

November 19 (Wed.) 17:00-18:00 Presentation Script for FY2025 2Q Results Conference Call

CFO Okada's Presentation

- Good afternoon or good evening, everyone. I am Okada. Thank you very much for joining this conference call today despite your busy schedules. I also want to express my gratitude for your continued support of Tokio Marine.
- Let's get started.

[Key Messages]

- Please turn to page 3. There are three key points we want to communicate to you today.
- The first point is our recent business momentum.

Our 1H results remain strong, due to the decrease in Nat Cats and the steady impact of rate increases for Japan P&C, along with strong underwriting performance of the International business, including North America and Brazil.

As we paid close attention to the North American credit investment, capital losses were below projections. The sale of business-related equities reached JPY580.0bn in 1H, thereby accelerating disposals ahead of the original projections. I believe the investment and capital-related items are making steady progress overall.

- The second point is about full-year profit outlook.

As I explained, underwriting performance remains strong, and capital losses are below projections for North American credit investment. However, there has been a profit decline due to market fluctuations, i.e., factors outside our business performance, such as negative FX impacts between USD and GBP, and the recognition of increased insurance liabilities from falling interest rates as losses for Asian life.

In addition, we rebranded the direct channel “E. Design Insurance” as “Tokio Marine Direct Insurance (TMDI)” as of October 1st, and we are currently actively promoting it, including through advertising. These forward-looking costs are also expected to rise.

As a result, full-year projections excluding business-related equities on an actual basis are revised downward by -JPY28.0bn to JPY672.0bn. However, full-year profit projections including business-related equities, which are the source of dividends, are revised upwards from the original projections by +JPY10.0bn to JPY1.11tn to reflect the accelerated disposals.

- On a normalized basis, which excludes one-off effects, such as capital gains and losses from North American credit investment and business-related equities as well as FX impacts between

foreign currencies, the forecast is revised downward by -JPY20.0bn from the original projections, primarily due to a profit decline in Asian life and higher advertising expenses at TMDI.

- The third point is about shareholder returns. There is no change in our view that the expansion of shareholder returns should be consistent with the profit growth of our business.
- Our FY2025 adjusted net income projection on an actual basis including gains from the sales of business-related equities, which constitutes the source of dividends, was revised upward. Therefore, DPS for FY2025 has also been revised up by +JPY1 from the original projection of JPY 210 to JPY211.

- Furthermore, we will continue to implement disciplined capital stock adjustment.

In short, the capital generated will be used for M&A and risk-taking that contribute to improving our ROE. If we do not have such opportunities, we will carry out share buybacks.

- Our current ESR is robust at 155%.

Recently, we announced the acquisition of a collector vehicle (CV) insurance business by PHLY. The acquisition amount was USD615mn. We also have several projects in the M&A pipeline. In addition, we have stated that we will achieve approx. +2% EPS growth through share buybacks, and market capitalization is also increasing.

Considering these factors comprehensively, we have decided to increase share buybacks in FY2025 from the original announcement of JPY220.0bn to JPY240.0bn.

- These are the key messages. Now let me explain some details.

Please turn to page 4.

[Top-line results]

- Let us start with the top-line results.
- All figures shown exclude FX effects. 1H net premiums written increased by +4.0% YoY, slightly below the original projections. While Japan P&C continued to benefit from rate increases, the result was offset by a softening trend in some international lines, where we screen risks based on the rate environment and focus on the bottom line.
Life insurance premiums decreased by -3% YoY due to the impact of the block reinsurance transaction executed by TMNL in April 2025, but International underwriting is strong, exceeding the original projections.
- Considering the 1H results, full-year projections for net premiums written and life insurance premiums are revised to +4% and +62% YoY, respectively.
- I will now explain the adjusted net income. Please turn to page 5.

[Assessment of 2Q adjusted net income]

- Group adjusted net income for 1H was JPY755.0bn, or JPY367.2bn excluding capital gains from the sale of business-related equities. These are steady progress rates vs. original projections, at 69% and 52%, respectively. The results were driven by the strong underwriting performance in Japan and overseas, and less-than-expected capital losses from the North American credit investment.

I will explain the results for each business unit.

