

August 9, 2023

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2023 [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, Chairman and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: August 10, 2023
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, 2023 (April 1 to June 30, 2023)

(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, 2023	1,449,488	14.4	128,749	446.1	100,040	631.7
Three months ended June 30, 2022	1,266,506	—	23,576	—	13,673	—

Note) Comprehensive income: Three months ended June 30, 2023 436,599 million yen — %
Three months ended June 30, 2022 (26,244) million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2023	300.49	300.38
Three months ended June 30, 2022	39.93	39.91

Note) Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the first quarter of the fiscal year ended March 31, 2023 have reflected the retrospective application of these accounting standards, etc. In addition, the rate of changes from the corresponding period of previous fiscal year are not stated.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2023	13,946,054	2,308,468	16.4
As of March 31, 2023	13,351,277	1,919,140	14.3

Reference) Equity capital: As of June 30, 2023 2,290,829 million yen
As of March 31, 2023 1,903,047 million yen

Note) Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the fiscal year ended March 31, 2023 have reflected the retrospective application of these accounting standards, etc.

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, 2023	—	130.00	—	130.00	260.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		150.00	—	150.00	300.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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	322,000	550.4	230,000	770.8	690.51

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

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023 (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, 2023	347,698,689 shares
As of March 31, 2023	347,698,689 shares
 - (b) Treasury stock:

As of June 30, 2023	15,685,560 shares
As of March 31, 2023	14,615,082 shares
 - (c) Average number of shares outstanding:

For the three months ended June 30, 2023	332,923,316 shares
For the three months ended June 30, 2022	342,390,264 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.

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Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets:		
Cash and deposits	1,246,638	1,299,625
Receivables under resale agreements	69,999	79,999
Monetary receivables bought	21,915	20,347
Money trusts	21,236	23,220
Securities	9,808,182	10,364,236
Loans	484,145	481,227
Tangible fixed assets	360,882	362,138
Intangible fixed assets	543,122	541,931
Other assets	707,418	739,443
Net defined benefit asset	230	195
Deferred tax assets	90,499	36,688
Allowance for possible credit losses	(2,995)	(2,999)
Total assets	13,351,277	13,946,054
Liabilities:		
Underwriting funds:	9,475,679	9,565,485
Reserve for outstanding losses and claims	2,332,903	2,375,541
Underwriting reserves	7,142,775	7,189,944
Corporate bonds	609,051	679,403
Other liabilities	1,127,008	1,119,167
Net defined benefit liability	59,235	60,663
Reserve for retirement benefits to directors	16	17
Reserve for bonus payments	42,488	14,122
Reserve for bonus payments to directors	487	7
Reserve for stocks payments	2,669	2,277
Reserves under the special laws:	110,858	112,254
Reserve for price fluctuation	110,858	112,254
Deferred tax liabilities	4,642	84,186
Total liabilities	11,432,136	11,637,586
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	134,708	134,678
Retained earnings	961,838	1,021,350
Treasury stock	(82,145)	(89,052)
Total shareholders' equity	1,114,447	1,167,022
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	708,578	1,033,493
Deferred gains and losses on hedges	2,412	2,154
Foreign currency translation adjustments	57,053	68,015
Remeasurements of defined benefit plans	20,555	20,144
Total accumulated other comprehensive income	788,599	1,123,807
Stock acquisition rights	269	242
Non-controlling interests	15,824	17,395
Total net assets	1,919,140	2,308,468
Total liabilities and net assets	13,351,277	13,946,054

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Three months ended June 30, 2023

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Three months ended June 30, 2023 (April 1 to June 30, 2023)
Ordinary income:	1,266,506	1,449,488
Underwriting income:	1,154,285	1,240,604
Net premiums written	1,052,124	1,136,437
Deposits of premiums by policyholders	18,853	19,975
Interest and dividend income on deposits of premiums, etc.	7,366	7,221
Life insurance premiums written	74,454	75,471
Investment income:	67,562	158,727
Interest and dividend income	52,703	54,439
Investment gains on money trusts	1,155	632
Investment gains on trading securities	—	56,707
Gains on sales of securities	10,047	44,449
Transfer of interest and dividend income on deposits of premiums, etc.	(7,366)	(7,221)
Other ordinary income	44,659	50,155
Ordinary expenses:	1,242,930	1,320,738
Underwriting expenses:	993,006	1,075,388
Net claims paid	421,511	474,930
Loss adjustment expenses	34,899	36,651
Net commissions and brokerage fees	170,424	186,266
Maturity refunds to policyholders	36,182	32,678
Life insurance claims paid and other payments	30,293	25,789
Provision for reserve for outstanding losses and claims	24,208	12,667
Provision for underwriting reserves	274,745	305,655
Investment expenses:	62,251	38,943
Investment losses on money trusts	2	—
Investment losses on trading securities	44,560	—
Losses on sales of securities	6,237	28,239
Impairment losses on securities	1,363	1,169
Operating, general and administrative expenses	148,265	163,463
Other ordinary expenses:	39,406	42,942
Interest paid	3,828	3,370
Ordinary profit	23,576	128,749
Extraordinary gains:	63	15
Gains on disposal of fixed assets	63	15
Extraordinary losses:	1,582	1,570
Losses on disposal of fixed assets	185	174
Provision for reserves under the special laws:	1,308	1,396
Provision for reserve for price fluctuation	1,308	1,396
Losses on reduction of real estate	88	—
Net income before income taxes	22,057	127,193
Income taxes and deferred income taxes	7,981	26,232
Net income	14,076	100,961
Net income attributable to non-controlling interests	403	920
Net income attributable to shareholders of the parent	13,673	100,040

