SOMPO HOLDINGS

UNOFFICIAL TRANSLATION

This document is an unofficial English translation of the Japanese original.

Summary of Consolidated Financial Results for the fiscal year ended March 31, 2021

Supplementary Information

May 20, 2021

Sompo Holdings, Inc.

（ Securities Code : 8630 ）

1. Overview of Consolidated Financial Results for the fiscal year ended March 31, 2021

（1） Sompo Holdings, Inc.

Overview of Consolidated Financial Results for the fiscal year ended March 31, 2021

(Yen in hundred millions)

		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Increase (Decrease)	Rate of change
					%
Ordinary income:	(1)	37,603	38,463	859	2.3
Net premiums written:	(2)	28,254	29,235	980	3.5
Sompo Japan Insurance, Inc.	(3)	21,847	21,414	(433)	(2.0)
Overseas consolidated subsidiaries	(4)	5,896	7,269	1,373	23.3
Life insurance premiums written	(5)	3,560	3,461	(98)	(2.8)
Ordinary profit:	(6)	1,924	2,150	226	11.8
Sompo Japan Insurance, Inc.	(7)	1,823	1,974	150	8.2
Net income attributable to shareholders of the parent:	(8)	1,225	1,424	199	16.3
Sompo Japan Insurance Inc.	(9)	1,305	1,469	164	12.6
Overseas consolidated subsidiaries(Note 2)	(10)	753	358	(395)	(52.5)
Sompo Himawari Life Insurance, Inc.	(11)	165	200	34	20.9
Nursing care and healthcare consolidated subsidiaries	(12)	61	56	(5)	(8.9)
Others and consolidation adjustment, etc.(Note 1, 2)	(13)	(1,061)	(660)	401	

Notes)

1. “Others and consolidation adjustment, etc.” in the above table includes profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.
2. Sompo International Holdings Ltd. among overseas consolidated subsidiaries has adopted International Financial Reporting Standards and due to differences in accounting standards, 24.3 billion yen is included in the result for the fiscal year ended March 31, 2020 and 14.7 billion yen is included in the result for the fiscal year ended March 31, 2021 as the amount to be revised in accordance with PITF No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements". The same amount is excluded in “Consolidation adjustment, etc.".

SOMPO HOLDINGS' numerical management targets

(Yen in hundred millions)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Increase (Decrease)	Rate of change
				%
Adjusted consolidated profit	1,508	2,021	513	34.1

(2) Sompo Japan Insurance Inc.

Summary of Results of Operations

(Yen in hundred millions)

		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
Ordinary income and expenses:					%
Underwriting income and expenses:(Note)					
Direct premiums written	(1)	24,352	24,096	(256)	(1.1)
(+) Net premiums written	(2)	21,847	21,414	(433)	(2.0)
(-) Net claims paid	(3)	13,018	11,898	(1,119)	(8.6)
(-) Loss adjustment expenses	(4)	1,153	1,128	(25)	(2.2)
(-) Net operating expenses:	(5)	7,075	7,205	130	1.8
Net commissions and brokerage fees	(6)	4,046	4,148	101	2.5
Operating, general and administrative expenses related to underwriting	(7)	3,028	3,057	28	0.9
Underwriting result	(8)	599	1,181	582	97.2
(-) Change in reserve for outstanding losses and claims	(9)	(265)	133	398	–
(-) Change in Ordinary Underwriting Reserves	(10)	865	127	(738)	(85.3)
(-) Change in Catastrophic Loss Reserve	(11)	(336)	361	697	–
(+) Other underwriting income and expenses	(12)	95	103	8	9.1
Underwriting profit	(13)	431	663	232	53.9
Investment income and expenses:					
(+) Interest and dividend income	(14)	1,371	1,261	(109)	(8.0)
(+) Transfer of interest and dividend income on deposits of premiums, etc.	(15)	(350)	(319)	31	–
Net Interest and dividend income	(16)	1,020	941	(78)	(7.7)
(+) Gains and losses on sales of securities	(17)	791	648	(142)	(18.1)
(-) Impairment losses on securities	(18)	117	32	(84)	(71.9)
(+) Gains and losses on derivatives	(19)	(92)	(130)	(38)	–
(+) Other investment income and expenses	(20)	(93)	37	130	–
Gross investment margin	(21)	1,509	1,464	(45)	(3.0)
(+) Other ordinary income and expenses etc.	(22)	(116)	(153)	(36)	–
Ordinary profit	(23)	1,823	1,974	150	8.2
Extraordinary gains and losses:					
(+) Extraordinary gains	(24)	18	96	77	426.8
(-) Extraordinary losses	(25)	137	144	6	4.8
Extraordinary gains and losses	(26)	(119)	(48)	71	–
Net income before income taxes	(27)	1,704	1,925	221	13.0
(-) Total income taxes	(28)	398	455	57	14.4
Net income	(29)	1,305	1,469	164	12.6
Ratios:		%	%	%	
Net loss ratio	(30)	64.9	60.8	(4.0)	
Net operating expenses ratio	(31)	32.4	33.6	1.3	
Combined ratio	(32)	97.3	94.5	(2.8)	
Return on investments (income base)	(33)	2.50	2.35	(0.15)	
Return on investments (realized base)	(34)	3.39	3.30	(0.08)	

Note) Profit or losses by maturity refunds, etc. of savings-type insurance are not included in underwriting income and expenses.

Reference) Total return based on the fair value: Fiscal year ended March 31, 2020 (1.44) %

Fiscal year ended March 31, 2021 8.11 %

(3) Overseas consolidated subsidiaries

Summary of Results of Major items

(Yen in hundred millions)

		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
Net premiums written:	(1)	5,896	7,269	1,373	% 23.3
(Sompo International)(Note 1)	(2)	5,833	7,201	1,368	23.5
Net income attributable to shareholders of the parent:	(3)	753	358	(395)	(52.5)
(Sompo International)(Note 1)	(4)	744	344	(399)	(53.7)
The amount to be revised due to differences in accounting standards, which is excluded on consolidation(Note 2)	(5)	(243)	(147)	96	–
Reference: Adjusted net income attributable to shareholders of the parent (3)+(5)	(6)	509	210	(298)	(58.6)
(Sompo International) (4)+(5)(Note 1)	(7)	500	197	(303)	(60.6)

Notes)

1. For comparison, as for the fiscal year ended March 31, 2020, the above figures have been reclassified depending on the organization of Sompo International as of March 31, 2021.
2. "The amount to be revised due to differences in accounting standards, which is excluded on consolidation" is the amount stated on page 2 (Note 2).

(4) Sompo Himawari Life Insurance, Inc.

Summary of Results of Major items

(Yen in hundred millions)

		Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
Insurance premiums and other	(1)	4,465	4,415	(49)	% (1.1)
Net premiums written	(2)	3,483	3,402	(80)	(2.3)
Ordinary profit	(3)	284	321	36	13.0
Net income	(4)	165	200	34	20.9

(5) Sompo Japan Insurance Inc.

