

# New Mid-Term Management Plan (Domestic Life / Nursing Care & Seniors Business)

July 19, 2021

Sompo Holdings, Inc.



## Domestic Life Business

Growth performance of Domestic life business in SOMPO group	4
Results of prior Mid-Term Management Plan	
- Strategy & Outcome	5
- Outcome of new growth strategy	6
Overview of New Mid-term Management Plan (FY2021 - FY2023)	7
Growth plan of adjusted profit and MCEV in New Mid-term Management Plan	8
Growth Strategy in New Mid-Term Management Plan	
- New Customer Creation and Sales Plan	9
- New Customer Creation and Growth investment	10
- New Customer Creation and Health-Supporting Customer Experience	11
- Business cost planning through low-cost operation	12
- Capital efficiency improvement	13
(Reference) SOMPO Himawari Life's New Value "Insurhealth®" for Society	14
(Reference) Composition ratio by sales channels	15
(Reference) Results of productivity improvement	16
(Reference) Portfolio of general account investment asset	17
(Reference) Low-cost operation strategy	18

## Nursing Care & Seniors Business

Goal of Nursing care & Seniors business	20
Business Environment	21
SOMPO's position in the nursing care industry	22
Review of the prior Mid-Term Management Plan	23
Strategy Overview	24
Providing Support as Nursing Care Operator	26
Supporting by the Ecosystem	27
Supporting Active Seniors	28
RDP in nursing care	29

## Announced on May 26, 2021

### SOMPO Holdings New Mid-Term Management Plan Overview

SOMPO's Purpose and the New Mid-Term Management Plan	32
Management Targets	33
Main KPIs	35

MTMP: Mid-Term Management Plan

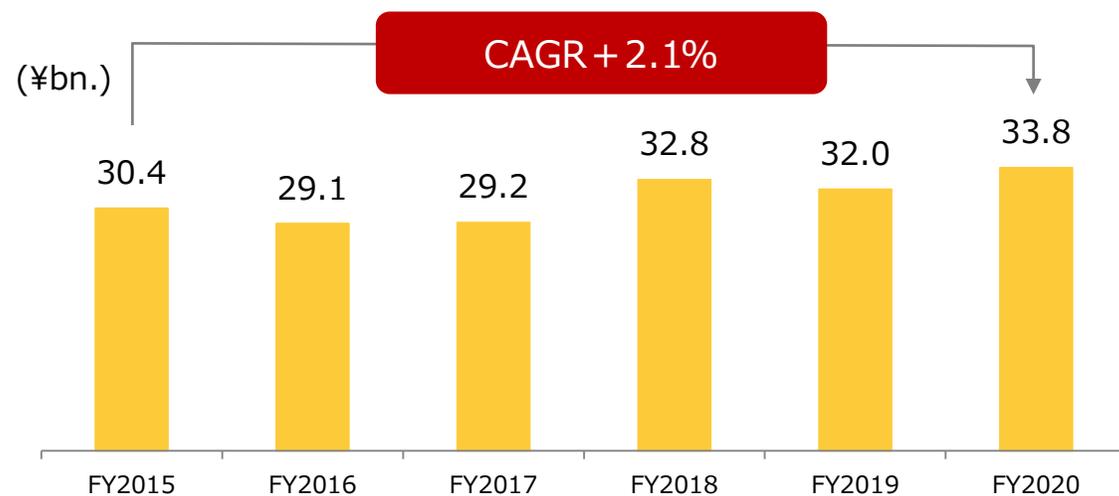
# Domestic Life Insurance Business



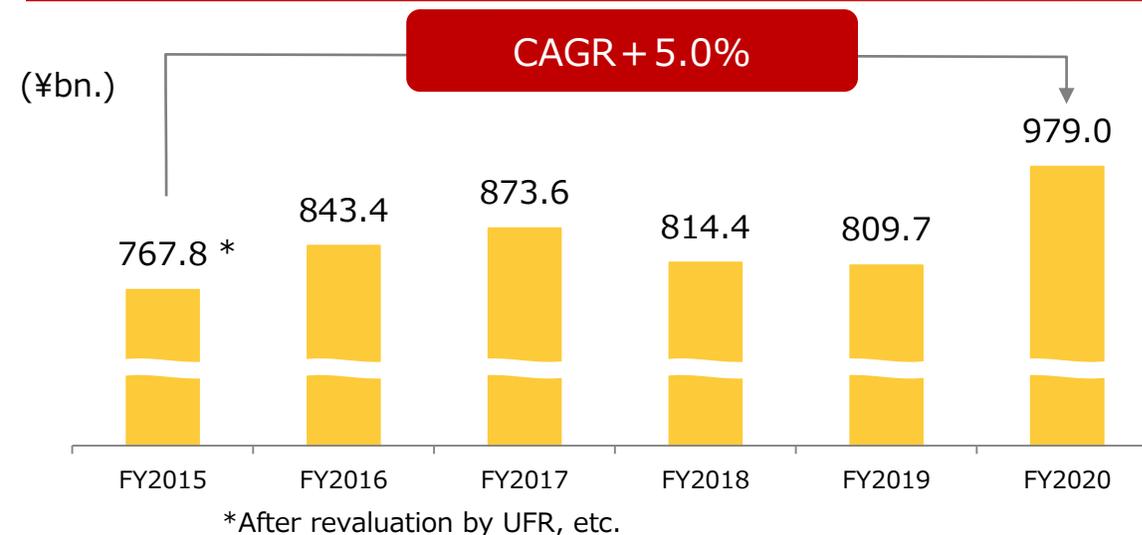
# Growth Performance of Domestic Life Business in SOMPO Group

- Stable growth in adjusted profit at CAGR of +2.1%
- MCEV (adjusted capital based on economic value at Himawari life) grew at a CAGR +5.0% to nearly ¥1tn.

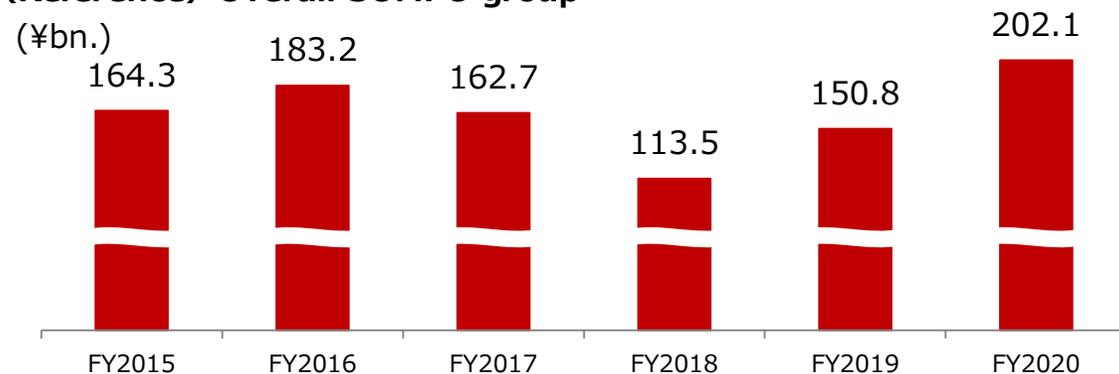
## Results of adjusted profit



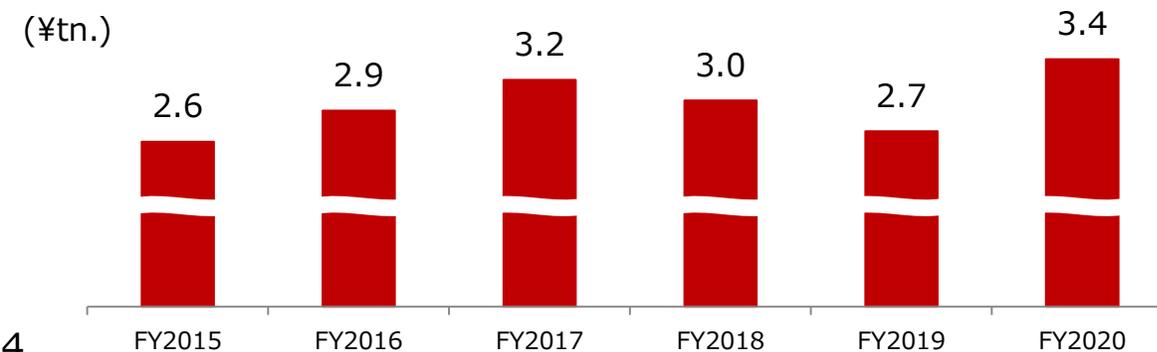
## Results of MCEV



## (Reference) Overall SOMPO group



## (Reference) Overall SOMPO group (adjusted capital based on economic value)



# Results of prior Mid-Term Management Plan - Strategy & Outcome

- Aiming to transform into “Health Support Enterprise” through two major strategies: “New growth strategy” and “Discontinuous productivity improvement”
- Achieve record-high FY2020 adjusted profit by expanding premium income and controlling general operating expenses

FY2016

FY2017

FY2018

FY2019

FY2020

## New growth strategy

- Development of health-supporting products, Insurhealth®
- Attracting new customers through healthcare services

