

Principles of the Next Mid-Term Management Plan

February 15, 2024

Sompo Holdings, Inc.

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New Leadership

Mikio Okumura

Group Chief Executive Officer, Director,
President and Representative Executive Officer of Sompo Holdings, Inc.*



We strive to serve the ever-changing needs of customers, satisfy the expectations of various stakeholders, including customers, business partners, employees, shareholders and society, and thereby enhance enterprise value.

Koji Ishikawa

CEO of Domestic P&C Insurance Business,
Senior Vice President and Executive Officer of Sompo Holdings, Inc.
President and Chief Executive Officer of Sompo Japan Insurance, Inc.



We strive to swiftly rebuild the business foundation and profit base of Sompo Japan by adapting to changes in the external environment, and become a “company that thinks like the customers in every aspect of business” with unwavering determination and all out, hands-on management.

* As of April 1, 2024

Customer-Centric Initiatives (Main initiatives of Sompo Group in response to the 2024 Noto Earthquake)

- In response to the 2024 Noto Earthquake on January 1, Sompo Japan has implemented customer-centric initiatives, including swiftly setting up the disaster management headquarters and dispatching employees from other areas to provide support
- Sompo Care, Palantir Japan, and other group companies are doing all they can to support the communities and people affected by the disaster

Sompo Japan's initiatives

Swift payment of claims by utilizing digital technologies

Swift response

- ✓ Set up the disaster management headquarters on Jan. 1
- ✓ Substantially increased the relevant human resources.

Utilization of digital technologies

Operational improvement by using Palantir's Foundry

Earthquake damage



Disaster management headquarters



Group-wide initiatives

Sompo Japan × SOMPO Care: Supporting the communities and people affected by the disaster

Food supply

- ✓ Emergency food supply (20,000 units)
- ✓ Cooked meal (suitable for seniors) supply to nursing care facilities in affected areas (20,000 units)

Caregivers sent over

Sent caregivers of SOMPO Care to evacuation shelters to support and care for seniors affected by the disaster

SOMPO × Palantir: Contributing to keep track of evacuee information

Contribution in system development

- ✓ Participated in efforts with the Digital Agency, and Disaster Prevention DX Public-Private Co-Creation Council, etc.
- ✓ Developed a system for integrating information on evacuees and their whereabouts

Executive Summary

Reborn

- ✓ **Strengthen the governance structure of Sompo Holdings and Sompo Japan**
- ✓ In addition to recurrence prevention measures, including tightening of internal control, **implement “SJ-R” initiative during the next Mid-Term Management Plan period to rebuild Sompo Japan and achieve sustainable growth**

Proven Track Record

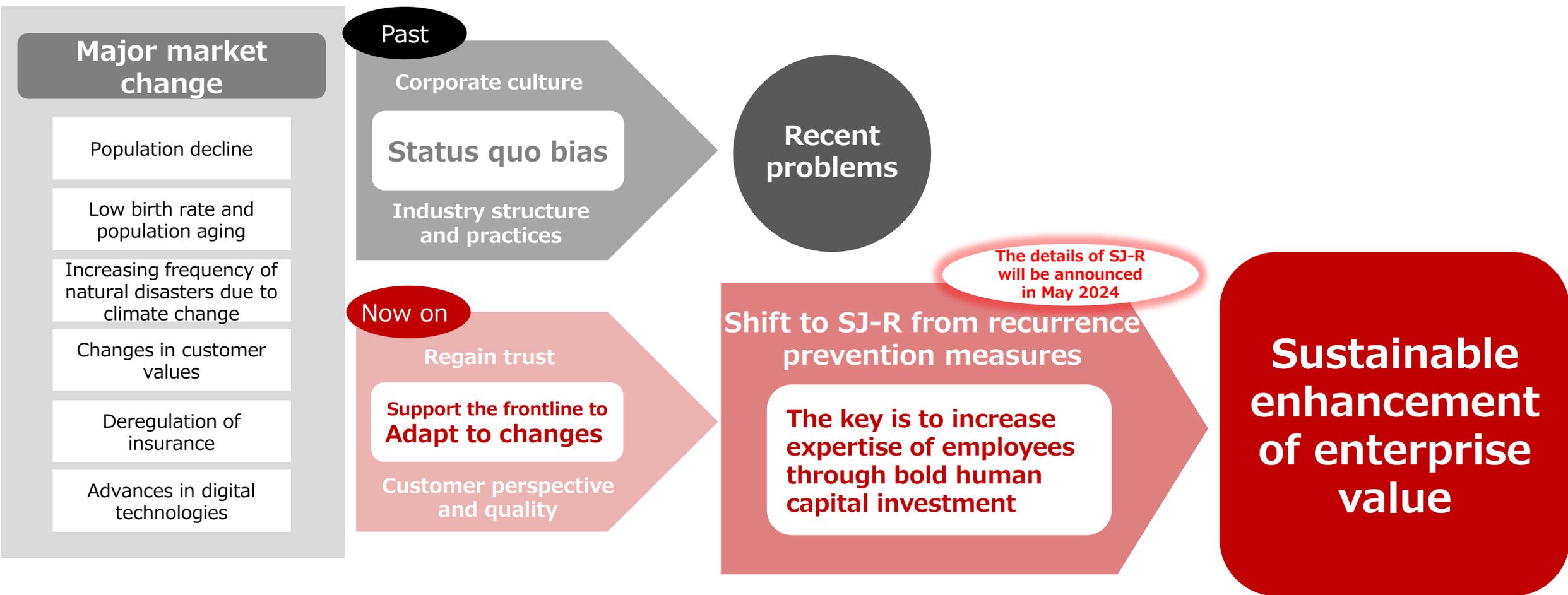
- ✓ Since the establishment of Sompo Holdings, **Adjusted consolidated profit is likely to grow at a CAGR of +20% and hit a record high in FY2023**
- ✓ **Delivered attractive shareholder return** (DPS increased by 5 times over the past 10 years) **and executed high-quality growth investment** (Endurance, Palantir, etc.)
- ✓ **Sompo Group made progress in scale and diversification driven by high growth of the overseas insurance & reinsurance business**
- ✓ **Expanded health support** (Insurhealth) **and nursing care business** (“egaku”) for mid- to long-term growth and **pursued Sompo-ness**

Principles of the Next Mid-term Management Plan

- ✓ **“Increase resilience”, implement “strategies to connect with customers and deliver connected services”, and fulfill customer needs beyond insurance to achieve capital efficiency comparable with global peers and double digit level EPS growth**
- ✓ The three pillars of growth are **(1) “New Sompo Japan”, (2) Overseas growth strategy, and (3) Wellbeing Initiative**
- ✓ **“New Sompo Japan” will correct industry practices, including strategic shareholding, to continue delivering “real value”** and aim to become resilient and highly capital efficient

Root Causes of Problems

- The root of the recent problems lies in our inability to properly adapt to major changes in the market by overcoming the status quo bias
- Sompo Group will work as one to rebuild Sompo Japan through the implementation of drastic strategies, such as SJ-R, instead of revitalization through patchwork measures to prevent recurrence



New Governance Structure and Recurrence Prevention Measures (Sompo Japan)

- Fundamentally resolve the problems with Sompo Japan and industry which came to light as a result of the Bigmotor and price-fixing issues by revamping governance structure
- Without blindly following conventional practices, develop solutions also by bringing in external insights

New governance structure

- (1) Establishment of a structure to strengthen the external perspective
- (2) Establishment of CxO and incorporate into internal rules to clarify authority and responsibilities
- (3) Clarify proposal guidelines to the Board or Directors, etc.
- (4) Double hatting in HD positions in key areas, etc.

Bigmotor issue

Change the mindset of executives and develop talent to improve customer focus

- Newly establish the Culture Change Dept.
- Review the Group code of conduct, etc.

Rebuild a structure focused on operational quality, comprehensively review and improve the evaluation system

- Newly establish the Quality Management Dept.
- Review the evaluation system of the executives and employees
- Review secondment to agencies
- More focus on quality in agency commission point system, etc.

Comprehensively review and rebuild the claims service departments

- Redefine mission, ensure independence, and increase headcount
- Comprehensive review of the entire operation process, including DRS and simplified inspection, etc.

Key point
 “Regain trust”
 “Customer-centric”
 “Quality control”

Price-fixing issue

Create an environment for fair competition in commercial insurance

- Set rules that prohibit contact with peers, and underwriting rules, such as in co-insurance
- Review the pace of selling strategic holding stocks
- Review excessive support for the client’s core business that is unrelated to insurance, etc.

Establish an appropriate sales framework and underwriting management framework

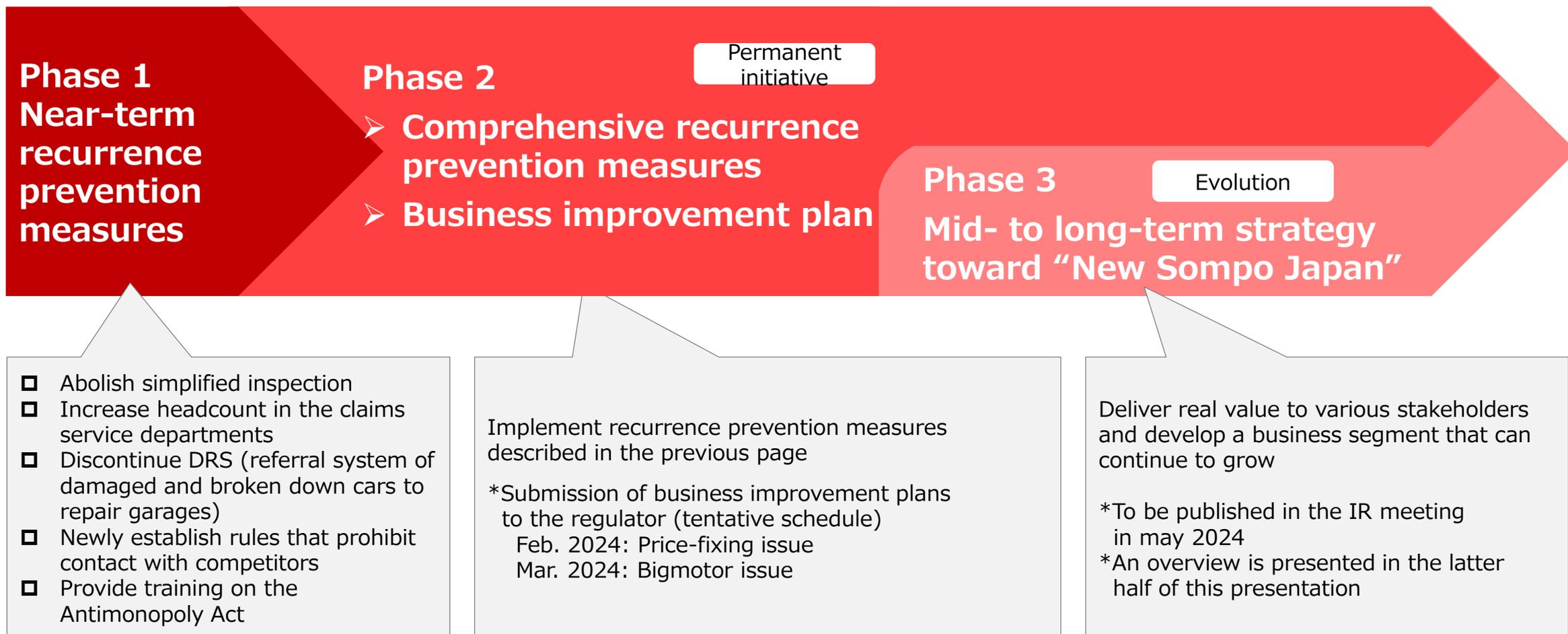
- Review sales target/management to remove excessive focus on contracts led by own company and protecting market share
- Establish a underwriting management framework to propose premiums that are commensurate with risks, etc.

Establish robust compliance framework for the Antimonopoly Act, etc.

- Deepen the executives’ and employees’ understanding of the Antimonopoly Act
- Strengthen risk management by improving risk management and internal audit functions
- Clarify the roles of agencies, develop a system that hinders involvement in price setting and adjustment, etc.

Actions toward “New Sampo Japan”

- The details of the next Mid-Term Management Plan, including recurrence prevention measures, will be presented in the IR meeting in May after submitting business improvement plans to FSA to resolve the two problems



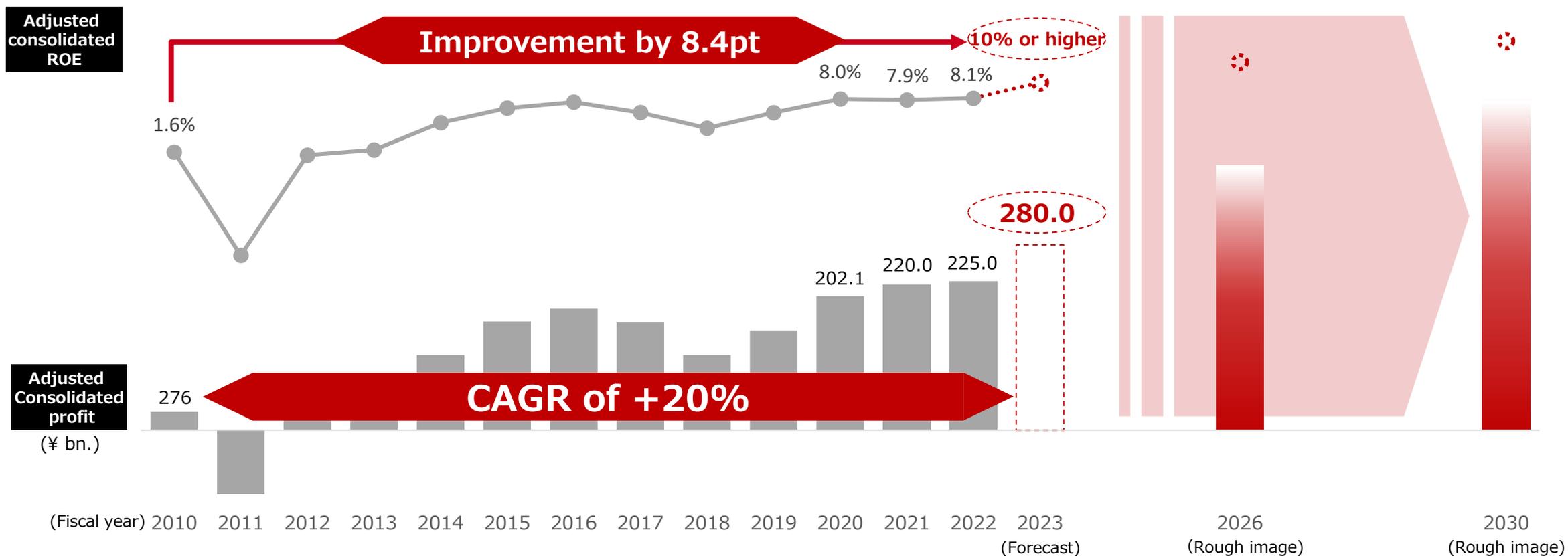
I . Proven Track Record



On Track to Achieve Record High Profit and Capital Efficiency in Sight

- Since the establishment of Sompo Holdings in 2010, adjusted consolidated profit is expected to grow at a CAGR of +20% and adjusted consolidated ROE is expected to improve by 8.4pt
- Continue to work on initiatives to achieve profit growth above peers and capital efficiency comparable to peers in the next Mid-Term Management Plan and beyond

Adjusted consolidated profit and adjusted consolidated ROE*



* Figures for FY2010-2015 are estimates based on the definition used for FY2016. Figures for FY2021 and FY2022 are normalized.

Increasing Shareholder Return through Profit Growth

- Maintained a highly transparent shareholder return policy since FY2014, focusing on steady increase in DPS and share buyback
- As a result, EPS grew at a CAGR of around 30%, while DPS increased for the tenth consecutive year, reaching five times higher than a decade ago

EPS and DPS growth

EPS growth (CAGR)*1

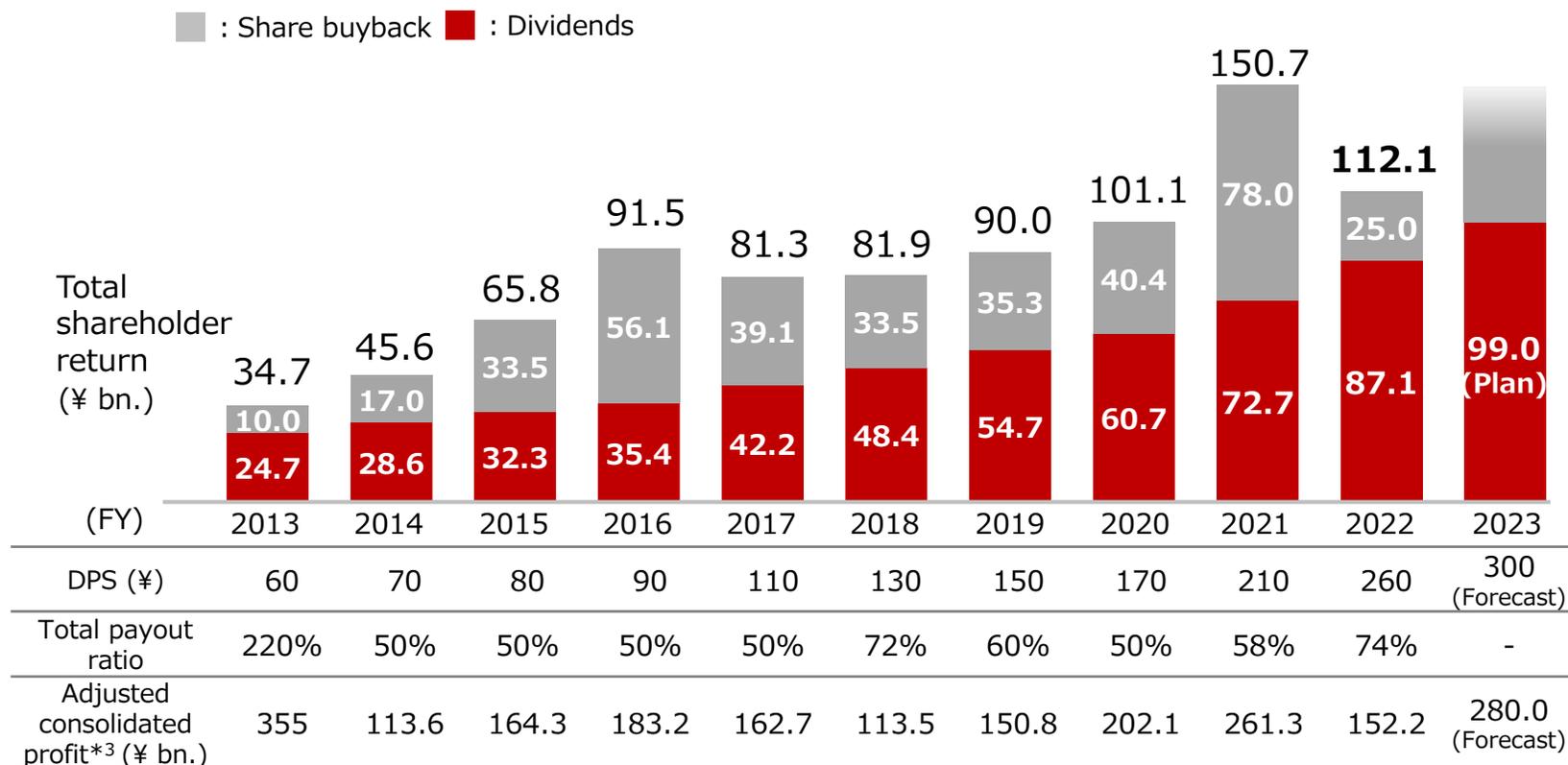
+29.3%

〔 Profit growth: +26.7%
Capital policy: +2.6% 〕

DPS*2

**Ten consecutive year of growth,
with a fivefold increase over
the past decade**

(Reference) Historical shareholder return



*1 Growth from FY2012 though FY2023 (forecast)

*2 Includes FY2023 forecast

*3 Figures for FY2013-2015 are estimates based on the definition used for FY2016

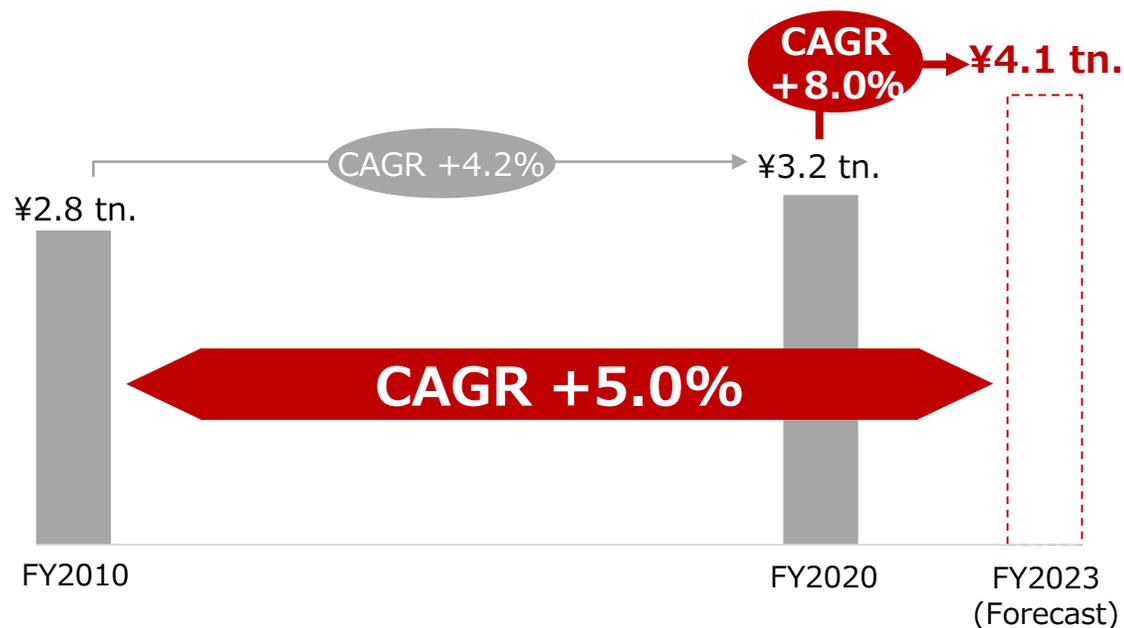
Sompo Group Grew Substantially

- Since the launch of Sompo Holdings in FY2010, top-line has achieved +5.0% annual growth
- In particular, during the current mid-term management plan period, top-line growth accelerated to +8.0% per annum, driven by the overseas insurance and reinsurance business, and the scale expanded significantly

