

# Financial Section

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# Segment Overview (Unaudited)

## Domestic P&C Insurance Business

### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	426,238	16.76%	6.25%	460,860	17.72%	8.12%
Marine insurance	46,123	1.81	(1.83)	46,395	1.78	0.59
Personal accident insurance	262,694	10.33	(5.01)	271,152	10.42	3.22
Voluntary automobile insurance	1,123,163	44.15	(0.35)	1,137,169	43.72	1.25
Compulsory automobile liability insurance	297,246	11.69	(0.06)	290,712	11.18	(2.20)
Others	388,254	15.26	7.73	395,028	15.19	1.74
Total	2,543,721	100.00	1.36	2,601,318	100.00	2.26
Deposits of premiums by policyholders	111,132	4.37	(7.68)	113,703	4.37	2.31

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

### 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	265,519	12.08%	(5.92)%	285,630	12.78%	7.57 %
Marine insurance	44,315	2.02	(6.48)	46,901	2.10	5.84
Personal accident insurance	172,856	7.86	(5.17)	169,024	7.56	(2.22)
Voluntary automobile insurance	1,118,765	50.88	(0.48)	1,131,317	50.60	1.12
Compulsory automobile liability insurance	278,788	12.68	(4.53)	281,141	12.57	0.84
Others	318,458	14.48	9.70	321,809	14.39	1.05
Total	2,198,702	100.00	(0.89)	2,235,825	100.00	1.69

Note) Figures are amounts before the elimination of internal transactions between segments.

### 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	276,294	19.59%	36.93%	234,257	17.55%	(15.21)%
Marine insurance	34,103	2.42	17.26	28,418	2.13	(16.67)
Personal accident insurance	91,729	6.50	(4.85)	86,460	6.48	(5.74)
Voluntary automobile insurance	620,252	43.97	1.91	614,177	46.00	(0.98)
Compulsory automobile liability insurance	206,781	14.66	(4.02)	192,508	14.42	(6.90)
Others	181,396	12.86	20.71	179,299	13.43	(1.16)
Total	1,410,557	100.00	8.37	1,335,120	100.00	(5.35)

Note) Figures are amounts before the elimination of internal transactions between segments.

## 4. Investment assets

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Deposits	489,138	7.48%	498,845	8.04%
Receivables under resale agreements	64,999	0.99	69,999	1.13
Monetary receivables bought	11,703	0.18	19,897	0.32
Money trusts	40,862	0.62	32,871	0.53
Securities	4,067,374	62.20	3,733,595	60.20
Loans	661,077	10.11	640,492	10.33
Land & buildings	223,925	3.42	227,009	3.66
Total investment assets	5,559,080	85.01	5,222,710	84.21
Total net assets	6,539,595	100.00	6,202,067	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

## 5. Securities

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Government bonds	782,353	19.23%	725,677	19.44%
Municipal bonds	17,358	0.43	16,993	0.46
Corporate bonds	604,069	14.85	648,197	17.36
Domestic stocks	1,310,730	32.23	1,032,571	27.66
Foreign securities	1,284,594	31.58	1,213,155	32.49
Others	68,268	1.68	96,998	2.60
Total	4,067,374	100.00	3,733,595	100.00

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- As of March 31, 2019, Others primarily comprised security investment trust beneficiary securities amounting to 54,455 million yen.  
As of March 31, 2020, Others primarily comprised security investment trust beneficiary securities amounting to 81,998 million yen.

## 6. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	246	455,187	0.05%	125	624,748	0.02%
Call loans	—	—	—	0	138	0.03
Receivables under resale agreements	2	62,238	0.00	2	60,795	0.00
Monetary receivables bought	134	6,844	1.96	150	14,310	1.05
Money trusts	2,093	73,463	2.85	1,211	39,016	3.11
Securities	98,459	3,232,253	3.05	102,070	3,031,755	3.37
Loans	7,010	646,947	1.08	6,967	655,420	1.06
Land & buildings	3,499	233,316	1.50	3,106	225,384	1.38
Subtotal	111,447	4,710,251	2.37	113,634	4,651,572	2.44
Others	1,166	—	—	1,201	—	—
Total	112,613	—	—	114,835	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Income is the sum of interest and dividend income and the amount equivalent to the interest and dividend income that is included in investment gains on money trusts and investment losses on money trusts in consolidated statements of income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

### (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	298	455,187	0.07%	(1,911)	624,748	(0.31)%
Call loans	—	—	—	0	138	0.03
Receivables under resale agreements	2	62,238	0.00	2	60,795	0.00
Monetary receivables bought	134	6,844	1.96	150	14,310	1.05
Money trusts	4,438	73,463	6.04	(2,305)	39,016	(5.91)
Securities	188,269	3,232,253	5.82	154,920	3,031,755	5.11
Loans	8,039	646,947	1.24	5,532	655,420	0.84
Land & buildings	3,499	233,316	1.50	3,106	225,384	1.38
Derivatives	(6,685)	—	—	(9,404)	—	—
Others	2,247	—	—	(288)	—	—
Total	200,244	4,710,251	4.25	149,802	4,651,572	3.22

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Investment profit (realized basis) excludes investment expenses from total amount of investment income and interest and dividend income on deposits of premiums, etc., on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month. Meanwhile, the calculations of call loans, receivables under resale agreements and monetary receivables bought are based on average balances (acquisition costs or amortization costs) at the end of each day.
- Securities listed on the Consolidated Balance Sheet include shares in affiliates accounted for under the equity method, but exclude those shares calculating average amounts under management and annualized yields.

## 7. Foreign investments

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	674,539	49.85%	566,195	44.27%
Foreign stocks	107,917	7.98	66,832	5.23
Others	344,420	25.45	407,329	31.85
Subtotal	1,126,877	83.28	1,040,358	81.34
Yen-denominated securities				
Loan for non-resident	1,100	0.08	—	—
Foreign bonds	31,854	2.35	25,394	1.99
Others	193,298	14.29	213,277	16.67
Subtotal	226,252	16.72	238,672	18.66
Total	1,353,130	100.00	1,279,031	100.00
Yield on foreign investments				
Income yield		2.53%		3.16%
Realized yield		2.64		3.01

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Figures include the amount managed as money trust.
- Assets associated with foreign investments under income yield within yield for foreign investments are calculated using the same method as 6. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield for foreign investments are calculated using the same method as 6. Yield (2) Realized yield.
- As of March 31, 2019, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 251,149 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 130,875 million yen. As of March 31, 2020, others in foreign currency denominated securities primarily comprised security investment trust beneficiary securities amounting to 296,870 million yen, and others in yen-denominated securities primarily comprised security investment trust beneficiary securities amounting to 156,769 million yen.

## Overseas Insurance Business

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Net premiums written	519,452	(18.37)%	589,657	13.52%

Note) Figures are amounts before the elimination of internal transactions between segments.

## Domestic Life Insurance Business

### 1. Total amount of business in force

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of year-on-year change	Amount	% of year-on-year change
Individual insurance	23,073,457	5.46%	23,429,156	1.54 %
Individual annuities	237,554	(4.19)	229,689	(3.31)
Group insurance	2,710,674	(2.66)	2,752,617	1.55
Group annuities	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of individual annuities represent the sums of annuity fund at the beginning of annuity payment of contracts before the beginning of annuity payment and policy reserves for the contracts after the beginning of annuity payment.

### 2. Total amount of new business

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	New business + Net increase on conversion	New business	Net increase on conversion	New business + Net increase on conversion	New business	Net increase on conversion
Individual insurance	4,244,311	4,244,311	—	2,475,501	2,475,501	—
Individual annuities	—	—	—	—	—	—
Group insurance	17,092	17,092	—	14,223	14,223	—
Group annuities	—	—	—	—	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments.
- Amounts of new business and net increase on conversion for individual annuities represent annuity fund at the beginning of annuity payment.

### 3. Investment assets

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Deposits	92,843	3.09%	116,117	3.61%
Securities	2,804,105	93.28	2,982,789	92.71
Loans	41,734	1.39	43,163	1.34
Land & buildings	445	0.01	445	0.01
Total investment assets	2,939,128	97.77	3,142,515	97.68
Total net assets	3,006,265	100.00	3,217,267	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

## 4. Securities

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Government bonds	1,843,724	65.75%	1,900,955	63.73%
Municipal bonds	66,010	2.35	74,315	2.49
Corporate bonds	425,426	15.17	515,609	17.29
Domestic stocks	8,649	0.31	7,319	0.25
Foreign securities	460,294	16.42	484,588	16.25
Total	2,804,105	100.00	2,982,789	100.00

Note) Figures are amounts before the elimination of internal transactions between segments.

## 5. Yield

### (1) Income yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Income amount	Average amount under management	Annualized yield	Income amount	Average amount under management	Annualized yield
Deposits	—	86,033	—%	—	73,150	—%
Monetary receivables bought	—	—	—	0	24	0.00
Securities	43,308	2,623,647	1.65	44,417	2,829,437	1.57
Loans	1,235	40,686	3.04	1,290	42,482	3.04
Land & buildings	—	422	—	—	448	—
Subtotal	44,544	2,750,789	1.62	45,708	2,945,542	1.55
Others	—	—	—	—	—	—
Total	44,544	—	—	45,708	—	—

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Income amount represents interest and dividend income on the Consolidated Statement of Income.
- Average amount under management calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

## (2) Realized yield

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield	Investment profit (realized basis)	Average amount under management (acquisition cost basis)	Annualized yield
Deposits	—	86,033	—%	—	73,150	—%
Monetary receivables bought	—	—	—	0	24	0.00
Securities	44,460	2,623,647	1.69	47,011	2,829,437	1.66
Loans	1,235	40,686	3.04	1,290	42,482	3.04
Land & buildings	—	422	—	—	448	—
Derivatives	(926)	—	—	(374)	—	—
Total	44,769	2,750,789	1.63	47,928	2,945,542	1.63

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Investment profit (realized basis) excludes investment expenses from investment income on the Consolidated Statement of Income.
- Average amount under management (acquisition cost basis) calculations are, in principle, based on average balances (acquisition costs or amortization costs) at the end of each month.

## 6. Foreign investments

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	% of total amount	Amount	% of total amount
Foreign currency denominated securities				
Foreign bonds	429,747	94.74%	454,709	94.93%
Subtotal	429,747	94.74	454,709	94.93
Yen-denominated securities				
Foreign bonds	8,410	1.85	8,855	1.85
Others	15,459	3.41	15,421	3.22
Subtotal	23,870	5.26	24,276	5.07
Total	453,618	100.00	478,986	100.00
Yield on foreign investments				
Income yield		2.02%		1.95%
Realized yield		1.94		2.28

Notes)

- Figures are amounts before the elimination of internal transactions between segments, excluding investment gains and assets on special account specified in Article 118 of the Insurance Business Act.
- Assets associated with foreign investments under income yield within yield on foreign investments are calculated using the same method as 5. Yield (1) Income yield.
- Assets associated with foreign investments under realized yield within yield on foreign investments are calculated using the same method as 5. Yield (2) Realized yield.
- As of March 31, 2019, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.  
As of March 31, 2020, others in yen-denominated securities is entirely attributable to security investment trust beneficiary securities.



## Nursing Care & Healthcare Business

Ordinary income increased 6.9 billion yen, to 134.4 billion yen, compared with the fiscal year ended March 31, 2019. Net income attributable to shareholders of the parent increased 1.5 billion yen from the fiscal year ended March 31, 2019, to 1.3 billion yen.

### (Reference) Overview of Entire Business

#### 1. Direct premiums written (including deposits of premiums by policyholders)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	531,642	17.05%	(1.23)%	585,284	18.05%	10.09 %
Marine insurance	88,929	2.85	(14.78)	94,251	2.91	5.98
Personal accident insurance	271,240	8.70	(5.86)	276,844	8.54	2.07
Voluntary automobile insurance	1,207,020	38.70	(3.45)	1,233,940	38.06	2.23
Compulsory automobile liability insurance	297,246	9.53	(0.06)	290,712	8.97	(2.20)
Others	722,477	23.17	5.14	761,156	23.48	5.35
Total	3,118,558	100.00	(1.48)	3,242,190	100.00	3.96
Deposits of premiums by policyholders	111,132	3.56	(7.68)	113,703	3.51	2.31

Notes)

1. Figures are amounts before the elimination of internal transactions between segments.
2. Direct premiums written (including deposits of premiums by policyholders) is gross premiums written deducted by the sum of surrender benefits of direct policies and other refunds of direct policies. (Includes deposits of premiums of saving-type insurance policies)

## 2. Net premiums written

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	375,171	13.80%	(17.39)%	406,295	14.38%	8.30 %
Marine insurance	81,730	3.01	(22.40)	87,241	3.09	6.74
Personal accident insurance	180,270	6.63	(6.50)	173,875	6.15	(3.55)
Voluntary automobile insurance	1,199,516	44.13	(3.37)	1,221,171	43.22	1.81
Compulsory automobile liability insurance	278,788	10.26	(4.53)	281,141	9.95	0.84
Others	602,677	22.17	5.89	655,757	23.21	8.81
Total	2,718,155	100.00	(4.78)	2,825,482	100.00	3.95

Note) Figures are amounts before the elimination of internal transactions between segments.

## 3. Net claims paid

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		
	Amount	% of total amount	% of year-on-year change	Amount	% of total amount	% of year-on-year change
Fire and allied insurance	345,793	20.40%	2.46%	305,562	18.57%	(11.63)%
Marine insurance	53,424	3.15	(15.20)	49,624	3.02	(7.11)
Personal accident insurance	95,396	5.63	(5.51)	88,253	5.36	(7.49)
Voluntary automobile insurance	671,375	39.61	(1.13)	661,398	40.20	(1.49)
Compulsory automobile liability insurance	206,781	12.20	(4.02)	192,508	11.70	(6.90)
Others	322,119	19.01	6.57	347,993	21.15	8.03
Total	1,694,889	100.00	(0.19)	1,645,340	100.00	(2.92)

Note) Figures are amounts before the elimination of internal transactions between segments.



## Independent Auditor's Report

The Board of Directors  
Sompo Holdings, Inc.

### Opinion

We have audited the accompanying consolidated financial statements of Sompo Holdings, Inc. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Tokyo, Japan  
June 26, 2020

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Noboru Miura  
Designated Engagement Partner  
Certified Public Accountant

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Hirotsugu Kamoshita  
Designated Engagement Partner  
Certified Public Accountant

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Makoto Kubodera  
Designated Engagement Partner  
Certified Public Accountant

# Consolidated Financial Statements

## Consolidated Balance Sheet

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2019		As of March 31, 2020		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Assets:</b>						
Cash and deposits	*5	971,469	8.08%	<b>925,014</b>	<b>7.72%</b>	(46,454)
Receivables under resale agreements		64,999	0.54	<b>69,999</b>	<b>0.58</b>	5,000
Monetary receivables bought		11,869	0.10	<b>21,183</b>	<b>0.18</b>	9,314
Money trusts		40,993	0.34	<b>33,003</b>	<b>0.28</b>	(7,990)
Securities	*3, *5, *6	8,012,734	66.67	<b>7,970,386</b>	<b>66.54</b>	(42,348)
Loans	*4, *7	703,255	5.85	<b>684,094</b>	<b>5.71</b>	(19,161)
Tangible fixed assets:	*1, *2, *5	355,144	2.96	<b>374,393</b>	<b>3.13</b>	19,249
Land		128,381		<b>126,045</b>		(2,336)
Buildings		124,558		<b>135,333</b>		10,775
Leased assets		55,598		<b>71,969</b>		16,370
Construction in progress		13,260		<b>8,311</b>		(4,948)
Other tangible fixed assets		33,345		<b>32,734</b>		(611)
Intangible fixed assets:		401,165	3.34	<b>407,988</b>	<b>3.41</b>	6,823
Software		21,023		<b>18,822</b>		(2,201)
Goodwill		198,694		<b>172,665</b>		(26,029)
Other intangible fixed assets		181,447		<b>216,501</b>		35,054
Other assets		1,447,194	12.04	<b>1,428,879</b>	<b>11.93</b>	(18,315)
Net defined benefit asset		207	0.00	<b>186</b>	<b>0.00</b>	(21)
Deferred tax assets		15,663	0.13	<b>70,886</b>	<b>0.59</b>	55,223
Allowance for possible credit losses		(6,442)	(0.05)	<b>(8,179)</b>	<b>(0.07)</b>	(1,736)
<b>Total assets</b>		<b>12,018,254</b>	<b>100.00</b>	<b>11,977,836</b>	<b>100.00</b>	<b>(40,417)</b>

## Consolidated Balance Sheet (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	As of March 31, 2019		As of March 31, 2020		Increase (Decrease)
		Amount	Composition ratio	Amount	Composition ratio	
<b>Liabilities:</b>						
Underwriting funds:		8,348,638	69.47%	<b>8,544,735</b>	<b>71.34%</b>	196,096
Reserve for outstanding losses and claims		1,559,910		<b>1,558,502</b>		(1,408)
Underwriting reserves		6,788,727		<b>6,986,233</b>		197,505
Corporate bonds		510,383	4.25	<b>504,089</b>	<b>4.21</b>	(6,294)
Other liabilities	*5	1,113,887	9.27	<b>1,091,499</b>	<b>9.11</b>	(22,387)
Net defined benefit liability		103,796	0.86	<b>94,094</b>	<b>0.79</b>	(9,702)
Reserve for retirement benefits to directors		31	0.00	<b>30</b>	<b>0.00</b>	(0)
Reserve for bonus payments		30,363	0.25	<b>32,969</b>	<b>0.28</b>	2,605
Reserve for bonus payments to directors		261	0.00	<b>702</b>	<b>0.01</b>	440
Reserve for stocks payments		1,347	0.01	<b>1,619</b>	<b>0.01</b>	271
Reserves under the special laws:		90,722	0.75	<b>95,387</b>	<b>0.80</b>	4,664
Reserve for price fluctuation		90,722		<b>95,387</b>		4,664
Deferred tax liabilities		38,910	0.32	<b>125</b>	<b>0.00</b>	(38,785)
<b>Total liabilities</b>		<b>10,238,342</b>	<b>85.19</b>	<b>10,365,252</b>	<b>86.54</b>	<b>126,909</b>
<b>Net assets:</b>						
Shareholders' equity:						
Common stock		100,045	0.83	<b>100,045</b>	<b>0.84</b>	—
Capital surplus		244,170	2.03	<b>244,129</b>	<b>2.04</b>	(40)
Retained earnings		712,745	5.93	<b>788,922</b>	<b>6.59</b>	76,177
Treasury stock		(2,902)	(0.02)	<b>(38,842)</b>	<b>(0.32)</b>	(35,940)
Total shareholders' equity		1,054,058	8.77	<b>1,094,254</b>	<b>9.14</b>	40,196
Accumulated other comprehensive income:						
Unrealized gains and losses on securities available for sale		763,859	6.36	<b>578,261</b>	<b>4.83</b>	(185,597)
Deferred gains and losses on hedges		6,449	0.05	<b>5,593</b>	<b>0.05</b>	(856)
Foreign currency translation adjustments		(62,937)	(0.52)	<b>(83,214)</b>	<b>(0.69)</b>	(20,276)
Remeasurements of defined benefit plans		(3,551)	(0.03)	<b>2,103</b>	<b>0.02</b>	5,654
Total accumulated other comprehensive income		703,820	5.86	<b>502,743</b>	<b>4.20</b>	(201,076)
Stock acquisition rights		632	0.01	<b>551</b>	<b>0.00</b>	(81)
Non-controlling interests		21,399	0.18	<b>15,033</b>	<b>0.13</b>	(6,365)
<b>Total net assets</b>		<b>1,779,911</b>	<b>14.81</b>	<b>1,612,584</b>	<b>13.46</b>	<b>(167,327)</b>
<b>Total liabilities and net assets</b>		<b>12,018,254</b>	<b>100.00</b>	<b>11,977,836</b>	<b>100.00</b>	<b>(40,417)</b>

