

Highlights of 1H FY2021 Results

November 19, 2021
Sompo Holdings, Inc.



Table of Contents

Highlights of 1H FY2021 results	2		
1. Consolidated financial results		3. Overseas insurance	
Overview of 1H FY2021 results – consolidated basis	4	Performance overview – Overseas insurance	28
Main points of consolidated results – (1) Underwriting profit (Sompo Japan)	5	(Reference) Business results by region	29
Main points of consolidated results – (2) Investment profit (Sompo Japan)	6	(Reference) Overview of business results of SI*2 (1)	30
Main points of consolidated results – (3) Ordinary profit	7	(Reference) Overview of business results of SI (2)	31
Main points of consolidated results – (4) Net income	8	4. Domestic life insurance	
Business forecasts for FY2021 – Consolidated basis	9	Performance overview – Himawari Life	33
Main points of revised business forecasts for FY2021	10	Net income (J-GAAP) – Himawari Life	34
(Reference) Breakdown of business forecasts (Consolidated ordinary profit) of FY2021	11	Adjusted profit and adjusted net assets – Himawari Life	35
(Reference) Historical progress rates of quarterly results	12	5. Nursing care & seniors	
(Reference) Numerical management targets, etc.	13	Performance overview – Nursing care & seniors	37
2. Domestic P&C insurance		Major indicators of SOMPO Care	38
Overview of 1H FY2021 results – Sompo Japan	15	6. ERM & asset management	
Net premiums written	16	Financial soundness – ESR (99.5% VaR)	40
Net loss ratio (E/I)	17	(Reference) Breakdown of adjusted capital and risk	41
(Reference) Loss ratio (W/P*1)	18	Asset portfolio – Group consolidated	42
Net expense ratio	19	Asset portfolio – Sompo Japan	43
Combined ratio	20	Asset portfolio – SI	44
Investment profit/loss	21	Asset portfolio – Himawari Life	45
(Reference) Breakdown of investment profit	22		
(Reference) Business forecasts for FY2021 – Sompo Japan	23		
(Reference) Indicator related to automobile insurance	24		
(Reference) Domestic natural disasters	25		
(Reference) Fund and reserve	26		

*1 W/P loss ratio means written-paid loss ratio; numerator is net claims paid, and denominator is net premiums written.

*2 SI stands for “Sompo International (Commercial)”. (The same shall apply hereafter.)

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.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

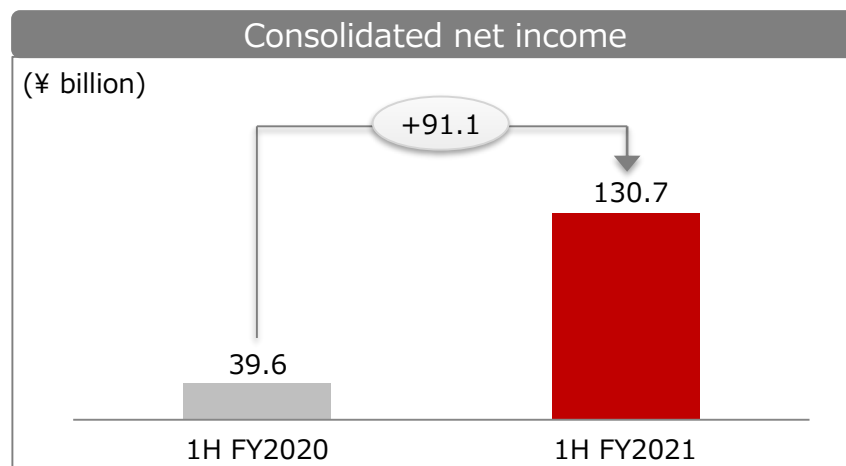
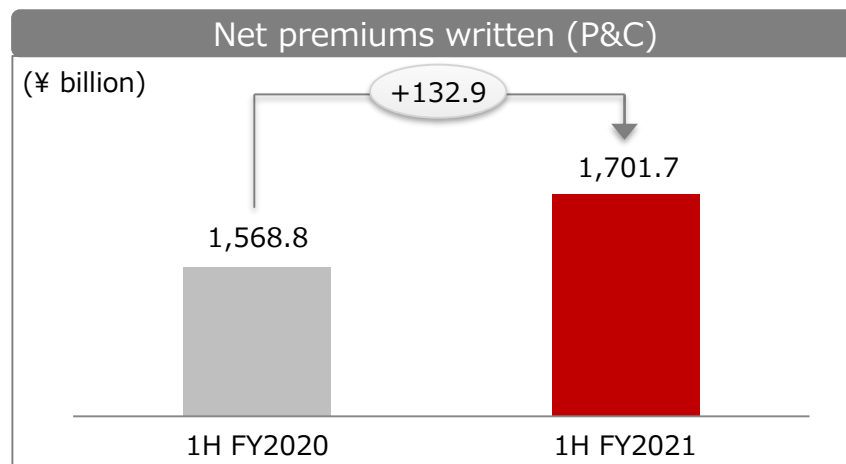
4. Domestic life insurance

5. Nursing care & seniors

6. ERM & asset management

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 ^{*1} /Others	-26.7	47.1	+73.9	0.4
Consolidated net income ^{*2}	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

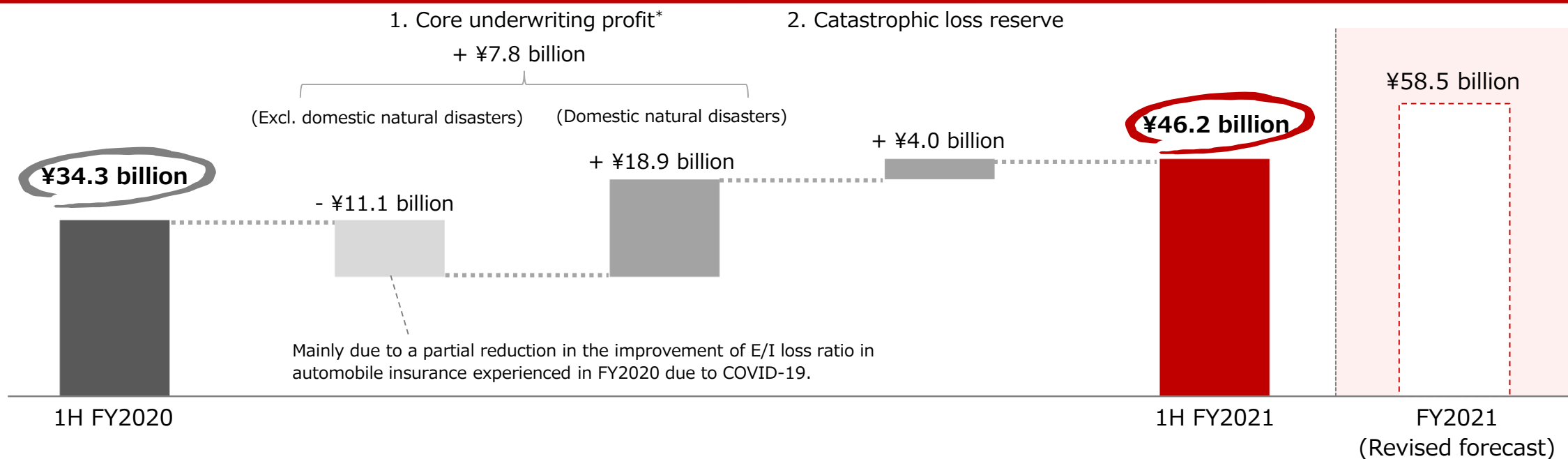
*1 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

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

Main Points of Consolidated Results – (1) 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)



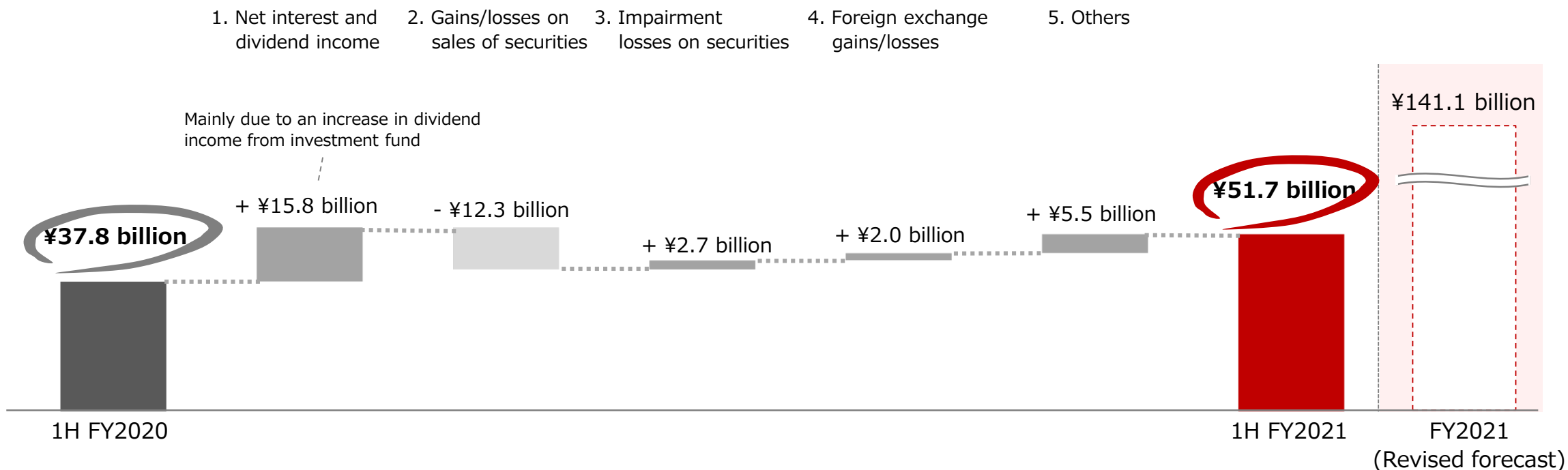
	1. Core underwriting profit			2. Catastrophic loss reserve	Underwriting profit
		(Excl. domestic natural disasters)	(Domestic natural disasters)		
1H FY2020	¥73.0 billion	¥118.6 billion	- ¥45.5 billion	- ¥38.6 billion	¥34.3 billion
1H FY2021	¥80.9 billion	¥107.4 billion	- ¥26.5 billion	- ¥34.6 billion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

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

Main Points of Consolidated Results – (2) 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)

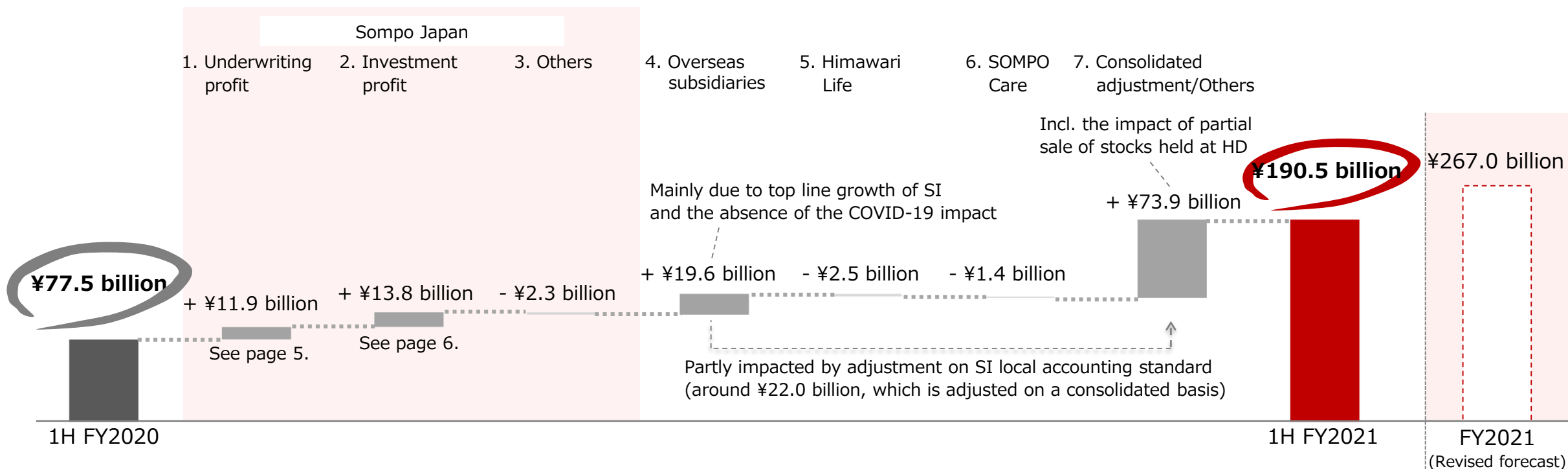


	1. Net interest and dividend income	2. Gains/losses on sales of securities	3. Impairment losses on securities	4. Foreign exchange gains/losses	5. Others	Investment profit
1H FY2020	¥31.5 billion	¥16.2 billion	- ¥4.8 billion	- ¥1.0 billion	- ¥3.9 billion	¥37.8 billion
1H FY2021	¥47.3 billion	¥3.9 billion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

Main Points of Consolidated Results – (3) Ordinary Profit

- Consolidated ordinary profit largely increased by ¥113.0 billion, mainly due to profit growth of SI and partial sale of stocks held at HD as well as the growth in profits of Sompo Japan.

Increase/decrease factors of consolidated ordinary profit



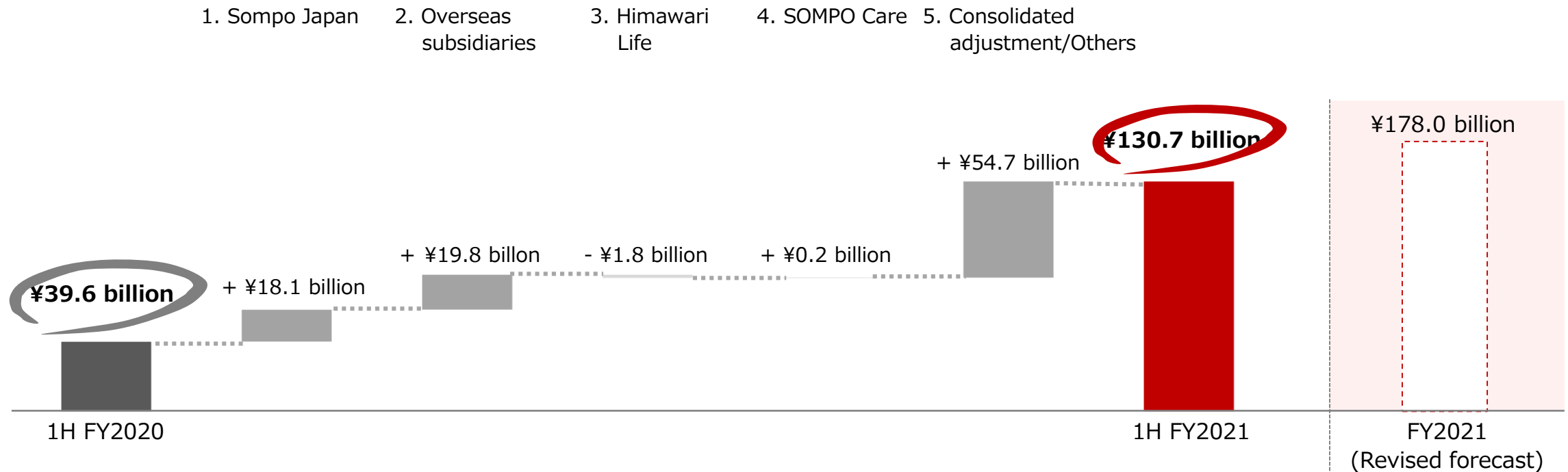
	1. Underwriting profit	2. Investment profit	3. Others	4. Overseas subsidiaries	5. Himawari Life	6. SOMPO Care	7. Consolidated adjustment/Others	Consolidated ordinary profit
1H FY2020	¥34.3 billion	¥37.8 billion	- ¥7.8 billion	¥17.3 billion	¥17.0 billion	¥5.4 billion	- ¥26.7 billion	¥77.5 billion
1H FY2021	¥46.2 billion	¥51.7 billion	- ¥10.1 billion	¥37.0 billion	¥14.5 billion	¥3.9 billion	¥47.1 billion*	¥190.5 billion

* Net amortization amount (before tax) of goodwill and intangible assets, etc. of SI for 1H FY2021: ¥12.0 billion

Main Points of Consolidated Results – (4) Net Income

- Consolidated net income was ¥130.7 billion (Progress rate against revised full year forecast : 73%).