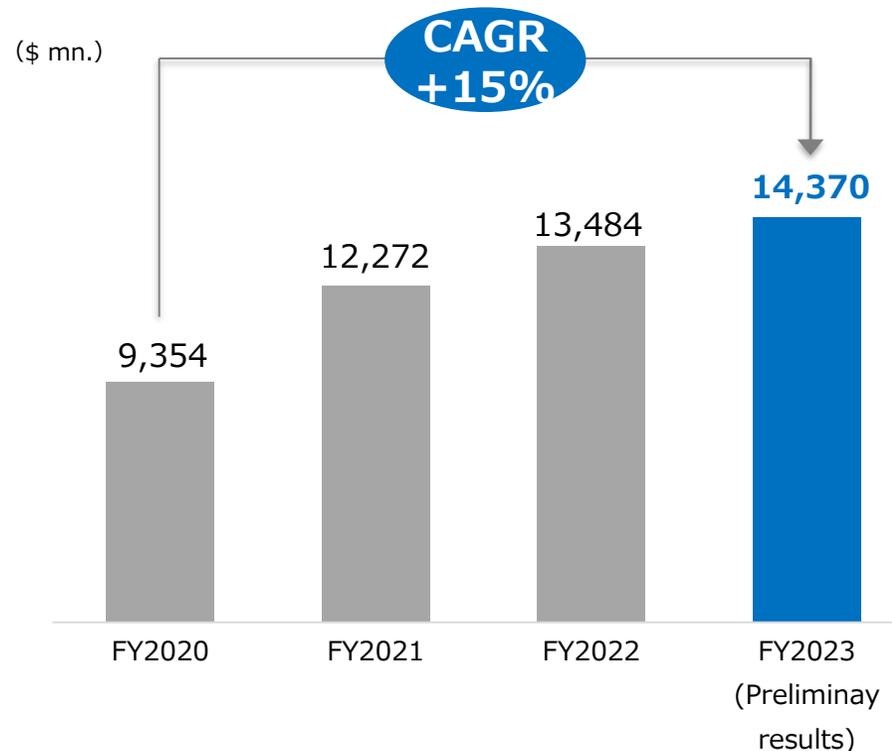
Accelerated top-line growth*1 for the Group as a whole, driven by high growth in overseas insurance and reinsurance business

Achieved significant top-line growth in overseas insurance and reinsurance business*2

In addition to stable growth in domestic P&C insurance business, overseas insurance and reinsurance business expanded significantly driven by rate increase



Scale and global market presence were meaningfully improved in the current mid-term management plan



*1 Net written premiums + Life insurance premiums

*2 Gross written premiums of SI Commercial

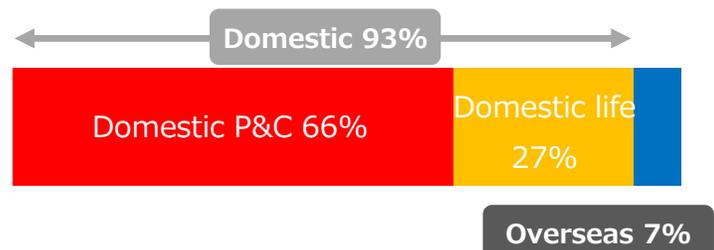
Group's Resilience Has Improved Steadily

- Growth in the overseas insurance and reinsurance business has led to progress in diversifying the group's business portfolio and improve resilience significantly
- Resilience of each businesses improved, while strengthening the balance sheet of Overseas insurance and reinsurance business for future years in 4th quarter 2023

Group-wide Progress in business and risk diversification

Business portfolio concentrated in domestic business

Breakdown of adjusted consolidated profit (FY2010)



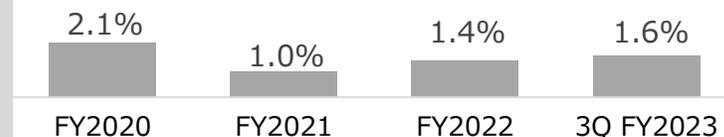
Due to high growth in overseas insurance/reinsurance business, Overseas weight is expected to expand to 60% for FY2023

Group's resilience increased with business portfolio diversification

Overseas Decisive action taken in 4Q FY2023*1

Impact of social inflation, etc.

PYD adverse impact on loss ratio



Strengthened 2019 and prior accident year reserves in 4Q FY2023 (6.4 pts. of loss ratio impact)

Strengthened the balance for future years

*1 SI commercial

Domestic P&C Rebuilding the profit base

Decline in profitability due to severe natural disasters and inflation, etc.

Trends of Core Underwriting Profit*2 (¥ bn.)



Rate increase/Strict underwriting

Rebuilding the profit base by "SJ-R"

*2 Excluding CALI, household earthquakes. The figure of FY2023 is the forecast.

Steady Increase of Customers in the Wellbeing and Nursing Care Businesses for Mid- to Long-Term Growth

- Expanded the wellbeing and nursing care businesses to realize “A Theme Park for Security, Health & Wellbeing”
- Launched the “egaku” business which helps improve sustainability and productivity of facilities operated by other companies to support as many seniors as possible

Next Mid-Term
Management Plan

Wellbeing Initiative

Full deployment
of “egaku”

Provide integrated
service in
wellbeing and
nursing care

FY2015
Entry into the
nursing care
business

FY2017
Launch of
health support
service

FY2018
Launch of
Insurhealth®
product

FY2023

“egaku”
launch



Cumulative sales of **1.5 million**

1.4 million registered users of service

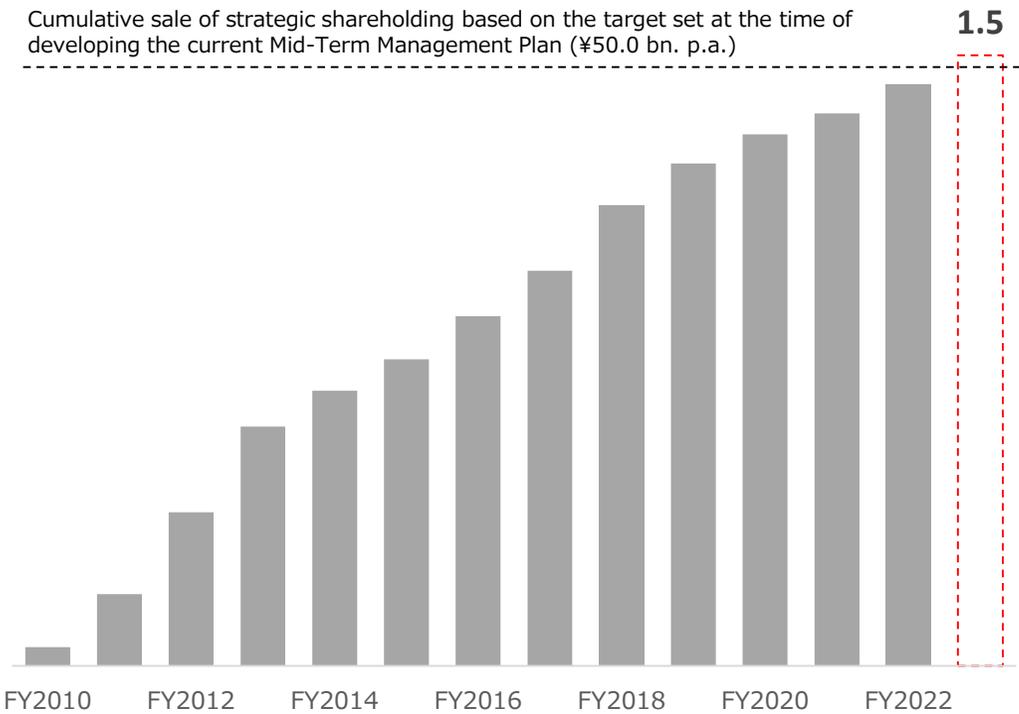
Top ranked in the number of senior care home rooms

Progress in Risk Reduction

- Strategic holding stocks was reduced by ¥1.5 trillion since FY2010
- Reduction of interest rate risk has been completed since ultra long bonds were purchased ahead of the schedule amid the uptrend in long-term interest rates

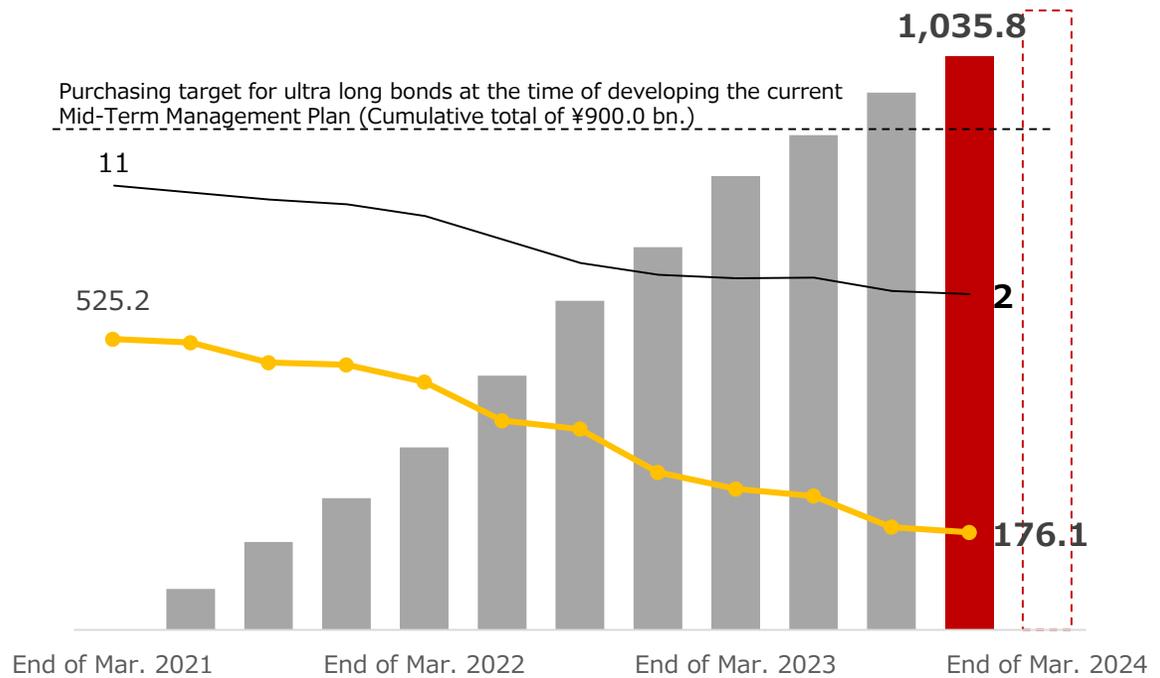
Domestic P&C Strategic holding stocks is likely to be reduced more than planned at the time of developing the current Mid-Term Management Plan

Reduction of strategic shareholding (¥ tn.)
(Cumulative total since the establishment of Sompo Holdings)



Domestic Life Reduction of interest rate risk has been completed earlier than planned

Purchase of ultra long bonds (¥ bn.) (Cumulative total since FY2021)
Interest rate risk (Group total, ¥ bn.)
Duration gap (Year)

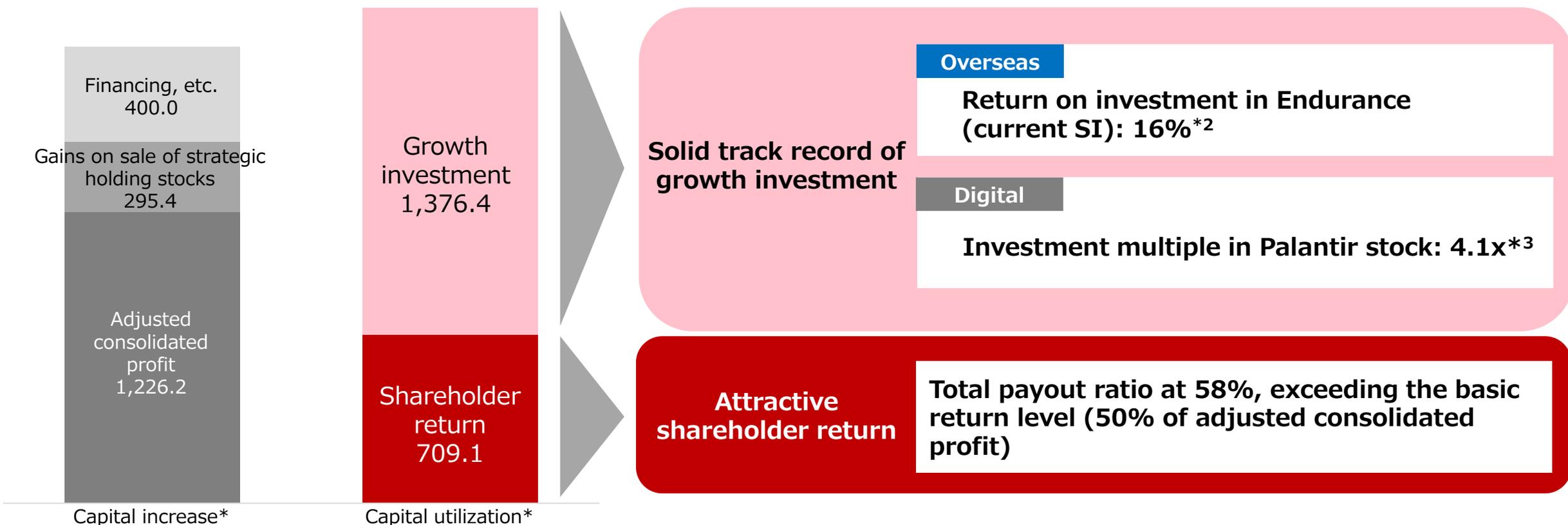


Progress in Capital Circulation

- Sompo Holdings allocates capital generated by each business in a balanced manner between shareholder return and growth investments, from the viewpoint of maximizing capital efficiency and achieving sustainable growth
- The stock price and valuation have risen driven by high return on investment in overseas insurance and digital as well as total payout ratio exceeding the basic return

Capital policy and return on investment since FY2016

(¥ bn.)



*1 Cumulative total since FY2016, gains on sale of strategic shareholding are on an after tax basis

*2 FY2023 forecast

*3 After tax basis

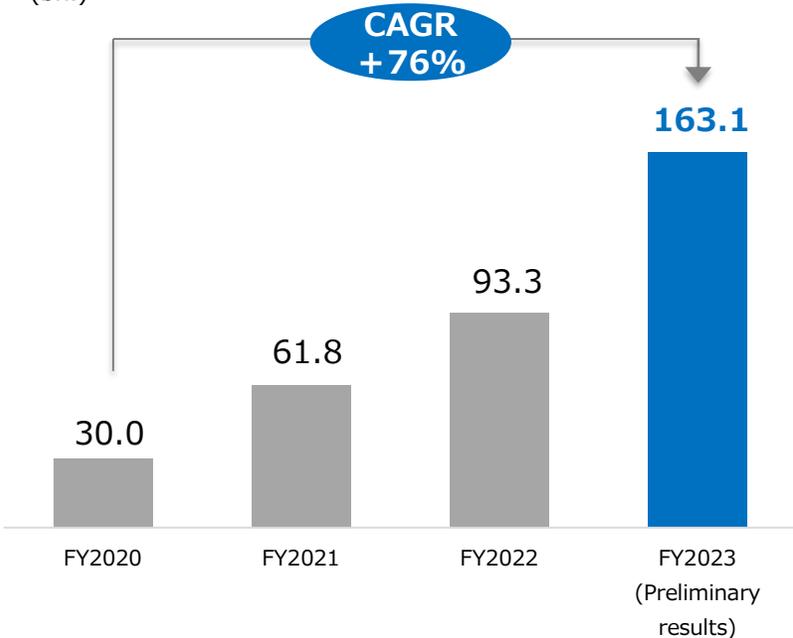
Overseas Insurance and Reinsurance Business (1) Overview

- Adjusted profit and gross written premiums are expected to exceed the medium-term targets
- Combined ratio significantly improved and was able to covers the unanticipated effects of inflation while funding the recently approved overseas strategic initiatives

Adjusted profit

Target	¥100.0 bn. + Expect to achieve
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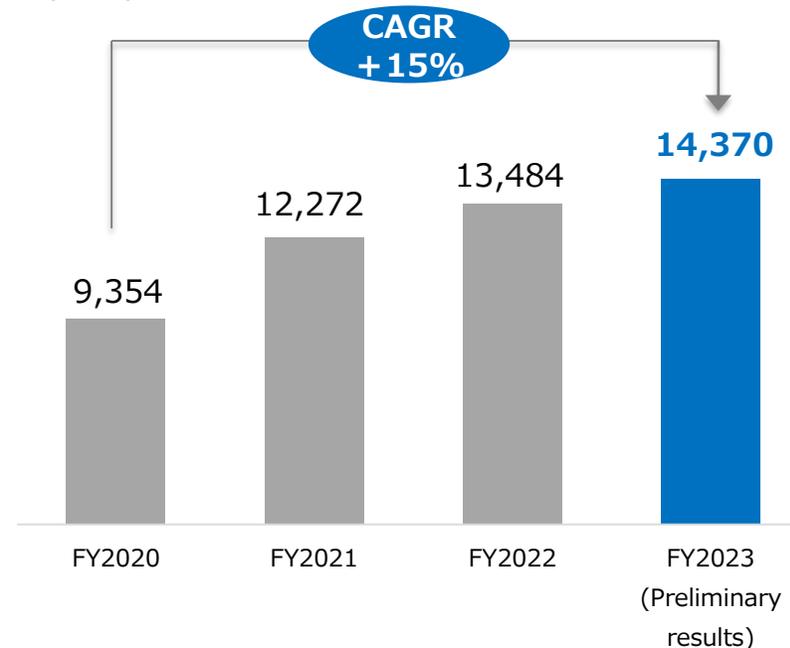
(bn.)



Gross written premiums of SI Commercial * 1

Target	CAGR +9% Expect to achieve
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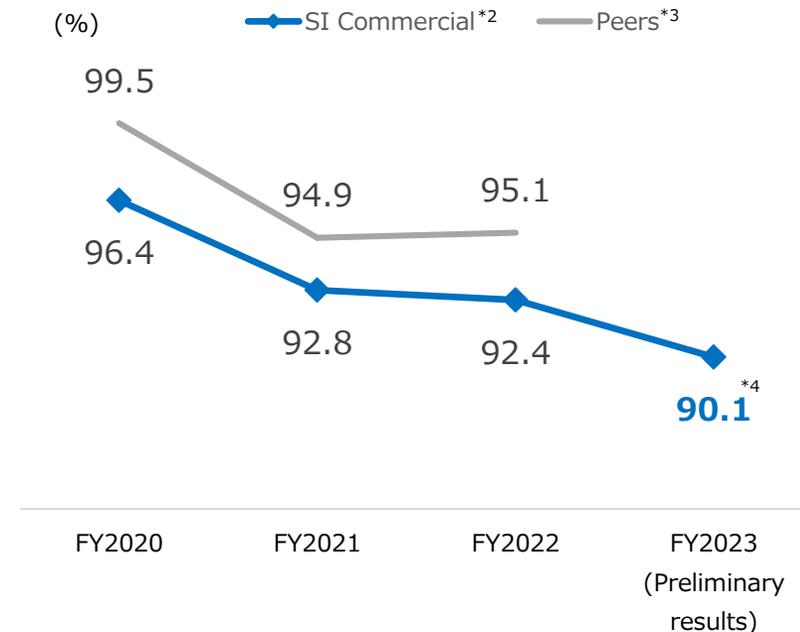
(\$ mn.)



