

# SOMPO Topics & Basics

November, 2021

Sompo Holdings, Inc.



Index	1	Overseas Insurance Business(1) - Progress Overview -	31
<b>1. Overview of SOMPO Holdings</b>		Overseas Insurance Business(2) - Disciplined and Opportunistic Growth -	32
Overview of SOMPO Holdings	3	Overseas Insurance Business(3) - SI*2 Commercial P&C's Planned Underwriting Improvements -	33
Overview of Sompo Japan	4	Domestic Life Insurance(1) - Progress Overview -	34
Overview of Japanese P&C Insurance Market and Sompo Japan's Position	5	Domestic Life Insurance(2) - Key Indicators -	35
Responding to Domestic Natural Disasters Risks (Sompo Japan)	6	Nursing Care & Seniors(1) - Progress Overview -	36
Advisory Rating System in Japan (Domestic P&C)	7	Nursing Care & Seniors(2) - Progress of 3 Core Strategies -	37
Overview of Overseas Insurance Business	8	Digital Business - Progress of Initiatives -	38
Overview of Domestic Life Insurance Business	9	<b>3. Business Forecasts for FY2021 &amp; Highlights of 1H FY2021 Results</b>	
Overview of Nursing Care and Seniors Business	10	Business Forecasts for FY2021 – Consolidated Basis	40
<b>2. Progress of Mid-term Management Plan</b>		Main Points of Business Forecasts for FY2021	41
SOMPO's Sustainable Growth Story	12	Highlights of 1H FY2021 Results	42
Progress of Mid-Term Management Plan - Overview of Initiatives -	13	Overview of 1H FY2021 Results – Consolidated Basis	43
Progress of Mid-Term Management Plan - Group management targets -	14	Underwriting Profit (Sompo Japan)	44
Scale and Diversification(1) - Progress Overview -	15	<Reference> Indicator Related to Automobile Insurance (Sompo Japan)	45
Scale and Diversification(2) - Expansion of scale -	16	<Reference> Domestic Natural Disasters (Sompo Japan)	46
Scale and Diversification(3) - Progress of Diversification -	17	Investment Profit (Sompo Japan)	47
New Customer Value Creation(1) - Five Focus Areas -	18	Performance Overview (Overseas Insurance Business)	48
New Customer Value Creation(2) - Development of Nursing Care RDP*1 -	19	<Reference> Business Results by Region (Overseas Insurance Business)	49
New Customer Value Creation(3) - Roadmap of Nursing Care RDP Initiatives-	20	<Reference> Overview of Business Results of SI (Overseas Insurance Business)	50
Investment in Growth to Achieve the Mid-term Management Plan	21	Performance Overview – Himawari Life	51
Capital Policy & ERM(1) - Risk Reduction -	22	Performance Overview – Nursing Care & Seniors	52
Capital Policy & ERM(2) - Shareholder Return -	23	Financial Soundness – ESR (99.5% VaR)	53
New Work Style	24	<Reference> Breakdown of Adjusted Capital and Risk	54
SDGs in Business Management	25	Asset Portfolio – Group Consolidated	55
Governance	26	Asset Portfolio – Sompo Japan	56
KPIs by Business	27	Asset Portfolio – SI	57
Domestic P&C Insurance(1) - Progress Overview -	28	Asset Portfolio – Himawari Life	58
Domestic P&C Insurance(2) - Earnings Structure Reform -	29	<Reference> Numerical Management Targets, etc.	59
Domestic P&C Insurance(3) - Top Line Growth Initiatives -	30		

1. Overview of SOMPO Holdings

2. Progress of Mid-term Management Plan

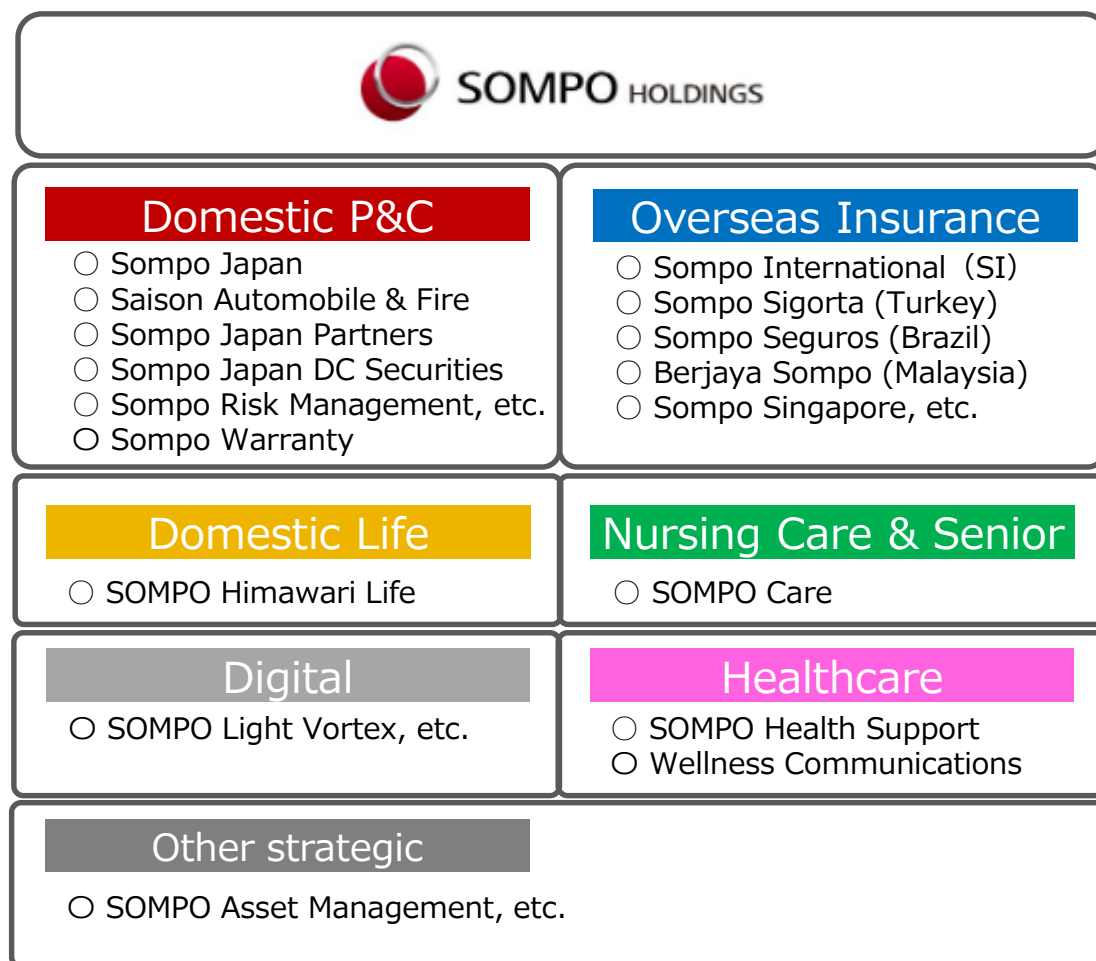
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3. Business forecasts for FY2021  
& highlights of 1H FY2021 results

# Overview of SOMPO Holdings

- Positioning the Sompo Japan as the core, SOMPO Holdings develops domestic and overseas insurance businesses, etc.
- Ordinary income amounted to over ¥3.8 trillion and total assets amounted to approximately ¥13 trillion.

## Group at a glance



## Selected financial data (consolidated)

(¥bn.)	FY2019	FY2020	FY2021 (Forecasts)
Consolidated Ordinary Income	3,760.3	3,846.3	—
Consolidated Ordinary Profit	192.4	215.0	267.0
Consolidated Net Income	122.5	142.4	178.0
Total Assets	11,977.8	13,118.6	—
Total Net Assets	1,612.5	2,031.1	—
Market Capitalization	1,217.2	1,509.9	—

### Credit Rating (As of end of November 2021)

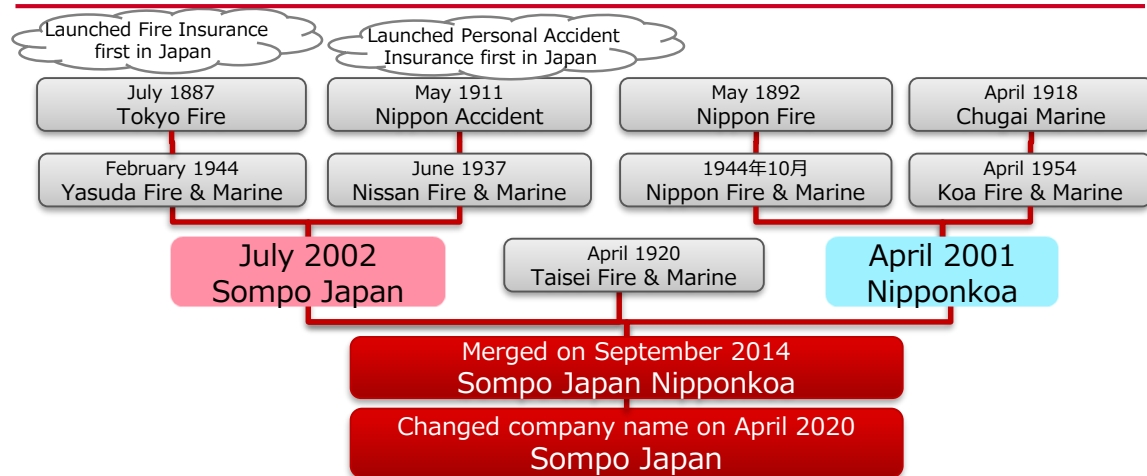
	Sompo Japan	SI*	Himawari Life
S&P	A+ (Stable)	A+ (Stable)	A+ (Stable)
Moody's	A1 (Stable)	-	-
A.M. Best	A+ (Stable)	A+ (Stable)	-
R&I	AA (Stable)	-	AA (Stable)
JCR	AA+ (Stable)	-	-

\* Sompo International Holdings Ltd. Main subsidiaries

# Overview of Sompo Japan

- We have a history of over 130 years, and net premiums written of approximately ¥2.1 trillion.

## History of domestic P&C



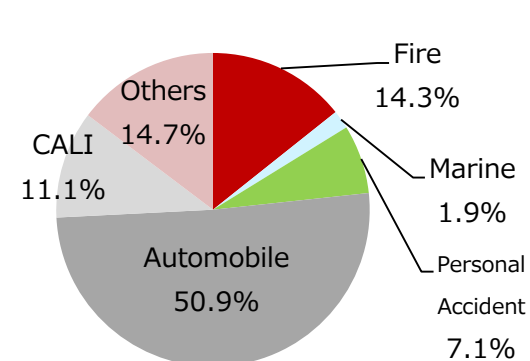
## Selected financial data

(¥bn.)	FY2019	FY2020	FY2021 (Forecast)
Net Premiums	2,184.7	2,141.4	2,173.0
Ordinary Profit (Loss)	182.3	197.4	181.0
Net Income (Loss)	130.5	146.9	137.0
Total Assets	7,166.0	7,389.6	—
Total Net Assets	1,301.9	1,474.6	—
Combined Ratio (E/I) *2	97.2%	94.3%	95.0%

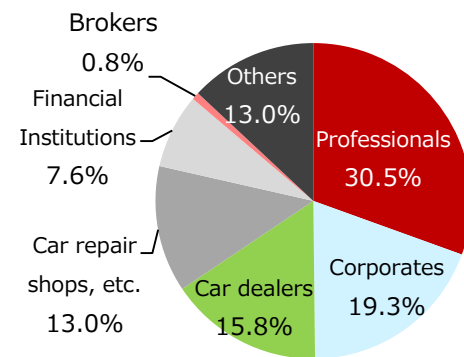
\*2 excl. CALI, household earthquake

## Premiums in FY2020

### <By products (Net premiums)>

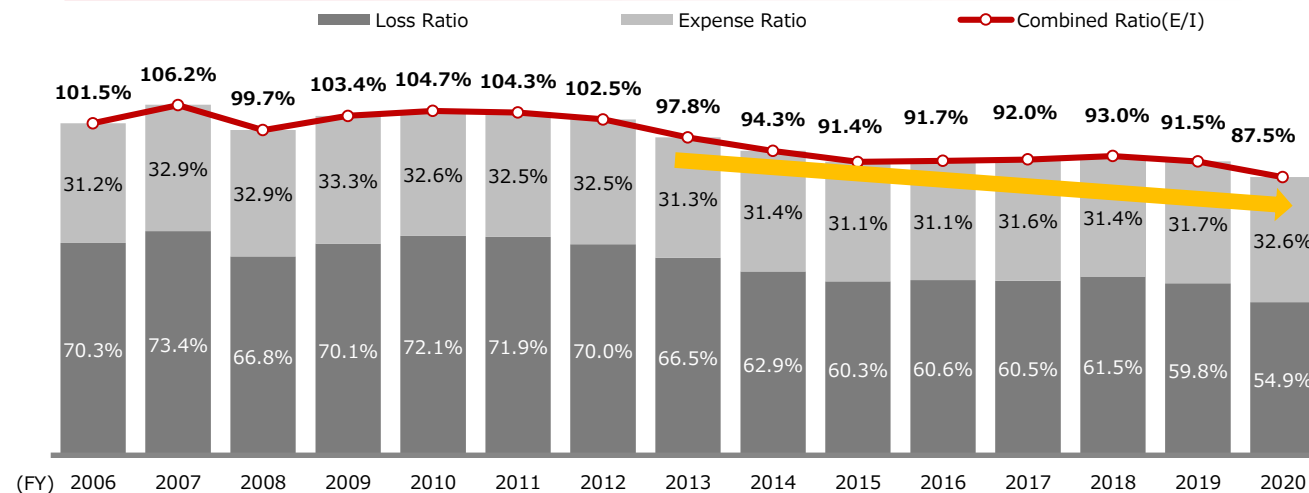


### <By distribution channel\*1 (Gross premiums)>



\*1 Gross premiums on a performance evaluation basis, excluding saving-type insurance. Distribution channels other than Brokers are all agents.

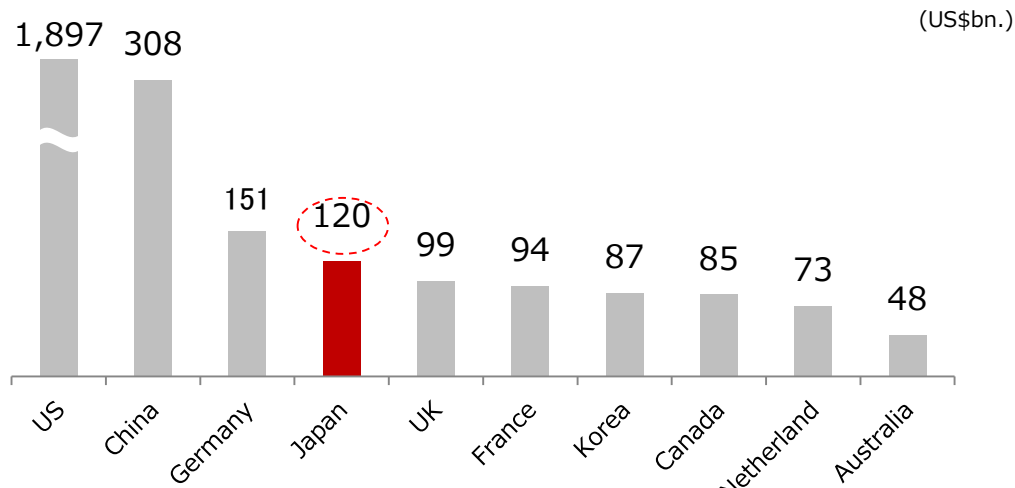
## Profitability of Automobile insurance



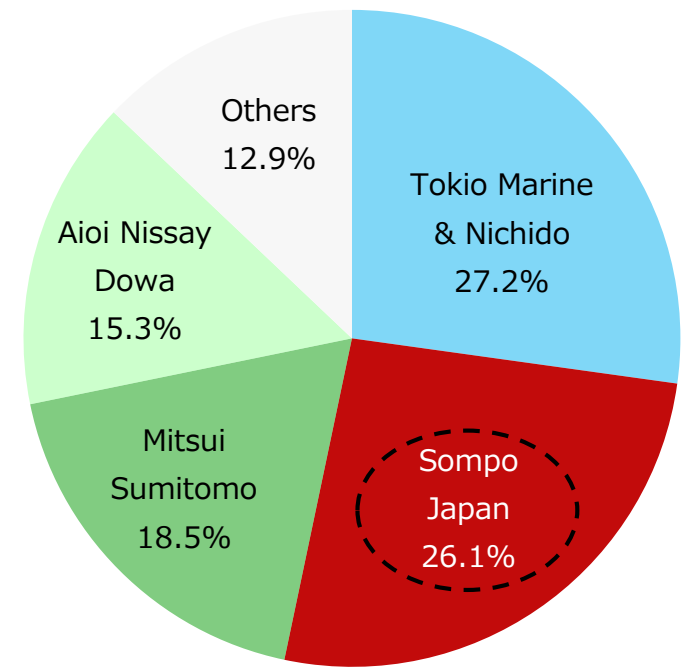
# Overview of Japanese P&C Insurance Market and Sompo Japan's Position

- The market premiums have been growing mainly in automobile insurance, and the total market share of top 4 companies is approximately 90% with stable profit.

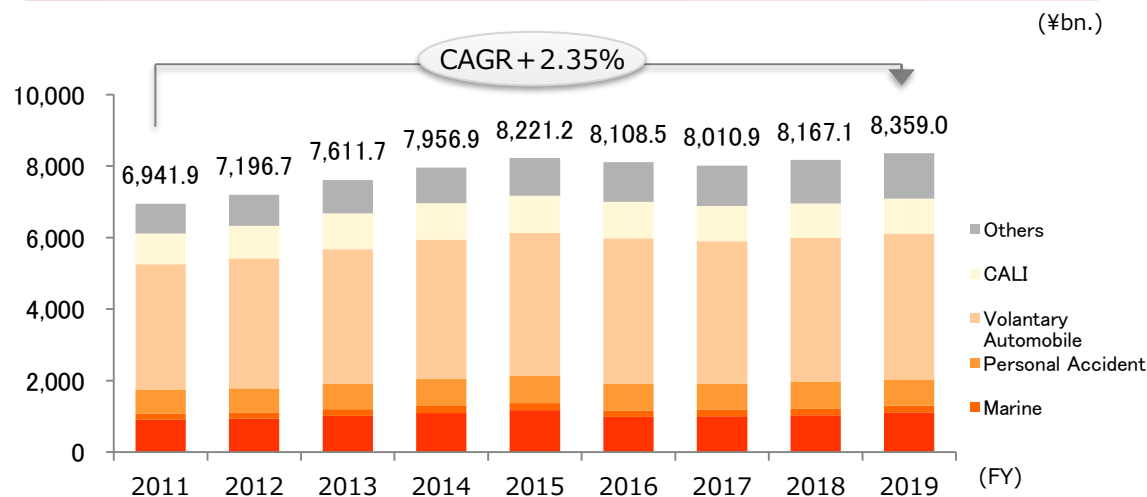
Size of P&C insurance market by country\*1 (FY2020)



Market share in the Japanese P&C insurance market\*2 (FY2019)



Historical premiums in the Japanese P&C insurance market\*2



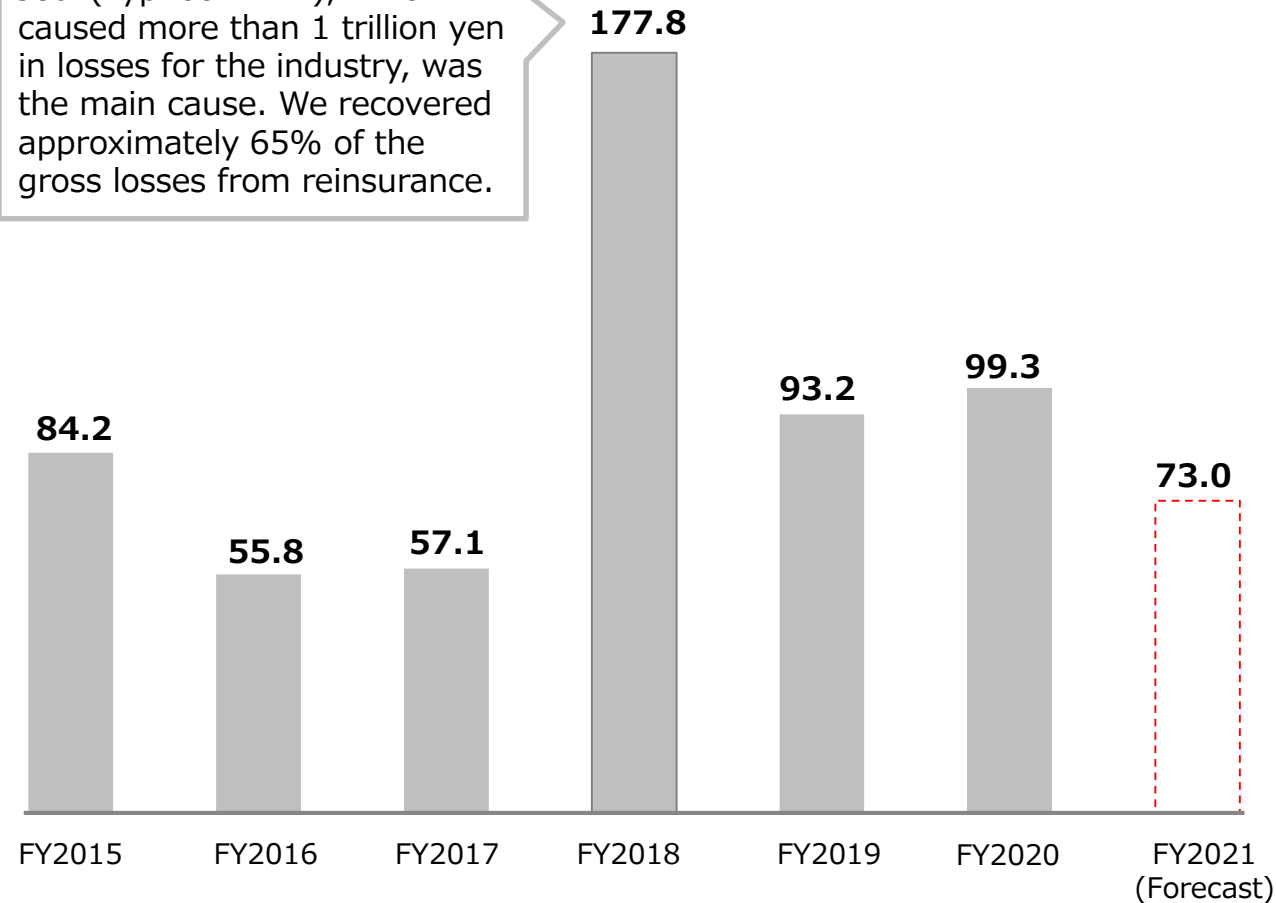
Source: Swiss Re "Sigma Report", Hoken Kenkyujo "Insurance".  
\*1 Gross premiums, including reinsurance premiums  
\*2 Based on net premiums of P&C insurers in Japan excluding reinsurance companies

# Responding to Domestic Natural Disasters Risks (Sompo Japan)

## Results of net loss incurred from natural disasters and how to handle domestic natural disasters risks

(¥bn.)

Jebi (Typhoon #21), which caused more than 1 trillion yen in losses for the industry, was the main cause. We recovered approximately 65% of the gross losses from reinsurance.



### Key points of our response to Domestic natural disasters risks

#### Proper reinsurance protection

- Cover more serious disaster
- Control earnings volatility

#### Protection in FY2021

Preparing for large scale disasters by joint RI arrangements with SI and the use of CAT bonds

#### Forward-looking risk perception

- Conservatively factored the impact of climate changes into our model

#### Optimize fire insurance rate

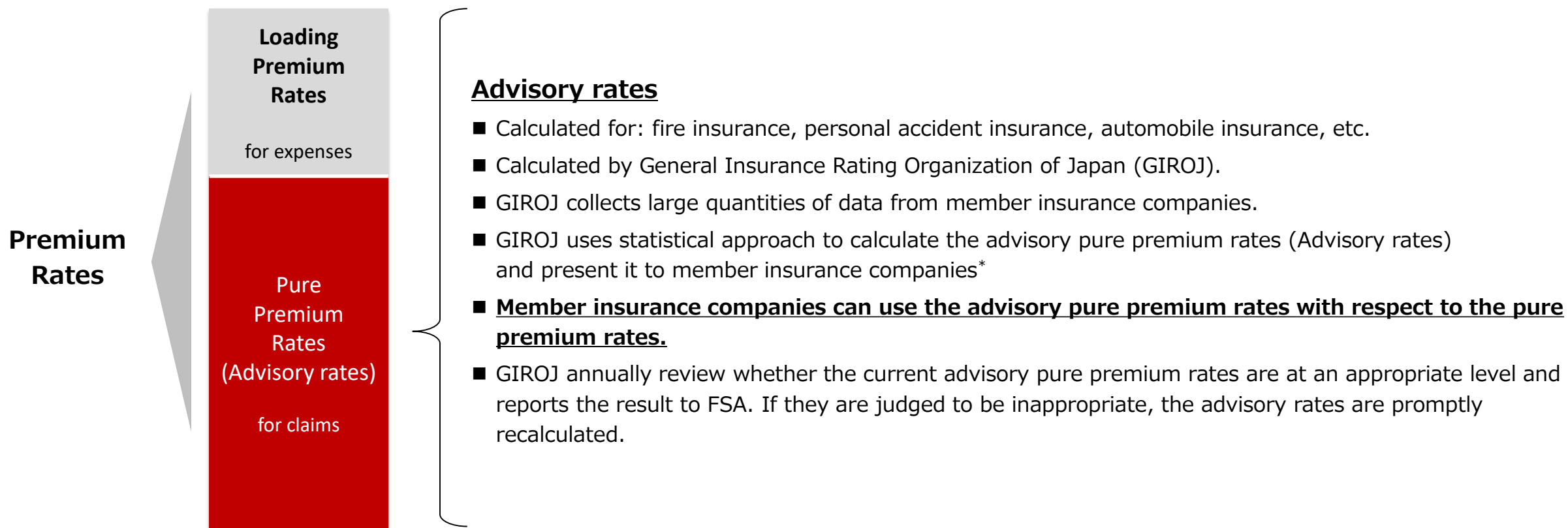
- Revision of premium rates (October 2019, January 2021)
- Consider future rate optimization in light of revision of advisory rates

(reference) Public organization's opinions on climate changes

	Typhoons	Heavy rain
Present	No specific change in frequency and intensity of typhoons landed	Increase in frequency
Mid and long term	•Decrease in frequency •Increase in intensity	Increase in annual frequency of heavy rain and squalls

# Advisory Rating System in Japan (Domestic P&C)

- Advisory rates are calculated based on a wide range of insurance statistics and data, and serve as a reference for setting premium rates.
- The advisory rating system functions as a profit stabilizer for Japanese general insurers.

