

February 14, 2024

Sompo Holdings, Inc.

Summary of Consolidated Financial Results for the nine months ended December 31, 2023 [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, Chairman and Representative Executive Officer
Scheduled date to file Quarterly Securities Report: February 14, 2024
Scheduled date to start payment of dividends: _____
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 nine months ended December 31, 2023 (April 1 to December 31, 2023)

(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	%
Nine months ended December 31, 2023	3,848,583	6.0	432,420	—	323,047	—
Nine months ended December 31, 2022	3,631,218	—	(39,121)	—	(47,142)	—
Note) Comprehensive income:	Nine months ended December 31, 2023		773,185	million yen	—	%
	Nine months ended December 31, 2022		(56,721)	million yen	—	%

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2023	976.82	976.49
Nine months ended December 31, 2022	(139.45)	—

(Note) Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the nine months ended December 31, 2022 have reflected the retrospective application of these accounting standards, etc. In addition, the rate of changes from the corresponding period of the previous fiscal year are not stated.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2023	14,424,349	2,579,653	17.8
As of March 31, 2023	13,351,277	1,919,140	14.3

Reference) Equity capital: As of December 31, 2023 2,560,864 million yen
As of March 31, 2023 1,903,047 million yen

(Note) Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the fiscal year ended March 31, 2023 have reflected the retrospective application of these accounting standards, etc.

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, 2023	—	130.00	—	130.00	260.00
Fiscal year ending March 31, 2024	—	150.00	—		
Fiscal year ending March 31, 2024 (Forecast)				150.00	300.00

(Note) Revisions to the latest announced dividends forecasts: None

3. Forecasts of Consolidated Financial Results for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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	451,000	811.0	324,000	1126.6	984.25

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

(Notes)

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes
Decrease: 1 (Company Name: Sampo Consumer Seguradora S.A.)
- (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 December 31, 2023	330,160,689 shares
As of March 31, 2023	347,698,689 shares
 - (b) Treasury stock:

As of December 31, 2023	978,748 shares
As of March 31, 2023	14,615,082 shares
 - (c) Average number of shares outstanding:

For the nine months ended December 31, 2023	330,711,322 shares
For the nine months ended December 31, 2022	338,040,502 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.

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1. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
Assets:		
Cash and deposits	1,246,638	1,400,225
Receivables under resale agreements	69,999	39,999
Monetary receivables bought	21,915	23,959
Money trusts	21,236	4,744
Securities	9,808,182	10,891,832
Loans	484,145	461,309
Tangible fixed assets	360,882	370,058
Intangible fixed assets	543,122	549,244
Other assets	707,418	645,470
Net defined benefit asset	230	235
Deferred tax assets	90,499	40,386
Allowance for possible credit losses	(2,995)	(3,115)
Total assets	<u>13,351,277</u>	<u>14,424,349</u>
Liabilities:		
Underwriting funds:	9,475,679	9,799,387
Reserve for outstanding losses and claims	2,332,903	2,729,285
Underwriting reserves	7,142,775	7,070,102
Corporate bonds	609,051	687,160
Other liabilities	1,127,008	1,079,920
Net defined benefit liability	59,235	63,751
Reserve for retirement benefits to directors	16	20
Reserve for bonus payments	42,488	26,991
Reserve for bonus payments to directors	487	41
Reserve for stocks payments	2,669	2,676
Reserves under the special laws:	110,858	115,060
Reserve for price fluctuation	110,858	115,060
Deferred tax liabilities	4,642	69,684
Total liabilities	<u>11,432,136</u>	<u>11,844,695</u>
Net assets:		
Shareholders' equity:		
Common stock	100,045	100,045
Capital surplus	134,708	32,098
Retained earnings	961,838	1,195,790
Treasury stock	(82,145)	(4,193)
Total shareholders' equity	<u>1,114,447</u>	<u>1,323,741</u>
Accumulated other comprehensive income:		
Unrealized gains and losses on securities available for sale	708,578	1,009,200
Deferred gains and losses on hedges	2,412	1,684
Foreign currency translation adjustments	57,053	206,588
Remeasurements of defined benefit plans	20,555	19,649
Total accumulated other comprehensive income	<u>788,599</u>	<u>1,237,122</u>
Stock acquisition rights	269	242
Non-controlling interests	15,824	18,546
Total net assets	<u>1,919,140</u>	<u>2,579,653</u>
Total liabilities and net assets	<u>13,351,277</u>	<u>14,424,349</u>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Nine months ended December 31, 2023