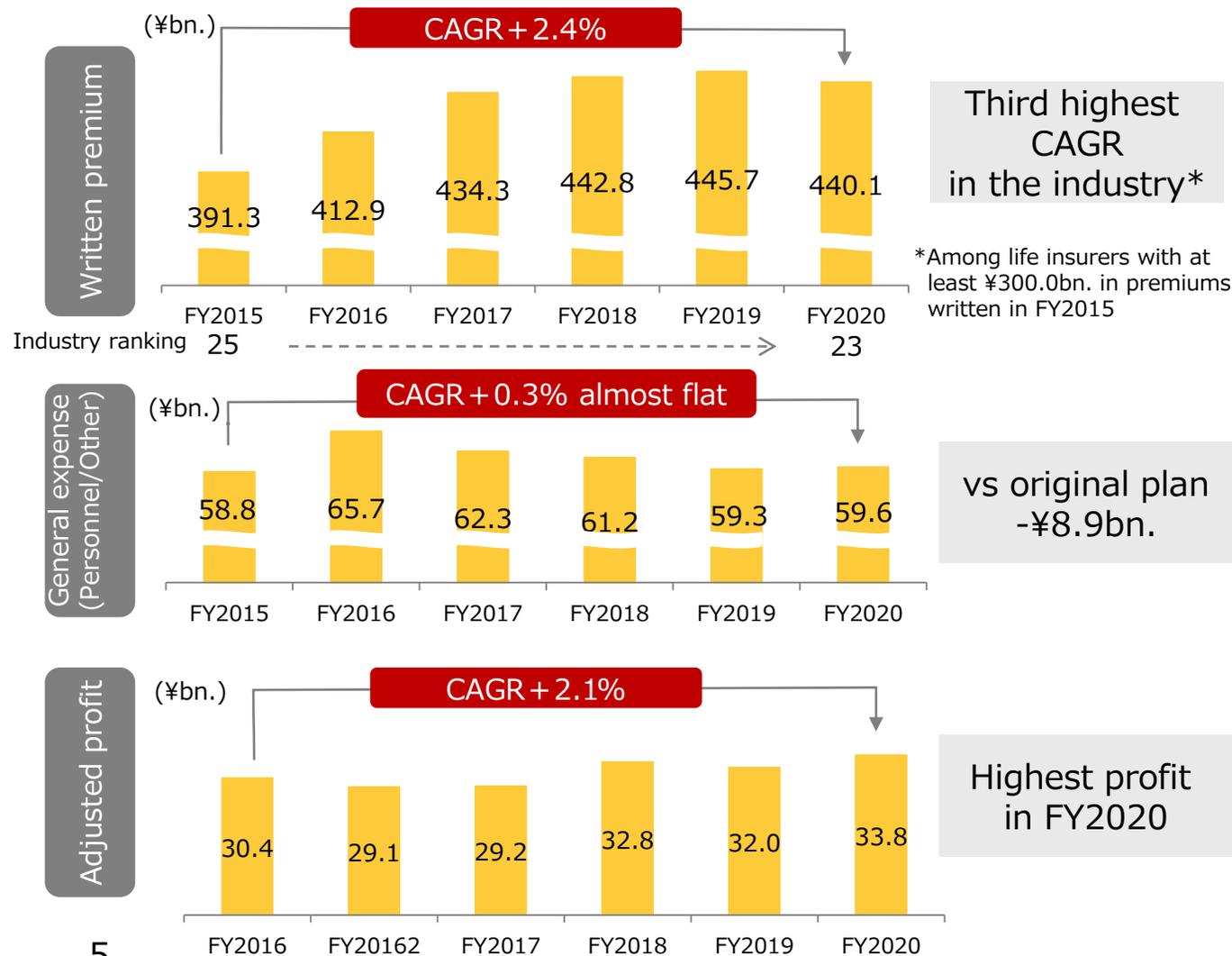
**Outcome:**  
Ref. next page

## Discontinuous productivity improvement

- Administrative strategy
- Personnel structure reform / New work style

Outcome of productivity improvement:  
Ref. page 16

Transformation into Health Support Enterprise

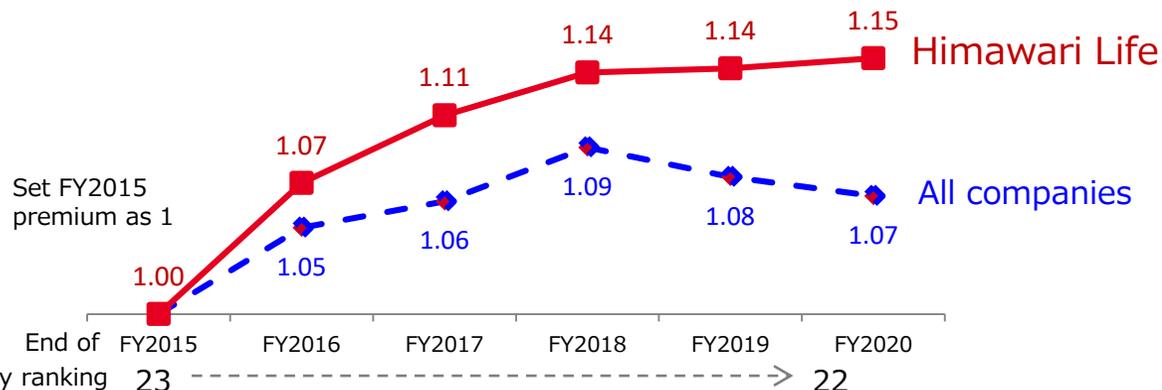


# Results of prior Mid-Term Management Plan - Outcome of New Growth Strategy

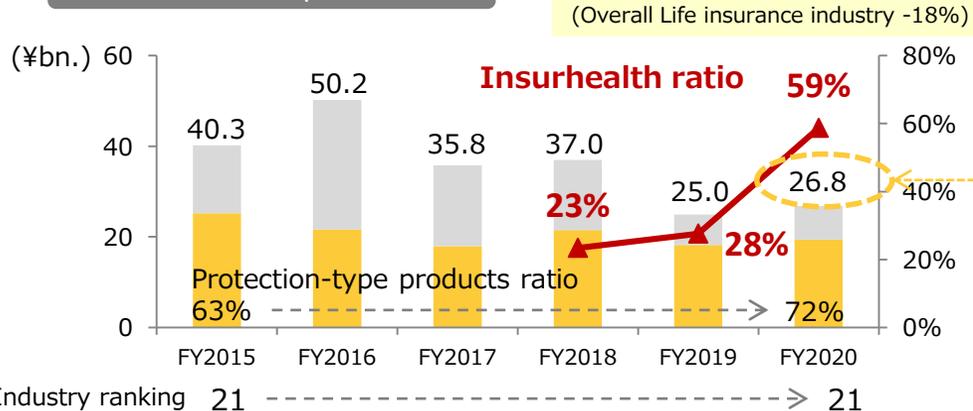
- Achieved CAGR of 5.0% in MCEV by increasing policies in force while maintaining a sales strategy focused on protection-type products
- Launched Insurhealth® in FY2018,\* a unique product that combines insurance and healthcare functions. We are working to expand sales.

## Annualized premiums (policies in force / new business)

Annualized premiums of policies in force (vs end of FY2015)



Annualized new premiums

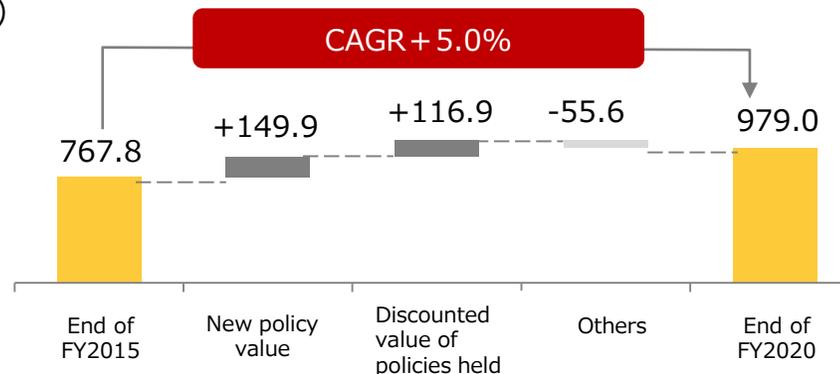


Composition by sales channels Ref. page 15

## MCEV

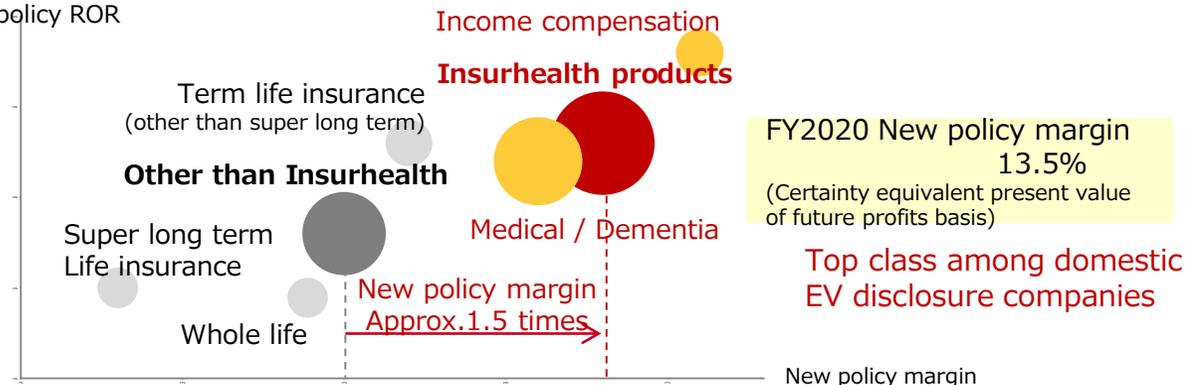
Insurhealth® Ref. page 14

(¥bn.)



(Reference) Profitability by products

New policy ROR





# Overview of New Mid-term Management Plan (FY2021 - FY2023)

- Accelerate the provision of Insurhealth® value, the foundation of which was stated in the prior mid-term management plan, through growth strategies
- Aim to establish “Health Support Enterprise” that creates both social and economic value by continuing to promote healthier customers

## Vision

Expand the value of Insurhealth® in the market and create new customers

**FY2021****FY2022****FY2023****3 pillars of growth strategy****New customer acquisition**

- Expand top line by providing Insurhealth value
  - Growth investment
  - Growth driven by Insurhealth
  - Accelerating growth through Himawari brand, digital and data

Annualized new premiums  
¥50.0bn.\*<sup>1</sup>  
Insurhealth ratio 80%

Written premiums ¥487.7bn.  
(CAGR + 3.5%)

**Low-cost operations**

- Reduce fixed business cost
  - New work style (Administrative reform, Location strategy)

Policies in force 5.0mil.  
(vs FY2020 +740,000)

Reduce fixed business cost -¥4.0bn.  
(vs FY2020)

**Capital efficiency enhancement**

- Reduce interest rate risk
  - Increase purchases of super-long-term bonds
  - Product strategy based on risk & return

ALM investment asset\*<sup>2</sup>  
¥300.0bn./year  
(vs FY2019 +¥100.0bn.)

## Establishing “Health Support Enterprise”

**Create social value**

Delivering the value of Insurhealth and continue to make our customers healthier

**Create economic value**

Adjusted profit over  
**¥40.0bn.**  
Segment ROE\*<sup>3</sup> **5.7%**

\*1 Sales performance basis (internal standard)

\*2 30-year bond equivalent

\*3 An index whose denominator is the intermediate value between the beginning and end of the year of capital allocated by SOMPO Holdings based on the total amount of risk on an economic value basis, and whose numerator is adjusted profit



# Growth Plan of Adjusted Profit and MCEV in New Mid-term Management Plan

- Aim for adjusted profit of over ¥40.0bn. in FY2023 through a growth strategy to establish “Health Support Enterprise”
- Aim for MCEV, which is adjusted capital based on economic value, to be at least ¥1.15tn.

## Variation factors of adjusted profit

(¥bn.)

CAGR over +5.8%

Growth strategy to establish “Health Support Enterprise”

Increase  
top-line

Expense

Growth  
investment

Low-cost  
operations

Others

over  
40.0

33.8

+8.5

-3.8

+2.8

-0.4

FY2020  
(actual)

FY2023  
(plan)

## Variation factors of MCEV

(¥bn.)

CAGR over +5.5%

New policy  
value

Discounted value  
of policies held

Decrease in valuation  
difference on investment  
securities, etc.

over  
1,150.0

+160.0

+70.0

-59.0

979.0

FY2020  
(actual)

FY2023  
(plan)

# Growth Strategy in New Mid-Term Management Plan - New Customer Creation and Sales Plan

- Build a highly efficient sales model driven by Insurhealth® and accelerate growth through branding promotion, digital and data
- Expand sales volume to ¥50.0bn.\*<sup>1</sup> in FY2023, increase Insurhealth® ratio to 80%, and create economic value (adjusted profit, MCEV)

\*1 Sales performance basis (internal standard)

## Top-line expansion

Growth investment

Ref. next page

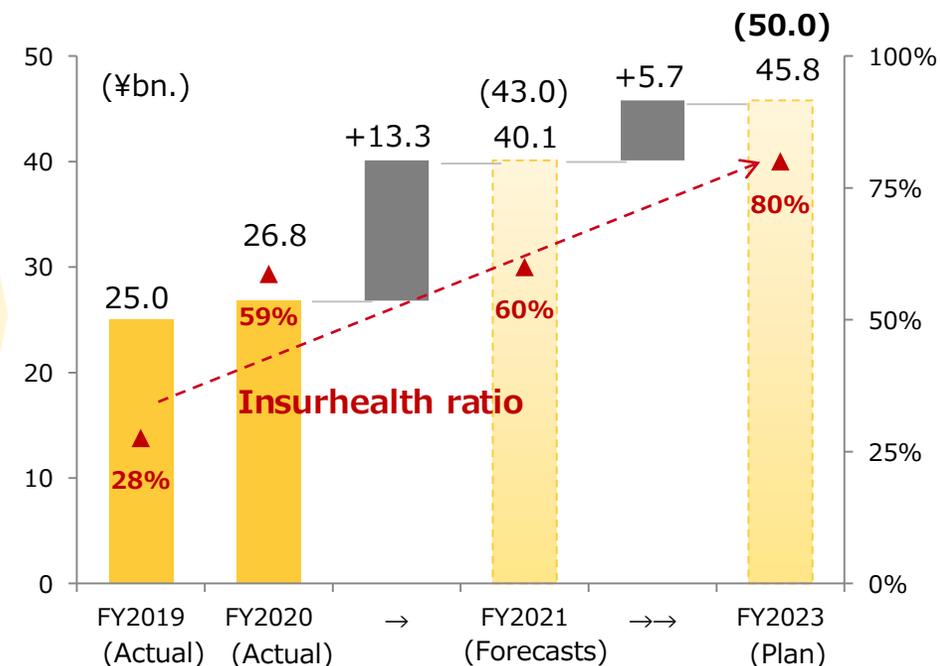
Strengthen new market development	Continue to strengthen sales management by using lists of potential customers for each branch (Monitor the number of target recipients, actions taken, and renewal rate)
Human resource development to strengthen sales and practical skills	Training marketing staff to produce high quality advisor (HLA* <sup>2</sup> :Himawari Life Advisor)
High profit Insurhealth products	Insurhealth product profitability* is approximately 1.5 times that of other products *FY2020 actual New business margin (value of new business / present value of premiums written)

Digital/Data

Branding/Promotion  
strategy

New work style/  
Sales productivity  
improvement

Disclosure basis Annualized new premiums  
Inside of ( ) is internal standard sales performance basis



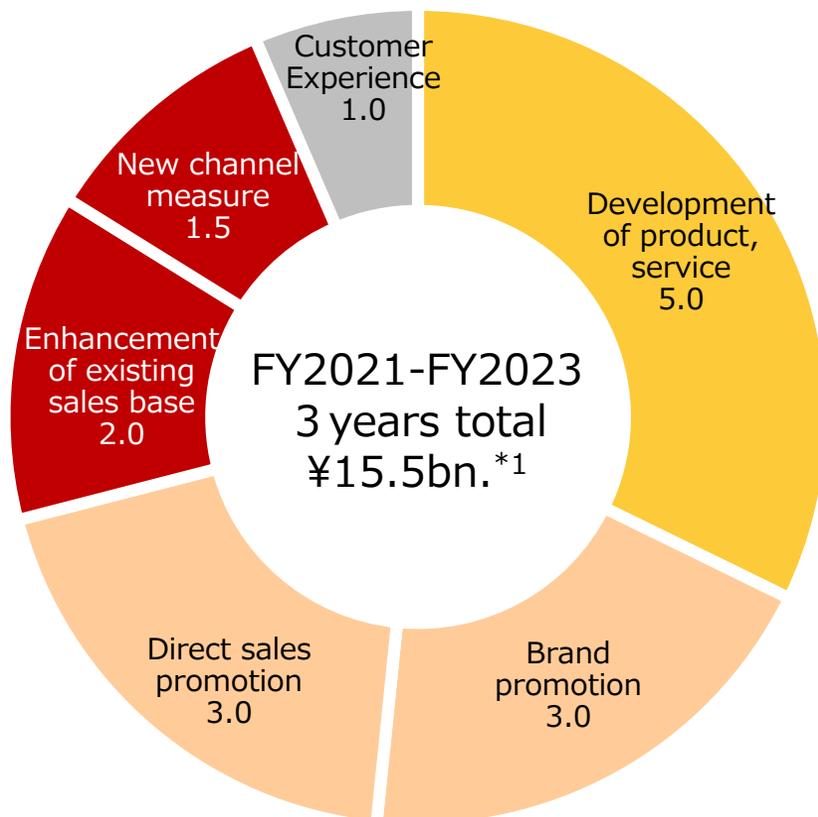
\*2 HLA: An advisor who is certified by our company's standards to have high customer-oriented consulting skills and to support the health of customers by providing the value of Insurhealth



# Growth Strategy in New Mid-Term Management Plan - New Customer Creation and Growth investment

- Investment for growth to create new customers will total ¥15.5bn. for 3 years\*<sup>1</sup>
- Growth investment is expected to be recovered in 3 years on EV basis and 5 years on adjusted profit basis due to the effect of increased revenue from new contracts