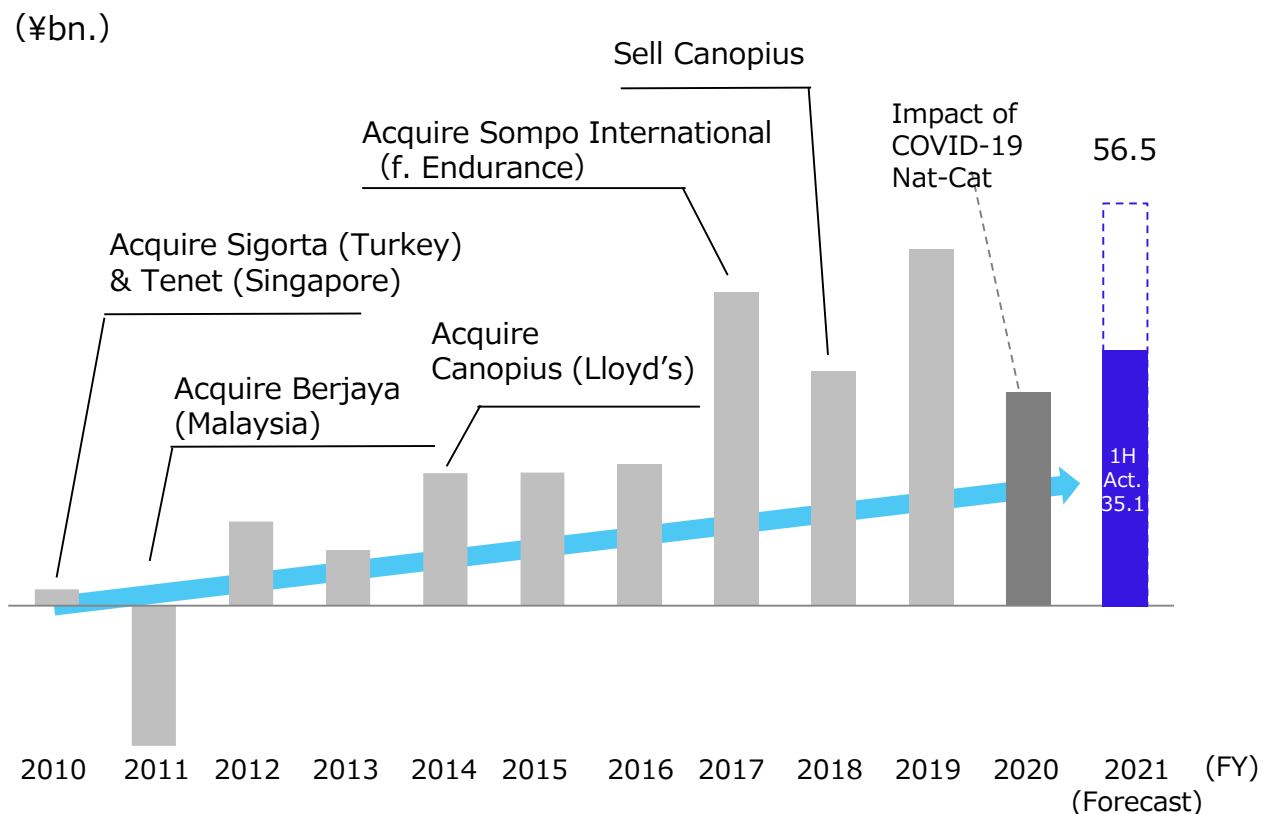




# Overview of Overseas Insurance Business

- Adjusted profit from Overseas Insurance Business has been growing since the establishment of the HD
- Expecting increase of top-line and bottom-line mainly at Sompo International, a growth driver of our group

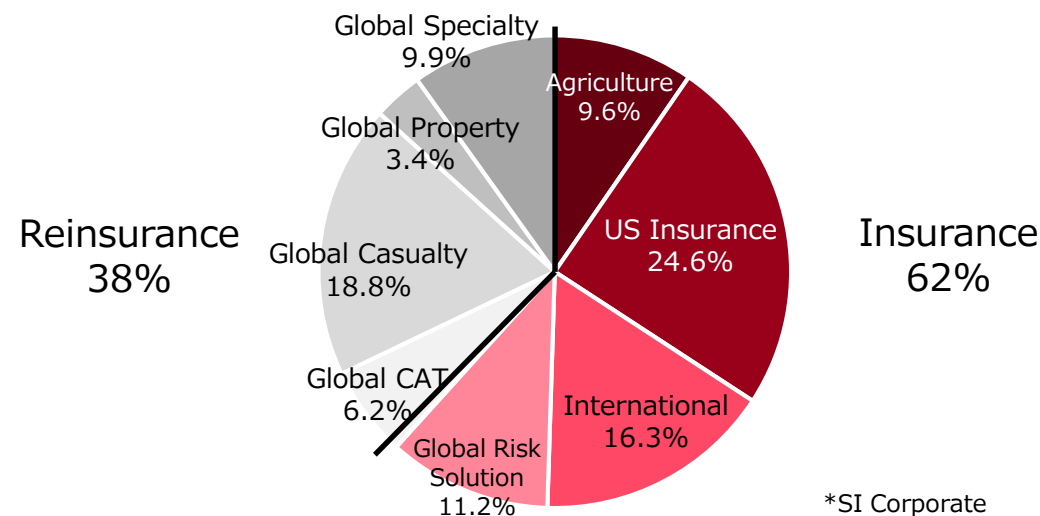
## Trend of adjusted profit



## Selected financial data of SI\*

(\$mn.)	FY2019	FY2020	FY2021 (Forecast)
Gross premiums written	6,787	9,354	11,963
Net premiums written	3,921	5,882	7,398
Adjusted profit	320	182	532
Total assets	23,727	30,780	—
Total net assets	6,662	7,385	—
Combined ratio	96.2%	97.8%	94.0%

### Gross premiums written by Strategic Business Unit (FY2020)

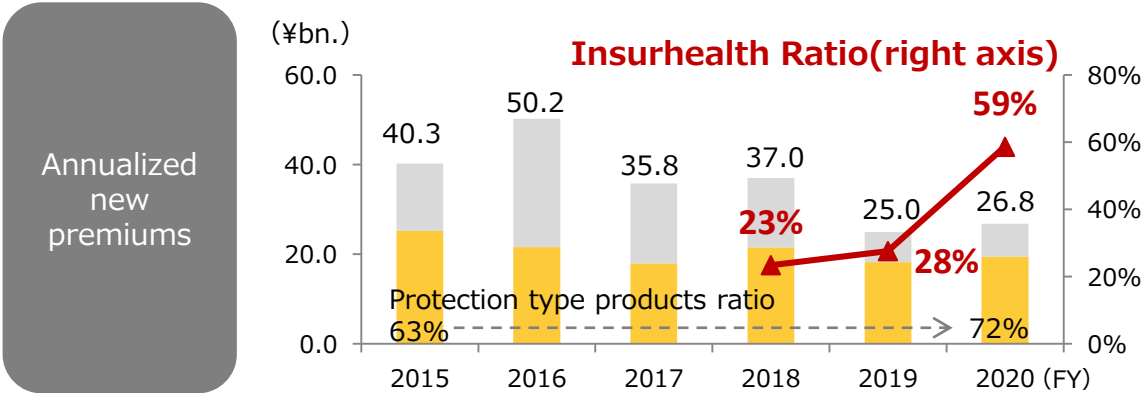
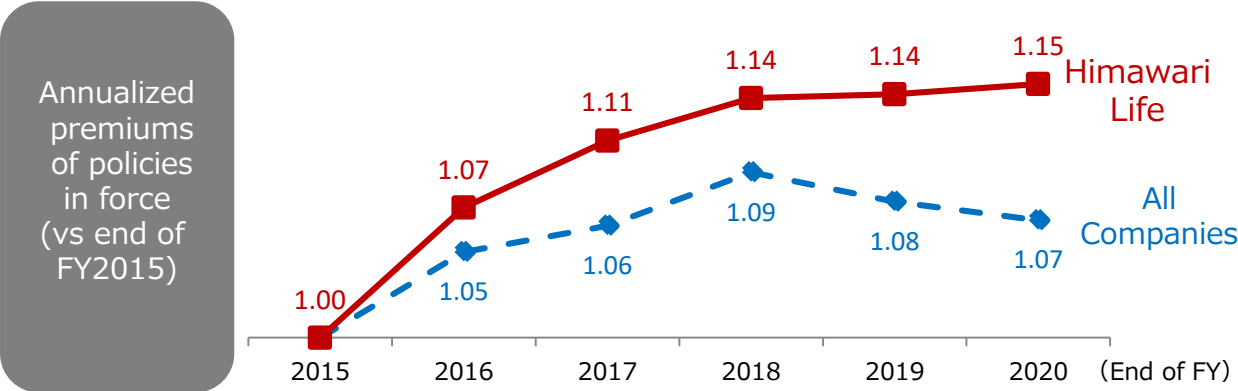


\*SI Corporate

# Overview of Domestic Life Insurance Business

- Increasing policies in force by maintaining sales strategy focused on protection-type products
- Launched Insurhealth® in FY2018, unique products that combines insurance and healthcare functions, and driving growth

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

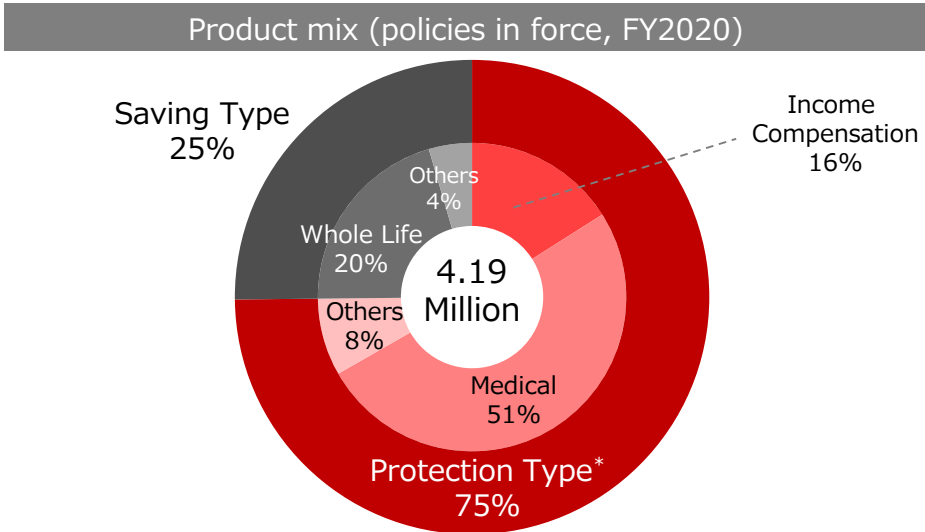


**Insurhealth**  
(Insurance + Healthcare)

Providing new value by integrating customer's health maintenance and promotion functions with insurance

## Selected financial data of Himawari Life

(¥bn.)	FY2019	FY2020	FY2021 (Forecast)
Annualized new premiums	25.0	26.8	40.1
Premiums & other income	446.5	441.5	444.2
Ordinary profit	28.4	32.1	20.1
Net income	16.5	20.0	11.6
Total assets	3,217.7	3,552.4	—
Total net assets	147.6	167.2	—



\* Mainly medical, cancer, income compensation, and term life insurance (excluding long term life insurance, etc.)

# Overview of Nursing Care and Seniors Business

- Entered nursing care business in FY2015, and is one of the largest players in nursing care industry, ranking #2 in sales and #1 in number of facilities
- Steadily improved occupancy rates while improving service quality, and achieved a positive turnaround in FY2017, with stable growth thereafter

## Overview of SOMPO care

## Profitability of SOMPO Care

### Largest scale in nursing care industry

Revenues (FY2020)

1	Peer A*	¥153.7bn.
2	<b>SOMPO Care</b>	<b>¥131.8bn</b>
3	Peer B	¥123.8bn.
4	Peer C	¥93.2bn.
5	Peer D	¥63.2bn.

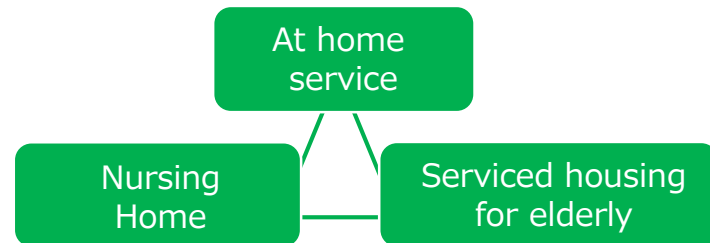
Source : Company files \*FY2019 figure

Units of facilities (As of August 2019)

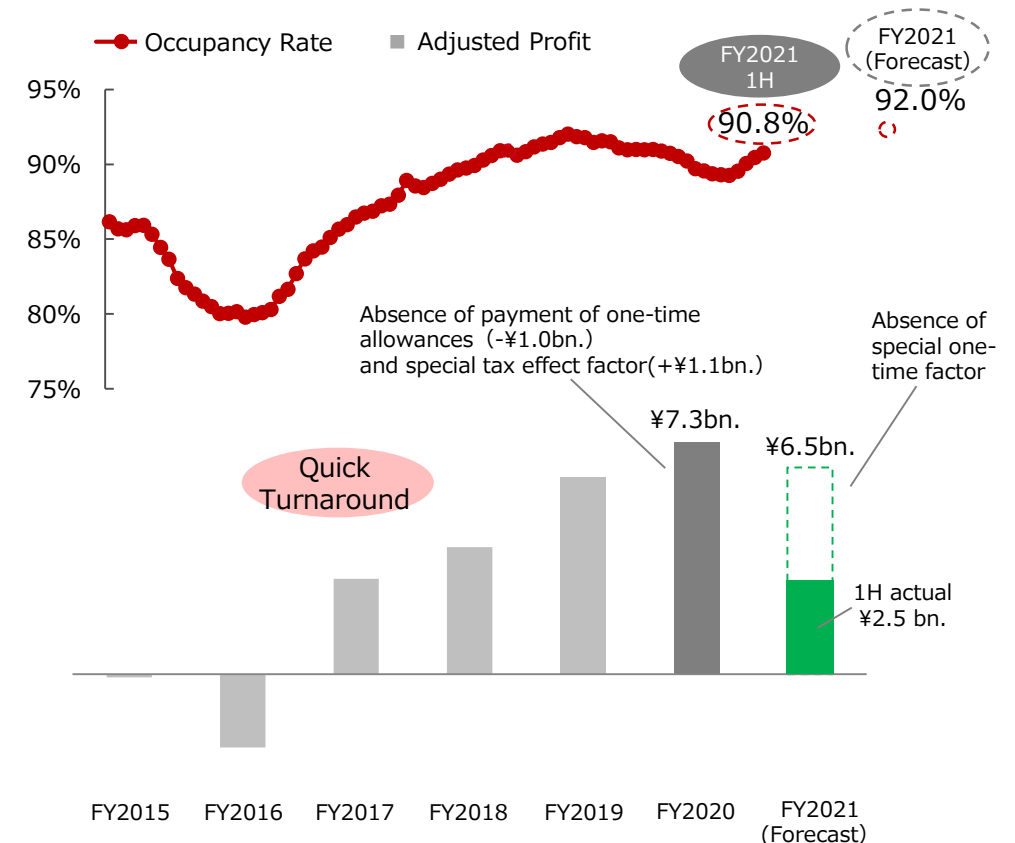
1	<b>SOMPO Care</b>	<b>25,574</b>
2	Peer A	17,520
3	Peer B	13,945
4	Peer C	12,246
5	Peer D	11,003

Source : Shukan Koureisya Jutaku Shinbun Online

### Main services provided by SOMPO Care



Number of residents in facilities + Number of users of At home service :  
Approx. 60,000 people



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1. Overview of SOMPO Holdings

2. Progress of Mid-term Management Plan

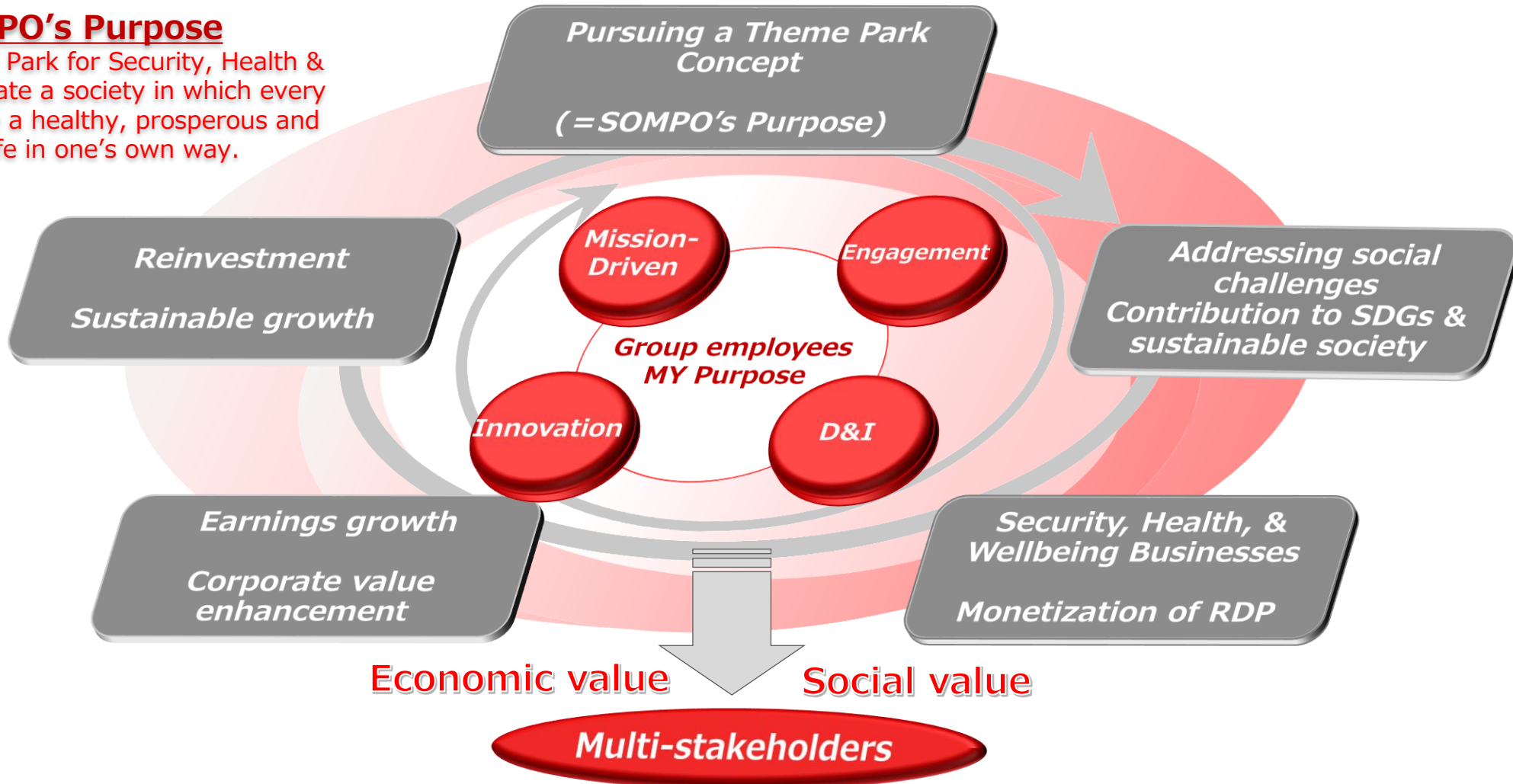
3. Business forecasts for FY2021  
& highlights of 1H FY2021 results

## SOMPO's Sustainable Growth Story

- Aim to perform SOMPO's Purpose by leveraging SOMPO's strengths and uniqueness, and realize sustainable growth
- Continue to deliver results to pave a solid way to our vision of the future

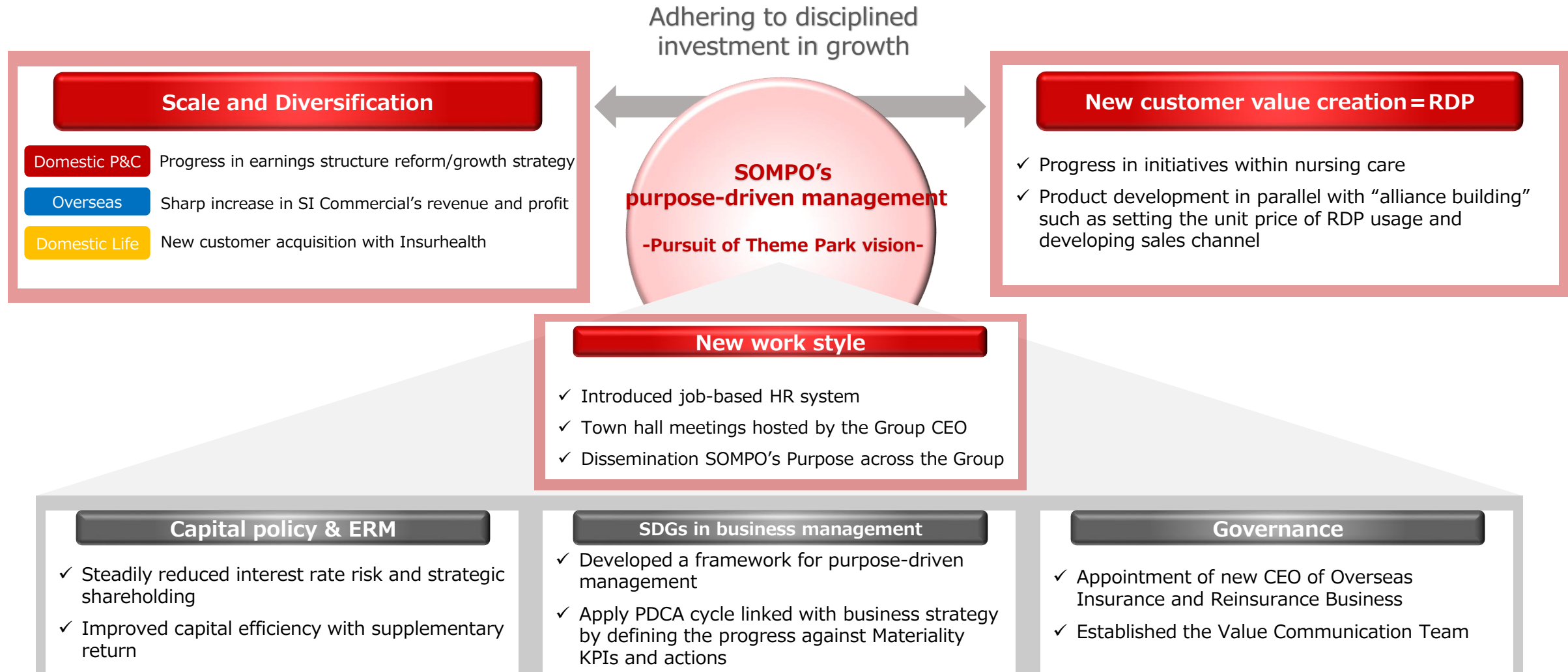
### SOMPO's Purpose

With "A Theme Park for Security, Health & Wellbeing", create a society in which every person can live a healthy, prosperous and happy life in one's own way.



## Progress of Mid-Term Management Plan - Overview of Initiatives -

- Adjusted consolidated profit is ahead of plan (see next page), while risk and geographical diversification have certainly increased
- Progress has been made in RDP strategy initiatives, especially in nursing care, and in New work style and other initiatives



## Progress of Mid-Term Management Plan - Group management targets -

- Good start made in 1H FY2021 toward achieving Group management targets
- Expedite the achievability of Group management targets through “Scale and Diversification” and “New Customer Value Creation”

### Group management targets

	FY2020 Actual	1H FY2021 Actual	FY2021 Forecast* <sup>1</sup>	FY2023 Plan
Adjusted consolidated profit	¥202.1 billion	<b>¥148.7 billion</b>	<b>¥210 billion</b> (¥205 billion)	¥300 billion+* <sup>2</sup>
Adjusted consolidated ROE	8.0%	<b>5.3%</b> Not annualized	<b>7.4%</b> (7.4%)	10%+
Diversification effect	Risk diversification ratio	<b>40.2%</b>	<b>40.2%</b> (40.2%)	Improve vs. FY2020
	Overseas business ratio	<b>23.6%</b>	<b>26.9%</b> (29.3%)	30%+
New customer value creation	-	<b>See page 18</b>	-	External sales/monetization of products/services

\*1 The figures in brackets are initial forecasts

\*2 Plan figures based on organic growth only.

We will increase the achievability of plan by increasing profit by ¥30.0 billion through M&A to offset downside risk (¥30 billion) associated with larger-than-expected losses from natural disasters, etc.



## Scale and Diversification(1) - Progress Overview -

- Steady top-line growth has been achieved mainly due to rate increases in Japan and overseas
- Earnings structure reform in Domestic P&C insurance and retention rate increase in Overseas insurance have been steadily expedited

### Domestic P&C

#### Profit growth and stable cash flow generation by pursuing profitability (Main initiatives)

	Mid-Term Management Plan KPI	1H FY2021 Actual	FY2021 Forecast
Net premiums written growth*1	Approx. +1.5% (annualized) *2	+2.2% (vs. 1H FY2020)	<b>+2.5% (vs. FY2020)</b>
E/I combined ratio*1	91.7%	90.7%	<b>95.0%</b>

- ✓ Pricing optimization in fire & allied insurance, strengthening underwriting
- ✓ New products in casualty insurance
- ✓ Steady progress in earnings structure reform, etc.

### Overseas

#### Substantial growth in profits through rate increases and scale (Main initiatives)

	Mid-Term Management Plan KPI	1H FY2021 Actual	FY2021 Forecast
Gross premiums written growth*3	Approx. +9% (annualized) *2	+34.5% (vs. 1H FY2020)	<b>+27.9% (vs. FY2020)</b>
E/I combined ratio*3	88% level	92.8%	<b>94.0%</b>

- ✓ Rate increases over and above the industry average
- ✓ Retention rate increase reflecting improved risk-return profile of in-force policies
- ✓ Execution of bolt-on M&As

### Domestic Life

#### Revenue growth through new customer acquisition with Insurhealth (Main initiatives)

	Mid-Term Management Plan KPI	1H FY2021 Actual	FY2021 Forecast
Annualized new premiums*4	¥50.0 billion	¥14.9 billion	<b>¥43.0 billion</b>
No. of policies in force	5.00 million	4.29 million	<b>4.43 million</b>

- ✓ Increase in in-force policies of protection-type products with relatively high margins
- ✓ Launch of new cancer insurance
- ✓ Sale of multi-lines driven by new products

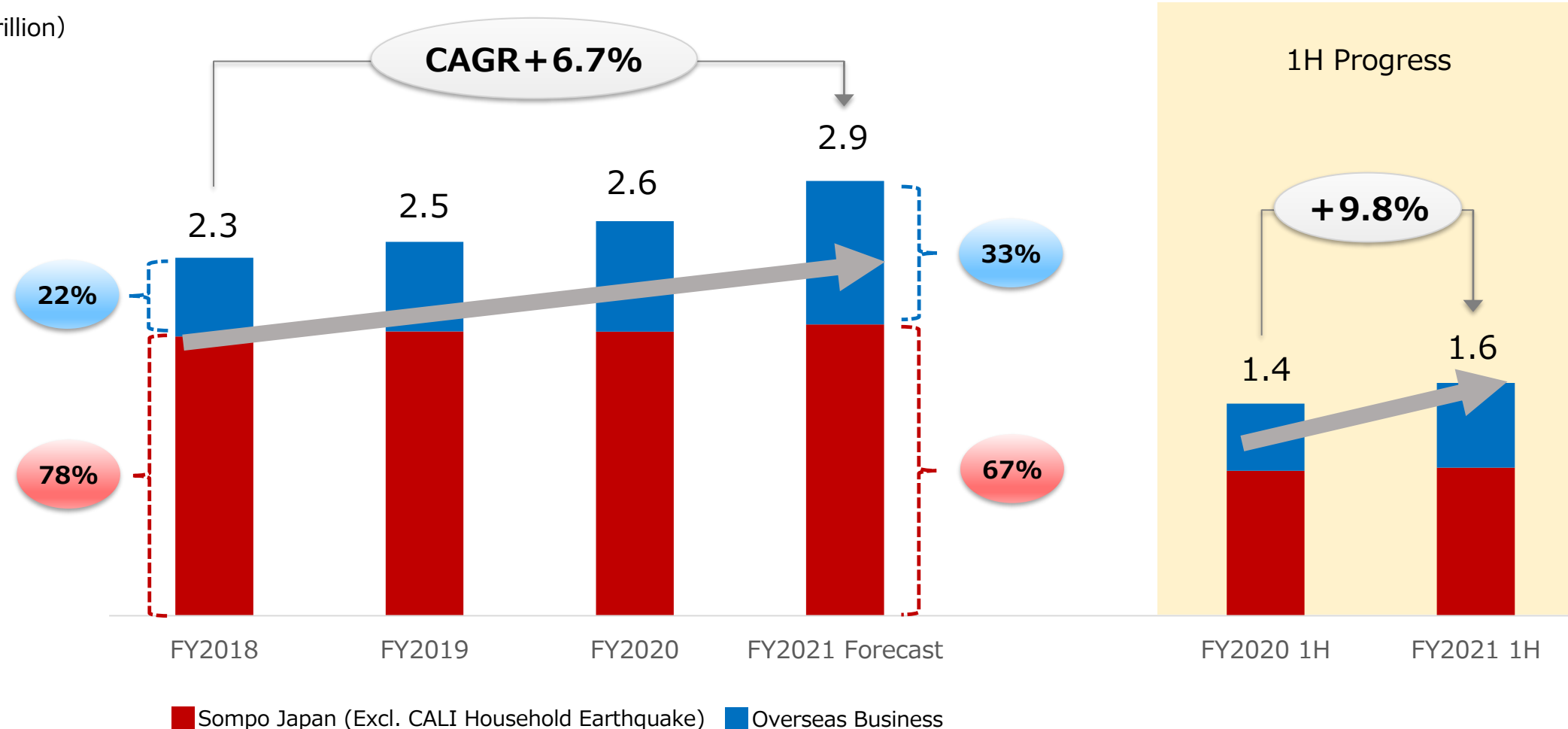


## Scale and Diversification(2) - Expansion of scale -

- Domestic P&C insurance business achieved steady growth exceeding the plan, while overseas insurance business achieved substantial revenue growth as the Group's growth engine
- As a result, scale has expanded and geographic diversification has progressed further

### Trend of net premiums written

(¥Trillion)



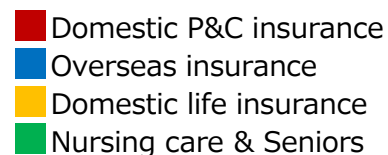
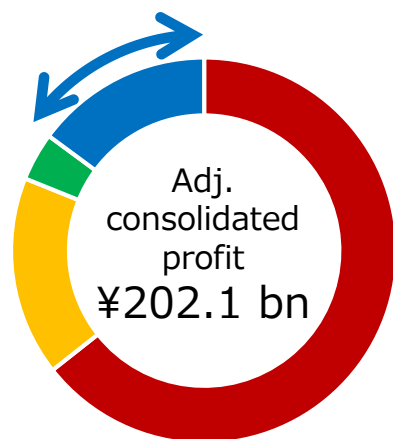
## Scale and Diversification(3) - Progress of Diversification -

- The ratio of overseas business to total profit has risen as expected, thanks to the progress on scale and diversification in the Overseas Insurance and Reinsurance Businesses
- The risk diversification ratio has improved due to risk control on a Group-wide basis

### Overseas business ratio

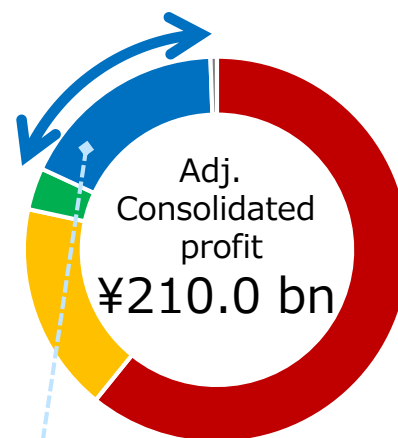
FY2020 Actual

14.9%



FY2021 Forecast

26.9%

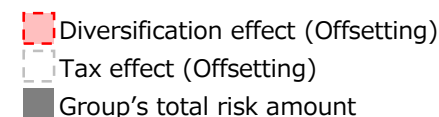
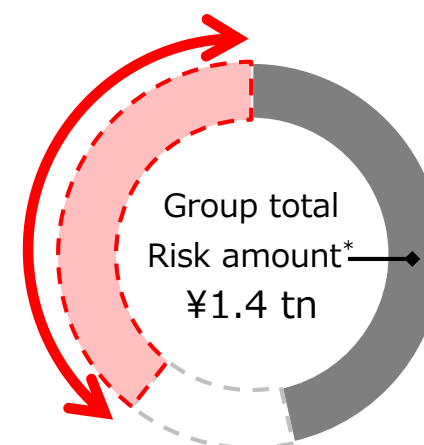


Expected to increase due to revenue growth, diminished effects of COVID-19 seen in FY2020, an increase in investment income, etc.

