May 20, 2024
Tokio Marine Holdings, Inc.

# Presentation Script for FY2023 Results Conference Call

## 1. Presentation by CEO Komiya

- Good evening, everyone. I am Komiya. Thank you very much for participating in this conference call today despite your busy schedule. I also want to express my gratitude for your constant support for our company.
- Firstly, I am going to explain our latest financial results and then our new medium-term business plan that began at the beginning of the FY2024 and its KPI targets. Lastly, I will deliver a message from management based on these.

[Key messages]

- Please look at page 3 of the material. There are three key points that we want to communicate to you today.

- The first point is our current performance; that is, "FY2023 Results and FY2024 Projections."
  In FY2023, our adjusted net income on an actual basis was JPY711.6bn, exceeding our latest full-year projection of JPY690.0bn which we had released in February 2024 by JPY21.6bn.
  This was mainly attributable to the smaller-than-expected impact of storm losses which were projected to arise in the fourth quarter and an increase in the sale of business-related equities.
  Our adjusted net income on a normalized basis excluding these one-off effects was JPY685.5bn, almost at par with our full-year forecast of JPY684.0bn which we had announced in February. This represents a year-on-year growth of 11%. We can therefore say that the underlying trend of our business remains *strong* and that our *underlying capabilities are certainly improving*.

- As for our FY2024 projections, combining the base income generated by the enhanced underlying capabilities with the accelerated sale of business-related equities to achieve *zero* holdings and the resultant capital gains, we project our adjusted net income to reach JPY1tn, representing a 46% year-on-year growth.
  We have always maintained that we will continue selling business-related equities. Consistent with this approach, we have recently decided that business-related equities will be zero in six years with a three-year reduction of 50%. Notwithstanding these targets, we intend to accelerate the sale of business-

related equities as much as possible.

- The second point is our KPI targets under the new medium-term business plan (the "MTP") which began at the start of FY2024.
  We have been expressing our intention to achieve the top-tier EPS growth and raise our ROE to the same level as our global peers while managing volatility. The new MTP also reflects this tune. Our journey will continue.
  More specifically, we aim to achieve an EPS growth of CAGR 8% or more (16% or more including capital gains on business-related equities). With respect to ROE, we aim to achieve a growth of 14% or higher (20% or higher including capital gains on business-related equities).
  What drives these is none other than the growing underlying capabilities of each business line that we have been developing. We will provide more detailed explanations of these issues at the Group Business Strategy to be held on Friday this week.

- The third point is shareholder returns.
  There is no change to our view that shareholder returns should grow in line with the profit growth of our business.
- With this in mind, we have determined to increase our dividend or dividend per share (DPS), which forms a basis of our shareholder returns, from the original plan of JPY121 by +JPY2 to JPY123 for FY2023, given the income exceeded expectations in FY2023. This decision also reflects the fact that the underlying trend of our business remains strong and that our income is growing as I have stated earlier.
  To make our DPS consistent with profit growth as I have explained, we will raise our DPS for FY2024 to JPY159. This represents a 29% growth in DPS, which we consider remaining among the world-class.

- With respect to capital stock, we will continue implementing disciplined capital policy.
  Given that our current ESR is strong at 140%, we currently plan to spend JPY200.0bn for share buybacks in FY2024. We will continue flexibly executing our share buyback plan throughout the year. As the first step toward this, we have today approved share buybacks worth JPY100.0bn.
- CFO Okada will later explain issues concerning our capital policy.

- Now, I will explain our performance, the underlying trend of our business, and KPIs under the new MTP, in a little more detail. Please turn to page 4.

[Top-line results]

- First, let us look at our top-line results.
- In FY2023, net premiums written rose +8% year on year, while life insurance premiums shrank -2%. The underlying trend of overall business remained strong centered on the International business, despite an increase in the surrender and lapse of corporate-owned life insurance at Tokio Marine & Nichido Life Insurance Co., Ltd. (TMNL).

- Against these results, we project a steady +9% year-on-year increase in net premiums written in FY2024, mainly driven by rate increases and the expansion of underwriting.
  On the other hand, we project life insurance premiums to fall by -17%, which appears to be a significant drop. However, it is due to the impact of TMNL ceding their existing policy blocks for reinsurance in April this year.
  TMNL ceded part of its legacy portfolio in the form of reinsurance. This also means that they will take down the corresponding portion from their underwriting reserves. As a result, the impact of the ceding will be nominal.

- Next, I will explain adjusted net income. Please look at pages 5 and 6.

[2023 adjusted net income (actual/normalized bases)]

- As I stated earlier, our adjusted net income in FY2023 on an actual basis was JPY711.6bn, overperforming the projection released in February by +JPY21.6bn. In comparison to the previous fiscal year, adjusted net income grew by +60%.
  This figure, however, reflects noises such as natural catastrophes, fluctuation in the value of business-related equities sold, and reactions to COVID-19. We consider that normalized-basis income excluding these factors is more important in determining our actual capabilities as management.
- On this normalized basis, our adjusted net income in FY2023 was JPY685.5bn, representing an +11% year-on-year growth, which was among the best in the world. In FY2023, we recognized a certain amount of capital losses including provisioning for CECL in North America. The Group's underwriting and investment operations, however, were both strong and we consider that our underlying capabilities are steadily growing.

- Next, I will explain our full-year projections for FY2024. Please turn to page 7.

[2024 adjusted net income projection]

- I have earlier explained that we project our adjusted net income in FY2024 to be JPY1tn and that this amount reflects capital gains to be generated from the accelerated sale of business-related equities.
  Specifically, we plan to sell business-related equities worth JPY600.0bn in FY2024,

which will raise our income by +JPY300.0bn compared with the previous fiscal year.

