

August 6, 2021

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the three months ended June 30, 2021 [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, 2021
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, 2021 (April 1 to June 30, 2021)

(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, 2021	1,081,456	4.1	78,377	14.9	58,337	23.2
Three months ended June 30, 2020	1,039,080	2.2	68,207	59.0	47,336	54.9

Note) Comprehensive income: Three months ended June 30, 2021 137,596 million yen 76.1 %
Three months ended June 30, 2020 78,157 million yen 789.0 %

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2021	164.38	164.28
Three months ended June 30, 2020	130.08	130.00

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of June 30, 2021	13,566,019	2,129,473	15.6
As of March 31, 2021	13,118,656	2,031,168	15.4

Reference) Equity capital: As of June 30, 2021 2,116,687 million yen
As of March 31, 2021 2,018,361 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, 2021	—	80.00	—	90.00	170.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		105.00	—	105.00	210.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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	185,000	(14.0)	125,000	(12.3)	352.15

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

(Notes)

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021 (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.: Yes
 - (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, 2021	373,330,489 shares
As of March 31, 2021	373,330,489 shares
 - (b) Treasury stock:

As of June 30, 2021	19,032,443 shares
As of March 31, 2021	18,373,946 shares
 - (c) Average number of shares outstanding:

For the three months ended June 30, 2021	354,882,833 shares
For the three months ended June 30, 2020	363,900,294 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, 2021	As of June 30, 2021
Assets:		
Cash and deposits	1,068,985	1,054,409
Receivables under resale agreements	59,999	59,999
Monetary receivables bought	21,700	22,083
Money trusts	27,698	18,252
Securities	9,036,200	9,286,542
Loans	639,631	612,220
Tangible fixed assets	362,195	364,904
Intangible fixed assets	422,238	431,823
Other assets	1,481,467	1,709,150
Net defined benefit asset	83	79
Deferred tax assets	6,652	15,357
Allowance for possible credit losses	(8,196)	(8,805)
Total assets	13,118,656	13,566,019
Liabilities:		
Underwriting funds:	8,891,259	9,157,477
Reserve for outstanding losses and claims	1,646,818	1,710,346
Underwriting reserves	7,244,440	7,447,131
Corporate bonds	529,591	536,152
Other liabilities	1,380,322	1,456,268
Net defined benefit liability	80,497	81,975
Reserve for retirement benefits to directors	35	37
Reserve for bonus payments	30,421	10,823
Reserve for bonus payments to directors	1,083	—
Reserve for stocks payments	1,953	1,765
Reserves under the special laws:	100,212	101,434
Reserve for price fluctuation	100,212	101,434
Deferred tax liabilities	72,109	90,611
Total liabilities	11,087,487	11,436,545
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	244,060	244,058
Retained earnings	876,066	898,237
Treasury stock	(73,772)	(76,566)
Total shareholders' equity	1,146,399	1,165,775
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	997,904	1,026,657
Deferred gains and losses on hedges	4,406	4,023
Foreign currency translation adjustments	(141,211)	(90,655)
Remeasurements of defined benefit plans	10,862	10,885
Total accumulated other comprehensive income	871,961	950,911
Stock acquisition rights	467	460
Non-controlling interests	12,340	12,325
Total net assets	2,031,168	2,129,473
Total liabilities and net assets	13,118,656	13,566,019

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Three months ended June 30, 2021