### Risk diversification ratio (Diversification effect\*)

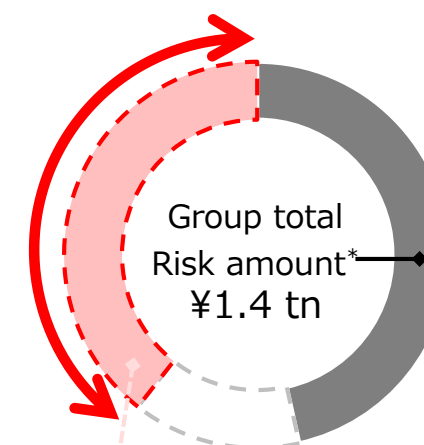
FY2020 Actual

39.4%



FY2021 Forecast

40.2%

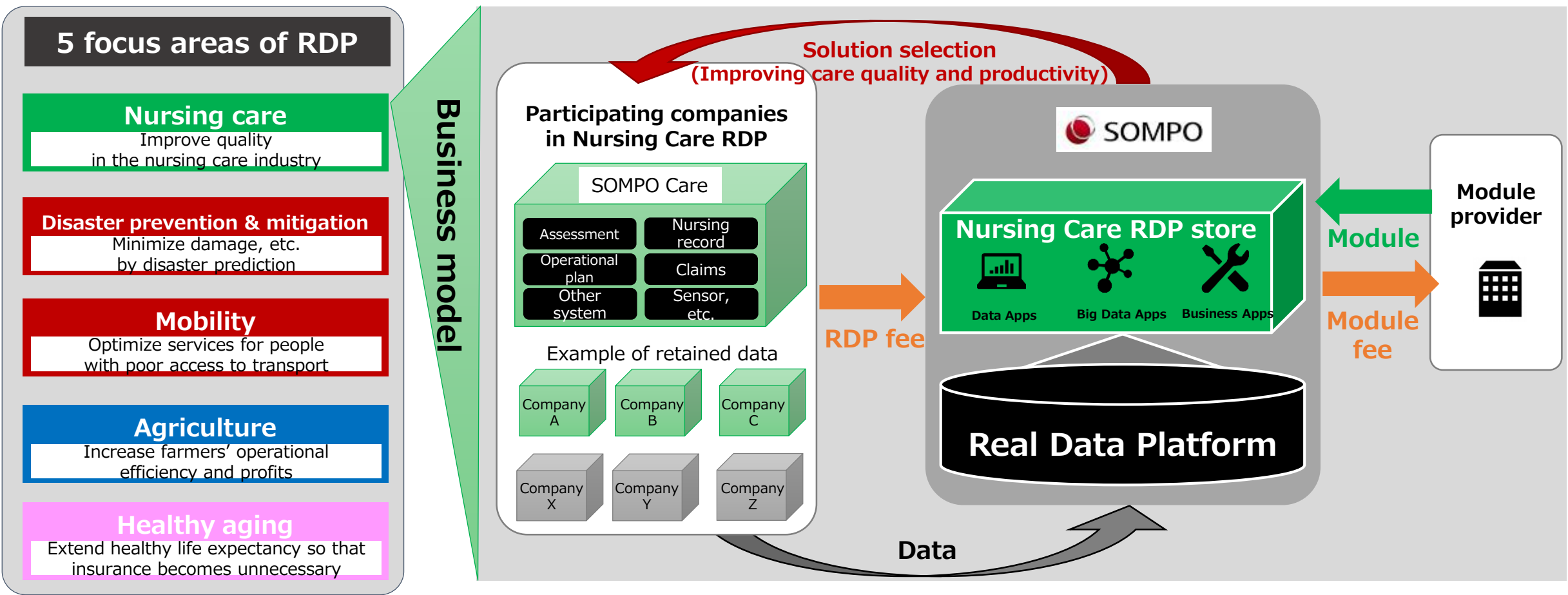


Expected to increase due to scale and diversification, efforts to improve capital efficiency, etc.

\* Risk amount was calculated as 99.5% VaR over a one year period  
Group's total risk amount : Sum of the individual risk amount –  
Diversification effect – Tax effect

# New Customer Value Creation(1) - Five Focus Areas -

- Out of five areas selected from the viewpoint of social challenges such as SDGs and data held, an initiative in nursing care is currently most advanced
- Leveraging our PoC opportunities as a leading nursing care provider, we create and deliver new value to improve quality and productivity in the industry
- Aim to become a real data platformer in nursing care by expediting new value creation, which is a key to success



## New Customer Value Creation(2) - Development of Nursing Care RDP -

- In the product development process, we have spent about 1,000 hours in close dialogue and feedback with 41 staff members from a variety of positions at 24 facilities within our business
- Eight modules have been developed through “data visualization” and “systemization of expertise(know-how)”, and half of them are planned to be commercialized after verification and validation. Research on predictable nursing care is also in progress
- In parallel with these in-house efforts, we have discussed joint efforts with a number of early adopters (nursing care providers) as alliance building and strengthened the process of developing, improving, and verifying the usefulness of the products


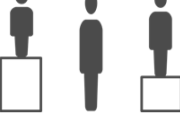

### SOMPO Care

#### Close dialogue and feedback with nursing home staff

24 in-house facilities, 41 users in a variety of occupations, average of 20 hours per week  
(cumulative total: approx. 1,000 hours)

#### Product Development

One team of agile development experts from SOMPO, Palantir, and ABEJA

Product development steps	Data integration for “visualization”	“Systematization” of “expertise (know-how)”	“Predictable nursing care” (Digital transformation in nursing care)
Concept	 <p>Data scattered around various systems</p>	 <p>Facility operations reliant on individual skills/experience</p>	 <p>Focus on post-incident response</p>
Progress	<p>Visualize data/analysis results in a clear manner</p> <p>Started with 3 in-house facilities and expanded to 24 facilities</p>	<p>Optimize operations by turning know-how into explicit knowledge</p> <p>8 projects developed, 4 projects under feasibility study</p>	<p>Care based on predicted future conditions</p> <p>Researching the prediction of changes in physical functions, etc.</p>

Developing, Improving and verifying the usefulness by alliance building

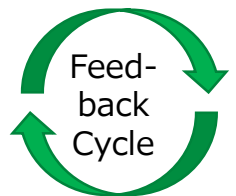
Joint-effort approaches (provision of software)

Feedback on needs and effectiveness on Pain-Points relieve

### External Nursing Care Provides

#### Early Adopters

Feedback from Facility Staffs



Utilize the RDP Modules for in-house data development and their businesses

# New Customer Value Creation(3) - Roadmap of Nursing Care RDP Initiatives -

- We expedite critical preparatory actions, such as setting the unit price of RDP usage and establishing sales channel, in parallel with product development and alliance building
- As an initial step, we will develop a business in an order of tens of ¥bn by combining solutions for nursing care facilities and real nursing care services
- And then, expand business gradually by building ecosystems in at-home care and peripheral businesses, and providing solutions abroad from an advanced country in solutions.

## Business size of Nursing Care RDP

Unit price

×

No. of operators

+

Other

||

**Mid- to long-term target**  
Tens of ¥bn to ¥100.0 bn level

## Main initiatives towards achieving the mid- to long-term target

- Verification of effects at Sompo Care facilities (Deepening/expansion)
- Visualization of introduction benefits
- Increase in value added (Prediction model development, etc.)

**Set unit price after identifying values**

- Studying the needs/data environment of other operators
- Establishment of sales channel
- Cooperation with peripheral businesses

**Initial target  
400+companies  
(Based on the no.  
of facilities)**

- Provide real service solutions, including nursing care meal services, management consulting, and centralized purchasing
- Build ecosystems by engaging at-home care, caregivers, etc. other than nursing care facilities
- International deployment, including developed countries facing low birth rate and population ageing

- As an initial step, develop a business of tens of ¥bn in size with RDP for “nursing care facilities” + real services
- Expand business gradually from at-home care, peripheral businesses (medical institutions, dispensing pharmacies, etc.) and internationally

# Investment in Growth to Achieve the Mid-term Management Plan

- Capital allocation has been on track to increase the achievability of management targets and long-term growth
- As for digital business investment to create new customer value, steady progress has been made in collaboration, including projects invested in the past

## Progress of growth investment

Capital allocated to growth investment under the Mid-Term Management Plan

**Approx. ¥600.0bn**

### Investing for future growth with a discipline

Investment to date : Approx. ¥40bn

#### Scale and diversification



Acquisition of Italian crop insurance company



**COVER GENIUS**

Strategic investment in insurtech company

#### New customer value creation



**SOMPO LIGHT VORTEX**

Establishment of core company of the Digital Business



Capital alliance with AI startup



Strategic investment in connected car data company

## Investment area

Insurance



Digital/  
New Business

- ✓ Increase profitability
- ✓ Diversify business portfolio
- ✓ Strengthen resilience

- ✓ Address social challenges from a long-term perspective
- ✓ Transform business portfolio
- ✓ Increase sustainable growth potential

### Digital investment (ex Palantir)

- ✓ Investment for new business creation and strategic returns since 2016
- ✓ Collaboration with investees progressed in about 60% of all projects

In progress (including delay) / Collaboration realized

Stopped considering / Stalled

- ✓ Investment value increased as the business of investees has grown (Direct + VC)

Total investment :  
Approx. ¥30bn



Current equity value (SOMPO estimate) : Approx.  
¥60bn\*

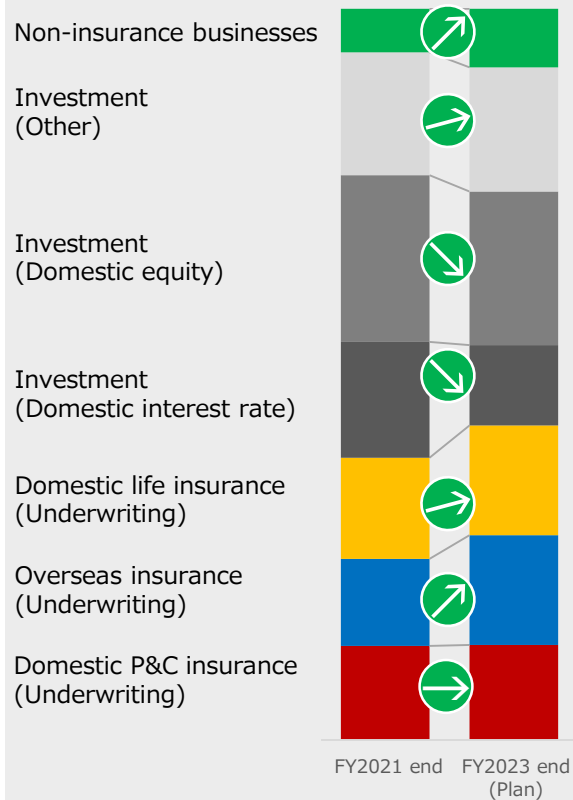
\* Direct: Since the shares are unlisted, we estimate the stock value based on the valuation at the time of the most recent capital increase

. VC: We estimate the total amount of recovery and remaining market value

## Capital Policy & ERM (1) - Risk Reduction -

- Risk reduction initiatives towards improving capital efficiency have been on track
- Aim to improve capital efficiency at the Group level by improving capital efficiency in existing businesses and allocating capital to areas with high capital efficiency

### Direction of risk



### Reduction of domestic interest rate risk

- Purchase of super-long bonds\*<sup>1</sup> by Himawari Life

1H FY2021 Actual

Mid-Term Management Plan  
Target

¥158.8 bn

¥300.0 bn p.a.

Risk amount -¥20 bn (-3.8% vs. FY2020 end)

### Reduction of strategic shareholdings\*<sup>2</sup>

1H FY2021 Actual

Mid-Term Management Plan  
Target¥19.9 bn\*<sup>3</sup>

¥50.0 bn p.a.

Risk amount -¥8.8 bn (-1.3% vs. FY2020 end)

**Adjusted  
consolidated  
ROE of  
10% +**

Capital efficiency  
exceeding the cost of  
capital (approx. 7%)

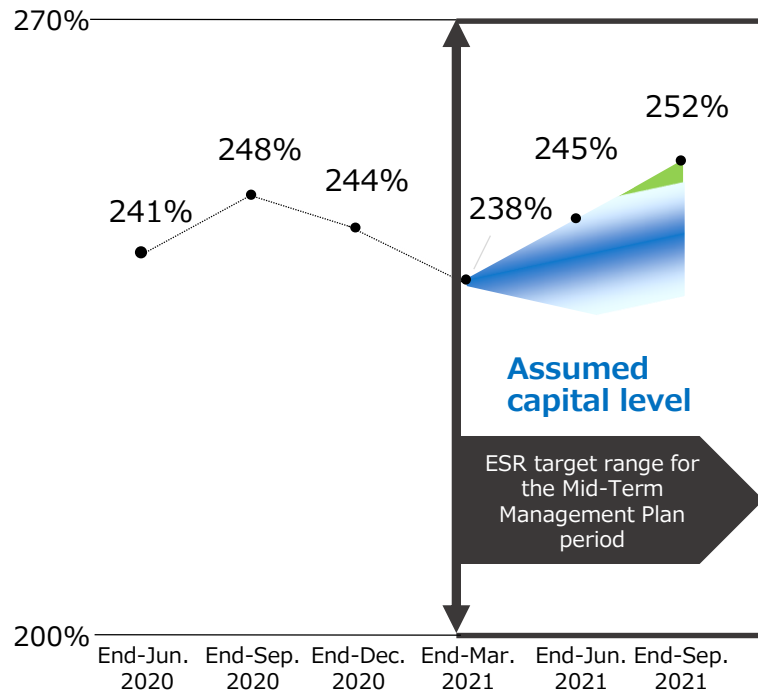
\*1 30-year bond equivalent \*2 Market value basis \*3 Includes short positions on Nikkei 225 futures



## Capital Policy & ERM (2) - Shareholder Return -

- Since capital surplus is likely to stably remain greater than assumed level in the capital strategy, we decided to buy back shares worth ¥20.0bn as supplementary return
- Continue to deliver attractive shareholder return by taking into account the business environment and capital situation, while executing disciplined growth investment

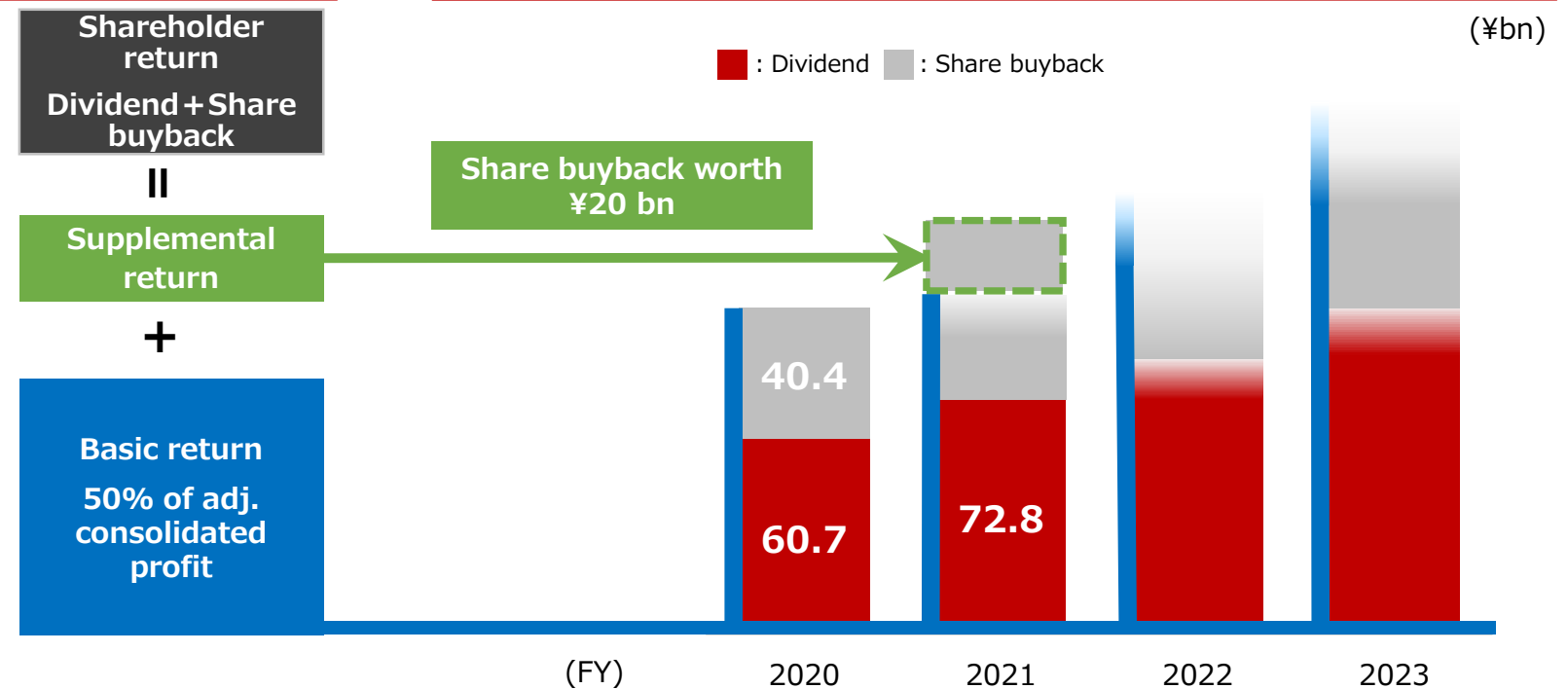
### ESR trend



#### Conditions for and situations of delivering supplemental return

- When ESR constantly exceeds the target range
- When adjusted profit declines due to one-off factors such as natural disasters, maintain the prior fiscal year's level of return
- When growth investment such as large M&A is not expected
- ✓ **When it is determined that enhancement of capital efficiency, etc. are needed**

### Shareholder return\*



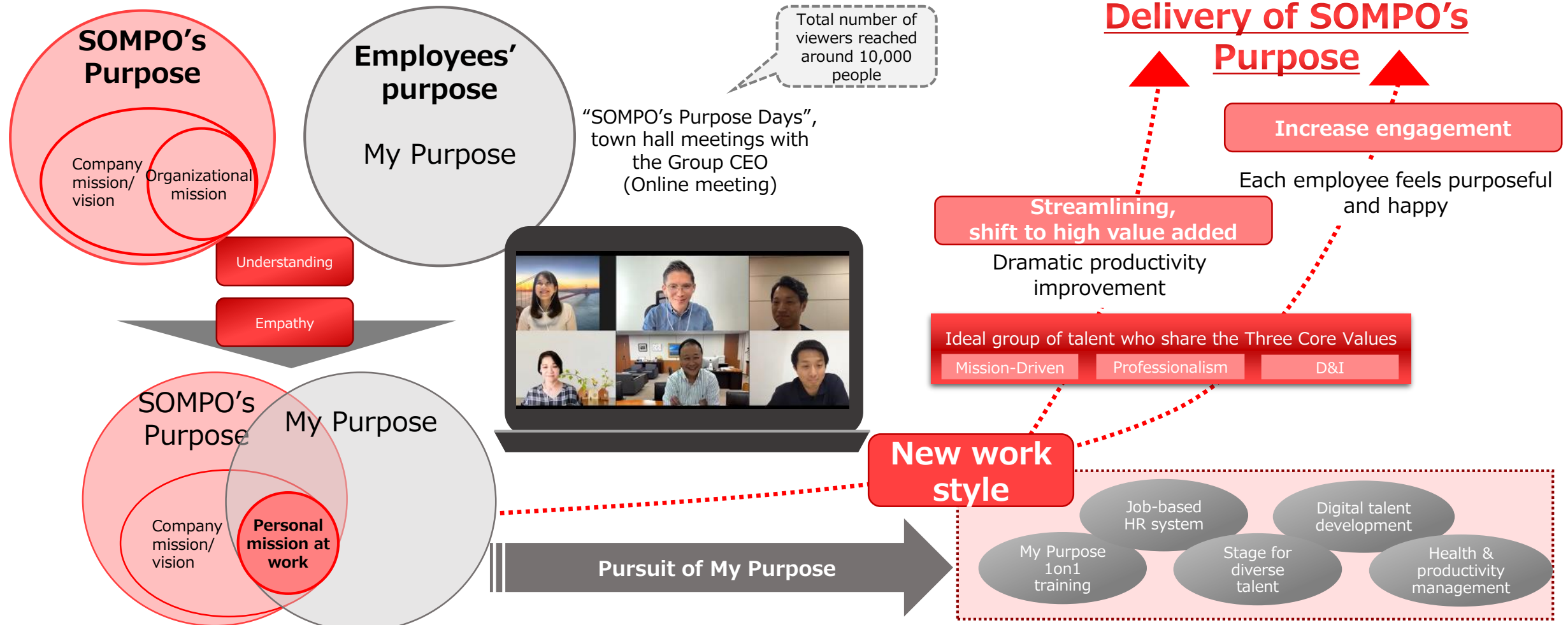
Dividend per share	¥170	¥210 (Forecast)	...	...
Total payout ratio	50%	...	...	...

