



**MS&AD**

**Fiscal 2020  
Second Information Meeting**

**November 27, 2020**

# Main Points of Today's Presentation

## Medium-to-Long Term Growth Strategy

We will seize on business opportunities and achieve growth based on expected changes in society in the medium to long term.

We aim to become a corporate group that supports a resilient and sustainable society on a global scale. In FY2021, we will achieve Group adjusted profit of 300 billion yen and a Group adjusted ROE of 10%, and continue to grow thereafter through a combination of CSV and DX, along with business style reforms.

We will roll out CSV x DX globally with focuses on innovative products and services, transformation of channels and sales methods, and creation of new businesses.

In Japan, business style reforms will enable cost reductions of at least 20 billion yen compared with FY2019 levels by FY2021, and 70 billion yen cumulatively by FY2023.

## Progress in Stage 2 of "Vision 2021"

Although we will factor in expanding overseas insurance losses due to COVID-19, the losses will be covered with asset management and performance will fall within the range of our initial forecast.

FY2020 Group adjusted profit has been revised upward from the initial forecast by 30 billion yen to 210 billion yen.

Our FY2021 targets, Group Adjusted Profit of 300 billion yen and Group Adjusted ROE of 10%, remain unchanged.

We have declared business activities with consideration for sustainability as one of our ESG initiatives. This commitment includes avoiding insurance underwriting, investments and loans related to newly established coal-fired power plants as a general rule.

## Shareholder Return

Our policy of shareholder return targeting 40%-60% of Group adjusted profit is unchanged.

Our ESR level as of September 30, 2020 was 209%, an appropriate level.

We plan to pay an interim dividend of 75 yen per share, unchanged year on year, and implement share buybacks of up to 20 billion yen.

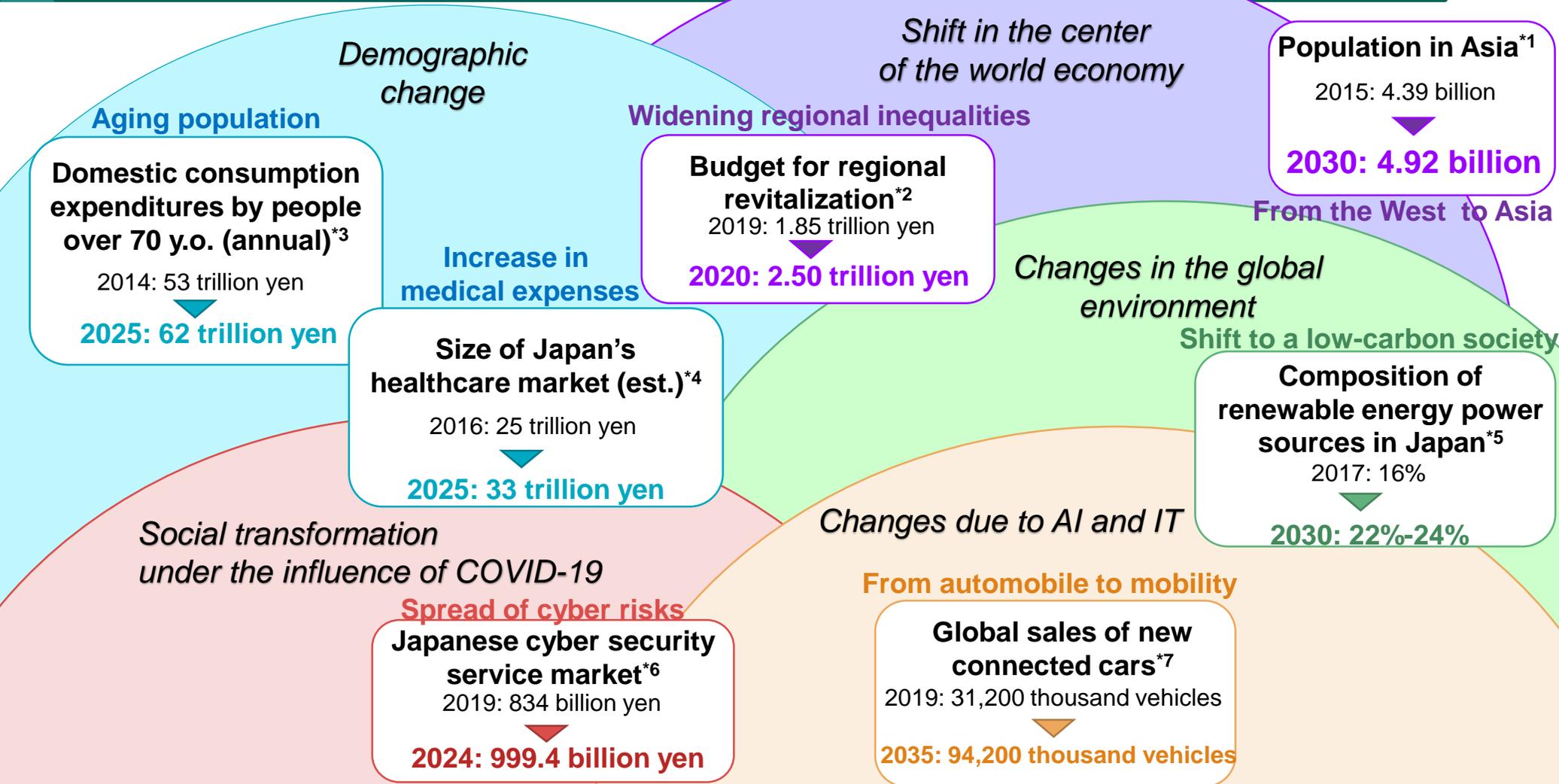
# I . Medium-to-Long-Term Growth Strategy

~Growth for the next 10 years~

1. World in the Medium to Long Term
2. MS&AD's Features
3. MS&AD's Aspirations
4. Medium-to-Long-Term Growth Strategy

# 1. World in the Medium to Long Term

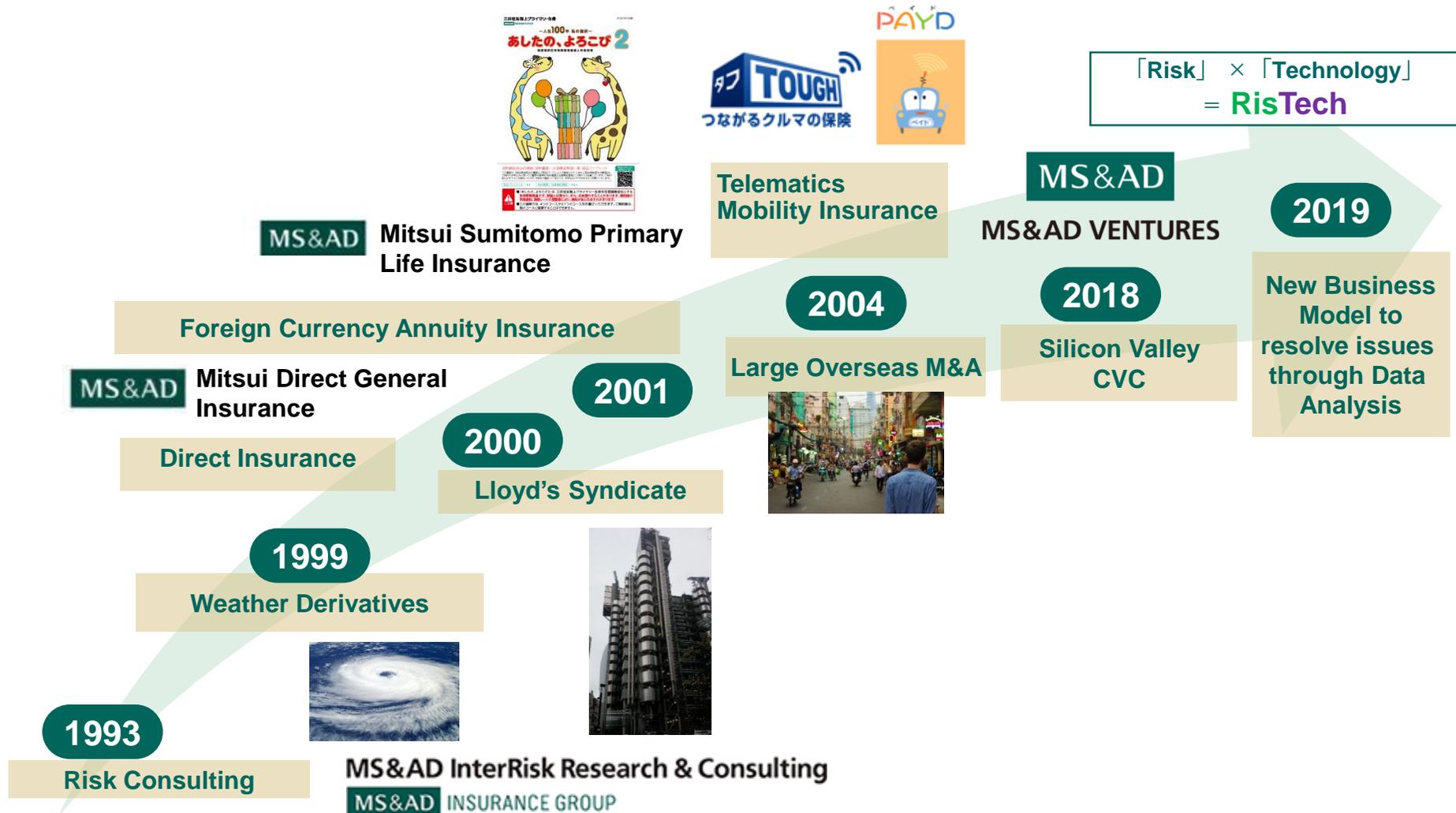
~Risks and opportunities born in the rapidly changing society~



