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August 7, 2020

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2020 [Under Japanese GAAP]

Company Name: Sompo Holdings, Inc.
Listed on: Tokyo Stock Exchange
Securities Code: 8630
URL: <https://www.sompo-hd.com/en/>
Representative: Kengo Sakurada, Group CEO, Director, President and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: August 13, 2020
Scheduled date to start payment of dividends: _____
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly investor meeting: None

(Note) Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the three months ended June 30, 2020 (April 1 to June 30, 2020)

(1) Consolidated Results of Operations (accumulated)

(Note) Percentages are changes from corresponding period of previous fiscal year.

	Ordinary income		Ordinary profit		Net income attributable to shareholders of the parent	
	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2020	1,039,080	2.2	68,207	59.0	47,336	54.9
Three months ended June 30, 2019	1,016,716	2.3	42,898	(41.0)	30,564	(44.9)

Note) Comprehensive income: Three months ended June 30, 2020 78,157 million yen 789.0 %
Three months ended June 30, 2019 8,791 million yen — %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2020	130.08	130.00
Three months ended June 30, 2019	82.15	82.10

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2020	12,114,012	1,656,865	13.6
As of March 31, 2020	11,977,836	1,612,584	13.3

Reference) Equity capital: As of June 30, 2020 1,644,266 million yen
As of March 31, 2020 1,596,998 million yen

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2020	—	75.00	—	75.00	150.00
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		80.00	—	80.00	160.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Note) Percentages are changes from previous fiscal year.

	Ordinary profit		Net income attributable to shareholders of the parent		Net income per share
	millions of yen	%	millions of yen	%	yen
Full year	223,000	15.9	150,000	22.4	413.44

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

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods used specifically for the preparation of the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimations, and retrospective restatements
 - (a) Changes in accounting policies due to revisions to accounting standards, etc.: None
 - (b) Changes in accounting policies due to reasons other than the above: None
 - (c) Changes in accounting estimations: None
 - (d) Retrospective restatements: None
- (4) Number of shares outstanding (Common stock):
 - (a) Total shares outstanding including treasury stock:

As of June 30, 2020	373,330,489 shares
As of March 31, 2020	373,330,489 shares
 - (b) Treasury stock:

As of June 30, 2020	10,521,350 shares
As of March 31, 2020	9,205,407 shares
 - (c) Average number of shares outstanding:

For the three months ended June 30, 2020	363,900,294 shares
For the three months ended June 30, 2019	372,014,255 shares

(Expression of implementation status of quarterly review procedures)

This summary is not subject to quarterly reviews by a certified public accountant or an incorporated accounting firm.

(Notes for using forecasts of financial results, etc.)

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

Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Assets:		
Cash and deposits	925,014	909,464
Receivables under resale agreements	69,999	59,999
Monetary receivables bought	21,183	20,773
Money trusts	33,003	25,543
Securities	7,970,386	8,139,332
Loans	684,094	688,009
Tangible fixed assets	374,393	375,173
Intangible fixed assets	407,988	405,738
Other assets	1,428,879	1,452,765
Net defined benefit asset	186	310
Deferred tax assets	70,886	45,009
Allowance for possible credit losses	(8,179)	(8,108)
Total assets	11,977,836	12,114,012
Liabilities:		
Underwriting funds:	8,544,735	8,704,546
Reserve for outstanding losses and claims	1,558,502	1,533,505
Underwriting reserves	6,986,233	7,171,040
Corporate bonds	504,089	503,555
Other liabilities	1,091,499	1,045,559
Net defined benefit liability	94,094	95,458
Reserve for retirement benefits to directors	30	31
Reserve for bonus payments	32,969	9,835
Reserve for bonus payments to directors	702	—
Reserve for stocks payments	1,619	1,377
Reserves under the special laws:	95,387	96,557
Reserve for price fluctuation	95,387	96,557
Deferred tax liabilities	125	225
Total liabilities	10,365,252	10,457,147
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	244,129	244,081
Retained earnings	788,922	809,591
Treasury stock	(38,842)	(43,749)
Total shareholders' equity	1,094,254	1,109,968
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	578,261	630,984
Deferred gains and losses on hedges	5,593	4,932
Foreign currency translation adjustments	(83,214)	(103,651)
Remeasurements of defined benefit plans	2,103	2,032
Total accumulated other comprehensive income	502,743	534,298
Stock acquisition rights	551	494
Non-controlling interests	15,033	12,104
Total net assets	1,612,584	1,656,865
Total liabilities and net assets	11,977,836	12,114,012

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Three months ended June 30, 2020

