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Consolidated Financial Indicators for Sampo Holdings

	Millions of yen									Millions of U.S. dollars			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2021
Key Figures													
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	3,760,366	3,846,323	4,167,496	34,050
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	2,825,482	2,923,547	3,215,713	26,274
Life Insurance Premiums	238,178	250,193	264,732	277,230	277,208	297,696	323,860	346,998	349,606	356,064	346,177	325,183	2,656
Ordinary Profit	(6,437)	(51,815)	104,783	112,391	208,309	216,853	241,713	141,890	198,959	192,451	215,097	315,512	2,577
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	122,515	142,482	224,842	1,837
Comprehensive Income	(143,120)	(48,098)	319,047	149,965	469,485	(116,689)	226,949	177,754	(54,460)	(77,806)	512,417	143,823	1,175
Per Share Information (Yen, U.S. dollars)													
Net Income	(31.11)	(222.30)	105.10	106.98	132.85	394.21	419.15	361.39	392.26	334.12	397.40	644.24	5.26
Dividends	80.0	80.0	60.0	60.0	70.0	80.0	90.0	110.0	130.0	150.0	170.00	210.00	1.71
(Of which, Interim)	—	—	—	30.0	30.0	40.0	40.0	55.0	65.0	75.0	80.00	105.00	0.85
Diluted Net Income	—	—	104.87	106.77	132.61	393.66	418.71	361.09	391.96	333.89	397.16	643.86	5.26
Financial Condition													
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	1,612,584	2,031,168	2,040,789	16,674
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	11,977,836	13,118,656	13,787,835	112,654
Equity Ratio (%)	12.0	11.2	13.9	14.5	17.8	16.1	15.1	15.8	14.6	13.3	15.4	14.7	—
Consolidated Solvency Margin Ratio (%)	—	549.8	688.3	783.1	803.4	851.4	748.9	862.5	859.8	856.1	871.8	773.0	—
Stock Information (Shares)													
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	364,125,082	354,956,543	342,602,649	—
Adjusted Financial Indicators													
Adjusted Consolidated Profit (Billions of yen)	27.6	(96.8)	20.7	35.5	113.6	164.3	183.2	162.7	113.5	150.8	202.1	261.3	2,135
Adjusted Consolidated ROE (%)	1.6	(10.9)	1.2	1.9	5.1	6.9	7.6	6.4	4.5	6.4	8.0	9.4	—

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 FY2016 definitions are presented.
 6. U.S. dollar amounts are translated from yen at the rate of ¥122.39 = U.S. \$1.00, the approximate rate prevailing at March 31, 2022.

Definition of Adjusted Consolidated Profit, Adjusted Consolidated ROE, etc. (FY2021 and later)

Adjusted profit for each business*1	Definition
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)
Overseas insurance and reinsurance business	Operating income*5 Net income is used for affiliates accounted for under the equity-method in principle.
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) - Gains/losses on sales of securities and impairment losses on securities (after tax)
Nursing care & seniors	Net income
Digital*3	Net income - Gains/losses on sales and impairment losses related to investment (after tax)
Others*4	Net income
Adjusted consolidated profit	Total of above adjusted profits
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 P&C insurance (after tax) + Domestic life insurance adjusted net assets*6
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.
Risk diversification ratio	Risk diversification effect/Total amount of Group risk (Before consideration of diversification effect)
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 Sampo Japan Insurance Inc., SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, Sampo Japan Partners Inc., Mysurance Inc., Sampo Japan DC Securities Inc., Sampo Risk Management Inc., Tier IV, Inc., DeNA SOMPO Mobility Co., Ltd., akippa Inc., DeNA SOMPO Carlife Co., Ltd., Prime Assistance Inc. and Sampo Warranty Inc.
 *3 Total of SOMPO Light Vortex, Inc., Palantir Technologies Japan K.K., Sampo AUX Inc. and ABEJA, Inc.
 *4 Total of Sampo Health Support Inc., Wellness Communications Corporation, Sampo Asset Management Co., Ltd. and FRESHHOUSE Co., Ltd.
 *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)

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.

Business Overview

Domestic P&C Insurance Business

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	489,347	19.12%	6.18%	500,724	19.55%	2.32%
Marine insurance	44,422	1.74	(4.25)	49,065	1.92	10.45
Personal accident insurance	247,367	9.66	(8.77)	236,459	9.23	(4.41)
Voluntary automobile insurance	1,147,002	44.81	0.86	1,147,521	44.79	0.05
Compulsory automobile liability insurance	238,823	9.33	(17.85)	220,617	8.61	(7.62)
Others	392,803	15.35	(0.56)	407,515	15.91	3.75
Total	2,559,767	100.00	(1.60)	2,561,904	100.00	0.08
Deposits of premiums by policyholders	93,496	3.65	(17.77)	81,009	3.16	(13.36)

Notes)

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

2. 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	306,813	13.97%	7.42%	328,029	14.80%	6.91%
Marine insurance	40,585	1.85	(13.47)	46,841	2.11	15.41
Personal accident insurance	154,095	7.02	(8.83)	153,498	6.92	(0.39)
Voluntary automobile insurance	1,140,677	51.93	0.83	1,141,991	51.51	0.12
Compulsory automobile liability insurance	238,136	10.84	(15.30)	217,261	9.80	(8.77)
Others	316,265	14.40	(1.72)	329,525	14.86	4.19
Total	2,196,574	100.00	(1.76)	2,217,148	100.00	0.94

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

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	214,777	17.59%	(8.32)%	216,465	17.92%	0.79%
Marine insurance	24,933	2.04	(12.26)	22,999	1.90	(7.75)
Personal accident insurance	72,054	5.90	(16.66)	70,378	5.83	(2.33)
Voluntary automobile insurance	561,357	45.97	(8.60)	567,452	46.98	1.09
Compulsory automobile liability insurance	175,844	14.40	(8.66)	159,225	13.18	(9.45)
Others	172,256	14.11	(3.93)	171,450	14.19	(0.47)
Total	1,221,222	100.00	(8.53)	1,207,972	100.00	(1.08)

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

4. Investment assets

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Deposits	559,146	8.70%	504,107	7.90%
Receivables under resale agreements	59,999	0.93	73,999	1.16
Monetary receivables bought	21,700	0.34	20,104	0.31
Money trusts	27,566	0.43	20,683	0.32
Securities	4,149,549	64.59	4,291,143	67.21
Loans	597,638	9.30	494,703	7.75
Land & buildings	225,203	3.51	210,442	3.30
Total investment assets	5,640,804	87.80	5,615,185	87.94
Total net assets	6,424,928	100.00	6,385,083	100.00

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

5. Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Government bonds	689,718	16.62%	678,580	15.81%
Municipal bonds	14,933	0.36	12,419	0.29
Corporate bonds	679,548	16.38	646,357	15.06
Domestic stocks	1,310,674	31.59	1,271,703	29.64
Foreign securities	1,295,479	31.22	1,455,844	33.93
Others	159,194	3.84	226,237	5.27
Total	4,149,549	100.00	4,291,143	100.00

Notes)

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

2. As of March 31, 2021, others primarily comprised security investment trust beneficiary securities amounting to 144,175 million yen. As of March 31, 2022, others primarily comprised security investment trust beneficiary securities amounting to 212,389 million yen.

6. Yield

(1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	30	544,443	0.01	13	513,791	0.00
Call loans	0	83	0.03	—	—	—
Receivables under resale agreements	1	47,414	0.00	2	63,101	0.00
Monetary receivables bought	165	20,652	0.80	156	21,222	0.74
Money trusts	769	24,193	3.18	592	16,223	3.66
Securities	105,744	3,040,774	3.48	108,038	3,162,829	3.42
Loans	6,002	627,297	0.96	4,880	541,421	0.90
Land & buildings	3,050	233,634	1.31	2,915	223,822	1.30
Subtotal	115,765	4,538,494	2.55	116,600	4,542,413	2.57
Others	290	—	—	229	—	—
Total	116,056	—	—	116,830	—	—

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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	2,393	544,443	0.44	4,018	513,791	0.78
Call loans	0	83	0.03	—	—	—
Receivables under resale agreements	1	47,414	0.00	2	63,101	0.00
Monetary receivables bought	165	20,652	0.80	156	21,222	0.74
Money trusts	5,035	24,193	20.81	1,307	16,223	8.06
Securities	160,104	3,040,774	5.27	147,680	3,162,829	4.67
Loans	5,401	627,297	0.86	5,652	541,421	1.04
Land & buildings	3,050	233,634	1.31	2,915	233,822	1.30
Derivatives	(13,258)	—	—	(2,604)	—	—
Others	2,063	—	—	1,512	—	—
Total	164,957	4,538,494	3.63	160,642	4,542,413	3.54

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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	530,843	39.10%	523,802	34.03%
Foreign stocks	47,897	3.53	50,062	3.25
Others	536,635	39.53	695,124	45.16
Subtotal	1,115,376	82.16	1,268,990	82.45
Yen-denominated securities				
Foreign bonds	19,367	1.43	20,190	1.31
Others	222,890	16.42	249,913	16.24
Subtotal	242,258	17.84	270,104	17.55
Total	1,357,634	100.00	1,539,094	100.00
Yield on foreign investments				
Income yield		4.61%		4.41%
Realized yield		5.02		4.86

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 (3) Yield a. Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as (3) Yield b. Realized yield.
- 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. As of March 31, 2022, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 633,790 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 185,565 million yen.

Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	726,973	23.29%	998,565	37.36%

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, 2021		As of March 31, 2022	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,543,116	0.49%	23,301,172	(1.03)
Individual annuities	223,239	(2.81)	216,055	(3.22)
Group insurance	2,715,790	(1.34)	2,700,035	(0.58)
Group annuities	—	—	—	—

Notes)

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

2. 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	2,141,022	2,141,022	—	1,924,487	1,924,487	—
Individual annuities	—	—	—	—	—	—
Group insurance	57,758	57,758	—	23,963	23,963	—
Group annuities	—	—	—	—	—	—

Notes)

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

2. 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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Deposits	178,483	5.05%	137,951	3.71%
Securities	3,259,427	92.15	3,476,022	93.53
Loans	41,985	1.19	41,428	1.11
Land & buildings	444	0.01	432	0.01
Total investment assets	3,480,342	98.39	3,655,835	98.37
Total net assets	3,537,254	100.00	3,716,323	100.00

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

4. Securities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Government bonds	2,140,848	65.68%	2,370,357	68.19%
Municipal bonds	67,837	2.08	57,678	1.66
Corporate bonds	460,723	14.14	421,119	12.11
Domestic stocks	10,132	0.31	9,859	0.28
Foreign securities	578,222	17.74	611,887	17.60
Other securities	1,662	0.05	5,120	0.15
Total	3,259,427	100.00	3,476,022	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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	136,169	—%	—	124,249	—%
Securities	45,844	3,064,930	1.50	48,199	3,301,806	1.46
Loans	1,238	44,423	2.79	1,248	41,526	3.01
Land & buildings	—	433	—	—	449	—
Subtotal	47,082	3,245,956	1.45	49,447	3,468,032	1.43
Others	—	—	—	—	—	—
Total	47,082	—	—	49,447	—	—

Notes)

1. 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.

2. Income amount represents interest and dividend income on the Consolidated Statement of Income.

3. 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	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	0	136,169	0.00%	—	124,249	—%
Securities	47,754	3,064,930	1.56	46,862	3,301,806	1.42
Loans	1,238	44,423	2.79	1,248	41,526	3.01
Land & buildings	—	433	—	—	449	—
Derivatives	(389)	—	—	464	—	—
Total	48,604	3,245,956	1.50	48,575	3,468,032	1.40

Notes)

1. 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.

2. Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.

3. 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, 2021		As of March 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	544,605	95.42%	567,076	93.95%
Others	33	0.01	11,951	1.98
Subtotal	544,638	95.42	579,027	95.93
Yen-denominated securities				
Foreign bonds	8,901	1.56	8,820	1.46
Others	17,226	3.02	15,770	2.61
Subtotal	26,128	4.58	24,590	4.07
Total	570,766	100.00	603,618	100.00
Yield on foreign investments				
Income yield		1.94%		2.00%
Realized yield		2.19		2.16

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 (3) Yield a. Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as (3) Yield b. Realized yield.
- 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.
As of March 31, 2022, others in foreign currency denominated securities is entirely attributable to security investment trust beneficiary securities, and others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.

Nursing Care & Seniors Business

Ordinary income decreased 1.9 billion yen, to 136.6 billion yen, compared with the fiscal year ended March 31, 2021. Net income attributable to shareholders of the parent increased 0.2 billion yen from the fiscal year ended March 31, 2021, to 1.3 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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	638,907	19.61%	9.16%	698,230	19.16%	9.29%
Marine insurance	88,985	2.73	(5.59)	104,894	2.88	17.88
Personal accident insurance	250,048	7.67	(9.68)	239,911	6.58	(4.05)
Voluntary automobile insurance	1,217,128	37.35	(1.36)	1,217,407	33.41	0.02
Compulsory automobile liability insurance	238,823	7.33	(17.85)	220,617	6.05	(7.62)
Others	824,414	25.30	8.31	1,163,307	31.92	41.11
Total	3,258,306	100.00	0.50	3,644,369	100.00	11.85
Deposits of premiums by policyholders	93,496	2.87	(17.77)	81,009	2.22	(13.36)

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, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	459,304	15.71%	13.05%	524,266	16.30%	14.14%
Marine insurance	82,005	2.80	(6.00)	92,493	2.88	12.79
Personal accident insurance	156,744	5.36	(9.85)	156,850	4.88	0.07
Voluntary automobile insurance	1,217,620	41.65	(0.29)	1,217,232	37.85	(0.03)
Compulsory automobile liability insurance	238,136	8.15	(15.30)	217,261	6.76	(8.77)
Others	769,737	26.33	17.38	1,007,609	31.33	30.90
Total	2,923,547	100.00	3.47	3,215,713	100.00	9.99

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

3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	275,451	18.12%	(9.85)%	311,296	19.65%	13.01%
Marine insurance	45,217	2.98	(8.88)	45,867	2.89	1.44
Personal accident insurance	72,797	4.79	(17.51)	71,164	4.49	(2.24)
Voluntary automobile insurance	597,948	39.34	(9.59)	612,647	38.67	2.46
Compulsory automobile liability insurance	175,844	11.57	(8.66)	159,225	10.05	(9.45)
Others	352,603	23.20	1.32	384,195	24.25	8.96
Total	1,519,862	100.00	(7.63)	1,584,397	100.00	4.25

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

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Independent Auditor's Report

The Board of Directors
Sampo Holdings, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sampo Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, 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, 2022, 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.