\*1 Rough estimates for FY2021 onwards



# New Work Style

- Each Group employee aligns My Purpose with SOMPO's Purpose to be self-driven at work
- Through this, accomplish the goals of new work style, that is, "job satisfaction and happiness of each employee" and "productivity improvement" to eventually deliver SOMPO's Purpose



# SDGs in Business Management

- PDCA is implemented in conjunction with business strategies, by clarifying the status of achievement and actions through defining Materiality KPIs for the realization of the Purpose
- The Annual Report was fundamentally revised to be an important information disclosure tool to promote SOMPO's strategies and initiatives to achieve the Purpose

## Materiality KPIs

Identify social challenges we face

Determine high priority challenges based on the linkage between the social challenges to be addressed and SDGs

Organizes 7 materialities

## Materiality KPIs

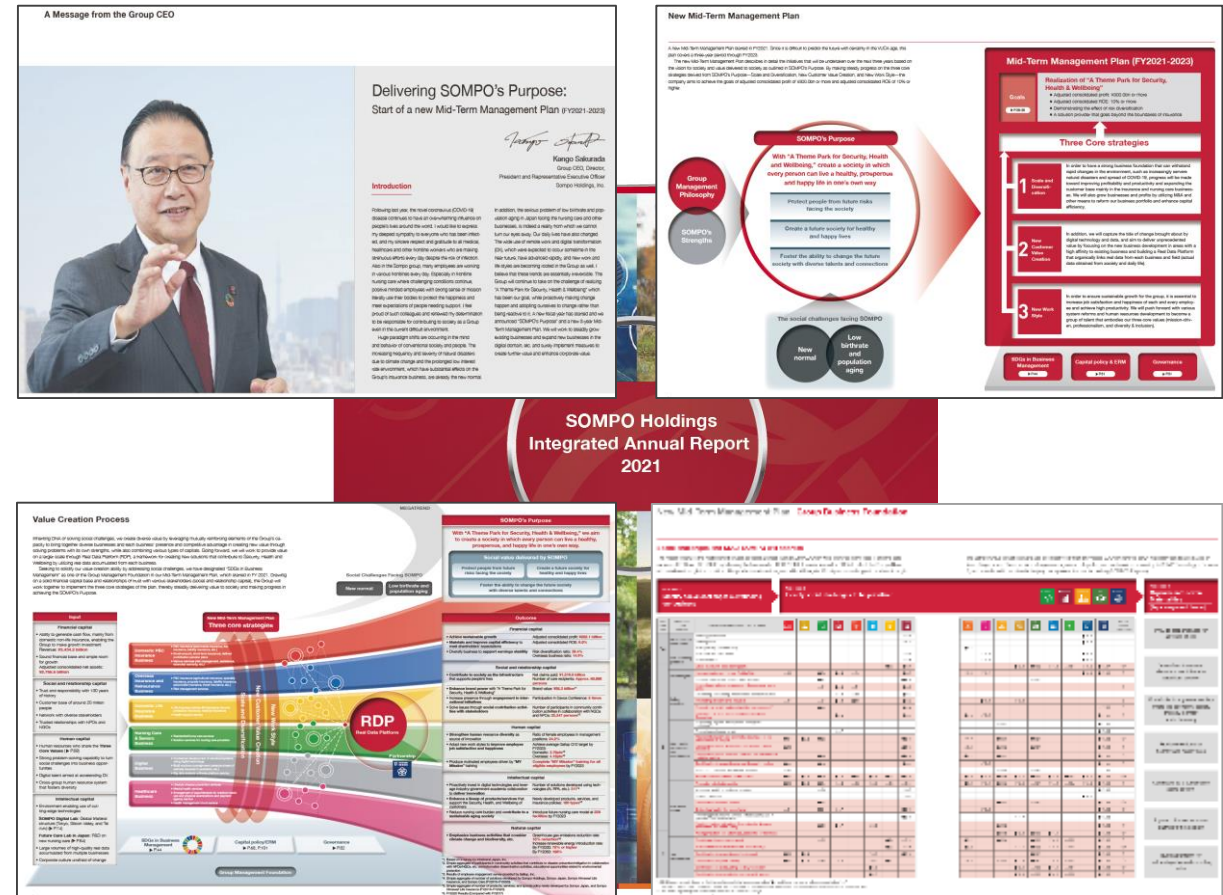
Business Strategies	New Work Style	Environment/Society	36
22	8	6	

Economic value ✖ Social value

Set KPIs so that business initiatives create social value  
(30 out of 36 KPIs are adopted as individual business mid-term management plan targets)

→ **A mechanism linking initiatives towards realizing the Purpose and execution of business plans**

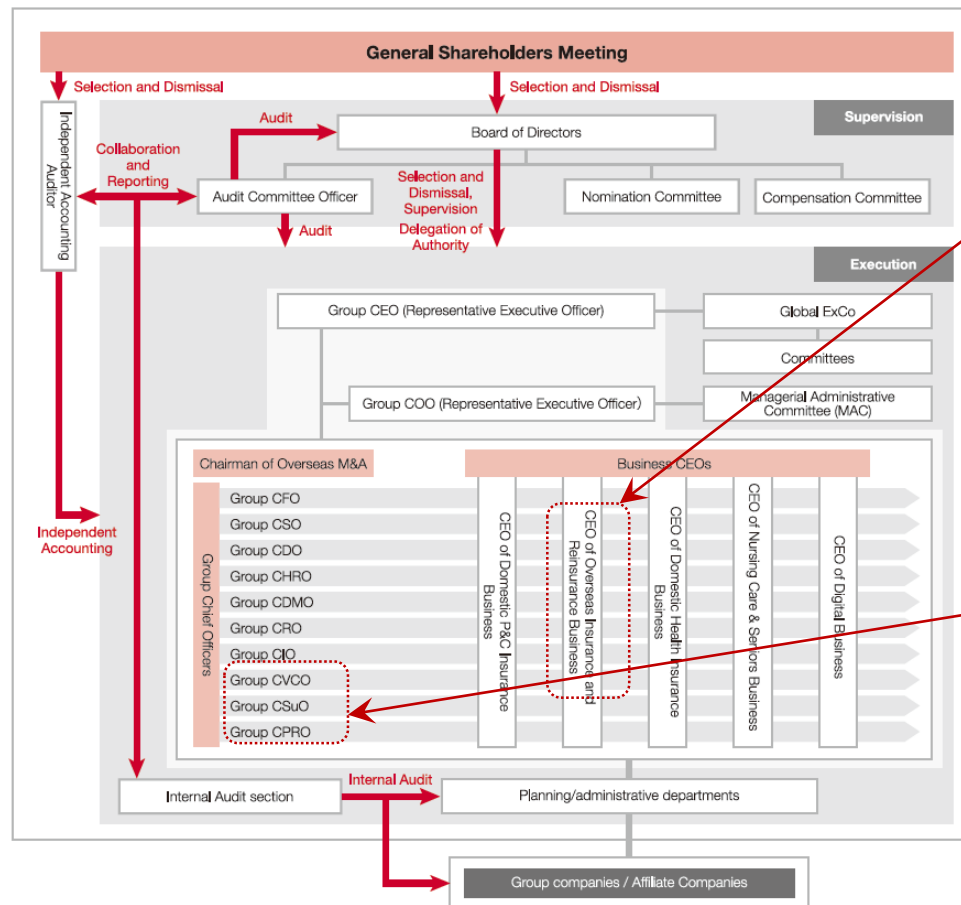
## Annual Report 2021



## Governance

- A new CEO of Overseas Insurance and Reinsurance Business was appointed on September 1 in line with the succession plan
- The Value Communication Team was established under the Group CVCO to strengthen the structure to increase brand value and corporate value through purpose-driven management and promotion of sustainability

### Corporate governance structure



#### ✓ Appointment of new CEO of Overseas Insurance and Reinsurance Business

James Shea was appointed as the CEO of Overseas Insurance and Reinsurance Business in line with the succession plan as John Charman is retiring

#### ✓ Establishment of the Value Communication Team (VCT)

- Group Chief Value Communication Officer,
- Group Chief Sustainability Officer,
- Group Chief Public Relations Officer,

are the main members of the VCT

- Work together to increase unrealized financial value through purpose management and sustainability promotion
- Improve brand value and corporate value through effective communication with multi-stakeholders

## KPIs by Business

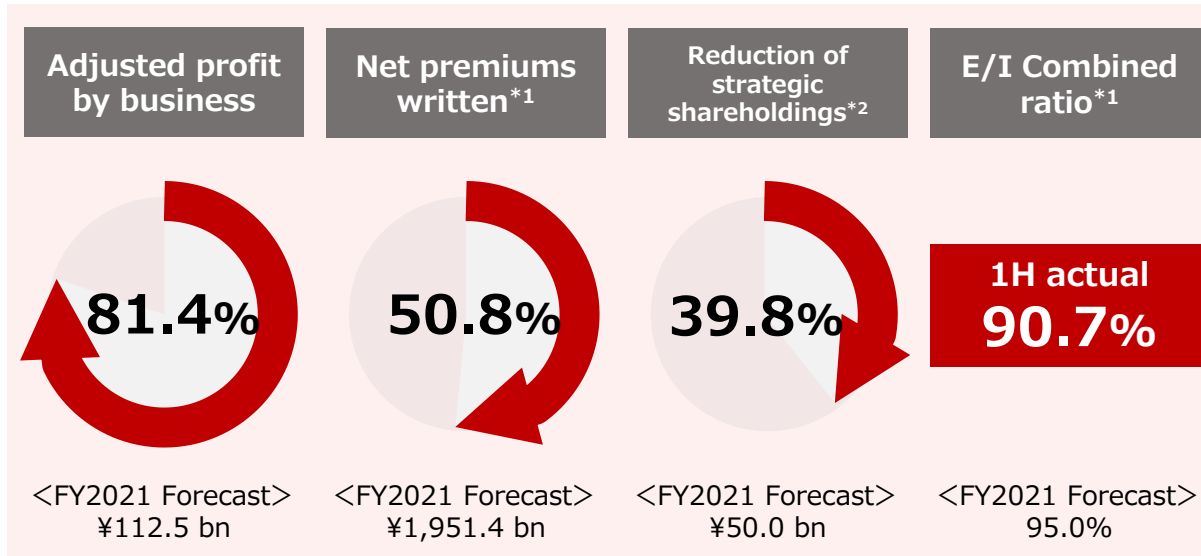
- To achieve Group management targets, top line, profitability and adjusted profit targets by business were set as KPIs
- 1H FY2021 results of each business have been successfully on track toward achieving the FY2021 Forecast

Domestic P&C	1H FY2021 Actual	FY2021 Forecast*7	FY2023 Plan
Adjusted profit by business	¥91.6 bn	¥112.5 bn (¥105 bn)	¥150.0 bn +
Net premiums written*1	¥991.2 bn	¥1,951.4 bn (¥1,929.3 bn)	¥2,000 bn
E/I combined ratio*1	90.7%	95.0% (94.8%)	91.7%
Reduction of strategic shareholdings	¥19.9 bn*2	¥50 bn (¥50 bn)	¥50.0 bn p.a. 3-year cum. Total: ¥150.0 bn
Overseas Insurance	1H FY2021 Actual	FY2021 Forecast*7	FY2023 Plan
Adjusted profit by business	¥35.1 bn	¥56.5 bn (¥60.0 bn)	¥100.0 bn +
Gross premium written growth*5	+34.5%	+27.9% (+10.2%)	Approx. +9% p.a.
E/I combined ratio*5	92.8%	94.0% (91.7%)	88% level
Domestic Life	1H FY2021 Actual	FY2021 Forecast*7	FY2023 Plan
Adjusted profit by business	¥18.5 bn	¥32.5 bn (¥32.5 bn)	¥40.0 bn +
Annualized new premiums*3	¥14.9 bn	¥43 bn (¥43 bn)	¥50.0 bn
No. of policies in force	4.29 mn	4.43 mn (4.43 mn)	5.00 mn
Increase in ALM assets*4	¥158.8 bn	¥300 bn (¥300 bn)	¥300.0 bn p.a. 3-year cum. total : ¥900.0 bn
Nursing Care & Seniors	1H FY2021 Actual	FY2021 Forecast*7	FY2023 Plan
Adjusted profit by business	¥2.5 bn	¥6.5 bn (¥6.5 bn)	¥8.0 bn +
Revenue	¥67.3 bn	¥137.7 bn (¥137.5 bn)	¥162.0 bn
Occupancy rate	90.8%	92.0%*6 (90.8%)	93.8%*6

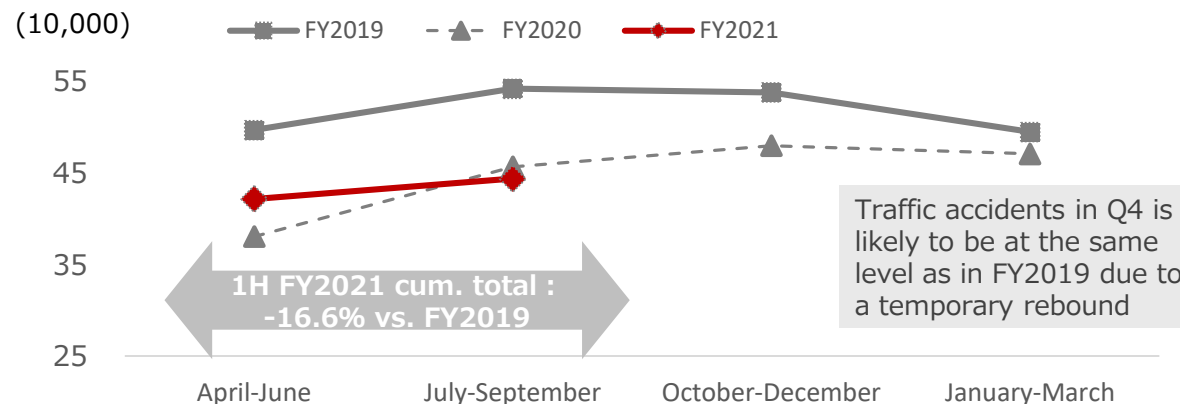
\*1 Sompo Japan (excl. CALI, household earthquake) \*2 Includes futures \*3 Sales performance basis \*4 30-year bond equivalent \*5 SI Commercial \*6 As of fiscal yearend  
 \*7 Initial forecasts in brackets

# Domestic P&C Insurance(1) - Progress Overview -

## Progress against KPIs in 1H (vs. FY2021 forecasts)



## Ref. No. of traffic accidents\*3 (Monthly)



## Key points of progress against KPIs in FY2021

1	<p>✓ <b>Adjusted profit by business</b></p> <ul style="list-style-type: none"> <li>Earnings structure reform has produced visible results through pricing optimization, strengthening underwriting by utilizing technology, etc.</li> </ul>
2	<p>✓ <b>Net premiums written</b></p> <ul style="list-style-type: none"> <li>On track owing to top line growth in fire &amp; allied insurance through the progress of earnings structure reform and sales growth of other insurance, focusing on Business Master Plus*4</li> </ul>
3	<p>✓ <b>E/I combined ratio</b></p> <ul style="list-style-type: none"> <li>Both the G&amp;A expense ratio and company expense ratio have been in line with the plan since an increase in depreciation expense associated with main enterprise system renovation was offset by manpower savings, etc.</li> <li>The loss ratio declined mainly due to a decrease in domestic natural disaster losses</li> </ul>

\*1 Sompo Japan (excl. CALI, household earthquake)

\*2 Includes short positions on Nikkei 225 futures

\*3 Excludes accidents caused by natural disasters and incurred losses exceeding a certain amount

\*4 Packaged product for SMEs that covers various risks faced companies



## Domestic P&C Insurance(2) - Earnings Structure Reform -

- Efforts to optimize rates and improve underwriting terms & conditions of large loss policies have produced visible results

### Earnings structure reform

#### Pricing optimization

1H FY2021 Actual      FY2021 Forecast

¥+9.9 bn

¥+18.8 bn

##### ■ Main initiative

- Rate increase in fire & allied insurance based on building age, etc. (Jan. 2021)

#### Productivity improvement

1H FY2021 Actual      FY2021 Forecast

¥+0.8 bn

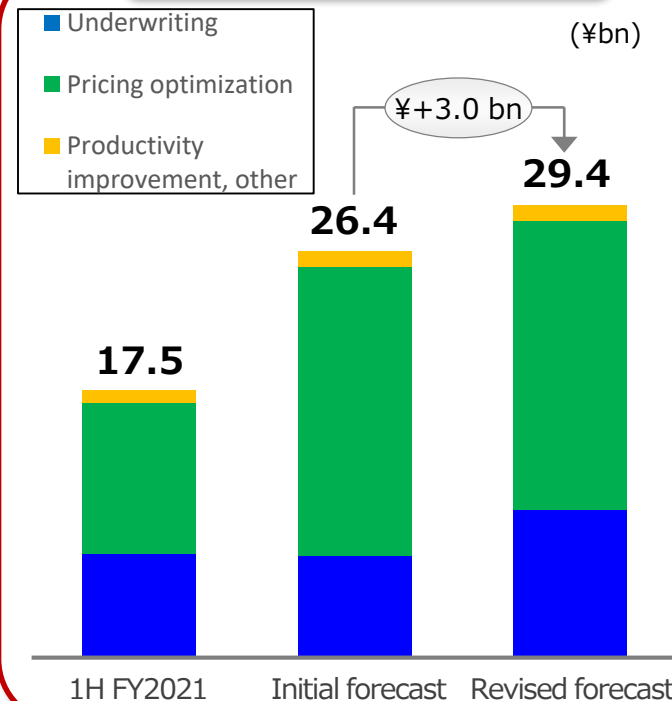
¥+1 bn

##### ■ Measures to improve productivity for saving manpower

- PoC to improve productivity by utilizing digital technologies
- Started developing digital technology solutions to address common issues faced by the Headquarters departments in data generation/analysis, frontline support, etc.

**62 projects in total, of which production  
+ PoC phase : 36 projects**

#### Earnings structure reform effects (FY2021)



#### Underwriting

1H FY2021 Actual      FY2021 Forecast

¥+6.7 bn

¥+9.6 bn

Revised up by ¥3 bn from the initial plan

**Measures against large losses of large companies**

Effect : ¥4.3 bn

**Measures against large losses of SMEs, etc.**

Effect : ¥2.4 bn

##### ■ Main initiatives

- Implemented measures against large losses of SMEs by using Palantir's technology
- Plan to roll out to other insurance from FY2022

\*The effects are estimates compared to FY2020 actual on a after tax basis

# Domestic P&C Insurance(3) - Top Line Growth Initiatives -

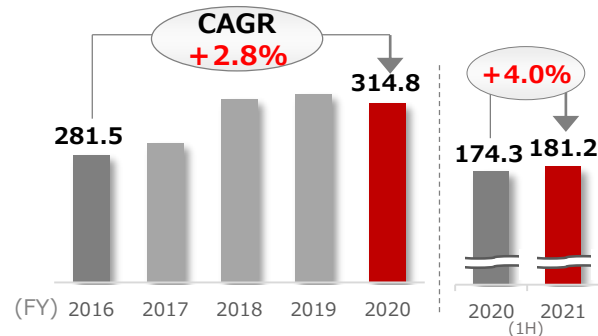
## Top line growth driven by casualty insurance and property insurance

Solid growth in both casualty insurance and property insurance, continue implementing marketing strategy to accelerate growth

### Increase sales of Business Master Plus

Drove topline growth of casualty line

Net premiums written (Casualty line / ¥bn)



- Increase customers by taking advantage of option selection and contract application
- Increase the unit price of premiums by having a wide range of options in the product line-up

### Optimize underwriting of property insurance by utilizing technology

- Boost the top line through AI underwriting by cooperating with Palantir
- Plan to roll out to casualty line

#### <Future initiatives>

- Build an underwriting platform supported by automatic online data collection and analysis
- Fine tune prices with property risk survey by using satellite/aerial photos

PLANCK  
Geo.X

## New market finding and creation

- Develop solutions for renewable energy, etc.
- Develop disaster prevention & mitigation services, etc.

Products aligned with SDGs

Strategy to grow further by addressing social challenges

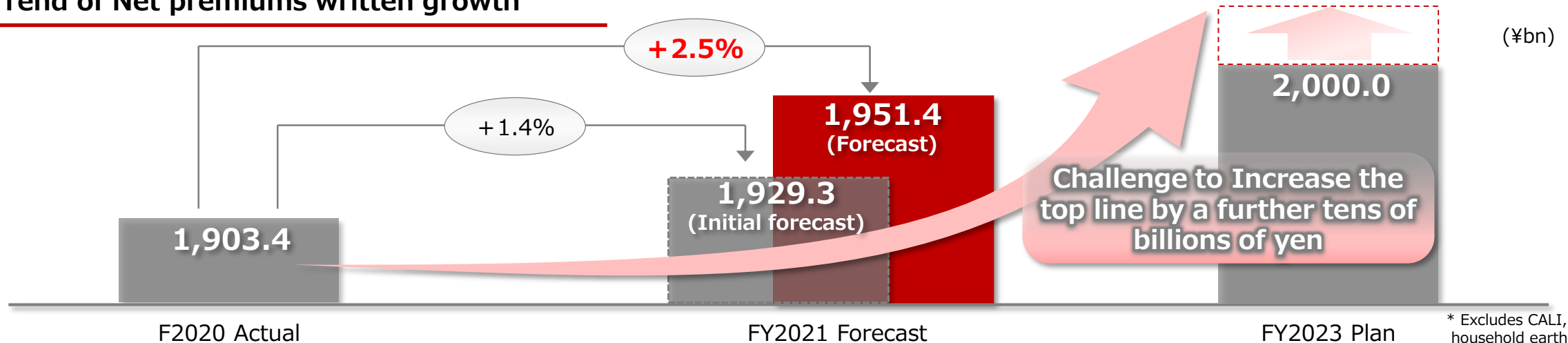
Space industry market

Digital related insurance

- Accumulate know-how by collaborating with startups, etc.

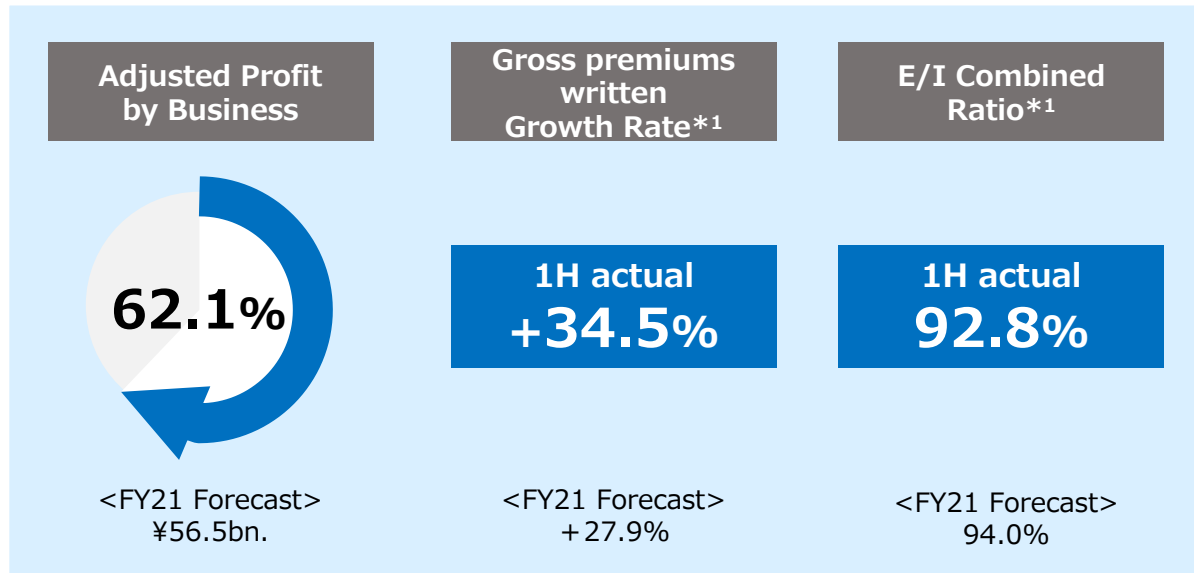
- Approach to market by cooperating with platformer, etc.

## Trend of Net premiums written growth\*



# Overseas Insurance Business(1) - Progress Overview -

## Progress against KPIs in H1 (vs. FY2021 forecasts)



## Ref. Status of losses due to natural disasters

- 9/30/2021 YTD Catastrophe Losses\*2 of approximately ¥44.0 bn
  - Revised FY21 forecast include catastrophe losses approximately ¥55.0 bn
- Estimated industry losses on global basis in FY2021 may exceed ¥10.0 tn
  - Sizeable losses: Hurricane Ida, Texas Freeze and European flood

## Key Points of progress against KPIs in FY 2021

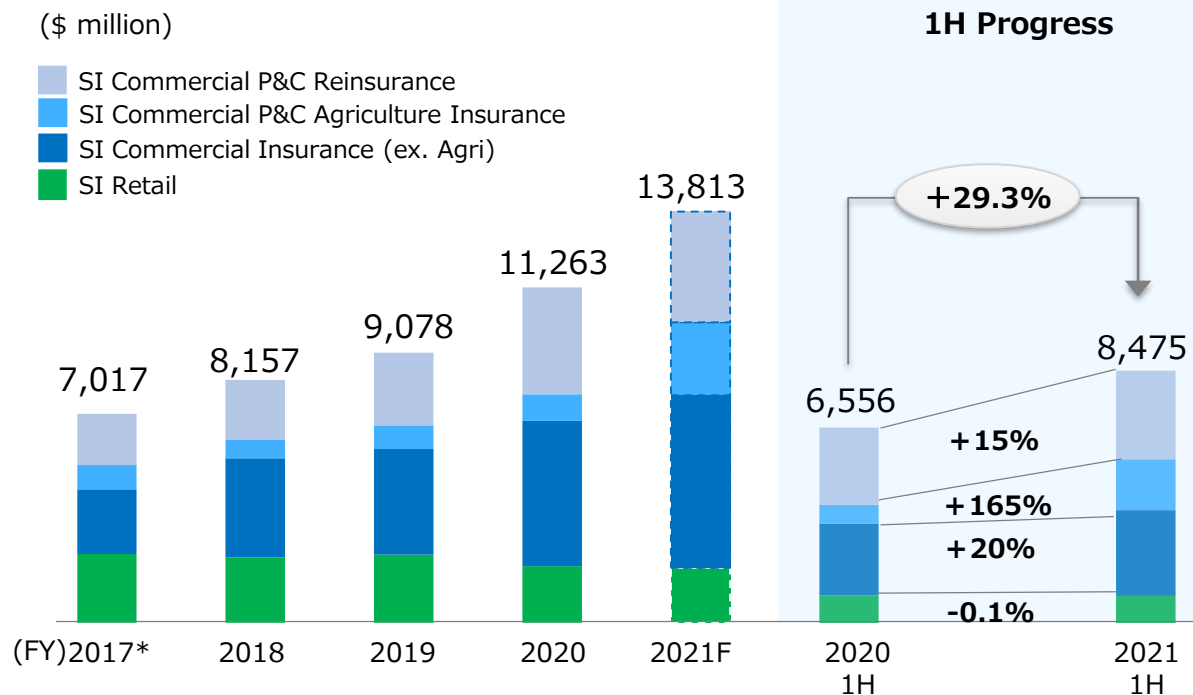
1	✓ <b>Adjusted profit by business</b> <ul style="list-style-type: none"> <li>SI Commercial P&amp;C Business Anticipates Generating Originally Planned Adjusted Profit for FY2021</li> <li>Sompo International Holdings continues to integrate Overseas Retail businesses into its governance and control framework and enhancing oversight capabilities</li> </ul>
2	✓ <b>Gross premiums written growth rate</b> <ul style="list-style-type: none"> <li>Gross Written Premium Growth in Excess of Plan Being Achieved Within SI's Commercial P&amp;C Business</li> <li>SI's Commercial P&amp;C business continues to deliver profitable growth as it leverages its global franchise and underwriting capabilities in a strong market where price increases continue to outpace loss cost trends</li> </ul>
3	✓ <b>Combined ratio</b> <ul style="list-style-type: none"> <li>SI's Commercial P&amp;C business expects to deliver full year improved underwriting results despite the continued frequency and severity of natural catastrophe losses, reflecting the quality of its underwriting, the benefits of a diversified portfolio and pricing improvements achieved</li> </ul>



## Overseas Insurance Business(2) - Disciplined and Opportunistic Growth -

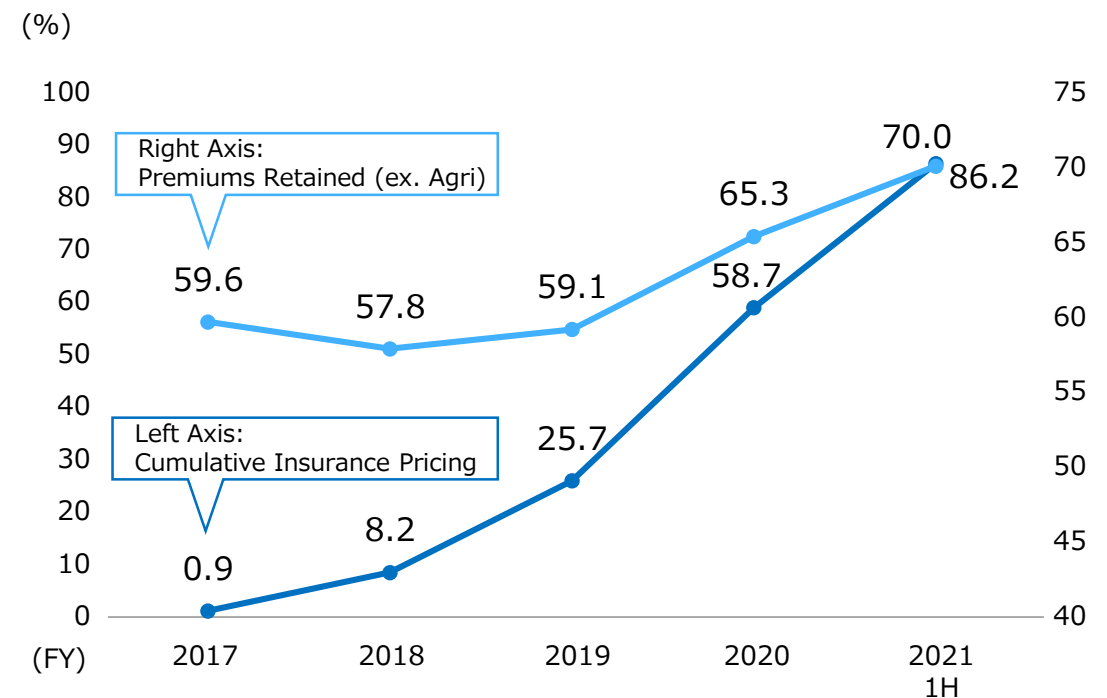
- SI Commercial P&C expanded through organic growth and through the integration of Diversified
- Market trends remain attractive across nearly all Lines of business

### SIH's gross premiums written growth



- Acquisition of Diversified and higher commodity prices has led to significant growth in agriculture insurance premiums
- Insurance (ex. Ag.) and reinsurance gross premiums continue to expand as pricing remains favorable