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Ordinary income:</b>		3,643,040	100.00%	<b>3,760,366</b>	<b>100.00%</b>	117,325
Underwriting income:		3,220,047	88.39	<b>3,334,680</b>	<b>88.68</b>	114,632
Net premiums written		2,718,155		<b>2,825,482</b>		107,327
Deposits of premiums by policyholders		111,132		<b>113,703</b>		2,571
Interest and dividend income on deposits of premiums, etc.		38,203		<b>35,140</b>		(3,063)
Life insurance premiums written		349,606		<b>356,064</b>		6,458
Other underwriting income		2,949		<b>4,289</b>		1,339
Investment income:		273,249	7.50	<b>266,713</b>	<b>7.09</b>	(6,536)
Interest and dividend income		188,722		<b>204,135</b>		15,412
Investment gains on money trusts		5,445		<b>202</b>		(5,243)
Investment gains on trading securities		—		<b>324</b>		324
Gains on sales of securities		110,913		<b>90,376</b>		(20,536)
Gains on redemption of securities		1,709		<b>1,032</b>		(677)
Investment gains on special account		391		<b>—</b>		(391)
Other investment income		4,271		<b>5,782</b>		1,511
Transfer of interest and dividend income on deposits of premiums, etc.		(38,203)		<b>(35,140)</b>		3,063
Other ordinary income:		149,743	4.11	<b>158,973</b>	<b>4.23</b>	9,229
Other ordinary income		149,743		<b>158,973</b>		9,229
<b>Ordinary expenses:</b>		3,444,081	94.54	<b>3,567,915</b>	<b>94.88</b>	123,833
Underwriting expenses:		2,737,949	75.16	<b>2,839,225</b>	<b>75.50</b>	101,276
Net claims paid		1,694,889		<b>1,645,340</b>		(49,548)
Loss adjustment expenses	*1	135,759		<b>130,144</b>		(5,615)
Net commissions and brokerage fees	*1	504,932		<b>531,419</b>		26,487
Maturity refunds to policyholders		205,423		<b>212,156</b>		6,733
Dividends to policyholders		128		<b>101</b>		(26)
Life insurance claims paid and other payments		88,471		<b>94,610</b>		6,138
Provision for reserve for outstanding losses and claims		13,119		<b>8,394</b>		(4,724)
Provision for underwriting reserves		89,730		<b>212,208</b>		122,478
Other underwriting expenses		5,494		<b>4,848</b>		(646)
Investment expenses:		35,798	0.98	<b>48,166</b>	<b>1.28</b>	12,368
Investment losses on money trusts		1,006		<b>2,507</b>		1,501
Investment losses on trading securities		195		<b>—</b>		(195)
Losses on sales of securities		10,984		<b>6,562</b>		(4,421)
Impairment losses on securities		13,425		<b>23,307</b>		9,882
Losses on redemption of securities		236		<b>455</b>		218
Losses on derivatives		2,766		<b>6,999</b>		4,233
Investment losses on special account		—		<b>1,925</b>		1,925
Other investment expenses		7,184		<b>6,408</b>		(775)
Operating, general and administrative expenses	*1	540,542	14.84	<b>539,172</b>	<b>14.34</b>	(1,369)
Other ordinary expenses:		129,792	3.56	<b>141,350</b>	<b>3.76</b>	11,558
Interest paid		13,902		<b>14,166</b>		263
Provision for allowance for possible credit losses		420		<b>1,219</b>		799
Losses on bad debt		27		<b>54</b>		27
Investment losses on the equity method		593		<b>8,952</b>		8,359
Other ordinary expenses		114,848		<b>116,956</b>		2,108
Ordinary profit		198,959	5.46	<b>192,451</b>	<b>5.12</b>	(6,507)



## Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)
		Amount	% of ordinary income	Amount	% of ordinary income	
<b>Extraordinary gains:</b>		12,868	0.35%	<b>1,873</b>	<b>0.05%</b>	(10,995)
Gains on disposal of fixed assets		12,868		<b>1,873</b>		(10,995)
<b>Extraordinary losses:</b>		9,799	0.27	<b>17,133</b>	<b>0.46</b>	7,334
Losses on disposal of fixed assets		2,427		<b>4,532</b>		2,104
Impairment losses		1,735		<b>2,672</b>		936
Provision for reserves under the special laws:		4,626		<b>4,664</b>		37
Provision for reserve for price fluctuation		4,626		<b>4,664</b>		37
Other extraordinary losses	*2	1,009		<b>5,264</b>		4,255
<b>Net income before income taxes</b>		202,029	5.55	<b>177,191</b>	<b>4.71</b>	(24,838)
<b>Income taxes</b>		43,276	1.19	<b>71,733</b>	<b>1.91</b>	28,457
<b>Deferred income taxes</b>		16,380	0.45	<b>(17,729)</b>	<b>(0.47)</b>	(34,110)
<b>Total income taxes</b>		59,657	1.64	<b>54,004</b>	<b>1.44</b>	(5,652)
<b>Net income</b>		142,372	3.91	<b>123,187</b>	<b>3.28</b>	(19,185)
<b>Net income (loss) attributable to non-controlling shareholders</b>		(4,253)	(0.12)	<b>671</b>	<b>0.02</b>	4,925
<b>Net income attributable to shareholders of the parent</b>		146,626	4.02	<b>122,515</b>	<b>3.26</b>	(24,110)
<b>Gross investment margin</b>		237,451		<b>218,546</b>		(18,904)
<b>Other ordinary income and expenses</b>		19,951		<b>17,622</b>		(2,328)
<b>Investment gains and losses on the equity method</b>		(593)		<b>(8,952)</b>		(8,359)
<b>Extraordinary gains and losses</b>		3,069		<b>(15,260)</b>		(18,330)

## Consolidated Statement of Comprehensive Income

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
		Amount	Amount
<b>Net income</b>		142,372	<b>123,187</b>
<b>Other comprehensive income:</b>			
Unrealized gains and losses on securities available for sale		(154,942)	<b>(185,486)</b>
Deferred gains and losses on hedges		(601)	<b>(856)</b>
Foreign currency translation adjustments		(40,913)	<b>(19,739)</b>
Remeasurements of defined benefit plans		(328)	<b>5,660</b>
Share of other comprehensive income of affiliates accounted for under the equity method		(47)	<b>(570)</b>
Total other comprehensive income	*1	(196,832)	<b>(200,993)</b>
<b>Comprehensive income</b>		(54,460)	<b>(77,806)</b>
(Comprehensive income attributable to)			
Comprehensive income attributable to shareholders of the parent		(49,978)	<b>(78,553)</b>
Comprehensive income attributable to non-controlling shareholders		(4,481)	<b>747</b>

## Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	408,335	603,615	(128,182)	983,814
Cumulative effects of changes in accounting policies			3,529		3,529
Restated balance	100,045	408,335	607,144	(128,182)	987,343
Changes during the period:					
Dividends			(45,208)		(45,208)
Net income attributable to shareholders of the parent			146,626		146,626
Acquisition of treasury stock				(39,127)	(39,127)
Disposal of treasury stock		(50)		295	244
Cancellation of treasury stock		(164,112)		164,112	—
Changes in the scope of consolidation			4,182		4,182
Changes in interest of the parent related to transactions with non-controlling shareholders		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during the period	—	(164,165)	105,600	125,279	66,714
Balance at the end of the period	100,045	244,170	712,745	(2,902)	1,054,058

	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	922,425	7,050	(22,317)	(3,205)	903,954	749	27,692	1,916,210
Cumulative effects of changes in accounting policies	(3,529)				(3,529)			—
Restated balance	918,896	7,050	(22,317)	(3,205)	900,425	749	27,692	1,916,210
Changes during the period:								
Dividends								(45,208)
Net income attributable to shareholders of the parent								146,626
Acquisition of treasury stock								(39,127)
Disposal of treasury stock								244
Cancellation of treasury stock								—
Changes in the scope of consolidation								4,182
Changes in interest of the parent related to transactions with non-controlling shareholders								(2)
Net changes in items other than shareholders' equity	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(203,013)
Total changes during the period	(155,037)	(601)	(40,620)	(346)	(196,604)	(116)	(6,292)	(136,298)
Balance at the end of the period	763,859	6,449	(62,937)	(3,551)	703,820	632	21,399	1,779,911

## Consolidated Statement of Changes in Net Assets (Continued)

Sompo Holdings, Inc.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	<b>100,045</b>	<b>244,170</b>	<b>712,745</b>	<b>(2,902)</b>	<b>1,054,058</b>
Changes during the period:					
Dividends			<b>(51,632)</b>		<b>(51,632)</b>
Net income attributable to shareholders of the parent			<b>122,515</b>		<b>122,515</b>
Acquisition of treasury stock				<b>(36,328)</b>	<b>(36,328)</b>
Disposal of treasury stock		<b>(35)</b>		<b>387</b>	<b>352</b>
Changes in the scope of consolidation			<b>154</b>		<b>154</b>
Changes in interest of the parent related to transactions with non-controlling shareholders		<b>(5)</b>			<b>(5)</b>
Others			<b>5,139</b>		<b>5,139</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>(40)</b>	<b>76,177</b>	<b>(35,940)</b>	<b>40,196</b>
Balance at the end of the period	<b>100,045</b>	<b>244,129</b>	<b>788,922</b>	<b>(38,842)</b>	<b>1,094,254</b>

	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	<b>763,859</b>	<b>6,449</b>	<b>(62,937)</b>	<b>(3,551)</b>	<b>703,820</b>	<b>632</b>	<b>21,399</b>	<b>1,779,911</b>
Changes during the period:								
Dividends								<b>(51,632)</b>
Net income attributable to shareholders of the parent								<b>122,515</b>
Acquisition of treasury stock								<b>(36,328)</b>
Disposal of treasury stock								<b>352</b>
Changes in the scope of consolidation								<b>154</b>
Changes in interest of the parent related to transactions with non-controlling shareholders								<b>(5)</b>
Others								<b>5,139</b>
Net changes in items other than shareholders' equity	<b>(185,597)</b>	<b>(856)</b>	<b>(20,276)</b>	<b>5,654</b>	<b>(201,076)</b>	<b>(81)</b>	<b>(6,365)</b>	<b>(207,523)</b>
Total changes during the period	<b>(185,597)</b>	<b>(856)</b>	<b>(20,276)</b>	<b>5,654</b>	<b>(201,076)</b>	<b>(81)</b>	<b>(6,365)</b>	<b>(167,327)</b>
Balance at the end of the period	<b>578,261</b>	<b>5,593</b>	<b>(83,214)</b>	<b>2,103</b>	<b>502,743</b>	<b>551</b>	<b>15,033</b>	<b>1,612,584</b>

# Consolidated Statement of Cash Flows

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended	Fiscal year ended	Increase (Decrease)
		March 31, 2019 (April 1, 2018 to March 31, 2019)	March 31, 2020 (April 1, 2019 to March 31, 2020)	
		Amount	Amount	Amount
<b>Cash flows from operating activities:</b>				
Net income before income taxes		202,029	<b>177,191</b>	(24,838)
Depreciation		47,305	<b>41,401</b>	(5,904)
Impairment losses		1,735	<b>2,672</b>	936
Amortization of goodwill		24,057	<b>23,961</b>	(95)
Increase (decrease) in reserve for outstanding losses and claims		11,962	<b>2,558</b>	(9,404)
Increase (decrease) in underwriting reserves		85,494	<b>201,474</b>	115,980
Increase (decrease) in allowance for possible credit losses		255	<b>261</b>	5
Increase (decrease) in net defined benefit liability		1,193	<b>(1,631)</b>	(2,824)
Increase (decrease) in reserve for retirement benefits to directors		(9)	<b>(0)</b>	8
Increase (decrease) in reserve for bonus payments		(1,071)	<b>2,895</b>	3,967
Increase (decrease) in reserve for bonus payments to directors		(29)	<b>440</b>	469
Increase (decrease) in reserve for stocks payments		410	<b>426</b>	16
Increase (decrease) in reserve for price fluctuation		4,626	<b>4,664</b>	37
Interest and dividend income		(188,722)	<b>(204,135)</b>	(15,412)
Losses (gains) on investment in securities		(87,971)	<b>(61,068)</b>	26,902
Interest expenses		13,902	<b>14,166</b>	263
Foreign exchange losses (gains)		(1,455)	<b>(7,118)</b>	(5,662)
Losses (gains) related to tangible fixed assets		(10,490)	<b>2,613</b>	13,104
Losses (gains) related to loans		0	<b>1</b>	0
Investment losses (gains) on the equity method		593	<b>8,952</b>	8,359
Decrease (increase) in other assets (other than investing and financing activities)		(295,450)	<b>(57,010)</b>	238,439
Increase (decrease) in other liabilities (other than investing and financing activities)		82,050	<b>41,687</b>	(40,363)
Others		12,892	<b>27,453</b>	14,560
Subtotal		(96,688)	<b>221,858</b>	318,546
Interest and dividend received		192,623	<b>204,778</b>	12,155
Interest paid		(18,921)	<b>(14,553)</b>	4,368
Income taxes refund (paid)		1,758	<b>(55,637)</b>	(57,396)
Cash flows from operating activities		78,772	<b>356,446</b>	277,674

## Consolidated Statement of Cash Flows (Continued)

Sompo Holdings, Inc.

(Millions of yen)

	Notes No.	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)
		Amount	Amount	Amount
<b>Cash flows from investing activities:</b>				
Net decrease (increase) in deposits		54	<b>21,626</b>	21,571
Purchase of monetary receivables bought		(6,889)	<b>(9,861)</b>	(2,972)
Proceeds from sales and redemption of monetary receivables bought		1,889	<b>1,682</b>	(206)
Increase in money trusts		(1)	<b>(3,181)</b>	(3,180)
Decrease in money trusts		62,125	<b>6,106</b>	(56,018)
Purchase of securities		(1,442,144)	<b>(1,649,179)</b>	(207,034)
Proceeds from sales and redemption of securities		1,462,201	<b>1,490,653</b>	28,452
Loans made		(224,725)	<b>(189,970)</b>	34,754
Collection of loans		180,906	<b>198,945</b>	18,039
Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions		1,966	<b>44,420</b>	42,454
Others		45,248	<b>24,096</b>	(21,152)
Total of investment transactions		80,630	<b>(64,662)</b>	(145,292)
Total of operating activities and investment transactions as above		159,402	<b>291,784</b>	132,381
Acquisition of tangible fixed assets		(28,149)	<b>(27,043)</b>	1,105
Proceeds from sales of tangible fixed assets		21,154	<b>4,464</b>	(16,689)
Acquisition of stocks of subsidiaries resulting in changes in the scope of consolidation		(12,731)	—	12,731
Payments for sales of stocks of subsidiaries resulting in changes in the scope of consolidation		—	<b>(928)</b>	(928)
Others		(47,421)	<b>(51,949)</b>	(4,527)
Cash flows from investing activities		13,482	<b>(140,117)</b>	(153,600)
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings		90	<b>4</b>	(86)
Repayments of borrowings		(34,758)	<b>(32,285)</b>	2,473
Redemption of corporate bonds		—	<b>(5,722)</b>	(5,722)
Net increase (decrease) in payables under securities lending transactions		106,571	<b>(89,383)</b>	(195,954)
Proceeds from sales of treasury stock		128	<b>116</b>	(12)
Acquisition of treasury stock		(39,127)	<b>(36,328)</b>	2,799
Dividends paid		(45,159)	<b>(51,571)</b>	(6,412)
Dividends paid to non-controlling shareholders		(1,695)	<b>(7,184)</b>	(5,489)
Others		(5,177)	<b>(8,250)</b>	(3,072)
Cash flows from financing activities		(19,127)	<b>(230,605)</b>	(211,477)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(18,231)	<b>(12,609)</b>	5,622
<b>Increase (decrease) in cash and cash equivalents</b>		54,895	<b>(26,886)</b>	(81,782)
<b>Cash and cash equivalents at the beginning of the period</b>		931,033	<b>991,295</b>	60,261
<b>Increase in cash and cash equivalents resulting from newly consolidated subsidiaries</b>		5,366	<b>3,345</b>	(2,021)
<b>Cash and cash equivalents at the end of the period</b>	*1	991,295	<b>967,753</b>	(23,541)

# Notes to the Consolidated Financial Statements

Sompo Holdings, Inc.

## 1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements

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### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries: 66 companies

Names of major subsidiaries

Sompo Japan Nipponkoa Insurance Inc.  
SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED  
Sompo Japan Nipponkoa Insurance Services Inc.  
Mysurance Inc.  
Sompo International Holdings Ltd.  
Endurance Specialty Insurance Ltd.  
Endurance Assurance Corporation  
Endurance Worldwide Insurance Limited  
SI Insurance (Europe), SA  
Sompo Sigorta Anonim Sirketi  
Sompo Holdings (Asia) Pte. Ltd.  
Sompo Insurance Singapore Pte. Ltd.  
Berjaya Sompo Insurance Berhad  
PT Sompo Insurance Indonesia  
Sompo Insurance China Co., Ltd.  
Sompo Insurance (Hong Kong) Company Limited  
Sompo Seguros S.A.  
Sompo Himawari Life Insurance, Inc.  
Sompo Care Inc.  
Sompo Health Support Inc.  
SOMPO JAPAN NIPPONKOA ASSET MANAGEMENT CO., LTD.  
Sompo Japan Nipponkoa DC Securities Inc.  
Sompo Risk Management Inc.

Sompo 24 Insurance Company Limited was merged by absorption into SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED on July 1, 2019.

Mysurance Inc. is included in the scope of consolidation from the fiscal year ended March 31, 2020 due to an increase in its materiality.

Sompo Sigorta Anonim Sirketi changed its name from Sompo Japan Sigorta Anonim Sirketi on May 28, 2019, and Sompo Himawari Life Insurance, Inc. changed its name from Sompo Japan Nipponkoa Himawari Life Insurance, Inc. on October 1, 2019.

#### (2) Names of major non-consolidated subsidiaries

Names of major subsidiaries

- Sompo Insurance (Thailand) Public Company Limited
- Sompo Japan Nipponkoa Reinsurance Company Limited

As the non-consolidated subsidiaries do not have a material impact on reasonable judgment about the financial conditions and results of operations of Sompo Holdings Group ("SOMPO HOLDINGS") in terms of total assets, ordinary income, net income or loss and retained earnings, etc. to the extent of equity position of the Company, they are excluded from the scope of consolidation.

## 2. Application of the equity method

### (1) Number of affiliates accounted for under the equity method: 12 companies

Names of major affiliates

- Hitachi Capital Insurance Corporation
- Universal Sompo General Insurance Company Limited
- AYA SOMPO Insurance Company Limited
- Palantir Technologies Japan K.K.
- DeNA SOMPO Mobility Co., Ltd.
- akippa Inc.
- DeNA SOMPO Carlife Co., Ltd.

AYA SOMPO Insurance Company Limited, Palantir Technologies Japan K.K., DeNA SOMPO Mobility Co., Ltd., akippa Inc. and DeNA SOMPO Carlife Co., Ltd. became affiliates as a result of the acquisition of shares and thus were included in the scope of equity method from the fiscal year ended March 31, 2020.

**(2) The non-consolidated subsidiaries and affiliates (Sompo Insurance (Thailand) Public Company Limited and Sompo Japan Nipponkoa Reinsurance Company Limited, etc.) do not have a material impact on the consolidated financial statements in terms of net income or loss and retained earnings, etc. to the extent of the equity position of the Company even if they are excluded from the scope of the equity method, and they do not have a material impact as a whole. Therefore, they are excluded from the scope of the equity method.**

**(3) The Company holds 26.6% of voting rights of Japan Earthquake Reinsurance Co., Ltd. (“J.E.R.”) through its domestic consolidated property and casualty insurance subsidiaries. As J.E.R. is engaged in public business and the Company is not considered to have a material impact on J.E.R.’s decisions of finance, promotion and business strategy, J.E.R. is excluded from affiliates.**

## 3. The fiscal year of consolidated subsidiaries

The balance sheet dates of the foreign consolidated subsidiaries are December 31. As the difference between the balance sheet dates and the consolidated balance sheet date does not exceed three months, the financial statements as of December 31 are used for the preparation of the consolidated financial statements.