\*1 Ministry of International Affairs and Communications "World statistics 2016" \*2 Cabinet Secretariat, Cabinet Office Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan "Regional Revitalization Budget" \*3 YOMIKO, R&D Estimates \*4 Ministry of Economy, Trade and Industry, Next-Generation Healthcare Industrial Council "Future Discussions of the Next-Generation Healthcare Industrial Council" \*5 Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry "Japan's Energy in 2019" \*6 IDC Japan Press Release "Domestic Information Security Market Forecast Announcement for the Second Half of 2019" (June 24, 2020) \*7 Fuji Keizai "Future Outlook for Connected Car, V2X and Autonomous Driving Related Markets 2020"

## 2. MS&AD's Features: Pioneer in New Business Areas

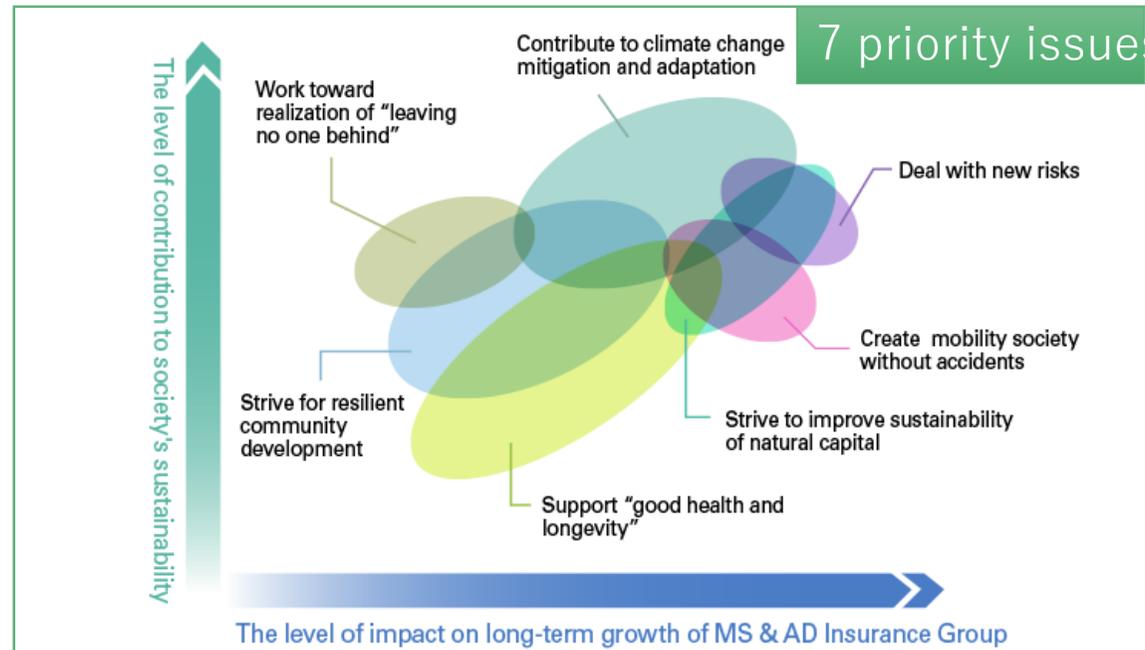
Leveraging the Group's Diversity to Lead the Industry in opening New Business Areas



### 3. MS&AD's Aspirations

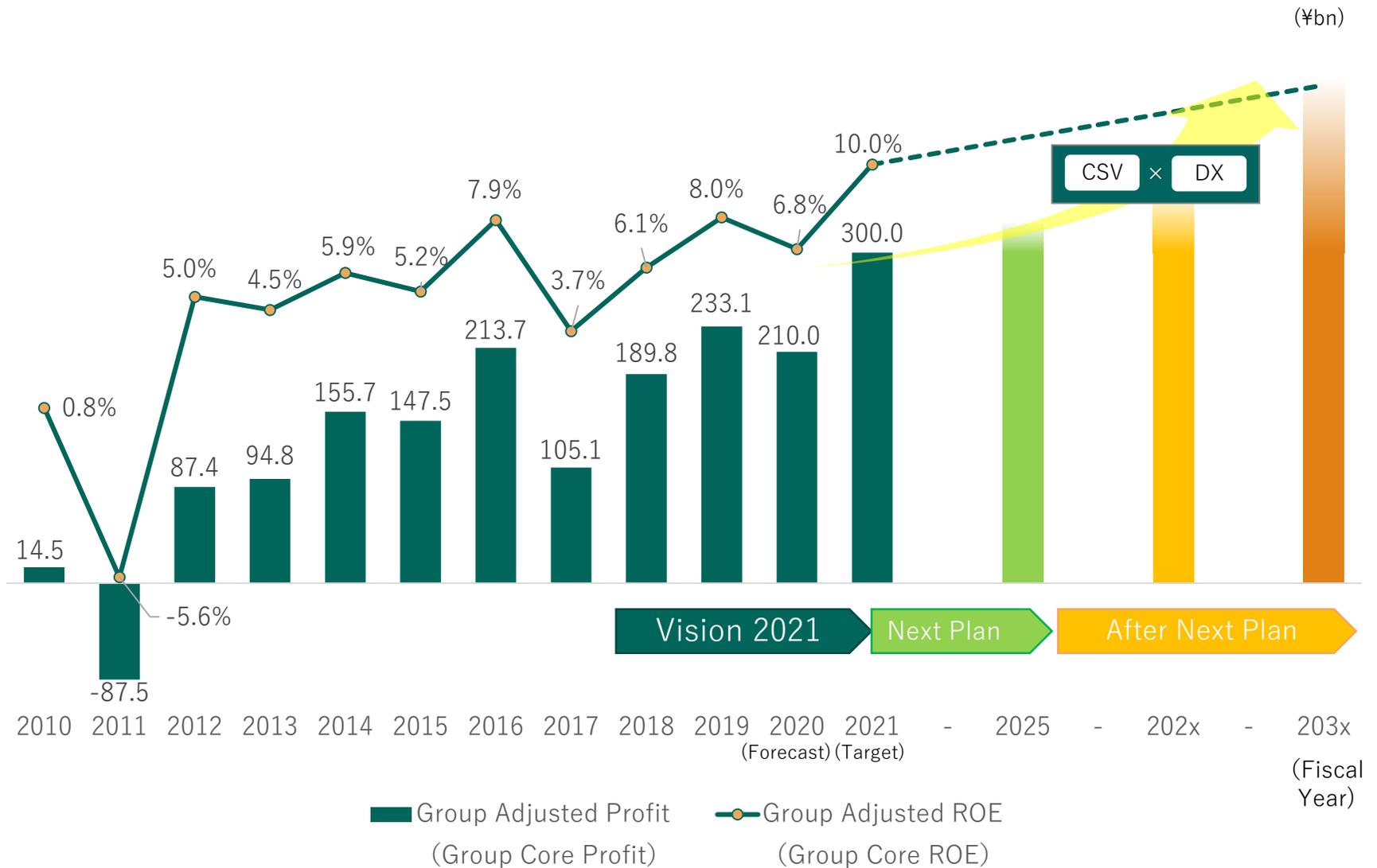
A corporate group that supports a **resilient and sustainable society** on a global scale

- ✓ Our products and services will be incorporated into people's lives and business activities. When risks are about to occur, proactive warnings and risk avoidance advice will be issued, and our services and economical compensation will be provided seamlessly once risks do occur.
- ✓ Our brand recognition will be gained globally through our world-leading unparalleled products and services to solve social issues on a global scale.



# Earnings Growth

(¥bn)