### Commercial P&C Insurance Price Increases Paired with Lower Reinsurance Purchases

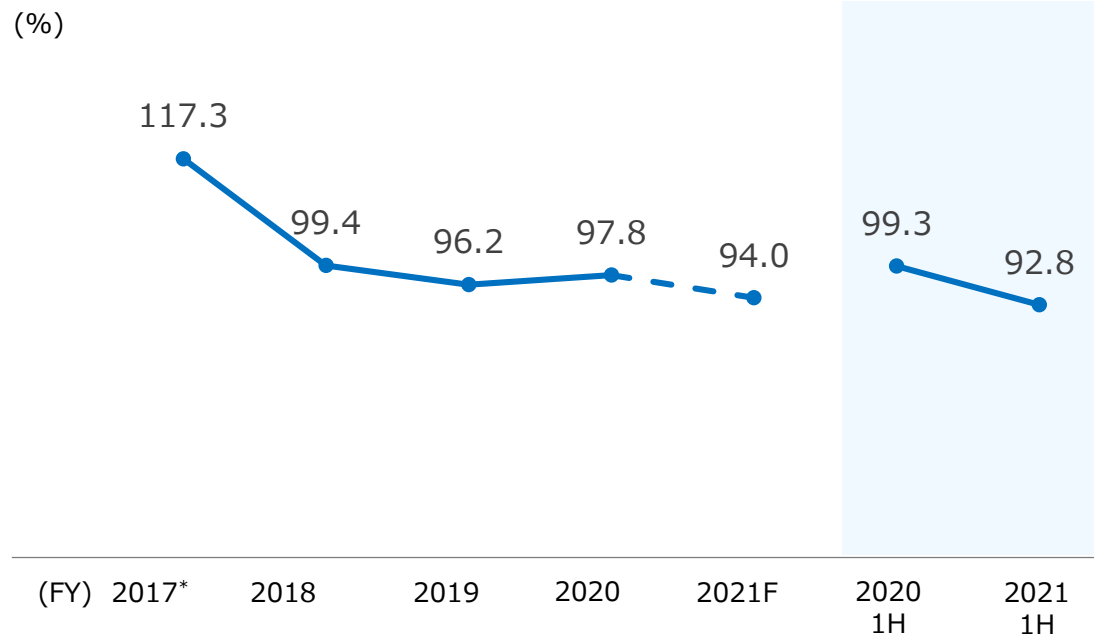


- Though decelerating, market pricing remains favorable and in excess of loss cost trends. Strategically increasing premiums retained (reduced reinsurance purchasing) to reflect favorable economics
- Improved pricing in previous years is directly contributing to enhanced margins in FY2021

## Overseas Insurance Business(3) - SI Commercial P&C's Planned Underwriting Improvements -

- SI Commercial P&C's 1H FY2021 underwriting profitability increased due to higher rates, growing premium base and greater scale, while catastrophe losses were well managed compared to peers

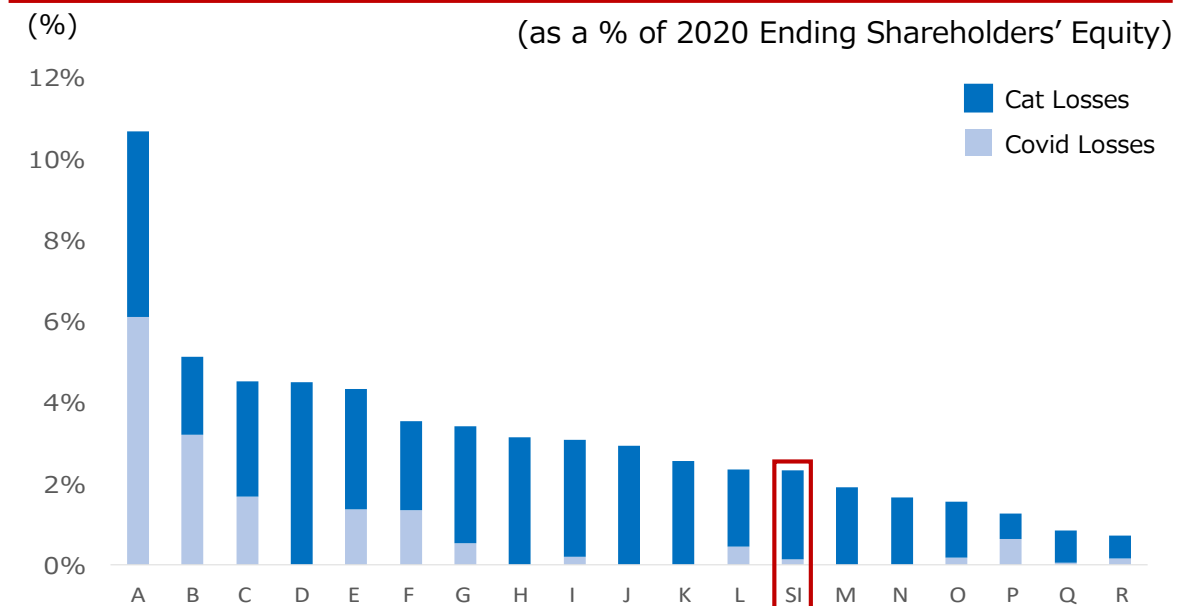
### SI Commercial P&C's combined ratio



- The 2Q2021 YTD combined ratio compares favorably to 2Q2020 YTD due to improvements in the loss and expense ratios
- The revised FY2021 forecast includes improving underwriting margins reflecting the positive impact of rate changes

\*Exclude f.Sompo America's and others figure

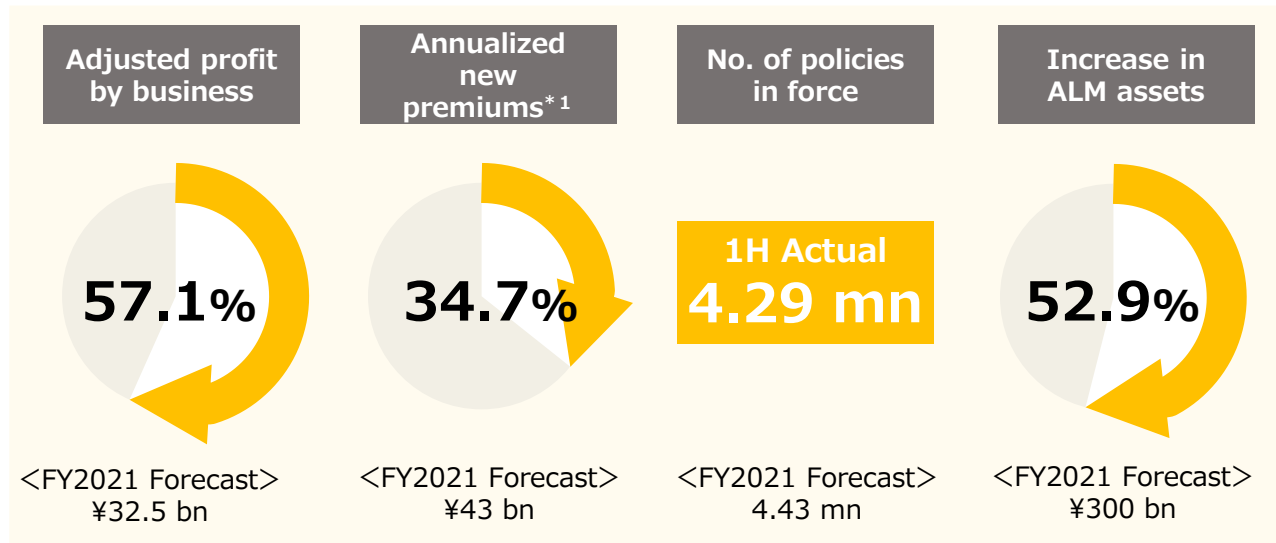
### 1H of 2021 catastrophe and COVID-19 losses (peer comparison)



- During the first quarter the industry was adversely impacted by the freeze in Texas while second quarter industry catastrophe losses were fairly light
- Industry COVID-19 P&C losses have been negligible in FY2021 as initial reserves established in FY2020 have largely remained unchanged. Some life operations continue to experience mortality related losses in FY2021

## Domestic Life Insurance(1) - Progress Overview -

### Progress against KPIs in 1H (vs. FY2021 forecasts)



Ref. Annualized new premiums (Based on financial results announced)

	FY2019	FY2020	FY2021	% change vs. FY2019
Himawari Life(1H)	¥12.0 bn	¥11.3 bn	¥13.1 bn	+9.4%
Himawari Life(1Q)	¥5.5 bn	¥4.2 bn	¥6.5 bn	+17.9%
Other domestic life insurance companies(1Q)*2	¥531.2 bn	¥241.4 bn	¥444.4 bn	-16.3%

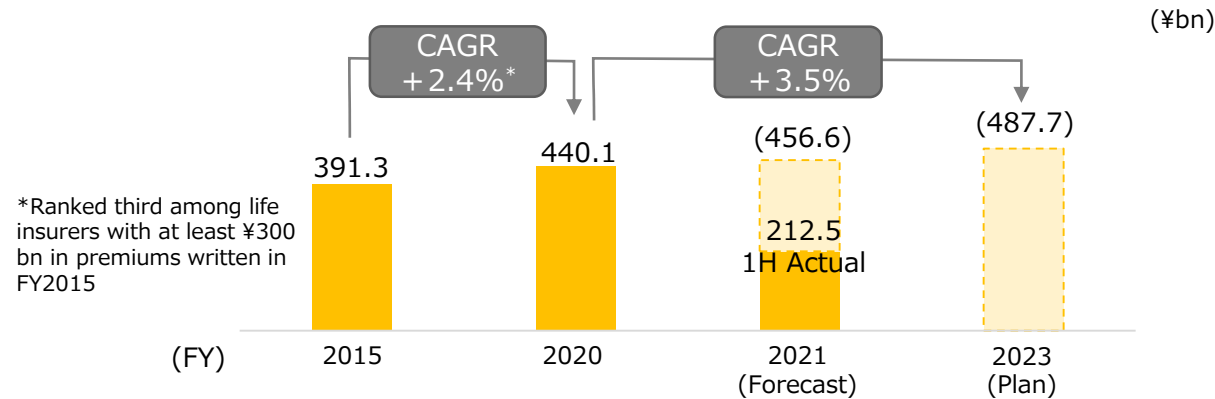
### Key points of progress against KPIs in FY2021

1	<p>✓ <b>Adjusted profit by business</b></p> <p>On track mainly due to an increase in in-force policies of protection-type products</p>
2	<p>✓ <b>Annualized new premiums</b></p> <ul style="list-style-type: none"> <li>• KPI of ANP is ambitious at +44% YoY. ANP has been higher than in FY2019 (pre-COVID-19 level) and significantly outperformed industry peers in 1Q</li> <li>• Sale of new cancer insurance (Insurhealth) launched on Oct. 2 reached 300K in just over 1.5 month and made a good start. Aim to accomplish the annual plan by increasing sales of other lines in association with this product, etc.</li> </ul>
3	<p>✓ <b>Increase in ALM assets</b></p> <p>On track with an increase of ¥158.8 bn in 1H FY2021 against the annual target of ¥300.0 bn</p>

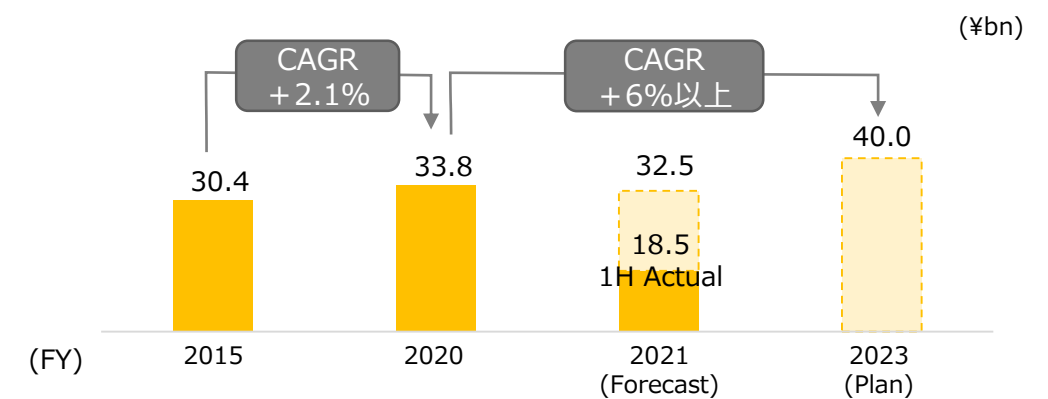
## Domestic Life Insurance(2) - Key Indicators -

- Increase adjusted profit through one of the highest levels of growth in premiums written and sales strategy of highly profitable Insurhealth
- Increase ALM assets as planned to reduce interest rate risk by nearly halving the interest rate sensitivity of MCEV by the end of FY2023

### Premiums written

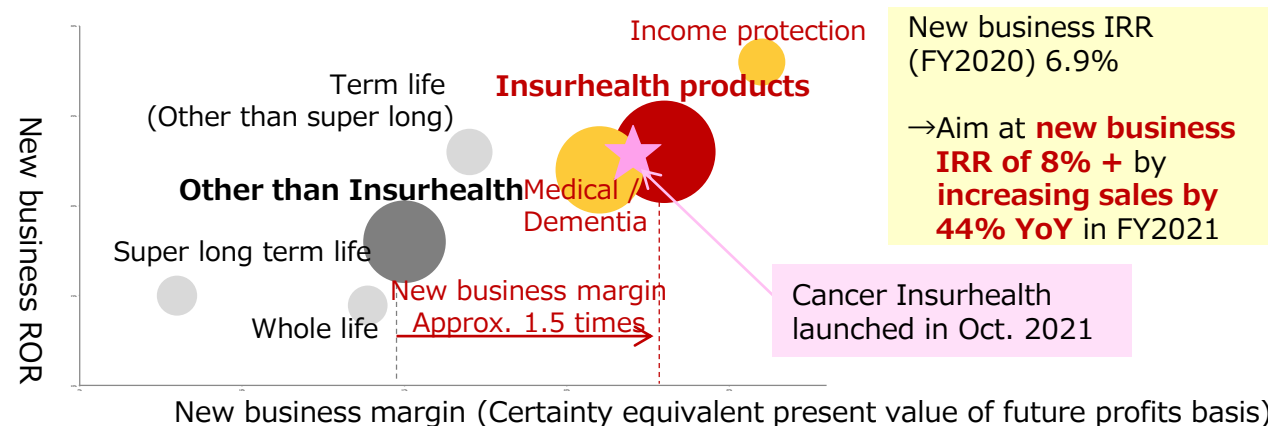


### Adjusted profit

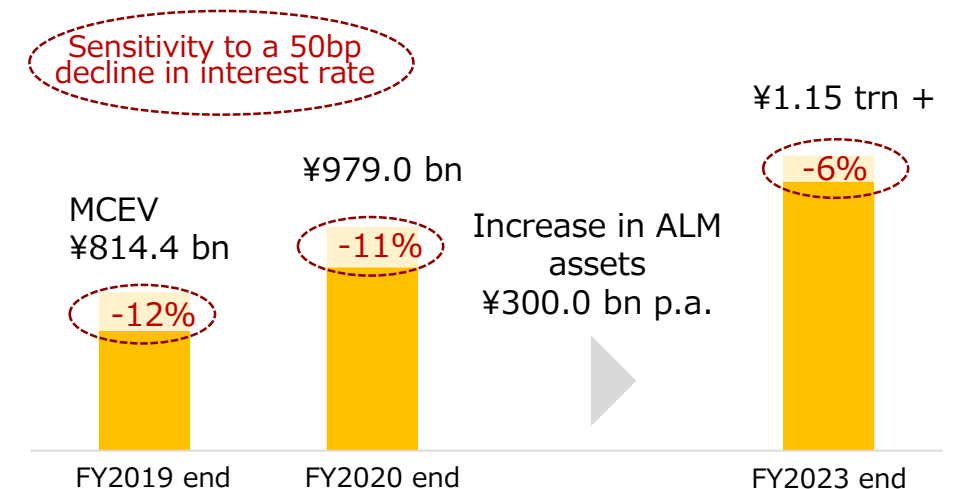


### Profitability management by new business ROR and new business margin

New business margin (FY2020): 13.5% (One of the highest level among domestic companies disclosing EV) (1H FY2021 actual 14.8%)

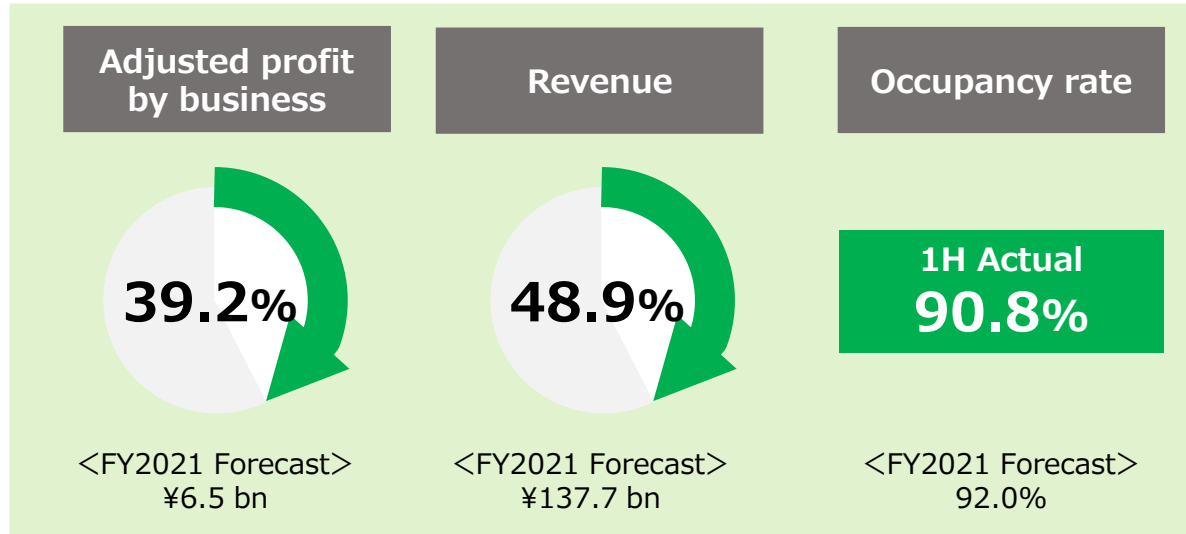


### Reduction of MCEV sensitivity through interest rate risk reduction measures

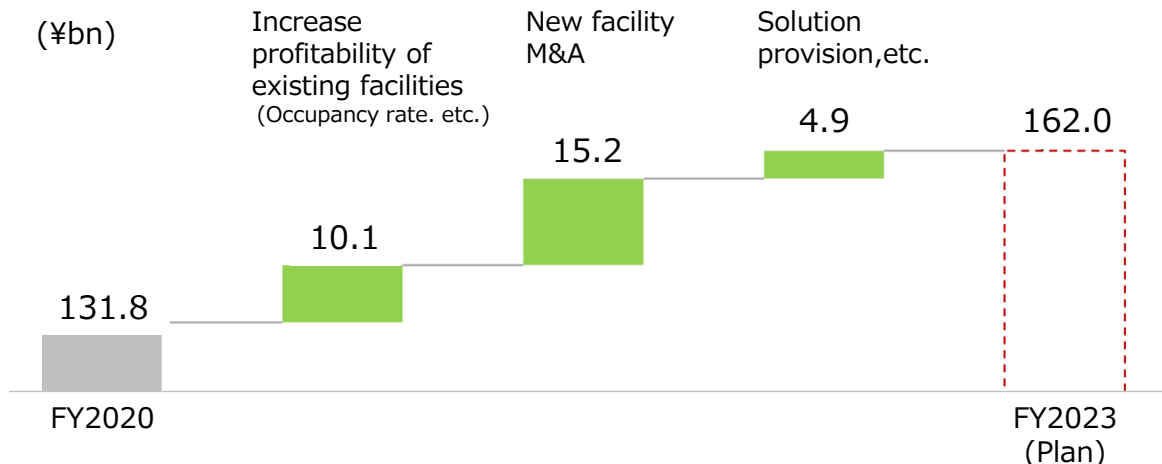


## Nursing Care & Seniors(1) - Progress Overview -

### Progress against KPIs in 1H (vs. FY2021 forecasts)



### Ref. Revenue growth plan by strategy in the Mid-Term Management Plan period

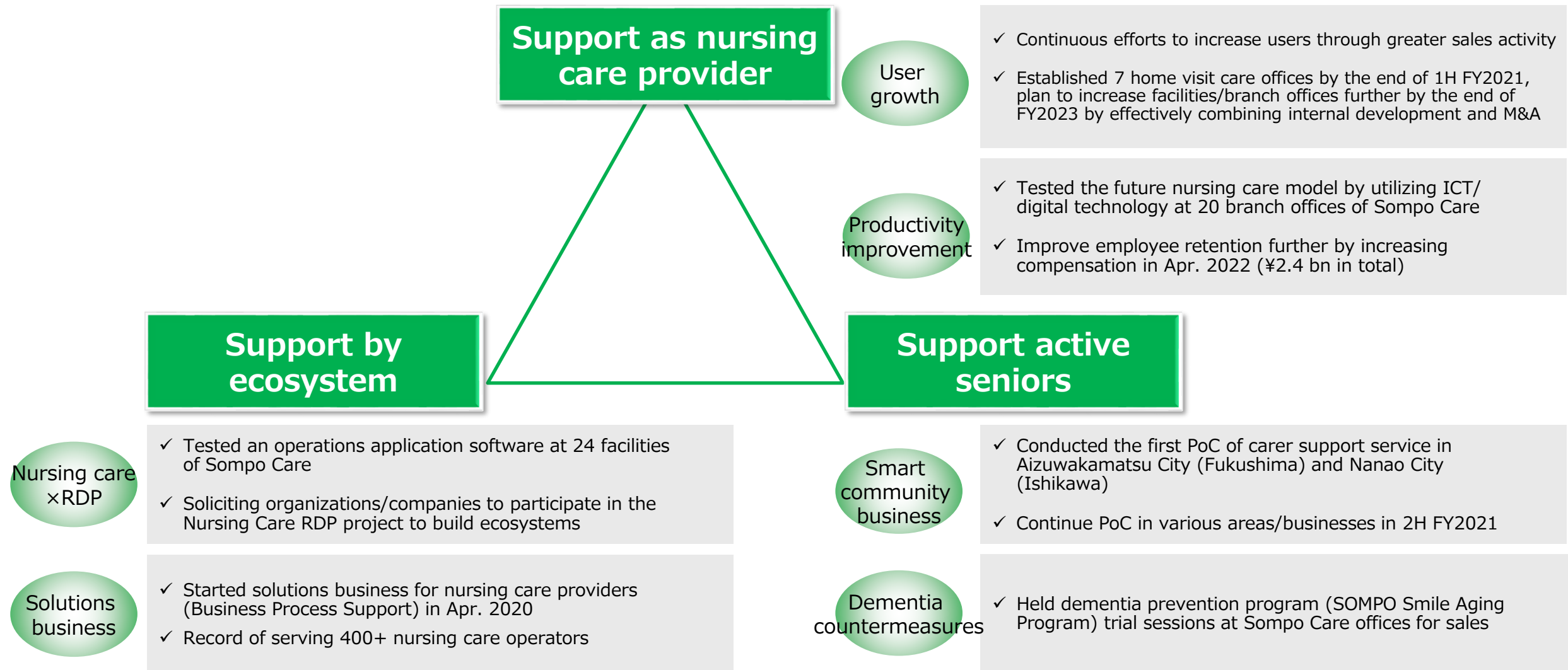


### Key points of progress against KPIs in FY2021

1	<p>✓ <b>Adjusted profit by business</b></p> <ul style="list-style-type: none"> <li>Revenue increased due to an increase in residents owing to greater sales activity</li> <li>Adjusted profit for FY2021 is likely to be ¥6.5 bn as initially expected due to an increase in personnel expense associated with revenue growth, increase in supplies expense because of COVID-19, etc.</li> </ul>
2	<p>✓ <b>Revenue</b></p> <ul style="list-style-type: none"> <li>The progress rate is 49% vs. plan and on track since the number of new residents exceeded the initial forecast owing to greater sales activity.</li> <li>Revenue for FY2021 is expected to be as initially planned through continuous efforts in 2H</li> </ul>
3	<p>✓ <b>Occupancy rate</b></p> <ul style="list-style-type: none"> <li>The number of new residents exceeded the initial plan target due to greater sales activity</li> <li>The occupancy rate at the end of FY2021 is likely to be significantly higher than the initial forecast of 90.8% through continuous efforts</li> </ul>

## Nursing Care & Seniors(2) - Progress of 3 Core Strategies -

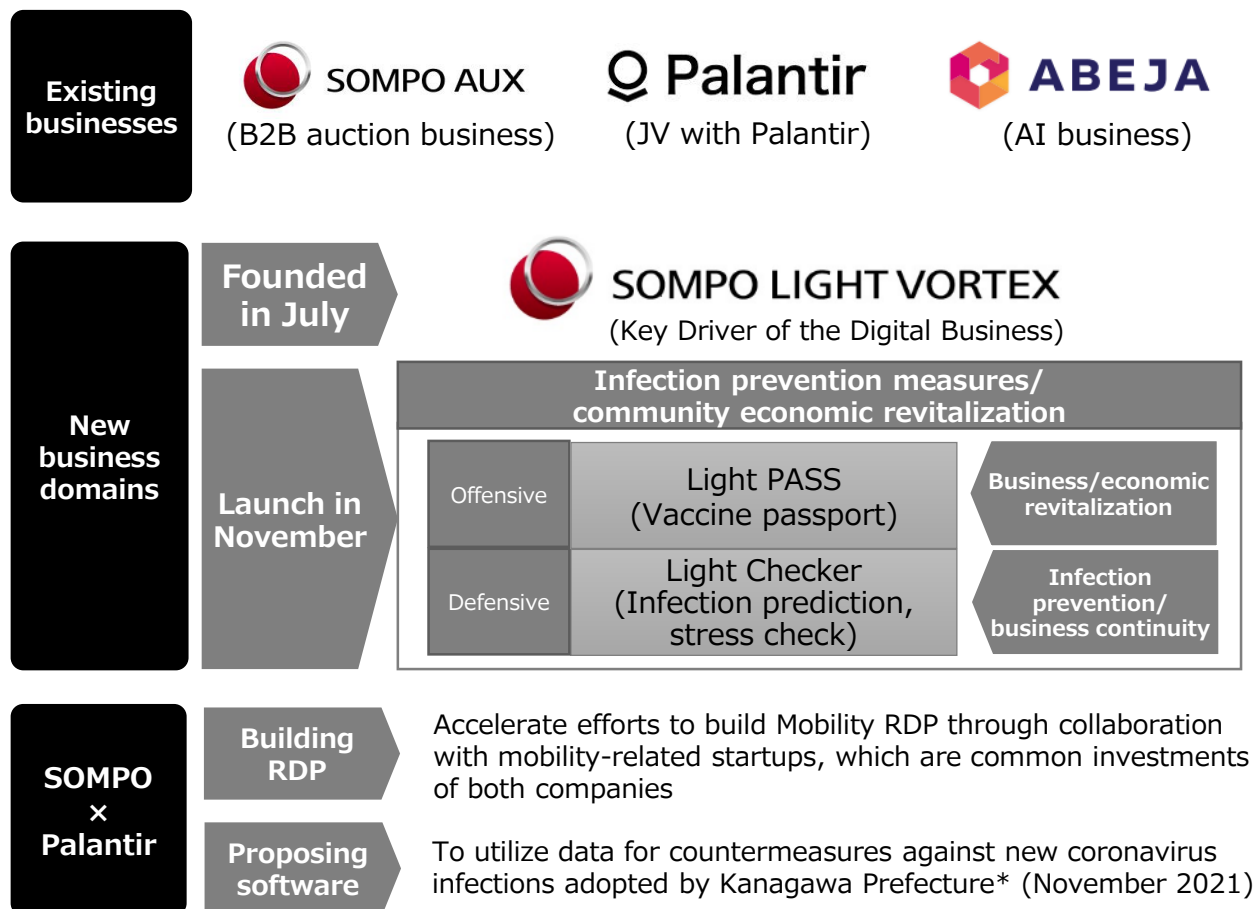
- Steady progress has been made in the 3 core strategies to deliver social value in addition to economic value



## Digital Business - Progress of Initiatives -

- SOMPO Light Vortex was established as the core company of the Digital Business
- Started working on commercialization of digital solutions, such as product development, sales, etc. by collaboration with startups with cutting edge technologies




### Digital business



\*Agreement between Kanagawa Prefecture and Palantir Technologies Japan Co.