Increase/decrease factors of consolidated net income



Business Forecasts for FY2021 – Consolidated Basis

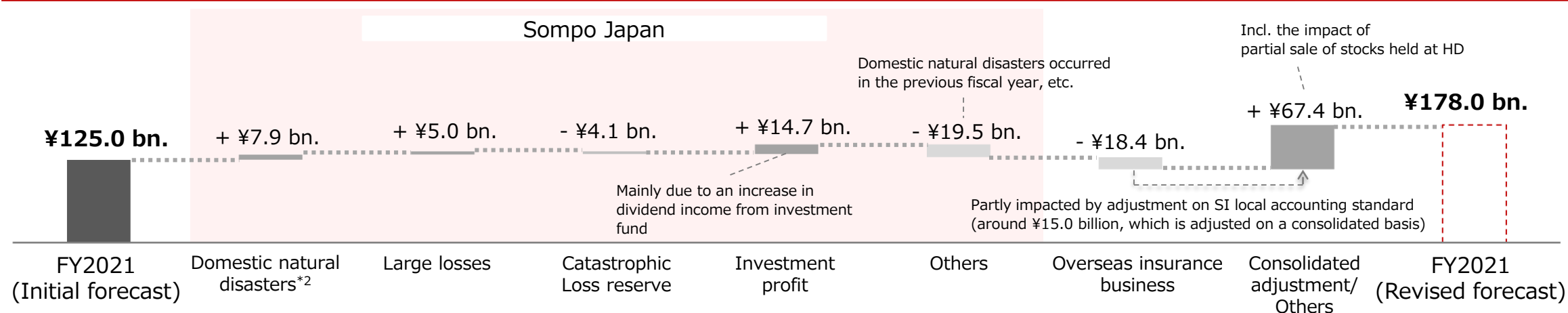
- Revised upward full year business forecast to reflect partial sale of stocks held at HD as well as performance progress.
- Consolidated net income for FY2021 is expected to be ¥178.0 billion.

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

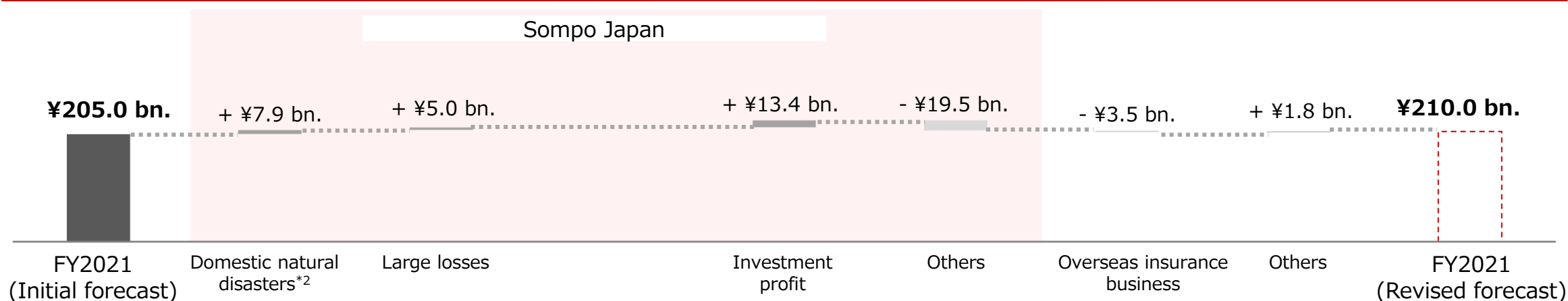
Main Points of Revised Business Forecasts for FY2021

- 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

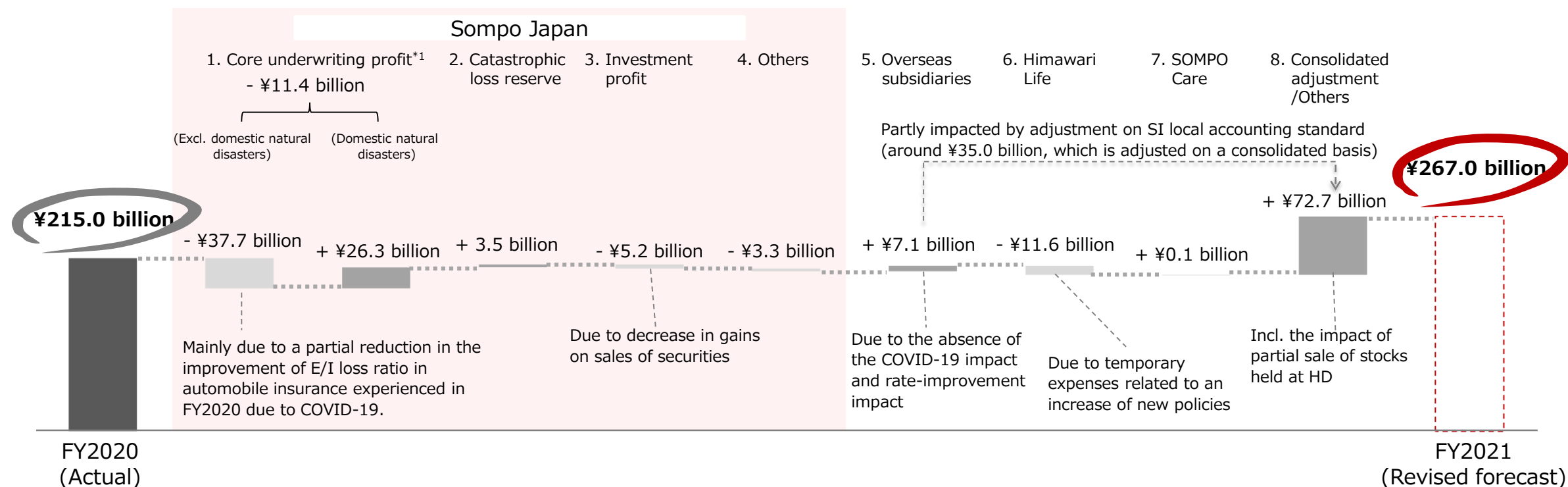


Revised factors (figures after tax*1) : Adjusted consolidated profit



(Reference) Breakdown of Business Forecasts (Consolidated Ordinary Profit) of FY2021

Increase/decrease factors of consolidated ordinary profit



	1. Core underwriting profit		2. Catastrophic loss reserve	3. Investment profit	4. Others	5. Overseas subsidiaries	6. Himawari Life	7. SOMPO Care	8. Consolidated adjustment /Others	Consolidated ordinary profit
	(Excl. domestic natural disasters)	(Domestic natural disasters)								
FY2020 Actual	¥201.7 billion	- ¥99.3 billion	- ¥36.1 billion	¥146.4 billion	- ¥15.3 billion	¥52.2 billion	¥28.9 billion	¥8.7 billion	- ¥72.3 billion	¥215.0 billion
FY2021 Revised forecasts	¥164.0 billion	- ¥73.0 billion	- ¥32.5 billion	¥141.1 billion	- ¥18.6 billion	¥59.4 billion	¥17.2 billion	¥8.8 billion	¥0.4 billion*2	¥267.0 billion
(Reference) FY2021 Initial forecasts	¥182.2 billion	- ¥84.0 billion	- ¥26.7 billion	¥120.7 billion	- ¥17.7 billion	¥72.3 billion	¥17.2 billion	¥8.6 billion	- ¥87.7 billion*2	¥185.0 billion

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

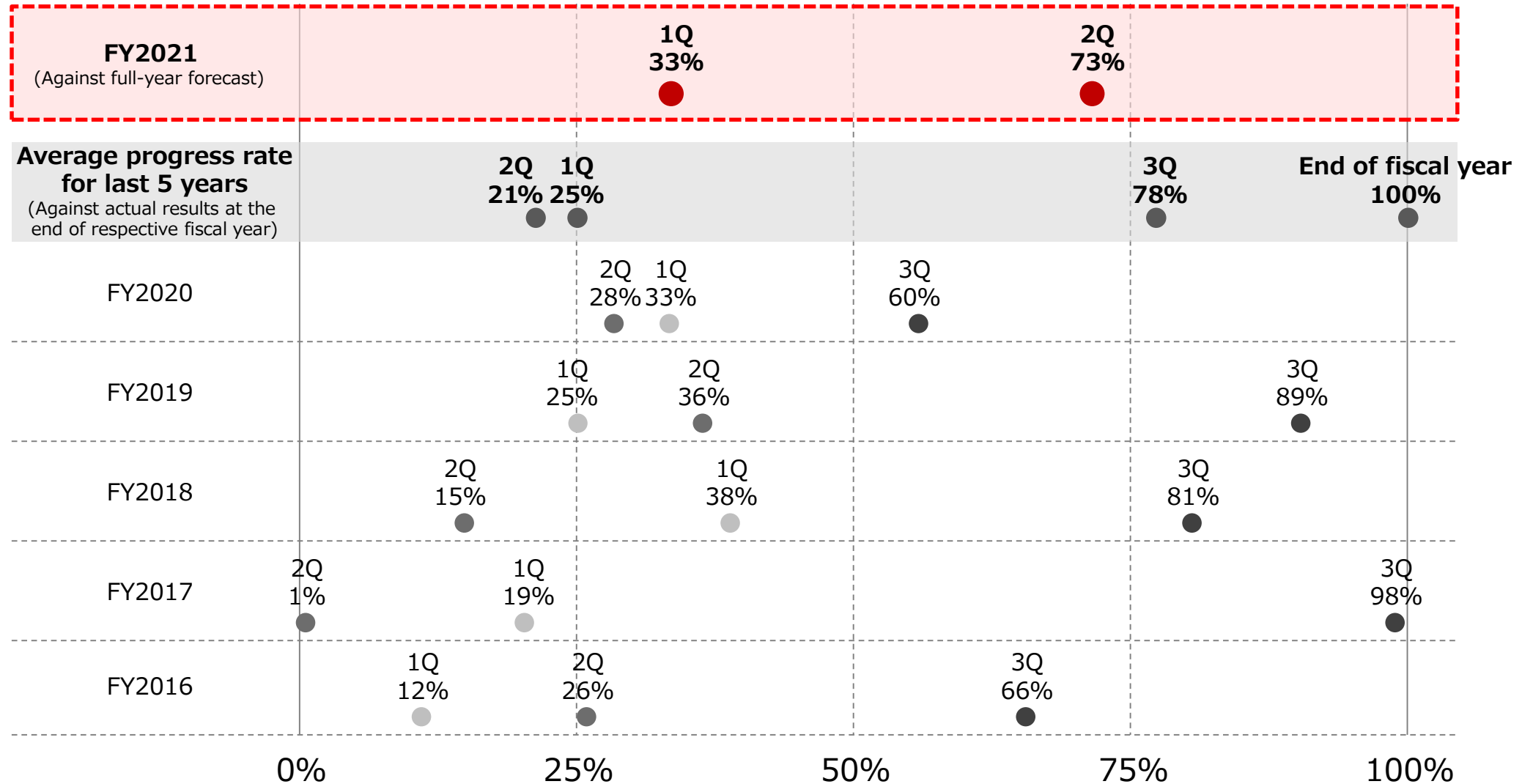
*2 The goodwill for the SI acquisition is \$1,513 million. Combined with intangible assets, the net amortization amount is around \$2,000 million(as of the date of acquisition).

The amortization period for the goodwill is 10 years, and the amortization period for intangible asset has been set appropriately.

The total annual amortization costs is projected at ¥24.3 billion for FY2021 revised forecast.

(Reference) Historical Progress Rates of Quarterly Results

Progress in each quarter (consolidated net income)



(Reference) Numerical Management Targets, etc.

Numerical management targets for plan

(¥ billion)	1H FY2021		FY2021		FY2023	
	(Actual)	(Change)	(Revised forecasts)	(Segment ROE) ^{*5}	(Plan) ^{*6}	(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 ^{*3}	2.5	+0.6	6.5	11.5%	8.0+	14.3%
Digital, etc.	0.8	+0.8	1.0	-	2.0+	-
Total (Adjusted consolidated profit)	148.7	+53.7	210.0	-	300.0+	-
Adjusted consolidated ROE^{*4}	-	-	7.4%	-	10%+	-
ROE (J-GAAP)	-	-	8.6%	-	-	-

Definition of adjusted profit^{*1}

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^{*2}
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)

^{*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.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & seniors

6. ERM & asset management

Overview of 1H FY2021 Results – Sompo Japan

- Net income increased by ¥18.1 billion to ¥64.1 billion, mainly due to a decrease in the domestic natural disasters and an increase in dividend income from investment funds.

	(¥ billion)	1H FY2020	1H FY2021	Change	FY2021 (Revised forecasts)
Net premiums written		1,093.7	1,105.7	+11.9 (+1.1%)	2,173.0
(excl. CALI, household earthquake)		970.4	991.2	+20.8 (+2.2%)	1,951.4
Net premiums earned (excl. CALI, household earthquake)		930.7	957.5	+26.8 (+2.9%)	1,934.0
E/I loss ratio (excl. CALI, household earthquake)		57.7%	56.8%	-0.9pt	60.1%
W/P Loss ratio		56.7%	57.8%	+1.2pt	62.3%
(excl. CALI, household earthquake)		54.7%	55.6%	+0.9pt	59.2%
Net expense ratio		33.0%	33.5%	+0.5pt	34.3%
(excl. CALI, household earthquake)		33.8%	34.0%	+0.1pt	34.9%
Combined ratio (E/I)*1 (excl. CALI, household earthquake)		91.5%	90.7%	-0.8pt	95.0%
(Reference) Combined ratio (W/P) (excl. CALI, household earthquake)		88.5%	89.6%	+1.1pt	94.0%
Underwriting profit		34.3	46.2	+11.9	58.5
Investment profit		37.8	51.7	+13.8	141.1
Ordinary profit		64.4	87.8	+23.4	181.0
Net income		45.9	64.1	+18.1	137.0
Provisions for catastrophic loss reserve (after tax)		+28.0	+25.1	-2.9	+23.7
Provisions for reserve for price fluctuation (after tax)		+1.4	+1.4	+0.0	+2.9
Gains/losses on sales of securities and impairment losses on securities (after tax)		-7.0	-0.8	+6.2	-24.3
Special factors (after tax)*2		-0.1	+3.1	+3.3	-24.8
Adjusted profit		68.1	92.9	+24.8	114.5

(Reference)
Adjusted
profit

*1 Sum of E/I loss ratio and net expense ratio. (The same shall apply hereafter.)

*2 Gains /losses related to stock future, etc.

Net Premiums Written

- Increase in premiums in fire and allied lines and other lines led top line growth.

Net premiums written by product line

(¥ billion)	1H FY2020	1H FY2021	Change		FY2021 (Revised forecasts)
Fire and Allied Lines	151.6	158.7	+7.0	(+4.7%)	326.6
Marine	20.8	25.5	+4.6	(+22.5%)	46.0
Personal Accident	82.6	83.1	+0.5	(+0.6%)	155.3
Voluntary Automobile	541.2	542.7	+1.5	(+0.3%)	1,094.2
CALI	123.2	114.2	-8.9	(-7.2%)	221.2
Other	174.3	181.2	+6.9	(+4.0%)	329.4
Of which Liability	94.2	94.6	+0.4	(+0.5%)	159.1
Total	1,093.7	1,105.7	+11.9	(+1.1%)	2,173.0
Total(excl. CALI, household earthquake)	970.4	991.2	+20.8	(+2.2%)	1,951.4

(Reference) Year-on-Year comparison of voluntary automobile insurance(April 2021 – September 2021)
(Performance evaluation basis)

	# of vehicles*	Unit premium	Total Premium
Non-fleet	-1.0%	+0.8%	-0.2%
Fleet	-0.3%	-0.2%	-0.5%
Total	-0.9%	+0.6%	-0.3%

* Excl. per hour type automobile insurance

(Main reasons for increase/decrease)

Fire and Allied Lines : Revenue increased due to rate optimization by product revision and higher revenues in the corporate sector.