	(Millions of yen)	
	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Ordinary income:	1,016,716	1,039,080
Underwriting income:	913,931	945,361
Net premiums written	794,400	820,060
Deposits of premiums by policyholders	26,883	25,403
Interest and dividend income on deposits of premiums, etc.	9,272	8,572
Life insurance premiums written	82,923	80,887
Reversal of reserve for outstanding losses and claims	—	9,680
Investment income:	63,429	54,236
Interest and dividend income	57,535	49,090
Investment gains on money trusts	403	890
Investment gains on trading securities	349	—
Gains on sales of securities	13,511	11,461
Transfer of interest and dividend income on deposits of premiums, etc.	(9,272)	(8,572)
Other ordinary income	39,355	39,482
Ordinary expenses:	973,818	970,872
Underwriting expenses:	797,791	789,762
Net claims paid	378,702	353,807
Loss adjustment expenses	34,183	32,774
Net commissions and brokerage fees	134,775	136,112
Maturity refunds to policyholders	39,095	39,876
Life insurance claims paid and other payments	22,339	23,726
Provision for reserve for outstanding losses and claims	899	—
Provision for underwriting reserves	185,166	198,368
Investment expenses:	7,563	13,081
Investment losses on money trusts	80	8
Investment losses on trading securities	—	58
Losses on sales of securities	3,052	2,579
Impairment losses on securities	2,275	1,987
Operating, general and administrative expenses	133,945	135,054
Other ordinary expenses:	34,517	32,974
Interest paid	3,601	3,477
Ordinary profit	<u>42,898</u>	<u>68,207</u>
Extraordinary gains:	651	119
Gains on disposal of fixed assets	651	119
Extraordinary losses:	1,754	4,590
Losses on disposal of fixed assets	307	271
Impairment losses	258	678
Provision for reserves under the special laws:	1,160	1,170
Provision for reserve for price fluctuation	1,160	1,170
Other extraordinary losses	28	2,470
Net income before income taxes	<u>41,795</u>	<u>63,736</u>
Income taxes and deferred income taxes	<u>10,770</u>	<u>16,392</u>
Net income	<u>31,025</u>	<u>47,344</u>
Net income attributable to non-controlling shareholders	<u>460</u>	<u>7</u>
Net income attributable to shareholders of the parent	<u>30,564</u>	<u>47,336</u>

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30, 2020

	(Millions of yen)	
	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Net income	31,025	47,344
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	(16,197)	52,666
Deferred gains and losses on hedges	(360)	(660)
Foreign currency translation adjustments	(5,657)	(21,159)
Remeasurements of defined benefit plans	98	(71)
Share of other comprehensive income of affiliates accounted for under the equity method	(116)	38
Total other comprehensive income	<u>(22,233)</u>	<u>30,813</u>
Comprehensive income	<u>8,791</u>	<u>78,157</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	8,133	78,890
Comprehensive income attributable to non-controlling shareholders	657	(733)

(3) Notes on Going-Concern Assumption

None.

(4) Notes on Significant Changes in Shareholders' Equity

None.

(5) Application of Accounting Methods Used Specifically for the Preparation of the Quarterly Consolidated Financial Statements

Income tax expenses are calculated by multiplying net income before income taxes by an estimated effective tax rate, which is a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before income taxes for the fiscal year that includes this first quarter. However, if the use of this estimated effective tax rate produces significantly unreasonable results, income tax expenses are calculated by using the statutory effective tax rate.

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	913,931	945,361	31,430	3.4
Net premiums written	794,400	820,060	25,659	3.2
Deposits of premiums by policyholders	26,883	25,403	(1,479)	(5.5)
Life insurance premiums written	82,923	80,887	(2,036)	(2.5)
Reversal of reserve for outstanding losses and claims	—	9,680	9,680	—
Underwriting expenses:	797,791	789,762	(8,029)	(1.0)
Net claims paid	378,702	353,807	(24,895)	(6.6)
Loss adjustment expenses	34,183	32,774	(1,409)	(4.1)
Net commissions and brokerage fees	134,775	136,112	1,337	1.0
Maturity refunds to policyholders	39,095	39,876	780	2.0
Life insurance claims paid and other payments	22,339	23,726	1,387	6.2
Provision for reserve for outstanding losses and claims	899	—	(899)	(100.0)
Provision for underwriting reserves	185,166	198,368	13,201	7.1
Investment income:	63,429	54,236	(9,193)	(14.5)
Interest and dividend income	57,535	49,090	(8,444)	(14.7)
Gains on sales of securities	13,511	11,461	(2,050)	(15.2)
Investment expenses:	7,563	13,081	5,517	73.0
Losses on sales of securities	3,052	2,579	(473)	(15.5)
Impairment losses on securities	2,275	1,987	(287)	(12.7)
Operating, general and administrative expenses	133,945	135,054	1,109	0.8
Other ordinary income and expenses	4,837	6,507	1,669	34.5
Ordinary profit	42,898	68,207	25,309	59.0
Extraordinary gains and losses:				
Extraordinary gains	651	119	(531)	(81.6)
Extraordinary losses	1,754	4,590	2,835	161.6
Extraordinary gains and losses	(1,103)	(4,470)	(3,367)	—
Net income before income taxes	41,795	63,736	21,941	52.5
Income taxes and deferred income taxes	10,770	16,392	5,622	52.2
Net income	31,025	47,344	16,319	52.6
Net income attributable to non-controlling interests	460	7	(453)	(98.4)
Net income attributable to shareholders of the parent	30,564	47,336	16,772	54.9