# 4. Medium-to-Long-Term Growth Strategy

**CSV**



**DX**

~In Japan, Asia and across the world~

## Seven Key Issues For Resilient and Sustainable Society



## Digital Technology



Big Data



RPA



Mobile

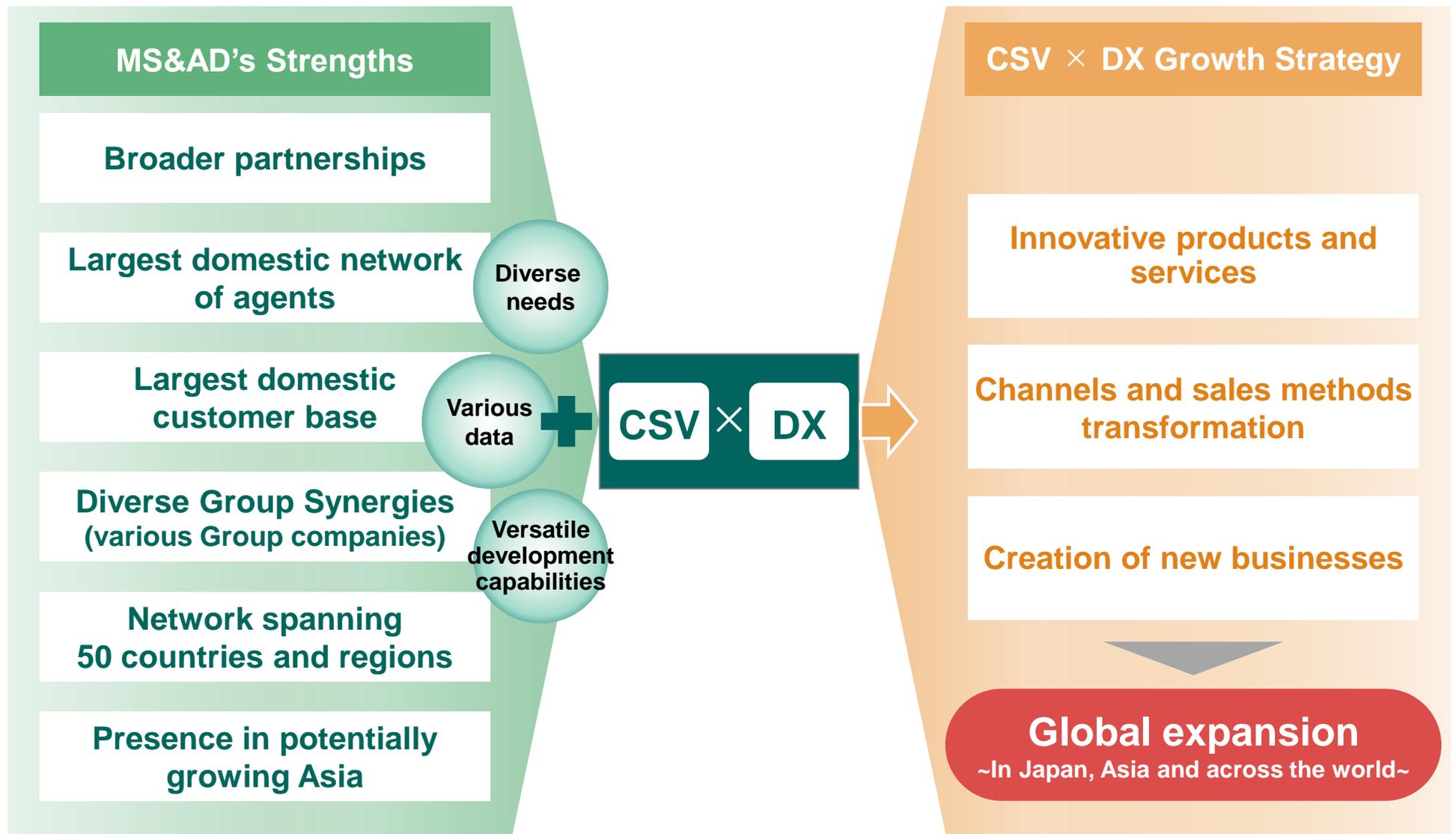


AI



Block chain

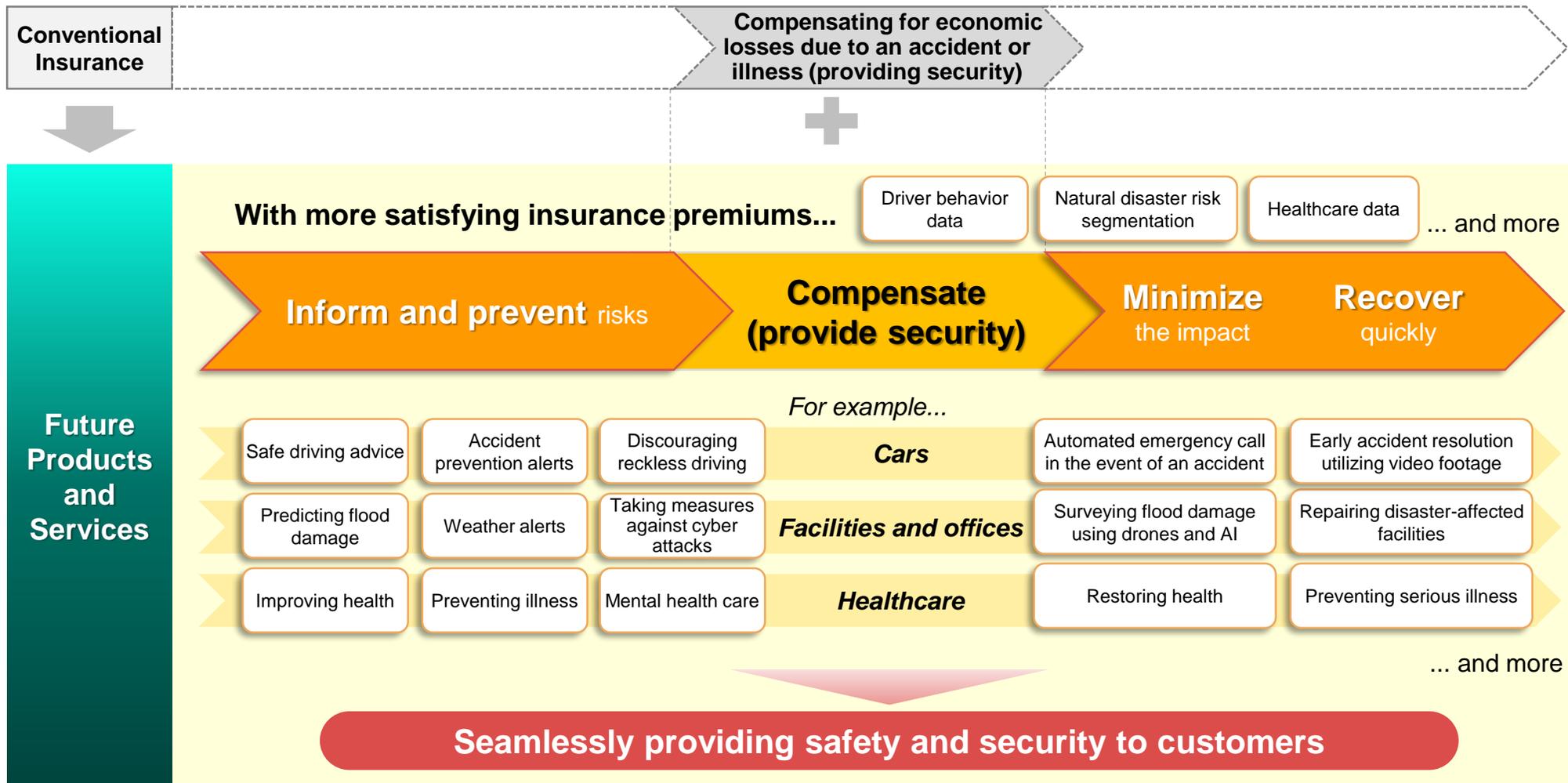
**Reform Business Style**



# CSV× DX Growth Strategy: (1) Innovative Products and Services

## (i) Overview

Shifting from insurance that involves simply receiving a claim and paying benefits to a form of insurance where we find and convey risks, prevent risks from occurring, minimize impact when risks do occur, and support a swift recovery in a seamless way.



# CSV× DX Growth Strategy : (1) Innovative Products and Services

## (ii) Examples of Implementation

Telematics-based automobile insurance encourages safe driving and reduces accidents. When an accident does occur, the driving data and AI can be utilized to quickly, accurately and seamlessly provide service to the customer.



### Inform and prevent risks

- **Safe driving assistance alerts**
  - ➔ Issue warnings when speeding, applying sudden braking, or traveling in the wrong direction on a highway
- **Driving diagnosis reports**
  - ➔ Score a customer's driving and offer safe driving advice



### Provide coverage with highly agreeable insurance premiums

- **Discounted insurance premiums with safe driving**
- **Insurance premiums based on distance driven**
- **Care service** (informing family members when an accident has occurred, and whether the person involved was transported to hospital, etc.)

### Minimize impact and achieve swift recovery

- **When a vehicle experiences a major impact, call the driver to check on their wellbeing**
  - ➔ Check for injuries, dispatch an ambulance, tow truck or rental car, etc.
- **Accident Response**
  - ➔ Ascertain the circumstances of the accident using location data, driving data and dash-cam footage
  - = **Reduce the burden on the customer to describe the accident**
- **AI-based Image Analysis**
  - ➔ Ascertain the circumstances of the accident including other vehicles and the surrounding environment, to help determine the percentage of fault using analysis data



# CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods

## (i) Sales Channels

We will provide products and services that suit each individual customer and strengthen the management foundations of agents.

Conventional sales channels

Propose and sell highly versatile **Insurance**

Future sales channels

Various data



Digital technology



Seamless products/services

For each and every customer:

To fulfill individual **needs**

At the **best timing**

Offer **optimum product/service**

Screening prospective customers from multiple potential customers

Optimum proposal menu

Next best action

Provide an optimum proposal to each customer

Strengthen agents' management foundation

### Examples of implementation (MS1 Brain)



Customer data held by agents



Policy and accident data held by insurance company



External data such as company information



The **first agent sales support system in the non-life insurance industry** equipped with AI

**Predictive analysis of needs**

What products and services should be proposed to which customers, and when?

**Personalized videos**

Customized based on the customer or company information

**Business manager support sales activity navigation**

Management indicators, activity visualization and analysis, presenting best actions

Upcoming Additions

We plan to add a **feature that allows customers and agents to conduct web-based meetings and text-based chat via smartphone to complete all insurance procedures digitally** (February 2021).

# CSV× DX Growth Strategy : (2) Transformation of Sales Channels and Methods

## (ii) Sales Methods

Tie-up with new market holders emerging with the evolution of digitalization to seamlessly support customers' daily lives and corporate activities.

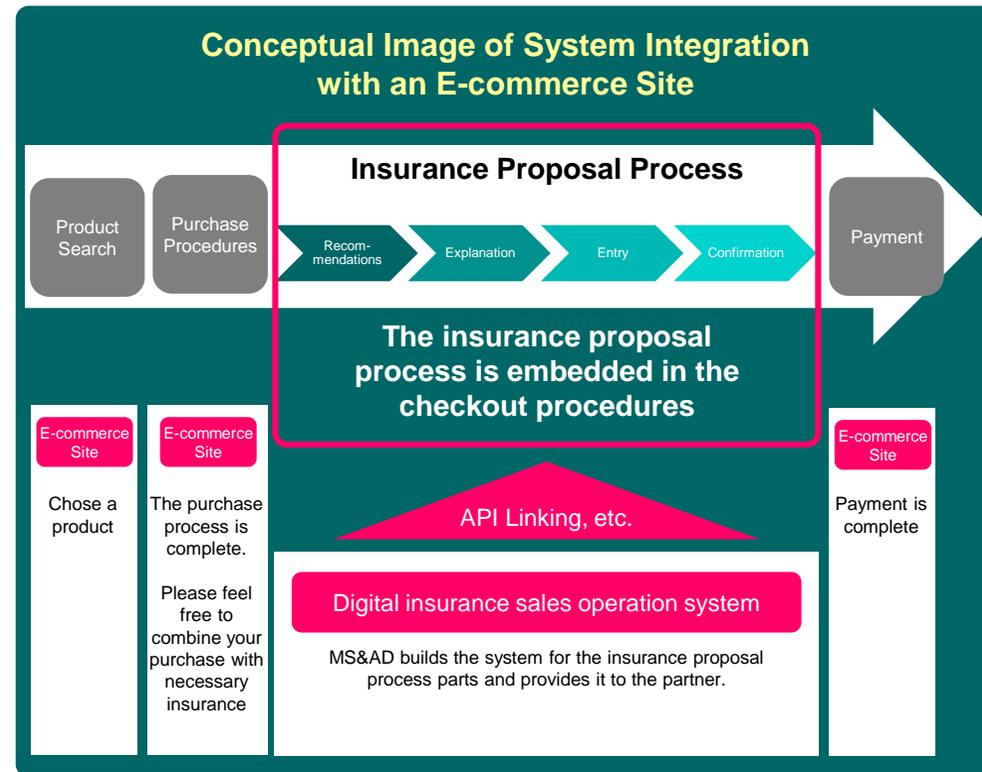
### Tie-up with new market holders

- ▶ Propose **business models** to new market holders of mobility, smart city, healthcare and the like
- ▶ Collaboration with **digital platformers**

..., etc.