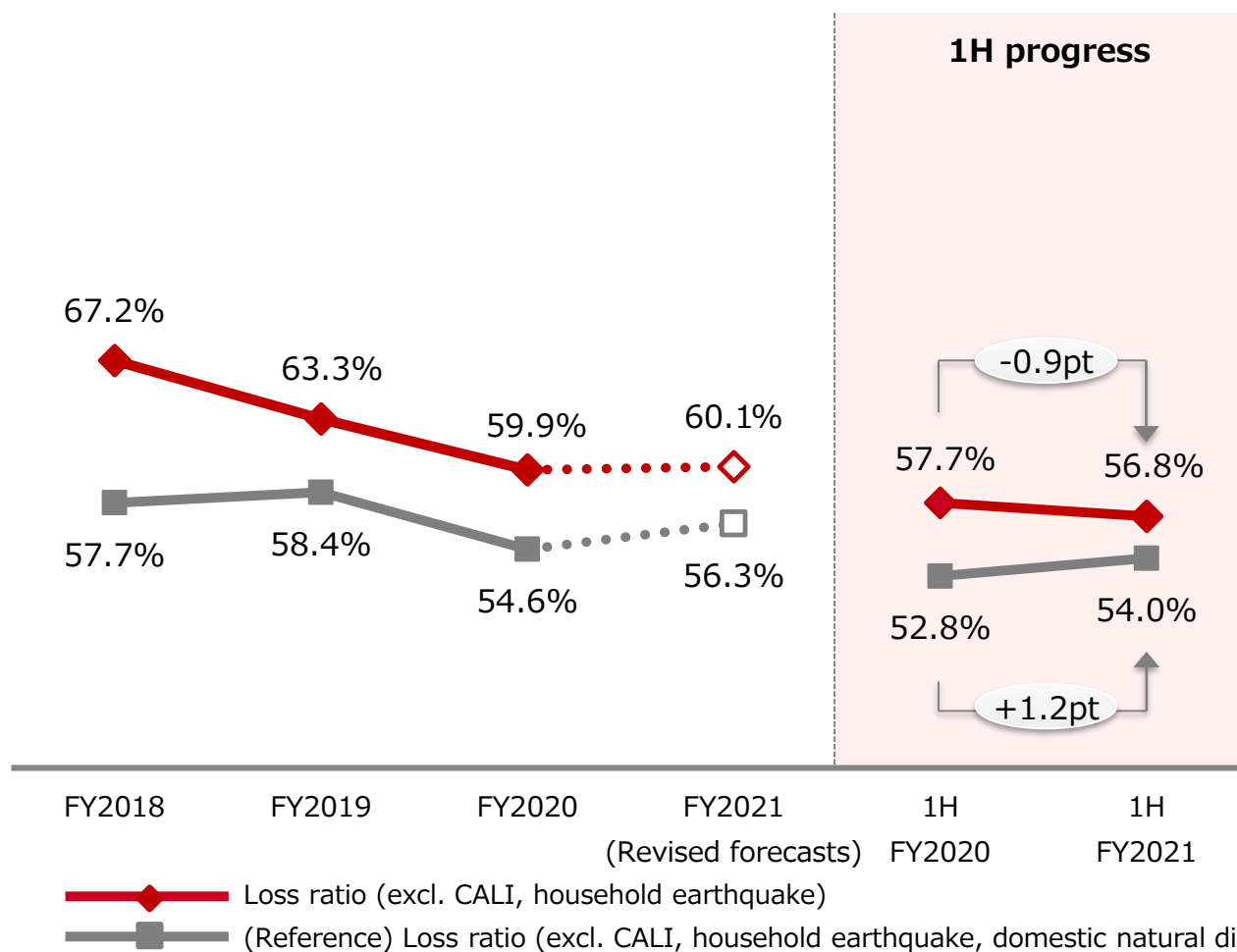
Voluntary automobile : Rate optimization was the positive impact.

Other :Sales of Business Master Plus, a core product, continued to be strong.

Net Loss Ratio (E/I)

- While accident rate rose due to the partial decline in the COVID-19 impact, E/I loss ratio improved overall by 0.9pt due to a decrease in the domestic natural disasters.

Loss ratio (E/I)

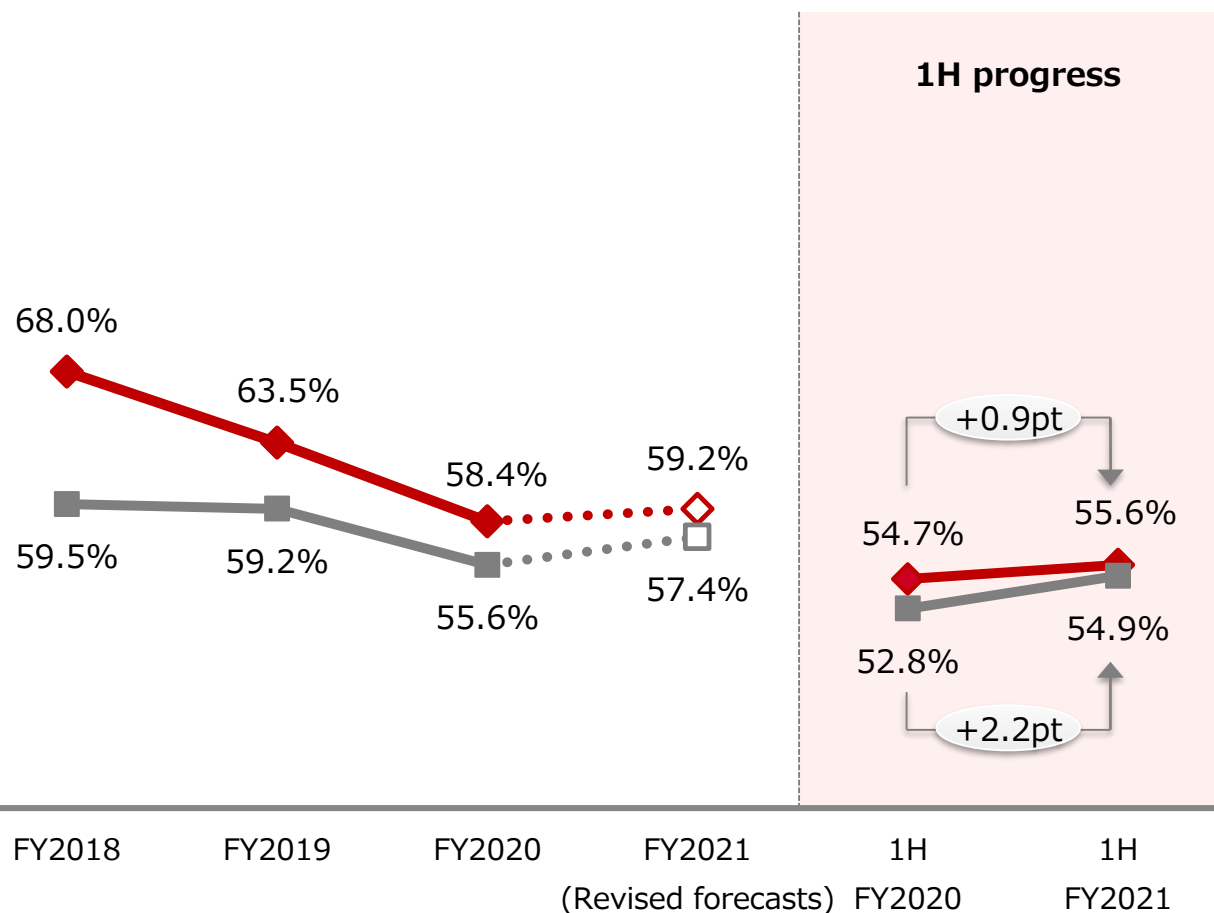


(Reference) Loss ratio
(E/I) by product line

	1H FY2021		FY2021 (Revised forecasts)
	Loss ratio	Change	Loss ratio
Fire and Allied lines (excl. household earthquake)	70.7%	-15.0pt	72.3%
Marine	59.2%	+7.5pt	72.3%
Personal Accident	50.2%	+6.8pt	52.3%
Voluntary Automobile	54.2%	+1.4pt	56.7%
Other	54.8%	-2.6pt	61.2%
Total (excl. CALI, household earthquake)	56.8%	-0.9pt	60.1%

(Reference) Loss Ratio (W/P)

Loss ratio (W/P)



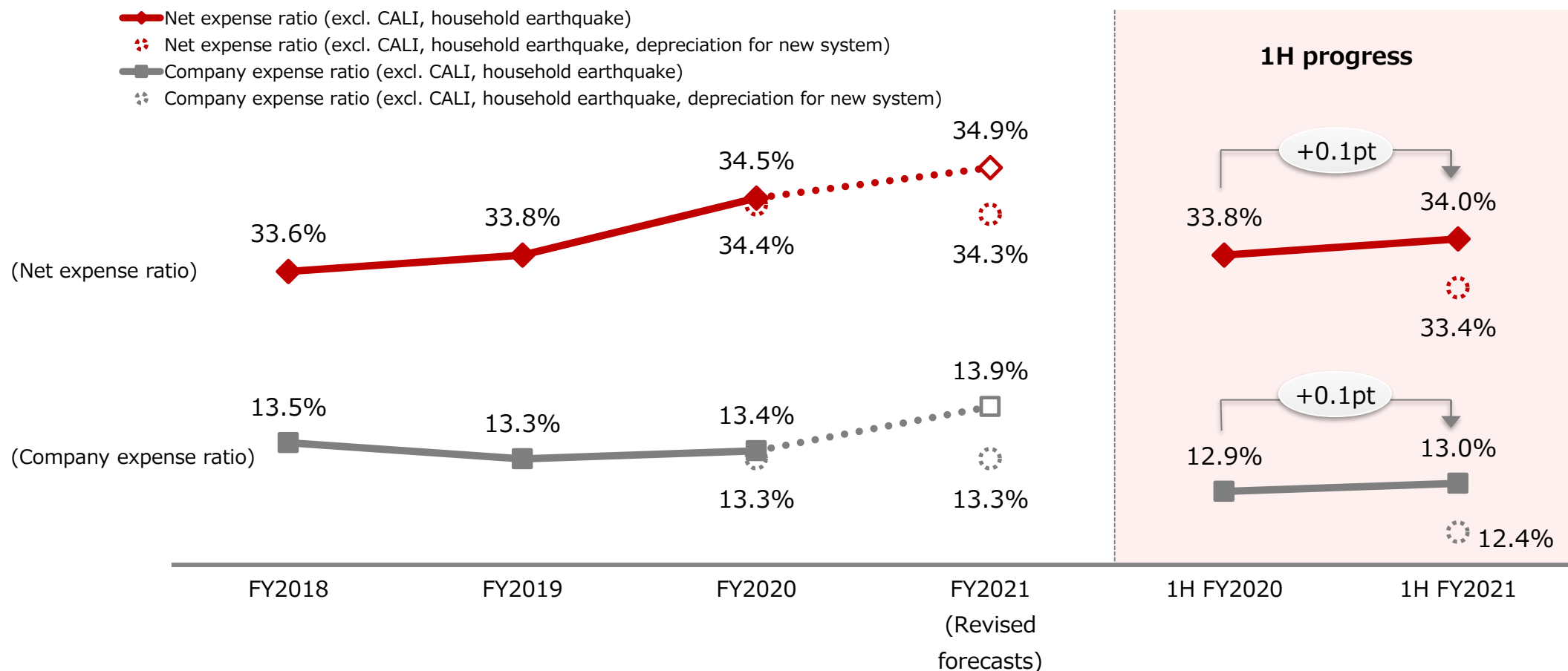
(Reference) Loss ratio (W/P) by product line	1H FY2021		FY2021 (Revised forecasts)
	Loss ratio	Change	Loss ratio
Fire and Allied lines (excl. household earthquake)	73.3%	+4.8pt	69.6%
Marine	47.7%	-13.7pt	64.9%
Personal Accident	45.4%	-1.3pt	50.0%
Voluntary Automobile	54.6%	+1.4pt	57.4%
Other	48.8%	-1.3pt	58.1%
Total (excl. CALI, household earthquake)	55.6%	+0.9pt	59.2%

◆ Loss ratio (excl. CALI, household earthquake)
■ (Reference) Loss ratio (excl. CALI, household earthquake, domestic natural disasters)

Net Expense Ratio

- Progress of net expense ratio and company expense ratio has been generally on track.

Net expense ratio, Company expense ratio* (excl. CALI, household earthquake)

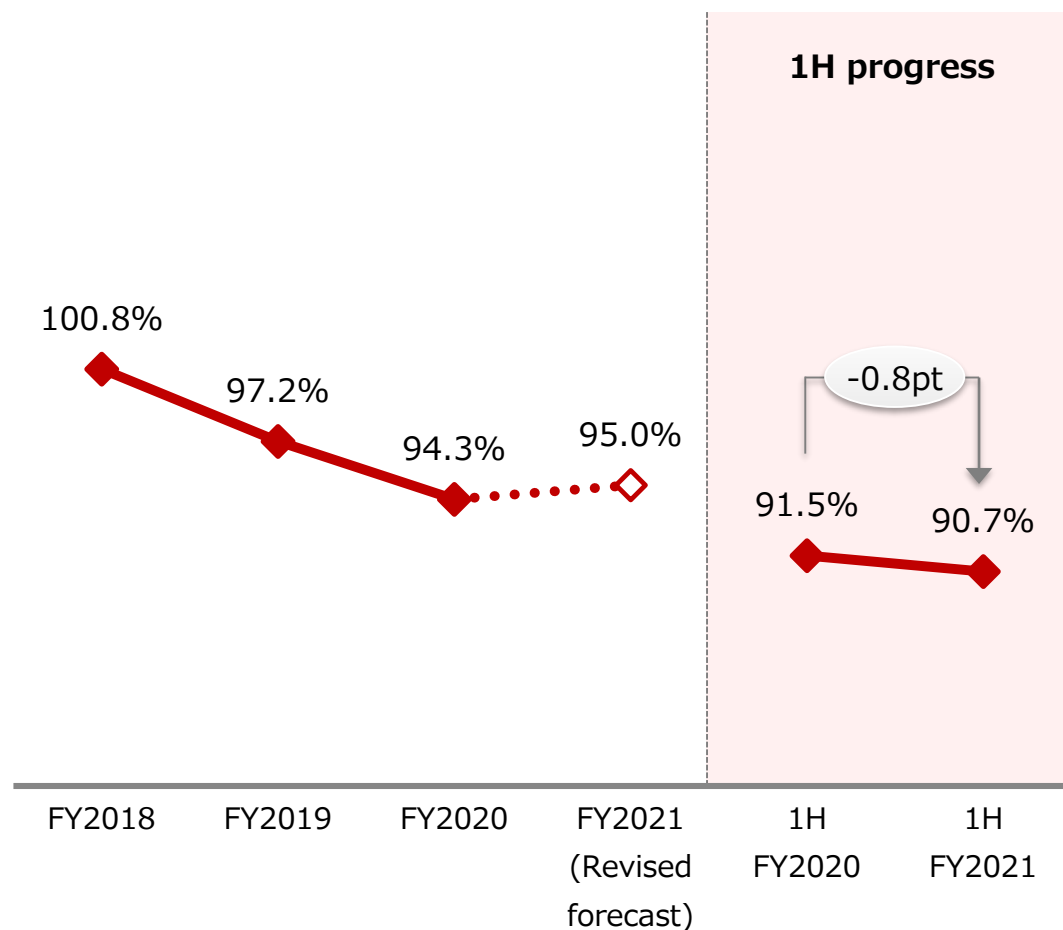


* Ratio of general administrative and selling expense related with underwriting to net premiums written

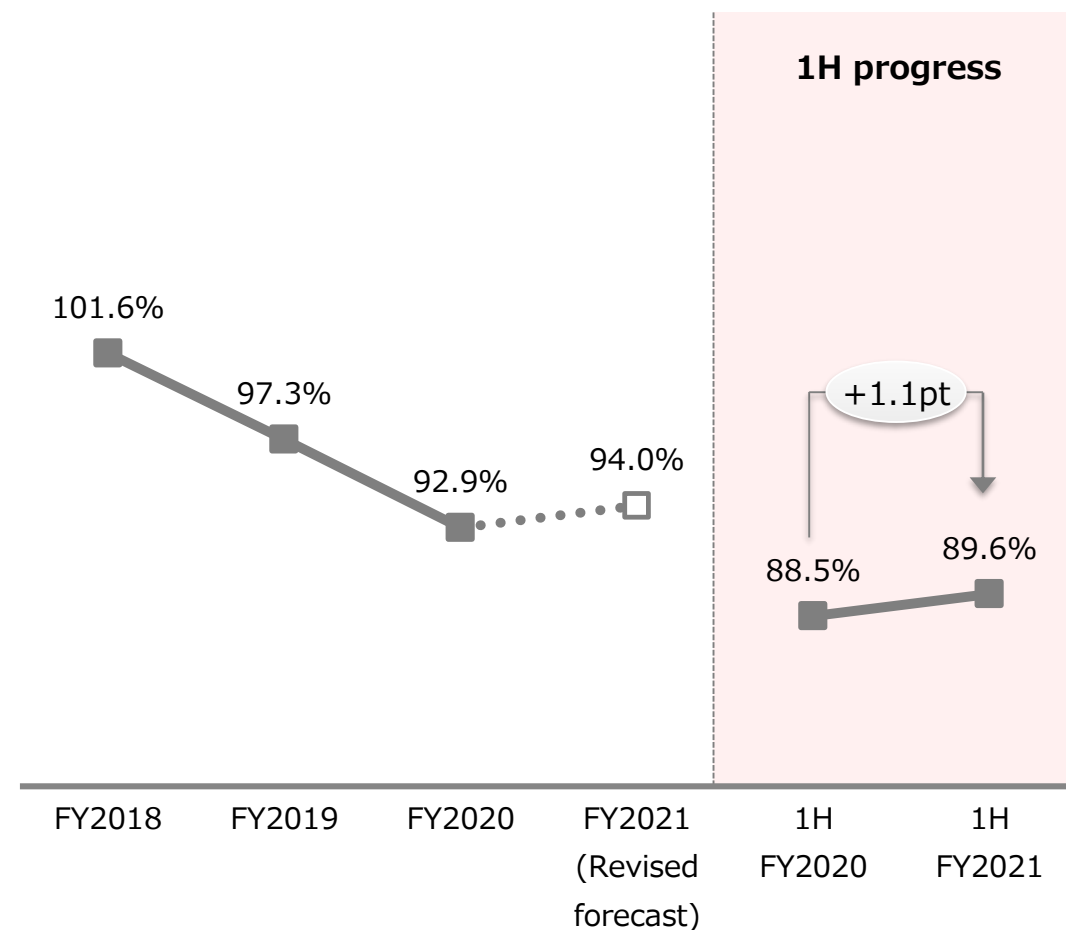
Combined Ratio

- Combined ratio improved by 0.8pt to 90.7% due to the improvement of loss ratio.