Combined ratio of SI Commercial

Target	88% level
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(%)



*1 For the FY2023 forecast, the commercial business within Sompo Sigorta, Sompo Seguros and Asia subsidiaries is included within SI Commercial and represented \$889 million of gross premiums written

*2 Excl. corporate expense

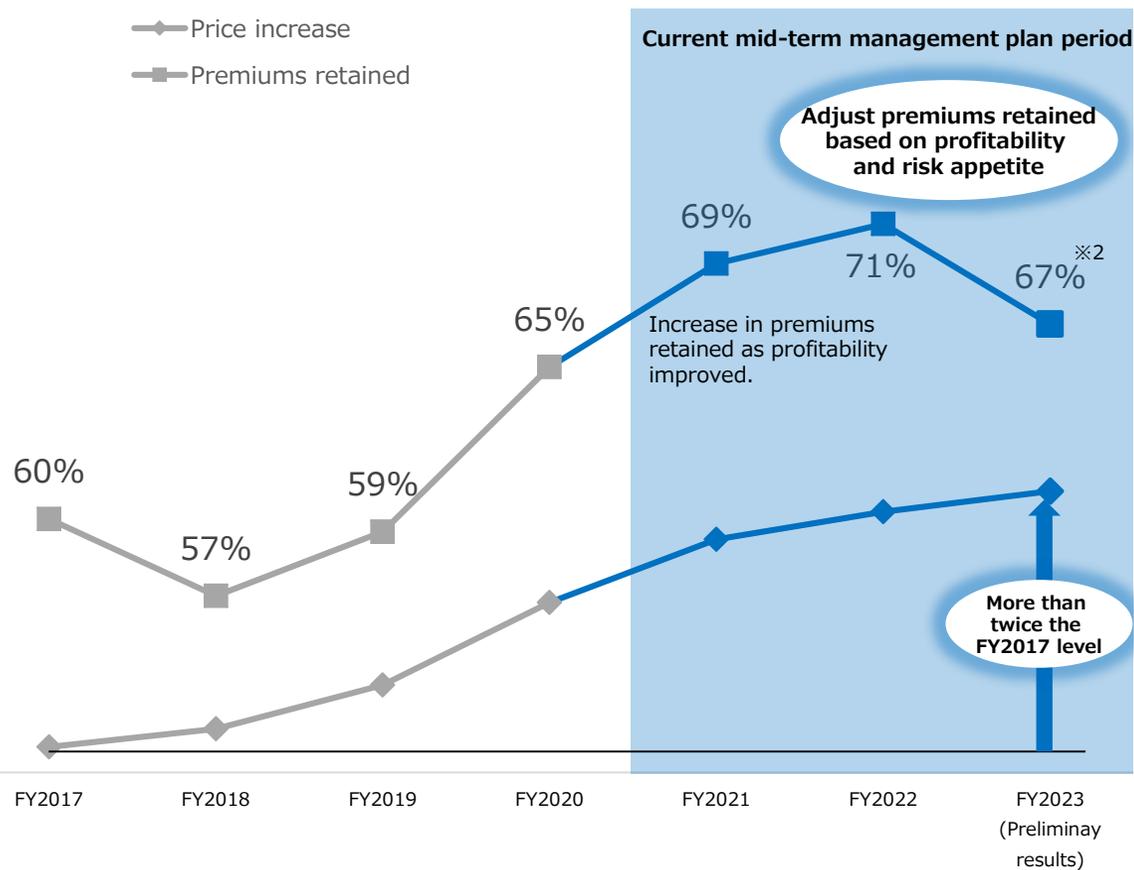
*3 Data provided by S&P IQ Pro. Peer average includes Allianz SE, American International Group, Inc., Arch Capital Group Ltd., Agro Group International Holdings, Ltd., Assicurazioni Generali S.p.A., AXA SA, AXIS Capital Holdings Limited, Chubb Limited, Everest Re Group, LTD., Markel Corporation, RenaissanceRe Holdings Ltd., SCOR SE, Swiss Re AG, The Hartford Financial Services Group, Inc., The Travelers Companies, Inc., W.R. Berkley Corporation, Zurich Insurance Group AG

*4 Excludes one-time FY2023 reserve increase which has a related impact of 6.4 ppts. on the loss ratio

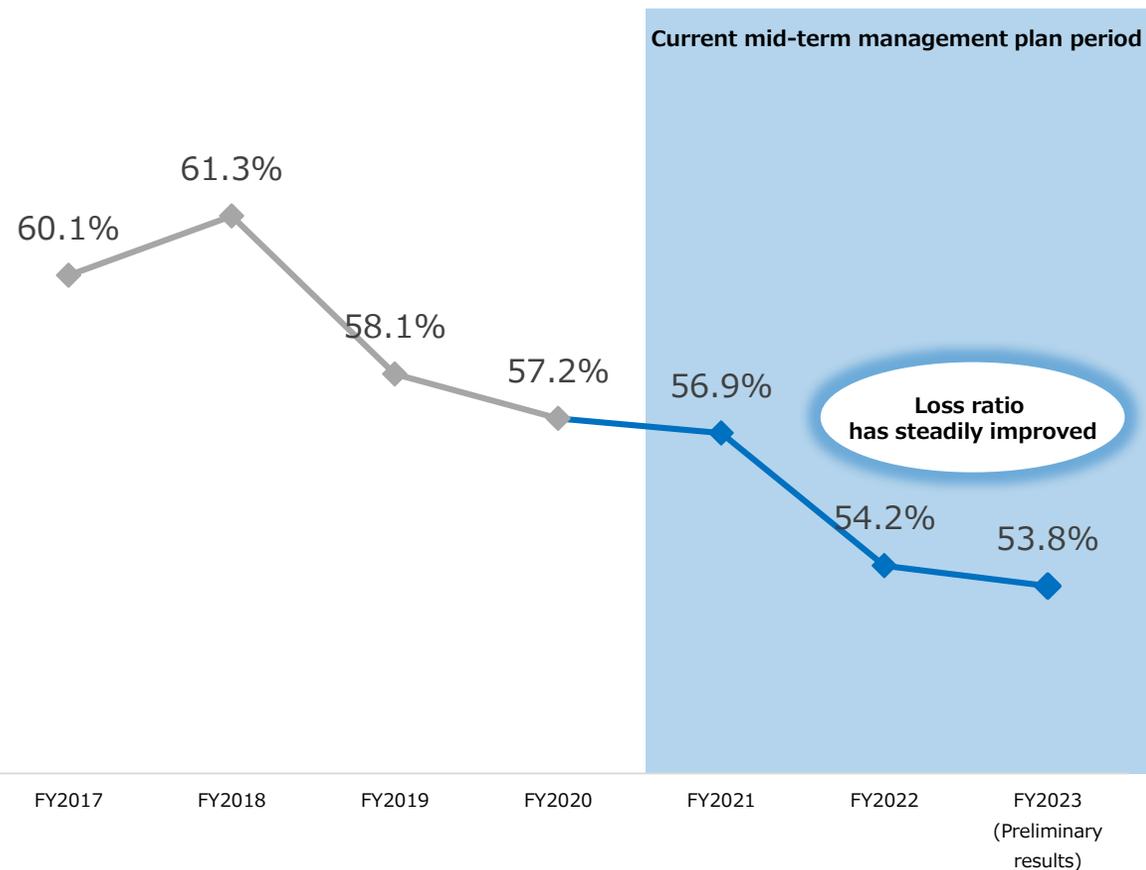
Overseas Insurance and Reinsurance Business (2) Measures to Deal with Inflation

- Achieved rate increases in excess of loss costs while adjusting premiums retained based on profitability and risk appetite
- As a result, AY loss ratio of overseas insurance and reinsurance business improved steadily despite the inflationary environment

Pricing and Premiums Retained of SI Commercial*1



Even in an inflationary environment, AY loss ratio*3 continues to improve



*1 Pricing : Insurance business excl. AgriSompo Retention : Excl. AgriSompo

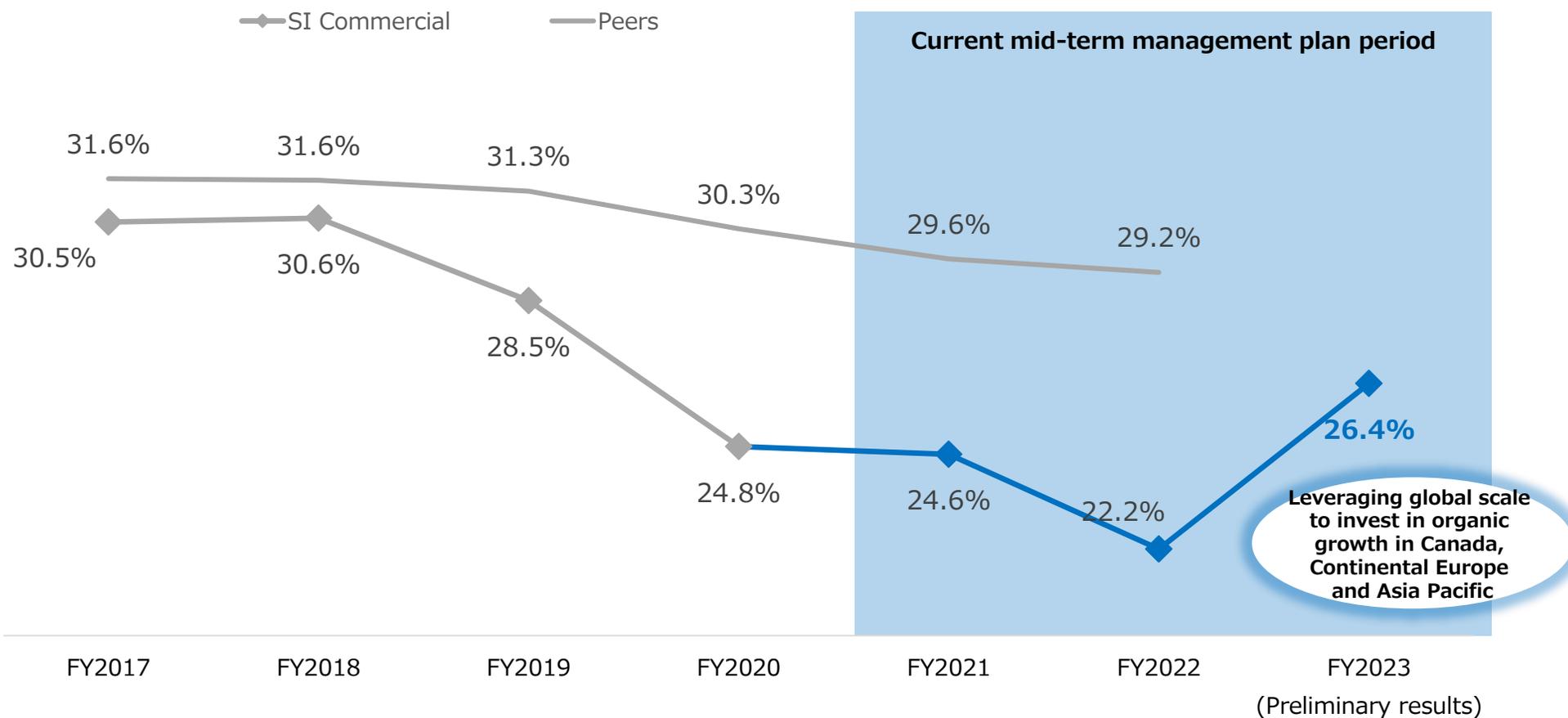
*2 Incl. the commercial business within SOMPO Sigorta, Sompo Seguros, and Asia subsidiaries which retain lower premium levels (69% if these businesses were not included)

*3 AY loss ratio of SI commercial (excl. AgriSompo and Cats/COVID-19)

Overseas Insurance and Reinsurance Business (3) Productivity Improvement

- Overseas insurance and reinsurance business maintains a superior expense ratio, even considering inflation impact and funding global growth initiatives

Expense ratio has remained favorable compared to peer average*1



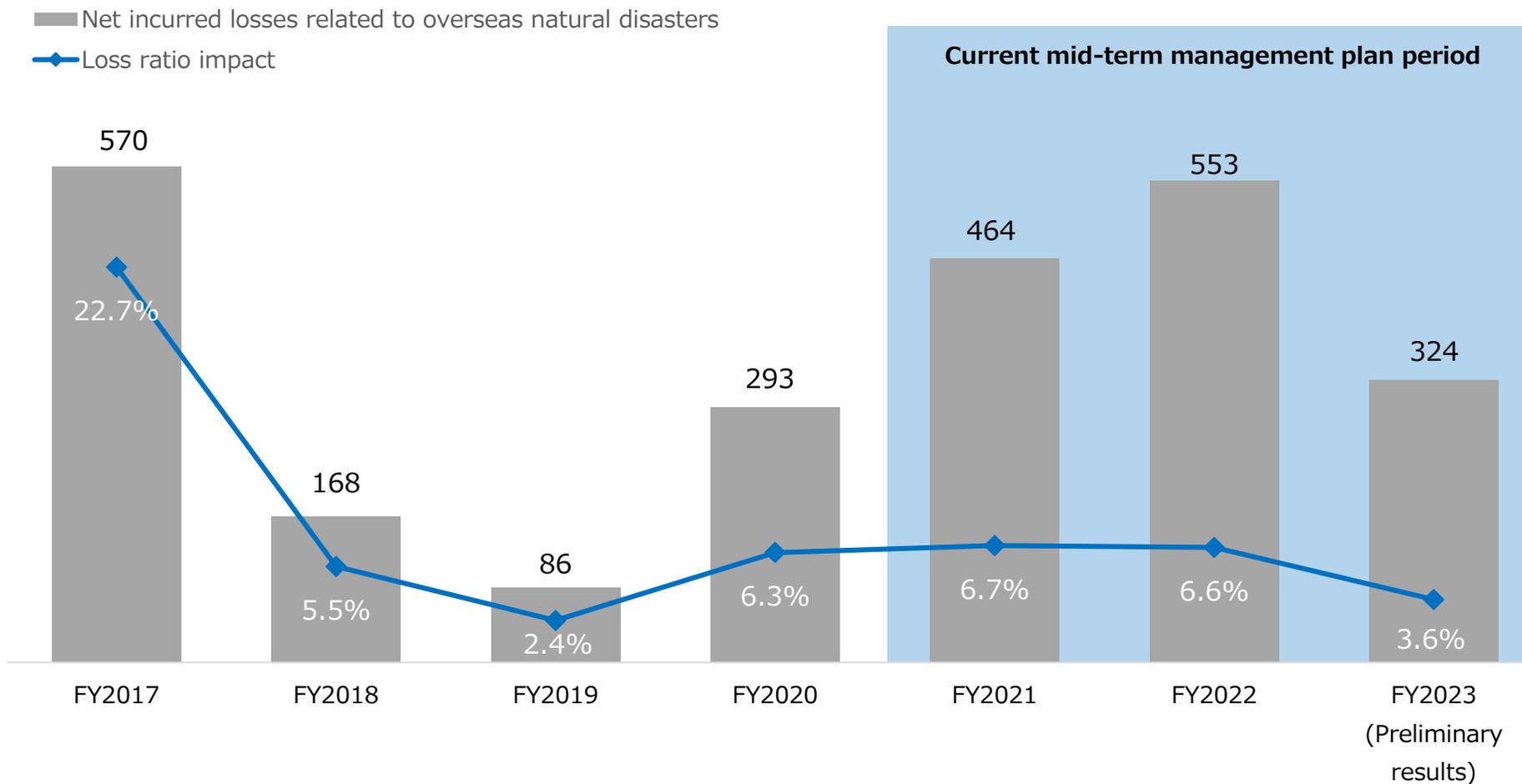
* Peer average includes AIG, Arch, AXA, Axis, Chubb, Everest, HannoverRe, Markel, QBE, RenaissanceRe, SCOR, Swiss Re, The Hartford, Travelers, W.R. Berkley, Zurich

Overseas Insurance and Reinsurance Business (4) Improving Profitability and Stability

- In addition to improvement of AY loss ratio, natural disaster risk has been appropriately managed and overall exposures continued to be lowered driven by diversified growth
- As a result, the impact of natural disasters on the combined ratio remained stable despite increased industry losses

A larger, globally diversified portfolio has stabilized the impact of catastrophe losses on the combined ratio

(\$ mn.)

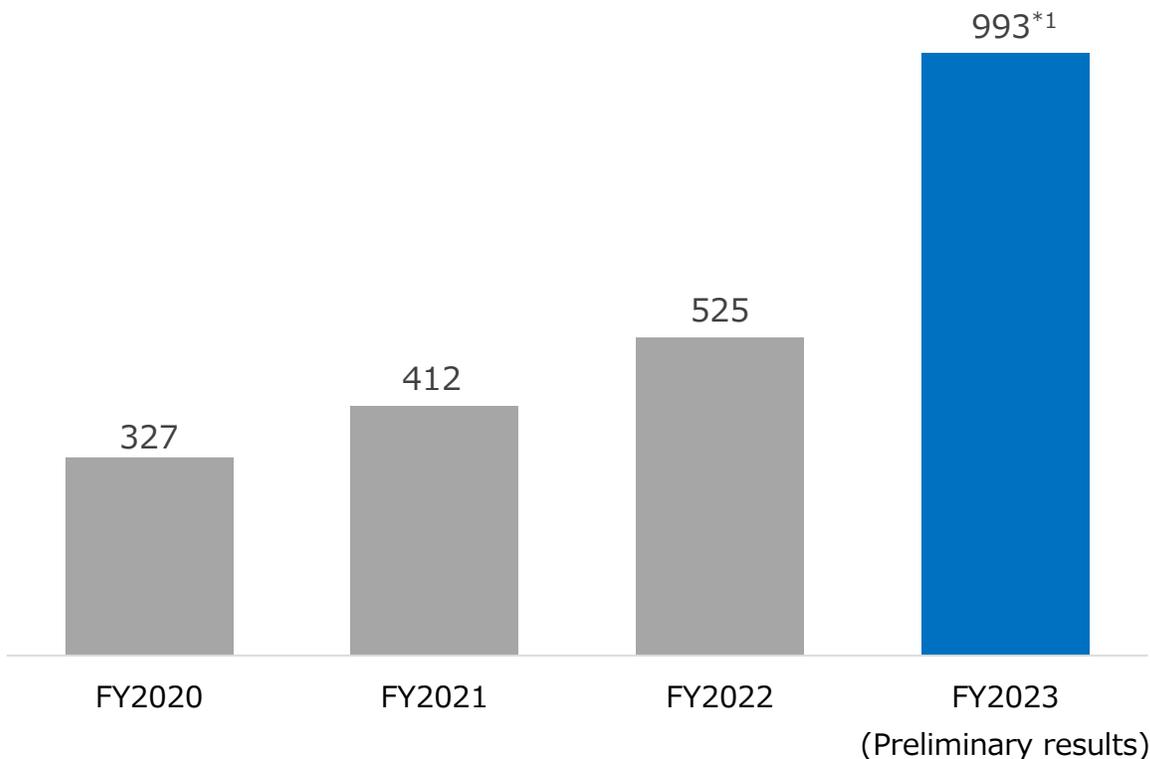


Overseas Insurance and Reinsurance Business (5) Investments

- Net investment income increased significantly due to an increase in assets under management and higher book yields

Net investment income increased significantly

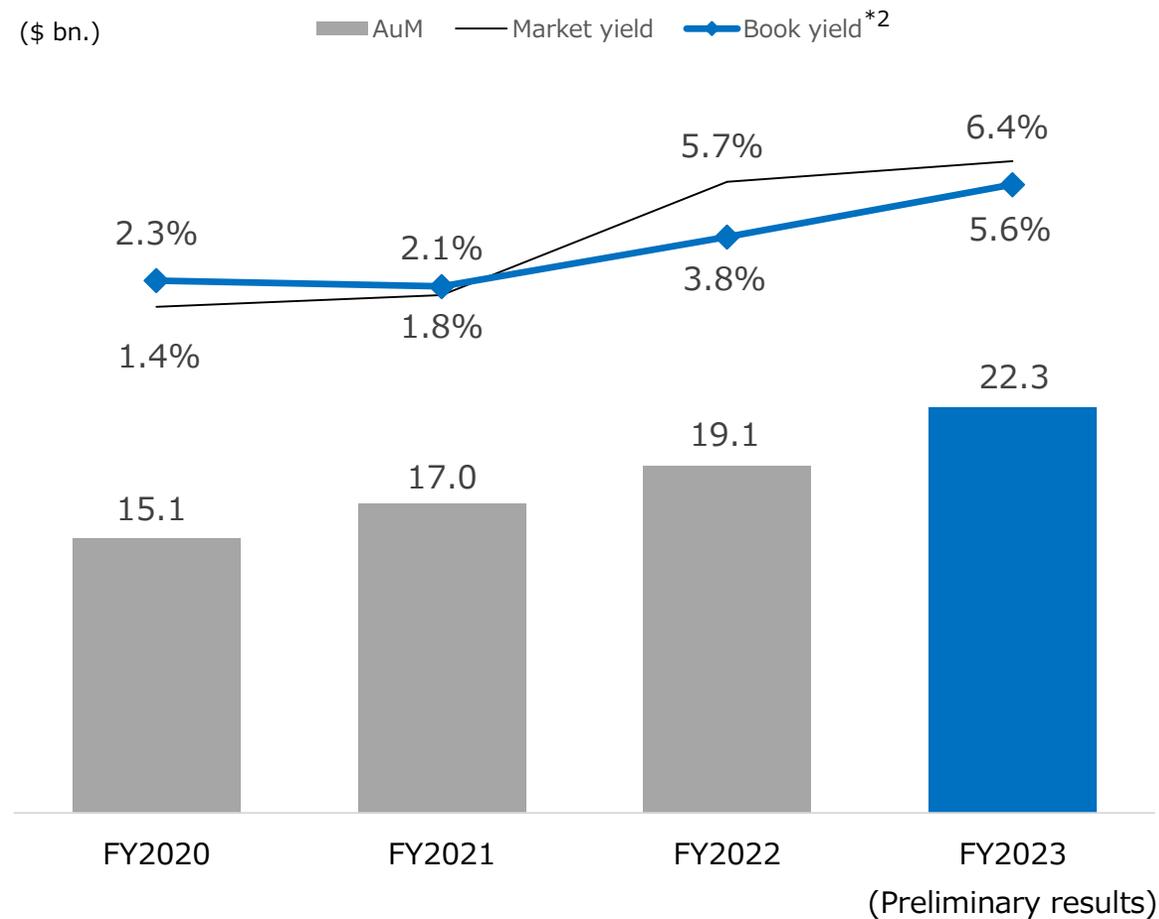
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*1 Incl. the impact of Conglomerate Premium
 *2 SI Commercial

Assets under management and yields have grown

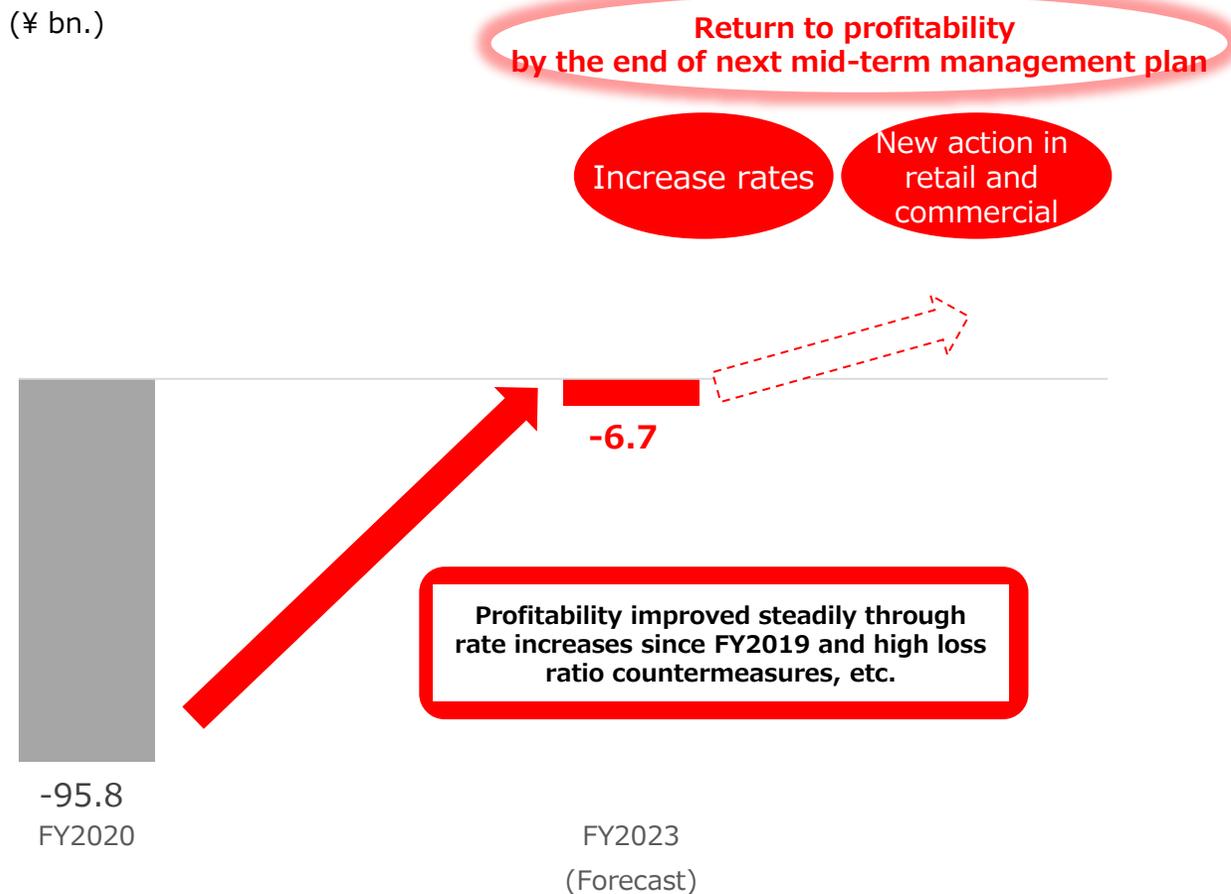
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Domestic Business (1) Progress in Improving Underwriting Result in Fire Insurance (Domestic P&C Insurance Business)