Necessary adjustments are made for the significant transactions during the periods from the balance sheet dates of the subsidiaries to the consolidated balance sheet date.

## 4. Accounting policies

### (1) Valuation policies and methods for securities

(a) Trading securities are carried at fair value.

Cost of sale is calculated based on the moving-average method.

(b) Bonds held to maturity are carried at amortized cost based on the moving-average method.

(c) Policy reserve matching bonds are carried at amortized cost based on the moving-average method in accordance with “Temporary Treatment of Accounting and Auditing Concerning Policy Reserve Matching Bonds in the Insurance Industry” (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No.21).

The outline of risk management policy in relation to policy reserve matching bonds is as follows.

Domestic consolidated life insurance subsidiary sets up the sub-category for individual insurance depending on line of business and investment policy, etc., and follows the management policy to match the duration of the policy reserve in the sub-category with the duration of policy reserve matching bonds within a certain range.

- (d) Stocks of non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at cost based on the moving-average method.
- (e) Securities available for sale (excluding securities available for sale which are considered extremely difficult to figure out their fair value) are carried at fair value based on the market price and other factors at the end of the fiscal year.  
Unrealized gains and losses are directly included in net assets and cost of sale is calculated based on the moving-average method.
- (f) Securities available for sale which are considered extremely difficult to figure out their fair value are carried at cost based on the moving-average method.
- (g) Securities managed as trust assets in individually operated money trusts for primarily trading purposes are carried at fair value.
- (h) Securities managed as trust assets in individually operated money trusts classified as other than trading purposes or held to maturity are carried on the same basis as that of securities available for sale.

## **(2) Valuation policies and methods for derivative transactions**

Derivative transactions are carried at fair value.

## **(3) Depreciation methods of significant depreciable assets**

- (a) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

- (b) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets (excluding leased assets) is calculated by using the straight-line method.

As for intangible fixed assets acquired through the acquisition of overseas subsidiaries, amortization is being carried out over the estimated period of its effect and as its effect emerges.

Amortization of software for internal use held by the consolidated subsidiaries is calculated by using the straight-line method based on the estimated useful lives.

- (c) Leased assets

Leased assets under finance lease transactions that are not deemed to transfer ownership of the leased assets to the lessee for the domestic consolidated subsidiaries have been depreciated using the straight-line method over the period of the lease.

## **(4) Accounting policies for significant reserves**

- (a) Allowance for possible credit losses

In order to provide for losses from defaults, the domestic consolidated insurance subsidiaries establish allowance for possible credit losses in accordance with the internal standards for self-assessment of assets and the policy of write-off and provision.

For claims against debtors that have legally, formally or substantially entered into bankruptcy, special liquidation or whose notes have been under suspension at clearing houses, allowances are provided based on the amount remaining after deduction of the estimated collectable amounts by the disposal of collateral and by guarantees.

For claims against debtors that are highly likely to go bankrupt in the future, allowances are provided based on the amount considered necessary according to overall solvency assessment of the debtor, after deduction of estimated collectable amounts by disposal of collateral and by guarantees.

For claims other than those described above, allowances are provided based on the amount of claims multiplied by the default rate, which is calculated based on historical credit loss experience for a certain period in the past.



The departments responsible for respective assets assess relevant claim in accordance with the internal standards for self-assessment of assets. The asset auditing department independently reviews the results and allowances are provided based on the reviewed results.

The other consolidated subsidiaries determine mainly the collectability of the receivables respectively to provide allowances to cover the estimated future losses.

(b) Reserve for retirement benefits to directors

In order to provide for retirement benefits to directors, the domestic consolidated subsidiaries record the amount deemed accrued at the end of the fiscal year based on internal regulations.

(c) Reserve for bonus payments

In order to provide for employees' bonus payments, reserve for bonus payments is recorded, with the estimated amount to be paid at the end of the fiscal year.

(d) Reserve for bonus payments to directors

In order to provide for directors' bonus payments, reserve for bonus payments to directors is recorded, with the estimated amount to be paid at the end of the fiscal year.

(e) Reserve for stocks payments

In order to provide for the grant of Company shares to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, according to the "Rules of the Stock Benefit Trust for Directors," reserve for stocks payments is recorded, with the estimated amount of the stock payment obligation at the end of the fiscal year.

(f) Reserve for price fluctuation

In order to provide for possible losses arising from price fluctuation of stock, etc., the domestic consolidated insurance subsidiaries set aside reserves under Article 115 of the Insurance Business Act.

## (5) Methods of accounting procedures for retirement benefits

(a) Allocation method of projected retirement

Benefit formula method is mainly used for calculating retirement benefit obligation as the method for attributing projected retirement benefits to the end of the current consolidated fiscal year.

(b) Amortization method of actuarial difference and prior service costs

Actuarial difference is mainly amortized from the following fiscal year by using the straight-line attribution method over certain years (10 to 11 years) within the average remaining service years of employees in each fiscal year when the difference occurs.

Prior service costs are mainly amortized by using the straight-line method over certain years (5 years) within the average remaining service years of employees at the time of occurrence.

## (6) Significant hedge accounting

Generally the consolidated subsidiaries apply the exceptional treatment for certain interest rate swaps to hedge cash flow fluctuation risk of floating-rate loans and bonds to the extent that such transactions meet the conditions required for the application of the exceptional treatment.

The deferred hedge accounting method is applied to interest rate swaps to hedge interest rate fluctuation risk related to long-term insurance contracts based on "The Accounting and Auditing Treatment on the Application of the Financial Products Accounting Standard to the Insurance Industry" (Japanese Institute of Certified Public Accountants Industry Audit Practice Committee Report No. 26). Since insurance liabilities as hedged item and interest rate swaps as hedging instrument are grouped by certain remaining periods, and then designated as hedge, the hedge is highly effective and the assessment of hedge effectiveness is omitted. The consolidated subsidiaries apply the fair value hedge accounting method to equity swaps for hedging the future stock price fluctuation risks.

Generally the fair value hedge accounting method is applied to forward foreign exchanges, currency options and currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated assets, etc. The assignment accounting as an exceptional treatment is applied to certain transactions to the extent that such transactions meet the conditions required for application of the assignment accounting. Deferred hedge is applied to the part of foreign exchange forward contracts to fix yen denominated cash flow from foreign currency denominated forecast transactions. The assignment accounting is applied to currency swaps in order to reduce foreign exchange rate fluctuation risk on foreign currency denominated corporate bonds issued by the domestic consolidated insurance subsidiary and foreign currency denominated borrowings.

Hedge effectiveness is assessed by periodically comparing the accumulated fluctuations of the market value or cash flows of the hedged item to those of the related hedging instrument for the period from the commencement of the hedge to the date of assessment.

However, when the significant conditions are shared among the hedged item and the hedging instrument and its effectiveness is obviously considered high, when interest rate swaps meet requirements for applying the exceptional treatment or when certain transactions fulfill the required conditions to apply the assignment accounting, the assessment of the hedge effectiveness is omitted.

#### **(7) Method and period of amortization of goodwill**

Goodwill is amortized in equal installments over 10 to 20 years.

Immaterial amounts of goodwill are amortized at one time.

#### **(8) Cash and cash equivalents in the consolidated statement of cash flows**

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits and short-term investments with original maturities or redemption of three months or less, which can be cashed easily and have little risk of fluctuation in value.

#### **(9) Accounting methods for consumption taxes**

The Company and its domestic consolidated subsidiaries account for consumption taxes by using the tax-excluded method, except for the domestic consolidated insurance subsidiaries' expenses such as loss adjustment expenses and operating, general and administrative expenses mainly under the tax-included method.

Non-deductible consumption taxes relating to assets are included in other assets and amortized in equal installments over 5 years.

(Changes in accounting policy)

Sompo International Holdings Ltd., an overseas consolidated subsidiary, has adopted International Financial Reporting Standards (hereinafter "IFRS") for its consolidated financial statements from the beginning of the fiscal year 2019, in place of US GAAP previously applied. This decision was made considering the overall circumstances, including the situation of the application of accounting standards at other overseas consolidated subsidiaries and the fact that SOMPO HOLDINGS is contemplating voluntary adoption of IFRS.

As the effect of this change was immaterial, IFRS have not been adopted retrospectively.

Changes in retained earnings due to this change in accounting policies, which are the amounts transferred to retained earnings from foreign currency translation adjustments, are shown in "Others" in the Consolidated Statement of Changes in Net Assets.

(Accounting standards and guidance issued but not yet effective)

- Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19, March 31, 2020)

(1) Outline

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter collectively the “Accounting Standards for Fair Value Measurement, etc.”) were developed to improve comparability with international accounting standards, and thereby guidance, etc. for the method of fair value measurement were established. The Accounting Standards for Fair Value Measurement, etc. shall be applied to the fair value of the following items.

- Financial instruments in the “Accounting Standard for Financial Instruments”
  - Inventories held for trading purposes in the “Accounting Standard for Measurement of Inventories”
- Additionally, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised, and notes such as breakdown per levels of fair value of financial instruments were established.

(2) Scheduled date of application

The Accounting Standards for Fair Value Measurement, etc. and the revised implementation guidance are scheduled to be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the Accounting Standards and revised guidance

The effects of the application on the consolidated financial statements are under assessment at the time of preparing these consolidated financial statements.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020)

(1) Outline

This standard requires to present an overview of accounting treatment principles and procedures adopted when provisions of relevant accounting standards, etc. are uncertain.

(2) Scheduled date of application

This standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Outline

This standard requires to disclose information that helps readers of the consolidated financial statements understand the details of the accounting estimates used for the amounts reported on the consolidated financial statements for the current fiscal year that have a risk of causing significant impact on the consolidated financial statements for the following fiscal year.

(2) Scheduled date of application

This standard is scheduled to be applied from the end of the fiscal year ending March 31, 2021.

(Additional information)

### 1. Assumptions used in making accounting estimates concerning the effects of the spread of COVID-19

The spread of COVID-19 has slowed global economic activity and may affect SOMPO HOLDINGS' insurance underwriting and investment activities over a certain period of the following fiscal year. It is therefore difficult to make a projection of future outlook based on past trends and other factors. However, in order to make accounting estimates based on future projections, such as the recoverability of deferred tax assets and the valuation of goodwill, calculations are made by using the assumptions based on the best method at the present time.

### 2. Introduction of a performance-linked stock compensation plan

The Company introduced the "Board Benefit Trust (BBT)" (hereinafter the "Plan"), a performance-linked stock compensation plan for directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS.

#### (1) Outline of the transactions involved

The Company established the "Rules of the Stock Benefit Trust for Directors" (hereinafter the "Rules") as prerequisite to the introduction of the Plan. Based on the Rules, the Company contributes money to a trust bank as fund for acquiring shares to be delivered later, and the trust bank has duly acquired shares in the Company using the money trusted thereto (hereinafter the "Trust").

The Plan is a scheme for delivering shares, based on the Rules, to directors (excluding non-executive directors and outside directors), senior vice presidents and senior vice presidents (shikkouyakuin) of SOMPO HOLDINGS, in proportion to the points granted thereto upon their retirement.

#### (2) Accounting treatment

The gross method is adopted based on the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (Accounting Standards Board of Japan Practical Issue Task Force No. 30, March 26, 2015). Expenses and corresponding reserve are provided based on the number of points granted to officers according to the Rules.

Shares in the Company remaining in the Trust are recorded as treasury stock under shareholders' equity, and its carrying amount is 1,518 million yen and its number of shares is 550,100 shares at the end of the fiscal year ended March 31, 2019, while its carrying amount is 4,047 million yen and its number of shares is 1,053,400 shares at the end of the fiscal year ended March 31, 2020.

## 2. Notes to the Consolidated Balance Sheet

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### \*1. The amounts of accumulated depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
399,664	410,205

### \*2. The amounts of advanced depreciation of tangible fixed assets are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
16,958	15,688

### \*3. Investments in non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Securities (stocks)	22,362	36,049
Securities (equity interests)	2,481	3,808

**\*4. The amounts of loans to borrowers in bankruptcy, etc. are as follows.**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Loans to borrowers in bankruptcy	—	—
Overdue loans	137	81
Loans overdue for three months or more	35	35
Restructured loans	—	—
Total	173	117

Note) Loans to borrowers in bankruptcy represent non-accrual loans which meet the events defined in Article 96, paragraph (1), item (iii) (a) to (e) (the maximum amount transferable to allowance for possible credit losses) or Article 96, paragraph (1), item (iv) of the "Order for Enforcement of the Corporation Tax Act" (Cabinet Order No. 97 of 1965). Non-accrual loans are defined as loans (excluding the portion of the loans that were written off), on which accrued interest receivable is not recognized because payments of principal or interest are overdue for considerable periods and therefore are regarded as improbable.

Overdue loans represent non-accrual loans other than (a) loans to borrowers in bankruptcy or (b) loans on which grace on interest payments has been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

Loans overdue for three months or more represent, among loans which are not included in loans to borrowers in bankruptcy or overdue loans, loans on which the payment of principal or interest has been delayed for three months or more from the date following the due date.

Restructured loans represent, among loans which are not included in any of the above categories, loans on which favorable terms for the benefit of borrowers such as interest exemption or reduction, grace on interest payments, grace on principal repayments or forgiveness of debts have been granted in order to assist or facilitate the restructuring of borrowers in financial difficulties.

**\*5. Pledged assets and secured debts are as follows.**

Pledged assets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Deposits	56,238	38,663
Securities	598,778	449,819
Tangible fixed assets	4,837	2,457
Total	659,853	490,940

Note) The above figures are collateral for the borrowings and securities which are put into as deposited assets for overseas operation and others.

Secured debts

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Other liabilities (payables under repurchase agreements)	8,977	—
Other liabilities (payables under securities lending transactions)	227,176	182,213
Other liabilities (borrowings)	2,230	380
Other liabilities (deposits)	47	47
Total	238,432	182,641

The above securities include pledged securities as collateral under securities lending transactions secured by cash. The amounts of securities are as follows.

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
219,252	167,783

**\*6. The amounts of lending securities under loan agreements of securities are as follows.**

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
340,432	379,198

**\*7. The amounts of loan commitments outstanding are as follows.**

(Millions of yen)

As of March 31, 2019	As of March 31, 2020
8,879	—

### 3. Notes to the Consolidated Statement of Income

#### \*1. Main components of operating expenses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Agency commissions, etc.	483,659	511,025
Salaries	241,980	236,852

Note) Operating expenses represent the sum of loss adjustment expenses, operating, general and administrative expenses and net commissions and brokerage fees included in the consolidated statement of income.

#### \*2. Other extraordinary losses are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Expenses pertaining to changes of company names	—	5,264
Special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support	1,009	—

### 4. Note to the Consolidated Statement of Comprehensive Income

#### \*1. Reclassification adjustments and the related tax effects concerning other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Unrealized gains and losses on securities available for sale		
The amount occurred during the period	(107,785)	(187,119)
Reclassification adjustments	(100,483)	(75,127)
Before tax effects adjustments	(208,268)	(262,246)
Tax effects	53,326	76,760
Unrealized gains and losses on securities available for sale	(154,942)	(185,486)
Deferred gains and losses on hedges		
The amount occurred during the period	820	329
Reclassification adjustments	(1,654)	(1,517)
Before tax effects adjustments	(833)	(1,187)
Tax effects	232	331
Deferred gains and losses on hedges	(601)	(856)
Foreign currency translation adjustments		
The amount occurred during the period	(40,913)	(19,785)
Reclassification adjustments	—	45
Foreign currency translation adjustments	(40,913)	(19,739)
Remeasurements of defined benefit plans		
The amount occurred during the period	(1,121)	7,241
Reclassification adjustments	643	544
Before tax effects adjustments	(478)	7,786
Tax effects	149	(2,126)
Remeasurements of defined benefit plans	(328)	5,660
Share of other comprehensive income of affiliates accounted for under the equity method		
The amount occurred during the period	(63)	(579)
Reclassification adjustments	16	9
Share of other comprehensive income of affiliates accounted for under the equity method	(47)	(570)
Total other comprehensive income	(196,832)	(200,993)

## 5. Notes to the Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

### 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	415,352	—	42,021	373,330
Total	415,352	—	42,021	373,330
Treasury stock				
Common stock	34,772	8,244	42,112	904
Total	34,772	8,244	42,112	904

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 596 thousand shares and 550 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Decrease of 42,021 thousand shares in shares outstanding of common stock is due to cancellation of treasury stock in accordance with approval by Board of Directors.
- Breakdown of increase in treasury stock of common stock of 8,244 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 8,238 thousand shares  
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 42,112 thousand shares is as follows.  
Decrease due to cancellation of treasury stock in accordance with approval by Board of Directors: 42,021 thousand shares  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 46 thousand shares  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 44 thousand shares  
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

### 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	632
Total		632

### 3. Dividends

#### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 25, 2018	Common stock	20,964	55	March 31, 2018	June 26, 2018
The Board of Directors' meeting held on November 19, 2018	Common stock	24,243	65	September 30, 2018	December 4, 2018

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 25, 2018 includes 32 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2018 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.

#### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	Retained earnings	65	March 31, 2019	June 25, 2019

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 24, 2019 includes 35 million yen in dividends to be paid on the shares in the Company held by the BBT.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

## 1. Type and number of shares outstanding and of treasury stock

	Number of shares at the beginning of the period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Shares outstanding				
Common stock	373,330	—	—	373,330
Total	373,330	—	—	373,330
Treasury stock				
Common stock	904	8,428	127	9,205
Total	904	8,428	127	9,205

Notes)

- Treasury stock of common stock at the beginning and the end of the period includes 550 thousand shares and 1,053 thousand shares in the Company held by the Board Benefit Trust (BBT), respectively.
- Breakdown of increase in treasury stock of common stock of 8,428 thousand shares is as follows.  
Increase due to acquisition of treasury stock in accordance with approval by Board of Directors: 7,821 thousand shares  
Increase due to acquisition of the BBT: 601 thousand shares  
Increase due to purchase of shares less than a full trading unit: 6 thousand shares
- Breakdown of decrease in treasury stock of common stock of 127 thousand shares is as follows.  
Decrease due to disposal of treasury stock related to exercise of rights of the BBT: 97 thousand shares  
Decrease due to disposal of treasury stock related to exercise of stock acquisition rights: 29 thousand shares  
Decrease due to sales of shares less than a full trading unit: 0 thousand shares

## 2. Stock acquisition rights

Category	Breakdown of stock acquisition rights	Balance at the end of the period (millions of yen)
Sompo Holdings, Inc.	Stock acquisition rights for stock options	551
Total		551

## 3. Dividends

### (1) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 24, 2019	Common stock	24,243	65	March 31, 2019	June 25, 2019
The Board of Directors' meeting held on November 19, 2019	Common stock	27,388	75	September 30, 2019	December 4, 2019

Notes)

- The "total amount of dividends" based on the resolution of the general meeting of stockholders held on June 24, 2019 includes 35 million yen in dividends paid on the shares in the Company held by the BBT.
- The "total amount of dividends" based on the resolution of the Board of Directors held on November 19, 2019 includes 79 million yen in dividends paid on the shares in the Company held by the BBT.

### (2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of stockholders held on June 22, 2020	Common stock	27,388	Retained earnings	75	March 31, 2020	June 23, 2020

Note) The "total amount of dividends" based on the resolution of the general meeting of stockholders to be held on June 22, 2020 includes 79 million yen in dividends to be paid on the shares in the Company held by the BBT.