Combined ratio (E/I) (excl. CALI, household earthquake)



(Reference) Combined ratio (W/P) (excl. CALI, household earthquake)



Investment Profit/Loss

- Mainly due to an increase in dividend income from investment fund, net interest and dividend income has been on track.

Investment profit (Sompo Japan, non-consolidated)

(¥ billion)		1H FY2020	1H FY2021	Change	FY2021 (Revised forecasts)
Net interest and dividend income	1	31.5	47.3	+15.8	104.8
Interest and dividend income ^{*1}		48.4	62.5	+14.1	135.9
of which, dividends from overseas subsidiaries		1.2	0.0	-1.2	26.3
Gains on sales of securities ^{*2}	2	16.2	3.9	-12.3	37.7
of which, domestic stocks		15.6	3.0	-12.5	38.0
Impairment losses on securities	3	-4.8	-2.1	+2.7	-4.0
of which, domestic stocks		-4.1	-2.1	+2.0	-4.0
Gains on derivatives	4	-1.5	-0.0	+1.5	-1.3
Other investment income	5	-3.4	2.6	+6.0	3.9
Investment profit	1+2+3+4+5	37.8	51.7	+13.8	141.1

→ (Reference) Reduction of strategic-holding stocks

Spot ^{*2}	¥5.9 bn.
Stock future ^{*3}	¥13.9 bn.
Total	¥19.9 bn.

^{*2} Net reduction on fair value basis
(market value of sales minus market value of purchase)
The target amount of reduction in FY2021
on a full-year basis : around ¥50.0 bn.

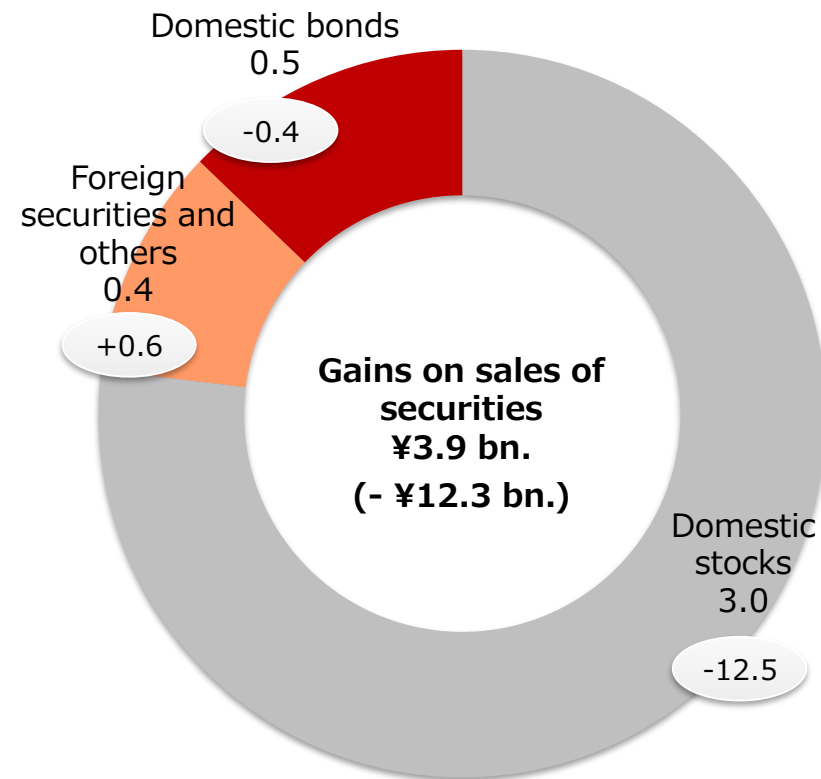
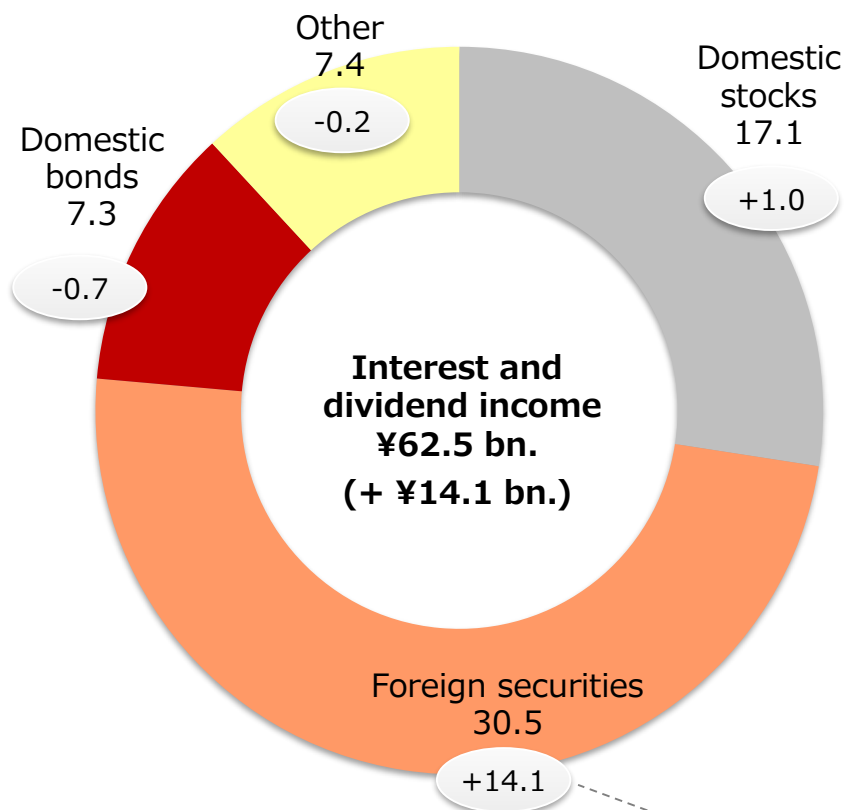
^{*3} Short position of Nikkei 225 Futures

^{*1} Refer to next page for the breakdown

(Reference) Breakdown of Investment Profit

Breakdown of interest and dividend income and gains/losses on sales of securities (1H FY2021)

(¥ billion)



Mainly due to an increase in dividend income from investment fund

:Changes from 1H FY2020

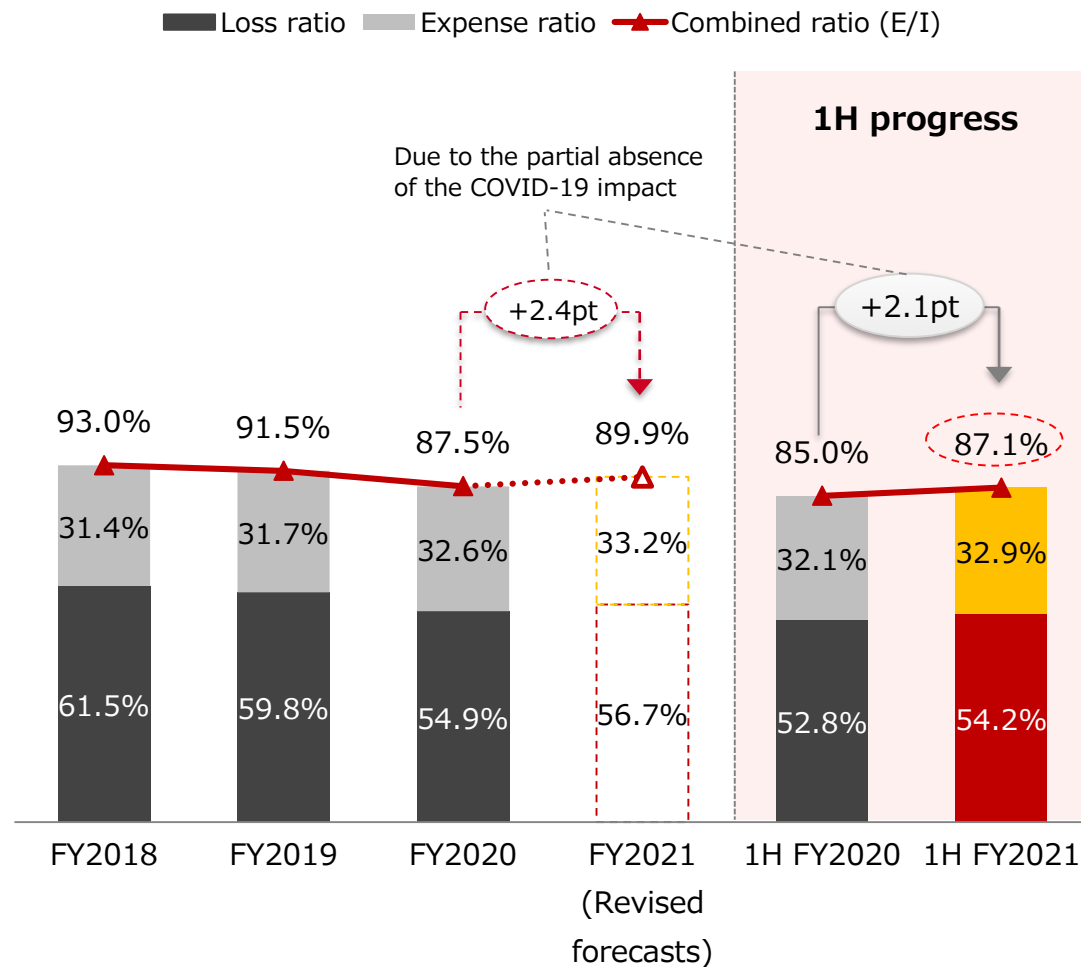
(Reference) Business Forecasts for FY2021 – Sompo Japan

(単位：億円)	FY2020	FY2021		Change (C-A)	
	Actual (A)	Initial forecasts (B)	Revised forecasts (C)		
Net premiums written	2,141.4	2,160.0	2,173.0	+13.0 (+0.6%)	+31.5 (+1.5%)
(excl. CALI, household earthquake)	1,903.4	1,929.3	1,951.4	+22.0 (+1.1%)	+47.9 (+2.5%)
Net premiums earned (excl. CALI, household earthquake)	1,885.7	1,926.2	1,934.0	+7.7 (+0.4%)	+48.3 (+2.6%)
E/I loss ratio (excl. CALI, household earthquake)	59.9%	59.8%	60.1%	+0.3pt	+0.2pt
W/P Loss ratio	60.8%	64.6%	62.3%	-2.3pt	+1.5pt
(excl. CALI, household earthquake)	58.4%	61.0%	59.2%	-1.8pt	+0.8pt
Net expense ratio	33.6%	34.3%	34.3%	+0.0pt	+0.7pt
(excl. CALI, household earthquake)	34.5%	35.0%	34.9%	-0.2pt	+0.4pt
Combined ratio (E/I) (excl. CALI, household earthquake)	94.3%	94.8%	95.0%	+0.1pt	+0.6pt
(Reference) Combined ratio (W/P) (excl. CALI, household earthquake)	92.9%	96.0%	94.0%	-2.0pt	+1.2pt
Underwriting profit	66.3	71.5	58.5	-13.0 (-18.2%)	-7.8 (-11.9%)
Investment profit	146.4	120.7	141.1	+20.4 (+16.9%)	-5.2 (-3.6%)
Ordinary profit	197.4	174.5	181.0	+6.5 (+3.7%)	-16.4 (-8.3%)
Net income	146.9	133.0	137.0	+4.0 (+3.0%)	-9.9 (-6.8%)
Provisions for catastrophic loss reserve (after tax)	+26.2	+19.5	+23.7	+4.1	-2.5
Provisions for reserve for price fluctuation (after tax)	+2.8	+2.9	+2.9	-	+0.0
Gains/losses on sales of securities and impairment losses on securities (after tax)	-43.5	-20.0	-24.3	-4.3	+19.2
Special factors (after tax)*	-4.4	-28.1	-24.8	+3.3	-20.3
Adjusted profit	128.1	107.3	114.5	+7.2	-13.6

* Dividend from consolidated subsidiaries, etc.

(Reference) Indicator Related to Automobile Insurance

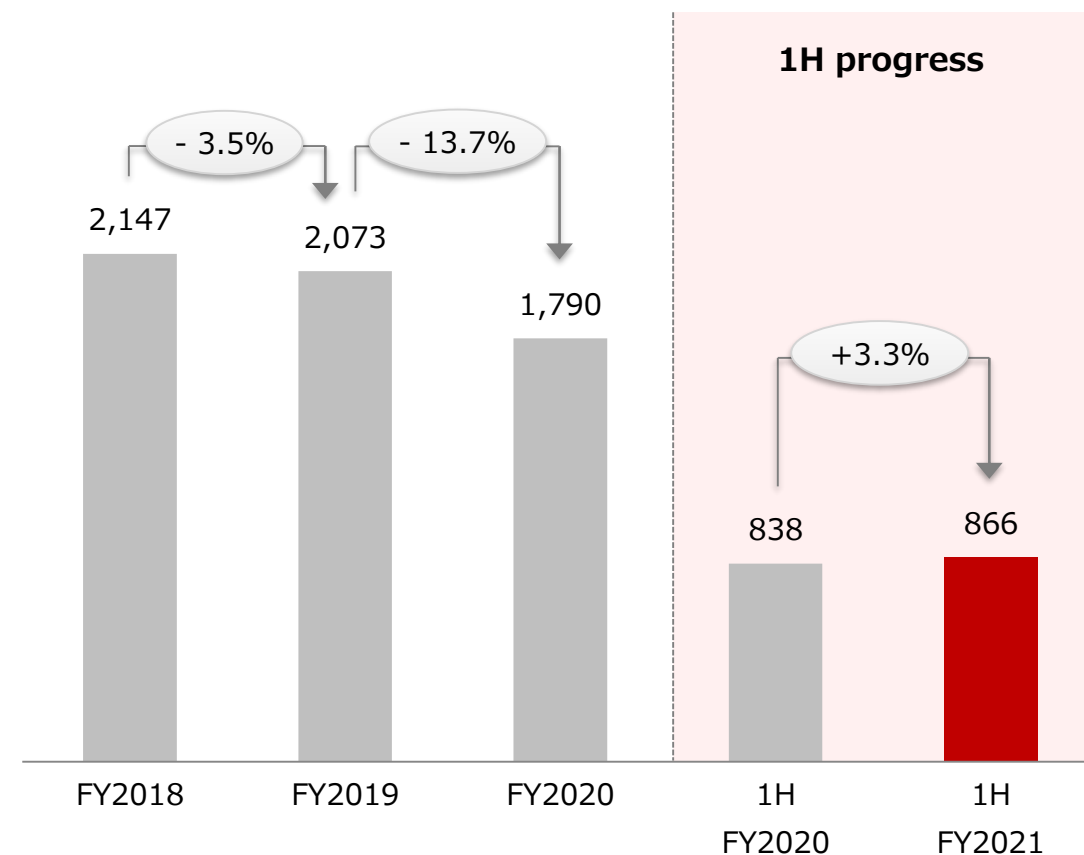
Combined ratio (E/I)



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

The number of reported claims

(Thousands)

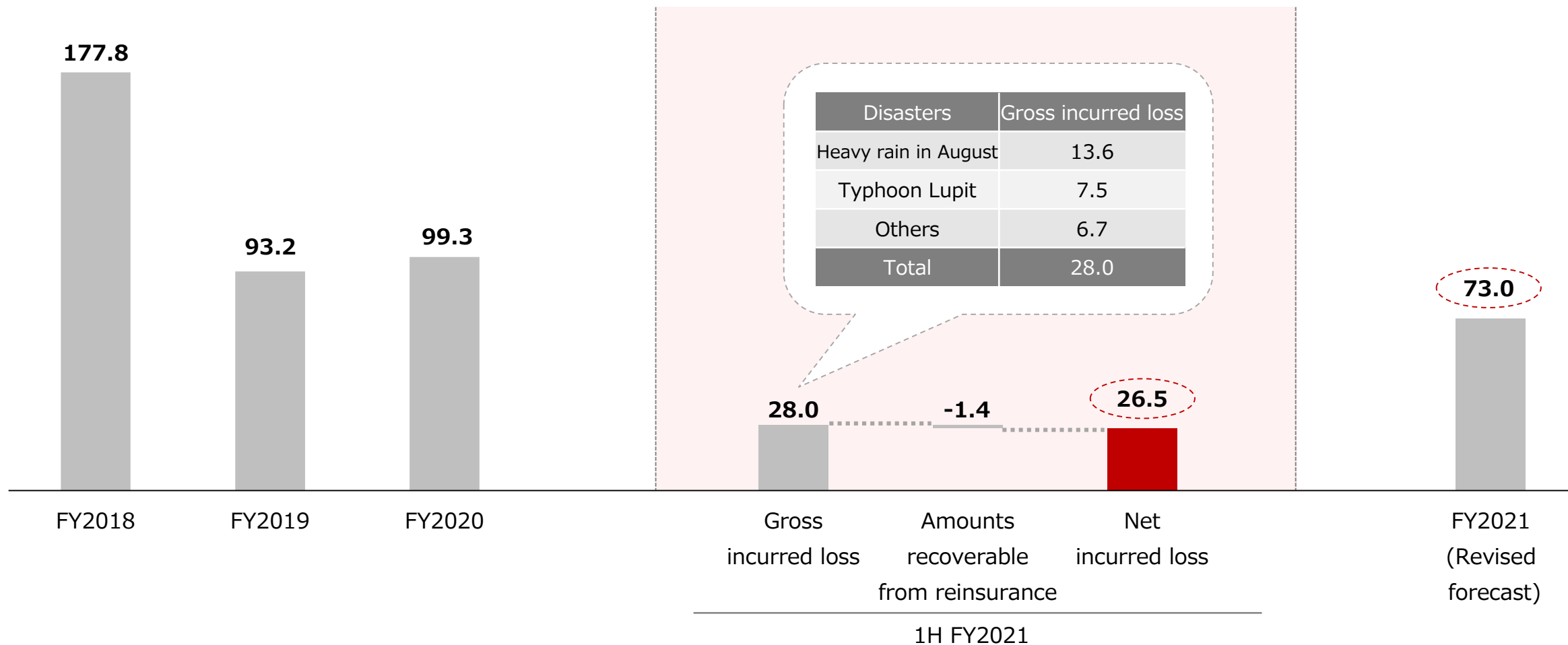


* Excl. certain natural disasters, incurred loss of which exceeds certain threshold