- Profitability improved steadily following initiatives, including improved pricing through rate revision and high loss ratio countermeasures
- Expected to return to profitability in terms of core underwriting income by the end of next mid-term management plan by strengthening underwriting in addition to the upcoming rate revision

Core underwriting income in fire insurance increased steadily



Profitability of personal fire portfolio to improve following a rate increase*



Main actions to improve profitability

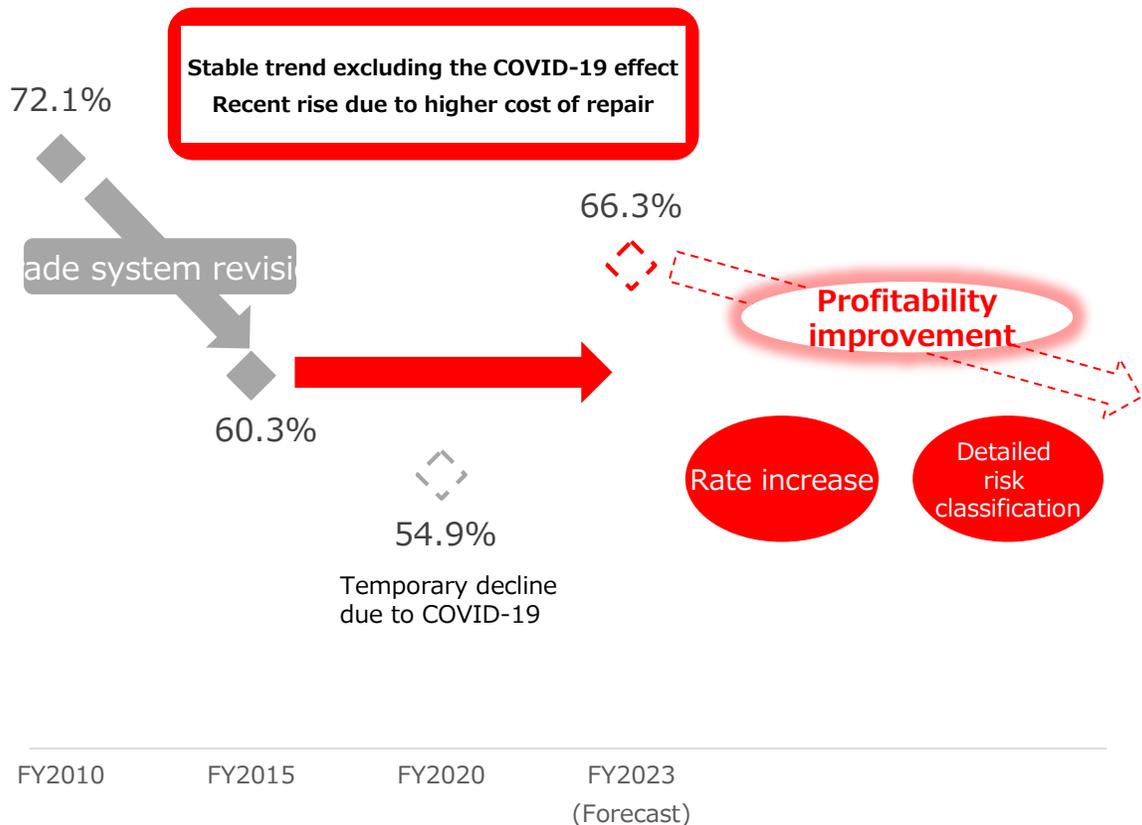


*Based on the number of in-force policies (excluding JFHA fire)

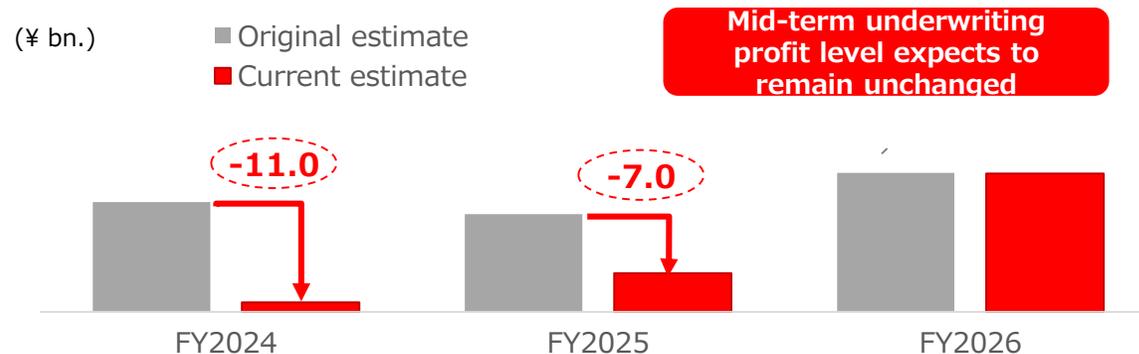
Domestic Business (2) Progress in Improving Underwriting Result in Auto Insurance (Domestic P&C Insurance Business)

- Aim to improve profitability in auto insurance through initiatives, including a rate increase as soon as possible, in spite of the recent rise in the loss ratio
- The rate increase in January 2024 was postponed but mid-term underwriting profit level expects to remain unchanged

E/I loss ratio is expected to stabilize in the medium term through rate increase

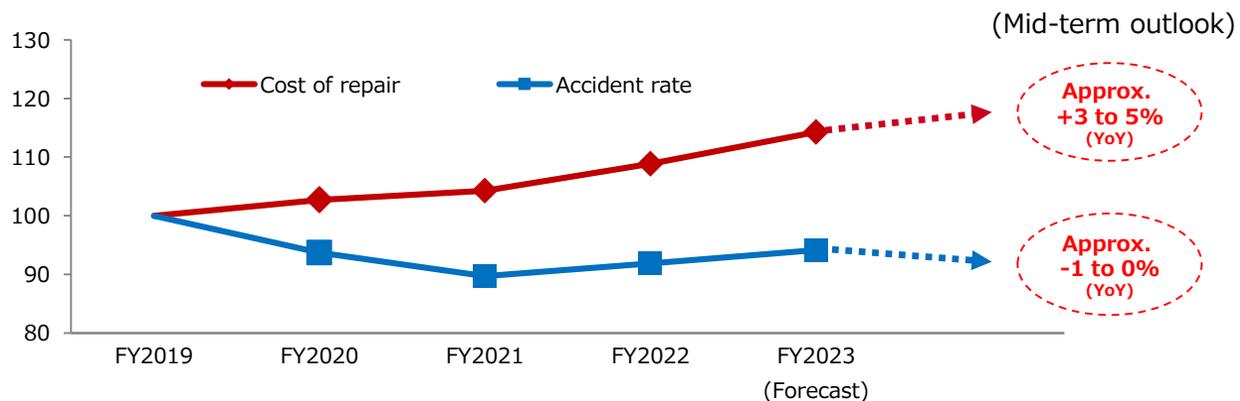


Underwriting in FY2024 and beyond (rough image)*1



*1 underwriting profit in auto insurance less the impact related to catastrophic loss reserve,

(Reference) Outlook for cost of repair and accident rate*2*3



*2 Total for vehicle (excluding natural disasters) and property damage

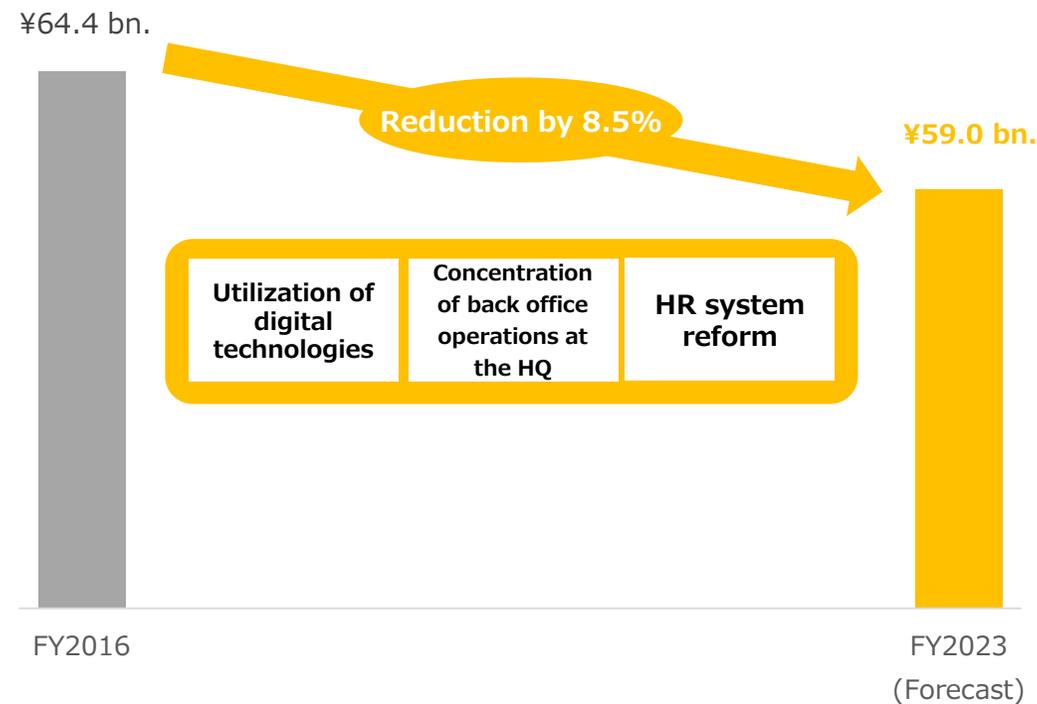
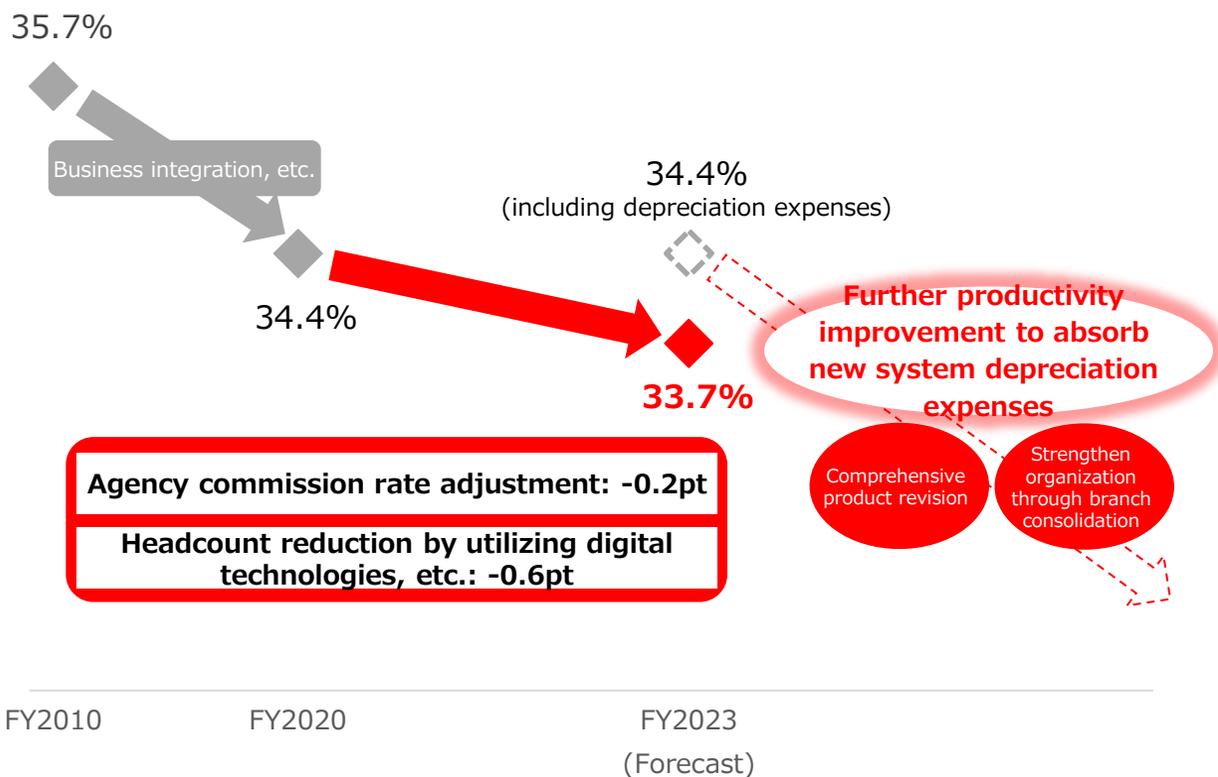
*3 Indexed with FY2019 =100 before the effects of COVID-19 became apparent

Domestic Business (3) Productivity Improvement (Domestic P&C and Domestic Life Insurance Businesses)

- The core expense ratio in the domestic P&C insurance business is improving due to agency commission rate adjustment, headcount reduction by utilizing digital technologies, etc.
- General expenses in the domestic life insurance business were reduced substantially through utilization of digital technologies, centralization of back office operations, HR system reform, etc.

Domestic P&C Core expense ratio* improved steadily

Domestic Life General expenses decreased substantially



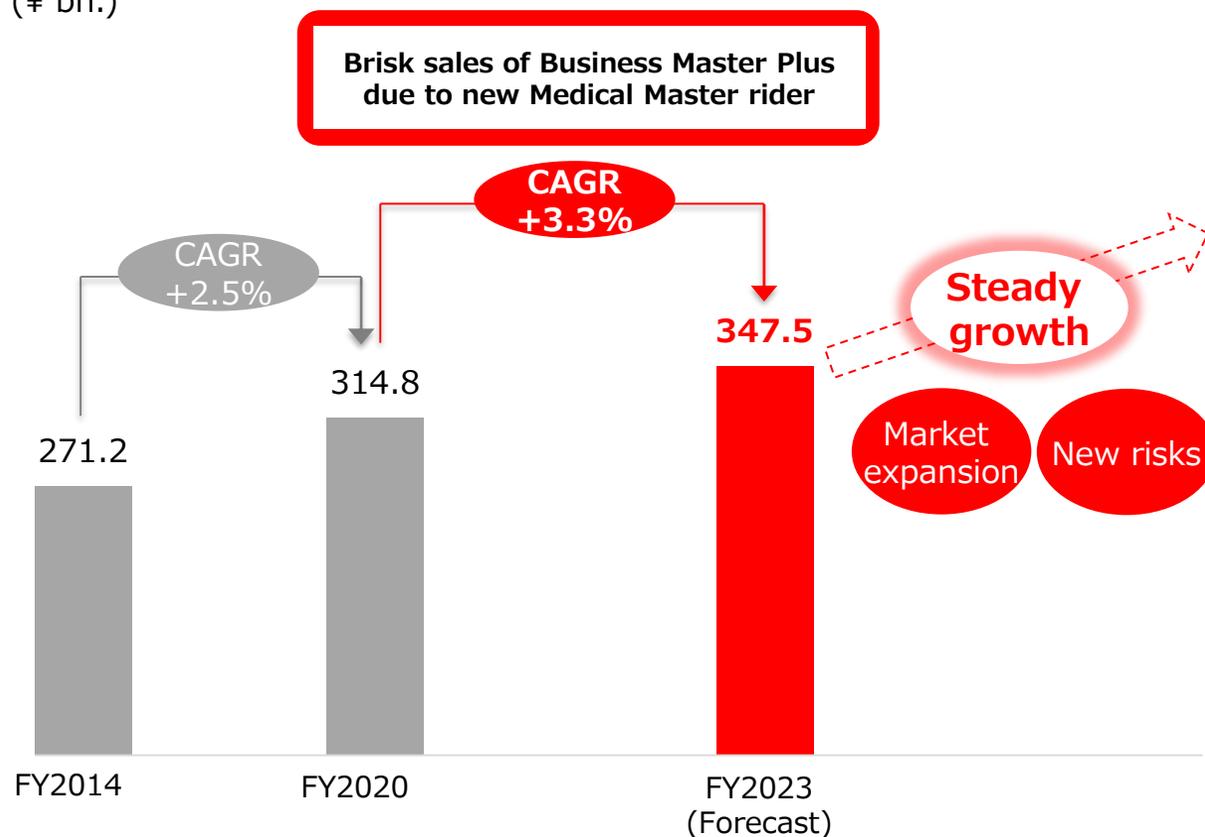
* Sompo Japan (excluding CALI & household earthquake, new system depreciation expenses)

Domestic Business (4) Growth in Casualty (Domestic P&C Insurance Business)

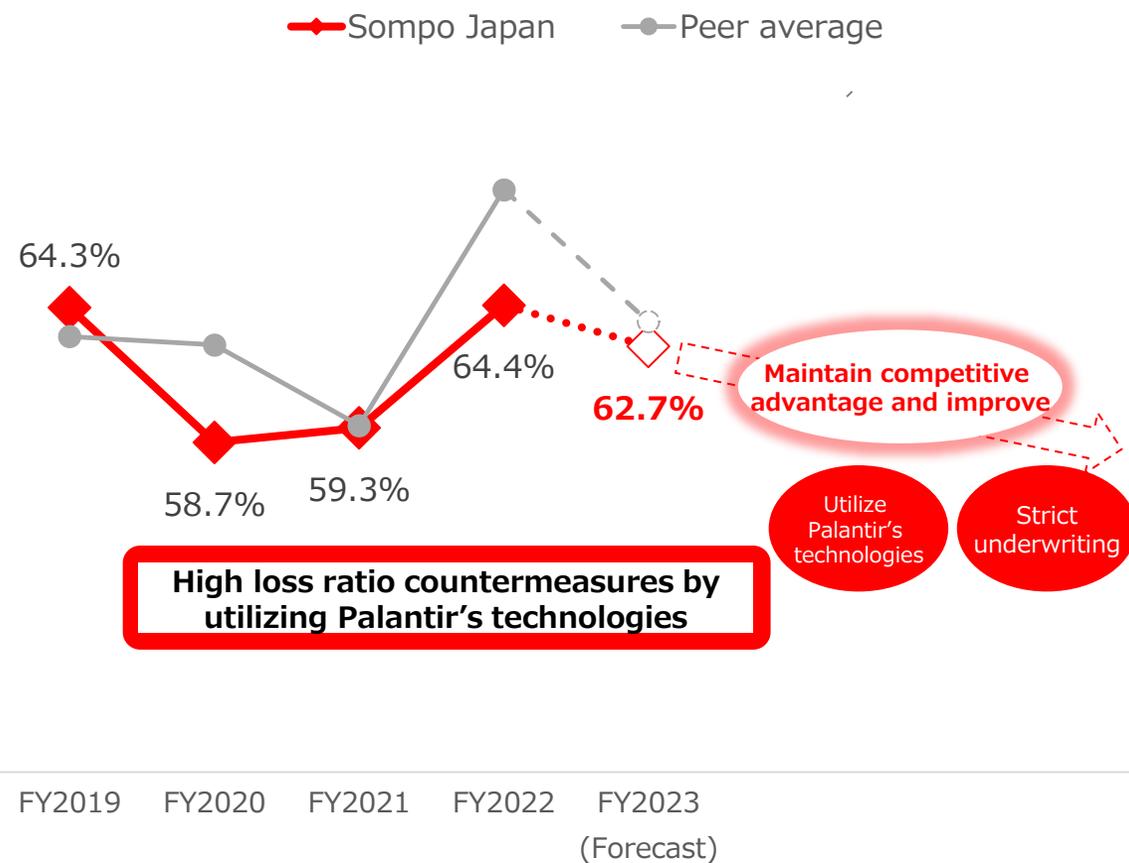
- Net written premium growth in casualty accelerated driven by market expansion and new riders capturing client needs
- The loss ratio improved as a comparative advantage over peers, primarily due to strengthened underwriting by utilizing Palantir’s technologies

NWP growth accelerated due to new riders

(¥ bn.)



