

# Progress of the Medium-Term Management Plan (2022–2025)

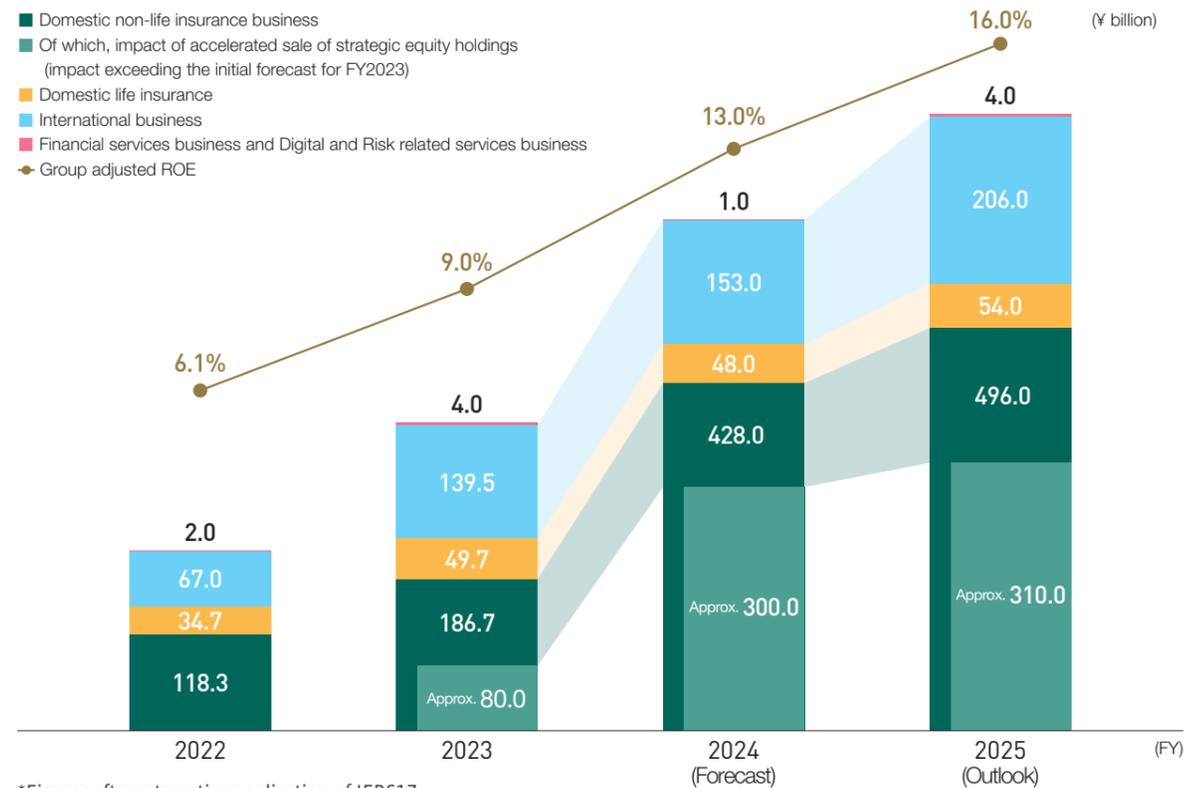
## Progress of numerical management targets financial

The quantitative targets (financial) of the Medium-Term Management Plan (2022–2025) are to achieve Group adjusted profit of ¥760 billion (¥450 billion excluding the impact of the sale of strategic equity holdings) and Group adjusted ROE of 16% (10% excluding the impact of the sale of strategic equity holdings), with the aim of achieving global peer-level profits and profitability by FY2025. Efforts to strengthen profitability are steadily progressing, and we are responding appropriately to changes in the environment. Together with the impact of accelerated sales of strategic equity holdings, this has resulted in a significant expansion in the Group adjusted profit forecast for FY2025 to ¥760 billion, compared with the target of ¥440 billion–¥470 billion set at the time the Medium-Term Management Plan was formulated. We have also revised the timing of the application of IFRS to the end of FY2025 from the viewpoint of appropriate financial reporting.

### Structure of the FY2025 profit target

We aim to increase Group adjusted profit by ¥380.1 billion over the next two years, from ¥379.9 billion in FY2023. The factors contributing to growth in profit are expected to be as follows: in the domestic non-life insurance business, approximately ¥309.0 billion from the impact of accelerated sales of strategic equity holdings, as well as the promotion of improvement in profitability and major business style reforms; in the domestic life insurance business, approximately ¥4.0 billion; in the international business, approximately ¥67.0 billion from the improved profitability of Lloyd's and the reinsurance business, as well as the accelerated growth of the Americas business, and improvements in the profitability of the Toyota retail business and other factors.

	FY2023 results	FY2024 (forecast)	FY2025 (outlook)
<b>Group adjusted profit</b>			
Total	379.9	630.0	760.0
Domestic non-life insurance business	186.7	428.0	496.0
Domestic life insurance business	49.7	48.0	54.0
International business	139.5	153.0	206.0
Financial services business/ Digital and Risk related services business	4.0	1.0	4.0



\*Figures after retroactive application of IFRS17

## Progress of numerical management targets non-financial

For the four aspects of the foundation (sustainability, quality, human assets, ERM) that support the three basic strategies of the Medium-Term Management Plan (2022–2025), we have set the following numerical management targets (non-financial) for sustainability, quality, and human asset initiatives. By achieving these numerical management targets, we will support the promotion of our basic strategy to become a corporate group that supports a resilient and sustainable society.

### Sustainability KPIs

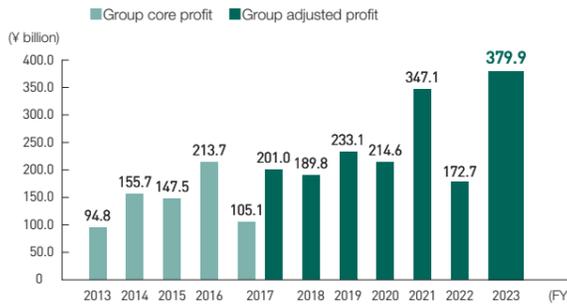
Priority issue	KPI progress	Target	FY2023 results
Symbiosis with the global environment (Planetary Health)	GHG emission reduction rate (versus FY2019)	FY2030: -50% FY2050: Net zero	-35.3% (Scope 1 + 2)
	Renewable energy usage rate	FY2030: 60% FY2050: 100%	23.0%
Safe and secure society (Resilience)	Premium growth rate for products that contribute to the decarbonization of society and a circular economy Example: Carbon Neutral Support Agreement	Annual average 18%	24.5%
	Growth rate of the number of subscriptions for products that contribute to improving social resilience Example: Cybersecurity insurance	Annual average 20%	17.6%
Happiness of diverse people (Well-being)	Instances of support for the resolution of issues faced by regional companies Example: Seminars on regional revitalization	10,000 instances a year	11,892 cases
	Number of companies supporting human rights-related measures Example: Harassment prevention consulting	1,000 instances a year	1,047 cases
	Number of policies in force for asset-building products to support longevity Example: Tontine annuity insurance	100,000	70,000 cases
	Number of policies in force for products that help solve health-related social issues Example: Medical insurance covering dementia and infertility treatment	2.60 million	2.22 million cases

### Human assets and quality KPIs

	End of FY2030 (aiming for early achievement)	Percentage of female managers	30% (21.6%)	Percentage of female line managers	15% (18.4%)
Human Assets	FY2025	Digital human resources	7,000 persons (5,814 persons)	Overseas human resources	1,200 persons (1,189 persons)
		Productivity improvement	8.5% (9.2%)	Percentage of mid-career hires among managerial staff	Current level (23.0%) or higher
		Percentage of non-Japanese managers among officers of overseas subsidiaries	Current level (83.2%) or higher	Percentage of employees who exercise regularly	Current level (27.8%) or higher
		Male childcare leave	Percentage of male employees taking childcare leave: 100% Duration of leave: 4 weeks (89.9%, 12.1 days)	Employee awareness survey	
		Number of annual paid leave days taken	The same level or higher compared with the previous year (16.5 days)	<ul style="list-style-type: none"> <li>Sense of feeling that our business helped create shared value</li> <li>Constant awareness of Mission, Vision, and Values</li> <li>Pride in work, feeling motivated</li> <li>Playing active roles</li> </ul>	
				The same level or higher compared with the previous year	
Quality	FY2025	Customer satisfaction level (on contract procedures and the claim payment process)	The same level or higher compared with the previous year		

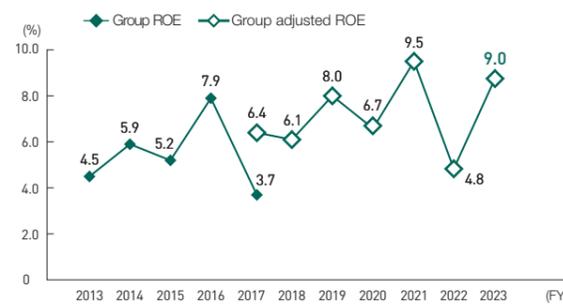
## Numerical Management Targets

### ■ Group core profit/Group adjusted profit<sup>\*1</sup>



This is profit that serves as a source of shareholder returns and is the numerical management target in the Medium-Term Management Plan.

