

Progress of Mid-Term Management Plan and Principles of Next Mid-Term Management Plan

November 25, 2020
Sompo Holdings, Inc.



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1. Progress of mid-term management plan

2. Principles of next mid-term management plan

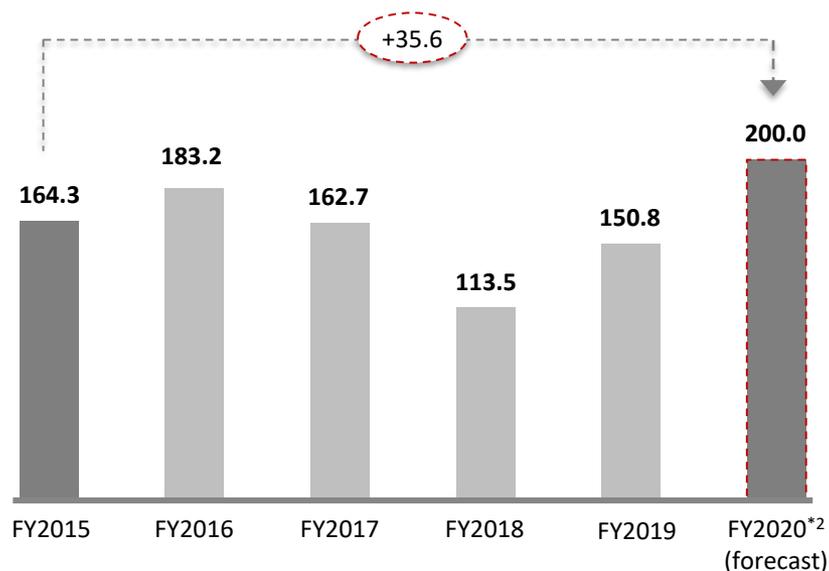
3. Reference

Progress of Mid-term Management Plan

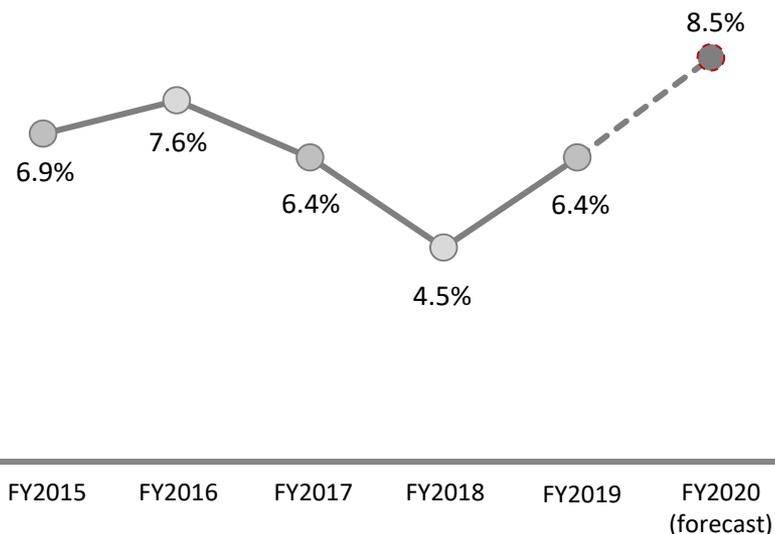
- ◆ Despite the impact of COVID-19, adjusted consolidated profit for FY2020 as final year of current mid-term management plan is expected to be ¥200.0 billion.
- ◆ Based on solid mid-term fundamentals, annual increase in dividend per share for FY2020 was revised from +¥10 to +¥20.

Adjusted consolidated profit*1

(Billions of yen)



Adjusted consolidated ROE*1



*1 See page 27 for definitions of adjusted consolidated profit and adjusted consolidated ROE.

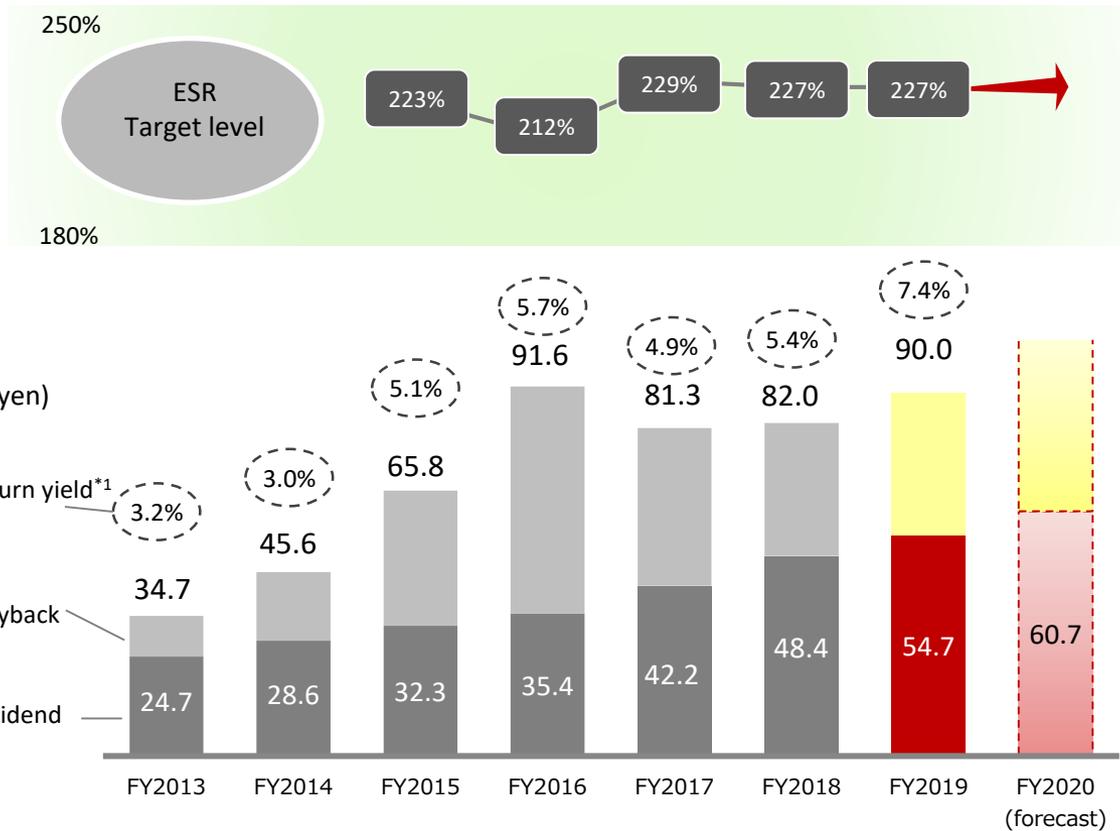
(Reference) Adjusted consolidated net assets (average balance of beginning and end of FY)

FY2015: 2,378.3, FY2016:2,403.3, FY2017:2,553.9, FY2018:2,530.6, FY2019:2,373.2, FY2019(forecast):2,387.4 (billions of yen)

*2 Adjusted consolidated profit of 1H FY2020 actual is ¥95.0 billion

(Reference) Shareholder return track records

History of solid financial soundness(ESR) and shareholder returns



<Shareholder return policy>

- Aim to deliver attractive shareholder returns in consideration of financial soundness, earnings, and other factors.
- Total payout target: 50-100% (actual amount is set in a flexible manner, depending on chances of large-scale M&A's and capital adequacy).
- Our basic policy is to continue increasing dividends.
*Annually determine the balance between dividends and share buybacks based on stock price and dividend yield, etc.

Revised up DPS ¥160 which was announced in May 2020 to ¥170 (YoY+¥20).

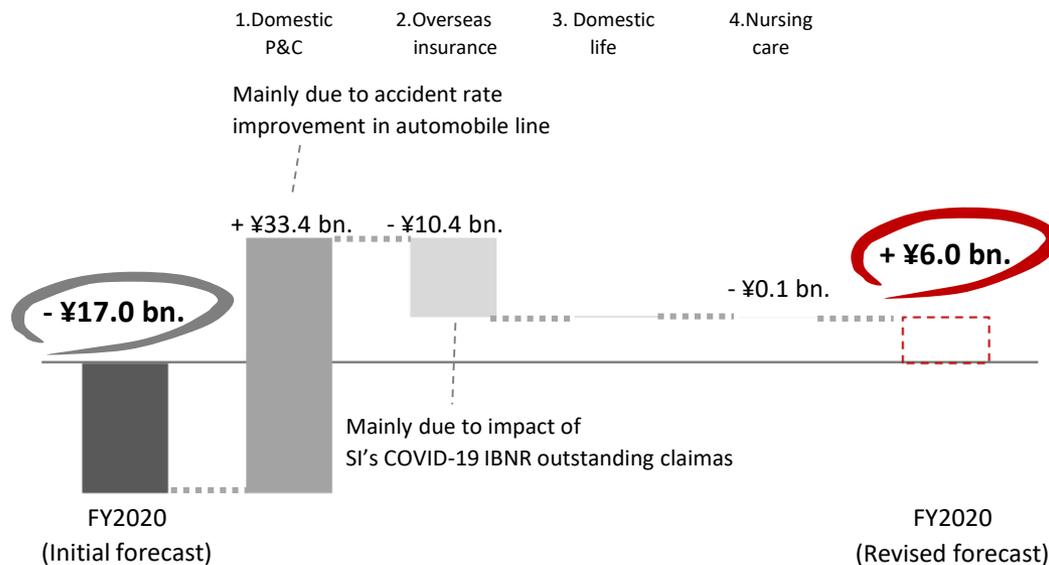
*1 Total shareholder return yield = (Cash dividend + Share buyback) / Market cap. as of end of FY

*2 Total payout ratio = (Cash dividend + Share buyback) / Adjusted consolidated profit 4

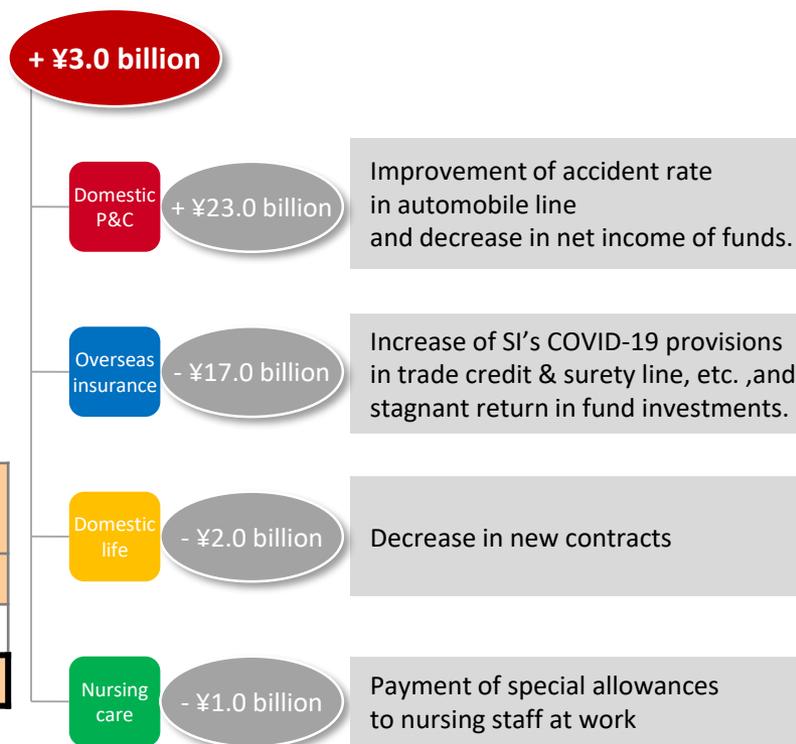
Impact of COVID-19

- ◆ Impact of COVID-19 for adjusted consolidated profit for FY2020 is expected to be around + ¥6.0 billion.
- ◆ Impact of COVID-19 for adjusted consolidated profit for 1H FY2020 was around + ¥3.0 billion.

Changing Factors of the impact for adjusted consolidated profit for FY2020*1



(Reference) Impact for adjusted consolidated profit for 1H FY2020*1



		1. Domestic P&C	2. Overseas Insurance	3. Domestic life	4. Nursing care	Adjusted consolidated profit
Initial forecasts	Impact1*2	- ¥5.4 bn.	- ¥8.6 bn.	- ¥1.5 bn.	- ¥1.4 bn.	- ¥17.0 bn.
	Impact2*3	0 to - ¥30.0 billion*4				
Revised forecasts		+ ¥28.0 bn.	- ¥19.0 bn.	- ¥1.5 bn.	- ¥1.5 bn.	+ ¥6.0 bn.

*1 Incl. provisional numbers

*2 Impact factored into the initial forecast (reasonably estimated with high certainty)

*3 Impact NOT factored into the initial forecast (range of amount affected, under provisionally estimated scenario, net of positive and negative factors)

*4 Mainly impacted by Improvement of accident rate in automobile line in Domestic P&C(+¥30.0 bn. To +¥44.0 bn.) and claims in Overseas business (-¥12.0 bn. To -¥24.0 bn.)

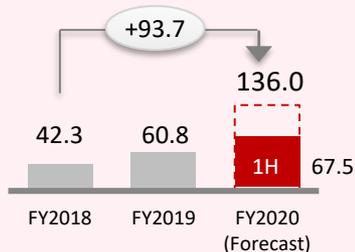
Progress of mid-term management plan toward enhancing resilience by individual businesses

◆ Though COVID-19 impacted individual businesses differently, Group's business fundamentals are firm.

