

(English Translation)

May 24, 2022

To whom it may concern:

Company Name: Sompo Holdings, Inc.
Representative: Kengo Sakurada, Group CEO, Director, Chairman and
Representative Executive Officer
(Stock Code 8630: Tokyo Stock Exchange Prime Market)

Establishment of a New Subsidiary, a Corporate Split between it and Another Subsidiary and Divestment from the New Subsidiary thereafter

Sompo Holding, Inc. (“**SOMPO**”) announced today that Sompo Seguros S.A (“**SSeguros**”), a subsidiary of SOMPO in Brazil, has entered into a definitive agreement to spin off its consumer business into a new insurance subsidiary (“**NewCo**”) and sell the shares of NewCo to HDI Seguros S.A. (“**HDI**”), a subsidiary of Talanx AG, a major European insurance company.

With the sale of the consumer business, SSeguros will reposition itself to seek significant growth and profitability opportunities in Brazil by becoming an insurance company specializing in commercial business. With this transition, Sompo International Holdings Ltd. (“**SI**”) will for the first time primarily focus on commercial business operations in an emerging market.

1. Rationale of the Business Restructuring (divestment of the consumer business in Brazil)

SSeguros was formed in 2014 through the merger of Yasuda Seguros S.A. and Maritima Seguros S.A. (Yasuda Maritima Seguros S.A. was renamed SSeguros in 2016). Since then, SSeguros has developed its business in both commercial and consumer platforms. Meanwhile, the consumer sector in Brazil has become increasingly competitive, and business scalability has become extremely important to build competitive advantage. Based on a comprehensive reexamination of the business strategy under the current environment, management has concluded that further growth and profit enhancement for SSeguros and SI will be achieved by concentrating resources and focusing on the commercial business. SSeguros’ new growth strategy will leverage the strong market presence it already has in Brazil as it seeks promising growth potential for the business. The sale of the consumer business to HDI is aligned with this new strategic direction.

SSeguros already has a stable business foundation in its commercial business, including having the No. 1 market share in marine insurance. SSeguros aims to expand its footprint in unexplored markets by utilizing SI's globally recognized commercial and specialty insurance expertise in product development, underwriting, reinsurance, and DX using AI.

2. Transaction Structure

NewCo will be incorporated as a wholly-owned subsidiary of SSeguros, which will then transfer all assets and liabilities related to the consumer business to NewCo via an absorption-type company split. SSeguros will complete the sales of its consumer business via a divestment of a 100% stake in NewCo to HDI.

3. Overview of SSeguros

(1)	Company name	Sompo Seguros S.A.		
(2)	Location	Rua Cubatão,320, Paraíso São Paulo-SP CEP04013-001-Brasil		
(3)	Name and title of representative	Alfredo Lalia Neto, Chief Executive Officer		
(4)	Nature of business	Insurance company		
(5)	Capital	BRL 1,872 million (JPY 48.5 billion) *1		
(6)	Date of establishment	October 8, 1943		
(7)	Major shareholders and investment rate	Sompo International Holdings Brasil Ltda. (99.9%)		
(8)	SOMPO's relationship with the company	Capital relationship	Sompo International Holdings Brasil Ltda., a subsidiary of SOMPO, owns 99.9% of its shares	
		Human relationship	One of SOMPO's executives is also serving as a board member.	
		Business relationship	Reinsurance transactions exist between SOMPO's affiliates and SSeguros.	
(9)	Financial results of the past three years *2, 3			
	Fiscal year	December 2019	December 2020	December 2021
	Net Assets	1,283	1,266	973
	Total Assets	5,088	5,501	5,421
	Net Assets per share	11.8	10.4	4.6
	Gross Premium	3,350	3,076	3,282
	Profit Before Tax	80	▲227	▲750

Net income	70	▲160	▲915
Net income per share	0.6	▲1.3	▲4.3
Dividends per share	0	0	0
Combined ratio	100.8%	108.9%	129.2%

1. The exchange rate of 1 BRL = JPY 25.93 (as of April 28, 2022) is applied.
2. BRL amounts are in millions (amounts for the net income per share and dividends per share are in BRL).
3. Based on the financial statements submitted to the insurance authority in Brazil on a non-consolidated basis.