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1 to December 31, 2022)	Nine months ended December 31, 2023 (April 1 to December 31, 2023)
Ordinary income:	3,631,218	3,848,583
Underwriting income:	3,307,506	3,262,001
Net premiums written	2,996,156	2,956,971
Deposits of premiums by policyholders	52,489	50,101
Interest and dividend income on deposits of premiums, etc.	21,289	21,000
Life insurance premiums written	235,376	231,721
Investment income:	187,012	408,849
Interest and dividend income	136,658	142,702
Investment gains on money trusts	2,320	5,731
Investment gains on trading securities	—	92,506
Gains on sales of securities	49,417	166,401
Transfer of interest and dividend income on deposits of premiums, etc.	(21,289)	(21,000)
Other ordinary income	136,699	177,732
Ordinary expenses:	3,670,340	3,416,163
Underwriting expenses:	2,857,806	2,713,859
Net claims paid	1,421,927	1,524,188
Loss adjustment expenses	102,897	106,079
Net commissions and brokerage fees	548,334	574,204
Maturity refunds to policyholders	133,791	119,945
Life insurance claims paid and other payments	103,052	79,078
Provision for reserve for outstanding losses and claims	251,451	188,583
Provision for underwriting reserves	281,363	119,825
Investment expenses:	224,308	74,528
Investment losses on money trusts	2	—
Investment losses on trading securities	155,258	—
Losses on sales of securities	30,817	44,173
Impairment losses on securities	10,438	1,711
Operating, general and administrative expenses	457,378	489,479
Other ordinary expenses:	130,846	138,296
Interest paid	12,409	10,479
Ordinary profit (loss)	(39,121)	432,420
Extraordinary gains:	5,923	1,014
Gains on disposal of fixed assets	5,923	854
Gains on negative goodwill	—	159
Extraordinary losses:	5,068	5,962
Losses on disposal of fixed assets	914	538
Provision for reserves under the special laws:	4,065	4,202
Provision for reserve for price fluctuation	4,065	4,202
Losses on reduction of real estate	88	—
Other extraordinary losses	—	1,221
Net income (loss) before income taxes	(38,267)	427,472
Income taxes and deferred income taxes	7,366	101,604
Net income (loss)	(45,633)	325,868
Net income attributable to non-controlling interests	1,508	2,820
Net income (loss) attributable to shareholders of the parent	(47,142)	323,047

Quarterly Consolidated Statement of Comprehensive Income
 Nine months ended December 31, 2023

	(Millions of yen)	
	Nine months ended December 31, 2022 (April 1 to December 31, 2022)	Nine months ended December 31, 2023 (April 1 to December 31, 2023)
Net income (loss)	(45,633)	325,868
Other comprehensive income:		
Unrealized gains and losses on securities available for sale	(237,396)	300,526
Deferred gains and losses on hedges	(1,413)	(728)
Foreign currency translation adjustments	228,331	147,955
Remeasurements of defined benefit plans	(464)	(928)
Share of other comprehensive income of affiliates accounted for under the equity method	(145)	491
Total other comprehensive income	(11,087)	447,317
Comprehensive income	(56,721)	773,185
(Comprehensive income attributable to)		
Comprehensive income attributable to shareholders of the parent	(56,030)	771,570
Comprehensive income attributable to non-controlling interests	(691)	1,615

(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 third 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)

(International Financial Reporting Standards (IFRS) 17 "Insurance Contracts")

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" from the beginning of the first quarter of the fiscal year ending March 31, 2024. As a result of this application, underwriting funds are measured to reflect the effects of the time value of money, the financial risks of cash flows from insurance contracts, and the uncertainty of cash flows from insurance contracts.

These changes in accounting policies have been applied retrospectively. Accordingly, the quarterly consolidated financial statements for the nine months ended December 31, 2022, and the consolidated financial statements for the fiscal year ended March 31, 2023, have reflected the retrospective application. As a result, for the nine months ended December 31, 2022, ordinary expenses have decreased by 100,461 million yen, and ordinary loss and net loss before income taxes have decreased by 100,461 million yen, respectively, compared to those prior to the retrospective application. In addition, for the fiscal year ended March 31, 2023, other assets have decreased by 1,109,401 million yen, other liabilities have decreased by 515,938 million yen, and underwriting funds have decreased by 643,254 million yen. The cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has decreased by 16,769 million yen.