Summary of Results of Major items

(a) Direct premiums written (excluding deposits of premiums by policyholders)

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	Rate of change	Amount	Increase (Decrease)	Rate of change
		%			%
Fire and allied insurance	4,429	10.9	4,813	383	8.7
Marine insurance	463	0.6	444	(19)	(4.3)
Personal accident insurance	1,715	(1.7)	1,581	(133)	(7.8)
Voluntary automobile insurance	10,901	1.2	10,956	54	0.5
Compulsory automobile liability insurance	2,907	(2.2)	2,388	(518)	(17.8)
Others	3,934	1.8	3,912	(22)	(0.6)
Total	24,352	2.3	24,096	(256)	(1.1)
Deposits of premiums by policyholders	1,137	2.3	934	(202)	(17.8)

(b) Net premiums written

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	Rate of change	Amount	Increase (Decrease)	Rate of change
		%			%
Fire and allied insurance	2,851	7.6	3,063	212	7.4
Marine insurance	469	5.8	405	(63)	(13.5)
Personal accident insurance	1,669	(2.2)	1,521	(148)	(8.9)
Voluntary automobile insurance	10,847	1.1	10,898	50	0.5
Compulsory automobile liability insurance	2,805	0.8	2,376	(428)	(15.3)
Others	3,205	1.0	3,148	(56)	(1.8)
Total	21,847	1.7	21,414	(433)	(2.0)
Excluding earthquake insurance and compulsory automobile liability insurance	19,038	1.8	19,034	(3)	(0.0)

(c) Net claims paid

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			
	Amount	Net loss ratio	Amount	Increase (Decrease)	Net loss ratio	Increase (Decrease)
		%			%	%
Fire and allied insurance	2,334	84.5	2,143	(191)	72.1	(12.4)
Marine insurance	284	63.5	249	(34)	64.4	0.9
Personal accident insurance	850	54.7	710	(140)	50.8	(3.9)
Voluntary automobile insurance	5,838	60.6	5,321	(517)	55.5	(5.0)
Compulsory automobile liability insurance	1,919	74.6	1,752	(166)	80.4	5.8
Others	1,790	59.0	1,720	(70)	57.9	(1.1)
Total	13,018	64.9	11,898	(1,119)	60.8	(4.0)
Excluding earthquake insurance and compulsory automobile liability insurance	11,099	63.5	10,145	(953)	58.4	(5.1)

(d) Net Incurred Loss during the period due to Natural Disasters in Japan

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss	Net claims paid	Reserve for outstanding losses and claims	Net incurred loss
Fire and allied insurance	687	104	792	488	436	925
Voluntary automobile insurance	71	(39)	32	31	(0)	30
Other than the above	53	53	107	18	18	36
Total excluding earthquake insurance and compulsory automobile liability insurance	812	119	932	538	454	993

Note) Net incurred loss = Net claims paid + Reserve for outstanding losses and claims

Reserve for outstanding losses and claims represents amounts deducting reinsurance recoverable on unpaid loss from reserve for outstanding losses and claims of direct insurance and assumed reinsurance.

(e) Breakdown of Operating, General and Administrative Expenses and Loss Adjustment Expenses

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020			Fiscal year ended March 31, 2021		
	Amount	Increase (Decrease)	Rate of change	Amount	Increase (Decrease)	Rate of change
			%			%
Personnel expenses	2,275	(52)	(2.3)	2,169	(106)	(4.7)
Non-personnel expenses	1,870	(49)	(2.6)	1,983	112	6.0
Others (taxes and contributions)	181	(1)	(1.1)	189	8	4.6
Total	4,327	(104)	(2.4)	4,342	14	0.3

(f) Reserve for Outstanding Losses and Claims

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Balance	Change	Balance	Change
Fire and allied insurance	1,086	(153)	1,424	337
Marine insurance	225	(40)	214	(10)
Personal accident insurance	539	(43)	448	(90)
Voluntary automobile insurance	3,782	(113)	3,711	(70)
Compulsory automobile liability insurance	688	(51)	626	(62)
Others	2,270	136	2,299	29
Total	8,591	(265)	8,724	133

(g) Ordinary Underwriting Reserves

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Balance	Change	Balance	Change
Fire and allied insurance	7,602	425	7,752	149
Marine insurance	215	68	199	(15)
Personal accident insurance	1,274	18	1,273	(0)
Voluntary automobile insurance	3,194	50	3,203	9
Compulsory automobile liability insurance	4,630	242	4,620	(9)
Others	3,467	60	3,460	(6)
Total	20,383	865	20,511	127

Note) This table excludes reserve for maturity refunds and reserve for dividends to policyholders of savings-type insurance and includes underwriting reserves of earthquake insurance and compulsory automobile liability insurance.

(h) Catastrophic Loss Reserve

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020				Fiscal year ended March 31, 2021			
	Reversal	Provision	Balance	Balance ratio	Reversal	Provision	Balance	Balance ratio
				%				%
Fire and allied insurance	913	630	1,069	37.5	585	552	1,036	33.9
Marine insurance	12	15	440	93.9	12	12	440	108.6
Personal accident insurance	32	52	715	42.8	—	48	763	50.2
Voluntary automobile insurance	390	357	357	3.3	—	353	710	6.5
Others	146	101	1,996	62.3	112	103	1,987	63.1
Total	1,494	1,157	4,578	24.1	709	1,071	4,940	26.0

Note) Balance ratio = Balance of catastrophic loss reserve / Net premiums written (excluding earthquake insurance and compulsory automobile liability insurance) × 100

2. Forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

Sompo Holdings, Inc. (Consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2021 Result	Fiscal year ending March 31, 2022 Forecast	Increase (Decrease)	Rate of change
				%
Net premiums written	29,235	30,900	1,664	5.7
Life insurance premiums written	3,461	3,580	118	3.4
Ordinary profit	2,150	1,850	(300)	(14.0)
Net income attributable to shareholders of the parent:	1,424	1,250	(174)	(12.3)
Sompo Japan Insurance Inc.	1,469	1,330	(139)	(9.5)
Overseas consolidated subsidiaries	358	579	221	61.8
Sompo Himawari Life Insurance, Inc.	200	116	(84)	(42.1)
Nursing Care & Seniors consolidated subsidiaries (Note 2)	56	51	(4)	(8.8)
Others and consolidation adjustment, etc. (Note 1)	(660)	(826)	(166)	—

Notes)

1. “Others and consolidation adjustment, etc.” in the above table includes profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

2. As for the fiscal year ended March 31, 2022, "Nursing care and healthcare consolidated subsidiaries" in the above table is changed its name to "Nursing Care & Seniors consolidated subsidiaries". Financial results of "Nursing Care & Seniors consolidated subsidiaries" in Fiscal year ended March 31, 2021 are figures of "Nursing care and healthcare consolidated subsidiaries"

SOMPO HOLDINGS' numerical management targets

(Yen in hundred millions)

	Fiscal year ended March 31, 2021 Result	Fiscal year ending March 31, 2022 Forecast	Increase (Decrease)	Rate of change
				%
Adjusted consolidated profit	2,021	2,050	28	1.4

Dividends

	Fiscal year ended March 31, 2021 Result	Fiscal year ending March 31, 2022 Forecast	Increase (Decrease)
Dividends per share (annual)	170 yen	210 yen	40 yen
Interim Dividends pre share	80 yen	105 yen	25 yen
Year-end Dividends per share	90 yen	105 yen	15 yen

Sompo Japan Insurance Inc. (Non-consolidated)

(Yen in hundred millions)

	Fiscal year ended March 31, 2021 Result	Fiscal year ending March 31, 2022 Forecast	Increase (Decrease)	Rate of change
				%
Net premiums written	21,414	21,600	185	0.9
(Excluding earthquake insurance and compulsory automobile liability insurance)	19,034	19,293	259	1.4
Net loss ratio	60.8	64.6	3.8	—
(Excluding earthquake insurance and compulsory automobile liability insurance)	58.4	61.0	2.6	—
Net operating expenses ratio	33.6	34.3	0.6	—
(Excluding earthquake insurance and compulsory automobile liability insurance)	34.5	35.0	0.6	—
Combined ratio	94.5	98.9	4.4	—
(Excluding earthquake insurance and compulsory automobile liability insurance)	92.9	96.0	3.1	—
Underwriting profit	663	715	51	7.7
Gross investment margin	1,464	1,207	(256)	(17.5)
Ordinary profit	1,974	1,745	(229)	(11.6)
Net income	1,469	1,330	(139)	(9.5)

