

# Financial Section

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# Financial Highlights

## Consolidated Financial Indicators for Sampo Holdings

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Key Figures</b>									
Ordinary Income	2,621,689	2,790,555	2,843,226	3,008,339	3,282,343	3,256,186	3,419,530	3,770,052	3,643,040
Net Premiums Written (P&C Insurance)	1,933,283	1,973,777	2,062,606	2,268,967	2,508,031	2,552,193	2,550,336	2,854,755	2,718,155
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	297,696	323,860	346,998	349,606
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	241,713	141,890	198,959
Net Income Attributable to Shareholders of the Parent	(12,918)	(92,262)	43,618	44,169	54,276	159,581	166,402	139,817	146,626
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	226,949	177,754	(54,460)
<b>Per Share Information (Yen, U.S. dollars)</b>									
Net Income	(31.11)	(222.30)	105.10	106.98	132.85	394.21	419.15	361.39	392.26
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	90.0	110.0	130.0
(Of which, Interim)	—	—	—	30.0	30.0	40.0	40.0	55.0	65.0
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	418.71	361.09	391.96
<b>Financial Condition</b>									
Total Net Assets	1,079,446	1,000,577	1,283,488	1,390,153	1,829,852	1,652,839	1,868,940	1,916,210	1,779,911
Total Assets	8,981,974	8,893,378	9,178,198	9,499,799	10,253,431	10,186,746	11,931,135	11,948,323	12,018,254
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	15.1	15.8	14.6
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	748.9	862.5	859.8
<b>Stock Information (Shares)</b>									
Number of Shares Outstanding (Excluding Treasury Stock)	415,106,429	414,825,205	414,726,157	411,284,208	408,037,848	404,162,514	393,398,576	380,579,944	372,426,159
<b>Adjusted Financial Indicators</b>									
Adjusted Consolidated Profit (Billions of yen)	27.6	(96.8)	20.7	35.5	113.6	164.3	183.2	162.7	113.5
Adjusted Consolidated ROE (%)	1.6	(10.9)	1.2	1.9	5.1	6.9	7.6	6.4	4.5

- Notes: 1. Sampo Holdings carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. Net income per share, dividends per share, and number of shares outstanding (excluding treasury stock) are calculated based on the assumption that the reverse split of stocks was executed at the beginning of fiscal 2010.
2. Reflecting amendments to the "Accounting Standard for Business Combinations," etc., since fiscal 2015 the presentation of "net income" has been amended to "net income attributable to shareholders of the parent."
3. From the end of fiscal 2011, the consolidated solvency margin ratio as the standard of consolidated financial soundness has been calculated in accordance with the related laws and regulations, including the Ordinance for Enforcement of the Insurance Business Act, revised on March 31, 2011. Above, the figures for fiscal 2012 and before and the figures for fiscal 2013 and after are calculated on a different basis, reflecting the law revision concerning the standards for the calculation of the solvency margin ratio that was enforced at the end of fiscal 2013. Figures are not presented for fiscal 2010.
4. Diluted net income per share for fiscal 2010 and fiscal 2011 is not shown due to the recording of net loss per share.
5. As for adjusted consolidated profit and adjusted consolidated ROE for fiscal 2010-2015, estimated amounts calculated based on new definitions are presented.
6. U.S. dollar amounts are translated from yen at the rate of ¥110.71 = U.S. \$1.00, the approximate rate prevailing at March 31, 2021.

### Adjusted Financial Indicators

Adjusted consolidated profit is a profit indicator that is meant to more accurately reflect business results and is calculated by adjusting consolidated net income based on JGAAP for catastrophic loss reserve and other items. This indicator is used to determine shareholder returns.

Millions of yen      Millions of  
U.S. dollars

### Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc.

	FY2019	FY2020	FY2020		Previous Mid-Term Management Plan	New Mid-Term Management Plan
	3,760,366	3,846,323	34,742	Adjusted profit for each business*1	Domestic P&C insurance*2 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)	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)
	2,825,482	2,923,547	26,407			
	356,064	346,177	3,126		Overseas insurance and reinsurance business Net income (including major non-consolidated subsidiaries) Operating income is used for Sompo International Holdings.*5	Operating income*5 Net income is used for affiliates accounted for under the equity-method in principle.
	192,451	215,097	1,942			
	122,515	142,482	1,286		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 cost (after tax) – Depreciation of acquisition cost (after tax)	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 cost (after tax) – Depreciation of acquisition cost (after tax) – Gains/losses on sales of securities and impairment losses on securities (after tax)
	(77,806)	512,417	4,628			
	334.12	397.40	3.58			
	150.0	170.00	1.53			
	75.0	80.00	0.72			
	333.89	397.16	3.58	Nursing care & seniors Net income	Net income	
	1,612,584	2,031,168	18,346	Digital*3	–	Net income – Gains/losses on sales and impairment losses related to investment (after tax)
	11,977,836	13,118,656	118,495	Healthcare, etc.*4	–	Net income
	13.3	15.4	–	Adjusted consolidated profit	Total of above adjusted profits	Total of above adjusted profits
	856.1	871.8	–	Adjusted consolidated net assets	Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance, etc. (after tax) + Reserve for price fluctuation in domestic life insurance (after tax) + Domestic life insurance adjusted net assets*6	Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve in domestic P&C insurance, etc. (after tax) + Reserve for price fluctuation in domestic life insurance (after tax) + Domestic life insurance adjusted net assets*6
	364,125,082	354,956,543	–	Adjusted consolidated ROE	Adjusted consolidated profit/Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.	Adjusted consolidated profit/Adjusted consolidated net assets Note: The denominator is the average balance at the end/start of each fiscal year.
	150.8	202.1	1,826	Risk diversification ratio	–	Risk diversification effect/ Total amount of Group risk (Before consideration of diversification effect)
	6.4	8.0	–	Global business ratio (Regional diversification ratio)	–	Adjusted profit of Overseas Insurance and Reinsurance Business/ Adjusted consolidated profit

\*1 Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from subsidiaries.

\*2 Total of Sompo Japan Insurance Inc., SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, Sompo Japan Partners Inc., Mysurance Inc., Sompo Japan DC Securities Inc., Sompo Risk Management Inc., Tier IV, Inc., DeNA SOMPO Mobility Co., Ltd., akippa Inc., DeNA SOMPO Carlife Co., Ltd., Prime Assistance Inc. and Sompo Warranty Inc.

\*3 Total of Palantir Technologies Japan K.K., Sompo AUX Inc. and ABEJA, Inc. (FY2021 and later) (FY2020 and earlier, all three classified as Nursing Care & Healthcare Business, etc.)

\*4 Total of Sompo Health Support Inc., Wellness Communications Corporation, Sompo Asset Management Co., Ltd. and FRESHHOUSE Co., Ltd. (FY2020 and earlier, all four classified as Nursing Care & Healthcare Business, etc.)

\*5 Defined as the operating income, which excludes one-time fluctuation factors (= Net income – Net foreign exchange gains and losses – Net realized and unrealized gains and losses on securities – Net impairment losses recognized in earnings, etc.)

\*6 Adjusted net assets of Domestic Life Insurance Business = Net assets of Domestic Life Insurance Business (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax) + Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

# Segment Overview (Unaudited)

## Domestic P&C Insurance Business

### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	460,860	17.72%	8.12%	489,347	19.12%	6.18%
Marine insurance	46,395	1.78	0.59	44,422	1.74	(4.25)
Personal accident insurance	271,152	10.42	3.22	247,367	9.66	(8.77)
Voluntary automobile insurance	1,137,169	43.72	1.25	1,147,002	44.81	0.86
Compulsory automobile liability insurance	290,712	11.18	(2.20)	238,823	9.33	(17.85)
Others	395,028	15.19	1.74	392,803	15.35	(0.56)
Total	2,601,318	100.00	2.26	2,559,767	100.00	(1.60)
Deposits of premiums by policyholders	113,703	4.37	2.31	93,496	3.65	(17.77)

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

### 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	285,630	12.78%	7.57%	306,813	13.97%	7.42%
Marine insurance	46,901	2.10	5.84	40,585	1.85	(13.47)
Personal accident insurance	169,024	7.56	(2.22)	154,095	7.02	(8.83)
Voluntary automobile insurance	1,131,317	50.60	1.12	1,140,677	51.93	0.83
Compulsory automobile liability insurance	281,141	12.57	0.84	238,136	10.84	(15.30)
Others	321,809	14.39	1.05	316,265	14.40	(1.72)
Total	2,235,825	100.00	1.69	2,196,574	100.00	(1.76)

Note) Figures are amounts before the elimination of internal transactions between segments.

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	234,257	17.55%	(15.21)%	214,777	17.59%	(8.32)%
Marine insurance	28,418	2.13	(16.67)	24,933	2.04	(12.26)
Personal accident insurance	86,460	6.48	(5.74)	72,054	5.90	(16.66)
Voluntary automobile insurance	614,177	46.00	(0.98)	561,357	45.97	(8.60)
Compulsory automobile liability insurance	192,508	14.42	(6.90)	175,844	14.40	(8.66)
Others	179,299	13.43	(1.16)	172,256	14.11	(3.93)
Total	1,335,120	100.00	(5.35)	1,221,222	100.00	(8.53)

Note) Figures are amounts before the elimination of internal transactions between segments.

#### 4. Investment assets

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Deposits	498,845	8.04%	559,146	8.70%
Receivables under resale agreements	69,999	1.13	59,999	0.93
Monetary receivables bought	19,897	0.32	21,700	0.34
Money trusts	32,871	0.53	27,566	0.43
Securities	3,733,595	60.20	4,149,549	64.59
Loans	640,492	10.33	597,638	9.30
Land & buildings	227,009	3.66	225,203	3.51
Total investment assets	5,222,710	84.21	5,640,804	87.80
Total net assets	6,202,067	100.00	6,424,928	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

#### 5. Securities

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Government bonds	725,677	19.44%	689,718	16.62%
Municipal bonds	16,993	0.46	14,933	0.36
Corporate bonds	648,197	17.36	679,548	16.38
Domestic stocks	1,032,571	27.66	1,310,674	31.59
Foreign securities	1,213,155	32.49	1,295,479	31.22
Others	96,998	2.60	159,194	3.84
Total	3,733,595	100.00	4,149,549	100.00

Notes)

1. Figures are amounts after the elimination of internal transactions between segments.

2. As of March 31, 2020, Others primarily comprised security investment trust beneficiary securities amounting to 81,998 million yen.

As of March 31, 2021, Others primarily comprised security investment trust beneficiary securities amounting to 144,175 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	125	624,748	0.02%	30	544,443	0.01%
Call loans	0	138	0.03	0	83	0.03
Receivables under resale agreements	2	60,795	0.00	1	47,414	0.00
Monetary receivables bought	150	14,310	1.05	165	20,652	0.80
Money trusts	1,211	39,016	3.11	769	24,193	3.18
Securities	102,070	3,031,755	3.37	105,744	3,040,774	3.48
Loans	6,967	655,420	1.06	6,002	627,297	0.96
Land & buildings	3,106	225,384	1.38	3,050	233,634	1.31
Subtotal	113,634	4,651,572	2.44	115,765	4,538,494	2.55
Others	1,201	—	—	290	—	—
Total	114,835	—	—	116,056	—	—

#### Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

### (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	(1,911)	624,748	(0.31)%	2,393	544,443	0.44%
Call loans	0	138	0.03	0	83	0.03
Receivables under resale agreements	2	60,795	0.00	1	47,414	0.00
Monetary receivables bought	150	14,310	1.05	165	20,652	0.80
Money trusts	(2,305)	39,016	(5.91)	5,035	24,193	20.81
Securities	154,920	3,031,755	5.11	160,104	3,040,774	5.27
Loans	5,532	655,420	0.84	5,401	627,297	0.86
Land & buildings	3,106	225,384	1.38	3,050	233,634	1.31
Derivatives	(9,404)	—	—	(13,258)	—	—
Others	(288)	—	—	2,063	—	—
Total	149,802	4,651,572	3.22	164,957	4,538,494	3.63

#### Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

## 7. Foreign investments

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	566,195	44.27%	530,843	39.10%
Foreign stocks	66,832	5.23	47,897	3.53
Others	407,329	31.85	536,635	39.53
Subtotal	1,040,358	81.34	1,115,376	82.16
Yen-denominated securities				
Foreign bonds	25,394	1.99	19,367	1.43
Others	213,277	16.67	222,890	16.42
Subtotal	238,672	18.66	242,258	17.84
Total	1,279,031	100.00	1,357,634	100.00
Yield on foreign investments				
Income yield		3.16%		4.61%
Realized yield		3.01		5.02

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2020, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 296,870 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,769 million yen. As of March 31, 2021, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 485,223 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 159,928 million yen.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	589,657	13.52%	726,973	23.29%

Note) Figures are amounts before the elimination of internal transactions between segments.

## Domestic Life Insurance Business

### 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,429,156	1.54%	23,543,116	0.49%
Individual annuities	229,689	(3.31)	223,239	(2.81)
Group insurance	2,752,617	1.55	2,715,790	(1.34)
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of individual annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

### 2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	2,475,501	2,475,501	—	2,141,022	2,141,022	—
Individual annuities	—	—	—	—	—	—
Group insurance	14,223	14,223	—	57,758	57,758	—
Group annuities	—	—	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of new business and net increase on conversion for individual annuities represent annuity fund at the beginning of annuity payment.

### 3. Investment assets

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Deposits	116,117	3.61%	178,483	5.05%
Securities	2,982,789	92.71	3,259,427	92.15
Loans	43,163	1.34	41,985	1.19
Land & buildings	445	0.01	444	0.01
Total investment assets	3,142,515	97.68	3,480,342	98.39
Total net assets	3,217,267	100.00	3,537,254	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.



## 4. Securities

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,900,955	63.73%	2,140,848	65.68%
Municipal bonds	74,315	2.49	67,837	2.08
Corporate bonds	515,609	17.29	460,723	14.14
Domestic stocks	7,319	0.25	10,132	0.31
Foreign securities	484,588	16.25	578,222	17.74
Other securities	—	—	1,662	0.05
Total	2,982,789	100.00	3,259,427	100.00

Note) Figures are amounts after the elimination of internal transactions between segments.