Develop new markets and sales channels

### Examples of implementation (Built-in Connect)

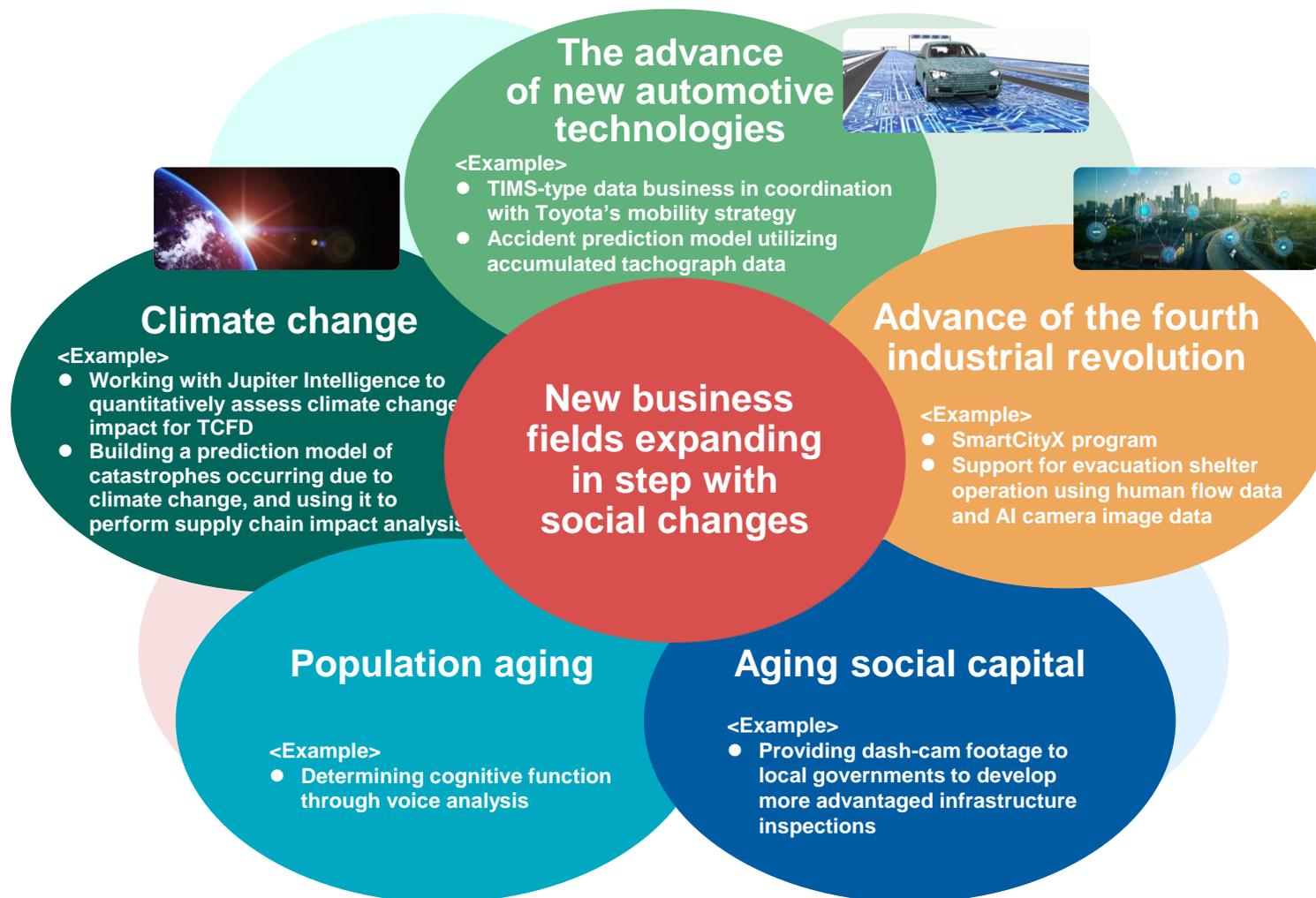


Linking with the APIs of various digital platform holders to embed an insurance sales process into e-commerce site checkout procedures.

# CSV× DX Growth Strategy : (3) Creation of New Businesses

## (i) Expanding Fields of Business

We will expand into new fields of business that achieve CSV× DX in step with social changes.



# CSV× DX Growth Strategy : (3) Creation of New Businesses

## (ii) Examples of Implementation

### RisTech

#### 1 Smart mobility



We will combine MS&AD's automobile accident data with automobile data accumulated by digital tachographs (acceleration/deceleration, driving time, etc.) and weather data to build model that predicts accidents.



Providing a new solution for driving safety alerts

#### 2 Smart cities



MS&AD's natural catastrophe insurance benefit payment data, human flow data, weather data and other information will be used to predict flooding damage. Through human flow data and image data from AI cameras, information on the state of congestion in evacuation shelters will be monitored.



Providing a solution to avoid or minimize human suffering

#### 3 Social infrastructure maintenance



Dash-cam footage will be analyzed using AI to investigate the parts of a road requiring surface repairs. Using IoT devices and robotics, inspections will be performed on aging infrastructure such as bridges.



Providing a solution for social infrastructure maintenance

#### 4 Climate change risks



Based on MS&AD's natural catastrophe insurance claims payout data, weather data and insight from external partners, we will develop a model that predicts natural catastrophes caused by climate change.



Providing companies with impact analysis and risk mitigation measures that include the supply chain

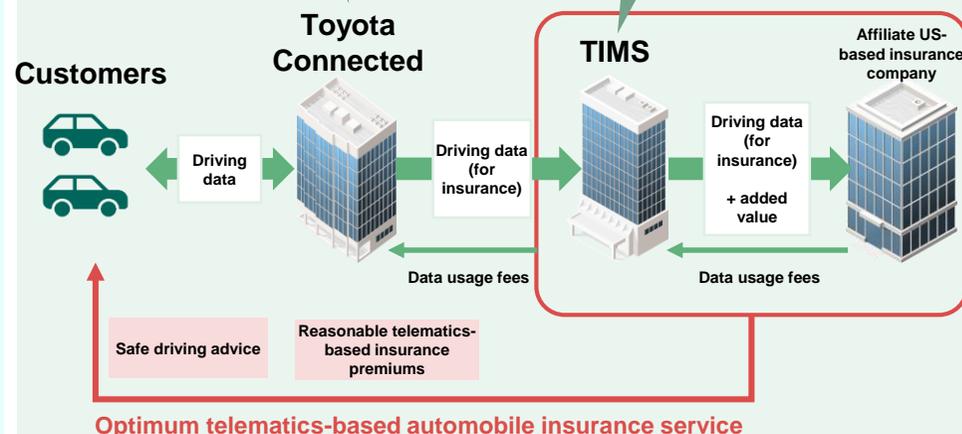
**Aiming for annual sales of 5.0 billion yen**

### Telematics Data Business in the USA

- Storage of all DCM data
- Big data analysis

#### Telematics Data Analysis

- Examples:
- Travel distance
  - Travel time and times of day
  - Braking and acceleration maneuvers, etc.



### Quantitative Climate Change Impact Analysis for TCFD



Based on location information for customer business sites, various catastrophe indicators and financial impacts are simulated for each temperature rise scenario for different time frames and recurrence periods. For natural catastrophes including flooding, storm surges, wind damage and heat waves, indicators such as expected flooding depth and peak wind velocity are calculated.