3. Overview of Business Results of Principal Consolidated Subsidiaries

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	458,885	524,711	65,825
Cash	37	6	(31)
Deposits	458,848	524,705	65,856
Receivables under resale agreements	69,999	59,999	(9,999)
Monetary receivables bought	19,897	21,700	1,802
Money trusts	32,871	27,566	(5,304)
Securities:	4,724,237	5,127,170	402,932
Government bonds	724,361	688,810	(35,550)
Municipal bonds	6,259	5,865	(393)
Corporate bonds	643,188	666,751	23,563
Domestic stocks	1,069,761	1,346,490	276,729
Foreign securities	2,188,153	2,267,968	79,814
Other securities	92,513	151,282	58,768
Loans:	673,292	636,618	(36,674)
Policy loans	6,000	4,966	(1,034)
Ordinary loans	667,291	631,652	(35,639)
Tangible fixed assets:	246,883	238,916	(7,966)
Land	97,778	91,407	(6,370)
Buildings	111,174	115,629	4,454
Leased assets	3,330	2,835	(494)
Construction in progress	7,325	2,124	(5,200)
Other tangible fixed assets	27,274	26,918	(355)
Intangible fixed assets:	156,542	188,576	32,034
Software	2,489	105,388	102,899
Other intangible fixed assets	154,053	83,188	(70,864)
Other assets:	744,246	573,319	(170,927)
Premiums receivable	863	1,326	463
Agency accounts receivable	180,295	180,163	(131)
Foreign agency accounts receivable	31,025	25,978	(5,046)
Coinsurance accounts receivable	36,455	16,284	(20,171)
Reinsurance accounts receivable	162,122	110,676	(51,445)
Foreign reinsurance accounts receivable	177,938	65,195	(112,743)
Proxy service receivable	265	151	(114)
Accounts receivable	31,770	46,574	14,804
Accrued income	8,895	8,181	(714)
Advance deposits	16,356	15,201	(1,154)
Earthquake insurance deposits	4,570	4,681	111
Suspense payments	66,703	71,138	4,434
Deposits paid for future transactions	8,585	7,875	(710)
Derivative assets	16,521	6,287	(10,233)
Cash collateral paid for financial instruments	1,868	13,594	11,726
Other assets	7	7	—
Prepaid pension cost	409	303	(106)
Deferred tax assets	48,676	—	(48,676)
Allowance for possible credit losses	(3,193)	(3,006)	187
Allowance for possible investment losses	(6,691)	(6,198)	492
Total assets	7,166,057	7,389,677	223,619

Sompo Japan Insurance Inc. (Non-consolidated)

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	4,577,735	4,557,828	(19,907)
Reserve for outstanding losses and claims	859,134	872,465	13,330
Underwriting reserves	3,718,600	3,685,362	(33,237)
Corporate bonds	433,560	433,560	—
Other liabilities:	656,107	715,115	59,008
Coinsurance accounts payable	5,849	6,024	175
Reinsurance accounts payable	88,555	75,005	(13,549)
Foreign reinsurance accounts payable	40,425	23,014	(17,411)
Payables under securities lending transactions	112,905	155,831	42,926
Borrowings	76,266	45,810	(30,456)
Income taxes payable	30,386	58,298	27,911
Deposits received	3,088	2,903	(184)
Unearned income	319	308	(11)
Accounts payable	162,355	196,486	34,131
Suspense receipts	90,756	90,686	(69)
Derivative liabilities	2,900	26,397	23,497
Cash collateral received for financial instruments	36,240	28,733	(7,507)
Lease obligations	3,985	3,492	(492)
Asset retirement obligations	2,072	2,121	48
Reserve for retirement benefits	91,659	89,608	(2,051)
Reserve for bonus payments	17,811	16,315	(1,496)
Reserve for bonus payments to directors	107	115	8
Reserves under the special laws:	87,116	91,097	3,980
Reserve for price fluctuation	87,116	91,097	3,980
Deferred tax liabilities	—	11,434	11,434
Total liabilities	5,864,098	5,915,075	50,977
Net assets:			
Shareholders' equity:			
Common stock	70,000	70,000	—
Capital surplus:	70,000	70,000	—
Capital reserves	70,000	70,000	—
Retained earnings:	565,280	502,291	(62,989)
Other retained earnings:	565,280	502,291	(62,989)
Reserve for advanced depreciation	8,034	10,963	2,929
General reserve	83,300	83,300	—
Retained earnings carried forward	473,945	408,027	(65,918)
Total shareholders' equity	705,280	642,291	(62,989)
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	591,085	827,905	236,819
Deferred gains and losses on hedges	5,593	4,406	(1,187)
Total valuation and translation adjustments	596,679	832,311	235,631
Total net assets	1,301,959	1,474,602	172,642
Total liabilities and net assets	7,166,057	7,389,677	223,619

Sompo Japan Insurance Inc. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	2,579,158	2,486,893	(92,265)	(3.6)
Underwriting income:	2,383,396	2,301,534	(81,862)	(3.4)
Net premiums written	2,184,750	2,141,433	(43,316)	(2.0)
Deposits of premiums by policyholders	113,702	93,496	(20,206)	(17.8)
Interest and dividend income on deposits of premiums, etc.	35,092	31,987	(3,105)	(8.8)
Reversal of reserve for outstanding losses and claims	26,569	—	(26,569)	(100.0)
Reversal of underwriting reserves	22,312	33,237	10,925	49.0
Foreign exchange gains	—	427	427	—
Other underwriting income	969	951	(17)	(1.8)
Investment income:	183,996	172,705	(11,291)	(6.1)
Interest and dividend income	137,164	126,178	(10,985)	(8.0)
Investment gains on money trusts	202	5,046	4,843	2,395.9
Gains on sales of securities	80,473	65,724	(14,749)	(18.3)
Gains on redemption of securities	1,032	2,977	1,945	188.5
Foreign exchange gains	—	4,556	4,556	—
Other investment income	216	208	(7)	(3.4)
Transfer of interest and dividend income on deposits of premiums, etc.	(35,092)	(31,987)	3,105	—
Other ordinary income	11,765	12,654	888	7.6
Ordinary expenses:	2,396,771	2,289,461	(107,309)	(4.5)
Underwriting expenses:	2,036,819	1,929,500	(107,318)	(5.3)
Net claims paid	1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	115,385	112,817	(2,568)	(2.2)
Net commissions and brokerage fees	404,695	414,829	10,134	2.5
Maturity refunds to policyholders	212,128	196,812	(15,315)	(7.2)
Dividends to policyholders	101	65	(36)	(35.4)
Provision for reserve for outstanding losses and claims	—	13,330	13,330	—
Foreign exchange losses	591	—	(591)	(100.0)
Other underwriting expenses	2,044	1,765	(278)	(13.6)
Investment expenses:	33,068	26,297	(6,771)	(20.5)
Investment losses on money trusts	2,507	11	(2,496)	(99.6)
Losses on sales of securities	1,353	886	(467)	(34.5)
Impairment losses on securities	11,734	3,292	(8,441)	(71.9)
Losses on redemption of securities	455	460	5	1.2
Losses on derivatives	9,203	13,096	3,893	42.3
Foreign exchange losses	1,856	—	(1,856)	(100.0)
Other investment expenses	5,957	8,549	2,592	43.5
Operating, general and administrative expenses	317,396	321,415	4,018	1.3
Other ordinary expenses:	9,486	12,248	2,761	29.1
Interest paid	7,124	7,065	(59)	(0.8)
Provision for allowance for possible credit losses	—	106	106	—
Losses on bad debt	14	11	(2)	(18.9)
Other ordinary expenses	2,347	5,065	2,717	115.7
Ordinary profit	182,387	197,432	15,044	8.2