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30, 2023

	(Millions of yen)	
	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Three months ended June 30, 2023 (April 1 to June 30, 2023)
Net income	14,076	100,961
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	(99,344)	324,868
Deferred gains and losses on hedges	(643)	(257)
Foreign currency translation adjustments	59,230	10,719
Remeasurements of defined benefit plans	(124)	(395)
Share of other comprehensive income of affiliates accounted for under the equity method	560	704
Total other comprehensive income	(40,321)	335,638
Comprehensive income	(26,244)	436,599
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	(26,598)	435,247
Comprehensive income attributable to non-controlling interests	353	1,352

(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)

(International Financial Reporting Standards (IFRS) 17 "Insurance Contracts")

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" from the beginning of the first quarter of the fiscal year ending March 31, 2024. As a result of this application, underwriting funds are measured to reflect the effects of the time value of money, the financial risks of cash flows from insurance contracts, and the uncertainty of cash flows from insurance contracts.

These changes in accounting policies have been applied retrospectively. Accordingly, the quarterly consolidated financial statements for the three months ended June 30, 2022, and the consolidated financial statements for the fiscal year ended March 31, 2023, have reflected the retrospective application. As a result, for the three months ended June 30, 2022, ordinary expenses have decreased by 28,302 million yen, and ordinary profit and net income before income taxes have increased by 28,302 million yen, respectively, compared to those prior to the retrospective application. In addition, for the fiscal year ended March 31, 2023, other assets have decreased by 1,109,401 million yen, other liabilities have decreased by 515,938 million yen, and underwriting funds have decreased by 643,254 million yen. The cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has decreased by 16,769 million yen.

(International Financial Reporting Standards (IFRS) 9 “Financial Instruments”)

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 9 “Financial Instruments” from the beginning of the first quarter of the fiscal year ending March 31, 2024. As a result of this application, the methods for classification and measurement of financial instruments have changed.

These changes in accounting policies have been applied retrospectively. Accordingly, the quarterly consolidated financial statements for the three months ended June 30, 2022, and the consolidated financial statements for the fiscal year ended March 31, 2023, have reflected the retrospective application. As a result, for the three months ended June 30, 2022, ordinary income decreased by 20,059 million yen, ordinary expenses increased by 39,961 million yen, and ordinary profit and net income before income taxes decreased by 60,020 million yen, respectively, compared to those prior to the retrospective application. In addition, the cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has increased by 7,578 million yen, and the balance of unrealized gains and losses on securities available for sale at the beginning of the fiscal year ended March 31, 2023 decreased by 7,578 million yen.

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Three months ended June 30, 2022 (April 1 to June 30, 2022)	Three months ended June 30, 2023 (April 1 to June 30, 2023)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	1,154,285	1,240,604	86,319	7.5
Net premiums written	1,052,124	1,136,437	84,312	8.0
Deposits of premiums by policyholders	18,853	19,975	1,121	5.9
Life insurance premiums written	74,454	75,471	1,017	1.4
Underwriting expenses:	993,006	1,075,388	82,382	8.3
Net claims paid	421,511	474,930	53,419	12.7
Loss adjustment expenses	34,899	36,651	1,752	5.0
Net commissions and brokerage fees	170,424	186,266	15,842	9.3
Maturity refunds to policyholders	36,182	32,678	(3,503)	(9.7)
Life insurance claims paid and other payments	30,293	25,789	(4,503)	(14.9)
Provision for reserve for outstanding losses and claims	24,208	12,667	(11,540)	(47.7)
Provision for underwriting reserves	274,745	305,655	30,910	11.3
Investment income:	67,562	158,727	91,165	134.9
Interest and dividend income	52,703	54,439	1,735	3.3
Gains on sales of securities	10,047	44,449	34,401	342.4
Investment expenses:	62,251	38,943	(23,308)	(37.4)
Losses on sales of securities	6,237	28,239	22,001	352.7
Impairment losses on securities	1,363	1,169	(193)	(14.2)
Operating, general and administrative expenses	148,265	163,463	15,198	10.3
Other ordinary income and expenses	5,252	7,212	1,959	37.3
Ordinary profit	23,576	128,749	105,172	446.1
Extraordinary gains and losses:				
Extraordinary gains	63	15	(48)	(76.4)
Extraordinary losses	1,582	1,570	(12)	(0.8)
Extraordinary gains and losses	(1,518)	(1,555)	(36)	—
Net income before income taxes	22,057	127,193	105,135	476.6
Income taxes and deferred income taxes	7,981	26,232	18,251	228.7
Net income	14,076	100,961	86,884	617.2
Net income attributable to non-controlling interests	403	920	517	128.3
Net income attributable to shareholders of the parent	13,673	100,040	86,367	631.7