Analysis of the entire world down to 90-square-meter accuracy

# CSV× DX Growth Strategy : Initiatives Supporting Growth: Enhancing Digital-Savvy Human Assets

## Digital Innovation Challenge Program

### Promoting the Digitalization of the MS&AD Group

18 advanced digital technologies building the future  
×  
Promising growth markets in 2025  
(6 areas)



#### Encouraging Ideas

- (1) New business models, products and services
- (2) Operational reforms

#### Desired Outcome

- (1) Development and discovery of digital-savvy human assets
- (2) Collaborative creation with start-up companies
- (3) Promotion of open innovation

Approx. 1,200 ideas were submitted Group-wide



14 are under consideration for implementation



Demonstration testing of "social infrastructure maintenance support utilizing dash-cams" has started

## Training Programs

### MS&AD Digital Academy



- Training program specifically designed for the MS&AD Group in coordination with Information Networking for Innovation And Design (INIAD), Toyo University
- Approximately 180 employees took courses in FY2019
- In FY2020 the academy was developed into an online program

### MS&AD Digital College from Kyoto



- Training program specifically designed for the MS&AD Group in coordination with Kyoto University of Advanced Science (KUAS)
- 150 employees plans to take courses in FY2020
- Feature of the program is practical learning with the use of equipment such as VR Scope and wearable devices
- Developed as an entirely online training program

### Data Science Training



- Data science educational program in coordination with Shiga University conducted online internally at MS&AD
- In addition to data science, trainees learn the basics of data analysis, gain basic knowledge of data analytical statistics, and acquire the skills to utilize that knowledge

# Global Expansion: ~ Medium-to-Long-Term Strategies for International Business ~

## Mid- to Long-term aspirations



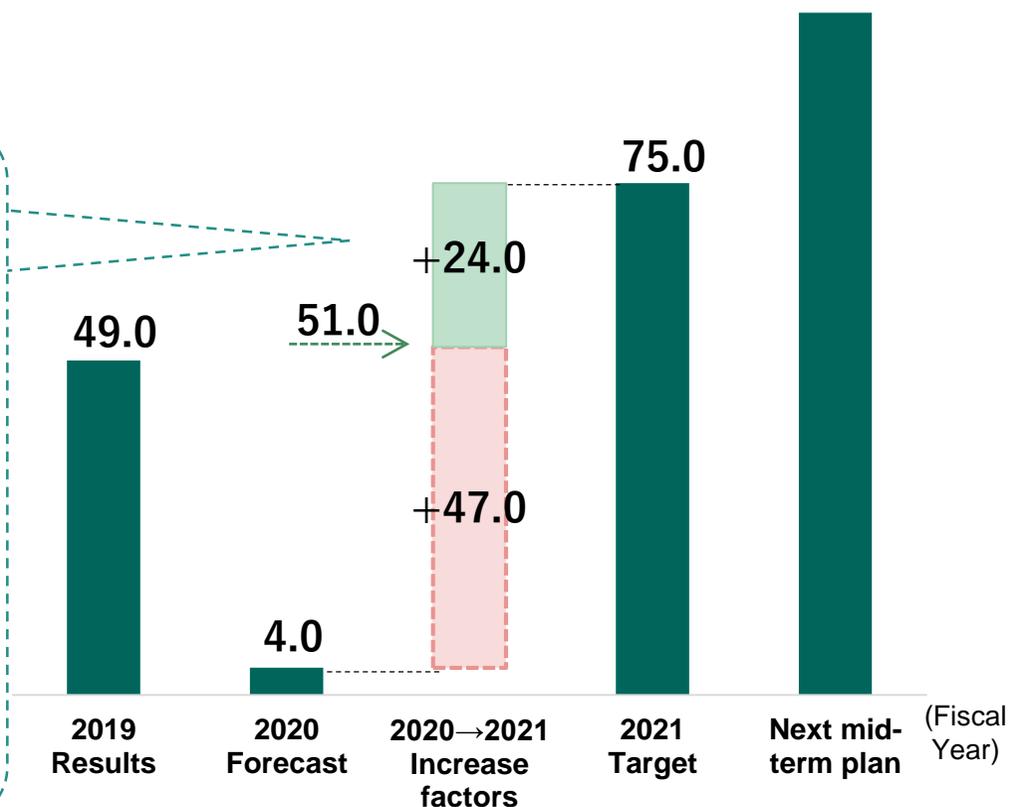
## Earnings outlook for the international business

After overcoming the temporary impacts of COVID-19 in FY 2020, earnings are expected to recover significantly from FY2021 through various initiatives.

(¥bn)

100.0-125.0

FY2020→FY2021 Major factors of earnings increase		Estimated increase (¥bn)	
MS Amlin	<ul style="list-style-type: none"> <li>Improve loss ratio for Non Cat risk</li> </ul>	+4.0	+24.0
Asia, Europe, Americas	<ul style="list-style-type: none"> <li>Optimize expense</li> <li>Collaboration with Platformers etc.</li> </ul>	+5.0	
International life insurance	<ul style="list-style-type: none"> <li>improve business performance due to financial market recovery</li> <li>Dividend increase from Phoenix</li> <li>Profit on the equity method for BoComm Life (after obtaining the regulatory approval) etc.</li> </ul>	+15.0	
Special factors	Recovery from negative factors such as the COVID-19 impacts	+47.0	



# Global Expansion: ~ Medium-to-Long-Term Strategies for International Business ~

- We will strengthen and stabilize existing business bases.
- We will transform into a growth model based on CSV × DX to get on track for further growth.

## Business Investment

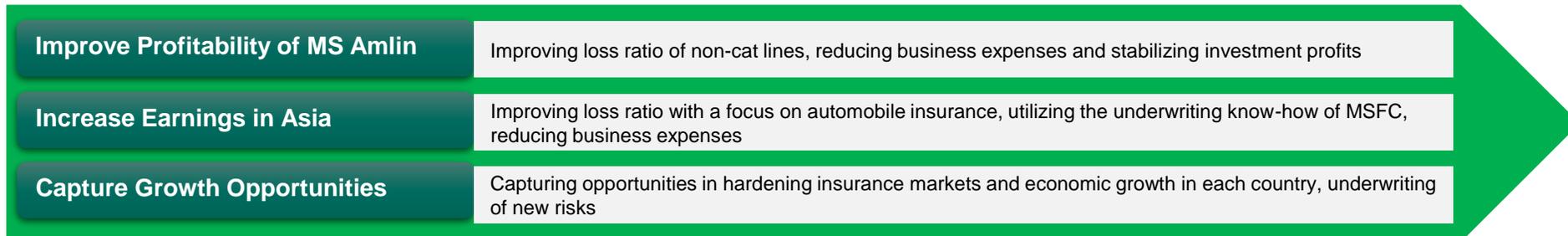


## CSV x DX

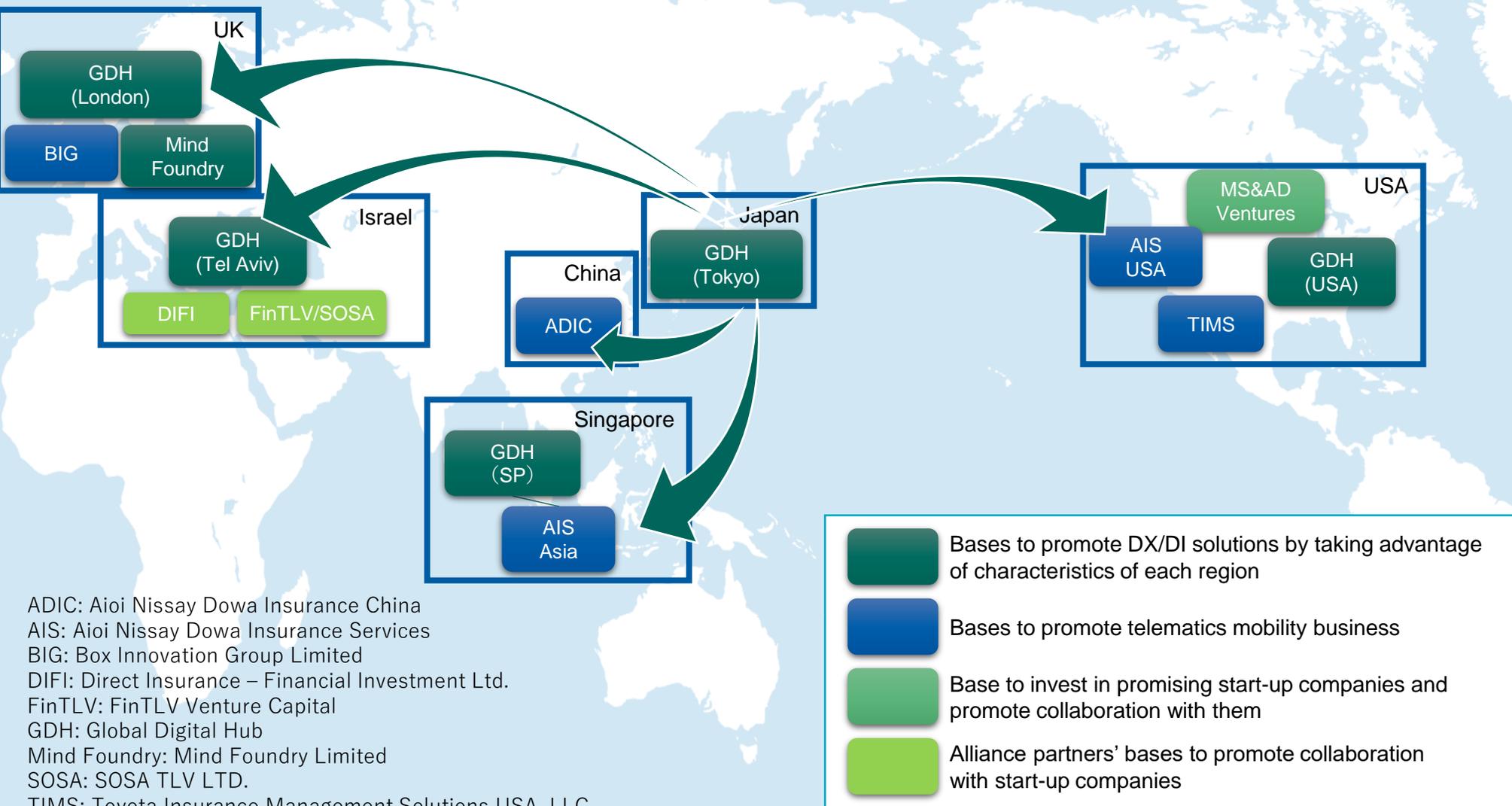


## Strengthened Business Bases

\* DG: Digital Globalization



# Global Expansion: Digitalization Promotion Bases



ADIC: Aioi Nissay Dowa Insurance China  
 AIS: Aioi Nissay Dowa Insurance Services  
 BIG: Box Innovation Group Limited  
 DIFI: Direct Insurance – Financial Investment Ltd.  
 FinTLV: FinTLV Venture Capital  
 GDH: Global Digital Hub  
 Mind Foundry: Mind Foundry Limited  
 SOSA: SOSA TLV LTD.  
 TIMS: Toyota Insurance Management Solutions USA, LLC