Loss ratio has remained below those of peers*

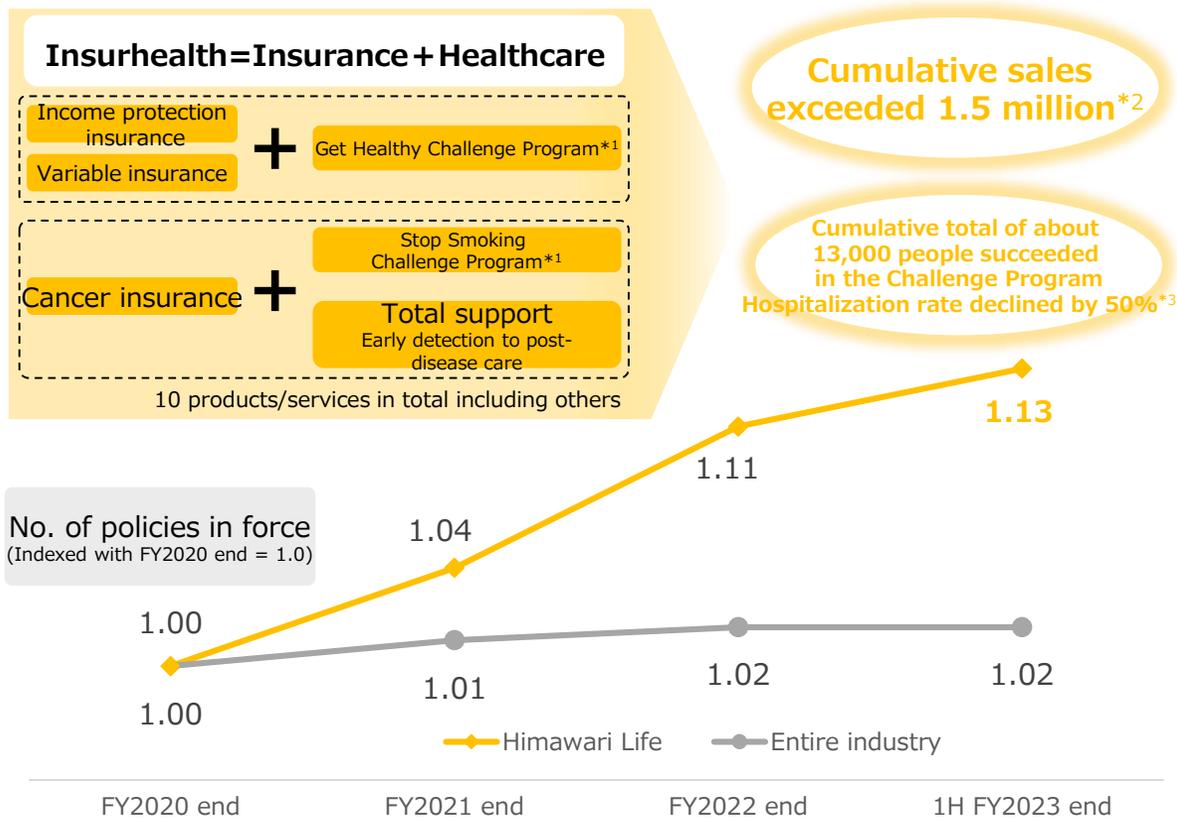


* Sompo estimates based on the average E/I loss ratio of peers

Domestic Business (5) New Customer Value Creation (Domestic Life Insurance and Nursing Care & Seniors Businesses)

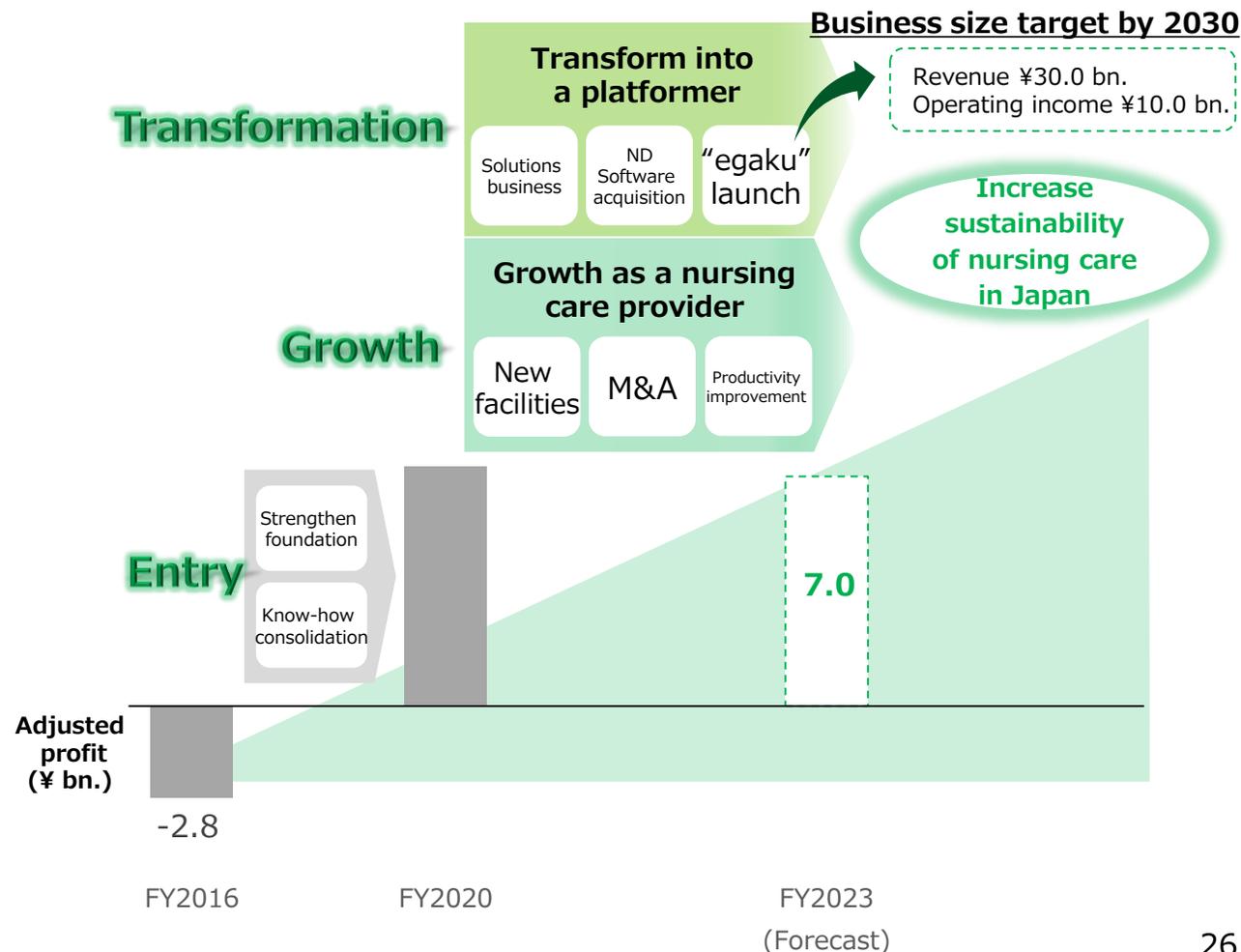
- Performance of the domestic life insurance business compares favorably with peers, primarily due to Insurhealth® which helps extend health life expectancy
- In the nursing care & seniors business, started working to become a platformer by focusing on “egaku” in addition to growth as a care provider

Growth of Insurhealth®



*1 The benefits of declines in BMI and blood pressure, and smoking cessation since participating in the Challenge Program are returned to the participants.
 *2 Actual at the end of December 2023 was 1.5 million, annual premium of in-force policies of ¥107.7 bn (performance evaluation basis)
 *3 Comparison with participants who did not succeed in the Get Health Challenge Program

Growth and transformation of the Nursing Care & Seniors Business



Achievements and Challenges under the Current Mid-Term Management Plan

- While record high profit and capital efficiency have been achieved during the current plan period, challenges including the recent problems and changes in the external environment, have come into light.
- Sompo Holding will lead the Group in addressing the challenges as a single entity to grow larger under the next Mid-Term Management Plan

Achievements under the current plan*

Achieved record high profit and capital efficiency
Pursued growth of all businesses and conglomerate premium

Group management targets	Adjusted consolidated profit: ¥280.0 billion Adjusted consolidated ROE: 10% or higher
Scale & Diversification	Top line CAGR: +8.0% Overseas business ratio rose from 15% to 60%
New customer value creation	Insurhealth product CAGR: over +10% ND Software acquisition, "egaku" launch
Conglomerate premium	Impact: ¥18.0 billion (After tax)
Capital circulation	Sale of strategic shareholding: About ¥190.0 billion Reduction of interest rate risk (purchase of ultra long bonds): About ¥1.0 trillion Growth investment, SI capital increase: About ¥400.0 billion

* Includes FY2023 forecast

Future challenges

While the top priority is to regain trust of customers in Japan, increase profit growth, stability, and growth of the Group

Sompo Japan	Regain trust of customers Investment in human capital Rebuild the corporate culture Rebuild the profit base in light of institutional fatigue from conventional industry practices
Response to changes in the external environment	Inflation, low birth rate and population aging, climate change, digital transformation (DX)
Profit growth and capital efficiency	Increase to global peer level
Profit stability	Increase resilience at the Group and individual business levels
Increase in conglomerate premiums	Strategies to connect with customers and deliver connected services
Group management	Strengthen the governance structure Increase sophistication of capital circulation

Push up the adjusted P/B ratio (1x of higher)

II. Principles of the Next Mid-term Management Plan



Principles of the Next Mid-Term Management Plan

- Aim to “increase resilience” and implement “strategies to connect with customers and deliver connected services” and fulfill customer needs beyond insurance under the next Mid-Term Management Plan (MTMP)
- Push up the ROE to global peer level and increase sustainability and stability of EPS at double digit level by implementing various measures

Next Mid-Term Management Plan (FY2024-2026)

Objectives

Increase resilience

Connect with customers and deliver connected services

ROE: Global peer level

EPS growth: Double digit level

Major initiatives

SOMPO P&C Initiative

New Sampo Japan
(See pages 30-32)

Growth of Overseas Insurance and Reinsurance Business
(See pages 33-34)

Wellbeing Initiative
(See pages 35-36)

Utilize data and digital technologies

Business foundation

Investment in human capital

Increase sophistication of capital circulation

Change corporate culture

Current MTMP (FY2021-2023)

Scale & Diversification

RDP

Conglomerate premium

Challenges and changes in environment

Customer-centric	Regain trust
Quality	Multistakeholder
Institutional fatigue from industry practices	Rebuild profit base
Inflation	Low birth rate and population ageing
Climate change	Digital transformation

Major Initiatives in the Next Mid-Term Management Plan (1) New Sompo Japan (Background)

- In addition to changes in the external environment, institutional fatigue in business management based on conventional industry practices came to light
- Transform into a resilient and highly capital efficient business that delivers real value by implementing “SJ-R” with two pillars of rebuilding the business foundation and profit base



Difficult to grow the business and maintain stable and high profitability through extension of the previous years' initiatives

Conventional industry practices

Excessive focus on the top line and market share, excessive support for the client's core business and agency, strategic holding stocks, etc.

SJ-R

Restart Revolution Reborn



Major Initiatives in the Next Mid-Term Management Plan (1) New Sompo Japan (Overview of SJ-R)

- We will promote the SJ-R's two pillars of SJ-R that are rebuilding the business foundation and rebuilding profit base with cross-cutting initiatives of data-driven business management and increase in human capital investment



Rebuild business foundation

Rebuild profit base

Corporate culture

Create a new vision
Change the core company values

Portfolio

Strengthen financial management/control by segment
Improve quality and increase the number of underwriters

Quality and governance

Strengthen the governance structure
Ensure customer-centric business management

Sales

Retail: Tighten pricing and underwriting rules, improve productivity
Commercial: Clarify underwriting appetite, increase expertise

Claims service

Redefine the mission and quality
Review all operational processes by bringing in external insights

IT

Reduce IT costs
Increase profits by utilizing the "MIRAI" system

Cross-cutting initiatives supporting the above efforts

Data-driven business management

Strengthen UW data infrastructure by utilizing Foundry
Establish a monitoring system for detecting signs of misconduct, operational quality data, etc.

Increase in human capital investment

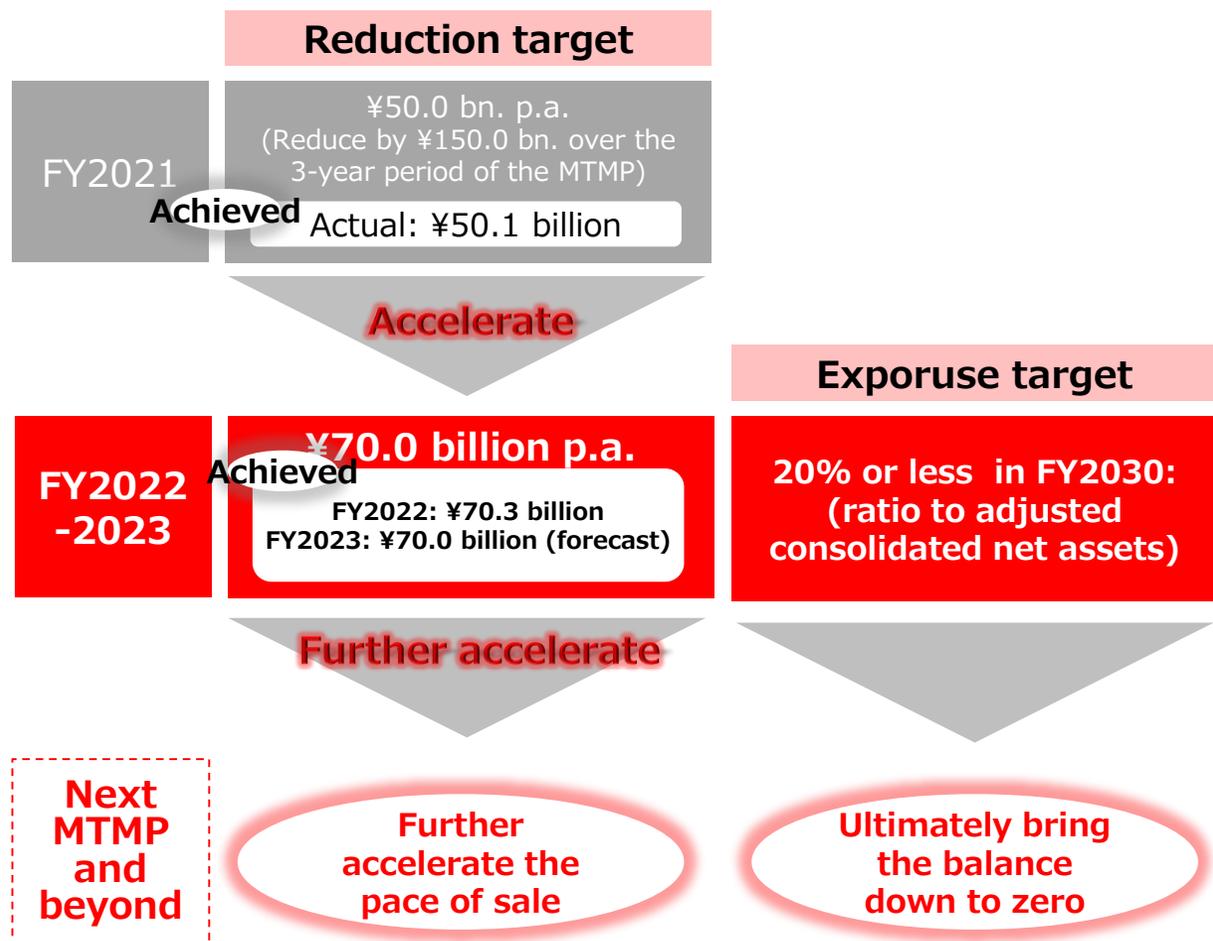
Increase expertise in claims service, sales, IT, and UW
Strengthen the ability to attract talent

Major Initiatives in the Next Mid-Term Management Plan (1) New Sampo Japan (Accelerated Sale of Strategic Holding Stocks)

- Strategic holding stocks are likely to decrease by 59% at the end of FY2023 (since the establishment of Sampo Holdings, book value basis)
- Plan to accelerate the pace of sale of strategic holding stocks during the next Mid-Term Management Plan period

Plan to accelerate the sale of strategic holding stocks

Shift to consultative corporate sales through engagement

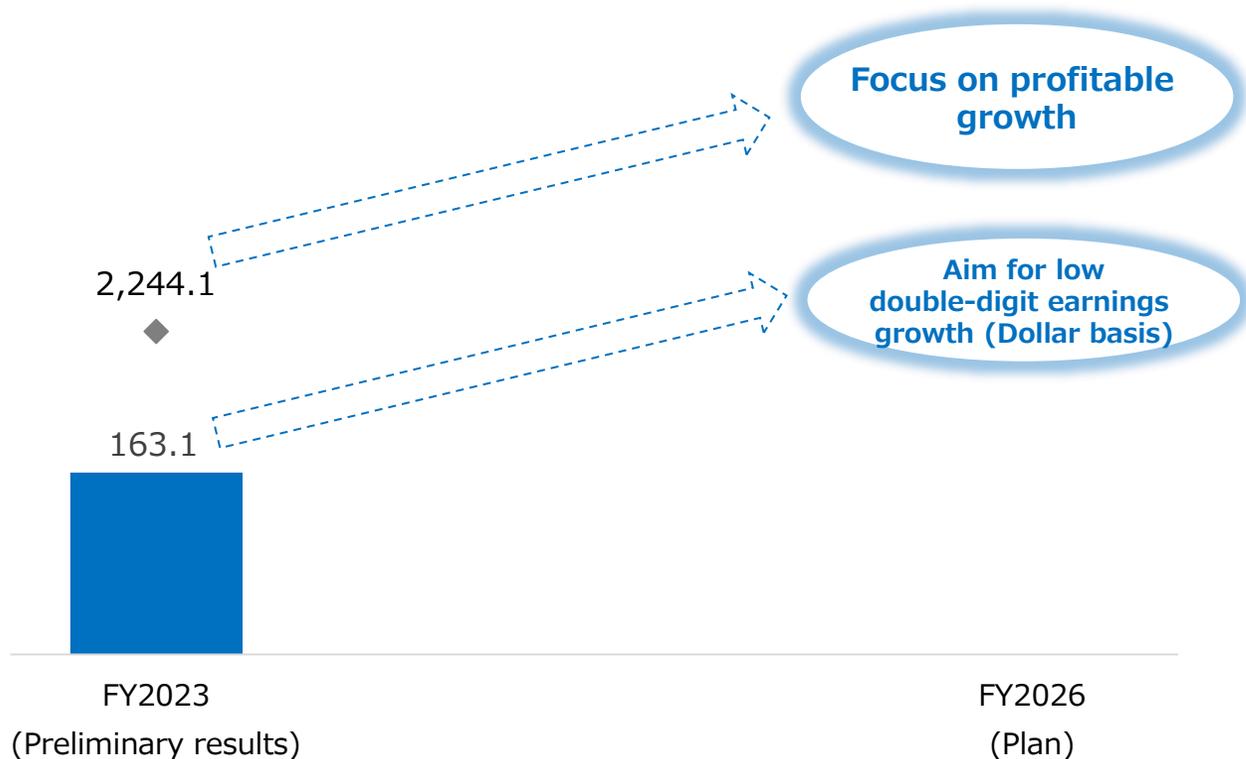


Major Initiatives in the Next Mid-Term Management Plan (2) Growth of Overseas Insurance and Reinsurance Business (Overview)

- Continue to grow adjusted profits annually over next mid term plan at low double digits
- As market pricing moderates, maintain profitability-oriented underwriting discipline in addition to profitable growth through geographic expansion

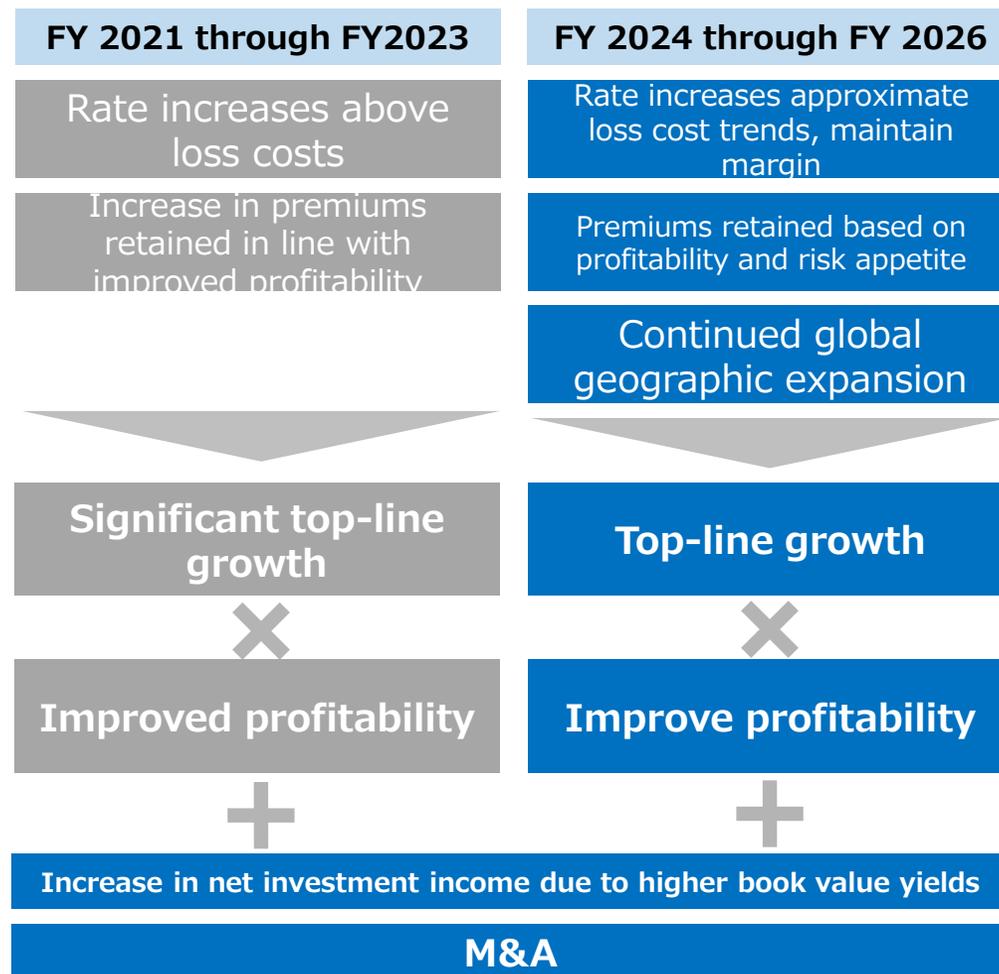
Global expansion focused on growing adjusted profit

(¥ bn.) ■ Adjusted profit ◆ Gross written premiums



* Total overseas

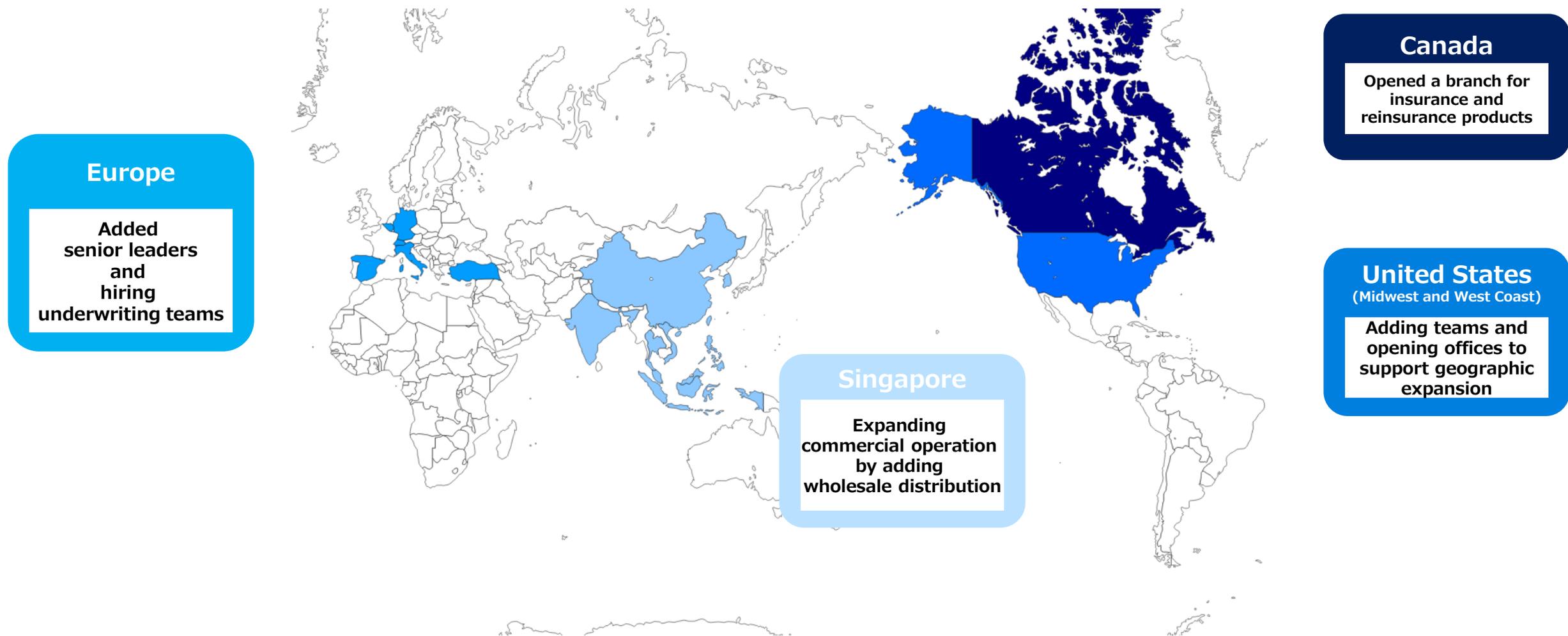
Strategic Objectives



Major Initiatives in the Next Mid-Term Management Plan (2) Growth of Overseas Insurance and Reinsurance Business (Progress in Geographical Expansion)