4. Overview of NewCo

(1)	Company name	NewCo (tentative)	
(2)	Location	TBD	
(3)	Name and title of representative	TBD	
(4)	Nature of business	Insurance company	
(5)	Capital	BRL 383 million (JPY 9.9 billion) *1, 2	
(6)	Date of establishment	In or after August 2022 (planned)	
(7)	Major shareholders and investment rate	To be incorporated as a wholly-owned subsidiary by SSeguros (planned)	
(8)	SOMPO's relationship with the company	Capital relationship	To be incorporated as a wholly-owned subsidiary of SSeguros (planned)
		Human relationship	TBD
		Business relationship	TBD

[Overview of NewCo]

(1) Nature of Business

Insurance company specializes in the consumer business

(2) Operating Result (As of the end of Dec. 2021)

Gross Premium BRL 1,762 million (JPY 45.7 billion)

(3) Book Values of Assets and Liabilities (As of the end of Dec. 2021)

Total Assets BRL 2,177 million (JPY 56.4 billion)

Total Liabilities BRL 1,794 million (JPY 46.5 billion)

Total Equity BRL 383 million (JPY 9.9 billion)

1. The exchange rate of 1 BRL = JPY 25.93 (as of April 28, 2022) is applied.

- Capital amount and financials of NewCo to be fixed after the completion of the sales of NewCo's shares to HDI. The capital amount is estimated based on the financials of SSeguros as of 31 December 2021, assuming that the total equity related to the retail business is succeeded to NewCo via a corporate split and recorded as the capital amount.

5. Overview of HDI

(1)	Company name	HDI Seguros S.A.		
(2)	Location	Av das Nações Unidas 14261, Brooklin Paulista, São Paulo-SP CEP:0478-00- Brasil		
(3)	Name and title of representative	Eduardo Dal Ri, Chief Executive Officer		
(4)	Nature of business	Insurance company		
(5)	Capital	BRL 755 million (JPY 19.6 billion) *1		
(6)	Date of establishment	March 03, 1980		
(7)	Major shareholders and investment rate	HDI International AG (100%)		
(8)	SOMPO's relationship with the company	Capital relationship	None	
		Human relationship	None	
		Business relationship	None	
		Status as a Related Party	None	
(9)	Financial results of the past three years *2, 3			
	Fiscal year	December 2019	December 2020	December 2021
	Net Assets	1,181	1,205	1,046
	Total Assets	4,275	4,415	4,673
	Net Assets per share	18,402	18,775	16,301
	Gross Premium	3,559	3,621	3,726
	Profit Before Tax	183	89	▲141
	Net income	131	70	▲69
	Net income per share	2,043	1,098	▲1,072
	Dividends per share	1,025	817	0

- The exchange rate of 1 BRL = JPY 25.93 (as of April 28, 2022) is applied.
- BRL amounts are in millions (amounts for the net income per share and dividends per share are in BRL).
- Based on the financial statements submitted to the insurance authority in Brazil on a non-consolidated basis.

6. Number of Shares to be Transferred, Transfer Price, and Number of Shares Held Before and After the Transfer

(1)	Number of shares held before the transfer	[TBD] (Voting rights: 100.0%)
(2)	Number of shares to be transferred	All shares held prior to the transfer
(3)	Transfer price	BRL 1,230 million (JPY 31.9 billion) * *The initial payment is subject to certain closing account and other adjustments and expected to amount to approximately BRL 1,050 million. Part of the Transfer Price that may be adjusted up or down based on certain performance based criteria post closing will be retained and be subject to deferred and contingent release to SSeguros.
(4)	Number of shares to be held after the transfer	0 (Voting rights: 0.0%)

*The exchange rate of 1 BRL = JPY 25.93 (as of April 28, 2022) is applied.

7. Timetable

(1)	Determination date	May 24,2022
(2)	Signing date of share transfer agreement	May 24,2022
(3)	Scheduled date of NewCo's incorporation	In or after August 2022 (planned)
(4)	Scheduled date of company split	In or after October 2022 (planned)
(5)	Scheduled date of share transfer	In or after January 2023 (planned)

8. Future Outlook and Estimated Impact on SOMPO Group's Financials

(1) Future Outlook

After entering into the definitive agreement today, SOMPO, Sompo Japan Insurance Inc., SSeguros, and HDI will begin applications for approval of relevant regulators and proceed with the creation of NewCo and completion of the share transfer upon receipt of regulatory approvals. SOMPO expects to complete the creation of NewCo in or after August 2022 and the share transfer in or after January 2023.

(2) Estimated Impact on Adjusted Net Income of Overseas Insurance Business

Capital gains/losses generated through this transaction are not included in the adjusted net income of the overseas insurance business.

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