## Breakdown of growth investment for new customer creation



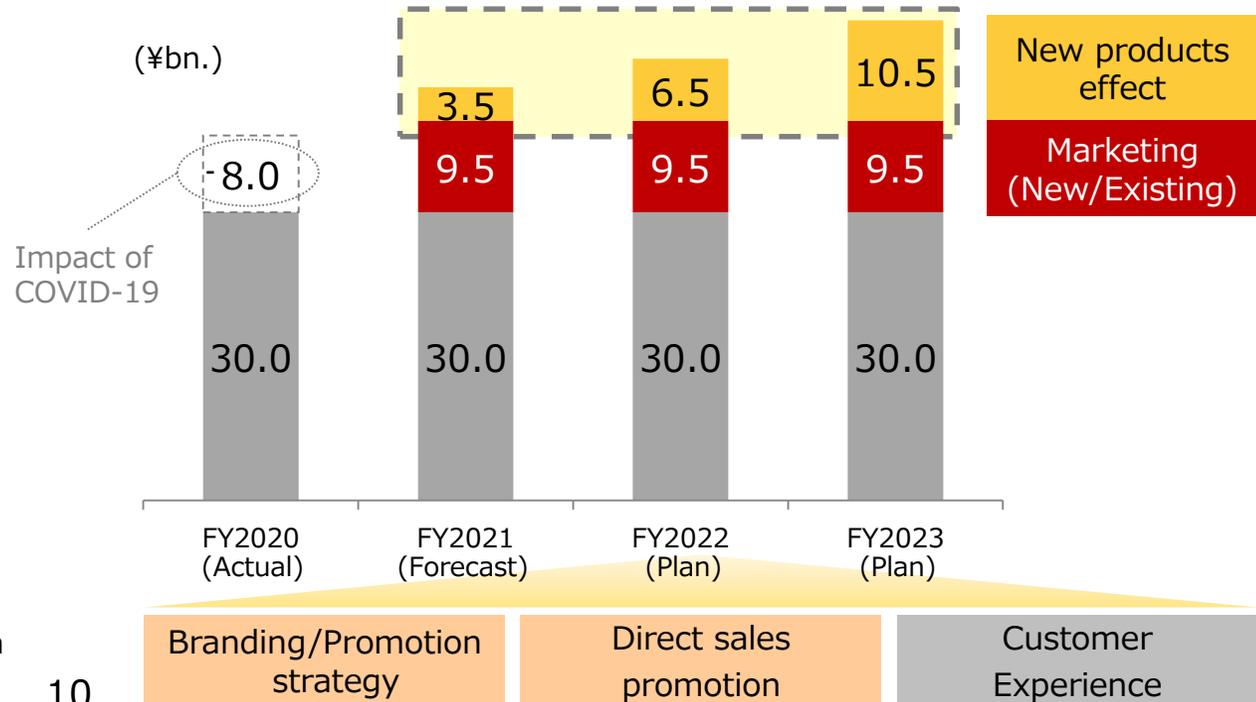
\*1 Including ¥4.0bn. In capitalized portion  
¥11.5bn. On P/L cost basis

## Effect of investment

Investment payback period due to increase in annualized new premiums\*<sup>2</sup>  
 ■ EV basis: 3 years ■ Adjusted profit basis: 5 years

\*2 Increase in revenue exceeding the impact of COVID-19 in FY2020 (¥-8.0 bn.)

Sales plan(annualized new premiums)  
Sales performance basis (internal standard)



# Growth Strategy in New Mid-Term Management Plan - New Customer Creation and Health-Supporting Customer Experience

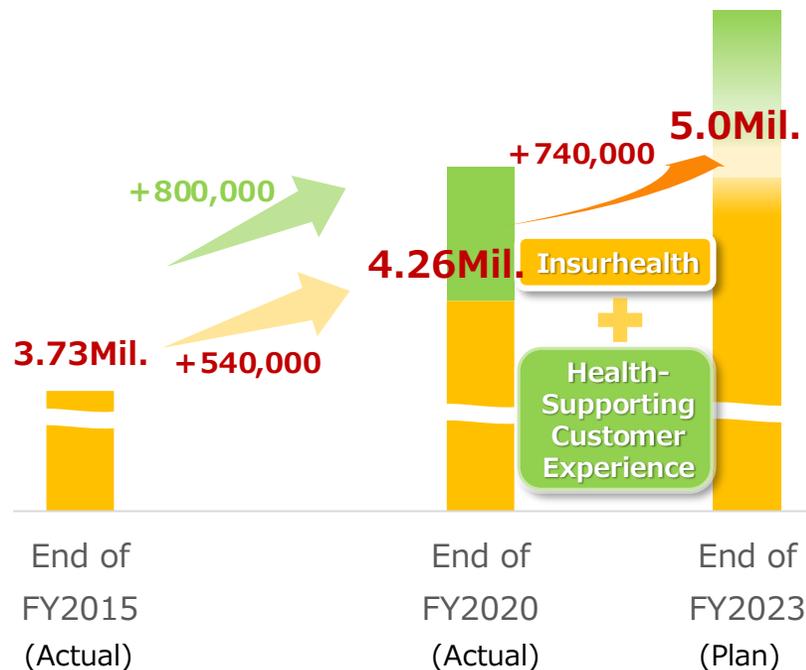
- Data-based Health-Supporting Customer Experience\*1 lead to insurance enrollment even from healthcare service users
- Providing the value of Insurhealth® to more customers and creating social value that contributes to the maintenance and improvement of health

\*1 Communication activities to make customers healthier by providing the value of Insurhealth

## Increase in customers (policies in force)

### ◆ Projection of policies in force

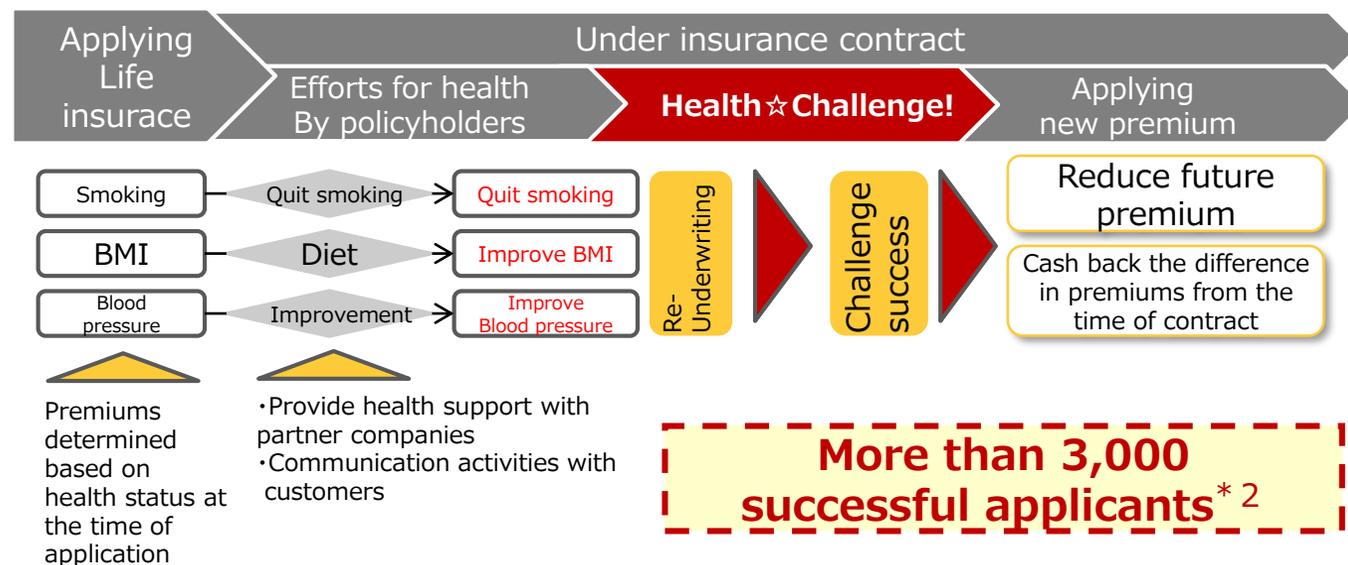
- Number of policies
- Number of Healthcare service users



Expansion and creation of Himawari fans and establishment of data-driven Health-Supporting Customer Experience

- Strengthen Health-Supporting Customer Experience using accumulated insurance policy data, "Health☆Challenge!" and health data from healthcare services
- In addition to regular new marketing activities, acquire customers even from healthcare service users

### ■ "Health☆Challenge!" system to support customers health with Insurhealth products



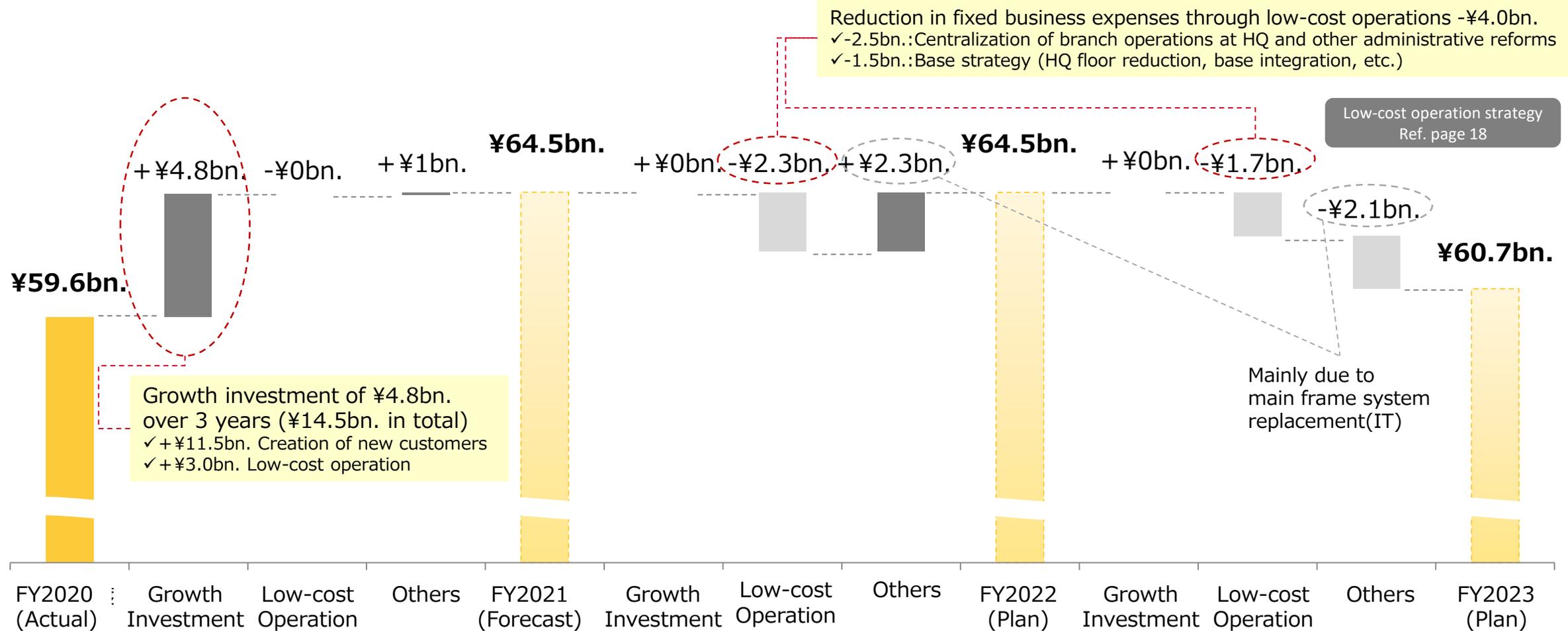
\*2 May 2020 – June 2021(Actual)



## Growth Strategy in New Mid-Term Management Plan - Business Cost Planning through Low-cost Operation

- Growth investment for low-cost operation totaling ¥3.0bn. for 3 years
- Expected fixed business cost reduction of ¥4.0bn.

### Changes in business expenses during the New Mid-Term Management plan





# Growth Strategy in New Mid-Term Management Plan - Capital Efficiency Improvement

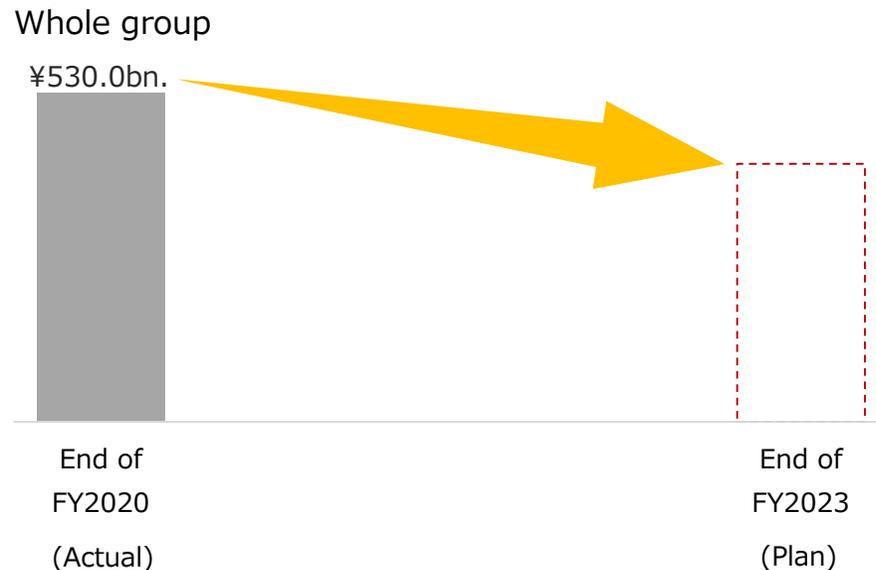
- Expanded purchase of super-long-term bonds to ¥300.0bn.\* per year to reduce interest rate risk, while continuing to control interest rate risk on the liability side
- Improve ROE of the domestic life insurance business by reducing capital requirements through interest rate risk reduction, thereby contributing to the improvement of the Group's capital efficiency

## Domestic interest rate risk reduction policy

Expanded purchase of super-long-term bonds to ¥300.0bn.\* per year, reducing the amount of interest rate risk