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Assessment of goodwill related to the overseas insurance business	
Description of Key Audit Matter	Auditor's Response
<p>The goodwill of ¥151,012 million recorded in the consolidated balance sheet of the Group as of March 31, 2022 includes ¥124,645 million of goodwill related to the 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 the 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 (9) 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 the 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. (SIH) as the core company, includes the direct insurance and reinsurance business in the commercial segment mainly for specialty insurance, and the consumer segment (referred to as the retail segment until the previous consolidated fiscal year) mainly for personal insurance. The overseas insurance business is conducted in developed markets such as Bermuda and North America, as well as in emerging markets such as Turkey, South America and Southeast Asia.</p> <p>The goodwill of the overseas insurance business relates to the business of SIH, which consists of the goodwill related to the acquisition of Endurance Specialty Holdings Ltd. (currently</p>	<p>Our audit procedures performed to assess goodwill included the following, among others:</p> <ul style="list-style-type: none"> ● 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, the consideration of developments in operating performance, the consideration of any changes that would significantly reduce the recoverable amount due to the discontinuation or reorganization of business, and the consideration of any significant deterioration in market conditions. ● We inspected the materials used to assess indications of impairment of goodwill. ● We made inquiries to the relevant divisions which are responsible for testing indications of impairment of goodwill. <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"> ● 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. ● 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. ● We made inquiries to the Group's officers in charge of the overseas insurance business and the management of SIH with respect to the results of operations and business plans of the commercial and consumer segments of the overseas insurance business.

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SIH), goodwill related to the acquisition of overseas subsidiaries of the consumer segment included in the platform for the consumer segment's insurance business, and goodwill related to the acquisition of the overseas insurance business by SIH.

The overseas insurance business is operated globally both in developed and emerging markets and has two distinct segments: commercial and consumer segments. In the commercial segment, business performance has grown due to the expansion of the US agricultural insurance business and the rate increase of insurance premiums, but in the consumer segment, it is necessary to pay attention to the impact on business performance due to trends such as a competition for automobile insurance, regulations in each country, inflation, foreign exchange and interest rates. As described above, in the execution of the overseas insurance business strategy, there are various risk factors, such as continued premium rate hike due to the hardening commercial insurance market, economic slowdown due to the COVID-19 pandemic, natural catastrophic losses such as hurricanes, competitive environment in each country where the business is conducted, and trends in regulations and economic indicators. 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 the overseas insurance business was required for the current period.

In our audit, it is crucial to assess the business performance of SIH's commercial and consumer segments and the progress of the business plans approved by the management. The various risk factors mentioned above affect the ordinary income/loss of SIH 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 insurance underwriting business. Estimates of the growth rate of net premiums written and the loss ratio are highly dependent on management's judgment.

- We conducted ongoing communications with our network firms serving as local auditors of SIH and inspected the audit workpapers of the 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 regulations.
- We made inquiries to the local management about the trend of the business performance and business plan of the company selected in consideration of the company size and so on in the commercial segment of SIH.
- We conducted ongoing communications with the local auditors of the selected companies in consideration of the company size and so on and considered the status of business performance by inspecting the audit workpapers of the local auditors in the consumer segment of SIH.
- We involved our network firms serving as local auditors of SIH, our valuation specialists and actuaries to consider 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.

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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.

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Estimate method to Statistical IBNR reserve	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded ¥ 1,959,817 million of "Reserve for outstanding losses and claims" in the consolidated balance sheet as of March 31, 2022. 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 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.</p> <p>Based on the above, given that the estimate method to statistical IBNR reserve requires a high</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"> ● We assessed the design and tested operating effectiveness of internal controls 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. ● We involved our network firm's actuaries to perform the following procedures, among others: <ul style="list-style-type: none"> - 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 considered the development in the loss development factor with the development in the amount of insurance claims. - We considered whether to modify the expected loss ratio in light of current trends including the premium rate updates. - 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 considered the management's estimates by comparing them with our estimates. ● In order to assess the data used for estimating the statistical IBNR reserve (e.g. insurance claims), we selected samples to consider 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.

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<p>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.</p>	<ul style="list-style-type: none"> ● 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.
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Other Information

The other information comprises the information included in the annual report (Yukashoken Hokokusho) that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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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.

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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.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 24, 2022

Noboru Miura
Designated Engagement Partner
Certified Public Accountant

Hirotsugu Kamoshita
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Kobayashi
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements

Consolidated Balance Sheet

Sompo Holdings, Inc.

	Notes No.	(Millions of yen)				
		As of March 31, 2021		As of March 31, 2022		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Assets:						
Cash and deposits	*5	1,068,985	8.15%	1,170,892	8.49%	101,906
Receivables under resale agreements		59,999	0.46	73,999	0.54	14,000
Monetary receivables bought		21,700	0.17	20,104	0.15	(1,595)
Money trusts		27,698	0.21	20,815	0.15	(6,883)
Securities	*3, *4, *5, *6	9,036,200	68.88	9,542,035	69.21	505,835
Loans	*4	639,631	4.88	536,132	3.89	(103,499)
Tangible fixed assets:	*1, *2, *5	362,195	2.76	353,438	2.56	(8,757)
Land		120,244		114,278		(5,966)
Buildings		139,471		132,446		(7,024)
Leased assets		66,807		64,381		(2,425)
Construction in progress		3,946		12,618		8,672
Other tangible fixed assets		31,726		29,713		(2,012)
Intangible fixed assets:		422,238	3.22	428,266	3.11	6,028
Software		118,128		108,110		(10,017)
Goodwill		163,555		151,012		(12,542)
Other intangible fixed assets		140,554		169,143		28,588
Other assets	*4	1,481,467	11.29	1,618,878	11.74	137,411
Net defined benefit asset		83	0.00	179	0.00	96
Deferred tax assets		6,652	0.05	31,741	0.23	25,088
Allowance for possible credit losses		(8,196)	(0.06)	(8,649)	(0.06)	(452)
Total assets		13,118,656	100.00	13,787,835	100.00	669,178

Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

	Notes No.	(Millions of yen)				
		As of March 31, 2021		As of March 31, 2022		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
Liabilities:						
Underwriting funds:		8,891,259	67.78%	9,445,446	68.51%	554,187
Reserve for outstanding losses and claims		1,646,818		1,959,817		312,999
Underwriting reserves		7,244,440		7,485,628		241,188
Corporate bonds		529,591	4.04	539,742	3.91	10,150
Other liabilities	*5	1,380,322	10.52	1,536,282	11.14	155,960
Net defined benefit liability		80,497	0.61	69,767	0.51	(10,730)
Reserve for retirement benefits to directors		35	0.00	9	0.00	(26)
Reserve for bonus payments		30,421	0.23	41,814	0.30	11,392
Reserve for bonus payments to directors		1,083	0.01	767	0.01	(316)
Reserve for stocks payments		1,953	0.01	2,401	0.02	448
Reserves under the special laws:		100,212	0.76	105,389	0.76	5,176
Reserve for price fluctuation		100,212		105,389		5,176
Deferred tax liabilities		72,109	0.55	5,424	0.04	(66,685)
Total liabilities		11,087,487	84.52	11,747,045	85.20	659,558
Net assets:						
Shareholders' equity:						
Common stock		100,045	0.76	100,045	0.73	—
Capital surplus		244,060	1.86	134,962	0.98	(109,097)
Retained earnings		876,066	6.68	1,028,109	7.46	152,043
Treasury stock		(73,772)	(0.56)	(24,965)	(0.18)	48,807
Total shareholders' equity		1,146,399	8.74	1,238,152	8.98	91,752
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		997,904	7.61	838,843	6.08	(159,061)
Deferred gains and losses on hedges		4,406	0.03	3,429	0.02	(977)
Foreign currency translation adjustments		(141,211)	(1.08)	(68,911)	(0.50)	72,299
Remeasurements of defined benefit plans		10,862	0.08	16,605	0.12	5,743
Total accumulated other comprehensive income		871,961	6.65	789,966	5.73	(81,995)
Stock acquisition rights		467	0.00	446	0.00	(20)
Non-controlling interests		12,340	0.09	12,224	0.09	(115)
Total net assets		2,031,168	15.48	2,040,789	14.80	9,620
Total liabilities and net assets		13,118,656	100.00	13,787,835	100.00	669,178

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, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Ordinary income:		3,846,323	100.00%	4,167,496	100.00%	321,172
Underwriting income:		3,403,765	88.49	3,656,896	87.75	253,131
Net premiums written		2,923,547		3,215,713		292,165
Deposits of premiums by policyholders		93,496		81,009		(12,486)
Interest and dividend income on deposits of premiums, etc.		32,031		30,944		(1,086)
Life insurance premiums written		346,177		325,183		(20,994)
Other underwriting income		8,512		4,045		(4,466)
Investment income:		279,437	7.27	338,496	8.12	59,058
Interest and dividend income		198,288		215,785		17,497
Investment gains on money trusts		5,046		1,353		(3,693)
Investment gains on trading securities		1,526		853		(673)
Gains on sales of securities		78,654		112,354		33,699
Gains on redemption of securities		3,116		4,836		1,719
Investment gains on special account		4,912		1,767		(3,145)
Other investment income		19,923		32,491		12,568
Transfer of interest and dividend income on deposits of premiums, etc.		(32,031)		(30,944)		1,086
Other ordinary income:		163,120	4.24	172,103	4.13	8,982
Other ordinary income		163,120		172,103		8,982
Ordinary expenses:		3,631,226	94.41	3,851,984	92.43	220,757
Underwriting expenses:		2,903,127	75.48	3,099,481	74.37	196,354
Net claims paid		1,519,862		1,584,397		64,535
Loss adjustment expenses	*1	127,052		132,036		4,984
Net commissions and brokerage fees	*1	549,324		632,667		83,342
Maturity refunds to policyholders		196,812		190,527		(6,285)
Dividends to policyholders		65		28		(36)
Life insurance claims paid and other payments		95,399		100,557		5,158
Provision for reserve for outstanding losses and claims		135,941		252,510		116,569
Provision for underwriting reserves		275,451		203,433		(72,018)
Other underwriting expenses		3,217		3,322		105
Investment expenses:		51,126	1.33	37,383	0.90	(13,743)
Investment losses on money trusts		11		45		34
Losses on sales of securities		7,901		11,869		3,968
Impairment losses on securities		5,752		5,966		214
Losses on redemption of securities		479		4		(475)
Losses on derivatives		28,165		15,368		(12,796)
Other investment expenses		8,817		4,129		(4,687)
Operating, general and administrative expenses	*1	537,431	13.97	570,387	13.69	32,956
Other ordinary expenses:		139,541	3.63	144,731	3.47	5,190
Interest paid		13,734		14,960		1,225
Provision for allowance for possible credit losses		1,778		1,915		136
Losses on bad debt		29		108		78
Investment losses on the equity method		3,147		5,675		2,528
Other ordinary expenses		120,850		122,071		1,221
Ordinary profit		215,097	5.59	315,512	7.57	100,414

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, 2021 (April 1, 2020 to March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
Extraordinary gains:		9,639	0.25%	15,364	0.37%	5,724
Gains on disposal of fixed assets		9,639		15,364		5,724
Extraordinary losses:		29,799	0.77	13,243	0.32	(16,555)
Losses on disposal of fixed assets		2,468		5,670		3,202
Impairment losses	*2	19,805		2,396		(17,409)
Provision for reserves under the special laws:		4,825		5,176		351
Provision for reserve for price fluctuation		4,825		5,176		351
Other extraordinary losses	*3	2,699		—		(2,699)
Net income before income taxes		194,937	5.07	317,632	7.62	122,695
Income taxes		86,681	2.25	123,161	2.96	36,480
Deferred income taxes		(34,633)	(0.90)	(32,139)	(0.77)	2,494
Total income taxes		52,047	1.35	91,022	2.18	38,975
Net income		142,890	3.71	226,610	5.44	83,719
Net income attributable to non-controlling interests		407	0.01	1,767	0.04	1,359
Net income attributable to shareholders of the parent		142,482	3.70	224,842	5.40	82,360

Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
		Amount	Amount
Net income		142,890	226,610
Other comprehensive income:			
Unrealized gains and losses on securities available for sale		419,752	(159,488)
Deferred gains and losses on hedges		(1,187)	(977)
Foreign currency translation adjustments		(58,186)	71,828
Remeasurements of defined benefit plans		8,752	5,755
Share of other comprehensive income of affiliates accounted for under the equity method		396	94
Total other comprehensive income	*1	369,527	(82,787)
Comprehensive income		512,417	143,823
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		511,700	142,847
Comprehensive income attributable to non-controlling interests		717	976

Consolidated Statement of Changes in Net Assets

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	Non-controlling 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 Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	244,060	876,066	(73,772)	1,146,399
Changes during the period:					
Dividends			(68,747)		(68,747)
Net income attributable to shareholders of the parent			224,842		224,842
Acquisition of treasury stock				(60,430)	(60,430)
Disposal of treasury stock		(10)		150	139
Cancellation of treasury stock		(109,087)		109,087	—
Changes in the scope of consolidation			(4,052)		(4,052)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(109,097)	152,043	48,807	91,752
Balance at the end of the period	100,045	134,962	1,028,109	(24,965)	1,238,152