Sompo Japan Insurance Inc. (Non-consolidated)

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
Extraordinary gains:	1,824	9,611	7,787	426.8
Gains on disposal of fixed assets	1,824	9,611	7,787	426.8
Extraordinary losses:	13,793	14,458	664	4.8
Losses on disposal of fixed assets	4,178	2,100	(2,077)	(49.7)
Impairment losses	2,124	7,404	5,279	248.5
Provision for reserves under the special laws:	3,933	3,980	47	1.2
Provision for reserve for price fluctuation	3,933	3,980	47	1.2
Other extraordinary losses	3,557	972	(2,585)	(72.7)
Net income before income taxes	170,417	192,585	22,167	13.0
Income taxes	42,799	75,076	32,277	75.4
Deferred income taxes	(2,960)	(29,486)	(26,525)	—
Total income taxes	39,838	45,590	5,751	14.4
Net income	130,579	146,994	16,415	12.6

Underwriting result:					
Net premiums written	(+)	2,184,750	2,141,433	(43,316)	(2.0)
Net claims paid	(−)	1,301,872	1,189,878	(111,993)	(8.6)
Loss adjustment expenses	(−)	115,385	112,817	(2,568)	(2.2)
Net operating expenses:	(−)	707,575	720,583	13,008	1.8
Net commissions and brokerage fees		404,695	414,829	10,134	2.5
Operating, general and administrative expenses related to underwriting		302,879	305,754	2,874	0.9
Underwriting result		59,916	118,153	58,237	97.2
Underwriting profit		43,113	66,368	23,255	53.9
Ratios:					
Net loss ratio	(%)	64.9	60.8	(4.0)	
Net operating expenses ratio	(%)	32.4	33.6	1.3	
Combined ratio	(%)	97.3	94.5	(2.8)	

Sompo Japan Insurance Inc. (Non-consolidated)

Premiums Written and Claims Paid by Business Lines

Direct premiums written (excluding deposits of premiums by policyholders)

(Millions of yen)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	442,992	18.2	10.9	481,352	20.0	8.7
Marine insurance	46,395	1.9	0.6	44,422	1.8	(4.3)
Personal accident insurance	171,519	7.0	(1.7)	158,194	6.6	(7.8)
Voluntary automobile insurance	1,090,197	44.8	1.2	1,095,674	45.5	0.5
Compulsory automobile liability insurance	290,712	11.9	(2.2)	238,823	9.9	(17.8)
Others	393,480	16.2	1.8	391,212	16.2	(0.6)
Total	2,435,297	100.0	2.3	2,409,679	100.0	(1.1)
Deposits of premiums by policyholders	113,702	——	2.3	93,496	——	(17.8)

Net premiums written

(Millions of yen)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	% of total amount	Rate of change	Amount	% of total amount	Rate of change
		%	%		%	%
Fire and allied insurance	285,143	13.1	7.6	306,377	14.3	7.4
Marine insurance	46,901	2.1	5.8	40,586	1.9	(13.5)
Personal accident insurance	166,974	7.6	(2.2)	152,134	7.1	(8.9)
Voluntary automobile insurance	1,084,709	49.6	1.1	1,089,806	50.9	0.5
Compulsory automobile liability insurance	280,515	12.8	0.8	237,645	11.1	(15.3)
Others	320,505	14.7	1.0	314,883	14.7	(1.8)
Total	2,184,750	100.0	1.7	2,141,433	100.0	(2.0)

Net claims paid

(Millions of yen)

Business line	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)		
	Amount	Rate of change	Net loss ratio	Amount	Rate of change	Net loss ratio
		%	%		%	%
Fire and allied insurance	233,497	(15.3)	84.5	214,381	(8.2)	72.1
Marine insurance	28,433	(16.7)	63.5	24,943	(12.3)	64.4
Personal accident insurance	85,073	(5.9)	54.7	71,062	(16.5)	50.8
Voluntary automobile insurance	583,866	(1.1)	60.6	532,150	(8.9)	55.5
Compulsory automobile liability insurance	191,911	(6.9)	74.6	175,297	(8.7)	80.4
Others	179,090	(1.2)	59.0	172,043	(3.9)	57.9
Total	1,301,872	(5.5)	64.9	1,189,878	(8.6)	60.8

Sompo Japan Insurance Inc. (Non-consolidated)

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin		2,722,944	2,981,500
	Capital and funds, etc.	705,020	642,291
	Reserve for price fluctuation	87,116	91,097
	Contingency reserve	1,348	1,693
	Catastrophic loss reserve	463,552	497,543
	General allowance for possible credit losses	181	138
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	731,484	1,019,668
	Unrealized gains and losses on land	120,616	139,670
	Excess amount of reserve for maturity refunds	—	—
	Subordinated debt, etc.	433,560	433,560
	Excess amount of reserve for maturity refunds and subordinated debt, etc. which are excluded from total solvency margin	—	—
	Deductions	47,562	46,647
	Others	227,627	202,484
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		759,131	847,602
	Underwriting risk (R_1)	189,818	192,158
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	16,855	15,501
	Investment risk (R_4)	543,032	611,108
	Business management risk (R_5)	17,993	19,822
	Major catastrophe risk (R_6)	149,948	172,367
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		717.3 %	703.5 %

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)

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	34,722	28,821	(5,900)
Cash	0	0	(0)
Deposits	34,722	28,821	(5,900)
Securities:	25,017	36,689	11,671
Government bonds	1,316	907	(408)
Municipal bonds	10,734	9,068	(1,665)
Corporate bonds	5,009	12,796	7,786
Domestic stocks	33	42	9
Foreign securities	3,439	5,962	2,522
Other securities	4,485	7,912	3,427
Tangible fixed assets:	623	509	(113)
Buildings	128	114	(14)
Leased assets	348	332	(16)
Other tangible fixed assets	145	63	(82)
Intangible fixed assets:	3,478	3,882	404
Software	3,474	3,879	404
Other intangible fixed assets	3	3	—
Other assets:	6,260	5,850	(410)
Premiums receivable	2,210	1,552	(658)
Agency accounts receivable	110	198	88
Coinsurance accounts receivable	14	12	(2)
Reinsurance accounts receivable	77	183	105
Foreign reinsurance accounts receivable	37	31	(6)
Accounts receivable	768	797	28
Accrued income	17	29	12
Advance deposits	558	506	(52)
Suspense payments	2,465	2,539	73
Deferred tax assets	—	1,282	1,282
Allowance for possible credit losses	(83)	(101)	(18)
Total assets	70,018	76,934	6,915

