

## Conference Call Q&A (February 14, 2024) – 3Q FY2023 Results

### Group Strategy

Q: What is the reason behind the stock split? Would you also share your thought on future dividend increases?

A: The Company's stock is currently priced per share at above ¥8,000. We have decided on stock split particularly based on the TSE's guideline for investment unit. Our expectation is that the stock split will help individual investors invest in the Company more easily and improve valuations due to the increased in the stock's liquidity. There is no change in the Company's dividend policy in association with this stock split. Following our shareholder return policy, we will improve shareholder return, mainly by dividend increase.

### Domestic P&C Insurance Business

Q: Accident frequency in the automobile insurance was worse than your expectation in October and November 2023, but was better in December, indicating a change in trend. How is the outlook in the future?

A: In automobile insurance, repair cost per unit is in line with plan, and therefore results depend on accident rates. Accident rate is estimated to increase by 2.5% for the year and increase by around 1.0% for 2H. The number of reported claims, which is not directly linked with accident rate though, was above expectation in October and November 2023 but below expectation in December 2023. According to the preliminary results for January 2024, the number of reported claims decreased by 1.0% year on year. If this trend continues, the automobile insurance is expected to become in line with plan toward the end of fiscal year.

Q: What is the impact of domestic natural disasters, including Noto Peninsula earthquake and heavy snow in Kanto region from January 2024 onward?

A: Domestic natural disasters was approximately ¥95.0 bn. up to January 2024 in total. Losses from Noto Peninsula earthquake are estimated to be approximately ¥3.0 bn. Losses from heavy snow in Kanto region in February are estimated to be approximately ¥2.0 bn. at this moment. The progress is in line with the full-year budget of ¥104.0 bn.

Q: Let me confirm your policy for sales of strategic holding stock.

A: On December 26, 2023, Sompo Japan Insurance Inc. received notification from the Financial Services Agency of a business improvement order and was pointed out that the strategic holding stocks practice was behind the problem. The Company has the policy to reduce the balance of strategic holding stocks to 20% or less of adjusted consolidated net asset in FY2023. Following the recent situation, further acceleration of the reduction pace is being examined by the management.

### Overseas Insurance Business

Q: SI Commercial announced rate increases of 5.4% for FY2023, which was above plan. Please share your outlook for rate increases by insurance line.

A: Property is hardening. Casualty and specialty, SI's core business lines, are both looking to raise rates. Meanwhile, in the fiercer competitive environment, D&O is looking to reduce prices. The hardening pace is gradually slowing down. In any case, we are working to optimize rates to offset inflation costs, and rates are on the increase as a whole.