Adjusted profit by segment and typical key factors

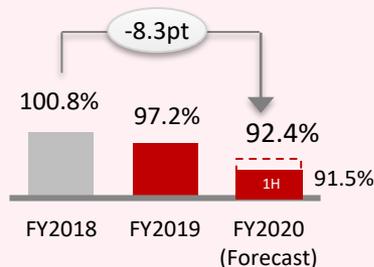
Adjusted profit (Billions of yen)

Expect drastic profit growth mainly due to improvement of accident rate, while impact of consumption tax-hike, etc.



Combined ratio(E/I)*1

Accelerate proper pricing and streamlining of personnel allocation



*1 Sompo Japan's E/I loss ratio + net expense ratio (excl. CALI, household earthquake)

Domestic P&C

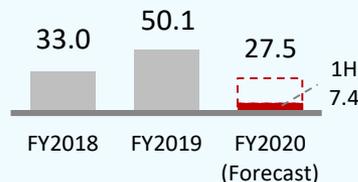
Overseas

Domestic Life

Nursing care & healthcare, etc.

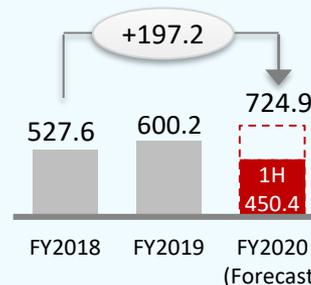
Adjusted profit (Billions of yen)

Decreased profit mainly due to the impact of COVID-19 and natural catastrophe



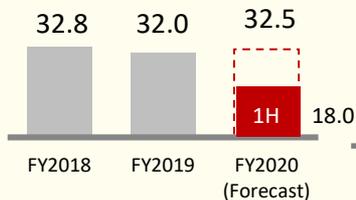
Net premium written (Billions of yen)

Expand premium written centered in specialty line on global base



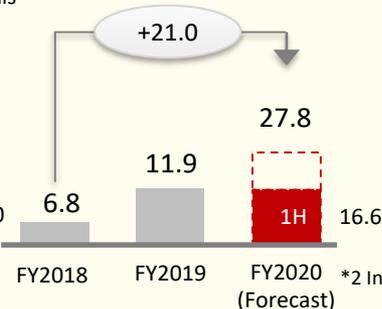
Adjusted profit (Billions of yen)

Through expansion of policies in force, remain stable profit under COVID-19 perils



Annualized premium in force*2 (Billions of yen)

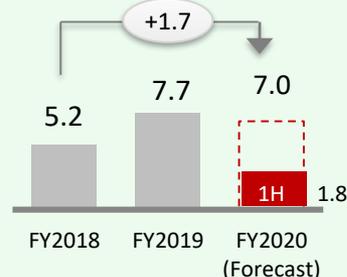
Through promoting insurhealth, plan to expand policies in force



*2 Insurhealth product

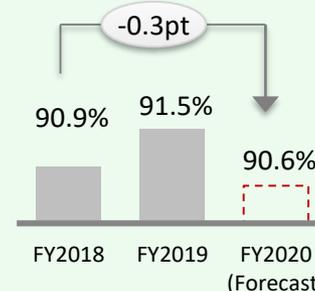
Adjusted profit (Billions of yen)

While impact of additional cost against COVID-19, foundation for generating profit remain solid



Occupancy rate

Impacted by COVID-19



Key points for domestic P&C insurance

- ◆ Aim to enhance profitability in insurance lines and productivity.
- ◆ Accelerate qualitative evolution catching change in customer needs.

Reform earning structure

Optimize pricing

Pricing strategy focused on profitability

Effect of product revision (when fully realized) *1

- **Auto insurance: January 2020**

Around + ¥20.0 bn.

- **Fire insurance: October 2019, January 2021**

Around + ¥30.0 bn.

Top-line growth

Strategic products for SMEs grew at a pace of around +30% per annum.

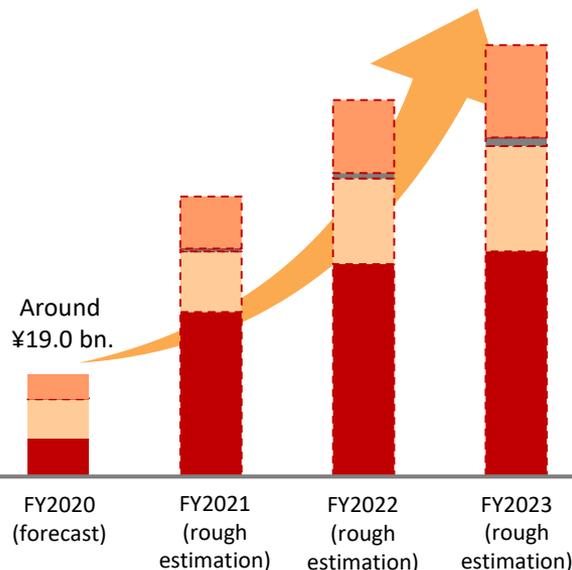
Accelerate sales through enhancing marketing function

Track record of strategic products for SME



The effect of reform earning structure *5

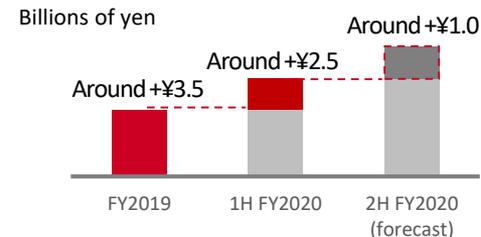
- Higher productivity and others
- Top-line
- Underwriting
- Pricing



Underwriting

Optimize pricing and underwriting in corporate lines
Enhance loss prevention

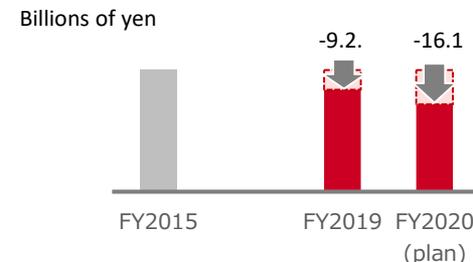
The effect of optimizing underwriting for high loss ratio policies *2



Higher productivity

Utilize digital technologies, develop smart work facilities
reform workforce and revise personnel system

Reduction of personnel cost *4



*1 The impact on adjusted profit by the effect of product revision (when fully realized)

*2 Expected benefit in adjusted profit for corporate lines with high loss ratios

*3 Results on a performance evaluation basis for strategic product for SMEs

*4 before tax

*5 Projected generation of adjusted profit against FY2019 results through various initiatives to reform earning structure

Key points for overseas business (1)

- ◆ Expanded business base through steady top-line growth and disciplined underwriting.
- ◆ In the mid-term, aim to accelerate growth mainly by increasing retention ratio and bolt-on M&As.

(1) Steady top-line growth

High growth

- Top-line growth through recruitment of talented underwriter teams and price improvement above the industrial average
- Progress of diversification among product lines, including crop insurance.

Progress of SI gross premiums written

Increase in recruitment of underwriters

×

Rate hike

Crop insurance

FY2016

CAGR : +25%

FY2020 (forecast)^{*1}

^{*1} Include the contribution of Diversified Co.

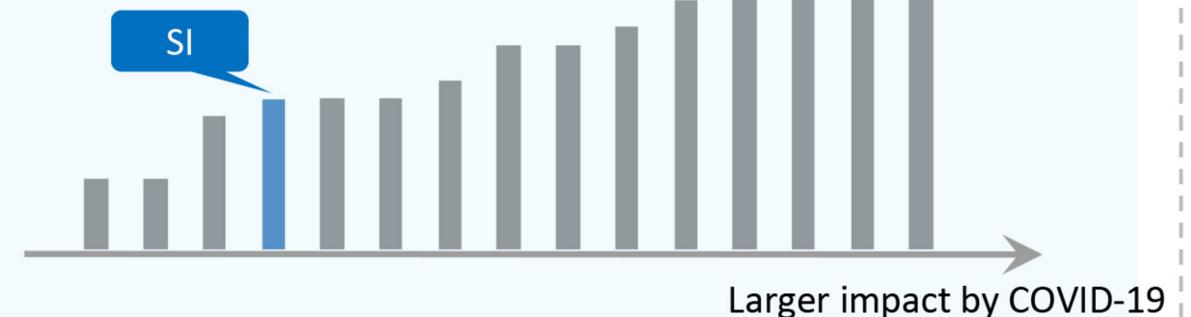
(2) Disciplined underwriting

Strict underwriting standard

- Elaborate wording and set exclusion clauses
- Control limit in accordance with risk

Impact of COVID-19 (Compared with peers in U.S. and Bermuda)^{*2}

When viewed relative to capital, the impacts of COVID-19 have been curtailed compared with competitors in the insurance industry.



^{*2} Based on data disclosed between Jan. to Sep. 2020 (relative to capital)

Principles of SI growth

1st phase

Recruitment of underwriter

CAGR +20%

(The number of recruitment of underwriter between FY2017 to FY2019^{*3})

2nd phase

Rate hike

Over +25%

(Rate hike in FY2020)

Mid-term directions

Rate hike

Diversification by lines and geography

Increase retention ratio

Bolt-on M&As

Disciplined underwriting

Platform strategy

^{*3} Include increase by bolt-on M&As

Key points for overseas business (2)

- ◆ Acquired U.S. Diversified Co. to accelerate "AgriSompo" platform globally.
- ◆ As a market leader, SOMPO aims to offer countermeasures for climate change risk by making crop insurance popular.

(1) Promote AgriSompo platform

Accelerate

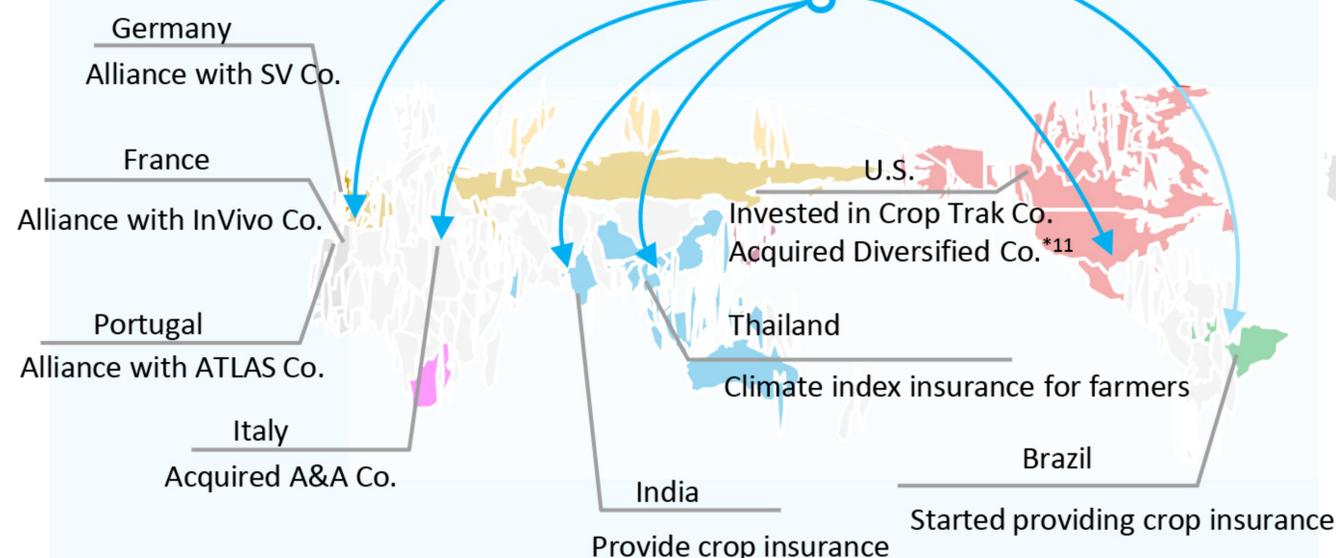
- Integrated Sompo license network and SI expertise
- Promote crop insurance globally through AgriSompo
- Offer countermeasures for climate change risk by making crop insurance popular.