\*30-year bond equivalent

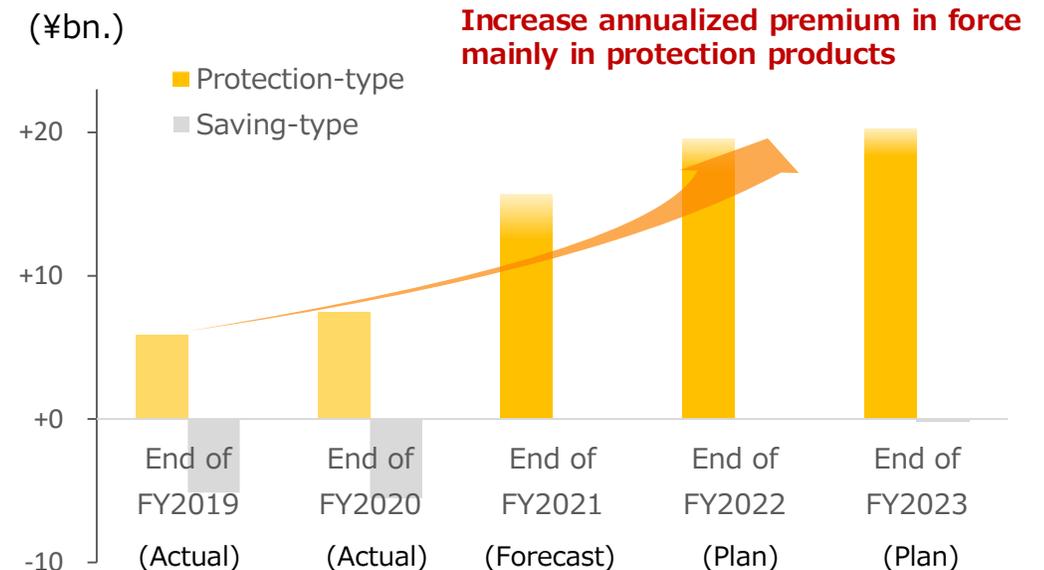
### Interest Rate Risk Amount Control



## Risk management in product development, etc.

- Product development based on risk and return (new policy ROR), and reflection in evaluation indicators
- Increase the portfolio of protection type products that maintain smaller exposure to interest rate risk

### Annualized premium in force (net increase)





# (Reference) SOMPO Himawari Life's New Value "Insurhealth®" for Society

Moving into the era of **Insurehealth**,  
where insurance makes people healthier



Life insurance originally played a complementary role to social security systems, but with the emergence of social issues such as the declining birthrate and aging population, the environment surrounding us is changing dramatically.

SOMPO Himawari Life believes that the form of life insurance coverage should be changed to include not only conventional risk management based on medical treatment, but also preventive medicine and wellness management to extend healthy life expectancy.

## 【In case something happens】 + 【Don't let anything happen】

Insurhealth concept is to protect customers from two perspectives. Since the prior mid-term management plan, we have been creating new value by developing eight Insurhealth products to expand and penetrate the market with this new risk and wellness management.

### ■ Product line-up of Insurhealth (As of end of June 2021)

- (1) Jibun to Kazoku no Omamori (income protection insurance with no cancellation refund)
- (2) Linkx Cross Pink (cancer diagnosis insurance for women)
- (3) Smile wo Mamoru Dementia Insurance (limited declaration type bone fracture treatment insurance with no cancellation refund during the payment period)
- (4) Nine Guard, Nine Guard + (comprehensive life disability insurance with no cancellation refund, comprehensive life disability insurance)
- (5) Medical insurance Blue for diabetics (medical insurance for diabetics with lump-sum benefits)
- (6) Comprehensive welfare group term insurance (non-dividend type comprehensive welfare group term insurance)
- (7) Medical insurance to support health Kenko no Omamori (Medical Insurance (MI-01))
- (8) Suwan Toku Cancer Insurance (Whole Life Cancer Insurance C1)

## Health-Supporting Customer Experience through after-sales service

In addition to the existing life insurance functions and health support functions through healthcare services, we will focus on Health-Supporting Customer Experience as a new value of Insurhealth, with the aim of providing customers with the experience of improved health.

With Health-Supporting Customer Experience, we will strengthen follow-up services for customers who have enrolled in our insurance products, and aim to establish a "Customer Experience" for customers to become healthier by deepening their understanding of health and leading to behavioral changes toward health.



# (Reference) Composition Ratio by Sales Channels

- Expand sales by offering the value of Insurhealth® to customers through a variety of channels, including sales channels shared with P&C insurance and proprietary life insurance sales channels.
- Aim to build a highly efficient sales model by developing high quality advisor (HLA) and cultivating new markets and channels.

## Annualized new premium Composition by sales channels

### Actions for proprietary life insurance sales channels

#### <Life insurance professionals>

- Promote differentiation of medical and income compensation insurance by Insurhealth (Health☆Challenge! etc.)

#### <Tax accountants group>

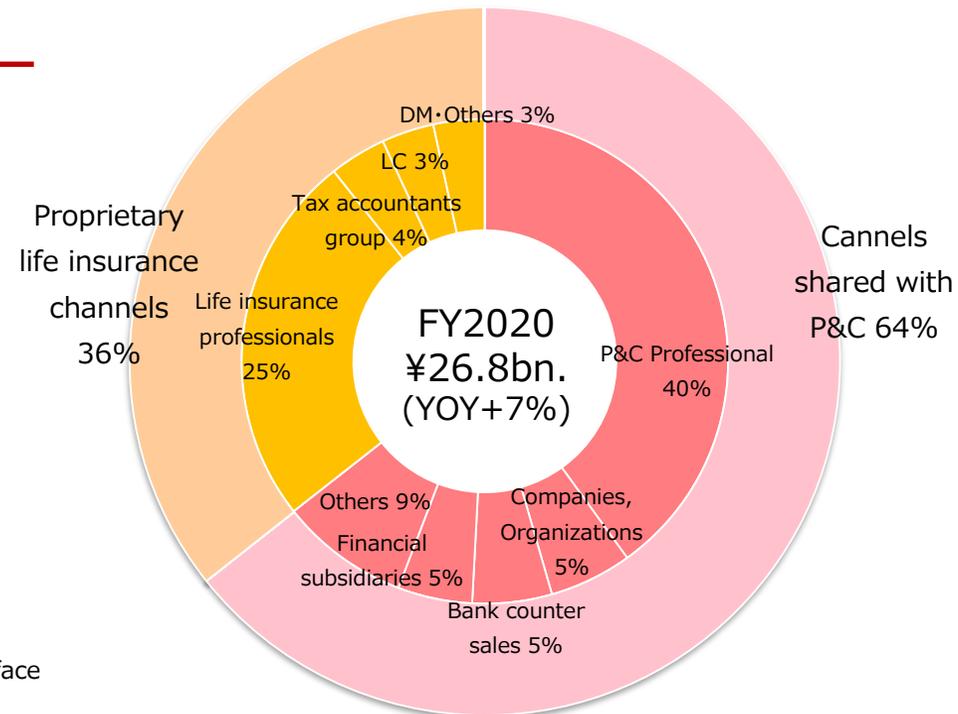
- Promotion of debt pay back guarantee plan to meet manager's needs under COVID-19 situation

#### <Life Counselors(LC)>

- Strengthen alliances with market holders (Companies, organizations, financial institutions, tax accountants, etc.)

#### <Direct Marketing(DM)>

- Promotion of online products to meet non-face-to-face needs in COVID-19 situation
- Strengthening the brand through Insurhealth promotion



### Actions for sales channels shared with P&C

#### <P&C professionals>

- Strengthen training system for high quality advisor(HLA)
- Improving sales efficiency by accelerating the consolidation and elimination of agents (Number of agents approx.30% less vs FY2015)

#### <Companies/Organizations>

- Proposals that combine services such as support for healthy management
- Promote untapped markets through LC alliances

#### <Bank counter sales>

- Expansion of sales network (transactions with about 80% of financial institutions)
- Top market share for income compensation insurance for three consecutive years starting from FY 2018

#### <Financial subsidiaries>

- Promotion of sales of protection-type products under COVID-19 situation



# (Reference) Results of Productivity Improvement

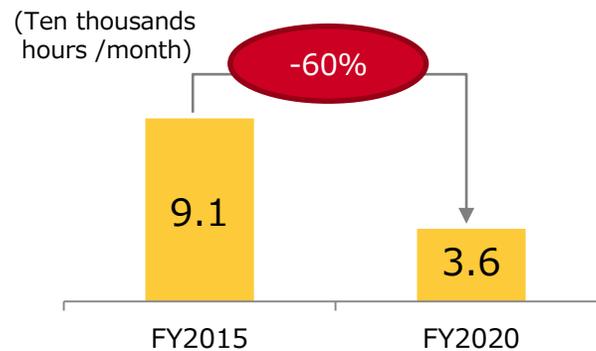
- Through administrative strategies such as paperless and centralizing branch office operations at the HQ, branch office operations decreased significantly by 60% compared to FY2015
- Achieved a 13% decrease in operating expenses compared to the initial plan, in combination with the effects of personnel structure reform and New work style

## Administrative strategy

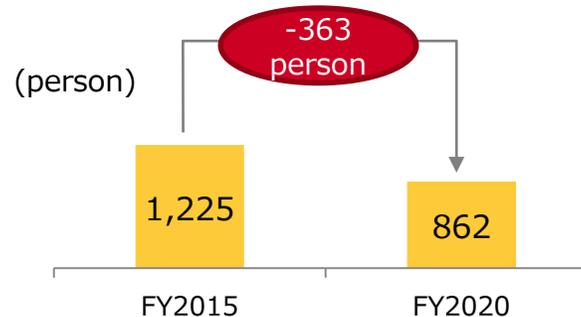
- Centralization of branch office operations at HQ
- Paperless insurance application

## Working hours

✓Paperless ratio 80%



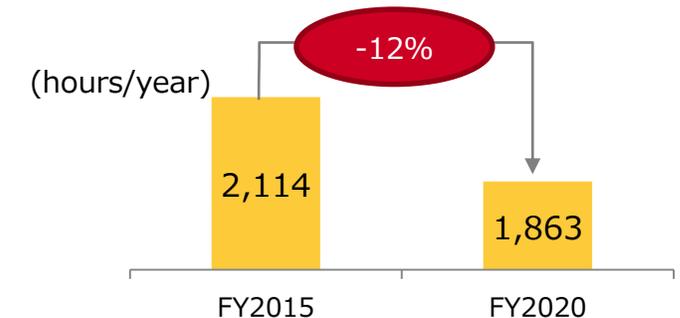
## Number of sales employees in charge of agents



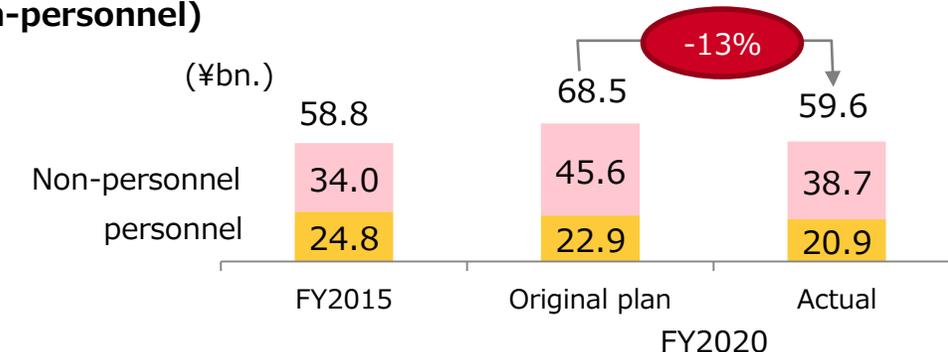
## Personnel structure reform / work style reform

- Optimization of operations in line with administrative strategies
- Reform of job classifications, review of salary structure
- Adoption of productivity evaluation system

## Annual working hours per person



## General business expense (personnel / non-personnel)





# (Reference) Portfolio of General Account Investment Asset

- Accelerate interest rate risk reduction by further accumulating ALM assets, mainly super-long-term government bonds
- Aim to diversify risk and improve profitability through steady expansion of long-term income-generating assets such as overseas corporate bonds and REITs, based on market, risk and capital conditions

## Measures to ensure soundness

### <Asset composition>

- 87% of assets are yen-interest bearing assets
- No holdings of stocks, general loans, etc.
- General account bond portfolio with a focus on high credit ratings. New investments are limited to those rated BBB or higher

AAA	AA	A	BBB	Others
12.6%	55.1%	28.8%	3.5%	-

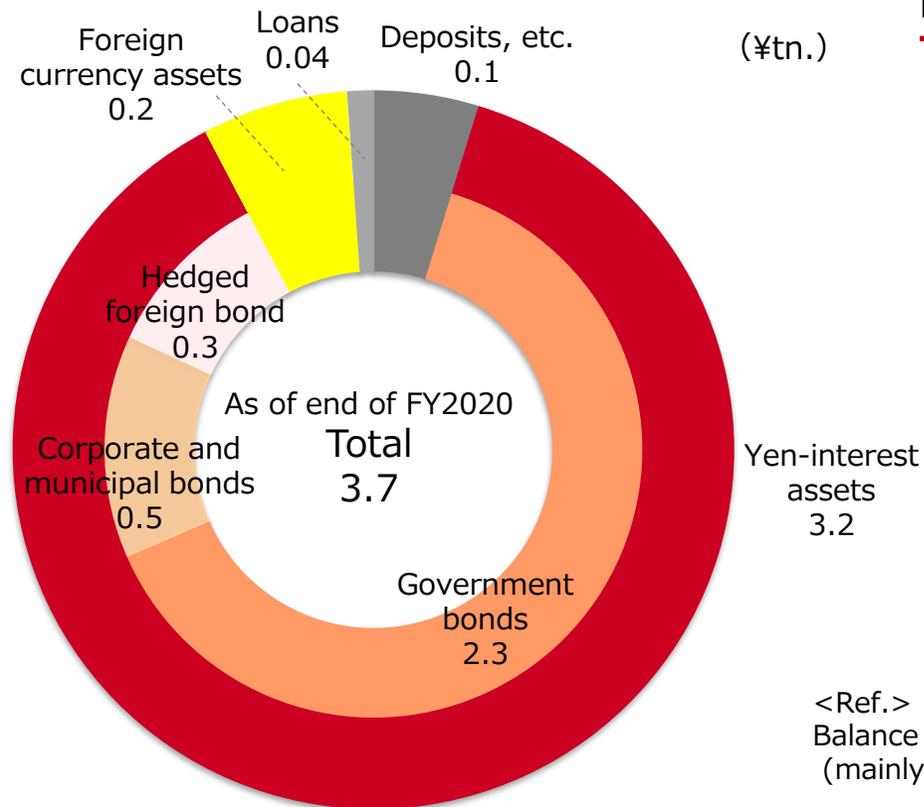
(Based on our internal rating. Does not include government bonds and government-guaranteed bonds)