- Progress in geographical expansion initiatives such as opening branches and hiring underwriting teams in the U.S. (Midwest and West Coast), Canada, Continental Europe, and Singapore
- Aim to expand underwriting income by increasing profitability while taking into account the cost of growth initiatives in the next Mid-Term Management Plan

Established a base in each region and started hiring underwriters (significant progress achieved in 2023)

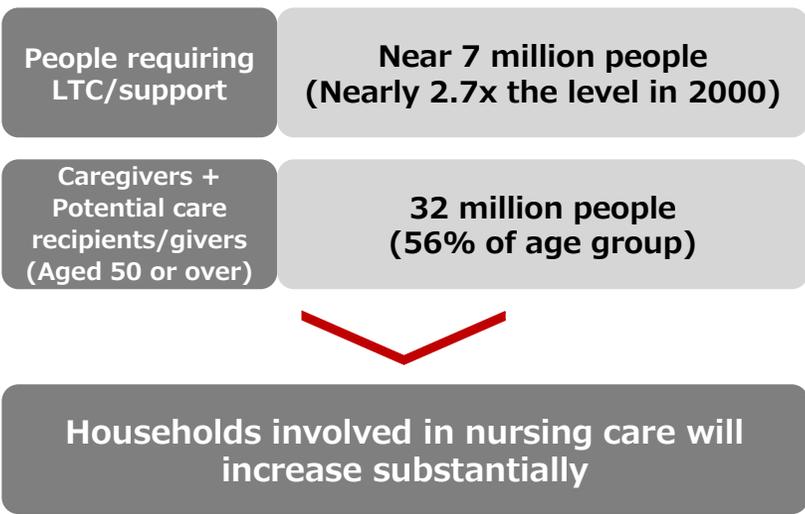


Major Initiatives in the Next Mid-Term Management Plan (3) Wellbeing Initiative (Social Challenges to be Addressed “Three Concerns”)

- Nursing care demand has kept growing with population aging. Japan will enter the “age of nursing care for/by all people” where involvement in nursing care is unavoidable, including potential care recipients/givers
- Social challenges arising from the three concerns related to health, nursing care, and retirement finances are grave and also have a huge negative impact on the economy

“Age of nursing care for/by all people”

Nursing care is inevitable part of the lives of many people, including care recipients and potential care recipients/givers



Health concern

Gap between average life expectancy and healthy life expectancy: **About 10 years**



Nursing care concern

Widening labor supply and demand gap in nursing care: Family carers are **decreasing**



Retirement finance concern

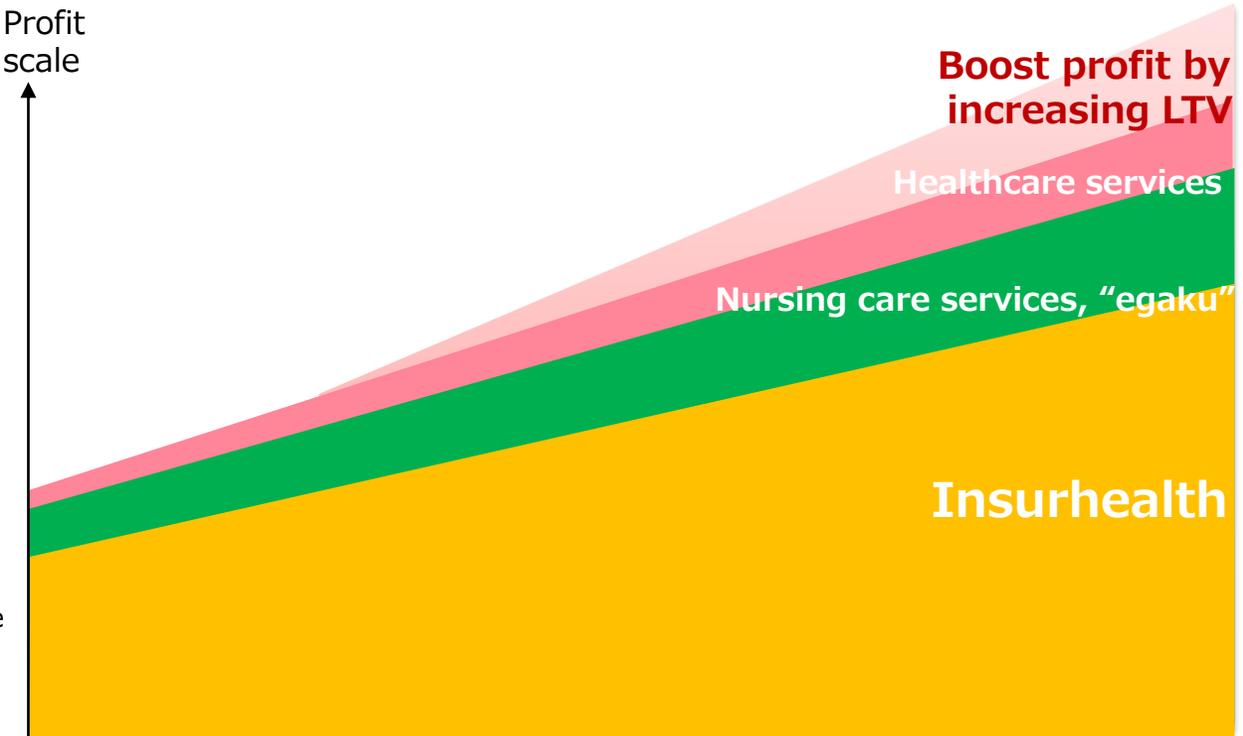
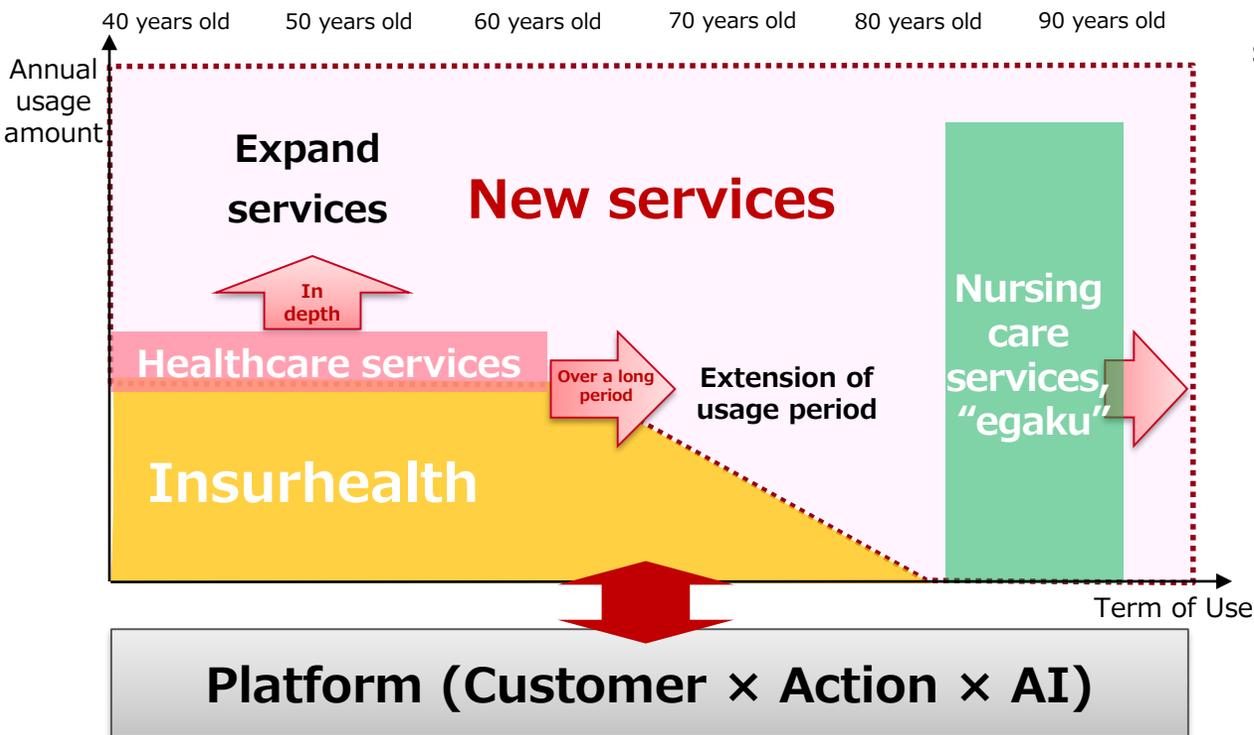
Fund amount required for retirement continues to increase: Only **10%** can support themselves without relying on their children

Major Initiatives in the Next Mid-Term Management Plan (3) Wellbeing Initiative (Overview)

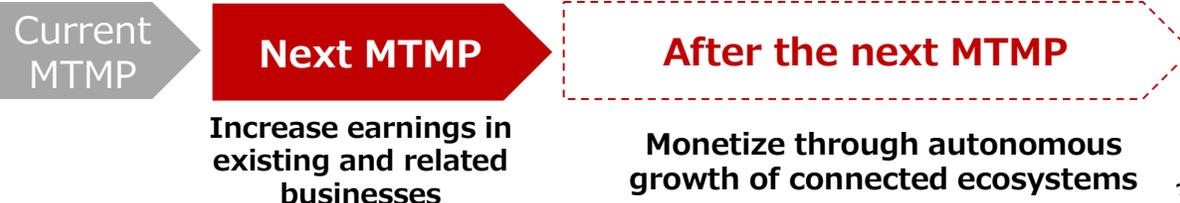
- Challenge to solve “Three concerns” in a one-stop solution to realize a society in which customers have a positive view of aging
- Develop services that fulfill customer needs in depth over a long period of time and boost profits by increasing LTV (Life Time Value) of a customer

Increase customer LTV by delivering products/services that connect existing businesses

Path of earnings growth through the Wellbeing Initiative (Profit image)

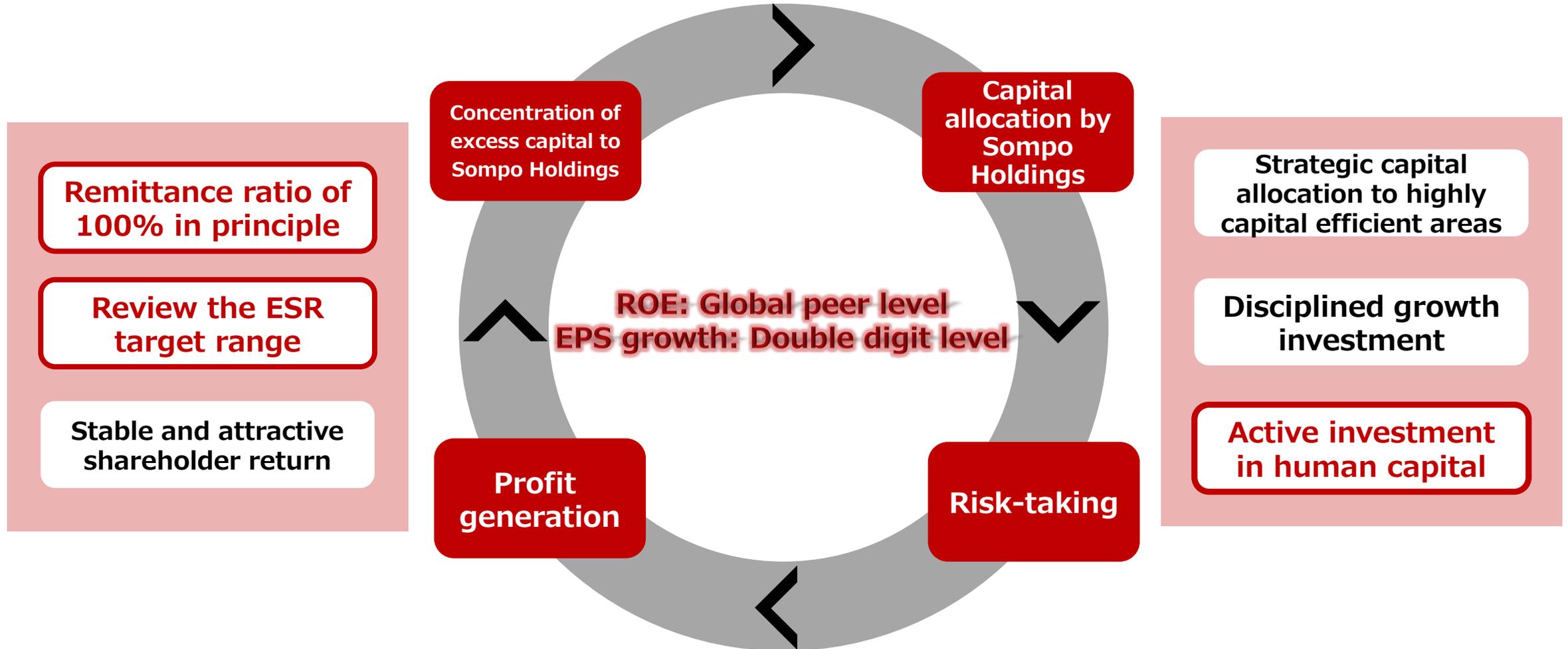


**Grow by expanding new services and strengthening the platform
(Expand market place function)**



Foundation of Growth (Capital Policy and Human Capital Investment)

- Improve capital circulation led by Sompo Holdings, such as by setting the remittance ratio at 100%, continuing to allocate capital to highly capital efficient areas and investing for growth, and actively investing in human capital
- Review the ESR target range in light of the ROE target, and manage capital for investment and shareholder return in a balanced manner



Reference (Group-wide)

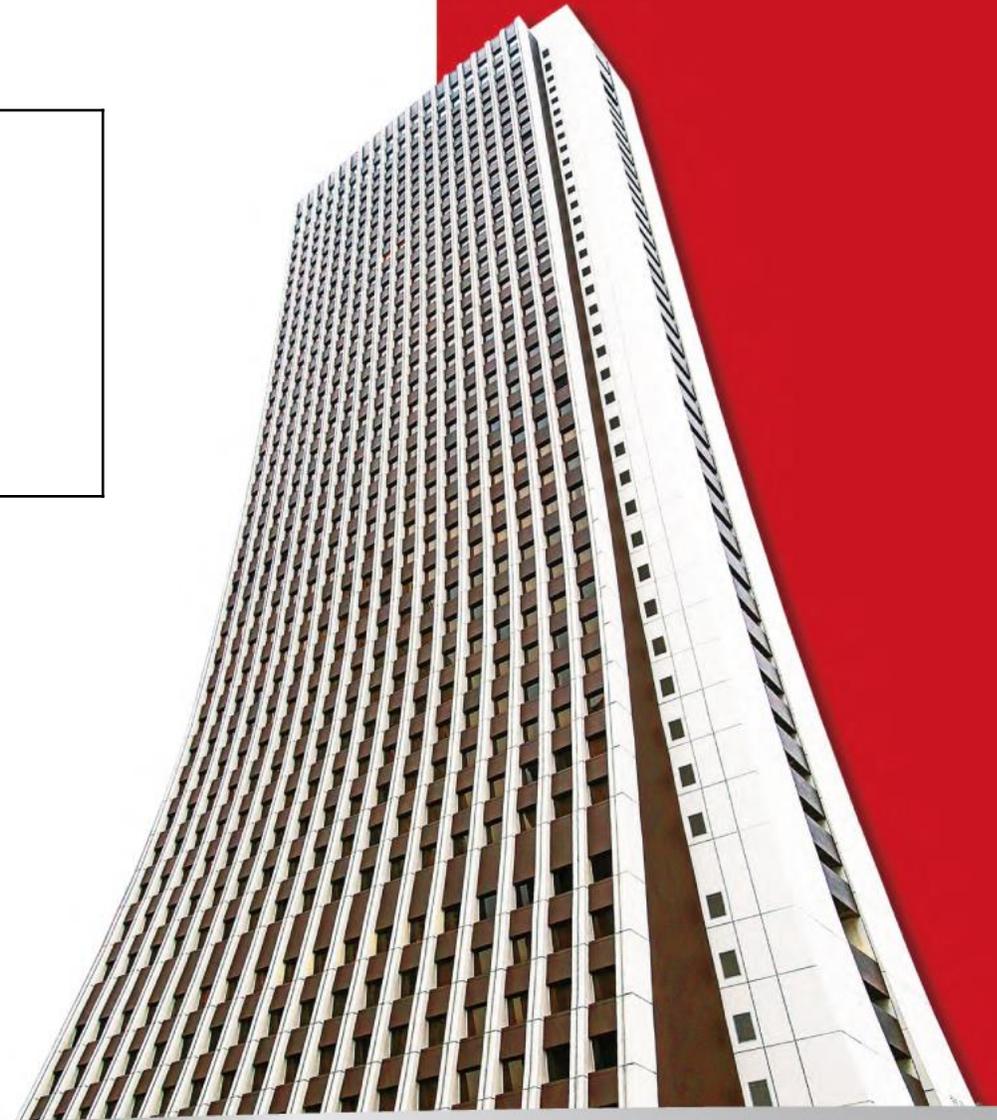
Stock Price and Valuation

Asset Portfolio – Group Consolidated

ESR

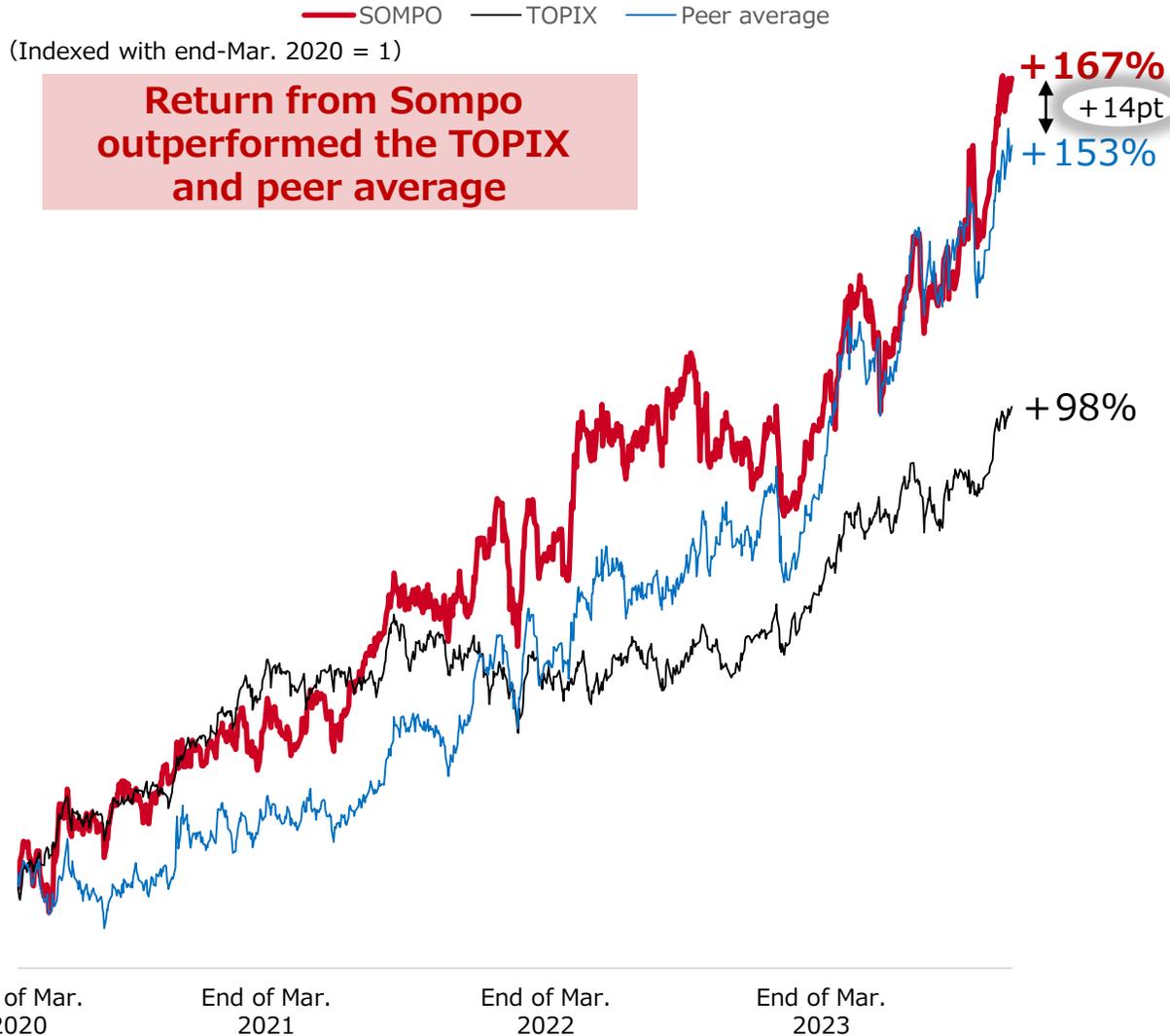
Evaluation by External Stakeholders

Management Indicators, etc.