## 5. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	73,150	—%	—	136,169	—%
Monetary receivables bought	0	24	0.00	—	—	—
Securities	44,417	2,829,437	1.57	45,844	3,064,930	1.50
Loans	1,290	42,482	3.04	1,238	44,423	2.79
Land & buildings	—	448	—	—	433	—
Subtotal	45,708	2,945,542	1.55	47,082	3,245,956	1.45
Others	—	—	—	—	—	—
Total	45,708	—	—	47,082	—	—

Notes)

- Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

### (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	—	73,150	—%	0	136,169	0.00%
Monetary receivables bought	0	24	0.00	—	—	—
Securities	47,011	2,829,437	1.66	47,754	3,064,930	1.56
Loans	1,290	42,482	3.04	1,238	44,423	2.79
Land & buildings	—	448	—	—	433	—
Derivatives	(374)	—	—	(389)	—	—
Total	47,928	2,945,542	1.63	48,604	3,245,956	1.50

Notes)

- Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

## 6. Foreign investments

(Millions of yen)

	As of March 31, 2020		As of March 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	454,709	94.93%	544,605	95.42%
Others	—	—	33	0.01
Subtotal	454,709	94.93	544,638	95.42
Yen-denominated securities				
Foreign bonds	8,855	1.85	8,901	1.56
Others	15,421	3.22	17,226	3.02
Subtotal	24,276	5.07	26,128	4.58
Total	478,986	100.00	570,766	100.00
Yield on foreign investments				
Income yield		1.95%		1.94%
Realized yield		2.28		2.19

Notes)

- Figures are amounts after the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2020, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.  
As of March 31, 2021, others in foreign currency denominated securities is entirely attributable to deposits, and others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

## Nursing Care & Healthcare Business

Ordinary income increased 4.1 billion yen, to 138.6 billion yen, compared with the fiscal year ended March 31, 2020. Net income attributable to shareholders of the parent decreased 0.2 billion yen from the fiscal year ended March 31, 2020, to 1.0 billion yen.

(Reference) Overview of Entire Business

### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	585,284	18.05%	10.09%	638,907	19.61%	9.16%
Marine insurance	94,251	2.91	5.98	88,985	2.73	(5.59)
Personal accident insurance	276,844	8.54	2.07	250,048	7.67	(9.68)
Voluntary automobile insurance	1,233,940	38.06	2.23	1,217,128	37.35	(1.36)
Compulsory automobile liability insurance	290,712	8.97	(2.20)	238,823	7.33	(17.85)
Others	761,156	23.48	5.35	824,414	25.30	8.31
Total	3,242,190	100.00	3.96	3,258,306	100.00	0.50
Deposits of premiums by policyholders	113,703	3.51	2.31	93,496	2.87	(17.77)

Notes)

- Figures are amounts after the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

## 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	406,295	14.38%	8.30%	459,304	15.71%	13.05%
Marine insurance	87,241	3.09	6.74	82,005	2.80	(6.00)
Personal accident insurance	173,875	6.15	(3.55)	156,744	5.36	(9.85)
Voluntary automobile insurance	1,221,171	43.22	1.81	1,217,620	41.65	(0.29)
Compulsory automobile liability insurance	281,141	9.95	0.84	238,136	8.15	(15.30)
Others	655,757	23.21	8.81	769,737	26.33	17.38
Total	2,825,482	100.00	3.95	2,923,547	100.00	3.47

Note) Figures are amounts after the elimination of internal transactions between segments.

## 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	305,562	18.57%	(11.63)%	275,451	18.12%	(9.85)%
Marine insurance	49,624	3.02	(7.11)	45,217	2.98	(8.88)
Personal accident insurance	88,253	5.36	(7.49)	72,797	4.79	(17.51)
Voluntary automobile insurance	661,398	40.20	(1.49)	597,948	39.34	(9.59)
Compulsory automobile liability insurance	192,508	11.70	(6.90)	175,844	11.57	(8.66)
Others	347,993	21.15	8.03	352,603	23.20	1.32
Total	1,645,340	100.00	(2.92)	1,519,862	100.00	(7.63)

Note) Figures are amounts after the elimination of internal transactions between segments.



## Independent Auditor's Report

The Board of Directors  
Sompo Holdings, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



Assessment of goodwill related to overseas insurance business	
Description of Key Audit Matter	Auditor's Response
<p>The goodwill of ¥163,555 million recorded in the consolidated balance sheet of the Group as of March 31, 2021 includes ¥132,368 million of goodwill related to overseas insurance business. The related notes are the Notes to the Consolidated Financial Statements "Significant accounting estimates" and "Information related to amortization of goodwill and balance of goodwill by reportable segments" in "Segment information".</p> <p>Goodwill related to overseas insurance business is amortized in equal installments within 20 years from the year of occurrence, except for immaterial amounts of goodwill that are amortized at one time. The related notes are the Notes to the Consolidated Financial Statements "Significant accounting estimates" and "4. Accounting policies (8) Method and period of amortization of goodwill" in "Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." In addition, in assessing the impairment of goodwill related to overseas insurance business, if there are any indications that the asset group including goodwill is impaired, the recoverable amount of the asset group must be estimated and if the book value exceeds the recoverable amount, its difference must be recognized as an impairment loss.</p> <p>The overseas insurance business, which is served by Sampo International Holdings Ltd. as the core company, includes the direct insurance and reinsurance business in the commercial segment mainly for specialty insurance, and the retail segment mainly for personal insurance. The overseas insurance business is conducted in developed markets such as Bermuda and North America, as well</p>	<p>Our audit procedures performed to assess goodwill included the following, among others:</p> <ul style="list-style-type: none"> <li>● We assessed the design and tested operating effectiveness of internal controls over assessments of goodwill. Our assessments included an assessment of the Group's internal controls, including the Group's decisions regarding asset groups, developments in operating performance, any changes that would significantly reduce the recoverable amount due to the discontinuation or reorganization of business, and any significant deterioration in market conditions.</li> <li>● We inspected the materials used to assess indications of impairment of goodwill.</li> <li>● We made inquiries to the relevant divisions which are responsible for testing indications of impairment of goodwill.</li> </ul> <p>In addition, our audit procedures performed to assess the goodwill for the overseas insurance business included the following, among others:</p> <ul style="list-style-type: none"> <li>● We inspected the meeting minutes of the Group's decision-making bodies, including the Board of Directors and the Management Committee to consider the business plan, strategy and performance of the overseas insurance business.</li> <li>● We considered the outlook of the direct insurance and reinsurance markets in the overseas insurance business, the impact of the COVID-19 pandemic and other matters by referring to the available external information.</li> </ul>

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as in emerging markets such as Turkey, South America and Southeast Asia.

The goodwill of the overseas insurance business relates to the business of Sampo International Holdings Ltd. which consists of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently Sampo International Holdings Ltd.), goodwill related to the acquisition of overseas subsidiaries of the retail segment included in the platform for the retail segment's insurance business, and goodwill related to the acquisition of overseas insurance business by Sampo International Holdings Ltd.

The overseas insurance business is operated globally both in developed and emerging markets and has two distinct segments: commercial and retail segments. In addition, the overseas insurance business is subject to various risk factors, such as continued premium rate hike due to the hardening commercial insurance market, economic slowdown due to the COVID-19 pandemic, and natural catastrophic losses such as hurricanes. Therefore, the determination of impairment of goodwill, including the assessment of an indication of impairment, requires adequate consideration in an audit. The Group determined that no impairment of goodwill related to overseas insurance business was required for the current period.

In our audit, it is crucial to assess the business performance and the progress of the business plans of Sampo International Holdings Ltd. approved by the management. The various risk factors mentioned above affect the ordinary income/loss of Sampo International Holdings Ltd. as a result of fluctuations in premiums, claims and insurance liabilities in the business performance and business plan. The key assumptions in the estimation of ordinary income/loss include the growth rate of net premiums written and the loss ratio, which are related to the performance of

- We made inquiries to the Group's officers in charge of the overseas insurance business and the management of Sampo International Holdings Ltd. with respect to the results of operations and business plans of the commercial and retail segments of the overseas insurance business.
- We conducted ongoing communications with our network firms serving as local auditors to assess any indications of impairment due to certain factors including the outlook of the direct insurance and reinsurance markets, interest rate trends and changes in laws and regulations.
- We involved our network firms serving as local auditors, our valuation specialists and actuaries to examine the growth rate of net premiums written and loss ratio by comparing them with the relevant information including the prior years' business performance, industry trends and competitor information.



insurance underwriting business. Estimates of the growth rate of net premiums written and the loss ratio are highly dependent on management's judgment.

Based on the above, the assessment of goodwill related to the overseas insurance business is highly dependent on management's judgment related to the business of the relevant subsidiaries and is considered a key audit matter.



Estimate method to Statistical IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded ¥ 1,646,818 million of "Reserve for outstanding losses and claims" in the consolidated balance sheet as of March 31, 2021. As described in Note to Consolidated Financial Statements "Significant accounting estimates", the Reserve for outstanding losses and claims consists of the ordinary outstanding claims reserve and the IBNR reserve (IBNR stands for "Incurred But Not Reported" and is the reserve for incurred but not reported losses).</p> <p>Ordinary outstanding claims reserve is the amount individually estimated to pay as insurance claims for loss which has been reported, based on the details of the report of the loss event, the details of the insurance policy, and the outcome of the loss adjustment. IBNR reserve is the amount estimated to pay as insurance claims for loss which has not yet been reported but a loss event specified in the insurance policy is deemed to have already occurred. The IBNR reserve includes the amount estimated by the statistical estimation method based on the unit of account by each line of business by underwriting category for which payment of insurance claims under the written insurance policy is expected to continue for a long period of time (statistical IBNR reserve).</p> <p>Statistical IBNR reserve is estimated by actuarial calculations based on certain statistical estimation method and requires a high degree of technical expertise in actuarial calculation. The key assumptions in the statistical estimation method include the factors which are used to estimate the conclusive amount of insurance claims and other losses (loss development factors) as well as the expected loss ratio based on the actual payment of insurance claims and other losses by accident year over a certain period in the past. Also, these key assumptions are</p>	<p>Our audit procedures performed to consider the estimate method to statistical IBNR reserve included the following, among others:</p> <ul style="list-style-type: none"> <li>● We assessed the design and tested operating effectiveness of the internal control over the estimate method to statistical IBNR reserve. Our procedures included assessments of internal controls over selection of statistical estimation method and determination of key assumptions such as loss development factors and expected loss ratio.</li> <li>● We involved our network firm's actuaries to perform the following procedures, among others: <ul style="list-style-type: none"> <li>- We assessed the consistency of the exclusion of anomaly such as losses arising from natural catastrophic disasters from the actuarial calculations as well as compared and examined the development in the loss development factor with the development in the amount of insurance claims.</li> <li>- We examined whether to modify the expected loss ratio in light of current trends including the premium rate updates.</li> <li>- With regard to the statistical IBNR reserve for significant units of account, we independently estimated the statistical IBNR reserve in consideration of the development of the losses attributable to the natural catastrophic disasters and examined the management's estimates by comparing them with our estimates.</li> </ul> </li> </ul>

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affected by identification of anomaly such as losses attributable to natural catastrophic disasters and the development of losses including insurance claims and other losses over passage of time.

Based on the above, given that the estimate method to statistical IBNR reserve requires a high degree of technical expertise in actuarial calculation and the key assumptions used in the statistical estimation method are highly dependent on management's judgment, the estimate method to statistical IBNR reserve is considered a key audit matter.

- In order to assess the data used for estimating the statistical IBNR reserve (e.g. insurance claims), we selected samples to examine the actual data such as insurance claims payments which were reconciled with payment data, and compare them with the underlying data for estimating the statistical IBNR reserve.
- We inspected the materials on the estimation of statistical IBNR reserve based on the units of account for underwriting by each line of business, and recalculated the estimation of statistical IBNR reserve, including the determination of loss development factors.

### **Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 25, 2021

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/s/ Noboru Miura  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Hirotsugu Kamoshita  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Hiroyuki Kobayashi  
Designated Engagement Partner  
Certified Public Accountant

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# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2020		As of March 31, 2021		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	925,014	7.72%	1,068,985	8.15%	143,971
Receivables under resale agreements		69,999	0.58	59,999	0.46	(9,999)
Monetary receivables bought		21,183	0.18	21,700	0.17	516
Money trusts		33,003	0.28	27,698	0.21	(5,304)
Securities	*3, *5, *6	7,970,386	66.54	9,036,200	68.88	1,065,814
Loans	*4	684,094	5.71	639,631	4.88	(44,462)
Tangible fixed assets:	*1, *2, *5	374,393	3.13	362,195	2.76	(12,198)
Land		126,045		120,244		(5,800)
Buildings		135,333		139,471		4,137
Leased assets		71,969		66,807		(5,161)
Construction in progress		8,311		3,946		(4,364)
Other tangible fixed assets		32,734		31,726		(1,008)
Intangible fixed assets:		407,988	3.41	422,238	3.22	14,249
Software		18,822		118,128		99,306
Goodwill		172,665		163,555		(9,110)
Other intangible fixed assets		216,501		140,554		(75,946)
Other assets		1,428,879	11.93	1,481,467	11.29	52,588
Net defined benefit asset		186	0.00	83	0.00	(102)
Deferred tax assets		70,886	0.59	6,652	0.05	(64,233)
Allowance for possible credit losses		(8,179)	(0.07)	(8,196)	(0.06)	(17)
<b>Total assets</b>		<b>11,977,836</b>	<b>100.00</b>	<b>13,118,656</b>	<b>100.00</b>	<b>1,140,819</b>

## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2020		As of March 31, 2021		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		8,544,735	71.34%	8,891,259	67.78%	346,524
Reserve for outstanding losses and claims		1,558,502		1,646,818		88,316
Underwriting reserves		6,986,233		7,244,440		258,207
Corporate bonds		504,089	4.21	529,591	4.04	25,502
Other liabilities	*5	1,091,499	9.11	1,380,322	10.52	288,822
Net defined benefit liability		94,094	0.79	80,497	0.61	(13,596)
Reserve for retirement benefits to directors		30	0.00	35	0.00	5
Reserve for bonus payments		32,969	0.28	30,421	0.23	(2,547)
Reserve for bonus payments to directors		702	0.01	1,083	0.01	381
Reserve for stocks payments		1,619	0.01	1,953	0.01	334
Reserves under the special laws:		95,387	0.80	100,212	0.76	4,825
Reserve for price fluctuation		95,387		100,212		4,825
Deferred tax liabilities		125	0.00	72,109	0.55	71,984
<b>Total liabilities</b>		<b>10,365,252</b>	<b>86.54</b>	<b>11,087,487</b>	<b>84.52</b>	<b>722,235</b>
<b>Net assets:</b>						
<b>Shareholders' equity:</b>						
Common stock		100,045	0.84	100,045	0.76	—
Capital surplus		244,129	2.04	244,060	1.86	(69)
Retained earnings		788,922	6.59	876,066	6.68	87,144
Treasury stock		(38,842)	(0.32)	(73,772)	(0.56)	(34,930)
<b>Total shareholders' equity</b>		<b>1,094,254</b>	<b>9.14</b>	<b>1,146,399</b>	<b>8.74</b>	<b>52,144</b>
<b>Accumulated other comprehensive income:</b>						
Unrealized gains and losses on securities available for sale		578,261	4.83	997,904	7.61	419,643
Deferred gains and losses on hedges		5,593	0.05	4,406	0.03	(1,187)
Foreign currency translation adjustments		(83,214)	(0.69)	(141,211)	(1.08)	(57,997)
Remeasurements of defined benefit plans		2,103	0.02	10,862	0.08	8,759
<b>Total accumulated other comprehensive income</b>		<b>502,743</b>	<b>4.20</b>	<b>871,961</b>	<b>6.65</b>	<b>369,217</b>
Stock acquisition rights		551	0.00	467	0.00	(84)
Non-controlling interests		15,033	0.13	12,340	0.09	(2,693)
<b>Total net assets</b>		<b>1,612,584</b>	<b>13.46</b>	<b>2,031,168</b>	<b>15.48</b>	<b>418,584</b>
<b>Total liabilities and net assets</b>		<b>11,977,836</b>	<b>100.00</b>	<b>13,118,656</b>	<b>100.00</b>	<b>1,140,819</b>