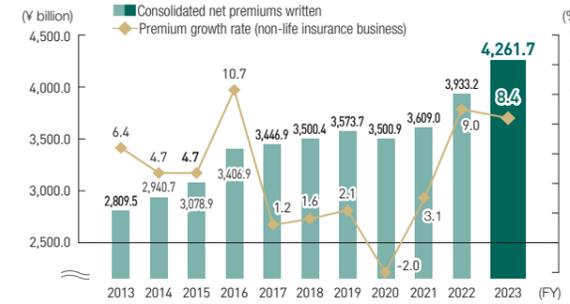
### ■ Group ROE/Group adjusted ROE<sup>\*1</sup>



This is one of the numerical management targets in the Medium-Term Management Plan and indicates the ratio of Group core profit/Group adjusted profit, as shown to the left, in respect to consolidated net assets.

## Growth Potential Indicators

### ■ Consolidated net premiums written<sup>\*4</sup> and premium growth rate (non-life insurance business)



Consolidated net premiums written is one of the numerical management targets in the Medium-Term Management Plan. The premium growth rate indicates growth potential in premium income for the domestic non-life insurance business and international non-life insurance business.

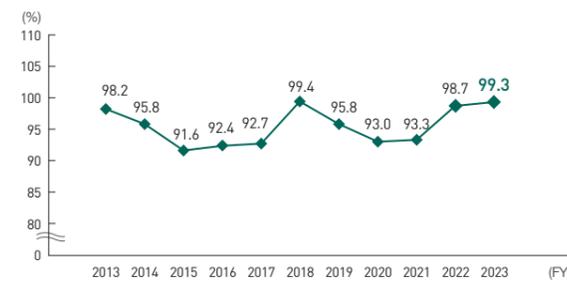
### ■ Policies in force<sup>\*7</sup> (domestic life insurance business)



Policies in force is one of the basic indicators of the performance of life insurance companies. It represents the total amount of money guaranteed to policyholders of valid policies at the end of a fiscal year. (See "Basic Knowledge about the Insurance Industry" on p. 120.)

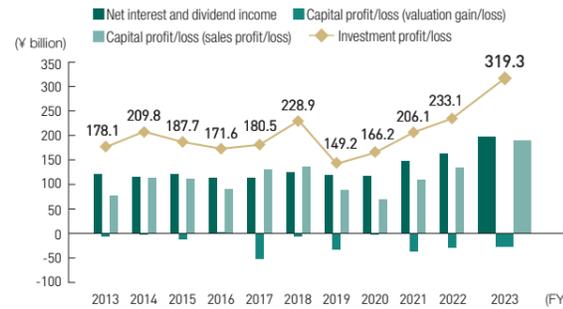
## Profitability Indicators

### ■ Combined ratio<sup>\*2</sup> (domestic non-life insurance business)



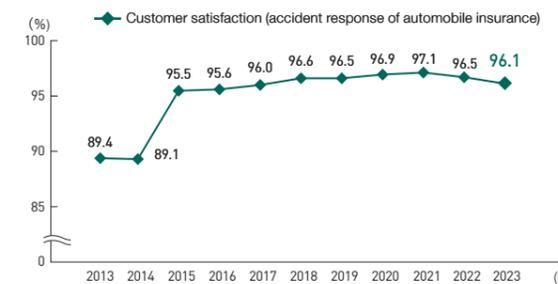
The combined ratio is a key indicator of profitability for underwriting in the non-life insurance business. Profitability is negative when this indicator exceeds 100% and positive when this indicator falls below 100%.

### ■ Investment profit/loss<sup>\*2</sup> (domestic non-life insurance business)



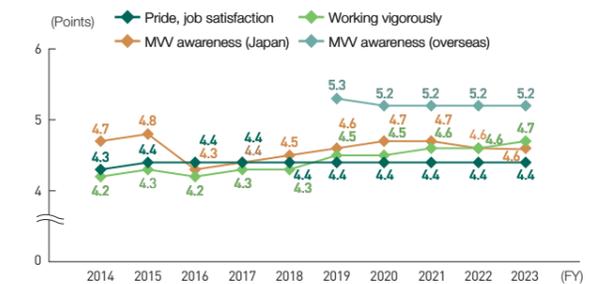
For non-life insurance companies, this is a major source of earnings, next to insurance underwriting profit, and consists of components such as interest and dividend income and gains/losses on sales of securities.

### ■ Customer satisfaction<sup>\*5</sup>



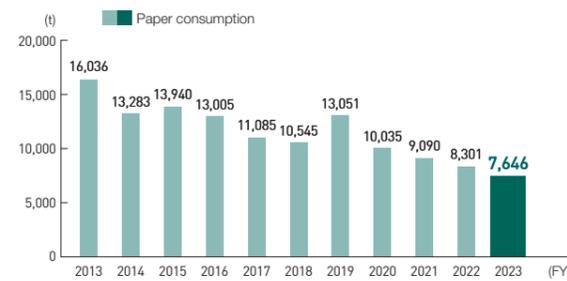
Our growth potential depends on improving customer satisfaction. Along with these indicators, customer opinions are helpful in improving quality.

### ■ Employee satisfaction



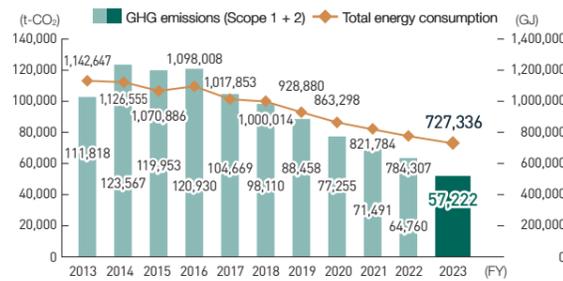
Scope: Domestic Group companies. All-employee average on a 6-point scale. We consider "mission/vision/value (MVV) awareness" and "pride, job satisfaction" on the part of Group employees to be important elements in achieving sustainable growth in corporate value and always aim to improve these areas.

### ■ Paper consumption



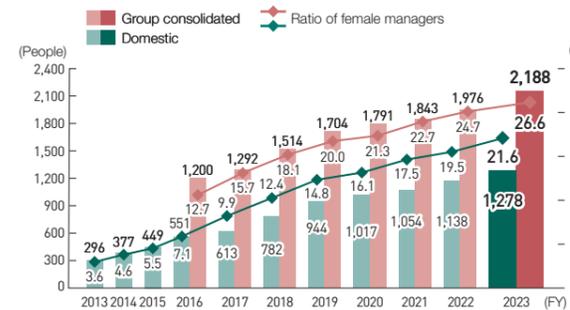
Paperless meetings, PDF-format pamphlets, and portable device and tablet use are being actively incorporated to help reduce paper consumption through various measures including increased application of RPA. FY2019 saw a temporary increase in printed materials due to the change in Japan's era name and product revisions.

### ☑ Greenhouse gas (GHG) emissions and total energy use<sup>\*3</sup>



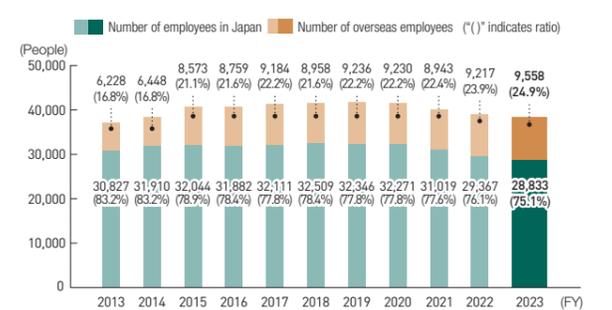
Reducing GHG emissions will contribute to mitigating climate change, which is a risk to the insurance business. It also contributes to a reduction in business expenses related to energy use.

### ☑ Number and ratio of female managers<sup>\*6</sup>



By promoting diversity in the manager position (section managers and above), we believe that we will allow for strategies, product development, and organizational management that incorporate diverse perspectives and sense of values, leading to higher customer satisfaction and growth potential.

### ☑ Number and ratio of global employees



Increasing the number of employees from different cultures and with a diverse sense of values, and deepening mutual understanding among employees, leads to stronger organizational capacity for the Group and is a driving force especially in international business expansion.

\*1 The definitions for adjusted profit and adjusted ROE, which have been identified as numerical management targets, are being reviewed under the Medium-Term Management Plan "Vision 2021," which was initiated in FY2018. (See the "Glossary of Insurance Terminology" on p. 117 for details.)

\*2 Simple sum of non-consolidated figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

\*3 For FY2013 to FY2016, GHG emissions resulting from tenant use of rental properties were included in our own GHG emissions. Moreover, emissions for FY2013 to FY2015 were calculated before the acquisition of MS Amlin, etc., and thus its emissions are not included in these figures. Total energy consumption is calculated based on the energy conversion coefficient from the Law Concerning the Promotion of Measures to Cope with Global Warming. Electric power energy use, however, is 3.6 GJ/MWh.