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling 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	997,904	4,406	(141,211)	10,862	871,961	467	12,340	2,031,168
Changes during the period:								
Dividends								(68,747)
Net income attributable to shareholders of the parent								224,842
Acquisition of treasury stock								(60,430)
Disposal of treasury stock								139
Cancellation of treasury stock								—
Changes in the scope of consolidation								(4,052)
Net changes in items other than shareholders' equity	(159,061)	(977)	72,299	5,743	(81,995)	(20)	(115)	(82,132)
Total changes during the period	(159,061)	(977)	72,299	5,743	(81,995)	(20)	(115)	9,620
Balance at the end of the period	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,040,789

Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from operating activities:				
Net income before income taxes		194,937	317,632	122,695
Depreciation		40,811	53,932	13,121
Impairment losses		19,805	2,396	(17,409)
Amortization of goodwill		27,892	26,536	(1,356)
Increase (decrease) in reserve for outstanding losses and claims		123,845	233,362	109,516
Increase (decrease) in underwriting reserves		262,905	194,259	(68,645)
Increase (decrease) in allowance for possible credit losses		69	(103)	(173)
Increase (decrease) in net defined benefit liability		(1,425)	(3,197)	(1,771)
Increase (decrease) in reserve for retirement benefits to directors		5	(26)	(31)
Increase (decrease) in reserve for bonus payments		(2,043)	10,296	12,340
Increase (decrease) in reserve for bonus payments to directors		381	(322)	(703)
Increase (decrease) in reserve for stocks payments		551	654	103
Increase (decrease) in reserve for price fluctuation		4,825	5,176	351
Interest and dividend income		(198,288)	(215,785)	(17,497)
Losses (gains) on investment in securities		(67,615)	(99,350)	(31,735)
Interest expenses		13,734	14,960	1,225
Foreign exchange losses (gains)		(17,992)	(29,474)	(11,482)
Losses (gains) related to tangible fixed assets		(7,174)	(9,706)	(2,531)
Losses (gains) related to loans		2	0	(1)
Investment losses (gains) on the equity method		3,147	5,675	2,528
Decrease (increase) in other assets (other than investing and financing activities)		108,735	(72,763)	(181,498)
Increase (decrease) in other liabilities (other than investing and financing activities)		(17,284)	65,410	82,694
Others		32,840	21,201	(11,638)
Subtotal		522,667	520,767	(1,899)
Interest and dividend received		199,536	201,430	1,894
Interest paid		(14,008)	(15,506)	(1,497)
Income taxes paid		(81,993)	(106,671)	(24,677)
Cash flows from operating activities		626,202	600,021	(26,181)

Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)
		Amount	Amount	Amount
Cash flows from investing activities:				
Net decrease (increase) in deposits		7,626	10,079	2,452
Purchase of monetary receivables bought		(5,188)	(2,884)	2,304
Proceeds from sales and redemption of monetary receivables bought		3,238	4,183	945
Increase in money trusts		(46)	(20)	26
Decrease in money trusts		14,247	9,790	(4,457)
Purchase of securities		(1,682,472)	(1,944,183)	(261,710)
Proceeds from sales and redemption of securities		1,277,258	1,496,848	219,590
Loans made		(151,608)	(106,430)	45,177
Collection of loans		188,228	204,982	16,753
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		111,921	47,624	(64,296)
Others		(37,428)	(25,433)	11,994
Total of investment transactions		(274,223)	(305,442)	(31,218)
Total of operating activities and investment transactions as above		351,978	294,578	(57,399)
Acquisition of tangible fixed assets		(24,542)	(21,497)	3,044
Proceeds from sales of tangible fixed assets		13,167	22,716	9,548
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)
Others		(50,649)	(44,316)	6,333
Cash flows from investing activities		(359,516)	(348,540)	10,975
Cash flows from financing activities:				
Repayments of borrowings		(32,387)	(30,482)	1,904
Net increase (decrease) in payables under securities lending transactions		42,926	673	(42,252)
Proceeds from sales of treasury stock		63	2	(60)
Acquisition of treasury stock		(35,322)	(60,430)	(25,107)
Dividends paid		(55,997)	(68,657)	(12,659)
Dividends paid to non-controlling shareholders		(5,121)	(839)	4,281
Others		(8,658)	(10,374)	(1,715)
Cash flows from financing activities		(94,498)	(170,108)	(75,610)
Effect of exchange rate changes on cash and cash equivalents		(22,341)	1,735	24,076
Increase (decrease) in cash and cash equivalents		149,846	83,107	(66,739)
Cash and cash equivalents at the beginning of the period		967,753	1,117,770	150,016
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries		169	6,429	6,259
Cash and cash equivalents at the end of the period	*1	1,117,770	1,207,306	89,536

Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 72 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 Warranty Inc.
 Sompo Risk Management Inc.
 Sompo Light Vortex, Inc.

Sompo Warranty Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2022 due to an increase in its materiality.

Sompo Light Vortex Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2022 as it newly became a subsidiary.

(2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

Sompo Systems, Inc.

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: 14 companies

Names of major affiliates

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

ABEJA, Inc. is included in the scope of equity method from the fiscal year ended March 31, 2022 as it became an affiliate through the acquisition of shares.

Capital Insurance Corporation changed its name from Hitachi Capital Insurance Corporation on July 1, 2021.

(2) The non-consolidated subsidiaries and affiliates (Sompo Systems, Inc., 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 stocks and others without a quoted market price) are carried at fair value. Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.

(f) Stocks and others without a quoted market price of securities available for sale 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 policies for significant revenue and expenses

In the Nursing Care & Seniors Business, performance obligations are satisfied when various nursing care services at nursing homes (fee-based nursing homes) or the assisting equipment sales services are provided to nursing facility residents, and revenue is recognized at the point in time when such performance obligations are satisfied.

The Company hereby recognizes the revenue from the service for the nursing facility residents as the net amount that remains after deducting the amount to pay to the suppliers from the amount received from the customers regarding the transaction in which the SOMPO HOLDINGS's role is the agent.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) Adoption of the consolidated taxation system

The Company and some of the domestic consolidated subsidiaries have adopted the consolidated taxation system from the fiscal year ended March 31, 2022.

(Significant accounting estimates)

1. Impairment of goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2022

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Goodwill	163,555	151,012

(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, 2023

Impairment losses can occur if there is a significant decrease in the undiscounted future cash flows, resulting from an event that 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) accompanied by indications of impairment.

2. Reserve for outstanding losses and claims

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2022

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Reserve for outstanding losses and claims	1,646,818	1,959,817

(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, 2023

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.

(Changes in Accounting Policies)

1. Application of "Accounting Standard for Fair Value Measurement", etc.

The Company has applied "Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No.30, July 4, 2019), etc. from the beginning of the fiscal year 2021 and the new accounting policy specified in "Accounting Standard for Fair Value Measurement", etc. for the future in accordance with the transitional treatment based on Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44- 2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). In addition, the effect on Consolidated Financial Statements is immaterial.

2. Application of "Accounting Standard for Revenue Recognition", etc.

The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the fiscal year 2021 and recognizes the revenue as the amount expected to be entitled in exchange for goods or services when the control of promised goods or services transferred to the customers.

The Company hereby recognizes the revenue from the service for the nursing facility residents, to which the Company previously recognized the revenue as the gross amount received from the customers, as the net amount that remains after deducting the amount to pay to the suppliers from the amount received from the customers regarding the transaction in which the SOMPO HOLDINGS's role is the agent.

The Company applies "Accounting Standard for Revenue Recognition", etc. in accordance with the transitional treatment based on the conditional clause of Article 84 of "Accounting Standard for Revenue Recognition." In addition, the effect of application of the accounting standard on Consolidated Financial Statements is immaterial.

(Accounting standards and guidance issued but not yet effective)

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Outline

Treatment concerning measurement and notes of fair value of investment trusts and treatment concerning notes to fair value of Investments in Partnerships, etc. to be recorded net on the balance sheet in an amount equivalent to ownership interest are defined.

(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, 2023.

(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

(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 3,810 million yen and its number of shares is 991,700 shares at the end of the fiscal year ended March 31, 2021, while its carrying amount is 3,693 million yen and its number of shares is 961,300 shares at the end of the fiscal year ended March 31, 2022.

2. 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, 2021	As of March 31, 2022
418,670	406,556

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

(Millions of yen)	
As of March 31, 2021	As of March 31, 2022
14,841	12,609

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

(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022
Securities (stocks)	49,026	38,047
Investments in jointly controlled companies	1,857	1,437
Securities (equity interests)	3,761	10,405

*4. The individual amounts and the total amount of bankrupt or de facto bankrupt loans, doubtful loans, loans overdue for three months or more, and restructured loans among loans under the Insurance Business Act are as follows.

(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022
Bankrupt or de facto bankrupt loans	50	31
Doubtful loans	36	28
Loans overdue for three months or more	69	35
Restructured loans	—	—
Total	156	96

Note) Bankrupt or de facto bankrupt loans represent loans to borrowers who are in bankruptcy due to reasons such as the filing of petition for commencement of bankruptcy proceedings, reorganization proceedings, or rehabilitation proceedings.

Doubtful loans represent, among loans which are not included in bankrupt or de facto bankrupt loans, loans for which the borrower is not yet bankrupt, but it is highly probable that the principal cannot be collected and interest cannot be received in accordance with the contract due to the deterioration of the financial condition and business performance of the borrower.

Loans overdue for three months or more represent, among loans that are not included in bankrupt or de facto bankrupt loans and doubtful 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 bankrupt or de facto bankrupt loans, doubtful loans, and loans overdue for three months or more, 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.

(Changes in method of presentation)

In conjunction with the enforcement of the "Cabinet Office Order to Partially Amend the Regulation for Enforcement of the Banking Act, etc." (Cabinet Office Order No. 3, January 24, 2020) on March 31, 2022, the classification of "risk-monitored loans" under the Insurance Business Act is presented in accordance with the classification of loans for disclosure under the law on emergency measures for the revitalization of the financial functions.

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

Pledged assets

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Deposits	63,790	83,835
Securities	560,123	608,872
Tangible fixed assets	2,399	1,606
Total	626,312	694,315

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, 2021	As of March 31, 2022
Other liabilities (payables under securities lending transactions)	337,061	385,359
Other liabilities (borrowings)	307	239
Other liabilities (deposits)	47	47
Total	337,416	385,646

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, 2021	As of March 31, 2022
297,927	338,128

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

(Millions of yen)	
As of March 31, 2021	As of March 31, 2022
488,416	571,113

Notes to the Consolidated Statement of Income

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Agency commissions, etc.	526,468	574,545
Salaries	233,287	248,025

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, 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Omitted as they are not material.

*3. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Expenses pertaining to COVID-19 measures	1,722	—
Expenses pertaining to changes of company names	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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	677,986	(108,309)
Reclassification adjustments	(91,920)	(111,948)
Before tax effects adjustments	586,066	(220,257)
Tax effects	(166,313)	60,769
Unrealized gains and losses on securities available for sale	419,752	(159,488)
Deferred gains and losses on hedges		
The amount occurred during the period	(263)	(116)
Reclassification adjustments	(1,383)	(1,239)
Before tax effects adjustments	(1,647)	(1,355)
Tax effects	459	378
Deferred gains and losses on hedges	(1,187)	(977)
Foreign currency translation adjustments		
The amount occurred during the period	(58,186)	71,828
Remeasurements of defined benefit plans		
The amount occurred during the period	12,500	7,786
Reclassification adjustments	(369)	275
Before tax effects adjustments	12,130	8,061
Tax effects	(3,378)	(2,306)
Remeasurements of defined benefit plans	8,752	5,755
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	418	272
Reclassification adjustments	(21)	(177)
Share of other comprehensive income of affiliates accounted for under the equity method	396	94
Total other comprehensive income	369,527	(82,787)

Notes to the Consolidated Statement of Changes in Net Assets

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 of the 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 Shareholders' Meeting held on June 22, 2020	Common stock	27,388	75	March 31, 2020	June 23, 2020
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 Shareholders' Meeting 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 Shareholders' Meeting 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 Shareholders' Meeting 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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	—	25,631	347,698
Total	373,330	—	25,631	347,698
Treasury stock				
Common stock	18,373	12,391	25,669	5,096
Total	18,373	12,391	25,669	5,096

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 991 thousand shares and 961 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- The decrease in the number of shares outstanding of common stock of 25,631 thousand shares is due to the decrease as a result of a cancellation of treasury stock in accordance with approval of the Board of Directors.
- Breakdown of increase in treasury stock of common stock of 12,391 thousand shares is as follows.
Increase due to acquisition of treasury stock in accordance with approval of the Board of Directors: 12,384 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 25,669 thousand shares is as follows.
Decrease due to cancellation of treasury stock in accordance with approval of the Board of Directors: 25,631 thousand shares
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 30 thousand shares
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 6 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	446
Total		446

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 Shareholders' Meeting held on June 28, 2021	Common stock	32,035	90	March 31, 2021	June 29, 2021
Board of Directors' Meeting held on November 19, 2021	Common stock	36,711	105	September 30, 2021	December 7, 2021

Notes)

- The "total amount of dividends" based on the resolution of the General Shareholders' Meeting held on June 28, 2021 includes 89 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, 2021 includes 100 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 Shareholders' Meeting held on June 27, 2022	Common stock	36,074	Retained earnings	105	March 31, 2022	June 28, 2022

Note) The "total amount of dividends" based on the resolution of the General Shareholders' Meeting to be held on June 27, 2022 includes 100 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Cash and deposits	1,068,985	1,170,892
Receivables under resale agreements	59,999	73,999
Securities	9,036,200	9,542,035
Time deposits with original maturities of more than 3 months	(60,724)	(56,285)
Securities other than cash equivalents	(8,986,690)	(9,523,335)
Cash and cash equivalents	1,117,770	1,207,306

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, 2021	As of March 31, 2022
Due within one year	19,051	18,705
Due after one year	177,081	159,977
Total	196,133	178,682

(Lessor)

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Due within one year	211	324
Due after one year	1,136	1,497
Total	1,348	1,821

Financial Instruments

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 based on the perspectives of 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, etc.