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,760,366	100.00%	3,846,323	100.00%	85,957
Underwriting income:		3,334,680	88.68	3,403,765	88.49	69,085
Net premiums written		2,825,482		2,923,547		98,065
Deposits of premiums by policyholders		113,703		93,496		(20,207)
Interest and dividend income on deposits of premiums, etc.		35,140		32,031		(3,109)
Life insurance premiums written		356,064		346,177		(9,886)
Other underwriting income		4,289		8,512		4,223
Investment income:		266,713	7.09	279,437	7.27	12,724
Interest and dividend income		204,135		198,288		(5,847)
Investment gains on money trusts		202		5,046		4,843
Investment gains on trading securities		324		1,526		1,202
Gains on sales of securities		90,376		78,654		(11,721)
Gains on redemption of securities		1,032		3,116		2,084
Investment gains on special account		—		4,912		4,912
Other investment income		5,782		19,923		14,140
Transfer of interest and dividend income on deposits of premiums, etc.		(35,140)		(32,031)		3,109
Other ordinary income:		158,973	4.23	163,120	4.24	4,147
Other ordinary income		158,973		163,120		4,147
Ordinary expenses:		3,567,915	94.88	3,631,226	94.41	63,311
Underwriting expenses:		2,839,225	75.50	2,903,127	75.48	63,901
Net claims paid		1,645,340		1,519,862		(125,478)
Loss adjustment expenses	*1	130,144		127,052		(3,091)
Net commissions and brokerage fees	*1	531,419		549,324		17,905
Maturity refunds to policyholders		212,156		196,812		(15,343)
Dividends to policyholders		101		65		(36)
Life insurance claims paid and other payments		94,610		95,399		788
Provision for reserve for outstanding losses and claims		8,394		135,941		127,546
Provision for underwriting reserves		212,208		275,451		63,243
Other underwriting expenses		4,848		3,217		(1,631)
Investment expenses:		48,166	1.28	51,126	1.33	2,960
Investment losses on money trusts		2,507		11		(2,496)
Losses on sales of securities		6,562		7,901		1,338
Impairment losses on securities		23,307		5,752		(17,555)
Losses on redemption of securities		455		479		24
Losses on derivatives		6,999		28,165		21,166
Investment losses on special account		1,925		—		(1,925)
Other investment expenses		6,408		8,817		2,409
Operating, general and administrative expenses	*1	539,172	14.34	537,431	13.97	(1,741)
Other ordinary expenses:		141,350	3.76	139,541	3.63	(1,809)
Interest paid		14,166		13,734		(432)
Provision for allowance for possible credit losses		1,219		1,778		559
Losses on bad debt		54		29		(25)
Investment losses on the equity method		8,952		3,147		(5,804)
Other ordinary expenses		116,956		120,850		3,893
Ordinary profit		192,451	5.12	215,097	5.59	22,645

## Consolidated Statement of Income and Consolidated Statement of Comprehensive Income Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		1,873	0.05%	9,639	0.25%	7,766
Gains on disposal of fixed assets		1,873		9,639		7,766
Extraordinary losses:		17,133	0.46	29,799	0.77	12,665
Losses on disposal of fixed assets		4,532		2,468		(2,063)
Impairment losses	*2	2,672		19,805		17,133
Provision for reserves under the special laws:		4,664		4,825		160
Provision for reserve for price fluctuation		4,664		4,825		160
Other extraordinary losses	*3	5,264		2,699		(2,564)
Net income before income taxes		177,191	4.71	194,937	5.07	17,746
Income taxes		71,733	1.91	86,681	2.25	14,947
Deferred income taxes		(17,729)	(0.47)	(34,633)	(0.90)	(16,904)
Total income taxes		54,004	1.44	52,047	1.35	(1,957)
Net income		123,187	3.28	142,890	3.71	19,703
Net income attributable to non-controlling shareholders		671	0.02	407	0.01	(263)
Net income attributable to shareholders of the parent		122,515	3.26	142,482	3.70	19,967
Gross investment margin		218,546		228,310		9,763
Other ordinary income and expenses		17,622		23,579		5,957
Investment gains and losses on the equity method		(8,952)		(3,147)		5,804
Extraordinary gains and losses		(15,260)		(20,159)		(4,899)

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
		Amount	Amount
Net income		123,187	142,890
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		(185,486)	419,752
Deferred gains and losses on hedges		(856)	(1,187)
Foreign currency translation adjustments		(19,739)	(58,186)
Remeasurements of defined benefit plans		5,660	8,752
Share of other comprehensive income of affiliates accounted for under the equity method		(570)	396
Total other comprehensive income	*1	(200,993)	369,527
Comprehensive income		(77,806)	512,417
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(78,553)	511,700
Comprehensive income attributable to non-controlling shareholders		747	717

# Consolidated Statement of Changes in Net Assets

Sompo Holdings, Inc.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,170	712,745	(2,902)	1,054,058
Changes during the period:					
Dividends			(51,632)		(51,632)
Net income attributable to shareholders of the parent			122,515		122,515
Acquisition of treasury stock				(36,328)	(36,328)
Disposal of treasury stock		(35)		387	352
Changes in the scope of consolidation			154		154
Changes in interest of the parent related to transactions with non-controlling shareholders		(5)			(5)
Others			5,139		5,139
Net changes in items other than shareholders' equity					
Total changes during the period	—	(40)	76,177	(35,940)	40,196
Balance at the end of the period	100,045	244,129	788,922	(38,842)	1,094,254

	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911
Changes during the period:								
Dividends								(51,632)
Net income attributable to shareholders of the parent								122,515
Acquisition of treasury stock								(36,328)
Disposal of treasury stock								352
Changes in the scope of consolidation								154
Changes in interest of the parent related to transactions with non-controlling shareholders								(5)
Others								5,139
Net changes in items other than shareholders' equity	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(207,523)
Total changes during the period	(185,597)	(856)	(20,276)	5,654	(201,076)	(81)	(6,365)	(167,327)
Balance at the end of the period	578,261	5,593	(83,214)	2,103	502,743	551	15,033	1,612,584



## Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,129	788,922	(38,842)	1,094,254
Changes during the period:					
Dividends			(56,058)		(56,058)
Net income attributable to shareholders of the parent			142,482		142,482
Acquisition of treasury stock				(35,322)	(35,322)
Disposal of treasury stock		(69)		391	322
Changes in the scope of consolidation			(8)		(8)
Changes in the scope of the equity method			729		729
Net changes in items other than shareholders' equity					
Total changes during the period	—	(69)	87,144	(34,930)	52,144
Balance at the end of the period	100,045	244,060	876,066	(73,772)	1,146,399

	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	578,261	5,593	(83,214)	2,103	502,743	551	15,033	1,612,584
Changes during the period:								
Dividends								(56,058)
Net income attributable to shareholders of the parent								142,482
Acquisition of treasury stock								(35,322)
Disposal of treasury stock								322
Changes in the scope of consolidation								(8)
Changes in the scope of the equity method								729
Net changes in items other than shareholders' equity	419,643	(1,187)	(57,997)	8,759	369,217	(84)	(2,693)	366,439
Total changes during the period	419,643	(1,187)	(57,997)	8,759	369,217	(84)	(2,693)	418,584
Balance at the end of the period	997,904	4,406	(141,211)	10,862	871,961	467	12,340	2,031,168

# Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		177,191	194,937	17,746
Depreciation		41,401	40,811	(589)
Impairment losses		2,672	19,805	17,133
Amortization of goodwill		23,961	27,892	3,930
Increase (decrease) in reserve for outstanding losses and claims		2,558	123,845	121,287
Increase (decrease) in underwriting reserves		201,474	262,905	61,430
Increase (decrease) in allowance for possible credit losses		261	69	(191)
Increase (decrease) in net defined benefit liability		(1,631)	(1,425)	205
Increase (decrease) in reserve for retirement benefits to directors		(0)	5	6
Increase (decrease) in reserve for bonus payments		2,895	(2,043)	(4,939)
Increase (decrease) in reserve for bonus payments to directors		440	381	(59)
Increase (decrease) in reserve for stocks payments		426	551	124
Increase (decrease) in reserve for price fluctuation		4,664	4,825	160
Interest and dividend income		(204,135)	(198,288)	5,847
Losses (gains) on investment in securities		(61,068)	(67,615)	(6,546)
Interest expenses		14,166	13,734	(432)
Foreign exchange losses (gains)		(7,118)	(17,992)	(10,874)
Losses (gains) related to tangible fixed assets		2,613	(7,174)	(9,787)
Losses (gains) related to loans		1	2	1
Investment losses (gains) on the equity method		8,952	3,147	(5,804)
Decrease (increase) in other assets (other than investing and financing activities)		(57,010)	108,735	165,745
Increase (decrease) in other liabilities (other than investing and financing activities)		41,687	(17,284)	(58,971)
Others		27,453	32,840	5,386
Subtotal		221,858	522,667	300,809
Interest and dividend received		204,778	199,536	(5,242)
Interest paid		(14,553)	(14,008)	544
Income taxes paid		(55,637)	(81,993)	(26,355)
Cash flows from operating activities		356,446	626,202	269,756

## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2020 (April 1, 2019 to March 31, 2020)	March 31, 2021 (April 1, 2020 to March 31, 2021)	
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		21,626	7,626	(13,999)
Purchase of monetary receivables bought		(9,861)	(5,188)	4,673
Proceeds from sales and redemption of monetary receivables bought		1,682	3,238	1,555
Increase in money trusts		(3,181)	(46)	3,134
Decrease in money trusts		6,106	14,247	8,141
Purchase of securities		(1,649,179)	(1,682,472)	(33,292)
Proceeds from sales and redemption of securities		1,490,653	1,277,258	(213,395)
Loans made		(189,970)	(151,608)	38,362
Collection of loans		198,945	188,228	(10,716)
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		44,420	111,921	67,500
Others		24,096	(37,428)	(61,525)
Total of investment transactions		(64,662)	(274,223)	(209,561)
Total of operating activities and investment transactions as above		291,784	351,978	60,194
Acquisition of tangible fixed assets		(27,043)	(24,542)	2,500
Proceeds from sales of tangible fixed assets		4,464	13,167	8,702
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	(23,601)	(23,601)
Proceeds from acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		—	333	333
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		(928)	—	928
Others		(51,949)	(50,649)	1,299
Cash flows from investing activities		(140,117)	(359,516)	(219,398)
Cash flows from financing activities:				
Proceeds from borrowings		4	—	(4)
Repayments of borrowings		(32,285)	(32,387)	(102)
Redemption of corporate bonds		(5,722)	—	5,722
Net increase (decrease) in payables under securities lending transactions		(89,383)	42,926	132,309
Proceeds from sales of treasury stock		116	63	(53)
Acquisition of treasury stock		(36,328)	(35,322)	1,006
Dividends paid		(51,571)	(55,997)	(4,426)
Dividends paid to non-controlling shareholders		(7,184)	(5,121)	2,063
Others		(8,250)	(8,658)	(408)
Cash flows from financing activities		(230,605)	(94,498)	136,107
Effect of exchange rate changes on cash and cash equivalents		(12,609)	(22,341)	(9,731)
Increase (decrease) in cash and cash equivalents		(26,886)	149,846	176,733
Cash and cash equivalents at the beginning of the period		991,295	967,753	(23,541)
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		3,345	169	(3,175)
Cash and cash equivalents at the end of the period	*1	967,753	1,117,770	150,016

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

## Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

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### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 73 companies

Names of major subsidiaries

Sompo Japan Insurance Inc.  
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED  
Sompo Japan Partners Inc.  
Mysurance Inc.  
Sompo International Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Endurance Assurance Corporation  
Endurance Worldwide Insurance Limited  
SI Insurance (Europe), SA  
Sompo Sigorta Anonim Sirketi  
Sompo Holdings (Asia) Pte. Ltd.  
Sompo Insurance Singapore Pte. Ltd.  
Berjaya Sompo Insurance Berhad  
PT Sompo Insurance Indonesia  
Sompo Insurance China Co., Ltd.  
Sompo Insurance (Hong Kong) Company Limited  
Sompo Seguros S.A.  
Sompo Himawari Life Insurance, Inc.  
Sompo Care Inc.  
Sompo Health Support Inc.  
Sompo Asset Management Co., Ltd.  
Sompo Japan DC Securities Inc.  
Sompo Risk Management Inc.

Sompo Japan Insurance Inc., Sompo Japan Partners Inc., Sompo Asset Management Co., Ltd. and Sompo Japan DC Securities Inc. changed their names on April 1, 2020 from Sompo Japan Nipponkoa Insurance Inc., Sompo Japan Nipponkoa Insurance Services Inc., SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD. and Sompo Japan Nipponkoa DC Securities Inc., respectively.

#### (2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

Sompo Insurance (Thailand) Public Company Limited  
Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of Sompo Holdings Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

## 2. Application of the equity method

### (1) Number of affiliates accounted for under the equity method: 13 companies

Names of major affiliates

Hitachi Capital Insurance Corporation  
Universal Sompo General Insurance Company Limited  
AYA SOMPO Insurance Company Limited  
Tier IV, Inc.  
Palantir Technologies Japan K.K.  
DeNA SOMPO Mobility Co., Ltd.  
akippa Inc.  
DeNA SOMPO Carlife Co., Ltd.