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

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Underwriting funds:	52,152	54,965	2,813
Reserve for outstanding losses and claims	19,610	21,029	1,419
Underwriting reserves	32,541	33,935	1,393
Other liabilities:	3,445	5,427	1,981
Coinsurance accounts payable	36	35	(0)
Reinsurance accounts payable	193	194	0
Foreign reinsurance accounts payable	98	85	(13)
Income taxes payable	155	214	58
Deposits received	29	32	2
Accounts payable	1,761	1,976	215
Suspense receipts	816	2,549	1,733
Lease obligations	354	338	(16)
Reserve for retirement benefits to directors	24	27	3
Reserve for bonus payments	434	474	40
Reserve for bonus payments to directors	28	28	(0)
Reserves under the special laws:	57	69	12
Reserve for price fluctuation	57	69	12
Deferred tax liabilities	61	—	(61)
Total liabilities	56,204	60,992	4,787
Net assets:			
Shareholders' equity:			
Common stock	32,260	32,260	—
Capital surplus:	40,692	40,692	—
Capital reserves	30,497	30,497	—
Other capital surplus	10,194	10,194	—
Retained earnings:	(59,387)	(57,754)	1,633
Other retained earnings:	(59,387)	(57,754)	1,633
Retained earnings carried forward	(59,387)	(57,754)	1,633
Total shareholders' equity	13,565	15,198	1,633
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	249	744	494
Total valuation and translation adjustments	249	744	494
Total net assets	13,814	15,942	2,127
Total liabilities and net assets	70,018	76,934	6,915

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

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	52,743	55,270	2,527	4.8
Underwriting income:	52,657	55,122	2,465	4.7
Net premiums written	51,073	55,078	4,004	7.8
Deposits of premiums by policyholders	0	—	(0)	(100.0)
Interest and dividend income on deposits of premiums, etc.	47	43	(3)	(8.1)
Reversal of underwriting reserves	1,534	—	(1,534)	(100.0)
Foreign exchange gains	0	—	(0)	(100.0)
Investment income:	37	135	97	263.1
Interest and dividend income	83	175	91	110.6
Gains on sales of securities	—	0	0	—
Gains on redemption of securities	—	3	3	—
Other investment income	1	—	(1)	(100.0)
Transfer of interest and dividend income on deposits of premiums, etc.	(47)	(43)	3	—
Other ordinary income	48	13	(35)	(73.0)
Ordinary expenses:	54,147	55,048	901	1.7
Underwriting expenses:	39,471	39,805	333	0.8
Net claims paid	33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	4,047	4,239	191	4.7
Net commissions and brokerage fees	1,073	1,145	71	6.7
Maturity refunds to policyholders	28	—	(28)	(100.0)
Provision for reserve for outstanding losses and claims	671	1,419	748	111.4
Provision for underwriting reserves	—	1,393	1,393	—
Foreign exchange losses	—	0	0	—
Other underwriting expenses	13	9	(3)	(26.9)
Investment expenses:	3	8	4	133.3
Losses on sales of securities	—	4	4	—
Other investment expenses	3	3	0	9.6
Operating, general and administrative expenses	14,593	15,171	577	4.0
Other ordinary expenses:	77	63	(14)	(18.7)
Interest paid	7	6	(1)	(15.7)
Provision for allowance for possible credit losses	37	18	(19)	(51.5)
Losses on bad debt	—	0	0	—
Other ordinary expenses	31	38	6	19.6
Ordinary profit (loss)	(1,403)	222	1,625	—
Extraordinary gains:	—	1	1	—
Gains on disposal of fixed assets	—	1	1	—
Extraordinary losses:	509	84	(425)	(83.5)
Losses on disposal of fixed assets	20	71	51	251.0
Impairment losses	0	—	(0)	(100.0)
Provision for reserves under the special laws:	8	12	4	50.6
Provision for reserve for price fluctuation	8	12	4	50.6
Business structure reform expenses	361	—	(361)	(100.0)
Other extraordinary losses	118	—	(118)	(100.0)
Net income (loss) before income taxes	(1,912)	139	2,052	—
Income taxes	16	75	58	347.3
Deferred income taxes	—	(1,568)	(1,568)	—
Total income taxes	16	(1,493)	(1,510)	(8,994.4)
Net income (loss)	(1,929)	1,633	3,562	—

Underwriting result:					
Net premiums written	(+)	51,073	55,078	4,004	7.8
Net claims paid	(−)	33,637	31,597	(2,039)	(6.1)
Loss adjustment expenses	(−)	4,047	4,239	191	4.7
Net operating expenses:	(−)	15,658	16,285	627	4.0
Net commissions and brokerage fees		1,073	1,145	71	6.7
Operating, general and administrative expenses related to underwriting		14,584	15,140	555	3.8
Underwriting result		(2,269)	2,955	5,224	—
Underwriting profit (loss)		(1,383)	197	1,581	—
Ratios:					
Net loss ratio	(%)	73.8	65.1	(8.7)	
Net operating expenses ratio	(%)	30.7	29.6	(1.1)	
Combined ratio	(%)	104.4	94.6	(9.8)	

Note) 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.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin		17,272	19,668
	Capital and funds, etc.	13,565	15,198
	Reserve for price fluctuation	57	69
	Contingency reserve	11	11
	Catastrophic loss reserve	3,358	3,461
	General allowance for possible credit losses	—	—
	Unrealized gains and losses on securities, deferred gains and losses on hedges (before tax effect deductions)	279	926
	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	—	—
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$		8,250	8,582
	Underwriting risk (R_1)	6,591	6,833
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_2)	—	—
	Guaranteed interest rate risk (R_3)	17	16
	Investment risk (R_4)	1,033	1,434
	Business management risk (R_5)	268	287
	Major catastrophe risk (R_6)	1,307	1,308
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		418.6 %	458.3 %

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)

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Assets:			
Cash and deposits:	116,117	178,483	62,366
Cash	0	—	(0)
Deposits	116,117	178,483	62,366
Securities:	2,983,851	3,260,451	276,600
Government bonds	1,902,571	2,142,389	239,817
Municipal bonds	74,127	67,662	(6,465)
Corporate bonds	515,243	460,381	(54,861)
Domestic stocks	7,319	10,132	2,813
Foreign securities	484,588	578,222	93,633
Other securities	—	1,662	1,662
Loans:	43,163	41,985	(1,177)
Policy loans	43,163	41,980	(1,182)
Ordinary loans	—	4	4
Tangible fixed assets:	1,640	1,540	(100)
Buildings	445	444	(0)
Leased assets	676	630	(45)
Other tangible fixed assets	519	465	(54)
Agency accounts receivable	109	93	(16)
Reinsurance accounts receivable	1,356	1,284	(72)
Other assets:	54,893	54,897	3
Accounts receivable	36,919	39,494	2,574
Prepaid expenses	2,011	2,369	358
Accrued income	8,416	8,788	372
Advance deposits	2,506	2,496	(10)
Derivative assets	4,145	117	(4,027)
Cash collateral paid for financial instruments	230	1,000	770
Suspense payments	572	540	(32)
Other assets	91	89	(2)
Deferred tax assets	16,731	13,804	(2,927)
Allowance for possible credit losses	(112)	(76)	35
Total assets	3,217,752	3,552,464	334,712