### <Increase in ALM assets>

- Accelerate accumulation of super-long-term bonds from FY2020  
Increase ¥300.0bn.\* per year in the new midi-term management plan

\* 30-year bond equivalent

## Portfolio of general account investment asset



## Measures to diversify risks and improve profitability

### <Investment in risk assets>

- Steady expansion of credit investments, mainly overseas
- Expand the balance of real estate securitization products, which we began investing in 2020, and consider investing in other alternative assets
- Share and mutually utilize know-how of SOMPO Group companies

<Ref.>

Balance of separate account as of March 31, 2021: ¥24.7bn.  
(mainly invested in domestic stocks and bonds)



# (Reference) Low-cost Operation Strategy

- Reduced fixed costs by centralizing branch office operations at the HQ and downsizing HQ space
- Increase productivity by developing diverse human resources and repeatedly making improvements in response to changes

## Productivity-driven reforms

### Creation of business hours by centralizing branch administration at the HQ

- Reduction of clerical work volume in sales offices  
-60% in FY2020 (vs FY2015)

### Personnel system change

- Adoption of job-based personnel system

### Establishing new business operations

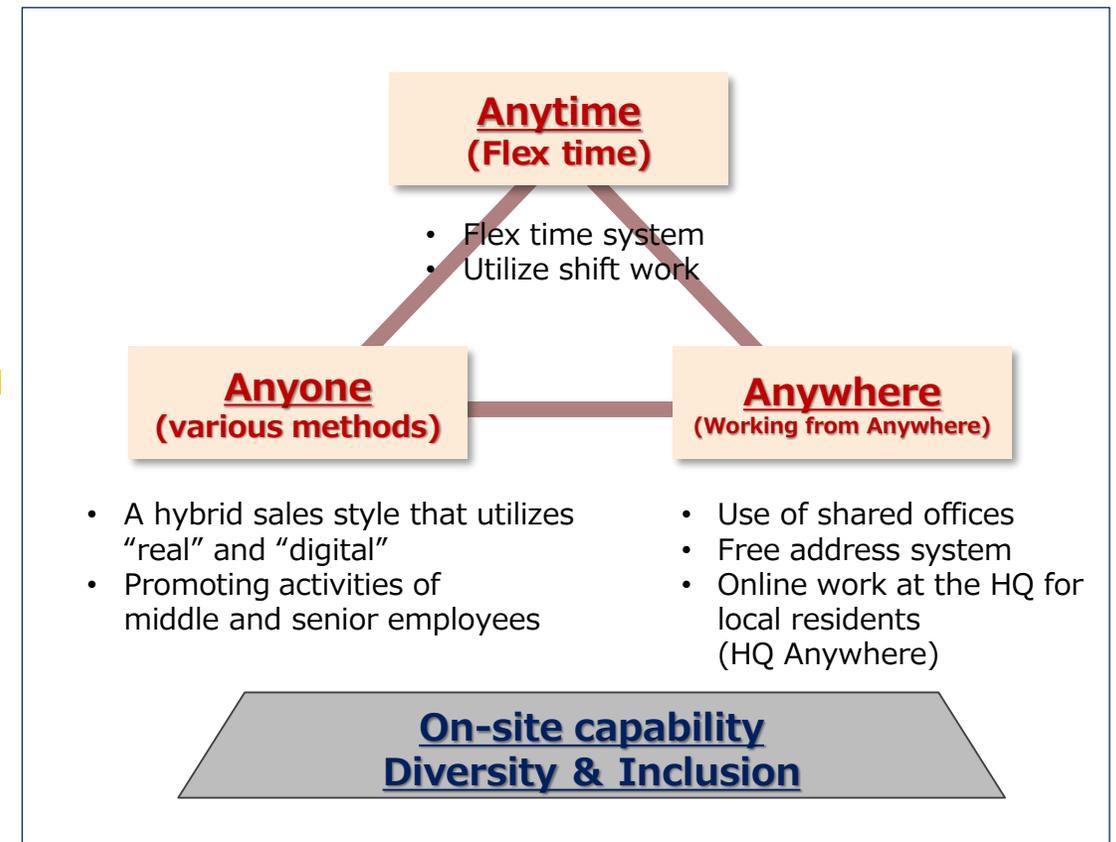
- Full deployment of online application
- Expansion of digital procedures by customers

### Management Resource Optimization

- Reduced space in HQ, integrated sales offices



## Developing and creating diverse human resources



# Nursing Care & Seniors Business

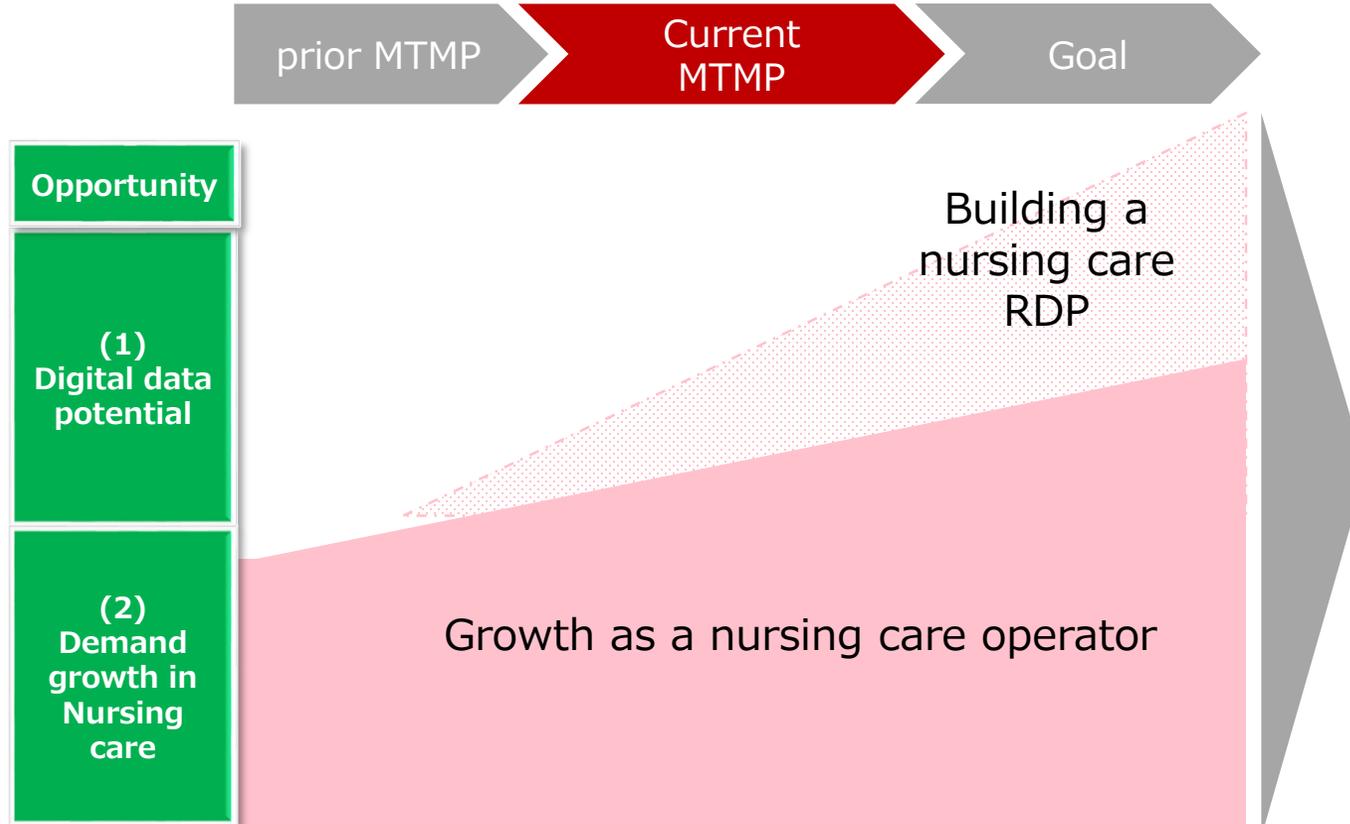




# Goal of Nursing Care & Seniors Business

- The Nursing care and Seniors business will contribute to the realization of “Create a healthy, happy future society” among other value which SOMPO delivers to society
- Steadily seize the two opportunities to realize the Purpose and grow as a nursing care operator and a solution provider

## Growth image of Nursing care & Seniors business



### SOMPO's Purpose

Realize a society where everyone can enjoy a healthy and prosperous life in one's own way with **“A Theme Park for Security, Health & Wellbeing”**

### The value SOMPO delivers to society

**Protect people from future risks facing society**

**Create a healthy, happy future society**

**Foster the power to change future society through diverse talent and connections**

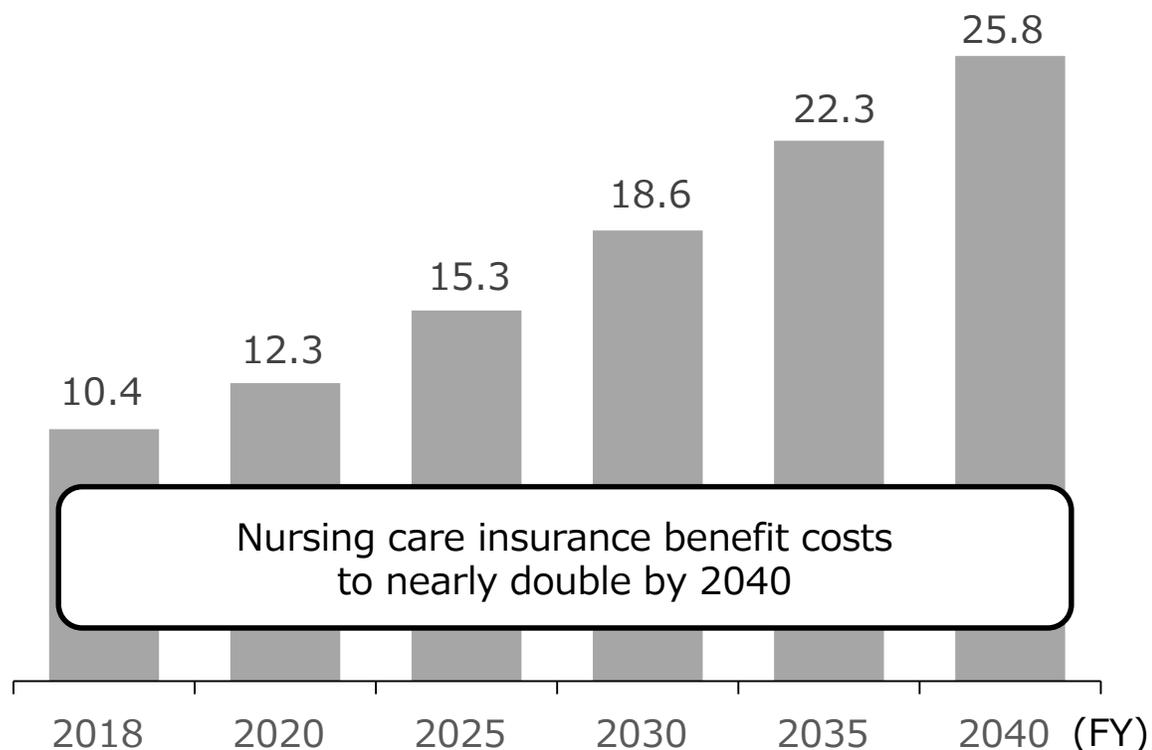


# Business Environment

- With the aging of the population, the nursing care market is expected to growth further
- Securing supply capacity and improving productivity are key issues to ensure growth by capturing demand

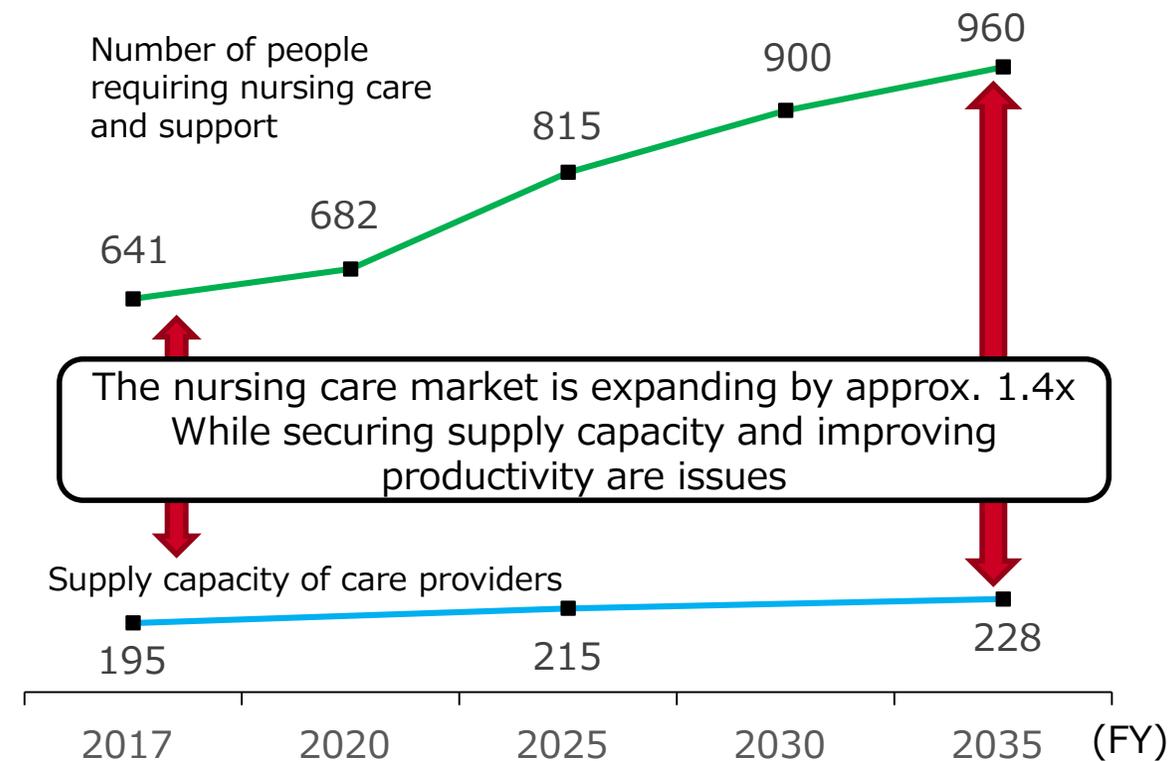
## Projection of social security benefit costs

(¥tn.)