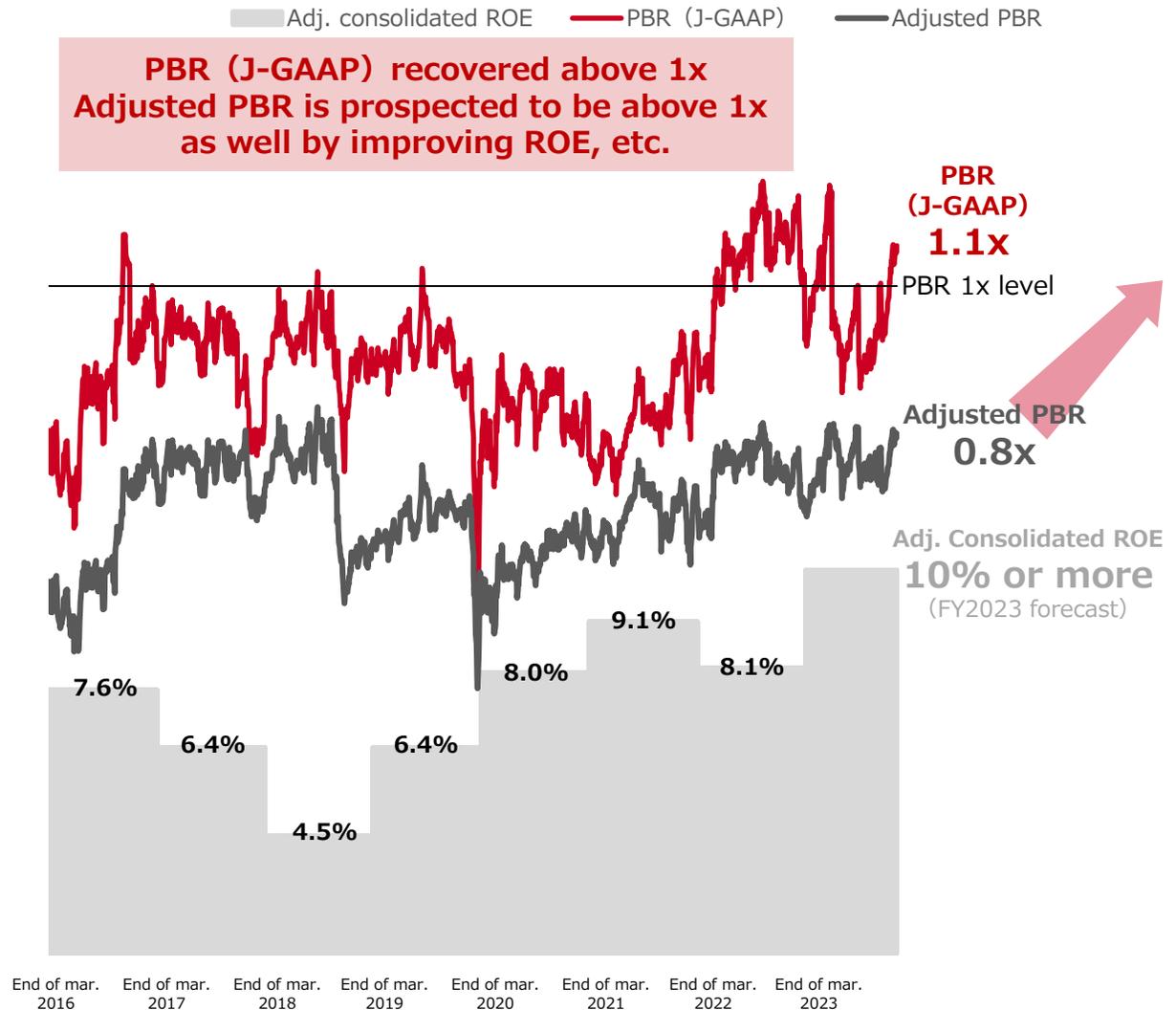
Stock Price and Valuation

Total shareholder return*1



*1 Calculated by using Bloomberg data, etc.

PBR*1 and adjusted consolidated ROE*2

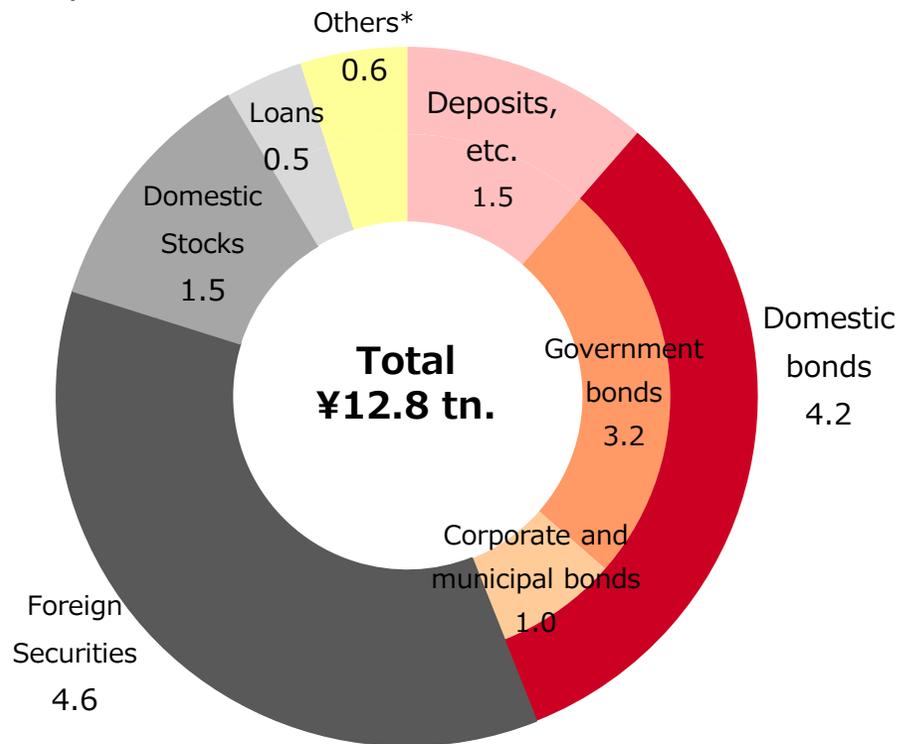


*2 Normalized basis

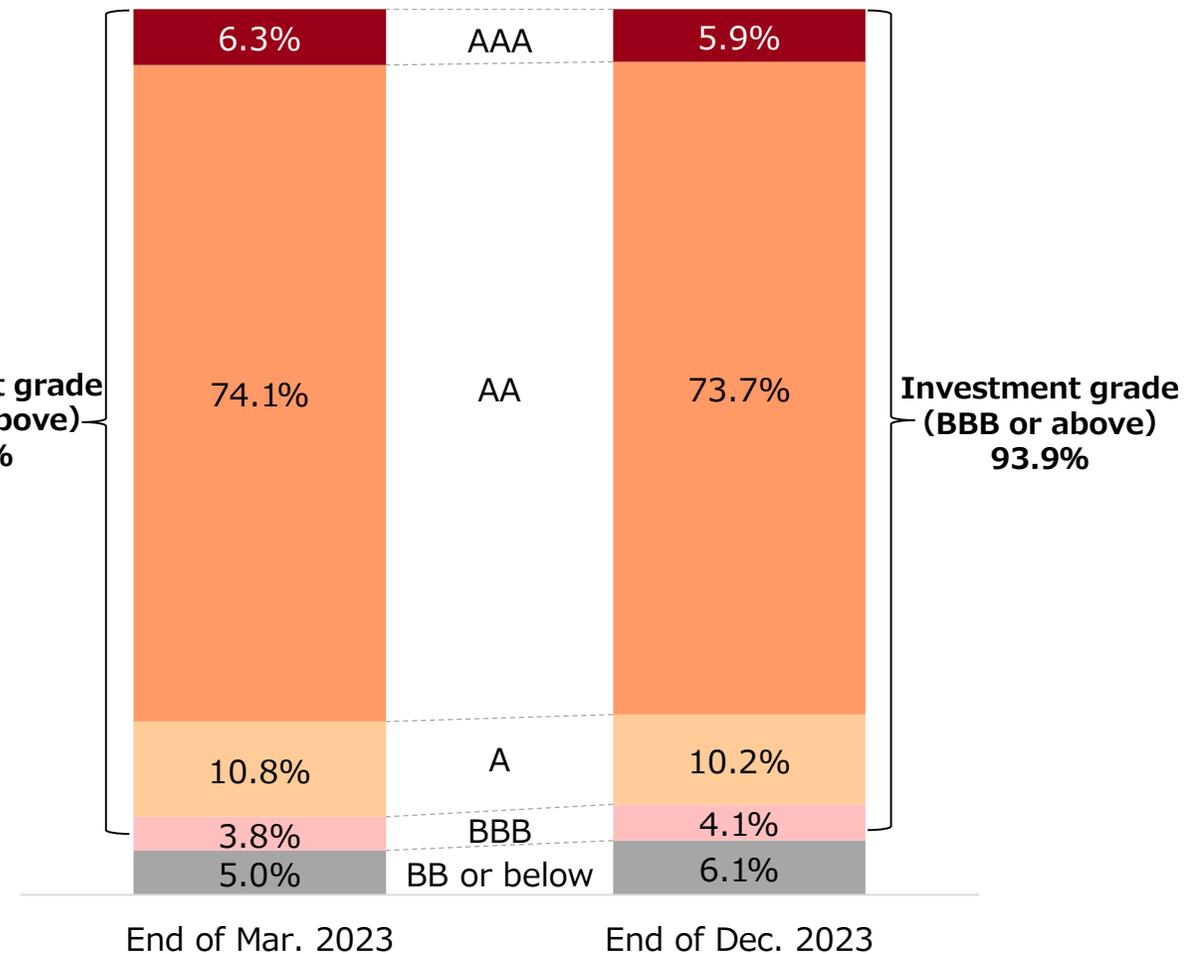
Asset Portfolio – Group Consolidated

Amount of investment assets (as of the end of Dec. 2023, group consolidated basis)

(¥ tn.)

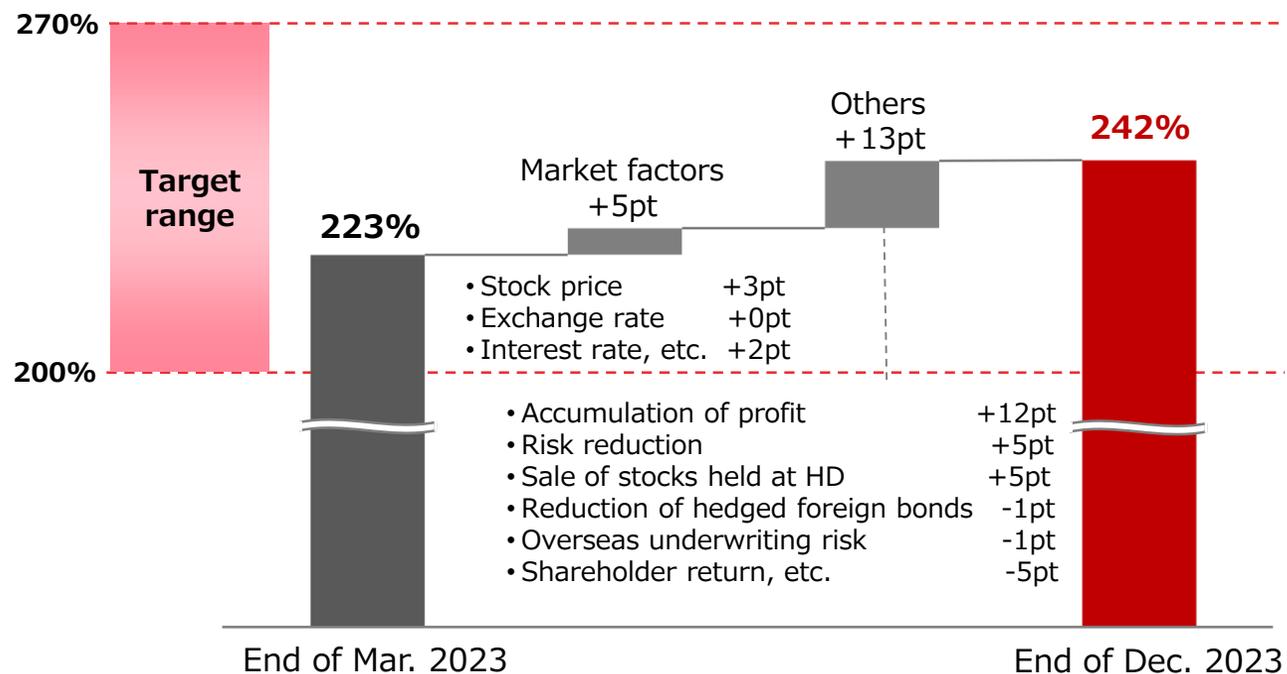


Group fixed income assets by rating



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

Trend of ESR (99.5%VaR)*1



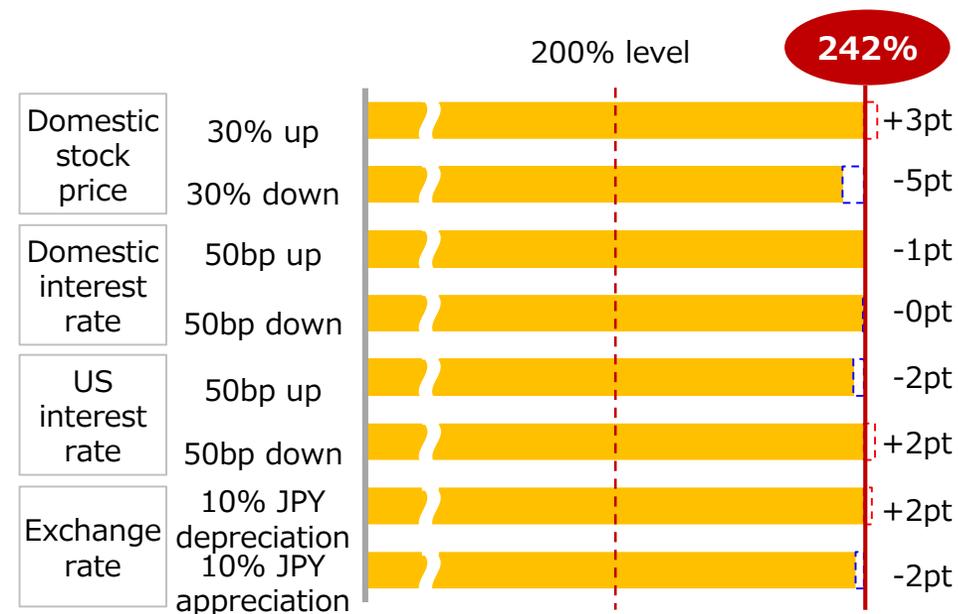
Risk reduction initiative (progress against the FY2023 target)

Stock price risk	Reduction of strategic holding stocks	¥63.5 bn./¥70.0 bn.
Interest rate risk	Investment in super long-term bonds	¥217.0 bn./¥300.0 bn.

*1 In accordance with Solvency II

Sensitivity analysis of ESR (99.5%VaR)

(as of the end of Dec. 2023)



(Reference) Market indicators	End of Dec. 2023	(Variance*3)
Domestic stock price (TOPIX)	2,366.39	(+18.1%)
Domestic interest rate (30y JGB)	1.66%	(+36bp)
US interest rate (10y Treasury)*2	4.57%	(+70bp)
Exchange rate (JPY/USD)	¥141.83	(+6.2%)

*2 End of the Sep. 2023, variance is against end of Dec. 2022

*3 Against end of Mar. 2023

Evaluation by External Stakeholders

Major ESG Indices covering Sompo

* As of February 1, 2024

Dow Jones Sustainability Indices
(Asia Pacific)

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

2023 MSCI ESG Leaders
Indexes Constituent

FTSE4Good Index series



FTSE4Good

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX *

FTSE Blossom Japan Index



**FTSE Blossom
Japan Index**

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (*)

S&P/JPX Carbon Efficient Index



* 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.

Management Indicators, etc.

Management indicators

(¥ bn.)	3Q FY2023		FY2023
	Actual	Variance	(Forecast)
Domestic P&C insurance	75.0	+54.2	58.0
Overseas insurance	128.6	+80.9	168.0
Domestic life insurance	29.9	+21.0	40.0
Nursing care & seniors	5.6	+1.3	7.0
Digital, etc.	3.3	+1.5	3.0
Total (Adjusted consolidated profit)	242.6	+159.1	280.0
Adjusted consolidated ROE*3	-	-	10%+
ROE (J-GAAP)	-	-	14.6%

Definition of adjusted profit*1

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*2
 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)

Reference (Each Business)



Domestic P&C Insurance Business

- Adjusted profit for FY2023 is expected to be ¥58 billion, taking into account deterioration in business environment, including an increase in claims paid due to inflation and an increase in the frequency of severe natural catastrophes
- NWP which contributes to future earnings improvement is expected to exceed the Mid-Term Management Plan target, primarily due to improved pricing in fire insurance and sales expansion in casualty insurance

Adjusted profit

Target
¥150.0 bn. +

(¥ bn.)

Net written premium*

Target
CAGR approx. + 1.5%

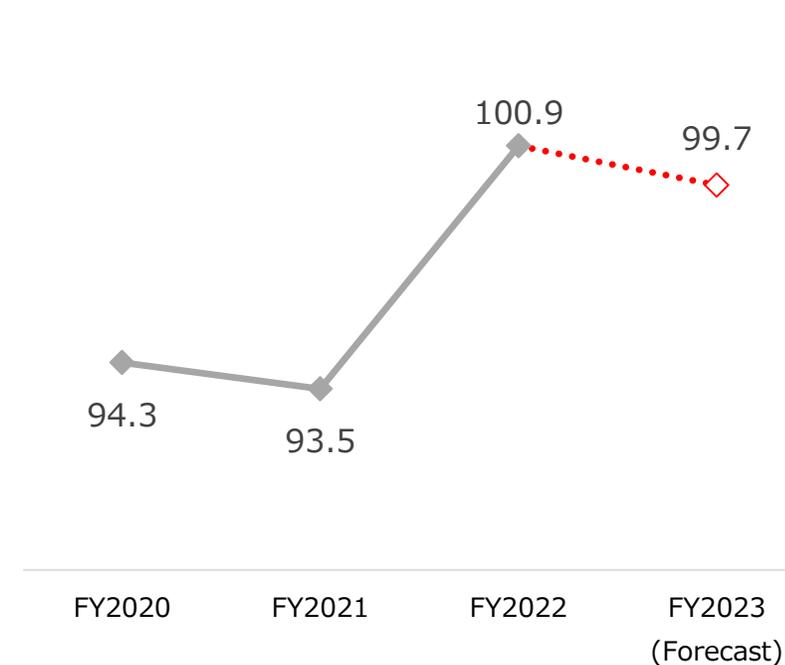
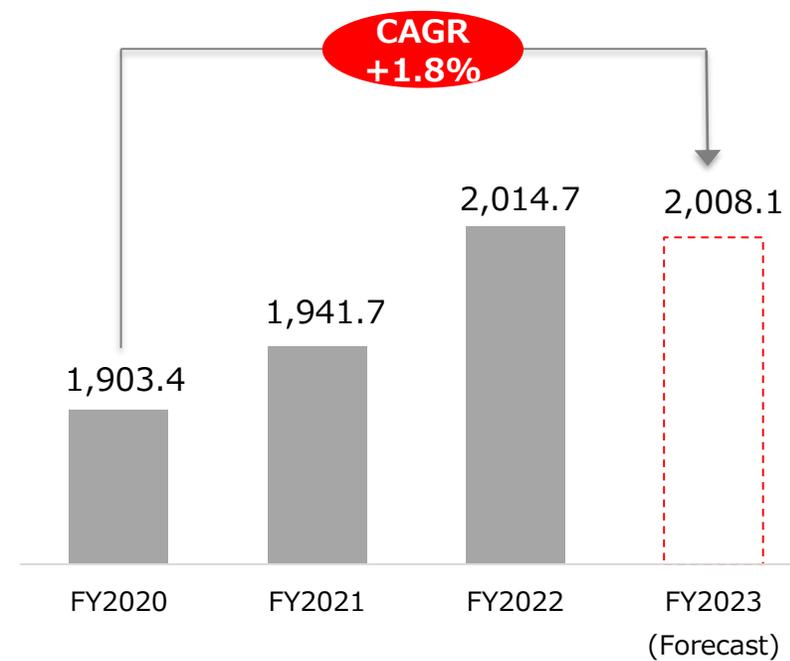
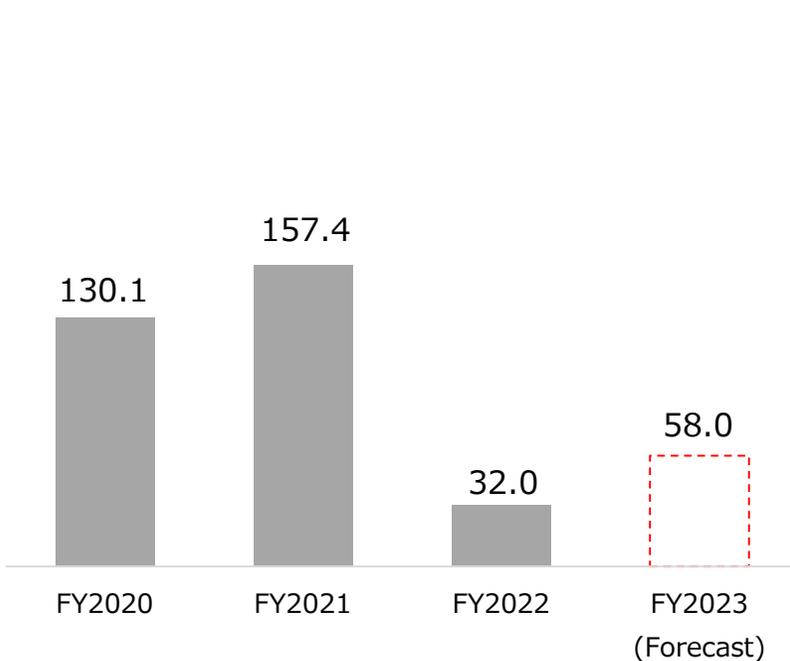
(¥ bn.)

Expect to achieve

E/I combined ratio*

Target
91.7%

(%)



* Sompo Japan (excluding CALI & household earthquake)

Details of Root Causes of Problems (Sompo Japan)

- The root causes of the recent problems are corporate culture of Sompo Holdings and Sompo Japan, and industry structure and practices
- Proactively implement measures to prevent recurrence as soon as possible, and also work with the industry and relevant ministries/agencies to eliminate harmful practices

Corporate culture

The following corporate culture existed within Sompo Japan

- A corporate culture of prioritizing to the company's own interest, company sales and profits, and disrespecting customer protection and compliance
- A top-down corporate culture, where no one challenged the President's decisions
- A corporate culture where negative information, in particular, is not escalated to the executives, etc. in a timely and appropriate manner

This corporate culture had an adverse effect on the perception, mindset, and values of the executives and employees, resulting in a deficient governance and internal control structure

Rebuild the company's corporate culture by returning to the view of considering everything from the customer's perspective

Industry structure/practices

The levels of strategic holding stocks and support for the client's core business are major determinants of commercial insurance transaction share

Conflicts of interest at auto insurance agents as an insurance agent and an auto repair shop

Conflicts of interest at commercial insurance agents as insurance agents and affiliates of the policyholder

Conflicts of interest and structural issues were left unresolved due to lack of adequate rules and training, etc.