Tier IV, Inc. became affiliates as a result of the acquisition of shares and thus were included in the scope of equity method from the fiscal year ended March 31, 2021.

(2) The non-consolidated subsidiaries and affiliates (Sompo Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Reinsurance Company Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore, they are excluded from the scope of the equity method.

(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries.  
As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.

### 3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.  
Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

## 4. Accounting policies

### (1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.

Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).

The outline of risk management policy in relation to policy reserve matching bonds is as follows.  
Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

(d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.

(e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.

Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

(f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.

(g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.

(h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

## **(2) Valuation policies and methods for derivative transactions**

Derivative transactions are carried at fair value.

## **(3) Depreciation methods of significant depreciable assets**

(a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

(b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

(c) Leased assets

Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

## **(4) Accounting policies for significant reserves**

(a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.

The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for stocks payments

In order to provide for the grant of Company shares to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, according to the "Rules of the Stock Benefit Trust for Directors," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

**(5) Methods of accounting procedures for retirement benefits**

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

**(6) Significant hedge accounting**

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Committee Practical Guideline No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted.

The fair value hedge accounting method is applied to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting.

Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary and foreign currency denominated borrowings. Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

**(7) Accounting methods for insurance contracts**

The domestic consolidated insurance subsidiaries account for insurance contracts, including insurance premiums, reserve for outstanding losses and claims and underwriting reserve, etc., pursuant to the provisions of laws and regulations, such as the Insurance Business Act, etc.

**(8) Method and period of amortization of goodwill**

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

**(9) Cash and cash equivalents in the consolidated statement of cash flows**

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

**(10) Accounting methods for consumption taxes**

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Significant accounting estimates)

**1. Impairment of goodwill**

**(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2021**

Goodwill: 163,555 million yen

**(2) Other information that helps readers of the consolidated financial statements understand the details of the accounting estimates**

**(a) Calculation method**

Goodwill is amortized in equal installments over its amortization period (within 20 years) by measuring the length of period it remains effective. However, immaterial goodwill is amortized at one time in the fiscal year in which it arises.

The Company assesses whether there are indications of impairment of goodwill at the end of fiscal years and also performs the assessment whenever necessary, pursuant to the "Accounting Standard for Impairment of Fixed Assets" and the "Guidance on Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan Guidance No.6). An asset group including goodwill whose operating environment



including market environment has significantly deteriorated (e.g. significant deviation downward from the business plan at the time of its acquisition, or deterioration in its latest business results or future prospect) is deemed to have an indication of impairment.

For the asset group including goodwill with an indication of impairment, the total amount of undiscounted future cash flows deriving therefrom over the remaining amortization period is estimated. If such amount is below its book value, impairment losses shall be recognized.

For the asset group including goodwill for which it was determined that impairment losses should be recognized, the recoverable value shall be calculated in the form, for example, of the usage value, which is calculated by discounting the undiscounted future cash flows by a certain discount rate. If such recoverable value is below its book value, impairment losses shall be recorded, at the amount of difference between the two.

(b) Effects on the consolidated financial statements for the fiscal year ending March 31, 2022

Impairment losses can occur in the case of an event that, with indications of impairment, requires a significant downward adjustment in preparing future business plans (such as a material event that affects assumptions of estimated net premiums written or loss ratio, etc. at overseas insurance business), resulting in a significant decrease in the undiscounted future cash flows.

## 2. Reserve for outstanding losses and claims

### (1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

Reserve for outstanding losses and claims: 1,646,818 million yen

### (2) Other information that helps readers of the consolidated financial statements understand the details of the accounting estimates

The domestic consolidated insurance subsidiaries provide for reserve for outstanding losses and claims pursuant to the provisions of Article 117 of the Insurance Business Act and Articles 72 and 73 of the Ordinance for Enforcement of the Insurance Business Act, and Public Notice No. 234 of the Ministry of Finance (1998). Overseas consolidated insurance subsidiaries provide for reserve for outstanding losses and claims pursuant to laws and regulations in the country of domicile.

#### (a) Calculation method

With respect to ordinary outstanding claims reserve, for insurance contracts for which an event that triggers payment was reported, the expected amount of payment is estimated for each insurance contract, based on the reported details of the event, policy conditions of the insurance contract and the loss adjustment activities. With respect to the Incurred But Not Reported Losses Reserve (hereinafter the "IBNR Reserve"), when an event that triggers payment has not yet been reported but an event prescribed in the insurance contract is found to have already occurred, the amount of payment is estimated by calculation units such as line of business, by using primarily statistical methods. As for losses of rather case-specific nature such as large-scale natural disasters, the IBNR Reserve is estimated on a case-by-case basis.

#### (b) Effects on the consolidated financial statements for the fiscal year ending March 31, 2022

The amount of insurance claims paid or the recorded amount of reserve for outstanding losses and claims can deviate from the initial estimation, due to revision of laws and regulations in Japan and overseas, changes in the trend of court precedents, inflation and fluctuations in exchange rates and other fluctuating factors.

While the IBNR Reserve is provided in consideration of past trends and other factors based on appropriate insurance actuarial principles, it involves uncertainty that results from unreported occurrence of events that trigger payment.

(Accounting standards and guidance issued but not yet effective)

- Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively the “Accounting Standards for Fair Value Measurement, etc.”) were developed to improve comparability with international accounting standards, and thereby guidance, etc. for the method of fair value measurement were established. The Accounting Standards for Fair Value Measurement, etc. shall be applied to the fair value of the following items.

- Financial instruments in the “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes in the “Accounting Standard for Measurement of Inventories”

Additionally, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised and notes such as breakdown per levels of fair value of financial instruments were established.

(2) Scheduled date of application

The Accounting Standards for Fair Value Measurement, etc. and the revised implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the Accounting Standards and revised guidance

The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

Major accounting standards and guidance issued but not yet applied by overseas consolidated subsidiaries that have adopted International Financial Reporting Standards (hereinafter “IFRS”) are as follows. The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

Name of accounting standards	Outline	Scheduled date of application
IFRS 9 “Financial Instruments”	Prescribes the classification, measurement and others of financial instruments	Undetermined
IFRS 17 “Insurance Contracts”	Prescribes the recognition, measurement and others of insurance liabilities	Undetermined

(Changes in method of presentation)

Adoption of the “Accounting Standard for Disclosure of Accounting Estimates”

The Company has adopted the “Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan Statement No. 31, March 31, 2020) starting from the consolidated financial statements at the end of the fiscal year ended March 31, 2021, whereby its consolidated financial statements started to carry notes on significant accounting estimates. However, such notes do not describe the information for the fiscal year ended March 31, 2020, in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the accounting standard.

(Additional information)

#### 1. Performance-linked stock compensation plan

The Company introduced the “Board Benefit Trust (BBT)” (hereinafter the “Plan”), a performance-linked stock compensation plan for directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS.

##### (1) Outline of the transactions involved

The Company established the “Rules of the Stock Benefit Trust for Directors” (hereinafter the “Rules”) as prerequisite to the introduction of the Plan. Based on the Rules, the Company contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has duly acquired shares in the Company using the money trusted thereto (hereinafter the “Trust”).

The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, in proportion to the points granted thereto upon their retirement.

##### (2) Accounting treatment

The gross method is adopted based on the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules.

Shares in the Company remaining in the Trust are recorded as treasury stock under shareholders’ equity, and its carrying amount is 4,047 million yen and its number of shares is 1,053,400 shares at the end of the fiscal year ended March 31, 2020, while its carrying amount is 3,810 million yen and its number of shares is 991,700 shares at the end of the fiscal year ended March 31, 2021.

#### 2. Accounting treatment associated with the introduction of the consolidated taxation system

The Company and certain domestic consolidated subsidiaries have submitted applications for approval of the consolidated taxation system in the fiscal year ended March 31, 2021, and are scheduled to adopt the consolidated taxation system from the fiscal year ending March 31, 2022. Therefore, accounting treatment that assumes the adoption of the consolidated taxation system has been implemented from the fiscal year ended March 31, 2021 in accordance with the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan Practical Issue Task Force No. 5, January 16, 2015) and the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan Practical Issue Task Force No. 7, January 16, 2015).

#### 3. Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system created under the “Act on Partial Amendment to the Income Tax Act, etc.” (Act No. 8, 2020) and items for which the non-consolidated taxation system was reviewed in line with the transition to the group tax sharing system, the Company and certain domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (Accounting Standards Board of Japan Guidance No. 28, February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision, as allowed in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Accounting Standards Board of Japan Practical Issue Task Force No. 39, March 31, 2020).

## Notes to the Consolidated Balance Sheet

\*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2020	As of March 31, 2021
410,205	418,670

\*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2020	As of March 31, 2021
15,688	14,841

\*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Securities (stocks)	36,049	49,026
Investments in jointly controlled companies	—	1,857
Securities (equity interests)	3,808	3,761

\*4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Loans to borrowers in bankruptcy	—	—
Overdue loans	81	86
Loans overdue for three months or more	35	69
Restructured loans	—	—
Total	117	156

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

\*5. Pledged assets and secured debts are as follows.

Pledged assets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Deposits	38,663	63,790
Securities	449,819	560,123
Tangible fixed assets	2,457	2,399
Total	490,940	626,312

Note) The above figures are collateral for the borrowings and securities which are put into as deposited assets for overseas operation and others.

Secured debts

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Other liabilities (payables under securities lending transactions)	182,213	337,061
Other liabilities (borrowings)	380	307
Other liabilities (deposits)	47	47
Total	182,641	337,416

The above securities include pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)

As of March 31, 2020	As of March 31, 2021
167,783	297,927

\*6. The amounts of lending securities under loan agreements of securities are as follows.

(Millions of yen)

As of March 31, 2020	As of March 31, 2021
379,198	488,416

## Notes to the Consolidated Statement of Income

\*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Agency commissions, etc.	511,025	526,468
Salaries	236,852	233,287

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

\*2. Main components of impairment losses are as follows.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Omitted as they are not material.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

Purpose of use	Category	Location	Impairment losses			
			Land	Buildings	Others	Total
Properties used for the insurance business	Other tangible fixed assets, software and other intangible fixed assets	—	—	—	640	640
Properties for rent	Land and buildings	Land and buildings in Tokyo	429	71	—	501
Idle properties	Land and buildings	Ten properties including land and buildings in Yamanashi	4,353	2,549	—	6,903
—	Software	—	—	—	1,900	1,900
—	Other intangible fixed assets	—	—	—	9,859	9,859
Total			4,783	2,621	12,401	19,805

The domestic consolidated insurance subsidiaries categorize properties used for the insurance business as a single asset group for the entire insurance business. Each property for rent, idle property and expected disposal property is categorized as an individual asset group. The other consolidated subsidiaries categorize properties used for the business as a single asset group for each subsidiary.

With regard to properties used for the insurance business, since business activities at the domestic consolidated insurance subsidiaries have continuously generated negative cash flows, and the book value of those properties has become unrecoverable, their book value as a whole is recorded as impairment losses in extraordinary losses. Concerning properties for rent and idle properties whose profitability is decreased significantly, due mainly to a decline in the prices of land, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for software, as a result of the impairment test for each individual asset following the review of useful lives of software owned by overseas consolidated subsidiaries, the consolidated subsidiaries devalue the book value of those properties to the recoverable value, and these devaluations are recorded as impairment losses in extraordinary losses. As for other intangible fixed assets, since the underwriting right in the Lloyd's market has become valueless as a result of the decision to exit from Lloyd's business mainly at overseas consolidated subsidiaries, the book value of those properties as a whole is recorded as impairment losses in extraordinary losses.

The recoverable value of the properties for rent is calculated by using the usage value, which is calculated by the future cash flow discounted by 3.9%. The recoverable value of idle properties is calculated by using the net selling price, which is the appraisal value measured by the real estate appraisers.

\*3. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Expenses pertaining to COVID-19 measures	—	1,722
Expenses pertaining to changes of company names	5,264	977

## Note to the Consolidated Statement of Comprehensive Income

\*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(187,119)	677,986
Reclassification adjustments	(75,127)	(91,920)
Before tax effects adjustments	(262,246)	586,066
Tax effects	76,760	(166,313)
Unrealized gains and losses on securities available for sale	(185,486)	419,752
Deferred gains and losses on hedges		
The amount occurred during the period	329	(263)
Reclassification adjustments	(1,517)	(1,383)
Before tax effects adjustments	(1,187)	(1,647)
Tax effects	331	459
Deferred gains and losses on hedges	(856)	(1,187)
Foreign currency translation adjustments		
The amount occurred during the period	(19,785)	(58,186)
Reclassification adjustments	45	—
Foreign currency translation adjustments	(19,739)	(58,186)
Remeasurements of defined benefit plans		
The amount occurred during the period	7,241	12,500
Reclassification adjustments	544	(369)
Before tax effects adjustments	7,786	12,130
Tax effects	(2,126)	(3,378)
Remeasurements of defined benefit plans	5,660	8,752
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(579)	418
Reclassification adjustments	9	(21)
Share of other comprehensive income of affiliates accounted for under the equity method	(570)	396
Total other comprehensive income	(200,993)	369,527

## Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	904	8,428	127	9,205
Total	904	8,428	127	9,205

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 550 thousand shares and 1,053 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 8,428 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 7,821 thousand shares  
Increase due to acquisition of the BBT: 601 thousand shares  
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 127 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 97 thousand shares  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 29 thousand shares  
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

### 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	551
Total		551

### 3. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	65	March 31, 2019	June 25, 2019
The Board of Directors' meeting held on November 19, 2019	Common stock	27,388	75	September 30, 2019	December 4, 2019

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 24, 2019 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2019 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

#### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	Retained earnings	75	March 31, 2020	June 23, 2020

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 22, 2020 includes 79 million yen in dividends to be paid on the shares in the Company held by the BBT.



Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

### 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	9,205	9,266	98	18,373
Total	9,205	9,266	98	18,373

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 1,053 thousand shares and 991 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 9,266 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 9,261 thousand shares  
Increase due to purchase of shares less than a full trading unit: 5 thousand shares
- Breakdown of decrease in treasury stock of common stock of 98 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 61 thousand shares  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 36 thousand shares  
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

### 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	467
Total		467

### 3. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	75	March 31, 2020	June 23, 2020
The Board of Directors' meeting held on November 19, 2020	Common stock	28,670	80	September 30, 2020	December 7, 2020

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 22, 2020 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2020 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

#### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 28, 2021	Common stock	32,035	Retained earnings	90	March 31, 2021	June 29, 2021

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 28, 2021 includes 89 million yen in dividends to be paid on the shares in the Company held by the BBT.