## 6. Notes to the Consolidated Statement of Cash Flows

### \*1. Reconciliation of cash and cash equivalents at the end of the period to the line items represented in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash and deposits	971,469	925,014
Receivables under resale agreements	64,999	69,999
Monetary receivables bought	11,869	21,183
Securities	8,012,734	7,970,386
Time deposits with original maturities of more than 3 months	(94,015)	(70,013)
Monetary receivables bought other than cash equivalents	(11,703)	(19,897)
Securities other than cash equivalents	(7,964,057)	(7,928,919)
Cash and cash equivalents	991,295	967,753

### 2. Significant non-cash transactions

None.

### 3. Cash flows from investing activities include cash flows from investment activities conducted as a part of insurance business.

## 7. Lease Transactions

### Operating lease transactions

Future lease payments related to non-cancelable operating leases

(Lessee)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Due within one year	19,879	16,773
Due after one year	179,911	153,244
Total	199,790	170,017

(Lessor)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Due within one year	433	195
Due after one year	1,385	1,200
Total	1,818	1,396

## 8. Financial Instruments

### 1. Overview of financial instruments

#### (1) Our policy to manage financial instruments

As SOMPO HOLDINGS is mainly engaged in insurance businesses and recognizes the characteristic of investment fund for the insurance company, SOMPO HOLDINGS manages the investment assets taking into consideration safety, liquidity and profitability. Further, in order to appropriately manage investment assets related to long-term insurance liabilities related to life insurance and savings-type insurance, SOMPO HOLDINGS intends to stabilize returns for the future maturity refunds to policyholders by the methodology based on ALM (integrated management of assets and liabilities).

In addition, with a view to strengthen the financial structure, the consolidated subsidiary increased its capital substantively by the issuance of subordinated bond (i.e. hybrid finance) which is deemed as capital to some extent by major credit rating agencies.

## **(2) The nature and risk of financial instruments**

As financial instruments which SOMPO HOLDINGS holds are mainly securities such as bonds and stocks, SOMPO HOLDINGS is exposed to risks (market risks) associated with price fluctuations of investments, which are influenced by stock prices, interest rates and foreign exchange rates, as well as risks (liquidity risks) that securities may not be traded or may be forced to be traded at far more unfavorable prices than under normal conditions due to a market crisis and the like.

In addition, the securities and the loans which SOMPO HOLDINGS holds are exposed to credit risk which would cause a significant decrease in their value or uncollectible interest and principal due to the reasons such as deterioration of creditworthiness and bankruptcy of the issuer and the borrower.

Regarding derivative transactions, SOMPO HOLDINGS utilizes derivatives to hedge risks on assets held. These also involve market risks and credit risks.

Please refer to the note on “(6) Significant hedge accounting” in “4. Accounting policies” in “1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements” for derivative transactions which hedge accounting is applied to.

## **(3) The risk management systems regarding financial instruments**

The Company has established the risk management systems to appropriately identify, evaluate and control risks and accurately respond when risks emerge through strategic risk management (ERM) designed to maximize the corporate value of SOMPO HOLDINGS, as described below.

With the aim of maintaining strategic risk management, the Company's Board of Directors has established the “Group Basic Policy on ERM”, which sets forth principles for accurately assessing the group-wide status of risk exposure and managing the various types of risk in a comprehensive manner. With the aim of enabling appropriate management decision making based upon assessment of group-wide risk, the Company established Group ERM committee. Moreover, the Risk Management Department was established to promote the Company's efforts to develop and enhance its risk management systems.

Through the model of investment risks, the Company manages market risk, credit risk and real estate investment risk. In addition, the Company comprehensively manages risks, including the risk of invested assets failing to yield assumed interest rates with regard to insurance liabilities related to savings-type insurance held by its insurance subsidiaries. The Company obtains investment assets information on a daily basis and quantifies investment risks. Further, the Company utilizes risk management by setting stress scenarios to cover events that could cause a material impact on the operations of SOMPO HOLDINGS, and performing stress tests to assess and measure risks comprehensively.

As to credit risks, in order to avoid concentrating the risks on specific borrowers, the Company has set credit limits and manages the risks appropriately for the whole group.

As to liquidity risks, the Company has developed systems for its insurance subsidiaries to forecast payments for claims, etc. upon occurrence of liquidity risk scenarios, such as outbreak of catastrophe, and to ensure liquidity assets so as to adequately secure enough to cope with these payments.

Each group member has rules formulated in reference to the Group Basic Policy on ERM, thereby developing risk management systems appropriate to the content, scale, and characteristics of their particular business activities and implementing autonomous risk management. In addition, insurance subsidiaries place considerable emphasis on managing various types of risk in ways tailored to their particular risk profile. By doing so, these subsidiaries are appropriately addressing risks that could significantly affect their operations.

## **(4) Supplemental explanation about the fair value of financial instruments**

Other than the fair value of financial instruments based on the market price, fair value calculated reasonably is included if the market price is not obtainable. In view that certain assumption is employed to measure the fair value, the resulting value might differ depending on the assumption to be applied. “Notional amount” on each table in notes on “Derivative Transactions” shows contract amounts or notional amounts of derivative transactions. These amounts do not show the volume of market risk or credit risk regarding derivative transactions.

## 2. Fair value of financial instruments

Carrying amount, fair value and unrealized gains and losses are as follows. Meanwhile, financial instruments which are considered extremely difficult to figure out their fair value are not included in the following table. (Please refer to Notes) 2 for details.)

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	971,469	971,469	—
(2) Receivables under resale agreements	64,999	64,999	—
(3) Monetary receivables bought	11,869	11,869	—
(4) Money trusts	40,993	40,993	—
(5) Securities:			
Trading securities	198,084	198,084	—
Bonds held to maturity	1,197,758	1,510,109	312,350
Policy reserve matching bonds	370,080	409,926	39,846
Securities available for sale	6,165,141	6,165,141	—
(6) Loans	703,255		
Allowance for possible credit losses <sup>(*)</sup>	(40)		
	703,215	722,531	19,315
<b>Total assets</b>	<b>9,723,613</b>	<b>10,095,125</b>	<b>371,512</b>
(1) Corporate bonds	510,383	521,433	11,049
(2) Payables under securities lending transactions	227,176	227,176	—
(3) Borrowings	108,751	108,791	39
<b>Total liabilities</b>	<b>846,312</b>	<b>857,401</b>	<b>11,088</b>
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	4,838	4,838	—
Hedge accounting is applied to	11,056	11,056	—
<b>Total derivative transactions</b>	<b>15,894</b>	<b>15,894</b>	<b>—</b>

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(\*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

As of March 31, 2020

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
(1) Cash and deposits	925,014	925,014	—
(2) Receivables under resale agreements	69,999	69,999	—
(3) Monetary receivables bought	21,183	21,183	—
(4) Money trusts	33,003	33,003	—
(5) Securities:			
Trading securities	32,526	32,526	—
Bonds held to maturity	1,200,548	1,496,069	295,520
Policy reserve matching bonds	460,685	500,834	40,148
Securities available for sale	6,174,482	6,174,482	—
(6) Loans	684,094		
Allowance for possible credit losses <sup>(*)</sup>	(45)		
	684,048	701,715	17,666
<b>Total assets</b>	<b>9,601,493</b>	<b>9,954,829</b>	<b>353,335</b>
(1) Corporate bonds	504,089	505,968	1,879
(2) Payables under securities lending transactions	182,213	182,213	—
(3) Borrowings	76,467	76,432	(35)
<b>Total liabilities</b>	<b>762,770</b>	<b>764,614</b>	<b>1,844</b>
Derivative transactions <sup>(*)</sup> :			
Hedge accounting is not applied to	5,013	5,013	—
Hedge accounting is applied to	16,557	16,557	—
<b>Total derivative transactions</b>	<b>21,570</b>	<b>21,570</b>	<b>—</b>

(\*1) This figure represents deductions to loans as general and individual allowance for possible credit losses.

(\*2) This table collectively shows derivative transactions which are included in other assets and other liabilities. Net assets and liabilities from derivative transactions are shown on the net basis.

Notes)

1. Calculation methods for the fair value of financial instruments

Assets

(1) Cash and deposits

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(2) Receivables under resale agreements

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Monetary receivables bought

The fair value is based on the price quoted by counterparties.

(4) Money trusts

The fair value of the financial instruments managed as trust asset is as follows. As bank deposit, etc. are short term and their fair value approximates the book value, the book value is presented as the fair value. The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and others.

(5) Securities

The fair value of the domestic bonds is based on the price at exchanges, the price released by Japan Securities Dealers Association and the price quoted by counterparties and others. The fair value of the domestic stocks is based on the price at exchanges. In addition, the fair value of foreign securities is based on the price at exchanges and the price quoted by counterparties and others.

(6) Loans

The fair value is the amount of future collection cash flow of each loan which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto. For the loans categorized as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future, the fair values are the carrying amount less current estimated credit losses. Because the estimated credit losses are calculated based on the amount expected to be covered by collateral and guarantee, the fair value approximates the said amount.

Liabilities

(1) Corporate bonds

The fair value is based on the price at exchanges, the price released by Japan Securities Dealers Association and others.

(2) Payables under securities lending transactions

As all are short term and the fair value approximates the book value, the book value is presented as the fair value.

(3) Borrowings

The fair value is the amount of future collection cash flow of each borrowing which is discounted by the risk free rate for the corresponding period, adding credit risk premium and liquidity premium thereto.

Derivative transactions

Please refer to the notes on "Derivative Transactions."

2. Carrying amounts of the financial instruments which are considered extremely difficult to figure out their fair value are as follows. These financial instruments are not included in "(5) Securities."

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Domestic stocks	49,775	66,414
Foreign securities	19,397	21,841
Others	12,013	13,456
Total	81,186	101,711

As domestic stocks are unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As foreign securities are unlisted stocks or investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

As others are investments mainly in unlisted stocks and do not have quoted market prices, they are not included in the scope of fair value disclosure.

3. The redemption amounts after the consolidated balance sheet date for monetary receivables and fixed maturity securities

As of March 31, 2019

	(Millions of yen)			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	967,129	4,236	—	—
Receivables under resale agreements	64,999	—	—	—
Monetary receivables bought	166	2,000	1,700	7,549
Securities:				
Bonds held to maturity:				
Government bonds	5,700	55,960	274,686	683,397
Municipal bonds	—	—	1,000	43,400
Corporate bonds	5,100	12,400	500	92,900
Foreign securities	4,514	4,975	115	—
Policy reserve matching bonds:				
Government bonds	—	—	—	360,000
Fixed maturity securities available for sale:				
Government bonds	51,977	230,479	203,279	558,025
Municipal bonds	1,600	400	10,500	21,300
Corporate bonds	64,454	140,479	62,520	513,190
Foreign securities	101,781	742,604	843,691	569,387
Others	4,200	18,976	6,954	1,285
Loans <sup>(*)</sup>	189,377	346,408	93,414	63,952
Total	1,461,002	1,558,921	1,498,361	2,914,387

(\*) 83 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included. 10,000 million yen of loans without maturities is not included.

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	917,299	7,593	—	—
Receivables under resale agreements	69,999	—	—	—
Monetary receivables bought	1,287	2,000	3,106	14,322
Securities:				
Bonds held to maturity:				
Government bonds	14,060	83,900	250,206	667,877
Municipal bonds	—	1,000	—	43,400
Corporate bonds	3,000	9,700	800	99,300
Foreign securities	8,173	7,102	118	—
Policy reserve matching bonds:				
Government bonds	—	—	—	440,200
Corporate bonds	—	—	—	9,400
Fixed maturity securities available for sale:				
Government bonds	52,706	201,577	217,276	527,024
Municipal bonds	400	—	10,500	31,500
Corporate bonds	46,734	144,097	94,820	609,805
Foreign securities	144,499	796,209	757,244	657,389
Others	3,958	18,854	7,713	1,351
Loans <sup>(*)</sup>	179,729	376,844	78,776	48,730
Total	1,441,848	1,648,878	1,420,562	3,150,300

(\*) 8 million yen of loans whose redemption amounts are not estimable such as loans to borrowers in bankruptcy legally or substantially and to borrowers who are highly probable to go bankrupt in the future is not included.

4. The contractual payment amounts of the corporate bonds, long-term borrowings, lease obligations and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2019

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	—	33,300	—	470,745
Long-term borrowings	32,228	30,478	30,477	15,268	60	188
Lease obligations	5,233	4,620	4,500	4,222	4,033	43,574
Payables under securities lending transactions	227,176	—	—	—	—	—
Total	264,638	35,099	34,977	52,790	4,093	514,508

As of March 31, 2020

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	—	—	32,868	—	—	465,942
Long-term borrowings	30,469	30,467	15,260	53	46	120
Lease obligations	8,321	8,632	7,252	6,503	5,643	48,254
Payables under securities lending transactions	182,213	—	—	—	—	—
Total	221,004	39,100	55,381	6,556	5,690	514,317

## 9. Securities

### 1. Trading securities

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrealized gains and losses recognized in the statement of income	(7,136)	(2,394)

### 2. Bonds held to maturity

As of March 31, 2019

(Millions of yen)

	Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,184,779	1,497,251
	Foreign securities	3,907	3,975
	Subtotal	1,188,687	1,501,226
Securities whose fair value does not exceed their carrying amount	Domestic bonds	3,216	3,139
	Foreign securities	5,855	5,742
	Subtotal	9,071	8,882
Total	1,197,758	1,510,109	312,350

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	1,179,676	1,475,011	295,334
	Foreign securities	13,290	13,619	328
	Subtotal	1,192,967	1,488,630	295,663
Securities whose fair value does not exceed their carrying amount	Domestic bonds	5,981	5,845	(136)
	Foreign securities	1,599	1,593	(6)
	Subtotal	7,581	7,438	(142)
Total		1,200,548	1,496,069	295,520

### 3. Policy reserve matching bonds

As of March 31, 2019

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	361,192	401,082	39,889
Securities whose fair value does not exceed their carrying amount	Domestic bonds	8,888	8,844	(43)
Total		370,080	409,926	39,846

As of March 31, 2020

(Millions of yen)

		Carrying amount	Fair value	Unrealized gains and losses
Securities whose fair value exceeds their carrying amount	Domestic bonds	375,977	417,368	41,390
Securities whose fair value does not exceed their carrying amount	Domestic bonds	84,707	83,465	(1,241)
Total		460,685	500,834	40,148

### 4. Securities available for sale

As of March 31, 2019

(Millions of yen)

		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	2,130,397	1,932,041	198,355
	Domestic stocks	1,217,908	461,936	755,971
	Foreign securities	1,590,323	1,462,884	127,438
	Others	63,892	58,153	5,739
	Subtotal	5,002,520	3,915,016	1,087,504
Securities whose carrying amount does not exceed their cost	Domestic bonds	44,163	44,858	(694)
	Domestic stocks	48,817	55,812	(6,994)
	Foreign securities	1,077,106	1,103,626	(26,520)
	Others	11,919	12,012	(92)
	Subtotal	1,182,007	1,216,309	(34,301)
Total		6,184,528	5,131,325	1,053,202

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value 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.

As of March 31, 2020

		(Millions of yen)		
		Carrying amount	Cost	Unrealized gains and losses
Securities whose carrying amount exceeds their cost	Domestic bonds	1,889,044	1,722,025	167,019
	Domestic stocks	869,590	329,234	540,356
	Foreign securities	1,919,916	1,783,993	135,923
	Others	117,230	108,735	8,494
	Subtotal	4,795,782	3,943,990	851,792
Securities whose carrying amount does not exceed their cost	Domestic bonds	340,146	344,479	(4,333)
	Domestic stocks	117,179	132,825	(15,645)
	Foreign securities	953,928	988,441	(34,513)
	Others	45,695	48,304	(2,609)
	Subtotal	1,456,949	1,514,051	(57,101)
Total	6,252,732	5,458,041	794,690	

Notes)

1. Securities available for sale which are considered extremely difficult to figure out their fair value 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.

## 5. Securities available for sale sold during the fiscal years ended March 31, 2019 and 2020

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	106,408	7,311	212
Domestic stocks	158,313	90,954	719
Foreign securities	746,172	11,476	10,002
Others	999	1,108	46
Total	1,011,893	110,850	10,981

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)			
	Proceeds from sales	Gains on sales	Losses on sales
Domestic bonds	122,655	8,993	78
Domestic stocks	100,154	60,955	1,059
Foreign securities	1,148,912	17,695	5,245
Others	547	1,038	41
Total	1,372,270	88,682	6,426

## 6. Securities for which impairment losses are recognized during the fiscal years ended March 31, 2019 and 2020

For the fiscal year ended March 31, 2019, 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 9,176 million yen (domestic stocks: 6,732 million yen, foreign securities: 2,444 million yen), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 3,616 million yen (domestic stocks: 1,050 million yen, foreign securities: 2,565 million yen, others: 0 million yen).

For the fiscal year ended March 31, 2020, 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), and impairment losses on securities available for sale which are considered extremely difficult to figure out their fair value amount to 5,616 million yen (domestic stocks: 2,636 million yen, foreign securities: 2,979 million yen, others: 0 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.

## 10. Money Trusts

### 1. Money trusts for trading purposes

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrealized gains and losses recognized in the statement of income	(246)	(65)

### 2. Money trusts held to maturity

None.

### 3. Money trusts classified as other than trading purposes or held to maturity

As of March 31, 2019

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	40,336	38,529	1,806

As of March 31, 2020

(Millions of yen)

	Carrying amount	Cost	Unrealized gains and losses
Money trusts	32,428	33,022	(594)

### 4. Money trusts for which impairment losses are recognized during the fiscal years ended March 31, 2019 and 2020

For the fiscal year ended March 31, 2019, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 446 million yen.

For the fiscal year ended March 31, 2020, impairment losses on securities managed as trust assets in money trust classified as other than trading purposes or held to maturity (excluding securities available for sale which are considered extremely difficult to figure out their fair value) amount to 4,750 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.

## 11. Derivative Transactions

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Currency derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	71,367	—	(307)	(307)
Long	6,225	—	2	2
Currency options:				
Short	68,899	—	(16)	173
Long	63,000	—	20	(168)
Currency swaps	22,437	—	(1,239)	(1,239)
Total			(1,540)	(1,539)

Notes) Calculation methods for the fair value

- Forward foreign exchanges  
The fair value is based on the forward exchange rate or the price quoted by counterparties.
- Currency options  
The fair value is based on the price quoted by counterparties.
- Currency swaps  
The fair value is based on the price quoted by counterparties.



As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Over-the-counter transactions:				
Forward foreign exchanges:				
Short	34,010	—	89	89
Long	3,708	—	(416)	(416)
Currency options:				
Short	56,455	—	(68)	(11)
Long	51,600	—	234	177
Currency swaps	45,443	—	(109)	(109)
Total			(270)	(270)

Notes) Calculation methods for the fair value

1. Forward foreign exchanges  
The fair value is based on the forward exchange rate or the price quoted by counterparties.
2. Currency options  
The fair value is based on the price quoted by counterparties.
3. Currency swaps  
The fair value is based on the price quoted by counterparties.

## (2) Interest rate derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Market transactions:				
Interest rate futures:				
Short	4,140	—	(81)	(81)
Long	24,375	—	102	102
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	4,014	4,014	66	66
Total			87	87

Notes) Calculation methods for the fair value

1. Interest rate futures  
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps  
The fair value is based on the price quoted by counterparties.

As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		
		Fair value	Unrealized gains and losses	
Market transactions:				
Interest rate futures:				
Short	898	—	12	12
Long	460	—	(13)	(13)
Over-the-counter transactions:				
Interest rate swaps:				
Receipt float / Payment fix	403	403	(6)	(6)
Total			(7)	(7)

Notes) Calculation methods for the fair value

1. Interest rate futures  
The fair value is based on the price quoted by counterparties.
2. Interest rate swaps  
The fair value is based on the price quoted by counterparties.

### (3) Equity derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Market transactions:					
Equity index futures:					
Short	10,144	—		70	70
Total	—	—		70	70

Note) Calculation methods for the fair value  
The fair value is based on the closing price at major exchanges.

As of March 31, 2020

None.