AgriSompo platform

license

×

expertise



(2) Expanded crop insurance in U.S. and progressed diversification by geography

Leading share

- Acquired U.S. Diversified Co
- Achieved a leading share in the crop insurance
- Improved profitability by expansion and diversification

Acquired U.S. Diversified Co*1

Market share

1 A company	17.5%	Achieved further U.S. geographical diversification and a leading share in the crop insurance.	
SI + Diversified	17.5%		
2 B company	15.0%		
3 C company	13.5%		
4 Diversified	10.5%		<mainly in U.S. Midwest>
5 D company	8.7%		
6 SI	7.0%	<mainly in U.S. South>	

SI crop insurance business in U.S.*2

Top-line

¥200.0 bn.⁺

(Gross premiums written in FY2019)

Sustainable growth

Profitability

Around 90%

Combined ratio: average in last five years

Improvement + Stability

Mid-term directions

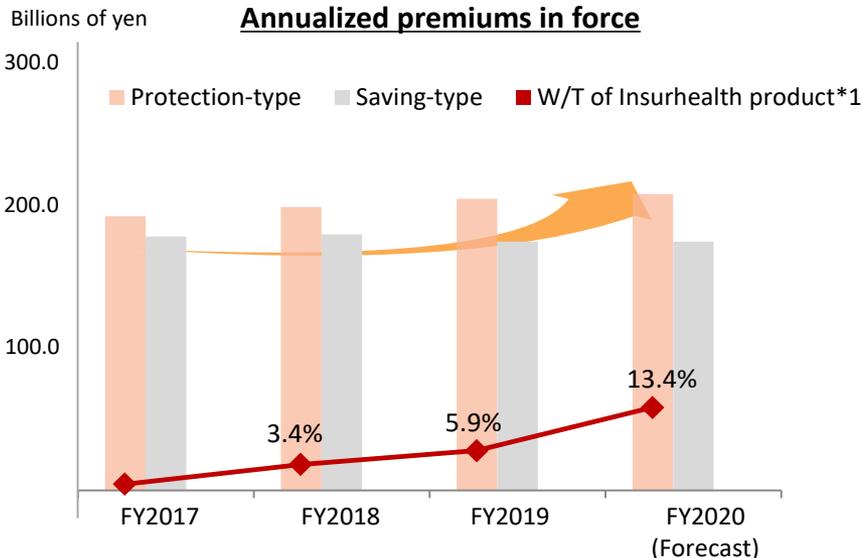
*1 Expect to close the deal between Oct. to Dec. 2020

*2 Sum of SI and Diversified

Key points for domestic life insurance

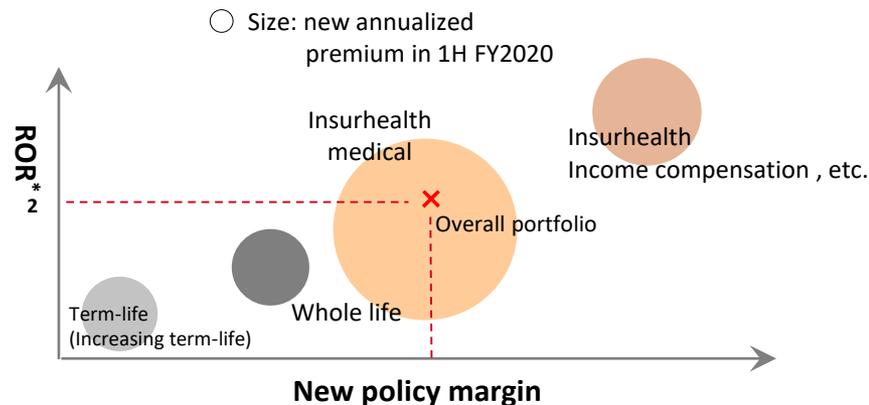
- ◆ Expanded policies in force mainly in more profitable protection-type products such as medical and income compensation by launching new products.
- ◆ Aim at high profitability and extension of healthy life expectancy by launching products supporting customer health.

Growth by Insurhealth



*1 Insurhealth product weight against protection-type product

(Reference) profitability by product (Rough estimation)



*2 ROR: Certainty equivalent present value of profits / non-hedgeable risks

Adjust to "New Normal" environment

Current mid-term management plan

Sustained ultra low interest rate

With/After COVID-19 (non-face-to-face)

- Sales strategy focused on protection-type products
- Set appraisal index for marketing performance based on risk amount of interest rate
- **Lengthen the duration of assets (purchases of super long-term bonds)**
- **Started remote (non-face-to-face) insurance sales (May 2020)**
- Introduced video conferencing systems to all branches and held training sessions remotely.

Direction of next mid-term management plan

- Product strategy focused on protection-type, looking ahead to further sustained ultra low interest rate
- Lengthen further the duration of assets (Accelerate purchases of super long-term bonds)
- Introduce fully on-line sales (without document) to all type of products
- Increase on-line designated products
- Accelerate hybrid sales with "face to face" and digital
- Realize flexibility of work location

Key points for nursing care business

- ◆ Aim to expand profit stably through higher productivity with digital technology and new earnings sources.
- ◆ Endeavor solving social issues, through utilizing IoT of real data and extending healthy life expectancy.

Initiatives toward higher profitability

Higher productivity in existing business

Improve stand-alone basis profitability further with the aim of reducing the supply-demand gap for nursing care workers through improved productivity and better remuneration, while promoting human-ICT integration

Higher productivity

- ◆ Utilize digital technology
- ◆ Improve operating processes

Secure human resources

- ◆ Rebuild the manager system and related training
- ◆ Enhance remuneration

Create new earnings sources

Aim to expand earnings sources by considering expansion into new businesses peripheral to nursing care, maximizing expertise and growing through selective M&As.

Bolt on M&A

- Acquired Tokyo Tatemono senior life support (expect to close the deal in Dec. 2020)

Business process support services

- Launched in April 2020
Provide support such as human resources, purchase of goods and IT infrastructure to 3rd party nursing care providers

Initiatives toward solving social issues

Initiatives toward extension of healthy life expectancy

Endeavor extending healthy life expectancy through providing services related to dementia, looking ahead to super aging society

SOMPO Smile aging program

- Launched in July 2020
- Prevent cognitive decline by improving the lifestyle habits of the elderly
 - Provide services related to exercise, nutrition guidance, cognitive training, and social participation
 - Covers a wide range of people, from dementia-free people to those diagnosed with mild cognitive impairment (MCI), and those with dementia



Utilize real data in nursing care facilities

Enhance health of the residents and improve productivity of operation by integrating and analyzing various Sompo Care real data.



Investment in Palantir toward generating new values

- ◆ Invested in Palantir in U.S. with high expertise in data analysis.
- ◆ Acquired the foundations toward realizing “Real data platform” framework.

Investment in Palantir

Date	July 2020
Investment amount	USD 500 million
Palantir’s strength	Big data integration and analysis

Overview of Palantir

Founded in the U.S. by Peter Thiel, a co-founder of PayPal, Alexander Karp, and others in 2004, Palantir Technologies Inc. is a software company that provides technologies and services to build enterprise data platforms in more than 25 countries around the world.

Purpose of investment

- Utilize data analysis competence through enhancing alliance
- Maximize values of Sompo’s massive real data with advanced data analysis
- Develop new solution and model, and offer to third parties

Data analysis

Real data

 Palantir


SOMPO
HOLDINGS

Develop new solution and model

1. Progress of mid-term management plan

2. Principles of next mid-term management plan

3. Reference

Review of progress of current mid-term management plan

- ◆ Overcame initial challenges of mid-term management plan.
- ◆ The new challenges for the next mid-term management plan have been identified, along with new environment such as COVID-19 impact and severe natural catastrophes.

Review of progress of current mid-term management plan

	Typical achievement of current mid-term management plan	Issues for next mid-term management plan
Group	<ul style="list-style-type: none"> ✓ Portfolio transformation by overseas M&As ✓ Launched Sompo smile aging club ✓ Established a global trilateral structure for digital technology and invested in Palantir. ✓ Obtained a foundation for implementing the theme park and data strategies. ✓ Introduced the Business Owner system and Group Chief Officer (CxO) system, and strengthened the governance platform through the transition to a Company with Committees structure. 	<p>Provide services that drive evolution in insurance and transcend insurance's boundaries (pursue added value) "Real data platform"</p>
Domestic P&C	<ul style="list-style-type: none"> ✓ Enhanced profitability mainly through revising rate properly, usage of digital and optimizing workforce ✓ Enhance financial soundness (Reduction of strategic holding stocks reinsurance protection strategy) 	<p>Transform corporate culture</p>
Overseas	<ul style="list-style-type: none"> ✓ Establishing a proper organization for M&A decision makings ✓ Transformed SI into a global operating platform 	<p>Scale and diversification -profitability, growth and stability-</p>
Domestic life	<ul style="list-style-type: none"> ✓ Developed "Insurhealth" products ✓ Enhance customer contact through linkx smart-phone applications 	<p>Solve social issues</p>
Nursing care and healthcare ,etc.	<ul style="list-style-type: none"> ✓ Improved occupancy rate and enhanced quality of services and productivity ✓ Secured human resources with attractive remuneration 	

External environment

- ◆ COVID-19 drastically changed the external environment, which already has been gradually affected by natural catastrophes.
- ◆ Sompo's transformation has been accelerated, responding to drastic change in external environment.

External environment

Environment recognition

Key word

Accelerate changes by
With/After COVID-19

Geopolitical changes

New normal environment

Climate changes

prolonged low interest rate

Fourth industrial revolution

Digitalization

Population aging (developed countries)

Changes in society

Work style innovation

SDGs/ESG

Increasing uncertainties
— intensification of natural catastrophes
— lower U.S. interest rate

Data utilization as an infrastructure
Acceleration of virtualization

Highlights on healthcare/nursing care challenges
Rise of smart services

Progress of remote and online operations

Resilience of management & businesses

Data strategy
New earnings sources

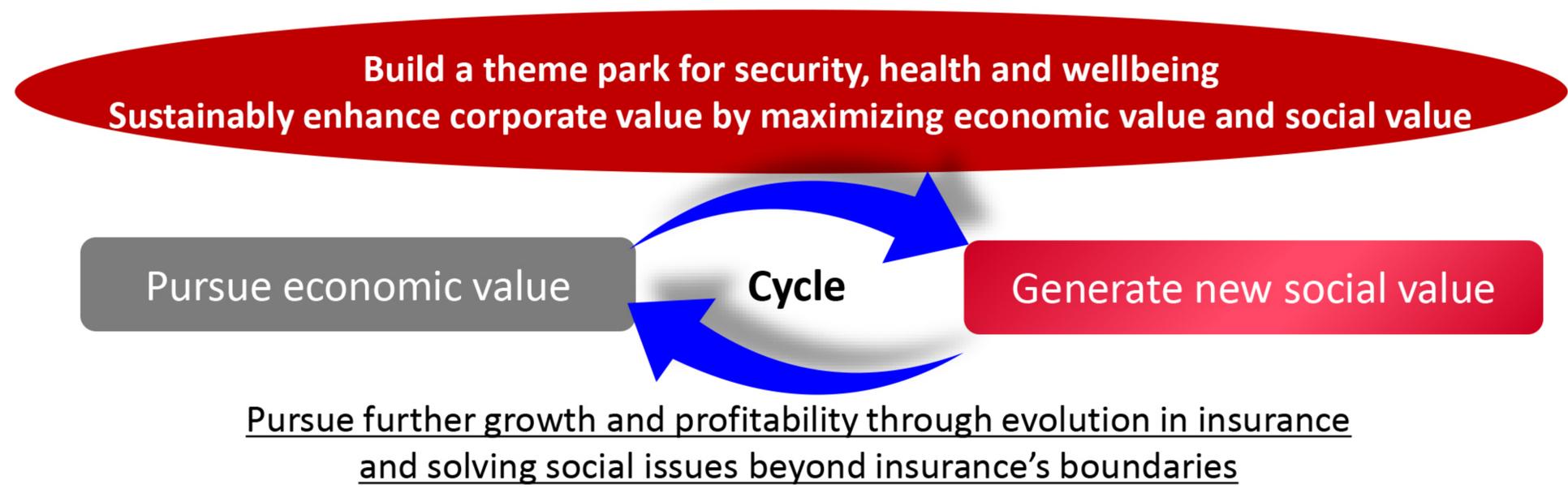
With COVID-19
Various stakeholders

Principles of next mid-term management plan

- ◆ Our vision “Build a theme park for security, health and wellbeing” never changes.
- ◆ Term of next mid-term management plan will be from FY2021 to FY2023.
- ◆ Aim to sustainably enhance corporate value by maximizing economic value and social value through pursuing further growth and profitability centered in existing business as well as solving social issues beyond insurance’s boundaries.

Our vision

Principles of next mid-term management plan



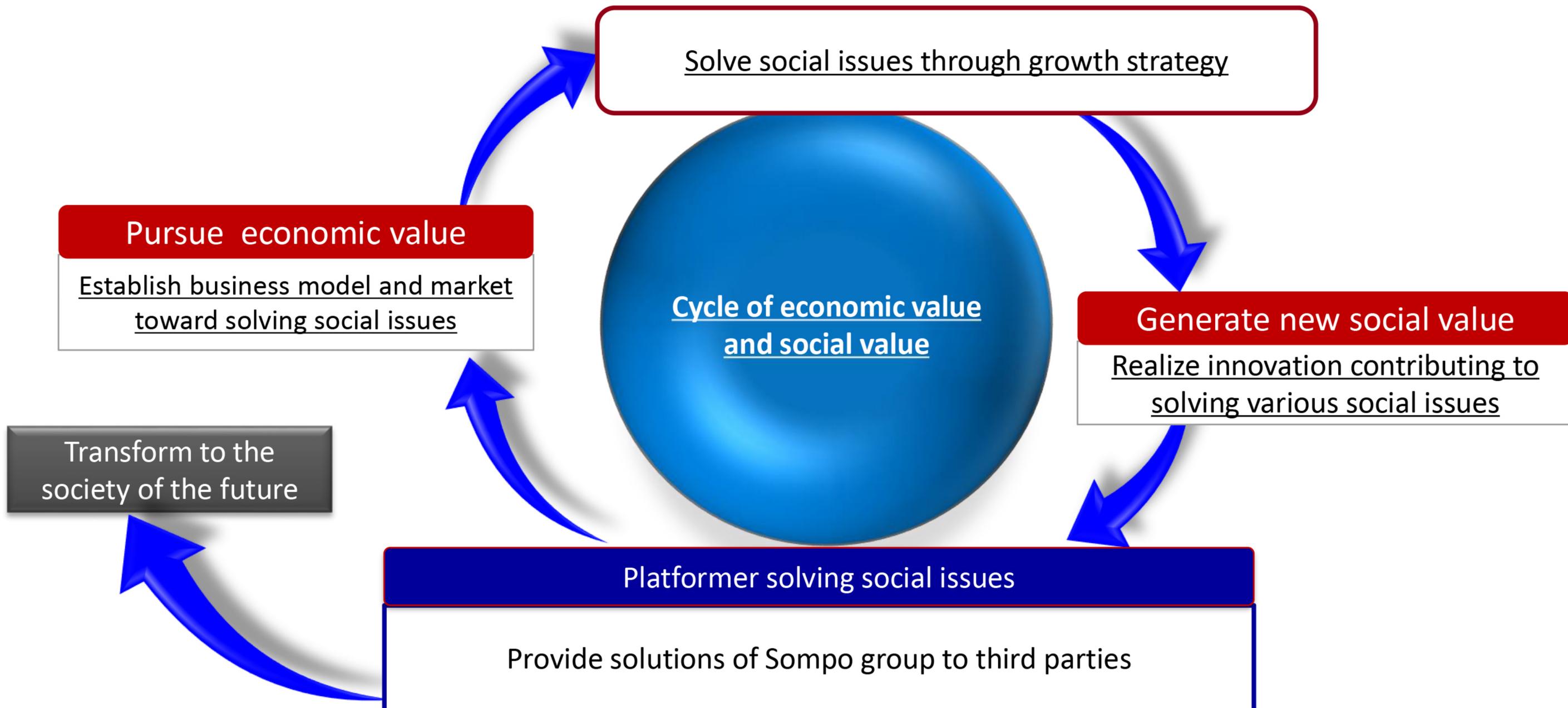
Key word of external environment

Issues for next mid-term management plan based on review of current mid-term management plan