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 catastrophic events, to adequately manage and ensure the liquid assets to cope with these payments.

Each group company has rules formulated in reference to the SOMPO 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

In view that certain assumption is employed to measure the fair value of financial instruments, 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. Financial instruments' fair value, etc. and breakdown by level of fair value

Carrying amount, fair value, unrealized gains and losses and fair value by level are as follows.

Investment trusts to which the transitional treatment provided in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; hereinafter the "Fair Value Measurement Guidance") is applied, stocks and others without a quoted market price, Investments in Partnerships to which the transitional treatment provided in Paragraph 27 of the Fair Value Measurement Guidance is applied, etc., are not included in the following table (Please refer to (1) *1, Note 3 and Note 4). The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure the fair value.

Level 1 fair value: Fair value measured using observable inputs, of which quoted market prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in the level of the lowest level input among the level to which each of the inputs belongs.

(1) Financial instruments measured at fair value on the consolidated balance sheet

As of March 31, 2021

(Millions of yen)	
	Carrying amount
Monetary receivables bought	21,700
Money trusts	27,698
Securities:	
Trading securities	31,211
Securities available for sale	6,921,257
Total assets	7,001,866
Derivative transactions ^(*) :	
Hedge accounting is not applied to	2,890
Hedge accounting is applied to	(33,746)
Total derivative transactions	(30,856)

(*) 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 [].

As of March 31, 2022

(Millions of yen)

	Carrying amount			
	Level 1	Level 2	Level 3	Total
Monetary receivables bought	—	20,104	—	20,104
Money trusts	—	20,815	—	20,815
Securities:				
Trading securities				
Domestic bonds	4,490	1,808	—	6,299
Domestic stocks	8,978	—	—	8,978
Foreign securities	15,282	2,024	—	17,307
Securities available for sale ^(*)				
Domestic bonds	1,038,805	970,193	—	2,008,999
Domestic stocks	1,230,493	—	—	1,230,493
Foreign securities	979,228	1,733,201	27,654	2,740,083
Others	1,281	—	16	1,297
Total assets	3,278,559	2,748,148	27,670	6,054,378
Derivative transactions ^(*) ^(*) :				
Currency-related	—	(79,532)	—	(79,532)
Interest-related	—	4,629	—	4,629
Bond-related	—	3,317	—	3,317
Others	16	(28)	264	252
Total derivative transactions	16	(71,613)	264	(71,332)

(*) Investment trusts to which the transitional treatment provided in Paragraph 26 of the Fair Value Measurement Guidance is applied are not included in the balance of this tally. The carrying amount of the investment trusts on the consolidated balance sheet is 1,066,604 million yen.

(*) 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 liabilities in total are shown in the brackets [].

(*) Among the derivative transactions, the carrying amount of transactions to which hedge accounting is applied is (65,511) million yen.

(2) Financial instruments other than those measured at fair value on the consolidated balance sheet

"Cash and deposits," "receivables under resale agreements," and "payables under securities lending transactions" are omitted, as the majority of these are short term (within 1 year) and the fair value approximates the book value.

As of March 31, 2021

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
Securities:			
Bonds held to maturity	1,221,845	1,475,033	253,187
Policy reserve matching bonds	751,622	768,113	16,490
Loans	639,631		
Allowance for possible credit losses ^(*)	(34)		
	639,597	654,527	14,929
Total assets	2,613,065	2,897,674	284,608
Corporate bonds	529,591	545,550	15,959
Borrowings	45,979	45,988	8
Total liabilities	575,571	591,539	15,967

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

As of March 31, 2022

(Millions of yen)

	Fair value				Carrying amount	Unrealized gains and losses
	Level 1	Level 2	Level 3	Total		
Securities:						
Bonds held to maturity						
Domestic bonds	1,227,242	180,397	—	1,407,640	1,204,717	202,922
Foreign securities	7,273	21,520	—	28,794	22,520	6,273
Policy reserve matching bonds						
Domestic bonds	923,917	10,420	—	934,337	966,496	(32,159)
Loans ^(*)	—	—	547,076	547,076	536,108	10,968
Total assets	2,158,434	212,338	547,076	2,917,848	2,729,843	188,005
Corporate bonds	—	552,806	—	552,806	539,742	13,064
Borrowings	—	15,498	—	15,498	15,496	1
Total liabilities	—	568,305	—	568,305	555,238	13,066

(*) This figure represents deductions to loans of 24 million yen as general and individual allowance for possible credit losses.

Notes

1. A description of the valuation technique(s) and inputs used in the fair value measurements

Assets

Monetary receivables bought

The fair value is measured at prices obtained from third parties and is classified as Level 2 fair value based on the inputs used for the prices obtained.

Money trusts

In principle, the fair value is measured at the value of securities managed as a trust asset calculated by the same method used for "securities" and is classified as Level 2 fair value based on the level of such securities.

Securities

The fair value of securities for which unadjusted quoted market prices in active markets are available is classified as Level 1 fair value.

This mainly includes stocks and government bonds. If a publicly available quoted market price is used but the market is not active, the fair value of such securities is classified as Level 2 fair value. This mainly includes municipal bonds and corporate bonds.

The fair value of investment trusts is measured at published quoted market prices, etc. and a level is not assigned to investment trusts, applying the transitional treatment provided in Paragraph 26 of the Fair Value Measurement Guidance.

The fair value of private placement bonds is measured at the value calculated using prices obtained from third parties. The fair value that uses observable inputs or where the effect of unobservable inputs is not material is classified as Level 2 fair value, while those that use significant unobservable inputs are classified as Level 3 fair value.

Loans

The fair value of loans is measured at the amount obtained by discounting expected future cash flows to be collected for each loan by a discount rate equal to the risk free rate for the corresponding period plus a credit risk premium and a liquidity premium based on internal ratings, and is classified as Level 3 fair value.

Liabilities

Corporate bonds

The fair value of corporate bonds is measured at the value calculated using prices on exchanges and the price published by industry associations, etc. and is classified as Level 2 fair value.

Borrowings

The fair value of borrowings is measured using the discounted cash flow method based on the sum of principal and interest, remaining period and an interest rate reflecting credit risk, and is classified as Level 2 fair value.

Derivative transactions

The fair value of exchange traded transactions is based on the closing price of exchanges, etc. The fair value of OTC transactions is measured at the value calculated based on the discounted present value of future cash flows and option pricing models using inputs such as interest rates and foreign exchange rates.

The fair value of exchange traded transactions is mainly classified as Level 1 fair value. The fair value of OTC transactions that use observable inputs or where the effect of unobservable inputs is not material is classified as Level 2 fair value, while those that use significant unobservable inputs are classified as Level 3 fair value.

2. Level 3 fair value of financial instruments measured at fair value on the consolidated balance sheet

(1) Reconciliation from the balance at the beginning of the period to the balance at the end of the period and unrealized gains (losses) included in profit or loss

As of March 31, 2022

(Millions of yen)

	Securities	Derivative transactions
	Securities available for sale	Others
Balance at the beginning of the period	13,418	2,119
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss ⁽¹⁾	(387)	746
Recorded in other comprehensive income ⁽²⁾	2,331	237
Purchases, sales, issuances and settlements	12,308	(2,839)
Balance at the end of the period	27,670	264
Net realized and unrealized gains and losses of financial instruments held at the end of the reporting period included in profit or loss for the period ⁽¹⁾	—	962

(1) Included in "investment income" and "investment expenses" in the consolidated statement of income.

(2) Included in "Unrealized gains and losses on securities available for sale" and "foreign currency translation adjustments" of "other comprehensive income" in the consolidated statement of comprehensive income.

(2) A description of valuation processes used in fair value measurements

The fair values of financial instruments held by departments that trade financial instruments are measured and verified in accordance with basic policies stipulated by each group company. The measurement results are verified by departments independent from the departments that trade financial instruments.

In measuring fair value, the Company uses a valuation model that most appropriately reflects the nature, characteristics and risks of each asset. In addition, when using quoted market prices obtained from third parties, the Company verifies whether the prices are valid using appropriate methods, such as by confirming the valuation techniques and inputs used.

3. 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 "Securities."

(Millions of yen)

	As of March 31, 2021
Domestic stocks	73,256
Foreign securities	23,041
Others	13,563
Total	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.

4. The carrying amounts of stocks and others without a quoted market price and Investments in Partnerships, etc. on the consolidated balance sheet are as follows. They are not included in "securities" in the table disclosed in fair value and breakdown by level of fair value of financial instruments.

(Millions of yen)

	Carrying amount
	As of March 31, 2022
Stocks and others without a quoted market price ⁽¹⁾	82,955
Investments in Partnerships, etc. ⁽²⁾	185,280

(1) Stocks and others without a quoted market price include unlisted stocks, and they are not subject to fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

(2) Investments in Partnerships, etc. are mainly investment partnerships, and they are not subject to fair value disclosure in accordance with Paragraph 27 of the Fair Value Measurement Guidance.

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

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 ^(*)	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.

As of March 31, 2022

	(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	1,164,562	6,228	—	—
Receivables under resale agreements	73,999	—	—	—
Monetary receivables bought	—	969	—	19,117
Securities:				
Bonds held to maturity:				
Government bonds	6,300	83,765	225,541	727,377
Municipal bonds	—	1,000	—	43,400
Corporate bonds	4,400	4,500	800	99,300
Foreign securities	4,962	10,552	653	—
Policy reserve matching bonds:				
Government bonds	—	—	6,000	948,900
Corporate bonds	—	—	—	11,900
Fixed maturity securities available for sale:				
Government bonds	87,016	150,045	248,104	467,694
Municipal bonds	—	1,800	9,500	11,500
Corporate bonds	31,583	153,322	75,490	599,810
Foreign securities	198,283	1,050,253	793,283	942,791
Others	11,518	7,029	26,204	1,205
Loans ^(*)	184,035	254,976	62,538	34,571
Total	1,766,662	1,724,442	1,448,116	3,907,567

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

6. 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, 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

As of March 31, 2022

	(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	34,506	—	—	—	—	498,612
Long-term borrowings	15,256	48	41	14	13	71
Lease obligations	9,048	8,437	7,522	6,957	6,428	39,870
Payables under securities lending transactions	385,359	—	—	—	—	—
Total	444,171	8,486	7,564	6,971	6,441	538,554

Securities

1. Trading securities

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Unrealized gains and losses recognized in the statement of income	4,835	1,639

2. Bonds held to maturity

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
	Foreign securities	22,469	23,592
	Subtotal	1,181,051	1,435,541
Securities whose fair value does not exceed their carrying amount	Domestic bonds	30,728	29,713
	Foreign securities	10,066	9,778
	Subtotal	40,794	39,492
Total	1,221,845	1,475,033	253,187

As of March 31, 2022

	(Millions of yen)		
	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,086,043	1,295,977
	Foreign securities	19,545	25,851
	Subtotal	1,105,589	1,321,829
Securities whose fair value does not exceed their carrying amount	Domestic bonds	118,674	111,662
	Foreign securities	2,975	2,942
	Subtotal	121,649	114,605
Total	1,227,238	1,436,434	209,195

3. Policy reserve matching bonds

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
	Domestic bonds	403,529	391,420	(12,108)
Total		751,622	768,113	16,490

As of March 31, 2022

(Millions of yen)				
		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	244,471	261,774	17,303
	Domestic bonds	722,025	672,562	(49,462)
Total		966,496	934,337	(32,159)

4. Securities available for sale

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.

As of March 31, 2022

(Millions of yen)				
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,271,303	1,168,831	102,472
	Domestic stocks	1,191,869	379,955	811,913
	Foreign securities	2,113,763	1,810,929	302,833
	Others	190,781	165,269	25,512
	Subtotal	4,767,718	3,524,986	1,242,731
Securities whose carrying amount does not exceed their cost	Domestic bonds	737,695	762,653	(24,957)
	Domestic stocks	38,624	45,836	(7,212)
	Foreign securities	1,636,053	1,688,726	(52,673)
	Others	92,099	93,379	(1,279)
	Subtotal	2,504,472	2,590,595	(86,122)
Total		7,272,190	6,115,581	1,156,609

Notes)

- Stocks and others without a quoted market price and Investments in Partnerships are not included in the above table.
- Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.

5. Securities available for sale sold during the fiscal years ended March 31, 2021 and 2022

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	151,559	979	5,584
Domestic stocks	52,983	39,042	1,293
Foreign securities	917,840	69,110	4,880
Others	5,495	2,950	111
Total	1,127,878	112,082	11,869

6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2021 and 2022

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).

For the fiscal year ended March 31, 2022, impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 2,944 million yen (domestic stocks: 1,537 million yen, foreign securities: 1,406 million yen), and impairment losses on stocks and others without a quoted market price and Investments in Partnerships amount to 1,110 million yen (domestic stocks: 744 million yen, foreign securities: 366 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, 2021	As of March 31, 2022
Unrealized gains and losses recognized in the statement of income	29	(32)

2. Money trusts held to maturity

None.

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

As of March 31, 2021

(Millions of yen)

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

As of March 31, 2022

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	20,269	14,952	5,316

4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2021 and 2022

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.

For the fiscal year ended March 31, 2022, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 12 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.

Derivative Transactions

1. Derivative transactions to which hedge accounting is not applied

(1) Currency derivatives

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)

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	50,394	—	(3,382)	(3,382)
Long	2,280	—	1,472	1,472
Currency options:				
Short	12,087	—	(254)	(240)
Long	10,250	—	1	(12)
Currency swaps	20,835	—	(7,102)	(7,102)
Total	—	—	(9,265)	(9,265)

(2) Interest rate derivatives

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)

As of March 31, 2022

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Interest rate futures:				
Short	4,462	—	(11)	(11)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt fix / Payment float	3,962	2,306	(114)	(114)
Total	—	—	(126)	(126)

(3) Equity derivatives

As of March 31, 2021

(Millions of yen)

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

As of March 31, 2022

None.

(4) Bond derivatives

As of March 31, 2021

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
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.

