

UNOFFICIAL TRANSLATION
This document is an unofficial English translation of the Japanese original.

August 5, 2022

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2022 [Under Japanese GAAP]

Company Name: Sompo Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: <https://www.sompo-hd.com/en/>
Representative: Kengo Sakurada, Group CEO, Director, President and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: August 12, 2022
Scheduled date to start payment of dividends: _____
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly investor meeting: None

(Note) Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the three months ended June 30, 2022 (April 1 to June 30, 2022)

(1) Consolidated Results of Operations (accumulated)

(Note) Percentages are changes from corresponding period of previous fiscal year.

	Ordinary income		Ordinary profit		Net income attributable to shareholders of the parent	
	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2022	1,286,566	19.0	55,294	(29.5)	41,797	(28.4)
Three months ended June 30, 2021	1,081,456	4.1	78,377	14.9	58,337	23.2

Note) Comprehensive income: Three months ended June 30, 2022 (47,529) million yen — %
Three months ended June 30, 2021 137,596 million yen 76.1 %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2022	122.07	122.02
Three months ended June 30, 2021	164.38	164.28

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2022	14,158,025	1,950,531	13.7
As of March 31, 2022	13,787,835	2,040,789	14.7

Reference) Equity capital: As of June 30, 2022 1,935,536 million yen
As of March 31, 2022 2,028,118 million yen

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2022	—	105.00	—	105.00	210.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		130.00	—	130.00	260.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Note) Percentages are changes from previous fiscal year.

	Ordinary profit		Net income attributable to shareholders of the parent		Net income per share
	millions of yen	%	millions of yen	%	yen
Full year	235,000	(25.5)	160,000	(28.8)	467.01

Note) Revisions to the latest announced forecasts of financial results: None

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods used specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimations, and retrospective restatements
 - (a) Changes in accounting policies due to revisions to accounting standards, etc.: Yes
 - (b) Changes in accounting policies due to reasons other than the above: None
 - (c) Changes in accounting estimations: None
 - (d) Retrospective restatements: None
- (4) Number of shares outstanding (Common stock):
 - (a) Total shares outstanding including treasury stock:

As of June 30, 2022	347,698,689 shares
As of March 31, 2022	347,698,689 shares
 - (b) Treasury stock:

As of June 30, 2022	6,574,942 shares
As of March 31, 2022	5,096,040 shares
 - (c) Average number of shares outstanding:

For the three months ended June 30, 2022	342,390,264 shares
For the three months ended June 30, 2021	354,882,833 shares

(Expression of implementation status of quarterly review procedures)

This summary is not subject to quarterly reviews by a certified public accountant or an incorporated accounting firm.

(Notes for using forecasts of financial results, etc.)

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

Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets:		
Cash and deposits	1,170,892	1,061,571
Receivables under resale agreements	73,999	64,999
Monetary receivables bought	20,104	20,281
Money trusts	20,815	19,554
Securities	9,542,035	9,606,623
Loans	536,132	525,804
Tangible fixed assets	353,438	352,484
Intangible fixed assets	428,266	451,418
Other assets	1,618,878	1,986,506
Net defined benefit asset	179	130
Deferred tax assets	31,741	79,178
Allowance for possible credit losses	(8,649)	(10,527)
Total assets	13,787,835	14,158,025
Liabilities:		
Underwriting funds:	9,445,446	9,879,258
Reserve for outstanding losses and claims	1,959,817	2,077,133
Underwriting reserves	7,485,628	7,802,124
Corporate bonds	539,742	546,397
Other liabilities	1,536,282	1,585,147
Net defined benefit liability	69,767	71,331
Reserve for retirement benefits to directors	9	11
Reserve for bonus payments	41,814	13,169
Reserve for bonus payments to directors	767	50
Reserve for stocks payments	2,401	2,015
Reserves under the special laws:	105,389	106,697
Reserve for price fluctuation	105,389	106,697
Deferred tax liabilities	5,424	3,413
Total liabilities	11,747,045	12,207,493
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	134,962	134,797
Retained earnings	1,028,109	1,034,380
Treasury stock	(24,965)	(33,971)
Total shareholders' equity	1,238,152	1,235,251
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	838,843	689,423
Deferred gains and losses on hedges	3,429	2,785
Foreign currency translation adjustments	(68,911)	(8,392)
Remeasurements of defined benefit plans	16,605	16,468
Total accumulated other comprehensive income	789,966	700,285
Stock acquisition rights	446	325
Non-controlling interests	12,224	14,669
Total net assets	2,040,789	1,950,531
Total liabilities and net assets	13,787,835	14,158,025

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Three months ended June 30, 2022