## Big gap between growing demand and supply of care providers

(10 thousands people)



# SOMPO's Position in the Nursing Care Industry

- Second position in revenue (FY2020)
- Top position in rooms provided with a wide range of facility-based and home-based services nationwide

## Top five in the industry

(¥bn.)

	FY2020 Actual			YoY comps	
	Revenues	Operating Profit	OP Margin	Revenues	Operating Profit
Peer A *1	153.7	15.8	10.3%	+2.3	▲0.5
<b>SOMPO Care</b>	<b>131.8</b>	<b>9.5</b>	<b>7.2%</b>	<b>+3.4</b>	<b>▲2.8</b>
Peer B	123.8	10.3	8.3%	+0.9	▲0.9
Peer C	93.2	2.8	3.1%	+2.0	▲1.3
Peer D	63.2	2.5	4.1%	+5.1	▲0.1

\*1 numbers in FY2019

Source: company files

## Outline of SOMPO Care

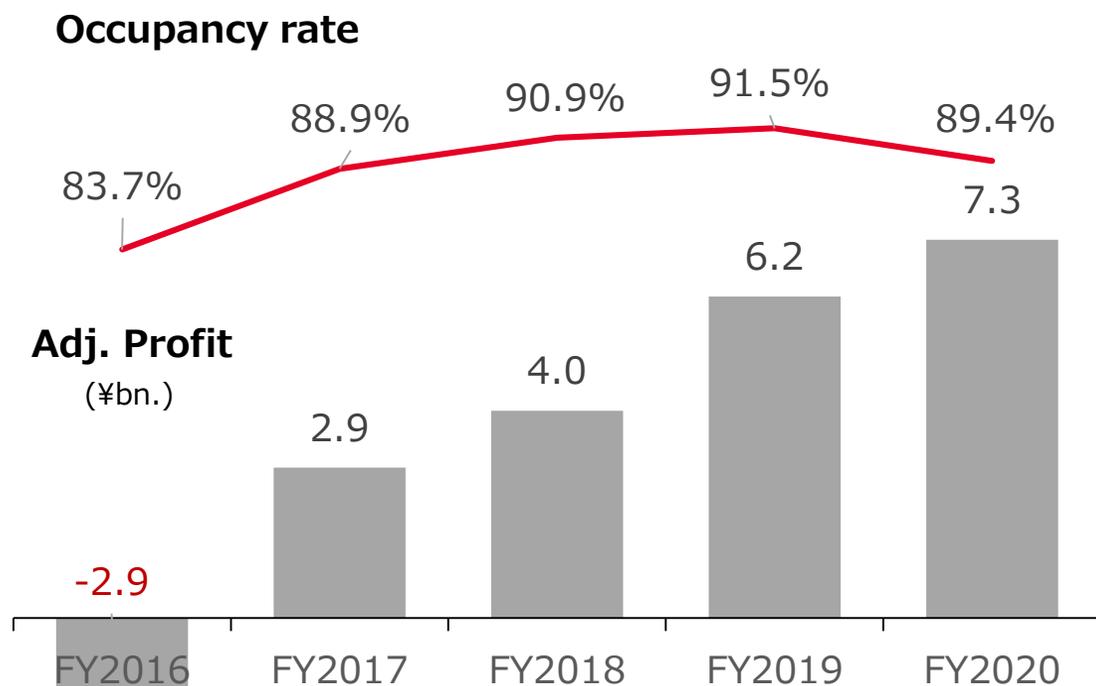
Outline of SOMPO Care	
Number of employees (March 2021, consolidated)	23,611 people
Revenues (March 2021, consolidated)	¥131.8bn.
Number of rooms provided	Approximately 27,000 rooms
Homes with nursing care service	307 facilities
Housing for elderly with services	145 facilities
In-home services and others	561 business sites



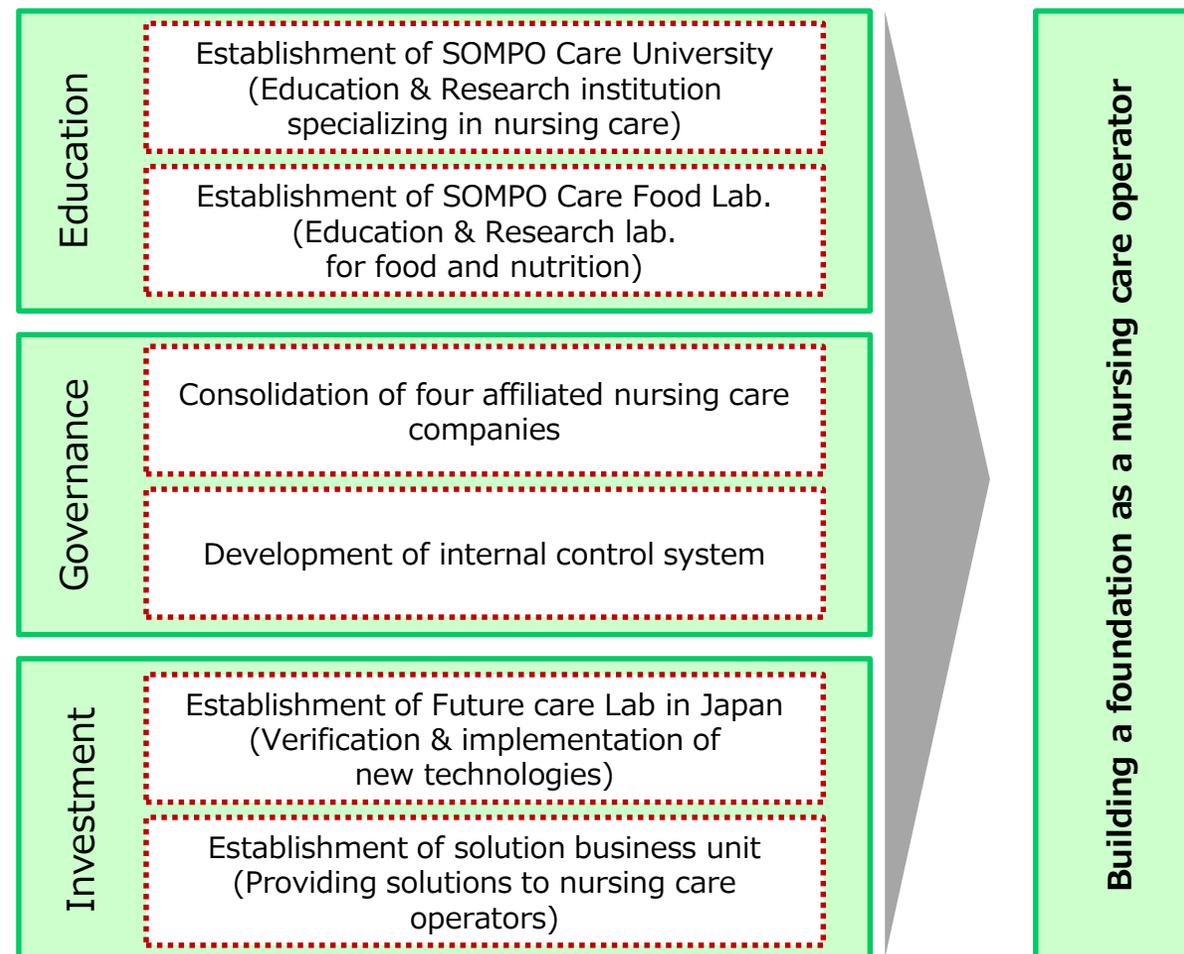
# Review of the prior Mid-Term Management Plan

- Both adjusted profit and occupancy rate grew steadily in the prior MTMP period
- Building a foundation for growth as a nursing care operator by enhancing education, strengthening governance, and investing in growth

## Results in the prior MTMP period



## Initiatives of SOMPO Care

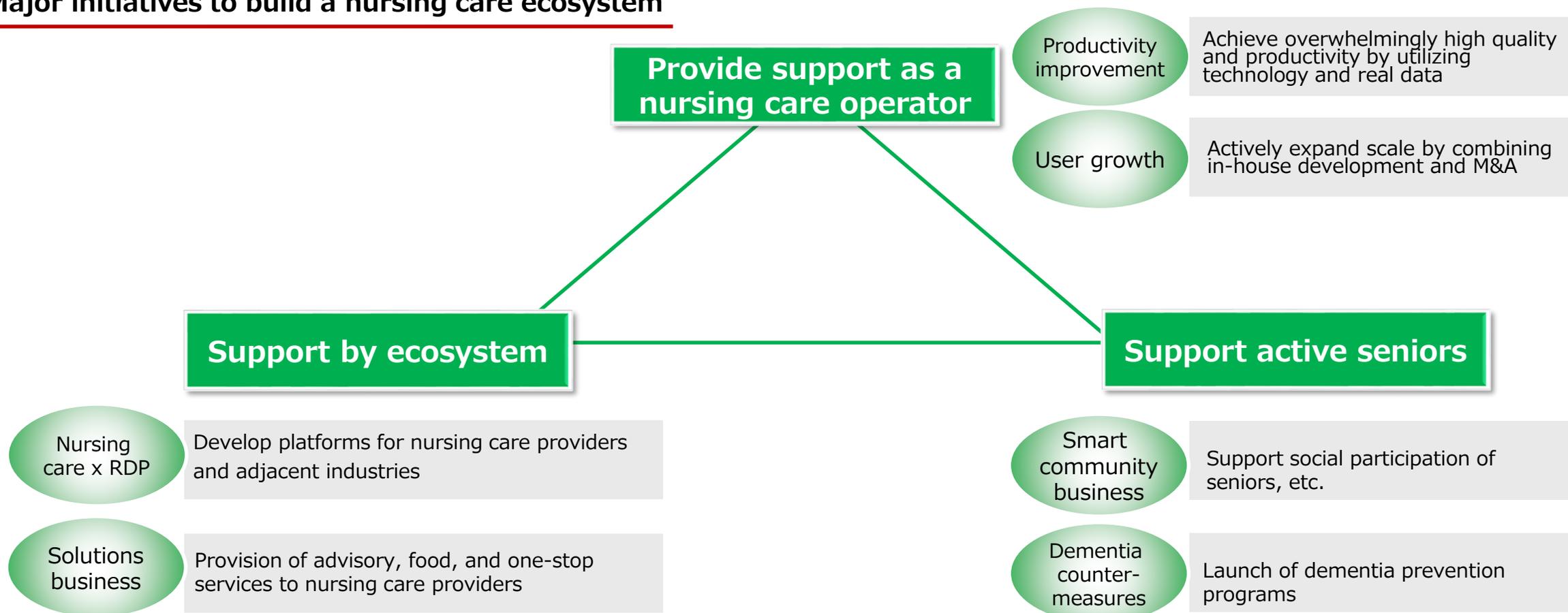




# Strategy Overview

- In the existing businesses, increase the number of users, achieve both overwhelmingly high quality and productivity, and generate profits that cover the impact of compensation improvement
- With RDP development as the key driver, develop a solution business for nursing care providers and commercialize services to support active seniors