(International Financial Reporting Standards (IFRS) 9 “Financial Instruments”)

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 9 “Financial Instruments” from the beginning of the first quarter of the fiscal year ending March 31, 2024. As a result of this application, the methods for classification and measurement of financial instruments have changed.

These changes in accounting policies have been applied retrospectively. Accordingly, the quarterly consolidated financial statements for the nine months ended December 31, 2022, and the consolidated financial statements for the fiscal year ended March 31, 2023, have reflected the retrospective application. As a result, for the nine months ended December 31, 2022, ordinary income decreased by 58,516 million yen, ordinary expenses increased by 137,813 million yen, and ordinary loss and net loss before income taxes increased by 196,330 million yen, respectively, compared to those prior to the retrospective application. In addition, the cumulative impact of these changes has been reflected in the balance of net assets at the beginning of the fiscal year ended March 31, 2023. As a result, the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023 has increased by 7,578 million yen, and the balance of unrealized gains and losses on securities available for sale at the beginning of the fiscal year ended March 31, 2023 decreased by 7,578 million yen.

2. Supplementary Information

(1) Summary of Results of Operations (Consolidated)

(Millions of yen)

	Nine months ended December 31, 2022 (April 1 to December 31, 2022)	Nine months ended December 31, 2023 (April 1 to December 31, 2023)	Increase (Decrease)	Rate of change
Ordinary income and expenses:				%
Underwriting income:	3,307,506	3,262,001	(45,504)	(1.4)
Net premiums written	2,996,156	2,956,971	(39,184)	(1.3)
Deposits of premiums by policyholders	52,489	50,101	(2,387)	(4.5)
Life insurance premiums written	235,376	231,721	(3,655)	(1.6)
Underwriting expenses:	2,857,806	2,713,859	(143,946)	(5.0)
Net claims paid	1,421,927	1,524,188	102,260	7.2
Loss adjustment expenses	102,897	106,079	3,182	3.1
Net commissions and brokerage fees	548,334	574,204	25,869	4.7
Maturity refunds to policyholders	133,791	119,945	(13,846)	(10.3)
Life insurance claims paid and other payments	103,052	79,078	(23,974)	(23.3)
Provision for reserve for outstanding losses and claims	251,451	188,583	(62,867)	(25.0)
Provision for underwriting reserves	281,363	119,825	(161,537)	(57.4)
Investment income:	187,012	408,849	221,837	118.6
Interest and dividend income	136,658	142,702	6,044	4.4
Gains on sales of securities	49,417	166,401	116,983	236.7
Investment expenses:	224,308	74,528	(149,779)	(66.8)
Losses on sales of securities	30,817	44,173	13,356	43.3
Impairment losses on securities	10,438	1,711	(8,726)	(83.6)
Operating, general and administrative expenses	457,378	489,479	32,100	7.0
Other ordinary income and expenses	5,852	39,436	33,583	573.8
Ordinary profit (loss)	(39,121)	432,420	471,541	—
Extraordinary gains and losses:				
Extraordinary gains	5,923	1,014	(4,908)	(82.9)
Extraordinary losses	5,068	5,962	893	17.6
Extraordinary gains and losses	854	(4,947)	(5,802)	(678.9)
Net income (loss) before income taxes	(38,267)	427,472	465,739	—
Income taxes and deferred income taxes	7,366	101,604	94,237	1,279.3
Net income (loss)	(45,633)	325,868	371,502	—
Net income attributable to non-controlling interests	1,508	2,820	1,312	87.0
Net income (loss) attributable to shareholders of the parent	(47,142)	323,047	370,189	—

Overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the beginning of the first quarter of the fiscal year ending March 31, 2024. Accordingly, the figures for the nine months ended December 31, 2022 have reflected the retrospective application of these accounting standards, etc.