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the three months ended June 30, 2022 have reflected the retrospective application of these accounting standards, etc.

(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, 2022 (April 1 to June 30, 2022)			Three months ended June 30, 2023 (April 1 to June 30, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	171,968	15.7	13.4	183,399	16.1	6.6
Marine insurance	31,395	2.9	32.4	33,709	3.0	7.4
Personal accident insurance	69,550	6.3	0.7	71,490	6.3	2.8
Voluntary automobile insurance	316,649	28.9	1.2	329,540	29.0	4.1
Compulsory automobile liability insurance	56,019	5.1	(3.5)	51,035	4.5	(8.9)
Others	450,091	41.1	15.9	467,662	41.1	3.9
Total	1,095,674	100.0	9.2	1,136,836	100.0	3.8
Deposits of premiums by policyholders	18,853	1.7	(5.5)	19,975	1.8	5.9

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, 2022 (April 1 to June 30, 2022)			Three months ended June 30, 2023 (April 1 to June 30, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	166,676	15.8	16.2	187,492	16.5	12.5
Marine insurance	34,221	3.3	25.9	46,197	4.1	35.0
Personal accident insurance	49,130	4.7	0.9	49,910	4.4	1.6
Voluntary automobile insurance	323,357	30.7	2.7	337,150	29.7	4.3
Compulsory automobile liability insurance	48,477	4.6	(11.3)	50,535	4.4	4.2
Others	430,261	40.9	51.7	465,151	40.9	8.1
Total	1,052,124	100.0	20.6	1,136,437	100.0	8.0

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, 2022 (April 1 to June 30, 2022)			Three months ended June 30, 2023 (April 1 to June 30, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	84,660	20.1	7.8	86,973	18.3	2.7
Marine insurance	10,088	2.4	0.9	14,392	3.0	42.7
Personal accident insurance	20,031	4.8	14.0	18,673	3.9	(6.8)
Voluntary automobile insurance	153,371	36.4	5.1	174,760	36.8	13.9
Compulsory automobile liability insurance	36,143	8.6	(6.7)	35,323	7.4	(2.3)
Others	117,215	27.8	42.6	144,808	30.5	23.5
Total	421,511	100.0	13.0	474,930	100.0	12.7

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

(3) Securities (Consolidated)

As stated in Changes in Accounting Policies, overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments.” These changes in accounting policies have been applied retrospectively, and the figures for the fiscal year ended March 31, 2023 have reflected the retrospective application.

1. Bonds held to maturity

(Millions of yen)

	As of March 31, 2023			As of June 30, 2023		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,208,639	1,346,728	138,089	316,800	336,966	20,166
Total	1,208,639	1,346,728	138,089	316,800	336,966	20,166

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2023			As of June 30, 2023		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,410,404	1,309,149	(101,255)	1,743,226	1,650,300	(92,925)
Total	1,410,404	1,309,149	(101,255)	1,743,226	1,650,300	(92,925)

3. Securities available for sale

(Millions of yen)

	As of March 31, 2023			As of June 30, 2023		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,545,741	1,543,888	(1,853)	2,146,323	2,263,071	116,747
Domestic stocks	395,350	1,233,564	838,213	387,278	1,385,845	998,567
Foreign securities	1,833,721	1,934,401	100,680	1,773,089	2,030,953	257,863
Others	244,451	252,107	7,656	238,398	254,573	16,175
Total	4,019,264	4,963,961	944,696	4,545,090	5,934,444	1,389,353

Notes)

As of March 31, 2023	As of June 30, 2023
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. Beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in “Others” above.	2. 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 8,739 million yen (domestic stocks: 882 million yen, foreign securities: 7,841 million yen, others: 16 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 580 million yen (domestic stocks only). 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.