As of March 31, 2022

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Over-the-counter transactions:				
Bonds forwards:				
Short	6,360	—	(6,462)	15
Long	9,600	—	9,780	(0)
Total	—	—	3,317	14

(5) Others

As of March 31, 2021

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
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

As of March 31, 2022

(Millions of yen)

	Notional amount	Due after 1 year	Fair value	Unrealized gains and losses
Market transactions:				
Credit derivatives:				
Short	1,260	1,087	21	21
Over-the-counter transactions:				
Weather derivatives:				
Short	8,389	4,139	(1,401)	149
Long	2,548	1,655	2,260	229
Earthquake derivatives:				
Short	94,575	10	(854)	668
Long	40,698	6	277	(237)
Loss development cover:				
Short	2,916	2,916	(50)	(50)
Total	—	—	252	781

2. Derivative transactions to which hedge accounting is applied

(1) Currency derivatives

As of March 31, 2021

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	869,620	—	(37,420)
	Long		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
Total			—	—	(39,857)

Note) The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of the corporate bonds and borrowings in "Financial Instruments" as they are treated along with hedged items, which are foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings.

As of March 31, 2022

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	996,690	—	(67,529)
	Long		142,983	—	27
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	142,767	—	Note
Total			—	—	(70,267)

Note) The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of the corporate bonds and borrowings in "Financial Instruments" as they are treated along with hedged items, which are foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings.

(2) Interest rate derivatives

As of March 31, 2021

(Millions of yen)

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

As of March 31, 2022

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Fair value	
				Due after 1 year	
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	52,500	44,500	4,755
Total			—	—	4,755

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. Defined benefit plans

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Retirement benefit obligation at the beginning of the period	178,080	182,092
Service cost	11,441	11,554
Interest cost	1,004	1,023
The amount of actuarial difference occurred	5,701	(2,683)
Retirement benefit paid	(13,536)	(16,077)
The amount of prior service costs occurred	—	24
Changes in the scope of consolidation	9	—
Others	(608)	78
Retirement benefit obligation at the end of the period	182,092	176,012

Note) Retirement benefit expenses 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Plan assets at the beginning of the period	84,434	101,943
Expected return on plan assets	365	400
The amount of actuarial difference occurred	18,230	5,002
The amount of employer contributions	1,419	1,360
Retirement benefit paid	(1,870)	(2,033)
Others	(636)	65
Plan assets at the end of the period	101,943	106,740

(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, 2021	As of March 31, 2022
Funded retirement benefit obligation	174,172	167,820
Plan assets	(101,943)	(106,740)
	72,228	61,079
Unfunded retirement benefit obligation	7,919	8,191
Asset ceiling adjustments	265	316
Net liabilities and assets on the consolidated balance sheet	80,413	69,587
Net defined benefit liability	80,497	69,767
Net defined benefit asset	(83)	(179)
Net liabilities and assets on the consolidated balance sheet	80,413	69,587

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Service cost	11,441	11,554
Interest cost	1,004	1,023
Expected return on plan assets	(365)	(400)
Amortization of actuarial difference	(321)	284
Amortization of prior service costs	(48)	(0)
Others	(0)	10
Retirement benefit expenses for defined benefit plans	11,710	12,472

Note) Retirement benefit expenses 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Prior service costs	51	24
Actuarial difference	(12,182)	(8,086)
Total	(12,130)	(8,061)

(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, 2021	As of March 31, 2022
Unrecognized prior service costs	—	24
Unrecognized actuarial difference	(15,002)	(23,080)
Total	(15,002)	(23,056)

(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, 2021	As of March 31, 2022
Bonds	20	21
Stocks	67	67
Joint investment assets	3	2
Life insurance general accounts	7	8
Cash and deposits	1	0
Others	2	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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Discount rate	Domestic consolidated subsidiaries	0.2 – 0.7	0.3 – 0.8
	Foreign consolidated subsidiaries	1.8 – 6.8	2.9 – 8.9
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0 – 1.5	0.0 – 1.5
	Foreign consolidated subsidiaries	6.8	8.9

3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 8,158 million yen for the fiscal year ended March 31, 2021 and amounts to 9,832 million yen for the fiscal year ended March 31, 2022.

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, 2022).

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.

- 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.
- Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - 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
 - 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.
- 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, 2022).
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.

- 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.
- Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - 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
 - 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.
- Other conditions for exercising the stock acquisition rights
Determined in accordance with Note 6 above.

	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 Sompo 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 Sompo 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, 2022).
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 Sompo 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.

- 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.
- Type of reorganized company shares underlying the stock acquisition rights
Common stock of the reorganized company
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
 - A proposal approving a merger agreement in which the Company is the disappearing entity;
 - A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
 - A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
 - 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
 - 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.
- 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: 69 (Notes 1, 2)	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: 86 (Notes 1, 2)
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)	210 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: 21,000 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: 69 (Notes 1, 2)	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: 63 (Notes 1, 2)
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*	266 stock acquisition rights (Note 4)	237 stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 26,600 stocks (Notes 4, 5)	Common stock: 23,700 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, 2022).

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, 2022 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>

(Stocks)

	March 31, 2021	Vested	Exercised	Forfeited	March 31, 2022
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	27,350	—	—	—	27,350
24th issue	37,200	—	—	—	37,200
25th issue	34,900	—	—	—	34,900
26th issue	22,400	—	1,400	—	21,000
27th issue	29,000	—	2,400	—	26,600
28th issue	26,500	—	2,800	—	23,700

(b) Unit value information

(Stocks)

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2022 (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	—	1,808 (Note 1)
24th issue	1	—	1,372
25th issue	1	—	1,328
26th issue	1	5,601	2,296
27th issue	1	5,038	2,403
28th issue	1	5,022	4,152

Notes)

1. 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.
2. Fair value per share at the time of grant by former Sampo 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, 2022.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from former Sampo 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, 2021	As of March 31, 2022
Deferred tax assets:		
Underwriting reserves	193,998	218,547
Reserve for outstanding losses and claims	42,424	47,320
Intangible fixed assets of tax accounting	39,766	40,535
Impairment losses on securities and real estate	35,510	34,004
Reserve for price fluctuation	28,008	29,413
Net defined benefit liability	22,460	19,517
Others	60,255	74,322
Deferred tax assets subtotal	422,424	463,661
Valuation allowance	(54,644)	(61,856)
Total deferred tax assets	367,780	401,804
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(401,545)	(343,160)
Unrealized gains and losses on consolidated subsidiaries	(7,991)	(8,191)
Others	(23,700)	(24,136)
Total deferred tax liabilities	(433,237)	(375,488)
Net deferred tax assets (liabilities)	(65,457)	26,316

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, 2021	As of March 31, 2022
Japanese statutory income tax rate	30.6	30.6
(Reconciliation)		
Tax rate differences in subsidiaries	(3.3)	(6.7)
Amortization of goodwill	4.4	2.6
Increase (Decrease) of valuation allowance	(3.5)	2.1
Others	(1.4)	0.1
Effective tax rate after the application of tax effect accounting	26.7	28.7

Segment information, etc.

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 & seniors business" are determined as the reportable segments. The businesses not covered by the reportable segments, such as the Company, extended warranty business, asset management business, defined-contribution pension business, etc., 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, and "Nursing care & seniors business" consists mainly of providing nursing care service.

(Change of the reportable segment names, etc.)

From the fiscal year ended March 31, 2022, the category name of the reportable segment, which was previously named "Nursing care & healthcare business" is changed to "Nursing care & seniors business" and the healthcare business, which was previously included in the "Nursing care & healthcare business" segment, is now included in the "Others" segment.

The effect of this change on the comparative information is immaterial.

The segment name in the fiscal year ended March 31, 2021 is also shown as the new segment name.

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.

(Application of "Accounting Standard for Fair Value Measurement", etc.)

As described in "Changes in Accounting Policies", the Company applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019), etc. from the beginning of the fiscal year 2021.

The effect of this change on segment income (loss) for the fiscal year ended March 31, 2022 is immaterial.

(Application of "Accounting Standard for Revenue Recognition", etc.)

As described in "Changes in Accounting Policies", the Company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the fiscal year 2021.

The effect of this change on segment income (loss) for the fiscal year ended March 31, 2022 is immaterial.

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

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 & seniors 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)

- 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 & seniors business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business, defined-contribution pension business, etc.
- 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
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 9,613 million yen of gains on disposal of fixed assets.
- 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 & seniors business include 1,722 million yen of expenses pertaining to COVID-19 measures.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total				
Sales (Note 1):									
Sales from transactions with external customers	2,217,148	1,005,247	318,501	136,661	3,677,558	89,999	3,767,558	399,938	4,167,496
Sales from internal transactions or transfers among segments	—	—	—	1	1	16,559	16,560	(16,560)	—
Total	2,217,148	1,005,247	318,501	136,663	3,677,560	106,558	3,784,118	383,377	4,167,496
Segment income	138,288	42,168	15,949	1,367	197,773	27,069	224,842	—	224,842
Segment assets	6,385,083	3,232,407	3,716,323	163,731	13,497,544	290,290	13,787,835	—	13,787,835
Other items:									
Depreciation	25,889	21,402	497	5,134	52,923	1,009	53,932	—	53,932
Amortization of goodwill	11	21,716	—	4,807	26,536	—	26,536	—	26,536
Interest and dividend income	117,041	49,601	49,447	96	216,187	402	216,589	(804)	215,785
Interest paid	7,022	5,676	59	2,203	14,961	0	14,962	(2)	14,960
Investment gains (losses) on the equity method	73	888	—	—	961	(6,637)	(5,675)	—	(5,675)
Extraordinary gains (Note 5)	15,149	213	0	—	15,364	0	15,364	—	15,364
Extraordinary losses (Note 6)	11,307	937	956	7	13,209	34	13,243	—	13,243
Impairment losses	1,650	745	—	—	2,396	—	2,396	—	2,396
Income tax expenses	45,902	18,871	6,414	3,364	74,554	16,468	91,022	—	91,022
Investment in affiliates accounted for under the equity method	1,484	9,919	—	—	11,403	13,106	24,509	—	24,509
Increase in tangible and intangible fixed assets	55,199	8,035	2,440	4,362	70,036	988	71,025	—	71,025

Note)

- 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 & seniors business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), extended warranty business, asset management business, defined-contribution pension business, etc.
- 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:	399,938 million yen
Elimination of internal transactions among segments:	(16,560) million yen
- Segment income is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 15,149 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 5,404 million yen of losses on disposal of fixed assets and 4,251 million yen of provision for reserve for price fluctuation.

Related information

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)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care & seniors business.
- 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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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	524,266	92,493	156,850	1,217,232	217,261	1,007,609	3,215,713

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	304,713	4,150	16,319	—	325,183

2. Information by geographic area

(1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,624,841	604,567	448,149	3,677,558

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care & seniors business.
- 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
318,849	34,588	353,438

3. Information by major customers

None.

Information related to impairment losses on fixed assets by reportable segments

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 & seniors business	Total			
Impairment losses	8,045	11,760	—	—	19,805	—	—	19,805

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total			
Impairment losses	1,650	745	—	—	2,396	—	—	2,396

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

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 & seniors 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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 & seniors business	Total			
Amortization for the fiscal year ended March 31, 2022	11	21,716	—	4,807	26,536	—	—	26,536
Balance as of March 31, 2022	—	124,645	—	26,366	151,012	—	—	151,012

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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	5,686.22 yen	5,919.73 yen
Net income per share	397.40 yen	644.24 yen
Diluted net income per share	397.16 yen	643.86 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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to shareholders of the parent	142,482	224,842
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	142,482	224,842
Average number of common stocks outstanding	358,531 thousand shares	348,999 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	214 thousand shares	209 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, 2021	As of March 31, 2022
Total net assets	2,031,168	2,040,789
Amount to be deducted from total net assets:		
Stock acquisition rights	467	446
Non-controlling interests	12,340	12,224
Net assets attributable to common stocks	2,018,361	2,028,118
Number of common stocks used for calculation of net assets per share	354,956 thousand shares	342,602 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 996 thousand for the fiscal year ended March 31, 2021 and is 963 thousand for the fiscal year ended March 31, 2022. The number of the treasury stock deducted above mentioned is 991 thousand as of March 31, 2021 and is 961 thousand as of March 31, 2022.

Significant Subsequent Events

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, 2022.

1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a policy to provide with basic return (50% of adjusted consolidated profit) and supplementary return based on its performance trends, market conditions and its capital conditions, etc., with the option of stock buybacks depending on capital conditions other than paying dividends regarding shareholder return. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return (basic return) for the financial results of fiscal year ended March 31, 2022.

