

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the six months ended September 30, 2022 [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, Chairman and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: November 28, 2022
Scheduled date to start payment of dividends: December 6, 2022
Supplementary information for quarterly financial statements: Yes
Schedule for quarterly investor meeting: Yes (intended for institutional investors and analysts)

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

1. Consolidated Financial Results for the six months ended September 30, 2022 (April 1 to September 30, 2022)

(1) Consolidated Results of Operations

(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	%
Six months ended September 30, 2022	2,565,770	17.7	(23,615)	—	(20,030)	—
Six months ended September 30, 2021	2,179,729	9.8	190,596	145.9	130,735	230.0
Note) Comprehensive income:	Six months ended September 30, 2022		(113,024) million yen		— %	
	Six months ended September 30, 2021		186,545 million yen		13.2 %	

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2022	(58.86)	—
Six months ended September 30, 2021	370.35	370.13

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of September 30, 2022	14,830,304	1,846,035	12.4
As of March 31, 2022	13,787,835	2,040,789	14.7

Reference) Equity capital: As of September 30, 2022 1,831,869 million yen
As of March 31, 2022 2,028,118 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, 2022	—	105.00	—	105.00	210.00
Fiscal year ending March 31, 2023	—	130.00			
Fiscal year ending March 31, 2023 (Forecast)			—	130.00	260.00

Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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	115,000	(63.6)	80,000	(64.4)	238.36

Note) Revisions to the latest announced forecasts of financial results: Yes

(Notes)

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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
- (3) Number of shares outstanding (Common stock) :
 - (a) Total shares outstanding including treasury stock:

As of September 30, 2022	347,698,689 shares
As of March 31, 2022	347,698,689 shares
 - (b) Treasury stock:

As of September 30, 2022	12,076,061 shares
As of March 31, 2022	5,096,040 shares
 - (c) Average number of shares outstanding:

For the six months ended September 30, 2022	340,266,221 shares
For the six months ended September 30, 2021	353,003,572 shares

(Expression of implementation status of interim audit procedures)

This summary is not subject to interim audits 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.

Sompo Holdings, Inc. prepares the interim consolidated financial statements for the six months ended September 30, 2022, since it conducts business defined in the provision of Article 17-15, Paragraph (2) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets:		
Cash and deposits	1,170,892	1,306,885
Receivables under resale agreements	73,999	74,999
Monetary receivables bought	20,104	20,292
Money trusts	20,815	18,226
Securities	9,542,035	9,686,486
Loans	536,132	515,884
Tangible fixed assets	353,438	354,458
Intangible fixed assets	428,266	469,751
Other assets	1,618,878	2,254,572
Net defined benefit asset	179	160
Deferred tax assets	31,741	138,071
Allowance for possible credit losses	(8,649)	(9,484)
Total assets	<u>13,787,835</u>	<u>14,830,304</u>
Liabilities:		
Underwriting funds:	9,445,446	10,412,284
Reserve for outstanding losses and claims	1,959,817	2,387,385
Underwriting reserves	7,485,628	8,024,898
Corporate bonds	539,742	559,406
Other liabilities	1,536,282	1,792,162
Net defined benefit liability	69,767	72,656
Reserve for retirement benefits to directors	9	12
Reserve for bonus payments	41,814	33,828
Reserve for bonus payments to directors	767	58
Reserve for stocks payments	2,401	2,678
Reserves under the special laws:	105,389	108,010
Reserve for price fluctuation	105,389	108,010
Deferred tax liabilities	5,424	3,170
Total liabilities	<u>11,747,045</u>	<u>12,984,269</u>
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	134,962	134,708
Retained earnings	1,028,109	966,602
Treasury stock	(24,965)	(66,693)
Total shareholders' equity	<u>1,238,152</u>	<u>1,134,663</u>
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	838,843	569,228
Deferred gains and losses on hedges	3,429	3,383
Foreign currency translation adjustments	(68,911)	108,302
Remeasurements of defined benefit plans	16,605	16,291
Total accumulated other comprehensive income	<u>789,966</u>	<u>697,205</u>
Stock acquisition rights	446	269
Non-controlling interests	12,224	13,896
Total net assets	<u>2,040,789</u>	<u>1,846,035</u>
Total liabilities and net assets	<u>13,787,835</u>	<u>14,830,304</u>

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
Interim Consolidated Statement of Income