\*4 Excludes the Good Results Return premiums of the "ModoRich" voluntary automobile insurance product

\*5 Customer survey choices were streamlined from five options to four in FY2015 and unified within the Group. This figure indicates the ratio of customers who chose the top two options (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance).

\*6 As of April 1 of the subsequent fiscal year for domestic Group companies and as of December 31 for overseas Group companies

\*7 Total amount of policies in force for individual insurance and individual annuity insurance at MSI Aioi Life and MSI Primary Life

# 11-Year Performance

## Key Management Indicators

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
<b>Consolidated financial data (¥ million)</b>												
Ordinary income	4,362,754	4,689,658	5,013,038	5,335,239	5,217,835	5,500,438	5,168,361	4,892,244		5,132,042	5,251,271	6,572,889
Net premiums written	2,811,611	2,939,113	3,078,732	3,407,389	3,440,976	3,497,572	3,573,732	3,500,996		3,609,052	3,934,473	4,261,736
[Net premiums written] <sup>1</sup>	[2,809,581]	[2,940,756]	[3,078,995]	[3,406,966]	[3,446,940]	[3,500,403]	[3,573,732]	[3,500,996]		[3,609,052]	[3,934,473]	[4,261,736]
Insurance claims paid (non-life + life)	2,025,545	1,996,675	2,023,599	2,162,773	2,311,295	2,528,145	2,403,833	2,307,722		2,418,385	2,772,451	2,774,237
Ordinary profit/(loss)	190,259	287,061	291,578	352,612	211,548	290,847	157,701	306,524		390,499	231,113	416,440
Net income attributable to owners of the parent <sup>2</sup>	93,451	136,247	181,516	210,447	154,057	192,705	143,030	144,398		262,799	161,530	369,266
Comprehensive income/(loss)	322,865	807,972	-233,116	114,294	311,096	-79,701	-157,288	753,938		310,470	-80,923	1,527,696
Net assets	2,285,832	3,036,663	2,725,274	2,734,432	2,968,387	2,778,047	2,494,038	3,126,657		3,302,749	3,056,273	4,513,562
Total assets	16,878,148	18,788,046	20,303,649	21,234,300	22,472,927	23,132,539	23,196,455	24,142,562		25,033,846	25,000,433	26,960,207
Consolidated solvency margin ratio <sup>3</sup>	772.5%	803.9%	743.3%	872.6%	819.3%	807.3%	781.3%	916.0%		857.9%	777.7%	771.8%
Equity ratio	13.4%	16.0%	13.3%	12.8%	13.1%	11.9%	10.6%	12.8%		13.0%	12.0%	16.6%
Return on equity (ROE)	4.42%	5.18%	6.36%	7.78%	5.45%	6.77%	5.50%	5.22%		8.3%	5.2%	9.8%
Combined ratio <sup>4</sup> (domestic non-life insurance)	98.2%	95.8%	91.6%	92.4%	92.7%	99.4%	95.8%	93.0%		93.3%	98.7%	99.3%
Group core profit <sup>5</sup> /Group adjusted profit <sup>6</sup>	¥94.8 billion	¥155.7 billion	¥147.5 billion	¥213.7 billion	¥105.1 billion	¥189.8 billion	¥233.1 billion	¥214.6 billion		¥347.1 billion	¥172.7 billion	¥379.9 billion
Group ROE <sup>7</sup> /Group adjusted ROE <sup>8</sup>	4.5%	5.9%	5.2%	7.9%	3.7%	6.1%	8.0%	6.7%		9.5%	4.8%	9.0%

## Per share data (yen)

Net income per share (basic) <sup>9</sup>	50.19	73.78	99.57	116.98	86.68	109.57	82.78	85.26		158.17	99.93	231.83
Net income per share (diluted) <sup>10</sup>	—	—	—	116.96	86.66	109.53	82.74	85.21		158.10	99.90	231.77
Group core profit/(Loss) per share/ Group adjusted profit <sup>11</sup>	50.93	84.33	80.94	118.79	59.15	107.95	134.97	126.73		208.96	106.86	238.54
Dividend per share (DPS)	18.66	21.66	30.00	40.00	43.33	46.66	50.00	51.66		60.00	66.66	90.00
Book-value per share (BPS)	1,215.40	1,673.13	1,489.86	1,524.27	1,654.88	1,570.70	1,436.12	1,841.80		1,985.07	1,877.98	2,817.00

## Stock price-related data

Year-end market price (closing price) (yen)	788	1,123	1,045	1,180	1,118	1,123	1,008	1,083		1,326	1,368	2,711
Price-earnings ratio (PER) <sup>12</sup> (times)	15.70	15.23	10.50	10.09	12.90	10.25	12.18	12.70		8.38	13.70	11.69
Price-to-book ratio (PBR) <sup>12</sup> (times)	0.65	0.69	0.70	0.77	0.68	0.72	0.70	0.59		0.67	0.73	0.96
Dividend yield <sup>12</sup>	2.4%	1.9%	2.9%	3.4%	3.9%	4.2%	5.0%	4.8%		4.5%	4.9%	3.3%
Annual total shareholder return (TSR) <sup>13</sup>	17.1%	45.3%	-4.9%	16.7%	-1.6%	4.6%	-5.8%	12.5%		28.0%	8.2%	104.8%
Stock price volatility (annual rate) <sup>14</sup>	39.0%	25.3%	41.0%	36.9%	19.7%	16.2%	19.4%	23.2%		21.7%	23.7%	27.2%

## Capital management policy data (¥ million)

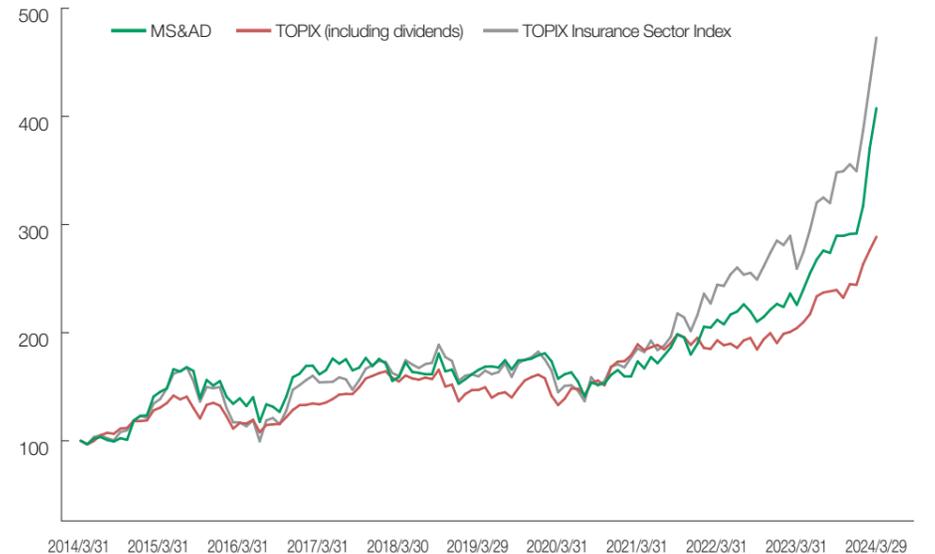
Total dividends	34,715	39,900	54,447	71,489	77,014	81,720	85,770	86,995		99,088	107,140	143,348
Dividend payout ratio (consolidated)	37.2%	29.4%	30.1%	34.2%	50.0%	42.6%	60.4%	60.6%		37.9%	66.7%	38.8%
Aggregate amount of repurchase <sup>15</sup>	9,997	29,992	19,996	29,938	29,981	31,972	34,999	34,999		74,999	19,999	(Maximum) ¥200 billion
[Average repurchase price (yen)] <sup>16</sup>	(841)	(1,124)	(1,014)	(1,246)	(1,146)	(1,160)	(1,135)	(1,095)		(1,346)	(1,706)	—
Shareholder return ratio <sup>17</sup>	47.2%	44.9%	50.4%	47.7%	101.8%	60.0%	52.0%	57.0%		50.0%	74.0%	(Plan) 90.0%

## Nonfinancial data

Customer satisfaction (accident response for automobile insurance) <sup>18</sup>	89.4%	89.1%	95.5%	95.6%	96.0%	96.6%	96.5%	96.9%		97.1%	96.5%	96.1%
Number of employees	37,055	38,358	40,617	40,641	41,295	41,467	41,582	41,501		39,962	38,584	38,391
(of which at consolidated overseas subsidiaries) <input checked="" type="checkbox"/>	(6,228)	(6,448)	(8,573)	(8,759)	(9,184)	(8,958)	(9,236)	(9,230)		(8,943)	(9,217)	(9,558)
Number of female managers <sup>19</sup> (domestic) <input checked="" type="checkbox"/>	296	377	449	551	613	782	944	1,017		1,054	1,138	1,278
Number of employees participating in social contribution activities (domestic)	11,373	15,124	16,507	19,861	20,022	23,601	27,673	26,519		23,024	22,553	21,231
Greenhouse gas emissions (Scope 1 + 2) <sup>20</sup> (t-CO <sub>2</sub> ) <input checked="" type="checkbox"/>	111,818t-CO <sub>2</sub>	123,567t-CO <sub>2</sub>	119,953t-CO <sub>2</sub>	120,930t-CO <sub>2</sub>	104,669t-CO <sub>2</sub>	98,110t-CO <sub>2</sub>	88,458t-CO <sub>2</sub>	77,255t-CO <sub>2</sub>		71,491t-CO <sub>2</sub>	64,760t-CO <sub>2</sub>	57,222t-CO <sub>2</sub>
Paper consumption (domestic)	16,036t	13,283t	13,940t	13,005t	11,085t	10,545t	13,051t	10,035t		9,090t	8,301t	7,646t

A check mark indicates that FY2023 figures have been assured by KPMG AZSA Sustainability Co., Ltd.