	(Millions of yen)	
	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)
Ordinary income:	1,039,080	1,081,456
Underwriting income:	945,361	976,487
Net premiums written	820,060	872,550
Deposits of premiums by policyholders	25,403	19,956
Interest and dividend income on deposits of premiums, etc.	8,572	7,707
Life insurance premiums written	80,887	75,593
Reversal of reserve for outstanding losses and claims	9,680	—
Investment income:	54,236	64,680
Interest and dividend income	49,090	63,604
Investment gains on money trusts	890	443
Investment gains on trading securities	—	418
Gains on sales of securities	11,461	4,196
Transfer of interest and dividend income on deposits of premiums, etc.	(8,572)	(7,707)
Other ordinary income	39,482	40,288
Ordinary expenses:	970,872	1,003,079
Underwriting expenses:	789,762	817,349
Net claims paid	353,807	373,059
Loss adjustment expenses	32,774	33,540
Net commissions and brokerage fees	136,112	150,978
Maturity refunds to policyholders	39,876	36,340
Life insurance claims paid and other payments	23,726	23,662
Provision for reserve for outstanding losses and claims	—	19,581
Provision for underwriting reserves	198,368	178,513
Investment expenses:	13,081	7,358
Investment losses on money trusts	8	41
Investment losses on trading securities	58	—
Losses on sales of securities	2,579	1,592
Impairment losses on securities	1,987	4,617
Operating, general and administrative expenses	135,054	142,214
Other ordinary expenses:	32,974	36,157
Interest paid	3,477	3,719
Ordinary profit	<u>68,207</u>	<u>78,377</u>
Extraordinary gains:	119	118
Gains on disposal of fixed assets	119	118
Extraordinary losses:	4,590	1,720
Losses on disposal of fixed assets	271	498
Impairment losses	678	—
Provision for reserves under the special laws:	1,170	1,222
Provision for reserve for price fluctuation	1,170	1,222
Other extraordinary losses	2,470	—
Net income before income taxes	<u>63,736</u>	<u>76,775</u>
Income taxes and deferred income taxes	<u>16,392</u>	<u>17,911</u>
Net income	<u>47,344</u>	<u>58,863</u>
Net income attributable to non-controlling shareholders	<u>7</u>	<u>526</u>
Net income attributable to shareholders of the parent	<u>47,336</u>	<u>58,337</u>

Quarterly Consolidated Statement of Comprehensive Income
 Three months ended June 30, 2021

	(Millions of yen)	
	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)
Net income	47,344	58,863
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	52,666	28,660
Deferred gains and losses on hedges	(660)	(382)
Foreign currency translation adjustments	(21,159)	50,506
Remeasurements of defined benefit plans	(71)	25
Share of other comprehensive income of affiliates accounted for under the equity method	38	(77)
Total other comprehensive income	30,813	78,732
Comprehensive income	78,157	137,596
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	78,890	137,287
Comprehensive income attributable to non-controlling shareholders	(733)	309

(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.

(6) Changes in Accounting Policies, Changes in Accounting Estimations, and Retrospective Restatements

(Changes in Accounting Policies)

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

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

In addition, the effect on Quarterly Consolidated Financial Statements is immaterial.

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

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

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

The Company applies "Accounting Standard for Revenue Recognition", etc. in accordance with the transitional treatment based on the conditional clause of Article 84 of "Accounting Standard for Revenue Recognition."

In addition, the effect of application of the accounting standard on Quarterly Consolidated Financial Statements is immaterial.

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Three months ended June 30, 2020 (April 1 to June 30, 2020)	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	945,361	976,487	31,125	3.3
Net premiums written	820,060	872,550	52,490	6.4
Deposits of premiums by policyholders	25,403	19,956	(5,446)	(21.4)
Life insurance premiums written	80,887	75,593	(5,293)	(6.5)
Reversal of reserve for outstanding losses and claims	9,680	—	(9,680)	(100.0)
Underwriting expenses:	789,762	817,349	27,587	3.5
Net claims paid	353,807	373,059	19,252	5.4
Loss adjustment expenses	32,774	33,540	766	2.3
Net commissions and brokerage fees	136,112	150,978	14,865	10.9
Maturity refunds to policyholders	39,876	36,340	(3,535)	(8.9)
Life insurance claims paid and other payments	23,726	23,662	(64)	(0.3)
Provision for reserve for outstanding losses and claims	—	19,581	19,581	—
Provision for underwriting reserves	198,368	178,513	(19,854)	(10.0)
Investment income:	54,236	64,680	10,444	19.3
Interest and dividend income	49,090	63,604	14,513	29.6
Gains on sales of securities	11,461	4,196	(7,264)	(63.4)
Investment expenses:	13,081	7,358	(5,723)	(43.8)
Losses on sales of securities	2,579	1,592	(987)	(38.3)
Impairment losses on securities	1,987	4,617	2,629	132.3
Operating, general and administrative expenses	135,054	142,214	7,159	5.3
Other ordinary income and expenses	6,507	4,131	(2,376)	(36.5)
Ordinary profit	68,207	78,377	10,169	14.9
Extraordinary gains and losses:				
Extraordinary gains	119	118	(1)	(0.9)
Extraordinary losses	4,590	1,720	(2,869)	(62.5)
Extraordinary gains and losses	(4,470)	(1,601)	2,868	—
Net income before income taxes	63,736	76,775	13,038	20.5
Income taxes and deferred income taxes	16,392	17,911	1,518	9.3
Net income	47,344	58,863	11,519	24.3
Net income attributable to non-controlling interests	7	526	519	7,115.4
Net income attributable to shareholders of the parent	47,336	58,337	11,000	23.2