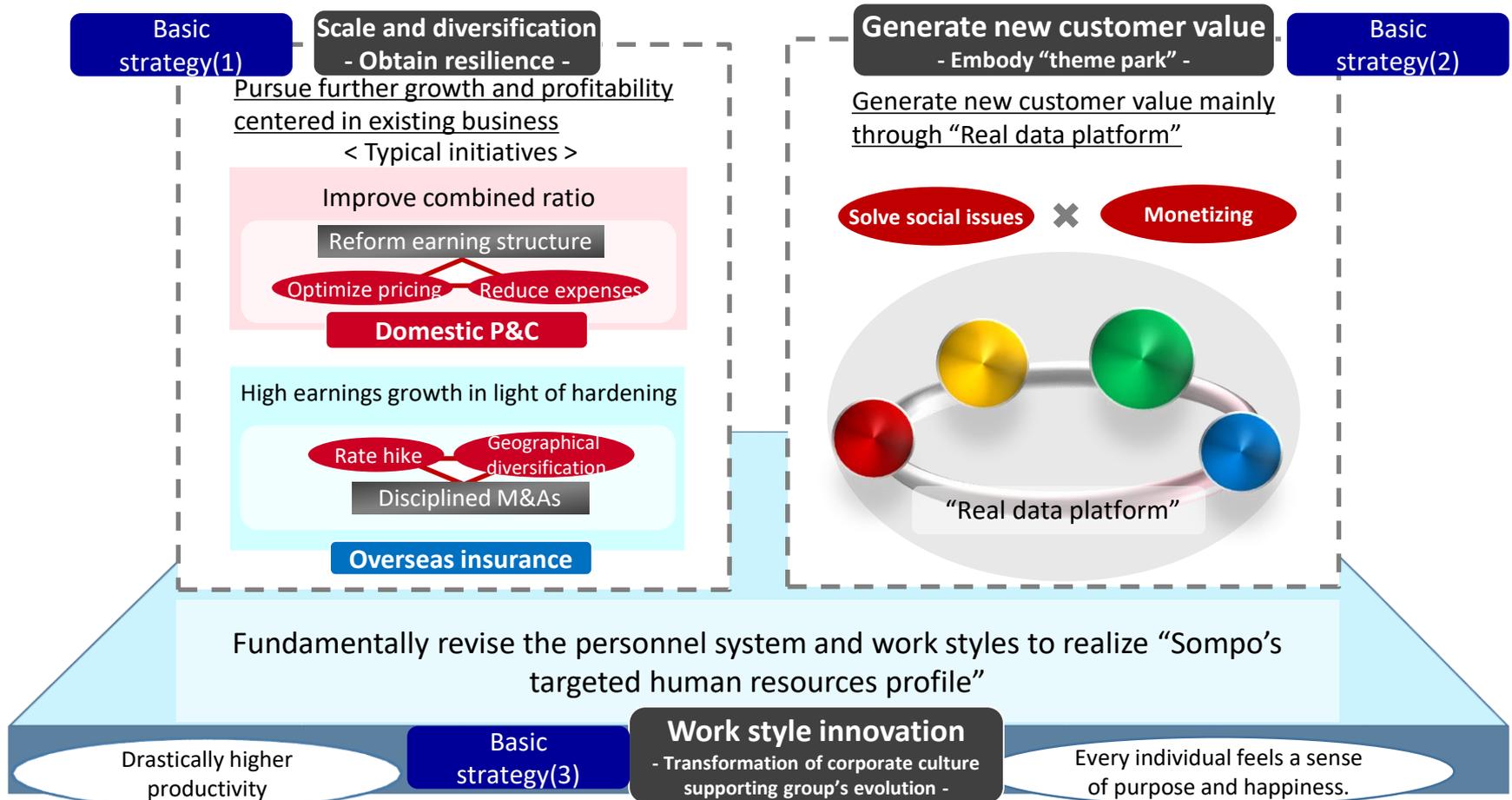
Economic value and social value of SOMPO group

- ◆ Sompo's vision for "A Theme Park for Security, Health & Wellbeing" will serve as a platform for solving social issues.
- ◆ It will support various partners and encourage collaboration, realize a transformation to future society.



Overview of three basic strategies

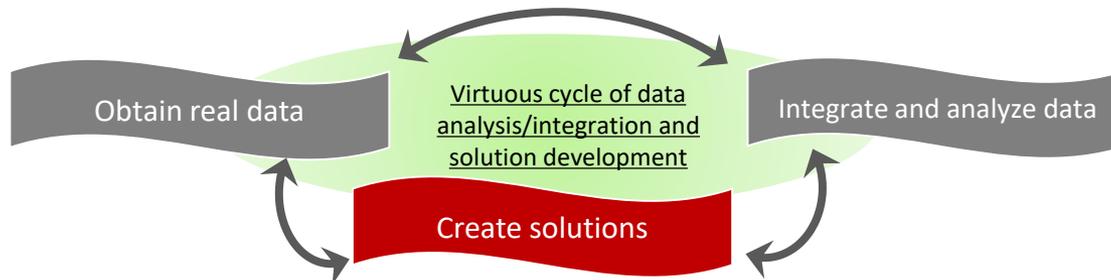
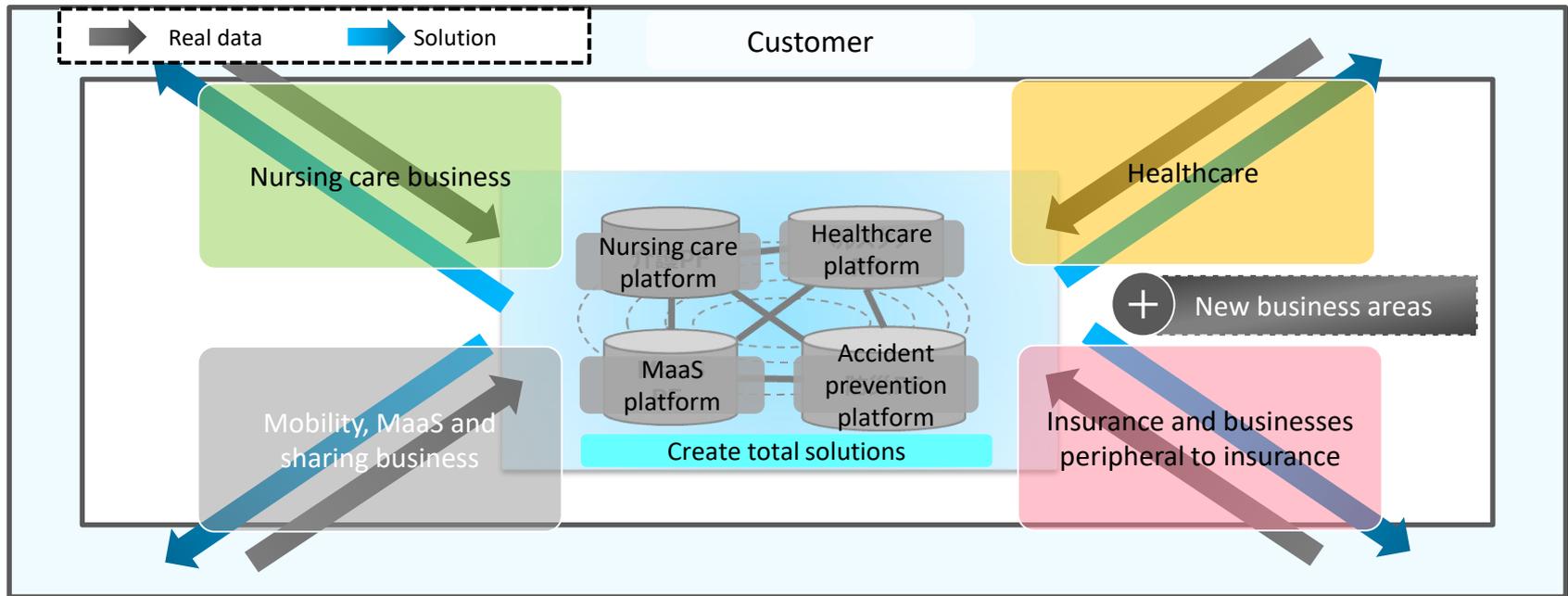
- ◆ Reform of earning structure in domestic P&C business and growth of overseas businesses will accelerate Group's expansion and business diversification.
- ◆ Aim to generate new customer value through usage of “Real data platform”
- ◆ Higher productivity and work style innovation help to realize our vision



“Real data platform” framework

◆ Create new solutions to the society by fully making use of Palantir's technology and Sompo's real data.

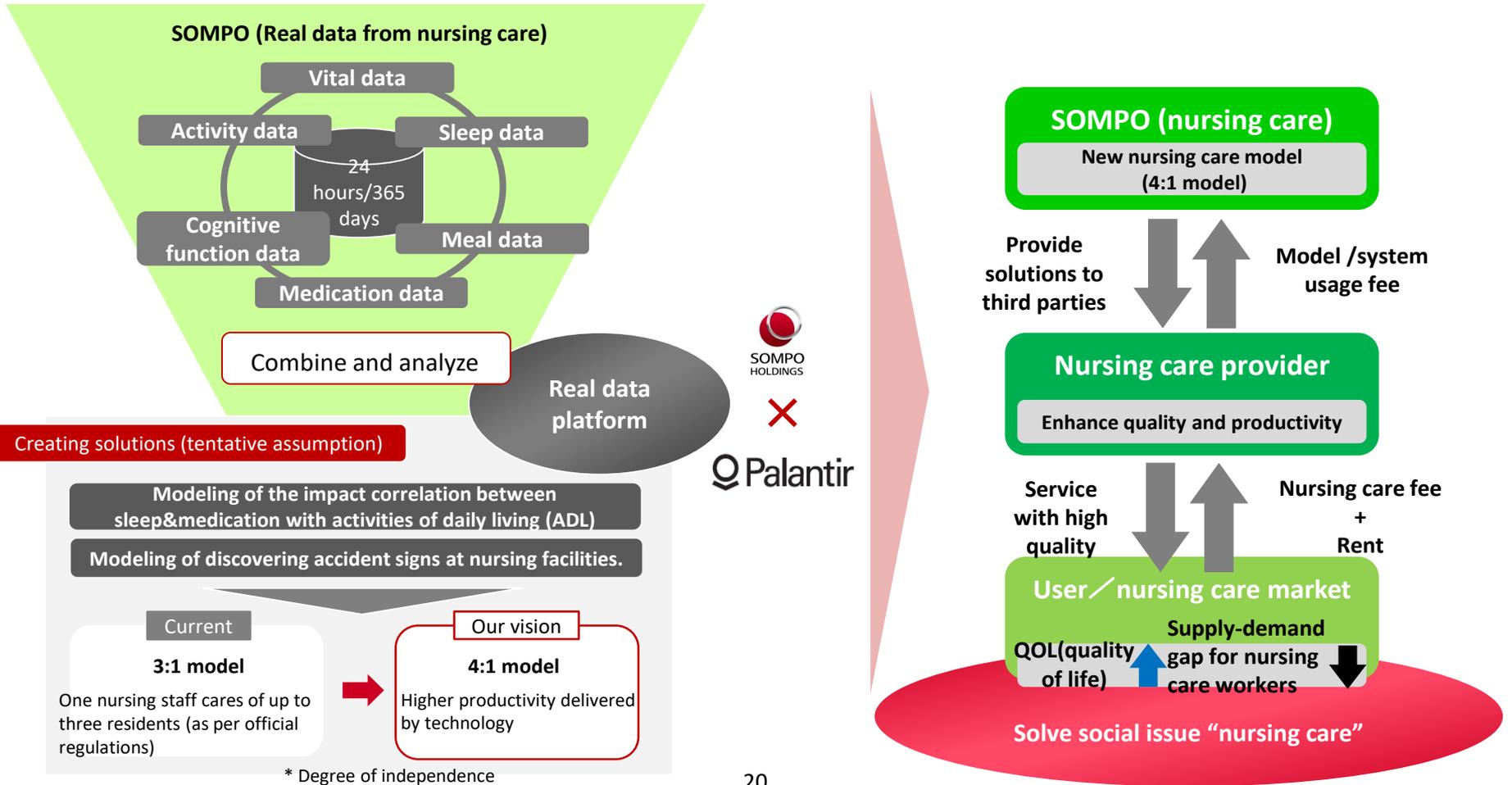
“Real data platform” framework toward providing new customer value



Example of Real data platform

- ◆ Expedite value added and enhance productivity in nursing care business through solutions drawn from analysis of related big data.
- ◆ Create social value as well as monetize, by providing solutions to third parties in nursing care industries.