## Notes to the Consolidated Statement of Cash Flows

\*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Cash and deposits	925,014	1,068,985
Receivables under resale agreements	69,999	59,999
Monetary receivables bought	21,183	21,700
Securities	7,970,386	9,036,200
Time deposits with original maturities of more than 3 months	(70,013)	(60,724)
Monetary receivables bought other than cash equivalents	(19,897)	(21,700)
Securities other than cash equivalents	(7,928,919)	(8,986,690)
Cash and cash equivalents	967,753	1,117,770

2. Significant non-cash transactions

None.

3. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

## Lease Transactions

Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	16,773	19,051
Due after one year	153,244	177,081
Total	170,017	196,133

(Lessor)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	195	211
Due after one year	1,200	1,136
Total	1,396	1,348

## Financial Instruments

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### 1. Overview of financial instruments

#### (1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

#### (2) The nature and risk of financial instruments

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

#### (3) The risk management systems regarding financial instruments

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the corporate value of SOMPO HOLDINGS, as described below.

With the aim of maintaining strategic risk management, the Company's Board of Directors has established the “SOMPO Group Basic Policy on ERM”, which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.

Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each group member has rules formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

**(4) Supplemental explanation about the fair value of financial instruments**

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. "Notional amount" on each table in notes on "Derivative Transactions" shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

**2. Fair value of financial instruments**

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2020

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	925,014	925,014	—
(2) Receivables under resale agreements	69,999	69,999	—
(3) Monetary receivables bought	21,183	21,183	—
(4) Money trusts	33,003	33,003	—
(5) Securities:			
Trading securities	32,526	32,526	—
Bonds held to maturity	1,200,548	1,496,069	295,520
Policy reserve matching bonds	460,685	500,834	40,148
Securities available for sale	6,174,482	6,174,482	—
(6) Loans	684,094		
Allowance for possible credit losses <sup>(*)1</sup>	(45)		
	684,048	701,715	17,666
<b>Total assets</b>	<b>9,601,493</b>	<b>9,954,829</b>	<b>353,335</b>
(1) Corporate bonds	504,089	505,968	1,879
(2) Payables under securities lending transactions	182,213	182,213	—
(3) Borrowings	76,467	76,432	(35)
<b>Total liabilities</b>	<b>762,770</b>	<b>764,614</b>	<b>1,844</b>
Derivative transactions <sup>(*)2</sup> :			
Hedge accounting is not applied to	5,013	5,013	—
Hedge accounting is applied to	16,557	16,557	—
<b>Total derivative transactions</b>	<b>21,570</b>	<b>21,570</b>	<b>—</b>

<sup>(\*)1</sup> This figure represents deductions to loans as general and individual allowance for possible credit losses.

<sup>(\*)2</sup> This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

As of March 31, 2021

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	1,068,985	1,068,985	—
(2) Receivables under resale agreements	59,999	59,999	—
(3) Monetary receivables bought	21,700	21,700	—
(4) Money trusts	27,698	27,698	—
(5) Securities:			
Trading securities	31,211	31,211	—
Bonds held to maturity	1,221,845	1,475,033	253,187
Policy reserve matching bonds	751,622	768,113	16,490
Securities available for sale	6,921,257	6,921,257	—
(6) Loans	639,631		
Allowance for possible credit losses <sup>(1)</sup>	(34)		
	639,597	654,527	14,929
Total assets	10,743,918	11,028,526	284,608
(1) Corporate bonds	529,591	545,550	15,959
(2) Payables under securities lending transactions	337,061	337,061	—
(3) Borrowings	45,979	45,988	8
Total liabilities	912,632	928,600	15,967
Derivative transactions <sup>(2)</sup> :			
Hedge accounting is not applied to	2,890	2,890	—
Hedge accounting is applied to	[33,746]	[33,746]	—
Total derivative transactions	[30,856]	[30,856]	—

(1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis. The items which are net debt in total are shown in the brackets [ ].

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Domestic stocks	66,414	73,256
Foreign securities	21,841	23,041
Others	13,456	13,563
Total	101,711	109,861

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure. As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	917,299	7,593	—	—
Receivables under resale agreements	69,999	—	—	—
Monetary receivables bought	1,287	2,000	3,106	14,322
Securities:				
Bonds held to maturity:				
Government bonds	14,060	83,900	250,206	667,877
Municipal bonds	—	1,000	—	43,400
Corporate bonds	3,000	9,700	800	99,300
Foreign securities	8,173	7,102	118	—
Policy reserve matching bonds:				
Government bonds	—	—	—	440,200
Corporate bonds	—	—	—	9,400
Fixed maturity securities available for sale:				
Government bonds	52,706	201,577	217,276	527,024
Municipal bonds	400	—	10,500	31,500
Corporate bonds	46,734	144,097	94,820	609,805
Foreign securities	144,499	796,209	757,244	657,389
Others	3,958	18,854	7,713	1,351
Loans <sup>(*)</sup>	179,729	376,844	78,776	48,730
Total	1,441,848	1,648,878	1,420,562	3,150,300

(\*) 8 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

As of March 31, 2021

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	1,060,715	8,117	57	—
Receivables under resale agreements	59,999	—	—	—
Monetary receivables bought	2,000	622	1,262	17,502
Securities:				
Bonds held to maturity:				
Government bonds	28,500	70,235	240,071	685,177
Municipal bonds	—	1,000	—	43,400
Corporate bonds	800	8,900	800	99,300
Foreign securities	23,103	8,916	—	—
Policy reserve matching bonds:				
Government bonds	—	—	—	735,700
Corporate bonds	—	—	—	11,900
Fixed maturity securities available for sale:				
Government bonds	45,771	195,761	221,565	474,723
Municipal bonds	—	200	13,400	21,200
Corporate bonds	36,337	145,398	87,634	636,185
Foreign securities	146,974	855,594	721,469	801,277
Others	1,552	19,211	11,845	2,265
Loans <sup>(*)</sup>	199,857	322,382	75,670	41,713
Total	1,605,611	1,636,338	1,373,774	3,570,345

(\*) 7 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	32,868	—	—	465,942
Long-term borrowings	30,469	30,467	15,260	53	46	120
Lease obligations	8,321	8,632	7,252	6,503	5,643	48,254
Payables under securities lending transactions	182,213	—	—	—	—	—
Total	221,004	39,100	55,381	6,556	5,690	514,317

As of March 31, 2021

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	31,050	—	—	—	492,096
Long-term borrowings	30,473	15,258	51	44	16	85
Lease obligations	9,209	8,255	7,299	6,432	5,958	43,207
Payables under securities lending transactions	337,061	—	—	—	—	—
Total	376,743	54,563	7,351	6,476	5,974	535,390

## Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Unrealized gains and losses recognized in the statement of income	(2,394)	4,835

### 2. Bonds held to maturity

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,179,676	1,475,011	295,334
	Foreign securities	13,290	13,619	328
	Subtotal	1,192,967	1,488,630	295,663
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,981	5,845	(136)
	Foreign securities	1,599	1,593	(6)
	Subtotal	7,581	7,438	(142)
Total		1,200,548	1,496,069	295,520

As of March 31, 2021

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,158,582	1,411,949	253,367
	Foreign securities	22,469	23,592	1,122
	Subtotal	1,181,051	1,435,541	254,490
Securities whose fair value does not exceed their carrying amount	Domestic bonds	30,728	29,713	(1,014)
	Foreign securities	10,066	9,778	(287)
	Subtotal	40,794	39,492	(1,302)
Total		1,221,845	1,475,033	253,187

### 3. Policy reserve matching bonds

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	375,977	417,368	41,390
Securities whose fair value does not exceed their carrying amount	Domestic bonds	84,707	83,465	(1,241)
Total		460,685	500,834	40,148

As of March 31, 2021

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	348,093	376,692	28,599
Securities whose fair value does not exceed their carrying amount	Domestic bonds	403,529	391,420	(12,108)
Total		751,622	768,113	16,490

### 4. Securities available for sale

As of March 31, 2020

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,889,044	1,722,025	167,019
	Domestic stocks	869,590	329,234	540,356
	Foreign securities	1,919,916	1,783,993	135,923
	Others	117,230	108,735	8,494
	Subtotal	4,795,782	3,943,990	851,792
Securities whose carrying amount does not exceed their cost	Domestic bonds	340,146	344,479	(4,333)
	Domestic stocks	117,179	132,825	(15,645)
	Foreign securities	953,928	988,441	(34,513)
	Others	45,695	48,304	(2,609)
	Subtotal	1,456,949	1,514,051	(57,101)
Total		6,252,732	5,458,041	794,690

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.



As of March 31, 2021

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,633,949	1,502,590	131,359
	Domestic stocks	1,243,617	407,488	836,128
	Foreign securities	2,806,275	2,385,754	420,521
	Others	162,470	141,843	20,626
	Subtotal	5,846,312	4,437,677	1,408,635
Securities whose carrying amount does not exceed their cost	Domestic bonds	472,623	485,343	(12,720)
	Domestic stocks	28,175	33,447	(5,271)
	Foreign securities	587,797	601,944	(14,146)
	Others	79,250	80,740	(1,490)
	Subtotal	1,167,846	1,201,475	(33,628)
Total	7,014,159	5,639,152	1,375,006	

Notes)

- Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

#### 5. Securities available for sale sold during the fiscal years ended March 31, 2020 and 2021

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	122,655	8,993	78
Domestic stocks	100,154	60,955	1,059
Foreign securities	1,148,912	17,695	5,245
Others	547	1,038	41
Total	1,372,270	88,682	6,426

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	192,140	9,694	781
Domestic stocks	70,642	48,693	922
Foreign securities	847,550	19,245	6,195
Others	18,469	1,011	1
Total	1,128,802	78,644	7,901

#### 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2020 and 2021

For the fiscal year ended March 31, 2020, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 17,691 million yen (domestic stocks: 15,805 million yen, foreign securities: 1,885 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 5,616 million yen (domestic stocks: 2,636 million yen, foreign securities: 2,979 million yen, others: 0 million yen).

For the fiscal year ended March 31, 2021, impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,722 million yen (domestic stocks: 164 million yen, foreign securities: 1,557 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 2,175 million yen (domestic stocks: 716 million yen, foreign securities: 1,458 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.

## Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Unrealized gains and losses recognized in the statement of income	(65)	29

### 2. Money trusts held to maturity

None.

### 3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2020

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	32,428	33,022	(594)

As of March 31, 2021

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	27,106	23,595	3,510

### 4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2020 and 2021

For the fiscal year ended March 31, 2020, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 4,750 million yen.

For the fiscal year ended March 31, 2021, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity are not recognized.

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.

## Derivative Transactions

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Currency derivatives

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	34,010	—	89	89
Long	3,708	—	(416)	(416)
Currency options:				
Short	56,455	—	(68)	(11)
Long	51,600	—	234	177
Currency swaps	45,443	—	(109)	(109)
Total	—	—	(270)	(270)

Notes) Calculation methods for the fair value

- Forward foreign exchanges  
The fair value is based on the forward exchange rate or the price quoted by counterparties.
- Currency options  
The fair value is based on the price quoted by counterparties.
- Currency swaps  
The fair value is based on the price quoted by counterparties.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	46,104	—	(1,998)	(1,998)
Long	4,016	—	53	53
Currency options:				
Short	56,445	—	(296)	(266)
Long	49,800	—	3	(25)
Currency swaps	44,021	—	(1,438)	(1,438)
Total	---	---	(3,675)	(3,675)

Notes) Calculation methods for the fair value

1. Forward foreign exchanges  
The fair value is based on the forward exchange rate or the price quoted by counterparties.
2. Currency options  
The fair value is based on the price quoted by counterparties.
3. Currency swaps  
The fair value is based on the price quoted by counterparties.

## (2) Interest rate derivatives

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	898	—	12	12
Long	460	—	(13)	(13)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	403	403	(6)	(6)
Total	---	---	(7)	(7)

Notes) Calculation methods for the fair value

1. Interest rate futures  
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps  
The fair value is based on the price quoted by counterparties.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	672	—	(14)	(14)
Long	10	—	0	0
Total	---	---	(14)	(14)

Note) Calculation methods for the fair value

The fair value is based on the price quoted by counterparties.

### (3) Equity derivatives

As of March 31, 2020

None.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Equity index futures:				
Short	5,000	—	(1)	(1)
Total	—	—	(1)	(1)

Note) Calculation methods for the fair value  
The fair value is based on the closing price at major exchanges.

### (4) Bond derivatives

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	2,728	—	(2,812)	(2)
Long	8,030	—	8,280	(11)
Total	—	—	5,467	(14)

Note) Calculation methods for the fair value  
The fair value is mainly based on the price quoted by information vendors.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Bonds forwards:				
Short	12,323	—	(12,914)	(84)
Long	16,544	—	17,318	151
Total	—	—	4,404	66

Note) Calculation methods for the fair value  
The fair value is mainly based on the price quoted by information vendors.

## (5) Others

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	558	558	9	9
Long	98	98	(1)	(1)
Over-the-counter transactions:				
Credit derivatives:				
Short	76	76	1	1
Weather derivatives:				
Short	32,837	6,070	(3,011)	2,174
Long	16,605	2,565	2,938	(833)
Earthquake derivatives:				
Short	70,050	10	(7)	1,158
Long	34,419	150	3	(462)
Loss development cover:				
Short	2,737	2,737	(100)	(100)
Pandemic derivatives:				
Short	906	—	(22)	215
Long	634	—	15	(37)
Total	---	---	(176)	2,122

Notes) Calculation methods for the fair value

1. Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
4. Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.
5. Pandemic derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2021

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	242	242	1	1
Long	93	93	(0)	(0)
Over-the-counter transactions:				
Credit derivatives:				
Long	284	—	2	2
Weather derivatives:				
Short	8,896	3,724	189	(227)
Long	3,360	1,489	1,954	330
Earthquake derivatives:				
Short	79,683	10	(10)	1,307
Long	31,300	6	1	(438)
Loss development cover:				
Short	2,619	2,619	39	39
Total	---	---	2,176	1,013

Notes) Calculation methods for the fair value

1. Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
2. Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
3. Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
4. Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.

## 2. Derivative transactions to which hedge accounting is applied

### (1) Currency derivatives

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	831,201	—	8,405
				—	(414)
	Currency options: Short Long	Securities available for sale	154,562 141,439	— —	808
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	179,597	179,597	Note 2
Total			---	---	8,798

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency options

The fair value is based on the price quoted by counterparties.

(3) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	869,620	—	(37,420)
				—	(2,442)
	Currency options: Short Long	Securities available for sale	128,733 117,130	— —	5
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	161,182	161,182	Note 2
Total			---	---	(39,857)

Notes) 1. Calculation methods for the fair value

(1) Forward foreign exchanges

The fair value is calculated by using forward exchange rate.