# Global Expansion: Examples of DX Initiatives Overseas (DG)

## Innovative Products and Services

### Example (1) Sophistication of Underwriting (MS Amlin)



Wildfire risk analysis tool



Hull risk analysis tool

Developed tools for **more sophisticated underwriting using digital technologies**

### Example (2) Fraudulent Claim Detection System (Brazil)



Relevant persons' human network analysis

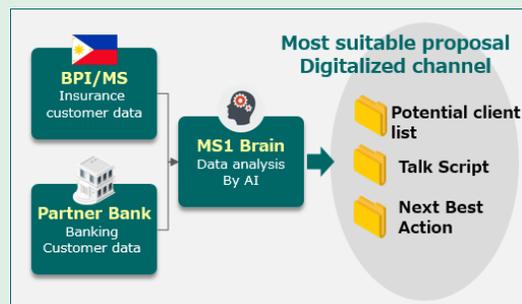


Detailed screen of the case

AI and digital technology enables **accurate and swift insurance claims payment**

## Transformation of Sales Channels and Methods

### Example (3) Customer Data Analysis (Philippines)



Offer **optimum proposals** to customers

### Example (4) Coordination with External Digital Firms (ASEAN)



Develop an insurance sales channel with **Built-in Connect method**, utilizing the used-car sales platform



Provide **telematics insurance** as one of connected services

## Creation of New Business

### Example (5) Contributing to realization of safe and secure automobile society (China)



Support the **telematics insurance field, etc.** with connected technologies through strategic alliance with car maker and related company

### Example (6) Global Rollout of Data Utilization (UK)



**GDH London**

Global promotion base for data analytics

Incorporate advanced technologies through industry-academia collaboration with universities and research institute. Consider **provision of data analytics service**

# Global Expansion: ~Example of DX Initiatives : Strategic Partnership with Hippo~

- Forming a strategic partnership with Hippo, the U.S. InsurTech company, to realize solutions to social issues on a global basis utilizing advanced digital technologies.

- Creation of advanced business models
- Business expansion using MGA\*1



Investment

Reinsurance

Know-how

Founded : 2015  
(Started insurance sales in 2017)  
Line of business :  
Homeowners insurance

- A promising InsurTech in the homeowners insurance market
- 8th in Forbes' "America's Most Promising Artificial Intelligence Companies" in 2019

\*1 Managing General Agent (MGA): a specialized insurance agent or broker authorized to undertake insurance underwriting from a direct insurer

## Hippo's product features

### Inform on risks and prevent

- Smart devices distributed to provide alerts for potential risk, and ongoing maintenance services available



### Cover with satisfactory insurance premiums

- Risk subdivision underwriting using data from multiple data sources including state records, satellite imagery, etc.
- 60-second online estimate, policy issued in as little as 4 minutes

**NPS\*2 : 75 points**  
(3 times higher than competitors)

\*2 Net Promoter Score: Index of customers' intention to continue use

### Minimize the impact Recover swiftly

- Smart devices detect and alert abnormalities (room temperature, water leaks, smoke, broken windows, trespassing, etc.)
- Proactive outreach to customers in catastrophic impact zones
- Personalized and empathetic claims process, concierge-style service, leveraging technology to develop accurate settlements

# Business Style Reforms

## Additional expense reductions

In addition

Approx. 2-point reduction in the equivalent expense ratio for non-life insurance (equating to 50 billion yen)

¥70.0 billion

Cost reductions totaling around 70 billion yen

### Cost reduction effects

Improved productivity related to sales, claims services and operations

Paperless insurance policies, claim forms, etc.

Office Downsizing Site consolidation, hot desking

Reduced transportation, review of measures, etc.

### R&D investment

Renovation of online system

Standardization of products and operations

BRIDGE

Joint claims services system

MS1 Brain

AI-driven agent system

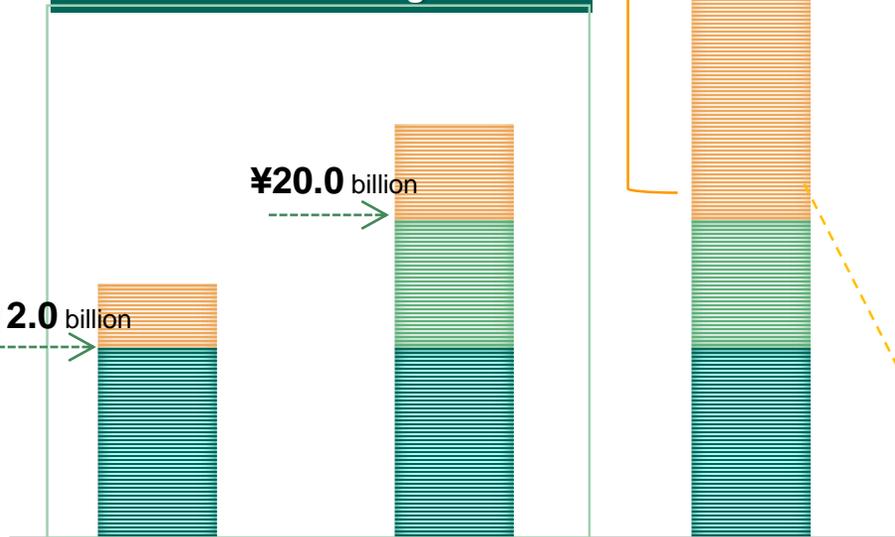
### Remote Work

### Zero-Based Review

### Additional expense reductions in Vision 2021 Stage 2

¥20.0 billion

¥12.0 billion



2020 Forecast

2021 Outlook

2023 Outlook

(FY)

## II . Progress of “Vision 2021”

1. Impact of COVID-19
2. Progress Toward Aspirations
3. Sustainability Initiatives

# 1. Impact of COVID-19

## Incurring losses from COVID-19

(FY2020 forecast)

(¥bn)

		MSI			Overseas subsidiaries	
		MSI	ADI	Overseas subsidiaries	MS Amlin	
Incurring losses associated with COVID-19	48.0	4.0	5.0	39.0	37.5	

MSI: Overseas travel insurance, event cancellation insurance, business interruption insurance (mainly overseas underwriting), etc.

ADI: Head Office reinsurance and others

MS Amlin: Table on the right

## MS Amlin

(¥bn)

	Initial forecast	Revised forecast	Change from the initial
Business Interruption (Direct, UK and other)	3.5	8.5	5.0
Other (including contingent reserve)	14.5	29.0	14.5
Total	18.0	37.5	19.5

## FY2020 annual impact of COVID-19

- Overseas incurred losses and domestic investment profit are to be affected by COVID-19
- Compared with initial forecast, additional incurred losses will be covered by investment profit recovery

(¥bn)

	Initial forecast	Revised forecast	Change from the initial	Reason of for change from the initial
Additional incurred losses	-20.0 (Mainly overseas)	-39.0 (Overseas)	-19.0	Estimated loss amount for Business Interruption (BI) in very conservative way by taking into account several elements such as current situation on trial for BI insurance in UK . Booked additional contingent reserve for uncertainty, etc.
Decline in investment profit	-60.0 (Total of domestic and overseas)	-28.0 (Domestic)	+32.0	Market recovery
Impact after tax	-64.0	-57.0	+7.0	

## 2. Progress and Outlook of Numerical Management Targets

- The full-year forecast for FY2020 of the Group Adjusted Profit is ¥210.0 billion, increased by ¥30.0 billion from the initial forecast.
- The full-year forecast of net income is ¥140.0 billion, increased by ¥10.0 billion from the initial forecast.

(¥bn)

	Interim results			FY2020 Full-year			FY2021
	FY2019 1H	FY2020 1H	YoY	Revised Forecast	YoY	Change from the initial forecast	Target
Group Adjusted Profit	152.3	131.0	-21.3	210.0	-23.1	30.0	300.0
Domestic non-life insurance business (excluding gain/loss from sale of strategic equity holdings)	93.1	102.4	9.2	169.0	49.4	39.0	177.0
Domestic life insurance business	82.8	88.7	5.9	146.0	47.5	29.0	150.0
International business	17.7	36.2	18.4	31.0	1.2	6.0	41.0
Financial services business/ Risk-related services business	38.6	-10.1	-48.7	4.0	-45.4	-16.0	75.0
	2.7	2.5	-0.2	6.0	1.1	1.0	7.0
Group Adjusted ROE	-	-	-	6.8%	-1.2pp	0.7pp	10.0%
Net Income/Losses	163.5	96.6	-66.9	140.0	-3.0	10.0	-
Consolidated net premiums written	1,926.8	1,869.0	-57.8	3,460.0	-113.7	60.0	3,580.0
Life insurance premiums (gross premiums) *	733.2	541.0	-192.2	1,108.0	-285.4	104.0	1,000.0
EEV of MSI Aioi Life	869.6	914.1	44.5	922.0	31.7	10.0	962.0
ESR(Economic Solvency Ratio)	185%	209%	24pp	-	-	-	180% ~ 220%