Usage example of Real data platform in nursing care business

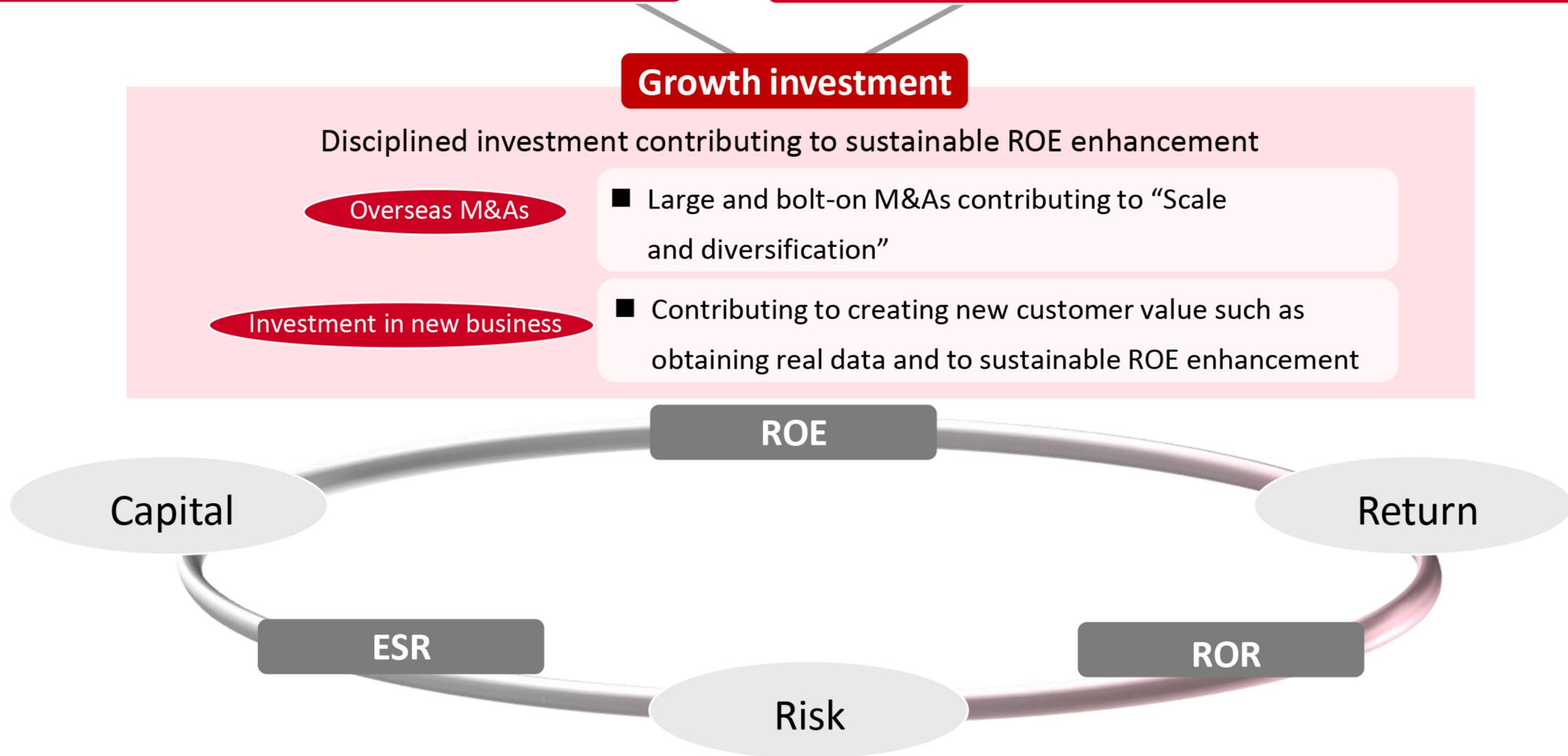


* Degree of independence

Management framework supporting basic strategies

- ◆ Implement appropriate capital policies to generate more capital, along with controlling risks causing higher capital burden.
- ◆ Sustainably enhance ROE, earnings and shareholder returns through disciplined growth investment.

Sustainable enhancement of ROE and earnings — **Expansion of shareholder returns in accordance with earnings growth**



Maintain financial soundness and generate capital

- Risk of strategic holding stocks
- Risk of interest rate in domestic life insurance

- Continue to reduce strategic holding stocks
- Accelerate further duration matching in domestic life

1. Progress of mid-term management plan

2. Principles of next mid-term management plan

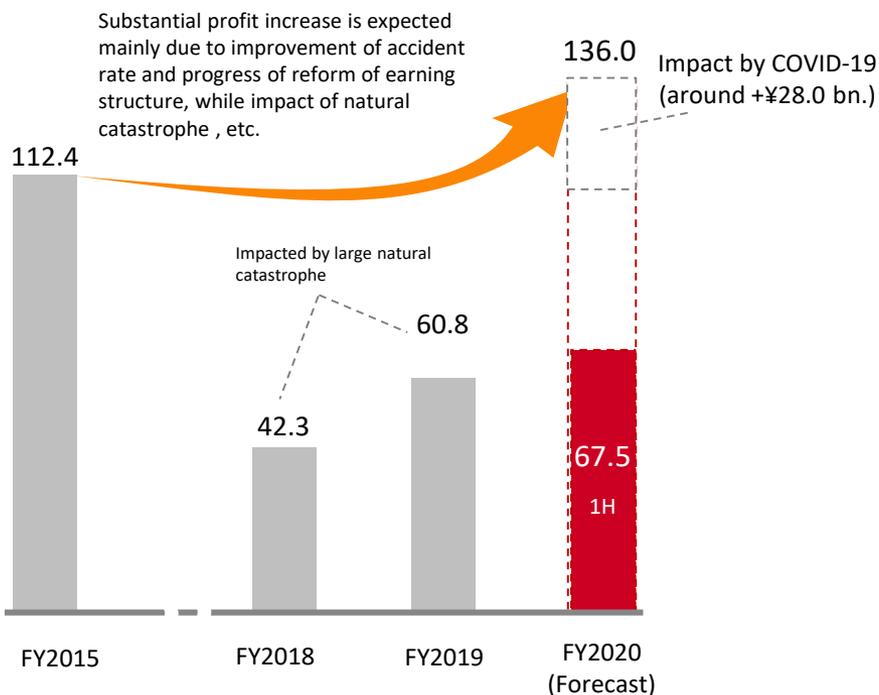
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Progress of domestic P&C insurance

- ◆ Adjusted profit in FY2020 is expected to increase, thanks to reform in the structure of profit and loss, alongside traffic volume decline due to COVID-19.

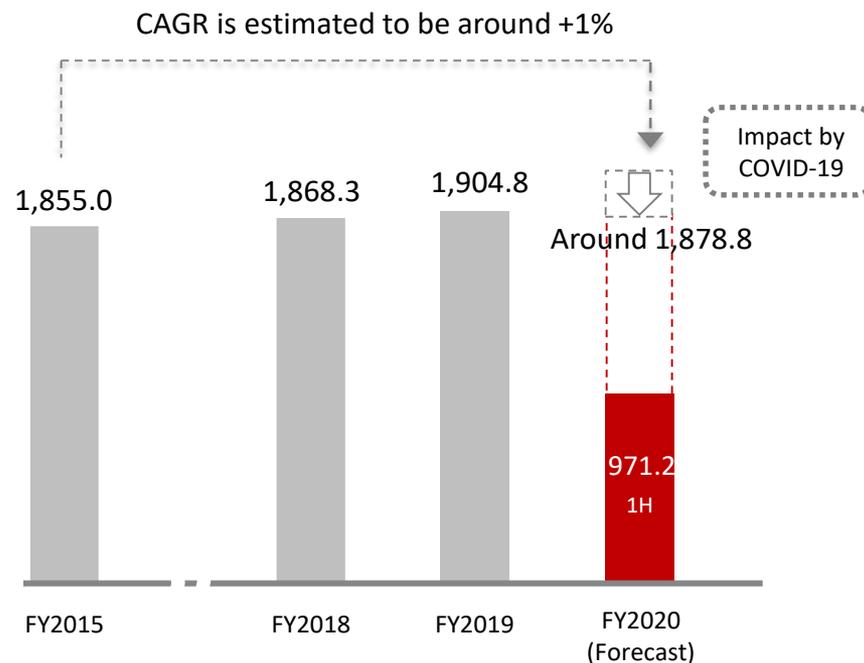
Plan for adjusted profit

(Billions of yen)



Net premiums written (Sompo Japan)*

(Billions of yen)



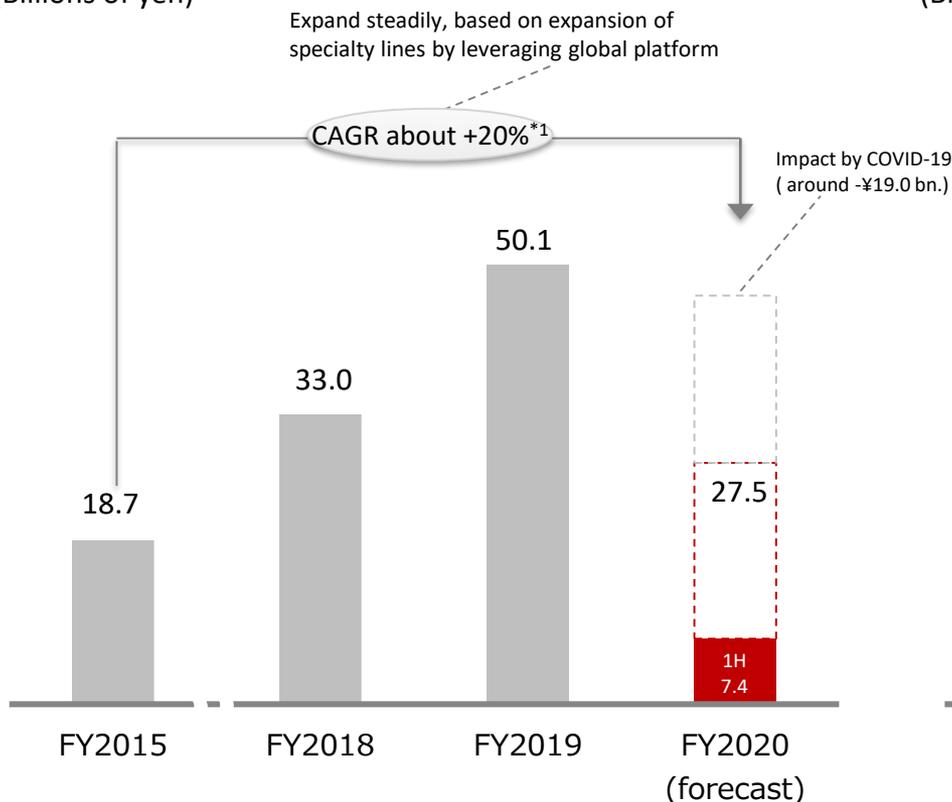
* Presented after adjusting reinsurance policies transferred in phases to overseas subsidiaries.: Deducting the portion of the total transfer amount (approx. ¥60.0 billion) that has yet to be transferred in each fiscal year. excl. CALI, household earthquake

Progress of overseas business

- ◆ Adjusted profit in FY 2020 is estimated to under-perform, mainly due to the impact of COVID-19 and natural catastrophe.
- ◆ Expanded the top-line, thanks to steady organic growth centering on specialty lines.

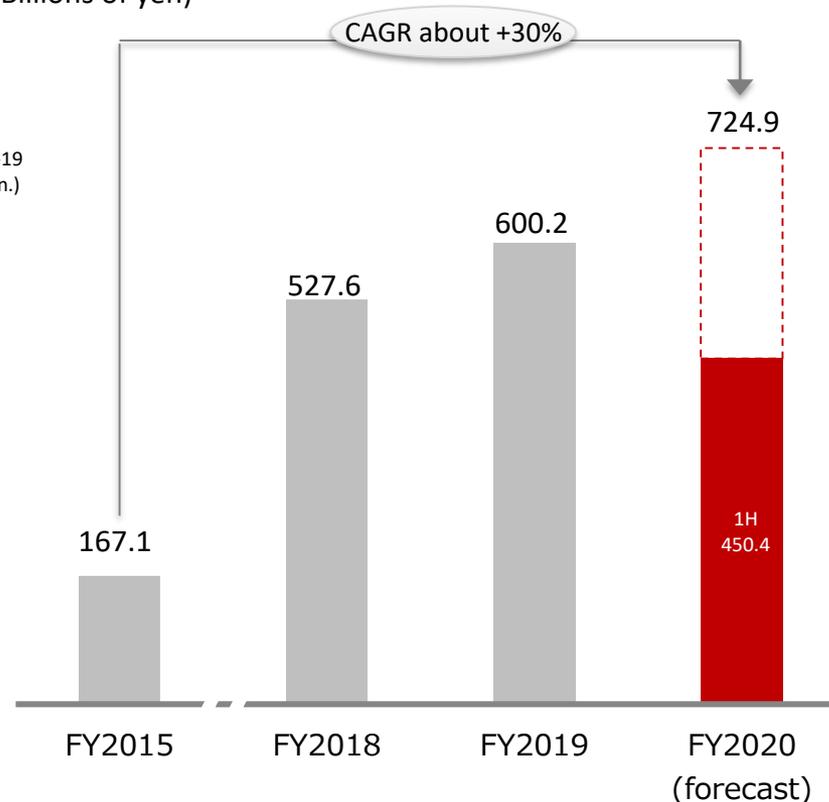
Plan for adjusted profit

(Billions of yen)



Premiums*2

(Billions of yen)



*1 impact by COVID-19 excluded

*2 Portion attributable to Sampo Canopus excluded, due to sales completion. Premiums reflect holding shares. This treatment does not coincide with consolidated financial statements.