Re-examine industry practices and conventional wisdom, and reform the structure that causes problems

Overseas Insurance/Reinsurance Business

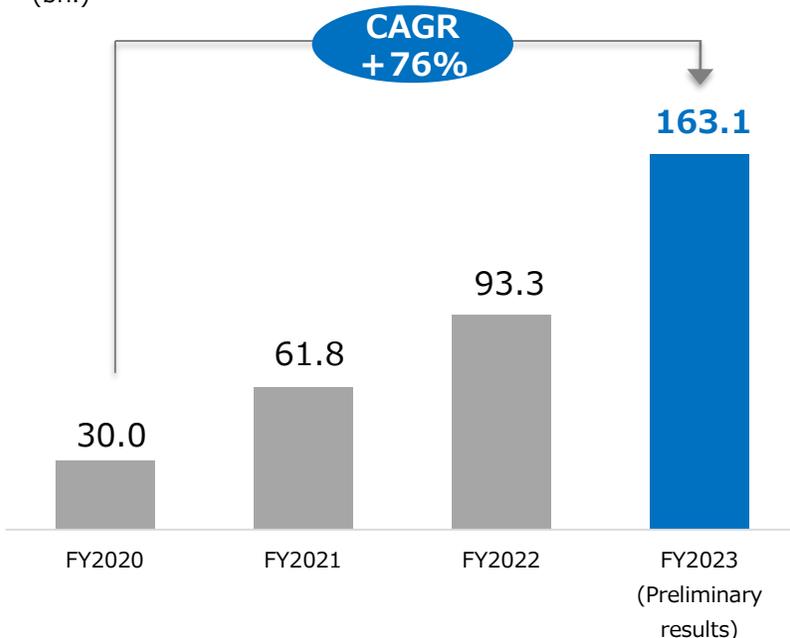
- Adjusted profit and gross written premiums are expected to exceed the medium-term targets
- Combined ratio significantly improved and was able to covers the unanticipated effects of inflation while funding the recently approved overseas strategic initiatives

Adjusted profit

Target	¥100.0 bn. +
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Expect to achieve

(bn.)

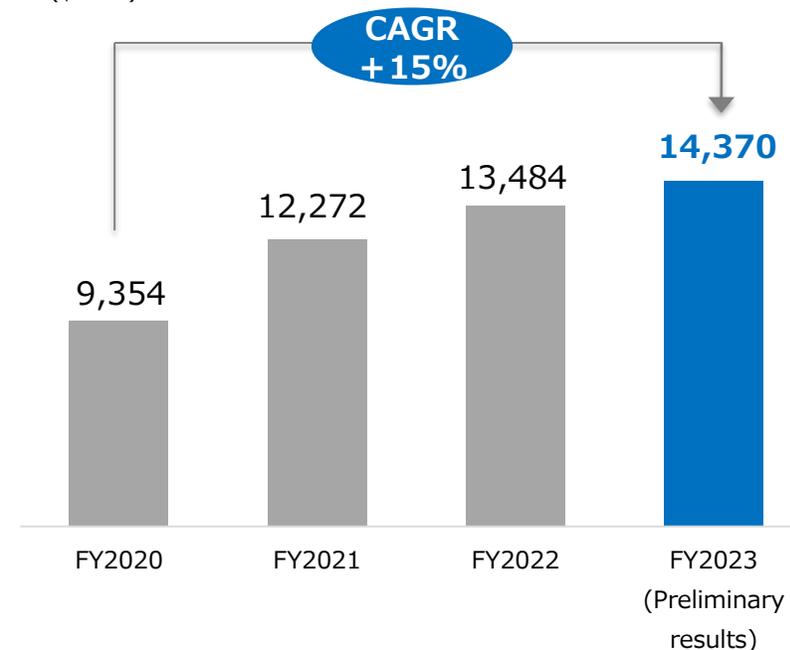


Gross written premiums of SI Commercial * 1

Target	CAGR +9%
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Expect to achieve

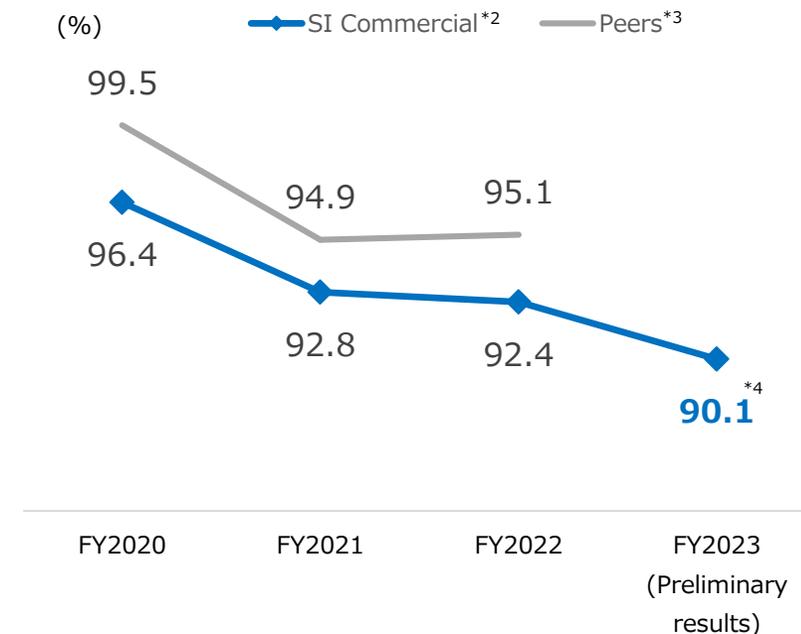
(\$ mn.)



Combined ratio of SI Commercial

Target	88% level
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(%)



*1 For the FY2023 forecast, the commercial business within Sompo Sigorta, Sompo Seguros and Asia subsidiaries is included within SI Commercial and represented \$889 million of gross premiums written

*2 Excl. corporate expense

*3 Data provided by S&P IQ Pro. Peer average includes Allianz SE, American International Group, Inc., Arch Capital Group Ltd., Agro Group International Holdings, Ltd., Assicurazioni Generali S.p.A., AXA SA, AXIS Capital Holdings Limited, Chubb Limited, Everest Re Group, LTD., Markel Corporation, RenaissanceRe Holdings Ltd., SCOR SE, Swiss Re AG, The Hartford Financial Services Group, Inc., The Travelers Companies, Inc., W.R. Berkley Corporation, Zurich Insurance Group AG

*4 Excludes one-time FY2023 reserve increase which has a related impact of 6.4 ppts. on the loss ratio

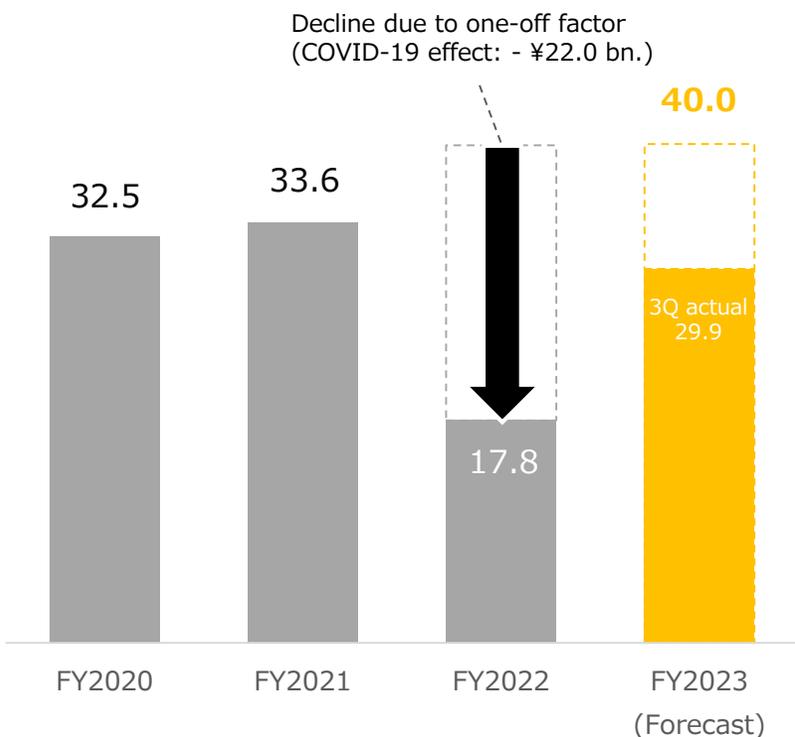
Domestic Life Insurance Business

- Adjusted profit for FY2023 is expected to be ¥40.0 billion, in line with the Mid-Term Management Plan (MTMP) target, primarily due to the elimination of adverse impact of COVID-19

Adjusted profit



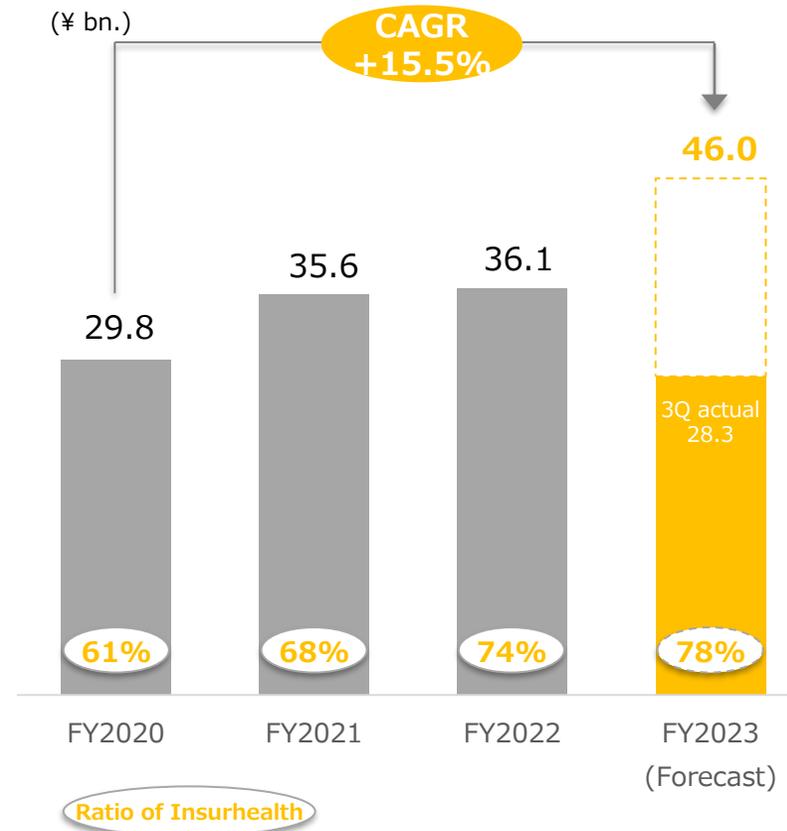
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Annual premium of new policies (performance evaluation basis)



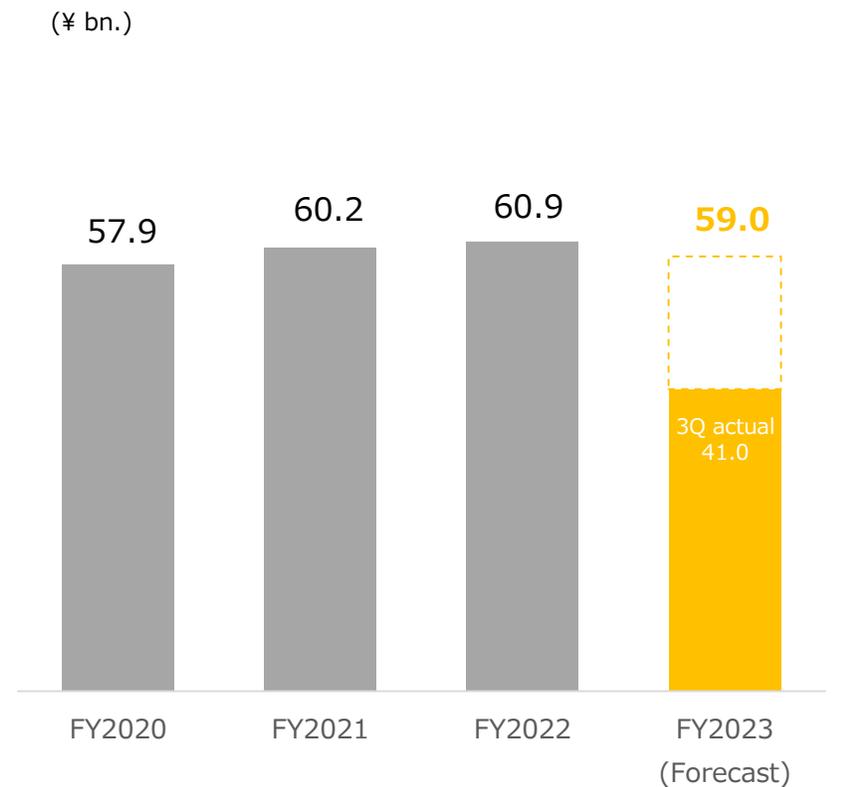
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General expenses



(¥ bn.)



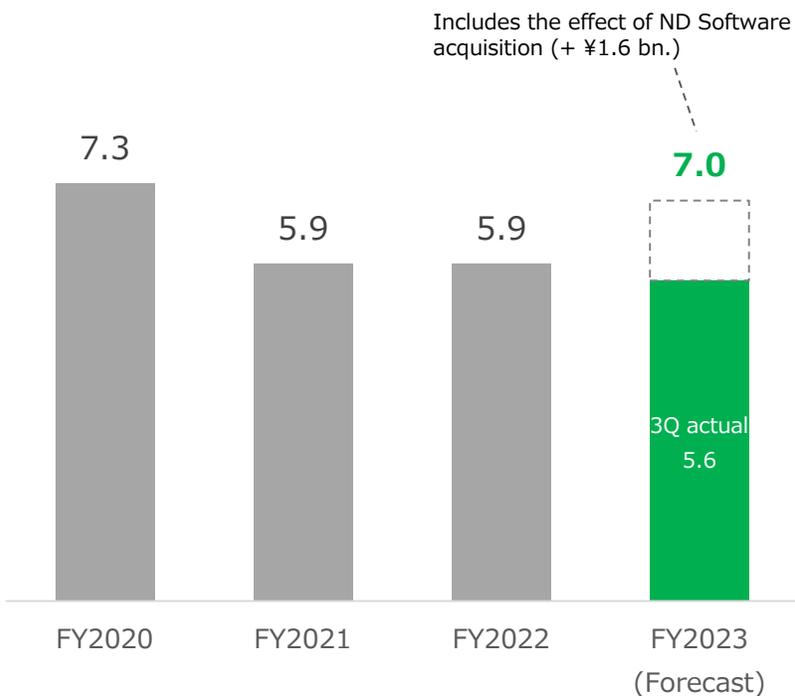
Nursing Care & Seniors Business

- Sales for FY2023 is likely to exceed the Mid-Term Management Plan target partly due to the acquisition of ND Software.

Adjusted profit



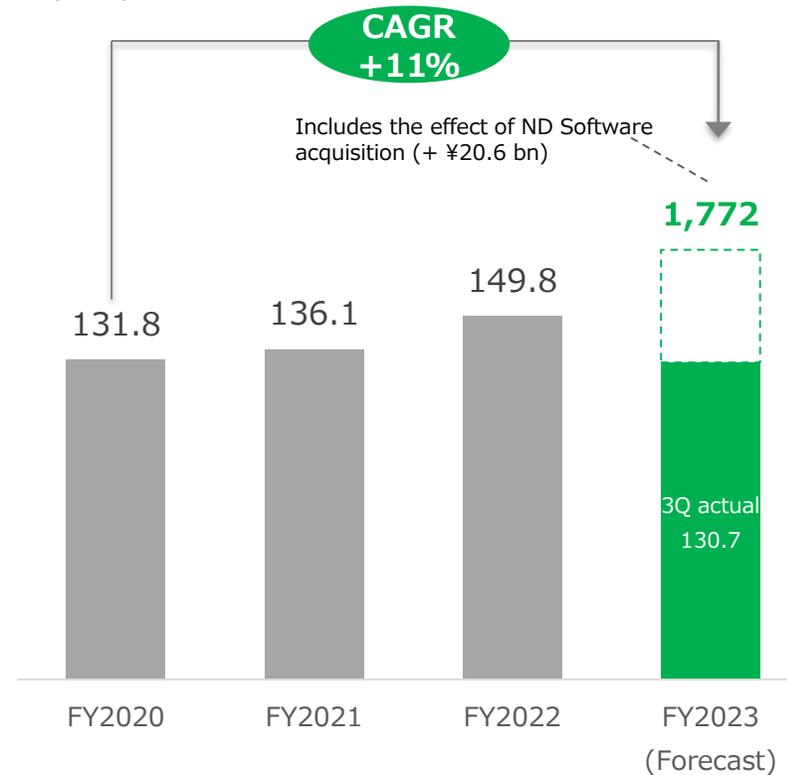
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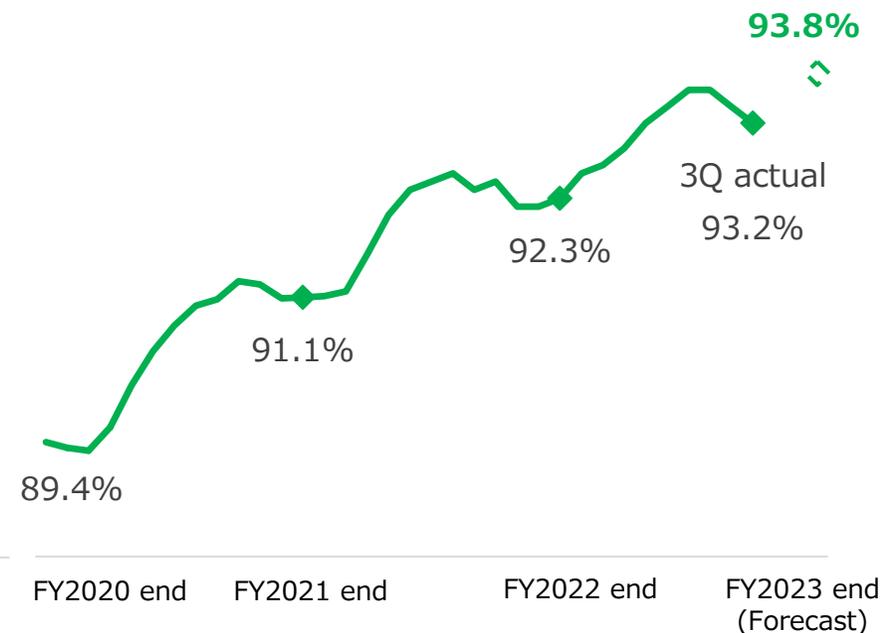
Sales



(¥ bn.)



Occupancy rate

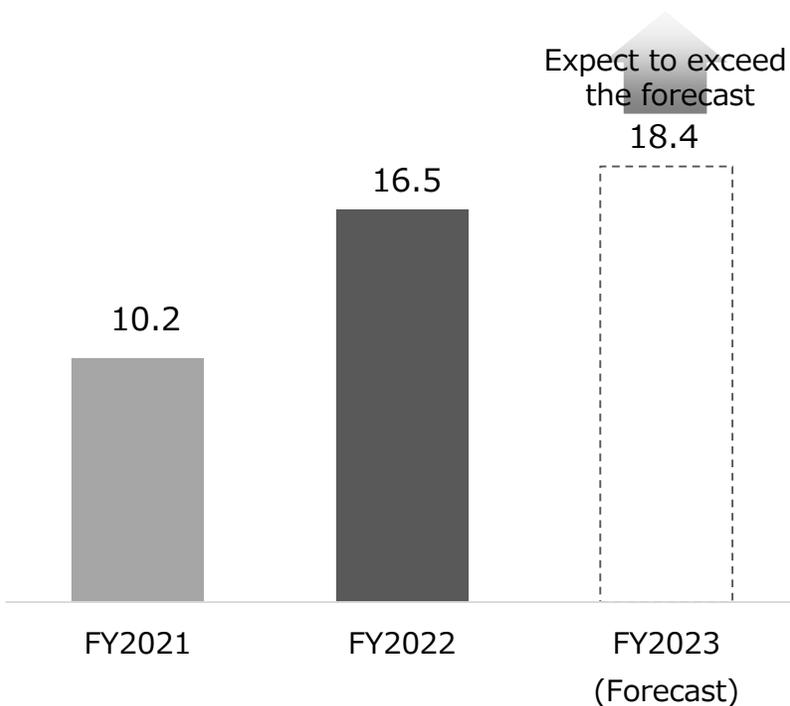


Digital Business

- Both sales and profit are expected to increase sharply and outperform the forecast in FY2023, following a turn to profitability in terms of ordinary income in FY2022.
- Work to further expand the digital business and contribute to the Group's profit and social value

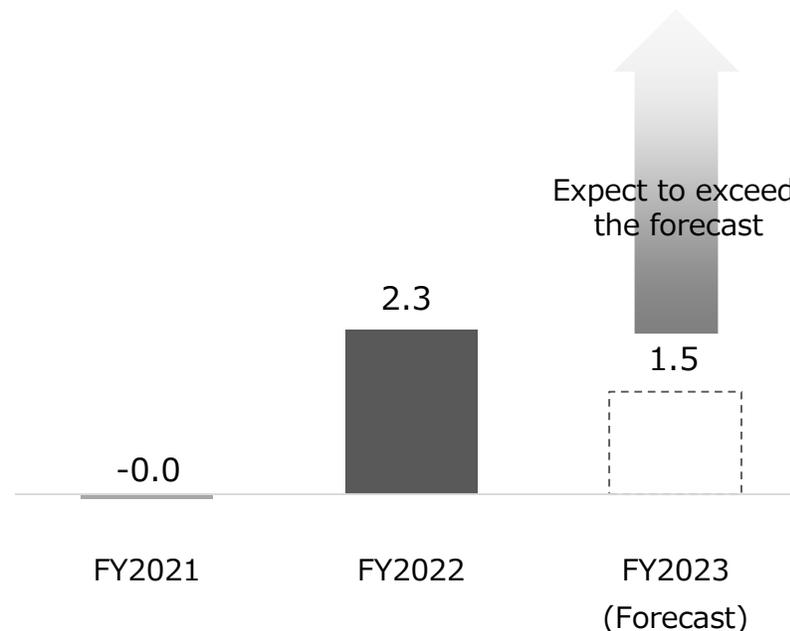
Sales*

(¥ bn.)



Ordinary profit*

(¥ bn.)



Main initiatives in FY2023

Palantir Technologies Japan

Strengthen sales

- Developed distribution network through business partners (Fujitsu Limited) in addition to direct channel and strengthened sales and support

Increase customers

- The number of customers increased by approx. 50% YoY by introducing pay-per-use software licensing and expanding sales

SOMPO AUX

Strengthen distributors

- The total number of vehicles handled annually, including sales and dismantling, is approx. 50,000 in total
- As an auctioneer handling unrepairable vehicles, grew to become one of the largest operators in Japan with more than 200,000 buyers.

Expansion of suppliers

- Began sourcing unrepairable vehicles from dealers, lessors, etc. and outside the Group in addition to SJ and SAFIC

* the total for SOMPO Light Vortex, SOMPO AUX, Palantir Technologies Japan, and ABEJA

Note Regarding Forward-looking Statements

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

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