	(Millions of yen)	
	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Ordinary income:	1,081,456	1,286,566
Underwriting income:	976,487	1,154,285
Net premiums written	872,550	1,052,124
Deposits of premiums by policyholders	19,956	18,853
Interest and dividend income on deposits of premiums, etc.	7,707	7,366
Life insurance premiums written	75,593	74,454
Investment income:	64,680	87,621
Interest and dividend income	63,604	66,028
Investment gains on money trusts	443	1,155
Investment gains on trading securities	418	240
Gains on sales of securities	4,196	11,149
Transfer of interest and dividend income on deposits of premiums, etc.	(7,707)	(7,366)
Other ordinary income	40,288	44,659
Ordinary expenses:	1,003,079	1,231,271
Underwriting expenses:	817,349	1,021,309
Net claims paid	373,059	421,511
Loss adjustment expenses	33,540	34,899
Net commissions and brokerage fees	150,978	170,424
Maturity refunds to policyholders	36,340	36,182
Life insurance claims paid and other payments	23,662	30,293
Provision for reserve for outstanding losses and claims	19,581	51,042
Provision for underwriting reserves	178,513	276,214
Investment expenses:	7,358	22,290
Investment losses on money trusts	41	2
Losses on sales of securities	1,592	10,642
Impairment losses on securities	4,617	1,557
Operating, general and administrative expenses	142,214	148,265
Other ordinary expenses:	36,157	39,406
Interest paid	3,719	3,828
Ordinary profit	<u>78,377</u>	<u>55,294</u>
Extraordinary gains:	118	63
Gains on disposal of fixed assets	118	63
Extraordinary losses:	1,720	1,582
Losses on disposal of fixed assets	498	185
Provision for reserves under the special laws:	1,222	1,308
Provision for reserve for price fluctuation	1,222	1,308
Losses on reduction of real estate	—	88
Net income before income taxes	<u>76,775</u>	<u>53,775</u>
Income taxes and deferred income taxes	<u>17,911</u>	<u>11,599</u>
Net income	<u>58,863</u>	<u>42,176</u>
Net income attributable to non-controlling interests	<u>526</u>	<u>379</u>
Net income attributable to shareholders of the parent	<u>58,337</u>	<u>41,797</u>

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30, 2022

	(Millions of yen)	
	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Net income	58,863	42,176
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	28,660	(149,361)
Deferred gains and losses on hedges	(382)	(643)
Foreign currency translation adjustments	50,506	59,862
Remeasurements of defined benefit plans	25	(124)
Share of other comprehensive income of affiliates accounted for under the equity method	(77)	560
Total other comprehensive income	<u>78,732</u>	<u>(89,705)</u>
Comprehensive income	<u>137,596</u>	<u>(47,529)</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	137,287	(47,882)
Comprehensive income attributable to non-controlling interests	309	353

(3) Notes on Going-Concern Assumption

None.

(4) Notes on Significant Changes in Shareholders' Equity

None.

(5) Application of Accounting Methods Used Specifically for the Preparation of the Quarterly Consolidated Financial Statements

Income tax expenses are calculated by multiplying net income before income taxes by an estimated effective tax rate, which is a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before income taxes for the fiscal year that includes this first quarter. However, if the use of this estimated effective tax rate produces significantly unreasonable results, income tax expenses are calculated by using the statutory effective tax rate.

(6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements

(Changes in Accounting Policies)

Application of "Implementation Guidance on Accounting Standard for Fair Value Measurement"

The Company has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Guidance No.31, June 17, 2021) from the beginning of the fiscal year 2022 and the new accounting policy specified in "Implementation Guidance on Accounting Standard for Fair Value Measurement" for the future in accordance with the transitional treatment based on Paragraph 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement."

In addition, the effect on Quarterly Consolidated Financial Statements is immaterial.

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	976,487	1,154,285	177,798	18.2
Net premiums written	872,550	1,052,124	179,574	20.6
Deposits of premiums by policyholders	19,956	18,853	(1,102)	(5.5)
Life insurance premiums written	75,593	74,454	(1,139)	(1.5)
Underwriting expenses:	817,349	1,021,309	203,959	25.0
Net claims paid	373,059	421,511	48,451	13.0
Loss adjustment expenses	33,540	34,899	1,358	4.1
Net commissions and brokerage fees	150,978	170,424	19,445	12.9
Maturity refunds to policyholders	36,340	36,182	(158)	(0.4)
Life insurance claims paid and other payments	23,662	30,293	6,630	28.0
Provision for reserve for outstanding losses and claims	19,581	51,042	31,460	160.7
Provision for underwriting reserves	178,513	276,214	97,700	54.7
Investment income:	64,680	87,621	22,940	35.5
Interest and dividend income	63,604	66,028	2,424	3.8
Gains on sales of securities	4,196	11,149	6,952	165.7
Investment expenses:	7,358	22,290	14,931	202.9
Losses on sales of securities	1,592	10,642	9,050	568.5
Impairment losses on securities	4,617	1,557	(3,059)	(66.3)
Operating, general and administrative expenses	142,214	148,265	6,050	4.3
Other ordinary income and expenses	4,131	5,252	1,121	27.1
Ordinary profit	78,377	55,294	(23,082)	(29.5)
Extraordinary gains and losses:				
Extraordinary gains	118	63	(54)	(46.2)
Extraordinary losses	1,720	1,582	(137)	(8.0)
Extraordinary gains and losses	(1,601)	(1,518)	83	—
Net income before income taxes	76,775	53,775	(22,999)	(30.0)
Income taxes and deferred income taxes	17,911	11,599	(6,312)	(35.2)
Net income	58,863	42,176	(16,687)	(28.3)
Net income attributable to non-controlling interests	526	379	(147)	(28.0)
Net income attributable to shareholders of the parent	58,337	41,797	(16,539)	(28.4)