(Reference) Domestic Natural Disasters

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

(¥ billion)



* Excl. CALI, household earthquake

(Reference) Fund and Reserve

Underwriting reserves, reserve for outstanding losses and claims (at the end of 1H FY2021)

(¥ billion)	Ordinary underwriting reserve*1		Catastrophic loss reserve		Reserve for outstanding losses and claims	
	Amount	Change	Amount	Change	Amount	Change
Fire and allied lines*2	783.0	+7.8	112.8	+9.1	133.4	-8.9
Marine	19.0	-0.9	44.8	+0.7	21.8	+0.3
Personal accident	135.5	+8.1	79.0	+2.6	44.7	-0.0
Voluntary automobile	318.8	-1.5	88.7	+17.6	369.5	-1.6
CALI*2	462.0	+0.0	-	-	64.0	+1.4
Other	362.4	+16.3	203.2	+4.4	230.4	+0.4
Total	2,081.0	+29.8	528.6	+34.6	864.0	-8.3
Total (excluding CALI and household earthquake)	1,615.2	+29.7	528.6	+34.6	800.0	-7.6
	Amount	Change				Change
Reserve for saving-type products*3	1,110.2	-28.2	Impact of exchange rates on reserve for outstanding losses and claims			-0.2

*1 Incl. reserves for maturity refund of non-saving-type insurance.

*2 Underwriting reserves of earthquake insurance and CALI are included in ordinary underwriting reserves.

*3 Deposit of premiums by policyholders and its investment profit cumulated as total of reserves for maturity refund and reserves for policyholders' dividends.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & seniors

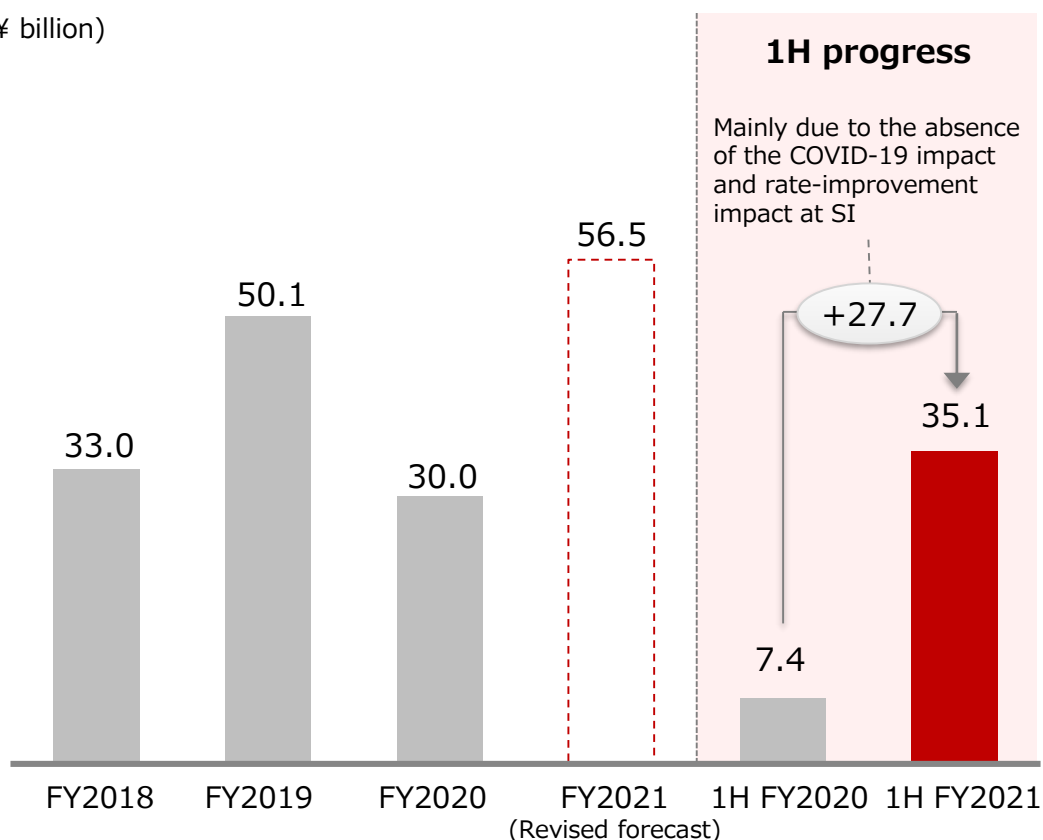
6. ERM & asset management

Performance Overview – Overseas Insurance

- 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.

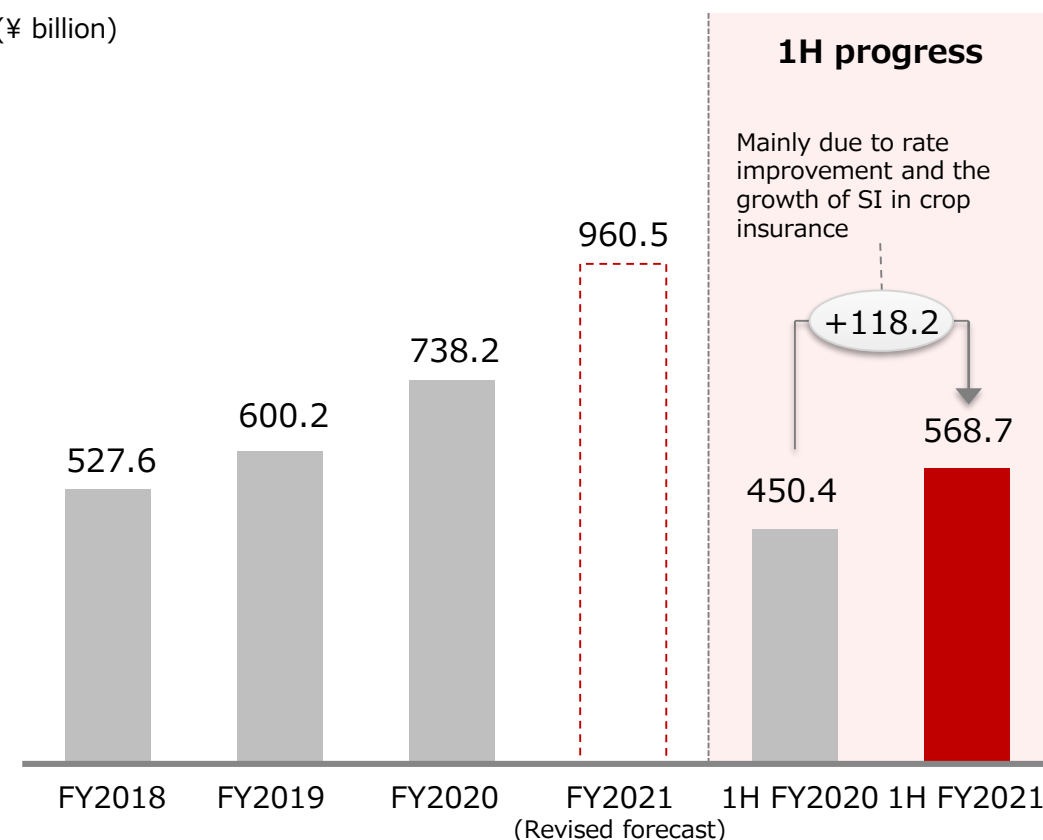
Adjusted profit*

(¥ 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

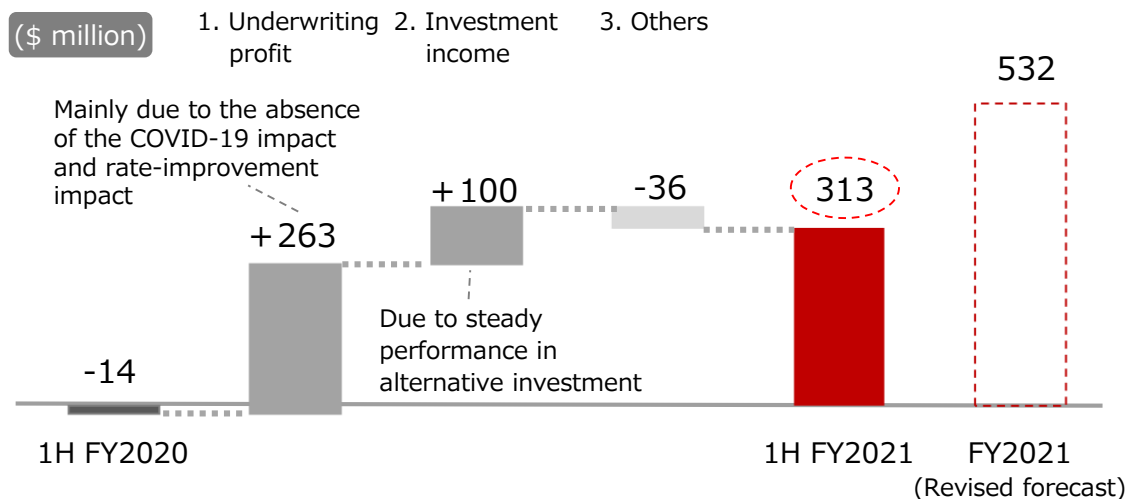
(¥ billion)		Net premiums written				Adjusted profit				Highlights of 1H FY2021 results	(Reference) Exchange rate	
		1H FY2021		FY2021		1H FY2021		FY2021			Jun. 2021* ² (YOY Change)	
		Actual	Change	Initial forecasts	Revised forecasts	Actual	Change	Initial forecasts	Revised forecasts			
North America & Europe	SI	509.7	+125.6	741.4	828.0	34.6	+36.1	58.8	59.5	See page P30 & 31	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)* ¹		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).

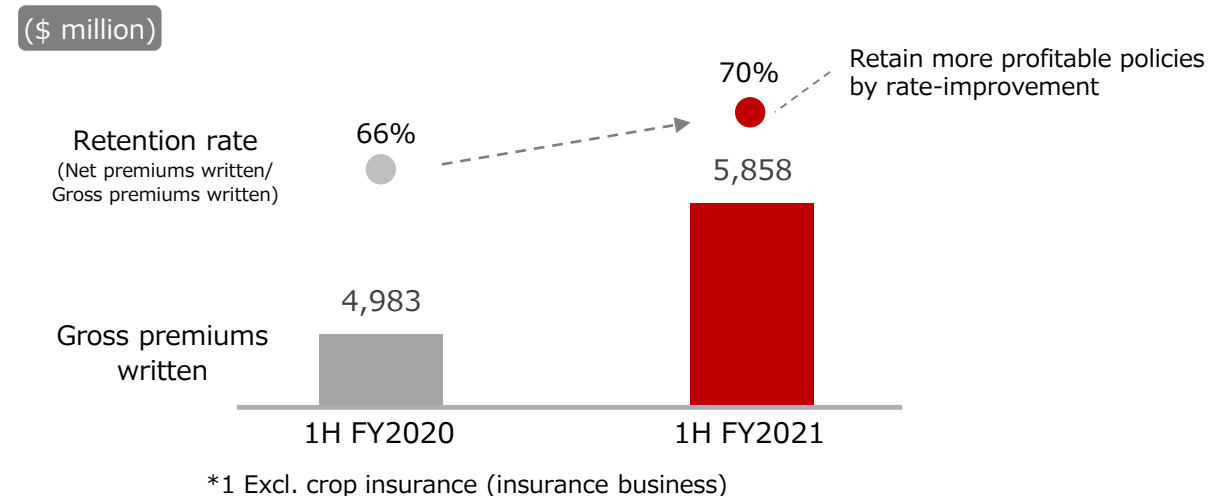
*2 Exchange rate for revised forecasts for FY2021 : end of September 2021.

(Reference) Overview of Business Results of SI (1)

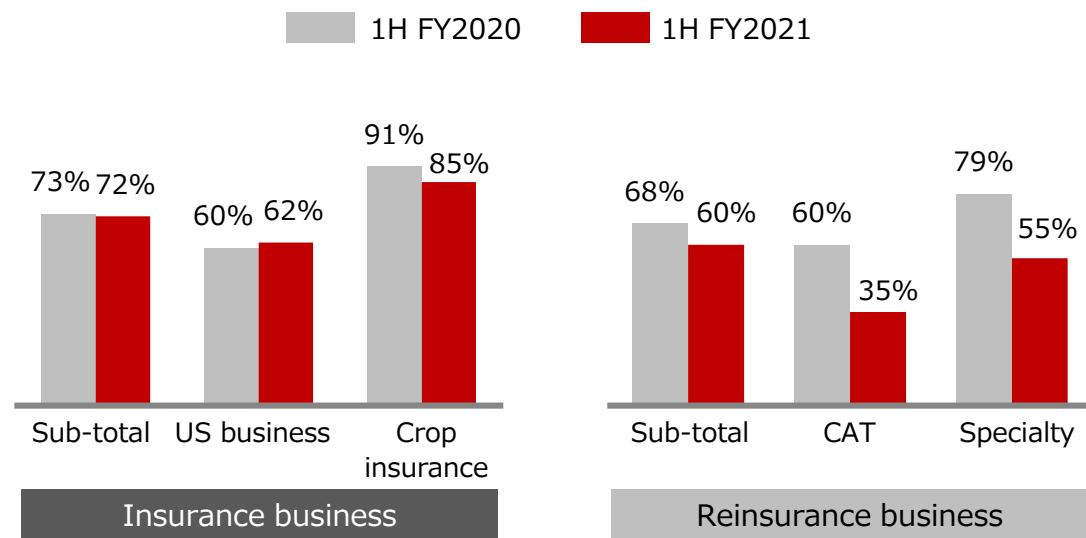
Increase/decrease factors of adjusted profit



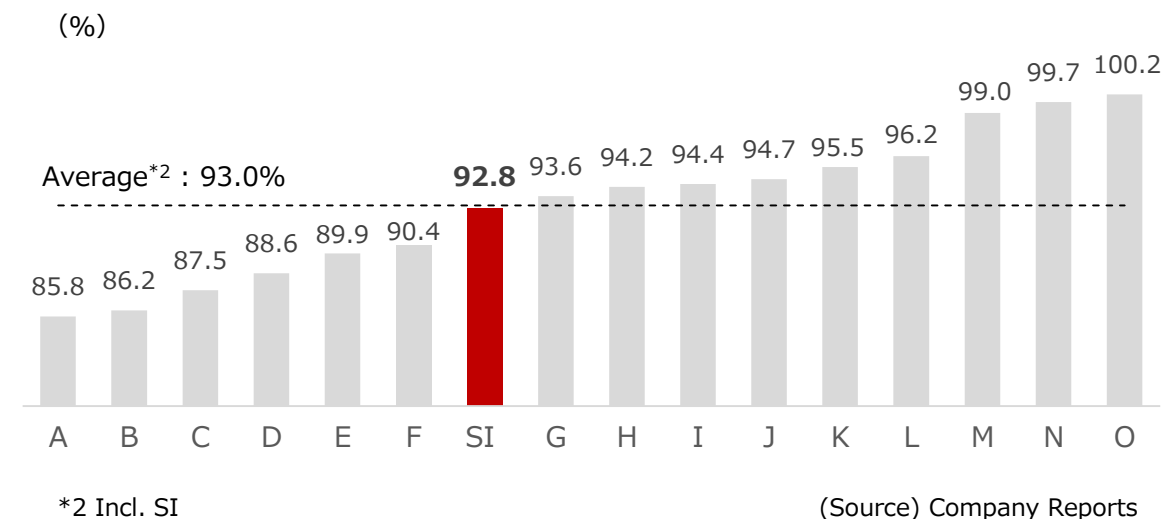
Gross premiums written and retention rate*1



Loss ratio (Main lines of business)



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



(Reference) Overview of Business Results of SI (2)

(\$ million)		FY2020		1H FY2021		FY2021		Change		
		Actual (A)	Actual	Change		Initial forecasts (B)	Revised forecasts (C)	C-B	C-A	
	Gross premiums written	9,354	7,571	+1,940 (+34.5%)		10,312	11,963	+1,651	+2,608	Driven mainly by rate improvement and the growth in crop insurance due to the acquisition of Diversified and increase in crop commodity prices
	Net premiums written	5,882	4,609	+1,044 (+29.3%)		6,696	7,398	+701	+1,516	
	Net premiums earned	4,642	3,147	+1,118 (+55.1%)		6,315	6,857	+541	+2,215	
	Net losses and loss expenses	3,326	2,076	+640 (+44.6%)		4,102	4,691	+588	+1,364	
	Expense	1,212	842	+263 (+45.4%)		1,686	1,753	+66	+540	
	Loss ratio* ¹	71.7%	66.0%	-4.8pt	-	65.0%	68.4%	+3.5pt	-3.2%	Mainly due to increased frequency and severity of natural disasters
	Expense ratio* ¹	26.1%	26.8%	-1.8pt	-	26.7%	25.6%	-1.1pt	-0.6%	
	Combined ratio* ¹	97.8%	92.8%	-6.6pt	-	91.7%	94.0%	+2.3pt	-3.8%	
	Underwriting income	58	234	+263	-	518	416	-102	+357	Due to steady performance in alternative investments
	Net investment income	245	178	+100 (+128.7%)		249	320	+70	+74	
	Other income	43	-106	-96	-	-123	-176	-53	-219	Mainly due to unrealized losses on securities, which is not recorded in Sompo HD consolidated basis based on J-GAAP
	Net income	285	267	+259 (+3,207.3%)		531	469	-62	+183	
(Reference) Adjusted profit	Net foreign exchange gains	+32	-24	-43	-	-	-41	-41	-73	
	Net realized and unrealized gains, net impairment losses, etc.* ²	-154	+81	+130	-	-	+121	+121	+276	
	Tax (loss) benefit	+18	-11	-18	-	-	-17	-17	-35	
	Adjusted profit	182	313	+327	-	531	532	+0	+350	

*1 The denominator of loss ratio, expense ratio and combined ratio is net premiums earned (Reference) Timing of recognizing net premiums earned in crop insurance (Seasonality)

*2 Includes unrealized gains and losses of securities

1Q : 10-15% 2Q : 25-30% 3Q : 30-35% 4Q : 25-30%

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & seniors

6. ERM & asset management

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.