## Major initiatives to build a nursing care ecosystem

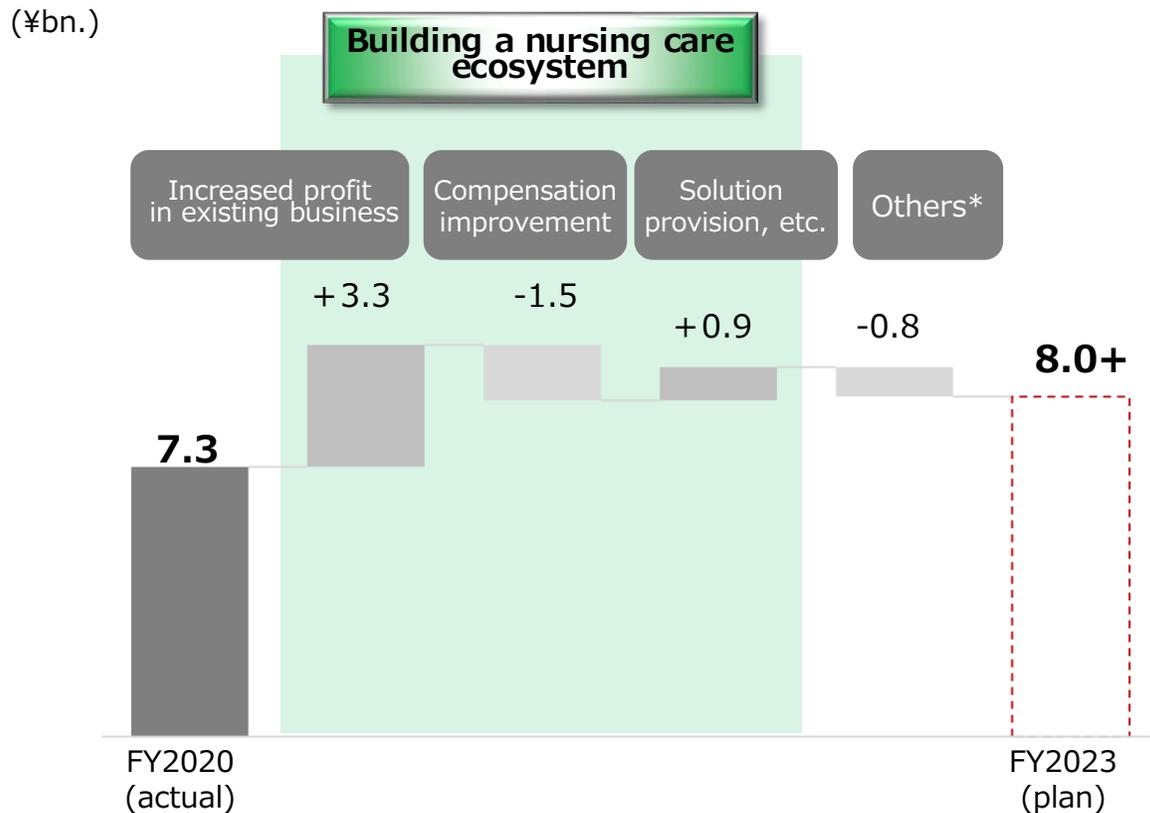




# Strategy Overview

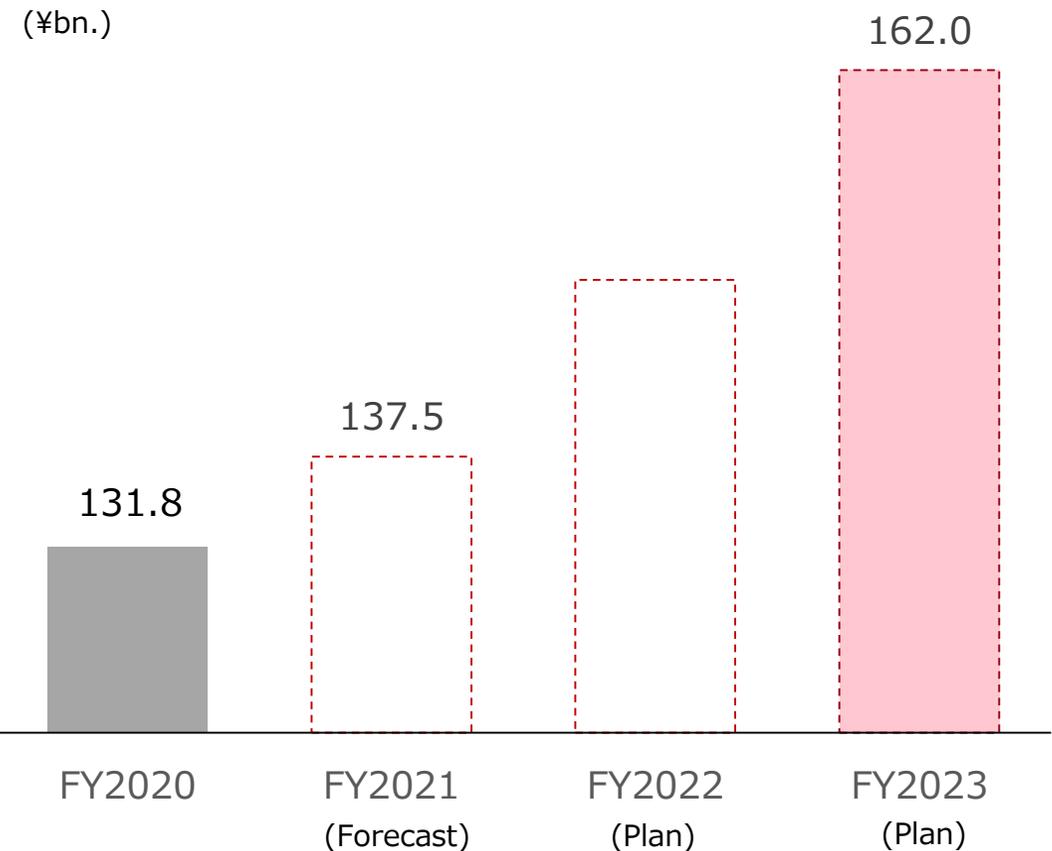
- With building an ecosystem, both the existing and new businesses will grow steadily, and generate profits that cover the impact of compensation improvement
- Revenues to increase by ¥30.0bn. in three years and adjusted profit to exceed the level of FY2020 by steadily seizing growth opportunities

## Variation factors of nursing care & seniors adjusted profit



\*Absence of one-off factors, etc.

## Target of revenues in nursing care & Seniors





# Providing Support as Nursing Care Operator

- Strengthen the supply capacity of nursing care services by securing human resources through compensation improvement, etc., and productivity improvement through the use of technology
- Actively expand scale by effectively combining in-house development and M&A to meet the growing demand for nursing care

## Increase the capacity to "supply" nursing care services

Productivity improvement

Environment

The number of nursing care service providers is decreasing due to the decline in working age population

Improvement of quality and productivity\*



Compensation improvement

ICT/digitalization

Scientific nursing care based on real data

Training and development  
Skill improvement

Secure human resources by passing the benefits of improved productivity to employees

## Support the expanding "demand" for long-term care

User growth

Environment

Demand for nursing care is increasing due to the increase in the elderly population

In-house development

+

M&As

- Expand scale by providing a full lineup of services (Facility-based x Home-based)
- Selectively carry out M&A based on scale and regional strategy

**Growth as a nursing care operator**

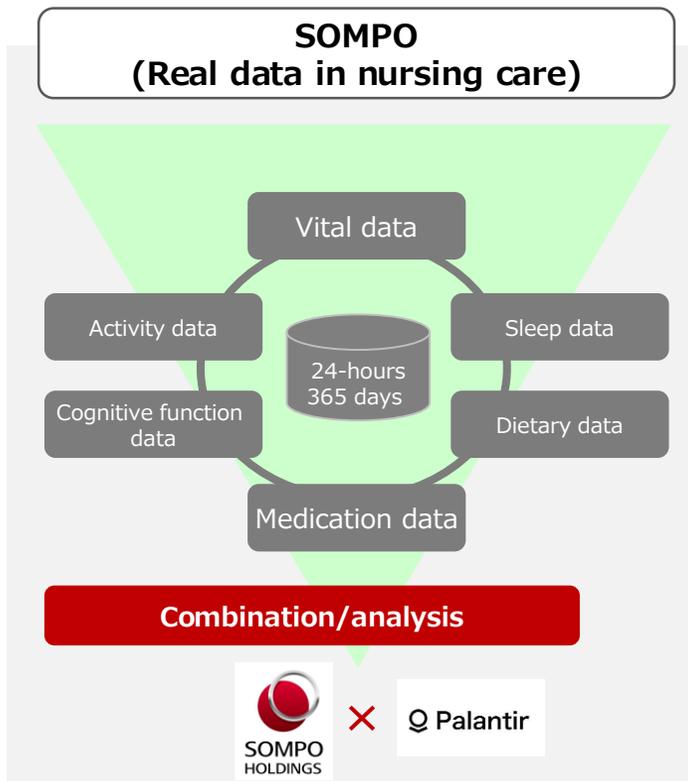
\*Increase residents supported by one caregiver from the current approx. 2 to 3-4



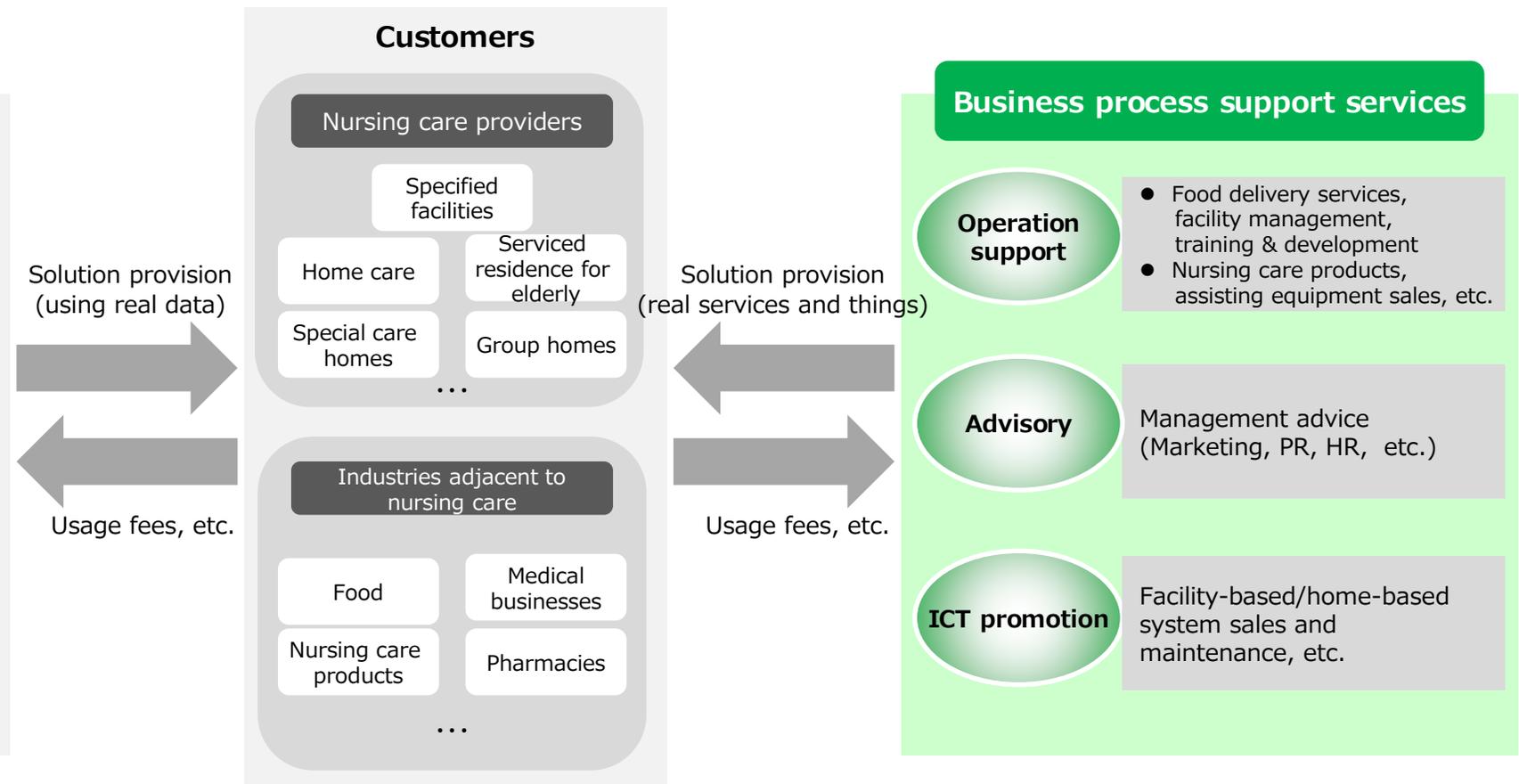
# Supporting by the Ecosystem

- Build an ecosystem by creating a platform for real data and real services and providing them to other nursing care providers and adjacent industries
- Offer the SOMPO business model as a solution and help improve the sustainability of the industry

## Real Data Platform vision



## Solutions business (real services/things)



# Supporting Active Seniors

- Aim to realize well-being by encouraging active seniors to change their mindset and behavior, and by supporting their social participation
- Prevent dementia and support people living with dementia by developing a program for preventing cognitive decline

## Start of smart community business (SOMPO)

Contributing to realize a society where seniors can live prosperously in their own way in a super-smart society

### Super-smart society and community



PoC (proof of concept) started at local governments nationwide

**Mindset/behavior change support**

Offer a digital-divide elimination course as a starting point for seniors who are "allergic" to digital tools or uncomfortable using them

**Care Provider\* support**

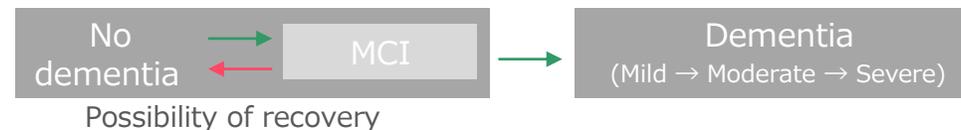
For care providers having problems with home care, provide services such as an introductory course on nursing care knowledge and skills, including digitalization, and community formation with carers in the community (peers)

\*Families, etc.. who give nursing care at home

## Launch of cognitive decline prevention services

To create a "society where people can live in their own way, even if they are preparing for or have dementia"

### Process of cognitive decline



### Dementia prevention program



- Provide "exercise/nutrition guidance/cognitive function training/social participation" services
- Target a wide range of people, including those without dementia, those diagnosed with MCI (mild cognitive impairment), and those with dementia