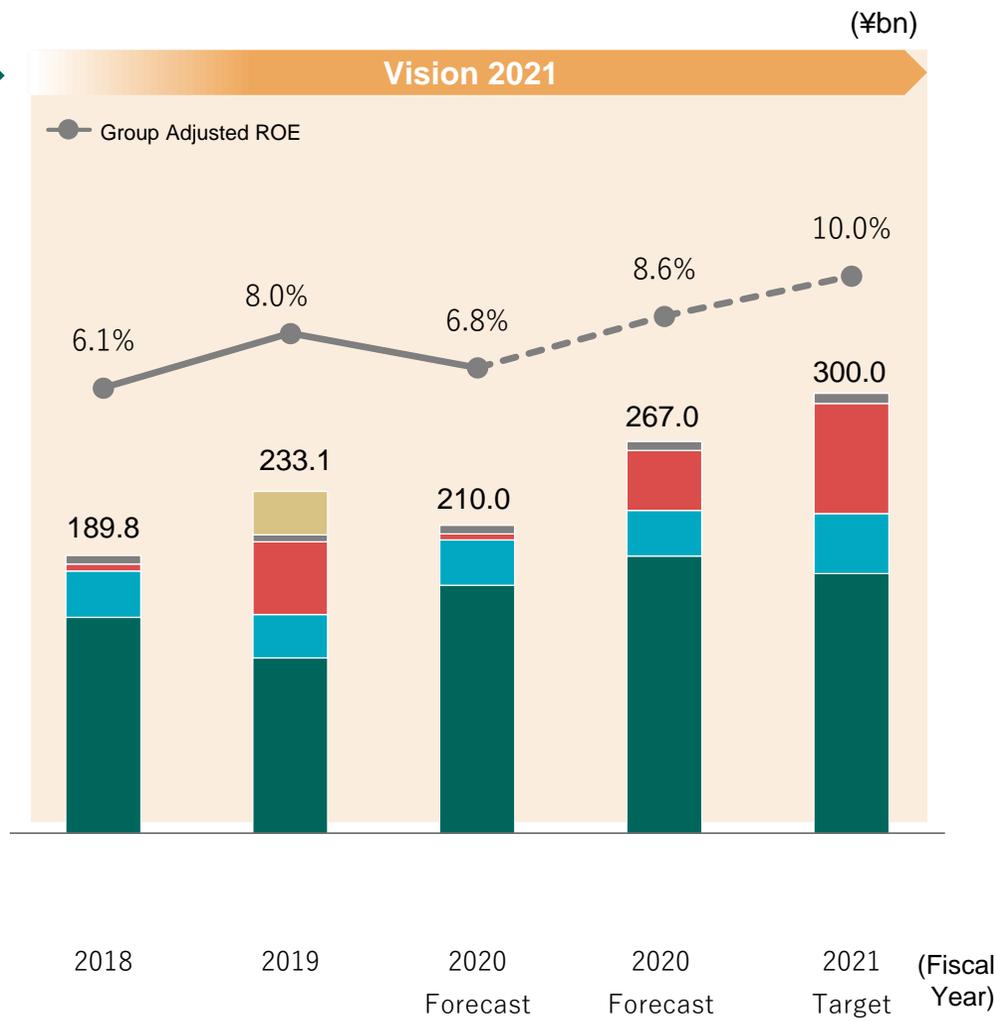
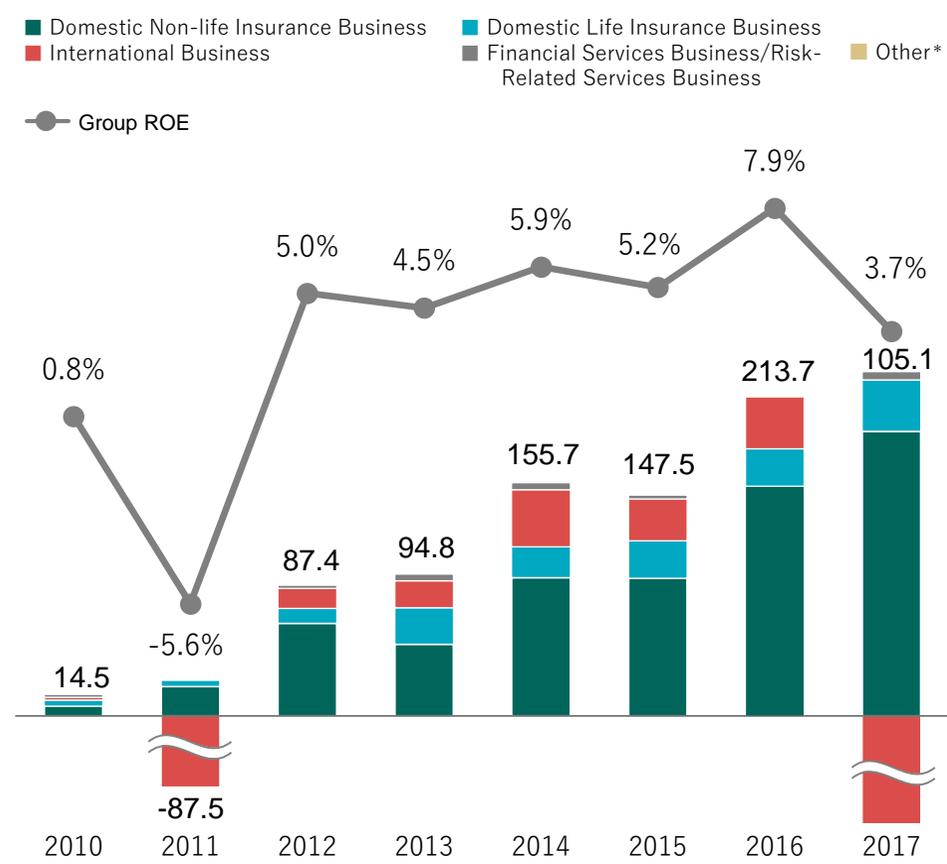
\* Gross premiums income is for domestic life insurance subsidiaries only.

# 2. Progress and Outlook of Numerical Management Targets

## Group Adjusted Profit and Group Adjusted ROE

<Reference> Group Core Profit and Group ROE

**New Frontier 2013**      **Next Challenge 2017**



\* Decrease in income taxes paid in FY2019 among the effects of Reorganization of International Regional Business of MSI

Excluding the impact from COVID-19

# 3. Overview of MS&AD Sustainability

MS&AD's Story of Value Creation

Image of society in 2030

Resilient and Sustainable Society



Social Issues  
Diverse risks surrounding society

- Stability in people's lives
- Dynamic business activities
- Provision of safety and peace of mind

Identify and inform on risks

Reduce the economic burden

Prevent risks from occurring/minimizing the impact

Creating Shared Value

- Deal with new risks
- Create mobility society without accidents
- Strive for resilient community development
- Support "good health and longevity"
- Contribute to climate change mitigation and adaptation
- Strive to improve sustainability of natural capital
- Work toward realization of "leaving no one behind"

CSV × DX

Acceleration



Quality that earns the trust of society

- Earn the trust of society with high quality
- Sincere, fair and just business activities
- Activities and dialog that respect human rights
- Continue efforts to reduce the burden on the environment
- Investment activities that conform to PRI (Principles for Responsible Investment)



Management platforms that enable employees to play active roles

- Promotion of diversity & inclusion
- Encourage employees to learn and think by themselves, take on challenges and continue to grow
- Health and productivity management
- Highly transparent and effective corporate governance



### 3. Business Activities with Consideration for Sustainability

- We have published a statement of business activities with consideration for sustainability.
- We addressed the direction of insurance underwriting, investment and loan activities in the three areas of climate change, natural capital and respecting human rights.
- We enhance stakeholders engagement, conduct deliberations in the Board of Directors and Sustainability Committee, and promote further activities.



#### Climate Change Mitigation and adaptation

- We contribute to the realization of a decarbonized society by promoting the stable and sufficient supply and usage of renewable energy
- In principle we do not provide insurance underwriting, investments or loans for newly built coal-fired power plants



#### Natural Capital Improving sustainability

- We endeavor to conserve biodiversity to build a sustainable system between natural capital and business activities



#### Respecting human rights

- We do not underwrite risks related to, nor make investments in manufacturers of cluster munitions that may cause indiscriminate mass killing.

#### Insurance underwriting

We consider issues and risks that could adversely impact society and the global environment, and provide products and services that respond to the demands of society.

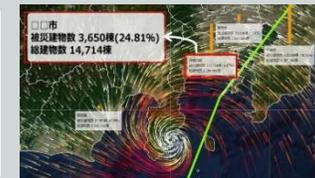
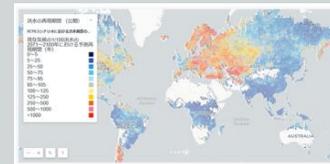
#### Investments and loans

We consider ESG factors in pursuit of long-term investment returns and contribute to solutions for sustainability issues.  See p. 78

# 3. Sustainability Initiatives in Three Priority Issues

## Provision of Service and Investigative Research

- Climate change impact assessment service for TCFD in partnership with Jupiter Intelligence
- LaRC-Flood project: Map of forecasted flood frequency change due to climate change
- cmap.dev: Real time weather map indicating damage forecast on website and app



## Provision of Coverage

- Products supporting renewable energy providers
- Weather derivatives
- Pacific Catastrophe Risk Assessment and Financing Initiative

## Initiatives in the Value Chain

- Eco-maintenance, eco-inspection and eco-safety driving
- Eco insurance policies / web-policy clauses

## Initiatives to Reduce Environmental Impact

- Environmental management system
- Reduced CO2 emissions and paper use
- Promotion of the use of forest certification paper
- Participation in CDP



Climate Change

## Provision of Products and Services

- Risk assessment service for natural capital
- Water risk assessment service
- Environmental supply chain consulting
- Biodiversity-conscious land use consulting

## Partnerships / Collaboration between Industry and Academia



Participation in research on the evaluation and social implementation of Eco-DRR (disaster prevention and mitigation utilizing nature)

## Environmental Conservation Efforts

- Indonesia tropical rainforest regeneration project
- MS&AD Ramsar Supporters
- Introduction sustainable seafood