### Digital transformation (DX) at group companies

#### DX initiatives

-  **SOMPO JAPAN**
  - Promotion of DX in call center operations
  - Insurance to support EC businesses
  - "Z-Value", a new rent guarantee system
  - Introduction of security solution
-  **SOMPO HIMAWARI LIFE**
  - Cancer risk assessment service
-  **SOMPO CARE**
  - Online exercise program
  - Caregiver support PoC

#### Partners, etc.



Local governments

SOMPO was selected as the "DX company to watch in 2021" among "Digital transformation stocks (DX stocks) 2021" jointly by the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE), while Group companies continue to communicate with partners with digital technologies, and is actively promoting DX at the Group level.

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1. Overview of SOMPO Holdings

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2. Progress of Mid-term Management Plan

3. Business forecasts for FY2021  
& highlights of 1H FY2021 results



# Business Forecasts for FY2021 – Consolidated Basis

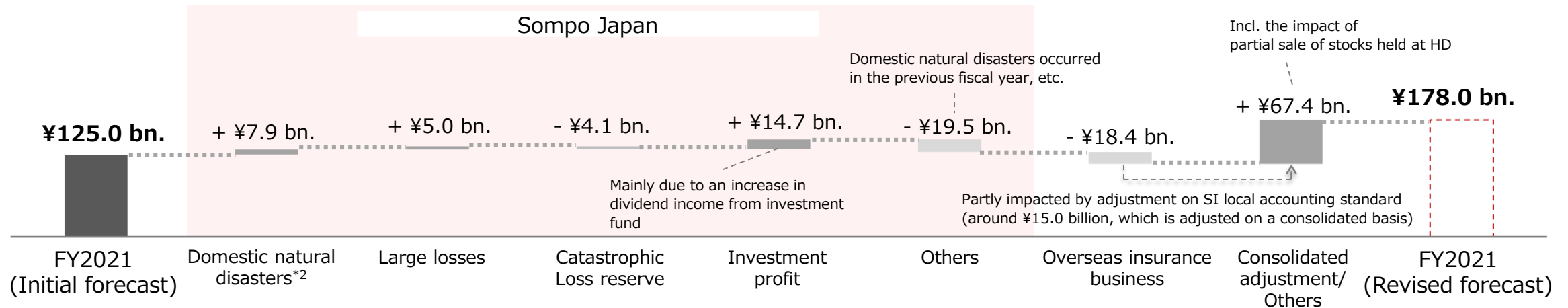
- Revised upward full year business forecast to reflect partial sale of stocks held at HD as well as performance progress.
- Consolidated net income for FY2021 is expected to be ¥178.0 billion.

(¥ billion)	FY2020 Actual (A)	FY2021			Change (C-A)
		Initial forecasts (B)	Revised forecasts (C)	Change(C-B)	
Net premiums written (P&C)	2,923.5	3,090.0	3,181.0	+91.0	+257.4
Life insurance premiums	346.1	358.0	331.0	-27.0	-15.1
Consolidated ordinary profit	215.0	185.0	267.0	+82.0	+51.9
Sompo Japan	197.4	174.5	181.0	+6.5	-16.4
Overseas subsidiaries	52.2	72.3	59.4	-12.8	+7.1
Himawari Life	28.9	17.2	17.2	-0.0	-11.6
SOMPO Care	8.7	8.6	8.8	+0.2	+0.1
Consolidated adjustment/Others	-72.3	-87.7	0.4	+88.1	+72.7
Consolidated net income	142.4	125.0	178.0	+53.0	+35.5
Sompo Japan	146.9	133.0	137.0	+4.0	-9.9
Overseas subsidiaries	35.8	57.9	39.4	-18.4	+3.6
Himawari Life	20.0	11.6	11.6	-	-8.4
SOMPO Care	5.3	5.1	5.3	+0.1	-0.0
Consolidated adjustment/Others	-65.6	-82.6	-15.3	+67.2	+50.2
(Reference) Adjusted consolidated profit	202.1	205.0	210.0	+5.0	+7.8
Domestic P&C insurance	130.1	105.0	112.5	+7.5	-17.6
Overseas insurance	30.0	60.0	56.5	-3.5	+26.4
Domestic life insurance	33.8	32.5	32.5	-	-1.3
Nursing care & seniors	8.1	6.5	6.5	-	-1.6
Digital, etc.	-	1.0	1.0	-	+1.0

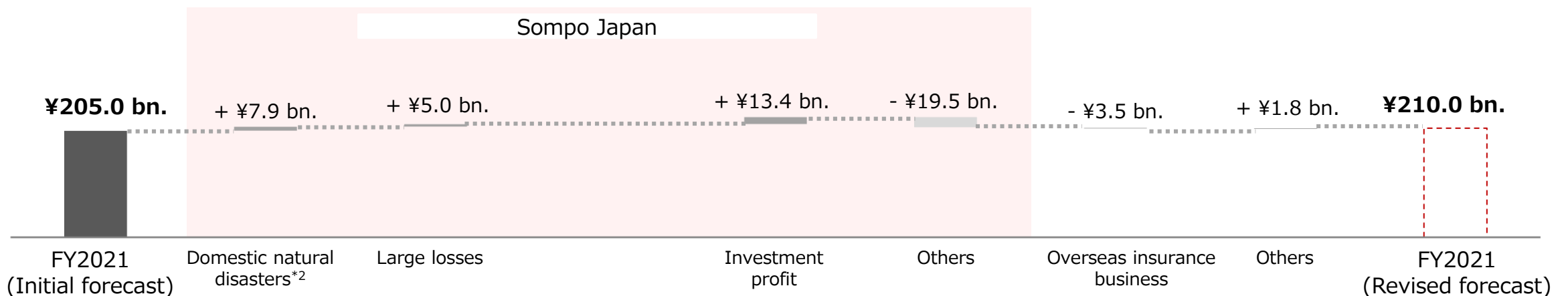
# Main Points of Revised Business Forecasts for FY2021

- Revised upward full year business forecast mainly due to partial sale of stocks held at HD as well as steady net interest and dividend income.
- Adjusted consolidated profit, which provides shareholder returns, is expected to be ¥210.0 billion, an increase of ¥5.0 billion against the initial forecast.

## Revised factors (figures after tax\*1) : Consolidated net income



## Revised factors (figures after tax\*1) : Adjusted consolidated profit



\*1 Incl. provisional numbers \*2 Occurred in the current fiscal year

# Highlights of 1H FY2021 Results

- Consolidated ordinary profit for 1H FY2021 increased by ¥113.0 billion to ¥190.5 billion and consolidated net income for 1H FY2021 increased by ¥91.1 billion to ¥130.7 billion.
- Revised upward full year business forecast to reflect partial sale of stocks held at HD as well as performance progress in each business.  
Consolidated ordinary profit for FY2021 is expected to be ¥267.0 billion and consolidated net income for FY2021 is expected to be ¥178.0 billion, which is a recorded high for each.
- Adjusted consolidated profit, which provides shareholder returns, is revised upward to ¥210.0 billion and ¥20.0 billion worth of share-buyback will be made as Supplementary return to investors

## 1H FY2021 Actual

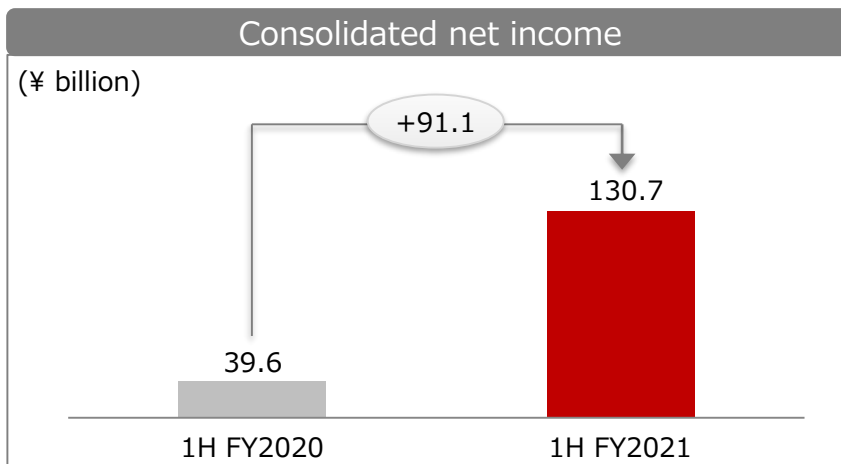
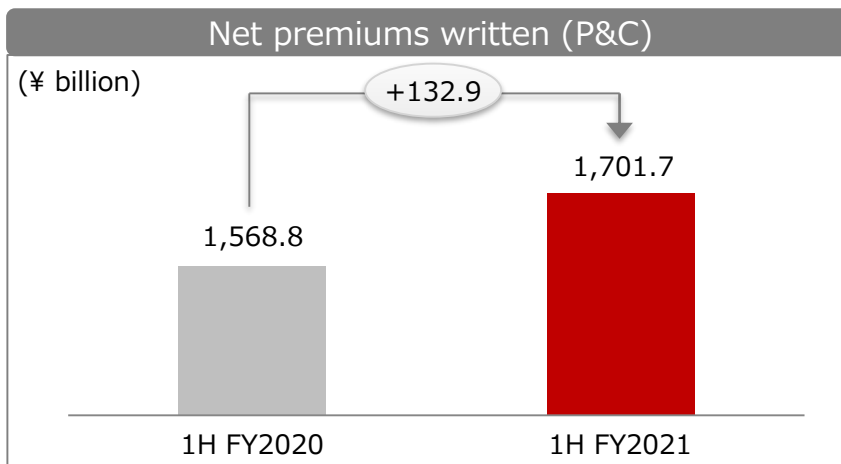
- Sampo Japan's underwriting profit increased by ¥11.9 billion, mainly due to a decrease in the domestic natural disasters.  
\* The E/I loss ratio for automobile insurance rose by 1.4pt year on year (It improved by 6.6pt against 1H FY2019).  
The number of accidents increased by 3.3% year on year (It decreased by 16.6% against 1H FY2019).  
Investment profit increased by ¥13.8 billion, mainly due to an increase in dividend income from the investment fund.
- Adjusted profit in overseas insurance business increased by ¥27.7 billion, partly due to rate improvement impact and steady investment profit at SI as well as the absence of COVID-19 which adversely impacted FY2020.
- Annualized new premium in domestic life insurance business increased steadily, centered on insurhealth® products.
- Occupancy ratio in nursing care and seniors business continued to improve.
- Stocks held at HD were partially sold.

## Revision of FY2021 Forecast

- Full year business forecast is revised upward, mainly due to partial sale of stocks held at HD as well as steady net interest and dividend income.  
Consolidated ordinary profit is expected to increase to ¥267.0 billion by ¥82.0 billion against the initial forecast and consolidated net income is expected to be ¥178.0 billion, an increase of ¥53.0 billion against the initial forecast.
- Adjusted consolidated profit, which provides shareholder returns, is expected to be ¥210.0 billion an increase of ¥5.0 billion against the initial forecast.
- ¥20.0 billion worth of share-buyback will be made as Supplementary return to investors, based on the fact that the latest capital surplus is expected to stably exceed the estimated level as the mid-term management plan was based.

# Overview of 1H FY2021 Results – Consolidated Basis

- Net premiums written increased by ¥132.9 billion, mainly due to top line growth of Sompo Japan centered in fire and allied lines and other lines as well as top line growth of SI.
- Consolidated ordinary profit and consolidated net income largely increased, partly due to partial sale of stocks held at HD as well as profit growth of SI and Sompo Japan.



(¥ billion)	1H FY2020	1H FY2021	Change	FY2021 (Revised forecasts)
Consolidated ordinary income	1,985.3	2,179.7	+194.4 (+9.8%)	-
Net premiums written (P&C)	1,568.8	1,701.7	+132.9 (+8.5%)	3,181.0
Life insurance premiums	168.8	157.9	-10.9 (-6.5%)	331.0
Consolidated ordinary profit	77.5	190.5	+113.0	267.0
Sompo Japan	64.4	87.8	+23.4	181.0
Overseas insurance subsidiaries	17.3	37.0	+19.6	59.4
Himawari Life	17.0	14.5	-2.5	17.2
SOMPO Care	5.4	3.9	-1.4	8.8
Consolidated adjustment <sup>*1</sup> /Others	-26.7	47.1	+73.9	0.4
Consolidated net income <sup>*2</sup>	39.6	130.7	+91.1	178.0
Sompo Japan	45.9	64.1	+18.1	137.0
Overseas insurance subsidiaries	6.4	26.3	+19.8	39.4
Himawari Life	11.9	10.0	-1.8	11.6
SOMPO Care	2.3	2.5	+0.2	5.3
Consolidated adjustment/Others	-27.0	27.6	+54.7	-15.3
(Reference) Adjusted consolidated profit	95.0	148.7	+53.7	210.0
Domestic P&C insurance	67.5	91.6	+24.0	112.5
Overseas insurance	7.4	35.1	+27.7	56.5
Domestic life insurance	18.0	18.5	+0.4	32.5
Nursing care & seniors	1.8	2.5	+0.6	6.5
Digital, etc.	-	0.8	+0.8	1.0

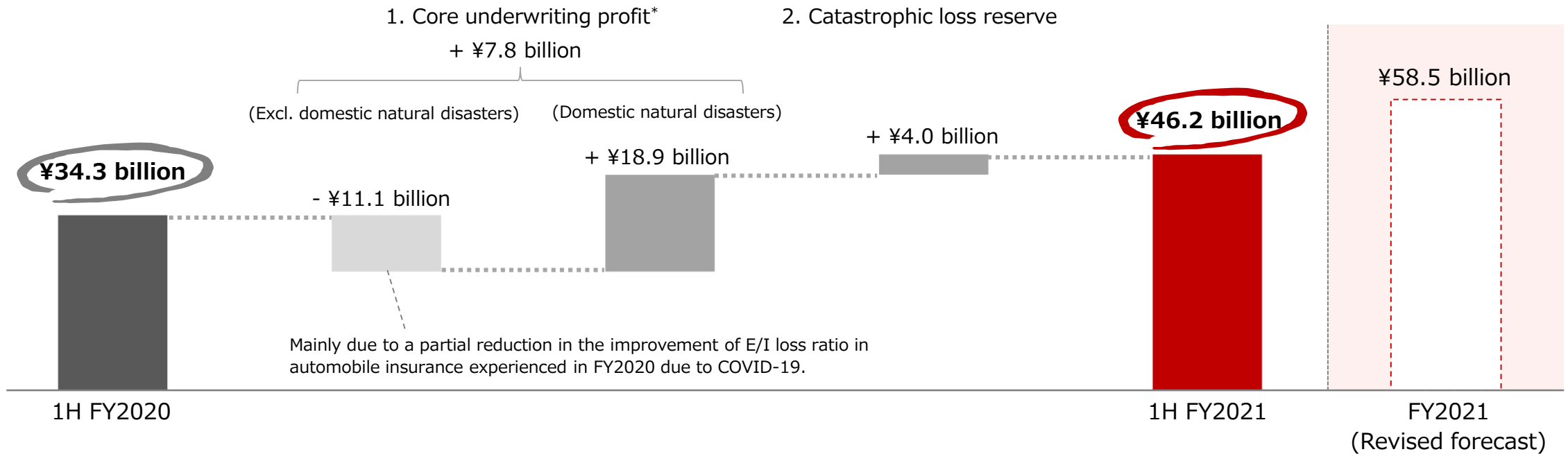
\*1 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

\*2 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)

# Underwriting Profit (Sompo Japan)

- Underwriting profit increased by ¥11.9 billion to ¥46.2 billion, mainly due to a decrease in the domestic natural disasters.

## Increase/decrease factors of underwriting profit (Sompo Japan)

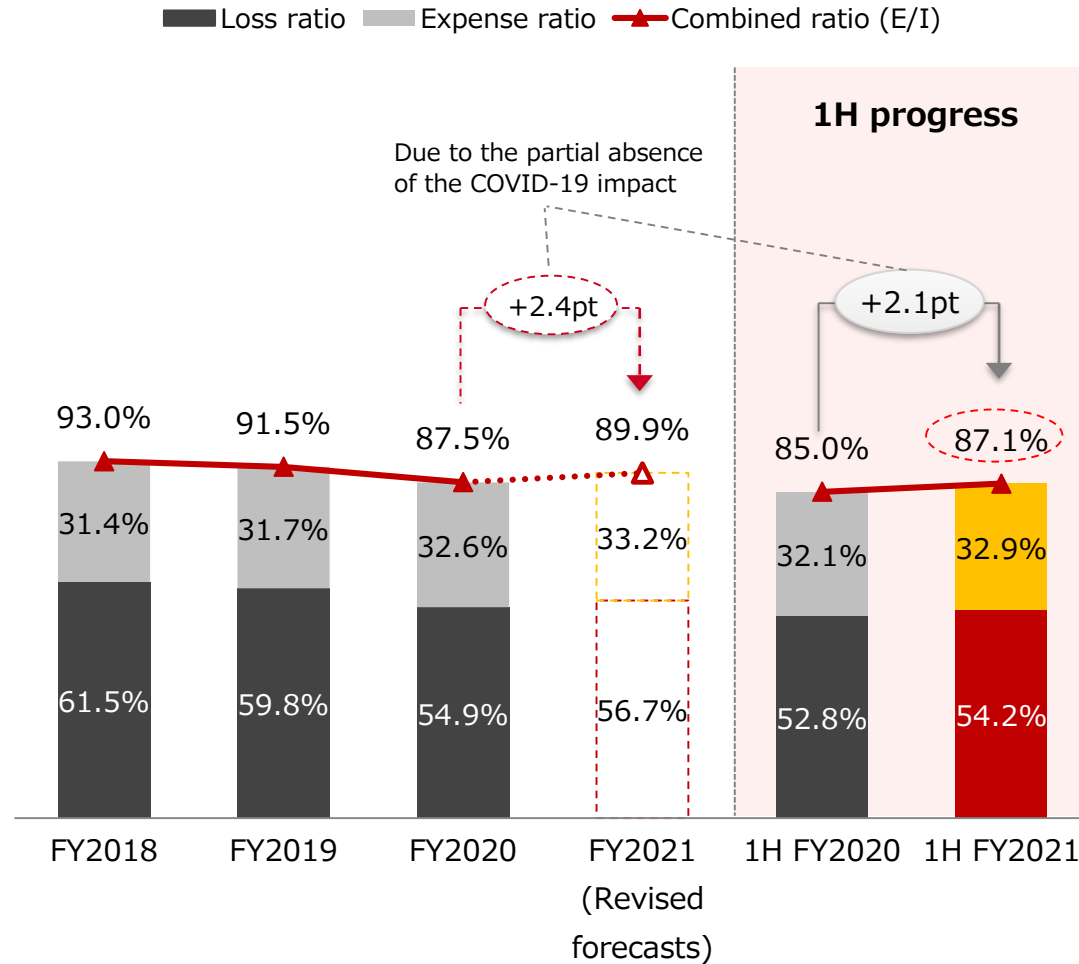


		1. Core underwriting profit		2. Catastrophic loss reserve	Underwriting profit
		(Excl. domestic natural disasters)	(Domestic natural disasters)		
1H FY2020	¥73.0 billion	¥118.6 billion	- ¥45.5 billion	- ¥38.6 billion	¥34.3 billion
1H FY2021	¥80.9 billion	¥107.4 billion	- ¥26.5 billion	- ¥34.6 billion	¥46.2 billion

\* Core underwriting profit is underwriting profit less the impact related to catastrophic loss reserve.

# <Reference> Indicator Related to Automobile Insurance (Sompo Japan)

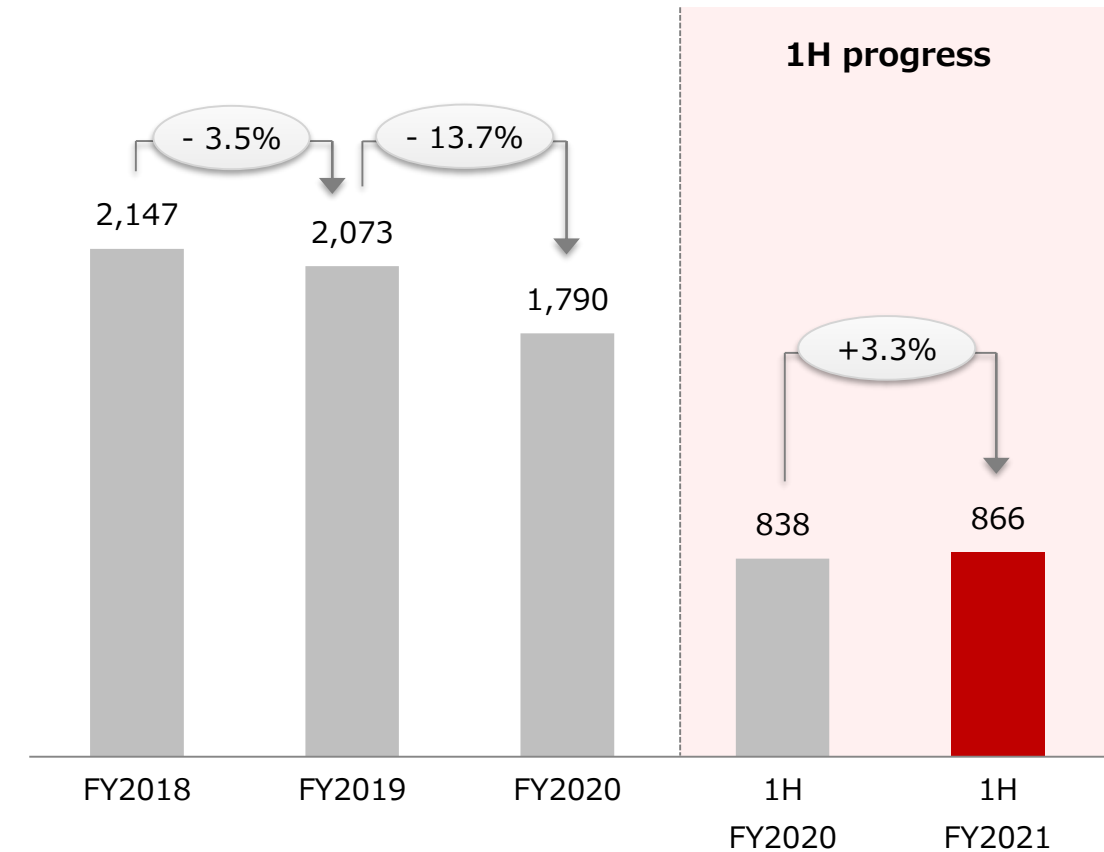
## Combined ratio (E/I)



\* Loss ratio is on a E/I basis (incl. loss adjustment expense)

## The number of reported claims

(Thousands)

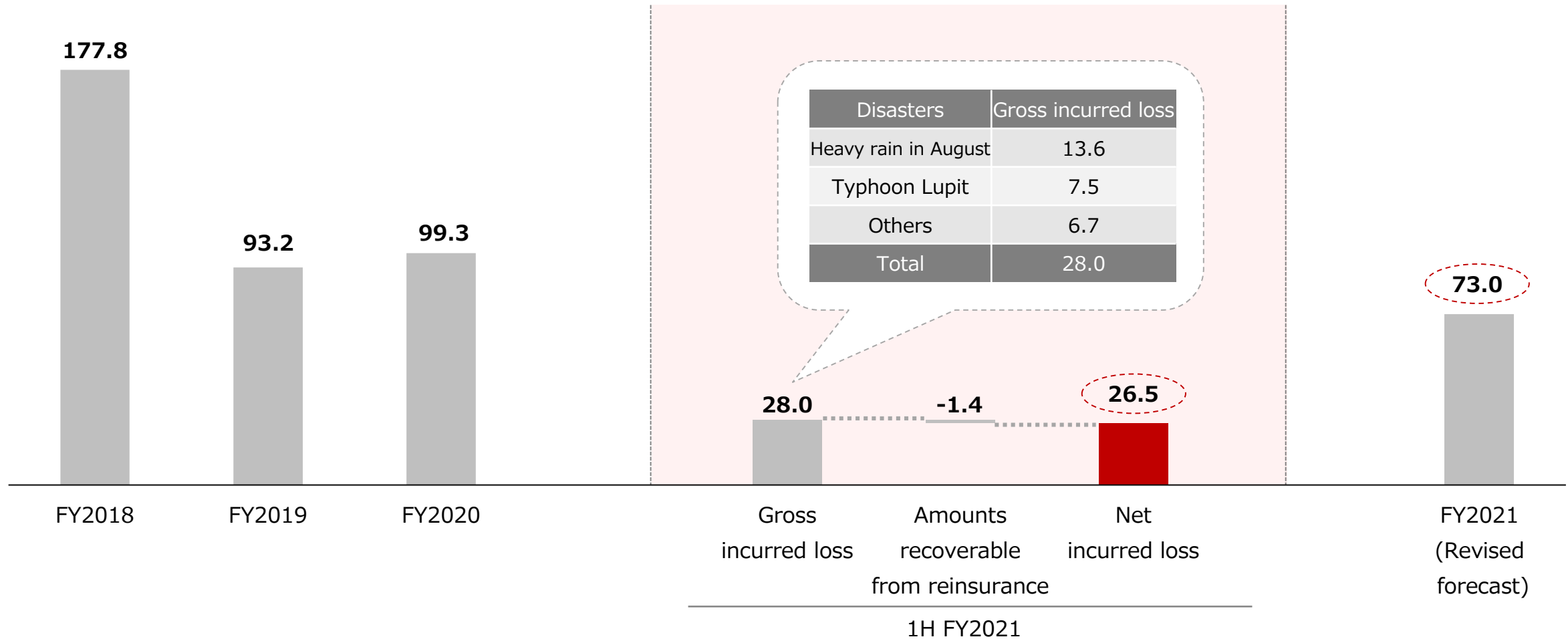


\* Excl. certain natural disasters, incurred loss of which exceeds certain threshold

## <Reference> Domestic Natural Disasters (Sompo Japan)

### Net incurred loss from domestic natural disasters that occurred in the current fiscal year\*

(¥ billion)



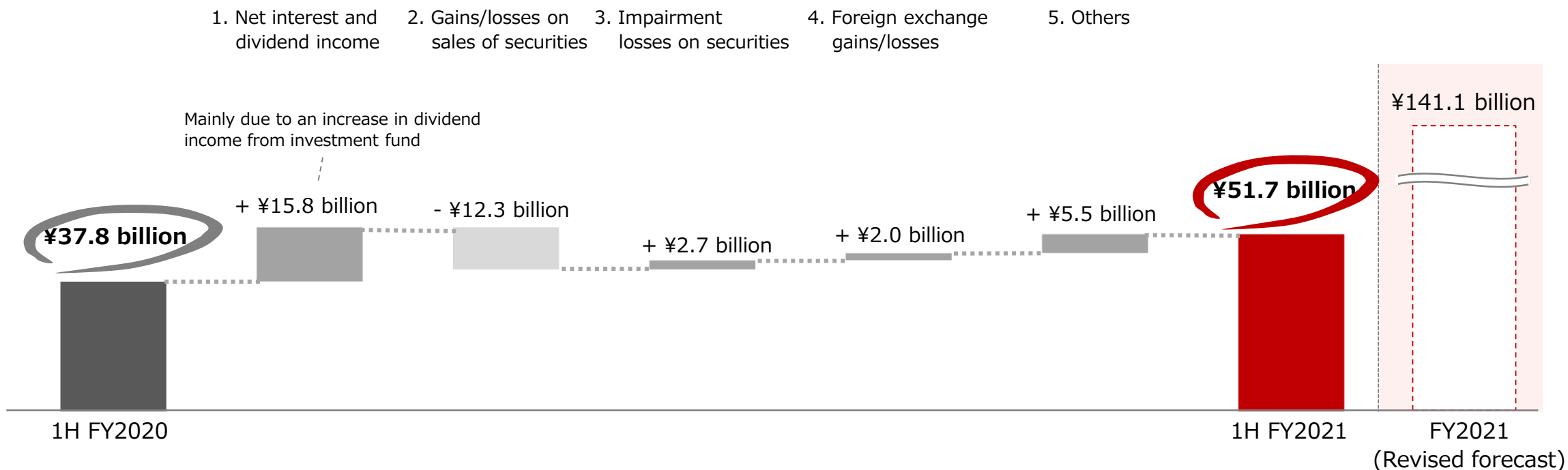
\* Excl. CALI, household earthquake



# Investment Profit (Sompo Japan)

- Investment profit increased by ¥13.8 billion to ¥51.7 billion, mainly due to an increase in net interest and dividend income.