### (4) Bond derivatives

As of March 31, 2019

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	7,281	—		(7,412)	(48)
Long	14,862	—		15,120	167
Total	—	—		7,707	118

Note) Calculation methods for the fair value  
The fair value is mainly based on the price quoted by information vendors.

As of March 31, 2020

(Millions of yen)

	Notional amount	Due after 1 year		Fair value	Unrealized gains and losses
Over-the-counter transactions:					
Bonds forwards:					
Short	2,728	—		(2,812)	(2)
Long	8,030	—		8,280	(11)
Total	—	—		5,467	(14)

Note) Calculation methods for the fair value  
The fair value is mainly based on the price quoted by information vendors.

## (5) Others

As of March 31, 2019

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	521	521	(16)	(16)
Over-the-counter transactions:				
Credit derivatives:				
Short	1,831	77	(2)	0
Weather derivatives:				
Short	29,845	2,775	(7,799)	701
Long	15,178	1,387	6,506	(371)
Earthquake derivatives:				
Short	40,633	10	(3)	754
Long	36,569	288	8	(514)
Loss development cover:				
Short	2,688	2,688	(92)	(92)
Pandemic derivatives:				
Short	1,109	1,109	(100)	136
Long	776	—	15	(38)
Total			(1,485)	561

Notes) Calculation methods for the fair value

- Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.
- Pandemic derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

As of March 31, 2020

(Millions of yen)

	Notional amount		Fair value	Unrealized gains and losses
		Due after 1 year		
Market transactions:				
Credit derivatives:				
Short	558	558	9	9
Long	98	98	(1)	(1)
Over-the-counter transactions:				
Credit derivatives:				
Short	76	76	1	1
Weather derivatives:				
Short	32,837	6,070	(3,011)	2,174
Long	16,605	2,565	2,938	(833)
Earthquake derivatives:				
Short	70,050	10	(7)	1,158
Long	34,419	150	3	(462)
Loss development cover:				
Short	2,737	2,737	(100)	(100)
Pandemic derivatives:				
Short	906	—	(22)	215
Long	634	—	15	(37)
Total			(176)	2,122

Notes) Calculation methods for the fair value

- Credit derivatives  
The fair value is mainly based on the price quoted by information vendors.
- Weather derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Earthquake derivatives  
The fair value is calculated based on the contract term and other elements of the contract.
- Loss development cover  
The fair value is calculated based on the contract term and other elements of the contract.
- Pandemic derivatives  
The fair value is calculated based on the contract term and other elements of the contract.

## 2. Derivative transactions to which hedge accounting is applied

### (1) Currency derivatives

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	756,133	—	2,123
	Currency options: Short Long	Securities available for sale	93,655 84,788	— —	(60) 47
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	198,011	198,011	Note 2
Total			—	—	2,110

Notes) 1. Calculation methods for the fair value

- (1) Forward foreign exchanges  
The fair value is calculated by using forward exchange rate.
- (2) Currency options  
The fair value is based on the price quoted by counterparties.
- (3) Currency swaps  
The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Fair value hedge	Forward foreign exchanges: Short	Securities available for sale	831,201	—	8,405
	Currency options: Short Long	Securities available for sale	154,562 141,439	— —	(414) 808
Assignment accounting for forward foreign exchange contracts and others	Currency swaps	Foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings	179,597	179,597	Note 2
Total			—	—	8,798

Notes) 1. Calculation methods for the fair value

- (1) Forward foreign exchanges  
The fair value is calculated by using forward exchange rate.
- (2) Currency options  
The fair value is based on the price quoted by counterparties.
- (3) Currency swaps  
The fair value is based on the price quoted by counterparties.

2. The fair value of forward foreign exchange contracts and others to which assignment accounting is applied is included in the fair value of foreign currency denominated corporate bonds (liabilities) and foreign currency denominated borrowings as they are accounted for as one together with. Therefore, their fair value is included in the fair value of the corporate bonds and borrowings in "Financial Instruments."

### (2) Interest rate derivatives

As of March 31, 2019

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	78,000	69,000	8,945
Total			—	—	8,945

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

As of March 31, 2020

(Millions of yen)

Methods for hedge accounting	Type	Main hedged items	Notional amount	Due after 1 year	Fair value
Deferred hedge	Interest rate swaps: Receipt fix / Payment float	Insurance liabilities	69,000	60,500	7,758
Total			—	—	7,758

Note) Calculation methods for the fair value

The fair value is calculated by discounting estimated future cash flow to the present value.

## 12. Retirement Benefits

### 1. Outline of retirement benefit plans

In addition to a defined contribution pension plan, Sompo Japan Nipponkoa Insurance Inc., which is a consolidated subsidiary of the Company, provides defined benefit plans with a lump-sum payments retirement plan, a contract-type corporate pension plan and a self-administered corporate pension plan for both retired employees who are already receiving pension and those who are eligible for employees' benefits but have not yet reached the pension commencement age. Sompo Japan Nipponkoa Insurance Inc. also sets up a retirement benefit trust. The other domestic consolidated subsidiaries provide a contract-type corporate pension plan and an unfunded retirement plan with lump-sum payments as defined benefit type in addition to defined contribution pension plans. Certain foreign consolidated subsidiaries have retirement benefit plans such as defined contribution type and defined benefit type.

Net defined benefit liability and retirement benefit expenses regarding lump-sum payments retirement plan are calculated by using the simplified accounting methods.

### 2. Retirement defined benefit plans

#### (1) Reconciliation of beginning and ending balances of the retirement benefit obligation

	(Millions of yen)	
	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Retirement benefit obligation at the beginning of the period	202,072	193,735
Service cost	12,640	12,400
Interest cost	809	432
The amount of actuarial difference occurred	(3,535)	(12,800)
Retirement benefit paid	(13,906)	(15,508)
The amount of prior service costs occurred	(418)	—
Increase due to merger	6	—
Others	(3,932)	(179)
Retirement benefit obligation at the end of the period	193,735	178,080

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

#### (2) Reconciliation of beginning and ending balances of plan assets

	(Millions of yen)	
	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Plan assets at the beginning of the period	100,454	90,436
Expected return on plan assets	526	496
The amount of actuarial difference occurred	(5,080)	(5,612)
The amount of employer contributions	691	1,376
Retirement benefit paid	(2,206)	(2,142)
Others	(3,947)	(118)
Plan assets at the end of the period	90,436	84,434

(3) Reconciliation of the ending balances of retirement benefit obligation and plan assets, and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Funded retirement benefit obligation	185,239	170,331
Plan assets	(90,436)	(84,434)
Unfunded retirement benefit obligation	94,803	85,896
Asset ceiling adjustments	8,495	7,748
Net liabilities and assets on the consolidated balance sheet	289	262
Net liabilities and assets on the consolidated balance sheet	103,588	93,908
Net defined benefit liability	103,796	94,094
Net defined benefit asset	(207)	(186)
Net liabilities and assets on the consolidated balance sheet	103,588	93,908

(4) Components of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Service cost	12,640	12,400
Interest cost	809	432
Expected return on plan assets	(526)	(496)
Amortization of actuarial difference	583	539
Amortization of prior service costs	59	7
Others	1,099	33
Retirement benefit expenses for defined benefit plans	14,666	12,916

Note) Retirement benefit expenses for retirement benefit plans calculated by using the simplified accounting methods are included in "Service cost."

(5) Remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in remeasurements of defined benefit plans are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Prior service costs	(477)	(7)
Actuarial difference	955	(7,778)
Total	478	(7,786)

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect deductions) recorded in accumulated remeasurements of defined benefit plans are as follows.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Unrecognized prior service costs	(43)	(51)
Unrecognized actuarial difference	4,942	(2,824)
Total	4,898	(2,876)

(7) Plan assets

(a) Main components of plan assets

The percentage shares of components by main asset class out of total plan assets are as follows.

	As of March 31, 2019	As of March 31, 2020
Bonds	21	23
Stocks	63	60
Joint investment assets	6	5
Life insurance general accounts	7	8
Cash and deposits	1	1
Others	2	3
Total	100	100

(b) Establishment of methods for the long-term expected rate of return on plan assets

In order to assume the long-term expected rate of return on plan assets, present and expected distribution of plan assets and the long term expected rate of return on the multitude of assets in plan assets are considered.

(8) Basis of actuarial assumptions

Major bases of actuarial assumptions are as follows.

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Discount rate	Domestic consolidated subsidiaries	0.1–1.0	0.5–1.0
	Foreign consolidated subsidiaries	4.7–9.9	3.1–8.3
Long-term expected rate of return on plan assets	Domestic consolidated subsidiaries	0.0–1.5	0.0–1.5
	Foreign consolidated subsidiaries	9.9	7.0

### 3. Defined contribution plans

Contributions paid to the defined contribution pension plan by consolidated subsidiaries amounts to 7,147 million yen for the fiscal year ended March 31, 2019 and amounts to 7,640 million yen for the fiscal year ended March 31, 2020.

## 13. Stock Options

### 1. Recorded amount and account which includes stock option expense

None.

### 2. Recorded amount on profit resulting from forfeiture of stock options

None.

### 3. Contents, size and its changes of stock options

#### (1) Contents of stock options

Stock options granted by the Company are as follows.

15th and 16th issue of stock acquisition rights of the Company are stock options transferred from former Sampo Japan Insurance Inc. ("former Sampo Japan") to the Company and 17th to 22nd issue of stock acquisition rights of the Company are stock options transferred from former NIPPONKOA Insurance Company, Limited ("former NIPPONKOA") to the Company on the date of establishment of the Company, April 1, 2010.

The Company decided to introduce the "Board Benefit Trust (BBT)," a performance-linked stock compensation plan at the 6th general meeting of shareholders held on June 27, 2016, and not to grant new stock options thereafter.

## (a) Stock options transferred from former Sampo Japan and granted by the Company

	15th issue	16th issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former Sampo Japan: 27 Others (Note 1): 1	Directors and senior vice presidents of former Sampo Japan: 41 Others (Note 1): 1
Number of stock options granted by types of shares	Common stock: 74,325 stocks (Note 2)	Common stock: 186,775 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Conditions for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to August 11, 2033	April 1, 2010 to August 10, 2034
Number of stock acquisition rights*	197 stock acquisition rights (Note 3)	342 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,925 stocks (Notes 3, 4)	Common stock: 8,550 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 3,761 Amount of capital incorporation (Note 5)	Issue price: 2,493 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).

## Notes

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former Sampo Japan but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 25.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of Sampo Japan Insurance Inc.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.



7. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.

If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
  - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
  - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
  - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
  - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
  - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

## (b) Stock options transferred from former NIPPONKOA and granted by the Company

	17th issue	18th issue
Resolution date	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 5 Others (Note 1): 7	Directors and senior vice presidents of former NIPPONKOA: 7 Others (Note 1): 11
Number of stock options granted by types of shares	Common stock: 35,775 stocks (Note 2)	Common stock: 50,400 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to June 29, 2024	April 1, 2010 to June 29, 2025
Number of stock acquisition rights*	14 stock acquisition rights (Note 3)	13 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 3,150 stocks (Notes 3, 4)	Common stock: 2,925 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,385 Amount of capital incorporation (Note 5)	Issue price: 2,385 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).

Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the day a year after the day immediately following the date of the loss of their status as a director and senior vice president of Sompo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 7 years after the exercise commencement date or the last day of the exercise period, whichever earlier.
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

	19th issue	20th issue
Resolution date	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sompo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2	Directors and senior vice presidents of former NIPPONKOA: 12 Others (Note 1): 2
Number of stock options granted by types of shares	Common stock: 27,675 stocks (Note 2)	Common stock: 30,375 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 27, 2027	April 1, 2010 to March 17, 2028
Number of stock acquisition rights*	10 stock acquisition rights (Note 3)	12 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 2,250 stocks (Notes 3, 4)	Common stock: 2,700 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

	21st issue	22nd issue
Resolution date	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009	Extraordinary general meeting of shareholders of former Sampo Japan held on December 22, 2009 and extraordinary general meeting of shareholders of former NIPPONKOA held on December 30, 2009
Title and number of grantees	Directors and senior vice presidents of former NIPPONKOA: 16 Others (Note 1): 3	Directors and senior vice presidents of former NIPPONKOA: 21 Others (Note 1): 3
Number of stock options granted by types of shares	Common stock: 61,875 stocks (Note 2)	Common stock: 88,425 stocks (Note 2)
Grant date	April 1, 2010	April 1, 2010
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	April 1, 2010 to March 16, 2029	April 1, 2010 to October 7, 2029
Number of stock acquisition rights*	19 stock acquisition rights (Note 3)	23 stock acquisition rights (Note 3)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 4,275 stocks (Notes 3, 4)	Common stock: 5,175 stocks (Notes 3, 4)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,441 Amount of capital incorporation (Note 5)	Issue price: 2,441 Amount of capital incorporation (Note 5)
Conditions for exercising the stock acquisition rights*	(Note 6)	(Note 6)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 7)	(Note 7)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2020), which has not changed as of the end of the month prior to the submission date of this document (May 31, 2020).  
Notes)

- "Others" in the column "Title and number of grantees" represents grantees at the time of grant by former NIPPONKOA but who already retired or resigned the position by the grant date by the Company.
- Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
- The number of shares underlying each stock acquisition right is 225.
- In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
- Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.
- Conditions for exercising the stock acquisition rights are as follows:
  - Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period beginning on the date of the loss of their status as a director and senior vice president of Sampo Japan Insurance Inc. (hereinafter the "exercise commencement date"), and ending on the day 10 days after the following date of the exercise commencement date (and before the end of the exercise period of the stock acquisition rights (hereinafter the "exercise period")).
  - Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
- Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.  
If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.

- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
- (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
- (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 4 above, taking into consideration the conditions of the corporate reorganization.
- (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
- (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
- (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 5 above.
- (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
- (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
- (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
- (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
- (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
- (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
- (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
- (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 6 above.

(c) Stock options granted by the Company

	23rd issue	24th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2010	Meeting of the Board of Directors held on October 14, 2011
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 66 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 8 Directors and senior vice presidents of subsidiaries of the Company: 82 The actual number of persons (Notes 1, 2) 86
Number of stock options granted by types of shares	Common stock: 349,450 stocks (Note 3)	Common stock: 372,300 stocks (Note 3)
Grant date	August 16, 2010	November 1, 2011
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 17, 2010 to August 16, 2035	November 1, 2011 to October 31, 2036
Number of stock acquisition rights*	1,218 [1,094] stock acquisition rights (Note 4)	398 [372] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 30,450 [27,350] stocks (Notes 4, 5)	Common stock: 39,800 [37,200] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,809 Amount of capital incorporation (Note 6)	Issue price: 1,373 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	25th issue	26th issue
Resolution date	Meeting of the Board of Directors held on July 27, 2012	Meeting of the Board of Directors held on July 26, 2013
Title and number of grantees	Directors and senior vice presidents of the Company: 7 Directors and senior vice presidents of subsidiaries of the Company: 87 The actual number of persons (Notes 1, 2) 90	Directors and senior vice presidents of the Company: 9 Directors and senior vice presidents of subsidiaries of the Company: 136 The actual number of persons (Notes 1, 2) 79
Number of stock options granted by types of shares	Common stock: 391,100 stocks (Note 3)	Common stock: 195,000 stocks (Note 3)
Grant date	August 14, 2012	August 13, 2013
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 14, 2012 to August 13, 2037	August 13, 2013 to August 12, 2038
Number of stock acquisition rights*	439 [389] stock acquisition rights (Note 4)	285 [245] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 43,900 [38,900] stocks (Notes 4, 5)	Common stock: 28,500 [24,500] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 1,329 Amount of capital incorporation (Note 6)	Issue price: 2,297 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

	27th issue	28th issue
Resolution date	Meeting of the Board of Directors held on July 30, 2014	Meeting of the Board of Directors held on July 30, 2015
Title and number of grantees	Directors and senior vice presidents of the Company: 11 Directors and senior vice presidents of subsidiaries of the Company: 117 The actual number of persons (Notes 1, 2) 69	Directors and senior vice presidents of the Company: 16 Directors and senior vice presidents of subsidiaries of the Company: 61 The actual number of persons (Notes 1, 2) 63
Number of stock options granted by types of shares	Common stock: 172,900 stocks (Note 3)	Common stock: 100,700 stocks (Note 3)
Grant date	August 15, 2014	August 17, 2015
Condition for the vesting	Stock options are vested on the grant date.	Stock options are vested on the grant date.
Requisite service period	—	—
Exercise period	August 15, 2014 to August 14, 2039	August 17, 2015 to August 16, 2040
Number of stock acquisition rights*	373 [323] stock acquisition rights (Note 4)	335 [286] stock acquisition rights (Note 4)
Type, description and number of the shares underlying the stock acquisition rights*	Common stock: 37,300 [32,300] stocks (Notes 4, 5)	Common stock: 33,500 [28,600] stocks (Notes 4, 5)
Payment price upon exercise of a stock acquisition right (yen)*	1	1
Issue price and the amount of capital incorporation of the shares issued upon exercise of the stock acquisition rights (yen)*	Issue price: 2,404 Amount of capital incorporation (Note 6)	Issue price: 4,153 Amount of capital incorporation (Note 6)
Conditions for exercising the stock acquisition rights*	(Note 7)	(Note 7)
Matters related to the transfer of stock acquisition rights*	Subject to the approval of the Board of Directors.	Subject to the approval of the Board of Directors.
Matters related to the delivery of the stock acquisition rights associated with the corporate reorganization*	(Note 8)	(Note 8)

\* The above figures represents the status as of the end of the current fiscal year (March 31, 2020). For changes made during the period between the end of the current fiscal year and the end of the month prior to the submission date of this document (May 31, 2020), status as of the end of the month prior to the submission date is indicated in square brackets and the absence of these indicates no change.

Notes)

1. "Directors" in the column "Title and number of grantees" excludes outside directors and non-full time directors.
2. Since several directors and senior vice presidents of the Company have concurrently served as director/senior vice president of the Company or as director/senior vice president (*shikkouyakuin*) of its subsidiaries, the actual number of the persons to whom the stock acquisition rights of the Company are granted is shown in the table, respectively.
3. Number of stock options in the column "Number of stock options granted by types of shares" is indicated by converting to number of shares. The numbers of shares concerning the 23rd issue of stock acquisition rights of the Company are calculated as a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011.
4. The number of shares underlying each stock acquisition right is 25 for the 23rd issue of stock acquisition rights and 100 for the 24th to the 28th issue of stock acquisition rights.
5. In the event that the Company conducts a split of stocks or a reverse split of stocks of the common stock of the Company, the number of shares subject to such split of stocks or reverse split of stocks shall be adjusted by the following formula. However, such adjustment is restricted to the number of shares underlying the stock acquisition rights yet to be exercised at such time, where any fraction less than one share resulting from the adjustment shall be rounded down.  
Number of shares after the adjustment = Number of shares before the adjustment × stock split or reverse split ratio
6. Matters related to the increases in common stock and capital reserves arising from the issuance of shares due to the exercise of stock acquisition rights are as follows.
  - (1) When new shares are issued due to the exercise of the stock acquisition rights, common stock will be increased by an amount equivalent to one-half the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fractions of a yen rounded up.
  - (2) When new shares are issued due to the exercise of the stock acquisition rights, the amount of the increase in capital reserves will be the amount remaining after the amount of the increase in common stock as provided above is deducted from the amount of the maximum increase in common stock, etc. as stated in (1) above.