2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	16,000,000 shares (upper limit)
(3) Total price	58,000,000,000 yen (upper limit)
(4) Period	June 1, 2022 — November 17, 2022

Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

	(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	524,711	477,918	(46,793)
Cash	6	9	2
Deposits	524,705	477,909	(46,796)
Receivables under resale agreements	59,999	73,999	14,000
Monetary receivables bought	21,700	20,104	(1,595)
Money trusts	27,566	20,683	(6,883)
Securities:	5,127,170	5,259,488	132,318
Government bonds	688,810	678,580	(10,229)
Municipal bonds	5,865	5,720	(145)
Corporate bonds	666,751	625,139	(41,612)
Domestic stocks	1,346,490	1,308,357	(38,133)
Foreign securities	2,267,968	2,426,435	158,466
Other securities	151,282	215,255	63,972
Loans:	636,618	519,703	(116,915)
Policy loans	4,966	3,978	(987)
Ordinary loans	631,652	515,724	(115,927)
Tangible fixed assets:	238,916	227,274	(11,641)
Land	91,407	84,917	(6,489)
Buildings	115,629	104,824	(10,805)
Leased assets	2,835	2,371	(464)
Construction in progress	2,124	9,675	7,550
Other tangible fixed assets	26,918	25,486	(1,432)
Intangible fixed assets:	188,576	209,721	21,145
Software	105,388	94,972	(10,415)
Other intangible fixed assets	83,188	114,749	31,561
Other assets:	573,319	543,748	(29,570)
Premiums receivable	1,326	1,630	303
Agency accounts receivable	180,163	190,101	9,938
Foreign agency accounts receivable	25,978	13,682	(12,296)
Coinsurance accounts receivable	16,284	14,105	(2,178)
Reinsurance accounts receivable	110,676	71,448	(39,227)
Foreign reinsurance accounts receivable	65,195	36,890	(28,304)
Proxy service receivable	151	49	(101)
Accounts receivable	46,574	69,667	23,093
Accrued income	8,181	8,145	(36)
Advance deposits	15,201	14,952	(249)
Earthquake insurance deposits	4,681	2,842	(1,839)
Suspense payments	71,138	64,901	(6,236)
Deposits paid for future transactions	7,875	8,034	159
Derivative assets	6,287	5,113	(1,173)
Cash collateral paid for financial instruments	13,594	42,174	28,580
Other assets	7	7	—
Prepaid pension cost	303	—	(303)
Deferred tax assets	—	22,481	22,481
Allowance for possible credit losses	(3,006)	(2,751)	254
Allowance for possible investment losses	(6,198)	(5,689)	509
Total assets	7,389,677	7,366,684	(22,993)

	(Millions of yen)		
	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,557,828	4,557,431	(396)
Reserve for outstanding losses and claims	872,465	900,122	27,657
Underwriting reserves	3,685,362	3,657,309	(28,053)
Corporate bonds	433,560	433,560	—
Other liabilities:	715,115	700,176	(14,939)
Coinsurance accounts payable	6,024	5,800	(223)
Reinsurance accounts payable	75,005	70,308	(4,697)
Foreign reinsurance accounts payable	23,014	22,539	(474)
Payables under securities lending transactions	155,831	156,505	673
Borrowings	45,810	15,358	(30,451)
Income taxes payable	58,298	8,535	(49,762)
Deposits received	2,903	2,796	(106)
Unearned income	308	297	(11)
Accounts payable	196,486	230,272	33,785
Suspense receipts	90,686	94,315	3,628
Derivative liabilities	26,397	49,831	23,434
Cash collateral received for financial instruments	28,733	38,702	9,969
Lease obligations	3,492	2,745	(747)
Asset retirement obligations	2,121	2,165	44
Reserve for retirement benefits	89,608	85,576	(4,031)
Reserve for bonus payments	16,315	15,719	(595)
Reserve for bonus payments to directors	115	117	1
Reserves under the special laws:	91,097	95,331	4,233
Reserve for price fluctuation	91,097	95,331	4,233
Deferred tax liabilities	11,434	—	(11,434)
Total liabilities	5,915,075	5,887,913	(27,162)
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	502,291	529,398	27,107
Other retained earnings:	502,291	529,398	27,107
Reserve for advanced depreciation	10,963	10,590	(373)
General reserve	83,300	83,300	—
Retained earnings carried forward	408,027	435,508	27,481
Total shareholders' equity	642,291	669,398	27,107
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	827,905	805,943	(21,961)
Deferred gains and losses on hedges	4,406	3,429	(977)
Total valuation and translation adjustments	832,311	809,372	(22,939)
Total net assets	1,474,602	1,478,770	4,168
Total liabilities and net assets	7,389,677	7,366,684	(22,993)

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	2,486,893	2,490,458	3,564	0.1%
Underwriting income:	2,301,534	2,300,385	(1,148)	(0.0)
Net premiums written	2,141,433	2,158,791	17,357	0.8
Deposits of premiums by policyholders	93,496	81,009	(12,486)	(13.4)
Interest and dividend income on deposits of premiums, etc.	31,987	30,895	(1,091)	(3.4)
Reversal of underwriting reserves	33,237	28,053	(5,184)	(15.6)
Foreign exchange gains	427	893	465	109.0
Other underwriting income	951	742	(209)	(22.0)
Investment income:	172,705	175,824	3,119	1.8
Interest and dividend income	126,178	147,980	21,801	17.3
Investment gains on money trusts	5,046	1,353	(3,693)	(73.2)
Gains on sales of securities	65,724	42,554	(23,170)	(35.3)
Gains on redemption of securities	2,977	4,580	1,603	53.9
Foreign exchange gains	4,556	9,990	5,433	119.2
Other investment income	208	261	52	25.2
Transfer of interest and dividend income on deposits of premiums, etc.	(31,987)	(30,895)	1,091	—
Other ordinary income	12,654	14,248	1,594	12.6
Ordinary expenses:	2,289,461	2,279,648	(9,813)	(0.4)
Underwriting expenses:	1,929,500	1,933,287	3,787	0.2
Net claims paid	1,189,878	1,175,024	(14,854)	(1.2)
Loss adjustment expenses	112,817	115,456	2,639	2.3
Net commissions and brokerage fees	414,829	423,007	8,177	2.0
Maturity refunds to policyholders	196,812	190,527	(6,285)	(3.2)
Dividends to policyholders	65	28	(36)	(56.0)
Provision for reserve for outstanding losses and claims	13,330	27,657	14,326	107.5
Other underwriting expenses	1,765	1,585	(180)	(10.2)
Investment expenses:	26,297	12,523	(13,773)	(52.4)
Investment losses on money trusts	11	45	34	311.2
Losses on sales of securities	886	4,390	3,503	395.4
Impairment losses on securities	3,292	1,805	(1,487)	(45.2)
Losses on redemption of securities	460	—	(460)	(100.0)
Losses on derivatives	13,096	2,476	(10,620)	(81.1)
Other investment expenses	8,549	3,806	(4,743)	(55.5)
Operating, general and administrative expenses	321,415	323,947	2,532	0.8
Other ordinary expenses:	12,248	9,889	(2,358)	(19.3)
Interest paid	7,065	7,016	(49)	(0.7)
Provision for allowance for possible credit losses	106	—	(106)	(100.0)
Losses on bad debt	11	19	7	66.0
Other ordinary expenses	5,065	2,854	(2,210)	(43.6)
Ordinary profit	197,432	210,810	13,377	6.8

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	9,611	16,336	6,724	70.0%
Gains on disposal of fixed assets	9,611	16,336	6,724	70.0
Extraordinary losses:	14,458	14,906	448	3.1
Losses on disposal of fixed assets	2,100	6,097	3,996	190.3
Impairment losses	7,404	4,575	(2,829)	(38.2)
Provision for reserves under the special laws:	3,980	4,233	252	6.4
Provision for reserve for price fluctuation	3,980	4,233	252	6.4
Other extraordinary losses	972	—	(972)	(100.0)
Net income before income taxes	192,585	212,239	19,654	10.2
Income taxes	75,076	71,889	(3,186)	(4.2)
Deferred income taxes	(29,486)	(25,857)	3,628	—
Total income taxes	45,590	46,031	441	1.0
Net income	146,994	166,207	19,212	13.1
Underwriting result:				
Net premiums written	(+) 2,141,433	2,158,791	17,357	0.8
Net claims paid	(-) 1,189,878	1,175,024	(14,854)	(1.2)
Loss adjustment expenses	(-) 112,817	115,456	2,639	2.3
Net operating expenses:	(-) 720,583	728,559	7,975	1.1
Net commissions and brokerage fees	414,829	423,007	8,177	2.0
Operating, general and administrative expenses related to underwriting	305,754	305,552	(201)	(0.1)
Underwriting result	118,153	139,749	21,595	18.3
Underwriting profit	66,368	63,053	(3,315)	(5.0)
Ratios:				
Net loss ratio	(%) 60.8	59.8	(1.1)	
Net operating expenses ratio	(%) 33.6	33.7	0.1	
Combined ratio	(%) 94.5	93.5	(1.0)	

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	28,821	20,757	(8,063)
Cash	0	0	0
Deposits	28,821	20,757	(8,063)
Securities:	36,689	46,865	10,175
Government bonds	907	—	(907)
Municipal bonds	9,068	6,699	(2,369)
Corporate bonds	12,796	21,218	8,422
Domestic stocks	42	38	(4)
Foreign securities	5,962	7,927	1,965
Other securities	7,912	10,981	3,069
Tangible fixed assets:	509	403	(105)
Buildings	114	105	(8)
Leased assets	332	243	(88)
Other tangible fixed assets	63	54	(8)
Intangible fixed assets:	3,882	5,715	1,832
Software	3,879	5,712	1,833
Other intangible fixed assets	3	2	(0)
Other assets:	5,850	5,943	93
Premiums receivable	1,552	1,830	278
Agency accounts receivable	198	103	(95)
Coinsurance accounts receivable	12	9	(2)
Reinsurance accounts receivable	183	90	(92)
Foreign reinsurance accounts receivable	31	23	(7)
Accounts receivable	797	936	139
Accrued income	29	38	9
Advance deposits	506	481	(25)
Suspense payments	2,539	2,428	(110)
Deferred tax assets	1,282	1,744	461
Allowance for possible credit losses	(101)	(0)	101
Total assets	76,934	81,430	4,495

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	54,965	57,382	2,416
Reserve for outstanding losses and claims	21,029	22,115	1,085
Underwriting reserves	33,935	35,266	1,331
Other liabilities:	5,427	5,641	214
Coinsurance accounts payable	35	36	0
Reinsurance accounts payable	194	214	20
Foreign reinsurance accounts payable	85	74	(11)
Income taxes payable	214	406	192
Deposits received	32	32	0
Accounts payable	1,976	1,798	(178)
Suspense receipts	2,549	2,826	276
Lease obligations	338	252	(85)
Reserve for retirement benefits to directors	27	9	(17)
Reserve for bonus payments	474	410	(63)
Reserve for bonus payments to directors	28	15	(12)
Reserves under the special laws:	69	87	18
Reserve for price fluctuation	69	87	18
Total liabilities	60,992	63,547	2,555
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:	(57,754)	(55,321)	2,433
Other retained earnings:	(57,754)	(55,321)	2,433
Retained earnings carried forward	(57,754)	(55,321)	2,433
Total shareholders' equity	15,198	17,631	2,433
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	744	250	(493)
Total valuation and translation adjustments	744	250	(493)
Total net assets	15,942	17,882	1,939
Total liabilities and net assets	76,934	81,430	4,495

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	55,270	58,636	3,366	6.1%
Underwriting income:	55,122	58,234	3,112	5.6
Net premiums written	55,078	58,185	3,107	5.6
Interest and dividend income on deposits of premiums, etc.	43	48	4	10.9
Investment income:	135	271	136	101.1
Interest and dividend income	175	283	108	62.1
Gains on sales of securities	0	23	22	2,332.4
Gains on redemption of securities	3	—	(3)	(100.0)
Other investment income	—	12	12	—
Transfer of interest and dividend income on deposits of premiums, etc.	(43)	(48)	(4)	—
Other ordinary income	13	130	117	888.1
Ordinary expenses:	55,048	56,215	1,167	2.1
Underwriting expenses:	39,805	41,114	1,309	3.3
Net claims paid	31,597	33,260	1,662	5.3
Loss adjustment expenses	4,239	4,239	(0)	(0.0)
Net commissions and brokerage fees	1,145	1,189	44	3.9
Provision for reserve for outstanding losses and claims	1,419	1,085	(333)	(23.5)
Provision for underwriting reserves	1,393	1,331	(62)	(4.5)
Foreign exchange losses	0	0	0	56.5
Other underwriting expenses	9	8	(1)	(12.1)
Investment expenses:	8	0	(7)	(92.8)
Losses on sales of securities	4	0	(3)	(86.4)
Other investment expenses	3	—	(3)	(100.0)
Operating, general and administrative expenses	15,171	15,008	(162)	(1.1)
Other ordinary expenses:	63	91	28	45.2
Interest paid	6	5	(0)	(9.8)
Provision for allowance for possible credit losses	18	—	(18)	(100.0)
Losses on bad debt	0	—	(0)	(100.0)
Other ordinary expenses	38	85	47	124.6
Ordinary profit	222	2,421	2,199	989.3

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change	
	Amount	Amount			
Extraordinary gains:	1	—	(1)	(100.0)%	
Gains on disposal of fixed assets	1	—	(1)	(100.0)	
Extraordinary losses:	84	33	(50)	(60.1)	
Losses on disposal of fixed assets	71	15	(56)	(79.1)	
Impairment losses	—	0	0	—	
Provision for reserves under the special laws:	12	18	5	46.8	
Provision for reserve for price fluctuation	12	18	5	46.8	
Net income before income taxes	139	2,387	2,247	1,608.5	
Income taxes	75	296	220	294.2	
Deferred income taxes	(1,568)	(341)	1,226	—	
Total income taxes	(1,493)	(45)	1,447	—	
Net income	1,633	2,433	800	49.0	
Underwriting result:					
Net premiums written	(+)	55,078	58,185	3,107	5.6
Net claims paid	(-)	31,597	33,260	1,662	5.3
Loss adjustment expenses	(-)	4,239	4,239	(0)	(0.0)
Net operating expenses:	(-)	16,285	16,160	(125)	(0.8)
Net commissions and brokerage fees		1,145	1,189	44	3.9
Operating, general and administrative expenses related to underwriting		15,140	14,970	(169)	(1.1)
Underwriting result		2,955	4,526	1,570	53.1
Underwriting profit		197	2,168	1,971	998.2
Ratios:					
Net loss ratio	(%)	65.1	64.4	(0.6)	
Net operating expenses ratio	(%)	29.6	27.8	(1.8)	
Combined ratio	(%)	94.6	92.2	(2.4)	