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

Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021	Increase (Decrease)
	Amount	Amount	
Liabilities:			
Policy reserves:	2,967,301	3,143,577	176,276
Reserve for outstanding claims	43,152	39,293	(3,858)
Policy reserves	2,919,802	3,099,850	180,047
Reserve for dividends to policyholders	4,346	4,433	86
Agency accounts payable	3,494	4,215	720
Reinsurance accounts payable	826	814	(11)
Other liabilities:	85,548	221,891	136,343
Payables under securities lending transactions	69,308	181,229	111,921
Income taxes payable	3,789	4,934	1,145
Accounts payable	168	11,788	11,620
Accrued expenses	7,613	6,195	(1,418)
Deposits received	1,752	122	(1,629)
Derivative liabilities	1,360	15,949	14,589
Cash collateral received for financial instruments	300	—	(300)
Lease obligations	793	735	(57)
Suspense receipts	462	936	473
Reserve for bonus payments to directors	37	37	(0)
Reserve for retirement benefits	4,134	4,581	447
Reserve for possible reimbursement of prescribed claims	584	1,041	457
Reserves under the special laws:	8,213	9,045	831
Reserve for price fluctuation	8,213	9,045	831
Total liabilities	3,070,138	3,385,204	315,065
Net assets:			
Shareholders' equity:			
Common stock	17,250	17,250	—
Capital surplus:	13,333	13,333	—
Capital reserves	13,333	13,333	—
Retained earnings:	82,752	94,052	11,299
Legal reserve	3,170	3,916	746
Other retained earnings:	79,582	90,135	10,553
Reserve under Article 10 of the Supplementary Provisions of Ordinance for Enforcement of the Insurance Business Act	325	325	—
Retained earnings carried forward	79,257	89,810	10,553
Total shareholders' equity	113,336	124,635	11,299
Valuation and translation adjustments:			
Unrealized gains and losses on securities available for sale	34,277	42,624	8,346
Total valuation and translation adjustments	34,277	42,624	8,346
Total net assets	147,613	167,260	19,646
Total liabilities and net assets	3,217,752	3,552,464	334,712

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

Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Increase (Decrease)	Rate of change
	Amount	Amount		
				%
Ordinary income:	500,819	503,714	2,895	0.6
Insurance premiums and other:	446,510	441,549	(4,960)	(1.1)
Insurance premiums	444,162	438,847	(5,314)	(1.2)
Reinsurance income	2,347	2,701	354	15.1
Investment income:	49,425	56,037	6,611	13.4
Interest and dividend income and other:	45,731	47,090	1,358	3.0
Interest and dividends on securities	44,393	45,754	1,361	3.1
Interest on loans	1,290	1,238	(52)	(4.1)
Other interest and dividends	47	97	49	104.5
Gains on sales of securities	3,683	3,767	84	2.3
Gains on redemption of securities	―	190	190	―
Foreign exchange gains	8	48	40	477.0
Reversal of allowance for possible credit losses	―	28	28	―
Other investment income	2	―	(2)	(100.0)
Investment gains on special account	―	4,912	4,912	―
Other ordinary income:	4,883	6,127	1,244	25.5
Fund receipt for annuity rider	1,198	740	(458)	(38.2)
Fund receipt for claim deposit payments	1,562	1,519	(42)	(2.7)
Reversal of reserve for outstanding claims	2,114	3,858	1,743	82.5
Other ordinary income	7	9	1	23.0
Ordinary expenses:	472,382	471,585	(797)	(0.2)
Insurance claims and other:	190,877	195,395	4,517	2.4
Insurance claims	34,513	37,848	3,335	9.7
Annuity payments	11,193	11,208	14	0.1
Insurance benefits	49,332	47,781	(1,550)	(3.1)
Surrender benefits	89,761	90,275	514	0.6
Other refunds	2,843	4,989	2,145	75.5
Reinsurance premiums	3,233	3,291	57	1.8
Provision for policy reserves and other:	185,041	180,048	(4,993)	(2.7)
Provision for policy reserves	185,040	180,047	(4,993)	(2.7)
Provision for interest portion of reserve for dividends to policyholders	0	0	0	6.5
Investment expenses:	3,539	2,554	(984)	(27.8)
Interest paid	76	69	(6)	(8.8)
Losses on sales of securities	998	1,966	968	97.0
Impairment losses on securities	―	8	8	―
Losses on derivatives	374	389	15	4.0
Provision for allowance for possible credit losses	64	―	(64)	(100.0)
Other investment expenses	101	120	18	18.6
Investment losses on special account	1,925	―	(1,925)	(100.0)
Operating expenses	87,627	87,288	(339)	(0.4)
Other ordinary expenses:	5,297	6,299	1,002	18.9
Claim deposit payments	1,548	1,441	(107)	(6.9)
Taxes	2,170	2,187	16	0.8
Depreciation	532	493	(39)	(7.4)
Provision for reserve for retirement benefits	331	447	115	34.9
Other ordinary expenses	713	1,730	1,017	142.6
Ordinary profit	28,436	32,129	3,693	13.0
Extraordinary gains:	3	7	4	144.8
Gains on disposal of fixed assets and other	3	7	4	144.8
Extraordinary losses:	2,319	892	(1,426)	(61.5)
Losses on disposal of fixed assets and other	38	60	22	59.8
Provision for reserves under the special laws:	723	831	108	15.0
Provision for reserve for price fluctuation	723	831	108	15.0
Other extraordinary losses	1,558	―	(1,558)	(100.0)
Provision for reserve for dividends to policyholders	2,857	3,207	349	12.2
Net income before income taxes	23,262	28,036	4,774	20.5
Income taxes	7,411	8,305	893	12.1
Deferred income taxes	(732)	(318)	414	―
Total income taxes	6,678	7,986	1,307	19.6
Net income	16,583	20,049	3,466	20.9

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

Major Business Results

Total amount of policies in force

(Number in thousands, Yen in hundred millions, %)

	As of March 31, 2020				As of March 31, 2021			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	4,143	101.4	234,291	101.5	4,216	101.8	235,431	100.5
Individual annuities	54	93.5	2,296	96.7	52	95.9	2,232	97.2
Group insurance	——	——	27,526	101.5	——	——	27,157	98.7
Group annuities	——	——	—	—	——	——	—	—

Note) 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.

Total amount of new policies

(Number in thousands, Yen in hundred millions, %)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)				Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)			
	Number		Amount		Number		Amount	
		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year		% of previous fiscal year
Individual insurance	263	76.7	24,755	58.3	274	104.1	21,410	86.5
Individual annuities	—	—	—	—	—	—	—	—
Group insurance	——	——	142	83.2	——	——	577	406.1
Group annuities	——	——	—	—	——	——	—	—

Note) Amounts of “Individual annuities” represent amounts of annuity fund at the beginning of annuity payment.

Annualized premiums

Policies in force

(Millions of yen, %)

	As of March 31, 2020		As of March 31, 2021	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	363,672	100.5	365,878	100.6
Individual annuities	15,643	93.8	15,382	98.3
Total	379,315	100.2	381,260	100.5
Medical and survival benefits	154,226	103.9	161,515	104.7

New policies

(Millions of yen, %)

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	
		% of previous fiscal year		% of previous fiscal year
Individual insurance	25,032	67.5	26,854	107.3
Individual annuities	—	—	—	—
Total	25,032	67.5	26,854	107.3
Medical and survival benefits	13,352	99.4	14,956	112.0

Notes)

1. Annualized premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized premiums for medical and survival benefits include (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.