(2) Currency options

The fair value is based on the price quoted by counterparties.

(3) Currency swaps

The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

### (2) Interest rate derivatives

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	69,000	60,500	7,758
Total			---	---	7,758

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	60,500	52,500	6,111
Total			—	—	6,111

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

## Retirement Benefits

### 1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, the Company provides defined benefit plans with a lump-sum payments retirement plan.

In addition to a defined contribution pension plan, Sompo Japan Insurance Inc., which is a consolidated subsidiary of the Company, provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Insurance Inc. also sets up a retirement benefit trust.

The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans.

Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by using the simplified accounting methods.

### 2. Retirement defined benefit plans

#### (1) Reconciliation of beginning and ending balances of the retirement benefit obligation

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Retirement benefit obligation at the beginning of the period	193,735	178,080
Service cost	12,400	11,441
Interest cost	432	1,004
The amount of actuarial difference occurred	(12,800)	5,701
Retirement benefit paid	(15,508)	(13,536)
Changes in the scope of consolidation	—	9
Others	(179)	(608)
Retirement benefit obligation at the end of the period	178,080	182,092

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

#### (2) Reconciliation of beginning and ending balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Plan assets at the beginning of the period	90,436	84,434
Expected return on plan assets	496	365
The amount of actuarial difference occurred	(5,612)	18,230
The amount of employer contributions	1,376	1,419
Retirement benefit paid	(2,142)	(1,870)
Others	(118)	(636)
Plan assets at the end of the period	84,434	101,943

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Funded retirement benefit obligation	170,331	174,172
Plan assets	(84,434)	(101,943)
Unfunded retirement benefit obligation	85,896	72,228
Asset ceiling adjustments	7,748	7,919
Net liabilities and assets on the consolidated balance sheet	93,908	80,413
Net defined benefit liability	94,094	80,497
Net defined benefit asset	(186)	(83)
Net liabilities and assets on the consolidated balance sheet	93,908	80,413

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Service cost	12,400	11,441
Interest cost	432	1,004
Expected return on plan assets	(496)	(365)
Amortization of actuarial difference	539	(321)
Amortization of prior service costs	7	(48)
Others	33	(0)
Retirement benefit expenses for defined benefit plans	12,916	11,710

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Prior service costs	(7)	51
Actuarial difference	(7,778)	(12,182)
Total	(7,786)	(12,130)

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Unrecognized prior service costs	(51)	—
Unrecognized actuarial difference	(2,824)	(15,002)
Total	(2,876)	(15,002)



(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

(%)

	As of March 31, 2020	As of March 31, 2021
Bonds	23	20
Stocks	60	67
Joint investment assets	5	3
Life insurance general accounts	8	7
Cash and deposits	1	1
Others	3	2
Total	100	100

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long-term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

(%)

		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Discount rate	Domestic consolidated subsidiaries	0.5 – 1.0	0.2 – 0.7
	Foreign consolidated subsidiaries	3.1 – 8.3	1.8 – 6.8
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0 – 1.5	0.0 – 1.5
	Foreign consolidated subsidiaries	7.0	6.8

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,640 million yen for the fiscal year ended March 31, 2020 and amounts to 8,158 million yen for the fiscal year ended March 31, 2021.

## Stock Options

1. Recorded amount and account which includes stock option expense

None.

2. Recorded amount on profit resulting from forfeiture of stock options

None.

3. Contents, size and its changes of stock options

(1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 16th issue of stock acquisition rights of the Company are stock options transferred from former Sampo Japan Insurance Inc. ("former Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from former NIPPONKOA Insurance Company, Limited ("former NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of shareholders held on June 27, 2016, and not to grant new stock options thereafter.

## (a) Stock options transferred from former Sampo Japan and granted by the Company

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former Sampo Japan: 27 Others (Note 1): 1	Directors and senior vice presidents of former Sampo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).  
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of Sampo Japan Insurance Inc.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

7. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
  - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

## (b) Stock options transferred from former NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 5 Others (Note 1): 7	Directors and senior vice presidents of former NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).  
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

(b) Stock options transferred from former NIPPONKOA and granted by the Company

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 16 Others (Note 1): 3	Directors and senior vice presidents of former NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2021), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2021).

Notes

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")).
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 66 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 8 Directors and senior vice presidents of subsidiaries of the Company: 82 The actual number of persons (Notes 1, 2) 86
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,094 stock acquisition rights (Note 4)	372 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 27,350 stocks (Notes 4, 5)	Common stock: 37,200 stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 87 The actual number of persons 90 (Notes 1, 2)	Directors and senior vice presidents of the Company: 9 Directors and senior vice presidents of subsidiaries of the Company: 136 The actual number of persons 79 (Notes 1, 2)
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	349 stock acquisition rights (Note 4)	224 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 34,900 stocks (Notes 4, 5)	Common stock: 22,400 stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)



	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and senior vice presidents of the Company: 11 Directors and senior vice presidents of subsidiaries of the Company: 117 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 16 Directors and senior vice presidents of subsidiaries of the Company: 61 The actual number of persons (Notes 1, 2) 63
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	290 [280] stock acquisition rights (Note 4)	265 [253] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 29,000 [28,000] stocks (Notes 4, 5)	Common stock: 26,500 [25,300] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2021). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2021), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

Notes)

- "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
- Since several directors and senior vice presidents of the Company have concurrently served as director/senior vice president of the Company or as director/senior vice president (shikkouyakuin) of its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares concerning the 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of the Company and as a director and senior vice president (shikkouyakuin) of its subsidiaries.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.

8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 6 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
  - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 7 above.

## (2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2021 is indicated by converting to number of shares.

### (a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2020	Vested	Exercised	Forfeited	March 31, 2021
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	30,450	—	3,100	—	27,350
24th issue	39,800	—	2,600	—	37,200
25th issue	43,900	—	9,000	—	34,900
26th issue	28,500	—	6,100	—	22,400
27th issue	37,300	—	8,300	—	29,000
28th issue	33,500	—	7,000	—	26,500

## (b) Unit value information

(Stocks)

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2021 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 (Notes 1, 2)
16th issue	1	—	2,492 (Notes 1, 2)
17th issue	1	—	2,384 (Note 1)
18th issue	1	—	2,384 (Note 1)
19th issue	1	—	2,440 (Note 1)
20th issue	1	—	2,440 (Note 1)
21st issue	1	—	2,440 (Note 1)
22nd issue	1	—	2,440 (Note 1)
23rd issue	1	3,550	1,808 (Note 1)
24th issue	1	3,550	1,372
25th issue	1	3,580	1,328
26th issue	1	3,502	2,296
27th issue	1	3,488	2,403
28th issue	1	3,469	4,152

Notes)

- The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.
- Fair value per share at the time of grant by former Sompo Japan is shown in the table.

## 4. Method for estimating the fair value per share of stock options

There is no stock option granted for the fiscal year ended March 31, 2021.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from former Sompo Japan to the Company (15th and 16th issue of stock acquisition rights of the Company).

The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from former NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

## 5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

## Tax Effect Accounting

### 1. Main components of deferred tax assets and deferred tax liabilities

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Deferred tax assets:		
Underwriting reserves	175,003	193,998
Reserve for outstanding losses and claims	35,980	42,424
Intangible fixed assets for tax purposes	35,107	39,766
Impairment losses on securities and real estate	33,842	35,510
Reserve for price fluctuation	26,633	28,008
Others	99,751	82,715
Deferred tax assets subtotal	406,319	422,424
Valuation allowance	(63,416)	(54,644)
Total deferred tax assets	342,902	367,780
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(237,312)	(401,545)
Unrealized gains and losses on consolidated subsidiaries	(8,735)	(7,991)
Others	(26,093)	(23,700)
Total deferred tax liabilities	(272,141)	(433,237)
Net deferred tax assets (liabilities)	70,760	(65,457)

Note) The Company and some of its domestic consolidated subsidiaries conduct accounting treatment based on the consolidated taxation system that will be adopted from the fiscal year ending March 31, 2022.  
As a result, in the fiscal year ended March 31, 2021, valuation allowance decreased, while total deferred tax assets increased by 2,557 million yen.

### 2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

(%)

	As of March 31, 2020	As of March 31, 2021
Japanese statutory income tax rate	—	30.6
(Reconciliation)		
Amortization of goodwill	—	4.4
Decrease of valuation allowance	—	(3.5)
Tax rate differences in subsidiaries	—	(3.3)
Non-taxable revenue such as dividends received	—	(2.4)
Others	—	1.0
Effective tax rate after the application of tax effect accounting	—	26.7

Note) Reconciliation details are omitted for the fiscal year ended March 31, 2020, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.

## Segment information

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### Segment information

#### 1. Summary of reportable segments

The reportable segment of the Company is the component of SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments.

The Company, asset management business, risk management business and defined-contribution pension business, etc. that are not covered by the reportable segments are included in "Others."

"Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service.

#### 2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment

The accounting methods of reportable business segments are those mentioned in "Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

### 3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,235,825	597,397	348,324	134,289	3,315,836	13,179	3,329,015	431,350	3,760,366
Sales from internal transactions or transfers among segments	—	—	—	184	184	12,495	12,679	(12,679)	—
Total	2,235,825	597,397	348,324	134,473	3,316,020	25,674	3,341,695	418,671	3,760,366
Segment income (loss)	95,445	21,599	15,957	1,318	134,321	(11,805)	122,515	—	122,515
Segment assets	6,202,067	2,315,725	3,217,267	173,721	11,908,782	69,054	11,977,836	—	11,977,836
Other items:									
Depreciation	15,042	20,212	532	5,257	41,045	355	41,401	—	41,401
Amortization of goodwill	76	18,468	609	4,807	23,961	—	23,961	—	23,961
Interest and dividend income	114,400	44,563	45,708	129	204,802	110	204,912	(777)	204,135
Interest paid	7,132	4,449	76	2,515	14,174	7	14,181	(15)	14,166
Investment losses on the equity method	(13)	(2,214)	—	—	(2,227)	(6,724)	(8,952)	—	(8,952)
Extraordinary gains (Note 5)	1,824	45	3	—	1,873	—	1,873	—	1,873
Extraordinary losses (Note 6):	13,929	606	2,319	219	17,074	59	17,133	—	17,133
Impairment losses	2,124	547	—	—	2,672	—	2,672	—	2,672
Income tax expenses	37,180	6,257	6,672	3,496	53,605	398	54,004	—	54,004
Investment in affiliates accounted for under the equity method	1,411	7,329	—	—	8,741	10,650	19,391	—	19,391
Increase in tangible and intangible fixed assets	64,813	12,476	912	6,911	85,113	541	85,655	—	85,655

Note)

1. Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business, etc.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	431,350 million yen
Elimination of internal transactions among segments:	(12,679) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business are 1,824 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 4,212 million yen of losses on disposal of fixed assets, 3,941 million yen of provision for reserve for price fluctuation and 3,651 million yen of expenses pertaining to changes of company names. Also, extraordinary losses for domestic life insurance business include 1,558 million yen of expenses pertaining to changes of company names.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,196,574	732,860	340,291	138,425	3,408,151	12,195	3,420,346	425,977	3,846,323
Sales from internal transactions or transfers among segments	—	—	—	193	193	13,757	13,951	(13,951)	—
Total	2,196,574	732,860	340,291	138,618	3,408,344	25,953	3,434,297	412,026	3,846,323
Segment income (loss)	136,744	(5,639)	19,435	1,090	151,630	(9,148)	142,482	—	142,482
Segment assets	6,424,928	2,626,544	3,537,254	166,822	12,755,549	363,106	13,118,656	—	13,118,656
Other items:									
Depreciation	16,387	18,140	493	5,348	40,370	441	40,811	—	40,811
Amortization of goodwill	37	20,417	609	6,828	27,892	—	27,892	—	27,892
Interest and dividend income	116,123	35,644	47,082	113	198,964	160	199,124	(836)	198,288
Interest paid	7,072	4,253	69	2,344	13,739	3	13,743	(8)	13,734
Investment gains (losses) on the equity method	1	71	—	—	72	(3,220)	(3,147)	—	(3,147)
Extraordinary gains (Note 5)	9,613	11	7	—	9,632	7	9,639	—	9,639
Extraordinary losses (Note 6)	15,214	11,852	892	1,821	29,781	17	29,799	—	29,799
Impairment losses	8,045	11,760	—	—	19,805	—	19,805	—	19,805
Income tax expenses	42,508	2,028	7,984	1,338	53,859	(1,812)	52,047	—	52,047
Investment in affiliates accounted for under the equity method	1,417	8,701	—	—	10,119	17,276	27,395	—	27,395
Increase in tangible and intangible fixed assets	63,676	34,479	453	6,567	105,177	623	105,801	—	105,801

Note)

1. Sales amounts represent the following:

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income

2. "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business.

3. Adjustments of sales are as follows.

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	425,977 million yen
Elimination of internal transactions among segments:	(13,951) million yen

4. Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.

5. Extraordinary gains for domestic P&C insurance business are 9,613 million yen of gains on disposal of fixed assets.

6. Extraordinary losses for domestic P&C insurance business include 8,045 million yen of impairment losses and 3,993 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for nursing care and healthcare business include 1,722 million yen of expenses pertaining to COVID-19 measures.

## Related information

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	406,295	87,241	173,875	1,221,171	281,141	655,757	2,825,482

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	334,715	5,330	16,018	—	356,064

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,677,291	289,948	348,596	3,315,836

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
2. Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
336,842	37,551	374,393

## 3. Information by major customers

None.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

## 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	459,304	82,005	156,744	1,217,620	238,136	769,737	2,923,547

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	325,972	4,945	15,259	—	346,177

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,643,229	396,450	368,471	3,408,151

Notes)

1. Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
2. Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
327,883	34,311	362,195

## 3. Information by major customers

None.



Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,124	547	—	—	2,672	—	—	2,672

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	8,045	11,760	—	—	19,805	—	—	19,805

Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2020	76	18,468	609	4,807	23,961	—	—	23,961
Balance as of March 31, 2020	49	136,024	609	35,982	172,665	—	—	172,665

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2021	37	20,417	609	6,828	27,892	—	—	27,892
Balance as of March 31, 2021	11	132,368	—	31,174	163,555	—	—	163,555

Information related to gains on negative goodwill by reportable segments

None.

## Related-Party Transactions

There is no significant related-party transaction to be represented.