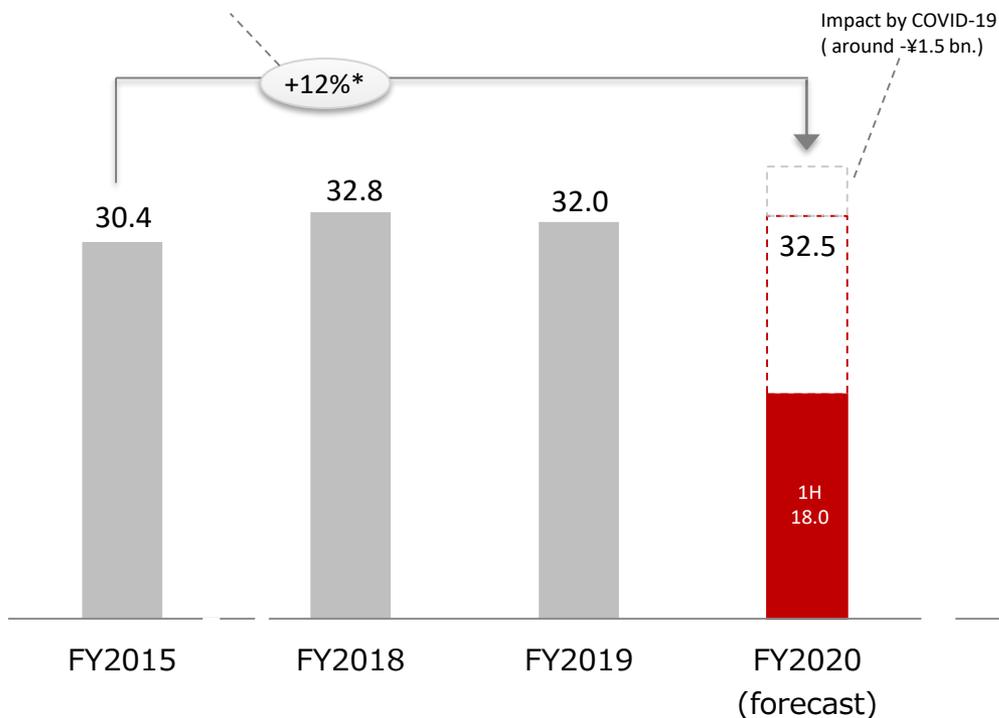
Progress of domestic life insurance

- ◆ Secured stable profit despite impact of COVID-19 through expanding policies in force centered in protection type products.
- ◆ Aim at further growth through accelerating attractive insurhealth (product + services) such as new medical insurance.

Plan for adjusted profit

(Billions of yen)

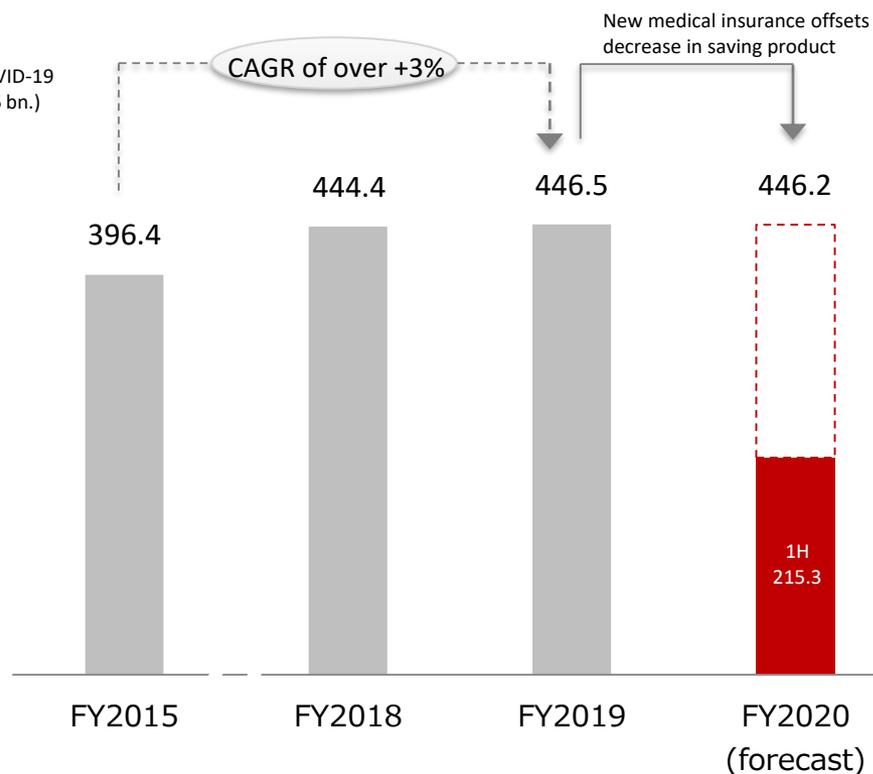
Mainly due to policies in force expanded steadily by providing new products in timely manner centered on medical and income compensation products



* impact by COVID-19 excluded

Premium and other income

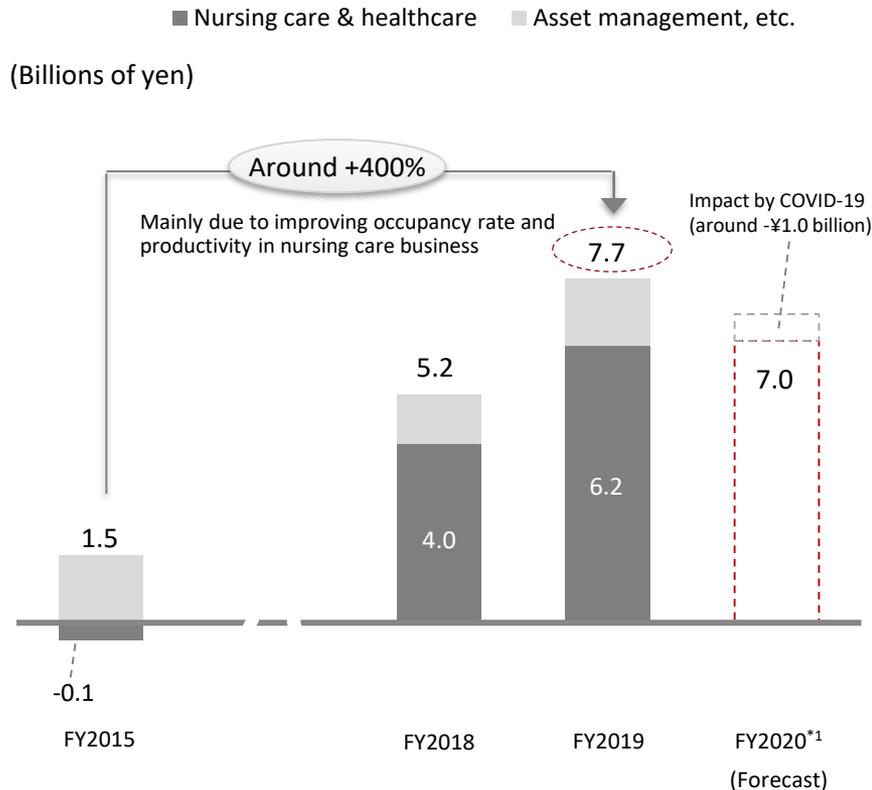
(Billions of yen)



Progress of nursing care & healthcare, etc.

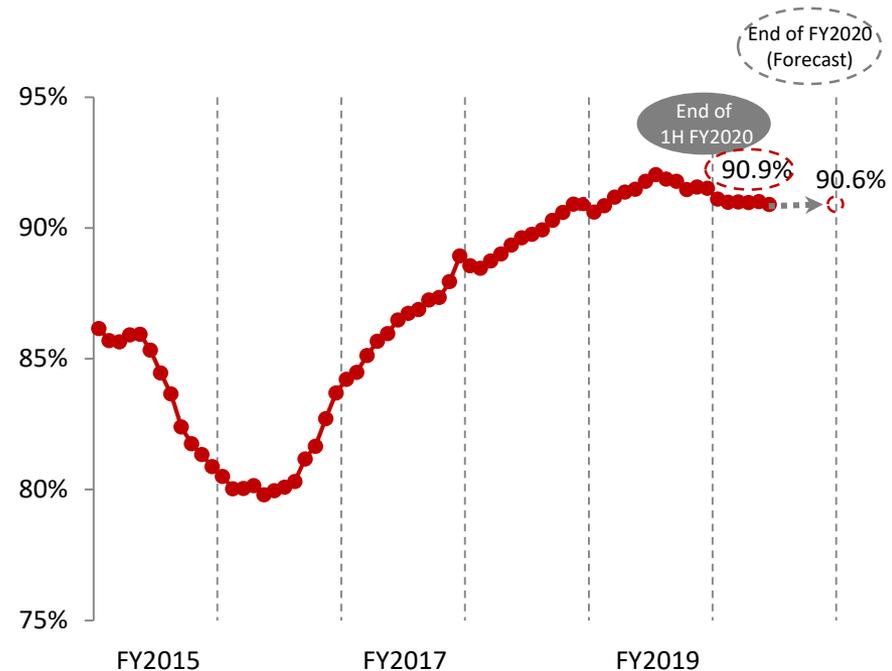
- ◆ The business now enters into the phase of improving profitability mainly through higher productivity going forward.
- ◆ Pursue service quality improvement and business foundation enforcement, despite additional cost caused by COVID-19.

Plan for adjusted profit



*1 1H FY2020: ¥1.8 billion

Occupancy rate*2



*2 occupancy rates of former SOMPO Care and SOMPO Care Next integrated

Numerical management targets, etc.

Numerical management targets

(Billions of yen)	FY2019	FY2020	
	(Actual)	(1H Actual)	(Revised forecasts)
Domestic P&C insurance	60.8	67.5	136.0
Overseas insurance	50.1	7.4	27.5
Domestic life insurance	32.0	18.0	32.5
Nursing care & healthcare, etc.	7.7	1.8	7.0
Total (Adjusted consolidated profit)	150.8	95.0	200.0
Adjusted consolidated ROE*²	6.4%	-	8.5%
ROE (J-GAAP)	7.3%	-	8.4%

Definition of adjusted profit*¹

Domestic P&C insurance

Net income
+ 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

Net income
(including major non-consolidated subsidiaries)
Adjusted profit of SI is operating income*³

Domestic life insurance

Net income
+ Provision of contingency reserve (after tax)
+ Provision of 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 & healthcare, etc.

Net income

*1 Adjusted profit for each business excludes one-time factors and special factors such as subsidiary dividends, etc.

*2 Adjusted consolidated ROE = Adjusted consolidated profit / Adjusted consolidated net assets (The denominator is the average balance at the end/start of each fiscal year.)