## Increase/decrease factors of investment profit (Sompo Japan)



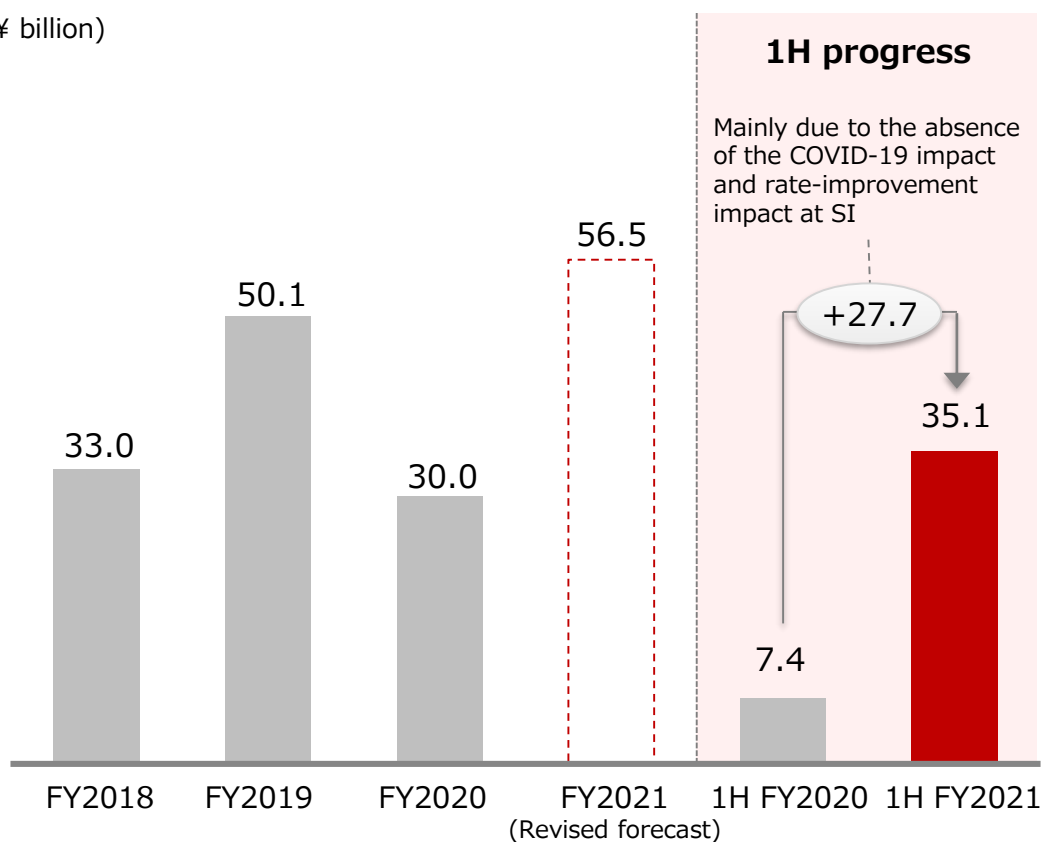
	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Impairment losses on securities	4. Foreign exchange gains/losses	5. Others	Investment profit
1H FY2020	¥31.5 billion	¥16.2 billion	- ¥4.8 billion	- ¥1.0 billion	- ¥3.9 billion	¥37.8 billion
<b>1H FY2021</b>	<b>¥47.3 billion</b>	<b>¥3.9 billion</b>	<b>- ¥2.1 billion</b>	<b>¥1.0 billion</b>	<b>¥1.6 billion</b>	<b>¥51.7 billion</b>

# Performance Overview (Overseas Insurance Business)

- Top-line of overseas insurance business increased by ¥118.2 billion, mainly due to rate improvement better than the plan at SI and the acquisition of Diversified.
- Adjusted profit of overseas insurance business increased by ¥27.7 billion, partly due to an increase in SI earned premium base, the absence of the COVID-19 impact, and investment profit.

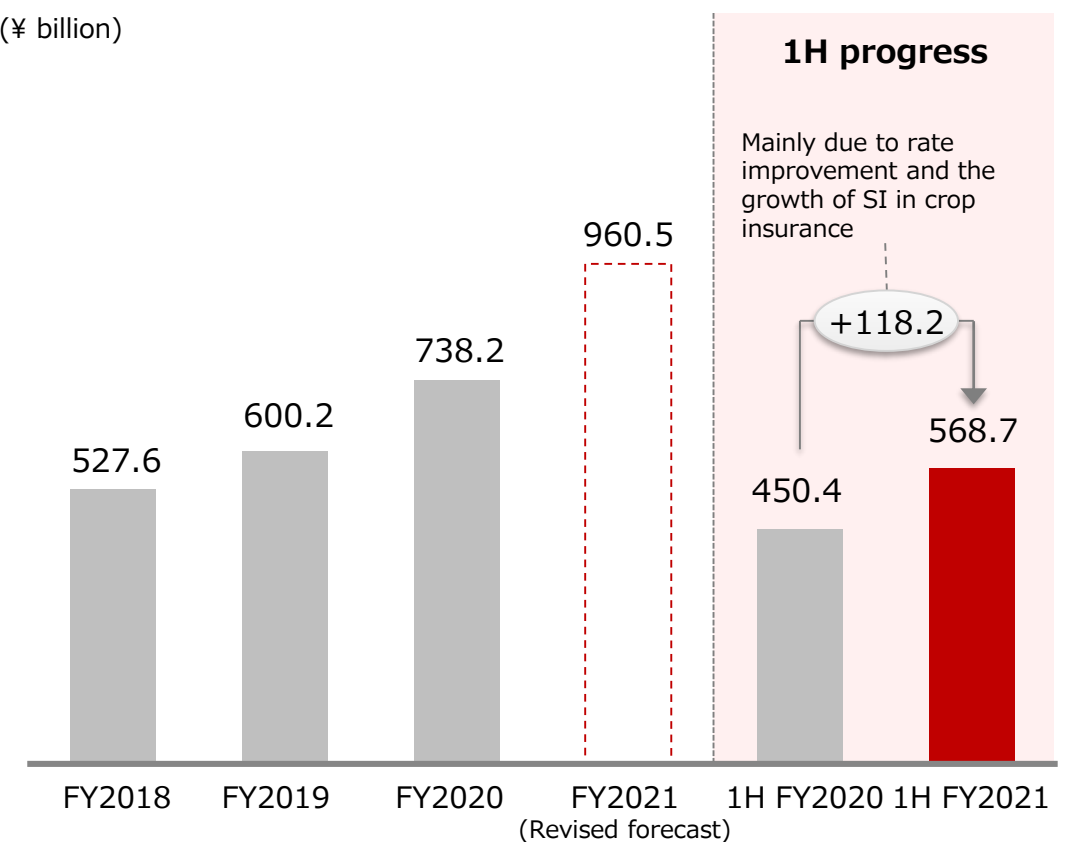
## Adjusted profit\*

(¥ billion)



## (Reference) Net premiums written\*

(¥ billion)



\* Net premiums written of subsidiaries and affiliates reflect holding shares of each company. This treatment does not coincide with the group consolidated financial statements. Adjusted profits have been adjusted to reflect shareholdings and other factors.

## <Reference> Business Results by Region (Overseas Insurance Business)

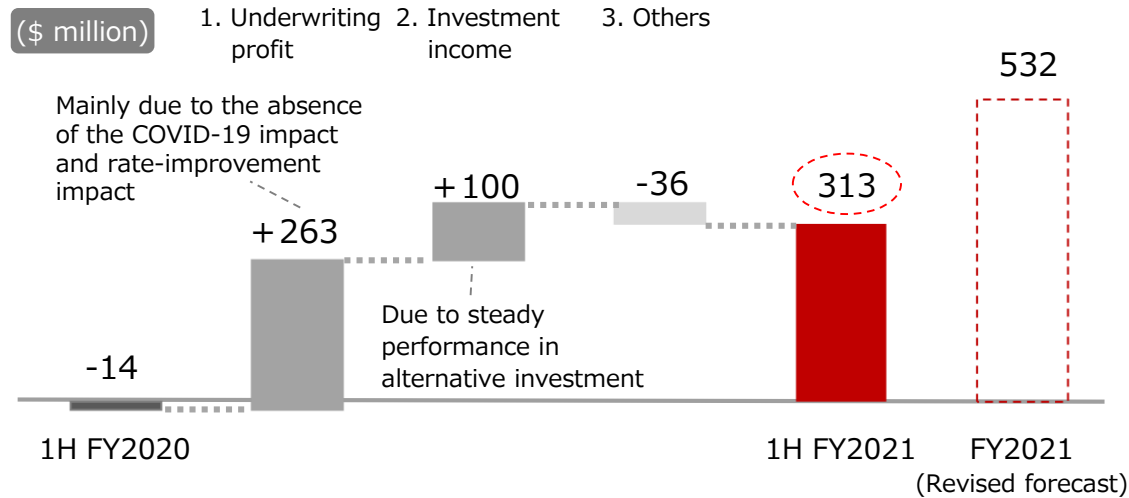
(¥ billion)		Net premiums written				Adjusted profit				Highlights of 1H FY2021 results	(Reference) Exchange rate	
		1H FY2021		FY2021		1H FY2021		FY2021			Jun. 2021* <sup>2</sup> (YOY Change)	
		Actual	Change	Initial forecasts	Revised forecasts	Actual	Change	Initial forecasts	Revised forecasts			
North America & Europe	SI	509.7	+125.6	741.4	828.0	34.6	+36.1	58.8	59.5	See next page	110.58 JPY/USD	(+2.6%)
Middle East	Sompo Sigorta (Turkey)	10.9	-3.0	29.3	23.9	2.7	-1.7	4.2	5.1	Top line decreased due to maintaining strict underwriting standard in auto insurance. Adjusted profit decreased mainly due to an increase in accident in auto insurance and impact of local currency exchange rate.	12.65 JPY/TRY	(-19.7%)
Asia	Berjaya Sompo (Malaysia), etc.	21.4	+1.1	47.6	44.7	3.8	+0.2	5.1	6.4	Top line has been on track. Adjusted profit increased mainly due to improvement of loss ratio of Berjaya Sompo.	-	-
Latin America	Sompo Seguros (Brazil)	24.5	-6.0	49.9	59.0	-6.5	-5.8	-1.7	-15.5	Top line decreased due to change of reinsurance protection strategy. Adjusted profit decreased mainly due to reversal of deferred tax assets.	22.31 JPY/BRL	(+11.9%)
Other (non-consolidated)* <sup>1</sup>		2.2	+0.5	6.5	4.7	0.3	-0.1	-0.0	0.6	-	-	
Total		568.7	+118.2	874.8	960.5	35.1	+27.7	60.0	56.5	-	-	

\*1 Sum of Sompo Thailand, PGA Sompo (Philippines), and United Insurance (Vietnam).

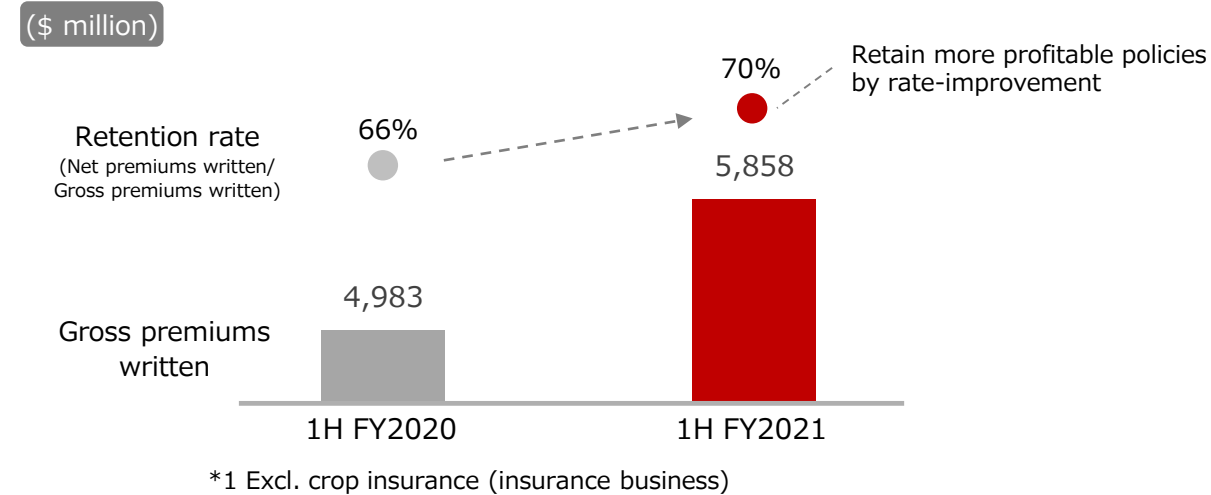
\*2 Exchange rate for revised forecasts for FY2021 : end of September 2021.

# <Reference> Overview of Business Results of SI(Overseas Insurance Business)

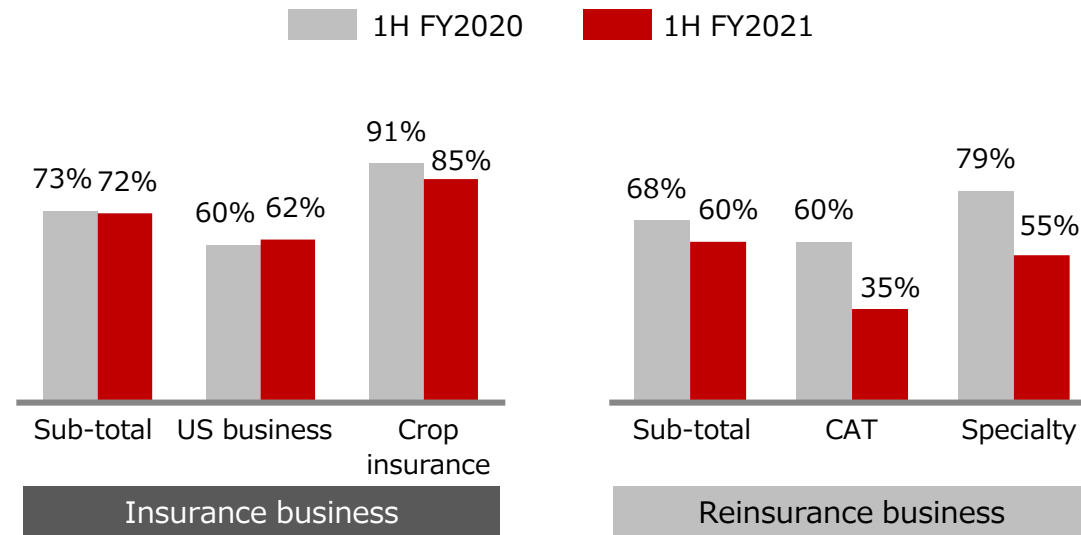
## Increase/decrease factors of adjusted profit



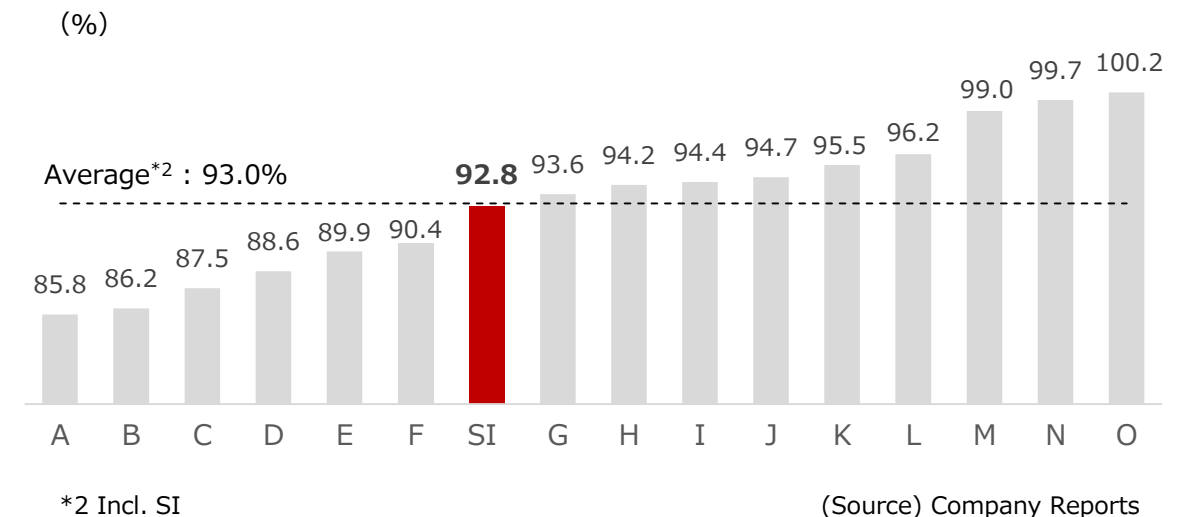
## Gross premiums written and retention rate\*1



## Loss ratio (Main lines of business)



## (Reference) Peers Comparison (Combined ratio of 1H FY2021)



# Performance Overview – Himawari Life

- Adjusted profit increased by ¥0.4 billion to ¥18.5 billion, partly due to increase in policies of protection-type products.
- Annualized new premium increased steadily, focused on insurhealth® products.

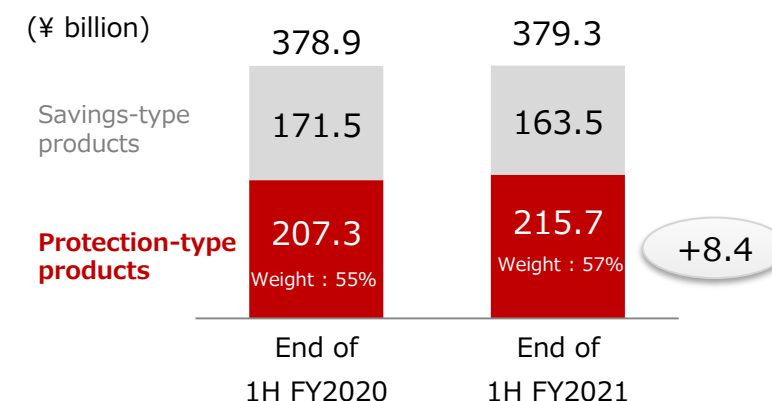
## Major indicators

(¥ billion)	1H FY2020	1H FY2021	Change		FY2021 (Revised forecasts)
Annualized new premium	11.3	13.1	+1.8	(+16.1%)	40.1
Premium and other income* <sup>1</sup>	215.3	214.0	-1.2	(-0.6%)	444.2
Provision for policy reserve, etc.* <sup>2</sup>	141.3	136.6	-4.6	(-3.3%)	286.7
Paid claims, etc.	35.3	37.8	+2.5	(+7.1%)	78.5
Expense	40.7	44.7	+4.0	(+9.8%)	101.0
Investment profit	24.2	24.5	+0.2	(+0.8%)	52.4
of which, general account	23.0	23.6	+0.5	(+2.5%)	47.5
Basic profit	19.2	17.4	-1.8	(-9.6%)	21.4
Ordinary profit* <sup>1</sup>	18.7	16.3	-2.4	(-12.8%)	20.1
Net income	11.9	10.0	-1.8	(-15.6%)	11.6
Adjusted profit	18.0	18.5	+0.4	(+2.6%)	32.5

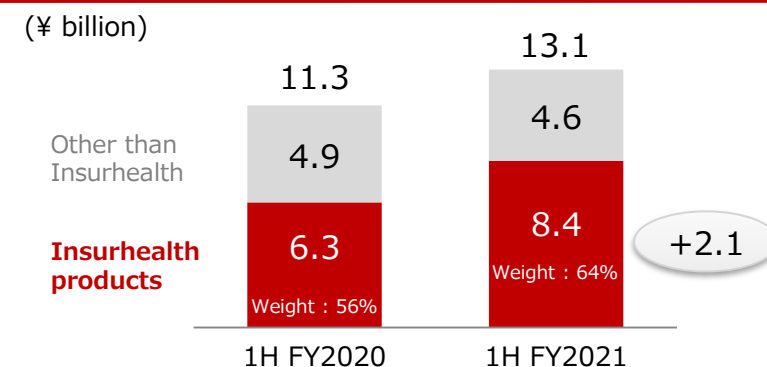
\*1 Figures based on legally required format for life insurance companies (which differs from the consolidated statement format).

\*2 Incl. the impact of cancellation refund, maturity insurance payment, survival benefits, pension & other refund, and gains or losses on investments in separate accounts

## (Reference) Annualized premium in force



## (Reference) Annualized new premium



○ : Changes from 1H FY2020

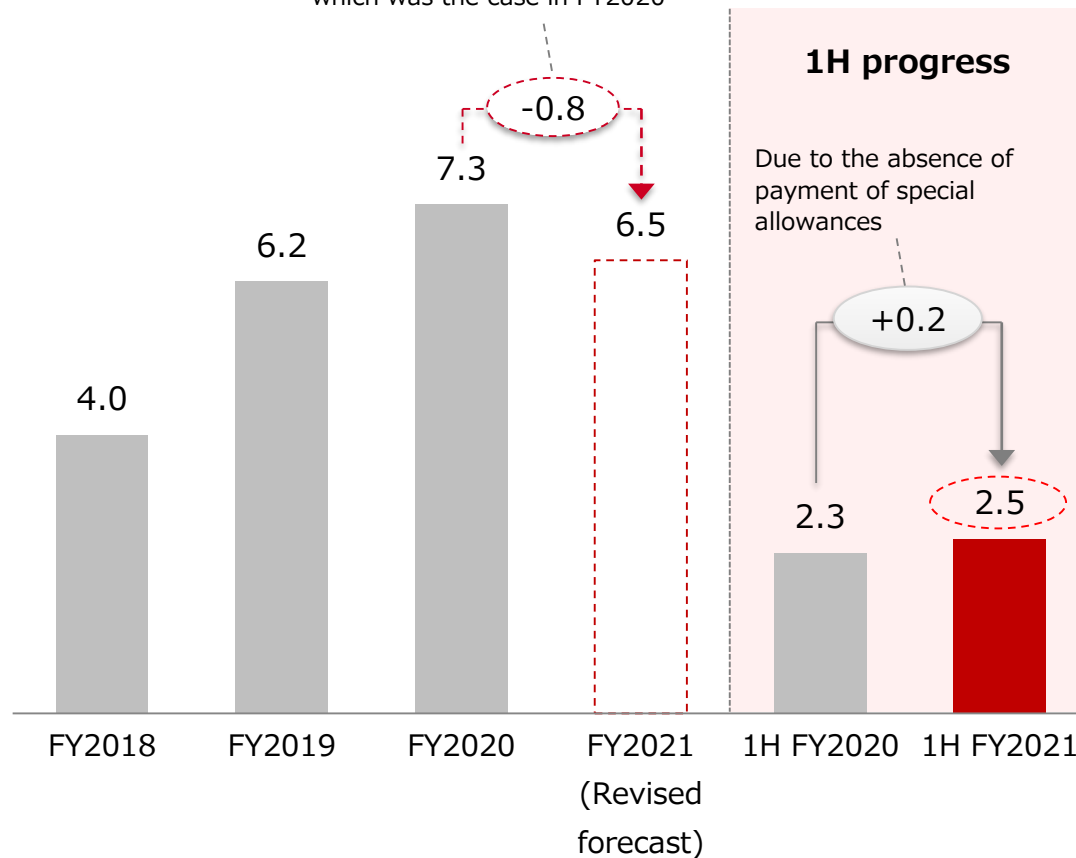
# Performance Overview – Nursing Care & Seniors

- Adjusted profit of SOMPO Care increased by ¥0.2 billion, partly due to the absence of payment of special allowances which was the case in FY2020.

## Adjusted profit of SOMPO Care

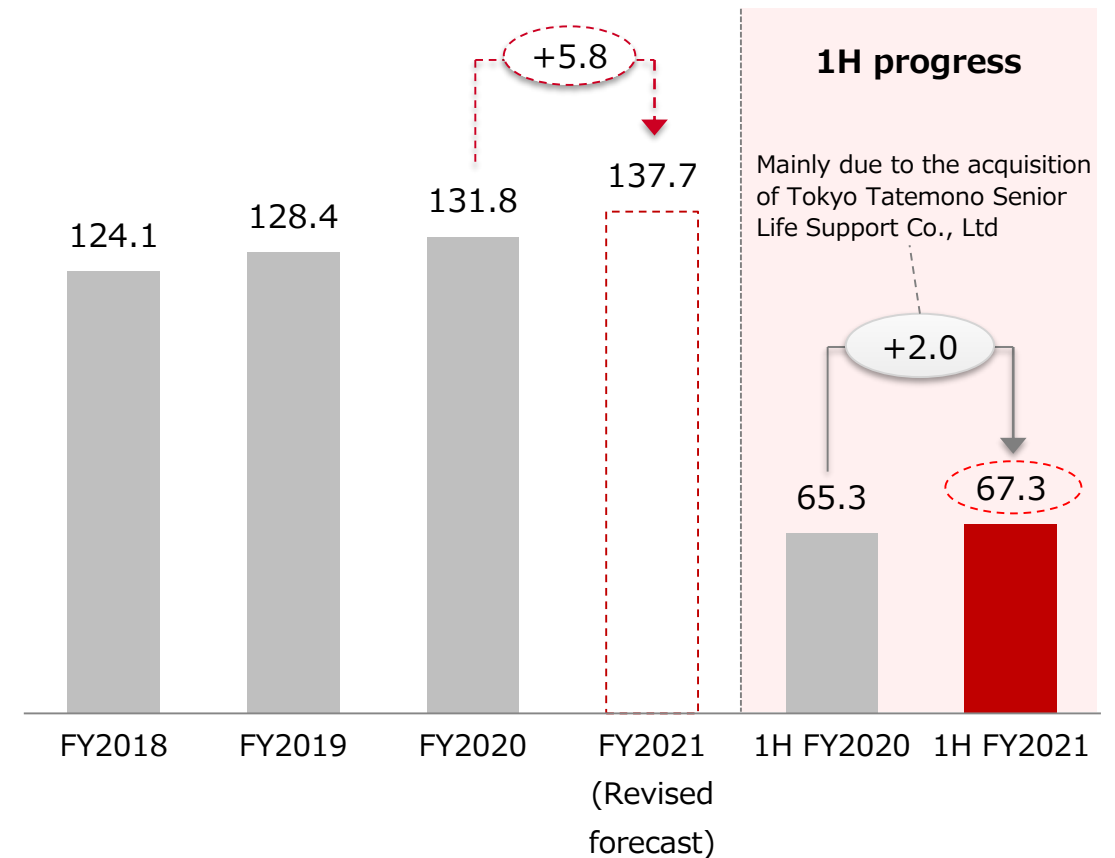
(¥ billion)

Due to absence of tax benefit,  
which was the case in FY2020



## Sales of SOMPO Care

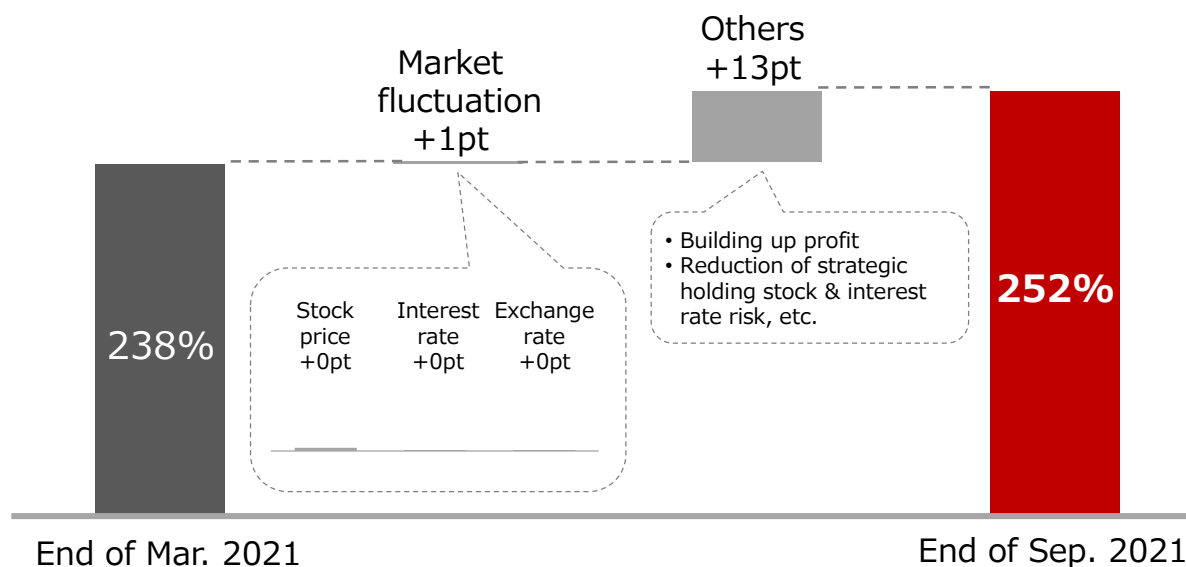
(¥ billion)



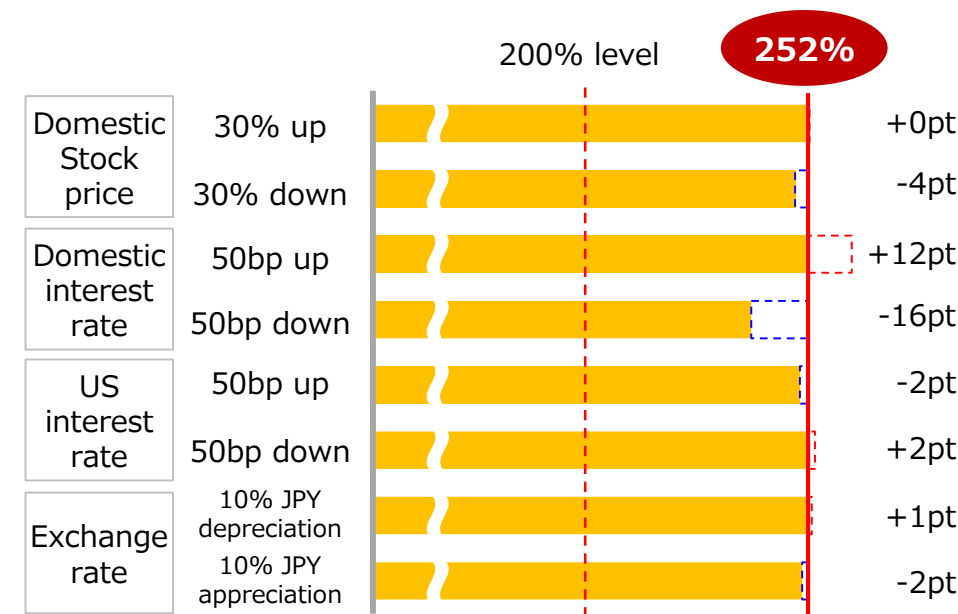
# Financial Soundness – ESR (99.5% VaR)

- ESR (99.5%VaR) as of end of 1H FY2021 was 252%, within target range level.