	(Millions of yen)	
	Six months ended September 30, 2021 (April 1 to September 30, 2021)	Six months ended September 30, 2022 (April 1 to September 30, 2022)
Ordinary income:	2,179,729	2,565,770
Underwriting income:	1,917,252	2,310,420
Net premiums written	1,701,797	2,103,273
Deposits of premiums by policyholders	40,889	35,003
Interest and dividend income on deposits of premiums, etc.	15,233	14,473
Life insurance premiums written	157,935	156,829
Investment income:	179,357	163,415
Interest and dividend income	111,327	120,206
Investment gains on money trusts	814	1,766
Investment gains on trading securities	889	1,189
Gains on sales of securities	68,895	29,758
Transfer of interest and dividend income on deposits of premiums, etc.	(15,233)	(14,473)
Other ordinary income	83,119	91,934
Ordinary expenses:	1,989,132	2,589,385
Underwriting expenses:	1,620,956	2,142,225
Net claims paid	746,740	886,672
Loss adjustment expenses	65,388	68,537
Net commissions and brokerage fees	306,162	362,115
Maturity refunds to policyholders	78,886	79,251
Life insurance claims paid and other payments	46,946	58,600
Provision for reserve for outstanding losses and claims	103,383	248,829
Provision for underwriting reserves	272,046	429,925
Investment expenses:	13,612	53,417
Investment losses on money trusts	44	2
Losses on sales of securities	3,417	25,299
Impairment losses on securities	5,892	9,638
Operating, general and administrative expenses	283,372	305,187
Other ordinary expenses:	71,190	88,554
Interest paid	7,399	7,948
Ordinary profit (loss)	190,596	(23,615)
Extraordinary gains:	661	1,753
Gains on disposal of fixed assets	661	1,753
Extraordinary losses:	3,163	3,266
Losses on disposal of fixed assets	701	555
Provision for reserves under the special laws:	2,462	2,621
Provision for reserve for price fluctuation	2,462	2,621
Losses on reduction of real estate	—	88
Net income (loss) before income taxes	188,094	(25,127)
Income taxes	70,321	14,862
Deferred income taxes	(13,827)	(20,988)
Total income taxes	56,493	(6,126)
Net income (loss)	131,601	(19,001)
Net income attributable to non-controlling interests	865	1,029
Net income (loss) attributable to shareholders of the parent	130,735	(20,030)

Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2021 (April 1 to September 30, 2021)	Six months ended September 30, 2022 (April 1 to September 30, 2022)
Net income (loss)	131,601	(19,001)
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	4,894	(269,786)
Deferred gains and losses on hedges	(418)	(45)
Foreign currency translation adjustments	50,426	175,454
Remeasurements of defined benefit plans	51	(307)
Share of other comprehensive income of affiliates accounted for under the equity method	(9)	662
Total other comprehensive income	54,944	(94,023)
Comprehensive income	186,545	(113,024)
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	186,108	(112,791)
Comprehensive income attributable to non-controlling shareholders	437	(233)

(3) Interim Consolidated Statement of Changes in Net Assets
Six months ended September 30, 2021 (April 1 to September 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	244,060	876,066	(73,772)	1,146,399
Changes during the period:					
Dividends			(32,035)		(32,035)
Net income attributable to shareholders of the parent			130,735		130,735
Acquisition of treasury stock				(29,320)	(29,320)
Disposal of treasury stock		(1)		126	124
Changes in the scope of consolidation			(4,130)		(4,130)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(1)	94,569	(29,194)	65,374
Balance at the end of the period	100,045	244,058	970,636	(102,967)	1,211,773

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	997,904	4,406	(141,211)	10,862	871,961	467	12,340	2,031,168
Changes during the period:								
Dividends								(32,035)
Net income attributable to shareholders of the parent								130,735
Acquisition of treasury stock								(29,320)
Disposal of treasury stock								124
Changes in the scope of consolidation								(4,130)
Net changes in items other than shareholders' equity	5,192	(418)	50,544	53	55,372	(7)	(743)	54,621
Total changes during the period	5,192	(418)	50,544	53	55,372	(7)	(743)	119,995
Balance at the end of the period	1,003,097	3,987	(90,666)	10,915	927,333	460	11,596	2,151,164

Six months ended September 30, 2022 (April 1 to September 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	100,045	134,962	1,028,109	(24,965)	1,238,152
Effect of hyperinflation			(5,949)		(5,949)
Adjusted beginning balance	100,045	134,962	1,022,159	(24,965)	1,232,202
Changes during the period:					
Dividends			(36,074)		(36,074)
Net loss attributable to shareholders of the parent			(20,030)		(20,030)
Acquisition of treasury stock				(42,569)	(42,569)
Disposal of treasury stock		(253)		841	587
Changes in the scope of consolidation			547		547
Net changes in items other than shareholders' equity					
Total changes during the period	—	(253)	(55,557)	(41,728)	(97,539)
Balance at the end of the period	100,045	134,708	966,602	(66,693)	1,134,663