Adjusted consolidated net assets = Consolidated net assets (excluding life insurance subsidiary's net assets) + Catastrophic loss reserve, etc. in domestic P&C insurance (after tax)

+ Reserve for price fluctuation in domestic P&C insurance (after tax) + Domestic life insurance adjusted net assets

Domestic life insurance adjusted net assets = Net assets (J-GAAP) + Contingency reserve (after tax) + Reserve for price fluctuation (after tax)

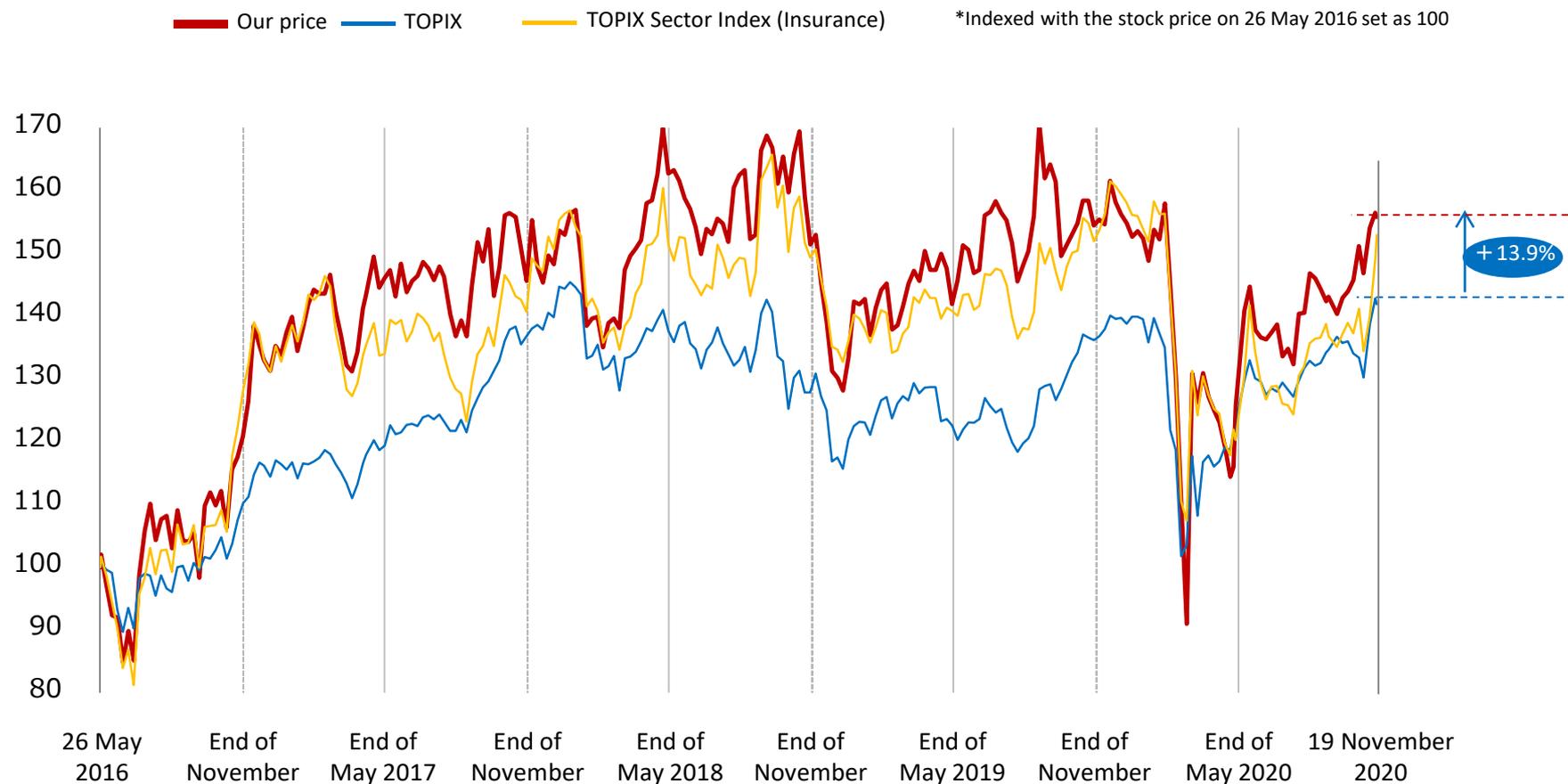
+ Adjustment of underwriting reserve (after tax) + Non-depreciated acquisition cost (after tax)

*3 Operating income of SI = Net income - Net foreign exchange gains/losses - Net realized and unrealized gains/losses - Net impairment losses recognized in earnings, etc.

Stock price (Total shareholder return)

◆ Since the mid-term management plan was announced on 26 May 2016, SOMPO's total shareholder return has outperformed TOPIX.

Progress of stock price (from 26 May 2016 to 19 November 2020)

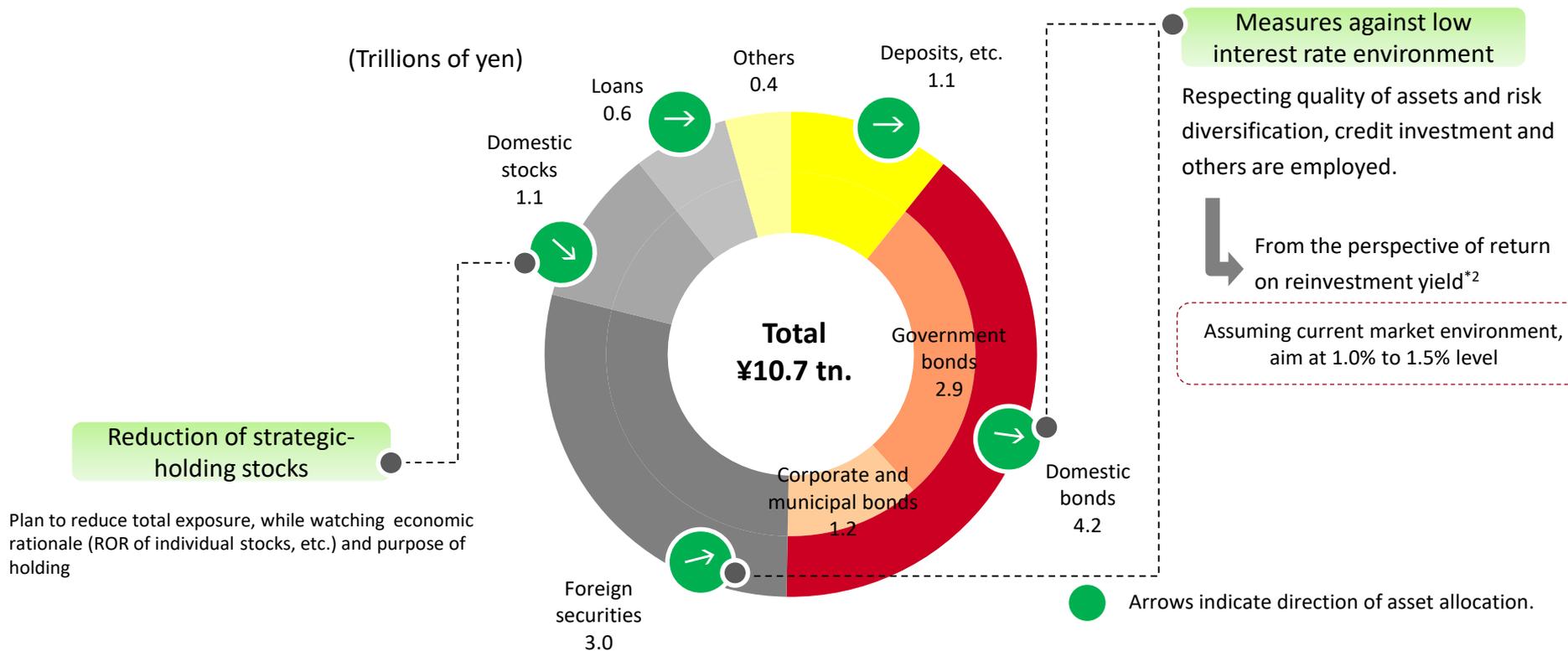


* Stock price above shows total shareholder return (ratio of return after reinvestment of dividends before tax)

Group asset management

- ◆ Stable asset management remains, taking liquidity and safety into consideration.
- ◆ Continue to reduce strategic-holding stocks as planned and enhance yield by asset diversification etc.

Balance of group investment assets^{*1} and asset management policy



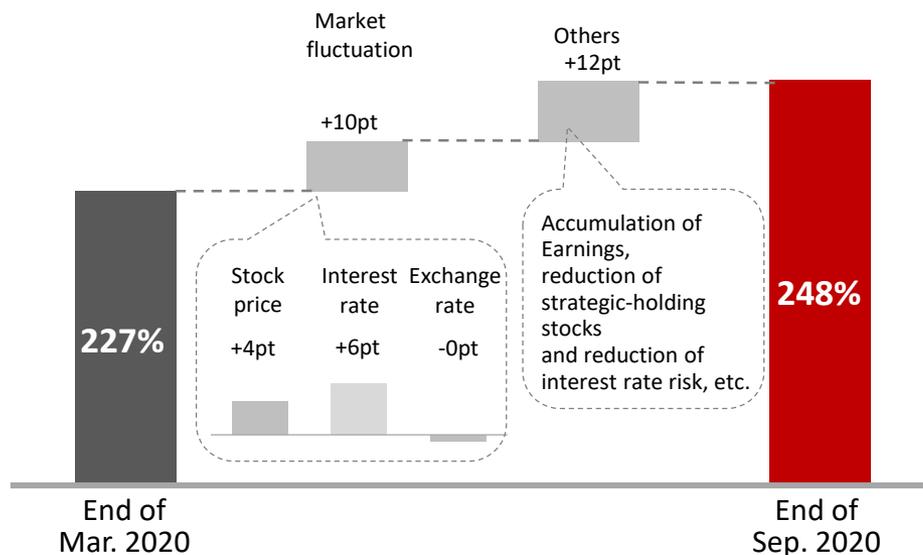
*1 End of Sep. FY2020, group-wide basis (Trillions of yen)

*2 Sompo Japan general account and yen-interest assets, etc.

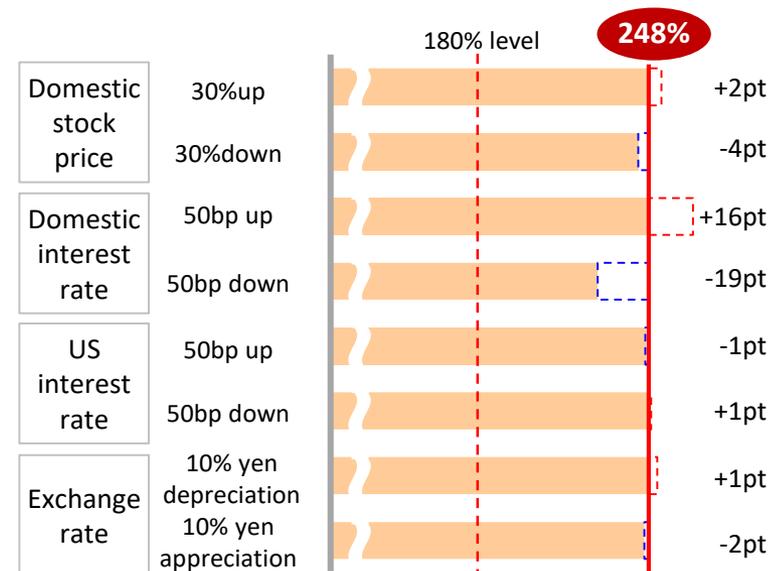
Financial soundness – ESR (99.5%VaR)

◆ ESR (99.5%VaR) as of end of 1H FY2020 was 248%, within target range level.

Trend of ESR (99.5%VaR)*1



Sensitivity of ESR (99.5%VaR)



*1 In accordance with Solvency II

Target range is around 180% to 250% (99.5%VaR).

250% level: The level set based on capital efficiency (ROE).

180% level: The level leading to stable financial soundness based on the result of stress test, etc.

Typical actions in case of constant deviation from target range

【Over 250% level】 Consider additional risk-take (investments in growth fields) and enhance shareholder returns by share buy-back and others

【Under 180% level】 Execute a variety of measures to reduce risks, consider enhancing capital buffer by hybrid bond issuance, etc. and retain more earnings and others

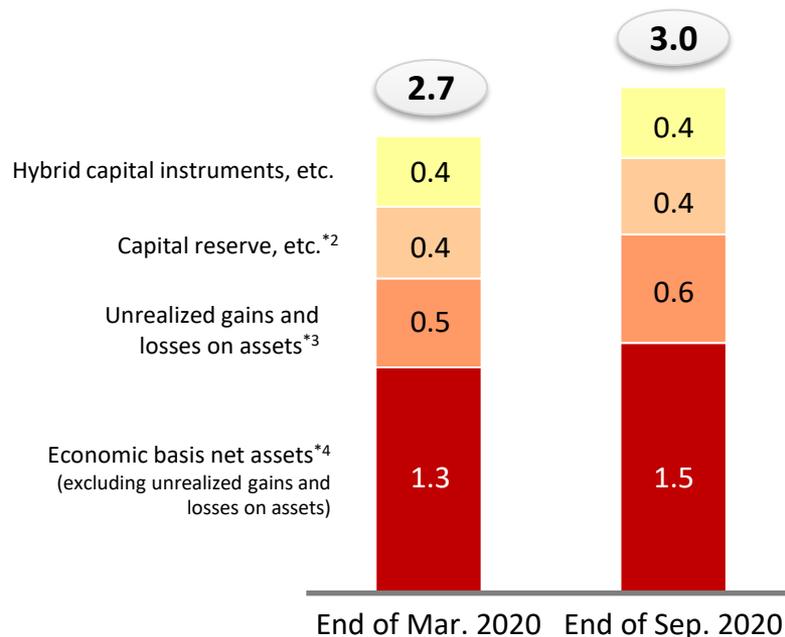
(Reference) Market indicators	End of Sep. 2020	(change*2)
Domestic stock price (Nikkei 225)	¥23,185	(+22.6%)
Domestic interest rate (30y JGB)	0.60%	(+17bp)
US interest rate (10y US Treasury)	0.66%	(+1bp)
Exchange rate (JPY/USD)	¥105.80	(-2.8%)

*2 Against the end of March 2020

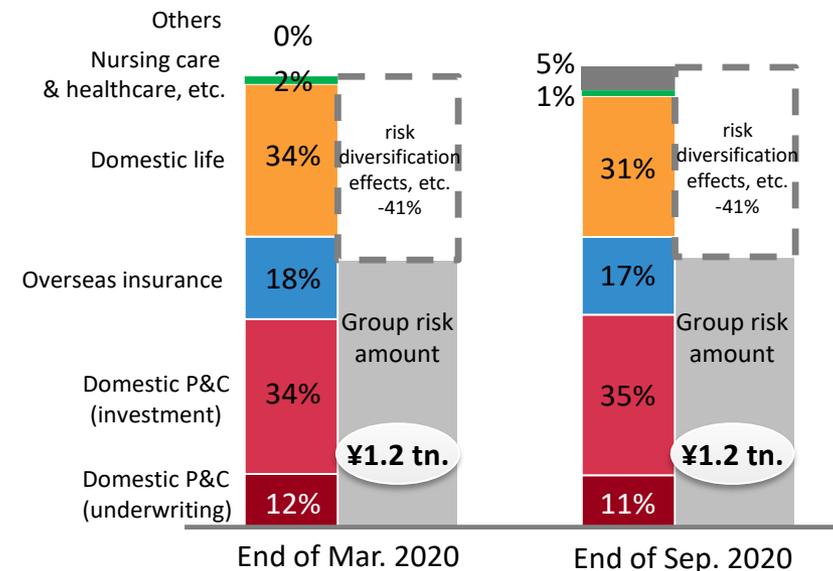
(Reference) Breakdown of adjusted capital and risk

Adjusted capital*1

(Trillions of yen)



Risk amount*5



*1 Formula for adjusted capital: Adjusted capital = Total of net assets on the non-consolidated balance sheet + value in force – goodwill, etc.
+ unrealized gains and losses on non mark-to-market assets + capital reserve, etc. + hybrid capital instruments

*2 Reserve for price fluctuation and catastrophic loss reserve, etc. (after tax)

*3 Unrealized gains and losses on securities, etc., including non mark-to-market assets.