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

Non-consolidated Solvency Margin Ratio

(Millions of yen)

		As of March 31, 2020	As of March 31, 2021
(A) Total Non-consolidated Solvency Margin		382,291	422,651
	Capital, etc.	113,336	124,635
	Reserve for price fluctuation	8,213	9,045
	Contingency reserve	32,499	33,301
	General allowance for possible credit losses	5	2
	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)	42,847	53,280
	Unrealized gains and losses on land (85% of gain or 100% of loss)	—	—
	Excess amount of continued Zillmerized reserve	182,064	172,210
	Subordinated debt, etc.	—	—
	Excess amount of continued Zillmerized reserve and subordinated debt, etc. which are excluded from total solvency margin	(27,819)	(5,052)
	Brought in capital, etc.	—	—
	Deductions	—	—
	Others	31,144	35,228
(B) Total Non-consolidated Risks $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$		51,935	57,881
	Underwriting risk (R_1)	14,392	14,399
	Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance (R_8)	10,554	11,266
	Guaranteed interest rate risk (R_2)	8,442	8,460
	Guaranteed minimum benefit risk (R_7)	393	396
	Investment risk (R_3)	35,137	41,324
	Business management risk (R_4)	1,378	1,516
(C) Non-consolidated Solvency Margin Ratio [(A) / {(B) × 1/2}] × 100		1,472.1 %	1,460.4 %

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.

Supplementary Explanation

< Calculation of returns >

The calculation methods of “Return on investments (income base)”, “Return on investments (realized base)” and “Total return based on the fair value” are as follows.

1. Return on investments (income base)

The results of investment activities are shown from the point of view of income earned (interest and dividend income earned).

Numerator is based on interest and dividend income related to investment assets. Denominator is based on cost of investment assets.

Numerator = Interest and dividend income (including amounts which correspond to interest and dividend income of investment gains and losses on money trusts)

Denominator = Average balances of investment assets based on the cost or the amortized cost

2. Return on investments (realized base)

The results of investment activities are shown from the point of view of the contribution to periodic gains and losses of the period (statement of income).

Numerator is based on realized gains and losses. Denominator is based on cost of investment assets.

Numerator = Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses

Denominator = Average balances of investment assets based on the cost or the amortized cost

3. Total return based on the fair value (reference)

The return on investment based on fair value is shown.

Numerator is based on realized gains and losses and changes in unrealized gains and losses on investment assets.

Denominator is based on fair value of investment assets.

Numerator = (Investment income + Interest and dividend income on deposits of premiums, etc. - Investment expenses) + (Unrealized gains and losses at the end of this period* - Unrealized gains and losses at the end of the previous period*) + Increase or decrease in deferred gains and losses on hedges

Denominator = Average balances of investment assets based on the cost or the amortized cost + Unrealized gains and losses at the end of the previous period* + Unrealized gains and losses on trading securities at the end of the previous period

*Unrealized gains and losses relate to securities available for sale, monetary receivables bought and money trusts classified as other than trading purposes or held to maturity. The amount is based on before tax effect deductions.

< Calculation of ratios, etc. >

- Underwriting profit = Underwriting income - Underwriting expenses - Operating, general and administrative expenses related to underwriting + Other income and expenses*

  *Other income and expenses include, but not limited to, income tax expenses for compulsory automobile liability insurance.
- Net loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written × 100
- Net operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written × 100
- Combined ratio = Net loss ratio + Net operating expenses ratio

< Non-consolidated solvency margin ratio >

• 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 exceed their normal estimates” ((B) Total Non-consolidated Risks).

• “Risks which exceed their normal estimates” are composed of risks described below.

<1> Underwriting risk, Underwriting risk for third-sector insurance products including accident, sickness and nursing-care insurance:

Risks of rate of occurrence of insurance claims, etc. in excess of normal estimates (excluding risks relating to major catastrophes)

<2> Guaranteed interest rate risk:

Risks of invested assets failing to yield assumed interest rates due to the aggravation of investment conditions

<3> Investment risk:

Risks of securities and other assets held fluctuating in prices in excess of normal estimates

<4> Business management risk:

Risks beyond normal estimates arising from business management that do not fall under other categories

<5> Major catastrophe risk:

Risks of the occurrence of major catastrophic losses in excess of normal estimates (risks such as the Great Kanto Earthquake or Isewan Typhoon)

<6> Guaranteed minimum benefit risk:

Risks of special account assets fluctuating in prices in excess of normal estimates

• “Solvency margin of insurance companies by means of their capital, reserves, etc.” (total non-consolidated solvency margin) is the sum of total net assets (excluding planned outflows), certain reserves (reserve for price fluctuation, contingency reserve and catastrophic loss reserve, etc.) and parts of unrealized gains and losses on land, etc.

• 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.

< Adjusted consolidated profit >

		Next mid-term management plan	(Reference) Mid-term management plan
Adjusted profit by business segment (Note 1)	Domestic P&C Insurance Business (Note 2)	Net income for the period ＋Provisions for catastrophic loss reserve, etc. (after tax) ＋Provisions for reserve for price fluctuation (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax)	Net income for the period ＋Provisions for catastrophic loss reserve, etc. (after tax) ＋Provisions for reserve for price fluctuation (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax)
	Overseas Insurance Business	Operating income (Note 5) Net income for the period for affiliates accounted for under the equity-method in principle	Net income for the period (including major nonconsolidated subsidiaries) Operating income for Sompo International (Note 5)
	Domestic Life Insurance Business	Net income for the period ＋Provisions of contingency reserve (after tax) ＋Provisions for reserve for price fluctuation (after tax) ＋Adjustment of underwriting reserve (after tax) ＋Deferral of acquisition cost (after tax) －Depreciation of acquisition cost (after tax) －Gains/losses on sales of securities and impairment losses on securities (after tax)	Net income for the period ＋Provisions of contingency reserve (after tax) ＋Provisions for reserve for price fluctuation (after tax) ＋Adjustment of underwriting reserve (after tax) ＋Deferral of acquisition cost (after tax) －Depreciation of acquisition cost (after tax)
	Nursing Care & Seniors Business	Net income for the period	Net income for the period
	Digital Business (Note 3)	Net income for the period －Gains/losses and impairment losses on investment (after tax)	－
	Healthcare Business,etc. (Note 4)	Net income for the period	－
Adjusted consolidated profit		Total of adjusted profit by business segment	Total of adjusted profit by business segment

Notes)

1. Adjusted profit by business segment excludes one-time gains and losses or special factors such as dividend from subsidiaries.
2. Total of Sompo Japan Insurance Inc., SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, Sompo Japan Partners Inc., Mysurance Inc., Sompo Japan DC Securities Inc., Sompo Risk Management Inc., Tier IV, Inc., DeNA SOMPO Mobility Co., Ltd., akippa Inc., DeNA SOMPO Carlife Co., Ltd., Prime Assistance Inc. and Sompo Warranty Inc.
3. Total of Palantir Technologies Japan K.K., SOMPO Aux Inc. and ABEJA Inc..
4. Total of Sompo Health Support Inc., Wellness Communications Corporation, Sompo Asset Management Co., Ltd. and FRESHHOUSE Co., Ltd.
5. Operating income excludes one-time factors (operating income = Net income – Net foreign exchange gains and losses – Net realized and unrealized gains and losses – Net impairment losses recognized in earnings, etc).