(2) Premiums Written and Claims Paid by Business Lines (Consolidated)

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	151,702	15.1	11.5	171,968	15.7	13.4
Marine insurance	23,717	2.4	7.7	31,395	2.9	32.4
Personal accident insurance	69,054	6.9	(5.8)	69,550	6.3	0.7
Voluntary automobile insurance	312,815	31.2	(1.1)	316,649	28.9	1.2
Compulsory automobile liability insurance	58,045	5.8	(1.3)	56,019	5.1	(3.5)
Others	388,469	38.7	56.4	450,091	41.1	15.9
Total	1,003,804	100.0	17.4	1,095,674	100.0	9.2
Deposits of premiums by policyholders	19,956	2.0	(21.4)	18,853	1.7	(5.5)

Note) The above figures represent amounts after offsetting internal transactions among segments.

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	143,397	16.4	20.7	166,676	15.8	16.2
Marine insurance	27,177	3.1	(17.7)	34,221	3.3	25.9
Personal accident insurance	48,668	5.6	0.3	49,130	4.7	0.9
Voluntary automobile insurance	314,939	36.1	(1.7)	323,357	30.7	2.7
Compulsory automobile liability insurance	54,662	6.3	(11.4)	48,477	4.6	(11.3)
Others	283,704	32.5	19.4	430,261	40.9	51.7
Total	872,550	100.0	6.4	1,052,124	100.0	20.6

Note) The above figures represent amounts after offsetting internal transactions among segments.

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2021 (April 1 to June 30, 2021)			Three months ended June 30, 2022 (April 1 to June 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	78,561	21.1	51.2	84,660	20.1	7.8
Marine insurance	10,000	2.7	(10.0)	10,088	2.4	0.9
Personal accident insurance	17,578	4.7	3.9	20,031	4.8	14.0
Voluntary automobile insurance	145,957	39.1	5.8	153,371	36.4	5.1
Compulsory automobile liability insurance	38,740	10.4	(13.3)	36,143	8.6	(6.7)
Others	82,220	22.0	(9.8)	117,215	27.8	42.6
Total	373,059	100.0	5.4	421,511	100.0	13.0

Note) The above figures represent amounts after offsetting internal transactions among segments.

(3) Securities (Consolidated)

1. Bonds held to maturity

(Millions of yen)

	As of March 31, 2022			As of June 30, 2022		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,204,717	1,407,640	202,922	1,203,237	1,368,528	165,291
Foreign securities	22,520	28,794	6,273	27,973	35,534	7,561
Total	1,227,238	1,436,434	209,195	1,231,210	1,404,063	172,853

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2022			As of June 30, 2022		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	966,496	934,337	(32,159)	1,022,014	926,811	(95,203)
Total	966,496	934,337	(32,159)	1,022,014	926,811	(95,203)

3. Securities available for sale

(Millions of yen)

	As of March 31, 2022			As of June 30, 2022		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,931,484	2,008,999	77,514	1,919,897	1,956,261	36,363
Domestic stocks	425,792	1,230,493	804,701	419,758	1,175,946	756,188
Foreign securities	3,499,656	3,749,816	250,160	3,557,169	3,671,643	114,473
Others	258,648	282,881	24,232	267,478	279,354	11,875
Total	6,115,581	7,272,190	1,156,609	6,164,303	7,083,205	918,901

Notes)

As of March 31, 2022	As of June 30, 2022
1. Stocks and others without a quoted market price and Investments in Partnerships are not included in the above table.	1. Same as on the left
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the quarterly consolidated balance sheet are included in "Others" above.
3. Impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 2,944 million yen (domestic stocks: 1,537 million yen, foreign securities: 1,406 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.	3. Impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 1,285 million yen (domestic stocks: 763 million yen, foreign securities: 521 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the first quarter declines by 30% or more from their cost.