## Per Share Information

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share	4,385.85 yen	5,686.22 yen
Net income per share	334.12 yen	397.40 yen
Diluted net income per share	333.89 yen	397.16 yen

Notes)

1. Calculation of net income per share and diluted net income per share are based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net income per share		
Net income attributable to shareholders of the parent	122,515	142,482
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	122,515	142,482
Average number of common stocks outstanding	366,675 thousand shares	358,531 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	247 thousand shares	214 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Total net assets	1,612,584	2,031,168
Amount to be deducted from total net assets:		
Stock acquisition rights	551	467
Non-controlling interests	15,033	12,340
Net assets attributable to common stocks	1,596,998	2,018,361
Number of common stocks used for calculation of net assets per share	364,125 thousand shares	354,956 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding.

The average number of the treasury stock deducted above mentioned is 786 thousand for the fiscal year ended March 31, 2020 and is 996 thousand for the fiscal year ended March 31, 2021. The number of the treasury stock deducted above mentioned is 1,053 thousand as of March 31, 2020 and is 991 thousand as of March 31, 2021.

## Significant Subsequent Events

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### 1. Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2021. Details of the resolution are as follows.

#### (1) Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a basic policy of paying dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2021.

#### (2) Details of stock buybacks

(a) Class of shares	Common stock of the Company
(b) Potential total number	15,000,000 shares (upper limit)
(c) Total price	40,400,000,000 yen (upper limit)
(d) Period	May 27, 2021 — November 18, 2021

### 2. Establishment of subsidiary

The Company decided to establish a subsidiary as follows on June 11, 2021.

#### (1) Reason for establishment of subsidiary

The Group has established the Digital Strategy Planning Department in Tokyo and Silicon Valley, USA in 2016 and established a subsidiary in Tel Aviv, Israel in 2018, and has been forming alliances (investment, partnership, and M&A) with partners such as start-ups with digital technologies in order to promote digital transformation (DX) within the Group and create new digital businesses.

The Group has recognized opportunities to expand sales of digital solutions to outside parties in the future and set "creation of new customer value" as one of its primary strategies in its Mid-Term Management Plan (FY2021-2023).

In order to further strengthen the creation of attractive content for customers by commercializing the digital domain, The Group have decided to establish a subsidiary, subject to the approval of relevant authorities.

#### (2) Overview of the Subsidiary

(a) Company Name	SOMPO Light Vortex, Inc.
(b) Address	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
(c) Date of Establishment	July 2021 (planned)
(d) Capital Stock	10 billion yen
(e) Summary of Business	Planning, development, and sales of products and services using digital technology
(f) Shareholder	SOMPO Holdings, Inc. 100%

# Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

## Balance Sheet

	(Millions of yen)		
	As of March 31, 2020	As of March 31, 2021	
	Amount	Amount	Increase (Decrease)
<b>Assets:</b>			
Cash and deposits:	458,885	524,711	65,825
Cash	37	6	(31)
Deposits	458,848	524,705	65,856
Receivables under resale agreements	69,999	59,999	(9,999)
Monetary receivables bought	19,897	21,700	1,802
Money trusts	32,871	27,566	(5,304)
Securities:	4,724,237	5,127,170	402,932
Government bonds	724,361	688,810	(35,550)
Municipal bonds	6,259	5,865	(393)
Corporate bonds	643,188	666,751	23,563
Domestic stocks	1,069,761	1,346,490	276,729
Foreign securities	2,188,153	2,267,968	79,814
Other securities	92,513	151,282	58,768
Loans:	673,292	636,618	(36,674)
Policy loans	6,000	4,966	(1,034)
Ordinary loans	667,291	631,652	(35,639)
Tangible fixed assets:	246,883	238,916	(7,966)
Land	97,778	91,407	(6,370)
Buildings	111,174	115,629	4,454
Leased assets	3,330	2,835	(494)
Construction in progress	7,325	2,124	(5,200)
Other tangible fixed assets	27,274	26,918	(355)
Intangible fixed assets:	156,542	188,576	32,034
Software	2,489	105,388	102,899
Other intangible fixed assets	154,053	83,188	(70,864)
Other assets:	744,246	573,319	(170,927)
Premiums receivable	863	1,326	463
Agency accounts receivable	180,295	180,163	(131)
Foreign agency accounts receivable	31,025	25,978	(5,046)
Coinsurance accounts receivable	36,455	16,284	(20,171)
Reinsurance accounts receivable	162,122	110,676	(51,445)
Foreign reinsurance accounts receivable	177,938	65,195	(112,743)
Proxy service receivable	265	151	(114)
Accounts receivable	31,770	46,574	14,804
Accrued income	8,895	8,181	(714)
Advance deposits	16,356	15,201	(1,154)
Earthquake insurance deposits	4,570	4,681	111
Suspense payments	66,703	71,138	4,434
Deposits paid for future transactions	8,585	7,875	(710)
Derivative assets	16,521	6,287	(10,233)
Cash collateral paid for financial instruments	1,868	13,594	11,726
Other assets	7	7	—
Prepaid pension cost	409	303	(106)
Deferred tax assets	48,676	—	(48,676)
Allowance for possible credit losses	(3,193)	(3,006)	187
Allowance for possible investment losses	(6,691)	(6,198)	492
<b>Total assets</b>	<b>7,166,057</b>	<b>7,389,677</b>	<b>223,619</b>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,577,735	4,557,828	(19,907)
Reserve for outstanding losses and claims	859,134	872,465	13,330
Underwriting reserves	3,718,600	3,685,362	(33,237)
Corporate bonds	433,560	433,560	—
Other liabilities:	656,107	715,115	59,008
Coinsurance accounts payable	5,849	6,024	175
Reinsurance accounts payable	88,555	75,005	(13,549)
Foreign reinsurance accounts payable	40,425	23,014	(17,411)
Payables under securities lending transactions	112,905	155,831	42,926
Borrowings	76,266	45,810	(30,456)
Income taxes payable	30,386	58,298	27,911
Deposits received	3,088	2,903	(184)
Unearned income	319	308	(11)
Accounts payable	162,355	196,486	34,131
Suspense receipts	90,756	90,686	(69)
Derivative liabilities	2,900	26,397	23,497
Cash collateral received for financial instruments	36,240	28,733	(7,507)
Lease obligations	3,985	3,492	(492)
Asset retirement obligations	2,072	2,121	48
Reserve for retirement benefits	91,659	89,608	(2,051)
Reserve for bonus payments	17,811	16,315	(1,496)
Reserve for bonus payments to directors	107	115	8
Reserves under the special laws:	87,116	91,097	3,980
Reserve for price fluctuation	87,116	91,097	3,980
Deferred tax liabilities	—	11,434	11,434
<b>Total liabilities</b>	<b>5,864,098</b>	<b>5,915,075</b>	<b>50,977</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	565,280	502,291	(62,989)
Other retained earnings:	565,280	502,291	(62,989)
Reserve for advanced depreciation	8,034	10,963	2,929
General reserve	83,300	83,300	—
Retained earnings carried forward	473,945	408,027	(65,918)
Total shareholders' equity	705,280	642,291	(62,989)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	591,085	827,905	236,819
Deferred gains and losses on hedges	5,593	4,406	(1,187)
Total valuation and translation adjustments	596,679	832,311	235,631
<b>Total net assets</b>	<b>1,301,959</b>	<b>1,474,602</b>	<b>172,642</b>
<b>Total liabilities and net assets</b>	<b>7,166,057</b>	<b>7,389,677</b>	<b>223,619</b>

DATA

Sompo Japan Insurance Inc. (Non-consolidated)  
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,579,158	2,486,893	(92,265)	(3.6)%
Underwriting income:	2,383,396	2,301,534	(81,862)	(3.4)
Net premiums written	2,184,750	2,141,433	(43,316)	(2.0)
Deposits of premiums by policyholders	113,702	93,496	(20,206)	(17.8)
Interest and dividend income on deposits of premiums, etc.	35,092	31,987	(3,105)	(8.8)
Reversal of reserve for outstanding losses and claims	26,569	—	(26,569)	(100.0)
Reversal of underwriting reserves	22,312	33,237	10,925	49.0
Foreign exchange gains	—	427	427	—
Other underwriting income	969	951	(17)	(1.8)
Investment income:	183,996	172,705	(11,291)	(6.1)
Interest and dividend income	137,164	126,178	(10,985)	(8.0)
Investment gains on money trusts	202	5,046	4,843	2,395.9
Gains on sales of securities	80,473	65,724	(14,749)	(18.3)
Gains on redemption of securities	1,032	2,977	1,945	188.5
Foreign exchange gains	—	4,556	4,556	—
Other investment income	216	208	(7)	(3.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(35,092)	(31,987)	3,105	—
Other ordinary income	11,765	12,654	888	7.6
Ordinary expenses:	2,396,771	2,289,461	(107,309)	(4.5)
Underwriting expenses:	2,036,819	1,929,500	(107,318)	(5.3)
Net claims paid	1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	115,385	112,817	(2,568)	(2.2)
Net commissions and brokerage fees	404,695	414,829	10,134	2.5
Maturity refunds to policyholders	212,128	196,812	(15,315)	(7.2)
Dividends to policyholders	101	65	(36)	(35.4)
Provision for reserve for outstanding losses and claims	—	13,330	13,330	—
Foreign exchange losses	591	—	(591)	(100.0)
Other underwriting expenses	2,044	1,765	(278)	(13.6)
Investment expenses:	33,068	26,297	(6,771)	(20.5)
Investment losses on money trusts	2,507	11	(2,496)	(99.6)
Losses on sales of securities	1,353	886	(467)	(34.5)
Impairment losses on securities	11,734	3,292	(8,441)	(71.9)
Losses on redemption of securities	455	460	5	1.2
Losses on derivatives	9,203	13,096	3,893	42.3
Foreign exchange losses	1,856	—	(1,856)	(100.0)
Other investment expenses	5,957	8,549	2,592	43.5
Operating, general and administrative expenses	317,396	321,415	4,018	1.3

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2020 (April 1, 2019 to March 31, 2020)	March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	Amount		
Other ordinary expenses:	9,486	12,248	2,761	29.1%
Interest paid	7,124	7,065	(59)	(0.8)
Provision for allowance for possible credit losses	—	106	106	—
Losses on bad debt	14	11	(2)	(18.9)
Other ordinary expenses	2,347	5,065	2,717	115.7
Ordinary profit	182,387	197,432	15,044	8.2
Extraordinary gains:	1,824	9,611	7,787	426.8
Gains on disposal of fixed assets	1,824	9,611	7,787	426.8
Extraordinary losses:	13,793	14,458	664	4.8
Losses on disposal of fixed assets	4,178	2,100	(2,077)	(49.7)
Impairment losses	2,124	7,404	5,279	248.5
Provision for reserves under the special laws:	3,933	3,980	47	1.2
Provision for reserve for price fluctuation	3,933	3,980	47	1.2
Other extraordinary losses	3,557	972	(2,585)	(72.7)
Net income before income taxes	170,417	192,585	22,167	13.0
Income taxes	42,799	75,076	32,277	75.4
Deferred income taxes	(2,960)	(29,486)	(26,525)	—
Total income taxes	39,838	45,590	5,751	14.4
Net income	130,579	146,994	16,415	12.6
Underwriting result:				
Net premiums written	(+) 2,184,750	2,141,433	(43,316)	(2.0)
Net claims paid	(-) 1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	(-) 115,385	112,817	(2,568)	(2.2)
Net operating expenses:	(-) 707,575	720,583	13,008	1.8
Net commissions and brokerage fees	404,695	414,829	10,134	2.5
Operating, general and administrative expenses related to underwriting	302,879	305,754	2,874	0.9
Underwriting result	59,916	118,153	58,237	97.2
Underwriting profit	43,113	66,368	23,255	53.9
Ratios:				
Net loss ratio	(%) 64.9	60.8	(4.0)	
Net operating expenses ratio	(%) 32.4	33.6	1.3	
Combined ratio	(%) 97.3	94.5	(2.8)	

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)  
Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	34,722	28,821	(5,900)
Cash	0	0	(0)
Deposits	34,722	28,821	(5,900)
Securities:	25,017	36,689	11,671
Government bonds	1,316	907	(408)
Municipal bonds	10,734	9,068	(1,665)
Corporate bonds	5,009	12,796	7,786
Domestic stocks	33	42	9
Foreign securities	3,439	5,962	2,522
Other securities	4,485	7,912	3,427
Tangible fixed assets:	623	509	(113)
Buildings	128	114	(14)
Leased assets	348	332	(16)
Other tangible fixed assets	145	63	(82)
Intangible fixed assets:	3,478	3,882	404
Software	3,474	3,879	404
Other intangible fixed assets	3	3	—
Other assets:	6,260	5,850	(410)
Premiums receivable	2,210	1,552	(658)
Agency accounts receivable	110	198	88
Coinsurance accounts receivable	14	12	(2)
Reinsurance accounts receivable	77	183	105
Foreign reinsurance accounts receivable	37	31	(6)
Accounts receivable	768	797	28
Accrued income	17	29	12
Advance deposits	558	506	(52)
Suspense payments	2,465	2,539	73
Deferred tax assets	—	1,282	1,282
Allowance for possible credit losses	(83)	(101)	(18)
Total assets	70,018	76,934	6,915



(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	52,152	54,965	2,813
Reserve for outstanding losses and claims	19,610	21,029	1,419
Underwriting reserves	32,541	33,935	1,393
Other liabilities:	3,445	5,427	1,981
Coinsurance accounts payable	36	35	(0)
Reinsurance accounts payable	193	194	0
Foreign reinsurance accounts payable	98	85	(13)
Income taxes payable	155	214	58
Deposits received	29	32	2
Accounts payable	1,761	1,976	215
Suspense receipts	816	2,549	1,733
Lease obligations	354	338	(16)
Reserve for retirement benefits to directors	24	27	3
Reserve for bonus payments	434	474	40
Reserve for bonus payments to directors	28	28	(0)
Reserves under the special laws:	57	69	12
Reserve for price fluctuation	57	69	12
Deferred tax liabilities	61	—	(61)
Total liabilities	56,204	60,992	4,787
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus:	40,692	40,692	—
Capital reserves	30,497	30,497	—
Other capital surplus	10,194	10,194	—
Retained earnings:	(59,387)	(57,754)	1,633
Other retained earnings:	(59,387)	(57,754)	1,633
Retained earnings carried forward	(59,387)	(57,754)	1,633
Total shareholders' equity	13,565	15,198	1,633
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	249	744	494
Total valuation and translation adjustments	249	744	494
Total net assets	13,814	15,942	2,127
Total liabilities and net assets	70,018	76,934	6,915

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)  
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	52,743	55,270	2,527	4.8%
Underwriting income:	52,657	55,122	2,465	4.7
Net premiums written	51,073	55,078	4,004	7.8
Deposits of premiums by policyholders	0	—	(0)	(100.0)
Interest and dividend income on deposits of premiums, etc.	47	43	(3)	(8.1)
Reversal of underwriting reserves	1,534	—	(1,534)	(100.0)
Foreign exchange gains	0	—	(0)	(100.0)
Investment income:	37	135	97	263.1
Interest and dividend income	83	175	91	110.6
Gains on sales of securities	—	0	0	—
Gains on redemption of securities	—	3	3	—
Other investment income	1	—	(1)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(47)	(43)	3	—
Other ordinary income	48	13	(35)	(73.0)
Ordinary expenses:	54,147	55,048	901	1.7
Underwriting expenses:	39,471	39,805	333	0.8
Net claims paid	33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	4,047	4,239	191	4.7
Net commissions and brokerage fees	1,073	1,145	71	6.7
Maturity refunds to policyholders	28	—	(28)	(100.0)
Provision for reserve for outstanding losses and claims	671	1,419	748	111.4
Provision for underwriting reserves	—	1,393	1,393	—
Foreign exchange losses	—	0	0	—
Other underwriting expenses	13	9	(3)	(26.9)
Investment expenses:	3	8	4	133.3
Losses on sales of securities	—	4	4	—
Other investment expenses	3	3	0	9.6
Operating, general and administrative expenses	14,593	15,171	577	4.0
Other ordinary expenses:	77	63	(14)	(18.7)
Interest paid	7	6	(1)	(15.7)
Provision for allowance for possible credit losses	37	18	(19)	(51.5)
Losses on bad debt	—	0	0	—
Other ordinary expenses	31	38	6	19.6
Ordinary profit (loss)	(1,403)	222	1,625	—

Note) Amount for the fiscal year ended March 31, 2020 includes the result of Sonpo 24 Insurance Company Limited for the three months ended June 30, 2019.