(2) Premiums Written and Claims Paid by Business Lines (Consolidated)

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Three months ended June 30, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	129,447	15.1	11.3	136,104	15.9	5.1
Marine insurance	23,591	2.7	0.8	22,022	2.6	(6.6)
Personal accident insurance	75,909	8.8	(5.8)	73,328	8.6	(3.4)
Voluntary automobile insurance	314,776	36.6	(0.1)	316,421	37.0	0.5
Compulsory automobile liability insurance	77,929	9.1	4.8	58,813	6.9	(24.5)
Others	237,360	27.6	7.7	248,396	29.0	4.6
Total	859,013	100.0	3.5	855,086	100.0	(0.5)
Deposits of premiums by policyholders	26,883	3.1	(9.1)	25,403	3.0	(5.5)

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

Net premiums written

(Millions of yen)

Business line	Three months ended June 30, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	104,135	13.1	12.7	118,847	14.5	14.1
Marine insurance	37,020	4.7	31.0	33,005	4.0	(10.8)
Personal accident insurance	52,762	6.6	(4.9)	48,515	5.9	(8.1)
Voluntary automobile insurance	316,086	39.8	0.3	320,312	39.1	1.3
Compulsory automobile liability insurance	66,679	8.4	5.1	61,728	7.5	(7.4)
Others	217,714	27.4	13.0	237,651	29.0	9.2
Total	794,400	100.0	6.3	820,060	100.0	3.2

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

Net claims paid

(Millions of yen)

Business line	Three months ended June 30, 2019 (April 1 to June 30, 2019)			Three months ended June 30, 2020 (April 1 to June 30, 2020)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	57,954	15.3	(0.8)	51,967	14.7	(10.3)
Marine insurance	10,834	2.9	12.2	11,110	3.1	2.5
Personal accident insurance	22,045	5.8	(9.5)	16,923	4.8	(23.2)
Voluntary automobile insurance	154,982	40.9	(4.4)	137,994	39.0	(11.0)
Compulsory automobile liability insurance	47,542	12.6	(7.9)	44,690	12.6	(6.0)
Others	85,342	22.5	15.7	91,121	25.8	6.8
Total	378,702	100.0	(0.3)	353,807	100.0	(6.6)

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

(3) Securities (Consolidated)

1. Bonds held to maturity

(Millions of yen)

	As of March 31, 2020			As of June 30, 2020		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,185,658	1,480,856	295,198	1,186,746	1,462,156	275,409
Foreign securities	14,890	15,212	322	18,318	18,451	132
Total	1,200,548	1,496,069	295,520	1,205,065	1,480,607	275,542

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2020			As of June 30, 2020		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	460,685	500,834	40,148	528,225	555,156	26,930
Total	460,685	500,834	40,148	528,225	555,156	26,930

3. Securities available for sale

(Millions of yen)

	As of March 31, 2020			As of June 30, 2020		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	2,066,505	2,229,190	162,685	2,047,261	2,191,645	144,383
Domestic stocks	462,060	986,770	524,710	456,893	1,049,741	592,847
Foreign securities	2,772,435	2,873,845	101,409	2,794,362	2,917,868	123,506
Others	157,040	162,925	5,884	190,484	201,729	11,244
Total	5,458,041	6,252,732	794,690	5,489,003	6,360,985	871,982

Notes)

As of March 31, 2020	As of June 30, 2020
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Same as on the left
2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Certificate of deposit classified as cash and deposits and beneficial interests in the loan trusts, etc. classified as monetary receivables bought in the quarterly consolidated balance sheet are included in "Others" above.
3. Impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 17,691 million yen (domestic stocks: 15,805 million yen, foreign securities: 1,885 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30% or more from their cost.	3. Impairment losses on securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 1,836 million yen (domestic stocks: 583 million yen, foreign securities: 1,252 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the first quarter declines by 30% or more from their cost.