7. Conditions for exercising the stock acquisition rights are as follows:
- (1) Stock acquisition right holders are allowed to exercise their stock acquisition rights only within a period of 10 days from the day immediately following the day on which the holders lose their status as a director and senior vice president of the Company and as a director and senior vice president (*shikkouyakuin*) of its subsidiaries.
  - (2) Stock acquisition right holders must exercise the stock acquisition rights that they have been granted in their entirety, and they may not exercise only a portion of such rights.
8. Matters related to the delivery of the stock acquisition rights associated with corporate reorganization are as follows.
- If the Company executes a merger (but only in those cases in which the Company ceases to exist because of the merger), an absorption-type demerger, an incorporation-type demerger, a stock swap or stock transfer (hereinafter collectively referred to as a "corporate reorganization"), stock acquisition rights of the relevant company as prescribed in Article 236, Paragraph 1, Item (viii) (a) through (e) of the Companies Act (the "reorganized company") will be delivered to the stock acquisition right holders possessing stock acquisition rights outstanding ("outstanding stock acquisition rights") at the effective date of the corporate reorganization. Under such circumstances, the outstanding stock acquisition rights will be extinguished, and new stock acquisition rights will be issued for the reorganized company. Provided, however, that this applies only in cases in which such delivery of stock acquisition rights for the reorganized company is stipulated, in accordance with the conditions presented below, in the absorption-type merger agreement, the incorporation-type merger agreement, the absorption-type demerger agreement, the incorporation-type demerger plan, the stock swap agreement, or the stock transfer plan.
- (1) Number of reorganized company stock acquisition rights to be delivered  
The number of reorganized company stock acquisition rights to be delivered is the equal to the number of stock acquisition rights held by the outstanding stock acquisition rights holder.
  - (2) Type of reorganized company shares underlying the stock acquisition rights  
Common stock of the reorganized company
  - (3) Number of reorganized company shares underlying the stock acquisition rights  
Number of reorganized company shares underlying the stock acquisition rights shall be determined in accordance with Note 5 above, taking into consideration the conditions of the corporate reorganization.
  - (4) Value of assets contributed when exercising stock acquisition rights  
The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount of payment price of one share delivered by exercising the stock acquisition rights, which is 1 yen, multiplied by the number of shares underlying one stock acquisition right.
  - (5) Exercise period of the stock acquisition rights  
Beginning on the first day of the period that the stock acquisition rights may be exercised or on the effective date of the corporate reorganization, whichever is later, and ending on the last day of the period that the stock acquisition rights may be exercised.
  - (6) Increase in common stock and capital reserves arising from the issuance of shares upon the exercise of stock acquisition rights  
Determined in accordance with Note 6 above.
  - (7) Limitations on transfers of stock acquisition rights  
The approval of the reorganized company's Board of Directors is required for any transfers of stock acquisition rights.
  - (8) Terms and conditions for Company retrieval of stock acquisition rights  
This shall be decided based on the following procedure:  
If any of the resolutions enumerated below in this section are approved by the shareholders (or, in the event that shareholder approval is not required, if approved by the Board of Directors of the Company), the Company may retrieve the stock acquisition rights without compensation on a date to be separately specified by the Board of Directors.
    - (i) A proposal approving a merger agreement in which the Company is the disappearing entity;
    - (ii) A proposal approving a demerger agreement or a demerger plan in which the Company becomes the demerged company;
    - (iii) A proposal approving a stock swap agreement or a stock transfer plan in which the Company becomes a wholly owned subsidiary;
    - (iv) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer encompassing all of the outstanding shares of the Company; or
    - (v) A proposal approving an amendment to the Articles of Incorporation that establishes a provision to the effect that the approval of the Company is required for an acquisition of shares through a transfer that encompasses the shares underlying the stock acquisition rights or this class of shares will be acquired in its entirety with the approval of the shareholders of the Company.
  - (9) Other conditions for exercising the stock acquisition rights  
Determined in accordance with Note 7 above.

## (2) Size and its changes of stock options

Number of stock options existing for the fiscal year ended March 31, 2020 is indicated by converting to number of shares.

### (a) Number of stock options

As all stock options are vested at the time that they are granted, items of stock options before vested are not shown.

<Stock options after vested>

	March 31, 2019	Vested	Exercised	Forfeited	March 31, 2020
15th issue of stock acquisition rights of the Company	4,925	—	—	—	4,925
16th issue	8,550	—	—	—	8,550
17th issue	3,150	—	—	—	3,150
18th issue	2,925	—	—	—	2,925
19th issue	2,250	—	—	—	2,250
20th issue	2,700	—	—	—	2,700
21st issue	4,275	—	—	—	4,275
22nd issue	5,175	—	—	—	5,175
23rd issue	30,450	—	—	—	30,450
24th issue	42,400	—	2,600	—	39,800
25th issue	48,900	—	5,000	—	43,900
26th issue	32,100	—	3,600	—	28,500
27th issue	45,400	—	8,100	—	37,300
28th issue	43,900	—	10,400	—	33,500



(b) Unit value information

	Exercise price (yen)	Average stock price at the time of exercise during the fiscal year ended March 31, 2020 (yen)	Fair value per share on the grant date (yen)
15th issue of stock acquisition rights of the Company	1	—	3,760 <sup>(Notes 1, 2)</sup>
16th issue	1	—	2,492 <sup>(Notes 1, 2)</sup>
17th issue	1	—	2,384 <sup>(Note 1)</sup>
18th issue	1	—	2,384 <sup>(Note 1)</sup>
19th issue	1	—	2,440 <sup>(Note 1)</sup>
20th issue	1	—	2,440 <sup>(Note 1)</sup>
21st issue	1	—	2,440 <sup>(Note 1)</sup>
22nd issue	1	—	2,440 <sup>(Note 1)</sup>
23rd issue	1	—	1,808 <sup>(Note 1)</sup>
24th issue	1	4,171	1,372
25th issue	1	4,171	1,328
26th issue	1	4,171	2,296
27th issue	1	4,177	2,403
28th issue	1	4,174	4,152

Notes)

1. The Company carried out a reverse split of stocks to combine common stocks at a ratio of four shares to one share on October 1, 2011. The amounts represent exercise price and fair value per share on the grant date after the execution of the reverse split of stocks.

2. Fair value per share at the time of grant by former Sampo Japan is shown in the table.

#### 4. Method for estimating the fair value per share of stock options

There is no stock option granted for the fiscal year ended March 31, 2020.

The Company does not make a new estimation for the fair value per share of stock acquisition rights transferred from former Sampo Japan to the Company (15th and 16th issue of stock acquisition rights of the Company). The Company also does not make a new estimation for the fair value per share of stock acquisition rights transferred from former NIPPONKOA to the Company (17th to 22nd issue of stock acquisition rights of the Company) because those are revalued under the purchase method.

#### 5. Method for estimating the number of rights of stock options vested

As all stock options are vested at the time that they are granted, this item is not applicable.

## 14. Tax Effect Accounting

### 1. Main components of deferred tax assets and deferred tax liabilities

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Deferred tax assets:		
Underwriting reserves	170,496	175,003
Reserve for outstanding losses and claims	38,064	35,980
Intangible fixed assets for tax purposes	33,268	35,107
Impairment losses on securities and real estate	32,217	33,842
Net defined benefit liability	29,097	26,291
Losses carried forward for tax purposes (Note)	25,635	26,225
Others	56,364	73,867
Deferred tax assets subtotal	385,144	406,319
Valuation allowance associated with losses carried forward for tax purposes (Note)	(19,522)	(22,147)
Valuation allowance associated with total amount such as deductible temporary differences	(39,484)	(41,269)
Valuation allowance subtotal	(59,006)	(63,416)
Total deferred tax assets	326,138	342,902
Deferred tax liabilities:		
Unrealized gains and losses on securities available for sale	(317,268)	(237,312)
Unrealized gains and losses on consolidated subsidiaries	(8,791)	(8,735)
Others	(23,325)	(26,093)
Total deferred tax liabilities	(349,386)	(272,141)
Net deferred tax assets (liabilities)	(23,247)	70,760

Note) Losses carried forward for tax purposes and deferred tax assets by expiration of carry-forward

As of March 31, 2019

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Losses carried forward for tax purposes <sup>(*)</sup>	981	2,180	2,197	2,440	1,942	15,894	25,635
Valuation allowance	(922)	(2,180)	(2,197)	(2,440)	(1,942)	(9,839)	(19,522)
Deferred tax assets	59	—	—	—	—	6,054	6,113 <sup>(**)</sup>

(\*) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(\*\*) Deferred tax assets of 6,113 million yen are recorded for losses carried forward for tax purposes of 25,635 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

As of March 31, 2020

	(Millions of yen)						
	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Losses carried forward for tax purposes <sup>(*)</sup>	2,583	2,633	2,698	1,941	1,469	14,897	26,225
Valuation allowance	(2,132)	(1,993)	(2,437)	(1,941)	(1,469)	(12,171)	(22,147)
Deferred tax assets	451	639	261	—	—	2,725	4,078 <sup>(**)</sup>

(\*) Losses carried forward for tax purposes are calculated using the statutory income tax rate.

(\*\*) Deferred tax assets of 4,078 million yen are recorded for losses carried forward for tax purposes of 26,225 million yen (calculated using the statutory income tax rate). They are deemed to be recoverable as it is expected that there will be taxable income in the future.

### 2. Reconciliation of the significant difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting

Reconciliation details are omitted for the fiscal year ended March 31, 2019 and 2020, because the difference between the statutory income tax rate and the effective tax rate after the application of tax effect accounting is 5% or less.

## 15. Segment Information

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### **Segment information**

#### **1. Summary of reportable segments**

The reportable segment of the Company is the component of SOMPO HOLDINGS, for which discrete financial information is available and whose operating results are periodically reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The respective group companies of the Company determine their comprehensive strategies for their operations as independent management unit and roll out their operations under the group-wide management policy of the Company.

Therefore, the Company is composed of business segments, which consist of the respective group companies as minimum component. "Domestic P&C insurance business," "Overseas insurance business," "Domestic life insurance business" and "Nursing care and healthcare business" are determined as the reportable segments. The Company, asset management business, risk management business and defined-contribution pension business, etc. that are not covered by the reportable segments are included in "Others." "Domestic P&C insurance business" consists mainly of underwriting of property and casualty insurance, investment, and related activities in Japan. "Overseas insurance business" consists mainly of underwriting of property and casualty insurance and investment activities overseas. "Domestic life insurance business" consists mainly of underwriting of life insurance and investment activities in Japan, "Nursing care and healthcare business" consists mainly of providing nursing care service and healthcare service.

#### **2. Calculation methods for the amount of sales, income or loss, assets and other items by each reportable segment**

The accounting methods of reportable business segments are those mentioned in "1. Significant Accounting Policies for the Preparation of the Consolidated Financial Statements." Income or loss attributable to the reportable segments is the amounts based on net income attributable to shareholders of the parent in the consolidated statement of income.

Income from internal transactions among segments is based on the price of transactions among third parties and others.

As described in "(Changes in accounting policies)", Sompo International Holdings Ltd., an overseas consolidated subsidiary, has adopted International Financial Reporting Standards (hereinafter "IFRS") for its consolidated financial statements from the beginning of the fiscal year 2019, in place of US GAAP previously applied. This decision was made considering the overall circumstances, including the situation of the application of accounting standards at other overseas consolidated subsidiaries and the fact that SOMPO HOLDINGS is contemplating voluntary adoption of IFRS. The effect of this change on segment income (loss) for the fiscal year ended March 31, 2020 was immaterial.

### 3. Information related to the amount of sales, income or loss, assets and other items by each reportable segment

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,198,702	523,972	345,086	127,405	3,195,167	13,250	3,208,418	434,622	3,643,040
Sales from internal transactions or transfers among segments	—	—	—	110	110	15,985	16,095	(16,095)	—
Total	2,198,702	523,972	345,086	127,515	3,195,277	29,236	3,224,514	418,526	3,643,040
Segment income (loss)	139,821	(6,033)	14,757	(201)	148,343	(1,717)	146,626	—	146,626
Segment assets	6,539,595	2,229,930	3,006,265	177,267	11,953,060	65,194	12,018,254	—	12,018,254
Other items:									
Depreciation	14,566	26,659	456	5,243	46,924	380	47,305	—	47,305
Amortization of goodwill	100	18,539	609	4,807	24,057	—	24,057	—	24,057
Interest and dividend income	111,349	33,515	44,544	141	189,551	0	189,551	(829)	188,722
Interest paid	7,158	3,912	80	2,754	13,904	1	13,906	(3)	13,902
Investment gains (losses) on the equity method	79	(672)	—	—	(593)	—	(593)	—	(593)
Extraordinary gains <sup>(Note 5)</sup>	12,875	12	—	0	12,888	—	12,888	(20)	12,868
Extraordinary losses <sup>(Note 6)</sup>	6,556	1,448	1,694	117	9,817	1	9,819	(20)	9,799
Impairment losses	703	1,032	—	—	1,735	—	1,735	—	1,735
Income tax expenses	51,505	(445)	6,193	1,322	58,576	1,080	59,657	—	59,657
Investment in affiliates accounted for under the equity method	1,432	6,153	—	—	7,586	—	7,586	—	7,586
Increase in tangible and intangible fixed assets	62,386	23,087	332	6,313	92,120	676	92,796	—	92,796

Notes)

- Sales amounts represent the following:
 

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business.
- Adjustments of sales are as follows.
 

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	434,622 million yen
Elimination of internal transactions among segments:	(16,095) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business include 12,855 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 3,994 million yen of provision for reserve for price fluctuation. Also, extraordinary losses for domestic life insurance business include 1,009 million yen of the special premium to be paid out in conjunction with Special Measures for Employees' Career Change Support.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others (Note 2)	Total	Adjustments (Note 3)	Amount on the consolidated financial statements (Note 4)
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total				
Sales <sup>(Note 1)</sup> :									
Sales from transactions with external customers	2,235,825	597,397	348,324	134,289	3,315,836	13,179	3,329,015	431,350	3,760,366
Sales from internal transactions or transfers among segments	—	—	—	184	184	12,495	12,679	(12,679)	—
Total	2,235,825	597,397	348,324	134,473	3,316,020	25,674	3,341,695	418,671	3,760,366
Segment income (loss)	95,445	21,599	15,957	1,318	134,321	(11,805)	122,515	—	122,515
Segment assets	6,202,067	2,315,725	3,217,267	173,721	11,908,782	69,054	11,977,836	—	11,977,836
Other items:									
Depreciation	15,042	20,212	532	5,257	41,045	355	41,401	—	41,401
Amortization of goodwill	76	18,468	609	4,807	23,961	—	23,961	—	23,961
Interest and dividend income	114,400	44,563	45,708	129	204,802	110	204,912	(777)	204,135
Interest paid	7,132	4,449	76	2,515	14,174	7	14,181	(15)	14,166
Investment losses on the equity method	(13)	(2,214)	—	—	(2,227)	(6,724)	(8,952)	—	(8,952)
Extraordinary gains <sup>(Note 5)</sup>	1,824	45	3	—	1,873	—	1,873	—	1,873
Extraordinary losses <sup>(Note 6)</sup> :	13,929	606	2,319	219	17,074	59	17,133	—	17,133
Impairment losses	2,124	547	—	—	2,672	—	2,672	—	2,672
Income tax expenses	37,180	6,257	6,672	3,496	53,605	398	54,004	—	54,004
Investment in affiliates accounted for under the equity method	1,411	7,329	—	—	8,741	10,650	19,391	—	19,391
Increase in tangible and intangible fixed assets	64,813	12,476	912	6,911	85,113	541	85,655	—	85,655

Notes)

- Sales amounts represent the following:
 

Domestic P&C insurance business:	Net premiums written
Overseas insurance business:	Net premiums written and life insurance premiums written
Domestic life insurance business:	Life insurance premiums written
Nursing care and healthcare business:	Ordinary income
"Others" and amount on the consolidated financial statements:	Ordinary income
- "Others" is business segments which are not included in reportable segments. It includes the Company (insurance holding company), asset management business, risk management business and defined-contribution pension business, etc.
- Adjustments of sales are as follows.
 

Ordinary income related to domestic P&C insurance business, overseas insurance business and domestic life insurance business excluding net premiums written and life insurance premiums written:	431,350 million yen
Elimination of internal transactions among segments:	(12,679) million yen
- Segment income (loss) is adjusted to net income attributable to shareholders of the parent in the consolidated statement of income.
- Extraordinary gains for domestic P&C insurance business are 1,824 million yen of gains on disposal of fixed assets.
- Extraordinary losses for domestic P&C insurance business include 4,212 million yen of losses on disposal of fixed assets, 3,941 million yen of provision for reserve for price fluctuation and 3,651 million yen of expenses pertaining to changes of company names. Also, extraordinary losses for domestic life insurance business include 1,558 million yen of expenses pertaining to changes of company names.

## Related information

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

### 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	375,171	81,730	180,270	1,199,516	278,788	602,677	2,718,155

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	329,504	5,846	14,256	—	349,606

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,626,307	232,393	336,466	3,195,167

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
340,020	15,123	355,144

## 3. Information by major customers

None.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### 1. Information by products and services

(Millions of yen)

	Fire and allied insurance	Marine insurance	Personal accident insurance	Voluntary automobile insurance	Compulsory automobile liability insurance	Others	Total
Net premiums written	406,295	87,241	173,875	1,221,171	281,141	655,757	2,825,482

(Millions of yen)

	Individual insurance	Individual annuities	Group insurance	Group annuities	Total
Life insurance premiums written	334,715	5,330	16,018	—	356,064

## 2. Information by geographic area

### (1) Sales

(Millions of yen)

Japan	United States	Others	Total
2,677,291	289,948	348,596	3,315,836

Notes)

- Sales represent amounts of net premiums written, life insurance premiums written and ordinary income of nursing care and healthcare business.
- Geographic area is classified into country or region in line with the classification used for management purpose mainly based on locations of customers.

### (2) Tangible fixed assets

(Millions of yen)

Japan	Overseas	Total
336,842	37,551	374,393

## 3. Information by major customers

None.

### Information related to impairment losses on fixed assets by reportable segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	703	1,032	—	—	1,735	—	—	1,735

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Impairment losses	2,124	547	—	—	2,672	—	—	2,672

### Information related to amortization of goodwill and balance of goodwill by reportable segments

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2019	100	18,539	609	4,807	24,057	—	—	24,057
Balance as of March 31, 2019	140	156,545	1,218	40,790	198,694	—	—	198,694

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments					Others	Unallocated amounts and eliminations	Total
	Domestic P&C insurance business	Overseas insurance business	Domestic life insurance business	Nursing care and healthcare business	Total			
Amortization for the fiscal year ended March 31, 2020	76	18,468	609	4,807	23,961	—	—	23,961
Balance as of March 31, 2020	49	136,024	609	35,982	172,665	—	—	172,665

### Information related to gains on negative goodwill by reportable segments

None.

## 16. Related-Party Transactions

There is no significant related-party transaction to be represented.

## 17. Per Share Information

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net assets per share	4,720.07 yen	4,385.85 yen
Net income per share	392.26 yen	334.12 yen
Diluted net income per share	391.96 yen	333.89 yen

Notes)

1. Calculation of net income per share and diluted net income per share are based on the following figures.

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net income per share		
Net income attributable to shareholders of the parent	146,626	122,515
Amount not attributable to common stockholders	—	—
Net income attributable to shareholders of the parent to common stocks	146,626	122,515
Average number of common stocks outstanding	373,792 thousand shares	366,675 thousand shares
Diluted net income per share		
Adjustment of net income attributable to shareholders of the parent	—	—
Increase of common stocks:		
Stock acquisition rights	282 thousand shares	247 thousand shares
Outline of dilutive shares which are not included in the calculation of diluted net income per share because they do not have dilutive effect	—	—

2. Calculation of net assets per share is based on the following figures.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Total net assets	1,779,911	1,612,584
Amount to be deducted from total net assets:		
Stock acquisition rights	632	551
Non-controlling interests	21,399	15,033
Net assets attributable to common stocks	1,757,879	1,596,998
Number of common stocks used for calculation of net assets per share	372,426 thousand shares	364,125 thousand shares

3. In the calculation of net income per share and diluted net income per share, the Company shares outstanding in "Board Benefit Trust (BBT)" which are recognized as treasury stock in shareholders' equity are included in treasury stock deducted from the average number of shares outstanding. In addition, in the calculation of net assets per share, such shares are included in treasury stock deducted from the number of total shares outstanding. The average number of the treasury stock deducted above mentioned is 553 thousand for the fiscal year ended March 31, 2019 and is 786 thousand for the fiscal year ended March 31, 2020. The number of the treasury stock deducted above mentioned is 550 thousand as of March 31, 2019 and is 1,053 thousand as of March 31, 2020.