## Total shareholder return (TSR) over the past 10 years



- The graph shows the fair value (investment performance) of investments at each point in time, with the investment amount as of March 31, 2014, set as 100.
- We have calculated our total shareholder return (TSR) based on the accumulated amount of dividends and the share price. Moreover, when accumulating dividends, the amount of dividends prior to the stock split is calculated using detailed figures without rounding fractional amounts.
- Returns for TOPIX data are calculated using the index including dividends.
- Rates of return beyond one year are converted to annualized rates of return by averaging over multiple years.

Source: Calculated by MS&AD Holdings based on data from Bloomberg

- \*1 Figures are presented exclusive of the Good Results Return premiums of Mitsui Sumitomo Insurance's proprietary automobile insurance product "ModoRich," which contains a special clause for premium adjustment and refund at maturity.
- \*2 The net income or net loss attributable to parent company shareholders is disclosed.
- \*3 Consolidated solvency margin ratios have been calculated from FY2011 reflecting the revision of the Insurance Business Act, etc.
- \*4 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance
- \*5 Group core profit = Consolidated net income - Net capital gains/losses on stock (e.g., gains/losses on sales) - Net evaluation gains/losses on credit derivatives - Other incidental factors + Equity in earnings of the non-consolidated Group companies (before FY2017)
- \*6 Group adjusted profit = Consolidated net income + Provision for catastrophe loss reserve and others - Other incidental factors (e.g., amortization of goodwill and other intangible fixed assets) + Equity in earnings of the non-consolidated Group companies (from FY2018)
- \*7 Group ROE = Group core profit ÷ Consolidated net assets (average of beginning and ending amounts excluding stock acquisition rights and non-controlling interest) (before FY2017)
- \*8 Group adjusted ROE = Group adjusted profit ÷ Average of beginning and ending amounts on the B/S of adjusted net assets (Consolidated net assets + Catastrophe loss reserve and others - Goodwill and other intangible fixed assets) (from FY2018)
- \*9 Net income/(loss) per share (EPS) disclosed
- \*10 Net income per share (EPS) and diluted EPS disclosed. Diluted net income/(loss) per share data before FY2015 are not disclosed because there was no potential dilution during that period.
- \*11 Group core profit/(loss) per share (before FY2017) or Group adjusted profit/(Loss) per share (from FY2018)
- \*12 Stock price-related indicators are based on the market price of the stock at the end of the fiscal year.
- \*13 Total shareholders' return is calculated as follows: (Fiscal year-end stock price - Previous fiscal year-end stock price + Annual dividends) ÷ Previous fiscal year-end stock price
- \*14 Stock price volatility is the annualized standard deviation of returns based on daily closing prices.
- \*15 The aggregate amount of repurchase price in FY2023 is ¥200 billion (maximum). Of this amount, ¥10 billion has already been acquired. The acquisition period for the remaining ¥190 billion is from May 21, 2024, to December 23, 2024 (resolved at the Board of Directors meeting held on May 20, 2024).
- \*16 The average repurchase price for FY2023 has not been stated because the repurchase of own shares has not been completed.
- \*17 Shareholder return ratio = (Dividends applicable to the fiscal year (paid in December of that year and June of the following year) + Value of share repurchases during the period through the time of the general shareholders' meeting in the following fiscal year) ÷ Group core profit for the fiscal year (from FY2018: Group adjusted profit)
- \*18 Ratio of customers satisfied with accident response for automobile insurance (Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance). From FY2015, the client survey was modified from five stages to four stages.
- \*19 Number of female employees in positions of manager or higher (as of April 1 of the subsequent fiscal year for domestic Group companies)
- \*20 From FY2013 to FY2016, greenhouse gas emissions resulting from the tenant use of rental real estate are reported as in-house emissions. The figures from FY2013 to FY2015 were those before the acquisition of MS Amlin and others, and do not include emissions from that company.

# Domestic Non-Life Insurance Business

## Aspirations

In the domestic non-life insurance business, we will leverage our strengths in “three distinctive insurance companies,” the “largest sales network in Japan,” and a “strong network” to improve profitability in voluntary

automobile insurance; enter the black earlier in fire insurance; and accelerate the expansion of casualty insurance to increase profits and continue to achieve strong growth.

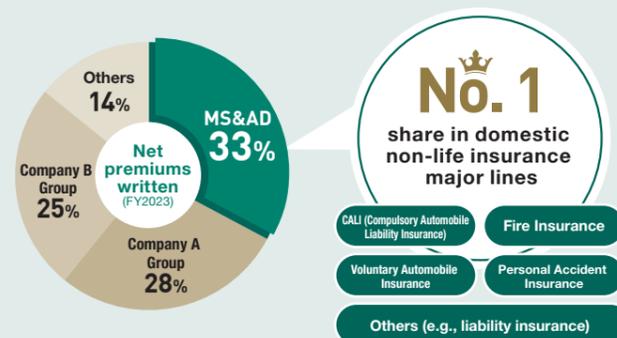
## Business Environment

### Strengths and features

To meet diversifying customer needs brought on by changes in social structure and lifestyles, our Group provides products and services through three non-life insurance companies with different business models (such as products and sales channels). Mitsui Sumitomo Insurance conducts businesses globally mainly based on the broad networks of the Mitsui Group and the Sumitomo Group. Aioi Nissay Dowa Insurance centers on foundations with the Toyota Group and the Nippon Life Insurance Group and conducts locally rooted businesses. Mitsui Direct General Insurance specializes in direct sales to individual customers. We leverage their respective strengths to maintain scale and superiority in Japan.

### Market position

With diverse partnerships and the largest number of distribution channels in the industry, we have the largest market share in major lines of business in the domestic non-life insurance market.



- MS&AD Mitsui Sumitomo Insurance
- MS&AD Aioi Nissay Dowa Insurance
- MS&AD Mitsui Direct General Insurance

Source: Prepared by MS&AD based on publicly announced information from each insurance company and data from the General Insurance Association of Japan

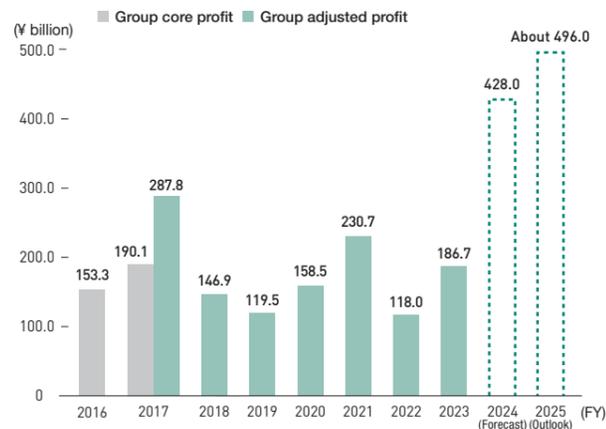
### Risks and opportunities

In the domestic non-life insurance market, the environment surrounding traditional insurance lines such as fire insurance and voluntary automobile insurance has become increasingly severe. In recent years, insurance payments have increased due to frequent and severe natural disasters, and the burden on business expenses has increased because of rising inflation and wage increases. There are also concerns about the future contraction of the insurance market due to the falling birth rate and aging population in Japan. In this environment, our Group will continue to work toward sustainable growth with this business as our core business, by steadily incorporating insurance needs for new risks and taking as a business opportunity the solution of social issues that emerge in the wake of various changes in the environment, such as the advancement of digitalization.

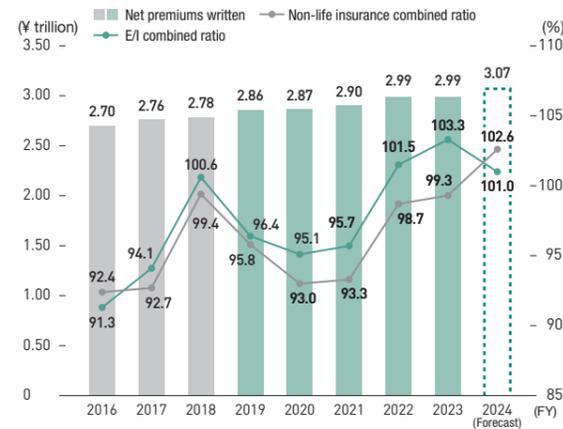
## Group Management Figures

(Non-consolidated simple sum of Mitsui Sumitomo Insurance, Aioi Nissay Dowa Insurance, and Mitsui Direct General Insurance.)