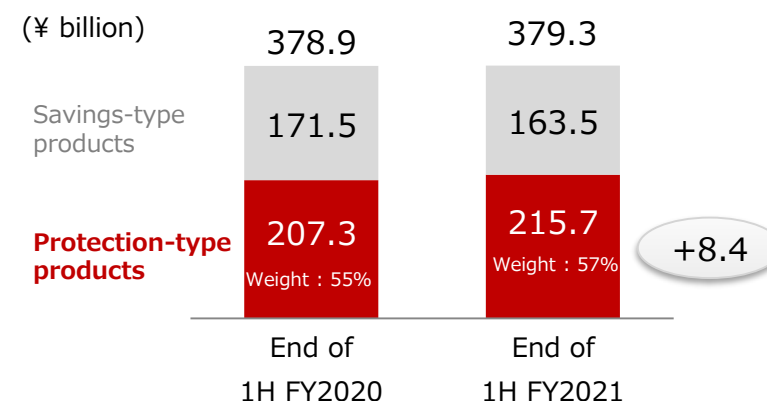
Major indicators

(¥ 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* ¹	215.3	214.0	-1.2	(-0.6%)	444.2
Provision for policy reserve, etc.* ²	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* ¹	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

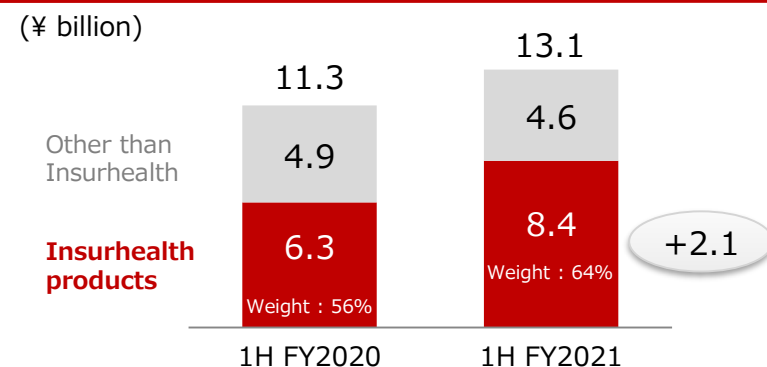
*1 Figures based on legally required format for life insurance companies (which differs from the consolidated statement format).

*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

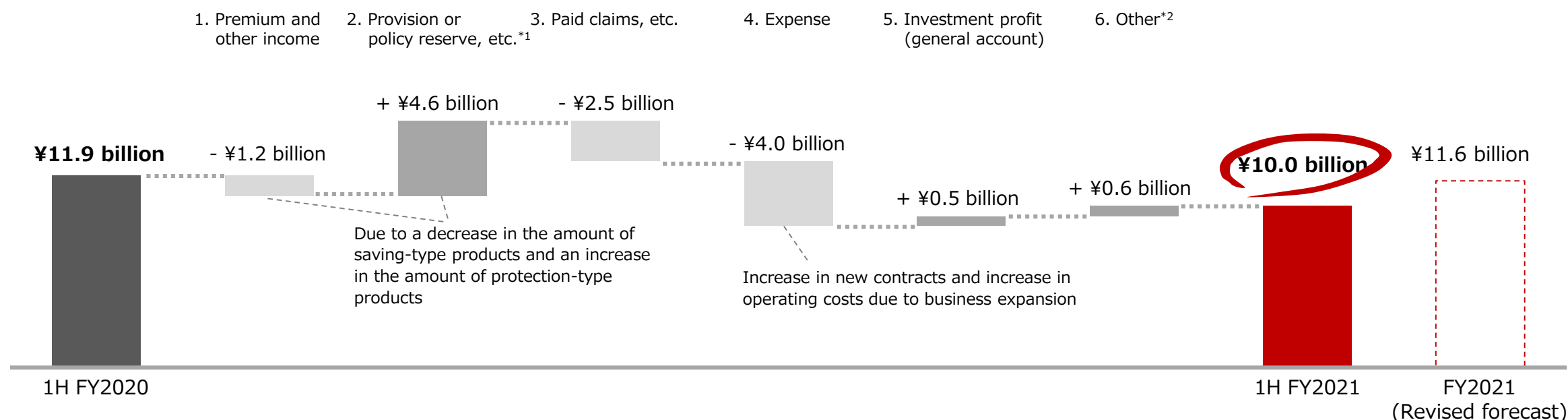


○ : Changes from 1H FY2020

Net Income (J-GAAP) – Himawari Life

- Net income decreased by ¥1.8 billion to ¥10.0 billion due to expansion of policies of protection-type product, offset by an increase in expenses.

Increase/decrease factors of net income



	1. Premium and other income	2. Provision or policy reserve, etc.*1	3. Paid claims, etc.	4. Expense	5. Investment profit (general account)	6. Other	Net income
1H FY2020	¥215.3 billion	- ¥141.3 billion	- ¥35.3 billion	- ¥40.7 billion	¥23.0 billion	- ¥8.9 billion	¥11.9 billion
1H FY2021	¥214.0 billion	- ¥136.6 billion	- ¥37.8 billion	- ¥44.7 billion	¥23.6 billion	- ¥8.2 billion	¥10.0 billion
FY2021(Revised forecasts)	¥444.2 billion	- ¥286.7 billion	- ¥78.5 billion	- ¥101.0 billion	¥47.5 billion	- ¥13.6 billion	¥11.6 billion

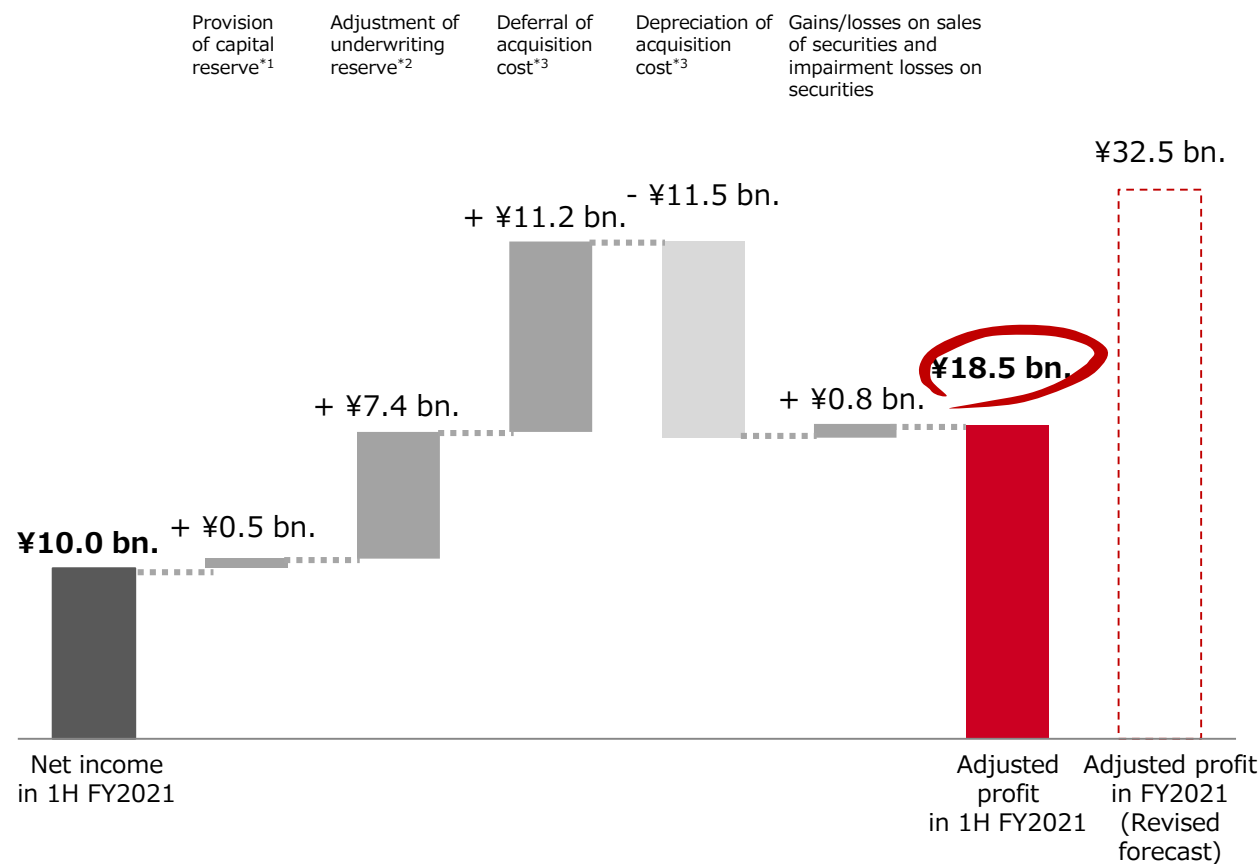
*1 Incl. the impact of cancellation refund, maturity insurance amount, survival benefits, pension and other refund and gains or losses on investments in separate accounts

*2 The sum of other ordinary profit/expense, special gains and losses, provision for reserve of policy holder dividend, corporate tax, etc.

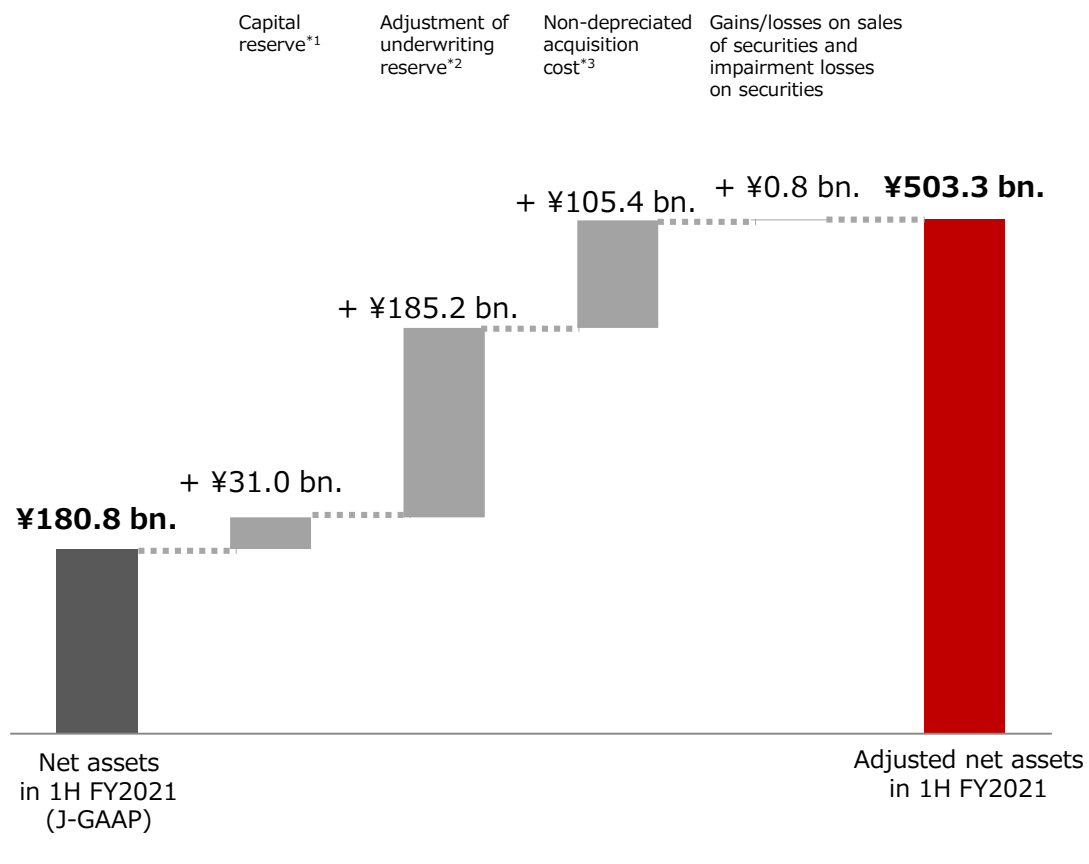
Adjusted Profit and Adjusted Net Assets – Himawari Life

- Adjusted profit reached ¥18.5 billion, and the progress of which was 57% against revised full year forecast (¥32.5 billion).

Conversion from net income to adjusted profit



(Reference) Adjusted net assets



*1 Contingency reserve and reserve for price fluctuation (after tax)

*2 Re-calculation of underwriting reserve, which was calculated conservatively, with factors used for calculation of premiums (after tax)

*3 Acquisition cost, such as commissions for new contracts, depreciated over 10 years (after tax)

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

5. Nursing care & seniors

6. ERM & asset management

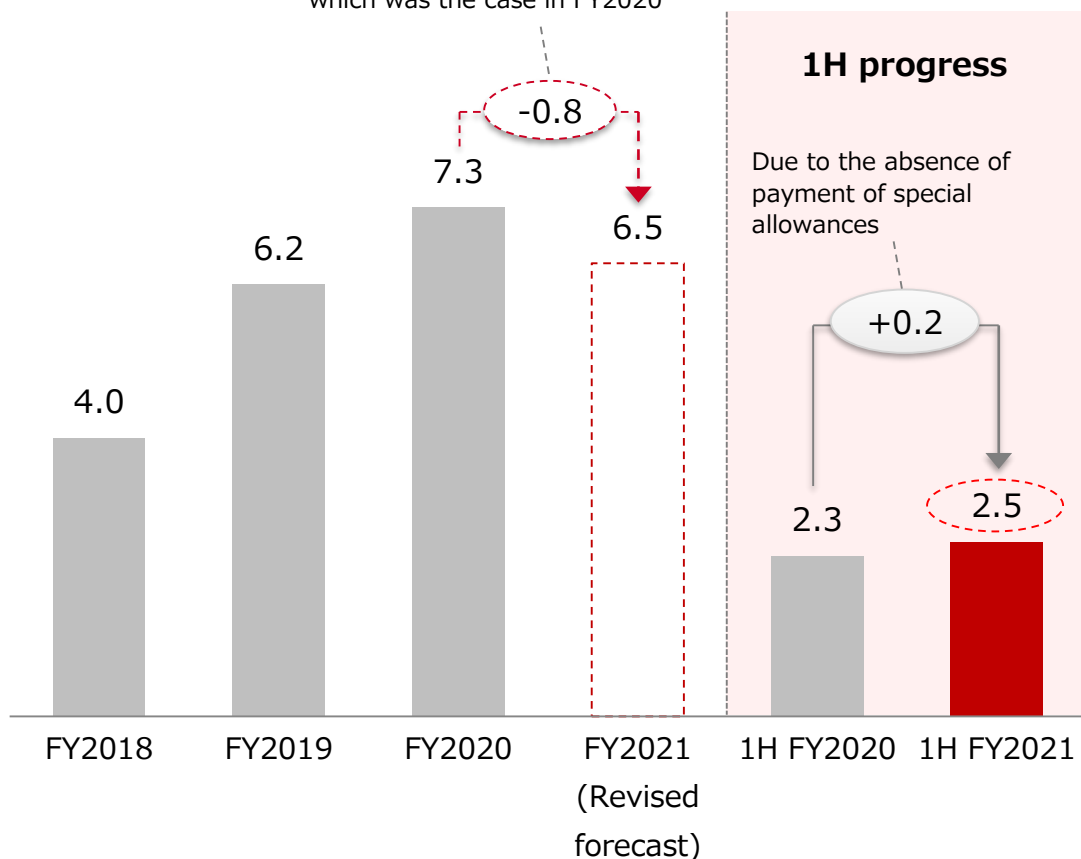
Performance Overview – Nursing Care & Seniors