(Millions of yen)

	Fiscal year ended		Increase (Decrease)	Rate of change
	March 31, 2020 (April 1, 2019 to March 31, 2020)	March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	Amount		
Extraordinary gains:	—	1	1	—%
Gains on disposal of fixed assets	—	1	1	—
Extraordinary losses:	509	84	(425)	(83.5)
Losses on disposal of fixed assets	20	71	51	251.0
Impairment losses	0	—	(0)	(100.0)
Provision for reserves under the special laws:	8	12	4	50.6
Provision for reserve for price fluctuation	8	12	4	50.6
Business structure reform expenses	361	—	(361)	(100.0)
Other extraordinary losses	118	—	(118)	(100.0)
Net income (loss) before income taxes	(1,912)	139	2,052	—
Income taxes	16	75	58	347.3
Deferred income taxes	—	(1,568)	(1,568)	—
Total income taxes	16	(1,493)	(1,510)	(8,994.4)
Net income (loss)	(1,929)	1,633	3,562	—
Underwriting result:				
Net premiums written	(+) 51,073	55,078	4,004	7.8
Net claims paid	(-) 33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	(-) 4,047	4,239	191	4.7
Net operating expenses:	(-) 15,658	16,285	627	4.0
Net commissions and brokerage fees	1,073	1,145	71	6.7
Operating, general and administrative expenses related to underwriting	14,584	15,140	555	3.8
Underwriting result	(2,269)	2,955	5,224	—
Underwriting profit (loss)	(1,383)	197	1,581	—
Ratios:				
Net loss ratio	(%) 73.8	65.1	(8.7)	
Net operating expenses ratio	(%) 30.7	29.6	(1.1)	
Combined ratio	(%) 104.4	94.6	(9.8)	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)  
Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	
	Amount	Amount	Increase (Decrease)
Assets:			
Cash and deposits:	116,117	178,483	62,366
Cash	0	—	(0)
Deposits	116,117	178,483	62,366
Securities:	2,983,851	3,260,451	276,600
Government bonds	1,902,571	2,142,389	239,817
Municipal bonds	74,127	67,662	(6,465)
Corporate bonds	515,243	460,381	(54,861)
Domestic stocks	7,319	10,132	2,813
Foreign securities	484,588	578,222	93,633
Other securities	—	1,662	1,662
Loans:	43,163	41,985	(1,177)
Policy loans	43,163	41,980	(1,182)
Ordinary loans	—	4	4
Tangible fixed assets:	1,640	1,540	(100)
Buildings	445	444	(0)
Leased assets	676	630	(45)
Other tangible fixed assets	519	465	(54)
Agency accounts receivable	109	93	(16)
Reinsurance accounts receivable	1,356	1,284	(72)
Other assets:	54,893	54,897	3
Accounts receivable	36,919	39,494	2,574
Prepaid expenses	2,011	2,369	358
Accrued income	8,416	8,788	372
Advance deposits	2,506	2,496	(10)
Derivative assets	4,145	117	(4,027)
Cash collateral paid for financial instruments	230	1,000	770
Suspense payments	572	540	(32)
Other assets	91	89	(2)
Deferred tax assets	16,731	13,804	(2,927)
Allowance for possible credit losses	(112)	(76)	35
Total assets	3,217,752	3,552,464	334,712

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,967,301	3,143,577	176,276
Reserve for outstanding claims	43,152	39,293	(3,858)
Policy reserves	2,919,802	3,099,850	180,047
Reserve for dividends to policyholders	4,346	4,433	86
Agency accounts payable	3,494	4,215	720
Reinsurance accounts payable	826	814	(11)
Other liabilities:	85,548	221,891	136,343
Payables under securities lending transactions	69,308	181,229	111,921
Income taxes payable	3,789	4,934	1,145
Accounts payable	168	11,788	11,620
Accrued expenses	7,613	6,195	(1,418)
Deposits received	1,752	122	(1,629)
Derivative liabilities	1,360	15,949	14,589
Cash collateral received for financial instruments	300	—	(300)
Lease obligations	793	735	(57)
Suspense receipts	462	936	473
Reserve for bonus payments to directors	37	37	(0)
Reserve for retirement benefits	4,134	4,581	447
Reserve for possible reimbursement of prescribed claims	584	1,041	457
Reserves under the special laws:	8,213	9,045	831
Reserve for price fluctuation	8,213	9,045	831
<b>Total liabilities</b>	<b>3,070,138</b>	<b>3,385,204</b>	<b>315,065</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	82,752	94,052	11,299
Legal reserve	3,170	3,916	746
Other retained earnings:	79,582	90,135	10,553
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	79,257	89,810	10,553
Total shareholders' equity	113,336	124,635	11,299
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	34,277	42,624	8,346
Total valuation and translation adjustments	34,277	42,624	8,346
<b>Total net assets</b>	<b>147,613</b>	<b>167,260</b>	<b>19,646</b>
<b>Total liabilities and net assets</b>	<b>3,217,752</b>	<b>3,552,464</b>	<b>334,712</b>

DATA

Sompo Himawari Life Insurance, Inc. (Non-consolidated)  
Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	500,819	503,714	2,895	0.6%
Insurance premiums and other:	446,510	441,549	(4,960)	(1.1)
Insurance premiums	444,162	438,847	(5,314)	(1.2)
Reinsurance income	2,347	2,701	354	15.1
Investment income:	49,425	56,037	6,611	13.4
Interest and dividend income and other:	45,731	47,090	1,358	3.0
Interest and dividends on securities	44,393	45,754	1,361	3.1
Interest on loans	1,290	1,238	(52)	(4.1)
Other interest and dividends	47	97	49	104.5
Gains on sales of securities	3,683	3,767	84	2.3
Gains on redemption of securities	—	190	190	—
Foreign exchange gains	8	48	40	477.0
Reversal of allowance for possible credit losses	—	28	28	—
Other investment income	2	—	(2)	(100.0)
Investment gains on special account	—	4,912	4,912	—
Other ordinary income:	4,883	6,127	1,244	25.5
Fund receipt for annuity rider	1,198	740	(458)	(38.2)
Fund receipt for claim deposit payments	1,562	1,519	(42)	(2.7)
Reversal of reserve for outstanding claims	2,114	3,858	1,743	82.5
Other ordinary income	7	9	1	23.0
Ordinary expenses:	472,382	471,585	(797)	(0.2)
Insurance claims and other:	190,877	195,395	4,517	2.4
Insurance claims	34,513	37,848	3,335	9.7
Annuity payments	11,193	11,208	14	0.1
Insurance benefits	49,332	47,781	(1,550)	(3.1)
Surrender benefits	89,761	90,275	514	0.6
Other refunds	2,843	4,989	2,145	75.5
Reinsurance premiums	3,233	3,291	57	1.8
Provision for policy reserves and other:	185,041	180,048	(4,993)	(2.7)
Provision for policy reserves	185,040	180,047	(4,993)	(2.7)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	6.5
Investment expenses:	3,539	2,554	(984)	(27.8)
Interest paid	76	69	(6)	(8.8)
Losses on sales of securities	998	1,966	968	97.0
Impairment losses on securities	—	8	8	—
Losses on derivatives	374	389	15	4.0
Provision for allowance for possible credit losses	64	—	(64)	(100.0)
Other investment expenses	101	120	18	18.6
Investment losses on special account	1,925	—	(1,925)	(100.0)
Operating expenses	87,627	87,288	(339)	(0.4)

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	5,297	6,299	1,002	18.9%
Claim deposit payments	1,548	1,441	(107)	(6.9)
Taxes	2,170	2,187	16	0.8
Depreciation	532	493	(39)	(7.4)
Provision for reserve for retirement benefits	331	447	115	34.9
Other ordinary expenses	713	1,730	1,017	142.6
Ordinary profit	28,436	32,129	3,693	13.0
Extraordinary gains:	3	7	4	144.8
Gains on disposal of fixed assets and other	3	7	4	144.8
Extraordinary losses:	2,319	892	(1,426)	(61.5)
Losses on disposal of fixed assets and other	38	60	22	59.8
Provision for reserves under the special laws:	723	831	108	15.0
Provision for reserve for price fluctuation	723	831	108	15.0
Other extraordinary losses	1,558	—	(1,558)	(100.0)
Provision for reserve for dividends to policyholders	2,857	3,207	349	12.2
Net income before income taxes	23,262	28,036	4,774	20.5
Income taxes	7,411	8,305	893	12.1
Deferred income taxes	(732)	(318)	414	—
Total income taxes	6,678	7,986	1,307	19.6
Net income	16,583	20,049	3,466	20.9

# Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

## Consolidated Solvency Margin Ratio

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- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year increased 15.7 points from previous fiscal year to 871.8 percent.



Sompo Holdings, Inc. (Consolidated)  
Consolidated Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Consolidated Solvency Margin	3,121,168	3,726,169
Capital and funds, etc.	868,552	919,036
Reserve for price fluctuation	95,387	100,212
Contingency reserve	33,859	35,006
Catastrophic loss reserve	466,910	501,005
General allowance for possible credit losses	4,598	4,901
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	715,505	1,235,717
Unrealized gains and losses on land	102,820	122,264
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	2,807	14,956
Surplus such as premium fund	182,064	172,210
Subordinated debt, etc.	433,560	433,560
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	—
Total solvency margin related to small amount and short term insurance companies	0	2
Deductions	43,671	50,417
Others	258,772	237,713
(B) Total Consolidated Risks	729,136	854,817
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	263,183	274,839
Underwriting risk for life insurance business (R <sub>2</sub> )	15,550	15,280
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	10,554	11,266
Underwriting risk related to small amount and short term insurance companies (R <sub>4</sub> )	1	8
Guaranteed interest rate risk (R <sub>5</sub> )	25,314	23,977
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	393	396
Investment risk (R <sub>7</sub> )	428,964	528,122
Business management risk (R <sub>8</sub> )	18,879	21,719
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	179,303	210,717
(C) Consolidated Solvency Margin Ratio	856.1%	871.8%
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

# Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

## Non-consolidated Solvency Margin Ratio

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- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.” ((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates” ((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.

Sompo Japan Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	2,722,944	2,981,500
Capital and funds, etc.	705,020	642,291
Reserve for price fluctuation	87,116	91,097
Contingency reserve	1,348	1,693
Catastrophic loss reserve	463,552	497,543
General allowance for possible credit losses	181	138
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	731,484	1,019,668
Unrealized gains and losses on land	120,616	139,670
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	433,560
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	47,562	46,647
Others	227,627	202,484
(B) Total Non-consolidated Risks	759,131	847,602
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	189,818	192,158
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	16,855	15,501
Investment risk (R <sub>4</sub> )	543,032	611,108
Business management risk (R <sub>5</sub> )	17,993	19,822
Major catastrophe risk (R <sub>6</sub> )	149,948	172,367
(C) Non-consolidated Solvency Margin Ratio [ (A) / ((B) × 1/2) ] × 100	717.3%	703.5%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	17,272	19,668
Capital and funds, etc.	13,565	15,198
Reserve for price fluctuation	57	69
Contingency reserve	11	11
Catastrophic loss reserve	3,358	3,461
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	279	926
Unrealized gains and losses on land	—	—
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	—	—
Others	—	—
(B) Total Non-consolidated Risks	8,250	8,582
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R <sub>1</sub> )	6,591	6,833
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	17	16
Investment risk (R <sub>4</sub> )	1,033	1,434
Business management risk (R <sub>5</sub> )	268	287
Major catastrophe risk (R <sub>6</sub> )	1,307	1,308
(C) Non-consolidated Solvency Margin Ratio [ (A) / ((B) × 1/2) ] × 100	418.6%	458.3%

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

Sompo Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin	382,291	422,651
Capital, etc.	113,336	124,635
Reserve for price fluctuation	8,213	9,045
Contingency reserve	32,499	33,301
General allowance for possible credit losses	5	2
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	42,847	53,280
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	182,064	172,210
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,819)	(5,052)
Brought in capital, etc.	—	—
Deductions	—	—
Others	31,144	35,228
(B) Total Non-consolidated Risks	51,935	57,881
$\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2+R_4}$		
Underwriting risk (R <sub>1</sub> )	14,392	14,399
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	10,554	11,266
Guaranteed interest rate risk (R <sub>2</sub> )	8,442	8,460
Guaranteed minimum benefit risk (R <sub>7</sub> )	393	396
Investment risk (R <sub>3</sub> )	35,137	41,324
Business management risk (R <sub>4</sub> )	1,378	1,516
(C) Non-consolidated Solvency Margin Ratio	1,472.1%	1,460.4%
$[(A) / ((B) \times 1/2)] \times 100$		

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).  
 2. Guaranteed minimum benefit risk is calculated by using the standard method.