## Trend of ESR (99.5%Var)\*1



## Sensitivity of ESR (99.5%VaR)



\*1 In accordance with Solvency II

Target range is 200% to 270% (99.5VaR).

270% level : The level set based on capital efficiency (Adjusted consolidated ROE).

200% level : The level leading to stable financial soundness based on the result of stress test, etc.

### Typical actions in case of constant deviation from target range

<Over 270% level> Consider additional risk-taking (investments in business expansion) and shareholder returns.

<Under 200% level> Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others.

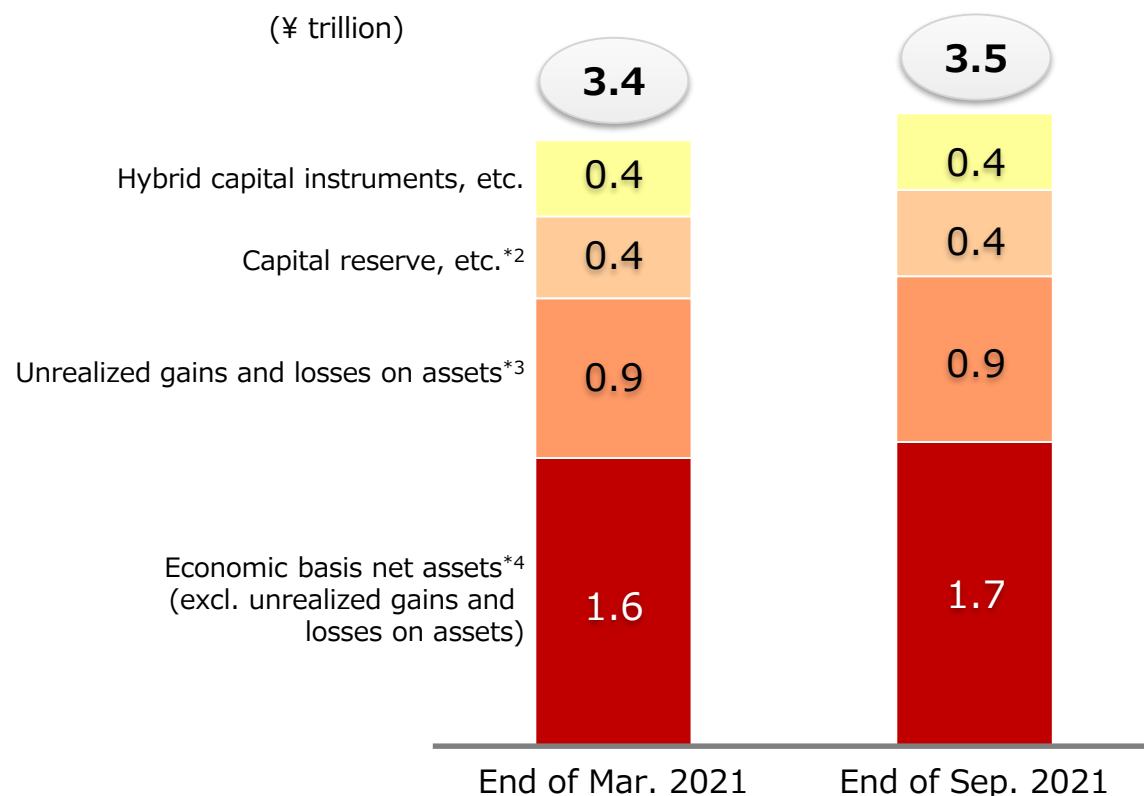
(Reference) Market indicators	End of Sep. 2021	(Change*2)
Domestic stock price (Nikkei 225)	¥29,452	(+0.9%)
Domestic interest rate (30y JGB)	0.68%	(+1bp)
US interest rate	1.49%	(-25bp)
Exchange rate (JPY/USD)	¥111.92	(+1.1%)

\*2 Against the end of Mar. 2021

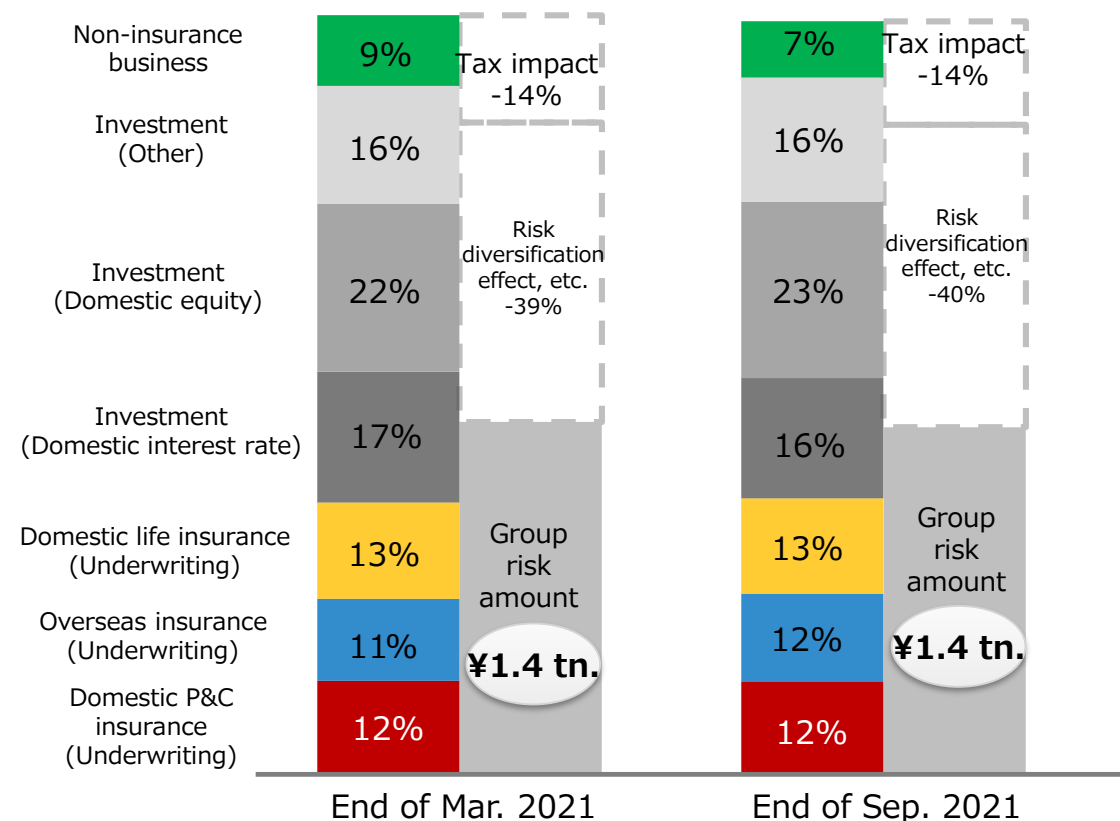


# (Reference) Breakdown of Adjusted Capital and Risk

## Adjusted capital\*1



## Risk amount\*5



\*1 Formula for adjusted capital: Adjusted capital = Total of net assets on the non-consolidated balance sheet + value in force – goodwill, etc.

+ unrealized gains and losses on non mark-to-market assets + capital reserve, etc. + hybrid capital instruments

\*2 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

\*3 Unrealized gains and losses on securities, etc., including non mark-to-market assets.

\*4 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business. (excl. goodwill and attributable to non-controlling shareholders, etc.)

\*5 Risk : 1 year holding period, 99.5%VaR

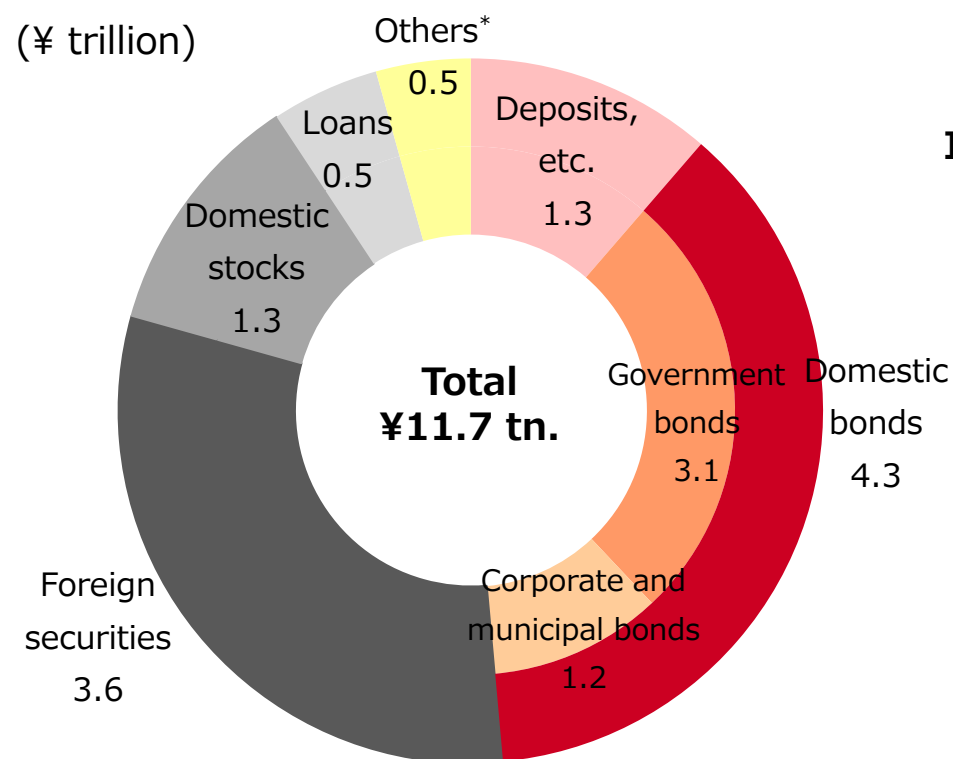
•Risk amount of each risk factor : Before reflecting risk diversification effect among risk factors and before-tax basis.

•Group total risk : Sum of risk amount of each risk factor less risk diversification effect among risk factors and tax impact.

## Asset Portfolio – Group Consolidated

- Develops a stable portfolio centered on bonds considering liability, liquidity, creditworthiness and other characteristics.

### Amount of investment assets (as of end of September 2021, group consolidated basis)



### Investment assets by company

(¥ billion)

	Amount of investment assets	Composition
Sompo Japan	5,636.1	47.9%
Overseas subsidiaries	1,813.3	15.4%
Himawari Life (General account)	3,789.1	32.2%
Saison Automobile & Fire	66.3	0.6%
Other domestic subsidiaries	460.3	3.9%
<b>Total</b>	<b>11,765.3</b>	<b>100%</b>

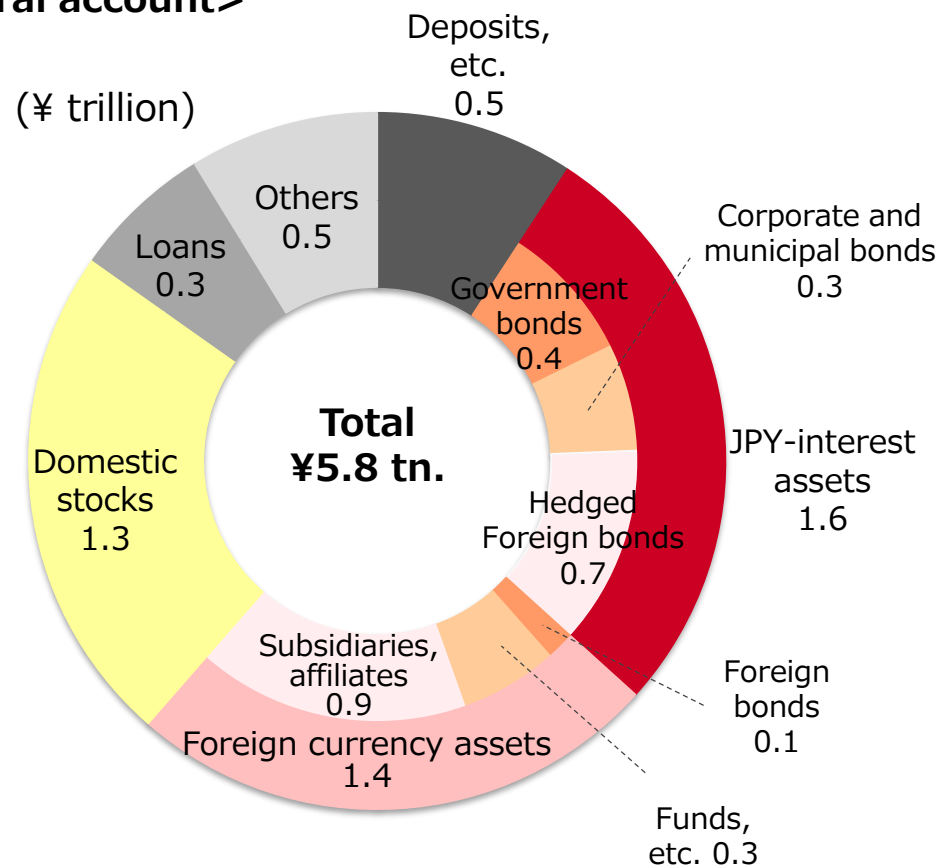
\* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.

# Asset Portfolio – Sompo Japan

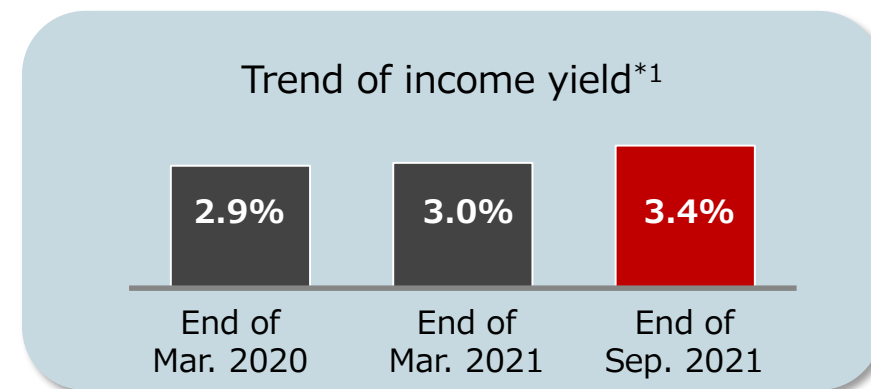
- Continues to manage the portfolio, emphasizing diversified investments and reduction of strategic-holding stocks.

## Amount of investment assets (as of end of September 2021, Sompo Japan, non-consolidated)

### <General account>



### Trend of income yield\*<sup>1</sup>



### Composition of ratings\*<sup>2</sup>

Internal rating	Composition
BBB or above	100%
BB or below	-

### Duration (years)

	End of Mar. 2021	End of Sep. 2021
Asset	8.2	8.0
Liability	8.3	8.0

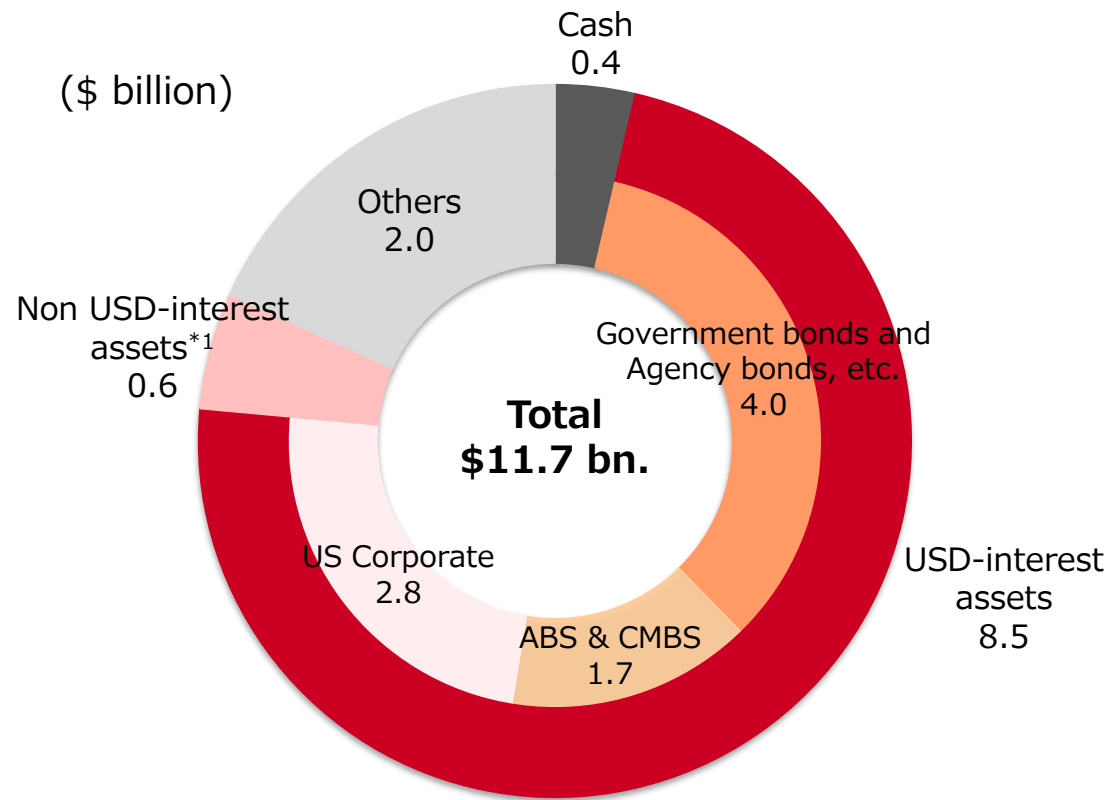
\*1 Excl. overseas subsidiaries' shares, etc.

\*2 Total of JPY-interest assets and foreign currency bonds

## Asset Portfolio – SI

- Maintains liquid, high quality assets to meet company liabilities, while investing predominantly in USD-interest assets.

### Amount of investment assets (as of end of June 2021, SI, consolidated)



### Composition of ratings\*2

Internal rating	Composition
BBB or above	90%
BB or below	10%

### Duration (years)

	End of Dec. 2020	End of Jun. 2021
Asset	2.9	3.1
Liability	3.4	3.1

(Reference) Income yield\*2 at the end of June 2021 : 3.3%

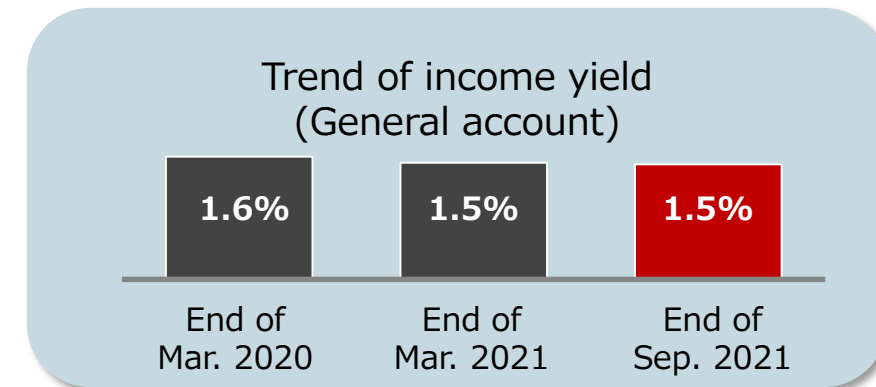
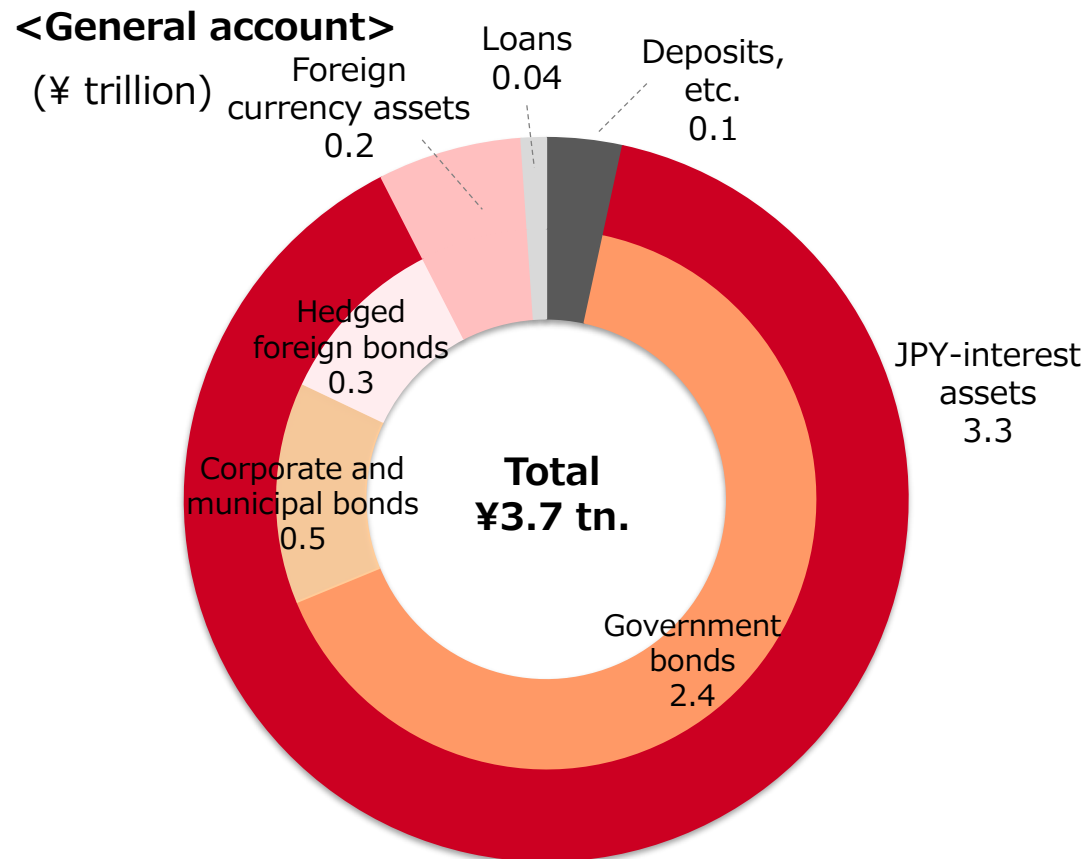
\*1 Incl. cash and deposit

\*2 Total of bond assets

## Asset Portfolio – Himawari Life

- Manages the portfolio which mainly consists of JPY-interest assets, emphasizing ALM.
- In light of the domestic low interest rate environment, Himawari Life partially invests in corporate bonds, etc.

### Amount of investment assets (as of end of September 2021, Himawari Life, non-consolidated)



#### Composition of ratings\*

Internal rating	Composition
BBB or above	100%
BB or below	-

#### Duration (years)

	End of Mar. 2021	End of Sep. 2021
Asset	15	16
Liability	26	26

(Reference) Amount of separate account (End of Sep. 2021) : ¥25.1 bn.  
(mainly investment in domestic stocks and bonds in the separate account)

\* Total of JPY-interest assets and foreign currency bonds

# (Reference) Numerical Management Targets, etc.

## Numerical management targets for plan

(¥ billion)	1H FY2021		FY2021		FY2023	
	(Actual)	(Change)	(Revised forecasts)	(Segment ROE) <sup>*5</sup>	(Plan) <sup>*6</sup>	(Segment ROE)
Domestic P&C insurance	91.6	+24.0	112.5	8.4%	150.0+	11.4%
Overseas insurance	35.1	+27.7	56.5	6.6%	100.0+	11.6%
Domestic life insurance	18.5	+0.4	32.5	4.3%	40.0+	5.7%
Nursing care & seniors <sup>*3</sup>	2.5	+0.6	6.5	11.5%	8.0+	14.3%
Digital, etc.	0.8	+0.8	1.0	-	2.0+	-
<b>Total (Adjusted consolidated profit)</b>	<b>148.7</b>	<b>+53.7</b>	<b>210.0</b>	<b>-</b>	<b>300.0+</b>	<b>-</b>
<b>Adjusted consolidated ROE<sup>*4</sup></b>	<b>-</b>	<b>-</b>	<b>7.4%</b>	<b>-</b>	<b>10%+</b>	<b>-</b>
ROE (J-GAAP)	-	-	8.6%	-	-	-

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

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

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

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

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

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

\*5 ROE for each business = Adjusted profit for each business / Allocated capital for each business (Total consolidated net assets of the companies of each business or the required capital based on risk model. Average at the end/start of each fiscal year.)

Regarding the ROE for each business, it is not suitable to use for comparison between businesses since each business is defined differently based on its characteristics. The introduction of this aims to increase the probability of achieving the adjusted consolidated ROE and ROE targets for each business by monitoring the progress of each business.

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

## Definition of adjusted profit<sup>\*1</sup>

### Domestic P&C insurance

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

### Overseas insurance

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

### Domestic life insurance

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

### Nursing care/seniors

### Healthcare, etc.

Net income

### Digital

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

## Note Regarding Forward-looking Statements

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

### Contacts



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