4. Supplementary Data about Financial Results for the fiscal year ended March 31, 2021 at Press Conference

Sompo Japan Insurance Inc. (Non-consolidated)

(1) Key figures

(Yen in hundred millions)

	Fiscal year ended March 31, 2020 (A)	Six months ended September 30, 2020 (B)	Fiscal year ended March 31, 2021 (C)	Increase (Decrease) (C) - (A)	Increase (Decrease) (C) - (B)
1 Net premiums written	21,847	10,937	21,414	(433)	—
Rate of change	1.7 %	(3.0)%	(2.0)%	(3.7)%	1.1 %
2 Total assets	71,660	71,131	73,896	2,236	2,765
3 Loss ratio	64.9 %	56.7 %	60.8 %	(4.0)%	4.2 %
4 Operating expenses ratio	32.4 %	33.0 %	33.6 %	1.3 %	0.7 %
5 Combined ratio	97.3 %	89.6 %	94.5 %	(2.8)%	4.8 %
Underwriting result ratio	2.7 %	10.4 %	5.5 %	2.8 %	(4.8)%
6 Voluntary automobile insurance					
・Net premiums written	10,847	5,412	10,898	50	—
Rate of change	1.1 %	0.1 %	0.5 %	(0.6)%	0.3 %
・Underwriting result ratio	7.7 %	14.7 %	11.9 %	4.2 %	(2.7)%
・Loss ratio	60.6 %	53.2 %	55.5 %	(5.0)%	2.3 %
・Operating expenses ratio	31.7 %	32.1 %	32.6 %	0.8 %	0.4 %
7 Fire and allied insurance					
・Net premiums written	2,851	1,516	3,063	212	—
Rate of change	7.6 %	1.2 %	7.4 %	(0.1)%	6.3 %
・Underwriting result ratio	(28.3)%	(11.8)%	(15.4)%	12.9 %	(3.6)%
・Loss ratio	84.5 %	68.4 %	72.1 %	(12.4)%	3.7 %
・Operating expenses ratio	43.8 %	43.4 %	43.3 %	(0.5)%	(0.1)%
8 Number of employees	24,689	23,721	23,447	(1,242)	(274)
9 Number of agencies	50,719	49,359	48,405	(2,314)	(954)

<Reference> Consolidated figures of Sompo Holdings, Inc.

(Yen in hundred millions)

	Fiscal year ended March 31, 2020 (A)	Six months ended September 30, 2020 (B)	Fiscal year ended March 31, 2021 (C)	Increase (Decrease) (C) - (A)	Increase (Decrease) (C) - (B)
1 Ordinary income	37,603	19,853	38,463	859	—
2 Net premiums written	28,254	15,688	29,235	980	—
Rate of change	3.9 %	4.4 %	3.5 %	(0.5)%	(1.0)%
3 Life insurance premiums written	3,560	1,688	3,461	(98)	—
Rate of change	1.8 %	(2.4)%	(2.8)%	(4.6)%	(0.4)%
4 Ordinary profit	1,924	775	2,150	226	—
5 Net income attributable to shareholders of the parent	1,225	396	1,424	199	—

Notes)

1. Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written
2. Operating expenses ratio = (Net commissions and brokerage fees + Operating, general and administrative expenses related to underwriting) / Net premiums written
3. Combined ratio = Loss ratio + Operating expenses ratio
4. Underwriting result ratio = 1 - Combined ratio
5. Items with % within “Increase (Decrease)” represent change from the fiscal year ended March 31, 2020 and the six months ended September 30, 2020, respectively.

Sompo Japan Insurance Inc. (Non-consolidated)

(2) Other figures

(a) Impairment losses on securities

(Yen in hundred millions)

	Fiscal year ended March 31, 2020	Six months ended September 30, 2020	Fiscal year ended March 31, 2021
Domestic bonds	–	–	–
Domestic stocks	89	41	22
Foreign securities	27	7	10
Others	0	–	–
Total	117	48	32

Note) Besides the above, impairment losses on trust assets (securities) in money trusts other than trading purposes or held to maturity amount to 47 hundred million yen for the fiscal year ended March 31, 2020,and 2 hundred million yen for the six months ended September 30, 2020. This amount is recognized in “Investment gains on money trusts” and “Investment losses on money trusts” in the statement of income.

Applied rules of impairment loss recognition

Basically, Sompo Japan recognizes impairment losses on securities if fair value declines by 30% or more from book value.

(b) Impairment losses on fixed assets

(Yen in hundred millions)

	Fiscal year ended March 31, 2020	Six months ended September 30, 2020	Fiscal year ended March 31, 2021
Land	16	4	47
Buildings	5	2	26
Others	–	–	–
Total	21	6	74

(c) Unrealized gains and losses on securities

(Yen in hundred millions)

	As of March 31, 2020	As of September 30, 2020	As of March 31, 2021
Domestic bonds	1,141	1,007	818
Domestic stocks	6,115	7,200	9,126
Foreign securities	831	1,138	1,229
Others	34	91	170
Total	8,122	9,438	11,346

Notes)

1. Unrealized gains and losses on monetary receivables bought are included in “Others” above.
2. Besides the above, unrealized gains and losses on trust assets (securities) in money trusts other than trading purposes or held to maturity amount to (5) hundred million yen as of March 31, 2020, 19 hundred million yen as of September 30, 2020 and 35 hundred million yen as of March 31, 2021.

Sompo Japan Insurance Inc. (Non-consolidated)

(d) Claims during the period due to natural disasters in Japan (excluding household earthquake insurance)

(Yen in hundred millions)

		Fiscal year ended March 31, 2020	Six months ended September 30, 2020	Fiscal year ended March 31, 2021
Direct claims paid	a	2,765	186	725
Net claims paid	b	812	185	538
Unpaid claims	c	119	269	454
Net incurred loss	b + c	932	455	993

Notes)

1. This table represents paid and unpaid claims during the period due to natural disasters in Japan.
2. Amounts of unpaid claims are calculated by deducting reinsurance recoverable on unpaid loss.

(e) Catastrophic loss reserve

(Yen in hundred millions, %)

Business line	Fiscal year ended March 31, 2020			Six months ended September 30, 2020			Fiscal year ended March 31, 2021		
	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision	Balance	Balance ratio	Provision
Fire and allied insurance	1,069	37.5	630	1,191	39.3	280	1,036	33.9	552
Marine insurance	440	93.9	15	446	107.2	6	440	108.6	12
Personal accident insurance	715	42.8	52	741	44.9	26	763	50.2	48
Voluntary automobile insurance	357	3.3	357	533	4.9	175	710	6.5	353
Others	1,996	62.3	101	2,053	58.9	56	1,987	63.1	103
Total	4,578	24.1	1,157	4,965	25.6	546	4,940	26.0	1,071

Notes)

1. Balance ratio = Balance of catastrophic loss reserve / Net premiums written (excluding household earthquake insurance and compulsory automobile liability insurance) × 100
   As for the six months ended September 30, 2020, net premiums written (excluding household earthquake insurance and compulsory automobile liability insurance) are doubled for the calculation of balance ratio.
2. Provision represents gross amounts before deducting reversal.

(f) Reinsurance assumed

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Reinsurance premiums assumed	Reinsurance claims assumed	Reinsurance premiums assumed	Reinsurance claims assumed
Fire and allied insurance	295	273	312	135
Marine insurance	142	71	118	77
Personal accident insurance	10	7	11	6
Voluntary automobile insurance	2	5	0	10
Compulsory automobile liability insurance	2,003	1,919	1,588	1,752
Others	153	86	139	86
Total	2,607	2,363	2,170	2,070

(g) Reinsurance ceded

(Yen in hundred millions)

Business line	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Reinsurance premiums ceded	Reinsurance claims ceded	Reinsurance premiums ceded	Reinsurance claims ceded
Fire and allied insurance	1,874	2,698	2,062	1,409
Marine insurance	137	59	156	52
Personal accident insurance	55	23	71	20
Voluntary automobile insurance	56	246	59	83
Compulsory automobile liability insurance	2,105	2,069	1,599	1,836
Others	883	574	902	378
Total	5,112	5,672	4,853	3,782