- With respect to our FY2024 income excluding these capital gains on business-related equities, we *conservatively* project a +2% year-on-year growth given that 1) it will be necessary to increase the natural catastrophe budgets for Japan and overseas from the beginning of the period factoring in the large-scale hail damage in Hyogo Prefecture, among others, and 2) while we posted a large gain of +JPY29.0bn on past reserves takedowns in FY2023, we do not factor these in at the beginning of FY2024.

- Next, I will explain our KPI targets under the new MTP. Please look at page 8.

[New MTP KPI targets]

- I have earlier explained the target figures. We consider that the most important point for us is to realize the top-tier EPS growth excluding capital gains on business-related equities.
  Our EPS growth target is 8% or more on a CAGR basis. It is broken down into a 7% or greater growth through profit growth and a 1-2% growth through share buybacks. This means that the driver of our earnings growth will remain the world's top-class profit growth and this figure is based on organic growth. In other words, we will realize strong growth both in Japan and overseas leveraging the well-diversified underwriting portfolio and strong investment income using the characteristics of our liabilities, while managing volatility.

- Our target ROE under the same definition as before, which includes capital gains from the sale of business-related equities, is 20% or more. Our target ROE when simply excluding from this numerator capital gains from the sale of business-related equities, but the denominator still including capital gains from the sale of business-related equities, is 14% or more, although this is not an apples to apples comparison in terms of the numerator and denominator.
  While our net assets are currently increasing mainly due to higher share prices and the cheaper yen, we will continue raising our ROE to the same level as our global peers through profit growth and the implementation of disciplined capital policy.

- Before I finish my presentation, I would like to again sincerely apologize for the concerns and inconveniences caused to everyone involved in the capital market due to the issues that occurred at Tokio Marine & Nichido Fire Insurance (TMNF) last year.
  We are aware of recent media reports on group insurance. This is part of the issues that occurred last year and included in the business improvement plan we submitted to the Japan Financial Services Agency ("JFSA") at the end of February.

We are already dealing with this issue through various initiatives.
We will provide detailed explanations of the prevention measures we will adopt and how we will transform the company at the Group Business Strategy to be held on Friday this week.

- Looking back on the previous MTP period which ended at the end of March this year, various challenges occurred throughout the world. We dealt with and overcame these challenges, bringing together the power of the entire Group each time we faced difficulties with a strong resolve to make something out of these challenges. I think we steadily improved our underlying capabilities through overcoming these challenges.
  We understand that the current business environment is not easy at all; however, we will manage our business on the back of our strong business foundation and our abilities to overcome and to respond to difficulties, which we have developed through the time of crises, with a strong desire to achieve the top-tier EPS growth and to raise ROE in the next three years and beyond.
- I will appreciate your continued support for the Tokio Marin Group.

## 2. Presentation by CFO Okada

[Shareholder returns]

- I am CFO Okada. As the final part of this telephone conference, I will explain our shareholder returns. Please look at pages 9 and 10.

- I would like to reiterate that the basis of our shareholder returns is dividends, and we intend to continue increasing DPS in line with our profit growth.
- For FY2023, we have recently determined to increase our DPS by +JPY2 from the original plan to JPY123, representing a DPS growth of 23%.
  This reflects the stronger-than-expected adjusted net income in FY2023 compared with the original projection and November projections which were used as the premises for DPS. This result was supported by the strong underlying trend especially in the International business, despite a certain degree of negative impacts of factors such as natural catastrophes and capital losses in North America.

- The new MTP started in April this year. In FY2024, which is the first year under the new MTP, we will maintain our capital policy of keeping a payout ratio at 50% of the five-year average adjusted net income. This means that, based on the planned adjusted net income of JPY1tn in FY2024, our DPS for FY2024 will be JPY159, an increase of +JPY36 from the previous year, representing a DPS growth of +29%.
- Going forward, we will introduce the International Financial Reporting Standards (IFRS) at the end of FY2025 as well as the Insurance Capital Standard (ICS). This will necessitate a review of various indicators, including profit and their definitions from FY2026. What will come out of the review is still unclear. I am hoping to explain various indicators, their definitions, and our shareholder return policy based on these, in the autumn of 2025, six months before the introduction of IFRS, after having internal examinations and careful dialogues and discussions with capital market participants. We intend to have a comprehensive review including the level of payout ratio to continue realizing the top-tier EPS growth and DPS growth consistent with it even after the introduction of IFRS.

- Next, I will explain adjustment to capital stock.
- There is no change in our previous approach to capital policy. That is, we will use the capital generated through organic growth and portfolio reviews primarily for, M&As and risk-taking initiatives that will help improve our ROE. If there is no such opportunity, we will buy back our shares because we do not plan to accumulate capital unnecessarily.
- Bearing this in mind, we currently have a plan to spend JPY200.0bn in share buybacks in FY2024. This plan was made comprehensively considering M&A

projects in the pipeline, our business environment, and other matters, and given the strong current ESR of 140%. As the first step toward implementing this plan, we approved share buybacks worth JPY100.0bn today.

- I would like to note that share buybacks account for “1-2%” of the target EPS growth under the new MTP. The scheduled amount of share buybacks in FY2024 is deemed consistent with this policy. We have also factored in the fact that it is a common practice among global peers to repurchase shares worth about 2% of their market capitalization.

- Under the new MTP, we will steadily implement our business strategies, raise our EPS and ROE while managing volatility, and meet the expectations of capital market participants. We appreciate your continued support for the Tokio Marine Group.
- Thank you for listening.

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