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains and losses on securities available for sale	Deferred gains and losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,040,789
Effect of hyperinflation								(5,949)
Adjusted beginning balance	838,843	3,429	(68,911)	16,605	789,966	446	12,224	2,034,839
Changes during the period:								
Dividends								(36,074)
Net loss attributable to shareholders of the parent								(20,030)
Acquisition of treasury stock								(42,569)
Disposal of treasury stock								587
Changes in the scope of consolidation								547
Net changes in items other than shareholders' equity	(269,615)	(45)	177,214	(314)	(92,760)	(177)	1,672	(91,265)
Total changes during the period	(269,615)	(45)	177,214	(314)	(92,760)	(177)	1,672	(188,804)
Balance at the end of the period	569,228	3,383	108,302	16,291	697,205	269	13,896	1,846,035

(4) Notes on Going-Concern Assumption

None.

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

(Changes in Accounting Policies)

Application of “Implementation Guidance on Accounting Standard for Fair Value Measurement”

The Company has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (ASBJ) Guidance No.31, June 17, 2021) from the beginning of the fiscal year 2022 and the new accounting policy specified in “Implementation Guidance on Accounting Standard for Fair Value Measurement” for the future in accordance with the transitional treatment based on Paragraph 27-2 of “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

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

Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Six months ended September 30, 2021 (April 1 to September 30, 2021)	Six months ended September 30, 2022 (April 1 to September 30, 2022)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	1,917,252	2,310,420	393,168	20.5
Net premiums written	1,701,797	2,103,273	401,476	23.6
Deposits of premiums by policyholders	40,889	35,003	(5,886)	(14.4)
Life insurance premiums written	157,935	156,829	(1,105)	(0.7)
Underwriting expenses:	1,620,956	2,142,225	521,269	32.2
Net claims paid	746,740	886,672	139,932	18.7
Loss adjustment expenses	65,388	68,537	3,149	4.8
Net commissions and brokerage fees	306,162	362,115	55,953	18.3
Maturity refunds to policyholders	78,886	79,251	364	0.5
Life insurance claims paid and other payments	46,946	58,600	11,653	24.8
Provision for reserve for outstanding losses and claims	103,383	248,829	145,446	140.7
Provision for underwriting reserves	272,046	429,925	157,879	58.0
Investment income:	179,357	163,415	(15,942)	(8.9)
Interest and dividend income	111,327	120,206	8,879	8.0
Gains on sales of securities	68,895	29,758	(39,136)	(56.8)
Investment expenses:	13,612	53,417	39,805	292.4
Losses on sales of securities	3,417	25,299	21,881	640.3
Impairment losses on securities	5,892	9,638	3,746	63.6
Operating, general and administrative expenses	283,372	305,187	21,814	7.7
Other ordinary income and expenses	11,928	3,379	(8,548)	(71.7)
Ordinary profit (loss)	190,596	(23,615)	(214,211)	(112.4)
Extraordinary gains and losses:				
Extraordinary gains	661	1,753	1,092	165.1
Extraordinary losses	3,163	3,266	102	3.3
Extraordinary gains and losses	(2,502)	(1,512)	989	—
Net income (loss) before income taxes	188,094	(25,127)	(213,222)	(113.4)
Income taxes	70,321	14,862	(55,459)	(78.9)
Deferred income taxes	(13,827)	(20,988)	(7,160)	—
Total income taxes	56,493	(6,126)	(62,619)	(110.8)
Net income (loss)	131,601	(19,001)	(150,602)	(114.4)
Net income attributable to non-controlling interests	865	1,029	163	18.9
Net income (loss) attributable to shareholders of the parent	130,735	(20,030)	(150,766)	(115.3)

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Six months ended September 30, 2021 (April 1 to September 30, 2021)			Six months ended September 30, 2022 (April 1 to September 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	344,215	18.5	5.2	436,947	20.2	26.9
Marine insurance	52,286	2.8	11.1	70,303	3.3	34.5
Personal accident insurance	127,423	6.8	(4.9)	127,224	5.9	(0.2)
Voluntary automobile insurance	607,752	32.6	(0.4)	624,337	28.9	2.7
Compulsory automobile liability insurance	112,020	6.0	(4.2)	111,249	5.2	(0.7)
Others	620,173	33.3	39.5	788,502	36.5	27.1
Total	1,863,873	100.0	11.0	2,158,565	100.0	15.8
Deposits of premiums by policyholders	40,889	2.2	(18.6)	35,003	1.6	(14.4)

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

Net premiums written

(Millions of yen)