### Group core profit/Group adjusted profit



### Net premiums written and combined ratio\*\*



\*\*1 Non-consolidated simple sum of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

## Progress of the Medium-Term Management Plan (2022–2025)

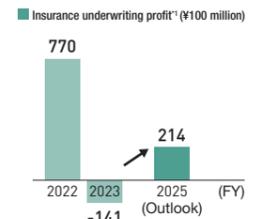
### Voluntary automobile insurance profitability improvements

#### Measures

- Premium rate increase (January 2024) and optimization of underwriting and claim payments
- Strengthen response to secondary perils such as hailstorms
- Strengthen sales of telematics insurance (including products with dashcams), which contribute to lower accident rates, and enhance efforts to reduce traffic accidents and detect fraudulent claims

#### Achievements

- In FY2023, the loss ratio worsened and insurance underwriting profit turned negative owing to an increase in the frequency of accidents, increases in labor and parts unit costs, and an increase in the average payout per claim owing to inflation and other factors
- We aim to increase underwriting profit and achieve our target for FY2025 by lowering the loss ratio through strengthening the measures described on the left, etc., and by closely monitoring the earnings situation and revising premium rates as necessary



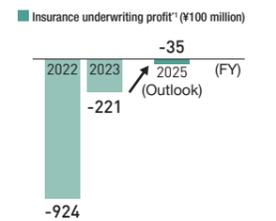
### Fire insurance profitability improvements

#### Measures

- Revise products and premium rates (October 2022) and strengthen measures to deal with unprofitable individual policies
- Develop initiatives to prevent and mitigate loss through risk consulting and the utilization of data and digital technologies
- Develop initiatives to improve profitability, such as strengthening responses to specific contractors and promoting the use of specialized disaster recovery companies

#### Achievements

- Making steady progress on efforts to improve profitability. Significant improvement in insurance underwriting profit in FY2023
- The percentage of contracts that can be ensured to break even will exceed 50% this fiscal year, improving our underwriting portfolio
- We expect to achieve profitability in FY2026 by implementing measures such as large-lot loss prevention and products and premium rate revisions (October 2024)



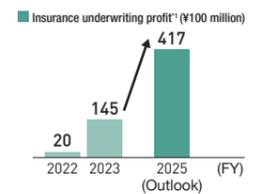
### Expansion of casualty insurance

#### Measures

- Strengthen sales of products for SMEs
- Expand earnings as a growth driver by improving the ability to deal with new risks
- Develop new markets through data services such as RisTech and develop new sales channels such as embedded insurance on e-commerce sites

#### Achievements

- Steady growth in insurance underwriting profit
- In addition to responding to new risk areas, we aim to achieve our target for FY2025 by continuing to strengthen sales of packaged products for SMEs that have excellent growth potential and profitability



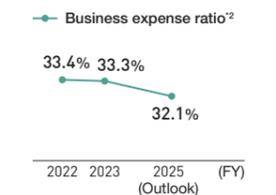
### Reduction of business expense ratio

#### Measures

- In addition to capturing the benefits of large-scale system development projects, we will promote the further integration of middle- and back-office operations through the “One Platform Strategy,” and thus accelerate productivity improvement
- Accelerate cost reductions through the utilization of digital technology and business process transformation

#### Achievements

- The business expense ratio is steadily declining toward the 30% level, thanks to steady progress on efforts to reduce the business expense ratio, centered on the “one platform strategy”
- We will continue to transform productivity based on our “One Platform Strategy” and promote further cost reductions, aiming to achieve our target for FY2025



\*1 Simple sum of non-consolidated figures of Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

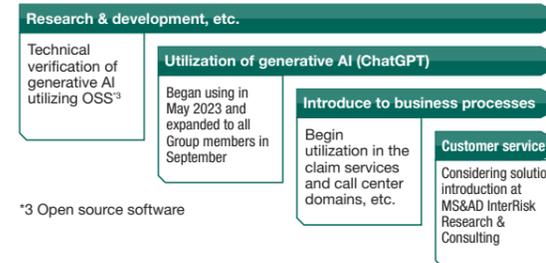
\*2 Simple sum of figures for Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

## Value creation (CSV×DX)

We are promoting the utilization of AI throughout the Group, and in the domestic non-life insurance business, we have begun to introduce generative AI into our business processes

### Promotion of AI utilization

#### Steady progress in introduction throughout the Group



\*3 Open source software

#### Examples of introduction in business processes

- Claim services domain**
  - By combining the transcription of telephone audio with a summarization function using generative AI, we expect to achieve a reduction of approximately 290,000 hours of work per year by streamlining the creation of conversation transcripts
  - As a countermeasure against fraudulent claims, we are considering systems that utilize AI to detect photographs that use fake images for insurance claims, etc.
- Call center domain**
  - We have introduced AI voice chat for part of our accident reception operations, enabling responses that do not keep customers waiting even during times of high call volume due to natural disasters, etc.

# Domestic Life Insurance Business

## Aspirations

We operate our domestic life insurance business utilizing the respective strengths of two life insurance companies with different characteristics, Mitsui Sumitomo Aioi Life Insurance providing protection-type products and Mitsui Sumitomo Primary Life Insurance offering asset-building products.

We will achieve growth by providing products and services that contribute to solving the social issues of the age of 100-year life spans: “extending healthy life expectancy” and “extending asset life.”

## Business Environment

### Strengths and features

#### [Strengths of Mitsui Sumitomo Aioi Life Insurance]

- Strong sales network consisting of the largest domestic sales network of Mitsui Sumitomo Insurance and Aioi Nissay Dowa, as well as close relationships with leading Japanese corporate groups

#### [Strengths of Mitsui Sumitomo Primary Life Insurance]

- Close relationships with financial institutions backed by product development and education and training capabilities as a pioneer in over-the-counter sales via financial institutions

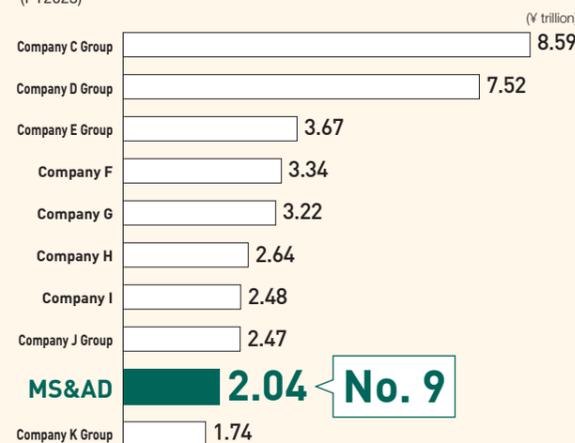
### Risks and opportunities

- The social structure is changing daily, including increases in the burden of nursing care and medical expenses with the falling birth rate and aging population, and the arrival of the era of considerable inheritances and living wills. In the domestic life insurance business, we are achieving growth by positioning the social issues emerging because of these changes as business opportunities and by steadily capturing demand related to new risks.
- In the first stage of our Medium-Term Management Plan (2022–2025), we expanded our products and services to contribute to solving social issues in the age of 100-year life spans. Mitsui Sumitomo Aioi Life Insurance sold protection-type products such as income guarantee insurance, palliative medical insurance, and nursing care/dementia insurance. We also provided new insurance value through the release of “MSA Care,” a healthcare service that provides support before and after protection, including prevention before illness, early detection of illness, and prevention of serious illness after onset, in addition to conventional protection. Mitsui Sumitomo Primary Life Insurance sold whole life insurance for asset life extension and smooth asset inheritance through inheritance and living wills, etc., as well as pension insurance for asset formation and other products. In addition, for customers who want to prepare for future inflation and other factors, we began sales of the industry’s first individual pension insurance with a feature whereby the annuity amount increases in tandem with an index.

### Market position

- It has been growing steadily as the core business of the Group, including ranking ninth in the domestic life insurance industry in terms of premiums and other income (FY2023).
- We will continue to build a well-diversified business portfolio by expanding our domestic life insurance business.