- 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

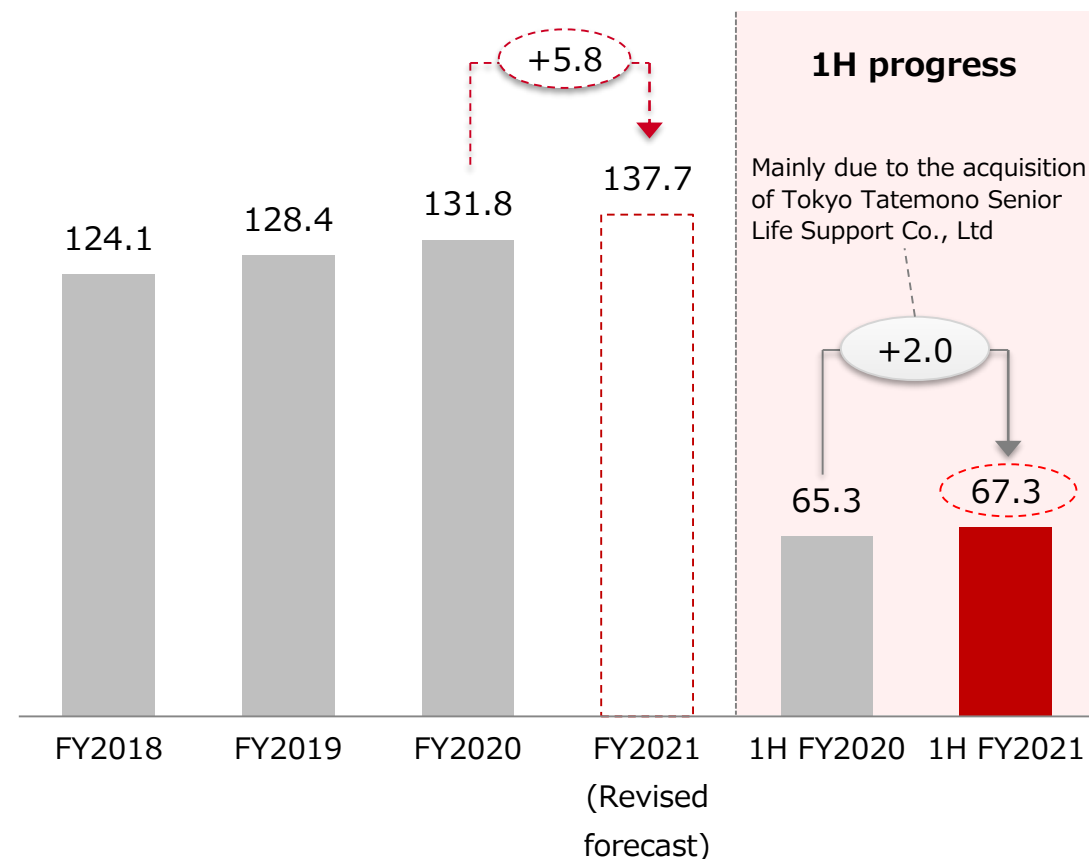
(¥ billion)

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



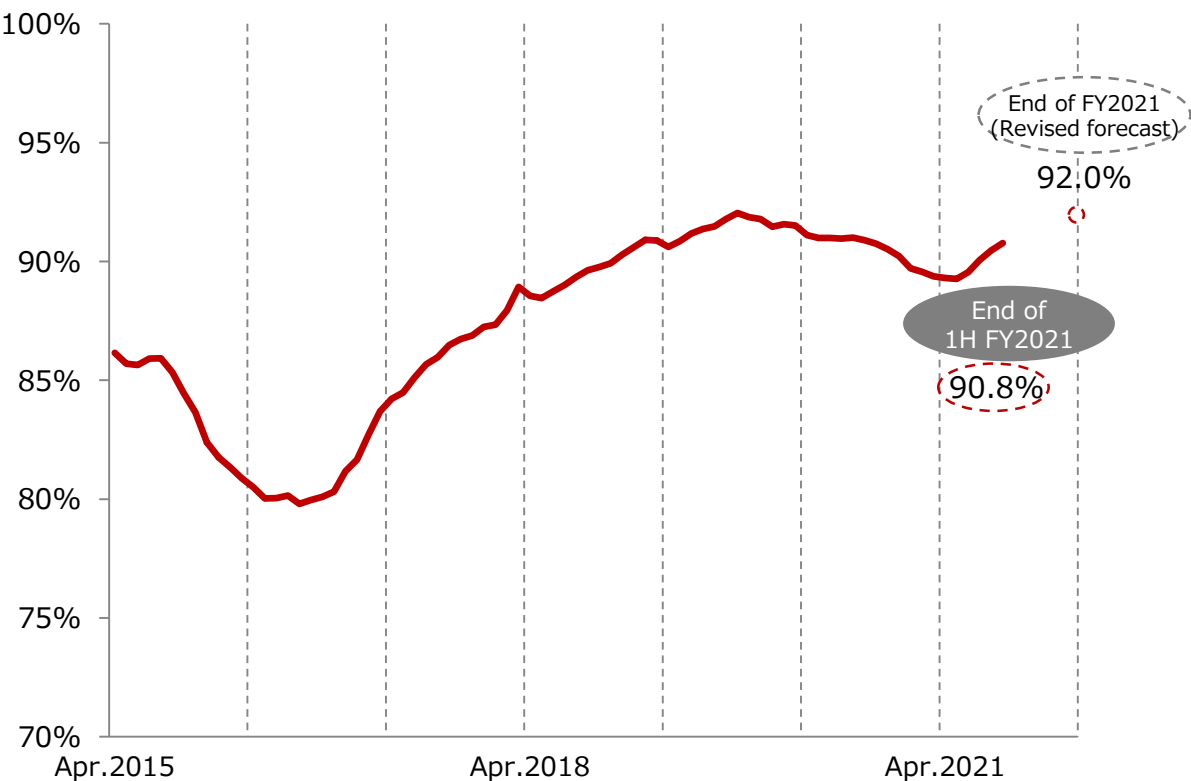
Sales of SOMPO Care

(¥ billion)

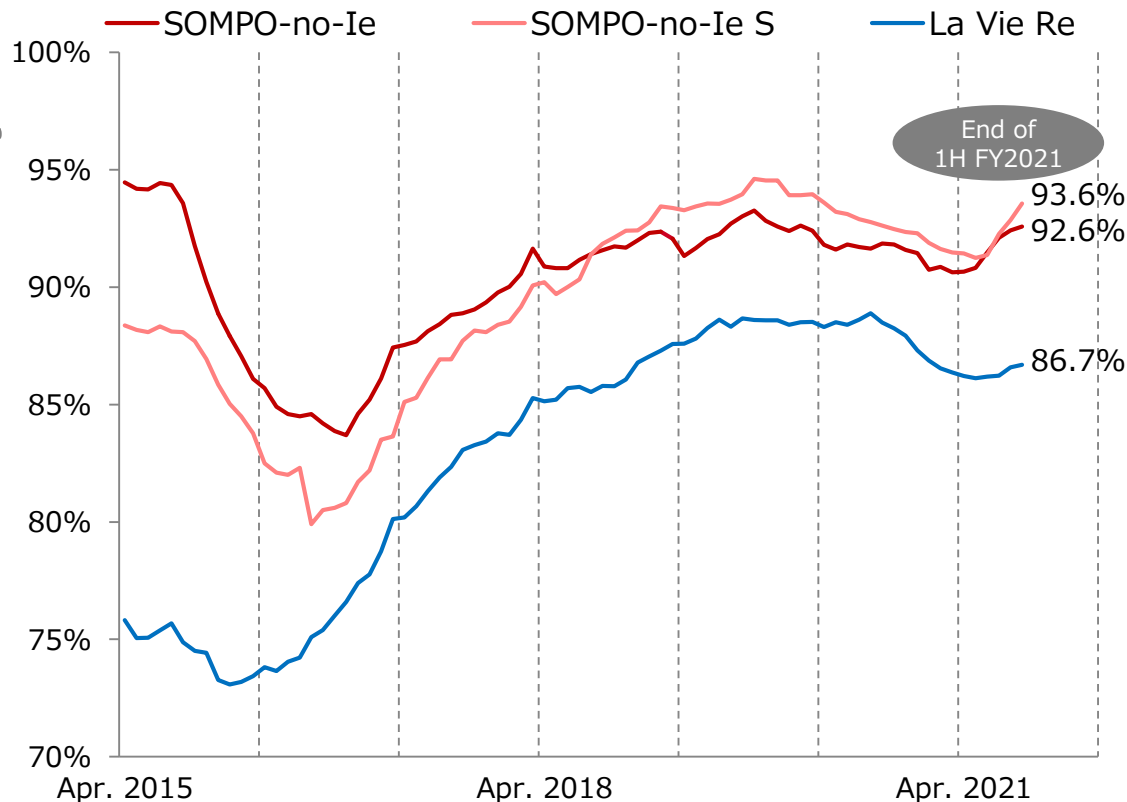


Major Indicators of SOMPO Care

Occupancy rate*1*2



(Reference) Occupancy rate by brand*3



*1 Occupancy rate = the number of residents / capacity of facilities
 *2 Integrate the occupancy rate of former SOMPO Care and SOMPO Care Next

*3 SOMPO-no-Ie, SOMPO-no-Ie S, and La vie Re are brands of former SOMPO Care's nursing homes, serviced residential complexes for elderly, and former SOMPO Care Next's nursing homes respectively.

1. Consolidated financial results

2. Domestic P&C insurance

3. Overseas insurance

4. Domestic life insurance

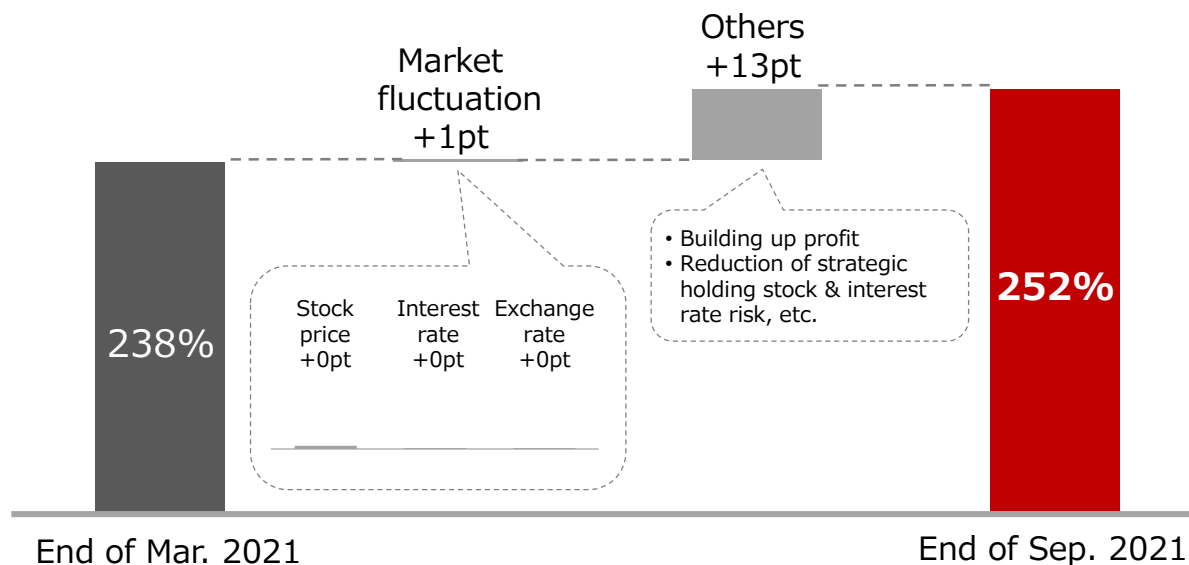
5. Nursing care & seniors

6. ERM & asset management

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



*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).

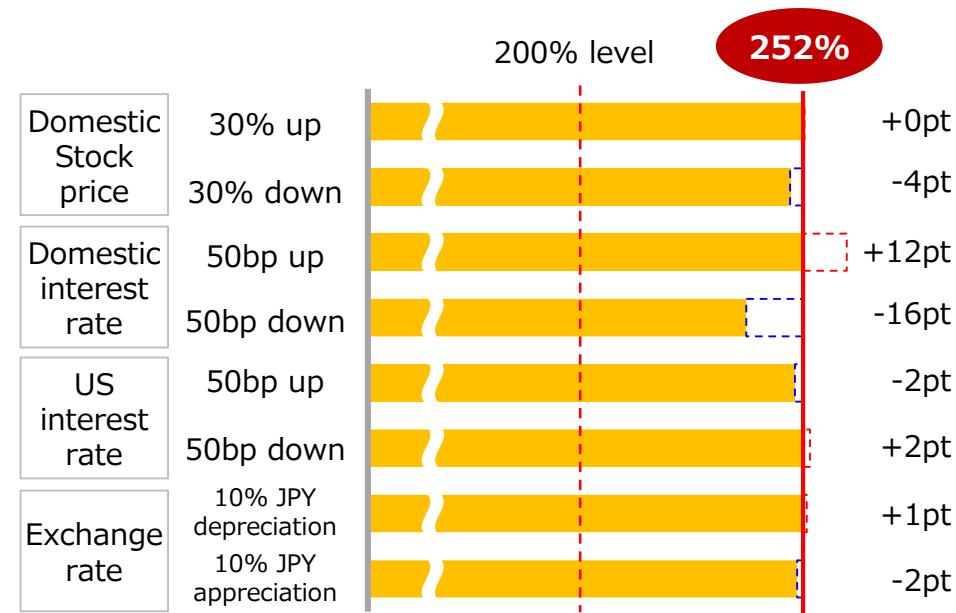
200% level : The level leading to stable financial soundness based on the result of stress test, etc.

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.

Sensitivity of ESR (99.5%VaR)

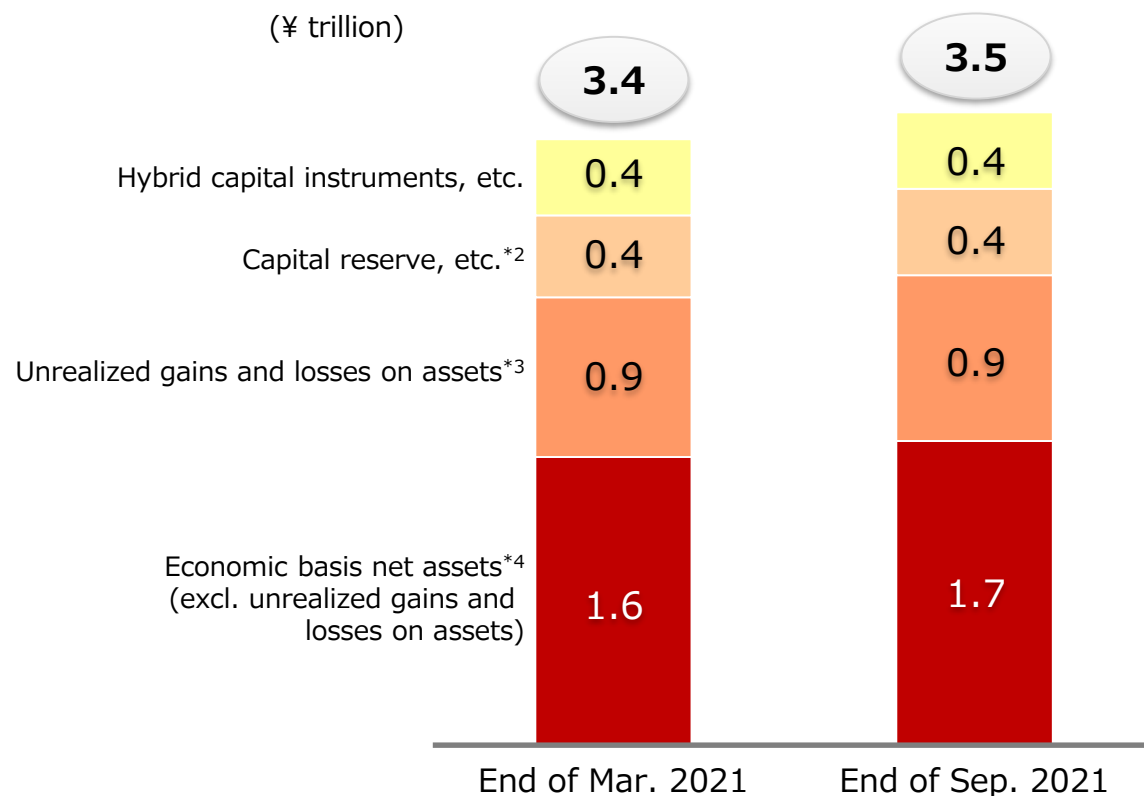


(Reference) Market indicators	End of Sep. 2021	(Change*2)
Domestic stock price (Nikkei 225)	¥29,452	(+0.9%)
Domestic interest rate (30y JGB)	0.68%	(+1bp)
US interest rate	1.49%	(-25bp)
Exchange rate (JPY/USD)	¥111.92	(+1.1%)