## 18. Significant Subsequent Events

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### Acquisition of treasury stock

The Company passed a resolution setting out details of the Company's stock buybacks to be conducted in accordance with Article 156 of the Companies Act applied pursuant to Article 165, paragraph 3, of that Act at the Company's Board of Directors meeting on May 20, 2020. Details of the resolution are as follows.

#### 1. Reason for stock buybacks

While maintaining financial soundness and improving capital efficiency by investing on growing fields, etc., the Company has a basic policy of paying dividends, with the option of stock buybacks depending on capital conditions. In accordance with this policy, the Company will conduct stock buybacks as a part of the shareholder return for the financial results of fiscal year ended March 31, 2020.

#### 2. Details of stock buybacks

(1) Class of shares	Common stock of the Company
(2) Potential total number	15,000,000 shares (upper limit)
(3) Total price	35,300,000,000 yen (upper limit)
(4) Period	May 29, 2020 — November 18, 2020

# Overview of Business Results of Principal Consolidated Subsidiaries

(Unaudited)

Sompo Japan Insurance Inc. (Non-consolidated)

## Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	459,769	<b>458,885</b>	(883)
Cash	6	<b>37</b>	30
Deposits	459,762	<b>458,848</b>	(913)
Receivables under resale agreements	64,999	<b>69,999</b>	5,000
Monetary receivables bought	11,703	<b>19,897</b>	8,193
Money trusts	40,862	<b>32,871</b>	(7,990)
Securities:	5,056,187	<b>4,724,237</b>	(331,950)
Government bonds	779,818	<b>724,361</b>	(55,457)
Municipal bonds	6,366	<b>6,259</b>	(106)
Corporate bonds	603,468	<b>643,188</b>	39,720
Domestic stocks	1,345,501	<b>1,069,761</b>	(275,740)
Foreign securities	2,255,634	<b>2,188,153</b>	(67,480)
Other securities	65,398	<b>92,513</b>	27,114
Loans:	685,377	<b>673,292</b>	(12,085)
Policy loans	6,788	<b>6,000</b>	(787)
Ordinary loans	678,589	<b>667,291</b>	(11,297)
Tangible fixed assets:	249,654	<b>246,883</b>	(2,771)
Land	101,753	<b>97,778</b>	(3,974)
Buildings	104,267	<b>111,174</b>	6,907
Leased assets	3,377	<b>3,330</b>	(47)
Construction in progress	12,700	<b>7,325</b>	(5,375)
Other tangible fixed assets	27,555	<b>27,274</b>	(281)
Intangible fixed assets:	114,753	<b>156,542</b>	41,788
Software	3,583	<b>2,489</b>	(1,094)
Other intangible fixed assets	111,169	<b>154,053</b>	42,883
Other assets:	842,663	<b>744,246</b>	(98,417)
Premiums receivable	2,921	<b>863</b>	(2,058)
Agency accounts receivable	179,302	<b>180,295</b>	992
Foreign agency accounts receivable	33,174	<b>31,025</b>	(2,149)
Coinsurance accounts receivable	21,708	<b>36,455</b>	14,746
Reinsurance accounts receivable	173,825	<b>162,122</b>	(11,702)
Foreign reinsurance accounts receivable	187,352	<b>177,938</b>	(9,413)
Proxy service receivable	528	<b>265</b>	(262)
Accounts receivable	121,641	<b>31,770</b>	(89,871)
Accrued income	9,462	<b>8,895</b>	(566)
Advance deposits	22,625	<b>16,356</b>	(6,268)
Earthquake insurance deposits	4,358	<b>4,570</b>	211
Suspense payments	65,487	<b>66,703</b>	1,215
Deposits paid for future transactions	9,248	<b>8,585</b>	(662)
Derivative assets	10,881	<b>16,521</b>	5,639
Cash collateral paid for financial instruments	144	<b>1,868</b>	1,724
Other assets	0	<b>7</b>	7
Prepaid pension cost	477	<b>409</b>	(67)
Deferred tax assets	—	<b>48,676</b>	48,676
Allowance for possible credit losses	(3,471)	<b>(3,193)</b>	277
Allowance for possible investment losses	(7,089)	<b>(6,691)</b>	398
<b>Total assets</b>	<b>7,515,887</b>	<b>7,166,057</b>	<b>(349,829)</b>

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	4,626,617	<b>4,577,735</b>	(48,881)
Reserve for outstanding losses and claims	885,703	<b>859,134</b>	(26,569)
Underwriting reserves	3,740,913	<b>3,718,600</b>	(22,312)
Corporate bonds	433,560	<b>433,560</b>	—
Other liabilities:	760,883	<b>656,107</b>	(104,776)
Coinsurance accounts payable	5,179	<b>5,849</b>	669
Reinsurance accounts payable	91,235	<b>88,555</b>	(2,680)
Foreign reinsurance accounts payable	40,761	<b>40,425</b>	(336)
Payables under securities lending transactions	202,289	<b>112,905</b>	(89,383)
Borrowings	106,771	<b>76,266</b>	(30,504)
Income taxes payable	27,888	<b>30,386</b>	2,498
Deposits received	3,106	<b>3,088</b>	(18)
Unearned income	312	<b>319</b>	7
Accounts payable	155,882	<b>162,355</b>	6,472
Suspense receipts	88,162	<b>90,756</b>	2,594
Derivative liabilities	4,340	<b>2,900</b>	(1,439)
Cash collateral received for financial instruments	28,608	<b>36,240</b>	7,632
Lease obligations	4,321	<b>3,985</b>	(336)
Asset retirement obligations	2,024	<b>2,072</b>	47
Reserve for retirement benefits	93,600	<b>91,659</b>	(1,940)
Reserve for bonus payments	18,325	<b>17,811</b>	(513)
Reserve for bonus payments to directors	64	<b>107</b>	43
Reserves under the special laws:	83,183	<b>87,116</b>	3,933
Reserve for price fluctuation	83,183	<b>87,116</b>	3,933
Deferred tax liabilities	30,352	—	(30,352)
<b>Total liabilities</b>	<b>6,046,586</b>	<b>5,864,098</b>	<b>(182,488)</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	70,000	<b>70,000</b>	—
Capital surplus:	70,000	<b>70,000</b>	—
Capital reserves	70,000	<b>70,000</b>	—
Retained earnings:	527,900	<b>565,280</b>	37,379
Other retained earnings:	527,900	<b>565,280</b>	37,379
Reserve for advanced depreciation	8,421	<b>8,034</b>	(386)
General reserve	83,300	<b>83,300</b>	—
Retained earnings carried forward	436,179	<b>473,945</b>	37,766
Total shareholders' equity	667,900	<b>705,280</b>	37,379
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	794,949	<b>591,085</b>	(203,863)
Deferred gains and losses on hedges	6,449	<b>5,593</b>	(856)
Total valuation and translation adjustments	801,399	<b>596,679</b>	(204,720)
<b>Total net assets</b>	<b>1,469,300</b>	<b>1,301,959</b>	<b>(167,340)</b>
<b>Total liabilities and net assets</b>	<b>7,515,887</b>	<b>7,166,057</b>	<b>(349,829)</b>

Sompo Japan Insurance Inc. (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	2,678,209	<b>2,579,158</b>	(99,050)	(3.7)%
Underwriting income:	2,440,115	<b>2,383,396</b>	(56,718)	(2.3)
Net premiums written	2,148,632	<b>2,184,750</b>	36,117	1.7
Deposits of premiums by policyholders	111,128	<b>113,702</b>	2,574	2.3
Interest and dividend income on deposits of premiums, etc.	38,153	<b>35,092</b>	(3,060)	(8.0)
Reversal of reserve for outstanding losses and claims	21,725	<b>26,569</b>	4,843	22.3
Reversal of underwriting reserves	118,590	<b>22,312</b>	(96,278)	(81.2)
Foreign exchange gains	939	—	(939)	(100.0)
Other underwriting income	945	<b>969</b>	24	2.6
Investment income:	225,397	<b>183,996</b>	(41,401)	(18.4)
Interest and dividend income	134,644	<b>137,164</b>	2,519	1.9
Investment gains on money trusts	5,445	<b>202</b>	(5,243)	(96.3)
Gains on sales of securities	116,389	<b>80,473</b>	(35,915)	(30.9)
Gains on redemption of securities	1,709	<b>1,032</b>	(677)	(39.6)
Foreign exchange gains	3,276	—	(3,276)	(100.0)
Other investment income	2,085	<b>216</b>	(1,869)	(89.6)
Transfer of interest and dividend income on deposits of premiums, etc.	(38,153)	<b>(35,092)</b>	3,060	—
Other ordinary income	12,696	<b>11,765</b>	(930)	(7.3)
<b>Ordinary expenses:</b>	2,462,672	<b>2,396,771</b>	(65,900)	(2.7)
Underwriting expenses:	2,096,117	<b>2,036,819</b>	(59,298)	(2.8)
Net claims paid	1,377,796	<b>1,301,872</b>	(75,923)	(5.5)
Loss adjustment expenses	121,930	<b>115,385</b>	(6,544)	(5.4)
Net commissions and brokerage fees	388,839	<b>404,695</b>	15,855	4.1
Maturity refunds to policyholders	205,330	<b>212,128</b>	6,797	3.3
Dividends to policyholders	128	<b>101</b>	(26)	(20.5)
Foreign exchange losses	—	<b>591</b>	591	—
Other underwriting expenses	2,092	<b>2,044</b>	(47)	(2.3)
Investment expenses:	35,567	<b>33,068</b>	(2,499)	(7.0)
Investment losses on money trusts	1,006	<b>2,507</b>	1,501	149.2
Losses on sales of securities	16,329	<b>1,353</b>	(14,975)	(91.7)
Impairment losses on securities	4,807	<b>11,734</b>	6,927	144.1
Losses on redemption of securities	342	<b>455</b>	112	32.9
Losses on derivatives	6,438	<b>9,203</b>	2,765	43.0
Foreign exchange losses	—	<b>1,856</b>	1,856	—
Other investment expenses	6,644	<b>5,957</b>	(686)	(10.3)
Operating, general and administrative expenses	321,281	<b>317,396</b>	(3,884)	(1.2)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Increase (Decrease)	Rate of change
	Amount	Amount	Amount	Amount		
Other ordinary expenses:	9,706	<b>9,486</b>	(219)	(2.3)%		
Interest paid	7,152	<b>7,124</b>	(27)	(0.4)		
Provision for allowance for possible credit losses	11	—	(11)	(100.0)		
Losses on bad debt	28	<b>14</b>	(14)	(49.2)		
Other ordinary expenses	2,513	<b>2,347</b>	(165)	(6.6)		
<b>Ordinary profit</b>	215,537	<b>182,387</b>	(33,150)	(15.4)		
<b>Extraordinary gains:</b>	18,937	<b>1,824</b>	(17,113)	(90.4)		
Gains on disposal of fixed assets	18,937	<b>1,824</b>	(17,113)	(90.4)		
<b>Extraordinary losses:</b>	7,256	<b>13,793</b>	6,537	90.1		
Losses on disposal of fixed assets	2,562	<b>4,178</b>	1,615	63.0		
Impairment losses	703	<b>2,124</b>	1,421	202.1		
Provision for reserves under the special laws:	3,990	<b>3,933</b>	(56)	(1.4)		
Provision for reserve for price fluctuation	3,990	<b>3,933</b>	(56)	(1.4)		
Other extraordinary losses	—	<b>3,557</b>	3,557	—		
<b>Net income before income taxes</b>	227,218	<b>170,417</b>	(56,800)	(25.0)		
<b>Income taxes</b>	29,480	<b>42,799</b>	13,318	45.2		
<b>Deferred income taxes</b>	22,029	<b>(2,960)</b>	(24,990)	(113.4)		
<b>Total income taxes</b>	51,510	<b>39,838</b>	(11,671)	(22.7)		
<b>Net income</b>	175,708	<b>130,579</b>	(45,128)	(25.7)		
<b>Underwriting result:</b>						
Net premiums written	(+)	2,148,632	<b>2,184,750</b>	36,117	1.7	
Net claims paid	(-)	1,377,796	<b>1,301,872</b>	(75,923)	(5.5)	
Loss adjustment expenses	(-)	121,930	<b>115,385</b>	(6,544)	(5.4)	
Net operating expenses:	(-)	689,835	<b>707,575</b>	17,740	2.6	
Net commissions and brokerage fees		388,839	<b>404,695</b>	15,855	4.1	
Operating, general and administrative expenses related to underwriting		300,995	<b>302,879</b>	1,884	0.6	
Underwriting result		(40,928)	<b>59,916</b>	100,844	—	
Underwriting profit		41,990	<b>43,113</b>	1,122	2.7	
<b>Ratios:</b>						
Net loss ratio	(%)	69.8	<b>64.9</b>	(4.9)		
Net operating expenses ratio	(%)	32.1	<b>32.4</b>	0.3		
Combined ratio	(%)	101.9	<b>97.3</b>	(4.6)		

## SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated) Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	46,208	<b>34,722</b>	(11,485)
Cash	0	<b>0</b>	(0)
Deposits	46,208	<b>34,722</b>	(11,485)
Securities:	18,070	<b>25,017</b>	6,946
Government bonds	2,535	<b>1,316</b>	(1,219)
Municipal bonds	10,991	<b>10,734</b>	(257)
Corporate bonds	601	<b>5,009</b>	4,407
Domestic stocks	29	<b>33</b>	4
Foreign securities	1,044	<b>3,439</b>	2,395
Other securities	2,869	<b>4,485</b>	1,616
Loans:	0	<b>—</b>	(0)
Policy loans	0	<b>—</b>	(0)
Tangible fixed assets:	602	<b>623</b>	20
Buildings	105	<b>128</b>	23
Leased assets	326	<b>348</b>	22
Other tangible fixed assets	170	<b>145</b>	(25)
Intangible fixed assets:	3,436	<b>3,478</b>	41
Software	3,432	<b>3,474</b>	41
Other intangible fixed assets	3	<b>3</b>	(0)
Other assets:	6,874	<b>6,260</b>	(613)
Premiums receivable	1,956	<b>2,210</b>	254
Agency accounts receivable	76	<b>110</b>	33
Coinsurance accounts receivable	10	<b>14</b>	4
Reinsurance accounts receivable	496	<b>77</b>	(418)
Foreign reinsurance accounts receivable	39	<b>37</b>	(1)
Proxy service receivable	2	<b>—</b>	(2)
Accounts receivable	1,072	<b>768</b>	(304)
Accrued income	17	<b>17</b>	(0)
Advance deposits	599	<b>558</b>	(40)
Suspense payments	2,420	<b>2,465</b>	45
Other assets	182	<b>—</b>	(182)
Allowance for possible credit losses	(45)	<b>(83)</b>	(37)
<b>Total assets</b>	<b>75,147</b>	<b>70,018</b>	<b>(5,128)</b>

Note) Amount as of March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited.

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Underwriting funds:	53,015	<b>52,152</b>	(863)
Reserve for outstanding losses and claims	18,938	<b>19,610</b>	671
Underwriting reserves	34,076	<b>32,541</b>	(1,534)
Other liabilities:	4,852	<b>3,445</b>	(1,406)
Coinsurance accounts payable	36	<b>36</b>	0
Reinsurance accounts payable	215	<b>193</b>	(22)
Foreign reinsurance accounts payable	115	<b>98</b>	(17)
Income taxes payable	149	<b>155</b>	6
Deposits received	42	<b>29</b>	(12)
Accounts payable	2,590	<b>1,761</b>	(828)
Suspense receipts	1,372	<b>816</b>	(556)
Lease obligations	330	<b>354</b>	23
Reserve for retirement benefits	544	—	(544)
Reserve for retirement benefits to directors	24	<b>24</b>	—
Reserve for bonus payments	403	<b>434</b>	31
Reserve for bonus payments to directors	29	<b>28</b>	(0)
Reserves under the special laws:	49	<b>57</b>	8
Reserve for price fluctuation	49	<b>57</b>	8
Deferred tax liabilities	179	<b>61</b>	(118)
Total liabilities	59,098	<b>56,204</b>	(2,893)
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	51,260	<b>32,260</b>	(19,000)
Capital surplus:	49,497	<b>40,692</b>	(8,805)
Capital reserves	49,497	<b>30,497</b>	(19,000)
Other capital surplus	0	<b>10,194</b>	10,194
Retained earnings:	(85,263)	<b>(59,387)</b>	25,875
Other retained earnings:	(85,263)	<b>(59,387)</b>	25,875
Retained earnings carried forward	(85,263)	<b>(59,387)</b>	25,875
Total shareholders' equity	15,494	<b>13,565</b>	(1,929)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	554	<b>249</b>	(305)
Total valuation and translation adjustments	554	<b>249</b>	(305)
Total net assets	16,049	<b>13,814</b>	(2,234)
Total liabilities and net assets	75,147	<b>70,018</b>	(5,128)

SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	51,957	<b>52,743</b>	786	1.5%
Underwriting income:	51,876	<b>52,657</b>	780	1.5
Net premiums written	50,069	<b>51,073</b>	1,003	2.0
Deposits of premiums by policyholders	3	<b>0</b>	(2)	(75.4)
Interest and dividend income on deposits of premiums, etc.	50	<b>47</b>	(2)	(5.8)
Reversal of underwriting reserves	1,752	<b>1,534</b>	(217)	(12.4)
Foreign exchange gains	—	<b>0</b>	0	—
Investment income:	30	<b>37</b>	6	22.7
Interest and dividend income	75	<b>83</b>	7	10.6
Other investment income	5	<b>1</b>	(4)	(67.5)
Transfer of interest and dividend income on deposits of premiums, etc.	(50)	<b>(47)</b>	2	—
Other ordinary income	50	<b>48</b>	(1)	(2.4)
<b>Ordinary expenses:</b>	55,394	<b>54,147</b>	(1,247)	(2.3)
Underwriting expenses:	39,677	<b>39,471</b>	(205)	(0.5)
Net claims paid	33,106	<b>33,637</b>	530	1.6
Loss adjustment expenses	4,473	<b>4,047</b>	(425)	(9.5)
Net commissions and brokerage fees	1,138	<b>1,073</b>	(64)	(5.7)
Maturity refunds to policyholders	92	<b>28</b>	(63)	(69.0)
Provision for reserve for outstanding losses and claims	849	<b>671</b>	(178)	(21.0)
Foreign exchange losses	0	<b>—</b>	(0)	(100.0)
Other underwriting expenses	17	<b>13</b>	(3)	(20.4)
Investment expenses:	3	<b>3</b>	0	4.5
Other investment expenses	3	<b>3</b>	0	4.5
Operating, general and administrative expenses	15,670	<b>14,593</b>	(1,076)	(6.9)
Other ordinary expenses:	43	<b>77</b>	34	80.3
Interest paid	6	<b>7</b>	1	29.8
Provision for allowance for possible credit losses	14	<b>37</b>	23	167.4
Other ordinary expenses	22	<b>31</b>	9	39.5
<b>Ordinary loss</b>	(3,437)	<b>(1,403)</b>	2,033	—

Note) Amount for the fiscal year ended March 31, 2019 represents the combined results of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED and Sonpo 24 Insurance Company Limited. Amount for the fiscal year ended March 31, 2020 includes the result of Sonpo 24 Insurance Company Limited for the three months ended June 30, 2019.