Business line	Six months ended September 30, 2021 (April 1 to September 30, 2021)			Six months ended September 30, 2022 (April 1 to September 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	273,268	16.1	11.2	370,362	17.6	35.5
Marine insurance	48,858	2.9	2.0	64,698	3.1	32.4
Personal accident insurance	85,854	5.0	0.6	87,920	4.2	2.4
Voluntary automobile insurance	608,835	35.8	(0.6)	632,510	30.1	3.9
Compulsory automobile liability insurance	114,517	6.7	(7.3)	105,235	5.0	(8.1)
Others	570,463	33.5	25.6	842,544	40.1	47.7
Total	1,701,797	100.0	8.5	2,103,273	100.0	23.6

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

Net claims paid

(Millions of yen)

Business line	Six months ended September 30, 2021 (April 1 to September 30, 2021)			Six months ended September 30, 2022 (April 1 to September 30, 2022)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	153,687	20.6	25.2	184,490	20.8	20.0
Marine insurance	22,345	3.0	(2.2)	22,234	2.5	(0.5)
Personal accident insurance	35,378	4.7	(3.4)	44,052	5.0	24.5
Voluntary automobile insurance	295,418	39.6	4.1	322,284	36.3	9.1
Compulsory automobile liability insurance	78,199	10.5	(3.8)	72,007	8.1	(7.9)
Others	161,709	21.7	(1.9)	241,602	27.2	49.4
Total	746,740	100.0	4.8	886,672	100.0	18.7

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, 2022			As of September 30, 2022		
		Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,086,043	1,295,977	209,934	1,073,776	1,239,149	165,373
	Foreign securities	19,545	25,851	6,305	23,739	32,395	8,655
	Subtotal	1,105,589	1,321,829	216,239	1,097,516	1,271,545	174,028
Securities whose fair value does not exceed their carrying amount	Domestic bonds	118,674	111,662	(7,011)	130,190	109,709	(20,480)
	Foreign securities	2,975	2,942	(32)	6,405	6,201	(203)
	Subtotal	121,649	114,605	(7,043)	136,595	115,911	(20,684)
Total		1,227,238	1,436,434	209,195	1,234,112	1,387,456	153,344

2. Policy reserve matching bonds

(Millions of yen)

		As of March 31, 2022			As of September 30, 2022		
		Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	244,471	261,774	17,303	78,588	84,465	5,877
Securities whose fair value does not exceed their carrying amount	Domestic bonds	722,025	672,562	(49,462)	1,063,662	921,478	(142,184)
Total		966,496	934,337	(32,159)	1,142,250	1,005,943	(136,306)

3. Securities available for sale

(Millions of yen)

		As of March 31, 2022			As of September 30, 2022		
		Carrying amount	Cost	Unrealized gains and losses	Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,271,303	1,168,831	102,472	1,027,994	945,867	82,126
	Domestic stocks	1,191,869	379,955	811,913	1,116,839	374,297	742,542
	Foreign securities	2,113,763	1,810,929	302,833	1,192,739	948,645	244,093
	Others	190,781	165,269	25,512	136,848	121,949	14,899
	Subtotal	4,767,718	3,524,986	1,242,731	3,474,422	2,390,760	1,083,661
Securities whose carrying amount does not exceed their cost	Domestic bonds	737,695	762,653	(24,957)	803,908	870,617	(66,709)
	Domestic stocks	38,624	45,836	(7,212)	33,576	38,788	(5,212)
	Foreign securities	1,636,053	1,688,726	(52,673)	2,561,795	2,799,977	(238,182)
	Others	92,099	93,379	(1,279)	147,831	156,417	(8,586)
	Subtotal	2,504,472	2,590,595	(86,122)	3,547,112	3,865,802	(318,689)
Total		7,272,190	6,115,581	1,156,609	7,021,534	6,256,562	764,971

Notes)

As of March 31, 2022	As of September 30, 2022
1. Stocks and others without a quoted market price and Investments in Partnerships 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 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 classified as monetary receivables bought in the interim consolidated balance sheet are included in "Others" above.

4. Securities for which impairment losses are recognized

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Six months ended September 30, 2022 (April 1 to September 30, 2022)
For the fiscal year ended March 31, 2022, impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 2,944 million yen (domestic stocks: 1,537 million yen, foreign securities: 1,406 million yen), and impairment losses on stocks and others without a quoted market price and Investments in Partnerships amount to 1,110 million yen (domestic stocks: 744 million yen, foreign securities: 366 million yen). Basically, impairment losses on securities are recognized if fair value at the end of the fiscal year declines by 30 percent or more from their cost.	For the six months ended September 30, 2022, impairment losses on securities available for sale (excluding stocks and others without a quoted market price and Investments in Partnerships) amount to 8,662 million yen (domestic stocks: 1,186 million yen, foreign securities: 7,460 million yen, others: 16 million yen), and impairment losses on stocks and others without a quoted market price and Investments in Partnerships amount to 348 million yen (domestic stocks only). Basically, impairment losses on securities are recognized if fair value at the end of the second quarter declines by 30 percent or more from their cost.