*4 Total of net assets on non-consolidated balance sheets, and value in force of P&C and life insurance business. (excl. goodwill and attributable to non-controlling shareholders, etc.)

*5 Risk : 1 year holding period, 99.5% VaR

• Risk amount of each business : Before reflecting risk diversification effect among businesses and before-tax basis.

• Group total risk : Sum of risk amount of each business less risk diversification effect among businesses and tax impact.

Highlights of 1H FY2020 results

- ◆ Mainly due to loss ratio improvement in Sompo Japan, consolidated ordinary profit for 1H FY2020 increased.
- ◆ Revised full-year business forecasts to reflect additional impact of COVID-19, etc.
Consolidated ordinary profit for FY2020 is expected to be ¥223.0 billion and consolidated net income for FY2020 is expected to be ¥140.0 billion.
- ◆ As for shareholder returns for FY2020, dividends per share are revised upward to ¥170 (YoY + ¥20).

1H FY2020 Actual

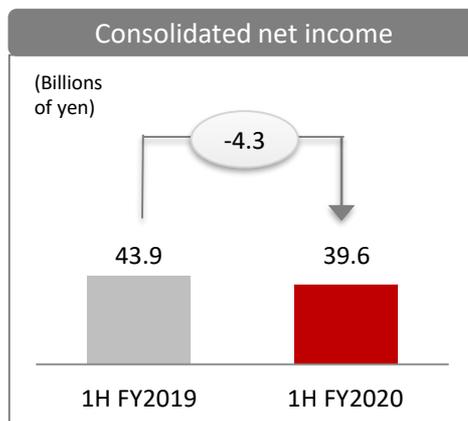
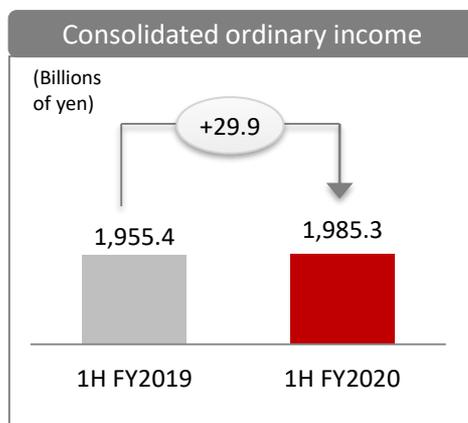
- Sompo Japan's underwriting profit increased due to the E/I loss ratio improvement in automobile line in light of COVID-19 "stay-at-home".
* E/I loss ratio of automobile insurance improved by 7.9% against 1H FY2019.
The number of reported claims decreased by 19.3%.
Investment profit decreased by ¥24.3 billion mainly due to the absence of gains on sales of bond securities in 1H FY2019 when the interest rate was declining.
- Adjusted profit in overseas insurance business decreased by ¥20.2 billion mainly due to Impact of SI's COVID-19 provisions and lower net investment income, despite SI top-line growth.
- New premium in domestic life insurance business recovered in 2Q FY2020, despite COVID-19.
- Ordinary profit in nursing care business increased despite payment of special allowances to nursing staff.

Revision of FY2020 Forecast

- Adjusted business forecasts based on additional impact of COVID-19 and the incurred losses related to overseas natural disasters. Consolidated ordinary profit is expected to be ¥223.0 billion, which is in line with initial forecast, and consolidated net income is expected to decrease by ¥10.0 billion to ¥140.0 billion compared to the initial forecast.
- Impact of COVID-19 for the revised FY2020 forecast is expected to be - ¥8.0 billion.
- Adjusted consolidated profit as a source for shareholder return is expected to be ¥200.0 billion.
As for shareholder returns for FY2020, dividends per share are revised upward to ¥170 (YoY + ¥20).

Overview of 1H FY2020 results – Consolidated basis

- ◆ Net premiums written increased by ¥66.4 billion, driven by SI growth.
- ◆ Mainly due to increase in profit of Sompo Japan, consolidated ordinary profit increased.



(Billions of yen)	1H FY2019	1H FY2020	Change	FY2020 (Revised forecast)
Consolidated ordinary income	1,955.4	1,985.3	+29.9 (+1.5%)	-
Net premiums written (P&C)	1,502.4	1,568.8	+66.4 (+4.4%)	2,884.0
Life insurance premiums	172.9	168.8	-4.1 (-2.4%)	350.0
Consolidated ordinary profit	63.7	77.5	+13.7	223.0
Sompo Japan	33.3	64.4	+31.0	220.0
Overseas insurance subsidiaries	58.8	17.3	-41.4	44.2
Himawari Life	14.3	17.0	+2.6	25.5
Nursing care and healthcare* ¹	4.0	5.1	+1.0	7.7
Consolidated adjustment* ² /Others	-46.9	-26.5	+20.4	-74.4
Consolidated net income* ³	43.9	39.6	-4.3	140.0
Sompo Japan	24.9	45.9	+20.9	160.0
Overseas insurance subsidiaries	49.2	6.4	-42.8	30.3
Himawari Life	9.4	11.9	+2.4	17.5
Nursing care and healthcare	2.3	2.0	-0.2	4.6
Consolidated adjustment/Others	-42.1	-26.7	+15.3	-72.4
(Reference) Adjusted profit (by business)	82.3	95.0	+12.6	200.0
Domestic P&C insurance	34.4	67.5	+33.1	136.0
Overseas insurance	27.7	7.4	-20.2	27.5
Domestic life insurance	17.1	18.0	+0.9	32.5
Nursing care & healthcare, etc.	2.9	1.8	-1.0	7.0

*1 Nursing care and healthcare is sum of SOMPO Care and SOMPO health support.

*2 Incl. profits and losses of consolidated companies other than the above and adjustments due to consolidation adjustments, etc.

*3 Consolidated net income denotes net income (loss) attributable to shareholders of the parent. (The same shall apply hereafter.)

Business forecasts for FY2020 – Consolidated basis

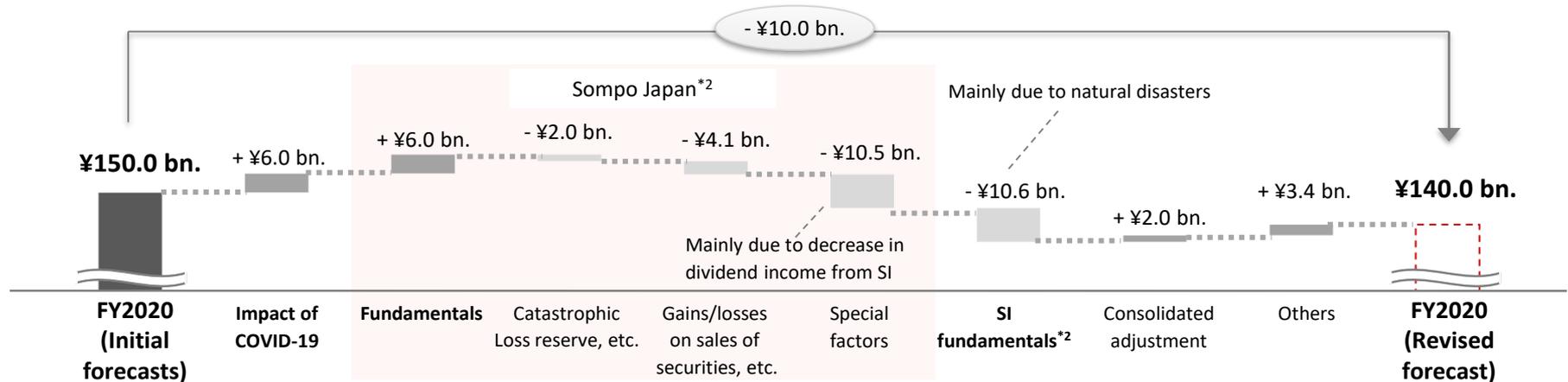
- ◆ Revised business forecasts to reflect additional impact of COVID-19, etc.
- ◆ Consolidated net income for FY2020 is expected to be ¥140.0 billion.

(Billions of yen)	FY2019	FY2020			Change [3]-[1]
	(Actual) [1]	(Initial forecasts) [2]	(Revised forecasts) [3]	(Change) [3]-[2]	
Net premiums written (P&C)	2,825.4	2,860.0	2,884.0	+24.0	+58.5 (+2.1%)
Life insurance premiums	356.0	358.5	350.0	-8.5	-6.0 (-1.7%)
Consolidated ordinary profit	192.4	223.0	223.0	-	+30.5
Sompo Japan	182.3	210.0	220.0	+10.0	+37.6
Overseas subsidiaries	87.9	60.1	44.2	-15.8	-43.6
Himawari Life	25.5	24.6	25.5	+0.8	-0.0
Nursing care	10.1	10.4	7.7	-2.7	-2.4
Consolidated adjustment/others	-113.5	-82.3	-74.4	+7.8	+39.0
Consolidated net income	122.5	150.0	140.0	-10.0	+17.4 (+14.3%)
Sompo Japan	130.5	156.0	160.0	+4.0	+29.4
Overseas subsidiaries	75.3	48.9	30.3	-18.6	-45.0
Himawari Life	16.5	17.0	17.5	+0.5	+0.9
Nursing care	6.1	6.4	4.6	-1.7	-1.5
Consolidated adjustment/others	-106.1	-78.3	-72.4	+5.8	+33.7
(Reference) Adjusted profit (by business)	150.8	187.0	200.0	+13.0	+49.1 (+32.6%)
Domestic P&C insurance	60.8	96.5	136.0	+39.5	+75.1
Overseas insurance	50.1	51.0	27.5	-23.5	-22.6
Domestic life insurance	32.0	32.5	32.5	-	+0.4
Nursing care & healthcare, etc.	7.7	7.0	7.0	-	-0.7

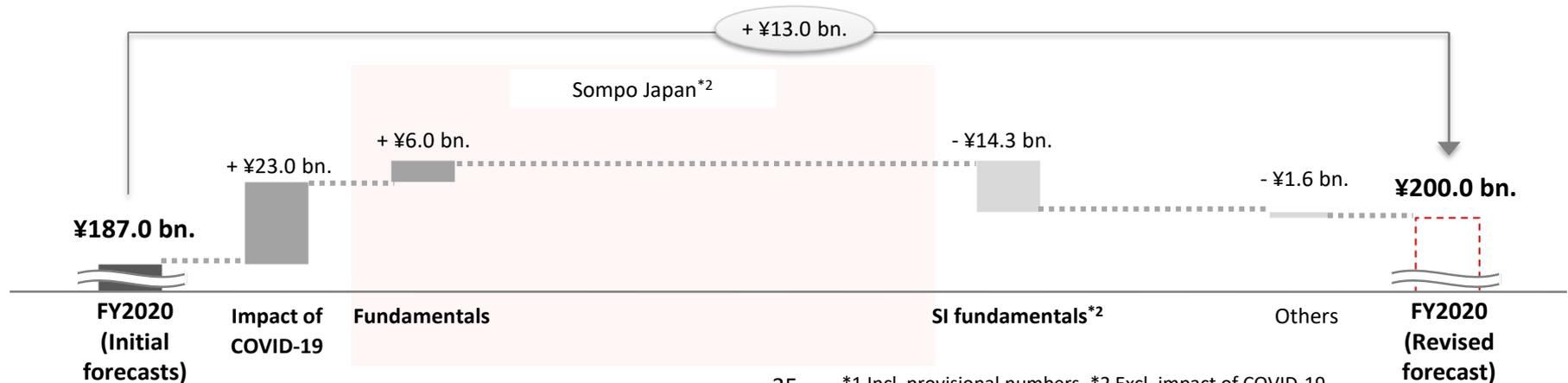
Main points of revised business forecasts for FY2020

- ◆ Consolidated net income is expected to decrease to ¥140.0 billion by ¥10.0 billion against the initial forecast, mainly due to the reflection of additional impact of COVID-19.
- ◆ Adjusted consolidated profit as a source of shareholder return is expected to increase to ¥200.0 billion by ¥13.0 billion against the initial forecast.

Revised factors (figures after tax^{*1}) : Consolidated net income



(Reference) Revised factors (figures after tax^{*1}) : Adjusted consolidated profit



Note Regarding Forward-looking Statements

The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Accordingly, the actual results may differ materially from those projected herein depending on various factors.

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