(Millions of yen)

		Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
		Amount	Amount		
<b>Extraordinary gains:</b>		15	—	(15)	(100.0)%
Reversal of reserves under the special laws:		15	—	(15)	(100.0)
Reversal of reserve for price fluctuation		15	—	(15)	(100.0)
<b>Extraordinary losses:</b>		<b>729</b>	<b>509</b>	<b>(219)</b>	<b>(30.1)</b>
Losses on disposal of fixed assets		<b>1</b>	<b>20</b>	<b>18</b>	<b>1,118.2</b>
Impairment losses		—	<b>0</b>	<b>0</b>	—
Provision for reserves under the special laws:		—	<b>8</b>	<b>8</b>	—
Provision for reserve for price fluctuation		—	<b>8</b>	<b>8</b>	—
Business structure reform expenses		727	<b>361</b>	(365)	(50.3)
Other extraordinary losses		—	<b>118</b>	118	—
<b>Net loss before income taxes</b>		(4,151)	<b>(1,912)</b>	2,238	—
<b>Income taxes</b>		89	<b>16</b>	(72)	(81.2)
<b>Deferred income taxes</b>		219	—	(219)	(100.0)
<b>Total income taxes</b>		309	<b>16</b>	(292)	(94.6)
<b>Net loss</b>		(4,460)	<b>(1,929)</b>	2,531	—
<b>Underwriting result:</b>					
Net premiums written	(+)	50,069	<b>51,073</b>	1,003	2.0
Net claims paid	(-)	33,106	<b>33,637</b>	530	1.6
Loss adjustment expenses	(-)	4,473	<b>4,047</b>	(425)	(9.5)
Net operating expenses:	(-)	16,787	<b>15,658</b>	(1,128)	(6.7)
Net commissions and brokerage fees		1,138	<b>1,073</b>	(64)	(5.7)
Operating, general and administrative expenses related to underwriting		15,649	<b>14,584</b>	(1,064)	(6.8)
Underwriting result		(4,297)	<b>(2,269)</b>	2,027	—
Underwriting profit (loss)		(3,434)	<b>(1,383)</b>	2,051	—
<b>Ratios:</b>					
Net loss ratio	(%)	75.1	<b>73.8</b>	(1.3)	
Net operating expenses ratio	(%)	33.5	<b>30.7</b>	(2.9)	
Combined ratio	(%)	108.6	<b>104.4</b>	(4.1)	

Sompo Himawari Life Insurance, Inc. (Non-consolidated)  
**Balance Sheet**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Assets:</b>			
Cash and deposits:	92,843	<b>116,117</b>	23,274
Cash	—	<b>0</b>	0
Deposits	92,843	<b>116,117</b>	23,274
Securities:	2,805,201	<b>2,983,851</b>	178,649
Government bonds	1,845,412	<b>1,902,571</b>	57,158
Municipal bonds	65,809	<b>74,127</b>	8,318
Corporate bonds	425,036	<b>515,243</b>	90,207
Domestic stocks	8,648	<b>7,319</b>	(1,329)
Foreign securities	460,294	<b>484,588</b>	24,294
Loans:	41,734	<b>43,163</b>	1,428
Policy loans	41,734	<b>43,163</b>	1,428
Tangible fixed assets:	1,297	<b>1,640</b>	342
Buildings	445	<b>445</b>	(0)
Leased assets	566	<b>676</b>	109
Other tangible fixed assets	286	<b>519</b>	233
Agency accounts receivable	133	<b>109</b>	(23)
Reinsurance accounts receivable	1,435	<b>1,356</b>	(78)
Other assets:	54,814	<b>54,893</b>	79
Accounts receivable	37,028	<b>36,919</b>	(109)
Prepaid expenses	2,041	<b>2,011</b>	(30)
Accrued income	8,045	<b>8,416</b>	371
Advance deposits	2,760	<b>2,506</b>	(253)
Derivative assets	4,402	<b>4,145</b>	(257)
Cash collateral paid for financial instruments	80	<b>230</b>	150
Suspense payments	370	<b>572</b>	202
Other assets	86	<b>91</b>	5
Deferred tax assets	8,680	<b>16,731</b>	8,050
Allowance for possible credit losses	(51)	<b>(112)</b>	(60)
<b>Total assets</b>	<b>3,006,090</b>	<b>3,217,752</b>	<b>211,662</b>

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020	Increase (Decrease)
	Amount	Amount	
<b>Liabilities:</b>			
Policy reserves:	2,784,798	<b>2,967,301</b>	182,502
Reserve for outstanding claims	45,266	<b>43,152</b>	(2,114)
Policy reserves	2,734,761	<b>2,919,802</b>	185,040
Reserve for dividends to policyholders	4,770	<b>4,346</b>	(423)
Agency accounts payable	4,097	<b>3,494</b>	(603)
Reinsurance accounts payable	821	<b>826</b>	4
Other liabilities:	46,592	<b>85,548</b>	38,956
Payables under securities lending transactions	24,887	<b>69,308</b>	44,420
Income taxes payable	4,174	<b>3,789</b>	(385)
Accounts payable	6,587	<b>168</b>	(6,419)
Accrued expenses	7,852	<b>7,613</b>	(239)
Deposits received	1,637	<b>1,752</b>	115
Derivative liabilities	198	<b>1,360</b>	1,162
Cash collateral received for financial instruments	—	<b>300</b>	300
Lease obligations	686	<b>793</b>	106
Suspense receipts	567	<b>462</b>	(104)
Reserve for bonus payments to directors	37	<b>37</b>	(0)
Reserve for retirement benefits	3,802	<b>4,134</b>	331
Reserve for possible reimbursement of prescribed claims	601	<b>584</b>	(17)
Reserves under the special laws:	7,490	<b>8,213</b>	723
Reserve for price fluctuation	7,490	<b>8,213</b>	723
<b>Total liabilities</b>	<b>2,848,241</b>	<b>3,070,138</b>	<b>221,897</b>
<b>Net assets:</b>			
Shareholders' equity:			
Common stock	17,250	<b>17,250</b>	—
Capital surplus:	13,333	<b>13,333</b>	—
Capital reserves	13,333	<b>13,333</b>	—
Retained earnings:	74,169	<b>82,752</b>	8,583
Legal reserve	1,570	<b>3,170</b>	1,600
Other retained earnings:	72,599	<b>79,582</b>	6,983
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	<b>325</b>	—
Retained earnings carried forward	72,274	<b>79,257</b>	6,983
Total shareholders' equity	104,752	<b>113,336</b>	8,583
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	53,096	<b>34,277</b>	(18,818)
Total valuation and translation adjustments	53,096	<b>34,277</b>	(18,818)
<b>Total net assets</b>	<b>157,848</b>	<b>147,613</b>	<b>(10,235)</b>
<b>Total liabilities and net assets</b>	<b>3,006,090</b>	<b>3,217,752</b>	<b>211,662</b>

Sompo Himawari Life Insurance, Inc. (Non-consolidated)  
**Statement of Income**

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
<b>Ordinary income:</b>	495,111	<b>500,819</b>	5,707	1.2%
Insurance premiums and other:	444,443	<b>446,510</b>	2,066	0.5
Insurance premiums	441,582	<b>444,162</b>	2,580	0.6
Reinsurance income	2,861	<b>2,347</b>	(513)	(18.0)
Investment income:	48,621	<b>49,425</b>	803	1.7
Interest and dividend income and other:	44,583	<b>45,731</b>	1,147	2.6
Interest and dividends on securities	43,301	<b>44,393</b>	1,091	2.5
Interest on loans	1,235	<b>1,290</b>	54	4.4
Other interest and dividends	46	<b>47</b>	1	2.6
Gains on sales of securities	3,635	<b>3,683</b>	47	1.3
Foreign exchange gains	7	<b>8</b>	0	10.6
Other investment income	2	<b>2</b>	(0)	(22.7)
Investment gains on special account	391	<b>—</b>	(391)	(100.0)
Other ordinary income:	2,045	<b>4,883</b>	2,837	138.7
Fund receipt for annuity rider	494	<b>1,198</b>	704	142.6
Fund receipt for claim deposit payments	1,542	<b>1,562</b>	20	1.3
Reversal of reserve for outstanding claims	—	<b>2,114</b>	2,114	—
Other ordinary income	9	<b>7</b>	(1)	(18.5)
<b>Ordinary expenses:</b>	468,524	<b>472,382</b>	3,858	0.8
Insurance claims and other:	186,185	<b>190,877</b>	4,692	2.5
Insurance claims	32,214	<b>34,513</b>	2,298	7.1
Annuity payments	11,621	<b>11,193</b>	(427)	(3.7)
Insurance benefits	45,853	<b>49,332</b>	3,478	7.6
Surrender benefits	90,285	<b>89,761</b>	(523)	(0.6)
Other refunds	2,640	<b>2,843</b>	203	7.7
Reinsurance premiums	3,569	<b>3,233</b>	(336)	(9.4)
Provision for policy reserves and other:	180,683	<b>185,041</b>	4,357	2.4
Provision for reserve for outstanding claims	3,286	<b>—</b>	(3,286)	(100.0)
Provision for policy reserves	177,396	<b>185,040</b>	7,644	4.3
Provision for interest portion of reserve for dividends to policyholders	0	<b>0</b>	0	11.5
Investment expenses:	3,508	<b>3,539</b>	30	0.9
Interest paid	80	<b>76</b>	(3)	(4.8)
Losses on sales of securities	2,394	<b>998</b>	(1,396)	(58.3)
Losses on derivatives	926	<b>374</b>	(552)	(59.6)
Provision for allowance for possible credit losses	7	<b>64</b>	56	743.0
Other investment expenses	99	<b>101</b>	1	1.8
Investment losses on special account	—	<b>1,925</b>	1,925	—
Operating expenses	93,273	<b>87,627</b>	(5,645)	(6.1)

(Millions of yen)

	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Increase (Decrease)	Rate of change
	Amount	Amount		
Other ordinary expenses:	4,873	<b>5,297</b>	423	8.7%
Claim deposit payments	1,369	<b>1,548</b>	178	13.0
Taxes	2,132	<b>2,170</b>	38	1.8
Depreciation	456	<b>532</b>	75	16.6
Provision for reserve for retirement benefits	103	<b>331</b>	227	219.2
Other ordinary expenses	811	<b>713</b>	(97)	(12.1)
<b>Ordinary profit</b>	26,586	<b>28,436</b>	1,849	7.0
<b>Extraordinary gains:</b>	—	<b>3</b>	3	—
Gains on disposal of fixed assets and other	—	<b>3</b>	3	—
<b>Extraordinary losses:</b>	1,694	<b>2,319</b>	624	36.9
Losses on disposal of fixed assets and other	33	<b>38</b>	4	12.5
Provision for reserves under the special laws:	651	<b>723</b>	71	11.0
Provision for reserve for price fluctuation	651	<b>723</b>	71	11.0
Other extraordinary losses	1,009	<b>1,558</b>	549	54.4
<b>Provision for reserve for dividends to policyholders</b>	3,292	<b>2,857</b>	(434)	(13.2)
<b>Net income before income taxes</b>	21,599	<b>23,262</b>	1,662	7.7
<b>Income taxes</b>	6,930	<b>7,411</b>	480	6.9
<b>Deferred income taxes</b>	(725)	<b>(732)</b>	(7)	—
<b>Total income taxes</b>	6,204	<b>6,678</b>	473	7.6
<b>Net income</b>	15,394	<b>16,583</b>	1,188	7.7

# Solvency Margin Ratio of Sampo Holdings, Inc. on a Consolidated Basis (Unaudited)

## Consolidated Solvency Margin Ratio

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- The Company calculates the consolidated solvency margin ratio based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance company group by means of its capital, reserves, etc.” ((A) Total Consolidated Solvency Margin) to “risks which will exceed its normal estimates” ((B) Total Consolidated Risks).
- Although treatment regarding scope of calculation of consolidated solvency margin ratio is same as the treatment of consolidated financial statements, subsidiaries under the Insurance Business Law with over 50 percent of voting right acquired by the Company are generally included in the calculation.
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- The consolidated solvency margin ratio of the Company for the current fiscal year decreased 3.7 points from previous fiscal year to 856.1 percent.

**Sompo Holdings, Inc. (Consolidated)**  
**Consolidated Solvency Margin Ratio**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Consolidated Solvency Margin	3,264,797	<b>3,121,168</b>
Capital and funds, etc.	799,920	<b>868,552</b>
Reserve for price fluctuation	90,722	<b>95,387</b>
Contingency reserve	32,571	<b>33,859</b>
Catastrophic loss reserve	501,491	<b>466,910</b>
General allowance for possible credit losses	2,745	<b>4,598</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	947,259	<b>715,505</b>
Unrealized gains and losses on land	84,297	<b>102,820</b>
Total of unrecognized actual difference and unrecognized prior service costs (before tax effect deductions)	(4,970)	<b>2,807</b>
Surplus such as premium fund	172,796	<b>182,064</b>
Subordinated debt, etc.	433,560	<b>433,560</b>
Excess amount of surplus such as premium fund and subordinated debt, etc. which are excluded from total solvency margin	—	<b>—</b>
Total solvency margin related to small amount and short term insurance companies	0	<b>0</b>
Deductions	38,048	<b>43,671</b>
Others	242,452	<b>258,772</b>
(B) Total Consolidated Risks	759,401	<b>729,136</b>
$\sqrt{(R_1^2+R_2^2+R_3+R_4)^2+(R_5+R_6+R_7)^2+R_8+R_9}$		
Underwriting risk for property and casualty insurance business (R <sub>1</sub> )	251,559	<b>263,183</b>
Underwriting risk for life insurance business (R <sub>2</sub> )	14,865	<b>15,550</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>3</sub> )	9,961	<b>10,554</b>
Underwriting risk related to small amount and short term insurance companies (R <sub>4</sub> )	—	<b>1</b>
Guaranteed interest rate risk (R <sub>5</sub> )	26,533	<b>25,314</b>
Guaranteed minimum benefit risk for life insurance policies (R <sub>6</sub> )	388	<b>393</b>
Investment risk (R <sub>7</sub> )	466,050	<b>428,964</b>
Business management risk (R <sub>8</sub> )	19,430	<b>18,879</b>
Major catastrophe risk for property and casualty insurance policies (R <sub>9</sub> )	181,719	<b>179,303</b>
(C) Consolidated Solvency Margin Ratio	859.8%	<b>856.1%</b>
$[(A) / \{(B) \times 1/2\}] \times 100$		

Note) The above amounts and figures are calculated based on the provisions of Articles 210-11-3 and 210-11-4 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 23 of the Financial Service Agency (2011).

# Solvency Margin Ratios of Principal Consolidated Subsidiaries (Unaudited)

## Non-consolidated Solvency Margin Ratio

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- Domestic insurance companies calculate the non-consolidated solvency margin ratio based on provision of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).
- In addition to reserves to cover payments for claims, benefits and maturity refunds, etc., it is necessary for insurance companies to maintain sufficient solvency in order to cover against risks which exceed their normal estimates, i.e. occurrence of major catastrophes, fluctuation in mortality rate due to significant changes in key environmental factors and big decline in value of assets held by insurance companies.
- (C) Non-consolidated Solvency Margin Ratio, which is calculated in accordance with the Insurance Business Act, etc. is the ratio of “solvency margin of insurance companies by means of their capital, reserves, etc.”  
((A) Total Non-consolidated Solvency Margin) to “risks which will exceed their normal estimates”  
((B) Total Non-consolidated Risks).
- Solvency margin ratio is one of the indicators for the regulatory authorities to monitor financial soundness of insurance companies. Solvency margin ratio exceeding 200% would indicate adequate capability to meet payments of possible insurance claims and others.
- Non-consolidated solvency margin ratios of the domestic insurance subsidiaries at the end of the current fiscal year are as follows.



## Sompo Japan Insurance Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin	2,925,752	<b>2,722,944</b>
Capital and funds, etc.	667,900	<b>705,020</b>
Reserve for price fluctuation	83,183	<b>87,116</b>
Contingency reserve	917	<b>1,348</b>
Catastrophic loss reserve	497,090	<b>463,552</b>
General allowance for possible credit losses	296	<b>181</b>
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	979,958	<b>731,484</b>
Unrealized gains and losses on land	102,267	<b>120,616</b>
Excess amount of reserve for maturity refunds	—	—
Subordinated debt, etc.	433,560	<b>433,560</b>
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
Deductions	53,329	<b>47,562</b>
Others	213,906	<b>227,627</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	810,142	<b>759,131</b>
Underwriting risk (R <sub>1</sub> )	185,722	<b>189,818</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	18,070	<b>16,855</b>
Investment risk (R <sub>4</sub> )	584,923	<b>543,032</b>
Business management risk (R <sub>5</sub> )	18,978	<b>17,993</b>
Major catastrophe risk (R <sub>6</sub> )	160,215	<b>149,948</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	722.2%	<b>717.3%</b>

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

## SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED (Non-consolidated)

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020
	SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED	Sonpo 24 Insurance Company Limited	
(A) Total Non-consolidated Solvency Margin	10,676	10,216	<b>17,272</b>
Capital and funds, etc.	5,554	9,940	<b>13,565</b>
Reserve for price fluctuation	49	—	<b>57</b>
Contingency reserve	11	—	<b>11</b>
Catastrophic loss reserve	4,400	276	<b>3,358</b>
General allowance for possible credit losses	—	—	—
Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	660	—	<b>279</b>
Unrealized gains and losses on land	—	—	—
Excess amount of reserve for maturity refunds	—	—	—
Subordinated debt, etc.	—	—	—
Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—	—
Deductions	—	—	—
Others	0	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2+R_5+R_6}$	6,248	1,649	<b>8,250</b>
Underwriting risk (R <sub>1</sub> )	4,893	1,455	<b>6,591</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	—	—	—
Guaranteed interest rate risk (R <sub>3</sub> )	19	—	<b>17</b>
Investment risk (R <sub>4</sub> )	693	202	<b>1,033</b>
Business management risk (R <sub>5</sub> )	201	53	<b>268</b>
Major catastrophe risk (R <sub>6</sub> )	1,101	126	<b>1,307</b>
(C) Non-consolidated Solvency Margin Ratio [(A) / ((B) × 1/2)] × 100	341.7%	1,238.7%	<b>418.6%</b>

Note) The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).

## Sompo Himawari Life Insurance, Inc. (Non-consolidated)

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
(A) Total Non-consolidated Solvency Margin	383,002	<b>382,291</b>
Capital, etc.	104,752	<b>113,336</b>
Reserve for price fluctuation	7,490	<b>8,213</b>
Contingency reserve	31,642	<b>32,499</b>
General allowance for possible credit losses	4	<b>5</b>
Unrealized gains and losses on securities (before tax effect deductions) (90% of gain or 100% of loss), deferred gains and losses on hedges (before tax effect deductions) (90% of gain or 100% of loss)	66,370	<b>42,847</b>
Unrealized gains and losses on land (85% of gain or 100% of loss)	—	<b>—</b>
Excess amount of continued Zillmerized reserve	172,796	<b>182,064</b>
Subordinated debt, etc.	—	<b>—</b>
Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(28,599)	<b>(27,819)</b>
Brought in capital, etc.	—	<b>—</b>
Deductions	—	<b>—</b>
Others	28,545	<b>31,144</b>
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4+R_7)^2}+R_4$	50,809	<b>51,935</b>
Underwriting risk (R <sub>1</sub> )	14,188	<b>14,392</b>
Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R <sub>2</sub> )	9,961	<b>10,554</b>
Guaranteed interest rate risk (R <sub>3</sub> )	8,443	<b>8,442</b>
Guaranteed minimum benefit risk (R <sub>7</sub> )	388	<b>393</b>
Investment risk (R <sub>4</sub> )	34,335	<b>35,137</b>
Business management risk (R <sub>4</sub> )	1,346	<b>1,378</b>
(C) Non-consolidated Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,507.5%	<b>1472.1%</b>

Notes) 1. The above amounts and figures are calculated based on provisions of Articles 86 and 87 of the Ordinance for Enforcement of the Insurance Business Act and Public Notice No. 50 of the Ministry of Finance (1996).  
2. Guaranteed minimum benefit risk is calculated by using the standard method.