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	178,483	137,951	(40,532)
Deposits	178,483	137,951	(40,532)
Securities:	3,260,451	3,476,978	216,526
Government bonds	2,142,389	2,371,793	229,403
Municipal bonds	67,662	57,515	(10,146)
Corporate bonds	460,381	420,802	(39,579)
Domestic stocks	10,132	9,858	(273)
Foreign securities	578,222	611,887	33,665
Other securities	1,662	5,120	3,458
Loans:	41,985	41,428	(556)
Policy loans	41,980	41,425	(554)
Ordinary loans	4	3	(1)
Tangible fixed assets:	1,540	2,219	678
Buildings	444	432	(12)
Leased assets	630	1,389	758
Other tangible fixed assets	465	396	(68)
Intangible fixed assets:	—	1,234	1,234
Other intangible fixed assets	—	1,234	1,234
Agency accounts receivable	93	99	5
Reinsurance accounts receivable	1,284	1,599	315
Other assets:	54,897	54,377	(519)
Accounts receivable	39,494	35,899	(3,595)
Prepaid expenses	2,369	3,672	1,302
Accrued income	8,788	9,276	487
Advance deposits	2,496	2,462	(34)
Derivative assets	117	18	(99)
Cash collateral paid for financial instruments	1,000	2,310	1,310
Suspense payments	540	655	114
Other assets	89	85	(4)
Deferred tax assets	13,804	22,434	8,630
Allowance for possible credit losses	(76)	(76)	0
Total assets	3,552,464	3,738,246	185,782

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	3,143,577	3,290,913	147,335
Reserve for outstanding claims	39,293	40,896	1,602
Policy reserves	3,099,850	3,245,593	145,742
Reserve for dividends to policyholders	4,433	4,423	(9)
Agency accounts payable	4,215	5,663	1,448
Reinsurance accounts payable	814	990	175
Other liabilities:	221,891	280,038	58,147
Payables under securities lending transactions	181,229	228,854	47,624
Income taxes payable	4,934	109	(4,825)
Accounts payable	11,788	17,493	5,705
Accrued expenses	6,195	7,747	1,551
Deposits received	122	125	2
Derivative liabilities	15,949	23,578	7,628
Lease obligations	735	1,577	841
Suspense receipts	936	553	(382)
Reserve for bonus payments to directors	37	38	1
Reserve for retirement benefits	4,581	4,971	389
Reserve for possible reimbursement of prescribed claims	1,041	936	(104)
Reserves under the special laws:	9,045	9,969	924
Reserve for price fluctuation	9,045	9,969	924
Total liabilities	3,385,204	3,593,521	208,317
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	94,052	95,477	1,424
Legal reserve	3,916	3,916	—
Other retained earnings:	90,135	91,560	1,424
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	89,810	91,235	1,424
Total shareholders' equity	124,635	126,060	1,424
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	42,624	18,664	(23,959)
Total valuation and translation adjustments	42,624	18,664	(23,959)
Total net assets	167,260	144,725	(22,535)
Total liabilities and net assets	3,552,464	3,738,246	185,782

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

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Ordinary income:	503,714	493,056	(10,658)	(2.1)%
Insurance premiums and other:	441,549	436,893	(4,656)	(1.1)
Insurance premiums	438,847	433,472	(5,375)	(1.2)
Reinsurance income	2,701	3,421	719	26.6
Investment income:	56,037	53,709	(2,327)	(4.2)
Interest and dividend income and other:	47,090	49,413	2,323	4.9
Interest and dividends on securities	45,754	48,027	2,272	5.0
Interest on loans	1,238	1,248	10	0.9
Other interest and dividends	97	137	39	40.7
Gains on sales of securities	3,767	1,653	(2,113)	(56.1)
Gains on redemption of securities	190	255	64	34.1
Gains on derivatives	—	464	464	—
Foreign exchange gains	48	153	104	214.9
Reversal of allowance for possible credit losses	28	—	(28)	(100.0)
Other investment income	—	2	2	—
Investment gains on special account	4,912	1,767	(3,145)	(64.0)
Other ordinary income:	6,127	2,453	(3,674)	(60.0)
Fund receipt for annuity rider	740	935	194	26.3
Fund receipt for claim deposit payments	1,519	1,509	(10)	(0.7)
Reversal of reserve for outstanding claims	3,858	—	(3,858)	(100.0)
Other ordinary income	9	8	(1)	(11.0)
Ordinary expenses:	471,585	466,611	(4,973)	(1.1)
Insurance claims and other:	195,395	215,929	20,534	10.5
Insurance claims	37,848	39,023	1,175	3.1
Annuity payments	11,208	11,834	625	5.6
Insurance benefits	47,781	50,100	2,318	4.9
Surrender benefits	90,275	107,023	16,748	18.6
Other refunds	4,989	4,254	(735)	(14.7)
Reinsurance premiums	3,291	3,693	402	12.2
Provision for policy reserves and other:	180,048	147,345	(32,702)	(18.2)
Provision for reserve for outstanding claims	—	1,602	1,602	—
Provision for policy reserves	180,047	145,742	(34,304)	(19.1)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	1.8
Investment expenses:	2,554	3,461	906	35.5
Interest paid	69	59	(9)	(14.2)
Losses on sales of securities	1,966	3,261	1,294	65.8
Impairment losses on securities	8	—	(8)	(100.0)
Losses on derivatives	389	—	(389)	(100.0)
Provision for allowance for possible credit losses	—	0	0	—
Other investment expenses	120	139	19	16.1
Operating expenses	87,288	94,804	7,516	8.6

(Millions of yen)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	6,299	5,070	(1,229)	(19.5)%
Claim deposit payments	1,441	1,379	(61)	(4.2)
Taxes	2,187	2,015	(171)	(7.9)
Depreciation	493	497	3	0.8
Provision for reserve for retirement benefits	447	389	(57)	(12.9)
Other ordinary expenses	1,730	788	(942)	(54.4)
Ordinary profit	32,129	26,444	(5,684)	(17.7)
Extraordinary gains:	7	0	(6)	(89.6)
Gains on disposal of fixed assets and other	7	0	(6)	(89.6)
Extraordinary losses:	892	956	64	7.2
Losses on disposal of fixed assets and other	60	32	(28)	(47.1)
Provision for reserves under the special laws:	831	924	92	11.2
Provision for reserve for price fluctuation	831	924	92	11.2
Provision for reserve for dividends to policyholders	3,207	3,158	(48)	(1.5)
Net income before income taxes	28,036	22,329	(5,706)	(20.4)
Income taxes	8,305	5,717	(2,587)	(31.2)
Deferred income taxes	(318)	687	1,005	—
Total income taxes	7,986	6,405	(1,581)	(19.8)
Net income	20,049	15,924	(4,125)	(20.6)

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

Consolidated Solvency Margin Ratio

- 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 company group to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, e.g. occurrence of major catastrophes 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 the scope of entities for consolidated solvency margin ratio calculation shall match with the treatment of consolidated financial statements, subsidiaries defined under the Insurance Business Act (i.e. over 50 percent of voting right acquired by the Company) are generally included in the calculation.
- Solvency margin ratio is one of the objective indicators for the regulatory authorities to monitor financial soundness of insurance company group. Solvency margin ratio exceeding 200 percent 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 decreased by 98.8 points from previous fiscal year to 773.0 percent.

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

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
(A) Total Consolidated Solvency Margin	3,726,169	3,697,989
Capital and funds, etc.	919,036	1,033,111
Reserve for price fluctuation	100,212	105,389
Contingency reserve	35,006	35,949
Catastrophic loss reserve	501,005	558,190
General allowance for possible credit losses	4,901	5,474
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,235,717	1,037,412
Unrealized gains and losses on land	122,264	114,601
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	14,956	23,088
Surplus such as premium fund	172,210	161,014
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	2	7
Deductions	50,417	57,743
Others	237,713	247,933
(B) Total Consolidated Risks	854,817	956,727
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R ₁)	274,839	339,295
Underwriting risk for life insurance business (R ₂)	15,280	15,226
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,266	11,935
Underwriting risk related to small amount and short term insurance companies (R ₄)	8	27
Guaranteed interest rate risk (R ₅)	23,977	22,389
Guaranteed minimum benefit risk for life insurance policies (R ₆)	396	400
Investment risk (R ₇)	528,122	560,798
Business management risk (R ₈)	21,719	24,522
Major catastrophe risk for property and casualty insurance policies (R ₉)	210,717	250,884
(C) Consolidated Solvency Margin Ratio	871.8%	773.0%
$[(A) / \{(B) \times 1/2\}] \times 100$		

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

- 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, e.g. 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 objective 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, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	2,981,500	3,042,067
Capital and funds, etc.	642,291	669,398
Reserve for price fluctuation	91,097	95,331
Contingency reserve	1,693	2,475
Catastrophic loss reserve	497,543	554,520
General allowance for possible credit losses	138	132
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	1,019,668	988,227
Unrealized gains and losses on land	139,670	132,656
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	46,647	46,381
Others	202,484	212,146
(B) Total Non-consolidated Risks	847,602	872,214
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	192,158	196,903
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	15,501	13,946
Investment risk (R ₄)	611,108	623,096
Business management risk (R ₅)	19,822	20,380
Major catastrophe risk (R ₆)	172,367	185,055
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	703.5%	697.5%

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, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	19,668	21,775
Capital and funds, etc.	15,198	17,631
Reserve for price fluctuation	69	87
Contingency reserve	11	11
Catastrophic loss reserve	3,461	3,669
General allowance for possible credit losses	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	926	374
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	8,582	8,841
$\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$		
Underwriting risk (R ₁)	6,833	7,011
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₂)	—	—
Guaranteed interest rate risk (R ₃)	16	15
Investment risk (R ₄)	1,434	1,763
Business management risk (R ₅)	287	302
Major catastrophe risk (R ₆)	1,308	1,304
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	458.3%	492.5%

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).

Corporate Data

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
(A) Total Non-consolidated Solvency Margin	422,651	389,628
Capital, etc.	124,635	126,060
Reserve for price fluctuation	9,045	9,969
Contingency reserve	33,301	33,462
General allowance for possible credit losses	2	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)	53,280	23,330
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
Excess amount of continued Zillmerized reserve	172,210	161,014
Subordinated debt, etc.	—	—
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(5,052)	—
Brought in capital, etc.	—	—
Deductions	—	—
Others	35,228	35,787
(B) Total Non-consolidated Risks	57,881	57,302
$\sqrt{(R_1+R_3)^2+(R_2+R_3+R_7)^2+R_4}$		
Underwriting risk (R ₁)	14,399	14,226
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R ₃)	11,266	11,935
Guaranteed interest rate risk (R ₂)	8,460	8,427
Guaranteed minimum benefit risk (R ₇)	396	400
Investment risk (R ₃)	41,324	40,451
Business management risk (R ₄)	1,516	1,508
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	1,460.4%	1,359.8%

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.

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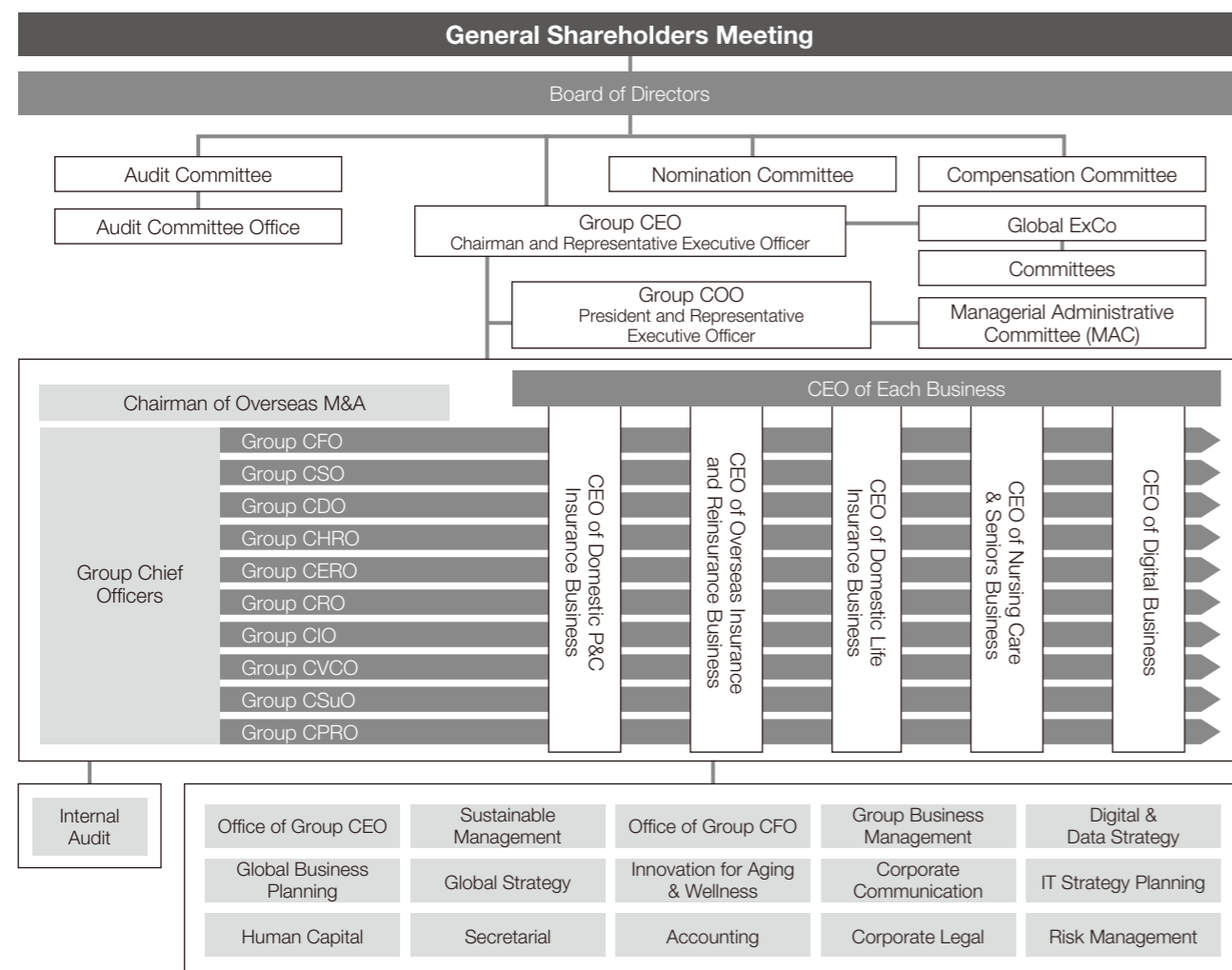
Corporate Overview