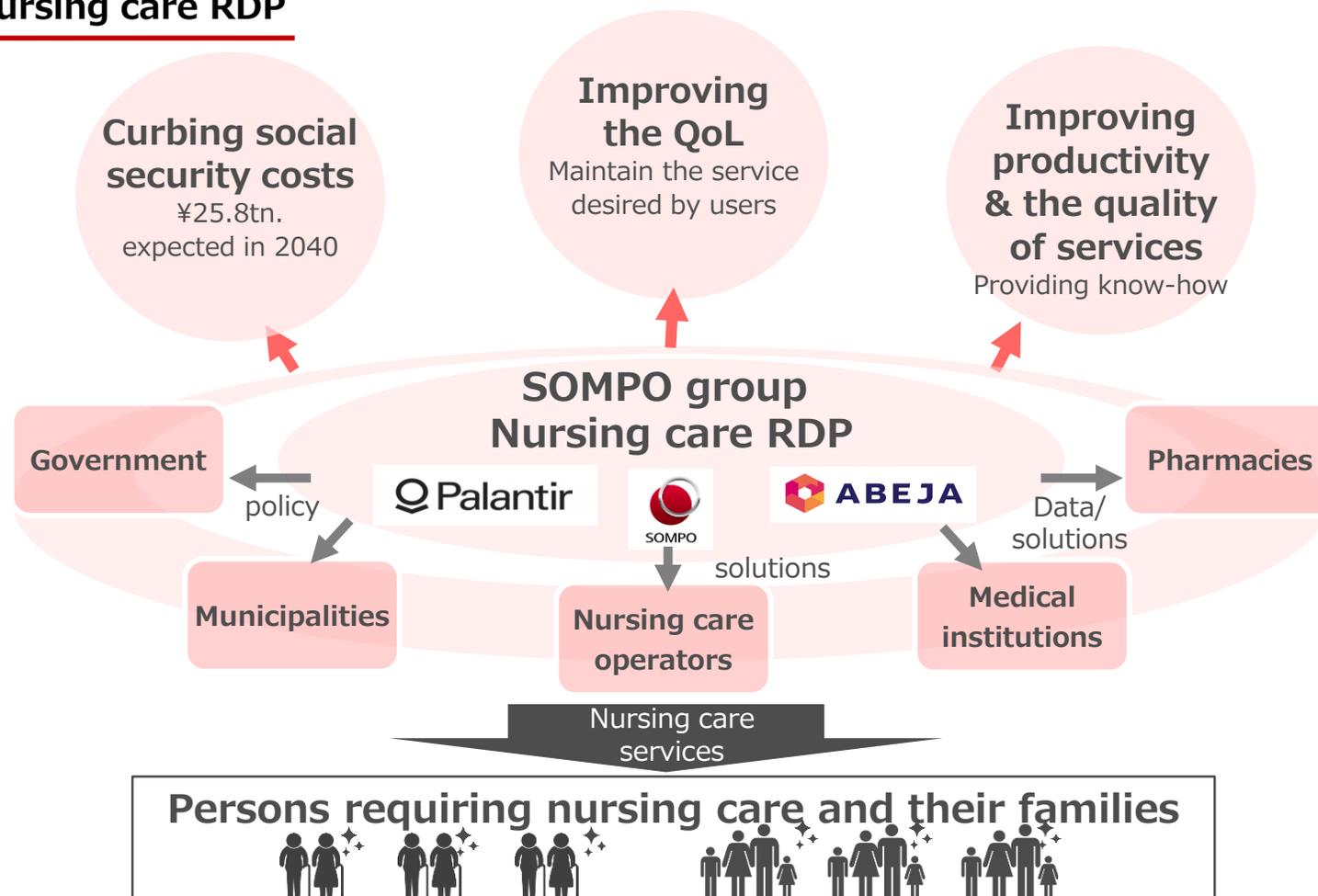
**Start full-scale service provision in FY2021**



# RDP in Nursing Care (1)

- Building an ecosystem centered on Real Data to solve social issues related to nursing care and aim for a society which everyone can receive the nursing care they desire

## Image of nursing care RDP



### Solving social issues related to nursing care

- Helping curb social security costs
- Fill the gap between supply and demand for nursing care personnel
- Better QoL of users and their families

### Act as a hub for related players and function as an infrastructure supporting the industry

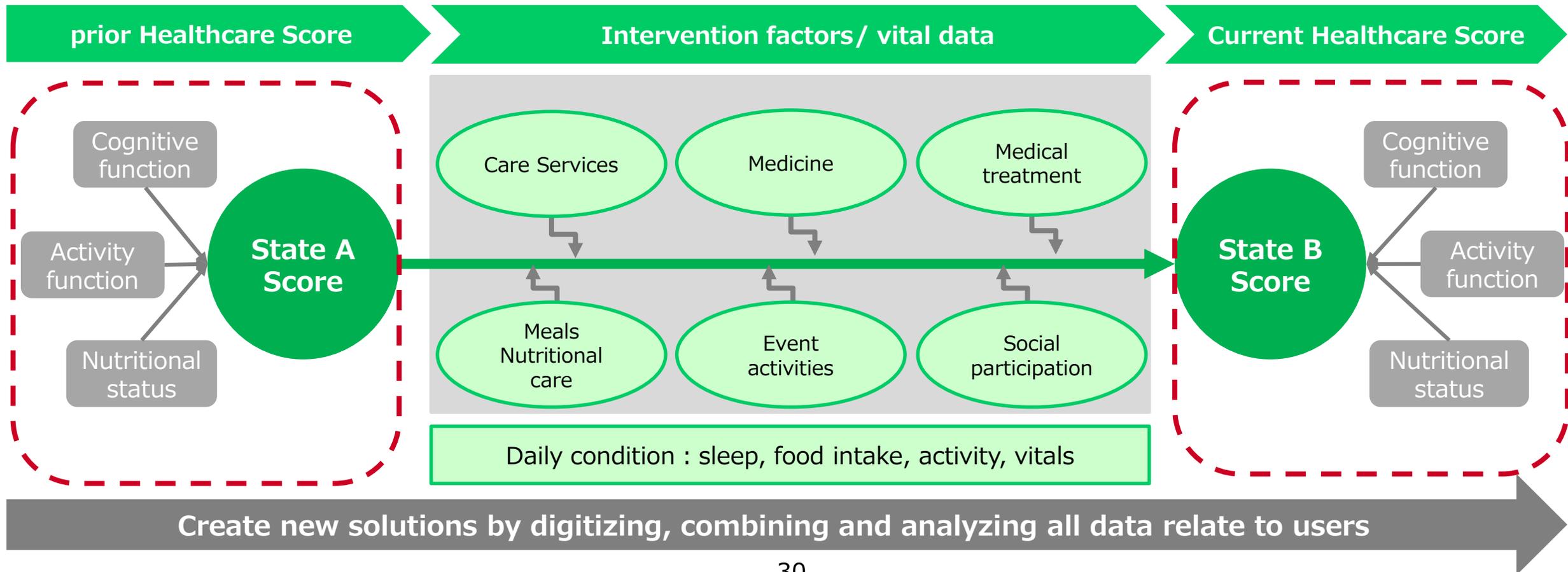
- Cooperation with government and municipalities
- Collaborate with relevant players to provide the services with higher efficiency and quality



## RDP in Nursing Care (2)

- Evaluate the health status of users as a health care score based on cognitive function, activity function, and nutritional status
- The goal is to deepen the model by examining intervention factors and vital data that have a positive impact, and to build a model that can predict the future

### Visualization of care quality (development of health care score)



**Announced on May 26, 2021**

**SOMPO Holdings  
New Mid-Term Management Plan  
Overview**



# SOMPO's Purpose and the New Mid-Term Management Plan

- Seek to acquire resilience and evolve into a solution provider that goes beyond the boundaries of insurance to realize the Group Management Philosophy
- Aim to realize "A Theme Park for Security, Health & Wellbeing" as the goals of the new Mid-Term Management Plan

## SOMPO's Purpose

Protect people from future risks facing society

Create a healthy, happy future society

Foster the power to change society through diverse talent and connections

## Three Core strategies

Scale and Diversification

New Customer Value Creation

New Work Style

## New Mid-Term Management Plan

### Goals

### Realizing "A Theme Park for Security, Health & Wellbeing"

- Adjusted consolidated profit: ¥300bn+
- Adjusted consolidated ROE: 10%+
- Bring out risk diversification effect
- Solution provider that goes beyond insurance

## Group Management Foundation

Capital policy/ERM

SDGs in business management

Governance

# Management Targets

- Aim for adjusted consolidated profit of ¥300 billion+, adjusted consolidated ROE of 10%+ in FY2023
- Improve the risk diversification ratio and raise the overseas business ratio from the perspective of profit stability
- While the management targets are likely be achieved through organic growth, increase the probability of achieving these targets by executing M&As, given the uncertainties of natural disasters

## Management targets

		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted consolidated profit		¥202.1bn	¥205.0bn	<b>¥300.0bn+ *</b>
Adjusted consolidated ROE		8.0%	7.4%	<b>10%+</b>
Diversification effect	Risk diversification ratio	39.4%	40.2%	<b>Improve vs. FY2020</b>
	Overseas Business ratio	14.9%	29.3%	
New Customer Value Creation		-	-	<b>External sales/monetization of products/services (2 businesses or more)</b>

\*The plan is based on the assumption of organic growth. We will increase the achievability of the plan by increasing profit by ¥30.0 billion through M&A to offset downside risks (¥30.0 billion) due to the impact of natural disasters and other factors beyond our expectations

# Management Targets

## Numerical targets for plan

(Billions of yen)	FY2020		FY2021		FY2023	
	(Actual)	(Segment ROE)*5	(Forecast)	(Segment ROE)	(Plan) *6	(Segment ROE)
Domestic P&C insurance	130.1	11.0%	105.0	8.0%	150.0+	11.4%
Overseas insurance	30.0	3.8%	60.0	7.9%	100.0+	11.6%
Domestic life insurance	33.8	4.2%	32.5	4.3%	40.0+	5.7%
Nursing care/seniors*3	8.1	14.2%	6.5	11.5%	8.0+	14.3%
Digital, etc.	-	-	1.0	-	2.0+	-
<b>Total (Adjusted consolidated profit)</b>	<b>202.1</b>	<b>-</b>	<b>205.0</b>	<b>-</b>	<b>300.0+</b>	<b>-</b>
<b>Adjusted consolidated ROE*4</b>	<b>8.0%</b>	<b>-</b>	<b>7.4%</b>	<b>-</b>	<b>10%+</b>	<b>-</b>
ROE (J-GAAP)	7.9%	-	6.2%	-	-	-

## Definition of adjusted profit\*1

### Domestic P&C insurance

Net income  
 + Provisions for catastrophic loss reserve, etc. (after tax)  
 + Provisions for reserve for price fluctuation (after tax)  
 - Gains/losses on sales of securities and impairment losses on securities (after tax)

### Overseas insurance

Operating Income\*2  
 Equity-method affiliates are in principle included as net income

### Domestic life insurance

Net income  
 + Provision of contingency reserve (after tax)  
 + Provision of reserve for price fluctuation (after tax)  
 + Adjustment of underwriting reserve (after tax)  
 + Deferral of acquisition costs (after tax)  
 - Depreciation of acquisition costs (after tax)  
 - Gains/losses on sales of securities and impairment losses on securities (after tax)

### Nursing care/seniors

### Healthcare, etc.

Net income

### Digital

Net income  
 - Gains/losses and impairment losses on investment (after tax)

\*1 Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.

\*2 Operating income excluding one-time factors (= Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.)

\*3 FY2020 nursing care & healthcare, etc., adjusted profit = Net income (excluding one-time factors)

\*4 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve, etc., in domestic P&C insurance (after tax) + Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

\*5 ROE for each business = Adjusted profit for each business / Allocated capital for each business (Total consolidated net assets of the companies of each business or the required capital based on risk model. Average at the end/start of each fiscal year.)  
 Regarding the ROE for each business, it is not suitable to use for comparison between businesses since each business is defined differently based on its characteristics. The introduction of this aims to increase the probability of achieving the adjusted consolidated ROE and ROE targets for each business by monitoring the progress of each business.

\*6 The plan is based on the assumption of organic growth. We will increase the probability of achieving the plan by adding 30.0 billion yen in profit through M&A to offset downside risks (30.0 billion yen) due to the impact of natural disasters and other factors beyond our expectations.

# Main KPIs

- In addition to adjusted profit by business, set top-line and profitability targets as KPIs
- In addition to setting targets for the Group's efforts to acquire resilience, set rough guides for our long-term approach to addressing social challenges

Domestic P&C				Overseas insurance			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥130.1 billion	¥105.0 billion	<b>¥150.0 billion+</b>	Adjusted profit by business	¥30.0 billion	¥60.0 billion	<b>¥100.0 billion+</b>
Net written premiums*1	¥1,903.4 billion	¥1,929.3 billion	<b>¥2,000.0 billion</b>	Gross Written premiums growth rate*4	+ 37.8%	+ 10.2%	<b>Around + 9% per annum</b>
E/I combined ratio*1	94.3%	94.8%	<b>91.7%</b>	E/I combined ratio*4	97.8%	91.7%	<b>88% range</b>
Reduction of strategic shareholdings	¥70.3 billion	¥50.0 billion	<b>¥50.0 billion</b> (3-year cumulative total: ¥150 billion)				
Domestic life				Nursing care & seniors			
	FY2020 actual	FY2021 forecast	FY2023 plan		FY2020 actual	FY2021 forecast	FY2023 plan
Adjusted profit by business	¥33.8 billion	¥32.5 billion	<b>¥40.0 billion+</b>	Adjusted profit by business	¥7.3 billion	¥6.5 billion	<b>¥8.0 billion+</b>
Annualized new premiums*2	¥298 billion	¥43.0 billion	<b>¥50.0 billion</b>	Net sales	¥131.8 billion	¥137.5 billion	<b>¥162.0 billion</b>
Number of policies in force	4.26 million	4.43 million	<b>5.00 million</b>	Occupancy rate*5	89.4%	90.8%	<b>93.8%</b>
Investment for ALM matching*3	-	¥300.0 billion	<b>¥300.0bn/year</b> (¥900.0bn in 3years)				
New Customer Value Creation							
<b>FY2023 plan</b>	External sales and monetization of products/services utilizing RDP		2 businesses or more	<b>Medium- to long-term targets</b>	Group revenue generated by the utilization of RDP		<b>¥500.0 billion+</b>

\*1 Sompo Japan (excl. CALI, household earthquake) \*2 Performance evaluation basis \*3 30-year maturity equivalent \*4 SI Commercial \*5 At fiscal year end

## **Note Regarding Forward-looking Statements**

**The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.**

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