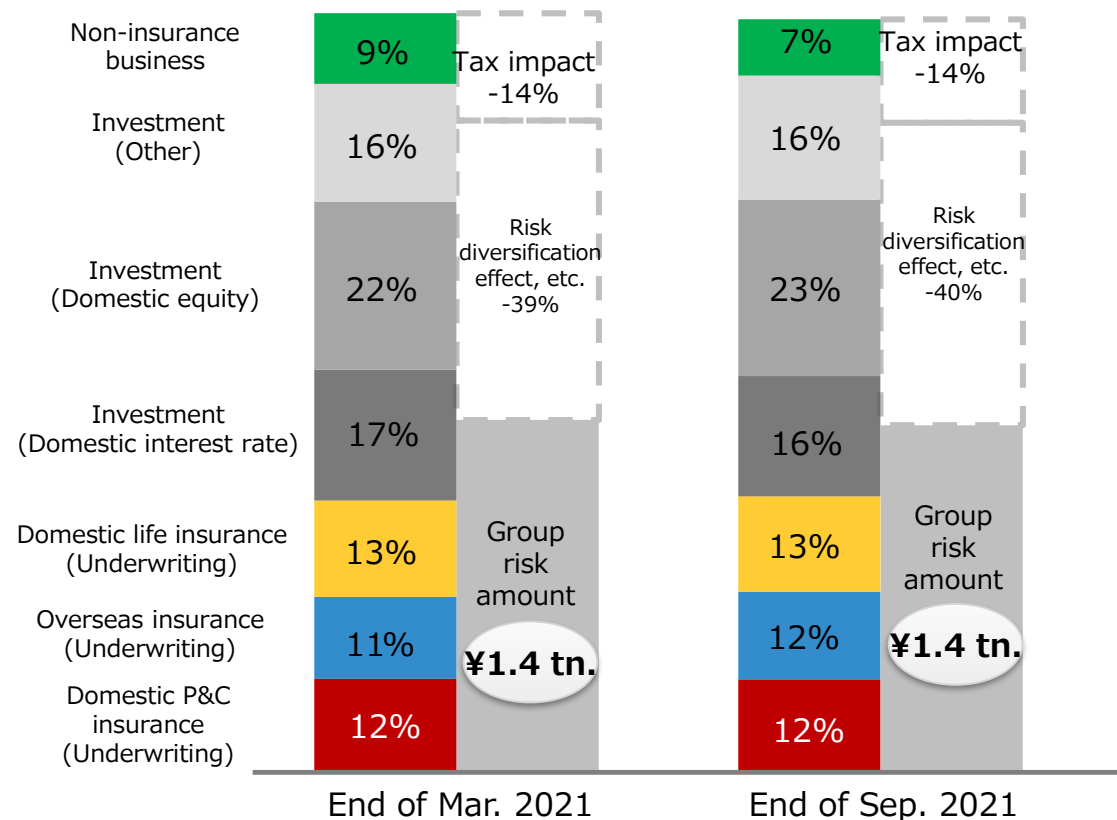
*2 Against the end of Mar. 2021

(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

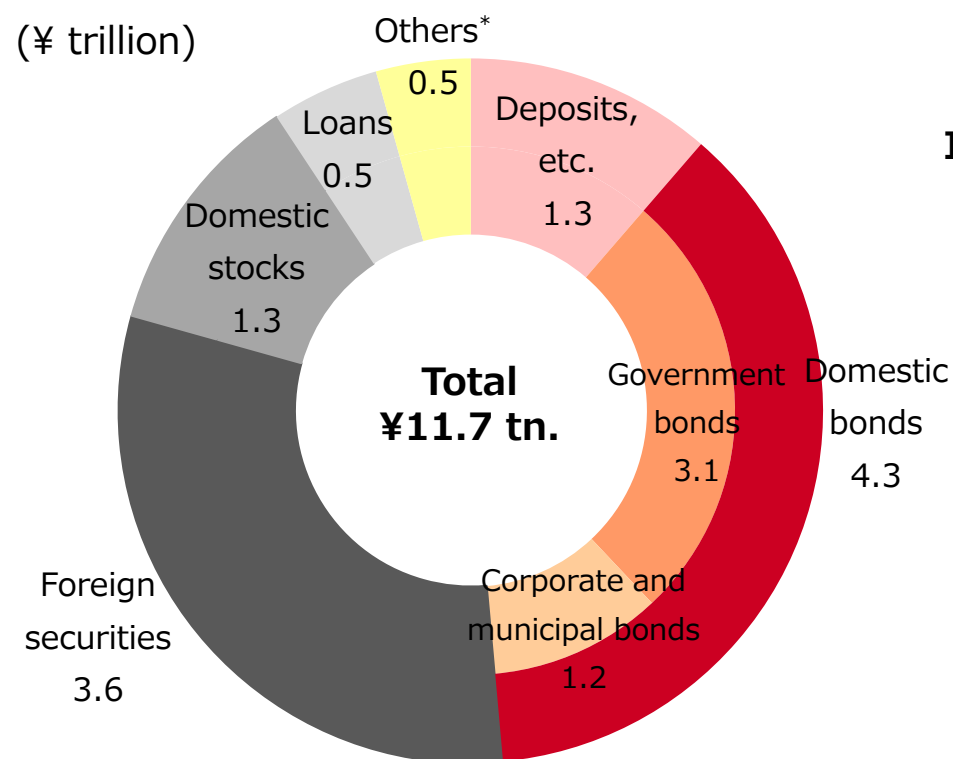
•Risk amount of each risk factor : Before reflecting risk diversification effect among risk factors and before-tax basis.

•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%
Total	11,765.3	100%

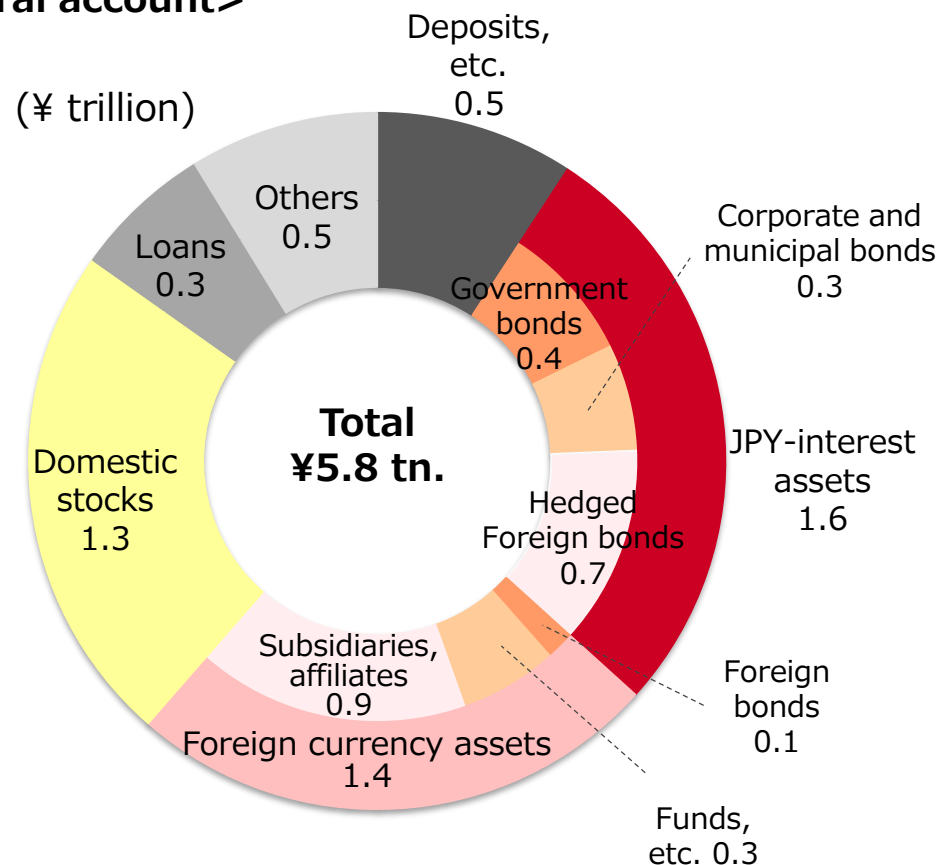
* Others include lands, buildings and stocks of non-consolidated subsidiaries, etc.

Asset Portfolio – Sompo Japan

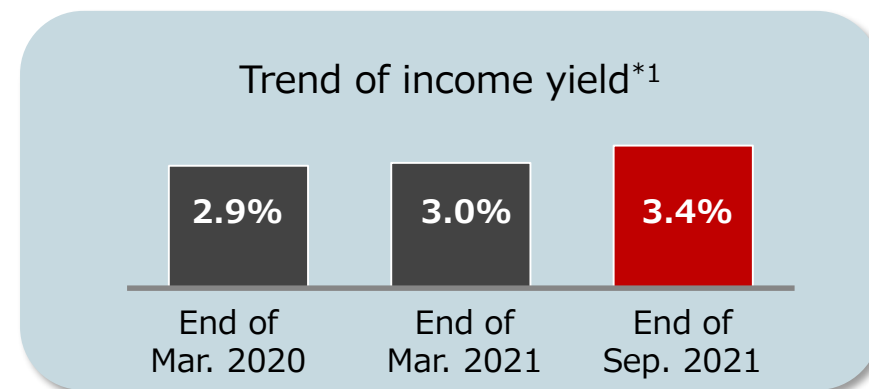
- Continues to manage the portfolio, emphasizing diversified investments and reduction of strategic-holding stocks.

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

<General account>



Trend of income yield^{*1}



Composition of ratings^{*2}

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

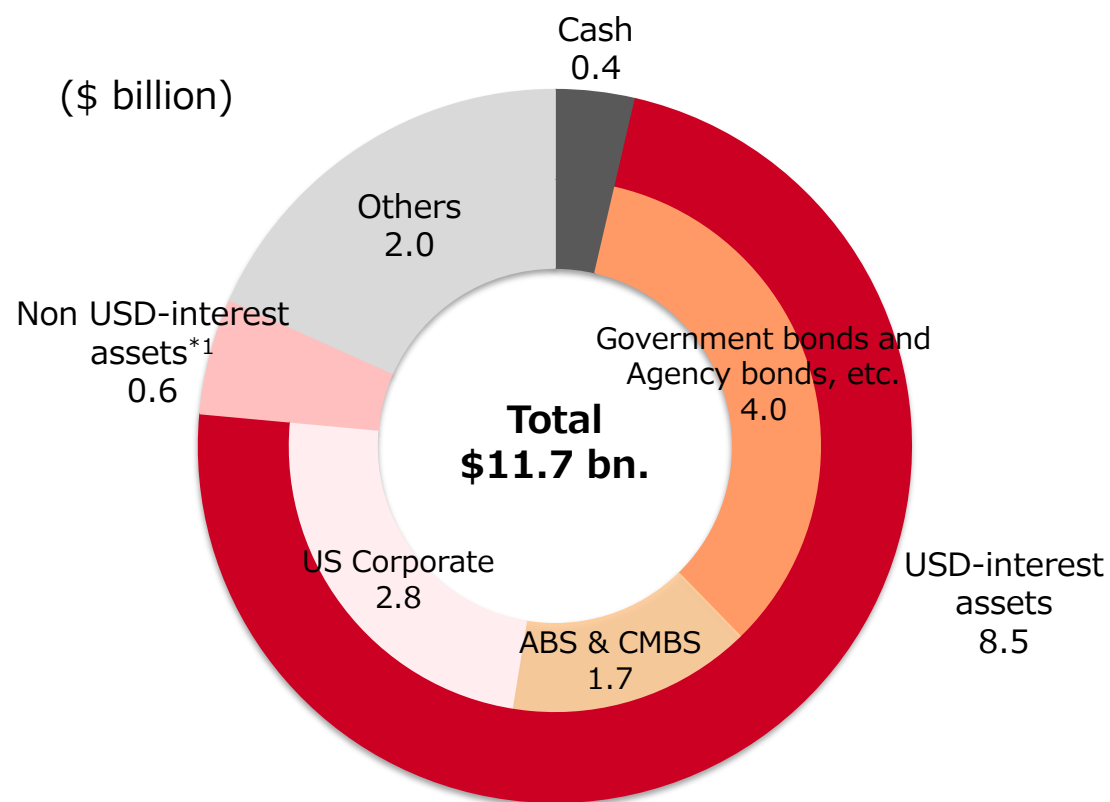
^{*1} Excl. overseas subsidiaries' shares, etc.

^{*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)



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

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

*1 Incl. cash and deposit

*2 Total of bond assets

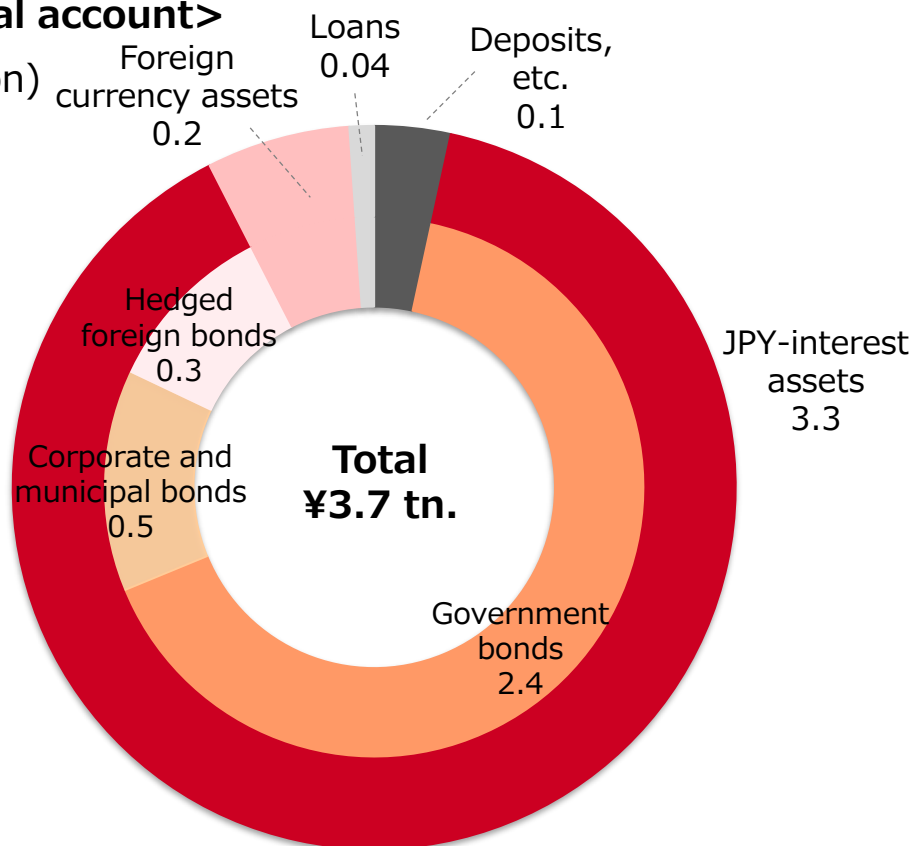
Asset Portfolio – Himawari Life

- 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.

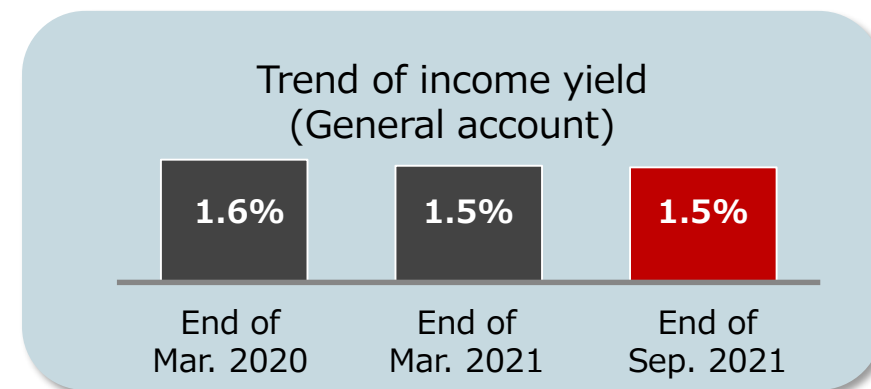
Amount of investment assets (as of end of September 2021, Himawari Life, non-consolidated)

<General account>

(¥ trillion)



Trend of income yield (General account)



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

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



Sompo Holdings, Inc.

Investor Relations Department

Telephone : +81-3-3349-3913

E-Mail : ir@sompo-hd.com

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