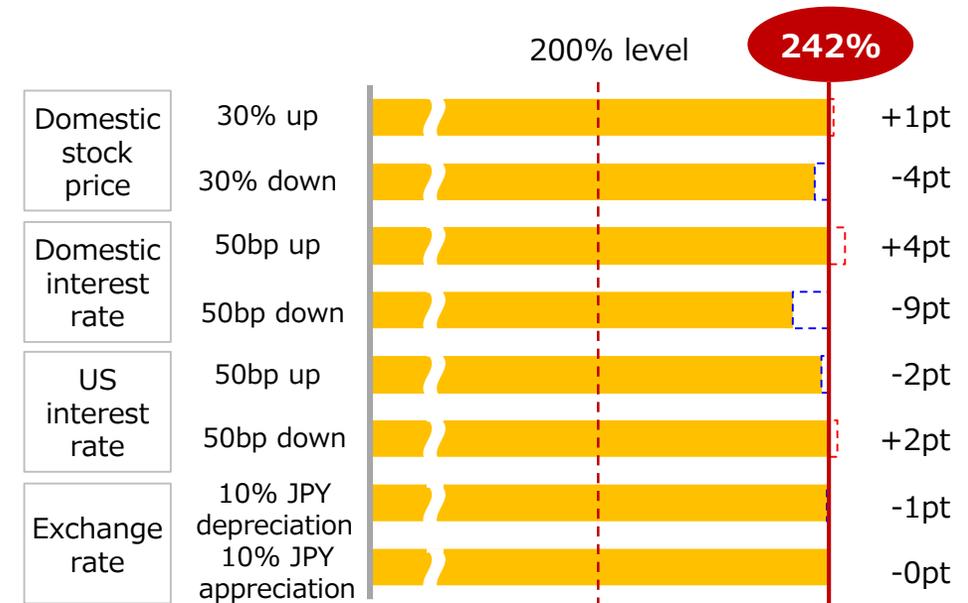
## ESR trend and target range



In case of below target

Risk reduction measure  
Recapitalization through hybrid bonds, etc.  
Increase internal reserve **Consider**

## Sensitivity analysis of ESR (99.5%VaR) (as of the end of Sep. 2022)



(Reference) Market indicators	End of Sep. 2022	(Variance*)
Domestic stock price (TOPIX)	1,835.94	(-5.7%)
Domestic interest rate (30y JGB)	1.39%	(+45bp)
US interest rate (10y Treasury)	3.83%	(+149bp)
Exchange rate (JPY/USD)	¥144.81	(+18.3%)

\* Against end of Mar. 2022

# Numerical Management Targets, etc.

## Numerical management targets for plan

(¥ bn.)	FY2021			FY2022		FY2023	
	(Actual)	(Variance)	(Segment ROE) <sup>*4</sup>	(forecasts)	(Segment ROE)	(Plan)	(Segment ROE)
Domestic P&C insurance	157.4	+27.3	11.7%	35.0	2.5%	150.0+	11.4%
Overseas insurance	61.8	+31.8	7.2%	100.0	9.6%	100.0+	11.6%
Domestic life insurance	33.6	-0.2	4.5%	18.0	2.5%	40.0+	5.7%
Nursing care & seniors	5.9	-2.2	10.7%	6.0	10.3%	8.0+	14.3%
Digital, etc.	2.4	+2.4	-	1.0	-	2.0+	-
<b>Total (Adjusted consolidated profit)</b>	<b>261.3</b>	<b>+59.1</b>	<b>-</b>	<b>160.0</b>	<b>-</b>	<b>300.0+</b>	<b>-</b>
<b>Adjusted consolidated ROE<sup>*3</sup></b>	<b>9.4%</b>	<b>+1.4pt</b>	<b>-</b>	<b>5.8%</b>	<b>-</b>	<b>10%+</b>	<b>-</b>
ROE (J-GAAP)	11.1%	+3.2pt	-	4.1%	-	-	-

## Definition of adjusted profit<sup>\*1</sup>

### Domestic P&C insurance

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)

### Overseas insurance

Operating Income<sup>\*2</sup>  
Equity-method affiliates are in principle included as net income

### Domestic life insurance

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)

### Nursing care & seniors

### Others

Net income

### Digital

Net income  
- Gains/losses and impairment losses on investment (after tax)

\*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 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve, etc., in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

\*4 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.

# Third-Party Recognition

※as of November 22, 2022

## Inclusion in ESG Indices of SOMPO

Dow Jones Sustainability Indices  
(World/Asia Pacific)

Member of

**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA



**2022** CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX\*

**2022** CONSTITUENT MSCI JAPAN \*  
EMPOWERING WOMEN INDEX (WIN)

S&P/JPX Carbon Efficient Index



FTSE4Good Index series



FTSE4Good

FTSE Blossom Japan Index



FTSE Blossom  
Japan

\*The inclusion of Sompo Holdings in MSCI indices and the use of MSCI logos, trademarks, service marks, or index names does not mean that MSCI or its affiliates sponsors, recommends, or promotes Sompo Holdings. MSCI indices are the exclusive property of MSCI and the names and logos are trademarks or service marks of MSCI or its affiliates.

## External Organizations Recognition

CDP  
Climate Change  
「A LIST」 (Dec,2021)



NIKKEI  
SDGs Management survey  
「5-star」 (Nov,2022)



NIKKEI  
Smart Work survey  
「5-star」 (Nov,2022)



TOYOKEIZAI  
CSR Ranking (CSR total)  
「2<sup>nd</sup> place」 (Feb,2022)



## 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



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