### Domestic life insurance companies/ groups’ premiums ranking (FY2023)

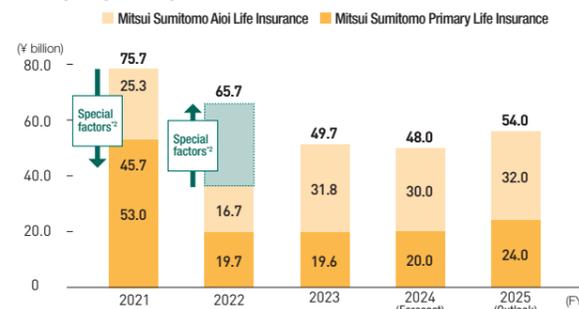


MS&AD Mitsui Sumitomo Aioi Life Insurance  
MS&AD Mitsui Sumitomo Primary Life Insurance

Source: Prepared by MS&AD based on publicly announced information from each insurance company

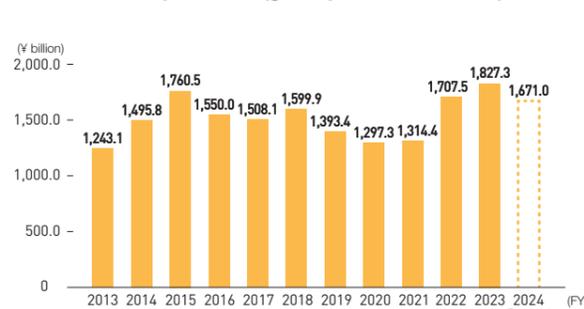
## Group Management Figures

### Group adjusted profit<sup>1</sup>



<sup>1</sup> Life insurance business totals include purchase difference adjustments, etc.  
<sup>2</sup> Factors affecting profit on a one-time or individual basis

### Life insurance: premiums (gross premiums income)<sup>3</sup>



<sup>3</sup> Premiums (gross premiums income) are for domestic life insurance subsidiaries only

## Progress of the Medium-Term Management Plan (2022–2025)

### Step up customer approaches utilizing distribution channels

#### Measures

##### Mitsui Sumitomo Aioi Life Insurance

- Step up cross-selling of life insurance and non-life insurance by non-life insurance agencies and strengthen partnership sales of Mitsui Sumitomo Primary Life Insurance products

##### Mitsui Sumitomo Primary Life Insurance

- Solidify our leading position through training that contributes to the practice of customer-focused business operations at financial institution agents, support for the development and strengthening of sales frameworks, etc.

#### Achievements

- Mitsui Sumitomo Aioi Life Insurance pursued group synergies and increased the life and non-life cross-selling ratio to 21.1%. In addition, Mitsui Sumitomo Primary Life Insurance’s product sales expanded beyond ¥50 billion in the first stage of the Medium-Term Management Plan (2022–2025). We also promoted “MSA Care,” a pre- and post-protection healthcare service, which has been introduced in more than 2,500 companies.
- Mitsui Sumitomo Primary Life Insurance promoted training for financial institution agents and sales support for consulting-type products based on a customer-focused perspective, resulting in an increase in the amount of policies in force of more than ¥1 trillion in the first stage of the Medium-Term Management Plan (2022–2025).

### Improvement in profitability through expansion of investment income

#### Measures

##### Mitsui Sumitomo Aioi Life Insurance

- Expand the scale of higher-return assets to ¥980 billion (FY2025)

##### Mitsui Sumitomo Primary Life Insurance

- Improve the return on risk (ROR) through appropriate risk-taking in line with the advancement of risk management, based on rigorous ALM management

#### Achievements

- Mitsui Sumitomo Aioi Life Insurance controlled interest rate risk by purchasing ultra-long-term bonds, and increased open foreign bonds and other assets, thus ensuring soundness and liquidity, while also promoting risk-taking. (Higher return assets stood at ¥764.4 billion as of March 31, 2023.)
- Mitsui Sumitomo Primary Life Insurance took steps to diversify investment methods, including promoting investment in assets that can be expected to earn illiquidity premiums, while also strengthening ALM management and paying sufficient attention to risks. In addition, we promoted the advancement of our asset management risk management and monitoring framework, including expanding the number of specialized personnel.

### Provision of products and services that contribute to solving social issues

#### Measures

##### Mitsui Sumitomo Aioi Life Insurance

- Development of products and services that contribute to solving social issues such as nursing care and dementia
- Integrated provision of products and the “MSA Care” healthcare service to address the progression of the aging society

##### Mitsui Sumitomo Primary Life Insurance

- Development and revision of products that meet customer needs, and expansion of yen-denominated products
- Diversify access to asset builders through the diversification of sales channels

#### Achievements

- Mitsui Sumitomo Aioi Life Insurance promoted integrated proposals, etc., for “MSA Care,” a new service covering cancer insurance, palliative medical insurance, nursing care/dementia insurance, etc., with other products.
- Mitsui Sumitomo Primary Life Insurance has developed highly original products such as tontine-type annuities, index-linked annuities, and level premium payment products, and expanded its product lineup to contribute to asset formation, asset utilization, and asset succession for a wide range of customers.

## Value creation (CSV×DX)

We will support a “healthy future” for our customers and achieve a combination of CSV and DX through healthcare services integrated with protection.



# International Business

## Aspirations

Growth in the domestic non-life insurance business is expected to slow over the medium to long term due to a falling birth rate and aging population, therefore increasing revenue in the international business is increasingly important for the growth of the Group. On the other hand, due to various changes in the environment, including changes in

lifestyle due to technological innovations, new risks and associated insurance needs are emerging globally. In this business environment, we will provide products and services that meet the insurance needs of international and local communities and customers, and thus drive the sustainable growth of the Group.

## Business Environment

**Market position**

In addition to underwriting risks globally in the Lloyd's and reinsurance businesses, we are expanding our businesses in regions around the world, including the Americas, Europe, and Asia, and in FY2023, this business grew to a scale of ¥1,620.3 billion in net premiums written (non-life only) and ¥139.5 billion in Group adjusted profit. In Asia, we have deployed comprehensive sales targeting corporate and retail customers and have achieved the No. 1 position in the ASEAN market in terms of gross written premiums.

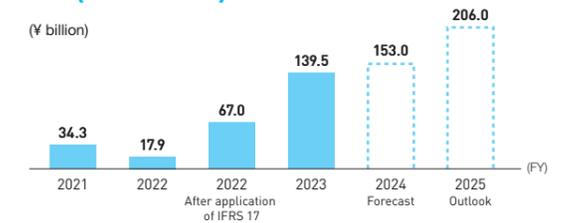
Understanding of the environment	
Uncertainty in the business environment	Business opportunities from environmental changes
<p><b>Increasing severity and frequency of natural disasters and climate change</b></p> <p><b>International conflicts and geopolitical risks</b></p> <p><b>International economic and financial conditions</b></p> <p><b>International accounting and tax standards and solvency regulations</b></p> <p><b>Regulations of insurance authorities in each country</b></p> <p><b>(Re)insurance market premium rate cycle (hardening and softening)</b></p> <p><b>Competitive environment in the insurance and financial industries, etc.</b></p>	<p><b>Hardening of the insurance market as a whole</b></p> <p><b>Post-COVID-19 economic recovery</b></p> <p><b>Recovery of the asset management environment</b></p> <p><b>Economic growth in emerging countries, particularly in Asia</b></p> <p><b>Responding to diverse social changes and issues, etc. (e.g., decarbonization, poverty, digitalization of lifestyles, cyber risk)</b></p>

Characteristics by business and region	
<b>Lloyd's and reinsurance</b>	Strength in underwriting global risks in the Lloyd's and reinsurance markets by utilizing our expertise.
<b>Americas</b>	Reorganized the business structure in 2023 to move from our businesses centered on Japanese companies toward a full-scale entry into local markets.
<b>Europe</b>	Strength in insurance mainly for local companies in major countries in continental Europe, such as Germany and France.
<b>Asia</b>	We are the only non-life insurance group providing direct insurance in 10 ASEAN countries, and we are No. 1 in the region in terms of gross written premiums. Strengths include our strong relationships with conglomerate groups in various countries and the presence of the MSIG brand.
<b>Toyota retail</b>	Providing voluntary automobile insurance and related products at automobile dealers in cooperation with the Toyota Group, mainly in Europe, Australia, China, and Thailand.
<b>ADI Head Office reinsurance</b>	Generating earnings from integrated ceding and reinsurance operations with selected partner reinsurers.
<b>International Life Insurance Business</b>	Capturing growth in the life insurance market by partnering with leading Asian conglomerates that own banks, etc. In addition to having a low risk correlation with non-life insurance, this business generates stable earnings with little capital.

## Progress of the Medium-Term Management Plan (2022–2025)

### Group adjusted profit

In FY2023, the international business generated Group adjusted profit of ¥139.5 billion, a record high. It also accounted for approximately 37% of total Group adjusted profit. We will continue to expand our earnings and grow this business into a core business alongside the domestic non-life insurance business.



### Recovery of profitability in the Lloyd's and reinsurance businesses

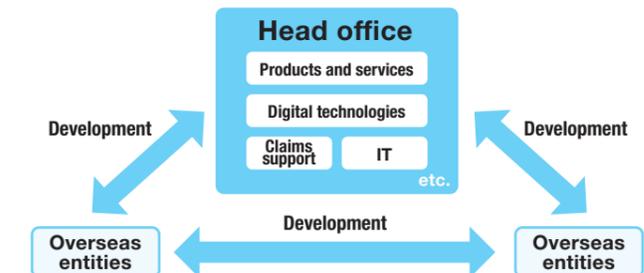
These businesses contributed significantly to record high profits in the international business thanks to notable improvements in profitability, including reducing volatility through management and control of catastrophe risk (e.g., hurricanes in North America), portfolio replacements that comply with underwriting discipline, and increasing premium rates to take advantage of the opportunity presented by market hardening. We aim to continue to expand our business and improve profitability by utilizing our strengthened business foundation and market presence.