(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, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	136,104	15.9	5.1	151,702	15.1	11.5
Marine insurance	22,022	2.6	(6.6)	23,717	2.4	7.7
Personal accident insurance	73,328	8.6	(3.4)	69,054	6.9	(5.8)
Voluntary automobile insurance	316,421	37.0	0.5	312,815	31.2	(1.1)
Compulsory automobile liability insurance	58,813	6.9	(24.5)	58,045	5.8	(1.3)
Others	248,396	29.0	4.6	388,469	38.7	56.4
Total	855,086	100.0	(0.5)	1,003,804	100.0	17.4
Deposits of premiums by policyholders	25,403	3.0	(5.5)	19,956	2.0	(21.4)

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, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	118,847	14.5	14.1	143,397	16.4	20.7
Marine insurance	33,005	4.0	(10.8)	27,177	3.1	(17.7)
Personal accident insurance	48,515	5.9	(8.1)	48,668	5.6	0.3
Voluntary automobile insurance	320,312	39.1	1.3	314,939	36.1	(1.7)
Compulsory automobile liability insurance	61,728	7.5	(7.4)	54,662	6.3	(11.4)
Others	237,651	29.0	9.2	283,704	32.5	19.4
Total	820,060	100.0	3.2	872,550	100.0	6.4

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, 2020 (April 1 to June 30, 2020)			Three months ended June 30, 2021 (April 1 to June 30, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	51,967	14.7	(10.3)	78,561	21.1	51.2
Marine insurance	11,110	3.1	2.5	10,000	2.7	(10.0)
Personal accident insurance	16,923	4.8	(23.2)	17,578	4.7	3.9
Voluntary automobile insurance	137,994	39.0	(11.0)	145,957	39.1	5.8
Compulsory automobile liability insurance	44,690	12.6	(6.0)	38,740	10.4	(13.3)
Others	91,121	25.8	6.8	82,220	22.0	(9.8)
Total	353,807	100.0	(6.6)	373,059	100.0	5.4

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, 2021			As of June 30, 2021		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,189,310	1,441,663	252,352	1,200,810	1,455,255	254,445
Foreign securities	32,535	33,370	835	32,893	35,186	2,292
Total	1,221,845	1,475,033	253,187	1,233,704	1,490,442	256,737

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2021			As of June 30, 2021		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	751,622	768,113	16,490	800,364	816,050	15,685
Total	751,622	768,113	16,490	800,364	816,050	15,685

3. Securities available for sale

(Millions of yen)

	As of March 31, 2021			As of June 30, 2021		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,987,933	2,106,572	118,638	1,938,795	2,059,807	121,012
Domestic stocks	440,936	1,271,793	830,857	436,383	1,260,312	823,928
Foreign securities	2,987,698	3,394,073	406,374	3,172,913	3,622,726	449,813
Others	222,584	241,720	19,135	233,207	259,493	26,285
Total	5,639,152	7,014,159	1,375,006	5,781,300	7,202,339	1,421,039

Notes)

As of March 31, 2021	As of June 30, 2021
1. Securities available for sale which are considered extremely difficult to figure out their fair value are not included in the above table.	1. Stocks and others without a quoted market price are not included in the above table.
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 1,722 million yen (domestic stocks: 164 million yen, foreign securities: 1,557 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 stocks and others without a quoted market price) amount to 4,321 million yen (domestic stocks: 4,199 million yen, foreign securities: 121 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.