Company name:	Sompo Holdings, Inc.
Date of establishment:	April 1, 2010
Capital:	¥100 billion
Head office:	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan
Group CEO, Director, Chairman and Representative Executive Officer:	Kengo Sakurada
Employees:	474*
Business activities:	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Law, and other related operations
Exchange listing:	Tokyo Stock Exchange (Prime Market)
URL:	https://www.sompo-hd.com/en/

* As of March 31, 2022

Organization Chart

(As of August 1, 2022)



Organizations and titles, such as Group CEO, use the following abbreviations:

Global ExCo: Global Executive Committee / MAC: Managerial Administrative Committee / Group CEO: Group Chief Executive Officer / Group COO: Group Chief Operating Officer / Group CFO: Group Chief Financial Officer / Group CSO: Group Chief Strategy Officer / Group CDO: Group Chief Digital Officer / Group CHRO: Group Chief Human Resource Officer / Group CERO: Group Chief External Relations Officer / Group CRO: Group Chief Risk Officer / Group CIO: Group Chief Information Officer / Group CVCO: Group Chief Value Communication Officer / Group CSuO: Group Chief Sustainability Officer / Group CPRO: Group Chief Public Relations Officer

Share and Shareholder Information

Share Information

- Fiscal year: April 1 of each year through March 31 of the following year
- Annual General Meeting of Shareholders: Held within 3 months of the end of each fiscal year
- Record date for year-end dividends and voting rights: March 31
Note: Record date for interim dividends: September 30
- Share-trading lot size: 100
- Shareholder registry administrator: Mizuho Trust & Banking Co., Ltd.
- Public notices: Sompo Holdings issues public notices electronically. (<https://www.sompo-hd.com/>)
Note: If a public notice cannot be issued electronically, it will be published in the *Nikkei* (newspaper).
- Exchange listing: Tokyo Stock Exchange (Prime Market)

Matters for the General Meeting of Shareholders

The 12th General Meeting of Shareholders was held on June 27, 2022. The matters to be reported and the matters to be resolved were as follows:

Matters to Be Reported

- The business report, the consolidated financial statements, and the audit reports on the consolidated financial statements by the accounting auditors and the Audit Committee for fiscal 2021 (April 1, 2021 to March 31, 2022)
- The financial statements for fiscal 2021 (April 1, 2021 to March 31, 2022)

Matters to Be Resolved

- Proposal No. 1: Disposition of Retained Earnings
 - Proposal No. 2: Partial Amendments to the Articles of Incorporation
 - Proposal No. 3: Appointment of 14 Directors
- The proposals were approved as initially proposed.

Distribution and Shares

(As of March 31, 2022)

1. Equity Shares

(1) Type of shares	Common shares
(2) Total number of authorized shares	1,200,000,000
(3) Total number of shares outstanding	347,698,689 (Including treasury stock)
(4) Total number of shareholders	49,082

2. Types of Shareholders

Category	Number of Shareholders	Number of Shares Held (Thousands) ¹	Portion of Shares Outstanding (%) ²
National and Regional Governmental Organizations	2	8	0.00
Financial Institutions	154	128,935	37.08
Securities Companies	50	16,683	4.80
Other Corporations	1,012	24,244	6.97
Foreign Investors	923	136,659	39.30
Individuals and Others	46,941	41,167	11.84
Total	49,082	347,698	100.00

Note: ¹ Numbers of shares held are truncated to the unit displayed.² Portions of shares outstanding are rounded to the unit displayed.

Top 10 Shareholders

(As of March 31, 2022)

Name of Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Outstanding (Excluding Treasury Stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	61,024	17.76
Custody Bank of Japan, Ltd. (Trust account)	19,165	5.58
GOVERNMENT OF NORWAY	14,926	4.34
JP MORGAN CHASE BANK 380055	12,931	3.76
Sompo Holdings Employee Shareholders Association	8,666	2.52
JPMorgan Securities Japan Co., Ltd.	6,163	1.79
STATE STREET BANK WEST CLIENT - TREATY 505234	5,557	1.62
The Dai-ichi Life Insurance Company, Limited	4,492	1.31
JP MORGAN CHASE BANK 385781	4,184	1.22
NIPPON EXPRESS HOLDINGS, INC.	3,901	1.14

Note: 1. In addition to the above, the Company holds 4,134 thousand shares of treasury stock. This number of treasury stock does not include 961 thousand shares of the Company's stock held by Mizuho Trust & Banking Co., Ltd. (Re-entrusted entity: Custody Bank of Japan, Ltd. (Trust E account) established for the "Board Benefit Trust (BBT)" plan).

2. The percentage of shares outstanding has been calculated by deducting treasury stock (4,134 thousand shares).

3. The shares held by The Dai-ichi Life Insurance Company, Limited are those contributed by that company as trust assets for a retirement benefit trust (In the shareholder register, the shares are listed in the name of Mizuho Trust & Banking Co., Ltd., The Dai-ichi Life Insurance Company Retirement Benefit Trust).

The Sompo Group consists of 95 subsidiaries and 21 affiliates. The Group is engaged in domestic P&C insurance, overseas insurance, domestic life insurance, and nursing care & seniors businesses. Major Group companies are as follows.

Domestic P&C Insurance

- ◎ Sompo Japan Insurance Inc.
- ◎ SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED
- ◎ Sompo Japan Partners Inc.
- ◎ Mysurance Inc.
- ★ Capital Insurance Corporation

Overseas Insurance and Reinsurance Business

- ◎ Sompo International Holdings Ltd. <Bermuda, British Overseas Territory>
- ◎ Endurance Specialty Insurance Ltd. <Bermuda, British Overseas Territory>
- ◎ Endurance Assurance Corporation <U.S.A.>
- ◎ Endurance Worldwide Insurance Limited <U.K.>
- ◎ SI Insurance (Europe), SA <Luxembourg>
- ◎ Sompo Sigorta Anonim Sirketi <Turkey>
- ◎ Sompo Holdings (Asia) Pte. Ltd. <Singapore>
- ◎ Sompo Insurance Singapore Pte. Ltd. <Singapore>
- ◎ Berjaya Sompo Insurance Berhad <Malaysia>
- ◎ PT Sompo Insurance Indonesia <Indonesia>
- ◎ Sompo Insurance China Co., Ltd. <China>
- ◎ Sompo Insurance (Hong Kong) Company Limited <China>
- ◎ Sompo Seguros S.A. <Brazil>
- ★ Universal Sompo General Insurance Company Limited <India>
- ★ AYA SOMPO Insurance Company Limited <Myanmar>

Domestic Life Insurance

- ◎ Sompo Himawari Life Insurance, Inc.

Nursing Care & Seniors

- ◎ Sompo Care Inc.

Financial and Other Services

- ◎ Sompo Warranty Inc. (Extended warranty)
- ◎ SOMPO Light Vortex Inc. (Digital-related)
- ◎ Sompo Asset Management Co., Ltd. (Asset management)
- ◎ Sompo Japan DC Securities Inc. (Defined contribution pension plans)
- ◎ Sompo Risk Management Inc. (Risk management)
- ◎ Sompo Health Support Inc. (Healthcare)
- ★ Tier IV, Inc. (Autonomous driving platform development)
- ★ Palantir Technologies Japan K.K. (Software sales)
- ★ DeNA SOMPO Mobility Co., Ltd. (Consumer-to-consumer car sharing)
- ★ ABEJA, Inc. (AI-related)
- ★ DeNA SOMPO Carlife Co., Ltd. (Private car leasing)
- ★ akippa Inc. (Parking space sharing)

Note: The meanings of each symbol are as follows. ◎: Consolidated subsidiary ★: Affiliate accounted for under the equity method

Sompo Holdings, Inc.

DATA

Subsidiaries and Affiliates

Consolidated Subsidiaries

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Sompo Japan Insurance Inc.	Shinjuku-ku, Tokyo	February 12, 1944	70,000 million Japanese yen	Domestic P&C Insurance	100.0	—
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Toshima-ku, Tokyo	September 22, 1982	32,260 million Japanese yen	Domestic P&C Insurance	—	99.9
Sompo Japan Partners Inc.	Shinjuku-ku, Tokyo	February 28, 1989	100 million Japanese yen	Domestic P&C Insurance	—	100.0
Mysurance Inc.	Shinjuku-ku, Tokyo	July 17, 2018	2,075 million Japanese yen	Domestic P&C Insurance	—	100.0
Sompo International Holdings Ltd.	Pembroke (Bermuda, British Overseas Territory)	March 24, 2017	0 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Specialty Insurance Ltd.	Pembroke (Bermuda, British Overseas Territory)	November 30, 2001	12,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Assurance Corporation	New York, Purchase (U.S.A.)	September 5, 2002	5,000 thousand U.S. dollars	Overseas Insurance	—	100.0
Endurance Worldwide Insurance Limited	London (U.K.)	April 10, 2002	215,967 thousand British pounds	Overseas Insurance	—	100.0
SI Insurance (Europe), SA	Luxembourg (Luxembourg)	January 12, 2018	30 thousand euros	Overseas Insurance	—	100.0
Sompo Sigorta Anonim Sirketi	Istanbul (Turkey)	March 30, 2001	195,498 thousand Turkish liras	Overseas Insurance	—	100.0
Sompo Holdings (Asia) Pte. Ltd.	Singapore (Singapore)	August 1, 2008	790,761 thousand Singaporean dollars	Overseas Insurance	—	100.0
Sompo Insurance Singapore Pte. Ltd.	Singapore (Singapore)	December 14, 1989	278,327 thousand Singaporean dollars	Overseas Insurance	—	100.0
Berjaya Sompo Insurance Berhad	Kuala Lumpur (Malaysia)	September 22, 1980	118,000 thousand Malaysian ringgits	Overseas Insurance	—	70.0
PT Sompo Insurance Indonesia	Jakarta (Indonesia)	December 16, 1975	494,940,000 thousand Indonesian rupiahs	Overseas Insurance	—	80.0
Sompo Insurance China Co., Ltd.	Dalian (China)	May 31, 2005	600,000 thousand Chinese yuan	Overseas Insurance	—	100.0
Sompo Insurance (Hong Kong) Company Limited	Hong Kong (China)	March 25, 1977	270,000 thousand Hong Kong dollars	Overseas Insurance	—	97.8
Sompo Seguros S.A.	Sao Paulo (Brazil)	October 8, 1943	1,872,498 thousand Brazilian reals	Overseas Insurance	—	99.9
Sompo Himawari Life Insurance Inc.	Shinjuku-ku, Tokyo	July 7, 1981	17,250 million Japanese yen	Domestic Life Insurance	100.0	—

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Sompo Care Inc.	Shinagawa-ku, Tokyo	May 26, 1997	3,925 million Japanese yen	Nursing Care & Seniors	100.0	—
Sompo Warranty Inc.	Chiyoda-ku, Tokyo	August 20, 2009	95 million Japanese yen	Others (Extended warranty)	100.0	—
SOMPO Light Vortex, Inc.	Shinjuku-ku, Tokyo	July 1, 2021	12,198 million Japanese yen	Other (Digital-related)	100.0	—
Sompo Asset Management Co., Ltd.	Chuo-ku, Tokyo	February 25, 1986	1,550 million Japanese yen	Other (Asset management service)	100.0	—
Sompo Japan DC Securities Inc.	Shinjuku-ku, Tokyo	May 10, 1999	3,000 million Japanese yen	Other (Defined contribution pension plans)	—	100.0
Sompo Risk Management Inc.	Shinjuku-ku, Tokyo	November 19, 1997	30 million Japanese yen	Other (Risk management)	100.0	—
Sompo Health Support Inc.	Chiyoda-ku, Tokyo	October 1, 2018	10 million Japanese yen	Other (Healthcare)	100.0	—
47 other companies						

Equity-Method Affiliates

Company Name	Location of Head Office	Date of Establishment	Capital	Main Business	Proportion of Voting Rights Held by the Holding Company (%) ¹	Proportion of Voting Rights Held by Subsidiaries or Affiliates of the Holding Company (%) ¹
Capital Insurance Corporation	Chiyoda-ku, Tokyo	June 21, 1994	6,200 million Japanese yen	Domestic P&C Insurance	—	20.6
Universal Sompo General Insurance Company Limited	Mumbai (India)	January 5, 2007	3,681,818 thousand Indian rupees	Overseas Insurance	—	34.6
AYA SOMPO Insurance Company Limited	Yangon (Myanmar)	July 12, 2018	63,636,241 thousand kyats	Overseas Insurance	—	15.0
Tier IV, Inc.	Nakamura-ku, Nagoya city, Aichi	December 1, 2015	100 million Japanese yen	Other (Autonomous driving platform development)	18.0	—
Palantir Technologies Japan K.K.	Shibuya-ku, Tokyo	October 15, 2019	5,432 million Japanese yen	Other (Software sales)	50.0	—
DeNA SOMPO Mobility Co., Ltd.	Shibuya-ku, Tokyo	March 1, 2019	100 million Japanese yen	Other (Consumer-to-consumer car sharing)	50.0	—
ABEJA, Inc.	Minato-ku, Tokyo	September 10, 2012	3,114 million Japanese yen	Others (AI-related)	—	22.0
DeNA SOMPO Carlife Co., Ltd.	Shibuya-ku, Tokyo	March 25, 2019	100 million Japanese yen	Other (Private car leasing)	39.0	—
akippa Inc.	Naniwa-ku, Osaka city, Osaka	February 2, 2009	100 million Japanese yen	Other (Parking space sharing)	33.5	—
5 other companies						

Note: "Subsidiaries and affiliates" includes subsidiaries and affiliates as specified in the Insurance Business Act and the Order for Enforcement of the Insurance Business Act.
¹ Figures in proportion of voting rights are rounded to the indicated decimal place.

Sompo Holdings, Inc.

26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku,
Tokyo 160-8338, Japan

URL: <https://www.sompo-hd.com/en/>