### Growth of regional businesses

In our Asian business, we will solidify our position as the No. 1 non-life insurer in the ASEAN region in terms of gross written premiums, while also steadily strengthening our business foundations outside the ASEAN region. We are strengthening our DX platform and expanding transactions with platform providers to capture the business of the growing middle-income class. In the Americas business, we acquired Transverse Insurance Group, LLC, in January 2023 and reorganized our business structure, thus strengthening our business foundations for full-scale entry into the local U.S. market.

### Pursuit of the Group's comprehensive strengths

We are promoting the "TENKAI Project," which aims to accelerate the expansion of the Group's corporate value and sustainable growth through sharing and implementation of the knowledge and expertise of entities in Japan and overseas among each Group company and demonstrating Group synergies. We are accumulating results mainly in domains where we can expect significant effects, such as DX, CX, IT, asset management, and underwriting and reinsurance.



## Value creation (CSV×DX)

In line with the trend toward digital purchasing of products and services, we have been successful in our efforts across the Asia region to offer insurance through various digital platforms used by consumers.

Results of initiatives	Partners	Main industries	Products offered
<p><b>Gross written premiums (2023)</b> Approx. <b>¥5.5 billion</b> ↑ <b>1,238%</b> (compared with 2021)</p> <p><b>Insurance underwriting profit (2023)</b> Approx. <b>¥0.5 billion</b> ↑ <b>1,375%</b> (compared with 2021)</p>	<p><b>Singapore, Vietnam, Philippines, Indonesia, Thailand, and other Asian countries</b></p> <p><b>More than 40 companies</b></p>	<p>Aviation and travel</p> <p>Financial services business</p> <p>e-commerce etc.</p>	<p>Travel insurance</p> <p>Compensation for household goods</p> <p>Smartphone compensation etc.</p>

- Generating sales through effectively embedding simple, bite size insurance policies into various products and services offered by platform providers with large customer bases (embedded insurance sales)
- Contributing to the spread of insurance among low-income groups

Entities in Asia collaborate with each other to develop platform providers and offer products across the region

## Initiatives by major international business

### Lloyd's and reinsurance businesses

- MS Amlin Underwriting Limited (hereinafter "AUL"), a major Lloyd's syndicate, and MS Amlin AG (brand name: MS Reinsurance, hereinafter "MS Re"), a reinsurance company based in Bermuda and Switzerland, provide insurance services to customers that take advantage of their respective unique characteristics, and they play a central role in the Group's international business in terms of generating earnings. Furthermore, Mitsui Sumitomo Insurance Company (Europe), Limited (brand name: MSIG UK), a direct insurance company in the United Kingdom, is also included in this business segment.

#### 1. AUL

- Lloyd's, where AUL conducts business, is an insurance market with licenses that can be underwritten from about 200 countries and regions, attracts highly specialized underwriting risks from all over the world, and has become a center of expertise in insurance underwriting and human assets.
- AUL is one of Lloyd's top 10 largest insurers (2023) and has built a portfolio of highly profitable lines. We will continue focusing on expanding the scale of this business and improving profitability.

#### 2. MS Re

- We have bases in major reinsurance markets around the world and will develop markets with a different approach from the direct insurance business, such as building medium- to long-term relationships of trust with our customers, namely direct insurance companies.
- We will further accelerate our growth by leveraging our increased competitiveness resulting from the penetration of the MS Reinsurance brand, which we have been using since 2022, as well as our high credit rating (A+ by AM Best and S&P Global).



AUL



MS Re Zurich



MS Re Bermuda

### Americas business

- We have bases in North America and Latin America and engage in the non-life insurance business.
- In the United States, the world's largest insurance market, we have previously focused mainly on Japanese companies in our business, but we are also making full-scale inroads into the local market. We acquired Transverse Insurance Group, LLC, a leading fronting company in the U.S. MGA<sup>1</sup> market, in January 2023. Together with MSIG USA<sup>2</sup>, these two companies will accelerate profit growth and the diversification of revenue sources in the United States.
- We will also consider business investments in specialty insurance companies that have low correlation with catastrophe risk, high specialization, and stable profitability.

<sup>1</sup> MGA: Managing General Agent. A company entrusted with authority by insurance companies, which performs operations including underwriting, reinsurance arrangements, and claims appraisal

<sup>2</sup> Brand name used by Mitsui Sumitomo Marine Management (U.S.A.), Inc., for its full-scale entry into the local market

### New business structure in the United States

<b>MSIG USA</b>	<ul style="list-style-type: none"> <li>Strengthen the profitability of business focusing on Japanese companies</li> <li>Began entry to local business through partnerships with AMWINS and major brokers</li> </ul>
<b>MS Transverse</b>	<ul style="list-style-type: none"> <li>Expand business opportunities with MGA</li> <li>Capture local business as a fronting company</li> </ul>

### MS Transverse business expansion

Although there was a delay due to the impact of the hardening of the reinsurance market, we expect growth to exceed our plan at the time of acquisition from 2024 onward

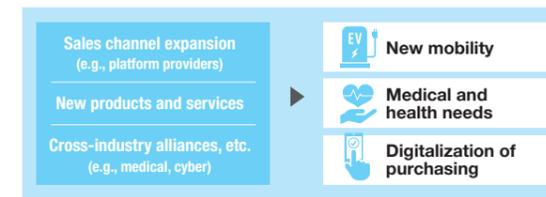


### Asia business

- Our strength is our broad business foundations covering the ASEAN region, India, China, etc.
- We will focus on expansion in the retail market, which has significant potential for growth, by working to diversify sales channels in response to changes in society and consumers, and by strengthening cooperation with platform providers and other companies.
- We will also consider opportunities for business alliances and business investments that will speed up the process of capturing revenue opportunities.

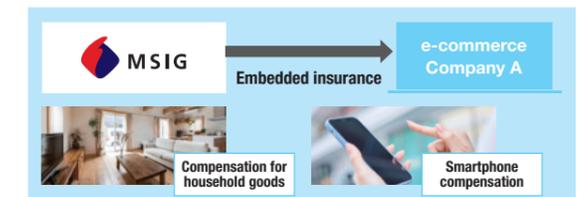
#### Main initiatives

We will achieve dramatic growth in our retail business by accessing a combination of "population × high growth × changes in society and consumers" through "sales channel expansion × product development × cross-industry alliances, etc."



#### Diversification of sales channels (e.g., platform providers)

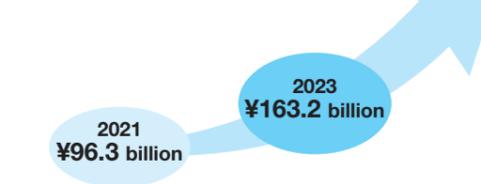
Streamlining existing sales channels such as agents, while expanding collaboration with platform providers, etc. (The following is an example of a new sales method.)



### Toyota retail business and international telematics business

- We provide voluntary automobile insurance and related products through Toyota/Lexus dealers in 39 countries and regions around the world, and net premiums written are steadily increasing thanks to an increase in the number of new vehicles sold and an increase in the coverage ratio.
- We offer telematics voluntary automobile insurance in 13 countries. We will also further accelerate the development and deployment of cutting-edge connected mobility insurance.

#### Trend in net premiums written



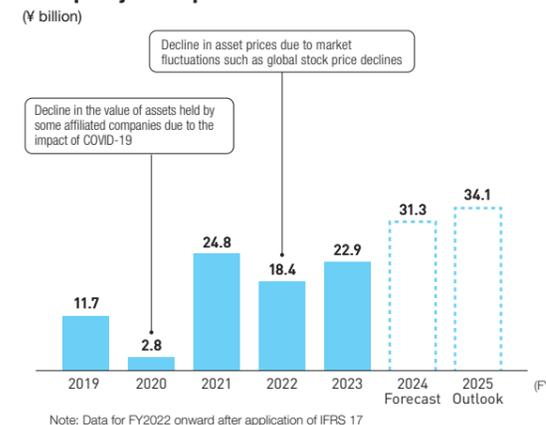
#### Telematics automobile insurance (example)

**PHYD (Pay How You Drive)**  
We obtain and analyze driving behavior data related to emergency braking, sudden acceleration, fast cornering, etc., and calculate insurance premiums based on driving characteristics

### International life insurance business

- We will capture growth in the Asian life insurance market by collaborating with partners such as state-owned companies and major conglomerates that have banks and other sales channels, mainly in China and India, which have huge populations. We will work to increase profits and corporate value.
- In the United Kingdom and Australia, we aim to achieve stable growth in corporate value and cash flows by investing in market leaders.