Natural Capital

Respecting human rights

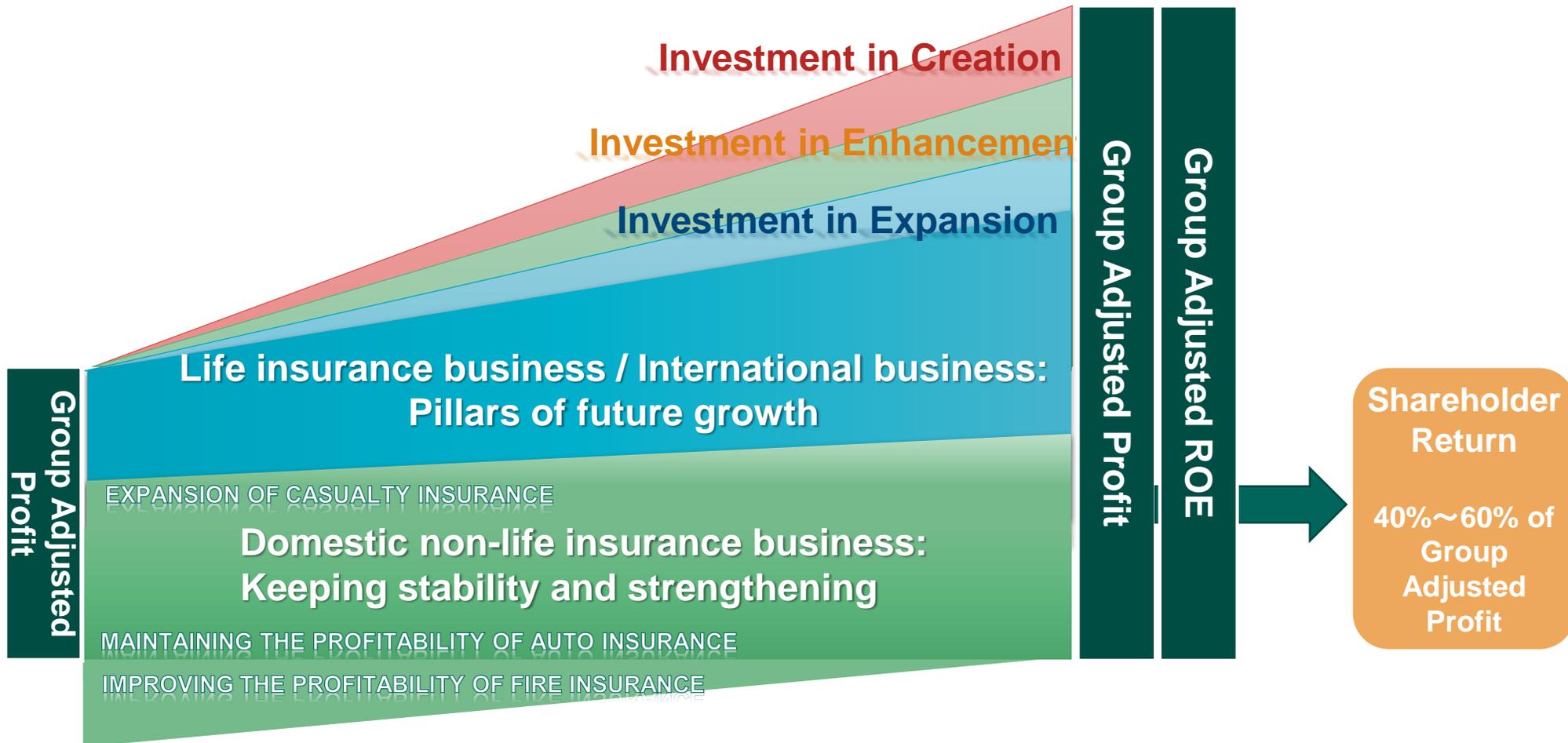
- Establishment of a basic policy on human rights
- Implementation of human rights due diligence
- Human rights enlightenment (human rights training, etc.)
- Establishment of a Speak Up (whistleblowing) system and consultation service desk, etc.

## III. Capital Strategy

1. MS&AD's Growth Model
2. ESR
3. Shareholder Return Policy  
and Shareholder Return for FY2020

# 1. The MS&AD Growth Model

- While we secure financial soundness, we increase shareholder's value through investment for sustainable growth and maintain stable shareholder return

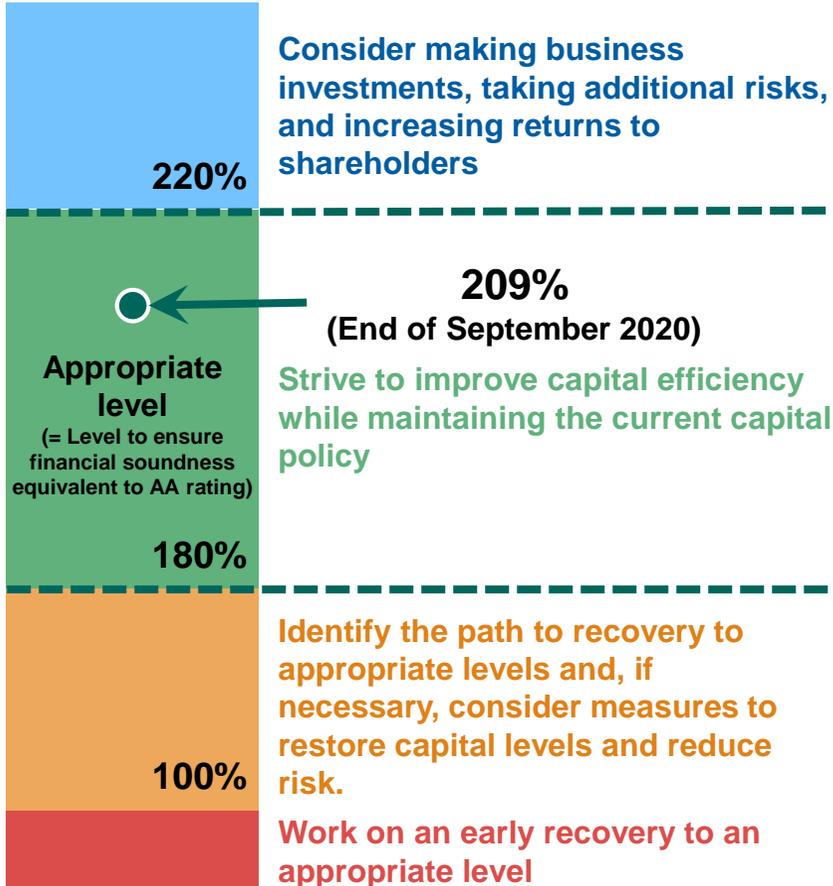


# 2. ESR

- ESR at the end of September 2020 is 209%, which is in the appropriate level to maintain the current capital policy.

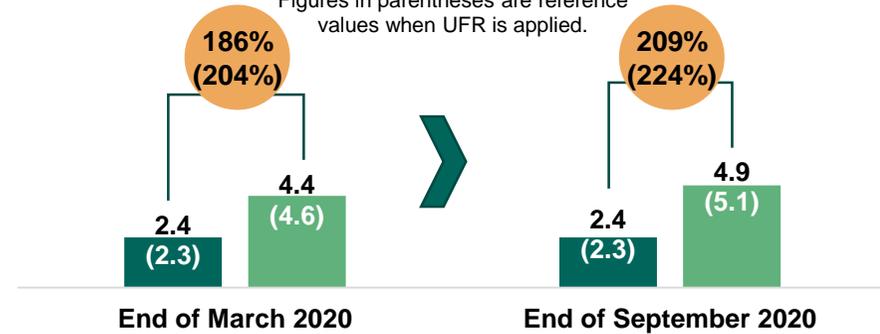
## ESR\* (Confidence level 99.5%)

We will tackle the following based on our medium-term ESR forecast.



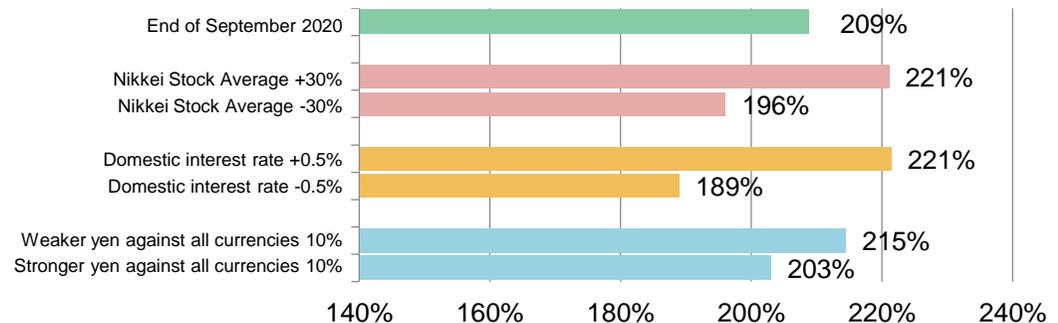
■ Integrated Risk Amount ■ NAV

Figures in parentheses are reference values when UFR is applied.



Nikkei Stock Average	¥18,917	¥23,185
30-year JGB rate	0.43%	0.60%
USD/JPY	¥109	¥106

### Impact of market price fluctuation on ESR (as of end of Sep. 2020)



\* ESR: Economic Solvency Ratio (Economic Value-based Solvency Ratio)

### 3. Shareholder Return Policy / Shareholder Return for FY2020

- The interim dividend is planned ¥75 and the annual dividend is expected to be ¥150 (same as the previous fiscal year).
- Share buybacks totaling a maximum of ¥20.0 billion will be implemented.

#### Shareholder Return Policy

Provide shareholder return by shareholder dividends and repurchase of own shares based on a benchmark of 40%-60% of Group Adjusted Profit\* .

#### Shareholder Return for FY2020

Dividends	FY2020	<b>The annual dividend is forecasted to be ¥150 (same as initial forecast).</b> An interim dividend of ¥75 was resolved at the Board of Directors meeting on November 19, 2020.
Share buybacks	FY2020	<b>Share buybacks of ¥20.0 billion maximum will be implemented (determined on November 19, 2020) .</b>

\* Please see p.97 for the calculation method of Group Adjusted Profit.