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

Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

Business line	Nine months ended December 31, 2022 (April 1 to December 31, 2022)			Nine months ended December 31, 2023 (April 1 to December 31, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	656,500	20.3	25.3	647,471	20.1	(1.4)
Marine insurance	104,452	3.2	36.3	108,487	3.4	3.9
Personal accident insurance	183,171	5.7	(1.3)	178,872	5.6	(2.3)
Voluntary automobile insurance	945,909	29.3	3.9	963,328	29.9	1.8
Compulsory automobile liability insurance	167,565	5.2	1.1	147,057	4.6	(12.2)
Others	1,175,773	36.4	30.8	1,174,468	36.5	(0.1)
Total	3,233,372	100.0	17.1	3,219,684	100.0	(0.4)
Deposits of premiums by policyholders	52,489	1.6	(17.1)	50,101	1.6	(4.5)

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

Net premiums written

(Millions of yen)

Business line	Nine months ended December 31, 2022 (April 1 to December 31, 2022)			Nine months ended December 31, 2023 (April 1 to December 31, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	532,219	17.8	31.8	529,432	17.9	(0.5)
Marine insurance	93,641	3.1	34.4	106,517	3.6	13.8
Personal accident insurance	124,144	4.1	2.5	123,464	4.2	(0.5)
Voluntary automobile insurance	949,710	31.7	4.5	971,299	32.8	2.3
Compulsory automobile liability insurance	157,172	5.2	(5.4)	149,041	5.0	(5.2)
Others	1,139,267	38.0	45.0	1,077,215	36.4	(5.4)
Total	2,996,156	100.0	22.0	2,956,971	100.0	(1.3)

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

Net claims paid

(Millions of yen)

Business line	Nine months ended December 31, 2022 (April 1 to December 31, 2022)			Nine months ended December 31, 2023 (April 1 to December 31, 2023)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
Fire and allied insurance	303,299	21.3	31.8	313,605	20.6	3.4
Marine insurance	36,064	2.5	11.8	49,790	3.3	38.1
Personal accident insurance	68,783	4.8	28.9	58,185	3.8	(15.4)
Voluntary automobile insurance	505,902	35.6	11.6	559,929	36.7	10.7
Compulsory automobile liability insurance	110,060	7.7	(8.8)	112,998	7.4	2.7
Others	397,817	28.0	56.4	429,678	28.2	8.0
Total	1,421,927	100.0	24.3	1,524,188	100.0	7.2

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

(3) Securities (Consolidated)

As stated in Changes in Accounting Policies, overseas consolidated subsidiaries that have applied the International Financial Reporting Standards (IFRS) have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments." These changes in accounting policies have been applied retrospectively, and the figures for the fiscal year ended March 31, 2023 have reflected the retrospective application.

1. Bonds held to maturity

(Millions of yen)

	As of March 31, 2023			As of December 31, 2023		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,208,639	1,346,728	138,089	326,769	326,309	(460)
Total	1,208,639	1,346,728	138,089	326,769	326,309	(460)

2. Policy reserve matching bonds

(Millions of yen)

	As of March 31, 2023			As of December 31, 2023		
	Carrying amount	Fair value	Unrealized gains and losses	Carrying amount	Fair value	Unrealized gains and losses
Domestic bonds	1,410,404	1,309,149	(101,255)	1,867,701	1,629,488	(238,213)
Total	1,410,404	1,309,149	(101,255)	1,867,701	1,629,488	(238,213)

3. Securities available for sale

(Millions of yen)

	As of March 31, 2023			As of December 31, 2023		
	Cost	Carrying amount	Unrealized gains and losses	Cost	Carrying amount	Unrealized gains and losses
Domestic bonds	1,545,741	1,543,888	(1,853)	2,170,593	2,222,694	52,101
Domestic stocks	395,350	1,233,564	838,213	374,448	1,446,503	1,072,055
Foreign securities	1,833,721	1,934,401	100,680	1,765,971	1,989,872	223,901
Others	244,451	252,107	7,656	262,091	283,738	21,647
Total	4,019,264	4,963,961	944,696	4,573,105	5,942,810	1,369,705

Notes)

As of March 31, 2023	As of December 31, 2023
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. Beneficial interests in the loan trusts classified as monetary receivables bought in the consolidated balance sheet are included in "Others" above.	2. Beneficial interests in the loan trusts 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 stocks and others without a quoted market price and Investments in Partnerships) amount to 8,739 million yen (domestic stocks: 882 million yen, foreign securities: 7,841 million yen, others: 16 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 and Investments in Partnerships) amount to 25 million yen (domestic stocks only). Basically, impairment losses on securities are recognized if fair value at the end of the third quarter declines by 30% or more from their cost.