#### Group adjusted profit



#### Growth of the life insurance market

Life insurance market	Partners
China, India, Malaysia, Indonesia: Expected to grow at an annual average rate of 10.7% through 2031 <sup>1</sup>	
Australia (annuity insurance business): Expected to grow at an annual average rate of 5.1% through 2041 <sup>2</sup>	
UK (annuity and asset formation business): Huge market of GBP3 trillion growing at GBP150 billion/year <sup>3</sup>	

<sup>1</sup> Source: Allianz Insurance Report 2021

<sup>2</sup> Source: Australian annuity system (Superannuation) market scale (calculated from Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041)

<sup>3</sup> Source: Phoenix IR data

#### Transition of EV (our share)<sup>4</sup>



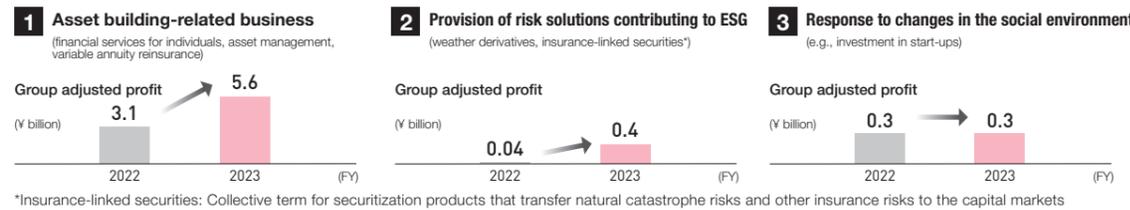
<sup>4</sup> Total of sites under the jurisdiction of the Life Insurance Department in Asia, which calculates EV. Calculated by multiplying the local year-end EV by the exchange rate at the end of each period

## Financial Services Business

### Progress of the Medium-Term Management Plan (2022-2025)

Based on social issues, changes in the environment, and customer needs, we aim to provide a variety of products and services that are independent of insurance and contribute to profits in a stable manner by utilizing the Group's comprehensive capabilities, including domestic sales and overseas entities.

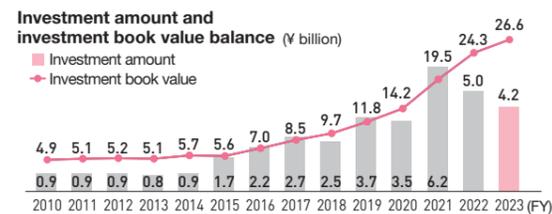
**Areas to focus on** We focus on the following three areas where we can expect market growth and improvements in our corporate brand value



### Examples of initiatives

#### Venture capital

- Through MS&AD Ventures (p. 56) and MITSUI SUMITOMO INSURANCE Capital, we invest in start-ups in Japan and overseas, including AI, healthcare, and IT businesses that are expected to grow rapidly from the perspective of innovation, uniqueness, and forward-looking policy.
- At MITSUI SUMITOMO INSURANCE Capital, we are actively promoting initiatives such as sales expansion support for investee companies and business matching between investee companies utilizing the Mitsui Sumitomo Insurance network. We are also strengthening synergies with Group companies such as Mitsui Sumitomo Aioi Life Insurance and MS&AD InterRisk Research & Consulting. In FY2023, we invested approximately ¥4.2 billion, mainly in IT services, food tech, and healthcare companies in Japan and overseas.



#### ART\*

- Mitsui Sumitomo Insurance is expanding its product lineup and strengthening its proposition capabilities, focusing on the sale of weather derivatives to reduce economic losses caused by natural disasters and extreme weather events, thereby meeting the diverse needs of customers. We are focusing on the development and sales of new products such as "Typhoon Yojin," a weather derivative to hedge business losses caused by typhoons.
- We are also working to provide weather risk solutions overseas through our U.S. subsidiary, MSI Guaranteed Weather, LLC., and we have recently been selling weather index insurance in Australia.
- Mitsui Sumitomo Insurance provides investment advisory services for the CAT bond funds managed by Sumitomo Mitsui DS Asset Management Company, an equity-method affiliate, and solicits domestic institutional investors for the

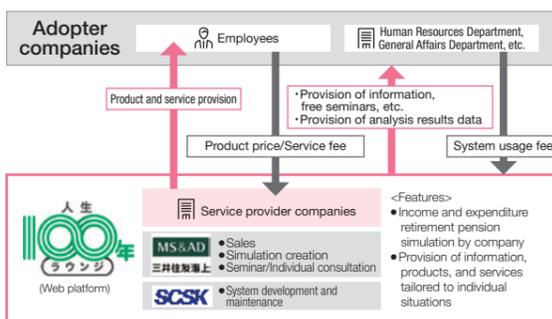
\*ART: Alternative Risk Transfer. Among risk-handling methods, a method that uses financial technologies other than insurance.

funds managed by Leadenhall Capital Partners LLP, a U.K. subsidiary. We have worked to strengthen our insurance-linked securities business by improving our proposal capabilities and expanding our product lineup.

#### Financial services for individuals

- In FY2022, Mitsui Sumitomo Insurance began selling a new service called "100-year Life Lounge," which simulates the lifetime earnings and expenditures of employees and supports asset building to supplement employee benefits. We are constantly adding options within these services, including asset-building robot advisors and family budgeting, with an eye on the 100-year life span era. We also developed an app for smartphones to improve customer convenience, which we released in FY2023.

(Reference: <https://www.ms-ins.com/business/100nenlounge/>)



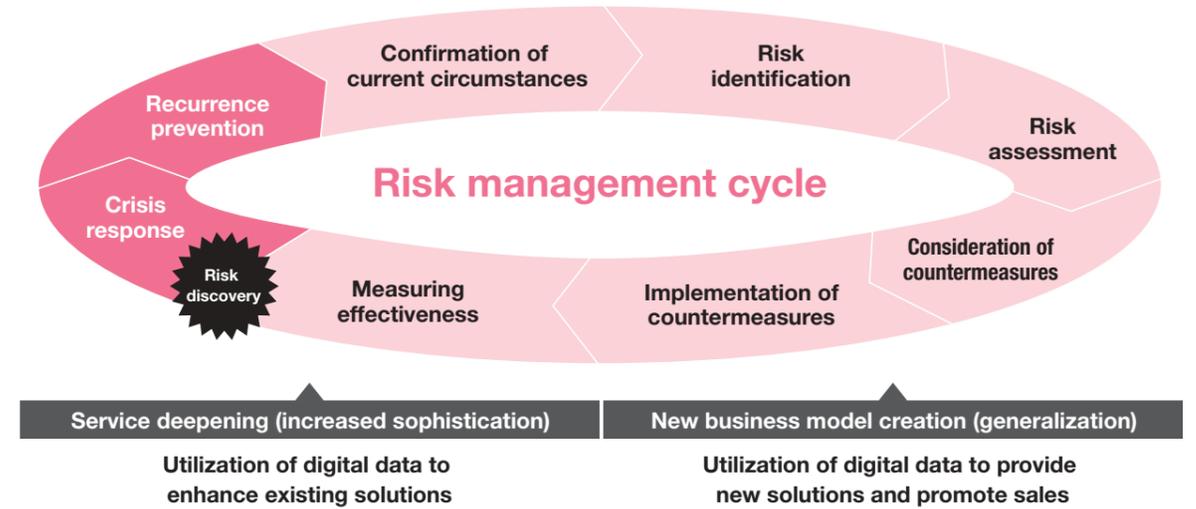
#### Defined Contribution Pension

- Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance are strengthening services related to the system introduction of corporate defined contribution pension plans for which the market is growing and are working to popularize individual-type defined contribution pension plans (iDeCo), which are facing increasing social demands due to the falling birth rate and aging population. For corporate defined contribution pension plans, we strengthened our ability to offer proposals to SMEs. For individual-type defined contribution pension plans, we expanded our sales channels and improved operational efficiency such as cost reductions.

## Digital and Risk Related Services Business

### Progress of the Medium-Term Management Plan (2022-2025)

Create new services and business opportunities using digital technologies and data before and after coverage and protection, with MS&AD InterRisk Research & Consulting (hereinafter "MS&AD InterRisk Research") leading the Group as a "Platform Provider of Risk Solutions."



### Case studies

#### RM NAVI

At MS&AD InterRisk Research, we have released "RM NAVI," which provides access to the latest information on risk management. By registering as a free member, users can obtain reports in a timely manner, engage with consultants, use digital solutions, and access other services that can be guided and provided from the viewpoint of an e-commerce website. We support our customers' businesses as a compass for risk management.



#### Cyber Risk Finder

For midsized and small companies, we provide services such as diagnosis and monitoring of the vulnerabilities most commonly used in ransomware attacks, based solely on the domain of the e-mail address (the part after the @ mark) and basic company information such as the company name. We provide urgent notifications to quickly address particularly dangerous vulnerabilities, and customers can use our security support services for technical assistance.



#### Flood Risk Finder

This is an online service that can be used for everything from flood risk analysis to future climate change impact analysis for the entire world. By simply registering their company's or supplier's location information, users can check forecasts of flood depth and frequency changes on a map and download them as data.



### Other businesses

#### Assistance services

MS&AD GRAND ASSISTANCE Co., Ltd., provides high-quality services in a wide range of areas, including road assistance, house support, international travel assistance, and emergency alarm response.