- First, let us look at Japan P&C. The progress rate was higher than original projection despite the impact of higher-than-planned auto accident frequency and effect of large loss in specialty, due to the decrease in Nat Cats compared to the average year and steady impact of rate increases for auto and fire, as well as the decrease in hedging costs due to the narrowing interest rate gap between Japan and the U.S..
- We implemented the Auto rate increase of +8.5% in October 2025 ahead of our peers. However, the impact of the rate increase on the number of policy renewals was limited, as projected, thanks to the agents' solid customer relationships.

We will continue to flexibly implement revisions according to the trend of loss cost.

- Next, the International business. Although there were factors that negatively affected income, such as the impact of LA wildfires in January and the negative FX impact between USD and GBP, these were partly offset by strong underwriting in key entities, including North America and TMSR (Brazil), and less-than-expected capital losses on credit investments in North America. Accordingly, the results were mostly in line with the projections.
- I will now move to the full-year projections considering the current conditions. Please turn to page 6.

[Full-Year Adjusted Net Income Projections (Actual Basis)]

- The full-year adjusted net income on an actual basis is revised downward by -JPY28.0bn vs. the original projection to JPY672.0bn, excluding capital gains from the sale of business-related equities.
- As I explained earlier, the strong underwriting performance for the International business and the decrease in capital losses in North America contributed to higher profits, while factors such as the FX impact between foreign currencies, profit decline in Asian life, and increased advertising expenses at TMDI reduced profits.
- The adjusted net income, including capital gains from the sales of business-related equities, is expected to be revised upwards from the original projections by +JPY10.0bn to JPY1.11tn to reflect the accelerated disposals of business-related equities.

- Full-year projections on a normalized basis, which present our actual business capabilities, are shown on page 7. As the figures exclude one-off effects, such as capital gains and losses from North American credit investment and business-related equities as well as FX effects between foreign currencies, the forecast is revised downward by -JPY20.0bn from the original projections, mainly due to the profit decline in Asian life and increased advertising expenses at TMDI.
- Next, I will explain our shareholder returns. Please look at page 8.

[Shareholder returns]

- As communicated so far, the basis of our shareholder returns is dividends, and our policy is to continue increasing DPS in line with our profit growth.
Our FY2025 adjusted net income projection on an actual basis, including gains from the sale of business-related equities, was revised upward by +JPY10.0bn, as explained earlier. DPS for FY2025 has also been revised up by +JPY1 from the original projection to JPY211, with a DPS growth of +23% YoY.
- Next, please turn to page 9.
Our approach toward capital stock adjustment and share buybacks as a means of doing this remains unchanged. In short, we will execute M&A and risk-taking transactions that contribute to improving our corporate value and ROE. If we do not have such opportunities, we will carry out share buybacks.
- At the beginning of the presentation, I referred to PHLY's bolt-on M&A of a collector vehicle (CV) insurance business. The deal summary is provided on page 10. This is a niche auto insurance, which is PHLY's strength. The vehicles are driven carefully by enthusiasts, so the loss ratio is low, at approx. 50%. As the number of baby boomer retirees increases, the market is expected to continue robust growth.
- PHLY has acquired the business from Ignyte, the No. 2 player in this area.
I believe the acquisition will enable PHLY to enhance its expertise, including underwriting know-how, and further accelerate its profit growth.
- We also have multiple M&As in the pipeline, and our current ESR is strong at 155%.
As we seek to achieve approx. +2% EPS growth through share buybacks, our market capitalization has exceeded JPY12tn as of the end of September 2025.
Considering these perspectives comprehensively, we have decided to increase share buybacks in FY2025 from the original announcement of JPY220.0bn to JPY240.0bn.
Specifically, JPY110.0bn is already approved and executed, and the Board of Directors approved the execution of the remaining JPY130.0bn today.

As we announced in today's news release, we plan to repurchase all of JPY130.0bn through a tender offer for our own shares.

- Lastly, I will explain the sale of business-related equities. Please look at page 11.
Originally planned sale for FY2025 was JPY600.0bn. However, given the progress on the sale agreement and the rise in the stock price, we are revising the plan upwards by +JPY60.0bn to JPY660.0bn.
Under the current medium-term plan, we are making steady progress towards the milestone of halving the end of FY2023 balance by the end of FY2026 and reduce it to zero by the end of FY2029.

[In conclusion]

- That is all for me.
- We will continue to endeavor to achieve top-tier EPS growth with a high degree of certainty, driven by globally diversified, low-volatility, and robust underwriting, which generates strong income profits. With EPS growth and disciplined capital policy, we will further increase ROE.
- We very much appreciate your continued support.

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